



14 September 2009

Investment Research

Accumulate

vs Hold

Share price: EUR 47.50

closing price as of 11/09/2009

Target price: EUR 54.00

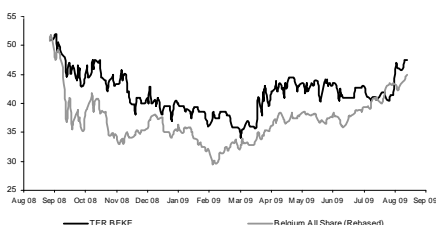
vs Target Price: EUR 46.00

Reuters/Bloomberg TERB.BR/TERB.BB

Daily avg. no. trad. sh. 12 mth	191
Daily avg. trad. vol. 12 mth (m)	0.01
Price high 12 mth (EUR)	52.00
Price low 12 mth (EUR)	34.10
Abs. perf. 1 mth	15.6%
Abs. perf. 3 mth	9.2%
Abs. perf. 12 mth	-3.5%

Market capitalisation (EURm)	82
Current N° of shares (m)	2
Free float	22%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	393	394	402
EBITDA (m)	30	31	31
EBITDA margin	7.6%	7.9%	7.7%
EBIT (m)	8	12	12
EBIT margin	2.0%	3.1%	3.0%
Net Profit (adj.)(m)	3	7	7
ROCE	2.7%	5.7%	5.8%
Net debt/(cash) (m)	70	63	56
Net Debt Equity	0.9	0.8	0.7
Net Debt/EBITDA	2.3	2.0	1.8
Int. cover(EBITDA/Fin.int)	6.2	7.8	8.7
EV/Sales	0.4	0.4	0.3
EV/EBITDA	4.9	4.7	4.5
EV/EBITDA (adj.)	5.2	4.7	4.5
EV/EBIT	18.3	11.9	11.5
P/E (adj.)	22.9	12.0	12.2
P/BV	1.0	1.0	1.0
OpFCF yield	21.4%	13.1%	12.4%
Dividend yield	4.4%	4.5%	4.7%
EPS (adj.)	1.87	3.96	3.89
BVPS	45.13	46.91	48.57
DPS	2.10	2.15	2.23



Source: Factset

Shareholders: COOVAN 61%; Seneca (LDB) 6%; Bois Sauvage 5%; SRIW 5%; VDK 1.05%;

For company description please see summary table footnote

Increasing appetite: upgrade from Hold to Accumulate

The facts In the Analyser of 1 September we commented on Ter Bekes' 1H09. Key take-away was that Ter Beke published a comforting set of results in a difficult market environment and that it obtained the awaited improved profitability and lower gearing:

- **Net sales:** stable at EUR 191.4m and in line with our estimate.
- **EBITDA:** EUR 16.0m, up 8.7%, margin 8.4% and ahead of our estimate of EUR 14.8m.
- **EBIT:** EUR 6.7m, up 10.9%, margin of 3.5% vs 3.1% in 1H08, vs. our estimate of EUR 5.8m.
- **Net result:** EUR 4.4m, up 63%, vs EUR 2.8m in 1H08, mainly due to a far better financial result (EUR -0.9m).
- **Balance sheet structure** has slightly improved, with a net financial debt of EUR 63.8m vs EUR 69.9m.

During the analysts meeting which took place last week, management provided us with some flavour on strategic issues and the main changes of key lines in the 30 June 2009 balance sheet and P&L.

Our analysis:

- **Balance sheet:**

Financial ratio's are improving. Net financial debt has decreased from EUR 69.9m (31 Dec. 2008) to EUR 63.8m (30 June 2009), and consequently Ter Beke's gearing went down from 89.4% to 80.8%. Equity to Total Assets ratio was up from 32.6% to 34.2%, following the decrease of Total assets which was mainly due to the decrease in receivables. We assume Net Financial Debt/EBITDA 09e to attain 2.0x, which is below management targets.

Floating assets: Trade and other receivables were strongly down from EUR 59.1m at 31 Dec. 2008 to EUR 49.9m at 30 June 2009, of which we expect EUR 5m to be structural. Inventory were slightly higher (+7%) to EUR 26.2m due to a seasonal effect, notwithstanding lower raw materials prices. The cash position remained stable.

Investments of EUR 8.5m mainly in slicing lines and slicing infrastructure. We now target a slightly higher total FY09 capex of EUR 15m (3.8% of sales) vs EUR 13m previously. We have been reminded of the already announced construction of a new logistics platform for Ter Beke's slicing units in the Netherlands. This platform will be rented from Warehouses De Pauw for a fixed period of 15 years. Ter Beke will move its Dutch meat slicing and packaging activities in the Nijmegen area (from the in 2005 acquired Langeveld Slegers) that are currently spread over 4 locations to the new custom-built site. In addition, the complete storage and distribution for all Dutch activities of the group (fresh ready meals and processed meats products) will also be centralised there as from October 2010. Full effect on operations should be expected as from FY11.

- **P&L**

Main issues have already been tackled in our Analyser of 1 September. Below we elaborate on some other items and included our expectations for 2H09 and FY09:

Analyst(s): Hans D'Haese

+32 (0) 2 287 9223 hans.dhaese@degroof.be

Key lines P&L (EUR m)	1H08	2H08	FY08	1H09a	% Chg YoY	1H09e	% Chg vs est.
Net sales	192.1	201.1	393.2	191.4	-0.4%	191.9	-0.2%
Processed meats	128.7	140.7	269.4	131.0	1.8%	128.0	2.4%
Fresh ready meals	63.4	60.4	123.8	60.4	-4.7%	63.9	-5.5%
EBITDA	14.7	15.1	29.9	16.0	8.7%	14.8	8.2%
<i>EBITDA margin</i>	<i>7.7%</i>	<i>7.5%</i>	<i>7.6%</i>	<i>8.4%</i>		<i>7.7%</i>	
EBIT	6.1	1.9	8.0	6.7	10.9%	5.8	15.0%
<i>EBIT margin</i>	<i>3.1%</i>	<i>0.9%</i>	<i>2.0%</i>	<i>3.5%</i>		<i>3.0%</i>	
Financial result	-2.4	-2.4	-4.7	-0.9	-60.4%	-1.8	-49.2%
Result from ord. act.	3.7	-0.4	3.2	5.8	56.4%	4.0	44.6%
Taxes	-1.0	1.0	0.0	-1.3	39.0%	-0.8	75.2%
Net result	2.7	4.9	7.6	4.4	62.6%	2.8	59.8%
<i>Net margin</i>	<i>1.4%</i>	<i>2.4%</i>	<i>1.9%</i>	<i>2.3%</i>		<i>1.4%</i>	
Adj. EPS (EUR)	1.57	2.82	4.39	2.55	62.6%	1.60	59.8%

Source: Company data, ESN – Bank Degroof Research

Top line: 1H09 sales were as expected. We fine-tuned our FY09 estimates.

Fresh ready meals sales were down -4.7%, due to the combined effect of the cease of loss-making contracts with French retailers and the decrease in raw material prices. The latter have been charged on the sales prices towards the customers. A clear positive was the renewed growth of lasagne sales in Ter Beke's home markets. The company has been working on its recipes and has increased investments in quality and taste, which is expected to have a continued positive impact volumes as of next year.

The processed meats BU Ter Beke-Pluma (sales +1.8% y-o-y) has suffered from the negative impact of the GBP/EUR rate. The negative translation effect is estimated at EUR 1m. The decrease of purchase prices for raw materials has been reflected in sales prices. Furthermore, the company continues to enjoy the ongoing trends of pre-packed/pre-sliced production portfolio and growth of large European retailers to the detriment of the traditional bulk business.

Operating margins: Slightly reviewed upwards for both BUs.

Purchase price decreases did not have a material impact on the result as the price decreases were passed on in the sales prices. Compared to 1H08, the GBP exchange rate evolution negatively affected for about EUR 1m the 1H09 EBITDA. Thanks to the group's hedging policy, about EUR 0.7m could be compensated. This amount is included in the financial results per 30 June 2009. However, given the recent GBP strength, we anticipate a reverse effect in 2H09. REBIT margin has increased from 3.1% to 3.5% (+6.7% or EUR +0.7m), amongst others thanks to the improved product mix (we remind in this respect the positive effect of the termination of French volumes contracts). Furthermore the operating margins improved thanks to supply chain and production optimisations, and to overheads cost cutting. We expect the measures taken to be supportive for the remainder of the year.

Operating margins have been adjusted. We now bank on a consolidated REBIT margin of 3.1% vs 2.9% previously and 2.0% in FY08.

Financial result:

The financial result came out higher than expected due to forex hedging. 1H09 Net financing costs decreased by EUR 1.4m compared to 2008, of which EUR 1m was due to exchange rate results on the GBP. We estimate Ter Beke's 1H09 turnover in the UK to amount to about EUR 13.5m.

A positive financial result of EUR 0.7m was realised primarily because of the hedging of exchange rate risks. This compares to a 1H08 exchange rate loss of EUR 0.3m. Hence, the evolution of the GBP/EUR exchange rate only has a limited influence on the operating result after net financing costs (EBT) compared to last year. The remainder of the improvement in net financing costs results primarily from one time interest income on tax receivables.

Tax line: The income tax rate in 1H09 of 23.3% is much lower than the tax rate in 1H08 (26.3%). This is primarily the result of the changed treatment of the captive reinsurance structure pursuant to the winning in 2008 of the litigation relating to this structure. We expect a recurring positive impact of the consolidated tax rate for FY09 till FY11 and now apply a tax rate of 24% over this period.

Conclusion & Action: We fine-tuned our FY09 estimates, which resulted in slightly higher margins and an improvement of the financial result. On top of the improved operational performance the consolidated tax rate is positively impacted by the captive reinsurance structure, resulting in an upward revision of our estimate of the FY09 net result to EUR 6.9m (EPS of EUR 3.96) from EUR 6.2m (EUR 3.55) previously.

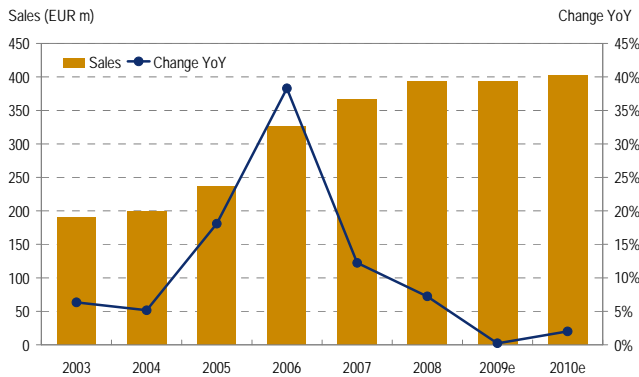
We now arrive at a DCF-model based TP of EUR 54, which leads to an upside potential of 14%. We therefore decided to upgrade from Hold to Accumulate.

EUR m	1H08	2H08	FY08	1H09	2H09e	FY09e
Sales	192.1	201.1	393.2	191.4	202.7	394.1
<i>Total sales growth %</i>	<i>8.3%</i>	<i>6.2%</i>	<i>7.2%</i>	<i>-0.4%</i>	<i>0.8%</i>	<i>0.2%</i>
Processed meats	128.7	140.7	269.4	131.0	139.3	270.4
<i>Sales growth %</i>	<i>12.1%</i>	<i>10.2%</i>	<i>11.1%</i>	<i>1.8%</i>	<i>-1.0%</i>	<i>0.4%</i>
Fresh ready meals	63.4	60.4	123.8	60.4	63.4	123.8
<i>Sales growth %</i>	<i>1.4%</i>	<i>-2.1%</i>	<i>-0.3%</i>	<i>-4.7%</i>	<i>5.0%</i>	<i>0.0%</i>
REBITDA	15.4	14.4	29.8	16.0	15.2	31.2
<i>Total REBITDA growth %</i>	<i>14.5%</i>	<i>-8.9%</i>	<i>1.8%</i>	<i>4.3%</i>	<i>5.3%</i>	<i>4.8%</i>
<i>REBITDA margin</i>	<i>8.0%</i>	<i>7.2%</i>	<i>7.6%</i>	<i>8.4%</i>	<i>7.5%</i>	<i>7.9%</i>
Processed meats	8.1	8.0	16.2	8.8	9.0	17.8
<i>REBITDA growth %</i>	<i>-15.4%</i>	<i>-12.5%</i>	<i>-14.0%</i>	<i>7.9%</i>	<i>12.4%</i>	<i>10.1%</i>
<i>REBITDA margin</i>	<i>6.3%</i>	<i>5.7%</i>	<i>6.0%</i>	<i>6.7%</i>	<i>6.5%</i>	<i>6.6%</i>
Fresh ready meals	8.3	7.5	15.8	8.9	8.1	17.0
<i>REBITDA growth %</i>	<i>60.2%</i>	<i>-4.4%</i>	<i>21.3%</i>	<i>7.6%</i>	<i>7.5%</i>	<i>7.6%</i>
<i>REBITDA margin</i>	<i>13.1%</i>	<i>12.4%</i>	<i>12.8%</i>	<i>14.8%</i>	<i>12.7%</i>	<i>13.7%</i>
Not attributed	-1.1	-1.1	-2.2	-1.7	-1.9	-3.6
Non-cash costs	-9.3	-9.1	-18.4	-9.3	-9.7	-19.0
Not attributed	-0.2	-0.3	-0.5	-0.3	-0.1	-0.4
Processed meats	-5.1	-5.0	-10.0	-5.3	-5.3	-10.6
Fresh ready meals	-4.0	-3.9	-7.9	-3.7	-4.3	-8.0
REBIT	6.1	5.3	11.4	6.7	5.6	12.3
<i>Total EBIT growth %</i>	<i>15.8%</i>	<i>-23.5%</i>	<i>-6.7%</i>	<i>10.9%</i>	<i>4.2%</i>	<i>7.8%</i>
<i>REBIT margin</i>	<i>3.1%</i>	<i>2.6%</i>	<i>2.9%</i>	<i>3.5%</i>	<i>2.7%</i>	<i>3.1%</i>
Processed meats	3.0	3.1	6.1	3.4	3.8	7.2
<i>REBIT growth %</i>	<i>-41.4%</i>	<i>-32.7%</i>	<i>-37.3%</i>	<i>13.7%</i>	<i>21.9%</i>	<i>17.8%</i>
<i>REBIT margin</i>	<i>2.4%</i>	<i>2.2%</i>	<i>2.3%</i>	<i>2.6%</i>	<i>2.7%</i>	<i>2.7%</i>
Fresh ready meals	4.3	3.6	7.9	5.2	3.8	9.0
<i>REBIT growth %</i>	<i>179.4%</i>	<i>-2.9%</i>	<i>50.4%</i>	<i>22.0%</i>	<i>4.3%</i>	<i>14.0%</i>
<i>REBIT margin</i>	<i>6.8%</i>	<i>6.0%</i>	<i>6.4%</i>	<i>8.7%</i>	<i>5.9%</i>	<i>7.3%</i>

Source: Company data, ESN – Bank Degroof Research

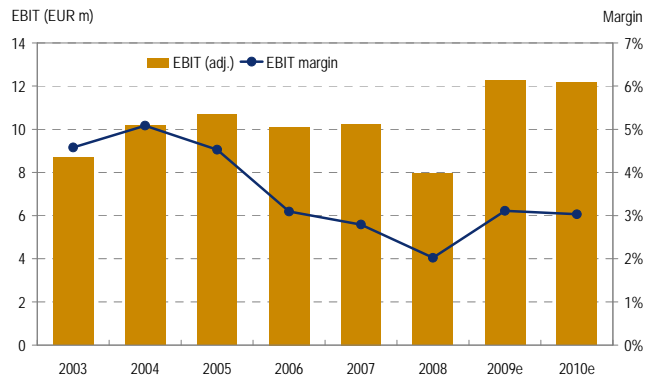
Ter Beke: Key graphs

Sales & growth



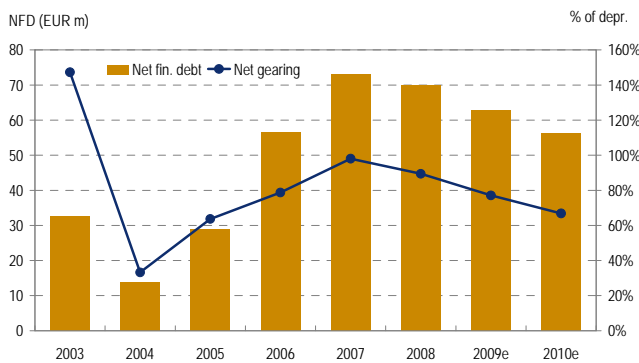
Source: Company data, ESN – Bank Degroof Research

Adjusted EBIT & margin



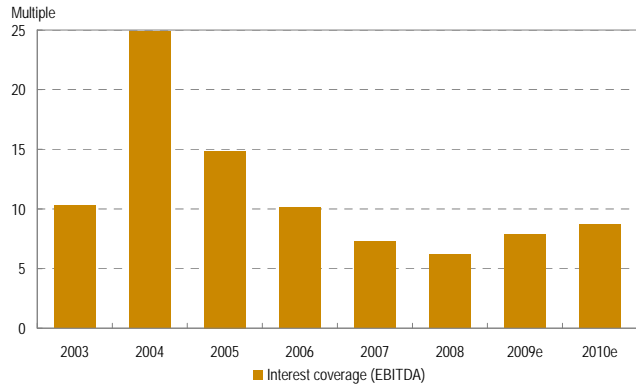
Source: Company data, ESN – Bank Degroof Research

Net financial debt & gearing



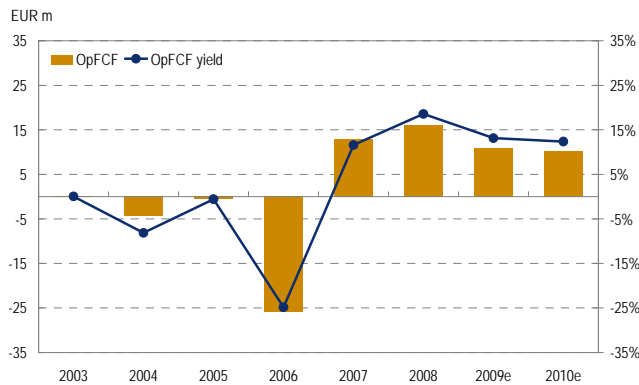
Source: Company data, ESN – Bank Degroof Research

Interest coverage



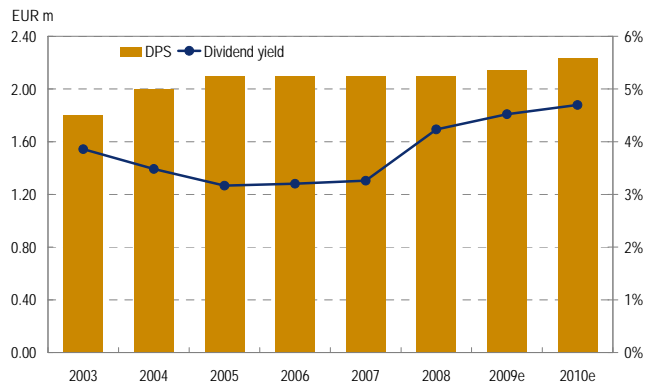
Source: Company data, ESN – Bank Degroof Research

Free cash flow & FCF yield



Source: Company data, ESN – Bank Degroof Research

Dividend per share & dividend yield



Source: Company data, ESN – Bank Degroof Research

Ter Beke: Summary tables

PROFIT & LOSS (EURm)	2006	2007	2008	2009e	2010e	2011e
Sales	327	367	393	394	402	413
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-241	-265	-293	-290	-297	-305
Personnel Expenses	-61.6	-72.1	-70.5	-72.6	-74.1	-76.3
Non Recurrent Expenses/Income	-0.5	-1.0	2.0	0.0	0.0	0.0
EBITDA	24.0	29.3	29.9	31.2	31.1	31.6
EBITDA (adj.)*	24.5	30.3	27.9	31.2	31.1	31.6
D & A	-13.9	-19.0	-21.9	-19.0	-18.9	-18.8
EBIT	10.1	10.2	8.0	12.3	12.2	12.8
EBIT (adj.)*	10.6	11.3	6.0	12.3	12.2	12.8
Net Financial Interest	-2.4	-4.0	-4.8	-4.0	-3.6	-3.2
Other Financials	0.0	0.1	0.1	0.8	0.3	0.3
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	7.7	6.3	3.2	9.0	8.9	9.9
Tax	-1.8	-0.3	4.4	-2.2	-2.1	-2.4
<i>Tax rate</i>	<i>22.8%</i>	<i>4.4%</i>	<i>nm</i>	<i>24.0%</i>	<i>24.0%</i>	<i>24.3%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	6.0	6.1	7.6	6.9	6.7	7.5
Net Profit (adj.)	6.0	6.1	3.2	6.9	6.7	7.5
CASH FLOW (EURm)	2006	2007	2008	2009e	2010e	2011e
Cash Flow from Operations before change in NWC	20.0	25.2	29.5	25.8	25.6	26.3
Change in Net Working Capital	-12.0	7.7	3.9	0.0	-0.1	-0.2
Cash Flow from Operations	8.0	33.0	33.4	25.8	25.5	26.1
Capex	-33.9	-20.1	-17.4	-15.0	-15.3	-15.6
Net Financial Investments	-5.5	-12.0	0.9	0.0	0.0	0.0
Free Cash Flow	-31.4	0.9	16.8	10.8	10.2	10.5
Dividends	-2.9	-3.6	-3.6	-3.6	-3.7	-3.9
Other (incl. Capital Increase & share buy backs)	6.7	-13.7	-10.1	0.0	0.0	0.0
Change in Net Debt	-27.6	-16.5	3.1	7.2	6.5	6.6
NOPLAT	7.5	8.0	4.3	8.7	8.6	9.1
BALANCE SHEET & OTHER ITEMS (EURm)	2006	2007	2008	2009e	2010e	2011e
Net Tangible Assets	103	116	112	108	105	102
Net Intangible Assets (incl. Goodwill)	28.2	40.7	37.8	37.8	37.8	37.8
Net Financial Assets & Other	3.2	4.5	0.2	0.2	0.2	0.2
Total Fixed Assets	135	161	150	146	143	140
Net Working Capital	15.4	6.4	6.8	6.9	7.0	7.2
Shareholders Equity	71.7	74.4	78.1	81.3	84.2	87.8
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	56.5	72.9	69.9	62.8	56.4	49.8
Provisions	21.7	20.2	9.2	9.2	9.2	9.2
Other Net Liabilities or Assets	0.0	0.0	0.0	0.0	0.0	0.0
Net Capital Employed/Invested	150	168	157	153	150	147
GROWTH & MARGINS	2006	2007	2008	2009e	2010e	2011e
<i>Sales growth</i>	<i>38.3%</i>	<i>12.2%</i>	<i>7.2%</i>	<i>0.2%</i>	<i>2.0%</i>	<i>2.7%</i>
<i>EBITDA growth</i>	<i>10.9%</i>	<i>22.1%</i>	<i>2.0%</i>	<i>4.6%</i>	<i>-0.6%</i>	<i>1.9%</i>
<i>EBITDA (adj.)* growth</i>	<i>5.1%</i>	<i>23.9%</i>	<i>-7.9%</i>	<i>11.9%</i>	<i>-0.6%</i>	<i>1.9%</i>
<i>EBIT growth</i>	<i>-5.6%</i>	<i>1.3%</i>	<i>-22.3%</i>	<i>54.2%</i>	<i>-0.6%</i>	<i>5.3%</i>
<i>EBIT (adj.)* growth</i>	<i>-14.2%</i>	<i>6.4%</i>	<i>-46.8%</i>	<i>104.6%</i>	<i>-0.6%</i>	<i>5.3%</i>
<i>Net Profit growth</i>	<i>0.4%</i>	<i>1.6%</i>	<i>-46.6%</i>	<i>111.7%</i>	<i>-1.8%</i>	<i>11.4%</i>
<i>EPS adj. growth</i>	<i>-13.6%</i>	<i>-6.6%</i>	<i>-46.7%</i>	<i>111.6%</i>	<i>-1.8%</i>	<i>11.4%</i>
<i>DPS adj. growth</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>2.3%</i>	<i>3.9%</i>	<i>-0.5%</i>
<i>EBITDA margin</i>	<i>7.3%</i>	<i>8.0%</i>	<i>7.6%</i>	<i>7.9%</i>	<i>7.7%</i>	<i>7.7%</i>
<i>EBITDA (adj.)* margin</i>	<i>7.5%</i>	<i>8.3%</i>	<i>7.1%</i>	<i>7.9%</i>	<i>7.7%</i>	<i>7.7%</i>
<i>EBIT margin</i>	<i>3.1%</i>	<i>2.8%</i>	<i>2.0%</i>	<i>3.1%</i>	<i>3.0%</i>	<i>3.1%</i>
<i>EBIT (adj.)* margin</i>	<i>3.2%</i>	<i>3.1%</i>	<i>1.5%</i>	<i>3.1%</i>	<i>3.0%</i>	<i>3.1%</i>

Ter Beke: Summary tables

RATIOS	2006	2007	2008	2009e	2010e	2011e
Net Debt/Equity	0.8	1.0	0.9	0.8	0.7	0.6
Net Debt/EBITDA	2.4	2.5	2.3	2.0	1.8	1.6
Interest cover (EBITDA/Fin.interest)	10.1	7.3	6.2	7.8	8.7	10.0
Capex/D&A	244.1%	105.4%	79.6%	79.0%	81.1%	83.0%
Capex/Sales	10.4%	5.5%	4.4%	3.8%	3.8%	3.8%
NWC/Sales	4.7%	1.7%	1.7%	1.7%	1.7%	1.7%
ROE (average)	10.2%	8.3%	4.2%	8.6%	8.1%	8.7%
ROCE (adj.)	5.1%	4.9%	2.7%	5.7%	5.8%	6.2%
WACC	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%
ROCE (adj.)/WACC	0.6	0.6	0.3	0.7	0.7	0.7

PER SHARE DATA (EUR)***	2006	2007	2008	2009e	2010e	2011e
Diluted number of shares	1.6	1.7	1.7	1.7	1.7	1.7
EPS (reported)	3.76	3.51	4.39	3.96	3.89	4.33
EPS (adj.)	3.76	3.51	1.87	3.96	3.89	4.33
BVPS	45.16	43.09	45.13	46.91	48.57	50.68
DPS	2.10	2.10	2.10	2.15	2.23	2.22

VALUATION	2006	2007	2008	2009e	2010e	2011e
EV/Sales	0.5	0.5	0.4	0.4	0.3	0.3
EV/EBITDA	7.1	5.7	4.9	4.7	4.5	4.2
EV/EBITDA (adj.)*	7.0	5.5	5.2	4.7	4.5	4.2
EV/EBIT	16.9	16.3	18.3	11.9	11.5	10.4
EV/EBIT (adj.)*	16.2	14.8	24.2	11.9	11.5	10.4
P/E (adj.)	17.4	15.1	22.9	12.0	12.2	11.0
P/BV	1.4	1.2	1.0	1.0	1.0	0.9
Total Yield Ratio	3.2%	4.0%	4.4%	4.5%	4.7%	
EV/CE	1.2	1.0	0.9	1.0	0.9	0.9
OpFCF yield	-23.0%	14.1%	21.4%	13.1%	12.4%	12.8%
OpFCF/EV	-15.1%	7.7%	11.0%	7.4%	7.3%	7.9%
Payout ratio	55.8%	59.8%	47.8%	54.3%	57.4%	51.3%
Dividend yield (gross)	3.2%	4.0%	4.4%	4.5%	4.7%	4.7%

EV AND MKT CAP (EURm)	2006	2007	2008	2009e	2010e	2011e
Price** (EUR)	65.4	53.0	43.0	47.5	47.5	47.5
Outstanding number of shares for main stock	1.7	1.7	1.7	1.7	1.7	1.7
Total Market Cap	113	91.7	74.4	82.3	82.3	82.3
Net Debt	56.5	72.9	69.9	62.8	56.4	49.8
o/w Cash & Marketable Securities	-2.8	-7.3	-5.6	-0.3	-0.8	-0.4
o/w Short Term Debt	28.4	16.7	18.9	15.8	14.3	12.5
o/w Long Term Debt	30.9	63.6	56.6	47.3	43.0	37.7
Other EV components	2.2	2.0	0.9	0.9	0.9	0.9
Enterprise Value (EV adj.)	171	167	145	146	140	133

Source: Company, Bank Degroof estimates.

Notes

* Where EBITDA (adj.) or EBIT (adj.) = EBITDA (or EBIT) +/- Non Recurrent Expenses/Income

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Company Description:

Ter Beke is a Belgian fresh food group which markets its range of products in 10 European countries. The group has 2 core businesses: processed meats and fresh ready meals, possesses 11 plants in Belgium, the Netherlands and France and counts about 1,800 people. The Processed Meats BU TerBeke-Pluma produces processed meats for the Benelux, Germany and the UK, and it is innovative in the segment of sliced and pre-packed processed meats. It markets its products under distribution brands and own brand names (L'Ardennaise and Daniël Coopman). The Ready Meals BU FreshMeals produces fresh ready meals for the European market. It is European market leader in fresh lasagne. It's flagship brand name is Come a Casa, alongside Pronto, Vamos and various distribution brands.

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

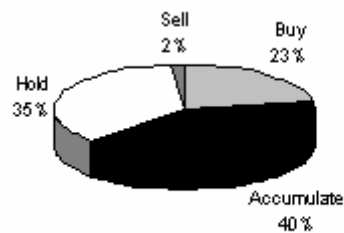
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Bank Degroof Ratings Breakdown

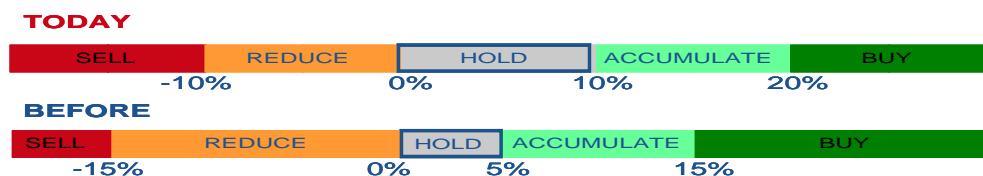


History of ESN Recommendation System

Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since 4 August 2008, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:





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Damien Crispiels	+32 2 287 96 97
Bart Beullens	+32 2 287 91 80
Philippe Costermans*	+32 2 287 94 96
Laurent Goethals	+32 2 287 91 85
Pascal Magis	+32 2 287 97 81
Peter Rysselaere	+32 2 287 97 46
Stéphane Van Nimmen*	+32 2 287 97 72

Real Estate coordinator

Jean-Baptiste Van Ex	+32 2 287 91 27
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Institutional Bond Sales Team

Peter Deknopper	+32 2 287 91 22
Fabrice Faccenda	+32 2 287 91 81
Charles Feiner*	+32 2 287 91 83

Structured products

Jeroen De Keer	+32 2 287 93 54
Gaëtan De Vliegheer	+32 2 287 91 88
Sebastian Fraboni	+32 2 287 92 56
Eduard Nouvellon	+32 2 287 93 23

Fund Services

Oliver Gigounon	+32 2 287 91 84
Thomas Palmblad	+32 2 287 93 27
Fabio Ghezzi Morgalanti	+32 2 287 92 72

Equity brokerage

John Paladino	+32 2 287 96 40
Laurent Delante	+32 2 287 91 90
Tanguy del Marmol	+32 2 287 96 13
Frederic Lebrun	+32 2 287 97 62
Robin Podevyn	+32 2 287 91 82
Christian Saint-Jean	+32 2 287 97 80

Derivatives brokerage

Christophe Gérard	+32 2 287 93 81
Mohamed Abalhossain	+32 2 287 95 10
Olivier-Pierre Morrot	+32 2 287 96 18

Treasury

Alain Strapart	+32 2 287 95 16
Christian Stiernon	+32 2 287 97 71

Equity research

Preben Bruggeman	+32 2 287 95 71
Jean-Marie Caucheteux	+32 2 287 99 20
Hans D'Haese	+32 2 287 92 23
Bernard Hanssens	+32 2 287 96 89
Siddy Jobe	+32 2 287 92 79
Ivan Lathouders, CFA	+32 2 287 91 76
Marc Leemans, CFA	+32 2 287 93 61
Thibaud Rutsaert, CFA	+32 2 287 94 28

* authorised agent

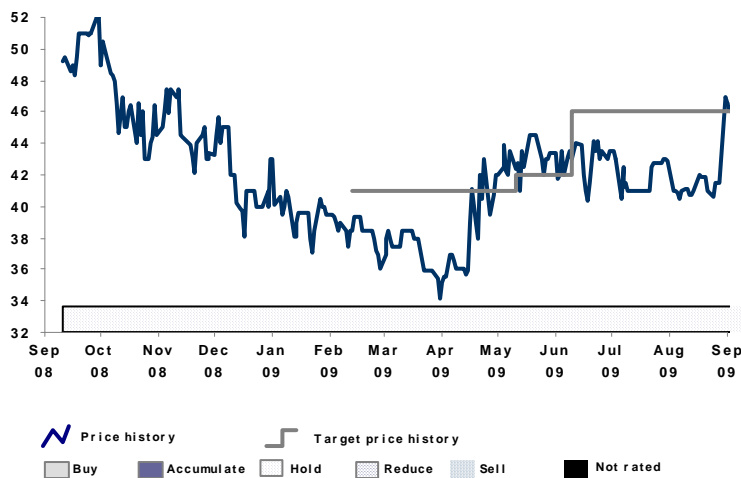
Mail: firstname.lastname@degroof.be

Recommendation history for TER BEKE

Date	Recommendation	Target price	Price at change date
14-Sep-09	Accumulate	54.00	47.50
10-Jun-09	Hold	46.00	43.00
11-May-09	Hold	42.00	42.33
12-Feb-09	Hold	41.00	38.50
13-Nov-08	Hold		44.49
04-Oct-06	Accumulate		67.15
08-Mar-06	Hold		64.00
19-Oct-05	Hold	69.83	67.55
19-Sep-05	Hold	69.59	69.00
12-Sep-05	Hold		67.50

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Hans D'Haese (since 28/01/2005)



Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, Duvel, Evadix, Floridienne, GIMV, IBt, Intervest Retail, IPTE, I.R.I.S., Kinopolis, Leasinvest, LuxempartMontea, NewTree, PinguinLutosa, Realco, Resilux, Sapec, Ter Beke and Van de Velde.

Bank Degroof holds a significant stake in:

Aedifica, Fountain and Proximedia.

Bois Sauvage holds a significant stake in Bank Degroof

Bank Degroof board members and employees hold mandates in the following listed companies:

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Members of ESN (European Securities Network LLP)



Banca Akros S.p.A.
Viale Eginardo, 29
20149 Milano
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302



Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04



Caixa-Banco de Investimento
Rua Barata Salgueiro, 33-5
1269-050 Lisboa
Portugal
Phone: +351 21 389 68 00
Fax: +351 21 389 68 98



Caja Madrid Bolsa S.V.B.
Serrano, 39
28001 Madrid
Spain
Phone: +34 91 436 7813
Fax: +34 91 577 3770



CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 4016 2692
Fax: +33 1 4596 7788



Danske Markets Equities
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: +45 45 12 00 00
Fax: +45 45 14 91 87



Equinet AG
Gräfrstraße 97
60487 Frankfurt am Main
Germany
Phone: +49 69 - 58997 - 410
Fax: +49 69 - 58997 - 299



Investment Bank of Greece
24B, Kifisias Avenue
151 25 Marousi
Greece
Phone: +30 210 81 73 000
Fax: +30 210 68 96 325



NCB Stockbrokers Ltd.
3 George Dock,
Dublin 1
Ireland
Phone: +353 1 611 5611
Fax: +353 1 611 5781



SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



European Securities Network LLP
Registered office c/o Withers LLP
16 Old Bailey - London EC4M 7EG