FIRST BERLIN
Equity Research

BUY

HTI HIGH TECH INDUSTRIES AG

AUSTRIA /
INDUSTRIAL HOLDING

INITIATING COVERAGE

PRICE TARGET: **€1.25**
PREVIOUS CLOSE: **€0.60**
RETURN POTENTIAL: **108.3%**

30 SEPTEMBER 2009

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HTI HIGH TECH INDUSTRIES AG

AUSTRIA / INDUSTRIAL HOLDING COMPANY

Primary exchange: Vienna stock exchange
Bloomberg symbol: HTI AV
ISIN: AT0000764626

FAIR VALUE PER SHARE:	€1.25
RISK RATING	High

INITIATING COVERAGE

We expect sales to grow at a CAGR of 11.3% and the EBIT margin to improve from - 10.6% to 9.0% over the period 2009-2012. Key factors behind this development include new project wins for automotive customers, exposure to emerging markets, the recent restructuring of operations and general economic recovery. DCF analysis yields fair value for HTI of €1.25 per share.

Restructuring A series of acquisitions in 2007 and H1 2008 combined with the recession to push HTI into the red and overstretch the balance sheet. Management has moved energetically to restructure both operations and finances. We estimate that gearing will remain high after completion of the forthcoming share issue. But the moratorium on debt repayments until end 2010 will give the company breathing space to further strengthen the balance sheet through increased profitability.

Recovery in sales growth We expect H2 09 results to be much improved on H1 09 (EBIT of -€4.4m vs. -€15.5m) and expect the company to be in the black in H1 10. From 2010 rising production for the BMW Z4 and the Porsche Panamera as well as increasing output at the division's low cost site in Slovakia will drive sales growth at the Plastics Processing division. We expect increasing business with Audi and new projects in aluminium/plastic composite components to push sales ahead at Metal Processing. The Mechanical Engineering division will benefit from recovery on emerging markets and in construction and industrial investment.

Margin improvement Over the next few years margins should benefit from the recent concentration of manufacturing capacity on fewer production sites, elimination of excess capacity in the extrusion business and the reduction in the number of employees. Additional operative measures entail reduction of working capital, the optimisation of the product range, enforced marketing activities and general cost reduction in all areas.

We see fair value at €1.25 per share We have chosen to value HTI using DCF methodology as we feel that this better captures the likely trajectory of the group's post-restructuring development than peer group valuation. DCF valuation yields fair value of €1.25 per share.

FINANCIAL HISTORY & PROJECTIONS

	2007	2008	2009E	2010E	2011E	2012E
Revenue (€m)	151.65	214.34	187.35	208.70	236.83	258.47
Y-o-y growth	92.6%	41.3%	-12.6%	11.4%	13.5%	9.1%
EBITDA (€m)	17.74	-11.91	-7.70	19.49	29.31	40.14
EBITDA margin	11.2%	-5.4%	-4.1%	9.3%	12.4%	15.5%
EBIT (€m)	8.03	-26.88	-19.88	5.93	13.92	23.34
EBIT margin	5.1%	-12.3%	-10.6%	2.8%	5.9%	9.0%
Net income (€m)	2.80	-41.96	-6.90	-1.68	6.08	15.66
EPS (diluted) (€)	0.22	-2.83	-0.29	-0.03	0.12	0.32
P/E (x)	2.8	na	na	na	4.9	1.9
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF (€m)	-30.46	-62.52	21.92	-8.31	0.29	6.81
Net gearing	184.5%	2414.0%	383.0%	427.8%	368.6%	256.1%
Liquid assets (€m)	18.95	9.65	9.37	10.43	11.84	12.92

COMPANY PROFILE

HTI High Tech Industries AG is a holding company specialised in participations in medium-sized industrial companies. Operations are organised in three principal divisions: Plastics Processing; Metal Processing; Mechanical Engineering. The company employed 1,543 full time staff as of 30 June 2009.

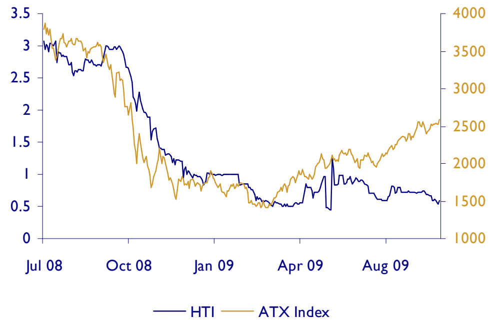
COMPANY DATA (as of 30 June 2009)

Liquid assets	€7.26m
Current assets	€93.50m
Intangible assets (incl. Goodwill)	€51.15m
Total assets	€268.96m
Current liabilities	€146.99m
Consolidated equity	€11.90m

RISKS

Risks to our valuation include but are not limited to the failure of the planned equity issue, the risk that a relapse into recession could delay our forecast recovery in profits making a further equity issue necessary.

STOCK OVERVIEW



SHAREHOLDERS (post-issue)

HTI management *	27.6%
Institutional investors	6.0%
Dörflinger private foundation ‡	1.6%
Androsch private foundation ‡	1.5%
Freefloat	63.3%

* Assuming completion of debt / equity swap
‡ Assuming non-participation in the offering

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INVESTMENT CASE

EPS TO REACH €0.32 BY 2012; DCF SUGGESTS VALUE OF €1.25 PER SHARE

HTI's sales split roughly 60/40 between capital goods and the automotive business. Both these businesses have been hit disproportionately hard by the recession and should show faster than average growth as the economy recovers. Sales will also benefit from new product innovations stemming from HTI's cross-engineering programmes such as those involving combined metal/plastics parts. We are looking for a sales CAGR of 11.3% over the period 2009-2012. Meanwhile we expect the EBIT margin to expand from - 10.6% to 9.0% as profitability benefits from a rising revenue base and restructuring measures already put in place by management. We expect EPS to reach €0.32 by 2012 and on the basis of DCF analysis value HTI at €1.25 per share.

PLASTICS BENEFITING FROM BMW/PORSCHE RAMP-UP, ECONOMIC RECOVERY, RESTRUCTURING

The **Plastics Processing division** comprises injection moulded precision plastic parts as well as combinatory plastic parts used to meld plastics with other materials. Around two thirds of sales are made to the car industry. We expect sales to expand at a CAGR of 10.3% during 2009-12 as the economy recovers and production for the BMW Z4 and Porsche Panamera gathers pace. The EBIT margin should widen from -14.2% in 2009 to 6.0% in 2012 as profitability benefits from production site rationalisation and workforce reduction.

ALUMINIUM/PLASTIC JOINTING TECHNOLOGY TO PLAY A LARGE ROLE AT METALS

The **Metals Processing division** manufactures complex pressure cast aluminium parts for the automotive industry. The division is benefiting from the introduction of an innovative technology for jointing aluminium and plastic which played a key role in the award of a large contract from Audi last year. We are looking for a sales CAGR of 13.3% during 2009-2012 as automotive demand recovers and the Audi contract ramps up. We expect the EBIT margin to widen from -7.0% to 8.0% over the same period again due to production site rationalisation and workforce reduction.

EXTRUSION AND HITZINGER TO BE BENCHMARKED AGAINST BBG

The **Mechanical Engineering division** houses three engineering businesses - BBG Baugeräte, a niche supplier of compressed air tools and special machines for the blast furnace industry; the Extrusion Group which provides technology for the manufacture of plastic and wood-plastic components; and Hitzinger a manufacturer of specialist electrical equipment. Historically BBG has been the most profitable of these businesses achieving EBIT margins of 15-20% by virtue of high market shares. Management plans to use BBG as a benchmark for the other two businesses which are also characterised by potentially highly profitable niches. We expect Mechanical Engineering division sales to climb at a CAGR of 11.2% during 2009-2012 with the EBIT margin expanding from -6.5% to 14.1% as margins at the Extrusion Group and Hitzinger approach the level of BBG.

SWOT ANALYSIS

Strengths

- **Experienced management with significant stakes in the business** Management currently owns 29.2% of the business. We estimate that this figure will be 27.6% after the share issue and management debt-equity swap.

- **Management has responded to the financial crisis by energetically restructuring the business** Restructuring encompasses both operations and the balance sheet. On the operational side the workforce has been reduced (by 17% to 1543 durijng H1 2009), short time working introduced, capacity closed and/or transferred to other locations. Meanwhile €35m of debt has been waived and a moratorium on debt rand interest payments until end 2010 put in place. During the coming weeks will expect a €24.6m share issue and a €9m debt-equity swap.

- **Extensive technological expertise**

- **Long term client relationships with blue chip companies** These are traditionally a feature of HTI's automotive business where the company counts Audi, BMW and Wabco among its long term clients. But the company also has partnerships with Atlas Copco and Ingersoll Rand in the engineering business.

Weaknesses

- **Balance sheet will remain weak even after completion of the share issue** We estimate that net gearing will be 383% at end 2009 (after the share issue and management debt-equity swap) compared with 1452% at 30 June 2009.

- **Low market shares in the Plastics Processing business area** This leaves HTI exposed to price pressure from typically much larger automotive industry customers.

Opportunities

- **Cross-engineering in aluminium and plastic represents significant additional sales potential** HTI produces components combining both aluminium and plastic elements. According to management innovative technology for jointing aluminium and plastic played a significant role in the award of a large contact from Audi in 2008. We expect further brisk expansion of this business in coming years.
- **Growth potential through trend towards light-weight construction** HTI is well positioned here through its activities in aluminium /plastic composites and 10% stake in Carbo Tech Composites GmbH (held by ProRegio).
- **Consolidation among automotive suppliers represents opportunities** HTI may be able to pick up business from insolvent competitors

Threats

- **Continued high exposure to the automotive industry** We estimate that the automotive industry will account for c. 40% of sales in 2009

COMPANY PROFILE

HTI High Tech Industries AG has its roots in the limited commercial partnership Röhrig & Co. founded in 1950. In 1998 this company became a joint stock company and changed its corporate name to Röhrig High Tech Plastics AG and in 2001 to HTP High Tech Plastics AG. In 2007 the company changed its strategy from concentration on plastic components to that of an industrial holding company. Early in 2007 HTP bought 100% of the holding company, ProRegio, including its recently acquired automotive supplier Gruber & Kaja. Also in January 2007 the company acquired a majority stake in the pneumatic and hydraulic hammer drill company BBG. Following this acquisition HTP organised itself into four business areas – Plastics Processing; Metal Processing; Mechanical Engineering; Other Investments. The latter segment holds minority interests or participations in other business fields. In May 2007 the company adopted its current name, HTI High Tech Industries AG, to reflect these changes.

HTI describes its strategy as "to become a leading supplier of high tech products and services within the segments lightweight construction, engineering and energy technology". The key elements of this strategy in our view are industrial partnerships, global presence and cross-engineering.

Under industrial partnerships we refer to HTI's long term strategy which does not aim at divesting acquired participations at a profit. Instead HTI aims to support its affiliates in areas which can be more efficiently organised at group level such as controlling, accounting, tax and legal advice.

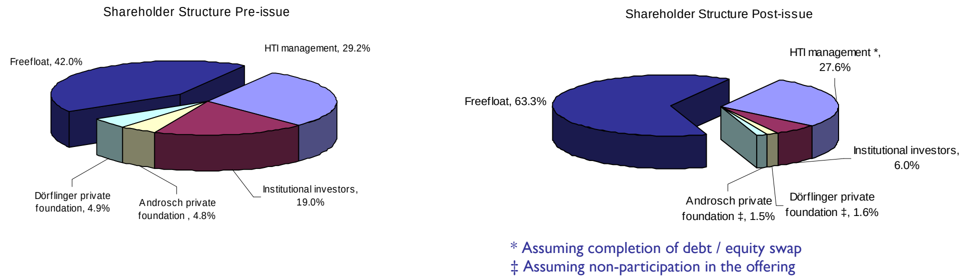
Global presence refers to the benefits which accrue to affiliate companies from HTI's large international distribution network. HTI has marketing and service offices located in growth areas such as China, India and Russia so that its affiliates are able to participate in the growth of these regions.

Cross-engineering refers to the combination of the group's expertise in different areas. An example of this is the technology for jointing aluminium and plastic which played a significant role in the award of a large contact from Audi in 2008.

In H1 2008 HTI acquired majority stakes in a further four companies: the electrical energy supply equipment company, Hitzinger; HTP Skinline, a supplier of in-mould decoration technology for plastic products; the plastic extrusion equipment producers Theysohn and Technoplast. These acquisitions, the debt acquired with them and the sharp downturn in business occasioned by the financial crisis placed a severe strain on HTI's profitability and balance sheet.

Management has responded by restructuring both the company's balance sheet and operations. Six of HTI's major lenders formed a consortium which assumed the debt of the remaining lenders who subsequently waived claims amounting to €35m. At the time of the debt restructuring, three of the company's main shareholders and management members, Messrs. Glatzmeier, Helletzgruber and Kretz agreed to contribute €9m in shareholder loans to the company. It is planned that these loans be converted into equity shortly after completion of the share issue scheduled for this autumn. The share issue, which was approved at the AGM on 4 August, entails the issue of 24.595m new shares at €1.00. We expect these measures to reduce the company's net debt including pensions and leasing liabilities from €200m at end 2008 to €144m by end Q3 09.

With regard to operations, restructuring measures have involved a concentration of the group's manufacturing capacity on fewer production sites, elimination of excess capacity in the extrusion business, short time working at some production sites and a reduction in the number of employees from 1,858 at end 2008 to 1,543 at end H1 2009. Additional operative measures entail reduction of working capital, the optimisation of the product range, enforced marketing activities and general cost reduction in all areas.



Charts 1 & 2 Source: HTI AG

Management plans to use the proceeds of the share issue to finance the restructuring measures outlined above, strengthen the balance sheet and fund further sales growth both organically and through acquisitions. Charts 1 and 2 show HTI's current shareholder structure and its structure following the completion of the share issue and management debt-equity swap.

BUSINESS AREAS

HTI 2008 SALES BY BUSINESS AREA

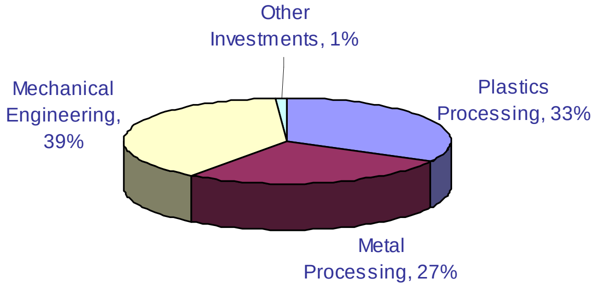


Chart 3 Source: HTI AG

2008 sales by business area break down as shown in chart 3. In 2008 HTI made 65% of its sales in the EU, 20% in Austria, and 15% in non-EU countries.

PLASTICS PROCESSING (HTP)

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	71,137	71,439	59,454	63,616	72,522	79,774
change (%)	*-9.6%*	*0.4%*	*-16.8%*	*7.0%*	*14.0%*	*10.0%*
EBIT	835	-17,917	-8,435	3,181	3,626	4,786
margin (%)	*1.2%*	*-25.1%*	*-14.2%*	*5.0%*	*5.0%*	*6.0%*

Table 1 Source: HTI; First Berlin estimates

HTI's Plastics Processing division (HTP), was the core business of the former HTP High Tech Plastics AG which forms the basis of the current High Tech Industries AG. The product range comprises injection moulded precision plastic parts as well as combinatory plastic parts used to meld plastics with other materials.

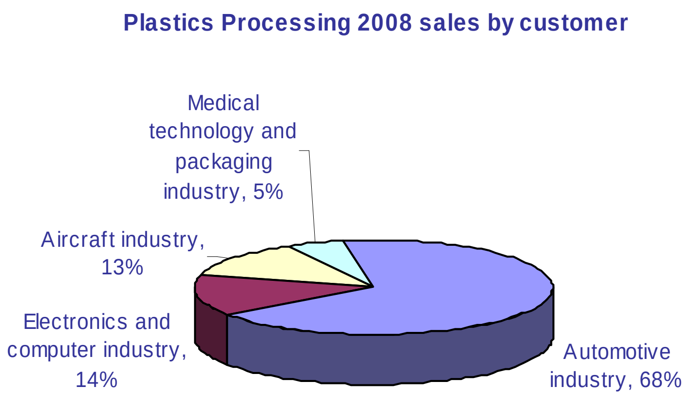


Chart 4 Source: HTI AG

The automotive business is generated primarily with tier 1 suppliers such as Magna, Dräxlmaier and Delphi. Products include cooler grills, A,B and C columns and loud speaker covers.

Business with electronics customers is based on insert technology and micro injection moulding. Products include high temperature resistant SMD, plugs or glass fibre cables for engine management, coil-formers, precision components integrated into DVD players or modern MID parts.

The aviation business comprises the production of window units for the interior of the new Airbus model as well as locking components for the overhead compartment. HTP manufactures products used in dentistry, dialysis and other areas for medical technology clients. The packaging business manufactures products for various applications, from the construction industry to dental medicine.

HTP comprises five operating entities at four production sites. The two most important of these sites are Fohnsdorf in Austria and Vrable in Slovakia. Operations at both these sites are directed mainly at automotive clients. More complex parts are manufactured at Fohnsdorf whereas labour intensive operations are concentrated in Vrable where wage costs are relatively lower.

In 2007 profitability was hit by inadequate management at the newly opened Slovakian plant. Management at this plant has since been replaced. Recession hurt results in 2008 and the first half of 2009. In late 2008 HTP's automotive business suffered a 50% decline in business from existing clients. The effect on profitability of this drop in sales was exacerbated by a restructuring charge of €14.0m in connection with a site closure, production transfers and workforce reduction. Specifically HTP transferred production from its Strasslach, Germany site to Vrable and Fohnsdorf. The Strasslach team is now concentrating on sales and project management in Germany. By December 2009 HTP expects to have reduced its overall full time workforce by around 35% to 520.

Divisional sales were down nearly 30% y-o-y in H1 2009. Non-automotive business was not hit as hard as the automotive business where the decline was in turn cushioned by the start up of production for the BMW Z4 and Porsche Panamera. The H1 09 EBIT margin was well up on the equivalent H2 08 figure due to the absence of restructuring charges but was adversely affected by start-up costs on the BMW and Porsche products. HTI management tells us that its automotive businesses are seeing growth in September.

Visibility into the fourth quarter is so far clouded but we expect business during the last three months of the year will also be firm as the car industry seeks to rebuild inventories. We expect HTP's H2 sales to come in around 9% above the H1 level. The operating loss should narrow substantially due to higher sales, lower start-up costs and the impact of restructuring measures.

We anticipate the overall automotive market will be flat in 2010. But we forecast that expanding output for the BMW Z4 and Porsche Panamera as well as market share gains from insolvent competitors should push sales ahead by 7%. We expect growth to accelerate in 2011 and 2012. Economic recovery will play a role here as will Vrable's status as a low cost production site with established ties to the German automotive industry. From 2010 margins will continue to benefit from the restructuring started in 2008 and 2009. The transfer of production from Strasslach as well as the planned closure of the Türkheim site (products for medical technology and packaging) in 2010 will take a significant bite out of costs. Management also believes that it will be possible to push sales back to near the €80m level with only minor capital expenditure.

METAL PROCESSING (HTM)

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	60,532	57,587	34,832	40,057	46,065	50,672
change (%)	*n.a.*	*-4.9%*	*-39.5%*	*15.0%*	*15.0%*	*10.0%*
EBIT	4,345	-5,480	-2,424	801	2,303	4,054
margin (%)	*7.2%*	*-9.5%*	*-7.0%*	*2.0%*	*5.0%*	*8.0%*

Table 2 Source: HTI; First Berlin estimates

HTI's metal processing business area, HTM Group, consists of Gruber & Kaja High Tech Metals GmbH (GK) which HTI acquired in early 2007. GK manufactures pressure resistant complex pressure cast aluminium parts for the automotive industry. Clients include both OEMs and tier 1 suppliers. HTI expects GK to make 50% of its 2009 sales to BMW and 25% to Wabco, a supplier of safety and control systems for commercial vehicles. HTM has also started to produce components combining both aluminium and plastic elements. According to management HTM's innovative technology for jointing aluminium and plastic played a significant role in the award of a large contact from Audi in 2008. The contract runs for six years from 2010 and at its peak will entail annual sales of €10m.

When HTI acquired it, GK comprised two Austrian production sites – at Sankt Marien and Traun. During the first eight months of 2008 production at Traun was transferred to Sankt Marien. In August 2008 the Traun production site was closed.

Customer demand for HTM's products has fallen sharply since the onset of the recession. H1 2009 sales were 50% down y-o-y at €16.8m. EBIT came in at €-2.6m. Management has responded by reducing the workforce from 520 to 354. Similarly to the automotive business in Plastics Processing we expect HTM sales to strengthen slightly in H2 to €18.0m. For H2 we are expecting EBIT at breakeven as recent restructuring work begins to bite. We are looking for sales growth of 15% annually in both 2010 and 2011 based primarily on the Audi contract but also on economic recovery. Management estimates that the rationalisation of production entailed by the transfer of production from Traun to Sankt Marien will result in annual cost savings of €4m. We expect these cost savings to contribute to an improvement in the EBIT margin to 5% by 2011.

MECHANICAL ENGINEERING (HTE)

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	21,424	84,027	92,082	103,928	116,998	126,666
change (%)	*n.a.*	*292.2%*	*9.6%*	*12.9%*	*12.6%*	*8.3%*
EBIT	3,150	-646	-5,962	5,100	11,236	17,847
margin (%)	*14.7%*	*-0.8%*	*-6.5%*	*4.9%*	*9.6%*	*14.1%*

Table 3 Source: HTI; First Berlin estimates

The Mechanical Engineering business area houses the engineering businesses HTI has acquired since 2007. These include BBG Baugeräte, a niche supplier of compressed air tools and special machines for the blast furnace industry (consolidated from 1 February 2007); Theysohn, a producer of plastic extrusion equipment for the production of pipes and profiles mainly from PVC (consolidated from 1 April 2008); Technoplast, a specialist in the development, manufacture and sale of equipment and tools for plastic and wood-plastic composite extrusion (consolidated from 1 May 2008). Hitzinger is a manufacturer of specialist electrical equipment and was first consolidated from 1 July 2008. Chart 5 shows sales by customer for the overall Mechanical Engineering business.

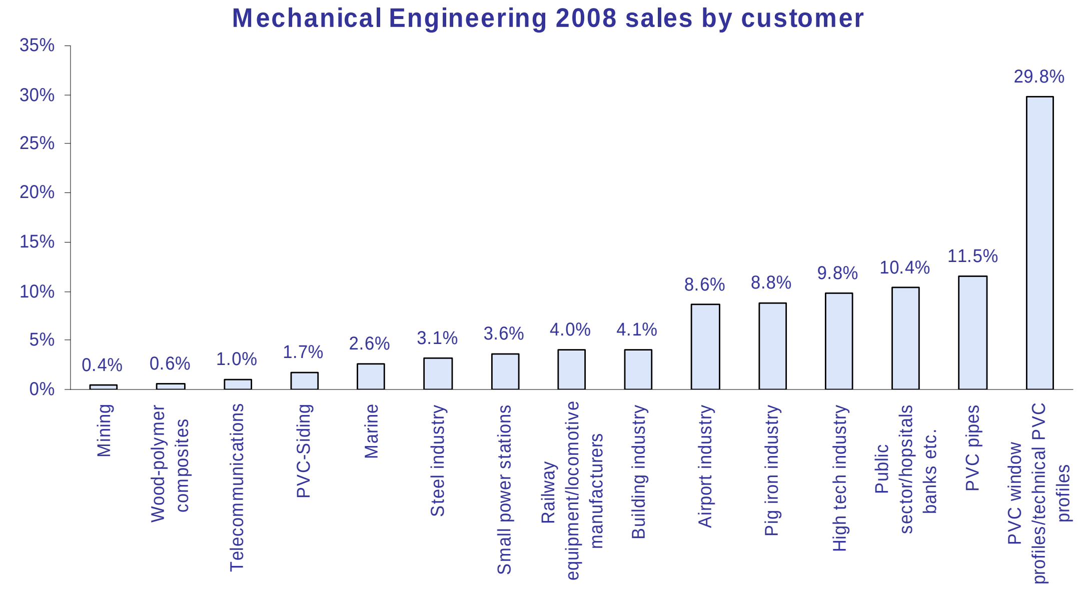


Chart 5 Source: HTI AG

BBG Baugeräte

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	21,424	16,800	13,082	13,998	15,398	16,937
change (%)	*n.a.*	*-21.6%*	*-22.1%*	*7.0%*	*10.0%*	*10.0%*
EBIT	3,150	2,000	300	1,200	2,500	2,710
margin (%)	*14.7%*	*11.9%*	*2.3%*	*8.6%*	*16.2%*	*16.0%*

Table 4 Source: HTI; First Berlin estimates

BBG Baugeräte designs, manufactures and markets low-vibration and noise-reduced pneumatic hammers in ten different weight categories. The company also manufactures pneumatic and hydraulic tap hole rotary hammer drills for blast furnaces and non-ferrous metal furnaces. In addition BBG produces machines for repairing tapholes in electric furnaces and steel converters. In 2008, sales split by product area as shown in chart 6 below.

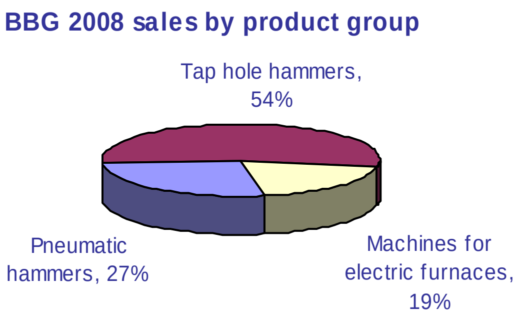


Chart 6 Source: HTI AG

BBG's market share in pneumatic hammers has expanded greatly in recent years as its products have supplanted less user- and environmentally friendly products. Partnerships with Atlas Copco and Ingersoll Rand, the world market leaders in the compressor business, have helped the company claim 50% of the pneumatic hammer market in continental Europe. The pneumatic hammer market benefited from a buoyant construction market in 2008. BBG's other two businesses were lifted by a booming steel market in 2007 and 2008.

BBG's sales grew in 2008 and the business was profitable. But in H1 2009 the business suffered a declining order intake. We expect sales to be down by around 20% this year due to lower activity in the steel and construction markets. However the business' depth of manufacturing is not very high and so we do not expect the EBIT to go into the red. Margins should recover quite quickly in 2010. The recovery of the construction and steel markets is likely to be quite slow but sales growth at BBG should be boosted by further market share gains.

Theysohn and Technoplast

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	0	27,227	34,000	36,380	40,018	43,219
change (%)	*n.a.*	*n.a.*	*24.9%*	*7.0%*	*10.0%*	*8.0%*
EBIT	0	-4,646	-2,700	1,500	2,577	5,161
margin (%)	*n.a.*	*-17.1%*	*-7.9%*	*4.1%*	*6.4%*	*11.9%*

Table 5 Source: HTI; First Berlin estimates

Theysohn and Technoplast together comprise HTE's Extrusion Group. Extrusion is a technology for producing seamless profiles, piles and panels, made of plastics or wood-plastics compound materials. The extrusion group offers a comprehensive product range including extruders, tools, downstream equipment, cylinders and screws. The construction and infrastructure industries are the main customers for the Extrusion Group's products. In recent years both Theysohn and Technoplast have been heavily orientated towards customers in eastern Europe, the near east and China where the companies have a good sales network. The largest single client is the Chinese company, Conch Plastics, which according to management places a large order every two years. Otherwise sales have tended to consist of lots of small volume contracts.

Extrusion Group 2008 sales by product group

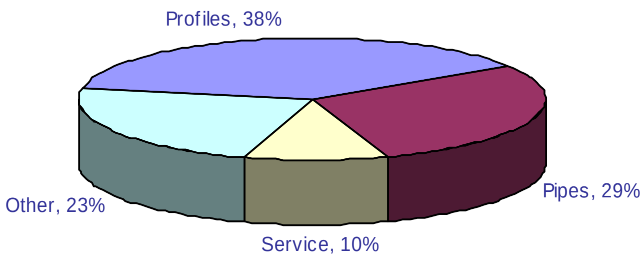


Chart 7 Source: HTI AG

Sales developed according to plan during the first half of 2008 but fell sharply during H2 2008 as established clients postponed replacement investments and financing for project business dried up in eastern Europe and Asia. We gather that the operating loss for 2008 amounted to several million and was exacerbated by restructuring costs of €3.7m in connection with the concentration of production at three sites on the Michelsdorf site.

Despite the difficult market conditions, in 2008 Theysohn sold more than 100 extruders in one year for the first time in its history.

Business remained difficult in H1 09. We expect a proforma decline in sales for the full year to around €34m and an operating margin of c. -7.9%. Management is taking a number of measures to improve both short and long term profitability. Production of extruders is being concentrated at Theysohn while Technoplast will focus on tools. Management does not envisage that there will be serious problems in gaining acceptance for Theysohn extruders with Technoplast clients. We also note that the tools business has not been profitable for a number of years but is necessary for the support of sales of extruders as customers buy combined units. The concentration of tool production at Technoplast along with a recently started co-operations with Veka (a client) should help resolve this issue.

For 2010 we are expect Extrusion Group sales to grow by 7% and the business to return to profitability. Sales in 2010 should benefit from a modicum of economic recovery, the continuation of a sales offensive in wood-plastics compound materials begun this year and the marketing of Theysohn extruders to Technoplast clients.

Beyond 2010 we expect the Extrusion Group to continue to tap into the potential afforded by the higher growth rates on the geographic markets it currently serves. Management tell us that the market for window profiles has particularly high medium term potential. Meanwhile demand from the Indian market for pipe extrusion equipment is expected to continue to boom. The Extrusion Group can also potentially benefit from the current absence of a strong competitor in a high end extrusion technology to the current global market leader, Greiner.

Besides the rationalisation of tool manufacturing, management is implementing a raft of other measures in order to improve profitability. These include the reduction of costs through the merger of administrative functions in Theysohn and Technoplast, the closure and merger of sales offices in China, Russia and USA, and a change in delivery conditions for most customers to ex-factory prices.

Hitzinger

in €'000	2007	2008	2009E	2010E	2011E	2012E
Sales	0	40,000	45,000	53,550	61,583	66,509
change (%)	*n.a.*	*n.a.*	*12.5%*	*19.0%*	*15.0%*	*8.0%*
EBIT	0	2,000	1,200	2,400	6,158	9,976
margin (%)	*n.a.*	*5.0%*	*2.7%*	*4.5%*	*10.0%*	*15.0%*

Table 6 Source: HTI AG; First Berlin estimates

Hitzinger specialises in equipment for electrical energy supply. 2008 sales split as shown in the pie chart overleaf.

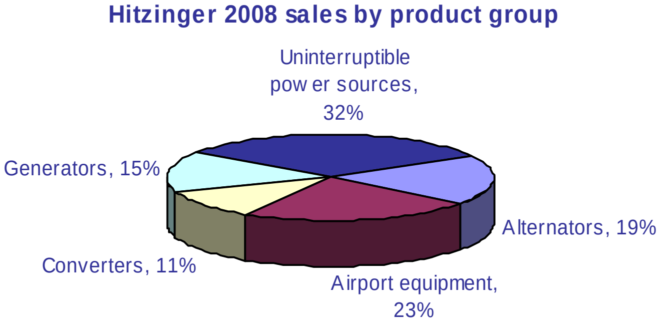


Chart 8 Source: HTI AG

Alternators convert mechanical energy into alternating current electrical energy. Hitzinger's alternators are used in railway, marine and hydropower applications. Generators produce direct current electrical energy. The generators produced by Hitzinger are used primarily as back-up or emergency power units.

Hitzinger produces two main types of converters – voltage/frequency converters and stability converters. Voltage/frequency converter convert current with a certain frequency/voltage into another current with another frequency/voltage. Voltage/frequency converters are used in marine, military, industrial and rail transport applications. Stability converters are used to bridge short grid failures for critical consumers as well as manage peak loads.

Uninterrupted power supply systems are used by customers for whom the reliability and quality of the power supply is critical. Customers include data processing centers, semiconductor manufacturers, telecommunications operators, airports, hospitals, food processing companies, the chemical industry, plastic technology, computer controlled industrial systems

Hitzinger equips airports with floor power supply, diesel powered GPUs (ground power units) as well as with electrically powered systems in central and decentralised design for all common civil and military air craft types. In the field of diesel powered GPUs, Hitzinger is the market leader in Europe.

Hitzinger makes about 75% of its sales outside Austria with the biggest export market being Germany. 2007 sales were swollen by a large uninterruptible power supply project. Margins fell because Hitzinger was the turnkey contractor on this project. Sales continued at a high level during H1 2009 based on the previous high order intake. But management expect full year proforma sales to fall principally due to reduced sales of alternators and a lower level of business with airports. Our forecast sales growth for 2010 is based on the launch of new Kinetic uninterruptible power supplies and stable sales of generators and alternators. Management is taking a range of measures to improve profitability. These include efficiency raising initiatives in the areas of production and material and an initiative to raise cost consciousness and responsibility among the workforce.

OTHER INVESTMENTS

Other Investments comprises the investment holding company, ProRegio Beteiligungs GmbH. ProRegio is responsible for the identification of investment targets. The 100% stake in the carbonated drinks company, ZF Getränke GmbH, accounted for most of the segment's 2008 sales of €1.9m. Several other participations are not consolidated.

FINANCIAL POSITION

In the eighteen months following the announcement of its new strategic direction in January 2007 HTI made seven acquisitions. In 2007 HTI bought BBG, Gruber & Kaja and Pro Regio for €23.3m. These acquisitions were partially financed by the issue of 3.49m new shares at €3.50 which raised a net €12.49m. The debt taken over by HTI when buying these companies was the main factor behind a rise in group net debt including pension and leasing liabilities during 2007 from €45.0m to €85.3m and in net gearing from 145% to 185%. During H1 2008 HTI bought Hitzinger, HTP Skinline, Theysohn and Technoplast for €19.5m. The company issued 2m shares in H1 2008 raising net proceeds of c. €7m. Here too the companies acquired were heavily endebted with the consequence that net debt rose further to an estimated €128.1m and net gearing to 261% by end H1 2008. In H2 2008 HTI experienced sharply falling demand across all its markets and recorded a net loss of €42.3m. This left the company with shareholders' equity of only €8.3m at the end of the year. Meanwhile net debt had reached €200.0m. Further cash outflows during the first half of 2009 made a comprehensive restructuring of the balance sheet necessary. On 3 June the company announced a refinancing package.

The key elements of this package are as follows. The number of banks supporting HTI has been reduced to six. The six banks involved are Austrian regional banks. Those banks which chose to sever their relationship with HTI agreed to waive a total of €35m in debt. A moratorium regarding payment and interest was agreed for all outstanding liabilities of the group to major lenders until 31 December 2010. In addition three members of company management - Messrs. Glatzmeier, Helletzgruber and Kretz agreed to swap €9m of debt for equity. This will create 9m new shares. Furthermore on 4 August the AGM decided to issue up to 24,593,556 new shares at a price of €1.00. On the basis of our H2 2009 net profit forecast of €-10.8m we estimate that the measures described above will bring net debt including pensions at HTI down to €144m by the end of this year equating to net gearing of 383%.

HTI had tax loss carry forwards of €151.7m at the end of 2008. On the basis of our forecasts this means that HTI will pay no taxes in Austria (where 90-95% of company sales orginate) until 2018. The end 2008 balance sheet showed deferred tax assets of €21.3m. If the company meets our forecasts it will be able to form additional deferred tax assets.

RECENT RESULTS

Table 7 below shows HTI's recent results on a group basis as opposed to the divisional basis discussed above. HTI's H1 operating loss at €15.5m was much reduced on the H2 2008 figure of €30.2m as were restructuring costs which amounted to €2.1m compared with €21.0m in H2 2008. The H1 2009 figures also incorporated €34.3m relating to debt forgiveness by the banks. We expect HTI's operating loss to narrow further to €-4.4m in H2 2009. We do not expect any further restructuring charges in H2.

in €'000	H1/08A	H2/08A	2008A	H1/09A	H2/09E	2009E
Sales	99,778	114,557	214,335	89,841	97,513	187,354
change (%)	*33.4%*	*49.1%*	*41.3%*	*-10.0%*	*-14.9%*	*-12.6%*
by business:						
Plastics Processing	40,519	30,920	71,439	28,454	31,000	59,454
change (%)	*5.7%*	*-5.7%*	*0.4%*	*-29.8%*	*0.3%*	*-16.8%*
Metal Processing	33,684	23,903	57,587	16,832	18,000	34,832
change (%)	*16.6%*	*-24.5%*	*-4.9%*	*-50.0%*	*-24.7%*	*-39.5%*
Mechanical Engineering	25,706	58,321	84,027	44,082	48,000	92,082
change (%)	*239.3%*	*321.2%*	*292.2%*	*71.5%*	*-17.7%*	*9.6%*
of which:						
HTE			26,000			28,000
change (%)			*n.a.*			*7.7%*
EKS			7,227			6,000
change (%)			*n.a.*			*-17.0%*
Hitzinger			40,000			45,000
change (%)			*n.a.*			*12.5%*
BBG			16,800			13,082
change (%)			*n.a.*			*-22.1%*
Other/consolidation	-131	1,413	1,282	473	513	986
EBIT	3,335	-30,214	-26,879	-15,479	-4,403	-19,882
margin (%)	*3.3%*	*-26.4%*	*-12.5%*	*-17.2%*	*-4.5%*	*-10.6%*
Plastics Processing	-2,243	-15,674	-17,917	-6,885	-1,550	-8,435
margin (%)	*-5.5%*	*-50.7%*	*-25.1%*	*-24.2%*	*-5.0%*	*-14.2%*
Metal Processing	1,904	-7,384	-5,480	-2,604	180	-2,424
margin (%)	*5.7%*	*-30.9%*	*-9.5%*	*-15.5%*	*1.0%*	*-7.0%*
Mechanical Engineering	4,094	-4,740	-646	-4,522	-1,440	-5,962
margin (%)	*15.9%*	*-8.1%*	*-0.8%*	*-10.3%*	*-3.0%*	*-6.5%*
of which:						
HTE			-4,300			-3,000
margin (%)			*-16.5%*			*-10.7%*
EKS			-346			300
margin (%)			*-4.8%*			*5.0%*
Hitzinger			2,000			1,200
margin (%)			*5.0%*			*2.7%*
BBG			2,000			300
margin (%)			*11.9%*			*2.3%*
Other/consolidation	-420	-2,416	-2,836	-1,468	-1,593	-3,061

Table 7 Source: HTI AG, First Berlin estimates

OUTLOOK

Table 8 below summarises our forecasts to 2012.

in €'000	2006	2007	2008	2009E	2010E	2011E	2012E
Sales	78,725	151,645	214,335	187,354	208,699	236,832	258,473
change (%)			*41.3%*	*-12.6%*	*11.4%*	*13.5%*	*9.1%*
by business							
Plastics Processing	78,725	71,137	71,439	59,454	63,616	72,522	79,774
change (%)			*0.4%*	*-16.8%*	*7.0%*	*14.0%*	*10.0%*
Metal Processing	0	60,532	57,587	34,832	40,057	46,065	50,672
change (%)			*-4.9%*	*-39.5%*	*15.0%*	*15.0%*	*10.0%*
Mechanical Engineering	0	21,424	84,027	92,082	103,928	116,998	126,666
change (%)			*292.2%*	*9.6%*	*12.9%*	*12.6%*	*8.3%*
of which:							
Extrusion Group	0	0	27,227	34,000	36,380	40,018	43,219
change (%)			*n.a.*	*24.9%*	*7.0%*	*10.0%*	*8.0%*
Hitzinger	0	0	40,000	45,000	53,550	61,583	66,509
change (%)			*n.a.*	*12.5%*	*19.0%*	*15.0%*	*8.0%*
BBG	0	21,424	16,800	13,082	13,998	15,398	16,937
change (%)			*-21.6%*	*-22.1%*	*7.0%*	*10.0%*	*10.0%*
Total other / consolidation	0	-1,448	1,282	986	1,099	1,247	1,361
EBIT	2,119	8,031	-26,879	-19,882	5,929	13,917	23,342
margin (%)	*2.7%*	*5.3%*	*-12.5%*	*-10.6%*	*2.8%*	*5.9%*	*9.0%*
Plastics Processing	2,119	835	-17,917	-8,435	3,181	3,626	4,786
margin (%)	*2.7%*	*1.2%*	*-25.1%*	*-14.2%*	*5.0%*	*5.0%*	*6.0%*
Metal Processing	0	4,345	-5,480	-2,424	801	2,303	4,054
margin (%)		*7.2%*	*-9.5%*	*-7.0%*	*2.0%*	*5.0%*	*8.0%*
Mechanical Engineering	0	3,150	-646	-5,962	5,100	11,236	17,847
margin (%)		*14.7%*	*-0.8%*	*-6.5%*	*4.9%*	*9.6%*	*14.1%*
of which:							
Extrusion Group	0		-4,646	-2,700	1,500	2,577	5,161
margin (%)			*-17.1%*	*-7.9%*	*4.1%*	*6.4%*	*11.9%*
Hitzinger	0		2,000	1,200	2,400	6,158	9,976
margin (%)			*5.0%*	*2.7%*	*4.5%*	*6.0%*	*6.0%*
BBG	0	3,150	2,000	300	1,200	2,500	2,710
margin (%)		*14.7%*	*11.9%*	*2.3%*	*8.6%*	*16.2%*	*16.0%*
Total other / consolidation	0	-299	-2836	-3,061	-3,153	-3,248	-3,345

Table 8 Source: HTI AG, First Berlin estimates

VALUATION

We have chosen to value HTI using DCF methodology as we feel that this better captures the likely trajectory of the group's post-restructuring development than peer group valuation.

We show part of our DCF valuation model below (in the full model the explicit period stretches out to 2020). The DCF model is a post-money valuation in that its starting point on 30.00.09 assumes the completion of the planned share issue and management debt-equity swap. Our DCF model is based on a cost of equity of 15.5%. We expect the company's long-term capital structure to be one-half equity, one-half debt. Using this ratio we arrive at a WACC of 9.9%. Discounting forecast cash flows produces a valuation for HTI of €1.25 per share.

€m	Q4 09E	2010E	2011E	2012E	2013E	2014E	2015E	2016E
Net sales	187,354	208,699	236,832	258,473	278,170	294,619	310,983	322,786
NOPLAT	-19,882	5,929	13,917	23,342	26,727	29,551	31,221	32,405
+ depreciation & amortis. (excl. GW)	14,052	15,652	17,762	19,385	20,863	22,096	23,324	24,209
= net operating cash flow	-5,830	21,581	31,680	42,728	47,590	51,647	54,545	56,614
- total investments (Capex and WC)	9,435	-20,421	-21,431	-25,923	-28,541	-27,885	-28,903	-27,248
Capital expenditure	720	-22,151	-26,811	-24,603	-27,339	-26,881	-27,905	-26,529
working capital	8,715	1,730	5,380	-1,320	-1,202	-1,003	-998	-720
+/- others (incl. adj. on net int., provisions, etc)	0	0	0	0	0	0	0	0
= Free cash flow (FCF)	1,766	1,161	10,248	16,804	19,050	23,763	25,642	29,365
PV of FCF's	1,725	1,032	8,293	12,378	12,772	14,501	14,243	14,847

€m	
PVs of FCFs explicit period (2009-20)	126,273
PVs of FCFs in terminal period	85,348
Enterprise Value (EV)	211,621
(Net cash)/net debt	143,993
Minorities	6,000
Shareholder value	61,627
Value per share (€)	1.25

WACC	9.86%
Cost of equity	15.5%
Pre-tax cost of debt	6.0%
Normal tax rate	30.0%
After-tax cost of debt	4.2%
Share of equity	50.0%
Share of debt	50.0%
Terminal growth	2.0%
Terminal margin	8.0%

Sensitivity analysis

Fair value per share

Terminal margin (%)

WACC	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%
5.9%	3.47	4.18	4.89	5.60	6.31	7.02	7.73
6.9%	2.35	2.85	3.36	3.87	4.38	4.88	5.39
7.9%	1.58	1.95	2.33	2.71	3.09	3.47	3.85
8.9%	1.01	1.30	1.59	1.88	2.17	2.46	2.76
9.9%	0.56	0.79	1.02	**1.25**	1.48	1.71	1.94
10.9%	0.21	0.39	0.58	0.76	0.94	1.13	1.31
11.9%	-0.09	0.06	0.21	0.36	0.51	0.66	0.81
12.9%	-0.33	-0.21	-0.09	0.03	0.16	0.28	0.40

MANAGEMENT BIOGRAPHIES

MANAGEMENT BOARD

The Management Board comprises Chief Executive Officer, Peter Glatzmeier, Nikolaus Kretz and Karlheinz Winterberger.

Mr Glatzmeier, born 1957, has been CEO of HTI since January 2008. After gaining a degree in Mechanical Engineering/Economics he worked for numerous state-owned enterprises from 1989-92. He became CEO of BBG in 1993. In 2006 he became a member of the Supervisory Board of HTP High Tech Plastics and following the integration of BBG into HTI was appointed to HTI's Management Board in January 2008.

Mr Kretz, born 1970, studied economics at the University of Vienna and later earned an MBA diploma from the Rotman Business School of the University of Toronto. He founded ProRegio in 2002 which was integrated into the HTI in 2007. Mr Kretz' responsibilities include M&A, IT, accounting, controlling and treasury, legal affairs, capital markets, the Other Investments segment as well as coordination between the Management and Supervisory Boards. Mr Kretz is the son of the Deputy Chairman of the Supervisory Board and the son-in- law of the Chairman of the Supervisory Board.

Mr Karlheinz Winterberger, born 1968, has a degree in economics. After leaving university he gained international experience in audit, transaction assistance and post merger integration. Before joining the Management Board of HTI he was a member of ProRegio's management board. Mr Winterberger' responsibilities on HTI's Management Board include the Metals Processing Segment, control of the group's restructuring, energy procurement and coordination of senior management.

SUPERVISORY BOARD

HTI's Supervisory Board comprises six persons

Mag Dr Gerd-Dieter Mirtl – Chairman

The Chairman of the Supervisory Board is Dr Gerd-Dieter Mirtl, born 1944. Dr Mirtl studied law and economics at the University of Vienna and Johannes Kepler University Linz. He was shareholder and senior partner of KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft until the end of March 2005. He holds numerous mandates on supervisory boards.

Dr-Ing. Fritz Kretz – Deputy Chairman

Dr-Ing. Fritz Kretz, born 1942, studied brewery engineering (Brauwesen) at the Munich University as well as at the Berlin University, where he earned a doctorate degree. Dr Kretz has been Deputy Chairman of the Supervisory Board of Greiner Holding AG for several years. He was Chairman of the Supervisory Board of the brewer, Brau Union AG, until autumn 2003.

Mr Willibald Dörflinger, born in 1950, graduated from Höhere Technische Lehranstalt für Hüttentechnik, Leoben in 1971. After that, he held management positions in various companies including, in particular in the AT&S Group (AT&S Austria Technologie und Systemtechnik AG, EUMIG Fohnsdorf Industrie GmbH). Mr Dörflinger's private foundation currently holds 5% in HTI.

Dr Hannes Androsch, born 1938, studied business administration at the Universtity of Business Administration Vienna. From 1970 to 1981 he was Minister of Finance of the Republic of Austria and was also the Vice-Chancellor of the Republic of Austria from 1976 to 1981. From 1981 to 1988 he was CEO of Creditanstalt AG. He was elected to be a member of the Supervisory Board in 2009. Dr Androsch's private foundation currently holds 5% in HTI.

Mr Bruno Krainz, born 1948, studied steel works science at the University of Leoben. He became a Member of the Management Board of Steyr Commercial Vehicles Austria AG (now: MAN Commercial Vehicles Austria AG) in 1990, becoming its President in 2004. He was elected to the Supervisory Board of HTI in 2008.

Mr Franz Rossler, born 1949, studied economics at the University of Vienna. He was an executive member of AT&S Austria Technologie & Systemtechnik AG until July 2005 and is currently a member of the Management Board of the Dörflinger Private Foundation.

INCOME STATEMENT ANALYSIS

All figures in €'000	2006	2007	2008	2009E	2010E	2011E	2012E
Revenues	**78,725**	**151,645**	**214,335**	**187,354**	**208,699**	**236,832**	**258,473**
Change in inventories & capitalised prod	3,408	6,154	4,409	0	0	0	0
Total output	**82,133**	**157,799**	**218,744**	**187,354**	**208,699**	**236,832**	**258,473**
Cost of materials	-37,510	-79,208	-124,387	-93,677	-104,350	-118,416	-129,236
Gross profit	**44,623**	**78,591**	**94,357**	**93,677**	**104,350**	**118,416**	**129,236**
Total personnel costs	-23,782	-42,926	-73,214	-61,827	-68,871	-78,155	-85,296
Net other operating costs	-12,056	-17,929	-33,058	-39,555	-15,985	-10,950	-3,797
Dep. & amort.	-6,675	-9,705	-14,965	-12,178	-13,565	-15,394	-16,801
EBIT	**2,119**	**8,031**	**-26,880**	**-19,882**	**5,929**	**13,917**	**23,342**
Net interest	-2,117	-5,159	-9,569	-10,473	-7,385	-7,586	-7,408
Associates	0	84	46	0	0	0	0
Other financial items	302	-152	2,663	-1,529	0	0	0
Profit from ordinary operations	**304**	**2,804**	**-33,740**	**-31,884**	**-1,457**	**6,331**	**15,934**
Extraordinary items	**-1,469**	**0**	**-20,892**	**66,469**	**0**	**0**	**0**
Pretax profit	**-1,165**	**2,804**	**-54,720**	**306**	**-1,457**	**6,331**	**15,934**
Income taxes	1,377	-2	12,819	-7,009	0	0	0
Minority interests	-101	0	62	200	223	253	276
Net income / loss	**111**	**2,802**	**-41,963**	**-6,903**	**-1,679**	**6,079**	**15,658**
EPS (€)	**0.01**	**0.22**	**-2.83**	**-0.29**	**-0.03**	**0.12**	**0.32**
EBITDA	**8,794**	**17,736**	**-11,915**	**-7,704**	**19,494**	**29,311**	**40,143**
Ratios							
Gross margin	54.3%	49.8%	43.1%	50.0%	50.0%	50.0%	50.0%
EBIT margin	2.6%	5.1%	-12.3%	-10.6%	2.8%	5.9%	9.0%
EBITDA margin	10.7%	11.2%	-5.4%	-4.1%	9.3%	12.4%	15.5%
Net income margin	0.1%	1.8%	-19.2%	-3.7%	-0.8%	2.6%	6.1%
Tax rate	118.2%	0.1%	23.4%	2293.9%	0.0%	0.0%	0.0%
Expenses as % of output							
Personnel	-29.0%	-27.2%	-33.5%	-33.0%	-33.0%	-33.0%	-33.0%
Net other operating income/expenses	-14.7%	-11.4%	-15.1%	-21.1%	-7.7%	-4.6%	-1.5%
Dep. & amort.	-8.1%	-6.2%	-6.8%	-6.5%	-6.5%	-6.5%	-6.5%
Y-o-y growth							
Total revenues	7.9%	92.6%	41.3%	-12.6%	11.4%	13.5%	9.1%
EBIT	380.5%	279.0%	n.a.	-26.0%	n.a.	134.7%	67.7%
Net income / loss	-98.5%	n.a.	n.a.	n.a.	n.a.	n.a.	157.6%

BALANCE SHEET ANALYSIS

All figures in €'000	2006	2007	2008	2009E	2010E	2011E	2012E
Assets							
Current assets, total	**40,493**	**80,466**	**115,264**	**95,864**	**95,167**	**99,943**	**109,075**
Cash and cash equivalents	7,743	18,948	9,650	9,368	10,435	11,842	12,924
Trade accounts and notes receivables	11,370	23,709	33,226	27,000	27,131	30,788	33,601
Inventories	17,277	30,976	54,030	41,500	43,827	43,814	47,817
Other current assets	4,103	6,833	18,358	17,996	13,774	13,499	14,733
Non-current assets, total	**61,328**	**112,732**	**185,233**	**165,762**	**174,626**	**186,296**	**194,293**
Property, plant and equipment	73,324	85,655	98,907	99,312	96,415	102,127	111,832
Goodwill	1,865	5,120	33,021	33,021	33,021	33,021	33,021
Other intangible assets	4,471	12,417	18,101	18,133	18,133	18,133	18,133
Financial assets	276	3,550	3,563	3,563	3,563	3,563	3,563
Deferred tax assets	5,574	7,676	21,256	14,928	14,928	14,928	14,928
Other non-current assets	-24,182	-1,686	10,385	-3,195	8,565	14,524	12,817
Total assets	**101,821**	**193,198**	**300,497**	**261,626**	**269,793**	**286,239**	**303,369**
Shareholders' equity & debt							
Current liabilities, total	**36,798**	**69,729**	**166,476**	**125,471**	**139,687**	**148,961**	**152,825**
Interest bearing debt	17,788	31,117	86,399	63,969	68,371	68,696	65,646
Trade accounts payable	8,279	21,508	35,178	28,100	33,392	37,893	41,356
Tax proivisions	2,927	957	468	430	417	474	517
Other current liabilities	7,804	16,147	44,431	32,971	37,507	41,899	45,306
Non-current liabilities, total	**33,846**	**77,226**	**125,752**	**98,671**	**94,611**	**96,155**	**94,028**
Interest bearing debt	12,583	51,853	84,592	62,631	66,941	67,259	64,273
Long term provsions (social capital)	1,838	5,584	9,751	9,600	0	0	0
Deferred tax liabilities	0	2,528	5,774	4,684	5,217	5,921	6,462
Other non-current liabilities	19,425	17,261	25,635	21,755	22,453	22,976	23,293
Consolidated equity	**31,177**	**46,243**	**8,269**	**37,485**	**35,494**	**41,123**	**56,516**
Shareholders' equity	31,177	46,243	5,942	34,958	32,745	38,120	53,237
Minorities	0	0	2,327	2,527	2,750	3,003	3,279
Total consolidated equity and debt	**101,821**	**193,198**	**300,497**	**261,626**	**269,793**	**286,239**	**303,369**
Ratios							
Current ratio	1.10	1.15	0.69	0.76	0.68	0.67	0.71
Quick ratio	0.63	0.71	0.37	0.43	0.37	0.38	0.40
Equity ratio (as%)	30.6%	23.9%	2.8%	14.3%	13.2%	14.4%	18.6%
Debt to equity ratio (gearing as %)	144.5%	184.5%	2414.0%	383.0%	427.8%	368.6%	256.1%
Equity per share	2.97	3.30	0.38	0.71	0.67	0.77	1.08
Net debt	45,042	85,319	199,617	143,550	151,862	151,568	144,757
Interest coverage ratio	-0.87	-1.33	2.55	1.72	0.73	1.67	2.86
Capital employed (CE)	76,219	131,562	207,886	181,035	187,356	192,690	201,272
Return on capital employed (ROCE)	2.4%	5.4%	-11.1%	-7.2%	2.3%	5.1%	8.3%
Return on Equity (ROE)	0.4%	7.2%	-154.0%	-30.2%	-4.6%	15.9%	32.1%

CASH FLOW ANALYSIS

All figures in €'000	2006	2007	2008	2009E	2010E	2011E	2012E
Pretax result	**-1,165**	**2,804**	**-54,720**	**306**	**-1,457**	**6,331**	**15,934**
Depreciation and amortisation	6,675	9,705	22,506	12,178	13,565	15,394	16,801
Other	1,592	-856	-5,147	0	0	0	0
Operating cash flow	**7,102**	**11,653**	**-37,361**	**12,484**	**12,109**	**21,726**	**32,735**
Investment in working capital	-7,190	-7,047	20,967	8,715	1,730	5,380	-1,320
Net operating cash flow	**-88**	**4,606**	**-16,394**	**21,199**	**13,839**	**27,105**	**31,415**
Cashflow from investing	-12,355	-35,070	-46,121	720	-22,151	-26,811	-24,603
Free cash flow	**-12,443**	**-30,464**	**-62,515**	**21,919**	**-8,312**	**294**	**6,811**
Dividend paid	0	0	0	0	0	0	0
New share capital	7,163	12,494	5,929	24,594	0	0	0
Other	33	-353	739	9,554	0	0	0
Debt financing	5,796	29,528	46,549	-56,349	9,379	1,112	-5,729
Cash flow from financing	**12,992**	**41,669**	**53,217**	**-22,201**	**9,379**	**1,112**	**-5,729**
Change in cash	**549**	**11,205**	**-9,298**	**-282**	**1,067**	**1,407**	**1,082**
Cash, start of the year	7,194	7,743	18,948	9,650	9,368	10,435	11,842
Cash, end of the year	7,743	18,948	9,650	9,368	10,435	11,842	12,924
Free cash flow per share in €	**-1.30**	**-2.35**	**-4.21**	**0.91**	**-0.17**	**0.01**	**0.14**
Y-o-y growth							
Operating cash flow	-53%	64%	n.a.	n.a.	-3%	79%	51%
Net operating cash flow	n.a.	n.a.	n.a.	n.a.	-35%	96%	16%
Free cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2215%

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STRONG BUY: Expected return greater than 50% and a high level of confidence in management's financial guidance
BUY: Expected return greater than 25%
ADD: Expected return between 0% and 25%
REDUCE: Expected negative return between 0% and -15%
SELL: Expected negative return greater than -15%

Our risk ratings are Low, Medium, High and Speculative and are determined by ten factors: corporate governance, quality of earnings, management strength, balance sheet and financing risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, company size, free float and other company specific risks. These risk factors are incorporated into our valuation models and are therefore reflected in our price targets. Our models are available upon request to First Berlin clients.

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