Hansa Group AG

May 3, 2010

Basic report

Analyst

Dr. Roger Becker, CEFA, Biologist
+49 69 71 91 838-46
roger.becker@bankm.de

Evaluation result

BUY

(Initiating Coverage)

Fair value

€ 1.73

(Initiating Coverage)

Bank M
Repräsentanz der biw Bank für Investments und Wertpapiere AG

Step toward an integrated surfactant producer - Increasing value creation depth

Hansa Group AG is a mid-sized production, service and trading corporation within the chemicals industry. Since 2005, the company´s stock is traded on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) within the segment “Regulated Market”. Active within the Care Chemicals industry (cosmetics, bodycare, and cleaning), operations cover a significant portion of the value chain relating to surfactants (surface active agents); the company currently employs ca. 320 people at four sites within Germany. Since its beginnings some thirty years ago, the company - via strategic acquisitions - has evolved from a pure trading house for chemicals into a leading supplier within the manufacturing and services sector. The business includes the production and distribution of surfactants and their precursors, as well as of other primary and intermediate chemical products. The portfolio is complemented by an integrated contract manufacturing service to renowned national and international clients within the detergents, cleaning products and cosmetic industries. These services include logistics chain supply such as storage, customs matters, and transportation.

The company´s value creation depth clearly increased by the integration of “Chemische Fabrik Wibarco“ and by the most recent acquisition of “Waschmittelwerke Genthin“. Current and future investments in strategic expansion activities will lead to further improvements in the value chain as well as to the entry into new markets. Since the company´s main sales markets are very close to basic human needs, demand remains relatively robust vis-à-vis economic trends and fluctuations; therefore, product sales and volume of services should not be influenced to a substantial degree.

In FY 2009, the group´s revenues amounted to €196 Mill. resulting in an EBIT of €9.2 Mill. (adjusted for special effects). Adjusted net profit was at €4.0 or €0.08 per share.

Based on our analysis, the stock is undervalued at the current price. Regarding revenues and earnings prospects emerging from the increase in value creation depth prompts us to recommend buying the stock.

Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2009	196.1	55.8	50.5	47.1	4.0	0.08	0.00	25.7%	23.1%
2010e	215.0	18.0	11.5	6.6	5.5	0.11	0.00	5.4%	2.6%
2011e	277.1	25.6	14.5	8.8	6.1	0.13	0.00	5.2%	2.2%
2012e	362.6	35.8	24.9	18.3	12.8	0.27	0.00	6.9%	3.5%
2013e	391.6	41.4	29.6	22.9	16.1	0.33	0.00	7.6%	4.1%

Source: BankM-Research

Sector	Chemicals
WKN	760 860
ISIN	DE0007608606
Bloomberg/Reuters	H4G GY/H4GG.DE
Accounting standard	IFRS/HGB
Financial year	Dec 31
Interim report Q1/2010	May 11, 2010
Market segment	Regulated Market
Transparency standard	General Standard

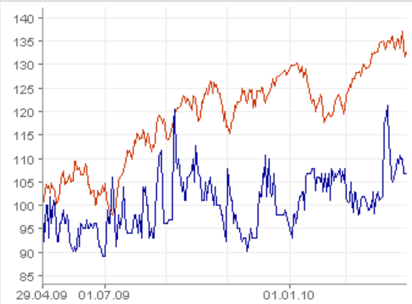
Financial ratios

	2010e	2011e	2012e
EV/Sales	0.9	0.7	0.5
EV/EBITDA	10.5	7.3	5.2
EV/EBIT	16.3	13.0	7.5
P/E adj.	9.5	8.5	4.1
Price/Bookvalue	0.5	0.5	0.5
Price/FCF	-1.6	24.5	12.3
ROE	6.0%	6.4%	12.5%
Dividend yield	0.0	0.0	0.0

Number shares (million)	48.078
Market cap / EV (million €)	52.5/188.0
Free float	57.3%
Ø daily trading vol. (3M, in €)	4,251
12 months high/low (XETRA-close)	1.20/0.88
Price April 30, 2010 (XETRA-close)	1.09 €

Performance	1M	6M	12M
absolute	9%	12%	7%
relative	9%	1%	-20%

Benchmark index CDAX



Hansa Group AG (blue/black), Performance 1 year vs. CDAX (red/grey)
Source: Deutsche Börse AG

Content

Investment Criteria

- Strategic focus on the value chain “Care Chemicals”
  - Both, extending the portfolio by new products and broadening the spectrum of services, entail the establishment of new and the expansion of existing capacities as well as the realization of synergies
  - The resulting increase in value creation depth entails positive effects on profitability
- New investments into the Genthin site to expand production capacity for surfactants
- The strategic focus on detergents, care and cleaning products positions the company within an economically rather robust market environment
- Sole manufacturer of linear alkyl benzene (LAB, precursor of surfactant) in mid-Europe
- Due to limited shelf life and, hence, transportability of surfactants, no direct competition from Asia within the European surfactant market
- Further growth potential via acquisition of production sites or companies with complementary products or by strengthening the internal value creation depth
- Profitable since many years
- Broad free float shareholder base (>57%)

Company Profile

Business Model

Integrated provider of products, services and chemicals trade

Hansa Group AG, headquartered in Münster, Germany, is a medium-sized, publicly listed group engaged in production, services and trading within the chemicals industry. The company is producing surfactants and other chemical precursors and intermediates, and is operating in chemicals trade as well as in providing services in logistics, laboratory analysis, and contract manufacturing. Production sites with state-of-the-art equipment are located at Duisburg, Düren, Ibbenbüren, and Genthin. The international logistics hub of Duisburg is also Hansa Group AG´s distribution center. Based on a longstanding tradition in the trading of fine and industrial chemicals, the company enjoys excellent international customer and supplier relations. Regarding production, Hansa Group AG provides product formulators, active within a broad spectrum of industries, with surfactants and additives. The range of products and services is complemented by a valuable extension with trading products.

Since December 3, 2007, Hansa Group AG together with its 100% subsidiary “Chemische Fabrik Wibarco GmbH” („Wibarco“), Ibbenbüren, forms the Hansa group. A further wholly owned subsidiary was added to the group with the foundation, on March 31, 2009, of Waschmittelwerk Genthin GmbH, which started operations on November 1, 2009.

The current structure of the group is presented below:

Source: Hansa Group AG

The group breaks down its operations into two segments:

1. Production and Services
2. Trading

Within its segment „**Production/Services**", Hansa Group AG - at its sites Düren, Ibbenbüren, and Genthin – produces surfactants and other chemical precursors and intermediates and operates as a service provider in logistics, laboratory analysis, and contract manufacturing, amongst others. The segment operates largely within the European market.

Within its segment "**Trading**", Hansa Group AG operates as a chemical´s trading company on an international basis.

Increasing value creation depth by forward integration

Through the foundation of the "Waschmittelwerke Genthin GmbH" (WWG) in tandem with the acquisition of portions of the former Henkel AG & Co. KGaA location in Genthin in 2009, management expects sales and earnings growth from the contract manufacturing as well as from the extension of production capacity by starting up the new surfactants plant. Compared to the production site in Düren, capacity will be tripled; the increased in-house production of surfactants will entail a value chain extension by means of forward integration and lead to the generation of additional markets regarding sales potential. Completion of the new surfactant plant at the Genthin site is expected end of 2010 and start of operation in early 2011.

Surfactant market is economically robust

The focus on the surfactant market largely limits the exposure to general economic trends, since detergents, care and cleaning products are close to human needs.

Strategy aims at sales and earnings growth

Although higher margins are achievable within the segment „Production/Services" compared to the trading business, Hansa Group AG is committed to capitalize on both segments in order to benefit from the entire future growth potential.

Currently, the company employs ca. 320 people.

Products, Services and Trading

Both, value creation and a substantial portion of the future growth potential of the Hansa group, are based on the production and marketing of surfactants and their precursors. The combination with services such as contract manufacturing (blending, packing), and the supply of logistics and infrastructure complements the value chain and thus have the potential to improve margins due to greater depth of production.

Segment "Production and Services"

Introduction to surfactants

Surfactants are surface-active compounds used in detergents, cosmetics and industrial applications, e.g. as additives for fabric and tannery products. They reduce the surface tension of water allowing for a closer contact to and an efficient solubilization of dirt particles.

Regarding chemical structure, surfactants have a water-attracting and a water-repellant component. They act as emulsifiers to allow for mixing of otherwise non-miscible components like oil and water thereby removing water insoluble stains from surfaces.

Anionic surfactants are most frequently used

Systematically, surfactants are, dependent on their electric charge, differentiated into anionic (negative), cationic (positive), amphoteric (negative and positive), and non-ionic. In the detergents and cleaning products industry, mainly synthetic anionic surfactants, like LAS, are in use.

The anionic surfactant "linear alkyl benzene sulfonic acid (LAS)" is produced from the intermediate "linear alkyl benzene (LAB)". LAB is obtained from the straight-chain refining product n-paraffin and benzene. The final product LAS, as it is used in the formulation of detergents and cleaning products, is obtained by sulfonation of LAB. While the latter process is largely accomplished in-house by the bigger manufacturers of detergents and cleaning products ("Big Soapers"), there are also independent companies, like Hansa Group AG, which specialize in this process. Main customers for LAB and LAS are the Big Soapers like Procter & Gamble, Henkel, and Unilever.

Sole manufacturer of LAB in mid-Europe

The **Chemische Fabrik Wibarco GmbH**, Ibbenbüren, has for some fourty years, been Germany´s sole producer and supplier of LAB (linear alkyl benzene). LAB is obtained from the straight-chain refining product n-paraffin and benzene, and is the basic feedstock for the production of LAS (linear alkyl benzene sulfonic acid), a detergent substance which is the essential ingredient in the majority of modern cleaning products. Some 70% of the LAB produced in Ibbenbüren is sold as such, and ca. 30% are being processed into LAS by commissioning third parties. After completion of the new surfactant plant at the Genthin site, LAS will, from then on, be produced completely in-house (see below).

Wibarco currently produces ca. 66.000 tons of LAB per year. Due to a proprietary procedure, Wibarco´s LAB features a superior solubility compared to competing products entailing significant advantages in the formulation process of liquid detergents.

The production of LAB yields as secondary products heavy alkyl benzenes which can be used in an extremely diverse range of applications. Added to lubricants, for example, they impart particular durability. Another secondary product included in the product range is 30% hydrochloric acid (HCl), which is used, for instance, in treatment of power-plant water and in pickling of metal surfaces.

State-of-the-art production and logistics infrastructure

Waschmittelwerk Genthin GmbH (WWG), based in Genthin, specializes in the production of detergents and dishwashing agents, the granulation of surfactants and polymers, and the rental and leasing of plants and infrastructure. The company possesses a modern and flexible production and logistics establishment with an excellent infrastructure. The Genthin location provides optimum preconditions for the manufacture, blending and packing of both, liquid and powder-form chemical products. Its range of activities also extends to contract production, warehousing and logistics. The Genthin facility has the capability to produce liquid detergents, dishwashing products, cleaning and fabric conditioning agents, and surfactant granulates. Conditions in Genthin allow production of a most diverse range of product variants and the fulfillment of customers´ individual requirements. In the granulation plant, the fluidized-bed technique is used to produce, from surfactant pastes and other feed materials, for example, pourable compounds and granulates for detergent production. WWG produces for third parties on a contract basis and does not market the products itself.

Establishment and extension of production capacity

By the construction of a new surfactant plant (completion due end 2010, start of operation in early 2011), own production capacity for LAS, up to now being commissioned to third parties, will be established and capacity for the production of other surfactants like FAS (fatty alcohol sulfates) and FAS (alcohol ether sulfates) will be significantly increased, both entailing an extension of the value chain. Logistically, Genthin is ideally located and well connected via Elbe-Havel Canal, rail and road (autobahn).

At the production site Düren, primarily anionic surfactants like ether and olefin sulfates are being produced with a volume of 30.000 tons p.a.

Main customers: brand name companies and discounters

Main customers regarding contract manufacturing (blending and packing) and buy-off of surfactants and surfactant precursors are brand name manufacturer as well as discounter.

In addition to the production of specialty chemicals, intermediates and basic chemicals, Hansa Group also provides complementary services for both, German and international chemicals companies, including contract manufacturing, tank leasing, transport, logistics, and warehousing services. The company´s modern laboratory for product analysis and quality assurance is another focal point of the services provided.

In FY 2009, 58% of consolidated revenues were generated within the segment “Production and Services”.

Segment "Trading"

Trading as a valuable addition to the group´s business

Hansa Group AG generates revenues from trades in industrial chemicals and chemical products, which are either purchased by the company or produced on a contract basis by third parties. The segment operates on an international basis. The traded chemicals include amines, glycerol, glycols, anorganics, polymers, plasticizers, and pygas (pyrolized petrol). Since these compounds are also deployed, for instance, in surfactants/cleaning products and cosmetics and used as feedstock for chemical syntheses, they are a valuable addition to Hansa Group AG´s surfactant business.

In FY 2009, 42% of consolidated revenues were generated within the segment "Trading".

Investment in „Waschmittelwerk Genthin (WWG)"

Increasing value creation depth through integration

The acquisition in tandem with the planned expansion of the Genthin location will substantially increase Hansa Group AG´s value creation depth. The group will be able to realize the full value chain starting with the chemical feedstock LAB (linear alkyl benzene) produced by Wibarco, its conversion to LAS (linear alkyl benzene sulfonate) by WWG, through to the final consumer product (detergents and cleaning products, *inter alia* by third parties at the Genthin site).

The processing of LAB into the globally most important surfactant LAS is currently being commissioned to third parties. Although faced with an excess demand, the growth regarding LAS supply is strongly limited due to a shortage in capacity available in the market. With the installation of the surfactant plant, the growth potential will be fully unleashed; the LAS production volume alone will increase from currently 40.000 tons p.a. to 50.000 tons p.a., now been completely produced in-house. The anticipated full capacity utilization at WWG will require ca. 40.000 tons of LAB; since Wibarco has an annual LAB production volume of ca. 66.000 tons, this feedstock will be entirely obtained from within the Hansa group. In addition to LAS, the planned surfactant plant will also be employed for the production of surfactant alcohol sulfates (ether sulfates); in total, 100.000 tons p.a. of surfactants will be produced on the Genthin site.

The newly-generated production capacity will also entail a more efficient utilization of the surfactant plant on the production site in Düren: production-related setup times - emerging from production changeover - will be omitted for the future.

Positioning as one of the leading surfactant producers

Hansa Group AG - by installation of the new surfactant plant – will evolve into one of the largest manufacturers of sulfated surfactants in the European market, following Cognis (190 kt/a), Procter & Gamble (180 kt/a), and Sasol (175 kt/a). The investment in the surfactant plant amounts to €42 Mill.

Further, it is planned to extend tank capacity requiring an investment of €3 Mill. The higher capacity will increase flexibility of the production plant and allow for the stockpiling of intermediates of detergents and cleaning products.

Further investments of €2 Mill. in filling lines will provide own capacities for the filling of detergents and cleaning products, manufactured by third parties.

In the context of a co-operation with a well-known global brand manufacturer, a production line for contract manufacturing has been installed and is already in use; the investment amounted to €2 Mill. In sum, investments in the expansion of the Genthin site amount to €49 Mill. The following overview shows the allocation of the dedicated investments

Surfactant plant:	€42 Mill.
Installation of new tanks:	€ 3 Mill.
Filling lines:	€ 2 Mill.
Production line for contract partner:	€ 2 Mill.

Financing is secured

Hansa Group AG was able to entirely secure the financing: the investment project is being publicly funded by the State of Saxony-Anhalt; the remainder of the capital needed will be coverd by equity (10%) and debt (90%).

Regarding the new surfactant plant, management assumes a gradually increasing utilization rate of 80% in 2011, 88% in 2012, and 100% from 2013 onward.

According to the company´s budgeting, sales contribution resulting from the expanded operations on the Genthin site totals more than €100 Mill. in 2013. For the same year, EBIT margin is estimated at 14.3%. While sales estimates may fluctuate due to the volatility of both, commodity prices and - through passing on to the customer - selling prices, operative margins are scarcely impaired.

Company History

2009 The "Waschmittelwerk Genthin GmbH", a 100-percent subsidiary of the Hansa Group AG, takes over pieces of the Henkel location Genthin. With the foundation of Waschmittelwerk Genthin GmbH, the HANSA Group consequently traces the strategy to bring the detergents industry into the focus. The Henkel plant Genthin was built in 1921/1922 and expropriated by the soviet military authorities after the Second World War 1945. In November 1990 the facilities were rebought by Henkel and got totally modernized.

2008 Expansion of the tank farm from its previous 18,500 to 24,000 m³ capacity in 2008 is an important element in a six million Euro investment project. The tank farm of Hansa now consists of a total of thirty-five insulated, heatable and with nitrogen chargeable steel and stainless steel tanks with a capacity of 26 to 2.850 m³. By renting to third parties the tank farm capacity is fully used since bringing the tanks into service.

2007 Hansa Group AG acquires "Chemische Fabrik Wibarco GmbH", Ibbenbüren, a supplier of raw materials for the production of active detergent substances. The purchase consolidates and enhances the status of Hansa Group AG as one of Germany's leading surfactant producers

2006 Sale of Vectron Systems via MBO

2005 Hansa Chemie AG merges with Vectron Systems AG and is renamed Hansa Group AG. From this point on, the company is quoted in the General Standard on the German Stock Exchange.

2000 Hansa Chemie AG acquires Akzo Nobel's surfactant business in Düren, thus significantly expanding its production capacities.

1997 Systematic investments in a tank farm, a river terminal and logistical hub, as well as in a company-owned laboratory, enable Hansa Chemie AG to develop into a globally active supplier of specialty chemical products and services. The new facilities on the ca. 70,000 m^2 site in Duisburg are inaugurated in mid-1998.

1986 The first important step toward development into a manufacturing company is taken with the purchase of the ARAL site in Duisburg.

1981 Hansa Chemie, based in Berlin, starts business, initially as a pure trading enterprise.
Hansa Chemie GmbH (Limited Liability Company) becomes Hansa Chemie AG joint stock corporation in 1991.

1969 The introduction of LAB (linear alkyl benzene) in the sixties means that implementation of the underlying concept for the foundation of Chemische Fabrik WIBARCO GmbH, a subsidiary of the BASF Group, is only a matter of time. The idea is translated into reality in 1969 with the construction of a commercial-scale plant for production of LAB, an innovative detergent ingredient, in Ibbenbüren. Production starts shortly after completion, in late 1970.

Management

The company´s management board consists of Mr. **Zolfaghar Alambeigi** und Mr. **Thomas Pfisterer**.

The members of the management board and their respective responsibilities are presented in the table below:

Name (*date of birth)	Member since	appointed until	Scope of resonsibility
Zolfaghar Alambeigi, (*1958)	Nov 21, 2003	Dec 28, 2012	Corporate Development, Finance/Controlling
Thomas Pfisterer (*1958)	Aug 17, 2007	Aug 17, 2012	Marketing/Sales, Production/Technology

Zolfaghar Alambeigi

Education:

Study of Business Administration in Teheran, Iran

Professional career:

1983: Hansa Chemie GmbH, Berlin

1986: Executive Director, Hansa Chemie GmbH, Berlin

1990: Principal, Hansa Chemie AG, Duisburg

2003: Board member, Vectron Systems AG, Münster

since 2006: Board member, Hansa Group AG, Duisburg

2009: Executive Director, Chemische Fabrik Wibarco GmbH, Ibbenbüren

2009: Executive Director, Waschmittelwerk Genthin GmbH, Genthin

Thomas Pfisterer

Education:

Industrial Manager, Study of Business Administration

Professional career:

1984: Commercial Assistent in the chemicals industry, BASF AG, Ludwigshafen

2000: Marketing Director, BASF Colorants, Singapore

2001: Head Textile Chemistry, BASF AG, Ludwigshafen

seit 2004: Executive Director, Wibarco GmbH, Ibbenbüren

2007: Board member, Hansa Group AG, Duisburg

Shareholder Structure

Shareholder	No. Shares	in %
Hansa Invest & Trust	20,547	42.7%
Free Float	27,531	57.3%
Total	**48,078**	**100.0%**

Market and Competition

Market

It is the production and marketing of surfactants and their precursors in combination with services, such as contract manufacturing (blending, packing) and the supply of logistics for detergents and cleaning products, which we perceive as the long-term growth and value creation drivers. Therefore, we only consider the surfactant market in this chapter.

The historical evolution of the surfactant market is determined by three large trends:

Guiding trends within the surfactant market

- Substitution of soap based on animal and vegetable fats by synthetic surfactants with significantly improved washing properties. Today´s detergents have a content of synthetic surfactants of over 85%
- Relative increase of liquid over powdery detergents. The share of liquid detergents is currently at ca. 85% of the total market and will probably increase
- Production of detergents and cleaning products in a concentrated formulation; the reduction of water content by 44% - 60% saves transportation and storage costs

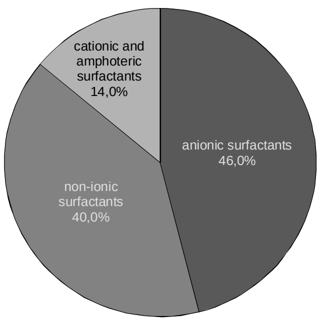
A further trend results from an enhanced environmental awareness by the end-user, calling for biodegradability and toxicological safety. All modern surfactants, including Hansa Group´s LAS, are biologically degradable and safe.

Global surfactant market in 2015: €17 Bill.

In 2006, the global surfactant market amounted to €13.6 Bill. and is estimated at €17 Bill. in 2015 (source: SRI, Frost & Sullivan), corresponding to a CAGR of 2.5%.

Hansa Group´s relevant market, which at present is the European market, currently totals ca. €4.4 Mil., i.e. 30% of the global market. With 46%, anionic surfactants represent the largest product class among surfactants, followed by non-ionic surfactants and cationic/amphoteric surfactants:

Proportion of the different surfactant classes within the European market



Source: Hansa Group AG

Relevant market share: 6%

According to company information, Hansa Group AG had a market share of 3% within the European surfactant market and a share of 6% within the sub-market of anionic surfactants, respectively.

Western Europe is a mature market; growth is on the rise toward East Europe

The surfactant production volume and every associated service are directly and linearly linked to the demand for detergents and cleaning products (in normal household products, the surfactant content is between 10 - 15%). While the market in Asia and South America, due to increasing quality of life and hygienic demand, is characterized by a strong growth, Western Europe can be considered as a mature market with marginal growth rates. Hansa Group AG does currently not participate in the growth potential observable in Asia and South America, but basically operates within Europe. However, management is considering options to also partake of the growth dynamics in these markets, e.g. via strategic partnerships. From the Western European view, growth rates are gradually increasing toward Central and Eastern Europe, here again driven by the increasing quality of life. Given the geographic proximity of the Genthin site to these markets, Hansa Group will substantially benefit from this growth.

Competitive Arena

The following is a selection of relevant competitors:

Selection of relevant competitors

Cognis GmbH, Germany

In 2001, Cognis GmbH was outsourced by the Henkel group and is headquartered in Monheim, Germany. The company is a globally operating supplier of specialty chemicals and food ingredients. Being an essential business division, the segment “Care Chemicals” produces raw materials and additives for use in the cosmetics, detergents and cleaning products industry. In 2009, revenues within this segment alone amounted to €1.5 Bill. corresponding to a decline by ca. 13% on a yoy basis. According to the company´s financial reporting 2009, the loss of sales is - as in the case of Hansa Group AG - attributable to both, a reduced demand as well as lower commodity prices passed on to customers.

Currently, a “Dual Track” process is being pursued to evaluate options for both, a public offering and a trade sale; according to publicly available information, BASF AG may be a potential purchaser.

Sasol Germany GmbH, Germany

The company belongs to the South African Sasol group and produces surfactants and surfactant intermediates such as alcohols and ethylene oxide, as well as inorganic speciality chemicals for the chemicals processing industries. Sasol Germany forms part of the “Sasol Olefins & Surfactants (O&S)” division. Businesses are positioned globally, with production sites located e.g. in Germany (Sasol Germany), Italy (Sasol Italy), the U.S. (Sasol North America), and China (Sasol China).

Regarding Hansa Group AG´s strategically most important market, i.e. the market of anionic surfactants, Sasol is the clear market leader. According to company information, annual sales amount to ca. €1 Bill.

Huntsman Corp., USA / Stockmeier Chemie, Germany

Stockmeier Chemie is a subsidiary of Stockmeier Holding GmbH and is active in the field of specialty chemicals trade with a focus on detergents and cleaning products. The company trades in chemical products with decades of experience and a broad portfolio of ca. 25.000 products. Throughout Germany, Stockmeier is the distributor for the surfactants produced by the globally operating Huntsman group. We have no information regarding sales figures.

Akzo Nobel Surfactants, USA

The division "Surfactants" within the Akzo Nobel group is specialized on the formulation and production of cleaning products for industrial applications and for private use. The company supports industrial clients in the optimization of cleaning product formulations and supplies them with the respective raw materials. Recently, the company announced to increase selling prices by 25% for a large part of its products, including cationic, non-ionic, and amphoteric surfactants. This price increase is effective since April 1, 2010. We have no information regarding sales figures.

Financial Analysis

The scope of consolidation comprises „Hansa Group AG“, Münster, „Chemische Fabrik Wibarco GmbH“, Ibbenbüren (since 2007) and „Waschmittelwerk Genthin GmbH“, Genthin (since 2009). The previous financial year is characterized by special effects in the context of the consolidation of „Waschmittelwerk Genthin GmbH“ with effects on the P & L account, the Balance Sheet as well as on the Cash Flow Statement.

Profit & Loss Account

Hansa Group AG breaks down its business into two operating segments

1. Production and Service
2. Trading

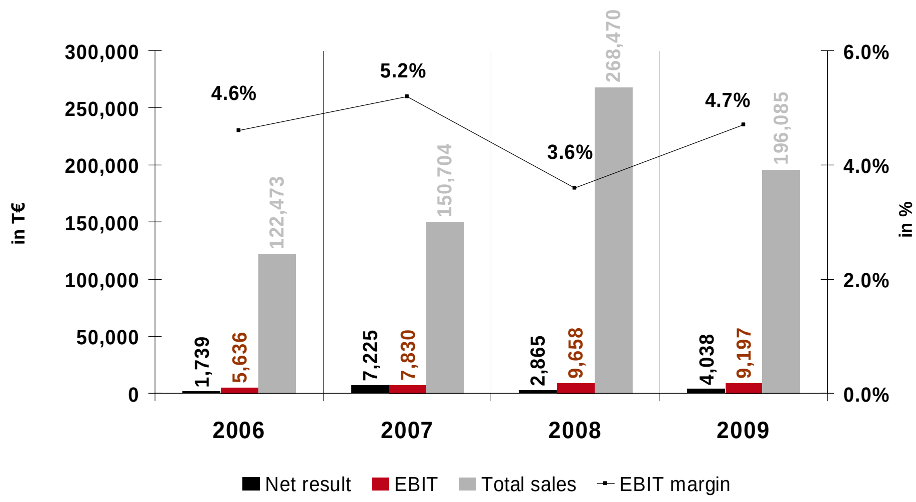
Sales revenues only have limited significance regarding company performance

During FY 2009, sales revenues came down by 27% from €268.5 Mill. to €196.1 Mill. This is largely attributable to a decline in commodity prices, which, in the chemicals industry, is typically passed on to clients - albeit partly with a time lag. The decrease in sales volume was much lower and could be compensated to a certain degree between the various product groups. Thus, sales revenues *per se,* as a key figure, are to be interpreted in a more differentiated way, considering their exposure to volatile commodity prices. The Genthin site (from November 2010, only) contributed to revenues €1.5 Mill.

Improvement of EBIT margin by 1.1%-age pts.

Adjusted operating result (EBIT), i.e. without special effects (see chapter “Special Effects”), was at €9.2 Mill. and was thus 5% down compared to previous year. At the same time, EBIT margin improved by 1.1%-age points. The adjusted net result amounts to €4.0 Mill. (+41%, yoy) or €0.08 per share (previous year: €0.06).

The following figure shows the development of revenues and earnings and the EBIT margins achieved since 2006:



Source: Hansa Group AG

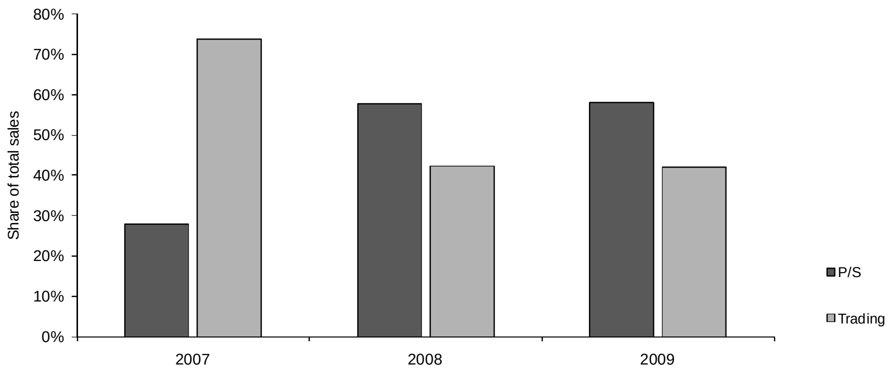
Segment Discussion

During FY 2009, 58% (€113.8 Mill.) of consolidated total sales were generated by the segment "Production and Services" (P/S) and 42% (€82.3 Mill.) by the segment "Trading". While the segments´ ratio to total sales thus remained almost constant compared to previous year, it shifted significantly in favor of the P/S segment, compared to 2007 (28% and 72%, respectively).

Sales volume within the P/S segment increases

While, in our view, the realization of synergies via the improvement of value creation depth within the P/S segment will entail higher margins in the future compared to the Trading segment, Hansa Group AG continues its commitment to capitalize on both segments in order to exploit the entire growth potential. The above-mentioned increase in the P/S segment´s ratio to total sales since 2007, in tandem with higher margins, is expected to improve overall profitability in the future. The following figure shows the development of sales since 2007 on a segment basis:

Sales distribution of segments

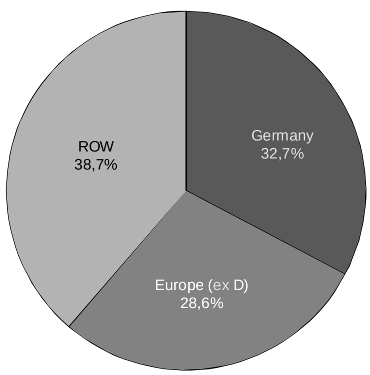


Source: Hansa Group AG

About 2/3 of sales within Europe

The regional distribution of sales largely correlates with the main target markets of the respective segments (P/S: Europe, Trading: international). Compared to previous year, a geographical shift is observed within the European Union, only, with sales amounting to €120 Mill., i.e. 61.3% of total sales (incl. Germany). ROW contributed €76 Mill., i.e. 38.7% of total sales.

Geographical distribution of sales



Source: Hansa Group AG

Profit & Loss Account

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e	4y - CAGR
						y-o-y changes (%)				
Total Sales	**196,084.9**	**215,006.6**	**277,056.7**	**362,597.9**	**391,605.7**	**10**	**29**	**31**	**8**	**14.8**
Other operating income	42,911.1	0.0	0.0	0.0	0.0					
Changes in inventories	-907.4	0.0	0.0	0.0	0.0					
Other own work capitalized	433.4	700.0	0.0	0.0	0.0					
Cost of Materials	146,375.3	158,350.1	201,278.8	259,797.5	276,665.3	8.2	27.1	29.1	6.5	13.6
% of sales	*74.6%*	*73.6%*	*72.6%*	*71.6%*	*70.6%*					
Personnel expenses	11,960.8	12,684.9	15,791.7	19,942.1	20,754.3	6.1	24.5	26.3	4.1	11.7
Other operating expenses	24,358.5	26,709.0	34,417.2	47,043.5	52,806.9					
EBITDA	**55,827.4**	**17,962.5**	**25,569.1**	**35,814.8**	**41,379.2**	**-67.8**	**42.3**	**40.1**	**15.5**	**-5.8**
% of sales	*28.5%*	*8.4%*	*9.2%*	*9.9%*	*10.6%*					
Depreciation & Amortization	5,339.1	6,450.2	11,082.3	10,877.9	11,748.2					
	2.7%	3.0%	4.0%	3.0%	3.0%					
EBIT	**50,488.2**	**11,512.3**	**14,486.9**	**24,936.8**	**29,631.0**	**-77.2**	**25.8**	**72.1**	**18.8**	**-10.1**
% of sales	*25.7%*	*5.4%*	*5.2%*	*6.9%*	*7.6%*					
Interest Income	764.5	800.0	850.0	900.0	950.0					
Interest Expenses	4,189.0	5,719.2	6,551.7	7,555.6	7,648.7					
EBT	**47,063.7**	**6,593.2**	**8,785.2**	**18,281.2**	**22,932.3**	**-86.0**	**33.2**	**108.1**	**25.4**	**-13.4**
Taxes on Income (Exp.-/Inc.+)	-1,734.3	-1,097.1	-2,635.5	-5,484.4	-6,879.7					
t/o deferred taxes (Exp.-/Inc.+)	*864.0*	*880.8*	*0.0*	*0.0*	*0.0*					
Net Profit	**45,329.4**	**5,496.0**	**6,149.6**	**12,796.8**	**16,052.6**	**-87.9**	**11.9**	**108.1**	**25.4**	**-18.7**
% of Sales	*23.1%*	*2.6%*	*2.2%*	*3.5%*	*4.1%*					
Adjustments	-41,300.0	0.0	0.0	0.0	0.0					
Adjusted Net Profit	**4,029.4**	**5,496.0**	**6,149.6**	**12,796.8**	**16,052.6**	**36.4**	**11.9**	**108.1**	**25.4**	**31.8**
% of Sales	*2.1%*	*2.6%*	*2.2%*	*3.5%*	*4.1%*					
No. of Shares (Ø outstanding)	48,078	48,078	48,078	48,078	48,078					
Net Profit/Share (EPS)	0.94	0.11	0.13	0.27	0.33					
Adjusted Net Profit/Share (adj. EPS)	0.08	0.11	0.13	0.27	0.33	36.4	11.9	108.1	25.4	41.2

Source: BankM Research

Liquid funds at end 2009: €-11.1 Mill.; free liquidity: €18.9 Mill.

Cash Flow Statement

In 2009, the cash-effective changes in liquid funds total €-4.4 Mill. This figure is made up of a negative operating cash flow at €-2.4 Mill., resulting largely from an end of period increase in receivables as well as from a lower cash inflow in the context of factoring contracts. The negative cash flow from investment activities largely results from the expansion activities of the company. Net borrowing amounted to €11.4 Mill. In sum, total liquid funds at period end are at €-11.1 Mill. Securing liquidity is achieved through cash inflows via factorization and by utilization of current-account lines of credit. The company disposes of credit lines amounting to €30 Mill., of which €22.2 Mill. were drawn down till period end. Accounting for bank deposits in the amount of €11.1 Mill. in combination with remaining credit lines of €7.8 Mill., free liquidity totals €18.9 Mill. In addition, the company disposes of not yet utilized factoring lines amounting to €25.7 Mill.

We would like to point out, that the current-account lines of credit may fall due on short notice and thus may entail a liquidity issue. Management intends to counteract this risk via appropriate corporate actions.

Cash Flow Statement

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e	4y - CAGR
						y-o-y changes (%)				
Net Profit	**45,329.4**	**5,496.0**	**6,149.6**	**12,796.8**	**16,052.6**	**-87.9**	**11.9**	**108.1**	**25.4**	**-18.7**
+ Depreciation & Amortisation	5,339.1	6,450.2	11,082.3	10,877.9	11,748.2	20.8	71.8	-1.8	8.0	17.1
+ Chg. in long-term Provisions	369.1	340.7	361.1	382.8	405.7	-7.7	6.0	6.0	6.0	1.9
= Cash Earnings	**51,037.6**	**12,286.9**	**17,593.0**	**24,057.5**	**28,206.5**	**-75.9**	**43.2**	**36.7**	**17.2**	**-11.2**
- other non-cash items	42,664.3	0.0	0.0	0.0	0.0					
- Chg. in Net Working Capital	10,795.2	3,013.0	4,647.0	5,670.4	4,133.8	-72.1	54.2	22.0	-27.1	-17.5
= Operating Cash Flow	**-2,421.9**	**9,273.9**	**12,946.0**	**18,387.2**	**24,072.7**	**n.a.**	**39.6**	**42.0**	**30.9**	**37.4**
- Capex	13,424.4	42,685.8	10,805.9	14,142.2	15,273.6	218.0	-74.7	30.9	8.0	2.6
= Free Cash Flow	**-15,846.3**	**-33,411.9**	**2,140.1**	**4,245.0**	**8,799.1**	**-110.8**	**n.a.**	**98.4**	**107.3**	**-164.1**
+ Net Other Items	0.0	0.0	0.0	0.0	0.0					
- Dividends (Previous Year)	0.0	0.0	0.0	0.0	0.0					
- Payout minorities	0.0	0.0	0.0	0.0	0.0					
+ Increase in Share Capital	0.0	0.0	0.0	0.0	0.0					
- Outflow from Share Buy Backs	0.0	0.0	0.0	0.0	0.0					
+/- Bank Loans	11,434.8	30,870.0	0.0	0.0	0.0					
= Incr. in Cash (+)/Decr. in Cash (-)	**-4,411.5**	**-2,541.9**	**2,140.1**	**4,245.0**	**8,799.1**	**42.4**	**n.a.**	**98.4**	**107.3**	**-251.3**

Source: BankM Research

Balance Sheet

Balance sheet total increased to €247 Mill.

The balance sheet total increased by 47% from €168 Mill. to €247 Mill. This extension results from additions to tangible assets in the context of the acquisition of the Genthin site (+€61.3 Mill.) as well as from an increase in accounts receivable (+€17.6 Mill.). The latter is due to a higher volume of the trading business at end of period (long payment periods allowed for exports are a typical feature of the chemicals industry) as well as from a lower cash inflow in the context of factoring contracts. Inventories significantly increased by €9.7 Mill., largely due to a reclassification of equipment for construction of the surfactant plant, which was initially planned at the production site at Ibbenbüren. This equipment was formerly booked in “assets under construction” and was sold in early 2010.

Equity ratio at 36.9%

Equity ratio increased from 27.5% to 36.9% entailing a substantial improvement of balance sheet quality.

Balance sheet

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e
Assets						**% of Balance Sheet Total**			
Tangible Assets	157,411.3	191,437.9	205,979.7	212,341.2	219,387.6	67%	65%	61%	58%
Intangible Assets	4,960.6	4,943.0	4,920.3	4,890.6	4,858.5	2%	2%	1%	1%
Deferred Tax	880.8	0.0	0.0	0.0	0.0	0%	0%	0%	0%
Other Fixed Assets	509.0	524.2	540.0	556.2	572.8	0%	0%	0%	0%
Total Fixed Assets	**163,761.7**	**196,905.2**	**211,440.0**	**217,788.0**	**224,819.0**	**69%**	**67%**	**62%**	**60%**
Inventories	24,014.6	26,416.1	29,057.7	31,963.5	35,159.8	9%	9%	9%	9%
Accounts Receivable	41,416.9	45,413.5	58,519.7	76,587.6	82,714.6	16%	18%	22%	22%
Total Liquid Funds	14,875.8	12,333.9	14,473.9	18,718.9	27,518.0	4%	5%	5%	7%
Other Current Assets	2,633.3	2,887.4	3,720.7	4,869.5	5,259.0	1%	1%	1%	1%
Total Current Assets	**82,940.6**	**87,050.9**	**105,772.0**	**132,139.4**	**150,651.4**	**31%**	**33%**	**38%**	**40%**
Balance Sheet Total	**246,702.3**	**283,956.1**	**317,212.0**	**349,927.4**	**375,470.4**	**100%**	**100%**	**100%**	**100%**
Liabilities						**% of Balance Sheet Total**			
Subscribed Capital	48,077.9	48,077.9	48,077.9	48,077.9	48,077.9	17%	15%	14%	13%
Share Premium	6,531.9	6,531.9	6,531.9	6,531.9	6,531.9	2%	2%	2%	2%
Retained Earnings & Other Reserves	36,412.9	41,908.9	48,058.5	60,855.3	76,908.0	15%	15%	17%	20%
Shareholders Equity	**91,022.7**	**96,518.7**	**102,668.3**	**115,465.2**	**131,517.8**	**34%**	**32%**	**33%**	**35%**
Provisions	5,677.7	6,018.4	6,379.5	6,762.2	7,168.0	2%	2%	2%	2%
t/o Pension Provisions	*3,828.0*	*4,057.7*	*4,301.1*	*4,559.2*	*4,832.8*	*1%*	*1%*	*1%*	*1%*
Other Liabilities	150,001.9	181,419.0	208,164.2	227,700.0	236,784.6	64%	66%	65%	63%
Total Liabilities	**155,679.6**	**187,437.4**	**214,543.7**	**234,462.2**	**243,952.6**	**66%**	**68%**	**67%**	**65%**
t/o LT Liabilities	*76,590.9*	*100,439.8*	*118,846.4*	*129,195.2*	*128,158.8*	*35%*	*37%*	*37%*	*34%*
t/o ST Liab. <1Y	*79,088.7*	*86,997.6*	*95,697.3*	*105,267.0*	*115,793.8*	*31%*	*30%*	*30%*	*31%*
t/o Acc Payable	*35,079.6*	*38,464.7*	*49,565.5*	*64,868.9*	*70,058.4*	*14%*	*16%*	*19%*	*19%*
Balance Sheet Total	**246,702.3**	**283,956.1**	**317,212.0**	**349,927.4**	**375,470.4**	**100%**	**100%**	**100%**	**100%**

Source: BankM Research

Special effects resulting from a „Lucky Buy“

Special Effects

The company´s P & L and balance sheet are greatly shaped by special effects in connection with the consolidation of “Waschmittelwerke Genthin GmbH”. Hansa Group AG acquired the operating facilities on the Genthin site from Henkel AG & Co. KGaA, Düsseldorf, for a purchase price of €4 Mill. The revaluation of assets and liabilities in the context of the business combination resulted in a negative goodwill amounting to €41.3 Mill. which was - according to IFRS 3.57 (“Lucky Buy”) - immediately recognized in “other operating income”. A total of €15.96 Mill. in deferred tax liabilities has been booked in conjunction with the negative goodwill. Additions from the acquisitions of the assets at the Genthin location were capitalized as undisclosed reserves of €61.3 Mill.

Valuation

DCF Analysis

For the analysis of Free Cash Flows we have applied a 3-stage model:

Phase I	2010 – 2013 (short-term planning)
Phase II	2014 – 2017 (mid-term prognosis)
Phase III	Terminal Value

The forecasting of future cash flows considered in our model is based on the following sources:

- Annual report 2009
- Discussions with Hansa Group AG´s Executive Directors and Management
- Analysis of the relevant markets

Regarding our sales and earnings estimates, we have taken into account - from 2011 onward - the additional contributions resulting from the startup of the surfactant plant on the Genthin site.

Time-weighted discounting of Free Cash Flows is a central element within the DCF valuation. However, there are methodical problems in calculating a risk premium by means of a market portfolio proxy (a broadly diversified index). Geometric returns over longer periods (CAGR over 5 - 10 years) are not suitable due to their sharp decline in recent years. However, during the preceding 12 months, large indices like the S&P 500 and the MSCI World have gained 41% and 36%, respectively. We feel comfortable with a risk premium of 10% and calculate a risk premium of 6.9%. In our calculation of the weighted average cost of capital (WACC) we assume a target capital structure of 60:40 (equity:debt).

DCF-Model

DCF analysis based on future free cash-flows 2009-2016 + Terminal Value

	Forecast									
		Phase 1				Phase 2				Terminal Value
	2009a	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018+
in T€	**Basis**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	
Growth	**-27%**	**10%**	**29%**	**31%**	**8%**	**6%**	**6%**	**5%**	**4%**	**1%**
Revenues	**196,084.9**	**215,006.6**	**277,056.7**	**362,597.9**	**391,605.7**	**415,102.1**	**440,008.2**	**462,008.6**	**480,488.9**	
EBIT	**50,488.2**	**11,512.3**	**14,486.9**	**24,936.8**	**29,631.0**	**33,069.3**	**35,053.5**	**36,806.1**	**38,278.4**	
- Tax	-2,627.0	3,453.7	4,346.1	7,481.0	8,889.3	9,920.8	10,516.0	11,041.8	11,483.5	
+ Depreciation	5,339.1	6,450.2	11,082.3	10,877.9	11,748.2	12,453.1	13,200.2	13,860.3	14,414.7	
+ change in long-term provisions	369.1	340.7	361.1	382.8	405.7	0.0	0.0	0.0	0.0	
- changes in net working capital	10,795.2	3,013.0	4,647.0	5,670.4	4,133.8	2,869.0	3,041.1	2,686.3	2,256.5	
- other non-cash items	42,664.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Capex	13,424.4	42,685.8	10,805.9	14,142.2	15,273.6	16,190.0	17,161.4	18,019.5	18,740.3	
= Free Cash Flow	**-8,060.5**	**-30,849.3**	**6,131.3**	**8,903.9**	**13,488.2**	**16,542.6**	**17,535.1**	**18,918.7**	**20,212.7**	**20,414.9**
Terminal Value										277,436.3
Discount factor		0.94	0.88	0.82	0.77	0.72	0.67	0.63	0.59	
NPVs of Free Cash Flows	**n.a.**	**-28,889.1**	**5,376.8**	**7,312.2**	**10,373.1**	**11,913.7**	**11,826.1**	**11,948.5**	**11,954.6**	
NPV of Terminal Value										**145,969.7**

Valuation		**Anteil am EV**
Result of Future Cash Flows	**41,816.1**	**22%**
+ Result of Terminal Value	145,969.7	**78%**
= Value of the Entity	**187,785.7**	
+ Cash	14,875.8	
- LT Debt	76,590.9	
Value of Equity	**126,070.6**	
	100,856.5	
Price per Share	2.10	

Source: BankM Research

Key Model Assumptions	
Riskfree Return	3.10%
Current Yield (D)	
Market Beta (vs. MSCI World, relevered, adj. for target Capital Structure)	0.62
Beta im Terminal Value = 1	
Market Return	10.00%
Cost of Equity	**7.38%**
Target weight	*60%*
Cost of Debt	**8.00%**
Target weight	*40%*
Tax shield	*26.30%*
WACC	**6.79%**
Growth Rate Terminal Value	1.00%

Sensitivity analysis of Terminal Value (TV; WACC in TV: 8.36%)

Discount rate of TV

Growth Terminal Value	6%	7%	8%	8.36%	9%	10%	11%
0.25%	2.75	2.30	1.96	1.86	1.70	1.49	1.32
0.50%	2.90	2.40	2.04	1.93	1.76	1.54	1.36
0.75%	3.06	2.52	2.13	2.01	1.83	1.60	1.41
1.00%	3.24	2.65	2.22	**2.10**	1.90	1.65	1.46
1.25%	3.44	2.78	2.32	2.19	1.98	1.72	1.51
1.50%	3.66	2.93	2.43	2.29	2.06	1.78	1.56
1.75%	3.91	3.10	2.55	2.39	2.15	1.85	1.62

Source: BankM Research

Valuation Summary

Our DCF analysis returns a net present value of equity amounting to €126.1 Mill. Owing to the low trading liquidity of the stock (mean daily trading volume within the last three months: ca. 4.200 pieces), we apply a discount of 20%, resulting in a value of the equity of €100.9 Mill. or €2.10 per share.

DCF value adjusted for trading liquidity: €2.10

The mean EBIT multiple for MidCap companies within the chemicals industry sector is currently at 7.15; applying this multiple to Hansa Group AG´s expected EBIT of €11.5 Mill. in 2010 results in an enterprise value of €82.2 Mill. To allow for consistency, we likewise apply a discount of 20%. Equally weighted, the DCF-analysis and the market multiple-derived valuation returns a value of the equity of €83.3 Mill. or €1.73 per share.

Fair value of the share: €1.73

Regarding the sales and earnings prospects resulting from the increase in the value creation depth, we perceive Hansa Group AG´s stock as undervalued at a current price of €1.09 (as of April 30, 2010) and therefore recommend buying the stock.

SWOT Analysis

Strengths

- Proven expertise within the surfactant and chemicals trading market; broad portfolio
- Extending the value chain in tandem with forward and backward integration of the strategic divisions will increase profitability
- Focus on surfactant production and associated services will improve margins
- Optimization of capacity utilization entails realization of synergies
- Trading business valuably complements the core business within the Production and Services segment
- Sole supplier of the surfactant precursor LAB in mid-Europe
- The surfactant market is rather robust vis-à-vis macro-economic trends

Weaknesses

- Owing to the focus on the European surfactant market, no participation in the growth porential in Asia and South America (but: see „Chances“)
- Within the surfactant markets, we identify competitors enjoying significant capital resources and a well-established distribution infrastructure
- Focusing mainly on the production of anionic surfactants - albeit the most important group - confines market opportunities regarding other surfactants (non-ionic, etc.)
- Sensitivity to feed-materials prices, e.g. surfactant alcohols, ethylene oxide, and paraffins

Opportunities

- Expansion of the market position in Europe by increase in production capacities
- Extension of business operations toward Mid- and Eastern Europe driven by the investments in the Genthin location
- Continued realization of opportunities, e.g. acquisitions and/or partnerships are likely to unfold further growth potential; on a long-term horizon also in as yet not addressed markets (Asia, South America)
- In order to respond to customers´ wishes or to changes in (environmental) legislation, product innovations may further sharpen the company´s profile

Threats

- Continuation of price decline within the detergents and cleaning products industry, driven by “White Label” manufacturers, entails pressure on margins
- The current capital resources and the heavy utilization of current-account credit lines may entail liquidity bottlenecks (to be counteracted via corporate action)
- The issue relating to the usability of an existing loss carry forward, resulting from the former combination with Vectron, for tax purposes, is still unresolved; hence, tax provisions amounting to €4.1 Mill. have been booked

Important information, disclosures and disclaimer

A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV):

I. Information about author, company held accountable, regulatory authority:

Responsible for the content of this document: biw Bank für Investments und Wertpapiere AG, Willich, Germany.

Author: Dr. Roger Becker, CEFA, Biologist.

Regulatory authority for biw Bank für Investments und Wertpapiere AG is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analysed instruments is HANSA GROUP AG.

Notice according to sec. 4 §. 4 N° 4 FinAnV (previous publications regarding the issuer within the last 12 months):

No previous releases.

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no textual changes.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

NEUTRAL: The calculated fair value of the company's stock lies between –15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

May 3, 2010

4. Date and time of prices of the instruments quoted in this document:

Closing prices of April 30, 2010

5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered. It is in the sole responsibility of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG to decide on a potential update of this document.

III. Disclosures about potential conflicts of interest:

1. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG´s business model is based on economic relationships with issuers and equity transactions to be performed relating to the issuer´s stock. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG has entered into an agreement about the preparation of this document with the issuer that is, or whose financial instruments are, the subject of this document.

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG (incl. subsidiaries and affiliates), the authors of this document as well as other persons that were involved in the compilation of this document or affiliated parties:

- **do not have a major shareholding (shareholding exceeding 5%) of the share capital of the issuer that is, or whose financial instruments are, the subject of the analysis. Board members, directors, employees or clients of biw Bank für Investments und Wertpapiere AG possibly are holders of instruments that are mentioned in this document (or that are related to these instruments) or could become holders and could regularly trade the issuer´s securities or securities based on these issues as principal or agent,**

- **have not, within the past twelve months, participated in leading a consortium for the issue via public offer of the financial instruments that are, or whose issuers are, the subject of this document,**
- **have not, within the past twelve months, been party to an agreement on the provision of investment banking services with the issuer that is, or whose financial instruments are, the subject of this document, or have received services or a promise to perform under the terms of such an agreement during the same period,**
- **have no other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this analysis.**

2. In the function as a designated sponsor, BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG manages the financial instruments that are, or whose issuers are, the subject of the financial analysis on a market by placing buy or sell orders and will regularly hold a trading stock or long or short positions in the issuer´s stock.

3. BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG´s internal organisation is aligned with the prevention of conflict of interests in producing and distributing research reports. Possible conflicts of interests will be treated adequately. In particular, physical and non-physical boundaries were installed to keep analysts from gaining access to information that possibly could constitute a conflict of interest for the bank. biw Bank für Investments und Wertpapiere AG keeps insider registers according to sec. 15 WpHG for employees and assignees that normally have access to inside information. These registers will be transmitted to BaFin on request. Insiders´ dealings according to sec. 14 WpHG categorically are prohibited. Staff members that fill a specific position and have access to inside information categorically have to disclose all dealings in financial instruments to the internal compliance department. The compliance of legal requirements and supervisory regulations is subject to continuous supervision and control of the compliance department of biw Bank für Investments und Wertpapiere AG. In this regard, the right to restrict employees´ dealings in financial instruments is reserved.

4. The remuneration of the analysts mentioned above is not dependent on any investment banking transactions of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG or its affiliates. The analysts that compiled this document did not receive or acquire shares in the issuer that is, or whose financial instruments are, the subject of this document at any time. The analysts mentioned above herby certify that all of the views expressed accurately reflect his or her personal views about the issuer and that no part of his or her compensation was, is or will be, directly or indirectly, related to the specific evaluation result or views expressed by the analyst in this document.

5. Updated information according to sec. 5 para. 4 N°. 3 FinAnV is is available at: http://www.bankm.de/webdyn/138_cs_Gesetzliche+Angaben.html.

C. Disclaimer:

This document was compiled by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG solely for informational purposes and for the personal use by persons in Germany that are interested in the company and who purchase or sell transferable securities for their own account or the account of others in the context of their trade, profession or occupation. This document neither constitutes a contract nor any kind of obligation.

This document and its content, in whole or in part, may not be reproduced, distributed, published or passed on to any other person without the prior written consent of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG.

This publication is for distribution in or from the United Kingdom only with the prior written consent of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG and 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(5) of the Financial Services and Markets Act 2000 (financial promotion) order 2005 (the order) respectively in the version as amended from time to time and is not intended to be distributed or passed on, directly or indirectly, to any other class of persons.

Neither this document nor any copy of it may be taken or transmitted into the United States of America, Canada, Japan or Australia or distributed, directly or indirectly, in the United States of America, Canada, Japan or Australia or to any resident thereof.

The distribution of this document in other jurisdictions may be restricted by law, and persons who are in possession of this document have to inform themselves about any such restrictions and observe any such restrictions.

This document is not intended to be an offer, or the solicitation of any offer, or any advice or recommendation to buy or sell the securities referred to herein. This document is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Potential investors should seek professional and individual advice before making their investment decisions. Investment decisions must not be based on this document.

The information within this document has been obtained from sources believed by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG to be reliable, but BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG does not examine the information to be accurate and complete, nor guarantees its accuracy and completeness. Although due care has been taken in compiling this document, it cannot be excluded that the information given is incomplete or the document contains errors. The liability of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG shall be restricted to gross negligence and wilful misconduct. All opinions expressed in this document are those of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG respectively the authors and subject to change without notice. Possible errors or incompleteness of this document may be corrected by BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG and do not constitute grounds for liability, neither with regard to indirect nor to direct or consequential damages. Only in case of failure in essential tasks, BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG is liable for simple negligence. In addition BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG does not accept any liability or responsibility for any loss arising from any use of this publication or its contents or otherwise arising in connection herewith. In any case, the liability of BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG is limited to typical, foreseeable damages and the liability for any indirect damages is excluded.

By accepting this document, the reader/user of this document agrees to be bound by all of the foregoing provisions and this disclaimer. Moreover, the user agrees not to distribute this document to unauthorized persons. The user of this document shall indemnify BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG for any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document.

This document is subject to the laws of the Federal Republic of Germany. Place of jurisdiction is Frankfurt am Main, Germany.

Should certain specifications of this disclaimer not be legally binding or become legally non-binding, this will have no impact on the legally binding character of this disclaimer and its other legal specifications.

This document is not intended for use by persons resident in any jurisdiction that regulates access to such documents by applicable laws. Investment decisions must not be based on any statement in this document. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly. In case of uncertainty persons should not access and/or consider the content of this document in any decisions. This document is not intended for use by persons that are classified as US-persons under the United States Securities Act.

This document is a translation of the legally binding German original version of May 3, 2010.