

April 2, 2013

Europe | Germany | IT &amp; Software

**DR. KALLIWODA**  
RESEARCH GmbH

## Update

### BUY

Target price: EUR 7.50

#### Overview

Industry: IT Services & Software  
Country: Germany  
ISIN: DE0007008906  
Reuters: RTCG.DE  
Bloomberg: RTC GR  
Website: www.realtech.de

Last price: 5.36  
High: 6.87 Low: 3.95  
Price 52 W.: 6.87 3.95  
Market cap. (EURm) 28.85  
Number of shares (m) 5.39

#### Shareholders

Daniele Di Croco 16.44%  
Rainer Schmidt 14.22%  
Peter Stier 13.84%  
BW-Versorgungsanstalt 5.39%  
Free float 50.11%

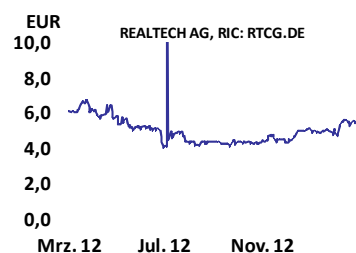
#### Performance

4 weeks 8.85%  
13 weeks 18.58%  
26 weeks 21.84%  
52 weeks -13.40%  
YTD 20.44%

#### Dividend

	in EUR	in %
2009	0.50	9.34%
2010	0.00	0.00%
2011	0.30	5.60%
2012E	0.00	0.00%

#### 52-Week Chart



#### Analyst

Dr. Norbert Kalliwoda  
Email: nk@kalliwoda.com  
Phone: +49 69 97 20 58 53

# REALTECH AG

## 2012 results above forecasts; positive outlook

- Apart from revenues, which were slightly below our estimate (€39.8m vs. €41.1m), REALTECH's 2012 results beat our expectations. Compared to our forecast of €0m, EBIT came in at €0.4m, which equaled a y-o-y growth of 148.8%. Net income, which in 2011 was affected by a one-off profit of €1.1m from the sale of subsidiaries in Italy and Spain, went down from €0.8m to €-0.2m (KRe: €-0.2m).
- Between January and December 2012, the main growth driver was the Consulting segment, where sales increased by 4.3% y-o-y to €27.6m and the EBIT margin from 2.9% to 7.1%. It benefitted especially from a higher utilization of consultants. With a share of 65.8% in total sales, Germany remained the most important market for REALTECH, however the biggest sales growth (+40.2% y-o-y to €10.4m) was registered in the Asia/Pacific region.
- Due to weaker net income y-o-y and an increase of working capital the operating cash flow deteriorated from €2.5m in 2011 to €0.8m. Together with cash outflows from investing and financing activity of €0.5m and €2.1m respectively, this lowered the cash position by €2m to €11.3m. At the end of December 2012, net gearing amounted to -19.1%, thus the company had more cash than interest-bearing debt.
- After better-than-expected 2012 results and positive company guidance for 2013 (sales of €47.9m, EBIT of €2.1m) and 2014 (€5.2m and €3.7m respectively), we have raised our estimates and the price target (€7.50 from previously €4.70). Although the share price has increased by 26.4% since our last report in December 2012, we have kept our BUY rating unchanged due to REALTECH's excellent growth prospects and high net cash position of €4.5m.

#### Key Figures

EURm	2009	2010	2011	2012	2013E	2014E
Net sales	61.68	39.50	39.18	39.84	47.72	52.16
EBITDA	3.71	5.33	1.41	1.65	3.43	5.21
EBIT	2.58	4.18	0.17	0.42	1.96	3.60
Net income	1.20	-1.37	0.81	-0.21	0.46	0.84
EPS	0.23	-0.26	0.15	-0.04	0.09	0.16
BVPS	5.26	4.60	4.77	4.40	4.49	4.64
RoE	4.27%	-5.26%	3.22%	-0.84%	1.94%	3.40%
EBIT margin	4.18 %	10.58 %	0.43 %	1.05 %	4.10 %	6.90 %
P/E	23.51	neg	35.65	neg	62.12	34.46
P/BVPS	1.02	1.17	1.12	1.22	1.19	1.15
EV/EBITDA	6.56	4.56	17.30	14.77	7.09	4.67

## Content

1	Company profile.....	3
2	SWOT Analysis .....	4
3	Valuation.....	5
4	Fiscal-year 2012 results.....	7
5	Outlook.....	10
6	Stock and shareholder structure.....	11
7	Profit and loss statements .....	12
8	Balance sheets .....	13
9	Cash flow statements.....	14
10	Financial ratios .....	14

## 1 Company profile

REALTECH AG is one of the leading German IT consultancies. The company was founded in 1994 in Walldorf, near Heidelberg, and has been listed on the Frankfurt stock exchange since 1999. Apart from Germany, REALTECH also has operations in other European countries, Asia/Pacific and North America. At the end of December 2012, it had 346 employees, thereof 257 in Germany.

In the past, the fast progress of IT technology has resulted in a high number of enterprise application systems as well as a diverse, heterogenic IT landscape. Especially, non-integrated standalone systems, proprietary software and isolated applications have led to significant integration deficits, which at company level have limited cross-functional work processes and complicated information supply for disposition tasks. REALTECH's IT consulting services can facilitate an instant integration of customers and suppliers into the value chain, which in turn can prevent media disruption and redundancies and allow new forms of intercompany collaboration. REALTECH's products allow IT departments or IT outsourcers to run a variety of applications and IT systems securely and efficiently and reduce IT costs significantly.

## 2 SWOT Analysis

### Strength

- **Due to the long-standing co-operation with and proximity to SAP** REALTECH has a know-how edge when it comes to SAP applications.
- **A unique selling point in the area of Consulting** is the combination of SAP knowledge as well as supplemental business and strategic consulting. Thus, REALTECH can provide a fast and long-term project success. Due to the partnership, which is also valid in foreign markets, it is also possible to integrate international locations into a comprehensive IT landscape.
- **theGuard! product family** is an internationally unique software portfolio for the monitoring and the secure operation of IT systems for company-wide use. In Europe, REALTECH is the largest manufacturer of IT service management solutions. Unique selling points are the close connection of all disciplines, the centralized storage according to standards such as ITIL as well as the application in small companies, simultaneously guaranteeing future scalability of product use.

### Opportunities

- **The OEM contract with SAP** in the area of IT infrastructure management as well as expansion of SAP solutions should all contribute to internationalization and growth of high-margin sales.
- **Due to standardization** of the consulting portfolio. product sales in new countries and third-party sales of the enterprise solution for SAP ByDesign, there is an opportunity to generate high scale effects.
- **A higher demand for change management support**, driven by the trend to use external suppliers in order to further develop SAP software should lead to additional sales.
- **IT systems increasingly constitute the basis** for cross-departmental business processes, which lead to a higher level of complexity. Thus, there is higher demand for REALTECH's solutions for flexible, automated and failsafe systems.

### Weaknesses

- **Concentration on SAP solutions** means a high dependence on market acceptance and SAP's existing customers. Thus, there is high business risk. However, a wide geographic diversification with branches in Europe, Asia and the US and cross-industry product distribution in over 25 countries reduce the above-mentioned risk.
- **There is strong competition** in the area of Consulting.

### Threats

- **The ongoing consolidation** within the IT industry can intensify competition through new or stronger competitors. This would result in a loss of revenues or lower prices.
- **A lack of qualified personnel** caused by a structural shortage of supply in the industry would make it more difficult for the company to become aware of its opportunities. This is being counteracted by REALTECH's reputation as an attractive training provider, which stems from the company's SAP know-how.

### 3 Valuation

In order to value REALTECH, we have used our DCF model, which derives a 12-months price target for the stock of €7.50. Compared to the current market level, this corresponds to an upside of 40.1%.

#### *DCF model*

WACC assumptions	
<b>Growth assumptions</b>	
Long-term growth rate	2.0%
Assimilation phase (from 2015)	5 years
Sales growth at the beginning	10.0%
Margin development (p.a)	-1 BP
<b>Equity</b>	
Risk-free rate	2.3%
Market risk premium	5.0%
Beta	1.50
<b>Equity costs</b>	<b>9.8%</b>
<b>Debt costs</b>	
Debt costs (before tax)	6.0%
Tax rate on interest	30.0%
<b>Debt costs (after tax)</b>	<b>4.2%</b>
Equity	100
Debt	0
Gearing	0.0%
<b>WACC</b>	<b>9.8%</b>

## Discounted Cash Flow Model (Basis 04/2013)

in EURm	Phase 1								
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
<b>Net sales</b>	<b>47.72</b>	<b>52.16</b>	<b>59.09</b>	<b>65.00</b>	<b>69.88</b>	<b>73.37</b>	<b>75.57</b>	<b>77.46</b>	<b>79.01</b>
(y-o-y change)	19.8%	9.3%	13.3%	10.0%	7.5%	5.0%	3.0%	2.5%	2.0%
<b>EBIT</b>	<b>1.96</b>	<b>3.60</b>	<b>4.14</b>	<b>4.62</b>	<b>4.89</b>	<b>5.06</b>	<b>5.14</b>	<b>5.19</b>	<b>5.18</b>
(EBIT margin)	4.1%	6.9%	7.0%	7.1%	7.0%	6.9%	6.8%	6.7%	6.6%
<b>NOPLAT</b>	<b>1.37</b>	<b>2.52</b>	<b>2.90</b>	<b>3.23</b>	<b>3.42</b>	<b>3.54</b>	<b>3.60</b>	<b>3.63</b>	<b>3.63</b>
+ Depreciation	1.47	1.61	1.82	2.01	2.16	2.26	2.33	2.39	2.44
= Net operating cash flow	2.84	4.13	4.72	5.24	5.58	5.81	5.93	6.02	6.07
- Total investments (Capex and WC)	-2.58	-2.38	-2.72	-2.80	-2.85	-2.83	-2.76	-2.80	-2.69
Capital expenditure	-1.84	-1.89	-2.14	-2.31	-2.45	-2.54	-2.59	-2.64	-2.68
Working capital	-0.74	-0.49	-0.58	-0.50	-0.40	-0.29	-0.17	-0.16	-0.01
= Free cash flow (FCF)	0.26	1.75	2.00	2.43	2.73	2.98	3.17	3.22	3.38
<b>PV of FCFs</b>	<b>0.24</b>	<b>1.49</b>	<b>1.55</b>	<b>1.71</b>	<b>1.75</b>	<b>1.74</b>	<b>1.69</b>	<b>1.56</b>	<b>1.49</b>

PV of FCFs in explicit period	13.22
PV of FCFs in terminal period	19.94
<b>Enterprise value (EV)</b>	<b>33.15</b>
+ Net cash / - net debt	4.52
+ Investments / - Minorities	-0.87
<b>Shareholder value</b>	<b>36.80</b>
<b>Number of shares outstanding (m)</b>	<b>5.39</b>
WACC	9.8%
Equity costs	9.8%
Debt costs before tax	6.0%
Tax rate	30.0%
Debt costs after tax	4.2%
Equity ratio	100.0%
Debt ratio	0.0%
<b>Fair value per share in € (today)</b>	<b>6.83</b>
<b>Fair value per share in € (in 12 months)</b>	<b>7.50</b>

Sensitivity analysis		Terminal EBIT margin						
		3.7%	4.7%	5.7%	6.7%	7.7%	8.7%	9.7%
WACC	6.8%	8.24	9.58	10.93	12.28	13.62	14.97	16.32
	7.8%	7.05	8.07	9.10	10.13	11.16	12.18	13.21
	8.8%	6.20	7.00	7.81	8.62	9.43	10.24	11.04
	9.8%	5.55	6.20	6.85	7.50	8.15	8.80	9.45
	10.8%	5.04	5.58	6.11	6.64	7.17	7.71	8.24
	11.8%	4.64	5.08	5.52	5.96	6.40	6.85	7.29

Source: Dr. Kalliwoda Research GmbH

### Peer Group Analysis

We have additionally conducted a plausibility check of the valuation, which was derived by our DCF model. The application of a relative valuation method is based on the idea that comparable companies have similar market values. Hence, mainly listed companies are chosen, which offer similar products, or have a comparable business model. An analysis of financial figures provides an estimation to which degree the company's valuation stems from a low comparability with its peer group or an under- or overvaluation.

The input data of the peers stem from the information provider Thomson Reuters. The forward-looking financial data of the peer group represent the mean average of all analyst' estimates, which are available on ThomsonReutersKnowledge. We have used the book value in order to approximate the market value of financial liabilities.

Peer Group Multiples		Enterprise Value Multiples					Equity Value Multiples			
Peers	EV / Sales		EV / EBITDA		EV / EBIT		Price / Eps		Price / Bvps	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
All for One Steeb AG	0.6	1.2	7.7	7.0	11.6	23.6	12.6	19.5	n.a.	n.a.
itelligence AG	1.2	1.1	12.2	11.9	18.7	17.1	22.0	20.4	3.1	2.9
KPS AG	1.2	1.1	12.5	9.1	9.9	8.7	9.7	8.5	n.a.	n.a.
Orbis AG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Plaut AG	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Seven Principles AG	0.3	0.3	22.2	6.2	9.0	7.3	9.5	7.5	0.9	0.8
SNP Schneider Neureither & Partner AG	2.2	1.8	13.4	9.2	10.2	7.5	12.1	8.8	n.a.	n.a.
<b>Realtech AG</b>	<b>0.5</b>	<b>0.5</b>	<b>7.1</b>	<b>4.7</b>	<b>12.5</b>	<b>6.8</b>	<b>62.2</b>	<b>34.5</b>	<b>1.2</b>	<b>1.2</b>
Median	0.9	1.1	12.4	8.0	10.9	8.1	12.4	14.2	1.2	1.2
Mean	1.0	1.0	12.5	8.0	12.0	11.8	21.3	16.5	1.7	1.6
<b>Peer Benchmark</b>	<b>0.9</b>	<b>1.1</b>	<b>12.4</b>	<b>8.0</b>	<b>10.9</b>	<b>8.1</b>	<b>12.4</b>	<b>14.2</b>	<b>1.2</b>	<b>1.2</b>
Discount (-)/Premium (+)	-43%	-56%	-43%	-42%	14%	-17%	403%	143%	0%	0%
<b>Valuation</b>										
<b>Peer Benchmark</b>	<b>0.9</b>	<b>1.1</b>	<b>12.4</b>	<b>8.0</b>	<b>10.9</b>	<b>8.1</b>	<b>12.4</b>	<b>14.2</b>	<b>1.2</b>	<b>1.2</b>
Realtech AG financials	47.7	52.2	3.4	5.2	2.0	3.6	0.1	0.2	4.5	4.6
Implied Enterprise Value	43.0	55.5	42.4	41.8	21.4	29.2				
+ Cash and Cash Equivalents	11.3	11.3	11.3	11.3	11.3	11.3				
- Financial Debt	6.7	6.7	6.7	6.7	6.7	6.7				
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0				
- Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0				
- Preferred Equity	0.0	0.0	0.0	0.0	0.0	0.0				
+ Change in Equity Capital	0.0	0.0	0.0	0.0	0.0	0.0				
Implied Equity Value	47.5	60.1	46.9	46.4	25.9	33.7				
Number of Shares	5.4	5.4	5.4	5.4	5.4	5.4				
<b>Implied fair value per share</b>	<b>8.8</b>	<b>11.1</b>	<b>8.7</b>	<b>8.6</b>	<b>4.8</b>	<b>6.3</b>	<b>1.1</b>	<b>2.2</b>	<b>5.4</b>	<b>5.4</b>
Weights	17%	17%	17%	17%	17%	17%	25%	25%	25%	25%
<b>Results</b>	<b>8.05</b>					<b>3.5</b>				
Weights	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
<b>Fair Value Implied by Both Peer Multiples:</b>					<b>6.23 EUR</b>					
<b>Premium (Discount) to Peer Benchmark: 0 %</b>										
<b>Fair Value per Share 6.23 EUR</b>										

Source: Dr. Kalliwoda | Research 2013

Based on our peer multiples, the implied fair value equals EUR 6.23 per share.

## 4 Fiscal-year 2012 results

### Revenues

In 2012, REALTECH generated total sales of €39.8m, which were 1.7% higher compared to 2011, however did not reach our estimates of €41.1m. The reason was the Consulting segment, where sales grew by 4.3% to €47.6m due to higher utilisation of consultants. Due to lower sales of licenses for the software theGuard! revenues of the Software segment went down by 3.7% y-o-y to €12.3m. In terms of geographic sales split, only Asia/Pacific reported growing sales (+40.2% to €10.4m). The main reason was a strong recovery in Japan after the Fukushima catastrophe in H1/12.

## Fiscal-year 2012 vs. our estimates and previous year

### 2012 vs. our estimates and previous year

in EURm	2012	2012E	2011	2012 vs. 2012E (%)	change (%)
Net sales	39.84	41.14	39.18	-3.2%	1.7%
EBITDA	1.65	1.31	1.41	25.9%	17.2%
EBITDA margin	4.1%	3.2%	3.6%		
EBIT	0.42	0.01	0.17	4979.0%	148.8%
EBIT margin	1.0%	0.0%	0.4%		
Net income	-0.21	-0.18	0.81	13.2%	-125.6%
Net margin	-0.5%	-0.4%	2.1%		

Source: Company information, Dr. Kalliwoda Research GmbH

## Sales and EBIT margins according to segments

### Sales and EBIT margins according to segments 2012 vs. 2011

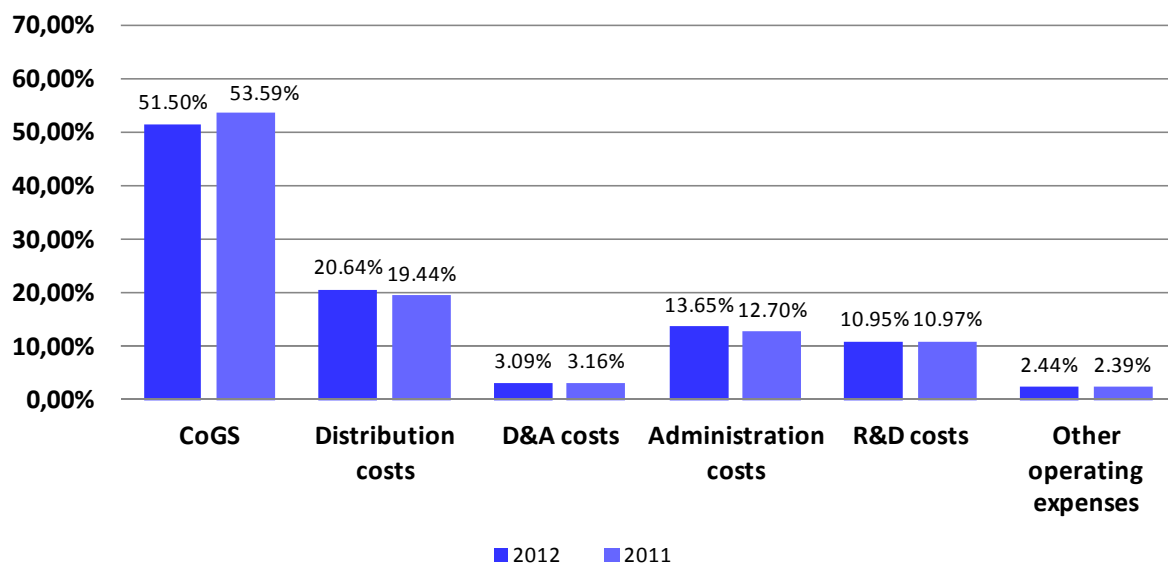
	2012	2011		2012	2011
Consulting			Group		
Sales €m	27.56	26.43	Total sales	39.84	39.18
share in total sales	69.2%	67.5%	change y-o-y	1.7%	
EBIT margin	7.1%	2.9%			
Software					
Sales €m	12.28	12.74			
share in total sales	30.8%	32.5%			
EBIT margin	0.0%	13.3%			
Germany			USA		
Sales €m	26.21	27.67	Sales €m	2.65	2.81
share in total sales	65.8%	70.6%	share in total sales	6.6%	7.2%
RoE (Portugal, Nordic)			Asia/Pacific		
Sales €m	0.58	1.29	Sales €m	10.40	7.41
share in total sales	1.5%	3.3%	share in total sales	26.1%	18.9%

Source: Company information, Dr. Kalliwoda Research GmbH



## Profitability

### Share in sales 2012 vs. 2011



Source: Company information, Dr. Kalliwoda Research GmbH

REALTECH's EBIT improved significantly y-o-y. Compared to last year, when it amounted to €0.2m, the operating profit reached €0.4m and was thus also higher than our forecast of €0m. The main reason was a much lower share of CoGS (excluding D&A expenses) in total sales, which went down from 53.6% to 51.5% due to a better capacity utilization in the Consulting segment. Net income was both weaker y-o-y and versus our forecast, however the figure for 2011 was affected by a one-off profit of €1.1m from the sale of subsidiaries in Italy and Spain.

### Balance Sheet and Cash Flow

At the end of December 2012, the most important positions on REALTECH's balance sheet were (1) equity of €23.7m (ratio of 47.7%) (2) PP&E of €133m and (3) trade receivables of €11.4m. As of 31 December 2012, the company had interest-bearing debt of €6.7m compared to €7m in 2011. With liquid funds of €11.3m, net cash amounted to €4.5m.

Due to a net loss and increase of working capital by €1m (2011: reduction of €6.7m) REALTECH's operating cash flow deteriorated from €2.5m to €0.8m. Together with a cash outflow from investing of €0.5m (cash inflow of €2.3m) and financing of €2.1m (€0.1m), which was mostly affected by a dividend payout of €1.8m or 0.30 per share, this led to a total cash outflow of €2m in 2012.

## 5 Outlook

In the last years, REALTECH's results were impacted by reorganization measures and expansion of the co-operation with SAP in the areas of development and distribution. Moreover, the company suffered from weak investment activity in Western Europe and the US as well as pricing pressure. Therefore, we highly appreciate the fact that in 2012 the company was able to both outperform its 2011 results and our estimates.

Despite uncertainty relating to economic growth, management forecast that REALTECH will strongly benefit from its co-operation with SAP in the next years as themes such as mobile data access, cloud computing and Big Data are highly promising. REALTECH is developing proprietary solutions such as theGuard!, which increases reliability of SAP's software for IT infrastructure management, further and also works on new products e.g. "Simplify", which uses cloud technologies and SAP HANA software allowing companies to manage their IT and mobile devices efficiently. Additionally, as enterprise processes are increasingly based on software and corporate customers need IT know-how, REALTECH expects to grow its consulting business strongly on the basis on SAP solutions such as SAP Mobile, SAP Solution Manager and SAP HANA.

As management had given an optimistic outlook for 2013 and 2014, we have raised both our estimates and 12-months price target for the stock. The company stated that it expects sales of €47.9m and an EBIT of €2.1m for 2013, which are supposed to increase to €52.2m and €3.7m respectively in 2014. On the EBIT level, this is significantly above our previous forecasts. Adjustments to our model lead to a higher 12-months price target, which now equals €750 (previously €4.70). Our optimistic view on REALTECH is supported by latest forecasts of the consultancies IDC and Gartner, which expect the global IT market to grow by 5.7% and 4.2% respectively in 2013.

### Our forecasts 2013E-15E

Our forecasts 2013E - 2015E						
in EURm	2013E		2014E		2015E	
	old	new	old	new	old	new
Net sales	47.72	47.72	54.88	52.16	62.18	59.09
EBITDA	2.46	3.43	3.38	5.21	4.46	5.96
EBITDA margin	5.2%	7.2%	6.2%	10.0%	7.2%	10.1%
EBIT	0.95	1.96	1.65	3.60	2.49	4.14
EBIT margin	2.0%	4.1%	3.0%	6.9%	4.0%	7.0%
Net income	0.48	0.46	0.97	0.84	1.01	0.96
Net margin	1.0%	1.0%	1.8%	1.6%	1.6%	1.6%

Source: Dr. Kalliwoda Research GmbH

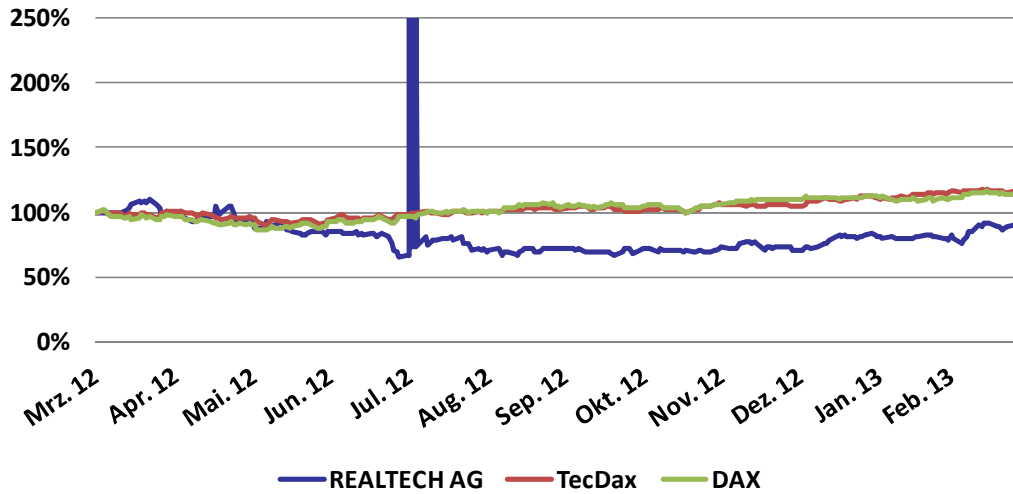
### Sales estimates according to segments 2013E-15E

Sales estimates according to segments 2013E-2015E			
in EURm	2013E	2014E	2015E
Consulting	33.05	36.17	41.02
change y-o-y	4.3%	19.9%	9.4%
share in total sales	69.2%	69.3%	69.3%
Software	14.67	15.99	18.07
change y-o-y	-3.7%	19.5%	9.0%
share in total sales	30.8%	30.7%	30.7%
Total sales	47.72	52.16	59.09

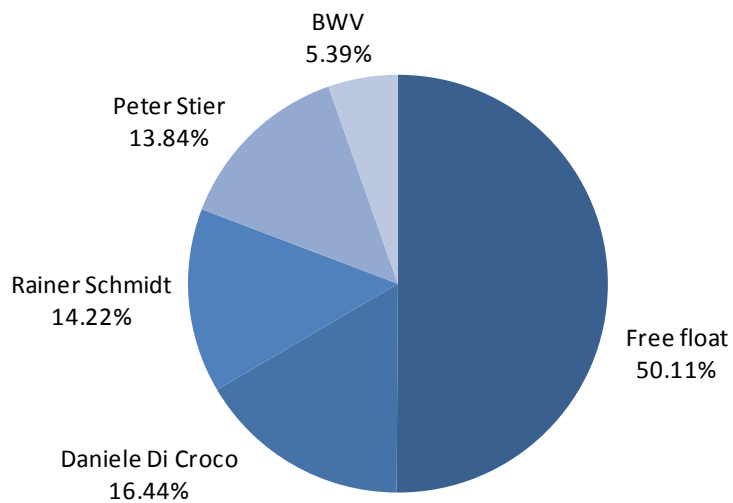
Source: Dr. Kalliwoda Research GmbH

## 6 Stock and shareholder structure

### Stock Price Development



### Shareholder Structure



## 7 Profit and loss statements

Profit and loss statement - Realtech AG						
	Fiscal year					
in EURm	2009	2010	2011	2012	2013E	2014E
<b>Sales split</b>						
Consulting	49.53	26.60	26.43	27.56	33.05	36.17
Software	12.15	12.90	12.74	12.28	14.67	15.99
<b>Net sales</b>	<b>61.68</b>	<b>39.50</b>	<b>39.18</b>	<b>39.84</b>	<b>47.72</b>	<b>52.16</b>
Change in inventories	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Output</b>	<b>61.68</b>	<b>39.50</b>	<b>39.18</b>	<b>39.84</b>	<b>47.72</b>	<b>52.16</b>
Cost of goods sold	-39.69	-20.39	-20.99	-20.52	-23.43	-24.52
<b>Gross profit</b>	<b>21.99</b>	<b>19.11</b>	<b>18.18</b>	<b>19.32</b>	<b>24.29</b>	<b>27.64</b>
Other operating income	2.04	2.04	1.05	1.32	1.35	1.38
Distribution costs	-8.48	-6.48	-7.61	-8.22	-9.68	-10.40
Depreciation & Amortization	-1.13	-1.15	-1.24	-1.23	-1.47	-1.61
Administration costs	-6.68	-4.66	-4.97	-5.44	-6.37	-6.81
R&D costs	-3.85	-3.62	-4.30	-4.36	-5.23	-5.71
Other operating expenses	-1.31	-1.05	-0.94	-0.97	-0.93	-0.89
<b>EBIT</b>	<b>2.58</b>	<b>4.18</b>	<b>0.17</b>	<b>0.42</b>	<b>1.96</b>	<b>3.60</b>
Net financial results	-0.15	-0.20	-0.21	0.09	0.10	0.11
<b>EBT</b>	<b>2.43</b>	<b>3.98</b>	<b>-0.04</b>	<b>0.51</b>	<b>2.06</b>	<b>3.71</b>
Income taxes	-1.12	-2.38	-0.17	-0.47	-0.62	-1.11
Minority interests	-0.10	-0.01	-0.09	-0.24	-0.98	-1.76
<b>Net income / loss</b>	<b>1.20</b>	<b>1.59</b>	<b>-0.30</b>	<b>-0.21</b>	<b>0.46</b>	<b>0.84</b>
EPS	0.23	-0.26	0.15	-0.04	0.09	0.16
DPS	0.50	0.00	0.30	0.00	0.00	0.00
<b>Change y-o-y</b>						
Net sales	n.a	-35.95%	-0.82%	1.68%	19.78%	9.30%
Total Output	n.a	-35.95%	-0.82%	1.68%	19.78%	9.30%
Cost of goods sold	n.a	-48.61%	2.94%	-2.27%	14.20%	4.63%
Gross profit	n.a	-13.10%	-4.83%	6.25%	25.71%	13.81%
Other operating income	n.a	-0.01%	-48.69%	26.61%	2.00%	2.00%
Distribution costs	n.a	-23.61%	17.53%	7.98%	17.75%	7.41%
Depreciation & Amortization	n.a	1.54%	7.64%	-0.71%	19.78%	9.30%
Administration costs	n.a	-30.14%	6.64%	9.33%	17.15%	6.84%
R&D costs	n.a	-5.78%	18.64%	1.53%	19.78%	9.30%
Other operating expenses	n.a	-20.09%	-10.58%	3.89%	-4.46%	-4.13%
EBIT	n.a	62.18%	-95.98%	148.79%	367.82%	83.94%
Net financial results	n.a	30.79%	4.71%	-144.79%	10.88%	9.81%
EBT	n.a	64.12%	-100.93%	-1474.92%	303.51%	80.27%
Income taxes	n.a	111.93%	-92.74%	174.83%	30.21%	80.27%
Net income / loss	n.a	32.40%	-118.99%	-31.81%	-325.26%	80.27%
EPS	n.a	-213.32%	-158.20%	-125.47%	-325.26%	80.27%
DPS	n.a	-100.00%	#DIV/0!	n.a	#DIV/0!	n.a
<b>Share in total sales</b>						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Output	157.42 %	100.82 %	100.00 %	101.68 %	121.80 %	133.13 %
Cost of goods sold	-101.30 %	-52.06 %	-53.59 %	-51.50 %	-49.10 %	-47.00 %
Gross profit	56.12 %	48.77 %	46.41 %	48.50 %	50.90 %	53.00 %
Other operating income	5.20 %	5.20 %	2.67 %	3.32 %	2.83 %	2.64 %
Distribution costs	-21.65 %	-16.54 %	-19.44 %	-20.64 %	-20.29 %	-19.94 %
Depreciation & Amortization	-2.89 %	-2.94 %	-3.16 %	-3.09 %	-3.09 %	-3.09 %
Administration costs	-17.04 %	-11.91 %	-12.70 %	-13.65 %	-13.35 %	-13.05 %
R&D costs	-9.81 %	-9.25 %	-10.97 %	-10.95 %	-10.95 %	-10.95 %
Other operating expenses	-3.34 %	-2.67 %	-2.39 %	-2.44 %	-1.95 %	-1.71 %
EBIT	6.58 %	10.67 %	0.43 %	1.05 %	4.10 %	6.90 %
Net financial results	-0.38 %	-0.50 %	-0.52 %	0.23 %	0.21 %	0.21 %
EBT	6.20 %	10.17 %	-0.09 %	1.28 %	4.31 %	7.11 %
Income taxes	-2.86 %	-6.07 %	-0.44 %	-1.19 %	-1.29 %	-2.13 %
Net income / loss	3.07 %	4.06 %	-0.77 %	-0.52 %	0.97 %	1.60 %

Dr. Kalliwoda | Research © 2013

## 8 Balance sheets

Balance sheet - Realtech AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
<b>Assets</b>						
Cash and cash equivalents	7.30	6.36	13.22	11.26	11.95	13.94
Securities	0.00	0.00	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	17.99	16.71	9.88	11.44	13.71	14.98
Other current assets	1.74	4.35	4.93	5.47	6.56	7.17
<b>Current assets</b>	<b>27.04</b>	<b>27.42</b>	<b>28.04</b>	<b>28.17</b>	<b>32.21</b>	<b>36.09</b>
Property, plant and equipment	8.98	14.32	13.64	13.29	13.52	13.74
Other intangible assets	0.64	0.62	0.44	0.47	0.62	0.68
Goodwill	4.34	4.33	4.33	4.33	4.33	4.33
Other financial assets	0.15	0.20	0.66	0.30	0.36	0.40
Deferred tax assets	0.22	2.54	2.91	3.10	2.96	2.71
<b>Non-current assets</b>	<b>14.32</b>	<b>22.01</b>	<b>21.98</b>	<b>21.50</b>	<b>21.80</b>	<b>21.86</b>
<b>Total assets</b>	<b>41.35</b>	<b>49.43</b>	<b>50.02</b>	<b>49.68</b>	<b>54.01</b>	<b>57.95</b>
<b>Liabilities</b>						
Trade payables	1.93	1.46	1.36	1.95	2.19	2.26
Other liabilities	4.80	12.08	10.25	11.94	14.31	15.64
Short-term leasing debt	0.00	0.26	1.82	2.05	2.06	2.07
Provisions	5.68	3.04	3.05	2.58	3.09	3.38
<b>Current liabilities</b>	<b>12.41</b>	<b>16.85</b>	<b>16.48</b>	<b>18.52</b>	<b>21.65</b>	<b>23.34</b>
Long-term leasing debt	0.00	5.33	5.14	4.69	4.59	4.49
Deferred tax liabilities	0.38	1.85	1.84	1.88	1.74	1.49
<b>Long-term liabilities</b>	<b>0.38</b>	<b>7.18</b>	<b>6.99</b>	<b>6.57</b>	<b>6.33</b>	<b>5.98</b>
<b>Total liabilities</b>	<b>12.79</b>	<b>24.03</b>	<b>23.47</b>	<b>25.09</b>	<b>27.98</b>	<b>29.32</b>
<b>Shareholders equity</b>	<b>27.79</b>	<b>24.46</b>	<b>25.61</b>	<b>23.71</b>	<b>24.18</b>	<b>25.01</b>
Minority interests	0.78	0.94	0.93	0.87	1.85	3.61
<b>Total equity and liabilities</b>	<b>41.35</b>	<b>49.43</b>	<b>50.02</b>	<b>49.68</b>	<b>54.01</b>	<b>57.95</b>

Dr. Kalliwoda | Research © 2013

## 9 Cash flow statements

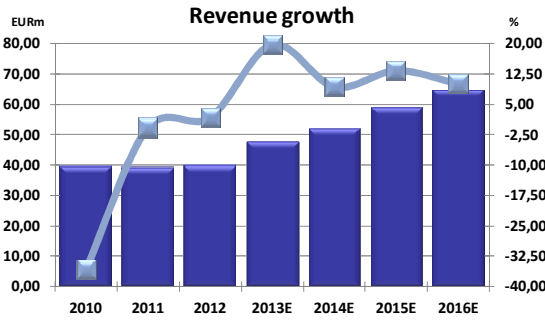
Cash flow statement - Realtech AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income / loss	1.20	-1.37	0.81	-0.21	0.46	0.84
Depreciation & Amortization	1.13	1.15	1.24	1.23	1.47	1.61
Change of working capital	5.36	0.81	6.73	-0.97	-0.74	-0.49
Others	-2.58	1.65	-6.23	0.74	0.51	0.29
<b>Net operating cash flow</b>	<b>5.11</b>	<b>2.24</b>	<b>2.54</b>	<b>0.79</b>	<b>1.71</b>	<b>2.25</b>
<b>Cash flow from investment</b>	<b>-0.62</b>	<b>-1.12</b>	<b>4.33</b>	<b>-0.52</b>	<b>-1.84</b>	<b>-1.89</b>
Free cash flow	4.49	1.12	6.88	0.27	-0.14	0.36
<b>Cash flow from financing</b>	<b>-2.50</b>	<b>-2.62</b>	<b>-0.05</b>	<b>-2.08</b>	<b>0.83</b>	<b>1.64</b>
Change of cash	1.99	-0.94	6.86	-1.96	0.69	1.99
Cash at the beginning of the period	5.32	7.30	6.36	13.22	11.26	11.95
Cash at the end of the period	7.30	6.36	13.22	11.26	11.95	13.94

Dr. Kalliwoda | Research © 2013

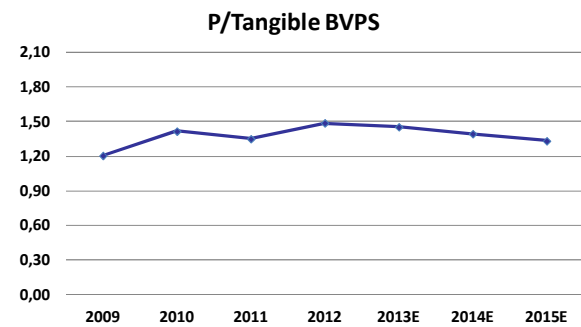
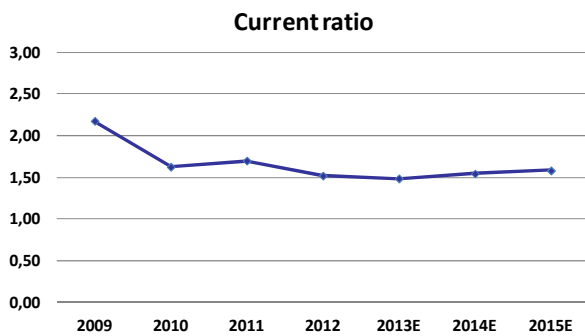
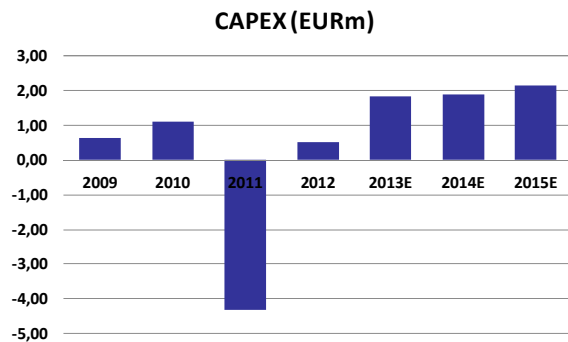
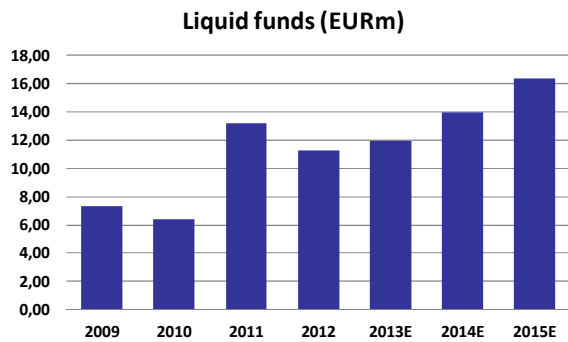
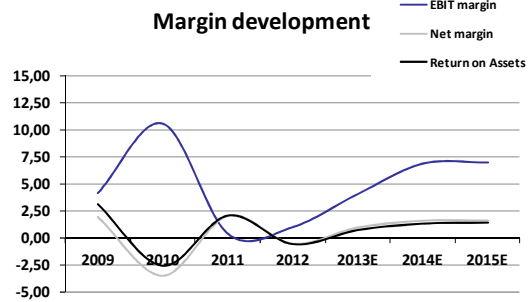
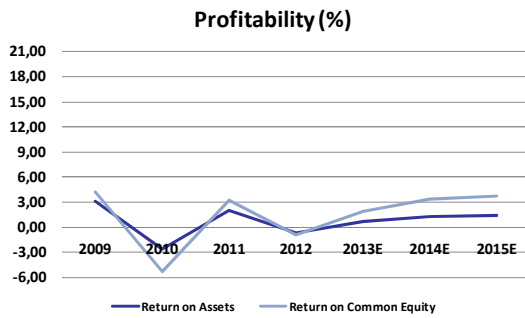
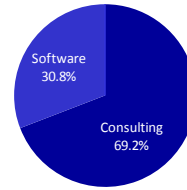
## 10 Financial ratios

Fiscal year	2009	2010	2011	2012E	2013E	2014E	2015E	2016E
Gross margin	35.65%	48.37%	46.41%	48.50%	50.90%	53.00%	52.50%	52.00%
EBITDA margin	6.02%	13.50%	3.59%	4.14%	7.19%	9.99%	10.09%	10.19%
EBIT margin	4.18%	10.58%	0.43%	1.05%	4.10%	6.90%	7.00%	7.10%
Net margin	1.95%	-3.48%	2.06%	-0.52%	0.97%	1.60%	1.63%	1.65%
Return on equity (ROE)	4.27%	-5.26%	3.22%	-0.84%	1.94%	3.40%	3.77%	4.04%
Return on assets (ROA)	3.08%	-2.60%	2.03%	-0.60%	0.70%	1.30%	1.38%	1.42%
Return on capital employed (ROCE)	4.79%	5.17%	2.83%	0.09%	4.23%	7.28%	7.78%	8.06%
Net debt (in EURm)	-7.30	-0.77	-6.25	-4.52	-5.30	-7.38	-9.87	-12.73
Net gearing	-26.29%	-3.14%	-24.41%	-19.05%	-21.91%	-29.50%	-37.98%	-47.07%
Equity ratio	67.19%	49.49%	51.21%	47.73%	44.77%	43.17%	40.99%	39.38%
Current ratio	2.18	1.63	1.70	1.52	1.49	1.55	1.58	1.63
Quick ratio	2.04	1.37	1.40	1.23	1.19	1.24	1.27	1.32
Net interest cover	17.20	21.33	0.82	-4.55	-19.20	-32.16	-33.93	-34.99
Net debt/EBITDA	-1.97	-0.14	-4.45	-2.74	-1.54	-1.42	-1.66	-1.92
Tangible BVPS	4.44	3.78	3.97	3.60	3.68	3.84	4.02	4.22
Capex/Sales	-2.07%	-16.38%	-0.96%	-2.30%	-3.87%	-3.63%	-3.62%	-3.55%
Working capital/Sales	21.10%	19.04%	8.19%	7.59%	7.89%	8.15%	8.17%	8.19%
EV/Sales	0.39	0.62	0.62	0.61	0.51	0.47	0.41	0.37
EV/EBITDA	6.56	4.56	17.30	14.77	7.09	4.67	4.08	3.67
EV/EBIT	9.44	5.82	144.74	58.18	12.44	6.76	5.88	5.27
P/Tangible BVPS	1.21	1.42	1.35	1.49	1.45	1.39	1.33	1.27
P/E	23.51	-20.74	35.65	-139.94	62.12	34.46	30.03	26.94
P/FCF	25.43	4.15	104.48	-210.00	80.11	54.98	43.45	127.75

Source: Company information, Dr. Kalliwoda Research GmbH



Sales split 2012



Source: Company information, Dr. Kalliwoda Research GmbH

<b>DR. KALLIWODA</b> RESEARCH GmbH		Rüsterstraße 4a 60325 Frankfurt Tel.: 069-97 20 58 53 www.kalliwoda.com
Primary Research   Fair Value Analysis   International Roadshows		
<b>Head:</b> <b>Dr. Norbert Kalliwoda</b> E-Mail: nk@kalliwoda.com	CEFA-Analyst; University of Frankfurt/Main; PhD in Economics; Dipl.-Kfm.	<u>Sectors:</u> IT, Software, Electricals & Electronics, Mechanical Engineering, Logistics, Laser, Technology, Raw Materials
<b>Dr. Peter Arendarski</b> E-Mail: pa@kalliwoda.com	Senior-Analyst, Msc & Ph.D in Finance (Poznan Univers. of Economics), CFA Level 3 Candidate	<u>Sectors:</u> Technology, Raw Materials, Banks & Insurances, Financial-Modelling (Quant., Buyside)
<b>Patrick Bellmann</b> E-Mail: pb@kalliwoda.com	Junior-Analyst; WHU - Otto Beisheim School of Management, Vallendar (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Andreas Braun</b> E-Mail: rb@kalliwoda.com	Junior-Analyst; University of Frankfurt/Main (2012)	<u>Sectors:</u> Support Research and Quantitative Approach
<b>Michael John</b> E-Mail: mj@kalliwoda.com	Dipl.-Ing. (Aachen)	<u>Sectors:</u> Chemicals, Chemical Engineering, Basic Metals, Renewable Energies, Laser/Physics
<b>Adrian Kowollik</b> E-Mail: ak@kalliwoda.com	Dipl.-Kfm.; Humboldt-Universität zu Berlin, CFA Candidate	<u>Sectors:</u> Media, Internet, Gaming, Technology, Eastern European stocks
<b>Maximilian F. Kaessens</b> E-Mail: mk@kalliwoda.com	Bachelor of Science in Business Administration (Babson College (05/2012), Babson Park, MA (US))	<u>Sectors:</u> Financials, Real Estate
<b>Dr. Christoph Piechaczek</b> E-Mail: cp@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Witten-Herdecke.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>Anoop Pillai</b> E-Mail: anp@kalliwoda.com	Master of Science in Economics and Business Administration (Goethe University Frankfurt M. / Graduation April 2013)	<u>Sectors:</u> Biotech & Healthcare; Internet & Technology
<b>Hellmut Schaarschmidt;</b> E-Mail: hs@kalliwoda.com	Dipl.-Geophysicists; University of Frankfurt/Main.	<u>Sectors:</u> Oil, Regenerative Energies, Specialities Chemicals, Utilities
<b>Dr. Erik Schneider</b> E-Mail: es@kalliwoda.com	Dipl.-Biologist; Technical University Darmstadt; Univ. Hamburg.	<u>Sectors:</u> Biotech & Healthcare; Medical Technology Pharmaceutical
<b>David Schreindorfer</b> E-Mail: ds@kalliwoda.com	MBA, Economic Investment Management; Univ. Frankfurt/ Univ. Iowa (US).	<u>Sectors:</u> IT/Logistics; Quantitative Modelling
<b>Rainer Wochele</b> E-Mail: rw@kalliwoda.com	Bachelor of Science in Economics and Business Administration (Goethe University Frankfurt M. / Graduation Fall 2013)	<u>Junior-Analyst</u>
<b>Nele Rave</b> E-Mail: nr@kalliwoda.com	Lawyer; Native Speaker, German School London,	<u>Legal adviser</u>

Also view Sales and Earnings Estimates:

**DR. KALLIWODA | RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd group and Factset**

Analyst of this research:  
Dr. Norbert Kalliwoda,  
CEFA





<b>KAUFEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung von mindestens 10 % aufweisen	<b>BUY</b>
<b>AKKUMULIEREN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und 10% aufweisen	<b>ACCUMULATE</b>
<b>HALTEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen 5% und - 5% aufweisen	<b>HOLD</b>
<b>REDUZIEREN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung zwischen - 5% und - 10% aufweisen	<b>REDUCE</b>
<b>VERKAUFEN:</b>	Die Aktie wird auf Basis unserer Prognosen auf Sicht von 12 Monaten eine Kursentwicklung von mindestens - 10 % aufweisen	<b>SELL</b>

### Additional Disclosure/Erklärung

DR.KALLIWODA | RESEARCH GmbH hat diese Analyse auf der Grundlage von allgemein zugänglichen Quellen, die als zuverlässig gelten, gefertigt. Wir arbeiten so exakt wie möglich. Wir können aber für die Ausgewogenheit, Genauigkeit, Richtigkeit und Vollständigkeit der Informationen und Meinungen keine Gewährleistung übernehmen.

Diese Studie ersetzt nicht die persönliche Beratung. Diese Studie gilt nicht als Aufforderung zum Kauf oder Verkauf der in dieser Studie angesprochenen Anlageinstrumente. Daher rät DR.KALLIWODA | RESEARCH GmbH, sich vor einer Wertpapierdisposition an Ihren Bankberater oder Vermögensverwalter zu wenden.

Diese Studie ist in Großbritannien nur zur Verteilung an Personen bestimmt, die in Art. 11 (3) des Financial Services Act 1986 (Investments Advertisements) (Exemptions) Order 1996 ( in der jeweils geltenden Fassung) beschrieben sind. Diese Studie darf weder direkt noch indirekt an einen anderen Kreis von Personen weitergeleitet werden. Die Verteilung dieser Studie in andere internationale Gerichtsbarkeiten kann durch Gesetz beschränkt sein und Personen, in deren Besitz diese Studie gelangt, sollten sich über gegebenenfalls vorhandene Beschränkungen informieren und diese einhalten.

DR.KALLIWODA | RESEARCH GmbH sowie Mitarbeiter können Positionen in irgendwelchen in dieser Studie erwähnten Wertpapieren oder in damit zusammenhängenden Investments halten und können diese Wertpapiere oder damit zusammenhängende Investments jeweils aufstocken oder veräußern.

### Mögliche Interessenskonflikte

Weder DR.KALLIWODA | RESEARCH GmbH noch ein mit ihr verbundenes Unternehmen

- a) hält in Wertpapieren, die Gegenstand dieser Studie sind, 1% oder mehr des Grundkapitals;
- b) war an einer Emission von Wertpapieren, die Gegenstand dieser Studie sind, beteiligt;
- c) hält an den Aktien des analysierten Unternehmens eine Netto-Verkaufsposition in Höhe von mindestens 1% des Grundkapitals;
- d) hat die analysierten Wertpapiere auf Grund eines mit dem Emittenten abgeschlossenen Vertrages an der Börse oder am Markt betreut.

Nur mit dem Unternehmen Realtech AG bestehen vertragliche Beziehungen zu DR.KALLIWODA | RESEARCH GmbH für die Erstellung von Research-Studien.

Durch die Annahme dieses Dokumentes akzeptiert der Leser/Empfänger die Verbindlichkeit dieses Disclaimers.

## DISCLAIMER

The information and opinions in this analysis were prepared by DR. KALLIWODA | RESEARCH GmbH. The information herein is believed by DR. KALLIWODA | RESEARCH GmbH to be reliable and has been obtained from public sources believed to be reliable. With the exception of information about DR. KALLIWODA | RESEARCH GmbH, DR. KALLIWODA | RESEARCH GmbH makes no representation as to the accuracy or completeness of such information.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this analysis. They do not necessarily reflect the opinions, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, except if research on the subject company is withdrawn. Prices and availability of financial instruments also are subject to change without notice. This report is provided for informational purposes only. It is not to be construed as an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decision using their own independent advisors as they believe necessary and based upon their specific financial situations and investment objectives. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results.

This report may not be reproduced, distributed or published by any person for any purpose without DR. KALLIWODA | RESEARCH GmbH's prior written consent. Please cite source when quoting.