

Investment Research

Hold

vs

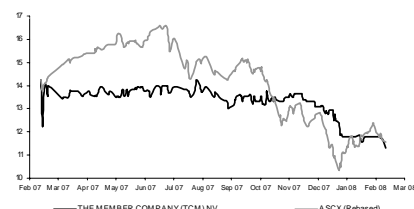
Share price*: EUR	11.32
Target price: EUR	12.00

Reuters/Bloomberg ALTMC.AS/ALTMC.NA

Accounting Standard/Since IFRS/2004

Market capitalisation (EURm)	45.0
No. of shares (m)	4.0
Free float	7.0%
Daily avg. no. trad. sh. 12 mth	500
Daily avg. trad. vol. 12 mth (m)	0.01
Price high 12 mth (EUR)	14.26
Price low 12 mth (EUR)	11.32
Abs. perf. 1 mth	-4.1%
Abs. perf. 3 mth	-17.0%
Abs. perf. 12 mth	-19.5%

(EUR)	12/08e	12/09e	12/10e
Sales (m)	41	45	48
EBITDA (m)	8	9	9
EBITDA margin	18.9%	18.8%	18.4%
EBIT (m)	7	8	8
EBIT margin	17.5%	17.5%	17.2%
Net Profit (adj.)(m)	6	6	7
ROCE	18.2%	19.1%	17.4%
Net debt/(cash) (m)	2	(3)	(7)
Debt Equity	6.1%	-9.0%	-20.8%
Debt/EBITDA	0.2	-0.3	-0.8
Int. cover(EBITDA/Fin.int)	94.6	(94.2)	(46.1)
EV/Sales	1.1	0.9	0.8
EV/EBITDA	6.0	5.0	4.4
EV/EBITDA (adj.)	6.0	5.0	4.4
EV/EBIT	6.5	5.4	4.7
P/E (adj.)	8.0	7.2	6.9
P/BV	1.8	1.5	1.3
FCF yield	7.3%	13.1%	14.0%
Dividend yield	0.0%	3.9%	4.1%
EPS (adj.)	1.42	1.58	1.64
BVPS	6.24	7.37	8.55
DPS	0.00	0.44	0.46



Shareholders: Thijs Manders Beheer 22%; Mobion Holding 22%; Bridge Career 14%; Cumano 14%; Comnaar 8%; Former

*closing price as of 10/03/2008

TMC: an entrepreneurial high-tech secondment company

- We initiate coverage of professional secondment company The Member Company (TMC) with a Hold recommendation. The company is valued in line to its peer groups, due to its relatively strong share price performance. Our DCF-model points at a 6 to 12 months fair value of EUR 13.9 per share, providing 19% upside potential. However, we do not expect this to materialize within the next 6 to 12 months, due to investors' current preference for defensive stocks and large caps. Therefore, we have set a price target of EUR 12 per share for that period.
- TMC is a mid-sized professional staffing company for highly educated and experienced professionals. The company focuses with its operations on the fields of technology, ICT, construction and civil engineering. Its specific business model of 'Employneurship' differentiates the company from other secondment companies. It creates a strong bond between the company and both its professionals and its clients.
- The company has a short history, but one with very strong growth. Since TMC started in 2000, it was able to report EBITA growth of 178% per year (158% organically), driven by both top-line growth and margin expansion. It has an excellent operating performance, despite its scale, due to the high rates and gross margins. In 2006, TMC got a listing on Alternext Stock Exchange, the Dutch stock exchange for small and medium sized companies. It used its listing to acquire construction and civil engineering secondment company Adapté.
- Management is focused on further growth and diversification of the services base by four drivers. Firstly, by expanding its current operations. Secondly, by expanding into new adjacent technological competences. Thirdly, by making new acquisitions in new technological competences. Finally, by expanding geographically within the Netherlands and into Belgium or Germany.
- In our view, TMC has positioned itself in the sweat spot of the Dutch staffing market. The professional staffing segment is expected to be driven by structural growth drivers, since demand for flexible labour solutions is increasing, highly skilled staff becomes increasingly scarce and the penetration rates of flexible staff in the higher educated market is still relatively low. Moreover, TMC has a high exposure to the Dutch R&D market and the public segment, which we consider to be less volatile.
- Management is confident for 2008, forecasting 25% pro forma sales growth. As the influx of professionals underpins the growth forecast, we estimate growth in line with the guidance. For 2009 and 2010, we are more cautious in our estimates because of the economic uncertainty, the more demanding growth environment for TMC specific and the limited track record. We forecast EPS 2008 at EUR 1.42, EPS 2009 at EUR 1.55 and EPS 2010 at EUR 1.62. Our estimates are excluding any new acquisitions or a potential claim for central labour agreement (cla) and pension costs.

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Executive summery

TMC is a holding company with subsidiaries active in secondment for highly professionals in the fields of technology, ICT, construction and civil engineering. With a total of 400 professionals, it is a medium sized secondment company in the Netherlands. TMC's professionals are highly educated, ranging from Higher Vocational Education to Ph D. Its clients are major technology companies such as Philips, ASML, Océ and Van der Lande Industries, (local) governments and engineering companies.

The company has a short history, but one with strong growth. The precursor of TMC started in 2000. Gradually other sister companies have been started within the technology and ICT competences. In 2006, these sister companies were merged into TMC Holding in order to get a listing on the Alternext Stock Exchange, the Dutch stock exchange for small and medium sized companies. TMC used its listing to finance the Adapté acquisition, diversifying its services into the construction and civil engineering industry. In this relatively short history, the company reported impressive growth of an average 76% sales growth per annum of which 66% was realized organically. As spare capacity was filled in, the average EBITA growth amounted to 178% per annum of which 158% was organically. Net profit before amortization of intangible assets grew 233% per year. The company has an excellent operating performance, reporting EBITA margins of 18% to 20%, far ahead of most of its competitors. Although costs per indirect FTE is relatively high due to the company's limited scale, the high average rates of the professionals in combination with high gross margins drive the above average profitability.

The company differentiates itself from most traditional secondment companies with its business model of 'Employeneurship'. This business model consists of four building blocks:

- 1) Long-term employment relationships with professionals
- 2) Profit sharing of individually generated surplus profit
- 3) Continuing personal coaching for professionals
- 4) Focused business cells based on specialty niches

These building blocks create a strong bond between the professionals and the company, providing TMC a strong advantage in the war for talent. At the same time, the building blocks position TMC's professionals close to the client's core operations, creating a strong relationship with its clients.

TMC targets strong growth and further diversification of services. Its growth strategy is based on four drivers. Firstly, the expansion of new business cells to the targeted size of 50 to 80 professionals. Secondly, TMC will start new cells in new adjacent competences. Thirdly, the company targets new acquisitions in new technical domains as it did with the Adapté acquisition. Finally, TMC desires to expand geographically. For its construction and civil engineering operations a further expansion in the Netherlands is targeted. For its technology and ICT operations, expansion into the West of the Netherlands or into Belgium and Germany within the technology triangle of Eindhoven-Leuven-Aachen is targeted.

In our view, TMC has positioned itself in the sweat spot of the Dutch staffing market. Its focus on the high-end professional secondment market enables the company to benefit from structural growth drivers. Firstly, demand for flexible labour solutions is increasing by both employers and employees. Secondly, high skilled labour becomes increasingly scarce, which will raise the number of job rotations in our view. Finally, penetration rates of highly educated staff are still relatively low compared to the total flexible market. Besides these structural drivers, TMC has positioned itself in attractive market segments. The company is highly exposed to the Dutch R&D market segment. R&D expenses are relatively stable and provide above average growth. At the same time, the use of flexible work force is still low within the R&D market. Although the exposure to the more competitive and cyclical construction market has substantially increased with the acquisition of Adapté, the client base has been further diversified particularly into the public sector. Budgets at the public sector are relatively stable, resulting in lower fluctuations in demand for secondment services.



Despite TMC's attractive market positioning in relatively high growth and less cyclical market segments and its positioning close to the client as a preferred supplier, the company's business model has above average sector risks. We are aware that TMC's small cells and its professionals with a high entrepreneurial behaviour should enable to react faster and even more pro-actively on market changes than its competitors. However, TMC's increased scale will make it more difficult to continue growth in a downturn. Moreover, if the downturn is more severe, we cannot exclude that TMC is unable to replace or reduce its professionals adequately to protect its high margins. Since almost every TMC professional works on a permanent base, the company has limited breathing room at its income statement. Therefore, a sharp increase in idle-time will have a substantial impact on earnings.

Management is confident for 2008, forecasting sales to grow by at least 25% (on a pro forma base including a full-year consolidation of Adapté). The influx of new professionals, particularly at TMC Technology & ICT underpins the guidance. However, we are more cautious for the years 2009 and 2010. Our cautious stand is based on one hand on increased uncertainty regarding the weakening economy and on the other hand on TMC's more demanding environment for growth. The increased scarcity of qualified professionals could limit future growth, while at the same time TMC requires more professionals to remain growing at a high pace and margin expansion appears limited. Finally, the company has a limited track record, making us also more cautious in our estimates. We forecast 2008 EPS before amortization of intangible assets to come in at EUR 1.42, an increase of 42% and 17% on a pro forma base. For 2009 and 2010, we expect a deceleration of growth. We forecast 2009 EPS to increase 11% to EUR 1.58 and 2010 EPS to 4% to EUR 1.64. Management focuses on growth. Therefore, dividend payments are unlikely if it is able to find suitable acquisition candidates.

We do not include in our estimates any new acquisitions. Therefore, we forecast TMC to pay dividend as of 2009. However, management has stated that it does not rule out acquisitions this year. We estimate TMC's war chest at ca. EUR 19m based on 2.5 times EBITDA and including financial room for financing growth. We expect TMC to pay 5 to 7 times EBITA for an acquisition, providing a potential increase in EBITA of EUR 2.7m to EUR 3.8m. We also did not include a potential claim for cla and pension costs. TMC is negotiating with the Dutch staffing association and the Dutch pension association for the staffing industry if it has to comply with the general staffing sector rules. Management is confident that it does not have to comply and thus did not make any provisions. The total direct costs of the potential claim are currently EUR 0.11 to EUR 0.15 per share.

Our DCF-model indicates a 6 to 12 months fair value of EUR 13.9, an upward potential of 19% for the next 6 to 12 months. In our model, we assumed a WACC of 10%, 7% sales CAGR and an average EBITA margin of ca. 14%. Our assumptions are below management's guidance and reflect our cautious stand because of the company's limited track record.

The peer group analysis indicate that TMC trades in line to a slight premium compared to its professional staffing & recruitment and software services peer groups. TMC trades at a discount compared to its international engineering services peer group.

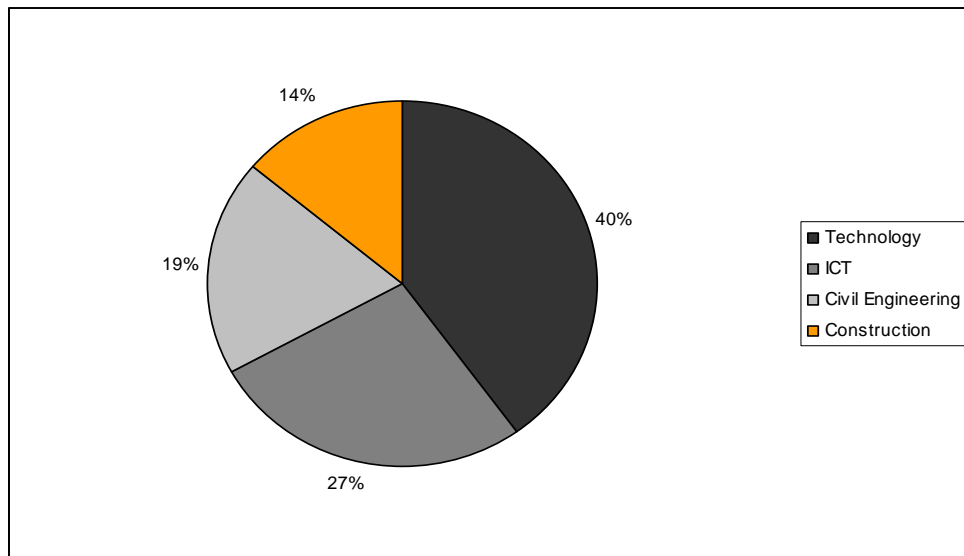
We do not expect a major outperformance from TMC, despite the fact that TMC's valuation multiples do not seem to be very excessive. The company has performed relatively well compared to its peers. The share price decreased by 'only' 23% from its high of EUR 14.65 in December 2006. Most professional staffing and software services companies have posted substantially sharper share price declines of over 50%. Due to its performance, the company does not trade at a major discount. Moreover, we do not expect the potential 19% upside calculated from our DCF-model to materialize in the next 6 to 12 months. Due to the current uncertainty regarding economic developments, investors will continue their preference for defensive stocks and large caps. However, a new acquisition could be a share price catalyst for the short term. We initiate our coverage for TMC with a Hold recommendation. Our price target is set at EUR 12 per share.

Company description

High-end professional secondment company for technicians

The Member Company (TMC) is a holding company that has several subsidiaries active in the high-end secondment services to the ICT and technology driven industries in the Netherlands. TMC provides high skilled professionals -from Higher Vocational Education to Ph D- in a broad range of stages and technical domains. The stages range from R&D to industrialization, installation and field support. The technical domains are ERP, chemicals, physics, mechatronics, industrial automation, mechanics, embedded software and field services & manufacturing support. With the acquisition of Adapté in July 2007, TMC has also entered the high-end secondment services in the construction and civil engineering segment. TMC employs ca 400 professionals, making it a mid-sized player within the fragmented Dutch secondment market.

Pro forma sales segmentation per technical domain for 2007:



Source: Company, SNS Securities Research

TMC's clients are the major (Dutch) OEM companies, such as Philips, Océ and Van der Lande Industries, engineering companies such as ARCADIS to (semi) public organizations such as TNO, Ministry of Defence and district water boards. Due to TMC's focus on the high-end professional secondment on specific domains, competitors range from professional secondment companies in the industrial segments such as Brunel, USG Innovativ (part of USG People), Yacht (part of Randstad) to ICT services companies such as Logica CMG, Ordina and ICT Automatisering and technical and/or engineering services companies such as Imtech, GTI, Altran and Alten. On the next page, we present an overview of the competences, the related business areas and TMC's clients.



Overview of TMC's competences and related business areas and clients:

Competences	Business areas	Clients	Competitors	
TMC Embedded	Integration and validation of software & systems, architecture & design, configuration management	multimedia, manufacturing, healthcare, medical & security	Océ, Philips, NXP, ASML	IBM, ICT Automatisering, Ordina, Sioux
TMC ERP Professionals	Implementation & application management of SAP-software for specific modules: HR, Business intelligence, FICO & IS-oil	oil & gas, fast moving consumer goods, energy, technology, consumer products & public segment	highly diversified client base mainly large companies	Accenture, AtosOrigin, BBit, CMG, Geos(DPA), ICE, Ordina, SAP Consult
TMC Engineering Professionals	Production optimization, quality checks, configuration modelling (Industrial Engineering Testing, installing, service (Field Service Eng.)	farmaceutical, automotive, chemical & food industries semiconductor, medical, packaging	NXP, Stork, Van der Lande	Blom Cons., Brunel, GTI, Imtech, Innativ (USG), Orion, Stork, Tegema, Yacht (Randstad)
TMC Physics	Physics competence in the field of product & process modelling, flow control, lasers & optica & nanotechnology	semiconductor, solar technology, medical & defence, copying & printing, oil & gas	Total, Océ, Thales	Altran, Innativ (USG), TNO, Philips Apptech, Yacht (Randstad)
TMC Mechatronics	R&D services in mechanical & robotized systems	semiconductor, solar technology, medical & defence, copying & printing, oil & gas	OEM companies such as Philips, Océ, Thales and research organization TNO	ACE, Brunel, DHV, Innative (USG) Orion, Philips Apptech, Saint, TNO, Yacht (Randstad)
TMC Industrial Automation	Development of software and hardware for application management	machine builders, system integrators, and processing industry	TNO	
TMC Chemical	Product development, process & sensor development, process optimization & process control in the chemical field	oil & gas, energy & chemical industry	TNO	
TMC Mechanical	Designing, engineering, & integrating statical mechanical systems within R&D	medical technology, process, food, food, copier & printing & semiconductor industry	TNO	
TMC Automotive	R&D services within the automotive industry	automotive industry	TNO, OEM companies & suppliers	
Adapté	Construction & engineering services full range of services from engineering to maintenance	infrastructural, property development	ARCADIS, governmental engineering agencies, municipals	ARCADIS, Brunel, DHV, Grontmij Innativ (USG), Oranjewoud, Yacht (Randstad)

Source: Company, SNS Securities Research



The history of TMC

TMC started in 2000 with secondment services within embedded software with 5 professionals. Despite the economic downturn, the company was able to continue its growth by focussing on the Technology & ICT niche market.

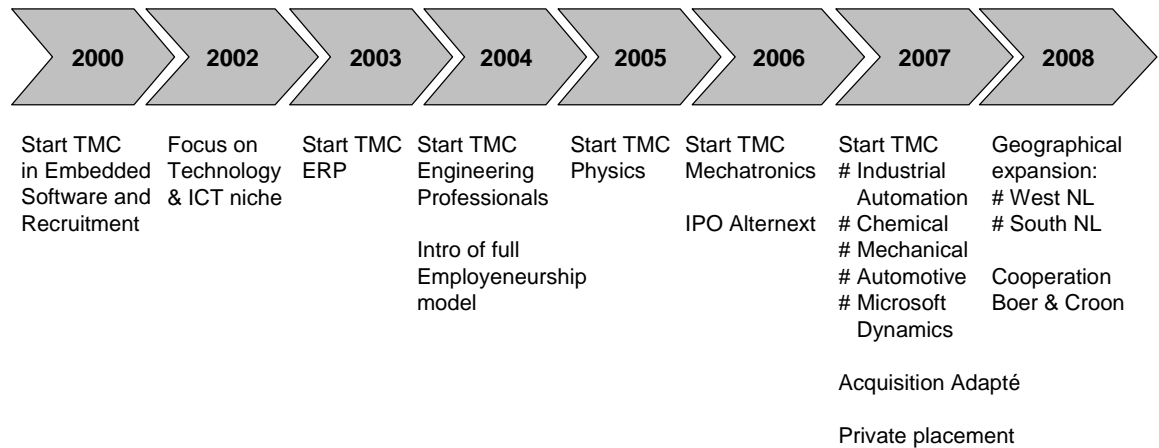
As of 2003, TMC started at least one new business cell each year. TMC introduced its full Employeneurship model in 2004. This business model differentiates TMC from most other secondment companies (see for more information section “Business model of ‘Employeneurs’” on page 11).

In 2006, the business cells were combined in TMC Holding, in order to make it ready for a listing. The holding company received its listing on the Alternext segment of the Euronext Stock Exchange in Amsterdam (the stock exchange for Dutch small caps) in November 2006. A total of 3.3m shares were offered of which 0.5m new shares. The issuing price was EUR 12.75.

In 2007, TMC has attracted two liquidity providers (Rabobank and SNS Securities) to safeguard continuing trading on the stock market. It used its new listing to acquire construction & civil engineering secondment company Adapté. The company financed the acquisition via a private placement of 0.3m new shares for EUR 12.75, early 2007 and a partially share offer.

The company started the year 2008 actively by expanding geographically. Three cells were opened for Adapté in the south and west of the Netherlands and one cell was opened for TMC in the west of the Netherlands. TMC also announced a cooperation with Boer & Croon in the field of Microsoft Axapta.

Historical overview:



Source: Company, SNS Securities Research



Management team

TMC has a two tier board with a Board of Directors and a Supervisory Board. The Board of Directors is headed by Thijs Manders. Mr. Manders is the founder of TMC and has over 20 years experience in recruitment and secondment services. He has the final responsibility for the company and takes care of the strategy of the company.

Pieter van den Tillaart is CFO since November 2006. He has over 10 years controlling experience amongst others at Philips and NXP. Mr. Van den Tillaart is responsible for the financials and investors relations.

Mr. Roy Roosen is COO and has worked for TMC since August 2005. Mr. Roosen is co-founder of TMC Engineering Professionals, TMC Physics and TMC Mechatronics. He has 10 years of experience in recruitment, human resources, outsourcing and restructuring. His responsibilities are for Human Resource Management and integration.

Luuk Jeuken is CCO (Chief Commercial Officer). Mr. Jeuken started his career at TMC as co-founder of TMC Engineering Professionals, TMC Physics, and TMC Mechatronics in November 2004. Within the Board, he takes care of business development.

Mr. Manders, Mr. Roosen and Mr. Jeuken are the major shareholders in TMC (see also the section 'Shareholder structure' on page 9).

Overview Board members:

Board of Directors				Supervisory Board		
Name	Age	Position	Responsibility	Name	Age	Position
Thijs Manders	44	CEO	Strategy	Jan Lobbezoo	61	Chairman
Pieter van den Tillaart	36	CFO	Financials & IR	Hans Wouters	59	Member
Roy Roosen	33	COO	HRM & Integration	Paul Schouwenaar	48	Member
Luuk Jeuken	32	CCO	Business development			

Source: Company, SNS Securities Research

Mr. Jan Lobbezoo is Chairman of the Supervisory Board since November 2006. He held several positions within Philips and is board member of NIVRA (the Royal Dutch Institution for Register Accountants).

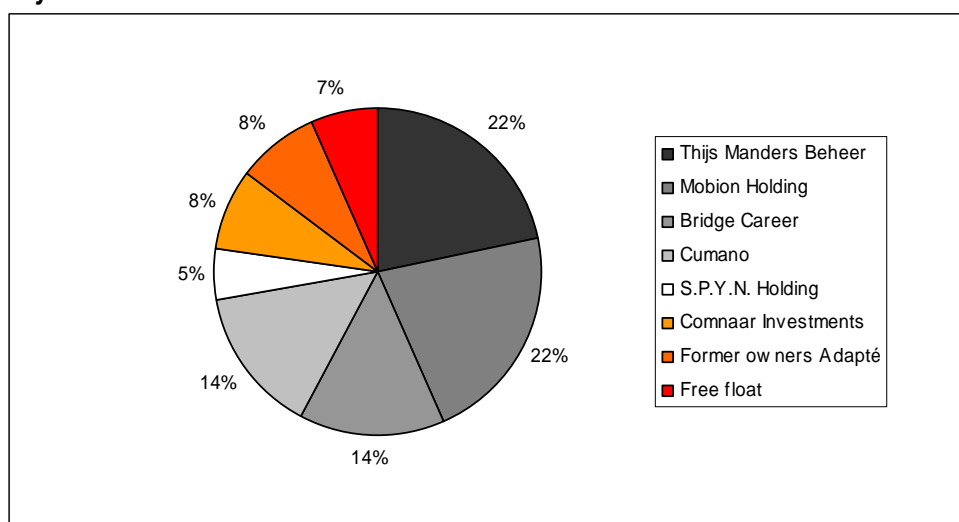
Mr. Hans Wouters and Mr. Paul Schouwenaar are members of the Board. Mr Wouters held positions in amongst others Brink-Molyn, Samas Groep and Gelderse Papiergroep and holds positions in the Supervisory Boards of Remeha and Eltink Beheer. He is member of the Supervisory since November 2006.

Mr. Schouwenaar had several positions within the retail industry at amongst others Zeeman Groep, V&D and Macintosh. He currently holds a position at S.P.Y.N. Holding, is member of the Supervisory Board of Hans Anders Groep and Ouwehands Dierentuin and is co-owner of private equity company Comnaar Investments. Mr. Schouwenaar is member of the Board since May 2007.

Shareholder structure

TMC's total number of outstanding shares is 3.9m. The diluted number of shares is 4.0m. Major shareholders are Thijs Manders Beheer (100% ownership of Thijs Manders), Mobion Holding (50%-50% ownership of Mr. J.H.M. van Rijt and Mr P.J.H.S. van Rijt), Bridge Career (100% ownership of Roy Roosen), Cumano (100% ownership of Luuk Jeuken), S.P.Y.N. Holding has a 5% interest and Comnaar Investments 8% interest. These two investment companies are related with Mr. Schouwenaar, member of the Supervisory Board. The former owners of Adapté own 8% interest in TMC via convertible shares. These shares have a lock up until the end of this year. The shares will then be converted into ordinary shares, becoming tradable on the stock market. The current free float is limited with ca. 7%. Future acquisitions financed (partly) with shares, like the Adapté acquisition, should help to increase the free float. Mr. Erik Bongers has been granted options for 0.1m new shares for his role as an adviser to the company. The options give the right to purchase new shares at the IPO issue price of EUR 12.75.

Major shareholders:



Source: Company, SNS Securities Research

Corporate governance

The Management of Directors and the Supervisory Board in generally underwrite the corporate government principles. However, management deviates from some principles. Below, we describe the principles where management does not comply and the reason why:

- | | |
|-----------|--|
| II.1 | The Supervisory Board does not have a separate Audit Committee, due to its limited size. |
| II.1.1 | Current Management of Directors has an indefinite contract instead of a four years contract. Management considers implementing four years contracts when new management is installed. |
| II.2.6 | TMC does not report equity transactions made by the Management of Directors unless it has possible conflict of interests, because of the size of the company and the consideration of these transactions being a private matter. |
| II.2.8 | TMC has provided a loan for the management |
| II.2.9-10 | TMC does not yet have a remuneration policy, but does consider starting a project to implement a remuneration policy. Due to its limited size, the Supervisory Board does not have a remuneration committee and does not make a remuneration report. |
| II.2.11 | TMC does not report material elements in the contracts of the management's contracts because it considers a private matter. |
| III.5 | TMC's Supervisory Board has not installed three core committees (Audit Committee, Remuneration Committee and a Selection & Appointment |



- Committee) due to its limited size. The principles consider implementing commissions as of four members.
- III.7.3 TMC does not report equity transactions made by the Supervisory Board unless it has possible conflict of interests, since it considers it to be a private matter.
- IV.1 Decisions regarding dismissing a Supervisory Board member or binding nomination requires a minimum vote cast of two thirds as described in the Articles of Association instead of the recommended one third.
- IV.3.1 Meetings or presentations for analyst or press cannot be attended via a webcast due to the limited size of the company.

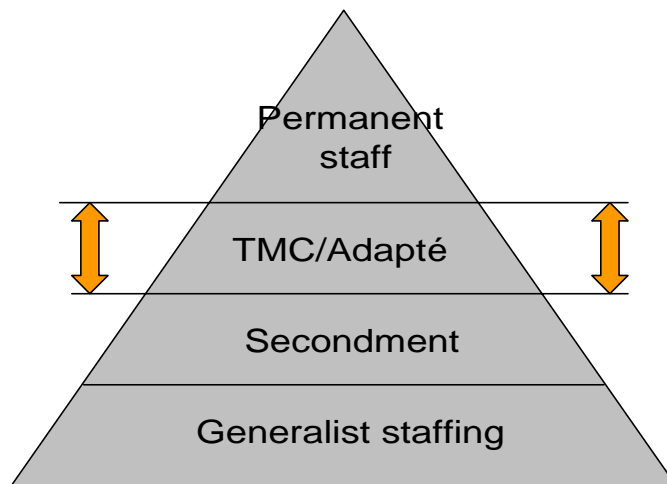
Besides the large interests of the directors, TMC has one major anti-takeover barrier. The foundation 'Stichting Preferente Aandelen TMC' has the right to purchase preference shares via a Call-option up to a maximum of 100% of the outstanding ordinary shares. The Foundation's objective is to support the interest of TMC by securing the interests of the company, its enterprises and all other persons involved. The members of the Foundation are Mr. Emile Bogaerts (Chairman), Mr. Wim Dik (Vice-chairman) and Mr. Hans Beck (Secretary). Mr. Bogaerts is a judge within the court of 's-Hertogenbosch, the Netherlands. Mr. Dik, former CEO of KPN, is part-time professor at the Delft University of Technology and Mr. Becks is an advisor to Management Boards with respect to restructurings.

Strategy and targets

Focusing on top-end professionals

The market segment on which TMC focuses is clearly the high-end professionals. For both the construction & civil engineering professionals and the technology & ICT professionals, the company targets professionals which can be placed, based on experience and knowledge close to the permanent engineers of the client, making them first of choice. The specific positioning should make TMC less vulnerable for peak demand, since its professionals are closely to the core operations of the client. Therefore, management sees the company to be more than just a secondment company. The focus on the high-end professionals is also reflected in the average sales per direct FTE which is with over EUR 90,000 per annum much higher than most of its competitors.

TMC's market positioning:



Source: Company, SNS Securities Research

Business model of 'Employeers'

TMC has a business model which is unique compared to its major competitors. The model consists of four building blocks that create strong binding with both its staff and its clients and implements an entrepreneurial spirit within the organization which should provide a superior performance in the war for talent:

- 1) Long-term employment relationships with professionals
- 2) Profit sharing of individually generated surplus profit
- 3) Continuing personal coaching for professionals
- 4) Focused business cells based on specialty niches

1) Long-term employment relationships with professionals

The professional labour market is increasingly confronted with scarcity driven by on the one hand ageing of population and on the other hand increasing demand for higher educated personnel. TMC desires to have a long-term relationship with its professionals in order to secure a pool of specialized and high quality staff to its clients.

2) Profit sharing of individually generated surplus profit

TMC's professionals receive a basic salary. Additionally to that salary, the employee participates (0% to maximum 50%) in its own generated surplus profit, which is the difference between the professional's cost base and its generated revenues. TMC targets at least 1780 billable hours (95% of the potential hours). The individual profit sharing creates a stronger bond with TMC and increases the entrepreneurial spirit of the professionals.



3) Continuing personal coaching for professionals

Professionals are coached on a continuous base to further improve soft skills, including entrepreneurial skills, communication skills, client focus and persuasiveness. Objective of the personal coaching is to create an entrepreneurial attitude and to further improve the interaction between the customer and the professional.

4) Focused business cells based on specialty niches

TMC is organized in cells with a limited size and a dedicated specialty niche. The size and the dedication to a specialty of the cells create a high level of flexibility and create a stronger bond between the professionals. The focused business cells clearly distinguish TMC from most of its competitors, which have a general pool of a mix of competences, and should enable TMC to adapt market changes more quickly than most of its competitors.

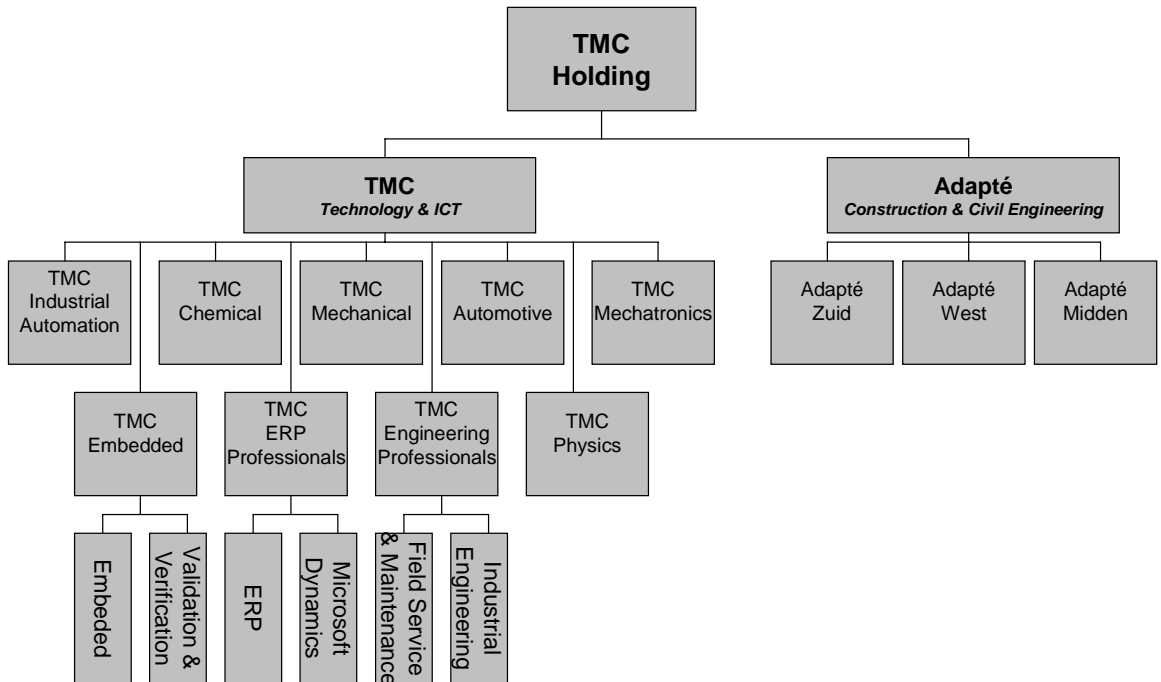


Decentralized organization

As mentioned above, the company structure is based on cells with a dedication to a specific technological competence. Each cell has a limited size with a maximum of 50 to 80 professionals in order to remain flexible. A cell is managed by a Cell Director. Depending on the size of the cell, the Cell Director is assisted by two (senior) Account Managers and one Office Manager. If a business cell further develops and surpasses the critical level of 50 to 80 professionals, the cell will be split in either a specific competence or geographic area. The back office is centralized and operates for all cells within a major subsidiary. The targeted ratio professionals or direct staff vs. indirect staff is ca. 8, which is in line with other professional secondment companies. This organization structure creates a highly decentralized company, which should be more flexible than its competitors.

To expand the span of control, TMC Group operates with two separate operations: TMC Technology & ICT and Adapté Construction & Civil Engineering. TMC Technology & ICT has 9 separate cells, organized into specific competences. Three of these TMC cells -TMC Embedded, TMC ERP Professional and TMC Engineering Professionals- have split into sub-cells. Adapté has divided its organization into three geographical cells. TMC's business model will gradually be further implemented by differentiating its cells into specific competences. TMC desires to further expand via organic growth and acquisitions. If ICT reaches sufficient scale, it will be split into a separate operation next to TMC Technology and Adapté Construction & Civil Engineering. Acquisitions in new technological areas and with a strong brand name will also be positioned next to the current two operations.

Organizational structure TMC:



Source: Company, SNS Securities Research

Quest for growth and diversification

Management targets a growth strategy that will diversify its services and activities to new industries and branches. The growth strategy is based on four building blocks:

- 1) Expansion of business cells
- 2) Start of new business cells
- 3) Acquisitions
- 4) Geographical expansion

1) Expansion of business cells

Current business cells should further grow and reach the targeted size of over 50 professionals. With its Employeneurship model, management expects to attract sufficient new professionals, despite the increasing scarcity of high skilled staff. Since TMC searches highly specialized professionals, it also targets professionals outside the Netherlands.

2) Start of new business cells

Besides expansion of current business cells, TMC will start new business cells. The recent start of the sub cell Microsoft Dynamics is a good example. New business cells enable TMC to expand into new industries and to broaden its client base. Major bottleneck for the start of new business cells is the availability of a strong Cell Director.

3) Acquisitions

TMC has an active acquisition strategy which is confirmed by the take over of Adapté. The company has set six criteria for new acquisitions: (i) attractiveness of the business, based on market size and potential growth (ii) strong financial performance, also compared within its markets (iii) synergy potential (iv) value enhanceive potential (v) defensive value to protect TMC's operations (vi) niche position in a specific business area. Since TMC has a distinguished business model, the take-over target should have some similarities with TMC's four building blocks and management should be willing to implement its Employeneurship model. TMC also considers making acquisitions in new competence areas which are besides civil engineering (Adapté), process technology driven industries such as life science, oil & gas and the chemical industry. These companies should have a top 5 position within its niche with a strong brand name.

4) Geographical expansion

Further geographical expansion is targeted. Adapté provides TMC a foothold in the middle of the Netherlands and TMC provides a base for Adapté in the South of the Netherlands. Recently, TMC announced the opening of new Architecture & Civil Engineering cells in Hoofddorp and Eindhoven and a new Engineering & Construction cell in Rotterdam. Management considers starting new technology & ICT cells in Delft, but also in Belgium and Germany (within the Dutch-Belgian-German technology tri-angle Eindhoven-Leuven-Aachen). A small number of professionals are already active in these cities, but the current activity base is too trivial to start an autonomous cell.

TMC's growth strategy is also focussing on improving the diversification of its sector and client exposure. TMC is currently highly depending on several large clients. Before the Adapté acquisition mid 2007, TMC's top 3 clients accounted for 80% of total sales. With Adapté, the client diversification has substantially improved. The high dependency on the technology & ICT companies is reduced. Adapté services construction and engineering companies, but in particular (local) governments or government related organizations, making it less depending on the technology cycle. However, the top 3 clients remain dominant with an estimated 45% of total sales. Further reduction of this dominance is desired.



The Adapté acquisition

Professional secondment company for civil engineers

Last year, TMC made its first major acquisition. It acquired Adapté, a Dutch professional secondment company for civil engineers, as of 1 July 2007. It provides a full range of services from design to maintenance services within the Infrastructure and the green amenities services segments. Adapté employs ca. 145 professionals, making it a mid-sized player within this segment, and operates from one office, located in Amersfoort in the middle of the Netherlands. Its client base is mainly public (f.e. local governments and ministries), semi-public (f.e. district water boards, housing corporations) and engineering or construction companies.

Strong growth and sound balance sheet

Adapté experienced excellent growth over the last years helped by the strong revival of the Dutch engineering market. The company employed ca. 79 staff in 2004 which more than doubled to 170 in 2007 (numbers are total staff including indirect personel). Sales improved from EUR 5.0m to EUR 11.1m in 2007. The company's profitability is stronger than TMC's performance: Adapté's gross margin is ca. 42% (TMC: 35%) and its EBITA margin is ca. 28% (TMC: 18%). EBITA improved from EUR 1.3m to EUR 3.2m in 2007. Although the Dutch construction and engineering markets remain developing favourably, we expect momentum to weaken.

Income statement	2004	2005	2006	1H07	2H07	2007
Sales	5.0	8.0	9.8	5.7	5.4	11.1
% change	51.0%	58.8%	23.5%			12.9%
Direct costs	-2.9	-4.6	-5.7	-3.3	-3.0	-6.3
Gross profit	2.1	3.4	4.1	2.4	2.4	4.8
Operating costs	-0.8	-1.1	-1.3	-0.7	-0.9	-1.6
EBIT	1.3	2.2	2.9	1.7	1.5	3.2
% change	n.a.	68.2%	27.7%			13.6%

Margins	2004	2005	2006	1H07	2H07	2007
Gross margin	42.2%	42.2%	42.2%	42.8%	44.4%	43.6%
EBIT margin	26.5%	28.0%	29.0%	30.5%	27.8%	29.2%

Source: Companies, SNS Securities Research

The company's balance sheet is sound. The solvency ratio in 2006 amounted to 44%. The Days Sales Outstanding (DSO) amounts to 75, which we consider to be relatively strong. We estimate that the company had a net cash position of ca. EUR 0.5m.

Shareholder Value enhancing

TMC's offer price consists of two elements. The first element is a fixed payment of 6 times FY06 EBIT, reflecting EUR 17.1m. The second element is an earn-out of maximum EUR 2.8m, based on 2007 results. At the FY07 report, TMC stated that the total purchasing costs amounted to EUR 20.1m. We estimate that the total deal is closed at 6 to 7 times EBIT, which reflects a return on invested capital after taxes of 11% to 12% without any potential synergies. Management will not merge Adapté's operations into TMC. Synergies should derive from the use of eachothers offices for geographical expansion and the joined investments in a new ERP system. The after tax return on invested capital surpasses TMC's WACC of 10% to 11% in our view, creating shareholder value immediately.

TMC has financed the deal 50% by cash, 25% by a subordinated loan and 25% by convertible shares. The subordinated loan of ca. EUR 4.3m matures in 4 years with equal redemption payments per quarter. The interest rate is fixed at 3.75%. The convertible shares have a lock up period until end 2008. To secure key staff, Adapté management has to maintain at least 4 years at TMC and has a signed a competition clause.

**The acquisition rationale**

With the Adapté acquisition, TMC gets a more diversified services portfolio. Firstly, it becomes active in new technology related areas with a different cycle and secondly, it reduces its high dependency on several large clients. Furthermore, the two companies can use their respective offices to start new operations. This will particularly be useful for Adapté, since civil engineering work is wide spread compared to the more centralized R&D work. Finally, Adapté has a strong cultural fit. Adapté already had several important Employeneurs items implemented in its business model with for instance profit sharing and a career development plan. Adapté will not be integrated with TMC, but operates as a separate subsidiary. TMC will implement its business model of focused cells and employeneurs benefits.

Despite the positive elements, we also see some risks involved in the acquisition. In our view, the engineering secondment market differs from the ICT and technology market. Competition from other secondment companies is much stronger because of several large secondment companies such as Brunel, Yacht and USG Innotiv already being active in the market. In our view, the position of Adapté is less unique compared to TMC's R&D secondment services. Furthermore, we believe that the construction cycle is more volatile than the R&D cycle. Finally, TMC management has little experience in acquiring and integrating a company. This is partly compensated by TMC's strategic advisors Mr. Rijt and Mr. Bongers.

The Alternext market

Trading rules

Euronext has started the Alternext market to provide a tailor-made market for small and mid caps in 2006. The objective of Alternext is to provide a cost-effective market solution for these companies while ensuring that certain standards are met to ensure investor confidence. The Amsterdam Alternext market is an answer to the successful markets of Alternext in Paris and the AIM in London.

Two types of listing are available on the Amsterdam Alternext market:

- 1) Public Offer (IPO)
- 2) Private placement

The public offer requires the selling of existing and/or new shares simultaneous to the listing. The shares are placed by a Listing Sponsor and/or broker. The minimum float is set at EUR 2.5m. A prospectus, approved by the Dutch regulator AFM, is required.

At a private placement, the company must demonstrate an increase in capital by at least EUR 5m from several qualified investors over the two years preceding the listing request. The private placement is guided by the Listing Sponsor. For the listing, an offering circular is required, but it does not need to get approval from the competent authority.

Listing requirements at the Alternext Stock Exchange are less demanding. The company has to have a track record of only two years. The minimum required float at an IPO is EUR 2.5m. The listed company does not have to comply with IFRS accounting rules, does not have to report quarterly or submit half yearly accounts to auditors review. Finally, shareholders do not have to report major interests unless they pass the 50% or 95% level. Please note that TMC has voluntarily adapted IFRS accounting rules.

Companies listed on the Alternext Stock Exchange are traded through a daily call auction at 15.30 hours CET. The most liquid shares that have more than 2,500 transactions per year are quoted and traded continuously between 0.900 hours CET and 17.35 hours CET. Companies are allowed to make liquidity provider agreements. The liquidity provider secures trading in the stock as it undertakes to quote two-way bid and offer prices with a minimum volume size and within a minimum range or split. Trades can also be made over the counter (OTC). TMC has two liquidity providers, including SNS Securities, safeguarding continuously trading.

Favourable tax laws for private investor

As of 1 January 2008, new tax regulations have been implemented for private investors. Investments in Alternext companies are fiscally treated equally with venture capital and 'social' investments. This implies that investments in Alternext companies are excluded from 1.2% capital gains taxes. Moreover, the new regulations provide a tax deduction of 1.3% on the invested capital to a maximum of EUR 52,110 per private person.

The Alternext does not provide additional tax benefits for institutional investors compared to regular investments.

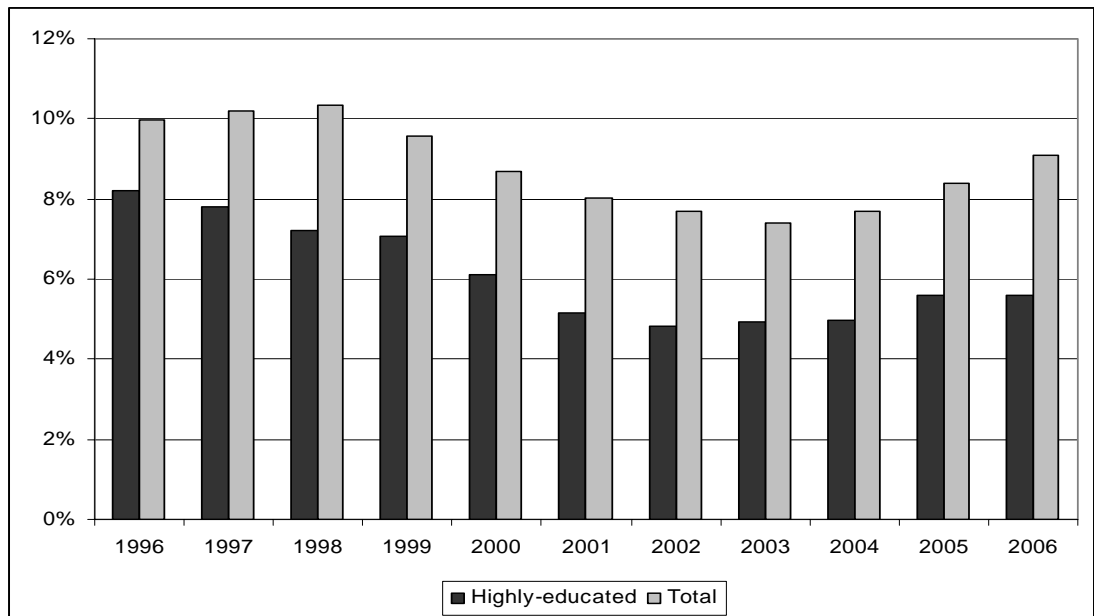
Market developments

Quest for flexibility

We expect a positive development for flexible labour solutions due to structural drivers. The first driver is from the demand side. Due to a fast moving and changing environment, companies increasingly desire to raise flexibility of their cost base without endangering core operations. Besides leasing or renting capital goods, it increasingly desires to make its working force flexible. Companies desire a core of permanent staff and a layer of flexible staff. The second driver is from the supply side, as people do not want a life-time employment anymore and desire more flexibility between work and free-time. Finally, skilled workers become increasingly scarce, particularly for high-skilled professionals. The scarcity is due to the ageing of the Dutch population, but also due to increased demand for high educated people driven by the quest for high added value in order to remain competitive and the transfer of low-skilled work to Eastern Europe and Asia. In our view, the increasing scarcity and the desire of people to have a more flexible life-style will result in an increase of temporary jobs, project based jobs and increased job rotations. Staffing, secondment and recruitment companies will benefit from this trend.

Despite these structural trends, staffing and secondment services will remain cyclical since a major part of the flexible workforce is used for peak demand or peak cycles. Within the flexible staffing market, professional staffing is relatively late cyclical. In an ordinary cycle, demand for low-skilled large volume temporary workers will pick up first. It starts at the industrial segment and then in the administrative segment. In the second part of the growth cycle, demand for specialists and professionals will pick up. In the final growth phase, demand for permanent placement and recruitment picks up as employers fear to become short of staff.

Penetration rates flexible workforce vs. the total workforce:



Source: CBS, SNS Securities Research

According to the Dutch statistical bureau CBS, the total number of highly educated flex workers vary between roughly 85,000 and 120,000 people. The penetration rate of highly educated flex workers to the total highly educated workforce ranges between 5% and 8% during the last 10 years. This compares to the penetration rates of flex workers to the total workforce of between 7% and 10%. Clearly the penetration rate of highly educated flex workers is ca. 30% on average below the penetration rate of the total workforce. In 2006, the highly educated penetration rate was almost 40% below the total workforce penetration



rate, the highest difference in the period (range: -18% to -39%). This leads us to two conclusions. Firstly, the highly educated flex market is less mature than the lower educated flex segments. Since we do not see major reasons that penetration rates should be substantially lower, the lower penetration rate provides potential structural growth for the future. Secondly, the highly educated penetration rate is currently far below the total workforce, indicating that the upturn cycle has not ended yet.

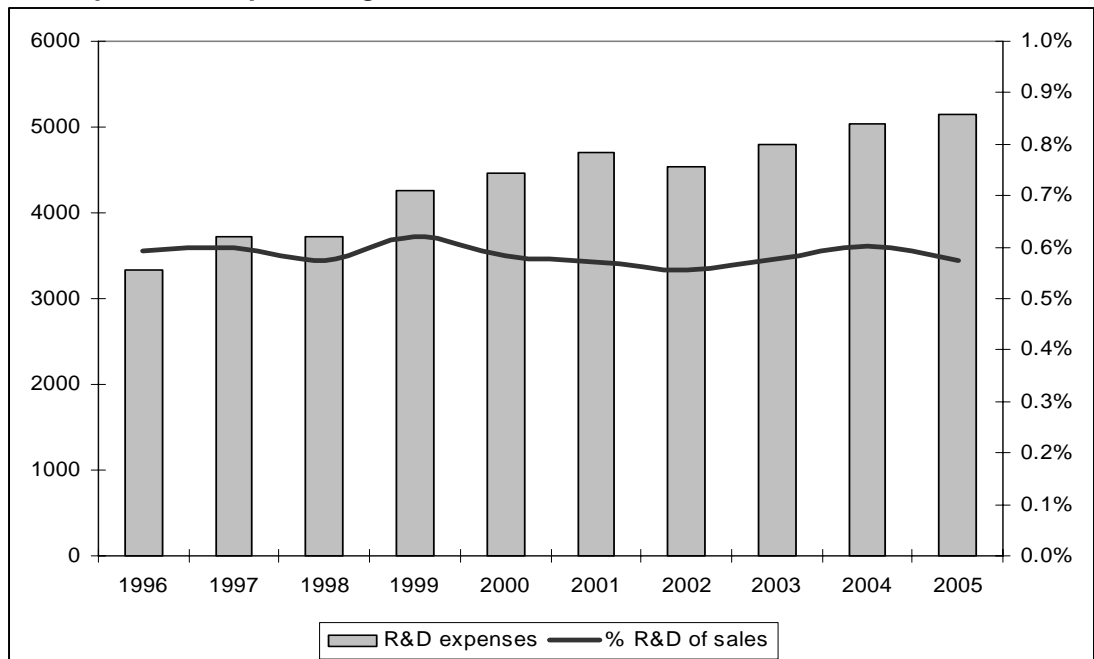
Please note that flex workers do not have to be employed by a staffing or secondment company, but can also be hired by the companies themselves or via one-employee companies.

R&D a stable market

TMC's traditional operations provide for a major part services to Dutch R&D departments. R&D expenses in the Netherlands amounted to EUR 5.1bn in 2005, according to the Dutch statistical bureau CBS (see graph below, 2006 figures not available yet). The average annual growth over the period 1996-2005 amounts to almost 5%. Years with negative growth are limited to 2002, when R&D expenses dropped 4%. In 1998, R&D expenses were stable (+0.1%). The R&D spending as a percentage of total sales is 0.59% on average in the Netherlands and remains relatively stable throughout the period ranging between 0.55% and 0.62%.

Based on the data, the R&D expenses are relatively stable which is driven by the fact that Dutch companies have to focus on new products and added-value in order to remain competitive with low-wage countries. In our view, the relatively stable R&D expenses will result in a stable secondment market. Besides stable R&D expenses, we expect structural growth since companies and semi-public research centres increasingly desire to raise their flexibility. Although R&D related secondment companies will benefit from these trends, it can be impacted from temporary idle-time in particular competences, since it can take some time to replace professionals at other companies or into other industries.

R&D expenses and percentage R&D to total sales in the Netherlands:



Source: CBS, SNS Securities Research

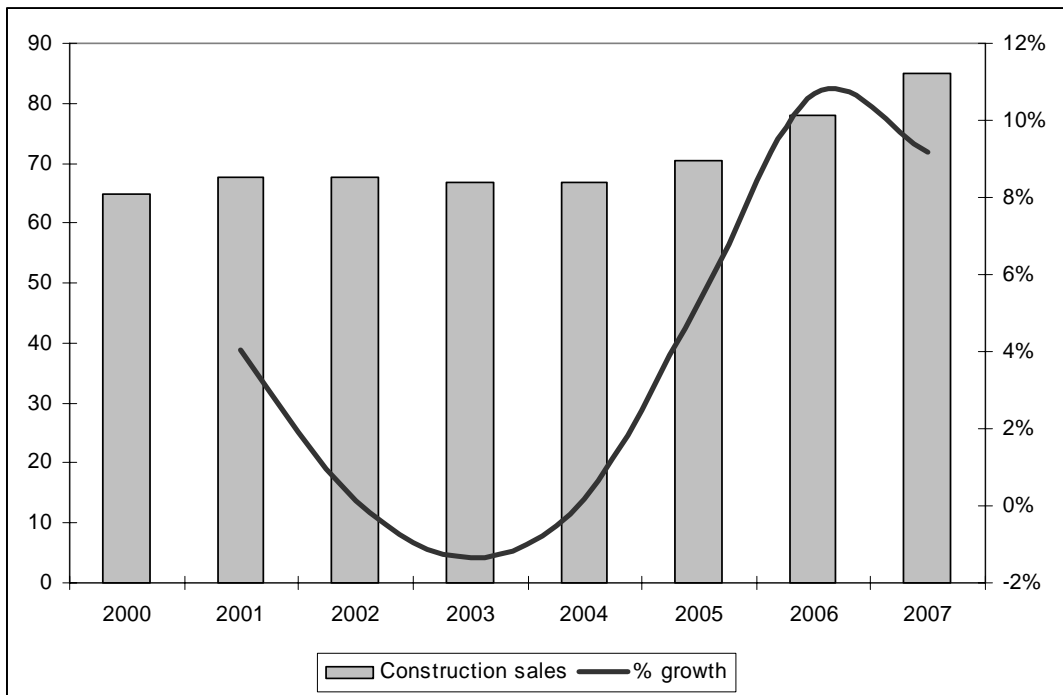
Momentum weakening in construction industry

The construction industry has a lower growth pace and is much more cyclical than the R&D market, in our view. The average growth rate of the construction market is slightly below 4%, based on figures from the Dutch statistical bureau CBS. The total Dutch construction market amounted to EUR 85bn (including inter sector sales) in 2007. We estimate that the engineering part of the total construction market accounts for ca. 10%, representing EUR 8bn to EUR 9bn last year. Growth rates appear to fluctuate much stronger with three years of negative to limited growth out of eight.

In 2006, the construction market grew by 11%, the highest growth reported in this millennium. Growth slowed down to a still attractive 9% growth last year. However, Dutch construction association EIB forecasts volume growth of 3.0% and 1.0% for 2008 and 2009, respectively. We estimate that the price component will grow in the range of 2% to 5%, due to the sharp increase of raw material prices and rising subcontractor costs. This would reflect a growth rate of 3% to 8% per year.

In our view, Adapté’s client base is more exposed to the public segment. This segment is less vulnerable for economic changes than private clients such as engineering companies, in our view. The increased awareness of environmental and durable issues, continued investments in infrastructure and increased involvement and notices of objection will result in continued high demand for experts.

Development of the Dutch construction market:



Source: CBS, SNS Securities Research



SWOT analysis

Strengths

- Focused business cells enables TMC to have a tight bond with the client and react more quickly on market changes
- Employeneur model enables TMC to attract workers and bind them to the company in the war for talent
- Continued investments in R&D and product optimization are required in the Netherlands to remain competitive in an international environment, making TMC's markets less cyclical
- Very profitable business model with superior margins, driven by above average hourly rates of professionals

Weaknesses

- Cyclical character of the operations due to the fixed cost base and the short notice periods of contracts
- High dependency on several large customers; top 3 clients (Philips, ASML, Océ) account for 45% of sales
- Limited experience in acquisitions and integrating acquisitions increases the risk of TMC's growth strategy via acquisitions
- Business cell structure can put pressure on the span-of-control of the company

Opportunities

- Increasing demand for flexibility by both employers and employees. Particularly in professional staffing, penetration rates are below average, providing structural growth.
- TMC can expand in new adjacent technologies or industries such as production processing or the oil & gas sector
- Expansion to new geographies. For Adapté, TMC offers a base to enter the south of the Netherlands. TMC can further expand into the R&D regions of Leuven, Belgium and Aachen, Germany

Threats

- Secondment has limited entry-barriers which increases the change of increased activity of the major staffing companies
- Highly skilled and educated workers become scarce. The unavailability of professionals may limit future growth.
- Transfer of R&D departments to highly educated but low wage countries in Eastern Europe or Asia

Historical results

Income statement

In the past five years, TMC experienced a period of high growth, fully exploiting the economic and industrial upturn in the Netherlands. Sales grew from EUR 2.9m in 2003 to EUR 27.4m in 2007, representing sales CAGR of 76% with an organic average annual growth of 66%. The strong top-line growth triggered the operating leverage within the company. EBITA margin improved from 2.7% in 2003 to 21.5% in 2007. Consequently, the 4 years EBITA CAGR amounts to 178%. The organic growth rate amounted to 158%. Net profit before amortization of intangible assets jumped from EUR 34,000 to EUR 3.7m (CAGR 223%).

5 years history of the income statement:

Income statement (in EUR mln)	2003 A	2004 A	2005 A	2006 A	2007 A	4yrs CAGR
Sales	2.874	3.719	6.100	14.050	27.355	76%
% change		29.4%	64.0%	130.3%	94.7%	
Gross profit	1.070	1.374	2.099	4.814	10.111	
EBITDA	0.081	0.525	0.977	2.853	5.136	
% change		548.1%	86.1%	192.0%	80.0%	
EBITA	0.079	0.520	0.970	2.827	5.024	178%
% change		558.2%	86.5%	191.4%	77.7%	
EBIT	0.079	0.520	0.970	2.827	4.877	
% change		558.2%	86.5%	191.4%	72.5%	
Financial result	-0.05	-0.045	-0.052	-0.111	-0.086	
Profit before tax	0.029	0.475	0.918	2.716	4.791	
% change		1537.9%	93.3%	195.9%	76.4%	
Taxes	0.005	-0.175	-0.281	-0.803	-1.230	
Non-recurring	0	0	0	0	0	
Net profit	0.034	0.300	0.637	1.913	3.561	220%
% change		782.4%	112.3%	200.3%	86.1%	
Net profit before amortization intangil	0.034	0.300	0.637	1.913	3.708	223%
% change		782.4%	112.3%	200.3%	93.8%	
Gross margin	37.2%	36.9%	34.4%	34.3%	37.0%	
EBITDA margin	2.8%	14.1%	16.0%	20.3%	18.8%	
EBITA margin	2.7%	14.0%	15.9%	20.1%	18.4%	
EBIT margin	2.7%	14.0%	15.9%	20.1%	17.8%	
Tax rate	-17.2%	36.8%	30.6%	29.6%	25.7%	
Net margin	1.2%	8.1%	10.4%	13.6%	13.0%	

Source: Company, SNS Securities Research

The strong growth is particularly driven by expanding into new competences in the technology segment. The oldest cells, mostly related to the ICT segment, reported a 4 year CAGR of 33%. However, the Technology cells reported an average annual growth of 655% for the same period. This figure is partly disturbed by the fact that operations started within 2003, but even the 3 years CAGR of over 350% is impressive.



5 years history of the segmented results:

Segmented sales (in EUR mln)	2003 A	2004 A	2005 A	2006 A	2007 A	4yrs CAGR
Sales						
ICT	2.9	3.6	4.2	6.1	8.9	33%
Technology	0.0	0.1	2.0	8.0	13.1	655%
Construction & Civil Engineering					5.4	
Intercompany	0.0	0.0	0.0	-0.1	-0.1	
Total sales	2.9	3.7	6.1	14.1	27.4	76%

% change	2003	2004	2005	2006	2007
ICT		24.6%	17.0%	45.9%	45.2%
Technology		3350.0%	1317.4%	309.8%	64.1%
Construction & Civil Engineering					n.a.
Total sales		29.2%	64.0%	130.3%	94.7%

Source: Company, SNS Securities Research

TMC has an excellent operating performance. Its operating margin of over 18% is amongst the highest within the professional secondment sector and the ICT services sector. The strong operating performance is due to a relatively high gross margin and relatively high hourly rates. TMC has an above average gross margin of ca. 34%. Only Brunel has a higher gross margin, but this is including permanent placement fees (100% gross margin). TMC does not have any permanent placement income since its professionals have permanent contracts without any competition clauses. Due to the relatively high hourly rates for its professionals (sales per professional is ca. EUR 90K), the gross profit per corporate FTE of EUR 230K is much higher than its peers. Despite the higher SG&A costs per corporate FTE, due to TMC's scale, the company is able to create a much stronger operating leverage.

Margin comparison with peers for 2006:

	Gross margin	Operating margin
Professional secondment		
Brunel Netherlands	38.7%	14.3%
DPA Flex (Estimate)	23.1%	3.8%
Geos (Estimate)	n.a.	22%
Randstad Interim Prof	29.5%	8.2%
USG Professionals	n.a.	9.3%
Average	30.4%	11.5%
ICT Services		
Logica CMG		5.8%
CTAC		10.2%
ICT Automatisering		10.0%
Ordina		9.0%
Average		8.8%
TMC	34.3%	20.1%

Source: Company, SNS Securities Research

Cash flow statement

The strong increase in profits is only partly reflected in the operating cash flow. TMC has to pre-finance growth since it has to pay its employees on a monthly base while its customers pay after three to four months. Consequently, working capital has increased substantially.

In our view, there is still room for working capital improvement despite strong working improvements in 2007. Particularly the Days Sales Outstanding (DSOs) is with ca. 97 days relatively high. Increasing the speed of invoicing, should be an easy first step in improving the working capital. Capital expenditures remained limited representing only 20bp to 80bp of sales. This is normal within the industry since the major part of expansion investments, personnel costs etc., are related to the Income Statement. The offices are rented by third parties and thus do not require any major investments. In 2007, capital expenditures were with 2.8% of sales above average because of investing in a new head office and IT systems.

Major items in TMC's cash flow statement history are the IPO and the acquisition of Adapté. TMC received EUR 4.3m from the IPO in 2006. Other financing cash flow items of EUR 0.9m in 2006 are also related to the IPO. In 2007, Adapté was acquired for an initial price of EUR 17m, which is in the cash flow netted to EUR 7.6m. An earn-out fee is based on FY07 results and amounts to EUR 3m. The fee will be paid this year. The Adapté acquisition has been financed amongst others by the issue of new shares and a subordinated loan. The acquisition price is netted for cash in the cash flow statement.

5 years history of the Cash Flow Statement:

Cash Flow Statement (in EUR mln)	2003 A	2004 A	2005 A	2006 A	2007 A
EBIT	0.079	0.52	0.97	2.827	4.877
Financial result	-0.05	-0.045	-0.052	-0.111	-0.209
Tax paid	0.005	-0.175	-0.281	-0.803	-0.973
Third parties	0	0	0	0	0
Others	0	0	0	0	0
Net result	0.034	0.300	0.637	1.913	3.695
Depreciation	0.002	0.005	0.007	0.026	0.112
Amortization	0	0	0	0	0.147
Change in working capital	0.171	-0.072	-0.420	-1.570	-0.282
Change in provisions	0	0	0	0	0
Others	0	0	0	0	0.159
Cashflow from operations	0.207	0.233	0.224	0.369	3.831
Net investments in tangible fixed assets	-0.006	-0.008	-0.023	-0.108	-0.765
Acquisitions/Disposals	0	0	0	0	-7.555
Change in financial fixed assets	-0.008	0.081	0.015	0	-0.700
Cashflow from investments	-0.014	0.073	-0.008	-0.108	-9.020
Share issues / Buy backs	0	0	0	4.330	4.000
Change long term debt	0	0.100	0	0	1.889
Change short term debt	0	0	0.02	-0.747	-2.691
Dividend	0	-0.176	-0.235	0	0
Other	0	0	0	0.873	-0.817
Cashflow from finance	0	-0.076	-0.215	4.456	2.381
Total Cash Flow	0.193	0.230	0.001	4.717	-2.808
Free Cash Flow	0.201	0.225	0.201	0.261	3.066

Source: Company, SNS Securities Research



Balance sheet

TMC has substantially improved its financial position. The solvency ratio improved from a negative ratio in 2006 to 64% in 2007. The improvement is, besides the sharp increase of earnings, particularly helped by the share issues. The debt position consists for a major part of the subordinated loan (see Adapté). Due to the acquisition of Adapté, the company reported a net debt of EUR 1.8m in 2007 vs. a net cash of EUR 4.8m in 2006. The net debt to EBITDA ratio of 0.4 is well within acceptable levels. The interest coverage ratio for 2007 is very solid at 58 times. We expect the interest coverage to remain strong in 2008. In our view, secondment companies require relatively high solvency ratios since they have to pre-finance growth and their operating profits can have relatively large swings due to idle-time.

Intangible fixed assets increased on the Adapté acquisition to EUR 18m in 2007. The ratio intangible assets to equity is relatively high with over 90%. As stated at the Cash Flow statement, we see room for improvement in the working capital. The percentage working capital to sales amounts to 9%, which does seem to have some room for improvement. Since most of TMC's clients are large multinationals, we believe that a sharp reduction of DSOs will be difficult.

5 years history of the Balance Sheet:

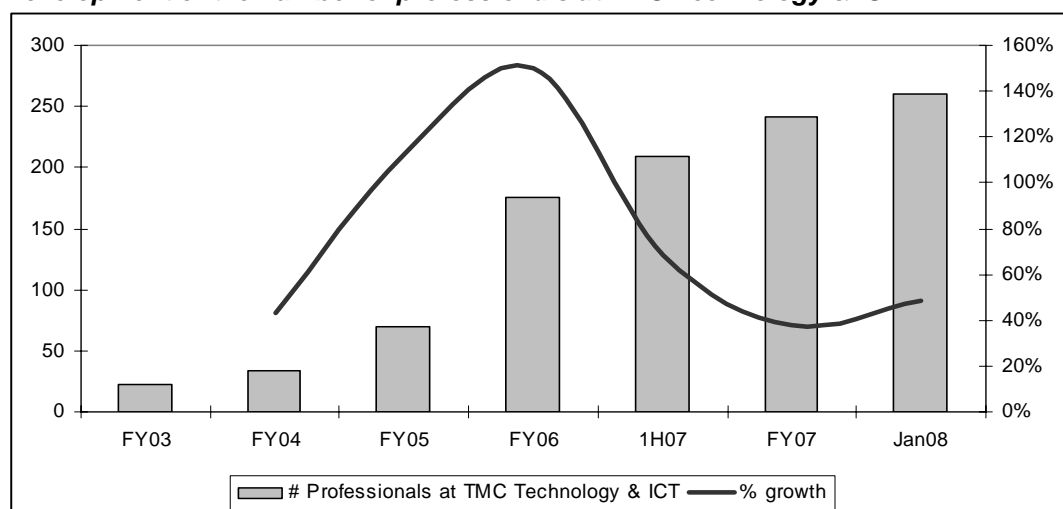
Balance Sheet (in EUR mln)	2003 A	2004 A	2005 A	2006 A	2007 A
Intangible Fixed Assets	0	0	0	0	18.056
Tangible Fixed Assets	0.005	0.009	0.025	0.107	0.902
Financial Fixed Assets	0.082	0	0	0	0.823
Fixed Assets	0.087	0.009	0.025	0.107	19.781
Inventories	0	0	0	0	0
Receivables	0.597	1.151	1.992	4.916	8.718
Cash	0.068	0.283	0.302	5.001	2.191
Total current assets	0.665	1.434	2.294	9.917	10.909
Total assets	0.752	1.443	2.319	10.024	30.690
Shareholders equity	-0.051	0.073	0.490	6.804	19.511
Third parties	0	0	0	0	0
Group equity	-0.051	0.073	0.490	6.804	19.511
Provisions	0	0	0	0	1
Subordinated debt	0	0	0	0	2.896
Other long term debt	0	0.100	0	0	0
Total long term liabilities	0	0.100	0	0	3.608
Short term debt	0.546	0.840	0.979	0.214	1.139
Other current liabilities	0.257	0.430	0.850	3.006	6.432
Current liabilities	0.803	1.270	1.829	3.22	7.571
Total liabilities	0.752	1.443	2.319	10.024	30.690

Source: Company, SNS Securities Research

Full year 2007 results

In this section, we will further discuss TMC's 2007 results. The company reported another year of strong growth driven by both organic growth and the Adapté acquisition. FY07 sales grew by 95% to EUR 27.4m. However, organic growth is decelerating. FY organic sales growth amounted to 56%, divided in 69% growth in 1H07 and 49% growth in 2H07. In our view, the larger scale of the company and the increased scarcity of professionals caused this slowdown in growth. Management's increased internal focus in 2007 can also partly explain the lower growth. The influx of new professionals at TMC Technology & ICT has picked up again in January. Management claims that the operation employs over 260 professionals, reflecting almost 50% growth compared the number of professionals at the year end of 2006.

Development of the number of professionals at TMC Technology & ICT:



Source: Company, SNS Securities Research

FY07 gross margin expanded 270bp to 37.0%, helped by Adapté. Adapté's gross margin of almost 44% exceed TMC's gross margin of 35.5%. However, TMC was also able to raise its gross margin organically by 120bp. The strong sales growth and gross margin expansion could not be fully converted into an increase in EBITA margin. The company invested heavily in the organization, resulting in substantially higher SG&A costs of 167% compared to 110% higher gross profit. Besides investments in new cells (ca. EUR 0.6m) and the consolidation of Adapté (EUR 1.5m), SG&A costs were up on investments to further professionalize the organisation. The number of indirect staff was raised, both commercial and non-commercial. Investments were made in new ERP systems and the head office in Eindhoven has been moved to a new building. Due to these investments in future growth, FY07 EBITA margin dropped almost 180bp to 18.4%. EBITA jumped 78% to EUR 5.0m. Organic EBITA growth amounted to 25%. Net profit including amortization of intangible assets came in at EUR 3.6m (+86%). Net profit before amortization of intangible assets amounted to EUR 3.7m (+94%) or EPS of ca. EUR 1.00.

Income statement 2007:

Income statement	2006	2007	2008	2009	2010
	A	A	E	E	E
Sales	14.050	27.355	41.358	45.317	47.782
% change	130.3%	94.7%	51.2%	9.6%	5.4%
% change organic	130.3%	56.3%	27.1%	9.6%	5.4%
Direct costs	-9.236	-17.244	-25.873	-28.596	-30.394
Gross profit	4.814	10.111	15.484	16.721	17.388
% change	129.3%	110.0%	53.1%	8.0%	4.0%
Indirect personel expenses	-1.321	-3.695	-6.128	-6.547	-6.858
General and other operating costs	-0.640	-1.539	-1.532	-1.637	-1.715
Total indirect costs	-1.961	-5.234	-7.660	-8.184	-8.573
% change	74.8%	166.9%	46.4%	6.8%	4.8%
EBITDA	2.853	5.136	7.824	8.537	8.815
% change	192.0%	80.0%	52.3%	9.1%	3.3%
Depreciation	-0.026	-0.112	-0.186	-0.190	-0.191
EBITA	2.827	5.024	7.638	8.346	8.624
% change	191.4%	77.7%	52.0%	9.3%	3.3%
Amortization	0	-0.147	-0.400	-0.400	-0.400
EBIT	2.827	4.877	7.238	7.946	8.224
% change	191.4%	72.5%	48.4%	9.8%	3.5%
Financial result	-0.111	-0.086	-0.083	0.091	0.191
Profit before tax	2.716	4.791	7.155	8.037	8.415
Taxes	-0.803	-1.230	-1.860	-2.090	-2.188
Net profit	1.913	3.561	5.295	5.947	6.227
% change	200.3%	86.1%	48.7%	12.3%	4.7%
Net profit before amortization intan	1.913	3.708	5.695	6.347	6.627
% change	200.3%	93.8%	53.6%	11.5%	4.4%

Margins	2006	2007	2008	2009	2010
Gross margin	34.3%	37.0%	37.4%	36.9%	36.4%
EBITDA margin	20.3%	18.8%	18.9%	18.8%	18.4%
EBITA margin	20.1%	18.4%	18.5%	18.4%	18.0%
EBIT margin	20.1%	17.8%	17.5%	17.5%	17.2%
Tax rate	29.6%	25.7%	26.0%	26.0%	26.0%
Net margin	13.6%	13.0%	12.8%	13.1%	13.0%

EPS	2006	2007	2008	2009	2010
EPS before intangibles	0.59	1.00	1.42	1.58	1.64
% change		69.4%	42.4%	10.7%	4.4%
EPS before intangibles Fully diluted	0.52	0.96	1.39	1.55	1.62

Source: Company, SNS Securities Research

Cash flow development was excellent in 2007. Besides the high growth in earnings, the working capital management was very strong. Working capital decreased EUR 0.5m to EUR 2.3m despite the strong growth in operations. Consequently, working capital to sales improved to 8.4% from 19.9%. Operating cash flow jumped from EUR 0.4m in 2006 to EUR 3.8m in 2007. Capital expenditures was up on investments in the new head office and the IT system. Free cash flow improved from EUR 0.3m to EUR 3.1m.

Forecasts

Confident management

Despite increasing uncertainty regarding the economic environment, management is sufficiently confident to provide a full year sales guidance for 2008. It expects pro forma sales, which includes Adapté for the full year, to increase by at least 25%. This implies FY08 sales of at least EUR 41m. Additionally, management does not rule out a new acquisition this year.

Management considers attracting new suitable professionals as the biggest challenge for the year. R&D budgets are not coming down and the government has announced continued investments in infrastructure and upgrading districts. Management claims that its current portfolio of professionals has been placed practically for the full year. TMC Technology & ICT has already raised its number of professionals by 49% compared to the end of 2006. For Adapté, 2007 was a year of consolidation after several years of high growth in professionals. However, management expects to raise the number of Adapté professionals substantially again this year.

Due to its strategy to position its professionals close to the core competences of the client, it expects to be less vulnerable for economic changes than other secondment companies. Moreover, the limited size of the cells and the entrepreneurial spirit of the professionals should make the company more pro-active if markets reverse. In the previous downturn, TMC was able to report growth despite a decreasing market. Although we do believe that TMC's professionals are more aware of idle-time because of their profit sharing, the company has now a much larger scale which could make manoeuvring into more attractive segments more challenging.

Decelerating earnings growth forecast

We expect that 2008 will be another successful year for TMC based on the expansion of the number of professionals already announced by the company. We have not pencilled in a very strong increase of Adapté professionals yet, providing some upward potential in our estimates. Sales per professional are expected to decrease on the new revenue mix, since Adapté's professionals have a lower hourly rate on average than other TMC professionals. The mix will have a favourable effect on the gross margin. As TMC has invested in future growth in 2007, we expect costs per indirect staff to decrease, resulting in an increase of EBITA margin.

For 2009 and 2010, we are more cautious in our estimates. Our cautious stand is based on the one hand on the weakening economic growth and on the other hand on increasing scarcity of qualified professionals, the increased scale of the company which requires more new professionals to grow at the same pace and the company's limited track record. We assume a limited increase in professionals and almost unchanged rates. In our model, we forecast some pressure on gross margin as professionals start to increasingly share in the surplus profit. In our estimates, we assume a slight increase of indirect staff and SG&A costs per indirect staff. We are aware that SG&A costs are relatively high compared to several peers due to the company's smaller scale. Acquisitions and further organic growth could in potential have a positive impact on the SG&A costs per indirect staff. However, we estimate that the pressure on gross margin will offset the effect of lower SG&A costs per indirect FTE. Therefore, we consider current margins to provide limited upside, making earnings growth more depending on top-line development. Management feels comfortable with an EBITA margin in the range of 15% to 24%. However, we take a more conservative stand because of the company's limited track record.

**SNS Securities assumptions:**

	2004	2005	2006	2007	2008	2009	2010
	A	A	A	A	E	E	E
# Average Employeneurs	26	53	123	297	411	442	461
<i>% change</i>		107.0%	131.1%	142.0%	38.5%	7.7%	4.3%
# Employeneurs Year-end	33	70	175	386	435	449	473
<i>% change</i>		112.1%	150.0%	120.6%	12.8%	3.3%	5.3%
TMC				241	279	285	301
Adapté				145	156	164	172
Rates	0.145	0.115	0.115	0.092	0.101	0.102	0.104
<i>% change</i>		-20.8%	-0.3%	-19.6%	9.2%	1.7%	1.1%
TMC				0.103	0.113	0.115	0.117
Adapté				0.076	0.080	0.081	0.081
Gross margin	36.9%	34.4%	34.3%	37.0%	37.4%	36.9%	36.4%
# Average Indirect staff	9	14	21	37	57	58	58
<i>% change</i>		55.6%	50.0%	76.2%	54.1%	1.8%	0.0%
SG&A costs/Indirect	-0.094	-0.080	-0.093	-0.141	-0.134	-0.141	-0.148
<i>% change</i>		-15.0%	16.5%	51.5%	-5.0%	5.0%	4.8%
Employeneurs/Direct	2.8	3.8	5.8	8.0	7.2	7.6	8.0

Source: Company, SNS Securities Research

Based on the above assumptions, we forecast TMC's sales to grow by 13% on average over the next 3 years (based on pro forma FY07). EBITA will grow by 9% on average over that same period.

We expect margin to become slightly under pressure. Although maturing cells will create further operating leverage, we expect this to be offset by increased profit sharing by its professionals. We forecast 3 years CAGR for the net profit before amortization of the intangible assets of 21%, for a major part driven by the Adapté acquisition. Our EPS estimates for the period 2008-2010 are EUR 1.42, EUR 1.58 and EUR 1.64, respectively. Our estimates are excluding any new acquisition. We estimate the potential war chest at ca. EUR 19m. Our estimate is based on ca. 2.5 times net debt to EBITDA. We have taken into account sufficient financial room to pre-finance high growth.

2008-2010 income statement and EPS estimates:

Income statement	2006	2007	2008	2009	2010
	A	A	E	E	E
Sales	14.050	27.355	41.358	45.317	47.782
% change	130.3%	94.7%	51.2%	9.6%	5.4%
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EBITA margin	20.1%	18.4%	18.5%	18.4%	18.0%
EBIT margin	20.1%	17.8%	17.5%	17.5%	17.2%
Tax rate	29.6%	25.7%	26.0%	26.0%	26.0%
Net margin	13.6%	13.0%	12.8%	13.1%	13.0%

EPS	2006	2007	2008	2009	2010
Reported	0.59	0.96	1.42	1.55	1.62
% change		62.7%	48.3%	8.7%	4.4%
Fully diluted	0.52	0.92	1.39	1.55	1.62

Source: Company, SNS Securities Research

Possible cla and pension claims

TMC does not comply with the central labour agreement (cla) and the pension regulations for staffing companies. It has installed its own labour agreements and pension regulations. The company is currently discussing with the Dutch staffing association ABU and the pension association for the staffing industry Stiplu if TMC can be excluded from the regulations. If not, the company has to pay additional fees of EUR 200,000 to 250,000 for the cla and EUR 250,000 to EUR 350,000 for the pensions. The fees would have a direct impact of EUR 0.11 to EUR 0.15 per share. This amount will increase as long as there is no final ruling. The possible fee will have also an indirect impact on margins, since total personnel costs will increase, but management will not be immediately able to raise its



contract prices. Management, however, is confident that it will solve its dispute with ABU and Stiplu, since its pension conditions are better than Stiplu's and its projects materially differ from ordinary staffing work. Therefore, TMC did not make any provisions. We did not include a possible fine in our estimates. The company can easily finance a possible claim.

2008-2010 cash flow and balance sheet estimates:

Cash Flow Statement	2006	2007	2008	2009	2010
	A	A	E	E	E
EBIT	2.827	4.877	7.238	7.946	8.224
Financial result	-0.111	-0.209	-0.083	0.091	0.191
Tax paid	-0.803	-0.973	-1.860	-2.090	-2.188
Third parties	0	0	0	0	0
Others	0	0	0	0	0
Net result	1.913	3.695	5.295	5.947	6.227
Depreciation	0.026	0.112	0.186	0.190	0.191
Amortization	0	0.147	0.400	0.400	0.400
Change in working capital	-1.570	-0.282	-2.057	-0.323	-0.253
Change in provisions	0	0	0	0	0
Others	0	0.159	0	0	0
Cashflow from operations	0.369	3.831	3.824	6.215	6.566
Net investments in tangible fix	-0.108	-0.765	-0.517	-0.227	-0.191
Acquisitions/Disposals	0	-7.555	-3.000	0	0
Change in financial fixed asse	0	-0.700	0	0	0
Cashflow from investments	-0.108	-9.020	-3.517	-0.227	-0.191
Share issues / Buy backs	4.330	4.000	0	0	0
Change long term debt	0	1.889	-1.139	-1.139	-0.570
Change short term debt	-0.747	-2.691	0.800	-1.939	0
Dividend	0	0	0	-1.784	-1.868
Other	0.873	-0.817	0	0	0
Cashflow from finance	4.456	2.381	-0.339	-4.862	-2.438
Free Cash Flow	0.261	3.066	3.308	5.988	6.375
% change	29.9%	1074.7%	7.9%	81.0%	6.5%

BALANCE SHEET	2006	2007	2008	2009	2010
	A	E	E	E	E
Intangible Fixed Assets	0	18.056	20.656	20.256	19.856
Tangible Fixed Assets	0.107	0.902	1.605	2.022	2.404
Financial Fixed Assets	0	0.823	0.823	0.823	0.823
Fixed Assets	0.107	19.781	23.084	23.101	23.083
Inventories	0	0	0	0	0
Receivables	4.916	8.718	13.131	14.162	14.932
Cash	5.001	2.191	2.160	3.285	7.222
Total current assets	9.917	10.909	15.291	17.447	22.154
Total assets	10.024	30.690	38.375	40.548	45.237
Shareholders equity	6.804	19.511	25.158	29.701	34.442
Group equity	6.804	19.511	25.158	29.701	34.442
Provisions	0	0.712	0.712	0.712	0.712
Subordinated debt		2.896	1.757	0.618	0.048
Other long term debt	0	0	0	0	0
Total long term liabilities	0	3.608	2.469	1.330	0.761
Short term debt	0.214	1.139	1.939	0.000	0.000
Other current liabilities	3.006	6.432	8.809	9.517	10.034
Current liabilities	3.22	7.571	10.748	9.517	10.034
Total liabilities	10.024	30.690	38.375	40.548	45.237

Source: Company, SNS Securities Research

**No dividend expected if suitable acquisitions are available**

The implementation of the new head office and the IT system could improve the invoice time, making room for further working capital improvement. However, we are cautious in our estimates and forecast stable working capital to sales ratios (ca 10%-11%) for the coming period. Capital expenditures will go down from 2008 to 2010, since TMC has made large investments in 2007. As of 2009, we expect capital expenditures to drop below the average of 0.9%. Our estimates are excluding any new acquisitions. Based on these assumptions, we expect free cash flow to amount to EUR 3.3m in 2008, which will increase to EUR 6.4m in 2010. Management is focusing on growth. Therefore, we do not expect the company to pay any dividend if it is able to find suitable candidates. Since we never anticipate any new acquisitions in our earnings estimates, we assume TMC to pay dividend as of 2009.

Valuation

Discounted Cash Flow valuation

We consider TMC to have an above average risk profile for three reasons. Firstly, the company's business model has above average risks. The company has proven in the past that it is able to quickly shift its professionals to high growth areas, making its earnings more robust. However, the company's scale is now much larger, making it more difficult to make quick moves. TMC's high fixed cost base makes the company more vulnerable for a weakening economic environment. Secondly, the liquidity of the share is limited, increasing the risk on potential profit losses if one desires to divest quickly. Thirdly, the company has yet a limited track record and the management has limited experience with leading a listed company. The above average risk profile is reflected in our WACC assumptions. The cost of equity is set at 11.3%, on a targeted free risk rate of 4.75%, a market risk premium of 4.25% and a beta of 1.5. The WACC is set at 10.6%, based on a targeted equity on total assets of 90%.

In our DCF, we modelled a cycle, forecasting a downturn in 2012-2014. We are more cautious in our growth and profitability assumptions than the management as it has a limited track record. We forecast negative sales growth at the downturn resulting in a sharp decrease in EBITA margins. Over the period 2008-2017, we forecast sales CAGR of 7% (based on pro forma 2007 sales including a full year consolidation of Adapté), much lower than the company's growth rate in the past. We forecast an average ABITA margin of 13.6%, below management's own target of 15% to 24%. For the perpetual value, we assumed 1% growth and an EBITA margin of 13.3%. Working capital is fixed at ca. 10% of sales and capital expenditures at 0.6%. The EUR 2m acquisition expenditures in 2007 are related to the earn-out payment for Adapté. The part that is paid in TMC shares is accounted for in the number of outstanding shares.

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	perpetuity	
		E	E	E	E	E	E	E	E	E	E	E	
Value operations (EURm)	55.8	Revenues	41.4	45.3	47.8	48.7	46.8	45.6	48.2	52.8	58.9	64.8	65.4
Net cash (EURm)	-1.8	% change		9.6%	5.4%	2.0%	-4.0%	-2.5%	5.8%	9.5%	11.5%	10.0%	1.0%
Value of minorities (EURm)	0.0												
Value of participations (EURm)	0.0	EBITA	7.6	8.3	8.6	7.3	2.8	1.4	3.9	6.3	10.0	12.0	8.7
Market value of Equity (EURm)	54.0	% change		9.3%	3.3%	-15.2%	-61.6%	-51.3%	182.0%	64.3%	58.0%	19.7%	-27.7%
Value preferred shares (EURm)	0												
Market value ordinary Equity (EURm)	54.0	EBITA margin	18.5%	18.4%	18.0%	15.0%	6.0%	3.0%	8.0%	12.0%	17.0%	18.5%	13.3%
# outstanding shares (m)	4.10	Taxes on EBITA	-2.0	-2.2	-2.2	-1.9	-0.7	-0.4	-1.0	-1.6	-2.6	-3.1	-2.3
		NOPLAT	5.7	6.2	6.4	5.4	2.1	1.0	2.9	4.7	7.4	8.9	6.4
Fair Value (EUR)	13.17	Depreciation	0.2	0.6	0.7	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
6 to 12-months Price Target (EUR)	13.89	Gross Cash Flow	5.8	6.8	7.0	5.7	2.3	1.2	3.1	5.0	7.7	9.2	6.7
Current share price	11.72	Change in working capital	-2.1	-0.3	-0.3	-0.1	0.2	0.1	-0.3	-0.5	-0.6	-0.6	-0.1
Price potential	18.5%	Cash Flow From operations	7.9	7.1	7.3	5.8	2.1	1.1	3.4	5.4	8.3	9.8	6.8
		CAPEX	-0.5	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.3
Main assumptions		Acquisitions	-2.3	0	0	0	0	0	0	0	0	0	0
Revenue CAGR 2008-2017	7.0%	Disposals	0	0	0	0	0	0	0	0	0	0	0
Perpetual growth	1.0%	Operating Free Cash Flow	5.1	6.9	7.1	5.5	1.8	0.8	3.1	5.1	8.0	9.4	6.5
Average EBITA 2008-2017	13.6%	% change		34.7%	2.9%	-22.9%	-66.6%	-53.7%	263.5%	66.0%	56.1%	18.0%	26.9%
Perpetual EBITA	13.3%												
WACC	10.6%	Year to date	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	10.0
Cost of equity	11.3%	Discounting factor	0.90	0.82	0.74	0.67	0.60	0.55	0.49	0.45	0.40	0.36	0.36
Cost of debt (after tax)	4.3%	Net OCF	4.6	5.6	5.3	3.7	1.1	0.5	1.5	2.3	3.2	3.4	24.6
Targeted Equity/Total assets	90%												

Based on the assumptions, our DCF-model points at a fair value of EUR 13.2 per share. The 6 to 12 months fair value stands at EUR 13.9 per share, providing 19% upside potential. Please note that we did not include the potential cla and pension claims in our estimate.

Multiples analysis

In our multiple valuation models, we distinguished three peer group companies: Firstly, the Dutch professionals staffing & recruitment companies for high skilled professionals Brunel and DPA. Secondly, the Dutch software services companies CTAC, ICT Automatisering, Logica CMG and Ordina. Thirdly, we included technical engineering services companies Altran and Alten. In contrast to the above mentioned companies, Altran and Alten do not have a large exposure to the Dutch market. As there are no listed Dutch engineering services companies and Altran and Alten are seen as competitors by TMC, we included the companies in our peer group analyses.

We do not take into account any take-over premium in TMC's valuation despite the increasing interest for professional staffing companies from generalist staffing companies. In our view, management has not desired a listing to become a take-over target. Members of the management are still young and ambitious. In our view, they desire to build out the company based on their specific philosophy of Employeneurship. Since management owns ca 50% of the shares, an unfriendly bid is unlikely to become successful.

Multiples valuation

Companies	Curr.	Share price	P/E		EV/Sales		EV/EBITDA	
			2008E	2009E	2008E	2009E	2008E	2009E
Professional staffing & recruitment companies								
Brunel International N.V.	EUR	13.40	7.7	8.4	0.41	0.39	4.6	3.5
DPA Flex Group N.V.	EUR	4.08	13.2	10.2	0.57	0.49	8.6	6.4
Average			10.5	9.3	0.49	0.44	6.6	5.0
Median			10.5	9.3	0.49	0.44	6.6	5.0
The Member Company (TMC) N.V.	EUR	11.3	8.1	7.3	1.2	1.0	6.1	5.1
Premium (+)/Discount (-)			-23%	-22%	136%	117%	-8%	2%

Software services companies

CTAC N.V.	EUR	3.41	20.1	12.6	0.52	0.49	5.2	4.5
ICT Automatisering N.V.	EUR	9.05	11.2	9.1	0.50	0.52	4.8	4.4
LogicaCMG PLC	GBP	0.93	7.6	7.4	0.45	0.46	4.7	5.0
Ordina N.V.	EUR	9.74	6.9	6.7	0.50	0.47	4.0	3.9
Average			12.9	9.7	0.49	0.49	4.9	4.6
Median			11.2	9.1	0.50	0.49	4.8	4.5
The Member Company (TMC) N.V.	EUR	11.32	8.1	7.3	1.15	0.96	6.1	5.1
Premium (+)/Discount (-)			-28%	-21%	130%	96%	25%	13%

Engineering services companies

Alten S.A.	EUR	19.20	11.9	10.3	0.84	0.72	6.5	5.5
Altran Technologies SA	EUR	4.48	14.7	11.4	0.57	0.49	8.6	6.4
Average			13.3	10.9	0.70	0.60	7.6	6.0
Median			13.3	10.9	0.70	0.60	7.6	6.0
The Member Company (TMC) N.V.	EUR	11.32	8.1	7.3	1.15	0.96	6.1	5.1
Premium (+)/Discount (-)			-39%	-33%	63%	58%	-20%	-15%

Source: Reuters Knowledge, SNS Securities Research

We like to focus in our peer valuation model on the EV/EBITDA multiples since TMC has above average EBITDA margins and P/Es could be disturbed by net cash positions (f.e. Brunel). Compared to the professional staffing & recruitment companies, TMC's valuation multiples are between the two peer companies. In our view, DPA's valuation multiple is based on depressed numbers and include a take-over premium. TMC's valuation multiple is ahead of Brunel's valuation. Therefore, we do not see any major discount in TMC's valuation compared to its peers. TMC trades at a slight premium to the software services companies. We do not consider the premium excessive, as the company has a large exposure to the relatively stable R&D segment. TMC does trade at a large discount compared to its engineering services peers. This can be partly explained by the traditional



Dutch discount (10% to 15%). Despite this discount, TMC appears to be undervalued compared to these companies.

Overall, we do not see any large over or undervaluation of TMC compared to its peers. TMC is valued in line to slightly ahead vs. the professional staffing & recruitment companies and software services companies, while the company appears to be undervalued compared to its international engineering services peers.

The Member Company (TMC) NV: Summary tables

PROFIT & LOSS (EUR m)	2005	2006	2007	2008e	2009e	2010e	CAGR 10/05
Sales	6.1	14.1	27.4	41.4	45.3	47.8	50.9%
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-5.1	-112	-22.2	-33.5	-36.8	-39.0	
Personnel Expenses	0.0	0.0	0.0	0.0	0.0	0.0	
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0	
EBITDA	1.0	2.9	5.1	7.8	8.5	8.8	55.3%
EBITDA (adj.)*	1.0	2.9	5.1	7.8	8.5	8.8	
Depreciation, Amortisation & Write Downs	0.0	0.0	-0.3	-0.6	-0.6	-0.6	
EBIT	1.0	2.8	4.9	7.2	7.9	8.2	
EBIT (adj.)*	1.0	2.8	4.9	7.2	7.9	8.2	
Net Financial Interest	-0.1	-0.1	-0.1	-0.1	0.1	0.2	
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0	
Associates	0.0	0.0	0.0	0.0	0.0	0.0	
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0	
Earnings Before Tax (EBT)	0.9	2.7	4.8	7.2	8.0	8.4	55.8%
Tax	-0.3	-0.8	-1.2	-1.9	-2.1	-2.2	
Tax rate	30.6%	29.6%	25.7%	26.0%	26.0%	26.0%	
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)	0.6	1.9	3.6	5.3	5.9	6.2	
Net Profit (adj.)	0.6	1.9	3.7	5.7	6.3	6.6	
CASH FLOW (EUR m)							
Cash Flow from Operations before change in NWC	0.6	1.9	4.1	5.9	6.5	6.8	60.3%
Change in Net Working Capital	-0.4	-1.6	-0.3	-2.1	-0.3	-0.3	
Cash Flow from Operations	0.2	0.4	3.8	3.8	6.2	6.6	
Capex	0.0	-0.1	-0.8	-0.5	-0.2	-0.2	
Free Cash Flow	0.2	0.3	3.1	3.3	6.0	6.4	99.6%
Net Financial Investments	0.0	0.0	-8.3	-3.0	0.0	0.0	
Dividends	-0.2	0.0	0.0	0.0	-1.8	-1.9	
Other (incl. Capital Increase & share buy backs)	0.0	5.2	3.2	0.0	0.0	0.0	
Change in Net Debt	0.0	5.5	-2.0	0.3	4.2	4.5	
NOPLAT			3.6	5.4	5.9	6.1	
BALANCE SHEET & OTHER ITEMS (EUR m)							
Net Tangible Assets	0.0	0.1	0.9	1.6	2.0	2.4	
Net Intangible Assets (incl. Goodwill)	0.0	0.0	18.1	20.7	20.3	19.9	
Net Financial Assets & Other	0.0	0.0	0.8	0.8	0.8	0.8	
Total Fixed Assets	0.0	0.1	19.8	23.1	23.1	23.1	nm
Net Working Capital	11	19	2.3	4.3	4.6	4.9	
Total capital invested/employed	12	2.0	21.2	26.6	26.9	27.2	
Shareholders Equity	0.5	6.8	19.5	25.2	29.7	34.4	nm
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0	
Net Debt	0.7	-4.8	1.8	1.5	-2.7	-7.2	R-
Provisions	0.0	0.0	0.7	0.7	0.7	0.7	
Other Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	
Total Market Cap		43.1	50.5	45.3	45.6	45.6	
Enterprise Value (EV adj.)		38.3	52.3	46.8	42.9	38.4	
MARGINS AND RATIOS							
Sales growth	64.0%	130.3%	94.7%	51.2%	9.6%	5.4%	
EBITDA growth	86.1%	192.0%	80.0%	52.3%	9.1%	3.3%	
EBIT growth	86.5%	191.4%	72.5%	48.4%	9.8%	3.5%	
EBITDA margin	16.0%	20.3%	18.8%	18.9%	18.8%	18.4%	
EBIT margin	15.9%	20.1%	17.8%	17.5%	17.5%	17.2%	
Debt/Equity (gearing)	138.2%	-70.4%	9.5%	6.1%	-9.0%	-20.8%	
Debt/EBITDA	0.7	-1.7	0.4	0.2	-0.3	-0.8	
Interest cover (EBITDA/Fin.interest)	18.8	25.7	59.7	94.6	nm	nm	
ROCE			15.0%	18.2%	19.1%	17.4%	
WACC			10.6%	10.6%	10.6%	10.6%	
ROCE/WACC			1.4	1.7	1.8	1.6	
EV/CE		5.45	2.16	1.58	1.38	1.09	
OpFCF/EV		0.7%	-9.9%	0.7%	13.9%	16.6%	
EV/Sales		2.72	1.91	1.13	0.95	0.80	
EV/EBITDA		13.4	10.2	6.0	5.0	4.4	
EV/EBITDA (adj.)*		13.4	10.2	6.0	5.0	4.4	
EV/EBIT		13.5	10.7	6.5	5.4	4.7	
EV/EBIT (adj.)*		13.5	10.7	6.5	5.4	4.7	
P/E (adj.)		22.5	13.6	8.0	7.2	6.9	
P/BV		6.3	2.7	1.8	1.5	1.3	
FCF yield		0.6%	6.1%	7.3%	13.1%	14.0%	
Payout ratio		0.0%	0.0%	0.0%	30.0%	30.0%	
Dividend yield (gross)		0.0%	0.0%	0.0%	3.9%	4.1%	
PER SHARE DATA (EUR)							
EPS (reported)		0.59	0.96	1.32	1.48	1.55	
EPS (adj.)		0.59	1.00	1.42	1.58	1.64	
BVPS		2.09	5.03	6.24	7.37	8.55	
DPS		0.00	0.00	0.00	0.44	0.46	

Source: Company, SNS Securities estimates. * Where EBITDA (adj.) or EBIT (adj.) = EBITDA (or EBIT) +/- Non Recurrent Expenses/Income
2004 restated as IFRS proforma

Recommendation system

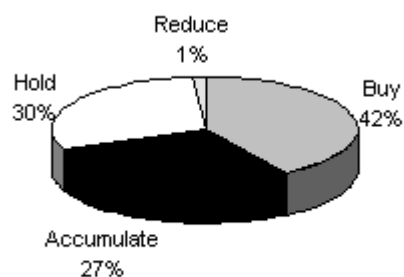
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SNS Securities Ratings Breakdown





This report has been prepared by Frank van Wijk

This report has been submitted to the company to check for inaccuracies and as a result some changes have been implemented.

Changes in Recommendation

Date	Previous Recommendation	New Recommendation
11-03-2008	Not rated	Hold

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