Catalis

SES RESEARCH
A Member of the Warburg Group

Hold	(old: Hold)
PT EUR 0.17	(old: 0.25)

Price	EUR 0.15
Bloomberg	XAE GR
Reuters	AECO
Sector	Software/IT

Provider of high-end services relating to the development of digital contents, e.g. for the film and video game industry, e-Learning and software

Share data: 01.09.2010 / Closing price

Market cap:	EUR 5.5 m
Enterprise Value (EV):	EUR 13.3 m
Book value:	EUR 12.1 m
No. of shares:	37.9 m
Trading volume Ø:	EUR 4.9 th

Shareholders:

Freefloat	74.6 %
Long-Term	25.4 %

Calendar:

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	27.0	-0.4	28.4	4.4	29.8	4.4
EBIT	0.5	n.m.	1.4	10.5	1.6	2.5
EPS	0.01	n.m.	0.03	0	0.03	0

Analysis: SES Research
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Missing order burdens quarterly result - Company profitable again in July

On August 31, 2010 Catalis SE released Q2 figures which were **well below expectations**. While the testing services segment („Testronic") which was hit by a weak US DVD market achieved a more or less balanced result, Kuju suffered from a weak condition of the video games industry and sector sales fell sharply.

Catalis SE - Q2 2010 Figures in EUR m	Q2/10	Q2/10e	Q2/09	yoy	6M/10	6M/10e	6M/09	yoy
Sales	5.6	6.9	8.3	-32.8%	12.0	13.3	17.1	-29.7%
EBIT	-1.4	-0.5	-1.0	43.1%	-2.4	-1.5	-0.7	249.1%
margin	*-25.8%*	*-7.3%*	*-12.1%*		*-20.4%*	*-11.0%*	*-4.1%*	
EPS in EUR	-0.04	-0.02	-0.04	0.0%	-0.07	-0.05	-0.03	133.3%

Sources: Catalis SE (historical data), SES Research (estimates)

The shortfall to expectations was due to an expected **major order** in the games development segment which **had not been won** contrary to the company's expectation. This was attributable to the continuing worry of large publishing houses about consumer demand. Substantial advance payments had to be made and settled for this contract beforehand which would have been the largest individual order in 2010. However, the order expected early in Q2 was not awarded. Kuju rather had to implement further organisational measures (one-time costs of EUR 0.5m) in order to structurally cope with the planned overcapacity of roughly 40 employees and the missing revenues of ca. EUR 2m. However, the company has quickly responded to this development again by adjusting the headcount further. As a result, Kuju's number of employees has been significantly reduced by 35% to 184 since year start.

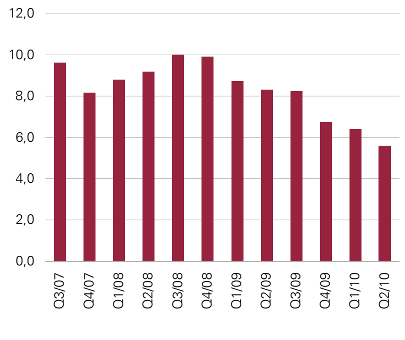
The balance sheet quality also deteriorated over the last quarter. Catalis still has unused credit lines in excess of roughly EUR 0.8m according to the company and is not put under increasing pressure in negotiations with banks. That said the debt position rose considerably to EUR 8m at the end of Q2. Further weak quarters may continue to deteriorate the balance sheet situation.

But: the group was profitable again as early as in July thanks to the initiated measures. A small profit is expected for the second half of the year. In 2011 a return to profitability can be anticipated given a "normal" business performance. This exactly is seen as the share's major opportunity: at EPS of EUR 0.03 the PER would come to a mere 5. Being a games developer, the company is however active in a high growth market and its subsidiary "Doublesix" recently tapped the market of downloadable console games. The existing studios have also been successful with "Art Academy" (Headstrong studio), the gain of the „Silent Hill" project (Vatra) as well as the signing of four major deals in the last six weeks (Disney, Sega among others) under Kuju's new CEO Nigel Robbins, which underline the turnaround.

Based on **reduced profit estimates** and high risk-adjusted discount modalities the fair value is lowered once more. The new PT is EUR 0.17 (0.25). **Hold rating reiterated.**

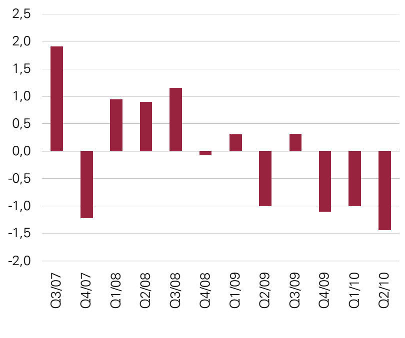
Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	11.0	34.6	37.9	32.0	26.9	29.6	31.1
Change Sales yoy	39.0 %	215.1 %	9.5 %	-15.5 %	-16.0 %	10.0 %	5.0 %
Gross balance	3.9	7.8	10.4	6.1	4.7	8.7	9.2
Gross margin	*35.4 %*	*22.6 %*	*27.5 %*	*19.0 %*	*17.5 %*	*29.5 %*	*29.5 %*
EBITDA	2.9	3.7	4.2	0.2	-0.5	2.9	3.0
EBITDA-margin	26.2 %	10.7 %	11.1 %	0.6 %	-2.0 %	9.7 %	9.7 %
EBIT	2.7	2.7	2.9	-1.5	-1.8	1.6	1.7
EBIT-margin	24.2 %	7.7 %	7.7 %	-4.7 %	-6.6 %	5.4 %	5.4 %
Net income	2.2	1.8	2.1	-0.3	-2.0	1.2	1.3
EPS	0.10	0.07	0.08	-0.01	-0.05	0.03	0.03
Free Cash Flow per share	0.10	0.03	-0.05	-0.01	-0.05	0.04	0.05
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
EV/Sales	1.1	0.4	0.3	0.4	0.5	0.4	0.3
EV/EBITDA	4.2	3.3	2.9	58.5	n.m.	4.3	3.5
EV/EBIT	4.6	4.6	4.2	n.m.	n.m.	7.7	6.3
PER	1.5	2.1	1.8	n.m.	n.m.	4.8	4.8
ROCE	18.0 %	13.1 %	13.9 %	-7.0 %	-8.5 %	7.8 %	7.7 %
Adj. Free Cash Flow Yield	20.3 %	24.4 %	23.8 %	n.a.	n.a.	17.9 %	22.3 %

Sales development
in EUR m



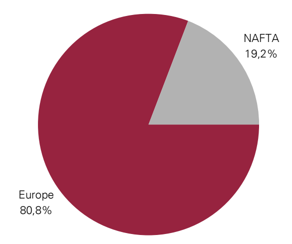
Source: Catalis SE

EBIT development
in EUR m



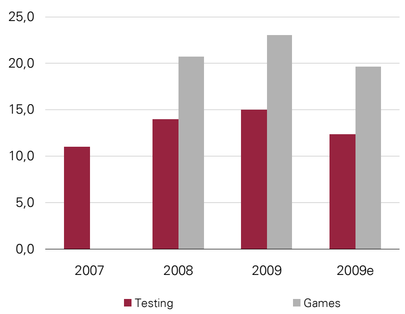
Source: Catalis SE

Sales by regions
2009



Source: Catalis SE

Sales Split according to segments
in EUR m



Source: Catalis SE

Company background

Catalis SE is focused on three segments: Quality assurance of digital media (test services for DVD, games and software) and development and production services for the games industry and the development of downloadable, in-house published video games (DSP games).

Competitive quality

The company has a strong focus in the field of quality assurance, as the services in the quality assurance of digital media are a niche market, which is "controlled" by the major content owners. Testronic has a unique positioning here:

- The company is market leader in the field of DVDs with a market share of 75%. Catalis consolidated this market by means of acquisitions and has very long-term relationships to the most important customers like Paramount, The Walt Disney Company and Universal, which account for around half of Testronic's sales.
- Moreover, Catalis has a track record of over 10 years in the market for quality assurance and stands out due to a high flexibility and adaptability towards customers requirements. The turnaround times, which are often as short as 24-48 hours, are particularly decisive in testing. This cannot be reached by competitors from the Asian regions and companies with fewer capacities for time reasons.
- Security aspects (prevention of copies in particular) are also of major significance. With a view to the overall production the costs for quality insurance are extremely low – compared to the production itself. Accordingly, the risk of being adversely affected by illegal duplications in China and India is far higher for a content owner than the cost advantage of the examination.
- The extensive reference list of Testronic underpins the success of this strategic approach.

Catalis also has a leading position in the field of games development for third parties.

- The company does not compete with other games producers and the projects are usually supported by large console producers / labels. The productions are carried out for many different platforms and genres, whose broad exposure reduces the dependence on specific developments and "temporary fashions" in the fast moving games industry.
- Having four development studios in the UK Kuju already produced familiar and successful games for the globally leading software houses of the media industry in the past (including familiar titles such as Eye Toy Play or SingStar). The company has a track record of over 20 years and developed around 50 titles in its company history, leading to retail sales of USD 550 m.
- However, the established relationship between Kuju and its customers is the central barrier to market entry. A high-quality customer portfolio, including the largest publishing companies worldwide, also stands out due to a high solvency, which does not apply to all market participants at present.

In the segment dealing with the development of own downloadable video games (DSP games) Doublesix has and extensive experience in the close cooperation with platform providers as well as in the positioning and direct marketing of such video game offers to end customers over the game's entire lifecycle.

Consolidated Profit & Loss Catalis

in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	**11.0**	**34.6**	**37.9**	**32.0**	**26.9**	**29.6**	**31.1**
Cost of sales	7.1	26.8	27.5	25.9	22.2	20.9	21.9
Gross balance	**3.9**	**7.8**	**10.4**	**6.1**	**4.7**	**8.7**	**9.2**
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.0	0.0	0.0	0.0	0.4	0.4	0.4
General and administration	1.7	5.3	7.7	7.3	6.2	6.8	7.1
Other operating income/expenses	0.2	0.1	0.2	0.0	0.1	0.1	0.1
Unfrequent items	**0.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
EBITDA	**2.9**	**3.7**	**4.2**	**0.2**	**-0.5**	**2.9**	**3.0**
Depreciation of fixed assets	0.2	0.9	1.2	1.4	1.2	1.3	1.3
EBITA	**2.7**	**2.8**	**3.0**	**-1.2**	**-1.8**	**1.6**	**1.7**
Amortisation of intangible fixed assets	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.2	0.0	0.0	0.0
EBIT	**2.7**	**2.7**	**2.9**	**-1.5**	**-1.8**	**1.6**	**1.7**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.3	0.8	0.5	0.3	0.3	0.3	0.3
Financial result	-0.4	-1.0	-0.8	-0.5	-0.3	-0.3	-0.3
Recurring pretax income from cont. operations	**2.2**	**1.7**	**2.1**	**-2.0**	**-2.1**	**1.3**	**1.4**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**2.2**	**1.7**	**2.1**	**-2.0**	**-2.1**	**1.3**	**1.4**
Taxes total	0.0	-0.2	-0.1	-1.7	-0.1	0.1	0.1
Net income from continuing operations	**2.2**	**1.8**	**2.1**	**-0.3**	**-2.0**	**1.2**	**1.3**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**2.2**	**1.8**	**2.1**	**-0.3**	**-2.0**	**1.2**	**1.3**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**2.2**	**1.8**	**2.1**	**-0.3**	**-2.0**	**1.2**	**1.3**

Sources: Catalis (historical data), SES Research (forecasts)

Consolidated Profit & Loss Catalis

in % of Sales	2006	2007	2008	2009	2010E	2011E	2012E
Sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Cost of sales	64.6 %	77.4 %	72.5 %	81.0 %	82.5 %	70.5 %	70.5 %
Gross balance	**35.4 %**	**22.6 %**	**27.5 %**	**19.0 %**	**17.5 %**	**29.5 %**	**29.5 %**
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales and marketing	0.0 %	0.0 %	0.0 %	0.0 %	1.4 %	1.4 %	1.4 %
General and administration	15.5 %	15.2 %	20.2 %	23.0 %	23.0 %	23.0 %	23.0 %
Other operating income/expenses	1.6 %	0.3 %	0.5 %	0.0 %	0.3 %	0.3 %	0.3 %
Unfrequent items	**2.8 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**
EBITDA	**26.2 %**	**10.7 %**	**11.1 %**	**0.7 %**	**-2.0 %**	**9.7 %**	**9.7 %**
Depreciation of fixed assets	1.9 %	2.6 %	3.1 %	4.4 %	4.6 %	4.3 %	4.3 %
EBITA	**24.3 %**	**8.1 %**	**8.0 %**	**-3.7 %**	**-6.6 %**	**5.4 %**	**5.4 %**
Amortisation of intangible fixed assets	0.1 %	0.4 %	0.3 %	0.3 %	0.0 %	0.0 %	0.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.7 %	0.0 %	0.0 %	0.0 %
EBIT	**24.2 %**	**7.7 %**	**7.7 %**	**-4.7 %**	**-6.6 %**	**5.4 %**	**5.4 %**
Interest income	0.4 %	0.1 %	0.0 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest expenses	2.5 %	2.3 %	1.4 %	1.0 %	1.1 %	1.0 %	1.0 %
Financial result	-4.0 %	-2.9 %	-2.2 %	-1.5 %	-1.1 %	-1.0 %	-1.0 %
Recurring pretax income from cont. operations	**20.2 %**	**4.8 %**	**5.5 %**	**-6.2 %**	**-7.7 %**	**4.4 %**	**4.4 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	**20.2 %**	**4.8 %**	**5.5 %**	**-6.2 %**	**-7.7 %**	**4.4 %**	**4.4 %**
Taxes total	0.2 %	-0.5 %	-0.1 %	-5.3 %	-0.4 %	0.2 %	0.2 %
Net income from continuing operations	**20.0 %**	**5.3 %**	**5.6 %**	**-0.9 %**	**-7.3 %**	**4.2 %**	**4.2 %**
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	**20.0 %**	**5.3 %**	**5.6 %**	**-0.9 %**	**-7.3 %**	**4.2 %**	**4.2 %**
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	**20.0 %**	**5.3 %**	**5.6 %**	**-0.9 %**	**-7.3 %**	**4.2 %**	**4.2 %**

Sources: Catalis (historical data), SES Research (forecasts)

Balance sheet Catalis

in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	7.0	15.3	13.4	13.6	13.6	13.6	13.6
thereof other intangible assets	0.1	0.4	0.2	0.1	0.1	0.1	0.1
thereof Goodwill	6.9	15.0	13.2	13.5	13.5	13.5	13.5
Property, plant and equipment	1.0	1.9	2.5	2.2	2.0	1.6	1.2
Financial assets	0.9	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	**8.8**	**17.2**	**16.0**	**15.8**	**15.5**	**15.2**	**14.8**
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.6	4.6	5.5	2.8	2.4	2.6	2.7
Other Assets	2.6	4.7	4.9	8.0	8.0	8.0	8.0
Liquid assets	8.5	2.7	1.1	1.1	n.a.	0.9	2.7
Current assets	**14.7**	**12.0**	**11.6**	**11.9**	**9.6**	**11.5**	**13.4**
Total assets	**23.5**	**29.2**	**27.5**	**27.7**	**25.2**	**26.7**	**28.2**
Liabilities and shareholders' equity							
Subscribed capital	2.3	2.7	2.7	3.8	3.8	3.8	3.8
Additional paid-in capital	15.7	18.5	18.5	18.8	18.8	18.8	18.8
Surplus capital	0.0	0.0	0.0	0.0	-2.0	-0.7	0.6
Other equity components	-8.7	-8.4	-8.7	-8.5	-8.5	-8.5	-8.5
Book value	9.3	12.9	12.5	14.1	12.1	13.4	14.7
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	**9.3**	**12.9**	**12.5**	**14.1**	**12.1**	**13.4**	**14.7**
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	3.0	2.5	1.8	1.8	1.8	1.8
Financial liabilities	10.6	8.2	8.5	7.8	7.8	7.8	7.8
Accounts payable	2.9	5.1	3.7	3.8	3.2	3.5	3.7
Other liabilities	0.5	0.1	0.3	0.2	0.2	0.2	0.2
Liabilities	**14.2**	**16.3**	**15.1**	**13.6**	**13.0**	**13.3**	**13.5**
Total liabilities and shareholders' equity	**23.5**	**29.2**	**27.5**	**27.7**	**25.2**	**26.7**	**28.2**

Sources: Catalis (historical data), SES Research (forecasts)

Balance sheet Catalis

in % of Balance Sheet Total	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	29.6 %	52.5 %	48.9 %	49.1 %	53.9 %	50.9 %	48.2 %
thereof other intangible assets	0.3 %	1.3 %	0.7 %	0.5 %	0.5 %	0.5 %	0.5 %
thereof Goodwill	29.4 %	51.2 %	48.1 %	48.6 %	53.4 %	50.4 %	47.7 %
Property, plant and equipment	4.1 %	6.4 %	9.3 %	8.1 %	7.8 %	6.1 %	4.4 %
Financial assets	3.7 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	**37.4 %**	**58.8 %**	**58.1 %**	**57.2 %**	**61.7 %**	**57.0 %**	**52.6 %**
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	15.3 %	15.7 %	20.0 %	10.2 %	9.5 %	9.7 %	9.6 %
Other Assets	11.0 %	16.0 %	18.0 %	28.7 %	31.6 %	29.8 %	28.2 %
Liquid assets	36.4 %	9.3 %	4.1 %	4.0 %	n.a.	3.4 %	9.6 %
Current assets	**62.6 %**	**41.0 %**	**42.0 %**	**42.9 %**	**38.2 %**	**43.0 %**	**47.4 %**
Total assets	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Liabilities and shareholders' equity							
Subscribed capital	9.8 %	9.2 %	9.8 %	13.7 %	15.0 %	14.2 %	13.4 %
Additional paid-in capital	67.0 %	63.5 %	67.4 %	67.9 %	74.6 %	70.4 %	66.7 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-7.8 %	-2.8 %	2.0 %
Other equity components	-37.2 %	-28.7 %	-31.8 %	-30.6 %	-33.7 %	-31.8 %	-30.1 %
Book value	39.6 %	44.0 %	45.4 %	51.0 %	48.2 %	50.1 %	52.1 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	**39.6 %**	**44.0 %**	**45.4 %**	**51.0 %**	**48.2 %**	**50.1 %**	**52.1 %**
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	1.0 %	10.2 %	9.3 %	6.6 %	7.3 %	6.9 %	6.5 %
Financial liabilities	45.1 %	28.0 %	30.9 %	28.1 %	30.9 %	29.1 %	27.6 %
Accounts payable	12.2 %	17.4 %	13.6 %	13.6 %	12.7 %	13.1 %	13.1 %
Other liabilities	2.2 %	0.2 %	1.0 %	0.7 %	0.8 %	0.8 %	0.7 %
Liabilities	**60.4 %**	**55.8 %**	**54.7 %**	**49.1 %**	**51.7 %**	**49.9 %**	**48.0 %**
Total liabilities and shareholders' equity	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Sources: Catalis (historical data), SES Research (forecasts)

Statement of Cash Flows Catalis

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	2.2	1.8	2.1	-0.3	-2.0	1.2	1.3
Depreciation of fixed assets	0.2	0.9	1.2	1.4	1.2	1.3	1.3
Amortisation of goodwill	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Increase/decrease in long-term provisions	0.0	1.6	-1.6	1.2	0.0	0.0	0.0
Other costs affecting income / expenses	0.1	0.5	-0.2	-1.8	0.0	0.0	0.0
Cash Flow	**2.5**	**4.9**	**1.6**	**0.7**	**-0.7**	**2.5**	**2.6**
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	0.4	-0.2	-0.1
Increase / decrease in accounts payable	0.0	0.0	0.0	0.0	-0.6	0.3	0.2
Increase / decrease in other working capital positions	0.3	-3.0	-1.2	-0.3	0.0	0.0	0.0
Increase / decrease in working capital	0.3	-3.0	-1.2	-0.3	-0.2	0.1	0.1
Cash flow from operating activities	**2.8**	**1.9**	**0.5**	**0.4**	**-0.9**	**2.6**	**2.7**
CAPEX	-0.4	-1.1	-1.9	-0.9	-0.9	-0.9	-0.9
Payments for acquisitions	-4.4	-7.0	-0.2	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	-0.7	0.9	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-5.5**	**-7.2**	**-2.0**	**-0.9**	**-0.9**	**-0.9**	**-0.9**
Change in financial liabilities	8.2	0.0	-0.6	-0.9	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	1.4	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**8.2**	**0.0**	**-0.6**	**0.5**	**0.0**	**0.0**	**0.0**
Change in liquid funds	5.5	-5.3	-2.1	-0.1	-1.8	1.7	1.8
Effects of exchange rate changes on cash	**-0.1**	**-0.5**	**-0.4**	**-0.1**	**0.0**	**0.0**	**0.0**
Liquid assets at end of period	**8.5**	**2.7**	**0.2**	**1.0**	**-0.7**	**0.9**	**2.7**

Sources: Catalis (historical data), SES Research (forecasts)

Financial Ratios Catalis

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	13.9 %	14.9 %	19.8 %	22.9 %	24.1 %	24.1 %	24.1 %
Sales per Employee	63,515	82,821	73,008	73,744	60,176	n.a.	n.a.
EBITDA per Employee	16,619	8,892	8,089	479	-1,204	n.a.	n.a.
EBIT-margin	24.2 %	7.7 %	7.7 %	-4.7 %	-6.6 %	5.4 %	5.4 %
EBITDA / Operating Assets	169.6 %	270.9 %	97.7 %	16.2 %	-46.6 %	393.1 %	1249.3 %
ROA	25.0 %	10.7 %	13.3 %	-1.8 %	-12.7 %	8.1 %	8.8 %
Efficiency of Capital Employment							
Plant Turnover	11.4	18.6	14.9	14.2	13.8	18.2	25.0
Operating Assets Turnover	6.5	25.2	8.8	24.9	23.3	40.5	129
Capital Employed Turnover	0.6	1.6	1.8	1.5	1.4	1.4	1.4
Return on Capital							
ROCE	18.0 %	13.1 %	13.9 %	-7.0 %	-8.5 %	7.8 %	7.7 %
EBITDA / Avg. Capital Employed	19.5 %	18.2 %	20.0 %	1.0 %	-2.6 %	14.0 %	13.8 %
ROE	23.6 %	14.2 %	17.0 %	-2.0 %	-16.2 %	9.2 %	8.9 %
Net Profit / Avg. Equity	27.6 %	16.5 %	16.7 %	-2.1 %	-15.0 %	9.7 %	9.3 %
Recurring Net Profit / Avg. Equity	27.6 %	16.5 %	16.7 %	-2.1 %	-15.0 %	9.7 %	9.3 %
ROIC	10.8 %	7.6 %	9.0 %	-1.2 %	-9.0 %	5.3 %	5.4 %
Solvency							
Net Debt	2.1	5.5	7.4	6.7	8.5	6.9	5.1
Net Gearing	22.0 %	42.5 %	59.1 %	47.3 %	70.2 %	51.3 %	34.5 %
Book Value of Equity / Book Value of Debt	87.8 %	157.0 %	146.9 %	181.4 %	156.0 %	171.9 %	188.7 %
Current ratio	4.4	2.0	1.9	1.0	0.9	1.0	1.1
Acid Test Ratio	4.1	1.3	1.3	0.9	0.7	0.9	1.0
EBITDA / Interest Paid	10.3	4.7	7.7	0.7	0.0	9.6	10.0
Interest Cover	11.5	3.5	5.5	n.a.	n.a.	5.3	5.6
Cash Flow							
Free Cash Flow	2.4	0.9	-1.4	-0.5	-1.8	1.7	1.8
Free Cash Flow / Sales	21.5 %	2.5 %	-3.6 %	-1.7 %	-6.9 %	5.6 %	5.8 %
Adj. Free Cash Flow	2.5	3.0	2.9	-0.5	-1.2	2.2	2.4
Adj. Free Cash Flow / Sales	19.8 %	6.8 %	5.3 %	-1.9 %	-5.2 %	6.2 %	6.4 %
Free Cash Flow / Net Profit	107.2 %	47.8 %	-64.4 %	193.5 %	93.5 %	134.5 %	137.4 %
Interest Received / Avg. Cash	0.8 %	0.5 %	0.7 %	4.4 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	4.1 %	8.4 %	6.5 %	3.8 %	3.9 %	3.9 %	3.9 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	3.7 %	3.1 %	4.9 %	3.0 %	3.5 %	3.2 %	3.0 %
Maint. Capex / Sales	3.7 %	2.2 %	3.4 %	2.1 %	2.5 %	2.2 %	2.1 %
Capex / Dep	187.9 %	102.7 %	144.6 %	55.8 %	76.5 %	74.4 %	70.9 %
Avg. Working Capital / Sales	11.6 %	0.3 %	1.7 %	1.2 %	-3.3 %	-2.9 %	-3.1 %
Trade Creditors / Trade Debtors	125.5 %	90.4 %	146.8 %	74.5 %	75.0 %	74.3 %	73.0 %
Inventory turnover (days)	n.a.	n.a.	n.a.	n.a.	0.0	0.0	0.0
Receivables collection period (DSOs)	119	48.3	52.9	32.1	32.1	32.1	32.1
Payables collection period (days)	94.8	53.5	36.0	43.1	43.1	43.1	43.1
Cash conversion cycle (days)	n.a.	n.a.	n.a.	n.a.	-10.9	-10.9	-10.9
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	0.6	0.4	0.4	0.4	0.5	0.4	0.4
EV/sales	1.1	0.4	0.3	0.4	0.5	0.4	0.3
EV/EBITDA	4.2	3.3	2.9	58.5	n.m.	4.3	3.5
EV/EBIT	4.6	4.6	4.2	n.m.	n.m.	7.7	6.3
EV/FCF	5.2	13.9	n.m.	n.m.	n.m.	7.5	5.9
P/E	1.5	2.1	1.8	n.m.	n.m.	4.8	4.8
P/CF	2.2	1.1	3.3	7.5	neg,	2.2	2.1
Adj. Free Cash Flow Yield	20.5 %	40.4 %	13.5 %	6.0 %	n.a.	20.3 %	25.0 %

Sources: Catalis (historical data), SES Research (forecasts)

Free Cash Flow Yield - Catalis SE

Figures in EUR m		2006	2007	2008	2009	2010e	2011e	2012e
Net Income		2.2	1.8	2.1	-0.3	-2.0	1.2	1.3
+ Depreciation + Amortisation		0.2	1.0	1.3	1.7	1.2	1.3	1.3
- Net Interest Income		-0.4	-1.0	-0.8	-0.5	-0.3	-0.3	-0.3
+ Taxes		0.0	-0.2	-0.1	-1.7	-0.1	0.1	0.1
- Maintenance Capex		0.4	0.7	1.3	0.7	0.7	0.7	0.7
+ Others		0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow		**2.5**	**3.0**	**2.9**	**-0.5**	**-1.2**	**2.2**	**2.4**
Adjusted Free Cash Flow Yield		20.3%	24.4%	23.8%	-3.7%	-8.6%	17.9%	22.3%
Hurdle rate		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value		**12.2**	**12.2**	**12.2**	**12.2**	**14.0**	**12.4**	**10.6**
= Fair Enterprise Value		**24.7**	**29.7**	**29.0**	**-**	**-**	**22.1**	**23.5**
- Net Debt (Cash)		6.7	6.7	6.7	6.7	8.5	6.9	5.1
- Pension Liabilities		0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Others		0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation		**18.0**	**23.0**	**22.3**	**-**	**-**	**15.2**	**18.4**
No. of shares (m)		37.9	37.9	37.9	37.9	37.9	37.9	37.9
= Fair value per share (EUR)		**0.48**	**0.61**	**0.59**	**-**	**-**	**0.40**	**0.49**
premium (-) / discount (+) in %		228.4%	318.6%	306.2%	-	-	176.7%	235.6%
Sensitivity Fair value per Share (EUR)								
	13.0%	0.33	0.43	0.41	-	-	0.27	0.34
	12.0%	0.37	0.48	0.46	-	-	0.30	0.38
	11.0%	0.42	0.54	0.52	-	-	0.35	0.43
Hurdle rate	**10.0%**	**0.48**	**0.61**	**0.59**	**-**	**-**	**0.40**	**0.49**
	9.0%	0.55	0.69	0.67	-	-	0.47	0.56
	8.0%	0.64	0.80	0.78	-	-	0.55	0.64
	7.0%	0.76	0.94	0.92	-	-	0.65	0.75

Sources: Catalis SE (historical data), SES Research (forecasts)

DCF Model - Catalis SE

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	26.9	29.6	31.1	32.6	34.3	36.0	37.8	39.7	41.6	43.7	44.4	45.0	45.7	46.4
Change	*-16.0%*	*10.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
EBIT	-1.8	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.4	2.5	2.5	2.6
EBIT-Margin	*-6.6%*	*5.4%*	*5.4%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*
Tax rate	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*	*35.0%*
NOPAT	-1.7	1.5	1.6	1.7	1.8	1.9	2.0	1.4	1.5	1.6	1.6	1.6	1.6	1.7
Depreciation	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.6	1.7	1.7	1.8	1.8	1.8	1.9
in % of Sales	*4.6%*	*4.3%*	*4.3%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Change in Liquidity from														
- Working Capital	-0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
- Capex	-0.9	-0.9	-0.9	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.7	-1.8	-1.8	-1.8	-1.9
Capex in % of Sales	*3.5%*	*3.2%*	*3.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*	*4.0%*
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	-1.6	1.9	2.1	1.8	1.8	1.9	2.0	1.5	1.6	1.6	1.6	1.6	1.7	1.7

Model parameter

Debt ratio	35.00%	Beta	3.00
Costs of Debt	6.8%	WACC	13.57%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	1.50%

Valuation (mln)

Present values 2023e	10.1		
Terminal Value	2.9		
Liabilities	-7.8		
Liquidity	1.1	No. of shares (mln)	37.90
Equity Value	**6.3**	**Value per share (EUR)**	**0.17**

Sensitivity Value per Share (EUR)

Terminal Growth

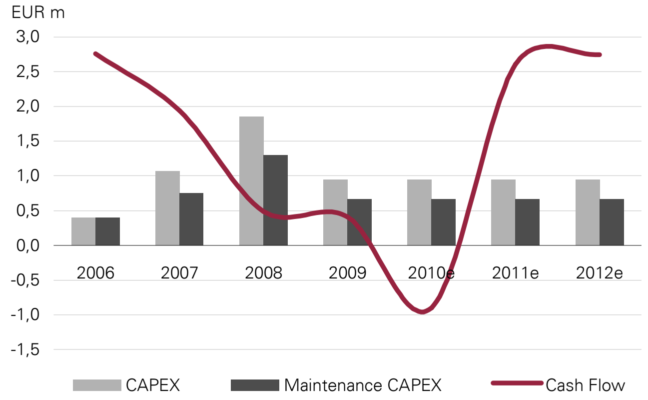
WACC	0.75%	1.00%	1.25%	**1.50%**	1.75%	2.00%	2.25%
14.57%	0.14	0.14	0.14	0.14	0.14	0.14	0.15
14.07%	0.15	0.15	0.15	0.15	0.15	0.16	0.16
13.82%	0.16	0.16	0.16	0.16	0.16	0.16	0.16
13.57%	0.16	0.16	0.16	**0.17**	0.17	0.17	0.17
13.32%	0.17	0.17	0.17	0.17	0.17	0.18	0.18
13.07%	0.18	0.18	0.18	0.18	0.18	0.18	0.19
12.57%	0.19	0.19	0.19	0.20	0.20	0.20	0.20

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	**0.0 pp**	0.5 pp	1.0 pp	1.5 pp
14.57%	0.04	0.07	0.11	0.14	0.18	0.21	0.24
14.07%	0.05	0.08	0.12	0.15	0.19	0.22	0.26
13.82%	0.05	0.09	0.12	0.16	0.20	0.23	0.27
13.57%	0.06	0.09	0.13	**0.17**	0.20	0.24	0.28
13.32%	0.06	0.10	0.14	0.17	0.21	0.25	0.28
13.07%	0.07	0.10	0.14	0.18	0.22	0.26	0.29
12.57%	0.08	0.12	0.16	0.20	0.23	0.27	0.31

Source: SES Research

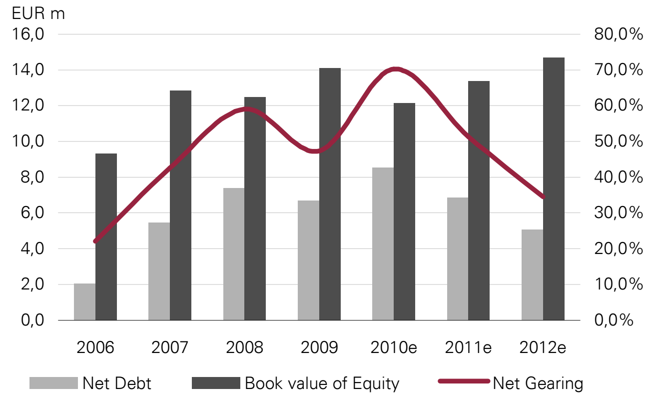
CAPEX and Cash Flow - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- Catalis in on a long-term intact growth path
- CAPEX and maintenance capex are of minor imporatance for service companies like Catalis

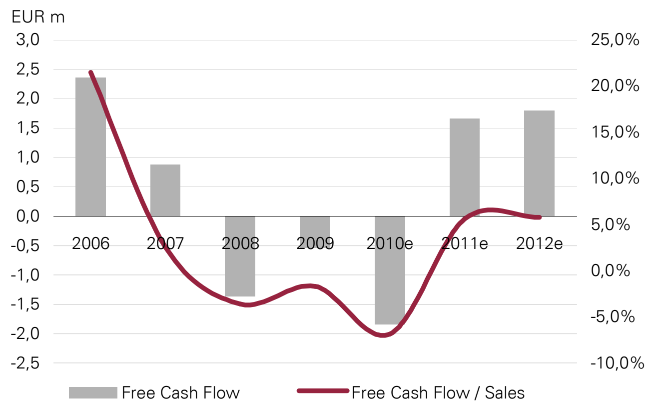
Balance Sheet Quality - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- Strong cash flows should reduce indebtedness
- Capital increase likewise reduces indebtedness

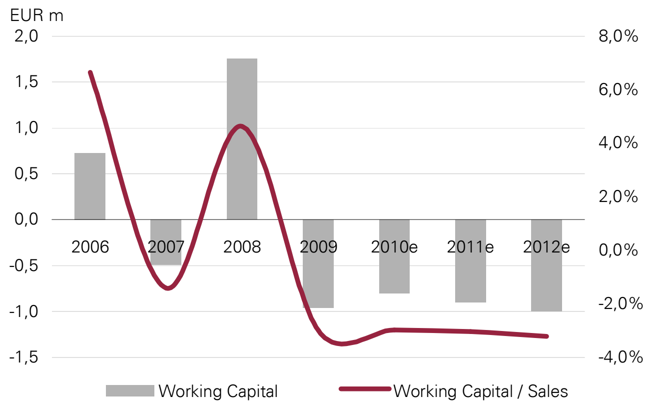
Free Cash Flow Generation - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- Free Cash Flow of sales expected to be at a stable level of approx. 5% from 2008 on

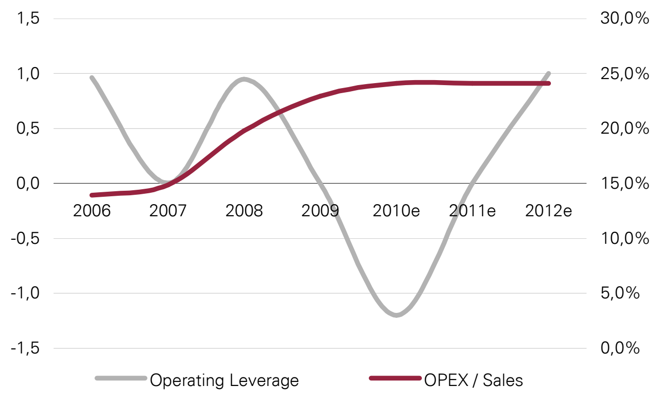
Working Capital - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- The acquisition of Kuju leads to a reduction of the working capital owing to advance payments
- It is negative within the group

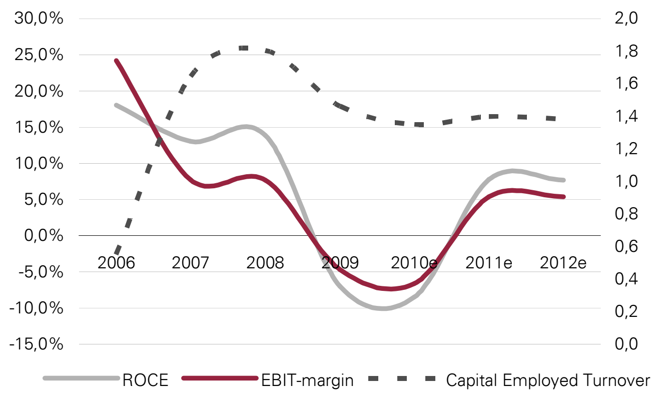
Operating Leverage - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- The operating expenses of sales reflect the structural changes of Catalis
- High number of acquisitions make the historic rate look non-presentable

ROCE Development - Catalis SE



Sources: Catalis SE (historical data), SES Research (forecasts)

- Engagement in the game segment (2007) increased EBIT, but lowered margin and ROCE

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B	**Buy**:	The price of the analysed equity security is expected to rise over the next 12 months.
H	**Hold**:	The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
S	**Sell**:	The price of the analysed equity security is expected to fall over the next 12 months.
"-"	**Rating suspended**:	The available information does not currently permit an evaluation of the company.

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Rating	Number of stocks	% of Universe
Buy	121	62%
Hold	52	27%
Sell	7	4%
Rating suspended	15	8%
Total	**195**	

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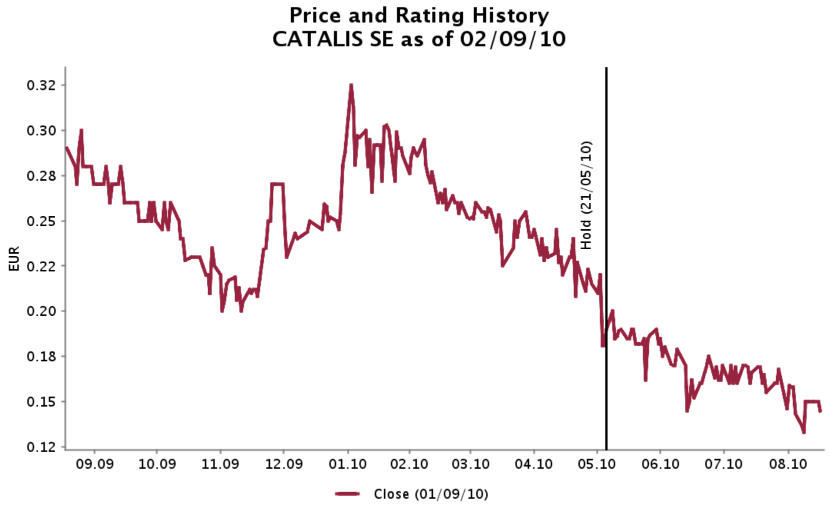
Rating	Number of stocks	% of Universe
Buy	88	68%
Hold	31	24%
Sell	3	2%
Rating suspended	7	5%
Total	**129**	



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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