

POWERTECH CORPORATION INC.

Equity Research | Special Situations

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSXV:PWB
\$0.39

SPEC. BUY
(unchanged)

\$1.00
(unchanged)

PowerTech Signs Canadian Forces & Gets Approval by NATO

April 18, 2008

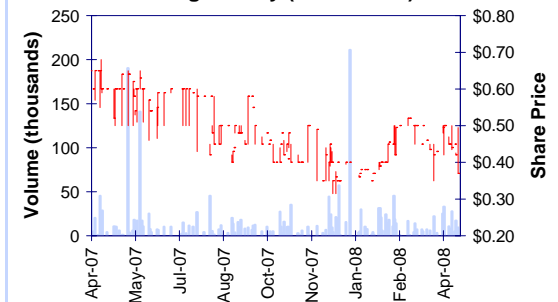
Market Data

52-week High-Low	\$0.68-\$0.315
Shares Outstanding	
– Basic	36.0 million
– Fully diluted	47.0 million
Market Capitalization	\$14.0 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	22.4x	5.7x	1.7x

Trading History (TSXV:PWB)



Company Description

PowerTech 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, PowerTech announced the signing of a contract with the Canadian Forces and is placed on the approval list for purchases by NATO.

Highlights

The contract with the Canadian Forces is for the purchase of five of PowerTech's military-ready Series 3000 PicBucket units this year, with an option to purchase up to 15 additional units over the course of next year. A military-ready Series 3000 PicBucket consists of the bucket plus all tooling and accessories. The 5 units represent a value of \$300,000, with the potential to increase to \$925,000 if the additional 15 units are sold.

As a result of this contract, the PicBucket will be placed on the list of construction equipment approved for purchase by all countries that are part of NATO.

These announcements represent a potentially major commercial breakthrough as the military rebuilding and reconstruction market represents billions of dollars. Canada alone has pledged to spend \$1.2 billion by 2011 for development and reconstruction in Afghanistan. NATO, as a whole, has made US\$26.8 billion available to Afghanistan since 2001. In January, President Bush announced he was seeking US\$10.6 billion in aid to Afghanistan over the next 2 years, of which US\$2 billion was designated for reconstruction.

Investment Conclusion

This is the first contract signed by PowerTech with any military organization. As rebuilding continues to be a growing part of nations' military strategies in countries such as Afghanistan and Iraq, countries are allocating more money towards construction materials and equipment. Although the potential for PowerTech is very large within the military market, until more contracts are signed and traction of the PicBucket can be better gauged, there are no changes to our forecasts. **We are maintaining our SPECULATIVE BUY recommendation and our 12-month target price of \$1.00**, which is based on a Price/Sales multiple of 4x our 2009 sales forecast.

