

**Buy** (old: Buy)

**PT EUR 26.00** (old: 27.00)

**Price** EUR 16.62  
**Bloomberg** 5AB GR  
**Reuters** 5ABG  
**Sector** Agriculture

**Asian Bamboo is China's largest bamboo producer. The only integrated company in this young market leases plantations from small farming cooperatives.**



Share data: 16.11.2011 / Closing price

**Market cap:** EUR 256 m  
**Enterprise Value (EV):** EUR 255 m  
**Book value:** EUR 326 m  
**No. of shares:** 15.4 m  
**Trading volume Ø:** EUR 1.6 m

**Shareholders:**

Freefloat 62.3 %  
 Green Resources Enterprise Holding 37.7 %

**Calendar:**

| Change | 2011E |       | 2012E |       | 2013E |       |
|--------|-------|-------|-------|-------|-------|-------|
|        | old   | Δ%    | old   | Δ%    | old   | Δ%    |
| Sales  | 107   | -11.5 | 144   | -23.2 | 163   | -26.9 |
| EBIT   | 43.5  | -9.3  | 53.8  | -23.2 | 60.2  | -26.9 |
| EPS    | 2.80  | -10.0 | 3.39  | -23.6 | 3.80  | -28.4 |

Analysis: Warburg Research  
 Date of publication: 17.11.2011  
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## Q3 results in line with expectations, but outlook muted

**Asian Bamboo reported Q3 results that were in line with our expectations:** as sales had already been published two weeks ago, the focus was on margins and the FY 2011 outlook. The company reported a net margin of 41.1%, in line with its full-year guidance of >40%. However, the quality of results was lower than anticipated. Bamboo trees sales improved substantially (+32% yoy), but the number fell short of the increase in mature plantation area (+59%). The seasonally low shoots business recorded an increase in sales of dry bamboo shoots (+63%) and processed bamboo shoots (+31%), fully in line with our expectations. For the first time, the fledgling bamboo fibre business had a significantly positive impact on the group's sales (EUR 3.0m, 13.5% of total sales). However, this was below the underlying sales potential of approx. EUR 5m at underlying product price levels.

### Asian Bamboo - Q3 2011

Figures in EUR m

|                            | Q3/11 | Q3/11e | Q3/10 | yoy   | 9M/11 | 9M/10 | yoy   |
|----------------------------|-------|--------|-------|-------|-------|-------|-------|
| <b>Sales</b>               | 22.2  | 22.3   | 14.3  | 55.5% | 71.4  | 55.7  | 28.3% |
| <b>Net Income adjusted</b> | 9.1   | 8.8    | 7.8   | 16.9% | 27.6  | 24.6  | 12.1% |
| <b>margin</b>              | 41.1% | 39.7%  | 54.6% |       | 38.6% | 44.2% |       |

**Muted outlook on FY 2011:** management guides for full-year sales of at least EUR 95m and a net profit margin of at least 40%. This translates into an EPS of at least EUR 2.49. The shortfall in Q4e compared to our initial estimates is triggered by soft demand both for bamboo trees and fibres which already became apparent in Q3. This softening seems to be tied to the current policy by Chinese government to reduce inflation by slashing the availability of credits, which especially hurts mid-sized and small companies. There is anecdotal evidence from various sectors in China, of a dampening effect on trade flows. Thus, demand from various customer industries, whether it is textile, flooring or construction industries seems to have cooled down.

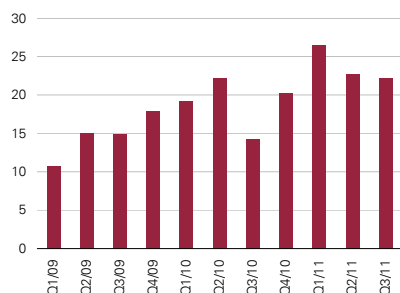
**Free cash flow positive by 2012e:** due to softening demand, there are currently no plans to lease additional plantation area in 2012e or to expand the capacity of the fibre business. Investments at 5AB in 2012e should consist mostly of the remaining payment for plantations leased in 2011 (approx EUR 28m). As a result, free cash flow should swing into positive terrain (2012e: EUR14m)

**Estimates cut for 2011e-2013e, PT revised to EUR 26 (was: EUR 27), Buy reiterated:** due to our anticipation of lagging demand for 5AB's cyclical activities (bamboo trees, fibres) throughout 2012e, followed by a mild rebound in 2013e, we cut our estimates for the period. The bamboo shoots business should continue to develop in line with mature plantation area growth, as food demand is unlikely to follow short-term swings in the economy. Both the bamboo tree and fibre businesses however should continue to be negatively affected by the current domestic credit policy of the Chinese government. As we assume China's anti-inflation policy to reach its goal latest by early 2013e, triggering a stop to the state-induced clampdown on credit lines, demand should start to return within that year. As a result, we cut our PT which is calculated by the DCF method to EUR 26 (was: EUR 27), but reiterate our Buy rating.

| Fiscal year ending: 31.12.       | 2007    | 2008    | 2009   | 2010   | 2011E  | 2012E  | 2013E  |
|----------------------------------|---------|---------|--------|--------|--------|--------|--------|
| in EUR m                         |         |         |        |        |        |        |        |
| <b>Sales</b>                     | 14.7    | 43.8    | 58.6   | 75.9   | 94.8   | 111    | 119    |
| <i>Change Sales yoy</i>          | 35.5 %  | 197.2 % | 33.7 % | 29.5 % | 24.9 % | 16.6 % | 7.8 %  |
| <b>Gross balance</b>             | 7.5     | 20.8    | 35.5   | 44.3   | 46.4   | 48.6   | 51.3   |
| <i>Gross margin</i>              | 51.0 %  | 47.4 %  | 60.5 % | 58.4 % | 49.0 % | 44.0 % | 43.0 % |
| <b>EBITDA</b>                    | 17.6    | 37.9    | 32.3   | 45.2   | 51.3   | 57.0   | 59.7   |
| <i>EBITDA-margin</i>             | 119.6 % | 86.5 %  | 55.0 % | 59.6 % | 54.1 % | 51.6 % | 50.1 % |
| <b>EBIT</b>                      | 17.5    | 31.0    | 27.5   | 36.5   | 39.4   | 41.3   | 44.0   |
| <i>EBIT-margin</i>               | 118.5 % | 70.8 %  | 46.9 % | 48.0 % | 41.6 % | 37.4 % | 36.9 % |
| <b>Net income</b>                | 15.6    | 27.3    | 28.6   | 33.5   | 38.5   | 39.5   | 41.6   |
| <b>EPS</b>                       | 1.22    | 2.13    | 2.22   | 2.29   | 2.52   | 2.59   | 2.72   |
| <b>Free Cash Flow per share</b>  | -0.20   | -3.17   | -1.31  | -1.49  | -3.13  | 0.91   | 3.72   |
| <b>Dividend</b>                  | 0.00    | 0.20    | 0.30   | 0.36   | 0.40   | 0.42   | 0.45   |
| <i>Dividend Yield</i>            | n.a.    | 1.2 %   | 1.8 %  | 2.2 %  | 2.4 %  | 2.5 %  | 2.7 %  |
| <b>EV/Sales</b>                  | 14.5    | 4.9     | 3.6    | 2.8    | 2.7    | 2.2    | 1.6    |
| <b>EV/EBITDA</b>                 | 12.1    | 5.6     | 6.6    | 4.7    | 5.0    | 4.3    | 3.3    |
| <b>EV/EBIT</b>                   | 12.2    | 6.9     | 7.7    | 5.8    | 6.5    | 5.9    | 4.4    |
| <b>PER</b>                       | 13.6    | 7.8     | 7.5    | 7.3    | 6.6    | 6.4    | 6.1    |
| <b>ROCE</b>                      | 23.8 %  | 22.8 %  | 15.9 % | 15.0 % | 12.0 % | 11.0 % | 10.7 % |
| <b>Adj. Free Cash Flow Yield</b> | 4.8 %   | 10.3 %  | 5.5 %  | 16.8 % | 14.6 % | 15.2 % | 18.6 % |

## Sales development

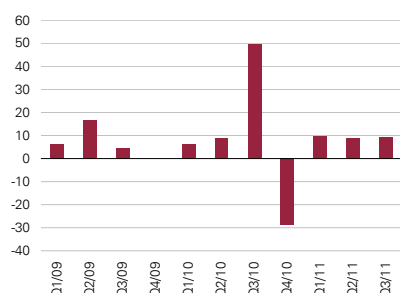
in EUR m



Source: Asian Bamboo

## EBIT development

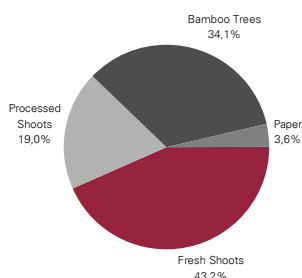
in EUR m



Source: Asian Bamboo

## Sales by segments

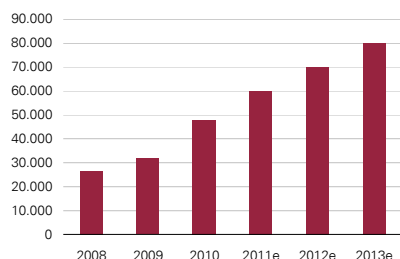
2010



Source: Asian Bamboo

## Plantation Size

in ha



Source: Asian Bamboo

## Company background

Asian Bamboo Asian Bamboo cultivates and distributes bamboo shoots and trees in the Fujian Province, which is the province in China with the highest concentration of Moso bamboo.

Bamboo grows naturally in forests in the fertile regions of Southeast China. The output is optimised by removing other plants and harvesting a sustainable product mix between shoots and trees. Bamboo forests are growing rapidly. The bamboo trees grow 20 meters in three months, but it is normally harvested in the second or third year after the wood quality has improved.

Asian Bamboo leases the plantations from a cooperative of farmers, which hold the harvesting rights. All land in China is owned by the state. Lease contracts are usually closed for 20 years. Asian Bamboo generally pays the fee of approx. EUR 6,000 per ha upfront and offers the farmers to work as free contractors on the plantations.

In 2010, the company generated sales of EUR 76 m and a net profit of EUR 34 m. The export market in 2010 accounted for ca. 7% of the overall revenues. Due to the high growth of the domestic market the export markets are falling in relative importance.

## Competitive quality

Being the only integrated company in this highly fragmented market, Asian Bamboo actively advances the young and quickly growing bamboo industry. The strongly growing demand results from

- ...the disproportionate GDP growth in China (OECD estimate: 2011 9.0%; 2012 9.2%).
- ...the scarcity of wood which can be substituted by bamboo for multiple applications (flooring, pulp, paper, and furniture) which is supported by the Chinese government,...
- ...rising income throughout China which is stimulating the demand for organic food (bamboo shoots) and wood substitute products.

A lean company structure with low fixed costs enables a net earnings margin of 44% and a ROCE of 20%. The dynamic market growth looks set to keep the degree of competition on a moderate level in the medium term. The following barriers to market entry have a supporting effect:

- Funding of investments in bamboo plantations proves to be difficult even for a successful company like Asian Bamboo. Therefore, the self financing capability is decisive for the growth.
- At the same time, it is an extremely long process to achieve a critical size. In the fragmented market it took Asian Bamboo ten years to achieve the current size and the access to further land.
- The access to the land is not possible without a broad network in the agricultural environment and a good reputation at the local decision makers.
- Only the vertical integration enables the development of further sales markets in the region and an efficient quality control.

**Consolidated Profit & Loss Asian Bamboo**

in EUR m

|  | 2007        | 2008        | 2009        | 2010        | 2011E       | 2012E       | 2013E       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>   | <b>14.7</b> | <b>43.8</b> | <b>58.6</b> | <b>75.9</b> | <b>94.8</b> | <b>111</b>  | <b>119</b>  |
| Cost of sales  | 7.2         | 23.1        | 23.1        | 31.6        | 48.3        | 61.9        | 67.9        |
| <b>Gross balance</b>                                 | <b>7.5</b>  | <b>20.8</b> | <b>35.5</b> | <b>44.3</b> | <b>46.4</b> | <b>48.6</b> | <b>51.3</b> |
| Research and development                             | 0.0         | 0.0         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         |
| Sales and marketing                                  | 0.1         | 0.2         | 0.5         | 0.6         | 0.8         | 1.7         | 1.8         |
| General and administration                           | 0.2         | 1.3         | 5.8         | 7.8         | 6.6         | 6.1         | 6.0         |
| Other operating income/expenses                      | -0.1        | -1.8        | -1.7        | 0.6         | 0.5         | 0.6         | 0.6         |
| Unfrequent items                                     | <b>10.4</b> | <b>13.7</b> | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  | <b>0.0</b>  |
| <b>EBITDA</b>  | <b>17.6</b> | <b>37.9</b> | <b>32.3</b> | <b>45.2</b> | <b>51.3</b> | <b>57.0</b> | <b>59.7</b> |
| Depreciation of fixed assets                         | 0.2         | 0.2         | 0.3         | 0.5         | 0.5         | 0.6         | 0.6         |
| <b>EBITA</b>   | <b>17.5</b> | <b>37.7</b> | <b>32.0</b> | <b>44.7</b> | <b>50.8</b> | <b>56.5</b> | <b>59.1</b> |
| Amortisation of intangible fixed assets              | 0.0         | 6.7         | 4.5         | 8.3         | 11.4        | 15.1        | 15.1        |
| Impairment charges and amortisation of goodwill      | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>EBIT</b>  | <b>17.5</b> | <b>31.0</b> | <b>27.5</b> | <b>36.5</b> | <b>39.4</b> | <b>41.3</b> | <b>44.0</b> |
| Interest income                                      | 0.3         | 4.2         | 0.7         | 0.3         | 0.4         | 0.4         | 0.4         |
| Interest expenses                                    | 0.5         | 0.6         | 0.0         | 0.9         | 1.0         | 2.1         | 2.1         |
| Financial result                                     | -0.2        | 3.6         | 0.7         | -0.7        | -0.5        | -0.9        | -0.5        |
| <b>Recurring pretax income from cont. operations</b> | <b>17.2</b> | <b>34.7</b> | <b>28.2</b> | <b>35.8</b> | <b>38.9</b> | <b>40.4</b> | <b>43.5</b> |
| Extraordinary income/loss                            | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>EBT</b>   | <b>17.2</b> | <b>34.7</b> | <b>28.2</b> | <b>35.8</b> | <b>38.9</b> | <b>40.4</b> | <b>43.5</b> |
| Taxes total  | 1.6         | 7.4         | -0.5        | 2.3         | 0.4         | 0.5         | 1.5         |
| <b>Net income from continuing operations</b>         | <b>15.6</b> | <b>27.3</b> | <b>28.6</b> | <b>33.5</b> | <b>38.5</b> | <b>39.9</b> | <b>42.0</b> |
| Income from discontinued operations (net of tax)     | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net income before minorities</b>                  | <b>15.6</b> | <b>27.3</b> | <b>28.6</b> | <b>33.5</b> | <b>38.5</b> | <b>39.9</b> | <b>42.0</b> |
| Minority interest                                    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.4         | 0.4         |
| <b>Net income</b>                                    | <b>15.6</b> | <b>27.3</b> | <b>28.6</b> | <b>33.5</b> | <b>38.5</b> | <b>39.5</b> | <b>41.6</b> |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

**Consolidated Profit & Loss Asian Bamboo**

in % of Sales

|  | 2007           | 2008           | 2009           | 2010           | 2011E          | 2012E          | 2013E          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Sales</b>   | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> |
| Cost of sales  | 49.0 %         | 52.7 %         | 39.5 %         | 41.6 %         | 51.0 %         | 56.0 %         | 57.0 %         |
| <b>Gross balance</b>                                 | <b>51.0 %</b>  | <b>47.4 %</b>  | <b>60.5 %</b>  | <b>58.4 %</b>  | <b>49.0 %</b>  | <b>44.0 %</b>  | <b>43.0 %</b>  |
| Research and development                             | 0.0 %          | 0.0 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          |
| Sales and marketing                                  | 1.0 %          | 0.6 %          | 0.8 %          | 0.8 %          | 0.8 %          | 1.5 %          | 1.5 %          |
| General and administration                           | 1.5 %          | 3.0 %          | 9.8 %          | 10.3 %         | 7.0 %          | 5.5 %          | 5.0 %          |
| Other operating income/expenses                      | -0.9 %         | -4.1 %         | -2.8 %         | 0.8 %          | 0.5 %          | 0.5 %          | 0.5 %          |
| Unfrequent items                                     | <b>70.8 %</b>  | <b>31.2 %</b>  | <b>0.0 %</b>   | <b>0.0 %</b>   | <b>0.0 %</b>   | <b>0.0 %</b>   | <b>0.0 %</b>   |
| <b>EBITDA</b>  | <b>119.6 %</b> | <b>86.5 %</b>  | <b>55.0 %</b>  | <b>59.6 %</b>  | <b>54.1 %</b>  | <b>51.6 %</b>  | <b>50.1 %</b>  |
| Depreciation of fixed assets                         | 1.1 %          | 0.5 %          | 0.4 %          | 0.7 %          | 0.5 %          | 0.5 %          | 0.5 %          |
| <b>EBITA</b>   | <b>118.5 %</b> | <b>86.1 %</b>  | <b>54.6 %</b>  | <b>58.9 %</b>  | <b>53.6 %</b>  | <b>51.1 %</b>  | <b>49.6 %</b>  |
| Amortisation of intangible fixed assets              | 0.0 %          | 15.3 %         | 7.7 %          | 10.9 %         | 12.0 %         | 13.7 %         | 12.7 %         |
| Impairment charges and amortisation of goodwill      | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBIT</b>  | <b>118.5 %</b> | <b>70.8 %</b>  | <b>46.9 %</b>  | <b>48.0 %</b>  | <b>41.6 %</b>  | <b>37.4 %</b>  | <b>36.9 %</b>  |
| Interest income                                      | 1.8 %          | 9.7 %          | 1.1 %          | 0.4 %          | 0.4 %          | 0.3 %          | 0.4 %          |
| Interest expenses                                    | 3.4 %          | 1.4 %          | 0.0 %          | 1.2 %          | 1.1 %          | 1.9 %          | 1.8 %          |
| Financial result                                     | -1.6 %         | 8.3 %          | 1.1 %          | -0.9 %         | -0.5 %         | -0.9 %         | -0.4 %         |
| <b>Recurring pretax income from cont. operations</b> | <b>116.9 %</b> | <b>79.1 %</b>  | <b>48.1 %</b>  | <b>47.1 %</b>  | <b>41.1 %</b>  | <b>36.5 %</b>  | <b>36.5 %</b>  |
| Extraordinary income/loss                            | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBT</b>   | <b>116.9 %</b> | <b>79.1 %</b>  | <b>48.1 %</b>  | <b>47.1 %</b>  | <b>41.1 %</b>  | <b>36.5 %</b>  | <b>36.5 %</b>  |
| Taxes total  | 11.0 %         | 16.8 %         | -0.8 %         | 3.0 %          | 0.4 %          | 0.4 %          | 1.3 %          |
| <b>Net income from continuing operations</b>         | <b>106.0 %</b> | <b>62.3 %</b>  | <b>48.9 %</b>  | <b>44.1 %</b>  | <b>40.6 %</b>  | <b>36.1 %</b>  | <b>35.3 %</b>  |
| Income from discontinued operations (net of tax)     | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Net income before minorities</b>                  | <b>106.0 %</b> | <b>62.3 %</b>  | <b>48.9 %</b>  | <b>44.1 %</b>  | <b>40.6 %</b>  | <b>36.1 %</b>  | <b>35.3 %</b>  |
| Minority interest                                    | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.4 %          | 0.3 %          |
| <b>Net income</b>                                    | <b>106.0 %</b> | <b>62.3 %</b>  | <b>48.9 %</b>  | <b>44.1 %</b>  | <b>40.6 %</b>  | <b>35.8 %</b>  | <b>34.9 %</b>  |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

**Balance sheet Asian Bamboo**

in EUR m

|   | 2007        | 2008        | 2009        | 2010        | 2011E       | 2012E       | 2013E       |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Assets</b>                                     |             |             |             |             |             |             |             |
| Intangible assets                                 | 49.8        | 117         | 152         | 265         | 314         | 327         | 312         |
| thereof other intangible assets                   | 49.8        | 117         | 152         | 265         | 314         | 327         | 312         |
| thereof Goodwill                                  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Property, plant and equipment                     | 2.1         | 3.0         | 4.0         | 4.5         | 4.7         | 4.8         | 4.9         |
| Financial assets                                  | 0.0         | 0.0         | 0.0         | 3.3         | 3.3         | 3.3         | 3.3         |
| <b>Fixed assets</b>                               | <b>51.8</b> | <b>120</b>  | <b>157</b>  | <b>273</b>  | <b>322</b>  | <b>335</b>  | <b>320</b>  |
| Inventories                                       | 0.4         | 0.6         | 2.1         | 1.3         | 3.8         | 4.4         | 4.8         |
| Accounts receivable                               | 0.5         | 0.6         | 1.8         | 1.9         | 7.8         | 9.1         | 9.8         |
| Other Assets                                      | 6.2         | 24.3        | 13.1        | 14.3        | 20.3        | 20.3        | 20.3        |
| Liquid assets                                     | 68.6        | 25.5        | 29.1        | 56.7        | 35.2        | 44.2        | 95.5        |
| <b>Current assets</b>                             | <b>75.7</b> | <b>51.0</b> | <b>46.2</b> | <b>74.2</b> | <b>67.0</b> | <b>78.0</b> | <b>130</b>  |
| <b>Total assets</b>                               | <b>128</b>  | <b>171</b>  | <b>203</b>  | <b>347</b>  | <b>389</b>  | <b>413</b>  | <b>450</b>  |
| <b>Liabilities and shareholders' equity</b>       |             |             |             |             |             |             |             |
| Subscribed capital                                | 12.8        | 12.8        | 14.0        | 15.4        | 15.4        | 15.4        | 15.4        |
| Additional paid-in capital                        | 69.1        | 68.4        | 91.6        | 132         | 132         | 132         | 132         |
| Surplus capital                                   | 1.3         | 3.5         | 77.7        | 104         | 148         | 182         | 217         |
| Other equity components                           | 34.2        | 70.6        | 7.9         | 30.8        | 30.6        | 32.1        | 33.0        |
| Book value  | 117         | 155         | 191         | 282         | 326         | 361         | 397         |
| Minority Interest                                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Total equity</b>                               | <b>117</b>  | <b>155</b>  | <b>191</b>  | <b>282</b>  | <b>326</b>  | <b>361</b>  | <b>397</b>  |
| Provision for pensions and similar obligations    | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Provisions  | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Financial liabilities                             | 0.0         | 0.0         | 0.0         | 13.5        | 33.8        | 33.8        | 33.8        |
| Accounts payable                                  | 0.1         | 0.1         | 7.2         | 48.4        | 26.0        | 15.1        | 16.3        |
| Other liabilities                                 | 10.2        | 15.2        | 4.3         | 2.4         | 2.8         | 2.8         | 2.8         |
| <b>Liabilities</b>                                | <b>10.2</b> | <b>15.4</b> | <b>11.5</b> | <b>64.3</b> | <b>62.6</b> | <b>51.7</b> | <b>52.9</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>128</b>  | <b>171</b>  | <b>203</b>  | <b>347</b>  | <b>389</b>  | <b>413</b>  | <b>450</b>  |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

**Balance sheet Asian Bamboo**

in % of Balance Sheet Total

|   | 2007           | 2008           | 2009           | 2010           | 2011E          | 2012E          | 2013E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                                     |                |                |                |                |                |                |                |
| Intangible assets                                 | 39.0 %         | 68.4 %         | 75.2 %         | 76.4 %         | 80.7 %         | 79.1 %         | 69.2 %         |
| thereof other intangible assets                   | 39.0 %         | 68.4 %         | 75.2 %         | 76.4 %         | 80.7 %         | 79.1 %         | 69.2 %         |
| thereof Goodwill                                  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Property, plant and equipment                     | 1.6 %          | 1.8 %          | 2.0 %          | 1.3 %          | 1.2 %          | 1.2 %          | 1.1 %          |
| Financial assets                                  | 0.0 %          | 0.0 %          | 0.0 %          | 1.0 %          | 0.9 %          | 0.8 %          | 0.7 %          |
| <b>Fixed assets</b>                               | <b>40.7 %</b>  | <b>70.1 %</b>  | <b>77.2 %</b>  | <b>78.6 %</b>  | <b>82.8 %</b>  | <b>81.1 %</b>  | <b>71.0 %</b>  |
| Inventories                                       | 0.3 %          | 0.4 %          | 1.1 %          | 0.4 %          | 1.0 %          | 1.1 %          | 1.1 %          |
| Accounts receivable                               | 0.4 %          | 0.3 %          | 0.9 %          | 0.6 %          | 2.0 %          | 2.2 %          | 2.2 %          |
| Other Assets                                      | 4.9 %          | 14.2 %         | 6.5 %          | 4.1 %          | 5.2 %          | 4.9 %          | 4.5 %          |
| Liquid assets                                     | 53.8 %         | 14.9 %         | 14.4 %         | 16.3 %         | 9.0 %          | 10.7 %         | 21.2 %         |
| <b>Current assets</b>                             | <b>59.4 %</b>  | <b>29.9 %</b>  | <b>22.8 %</b>  | <b>21.4 %</b>  | <b>17.2 %</b>  | <b>18.9 %</b>  | <b>29.0 %</b>  |
| <b>Total assets</b>                               | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> |
| <b>Liabilities and shareholders' equity</b>       |                |                |                |                |                |                |                |
| Subscribed capital                                | 10.0 %         | 7.5 %          | 6.9 %          | 4.5 %          | 4.0 %          | 3.7 %          | 3.4 %          |
| Additional paid-in capital                        | 54.2 %         | 40.1 %         | 45.2 %         | 38.1 %         | 33.9 %         | 32.0 %         | 29.3 %         |
| Surplus capital                                   | 1.0 %          | 2.0 %          | 38.3 %         | 30.1 %         | 38.1 %         | 44.0 %         | 48.2 %         |
| Other equity components                           | 26.8 %         | 41.4 %         | 3.9 %          | 8.9 %          | 7.9 %          | 7.8 %          | 7.3 %          |
| Book value  | 92.0 %         | 91.0 %         | 94.3 %         | 81.5 %         | 83.9 %         | 87.5 %         | 88.3 %         |
| Minority Interest                                 | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Total equity</b>                               | <b>92.0 %</b>  | <b>91.0 %</b>  | <b>94.3 %</b>  | <b>81.5 %</b>  | <b>83.9 %</b>  | <b>87.5 %</b>  | <b>88.3 %</b>  |
| Provision for pensions and similar obligations    | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Provisions  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Financial liabilities                             | 0.0 %          | 0.0 %          | 0.0 %          | 3.9 %          | 8.7 %          | 8.2 %          | 7.5 %          |
| Accounts payable                                  | 0.0 %          | 0.1 %          | 3.5 %          | 14.0 %         | 6.7 %          | 3.7 %          | 3.6 %          |
| Other liabilities                                 | 8.0 %          | 8.9 %          | 2.1 %          | 0.7 %          | 0.7 %          | 0.7 %          | 0.6 %          |
| <b>Liabilities</b>                                | <b>8.0 %</b>   | <b>9.0 %</b>   | <b>5.7 %</b>   | <b>18.5 %</b>  | <b>16.1 %</b>  | <b>12.5 %</b>  | <b>11.8 %</b>  |
| <b>Total liabilities and shareholders' equity</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> | <b>100.0 %</b> |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

**Statement of Cash Flows Asian Bamboo**

in EUR m

|  | 2007        | 2008         | 2009         | 2010         | 2011E        | 2012E        | 2013E       |
|--|-------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Net income   | 15.6        | 27.3         | 28.6         | 33.5         | 38.5         | 39.9         | 42.0        |
| Depreciation of fixed assets                           | 0.2         | 0.2          | 0.3          | 0.5          | 0.5          | 0.6          | 0.6         |
| Amortisation of goodwill                               | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0         |
| Amortisation of intangible assets                      | 0.0         | 6.7          | 4.5          | 8.3          | 11.4         | 15.1         | 15.1        |
| Increase/decrease in long-term provisions              | -0.8        | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0         |
| Other costs affecting income / expenses                | -8.8        | -10.9        | -3.5         | -6.7         | -0.3         | -0.3         | -0.4        |
| <b>Cash Flow</b>                                       | <b>6.1</b>  | <b>23.3</b>  | <b>29.9</b>  | <b>35.6</b>  | <b>50.0</b>  | <b>55.4</b>  | <b>57.4</b> |
| Increase / decrease in inventory                       | 0.1         | -0.2         | -1.2         | 4.1          | -2.5         | -0.6         | -0.4        |
| Increase / decrease in accounts receivable             | 0.1         | -0.1         | 0.0          | 0.0          | -5.9         | -1.3         | -0.7        |
| Increase / decrease in accounts payable                | -0.1        | 0.1          | 6.9          | -6.2         | -22.4        | -10.9        | 1.2         |
| Increase / decrease in other working capital positions | -3.2        | -2.9         | 0.0          | 0.0          | -6.0         | 0.0          | 0.0         |
| Increase / decrease in working capital                 | -3.2        | -3.1         | 5.7          | -2.1         | -36.7        | -12.8        | 0.1         |
| <b>Cash flow from operating activities</b>             | <b>2.9</b>  | <b>20.2</b>  | <b>35.6</b>  | <b>33.5</b>  | <b>13.3</b>  | <b>42.6</b>  | <b>57.5</b> |
| CAPEX  | -5.6        | -60.8        | -52.5        | -55.4        | -61.1        | -28.7        | -0.7        |
| Payments for acquisitions                              | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0         |
| Financial investments                                  | 0.0         | 0.0          | 0.0          | -3.5         | 0.0          | 0.0          | 0.0         |
| Income from asset disposals                            | 0.0         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0         |
| <b>Cash flow from investing activities</b>             | <b>-5.6</b> | <b>-60.8</b> | <b>-52.5</b> | <b>-58.8</b> | <b>-61.1</b> | <b>-28.7</b> | <b>-0.7</b> |
| Change in financial liabilities                        | -2.8        | 0.0          | 0.0          | 13.6         | 20.2         | 0.0          | 0.0         |
| Dividends paid   | 0.0         | 0.0          | -2.5         | -4.2         | 5.5          | -6.1         | -6.4        |
| Purchase of own shares                                 | 0.0         | 0.0          | 0.0          | 0.0          | -0.3         | 0.0          | 0.0         |
| Capital measures                                       | 73.1        | -0.6         | 25.5         | 43.4         | 0.0          | 0.0          | 0.0         |
| Others   | 0.0         | 0.0          | -2.6         | -1.7         | 0.9          | 1.3          | 0.9         |
| <b>Cash flow from financing activities</b>             | <b>70.3</b> | <b>-0.6</b>  | <b>20.4</b>  | <b>51.2</b>  | <b>26.3</b>  | <b>-4.8</b>  | <b>-5.5</b> |
| Change in liquid funds                                 | 67.7        | -41.2        | 3.5          | 25.9         | -21.5        | 9.0          | 51.3        |
| <b>Effects of exchange rate changes on cash</b>        | <b>0.4</b>  | <b>-1.8</b>  | <b>-0.6</b>  | <b>2.3</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>  |
| <b>Liquid assets at end of period</b>                  | <b>68.6</b> | <b>25.5</b>  | <b>28.4</b>  | <b>57.4</b>  | <b>35.2</b>  | <b>44.2</b>  | <b>95.5</b> |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

## Financial Ratios Asian Bamboo

|   | 2007     | 2008     | 2009     | 2010     | 2011E    | 2012E    | 2013E    |
|---|----------|----------|----------|----------|----------|----------|----------|
| <b>Operational Efficiency</b>             |          |          |          |          |          |          |          |
| Total Operating Costs / Sales             | 3.3 %    | 7.7 %    | 13.6 %   | 10.4 %   | 7.4 %    | 6.6 %    | 6.1 %    |
| Sales per Employee                        | 50,164   | 60,540   | 71,840   | 98,584   | 111,896  | 118,654  | 116,301  |
| EBITDA per Employee                       | 60,014   | 52,383   | 39,528   | 58,749   | 60,536   | 61,226   | 58,267   |
| EBIT-margin                               | 118.5 %  | 70.8 %   | 46.9 %   | 48.0 %   | 41.6 %   | 37.4 %   | 36.9 %   |
| EBITDA / Operating Assets                 | 600.2 %  | 931.1 %  | 3812.6 % | -111.3 % | -528.2 % | 1760.4 % | 1840.6 % |
| ROA                                       | 30.1 %   | 22.8 %   | 18.3 %   | 12.3 %   | 12.0 %   | 11.8 %   | 13.0 %   |
| <b>Efficiency of Capital Employment</b>   |          |          |          |          |          |          |          |
| Plant Turnover                            | 7.1      | 14.6     | 14.5     | 17.0     | 20.2     | 22.8     | 24.1     |
| Operating Assets Turnover                 | 5.0      | 10.8     | 69.3     | -1.9     | -9.8     | 34.1     | 36.7     |
| Capital Employed Turnover                 | 0.1      | 0.3      | 0.3      | 0.3      | 0.3      | 0.3      | 0.3      |
| <b>Return on Capital</b>                  |          |          |          |          |          |          |          |
| ROCE                                      | 23.8 %   | 22.8 %   | 15.9 %   | 15.0 %   | 12.0 %   | 11.0 %   | 10.7 %   |
| EBITDA / Avg. Capital Employed            | 24.0 %   | 27.8 %   | 18.6 %   | 18.6 %   | 15.6 %   | 15.1 %   | 14.5 %   |
| ROE                                       | 13.3 %   | 17.6 %   | 15.0 %   | 11.9 %   | 11.8 %   | 11.0 %   | 10.5 %   |
| Net Profit / Avg. Equity                  | 21.3 %   | 20.0 %   | 16.5 %   | 14.2 %   | 12.7 %   | 11.5 %   | 11.0 %   |
| Recurring Net Profit / Avg. Equity        | 21.3 %   | 20.0 %   | 16.5 %   | 14.2 %   | 12.7 %   | 11.6 %   | 11.1 %   |
| ROIC                                      | 12.7 %   | 16.1 %   | 14.9 %   | 11.3 %   | 10.6 %   | 10.1 %   | 9.7 %    |
| <b>Solvency</b>                           |          |          |          |          |          |          |          |
| Net Debt                                  | -68.6    | -25.5    | -29.1    | -43.1    | -1.4     | -10.5    | -61.7    |
| Net Gearing                               | -58.4 %  | -16.4 %  | -15.2 %  | -15.3 %  | -0.4 %   | -2.9 %   | -15.5 %  |
| Book Value of Equity / Book Value of Debt | n.a.     | n.a.     | n.a.     | 2087.7 % | 966.0 %  | 1069.5 % | 1176.4 % |
| Current ratio                             | 7.4      | 3.3      | 4.0      | 1.4      | 2.2      | 3.9      | 6.1      |
| Acid Test Ratio                           | 7.4      | 3.3      | 3.8      | 1.4      | 2.0      | 3.6      | 5.9      |
| EBITDA / Interest Paid                    | 35.3     | 64.2     | 2932.3   | 49.6     | 51.1     | 27.2     | 28.4     |
| Interest Cover                            | 74.8     | n.a.     | n.a.     | 59.6     | 65.4     | 23.6     | 26.5     |
| <b>Cash Flow</b>                          |          |          |          |          |          |          |          |
| Free Cash Flow                            | -2.6     | -40.6    | -16.9    | -21.9    | -47.8    | 13.9     | 56.8     |
| Free Cash Flow / Sales                    | -17.7 %  | -92.7 %  | -28.8 %  | -28.8 %  | -50.4 %  | 12.5 %   | 47.7 %   |
| Adj. Free Cash Flow                       | 10.2     | 22.0     | 11.7     | 35.9     | 37.2     | 37.4     | 36.2     |
| Adj. Free Cash Flow / Sales               | 112.9 %  | 71.6 %   | 42.5 %   | 43.5 %   | 37.7 %   | 31.9 %   | 27.7 %   |
| Free Cash Flow / Net Profit               | -16.7 %  | -148.9 % | -59.0 %  | -65.3 %  | -124.1 % | 35.1 %   | 136.5 %  |
| Interest Received / Avg. Cash             | 0.8 %    | 9.0 %    | 2.4 %    | 0.7 %    | 0.9 %    | 0.9 %    | 0.6 %    |
| Interest Paid / Avg. Debt                 | n.a.     | n.a.     | n.a.     | 6.7 %    | 4.2 %    | 6.2 %    | 6.2 %    |
| Dividend Payout Ratio                     | 0.0 %    | 9.4 %    | 13.5 %   | 15.7 %   | 15.9 %   | 16.1 %   | 16.4 %   |
| <b>Fund Management</b>                    |          |          |          |          |          |          |          |
| Investment ratio                          | 37.7 %   | 138.8 %  | 89.6 %   | 77.5 %   | 64.5 %   | 26.0 %   | 0.6 %    |
| Maint. Capex / Sales                      | 3.4 %    | 12.5 %   | 11.8 %   | 12.3 %   | 14.9 %   | 17.4 %   | 19.4 %   |
| Capex / Dep                               | 3354.0 % | 883.0 %  | 1108.3 % | 670.6 %  | 515.9 %  | 182.8 %  | 4.4 %    |
| Avg. Working Capital / Sales              | 5.9 %    | 2.2 %    | -1.8 %   | -31.8 %  | -31.4 %  | -7.2 %   | -1.4 %   |
| Trade Creditors / Trade Debtors           | 939.3 %  | 407.0 %  | 25.7 %   | 4.0 %    | 30.0 %   | 60.3 %   | 60.1 %   |
| Inventory turnover (days)                 | 9.8      | 5.3      | 13.3     | 6.2      | 14.6     | 14.6     | 14.6     |
| Receivables collection period (DSOs)      | 13.0     | 4.8      | 11.5     | 9.3      | 30.0     | 30.0     | 30.0     |
| Payables collection period (days)         | 1.4      | 1.2      | 44.6     | 233      | 100      | 50.0     | 50.0     |
| Cash conversion cycle (days)              | 21.4     | 8.9      | -19.9    | -217     | -55.4    | -5.4     | -5.4     |
| <b>Valuation</b>                          |          |          |          |          |          |          |          |
| Dividend Yield                            | n.a.     | 1.2 %    | 1.8 %    | 2.2 %    | 2.4 %    | 2.5 %    | 2.7 %    |
| P/B                                       | 2.2      | 1.7      | 1.3      | 0.9      | 0.8      | 0.7      | 0.6      |
| EV/sales                                  | 14.5     | 4.9      | 3.6      | 2.8      | 2.7      | 2.2      | 1.6      |
| EV/EBITDA                                 | 12.1     | 5.6      | 6.6      | 4.7      | 5.0      | 4.3      | 3.3      |
| EV/EBIT                                   | 12.2     | 6.9      | 7.7      | 5.8      | 6.5      | 5.9      | 4.4      |
| EV/FCF                                    | n.m.     | n.m.     | n.m.     | n.m.     | n.m.     | 17.7     | 3.4      |
| P/E                                       | 13.6     | 7.8      | 7.5      | 7.3      | 6.6      | 6.4      | 6.1      |
| P/CF                                      | 41.8     | 11.0     | 8.6      | 7.2      | 5.1      | 4.6      | 4.5      |
| Adj. Free Cash Flow Yield                 | 4.8 %    | 10.3 %   | 5.5 %    | 16.8 %   | 14.6 %   | 15.2 %   | 18.6 %   |

Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

**Free Cash Flow Yield - Asian Bamboo**

Figures in EUR m

|                                     | 2007         | 2008         | 2009         | 2010         | 2011e        | 2012e        | 2013e        |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net Income                          | 15.6         | 27.3         | 28.6         | 33.5         | 38.5         | 39.5         | 41.6         |
| + Depreciation + Amortisation       | 0.2          | 6.9          | 4.7          | 8.8          | 11.8         | 15.7         | 15.7         |
| - Net Interest Income               | -0.2         | 3.6          | 0.7          | -0.7         | -0.5         | -0.9         | -0.5         |
| + Taxes                             | 1.6          | 7.4          | -0.5         | 2.3          | 0.4          | 0.5          | 1.5          |
| - Maintenance Capex                 | 0.5          | 5.5          | 6.9          | 9.4          | 14.1         | 19.2         | 23.1         |
| + Others                            | -7.0         | -10.4        | -13.7        | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>= Adjusted Free Cash Flow</b>    | <b>10.2</b>  | <b>22.0</b>  | <b>11.7</b>  | <b>35.9</b>  | <b>37.2</b>  | <b>37.4</b>  | <b>36.2</b>  |
| Adjusted Free Cash Flow Yield       | 4.8%         | 10.3%        | 5.5%         | 16.8%        | 14.6%        | 15.2%        | 18.6%        |
| Hurdle rate                         | 10.0%        | 10.0%        | 10.0%        | 10.0%        | 10.0%        | 10.0%        | 10.0%        |
| <b>= Enterprise Value</b>           | <b>213.2</b> | <b>213.2</b> | <b>213.2</b> | <b>213.2</b> | <b>255.0</b> | <b>245.9</b> | <b>194.6</b> |
| <b>= Fair Enterprise Value</b>      | <b>101.5</b> | <b>220.2</b> | <b>116.8</b> | <b>358.8</b> | <b>371.8</b> | <b>374.3</b> | <b>362.0</b> |
| - Net Debt (Cash)                   | -43.1        | -43.1        | -43.1        | -43.1        | -1.4         | -10.4        | -61.7        |
| - Pension Liabilities               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| - Others                            | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>= Fair Market Capitalisation</b> | <b>144.6</b> | <b>263.3</b> | <b>159.9</b> | <b>401.9</b> | <b>373.2</b> | <b>384.7</b> | <b>423.7</b> |
| No. of shares (m)                   | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         | 15.4         |
| <b>= Fair value per share (EUR)</b> | <b>9.38</b>  | <b>17.07</b> | <b>10.37</b> | <b>26.06</b> | <b>24.19</b> | <b>24.94</b> | <b>27.47</b> |
| premium (-) / discount (+) in %     | -43.6%       | 2.7%         | -37.6%       | 56.8%        | 45.6%        | 50.1%        | 65.3%        |

**Sensitivity Fair value per Share (EUR)**

|             |              |             |              |              |              |              |              |              |
|-------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
|             | 13.0%        | 7.86        | 13.78        | 8.62         | 20.69        | 18.63        | 19.34        | 22.05        |
|             | 12.0%        | 8.28        | 14.69        | 9.11         | 22.18        | 20.17        | 20.90        | 23.56        |
|             | 11.0%        | 8.78        | 15.77        | 9.68         | 23.94        | 22.00        | 22.74        | 25.34        |
| Hurdle rate | <b>10.0%</b> | <b>9.38</b> | <b>17.07</b> | <b>10.37</b> | <b>26.06</b> | <b>24.19</b> | <b>24.94</b> | <b>27.47</b> |
|             | 9.0%         | 10.11       | 18.66        | 11.21        | 28.64        | 26.87        | 27.64        | 30.08        |
|             | 8.0%         | 11.02       | 20.64        | 12.26        | 31.87        | 30.22        | 31.01        | 33.34        |
|             | 7.0%         | 12.20       | 23.19        | 13.61        | 36.03        | 34.52        | 35.34        | 37.53        |

Sources: Asian Bamboo (historical data), Warburg Research (estimates)

**DCF Model - Asian Bamboo**

Figures in EUR m

|                          | 2011e | 2012e | 2013e | 2014e | 2015e | 2016e | 2017e | 2018e | 2019e | 2020e | 2021e | 2022e | 2023e | 2024e |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales                    | 94.8  | 110.6 | 119.2 | 143.0 | 171.6 | 197.4 | 227.0 | 249.7 | 269.7 | 285.8 | 300.1 | 312.1 | 321.5 | 327.9 |
| Change                   | 24.9% | 16.6% | 7.8%  | 20.0% | 20.0% | 15.0% | 15.0% | 10.0% | 8.0%  | 6.0%  | 5.0%  | 4.0%  | 3.0%  | 2.0%  |
| EBIT                     | 39.4  | 41.3  | 44.0  | 42.9  | 49.8  | 55.3  | 61.3  | 64.9  | 67.4  | 68.6  | 69.0  | 68.7  | 67.5  | 59.0  |
| EBIT-Margin              | 41.6% | 37.4% | 36.9% | 30.0% | 29.0% | 28.0% | 27.0% | 26.0% | 25.0% | 24.0% | 23.0% | 22.0% | 21.0% | 18.0% |
| Tax rate                 | 1.1%  | 1.1%  | 3.4%  | 3.5%  | 4.5%  | 5.5%  | 6.5%  | 7.5%  | 8.5%  | 9.5%  | 10.5% | 11.5% | 12.5% | 0.0%  |
| NOPAT                    | 39.0  | 40.9  | 42.5  | 41.4  | 47.5  | 52.2  | 57.3  | 60.1  | 61.7  | 62.1  | 61.8  | 60.8  | 59.1  | 59.0  |
| Depreciation             | 11.8  | 15.7  | 15.7  | 20.0  | 25.7  | 29.6  | 31.8  | 32.5  | 32.4  | 31.4  | 30.0  | 31.2  | 32.2  | 32.8  |
| in % of Sales            | 12.5% | 14.2% | 13.2% | 14.0% | 15.0% | 15.0% | 14.0% | 13.0% | 12.0% | 11.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| Change in Liquidity from |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| - Working Capital        | -30.7 | -12.8 | 0.1   | -4.6  | -0.6  | -0.5  | -0.6  | -0.5  | -0.4  | -0.3  | -0.3  | -0.2  | -0.2  | -0.1  |
| - Capex                  | -61.1 | -28.7 | -0.7  | -35.8 | -42.9 | -39.5 | -34.0 | -37.5 | -40.5 | -42.9 | -36.0 | -31.2 | -32.2 | -32.8 |
| Capex in % of Sales      | 64.5% | 26.0% | 0.6%  | 25.0% | 25.0% | 20.0% | 15.0% | 15.0% | 15.0% | 15.0% | 12.0% | 10.0% | 10.0% | 10.0% |
| Other                    | 0.0   | -0.4  | -0.4  | -0.4  | -0.4  | -0.5  | -0.5  | -0.5  | -0.5  | -0.6  | -0.6  | -0.6  | -0.7  | -0.7  |
| Free Cash Flow           | -41.0 | 14.7  | 57.2  | 20.7  | 29.4  | 41.4  | 54.0  | 54.1  | 52.7  | 49.8  | 54.9  | 59.9  | 58.2  | 58.2  |
| (WACC-Model)             |       |       |       |       |       |       |       |       |       |       |       |       |       |       |

**Model parameter**

|                |       |                 |        |
|----------------|-------|-----------------|--------|
| Debt ratio     | 0.00% | Beta            | 1.50   |
| Costs of Debt  | n.a.  | WACC            | 11.50% |
| Market return  | 9.00% |                 |        |
| Risk free rate | 4.00% | Terminal Growth | 2.00%  |

**Valuation (mln)**

|                      |              |                              |              |
|----------------------|--------------|------------------------------|--------------|
| Present values 2024e | 234.5        |                              |              |
| Terminal Value       | 147.5        |                              |              |
| Liabilities          | -33.8        |                              |              |
| Liquidity            | 56.7         | No. of shares (mln)          | 15.43        |
| <b>Equity Value</b>  | <b>404.9</b> | <b>Value per share (EUR)</b> | <b>26.25</b> |

**Sensitivity Value per Share (EUR)****Terminal Growth**

| WACC          | 1.25%        | 1.50%        | 1.75%        | 2.00%        | 2.25%        | 2.50%        | 2.75%        |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 12.50%        | 22.87        | 23.04        | 23.21        | 23.39        | 23.57        | 23.77        | 23.98        |
| 12.00%        | 24.15        | 24.34        | 24.54        | 24.75        | 24.97        | 25.20        | 25.44        |
| 11.75%        | 24.83        | 25.04        | 25.25        | 25.48        | 25.72        | 25.97        | 26.23        |
| <b>11.50%</b> | <b>25.55</b> | <b>25.77</b> | <b>26.01</b> | <b>26.25</b> | <b>26.51</b> | <b>26.78</b> | <b>27.07</b> |
| 11.25%        | 26.31        | 26.55        | 26.80        | 27.07        | 27.35        | 27.65        | 27.96        |
| 11.00%        | 27.10        | 27.36        | 27.64        | 27.93        | 28.23        | 28.56        | 28.90        |
| 10.50%        | 28.83        | 29.14        | 29.46        | 29.80        | 30.17        | 30.56        | 30.97        |

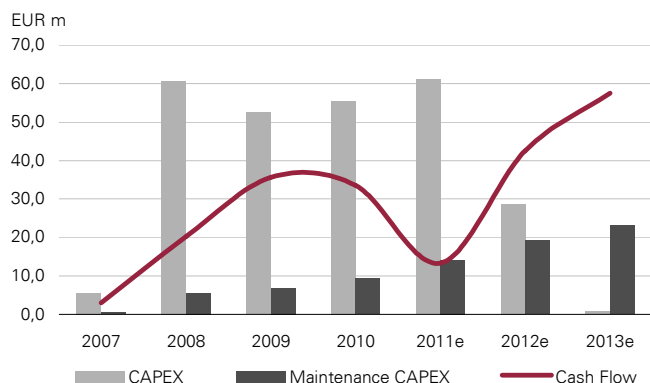
**Delta EBIT margin**

| WACC          | -1.5 pp      | -1.0 pp      | -0.5 pp      | 0.0          | +0.5 pp      | +1.0 pp      | +1.5 pp      |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 12.50%        | 21.51        | 22.13        | 22.76        | 23.39        | 24.01        | 24.64        | 25.26        |
| 12.00%        | 22.76        | 23.42        | 24.08        | 24.75        | 25.41        | 26.07        | 26.73        |
| 11.75%        | 23.44        | 24.12        | 24.80        | 25.48        | 26.16        | 26.84        | 27.52        |
| <b>11.50%</b> | <b>24.15</b> | <b>24.85</b> | <b>25.55</b> | <b>26.25</b> | <b>26.95</b> | <b>27.66</b> | <b>28.36</b> |
| 11.25%        | 24.90        | 25.62        | 26.34        | 27.07        | 27.79        | 28.51        | 29.24        |
| 11.00%        | 25.69        | 26.43        | 27.18        | 27.93        | 28.68        | 29.42        | 30.17        |
| 10.50%        | 27.41        | 28.21        | 29.01        | 29.80        | 30.60        | 31.40        | 32.20        |

Source: Warburg Research



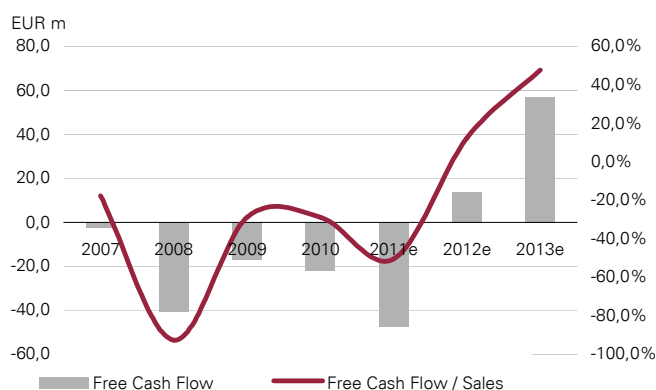
### CAPEX and Cash Flow - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- High investments from IPO revenues in 2008 and 2009
- High operating cash flow allows for additional expansion investments
- Maintenance Capex are growing proportionally to plantation area

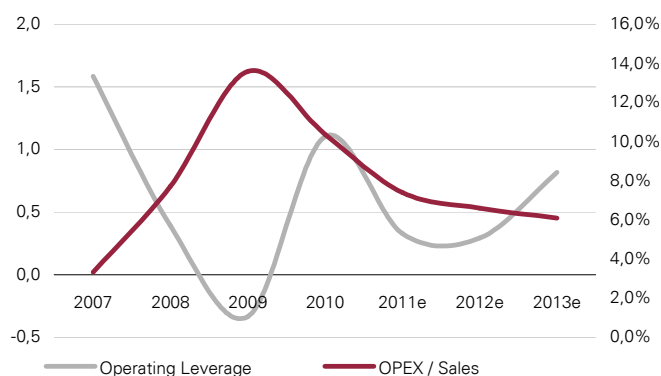
### Free Cash Flow Generation - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- Negative FCF in 2008 to 2010 due to considerable investments for expansion

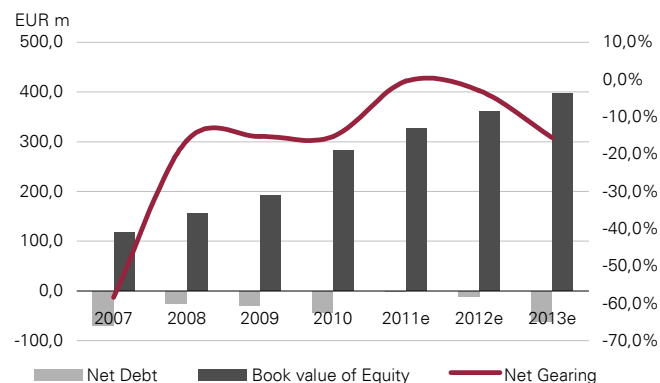
### Operating Leverage - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- Strong deviations in the OL are the result of profits from the revaluation of biological assets
- Adjusted OL should be around 1.1

### Balance Sheet Quality - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- Solid balance sheet ratios
- No net financial debt
- Equity is growing rapidly due to high profitability

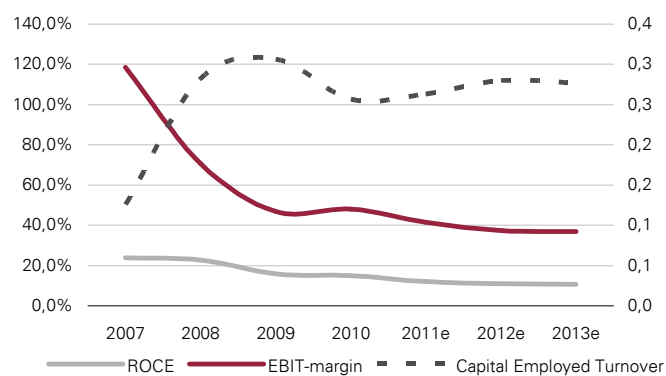
### Working Capital - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- No noteworthy Working Capital
- Major part of the business is cash business

### ROCE Development - Asian Bamboo



Sources: Asian Bamboo (historical data), Warburg Research (forecasts)

- High ROCE of 20% should be sustainable

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“-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

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|------------------|------------------|---------------|
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| Sell             | 5                | 3%            |
| Rating suspended | 2                | 1%            |
| <b>Total</b>     | <b>177</b>       |               |

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| Rating           | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy              | 107              | 77%           |
| Hold             | 29               | 21%           |
| Sell             | 1                | 1%            |
| Rating suspended | 2                | 1%            |
| <b>Total</b>     | <b>139</b>       |               |

**Price and Rating History**  
Asian Bamboo AG as of 17/11/11



The charts have markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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