

Recommendation:
BUY (BUY)

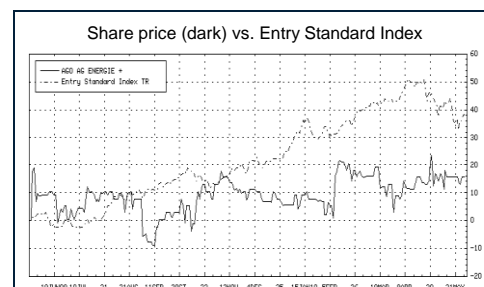
Risk:
HIGH (HIGH)

Price target:
EUR 5.10 (5.13)

2 June 2010

Weak 1Q figures do not reflect the overall positive development of AGO

- In 1Q 2010, sales were boosted by almost 80% to EUR 13.0m (PY: EUR 7.2m). AGO's gross margin, however, turned negative, and EBIT dropped to EUR -1.1m (PY: EUR 0.4m). Besides the usual seasonality of AGO's business which typically results in a relatively weak first quarter, the gross margin was affected by the long, hard winter with heating costs in Alperstedt being high whilst a legal dispute with one customer is still ongoing. The refusal of this customer to pay the increase in heat prices since 2007 continues to burden AGO's gross margin. However, management hopes to find a solution to this problem this year.
- The quarterly margin development of AGO can be rather volatile. We share the management's view that the figures for 1Q 2010 do not reflect the company's positive overall development and do not indicate a general trend for the earnings development. Nevertheless, we believe that demand for biomass contracting projects will continue to be moderate in Germany during 2010, even though AGO should be able to benefit from the recently announced cooperation with EnBW Energy Solutions. AGO's proceeding internationalisation in growth markets such as Italy or Norway is very promising, and the share of foreign sales has increased from 7.2% in FY 2008 to 12.7% in FY 2009. Nevertheless, this share in total sales is still too low to compensate for tough market conditions in Germany which probably will further affect AGO's margins in 2010E. AGO's FY 2009 sales volume had already almost reached our previous sales estimate for 2010E, and 1Q 2010 sales already accounted for more than 25% of this FY estimate (after 14.6% in 1Q 2008 and 14.4% in 1Q 2009). We therefore increased our sales estimates for 2010E and 2011E. However, in view of the persistently difficult macro environment and the rather cautious guidance of the management, we adjusted our margin estimates downwards.
- Despite the still unconvincing margin development, AGO's equity story remains sound. Our updated DCF model yields a new fair value per share of EUR 5.10 (old: EUR 5.13). On basis of the fair value, and in view of AGO's excellent long-term prospects, we reiterate 'BUY'.



Source: CBS Research AG, Bloomberg, AGO AG

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	61.0	51.0	66.2	55.3	70.2	-
EBITDA	3.3	3.9	4.7	4.8	5.8	-
EPS	0.20	0.26	-	0.34	0.42	-

Internet: www.ago.ag Sector: Industrial
WKN: A0LR41 ISIN: DE000A0LR415
Reuters: AGYG.DE Bloomberg: AGY GY

Share data:

Share price (EUR, latest closing price):	4.50
Shares outstanding (m):	4.0
Market capitalisation (EUR m):	18.0
Enterprise value (EUR m):	23.8
Ø daily trading volume (6 m., no. of shares):	1,234

Performance data:

High 52 weeks (EUR):	4.87
Low 52 weeks (EUR):	3.42
Absolute performance (12 months):	-9.1%
Relative performance vs. Entry Standard Index:	
1 month	2.4%
3 months	1.4%
6 months	-7.2%
12 months	-27.2%

Shareholders:

Caverion GmbH:	59.25%
Management:	5.48%
Supervisory board	3.40%
Free float:	31.87%

Financial calendar:

Annual General Meeting:	30 June 2010
2Q 2010 report:	August 2010

Author:

Martin Decot (Analyst)

Close Brothers Seydler Research AG
Phone: +49 (0) 69-977 84 56 0
Email: research@cbseydlerresearch.ag

Institutional Sales:

Close Brothers Seydler Bank AG
Germany: Raimar Bock
Phone: +49 (0)69 - 920 54 115
Benelux: Olaf Coerper
Phone: +49 (0)69 - 920 54 110
France: Bruno de Lencquessaing
Phone: +49 (0)69 - 920 54 116

Close Brothers Seydler UK
United Kingdom: Rob Roscoe
Phone: +44 (0)20 3100 0281

www.cbseydlerresearch.ag

Y/E 31 Dec, EUR m	2008	2009	2010E	2011E	2012E
Sales revenues	36.7	50.3	61.0	66.2	70.2
Gross profit	4.2	5.2	6.2	7.4	8.4
EBITDA	2.4	2.6	3.3	4.7	5.8
EBIT	1.6	1.7	2.1	3.1	3.9
Net income/loss	0.6	0.2	0.8	1.4	1.7
EPS*	0.15	0.06	0.20	0.34	0.42
CPS*	0.14	1.90	-0.56	0.23	0.58
DPS	0.00	0.00	0.00	0.00	0.00
Gross margin	11.3%	10.3%	10.2%	11.2%	12.0%
EBITDA margin	6.5%	5.2%	5.4%	7.0%	8.2%
EBIT margin	4.3%	3.3%	3.4%	4.7%	5.6%
EV/EBITDA	9.9	9.1	7.2	5.1	4.1
EV/EBIT	15.1	14.3	11.5	7.7	6.0
P/E	29.7	75.9	22.5	13.3	10.7

Source: CBS Research AG, AGO AG Energie + Anlagen *EPS and CPS 2008 only from continuing operations

Strong growth in FY 2009 despite adverse market environment

Many industrial companies are increasingly looking for environmentally friendly alternative solutions for their energy supplying which would also reduce their dependency on (imported) gas and oil. However, the automotive and financial crisis has considerably lengthened the negotiation periods for contracting projects, and AGO's **German contracting business has recently been more or less stalled**.

Fortunately, AGO is able to quickly adapt to changing market conditions due to its broad technology spectrum. In 2009, AGO AG was able to offset the drop in demand from industrial clients with business from energy providers, municipalities, and projects abroad. The **increase in foreign sales from 7.2% to 12.7%** as a percentage of total sales mainly came from projects in South Africa (revenues of EUR 3.8m with Heineken brewery) and Italy. Despite the adverse market environment, the **Project Development & Implementation** division showed an **increase of more than 37%** year-on-year. This development was impressively underlined by incoming orders of EUR 68.5m in FY 2009 (2008: EUR 57.8m). AGO's **Services** department also contributed a significant share to sales growth, **expanding by 61%** from EUR 8.4m to EUR 13.5m in FY 2009. Only the **Plant Operation** division showed a **decline of 10.1%**. As already reported in our last update, unscheduled maintenance work had to be carried out at the Alperstedt biomass cogeneration plant, and no electricity sales could be generated from this plant during a period of seven weeks during 2Q 2009. As the further expansion of the Plant Operation division has been delayed in 2009, the sales volume within the Plant Operation segment still very much depends on this particular plant.

Strong development in Projects and Services divisions

Problems with the Alperstedt plant resulted in lower sales and earnings in the Plant Operation division

FY 2009 figures compared to CBS Research estimates and y-o-y

IFRS	EUR 1,000	FY 2009	2009 CBSR estimates	FY 2008
Sales		50,287	48,500	36,697
YoY growth		37.0%	32.2%	-11.2%
Gross profit		5,169	5,238	4,154
as % of sales		10.3%	10.8%	11.3%
EBITDA		2,602	2,925	2,394
as % of sales		5.2%	6.0%	6.5%
EBIT		1,673	1,901	1,574
as % of sales		3.3%	3.9%	4.3%
EBT		987	1,044	1,044
as % of sales		2.0%	2.2%	2.8%
Net income of the group		271	725	617
Net income attributable to shareholders		237	743	638
EPS (EUR)		0.06	0.19	0.16
- of which from continuing operations		0.06	0.19	0.15
- of which from discontinued operations		-	-	0.01
Cash flow from operating activities		7,601	980	2,058
Free cash flow		0	0	559
Cash and cash equivalents		10,268	6,036	7,679
Financial debt		11,132	11,702	12,137

Source: AGO AG Energie + Anlagen, CBS Research AG

As reported before, **Alperstedt's gross margin has suffered** due to the refusal of one heating customer served by the plant to bear the increase in heating costs that have occurred since 2007. As a result, the heating supplier and customers are currently engaged in a **legal dispute**. Considering these adverse conditions, AGO's gross margin of 10.3% in 2009 (PY: 11.3%) appears rather satisfying. Overall, the **operating performance of AGO was almost in line with our expectations** (see table above). While sales were above our estimate, earnings were slightly lower than expected. Net income, however, was much below our estimate due to **value adjustments on deferred tax assets** in the amount of EUR 0.35m which resulted in an overall tax rate of 72.5% of EBT. Without these value adjustments, which do not have any impact on liquidity of AGO, net income after minorities would have reached EUR 0.59m (our estimate: EUR 0.74m), and EPS would have been EUR 0.15 (our estimate: EUR 0.19).

Margin still burdened by inadequate payments from Alperstedt customer...

...but FY 2009 figures were almost in line with expectations

1Q 2010: High sales but negative gross margin

In the first quarter of 2010, **sales were boosted by almost 80%** to EUR 13.0m (PY: EUR 7.2m). **AGO's gross margin, however, turned negative for the first time since the company has gone public** in June 2007. EBIT dropped to EUR -1.1m (1Q 2009: EUR 0.4m). Besides the usual seasonality of AGO's business which typically results in a relatively weak first quarter, the gross margin was affected by the long, hard winter with heating costs in Alperstedt being high whilst the legal dispute is still ongoing. As already mentioned above, the gross margin continues to be burdened by the refusal of one Alperstedt customer to pay the increase in heat prices since 2007. Additionally, the regular implementation of unprofitable construction projects affected AGO's margins in 1Q.

Usual seasonality and adverse factors burdened margins

The high cash outflow in 1Q 2010 (as displayed in the key data table below) was due to the use of customer payments received at the end of 2009 for new projects.

Negative cash flow

1Q 2010 key data (y-o-y comparison)

	IFRS	EUR 1,000	1Q 2010	1Q 2009
Sales			13,032	7,245
YoY growth			79.9%	35.2%
Gross profit			-262	1,123
as % of sales			-2.0%	15.5%
EBITDA			-800	601
as % of sales			-6.1%	8.3%
EBIT			-1,063	382
as % of sales			-8.2%	5.3%
EBT			-1,256	199
as % of sales			-9.6%	2.7%
Net income of the group			-877	128
Net income attributable to shareholders			-852	141
EPS (EUR)			-0.21	0.04
Cash flow from operating activities			-5,320	-126
Free cash flow			-5,434	-316
Cash and cash equivalents			5,577	7,179
Financial debt			11,904	11,601

Source: AGO AG Energie + Anlagen, CBS Research AG

The quarterly margin development of AGO can be rather volatile. While engineering services with relatively low margins are carried out at the beginning of a project, the construction phase yields much higher margins. Additionally, project delays for reasons attributable to a customer might burden AGO's margin at first but later result in a corresponding compensation by the customer. We share the management's view that **the figures for 1Q 2010 do not reflect the company's positive overall development** and do not indicate a general trend for the earnings development.

As of mid-May, AGO reported an **order intake** of EUR 25m and an **order backlog** of EUR 43m (31 December 2009: EUR 40m).

New financial estimates

According to AGO's latest guidance, the management expects sales to increase significantly year on year in 2010 and EBIT to remain at least at the same level as reached in 2009 (EUR 1.7m). Management currently does not rule out that earnings may also exceed those of 2009. The management also **hopes to find a solution to the problem with Alperstedt** (legal dispute with customer) within 2010. Such a solution could have a significantly positive impact on margins.

We are anticipating that **demand for biomass contracting projects will continue to be moderate in Germany during 2010** due to the energy price development. Nevertheless, AGO should be able to benefit from the recently announced **cooperation with EnBW Energy Solutions GmbH (ESG)**. ESG, based in Stuttgart, is a 100 % subsidiary of EnBW Energie Baden-Württemberg AG and a strong player within the contracting market segment. The framework agreement provides for the joint project development and implementation of selected contracting processes of ESG in Germany. AGO will be responsible for the plant construction of these contracting projects.

AGO's FY 2009 sales volume had already almost reached our previous sales estimate for 2010E, and 1Q 2010 sales already accounted for more than 25% of this FY estimate (after 14.6% in 1Q 2008 and 14.4% in 1Q 2009). We therefore increased our sales estimates for 2010E and 2011E. However, in view of the persistently difficult macro environment and the rather cautious guidance of the management, we adjusted our margin estimates downwards (see table below).

Changes in sales and earnings estimates

	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	61.0	51.0	66.2	55.3	70.2	-
Gross profit	6.2	5.9	7.4	6.8	8.4	-
EBITDA	3.3	3.9	4.7	4.8	5.8	-
EBIT	2.1	2.6	3.1	3.2	3.9	-
Net result after minorities	0.8	1.0	-	1.4	1.7	-
EPS	0.20	0.26	-	0.34	0.42	-

Source: CBS Research AG

1Q figures do not reflect the positive development of AGO

Promising order situation

Guidance

AGO participates indirectly in the contracting segment through a framework agreement

New CBSR estimates

Valuation and conclusion

We continue to regard AGO as a promising pure play in the field of **energy-efficient power supply solutions which will further gain in importance** due to rising oil and gas prices and political environmental targets. The company features special know-how in co-generation and tri-generation (electricity/heat/cooling) technology, in particular regarding biomass heat and power plants. In the field of industrial supply with biomass, AGO enjoys a clear competitive edge with its own Joint Implementation project, the only project of its kind in the world, and the emissions trading certificates that can be generated from it. Due to its broad technology spectrum, AGO is also able to quickly adapt to changing market conditions. **For all these reasons, we remain positive about the company's excellent long-term prospects.**

We also **appreciate the progress of the Group's internationalisation.**

- After the successful launch in **Italy**, AGO is well represented in this country which features the highest remuneration for the supply of energy from biomass.
- Decades of experience in dealing with large cooling machines and heating pumps also makes AGO the ideal partner in the **Norwegian** growth market. AGO is tapping this market by means of a cooperation agreement with a Norwegian partner company (Enwa PMI AS) and, since last November, holds a majority stake of just above 50% in the Norwegian company Ringdalskogen Fjernvarme AS. This company holds a concession to supply heat to an industrial estate south of Oslo in Norway. AGO assumes that the first delivery of heat to the industrial estate will be in fall 2010, when first industrial companies will have located their business there.
- In **South Africa**, AGO has successfully completed a plant for Heineken brewery and recently signed a sales cooperation agreement with a well established South African company, Dematech Ltd., which will considerably reduce risks related to distribution costs.

We incorporated our new free cash flow estimates for AGO in our DCF model (see Appendix). Our model yields a **new fair value per share of EUR 5.10** (old: EUR 5.13). On basis of our corresponding price target of EUR 5.10, and in view of AGO's still promising long-term prospects, we maintain our **BUY recommendation.**

Equity story remains sound

Internationalisation proceeds

New fair value per share is EUR 5.10

BUY

Appendix

Profit and loss account

	IFRS	EUR 1,000	2007	2008	2009	2010E	2011E	2012E
Sales			41,344	36,697	50,287	61,000	66,185	70,156
YoY growth			0.8%	-11.2%	37.0%	21.3%	8.5%	6.0%
Cost of sales			-39,492	-32,543	-45,118	-54,778	-58,772	-61,737
as % of sales			-95.5%	-88.7%	-89.7%	-89.8%	-88.8%	-88.0%
Gross profit			1,852	4,154	5,169	6,222	7,413	8,419
as % of sales			4.5%	11.3%	10.3%	10.2%	11.2%	12.0%
Research and development expenses			-68	-174	-205	-214	-245	-260
as % of sales			-0.2%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%
Selling expenses			-2,090	-2,118	-2,580	-2,989	-3,177	-3,367
as % of sales			-5.1%	-5.8%	-5.1%	-4.9%	-4.8%	-4.8%
General and administrative expenses			-995	-692	-1,005	-1,098	-1,158	-1,228
as % of sales			-2.4%	-1.9%	-2.0%	-1.8%	-1.8%	-1.8%
Other operating income			1,233	551	939	506	536	561
as % of sales			3.0%	1.5%	1.9%	0.8%	0.8%	0.8%
Other operating expenses			-198	-147	-645	-366	-397	-421
as % of sales			-0.5%	-0.4%	-1.3%	-0.6%	-0.6%	-0.6%
EBIT as reported			-266	1,574	1,673	2,062	2,972	3,704
as % of sales			-0.6%	4.3%	3.3%	3.4%	4.5%	5.3%
Income from equity consolidated affiliates			6	-1	-11	0	135	230
EBIT incl. income from equity consolidated affiliates			-260	1,573	1,662	2,062	3,107	3,934
as % of sales			-0.6%	4.3%	3.3%	3.4%	4.7%	5.6%
Net interest income/expense			-317	-529	-675	-726	-1,011	-1,339
EBT (Earnings before income taxes)			-577	1,044	987	1,336	2,096	2,596
as % of sales			-1.4%	2.8%	2.0%	2.2%	3.2%	3.7%
Income taxes			-102	-458	-716	-408	-640	-792
as % of EBT			17.7%	-43.9%	-72.5%	-30.5%	-30.5%	-30.5%
Income from continuing operations			-679	586	271	928	1,456	1,803
Income from discontinued operations, net of taxes			-179	31	0	0	0	0
Group net income including minorities			-858	617	271	928	1,456	1,803
as % of sales			-2.1%	1.7%	0.5%	1.5%	2.2%	2.6%
Minority interests			-12	21	-34	-129	-100	-125
Net income attributable to shareholders			-870	638	237	799	1,356	1,678
Shares outstanding (in thousands)			2,624	4,000	4,000	4,000	4,000	4,000
Basic earnings per share (EUR)			-0.33	0.16	0.06	0.20	0.34	0.42
- of which from continuing operations			-0.26	0.15	0.06	0.20	0.34	0.42
- of which from discontinued operations			-0.07	0.01	0.00	0.00	0.00	0.00

Source: CBS Research AG, AGO AG Energie + Anlagen

Balance sheet

	IFRS	EUR 1,000	2007	2008	2009	2010E	2011E	2012E
Assets								
Noncurrent assets			14,515	16,928	18,052	20,887	25,116	29,345
as % of total assets			41.4%	44.5%	41.6%	46.3%	46.6%	49.3%
Intangible assets			154	275	639	788	867	904
Property, plant and equipment			13,957	14,442	14,361	16,743	20,578	24,145
Financial assets			292	2,043	2,922	3,214	3,514	4,124
Other non-current assets			0	0	0	0	0	0
Deferred taxes			112	168	130	142	157	172
Current assets			20,549	21,110	25,330	24,216	28,741	30,140
as % of total assets			58.6%	55.5%	58.4%	53.7%	53.4%	50.7%
Inventories and prepayments			751	482	1,610	2,440	3,971	4,911
Receivables from contract manufacturing (PoC)			2,260	4,805	5,423	7,341	8,156	8,800
Trade accounts receivable			10,203	7,052	5,543	7,019	7,616	7,881
Receivables from affiliated companies			0	0	1,600	0	0	0
Other assets			1,779	1,092	886	1,403	1,489	1,543
Cash and cash equivalents			5,556	7,679	10,268	6,013	7,509	7,005
Total assets			35,064	38,038	43,382	45,103	53,857	59,486
Shareholders' equity and liabilities								
Shareholders' equity			12,380	13,043	13,116	14,044	15,500	17,303
as % of total equity and liabilities			35.3%	34.3%	30.2%	31.1%	28.8%	29.1%
Capital stock			4,000	4,000	4,000	4,000	4,000	4,000
Capital reserve			8,146	8,146	8,146	8,146	8,146	8,146
Retained earnings			24	656	855	1,659	3,015	4,693
Currency translation reserve			0	0	5	0	0	0
Equity attributable to minority interest			210	241	110	239	339	464
Noncurrent liabilities			11,194	11,473	11,140	11,320	17,366	20,444
as % of total equity and liabilities			31.9%	30.2%	25.7%	25.1%	32.2%	34.4%
Provisions for pensions			209	215	222	231	240	249
Other noncurrent provisions			480	471	500	512	522	523
Noncurrent financial liabilities			10,246	10,068	9,152	9,474	15,474	18,474
- of which bearer bonds payables			2,450	2,462	2,474	2,474	2,474	2,474
Other noncurrent liabilities			20	14	4	5	5	6
Deferred tax liabilities			239	705	1,262	1,098	1,125	1,193
Current liabilities			11,490	13,522	19,126	19,740	20,991	21,738
as % of total equity and liabilities			32.8%	35.5%	44.1%	43.8%	39.0%	36.5%
Tax provisions and other provisions			170	123	150	256	489	641
Trade accounts payable and rec. advance payments			7,185	6,603	7,142	8,600	9,286	9,693
Liabilities from build-to-order contracts			24	1,395	6,299	5,123	5,210	5,316
Financial liabilities (to banks)			1,002	2,069	1,980	2,100	2,300	2,300
Other liabilities incl. liabilities from taxes			3,109	3,332	3,555	3,660	3,706	3,788
Total equity and liabilities			35,064	38,038	43,382	45,103	53,857	59,486

Source: CBS Research AG, AGO AG Energie + Anlagen

Cash flow statement

	IFRS	EUR 1,000	2007	2008	2009	2010E	2011E	2012E
Income/loss before interest and taxes			-530	1,617	1,673	2,062	3,107	3,934
Cash taxes paid			-1,079	-212	-102	-584	-628	-740
Interests paid and received			-321	-529	-654	-726	-1,011	-1,339
Depreciation and amortization			730	820	940	1,237	1,545	1,853
Income from equity consolidated affiliates			-6	1	11	0	-135	-230
Change in accruals incl. pension provisions			-611	-50	75	127	251	163
Other expenses / income with no effect on liquidity			875	0	-163	0	0	0
Income/losses on retirements of noncurrent assets			0	-18	-2	0	0	0
Increase/decrease in inventories, trade receivables, and other assets			-2,309	51	616	-4,741	-3,029	-1,903
Increase/decrease in trade accounts payable and other liabilities			-850	378	5,207	388	820	595
Cash flow from operating activities			-4,101	2,058	7,601	-2,236	920	2,334
Net cash outflows from the purchase and retirement of noncurrent assets			-244	-1,409	-932	-3,769	-5,459	-5,457
Investments within short-term cash management			0	0	-1,600	1,600	0	0
Purchase/sale of noncurrent financial assets			-157	-90	-920	-498	-465	-380
Investments in non-current assets			0	0	-286	206	300	0
Purchase of consolidated companies			524	0	-60	0	0	0
Cash flow from investing activities			123	-1,499	-3,798	-2,461	-5,624	-5,837
Net cash inflow from capital stock increases			8,225	0	0	0	0	0
Cash inflow from minority interests in shareholders' equity of consolidated subsidiaries			0	46	0	0	0	0
Purchase/sale of shares in fully consolidated subsidiaries			0	0	-167	0	0	0
Net borrowings/retirements of debt			-614	1,518	-1,047	442	6,200	3,000
Cash flow from financing activities			7,611	1,564	-1,214	442	6,200	3,000
Total change in cash and cash equivalents			3,633	2,123	2,589	-4,255	1,496	-504
Cash and cash equiv. at the start of the period			1,923	5,556	7,679	10,268	6,013	7,509
Cash and cash equiv. at the end of the period			5,556	7,679	10,268	6,013	7,509	7,005

Source: CBS Research AG, AGO AG Energie + Anlagen

Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2						PHASE 3	
	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	∞
Sales	61.0	66.2	70.2	74.4	78.8	83.6	88.2	92.6	95.8	97.7	
Sales growth	21.3%	8.5%	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%	3.5%	2.0%	
EBIT	2.1	3.1	3.9	4.7	5.1	5.6	6.2	6.5	6.7	6.8	
EBIT margin	3.4%	4.7%	5.6%	6.3%	6.5%	6.7%	7.0%	7.0%	7.0%	7.0%	
Income tax on EBIT	-1.5	-0.9	-1.2	-1.4	-1.6	-1.7	-1.9	-2.0	-2.0	-2.1	
Depreciation and amortisation	1.2	1.5	1.9	2.1	2.1	2.3	2.5	2.6	2.0	2.1	
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	
Change in net working capital	-2.8	-2.0	-1.1	-0.8	-0.7	-0.5	-0.5	-0.4	-0.3	-0.2	
Net capital expenditure*	-4.3	-5.9	-5.8	-5.5	-3.4	-3.3	-3.3	-2.0	-2.0	-2.1	
Free cash flow	-5.3	-4.2	-2.3	-1.0	1.7	2.5	3.1	4.7	4.4	4.5	
Present values	-5.0	-3.6	-1.8	-0.7	1.1	1.5	1.7	2.3	2.0	1.9	26.9
Present value Phase 1	-10.4										
Present value Phase 2	9.7										
Present value Phase 3	26.9										
Total present value	26.2										
+ Cash and non-operating assets**	7.5										
- Financial debt	-11.9										
- Minority interest	-1.4										
Fair value of equity	20.4										
Number of shares (m)	4.0										
Fair value per share (EUR)	5.10										

Risk free rate	3.5%	Target equity ratio	75.0%
Equity risk premium	6.0%	Beta (fundamental)	1.20
Debt risk premium	3.0%	WACC	9.2%
Tax shield	30.5%	Terminal growth	2.0%

Sensitivity analysis						
Terminal growth (Phase 3)						
	1.0%	1.5%	2.0%	2.5%	3.0%	
8.15%	5.86	6.45	7.14	7.94	8.91	
8.65%	4.98	5.47	6.04	6.69	7.47	
WACC 9.15%	4.22	4.63	5.10	5.64	6.27	
9.65%	3.55	3.90	4.29	4.74	5.26	
10.15%	2.96	3.25	3.59	3.97	4.40	

*Net capital expenditure includes investments in certain financial assets (at equity consolidated companies) which we classify as operating assets as we include the income from these assets (income from equity consolidated affiliates or other participations) in our EBIT estimate

**Non-operating assets (totalling EUR 1.9m): Bank deposits with a remaining maturity of over a year and securities held to maturity. These items are also included in the Enterprise Value of AGO on page 1 of this document.

Source: CBS Research AG

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Date	Recommendation	Price at change date	Price target
11 August 2009	Buy	4.19	EUR 5.16
6 November 2009	Buy	4.42	EUR 5.13
2 June 2010	Buy	4.50	EUR 5.10

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Graurheindorferstraße 108
53117 Bonn

and

Lurgiallee 12
60439 Frankfurt

 Close Brothers Seydler
Research AG

Schillerstraße 27-29
60313 Frankfurt am Main
www.cbseidlerresearch.ag
Tel.: 0049 - (0)69 - 97 78 45 60