



COMPANY REPORT

DR. KALLIWODA EQUITY RESEARCH

June 02, 2005



Venture Capital ++

Rating: Initiating
Coverage

BUY

bmp AG
Venture Capital

Last Price: € 1,86

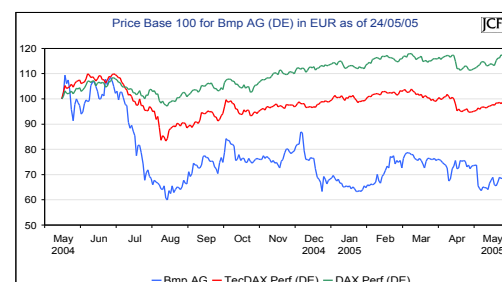
Fair Value: € 3,22

Starting with Exits ?

- Poland as large acquisition potential
- Revotar as boosting trigger
- Useful investment structure + sufficient risk diversification
- Imminent lucrative exits ?

COMPANY DESCRIPTION

bmp is a venture capital investor and private equity fund manager. bmp is the only listed independent quoted VC enterprise in Germany and listed at the Warsaw stock exchange as the first German enterprise.. New outlets for private Equity fund are to be opened by co-operation with König & Cie..The industry has overcome its depression..



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Figures in EUR	2002	2003	2004	2005e	2006e
EPS Dr. Kalliwoda	-0,217	0,18	-0,09	0,16	0,24
EPS Consensus	-0,217	0,18	-0,09	0,20	0,29
Revenues (mln)	7,76	0,29	0,40	2,60	5,50
net Income (adj.)	-11,768	2,15	-1,12	2,73	4,14
net cash per share	0,08	0,24	0,81	0,69	0,86
net Cash	4,27	2,8	10,14	12,00	15,00
P/E	-0,5	10,9	-1,1	12,56	8,29
P/S	13,70	80,6	61,13	13,19	6,24

Price (cur)	1,96	Shares out (mln)	17,50
52W/high	2,89	3MAvg Vol (000s)	74
52W/low	1,53	Free Float (in %)	68,4%
Market Cap (mln)	34,3	Weight in Prime All Share	0,005%
Last Dividend	0	Reuters code	BTBGk.DE
Sales CAGR 02-06	3%	Bloomberg	BTBA
Web Page	www.bmp.com	WKN	330420

Source: bmp AG; DR. KALLIWODA | RESEARCH



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1. EXECUTIVE SUMMARY

bmp is a leading venture capital investor and fund manager in Germany and Poland. bmp invests in enterprises to favorable conditions and sells these after a successful development. In 2004 sales grew to € 704,000 with negative EBIT of € 471.000. Starting from 2005 we foresee a further strong sales development as well as clearly positive EBIT by enterprise sales and by yields of a venture Capital fund. We expect that the positive trend will continue also in 2006. Most promising investment is the almost 60%-participation in Revotar Biopharmaceuticals AG. The clinical phase II results for an active substance, specialized in the development of innovative medicines, against asthma and psoriasis increases the value of the participation considerably.

Valuation

Based on our net asset value-potential approach we derive a fair value of € 56.3 mln and € 3.22 for each share. We recommend the share for purchase.

Profit and loss estimations to 2006

We prognosticate in 2005 and 2006 proceeds from the sales of participation and securities of the circulating capital at a value of € 2.6 mln and € 5.5 mln.

We estimate total sales (inclusive of "consulting and commission proceeds" and "other one operational yields") to € 8.3 mln in 2005 and € 10.7 mln in 2006 (on the average 1-2 successful exits per annum).

2. FINANCIALS

2.1. Financial Year 2004

bmp finished the year 2004 with a net loss of € 1.1 mln. The result is characterised by the approximately € 1 mln costs of the capital increase. Sales rose to € 0.7 mln. In 2004 the enterprise succeeded in taking up over two capital increases of more than € 11 mln in order to



secure the long-term liquidity for the development of the existing portfolios and for new investments.

First exits and expansion in 2005

Currently bmp is involved in 20 enterprises in the active portfolio (participation in the German-speaking countries, Poland and a participation from the USA). 15 enterprises have positive EBIT. For the first time since 2001 bmp invested in two new commitments in the financial year 2004. The liquidity achieved by the capital increase is to be used for the further development of the investment portfolio.

In Q1/2005 there were the two exits resp. the sales of the participation in the Mediport venture fund GmbH as well as in Hírek Kft.

2.2 Results in Q1/2005

In Q1/2005 bmp obtained sales of € 0.217 mln and a total output of € 0.917 mln. The EBITDA amounted to € 0.206 mln and EBIT to -0.255 mln. The consolidated loss amounted to € 0.335 mln compared to € -0.188 mln in the previous year quarter. Primarily the Q1/2005-result was influenced by the fractional depreciation of € 0.461 mln of a quoted participation. The height of the marketable securities and currency equivalents increased to € 9.6 mln on 31.03.2005 compared to € 3.1 mln in the previous year quarter. Supplies of liquidity from a participation sale at a value of € 1.2 mln are not yet contained. For 2005 we estimate a net income of € 2.73 mln with far rising total sales of € 8.3 mln, whereby we do not consider a possible partial sale of Revotar yet in our estimation of 2005.

3. VALUATION AND ESTIMATES

In 2005 and 2006 we take into account 4 to 5 successful participation sales. Our sales- and earnings estimates are based on these assumptions (see profit & loss calculation in chapter 7). For the evaluation of bmp we take as inventory value the net asset value and the subordinated growth of the NAV of the investment portfolio. We take



the present NAV as basis after the guidelines of the EVCA (European private Equity & venture Capital Association) and estimate the value development of the investment portfolio. At present the NAV amounts to € 31.85 mln and € 1.82 for each share (at 17,5 mln shares). We assume that the investment portfolio of bmp should be net asset value-potential of € 62 mln in the next 12 months whereas we evaluate the participation of Revotar with a net asset value-potential of € 38 mln. We take into account other active receivables and other assets and other liabilities and come to the result of € 5.7 mln as the net asset value-potential of € 56.3 mln. The reasons for our net asset value-potential of € 56.3 mln are justified by the fact that 10 enterprises present a high net asset value-potential in relation to each present single net asset value. With the following portfolio enterprises we want to show selected companies due to their high earnings and valuation-potential in greater detail:

Revotar Biopharmaceuticals AG:

Revotar is the most important biotechnology participation and largest value driver of the portfolio. To 12.5.2005 bmp has increased its participation from 22,4% to 59,96% in the context of a financing round. However the participation should be reduced in the short term to under 50% in order to avoid the consolidation obligation. This can be achieved through

- a watering down of the participations in the context of a capital increase,
- a Merger or
- the sales of participations.

We believe that bmp will try to sell approx. 10% of the participations in the financial year 2005. We expect from this positive effects on sales- and earnings-results. Since this is one of three alternatives - described above - we do not consider this yet in our P&L calculation for the current year 2005. After a sale of 10% at Revotar bmp would then retain another participation of 49,96%. An exit of the entire participation is aimed at within the next two to three years. We see a net asset value-potential of this high 50%-participation in a span from € 33 mln to € 43 mln (for the evaluation of the net asset value-potential of the bmp



Portfolios with the Revotar participation we consider an average value of € 38 mln).

Revotar primarily develops innovative medicines against chronic inflammation diseases. The most hopeful product is Bimosiamose, which is in a very promising clinical phase II. The Selektin antagonist "Bimosiamose" is the furthest developed worldwide for the indications Psoriasis and Asthma. The second most important asset of the Revotar pipeline is the pilot study for chronic bronchitis (COPD). Thus there is a promising product pipeline in strongly growing blockbuster markets. According to our opinion Bimosiamose might have a project value of several mln Euro. The financial assets provided by the financing round in May are to be used for the further clinical development as well as for the implementation of partnerships with the biotechnology and pharmaceuticals.

TFG AG:

The 12,5%-participation in TFG Capital which was acquired in February 2005 will be more probably be sold than the total company taken over considering the recall of the bmp executive committees from the TFG executive committee. Due to the low entrance price and the positive perspectives of TFG we evaluate the participation with a net asset value-potential of € 3.4 mln. We value the TFG-participation positively and have a very conservative estimate of that. Momentarily the 12,5%-share with a present share quotation of € 2,41 of the TFG share existing in the bmp Portfolio has this value of € 3.4 mln at present already.

ergoTrade AG:

The ergoTrade AG (ex Compubizz AG) offers a power spectrum from IT refurbishment to IT remarketing, as well as the purchase and sales of residual items and stocks up to the Rollout of new IT components. The enterprise operates a b2b-online-platform for IT manufacturers and IT merchants. bmp has been involved in the enterprise since 09/2000 and today holds a share of 49,99%. The participation is in the expansion phase. We estimate the EBIT-margin of the participation as approx. 12% for 2005 with strong growth rates. We estimate the exit volume as € 2.3 mln.



Tom's Guides Publishing AG:

The enterprise is an online magazine for hardware acting world-wide. World-wide 5 mln readers access the most usually-visited online magazine in the hardware surrounding field. The online service is published in eight languages. bmp has been involved since 11/1999 with 20%. We estimate the EBIT-margin here as 10 to 15% for 2006, at present as approx. 5%. Tom's Guides is one of the growth-strongest participations in the portfolio of bmp. We estimate the net asset value-potential at € 2.6 mln.

Newtron AG:

Newtron offers comprehensive Supplier Relationship management solutions (SRM). Thus customers are supported in the strategic procurement by consultation and supply of electronic procurement systems. The ASP-operation is already taken up by considerable industrial partners and procuring enterprises. Bmp has been involved since 08/1999 and holds a share of 41,79 %.

bmp CO-Venturing partners are Holtzbrinck networXs AG and Commerzbank AG. A realistic scenario for this participation is the exit in 2006 with a net asset value-potential of € 1.9 mln.

Bankier pl S.A:

The enterprise offers a financial portal on which private and business customers can use financial information also calculators and tools. Bankier supports banks with eMarketing and makes current content available, so that banks and financial institutions can reach their target groups. Also the conveying of financial products is included. The business concept is comparable with Onvista in Germany. bmp is involved with 30,82%. We can imagine an IPO in two years. We classify the net asset value-potential at € 1.7 mln.

Roentec Holding AG:

The Roentec group acts as an international developer and manufacturer of devices for the analysis of material and structures using x-ray. The enterprise is strong in international selling. The



products are known as excellent in the professional world. bmp has been involved since 12/1998 with 41,2%. We estimate the exit volume within the next two years as € 2.5 mln.

eProfessional AG:

The enterprise is offerer of search machine marketing services in Europe. Search machine marketing means purposeful and durable placement of products and services on the result pages of search machines with specifically online advertisements (sponsored links, keyword banners). In addition the enterprise provides analyses on the effectiveness of online marketing activities. bmp has been involved in the enterprise since 6/2000 with 25,48 %. We still expect an exit in this year with an net asset value-potential of € 2.7 mln.

Yoc! AG:

Yoc! (= your opinion COUNTS!) offers via its mobile phone direct marketing platform interactive marketing and thus multi-applicable m-commerce-solutions for the mobile phone generation. Main assets are the 2.2 mln detailed user profiles and the individualised evaluation possibilities of the receiving SMS. This makes one-to-one marketing, customer relations management and market studies possible. The young, lifestyle oriented target group (13-35 old mobile phone owners) is interesting for brands, trade and media. We expect an exit in 2006 with a net asset value-potential of € 1.6 mln.

Co-operation with König & Cie. GmbH & CO. KG

A joint venture with the issuing house König & Cie. is to initiate private equity funds. König & Cie. presents the funds and bmp manages the funds. The placement of the first product, a world-wide private umbrella equity fund, is to begin in Q3/2005. The first fund is to have a volume of € 50 mln according to the plans of the management. We assume further funds managed by bmp in subsequent years.



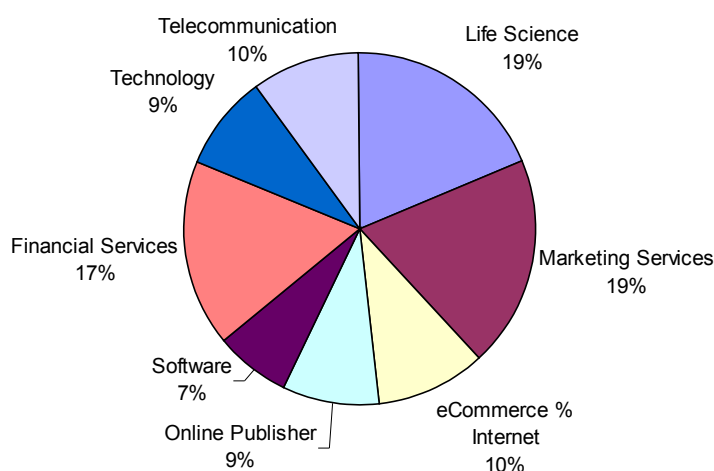
Resumee:

The 8 participations without Revotar, described above correspond to a net asset value-potential of € 18.7 mln. The conservative estimates of Revotar amount to additional € 38 mln. We estimate the remaining 12 participations at an aggregated net asset value-potential of € 5.3 mln whereas we evaluate some of the participations with € 0. Altogether we evaluate the bmp portfolio with a net asset value-potential of € 56.3 mln on a view of 12 months (€ 62 mln less € 5.7 mln (balance from other active and commitments) and receive a fair price per share of € 3,22. We recommend the share to buy (target price of € 3.22).

4. CHANCES AND RISKS

We expect an outperformance of the bmp-share compared to the single share of the German index or the benchmark prime standard (see chapter 2 Resumee). The expected outperformance contains a higher risk in relation to larger corporations with high stock exchange liquidity. The shareholder of bmp has the risk that the bmp portfolio has less tradable and divisible assets than equity-shares. Also the information efficiency is smaller because the portfolio of bmp contains mainly not listed securities. This justifies a relatively high risk premium on the bmp shares. The following graphic shows the investment structure of bmp.

Investment structure compared to acquisition costs (May 31; 2005)





5. MANAGEMENT-BOARD

The qualified management of bmp shows core competence in the asset classes venture capital and private equity. Oliver Borrmann, Ralph Guenther and Andreas van Bon belong to the executive committee. The members of the supervisory board are Professor Dr. Roland Berger, Gerd Schmitz Morkramer and Uwe Ahrens.

6. SWOT Analysis

Strengths:

- experienced and established management team with convincing track record
- width diversification and healthy structure of the portfolios
- participation management and all necessary controlling /reporting tools

Weaknesses:

- VC business in the homeland markets Germany and Poland still underdeveloped, thus liquidity weakness for new investments

Chances:

- favorable entrance opportunities by generally low evaluations (share quotation clearly under the market value of the investment portfolios)
- expectation of a stimulation of the market for sales (exits)
- higher liquidity and less pressure to sell participations through new selling co-operation
- tight connections to Poland
- fund management for third parties

Risks:

- negative stock exchange development
- strengthened investments of foreign (in particular anglo-saxon) competitors



7. APPENDIX (P+L UNTIL 2006)

b m p		Profit and loss statement (Figures in EUR mln, unless otherwise noted)			
	2003	2004	2005e	2006e	
Sales revenue	0,29	0,40	2,60	5,50	
Consulting revenue	0,15	0,30	0,70	1,20	
Other operating income	9,07	3,83	5,00	4,00	
Gross profit	9,51	4,54	8,30	10,70	
Cost of materials					
Reduction in book value of investm.	-0,53	0,00	-0,75	-1,95	
Wages and salaries	-1,06	-0,90	-0,90	-0,90	
social security contributions and pension costs support	-0,15	-0,13	-0,13	-0,13	
Depreciation on intangible fixed assets as well as on capitalised costs for expan	-0,10	-0,08	-0,09	-0,13	
Other operating expenses	-1,54	-2,36	-2,00	-2,00	
Operating profit	6,13	1,06	4,43	5,59	
Operating margins	64,5%	23,4%	53,4%	52,2%	
Income from investments	0,57	0,37	0,40	0,40	
Other interest and similar income	0,35	0,22	0,20	0,15	
Depreciation on financial assets	-3,31	-1,53	-1,20	-1,10	
Interest and similar expenses	-1,59	-1,24	-1,10	-0,90	
Profit on ordinary activities	2,15	-1,12	2,73	4,14	
Tax on income and earnings	0,00	0,00	0,00	0,00	
Other taxes	0,00	-0,45	0,00	0,00	
Consolid.net profit/loss for the year	2,15	-1,12	2,73	4,14	

Quelle: bmp; DR.KALLIWODA | RESEARCH

In the profit and loss calculation we considered for 2005 and 2006 fund management fees of € 0.250 mln for the financial year and € 0.5 mln in the position of consulting and commission proceeds.



8. CONTACT

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