

Recommendation:  
**BUY** (BUY)

Risk:  
**HIGH** (HIGH)

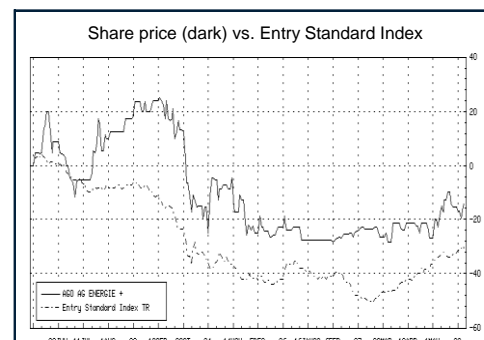
Fair Value:  
**EUR 5.42** (5.42)

29 May 2009

## Extraordinary strong first quarter

### New growth potential from market entry in Norway

- Today, AGO published excellent figures for the first quarter (Q1) of 2009. Sales climbed 35.2%, reaching EUR 7.2m (Q1 2008: 5.4m). The significant increase of the gross margin from 12.7% in Q1 2008 up to 15.5% in Q1 2009 is due to AGO's consequent shift away from externally planned projects (e.g. project tenders) of uncertain margin quality to self-planned projects with less down-side risk. AGO was therefore able to realize this strategic goal. EBIT increased to EUR 0.38m (EUR -0.09m), corresponding to an EBIT margin of 5.3% (-1.7%). AGO's net income attributable to shareholders amounted to EUR 0.14m (EUR -0.23m), resulting in EPS of EUR 0.04 (EUR -0.06). Cash flow from operating activities was significantly enhanced, reaching EUR -0.13m (EUR -1.28m).
- The strong Q1 figures are all the more noteworthy considering the seasonality of AGO's business which typically results in a relatively weaker first quarter. In the first quarters of previous years, the results were affected by the completion of orders from Q4 and preparing for new orders. Normally, due to AGO's cyclical project business, there is no positive effect from new orders before the second quarter onwards. The strong figures of this year's Q1 therefore increase our confidence that AGO is on the right track to meet our forecasts for FY2009E.
- AGO's order backlog, which had reached a record high of EUR 28.3m on 31 December 2008, amounted to still very promising EUR 26.2m on 31 March 2009. The recently announced market entry in Norway opens up significant new market potential for AGO. In cooperation with a local partner, AGO plans to realize a total annual project volume of EUR 5m in Norway during the next three to five years.
- We leave our financial estimates for 2009E and 2010E as well as the fair value per share (EUR 5.42) unchanged, and maintain our BUY recommendation.



Source: CBS Research AG, Bloomberg, AGO AG

Internet: [www.ago.ag](http://www.ago.ag)  
WKN: A0LR41  
Reuters: AGYG.DE

Sector: Industrial  
ISIN: DE000A0LR415  
Bloomberg: AGY GY

#### Share data:

Share price (EUR, closing price 05/28/09):	3.45
Shares outstanding (m):	4.0
Market capitalisation (EUR m):	13.8
Enterprise value (EUR m):	18.3
Ø daily trading volume (6 m., no. of shares):	950

#### Performance data:

High 52 weeks (EUR):	5.00
Low 52 weeks (EUR):	2.75
Absolute performance (12 months):	-30.0%
Relative performance vs. Entry Standard Index:	
1 month	15.1%
3 months	-6.9%
6 months	4.3%
12 months	36.8%

#### Shareholders:

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

#### Financial calendar:

H1 2009 report: August 2009

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#### 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
CPS*	-0.60	-1.15	0.14	0.34	0.56
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	11.5	39.3	7.6	5.6	4.2
EV/EBIT	neg.	-68.5	11.6	8.4	5.8
P/E	neg.	-13.1	22.7	15.4	9.6

\*EPS and CPS only from continuing operations

Source: CBS Research AG, AGO AG

**Key data Q1 2009 vs. Q1 2008**

IFRS    EUR 1,000	<b>Q1 2009</b>	<b>Q1 2008</b>
<b>Sales</b>	7,245	5,358
YoY growth	35.2%	n/a
<b>Gross profit</b>	1,123	682
as % of sales	15.5%	12.7%
<b>EBITDA</b>	601	125
as % of sales	8.3%	2.3%
<b>EBIT</b>	382	-90
as % of sales	5.3%	-1.7%
<b>EBT</b>	199	-257
as % of sales	2.7%	-4.8%
<b>Net income attributable to shareholders</b>	141	-225
as % of sales	1.9%	-4.2%
<b>Earnings per share (EPS)</b>	0.04	-0.06
<b>Cash flow from operating activities</b>	-126	-1,284
<b>Free cash flow</b>	-316	-1,427
<b>Cash and cash equivalents</b>	7,179	7,679
<b>Financial debt</b>	11,601	11,770

Source: AGO AG Energie + Anlagen, CBS Research AG

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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
May 29, 2009	Buy	3.45	EUR 5.42

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MEDIUM: The volatility is expected equal to the volatility of the benchmark

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