

Quarterly Report Q1|2012



1st QUARTER OF 2012 AT A GLANCE

- Slight increase in Group revenue
- Consulting revenues up 3%
- Software business constant
- Income from operations down to minus EUR 0.4 million
- Further increase in net cash and cash equivalents

	Q1 2012 TEUR	Δ %	Q1 2011 TEUR
Revenue and income			
Revenue	9.442	1	9.328
Revenue consulting	6.391	3	6.203
Revenue software	3.051	(2)	3.125
Revenue Germany	6.344	(7)	6.806
Revenue foreign countries	3.098	23	2.522
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(103)	(141)	248
Earnings before interest and taxes (EBIT)	(390)	(587)	(57)
Earnings before taxes (EBT)	(456)	(328)	(107)
Profit for the year (attributable to owners of the company)	(674)	(241)	(198)
Earnings per share (EUR)	(0,13)	(238)	(0,04)
Investments and depreciation			
Investments in intangible and tangible assets	222	(28)	310
Depreciation	287	(6)	305
Assets, liabilities and equity (end of year)			
Cash and cash equivalents	13.623	53	8.910
Total current assets	30.128	(3)	30.991
Total non-current assets	20.486	(5)	21.646
Total assets	50.614	(4)	52.637
Total current liabilities	19.266	(6)	20.486
Total non-current liabilities	5.522	(22)	7.067
Equity	25.826	3	25.085
Equity ratio (%)	51,0	7	47,7
Return on equity (%)	(0,03)	(224)	(0,01)
Key figures			
Gross margin (%)	43,4	2	42,5
EBITDA margin (%)	(1,1)	(141)	2,7
EBIT margin (%)	(4,1)	(578)	(0,6)
Net cash flows from operating activities	614	(78)	2.857
Net cash flows from investing activities	(141)	25	(184)
Employees (end of year)			
	332	(2)	339

Negative figures are shown in parenthesis.



Dr. Rudolf Caspary
Chief Executive Officer



Thomas Mayerbacher
Chief Financial Officer

DEAR SHAREHOLDERS AND BUSINESS PARTNERS,

In the current fiscal year of 2012, we will be focusing in the consulting segment on specifically strengthening through organic growth and an optimized service portfolio. In 2011, we launched training measures in innovative and technological topic areas and see us therefore in an excellent position to continue to generate attractive projects in the future. As a result of its proximity to SAP, the German consulting company in the REALTECH Group plays a particular role as a training station and know-how carrier. We are now promoting international exchange and coordinated training more intensively than we had before.

In the software segment, following investments in product development, the main focus is now on the sales and distribution activities resulting from the new partnership with SAP, with a view to achieving the planned revenues together. At the same time, we are expanding our geographic presence for product distribution through a new subsidiary in Copenhagen, REALTECH Nordic ApS, which was founded in January 2012. The aim of the software division is to intensify the international product business – both in new countries and at the existing international subsidiaries.

■ Business development

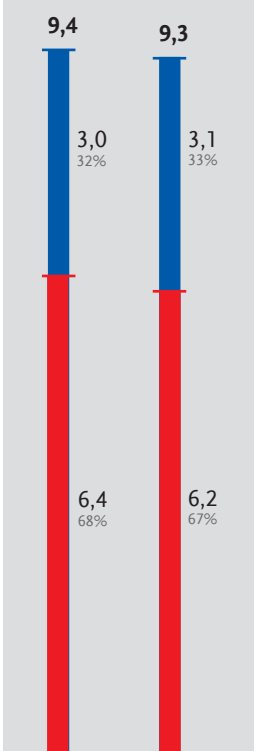
Please note: REALTECH System Consulting S. L. in Spain, which was sold at the end of June 2011, has been eliminated from the figures for last year.

In the first quarter of 2012, REALTECH **revenue** increased from EUR 9,328 thousand to EUR 9,442 thousand. The sales revenues are divided between the consulting and software business segments.

The **consulting** business segment reported revenues of EUR 6,391 thousand, 3 percent higher than those of the previous year (EUR 6,203 thousand), as a result of higher capacity utilization. The contribution made by Consulting towards total revenue increased to 68 percent (previous year: 66 percent). At EUR 3,051 thousand, revenues in the **software** business segment were slightly below the previous year's level (EUR 3,125 thousand).

In **Germany**, revenue was around 7 percent lower than in the previous year at EUR 6,344 thousand (EUR 6,806 thousand). This means that 67 percent (previous year: 73 percent) of the Group's revenue was generated in Germany. REALTECH revenue generated abroad increased by 23 percent from

Revenue by segments
(millions EUR)



Q1 | 2012 Q1 | 2011

■ Software
■ Consulting



EUR 2,522 thousand to EUR 3,098 thousand). This development can essentially be attributed to REALTECH Japan. At EUR 6,344 thousand, revenue in this country was more than twice that of the previous year. The remaining REALTECH countries suffered declines in revenues. An exception was REALTECH USA, where revenue remained constant.

Earnings

At EUR 5,348 thousand, the **cost of sales** in the quarter under review remained the same as in the previous year (EUR 5,363 thousand). Based on revenue, the figure decreased slightly from 58 percent to 57 percent.

Gross profit increased by three percent, from EUR 3,965 thousand to EUR 4,094 thousand, chiefly as a result of increased capacity utilization among our consulting experts in comparison to the previous year. As a percentage of revenues, the figure remained at the previous year's level of 43 percent.

The **sales and marketing expenses** increased by 24 percent to EUR 2,302 thousand (previous year: EUR 1,863 thousand) and represented 24 percent of revenue (previous year: 20 percent). This increase was primarily the result of the expansion of our sales team and marketing activities related to the intensification of our collaboration with SAP.

The **administration expenses** rose 8 percent from EUR 1,154 thousand to EUR 1,252 thousand. As a percentage of total revenue, this figure thus increased from 12 percent to 13 percent. The key reason for this was personnel restructuring measures.

In the quarter under review, REALTECH invested EUR 1,063 thousand in **research and development**. This represents an increase of 5 percent compared with the previous year's figure of EUR 1,015 thousand. The proportion of revenue remained at 11 percent. This increase was essentially due to technological adjustments to our own theGuard! software in accordance with the marketing agreement with SAP.

Other operating expenses fell by 57 percent from EUR 265 thousand to EUR 115 thousand. These are made up for the most part of expenses from rental, tenancy and operating lease agreements as well as exchange rate losses. **Other operating income** essentially comprises rental income from the use of the office building in Walldorf by third parties. This decreased by 10 percent from EUR 276 thousand to EUR 247 thousand.

Operating profit (EBIT) fell in the first quarter of 2012 to minus EUR 390 thousand (previous year: minus EUR 57 thousand). Accordingly **EBITDA** decreased from EUR 248 thousand to minus EUR 103 thousand. This anticipated decrease in profit despite the increase in revenues can primarily be attributed to the investments described above.

The **finance income** was minus EUR 66 thousand, having been minus EUR 50 thousand in the previous year. This is made up of interest income and interest expenses. The interest income of EUR 22 thousand (previous year: EUR 43 thousand) was primarily a result of loans and other financial receivables (cash and cash equivalents). This reduction can essentially be attributed to the further fall in interest rates compared with the previous year. Interest expense remained largely constant compared with the previous year at EUR 88 thousand (EUR 92 thousand). These primarily comprised financial liabilities relating to finance leasing.

The **profit for the year** due to parent company shareholders decreased from minus EUR 198 thousand in Q1/2011 to minus EUR 674 in Q1/2012. This reflected the fall in income from operations due to an increase in income taxes of EUR 93 thousand. Based on the average number of 5,385,652 shares, this amounts to **earnings per share** of minus EUR 0.13 (previous year: minus EUR 0.04 at 5,349,152 shares) for parent company shareholders.

■ Financial situation

In the year under review the REALTECH Group reported lower **net cash flows from operating activities** of EUR 614 thousand (previous year: EUR 2,857 thousand). Based on a decreased profit for the year, the lower net cash flows despite several contradictory influences can essentially be attributed to the lower decrease in financial liabilities compared with the previous year.

Net cash flows from investing activities in the period under review gave rise to a cash outflow of EUR 141 thousand. The cash outflow the previous year was EUR 184 thousand. This change was primarily a consequence of intensified **investment** in property, plant and equipment. This related to the procurement of replacements in particular.

■ Assets

Compared with the figure for December 31, 2011, the **total assets** rose by 1 percent, from EUR 50,015 thousand to EUR 50,614 thousand. The ten percent increase in **trade receivables** was primarily responsible for this development.

Cash and cash equivalents increased compared to December 31, 2011 (EUR 13,220 thousand) to EUR 13,623 thousand. These therefore accounted for 27 percent of assets (December 31, 2011: 26 percent).

At EUR 25,868 thousand, **equity** was down by 3 percent compared with December 31, 2011 (EUR 26,549 thousand). The company's **equity ratio** on March 31, 2011, at 51.0 percent, was lower than at the end of the previous year (53.1 percent). The equity capitalization continues to form a sound basis for realizing further growth targets.

Compared to December 31, 2011, **provisions** decreased by 5 percent or by EUR 158 thousand to EUR 2,892 thousand.

Gross profit increased
by three percent, from
EUR

3.965

thousands to EUR

4.094

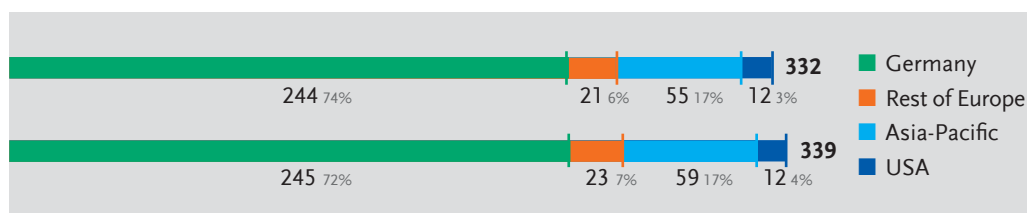
thousand.

■ Employees

On March 31, 2012, REALTECH employed 332 people, which is seven less than at the end of the first quarter of 2011. A total of 244 of these employees worked in Germany (previous year: 245). This means that 74 percent of the company's employees work in Germany (previous year: 72 percent) and 26 percent are based at the Group's international sites (previous year: 28 percent).

Employees by sectors

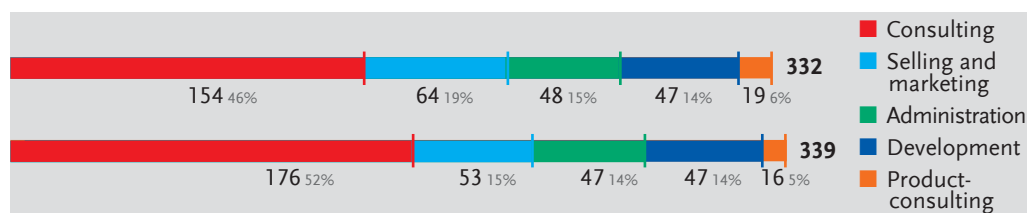
31 03 2012
31 03 2011



Comparing the key dates of March 31 for the different enterprise areas, we can see the following developments: In Consulting, the number of employees was down 13 percent from 176 to 174. The number of product consultants increased from 16 to 19 employees. The Sales team grew by 21 percent to 64 employees. The number of development employees remained unchanged compared with the previous year at 47. A slight reduction was noted in Administration, down from 47 to 48.

Employees by regions

31 03 2012
31 03 2011



■ Outlook

In the IT industry, general economic growth is, according to numerous forecasts, relatively stable. Despite this, REALTECH needs to position itself well not only with regard to its own range of services, but also in terms of its geographical presence. The company's long-term plans are therefore founded on strategic goals. When it comes to products, we aspire to become a leading manufacturer on the IT service management (ITSM) market – a goal that its geographic expansion and new partnership with SAP should help to meet. In the consulting environment, we will concentrate worldwide on innovative, technological topics and expand in our core countries with high-margin topics.

The Executive Board continues to hold to its forecast and anticipates that the Group will record a revenue of EUR 45 million and EBIT of EUR 3.7 million in 2012.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, financial position and earnings of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining year.

Best regards,
The Executive Board
REALTECH AG

Note

REALTECH AG has prepared its (non-audited) quarterly financial statements in accordance with the accounting standards of the International Accounting Standards Board (IASB), i.e. the International Financial Reporting Standards (IFRS) as applicable in the EU. The IAS, IFRS, and corresponding interpretations of the International Financial Reporting Interpretations Committee (IFRIC) applicable as of March 31, 2012 have been taken into account. The figures for the previous year were also determined based on the same standards.

The consolidation and valuation methods used to prepare the quarterly financial statements and establish the comparative figures for the previous year were basically the same as those used in the consolidated financial statement as of December 31, 2011. A detailed description of the individual methods is published in the notes of the 2011 annual report.

No matters of particular significance that may affect the company's income or circumstances that have affected business development are known other than those listed here.

The Executive Board continues to hold to its forecasts and anticipates that the group will record a revenue of EUR

45 million
and EBIT of
3,7 million
in 2012.

HIGHLIGHTS



■ REALTECH Delivers Expert Guided Sessions for SAP Solution Manager

REALTECH, a SAP consultancy and provider of software solutions for enterprise-wide IT management delivers expert guided implementation sessions for SAP® Solution Manager 7.1 roadmap on behalf of SAP AG. REALTECH, SAP-certified in Run SAP implementation, has been trained by the SAP Active Global Support (SAP AGS) organization to offer the SAP Solution Manager 7.1 roadmap sessions to SAP customers worldwide.

As part of the SAP Enterprise Support Academy program SAP offers expert guided implementation sessions, based on an interactive service delivery methodology, for customers who utilize SAP Enterprise Support, premium engagement and SAP Product Support for Large Enterprises. SAP customers that have such a contract are entitled to receive these informative sessions as part of their support agreement – at no additional cost. They can gain direct access to expert SAP knowledge with individual dialogue, execution and problem support in their own SAP environment.

The expert guided session for SAP Solution Manager 7.1 roadmap helps to identify improvement potential for current ALM processes, maximize the use of the SAP Solution Manager and gives recommendations for further actions. A final report after the service delivery provides information on the best way to implement the different tools, on the impact of the recommendations and related benefits. Using this information an organization is then ready to make the right decisions in order to further optimize their application lifecycle management.

“Expert guided sessions are a great way for SAP Enterprise Support customers to gain added value from their support agreement. We have already delivered this service to numerous SAP customers, with great feedback on the benefits they have achieved as a result” says Dr. Rudolf Caspary, CEO, REALTECH AG.

SAP® Certified
in Run SAP Implementation

■ Satisfied customers help REALTECH achieve recertification as a Run SAP implementation partner

The Run SAP method is a standardized procedure for introducing and operating SAP applications which focuses on efficient application lifestyle management. SAP partners that wish to become certified for the method must not only have a large number of certified consultants and work successfully with SAP Active Global Support, they must also demonstrate that they have implemented successful projects with satisfied customers.

REALTECH has repeatedly fulfilled these criteria and created true benefits for customers using the Run SAP method.

And this is what our customers say:

“With the introduction of Change Request Management in the SAP Solution Manager, we have reduced our transport expenses by 50 percent. At the same time, we have increased both efficiency and transparency in change management.”

“Through the use of Change Request Management and thanks to REALTECH, we have been able to improve our process and system quality by 30 percent.”

■ Preventing the SAP coronary

Basel University Hospital implements theGuard! TransportManager to optimize its change management process.

Basel University Hospital is among the leading medical centers in Switzerland and has internationally recognized high standards. It's 42 clinics employ 800 doctors and 1,800 nurses who treat over 900,000 outpatients and 30,000 inpatients each year. By continuously updating the SAP application environment, the clinic strengthens its patient orientation and secures competitive advantages compared with other hospitals.

At Basel University Hospital, various SAP applications take on key administrative tasks for ongoing operation of the hospital. In order to further optimize the development work for SAP systems, the IT managers were looking for a way to make the existing change and transport management easier. For this, they analyzed the use of SAP Solution Manager and potential alternatives from third-party providers.

The decision was finally made in favor of REALTECH's theGuard TransportManager. The solution was convincing thanks to its high functional scope, an intuitive user interface and the significantly shorter implementation time compared with the SAP product. The REALTECH product consultant's competence also had a positive impact on the decision.

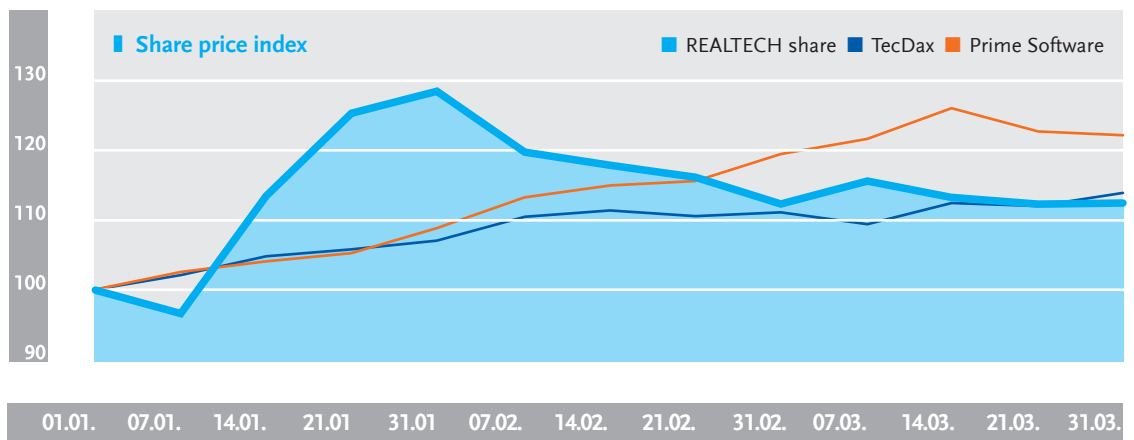
Using theGuard! TransportManager, Basel University Hospital was able to reduce the manual effort for distributing software changes by more than half. At the same time, the risk of system failures was decreased to almost zero. Furthermore, linking transports to existing authorization concepts simplified the decision-making processes and, through documentation of these, restored auditing reliability.

“By implementing theGuard! TransportManager, we have been able to significantly optimize the coordination, performance and monitoring of SAP change projects. Above all, the transport of critical changes within our SAP environment has become much more secure and transparent. Overall, our application development has gathered great momentum from this.”

Marc Strasser, Head of SAP CCoE, Basel University Hospital



SHARES



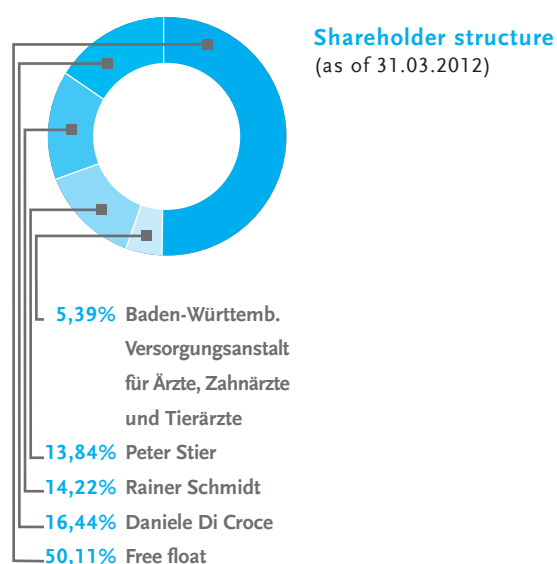
Share performance and market capitalization

The REALTECH share price began the current year at EUR 5.24, which was simultaneously the share's lowest value for the first quarter of 2012. This was followed by a steep upward trend, which reached its peak on January 27 at a value of EUR 7.18, an increase of 43 percent in just a month. This was also the highest value for Q1/2012. This was followed by a downwards trend, with the price ending at EUR 6.15 on March 2. For the rest of the quarter, REALTECH shares remained at a constant level, finishing the quarter at EUR 6.15, which represents market capitalization of EUR 33 million (previous year: EUR 46 million). This corresponded to 128 percent of book equity.

■ Shareholder structure and volume of trade in REALTECH shares

The shareholder structure of REALTECH AG remained constant in the first quarter of 2012 compared with the end of 2011. The free float amounted to 50.11 percent.

On average, around 16,357 REALTECH shares were traded every day during the first quarter of 2012 – 29 percent more than during the same quarter in the previous year (12,685). 47 percent of the shares were traded in Xetra (previous year: 79 percent), while 53 percent were traded on other stock exchanges (previous year: 21 percent).



Key figures	Q1 2012 EUR	Q1 2011 EUR
Earnings per share	(0,13)	(0,04)
Cash flow per share	0,11	0,53
Equity per share	4,79	4,96
Highest share price	7,18	10,95
Lowest share price	5,24	7,29
Share price at year end	6,15	8,67
Market capitalization at year end	33 Mio.	46 Mio.
Number of shares at year end	5.385.982	5.349.152

Basics	
Market segment	Prime Standard
Date of issue	26. April 1999
ISIN	700 890
Exchange ID	RTC
Issue price	54,00 EUR

Shares of the issuer and members of executive bodies as of 31. 03. 2012		
Issuer:	REALTECH AG	- treasury stock
Executive Board:	Dr. Rudolf Caspary	36.320 shares
	Thomas Mayerbacher	1.620 shares
Supervisory Board:	Daniele Di Croce	885.500 shares
	Rainer Schmidt	765.500 shares
	Peter Stier	745.500 shares

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2012 EUR	Q1 2011 EUR
Continuing operations		
Revenue	9.441.698	9.328.479
Cost of sales	(5.347.503)	(5.363.324)
Gross profit	4.094.195	3.965.155
Selling and marketing expenses	(2.301.544)	(1.863.086)
Administration expenses	(1.251.637)	(1.154.124)
Research and development expenses	(1.063.243)	(1.015.265)
Other operating expenses	(114.927)	(265.387)
Other operating income	247.148	275.911
Operating profit	(390.008)	(56.796)
Interest income	21.973	42.470
Interest expenses	(88.375)	(92.384)
Finance income	(66.402)	(49.914)
Profit before tax	(456.410)	(106.709)
Income tax expenses	(196.787)	(103.773)
Profit for the year from continuing operations	(653.197)	(210.482)
Discontinued operations		
Profit for the year from discontinued operations	0	(78.325)
Profit for the year	(653.197)	(288.807)
Profit attributable to - Owners to the company	(673.826)	(197.779)
- Non-controlling interests	20.629	(91.028)
Other comprehensive income		
Exchange differences on translating foreign operations	(70.456)	28.453
Total comprehensive income for the year	(723.653)	(260.353)
Profit attributable to - Owners to the company	(689.005)	(135.488)
- Non-controlling interests	(34.648)	(124.866)
Earnings per share		
From continuing and discontinued operations		
- Basic	(0,13)	(0,04)
- Diluted	(0,13)	(0,04)
From continuing operations		
- Basic	(0,13)	(0,02)
- Diluted	(0,13)	(0,02)
Average number of shares		
- Basic	5.385.652	5.349.152
- Diluted	5.385.652	5.515.652

CONSOLIDATED STATEMENT OF CASH FLOWS

	Q1 2012 EUR	Q1 2011 EUR
Profit for the year	(653.197)	(288.807)
Depreciation and amortization of non-current assets	287.091	305.196
Income tax expense	106.440	103.773
Finance income, net	66.401	49.913
Gains/losses on disposals of non-current assets	0	(1.620)
Other adjustments for non-cash items	35.517	1.930.421
Decrease/(increase) in trade receivables	(1.017.500)	(190.127)
Decrease/(increase) in other financial assets	(126.894)	93.229
Decrease/(increase) in other non-financial assets	(635.270)	(943.066)
Increase/(decrease) in trade payables	125.937	48.740
Increase/(decrease) in financial liabilities	(639.176)	(2.763.005)
Increase/(decrease) in provisions	(157.822)	69.517
Increase/(decrease) in deferred revenue	3.788.923	4.595.4095
Interest paid	(88.375)	(92.384)
Interest received	21.973	42.470
Income taxes paid, net of refunds	0	(102.585)
Net cash flows from operating activities	614.413	2.857.076
Purchase of intangible assets and property, plant and equipment	(221.868)	(309.977)
Proceeds on disposal of intangible assets and property, plant and equipment	0	4.290
Net cash inflow from refund of loans by disposed subsidiaries	80.812	121.218
Net cash flows from investing activities	(141.056)	(184.469)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(70.456)	(123.860)
Net increase/(decrease) in cash and cash equivalents	402.901	2.548.747
Cash and cash equivalents at the beginning of the year	13.220.235	6.360.881
Cash and cash equivalents at the end of the year	13.623.136	8.909.628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2012	31.12.2011
	EUR	EUR
ASSETS		
Current assets		
Cash and cash equivalents	13.623.136	13.220.235
Other financial assets	656.003	626.399
Trade receivables	10.900.062	9.882.561
Other non-financial assets	964.673	329.403
Tax assets	3.983.662	3.977.945
Total current assets	30.127.536	28.036.543
Non-current assets		
Goodwill	4.331.514	4.331.514
Other intangible assets	396.876	443.280
Property, plant and equipment	13.597.024	13.635.076
Other financial assets	756.898	659.609
Deferred tax assets	1.404.030	2.909.060
Total non-current assets	20.486.342	21.978.539
Total assets	50.613.878	50.015.082
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	1.486.258	1.360.320
Tax liabilities	6.492.974	6.883.371
Financial liabilities	1.243.194	1.824.392
Provisions	2.891.710	3.049.532
Deferred revenue	7.152.146	3.363.223
Total current liabilities	19.266.282	16.480.838
Non-current liabilities		
Financial liabilities	5.084.504	5.142.482
Deferred tax liabilities	437.590	1.842.607
Total non-current liabilities	5.522.094	6.985.089
Total liabilities	24.788.376	23.465.927
Equity		
Issued capital	5.385.652	5.385.652
Reserves	11.139.952	11.139.952
Other comprehensive income	652.230	667.408
Retained earnings	7.747.447	8.421.275
Equity attributable to owners of the company	24.925.281	25.614.287
Non-controlling interests	900.221	934.868
Total equity	25.825.502	26.549.155
Total liabilities and equity	50.613.878	50.015.082

SEGMENT INFORMATIONS

	Q1 2012 EUR	Q1 2011 EUR
Consulting		
Revenue	6.391.020	6.203.776
Cost of sales	(4.858.938)	(4.960.397)
Gross profit	1.532.082	1.243.379
Software		
Revenue	3.050.678	3.124.704
Cost of sales	(488.565)	(402.927)
Gross profit	2.562.114	2.721.777

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q1 2012 EUR	Q1 2011 EUR
Equity as of January 1	26.549.155	25.403.021
Profit of the year	(653.197)	(288.807)
Exchange rate changes on the balance of cash held in foreign currencies	(70.456)	28.453
Total comprehensive income	(723.653)	(260.354)
Equity as of March 31	25.825.502	25.142.667

FINANCIAL CALENDAR 2012/2013

May 22, 2012 | Annual General Meeting, Palatin, Wiesloch, 10.00 Uhr

August 02, 2012 | Quarterly Report 2, 2012

November 06, 2012 | Quarterly Report 3, 2012

November 12 - 14, 2012 | Deutsches Eigenkapitalforum, Frankfurt

March 28, 2013 | Annual Report 2012

May 02, 2013 | Quarterly Report 1, 2013

August 01, 2013 | Quarterly Report 2, 2013

November 07, 2013 | Quarterly Report 3, 2013

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