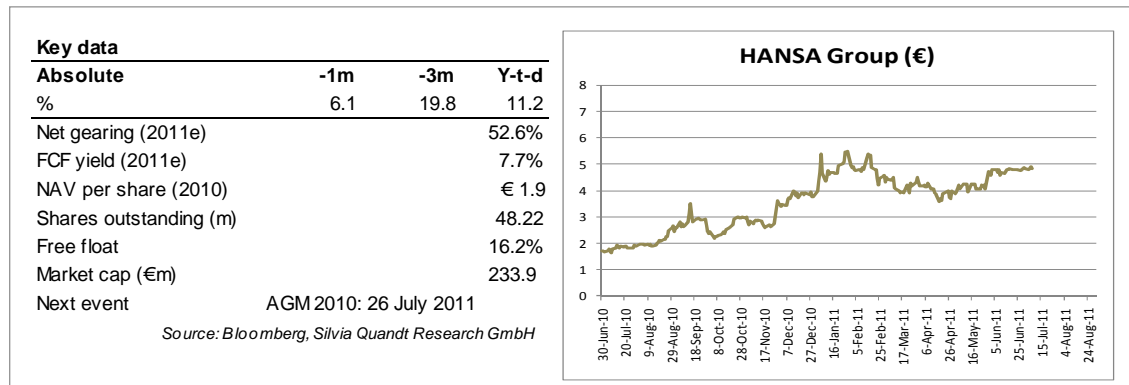




SILVIA QUANDT
RESEARCH GMBH

Hansa Group

Large scope for value adding offered, target price raised to €6.00(5)



Rating: Buy	Target price: €6.00(5)	Close 11/07/11: €4.85	RIC: H4GG.DE
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- Q1 results looked pale and discouraging due to one-time costs incurred by the production ramp up in Gethin and soaring raw material costs (namely benzene, a derivate of crude oil). However, margins should swiftly expand in the course of FY 2011 due to 1) higher selling prices (usually following with some lag to raw material costs) and 2) integration and start-up of new facilities at Genthin site as unit fixed costs are set to drop significantly.
- Next trigger is disclosure of first-half results due early September. We expect management to highlight successful integration of Genthin facilities and firm demand for products as consumer goods industries prosper in the wake of GDP strength, namely in Germany.
- We have upgraded the stock after its price has lately hit our previous target price, ie €5.00. We believe multiples will expand further to lift the share price as HANSA Group, in our view, is set to perform better than we have assumed until lately, due to strong consumer demand namely in Germany and price inflation for care chemical feedstock (LAB, native oils) which pushes value adding across the vertically integrated product lines (akin to BASF's "Verbund" which delivers tangible income as full capacity load of plants ensures no economic waste of even by-products, hence generating extra income).
- Upgraded forecast now feature approx. 87% CAGR for EBIT in 2010-2013e compared to some 81% before, thus justifying setting a higher target price of €6.00 per share.**

Year end	Sales	EBIT	EPS	P/E	EV/ EBITDA	Yield
June	(€m)	(€m)	(€)	(x)	(x)	(%)
2010	356.1	10.2	0.07	38.0	4.1	0.0%
2011e	442.1	26.5	0.30	16.1	7.4	0.0%
2012e	468.6	47.7	0.59	8.3	4.6	0.0%
2013e	493.1	68.2	0.86	5.6	3.1	0.0%

Source: Company data, Silvia Quandt Research GmbH

Hansa Group AG

	Year end 31 Dec, in €m				
	2010	2011e	2012e	2013e	
Price target					
€ 6.00					
Up/downside					
23.7%					
Rating					
Buy					
Current price					
€ 4.85					
Headquarter					
Hansa Group AG					
Duisburg					
Germany					
IR					
Silvia Kostova					
ir@hansagroup.de					
+49 203 73804 309					
Stock data					
Main market					
General Standard					
Market cap (m):					
€ 233.9					
No. of shares (m)					
48.2					
Daily volume (shares m)					
0.0030					
Indices					
DAX All Food & Beverages					
Next event					
AGM 2010: 26 July 2011					
	Profit loss				
	Sales	356.1	442.1	468.6	493.1
	y-o-y in %	81.6%	24.1%	6.0%	5.2%
	EBITDA	21.6	40.2	61.4	81.9
	EBIT	10.2	26.5	47.7	68.2
	EBIT margin in %	2.9%	6.0%	10.2%	13.8%
	Net income	3.2	14.5	28.3	41.6
	EPS SQR (€)	0.07	0.30	0.59	0.86
	y-o-y in %	-92.9%	353.5%	94.8%	47.1%
	EPS consensus (€)	0.11	0.13	0.27	0.33
	DPS (€)	0.00	0.00	0.00	0.00
	Payout ratio %	0.0%	0.0%	0.0%	0.0%
	Dividend yield %	n/a	n/a	n/a	n/a
	Cash flow				
	Net income	3.2	14.5	28.3	41.6
	Depreciation/Amortisation	11.4	13.7	13.7	13.7
	Working capital movements	-0.3	-15.0	-15.0	-15.0
	Operating cash flow	116.6	23.2	36.0	49.3
	Net capex	-34.9	-10.0	-10.0	-10.0
	Free cash flow	81.9	11.7	24.5	37.8
	Free cash flow yield	87.1%	7.7%	13.6%	17.1%
	Balance sheet/Key ratios				
	Total Assets	371.6	388.2	425.5	476.0
	Closing net (debt)/cash	-69.9	-59.2	-35.7	1.0
	Gearing	69.7%	52.6%	28.7%	8.6%
	Capex ratio (tangible)	13.8%	4.0%	4.0%	4.1%
	ROE	3.5%	11.8%	17.1%	20.7%
	ROCE	4.6%	10.7%	18.8%	26.4%
	ROA	4.9%	10.4%	18.9%	27.2%
	Valuation				
	Enterprise value	88.4	298.9	281.8	251.7
	Book value	94.0	151.4	179.7	221.2
	Market cap	121.5	233.9	233.9	233.9
	EV/Sales	25%	67.6%	60.1%	51.0%
	EV/EBITDA	4.1	7.4	4.6	3.1
	PER	38.0	16.1	8.3	5.6
	PBV	1.3	1.9	1.4	1.2

**) €41.3m negative goodwill recognised, resulting from takeover of WASCHMITTELWERK GENTHIN*

Source: Silvia Quandt Research estimates, Reuters

- HANSA Group AG is a seller of specialty chemicals serving as feedstock in detergents, cleaning agents and cosmetics. The company has undergone two major transformations in the past, first adding surfactant raw materials and surfactant production (Genthin) to chemicals wholesale and finally expanding further downstream by acquiring LUHNS. This is consequently establishing consumer products as a key user of upstream products.
- Hansa Group is the only producer of LAB (linear alkyl benzene, the major building block for manufacturing surfactants) in Germany. Besides own marketing the firm also offers services to other chemical companies via contract manufacturing (for instance, P&G, Henkel, McBride).
- Thanks to LUHNS Hans Group now boasts seamless coverage of the value chain for production of care chemicals (detergents, cleansers, cosmetics). By potentially ensuring 100% captive use of surfactants and surfactant raw materials, namely LAB, benefits for costs, sales and capital returns, earnings etc are obvious:
 1. Independence from raw material suppliers, namely petrochemicals derivatives. We expect prices for crude oil and its derivatives to gradually rise in future, basically due to strong demand from emerging countries (China, India etc). Hence we expect profitability and earnings of companies not providing sufficient backward integration into feedstock to suffer, HANSA being a winner in such scenario.



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2. We expect strong positive operating leverage on group earnings in future due to backward integration into feedstock (LAB, surfactants).
3. Recent capacity hike at Genthin site ensures decent plant loading in LAB and surfactant production. We assume swift and strong margin progression in coming years.

Risk notice, legal information, Disclaimer

1. General risk notice

Investments in securities generally involve high risks. A complete loss of the invested capital cannot be excluded with this investment form. Potential investors should be aware of the fact that the prices of securities can fall as well as rise and that income from security investments may partly be subject to considerable fluctuations. Hence, no warranties or guarantees can be given in respect of the future performance of the mentioned securities and the attainable yield of the investment.

2. Information according to section 34b German Securities Trade Act (WpHG) and according to the German Regulation concerning the Analysis of Financial Instruments (FinAnV):

2.1. Information about the publisher, responsible company, transmission of financial analyses:

Company responsible for the preparation and publication: Silvia Quandt Research GmbH, Grüneburgweg 18, 60322 Frankfurt / Main.

Sole holder of the shares of Silvia Quandt Research GmbH is Silvia Quandt & Cie. AG, Grüneburgweg 18, 60322 Frankfurt / Main.

Silvia Quandt & Cie. AG acts in Germany as an intermediary bound by contract according to section 2 subsection 10 German Banking Act (KWG) on behalf and for the account of biw Bank für Investments und Wertpapiere AG as far as it affects investment brokerage and contract brokerage as well as placement business according to section 1 subsection 1a sentence 2 No. 1, 1 c and No. 2 KWG. In case of the transmission of financial analyses by Silvia Quandt & Cie. AG within the scope of the aforementioned finance services, this activity is attributed to biw bank für Investments und Wertpapiere AG. biw bank für Investments und Wertpapiere AG is subject to supervision by the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Straße 108, D-53117 Bonn and Lurgiallee 12, D-60439 Frankfurt am Main.

Author of the present financial analysis: Harald Gruber, Head of Chemicals, Basic Goods, Renewable Energy

2.2. Sources of information and summary of the basis of valuation and the valuation methods applied during the preparation

2.2.1. Sources of information:

Essential sources of information for the preparation of this document are publications in interior and foreign media like information services (e.g., Reuters, VWD, Bloomberg, dpa-AFX, among others), business press (e.g., "Börsenzeitung" (financial paper), "Handelsblatt", "Frankfurter Allgemeine Zeitung", Financial Times, among others), specialized press, published statistics, rating agencies as well as publications of the analysed issuers.

All information refers to the date of the publication: [Date, time, refer to the date at the end of the disclaimer]

2.2.2. Summary of the basis of valuation and the valuation methods used during the preparation:

Within the scope of the evaluation of enterprises the following valuation methods are applied: multiplier models (stock exchange value / profit, stock exchange value / cash flow, stock exchange value / book value, Enterprise Value (EV) / turnover, EV / EBIT, EV / EBITA, EV / EBITDA), Peer Group comparisons, historic valuation methods, discounting models (DCF, DDM, EVA, RIM), Break-up-Value- and Sum-of-the-Parts-approaches, substance-valuation methods or a combination of different methods. The valuation models are dependent on economic parameters like interest rates, currencies, resources and on economic assumptions. Moreover, market moods influence the valuations of enterprises. Also, the approaches are based on expectations that may change rapidly and without advance warning according to developments specific for the respective branch. Therefore, the valuation results and fair values derived from the models may also change accordingly. The results of the evaluation basically refer to a period of 12 months. Nevertheless, they are also subjected to market conditions and constitute merely a snapshot. They may be reached faster or slower or may be scaled up or down.

Silvia Quandt Research GmbH uses a 3-stage absolute share rating system. The respective recommendations /classifications /ratings refer to a time frame of at least 6 to a maximum of 18 months and are connected with the following expectations:

BUY: The expected yield, based on the determined target price, incl. dividend payment within the respective suitable time frame amounts to > = + 10%.

NEUTRAL: The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to between -10% and <+10%.

AVOID: The expected yield, based on the determined target price, incl. dividend payment within the suitable time frame amounts to <= - 10%.



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2.3. Update

A specific update of the present analysis at a firm time has currently not yet been determined. The analysis and the opinions and assessments contained therein merely reflect the perspective taken at the date stated on the first page of the analysis. Silvia Quandt Research GmbH reserves the right to make an update of the analysis or the opinions and assessments contained therein without prior notice. The decision whether and when an update is made lies solely in the discretion of Silvia Quandt Research GmbH.

2.4. Information about possible conflicts of interest

According to section 34b WpHG and according to the FinAnV, among other things, when preparing a financial analysis an obligation exists to point out possible conflicts of interest in relation to the analysed finance instrument or the issuer.

2.4.1. Conflict of interests of Silvia Quandt Research GmbH

Possible conflicts of interest may be in existence with the employees of Silvia Quandt Research GmbH who have prepared the analysis/ with Silvia Quandt Research GmbH as the company responsible for the preparation or with its affiliated enterprises/ with other persons or enterprises who act for Silvia Quandt Research GmbH or its affiliated enterprises and who assist in the preparation of the analysis, respectively in relation to the following financial instruments or issuers mentioned in this analysis.

1. There is an essential shareholding (= holding > 5% of the share capital) between the aforementioned persons and/or enterprises and the issuer who or his financial instruments are the subject of the financial analysis.
2. The remuneration of the aforementioned persons and/or enterprises is dependent on investment banking transactions of their own enterprise or of enterprises affiliated with them within the scope of the activity as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG.
3. In their trading portfolio the aforementioned persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.
4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.
5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, within the scope of an outsourcing arrangement with biw bank für Investments und Wertpapiere AG, in a market by placing purchase or selling orders (Market Making/Designated sponsoring).
6. The aforementioned persons and/or enterprises were involved within the preceding twelve months as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.
7. The aforementioned persons and/or enterprises acted as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis, as an issuing bank or a selling agent.
8. The aforementioned persons and/or enterprises, within the preceding twelve months and towards the issuer, who or whose financial instruments are subjected to the financial analysis, were bound by an agreement about services in connection with investment banking transactions within the scope of a position as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG or received in this period from such an agreement a benefit or a performance promise.
9. The aforementioned persons and/or enterprises, within the scope of the position as an intermediary bound by contract with biw bank für Investments und Wertpapiere AG, expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek such remunerations.
10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.

11. This financial analysis had been made accessible for the issuer, who or whose financial instruments are subjected to the financial analysis, before publication and was modified subsequently.

12. The aforementioned persons and/or members of the management board of the aforementioned enterprises hold seats on the board of directors or seats on the supervisory board with issuers, who or whose financial instruments are subjected to the financial analysis.

13. The aforementioned persons and/or enterprises have other important financial interests relating to the issuer, who or whose financial instruments are subjected to the financial analysis.

Silvia Quandt Research GmbH has adopted measures of precaution to prevent and avoid possible conflicts of interest in preparing and transmitting financial analyses as far as possible or to deal with such conflicts adequately. In particular, a Watch- and a Restricted list are maintained, and in-house information barriers (Chinese Walls) have been installed to block the access of employees who prepare financial analyses to any information which could give rise to conflicts of interest in relation to the issuers concerned. As far as a conflict of interests exists, it will be disclosed.

2.4.2. Conflicts of interest biw bank für Investments und Wertpapiere AG when transmitting the financial analysis

Possible conflicts of interests may be in existence with biw bank für Investments und Wertpapiere AG during the transmission of this financial analysis and with natural persons who act for biw bank für Investments und Wertpapiere AG and its affiliated enterprises, respectively in relation to the following financial instruments or issuers mentioned in this analysis.

1. There is an essential shareholding (= holding > 5% of the share capital) between the aforementioned persons and/or enterprises and the issuer who or his financial instruments are the subject of the financial analysis.

2. The remuneration of the aforementioned persons and/or enterprises is dependent on investment banking transactions of their own enterprise or of affiliated enterprises.

3. In their trading portfolio the aforementioned Persons and/or enterprises regularly hold financial instruments which or the issuer of which are subjected to the financial analysis.

4. The aforementioned persons and/or enterprises hold in respect of the financial instruments, which or the issuer of which are subjected to the financial analysis, a net short (short position) of at least 1 percent of the share capital of the issuer.

5. The aforementioned persons and/or enterprises supervise financial instruments, which or the issuer of which are subjected to the financial analysis, in a market by placing purchase or selling orders (Market Making/ Designated Sponsoring).

6. The aforementioned persons and/or enterprises were involved within the preceding twelve months in lead managing a consortium for in the public offering of financial instruments, which or the issuer of which are subjected to the financial analysis.

7. The aforementioned persons and/or enterprises acted as an issuing bank or a selling agent within the scope of the listing on the stock exchange of the issuer, who or whose financial instruments are subjected to the financial analysis.

8. The aforementioned persons and/or enterprises, within the preceding twelve months and towards the issuer, who or whose financial instruments are subjected to the financial analysis, were bound by an agreement about services in connection with investment banking transactions or received in this period from such an agreement a benefit or a performance promise.

9. The aforementioned persons and/or enterprises expect from the issuer, who or whose financial instruments are subjected to the financial analysis, during the next three months remunerations for services in connection with investment banking transactions or seek at such remunerations.

10. The aforementioned persons and/or enterprises have concluded an agreement for the preparation of a financial analysis with the issuer, who or whose financial instruments are subjected to the financial analysis.

11. This financial analysis had been made accessible for the issuer, who or whose financial instruments are subjected to the financial analysis, before publication and was modified subsequently.

12. The aforementioned persons and/or members of the management board of the aforementioned enterprises hold seats on the board of directors or seats on the supervisory board with issuers, who or whose financial instruments are subjected to the financial analysis.

13. The aforementioned persons and/or enterprises have other important financial interests relating to the issuer, who or whose financial instruments are subjected to the financial analysis.

biw Bank für Investments und Wertpapiere AG has adopted measures of precaution to prevent and avoid possible conflicts of interest during the preparation and transmission of financial analyses as far as possible or to deal with such conflicts adequately. In particular a Watch- and a Restricted list are maintained, and in-house information barriers (Chinese Walls) have been installed to block the access of employees who transmit financial analyses to any information which could give rise to conflicts of interest in relation to the issuers concerned. As far as a conflict of interests exists, it will be disclosed.



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2.5. Quarterly overview according to section 5 subsection 4 No. 3 FinAnV

Silvia Quandt Research GmbH evaluates the circulation of its recommendations once in the quarter. The quarterly overview is visible on the internet under www.silviaquandt.de.

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3.1. Issuer and notice according to section 4 subsection 4 No. 4 FinAnV about preceding publications during the last twelve months about the security or the issuer

Issuer of the analyzed finance instrument is HANSA Group.

3.2. Date of the first publication and date and time of the price of financial instruments

Company	1st publication	Price €	Recommendation	Target €
HANSA Group	11/19/2010	2.64 €	Buy	4.00 €

3.3. Overview of our financial analyses of securities or issuers during the last twelve months

Company	Date of issue	Price at issue	Recommendation	Target price
HANSA Group	11/19/2010	2.64 €	Buy	4.00 €
HANSA Group	12/16/2010	3.81 €	Buy	5.00 €
HANSA Group	5/9/2011	4.04 €	Buy	5.00 €
HANSA Group	6/30/2011	4.75 €	Buy	6.00 €
HANSA Group	7/12/2011	4.85 €	Buy	6.00 €

3.4. Information about possible conflicts of interest

3.4.1. Conflict of interests of Silvia Quandt Research GmbH

2.4.1.1.	2.4.1.2.	2.4.1.3.	2.4.1.4.	2.4.1.5.	2.4.1.6.	2.4.1.7.	2.4.1.8.	2.4.1.9.	2.4.1.10.	2.4.1.11.	2.4.1.12.	2.4.1.13.
Bet >5%	Comp.	Trade	Short >1%	DS	ECM act.	IPO	Comp.Res.	Comp.ECM	Contract	Inform.	Mandate	Holding
							x				x	

3.4.2. Conflicts of interest b/w bank für Investments und Wertpapiere AG when transmitting the financial analysis

2.4.2.1.	2.4.2.2.	2.4.2.3.	2.4.2.4.	2.4.2.5.	2.4.2.6.	2.4.2.7.	2.4.2.8.	2.4.2.9.	2.4.2.10.	2.4.2.11.	2.4.2.12.	2.4.2.13.
Bet >5%	Comp.	Trade	Short >1%	DS	ECM act.	IPO	Comp.Res.	Comp.ECM	Contract	Inform.	Mandate	Holding
		x										

3.5. Publication according to article 5 (4) no. 3 of the German Regulation concerning the analysis of financial instruments (Finanzanalyseverordnung):

Number of recommendations from Silvia Quandt Research GmbH in 2011	Thereof recommendations for issuers to which investment banking services were provided during the preceding twelve months
Buys: 96	37
Neutral: 41	1
Avoid: 4	0



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Frankfurt am Main, 12.07.2011

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