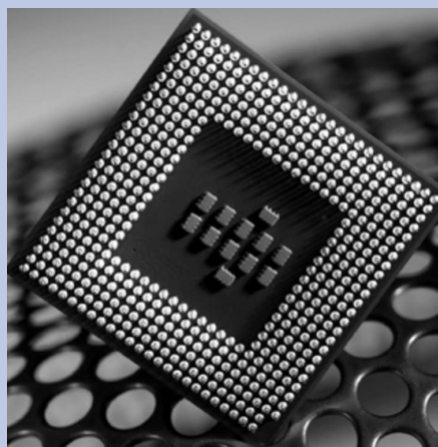


Date **06/26/2007**



### Hansen Sicherheitstechnik AG

ISIN: **DE000HAST002**  
 Price **€ 36.20**  
 (06/20/07):  
 Market Cap. **€ 43.4 mil.**  
 Free Float **19.3%**

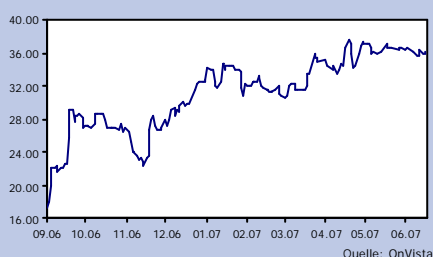
### Financial Calendar

June 2007 **AGM**

### Shareholder Structure

Hansen Beteiligungs GmbH/Kopex S.A. **n.a.**

### Market Performance



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## Hansen Sicherheitstechnik AG

### 06 Numbers in Line, 07 Demand Stronger than Expected

■ **Rating: Buy**

■ **Target price: 54.00 €**

We continue to give the Hansen Sicherheitstechnik share a buy rating. While our expectations concerning 2006 revenues were exceeded slightly, net earnings adjusted for non-recurring items were within the forecasted range. Due to the substantial savings in personnel and material costs, but particularly due to the stronger than predicted demand in 2007, we have adjusted our profit forecasts about 8% upwards for this year and future years. We increased the fair value by 5% to € 54. Because of the Polish company Kopex S.A.'s offer (valid until July 31, 2008), the price has downside support at € 35.

### ■ Investment Highlights

- **Trends in the EBIT Margin.** The EBIT margin was 13.9% in 2006 (21.4% in 2005), which was caused by the non-recurring charges at the subsidiary H+R. Adjusted for H+R, the EBIT margin of 20.9% at group level is roughly at the 2005 level.
- **Permanent Personnel and Material Cost-Cutting Measures.** As a result of shifting its production, the Company will be able to reduce its personnel costs by € 1 mil. beginning in 2007. By shifting one third of its material purchasing operations to China, Hansen says it will be able to save € 0.5 mil. in 2007; it plans to save even € 2.5 mil. by doing so in 2008. Chinese purchasing prices are currently about one third below the world market prices.
- **Major Contract from Mexico.** On June 20, Hansen reported its first major contract from Mexico. The contract has a volume of USD 3.8 mil. Explosion-proof electrical equipment will be delivered to the "Micare" coal mine in 2007.
- **Outlook.** Considering the good start that operations have gotten off to, Management forecasts roughly € 45 mil. revenues in 2007. The cost-cutting measures that have been implemented reduce the cost basis by about € 1.5 mil. We have adjusted our earnings estimates upwards accordingly. Over the mid-term the Company will grow an average of 15% per year (including acquisitions). The focus is on China as a growth region; Hansen also sees interesting growth opportunities in Russia and South Africa.

### ■ Key Ratios

	Sales	EPS adj.	PE	EV/Sales	EV/EBIT	EBIT Margin	Div. Yield	ROE (%)
2005	43.9	4.24	n.a.	n.a.	n.a.	21.4	n.a.	38.6
2006	41.5	3.44	5.8	0.89	4.6	19.4	5.0	26.4
2007e	45.0	4.31	8.3	1.28	6.2	20.9	3.1	27.8
2008e	50.0	4.93	7.3	1.16	5.6	20.8	3.2	26.0
2009e	55.5	1.20	6.6	1.04	5.1	20.5	3.3	24.1

Company data / Vara Research GmbH

## Income Statement

(in millions of €)	2004	2005	2006e	2007e	2008e
Revenues	43.923	41.511	45.010	49.969	55.517
Change in inventories	0.356	1.225	1.328	1.474	1.638
Other own output carried as assets	0.000	0.000	0.000	0.000	0.000
Other operating income / expenses	0.847	0.796	0.863	0.958	1.064
Total output	45.126	43.532	47.201	52.402	58.219
Cost of goods sold	-21.709	-22.961	-23.533	-26.107	-29.122
Gross income	23.416	20.571	23.667	26.295	29.097
Personnel expenses	-9.480	-9.591	-8.721	-9.722	-10.844
Other expenses	-3.999	-4.382	-4.676	-5.201	-5.789
EBITDA	9.938	6.597	10.269	11.372	12.465
Depreciation/amortization	-0.551	-0.816	-0.874	-0.966	-1.067
EBIT	9.387	5.781	9.395	10.406	11.397
Net financial income/expense	-0.189	-0.123	0.301	0.585	0.786
Extraordinary income (loss) before taxes	0.000	0.000	0.000	0.000	0.000
Earnings before income taxes	9.198	5.658	9.696	10.991	12.183
Extraordinary income (loss) after taxes	0.000	0.000	0.000	0.000	0.000
Income tax	-2.241	-1.969	-2.424	-2.748	-3.046
Minority interests	-2.189	-1.828	-1.886	-2.082	-2.298
Net income	4.768	1.861	5.386	6.161	6.839
Adjustment items	0.000	2.263	0.000	0.000	0.000
Adjusted net income	4.768	4.124	5.386	6.161	6.839
Weighted number of shares	1.13	1.20	1.25	1.25	1.25
Reported EPS	4.24	1.55	4.31	4.93	5.48
Adjusted EPS	4.24	3.44	4.31	4.93	5.48
DPS	1.00	1.00	1.10	1.15	1.20

Source: Company data / Vara Research GmbH

## Cash Flow Statement

(in millions of €)	2004	2005	2006e	2007e	2008e
Cash provided by operating activities	5.494	5.269	6.248	6.935	7.780
Cash used in investing activities	-1.296	-3.632	-1.751	-1.917	-2.101
Cash provided by / used in financing activities	0.532	-0.525	-1.199	-1.374	-1.436
Change in cash	4.729	1.113	3.298	3.644	4.243
Cash, end of period	8.129	9.100	12.398	16.042	20.285

Source: Company data / Vara Research GmbH

## Balance Sheet

(in millions of €)	2004	2005	2006e	2007e	2008e
Non-current assets	8.216	11.267	12.143	13.095	14.129
Intangible assets	4.284	4.378	4.378	4.378	4.378
Property, plant and equipment	3.924	6.830	7.707	8.658	9.692
Financial assets	0.009	0.059	0.059	0.059	0.059
Current assets	25.626	24.613	29.219	34.717	41.032
Inventories	6.954	7.360	7.980	8.859	9.843
Receivables	10.544	8.154	8.841	9.815	10.904
Cash and securities	8.129	9.100	12.398	16.042	20.285
Other assets	0.598	0.501	0.501	0.501	0.501
Total assets	34.441	36.381	41.863	48.313	55.662
Shareholders' equity	21.469	23.664	28.737	34.606	41.307
Reserves	17.300	18.805	22.992	27.779	33.182
Minority shares	4.169	4.859	5.745	6.827	8.125
Provisions	0.338	2.089	2.089	2.089	2.089
Liabilities	12.634	10.358	10.767	11.348	11.997
Interest-bearing liabilities	4.221	5.502	5.502	5.502	5.502
Non-interest-bearing liabilities	8.413	4.856	5.266	5.846	6.495
Other liabilities	0.000	0.270	0.270	0.270	0.270
Total equity and liabilities	34.441	36.381	41.863	48.313	55.662

Source: Company data / Vara Research GmbH

## Key Ratios

	2004	2005	2006e	2007e	2008e
<b>Valuation Key Ratios</b>					
EV/Revenues	n.a.	0.9	1.3	1.2	1.0
EV/EBITDA	n.a.	4.2	5.6	5.1	4.6
EV/EBIT	n.a.	4.6	6.2	5.6	5.1
Reported P/E	n.a.	12.9	8.3	7.3	6.6
Adjusted P/E	n.a.	5.8	8.3	7.3	6.6
PCPS	n.a.	5.7	7.2	6.3	5.7
Price/book value	n.a.	1.3	2.0	1.6	1.4
<b>Profitability Key Ratios in %</b>					
Gross margin	53.3%	52.0%	52.6%	52.6%	52.4%
EBITDA margin	22.6%	21.3%	22.8%	22.8%	22.5%
EBIT margin	21.4%	19.4%	20.9%	20.8%	20.5%
Pre-tax margin	20.9%	19.1%	21.5%	22.0%	21.9%
Net margin	10.9%	9.9%	12.0%	12.3%	12.3%
ROE	38.6%	26.4%	27.8%	26.0%	24.1%
ROCE	61.1%	42.3%	40.9%	41.7%	41.7%
<b>Productivity Key Ratios</b>					
Revenues/employee (in Euro ,000)	113.8	101.0	109.0	120.5	133.3
Net income/employee (in Euro ,000)	12.4	10.0	13.0	14.9	16.4
No. of employees	386	411	413	415	417
<b>Financial Key Ratios</b>					
Equity ratio	62.3%	65.0%	68.6%	71.6%	74.2%
Gearing	-17.0%	-15.2%	-24.0%	-30.5%	-35.8%
Payout ratio	23.6%	29.1%	25.5%	23.3%	21.9%
Dividend yield	n.a.	5.0%	3.1%	3.2%	3.3%
<b>Cash Flow Key Ratios</b>					
Cash flow per share	7.70	3.52	5.01	5.71	6.33
Free cash flow per share	6.35	0.49	3.61	4.17	4.65
<b>Other Key Ratios</b>					
Working Capital/revenues	20.7%	25.7%	25.7%	25.7%	25.7%
Depreciation/revenues	1.3%	2.0%	1.9%	1.9%	1.9%
Capex/op. cash flow	26.0%	655.4%	38.8%	36.8%	36.2%
Capex/revenues	4.2%	9.3%	3.9%	3.8%	3.8%
Tax rate	24.4%	34.8%	25.0%	25.0%	25.0%

Source: Company data / Vara Research GmbH

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Authors of this financial analysis: Daniel Grossjohann, Analyst, and Michael Vara, Analyst and CEO of Vara Research GmbH

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Company	Date	Rating	Target price
Hansen Sicherheitstechnik AG	03/07/2007	Buy	€51.25
Hansen Sicherheitstechnik AG	03/26/2007	Buy	€51.55
Hansen Sicherheitstechnik AG	05/14/2007	Buy	€51.55

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3. Date of initial publication of the financial analysis:  
(06/20/2007)

4. Date and time of the prices of financial instruments disclosed therein:  
(Price on 06/20/2007)

5. Updates:

We have currently not yet set a fixed date to provide a precise update of this analysis. Vara Research GmbH reserves the right to update the analysis unannounced.

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