



24th July 2007


COMPANY ANALYSIS

Coverage: Since Q2/2007



Sector: Marketing
Mobile/Affiliate Marketing

EVENT: First Rating

Rating: Buy **Risk:** 

Fair Value: € 23.00 **Last Price:** € 18.30

Share price development



Successful cast for a niche market

- YOC shows positive developments in sales and revenues spiting the sector trend
- Advertising profits with continuously strong overall economic development
- We keep our target price at 23.00 Euro. Our guidance for 2007: EPS increases to 0.64 Euro (0.12) per share.

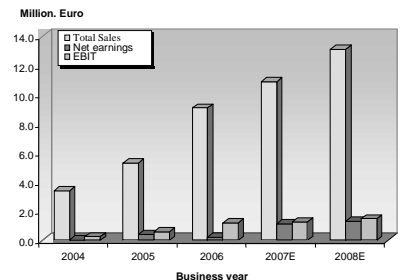
SWOT

- + innovative marketing concepts
- + 3.6mn. user profiles
- + mobile phone reach > 100 % in Germany
- + solid capital structure
- + acquisition of Moustik
- - mobile marketing remains below expectations
- - public profile / trading volume

COMPANY DESCRIPTION

YOC AG is a leading provider of mobile marketing services. As such, the company provides custom solutions using innovative communications concepts and complete marketing. The company is headquartered in Berlin and currently employs 68. It was founded in 2000.

HISTORY & ESTIMATES



ANALYST

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See also
Kalliwoda Recommendations
on Terminal: Bloomberg
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Figures in EUR	2004	2005	2006	2007E	2008E
EPS (Dr. Kalliwoda)	0,00	0,22*	0,12	0,64	0,74
Revenues (mln)	3,4	5,3	9,1	10,9	13,1
net Income (adj.)	0,0	0,4	0,2	1,1	1,3
EBIT (mln)	0,2	0,6	1,2	1,2	1,5
CAGR on Revenues (in %)	55,3	54,6	71,8	20,0	20,0
Equity ratio (in %)	0,0	60,9	86,4	85,7	84,7

Price (curr)	18,30	Shares out (mln)	1,75
52W high	20,25	6M Avrg Vol (TEUR)	51,97
52w low	15	Free Float (in %)	53,08 %
Market Cap (mln)	32,0	Weight in Entry all Share	1,090 %
Last Dividend	0,00	Code	YOC
Accounting Stand.	HGB	First Trading Day	02.06.2006
Web Page	www.yoc-ag.de	WKN	593273



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Executive Summary

1 Investment Story

YOC has claimed the top spot among leading providers of mobile marketing solutions in Germany within a short time and with 9.1mn Euro in sales. The foundation for its success is a wide range of user profiles that permit entry to regulated mobile marketing. Company sales divide into three core branches mobile marketing (80%), affiliate marketing (12%) and the marginal branch B2C Services (8%). All branches are profitable at this stage.

The share of mobile marketing in the overall advertising market is still rather small in Germany and remains at about 1% of it. Meanwhile Prof. Dr. Ralf Schengber, chairman of the Institute for Mobile Marketing (IFMM), counts on a rise in this business to 5% of the overall advertising market within the next 5 years, Online Marketing Magazine “marketing börse” comes to other conclusions after it recently published research that shows that mobile marketing activities are being under-appreciated as of now due to high cost of data transmissions and few choices in devices to read. Moreover, most marketing specialists agree according to a study of Deutsche Post AG that the possibilities in mobile marketing are widely unused as of now.

We expect that mobile marketing applications will increase with lowered transaction costs for mobile telephony and rising cell phone reach in Germany, so to round out the media mix. However, mobile marketing is a niche market in our opinion with a restricted size. The market’s potential is at about 100mn Euro per year (Onetoone).



2 Value Driver

YOC’s value is mostly driven by promising trends in the overall marketing developments. Target groups are reached interactively and independently from location. Other than this aspect distributive losses by ways of specialized knowledge among target groups are minimized and the success rates of mobile marketing campaigns are secured. The following are value drivers:

- **Growing sector mobile marketing:** Continuously lowered transaction costs for data transfer should have positive effects on future sales in our opinion.
- **Continuously rising company margins:** Management has succeeded in rising the company margins independent from broader economic developments

- **Large community network:** Significant in the success of the business model is availability of information concerning ad effects and ad control. Interactive ad designs make this approach particularly attractive for advertisers.
- **Market penetration** of mobile marketing will strongly increase and add to conventional communications in the next few years in our expectation.
- **New client acquisition and increase of permanent clients:** In the company's young history, references for YOC AG already include a large number of name-brand makers of consumer goods.
- **Advance filing for taxable losses become less relevant:** Given the positive business development the taxable loss from founding the company is mostly evened out. In considering cash-flow aspects of taxation are to be considered.

3 Rating

We rate coverage of YOC with a Buy and a target share price of EUR 23.00. Foundation for our rating is a peer-group rating and a discounted cash-flow model. Without a roll-call rating a share price target cannot be directly derived from a peer-group rating, so that we used historical multiples instead.

Mobile Hype Kurve – quo vadis?

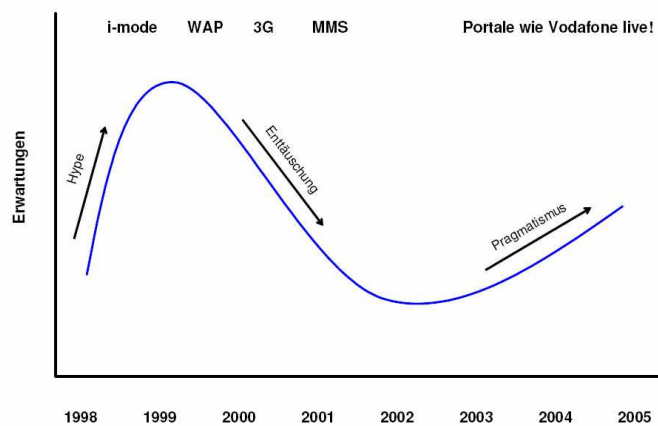


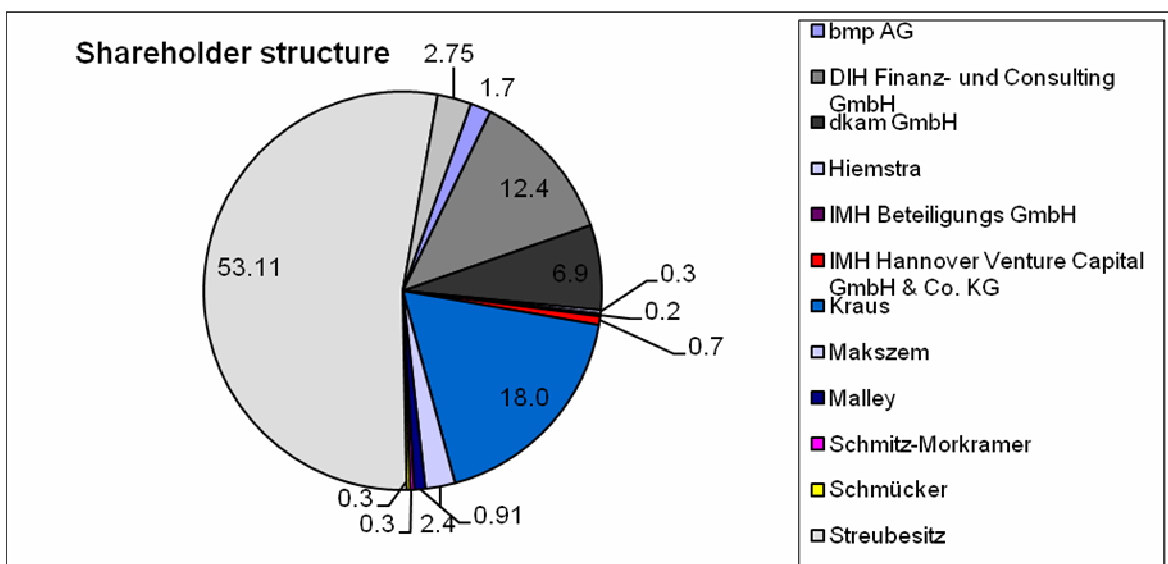
Abbildung 2 – Mobile Hype Kurve; Quelle: CSFB (2003)

4 YOC Stock Performance

YOC AG has been listed for 12 months now in the Entry Standard. In this time, YOC has been able to advance its stock very well relative to the Entry Performance Index whose annual performance showed a negative 25.35%, meanwhile YOC stock performed 5.2% better than the Index. Compared to the TecDAX (+32.2%) YOC AG performed weaker. From a fundamental point of view that we share, the

stock is well secured given its rates of increase (CAGR on sales: 71.76%; CAGR on EBIT: 107.1%). Additionally, this view is supported in the fact that the share price has been able to recover easily even when sales revenues eased off. Now the share price is steady between 17 and 20 Euro the market awaits indications as to how the rapid growth of the last five years is going to develop. Due to the low profile of the stock and the considerably low trading volume caused by it, we expect that given improved coverage and appreciation from the financial community the share price will improve and the gap in its rating will close.

Share price development





5 Business concept

Provider of innovative mobile ads

YOC AG being a new service provider offers innovative solutions for the advertising business. The company has specialized in ads and distribution via mobile telephones. Apart from mobile marketing, YOC AG's concept also targets mobile B2C services and affiliate marketing.

German business dominates

For now market penetration in Germany is key for the company. Apart from the German market YOC has presence in Austria, Spain, Belgium and Great Britain.

Mobile Marketing

YOC AG is market leader according to its own information for the sector mobile marketing in Europe. As full-service provider, the company covers the entire mobile marketing production. It includes ad planning, ad design and technical solutions as well as ad control (response function).

Clients mostly of consumer goods industry

YOC AG's services target mostly consumer goods manufacturers and service providers. In its young business history, YOC was able to gain several name-brand advertisers (Johnson & Johnson, Deutsche Telekom AG, Electronic Arts, Ford, Volvo, Gardena, Jägermeister etc.) as well as leading brands such as Coca-Cola and Nike.

Average sales volume per projects amounts to 150,000 Euro

Average sales volume amounts to some 150,000 Euro by now. 70% of overall revenues stem from 25 projects (2005). Its 3.6mn registered members that the company can reach with the cell phone, by e-mail, and the internet, YOC AG is of the opinion it has the largest number of registered target groups for commercial communications via mobile phone in the German speaking market. The company has to offer for its clients in the consumer goods industry, so-called on-pack-promotions, e.g. lotteries, additional offers, etc. that are being communicated via direct marketing on product packaging and via mobile telephone calls.



Mobile B2C Service

Apart from mobile marketing, services of YOC AG also include so-called mobile B2C Services. In this branch the company sells games, wallpapers, sounds and logos for mobile phones. Newest addition is the product range of mobile enabling. It is focused on payment via premium SMS, mass distribution of SMS as well as shipping. Sales revenues in mobile B2C services have recently eased off and are less than 10% of overall sales revenues by now.

Affiliate Marketing

Exceptionally successful is the company with its rather young portal “belboon” in the company branch Affiliate Marketing. Merchants for goods provide diverse advertising means for their products and services. Affiliates integrate their advertising text links and banners into websites and e-mails. YOC AG functions as broker for merchants and affiliates.

Excellent market position in mobile marketing

6 Strategy and Goals

Within a few years YOC AG succeeded in taking the lead in the niche market mobile marketing. The company intends to continue its growth strategy with acquisitions and adding market share in diversifying its portfolio in Germany.

Linking Affiliate Marketing activities and Mobile marketing seems plausible

Considering the branch development strategy, the company has also as its goal to strengthen the segment mobile marketing. In order to diversify its clients, the company counts on the consumer goods industry, service providers such as banks and insurance as well as marketing institutes or auto makers. YOC AG also attempts to broaden its European business with acquisitions.

Additional potential shall be generated with innovative mobile applications. Synergy effects can be gained with the linking of affiliate marketing campaigns on the internet and company provided know-how in mobile marketing in the future. Overall, management sets its sight on covering the entire production.

In order to realize its strategic goals YOC has set for itself for products and markets, follow-up goals have been defined. Such are that the company’s product strategy in mobile B2C services is designed for developing existing applications as well as it is designed for a focus on sales of profitable contents and add-on services via mobile phones. These services serve one-time sales as well as subscriber sales.

Without providing clear guidance, YOC AG plans to have double-digit increases in 2007.

7 SWOT

YOC AG	
<p>Strengths</p> <ul style="list-style-type: none"> ■ 3.6mn user profiles ■ great dynamics in sales and revenues ■ realized synergy potential ■ wide range of offered mobile solutions ■ interactive ad forms to the trend 	<p>Weaknesses</p> <ul style="list-style-type: none"> ■ public profile ■ trading volume ■ rather dependent on key personnel
<p>Potential</p> <ul style="list-style-type: none"> ■ rounding out the media mix ■ increasing ad budgets for mobile marketing ■ acceptance for mobile marketing ■ on-pack promos making up slack ■ acquisition market, international expansion 	<p>Risks</p> <ul style="list-style-type: none"> ■ limited target groups reached by mobile phones ■ easing off of sector economic development ■ cancellations from community users

Source: Dr. Kalliwoda Research © 2007

8 Market, Sector, Competition

Mobile marketing is still a start-up market. Numbers of users and investment are on low scale. Advertising classics are being added on by new interactive ad formats.

Trend: Change from text messaging to interactive

Marketing development



Forecast market potential in Germany moves between 100 and 150mn Euro in sales (source: Onetoone). Highly set expectations for mobile marketing have not yet been met. Providers of mobile marketing campaigns hold on to their guidance that there is maximum distributive reach with minimal distributive losses. The ad market structure can be seen in the following chart (source: Deutsche Post AG, Direktmarketing Deutschland 2006):

Current market potential in mobile marketing: 100mn to 150mn Euro

Klassikmedien	Klassikmedien mit Response*	Direktmarketing-medien*	Sonstige Direktmarketing-Instrumente
TV-Werbung Funkwerbung Anzeigenwerbung Beilagenwerbung Plakat- und Außenwerbung Kinowerbung	Anzeigenwerbung mit Response Beilagenwerbung mit Response Plakat- und Außenwerbung mit Response TV-Werbung mit Response Funkwerbung mit Response	Adressierte Werbesendungen Teiladressierte Werbesendungen Unadressierte Werbesendungen Aktives Telefonmarketing Passives Telefonmarketing E-Mail-Marketing Internet (Aufbau und Pflege der Homepage) Bannerwerbung	Faxwerbung Kinowerbung mit Response Promotionaktionen Kundenzeitschriften Messen/Events Mobile Marketing Couponing

Ad forms overview

Part of the forecast 2008 are slowly increasing potential and meaning of direct marketing, as experts of Deutsche Post AG figure, meanwhile there will be a loss in the meaning of general advertising and fax ads. Representative figures of Deutsche Post AG also show that above average potential in direct marketing by

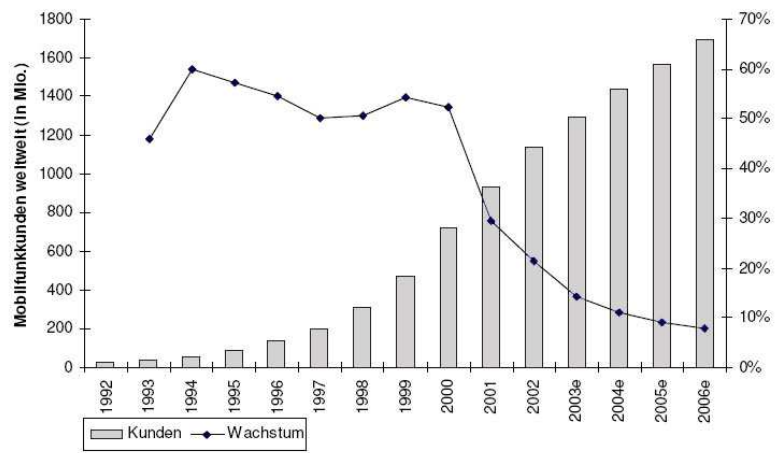
**Supporting the trend:
 active tele-marketing and e-mail marketing**

Dying business of fax ads

**Mobile phone reach
 exceeding 100%**

Responds ads

means of telephone marketing as well as e-mail marketing will add to internet presence. Deutsche Post issued a somber prognosis for the trend in that it considers that mobile marketing has excellent future potential, meanwhile it remains behind expectations despite its mobile phone reach has exceeded 100% in Germany (considering every German has more than one cell phone on average).

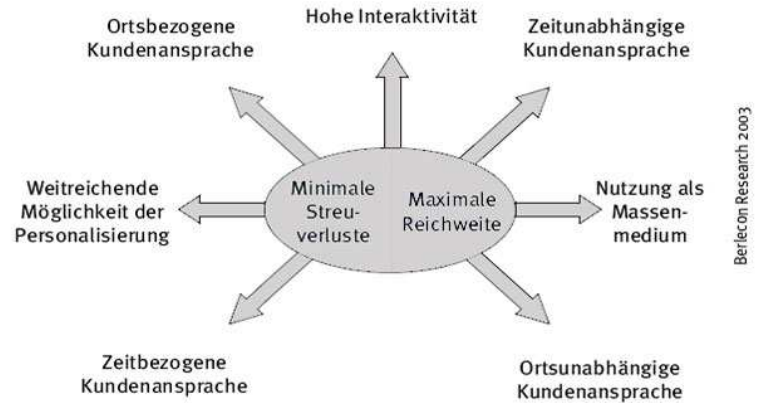


mobile marketing campaign are response ads with pull and push techniques. A pull is considered an ad campaign that prompts an action of the user by external stimulation. In contrast is a push considered an ad campaign that uses own or external mailing lists for mailing commercial messages. The difference between push and pull is in the duration of effects of the commercial information. Using a pull, the user can influence the time of receipt since the user has expressly asked for the commercial message. Using a push, the user has no influence on the time of receipt.

For a pull effect there is usually one commercial carrier required in order to reach the target group for participation. Print media, outside ads, radio and TV, internet and packaging can be used as carriers. Additionally, the mobile device itself can be the ad carrier, for example as invites on mobile portals.

Benefits of mobile marketing compared to traditional ad forms are as follows:

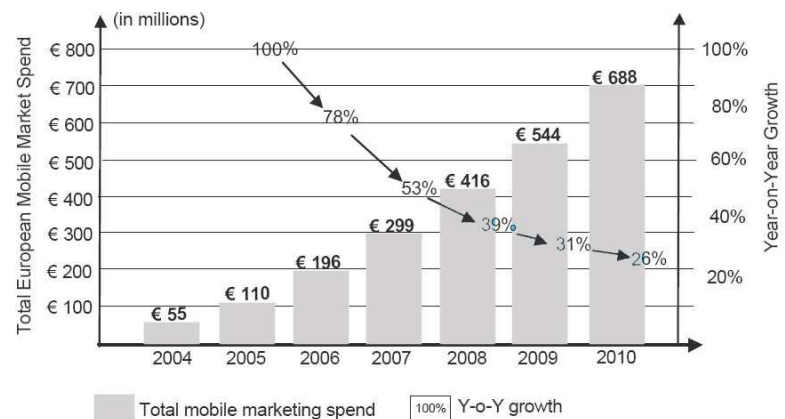
Benefits of mobile marketing as an overview



100% ad financed mobile devices

Much thought has been paid to considering that the success of mobile marketing will be particularly dependent on establishing broad band solutions and data transfer costs. Completely ad financed mobile phones is hard to establish in the market in current conditions, since cheap ad-free mobile devices are offered in the market, according to Forrester Research. In pilot projects undertaken by Virgin Mobile since the end of 2006 in the United States, coverage of demand is as shown below in its trends:

Coverage of demand for the mobile sector



9 Financials

Balance Sheet

Figures in TEUR	2002	2003	2004	2005	2006	2007E	2008E	2009E
Assets								
Deficit not covered by equity and starting business	1,917	2,090	2,058	0	0	0	0	0
Expenditures for expansion and starting business	0	0	0	88	66	44	22	0
Intangible assets	43	31	17	66	99	150	170	190
Plant and equipment	93	71	48	94	215	300	350	400
Financial assets	0	0	0	2	2	500	500	500
Total fixed assets	136	101	65	161	316	994	1,042	1,090
Inventories	0	57	88	2	1	25	50	50
Accounts receivable and other assets	308	529	864	878	3,692	3,000	3,500	3,500
Marketable securities	0	0	0	250	2,150	2,500	2,000	2,500
Cash assets	1,184	602	693	543	7,361	8,433	10,053	11,066
Deferred charges	1	1	1	38	11	20	50	50
Total current assets	1,494	1,190	1,647	1,711	13,215	13,978	15,653	17,166
Total Assets	3,546	3,381	3,769	1,961	13,597	15,016	16,717	18,256

Liabilities

Capital stock	50	50	50	50	1,750	1,750	1,750	1,750
Capital reserve	698	698	698	1,145	9,795	9,795	9,795	9,795
Retained earnings	0	0	0	0	101	661	1,311	1,936
Net profit	-2,665	-2,838	-2,806	0	101	661	1,311	1,936
Uncovered deficit	1,917	2,090	2,058					
Total Equity	0	0	0	1,195	11,748	12,866	14,167	15,416
Accrued liabilities	265	152	152	107	714	850	1,000	1,000
Advance payment received			0	18	68	100	100	100
Accounts payable	126	200	458	490	947	1,000	1,200	1,440
Liabilities against dormant partners	3,099	2,973	3,077					
Other liabilities	56	56	83	91	120	200	250	300
Deferred income	0	0	0	60	0	0	0	0
Total Liabilities	3,546	3,381	3,769	766	1,850	2,150	2,550	2,840
Total Equity and Liabilities	3,546	3,381	3,769	1,961	13,597	15,016	16,717	18,256

Balance Sheet (in % of Total Assets)

Deficit not covered by equity and starting business	54.1 %	61.8 %	54.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Expenditures for expansion and starting business	0.0 %	0.0 %	0.0 %	4.5 %	0.5 %	0.3 %	0.1 %	0.0 %
Intangible assets	1.2 %	0.9 %	0.5 %	3.4 %	0.7 %	1.0 %	1.0 %	1.0 %
Plant and equipment	2.6 %	2.1 %	1.3 %	4.8 %	1.6 %	2.0 %	2.1 %	2.2 %
Financial assets	0.0 %	0.0 %	0.0 %	0.1 %	0.0 %	3.3 %	3.0 %	2.7 %
Total fixed assets	3.8 %	3.0 %	1.7 %	8.2 %	2.3 %	6.6 %	6.2 %	6.0 %
Inventories	0.0 %	1.7 %	2.3 %	0.1 %	0.0 %	0.2 %	0.3 %	0.3 %
Accounts receivable and other assets	8.7 %	15.6 %	22.9 %	44.8 %	27.2 %	20.0 %	20.9 %	19.2 %
Marketable securities	0.0 %	0.0 %	0.0 %	12.7 %	15.8 %	16.6 %	12.0 %	13.7 %
Cash assets	33.4 %	17.8 %	18.4 %	27.7 %	54.1 %	56.2 %	60.1 %	60.6 %
Deferred charges	0.0 %	0.0 %	0.0 %	2.0 %	0.1 %	0.1 %	0.3 %	0.3 %
Total current assets	42.1 %	35.2 %	43.7 %	87.3 %	97.2 %	93.1 %	93.6 %	94.6 %
Total Assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Capital stock	1.4 %	1.5 %	1.3 %	2.6 %	12.9 %	11.7 %	10.5 %	9.6 %
Capital reserve	19.7 %	20.6 %	18.5 %	58.4 %	72.0 %	65.2 %	58.6 %	53.7 %
Retained earnings	0.0 %	0.0 %	0.0 %	0.0 %	0.7 %	4.4 %	7.8 %	10.6 %
Net profit	-75.1 %	-83.9 %	-74.4 %	0.0 %	0.7 %	4.4 %	7.8 %	10.6 %
Uncovered deficit	54.1 %	61.8 %	54.6 %					
Total Equity	0.0 %	0.0 %	0.0 %	60.9 %	86.4 %	85.7 %	84.7 %	84.4 %
Accrued liabilities	7.5 %	4.5 %	4.0 %	5.4 %	5.3 %	5.7 %	6.0 %	5.5 %
Liabilities								
Advance payment received	0.0 %	0.0 %	0.0 %	0.9 %	0.5 %	0.7 %	0.6 %	0.5 %
Accounts payable	3.6 %	5.9 %	12.2 %	25.0 %	7.0 %	6.7 %	7.2 %	7.9 %
Liabilities against dormant partners	87.4 %	87.9 %	81.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities	1.6 %	1.7 %	2.2 %	4.7 %	0.9 %	1.3 %	1.5 %	1.6 %
Deferred income	0.0 %	0.0 %	0.0 %	3.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Total liabilities	100.0 %	100.0 %	100.0 %	39.1 %	13.6 %	14.3 %	15.3 %	15.6 %
Total Equity and Liabilities	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %



Income Statement

Figures in TEUR	2002	2003	2004	2005	2006	2007E	2008E	2009E
Sales Revenues	1,747	2,204	3,422	5,292	9,090	10,908	13,090	15,708
Inventory increase/decrease	-30	0	26	-26	0	0	0	0
Other income	95	23	34	33	36	35	35	35
Gross income	1,813	2,227	3,481	5,299	9,126	10,943	13,125	15,743
Purchases	-708	-583	-1,027	-1,472	-2,669	-3,272	-3,927	-4,712
Personnel expenses	-948	-891	-1,054	-1,289	-2,162	-2,727	-3,272	-3,927
Depreciation	-143	-71	-52	-59	-98	-109	-131	-157
Other expenses	-615	-664	-1,103	-1,903	-3,004	-3,600	-4,320	-5,498
Earnings before interest and taxes (EBIT)	-602	18	245	576	1,193	1,235	1,475	1,449
Interest income	32	16	9	13	147	163	152	112
Interest expenses	-182	-207	-209	-207	0	0	0	0
Result from ordinary operations	-751	-173	46	382	1,340	1,398	1,627	1,561
Extraordinary expenses	0	0	-14	0	-1,136	0	0	0
Other taxes	0	0	1	1	0	-280	-325	-312
Net income/loss	-751	-173	33	383	204	1,118	1,301	1,249

Income Statement (YoY)

Sales revenues	26.2 %	55.3 %	54.6 %	71.8 %	20.0 %	20.0 %	20.0 %
Inventory increase/decrease	-100.0 %	k.A.	-200.4 %	-100.0 %	k.A.	k.A.	k.A.
Other income	-75.9 %	45.7 %	-1.5 %	9.7 %	-3.3 %	0.0 %	0.0 %
Gross income	22.9 %	56.3 %	52.2 %	72.2 %	19.9 %	19.9 %	19.9 %
Purchases	-17.8 %	76.3 %	43.3 %	81.3 %	22.6 %	20.0 %	20.0 %
Personnel expenses	-6.0 %	18.3 %	22.3 %	67.7 %	26.1 %	20.0 %	20.0 %
Depreciation	-50.2 %	-26.9 %	13.2 %	66.1 %	11.3 %	20.0 %	20.0 %
Other expenses	8.1 %	66.0 %	72.5 %	57.9 %	19.8 %	20.0 %	27.3 %
Earnings before interest and taxes (EBIT)	-102.9 %	1284.2 %	135.2 %	107.0 %	3.5 %	19.4 %	-1.8 %
Interest income	-49.1 %	-44.2 %	42.9 %	1030.8 %	10.9 %	-6.7 %	-26.3 %
Interest expenses	13.8 %	0.8 %	-0.6 %	-99.9 %	-100.0 %	k.A.	k.A.
Result from ordinary operations	-77.0 %	-126.3 %	739.3 %	250.9 %	4.3 %	16.4 %	-4.1 %
Extraordinary expenses	k.A.	k.A.	-100.0 %	k.A.	-100.0 %	k.A.	k.A.
Other taxes	k.A.	k.A.	40.0 %	-100.0 %	k.A.	16.4 %	-4.1 %
Net income/loss	-77.0 %	-118.9 %	1072.2 %	-46.8 %	448.7 %	16.4 %	-4.1 %

Gewinn- und Verlustrechnung (in % vom Umsatz)

Umsatzerlöse	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Bestandsveränderungen	-1.7 %	0.0 %	0.7 %	-0.5 %	0.0 %	0.0 %	0.0 %	0.0 %
Sonstige betriebliche Erträge	5.5 %	1.0 %	1.0 %	0.6 %	0.4 %	0.3 %	0.3 %	0.2 %
Gesamtleistung	103.7 %	101.0 %	101.7 %	100.1 %	100.4 %	100.3 %	100.3 %	100.2 %
Materialaufwand	-40.5 %	-26.4 %	-30.0 %	-27.8 %	-29.4 %	-30.0 %	-30.0 %	-30.0 %
Personalaufwand	-54.2 %	-40.4 %	-30.8 %	-24.4 %	-23.8 %	-25.0 %	-25.0 %	-25.0 %
Abschreibungen	-8.2 %	-3.2 %	-1.5 %	-1.1 %	-1.1 %	-1.0 %	-1.0 %	-1.0 %
Sonstige betriebliche Aufwendungen	-35.2 %	-30.1 %	-32.2 %	-36.0 %	-33.0 %	-33.0 %	-33.0 %	-35.0 %
Betriebsergebnis (EBIT)	-34.4 %	0.8 %	7.2 %	10.9 %	13.1 %	11.3 %	11.3 %	9.2 %
Zinserträge	1.8 %	0.7 %	0.3 %	0.2 %	1.6 %	1.5 %	1.2 %	0.7 %
Zinsaufwendungen	-10.4 %	-9.4 %	-6.1 %	-3.9 %	0.0 %	0.0 %	0.0 %	0.0 %
Ergebnis d. gewöhnl. Geschäftst.	-43.0 %	-7.8 %	1.3 %	7.2 %	14.7 %	12.8 %	12.4 %	9.9 %
a.o Aufwendungen	0.0 %	0.0 %	-0.4 %	0.0 %	-12.5 %	0.0 %	0.0 %	0.0 %
sonstige Steuern/Ertragsteuer	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	-2.6 %	-2.5 %	-2.0 %
Jahresüberschuss/-fehlbetrag	-43.0 %	-7.8 %	1.0 %	7.2 %	2.2 %	10.3 %	9.9 %	7.9 %

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10 Company rating

10.1 Discounted cash flow model

Entity Approach

Our discounted cash flow model (Entity Approach) is an overall cost approach.

Valuation Date

The odd due date was paid consideration in figuring interest for operative cash to an even due date. Due date is July 1st, 2007. For arriving at the liquid cash we refer to the ordinary reported result.

Terminal growth rate 2%

Deductions for non-essential cash and stock were not required in our opinion. Basis for our rating model is a three-phase-model. The first phase is a detailed planning phase and spans the time 2006 until 2009. Following is a schematic planning phase (2010 – 2015). In a residual value phase we have calculated a rate of increase at 2% p.a.

Discounted cash flow model

Figures in TEUR	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	Terminal Value
Sales Revenues	10,908	13,090	15,708	17,278.272	19,006	20,907	22,997	25,297	27,827	
YoY	20.0 %	20.0 %	20.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
Earnings before interest and taxes (EBIT)	1,235	1,475	1,449	1,507	1,567	1,630	1,695	1,763	1,833	
EBIT-Margin	11.3 %	11.3 %	9.2 %	8.7 %	8.2 %	7.8 %	7.4 %	7.0 %	6.6 %	
Tax (adapted)	-247	-295	-290	-301	-313	-326	-339	-353	-367	
Marginal tax rate	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	20.0 %	
NOPLAT	1,482	1,770	1,738	1,808	1,880	1,955	2,034	2,115	2,200	
Depreciation	109.1	130.9	157.1	164.9	173.2	181.8	190.9	200.5	210.5	
Accruals	850.0	1000.0	1000.0	1020.0	1040.4	1061.2	1082.4	1104.1	1126.2	
Change in Accruals	136	150	0	20	20	21	21	22	22	
Gross cash flow	1,727	2,051	1,895	1,993	2,074	2,158	2,246	2,337	2,432	
CAPEX	-700.0	-250.0	-250.0	-250.0	-250.0	-250.0	-250.0	-250.0	-250.0	
Change in CAPEX	-150	-100	50	100	-100	50	150	200	150	
Free Cashflows	877	1,701	1,695	1,843	1,724	1,958	2,146	2,287	2,332	
WACC	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %	9.96 %
Discounted FCFF	788.6	1,406.6	1,275.2	1,260.5	1,072.3	1,107.7	1,103.9	1,070.0	992.3	24,417.8
Enterprise Value	34,494.8									
Debt	0									
Assets deemed not necessary for busine	7,361									
Third parties	0									
Equity Value	41,855.8									
Outstanding shares	1750									
Fair Value per share (Euro)	23.92									

10.2 Weighted Average Cost of Capital (WACC)

The discount rate was calculated by deriving the weighted cost of capital. We assume that the target capital structure will be constant for subsequent years.

DCF-Parameter	
Risk-free rate	4,59
Risk premium	6,00
Beta	1,10
Longterm growth rate	2
Cost of equity	10,86
Cost of debt	4,87
WACC	9,96

Adjustments for debt to current interest were not made. Risk free profitability is based on the average profitability of the 30-year bond (source: Bourse Stuttgart).

Figuring a risk prime follows the capital asset pricing model (CAPM) and covers in particular the systemic risks (market risk prime esp. company specific risk). The market risk prime in our model is based on publicized studies. The market risk primes that were figured in university research depend on the market, time and method and range between 6% and 8%. The applied Beta value for company specific risk is fixed to the development of value in a referential index, the Entry Standard and fundamental beta.

10.3 Fair Value – Sensitivity Analysis

Our derived fair value per share is EUR 23.00. This implies an upside potential of 25.7 % to the actual share price (EUR 18.30). The modification of the action parameter in terminal value is shown below in the sensitivity analysis. It shows variance in our derived fair value in variant scenarios. The shown rating range is between EUR 21.11 and EUR 28.19 .

Sensitivity: Share									
Growth \ %	WACC in %								
	8.76	9.06	9.36	9.66	9.96	10.26	10.56	10.86	11.16
1.00%	24.52	24.01	23.53	23.08	22.65	22.23	21.84	21.47	21.11
1.50%	25.28	24.73	24.21	23.72	23.25	22.81	22.38	21.98	21.60
2.00%	26.14	25.54	24.97	24.43	23.92	23.44	22.98	22.54	22.13
2.50%	27.10	26.43	25.80	25.21	24.66	24.13	23.63	23.16	22.71
3.00%	28.19	27.44	26.74	26.09	25.48	24.90	24.36	23.84	23.36

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Sensitivity: Market Capitalization									
Growth \ %	WACC in %								
	8.76	9.06	9.36	9.66	9.96	10.26	10.56	10.86	11.16
1.00%	42.91	42.02	41.18	40.39	39.64	38.90	38.22	37.57	36.94
1.50%	44.24	43.28	42.37	41.51	40.69	39.92	39.17	38.47	37.80
2.00%	45.75	44.70	43.70	42.75	41.86	41.02	40.22	39.45	38.73
2.50%	47.43	46.25	45.15	44.12	43.16	42.23	41.35	40.53	39.74
3.00%	49.33	48.02	46.80	45.66	44.59	43.58	42.63	41.72	40.88

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Macroeconomic indicators

- Decline of bussiness insolvency
- Decrease of unemployment
- Increase of the interest, without negative impact so far
- Positive outlook on GDP
- Accelerating business activity has positiv impact on advertising industry

Dynamics of the result

- Increase of operating sales generated through successful acquisition of new customers
- Increase in EBIT margin through synergy effects and increase in efficiency
- Extraordinary expenses (IPO) put pressure on net earnings

Rating

- On basis of our DCF model and estimations, we derive a fair value of 23.00EUR per share
- Peergroup analysis makes YOC look expensive
- The share is, given growth rates and EBIT estimations, somewhat low priced
- Effects of the acquisition of Moustik were handled with care

Newsflow

- YOC signs general agreement with Kraft Food Germany
- Strong international growth in Q1/2007
- YOC succeeds with its first Mobile Advertising project
- YOC takes over mobile entertainment provider Moustik
- YOC builds mobile portal for Volvo C30

11 Comparative Market valuation (Trading Approach)

The rating of a company is to be principally arrived at, according DVFA guidelines for company ratings in stock research, using at least two different rating methods. Ratings can use capital value methods and multiples methods, that are being used with increasing frequency for plausibility as part of ratings. The multiples method is a comparative approach that applies multiples of capital market data and financial reporting of listed and compatible companies to the company that is to be rated. Due to a lack of roll-call estimates, only historical growth indicators can be considered.

Summary of estimates for compatible companies (in Euro):

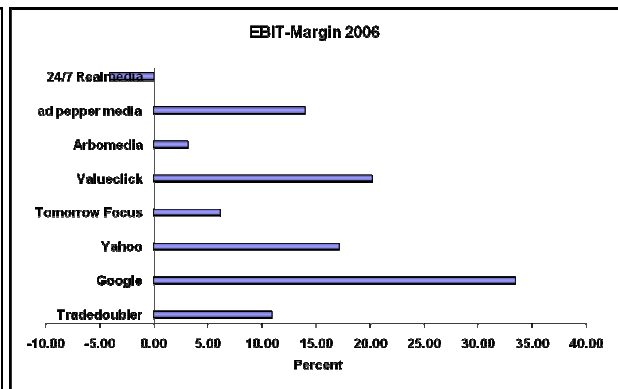
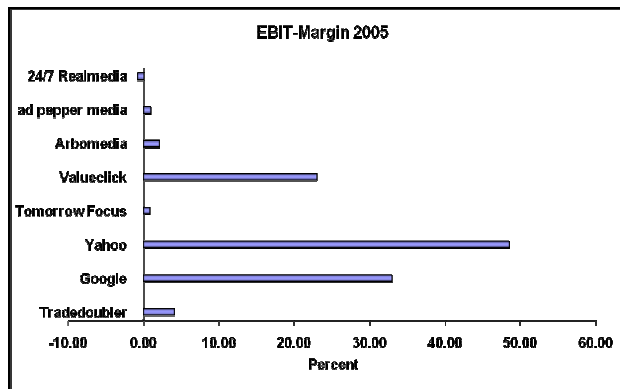
Peergroup - Marketing (Advertising market)									
in Million € in € per share resp.	Stock Price	Market Cap.	Enterprise Value	Sales		EBIT		EPS	
				2005	2006	2005	2006	2005	2006
Tradedoubler	2.45	69.27	43.87	116.29	186.93	4.71	20.37	0.15	0.53
Google	386.25	66,598.67	58,174.43	4,599.13	7,945.45	1,511.31	2,659.22	3.76	7.45
Yahoo	20.52	20,544.27	19,368.63	3,939.01	4,814.18	1,905.44	822.72	0.96	0.39
Tomorrow Focus	2.92	125.14	120.54	53.27	66.96	0.40	4.10	-0.04	0.10
Valueclick	22.63	1,682.65	1,472.85	227.78	408.81	52.04	82.50	0.34	0.46
Arbomedia	5.43	21.26	16.46	78.15	78.13	1.62	2.46	0.28	0.34
ad pepper media	6.65	75.58	61.28	29.40	41.69	0.27	5.80	0.30	0.45
24/7 Realmedia	8.79	357.27	313.06	104.74	150.04	-0.82	-6.07	0.00	-0.13
YOC	19.00	33.25	25.95	5.20	9.10	0.57	1.20	0.22	0.12

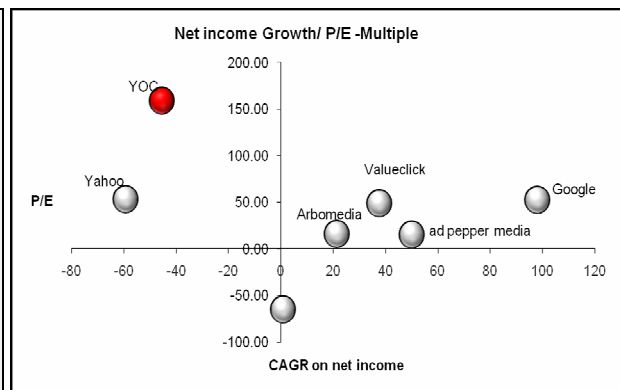
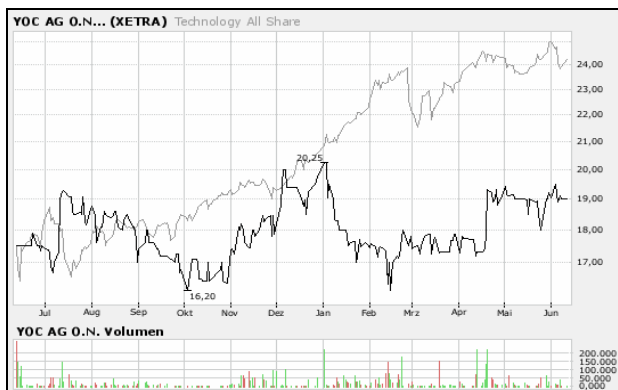
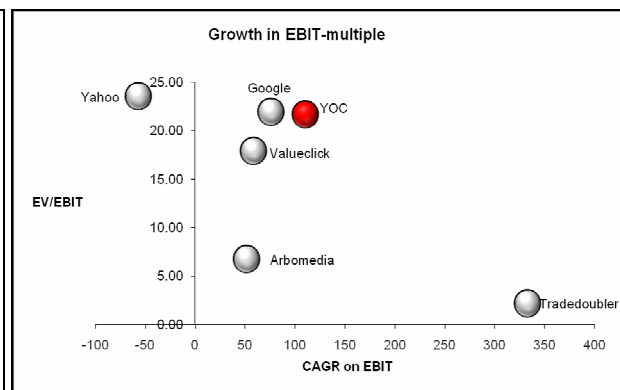
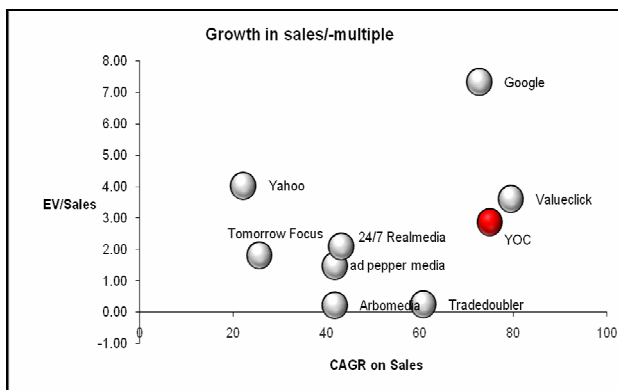
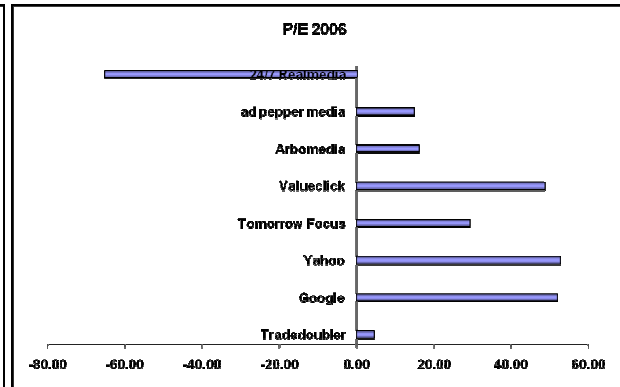
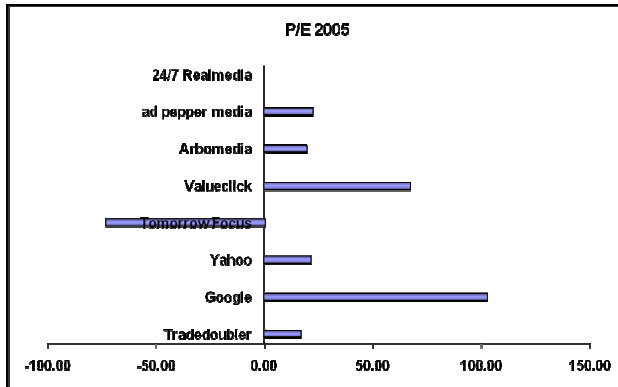
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Multiples - Peergroup Marketing (Advertising)

in million € € per share resp.	EV/Umsatz		EV/EBIT		P/E		EBIT-Margin	
	2005	2006	2005	2006	2005	2006	2005	2006
Tradedoubler	0.38	0.23	9.32	2.15	16.59	4.65	4.05	10.90
Google	12.65	7.32	38.49	21.88	102.69	51.86	32.86	33.47
Yahoo	4.92	4.02	10.16	23.54	21.40	52.67	48.37	17.09
Tomorrow Focus	2.26	1.80	301.35	29.40	-73.00	29.20	0.75	6.12
Valueclick	6.47	3.60	28.30	17.85	67.11	48.71	22.85	20.18
Arbomedia	0.21	0.21	10.16	6.69	19.39	15.97	2.07	3.15
ad pepper media	2.08	1.47	226.96	10.57	22.17	14.78	0.92	13.91
24/7 Realmedia	2.99	2.09	-379.83	-51.58	0.00	-65.17	-0.79	-4.05
Median	2.26	1.80	28.30	10.57	19.39	15.97	0.92	6.12
YOC	4.99	2.85	45.53	21.63	86.36	158.33	10.96	13.19
Discount (-)/Premium (+)	120.54	58.41	60.85	104.68	345.34	891.41		

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12 Outlook

YOC AG's management has been able to realize good double-digit sales increases in the past few years. The result of 2006 was primarily lowered due to one-time cost of going public. In acquiring Moustik another branch has been secured and the product range has been sensibly widened. We expect a significant result and sales increase in the company branches Affiliated Marketing and Mobile Marketing for 2007, meanwhile Mobile B2C Services can be expected to ease on sales. Given the current rating, we consider the stock price development to have a 20% potential in the next 12 months. Due to the rather stable core business of mobile marketing as well as the booming ad industry in Germany, we consider a share price of 23.00 EUR realistic at this time.

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Analyst of this research: Dr. Norbert Kalliwoda, CEFA



14 DISCLAIMER

BUY:	On a basis of our prognoses the stock should have a performance of at least 20% in the following 12 months.	
ACCUMULATE	On a basis of our prognoses the stock should have a performance of between 10% and 20% in the following 12 months.	
HOLD	On a basis of our prognoses the stock should have a performance of between minus 10% and plus 10% in the following 12 months.	
REDUCE	On a basis of our prognoses the stock should have an underperformance of between minus 10% and minus 20%.	
SELL	On a basis of our prognoses the stock should have an underperformance of at least minus 20%.	

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