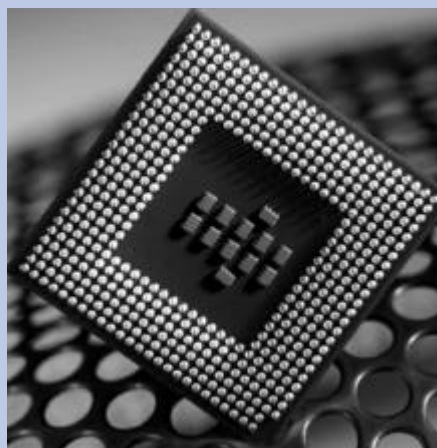


Date

10/12/2007



Hansen Sicherheitstechnik AG

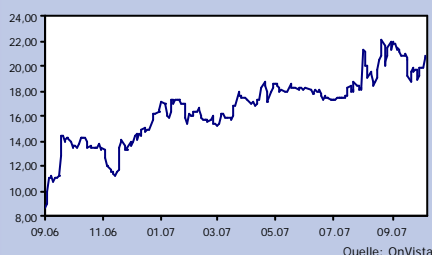
ISIN: **DE000HAST002**
 Price (10/10/07): **€ 20.83**
 Market Cap. **€ 52 mil.**
 Free Float **19.3%**

Financial Calendar

Shareholder Structure

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

Market Performance



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Hansen Sicherheitstechnik AG

Record Year Anticipated

■ **Rating: Buy**

■ **Target price: 27.00 €**

The impact of the cost-cutting program is evident as planned in the reported six-month key ratios. It was possible to increase the EBIT margin (excl. holding costs) to 23% (2006: 19.2%). Full order books and the seasonably stronger second half of the year give cause to expect record sales revenues. The good six-month figures confirm our expectations (2007 sales: € 45 million with 20.9% EBIT margin). For that reason we leave our estimates unchanged and give the share a buy rating with a target price of € 27.

Investment Highlights

- Regional trends. With nearly unchanged revenues of roughly € 7 million and an EBIT of around € 2 million (+56%), the Czech production company (OHR) reported the strongest earnings trend. The increase in EBIT is also due to the product mix. The largest production company Elgor + Hansen (E+H), on the other hand, was confronted by decreased sales (€ 7.8 million; -12%) and EBIT (€1.66 million; -15%) in the first six months of the year. The reason for this was a shift in revenues into the second half of the year. The South African subsidiary Hansen + Genwest increased their sales by 10% to € 1.66 million, EBIT increased to € 0.1 million (+3%). Note that the cumulated EBIT of the three production companies in the first six months in the amount of € 3.77 million does not include the costs of the holding (of approx. € 0.6 million).
- Cost cutting taking hold. The program for permanent reduction of personnel and material costs is right on target. It is planned to reduce costs by € 2.5 million annually by the year 2009. In addition, the margins trends benefited in the first six months from a more favorable product mix (increased sale of high-margin compact stations and transformers).
- Possible withdrawal from majority sale. The CEO and former majority shareholder of Hansen Sicherheitstechnik AG, Mr. Dreyer, is considering exercising his unilateral right to withdraw from the sale of his shares to Kopex.
- The fact that the synergies expected from the sale may be fewer than initially expected is a justification for a possible withdrawal from the sale of a majority share to Kopex. We think that Hansen Sicherheitstechnik's strong operating prospects would be more of an argument for exercising the withdrawal rights.

Key Ratios*

	Sales	EPS adj.	PE	EV/Sales	EV/EBIT	EBIT Margin	Div. Yield	ROE (%)
2005	43.9	2.12	n.a.	n.a.	n.a.	21.4	n.a.	38.6
2006	41.5	1.72	5.8	0.89	4.6	19.4	5.0	26.4
2007e	45.0	2.16	9.7	1.44	6.9	20.9	2.6	27.8
2008e	50.0	2.47	8.4	1.30	6.2	20.8	2.8	26.0
2009e	55.5	0.60	7.6	1.17	5.7	20.5	2.9	24.1

Company data / Vara Research GmbH
 *Values were adjusted for the stock split

Possible effects of the withdrawal from the sale of the shares to Kopex S.A.. In our opinion the eventual exercise of the withdrawal right would not have any impact on the operating business.

Table 1: Impacts of a possible withdrawal from the sale of the shares to Kopex S.A.

No decrease in sales is anticipated. With a share of sales of under 1%, Kopex is not a meaningful customer of Hansen.

Hansen collaborates with Kopex on only a few projects. We do not anticipate any negative impacts from this angle either.

A withdrawal right was explicitly written into the contract with Kopex, costs (for example in the form of a contractual penalty) would therefore not be incurred in the case of a withdrawal from the contract.

Kopex did not receive any strategic intelligence during the sale transaction.

Due to the pending approval by the cartel authorities, Kopex has not been offered any Hansen shares yet. The transaction would therefore not have to be rescinded if the withdrawal right were exercised.

Source: Hansen Sicherheitstechnik AG/Vara Research

Outlook. Considering the good start that operations have gotten off to, Management forecasts roughly € 45 mil. revenues in 2007. The Company anticipates an EBIT margin in 2007 of over 20%. The Company's order pipeline is full.

Risks: 1) steel cycle 2) growth of energy demand 3) loss of investors who bought the share because of the Kopex offer.

Income Statement

(in millions of €)	2005	2006	2007e	2008e	2009e
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	2.25	2.40	2.50	2.50	2.50
Reported EPS	2.12	0.78	2.16	2.47	2.74
Adjusted EPS	2.12	1.72	2.16	2.47	2.74
DPS	0.50	0.50	0.55	0.58	0.60

Source: Company data / Vara Research GmbH
*Values were adjusted for the stock split

Cash Flow Statement

(in millions of €)	2005	2006	2007e	2008e	2009e
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 €)	2005	2006	2007e	2008e	2009e
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

	2005	2006	2007e	2008e	2009e
Valuation Key Ratios					
EV/Revenues	n.a.	0.9	1.4	1.3	1.2
EV/EBITDA	n.a.	4.2	6.3	5.7	5.2
EV/EBIT	n.a.	4.6	6.9	6.2	5.7
Reported P/E	n.a.	12.9	9.7	8.4	7.6
Adjusted P/E	n.a.	5.8	9.7	8.4	7.6
PCPS	n.a.	5.7	8.3	7.3	6.6
Price/book value	n.a.	1.3	2.3	1.9	1.6
Profitability Key Ratios in %					
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%
Productivity Key Ratios					
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
Financial Key Ratios					
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%	2.6%	2.8%	2.9%
Cash Flow Key Ratios					
Cash flow per share	3.85	1.76	2.51	2.85	3.17
Free cash flow per share	3.17	0.24	1.81	2.09	2.32
Other Key Ratios					
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
*Values were adjusted for the stock split

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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
Hansen Sicherheitstechnik AG	06/26/2007	Buy	€54.00

*On 08/24/2007 shares were issued at no cost at a 1:1 ratio.

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Furthermore, discussions were held with the Management for the purpose of preparing the company study. The analysis was provided to the issuer prior to going to press; no changes were made afterwards, however.

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3. Date of initial publication of the financial analysis:
(10/12/2007)

4. Date and time of the prices of financial instruments disclosed therein:
(Price on 10/10/2007)

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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