

**Buy** (old: Buy)

**Price target: EUR 11.00** (old: EUR 10.00)

<b>Price:</b>	EUR 6.96	<b>Next result:</b>	Q2 2011: 26.08.11
<b>Bloomberg:</b>	ADN1 GR	<b>Market cap:</b>	EUR 40.0 m
<b>Reuters:</b>	ADNGk.DE	<b>Enterprise Value:</b>	EUR 28.7 m

11-May-11

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## Blowout Q1 '11; FY guidance looks too conservative; Raising Est. & PT; BUY

**Topic:** A basic set of Q1 '11 figures came out this morning – clearly beating estimates. No conference call scheduled. Figures are on the next page.

**Sales up 52% y-o-y to € 27m**, which is 20% above expectations, clearly showing that its Blue Chip clientele **perceives and values adesso's made-to-measure IT solutions** which are targeting only selected industries in which adesso has sector-specific know-how.

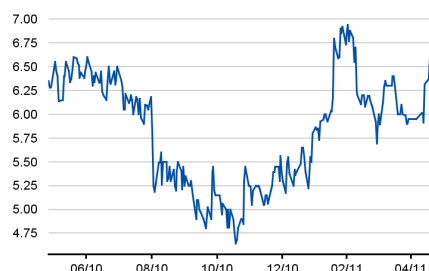
€ 2m or 12pp of sales growth was external stemming from *evu.it*, acquired in April 2010, which provides bespoke software solutions for customers in Energy & Water Utilities. Organic growth amounted to 40pp or c. € 7m carried by a very healthy IT service market climate reflected in a **lively project business**: *Projekt Leben* with Barmenia, projects with a number of Swiss banks and the realisation of an Internet Bingo game for Swisslos all contributed to growth in Q1.

Though not giving a segment split, adesso said that **growth remained highly promising** for the IT Solutions segment (c. 15% of sales), which encompasses the product subsidiaries AMS and e-Spirit. Especially e-Spirit was able to win first orders in Switzerland and France with its **leading** web content management solution, next to several other customer wins in Q1 such as Görtz, Hamburg Süd and Olympus.

**EBITDA tripled y-o-y to € 2.8m**; hence, Q1 EBITDA already explains 45% of adesso's current FY EBITDA guidance (€ 6.2-6.5m) which is especially impressive as Q1 ranks amongst the weaker quarters in the year (Q3 is strongest).

The bottom-line should have not only benefitted from better pricing and utilisation in the IT Services segment BUT especially from the very **scalable** IT Solutions segment where adesso is the technology leader for mobile internet solutions and web content management software, **reaping EBITDA-margins of above 10%**.

**Outlook:** adesso confirms its FY 2011E guidance (sales € 92-95m / EBITDA € 6.2-6.5m). Even though the company expects start-up costs of the recent take-over target *dynamicutilities* to amount to a total of € 0.75m in the next two quarters, **this looks much too conservative** after the excellent Q1. Figures are raised to account for more scalable growth. **BUY: new PT € 11** (old: € 10) based on DCF.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 7.00 / 4.64  
**Price/Book Ratio:** 1.2  
**Relative performance (SDAX):**  
3 months -1.4 %  
6 months 14.7 %  
12 months -29.0 %

### Changes in estimates

		Sales	EBIT	EPS
2011	old:	93.8	4.1	0.59
	Δ	6.0%	19.5%	23.8%
2012	old:	100.6	5.3	0.81
	Δ	5.7%	11.3%	11.7%
2013	old:	105.4	6.7	0.97
	Δ	5.4%	9.0%	9.2%

### Key share data:

Number of shares: (in m pcs) 5.7  
Authorised capital: (in € m) 2.9  
Book value per share: (in €) 5.9  
Ø trading volume: (12 months) 2,500

### Major shareholders:

Free Float 38.1 %  
Setanta GmbH 29.9 %  
Rainer Rudolf 19.6 %  
Ludwig Fresenius 7.2 %  
MIH GmbH 5.2 %

### Company description:

IT service provider focused on selected sectors where it offers bespoke solutions for industry-specific challenges.

Y/E 31.12 (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	45.6	66.8	71.3	85.7	99.4	106.3	111.1
Sales growth	66 %	46 %	7 %	20 %	16 %	7 %	5 %
EBITDA	5.3	8.1	5.8	5.6	7.1	8.1	8.8
EBIT	3.2	4.5	3.0	2.7	4.9	5.9	7.3
Net income	2.4	4.2	3.5	2.4	4.2	5.2	6.1
Net debt	-7.6	-15.4	-8.8	-9.4	-11.8	-15.9	-20.3
Net gearing	-36.4 %	-60.7 %	-30.4 %	-30.5 %	-34.7 %	-41.9 %	-47.7 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS fully diluted	0.49	0.99	0.61	0.42	0.73	0.91	1.06
CPS	0.92	1.36	0.28	0.45	0.63	0.96	1.07
DPS	0.00	0.00	0.15	0.15	0.20	0.26	0.32
Dividend yield	0.0 %	0.0 %	2.1 %	2.1 %	2.9 %	3.7 %	4.6 %
Gross profit margin	92.0 %	90.4 %	88.8 %	89.0 %	88.9 %	88.8 %	88.7 %
EBITDA margin	11.6 %	12.1 %	8.1 %	6.5 %	7.1 %	7.6 %	7.9 %
EBIT margin	7.0 %	6.7 %	4.2 %	3.1 %	4.9 %	5.6 %	6.5 %
ROCE	12.9 %	12.3 %	7.8 %	6.5 %	11.7 %	13.6 %	15.5 %
EV/sales	0.7	0.4	0.4	0.4	0.3	0.2	0.2
EV/EBITDA	6.2	3.1	5.5	5.6	4.0	3.0	2.3
EV/EBIT	10.3	5.6	10.6	11.7	5.9	4.2	2.8
PER	16.8	9.5	11.4	16.8	9.6	7.7	6.6
Adjusted FCF yield	11.5 %	25.7 %	15.9 %	15.1 %	19.3 %	25.5 %	31.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 10.05.2011

EUR	Q1 11	Q1 11 est	Q1 10	yoy	Q4 10	qoq
<b>Sales</b>	<b>26.9</b>	<b>22.3</b>	<b>17.7</b>	52%	<b>24.8</b>	9%
<b>EBITDA</b>	<b>2.8</b>	<b>1.4</b>	<b>0.9</b>	208%	<b>1.6</b>	76%
EBITDA margin	10.4%	6.3%	5.1%	+ 5.3 pp	6.4%	+ 121 pp
<b>Net profit</b>	<b>1.8</b>	<b>0.7</b>	<b>0.5</b>	236%	<b>4.0</b>	-55%
Net margin	6.7%	3.3%	3.0%	+ 3.7 pp	16.1%	- 220 pp
<b>EPS</b>	<b>0.31</b>	<b>0.13</b>	<b>0.09</b>	231%	<b>0.71</b>	-56%

Source: Company data, Hauck & Aufhäuser

**Financials**

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Net sales</b>	<b>45.6</b>	<b>66.8</b>	<b>71.3</b>	<b>85.7</b>	<b>99.4</b>	<b>106.3</b>	<b>111.1</b>
<i>Sales growth</i>	66.5 %	46.3 %	6.8 %	20.1 %	16.0 %	6.9 %	4.5 %
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>45.6</b>	<b>66.8</b>	<b>71.3</b>	<b>85.7</b>	<b>99.4</b>	<b>106.3</b>	<b>111.1</b>
Other operating income	2.2	2.3	2.1	3.0	3.3	3.2	3.2
Material expenses	3.7	6.4	8.0	9.4	11.0	11.9	12.5
Personnel expenses	26.7	40.1	45.4	56.2	65.4	69.5	72.3
Other operating expenses	12.2	14.4	14.4	17.4	19.2	20.0	20.7
Total operating expenses	40.3	58.7	65.6	80.1	92.3	98.2	102.3
<b>EBITDA</b>	<b>5.3</b>	<b>8.1</b>	<b>5.8</b>	<b>5.6</b>	<b>7.1</b>	<b>8.1</b>	<b>8.8</b>
Depreciation	0.5	0.6	0.6	0.7	0.8	0.8	0.8
<b>EBITA</b>	<b>4.8</b>	<b>7.5</b>	<b>5.2</b>	<b>4.9</b>	<b>6.3</b>	<b>7.3</b>	<b>8.0</b>
Amortisation of goodwill	0.4	1.4	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.5	2.2	2.3	1.5	1.4	0.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>3.2</b>	<b>4.5</b>	<b>3.0</b>	<b>2.7</b>	<b>4.9</b>	<b>5.9</b>	<b>7.3</b>
Interest income	0.3	0.5	0.3	0.2	0.2	0.2	0.2
Interest expenses	0.2	0.4	0.3	0.4	0.4	0.2	0.2
Other financial result	-0.1	0.0	0.3	0.0	0.0	0.0	0.0
Financial result	0.1	0.1	0.3	-0.2	-0.2	0.0	0.1
<b>Recurring pretax income from continuing operations</b>	<b>3.2</b>	<b>4.6</b>	<b>3.3</b>	<b>2.5</b>	<b>4.7</b>	<b>5.9</b>	<b>7.4</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>3.2</b>	<b>4.6</b>	<b>3.3</b>	<b>2.5</b>	<b>4.7</b>	<b>5.9</b>	<b>7.4</b>
Taxes	0.8	0.4	-0.3	0.0	0.3	0.6	1.1
<b>Net income from continuing operations</b>	<b>2.4</b>	<b>4.3</b>	<b>3.6</b>	<b>2.5</b>	<b>4.4</b>	<b>5.3</b>	<b>6.2</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.4</b>	<b>4.3</b>	<b>3.6</b>	<b>2.5</b>	<b>4.4</b>	<b>5.3</b>	<b>6.2</b>
Minority interest	0.0	0.1	0.1	0.1	0.2	0.1	0.2
<b>Net income (net of minority interest)</b>	<b>2.4</b>	<b>4.2</b>	<b>3.5</b>	<b>2.4</b>	<b>4.2</b>	<b>5.2</b>	<b>6.1</b>
Average number of shares	5.7	5.7	5.7	5.7	5.7	5.7	5.7
<b>EPS reported</b>	<b>0.42</b>	<b>0.74</b>	<b>0.61</b>	<b>0.42</b>	<b>0.73</b>	<b>0.91</b>	<b>1.06</b>

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	4.9 %	3.5 %	3.0 %	3.5 %	3.3 %	3.0 %	2.9 %
Material expenses	8.0 %	9.6 %	11.2 %	11.0 %	11.1 %	11.2 %	11.3 %
Personnel expenses	58.5 %	60.1 %	63.6 %	65.6 %	65.8 %	65.4 %	65.1 %
Other operating expenses	26.8 %	21.6 %	20.1 %	20.3 %	19.3 %	18.8 %	18.6 %
Total operating expenses	88.4 %	87.9 %	91.9 %	93.5 %	92.9 %	92.4 %	92.1 %
<b>EBITDA</b>	<b>11.6 %</b>	<b>12.1 %</b>	<b>8.1 %</b>	<b>6.5 %</b>	<b>7.1 %</b>	<b>7.6 %</b>	<b>7.9 %</b>
Depreciation	1.1 %	0.9 %	0.8 %	0.8 %	0.8 %	0.7 %	0.7 %
<b>EBITA</b>	<b>10.5 %</b>	<b>11.2 %</b>	<b>7.3 %</b>	<b>5.8 %</b>	<b>6.4 %</b>	<b>6.9 %</b>	<b>7.2 %</b>
Amortisation of goodwill	0.9 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	2.6 %	2.3 %	3.1 %	2.7 %	1.5 %	1.3 %	0.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>7.0 %</b>	<b>6.7 %</b>	<b>4.2 %</b>	<b>3.1 %</b>	<b>4.9 %</b>	<b>5.6 %</b>	<b>6.5 %</b>
Interest income	0.7 %	0.8 %	0.5 %	0.2 %	0.2 %	0.2 %	0.2 %
Interest expenses	0.4 %	0.6 %	0.5 %	0.5 %	0.4 %	0.2 %	0.1 %
Other financial result	-0.1 %	0.0 %	0.4 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	0.1 %	0.2 %	0.4 %	-0.2 %	-0.2 %	0.0 %	0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>7.1 %</b>	<b>6.9 %</b>	<b>4.6 %</b>	<b>2.9 %</b>	<b>4.8 %</b>	<b>5.5 %</b>	<b>6.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>7.1 %</b>	<b>6.9 %</b>	<b>4.6 %</b>	<b>2.9 %</b>	<b>4.8 %</b>	<b>5.5 %</b>	<b>6.6 %</b>
Tax rate	25.3 %	7.6 %	-8.9 %	-1.4 %	6.9 %	9.6 %	15.1 %
<b>Net income from continuing operations</b>	<b>5.3 %</b>	<b>6.4 %</b>	<b>5.0 %</b>	<b>2.9 %</b>	<b>4.4 %</b>	<b>5.0 %</b>	<b>5.6 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>5.3 %</b>	<b>6.4 %</b>	<b>5.0 %</b>	<b>2.9 %</b>	<b>4.4 %</b>	<b>5.0 %</b>	<b>5.6 %</b>
Minority interest	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
<b>Net income (net of minority interest)</b>	<b>5.2 %</b>	<b>6.3 %</b>	<b>4.9 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>5.5 %</b>

Source: Company data, Hauck &amp; Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>13.6</b>	<b>10.7</b>	<b>16.2</b>	<b>15.6</b>	<b>14.2</b>	<b>12.9</b>	<b>12.3</b>
Property, plant and equipment	1.1	0.9	1.0	1.2	1.1	1.2	1.2
Financial assets	0.1	0.5	0.5	0.6	0.6	0.6	0.6
<b>FIXED ASSETS</b>	<b>14.7</b>	<b>12.2</b>	<b>17.8</b>	<b>17.4</b>	<b>16.0</b>	<b>14.7</b>	<b>14.1</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	11.7	14.3	16.4	20.3	23.4	25.0	26.2
Other current assets	1.3	1.5	1.6	1.7	1.7	1.7	1.7
Liquid assets	15.9	22.8	17.3	17.0	17.6	19.8	24.1
Deferred taxes	4.6	5.1	5.7	5.9	5.9	5.9	5.9
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>33.5</b>	<b>43.7</b>	<b>41.1</b>	<b>44.9</b>	<b>48.6</b>	<b>52.4</b>	<b>57.9</b>
<b>TOTAL ASSETS</b>	<b>48.2</b>	<b>55.8</b>	<b>58.9</b>	<b>62.3</b>	<b>64.6</b>	<b>67.1</b>	<b>72.0</b>
SHAREHOLDERS EQUITY	20.9	25.3	28.8	30.7	34.0	38.0	42.5
MINORITY INTEREST	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Long-term debt	7.4	2.1	5.6	5.5	3.6	1.7	1.7
Provisions for pensions and similar obligations	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Other provisions	7.4	3.0	2.6	2.2	2.2	2.2	2.2
<b>Non-current liabilities</b>	<b>15.2</b>	<b>5.6</b>	<b>8.7</b>	<b>8.2</b>	<b>6.3</b>	<b>4.4</b>	<b>4.4</b>
short-term liabilities to banks	0.9	5.3	3.0	2.2	2.2	2.2	2.2
Accounts payable	5.0	4.4	3.8	3.5	4.1	4.4	4.6
Advance payments received on orders	1.5	2.9	2.1	2.2	2.6	2.8	2.9
Other liabilities (incl. from lease and rental contracts)	2.8	10.5	10.9	14.1	14.1	14.1	14.1
Deferred taxes	1.9	1.7	1.4	1.2	1.2	1.2	1.2
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>12.0</b>	<b>24.9</b>	<b>21.3</b>	<b>23.2</b>	<b>24.1</b>	<b>24.6</b>	<b>24.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>48.2</b>	<b>55.8</b>	<b>58.9</b>	<b>62.3</b>	<b>64.6</b>	<b>67.1</b>	<b>72.0</b>

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>28.2 %</b>	<b>19.2 %</b>	<b>27.6 %</b>	<b>25.0 %</b>	<b>22.0 %</b>	<b>19.3 %</b>	<b>17.1 %</b>
Property, plant and equipment	2.2 %	1.7 %	1.7 %	1.9 %	1.8 %	1.7 %	1.6 %
Financial assets	0.2 %	0.9 %	0.9 %	1.0 %	0.9 %	0.9 %	0.9 %
<b>FIXED ASSETS</b>	<b>30.5 %</b>	<b>21.8 %</b>	<b>30.3 %</b>	<b>27.9 %</b>	<b>24.7 %</b>	<b>21.9 %</b>	<b>19.6 %</b>
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	24.2 %	25.6 %	27.9 %	32.5 %	36.3 %	37.3 %	36.3 %
Other current assets	2.7 %	2.7 %	2.6 %	2.7 %	2.6 %	2.5 %	2.3 %
Liquid assets	33.0 %	40.8 %	29.4 %	27.3 %	27.2 %	29.4 %	33.5 %
Deferred taxes	9.6 %	9.2 %	9.7 %	9.5 %	9.2 %	8.9 %	8.3 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>69.5 %</b>	<b>78.2 %</b>	<b>69.7 %</b>	<b>72.1 %</b>	<b>75.3 %</b>	<b>78.1 %</b>	<b>80.4 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	43.4 %	45.3 %	48.9 %	49.3 %	52.6 %	56.5 %	59.0 %
MINORITY INTEREST	0.1 %	0.1 %	0.1 %	0.3 %	0.3 %	0.3 %	0.3 %
Long-term debt	15.3 %	3.8 %	9.5 %	8.8 %	5.6 %	2.5 %	2.4 %
Provisions for pensions and similar obligations	1.0 %	0.9 %	0.8 %	0.8 %	0.8 %	0.8 %	0.7 %
Other provisions	15.3 %	5.3 %	4.5 %	3.5 %	3.4 %	3.3 %	3.0 %
<b>Non-current liabilities</b>	<b>31.6 %</b>	<b>10.0 %</b>	<b>14.8 %</b>	<b>13.2 %</b>	<b>9.8 %</b>	<b>6.6 %</b>	<b>6.1 %</b>
short-term liabilities to banks	1.9 %	9.5 %	5.1 %	3.5 %	3.4 %	3.2 %	3.0 %
Accounts payable	10.3 %	7.9 %	6.5 %	5.7 %	6.3 %	6.5 %	6.3 %
Advance payments received on orders	3.1 %	5.2 %	3.6 %	3.6 %	4.0 %	4.1 %	4.0 %
Other liabilities (incl. from lease and rental contracts)	5.8 %	18.9 %	18.6 %	22.6 %	21.9 %	21.0 %	19.6 %
Deferred taxes	3.9 %	3.1 %	2.5 %	1.9 %	1.8 %	1.7 %	1.6 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>24.9 %</b>	<b>44.6 %</b>	<b>36.2 %</b>	<b>37.3 %</b>	<b>37.3 %</b>	<b>36.6 %</b>	<b>34.6 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Net profit/loss	2.4	4.3	3.6	2.5	4.4	5.3	6.2
Depreciation of fixed assets (incl. leases)	0.5	0.6	0.6	0.7	0.8	0.8	0.8
Amortisation of goodwill	0.4	1.4	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.2	1.5	2.2	2.3	1.5	1.4	0.8
Others	0.3	5.4	-1.3	2.0	0.4	0.2	0.1
Cash flow from operations before changes in w/c	4.8	13.3	5.1	7.4	7.0	7.7	7.9
Increase/decrease in inventory	2.3	-4.9	-0.1	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-2.1	-4.4	-0.3	-3.8	-3.1	-1.6	-1.1
Increase/decrease in accounts payable	0.9	4.4	-2.3	-0.3	0.5	0.3	0.2
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	1.1	-4.9	-2.8	-4.1	-2.6	-1.3	-0.9
<b>Cash flow from operating activities</b>	<b>5.9</b>	<b>8.4</b>	<b>2.3</b>	<b>3.3</b>	<b>4.4</b>	<b>6.3</b>	<b>7.0</b>
CAPEX	0.6	0.6	0.7	0.7	0.8	0.9	0.9
Payments for acquisitions	1.7	0.1	4.3	-0.1	0.0	0.0	0.0
Financial investments	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.0	-0.3	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-2.2</b>	<b>-0.7</b>	<b>-5.3</b>	<b>-0.6</b>	<b>-0.8</b>	<b>-0.9</b>	<b>-0.9</b>
Cash flow before financing	3.7	7.7	-2.9	2.7	3.6	5.4	6.1
Increase/decrease in debt position	3.4	-0.9	1.6	-2.9	-1.9	-1.9	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.9	0.0	0.1	0.9	0.9	1.2	1.5
Others	0.1	0.2	0.1	-0.2	-0.2	-0.1	-0.2
Effects of exchange rate changes on cash	0.0	0.1	0.0	0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>2.7</b>	<b>-0.8</b>	<b>1.6</b>	<b>-4.0</b>	<b>-3.0</b>	<b>-3.2</b>	<b>-1.7</b>
Increase/decrease in liquid assets	6.4	7.1	-1.4	-1.3	0.6	2.2	4.4
<b>Liquid assets at end of period</b>	<b>11.6</b>	<b>18.7</b>	<b>17.3</b>	<b>17.0</b>	<b>17.6</b>	<b>19.8</b>	<b>24.1</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Domestic	37.4	59.4	59.9	68.5	73.7	76.9	78.8
yoy change	39.3 %	58.8 %	0.8 %	14.4 %	7.5 %	4.3 %	2.5 %
Rest of Europe	8.2	7.3	11.4	17.1	25.7	29.4	32.3
yoy change	1399.3 %	-10.6 %	55.4 %	50.1 %	50.0 %	14.4 %	9.9 %
NAFTA	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Asia Pacific	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	n/a	n/a	n/a	n/a	n/a	n/a	n/a
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>TTL</b>	<b>45.6</b>	<b>66.8</b>	<b>71.3</b>	<b>85.7</b>	<b>99.4</b>	<b>106.3</b>	<b>111.1</b>
yoy change	66.5 %	46.3 %	6.8 %	20.1 %	16.0 %	6.9 %	4.5 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>P&amp;L growth analysis</b>							
Sales growth	66.5 %	46.3 %	6.8 %	20.1 %	16.0 %	6.9 %	4.5 %
EBITDA growth	84.6 %	52.3 %	-28.8 %	-2.8 %	26.9 %	14.1 %	8.6 %
EBIT growth	27.7 %	40.9 %	-33.5 %	-11.2 %	84.1 %	21.0 %	22.6 %
EPS growth	54.5 %	77.1 %	-16.9 %	-32.3 %	75.1 %	24.7 %	17.3 %
<b>Efficiency</b>							
Total operating costs / sales	88.4 %	87.9 %	91.9 %	93.5 %	92.9 %	92.4 %	92.1 %
Sales per employee	109.3	122.4	115.6	118.9	122.9	126.4	128.6
EBITDA per employee	12.7	14.8	9.3	7.8	8.8	9.6	10.2
<b>Balance sheet analysis</b>							
Avg. working capital / sales	9.4 %	9.1 %	12.2 %	14.6 %	15.7 %	16.3 %	16.5 %
Inventory turnover (sales/inventory)	11,411.5	0.0	0.0	0.0	0.0	0.0	0.0
Trade debtors in days of sales	93.3	78.1	84.1	86.4	86.0	86.0	86.0
A/P turnover [(A/P*365)/sales]	39.7	24.2	19.6	15.1	15.0	15.0	15.0
Cash conversion cycle (days)	-402.1	-174.1	-91.3	-51.0	-49.5	-48.0	-47.3
<b>Cash flow analysis</b>							
Free cash flow	5.3	7.8	1.6	2.5	3.6	5.4	6.1
Free cash flow/sales	11.5 %	11.6 %	2.3 %	3.0 %	3.6 %	5.1 %	5.5 %
FCF / net profit	220.8 %	184.1 %	46.2 %	107.2 %	86.0 %	104.8 %	99.7 %
FCF yield	13.2 %	19.4 %	4.0 %	6.4 %	9.0 %	13.6 %	15.2 %
Capex / depre	31.8 %	17.4 %	25.0 %	24.6 %	35.5 %	41.5 %	58.8 %
Capex / maintenance capex	106.5 %	82.5 %	91.0 %	92.9 %	89.7 %	92.0 %	90.9 %
Capex / sales	1.5 %	0.9 %	1.0 %	0.8 %	0.8 %	n/a	n/a
<b>Security</b>							
Net debt	-7.6	-15.4	-8.8	-9.4	-11.8	-15.9	-20.3
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.4	-0.6	-0.3	-0.3	-0.3	-0.4	-0.5
Interest cover	16.1	10.8	8.8	6.5	13.5	24.6	46.9
Dividend payout ratio	0.0 %	0.0 %	24.9 %	37.8 %	29.0 %	29.4 %	30.8 %
<b>Asset utilisation</b>							
Capital employed turnover	1.2	1.8	1.8	2.1	2.3	2.4	2.3
Operating assets turnover	7.3	8.5	6.2	5.5	5.6	5.6	5.6
Plant turnover	43.3	70.6	69.5	72.1	87.3	91.0	93.5
Inventory turnover (sales/inventory)	11,411.5	0.0	0.0	0.0	0.0	0.0	0.0
<b>Returns</b>							
ROCE	12.9 %	12.3 %	7.8 %	6.5 %	11.7 %	13.6 %	15.5 %
ROE	11.4 %	16.7 %	12.2 %	7.7 %	12.2 %	13.7 %	14.3 %
<b>Other</b>							
Interest paid / avg. debt	3.4 %	5.3 %	4.2 %	5.0 %	5.4 %	5.0 %	4.0 %
No. employees (average)	418	546	617	721	809	841	864
Number of shares	5.7	5.7	5.7	5.7	5.7	5.7	5.7
DPS	0.0	0.0	0.2	0.2	0.2	0.3	0.3
EPS reported	0.42	0.74	0.61	0.42	0.73	0.91	1.06
<b>Valuation ratios</b>							
P/BV	1.9	1.6	1.4	1.3	1.2	1.1	0.9
EV/sales	0.7	0.4	0.4	0.4	0.3	0.2	0.2
EV/EBITDA	6.2	3.1	5.5	5.6	4.0	3.0	2.3
EV/EBITA	6.9	3.4	6.1	6.3	4.5	3.4	2.5
EV/EBIT	10.3	5.6	10.6	11.7	5.9	4.2	2.8
EV/FCF	6.2	3.2	19.6	12.2	8.0	4.5	3.3
Dividend yield	0.0 %	0.0 %	2.1 %	2.1 %	2.9 %	3.7 %	4.6 %

Source: Company data, Hauck & Aufhäuser

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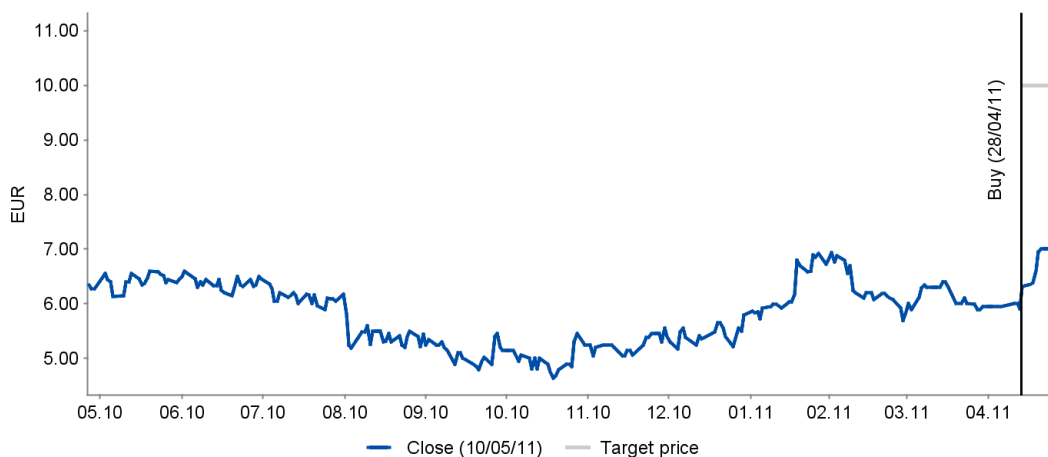
Company	Disclosure
adesso AG	2

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**Historical target price and rating changes for adesso AG in the last 12 months**

**Price and Rating History  
adesso AG as of 11/05/11**

**Initiation coverage**  
28-April-11



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