KTG Agrar[3)6)]

Year *	Sales EUR m	GER GAAP-Earnings p.sh. ** EUR	Cash flow per share EUR	PER **	PCF	Dividend per share EUR
2008	32.0	0.96	1.31	12.8	9.4	0.00
2009e	40.3	1.10	1.57	12.8	9.0	0.20
2010e	45.4	1.16	1.82	12.2	7.7	0.23
2011e	52.6	1.49	2.16	9.5	6.5	0.25

* Fiscal year end December ** before goodwill amortization

KTG Agrar still on growth course

- KTG Agrar AG's business model is based on the following business segments: organic farming of food crops, conventional farming of food crops, energy production/biogas and complementary agricultural activities
- Sales rose 26.7% to EUR 11.1m (DZe: EUR 11.2m) in 1H 2009 and net profit improved 72.0% to EUR 1.8m (DZe: EUR 1.7m).
- Material costs fell 24.6% yoy. This is likely to reflect mainly a fall in fuel and fertiliser prices and should continue to have a positive impact in the current financial year.
- The company's farmland was expanded by 7,736 ha in 1H 2009, from 21,500 ha in 1H 2008 to 29,236 ha (+36%); the proportion of land being farmed in Germany remained constant at 80.9% with a slight rise in the farmland owned by the company.
- In view of a positive earnings trend, KTG Agrar AG already announced at the AGM on 29 June 2009 that it will pay a dividend for the current financial year, although no precise figures have been given yet. We expect a payout ratio of 20%.
- As a result of the capital increase carried out on 18 June 2009, 430,000 new shares have been issued, raising roughly EUR 5.5m.

KTG Agrar AG's balanced business model with the three segments, conventional and organic farming and biogas production, should help the company to maintain a profitable business in future. We have adjusted our EPS forecasts in view of a higher number of shares: 2009: EUR 1.10 (1.14), 2010e: EUR 1.16 (1.21), 2011e: EUR 1.49 (1.57). Our DCF analysis based on a WAAC of 7.46% and terminal growth rate of 0% gives a mathematical value of EUR 20.5. A peer-group comparison based on the PER for 2010e showed an undervaluation of 41.1%. In view of strong sales and earnings growth, we regard the DCF valuation as more meaningful and therefore calculate a fair value of EUR 20.50 (previously EUR 21.50). The stock is suitable for risk-averse investors and represents a long-term investment.

Selected Companies	Price on 1 Sep 2009		PER 09e	PER 10e	EV / EBITDA 09e	EV / EBITDA 10e	EBITDA marg. 09e	Re-com.
KTG Agrar	**14.09**	**EUR**	**12.8**	**12.2**	**10.6**	**9.3**	**25.7%**	**↑**
Black Earth Farming Ltd.	23.60	SEK	–	16.8	50.8	7.9	7.3%	–
Astarta Holding N.V.	26.35	PLN	15.8	20.7	–	–	21.6%	–
FirstFarms As	60.00	DKK	187.5	142.9	–	–	–	–
Cresud SA	4.35	ARS	126.6	–	22.8	11.7	19.2%	–
Median for all peer group companies			**33.7**	**20.7**	**19.1**	**8.8**	**12.3%**	**–**

↑ = Buy, → = Hold, ↓ = Sell, ● = not rated, **n/a** = not appropriate

Source: DZ BANK, I/B/E/S, FactSet

1) – 9) Important: Please read the references to possible conflicts of interest and disclaimers/disclosures at the end of this report.

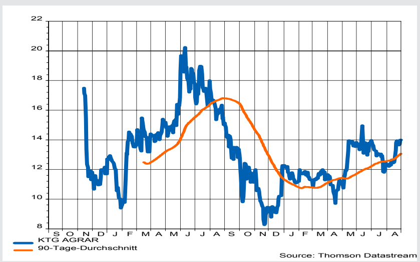
Equities

Flash
2 Sep 2009

Buy **(prev. Buy)**

Closing price 1 Sep 2009 (in EUR):	14.09
Fair value:	20.50
Risk classification:	5
Financial ratios 2009e:	
Book value per share (in EUR):	9.36
Equity ratio (in %):	37.1
Net margin (in %):	12.1
ROE (in %):	11.5
Dividend yield (in %):	1.4
Free cash flow (EUR m):	-19.2
Net debt (EUR m):	54.9
Number of shares (million units):	5.2
Market cap (in EUR m):	72.70
Free float (in %):	45.0
SIN:	A0DN1J
ISIN:	DE000A0DN1J4
Datastream:	D:7KTX
Reuters:	7KTG.DE
Bloomberg:	7KT GY

Next Newsflow:
Annual Report 2009: expected May 2010



Author: Dr. Heinz Müller, Analyst

Performance in 1H 2009 and Outlook

1H 2009

Marked improvement in sales and net profit

KTG Agrar AG remained on growth course in 1H 2009 with an improvement in all its key figures. Sales rose 26.7% to EUR 11.1m (DZe: EUR 11.2m), outpaced by EBIT growth of 57.6% to EUR 3.8m, while net profit rose by as much as 72.0% to EUR 1.8m (DZe: EUR 1.7m).

Sales performance in 1H 2009 vs. 2008 - TEUR

Business segment	DZe 1H 2009	+/- yoy	Deviation	1H 2009 reported	+/- yoy
Conventional farming	4,081	26.6%	Sale of parts of the 2008 harvest	4,237	30.4%
Organic farming	1,718	36.5%	More in-conversion land	1,453	15.4%
Biogas	4,450	7.2 %	Start-up of further plants	4,703	13.3%
Complementary agr. act.	920		Reduction in peripheral agricultural services	681	730.5%
Total	11,171	27.8%		11,074	26.7%

Source: KTG Agrar AG, DZ Bank estimates

Biogas activity increasingly important

All the business segments contributed to the company's successful performance. The results for 1H 2009 have shown once again how important the biogas segment has become. The sale of electricity and heat helps KTG generate a steady cash flow, which is important for maintaining liquidity and offsetting the seasonal nature of food-crop farming. This means that KTG is not under any time pressure and where necessary that it can survive periods when prices are lower.

Complementary activities with low EBIT margin

KTG invested extensively in agricultural machinery in 1H 2009. In order to be able to take advantage of volume-related price advantages, companies in the KTG Group acquired the machinery and sold it on to financing companies. The total sum involved, on which only a very small margin was generated, amounted to around EUR 3.6m.

Differences in definition of total output and EBIT

KTG Agrar defines total output as per HGB model (German GAAP) as the sum of sales revenues, increases in inventories, own work capitalised and other operating income. However, unlike KTG, DZ does not include other operating income under total output, since very different items are regrouped under this heading, which are not directly related to operating activities. For example, KTG Agrar traded around EUR 3.6m worth of agricultural machinery (around 45% of other operating income in 1H 2009). However, our total output figure includes "investment grants and subsidies", since premium payments are reported under this heading and this item is seen as part of an agricultural company's income. As a result, our total output figure is smaller than KTG's reported figure. In addition, we include other taxes (1H 2009: TEUR 91.0) under other operating expenses, since this item does not involves taxes on income and earnings. As a result, the EBIT figure we report is also lower than KTG Agrar's reported EBIT.

Sales and earnings performance in 1H 2009

1H 08	DZ 1H 09e	1H 09	yoy	vs.DZe	T€	1H 08	DZ1H 09e	1H 09	yoy	vs.DZe	2009e
Official reporting						**DZ adjustments**					
8,741.0	11,170.6	11,074.0	26.7%	-0.9%	Sales	8,741.0	11,170.6	11,074.0		-0.9%	33,100.0
5,630.4	6,441.7	6,848.4	21.6%	6.3%	Increases in inventories	5,630.4	6,441.7	6,848.4	21.6%	6.3%	7,100.0
0.0	0.0	437.0			Own work capitalised	0.0	0.0	437.0			300.0
6,153.4	8,097.9	7,910.4	28.6%	-2.3%	Other operating income	2,792.3	3,455.9	3,688.0	32.1%	6.7%	7,200.0
20,524.8	**25,710.2**	**26,269.9**	**28.0%**	**2.2%**	**Total output**	**17,163.7**	**21,068.2**	**22,047.5**	**28.5%**	**4.6%**	**47,700.0**
-7,306.0	-7,517.0	-7,491.8	2.5%	-0.3%	Material costs	-7,306.0	-7,517.0	-7,491.8	2.5%	-0.3%	-20,034.0
-2,165.1	-3,031.7	-3,044.5	40.6%	0.4%	Staff costs	-2,165.1	-3,031.7	-3,044.5	40.6%	0.4%	-5,247.0
-1,303.8	-1,480.5	-1,202.9	-7.7%	-18.8%	Amortisation and deprec.	-1,303.8	-1,480.5	-1,202.9	-7.7%	-18.8%	-2,962.9
-7,366.2	-10,176.4	-10,774.2	46.3%	5.9%	Other oper costs, inc./taxes	-4,122.9	-5,666.2	-6,642.8	61.1%	17.2%	-10,160.1
-969.4	-1,080.4	-1,218.7	25.7%	12.8%	Financial result	-969.4	-1,080.4	-1,218.7	25.7%	12.8%	-2,382.8
1,414.4	**2,424.0**	**2,537.8**	**79.4%**	**4.7%**	**Result from ord. Activ.**	**1,296.6**	**2,292.2**	**2,446.8**	**88.7%**	**6.7%**	**6,913.2**
0.0	-240.0	-191.1		-20.4%	Extraordinary result	0.0	-240.0	-191.1		-20.4%	0.0
-224.7	-332.2	-411.8	83.3%	24.0%	Income taxes	-224.7	-332.2	-411.8	83.3%	24.0%	-1,423.4
-117.8	-131.8	-91.0	-22.8%	-31.0%	Other taxes	0.0	0.0	0.0			0.0
1,071.9	**1,720.1**	**1,843.8**	**72.0%**	**7.2%**	**Net cons. inc. bef. Mins.**	**1,071.9**	**1,720.1**	**1,843.8**	**72.0%**	**7.2%**	**5,489.8**
-307.5	-659.8	-783.7	154.9%	18.8%	Minority interests	-307.5	-659.8	-783.7	154.9%	18.8%	-400.0
764.4	**1,060.3**	**1,060.1**	**38.7%**	**0.0%**	**Net cons. inc. after mins**	**764.4**	**1,060.3**	**1,060.1**	**38.7%**	**0.0%**	**5,089.8**
4.3	5.16	5.16	20.0%	0.0%	No. of shares (m)	4.3	5.16	5.16	20.0%	0.0%	5.16
0.18	**0.21**	**0.21**	15.6%	0.0%	**EPS - €**	**0.18**	**0.21**	**0.21**	15.6%	0.0%	**0.99**
2,383.8	**3,504.5**	**3,756.5**	57.6%	7.2%	**EBIT**	**2,266.0**	**3,372.7**	**3,665.5**	61.8%	8.7%	**9,296.0**
11.6%	**13.6%**	**14.3%**			**EBIT-margin**	**13.2%**	**16.0%**	**16.6%**			**19.5%**
					Other oper. Income						
2,792.3	3,455,9	3,688,0	32.1%	6.7%	Inv. grants and subsidies	2,792.3	3,455.9	3,688.0	32.1%	6.7%	7,200.0
3,361.1	4,642,0	4,222,4	25.6%	-9.0%	Other income	3,361.1	4,642.0	4,222.4	25.6%	-9.0%	13,356.0
6,153.4	**8,097,9**	**7,910,4**	28.6%	-2.3%		**6,153.4**	**8,097.9**	**7,910.4**	28.6%	-2.3%	**20,556.0**
					Other oper. Expenses						
1,332.4	2,007.8	1,831.0	37.4%	-8.8%	Rents and leases	1,332.4	2,007.8	1,831.0	37.4%	-8.8%	3,373.9
6,033.8	8,168.7	8,943.2	48.2%	9.5%	Other expenses	6,033.8	8,168.7	8,943.2	48.2%	9.5%	19,942.2
7,366.2	**10,176.4**	**10,774.2**	46.3%	5.9%		**7,366.2**	**10,176.4**	**10,774.2**	46.3%	5.9%	**23,316.1**
					Sales						
3,249.0	4,081.4	4,237.0	30.4%	3.8%	Conv. farming	3,249.0	4,081.4	4,237.0	30.4%	3.8%	10,000.0
1,259.0	1,718.3	1,453.0	15.4%	-15.4%	Organic farming	1,259.0	1,718.3	1,453.0	15.4%	-15.4%	6,000.0
82.0	920.9	681.0	730.5%	-26.0%	Compl. agric. activities	82.0	920.9	681.0	730.5%	-26.0%	6,100.0
4,151.0	4,450.0	4,703.0	13.3%	5.7%	Biogas	4,151.0	4,450.0	4,703.0	13.3%	5.7%	11,000.0
8,741.0	**11,170.6**	**11,074.0**	26.7%	-0.9%		**8,741.0**	**11,170.6**	**11,074.0**	26.7%	-0.9%	**33,100.0**
					Land - ha						
3,700	4,750	5,181	40.0%	9.1%	Owned	3,700	4,750	5,181	40.0%	9.1%	5,000
17,800	24,150	24,055	35.1%	-0.4%	Leased	17,800	24,150	24,055	35.1%	-0.4%	25,000
21,500	**28,900**	**29,236**	36.0%	1.2%		**21,500**	**28,900**	**29,236**	36.0%	1.2%	30,000
75	83	76	1.7%	-8.4%	-> Lease/ha - €	75	83	76	1.7%	-8.4%	135
407	387	379	-6.8%	-2.0%	-> Sales/ha - €	407	387	379	-6.8%	-2.0%	1,103
340	260	256	-24.6%	-1.5%	-> Material costs/ha - €	340	260	256	-24.6%	-1.5%	668

Source: KTG Agrar AG, DZ Bank estimates

Differences in allocation of various expense and earnings items

Because of differences in the allocation of various expenses and earnings items, only the sales and consolidated earnings figures are directly comparable with the official report. This also means that all cost ratios (vs. total output) are much higher than in the official report; at 34%, for example, the material-cost ratio is much higher than the reported figure of 28.5%, but below our estimate of 35.7%. At EUR 11.1m, sales were in line with our expectations of EUR 11.2m. Investment grants and subsidies rose by 32.1%, while lease costs also rose 37.4%, more or less in line with the increase in farmland of around 36%. It is worth noting that, at EUR 7.5m, material costs have only risen 2.5% yoy (DZe: +2.9%), despite a 36% increase in farmland. Material costs therefore fell by 24.6% per ha on virtually stable sales of EUR 379 per ha. We assume that this primarily reflects a decline in fuel and fertiliser costs and this factor should continue to have a positive impact in the full year. At EUR 1.84m, consolidated net profit was 7.2% ahead of our forecasts, which was probably mainly a reflection of higher increases in inventories and investment grants and subsidies. At 16.6%, the (adjusted) EBIT margin was also ahead of our expectations; we still expect a figure of 19.5% in the current financial year.

Significant increase in farmland

KTG not only achieved a significant improvement in its key financials in 1H 2009, but also substantially increased its farmland, which grew by 7,736 ha, from 21,500 ha in 1H 2008 to 29,236 ha (+36%) in the reporting period. The percentage of land farmed in Germany has remained constant at 80.9%, while the ownership rate in both Germany and Lithuania rose slightly, from 6.9% in Germany in 1H 2008 to 7.3% in 1H 2009, and from 61% to 61.9% in Lithuania during the same period. KTG's current acreage of around 29,236 ha therefore once more represents an impressive increase. After all, acreage size is the basis for further growth and is therefore of primary importance for the company. We still expect a figure of 30,000 ha in the full year.

Dividend payout announced

In view of a positive earnings trend, KTG Agrar AG already announced at the AGM that it will pay a dividend for the current financial year, although no exact figure has been indicated yet. We expect a payout ratio of 20% and have factored this in to our projections accordingly.

Capital increase increases number of shares by 430,000

The capital increase carried out on 18 June 2009 led to the issue of 430,000 new shares. We have therefore increased the number of share from 4.73 to 5.15m and adjusted our EPS figures accordingly. Gross funds of around EUR 5.5m raised from the capital increase are to be used to finance further growth in the company's land portfolio.

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Outlook

Further growth a priority

We expect KTG Agrar AG to maintain its existing growth course and especially to use still cheap land prices at the moment to acquire further land – especially in Eastern Europe. We also expect the company to stick to its expansive strategy in biogas. The business model is likely to continue to demonstrate its sustainability. Farming has a clear advantage precisely at times of recession since demand for food is constant, which means that demand for farming products remains relatively stable even in difficult economic times. In global terms, we can expect growing demand for agricultural commodities if nothing else on the back of an annual increase in the world's population of around 80m people, growing meat consumption in the emerging markets which still lags way behind the level in the developed countries, and the political will to increase the proportion of renewable energies.

Producer and material prices are back to their former level

Prices for agricultural products such as wheat are currently below the highs of 2008 and are now back at former levels. The price of diesel and fertiliser, especially nitrogenous fertilisers, has also fallen. KTG has already secured its entire fuel requirement for 2009 and expects this to lead to a cost reduction of around EUR 1m in the full year. Prices for nitrogenous fertilisers are down by around 48% against the previous year. KTG is deriving an additional benefit from an integrated biogas production, in so far as fermentation residues can be used as a fertiliser for crops. The farming activity is likely to remain KTG Agrar AG's main business in the next few years with around 50% of sales. The company should be able to carry on expanding its position by buying additional farmland as a result of an ongoing change in the structure of the farming industry.

Further growth through expansion in farmland and through biogas

We are relatively optimistic for the entire KTG Agrar AG Group. KTG Agrar should again increase its total output and EBIT in the full year 2009. In addition, KTG is also expected to press on with the expansion of its farmland as the basis for further growth. In our view, KTG is likely to increase primarily its current land holdings in eastern Germany and in Lithuania in order to achieve even greater economies of scale from large-scale farming. However, the company may increasingly turn its attention towards other regions of Eastern Europe. Its aim is to go into the 2010 season with over 30,000 ha of farmland. There are also plans to expand the biogas business segment with two further sites in project development. In other words, the company has probably set the goal posts for a successful 2010. We expect total output to increase by 11.7% p.a. up to 2014e, whereby we assume the strongest sales growth (of around 22% p.a.) from organic farming.

KTG Agrar AG's business model should continue to ensure a profitable business

KTG Agrar AG's balanced business model with the three business segment, conventional and organic farming and biogas production, means that business should continue to be profitable in future especially through the company's strong market position. The likelihood of a further decline in the number of farms should allow a further increase in KTG's farmland. We have adjusted our EPS figures in view of a greater number of shares and plans for a dividend payout as follows: EPS 2009e: EUR 1.10 (1.14), EPS 2010e: EUR 1.16 (1.21), EPS 2011e: 1.49 (1.57). We have worked out a mathematical value of EUR 20.5 using a DCF analysis – which also takes into account a higher number of shares – based on a WACC of 7.46% and terminal growth rate of 0%. A peer-group comparison based on the PER for 2010e shows an undervaluation of 41.1% and a fair value of EUR 23.9. In view of strong sales and earnings growth, we attribute the greatest importance to the DCF and therefore derive a fair value of EUR 20.50 (previously EUR 21.50), which equates to upside potential of 45%. A solid business model and strong market position are positive factors. The stock is suitable for risk-averse investors and represents a long-term investment.

Recommendation : buy (unchanged)
Price target : EUR 20.5 (prev. 21.50)

KTG Agrar AG – sales and earnings (TEUR)

Business segment / year	2008	2009e	2010e	2011e	2012e	2013e	2014e	CAGR 2008-'14e
Conventional farming	7,596.0	10,000.0	12,000.0	13,000.0	14,000.0	15,000.0	16,000.0	13.2%
yoy	60.0%	31.6%	20.0%	8.3%	7.7%	7.1%	6.7%	
Organic farming	3,302.0	6,000.0	7,000.0	8,000.0	9,000.0	10,000.0	11,000.0	22.2%
yoy	175.6%	81.7%	16.7%	14.3%	12.5%	11.1%	10.0%	
Biogas	9,136.0	11,000.0	12,000.0	16,000.0	18,000.0	18,000.0	18,000.0	12.0%
yoy	175.3%	20.4%	9.1%	33.3%	12.5%	0.0%	0.0%	
Complementary agric. act.	6,384.0	6,100.0	6,183.0	6,583.0	7,000.0	7,400.0	7,800.0	3.4%
yoy	5.6%	-4.4%	1.4%	6.5%	6.3%	5.7%	5.4%	
KTG cons. sales	**26,418.0**	**33,100.0**	**37,183.0**	**43,583.0**	**48,000.0**	**50,400.0**	**52,800.0**	12.2%
yoy	72.6%	25.3%	12.3%	17.2%	10.1%	5.0%	4.8%	
Investm. grants/subsidies	**5,594.0**	**7,200.0**	**8,200.0**	**9,000.0**	**10,000.0**	**10,800.0**	**11,600.0**	12.9%
Yoy	18.2%	28.7%	13.9%	9.8%	11.1%	8.0%	7.4%	
Increases in inventories	**5,711.2**	**7,100.0**	**7,900.0**	**8,100.0**	**8,500.0**	**9,000.0**	**9,500.0**	8.9%
Yoy	-3.3%	24.3%	11.3%	2.5%	4.9%	5.9%	5.6%	
Own work	**474.4**	**300.0**	**350.0**	**380.0**	**400.0**	**450.0**	**480.0**	0.2%
Yoy	-36.5%	-36.8%	16.7%	8.6%	5.3%	12.5%	6.7%	
KTG total output	**38,197.6**	**47,700.0**	**53,633.0**	**61,063.0**	**66,900.0**	**70,650.0**	**74,380.0**	11.7%
Yoy	43.1%	24.9%	12.4%	13.9%	9.6%	5.6%	5.3%	
EBITDA	9,865.9	12,258.9	14,105.5	16,212.2	18,397.5	19,994.0	21,421.4	13.8%
Yoy	65.7%	24.3%	15.1%	14.9%	13.5%	8.7%	7.1%	
EBITDA - margin	25.8%	25.7%	26.3%	26.5%	27.5%	28.3%	28.8%	
EBIT	7,359.5	9,296.0	10,361.1	12,464.9	14,646.6	16,238.8	17,661.4	15.7%
Yoy	90.1%	26.3%	11.5%	20.3%	17.5%	10.9%	8.8%	
EBIT - margin	19.3%	19.5%	19.3%	20.4%	21.9%	23.0%	23.7%	
Earnings from ord. act.	5,144.5	7,024.1	7,548.0	9,706.7	12,161.4	14,124.1	15,984.1	20.8%
Yoy	159.2%	36.5%	7.5%	28.6%	25.3%	16.1%	13.2%	
Earnings from ord. act. - margin	13.5%	14.7%	14.1%	15.9%	18.2%	20.0%	21.5%	
Net profit after min. (adj.)	4,172.9	5,371.6	5,669.0	7,404.7	9,378.5	10,956.6	12,452.1	20.0%
Yoy	228.8%	28.7%	5.5%	30.6%	26.7%	16.8%	13.6%	
Net profit - margin	10.9%	11.3%	10.6%	12.1%	14.0%	15.5%	16.7%	

Source: KTG Agrar AG, DZ Bank calculations/estimates

Profit and loss account

Euro '000	2008	2009e	2010e	2011e	2012e	2013e
Sales	**32,011.6**	**40,300.0**	**45,383.0**	**52,583.0**	**58,000.0**	**61,200.0**
Change in inventory/Own work	6,185.6	7,400.0	8,250.0	8,480.0	8,900.0	9,450.0
Total output	**38,197.2**	**47,700.0**	**53,633.0**	**61,063.0**	**66,900.0**	**70,650.0**
% against prev. year	43%	25%	12%	14%	10%	6%
Cost of materials	-15,067.9	-20,034.0	-22,901.3	-26,684.5	-29,235.3	-30,874.1
Personnel expenses	-5,001.6	-5,247.0	-5,363.3	-5,495.7	-5,619.6	-5,793.3
Other operating expenses/income	-8,261.8	-10,160.1	-11,262.9	-12,670.6	-13,647.6	-13,988.7
EBITDA	**9,865.9**	**12,258.9**	**14,105.5**	**16,212.2**	**18,397.5**	**19,994.0**
Depreciation/Amortisation	-2,506.5	-2,962.9	-3,744.4	-3,747.3	-3,750.9	-3,755.1
Amortisation	-355.7	-325.6	-298.2	-273.1	-250.1	-229.1
Operating profit (EBIT)	**7,359.5**	**9,296.0**	**10,361.1**	**12,464.9**	**14,646.6**	**16,238.8**
% against prev. year	90%	26%	11%	20%	18%	11%
Net interest income	-2,215.4	-2,271.9	-2,813.0	-2,758.2	-2,485.2	-2,114.7
Net other financial income	0.4	0.0	0.0	0.0	0.0	0.0
Profit before extraordinary items	**5,144.5**	**7,024.1**	**7,548.0**	**9,706.7**	**12,161.4**	**14,124.1**
% against prev. year	159%	37%	7%	29%	25%	16%
Extraordinary profit/loss	-232.6	-191.1	0.0	0.0	0.0	0.0
Profit before tax	**4,911.9**	**6,833.0**	**7,548.0**	**9,706.7**	**12,161.4**	**14,124.1**
% against prev. year		39%	10%	29%	25%	16%
Tax	-590.1	-1,252.5	-1,479.0	-1,902.0	-2,382.9	-2,767.5
Tax rate	12%	18%	20%	20%	20%	20%
Profit after tax	**4,321.8**	**5,580.5**	**6,069.0**	**7,804.7**	**9,778.5**	**11,356.6**
% against prev. year		29%	9%	29%	25%	16%
Minority interest	-381.4	-400.0	-400.0	-400.0	-400.0	-400.0
Profit after minorities	**3,940.4**	**5,180.5**	**5,669.0**	**7,404.7**	**9,378.5**	**10,956.6**
Adjusted profit after minorities	4,172.9	5,371.6	5,669.0	7,404.7	9,378.5	10,956.6
Average number of shares, fully diluted (m)	4.730	5.160	5.160	5.160	5.160	5.160
Fully diluted earnings per share	**0.88**	**1.04**	**1.10**	**1.44**	**1.82**	**2.12**
Fully diluted EpS before goodwill amort.	**0.96**	**1.10**	**1.16**	**1.49**	**1.87**	**2.17**
Fiscal year end December						

Source: KTG Agrar and DZ BANK estimates

Ratios

Euro	2008	2009e	2010e	2011e	2012e	2013e
Profit and loss ratios						
Total output ('000)	38,197.2	47,700.0	53,633.0	61,063.0	66,900.0	70,650.0
EBITDA margin	25.8%	25.7%	26.3%	26.6%	27.5%	28.3%
EBIT margin	19.3%	19.5%	19.3%	20.4%	21.9%	23.0%
Net margin	11.9%	12.1%	11.3%	12.8%	14.6%	16.1%
Investment ratio	35.6%	52.6%	15.1%	6.7%	6.1%	5.8%
R&D as % of total output						
Net other operating costs as % of total output	21.6%	21.3%	21.0%	20.8%	20.4%	19.8%
Net financial income as % of total output	-5.8%	-4.8%	-5.2%	-4.5%	-3.7%	-3.0%
Interest cover	3.3	4.1	3.7	4.5	5.9	7.7
Average sales growth next five years	13.1%	9.3%				
Average earnings growth next five years	19.2%	18.3%				
Profitability ratios						
ROE	11.6%	11.5%	11.0%	12.6%	13.9%	14.1%
ROCE	9.0%	8.7%	9.2%	10.8%	12.5%	13.7%
Productivity ratios						
Sales per employee ('000)	244.07	265.00	357.55	407.09	446.00	471.00
EBIT per employee ('000)	47.03	51.64	69.07	83.10	97.64	108.26
Balance sheet ratios						
Equity ratio	36.4%	37.1%	37.7%	40.1%	44.0%	49.2%
Long term debt and equity / Fixed assets	183.1%	153.0%	156.0%	159.0%	161.6%	164.0%
Liquidity (quick ratio)	186.1%	115.9%	116.3%	104.5%	98.2%	96.9%
Receivables as % of total output	12.5%	15.2%	15.2%	15.5%	15.6%	15.6%
Investment (net of GW) / Depreciation	632.7%	951.7%	235.0%	118.0%	116.5%	115.7%
Working capital as % of total output	43.3%	40.6%	40.6%	39.2%	38.6%	39.0%
Figures per share						
EpS after goodwill amortisation	0.88	1.04	1.10	1.44	1.82	2.12
Fully diluted EpS before goodwill amort.	0.96	1.10	1.16	1.49	1.87	2.17
Diluted cash earnings per share	1.31	1.57	1.82	2.16	2.54	2.85
Dividend per common share	0.00	0.20	0.23	0.25	0.28	0.31
Cash per share, diluted	2.43	1.30	1.76	1.83	1.86	1.91
Net debt per share, diluted	8.69	10.63	10.95	10.10	8.82	7.21
Valuation ratios						
Enterprise value / Sales	2.6	2.7	2.5	2.1	1.8	1.6
Enterprise value / EBITDA	10.2	10.6	9.3	7.9	6.6	5.7
Enterprise value / EBIT	13.7	13.9	12.7	10.2	8.3	7.0
EV/Sales to sales growth	0.13	0.21	0.26	0.22	0.20	0.17
PEG ratio - common shares	0.29	0.66	0.67			
Fiscal year end December						

Source: KTG Agrar and DZ BANK estimates

Balance sheet

GER GAAP - Euro '000	2008	2009e	2010e	2011e	2012e	2013e
ASSETS						
Intangible assets	5,148.0	4,906.7	4,691.8	4,500.8	4,312.0	4,143.4
thereof goodwill	3,796.2	3,475.5	3,182.3	2,914.3	2,669.2	2,445.1
Tangible assets	42,776.9	65,160.3	69,735.8	70,284.4	70,807.3	71,305.8
Financial assets	1,003.2	1,003.2	1,003.2	1,003.2	1,003.2	1,003.2
Other fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	48,928.1	71,070.2	75,430.8	75,788.4	76,122.6	76,452.4
% against prev. year	23%	45%	6%	0%	0%	0%
Inventories	23,773.2	32,240.0	36,306.4	42,066.4	46,400.0	48,960.0
Trade receivables	4,778.2	7,254.0	8,168.9	9,464.9	10,440.0	11,016.0
Liquid assets/Current investments	11,500.8	6,714.9	9,061.1	9,455.3	9,586.8	9,856.2
Other current assets	18,946.5	18,182.1	17,982.1	17,682.1	17,482.1	17,182.1
Current assets	58,998.6	64,391.1	71,518.6	78,668.8	83,908.9	87,014.3
% against prev. year	32%	9%	11%	10%	7%	4%
Total assets	**107,987.0**	**135,521.5**	**147,009.6**	**154,517.5**	**160,091.8**	**163,527.0**
% against prev. year	28%	25%	8%	5%	4%	2%
LIABILITIES						
Share capital	4,730.0	5,160.0	5,160.0	5,160.0	5,160.0	5,160.0
Reserves	27,475.0	34,154.4	38,302.9	42,785.1	48,884.4	56,826.8
Other equity	5,458.9	8,988.3	9,476.9	11,212.6	13,186.3	14,764.4
Shareholders' equity	37,663.9	48,302.7	52,939.8	59,157.7	67,230.7	76,751.2
% against prev. year	34%	28%	10%	12%	14%	14%
Minority interest	1,627.1	2,027.1	2,427.1	2,827.1	3,227.1	3,627.1
% against prev. year	28%	25%	20%	16%	14%	12%
Pensions provisions	319.0	300.0	300.0	300.0	300.0	300.0
Other provisions	1,765.6	1,558.3	1,327.9	1,263.3	1,300.6	1,369.3
Interest bearing liabilities	53,037.6	62,037.6	66,037.6	62,037.6	55,537.6	47,537.6
Trade accounts payables	12,004.2	20,150.0	22,691.5	27,606.1	31,030.0	32,436.0
Other liabilities	1,569.6	1,145.8	1,285.8	1,325.8	1,465.8	1,505.8
Total liabilities	68,696.0	85,191.6	91,642.7	92,532.7	89,634.0	83,148.7
% against prev. year	24%	24%	8%	1%	-3%	-7%
Shareholders' equity and liabilities	**107,987.0**	**135,521.5**	**147,009.6**	**154,517.5**	**160,091.8**	**163,527.0**
% against prev. year	28%	25%	8%	5%	4%	2%
Fiscal year end December						

Source: KTG Agrar and DZ BANK estimates

Summary

Euro '000	2008	2009e	2010e	2011e	2012e	2013e
Profit and loss account						
Total output	38,197.2	47,700.0	53,633.0	61,063.0	66,900.0	70,650.0
Cost of materials	-15,067.9	-20,034.0	-22,901.3	-26,684.5	-29,235.3	-30,874.1
Personnel expenses	-5,001.6	-5,247.0	-5,363.3	-5,495.7	-5,619.6	-5,793.3
Other operating expenses/income	-8,261.8	-10,160.1	-11,262.9	-12,670.6	-13,647.6	-13,988.7
EBITDA	9,865.9	12,258.9	14,105.5	16,212.2	18,397.5	19,994.0
Depreciation	-2,150.8	-2,637.3	-3,446.2	-3,474.3	-3,500.8	-3,526.0
Amortisation	-355.7	-325.6	-298.2	-273.1	-250.1	-229.1
Operating profit (EBIT)	7,359.5	9,296.0	10,361.1	12,464.9	14,646.6	16,238.8
Net financial items	-2,215.0	-2,271.9	-2,813.0	-2,758.2	-2,485.2	-2,114.7
Extraordinary profit/loss	-232.6	-191.1	0.0	0.0	0.0	0.0
Profit before tax	4,911.9	6,833.0	7,548.0	9,706.7	12,161.4	14,124.1
Tax	-590.1	-1,252.5	-1,479.0	-1,902.0	-2,382.9	-2,767.5
Profit after tax	4,321.8	5,580.5	6,069.0	7,804.7	9,778.5	11,356.6
Balance sheet						
Liquid assets/Current investments	11,500.8	6,714.9	9,061.1	9,455.3	9,586.8	9,856.2
Other current assets	47,497.8	57,676.1	62,457.5	69,213.5	74,322.1	77,158.1
Fixed assets	48,928.1	71,070.2	75,430.8	75,788.4	76,122.6	76,452.4
Interest bearing liabilities	53,037.6	62,037.6	66,037.6	62,037.6	55,537.6	47,537.6
Non-interest-bearing liabilities	15,658.4	23,154.1	25,605.2	30,495.1	34,096.4	35,611.1
Shareholders' equity and minority interest	39,291.0	50,329.9	55,366.9	61,984.8	70,457.8	80,378.3
Shareholders' equity and liabilities	107,987.0	135,521.5	147,009.6	154,517.5	160,091.8	163,527.0
Cash flow statement						
Net profit before minority interest	4,321.8	5,580.5	6,069.0	7,804.7	9,778.5	11,356.6
Depreciation/amortisation on fixed assets	2,506.5	2,962.9	3,744.4	3,747.3	3,750.9	3,755.1
Change in working capital	-8,215.5	-2,796.8	-2,439.8	-2,141.4	-1,884.7	-1,730.0
Other	-8,188.1	111.6	109.6	275.4	377.4	408.7
Cash flow from operating activities	-9,575.3	5,858.1	7,483.2	9,686.0	12,022.0	13,790.4
Cash flow from investment activities	-11,751.2	-25,105.0	-8,105.0	-4,105.0	-4,085.0	-4,085.0
Free cash flow	-21,326.4	-19,246.9	-621.8	5,581.0	7,937.0	9,705.4
Cash flow from financing activities	9,705.2	14,461.0	2,968.0	-5,186.8	-7,805.5	-9,436.0
Increase in cash and cash equivalents	-5,732.8	-4,785.9	2,346.2	394.2	131.5	269.4
Fiscal year end December						

Source: KTG Agrar and DZ BANK estimates

Discounted cash flow valuation

Cost of capital	
Weighted average cost of capital (WACC)	7.46%

Euro '000	**2009e**	**2010e**	**2011e**	**2012e**	**2013e**	**2014e**	**2015e**
EBIT	**9,296.0**	**10,361.1**	**12,464.9**	**14,646.6**	**16,238.8**	**17,661.4**	**17,848.3**
Interest expenditure on pensions provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary result	-191.1	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBIT	**9,104.9**	**10,361.1**	**12,464.9**	**14,646.6**	**16,238.8**	**17,661.4**	**17,848.3**
Adjusted taxes on earnings of the company	-1,669.0	-2,030.2	-2,442.4	-2,869.9	-3,181.9	-3,460.6	-3,367.6
Net Operating Profit After Tax (NOPAT)	**7,435.9**	**8,330.9**	**10,022.5**	**11,776.7**	**13,056.9**	**14,200.7**	**14,480.7**
Depreciation/Amortisation of tangible/intangible assets	2,962.9	3,744.4	3,747.3	3,750.9	3,755.1	3,760.1	3,573.2
Investments in tangible/intangible assets	-25,105.0	-8,105.0	-4,105.0	-4,085.0	-4,085.0	-4,085.0	-4,080.0
Change in provisions/special items	-44.6	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-2,796.8	-2,439.8	-2,141.4	-1,884.7	-1,730.0	-1,440.0	0.0
Change in other current assets	340.5	340.0	340.0	340.0	340.0	340.0	0.0
Free cash flow	**-17,207.1**	**1,870.5**	**7,863.4**	**9,897.9**	**11,337.1**	**12,775.8**	**13,973.8**
Cash values of free cash flows on the valuation date	-17104.2	1730.1	6768.4	7927.9	8450.1	8861.1	129868.9
Total cash value of free cash flow	**146502.4**						
Market value of non-operating assets	244.4						
Liquid assets/Securities/Interest-bearing financial assets	12259.6						
Entity value	**159006.4**						
Financial debt/Pension provisions	-53356.6						
Equity value (incl. minority interest)	**105649.8**						
Value of minority interest	0.0						
Equity value (excl. minority interest)	**105649.8**						
Equity value per share, diluted (EUR)	**20.5**						
Fiscal year end December							

Source: KTG Agrar and DZ BANK estimates

Cash flow statement

Euro '000	2008	2009e	2010e	2011e	2012e	2013e
Net profit before minority interest	4,321.8	5,580.5	6,069.0	7,804.7	9,778.5	11,356.6
Depreciation/amortisation on fixed assets	2,506.5	2,962.9	3,744.4	3,747.3	3,750.9	3,755.1
Increase in provisions	-151.8	-228.9	-230.4	-64.6	37.4	68.7
Other items	0.0					
Change in working capital	-8,215.5	-2,796.8	-2,439.8	-2,141.4	-1,884.7	-1,730.0
Change in other current assets	-8,036.3	340.5	340.0	340.0	340.0	340.0
Cash flow from operating activities	**-9,575.3**	**5,858.1**	**7,483.2**	**9,686.0**	**12,022.0**	**13,790.4**
Proceeds from sales of fixed assets	0.0					
Investments in tangible and intangible assets	-11,679.3	-25,105.0	-8,105.0	-4,105.0	-4,085.0	-4,085.0
Investment in financial assets	-71.9	0.0	0.0	0.0	0.0	0.0
Cash flow from investment activities	**-11,751.2**	**-25,105.0**	**-8,105.0**	**-4,105.0**	**-4,085.0**	**-4,085.0**
Equity funding	0.0	5,461.0	0.0	0.0	0.0	0.0
Dividend payment for previous year	0.0	0.0	-1,032.0	-1,186.8	-1,305.5	-1,436.0
Debt financing	9,705.2	9,000.0	4,000.0	-4,000.0	-6,500.0	-8,000.0
Cash flow from financing activities	**9,705.2**	**14,461.0**	**2,968.0**	**-5,186.8**	**-7,805.5**	**-9,436.0**
Other changes in liquid assets	5,833.5					
Change in liquid assets	-5,787.8	-4,785.9	2,346.2	394.2	131.5	269.4
Fiscal year end December						

Source: KTG Agrar and DZ BANK estimates

Summary

	2008	2009e	2010e	2011e	2012e	2013e
Profit and loss account (EUR '000)						
Total output	38,197.2	47,700.0	53,633.0	61,063.0	66,900.0	70,650.0
Cost of materials	-15,067.9	-20,034.0	-22,901.3	-26,684.5	-29,235.3	-30,874.1
Personnel expenses	-5,001.6	-5,247.0	-5,363.3	-5,495.7	-5,619.6	-5,793.3
Other operating expenses/income	-8,261.8	-10,160.1	-11,262.9	-12,670.6	-13,647.6	-13,988.7
EBITDA	9,865.9	12,258.9	14,105.5	16,212.2	18,397.5	19,994.0
EBITA	7,715.2	9,621.6	10,659.3	12,738.0	14,896.7	16,467.9
Operating profit (EBIT)	7,359.5	9,296.0	10,361.1	12,464.9	14,646.6	16,238.8
Net financial items	-2,215.0	-2,271.9	-2,813.0	-2,758.2	-2,485.2	-2,114.7
Extraordinary profit/loss	-232.6	-191.1	0.0	0.0	0.0	0.0
Tax	-590.1	-1,252.5	-1,479.0	-1,902.0	-2,382.9	-2,767.5
Profit after tax	4,321.8	5,580.5	6,069.0	7,804.7	9,778.5	11,356.6
Profit and loss ratios						
EBITDA margin	25.8%	25.7%	26.3%	26.6%	27.5%	28.3%
EBIT margin	19.3%	19.5%	19.3%	20.4%	21.9%	23.0%
Net margin	11.9%	12.1%	11.3%	12.8%	14.6%	16.1%
Investment ratio	35.6%	52.6%	15.1%	6.7%	6.1%	5.8%
Average sales growth next five years	13.1%	9.3%				
Average earnings growth next five years	19.2%	18.3%				
Balance sheet ratios						
Equity ratio	36.4%	37.1%	37.7%	40.1%	44.0%	49.2%
Long term debt and equity / Fixed assets	183.1%	153.0%	156.0%	159.0%	161.6%	164.0%
Liquidity (quick ratio)	186.1%	115.9%	116.3%	104.5%	98.2%	96.9%
Receivables as % of total output	12.5%	15.2%	15.2%	15.5%	15.6%	15.6%
Investment (net of GW) / Depreciation	632.7%	951.7%	235.0%	118.0%	116.5%	115.7%
Working capital as % of total output	43.3%	40.6%	40.6%	39.2%	38.6%	39.0%
Cash flow statement (EUR '000)						
Net profit before minority interest	4,321.8	5,580.5	6,069.0	7,804.7	9,778.5	11,356.6
Depreciation/amortisation on fixed assets	2,506.5	2,962.9	3,744.4	3,747.3	3,750.9	3,755.1
Change in working capital	-8,215.5	-2,796.8	-2,439.8	-2,141.4	-1,884.7	-1,730.0
Other	-8,188.1	111.6	109.6	275.4	377.4	408.7
Cash flow from operating activities	-9,575.3	5,858.1	7,483.2	9,686.0	12,022.0	13,790.4
Cash flow from investment activities	-11,751.2	-25,105.0	-8,105.0	-4,105.0	-4,085.0	-4,085.0
Free cash flow	-21,326.4	-19,246.9	-621.8	5,581.0	7,937.0	9,705.4
Cash flow from financing activities	9,705.2	14,461.0	2,968.0	-5,186.8	-7,805.5	-9,436.0
Increase in cash and cash equivalents	-5,732.8	-4,785.9	2,346.2	394.2	131.5	269.4
Profitability ratios						
ROE	11.6%	11.5%	11.0%	12.6%	13.9%	14.1%
ROCE	9.0%	8.7%	9.2%	10.8%	12.5%	13.7%
Figures per share (EUR)						
EpS after goodwill amortisation	0.88	1.04	1.10	1.44	1.82	2.12
Fully diluted EpS before goodwill amort.	0.96	1.10	1.16	1.49	1.87	2.17
Diluted cash earnings per share	1.31	1.57	1.82	2.16	2.54	2.85
Net debt per share, diluted	8.69	10.63	10.95	10.10	8.82	7.21
Valuation ratios						
Enterprise value / Sales	2.6	2.7	2.5	2.1	1.8	1.6
Enterprise value / EBITDA	10.2	10.6	9.3	7.9	6.6	5.7
Enterprise value / EBIT	13.7	13.9	12.7	10.2	8.3	7.0
PEG ratio - common shares	0.29	0.66	0.67			

Source: KTG Agrar and DZ BANK estimates

Imprint

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Bundesanstalt für Finanzdienstleistungsaufsicht, Lurgiallee 12, 60439 Frankfurt am Main, Germany

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DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Platz der Republik, 60265 Frankfurt am Main, Germany

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Research Team Chemicals/Agro			
Dr. Heinz Müller	Agro/Cons. Chemicals/Chemicals	+49 – (0)69 – 74 47 – 79 47	heinz.mueller@dzbank.de
Peter Spengler, CIIA	Chemicals	+49 – (0)69 – 74 47 – 3694	peter.spengler@dzbank.de

Institutional Sales			
UK, USA, Italy, Switzerland, Austria, Scandinavia, Iberia	Axel Schiele	+49 – (0)69 – 74 47 – 9 96 92	axel.schiele@dzbank.de
France, Benelux, Sales Trading	Bert Vleeschouwer	+49 – (0)69 – 74 47 – 9 97 07	bert.vleeschouwer@dzbank.de
Germany, Sales Derivatives	Alexander von Gilsa	+49 – (0)69 – 74 47 – 49 90	alexander.von.gilsa@dzbank.de

Equity Sales			
Germany	Sven Rißmüller	+49 – (0)69 – 74 47 – 67 10	sven.rissmueller@dzbank.de
Luxembourg	Heiko Klebing	+49 – (0)69 – 74 47 – 49 95	heiko.klebing@dzbank.de
France, Belgium, Netherlands	Bert Vleeschouwer	+49 – (0)69 – 74 47 – 9 97 07	bert.vleeschouwer@dzbank.de
Switzerland	Petra Bukan	+49 – (0)69 – 74 47 – 4992	petra.bukan@dzbank.de
Austria	Thomas Reichelt	+49 – (0)69 – 74 47 – 6709	thomas.reichelt@dzbank.de
Italy	Alessandro Santacroce	+39 – 02 - 0062 - 1762	alessandro.santacroce@dzbank.de
Iberia	Axel Schiele	+49 – (0)69 – 74 47 – 9 96 92	axel.schiele@dzbank.de
Scandinavia	Guido Rohlfing	+49 – (0)69 – 74 47 – 9 97 10	guido.rohlfing@dzbank.de
Ireland	Richard Hawken	+44 – 20 – 7776 - 6078	richard.hawken@dzbank.de
USA	Lars Wohlers	+49 – (0)69 – 74 47 – 68 34	lars.wohlers@dzbank.de
UK	Matthew Bryce-Smith	+44 - 20 - 7776 - 6075	matthew.bryce-smith@dzbank.de

Sales Trading			
Sales Trading	Sacha Kaiser	+49 – (0)69 – 74 47 – 4 28 28	sacha.kaiser@dzbank.de

Derivatives Sales			
Derivatives Sales	Michael Menrad	+49 – (0)69 – 74 47 – 9 91 95	michael.menrad@dzbank.de

Access to DZ Research (Contact anja.beck@dzbank.de)	
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Rating History

Rating History

Recommendation	Date	Price
Buy	2 Jun 2009	13.80 EUR

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