

Recommendation:  
**HOLD** (BUY)

Risk:  
**HIGH** (HIGH)

Price target:  
**EUR 4.50** (5.10)

3 September 2010

## Disappointing 1H 2010

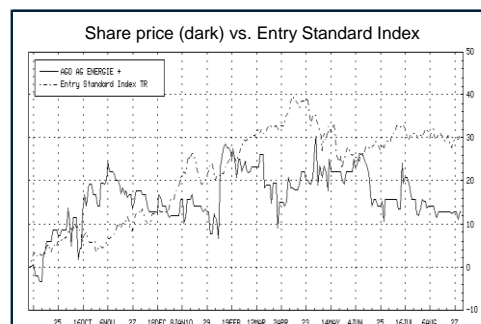
### Alperstedt continues to burden AGO's margins

- AGO's quarterly business development continues to be very volatile. Besides the usual seasonality, the imponderabilities of the project business recently also resulted in atypical patterns. This year, AGO showed an unusual strong sales increase (+80% y-o-y) in 1Q and subsequently an exceptional drop in sales in 2Q 2010 (EUR 9.2m compared to 13.0m in 1Q 2010 and EUR 11.0m in 2Q 2009). AGO's gross margin was extraordinarily weak (EUR -0.3m) in 1Q 2010. In 2Q 2010, even though the problem with the Alperstedt plant continued, the gross margin could be increased by 60.7% y-o-y, corresponding to 10.2% of sales (2Q 2009: 5.3%). All of this resulted in an increase of 21.6% in 1H sales, but a very low gross margin of only 3.0% and a net loss of EUR -0.8m in 1H 2010.
- Besides project postponements, problems with the Alperstedt plant put pressure on the group's margins. The unfavourable fixed-price contract of an Alperstedt customer will not expire regularly before the end of 2011E. Management still hopes to find a solution to the problem within 2010. However, we choose not to bet on the best case scenario regarding this legal dispute and reduce our earnings estimates for 2010E and 2011E.
- YIT Corporation has recently taken over AGO's parent company Caverion GmbH which holds 59.25% in AGO. We believe that the major shareholder's strategy regarding AGO will not change significantly in the short run. However, it cannot be excluded that YIT might reduce (or even increase) its stake in AGO AG in the longer run.
- We are still convinced of the good long-term prospects of AGO's business model, but we do not see significant share price potential in the short run due to AGO's ongoing problems with the Alperstedt plant, our assessment that AGO's EBIT guidance for 2010E (EUR 1.7m) will probably not be achieved, and delays in getting approvals for new plants in Italy. We therefore change our recommendation from BUY to HOLD and set a new price target of EUR 4.50.

Y/E 31 Dec, EUR m	2008	2009	2010E	2011E	2012E
Sales revenues	36.7	50.3	57.0	66.2	70.2
Gross profit	4.2	5.2	4.5	6.7	8.4
EBITDA	2.4	2.6	2.2	3.9	5.8
EBIT	1.6	1.7	0.9	2.4	3.9
Net income/loss	0.6	0.2	0.0	0.9	1.7
EPS*	0.15	0.06	0.00	0.21	0.42
CPS*	0.14	1.90	-0.88	0.27	0.66
DPS	0.00	0.00	0.00	0.00	0.00
Gross margin	11.3%	10.3%	7.9%	10.1%	12.0%
EBITDA margin	6.5%	5.2%	3.8%	5.9%	8.2%
EBIT margin	4.3%	3.3%	1.6%	3.6%	5.6%
EV/EBITDA	8.7	8.0	9.6	5.3	3.6
EV/EBIT	13.2	12.5	22.3	8.7	5.3
P/E	27.3	70.0	9,436.5	19.5	9.9

Source: CBS Research AG, AGO AG Energie + Anlagen

\*EPS and CPS 2008 only from continuing operations



Source: CBS Research AG, Bloomberg, AGO AG

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	57.0	61.0	-	66.2	-	70.2
EBITDA	2.2	3.3	3.9	4.7	-	5.8
EPS	0.00	0.20	0.21	0.34	-	0.42

Internet: www.ago.ag

Sector: Industrial

WKN: A0LR41

ISIN: DE000A0LR415

Reuters: AGYG.DE

Bloomberg: AGY GY

#### Short company profile:

AGO AG Energie + Anlagen, headquartered in Kulmbach/Germany, is a specialist in the area of innovative and efficient energy supply and facilities. AGO AG concentrates on the three business segments project development and implementation, operation of facilities as well as service & consulting. The company's core competences are mainly biomass cogeneration plants, cogeneration plants, heat and refrigeration plants, trigeneration as well as contracting. Location studies / location development, energy efficiency consulting, raw material and fuel management as well as emissions trading round off the business model.

#### Share data:

Share price (EUR, latest closing price):	<b>4.15</b>
Shares outstanding (m):	4.0
Market capitalisation (EUR m):	16.6
Enterprise value (EUR m):	20.8
Ø daily trading volume (6 m., no. of shares):	1,051

#### Performance data:

High 52 weeks (EUR):	4.87
Low 52 weeks (EUR):	3.50
Absolute performance (12 months):	12.5%
Relative performance vs. Entry Standard Index:	
1 month	-1.7%
3 months	-12.5%
6 months	-10.4%
12 months	-12.6%

#### Shareholders:

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

#### Financial calendar:

3Q 2010 report:	November 2010
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## Weak margins in 1H 2010

AGO's quarterly business development continues to be very volatile. The seasonality of AGO's business typically results in low 1Q sales, a somewhat stronger (but still weak) 2Q, and then a very strong 2H. Obviously, the imponderabilities of the project business recently also resulted in atypical patterns. This year, AGO showed an unusual strong sales increase (+80% y-o-y) in 1Q and subsequently an exceptional **drop in sales in 2Q 2010** (EUR 9.2m compared to 13.0m in 1Q 2010 and EUR 11.0m in 2Q 2009). AGO's gross margin was extraordinarily weak (EUR -0.3m) in 1Q 2010 due to the long, hard winter with heating costs in the Alperstedt plant being high due to an unsolved legal dispute with a heating customer. In 2Q 2010, even though the problem with the Alperstedt plant continued, the gross margin could be increased by 60.7% y-o-y, corresponding to 10.2% of sales (2Q 2009: 5.3%). All of this resulted in an increase of 21.6% in 1H sales, but a **very low gross margin of only 3.0%** and a **net loss of EUR -0.8m in 1H 2010**.

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

### 2Q and 1H 2010 key data (y-o-y comparison)

IFRS	EUR 1,000	2Q 2010	2Q 2009	1H 2010	1H 2009
<b>Sales</b>		9,205	11,039	22,237	18,284
YoY growth		-16.6%	16.8%	21.6%	23.4%
<b>Gross profit</b>		937	583	675	1,706
as % of sales		10.2%	5.3%	3.0%	9.3%
<b>EBITDA</b>		98	-110	-702	491
as % of sales		1.1%	-1.0%	-3.2%	2.7%
<b>EBIT</b>		361	-322	-702	60
as % of sales		3.9%	-2.9%	-3.2%	0.3%
<b>EBT</b>		130	-492	-1,126	-293
as % of sales		1.4%	-4.5%	-5.1%	-1.6%
<b>Net income of the group</b>		88	-347	-789	-219
<b>Net income attributable to shareholders</b>		14	-334	-838	-193
<b>EPS (EUR)</b>		0.00	-0.08	-0.21	-0.05
<b>Cash flow from operating activities</b>		1,567	241	-3,753	115
<b>Free cash flow</b>		1,600	-66	-3,834	-382
<b>Cash and cash equivalents</b>				6,309	7,183
<b>Financial debt</b>				11,015	11,656
<b>Equity ratio</b>				31.8%	35.8%

Source: AGO AG Energie + Anlagen, CBS Research AG

## Takeover of major shareholder

YIT Corporation, Finland, has recently taken over AGO's parent company Caverion GmbH which holds 59.25% in AGO. YIT, listed on NASDAQ OMX Helsinki, is a leading European service company in building systems, construction services and industry services. YIT plans to integrate Caverion completely. Caverion has regularly engaged AGO as a subcontractor, e.g. in recent projects in the photovoltaic sector. However, we believe that the major shareholder's strategy regarding AGO will not change significantly in the short run. The former CEO of

Caverion will also be CEO of YIT Germany, and the integration of Caverion will probably have priority for YIT group for some time. We also believe that AGO is not depending on this supplementary business. However, **it cannot be excluded that YIT might reduce (or even increase) its stake in AGO AG in the longer run.**

## Adjustment in sales and earnings estimates

Incoming orders have reached EUR 27.6m by mid-year, and AGO's **order backlog reached the very high level of EUR 42.6m** as of 30 June 2010 (+58% compared to 30 June 2009). However, AGO's sales volumes in each period can be very much affected by delays in the implementation of major projects. Apparently, the **construction start of AGO's currently largest project** (order volume of EUR 17m) with SWU Stadtwerke Ulm/Neu-Ulm GmbH had been **somewhat postponed** this summer, though construction has been started by now. We also note that the **Reindeer project in Italy has still not been approved** by the local authorities (while the second Italian project, a plant for PELLEREI AGO ENERGIA, is under construction). In view of the 1H results, we now consider our latest estimates for FY 2010 a bit too optimistic, even though AGO's order situation looks very promising. We lower our sales estimate for 2010E from EUR 61m to EUR 57m.

Regarding our income estimates, we assume that AGO's **margins will reach relatively high levels in 2H 2010**. While engineering services with low margins are carried out at the beginning of a project (typically early in the year), the construction phase (mostly in 2H), 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.

Nevertheless, we **reduce our income estimates**, too. Besides the mentioned **project postponements**, this is mainly due to the **ongoing problems with the Alperstedt plant** which continue to put pressure on the group's margins. As reported before, AGO's gross margin suffers from the refusal of one heating customer served by Alperstedt to bear the increase in heating costs that have occurred since 2007. The fixed-price contract including a controversial opting-out clause will not expire regularly before the end of 2011E. The management still hopes to find a solution to the problem within 2010. However, **we choose not to bet on the best case scenario regarding this legal dispute** and therefore reduce our income estimates for 2010E and 2011E as shown in the table below. There might also be some risk that AGO could be forced to write down the value of the Alperstedt plant in the balance sheet at the end of FY 2010E to some extent, if AGO will not achieve a favourable solution.

**Project postponements increased volatility of sales and earnings**

**Margins will increase in 2H...**

**..but still will be burdened by inadequate payments from Alperstedt customer**

### Changes in sales and earnings estimates

	2010E		2011E		2012E	
	new	old	new	old	new	old
Sales	57.0	61.0	-	66.2	-	70.2
Gross profit	4.5	6.2	6.7	7.4	-	8.4
EBITDA	2.2	3.3	3.9	4.7	-	5.8
EBIT	0.9	2.1	2.4	3.1	-	3.9
Net result after minorities	0.0	0.8	0.9	1.4	-	1.7
EPS	0.00	0.20	0.21	0.34	-	0.42

Source: CBS Research AG

## Recommendation downgrade

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 4.53** (old: EUR 5.10). **We are still convinced of the good long-term prospects of AGO's business model**, but **we do not see significant share price potential in the short run** due to AGO's ongoing problems with the Alperstedt plant, our assessment that AGO's EBIT guidance for 2010E (EUR 1.7m) will probably not be achieved, and delays in getting approvals for new plants in Italy. We therefore change our **recommendation from BUY to HOLD** and set a **new price target of EUR 4.50**.

**New price target is  
EUR 4.50**

**HOLD**

## Appendix

### Profit and loss account

	IFRS	EUR 1,000	2007	2008	2009	2010E	2011E	2012E
<b>Sales</b>			<b>41,344</b>	<b>36,697</b>	<b>50,287</b>	<b>57,000</b>	<b>66,185</b>	<b>70,156</b>
YoY growth			0.8%	-11.2%	37.0%	13.3%	16.1%	6.0%
<b>Cost of sales</b>			<b>-39,492</b>	<b>-32,543</b>	<b>-45,118</b>	<b>-52,503</b>	<b>-59,500</b>	<b>-61,737</b>
as % of sales			-95.5%	-88.7%	-89.7%	-92.1%	-89.9%	-88.0%
<b>Gross profit</b>			<b>1,852</b>	<b>4,154</b>	<b>5,169</b>	<b>4,497</b>	<b>6,685</b>	<b>8,419</b>
as % of sales			4.5%	11.3%	10.3%	7.9%	10.1%	12.0%
<b>Research and development expenses</b>			<b>-68</b>	<b>-174</b>	<b>-205</b>	<b>-200</b>	<b>-245</b>	<b>-260</b>
as % of sales			-0.2%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%
<b>Selling expenses</b>			<b>-2,090</b>	<b>-2,118</b>	<b>-2,580</b>	<b>-2,793</b>	<b>-3,177</b>	<b>-3,367</b>
as % of sales			-5.1%	-5.8%	-5.1%	-4.9%	-4.8%	-4.8%
<b>General and administrative expenses</b>			<b>-995</b>	<b>-692</b>	<b>-1,005</b>	<b>-1,026</b>	<b>-1,158</b>	<b>-1,228</b>
as % of sales			-2.4%	-1.9%	-2.0%	-1.8%	-1.8%	-1.8%
<b>Other operating income</b>			<b>1,233</b>	<b>551</b>	<b>939</b>	<b>969</b>	<b>536</b>	<b>561</b>
as % of sales			3.0%	1.5%	1.9%	1.7%	0.8%	0.8%
<b>Other operating expenses</b>			<b>-198</b>	<b>-147</b>	<b>-645</b>	<b>-513</b>	<b>-397</b>	<b>-421</b>
as % of sales			-0.5%	-0.4%	-1.3%	-0.9%	-0.6%	-0.6%
<b>EBIT as reported</b>			<b>-266</b>	<b>1,574</b>	<b>1,673</b>	<b>935</b>	<b>2,244</b>	<b>3,704</b>
as % of sales			-0.6%	4.3%	3.3%	1.6%	3.4%	5.3%
<b>Income from equity consolidated affiliates</b>			<b>6</b>	<b>-1</b>	<b>-11</b>	<b>0</b>	<b>135</b>	<b>230</b>
<b>EBIT incl. income from equity consolidated affiliates</b>			<b>-260</b>	<b>1,573</b>	<b>1,662</b>	<b>935</b>	<b>2,379</b>	<b>3,934</b>
as % of sales			-0.6%	4.3%	3.3%	1.6%	3.6%	5.6%
<b>Net interest income/expense</b>			<b>-317</b>	<b>-529</b>	<b>-675</b>	<b>-746</b>	<b>-1,011</b>	<b>-1,339</b>
<b>EBT (Earnings before income taxes)</b>			<b>-577</b>	<b>1,044</b>	<b>987</b>	<b>189</b>	<b>1,368</b>	<b>2,596</b>
as % of sales			-1.4%	2.8%	2.0%	0.3%	2.1%	3.7%
<b>Income taxes</b>			<b>-102</b>	<b>-458</b>	<b>-716</b>	<b>-58</b>	<b>-418</b>	<b>-792</b>
as % of EBT			17.7%	-43.9%	-72.5%	-30.5%	-30.5%	-30.5%
<b>Income from continuing operations</b>			<b>-679</b>	<b>586</b>	<b>271</b>	<b>131</b>	<b>950</b>	<b>1,803</b>
<b>Income from discontinued operations, net of taxes</b>			<b>-179</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Group net income including minorities</b>			<b>-858</b>	<b>617</b>	<b>271</b>	<b>131</b>	<b>950</b>	<b>1,803</b>
as % of sales			-2.1%	1.7%	0.5%	0.2%	1.4%	2.6%
<b>Minority interests</b>			<b>-12</b>	<b>21</b>	<b>-34</b>	<b>-129</b>	<b>-100</b>	<b>-125</b>
<b>Net income attributable to shareholders</b>			<b>-870</b>	<b>638</b>	<b>237</b>	<b>2</b>	<b>851</b>	<b>1,678</b>
<b>Shares outstanding (in thousands)</b>			<b>2,624</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>Basic earnings per share (EUR)</b>			<b>-0.33</b>	<b>0.16</b>	<b>0.06</b>	<b>0.00</b>	<b>0.21</b>	<b>0.42</b>
- of which from continuing operations			-0.26	0.15	0.06	0.00	0.21	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
<b>Assets</b>								
<b>Noncurrent assets</b>			<b>14,515</b>	<b>16,928</b>	<b>18,052</b>	<b>20,869</b>	<b>25,107</b>	<b>29,337</b>
as % of total assets			41.4%	44.5%	41.6%	47.8%	47.5%	50.0%
Intangible assets			154	275	639	788	867	904
Property, plant and equipment			13,957	14,442	14,361	16,725	20,569	24,136
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
<b>Current assets</b>			<b>20,549</b>	<b>21,110</b>	<b>25,330</b>	<b>22,789</b>	<b>27,752</b>	<b>29,317</b>
as % of total assets			58.6%	55.5%	58.4%	52.2%	52.5%	50.0%
Inventories and prepayments			751	482	1,610	3,306	4,103	4,911
Receivables from contract manufacturing (PoC)			2,260	4,805	5,423	6,859	8,156	8,800
Trade accounts receivable			10,203	7,052	5,543	6,559	7,616	7,881
Receivables from affiliated companies			0	0	1,600	0	0	0
Other assets			1,779	1,092	886	1,311	1,489	1,543
Cash and cash equivalents			5,556	7,679	10,268	4,754	6,387	6,182
<b>Total assets</b>			<b>35,064</b>	<b>38,038</b>	<b>43,382</b>	<b>43,659</b>	<b>52,859</b>	<b>58,654</b>
<b>Shareholders' equity and liabilities</b>								
<b>Shareholders' equity</b>			<b>12,380</b>	<b>13,043</b>	<b>13,116</b>	<b>13,247</b>	<b>14,197</b>	<b>16,001</b>
as % of total equity and liabilities			35.3%	34.3%	30.2%	30.3%	26.9%	27.3%
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	862	1,712	3,391
Currency translation reserve			0	0	5	0	0	0
Equity attributable to minority interest			210	241	110	239	339	464
<b>Noncurrent liabilities</b>			<b>11,194</b>	<b>11,473</b>	<b>11,140</b>	<b>11,376</b>	<b>17,534</b>	<b>20,671</b>
as % of total equity and liabilities			31.9%	30.2%	25.7%	26.1%	33.2%	35.2%
Provisions for pensions			209	215	222	231	240	249
Other noncurrent provisions			480	471	500	640	690	750
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	1,026	1,125	1,193
<b>Current liabilities</b>			<b>11,490</b>	<b>13,522</b>	<b>19,126</b>	<b>19,036</b>	<b>21,127</b>	<b>21,982</b>
as % of total equity and liabilities			32.8%	35.5%	44.1%	43.6%	40.0%	37.5%
Tax provisions and other provisions			170	123	150	150	510	885
Trade accounts payable and rec. advance payments			7,185	6,603	7,142	8,243	9,401	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	3,420	3,706	3,788
<b>Total equity and liabilities</b>			<b>35,064</b>	<b>38,038</b>	<b>43,382</b>	<b>43,659</b>	<b>52,859</b>	<b>58,654</b>

Source: CBS Research AG, AGO AG Energie + Anlagen

## Cash flow statement

	IFRS	EUR 1,000	2007	2008	2009	2010E	2011E	2012E
<b>Income/loss before interest and taxes</b>			-530	1,617	1,673	935	2,379	3,934
Cash taxes paid			-1,079	-212	-102	-306	-333	-740
Interests paid and received			-321	-529	-654	-746	-1,011	-1,339
Depreciation and amortization			730	820	940	1,235	1,544	1,852
Income from equity consolidated affiliates			-6	1	11	0	-135	-230
Change in accruals incl. pension provisions			-611	-50	75	149	419	444
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	-4,573	-3,329	-1,770
Increase/decrease in trade accounts payable and other liabilities			-850	378	5,207	-210	1,532	480
<b>Cash flow from operating activities</b>			<b>-4,101</b>	<b>2,058</b>	<b>7,601</b>	<b>-3,515</b>	<b>1,065</b>	<b>2,631</b>
Net cash outflows from the purchase and retirement of noncurrent assets			-244	-1,409	-932	-3,749	-5,467	-5,456
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
<b>Cash flow from investing activities</b>			<b>123</b>	<b>-1,499</b>	<b>-3,798</b>	<b>-2,441</b>	<b>-5,632</b>	<b>-5,836</b>
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
<b>Cash flow from financing activities</b>			<b>7,611</b>	<b>1,564</b>	<b>-1,214</b>	<b>442</b>	<b>6,200</b>	<b>3,000</b>
<b>Total change in cash and cash equivalents</b>			<b>3,633</b>	<b>2,123</b>	<b>2,589</b>	<b>-5,514</b>	<b>1,633</b>	<b>-205</b>
Cash and cash equiv. at the start of the period			1,923	5,556	7,679	10,268	4,754	6,387
<b>Cash and cash equiv. at the end of the period</b>			<b>5,556</b>	<b>7,679</b>	<b>10,268</b>	<b>4,754</b>	<b>6,387</b>	<b>6,182</b>

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	57.0	66.2	70.2	74.4	78.8	83.6	88.2	92.6	95.8	97.7	
Sales growth	13.3%	16.1%	6.0%	6.0%	6.0%	6.0%	5.5%	5.0%	3.5%	2.0%	
EBIT	0.9	2.4	3.9	4.5	5.0	5.5	5.9	6.2	6.4	6.5	
EBIT margin	1.6%	3.6%	5.6%	6.1%	6.3%	6.6%	6.7%	6.7%	6.7%	6.7%	
Income tax on EBIT	-0.7	-0.7	-1.2	-1.4	-1.5	-1.7	-1.8	-1.9	-2.0	-2.0	
Depreciation and amortisation	1.2	1.5	1.9	2.1	2.1	2.3	2.5	2.4	2.2	2.1	
Change in long-term provisions	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Change in net working capital	-3.4	-1.4	-0.9	-0.8	-0.9	-0.9	-0.9	-0.9	-0.6	-0.4	
Net capital expenditure*	-4.2	-5.9	-5.8	-5.5	-3.4	-3.3	-3.3	-2.0	-2.0	-2.1	
<b>Free cash flow</b>	<b>-6.1</b>	<b>-3.9</b>	<b>-2.0</b>	<b>-1.0</b>	<b>1.5</b>	<b>2.1</b>	<b>2.5</b>	<b>4.0</b>	<b>4.2</b>	<b>4.3</b>	
<b>Present values</b>	<b>-6.0</b>	<b>-3.5</b>	<b>-1.6</b>	<b>-0.7</b>	<b>1.0</b>	<b>1.3</b>	<b>1.4</b>	<b>2.0</b>	<b>1.9</b>	<b>1.8</b>	<b>24.8</b>
Present value Phase 1	-11.0										
Present value Phase 2	8.6										
Present value Phase 3	24.8										
Total present value	22.3										
+ Cash and non-operating assets**	8.2										
- Financial debt	-11.0										
- Minority interest	-1.4										
<b>Fair value of equity</b>	<b>18.1</b>										
Number of shares (m)	4.0										
<b>Fair value per share (EUR)</b>	<b>4.53</b>										

Risk free rate	3.5%	Target equity ratio	75.0%
Equity risk premium	6.0%	Beta (fundamental)	1.25
Debt risk premium	3.0%	<b>WACC</b>	<b>9.4%</b>
Tax shield	30.5%	<b>Terminal growth</b>	<b>2.0%</b>

<b>Sensitivity analysis</b>						
		<b>Terminal growth (Phase 3)</b>				
		<b>1.0%</b>	<b>1.5%</b>	<b>2.0%</b>	<b>2.5%</b>	<b>3.0%</b>
<b>8.40%</b>	5.22	5.74	6.34	7.05	7.89	
<b>8.90%</b>	4.43	4.87	5.37	5.95	6.63	
<b>WACC 9.40%</b>	3.74	4.11	<b>4.53</b>	5.02	5.57	
<b>9.90%</b>	3.14	3.46	3.81	4.22	4.68	
<b>10.40%</b>	2.61	2.88	3.18	3.52	3.91	

\*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): Mainly 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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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
3 September 2010	HOLD	4.15	EUR 4.50

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