

Recommendation:
BUY (BUY)

Risk:
HIGH (HIGH)

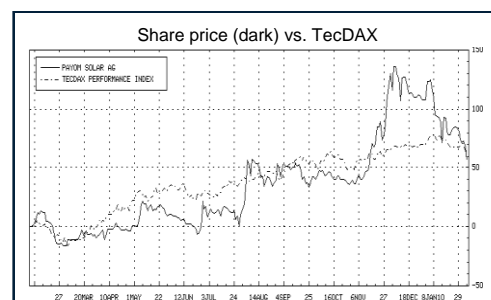
Price Target:
EUR 19.00 (18.90)

5 February 2010

4Q was beyond all expectations

Takeover of Solare AG has been implemented

- Payom was able to benefit from the strong year-end rally in the German PV market even more than previously expected. According to preliminary figures, **sales in 4Q 2009** reached EUR 39.7m which is **above the level of the full year 2008**. Due to the rush for solar modules in 4Q, Payom was able to realize a **quarterly EBIT margin of 7.7%**. In FY 2009, sales rose by 92.8% to EUR 71.2m, and EBIT even increased nearly fivefold to EUR 4.95m (2008: EUR 1.03m). Payom's EBIT margin greatly improved from 2.8% (5.3% if adjusted by write-offs on inventory) in FY 2008 to 7.0% in FY 2009. We guess that Payom was not forced to write off inventory in 2009.
- The **takeover of Solare AG** by means of a capital increase against contributions in kind has been entered into the commercial register in January 2010. Solare currently has the approval for the construction of PV power plants in Bulgaria with a total volume of 10MWp, while another 40MWp still have to be approved.
- The **internationalisation** of Payom's business has become more relevant due to probably **larger than expected reductions in feed-in tariffs (FITs) in Germany**. Payom is currently being overrun by customer demand. As soon as the lower FITs for rooftop systems will be effective, Payom will probably face a period of weaker demand. We believe that Payom will concentrate on its Bulgarian projects at this point in time and will therefore be able to compensate for the development in Germany, even though there still are some risks regarding the development and future sale of the Bulgarian projects. Generally, we assume that system prices will soon adapt to the new FIT level, and that the **segment for rooftop PV systems** in Germany will continue to offer attractive IRRs in the future. **Payom Solar's core business should therefore still be secured.**
- We raised our sales and earnings estimates for 2009E-2011E as displayed in the table on the right. Our **new price target is EUR 19.00** (old: 18.90). Our recommendation remains **BUY**.



Source: CBS Research AG, Bloomberg, Payom Solar AG

Change	2009E		2010E		2011E	
	new	old	new	old	new	old
Sales	71.2	59.0	124.9	77.0	151.2	93.0
EBITDA	5.0	2.9	13.9	3.6	16.1	4.6
EPS	2.64	1.30	1.69	1.56	1.96	1.92

Internet: www.payom-solar.de Sector: Renewable Energy
WKN: A0B9AH
Reuters: P1YG.DE ISIN: DE000A0B9AH9
Bloomberg: P1Y GY

Share data:

Share price (EUR, latest closing price):	11.90
Shares outstanding (m):	4.6
Market capitalisation (EUR m):	54.1
Enterprise value (EUR m):	68.9
Ø daily trading volume (6 m., no. of shares):	20,255

*Enterprise Value including estimated market value of minority interest

Performance data:

High 52 weeks (EUR):	17.45
Low 52 weeks (EUR):	5.40
Absolute performance (12 months):	67.6%
Relative performance vs. TecDAX:	
1 month	-19.4%
3 months	14.2%
6 months	-9.3%
12 months	2.1%

Shareholders:

RUPAG Group	23%
Swissinvest AG	15%
Lite-On Technology Corp.	12%
Management	19%
Georex Holding AG	7%

Financial calendar:

Annual report 2009:	March 2010
---------------------	------------

Author:

Martin Decot (Analyst)

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

Institutional Sales:

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

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

www.cbseydlerresearch.ag

Key data

Y/E Dec 31, EUR m	2007	2008	2009E	2010E	2011E
Sales revenues	9.9	36.9	71.2	124.9	151.2
EBITDA	0.9	1.1	5.0	13.9	16.1
EBIT	0.9	1.0	5.0	13.8	16.0
Net result	0.6	0.7	3.4	7.7	8.9
EPS	0.82	0.69	2.64	1.69	1.96
CPS	-1.69	-9.24	1.53	0.35	0.81
Gross margin	15.6%	9.4%	9.8%	14.7%	14.1%
EBITDA margin	8.9%	2.9%	7.0%	11.2%	10.7%
EBIT margin	8.8%	2.8%	7.0%	11.1%	10.6%
EV/EBITDA	77.8	64.8	13.7	4.9	4.3
EV/EBIT	78.8	67.0	13.9	5.0	4.3
P/E	14.5	17.4	4.5	7.0	6.1

Source: CBS Research AG, Payom Solar AG

Germany is cutting back feed-in tariffs

Until now, Germany has been Payom's only market. On 20 January 2010, the German Minister for the Environment presented a proposal which stipulates an **additional cut in feed-in tariffs (FITs) of 15%** to be effective **as of 1 April 2010 for roof-top PV systems**, and as of 1 July 2010 for ground mounted PV plants, respectively. FITs for ground mounted installations on previous farmland will probably be reduced by 25%.

Proposed cuts in German feed-in tariffs

German feed-in tariffs and depression rates

(2010 and 2011 according to proposal of the Minister for the Environment from 20/01/2010)

	01/01/2008	01/01/2009	01/01/2010*	01/04/2010	01/07/2010	01/01/2011
	Ct/kWh	Ct/kWh	Ct/kWh	Ct/kWh	Ct/kWh	Ct/kWh
Roof-top PV systems up to 30 kW	46.75	43.01	39.14	33.27	33.27	30.28
		-8.0%	-9.0%	-15.0%	-	-9.0%
Roof-top PV systems up to 100 kW	44.48	40.91	37.23	31.64	31.64	28.80
		-8.0%	-9.0%	-15.0%	-	-9.0%
Roof-top PV systems > 100 kW < 1MW	43.99	39.58	35.23	29.94	29.94	27.25
		-10.0%	-11.0%	-15.0%	-	-9.0%
Roof-top PV systems > 1MW	43.99	33.00	29.37	24.96	24.96	22.72
		-25.0%	-11.0%	-15.0%	-	-9.0%
Roof-top PV systems up to 30 kW with on-site electricity consumption	-	25.01	22.76	22.76	22.76	20.71
		-	-9.0%	-	-	-9.0%
Open space installations (not on farmland)	35.49	31.94	28.43	28.43	24.16	21.99
		-10.0%	-11.0%	-	-15.0%	-9.0%
Open space installations on farmland	35.49	31.94	28.43	28.43	21.32	19.40
		-10.0%	-11.0%	-	-25.0%	-9.0%
Cap (2,5% percentage points higher depression rate)						3,5GWp**
Floor (2,5% percentage points lower depression rate)						2,5GWp***

* Depression rates as of January 2010 already included an additional depression of 1% according to § 20 Abs. 2a EEG

** plus an additional increase in depression rates of 2.5 percentage points for each additional 1GWp above 3.5GWp

*** plus an additional cut in depression rates of 2.5 percentage points for each additional 0.5GWp below 2.5GWp

Source: EEG, BMU announcement about proposal of the minister of the environment from 20/01/2010, CBS Research AG

These plans induced a boom in orders in the German market. Until now, however, construction has been impeded by a severe winter with continuing snowfalls. The PV industry might therefore not be able to finish all planned rooftop projects in 1Q 2010 due to the weather. Politicians are currently discussing the timing and extent of the additional depression, and **we consider it possible that the proposed date for the rooftop segment might be postponed by one or several months**. However, we expect that there will come a period of temporarily weaker demand—either after 1 April 2010 or just after 1 July at the latest.

EEG proposal might still be modified

New financial estimates

Payom is currently being overrun by customer demand. As soon as the lower FITs for rooftop systems will be effective, Payom will probably face a period of weaker demand. We believe that Payom will concentrate on its Bulgarian projects at this point in time and will therefore be able to compensate for the development in Germany. Generally, we assume that system prices will soon adapt to the new FIT level, and that the segment for rooftop PV systems in Germany will continue to offer attractive IRRs in the future. **Payom's core business is therefore secured**. When German customers will start to concentrate more on prices, Payom will be well prepared due to a recently concluded **purchase contract with Yingli Green Energy** (51 MWp from 1Q through, to 4Q 2010). Yingli modules feature attractive prices and high quality and are already well accepted in the market.

Weaker demand due to lower FITs will be only temporary

Regarding the Bulgarian projects, Payom Solar has either the possibility to sell the projects to an investor without handling the procurement and construction part, or to act as a general contractor and also supply the modules and components (if investors agree). **Margins from the development and sale of these projects are expected to be high**, while additional EPC contracting would generate higher group sales and profits but overall a lower group margin, ceteris paribus. It is still hard to tell which approach will be chosen, as the management plans to adapt its strategy to the development of the German market. The **impact from the Bulgarian projects on Payom's P&L is therefore difficult to predict**. We assume that at least parts of the EPC will be supplied by Payom. We also incorporated a safety margin in our estimates, as there is still some risk that the projects might be postponed, approvals might not be granted, or investors with secured financing will be harder to find than expected.

Bulgarian projects are difficult to incorporate into group estimates

According to company information, the takeover of Solare will be interpreted as a reverse acquisition. Therefore, IFRS standard 3.21 has to be applied for the first consolidation. Under IFRS 3.21, the subsidiary (Solare AG) is regarded as the economic purchaser of the parent company (Payom Solar AG), and the consolidated financial statements represent, in principle, a continuation of the financial statements of the subsidiary. However, this will basically have no influence on consolidated cash flows of the group and probably only marginal effects on consolidated profits. As no financial statements of Solare AG have been published, we also would have to make very extensive assumptions e.g. regarding the equity positions of Solare. **We therefore provisionally resort to balance sheet estimates which do not adhere to IFRS 3.21 and simply incorporate the transaction like an ordinary takeover** of Solare AG into Payom Solar's group accounts. We nevertheless have to keep in mind that the goodwill estimated under this premises will probably be lower than the amount shown in our balance sheet projections (EUR39.8m) due to the partial allocation of the purchase price to the rights for the Bulgarian projects.

Takeover of Solare will be interpreted as a reverse acquisition

On basis of our new assumptions, we change our P&L estimates for Payom Solar as follows:

Revised CBSR estimates

Changes in sales and earnings estimates

Change	2009E		2010E		2011E	
	new	old	new	old	new	old
Sales	71.2	59.0	124.9	77.0	151.2	93.0
EBITDA	5.0	2.9	13.9	3.6	16.1	4.6
EPS	2.64	1.30	1.69	1.56	1.96	1.92

Source: CBS Research AG

Takeover of Solare AG

The ratio of 1 to 2.5 for the capital increase against contribution in kind had already been determined in July 2009 on basis of the respective profit forecast of both companies as well as an evaluation of Solare AG that valued the company at about EUR 53.3m. Before the announcement of the planned acquisition on 24 July 2009, the market capitalisation of Payom had stood at EUR 10.3m (closing share price of EUR 7.90 on 23 July), suggesting an assigned value for Solare of EUR 25.7m.

Ratio for the capital increase had already been determined in July 2009

Since then, the fundamentals of both companies (in particular the stand-alone earnings estimates of Payom Solar as well as the market fundamentals) have changed significantly. We also believe that the upcoming takeover with all its opportunities (e.g. resulting diversification of Payom's business) and risks (e.g. project implementation risks in a still emerging PV market) had already been priced into the share price of Payom before the implementation of the takeover was announced on 18 January 2010. It is therefore **hard to tell which price was assigned by the market to the former business of Payom on a stand-alone basis at that point in time, and how much value consequently was assigned to Solare**. However, on basis of the last closing share price before the announcement (EUR 12.11 on 15 January 2010), the value of the newly issued shares amounted to EUR 39.4m in total. This is a rather ambitious price. We assumed in our forecasts and valuation of the group that Solare will not only be able to implement the current Bulgarian project pipeline but will also establish a more sustainable business model (develop further projects and, for instance, intensify the cooperation with E.ON Bulgaria). If these assumptions should prove wrong in the future, we will revise our forecasts and the fair value of the share downwards.

On basis of Payom's share price on 15 January 2010, Payom paid EUR 39.4m in shares for Solare

Valuation and recommendation

On basis of a multiple valuation and a DCF model (see Appendix) we derived a new fair value per share of EUR 19.79. We slightly increased our price target for the share of Payom Solar from EUR 18.90 to EUR 19.00. We maintain our BUY recommendation.

Slightly increased price target – BUY

Valuation summary

	Weighting factor	Fair value per share
Peer group valuation	50.0%	11.63
DCF valuation	50.0%	27.94
Fair value per share (EUR)		19.79

Source: CBS Research AG

Appendix

Profit and loss account

	IFRS	EUR 1,000	2006	2007	2008	2009E	2010E*	2011E*
Sales			701	9,931	36,929	71,200	124,861	151,186
YoY growth			-	1316.4%	271.9%	92.8%	75.4%	21.1%
Total output			701	9,931	36,929	71,200	124,861	151,186
Cost of materials			-649	-8,386	-33,473	-64,230	-106,471	-129,874
as % of total output			-92.6%	-84.4%	-90.6%	-90.2%	-85.3%	-85.9%
Gross profit			52	1,545	3,456	6,970	18,390	21,312
as % of total output			7.4%	15.6%	9.4%	9.8%	14.7%	14.1%
Personnel expenses			-17	-118	-423	-591	-1,743	-2,041
as % of total output			-2.4%	-1.2%	-1.1%	-0.8%	-1.4%	-1.4%
Other operating income			1	0	24	5	0	0
as % of total output			0.1%	0.0%	0.1%	0.0%	0.0%	0.0%
Other operating expenses			-52	-541	-1,993	-1,367	-2,716	-3,132
as % of total output			-7.4%	-5.5%	-5.4%	-1.9%	-2.2%	-2.1%
EBITDA			-16	886	1,064	5,017	13,931	16,138
as % of total output			-2.3%	8.9%	2.9%	7.0%	11.2%	10.7%
Depreciation and amortisation			0	-11	-35	-61	-96	-141
as % of total output			0.0%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
EBIT			-16	875	1,029	4,956	13,834	15,997
as % of total output			-2.3%	8.8%	2.8%	7.0%	11.1%	10.6%
Net financial result			-3	-37	-85	-250	-780	-1,050
EBT (Earnings before income taxes)			-18	838	944	4,706	13,054	14,947
as % of total output			-2.6%	8.4%	2.6%	6.6%	10.5%	9.9%
Income taxes			-1	-227	-277	-1,274	-3,355	-3,226
as % of EBT			6.6%	-27.2%	-29.3%	-27.1%	-25.7%	-21.6%
Other taxes			0	-1	-1	-4	-6	-8
as % of total output			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income of the group			-20	610	667	3,429	9,693	11,713
Minority interest			0	0	0	0	2,000	2,800
Net income			-20	610	667	3,429	7,693	8,913
as % of total output			-2.8%	6.1%	1.8%	4.8%	6.2%	5.9%
Weighted average shares outstanding (in thousands)			441	741	972	1,300	4,550	4,550
Basic earnings per share (EUR)			-0.04	0.82	0.69	2.64	1.69	1.96

Source: CBS Research AG, Payom Solar AG

*Estimates still do not include any effects from reverse takeover (IFRS 3.21)

Balance sheet

	IFRS	EUR 1,000	2006	2007	2008	2009E	2010E*	2011E*
Assets								
Noncurrent assets			1,160	1,267	1,312	1,358	41,528	41,615
as % of total assets			60.2%	29.4%	8.7%	6.3%	55.5%	47.8%
Intangible assets (without goodwill)			0	1	7	16	27	40
Goodwill			1,135	1,135	1,135	1,135	40,935	40,935
Property, plant and equipment			6	105	170	227	603	673
Deferred taxes			19	25	0	-20	-37	-33
Current assets			766	3,038	13,685	20,209	33,319	45,414
as % of total assets			39.8%	70.6%	91.3%	93.7%	44.5%	52.2%
Inventories			563	1,680	11,816	15,450	19,978	23,434
Trade accounts receivable			134	1,175	468	780	6,226	9,113
Other current receivables			35	142	368	783	1,311	1,587
Cash and cash equivalents			34	41	1,033	3,195	5,804	11,280
Total assets			1,926	4,305	14,997	21,567	74,847	87,029
Shareholders' equity and liabilities								
Shareholders' equity			1,561	3,630	9,083	12,511	61,562	73,275
as % of total equity and liabilities			81.0%	84.3%	60.6%	58.0%	82.2%	84.2%
Capital stock			600	800	1,300	1,300	4,550	4,550
Capital reserve			986	2,246	6,531	6,531	42,639	42,639
Unappropriated surplus			-25	584	1,251	4,680	12,373	21,286
Noncurrent liabilities			3	17	118	98	86	82
as % of total equity and liabilities			0.2%	0.4%	0.8%	0.5%	0.1%	0.1%
Deferred tax liabilities			3	17	118	98	86	82
Current liabilities			362	658	5,796	8,958	13,200	13,673
as % of total equity and liabilities			18.8%	15.3%	38.7%	41.5%	17.6%	15.7%
Tax accruals and other accruals			43	250	0	1,195	2,201	151
Financial liabilities			287	201	5,500	5,800	7,750	9,750
Trade accounts payable			6	114	260	1,109	2,188	2,562
Other liabilities			26	92	36	854	1,061	1,209
Total equity and liabilities			1,926	4,305	14,997	21,567	74,847	87,029

Source: CBS Research AG, Payom Solar AG

*Estimates still do not include any effects from reverse takeover (IFRS 3.21)

Cash flow statement

	IFRS	EUR 1,000	2006	2007	2008	2009E	2010E*	2011E*
Net income of the group			-20	610	667	3,429	9,693	11,713
Depreciation and amortization			0	11	35	61	96	141
Change in accruals			24	207	-250	1,195	1,006	-2,050
Change in deferred taxes			-8	8	126	0	5	-8
Impairment of inventory			0	0	945	0	0	0
Increase/decrease in inventories, trade receivables, and other assets			-732	-2,265	-10,600	-4,362	-10,501	-6,619
Increase/decrease in trade accounts payable and other liabilities			30	174	90	1,667	1,286	522
Cash flow from operating activities			-706	-1,255	-8,987	1,989	1,586	3,700
Net cash outflows from the purchase and retirement of PP&E and intangible assets			-1,141	-112	-106	-127	-176	-224
Cash flow from investing activities			-1,141	-112	-106	-127	-176	-224
Cash inflow from capital stock increases			1,195	1,460	4,786	0	0	0
Net borrowings/retirements of financial debt			287	-86	5,299	300	1,200	2,000
Cash flow from financing activities			1,482	1,374	10,085	300	1,200	2,000
Total change in cash and cash equivalents			-365	7	991	2,162	2,610	5,476
Cash and cash equivalents at the start of the period			399	34	41	1,033	3,195	5,804
Cash and cash equivalents at the end of the period			34	41	1,033	3,195	5,804	11,280

Source: CBS Research AG, Payom Solar AG

*Estimates still do not include any effects from reverse takeover (IFRS 3.21)

Peer group valuation

Company name	P / E		EV / EBIT		EV / EBITDA	
	2010E	2011E	2010E	2011E	2010E	2011E
PV system providers and project developers:						
BGI EcoTech (Ralos New Energies)	5.2	4.6	4.5	3.9	4.4	3.8
Phoenix Solar AG	9.9	8.0	5.6	4.5	5.5	4.5
S.A.G. Solarstrom AG	9.4	7.6	5.6	4.6	4.8	3.7
systaic AG	5.8	5.1	3.7	3.3	3.3	2.8
Average	7.6	6.3	4.9	4.1	4.5	3.7
Median Weight: 100%	7.6	6.3	5.1	4.2	4.6	3.8
Minimum	5.2	4.6	3.7	3.3	3.3	2.8
Maximum	9.9	8.0	5.6	4.6	5.5	4.5
<hr/>						
	EPS		EBIT		EBITDA	
EURm, except EPS (EUR)	2010E	2011E	2010E	2011E	2010E	2011E
Payom Solar: Financial estimates by CBSR	1.69	1.96	13.8	16.0	13.9	16.1
Applied multiples: Median of the peer group multiples	7.6	6.3	5.1	4.2	4.6	3.8
Fair Enterprise Value per multiple	-	-	70.2	67.1	63.7	60.5
+ Excess cash and marketable securities	1.0					
- Financial debt	-6.3					
- Estimated market value of minority interest	-9.6					
Fair value of equity per multiple	58.5	56.5	55.4	52.3	48.9	45.8
Fair value of equity (average)	52.9					
Number of shares outstanding (m)	4.6					
Fair value per share (EUR)	11.63					

Source: CBS Research AG; Bloomberg

Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2						PHASE 3	
	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	∞
Total output	71.2	124.9	151.2	175.8	202.2	227.5	250.2	275.2	302.7	308.8	
Y-o-Y growth	92.8%	75.4%	21.1%	16.3%	15.0%	12.5%	10.0%	10.0%	10.0%	2.0%	
EBIT	5.0	13.8	16.0	18.0	19.2	20.5	20.0	19.3	20.4	20.1	
EBIT margin	7.0%	11.1%	10.6%	10.3%	9.5%	9.0%	8.0%	7.0%	6.8%	6.5%	
Income tax on EBIT	-1.3	-3.6	-3.5	-4.4	-5.6	-6.1	-6.0	-5.8	-6.1	-6.0	
Depreciation and amortisation	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
Change in net working capital	-1.5	-8.2	-8.1	-3.7	-3.2	-3.0	-2.7	-2.5	-2.8	-1.2	
Net capital expenditure	-0.1	-0.2	-0.2	-0.3	-0.3	-0.2	-0.3	-0.3	-0.1	-0.1	
Free cash flow	2.0	1.99	4.3	9.8	10.3	11.3	11.2	10.9	11.7	12.8	
Present values	2.0	1.8	3.6	7.6	7.3	7.3	6.6	5.9	5.8	5.8	88.1
Present value Phase 1	7.5										
Present value Phase 2	46.3										
Present value Phase 3	88.1										
Total present value	141.9										
+ Excess cash/Non-operating assets	1.0										
- Financial debt	-6.3										
- Est. market value of minority interest	-9.6										
Fair value of equity	127.1										
Number of shares outstanding (m)	4.6										
Fair value per share (EUR)	27.94										

Risk free rate	3.50%	Target equity ratio	70.0%
Equity risk premium	6.00%	Beta	1.20
Debt risk premium	2.50%	WACC	8.75%
Tax shield (Phase 3)	30.0%	Terminal growth	2.00%

Sensitivity analysis						
		Terminal growth (Phase 3)				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	7.75%	30.18	31.97	34.07	36.58	39.60
	8.25%	27.56	29.04	30.76	32.78	35.18
	8.75%	25.28	26.52	27.94	29.59	31.53
	9.25%	23.27	24.32	25.51	26.88	28.46
	9.75%	21.50	22.39	23.40	24.54	25.85

Source: CBS Research AG

Disclaimer and statement according to § 34b German Securities Trading Act (“Wertpapierhandelsgesetz”) in combination with the provisions on financial analysis (“Finanzanalyseverordnung” FinAnV)

This report has been prepared independently of the company analysed by Close Brothers Seydler Research AG and/ or its cooperation partners and the analyst(s) mentioned on the front page (hereafter all are jointly and/or individually called the ‘author’). None of Close Brothers Seydler Research AG, Close Brothers Seydler Bank AG or its cooperation partners, the Company or its shareholders has independently verified any of the information given in this document.

Section 34b of the German Securities Trading Act in combination with the FinAnV requires an enterprise preparing a security analysis to point out possible conflicts of interest with respect to the company that is the subject of the analysis.

Close Brothers Seydler Research AG is a majority owned subsidiary of Close Brothers Seydler Bank AG (hereafter ‘CBS’). However, Close Brothers Seydler Research AG (hereafter ‘CBSR’) provides its research work independent from CBS. CBS is offering a wide range of Services not only including investment banking services and liquidity providing services (designated sponsoring). CBS or CBSR may possess relations to the covered companies as follows (additional information and disclosures will be made available upon request):

- a. CBS holds more than 5% interest in the capital stock of the company that is subject of the analysis.
- b. CBS was a participant in the management of a (co)consortium in a selling agent function for the issuance of financial instruments, which themselves or their issuer is the subject of this financial analysis within the last twelve months.
- c. CBS has provided investment banking and/or consulting services during the last 12 months for the company analysed for which compensation has been or will be paid for.
- d. CBS acts as designated sponsor for the company’s securities on the basis of an existing designated sponsorship contract. The services include the provision of bid and ask offers. Due to the designated sponsoring service agreement CBS may regularly possess shares of the company and receives a compensation and/ or provision for its services.
- e. The designated sponsor service agreement includes a contractually agreed provision for research services.
- f. CBSR and the analysed company have a contractual agreement about the preparation of research reports. CBSR receives a compensation in return.
- g. CBS has a significant financial interest in relation to the company that is subject of this analysis.

In this report, the following conflicts of interests are given at the time, when the report has been published: f.

CBS and/or its employees or clients may take positions in, and may make purchases and/ or sales as principal or agent in the securities or related financial instruments discussed in this analysis. CBS may provide investment banking, consulting, and/ or other services to and/ or serve as directors of the companies referred to in this analysis. No part of the authors compensation was, is or will be directly or indirectly related to the recommendations or views expressed.

Recommendation System:

Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 6 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Fair Value
3 February 2009	Buy (Initial Coverage)	EUR 7.10	EUR 13.77
6 March 2009	Buy	EUR 5.92	EUR 13.77
5 May 2009	Buy	EUR 7.08	EUR 13.77
1 July 2009	Buy	EUR 8.10	EUR 13.32

24 July 2009	Buy	EUR 8.08	EUR 13.32
19 October 2009	Buy	EUR 9.94	EUR 18.50
5 February 2010	Buy	EUR 11.90	EUR 19.00

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 6 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

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

HIGH: The volatility is expected to be higher than the volatility of the benchmark

The following valuation methods are used when valuing companies: Multiplier models (price/earnings, price/cash flow, price/book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer group comparisons, historical valuation approaches, discounting models (DCF, DDM), break-up value approaches or asset valuation approaches. The valuation models are dependent upon macroeconomic measures such as interest, currencies, raw materials and assumptions concerning the economy. In addition, market moods influence the valuation of companies.

The figures taken from the income statement, the cash flow statement and the balance sheet upon which the evaluation of companies is based are estimates referring to given dates and therefore subject to risks.

These may change at any time without prior notice.

The opinions and forecasts contained in this report are those of the author alone. Material sources of information for preparing this report are publications in domestic and foreign media such as information services (including but not limited to Reuters, VWD, Bloomberg, DPA-AFX), business press (including but not limited to Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times), professional publications, published statistics, rating agencies as well as publications of the analysed issuers. Furthermore, discussions were held with the management for the purpose of preparing the analysis. Potentially parts of the analysis have been provided to the issuer prior to going to press; no significant changes were made afterwards, however. Any information in this report is based on data considered to be reliable, but no representations or guarantees are made by the author with regard to the accuracy or completeness of the data. The opinions and estimates contained herein constitute our best judgment at this date and time, and are subject to change without notice. Possible errors or incompleteness of the information do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. The views presented on the covered company accurately reflect the personal views of the author. All employees of the author's company who are involved with the preparation and/or the offering of financial analyzes are subject to internal compliance regulations.

The report is for information purposes, it is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the securities mentioned in this report. Any reference to past performance should not be taken as indication of future performance. The author does not accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report. The report is confidential and it is submitted to selected recipients only. The report is prepared for professional investors only and it is not intended for private investors. Consequently, it should not be distributed to any such persons. Also, the report may be communicated electronically before physical copies are available. It may not be reproduced (in whole or in part) to any other investment firm or any other individual person without the prior written approval from the author. The author is not registered in the United Kingdom nor with any U.S. regulatory body.

It has not been determined in advance whether and in what intervals this report will be updated. Unless otherwise stated current prices refer to the closing price of the previous trading day. Any reference to past performance should not be taken as indication of future performance. The author maintains the right to change his opinions without notice, i.e. the opinions given reflect the author's judgment on the date of this report.

This analysis is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor.

By accepting this report the recipient accepts that the above restrictions are binding. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt am Main (Germany).

This report should be made available in the United States solely to investors that are (i) "major US institutional investors" (within the meaning of SEC Rule 15a-6 and applicable interpretations relating thereto) that are also "qualified institutional buyers" (QIBs) within the meaning of SEC Rule 144A promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act") or (ii) investors that are not "US Persons" within the meaning of Regulation S under the Securities Act and applicable interpretations relating thereto. The offer or sale of certain securities in the United States may be made to QIBs in reliance on Rule 144A. Such securities may include those offered and sold outside the United States in

transactions intended to be exempt from registration pursuant to Regulation S. This report does not constitute in any way an offer or a solicitation of interest in any securities to be offered or sold pursuant to Regulation S. Any such securities may not be offered or sold to US Persons at this time and may be resold to US Persons only if such securities are registered under the Securities Act of 1933, as amended, and applicable state securities laws, or pursuant to an exemption from registration.

This publication is for distribution in or from the United Kingdom only to persons who are authorised persons or exempted persons within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom or any order made there under or to investment professionals as defined in Section 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

This publication is for distribution in Canada only to pension funds, mutual funds, banks, asset managers and insurance companies.

The distribution of this publication in other jurisdictions may be restricted by law, and persons into whose possession this publication comes should inform themselves about, and observe, any such restrictions. In particular this publication may not be sent into or distributed, directly or indirectly, in Japan or to any resident thereof.

Responsible Supervisory Authority:

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin, Federal Financial Supervisory Authority)

Graurheindorferstraße 108

53117 Bonn

and

Lurgiallee 12

60439 Frankfurt

 Close Brothers Seydler
Research AG

Schillerstrasse 27 - 29

60313 Frankfurt am Main

www.cbseydlerresearch.ag

Tel.: +49 - (0)69 - 97 78 45 60