

## OIM plc

### Summary

- **Profit leap:** According to preliminary figures, OIM was able to multiply the profit in 2011 from EUR 0.4 m to 2.6 m. This success is based on an increased profitability of the Fleischhauer subsidiary which is currently generating the major part of the group's revenues.
- **Diversification:** The management is currently developing two further mainstays. In January, the announced 30.8 percent profit sharing in the Indian business of the Mad Croc energy drink was concluded; in February, an investment into a Dutch broker and asset manager was announced.
- **Fleischhauer acquiring:** The Fleischhauer subsidiary is strengthening its market position in Germany through acquisitions and intends to generate revenues of EUR 100 m in the mid-term.
- **Share underpriced:** Currently, the share is quoted with a PER of 5.9 based on last year's surplus despite the fact that in particular the recent activities offer an attractive profit potential. We assess the company still as a speculative buy and see the target price at EUR 3.03.

## Speculative buy (*unchanged*)

**Target price** 3.03 Euro  
**Current price** 0.90 Euro (*Euronext*)



Price history (Euronext)	1 M	3 M	12 M
High (EUR)	1.10	1.30	1.77
Low (EUR)	0.80	0.80	0.50
Performance	+1.12%	-33.33%	-34.78%
∅-turnover (EUR/day)	45,310	31,152	33,228

### Key data

ISIN / WKN	GB00B063YS85 / A0Q769
Sector	Investment holding
Based in	Warwickshire / UK
Website	www.oim plc.com
Outstanding shares	17.08 m
Listed since	September 2010
Segment	Open Market / Euronext
Market capitalization	15.4 m Euro
Free Float	>35 %
Accounting	IFRS

Financial year (31.12.)	2010	2011e	2012e	2013e		
Revenues (m EUR)	39.7	41.6	47.0	49.4	CAGR revenues 10-13 (e)	7.5%
Revenues growth	3.9%	4.8%	13.0%	5.0%	CAGR EBIT 10-13 (e)	60.1%
EBIT (m EUR)	1.0	3.0	3.7	4.1	CAGR EpS 10-13 (e)	223.5%
EBIT margin	2.5%	7.2%	7.9%	8.3%		
EpS	0.01	0.15	0.18	0.20	Enterprise Value (m EUR)	16.8
Dividend per share	0.00	0.02	0.04	0.05	Book value (m EUR)	6.5
PSR	0.39	0.37	0.33	0.31	EV / revenue 12 (e)	0.4
PER	150.7	5.9	5.1	4.4	EV / EBIT 12 (e)	4.5
Dividend yield	0.0%	2.2%	4.4%	5.6%	price / book value	2.4

## Recent business development

### *Leap in profits in FY 2011*

In the second half of 2011, the upward trend in the business development of the financial holding Opportunity Investment Management (OIM) has continued. After a surplus of EUR 0.75 m in the first six months, a profit of EUR 2.6 m for the whole financial year was announced (previous year: EUR 0.4 m), equalling a result of EUR 0.15 per share. This was primarily due to operating improvements with the most important subsidiary, the service provider Fleischhauer (stake: 95.9 percent). Besides, the revitalization of the MySparta subsidiary, which in the previous years had ceased all operating activities, led to a book profit. The final results are to be announced at the end of March.

### *Fleischhauer purchases competitors*

In addition to the improved profitability, the company has also made progress with regard to expansion of business activities. One of the current strategic focuses is the strengthening of Fleischhauer's market position in Germany through acquisitions. The group providing building services solutions in the areas of security, IT, media and electrotechnology was recently able to acquire for EUR 4 m a smaller, but highly profitable competitor with an estimated annual turnover of EUR 5 m and a focus on security systems. For the current year, at least one further acquisition is planned; in this way, the company now operating mainly in Northern Germany intends to gradually expand its area of operations to the south as well. Fleischhauer is aiming at increasing its revenues from about EUR 40 m in 2010 to EUR 100 m in the mid-term.

### *MySparta – base of Mad Croc's expansion in Asia*

Over the last months, the scheduled operating restart of the listed subsidiary MySparta has come noticeably closer. Last November, a Letter of Intent has been signed with Energy Brands Ltd., providing a participation of MySparta in the Asia business of Mad Croc, an energy drink very successful in Europe and the USA. The agreement included a purchase of 77 percent of the Chinese marketing rights and a share in net profit of 30.8 percent in the Indian Mad Croc offshoot. At the end of January, the Indian transaction was completed. In exchange for the transfer of the share in profits, Energy Brands obtained a 35 percent interest in MySparta, thus reducing the OIM's stake to 49.3 percent. The parent company will transfer the rights it had acquired itself – assessed at EUR 1.15 m – to MySparta even in the first quarter.

### *Financial service provider for Benelux*

At the same time, OIM's management is developing a group providing financial services in the Benelux countries that is to be named „Benelux Finance Group“. It is to be included in the corporate shell of the Out Of Africa AG (OIM stake 90.8 percent) at a later time. Recently, an important stage success was recorded here as well: As a first step, OIM is planning to invest EUR 1.3 m in the course of a capital increase into the Dutch online broker and asset manager Today's Beheer & Broker Holding BV and to obtain 29.5 percent of the company in ex-

change. In future, this should provide a platform for further synergetic acquisitions and an expansion of business activities as part of a buy-and-build strategy. OIM's CEO Ritskes is aiming to establish a transnational financial service provider that would focus particularly on the needs of small and middle-sized companies, and also establish and maintain contact with investors.

## Future prospects

### *Scope for expansion of activities*

In the past years, OIM's management had focused mainly on the restructuring of the holding company and the Fleischhauer group, which is now resulting in a considerable increase of profitability. This provides a scope for expanding the activities in other business areas as well. The first steps in that direction have been very promising. Especially the share of 30.8 percent in the profits from the sale of the Mad Croc energy drink in India holds out the prospect of a direct positive impact on the results. In the mid-term, we see the development of a new financial service provider for the Benelux countries as a potentially very profitable mainstay as well, since the core competencies of CEO Ritskes' team are precisely in this area.

### *Fleischhauer remains the heavyweight*

However, the subsidiary Fleischhauer will remain the main pillar of the financial holding in the foreseeable future. A successful acquisition process in Germany in order to strengthen the competitive position is therefore a crucial asset for the entire group. OIM and Fleischhauer's management have prepared this step very carefully and we are optimistic regarding further development, especially as Germany's highly fragmented services market offers numerous opportunities for acquisition. One of the factors determining the pace of expansion will probably be the placement of a zero bond with a coupon of 8.25 percent. The issue started in November; in a first tranche, EUR 12.5 m are to be raised, secured by shares in Fleischhauer. So far, the company has not yet announced any figures concerning the success of the placement. Due to the difficult market environment, however, we assume that only a part of the targeted sum was obtained.

### *Forecast raised*

Although this is a little disappointing, we do not need to adjust our forecast – rather cautious anyway – for further business development. Just the opposite: the result for 2011 was far above our expectations (EUR 2.08 m), and therefore we raise the net margin expected for the current period from 6.0 to 6.4 percent. Moreover, we include Fleischhauer's acquisition in the forecast and are now expecting revenues of EUR 47 m for the entire group. Further acquisitions that are so far only planned are not yet included in the figures. The following table shows our detailed estimate for the development over the next eight years:

	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues (m EUR)</b>	<b>47.0</b>	<b>49.4</b>	<b>51.8</b>	<b>54.4</b>	<b>56.6</b>	<b>58.3</b>	<b>59.4</b>	<b>60.6</b>
Revenues growth		5.0%	5.0%	5.0%	4.0%	3.0%	2.0%	2.0%
Net yield	6.4%	7.0%	7.5%	8.0%	8.0%	8.0%	8.0%	8.0%
<b>Profit (m EUR)</b>	<b>3.01</b>	<b>3.45</b>	<b>3.89</b>	<b>4.35</b>	<b>4.53</b>	<b>4.66</b>	<b>4.76</b>	<b>4.85</b>
Profit growth		14.8%	12.5%	12.0%	4.0%	3.0%	2.0%	2.0%

*Fair value EUR 3.03 per share*

Given a discount rate of 9.9 percent (risk-free rate 2.5 percent, risk premium 5.3 percent, beta 1.4) and a perpetual growth of 2.0 percent, our updated assessment model results in a fair value of EUR 51.8 m or EUR 3.03 per share. Compared to the current price, it shows an upward potential of more than 200 percent.

*Sensitivity analysis*

The following sensitivity analysis shows that even given considerably more restrictively chosen parameters (discount rate 10.9 percent, perpetual growth 1.0 percent) there is still a price potential of 180 percent.

		Perpetual growth				
		1.0 %	1.5 %	2.0 %	2.5 %	3.0 %
Discount rate	8.9%	3.20 EUR	3.33 EUR	3.49 EUR	3.66 EUR	3.87 EUR
	9.4%	3.00 EUR	3.11 EUR	3.24 EUR	3.39 EUR	3.57 EUR
	9.9%	2.82 EUR	2.92 EUR	3.03 EUR	3.16 EUR	3.31 EUR
	10.4%	2.67 EUR	2.75 EUR	2.85 EUR	2.96 EUR	3.08 EUR
	10.9%	2.53 EUR	2.60 EUR	2.69 EUR	2.78 EUR	2.88 EUR

## Conclusion

*Unchanged recommendation: "Speculative buy"*

OIM's management made great progress at the development of business activities over the past few months, and it has not yet been adequately appreciated by the stock market. After a rapid rally last autumn a severe correction has followed, during which the major part of the gains was lost again. At the current price, the company has – measured against the surplus from 2011 – only a PER of 5.9, despite the fact that the group's expansion holds a high profit potential. The group's most important asset is still the Fleischhauer subsidiary, which is strengthening its position in the German market through acquisitions and is targeting revenues of EUR 100 m in the mid-term. But also the recent activities of the financial holding, the participation in the Asian business of the thriving energy drink Mad Croc and the development of a financial service provider for the Benelux countries, promise high returns in case of success. Against this background, we assess OIM still as a speculative buy with a target price of EUR 3.03.

## Appendix

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- „Hold“ expected return up to 10 percent,
- „Underweight“ expected decrease in price by up to 10 percent,
- „Sell“ expected decrease in price by more than 10 percent,
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### Our contact details:

Performaxx Research GmbH  
Innere Wiener Strasse 5b  
81667 München

**Telefon:** + 49 (0)89 / 44 77 16-0

**Fax:** + 49 (0)89 / 44 77 16-20

**Internet:** <http://www.performaxx.de>

**E-Mail:** [kontakt@performaxx.de](mailto:kontakt@performaxx.de)