

Buy (old: Buy)

Price target: EUR 12.50 (old: EUR 11.00)

Price:	EUR 6.14	Next result:	Q3 2011: 11.11.2011
Bloomberg:	ADN1 GR	Market cap:	EUR 33.8 m
Reuters:	ADNGk.DE	Enterprise Value:	EUR 22.2 m

26-August-11

Tim Wunderlich
Analyst

tim.wunderlich@ha-research.de
Tel.: +49 40 4143885 81

Strong Q2 / H1 '11– Company raises guidance; Adj. Est. & PT

adesso AG reported excellent Q2/H1 2011 figures this morning **beating sales and EBITDA estimates** due to a strong performance of the high-margin IT Solutions segment. There is no conference call scheduled. See next page for figures.

Group top-line growth of 40% y-o-y to € 52.9m in H1 '11 was mainly organic (32pp) while the recent acquisition of service company *evu.it* added 8pp. Organic growth was carried by healthy demand for adesso's premium IT services combining consulting with customised software development for selected focus industries such as Insurances, Banks and Healthcare, driving IT Services growth of 33% y-o-y to € 43.7m in H1 '11.

Dynamic customer wins (Union Investment, Geberit, Sto) in Germany AND increasing demand abroad (e.g. Fives Group in France) for the company's technologically leading web content management software *FirstSpirit* explains the even stronger growth of the IT Solutions segment of 84% y-o-y to € 9.2m in H1 '11.

While quarterly sales rose 29% y-o-y to € 26.0m they were down slightly sequentially which should reflect the **inherent lumpiness of the project business**.

H1 '11 EBITDA of € 5.3m was up 184% y-o-y thanks to disproportionate growth of the higher margin IT Solutions segment which has EBITDA margins of above 10% versus 5-6% for IT Services. Also, adesso continues to benefit from a mix of improving daily rates, high utilisation and stable wages. Net profit was below estimates solely due to Goodwill write-down of € 1.4m relating to the Austrian subsidiary whose operating performance missed company expectations in H1 '11.

Against the backdrop of the favourable drivers (better pricing with key clients, new variable pay scheme, secular growth in IT Solutions due to growth of mobile internet), **the company's increased guidance still looks conservative:** adesso now expects FY 2011E sales to exceed € 100m (old: € 92-95m) while FY EBITDA is seen at € 7.5-8.0m (old: € 6.2-6.5m). **Even the high-end of this guidance would imply merely flat sales and a 30% y-o-y drop in EBITDA for H2 '11.** Hence, adjusted estimates for 2011E lie above the company guidance and estimates for 2012E onwards are also increased.

On adjusted estimates, adesso trades on merely 1.7x EBITDA 2012E and a cash-adjusted PER 2012E of 3.4x. **New PT is € 12.50 (old: € 11.00) based on DCF. Remains a BUY.**



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	7.87 / 4.64
Price/Book Ratio:	1.0
Relative performance (SDAX):	
3 months	3.3 %
6 months	15.3 %
12 months	9.1 %

Changes in estimates

		Sales	EBIT	EPS
2011	old:	99.4	4.9	0.73
	Δ	7.3%	8.7%	3.1%
2012	old:	106.3	5.9	0.91
	Δ	5.9%	30.4%	26.5%
2013	old:	111.1	7.3	1.06
	Δ	6.4%	23.4%	24.1%

Key share data:

Number of shares: (in m pcs)	5.7
Authorised capital: (in € m)	2.9
Book value per share: (in €)	6.0
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	106.7	112.6	118.2
Sales growth	66 %	46 %	7 %	20 %	25 %	6 %	5 %
EBITDA	5.3	8.1	5.8	5.6	8.9	9.9	10.5
EBIT	3.2	4.5	3.0	2.7	5.3	7.7	9.0
Net income	2.4	4.2	3.5	2.4	4.3	6.6	7.6
Net debt	-7.6	-15.4	-8.8	-9.4	-12.1	-17.8	-23.5
Net gearing	-36.4 %	-60.7 %	-30.4 %	-30.5 %	-35.5 %	-45.0 %	-51.6 %
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	1.00	1.15	1.32
CPS	0.92	1.36	0.28	0.45	0.68	1.23	1.30
DPS	0.00	0.00	0.15	0.15	0.20	0.26	0.32
Dividend yield	0.0 %	0.0 %	2.5 %	2.5 %	3.4 %	4.4 %	5.4 %
Gross profit margin	92.0 %	90.4 %	88.8 %	89.0 %	89.2 %	89.4 %	89.4 %
EBITDA margin	11.6 %	12.1 %	8.1 %	6.5 %	8.4 %	8.8 %	8.9 %
EBIT margin	7.0 %	6.7 %	4.2 %	3.1 %	5.0 %	6.9 %	7.6 %
ROCE	12.9 %	12.3 %	7.8 %	6.5 %	12.7 %	17.4 %	18.2 %
EV/sales	0.6	0.3	0.4	0.3	0.2	0.1	0.1
EV/EBITDA	5.0	2.3	4.4	4.5	2.5	1.7	1.0
EV/EBIT	8.4	4.2	8.5	9.4	4.2	2.1	1.2
PER	14.2	8.0	9.6	14.2	7.9	5.2	4.5
Adjusted FCF yield	14.1 %	33.1 %	19.5 %	18.7 %	31.1 %	44.5 %	68.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 25.08.2011

EUR	Q2 11	Q2 11 est	Q2 10	yoy	Q1 11	qoq	H1 11	H1 11 est	H1 10	yoy
Sales	26.0	23.8	20.1	29%	26.9	-3%	52.9	50.7	37.8	40%
IT Services	n/a	n/a	n/a	n/a	n/a	n/a	43.7	43.0	32.8	33.1%
IT Solutions	n/a	n/a	n/a	n/a	n/a	n/a	9.2	7.7	5.0	83.5%
EBITDA	2.5	1.4	1.0	162%	2.8	-9%	5.3	4.2	1.9	184%
EBITDA margin	9.8%	5.9%	4.8%	+ 4.9 pp	10.4%	- 26 pp	10.1%	8.3%	5.0%	+ 5.1 pp
Net profit	0.1	0.7	0.0	1046%	1.8	-92%	1.9	2.5	0.5	253%
Net margin	0.6%	2.9%	0.1%	+ 0.5 pp	6.7%	- 164 pp	3.7%	4.9%	1.5%	+ 2.2 pp
EPS	0.03	0.13	0.00	1046%	0.31	-92%	0.34	0.44	0.10	253%

Source: Company data, Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Net sales	45.6	66.8	71.3	85.7	106.7	112.6	118.2
<i>Sales growth</i>	66.5 %	46.3 %	6.8 %	20.1 %	24.5 %	5.5 %	5.0 %
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.5	0.0	0.0
Total sales	45.6	66.8	71.3	85.7	107.2	112.6	118.2
Other operating income	2.2	2.3	2.1	3.0	3.2	3.3	3.3
Material expenses	3.7	6.4	8.0	9.4	11.6	11.9	12.5
Personnel expenses	26.7	40.1	45.4	56.2	69.5	73.0	76.5
Other operating expenses	12.2	14.4	14.4	17.4	20.4	21.1	22.0
Total operating expenses	40.3	58.7	65.6	80.1	98.3	102.7	107.7
EBITDA	5.3	8.1	5.8	5.6	8.9	9.9	10.5
Depreciation	0.5	0.6	0.6	0.7	0.8	0.8	0.8
EBITA	4.8	7.5	5.2	4.9	8.2	9.1	9.7
Amortisation of goodwill	0.4	1.4	0.0	0.0	1.4	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
EBIT	3.2	4.5	3.0	2.7	5.3	7.7	9.0
Interest income	0.3	0.5	0.3	0.2	0.2	0.2	0.3
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
Recurring pretax income from continuing operations	3.2	4.6	3.3	2.5	5.2	7.7	9.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.2	4.6	3.3	2.5	5.2	7.7	9.1
Taxes	0.8	0.4	-0.3	0.0	0.6	1.0	1.4
Net income from continuing operations	2.4	4.3	3.6	2.5	4.5	6.7	7.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.4	4.3	3.6	2.5	4.5	6.7	7.7
Minority interest	0.0	0.1	0.1	0.1	0.2	0.1	0.2
Net income (net of minority interest)	2.4	4.2	3.5	2.4	4.3	6.6	7.6
Average number of shares	5.7	5.7	5.7	5.7	5.7	5.7	5.7
EPS reported	0.42	0.74	0.61	0.42	0.75	1.15	1.32

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	0.0 %	0.0 %	0.0 %	0.0 %	0.5 %	0.0 %	0.0 %
Total sales	100.0 %	100.0 %	100.0 %	100.0 %	100.5 %	100.0 %	100.0 %
Other operating income	4.9 %	3.5 %	3.0 %	3.5 %	3.0 %	2.9 %	2.8 %
Material expenses	8.0 %	9.6 %	11.2 %	11.0 %	10.9 %	10.6 %	10.6 %
Personnel expenses	58.5 %	60.1 %	63.6 %	65.6 %	65.1 %	64.8 %	64.7 %
Other operating expenses	26.8 %	21.6 %	20.1 %	20.3 %	19.1 %	18.7 %	18.6 %
Total operating expenses	88.4 %	87.9 %	91.9 %	93.5 %	92.1 %	91.2 %	91.1 %
EBITDA	11.6 %	12.1 %	8.1 %	6.5 %	8.4 %	8.8 %	8.9 %
Depreciation	1.1 %	0.9 %	0.8 %	0.8 %	0.7 %	0.7 %	0.7 %
EBITA	10.5 %	11.2 %	7.3 %	5.8 %	7.7 %	8.1 %	8.2 %
Amortisation of goodwill	0.9 %	2.2 %	0.0 %	0.0 %	1.3 %	0.0 %	0.0 %
Amortisation of intangible assets	2.6 %	2.3 %	3.1 %	2.7 %	1.4 %	1.2 %	0.6 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	7.0 %	6.7 %	4.2 %	3.1 %	5.0 %	6.9 %	7.6 %
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 %	0.3 %	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 %
Recurring pretax income from continuing operations	7.1 %	6.9 %	4.6 %	2.9 %	4.8 %	6.8 %	7.7 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	7.1 %	6.9 %	4.6 %	2.9 %	4.8 %	6.8 %	7.7 %
Tax rate	25.3 %	7.6 %	-8.9 %	-1.4 %	12.1 %	13.0 %	15.1 %
Net income from continuing operations	5.3 %	6.4 %	5.0 %	2.9 %	4.2 %	6.0 %	6.5 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	5.3 %	6.4 %	5.0 %	2.9 %	4.2 %	6.0 %	6.5 %
Minority interest	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
Net income (net of minority interest)	5.2 %	6.3 %	4.9 %	2.8 %	4.0 %	5.8 %	6.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	13.6	10.7	16.2	15.6	12.8	11.5	10.9
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
FIXED ASSETS	14.7	12.2	17.8	17.4	14.6	13.3	12.7
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	25.1	26.5	27.8
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	17.9	21.6	27.3
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
CURRENT ASSETS	33.5	43.7	41.1	44.9	50.6	55.8	62.8
TOTAL ASSETS	48.2	55.8	58.9	62.3	65.2	69.1	75.5
SHAREHOLDERS EQUITY	20.9	25.3	28.8	30.7	34.1	39.5	45.5
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
Non-current liabilities	15.2	5.6	8.7	8.2	6.3	4.4	4.4
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	4.4	4.6	4.9
Advance payments received on orders	1.5	2.9	2.1	2.2	2.8	2.9	3.1
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
Current liabilities	12.0	24.9	21.3	23.2	24.6	25.0	25.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	48.2	55.8	58.9	62.3	65.2	69.1	75.5

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	28.2 %	19.2 %	27.6 %	25.0 %	19.7 %	16.7 %	14.4 %
Property, plant and equipment	2.2 %	1.7 %	1.7 %	1.9 %	1.7 %	1.7 %	1.6 %
Financial assets	0.2 %	0.9 %	0.9 %	1.0 %	0.9 %	0.9 %	0.8 %
FIXED ASSETS	30.5 %	21.8 %	30.3 %	27.9 %	22.3 %	19.3 %	16.8 %
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 %	38.6 %	38.4 %	36.9 %
Other current assets	2.7 %	2.7 %	2.6 %	2.7 %	2.6 %	2.4 %	2.2 %
Liquid assets	33.0 %	40.8 %	29.4 %	27.3 %	27.4 %	31.3 %	36.2 %
Deferred taxes	9.6 %	9.2 %	9.7 %	9.5 %	9.1 %	8.6 %	7.9 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	69.5 %	78.2 %	69.7 %	72.1 %	77.7 %	80.7 %	83.2 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	43.4 %	45.3 %	48.9 %	49.3 %	52.3 %	57.1 %	60.3 %
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 %	5.5 %	2.5 %	2.3 %
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 %	3.3 %	3.2 %	2.9 %
Non-current liabilities	31.6 %	10.0 %	14.8 %	13.2 %	9.7 %	6.4 %	5.8 %
short-term liabilities to banks	1.9 %	9.5 %	5.1 %	3.5 %	3.3 %	3.1 %	2.9 %
Accounts payable	10.3 %	7.9 %	6.5 %	5.7 %	6.7 %	6.7 %	6.4 %
Advance payments received on orders	3.1 %	5.2 %	3.6 %	3.6 %	4.2 %	4.2 %	4.1 %
Other liabilities (incl. from lease and rental contracts)	5.8 %	18.9 %	18.6 %	22.6 %	21.6 %	20.4 %	18.7 %
Deferred taxes	3.9 %	3.1 %	2.5 %	1.9 %	1.8 %	1.7 %	1.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	24.9 %	44.6 %	36.2 %	37.3 %	37.7 %	36.2 %	33.6 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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	4.5	6.7	7.7
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	1.4	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	0.5	0.2	0.1
Cash flow from operations before changes in w/c	4.8	13.3	5.1	7.4	8.7	9.0	9.4
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	-4.9	-1.4	-1.3
Increase/decrease in accounts payable	0.9	4.4	-2.3	-0.3	0.8	0.2	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	-4.0	-1.1	-1.1
Cash flow from operating activities	5.9	8.4	2.3	3.3	4.7	7.9	8.3
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
Cash flow from investing activities	-2.2	-0.7	-5.3	-0.6	-0.8	-0.9	-0.9
Cash flow before financing	3.7	7.7	-2.9	2.7	3.9	7.0	7.4
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
Cash flow from financing activities	2.7	-0.8	1.6	-4.0	-3.0	-3.2	-1.7
Increase/decrease in liquid assets	6.4	7.1	-1.4	-1.3	0.9	3.7	5.7
Liquid assets at end of period	11.6	18.7	17.3	17.0	17.9	21.6	27.3

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	33.0	35.7	39.4
yoy change	1399.3 %	-10.6 %	55.4 %	50.1 %	92.6 %	8.2 %	10.4 %
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
TTL	45.6	66.8	71.3	85.7	106.7	112.6	118.2
yoy change	66.5 %	46.3 %	6.8 %	20.1 %	24.5 %	5.5 %	5.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
P&L growth analysis							
Sales growth	66.5 %	46.3 %	6.8 %	20.1 %	24.5 %	5.5 %	5.0 %
EBITDA growth	84.6 %	52.3 %	-28.8 %	-2.8 %	59.9 %	10.7 %	6.1 %
EBIT growth	27.7 %	40.9 %	-33.5 %	-11.2 %	100.2 %	45.1 %	16.0 %
EPS growth	54.5 %	77.1 %	-16.9 %	-32.3 %	80.5 %	53.0 %	15.1 %
Efficiency							
Total operating costs / sales	88.4 %	87.9 %	91.9 %	93.5 %	92.1 %	91.2 %	91.1 %
Sales per employee	109.3	122.4	115.6	118.9	131.9	133.9	136.8
EBITDA per employee	12.7	14.8	9.3	7.8	11.1	11.8	12.2
Balance sheet analysis							
Avg. working capital / sales	9.4 %	9.1 %	12.2 %	14.6 %	15.2 %	16.4 %	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	-52.0	-55.9	-55.8
Cash flow analysis							
Free cash flow	5.3	7.8	1.6	2.5	3.9	7.0	7.4
Free cash flow/sales	11.5 %	11.6 %	2.3 %	3.0 %	3.7 %	6.2 %	6.3 %
FCF / net profit	220.8 %	184.1 %	46.2 %	107.2 %	90.8 %	106.3 %	98.0 %
FCF yield	15.6 %	23.0 %	4.8 %	7.5 %	11.5 %	20.6 %	21.9 %
Capex / deprec	31.8 %	17.4 %	25.0 %	24.6 %	21.6 %	41.5 %	58.8 %
Capex / maintenance capex	108.2 %	82.5 %	91.0 %	92.9 %	89.7 %	92.0 %	90.9 %
Capex / sales	1.5 %	0.9 %	1.0 %	0.8 %	0.7 %	n/a	n/a
Security							
Net debt	-7.6	-15.4	-8.8	-9.4	-12.1	-17.8	-23.5
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	-0.4	-0.4	-0.5
Interest cover	16.1	10.8	8.8	6.5	14.7	32.1	57.9
Dividend payout ratio	0.0 %	0.0 %	24.9 %	37.8 %	28.1 %	23.1 %	24.7 %
Asset utilisation							
Capital employed turnover	1.2	1.8	1.8	2.1	2.5	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	93.8	96.4	99.5
Inventory turnover (sales/inventory)	11,411.5	0.0	0.0	0.0	0.0	0.0	0.0
Returns							
ROCE	12.9 %	12.3 %	7.8 %	6.5 %	12.7 %	17.4 %	18.2 %
ROE	11.4 %	16.7 %	12.2 %	7.7 %	12.6 %	16.6 %	16.6 %
Other							
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	0.75	1.15	1.32
Valuation ratios							
P/BV	1.6	1.3	1.2	1.1	1.0	0.9	0.7
EV/sales	0.6	0.3	0.4	0.3	0.2	0.1	0.1
EV/EBITDA	5.0	2.3	4.4	4.5	2.5	1.7	1.0
EV/EBITA	5.6	2.5	4.9	5.1	2.7	1.8	1.1
EV/EBIT	8.4	4.2	8.5	9.4	4.2	2.1	1.2
EV/FCF	5.1	2.4	15.8	9.8	5.7	2.4	1.5
Dividend yield	0.0 %	0.0 %	2.5 %	2.5 %	3.4 %	4.4 %	5.4 %

Source: Company data, Hauck & Aufhäuser

Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

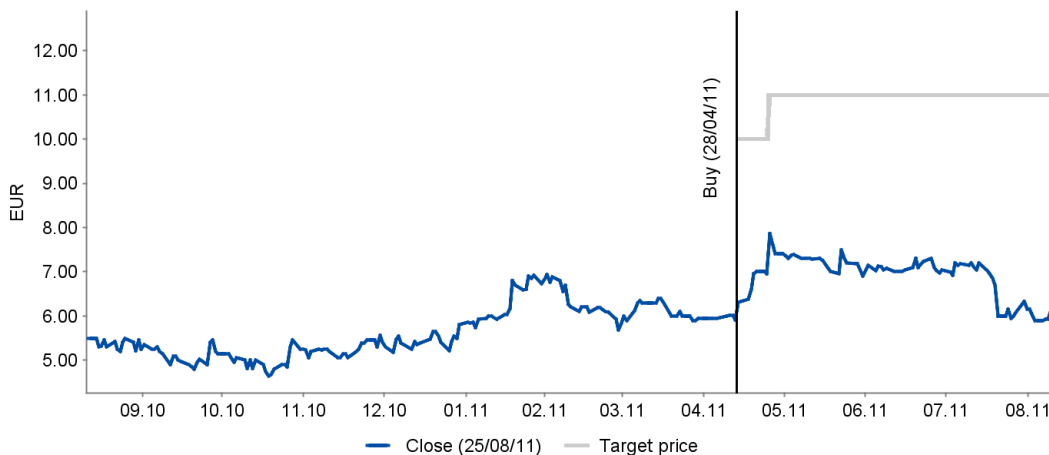
Company	Disclosure
adesso AG	2

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser offers Equity Advisory Services for this company.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) hold 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

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

**Price and Rating History
adesso AG as of 26/08/11**

Initiation coverage
28-April-11



Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	82.86 %	66.67 %
Sell	10.00 %	0.00 %
Hold	7.14 %	33.33 %

Valuation basis/rating key

Buy: Sustainable upside potential of more than 10% within 12 months.

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research GmbH, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties. From time to time Hauck & Aufhäuser Institutional Research GmbH will be compensated for its services using soft dollar compensation arrangements, such as trading commissions.

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Contacts: Hauck&Aufhäuser Investment Banking

Hauck & Aufhäuser Research

Hauck & Aufhäuser
Institutional Research GmbH
Mittelweg 142

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Henning Breiter
Analyst

Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Marie-Therese Gruebner
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: marie-therese.gruebner@ha-research.de

Marc Osigus, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 90
E-Mail: marc.osigus@ha-research.de

Roland Rapelius, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: roland.rapelius@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Tim Wunderlich, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Hauck & Aufhäuser Sales

Vincent Bischoff
Sales

Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hugues Madelin
Sales

Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Toby Woods
Sales

Tel.: +44 207 763 7179
E-Mail: toby.woods@ha-research.de

Senior Advisors

Graeme Davies
Senior Advisor

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm
Senior Advisor

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Jochen Lucht
Senior Advisor

Tel.: +49 (0)69 2161 - 1260
E-Mail: jochen.lucht@hauck-aufhaeuser.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Mirko Brueggemann
Trading

Tel.: +49 (0)69 2161 - 1525
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

Sebastian Schuett
Trading

Tel.: +49 (0)69 2161 - 1556
E-Mail: sebastian.schuett@hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E-Mail: thomas.seibert@hauck-aufhaeuser.de