

POWER TECH CORPORATION INC.

Equity Research | Special Situations

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSXV:PWB
\$0.46

SPEC. BUY
(unchanged)

\$0.80
(unchanged)

PowerTech Signs Second OEM, Launches the 3000 Series

February 8, 2008

Market Data

52-week High-Low	\$0.76-\$0.315
Shares Outstanding	
– Basic	36.0 million
– Fully diluted	47.0 million
Market Capitalization	\$16.6 million
Cash (Sep 30/07)	\$1.3 million
Long Term Debt (Sep 30/07)	\$0.07 million
Fiscal Year End	September 30
Major shareholders	Insiders: 44.0%

Financial Data

(<i>'000s, except EPS</i>)	FY07A	FY08E	FY09E
Revenue	\$625.8	\$2,802.4	\$6,691.9
EBITDA	(\$2,960.4)	(\$1,455.6)	(\$472.4)
Net Earnings	(\$3,790.5)	(\$2,380.0)	(\$1,297.1)
EPS (basic)	(\$0.12)	(\$0.07)	(\$0.04)
EPS (adjusted)	(\$0.09)	(\$0.07)	(\$0.04)

Investor Risk Tolerance Scale



Company Description

Power Tech Corporation Inc. designs, manufactures and markets specialized technologies aimed at improving the performance, productivity and functionality of excavation equipment and industrial excavation systems. The company's signature product the "PicBucket" attaches to conventional backhoes made by all manufacturers and combines the percussive power of a hydraulic hammer with the stripping force and maneuverability of the conventional bucket found on original equipment. The PicBucket can be used in the construction, demolition, forestry and mining industries, as well as by the military.

Event

Yesterday, Power Tech Corporation Inc. announced the signing of its second OEM agreement and launched the 3000 Series PicBucket.

Highlights

OEM Agreement: This is the second OEM agreement PowerTech has signed. Last year's deal with NPK Construction Equipment was focused on accessing the North American market. This deal will focus on Europe, the Middle East, Africa, Australia and New Zealand. PowerTech did not disclose the name of the company it has signed the agreement with but does describe the company as "a world leader in construction equipment design, production and distribution."

Under the terms of the agreement, PowerTech's PicBucket and PicHammer will be marketed under what the company describes as a "renowned" private brand name. Integration of the unnamed OEM's hydraulic cell into the PicBucket is expected to take significantly less time than did NPK's, which will result in revenue accruing to PowerTech much sooner.

PowerTech is continuing its discussions with other industry leaders with the goal of signing additional OEM agreements that will increase its international presence and increase sales.

New Product: PowerTech has launched the 3000 Series PicBucket, it's largest to date, to service the 8.5 to 16 ton excavator and large backhoe market. The 3000 Series PicBucket is available in various sizes including 18, 24 and 30 inches. The announcement was not unexpected as management plans to commercialize the 4000 and 5000 Series, which are even larger versions.

Investment Conclusion

At this point we are maintaining our forecast until more details are released as to the terms of the agreement. However, we see this announcement as potentially very positive and could significantly impact PowerTech's revenue as the European market is potentially as lucrative as the US market. **We are maintaining our SPECULATIVE BUY recommendation and our 12-month price target of \$0.80**, which is based on a Price/Sales multiple of 4x our 2009 sales forecast.

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IMPORTANT DISCLOSURES

February 8, 2008

Company	Ticker	Ex	Rating	Price Target	Last Price	Market Cap (millions)	Shares o/s (millions)	Previous Volume	52 Week		Applicable Disclosures
									High	Low	
Altus Group Income Fund	AIF-U	T	Buy	\$22.00	\$17.50	\$184	10.5	3,517	\$19.00	\$11.56	7
Forbes Medi-Tech Inc.	FMI	T	Hold	\$0.42	\$0.15	\$6	38.4	212,750	\$0.99	\$0.12	8
Gemcom Software International Inc.	GCM	T	Buy	\$2.80	\$2.45	\$128	52.1	134,500	\$2.75	\$1.45	8
Power Tech Corporation Inc.	PWB	V	SpecB	\$0.80	\$0.45	\$16	36.0	14,500	\$0.76	\$0.32	1,8

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- STRONG BUY:** NSI expects the share price to appreciate 30% or more over the next 12 months.
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