

TMC

Benefiting from scarce labour markets

Key message

Due to its distinctive business model, we believe TMC is uniquely positioned to benefit from the booming demand for flexible, highly skilled personnel, despite increasing scarcity. From its existing strong position in the ICT and technological area, its recent expansion into industrial segments via the TNO deal and into construction and engineering via the intended acquisition of Adapté enlarges growth prospects and reduces cyclicality. The resulting lower beta (from 2.0 to 1.9) in combination with the nicely priced acquisition of Adapté raises our DCF by EUR 1 to EUR 15.5, which is our new price target.

	2006	2007E	2008E	2009E
Sales (EUR m)	14	28	42	47
EPS Recurring	0.59	1.15	1.67	1.85
P/E Recurring	23.1	11.8	8.1	7.4
P/FCFPS	77.9	16.9	11.4	10.1
EV/ EBITDA	12.2	8.0	5.4	4.4
Dividend Yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Rabo Securities

Year to December, fully diluted

Recent developments

- The Member Company was the first company to list on the Dutch Alternext in November 2006 at a share price of EUR 12.75.
- TMC reported a very strong set of FY06 results, with revenues (up 130% y-o-y) and EBIT (up 191% y-o-y) slightly above our estimates. TMC ended the year with 175 external professionals, an increase of 51 in 06H2, with further growth to 190 by March 2007. This shows the success of TMC's business model in an increasingly scarce Dutch specialised labour market.
- In January, TMC closed a deal with TNO Science and Industry, in which TMC takes over several specialists from TNO to start 3 new business cells: automotive, chemicals and precision mechanics.
- In April, TMC announced the intention to acquire Adapté, a specialised construction and civil engineering advisory company with annual sales of EUR 10m and EBIT of EUR 2.8m in 2006. TMC will pay between 6 and 7 times EBIT 2006, which is undeniably cheap. This deal, just like the one with TNO, clearly expands the growth prospects of its unique business model, while reducing the risk for the company as a whole.

Valuation

The 2 deals with TNO and Adapté clearly reduce the riskiness of TMC. The resulting lower beta (from 2.0 to 1.9) in combination with the nicely priced acquisition of Adapté raises our DCF by EUR 1 to EUR 15.5, which is our new price target. Valuation multiples are very attractive at a P/E 2008 of 8 and an EV/EBITDA 2008 of around 5.5.

Rating

Hold

Price target: EUR 15.5
Price 27 Apr 2007: EUR 13.6
Up-/downside: +14%

Commercial Services & Supplies

Market capitalisation:

EUR 44 m

Avg (12 month) daily volume:

685

Free float

100%

Reuters

ALTM.CAS

Bloomberg code

ALTM.NA

Share Price Performance %

	-1m	-3m	-12m
TMC	-2	0	0
MSCI Europe	+3	+4	+12
MSCI Netherlands	+4	+10	+18

Agenda

None

Major shareholders

Listed Peers

None

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Outlook

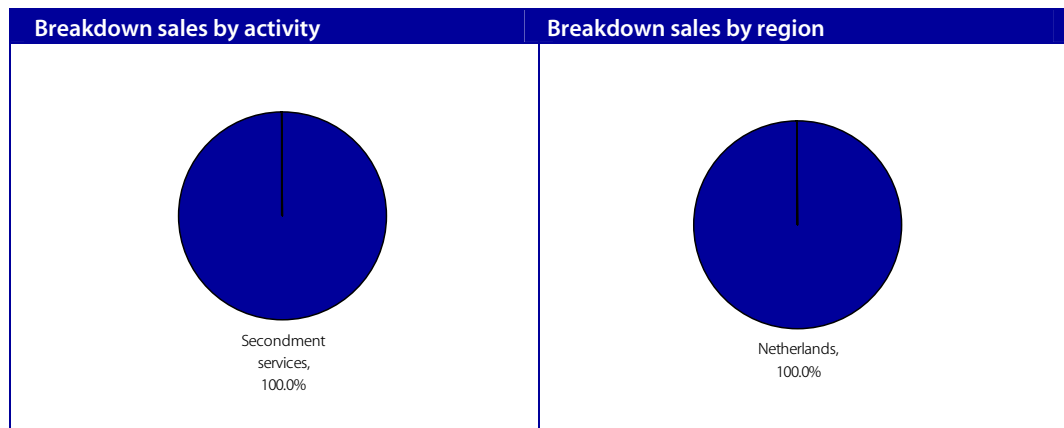
TMC is guiding to revenue growth of at least 40% in 2007 (excluding Adapté). We forecast 50%, as demand for highly skilled R&D related personnel remains booming and TMC is able to attract enough new people. We expect limited margin pressure from the current EBIT margin of 20%. Longer term, we believe highly skilled personnel will become increasingly scarce, which is a situation that TMC can cope with very well. The acquisition of Adapté is expected to close before the summer. We also expect more acquisitions in new business areas or new countries (like Belgium or Germany) in the near future.

Company profile

The Member Company (TMC) is a provider of very specialised high-end secondment services to the ICT, technology, science, industrial and construction segments. TMC is organised around so-called specialised business cells: embedded software, ERP software, industrial and field service engineering, physics and mechatronics, recently complemented by automotive, chemical, precision mechanics and construction and engineering. Its distinctive business model (i) treats personnel as entrepreneurs, (ii) makes them responsible for acquiring their own assignments, (iii) lets them share in the gross profits they generate and (iv) provides a challenging working environment in a specific competence centre.

Swot

Strengths	Weaknesses
<ul style="list-style-type: none"> Unique business model attracts more personnel Strong foothold in technology triangle Eindhoven, Aachen Leuven 	<ul style="list-style-type: none"> High dependency on small number of core clients High fixed cost base of its employees
Opportunities	Threats
<ul style="list-style-type: none"> Making small acquisitions, which are often low priced Expansion into new industry segments suitable for business model 	<ul style="list-style-type: none"> Dependency on large clients like ASML and Philips, who may demand lower prices Strong growth may make business cell structure impossible Shortages of highly skilled personnel



Income Statement (EUR x1,000)				
	2006	2007E	2008E	2009E
Revenues	14,070	28,367	41,823	47,260
Cost of sales	X	X	X	X
Gross profit	X	X	X	X
Operating costs	-16,915	-34,440	-50,775	-57,132
Extraordinaries	X	X	X	X
EBITDA	2,845	6,074	8,953	9,872
Depreciation	-18	-42	-86	-95
EBITA	2,827	6,032	8,867	9,777
Amortisation	0	0	0	0
EBIT	2,827	6,032	8,867	9,777
Net financial result	-54	43	-78	-7
Other pre-tax items	0	0	0	0
EBT	2,773	6,074	8,789	9,769
Income taxes	-860	-1,549	-2,241	-2,491
Minority interests	0	0	0	0
Other post-tax items / participation	0	0	0	0
Extraordinaries	0	0	0	0
Net income	1,913	4,525	6,548	7,278
Adjustments, total	0	0	0	0
Net income recurring	1,913	4,525	6,548	7,278
PER SHARE ITEMS				
Shares outstanding avg. (mln)	3,024.9	3,591.1	3,932.5	3,932.5
Shares outstanding fully diluted (mln)	3,249.8	3,932.5	3,932.5	3,932.5
EPS reported	0.63	1.26	1.67	1.85
EPS recurring	0.59	1.15	1.67	1.85
CPS	0.19	0.83	1.22	1.37
DPS	0.00	0.00	0.00	0.00
Fiscal year ends 12/2007				
% GROWTH				
Revenues	130.7	101.6	47.4	13.0
EBITA	191.4	113.4	47.0	10.3
Net income recurring	200.4	136.5	44.7	11.2
% MARGINS				
Gross margin	N/A	N/A	N/A	N/A
EBITA margin	20.1	21.3	21.2	20.7
Net recurring margin	13.6	16.0	15.7	15.4

Valuation				
	2006	2007E	2008E	2009E
Enterprise Value (x1,000)	34,731.5	48,848.5	48,791.3	43,516.6
P/E recurring (x)	23.1	11.8	8.1	7.4
P/Sales (x)	2.9	1.7	1.3	1.1
P/FCF (x)	77.9	16.9	11.4	10.1
P/CF (x)	71.6	16.4	11.1	9.9
P/B (x)	4.9	2.2	1.9	1.5
Dividend yield (%)	0.0	0.0	0.0	0.0
EV/EBITDA (x)	12.2	8.0	5.4	4.4
EV/Sales (x)	2.5	1.7	1.2	0.9
EV/FCF (x)	65.8	16.9	10.4	8.3

Cash Flow Statement (EUR x1,000)				
	2006	2007E	2008E	2009E
Net Income Reported	1,913	4,525	6,548	7,278
Depreciation & Amortisation	18	42	86	95
Working Capital Change	-1,350	-1,577	-1,846	-1,981
Other Items	0	0	0	0
Cash Flow from Operations	581	2,990	4,788	5,393
Net Capital Expenditure	-53	-101	-89	-118
Goodwill from Acquisitions	0	-17,687	0	0
Other Investments	0	0	0	0
Cash Flow from Investments	-53	-17,787	-89	-118
Ordinary Dividends	0	0	0	0
Preferred Dividend	0	0	0	0
Change in Preferred Stock	0	0	0	0
Change in Equity	5,700	9,016	0	0
Change in Subordinated Debt	0	0	0	0
Change in Bank Debt	0	745	0	0
Change in Minorities	0	0	0	0
Cash Flow from Financing	5,700	9,761	0	0
Change in Cash	6,228	-5,037	4,699	5,275
Free Cash Flow	528	2,889	4,699	5,275
Free Cash Flow Yield (%)	1.3	5.9	8.8	9.9

Balance Sheet (EUR x1,000)				
	2006	2007E	2008E	2009E
Cash & Cash equivalents	6,751	1,714	6,414	11,688
Other current assets	4,592	9,163	11,555	15,425
Net PP&E	60	119	122	145
Intangible assets	0	17,687	17,687	17,687
Other non-current assets	0	0	0	0
Total Assets	11,404	28,683	35,777	44,945
Short-term debt	979	1,724	1,724	1,724
Other current liabs	2,101	5,095	5,641	7,531
Long-term debt	0	0	0	0
Other non-current liabs	0	0	0	0
Minority interest	0	0	0	0
Total equity	8,323	21,865	28,413	35,691
Total liabs & equity	11,404	28,683	35,777	44,945
Net debt	-5,772	9	-4,690	-9,965
ROIC (%)	133	138	28	29
Net gearing (%)	-69.3	0.0	-16.5	-27.9
Working capital as % of sales	22.7	19.1	18.3	21.7
Inventory period days	0.0	0.0	0.0	0.0
Trade debtor days	85.4	88.5	90.4	104.2
Trade creditor days	38.3	46.3	46.8	50.9
Cash cycle	47.1	42.2	43.6	53.3