

POWER TECH CORPORATION INC.

Equity Research | Special Situations

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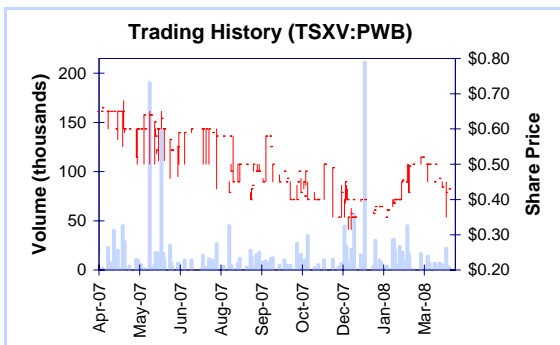
Ticker	Recommendation	12-month Target
TSXV:PWB \$0.43	SPEC. BUY (unchanged)	\$1.00 (was \$0.80)

PowerTech Teams Up With Montabert SAS

April 2, 2008

Market Data	
52-week High-Low	\$0.68-\$0.315
Shares Outstanding	
– Basic	36.0 million
– Fully diluted	47.0 million
Market Capitalization	\$15.5 million
Cash (Dec 31/07)	\$0.6 million
Long Term Debt (Dec 31/07)	\$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	\$2,449.9	\$8,194.2
EBITDA	(\$2,960.4)	(\$1,377.2)	(\$21.8)
Net Earnings	(\$3,790.5)	(\$2,293.2)	(\$883.2)
EPS (basic)	(\$0.12)	(\$0.06)	(\$0.02)
EPS (adjusted)	(\$0.09)	(\$0.06)	(\$0.02)
P/S	24.8x	6.3x	1.9x



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.

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Event

Yesterday, Power Tech Corporation Inc. announced the signing of an OEM agreement with France-based construction equipment manufacturer, Montabert SAS.

Highlights

This agreement was previously announced on February 7, 2008 but the name of the OEM was not released at that time. Under this agreement, Montabert will market PowerTech's line of PicBucket and PicHammer products under the Montabert private brand name and colours throughout Europe, the Middle East, Africa, Australia and New Zealand.

Similar to the OEM agreement PowerTech previously signed with NPK Construction Equipment, Montabert will have territorial exclusivity for a period of 3 years.

The products will be built by PowerTech and will incorporate Montabert's hydraulic cells.

Some sales are expected to begin to accrue in Q4-08 but the full impact of the sales is not expected until the beginning of fiscal 2009.

Montabert SAS is a wholly owned subsidiary of Korea-based Doosan Infracore Co. Ltd. and is based in St-Priest, France. It has an 80-year history in construction equipment design, production and distribution as well as a distribution network consisting of over 200 distributors around the world. In 2007, Montabert was sold by Ingersoll-Rand to Doosan Infracore as part of Ingersoll-Rand's divestment of its construction equipment division, which included the Bobcat line of products. Montabert's current product line includes rock breakers, drifters, multiprocessors, pulverizers, steel shears, rotary cutters, handling grapples, screening buckets, compaction plates, augers, crusher booms, rock drill attachments and pneumatic equipment.

Investment Conclusion

This OEM agreement gives PowerTech access to a large potential market across Europe and we have therefore revised our revenue forecasts for fiscal 2009. With two major OEM agreements in place, the Company is poised for rapid revenue growth beginning in 2008 and solidifying in 2009. **We are maintaining our SPECULATIVE BUY recommendation but increasing our 12-month price target to \$1.00 (was \$0.80)**, which is based on a Price/Sales multiple of 4x our 2009 sales forecast.

Table 1: Revised Forecasts

<i>(000, except per share data)</i>	Previous FY-2009E	Revised FY-2009E
Revenue	\$6,691.9	\$8,194.2
EBITDA	(\$472.4)	(\$21.8)
Net earnings	(\$1,297.1)	(\$883.2)
Earnings per basic share	(\$0.04)	(\$0.02)

Source: NSI estimates

