

**Buy** (initiation)

**Price target: EUR 12.50**

<b>Price:</b>	EUR 6.66	<b>Next result:</b>	Q3 2013 07.11.13
<b>Bloomberg:</b>	SHWK GR	<b>Market cap:</b>	EUR 14.0 m
<b>Reuters:</b>	SHSGk.F	<b>Enterprise Value:</b>	EUR 12.1 m

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## Know your customer

**85% of all digital information is unstructured.** Companies around the globe are eager to get access to these sources to improve their business quality and customer relationships.

This enables companies to improve their service quality and enhance the total lifecycle of a customer (increase cross- and upselling potential, credit risk management, reduce the churn rate and more). This is known as **Customer Management**.

Active since 1991, SHS VIVEON along with its **experienced management team focus** on the entire **value chain of Customer Management Solutions** with its own **software solutions (16% of sales) and consultant services (84% of sales)**.

Its **more than 200 highly loyal customers** from four core industries – Bank & Financial Services, Trade & eCommerce, Industry and Telecom & Media (e.g. Shell, Zalando, BMW Financial Services, Deutsche Telekom, Vodafone) value SHS VIVEON for its solutions that cover an end customer's total lifecycle.

SHS VIVEON has established a **partner network** to sell its licences in new markets. This, along with a significant **expansion in staff numbers** should allow SHS VIVEON to return to sales growth from 2014E, after a transition year in 2013E. New products and a high cross- and upselling potential among its loyal customer base should back this trend as well.

While the company guides for € 50m in sales at a double-digit EBITDA margin by 2015, we take a more conservative stance and expect sales of € 35m at an 11.5% EBITDA margin by 2015E. This would imply an **8% sales growth from 2013E and an estimated strong increase in EBITDA by a CAGR12-15E of 22% at a favourable ROCE of 31% by 2015E and strong free cash flow generation.**

SHS VIVEON is a **growth and quality company** with a **loyal customer base**. Coverage is initiated with a **BUY** recommendation and a **PT of € 12.50** based on FCFY 2014/15E. A **DCF model** points to an **even higher fair value**.

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	25.3	21.4	23.1	27.8	26.0	30.2	35.0
Sales growth	-3 %	-15 %	8 %	20 %	-6 %	16 %	16 %
EBITDA	0.9	1.8	1.9	2.2	0.3	2.0	4.0
EBIT	0.4	1.4	1.4	1.7	-0.2	1.3	3.3
Net income	-2.6	0.9	1.2	1.3	-0.2	1.0	2.4
Net debt	2.1	-1.8	-1.8	-2.0	-1.9	-2.1	-3.7
Net gearing	203.4 %	-51.8 %	-38.9 %	-36.0 %	-31.0 %	-30.4 %	-40.6 %
Net Debt/EBITDA	2.3	0.0	0.0	0.0	0.0	0.0	0.0
EPS fully diluted	-1.24	0.44	0.59	0.61	-0.09	0.47	1.16
CPS	-1.54	0.48	0.39	0.12	0.04	0.16	0.81
DPS	0.00	0.00	0.20	0.25	0.15	0.15	0.15
Dividend yield	0.0 %	0.0 %	3.0 %	3.8 %	2.3 %	2.3 %	2.3 %
Gross profit margin	90.1 %	92.2 %	91.1 %	92.4 %	96.2 %	96.4 %	96.6 %
EBITDA margin	3.5 %	8.4 %	8.3 %	7.9 %	1.3 %	6.6 %	11.5 %
EBIT margin	1.6 %	6.3 %	6.2 %	5.9 %	-0.9 %	4.4 %	9.4 %
ROCE	5.8 %	22.0 %	23.8 %	22.5 %	-2.6 %	14.6 %	31.1 %
EV/sales	0.6	0.6	0.5	0.4	0.5	0.4	0.3
EV/EBITDA	18.1	6.7	6.4	5.5	36.9	6.0	2.6
EV/EBIT	38.6	9.0	8.6	7.3	-54.1	8.9	3.2
PER	-5.4	15.3	11.4	10.9	-74.3	14.2	5.7
Adjusted FCF yield	2.4 %	9.5 %	10.8 %	11.7 %	-1.4 %	8.6 %	24.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.08.2013



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 14.95 / 6.50  
**Price/Book Ratio:** 2.2  
**Relative performance (SDAX):**  
3 months -32.4 %  
6 months -54.3 %  
12 months -35.2 %

## Changes in estimates

		Sales	EBIT	EPS
2013	old:	26.0	-0.2	-0.09
	Δ	-	-	-
2014	old:	30.2	1.3	0.47
	Δ	-	-	-
2015	old:	35.8	3.2	1.11
	Δ	-	-	-

## Key share data:

Number of shares: (in m pcs) 2.1  
Authorised capital: (in € m) 2.1  
Book value per share: (in €) 3.0  
Ø trading volume: (12 months) 6,200

## Major shareholders:

Free Float 79.0 %  
Executive Board 8.0 %  
Supervisory Board 6.0 %  
Management 5.0 %  
Own Shares 2.0 %

## Company description:

SHS VIVEON AG is a business and IT consultancy focused on customer management solutions with its own customised software solutions.

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## Executive Summary

### SHS VIVEON AG in a nutshell

SHS VIVEON AG focuses on the entire value chain of **Customer Management Solutions** (CMS) for the B2B and B2C environment. Its solutions cover Customer Value Management, Customer Risk Management (CRiskM), Customer Analytics, Campaign Management, Business Intelligence (BI), Data Warehousing (DWH) and Big Data.

Globally, companies are faced with the **dilemma of balancing opportunities and threats** in a business with unknown parties. While sales departments would like to go for every revenue opportunity, credit risk departments would rather try to avoid any additional sales as these come with additional default risk.

**SHS VIVEON helps its clients to manage this conflict of interest** as its solutions allow to take care of an end customer in a holistic way throughout his total lifecycle.

Taking care of the value and risk sides during the different stages of the lifecycle of an end customer, SHS VIVEON enables its customer to adjust his business opportunities and risk in a fully flexible way. In the end, this provides SHS VIVEON's clients with a higher revenue potential while reducing the risk profile, which should translate into an increase in earnings.

Its highly **reputable customer base** of more than 200 well-known companies that are globally active highly **perceive** and **value** SHS VIVEON's product portfolio. An increasing amount of cross- and upselling business is a clear sign of the **high customer loyalty**.

SHS VIVEON's activities are split into two business segments with the **Risk Segment** accounting for € 12.7m or 45.8% of 2012 sales. Among its Risk Segment, business is split into **Software-related Service** (€ 8.4m or 66% of segment sales) and the **Software Business** (€ 4.3m representing 34% of segment sale).

Within its **Value Segment** that represents 54.2% of group sales (€ 15.0m), business is split into **Professional Services** (€ 10.1m) and **IT-Solutions** (€ 4.9m).

SHS VIVEON was founded in 1991 and went public in 1999. Headquartered in Munich, the company currently employs more than 250 staff members mainly at its Munich location. Its solutions are used by its customers in circa 40 countries around the globe.

SHS VIVEON's most promising software and service solutions are **RiskSuite**, **DebiTEX**, **profitBOX** and **BI4eCommerce**.

### **RiskSuite (28% of group sales)**

RiskSuite provides solutions to manage and automate risk-related customer management processes (CRiskM), thus **mainly appealing to banks, insurance and telecom companies**. Graphic configuration tools allow swift reaction to changes in processes such as application decision, fraud prevention and receivables management. The software helps **fulfilling regulations** offering advanced tools even for business users without deeper programming knowledge.

For example, it supports **UniCredit Leasing** to fulfil regulatory issues such as Basel II in addition to valuation tools related to leasing contracts. Requirements related to leasing contracts have significantly changed and

increased over the last years which is mainly due to regulatory changes. RiskSuite helps to react quickly and to be flexible for coming (regulatory) changes.

## DebiTEX (18% of group sales)

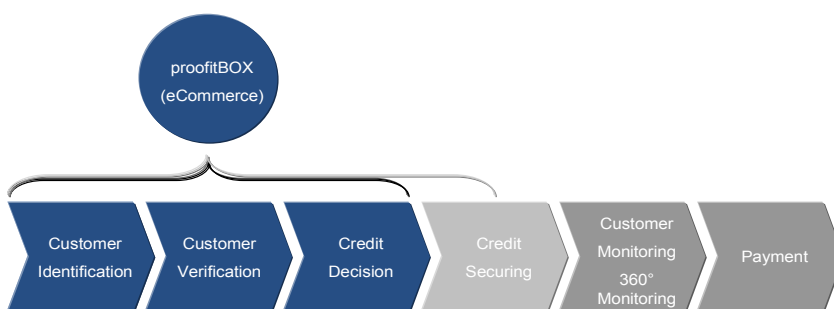
DebiTEX offers solutions for customer risk and credit management also allowing tailored solutions for specific credit management needs. Using data from financial accounting and ERP systems the software complements these data with information from more than 50 national and international information suppliers. With the help of this gathered data the system automatically generates a credit rating and the respective credit limit for the individual customer. These processes can be tailored to specific businesses or divisions within a company. Consequently, the software ensures credit guidelines are adhered to across the group and across borders. **In Germany, it enables customers to fulfil the regulatory required minimum requirements for Credit Management (MaCM).**

## profitBOX (newly introduced / SaaS based pricing)

profitBOX is a standardised software solution for e-commerce business providing online shops with a fully automated risk analysis for clients. In e-commerce, a general problem arises at the checkout as both parties would like to minimise their risks; the merchant prefers payment in advance, while a customer would like to pay upon arrival of the ordered goods. Being able to manage the risk for a merchant increases the chance of a checkout along with a lower default rate.

In real time, the software evaluates the shopping basket, compares internal and external payment methods and individually suggests the appropriate methods of payment to the client while also offering fraudulent pattern recognition. The generated information is stored and taken into consideration for follow-up orders. The software hence contributes to the business success of e-commerce companies by reducing the number of purchase cancellations, increasing conversion rates, minimising fraudulent cases and reducing problems related to payments. Thus it finally contributes to the overall satisfaction rate of the online customer.

### Value chain of profitBOX for credit risk management

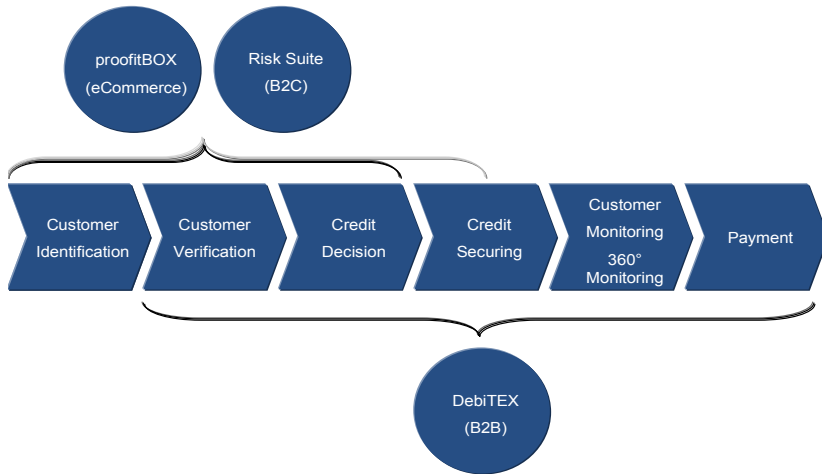


Source: Company data; Hauck & Aufhäuser

Thanks to this, a merchant can minimise the break-up ratio at an economically justifiable risk. With a current common break-up ratio of some 50%, sales potential and conversion rate for the online merchant are significant and easily justify SHS VIVEON's solution.

The product can be extended by **profitBOX Secure** which provides merchants with a guaranteed payment. SHS VIVEON prices this product with an estimated 5% of the total invoiced amount, in our view. In February 2013, SHS VIVEON acquired a 25% stake in Accuravis, a German based money collection company.

## SHS VIVEON solutions for the Credit Risk Management



Source: Company data; Hauck & Aufhäuser





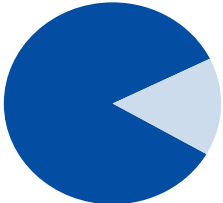
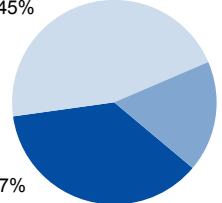
### BI4eCommerce (newly introduced / SaaS based pricing possible)

BI4eCommerce is a new Business Intelligence Solution (BI) specifically **designed for eCommerce companies to manage the web-shop as well as the relevant customer relationship**. The solution combines all customer and shop data sources in one interface. The BI4eCommerce suite allows to **analyse, report** and **customise** e.g. customer buying patterns, social media behaviour, campaign management or the success of loyalty programmes.

The result is a high level of individual and detailed customer information which allow shop owners to **allocate marketing budget** more customer and/or channel dedicated. Consequently, it helps to **increase the customer conversion rate** and results in **less return shipments** at increasing shop profitability. On top of this, the reporting tool allows to monitor the success of the return shipment management.

This highly detailed **analyse, reporting** and **solution tool** helps web-shop owners to **increase the contribution margin per customer** which is essential not only for eCommerce companies.

All its products are **distributed by SHS VIVEON's own sales channel** as well as via a **partner network**.

	Risk				Value	
	Software-related Service	Software	Professional Services	IT-Solutions	Group	
<b>Solutions</b>	Customer Value Management, Customer Risk Management, Customer Analytics, Campaign Management, Business Intelligence, Data Warehousing, Big Data					
<b>Sales 12 (€ m)</b>	8.4	4.3	10.1	4.9	<b>27.7</b>	
<b>Sales share</b>	30%	16%	37%	18%		
<b>End markets</b>	Banks & Financial Services	Trade & eCommerce (B2C)	Trade & Industry (B2B)	Telecommunication & Media		
<b>Customers</b>	Banks & Financial Services 	Trade & eCommerce (B2C) 	Trade & Industry (B2B) 	Telecommunication & Media 		
<b>Competitors</b>	Experian Plc., arvato Bertelsmann, BillPay GmbH, IBM, Caggemini, Accenture					
<b>Sales split (12)</b>	IT consulting 84.5% 		Software 15.5% Risk 45% Value 37% IT-Solutions 18% 			
<b>EBIT 12 (€ m)</b>	na	na	na	na	<b>1.7</b>	
<b>EBIT-margin</b>	na	na	na	na	<b>6.0%</b>	
<b>ROCE 12</b>	na	na	na	na	<b>19.7%</b>	

Source: company data, Hauck & Aufhäuser

## Competitive Quality

### Product quality – get more out of your data

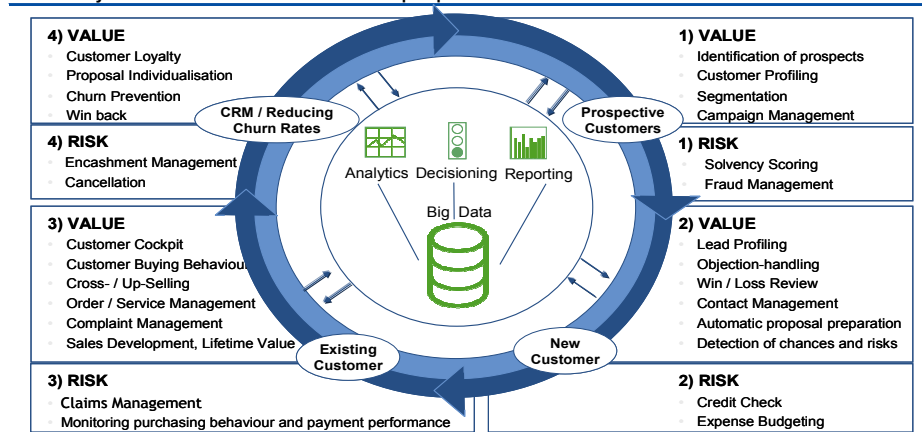
Companies are constantly forced to balance their business risks and opportunities to create value.

An extreme example is the ongoing conflict between the sales and the risk departments. While sales aims to get every potential new customer on board, the risk department is likely to decline all of them to minimise default risks for the company.

At this point, SHS VIVEON enters the ring with its Customer Management Solutions (CMS). The product portfolio covers highly specialised consultant services and customised software solutions that allow companies to manage their customers along the total lifecycle (TLC).

Its solutions start at the point where a **prospective customer** comes into contact with a company, through the **management of new customers** and **existing customers** to the point of **increasing customer relationship and reducing churn rates**.

Total life-cycle of a customer from risk and value perspective



Source: Company data; Hauck & Aufhäuser

### Company quality

- 1) SHS VIVEON is an **early mover** in the field of **Customer Management Solutions** where it is active in since **1999** and has a **dedicated and experienced management team**. Thanks to its **early focus on four core industries (Banks & Financial Services, trade & eCommerce, Industry and Telco & Media)**, SHS VIVEON has built up a **broad and effective product portfolio** that covers the **TLC of an end customer** involving software and consultant services.

## Product portfolio and service offers

	Analysis	Conception	Implementation	Operation
Strategy	<ul style="list-style-type: none"> <li>Business model analysis (value, risk)</li> <li>Business case analysis</li> <li>Benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Positioning</li> <li>Vision and mission statement</li> <li>Sphere of activity and roadmap</li> <li>Risk strategy</li> </ul>	<ul style="list-style-type: none"> <li>Support of transformation process</li> <li>Change management</li> </ul>	<ul style="list-style-type: none"> <li>Outsourcing strategies</li> <li>Data protection concepts (value, risk, credit agencies)</li> <li>Training and coaching</li> </ul>
Processes & Organisation	<ul style="list-style-type: none"> <li>Process analysis (marketing, sales, finance, risk, etc.)</li> <li>Maturity level assessment</li> <li>Benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Functional design</li> <li>Process models and landscapes</li> <li>Process and success metrics (value, risk)</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of processes (value, risk)</li> <li>Process control and management</li> <li>Training and coaching</li> </ul>	<ul style="list-style-type: none"> <li>Assuming full process responsibility (service delivery for value, risk)</li> <li>Training and coaching</li> </ul>
Analytics	<ul style="list-style-type: none"> <li>Evaluation of customer knowledge</li> <li>Evaluation of analysis methods for knowledge extraction</li> <li>Evaluation of risk processes</li> </ul>	<ul style="list-style-type: none"> <li>Customer segmentation and profiling approaches</li> <li>Design of forecast frameworks (value, risk)</li> <li>Design of decision logic (value, risk)</li> </ul>	<ul style="list-style-type: none"> <li>Development, monitoring and optimisation of forecast models (scorecards for value, risk)</li> <li>Ad-hoc and special analyses</li> </ul>	<ul style="list-style-type: none"> <li>Continual improvement</li> <li>Assuming full process responsibility (service delivery for value, risk)</li> <li>Scorecard maintenance (value, risk)</li> </ul>
Data & Information	<ul style="list-style-type: none"> <li>Information needs analysis (value, risk)</li> <li>Data quality analysis</li> <li>Maturity level assessment</li> <li>Evaluation of credit agencies</li> </ul>	<ul style="list-style-type: none"> <li>Data modelling</li> <li>Concepts for data enhancement (value, risk)</li> <li>Gathering of decision-relevant information</li> </ul>	<ul style="list-style-type: none"> <li>Data integration, particularly integration of Web analytics and social media data into DWH world</li> <li>Analysis-oriented data processing (value, risk)</li> </ul>	<ul style="list-style-type: none"> <li>Continual improvement</li> <li>Assuming full process responsibility (service delivery for value, risk)</li> <li>Credit agency maintenance (value, risk)</li> </ul>
IT systems	<ul style="list-style-type: none"> <li>Requirements analysis</li> <li>Tool evaluation</li> <li>System review</li> </ul>	<ul style="list-style-type: none"> <li>IT conception</li> <li>Design IT architecture</li> <li>Interface specification (internal, external, credit agencies)</li> </ul>	<ul style="list-style-type: none"> <li>System integration</li> <li>Technical realisation of solutions (discussion platforms, campaign management, risk, credit management, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>System operation in own data centre (24x7)</li> <li>Assuming full process responsibility (service delivery for value, risk)</li> </ul>

Source: Company data; Hauck & Aufhäuser

2) Its products are highly **perceived** and **valued** by its well-known customers. Within its four focus industries, SHS VIVEON is a clear market leader as the company serves:

- 3 out of 4 German mobile providers.
- within the e-commerce world, the well-known internet focused private equity company **Rocket Internet** (owning **zalando**) and **buch.de**.
- several blue-chip global players like **BP**, **Shell**, **MAN**, **SwissLife** or **UniCredit**.



Source: Company data; Hauck & Aufhäuser

SHS VIVEON's solutions enable the client to:

- 1) lift **further revenue potential** at a **reduced fraud rate** of new or existing customers...
- 2) ... additionally, SHS VIVEON's analysis of a company's Big Data provides the client with **new business opportunities e.g. cross- and upselling**.

The combination of both allows a client to **actively manage an end customer throughout his total lifecycle** and **reduce the churn rate** thanks to a **more individualised Customer Management**. Examples are:

- O2**: next best activity
- E-Plus**: real-time decisioning
- XING**: webtracking for product management
- Coop**: analysis of invoices
- Zalando**: campaign management
- Schwarz e-commerce**: real-time credit scoring



**Banks:** analysis of transaction data

SHS VIVEON enjoys a **favourable track record** and has a **highly loyal customer base** which is further strengthened by:

- 1) a highly **individualised** and **customised product solution** that is implemented at the client by SHS VIVEON's **highly skilled IT consulting team**.
- 2) SHS VIVEON willingness to **go the extra mile** to succeed in a pitch over its less focused larger competitors such as Experian. This provides SHS VIVEON's customers with a superior product quality.
- 3) SHS VIVEON being **close to its more than 200 customers** thanks to:
  - a. its **own sales force** and
  - b. the newly introduced partner network that covers **Integration Partners, Resellers** and **Referral Partners**.

Based on its effective solutions, SHS VIVEON was able to quickly establish its **international partner network** which was built up from scratch. It covers different types of partners from **Integrator** over **Reseller** to **Referral** partners.

#### SHS partner network

Company	Typ of partnership	Country	Sector	Number of employees
<b>Armada</b>	Reseller & Integrator	Russia	system integrator	1,000
<b>CROC</b>	Reseller & Integrator	Russia	system integrator	2,500
<b>Skynet</b>	Reseller	Russia, Ukraine	consultant	100
<b>R-Style</b>	Reseller & Integrator	Russia	consultant	2,000
<b>Co-Pilot</b>	Referral & Reseller	UK	consultant	10
<b>Marsh</b>	Referral	worldwide	insurance broker	50,000
<b>AON</b>	Referral	worldwide	insurance broker	50,000
<b>Sayes</b>	Reseller & Integrator	Spain	system integrator	20
<b>HCL</b>	Reseller & Integrator	worldwide	system integrator	90,000
<b>Cognizant</b>	Integrator	worldwide	system integrator	150,000

*Source: Company data; Hauck & Aufhäuser*

It is seen as a proof of concept that large companies like **Cognizant Technology Solutions** (USA) with 150,000 employees act as integrators. But also **HCL** (90,000 employees), **Marsh** and **AON** (both with 50,000 employees) are part of SHS VIVEON's global partner network and choose to sell SHS VIVEON's solutions.

**Barriers to entry for competition are kept high thanks to:**

- 1) high customisation and niche status deterring large software companies to enter the market
- 2) its know-how gained in several projects
- 3) its newly established partner network

Putting all together, SHS VIVEON's early focus on four core markets has resulted in a **leading market position** for CMS and comes along with a **strong track record** in the IT service and software industry. This has allowed SHS VIVEON to build up a **well-known** and **highly loyal customer base** and explains a **sound competitive quality**.

## Business quality

SHS VIVEON is able to turn its **leading product quality** and **track record** in the software and IT service market into **compelling business quality**.

## Returns / ROCE

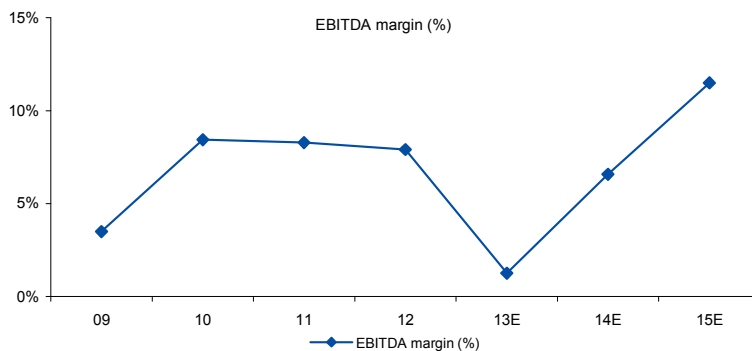
The company is able to turn the strong top-line growth into sound capital returns that are driven by:

- a high capital efficiency reflected in a capital turn of 3x
- improving EBIT margin

While the company has created value over the last years with ROCE exceeding 20%, **2013 is only seen as a transition year**, biased by an increase in personnel which should lift ROCE to levels of 31% by 2015E.

Thanks to the mentioned establishment of a partner network which should leverage sales and hence create economies of scale, EBITDA margin looks set to increase to 11.5% in 2015E.

### EBITDA margin



Source: Company data; Hauck & Aufhäuser

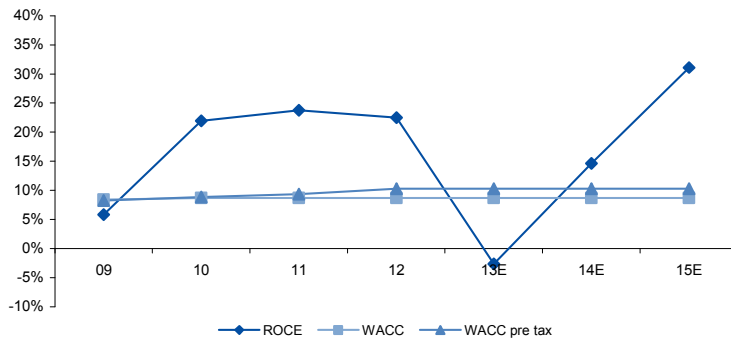
2013 is seen as a transition year marked by heavy investments into personnel (+ 12% yoy to estimated € 20m and headcount to 265 (2012: 241)) – H1 2013 personnel costs increased by 19% yoy to € 10m. As a result of the termination of a contract with a sub-supplier, sales are expected to decline by 6% yoy in 2013E. Due to this, 2013E EBITDA should only reach € 0.3m with an expected margin of 1.3%.

**From 2014 onwards**, we see sales and earnings to increase on the back of the significant increase in headcount, new products and new contracts like the one with Vodafone.

Moreover, the positive EBITDA development is backed by an expected increase in maintenance revenues from its currently relatively low level of only 6% of group sales.

Due to the mentioned issues, SHS VIVEON's sound ROCE of 23% in 2012 is set to continue to increase towards a **favourable level of 31% in 2015E, well exceeding the WACC, according to our estimates.**

## Returns



Source: Company data; Hauck & Aufhäuser

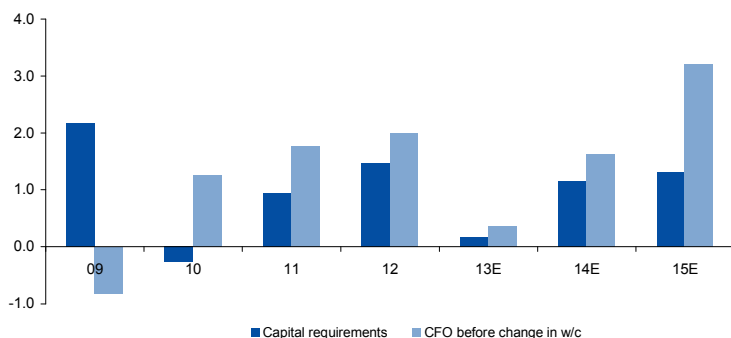
## Cash flows

Besides very healthy returns, SHS VIVEON's **cash flow generation is also sound.**

Having spent capex mainly for office and IT equipment for its new employees in 2012, future capex is forecasted to bottom out in 2013. Apart from this, cash flow generation is sound and is set to significantly exceed capex requirements in the future.

In the past, the cash flow was also supported by a low tax rate due to tax loss carry forwards. As these had been fully used in 2012, we expect the tax rate to increase to a level of 25% from 2013.

## Capital requirements and CFO before changes in w/c



Source: Company data; Hauck & Aufhäuser

Hence, free cash flow in absolute terms is forecasted to be € 1.9m in 2015E, up from € 0.5m in 2012, in our view.

## Growth

### Product growth

SHS VIVEON's sales are expected to grow by a **8% CAGR12-15E** to € 35m (management guidance of €50m) driven by:

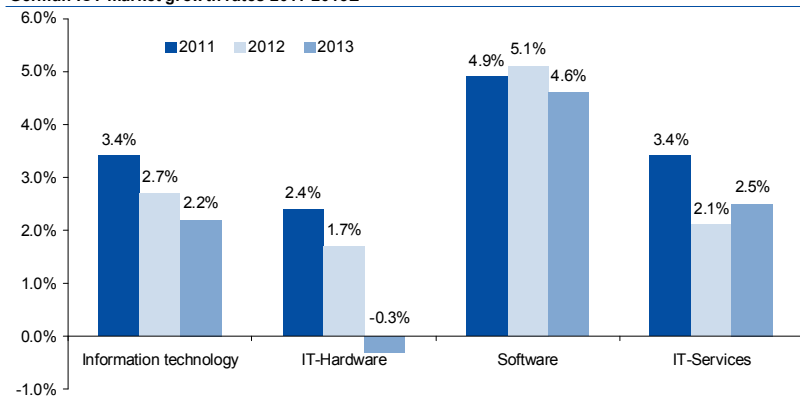
- cross- and upselling within the existing customer base
- the new established partner network
- new product offerings

This is set to result in disproportionate growth in **EBIT by a CAGR12-15E of 26% to € 3.3m.**

### Software and IT market growth

- German IT and New Media association BITKOM forecasts the **German software market to grow by 4.6% yoy** to € 17.8bn in 2013 after a growth of 4.4% yoy in 2012.
- **For 2013, Gartner expects the global IT market to show growth of 4.2%** after 1.2% in 2012.

German ICT market growth rates 2011-2013E



Source: BITKOM March 2013, Hauck & Aufhäuser

- **German IT services** are expected to show growth rates of **2.5% yoy in 2013** (to € 35.8bn), increasing from 2.1% yoy in 2012 (€ 34.9bn).
- **Worldwide, Gartner forecasts the 2013 IT service market to increase 6.4% yoy** after 3.3% in 2012.

After years of postponements or investment backlogs for software and IT service spending, companies are seen to start investing again.

**As a result, software and IT spending are expected to show solid growth rates for the next years.**

### Big Data market to outperform the underlying IT market

Among this growth market for software and IT, we see **the market for Big Data, along with the topic “cloud computing”, to be the strongest growth driver in the industry.**

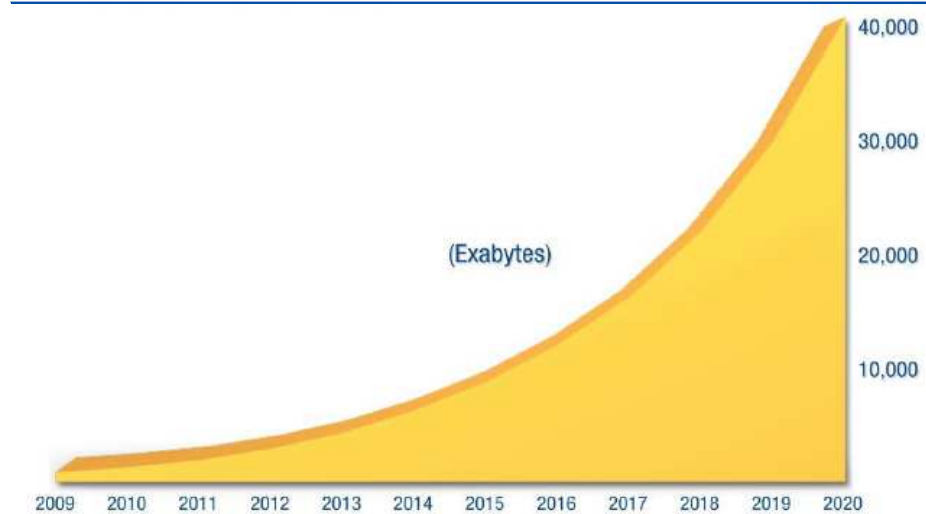
According to thesocialskinny.com, every minute of the day:

- 100,000 tweets are sent
- 684,478 pieces of content are shared on Facebook
- 2 million search queries are made on google
- 48 hours of video are uploaded to YouTube
- 47,000 apps are downloaded from the App Store
- 3,600 photos are shared on Instagram
- 571 websites are created
- \$272,000 is spent by consumers online

Latest data from IDC suggest an extraordinary strong growth in global data volume which is forecasted to **grow by a factor of 300, or from 130 exabytes in 2012 to 40,000 exabytes by 2020**. This means that from now until 2020, the digital universe will double every two years.

### The Digital Universe (2009 – 2020E)

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Source: IDC Digital Universe Study Dec. 2012; Hauk & Aufhäuser

As most of these data are unstructured, meaning we know little about it, companies are interested in getting access to these data. **By 2012, only some 3% of data are tagged and analysed.** Big data technology is supposed to extract more value out of the total vast of data to increase the percentage of tagged and analysed data.

**In the end, the right use of these data will help especially the Customer Management of companies to create new business value and new innovations.**

For further details on this topic, please see our Theme section of this note.

Consequently, the underlying **growth of the IT market is outperformed** by the **manifold growth potential of the Big Data** segment.

### **Sales and EBITDA growth**

SHS VIVEON helps companies to make effective use of data **as the company is a specialist** in the field of **Customer Management Solutions and Big Data** with **more than 10 years of experience**. Hence, SHS VIVEON is well positioned to exploit these growth perspectives.

Sales growth of SHS VIVEON is preliminary driven by organic elements:

## 1. With existing clients (cross- and upselling)

Traditionally, a client implements a first product on a limited base. After a successful launch and testing period, it's likely that the cooperation with SHS VIVEON will be expanded by:

1. new product features and/or
2. new regions.

**BMW Financial Service** as one of SHS VIVEON's flagship customers expanded the cooperation for **RiskSuite** software, starting in 2002, **into 15 countries** in 2012 now serving 35 countries around the globe.

**BP** enhanced the cooperation with SHS VIVEON by additional product features of the **DebiTEX** software and introduced it **into 12 countries**. This project roll-out started in 2010.

In 2012, SHS VIVEON was able to further convince **AGFA** (20 countries) and **Shell** (24 countries) to expand their sourcing of SHS VIVEON products for the Credit Management on a global base.

These examples should provide an idea on the chances for SHS VIVEON to increase the cooperation with its existing 200 clients to lift **further revenue potential through cross- and upselling** of its product portfolio.

## 2. Through partners in new regions

As part of SHS VIVEON's strategy to increase its sales to € 50m by 2015, the company has targeted several new markets.

To achieve this aim, the company has set up a model for a partner programme. This ranges from a **system integrator** and a **resell distributor** to a **referral partner**.

The company has already set up **partner agreements with e.g. Armada in Russia, AON or Marsh on a global base**. E.g. the mentioned roll-out for BMW Financial Service in several new countries will be implemented by its new partners HCL (90,000 employees) and Cognizant (150,000 employees).

While in 2012 partner revenues did not exist, partners should contribute a share of 25% to group revenues by 2015. For 2013, management already expects € 0.5m in license sales from its partner network.

In our view, this should allow SHS VIVEON to **boost its software sales** from the current level of 15% of group sales. Consequently **recurrent maintenance revenues and group margins** are expected to be **lifted up** from the current level of 8% EBITDA margin.

## 3. New product offerings / industries

Backed by its partner network, SHS VIVEON should be able to attract new industries with its products. Currently, SHS VIVEON serves **more than 200 clients** from the financial,

Telecom & Media, B2B and B2C industries.

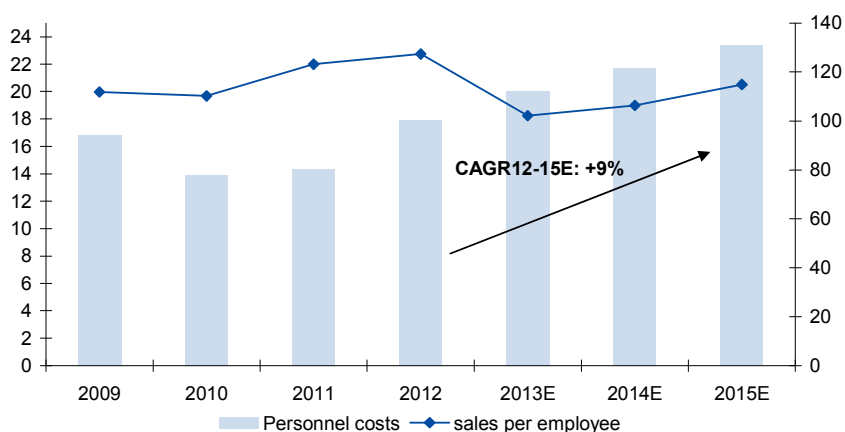
As a leader in innovations, SHS VIVEON aims to **increase its product portfolio** further by e.g. 'Data Centre & Cloud Services' and 'IT solutions Consulting & Services' by 2015. Spending **more than 60% of sales for personnel**, the company is clearly focused on continuously improving its product quality and features.

According to SHS VIVEON's business plan, 15% of 2015E revenues (€ 50m) are forecasted to stem from new product offering.

While management is explicitly targeting **external growth** through acquisitions or increasing its stake in a promising growth company (25% stake in Accuravis in February 2013), we haven't factored in any further M&A deals into our numbers to take a conservative approach.

Overall, the mentioned expected strong sales growth over the coming years is backed by a strong increase in personnel. SHS VIVEON expanded its staff by 24% yoy at the end of 2012. Part of these employees are high professionals from SHS VIVEON's competitor Experian or companies like SAP or Oracle.

Personnel costs (€m) and sales per employee (€)



Source: Company data; Hauck & Aufhäuser

Backed by the decline in the personnel cost ratio, we expect the gross margin to improve, which has a positive impact on SHS VIVEON's pricing situation.

The expected sound sales growth should translate into a **disproportionate EBIT growth** for SHS VIVEON thanks to economies of scale, mainly due to the decline in the personnel cost ratio and a leverage from its investments esp. in personnel of 2012/2013 from 2014 onwards. As a result, we forecast **EBIT to improve at a 26% CAGR12-15E**.

The company has provided the market with a **2015 guidance to reach sales of € 50m** (organic and external growth) at a "double-digit EBITDA margin".

	2008	2009	2010	2011	2012	2013E	2014E	2015E
	FY	FY	FY	FY	FY	FY	FY	FY
<b>Total cost accounting</b>								
<b>Sales</b>	<b>26.0</b>	<b>25.3</b>	<b>21.4</b>	<b>23.1</b>	<b>27.8</b>	<b>26.0</b>	<b>30.2</b>	<b>35.0</b>
yoy	n.a.	-2.5%	-15.4%	7.6%	20.2%	-6.3%	16.2%	15.9%
<b>Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Material expenses</b>	<b>2.5</b>	<b>2.5</b>	<b>1.7</b>	<b>2.1</b>	<b>2.1</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>
in % of sales	9.8%	9.8%	7.8%	9.0%	7.5%	3.8%	3.6%	3.4%
yoy	n.a.	-2.6%	-32.5%	23.8%	0.0	-51.9%	10.0%	9.1%
<b>Gross profit</b>	<b>23.8</b>	<b>22.5</b>	<b>19.6</b>	<b>21.2</b>	<b>25.4</b>	<b>25.2</b>	<b>29.3</b>	<b>34.0</b>
<b>Gross profit margin</b>	<b>91.4%</b>	<b>88.9%</b>	<b>91.5%</b>	<b>91.6%</b>	<b>91.6%</b>	<b>96.9%</b>	<b>97.0%</b>	<b>97.1%</b>
yoy	n.a.	-5.2%	-12.9%	7.7%	0.2	-0.9%	16.3%	16.0%
<b>Personnel</b>	<b>17.4</b>	<b>16.8</b>	<b>13.9</b>	<b>14.3</b>	<b>17.9</b>	<b>19.8</b>	<b>21.7</b>	<b>23.4</b>
in % of sales	67.0%	66.4%	64.7%	62.1%	64.4%	76.2%	71.8%	66.8%
yoy	n.a.	-3.3%	-17.5%	3.4%	24.6%	10.8%	9.4%	7.9%
<b>Other income</b>	<b>1.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
in % of sales	5.7%	2.5%	3.2%	0.8%	1.5%	1.5%	1.3%	1.1%
yoy	n.a.	-56.3%	6.2%	-72.4%	1.2	-4.8%	0.0%	0.0%
<b>Other expenses</b>	<b>6.6</b>	<b>5.5</b>	<b>4.6</b>	<b>5.1</b>	<b>5.8</b>	<b>5.5</b>	<b>6.0</b>	<b>7.0</b>
in % of sales	25.4%	21.5%	21.6%	22.0%	20.8%	21.0%	20.0%	20.0%
yoy	n.a.	-17.3%	-15.1%	9.9%	13.5%	-5.5%	10.6%	15.9%
<b>EBITDA</b>	<b>1.2</b>	<b>0.9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.2</b>	<b>0.3</b>	<b>2.0</b>	<b>4.0</b>
<b>EBITDA margin</b>	<b>4.8%</b>	<b>3.5%</b>	<b>8.4%</b>	<b>8.3%</b>	<b>7.9%</b>	<b>1.3%</b>	<b>6.6%</b>	<b>11.5%</b>
yoy	n.a.	-28.7%	104.0%	5.6%	14.9%	-85.1%	508.0%	102.4%
<b>Depreciation</b>	<b>4.2</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>
in % of sales	16.3%	1.9%	2.1%	2.1%	2.0%	2.1%	2.2%	2.1%
yoy	n.a.	-88.9%	-4.3%	8.1%	12.0%	0.9%	18.2%	15.4%
<b>EBIT</b>	<b>-3.0</b>	<b>0.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>-0.2</b>	<b>1.3</b>	<b>3.3</b>
<b>EBIT margin</b>	<b>-11.6%</b>	<b>1.6%</b>	<b>6.3%</b>	<b>6.2%</b>	<b>5.9%</b>	<b>-0.9%</b>	<b>4.4%</b>	<b>9.4%</b>
yoy	n.a.	-113.9%	226.4%	4.8%	16%	-113.5%	-699.5%	144.7%
<b>Interest expenses</b>	<b>0.7</b>	<b>0.7</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
in % of sales	2.8%	2.6%	1.7%	0.4%	0.3%	0.1%	0.0%	0.0%
yoy	n.a.	-9.0%	-43.3%	-73.5%	-20.7%	-80.9%	0.0%	0.0%
<b>Interest income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
in % of sales	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%
<b>EBT</b>	<b>-14.8</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>-0.2</b>	<b>1.3</b>	<b>3.3</b>
<b>EBT margin</b>	<b>-57.1%</b>	<b>-10.1%</b>	<b>4.3%</b>	<b>5.8%</b>	<b>5.7%</b>	<b>-0.8%</b>	<b>4.5%</b>	<b>9.4%</b>
yoy	n.a.	-82.7%	-136.3%	43.3%	18.1%	-113.7%	-724.2%	144.9%
<b>Income tax</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.1</b>	<b>0.3</b>	<b>0.8</b>
Tax rate	-1.3%	-1.7%	1.7%	7.7%	18.3%	25.0%	25.0%	25.0%
yoy	n.a.	-77.6%	-64.8%	562.4%	1.8	-118.7%	-724.2%	144.9%
<b>Other tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Tax rate	-0.1%	-0.8%	1.9%	1.2%	1.7%	-12.4%	2.0%	0.8%
yoy	n.a.	35.7%	-11.5%	-12.1%	68.9%	0.0%	0.0%	0.0%
<b>Net profit</b>	<b>-15.0</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.189</b>	<b>0.983</b>	<b>2.4</b>
<b>Net profit margin</b>	<b>-57.8%</b>	<b>-10.3%</b>	<b>4.3%</b>	<b>5.3%</b>	<b>4.6%</b>	<b>-0.7%</b>	<b>3.3%</b>	<b>7.0%</b>
yoy	n.a.	-82.6%	-135.1%	34.5%	0.0	-114.6%	-621.5%	148.8%
<b>No. of shares</b>	<b>15.0</b>	<b>2.10</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
<b>EPS</b>	<b>-1.00</b>	<b>-1.24</b>	<b>0.44</b>	<b>0.59</b>	<b>0.61</b>	<b>-0.09</b>	<b>0.47</b>	<b>1.16</b>

Source: Company data; Hauck & Aufhäuser



## Valuation

In order to derive a fair value for SHS VIVEON AG, we have conducted a:

- DCF model
- Adjusted FCF valuation

Both methodologies indicate for a significant upside for the shares. **Our PT of € 12.50 is based on FCFY 2014/15E to reflect the expected strong growth of the company in the future.**

Due to its high specialisation on a niche, a peer group valuation is in our view not appropriate to value SHS VIVEON AG.

**In contrast, our DCF model which considers growth beyond 2014/15 points to a significant higher fair value per share of € 16.70.**

Our DCF model for SHS VIVEON is based on a 7% CAGR12-15E, a 3% CAGR15-20E and a 2% long-term growth rate for sales.

The terminal EBIT margin is set at 8% which compares with an EBIT margin of 5.9% in 2012. Backed by the scalability of the business model with regard to personnel costs (64% of total 2012 sales), the EBIT margin should however show further improvements.

The discount factor (WACC) of 10% is made up of a risk-free rate of 1.5%, a 6% equity premium and a beta of 1.2.

**The DCF model for SHS VIVEON implies a fair value per share of € 16.70.**

DCF (EUR m) (except per share data and beta)	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	Terminal value
NOPAT	-0.2	1.1	2.7	3.6	4.5	5.3	5.5	5.2	3.0
Depreciation	0.6	0.7	0.8	0.8	0.8	0.9	0.9	1.0	0.6
Increase/decrease in working capital	0.3	-0.7	-0.7	-0.5	-0.5	-0.4	-0.3	-0.1	0.1
Increase/decrease in long-term provisions and accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capex	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow</b>	<b>0.2</b>	<b>0.6</b>	<b>2.1</b>	<b>3.3</b>	<b>4.3</b>	<b>5.1</b>	<b>5.5</b>	<b>5.4</b>	<b>3.1</b>
Present value	0.2	0.5	1.7	2.5	3.0	3.3	3.3	2.9	18.0
WACC	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	10.0%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	35	Short term growth (2012-2015)	8.0%
thereof terminal value	51%	Medium term growth (2015 - 2019)	3.0%
Net debt (net cash) at start of year	-2	Long term growth (2019 - infinity)	2.0%
Financial assets	0	Terminal year EBIT margin	8.0%
Provisions and off balance sheet debt	2		
Equity value	35		
No. of shares outstanding	2.1		
<b>Discounted cash flow per share</b>	<b>16.7</b>		
<b>upside/(downside)</b>	<b>151%</b>		
		WACC derived from	
<b>Share price</b>	<b>6.66</b>	Cost of borrowings before taxes	6.0%
		Tax rate	18.3%
		Cost of borrowings after taxes	4.9%
		Required return on invested capital	8.7%
		Risk premium	6.0%
		Risk-free rate	1.5%
		Beta	1.2

Sensitivity analysis DCF							Sensitivity analysis DCF						
WACC		Long term growth						EBIT margin terminal year					
		0%	1.0%	2.0%	2.5%	3.0%		6.0%	7.0%	8.0%	9.0%	10.0%	
	12.0%	13.0	13.5	14.1	14.4	14.8		12.0%	12.7	13.4	14.1	14.8	15.5
	11.0%	13.8	14.5	15.2	15.7	16.2		11.0%	13.6	14.4	15.2	16.1	16.9
	10.0%	14.9	15.7	16.7	17.4	18.1		10.0%	14.7	15.7	16.7	17.8	18.8
	9.0%	16.2	17.3	18.8	19.6	20.6		9.0%	16.2	17.5	18.8	20.0	21.3
	8.0%	18.0	19.5	21.5	22.8	24.3		8.0%	18.3	19.9	21.5	23.1	24.7

Source: company data; Hauck & Aufhäuser

## Sensitivity analyses of the terminal year back our view that the company is undervalued at the current price level.

- Assuming 0% long-term growth at a 12% WACC would imply a fair value per share of € 13.00 – far ahead of the current share price.
- At a 12% WACC and a 6% terminal year EBIT margin, the fair value per share would be € 12.70.

## FCF yield 2014/15E yields to a fair value per share of € 12.40.

Due to the fact that companies with such a strong focus on a niche rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competition strength and due to the fact that long-term returns are flawed by the lack of sufficient visibility, an Adjusted Free Cash Flow analysis (adjusted FCF) has been conducted.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required tax return equals the model's hurdle rate of 7.5%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

## Our PT of € 12.50 is based on FCFY 2014/15E to reflect the proper growth prospects the company is expected to see from its current investments.

### SHS VIVEON AG

FCF yield, year end Dec. 31	2012	2013E	2014E	2015E
<b>EBITDA</b>	<b>2.2</b>	<b>0.3</b>	<b>2.0</b>	<b>4.0</b>
- Maintenance capex	0.5	0.6	0.7	0.8
- Minorities	0.0	0.0	0.0	0.0
- tax expenses	0.3	-0.1	0.3	0.8
<b>= Adjusted Free Cash Flow</b>	<b>1.4</b>	<b>-0.2</b>	<b>1.0</b>	<b>2.4</b>
<b>Actual Market Cap</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
+ Net debt (cash)	-2.0	-1.9	-2.1	-3.7
+ Pension provisions	0.0	0.0	0.0	0.0
+ Off balance sheet financing	0.0	0.0	0.0	0.0
+ Adjustments prepayments	0.1	0.1	0.1	0.1
- Financial assets	0.0	0.0	0.0	0.0
- Dividend payment	-0.3	-0.3	-0.3	-0.3
<i>EV Reconciliations</i>	-2.2	-2.1	-2.3	-3.9
<b>= Actual EV'</b>	<b>11.8</b>	<b>11.9</b>	<b>11.7</b>	<b>10.1</b>
<b>Adjusted Free Cash Flow yield</b>	<b>11.7%</b>	<b>-1.4%</b>	<b>8.6%</b>	<b>24.2%</b>
<b>Sales</b>	<b>27.8</b>	<b>26.0</b>	<b>30.2</b>	<b>35.0</b>
Actual EV/sales	0.4x	0.5x	0.4x	0.3x
Hurdle rate	7.5%	7.5%	7.5%	7.5%
FCF margin	5.0%	-0.7%	3.3%	7.0%
Fair EV/sales	0.7x	-0.1x	0.4x	0.9x
<b>Fair EV</b>	<b>18.5</b>	<b>-2.3</b>	<b>13.3</b>	<b>32.6</b>
- <i>EV Reconciliations</i>	-2.2	-2.1	-2.3	-3.9
<b>Fair Market Cap</b>	<b>20.7</b>	<b>-0.2</b>	<b>15.7</b>	<b>36.5</b>
No. of shares (million)	2.1	2.1	2.1	2.1
<b>Fair value per share</b>	<b>9.8</b>	<b>-0.1</b>	<b>7.5</b>	<b>17.4</b>
<b>Premium (-) / discount (+) in %</b>	<b>47.8%</b>	<b>-101.2%</b>	<b>11.9%</b>	<b>160.9%</b>

Source: company data; Hauck & Aufhäuser

Theme

Big Data to drive business for SHS VIVEON

Thanks to an early focus on the Big Data market by SHS VIVEON's management, the company became a specialist in the field of big data analysis.

Currently, the industry is heavily discussing the upcoming trend of "Big Data" and its impact on the currently existing IT and software structure. According to the IT research institute Gartner, **the strongest driver for new IT investments are seen to be under the topic of "Big Data"**. These trends are also confirmed by other companies of the IT and software industry like Software AG in its current growth and 2018 outlook presentation.

Today, IT is an essential part of the business process of a company and management sees IT rather as an instrument to increase sales and profit than a pure cost factor.

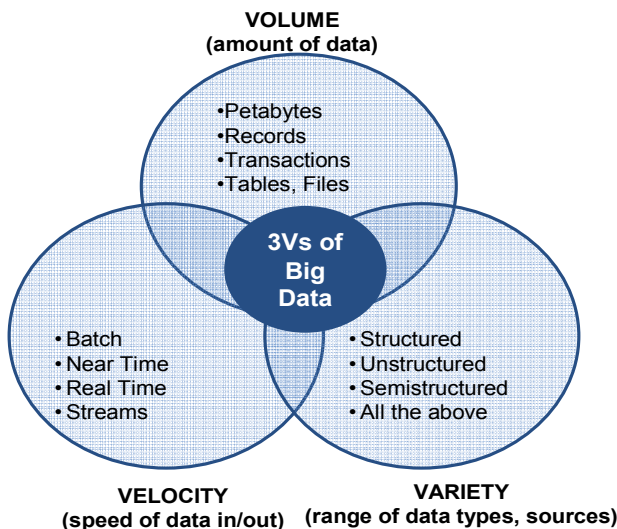
IDC expects the amount of data to double every year until 2020. This will result in a vast of data that are mainly unstructured and a minor part is tagged and analysed. The challenge for cooperates will be to extract value out of these amounts of data to drive business.

In the field of **Business Analytics**, the business model will switch from a **static reporting system towards a real-time-driven decision model which requires Big Data solutions**.

**Big Data is data that is too large, complex and dynamic for any conventional data tools to capture, store, manage and analyse.**

In a nutshell, Big Data is all about extracting **VALUE** from the "three V's": A method to extract **VALUE** from very large **VOLUMES** of a wide **VARIETY** of data by enabling high-**VELOCITY**.

3Vs of Big Data



Source: Company data; Hauck & Aufhäuser

The right use of these data allows analysts to spot trends and give niche insights that help create value and innovations much faster than conventional methods. Moreover, it allows companies to improve the value creation of a customer along its total lifecycle. Examples are:

Risk department:

- fraud detection management
- credit check
- application management

Marketing department:

- Customer Analytics /CRM
- Customer-Lifetime-Value (CLV) management

**SHS VIVEON's solutions allow to decrease the default rates and to increase, especially in e-commerce, the chance of a successful checkout thanks to real-time data processing.**

As SHS VIVEON looks well positioned with its solutions in its niche market to benefit from the Big Data trend, the company needed to increase its personnel significantly at the end of 2012.

H1 13 was characterised by flat sales yoy due to the termination of a contract with a sub-supplier that led to a reduction in sales and one-off costs of € 0.3m. Along with the increase in staff and costs for headhunters, H1 13 personnel expenses soared to € 10m (+ 19% yoy) or 84% of total H1 13 sales vs. 70% of H1 12 sales.

Consequently, H1 13 earnings came in negative with a reported EPS of € - 0.66 vs. € 0.15 in H1 12.

In our view, the termination of the sub-supplier contract and a partial underutilisation of SHS VIVEON's employees (mainly consultants) will also weigh on H2 13 performance. However, the company made clear that sales and profitability are already improving as of June 2013 which has already led to a positive EBIT contribution and this positive trend looks set to continue throughout H2 13.

Overall, this makes 2013E a transition year before its investment into growth (new sales teams, new products, new contracts e.g. with Vodafone) could materialise from 2014 onwards.

(€ m)	Q2 13	Q2 12	yoy	H1 13	H1 12	yoy	Q1 13	qoq
<b>Total sales</b>	<b>6.0</b>	<b>6.4</b>	-6.4%	<b>11.9</b>	<b>11.9</b>	0.0%	<b>5.9</b>	0.2%
<b>EBITDA</b>	<b>-0.3</b>	<b>0.2</b>	n.a.	<b>-1.0</b>	<b>0.6</b>	n.a.	<b>-0.7</b>	n.a.
EBITDA margin	-5.5%	2.7%	- 8.1 pp	-8.8%	5.4%	- 14.1 pp	-12.1%	+ 6.6 pp
<b>EBIT</b>	<b>-0.5</b>	<b>0.0</b>	n.a.	<b>-1.3</b>	<b>0.4</b>	n.a.	<b>-0.9</b>	n.a.
EBIT margin	-7.9%	0.6%	- 8.5 pp	-11.2%	3.1%	- 14.3 pp	-14.5%	+ 6.6 pp
<b>Net profit</b>	<b>-0.5</b>	<b>0.0</b>	n.a.	<b>-1.4</b>	<b>0.3</b>	n.a.	<b>-0.9</b>	n.a.
Net margin	-8.5%	-0.1%	- 8.5 pp	-11.7%	2.6%	- 14.3 pp	-14.8%	+ 6.3 pp
<b>Reported EPS*</b>	<b>-0.24</b>	<b>0.00</b>	n.a.	<b>-0.66</b>	<b>0.15</b>	n.a.	<b>-0.42</b>	n.a.

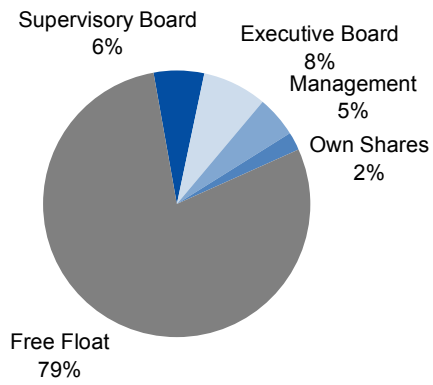
Source: Company data, Hauck & Aufhäuser estimates - \* adj. for new no of shares.

## Capital market perception

Currently, SHS VIVEON is not covered by a broker. We expect transparency to increase through a broader coverage and a possible increase in free float.

## Shareholder structure

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Source: Company data; Hauck & Aufhäuser

**At the current stage, SHS VIVEON is a relatively unknown company with significant growth potential which results in a significant undervaluation of the stock.**

## Company Background

### Business model

SHS VIVEON AG provides business and IT consultant services with a focus on Customer Management Solutions (CMS). With its international subsidiaries, the company is perceived as a specialist in the strategic, analytical and technical fundamentals of Customer Management. SHS VIVEON AG was founded in 1991 and is headquartered in Munich, Germany. In March 2013, the company had more than 250 employees.

The SHS VIVEON Group offers its service and solutions in the areas of customer value management, customer risk management, customer analytics, campaign management, business intelligence and data warehousing. Additionally, cloud solutions as well as standard software products are provided.

### SHS VIVEON GmbH

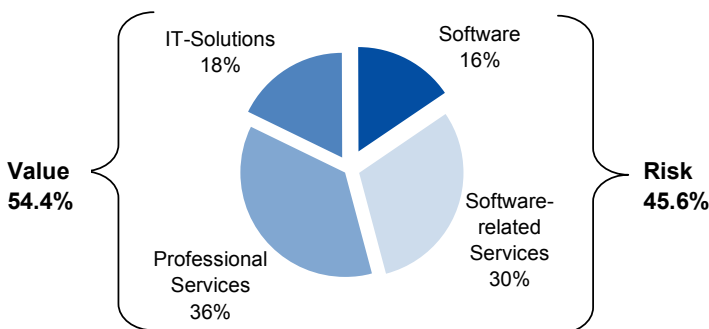
Düsseldorf, Germany based SHS VIVEON GmbH with circa 50 employees has been a fully owned subsidiary of SHS VIVEON AG since April 2012. The limited company is a full-range supplier of IT solutions and innovations with a long term experience in business, handling large, complex projects. The subsidiary complements the portfolio of SHS VIVEON by offering solutions for new telecommunication technologies and mobile commerce (e.g. LTE, Mobile Payment, NFC) business. SHS VIVEON GmbH contributed c. € 3.3m to group sales while accounting for circa € 0.27m of group EBIT over the 9 months of FY2012.

### GUARDEAN GmbH

GUARDEAN GmbH (Munich) is a 100% subsidiary of SHS VIVEON AG which established the company to centralise the software activities in 2008. The limited company is focused on software and service for efficient customer risk management. GUARDEAN serves more than 200 customers in 15 countries worldwide with its products DebiTEX and RuiskSuite. The products allow controlling the risk of a customer along its total lifecycle; starting at identifying credit risks to facilitating and supporting the decision-making of suitable customer measures.

### Sales split in 2012

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Source: Company data; Hauck & Aufhäuser

## Management

Stefan Gilmozzi, Chairman of the board



Mr. Gilmozzi is the founder of VIVEON AG, which merged with SHS Informationssysteme AG in 2006. Today, Mr. Gilmozzi is spokesman of the board and responsible for the Consulting & Solutions business operations. He has gained more than 18 years of experience in consulting and controlling.

Responsibilities: Business segment Value, IT Solutions & Innovations, Finance and Accounting, Investor Relations and Mergers and Acquisitions.

Dr. Jörg Seelmann-Eggebert, member of the board



Mr. Seelmann-Eggebert has been member of the board of SHS VIVEON AG since April 2012. Further, he is Managing Director of the operative subsidiary GUARDEAN GmbH. Mr. Seelmann-Eggebert was responsible for several managing positions since he joined the company in 2000.

Responsibilities: Business segment Customer Risk.

## Customer portfolio

The company serves medium-sized and large companies in more than 40 countries in the following core industries: (1) Banks, Financial Service Providers & Insurances, (2) Trade & eCommerce (B2C), (3) Trade & Industry (B2B) as well as (4) Telecommunication & Media.

### SHS VIVEON AG - Selected Customers

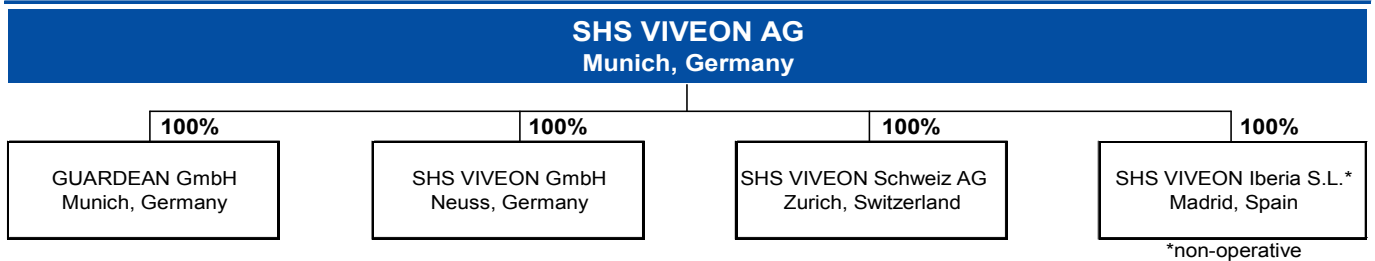
Banks & Financial Services	Trade & eCommerce (B2C)	Trade & Industry (B2B)	Telecommunication & Media
SwissLife UniCredit Family Financing BMW Financial Services	coop KARSTADT OTTO SCOUT 24 XING zalando shopping24 united internet media	Adecco bp MAN DIS AG hülsta SAINT-GOBAIN	Deutsche Telekom sky orange Kabel Deutschland vodafone e-plus+

Source: Company data, Hauck & Aufhäuser

## Company structure

The Group is divided in one managing entity, SHS VIVEON AG, three internationally based operative and one non-operative subsidiaries. The company operates six locations in Germany, Austria and Switzerland.

### SHS VIVEON AG - Company structure



Source: Company data, Hauck & Aufhäuser

## History

- 1991 Foundation of the forerunner GmbHs.
- 1996 Foundation of SHS Informationssysteme AG by the merger of four individual companies.
- 1999 Public listing in Frankfurt.
- 2000 Acquisitions in France and Spain.
- 2005 Systech Software GmbH was acquired.
- 2006 Merger with VIVEON AG, which led to the renaming to SHS VIVEON AG. The founder of VIVEON AG is the current CEO of SHS VIVEON AG, Mr. Stefan Gilmozzi.
- 2008 Restructuring of business units: the operative subsidiary GUARDEAN GmbH was established to centralise the software activities.
- 2011 Foundation of a joint venture, called SHS VIVEON GmbH.
- 2012 SHS VIVEON AG acquired 100% in SHS VIVEON GmbH.



## Financials

Profit and loss (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Net sales</b>	<b>25.3</b>	<b>21.4</b>	<b>23.1</b>	<b>27.8</b>	<b>26.0</b>	<b>30.2</b>	<b>35.0</b>
<i>Sales growth</i>	-2.5 %	-15.4 %	7.6 %	20.2 %	-6.3 %	16.2 %	15.9 %
Increase/decrease in finished goods and work-in-process	-0.3	-0.1	0.1	-0.2	0.2	0.2	0.2
<b>Total sales</b>	<b>25.0</b>	<b>21.3</b>	<b>23.2</b>	<b>27.5</b>	<b>26.2</b>	<b>30.4</b>	<b>35.2</b>
Other operating income	0.6	0.7	0.2	0.4	0.4	0.4	0.4
Material expenses	2.5	1.7	2.1	2.1	1.0	1.1	1.2
Personnel expenses	16.8	13.9	14.3	17.9	19.8	21.7	23.4
Other operating expenses	5.5	4.6	5.1	5.8	5.5	6.0	7.0
Total operating expenses	24.1	19.5	21.3	25.3	25.9	28.4	31.2
<b>EBITDA</b>	<b>0.9</b>	<b>1.8</b>	<b>1.9</b>	<b>2.2</b>	<b>0.3</b>	<b>2.0</b>	<b>4.0</b>
Depreciation	0.2	0.3	0.2	0.3	0.3	0.4	0.4
<b>EBITA</b>	<b>0.7</b>	<b>1.5</b>	<b>1.7</b>	<b>1.9</b>	<b>0.0</b>	<b>1.6</b>	<b>3.6</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.2	0.2	0.3	0.3	0.3	0.4
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>0.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>-0.2</b>	<b>1.3</b>	<b>3.3</b>
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.7	0.4	0.1	0.1	0.0	0.0	0.0
Other financial result	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.5	-0.4	-0.1	-0.1	0.0	0.0	0.0
<b>Recurring pretax income from continuing operations</b>	<b>-0.1</b>	<b>1.0</b>	<b>1.3</b>	<b>1.6</b>	<b>-0.2</b>	<b>1.3</b>	<b>3.3</b>
Extraordinary income/loss	-2.5	-0.1	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.3</b>	<b>1.6</b>	<b>-0.2</b>	<b>1.3</b>	<b>3.3</b>
Taxes	0.0	0.0	0.1	0.3	0.0	0.4	0.9
<b>Net income from continuing operations</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.2</b>	<b>1.0</b>	<b>2.4</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.2</b>	<b>1.0</b>	<b>2.4</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>-2.6</b>	<b>0.9</b>	<b>1.2</b>	<b>1.3</b>	<b>-0.2</b>	<b>1.0</b>	<b>2.4</b>
Average number of shares	2.1	2.1	2.1	2.1	2.1	2.1	2.1
<b>EPS reported</b>	<b>-1.24</b>	<b>0.44</b>	<b>0.59</b>	<b>0.61</b>	<b>-0.09</b>	<b>0.47</b>	<b>1.16</b>

Profit and loss (common size)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	-1.3 %	-0.7 %	0.6 %	-0.9 %	0.8 %	0.7 %	0.6 %
<b>Total sales</b>	<b>98.7 %</b>	<b>99.3 %</b>	<b>100.6 %</b>	<b>99.1 %</b>	<b>100.8 %</b>	<b>100.7 %</b>	<b>100.6 %</b>
Other operating income	2.5 %	3.2 %	0.8 %	1.5 %	1.5 %	1.3 %	1.1 %
Material expenses	9.8 %	7.8 %	9.0 %	7.5 %	3.8 %	3.6 %	3.4 %
Personnel expenses	66.4 %	64.7 %	62.1 %	64.4 %	76.2 %	71.8 %	66.8 %
Other operating expenses	21.5 %	21.6 %	22.0 %	20.8 %	21.0 %	20.0 %	20.0 %
Total operating expenses	95.2 %	90.9 %	92.3 %	91.2 %	99.5 %	94.1 %	89.1 %
<b>EBITDA</b>	<b>3.5 %</b>	<b>8.4 %</b>	<b>8.3 %</b>	<b>7.9 %</b>	<b>1.3 %</b>	<b>6.6 %</b>	<b>11.5 %</b>
Depreciation	0.7 %	1.3 %	1.1 %	1.0 %	1.2 %	1.2 %	1.1 %
<b>EBITA</b>	<b>2.8 %</b>	<b>7.1 %</b>	<b>7.2 %</b>	<b>6.9 %</b>	<b>0.1 %</b>	<b>5.4 %</b>	<b>10.4 %</b>
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	1.1 %	0.8 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBIT</b>	<b>1.6 %</b>	<b>6.3 %</b>	<b>6.2 %</b>	<b>5.9 %</b>	<b>-0.9 %</b>	<b>4.4 %</b>	<b>9.4 %</b>
Interest income	0.0 %	0.1 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %
Interest expenses	2.6 %	1.7 %	0.4 %	0.3 %	0.1 %	0.0 %	0.0 %
Other financial result	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-2.1 %	-1.6 %	-0.4 %	-0.3 %	0.0 %	0.0 %	0.1 %
<b>Recurring pretax income from continuing operations</b>	<b>-0.4 %</b>	<b>4.7 %</b>	<b>5.8 %</b>	<b>5.7 %</b>	<b>-0.8 %</b>	<b>4.5 %</b>	<b>9.4 %</b>
Extraordinary income/loss	-9.7 %	-0.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>-10.1 %</b>	<b>4.3 %</b>	<b>5.8 %</b>	<b>5.7 %</b>	<b>-0.8 %</b>	<b>4.5 %</b>	<b>9.4 %</b>
Tax rate	-1.7 %	1.7 %	7.7 %	18.3 %	18.3 %	18.3 %	18.3 %
<b>Net income from continuing operations</b>	<b>-10.3 %</b>	<b>4.3 %</b>	<b>5.3 %</b>	<b>4.6 %</b>	<b>-0.7 %</b>	<b>3.3 %</b>	<b>7.0 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>-10.3 %</b>	<b>4.3 %</b>	<b>5.3 %</b>	<b>4.6 %</b>	<b>-0.7 %</b>	<b>3.3 %</b>	<b>7.0 %</b>
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>-10.3 %</b>	<b>4.3 %</b>	<b>5.3 %</b>	<b>4.6 %</b>	<b>-0.7 %</b>	<b>3.3 %</b>	<b>7.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.3</b>	<b>1.1</b>
Property, plant and equipment	0.4	0.4	0.6	0.6	0.6	0.7	0.7
Financial assets	0.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>2.4</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.1</b>	<b>1.9</b>	<b>1.8</b>
Inventories	0.5	0.4	0.5	0.3	0.3	0.3	0.4
Accounts receivable	4.3	2.5	3.2	4.7	4.4	5.1	6.0
Other current assets	0.8	0.9	0.8	0.5	0.5	0.5	0.5
Liquid assets	1.9	2.0	2.0	2.3	2.2	2.4	4.0
Deferred taxes	0.1	0.0	0.1	0.2	0.2	0.2	0.2
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>7.6</b>	<b>5.9</b>	<b>6.6</b>	<b>8.0</b>	<b>7.6</b>	<b>8.5</b>	<b>10.9</b>
<b>TOTAL ASSETS</b>	<b>10.0</b>	<b>7.9</b>	<b>8.7</b>	<b>10.2</b>	<b>9.7</b>	<b>10.4</b>	<b>12.7</b>
SHAREHOLDERS EQUITY	1.0	3.5	4.5	5.6	6.2	6.9	9.0
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.8	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.9	1.7	1.8	2.3	2.3	2.3	2.3
<b>Non-current liabilities</b>	<b>5.7</b>	<b>1.7</b>	<b>1.8</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
short-term liabilities to banks	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Accounts payable	0.6	0.5	0.8	0.7	0.7	0.8	0.9
Advance payments received on orders	0.5	0.3	0.3	0.1	0.1	0.1	0.1
Other liabilities (incl. from lease and rental contracts)	1.8	1.5	0.9	1.1	0.0	0.0	0.0
Deferred taxes	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>3.3</b>	<b>2.7</b>	<b>2.4</b>	<b>2.3</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>10.0</b>	<b>7.9</b>	<b>8.7</b>	<b>10.2</b>	<b>9.7</b>	<b>10.4</b>	<b>12.7</b>

Balance sheet (common size)	2009	2010	2011	2012	2013E	2014E	2015E
<b>Intangible assets</b>	<b>17.8 %</b>	<b>21.0 %</b>	<b>17.1 %</b>	<b>15.8 %</b>	<b>15.1 %</b>	<b>12.2 %</b>	<b>8.5 %</b>
Property, plant and equipment	4.0 %	4.6 %	6.9 %	5.8 %	6.6 %	6.4 %	5.4 %
Financial assets	1.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>23.7 %</b>	<b>25.6 %</b>	<b>23.9 %</b>	<b>21.6 %</b>	<b>21.7 %</b>	<b>18.6 %</b>	<b>13.9 %</b>
Inventories	5.4 %	5.1 %	6.1 %	2.8 %	2.8 %	3.0 %	2.8 %
Accounts receivable	42.8 %	31.7 %	37.0 %	46.5 %	45.8 %	49.2 %	46.9 %
Other current assets	8.0 %	11.6 %	8.7 %	4.4 %	4.7 %	4.3 %	3.5 %
Liquid assets	19.4 %	25.9 %	23.2 %	22.7 %	23.1 %	23.0 %	31.3 %
Deferred taxes	0.7 %	0.6 %	1.1 %	1.9 %	2.0 %	1.8 %	1.5 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>76.2 %</b>	<b>74.8 %</b>	<b>76.0 %</b>	<b>78.4 %</b>	<b>78.3 %</b>	<b>81.4 %</b>	<b>86.1 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.4 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	10.2 %	44.0 %	52.0 %	54.9 %	64.5 %	66.1 %	71.2 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	37.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	19.0 %	22.0 %	20.2 %	22.3 %	23.5 %	21.7 %	17.9 %
<b>Non-current liabilities</b>	<b>56.5 %</b>	<b>22.0 %</b>	<b>20.2 %</b>	<b>22.3 %</b>	<b>23.5 %</b>	<b>21.7 %</b>	<b>17.9 %</b>
short-term liabilities to banks	2.6 %	3.1 %	3.0 %	2.9 %	3.1 %	2.9 %	2.4 %
Accounts payable	6.0 %	6.5 %	9.1 %	7.0 %	6.9 %	7.4 %	7.1 %
Advance payments received on orders	5.1 %	3.9 %	3.9 %	1.0 %	1.0 %	1.0 %	0.8 %
Other liabilities (incl. from lease and rental contracts)	18.4 %	19.2 %	10.7 %	10.9 %	0.0 %	0.0 %	0.0 %
Deferred taxes	1.2 %	1.3 %	1.1 %	0.9 %	1.0 %	0.9 %	0.7 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>33.4 %</b>	<b>33.9 %</b>	<b>27.8 %</b>	<b>22.8 %</b>	<b>12.0 %</b>	<b>12.2 %</b>	<b>11.0 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Net profit/loss	-2.6	0.9	1.2	1.3	-0.2	1.0	2.4
Depreciation of fixed assets (incl. leases)	0.2	0.6	0.2	0.3	0.3	0.4	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.3	0.0	0.2	0.3	0.3	0.3	0.4
Others	1.3	-0.3	0.0	0.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-0.8	1.3	1.8	2.0	0.4	1.6	3.2
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.4	1.8	-0.8	-1.0	0.3	-0.7	-0.8
Increase/decrease in accounts payable	-1.5	-1.5	0.3	-0.2	0.0	0.1	0.1
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-2.0	0.4	-0.5	-1.2	0.3	-0.7	-0.7
<b>Cash flow from operating activities</b>	<b>-2.8</b>	<b>1.6</b>	<b>1.3</b>	<b>0.8</b>	<b>0.6</b>	<b>1.0</b>	<b>2.5</b>
CAPEX	0.2	0.1	0.5	0.3	0.5	0.5	0.6
Payments for acquisitions	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Financial investments	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-0.5</b>	<b>-0.5</b>	<b>-0.6</b>
Cash flow before financing	-3.1	1.4	0.7	0.5	0.2	0.5	1.9
Increase/decrease in debt position	0.1	-2.9	-0.6	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	3.3	1.5	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.1	0.3	0.3	0.3	0.3
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>3.4</b>	<b>-1.3</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>
Increase/decrease in liquid assets	0.3	0.1	0.0	0.3	-0.1	0.2	1.6
<b>Liquid assets at end of period</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.3</b>	<b>2.2</b>	<b>2.4</b>	<b>4.0</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
<b>P&amp;L growth analysis</b>							
Sales growth	-2.5 %	-15.4 %	7.6 %	20.2 %	-6.3 %	16.2 %	15.9 %
EBITDA growth	-28.7 %	104.0 %	5.6 %	14.9 %	-85.1 %	508.0 %	102.4 %
EBIT growth	-113.9 %	226.4 %	4.8 %	15.9 %	-113.5 %	-699.5 %	144.7 %
EPS growth	23.9 %	-135.1 %	34.5 %	4.5 %	-114.6 %	-621.5 %	148.8 %
<b>Efficiency</b>							
Total operating costs / sales	95.2 %	90.9 %	92.3 %	91.2 %	99.5 %	94.1 %	89.1 %
Sales per employee	111.9	110.3	123.1	127.3	102.8	109.4	118.2
EBITDA per employee	3.9	9.3	10.2	10.1	1.3	7.2	13.6
<b>Balance sheet analysis</b>							
Avg. working capital / sales	12.9 %	13.5 %	10.2 %	12.3 %	15.6 %	14.1 %	14.1 %
Inventory turnover (sales/inventory)	46.7	53.6	43.1	96.9	96.9	96.9	96.9
Trade debtors in days of sales	61.7	42.3	51.0	62.1	62.1	62.1	62.1
A/P turnover [(A/P*365)/sales]	8.7	8.6	12.6	9.4	9.4	9.4	9.4
Cash conversion cycle (days)	52.4	19.0	5.0	-12.8	-83.7	-91.8	-101.4
<b>Cash flow analysis</b>							
Free cash flow	-3.0	1.5	0.8	0.5	0.2	0.5	1.9
Free cash flow/sales	-11.8 %	7.1 %	3.6 %	1.9 %	0.7 %	1.6 %	5.4 %
FCF / net profit	114.8 %	166.1 %	66.7 %	41.6 %	-97.0 %	49.1 %	77.0 %
FCF yield	-21.4 %	10.9 %	5.9 %	3.8 %	1.3 %	3.5 %	13.5 %
Capex / depn	77.6 %	19.5 %	100.5 %	49.1 %	81.8 %	76.9 %	76.0 %
Capex / maintenance capex	40.6 %	19.5 %	100.5 %	49.1 %	63.6 %	58.5 %	56.0 %
Capex / sales	1.4 %	0.6 %	2.1 %	1.0 %	1.7 %	1.7 %	1.6 %
<b>Security</b>							
Net debt	2.1	-1.8	-1.8	-2.0	-1.9	-2.1	-3.7
Net Debt/EBITDA	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	2.0	-0.5	-0.4	-0.4	-0.3	-0.3	-0.4
Interest cover	0.6	3.7	14.5	21.1	0.0	89.5	218.9
Dividend payout ratio	0.0 %	0.0 %	34.1 %	40.8 %	100.0 %	32.1 %	12.9 %
<b>Asset utilisation</b>							
Capital employed turnover	3.7	4.0	3.5	3.4	3.0	3.2	3.0
Operating assets turnover	6.2	8.8	7.2	5.8	5.7	5.8	5.8
Plant turnover	62.8	59.8	38.4	47.4	40.9	45.4	51.1
Inventory turnover (sales/inventory)	46.7	53.6	43.1	96.9	96.9	96.9	96.9
<b>Returns</b>							
ROCE	5.8 %	22.0 %	23.8 %	22.5 %	-2.6 %	14.6 %	31.1 %
ROE	-256.8 %	26.5 %	27.2 %	23.1 %	-3.0 %	14.3 %	27.1 %
<b>Other</b>							
Interest paid / avg. debt	16.4 %	17.5 %	39.5 %	28.0 %	5.0 %	5.0 %	5.0 %
No. employees (average)	227	195	188	218	253	276	296
Number of shares	2.1	2.1	2.1	2.1	2.1	2.1	2.1
DPS	0.0	0.0	0.2	0.3	0.2	0.2	0.2
EPS reported	-1.24	0.44	0.59	0.61	-0.09	0.47	1.16
<b>Valuation ratios</b>							
P/BV	13.8	4.0	3.1	2.5	2.2	2.0	1.6
EV/sales	0.6	0.6	0.5	0.4	0.5	0.4	0.3
EV/EBITDA	18.1	6.7	6.4	5.5	36.9	6.0	2.6
EV/EBITA	22.9	8.0	7.3	6.2	448.4	7.3	2.9
EV/EBIT	38.6	9.0	8.6	7.3	-54.1	8.9	3.2
EV/FCF	-5.4	8.0	14.9	22.4	66.0	24.6	5.5
Dividend yield	0.0 %	0.0 %	3.0 %	3.8 %	2.3 %	2.3 %	2.3 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
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**Price and Rating History  
SHS VIVEON AG as of 21/08/13**

**Initiation coverage**  
21-August-13



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