

HTI HIGH TECH INDUSTRIES AG

AUSTRIA / ENERGY EFFICIENCY SOFTWARE

Primary Exchange: Vienna
 Bloomberg symbol: HTI
 ISIN: AT0000764626

HI UPDATE

RATING:	Buy
PRICE TARGET:	€1.20
RETURN POTENTIAL:	37.9%
RISK RATING:	High

HI RESULTS SHOW TURNAROUND CONTINUING

We expect economic recovery, new product introductions and the completion of restructuring measures to drive sales growth at a **CAGR of 6.8%** and a recovery in the **EBIT margin from -15.0% to 6.6%** during 2009-12. The balance sheet requires further strengthening but this should not be problematic given the favourable outlook. Our rating is **Buy** with a price target of **€1.20**.

LW Construction segment benefiting from car industry upturn

The Lightweight Construction segment makes around 2/3 of its sales to the car industry. The business is benefiting from the recovery in German car exports. In the longer term we expect profitability to receive a further boost from a shift in the product mix to more profitable hybrid plastic/aluminium parts which make use of an innovative jointing technology.

Chinese orders helped HI Engineering segment sales The extrusion business (75% of segment sales) received large orders totalling €18m in H1 from its biggest client, the Chinese window profile supplier, Conch. Conch usually places orders with HTI every two years. Management believes orders from other established customers will make up the shortfall in 2011. We expect sales from the pneumatic hammer/steel plant technology business, BBG Baugeräte/Favre to trend gently upward with a good EBIT margin (11-12%) during the next three years.

New product introduction keenly awaited at Energy Technology

We expect sales at the electrical energy supply business, Hitzinger, to remain stable in 2010 and 2011 with the EBIT margin improving to 6.0% from 4.0% this year. Management expects the launch of a new kinetic uninterruptible power supply unit to add €10m to sales in 2012 and push the segmental EBIT margin towards 10%.

Balance sheet needs strengthening Net gearing including severance improved from 903% at end 2009 to 651% at end H1/10 largely due to balance sheet restructuring measures but HTI's financial position remains weak. We expect further debt restructuring measures and/or a capital raise in the near term.

Our recommendation is Buy with a price target of €1.20 In our view the share price does not yet discount HTI's recovery prospects. Our DCF-based valuation suggests fair value for the stock of €1.20.

FINANCIAL HISTORY & PROJECTIONS

	2007	2008	2009	2010E	2011E	2012E
Revenue (€m)	151.65	214.34	178.46	193.14	196.50	217.50
Y-o-y growth	92.6%	41.3%	-16.7%	8.2%	1.7%	10.7%
EBIT(€m)	8.03	-26.88	-24.73	4.55	8.84	14.43
EBITmargin	5.1%	-12.3%	-15.0%	2.4%	4.5%	6.6%
Net income (€m)	2.80	-41.96	-13.04	-3.65	0.54	6.55
EPS (diluted) (€)	0.22	-2.83	-0.79	-0.12	0.02	0.22
P/E (x)	4.0	na	na	na	47.5	3.9
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%

RISKS

Risks to our valuation include but are not limited to the risk that a relapse into recession could delay our forecast recovery in profits; failure to implement measures necessary to strengthen the balance sheet.

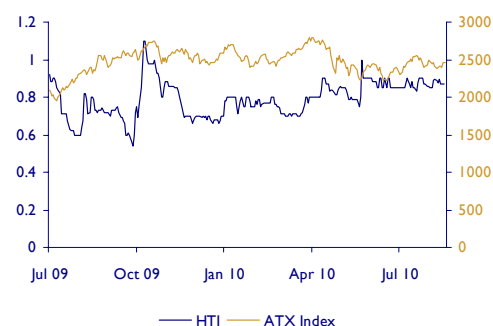
COMPANY PROFILE

HTI High Tech Industries AG is a holding company specialised in participations in medium-sized industrial companies. Operations are organised in three principal divisions: Light Weight Construction; Engineering; Energy Technology. The company employed 1,361 full time staff as of 30 June 2010.

TRADING DATA

Closing price (02.09.10)	€0.87
Shares outstanding	29.65m
Market capitalisation	€25.79m
52-week range	€0.54 / 1.10
Average volume (12 months)	11,498

STOCK OVERVIEW



COMPANY DATA (as of 30 June 2010)

Liquid assets	€2.16m
Current assets	€73.70m
Intangible assets	€18.82m
Total assets	€234.69m
Current liabilities	€79.67m
Consolidated equity	€25.75m

SHAREHOLDERS

HTI Management	46%
Dörlinger Private Trust	6%
Free float	48%



HI 2010 RESULTS SHOW TURNAROUND CONTINUING

EBIT returned to the black in HI/10 The turnaround at HTI apparent since H2/09 continued in HI/10. HI/10 results (see table 1 below) showed a 9.3% rise in sales to €98.2m (HI/09 €89.8m). At the segmental level, sales at Lightweight Construction and Engineering rose by 9.3% and 27.6% respectively while Energy Technology's sales fell back by 5.4%. HI/10 EBIT rebounded to €3.2m from €-15.5m in HI/09. The turnaround was attributable to a higher revenue base, plant closures and personnel reductions. At end HI/10, HTI had 1,361 full time employees compared with 1,543 at end HI/09. However the net result in HI/10 was a small loss of €0.9m while the comparable figure for HI/09 was €3.9m. Reported profitability worsened at the net level because HI/09 numbers benefited from an extraordinary gain of €34.3m in connection with the restructuring of HTI debts.

Table 1: H1 Results by Division

in €'000	H1/09A	H1/10A
Sales	89,841	98,172
change (%)	n.a	9.3%
by segment:		
Light Weight Construction	45,043	49,221
change (%)	n.a	9.3%
Engineering	21,957	28,023
change (%)	n.a	27.6%
Energy Technology	22,125	20,934
change (%)	n.a	-5.4%
EBIT	-15,479	3,247
margin (%)	-17.2%	3.3%
Light Weight Construction	-9,493	51
margin (%)	-21.1%	0.1%
Engineering	-5,190	2,996
margin (%)	-23.6%	10.7%
Energy Technology	678	921
margin (%)	3.1%	4.4%
Other	-1,473	-721

Source: HTI; First Berlin Equity Research estimates

Lightweight Construction benefiting from reviving car industry The Lightweight Construction segment makes c. 66% of its sales to the automotive industry and benefited from the strong recovery in German manufacturers' exports. Segmental sales rose to €49.2m in HI/10 (HI/09: €45.0m). During HI/10 the segment won several new contracts for both plastic and aluminium components from car manufacturers such as Audi, BMW, Skoda and VW. Lightweight construction was also able to book several new orders from the truck industry including a large contract from a leading supplier of electronic braking systems. During HI/10 sales split roughly 50/50 between the plastics and metals businesses. We gather that sales at the plastics business fell slightly following the closure of the Türkheim and Strasslach plants in H2/09. Sales growth in HI/10 was thus attributable solely to HTI's metals business, Gruber & Kaja. Segmental EBIT improved to €0.1m from €-9.4m in HI/09 despite €1m in restructuring charges. Both the metals and plastics businesses were loss-making in HI/09. From talking to management, we gather that in HI/10 the metals business made a small profit while the deficit in the plastics business narrowed substantially.

Extrusion business drove HI sales growth in Engineering Sales at the Engineering segment rose by 27.6% to €28.0m in HI/10 (HI/09: €22.0m), driven primarily by strong sales growth in the extrusion business which in January received a €16m order from Conch, China's largest manufacturer of window profiles. The extrusion business won a smaller €2m follow-up order from Conch in April. The Engineering segment's other business, BBG Baugeräte, designs, manufactures and markets low-vibration and noise-reduced pneumatic hammers in ten different weight categories. BBG Baugeräte also manufactures pneumatic and hydraulic tap hole rotary hammer drills for blast furnaces and non-ferrous metal furnaces and produces machines for repairing tapholes in electric furnaces and steel converters. Business at BBG Baugeräte develops most strongly during the latter part of a business cycle. Sales were accordingly flat during HI/10. Segmental EBIT jumped from €-9.3m in HI/09 to €3.0m in HI/10. Profitability was boosted by stronger revenues, the impact of restructuring measures and also by a €2m gain resulting from the foundation of TMT-BBG Research and Development GmbH with the German/Luxembourgish taphole technology company, TMT.



Operating margin improvement at Hitzinger The Energy Technology segment houses Hitzinger AG, which specialises in equipment for electrical energy supply. This is another late cycle business and so it is not surprising that sales fell slightly in H1/10 by 5.4% to €20.9m. (H1/09:€22.1m). Nevertheless Hitzinger was able to book several interesting new orders in H1/10, especially for generators and uninterrupted power supplies. These included four uninterrupted power supplies for Greenpoint Stadium in Cape Town and two further units for the new Nelson Mandela Stadium in Port Elizabeth. Two uninterrupted power supplies were delivered to Philipp Morris in Singapore and numerous emergency power supplies were delivered to the earthquake region in Haiti and also to Austria. Despite the decline in sales, management succeeded in raising the segment's operating margin from 3.1% to 4.4%.

FINANCIAL POSITION IMPROVES BUT REMAINS WEAK

HTI's net working capital position expanded by €6.8m in H1/10 as sales grew and was primarily responsible for a free cash outflow of €5.1m. Despite this cash outflow, the company was able to reduce its net gearing including pensions from 903% at end 2009 to 651% at end H1/10 by converting €8m of debt into a subordinated instrument. Although net gearing fell during H1/10, HTI's financial position can only be termed weak and we expect further debt restructuring measures and/or a capital raise in the near term.

OUTLOOK

FY 2010 forecasts for Lightweight Construction are conservative Following on from sales of €49.2m in H1/10, we forecast sales of €39.9m for H2/10 – thereby taking into account the possibility of a slowdown in business over the summer months. We are also looking for a small loss of €0.4m at the EBIT level for the full year after H1/10's EBIT of €0.1m.

Management is cautious on sales growth for the segment in 2011. We have pencilled in 2011 sales of €90m i.e. almost unchanged on 2010. However we expect the EBIT margin to widen somewhat from -0.4% in 2010 to 3.9% following the completion of restructuring work at the plastics business. In 2012 we expect segmental sales to move ahead by €4m due to new product introductions at Gruber & Kaja and the segmental EBIT margin to improve to 4.5%.

Earlier this year HTI was able to replace a protrusion in one of Audi's metal parts with plastic. Products making use of jointing technologies enjoy higher margins. Such products currently account for only a small part of segmental sales but management plans that within 5-7 years they should account for 50% of divisional sales. The move towards hybrid parts is the main element in management's plan to improve the segmental EBIT margin to 5-8% by the middle of this decade.

Engineering: Conch orders follow biennial cycle We expect 2010 sales in the Engineering segment to split approximately 75:25 between the extrusion business and BBG Baugeräte. H2/10 should be slightly above the H1 level helped by the completion of the Conch contracts. However profitability in H2/10 is likely to be well down on the H1/10 level due to the absence of the €2m gain from the foundation of TMT-BBG Research and Development GmbH.

In recent years the extrusion business has received large orders from Conch every two years. Non-Conch sales by the extrusion business reached a historically low level in 2009 and look likely to be unchanged in 2010. For 2011 we expect sales to other regions in which the extrusion business has established customers such as East Europe, Germany, India, Ireland and Turkey to make up for the shortfall caused by the absence of Chinese business. 2011 sales should benefit from the introduction in late October 2010 of a new extrusion line at the industry's largest trade fair in Cologne. The new line will combine the expertise of Theysohn and Technoplast, the two extrusion companies HTI bought in 2008. Management claims that HTI is now the world's only "one-stop-shop" for extrusion line equipment. Margins in the extrusion business should be helped in 2011 and 2012 by the completion of restructuring work. During 2010-2012 we look for gentle growth in BBG sales at a constant EBIT margin (11-12%).

New product to boost Hitzinger sales from 2012 Hitzinger's seasonality means that H2 sales are normally stronger than the H1 figure. We do not expect 2010 to be an exception to this pattern and look for H2/10 sales of €25.4m after €20.9m in €H1/10. HTI has been able to increase margins steadily at Hitzinger since acquiring the company in 2007 by hiring new management and improving purchasing. For 2011 we expect an improvement in the EBIT margin to 6.0% from 4.6% in 2010. Hitzinger plans the launch of a new kinetic uninterruptible power supply unit in 2012. Management expects this product to boost company sales by €10m and help raise the segmental EBIT margin to 10.0%. A move to lower cost premises also plays a role in our forecast margin increase.



Table 2: Forecast by Division

in €'000	2009A	2010E	2011E	2012E
Sales	178,463	193,135	196,500	217,500
change (%)	-16.7%	8.2%	1.7%	10.7%
by segment:				
Light Weight Construction	95,942	89,140	90,000	94,000
change (%)	n.a	-7.1%	1.0%	4.4%
Engineering	36,074	57,652	59,000	66,000
change (%)	n.a	59.8%	2.3%	11.9%
Energy Technology	45,729	46,343	47,500	57,500
change (%)	n.a	1.3%	2.5%	21.1%
Other	718	0	0	0
EBIT	-24,733	4,550	8,845	14,430
margin (%)	-15.0%	2.4%	4.5%	6.6%
Light Weight Construction	-17,761	-369	3,540	4,260
margin (%)	-18.5%	-0.4%	3.9%	4.5%
Engineering	-6,631	4,667	4,390	6,375
margin (%)	-18.4%	8.1%	7.4%	9.7%
Energy Technology	2,176	2,151	2,850	5,750
margin (%)	4.8%	4.6%	6.0%	10.0%
Other	-2,518	-1,899	-1,935	-1,955

Source: HTI; First Berlin Equity Research estimates

VALUATION

We see fair value at €1.20; recommendation is Buy We have chosen to value HTI using DCF methodology as we feel that this better captures the likely trajectory of the group's earning development than peer group valuation.

We show part of our DCF valuation model below (in the full model the explicit period extends to 2020). Our DCF model is based on a cost of equity of 14.8%. 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 9.1%. Discounting forecast cash flows produces a valuation for HTI of €1.20 per share.

DCF model

€m	H2 10E	2011E	2012E	2013E	2014E	2015E	2016E
Net sales	94,963	196,500	217,500	228,560	240,331	252,868	266,229
NOPLAT	1,303	8,845	14,430	17,766	21,276	23,636	26,252
+ depreciation & amortis. (excl. GW)	6,105	12,183	13,485	14,171	16,102	16,942	17,837
= net operating cash flow	7,408	21,028	27,915	31,937	37,379	40,579	44,089
- total investments (Capex and WC)	-14,330	-283	-14,807	-17,756	-22,233	-23,471	-19,471
Capital expenditure	-3,983	-8,516	-16,620	-16,641	-21,046	-22,208	-20,787
working capital	-10,347	8,233	1,813	-1,115	-1,187	-1,264	1,315
+/- others (incl. adj. on net int., provisions, etc)	0	0	0	0	0	0	0
= Free cash flow (FCF)	-10,981	20,745	13,108	14,181	15,146	17,107	24,618
PV of FCF's	-10,669	18,467	10,692	10,598	10,371	10,734	14,153

€m	
PVs of FCFs explicit period (2010-20)	102,563
PVs of FCFs in terminal period	103,675
Enterprise Value (EV)	206,238
(Net cash)/net debt	167,543
Minorities	3,000
Shareholder value	35,695

Value per share (€) 1.20

WACC	9.14%
Cost of equity	14.8%
Pre-tax cost of debt	5.0%
Normal tax rate	30.0%
After-tax cost of debt	3.5%
Share of equity	50.0%
Share of debt	50.0%
Terminal growth	2.0%
Terminal margin	9.0%

Sensitivity analysis

Terminal margin (%)

	6.0%	7.0%	8.0%	9.0%	10.0%	11.0%	12.0%
5.1%	5.81	7.30	8.79	10.27	11.76	13.25	14.73
6.1%	3.31	4.33	5.36	6.38	7.40	8.42	9.44
7.1%	1.75	2.49	3.24	3.99	4.74	5.48	6.23
8.1%	0.67	1.24	1.80	2.37	2.94	3.51	4.08
9.1%	-0.13	0.32	0.76	1.20	1.65	2.09	2.54
10.1%	-0.75	-0.39	-0.04	0.32	0.67	1.03	1.38
11.1%	-1.24	-0.95	-0.66	-0.38	-0.09	0.20	0.49
12.1%	-1.65	-1.41	-1.17	-0.94	-0.70	-0.46	-0.23

Fair value per share

Source: First Berlin Equity Research estimates



INCOME STATEMENT ANALYSIS

All figures in €000	2007	2008	2009	2010E	2011E	2012E
Revenues	151,645	214,335	178,463	193,135	196,500	217,500
Change in inventories & capitalised prod	6,154	4,409	-13,516	0	0	0
Total output	157,799	218,744	164,947	193,135	196,500	217,500
Cost of materials	-79,208	-124,387	-85,420	-96,568	-98,250	-106,575
Gross profit	78,591	94,357	79,527	96,568	98,250	110,925
Total personnel costs	-42,926	-73,214	-65,108	-61,803	-61,898	-66,338
Net other operating costs	-17,929	-33,058	-24,872	-18,240	-15,325	-16,672
Dep. & amort.	-9,705	-14,965	-14,280	-11,974	-12,183	-13,485
EBIT	8,031	-26,880	-24,733	4,550	8,845	14,430
Net interest	-5,159	-9,569	-9,115	-7,000	-7,997	-7,540
Associates	84	46	-66	1	0	0
Other financial items	-152	2,663	766	-100	0	0
Profit from ordinary operations	2,804	-33,740	-33,148	-2,549	847	6,890
Extraordinary items	0	-20,892	61,491	-600	0	0
Pretax profit	2,804	-54,720	-5,692	-3,149	847	6,890
Income taxes	-2	12,819	-7,014	-200	0	0
Minority interests	0	62	333	299	304	337
Net income / loss	2,802	-41,963	-13,039	-3,648	543	6,554
EPS (€)	0.22	-2.83	-0.79	-0.12	0.02	0.22
EBITDA	17,736	-11,915	-10,453	16,524	21,028	27,915
Ratios						
Gross margin	49.8%	43.1%	48.2%	50.0%	50.0%	51.0%
EBIT margin	5.1%	-12.3%	-15.0%	2.4%	4.5%	6.6%
EBITDA margin	11.2%	-5.4%	-6.3%	8.6%	10.7%	12.8%
Net income margin	1.8%	-19.2%	-7.9%	-1.9%	0.3%	3.0%
Tax rate	0.1%	23.4%	-123.2%	-6.4%	0.0%	0.0%
Expenses as % of output						
Personnel	-27.2%	-33.5%	-39.5%	-32.0%	-31.5%	-30.5%
Net other operating income/expenses	-11.4%	-15.1%	-15.1%	-9.4%	-7.8%	-7.7%
Dep. & amort.	-6.2%	-6.8%	-8.7%	-6.2%	-6.2%	-6.2%
Y-o-y growth						
Total revenues	92.6%	41.3%	-16.7%	8.2%	1.7%	10.7%
EBIT	279.0%	n.a.	-8.0%	n.a.	94.4%	63.1%
Net income / loss	n.a.	n.a.	n.a.	n.a.	n.a.	1106.5%

Source: HTI; First Berlin Equity Research estimates



BALANCE SHEET ANALYSIS

All figures in €000	2007	2008	2009	2010E	2011E	2012E
Assets						
Current assets, total	80,466	115,264	72,331	76,623	75,063	85,260
Cash and cash equivalents	18,948	9,650	5,829	2,897	5,895	8,700
Trade accounts and notes receivables	23,709	33,226	23,591	27,039	27,510	30,450
Inventories	30,976	54,030	27,253	27,039	27,510	32,625
Other current assets	6,833	18,358	15,658	19,648	14,148	13,485
Non-current assets, total	112,732	185,233	161,710	158,604	154,944	158,117
Property, plant and equipment	85,655	98,907	99,312	96,415	102,127	111,832
Goodwill	5,120	33,021	31,672	31,672	31,672	31,672
Other intangible assets	12,417	18,101	18,947	18,133	18,133	18,133
Financial assets	3,550	3,563	1,904	2,011	2,011	2,011
Deferred tax assets	7,676	21,256	10,215	10,042	10,042	10,042
Other non-current assets	-1,686	10,385	-340	331	-9,042	-15,573
Total assets	193,198	300,497	234,041	235,227	230,007	243,377
Shareholders' equity & debt						
Current liabilities, total	69,729	166,476	79,437	79,832	82,181	91,305
Interest bearing debt	31,117	86,399	27,039	28,174	26,071	25,336
Trade accounts payable	21,508	35,178	18,747	18,348	19,650	26,100
Tax provisions	957	468	312	386	393	435
Other current liabilities	16,147	44,431	33,339	32,924	36,066	39,433
Non-current liabilities, total	77,226	125,752	136,135	132,457	124,057	121,517
Interest bearing debt	51,853	84,592	109,111	113,690	105,206	102,240
Long term provisions (social capital)	5,584	9,751	8,655	0	0	0
Deferred tax liabilities	2,528	5,774	957	966	983	1,088
Other non-current liabilities	17,261	25,635	17,412	17,802	17,869	18,190
Consolidated equity	46,243	8,269	18,469	22,938	23,769	30,554
Shareholders' equity	46,243	5,942	16,265	20,435	20,962	27,411
Minorities	0	2,327	2,204	2,503	2,807	3,144
Total consolidated equity and debt	193,198	300,497	234,041	235,227	230,007	243,377
Ratios						
Current ratio	1.15	0.69	0.91	0.96	0.91	0.93
Quick ratio	0.71	0.37	0.57	0.62	0.58	0.58
Equity ratio (as%)	23.9%	2.8%	7.9%	9.8%	10.3%	12.6%
Debt to equity ratio (gearing as %)	184.5%	2414.0%	849.0%	725.1%	646.1%	484.4%
Equity per share	3.30	0.38	0.79	0.69	0.71	0.92
Net debt	85,319	199,617	156,801	166,323	153,576	148,007
Interest coverage ratio	-1.33	2.55	2.46	0.59	1.00	1.74
Capital employed (CE)	131,562	207,886	175,270	189,261	177,345	178,562
Return on capital employed (ROCE)	5.4%	-11.1%	0.0%	0.0%	3.4%	5.7%
Return on Equity (ROE)	7.2%	-154.0%	-97.5%	-17.6%	2.3%	24.1%

Source: HTI; First Berlin Equity Research estimates



CASHFLOW ANALYSIS

All figures in €000	2005	2006	2007	2008	2009	2010E	2011E	2012E
Pretax result	7,591	-1,165	2,804	-54,720	-12,706	-3,149	847	6,890
Depreciation and amortisation	8,141	6,675	9,705	22,506	15,378	11,974	12,183	13,485
Other	-747	1,592	-856	-5,146	-23,653	0	0	0
Operating cash flow	14,985	7,102	11,653	-37,360	-20,981	8,825	13,030	20,375
Investment in working capital	-9,938	-7,190	-7,047	20,966	14,285	-17,097	8,233	1,813
Net operating cash flow	5,047	-88	4,606	-16,394	-6,696	-8,272	21,263	22,189
Cashflow from investing	-5,243	-12,355	-35,070	-46,121	-2,773	-7,403	-8,516	-16,620
Free cash flow	-196	-12,443	-30,464	-62,515	-9,469	-15,675	12,747	5,569
Dividend paid	0	0	0	0	0	0	0	0
New share capital	7,357	7,163	12,494	5,929	4,289	0	0	0
Other	800	33	-353	739	-1,113	6,153	0	0
Debt financing	-8,499	5,796	29,528	46,549	2,472	6,590	-9,749	-2,764
Cash flow from financing	-342	12,992	41,669	53,217	5,648	12,743	-9,749	-2,764
Change in cash	1,253	549	11,205	-9,298	-3,821	-2,932	2,998	2,805
Cash, start of the year		7,194	7,743	18,948	9,650	5,829	2,897	5,895
Cash, end of the year	7,194	7,743	18,948	9,650	5,829	2,897	5,895	8,700
Free cash flow per share in €	-0.99	-1.30	-2.35	-4.21	-0.57	-0.53	0.43	0.19
Y-o-y growth								
Operating cash flow	-0.30	-53%	64%	n.a.	n.a.	-142%	48%	56%
Net operating cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	24%	-357%	4%
Free cash flow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-56%

Source: HTI; First Berlin Equity Research estimates

**FIRST BERLIN RATING & PRICE TARGET HISTORY**

Report No.	Date of publication	Previous day closing price	Rating	Price target	Interim high	% change to high
Initial Report	30 September 2009	€0.60	Buy	€1.25	-	-
2...2	↓	↓	↓	↓	↓	↓
2	20 November 2009	€0.72	Buy	€1.00	€1.00	38.9%
3	Today	€0.87	Buy	€1.20	-	-

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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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