

## Ter Beke

### Disappointing results & outlook

- Ter Beke could surprise the financial markets by showing nice growth figures for both its divisions. The processed meats were able to grow by almost 4% when excluding the Pluma-effect, which is a good result in a stable market. Fresh Meals sales increased by almost 14% or 4% better than expected thanks to strong demand in France.
- Nevertheless, the nice top line performance could not be transferred into a similar operational improvement. Reasons were production difficulties in France combined with rising raw material prices and energy costs.
- The acceptance of large contracts for Fresh Meals in France at meagre margins had not only an effect on margins but also resulted in operational issues in the French factory at Alby-sur-Chéran.
- For 07, the company did not provide any outlook as the possible NPC acquisition and the outcome of actions to restore profitability is unsure. Hence, the company prefers not to disclose any figures before they have more confidence in the possible outcomes.
- As a result of the operational issues and the uncertainties surrounding the year(s) to come, we were obliged to revise our figures down significantly. Our EBITDA estimates for 07 & 08 were cut by 8% and 7% respectively. This results in lower EPS estimates of 14% in 07 and 10% in 08.
- Our updated DCF-model points towards a 12 month fair value of EUR 69 vs. EUR 71 previously. This represents a small upside of 3% on the current share price.
- In view of the uncertainties and the limited upside, we are obliged to alter our view on the share. The company will not be able to surprise the markets in a positive way the coming months. Even the possible acquisition of NPC (revenues of EUR 12m), will not alter this view as certain operational issues first need to be solved.
- At almost 18x 07 earnings and more than 14x 07 EV/EBIT, the share is no bargain. Combined with a new DCF-value of EUR 69, we alter our target price to EUR 69. As this only represents an upside of 3% on the current share price, we rate the share a Reduce.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/EBITDA (*)	P/E (*)	FCF Yield (*)	Yield (*)
12/02	180.1	19.7	4.6	5.10	1.54	3.6	7.9	12.2%	3.8%
12/03	192.1	21.7	5.4	5.91	1.80	3.9	8.6	-0.6%	3.5%
12/04	200.0	20.9	6.8	7.15	2.00	4.7	8.4	-3.1%	3.3%
12/05	236.2	21.6	5.9	4.35	2.10	5.6	15.1	-0.9%	3.2%
12/06	326.7	24.0	4.7	2.95	2.10	6.7	22.1	-0.2%	3.2%
12/07e	359.5	28.2	6.5	3.76	2.12	6.1	17.8	3.0%	3.2%
01/08e	371.7	31.3	8.4	4.85	2.14	5.4	13.8	6.8%	3.2%

(\*) 2002-2006 figures of EV, P/E and Yield are based on end F.Y. price  
 Figures are Belgium GAAP based until 2004 and IFRS based as from 2005

### Reduce (vs. Hold)

Price: EUR 66.90  
 (14/03/07)

Target price: 69.00  
 Risk: Low

Reuters: TERB.BR  
 Bloomberg: TERB BB

Shares number (m): 1.59  
 Market cap. (m): 106  
 Net debt 12/06 (m): 56  
 Net debt/equity 12/06: 79%

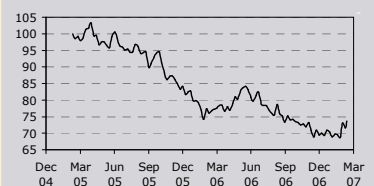
H/L 1 year: 68.50 - 64.00  
 1 year price perf.: 4.9%  
 Diff. with DJ Euro Stoxx -1.7%  
 Volume (sh./day): 840

Free Float 28%  
 SAK Coovan 55%  
 Seneca 6%  
 Others 11%

#### Company description:

Ter Beke is a Belgian food company active in processed meat (Benelux-region) and fresh ready meals (pan-European). Its strategy is to maintain its strong position in processed meat and to expand the fast growing fresh ready meals-division.

Ter Beke relative to DJ Euro Stoxx (14/03/07)



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## **Disappointing 06 & unclear outlook...**

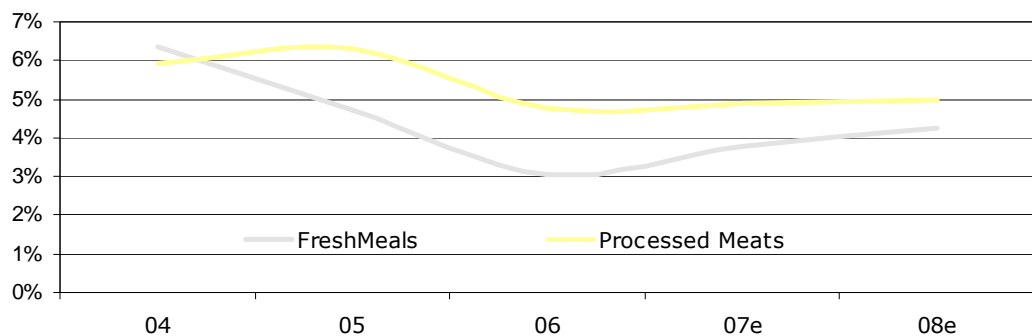
Ter Beke released its FY results, which were very solid on the top line. Revenues went up 38% to EUR 326.7m, which was largely caused by the consolidation of 9 months of the acquired processed meat producer Pluma.

Processed Meat division sales went up by 58.5%. Without the acquisition effect, the division increased its sales by 3.7%, which is quite strong in such a stable market. Reason is the switch to pre-sliced and pre-packaged meat, which more than compensated the drop in the traditional products.

The fast growing Fresh Meals division was able to deliver a top line growth rate of 13.6%, some 4% ahead of our expectations. Mainly in France nice growth figures were realised.

On the operating level, however, the company had quite some problems in Q4, causing margins to drop significantly. In the Fresh Meals division, the company was very eager to take market share and was too enthusiastic at taking new orders. As a result, there were certain contracts which were obtained at very poor margins. Since the production facility in Alby-sur-Chéran was already close to its maximum capacity due to strong demand in France, temporary workers had to be hired. As a result, production problems and delivery delays occurred.

**Exhibit 1 Operating margin/division 04 → 08e**



Source: Ter Beke & Petercam estimates

In order to quickly restore its operations in France, the company will probably be quite eager to acquire Normandie Plat Cuisinés (NPS). The company already announced they were in talks, which could result in a takeover. Regarding the low margin making contracts, Ter Beke will renegotiate them or cease when necessary, in order to restore operational margins, once again.

Management also commented positively on the integration progress with Pluma. Regarding the split into two separate divisions, officially as from the start of 07, the largest items have been treated. The company is formally split with a management for each division. The extra costs for this structure should be compensated in the coming years by a better management in both divisions.

The integration costs of the Pluma acquisition, impacted margins negatively. Combined with the French production issues, rising raw material prices and soaring energy costs, margins took a hit. As such, REBITDA only amounted to EUR 24.0m, almost 10% below our expectations. REBIT came in almost 6% lower than expected at EUR 10.1m. It was only thanks to lower taxes and lower than expected financial charges that the net result was in line with our expectations at EUR 6.0m.

For 07, the company provides no guidance as quite some uncertainties (NPC; operational integration Pluma;...) still exists and could influence the result significantly. We also believe the company cannot cease its low margin contracts very easily. As such, the margins will not improve significantly in a short notice. As such, we do not expect H1 to be excellent.

## ...results in lower estimates

### New estimates

We altered our model, which resulted in a slight drop of our sales estimates (-0.2% for 07 and -1.9% for 08). Our EBITDA estimates drop by 8% in 07 and by 7% in 08. On the bottom line, it means lower EPS figures of 14% in 07 and 10% in 08.

### DCF valuation

Our updated DCF model shows a 12 month fair value of EUR 69 per share. Following assumptions are taken into account:

- Our top line growth rates are based on the assumption that no important acquisition will take place.
- CAGR of EBITDA and EBITA of 3.3% and 3.9% respectively. Despite the Pluma acquisition, which will cause EBITDA to go up significantly in 07, we do not expect major operational improvements in the long term as retailers will become more dominant.
- EBITDA margin reach its peak level in 2010 of 8.7% and afterwards slightly decreasing towards 8.0% in 2017.
- Capex increasing slightly over time, representing 4.3% of sales in 2015 compared with 4.7% in 2007.
- We used a WACC of 6.6%, which is quite low due to the relatively high gearing after the merger with Pluma.
- We used the NoPlat/Wacc-formula to determine the terminal value, as the company is mainly active in a stable business.

Exhibit 2 DCF-model												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	CAGR
Sales	359.5	371.7	383.9	396.3	408.8	421.4	434.0	446.6	459.0	471.4	483.7	3.0%
y/y	10.0%	3.4%	3.3%	3.2%	3.1%	3.1%	3.0%	2.9%	2.8%	2.7%	2.6%	
Processed meats	232.2	238.1	243.9	249.7	255.6	261.5	267.4	273.3	279.1	284.8	290.4	2.3%
YoY	12.7%	2.5%	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.0%	1.9%	
% of total sales	64.6%	64.1%	63.5%	63.0%	62.5%	62.0%	61.6%	61.2%	60.8%	60.4%	60.0%	
Fresh ready meals	127.2	133.6	140.0	146.6	153.2	159.9	166.6	173.3	179.9	186.6	193.3	4.3%
YoY	5.5%	5.0%	4.8%	4.7%	4.5%	4.4%	4.2%	4.0%	3.8%	3.7%	3.6%	
% of total sales	35.4%	35.9%	36.5%	37.0%	37.5%	38.0%	38.4%	38.8%	39.2%	39.6%	40.0%	
EBITDA	28.2	31.3	32.9	34.5	35.7	36.8	37.7	38.0	38.2	38.6	38.9	3.3%
margin	7.8%	8.4%	8.6%	8.7%	8.7%	8.7%	8.7%	8.5%	8.3%	8.2%	8.0%	
EBITA	12.4	15.1	16.0	16.9	17.3	17.7	17.8	17.8	17.9	18.1	18.2	3.9%
margin	3.4%	4.1%	4.2%	4.3%	4.2%	4.2%	4.1%	4.0%	3.9%	3.8%	3.8%	
Taxes	-3.6	-4.4	-4.6	-4.9	-5.0	-5.1	-5.1	-5.1	-5.1	-5.2	-5.2	
NOPLAT	8.7	10.7	11.4	12.0	12.3	12.6	12.6	12.7	12.7	12.9	12.9	4.0%
Depreciation	15.8	16.1	16.8	17.6	18.3	19.1	19.9	20.2	20.4	20.4	20.7	
in % of sales	4.4%	4.3%	4.4%	4.4%	4.5%	4.5%	4.6%	4.5%	4.4%	4.3%	4.3%	
WCR	-1.8	-0.7	-0.7	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	
CAPEX	-17.0	-16.0	-16.5	-17.1	-17.6	-18.1	-18.7	-19.2	-19.8	-20.3	-20.8	
in % of sales	4.73%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	4.31%	
in of EBITDA	60%	51%	50%	49%	49%	49%	50%	51%	52%	53%	54%	
<b>FCF</b>	<b>5.7</b>	<b>10.2</b>	<b>11.0</b>	<b>11.8</b>	<b>12.3</b>	<b>12.8</b>	<b>13.1</b>	<b>12.8</b>	<b>12.5</b>	<b>12.2</b>	<b>12.0</b>	
<b>NPV FCF</b>	<b>5.3</b>	<b>9.0</b>	<b>9.1</b>	<b>9.2</b>	<b>8.9</b>	<b>8.7</b>	<b>8.3</b>	<b>7.7</b>	<b>7.0</b>	<b>6.4</b>	<b>5.9</b>	
NPV horizon period	79.6	44%	Residual value		195							
NPV residual value	102.6	56%	Discounted		103							
ENTERPRISE VALUE	182.2		Equity value		117	67%						
- net debt	-56.4		Net debt		56	33%						
- Minorities	0.0		Beta		0.90							
- Provisions	-1.6		risk free rate		4.0%			12 month				81.4
+ Peripheral assets	0.1		risk premium		4.0%			Liquidity discount				15%
EQUITY VALUE	124.4		cost equity		7.6%							
per share	76.3		cost debt		4.6%							
			WACC		6.6%							
								<b>value per share</b>				<b>69</b>
								<b>UPSIDE</b>				<b>2%</b>

Source: Petercam estimates

## Conclusion

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The results of 06 were not satisfying despite the better than expected top line. The French operations disappointed as production at Alby-sur-Chéran could not cope with the sudden rise in production incurred by the acceptance of low margin contracts. Combined with the integration efforts with Pluma and the rising raw material prices, the operating figures were quite disappointing.

Since we expect management to have its hands full on the possible acquisition of NPC and the dealing of those poor contracts in France, 07 will not be an easy year. Hence, we lowered our figures for 07 and 08, which results in a lower DCF-value.

As our new multiples (18x 07 earnings; 14x 07 EBIT) are relatively high for firm where operational problems and uncertain outcomes (possible NPC acquisition) will influence future margins, our view must be altered. Hence, we change our target price from EUR 71 to EUR 69, in line with our new DCF-value. As this only implies a limited upside of 3% vs. an expected performance of our reference index in excess of 10%, we downgrade our rating from Hold to Reduce.

<b>Profit &amp; Loss (EUR m)</b>	<b>12/02</b>	<b>12/03</b>	<b>12/04</b>	<b>12/05</b>	<b>12/06</b>	<b>12/07e</b>	<b>01/08e</b>
<b>Revenues</b>	<b>185.6</b>	<b>198.8</b>	<b>200.0</b>	<b>236.2</b>	<b>326.7</b>	<b>359.5</b>	<b>371.7</b>
(of which Sales)	180.1	192.1	200.0	236.2	326.7	359.5	371.7
(Y/Y - %)	-	7%	4%	18%	38%	10%	3%
(of which Other revenues)	5.5	6.8	0.0	0.0	0.0	0.0	0.0
Cost of goods sold	-130.7	-139.4	-140.1	-170.0	-240.7	-263.4	-271.9
<b>Added Value</b>	<b>49.5</b>	<b>52.7</b>	<b>59.9</b>	<b>66.3</b>	<b>86.0</b>	<b>96.1</b>	<b>99.7</b>
Personnel costs	-34.0	-36.6	-39.5	-44.2	-61.6	-67.9	-68.4
<b>EBITDA</b>	<b>19.7</b>	<b>21.7</b>	<b>20.9</b>	<b>21.6</b>	<b>24.0</b>	<b>28.2</b>	<b>31.3</b>
<b>EBITA</b>	<b>8.9</b>	<b>10.8</b>	<b>11.6</b>	<b>10.3</b>	<b>8.8</b>	<b>12.4</b>	<b>15.1</b>
(Ebita margin - %)	4.9%	5.6%	5.8%	4.4%	2.7%	3.4%	4.1%
Intangible amortization	-1.2	-1.2	-1.7	0.0	1.3	-0.5	-0.8
EBIT	7.7	9.6	9.8	10.3	10.1	11.9	14.4
Net Financial Result	-2.6	-2.1	-0.8	-1.4	-2.4	-3.4	-3.7
(of which Net interest charges)	-2.0	-1.6	-0.6	-1.3	-1.9	-3.4	-3.7
(of which Other)	-0.5	-0.4	-0.3	-0.1	0.0	0.0	0.0
Exceptionals	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	4.1	6.6	9.4	9.3	7.7	8.5	10.7
Taxes	-0.8	-2.6	-4.3	-3.4	-1.8	-2.5	-3.1
Associates	0.0	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	0.0
Net declared earnings	3.5	4.2	5.0	5.9	6.0	6.0	7.6
<b>Net adjusted earnings</b>	<b>4.6</b>	<b>5.4</b>	<b>6.8</b>	<b>5.9</b>	<b>4.7</b>	<b>6.5</b>	<b>8.4</b>
<b>Cash Flow (EUR m)</b>	<b>12/02</b>	<b>12/03</b>	<b>12/04</b>	<b>12/05</b>	<b>12/06</b>	<b>12/07e</b>	<b>01/08e</b>
EBIT	7.7	9.6	9.8	10.3	10.1	11.9	14.4
Depreciation	10.8	11.0	9.3	11.3	15.2	15.8	16.1
Amortization	2.3	1.9	1.8	-0.3	-1.3	0.5	0.8
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in provision	0.0	0.0	-0.3	-0.1	1.5	0.0	0.0
Changes in working capital	0.0	-5.0	-1.7	-5.0	-4.9	-1.8	-0.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Operational Cash Flow</b>	<b>19.7</b>	<b>16.4</b>	<b>19.2</b>	<b>16.6</b>	<b>20.6</b>	<b>26.3</b>	<b>30.6</b>
Tax expenses	-0.8	-2.6	-3.6	-3.1	-1.8	-2.5	-3.1
Dividends from associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest charges	-2.6	-2.1	-0.9	-1.3	-2.4	-3.4	-3.7
Others	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
<b>CF from operating activities</b>	<b>16.3</b>	<b>11.7</b>	<b>14.7</b>	<b>12.1</b>	<b>16.5</b>	<b>20.5</b>	<b>23.8</b>
CAPEX	-11.8	-12.0	-17.3	-12.9	-16.7	-17.0	-16.0
Acquisitions	0.0	0.0	0.0	-11.6	-5.9	0.0	0.0
Divestments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>-11.8</b>	<b>-12.0</b>	<b>-17.3</b>	<b>-24.5</b>	<b>-22.6</b>	<b>-17.0</b>	<b>-16.0</b>
Dividend payment	0.0	-1.4	-1.6	-1.9	-2.9	-3.3	-3.7
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	-2.4	25.6	0.0	0.0	0.0	0.0
<b>CF from financing activities</b>	<b>0.0</b>	<b>-3.8</b>	<b>24.0</b>	<b>-1.9</b>	<b>-2.9</b>	<b>-3.3</b>	<b>-3.7</b>
Changes in consolidation scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate impact	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net debt/cash change</b>	<b>-4.5</b>	<b>4.1</b>	<b>-21.4</b>	<b>14.3</b>	<b>9.0</b>	<b>-0.1</b>	<b>-4.2</b>
FCF to Enterprise	19.7	16.4	19.2	16.6	20.6	26.3	30.6
FCF to Equity	4.5	-0.3	-2.6	-0.8	-0.2	3.5	7.8

**Notes** Figures are Belgium GAAP based until 2004 and IFRS based as from 2005

<b>Balance Sheet (EUR m)</b>	<b>12/02</b>	<b>12/03</b>	<b>12/04</b>	<b>12/05</b>	<b>12/06</b>	<b>12/07e</b>	<b>01/08e</b>
<b>Fixed assets</b>	<b>53.1</b>	<b>53.5</b>	<b>63.1</b>	<b>84.4</b>	<b>134.5</b>	<b>135.4</b>	<b>134.7</b>
Tangible fixed assets	41.8	41.8	52.6	61.5	103.2	104.4	104.2
Goodwill	11.1	11.7	9.2	17.4	25.4	24.9	24.2
Other intang. assets	0.0	0.0	0.0	3.3	2.8	2.8	2.8
Financial fixed assets	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Other fixed assets	0.0	0.0	1.3	2.1	3.1	3.2	3.4
<b>Current assets</b>	<b>46.3</b>	<b>43.0</b>	<b>46.7</b>	<b>52.7</b>	<b>73.6</b>	<b>79.0</b>	<b>80.3</b>
Inventories	9.4	11.1	11.4	13.2	21.7	23.9	24.7
Trade receivables	19.7	21.2	25.0	27.5	38.6	42.4	43.9
Other current assets	5.8	8.7	7.2	9.3	10.5	9.5	8.5
Cash & Equivalents	11.3	1.9	3.0	2.7	2.8	3.1	3.2
<b>Total assets</b>	<b>99.3</b>	<b>96.5</b>	<b>109.8</b>	<b>137.1</b>	<b>208.2</b>	<b>214.3</b>	<b>215.0</b>
<b>Total Equity</b>	<b>18.6</b>	<b>22.2</b>	<b>41.1</b>	<b>45.4</b>	<b>71.7</b>	<b>75.2</b>	<b>79.7</b>
Equity	18.6	22.2	41.1	45.4	71.7	75.2	79.7
Minorities & preferred	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	2.0	2.7	11.9	14.0	21.7	19.7	17.9
Provisions for pensions	0.9	0.9	1.6	1.4	1.6	1.6	1.6
Deferred taxes	0.6	1.4	10.3	12.6	20.1	18.1	16.3
Other provisions	0.5	0.4	0.0	0.0	0.0	0.0	0.0
Other LT liabilities	2.1	2.3	0.8	0.7	0.0	0.0	0.0
LT interest bearing debt	31.9	32.0	12.5	21.9	30.9	27.4	25.5
<b>Current liabilities</b>	<b>53.6</b>	<b>45.6</b>	<b>45.7</b>	<b>52.5</b>	<b>83.9</b>	<b>92.1</b>	<b>91.9</b>
ST interest bearing debt	11.9	2.6	4.2	9.7	28.4	32.0	29.9
Accounts payables	29.0	29.3	33.1	33.9	42.2	46.5	48.0
Other ST liabilities	12.7	13.7	8.4	8.9	13.2	13.6	14.1
<b>Total liabilities</b>	<b>99.3</b>	<b>96.5</b>	<b>109.8</b>	<b>137.1</b>	<b>208.2</b>	<b>214.3</b>	<b>215.0</b>
<b>EV and CE details (EUR m)</b>	<b>12/02</b>	<b>12/03</b>	<b>12/04</b>	<b>12/05</b>	<b>12/06</b>	<b>12/07e</b>	<b>01/08e</b>
<b>Market cap.</b>	<b>36.9</b>	<b>46.5</b>	<b>82.4</b>	<b>90.1</b>	<b>103.8</b>	<b>115.3</b>	<b>115.3</b>
+ Net financial debt	32.5	32.7	13.7	28.9	56.5	56.3	52.2
(of which LT debt)	31.9	32.0	12.5	21.9	30.9	27.4	25.5
(of which ST debt)	11.9	2.6	4.2	9.7	28.4	32.0	29.9
(of which Cash position)	11.3	1.9	3.0	2.7	2.8	3.1	3.2
+ Provisions (pension)	0.9	0.9	1.6	1.4	1.6	1.6	1.6
+ Minorities (MV)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Peripheral assets (MV)	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>70.2</b>	<b>83.9</b>	<b>97.6</b>	<b>120.3</b>	<b>161.7</b>	<b>173.0</b>	<b>168.9</b>
<b>Equity (group share)</b>	<b>18.6</b>	<b>22.2</b>	<b>41.1</b>	<b>45.4</b>	<b>71.7</b>	<b>75.2</b>	<b>79.7</b>
+ Net financial debt	32.5	32.7	13.7	28.9	56.5	56.3	52.2
+ Provisions (pension)	0.9	0.9	1.6	1.4	1.6	1.6	1.6
+ Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Peripheral assets	-0.1	0.0	0.0	-0.1	-0.1	-0.1	-0.1
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capital employed (for ROCE)</b>	<b>51.9</b>	<b>59.7</b>	<b>56.3</b>	<b>75.6</b>	<b>129.6</b>	<b>132.9</b>	<b>133.3</b>
+ Accumulated goodwill amortiz.	0.0	1.2	3.0	3.0	1.7	2.2	2.9
<b>CE (for ROCE grossed gdwl)</b>	<b>51.9</b>	<b>60.9</b>	<b>59.2</b>	<b>78.5</b>	<b>131.3</b>	<b>135.1</b>	<b>136.2</b>
<b>Notes</b>	Figures are Belgium GAAP based until 2004 and IFRS based as from 2005						

Per Common Share (EUR)	12/02	12/03	12/04	12/05	12/06	12/07e	01/08e
<b>Adjusted EPS (*)</b>	<b>5.10</b>	<b>5.91</b>	<b>7.15</b>	<b>4.35</b>	<b>2.95</b>	<b>3.76</b>	<b>4.85</b>
Adjusted EPS (fully diluted)	3.88	4.61	3.59	4.24	3.67	3.38	4.29
Declared EPS	3.88	4.61	5.32	4.35	3.76	3.47	4.42
CFS	16.96	17.94	16.95	12.62	12.50	12.93	14.21
FCF (to Equity)	4.96	-0.29	-2.74	-0.59	-0.13	2.01	4.53
Dividend	1.54	1.80	2.00	2.10	2.10	2.12	2.14
Book Value	20.40	24.37	43.44	33.13	45.16	43.62	46.23
<b>Shares (m)</b>							
At the end of F.Y.	0.911	0.911	1.363	1.369	1.588	1.723	1.723
Average number	0.911	0.911	0.946	1.369	1.588	1.723	1.723
Fully diluted Average number	0.911	0.911	1.403	1.404	1.628	1.768	1.773

(\*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/02	12/03	12/04	12/05	12/06	12/07e	01/08e
<b>Valuation analysis</b>							
P/E	7.9	8.6	8.4	15.1	22.1	17.8	13.8
P/CF	2.4	2.8	3.6	5.2	5.2	5.2	4.7
P/BV	2.0	2.1	1.4	2.0	1.4	1.5	1.4
EV/Sales	0.4	0.4	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	3.6	3.9	4.7	5.6	6.7	6.1	5.4
EV/EBITA	7.9	7.8	8.4	11.7	18.3	14.0	11.2
EV/EBIT	9.1	8.8	9.9	11.7	16.0	14.6	11.7
EV/CE	1.4	1.4	1.7	1.6	1.2	1.3	1.3
EV/CE (grossed goodwill)	1.4	1.4	1.6	1.5	1.2	1.3	1.2
EV/FCF (1)	3.6	5.1	5.1	7.3	7.8	6.6	5.5
FCF yield (2)	12.2%	-0.6%	-3.1%	-0.9%	-0.2%	3.0%	6.8%
Dividend yield	3.8%	3.5%	3.3%	3.2%	3.2%	3.2%	3.2%
<b>Financial ratios</b>							
Interest cover	4.3	6.5	20.5	8.2	4.7	3.6	4.1
Net Debt/EBITDA	1.7	1.5	0.7	1.3	2.4	2.0	1.7
Net Debt/Equity	174.8%	147.3%	33.2%	63.6%	78.7%	74.9%	65.5%
Net Debt/FCF (2)	7.2	-122.9	-5.3	-36.0	-267.6	16.3	6.7
Capital turnover	3.5	3.2	3.6	3.1	2.5	2.7	2.8
ROCE pre-tax	0.0%	19.3%	20.0%	15.6%	8.6%	9.4%	11.4%
ROCE post-tax	0.0%	13.5%	14.0%	10.9%	6.0%	6.6%	8.0%
ROCE pre-tax (grossed goodwill)	0.0%	19.1%	19.3%	15.0%	8.4%	9.3%	11.2%
ROCE post-tax (grossed gdwill)	0.0%	13.4%	13.5%	10.5%	5.9%	6.5%	7.8%
ROE	0.0%	26.4%	21.4%	13.8%	8.0%	8.8%	10.8%
Working capital (in % of sales)	4.8%	7.1%	4.2%	5.6%	5.5%	5.5%	5.5%
Payout	39.7%	39.0%	37.5%	48.3%	55.9%	61.2%	48.5%
<b>Margin analysis and tax rate</b>							
Gross margin	27.5%	27.4%	30.0%	28.1%	26.3%	26.7%	26.8%
EBITDA margin	10.9%	11.3%	10.4%	9.2%	7.3%	7.8%	8.4%
EBITA margin	4.9%	5.6%	5.8%	4.4%	2.7%	3.4%	4.1%
Adjusted profit margin	2.6%	2.8%	3.4%	2.5%	1.4%	1.8%	2.2%
Tax rate	19.8%	39.2%	46.2%	36.3%	22.8%	29.5%	29.0%
<b>Growth analysis</b>							
Sales	-	7%	4%	18%	38%	10%	3%
EBITDA	-	10%	-4%	4%	11%	17%	11%
EBITA	-	21%	8%	-11%	-14%	40%	22%
Adjusted profit	-	16%	26%	-12%	-21%	38%	29%
Adjusted EPS	-	16%	21%	-39%	-32%	27%	29%
Dividend	-	17%	11%	5%	0%	1%	1%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

**Notes** Figures are Belgium GAAP based until 2004 and IFRS based as from 2005

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	SELL	REDUCE	HOLD	ADD	BUY
<b>High</b> Beta > 1.3	RP < -15%	-15% ≤ RP < -6%	-6% ≤ RP < +6%	+6% ≤ RP < +15%	RP ≥ 15%
<b>Medium</b> 0.9 < Beta ≤ 1.3	RP < -10%	-10% ≤ RP < -4%	-4% ≤ RP < +4%	+4% ≤ RP < +10%	RP ≥ 10%
<b>Low</b> Beta ≤ 0.9	RP < -6%	-6% ≤ RP < -2%	-2% ≤ RP < +2%	+2% ≤ RP < +6%	RP ≥ 6%

RP : Relative Performance against DJ EURO STOXX.

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