



Independent Research

Unabhängige Finanzmarktanalyse GmbH

Extract from Research Flash

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Mid-/Small Caps

AGO 4)		DE000A0LR415			
Recommendation	Price target/Price	Ratios	2006	2007E	2008E
Current:	Price target:	EPS (EUR):	0.32	0.14	0.61
Buy	EUR7.80	P/E ratio:	-	43.9	10.1
Before:	Share price:	DPS (EUR):	0.00	0.00	0.00
Fair-Value EUR8.94	EUR6.15	Dividend yield:	-	0.0%	0.0%
As of:	Xetra:	Performance	3 Months	6 Months	1 Year
06/08/2007	11/20/2007 10:09 AM	absolute:	-9.2%	-	-

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Event: Publication of Q3 2007 results / expansion to Italy

- In Q3, sales amounted to EUR10.862m and EBIT to EUR-0.007m. For 9M 2007, AGO posted sales of EUR32.009m and EBIT of EUR0.517m
- We maintain our sales (EUR42.6m) and EBIT (EUR1.088m) forecasts for the full year 2007
- Based on a lower financial result and a higher tax rate, we have lowered our net profit forecast for 2007 to EUR0.479m (before: 0.837)
- We hold on to our estimates for the years from 2008
- Expansion to Italy announced
- We regard the current fiscal year as a year of transition
- With an unchanged price target of EUR7.80, we reaffirm our Buy recommendation for the AGO share

Conclusion: On Monday (November 19), AGO AG Energie + Anlagen ("AGO"), the leading operator of biomass cogeneration plants, published its results for Q3 2007. Since AGO's going public, the company's reports comply with IFRS. As last year's report had complied with HGB (Commercial Code) regulations, the informational value of the year-ago reference figures is limited. For July through September, AGO posted sales to the amount of EUR10.862m. Gross profit totalled EUR-0.586m, which corresponds to a gross profit margin of -5.4%. Gross profit was burdened by a short-term increase in prices of assembly and transportation capacities and the fact that suppliers which AGO had planned to use with certain projects were, for various reasons, not available anymore when AGO was awarded the respective orders. After adjusting for this negative effect, which amounted to roughly EUR1m, the gross profit margin more or less matched H1 2007 levels (6.7%). EBIT ranged at the break-even point (EUR-0.007m). Here, AGO profited from other operating income to the amount of EUR1.192m. EBT reached EUR-0.052m, and net income amounted to EUR0.005m. In 9M 2007, AGO turned over EUR32.009m and realised EBIT of EUR0.517m and a net income of EUR0.093m.

We maintain our sales forecast (EUR42.6m) and EBIT forecast (EUR1.088m) for the full year 2007. Against the background of a lower financial result and a higher tax rate, we now predict a net income of EUR0.479m (before: 0.837) and EPS of EUR0.14 (before: 0.25) for 2007. However, we leave our estimates for the years from 2008 unchanged (EPS 2008: EUR0.61).

This morning (November 21), the company announced that it is going to expand to Italy. To this end, AGO has set up AGO energia, which it will hold a 55% stake in. We are not surprised by this announcement, as the company has been sounding out the European market for some time. AGO energia intends to realise energy projects of an investment volume of between EUR6m and 10m per year and expects to generate annual sales of EUR3m to 4m per plant through operation of the facilities.



Mid-/Small Caps

In the past few weeks, the AGO share was unable to detach itself from the general stock market trend. Furthermore, several companies from the renewable energy sector (Schmack Biogas, EnviTec Biogas, Conergy) issued profit warnings in the past weeks, which burdened the sentiment towards the entire sector. We are convinced of AGO's business model. In our opinion, the company's expansion to Italy is a reasonable strategic decision, as the conditions of promotion of the renewable energy business are attractive in Italy and as AGO will thus reduce its dependency on the German market. We regard the current fiscal year as a year of transition and maintain our fundamental assessment of the AGO share. With a price target (DCF model) of EUR7.80, we hold on to our Buy recommendation.



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Buy:	According to our assessment, the stock should register an absolute profit of at least 15% within a 6-month period.
Accumulate:	According to our assessment, the stock should register an absolute profit between 0% and 15% within a 6-month period.
Reduce:	According to our assessment, the stock should register an absolute loss between 0% and 15% within a 6-month period.
Sell:	According to our assessment, the stock should register an absolute loss of at least 15% within a 6-month period.

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As of: - 11/21/2007 -

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