

COMPANY REPORT

DR. KALLIWODA EQUITY RESEARCH

May, 29, 2005



Rating: Unchanged **BUY**

Coverage: Since Q1 2004

VALOR COMPUTERIZED SYSTEMS
Software / Technology

Last Price: € 2,67

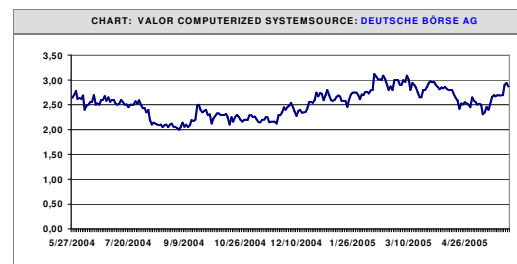
Fair Value: € 4,45

Specialization disburses itself

- **Asia is furthermore largest sales potential**
- **Market niches with high profit margins**
- **Strong balance and high cash reserves**
- **Positive longterm view expected**

COMPANY DESCRIPTION

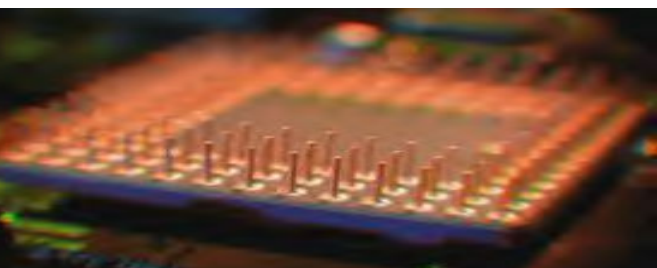
VALOR COMPUTERIZED SYSTEMS is one of the leading suppliers of productivity-increasing software solutions for the electronic industry. VALOR's solutions cover the development, production and VALOR created an international standard for dataexchange on the highest level. The products help companies to increase their productivity and to minimize mistakes.



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Figures in EUR	2002	2003	2004	2005e	2006e
EPS Dr. Kalliwoda	-0,04	0,11	0,09	0,15	0,19
EPS Consensus	-0,04	0,11	0,13	0,16	0,18
Revenues (mln)	22,1	25,6	30,7	35,5	48,0
net Income (adj.)	-0,8	1,9	1,6	2,8	3,4
net cash per share	0,8	1,6	1,5	1,7	1,7
net Cash	14,0	29,9	27,6	32,0	32,0
Free Cash Flow	3,0	8,8	12,3	2,3	1,9
P/E	-	25,6	30,2	17,7	14,3
P/S	-	1,9	1,6	1,4	1,0
Price (curr)	2,67				
52W high	3,45				
52W low	1,87				
Market Cap (mln)	48,9				
Last Dividend	0,07				
Sales CAGR 02-06	21%				
Web Page	www.valor.com				
Shares out (mln)					18,33
6M Avrg Vol (000s)					15,5
Free Float (in %)					39,2%
Weight in Prime All Share					0,005%
Reuters code					VCR
Bloomberg					VCR
WKN					928731

Source: DR.KALLIWODA | RESEARCH



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1. FINANCIALS

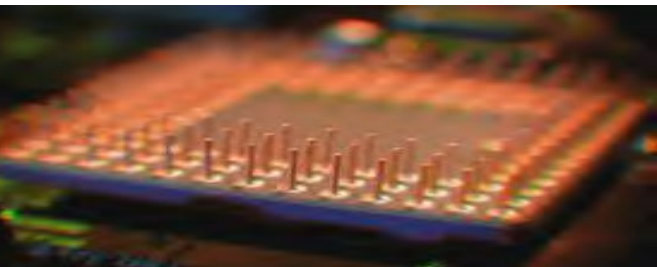
1.1 Successful first Quarter 2005: Again turnover record

Valor Computerized systems has continued its growth course also in the first quarter 2005. Sales and profit clearly increased. Valor exceeded its own expectations with an increase of 22% in revenues compared to the same quarter last year (US\$ 8.7 million in Q1/2005 compared to US\$ 7,15 million in Q1/2004). Sales rose by around 27%, while maintenance revenues increased by 13% as compared to Q1/2004. For the first time the financial statements of Q1/2005 incorporate the adoption of new International Financial Reporting Standards (IFRS2 – “Share-Based Payments”) published by the International Accounting Standards Board (IASB). The net profit before expensing Share-Based Compensation amounted to US\$ 0,823 million in Q1/2005 compared to US\$ 0,295 million in Q1/2004. After expensing Share-Based Compensation, Valor reached a net profit in Q1/2005 of US\$ 631, which represents an increase of 200% in the Earnings Per Share (diluted) from US\$ 0,01 in Q1/2004 to US\$ 0,03 in Q1/2005. The following table shows the individual quarters of the last two financial years, Q1/2005 and our estimates for Q2/2005.

	Q3 2004	Q3 2003	Change	Q4 2004	Q4 2003	Change	total 2004	total 2003	Change	Q1 2005	Q1 2004	Change	Q2 2005e	Q2 2004	Change
Revenues															
Product Sales and Related Services	5,08	3,95	28,55%	5,435	4,42	23,05%	19,899	16,22	22,71%	5,840	4,61	26,63%	6,20	4,77	29,90%
Maintenance	2,72	2,40	13,42%	2,821	2,39	18,03%	10,783	9,40	14,51%	2,865	2,54	12,78%	2,95	2,68	10,12%
Total Revenues	7,80	6,35	23%	8,256	6,81	21%	30,662	25,62	20%	8,705	7,15	22%	9,15	7,45	23%
Cost of Revenues															
Product Sales	0,86	0,20	329,35%	0,846	0,32	164,38%	2,83	1,01	180,50%	0,849	0,28	200,00%	0,90	0,84	7,02%
Maintenance	0,21	0,18	15,93%	0,142	0,21	-31,07%	0,66	0,66	6,17%	0,299	0,20	52,55%	0,25	0,16	60,26%
Total Costs of Revenues	1,07	0,38	180%	0,988	0,53	88%	3,538	1,67	111%	1,148	0,48	140%	1,15	1,00	15%
Gross Profit	6,73	5,97	13%	7,268	6,28	16%	27,124	23,94	13%	7,557	6,67	13%	8,00	6,46	24%
Research and Development Costs	2,44	1,96	24,53%	2,742	1,90	44,09%	10,303	7,40	39,15%	2,810	2,66	5,72%	2,90	2,46	17,84%
Selling and Marketing Expenses	3,49	2,97	17,71%	3,451	3,30	4,64%	13,729	12,45	10,32%	3,617	3,34	8,42%	3,70	3,45	7,19%
General and Administrative Expenses	0,45	0,49	-7,16%	0,473	0,37	28,18%	1,923	1,67	15,01%	0,612	0,57	7,75%	0,72	0,43	68,22%
Total Operating Costs and Expenses	6,39	5,42	18%	6,666	5,57	20%	25,955	21,52	21%	7,039	6,56	7%	7,32	6,34	15%
Impairment (loss) earnings															
Profit from Operations	0,34	0,55	-38,34%	0,60	0,72	-15,92%	1,169	2,42	-51,69%	0,518	0,11	362,50%	0,55	0,11	385,09%
Financial Income, net	0,10	0,28	-65,23%	0,213	0,38	-43,65%	0,772	1,21	-36,09%	0,113	0,24	-52,92%	0,20	0,22	-9,91%
Profit before Taxes on Income	0,44	0,83	-47%	0,815	1,09	-26%	1,941	3,63	-46%	0,631	0,35	78%	0,75	0,34	124%
Taxes on Income	0,04	-0,02	-268,18%	0,190	1,42	-86,66%	0,319	1,72	-81,40%	0,000	0,06	-100,00%	0,10	0,04	185,71%
Profit bef. Inc. Tax due to Divid. Distribution	0,40	0,85	-53%	0,625	0,29	113%	1,622	1,91	-15%	0,631	0,30	114%	0,65	0,301	117%
Income Tax due to Dividend Distribution	0,00	0,00		0,000	1,31		0,000							0,00	
Net Profit (Loss)	0,40	0,85		0,625	0,97	-36%	1,622	1,91	-15%	0,631	0,30	114%	0,65	0,30	117%
Basic Earnings (Losses) per Share	0,02	0,05	-56,41%	0,03	0,06	-43,39%	0,09	0,11	-16,13%	0,03	0,02	72,12%	0,04	0,02	115,99%
Diluted Earnings (Losses) per Share	0,02	0,04	-50,41%	0,03	0,06	-48,39%	0,07	0,10	-29,22%	0,03	0,01	215,31%	0,03	0,01	226,30%
Weighted Av. No. Of Shares Basic Earnings	18,40	18,08	1,78%	18,400	18,08	1,77%	18,40	18,08	1,77%	18,331	18,15	1,00%	18,33	18,26	0,41%
Weighted Av. No. Of Shares Diluted Earnings	20,22	19,48	3,70%	20,200	19,48	3,70%	20,20	19,48	3,70%	20,012	19,96	0,24%	20,01	20,60	-2,84%

Source: VALOR COMPUTERIZED SYSTEMS ; DR.KALLIWODA|Research

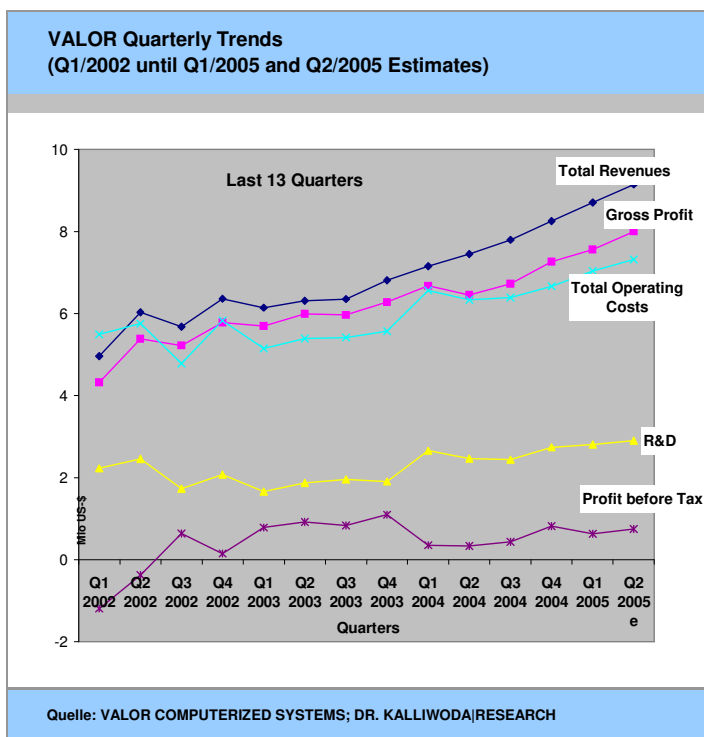
Valor obtained EBIT in Q1/2005 of US\$ 0,518 million. Research & Development expenses increased by 5,7% to US\$ 2,810 million. At the end of Q1/2005 the no. of employees increased by 10,6% to 220 primarily based on the expansion to Asia. For Valor the financial year began well. The growth course continues invariably. The enterprise succeeds in penetrating niche markets. Numerous new orders could be obtained. Many customers are Fortune-500 enterprises. The reasons for this positive development lie in the further expansion of turnover and the improving efficiency in the



operational business. For Q2/2005 we expect sales of US\$ 9,15 million. We estimate EBIT to US\$ 0,55 million and EBT to US\$ 0,75 million (inclusive the positive financial result of US\$ 0,2 million). We justify the further improvement of the results of Valor with the qualified management and with scale effects, which Valor can obtain with its software solutions.

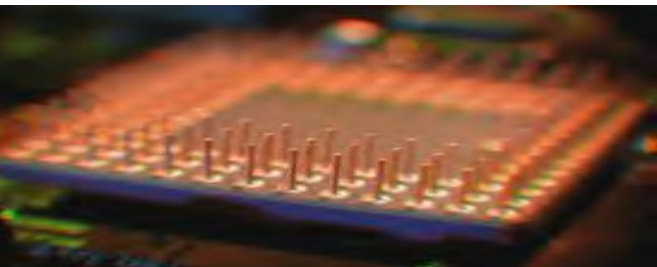
In particular the high gross profit margins with rising sales lead to an increase in the operative profitability.

The following graph shows the company's performance in the last three years with our estimates for Q2/2005. Sales, gross earnings as well as the result before taxes have risen continuously in each quarter of the financial year 2004 while total costs (total operating costs) could be decreased. Profits before taxes were significantly lower in the financial year of 2004 with US\$ 1,94 million compared to US\$ 3,63 million in 2003, however in 2004 the company invested increasingly into the development of the Asiatic sales market. Furthermore the products were improved and built up to fulfill the requirements of the Valor customers on the group of companies level. Valor is able to serve the needs for product life cycle management (PLM) completely.



1.2 Development of operative Cash Flows

The following table shows the high level of cash and cash equivalents of US\$ 26,5 million (Q1/2005) as well as the positive development of the operational cash flows. Therefore Valor has very good possibilities to invest into new products which can strengthen the technological leadership and continue to increase the results in the next quarters. In addition the high cash reserves should make acquisitions possible, which would strengthen Valors operational business altogether. We assume that Valor

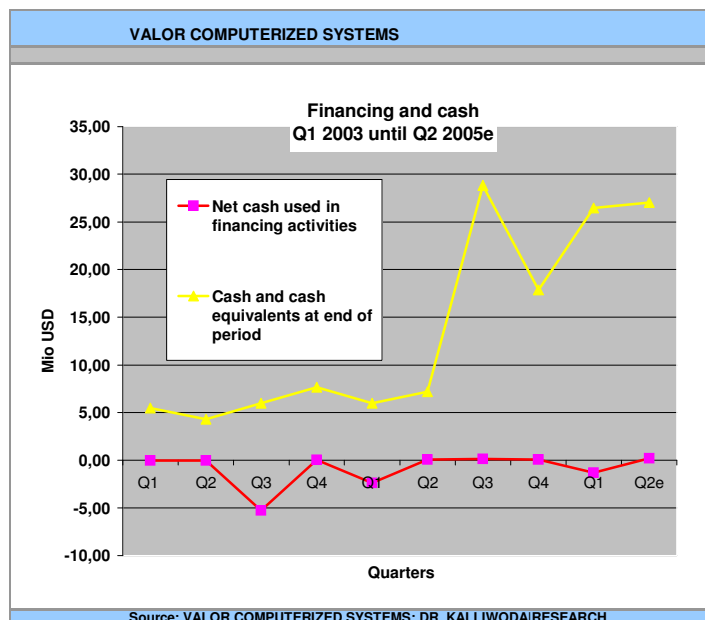
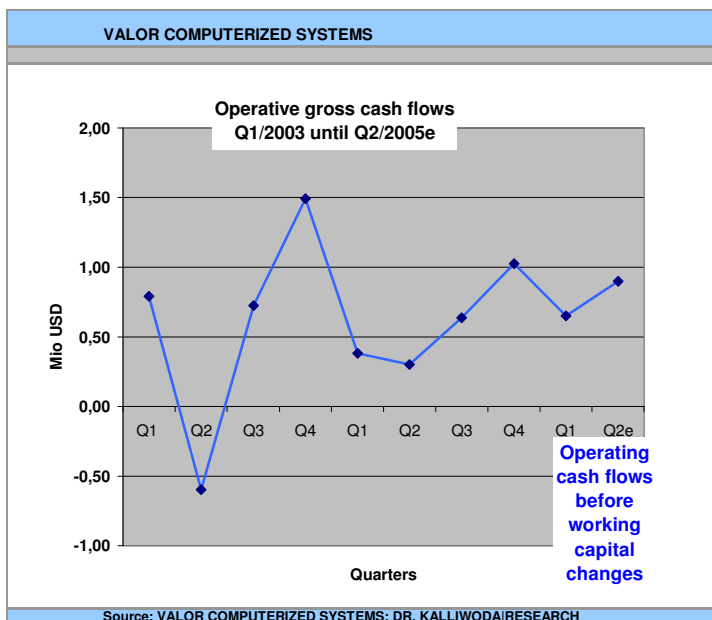


will take over small niche-companies, in order to be able to serve the large markets in particular in the USA, Asia and Japan purposefully.

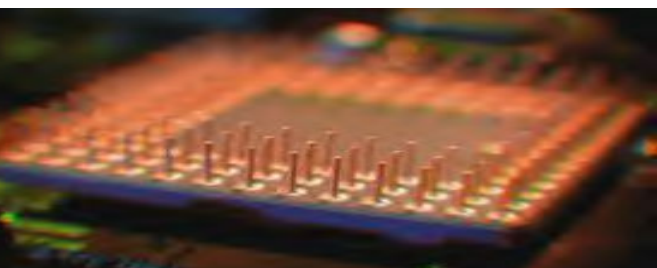
VALOR CONSOLIDATED STATEMENTS OF CASHFLOWS															
	Q3 2004	Q3 2003	Change to Q3 2003	Q4 2004	Q4 2003	Change to Q4 2003	total 2004	total 2003	Change to total2004	Q1 2005	Q1 2004	Change to Q1 2004	Q2 2005e	Q2 2004	Change to Q2 2004
Cash flows from operating activities															
Net profit	0,401	0,85	-53%	0,625	0,975	-36%	1,62	1,91	-15%	0,63	0,30	114%	0,65	0,301	116%
Operating cash flows before working capital changes	0,64	0,72	-12%	1,027	1,491	-31%	2,35	2,41	-3%	0,65	0,38	70%	0,90	0,301	199%
Net cash provided by (used in) operating activities	-0,22	-1,29	-83%	2,577	2,123	21%	3,44	4,00	-14%	-0,002	0,20	-101%	1,20	0,958	25%
Cash flows from investing activities															
Net cash provided by (used in) investing activities	21,74	8,20	165%	-12,587	-0,510	2368%	8,84	4,87	81%	9,97	-0,53	-1966%	-1,00	0,22	-550%
Cash flows from financing activities															
Net cash used in financing activities	0,14	-5,28	-103%	0,088	0,039	126%	-2,11	-5,27	-60%	-1,30	-2,40	-46%	0,20	0,06	223%
Increase (decrease) in cash and cash equivalents	21,66	1,63	1230,47%	-11,046	1,65	-768,64%	10,173	3,60	182,27%	8,664	-1,68	-615%	0,50	1,242	-59,74%
Effect of exchange rate changes on opening cash	-0,02	0,06	-130,81%	0,087	0,02	282,50%	0,047	0,08	-41,98%	-0,050	-0,001	4900%	0,05	-0,022	-327,27%
Cash and cash equivalents at beginning of period	7,19	4,29	67%	28,83	5,973	383%	7,65	3,56	93%	17,87	7,65	134%	26,48	5,97	344%
Cash and cash equivalents at end of period	28,83	5,97	383%	17,87	7,65	134%	17,87	7,65	134%	26,48	5,97	344%	27,03	7,19	276%

Source: VALOR COMPUTERIZED SYSTEMS ; DR.KALLIWODA|Research

The following graph (left side) clarifies that the gross cash flows (operating cash flows before working capital changes) improved since Q2/2004 and vary afterwards between US\$ 0,65 million and US\$ 1 million.



The graph on the right side "financings and cash" shows the financing loads e.g. dividend payments. Here again the high cash position of Valor Computerized Systems as an important basis for the further enterprise expansion becomes very clear.



1.3 Outlook

We expect a gross income of US\$ 35 million and an EBIT of US\$ 2.9 million for the financial year 2005. We derive this strong rise from the company's already accomplished activities to expand in Asia. It is important to strengthen the connection to customers already won. The exact derivation of the result-rows and the development of the company value on basis of different scenarios is shown in the following chapter 2. Valuation.

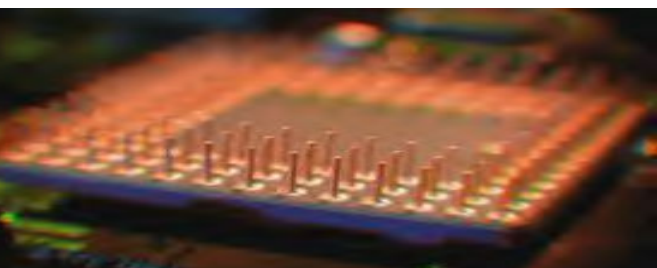
2. VALUATION

2.1 Unchanged share price goal of US\$ 5.6 and a market-capitalization of US\$ 113 million

On the basis of our discount cash flow model with a weighted cost of capital (WACC) of 9.2% and a beta of 1.1 we calculate a fair value of US\$ 5.6. With a present Euro/US\$ exchange-rate of 1.26 we calculate a fair value of € 4.45 per share (unchanged compared to our last publication) and **recommend the stock to buy**.

2.2 Company valuation: DCF-Method

The valuation of the Valor Computerized Systems was done through the three-staged discount-cash-flow model to calculate the inner value of the share. We made the following assumptions: We set the risk free interest rate at 3.7%. This corresponds to a 10-year bond. We calculated the risk premium with 5% and the beta factor in relation to the TecDax30 with 1.1. These parameters applied, we received a weighted average cost of capital (WACC) of 9.2%. On the basis of these capital costs we derive a fair value for the share of € 4.45. We set the assumption that the company grows on a long-term basis by 1,5% (terminal growth). A fair value of € 4.45 corresponds to an upward potential of approx. 72% compared to the present share price of € 2,67.



DCF PARAMETER	
PARAMETERS	
Risk-free rate	3,7%
Risk premium	5,0%
Beta	1,10
Longterm growth rate	1,5%
Cost of equity	9,2%
Cost of debt (after Tax)	4,2%
WACC	9,2%
NET PRESENT VALUE OF FREE CASH FLOWS (Mio. US-DOLLAR)	
Phase 1 (2005-2006)	14,1
Phase 2 (2007-2009)	29,6
Phase 3 (2010...terminal value)	39,1
Net debt	30,3
Value of total equity	113,1
DCF value per share	5,59
Source: DR.KALLIWODA RESEARCH 2005	

2.3 Sensitivity analysis

We did a sensitivity analysis in order to detect the variability of our deduced fair value under different economic scenarios. For this, see the following tables:

SENSITIVITY ANALYSIS per Share

	(US-DOLLAR)	Discount factor				
	$\beta = 1,1$	0,07	0,08	0,092	0,10	0,11
	0,0%	6,49	5,81	5,28	4,86	4,52
CAGR of revenues in terminal phase	0,5%	6,69	5,94	5,37	4,92	4,57
	1,0%	6,91	6,09	5,47	5,00	4,62
	1,5%	7,17	6,26	5,59	5,08	4,68
	2,0%	7,49	6,46	5,73	5,18	4,75
	2,5%	7,87	6,70	5,88	5,28	4,82

Source: Dr. Kalliwoda Research

SENSITIVITY ANALYSIS (Market-Capitalization)

	(Mio. US-DOLLAR)	Discount factor				
	$\beta = 1,1$	7,2%	8,2%	9,2%	10,2%	11,2%
	0,0%	131	117	107	98	91
CAGR of revenues in terminal phase	0,5%	135	120	109	100	92
	1,0%	140	123	111	101	93
	1,5%	145	127	113	103	95
	2,0%	151	131	116	105	96
	2,5%	159	135	119	107	98

Source: Dr. Kalliwoda Research

The results show an valuation-range of US\$ 4.52 to US\$ 7.78. We consider a long-term growth of only 0.5% very unrealistic. Even with a long-term growth of only 1% the fair value would vary between US\$ 4,62 and US\$ 6.91 under the premise of a weighted cost of capital (WACC) between 7 % and 11%. Analogously, the market capitalization would vary between US\$ 93 million and US\$ 140 million. A long-term growth of 1.5% (Terminal Growth Rate) and a weighted cost of capital of 9.2% is realistic in our eyes. From these numbers, a market-capitalization of US\$ 113 million, corresponding to a fair share price of US\$ 5.6 for Valor Computerized Systems is calculated.

2.4. Profit- and Loss-Accounting until 2008

The following graph shows the profit-and-loss-accounts with estimates up to 2008.

PROFIT & LOSS VALOR COMPUTERIZED SYSTEMS									
\$ mln									
	2001	2002	2003	2004	2005e	2006e	2007e	2008e	CAGR 2001 bis 2008
Revenues	24,8	22,1	25,6	30,66	35,5	48,0	63,0	75,0	31,9%
% change	-15,4%	-11,0%	16,0%	19,7%	15,8%	35,2%	31,3%	19,0%	
COGS	-3,3	-2,2	-1,7	-3,5	-4,1	-5,5	-7,3	-8,7	
% of revenues	13%	10%	7%	12%	12%	12%	12%	-12%	
Gross income	21,5	19,8	23,9	27,1	31,4	42,5	55,7	66,3	26,8%
% change	-16,3%	-7,7%	20,7%	13,3%	15,8%	35,2%	31,3%	19,0%	
Gross margin	87%	90%	93%	88%	88%	88%	88%	88%	89%
R & D	-8,0	-6,8	-7,4	-10,3	-11,9	-16,1	-20,8	-24,3	
% of revenues	32%	31%	29%	-34%	-34%	-33%	-24%	17%	
S, S&A (Distr./Mark.)	-12,9	-10,5	-12,4	-13,7	-14,4	-19,5	-25,5	-30,4	
% of revenues	52%	47%	49%	-45%	-41%	-41%	-30%	19%	
Other op. Income	-1,8	-1,9	-1,7	-1,9	-2,2	-3,0	-4,0	-4,7	
EBITDA	-1,2	0,7	2,4	1,2	2,9	3,8	5,4	6,6	
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%	
EBITDA margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,9%	8,6%	8,8%	
EBIT	-1,2	0,7	2,4	1,2	2,9	3,8	5,5	6,7	5,7%
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%	
EBIT margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,8%	8,8%	8,9%	5,7%
Financial result	2,1	0,7	1,2	0,8	0,6	0,8	0,7	0,8	
Pre tax income	0,9	-0,8	3,6	1,94	3,5	4,6	6,2	7,5	7,5%
% of revenues	3,8%	-3,5%	14,2%	6,3%	9,7%	9,5%	9,8%	10,0%	
Taxes	0,0	0,0	-1,7	-0,3	-0,7	-1,1	-1,5	-1,9	
Tax rate	1,7%	-2,1%	47,3%	16,4%	20,0%	25,0%	25,0%	25,0%	
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Net income (Ex adj.)	0,9	-0,8	1,9	1,62	2,8	3,4	4,6	5,6	20,0%
% of revenues	4%	-4%	7%	5%	8%	7%	7%	7%	
Net margin	4%	-4%	7%	5%	8%	7%	7%	7%	
# shares out (mln)	18,54	18,07	18,05	18,27	18,40	18,40	18,40	18,40	
EPS	0,05	-0,04	0,11	0,09	0,15	0,19	0,25	0,30	20,3%

Source: DR. KALLIWODA | RESEARCH; VALOR COMPUTERIZED SYSTEMS

The P&L shows a strong sales development from 2001 to 2004 from US\$ 24,9 million to US\$ 30,66 million and expected sales of US\$ 35,5 million to US\$ 75 million for the years 2005 to 2008 and we calculate an average sales growth of 26.5% (CAGR)¹ from this. For the EBIT we expect US\$ 2,9 million in 2005, US\$ 3,8 million in 2006, US\$ 5,5 million in 2007 and US\$ 6,7 million in 2008, which equals an average EBIT-margin of 8,3%. The EBT-series is stronger. We expect pre-tax results from 2005 to 2008 to be US\$ 3,5 million, US\$ 4,6 million and US\$ 5,6 million, which results in an EBT-margin of 10% on average with continuous growth. These result-series are positively influenced by a high stock of financial investments of US\$ 30 million, even though this stock and the interest obtainable through it could be reduced by the acquisition of smaller companies.

¹ Compound Average Growthrate: Here the turnover growth rates were settled. From 2005 to 2008 on the year 2005 with the capital cost set of 9.2 % (WACC).

2.5 Balance and Cash Flow-Statement until 2008

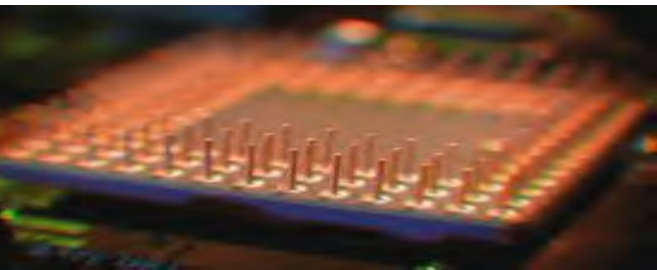
Our balance estimations consider continuous enterprise growth supported by stable cash-flow growth. The balance grows, although we subordinated high declarations of dividend in our cash-flow analysis. See for this the also following cash-flow statement in the connection of the following balance estimation.

PROFIT & LOSS VALOR COMPUTERIZED SYSTEMS										
\$ mln										
	2001	2002	2003	2004	2005e	2006e	2007e	2008e	CAGR 2001 bis 2008	
Revenues	24,8	22,1	25,6	30,66	35,5	48,0	63,0	75,0	31,9%	
% change	-15,4%	-11,0%	16,0%	19,7%	15,8%	35,2%	31,3%	19,0%		
COGS	-3,3	-2,2	-1,7	-3,5	-4,1	-5,5	-7,3	-8,7		
% of revenues	13%	10%	7%	12%	12%	12%	12%	-12%		
Gross income	21,5	19,8	23,9	27,1	31,4	42,5	55,7	66,3	26,8%	
% change	-16,3%	-7,7%	20,7%	13,3%	15,8%	35,2%	31,3%	19,0%		
Gross margin	87%	90%	93%	88%	88%	88%	88%	88%	89%	
R & D	-8,0	-6,8	-7,4	-10,3	-11,9	-16,1	-20,8	-24,3		
% of revenues	32%	31%	29%	-34%	-34%	-33%	-24%	17%		
S, S&A (Distr. Mark.)	-12,9	-10,5	-12,4	-13,7	-14,4	-19,5	-25,5	-30,4		
% of revenues	52%	47%	49%	-45%	-41%	-41%	-30%	19%		
Other op. Income	-1,8	-1,9	-1,7	-1,9	-2,2	-3,0	-4,0	-4,7		
EBITDA	-1,2	0,7	2,4	1,2	2,9	3,8	5,4	6,6		
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%		
EBITDA margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,9%	8,6%	8,8%		
EBIT	-1,2	0,7	2,4	1,2	2,9	3,8	5,5	6,7	5,7%	
% of revenues	-5%	3%	9%	4%	8%	8%	9%	9%		
EBIT margin	-4,7%	3,0%	9,4%	3,8%	8,0%	7,8%	8,8%	8,9%	5,7%	
Financial result	2,1	0,7	1,2	0,8	0,6	0,8	0,7	0,8		
Pre tax income	0,9	-0,8	3,6	1,94	3,5	4,6	6,2	7,5	7,5%	
% of revenues	3,8%	-3,5%	14,2%	6,3%	9,7%	9,5%	9,8%	10,0%		
Taxes	0,0	0,0	-1,7	-0,3	-0,7	-1,1	-1,5	-1,9		
Tax rate	1,7%	-2,1%	47,3%	16,4%	20,0%	25,0%	25,0%	25,0%		
Minorities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0		
Net income (Ex adj.)	0,9	-0,8	1,9	1,62	2,8	3,4	4,6	5,6	20,0%	
% of revenues	4%	-4%	7%	5%	8%	7%	7%	7%		
Net margin	4%	-4%	7%	5%	8%	7%	7%	7%	7,5%	
# shares out (mln)	18,54	18,07	18,05	18,27	18,40	18,40	18,40	18,40		
EPS	0,05	-0,04	0,11	0,09	0,15	0,19	0,25	0,30	20,3%	

Source: DR. KALLIWODA | RESEARCH; VALOR COMPUTERIZED SYSTEMS

CASH FLOW STATEMENT VALOR COMPUTERIZED SYSTEMS									
\$ mln									
	2001e in %	2002e in %	2003e in %	2004e in %	2005e in %	2006e in %	2007e in %	2008e in %	CAGR 00-08
Operating cash flow	0,5	0,4	3,5	3,4	3,0	2,6	3,7	5,0	26,2%
Cash flow from investments	5,8	2,4	-5,1	5,3	8,8	-0,7	-0,7	-1,0	
Dividend payments	0,0	0,0	-5,3	-2,6	-1,6	-1,5	-2,1	-2,5	
Cash flow Financ. (e.g. buy back shares)	-4,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Free cash flow	6,4	2,8	8,8	12,3	2,3	1,9	3,0	4,0	

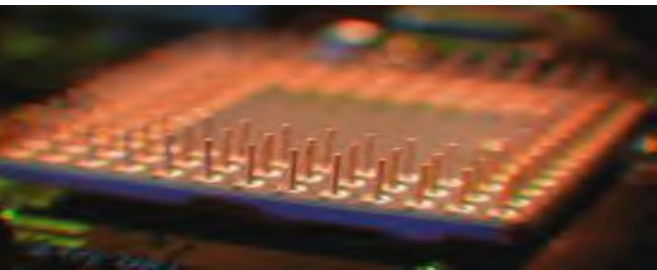
Source: DR.KALLIWODA| Research, VALOR COMPUTERIZED SYSTEMS



3. VALOR GROWTH-DRIVERS

Valor maintains sales branches in 23 countries. Customers are accompanied worldwide with product implementations. 85% of the worldwide electronics companies are Valors customers. However the volumes per customer are strongly expandable in our opinion.

- **Expansion in Asia:** In 2004 21% of the gross income was obtained in Asia. In Asia we expect strongest turnover growth. We expect an increase of over 50% of gross income in 2007.
- **Turnover growth by Trilogy 5000:** Trilogy 5000 is the "best in class" - product in the segment simulation & optimization technology. beside TraceXpert Trilogy is an important product in Valor's product-mix. Customers rapidly become aware of the advantages of Trilogy 5000 and gain confidence in Valor and its products.
- **Turnover growth via TraceXpert:** Electronics companies depend on production solutions (MES, Manufacturing Execution Systems) meaning that there is a strong demand for these solutions. TraceXpert's advantage is the professional Interface-Technology, thereby making it ideal to the acquisition of potential big customers.
- **M & A-transactions:** A strong free-cashflow and a cash-position of US\$ 30 million allow M&A transactions. In our opinion the technology capacity should be increased, thereby achieving advantages by size. Market leadership via M&A transactions can be achieved at least in some partial markets served by Valor. Specific company purchases would improve the technology basis, improve Valor's standing with customers, as well as chances for new acquisitions.



4. SWOT ANALYSIS

Strengths

- Valor is already strongly interlaced in the vertical structures of important world companies
- Strong management with many years of know-how in the electronics segment
- Very high financial power by cash-flow
- High cash reserves of US\$ 30 million
- State-of-the-art technologies; strong assembly process expertise
- Trilogy 5000 as growth-driver
- Best-in-class product TraceXpert as growth-driver
- Professional open data-format ODB++; full data portability; real-time production control
- Impressive customer base

Weaknesses

- Enterprise 3000 with limited growth-potential

Opportunities

- High earnings- and sales-potential in Asia und Japan
- Impending M&A-transactions
- Strong market trends supporting Valor's strategy
- Customers need increasing quality and traceability requirements
- Trend to more complex, higher density designs
- Move of volume productions to the Far East where Valor has a strong network
- More than 20% increase in net profit expected

Threats

- Presence in over 23 countries requires strong distribution/sales power and well organized structures.

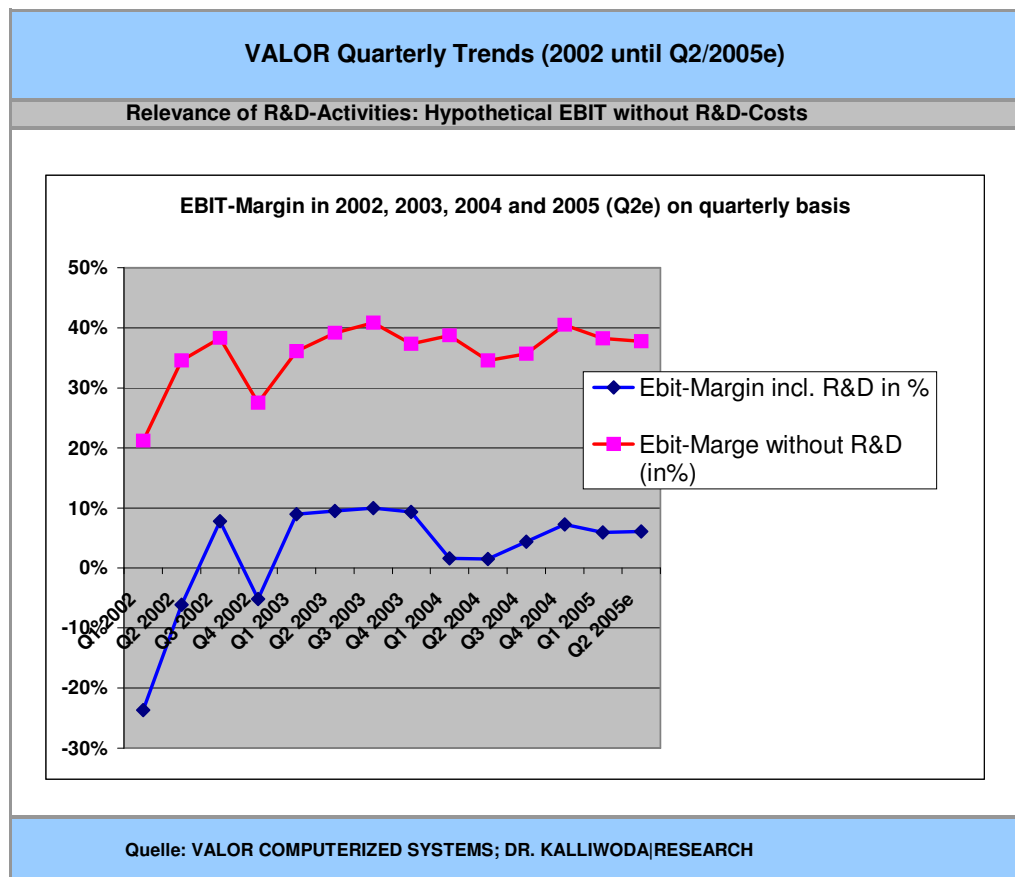


5. APPENDIX

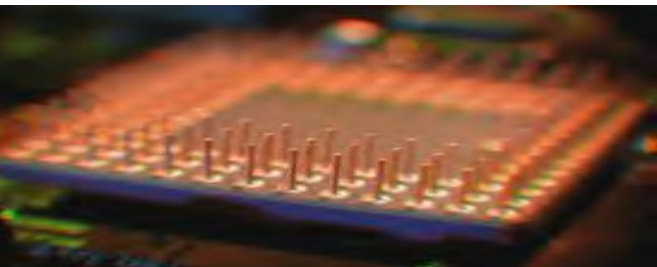
EBITRaD: Earnings before interest, tax and Research & Development

The following graph shows that Valor is a profitable enterprise. The EBIT-margin (with R&D) has constantly improved in the last four quarters and has almost reached 10% as in 2003. In 2002, a positive result was obtained only in the third quarter.

The curve above shows a hypothetical EBIT-margin computation that does not account for R&D expenditures. We call it EBITRaD-margin (Earnings before Interest, Tax and R&D). Here, Valor exhibits an impressive margin of 37.4% on average for the financial year 2004, 38.4% for 2003 and 30.4% for 2002. For Q1/2005 we derive an EBITRaD of 38%.²



² Valor obtained US\$ 8,705 million in Q1/2005 and EBIT of US\$ 0,518 million and invested US\$ 2,81 million in R&D.



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