

Investment Research

Buy

vs Hold

Share price: EUR 12.23

closing price as of 30/07/2010

Target price: EUR 16.00vs Target Price: EUR **8.60**

Reuters/Bloomberg

PSAG.DE/PSA2 GY

Daily avg. no. trad. sh. 12 mth	20,408
Daily avg. trad. vol. 12 mth (m)	0.20
Price high 12 mth (EUR)	13.13
Price low 12 mth (EUR)	7.65
Abs. perf. 1 mth	-0.9%
Abs. perf. 3 mth	6.3%
Abs. perf. 12 mth	36.1%

Market capitalisation (EURm)	192
Current N° of shares (m)	16
Free float	55%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	147	164	175
EBITDA (m)	11	16	21
EBITDA margin	7.8%	9.5%	11.9%
EBIT (m)	8	11	18
EBIT margin	5.3%	6.8%	10.3%
Net Profit (adj.)(m)	7	8	13
ROCE	5.6%	8.7%	13.4%
Net debt/(cash) (m)	(18)	(31)	(38)
Net Debt/Equity	-0.3	-0.4	-0.5
Net Debt/EBITDA	-1.6	-2.0	-1.8
Int. cover(EBITDA/Fin.int)	9.9	7.8	10.9
EV/Sales	1.0	1.2	1.0
EV/EBITDA	13.2	12.2	8.8
EV/EBITDA (adj.)	13.2	12.2	8.8
EV/EBIT	19.3	17.0	10.2
P/E (adj.)	19.2	24.5	14.4
P/BV	2.1	2.7	2.4
OpFCF yield	1.4%	8.1%	5.6%
Dividend yield	1.7%	1.7%	2.5%
EPS (adj.)	0.46	0.50	0.85
BVPS	4.22	4.53	5.17
DPS	0.21	0.21	0.30



Source: Factset

Shareholders: RWE 18%; Employees 11%; DWS 8%; Jubilee System 8%;

For company description please see summary table footnote

Outlook confirmed, slight miss in seasonally weak Q2

PSI reported its non-critical Q2 10 results last Friday with order intake of EUR 48m beating our forecast of EUR 47m. Sales of EUR 40m were in-line with our forecast while expenses for the development of PSImining were slightly higher than expected. Consequently, EBIT of EUR 1.95m was 6% below our forecast of EUR 2.07m. Temporary effects on deferred taxes disproportionately hit net income, declining 21% y-y to EUR 0.98m (e: EUR 1.38m). We upgraded our recommendation to BUY (Hold), PT EUR 16 recently. However, the call was not on Q2 10 but on the outlook for H2 10e, 2011e and the years beyond. Order flow and continuing efficiency gains via sales mix improvement, expansion abroad and continuing convergence of software platforms is what matters to us primarily in 2010e sqq. Hence, slight miss in seasonally weaker Q2 10-EBIT on higher than expected (and immediately expensed !!!) development costs for PSImining doesn't change our view. We reiterate our BUY recommendation and our PT of EUR 16.

PSI - Review Q2 2010 results

EUR m	Q2 10	Q2 09	y-y (%)	H1 10	H1 09	y-y (%)	Q2 10e	2010e
Order intake	48.00	43.00	12%	93.00	85.00	9%	47.00	172.00
Sales	39.93	34.70	15%	77.06	65.27	18%	40.17	164.24
EBIT	1.93	1.75	10%	3.68	3.46	6%	2.07	11.24
Margin (% of sales)	4.8%	5.0%		4.8%	5.3%		5.2%	6.8%
EBT	1.48	1.41	5%	2.84	2.81	1%	1.62	9.23
Net income	0.98	1.26	-22%	2.18	2.55	-15%	1.38	7.85
# of shares	15.70	13.36	17%	15.70	12.63	24%	15.70	15.70
Adj. EPS (EUR)	0.06	0.09	-34%	0.14	0.20	-31%	0.09	0.50

Source: PSI, equinet

- ✓ **Outlook for 'at least EUR 10m EBIT confirmed' – looking at strong H2 10e:** However, PSI confirmed that there are multiple large-scale orders in the Gulf region but also from German and European customers in the pipeline for upcoming quarters. Management reiterated 2010e guidance of EUR 160m sales and 'at least EUR 10m EBIT'. We confirm our forecast of EUR 164m sales and EBIT of EUR 11.25m on a strong seasonality linked to H2.

PSI - Outlook H2 2010e

EUR m	H2 10e	H2 09	%	2010e	2009	%
Sales	87.18	81.71	7%	164.24	146.99	12%
EBIT	7.56	4.35	74%	11.24	7.81	44%
Margin (% of sales)	8.7%	5.3%		6.8%	5.3%	
EBT	6.39	4.14	55%	9.23	6.95	33%
Net income	5.67	4.05	40%	7.85	6.60	19%
Number of shares (m)	15.70	12.63	24%	15.70	14.20	11%
Adj. EPS (EUR)	0.36	0.32	13%	0.50	0.46	8%

Source: PSI, equinet

Analyst(s): Michael Schaefer

+49 69 58997 419 michael.schaefer@equinet-ag.de

PSI - Derivation of net profit

EUR m	2008	2009	2010e	2011e	2012e	2013e	CAGR 09-13e
Maintenance	25.00	30.90	34.68	40.68	45.46	50.13	12.9%
Other originated sales	79.90	84.70	96.56	101.39	106.46	111.78	7.2%
External products/services	#WERT!	31.39	33.00	33.00	33.00	33.00	1.3%
Sales	128.85	146.99	164.24	175.07	184.92	194.91	7.3%
y-y	#WERT!	14.1%	11.7%	6.6%	5.6%	5.4%	
Gross Profit	106.66	118.57	132.49	141.99	150.60	159.33	7.7%
Margin (% of sales)	82.8%	80.7%	80.7%	81.1%	81.4%	81.7%	
Personnel expenses	-75.33	-83.63	-92.91	-95.18	-97.18	-98.25	4.1%
% of sales	58.5%	56.9%	56.6%	54.4%	52.6%	50.4%	
Other operating income (expenses)	-22.46	-23.50	-24.00	-26.00	-27.00	-28.00	4.5%
Depreciation of intangibles/fixed asset	-2.64	-3.63	-4.34	-2.82	-2.68	-3.00	-4.7%
EBIT	6.23	7.81	11.24	17.99	23.74	30.08	40.1%
% of sales	4.8%	5.3%	6.8%	10.3%	12.8%	15.4%	
Net financial result	-0.95	-0.87	-2.01	-1.91	-1.82	-1.72	
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00	
Earnings before tax	5.28	6.95	9.23	16.08	21.91	28.36	42.2%
Income tax expense	-1.14	-0.34	-1.38	-2.73	-4.38	-7.09	
Effective tax rate (%)	21.6%	4.9%	15.0%	17.0%	20.0%	25.0%	
Net income before minorities	4.14	6.60	7.85	13.35	17.53	21.27	34.0%
Margin (% of sales)	3.2%	4.5%	4.8%	7.6%	9.5%	10.9%	
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00	
Net income	4.14	6.60	7.85	13.35	17.53	21.27	34.0%
Net income (adjusted)*	4.14	6.60	7.85	13.35	17.53	21.27	
Weighted avrg. # of shares (m)	12.08	14.20	15.70	15.70	15.70	15.70	2.5%
EPS (adj., EUR / share)	0.34	0.46	0.50	0.85	1.12	1.36	30.7%

Source: PSI, equinet

Sales: International expansion and maintenance penetration drives top-line. No acquisition.

Gross Margin: We conservatively forecast just slight lifts in gross margins despite enriching sales mix.

Personnel expenses: Subdued costs inflation as regional expansion into low-cost countries lifts headcount but keeps costs/employee rather stable.

D&A: PPA expires in Q2 11e.

Eff. tax rate: Step-up as loss carryforward is absorbed, int. expansion.

PSI - Cash Flow and net debt projection

EUR m	2008	2009	2010e	2011e	2012e	2013e
Operating Cash Flow	10.58	4.83	18.62	14.22	18.46	22.49
o/w Change in NWC	-3.53	-5.65	5.07	-2.26	-2.05	-2.08
Net capex (excl. acquisitions)	-2.11	-2.95	-3.00	-3.50	-4.00	-4.50
OpFCF	8.47	1.88	15.62	10.72	14.46	17.99
(Net acquisitions) disposals	-3.1	-13.4	0.0	0.0	0.0	0.0
Free Cash Flow	5.37	-11.47	15.62	10.72	14.46	17.99
Equity	33.72	66.29	71.15	81.20	94.02	109.02
Net financial (debt) cash	23.31	18.36	31.00	38.42	48.18	59.89
Pension provisions	-26.65	-30.10	-30.10	-30.10	-30.10	-30.10
Economic net debt * (A)	-3.34	-11.74	0.90	8.33	18.08	29.79
EBITDA (B)	8.87	11.45	15.58	20.81	26.42	33.08
Leverage factor (A / B)	0.38	1.03	-0.06	-0.40	-0.68	-0.90
... equivalent gearing	10%	18%	-1%	-10%	-19%	-27%
Net financial gearing	-69%	-28%	-44%	-47%	-51%	-55%
Equity ratio	33%	43%	45%	48%	51%	54%

Source: PSI, equinet

PSI: Summary tables

PROFIT & LOSS (EURm)	2006	2007	2008	2009	2010e	2011e
Sales	117	123	129	147	164	175
Cost of Sales & Operating Costs	113	116	120	136	149	154
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.2	7.2	8.9	11.4	15.6	20.8
EBITDA (adj.)*	4.2	7.2	8.9	11.4	15.6	20.8
Depreciation	-3.1	-3.1	-2.6	-3.6	-4.3	-2.8
EBITA	1.0	4.1	6.2	7.8	11.2	18.0
EBITA (adj)*	1.0	4.1	6.2	7.8	11.2	18.0
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.0	4.1	6.2	7.8	11.2	18.0
EBIT (adj.)*	1.0	4.1	6.2	7.8	11.2	18.0
Net Financial Interest	-1.4	-1.1	-1.0	-1.2	-2.0	-1.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.3	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-0.3	2.9	5.3	6.9	9.2	16.1
Tax	0.8	-1.1	-1.1	-0.3	-1.4	-2.7
<i>Tax rate</i>	<i>nm</i>	<i>36.5%</i>	<i>21.6%</i>	<i>4.9%</i>	<i>15.0%</i>	<i>17.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	0	2	4	7	8	13
Net Profit (adj.)	0	2	4	7	8	13
CASH FLOW (EURm)	2006	2007	2008	2009	2010e	2011e
Cash Flow from Operations before change in NWC	-0.2	7.3	14.1	10.5	13.6	16.5
Change in Net Working Capital	-1.5	-3.8	-3.5	-5.6	5.1	-2.3
Cash Flow from Operations	-1.7	3.5	10.6	4.8	18.6	14.2
Capex	-2.2	-1.5	-2.1	-2.9	-3.0	-3.5
Net Financial Investments	0.0	1.6	-3.1	-13.4	0.0	0.0
Free Cash Flow	-3.9	3.5	5.4	-11.5	15.6	10.7
Dividends	0.0	0.0	0.0	0.0	-3.0	-3.3
Other (incl. Capital Increase & share buy backs)	0.0	0.0	-0.7	9.0	0.0	0.0
Change in Net Debt	-4	4	5	-2	13	7
NOPLAT	1	2	4	5	8	13
BALANCE SHEET & OTHER ITEMS (EURm)	2006	2007	2008	2009	2010e	2011e
Net Tangible Assets	7.9	7.7	8.0	9.3	10.1	11.2
Net Intangible Assets (incl. Goodwill)	16.4	15.0	18.7	48.6	46.5	46.1
Net Financial Assets & Other	0.1	0.0	0.0	0.4	0.4	0.4
Total Fixed Assets	24.4	22.8	26.7	58.3	57.0	57.6
Net Working Capital	23.8	26.3	26.9	39.3	34.2	36.5
Net Capital Invested	48.2	49.1	53.5	97.6	91.1	94.1
Group Shareholders Equity	28.9	33.2	33.7	66.3	71.2	81.2
<i>o/w own Shareholders Equity</i>	<i>28.9</i>	<i>33.2</i>	<i>33.7</i>	<i>66.3</i>	<i>71.2</i>	<i>81.2</i>
Net Debt	-14.9	-18.6	-23.3	-18.4	-31.0	-38.4
Provisions	27	28	28	31	32	32
Other Net Liabilities or Assets	7	6	16	19	19	19
Net Capital Employed	48	49	54	98	91	94
GROWTH & MARGINS	2006	2007	2008	2009	2010e	2011e
<i>Sales growth</i>	<i>0.4%</i>	<i>5.3%</i>	<i>4.6%</i>	<i>14.1%</i>	<i>11.7%</i>	<i>6.6%</i>
EBITDA (adj.)* growth	9.5%	71.9%	23.4%	29.1%	36.2%	33.5%
<i>EBITA (adj.)* growth</i>	<i>598.7%</i>	<i>287.9%</i>	<i>53.3%</i>	<i>25.4%</i>	<i>44.0%</i>	<i>59.9%</i>
<i>EBIT (adj.)* growth</i>	<i>598.7%</i>	<i>287.9%</i>	<i>53.3%</i>	<i>25.4%</i>	<i>44.0%</i>	<i>59.9%</i>
<i>Net Profit growth</i>	<i>2035.0%</i>	<i>337.2%</i>	<i>121.7%</i>	<i>59.5%</i>	<i>19.0%</i>	<i>69.9%</i>
EPS adj. growth	+chg	275.0%	126.7%	35.3%	8.7%	70.0%
<i>DPS adj. growth</i>				<i>+chg</i>	<i>0.0%</i>	<i>42.9%</i>
EBITDA margin	3.6%	5.8%	6.9%	7.8%	9.5%	11.9%
<i>EBITDA (adj.)* margin</i>	<i>3.6%</i>	<i>5.8%</i>	<i>6.9%</i>	<i>7.8%</i>	<i>9.5%</i>	<i>11.9%</i>
<i>EBITA margin</i>	<i>0.9%</i>	<i>3.3%</i>	<i>4.8%</i>	<i>5.3%</i>	<i>6.8%</i>	<i>10.3%</i>
<i>EBITA (adj.)* margin</i>	<i>0.9%</i>	<i>3.3%</i>	<i>4.8%</i>	<i>5.3%</i>	<i>6.8%</i>	<i>10.3%</i>
<i>EBIT margin</i>	<i>0.9%</i>	<i>3.3%</i>	<i>4.8%</i>	<i>5.3%</i>	<i>6.8%</i>	<i>10.3%</i>
<i>EBIT (adj.)* margin</i>	<i>0.9%</i>	<i>3.3%</i>	<i>4.8%</i>	<i>5.3%</i>	<i>6.8%</i>	<i>10.3%</i>

PSI: Summary tables

RATIOS	2006	2007	2008	2009	2010e	2011e
Net Debt/Equity	-0.5	-0.6	-0.7	-0.3	-0.4	-0.5
Net Debt/EBITDA	-3.6	-2.6	-2.6	-1.6	-2.0	-1.8
Interest cover (EBITDA/Fin.interest)	3.0	6.4	9.3	9.9	7.8	10.9
Capex/D&A	70.2%	48.5%	80.0%	81.2%	69.1%	123.9%
Capex/Sales	1.9%	1.2%	1.6%	2.0%	1.8%	2.0%
NWC/Sales	20.3%	21.4%	20.9%	26.7%	20.8%	20.8%
ROE (average)	1.5%	6.0%	12.4%	13.2%	11.4%	17.5%
ROCE (adj.)	1.3%	5.0%	8.1%	5.6%	8.7%	13.4%
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
ROCE (adj.)/WACC	0.1	0.6	0.9	0.6	1.0	1.5
PER SHARE DATA (EUR)***	2006	2007	2008	2009	2010e	2011e
Average diluted number of shares	12.1	12.1	12.1	14.2	15.7	15.7
EPS (reported)	0.04	0.15	0.34	0.46	0.50	0.85
EPS (adj.)	0.04	0.15	0.34	0.46	0.50	0.85
BVPS	2.39	2.74	2.83	4.22	4.53	5.17
DPS	0.00	0.00	0.00	0.21	0.21	0.30
VALUATION	2006	2007	2008	2009	2010e	2011e
EV/Sales	0.6	0.7	0.4	1.0	1.2	1.0
EV/EBITDA	15.5	11.2	5.2	13.2	12.2	8.8
EV/EBITDA (adj.)*	15.5	11.2	5.2	13.2	12.2	8.8
EV/EBITA	61.8	19.7	7.4	19.3	17.0	10.2
EV/EBITA (adj.)*	61.8	19.7	7.4	19.3	17.0	10.2
EV/EBIT	61.8	19.7	7.4	19.3	17.0	10.2
EV/EBIT (adj.)*	61.8	19.7	7.4	19.3	17.0	10.2
P/E (adj.)	nm	39.3	10.6	19.2	24.5	14.4
P/BV	1.9	2.2	1.3	2.1	2.7	2.4
Total Yield Ratio	0.0%	0.0%	1.6%	1.6%	1.7%	2.5%
EV/CE	1.3	1.6	0.9	1.5	2.1	2.0
OpFCF yield	-7.2%	2.8%	19.8%	1.4%	8.1%	5.6%
OpFCF/EV	-6.0%	2.5%	18.3%	1.2%	8.2%	5.8%
Payout ratio	0.0%	0.0%	0.0%	45.7%	42.0%	35.3%
Dividend yield (gross)	0.0%	0.0%	0.0%	1.7%	1.7%	2.5%
EV AND MKT CAP (EURm)	2006	2007	2008	2009	2010e	2011e
Price** (EUR)	4.5	5.9	3.6	8.9	12.2	12.2
Outstanding number of shares for main stock	12.1	12.1	11.9	15.7	15.7	15.7
Total Market Cap	54.5	71.5	42.8	139	192	192
Net Debt	-14.9	-18.6	-23.3	-18.4	-31.0	-38.4
<i>o/w Cash & Marketable Securities (-)</i>	<i>-15.3</i>	<i>-18.9</i>	<i>-23.7</i>	<i>-20.8</i>	<i>-33.5</i>	<i>-40.9</i>
<i>o/w Gross Debt (+)</i>	<i>0.4</i>	<i>0.3</i>	<i>0.3</i>	<i>2.4</i>	<i>2.5</i>	<i>2.5</i>
Other EV components	25	27	27	30	30	30
Enterprise Value (EV adj.)	65	80	46	151	191	184

Source: Company, Equinet estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj) or EBIT (adj.)= EBITDA (or EBITA or EBIT) +/- Non Recurrent Expenses/Income

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Software & Computer Services/Software

Company Description: PSI AG, founded in 1969, offers software and solutions for the management of large networks. Solutions and software for the control of energy networks such as electricity, gas, oil, water, and heat are provided in Energy Management. Production management especially focuses on mechanical engineering, automotive, logistics as well as steel, where it is the market leader globally. The Infrastructure Management division combines solutions for telecommunications, transport and safety. The PSI group is located in Berlin and currently employs more than 1,000 employees.

Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
Aareal Bank	Häßler	19.00	Buy		Hugo Boss	Faust	28.00	Hold	
Ad pepper	Pehl	2.40	Buy	2/3	i:FAO AG	Rothenbacher	12.00	Buy	2/3
adidas	Faust	50.00	Accumulate		Integralis AG	Schäfer	6.75	Hold	2/3
Advanced Vision Technology	Aubéry	4.00	Buy	2/3	Interseroh	Schäfer	40.00	Reduce	2/3
Aixtron	Pehl	28.50	Buy	2/3	Isra	Aubéry	18.00	Buy	2/3/5
Allianz	Häßler	88.00	Hold		Itelligence	Demidova	6.30	Accumulate	2/3
Analytik Jena	Demidova	11.00	Under review	7	IVG Immobilien AG	Rothenbacher	7.00	Buy	
Augusta Technologie	Simmroß	20.00	Buy	7	Kontron	Pehl	7.00	Accumulate	
Axel Springer	Possienke	127.00	Buy		Krones AG	Schmidt	50.00	Accumulate	
BASF	Demidova	65.00	Buy		KTG Agrar	Schäfer	16.00	Accumulate	2/3/4/5
Bayer	Possienke	52.00	Hold		KUKA	Schäfer	11.00	Hold	
BayWa	Schäfer	35.00	Buy	5	K+S AG	Schäfer	52.00	Buy	
BB Biotech	Aubéry	60.00	Buy	2/7	LANXESS	Demidova	38.00	Accumulate	
Beta Systems Software	Schuldt	3.20	Buy	2/3	Leoni	Schuldt	31.00	Buy	
Beiersdorf	Aubéry	44.00	Hold		Loewe	Faust	7.50	Hold	2
Berentzen	Faust	8.00	Buy	2/3	Logwin	Rothenbacher	1.30	Buy	2/3
Bilfinger Berger	Faust	63.00	Buy		Lufthansa	Rothenbacher	15.00	Buy	
Biopetrol Industries	Schäfer	2.00	Buy	2/3/5	MAN	Schuldt	86.00	Buy	
Biotech	Possienke	35.00	Accumulate	2/3	MAX Automation AG	Schmidt	3.20	Accumulate	2/5
BMW	Schuldt	48.00	Buy		Medion	Simmroß	12.00	Buy	
Carl Zeiss Meditec	Aubéry	13.00	Accumulate		Merck	Possienke	77.00	Accumulate	
Celesio	Possienke	28.00	Accumulate		MLP	Häßler	7.50	Hold	
Cenit	Pehl	8.00	Buy	2/3	Mobotix AG	Pehl	34.00	Buy	2/3
comdirect	Häßler	8.00	Hold		Morphosys	Possienke	33.00	Buy	
Commerzbank	Häßler	8.00	Buy		MTU	Pehl	52.50	Accumulate	2
Conergy	Growe	0.50	Sell		Munich Re	Häßler	110.00	Hold	
Continental	Schuldt	56.00	Buy		Nanogate AG	Demidova	21.00	Accumulate	2/3
D.Logistics	Rothenbacher	1.70	Buy	2/3	Pfeiffer Vacuum	Pehl	67.00	Accumulate	
DAB Bank	Häßler	4.40	Hold		Pfleiderer	Faust	3.50	Sell	
Daimler AG	Schuldt	57.00	Buy		Phoenix Solar	Growe	42.00	Buy	
Daldrup & Soehne	Growe	25.00	Accumulate	2/3/4/5	Porsche	Schuldt	45.00	Buy	
Demag Cranes	Schmidt	27.00	Hold	2	Postbank	Häßler	29.00	Accumulate	
Deutsche Bank	Häßler	62.00	Buy		PSI	Schäfer	16.00	Buy	2/5
Deutsche Boerse	Häßler	55.00	Hold		Puma	Faust	180.00	Sell	
Deutsche EuroShop	Rothenbacher	26.50	Buy		Q-Cells	Growe	5.50	Reduce	
Deutsche Forfait	Häßler	8.00	Buy	2/3	Rheinmetall	Pehl	57.00	Buy	
Deutsche Post	Rothenbacher	15.00	Accumulate		Rhoen-Klinikum	Possienke	21.00	Buy	
Deutsche Telekom	Pehl	9.50	Hold		Roth & Rau	Growe	33.00	Buy	
DNICK Holding plc	Simmroß	10.00	Buy	2/3	RWE	Schäfer	74.00	Accumulate	
Douglas Holding	Faust	40.00	Buy		Salzgitter	Growe	54.00	Hold	
Drägerwerk	Aubéry	68.00	Buy		Seven Principles AG	Pehl	6.00	Buy	2/3/5
E.ON	Schäfer	30.00	Hold		Singulus Technologies	Growe	5.50	Accumulate	5
ElringKlinger	Schuldt	25.00	Buy		SMT SCHARF AG	Schmidt	15.00	Buy	2/3
Euromicron AG	Pehl	32.00	Buy	5	Software AG	Pehl	82.00	Hold	
Fielmann	Possienke	67.00	Accumulate		Solar-Fabrik	Growe	6.00	Buy	2/3/5
Fraport	Rothenbacher	45.00	Buy		SolarWorld	Growe	11.00	Hold	
Freenet	Pehl	12.50	Buy	2	Solon	Growe	4.00	Reduce	
Fresenius	Possienke	45.00	Reduce		Stada	Possienke	36.00	Accumulate	
Fresenius Medical Care	Possienke	44.00	Accumulate		Suess MicroTec	Pehl	5.00	Buy	2/3
Fuchs Petrolub	Demidova	95.00	Buy		Sunways	Growe	6.50	Accumulate	2/3
GEA Group	Schmidt	21.00	Buy		ThyssenKrupp	Growe	20.00	Reduce	
Gerresheimer AG	Aubéry	33.00	Accumulate		Tognum	Schmidt	14.00	Hold	
Gesco	Schmidt	47.00	Buy	2/3	TUI	Rothenbacher	8.00	Hold	
GFT Technologies	Schuldt	4.20	Buy	2/3	Twintec	Schäfer	15.00	Buy	2/3/5
Gildemeister	Schmidt	14.00	Buy		United Internet	Pehl	13.00	Accumulate	
Grenkeleasing AG	Häßler	35.00	Hold		VBH Holding	Faust	4.10	Hold	
Hannover Re	Häßler	36.00	Hold		Volkswagen	Schuldt	97.00	Buy	2/3
Heidelberger Druck	Schmidt	10.00	Buy		Vossloh	Schmidt	88.00	Accumulate	
Henkel	Demidova	36.00	Reduce		Wacker Chemie	Growe	140.00	Accumulate	
HHLA	Rothenbacher	33.00	Buy		Wincor Nixdorf	Pehl	56.00	Buy	
Hochtief	Faust	90.00	Buy		4SC AG	Aubéry	4.70	Buy	2/3

Source: equinet Recommendations

Notice according to § 34 b (German) Securities Trading Act (“Wertpapierhandelsgesetz”)

This document is issued by equinet AG (“equinet”). It has been prepared by its authors independently of the Company, and none of equinet, the Company or its shareholders has independently verified any of the information given in this document.

equinet possesses relations to the covered companies as detailed in the table on the previous page. Additional information and disclosures will be made available upon request and/or can be looked up on our website <http://www.equinet-ag.de>

- 1 - equinet and/or its affiliate(s) hold(s) more than 5% of the share capital of this company calculated under computational methods required by German law.
- 2 - equinet acts as a designated sponsor for this company, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. equinet receives a commission from the company for the provision of the designated sponsor services.
- 3 – The designated sponsor services include a contractually agreed provision of research services.
- 4 – Within the last twelve months, equinet was involved as a lead or co-lead manager in the public offering of securities which are/whose issuer is the subject of this report.
- 5 – Within the last twelve months, equinet and/or its affiliate(s) provided investment banking- and/or other consultancy services for this company and/or it's shareholders.
- 6 - equinet and/or its affiliate(s) has/have other substantial financial interests in relation to this issuer.
- 7 – equinet has entered into an agreement with this company about the preparation of research reports and – in return - receives a compensation.

Companies of the equinet group and/or its directors, officers and employees or clients may take positions in, and may make purchases and/or sales as principal or agent in the securities or related financial instruments discussed in our reports. The equinet group may provide investment banking and other services to and/or serve as directors of the companies referred to in our reports.

In compliance with Para 5 Sec. 4 of the Ordinance on the Analysis of Financial Instruments (FinAnV) equinet has realized additional internal and organizational measures, such as specific research guidelines, to prevent or manage conflicts of interest.

Neither the company nor its employees are allowed to receive donations from third parties with a special interest in the content of the analysis.

The salary of the research analysts of equinet AG does not depend on the investment banking transactions of the company. Nevertheless, this does not rule out the payment of a bonus which depends on the overall financial performance of the bank.

Particular care is taken that the individual performance of each research analyst of equinet AG is not being assessed by a manager of another business division with similar or same interests.

To assure a highest degree of transparency equinet AG regularly provides - on a quarterly basis – a summary according to Para 5 Sec. 4 No. 3 of the Ordinance on the Analysis of Financial Instruments (FinAnV). It informs about the overall analysts recommendations and sets them in a relationship to those companies, for which equinet provided investment banking services within the last twelve months. This summary is published via our website <http://www.equinet-ag.de>.

Furthermore, we refer to our conflict of interest policy as well as the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV) provided in the download area of our website <http://www.equinet-ag.de>.

Remarks

Recommendation System

- Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.
- Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.
- Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon
- Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon
- Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

Basis of Valuation

Equinet uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

Sources

equinet has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.

DISCLAIMER

THE PREPARATION OF THIS DOCUMENT IS SUBJECT TO REGULATION BY GERMAN LAW. THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY IN YOUR CAPACITY AS A PROFESSIONAL INSTITUTIONAL INVESTOR FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT THEREOF.

THE DELIVERY OF THIS RESEARCH REPORT TO U.S. PERSONS IN THE UNITED STATES OF AMERICA IS MADE BY AND UNDER THE RESPONSIBILITY OF ESN NA, INC. (REGISTERED WITH THE SEC). THIS RESEARCH REPORT IS ONLY INTENDED FOR PERSONS WHO QUALIFY AS MAJOR U.S. INSTITUTIONAL INVESTORS, AS DEFINED IN SECURITIES EXCHANGE ACT RULE 15A-6, AND DEAL WITH ESN NA, INC. HOWEVER, THE DELIVERY OF THIS RESEARCH REPORT OR SUMMARY TO ANY U.S. PERSON SHALL NOT BE DEEMED A RECOMMENDATION OF ESN NA, INC. TO EFFECT ANY TRANSACTIONS IN THE SECURITIES DISCUSSED HEREIN OR AN ENDORSEMENT OF ANY OPINION EXPRESSED HEREIN. ESN NA, INC. MAY FURNISH UPON REQUEST ALL INVESTMENT INFORMATION AVAILABLE TO IT SUPPORTING ANY RECOMMENDATIONS MADE IN THIS RESEARCH REPORT. ALL TRADES WITH U.S. RECIPIENTS OF THIS RESEARCH SHALL BE EXECUTED THROUGH ESN NA, INC.

THIS DOCUMENT IS FOR DISTRIBUTION IN THE U.K. ONLY TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (ii) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, NAMELY HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS OR TO RESIDENTS OF OTHER JURISDICTIONS MAY ALSO BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. YOU SHALL INDEMNIFY EQUINET AGAINST ANY DAMAGES, CLAIMS, LOSSES, AND DETRIMENTS RESULTING FROM OR IN CONNECTION WITH THE UNAUTHORIZED USE OF THIS DOCUMENT.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: readers must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information herein is believed by equinet to be reliable and has been obtained from sources believed to be reliable, but equinet makes no representation as to the accuracy or completeness of such information. The information given in this report is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the Company. Opinions expressed herein may differ or be contrary to opinions expressed by other business areas of the equinet group as a result of using different assumptions and criteria. equinet is under no obligation to update or keep the information current. equinet provides data concerning the future development of securities in the context of its usual research activity. However, if a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results. Neither the author nor equinet accepts any liability whatsoever for any loss whatsoever arising from any use of this publication or its contents or otherwise arising in connection therewith, except as provided for under applicable regulations.

equinet shall only be liable for any damages intentionally caused or which result from any gross negligence of equinet. Further equinet shall be liable for the breach of a material obligation of equinet, however, limited to the amount of the typical foreseeable which shall in no event exceed the amount of EUR 10,000. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt/Main (Germany).

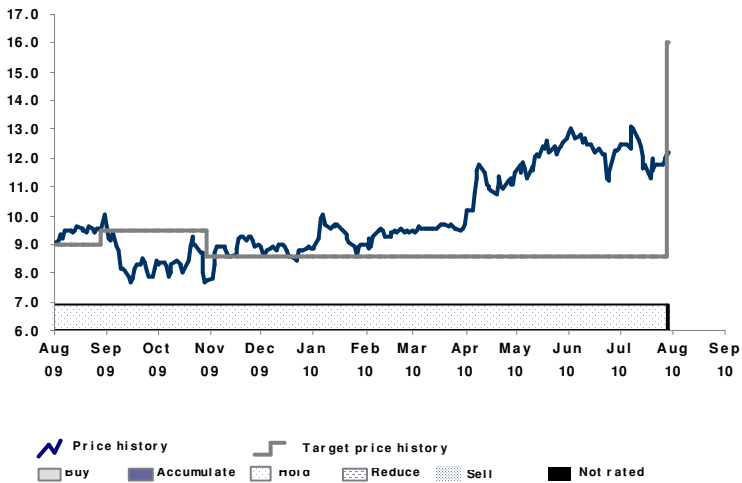
Competent Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht
-BaFin- (Federal Financial Supervisory Authority)
Graurheindorfer Straße 108, 53117 Bonn and
Lurgallee 12, 60439 Frankfurt am Main.

Recommendation history for PSI

Date	Recommendation	Target price	Price at change date
29-Jul-10	Buy	16.00	12.10
30-Oct-09	Hold	8.60	7.72
28-Aug-09	Hold	9.50	9.50
28-Jul-09	Hold	9.00	8.98
21-Jul-09	Accumulate	9.00	9.24
15-May-09	Accumulate	7.30	7.35
16-Mar-09	Buy	6.00	4.25
29-Sep-08	Buy	6.50	4.45
11-Jan-08	Buy	7.00	5.20
30-Nov-07	Accumulate	7.00	5.85

Source: Factset & ESN, price data adjusted for stock splits.
 This chart shows Equinet continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Michael Schaefer (since 15/02/2010)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

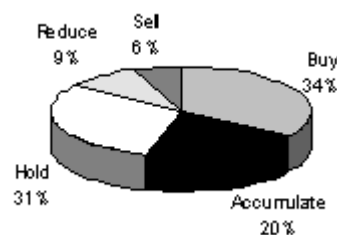
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

equinet Ratings Breakdown

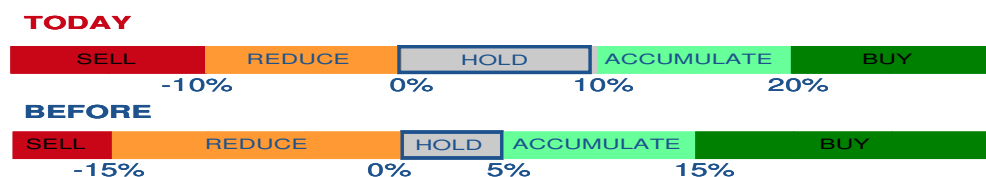


History of ESN Recommendation System

Since **18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ('ESN'). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ('related investments'). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk.

ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the latest relevant published research on single stock. Research is available through your sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members and on each "company recommendation history", please visit the ESN website (www.esnpartnership.eu). For additional information and individual disclaimer please refer to www.esnpartnership.eu and to each ESN Member websites:

www.bancaakros.it
www.caixabi.pt
www.cajamadridbolsa.es
www.cmccs.com
www.danskeequities.com
www.degroof.be
www.equinet-aq.de
www.ibg.gr
www.ncb.ie
www.snssecurities.nl

Members of ESN (European Securities Network LLP)


Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milano
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302



Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04



Caixa-Banco de Investimento
Rua Barata Salgueiro, 33-5
1269-050 Lisboa
Portugal
Phone: +351 21 389 68 00
Fax: +351 21 389 68 98



Caja Madrid Bolsa S.V.B.
Serrano, 39
28001 Madrid
Spain
Phone: +34 91 436 7813
Fax: +34 91 577 3770



CM-CIC Securities

CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 4016 2692
Fax: +33 1 4596 7788



Danske Markets

Equities



Danske Markets Equities
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: +45 45 12 00 00
Fax: +45 45 14 91 87

equinet

THE EQUITY GROUP

Equinet AG
Gräbstraße 97
60487 Frankfurt am Main
Germany
Phone: +49 69 - 58997 - 410
Fax: +49 69 - 58997 - 299



INVESTMENT BANK OF GREECE
MEMBER OF MARFIN POPULAR BANK GROUP

Investment Bank of Greece
24B, Kifisias Avenue
151 25 Marousi
Greece
Phone: +30 210 81 73 000
Fax: +30 210 68 96 325



NCB



NCB Stockbrokers Ltd.
3 George Dock,
Dublin 1
Ireland
Phone: +353 1 611 5611
Fax: +353 1 611 5781

SNS Securities

SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



European Securities Network LLP
Registered office c/o Withers LLP
16 Old Bailey - London EC4M 7EG