

12 | July | 11

■ **Price (Euro)** **4.61**  
52 weeks range 6.20 / 3.60

### ■ Key Data

Country	Germany
Industry	Real Estate
Segment	Open Market (Entry Standard)
ISIN	DE0005227342
WKN	522734
Reuters	BIWG.DE
Bloomberg	BIW GY
Internet	www.kwg-ag.de
Reporting Standard	IFRS
Fiscal Year	31/12
Ø Daily Turnover in € (3M)	4,382
Market Cap (EUR million)	49.8
Number of shares (million)	10.8
Free Float	35.0%
Free Float MCap (million)	17.4
CAGR pre tax profits 09-12e	50.9%

■ Multiples	2010	2011e	2012e	2013e
MarketCap/ Sales	2.1	1.7	1.6	1.5
<b>PE-Ratio</b>	<b>5.3</b>	<b>5.4</b>	<b>5.3</b>	<b>4.8</b>
<b>Dynamic PE-Ratio</b>	<b>0.10</b>	<b>0.11</b>	<b>0.10</b>	<b>0.09</b>
Dividend Yield	0.0%	0.0%	4.6%	5.7%
<b>Price-to-Book ratio</b>	<b>63.8%</b>	<b>58.7%</b>	<b>52.8%</b>	<b>47.6%</b>

■ Key Data per Share (Euro)	2010	2011e	2012e	2013e
<b>Earnings per Share (EPS)</b>	<b>0.87</b>	<b>0.85</b>	<b>0.88</b>	<b>0.96</b>
Dividends per Share (DPS)	0.00	0.21	0.26	0.34
Book Value per Share (BVPS)	7.23	7.86	8.73	9.69

■ Financial Data (Euro '000)	2010	2011e	2012e	2013e
<b>Revenues (rental income)</b>	<b>19,765</b>	<b>23,500</b>	<b>26,085</b>	<b>27,650</b>
Net revaluation result	9,865	8,000	6,100	6,500
Total operating income	29,630	31,500	32,185	34,150
Operating profit (EBITDA)	16,756	17,041	17,342	18,585
<b>Operating Profit (EBIT)</b>	<b>16,584</b>	<b>16,891</b>	<b>17,163</b>	<b>18,365</b>
<b>Pre-tax profit (EBT)</b>	<b>10,743</b>	<b>10,581</b>	<b>11,111</b>	<b>12,365</b>
<b>Net profit (after minorities)</b>	<b>8,585</b>	<b>9,483</b>	<b>9,771</b>	<b>10,674</b>
Adjusted Shareholders' Equity	78,099	87,582	97,352	108,026
<b>RoE after tax</b>	<b>12.0%</b>	<b>11.4%</b>	<b>10.6%</b>	<b>10.4%</b>

### ■ Financial Calendar

2Q 2011	August 2011
<b>SRC Forum Financials &amp; Real Estate</b>	<b>7 Sept. 2011</b>

### ■ Main Shareholders

Group of core shareholders	65%
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### ■ Analysts

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## Intensive work on portfolio leads to higher rents and potential for upvaluation

Hamburg-based residential player KWG makes good progress in terms of converting its investment portfolio into core portfolio while vacancy reduces significantly.

In our recent talks, CEO Stavros Efremidis announced that in short-term total portfolio's vacancy will reduce clearly to below 10%. Last reported number, which was the annual report 2010, disclosed a vacancy which was at that time much higher amounting to some 16%. Major causes for the excellent progress in the recent months are re-development and refurbishment measures. In particular the capital increase in December 2010, which generated the amount of Euro 5.06m, enabled the company to make a big step ahead. Indeed, a higher occupancy translates into higher revenues and at the same time reduced costs for vacancy.

Furthermore the company expects all units of its portfolio to fulfil a favourable energy efficiency class by year-end. That is quite unique within the industry when compared to other residential players in the arena and speaks for sustainability and competitive rents. It is intended to refurbish some 600 to 700 apartments this year while last year and previous year only some 200 apartments p.a. were refurbished.

In addition, the company plans to optimize its portfolio by smaller disposals. Hainichen, where 966 units are located, is by far the biggest investment for the group. A moderate disposal with a volume of Euro 1m, which is a lower single digit number in terms of units, is likely to reduce engagement here. Furthermore the group intends to disinvest in Schleswig, which is not among core locations of the group.

Except refurbishment measures and disposal of improper units we expect KWG to benefit from its internal Asset- and Property management. By now some 85% of the portfolio besides Bernsdorf, Erfurt and Schleswig are under own administration. The last months showed that KWG Wohnwert GmbH was able to achieve a much better occupancy than external service providers.

**To sum it up: The clearly enhanced portfolio data by now shows that the intensive work on the portfolio pays off while income streams increase. On account of this very positive development we clearly confirm our Buy recommendation and our target of Euro 7.50.**

**After refurbishment measures Gelsenkirchen and Celle show great progress in terms of occupancy - Gelsenkirchen already switched to core portfolio**

### We expect KWG to disclose promising news with their semi-annual report

Already by end of June KWG disclosed some very positive news flow. Rentals increased by 4% while re-letting enhanced by 25% to 17.039 sqm within the first five months of the year. In addition, average rental price for new rentals increased from Euro 4.99 to Euro 5.21 while vacancy was reduced further.

On the one hand the company refurbishes apartments where a tenant change takes place, which concerns about 10% of all portfolio apartments within one year. On the other hand the company keeps on re-developing within the investment portfolio and converting those units into core assets. In 2010 the focus was on Gelsenkirchen and Celle, where the company invested the amount of Euro 6.7m. At both locations redevelopment measures are meanwhile completed which leads to a significantly lower vacancy and higher rents. Gelsenkirchen already switched from the investment portfolio to the core portfolio. Celle is supposed to follow soon.

#### Great progress within investment portfolio

Location/portfolio	Units	space sqm	Rent/sqm	Vacancy	Development of vacancy	Remarks
	Jun-11	Jun-11	Dec-10	Dec-10		
					<b>vacancy at present (our estimates)</b>	
Gelsenkirchen	143	8,798.56	4.77	22%	<i>below 10%</i>	↓ Switch to core portfolio
Celle	174	13,062.00	4.89	44%	<i>below 35%</i>	↘
Salzgitter	48	3,025.12	4.68	35%	<i>below 10%</i>	↓
Braunschweig V	29	1,714.06	5.21	50%	<i>no vacancy</i>	↓
Hagen Flachhäuser	148	8,008.78	4.03	17%	<i>measures are running, slight improvement</i>	↘
Hagen Punkthäuser	106	7,028.20	4.20	17%	<i>measures are running, barely changes</i>	→
Hainichen	966	52,725.95	4.43	30%	<i>slightly below 30%</i>	↘
Investment portfolio	1,645	85,564	4.46	34%	<i>below 25%</i>	↘
Core portfolio	3,757	226,445	4.80	6%	<i>some 6%</i>	→
Total portfolio	5,401	312,009	4.70	16%	<i>vacancy at 11% to 12%</i>	↘

Source: Company data, SRC Research estimates

**KWG eyes on higher rents by offering assisted accommodation at three locations which are Hagen, Bernsdorf and Hainichen**

Another measure to reduce vacancy and achieve higher rents is to offer assisted accommodation. Some locations where KWG is present have a high share of elderly people while there is lack of younger population. Thus, KWG wants to offer assisted accommodation at three of its locations which are Hagen, Bernsdorf and Hainichen. That means a major share of apartments will be barrier-free combined with a special in-house assistance of a nursing service. Rental prices for such special objects are beyond the regular market and usually clearly higher (additional premium of 30% to 60%). In the recent months of this year redeveloping measures were already initiated in Salzgitter, Braunschweig V and Hagen. For the whole year it is planned to invest a similar amount comparable to the last year for redevelopment and refurbishment measures which would be some Euro 7m. However, improvements are already visible and show their impact on numbers. The housing area Braunschweig V is meanwhile fully rented. Bearing in mind that half a year ago vacancy was at gloomy 50% there. KWG invested at that location the amount of Euro 0.5m to realize the measures. Salzgitter al-

### Braunschweig V and Salzgitter clearly reduced vacancy in recent months

The revaluation results in the last years (2008: Euro 3.0m, 2009: Euro 4.0m and 2010: Euro 9.6m underlined company's progress. For 2011 we assume a range of Euro 7m to Euro 8m

ready reduced from 17 vacant units (35%) to 4 while the investment volume was similar to Braunschweig. For the housing area in Hainichen it is expected to see improvements of the status quo within the next six to twelve months. Another challenge for the future are the two housing areas in Glauchau which are at present completely vacant. At least KWG holds sufficient capital to refurbish the units in the near future. In a first step the 96 units of the Sachsenallee will be refurbished while later on the 63 units at Westfalenweg should follow.

Due to the successful refurbishment measures in connection with the reduction of vacancy and increased rentals per sqm it is very likely to see further upvaluation in short-term. We calculate with an upside potential in between Euro 7m to Euro 9m for the current year.

### More acquisitions to come in short-term

In December 2010 KWG announced the acquisition of 506 apartments or 27,139 sqm in Celle and Bremen in the course of a capital increase in return for stock. The multiplier was 10.6 while shares were valued at 7 Euro which represents the current NAV value. Vacancy is at a moderate 5% which is some 1,357 sqm.

### Impact of acquisitions and refurbishment measures on annual rental income

Location/portfolio	units	space sqm	Ø rent/sqm	vacancy	sqm vacant	rent in Euro p.a.
<b>Data as of December 2010</b>						
Total portfolio before acquisition	4,866	283,470.00	4.70	16.2%	45,922	13,397,699
New acquisition Celle/Bremen	506	27,139.00	4.67	5.0%	1,357	1,444,765
New acquisition Berlin	30	1,500.00	n.s.	n.s.	n.s.	n.s.
<b>Data as of May 2011</b>						
<b>Total portfolio</b>	<b>5,401</b>	<b>312,123</b>	<b>4.84</b>	<b>12.0%</b>	<b>37,455</b>	<b>15,952,731</b>

Source: KWG AG, SRC Research estimates

### Based on our calculations rental income p.a. increased to some Euro 16m on account of recent acquisitions and successful refurbishment measures

When assuming the average purchasing price per sqm of 594 Euro the transaction has a volume of Euro 15.3m. Bearing in mind that KWG does not pay for vacancy, it implies an annual rent of Euro 1.4m based on the mentioned multiplier of 10.6. That is an average rental price per sqm of Euro 4.67. On account of the acquisition annual rental income grows from Euro 13.4m to Euro 14.9m. Considering effects from refurbishment measures like reduced vacancy and increased rents on the existing portfolio, annual rental income grows to almost Euro 16m (without taking into account ancillary costs). Furthermore one has to take into account that 30 units in Berlin were acquired in December 2010 as well, but are not accounted in our calculations due to lack of sufficient data.

The management is upbeat and aims on several more transactions for the remaining year. The ambition is to double the property portfolio therefore much larger transactions than the last one are likely.

## Investment Case

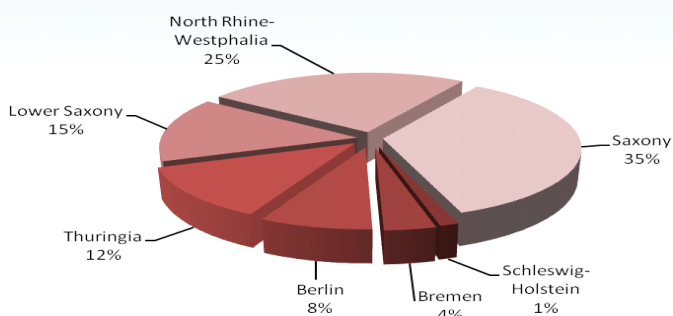
### KWG Kommunale Wohnen AG

<b>Industry:</b>	Real Estate	<b>Management Board of KWG Kommunale Wohnen</b>
<b>Sub-segment:</b>	Residential RE	Stavros Efremidis (CEO)
<b>Country:</b>	Germany	Torsten P. Hoffmann (CFO)
<b>Headquarter:</b>	Hamburg	
<b>Foundation:</b>	2006	<b>Supervisory Board of KWG Kommunale Wohnen</b>
<b>Employees:</b>	36	Prof. Dr. Peer Witten (Chairman)
		Franz-Josef Gesinn
<b>IR Contact</b>		Thies-Martin Brandt
Jan Hutterer		Hans-Michael Porwoll
Phone: 040 22 63 088-140		Björn Engholm
e-mail: (hutterer@kwg-ag.de)		Patrik Zeigherman

KWG Kommunale Wohnen AG is a long-term oriented owner and manager of German residential properties, with a value-add approach. The company has a portfolio of about 5,400 units with a space of more than 300k sqm in Germany. The investment focus is on neglected portfolios in fundamentally good regions, which offer relatively low prices per square meter (currently the average price per sqm in KWG's portfolio is at Euro 600 ) and low buying multipliers (initial multiplier: 11.6). The sub-portfolios of Saxony (25%) and NRW (24%) represent about 50% of the portfolio. On the upside, the locations invested in show a solid local economy and a stable population, ensuring a constant demand from tenants. Indeed, these circumstances can mostly be found in so-called B- and C- locations where KWG is represented mainly.

In terms of vacancy, KWG regards a moderate or even middle level of vacancies at the time of purchase as an opportunity to increase the cash flow through proactive asset management. Here a major factor of success is to make the properties more attractive, thus increasing tenant satisfaction and reducing fluctuation. Therefore, the acquired portfolios usually show an investment backlog and vacancy to work on. Currently the portfolio can be divided into core and an investment portion, with a vacancy rate of 6.3% and 33.8% respectively.

**Portfolio space after federal state**



Bearing in mind, that the transaction prices are usually dependent on rental income multiplied with the market factor, KWG usually does not pay any multiple for vacancy at acquisition, but has the potential upside through reducing vacancy and enhancing value. This is the main trigger of the company. The company generates value in its portfolio by purchasing at attractive prices on the one hand, and then developing and improving the individual properties. Due to its active asset management, KWG was quite successful within its portfolio in the past. Originally, KWG was created from the shell of the former Carthago Biotech AG. In mid 2006, the company has been restructured to change its field of business and renamed as KWG Kommunale Wohnen AG. The company commenced business operations in August 2006 and has meanwhile a team of experienced real estate and financial experts of 40 people.

Source: Company Data, SRC Research

## SWOT – Analysis

### Strengths

- Management and core investors (in particular Ehlerding family) have a broad and long-term experience in the German real estate arena
- Excellent network and relationships combined with a proven track record will enhance further deal flow with municipalities.
- High yielding residential portfolio in fundamentally solid regions with a proven track record for rental success and new acquisitions like in Dec. 2010
- Strong equity ratio of 35% as of June 2010 and comfortable cash at now c. 9m
- Very good inner-city locations like for instance in Bochum and Gelsenkirchen

### Weaknesses

- Small market capitalization of the company leads to limited visibility at investors with high investment volume. But market cap already strongly went up in the last year from Euro 40m to now about Euro 55m or even above.
- Low trading volume of the stock, and therefore reserve of investors that fear illiquidity. But after new capital increase free float slightly went up to 41%.

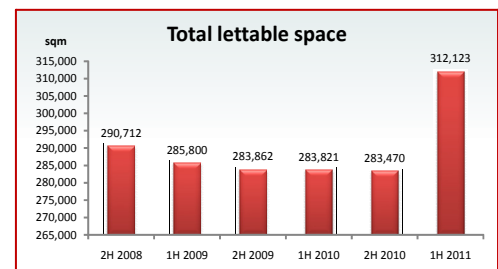
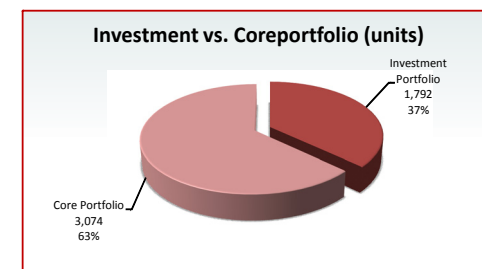
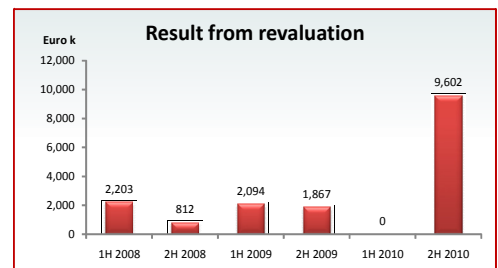
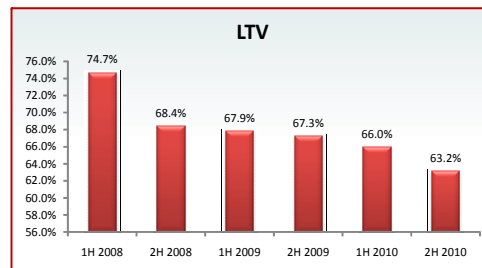
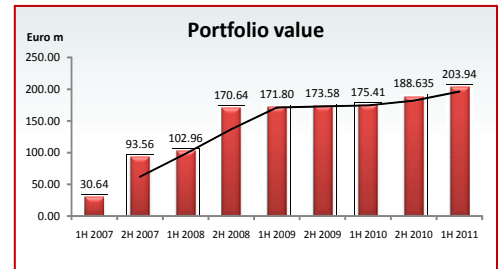
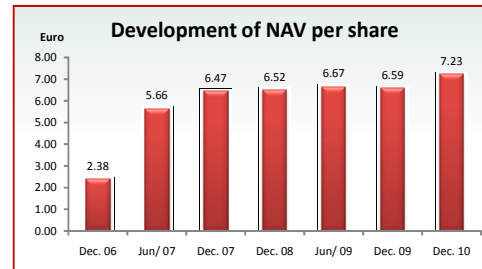
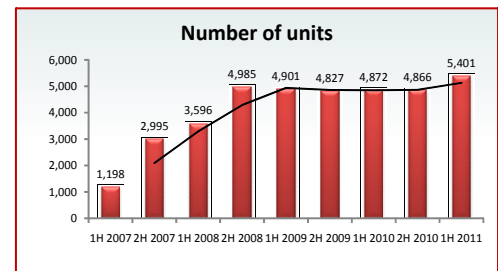
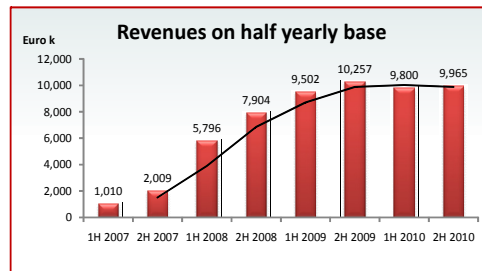
### Opportunities

- Positive cash earnings property portfolio with further upside potential as KWG for instance already rented > 50 flats from its newest Celle refurbishment activities for more than Euro 6.00 per sqm (from Euro 4.35 before)
- Proven track record makes municipalities confident for further deals with KWG as reliable partner. This gives the chance for off-market transactions.
- The market for deals with municipalities has some future potential, due to the weak general economic conditions and the mostly lower tax income. This should increase the willingness to sell municipal housing companies.
- The recent change into the Entry Standard will lead to higher visibility and broader potential investor base. The next step would be the change into the Prime Standard, which would foster the company visibility and investor base
- KWG started to set up its own property management in 2010. From 1Q 2011 on even more than 90% of all rental units will be managed by KWG itself. This will lead to a reduced cost base (€ 0.2m p.a.) and also to a better tenant structure and improved rental success.

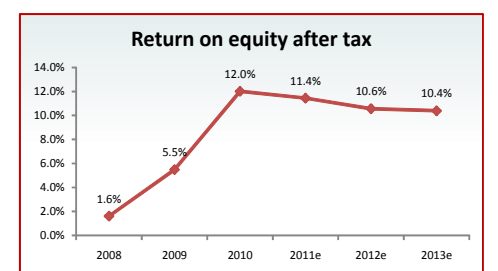
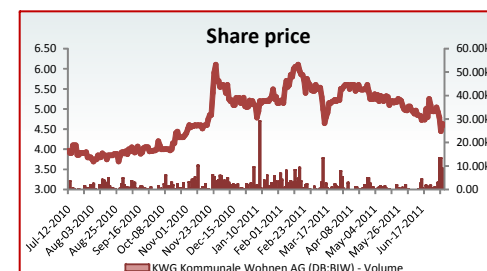
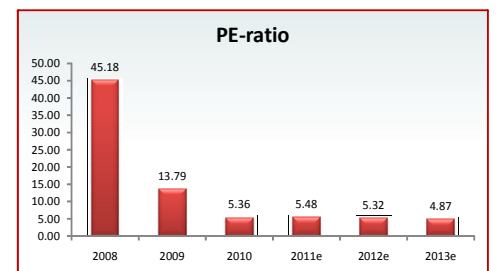
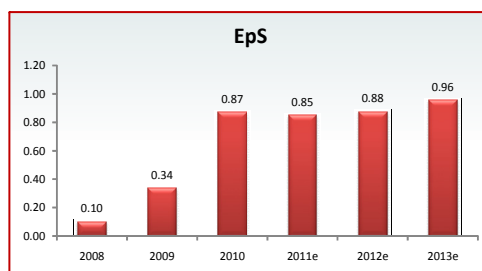
### Threats

- Funding of acquisitions and refurbishment projects could become problematic if the financial market crisis re-emerges. But there are no significant refinancing needs until the year 2012 and the equity position was just now fostered by the capital increase of approx. 1 million new shares in December 2010.
- Typical risks of purchasing properties (higher costs than originally planned).

### KWG COCKPIT



Source: Company data, SRC Research



Source: Company data, SRC Research

## Discounted Cashflow for KWG Kommunale WohnenAG (Entity WACC Method)

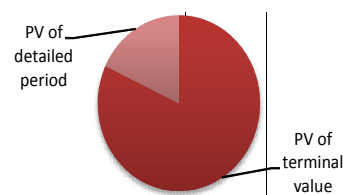
### Assumptions:

Equity ratio longterm	38%	Beta factor	0.902
CoE Cost of Equity	7.5%	Risk-free return	3.0%
CoL Cost of Liability	4.9%	Market risk premium	5.0%
Weighted Average Cost of Capital (WACC)	5.9%		
Years until first pay-out	0.46		
Growth in Terminal Value	1.0%		

' 000 Euro	2011e	2012e	2013e	2014e	2015e	Terminal Value
<b>Rental income from properties</b>	<b>23,320</b>	<b>25,824</b>	<b>27,374</b>	<b>27,921</b>	<b>28,479</b>	<b>28,764</b>
Sales revenues growth	18.0%	10.7%	6.0%	2.0%	2.0%	1.0%
Cash margin on revenues	46.0%	43.7%	45.0%	45.0%	45.0%	45.0%
<b>Operating cash-profit</b> after staff and material expenses and other expenses	<b>10,727</b>	<b>11,293</b>	<b>12,585</b>	<b>12,564</b>	<b>12,816</b>	<b>12,944</b>
Tax rate on operating cash profit	10.0%	11.3%	11.3%	11.3%	11.3%	15.8%
<b>Net operating profit after tax (NOPAT)</b>	<b>9,655</b>	<b>10,017</b>	<b>11,163</b>	<b>11,145</b>	<b>11,368</b>	<b>10,899</b>
+/- Changes in Working Capital	-1,700	-300	-300	-730	-954	-200
+/- Changes in Others UV	-192	-123	-109	-115	-115	-292
<b>Free cash flow</b>	<b>7,763</b>	<b>9,594</b>	<b>10,754</b>	<b>10,300</b>	<b>10,299</b>	<b>10,407</b>
<b>Present value of free cash flows</b>	<b>7,560</b>	<b>8,823</b>	<b>9,340</b>	<b>8,447</b>	<b>7,977</b>	<b>155,605</b>

PV of detailed period	42,146
PV of terminal value	155,605
<b>Sum of free cash flows / Enterprise Value</b>	<b>197,752</b>
+ market value of assets that are not necessary for operating business	0
+ cash / cash equivalents (as of Dec. 2010)	8,736
- interest bearing liabilities / long-term provisions (as of Dec. 2010)	-119,146
<b>Market value of equity</b>	<b>87,342</b>
Number of shares in million	11,150
<b>Fair market value per share in Euro</b>	<b>7.83</b>

### Enterprise value breakdown



Development of value drivers	2011e	2012e	2013e	2014e	2015e	Terminal Value
Sales growth	18.0%	10.7%	6.0%	2.0%	2.0%	1.0%
Cash margin on revenues	46.0%	43.7%	45.0%	45.0%	45.0%	45.0%
Changes in Working Capital quota	-7.3%	-1.2%	-1.1%	-2.6%	-3.3%	-0.7%

### Sensitivity analysis (per share)

		Cash Margin in Terminal Value				
		40.0%	42.5%	45.0%	47.5%	50.0%
Growth in Terminal Value	0.5%	5.01	5.74	6.47	7.21	7.94
	1.0%	5.01	5.74	6.47	7.21	7.94
	1.5%	6.21	7.02	7.83	8.65	9.46
	2.0%	7.69	8.59	9.50	10.41	11.32
	2.5%	9.54	10.57	11.60	12.63	13.66
		WACC				
		4.9%	5.4%	5.9%	6.4%	6.9%
Growth in Terminal Value	0.0%	8.51	6.78	5.34	4.14	3.10
	0.5%	10.25	8.17	6.47	5.07	3.88
	1.0%	12.44	9.87	7.83	6.17	4.80
	1.5%	15.28	12.02	9.50	7.51	5.88
	2.0%	19.09	14.79	11.60	9.14	7.19

		Cash Margin in Terminal Value				
		40.0%	42.5%	45.0%	47.5%	50.0%
WACC	4.9%	10.29	11.37	12.44	13.52	14.59
	5.4%	8.02	8.95	9.87	10.80	11.73
	5.9%	6.21	7.02	7.83	8.65	9.46
	6.4%	4.74	5.46	6.17	6.89	7.61
	6.9%	3.52	4.16	4.80	5.44	6.08

Current share price (Euro)

4.61

Up/Downside

69.9%

Source: SRC Research

## P&L KWG Kommunale Wohnen AG

31/12 IFRS (Euro '000)	2008	2009	2010	2011e	2012e	2013e	CAGR '09e - '12e
<b>Revenues</b>	<b>13,706</b>	<b>19,759</b>	<b>19,765</b>	<b>23,500</b>	<b>26,085</b>	<b>27,650</b>	<b>9.7%</b>
↳ thereof rental income from properties	13,706	19,759	19,765	23,320	25,824	27,374	
↳ thereof rental income without costs of material	8,711	12,423	13,529	16,740	18,781	19,908	
other oper. income (mainly net revaluation result)	10,406	4,184	9,865	8,000	6,100	6,500	
<b>Total operating income</b>	<b>24,112</b>	<b>23,943</b>	<b>29,630</b>	<b>31,500</b>	<b>32,185</b>	<b>34,150</b>	
Expenses for investment properties	-3,856	-3,653	-2,999	-3,700	-3,800	-3,900	
Cost of material	-4,995	-7,336	-6,236	-6,580	-7,043	-7,466	
Personnel expenses	-1,377	-1,488	-1,773	-1,879	-2,000	-2,100	
Other operating expenses	-8,463	-2,334	-1,866	-2,300	-2,000	-2,100	
<b>Operating profit (EBITDA)</b>	<b>5,421</b>	<b>9,132</b>	<b>16,756</b>	<b>17,041</b>	<b>17,342</b>	<b>18,585</b>	<b>23.8%</b>
<i>EBITDA margin</i>	<i>39.6%</i>	<i>46.2%</i>	<i>84.8%</i>	<i>72.5%</i>	<i>66.5%</i>	<i>67.2%</i>	
Amortization of intangible assets and depreciation of property, plant and equipment and investment properties	-49	-103	-173	-150	-180	-220	
<b>Operating profit (EBIT)</b>	<b>5,373</b>	<b>9,029</b>	<b>16,584</b>	<b>16,891</b>	<b>17,163</b>	<b>18,365</b>	<b>23.9%</b>
<i>EBIT margin</i>	<i>22.3%</i>	<i>37.7%</i>	<i>56.0%</i>	<i>53.6%</i>	<i>53.3%</i>	<i>53.8%</i>	
Income from securities in financial assets	68	0	0	50	50	50	
Other interest and similar income	432	72	26	320	450	600	
Interest and similar expenditure	-4,897	-5,865	-5,861	-6,634	-6,500	-6,600	
Minority interests of other shareholders	-6	-3	-6	-47	-52	-50	
<b>Pre-tax Profit (EBT)</b>	<b>969</b>	<b>3,233</b>	<b>10,743</b>	<b>10,581</b>	<b>11,111</b>	<b>12,365</b>	<b>50.9%</b>
<i>EBT margin</i>	<i>7.1%</i>	<i>16.4%</i>	<i>54.4%</i>	<i>45.0%</i>	<i>42.6%</i>	<i>44.7%</i>	
tax expenses and other expenses	-197	87	-2,158	-1,058	-1,256	-1,607	
<i>Tax rate</i>	<i>20.3%</i>	<i>15.8%</i>	<i>7.5%</i>	<i>10.0%</i>	<i>11.3%</i>	<i>13.0%</i>	
Minorities	0	0	0	-40	-85	-84	
<b>Net Profit after minorities</b>	<b>773</b>	<b>3,320</b>	<b>8,585</b>	<b>9,483</b>	<b>9,771</b>	<b>10,674</b>	<b>43.3%</b>
<i>Return on sales</i>	<i>5.6%</i>	<i>16.8%</i>	<i>43.4%</i>	<i>40.4%</i>	<i>37.5%</i>	<i>38.6%</i>	
Number of shares (at year-end)	7,490	9,822	10,800	11,150	11,150	11,150	
<b>Earnings per share (Euro)</b>	<b>0.10</b>	<b>0.34</b>	<b>0.87</b>	<b>0.85</b>	<b>0.88</b>	<b>0.96</b>	
Dividends per Share (DPS) in Euro	0.00	0.00	0.00	0.21	0.26	0.34	
<b>Book Value per Share (BVPS) in Euro</b>	<b>7.50</b>	<b>6.59</b>	<b>7.23</b>	<b>7.86</b>	<b>8.73</b>	<b>9.69</b>	
<b>Adjusted Shareholders' Equity</b>							
minorities	without						
RoE after Tax	1.6%	5.5%	12.0%	11.4%	10.6%	10.4%	14.6%
<b>Key ratios &amp; figures</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>	
<b>Growth rates in %</b>							
Revenues	354.0%	44.2%	0.0%	18.9%	11.0%	6.0%	
EBITDA	58.3%	68.5%	83.5%	1.7%	1.8%	7.2%	
EBIT	58.3%	68.1%	83.7%	1.9%	1.6%	7.0%	
EBT	-63.3%	233.6%	232.2%	-1.5%	5.0%	11.3%	
Net profit after minorities	-75.0%	329.8%	158.5%	10.5%	3.0%	9.2%	
<b>Margins in %</b>							
EBITDA	22.5%	38.1%	56.6%	54.1%	53.9%	54.4%	
EBIT	22.3%	37.7%	56.0%	53.6%	53.3%	53.8%	
EBT	7.1%	16.4%	54.4%	45.0%	42.6%	44.7%	
<b>Expense ratios in %</b>							
Personnel costs quote	5.7%	6.2%	6.0%	6.0%	6.2%	6.1%	
Cost of material to sales	20.7%	30.6%	21.0%	20.9%	21.9%	21.9%	
Depreciation to sales	0.2%	0.4%	0.6%	0.5%	0.6%	0.6%	
Tax rate	20.3%	15.8%	7.5%	10.0%	11.3%	13.0%	
<b>Profitability in %</b>							
Net profit to sales ratio	5.6%	16.8%	43.4%	40.4%	37.5%	38.6%	
Return on equity (ROE) after tax	1.6%	5.5%	12.0%	11.4%	10.6%	10.4%	
<b>Valuation</b>							
PE-ratio	44.69	13.64	5.30	5.42	5.26	4.82	
Price/BVpS	7.50	6.59	7.23	7.86	8.73	9.69	
Dividend yield in %	0.0%	0.0%	0.0%	4.6%	5.7%	7.3%	
EV/ Sales	2.06	2.08	1.68	1.58	1.55	1.46	
EV/ EBITDA	9.18	5.45	2.97	2.92	2.87	2.68	
<b>Data per share</b>							
Number of shares in k	7,490	9,822	10,800	11,150	11,150	11,150	
EpS	0.10	0.34	0.87	0.85	0.88	0.96	
DpS	0.00	0.00	0.00	0.21	0.26	0.34	
BVpS	7.50	6.59	7.23	7.86	8.73	9.69	



**SRC Research**  
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Rating Chronicle	Date	Rating	Former Price	Former Target
KWG	19. May 11	Buy	5.30 €	7.50 €
KWG	26. Jan 11	Buy	5.45 €	7.50 €
KWG	10. Jan 11	Buy	5.10 €	7.50 €
KWG	5. Nov 10	Buy	4.67 €	7.00 €
KWG	13. Aug 10	Buy	3.70 €	6.50 €
KWG	19. Apr 10	Buy	4.45 €	6.50 €

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**Please note:**

The KWG share price mentioned in this report is from closing of 11 July 2011.  
KWG mandated SRC Research for mentoring the KWG share.

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