

IPO REPORT

Fluent in Finance (FiF)

Translating Services Sector



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Recommendation
STRONG BUY

IPO Price Range
EUR 20-22

Target Price 12-month
EUR 25

Ticker/Code
FIF.NA

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Fluent in Finance -FiF

Translating growth and livestock into cash flows

	2003	2004E	2005E	2006E	2007E
Revenue in Eur mln	1	165	325	450	500
PBT in Eur mln	18	91	192	270	310
EPS	n.a.	2.56	3.64	4.98	5.9
P/E	n.a.	14	16	17	18

Source: INGIM estimates and Company Data

Highlights

- FiF is a pioneering translating company with very strong market positions and growth prospects of horse proportions.
- The company derives exceptional strategic positioning from its location in Zwartebroek – the future financial nerve center of The Netherlands.
- FiF has a very strong management. The charming Chairwoman is highly skilled in translating, investing and animal husbandry.
- The management is strengthened by the presence of the ‘very young kanjers’ on the Executive Board.
- FiF is expected to grow at rates much faster than the market and reach dizzy proportions while keeping a strong control on costs.
- Besides its growth prospects FiF's livestock assets are highly undervalued. They are some very exotic varieties of sheep and chickens in the portfolio.

The company 'Fluent in Finance'

In the world of translators this company is really a star in the night

To succeed as an entrepreneur in any sector quality of work is one of the most important necessities. That is especially the case for an activity as translating texts in whatever language. If translating a regular text is already very difficult, translating financial texts is really a task you can only ask to gods and goddesses. Let's try to explain why and focus on the question why the company 'Fluent in Finance' is the star in the sky compared to all other translators in the world.

To speak about the company is speaking about the management. Well, the management is in the hands of the well known Willemien van Rijdsdijk, domiciled in the most exciting village of Holland, Zwarteboek. Zwarteboek is reputed for its sheep, goats, cows and horses. It is in this natural environment that language talents such as Willemien have come to a marvellous performance. As you know, languages have everything to do with sounds, rhythm and silence between the lines. Experience teaches that this can best be practised between sheep and goats. Besides of that, it is very good food that Willemien gets from her own garden. Willemien lives without MacDonald's junk food and thus in an above average healthy atmosphere. So, the company is for a very long time assured of healthy management, a management that will expand rapidly from Zwarteboek, The Hague, Amsterdam to Europe, Eastern Europe and Turkey included.

True, everybody thinks nowadays that he speaks and writes English. But in practise it is not that simple. The background in Zwarteboek is indispensable for consistent performance, because of the unimaginable difficulty of translating. As the French writer André Maurois already said:

Writing is difficult, but translating – good translating- is still more difficult. A perfect translator has to be an artist.

A big problem still is the fact that every profession has its own vocabulary and its own slang. Also financial English has its specific problems. Which words do I have to choose? Obligation markets, bond markets, stock markets, share markets? You have to be an expert to choose the right word without batting an eyelid.

How does Willemien do her job? She seduces even indifferent people to read her texts. She translates not only a text, but uses the right tone, the tone people used to the American way of doing business listen to.

Let me give an example. This is a text for American readers

Title in Dutch:

Hoe belangrijk is de Amerikaanse dollar voor bedrijven en beleggers in Europa?

Translation from Willemien:

Hedging currency risk, yes or no? The billion-dollar question for European investors

Well, when you see this title you start to read the article immediately, especially I guess when you are an American reader. For what matters more and more for Europeans, is for Americans already a gospel since they drove the Indians behind the wall on the spot that nowadays is known as Wall Street. I mean the fact that there seems to be nowadays more or less one world language, not esperanto but the language that is a juggles with figures (10) instead of conjuring with letters (26), hat together form the alphabet. Of course, in a bank figures are key. That is

normal. But at present you also hear people speak more in figures than in letters. Discussions centre around questions as: What is the price? What are the costs and the benefits from this or another behaviour. What is your salary?
All in all, this billion-dollar question, was a real invention.

Here we come at a point that I want to stress, regarding the importance of Willemien's work. Whatever we do; everything has to do with meaning, with interpretation. Even the trial and error to understand yourself, let alone to understand other human beings or the outside world, all this understanding can only get a meaning by giving it an interpretation.

That is not a simple task, especially the understanding of a foreign language in all its nuances is quite difficult, especially when we speak about a correct way of understanding financial English on paper, while here it's even more important to understand correctly than with things in normal life. Here Willemien comes to help her clients and prospects. Yes, they don't know it, but they are in real danger. Figures in a financial text need a context. They have to be interpreted. Well, that is only possible with the help of the alphabet. Willemien is the right person to feel the nuances in a certain text. She has the knowledge to transform a Dutch text for English and American readers, what shall I say--- for the whole world community. By the way: she translates an English or American text in Dutch too.

To come to a conclusion; figures are figures, they have no nuances. Thus, in financial texts -texts that contain a lot of figures- feeling the nuances and making the correct choices are key. In the words of the Dutch writer Louis Couperus:

In life and in language, nuances are the key

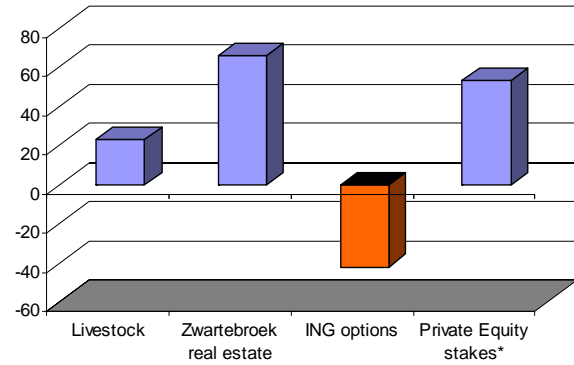
To discover these nuances, it is more and more relevant that there are translators as Willemien. She has the feeling for subtle distinctions of meaning. She fills up a hole in the market. For setting all these sort of nuances in a text, Willemien Rijsdijk and the company 'Fluent in Finance', are the right address.

What does that mean for you as an investor? It means that you have here a unique possibility to invest in a company that strives for the best quality, a company that is really service-minded. Willemien has not a 36 or 38 hour working week, but with the sheep around her and drinking milk from her own cows she has the energy to work day and night. Imagine the figures in the profit and loss account of 'Fluent in Finance' in five years. Need I say more; it will be only a matter of months that this company will conquer market share and will enlarge its profit margins. What are you waiting for to invest in this exceptional company, a company that as no other differentiates between all nuances you can imagine in our world wide village, a global village with sheep, goats, highways, skyscrapers, camels, rivers and people who want to communicate. So, a global village that is eagerly looking for translators, for 'Fluent in Finance'.

Henk Luijten
General Director, Lernout & Hauspy
September 24th, 2004

Company and Market Analysis

FIF has a very strong and well-diversified asset base. The chart below details the composition of FIF's assets. FIF's considerable physical asset value lies in its sprawling, extremely green, well manicured, head quarters in Zwartebroek. Zwartebroek, has been proclaimed by none other than the Dutch Queen to be the future financial nerve center of The Netherlands. Furthermore, due to the conservative nature of the management this real estate has a high value as it is rapidly paying off its mortgage out of its huge cashflow.



Additionally, it has been scientifically proved that this very special land on which the Head Quarters sits contains some essential and rare minerals. These minerals are known to have a high positive correlation with the energy level of sheep and twins. Unfortunately, this implicates getting up every morning at 5.

You will notice that the value of the livestock is low as the exotic varieties have a discount due to the low liquidity in these species. We hope that Ms. Rijdsijk will be able to keep on spoiling her hoenders.

The ING options have unfortunately dipped into negative territory on the departure of Ms. Rijdsijk. We believe that a star has left as a result impairing the value of the company. Those lovely stock options of the early days that are sooooo out of the money will become even more out of the money in the years to come.

The private equity stakes give us further comfort however we are a bit concerned on the concentrated exposure to companies specialising in "child friendly resorts". We will be monitoring this portfolio closely.



Management and Chairwoman of the Executive Board

Management FiF



The Chairwoman with Board of Directors

Chairwoman of the Executive Board, Willemien Rijsdijk, has built a strong Board of Directors for Fluent in Finance. The 4 men in the Board are all (very) young “Kanjers”^f with deep knowledge of the DMMM (= Dutch Mickey Mouse Market)^{ff}. Although the average age in her Board is rather low, she has no problem with changing a diaper or two. Her extensive experience with *twins* on this (t)issue has given her a real competitive edge. As *Miss MidCap* has learned in her lengthy career to cope with all sorts of male characters, she is very happy no *virago* is part of her management team.



The Chairwoman with Company Car, Chauffeur (left), Bodyguard (right) and 2 “Kanjers”

The *Leading Lady* has only one minor weak spot; driving a car. Therefore the first investment of *Fluent in Finance* was a Company Car with Chauffeur. With this package deal came a Bodyguard, Mr. Panic, free of charge. The Board could not get rid of this sticky person, who calls at the most awkward moments, for a decent ransom.



The Chairwoman practising for her MVB (= “Midgetgolf Vaardigheidsbewijs”)

Some people say it all started with eggs, but it is a fact that *Swingemien* is practising hard on her course in Utrecht to improve all her skills.

After putting her finger on the sore spot in any earnings release within the minute, she is now improving her proficiency of dotting the i's and crossing the t's in any Dutch or English financial document.

Together with all her enthusiasm and dedication the Syndicate is completely convinced the Chairwoman has all the capabilities to make *FiF* a big hit !!

Jorrick van den Bos

^f “Kanjers” is the only Dutch word *Fluent in Finance* can not translate in English....

^{ff} The Chairwoman is also trying to get “SuperKanjers”, Mike K. of GoGo Capital, on board, but he likes to wear shorts for the moment.



Biography

Chairwoman of the Executive Board

Willemien Rijdsdijk (19!!) is Chairman of the Executive Board of Fluent in Finance. Rijdsdijk is responsible for the divisions Business Development, Strategy, English to Dutch and Dutch to English. Moreover she shares COO and e-Commerce responsibilities with executive board member Emile van Smalen.

Prior to her current position, Willemien Rijdsdijk worked with several companies in wide diversity of roles. She has rich experience and extensive skills in sales, analysis, investments and lingual witchery. Up to 1996 she supervised sales operations of Dutch Equities to German speaking Hong Kong Investors within HSBC. She worked briefly with the Dutch niche broker Voor Wat Hoort Wat nv to set up the non-soft dollar business. After the company dis-continued this strategic route Rijdsdijk resigned. From 1998 onwards Willemien Rijdsdijk worked with a premier Dutch investment firm. She held a succession of management positions in Dutch, European Small Cap, Luxembourg and Liechtenstein Equity investments.

In 2001 she was appointed CIO of MMM (Mickey Mouse Markets). Additionally she assumed the responsibility for translation from lousy Dutch into superb English.

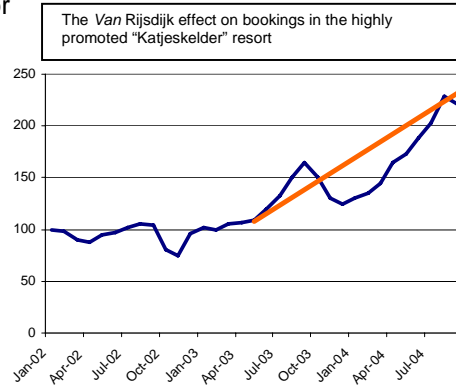
Willemien Rijdsdijk holds an MBA in Lingual Miracles from Baan University, Putten, and a Bachelors degree in Economics from the University of Rhode Island (URI), Kingston, where she graduated Phi Beta Kappa.

In April 2004, Willemien Rijdsdijk was elected Member of the Board of Directors of leading translation company Lernout & Hauspie from Flanders, Belgium. In May 2004, she also became Member of the Board of Directors of the Chamber of Commerce in Zwarteboek in the Netherlands. Moreover, she is a leading member of the regionally influential movement 'women with sheep, chicken and children'.

Marco van Rijn

Competitive Landscape

Placing FiF in the competitive landscape it becomes apparent that a new standard will be forced upon sector. WvR has earned great respect in the market for combining the role of mother, wife, shepherd with being a successful businesswoman. As competitors already tried to recruit her in an early stage, we conclude that peers like Mac Bay and Texx will have to wet their chest! Apart from delivering an unprecedented quality, also the network of van Rijdsdijk adds to this company. As an example of her reach and influence on her direct environment we have added a graph plotting the bookings at the "Katjeskelder", a holiday resort hyped by van Rijdsdijk.

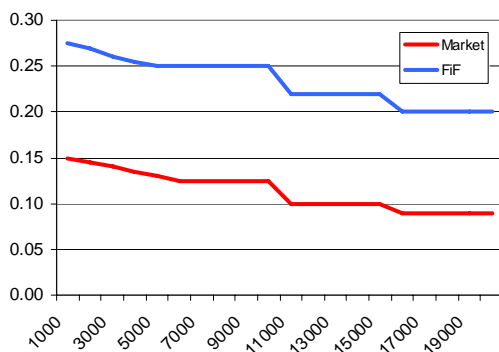


Competitive Advantage

Now we come to the heart of Ms. Rijdsdijk 's business, the competitive edge. As you will notice in the graph below that FiF has a much higher PPW - Price Per Word translated than her competitors and the market as a whole. The difference as you notice is substantial and needs further examination to ensure that this difference will indeed be sustainable and will not become reverse hockey stick in the years to come.

This ability to charge a higher PPW comes of course from her skill to expertly translate at the fastest speed known to humans. She has been tested against a computer and only lost by a very small margin, she is named as the Gary Kasparov of translating. We do think the new courses that Ms. Rijdsdijk will be undertaking as of October 1st 2004 will enable her to sustain this margin. We await her progress eagerly.

Ms. Rijdsdijk has developed a very strong network of followers, she has bestowed her translating kindness to people from investment services to fixed income (yep those duration people). As a result she has developed a loyal following of prospective customers that we are confident will continue to send business her way.



Ms. Rijdsdijk has another X factor in her belt and that is her ability to translate children language. We think these skills will be further developed in the near future as she will have ample exposure to Annika and Niels, as they will be a constant source of distraction while she is trying to work. After all which adult would make words such as EPS, P/E, EBITDA, PBT, ROI and ROE. To prove the point the matter was investigated in a 'van Dalen' and these words were not found.

We think the above factors prove beyond a doubt that FiF will be able to sustain its competitive

edge in the long run.

Apart from the sustainable pricing power FiF will have over competitors like Mac Bay and Texx, also the low overhead will add to the profitability. If we take a closer look at these expenses it becomes apparent that Ms. Rijdsdijk is again making optimal use of her extensive network.

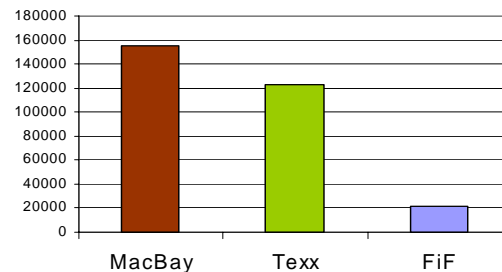
Outlook

Overhead	2004	2005	2006	2007
Internet site	45	0	0	0
Companycar	1000	1200	5400	1300
NS jaarkaart	3000	3000	3000	3000
Mortgage	7000	4000	0	0
Electricity cost	3000	3200	3500	3700
Venco rood witte snoepjes	700	730	800	845
IT infrastructure	75	75	225	300
Total	14,820	12,205	12,925	9145

The costs for the internet site (of which the launch is delayed...) consists of flowers and a box of chocolates as a family member is the developer. The costs for the company car are particularly low as its use is very limited. We do however expect the gearbox to blow up in 2006 as not shifting into 5th gear will take its toll after three years. The mortgage costs are a perfect example of the prudent financial structure of FiF. We do find that the electricity costs to be very high compared to peers, but we expect this to be caused by the fact that most work is being done at night. As Ms. Rijdsdijk highly values the quality day time with the twins.

Regarding the "rode en witte snoepjes" there seems to be a high correlation with the topline growth of the business. As most services sectors, the translation business is increasingly dependent on IT. This is where FiF formed an ideal partnership with Emile, the in-house IT specialist. We provision a dinner for two as compensation for the first two years, but do factor in an increase in dinners due to possible stress on the domestic situation caused by the ballooning growth of FiF.

As Mac Bay is located in the jet-set PC Hooftstraat (reflecting the glamorous nature of this business) and Texx in the mundane city of



Apeldoorn, also here FiF is beating the competition.

The vast difference on location expenses (see graph) is mainly because of local tax advantages and by owning some sheep and chicken through which FiF makes optimal use of European subsidies on small agricultural enterprises.



"Bij Hoevelaken links af ©" by Arie Ribbens put Zwartebroek on the map as the home of the "polonaise hollandaise". Now it is up to Van Rijdsdijk to make it the European hart of translation services sector.

Willemien Rijdsdijk in her glory days as Product Specialist at ING IM.

Prospects will be lining up for "Fluent in Finance" (FiF), and therefore the prospects for this company are such that it should prosper for ever and ever and ever and ever. If ever there was a

sector which was in desperate need for some coherent translation work it is, after all, the financial sector.

Even the French by now agree that English is the common language in the financial world, but the financial world itself has invented an English vocabulary which is spoken by few and understood by even fewer.

For example, until recently only plane travellers ever experienced hard or soft landings but nowadays apparently the whole Chinese economy is trying to achieve a similar feat, at least if financial analysts are to be believed.

The animal kingdom is also incorporated in financial gibberish, with bears and bulls and hawks and doves being misused by many to make their point.

And when they make their point, they apparently do not dare to speak it out loud, since “the street” is full of “whisper numbers”.

In other words, there is a desperate need for sensible translations, not only from English to Dutch, but especially from English financial gibberish to understandable “doe maar gewoon dan doe je al gek genoeg” Dutch. And vice versa.

Regardless of the economic environment, financial translations will always have to be made. The bulls and the boasts will have to be as often translated as the bears and the excuses. So we are looking at a non cyclical sector here, in which a quality company like FiF should be qualified and rated as a genuine growth stock.

The qualification of “quality company” is well supported by the excellent track record which Chairwoman Willemien Rijds

ijk has build in recent years. Her unparalleled skills in making even the most obscure financial statements accessible for the “man in the street”, have gained her praise from competitors like MacBay and Texx. Especially her ability to distil from Fed president Greenspan’s statements his exact intentions and beliefs have flabbergasted many.

It is therefore without any reservations that I recommend FIF as a great investment opportunity, with an above average long term growth potential.

Ad van Tiggelen
**Acting Vice Deputy Assistant Director
on behalf of the head of the syndicate**

Valuation and Rating Discussion

Valuation and Rating

We have valued Fluent in Finance (FiF) using P/E relative and a sum of the parts (SOTP) valuation methodologies.

Summary

At the high end of the suggested IPO price range FiF is trading at a discount to both its main competitors and the market. Given FiF's superior assets and business opportunities we think this discount is unwarranted

Our SOTP valuation for FiF is 20% higher than the high end of the IPO price range. This is based on the trading multiples of FiF's principal quoted competitors per business line and an in depth analysis of FiF's tangible assets. FiF's tangible assets are in our opinion undervalued.

P/E relative

On our estimates FiF is trading at a 15% discount to its main competitors and at 10% discount to the market. FiF's main competitors, MacBay and Texx are trading at a higher multiple. Although both companies are well managed we believe FiF has the better business opportunities and we believe that Chairwoman Willemien *van* Rijdsdijk is very capable of exploring these new business. For instance, FiF's core business is currently translation from Dutch to English but we think that FiF has also plans to develop English to Dutch. Moreover, we see interesting other markets developing in the Netherlands as the number of television stations in this country is increasing (more demand for subtitles) and we think there is also a big market for people who speak fluently Dutch in the area where FiF is headquartered. These business opportunities together with the inspirational leadership of CEO *Van* Rijdsdijk makes us believe that FiF should at least trade at parity with its competitors. A virtual monopoly in the Netherlands should also translate into higher multiples. Compared to the market we think that given the higher growth profiles of these companies all three companies deserve at least the market multiple.

SOTP

We have conducted in depth research into the tangible assets that FiF holds. If we include these assets in our SOTP analysis we calculate a price which is significant higher than the high end of the suggested IPO price range. We think the market is underestimating the value of FiF's stake in ING Group, a global financial conglomerate. This stake is primarily held via non-listed options. CEO *Van* Rijdsdijk gathered these stake during the course of her career within ING Group. The company also holds significant real estate assets in the center of Holland; we consider this area as booming where real estate prices are rising. Moreover, the company is also the owner of some very specific chickens and sheep. All in all I can conclude with "Twee vingers in mijn neus (tot en met eerste kootje)" that these company has some very interesting undervalued assets.

Other considerations

One controlling shareholder creates deal and management risks. The future of FiF is closely tied to Chairwoman and CEO *Van Rijsdijk*. *Van Rijsdijk* is well known for her direct way of communicating and sudden changes of career. If the impact on the company from these two factors proves to be greater than we anticipate the stock will have difficulty achieving our price targets

Disclaimer

I, Age Bruinsma, hereby certify that all of the views expressed in this report accurately reflect our personal views about any and all of the subject or securities. I also certify that the fact that I worked together with *Willemien van Rijsdijk* for several years in a very pleasant way has in no way affected my opinion on FiF. Furthermore no part of my compensation was, is or will be directly or indirectly related to the specific recommendations made in this report.

Age Bruinsma
Gouda, September 2004



We expect exponential earnings growth over the next 10 years. Only the decision in 2010 to start an affiliate in Belgium proved to be a disaster, due to unbridgeable cultural differences.

Market Rumours

- It is a screaming buy with tremendous growth potential.
- This woman could sell anything!!
- Coming from a global team she is well aware of the globalisation trends and inevitably the exploding translation services sector.
- We are very impressed by Ms. Rijsdijk's abilities to manage - the twins, the chicken, the sheep, the husband and last but not least her kanjers and schatjes.
- My concern is on the volatility of the CEO's private equity going forward as now the compliance regime will be lifted, considering that most companies she used to follow as an analyst are no longer in existence.
- I like the low overhead in the business, especially the travel expenses, probably explained by Ms. Rijsdijk's dislike for the highway and the 5th gear.
- We are positive on her ease with all styles as is reflected through her ultra modern interiors in her "farm house" in Zwartebroek of all places.
- Margin prospects for her business model are extremely stable and positive. As she is very familiar with one of the most important basic rules in the investment industry (which she used to proclaim at ING's desk while clients were visiting): "Sell High and Buy Low". A capability only few investors live up to.
- Bartertrade with Willemien: Eggs, Champagne & Candy
- We think the impact on the Financial Services Translation Sector will be huge given the successful introduction of the word 'A demani', which now implies: 'Shut up I am gone Cor!'.

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