

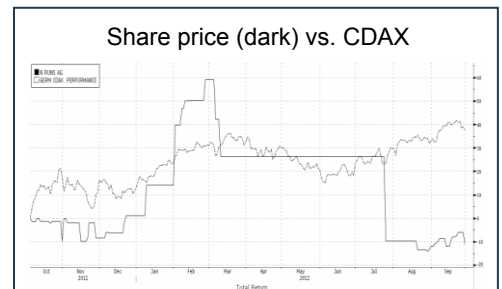
Recommendation:
HOLD (HOLD)

Risk: **HIGH** (HIGH)
Price Target: **EUR 3.70** (3.70)

04 October 2012

1H12 figures in line to achieve guidance

- 1H12 figures:** n.runs AG reported its half-year result for FY12. Worth mentioning is that all figures are solely based on n.runs standalone business (excluding VITEC). The company achieved revenues of EUR 3.5m (1H11: EUR 2.2m, +60% YoY). EBIT before transaction costs stood at EUR 0.4m (1H11: EUR -0.1m). Including special items of EUR 0.5m EBIT was at EUR -0.1m. While adjusted net result was positive at EUR 0.5m (1H11: EUR -0.1m), reported net result came in at EUR -0.1m. Hence, the translating EPS stood at EUR -0.06 (adjusted: EUR +0.32). Overall, the figures are completely in line to achieve company guidance. Previously the management expected the group (excluding VITEC) to achieve revenues of EUR 6.8m for full-year 2012.
- Change in management:** After finalising the integration of VITEC, the management and the supervisory board decided to transfer the n.runs standalone business into a 100% subsidiary (not yet established) of the group, so that n.runs AG will remain a holding company for the n.runs business and newly integrated VITEC business. In the course of that the two board members Mr. Donald Lee and Mr. Stefan Tewes will both be managing director of the aforesaid subsidiary. Furthermore, both will resign of the group management board as of 31 December 2012. As of 1 October already two new members have been elected to the management board. Mr. Charles Barnick is the new CEO of the group, and Mr. Werner Gentzke is the new CFO.
- Capital increase and integration finalised:** End of September both the capital increase and the non-cash capital increase (VITEC integration) was executed. As a result the share capital of the group increased by EUR 4,702,522. After both capital increases VITEC now holds 94.2% of n.runs (as of end of September). The current 5.8% free float is a low figure, hence, a broader share of investors would result in higher acceptance on the market and will help to increase the trading volume.
- Unchanged PT:** Regarding the recent news flow we feel confident that the newly established group is able to achieve its mid-term targets. Since the legal integration is now completed the company can work on generating synergy effects and to achieve a sustain profitability on a much higher level than in the past. For the time being we stick to our previous **PT of EUR 3.70 and confirm our HOLD recommendation.**



Sources: CBS Research AG, Bloomberg

Change	2012E		2013E		2014E	
	new	old	new	old	new	old
Revenues	-	37.0	-	40.9	-	46.5
EBITDA	-	0.0	-	2.2	-	3.5
EPS	-	-0.03	-	0.23	-	0.39

Internet: www.nruns.de
WKN: A0LEFF
Reuters: NXXG.DE

Sector: IT services
ISIN: DE000A0LEFF
Bloomberg: NNX GY

Short company profile:

n.runs AG is a leading information consulting company and offers expertise in the fields of IT-Security, IT-Infrastructure and IT-Business Consulting.

Share data:

Share price (last closing price):	EUR 3.70
Shares outstanding (m):	6.13
Market capitalisation (EURm):	22.7
Enterprise value (EURm):	21.6
Ø daily trading volume (3m, no. of shares):	132

Performance data:

High 52 weeks (EUR):	6.60
Low 52 weeks (EUR):	3.57
Absolute performance (12 months):	-10.8%
Relative performance (vs.CDAX):	
1 month:	-3.4%
3 months:	-33.8%
6 months:	-33.6%
12 months:	-32.2%

Shareholders:

VITEC Holding:	94.2%
Free float, others:	5.8%

Financial calendar:

9M12 report	November 2012
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Key data

Y/E 31 Dec, EURm	2009	2010	2011	2012E	2013E	2014E
	HGB	HGB	IFRS	IFRS	IFRS	IFRS
	n.runs	n.runs	Pro-Forma	Group	Group	Group
Sales	5.7	5.8	31.3	37.0	40.9	46.5
EBITDA	-0.2	0.6	1.4	0.0	2.2	3.5
EBIT (reported)	-0.3	0.5	1.2	-0.2	2.0	3.3
Net income/loss	-0.3	0.3	0.8	-0.2	1.4	2.4
EPS	-0.27	2.50	0.13	-0.03	0.23	0.39
CPS	0.39	-0.23	0.42	-0.04	0.14	0.25
EBITDA margin	-4.0%	10.2%	4.4%	-0.1%	5.4%	7.6%
EBIT margin	-5.7%	8.9%	3.9%	-0.5%	4.9%	7.1%
EV/EBITDA	n.m.	36.1	15.8	n.m.	9.8	6.1
EV/EBIT	n.m.	41.3	17.6	n.m.	10.8	6.5
P/E	n.m.	1.5	29.2	n.m.	15.8	9.5

Source: CBS Research AG, n.runs AG

Appendix

Profit and loss account

EURm	2010	2011	2011	2011	2011	2011	2011	2011	2012E	2013E	2014E
	n.runs	n.runs	n.runs	VITEC	VITEC Holding	Combined	Pro-Forma	Group	Group	Group	
	HGB	HGB	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	
Sales	5.84	5.25	5.25	26.22	-0.19	31.28	31.28	37.02	40.89	46.53	
YoY growth	3.3%	-10.2%	n.m.	n.m.	n.m.	n.m.	n.m.	18.3%	10.5%	13.8%	
Other operating income	0.20	0.13	0.13	0.05	-0.02	0.15	0.15	0.15	0.16	0.19	
as % of total output	3.4%	2.4%	2.4%	0.2%	10.2%	0.5%	0.5%	0.4%	0.4%	0.4%	
Total output	6.04	5.37	5.37	26.27	-0.21	31.43	31.43	37.17	41.06	46.72	
as % of total output	103.4%	102.4%	102.4%	100.2%	110.2%	100.5%	100.5%	100.4%	100.4%	100.4%	
Cost of materials	-1.16	-0.77	-0.77	-19.50	0.01	-20.26	-20.26	-23.69	-26.05	-29.32	
as % of total output	-19.2%	-14.3%	-14.3%	-74.2%	-5.1%	-64.5%	-64.5%	-63.7%	-63.4%	-62.7%	
Personnel costs	-3.24	-3.20	-3.20	-3.02	0.01	-6.20	-6.20	-7.59	-7.77	-8.19	
as % of total output	-53.6%	-59.5%	-59.5%	-11.5%	-4.4%	-19.7%	-19.7%	-20.4%	-18.9%	-17.5%	
Other operating expenses	-1.05	-1.23	-1.22	-2.60	0.21	-3.61	-3.61	-4.26	-4.83	-5.44	
as % of total output	-101.1%	-120.2%	-119.6%	-259.5%	19.5%	-359.2%	-359.2%	-424.0%	-480.6%	-542.3%	
Adjusted EBITDA	0.60	0.18	0.18	1.15	0.03	1.36	1.36	1.48	2.21	3.54	
as % of total output	9.9%	3.3%	3.4%	4.4%	-12.6%	4.3%	4.3%	4.0%	5.4%	7.6%	
Transaction costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.50	0.00	0.00	
as % of total output	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-4.0%	0.0%	0.0%	
EBITDA	0.60	0.18	0.18	1.15	0.03	1.36	1.36	-0.02	2.21	3.54	
as % of total output	9.9%	3.3%	3.4%	4.4%	-12.6%	4.3%	4.3%	-0.1%	5.4%	7.6%	
Depreciation and amortisation (incl. PPA depreciation)	-0.08	-0.06	-0.06	-0.08	0.01	-0.13	-0.13	-0.15	-0.20	-0.23	
as % of total output	-1.3%	-1.1%	-1.1%	-0.3%	-4.6%	-0.4%	-0.4%	-0.4%	-0.5%	-0.5%	
EBIT	0.52	0.12	0.13	1.06	0.03	1.23	1.23	-0.17	2.00	3.30	
as % of total output	8.9%	2.3%	2.4%	4.1%	-18.4%	3.9%	3.9%	-0.5%	4.9%	7.1%	
Adjusted EBIT	0.52	0.12	0.13	1.06	0.03	1.23	1.23	1.33	2.00	3.30	
as % of total output	8.6%	2.3%	2.4%	4.1%	-16.7%	3.9%	3.9%	3.6%	4.9%	7.1%	
Net financial results	-0.04	-0.01	-0.01	-0.04	0.01	-0.05	-0.05	-0.04	-0.01	0.00	
EBT (Earnings before income taxes)	0.48	0.11	0.11	1.02	-0.31	0.83	1.18	-0.21	2.00	3.30	
as % of total output	8.3%	2.1%	2.2%	3.9%	163.8%	2.6%	3.8%	-0.6%	4.9%	7.1%	
Income taxes (incl. other taxes)	-0.14	-0.04	-0.04	-0.36	0.00	-0.40	-0.40	0.03	-0.56	-0.92	
as % of EBT	-29.2%	-40.9%	-38.8%	-34.9%	0.0%	-48.4%	-34.0%	-15.0%	-28.0%	-28.0%	
Adjusted income	-	-	-	-	-	-	-	0.99	1.44	2.38	
Net income attributable to shareholders	0.34	0.06	0.07	0.52	-0.31	0.28	0.78	-0.18	1.44	2.38	
as % of total output	5.7%	1.2%	1.3%	2.0%	148.6%	0.9%	2.5%	-0.5%	3.5%	5.1%	
Shares outstanding (in m)	1.3	n.m.	-	-	-	-	6.1	6.1	6.1	6.1	
Basic earnings per share (EUR)	0.27	n.m.	-	-	-	-	0.13	-0.03	0.23	0.39	
Adjusted earnings per share (EUR)	-	-	-	-	-	-	-	0.16	-	-	

Source: n.runs AG, CBS Research AG

Balance Sheet

	EURm										
	2010	2011	2011	2011	2011	2011	2011	2011	2012E	2013E	2014E
	n.runs	n.runs	n.runs	VITEC	VITEC Holding	Combined	Pro-Forma	Group	Group	Group	
	HGB	HGB	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	
Assets											
Non-current assets	0.68	0.62	0.62	3.67	-4.14	-0.47	0.92	1.08	1.21	1.34	
as % of total assets	34.6%	30.1%	30.1%	28.0%	90.9%	-5.5%	9.2%	10.0%	9.4%	8.6%	
Intangible assets	0.02	0.01	0.01	0.95	0.00	2.97	0.04	0.09	0.14	0.19	
Goodwill	0.00	0.00	0.00	2.02	0.00	0.00	0.00	0.00	0.00	0.00	
Property, plant and equipment	0.13	0.12	0.12	0.34	-0.01	0.34	0.34	0.45	0.53	0.61	
Deferred tax assets	0.53	0.48	0.48	0.36	0.00	0.36	0.54	0.54	0.54	0.54	
Income tax claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Financial assets	0.00	0.00	0.00	0.00	-4.14	-4.14	0.00	0.00	0.00	0.00	
Current assets	1.27	1.43	1.44	9.46	-0.42	9.05	9.05	9.68	11.69	14.24	
as % of total assets	64.9%	69.3%	69.9%	72.0%	9.1%	105.5%	90.8%	90.0%	90.6%	91.4%	
Inventories	0.00	0.00	0.00	2.13	0.00	2.13	2.13	2.59	2.86	3.26	
Accounts receivable, other receivables and other assets	1.22	1.09	1.10	5.92	-0.33	5.60	5.60	6.31	7.50	8.51	
Cash and cash equivalents	0.06	0.34	0.34	1.41	-0.09	1.32	1.32	0.78	1.32	2.47	
Accrued items	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Deficit not covered by equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total assets	1.96	2.06	2.06	13.14	-4.56	8.58	9.97	10.76	12.89	15.58	
Shareholders' equity and liabilities											
Shareholders' equity	0.93	1.34	1.34	2.84	-0.23	2.61	4.00	3.82	5.26	7.64	
as % of total equity and liabilities	47.3%	65.2%	65.2%	21.6%	5.1%	30.4%	40.2%	35.6%	40.8%	49.0%	
Subscribed capital	1.25	1.43	1.43	0.22	-0.22	0.00	6.13	6.13	6.13	6.13	
Capital contribution from convertible bonds	0.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Capital reserve	0.57	1.25	1.24	0.91	0.00	0.91	-1.52	-1.52	-1.52	-1.52	
Retained profits	0.67	0.67	0.67	0.00	0.00	0.00	0.67	0.67	0.67	0.67	
Net retained earnings	-2.06	-2.00	-1.99	0.94	-0.02	0.92	-1.28	-1.46	-0.02	2.36	
Other equity + hedges	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Other reserves (incl. currency effects)	0.00	0.00	0.00	0.04	0.00	0.04	0.01	0.01	0.01	0.01	
Equity attributable to shareholders	0.93	1.34	1.34	2.10	-0.23	1.87	4.00	3.82	5.26	7.64	
Deficit not covered by equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Minorities	0.00	0.00	0.00	0.74	0.00	0.74	0.00	0.00	0.00	0.00	
Provisions and liabilities	1.03	0.72	0.72	10.29	-4.33	5.96	5.96	6.93	7.63	7.94	
as % of total equity and liabilities	52.7%	34.8%	34.8%	78.4%	94.9%	69.6%	59.8%	64.4%	59.2%	51.0%	
Financial lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Financial liabilities	0.00	0.00	0.00	0.20	0.00	0.20	0.20	0.20	0.21	0.22	
Provisions	0.16	0.35	0.01	0.29	-0.01	0.28	0.28	0.29	0.30	0.31	
Advance payments received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Accounts payable	0.22	0.18	0.34	4.45	-0.21	4.24	4.24	5.07	5.83	6.12	
Current income tax liabilities	0.00	0.00	0.00	0.16	0.00	0.16	0.16	0.17	0.18	0.20	
Other current liabilities	0.65	0.18	0.37	5.20	-4.11	1.09	1.09	1.19	1.11	1.09	
Debts related to assets held for sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total equity and liabilities	1.96	2.06	2.06	13.14	-4.56	8.58	9.97	10.76	12.89	15.58	

Source: n.runs AG, CBS Research AG

Cash flow statement

	EURm	2012E	2013E	2014E
EBT (Earnings before income taxes)		-0.21	2.00	3.30
Depreciation and amortisation		0.15	0.20	0.23
Other transactions incl. non-cash		0.05	-0.55	-0.91
Change in Working Capital		-0.22	-0.79	-1.12
Cash flow from operating activities		-0.24	0.87	1.50
CAPEX		-0.31	-0.34	-0.36
Other investing activities		-	-	-
Cash flow from investing activities		-0.31	-0.34	-0.36
Change in debt		0.01	0.01	0.02
Paid interests		-	-	-
Net proceeds from capital increase & right capital		-	-	-
Dividend payments		-	-	-
Cash flow from financing activities		0.01	0.01	0.02
Total change in cash and cash equivalents		-0.54	0.54	1.16
Changes in cash due to changes in consolidation		-	-	-
Cash and cash equivalents at the start of the period		1.32	0.78	1.32
Cash and cash equivalents at year's end		0.78	1.32	2.47

Source: CBS Research AG Since the company did not provide its cash flow on pro-forma basis, we only show the cash flow statements for 2012E-2014E

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Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 12 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Price target
31 July 2012	HOLD (Initiating Coverage)	EUR 3.70	EUR 3.70
04 October 2012	HOLD	EUR 3.70	EUR 3.70

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 12 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash

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The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

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