

Recommendation:
BUY (BUY)

Risk:
HIGH (HIGH)

Fair Value:
EUR 5.42 (5.42)

4 May 2009

Final FY'08 figures better than expected

AGO is well positioned to defy the recession

- Today, AGO published its annual report for FY2008. Sales and EBIT slightly exceeded the preliminary figures announced in February. Sales amounted to EUR 36.7m (preliminary: EUR 36.6m). EBIT reached EUR 1.6m (prelim.: EUR 1.5m), corresponding to an EBIT margin of 4.3% (prelim.: 4.1%). AGO's net income (EUR 0.6m) was above our last estimate (EUR 0.4m) due to a better-than-expected financial result. EPS amounted to EUR 0.15 (our last estimate: EUR 0.10). Cash flow from operating activities excluding discontinued operations was strong, reaching EUR 3.5m (2007: EUR -3.0m) or EUR 0.88 per share (2007: EUR -1.15).
- The company posted record order levels of EUR 28.3m (up by 105% as of 31 December 2008) and expects that capacity utilization will be high in 2009 despite the recession. We share the management's positive outlook due to the following aspects:
 - The credit crisis will not affect the financing of small plants (e.g. with local savings banks) for AGO's large number of SME clients so much.
 - Joint Implementation projects should not be affected by the recession. AGO's ECo-Plus program can serve as a multiplier in Germany.
 - The customer portfolio is now more diversified than it was in the past and also includes clients from non-cyclical industries (e.g. food).
 - With its broad product portfolio, AGO can meet all kinds of demand from many different customer segments. For example, AGO is still supplying conventional block heat and power plants to utilities.
 - In many companies, doubts regarding the security of supply with gas from Russia have increased due to the latest gas transit dispute. Biomass plants are a possibility to become independent from gas.
 - Politics on EU and national level continue to create a very favourable legal framework for biomass heat and power plants.
- We leave our earnings estimates for 2009E and 2010E as well as the fair value (EUR 5.42) unchanged, and adhere to our BUY recommendation.

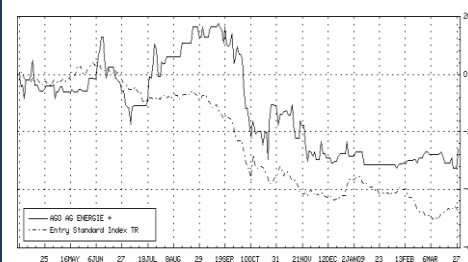
Key data

Y/E 31 Dec, EUR m	2006	2007	2008	2009E	2010E
Sales revenues	33.9	41.3	36.7	40.1	48.9
Gross profit	3.5	1.9	4.2	4.8	6.0
EBITDA	1.6	0.5	2.4	3.3	4.4
EBIT	1.4	-0.3	1.6	2.2	3.1
Net income/loss	0.4	-0.9	0.6	0.9	1.4
EPS*	1.06	-0.26	0.15	0.22	0.36
DPS	0.00	0.00	0.00	0.00	0.00
Gross margin	10.4%	4.5%	11.3%	12.0%	12.2%
EBITDA margin	4.7%	1.1%	6.5%	8.2%	9.0%
EBIT margin	4.0%	-0.6%	4.3%	5.4%	6.4%
EV/EBITDA	10.2	34.8	6.7	4.9	3.7
EV/EBIT	11.8	neg.	10.3	7.4	5.2
P/E	2.8	neg.	19.2	13.0	8.1

Source: CBS Research AG, AGO AG

*EPS only from continuing operations

Share price (dark) vs. Entry Standard Index



Sources: CBS Research AG, Bloomberg, AGO AG

Internet: www.ago.ag
WKN: A0LR41
Reuters: AGYG.DE

Sector: Industrial
ISIN: DE000A0LR415
Bloomberg: AGY GY

Share data:

Share price (EUR, closing price 30/04/2009):	2.92
Shares outstanding (m):	4.0
Market capitalisation (EURm):	11.7
Enterprise value (EURm):	16.1
Ø daily trading volume (6 m., no. of shares):	880

Performance data:

High 52 weeks (EUR):	5.00
Low 52 weeks (EUR):	2.75
Absolute performance (12 months):	-22.2%
Relative performance (vs. Entry Standard Index):	
1 month	-13.52%
3 months	1.9%
6 months	-11.1%
12 months	19.9%

Shareholders:

Caverion GmbH:	59.2%
Management:	5.5%
Supervisory board:	3.4%
Free float:	31.9%

Financial calendar:

Q1 report 2009: May 2009

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BUY: The expected performance of the share price is above +10%.

NEUTRAL: The expected performance of the share price trend is between +5% and +10%.

SELL: The expected performance of the share price is below 5%.

Recommendation history for the company analysed in this report:

Date	Recommendation	Price at change date	Fair Value
May 19, 2008	Buy (Initiating Coverage)	3.99	EUR 5.71
May 30, 2008	Buy	4.00	EUR 5.71

August 19, 2008	Buy	4.70	EUR 5.71
November 21, 2008	Buy	3.57	EUR 5.71
February 27, 2009	Buy	3.02	EUR 5.42
May 4, 2009	Buy	2.92	EUR 5.42

Risk-scaling System:

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