



Independent Research

Unabhängige Finanzmarktanalyse GmbH

Investment Research



Results 2007 / Results Q1 2008

07/21/2008

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Increase in profitability expected**Results fiscal year 2007 / Results Q1 2008**

- ⇒ Due to extraordinary burdens and other factors, AGO failed to meet our optimistic forecasts in the fiscal year 2007. In the first three months of 2008, the company achieved a convincing 12.7% gross profit margin.
- ⇒ Upon publication of its Q1 results, the company revised upwards its guidance for the fiscal year 2008. AGO now predicts an increase in sales and clearly positive EBIT, whereas the previous forecast had called for stable sales and a significant increase in income.
- ⇒ According to its strategy, AGO intends to expand the value added chain in the plant operation business and to press ahead with the internationalisation of its business model. Since its going public in June 2007, the company acquired three projects in its plant operation division. Furthermore, AGO is opening up the Italian market for power generation plants in cooperation with business partners. We expect an increasing steadiness in sales growth and cash flow as a result of the expansion of the plant operation business and the company's internationalisation, particularly the market entry in Italy. Furthermore, we expect an increase in profitability.
- ⇒ In our opinion, AGO's current share price does not yet reflect the company's growth and income potential at all. We proceed from the assumption that an expected further increase in fossil energy prices and increasing international efforts in environment and climate protection will stimulate demand for AGO's products and services even further in the coming years.
- ⇒ Based on our DCF model we have calculated a fair value of EUR6.38 (before: 6.70) for the AGO share, from which we derive a price target of EUR6.30 (before: 6.70). At the current price level, the AGO share has an upside potential of approximately 67%. Therefore, we reaffirm our Buy recommendation.

AGO AG Energie + Anlagen 4)**Recommendation: Buy****before:**

as of

Price target (in EUR) (6 months)	6.30
Share price (Xetra) (in EUR) 07/10/08 11:23 AM	3.78
Share price potential	66.67%

Company data

Country	GE
Sector	Renewable Energies
Market segment	Entry Standard
ISIN	DE000A0LR415
Reuters	AGYG.DE
Bloomberg	AGY
Internet	www.ago.ag

Share data

Shares (m)	4.000
Freefloat	35.70%
Market cap. (EURm)	15.1
∅ Trading volume	1,743
52W High 07/13/07	EUR8.50
52W Low 07/04/08	EUR2.35
Beta	1.25
Volatility (60 days)	52.40

Multiples

	EV/Sales	EV/EBIT	P/E ratio	Dividend yield
2006	-	-	-	-
2007	0.6	neg.	neg.	0.0%
2008E	0.5	7.4	10.7	0.0%
2009E	0.4	5.3	7.3	0.0%
2010E	0.4	4.5	6.0	0.0%

Performance (in %)

	1 month	3 months	6 months	12 months
absolut	-21.3	-9.4	-34.6	-
relative to:				
DAX	-16.9	-5.1	-19.9	-
Entry Standard	-16.9	-5.1	-19.9	-

Index Weighting

Entry Standard	3.161%
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**Author: S. Diermeier (analyst)**

AP	FY	Sales	EBIT	EBT	EAT	EPS
IFRS	2006	33.9	1.4	1.3	0.4	0.47
IFRS	2007	41.3	-0.3	-0.6	-0.9	-0.33
IFRS	2008E	45.8	2.8	2.2	1.4	0.35
IFRS	2009E	50.9	3.9	3.2	2.1	0.52
IFRS	2010E	57.2	4.6	4.0	2.5	0.63
CAGR 2006 - 2010E		13.9%	34.7%	33.1%	62.1%	

Figures in EURm except EpS, hist. PERs based on average share prices

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STRENGTHS

- **Broad product and service portfolio**
- **High adaptability to changing market trends**
- **Integrated business model ("one-stop service") reduces coordination costs and facilitates swift realisation of projects**
- **Highly qualified management team with many years of experience in the power plant engineering industry**
- **Long-standing customer relationships**

WEAKNESSES

- **Since the company is small, its success depends to a great extent on a few persons in key positions**
- **A versatile product mix always requires state-of-the-art product and quality standards which might not be guaranteed due to staff shortages and lack of funds**
- **Dependency on the market and price development in the renewable raw materials sector, which has an impact on the profitability of power plants**
- **Market for renewable energies still depends on government aid and promotion in the field of power generation**
- **No long-term plant component supply agreements. Components are purchased on a project basis, which makes AGO vulnerable to changes in its supply markets**

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OPPORTUNITIES

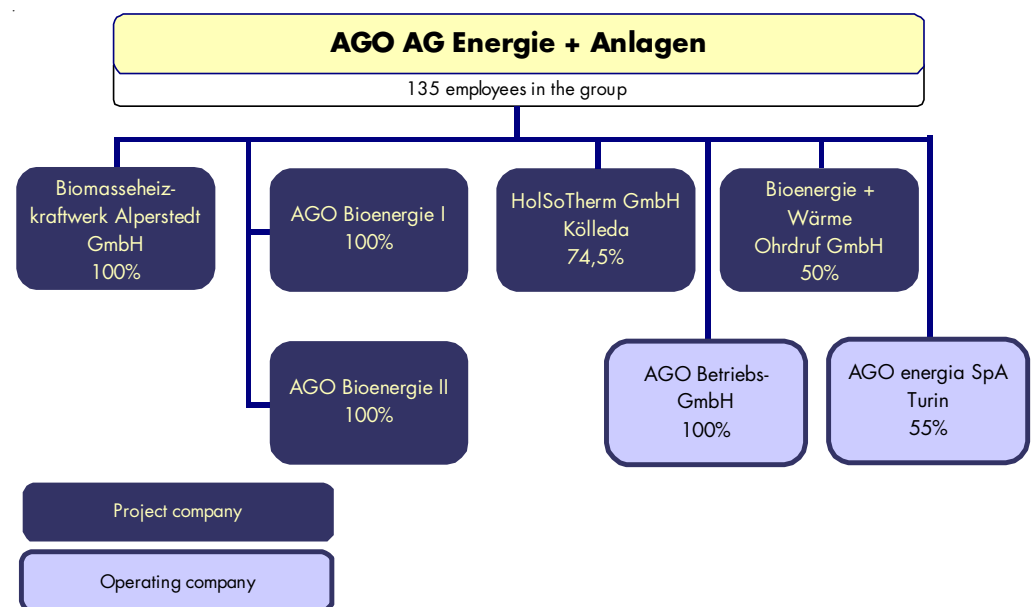
- **Increasing public awareness with regard to climate change and reduction of CO₂ emissions and their effects. Thanks to rising demand, bioenergy becomes acceptable and marketable**
- **Supply shortages and rising prices for conventional energy sources (oil and gas)**
- **Regulatory framework in Germany and the EU has a catalytic effect and creates an EU-wide growth market for renewable energies**
- **Foreign expansion/increasing internationalisation**
- **Increasing steadiness of cash flow and rising profitability through expansion of plant operation business**

THREATS

- **Success depends on political sentiment both on national and EU level**
- **Reduction/cancellation of subsidies/promotion has negative impact on operating side**
- **High legal risks (building permit proceedings, immission control proceedings, warranty and product liability risks, damage claims, etc.)**
- **Market is expected to become highly competitive in the future. Crowding out is possible should dominant energy utilities enter the market**
- **Insolvency of contracting partners might lead to sales shortfall**

Company profile

AGO AG Energie + Anlagen ("AGO"), which was incorporated in 1980 and is headquartered in Kulmbach, develops, constructs and operates renewable energy plants. The company's target group includes industrial and municipal clients. The company's broad expertise ranges from customised plant engineering based on cogeneration units to complex biomass trigeneration plants (combined production of power, heat, and cooling). AGO's service portfolio is mainly covered by the three divisions project development & implementation, plant operation, and service & consulting. In addition, the company offers location research and development, consulting with regard to energy efficiency, raw material and fuel management, and emission trading management. Therefore, AGO AG is able to act as a one-stop provider offering all services from project development to plant operation, maintenance and repair.



Source: AGO AG Energie + Anlagen

Management and Supervisory Board

The Board of Directors of AGO AG currently consists of two members, namely Mr **Ulrich Gruber** (CFO) and Mr **Helmut Peetz** (COO). CFO Mr Gruber is responsible for strategic planning and participations, taxes, finance, controlling and real estate, human resources, data processing, investor relations and public relations, risk management, central marketing, and corporate governance. COO Mr Peetz is responsible for consulting, project development/realisation, operation and service, distribution, environmental and quality management, data protection, and auditing. The company's Supervisory Board consists of six members with extensive experience in the industry, namely Mr Steffen Pfund (chairman), Dr. Klaus Hermsdorf, Mr Johannes Eismann, Prof. Dr. Eckhard Dinjus, Mr Franz Brosch, and Mr Harald Petersen.

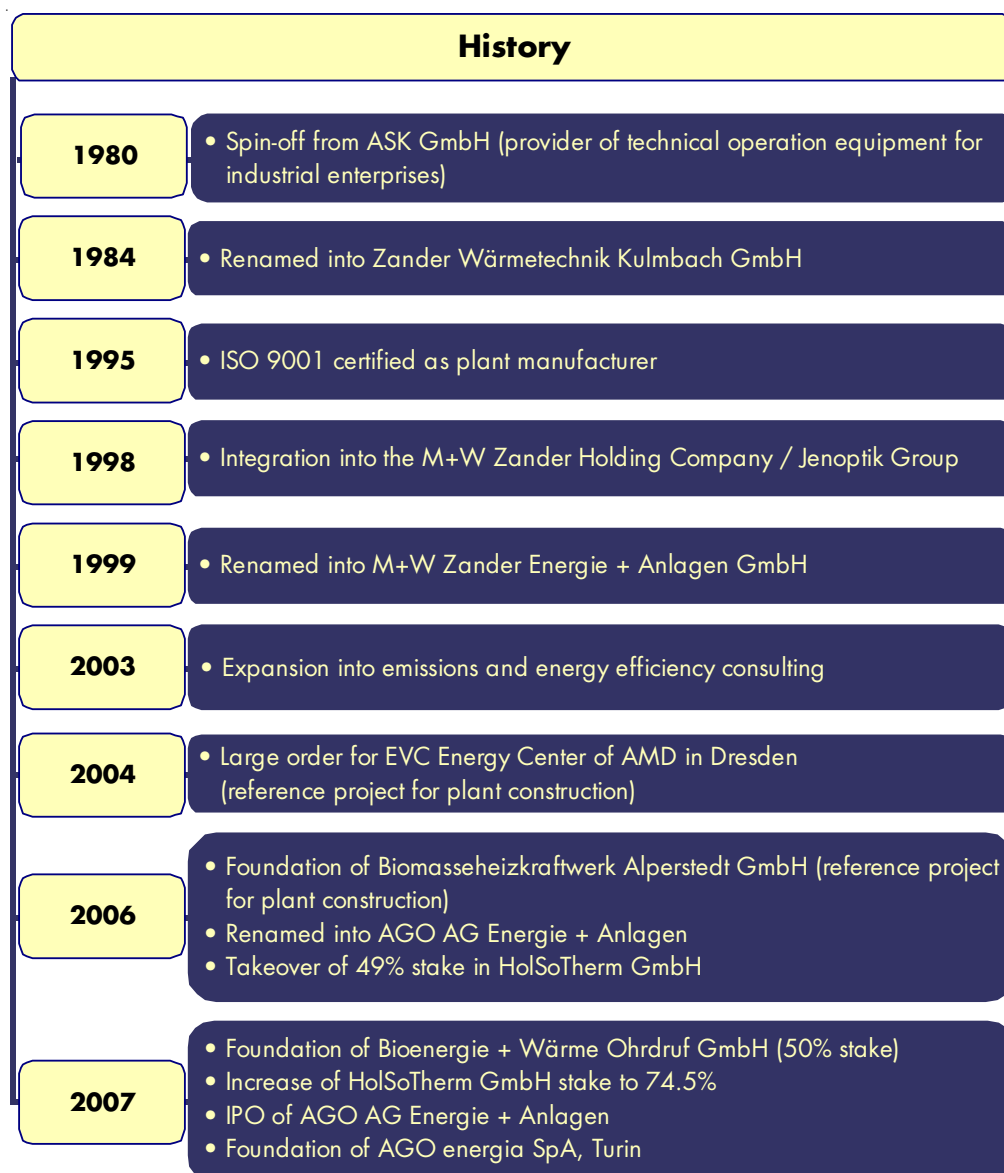
Experienced management

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caverion GmbH is majority shareholder

Equity/shareholder structure

AGO AG is listed on the stock exchange since June 28, 2007. The issuing price was EUR7.00 per share and the initial quotation was EUR7.50. The company's shares are listed in the Entry Standard/Open Market of the Frankfurt Stock Exchange. AGO's share capital consists of 4m shares at a face value of EUR1.00 apiece and thus amounts to EUR4m. The company's main shareholder is caverion GmbH (formerly M+W Zander Gebäudetechnik GmbH) with a stake of 59.25% (pre-IPO: 92.60%). Management holds a 5.10% stake (pre-IPO: 7.40%) and the Supervisory Board a 3.40% stake. The remaining shares are in free float.



Source: AGO AG Energie + Anlagen

Business divisions

Broadly diversified portfolio of services and products

AGO's services and product portfolio is broadly diversified. The company offers integrated complete solutions in the field of decentralised energy plants to its industrial and municipal customers. As a full service provider, AGO deals in both plant construction and the supply of heat, cooling, steam, compressed air, and electricity. AGO provides its customers with power generation plants in different sizes and performance classes in the heating and refrigeration plant engineering sector. The company's expertise is not limited to the construction of conventional cogeneration plants but also includes the construction of modular facilities for the generation of electricity and heat using combined heat-power-refrigeration. AGO divides its operations into three divisions.

AGO AG Energie + Anlagen: Pillars of the business model		
Project development and implementation	Plant operation	Service and consulting
<ul style="list-style-type: none"> - Biomass cogeneration plant - Thermal engineering plant construction - Refrigeration plant construction - Trigeneration - Contracting 	<ul style="list-style-type: none"> - External operator of plants - Raw material / fuel management - Availability analysis - Heat and cooling demand analysis - Long-term contracts - Raw material logistics 	<ul style="list-style-type: none"> - Inspection and maintenance - Studies to/development of locations - Consulting with respect to energy efficiency - Emission trading management
Advantages for customers	Advantages for customers	Advantages for customers
<ul style="list-style-type: none"> - Project development with focus on efficient implementation - Fast readiness for operation through parallelised project phases - Tremendous cost savings - Environmentally sound - High supply safety - Experience from more than 2.000 projects 	<ul style="list-style-type: none"> - Investment free / off-balance - Cost advantages and synergy effects - Increased supply safety - Decrease in energy usage - Emission reduction - No emission trading obligation - "One-stop-shopping" 	<ul style="list-style-type: none"> - Maintaining values / safeguarding functions - Cost optimisation - Independency / neutrality - Full-scope professional competence - Economical / ecological consideration - Fast implementation

Source: AGO AG Energie + Anlagen

Project development and implementation

Planning and construction of energy generating plants

AGO's project development and implementation division offers planning and construction of energy plants on an international level. These services are also offered in the form of contracting. Within the framework of contracting, AGO is economically responsible for the development, planning, construction, funding and operation of power generation plants as well as service and maintenance duties. It also sells the energy generated by the plants to its customers. AGO offers its power plants in different sizes and performance classes. The company pursues an integrated approach to planning, claiming that this saves 6 to 12 months of project development time compared to the usual period and the customers considerable costs.

In the future, AGO intends to concentrate on biomass cogeneration plants. Biomass cogeneration plants apply the principle of combined heat-power-refrigeration and thus supply the customer with both power and heat. Heat produced during the production of electricity

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can be used to provide heating circuit water, steam and dry-heat, for example. As a result, power and heat is produced at the same time with a lower consumption of energy sources (e.g. gas). By contrast, plants that do not utilise combined heat-power-refrigeration release excess heat to the environment without further use. To this day, the company has implemented combined heat-power-refrigeration-technology in more than 150 cogeneration plant modules.

AGO acts as operating company

Plant operation

All business activities that relate directly or indirectly to the operation of an energy plant are subsumed under the plant operation division. Apart from service and maintenance duties, AGO is mainly responsible for the raw material and fuel management, which includes extensive availability and heat demand analysis preceding the project discussing such issues as utilisation, continuing logistics, stockkeeping, and quality assurance of the biogenous fuel. The plant operation division also offers location research and site development studies as well as consultancy and other services in the field of emissions trading. AGO operates the biomass heating plant in Kölldeda, which supplies heat to Daimler's engine works in Kölldeda since 2002, and the biomass cogeneration plant of Alperstadt.

Services for self-constructed and third party-constructed plants

Service & consulting

Via its service & consultancy division, AGO offers maintenance services for energy generation plants. These services are not only carried out for plants that it has built itself but also to a great extent for plants set up by third parties. AGO's customer service, which currently consists of 30 employees, is available 24 hours per day 365 days a year. As an additional service, AGO advises its clients on all energy issues such as energy efficiency. Moreover, AGO conducts energy studies analysing the technologies used by the customer as well as feasibility studies for alternative concepts. Furthermore, AGO supports its customers in issues relating to emissions and emission trading management. We regard the service & consulting division, which, in our view, represents a key element of AGO's business model, as an important customer acquisition device.

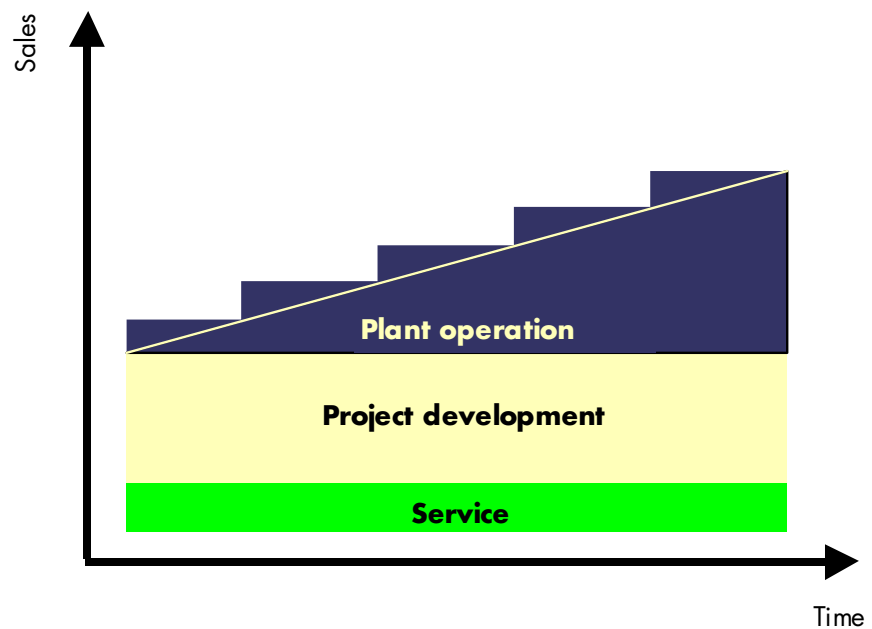
Strategy

AGO's strategy aims to generate growth from the expansion of the company's plant operation division with a focus on biomass and to strengthen international activities.

Plant operation business expected to lead to sales and profit growth

Growth from plant operation division with a focus on biomass

In the future, AGO is looking to generate sales and income growth particularly by expanding its plant operation business with industrial and municipal customers with a focus on the biomass segment (especially wood chips). In the fiscal year 2007, the plant operation division accounted for 7% of the company's total sales. In our opinion, the government's increasing promotion of renewable energies, rising fossil energy prices, and the existing capital regulations (Basel II) ought to stimulate demand for energy generating plants fueled with renewable energies and also for AGO's contracting solutions.



Source: AGO AG Energie + Anlagen

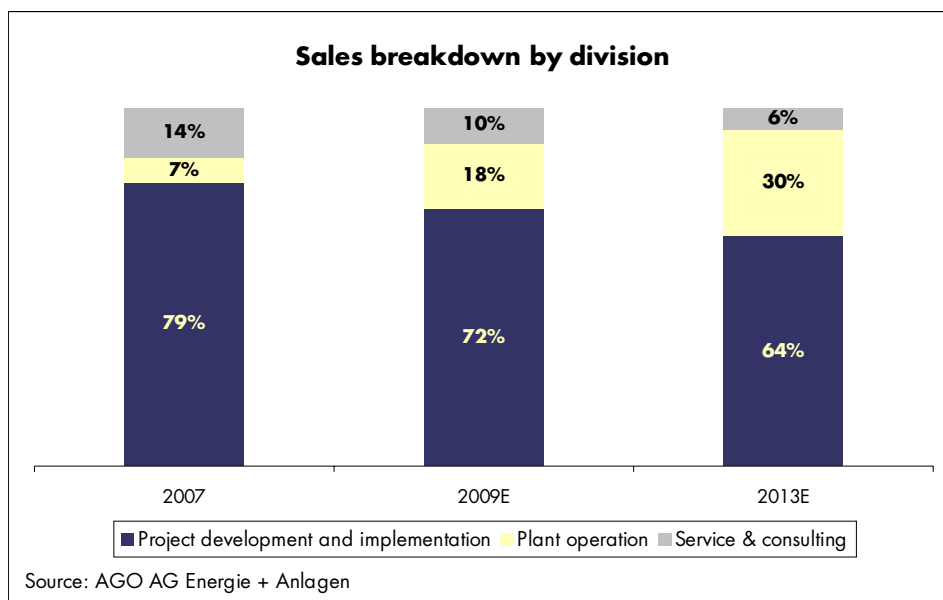
3 to 4 contracting projects planned per year

The company's German plant operation business concentrates on Bavaria, Baden-Württemberg and Thuringia, as supply of the raw material required for the biomass business is best in these regions. According to a study prepared on behalf of AGO, there are approximately 400 potential customers for biomass heating (and power) plants in these three federal states. AGO aims to realise three to four contracting facilities with capacities of between 5 and 20 MWth in Germany per year. Since its going public in mid-2007, AGO has acquired three orders for the building and subsequent operation of facilities and one order for a plant extension so that it is fully in line with planning. AGO and its subsidiary HolSoTherm have secured the increasing biomass requirements due to the planned expansion of the plant operation division with the help of various wood supply agreements.

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Business development becomes plannable and scalable

The company's stronger alignment towards the plant operation business has different consequences. Predictability and scalability of the business model increase, which is due to, among other things, the usually long-standing energy supply agreements (as a rule, 10 to 15 years) in the plant operation sector. Due to the nature of the business, the project development segment, which accounted for as much as 79% of total sales in the fiscal year 2007, is characterised by a relatively volatile sales and profit development. AGO aims to generate 18% of total sales in the fiscal year 2009 and 30% by the fiscal year 2013 in its plant operation division. We assume that the expected increase in the sales share generated by the plant operation business and the simultaneous decline in the sales share accounted for by the project development and implementation division will improve the company's earnings situation significantly, as the plant operation division will probably achieve higher profit margins. The plant operation business increases the company's exposure to payment risks on the part of the contracting partners.



New large order from South Africa

Expansion of foreign activities

AGO has been doing business abroad for some time. Up to now, the company's activities have been "limited" to consultancy, planning and plant construction services. For example, the company has been active in Malaysia, South Africa, the US, Russia, Dubai (UAE), and Greece. In the city of Serres, Greece, AGO built four cogeneration units in the past fiscal year. On June 10, AGO announced that it had been awarded a turnkey order worth EUR3.75m by brewery Heineken South Africa. According to the agreement, AGO is to take on planning, delivery, installation and implementation of a 20 MW hot water facility. Following implementation of the plant in June 2009, AGO is going to generate annual sales running into hundreds of thousands of euro through scheduled maintenance and remote surveillance of the facility. Moreover, the company is conducting negotiations regarding a third boiler line (order volume: about EUR1m) and a maintenance contract with a preliminary duration of five years including delivery of replacement parts.

Italy is first foreign target market

The company plans to strengthen its foreign activities, primarily in Europe. AGO has chosen Italy as the first target market. There, the company intends to build and operate biomass heating (and power) plants. In November 2007, AGO set up its subsidiary AGO energia SpA in Turin. AGO holds a 55% stake in the subsidiary, while the remaining shares are held by Roberto Sacco and Paolo Gioia. Roberto Sacco acts as the managing director of AGO energia. In order open up the Italian market, the company has entered into a cooperation agreement with Pro Ambiete sr. According to AGO, Pro Ambiete deals in the planning of biomass heating (and power) plants and has a long-standing, broad distribution structure.

Italy is an attractive market for AGO

Italy is an attractive market for AGO for several reasons. The Italian electricity market is characterised by a permanent excess of demand so that Italy has to cover a considerable part of its power consumption with imports. Furthermore, the Italian government aims to increase the share of renewable energies from 7% to 22% by 2012. To this end, Italy has amended the promotion of renewable energies. The conditions of promotion of power generation from biomass are much more attractive in Italy than in Germany. Furthermore, the Northern Italian market offers a high customer potential. According to a study prepared on behalf of AGO, there are more than 500,000 industrial companies in Northern Italy. In the food industry alone, on which AGO plans to concentrate in Italy, approximately 70,000 potential customers have been identified. Furthermore, the Italian market offers a great potential in the field of combined heat-power-refrigeration, as cooling generated in the production of electricity is hardly used at the moment.

Italian plant operation business likely to start in 2009

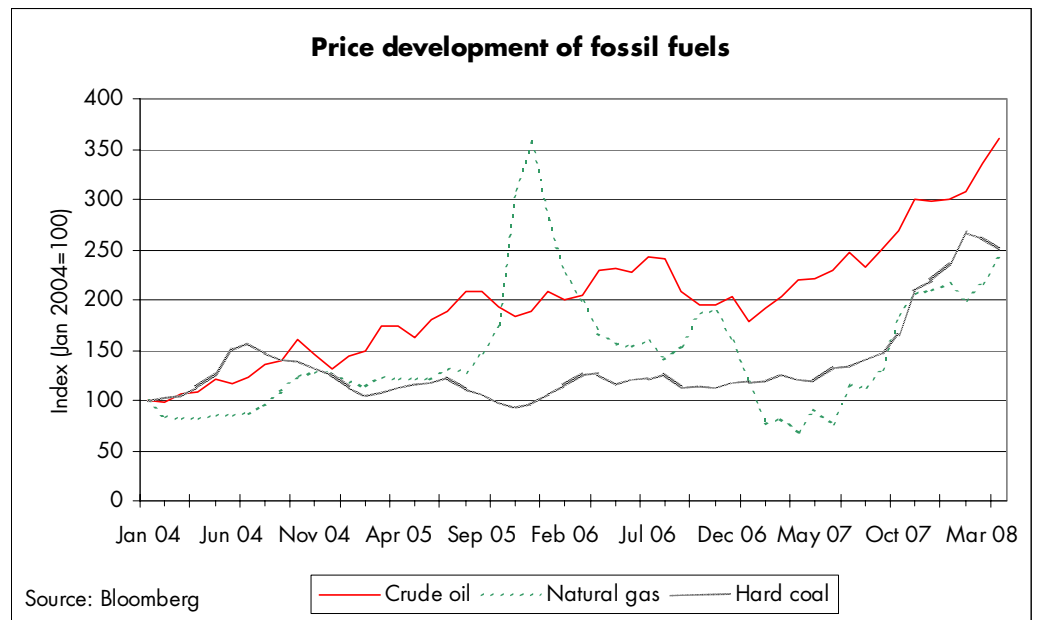
AGO intends to start building facilities in Italy in 2008. The company expects to open the first plant in Italy in 2009. The investment volume is expected to range between EUR6m and 10m per year. AGO plans to generate annual sales of EUR3m to 4m per plant in the plant operation business. The company intends to concentrate on mid-sized facilities with capacities of between 1MWe and 3 to 4 MWth in order to avoid competition with large and small companies. In 2014, AGO aims to sell/operate ten biomass heating (and power) plants.

Industry and market environment

Increase in energy demand and prices

World energy demand and renewable energies

It is generally agreed that world energy demand will put on between 1% and 2% per year until the year 2030, mainly driven by developing countries like China and India. Energy supply, particularly for the primary energy sources of oil and natural gas, will probably concentrate more and more on countries and regions which have to be rated as problematic under geopolitical aspects. This constellation should lead to another increase in fossil energy prices and a rising dependency of countries poor in natural resources on imports. Furthermore, the rising world energy consumption in connection with the unchanged energy mix results in another increase in greenhouse gas emissions and thus in climate and environment changes. These cause billions in economic damages each year with an upward trend.



Renewable Energy Act (EEG) hardly affects AGO

German regulatory environment for renewable energies

As a reaction to rising prices for exhaustible energy sources and to climate and environment protection issues, the most important national economies have started to extend promotion of renewable energies. The reduction in greenhouse gas emissions provided by the Kyoto Protocol has been transformed into goals defined for the share of renewable energies in energy production and consumption. In order to attain these goals, the German government created the Renewable Energy Act (EEG) for the electricity market. It took effect in 2000 and replaced the Electricity Feed Act. The EEG was amended in 2004 for the first time. In early June 2008, the German Parliament passed another amendment to the EEG, which will take effect on January 1, 2009.

The current version of the EEG is unattractive with regard to certain types of biomass. The requirements in order to receive feed-in tariffs are relatively strict and may lead to considerably higher investment costs, whose relation to the risks - particularly those entailed in raw material procurement - appears unprofitable. This constellation will likely continue to exist following the amendment of the EEG that has been passed.

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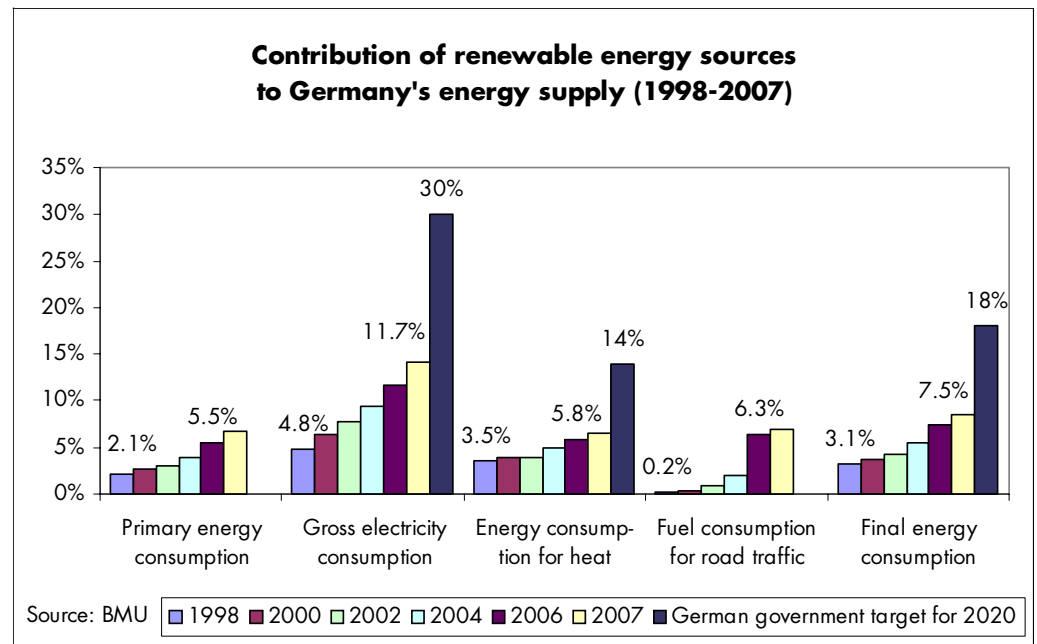
Renewable Heat Act (EEWärmeG) expected to provide positive stimulation

In Germany, the heating market is particularly attractive for the bioenergy industry. Here, biomass is able to compete with fossil energy sources even without government promotion. This also explains the fact that biomass has a significantly higher share in the heating market than in the electricity market. The German government is determined to finally leverage renewable energies on the heating market. To this end, it has initiated an equivalent to the Renewable Energy Act, namely the Renewable Heat Act (EEWärmeG). With the help of this law the government intends to raise the share of renewable energies in heating consumption from 6.6% in 2007 to 14% in 2020. The Renewable Heat Act provides a mandatory pro-rata use of renewable energies to cover the heating requirements in buildings completed after December 31, 2008. The Renewable Heat Act also provides subsidies to the amount of EUR500m per year for 2009 through 2012.

Renewable energies gaining in significance

The significance of renewable energies in Germany

In the past years, renewable energies have continuously gained in importance in all areas (primary energy consumption, power generation, heating supply, fuel consumption, final energy consumption). Gains were particularly high in the areas of power generation and fuel consumption thanks to special promotion programmes (EEG, Biofuel Quota Act) for these two areas. Nonetheless, there are still considerable gaps between today's shares of renewable energies and the German federal government's targets for 2020 (power generation: 30%; heat production: 14%; final energy consumption: 18%).



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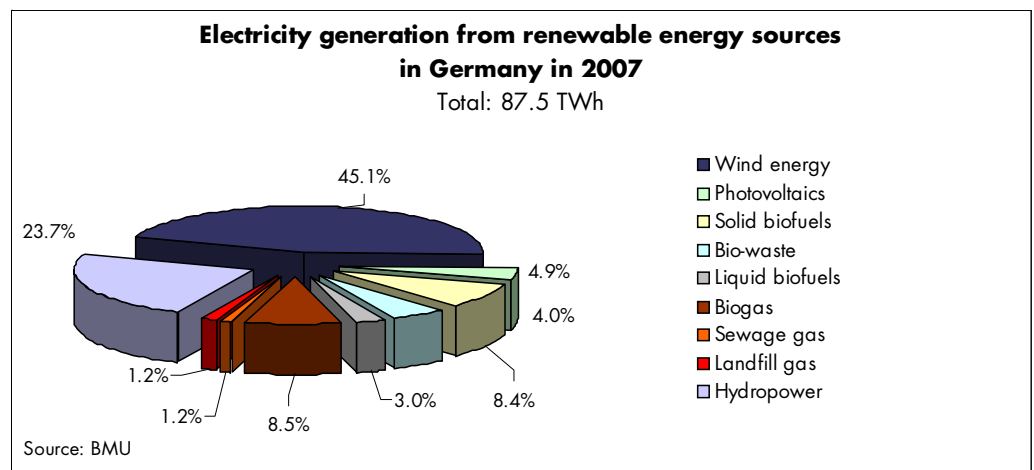
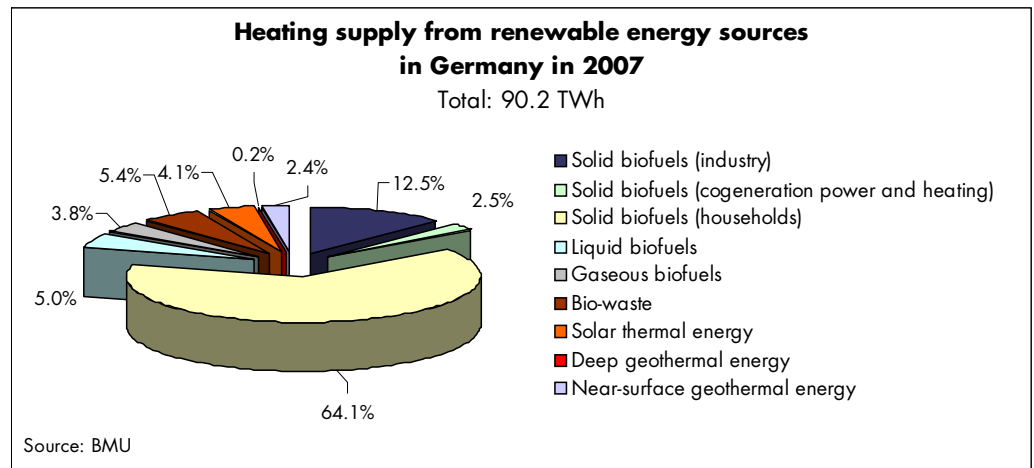
Biomass is versatile source of energy

Bioenergy of particular importance for heating market

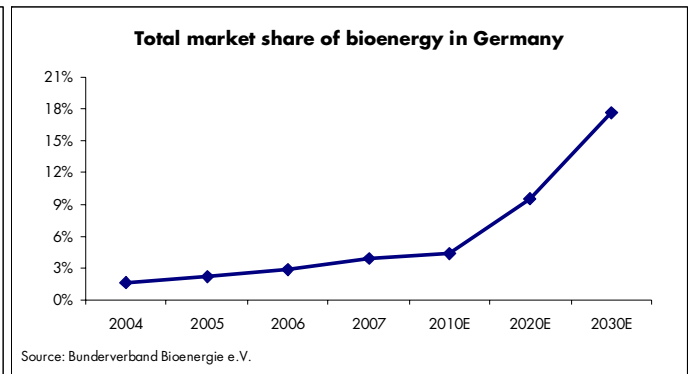
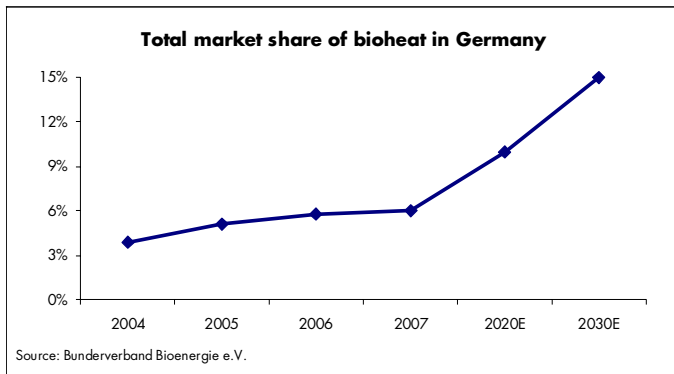
Significance and development of biomass in Germany

The term biomass refers to organic waste, wood, liquid manure, grain or other plant or animal matter as well as by-products and secondary products which can be used in energy production. Biomass is the most versatile form of renewable energy. It can be used for power generation and heat production and as fuel. Furthermore, biomass is less dependent on the weather than other forms of renewable energy like wind power and solar energy. Also, some types of biomass are able to compete with fossil energy sources in the production of certain forms of energy already today. However, some types of bioenergy might be in competition with food production.

In the heat market biomass has a particularly dominant position among renewable energies. Not accounting for landfill gas and sewage gas, approximately 93% of heat production fall to biomass. German bioenergy association Bundesverband Bioenergie expects the share of biomass in the total heating market to climb from 6.0% in 2007 (2006: 5.8%) to 10% in 2020 and 15% in 2030. In 2007, approximately 25% of power generation from renewable energies was accounted for by biomass (excluding landfill gas and sewage gas) in Germany. The bioenergy association estimates that biomass will have the potential to cover 4.4% of Germany's power generation in 2010. For 2020 and 2030, the association predicts a potential of 9.5% and 17.7%, respectively. In 2007, the share amounted to 3.9% (2006: 2.9%).

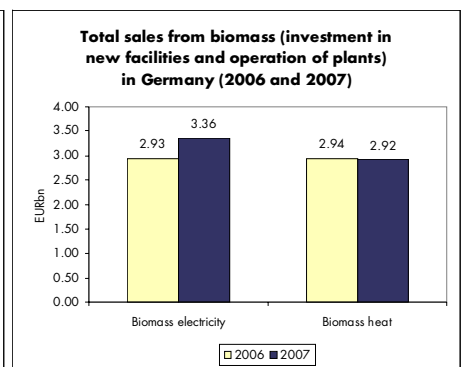
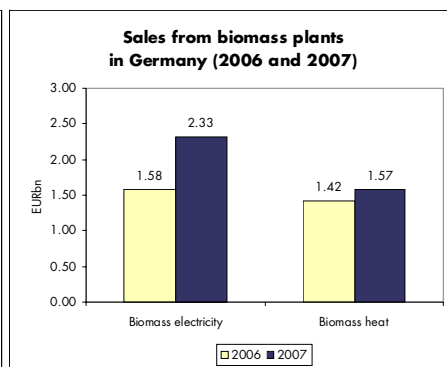
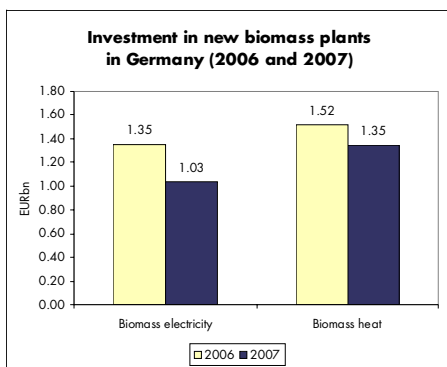


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Investment restraint due to EEG amendment and rising raw material prices

In 2007, sales from the construction of power generation plants from biomass declined to EUR1.03bn (1.35). The share in total sales of the renewable energies sector was down at 9.7% (13.1%). Sales from the construction of facilities for heat production from biomass dropped to EUR1.35bn (1.52; sales portion: 12.7% (13.1%)). In our opinion, this drop in sales is owing to the forthcoming amendment of the EEG and the increase in biomass prices, particularly with agricultural commodities. Since there were indications in 2007 that the amended EEG will provide an increase in promotion money for biomass, prospective investors withheld investments. Furthermore, prices for several types of biomass such as energy plants climbed significantly. This led to higher opportunity costs for biomass facilities and higher risks in connection with raw material supply. Sales connected to the plant operation business using biomass for power generation rose to EUR2.33bn (1.58; sales portion: 16.7% (14.0%)). Sales from the plant operation business with biogenous fuels (heat production only) were up at EUR1.57bn (1.42), whereas the sales portion decreased to 11.2% (12.6%). Total sales (investment in new facilities / operation of plants) from power generation based on biomass increased to EUR3.36bn (2.93) in 2007, while total sales from heat production based on biomass remained almost unchanged at EUR2.92bn (2.94). According to data from the Working Group on Renewable Energies/Statistics (AGEE-Stat), about EUR89bn will be invested in the sector of renewable energies for power generation and heat production in Germany by 2020. Approximately 26% of these investments are expected to fall to the biomass segment.

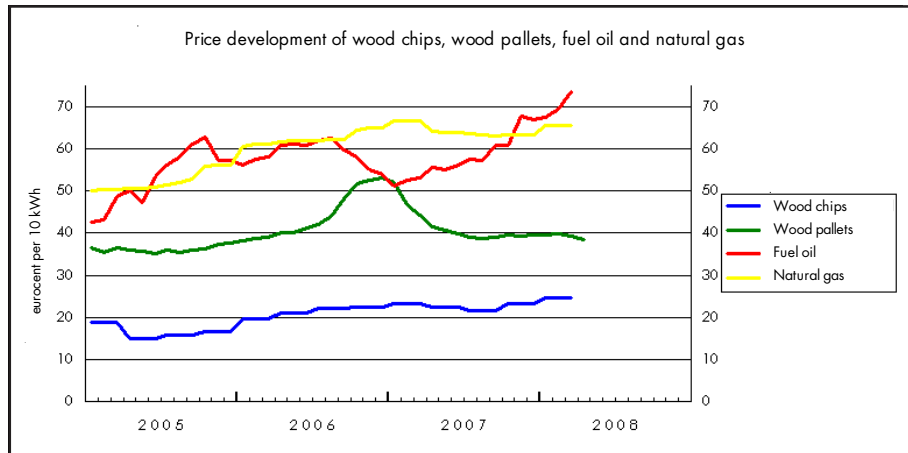


Source: BMU

Some types of biomass - like wood chips, which AGO primarily uses - offer a significant price advantage on fossil fuels such as heating oil and natural gas. Furthermore, their price development is mostly less volatile than the price development of petroleum and natural gas.

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Wood chips offer price advantage

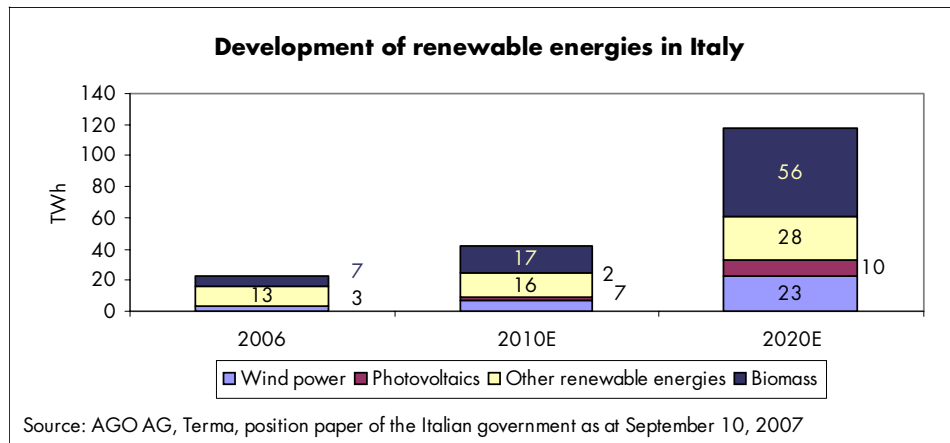


Source: C.A.R.M.E.N.

Italy: Ambitious goals for renewable energy sector

Renewable energies in Italy

The Italian government aims to raise the share of renewable energies significantly. The share in total energy consumption is meant to increase from today's 7% to 22% by 2012. Furthermore, the Italian government aims to increase power generation from renewable energies to 42 TWh in 2010 (2006: 23 TWh) and 117 TWh in 2020. Biomass is meant to play a central part here.



Source: AGO AG, Terma, position paper of the Italian government as at September 10, 2007

Regulatory environment more attractive than in Germany

The regulatory environment for power generation from biomass is much more attractive in Italy than in Germany with regard to the electricity market. On the one hand, the potential remuneration is much higher in Italy. On the other hand, promotion requirements are stricter in Germany. The amount and payment period of the remuneration is determined by the size of a given facility and the distance between raw material procurement and the facility.

Remuneration for power generation from biomass in Italy

Distance from the plant	Plant capacity		Duration of incentive
	<= 1 MW	> 1 MW	
Feedstock within radius of 70 km	EURO.30	EURO.28 (EURO.19 (Certificati Verde) + EURO.09 (normal remuneration))	15 years
Feedstock radius of > 70 km	EURO.23	EURO.20 (EURO.11 (Certificati Verde) + EURO.09 (normal remuneration))	12 years

Source: AGO AGO Energie + Anlagen

¹⁾²⁾³⁾⁴⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Business development 2007

Due to negative one-off items and other factors, the company's performance was not as good as we had expected in Q4 2007. Consequently, AGO failed to meet our optimistic forecasts for the full year 2007.

Sales and profit development on group level

In 2007, the group's total sales increased 21.8% to EUR41.34m (33.94; our forecast: 42.60). Due to the major project in Greece, foreign sales jumped to EUR9.24m (0.31), whereas domestic sales slid back 4.5% to EUR32.11m (33.63). EBIT (operating result plus at-equity result) amounted to EUR-0.26m (1.41; our forecast: 1.09). Results were dragged down by the costs of the capital increase exercised ahead of the IPO. The difference of the shares which management received and the fair value of the shares in the reference period had to be booked as personnel expenditure, which led to charges of EURO.9m. After adjusting for these costs, EBIT amounted to EURO.73m. Furthermore, orders from traditional building technology originating during H1 2007 resulted in a negative contribution margin as installation and transportation costs increased markedly. The financial result reached EUR-0.32m (-0.15; our forecast: -0.31). Accordingly, EBT amounted to EUR-0.58m (1.26; our forecast: 0.78). After-tax earnings from continuing operations totalled EUR-0.68m (0.81). Since income from discontinued operations, which includes the ventilation and air conditioning division, improved to EUR-0.18m (-0.45) and minority interests amounted to EURO.01m (0.00), net income after minority interests reached EUR-0.86m (0.37; our forecast: 0.48).

Strong sales growth

Profit development burdened by negative one-off items

AGO AG Energie + Anlagen				
Selected key data of the consolidated income statement				
	Unit : EURm			
	Fiscal year : Dec 31	FY 2006	FY 2007	FY 2007
	Accounting standards : IFRS		(adjusted)	(our forecast)
Sales		33.94	41.34	41.340
year-over-year growth			21.8%	21.8%
				25.5%
EBIT		1.41	-0.26	0.73
EBIT margin		4.1%	-0.6%	1.8%
				2.6%
EBT		1.26	-0.58	0.41
EBT margin		3.7%	-1.4%	1.0%
				1.8%
Net income		0.37	-0.86	0.14
return on sales		1.1%	-2.1%	0.3%
				1.1%

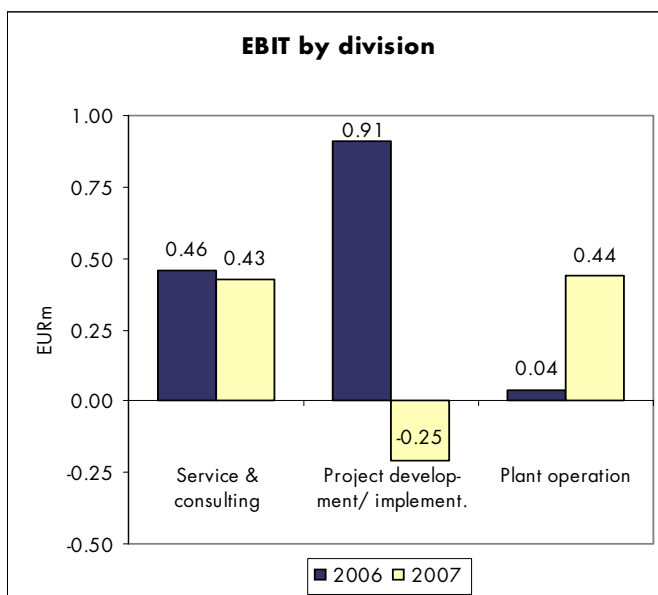
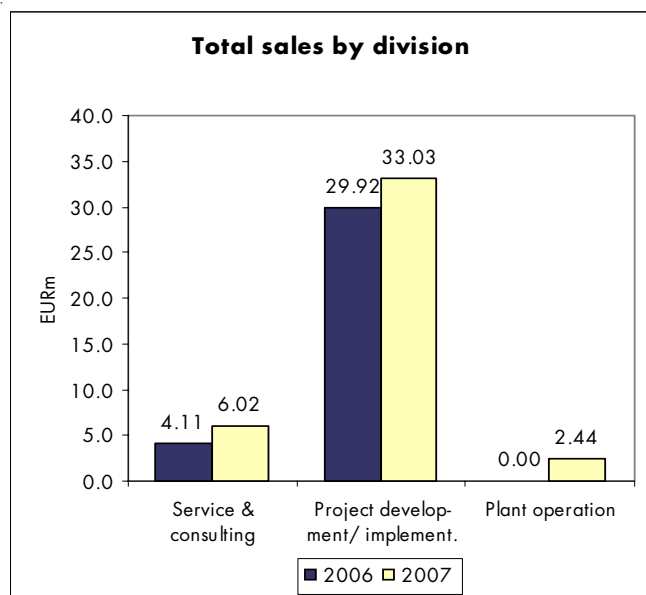
Source: Independent Research; AGO AG Energie + Anlagen

Structural analysis of sales and profit development

In 2007, all three of the company's business divisions posted an increase in sales in year-on-year comparison. In terms of sales, the project development and implementation division (+10.4% to EUR33.03m (29.92)) is AGO's largest business division (80% of total group sales). The profit development (segment results = EBIT) was rather different in the three divisions. The plant operation division posted a segment result of EURO.44m (0.04) with sales of EUR2.44m (0.00). The service division suffered a decline in segment result to EURO.43m (0.46) despite an increase in sales to EUR5.88m (4.02). The project development and implementation division registered a negative segment result of EURO.25m following a positive result of EURO.91m in the fiscal year 2006.

Plant operation division posts increase in profit

¹⁾²⁾³⁾⁴⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document



Source: AGO AG Energie + Anlagen

Balance sheet and cash flow statement

As at December 31, 2007, the company's total assets increased significantly to EUR35.06m (19.49) compared to the end of the fiscal year 2006. This is due to the full consolidation of subsidiaries HolSoTherm GmbH and Biomasseheizkraftwerk GmbH, which had been stated at equity in the preceding year, and the capital increase exercised ahead of the IPO. The biggest changes on the asset side took place in the section property, plant and equipment (EUR13.96m after EUR2.97m) and the section cash and cash equivalents (EUR5.56m after EUR1.92m). On the liabilities side, the biggest changes took place in the equity section (EUR12.38m after EUR3.66m) due to the capital measures and in the section non-current financial liabilities (EUR10.25m after EUR2.65m). The equity ratio improved to 35.3% (18.8%). The company's financial liabilities climbed to EUR11.25m (2.87), which led to an increase in net debt to EUR5.69m (0.94).

The operating cash flow declined to EUR-4.10m (-2.41). Apart from the negative result for the period, an increase in working capital was responsible for this development. Cash flow from investment activities was up at EURO.12m (-0.49), particularly owing to the inflow from the acquisition of consolidated companies (EURO.52m (0.00)). Cash flow from financing activities increased to EUR7.61m (2.22) due to the capital increase, which brought in gross issue proceeds to the amount of EUR9.3m.

Noticeable increase in equity ratio

Negative operating cash flow

¹⁾²⁾³⁾⁴⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

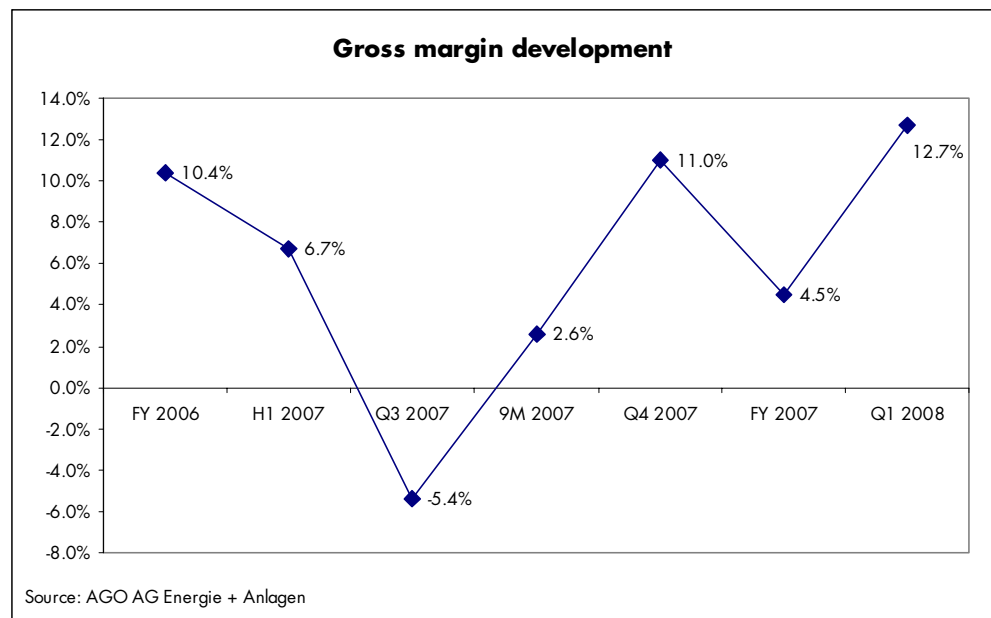
Business development Q1 2008

AGO published its results for Q1 2008 on May 30. Since there is no corresponding data for the year-earlier reference period because the company's statement of income was based on the German Commercial Code in Q1 2007, the informational value of the results is limited.

Sales and profit development

Gross profit margin: 12.7%

Due to the nature of AGO's business model, the first quarter is the weakest quarter of the fiscal year. Sales for the first three months of 2008 amounted to EUR5.36m. Gross profit from sales reached EUR0.68m, which corresponds to a gross profit margin of 12.7%. EBIT totalled EUR-0.09m. With a financial result of EUR-0.17m, this led to EBT of EUR-0.26m. Owing to deferred taxes to the amount of EUR0.08m, the company posted a tax yield of EUR0.04m so that the net income for the quarter was EUR-0.22m. Net income after minority interests amounted to EUR-0.23m.



Balance sheet development

As at March 31, 2008, total assets declined to EUR30.68m compared to EUR35.06m at the end of the fiscal year 2007. On the asset side this was due to the working capital, whereas property, plant and equipment remained almost unchanged. Trade receivables dropped to EUR6.91m (December 31, 2007: 10.20) and liquid funds were down at EUR3.73m (December 31, 2007: 5.56). On the liabilities side, the biggest changes occurred in the sections of non-current financial liabilities (EUR9.84m after EUR10.25m), trade payables and advances received (EUR5.54m after EUR7.19m), and other current liabilities (EUR1.02m after EUR3.07m). Equity amounted to EUR12.24m (12.37). Thanks to the balance sheet contraction the equity ratio improved to 39.9% (35.3%), thus reaching a solid region. Net debt was up at EUR7.21m (5.69); gearing climbed to 58.9% (46.0%).

Further increase in equity ratio

Company's guidance and our forecasts

Guidance revised upwards

AGO has revised upwards its guidance for the current fiscal year when it published the Q2 2008 results. AGO now predicts an increase in sales over FY 2007 levels and clearly positive EBIT, whereas the guidance given in the full-year report for 2007 had called for stable sales and a significant increase in income. The revision is probably due to the significant rise in new orders, among other things. In the first three months of 2008, new orders amounted to EUR20.7m, a 71% increase over year-ago levels. The company is looking to double its sales within the next five years (2007: EUR41.3m). Furthermore, AGO aims to achieve an EBIT margin of 10%.

Sales and margins expected to increase in 2008 through 2010

Our forecasts for 2008, 2009 and 2010

In our opinion, AGO's upward revised guidance for 2008 is realistic. However, we are a little more conservative than the company with regard to the medium-term targets (next five years). We expect both sales and profitability to increase in 2008 and the next two fiscal years, presuming that AGO will successfully realise its plans concerning the acquisition of contracting projects. As a result, the plant operation division, which features higher margins than the project development and implementation division, will continuously gain in importance within the group. By mid-2009, AGO is going to open three new plants and one plant extension in Germany. The first Italian facilities should start operating in 2010 at the latest. In our view, the Italian plant operation business will be even more profitable than the German business thanks to the income/cost situation. This ought to help increase margins on group level as well. Our assessment is also based on the assumption that the negative one-off items incurred in 2007 will be omitted. In addition, AGO intends to realise only self-planned projects in the future, which should enhance profitability even further. Also, the higher-margin plant operation business is going to gain more and more in importance. Based on additional information regarding the company's strategy and the business development, we have lowered our sales and profit forecasts for 2008 and 2009.

AGO AG Energie + Anlagen						
Forecast of selected key data of the consolidated income statement						
	Unit :	2008E	2008E	2009E	2009E	2010E
	Fiscal year :	before	new	before	new	
Accounting Standards :	EURm Dec 31 IFRS					
Sales		45.70	45.75	54.59	50.94	57.21
EBIT		3.32	2.83	5.10	3.89	4.62
EBIT margin (%)		7.3%	6.2%	9.3%	7.6%	8.1%
EBT		2.80	2.19	4.31	3.23	3.95
EBT margin (%)		6.1%	4.8%	7.9%	6.3%	6.9%
Net income		1.75	1.42	2.69	2.08	2.52
Return on sales (%)		3.8%	3.1%	4.9%	4.1%	4.4%
Number of shares (m)		4.000	4.000	4.000	4.000	4.000
Earnings per share (EUR)		0.44	0.35	0.67	0.52	0.63

Source: Independent Research

Valuation

Valuation based on three phase DCF model

WACC: 10.40%

We have based our valuation of the AGO AG share on the discounted cash flow (DCF) model. Given the limited comparability to publicly quoted companies with similar business models, we still do not incorporate the peer group analysis in our valuation. Within the framework of our DCF model we have applied a three-phase valuation. Phase I accounts for our detailed forecasts for the income statement for 2008 through 2010. For Phase II we predict a slowdown in sales growth, while the EBIT margin should keep rising until the fiscal year 2012 and then stay on that level. For Phase III we conservatively presume that free cash flow (FCF) will not increase anymore.

In order to determine the WACC we presumed a risk-free interest rate of 4.50%. The risk premium is 8.0% for equity and 4.50% for debt. Furthermore, we have set the tax shield to 30%. According to our assumptions, the fundamental beta is 1.25. With respect to the long-term balance-sheet structure we currently assume an equity ratio of 50% (before: 40%). These premises lead to a WACC of 10.40% (before: 9.16%).

DCF model AGO AG Energie + Anlagen										
EURm	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Sales	45.8	50.9	57.2	64.2	71.6	77.6	82.6	87.1	91.1	94.6
year-over-year growth	10.7%	11.3%	12.3%	12.1%	11.6%	8.4%	6.4%	5.4%	4.6%	3.8%
EBIT margin	6.2%	7.6%	8.1%	8.4%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
EBIT	2.8	3.9	4.6	5.4	6.5	7.1	7.5	7.9	8.3	8.6
- Income taxes	-0.8	-1.2	-1.4	-1.6	-2.0	-2.1	-2.3	-2.4	-2.5	-2.6
+ Depreciation	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.6
+/- Change in long term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+/- Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating gross cash flow	3.1	3.8	4.4	5.0	5.8	6.3	6.7	7.0	7.4	7.7
-/+ Change in net working capital	-1.3	-1.3	-1.3	-1.3	-1.2	-1.1	-1.0	-0.9	-0.8	-0.7
-/+ Net capital expenditure	-1.4	-1.6	-1.8	-1.8	-1.9	-2.0	-2.0	-2.1	-2.1	-2.1
Free cash flow	0.4	0.9	1.3	1.9	2.7	3.2	3.6	4.0	4.4	4.8
Present values	0.4	0.8	1.0	1.3	1.7	1.8	1.8	1.8	1.8	1.8
Sum of present values	14.3									
Terminal value	17.1									
										in % of total value : 54%
Value of operating business	31.4									
+ Surplus liquid funds	5.6									
- Financial debt	-11.2									
- Fair value of minority interests (estimated)	-0.2									
Fair value of equity	25.5									
Number of shares (m)	4.000									
Fair value per share (in EUR)	6.38									

Model parameter / entity DCF model:					
Target capital structure ->	Equity :	50%	Debt :	50%	
Risk-free rate of return :	4.50%	Beta :	1.25	Risk prem. debt :	4.50%
		Risk premium :	8.0%	Tax-shield :	30.0%
		Cost of equity :	14.5%	Cost of debt :	6.30%
Growth rate of FCF :	0.0%	WACC :	10.40%	Date :	07/11/08

Source: Independent Research

¹⁾²⁾³⁾⁴⁾ Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Sensitivity analysis (in EUR)					
		Discount rate			
		9.9%	10.4%	10.9%	11.4%
Growth	0.0%	7.10	6.38	5.94	5.50
	0.5%	7.24	6.67	6.15	5.68
	1.0%	7.55	6.93	6.38	5.88
	1.5%	7.89	7.22	6.63	6.10

Source: Independent Research

Price target: EUR6.30
(before: 6.70)

Based on the assumptions mentioned above, the company's capital has a fair value of EUR25.5m (before: 26.8). With 4.0m outstanding shares, this corresponds to a fair value of EUR6.38 (before: 6.70) per share, from which we derive a price target of EUR6.30 (before: 6.70) for the AGO share. At the current price level, the share thus has an upside potential of approximately 67% towards our price target. Based on our estimates, the share currently has a P/E ratio of 10.7 for 2008 and 7.3 for 2009, respectively.

AGO AG Energie + Anlagen							
Selected key data and financial ratios							
	Unit :	EURm					
	Fiscal year :	Dec 31	2006	2007	2008E	2009E	2010E
	Accounting standards :	IFRS					
Key data income statement							
Sales (EURm)			33.94	41.34	45.75	50.94	57.21
EBITDA margin			4.8%	1.1%	8.7%	10.0%	10.4%
EBIT margin			4.1%	-0.6%	6.2%	7.6%	8.1%
Net yield			1.1%	neg.	3.1%	4.1%	4.4%
Rate of depreciation and amortisation			0.6%	1.8%	2.5%	2.4%	2.3%
Operating expenses / sales			96.1%	103.1%	96.3%	94.3%	93.7%
Interest coverage ratio			9.62	-0.82	4.48	5.92	6.94
Profitability ratios							
ROE			10.0%	-7.0%	10.3%	13.1%	13.7%
ROCE			17.0%	-1.3%	13.0%	16.8%	18.6%
ROI			1.9%	-2.5%	3.9%	5.3%	6.0%
Accounting ratios							
Equity ratio			18.8%	35.3%	37.7%	40.6%	43.6%
Ratio of equity to non-current assets			68.5%	85.3%	94.2%	105.9%	119.5%
Ratio of non-current assets to total assets			27.4%	41.4%	40.0%	38.3%	36.4%
Trade accounts receivable / sales			31.1%	30.1%	30.4%	30.5%	30.2%
Capex / depreciation and amortisation			101.4%	36.4%	120.0%	130.9%	132.9%
Capex / sales			-0.6%	-0.6%	-3.0%	-3.1%	-3.0%
Working capital ratio			35.3%	32.0%	32.4%	32.5%	32.2%
Key data per share (EUR)							
EPS			0.47	-0.33	0.35	0.52	0.63
Free cash flow per share			-3.77	-1.52	-0.11	0.12	0.26
Dividend per share			0.00	0.00	0.00	0.00	0.00
Cash and cash equivalent per share			2.50	2.12	1.23	1.29	1.48
Book value per share			4.76	4.72	3.42	3.95	4.59
Valuation ratios							
EV / sales			-	0.6	0.5	0.4	0.4
EV / EBITDA			-	48.6	5.2	4.1	3.5
EV / EBIT			-	neg.	7.4	5.3	4.5
PER			-	neg.	10.7	7.3	6.0
Price to book value ratio			-	1.4	1.1	1.0	0.8
Price to cash flow ratio			-	neg.	15.7	7.2	5.5
Price to sales ratio			-	0.4	0.3	0.3	0.3
Dividend yield			-	0.0%	0.0%	0.0%	0.0%

Source: Independent Research; AGO AG Energie + Anlagen

AGO AG Energie + Anlagen**Consolidated income statement**

Unit : EURm Fiscal year : Dec 31 Accounting standards : IFRS	2006	2007	2008E	2009E	2010E
Sales	33.94	41.34	45.75	50.94	57.21
year-over-year growth	-	21.8%	10.7%	11.3%	12.3%
Cost of sales	30.41	39.49	41.27	45.06	50.35
as percentage of sales	89.6%	95.5%	90.2%	88.5%	88.0%
Gross profit	3.53	1.85	4.49	5.88	6.86
gross margin (%)	10.4%	4.5%	9.8%	11.5%	12.0%
Research and development costs	0.05	0.07	0.07	0.09	0.10
as percentage of sales	0.1%	0.2%	0.2%	0.2%	0.2%
Sales and marketing expenses	1.59	2.09	1.98	2.11	2.32
as percentage of sales	4.7%	5.1%	4.3%	4.1%	4.1%
Administrative expenses	0.56	1.00	0.72	0.77	0.86
as percentage of sales	1.7%	2.4%	1.6%	1.5%	1.5%
Other operating expenses	0.26	0.20	0.19	0.20	0.22
as percentage of sales	0.8%	0.5%	0.4%	0.4%	0.4%
Other operating income	0.29	1.23	1.31	1.18	1.25
as percentage of sales	0.8%	3.0%	2.9%	2.3%	2.2%
Operating profit	1.37	-0.27	2.83	3.89	4.62
as percentage of sales	4.0%	-0.6%	6.2%	7.6%	8.1%
Profit from companies balanced at equity	0.04	0.01	0.00	0.00	0.00
as percentage of sales	0.1%	0.0%	0.0%	0.0%	0.0%
EBIT	1.41	-0.26	2.83	3.89	4.62
EBIT margin (%)	4.1%	-0.6%	6.2%	7.6%	8.1%
Interests and similar income	0.13	0.42	0.34	0.30	0.29
as percentage of sales	0.4%	1.0%	0.7%	0.6%	0.5%
Interest and similar expenditure	0.28	0.74	0.97	0.96	0.95
as percentage of sales	0.8%	1.8%	2.1%	1.9%	1.7%
Financial result	-0.15	-0.32	-0.63	-0.66	-0.67
as percentage of sales	-0.4%	-0.8%	-1.4%	-1.3%	-1.2%
EBT	1.26	-0.58	2.19	3.23	3.95
EBT margin (%)	3.7%	-1.4%	4.8%	6.3%	6.9%
Income tax expenses	0.45	0.10	0.76	1.13	1.38
tax rate (%)	35.3%	-	34.6%	34.8%	35.0%
Income from continuing operations	0.81	-0.68	1.43	2.11	2.57
as percentage of sales	2.4%	-1.6%	3.1%	4.1%	4.5%
Minority interests	-0.45	-0.18	0.00	0.00	0.00
Net income	0.36	-0.86	1.43	2.11	2.57
Return on sales (%)	1.1%	-2.1%	3.1%	4.1%	4.4%
Number of shares (m)	0.770	2.624	4.000	4.000	4.000
Earnings per share (EUR)	0.47	-0.33	0.35	0.52	0.63
Dividend per share (EUR)	0.00	0.00	0.00	0.00	0.00

Source: Independent Research; AGO AG Energie + Anlagen

1)2)3)4) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

AGO AG Energie + Anlagen						
Consolidated balance sheet						
	Unit :	2006	2007	2008E	2009E	2010E
	Fiscal year :					
	Accounting standards :					
	EURm Dec 31 IFRS					
Assets						
Non-current assets						
Intangible assets		0.00	0.15	0.17	0.18	0.20
Property, plant and equipment		2.97	13.96	14.06	14.43	14.86
Investments in companies balanced at equity		0.37	0.00	0.00	0.00	0.00
Other non-current financial assets		2.00	0.29	0.21	0.20	0.20
Deferred tax assets		0.00	0.11	0.11	0.11	0.11
Total non-current assets		5.35	14.52	14.54	14.93	15.37
Current assets						
Inventories and payments		1.42	0.75	0.90	1.04	1.13
Receivables from contract manufacturing		2.55	2.26	2.49	3.01	3.31
Trade receivables		8.01	10.20	11.44	12.52	13.96
Income tax receivables		0.00	0.23	0.37	0.46	0.54
Other receivables and other current assets		0.24	1.55	1.68	1.80	1.92
Cash and cash equivalents		1.92	5.56	4.90	5.17	5.94
Total current assets		14.14	20.55	21.78	24.00	26.81
Total assets		19.49	35.06	36.32	38.93	42.18
Liabilities and shareholders' equity						
Consolidated shareholders' equity						
Issued capital		0.77	4.00	4.00	4.00	4.00
Capital reserves		0.50	8.15	8.03	8.03	8.03
Revenue reserves		2.39	0.02	1.44	3.52	6.04
Minority interests		0.00	0.21	0.23	0.26	0.31
Total consolidated equity		3.66	12.38	13.70	15.81	18.38
Non-current liabilities						
Provisions for pension benefits		0.20	0.21	0.22	0.23	0.23
Other non-current provisions		0.45	0.48	0.44	0.44	0.44
Non-current financial liabilities		2.65	10.25	9.93	9.67	9.41
Other non-current liabilities		0.00	0.02	0.02	0.02	0.02
Deferred tax liabilities		0.44	0.24	0.20	0.20	0.20
Total non-current liabilities		3.75	11.19	10.80	10.55	10.30
Current liabilities						
Other current provisions		0.75	0.17	0.10	0.12	0.15
Current financial liabilities		0.21	1.00	1.10	1.13	1.13
Trade payables and advances received		7.71	7.19	7.67	8.26	8.88
Liabilities from contracted work		1.35	0.02	0.02	0.02	0.03
Income tax liabilities		0.96	0.04	0.02	0.02	0.08
Other current liabilities		1.10	3.07	2.92	3.03	3.24
Total current liabilities		12.08	11.49	11.82	12.57	13.50
Total liabilities and shareholders' equity		19.49	35.06	36.32	38.93	42.18

Source: Independent Research; AGO AG Energie + Anlagen

1)2)3)4) Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

AGO AG Energie + Anlagen					
Consolidated cash flow statement					
Unit : EURm	2006	2007	2008E	2009E	2010E
Fiscal year : Dec 31					
Accounting standards : IFRS					
Profit for the period before taxes and net interest income/loss	0.70	-0.53	2.83	3.89	4.62
Paid income tax	-0.10	-1.08	-0.34	-0.51	-0.62
Paid interest	-0.28	-0.74	-0.34	-0.30	-0.29
Received interest	0.13	0.42	-0.97	-0.96	-0.95
Depreciation and amortisation	0.21	0.73	1.15	1.22	1.31
Profit from companies balanced at equity	-0.04	-0.01	0.00	0.00	0.00
Increase/decrease in provisions	-1.22	-0.61	-0.10	0.03	0.04
Other non-payment related expenses/income	0.00	0.88	0.00	0.00	0.00
Profit/loss from asset disposals	-0.02	0.00	0.00	0.00	0.00
Increase/decrease of inventories, trade receivables & o. assets	-1.86	-2.31	-1.74	-1.87	-1.95
Increase/decrease of trade payables and other liabilities	0.05	-0.85	0.48	0.59	0.62
Cash flow from operating activities	-2.41	-4.10	0.96	2.09	2.77
Cash inflow from the disposal of fixed assets	0.06	0.04	0.01	0.01	0.01
Cash outflow for investment of fixed assets	-0.22	-0.27	-1.38	-1.59	-1.73
Cash outflow for investment in non-tangible assets	0.00	-0.01	-0.02	-0.02	-0.02
Cash flow from investment in financial assets	-0.33	-0.16	0.00	0.00	0.00
Cash flow from the acquisition of consolidated companies	0.00	0.52	0.00	0.00	0.00
Cash flow from investment activities	-0.49	0.12	-1.39	-1.60	-1.74
Cash inflow from capital increase	0.01	9.30	0.00	0.00	0.00
Cash outflow in connection with capital increase	0.00	-1.08	0.00	0.00	0.00
Cash flow from change in debts	2.21	-0.61	-0.22	-0.23	-0.26
Cash flow from financing activities	2.22	7.61	-0.22	-0.23	-0.26
Change in cash and cash equivalents	-0.68	3.63	-0.65	0.26	0.77
Cash and cash equivalents at the beginning of the period	2.60	1.92	5.56	4.90	5.17
Cash and cash equivalents at the end of the period	1.92	5.56	4.90	5.17	5.94

Source: Independent Research; AGO AG Energie + Anlagen

Disclaimer

Recommendation shares - Single Issuer -:

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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¹⁾²⁾³⁾⁴⁾ **Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document**

Summary of the evaluation principles used:

Analyses of shares:

In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer Group Analysis) are applied. Under the DCF Method the capitalised value of the issuers is calculated which shows the sum of the discounted company results, i.e. the current value of the issuer's future net distributions. The capitalised value is therefore determined with reference to the anticipated future company results and the capitalisation yield applied. Under the Peer Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of ratio indices (e.g. price earnings ratio, price to book ratio, enterprise value / sales, enterprise value / EBITDA, enterprise value / EBIT). The comparability of the ratio indices is determined above all by business activity and commercial prospects.

Technical analyses:

Technical analyses are based on historic share price and sales developments which are analysed by mathematical-statistical tools (chart techniques, indicator technology, the Elliott wave theory, sentiment observations as well as relative strength approaches) and on forecasts of future developments.

Sensitivity of the evaluation parameters:

The figures taken from the statement of income, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks. These may change at any time without prior notice.

Regardless of the evaluation method applied, there exists a very real risk that the price target may not be reached in the anticipated period of time. These risks include unforeseen changes in competitive pressure or in the demand for the issuer's products. Such fluctuations in demand may arise as a result of changes of a technological nature, the overall level of economic activity or in some cases as a result of changes in moral standards. Changes in tax law, in currency exchange rates and, in certain industries, in regulations are further factors which can influence evaluations. This discussion of evaluation methods and risk factors makes no claim to be exhaustive.

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As of: - 07/21/2008 -

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