



**EUROPEAN ECONOMY
AND EQUITY MARKETS:
DECOUPLING AHEAD?**

Investment Strategy for 2013

EUROPEAN ECONOMY AND EQUITY MARKETS: DECOUPLING AHEAD?

Investment Strategy for 2013

PARIS – THURSDAY 22 NOVEMBER 2012

The reference closing price is 14 November 2012

This document was sent to print on 16 November.
For updated information, please refer to www.exane.com

EUROPEAN ECONOMY AND EQUITY MARKETS: DECOUPLING AHEAD?

Investment Strategy for 2013

8:00 **Registration – Breakfast**

8:25 **INTRODUCTION**

8:30 **ECONOMIC OUTLOOK FOR 2013**

9:15 **EQUITY STRATEGY**

9:55 **FINANCIALS: CASH IS KING**

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- Banks 28
- Insurance 43

Q&A

10:55 **Break**

11:15 **CONSUMER: THE NEW FRONTIERS**

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Q&A

EUROPEAN ECONOMY AND EQUITY MARKETS: DECOUPLING AHEAD?

Investment Strategy for 2013

12:10 SRI: SOCIALLY RESPONSIBLE INNOVATION

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- Q&A

12:50 Lunch

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15:10 SEEKING ALPHA: 5 STOCKS WHICH COULD DOUBLE VS 3 VALUE TRAPS

16:05 Conference ends

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Investment Strategy for 2013

Our selection of stocks	Page
• Allianz (+)	48
• Beiersdorf AG (+)	63
• Bolloré (+)	133
• DSM (+)	147
• Eiffage (+)	151
• GDF Suez (-)	164
• Gemalto (+)	78
• Heineken (+)	119
• Imperial Tobacco (-)	167
• Inchcape (+)	73
• Ingenico (+)	80
• Lafarge (+)	129
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• Metro (-)	70
• Millicom Intl Cellular (+)	122
• Munich Re (+)	51
• Novartis (+)	96
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• Siemens (-)	171
• Société Générale (+)	36
• Telecom Italia (+)	156
• Tullow Oil (+)	111
• UBS AG (+)	39
• Virgin Media (+)	160
• Volkswagen Pref (+)	90

ECONOMIC OUTLOOK FOR 2013

EQUITY STRATEGY

ECONOMIC OUTLOOK FOR 2013

From Policy to Growth

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Key points

From Policy to Growth

- **Investors will continue to be sensitive to political and policy implementation risks...**
 - Euro crisis resolution: Spain's request for EFSF aid, Greece's future in EMU, progress towards a banking union, ECB policy
 - US: after Obama's re-election, US credit rating and risks of recession due to the fiscal cliff
 - China: Political transition in November and scope for monetary and fiscal easing
- **...but the focus has switched increasingly from policy to growth**
 - Subdued and below-trend global growth in 2013 is now a consensual view...
 - ...triggering a 'hunt for growth' as investors begin to look into 2013 and beyond
- **China begins to be a key source of cyclical upside surprise**
 - Chinese growth disappointed in 2012: weak global demand, delay in policy easing due to political transition
 - EM growth potential: China cycle bottoming around the end of the year
- **Eurozone to experience a positive, albeit temporary, confidence shock: euro convertibility risk falls further in Q4**
 - ECB: credible support mechanism now introduced for peripheral countries
 - However, eurozone growth will be capped by fiscal restraint (e.g., France and Spain)
- **US: beyond the cyclical improvement, the fiscal cliff is a major downside risk**
 - QE3 helps markets but has a marginal effect on the real economy
 - Political polarization could lead to a much bigger negative confidence shock than what is currently expected

Spain is now the main near-term risk

Spain: financial aid unavoidable

- The recent fall in bond yields has reduced the pressure to request a bailout
- Enhanced Conditions Credit Lines (ECCL) as a positive option
- Public solvency problems persist

GIIPS needs very low/negative yields in order to stabilize public debt

	France	Germany	Italy	Spain	Portugal	Ireland	Greece	US	UK
Inflation rate (% , 2012)	2.0	2.0	2.5	2.0	3.0	2.0	1.0	2.1	2.9
Real growth (% , 2012)	0.1	1.0	-1.9	-1.3	-2.0	-0.5	-6.5	2.1	-0.6
Nominal rate growth (% , 2012)	2.1	3.0	0.6	0.7	1.0	1.5	-5.5	4.2	2.3
Primary balance (% of GDP, 2012)	-2.2	1.0	2.0	-4.0	0.0	-4.5	-1.0	-6.5	-5.3
Public debt to GDP (% of GDP, 2012)	90	78	124	90	115	113	155	95	88
Average yield today	1.5	0.5	4.4	4.5	6.3	3.8	21.6	0.7	1.7
Yield necessary to stabilize public debt/GDP ratio today	-0.3	4.3	2.2	-3.7	1.0	-2.5	-6.1	-2.6	-3.7
Yield necessary to stabilize public debt/GDP ratio in the medium run	4.1	5.7	4.3	0.9	2.8	1.7	2.1	3.6	3.0

Source: Exane BNP Paribas

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What else?

- Greece: An OSI has become more politically acceptable
- Italy: political stability needed
 - Monti still enjoys strong domestic support
 - But negative sentiment building up against austerity
- France: the only good news is the credibility of the fiscal target next year 3% of GDP
 - But this is enough for France to remain a safe haven in the eurozone

Firm proposals on banking and fiscal union on the way

A “make-up-or-break-up” situation

- **A genuine banking union would be a first step towards fiscal/political union**
 - Strong political message due to fiscal transfers
 - Mutualisation of private sector losses reducing monetary fragmentation
 - Some confidence effects as financial conditions in the periphery ease
 - Improvement in solvency for Spain and Ireland
- **The devil is in the detail**
 - Which banks will be supervised? Only big systemic banks? All?
 - Will the system be fully integrated? Or will national regulators keep powers?
 - Will the ECB have final power to determine bank resolution?
- **Best outcome: firm proposals in December**
 - Resolution and restructuring powers at European level
 - All banks included in scheme (Germany poses key risk)
 - Firm proposals in December with implementation by January 2013 (as planned)
- **Expect slow progress towards recapitalisation of Spanish banks**

Common bank supervisor

- Broad & deep supervisory powers
- Powers to intervene in bank resolution
- Ensure compliance with capital targets
- Engage in early intervention when needed
- Detail recapitalisation requirements

Common resolution scheme

- Funded by eurozone banks under coverage

Common deposit guarantee scheme

- ESM as backstop

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Investors will be hunting for growth

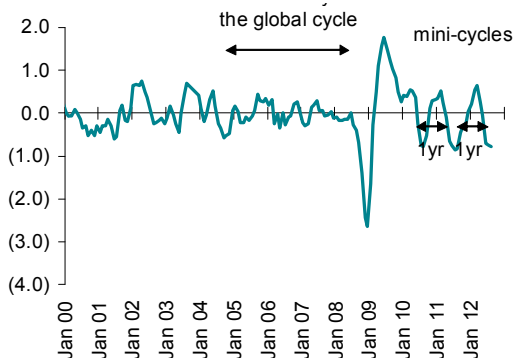
Subdued global GDP view broadly unchanged

% annual growth	2012		2013		LT Trend
	Exane	Con.	Exane	Con.	Exane
World	3.1	3.3	3.3	3.7	3.7
United States	2.2	2.1	1.8	2.0	2.0
Japan	2.2	2.3	0.9	1.3	1.5
Korea	2.1	2.5	3.0	3.3	3.5
Euro area	(0.4)	(0.5)	0.0	0.2	0.7
o.w. Germany	1.0	0.8	1.1	0.9	1.1
o.w. France	0.1	0.1	0.0	0.3	0.3
o.w. Italy	(2.1)	(2.4)	(0.9)	(0.7)	0.3
o.w. Spain	(1.3)	(1.6)	(1.4)	(1.6)	0.7
UK	(0.6)	(0.2)	(0.2)	1.2	1.0
Czech Rep.	(1.0)	0.1	0.6	1.9	1.2
Central Europe	1.4	1.7	1.9	3.3	2.4
o.w. Poland	2.5	2.7	2.3	3.0	2.6

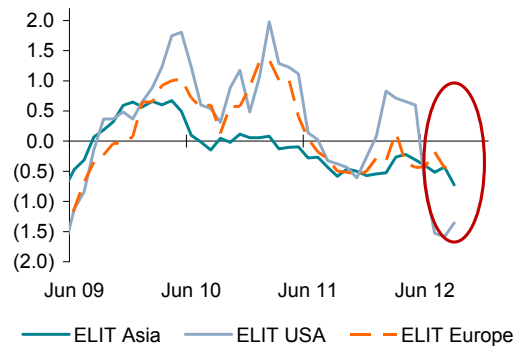
% annual growth	2012		2013		LT Trend
	Exane	Con.	Exane	Con.	Exane
Turkey	1.7	2.0	2.5	4.8	3.2
Russia	3.5	3.7	3.4	3.8	3.6
Latin America	2.6	3.0	3.2	3.6	3.8
o.w. Argentina	1.6	1.7	2.5	3.2	4.0
o.w. Brazil	1.1	1.6	3.3	3.9	4.0
o.w. Mexico	3.6	3.9	3.1	3.6	3.5
Emerging Asia	6.7	7.3	7.2	7.8	7.4
o.w. China	7.6	7.7	8.1	8.1	8.0
o.w. India	5.1	5.8	6.0	6.8	7.5
Middle East	3.2		3.3		4.0
Africa	5.3		5.0		5.5
Developed countries	1.3	1.3	1.2	1.5	1.6
Emerging countries	4.9	5.4	5.3	5.9	5.7

Another mini-cycle?

Global industrial volatility has increased
3-mth smoothed monthly variation of ELIT



Signs of stabilisation in Europe, while Asia is lagging
ELIT Asia vs. USA vs. Europe



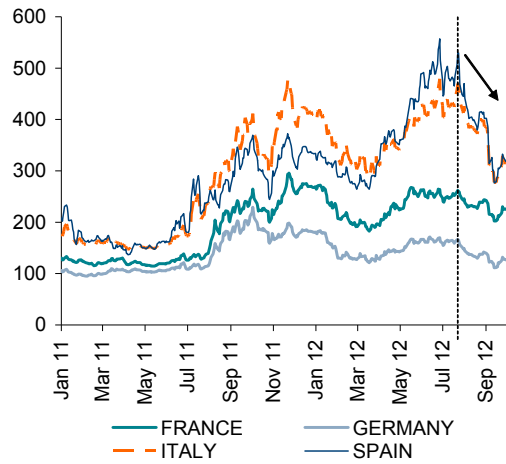
Source : Exane BNP Paribas

- **The manufacturing cycle has been particularly volatile since the recovery**
 - Fragile private demand due to private debt deleveraging
 - Stop-and-go fiscal/monetary policy
 - Volatile commodity prices and financial conditions

Europe: unfreezing capital markets, especially in the periphery

Periphery corporate yields have declined post OMT announcement

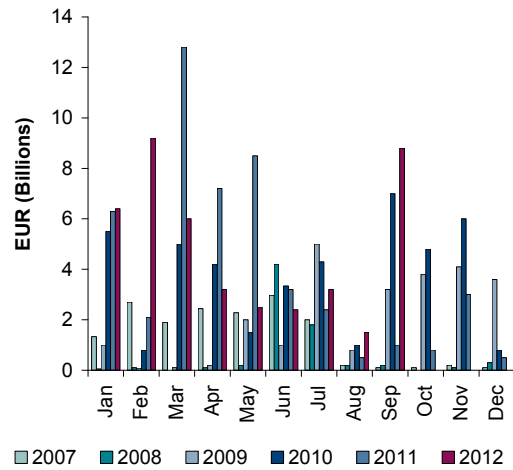
Corporate CDS



Source : Exane BNP Paribas

Record high-yield issuance in September

Eurozone: High-yield bond issuance by month



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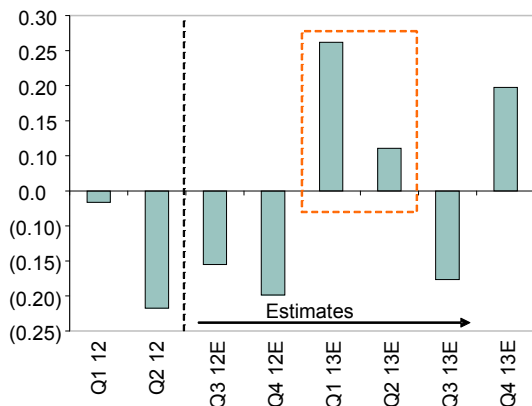
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Europe: temporary boost to growth

Positive confidence effect likely in H1 13

Confidence shock likely in H1 13

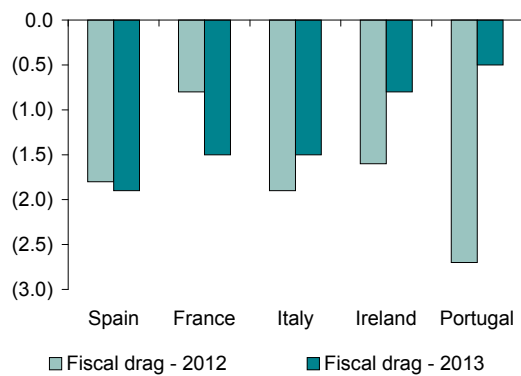
GDP growth q/q (%)



Source: Eurostat, Exane BNP Paribas estimates

Impact of austerity on GDP growth

Point of GDP



- **Positive fallout of policy momentum should be felt in H1 13**

- › Some investment likely after seven quarters of contraction due to the confidence shock
- › But fiscal austerity will keep a cap on growth

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Credit easing to address divergence in corporate credit conditions

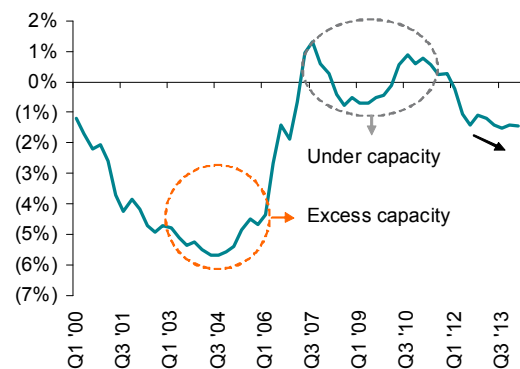
- **Why?**
 - Improvement in bank solvency needed to spur lending (much better than a LTRO)
 - Will help expedite creation of securitized corporate debt markets (inevitable given tough regulation)
 - Financing the economy is clearly in the ECB's mandate
- **What is credit easing?**
 - Purchase of private debt loans and securities
 - It is not completely new for the ECB (Covered Bond Purchase Program, CBPP)
- **What timing?**
 - Everything is prepared: deposit rate at 0 as a pre-condition (Bini Smaghi, 2009)
 - July Bank Lending survey showed continued tightening of credit conditions – A trigger for action in H2
- **How much?**
 - Strong signal is of primary importance: EUR1tn would be the right number (20% of eurozone corporate loans)
 - Example of the TALF: usage of USD48.2bn out of USD1tr
- **Does it boost demand?**
 - History shows that easing credit supply also improves credit demand (Fed TALF in 2008)
 - Riskier projects appear more attractive and visibility on credit availability
- **How can the ECB limit credit risks on its balance sheet?**
 - Government guarantees or tranching of loans can limit ECB credit risk
 - e.g., ECB buys the AAA tranche of securitized loans / ECB purchases only certain rating or maturity

China: cyclical trough despite structural headwinds

- **Structural growth has declined**
 - Trade headwinds are here to stay (investment likely to be structurally lower than in the pre-crisis period)
 - Reform inertia of the 2000s taking effect now
 - Durable overcapacity crisis
- **But a cyclical rebound is in store**
 - Consistent with the output gap analysis
 - Improving visibility after the November transition
 - Lagged effect of monetary and fiscal easing

China is re-entering the excess capacity zone

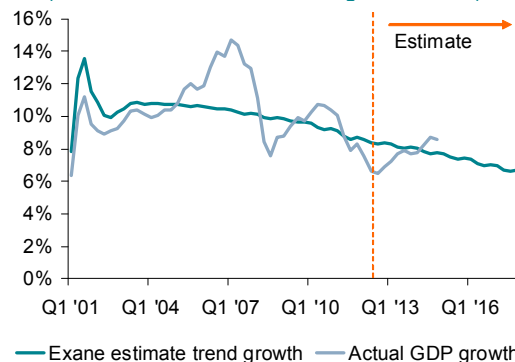
Output gap (% of potential growth)



Source: IMF, Exane BNP Paribas estimates

Cyclical rebound likely – but weaker than in previous cycles

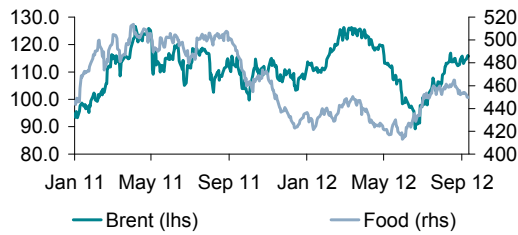
Exane estimate trend growth vs actual GDP growth (forecasts to the left of the orange dotted line)



Pause in disinflation but room for further easing in EM

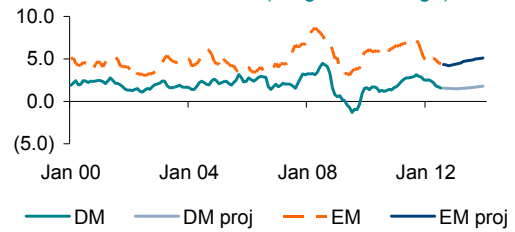
Commodity prices rebounded in Q3

Food commodity vs Brent crude prices



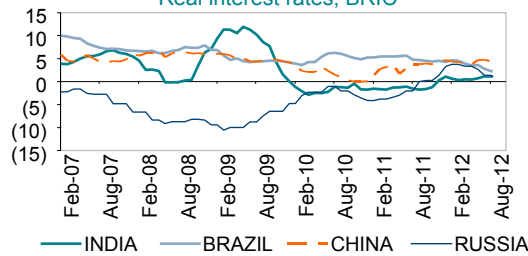
Inflation is likely to rise steadily through 2013...

EM vs DM inflation (weighted-average)



...but China & Brazil still have room to ease policy

Real interest rates, BRIC



Source: Bloomberg, Exane BNP Paribas

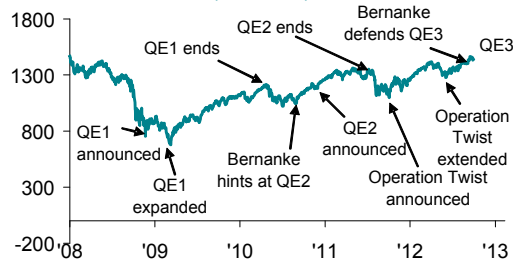
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US: QE3 helps markets but a marginal effect on the real economy

A new open-ended QE to support asset prices

(S&P 500)

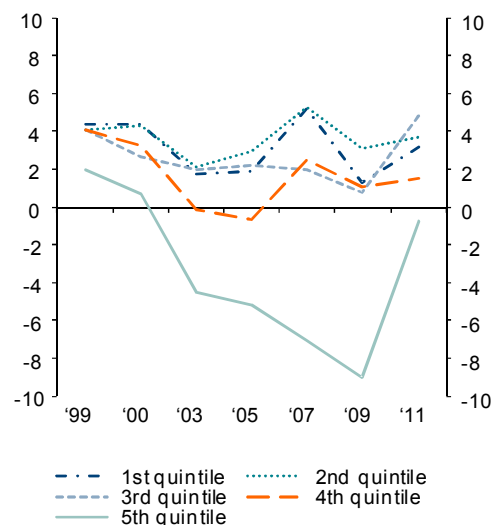


Initial charge and fees on mortgages limit Fed action

(% of loan)



Low savings rate of indebted households



Source: FHFA, IMF, PSID; and Authors' estimates.

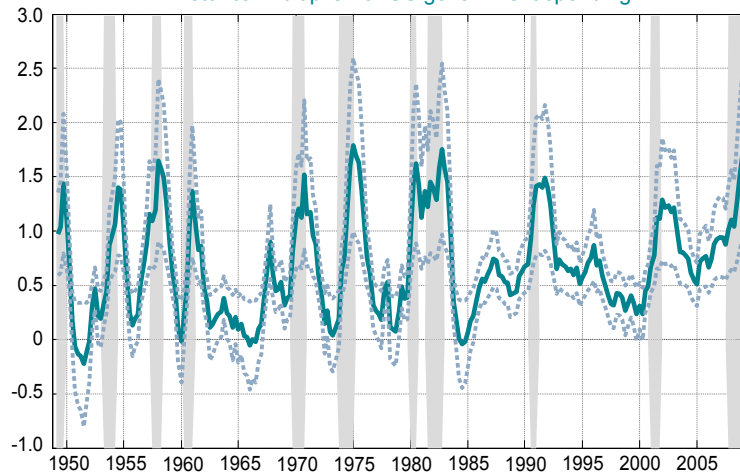
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Why fiscal multipliers in the US could be higher than expected by the consensus

- **Structural reasons**
 - The US is a closed economy
 - Few automatic stabilizers
- **Cyclical factors**
 - Low interest rates
 - Low savings rates
 - Lots of excess capacity

Multipliers are higher in recessions / high output gaps Historical multiplier for US government spending

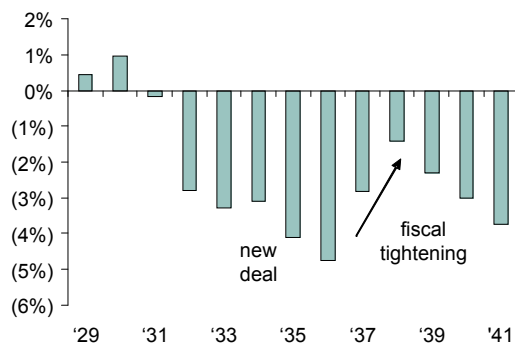


Note: Shaded regions are recessions defined by the NBER. The solid green line is the cumulative multiplier computed as $\frac{\sum_{h=1}^{20} Y_h}{\sum_{h=1}^{20} G_h}$, where time index h is in quarters. Blue dashed lines are 90% confidence interval. The multiplier incorporates the feedback from G shock to the business cycle indicator

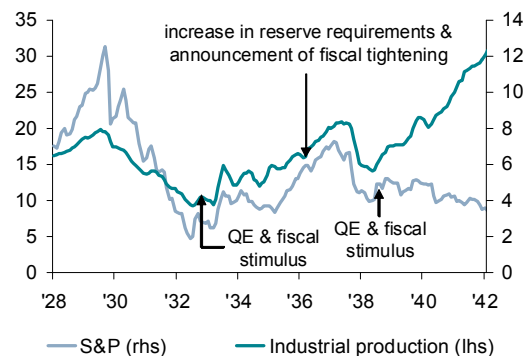
Source: Auerbach et al

Fiscal tightening and the Great Depression

Fiscal tightening in 1937 (Public deficits % GDP)



The two reflation episodes in the 1930s



- **In addition to a rise in banks' reserve requirements, fiscal policy was tightened in 1936–1937**
 - Increase of income tax rates on high income (to 75%)
 - Social Security tax of 2% starting in January 1937
 - Tax on undistributed profits in 1936
- } c. 2.5pt hike in 1937

Source: Historical statistics of the United States, Shiller, Federal Reserve

Key points

From Policy to Growth

- Investors will continue to be sensitive to political and policy implementation risks...
- ...but the focus has switched increasingly from policy to growth
- China begins to be a key source of cyclical upside surprise
- Eurozone to experience a positive (albeit temporary) confidence shock: euro convertibility risk falls further in Q4
- US: Beyond the cyclical improvement, the fiscal cliff is a major downside risk

- ➔ Global growth stabilises in Q4 12 with modest cyclical improvement in H1 13
- ➔ Look for positive growth surprises in eurozone around year-end
- ➔ US fiscal cliff remains the key risk to global growth despite the Fed's QE efforts

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Pierre-Olivier joined Exane in September 2008. He is a graduate of Ecole Polytechnique (1999) and ENSAE (2001, Paris School of Economics, Statistics and Finance). In 2001, he was awarded a MPhil degree in Economic Analysis and Policy at Delta Research Center (ENS, now Paris-Jourdan Sciences Economiques). From 2001 to 2004, he was in charge of economic research and analysis at Insee's Economic Research and Modelling division (French Statistical Office). In 2004, he took his research to an international level, joining the OECD Forecasting and Modelling division and creating a new macroeconomic model for international economy. In 2007, he was appointed Head of the Short-Term Economic Forecast Division at Insee. He joined Exane in 2008. Currently a professor at ENSAE and Ecole Polytechnique, Pierre-Olivier is the author of numerous economic studies.



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Jean-Baptiste joined Exane in 2006 as a Junior Economist/Strategist, focusing on the USA, Japan and emerging markets. He is a graduate of the Ecole Nationale Supérieure des Télécommunications (2003) and the Institut d'Etudes Politiques de Paris, where he majored in Economics and Finance (2005). Jean-Baptiste previously worked for Société Générale's securitisation department in Canada and for Exane and UBS Securities as an intern.



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Astrid joined Exane in October 2012 from HSBC where she worked for six years as a Senior European Economist. Prior to that, Astrid spent four years at IDEAglobal as a Macro and Currency Economist. A German native, Astrid graduated from the University of Paris (Masters in Economics and Art History) and holds an MSc in Public Financial Policy from the London School of Economics.



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Radhika joined Exane in April 2011 as a Junior Economist. She is a graduate of the London School of Economics (LSE), where she completed a Bachelors of Science in Economics (2009), and a Masters in International Management (2010). Before her current position, Radhika worked for a short while at the Market Solutions Group at Goldman Sachs in London. She also interned at Barclays Wealth (2009), and Merrill Lynch (2008) in the international private bank and the securities divisions, respectively. She wrote her thesis on the linkages between the yen carry trade and macroeconomic variables & leverage at investment banks.

Q & A

EQUITY STRATEGY

Wavering between recession and QEternity

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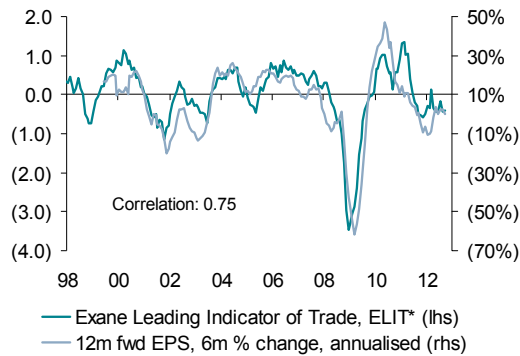
Key points

- **A bullish market view**
 - A positive confidence 'shock' should boost eurozone growth in H1 13
 - Easier financial conditions should arrest weakness in investment spending
 - Equity valuations remain compelling vs bonds
 - Subdued EPS growth is largely discounted
- **Investment themes**
 - Overweight Italy and Spain, Underweight France and Germany
 - Overweight Banks and 'domestic' Cyclical
 - Underweight 'expensive' Growth
- **Risks to base scenario**
 - Deflation
 - A return of tail risks in the euro area
 - US fiscal cliff

Leading indicators

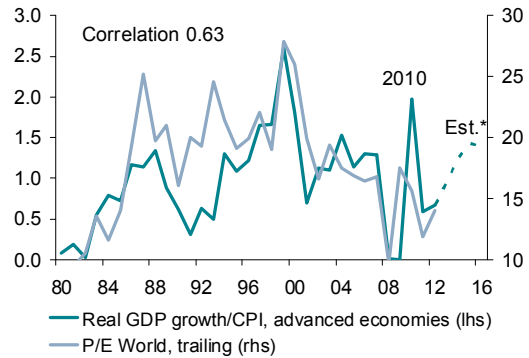
An improving mix of GDP growth and inflation

Europe - leading indicator and EPS growth



* ELIT is a proprietary indicator, forecasting the trend in global trade.
Source: Exane BNP Paribas estimates, Factset

GDP growth/CPI ratio and market P/E



* IMF forecast 2012e-2017e.
Source: IMF, Datastream, Exane BNP Paribas

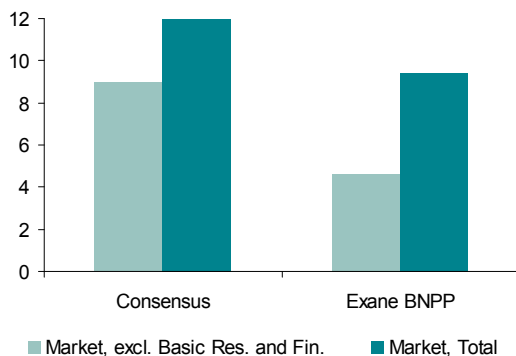
- **Corporate earnings should be supported by a pick-up in global GDP growth**

- **A rising GDP growth/inflation ratio is usually associated with P/E expansion**

Poor earnings momentum

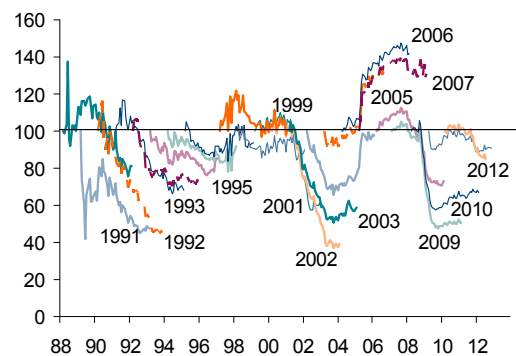
So what?

EPS growth estimates 2013e, %



Source: Factset, Exane BNP Paribas estimates

Europe - EPS consensus estimates, rebased



Source: Exane BNP Paribas, Thomson Datastream

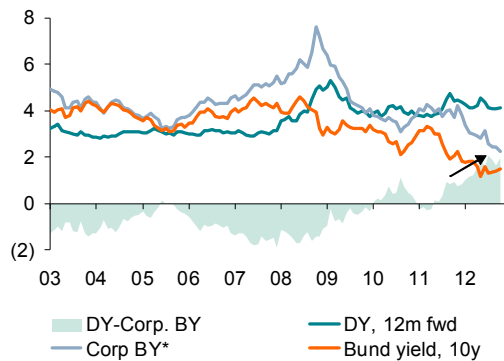
- **Consensus earnings estimates look too optimistic; but what is new?**

- This has been the case in 21 out of the last 25 years
- Since 1987, the average 'earnings miss' has been 15%

Valuation

Scope for a re-rating of European equities

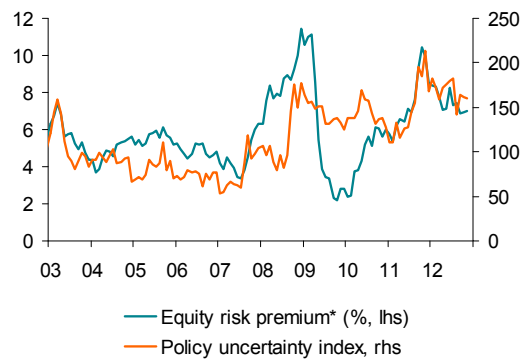
Dividend yield and bond yields (%)



* Corporate bond yield, investment grade; Europe, non-Financials.
Source: Exane BNP Paribas, Factset, Datastream

- Dividend yields are increasingly attractive relative to bond yields

Policy uncertainty and risk premium (%)



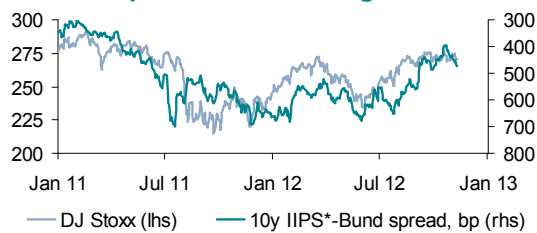
* (1/trailing PER) minus real euro 10y bond yield.
Source: Exane BNP Paribas estimates, Datastream

- Scope for a further fall of the risk premium amid credible policy support

My name is bond

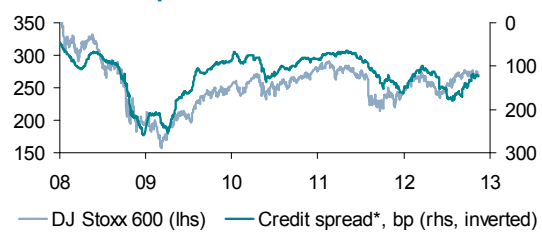
Credit markets are a key driver of equities

Equities and sovereign risk



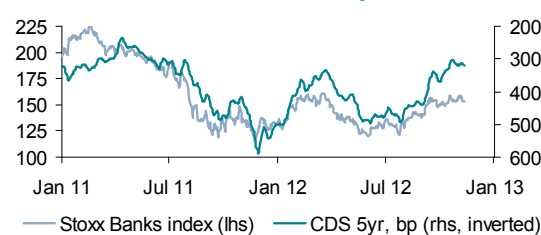
* Simple average bond yield of Italy, Ireland, Portugal and Spain; inverted scale.

Equities and credit risk



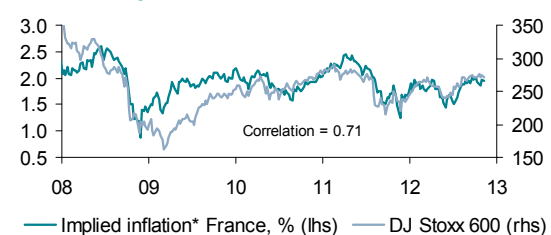
* Corporate spread BBB-A, non-Financials.

Banks and solvency risk



Source: Exane BNP Paribas, Thomson Datastream

Equities and deflation risk

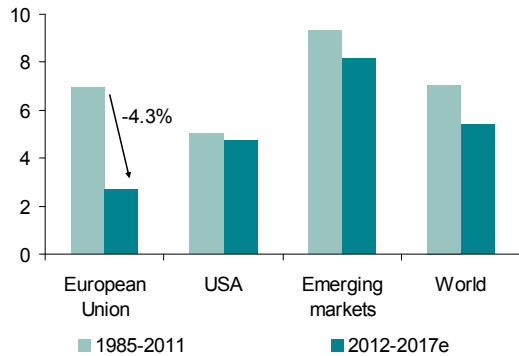


* Nominal minus index-linked bond yield, 10y.

Valuation and growth

Lower trend growth explains low market P/Es

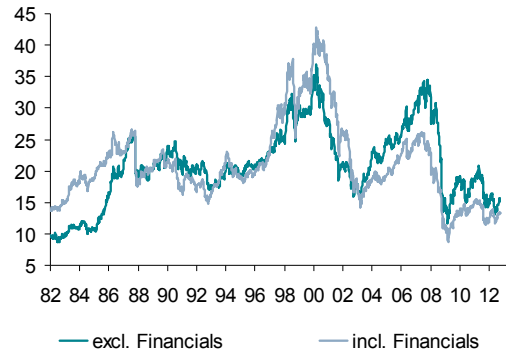
Nominal GDP growth, annualised (%)



Source: IMF

- **Structurally lower GDP growth amid ageing and deleveraging, especially in Europe**

Europe – CAPE*, x



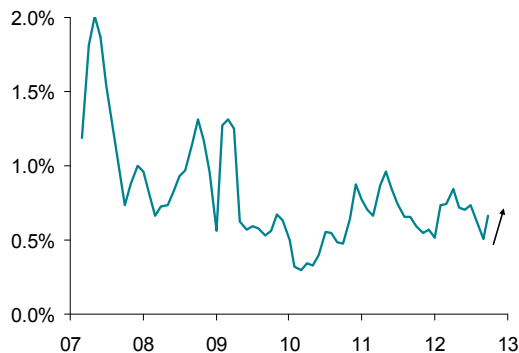
* Cyclically adjusted market P/E; current price/10yr moving average EPS. Source: Exane BNP Paribas, Thomson Datastream

- **Lower trend growth is largely priced in, reflected in historically low market P/Es**

Fund flows

Potential buyers may exceed potential sellers of equities

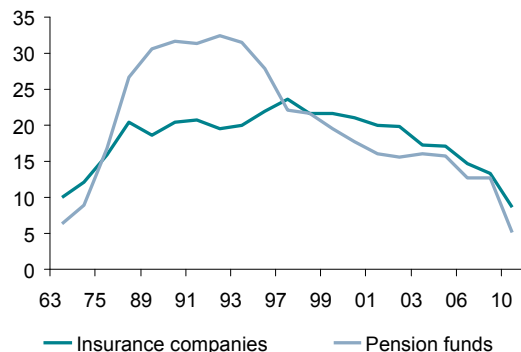
Europe – M&A volume, % of market capitalisation



Source: Exane BNP Paribas estimates, Bloomberg, Datastream

- **Potential buyers**
 - Companies – M&A and share buybacks
 - Overseas investors – significant U/W Europe

Percentage of UK equity market held by UK insurers and pension funds



Source: ONS

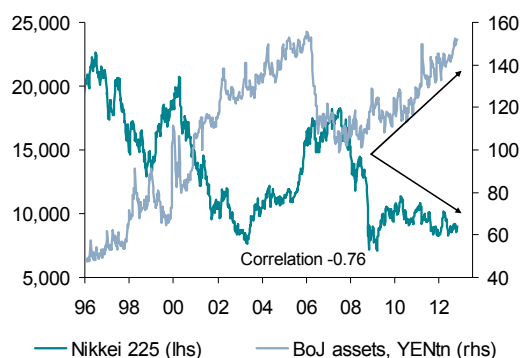
- **Potential sellers**
 - Institutional investors – limited
 - Retail investors – limited

Risks to base scenario

Known unknowns

- **Deflation, ‘Japanisation’**
 - QE comes *without* growth, but *with* unintended consequences*
- **Eurozone – return of tail risks**
 - Lack of growth and/or political constraints prevent implementation of reforms
- **China – transition risk**
 - Transition from investment – to consumption – driven GDP leads to much lower trend growth
- **USA – fiscal cliff**
 - A political stalemate would drive the US into recession

QE does not guarantee rising asset prices BoJ policy easing and the Nikkei 225



Source: Thomson Datastream, Exane BNP Paribas

* e.g. misallocation of capital, dysfunctional credit markets, worsening wealth distribution, moral hazard, excessive risk-taking and delays in balance sheet repair.

Index targets

Guesstimates for 2013e

- **Assumptions**
 - P/E expansion amid ‘QEternity’ and rising risk appetite
 - EPS growth market ‘core’*:
 - 2013e: +4%
 - 2014e: +6%
 - ROE mean reverting to
 - 10% for Europe excl. UK
 - 11% for UK
 - ERP shrinking to 5% (long-term average 4%)

Headline index targets, Y/E 2013

Index	Current	Target upside		Rating
		Y/E 2013	(%)	
IBEX 35	7,673	8,650	13	Outperform
FTSE MIB 40	15,253	17,400	14	Outperform
FTSE 100	5,722	6,500	14	Outperform
Europe - MSCI	92.5	104	12	
DAX 30*	7,102	7,840	10	Underperform
CAC 40	3,400	3,660	8	Underperform
SMI 20	6,677	7,130	7	Underperform

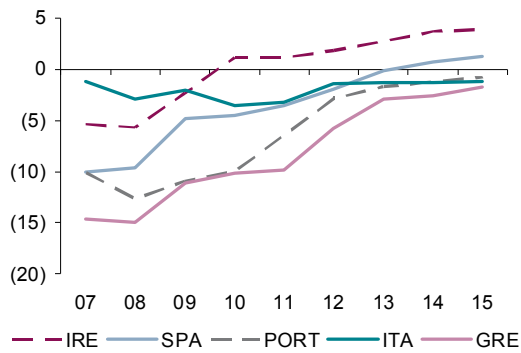
* Market excluding Basic Resources and Financials.

* Total return index.
Source: Exane BNP Paribas estimates, Thomson Datastream

Euro-area periphery

Signs of improvement

Current account balance, % of GDP

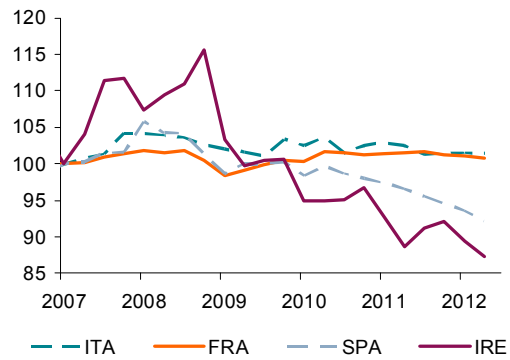


Source: IMF

- **Improving current account balances**

- Shrinking trade deficits have not been the result of collapsing imports alone

Unit labour costs relative to Germany, rebased



Source: ECB

- **Gains in competitiveness**

- Falling unit labour costs in Ireland and Spain

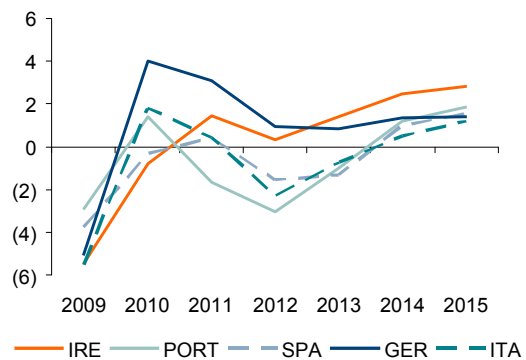
Eurozone growth

A converging trend

- **Converging GDP growth in the eurozone**

- A sharp divergence in growth between Germany and the periphery in 2011-2012...
- ...followed by a narrowing gap from 2013e
- Ireland is expected to show faster growth than Germany

Real GDP growth, % y/y

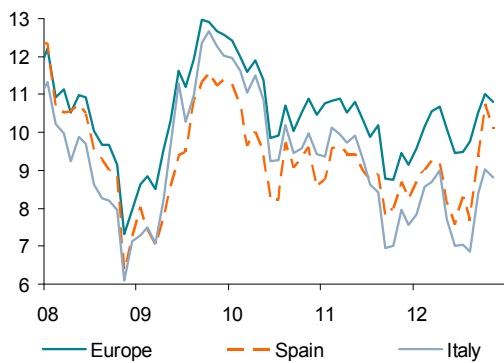


Source: IMF

Periphery vs Core

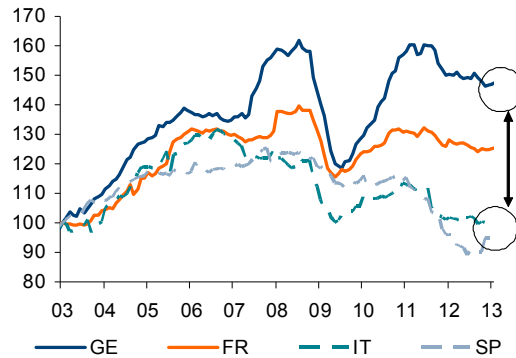
Similar market P/Es, above average recovery potential

Market P/Es, 12m fwd* (x)



* Consensus estimates.
Source: Datastream, MSCI

EBIT margins, rebased*



* Consensus estimates, 12mth forward.
Source: Factset, Exane BNP Paribas

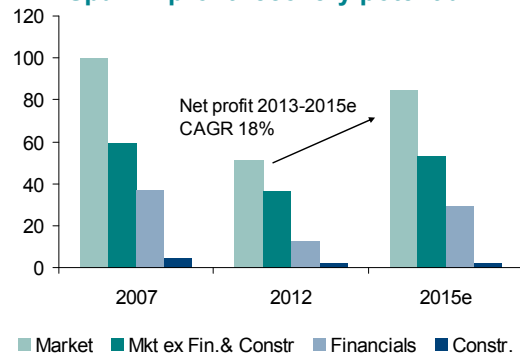
- **Italy and Spain**

- Lower market P/Es, above average recovery potential

Italy and Spain

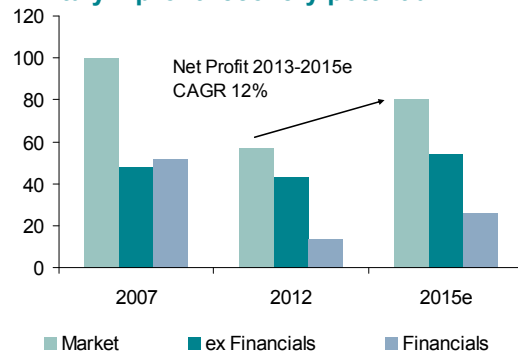
Favourable base effects

Spain – profit recovery potential*



* Net profits IBEX 35, rebased to 100 on total market profits on 31/12/07.
Source: Factset, Exane BNP Paribas estimates

Italy – profit recovery potential*



* Net profits MSCI Italy, rebased to 100 on total market profits on 31/12/07.
Source: Factset, Exane BNP Paribas estimates

- **Spain: significant earnings rebound potential, based on conservative assumptions**

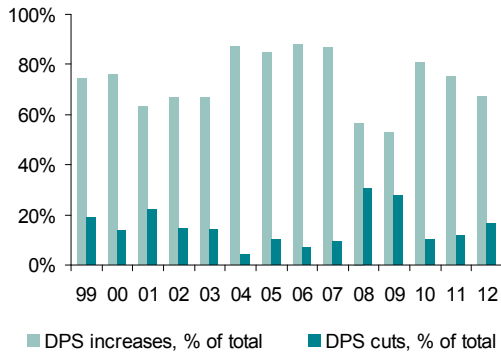
- Banks: recovery from 35% to 80% of 2007 levels (sector analysts' estimates)
 - Construction sector: zero recovery
 - Rest of market: recovery to 90% of 2007 levels, i.e., subpar recovery compared to GDP growth

- **Italy: similar, if slightly less pronounced recovery potential**

The hunt for yield

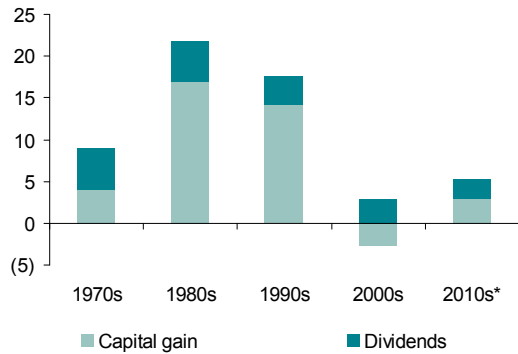
The significance of dividends in a low-growth, low-yield world

Europe – companies changing DPS



* Large caps, non-Financials; 2012 as at 1 November. Source: Exane BNP Paribas estimates

Europe – breakdown equity returns*, %



* Annualised; 2010s as at 1 November 2012. Source: Exane BNP Paribas, Datastream

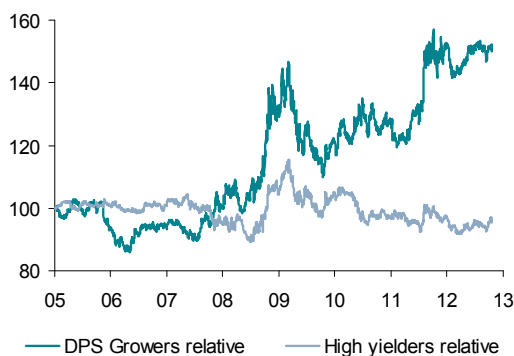
- Companies are very reluctant to cut DPS, as was seen even during the Great Recession

- Dividends account for a large part of equity returns, except for happy bull markets

Dividend investing

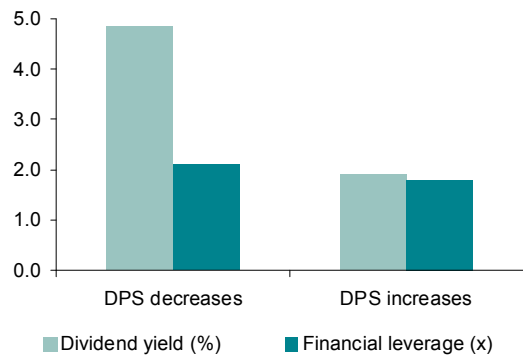
Beware value traps

High yield vs DPS growth – relative performance*



* vs DJ Stoxx 600; rebased. Source: Exane BNP Paribas, Thomson Datastream

DAX constituents that changed DPS, 1996–2006



Source: University of Bonn

- The market prefers DPS growth
 - DPS Growers have significantly outperformed high-yielding stocks

- Beware value traps
 - High dividend yields are associated with risks of DPS cuts

Growth vs Value

The premium rating for quality is high

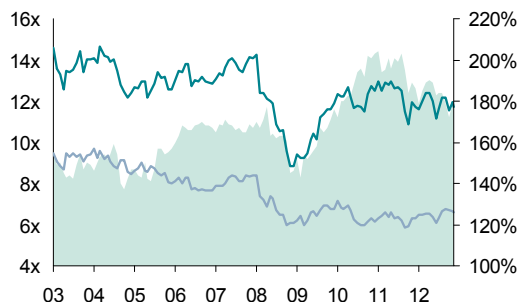
'Growth' behaves like a risk-free asset



— Growth, relative performance vs DJ Stoxx 600* (lhs)
— 10y Bund (% inverted rhs)

* Exane BNPP European Growth basket; Jan 2005 = 100.
Source: Exane BNP Paribas, Thomson Datastream

Premium rating 'Growth', EV/EBIT*



— Growth/Value (rhs) — Growth (lhs)
— Value (lhs)

* Consensus estimates, 12 month forward.
Source: Factset, Exane BNP Paribas

- **Headwinds for 'secure' Growth, after significant outperformance**

- Premium rating vs Value plays near 10yr high
- The return of risk appetite amid unlimited central bank largesse

'Deep Value – Recovery' plays

Bottom-up analysis as a complement to quantitative stock screen

- **Deep Value – Recovery plays**

- To identify companies trading on low valuations with recovery potential in either sales or margins

- **Stock selection criteria**

- Valuation: FCFY, EV/CE, (EV/Sales)/EBIT margin and EV/EBITDA
- Solvency: Financial gearing, Funding risk, Debt/EBITDA and interest cover

- **Qualitative, 'bottom-up' analysis as a complement to quantitative selection criteria**

Exane BNPP 'Deep Value – Recovery' stocks

Company	P/E (x)		EV/EBIT (x)		Div. Yield	
	2012	2013	2012	2013	2012	2013
BMW	8.2	7.8	3.5	3.0	3.8	3.9
Capgemini	10.6	9.7	6.0	5.7	3.2	3.9
Continental	7.1	6.2	6.5	5.5	2.9	3.5
Danieli	10.6	10.1	4.4	4.1	1.5	1.5
Ericsson	17.6	9.5	7.4	4.1	3.1	4.2
Lloyds Banking Group	17.5	9.5			0.0	2.2
Logitech International	7.3	6.3	5.3	2.4	12.4	0.0
Metro	9.4	10.6	10.0	11.2	6.4	6.4
Metso	8.9	11.1	6.2	7.1	5.7	4.4
Michelin	7.1	6.5	5.9	5.5	4.2	4.3
Prysmian	11.7	9.4	9.5	7.9	1.7	2.5
Rheinmetall	6.4	5.7	7.8	6.4	5.7	5.7
Sanofi	10.9	10.8	9.4	8.7	4.2	4.6
TF1	11.7	11.0	7.2	6.6	7.4	7.4
Thales	10.6	9.1	6.4	5.3	2.9	3.6
TUI Travel	7.7	9.8	5.5	6.8	6.4	4.7
UBS	22.2	11.0			0.7	3.5
Volkswagen	5.7	6.6	4.1	3.8	2.4	2.7

Source: Exane BNP Paribas estimates

Sector allocation

U/W expensive Growth, O/W domestic Value and Cyclical

- **Preferred investment themes**
 - Cyclical business spend: Industrials, Media
 - Domestic value: Banks, Utilities, Building Materials
 - Cheap China recovery play: Mining
- **Least preferred themes**
 - Expensive China plays: Food & HPC, Beverages and Luxury Goods
 - Structural losers: IT Hardware
 - Value traps: Telecoms

Sector allocation

Outperform	Underperform
Banks	Beverages
Building Materials	Food & HPC
Capital Goods	IT Hardware
Leisure & Hotels	Luxury Goods
Media	Telecoms
Mining	Tobacco
Utilities	

Source: Exane BNP Paribas

Strategy team



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Ian joined Exane BNP Paribas as Global Head of Strategy in 2012, from RBS where he had led the European Equity Strategy team since March 2007. Ian has 12 years of Equity Strategy experience. He started in 2000 at ING Barings, and subsequently moved to Commerzbank before moving to RBS in 2004. Ian holds an MSc in Financial Economics and Political Science (BSc Economics).



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Q & A

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FINANCIALS: CASH IS KING

- Introduction
- Banks
- Insurance

Q&A

FINANCIALS

Cash is king

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Financials

Cash is king

Introduction

Banks

Insurance

Q & A

European Financials

The Banks/Insurance-sovereign feedback loop

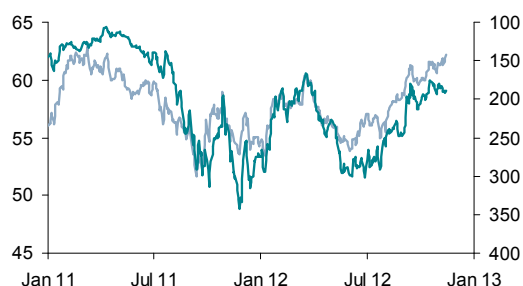
European Banks – performance and solvency risk



— Relative performance vs DJ Stoxx 600 (lhs)
 — CDS Banks 'too big to fail', bp* (rhs, inverted)

* Average 5yr CDS of two largest banks in France, Italy and Spain.
 Source: Thomson Datastream, Exane BNP Paribas

European Insurance – performance and solvency risk



— Relative performance vs DJ Stoxx 600 (lhs)
 — CDS Insurance 'too big to fail', bp* (rhs, inverted)

* Average 5yr CDS of Allianz, Axa and Generali.
 Source: Thomson Datastream, Exane BNP Paribas

A banking union is required to end the bank-sovereign feedback loop

Solvency Banks

Period of deleveraging is coming to a close

- **Eurozone debt crisis**

- Important policy measures have been taken
- But further financial and fiscal integration and risk sharing are necessary to restore stability

- **In most EU member countries, bank capital ratios meet minimum regulatory requirements**

European banks¹ – adequate solvency

Euro area	Country	Capital		Asset Quality
		Tier 1 capital ratio ²	Leverage ratio ³	Gross NPL ratio ⁴
Euro area	Greece	1.5	...	20.2
	Ireland	16.2	8.3	19.1
	Italy	9.5	5.2	10.7
	Portugal	9.1	4.5	4.1
	Spain	10.5	4.9	5.6
	Austria	9.9	4.9	8.5
	France	11.5	2.5	5.2
	Germany	11.9	2.2	3.5
	Netherlands	14.3	4.0	2.7
Europe (non-euro area)	UK	12.6	4.2	7.5
	Denmark	19.7	3.5	5.8
	Switzerland	17.6	2.9	0.8
	Sweden	16.7	3.8	1.8

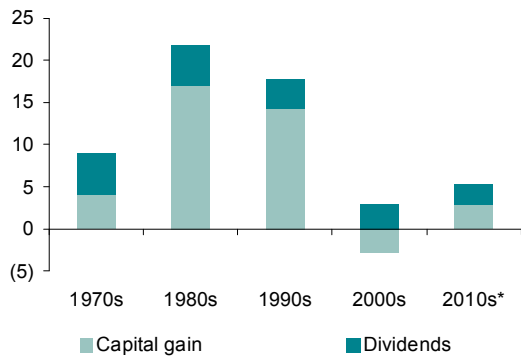
1) Unweighted averages for a sample of large banks representing 50-85% of total bank assets domiciled in each country. Ratios are based on latest available balance sheet data; 2) Tier 1 capital/RWA; 3) Tangible common equity/tangible assets; 4) Gross non-performing loans/total loans. Source: IMF

Adequate capital ratios should allow FCF to become distributable again soon

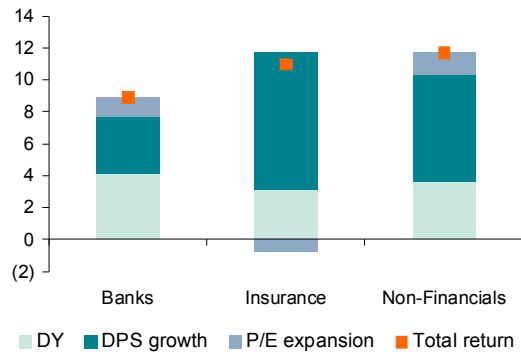
Equity returns: Financials and non-Financials

Dividends account for a large part of total equity returns

Europe by decade – breakdown equity returns#



Europe by sector group – breakdown equity returns since 1980#



Annualised, in %. * 2010s as at end September 2012.
Source: Exane BNP Paribas, Datastream

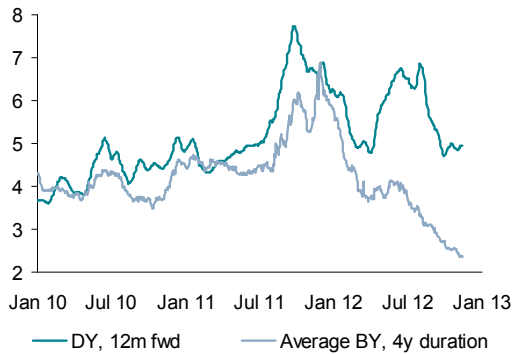
Except for happy bull markets, dividends are the main source of equity returns

In search of yield

Mind the gap

Dividend yield vs bond yield

Eurozone Banks



Eurozone Insurance



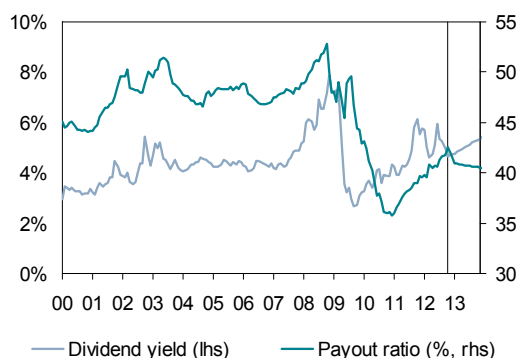
Source: Thomson Datastream

Dividend yields are attractive vs exceedingly low bond yields

European Financials

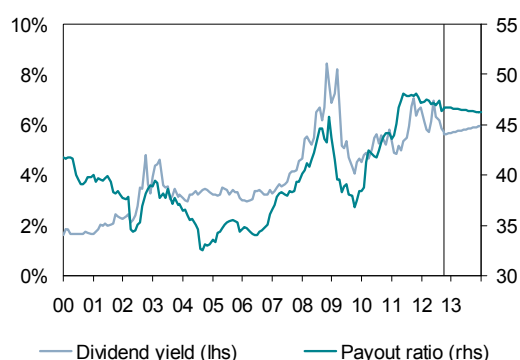
Attractive and sustainable yields

Banks – DY and payout, 12m fwd



Source: Exane BNP Paribas, Factset

Insurance – DY and payout, 12m fwd



An attractive, secure yield in a low-growth environment

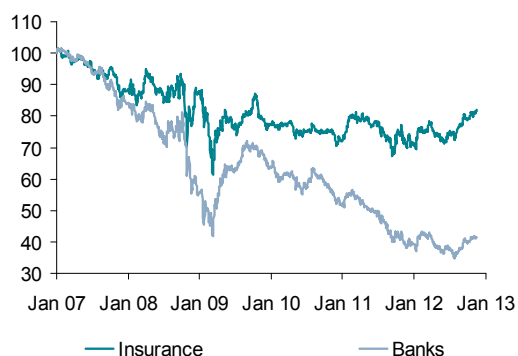
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7

Financials - Summary

Performance and valuation metrics

Relative performance, rebased*



* Relative vs DJ Stoxx 600, total return.

** Sector median.

Source: Exane BNP Paribas

Valuation Financials – Summary**

2013e	Banks	Insurance
P/E (x)	9.5	8.7
DY (%)	3.5	5.4
Payout (%)	30	46
P/TBV (x)	0.8	1.2
ROE (%)	7.6	9.5
EPS growth (%)	22	6
DPS growth (%)	5	1
Mkt Cap (EURbn)	770	280
Sector Rating	+	=

Low valuations leave scope for a rerating

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8

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Financials

Cash is king

Introduction

Banks

Insurance

Q & A

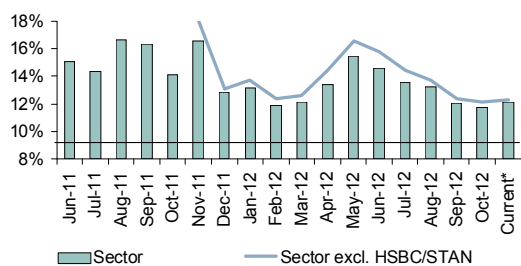
Banks (+)

Outperform on the sector, but we need positive earnings revision

- **We upgraded Banks to Outperform on 5 July. All the below improvements should help banks pay dividends:**
- **(1) Systemic risk significantly reduced** - decision to allow ESM to recapitalise banks directly/retroactively was first step of debt mutualisation. Likely OMT post a request from Spain to enter a program
- **(2) Solvency now adequate apart from a few instances** (DB, CBK, KBC, BMPS, RAIFF), liquidity positions are satisfactory and funding programs broadly completed for the year (except for periphery).
- **(3) Earnings momentum is showing tentative signs of stabilisation**, with 1m EPS revisions of banks vs market now positive
- **Valuation less compelling** – single-digit upside, implied COE has fallen to 12% from 16% -> with lower rates one can argue that COE could fall to 10% or lower. In the absence of lower COE we need positive earnings revision for further performance
- Our country preferences lie in UK, France, Switzerland; Neutral on Nordics/Italy and Underperform on Spain. Top picks: SG, LBG, BARC, UBS

Implied COE is falling

12% now vs 10-11% normalised -> could it fall to 9-10%?



Current sector upside at 8%

	Market cap. (EURm)	Upside
Sector	765,417	8%
Austria	13,937	-4%
Benelux	32,581	10%
France	40,121	18%
Germany	38,496	12%
Italy	51,000	5%
Nordics	102,613	7%
Spain	118,288	-19%
Switzerland	71,056	11%
UK	297,326	17%

Banks (+)

Blue-sky scenario – 57% upside

- We continue to value the sector assuming that it will continue to destroy value forever
- It does not require much to assume it will in fact create a bit of value
 - A bit of repricing
 - Marginal cost efficiency gains
 - Normalizing cost of risk
- Warranted Fair P/TE could be 1.3x vs 0.9x today: a 57% upside combined with 8% yield

EURm	Current	Normalised	Comment
Net Interest Margin (%)	1.18%	1.30%	Impact of re-pricing
Provisions to loans	0.68%	0.55%	Normalisation of provisions to marginally above pre crisis levels
Cost-income ratio (%)	58.51%	57.51%	Assuming 1pp improvement
ROTE (%)	10.7%	12.5%	Equivalent to just 10% ROE
Growth rate	0%	2%	In line with inflation
COE	12%	10%	Normalising - could even go lower given low rates
Fair P/TE (x)	0.9	1.3	
Fair value 2014e	926,835	1,342,417	
Discounted back to 12m from now	818,264	1,205,808	
Upside	7%	57%	
Pay-out	39%	50%	Low growth means payout can increase
Yield 2014e	5.3%	8.3%	

Source: Exane BNP Paribas estimates

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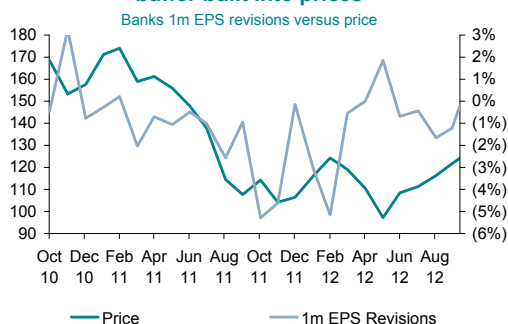
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Banks (+)

Earnings momentum – fragile but buffer exists

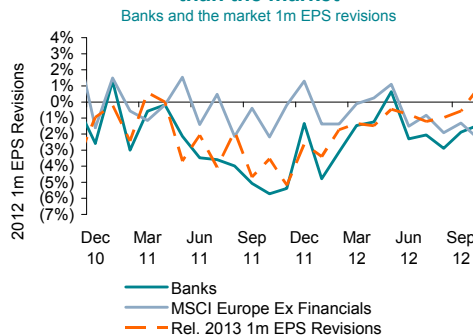
- Earnings momentum starting to stabilise, with a positive relative EPS revision on a 1m basis versus the rest of the market.
 - NIM – we are constructive given the continued repricing and the recent fall in banks' funding costs which is not entirely in our forecasts. 1% of NIM change represents 1% of EPS for the sector
 - Trading revenues - capital markets revenues could pick up (higher level, strong bond volumes, IPO and M&A rebounding). This should feed through to AM and PB revenues in Q4 and 2013e.
 - Loan losses - We estimate a sector loan loss ratio of 78bps in 2013E vs. a normalised level of c.45bps, with a 1bp increase in sector loan losses lowering EPS by 1%. Our constructive stance is based on 1) low interest rates helping repayment, 2) a relatively low level of corporate debt/EBITDA, 3) GDP growth forecasts for 2013 are 0% and not extremely negative.
- However a buffer remains – 1) stock prices still lag the positive earnings development, and 2) we remain somewhat below consensus

We already have a negative earnings buffer built into prices



Source: Factset

Banks EPS revisions holding up better than the market



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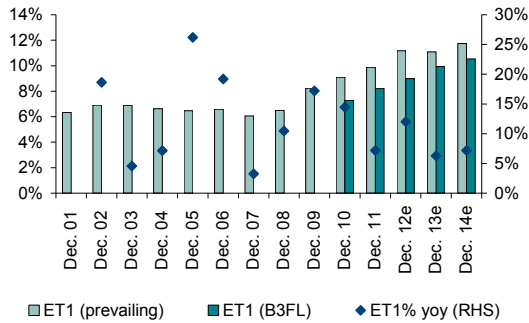
Banks (+)

Solvency – Capital build-up is impressive

- The banks built c.125bp of capital in 9m 2012. They have not only seen RWA benefits from deleveraging, mitigation and low new loan production, but ET1 capital has also improved. Banks should start to pay more dividends as this continues to improve.
- We assume a 10% B3FL in 2014E is adequate, although some regions are super-equivalent (Austria, Switzerland, Nordics)
- We now forecast B3FL 2013E =10%. We believe only a handful of banks need to address solvency: DB, CBK, KBC, BMPS, RAIFF
- Regulatory forbearance also may help banks solvency: Danish compromise in the CRD4, LCR could be improved, delay of implementation of Basel 3 and watering down of the ICB ringfencing in the UK (move towards Liikanen?)

Banks sector solvency improving considerably

Development in ET1 ratio and absolute levels

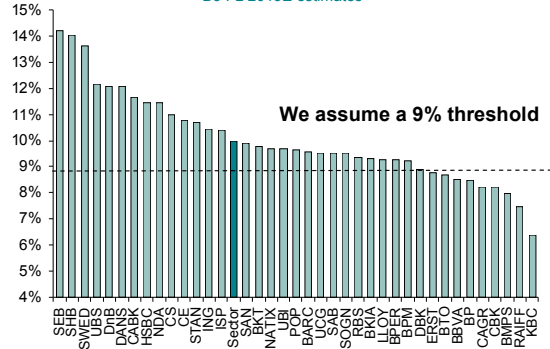


Source: Exane BNP Paribas estimates

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Most banks have satisfactory solvency

B3 FL 2013E estimates



We assume a 9% threshold

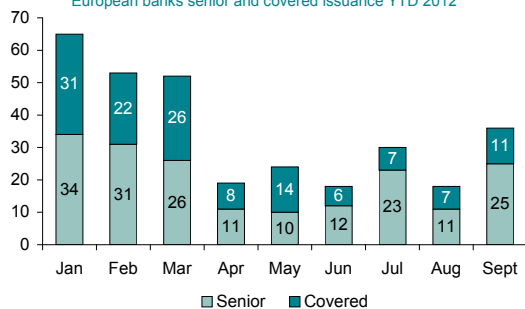
Banks (+)

Funding – Perceived stress seems overestimated...

- The ECB showed through the LTRO that it will not let the banks go illiquid – support is likely to continue
- The senior unsecured market has reopened – September 2012 saw EUR27bn of senior unsecured vs. EUR7bn in Sept. 2011. BNPP Credit Team raised their FY 12 forecast for senior issuance on 4th Oct from EUR150bn to EUR195-205bn (versus a 2011 figure of EUR241bn).
- 2012 issuance programs are complete for most country champions, 2013 prefunding has begun (lower needs given deleveraging and the LTRO). Smaller peripheral banks still struggling: Banco Popolare had to cancel a bond issuance.
- Supply side – issuers taking advantage at issuing at tighter spreads post OMT announcement at start of September
- Demand side – more appetite due to search for yield and less concern about tail-risk of Eurozone break-up

European banks issuance improving

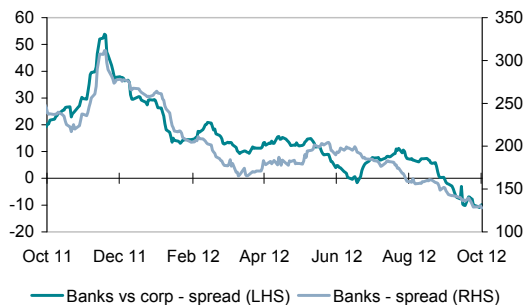
European banks senior and covered issuance YTD 2012



Source: Dealogic, BNP Paribas Credit Research

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Banks spread now tighter than for corporates



Banks (+)

...but funding risks do remain

- **Liikanen report suggesting ring-fencing trading assets**

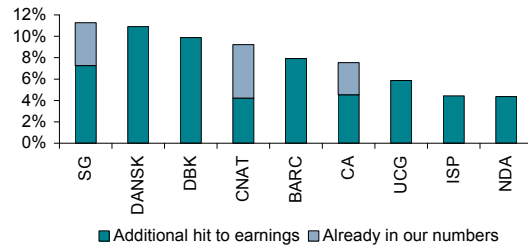
- Banks for which trading assets are either > EUR100bn or 15-25% of total assets (not Swiss banks as EU wide)
- Refers to prop trading, market making, lending to hedge funds and private equity investments (does not include necessary business such as hedging derivatives for clients)
- A pretax increase of 75bp to 1/3 of net trading assets represents up to 10% of the relevant banks' earnings
- Barclays could see benefit if UK replaces ICB with EU approach (could be c.8% earnings relief versus ICB impact)

- **High levels of rollover costs for the banks**

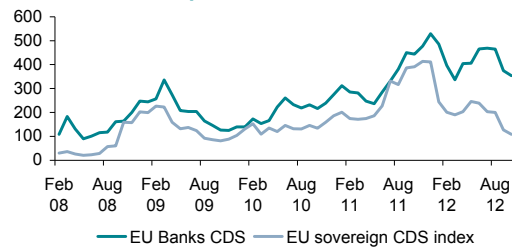
- Banks stock prices inversely correlated to CDS, which in turn have been highly correlated to sovereign CDS. Both sovereign and bank CDSs have improved, although a gap still remains
- Under the bail-in directive the bondholders will share the burden in the event of resolution-> they will demand more remuneration
- Marginal spread remains higher than backbook funding spread (particularly uneconomic for the Italian banks). The recent pull-back could improve the picture

Liikanen impact is material for the banks

Impact of higher funding costs as % of 2013 earnings



CDS spreads have narrowed



Source: Datastream, Exane BNP Paribas estimates

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Banks (+)

Cash is king

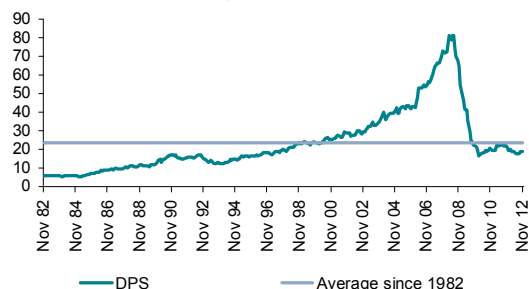
- **In normal conditions, banks should be highly-cash-generative. BUT... the last 5 years have been abnormal:**

- Large losses on credit/securities trading. Writedowns/losses c.EUR543bn in H2 2007- H1 2011 for the Europeans
- Historically low rates and a flat yield curve, reducing the intrinsic profitability of the banking franchise
- A step-change in regulatory capital ratio requirements – banks have worked for the regulators, not for shareholders
- New regulation for liquidity/funding (NSFR,LCR), Liikanen is not yet finalised and remains an uncertainty
- About 40% of our coverage universe is paying < 3% yield in 2012e, but a significant portion is made of scrip, i.e. dilutive. Banks' relative performance has historically been driven by its relative cash generation

- **Improvement in dividend payouts should support the sector's performance going forward**

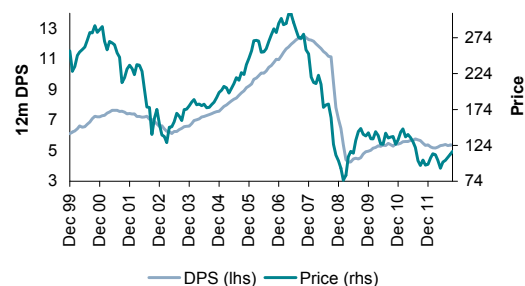
Dividend payouts are currently at extremely low levels

DPS for the European banks sector since 1982



Price performance tends to follow dividend expectations

Price versus 12m forward DPS for financials



Note: DPS is implied using banks price index and dividend yield data. Source: Exane BNP Paribas estimates

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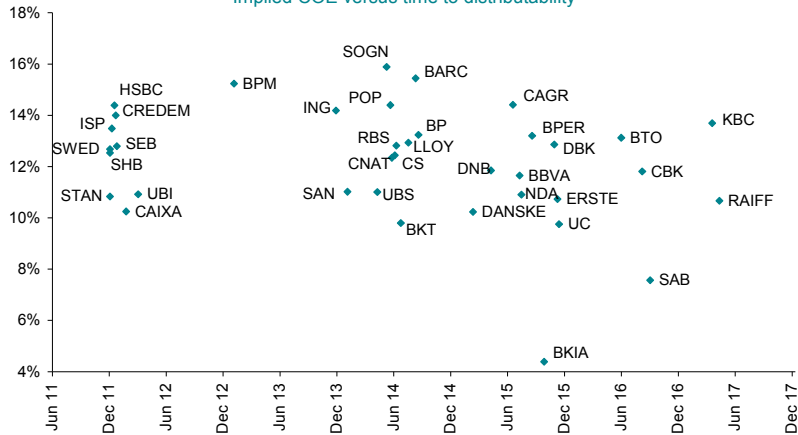
Banks (+)

Time to cash-flow is important for stock selection

- For the first time in a long while we have some degree of visibility as to when the cash flow of the sector will become distributable again. Current sector B3 FL ET1 forecast for 2013e = 10%
- We use our earnings/ BS forecasts to derive a 'distributability date' for each bank in our coverage universe, and compare this to implied COE – we prefer banks which look relatively cheap and will pay dividends much sooner.

We prefer banks with a high implied COE and shorter time to distributability

Implied COE versus time to distributability



Source: Exane BNP Paribas estimates

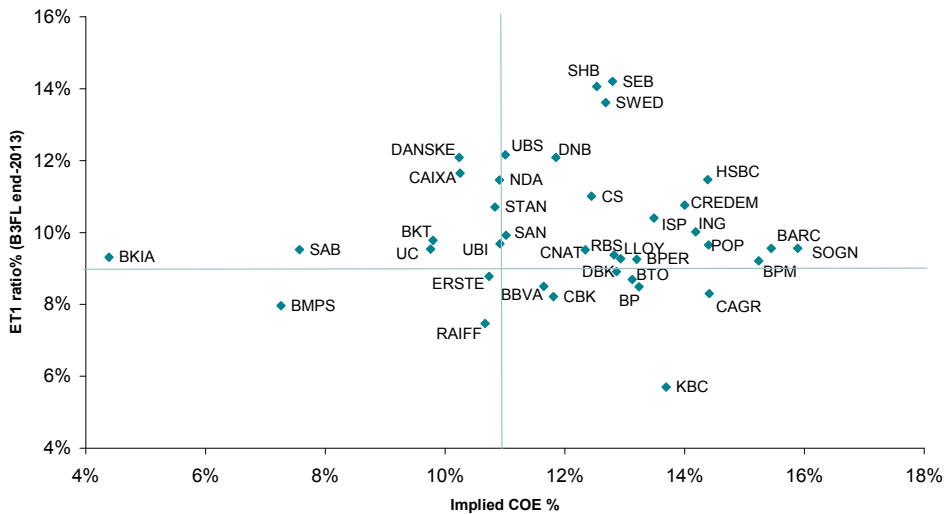
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Banks (+)

We also use capital levels for stock selection

Implied COE (ROTE 13E/ P/TE 13E) vs ET1 B3FL end 2013E



Data as of 7th November. Source: Exane BNP Paribas estimates

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Banks (+)

Risks to our investment case

- **Macro risk – could the world’s economy go into recession?**
 - There is not an insignificant probability of a global recession in 2013. Any sustained weakness in the US could push the global economy into a recession. 1bp increase in provisions reduces EPS by c.1%. Our 2014e forecasts are based on a high 68bp of loans (normalised c.50bp, high 160bp in 2009 or 140bp excl. toxic assets)
- **Sovereign problems far from solved**
 - Households and banks in Spain still need to delever, there is an absence of decent nominal growth, negative real rates, and a high fiscal deficit
 - For Italy, proposal on recapitalization of banks through the ESM is not really useful. In Italy, the main issue has always been on the sovereign side i.e. the high existing stock of debt.
- **The risk that regulatory forbearance could go into reverse**
 - JPM trading losses have led to a complete review of their trading models
 - EU fundamental review of the trading book
 - LIBOR manipulation could lead to higher regulatory risks such as separation of investment banks
 - Recent introduction of an EU-wide ringfence of trading assets: Liikanen
- **Upside risks**
 - ERF, Euro-Bills (if big enough), ECB QE, Credit Easing, major OSI on Greece, Spain entering a program (OMT), progress on banking Union

Banks (+)

Top picks

We currently focus on three names

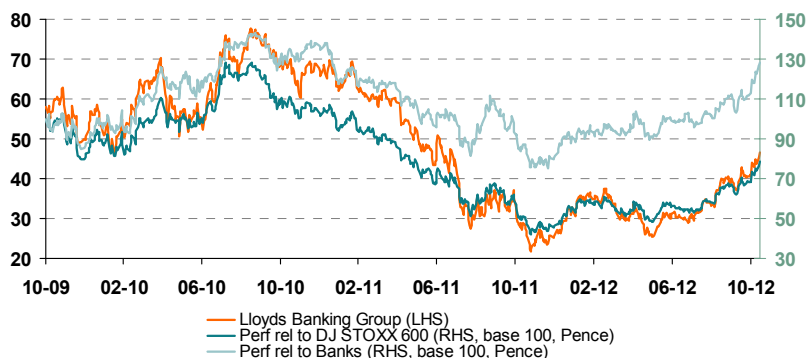
- **Lloyds Banking Group (Outperform, TP 55p)**
- **Societe Generale (Outperform, TP EUR30)**
- **UBS (Outperform, TP CHF16)**

Our top picks focus on the following themes:

- **Improving earnings momentum**
- **Adequate capital ratios**
- **Strong funding and liquidity positions**
- **Moving towards cash distribution to shareholders**
- **Relatively high implied COE, with depressed valuation multiples**

Lloyds Banking Group (+)

Target price: 55p (+19%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	17.3	42.8	49.8	64.3
Banks	15.2	30.5	41.8	52.6

(*) In listing currency, with dividend reinvested

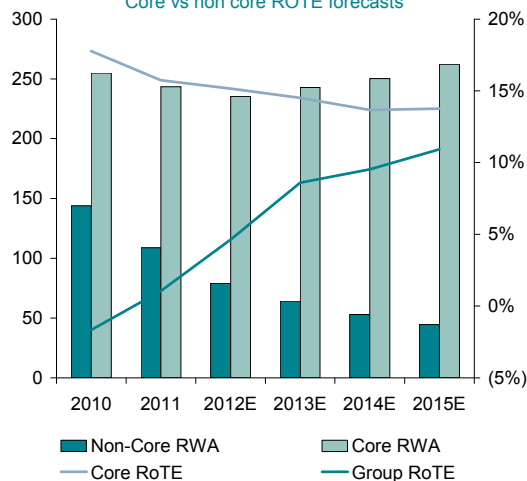
Lloyds Banking Group (+)

Investment Case

- Core business is the main focus, valuation attractive -**
 With our lifetime loss analysis of the non-core division continuing to show the run-off as capital neutral, we focus on core profitability. Core RoTE of 14-15% justifies a P/TBV multiple of 1.1x
- Balance sheet stronger, liquidity / funding risk reduced**
 In 2Q12 the 'Core' loan: deposit ratio fell to 103%. Once this reaches 100% (we estimate end-2012) there will be little need to aggressively pay for additional deposit funding.
- Credit quality improving -** leading indicators of future credit quality remain positive. New arrears/ impaired show a continued drop across all divisions, and average provisions are falling further
- Margin close to a turning point -** stabilisation in 2H12 should be positive for sentiment, with a recovery likely from 2013e onwards.
- More regulatory clarity should help a further recovery**
 – we do not expect the UK to raise capital buffers or to increase mortgage risk weightings

The core business will achieve a 15% normalised ROTE

Core vs non core ROTE forecasts



Source: Exane BNP Paribas estimates

A very profitable non core business, trading at a significant discount

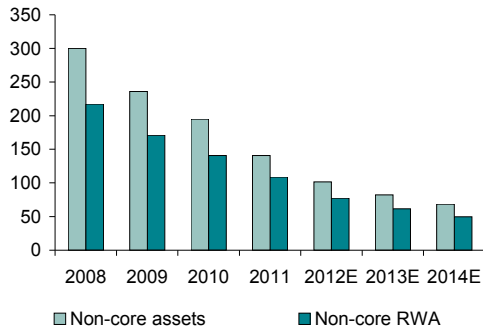
Lloyds Banking Group (+)

Non core reducing fast, with better NIM

- We show a Core Banking RoTE of 15% in 2015e, reflecting a margin of 2.5%, a cost: income ratio of 50% and impairment charge of 41bp. Including insurance the Core RoTE falls to 14%, justifying a price to tangible book value of 1.1x.
- Non-core ahead of schedule - by 2014, the last year non-core will be reported by Lloyds, we expect non-core assets to have fallen to GBP62bn and RWAs to GBP44.5bn.
- We show the Core margin rising from 2.32% in 2012e to 2.50% by 2015e (group 1.93% to 2.18%). The group margin will recover as non-core assets are reduced. We also factor in a modest improvement in Core deposit pricing, reflecting reduced competition rather than any beneficial increase in interest rates.

Significant reduction in non-core by 2014e

Reduction in non-core assets and RWA

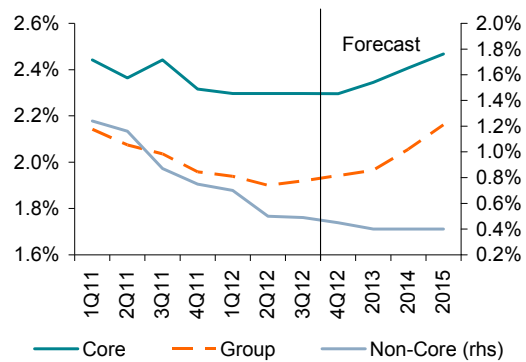


Source: Exane BNP Paribas estimates

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Margins set to improve in core business

Core vs non core margin forecasts



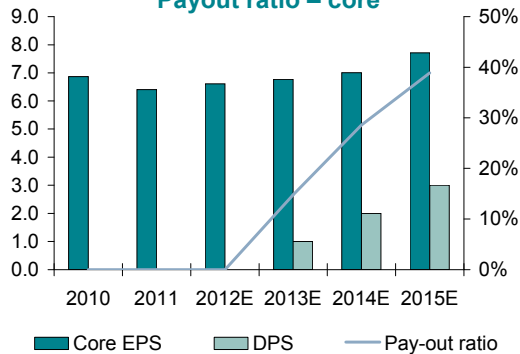
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Lloyds Banking Group (+)

We expect a 1p dividend in 2013e

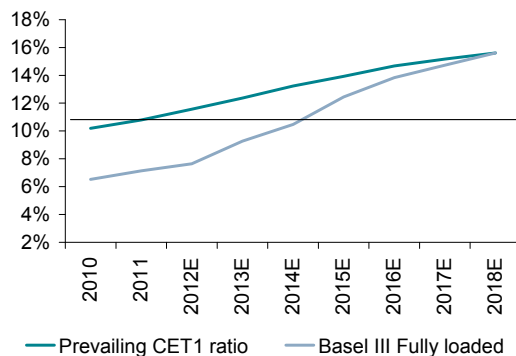
- We see 2013 as a realistic target for the resumption of dividends – we forecast 1p for 2013e, 2p in 2014e and 3p in 2015e. Lloyds is likely to achieve a normalised payout ratio of c.45% by 2015e
- We see the return of a dividend story due to a recovery in profitability combined with a strengthened capital position (post our estimated dividend payments, Lloyds can internally generate c87bp of capital per annum 2013-14e)
- The stance of the UK regulator has hardened against dividends and therefore needs to be monitored

Payout ratio – core



Source: Exane BNP Paribas estimates

Prevailing and B3 capital ratios are adequate



We expect Lloyds Banking Group to pay a 1p dividend in 2013e

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Lloyds Banking Group (+)

Target price: 55p (19% upside)

Valuation

- On a 12% equity allocation we show the core business delivering a ROTE of 15% (14% ex insurance)
- This justifies a P/TE of 1.1x for the core business

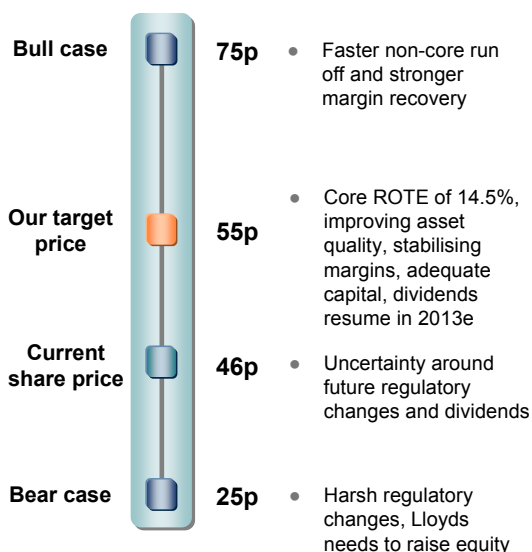
Short-term triggers

- Further evidence of margin stability
- Improved visibility over the resumption of dividend payments

Risks

- Unexpected harsh decisions with regards to either applying minimum risk weightings or more harsh capital buffers
- We do not expect Lloyds to raise equity but this cannot be totally ruled out

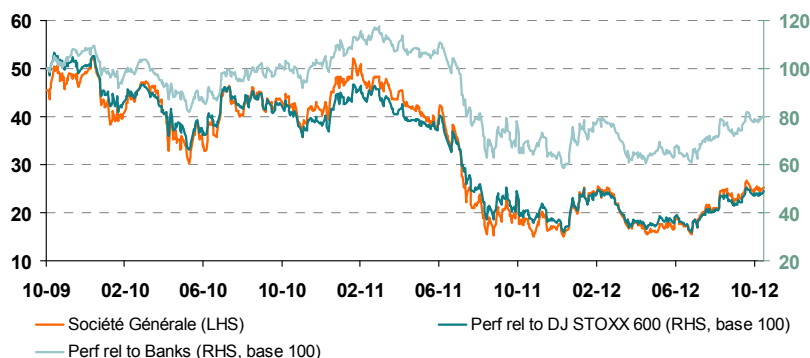
Valuation summary



Source: Exane BNP Paribas estimates

Societe Generale (+)

Target price: EUR 30 (+20%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	4.6	23.9	15.4	28.4
Banks	2.7	13.3	9.3	19.2

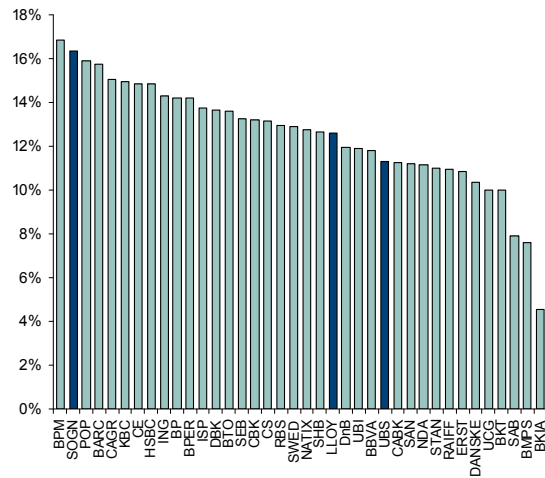
(*) In listing currency, with dividend reinvested

Societe Generale (+)

Investment Case

- SG's liquidity, funding and solvency positions have improved materially in the last 12 months: beta should recede
- Disposal of Geniki in Greece and NSGB in Egypt could release 42bp of capital under Basel III-> SG could have c.10% in 2013e, suggesting SG can start capturing growth again, and distribute a dividend
- Benefit of restructuring starting to come through-> positive earnings revision could materialise
- Valuation (implied COE of 16%) suggests that SG is still a high risk story, not a normalising story. We disagree. Implied COE=(ROTE 13e)/(P/TE 13e)
- Risks: assessing long-term ROTE is still difficult but this becomes a more relevant question at 0.6-0.7x TE than at 0.5x in our view

Implied COE for banks with > 9% ET1 B3 FL 13e



Source: Exane BNP Paribas estimates

A normalising story still trading at a heavy discount

Societe Generale (+)

Balance sheet is stronger than perceived

International retail – hidden value

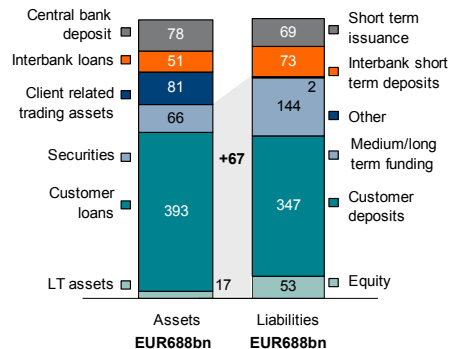
	% ownership	Value	SocGen share	Capital gain	Value based on	RWA
Egypt	77%	2,463	1,901	854	Mkt cap	6,816
Czech Republic	61%	6,335	3,845	1,834	Mkt cap	11,329
Romania	60%	1,171	705	26	Mkt cap	9,406
Subtotal	65%	9,969	6,451	2,714		27,551
Russia Universal	82%	1,698	1,400	(1,524)	0.6xCET1	12,434
Greece	99%	0	0	(309)	0	3,121
Croatia	100%	456	456	(609)	1xCET1	2,360
Slovenia	100%	194	193	(51)	1xCET1	1,935
Serbia	100%	0	0	(166)	0	1,662
Bulgaria	100%	171	170	(56)	1xCET1	1,706
Morocco	57%	615	350	(115)	1xCET1	6,145
Algeria	100%	134	134	(25)	1xCET1	1,337
Tunisia	57%	136	78	(115)	1xCET1	1,356
Subtotal	82%	3,402	2,779	(2,971)		32,056
Combined	69%	13,371	9,231	(257)		59,607
Current SOTP value			3,522			
Hidden value			5,709			

Source: Exane BNP Paribas estimates

- Disposal of NSGB in Egypt and Geniki in Greece could release 42bp of capital
- SG could approach 10% ET1 FL under B3
- Buy-side still remember SG with talks of rights issues 6 months ago

Liquidity, funding and solvency in check

Funded balance sheet at end-Sept. 2012 (EURbn)



Source: Company data

- Liquid assets account for 21% of funded assets (vs 13% in Q4 11)
- Liquid assets account for 100% of ST wholesale funding (vs 73% in Q4 11)
- SG has already completed 130% of its funding program

SG's solvency is better than perceived by some market participants

Societe Generale (+)

Upside for earnings and dividends

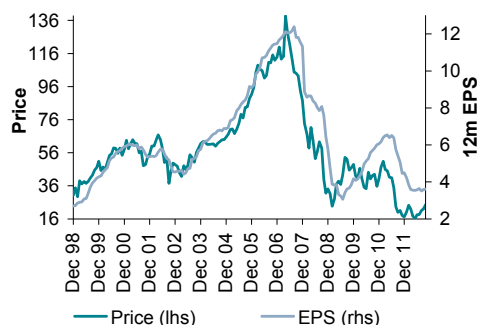
SG's dividend paying capability increases

EURm	ET1	RWA	ET1 ratio
Q3 2012 Basel 2.5	34,721	337,100	10.3%
Basel III impact	(1,400)	68,726	
Basel III fully loaded Q3 12e	33,321	405,826	8.2%
Organic development	11,706	(25,237)	
Other	1,742		
Dividend for holders of TSS	(897)		
Cash dividend	(1,109)		
Scrip dividend	(1,457)		
Basel III fully loaded end 2015e	44,763	380,589	11.8%
Potential excess capital above 10%	6,704		
Potential cash dividend over 3 years	7,814		
As a % of market cap	43%		

Source: Exane BNP Paribas estimates

- Run-off of legacy assets + disintermediation should enable RWA to be contained for a few years despite modest organic growth in retail banking
- DPS paying capabilities could surprise upwards

We believe earnings have troughed



Source: Exane BNP Paribas, Factset Estimates

- Funding normalising fast: CDS falling, lower issuance spreads -> could start feeding through to NII in 2013e
- Capital markets revenues could benefit from renewed ECM, M&A, issuance
- Cost programs (CIB and other)
- Asset quality: still a question mark (Romania, Russia)

Earnings momentum could improve so could dividend paying capability

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Societe Generale (+)

Target price: EUR 30 (+20%)

Valuation

- 0.5x TE 13e for a 8% ROTE 13e, implied COE of 16%
- Of the banks with >9% ET1 B3 FL13e SG is the second cheapest after Barclays

Short-term triggers

- Disposal of NSGB and Geniki: release of capital without any EPS impact
- Earnings momentum supported by stronger markets

Risks

- Russia and Romania are loss-making: how big and how long will this last?
- Still a high beta thus dependent on sector

Valuation summary



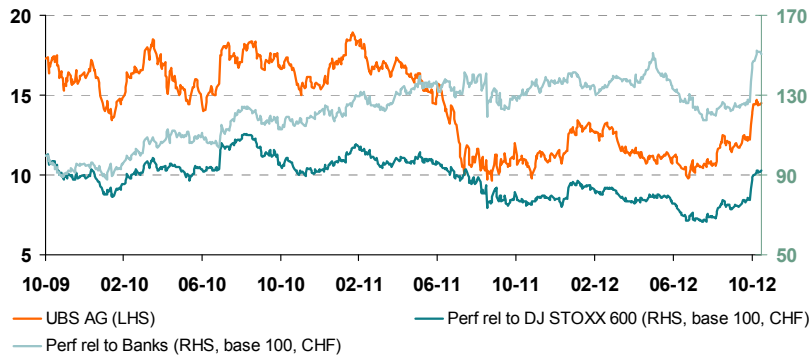
Source: Exane BNP Paribas estimates

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UBS (+)

Target price: CHF 16 (+12%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	21.3	36.3	15.8	14.5
Banks	19.2	24.6	9.6	6.4

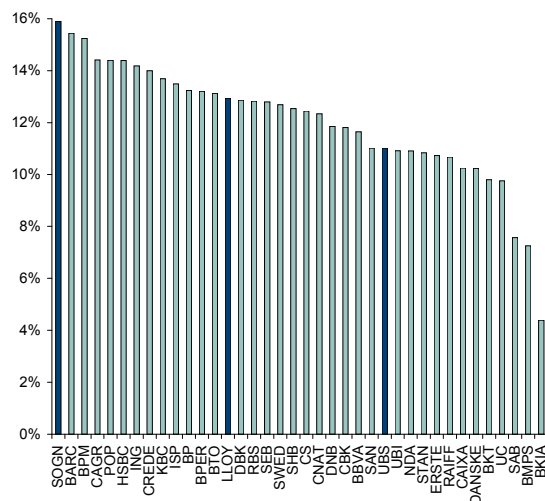
(*) In listing currency, with dividend reinvested

UBS (+)

Investment Case

- The Swiss banks have historically been among the most cash-generative stocks in the European sector
- Capital destruction over the course of the financial crisis, followed by a very aggressive regulatory response, has neutralised that cash generation since 2008, leaving them with zero cash distribution and large capital issuance
- We are finally coming to the end of that cycle, but the market is not discounting their potential to generate distributable cash flow
- Our current preferred Swiss banking stock is UBS
- The current PER (9.7 for 2013e) and PTNAV (1.2x for 2013e) imply an implausible dividend yield a few years out
- Key risks relate to execution of the capital plan and regulatory attitudes to capital return

Implied COE for banks with > 9% ET1 B3 FL 13e



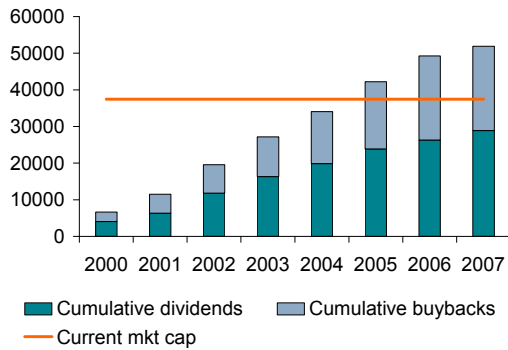
Source: Exane BNP Paribas estimates

Ready to switch the cash flow back on

UBS (+)

Capital return is back on the agenda

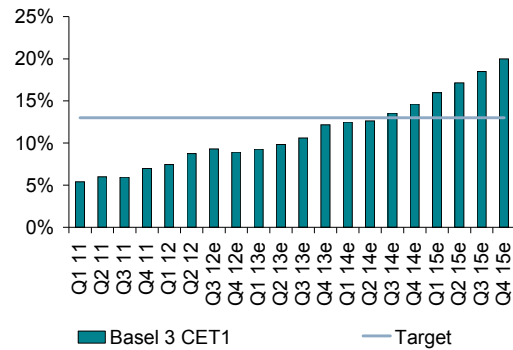
Strong history of capital generation...



Source: Exane BNP Paribas estimates

- Between 2000 and 2007 UBS returned CHF52bn in dividends and share buybacks
- Current market capitalisation is CHF37bn
- Business mix highly driven by non capital intensive earnings lines

... should be returning in the near future



Source: Company data

- UBS is targeting a 13% Common Equity Tier One ratio on the Swiss basis (similar to Basel 3)
- Once this target is reached, capital return is back on the agenda
- Dividend of CHF0.10 best seen as a downpayment

UBS is a cash return story

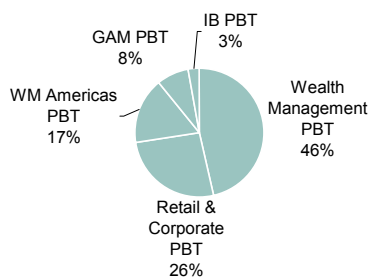
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UBS (+)

UBS does not need a market recovery to pay out cash

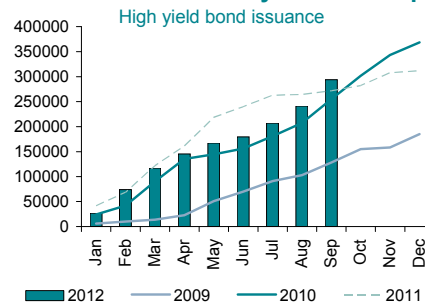
Cash flow driven by Wealth Management



Source: Exane BNP Paribas estimates

- UBS Wealth Management has CHF800bn of invested assets, a revenue margin of 90bp and a cost/income ratio of 67%.
- This division has close to zero marginal regulatory capital requirement, so free cash flow ~CHF2.6bn for 2012e. Margin recovery could improve that to CHF3bn.
- Management is targeting a total payout of at least 50% once capital targets are reached – there is no reinvestment of this cash flow, so potential 5.7% FCF yield from this division alone.
- IB accounts for <10% of PBT in 13e, vs. 38% in 2006

Investment bank recovery would be upside



Source: Dealogic

- UBS investment bank is being reduced to <CHF70bn in risk weighted assets – smaller than Credit Agricole.
- This is a “stub” investment bank which will be marginally profitable on its own account and simply act as a service centre.
- Targeted RWA reduction between now and 2014e means no ongoing need to retain earnings
- Profitability clearly at cyclical lows

Cash return is not dependent on market recovery

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Valuation

- 1.2x TE 13e for a 10.7% ROTE 13e, implied COE of 11.0%
- Current valuation could be taken to imply a 5% dividend yield two years out

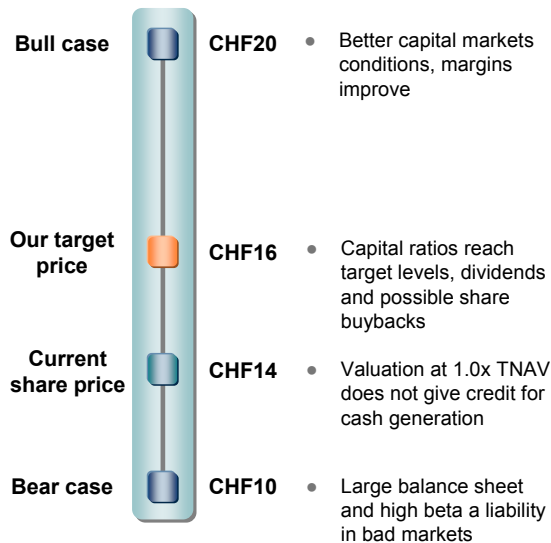
Short-term triggers

- Needs to achieve capital ratio targets and agree return to normalised dividend with FINMA

Risks

- Investment banking portfolio largely cleaned up but still capable of generating losses
- Cash distribution still largely to be agreed with regulators

Valuation summary



Source: Exane BNP Paribas estimates

Banks team



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Andreas is based in Stockholm and covers Nordic Banks. Before joining us, Andreas was part of the European Banks team at Credit Suisse that was ranked No 1 in Etil in 2010. Andreas covered the Nordic banks and joined Credit Suisse in 2009. Prior to that, Andreas covered the same sector at UBS for close to 10 years. In addition to following European banks, Andreas set up the Nordic office for Credit Suisse in 2010. Andreas is a graduate of SIU in Heidelberg Germany.



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Santiago López Díaz is based in Madrid and covers the Spanish Banking sector. Before joining us, Santiago was senior Banks analyst at Credit Suisse for three years. He was ranked No 1 for his coverage of Spanish banks by Institutional Investor in 2009 and in 2010. Santiago has 15 years of experience in the sector. Prior to Credit Suisse he worked for Banco Santander for 11 years in various roles analysing financial institutions in Latin America, Spain and the USA. Santiago has a degree in Economics and Business Administration from the Autónoma University of Madrid. He also is a CFA Charterholder.



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Abhishek Parthasarathy joined our Building Materials and Infrastructure Teams in London before moving to the Banks team. He qualified as a Chartered Accountant with Deloitte, working as part of their Financial Services Practice. He is a graduate of University College London and holds a Bachelor of Laws degree.



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Tom began his City career in 1994 as an International Economist at Société Générale before becoming a UK bank analyst in 1998. He later spent seven years with Citigroup's top-three ranking Banks team before moving on to Barclays Capital. Tom joined Exane BNP Paribas in 2011. He is a graduate of the University of East Anglia, UK where he studied Economics, and is a Fellow of the Chartered Institute for Securities & Investment (CISI). Tom is based in London.



Daniel Davies

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Daniel Davies co-covers Investment Banks and Wealth Managers with Guillaume Tiberghien and plays an active part in pan-European Product development. He started his career with the Bank of England as an Economist, before moving to the investment research industry. He returned to Exane BNP after an extended period at Credit Suisse where he covered diversified Financials and European Investment Banks. Dan is a graduate of the University of Oxford and has an MSc in Finance from London Business School.



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Andrea Vercellone joined us as a European Banks analyst. He is based in London and covers Italian Banks. Before joining Exane BNP, Andrea had been responsible for the coverage of Italian banks at Credit Suisse since 2006. Prior to that he worked in the Financial Institutions Group of Credit Suisse from 2001 to 2005 where he was responsible for the Italian banking sector. Andrea holds a Master's degree in Management from ESCP Europe. He is also a graduate of the University of Turin where he majored in Economics and Business Administration.



Jag Yogarajah

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Jag Yogarajah joined us as a pan-European Banks strategist and is based in the London office. Before joining Exane BNP, Jag was a supporting analyst and then a strategist since 2005 within the Credit Suisse Banks team. In this role, she provided themed pieces for clients to help them build top-down views on the sector. Jag holds a Physics degree from Durham University.

Banks team (cont'd)



Colin Hector

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Colin joined Exane BNP Paribas as Specialist Sales for the Financials Sector and is based in London. He is also head of the seven-strong Specialist Sales team.

Before joining Exane BNPP, Colin was part of the European Banks team at Credit Suisse and prior to that he worked for UBS, Deutsche Bank and Lehman Brothers on the sellside initially as a UK Banks analyst and latterly as Specialist Sales for the past 11 years. He started his career at Abbey National in 1992.

Colin has a first-class honours degree in Corporate Finance and Accounting from the University of Edinburgh and is a qualified Chartered Accountant.



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Alastair joined Exane BNP Paribas as a pan-European Banks Specialist Sales and is based in London.

Before joining Exane BNPP Alastair was part of the European Banks team at Credit Suisse that ranked No. 1 in the 2010 Extel survey. Alastair has 12 years of experience in the sector. Prior to Credit Suisse he worked for UBS.

Alastair is a graduate of Durham University where he majored in Modern Languages.

Financials

Cash is king

Introduction

Banks

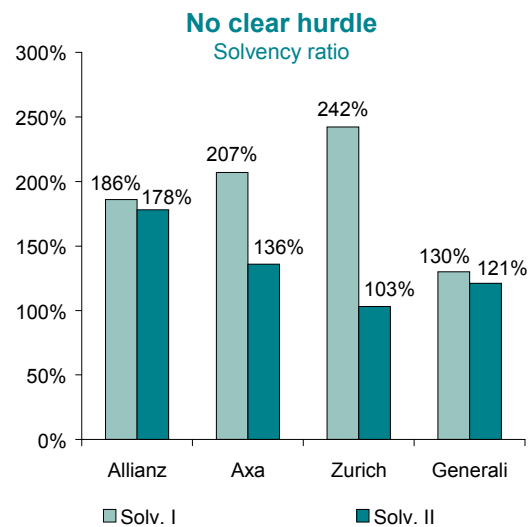
Insurance

Q & A

Insurance (=)

Let's talk about cash in insurance

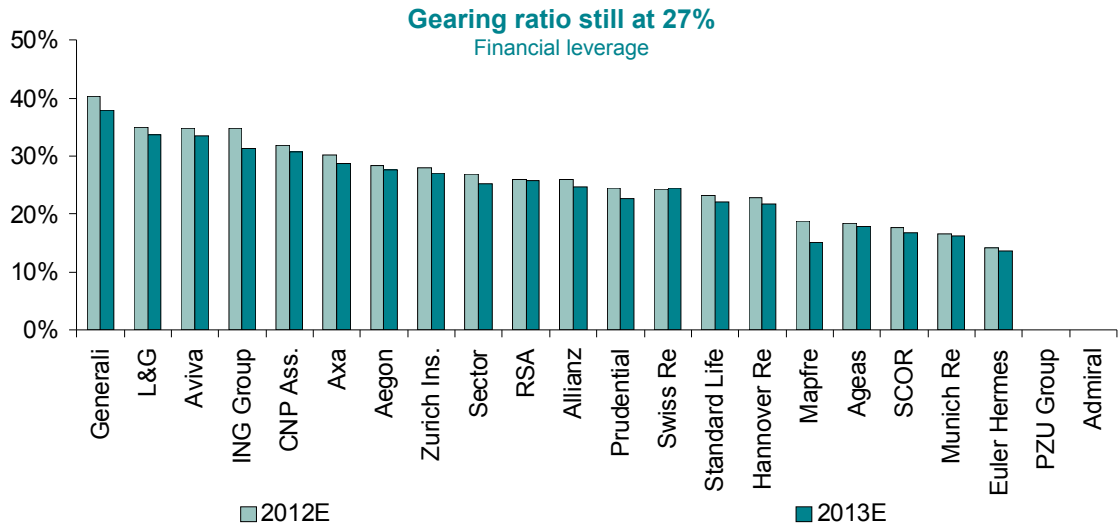
- **Cash is the distributable earnings flow that emerges from operating entities and can be paid to the parent / holding company**
- **Restrictions linked to local Solvency requirement**
- **Life business also has intangibles**
- **Solvency II in 2016 is probably good news...**
- **...even if it further delays comparability**



In insurance, cash is distributable capital

Insurance (=)

Still a lot of debt in the sector



Source: Exane BNP Paribas estimates

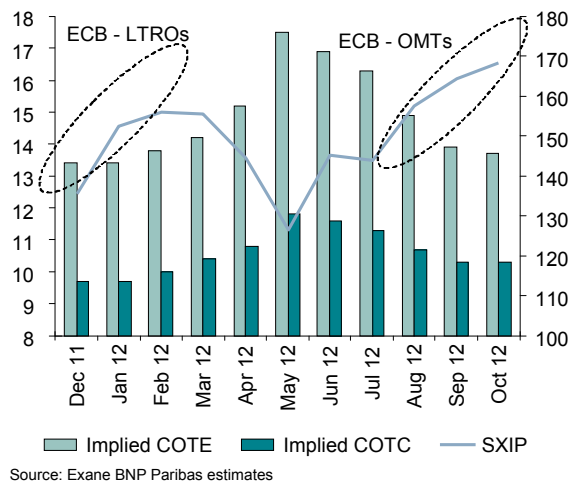
Debt levels are still rather high in the insurance sector

Insurance (=)

Focus has shifted away from balance sheet

- Central bank action was decisive
- Tail risk is gone...for now
- Risk premiums significantly reduced
- The cost of capital is now in a more normal range
- Less focus on balance sheets

Risk premiums are now more normal
Insurance implied cost of capital

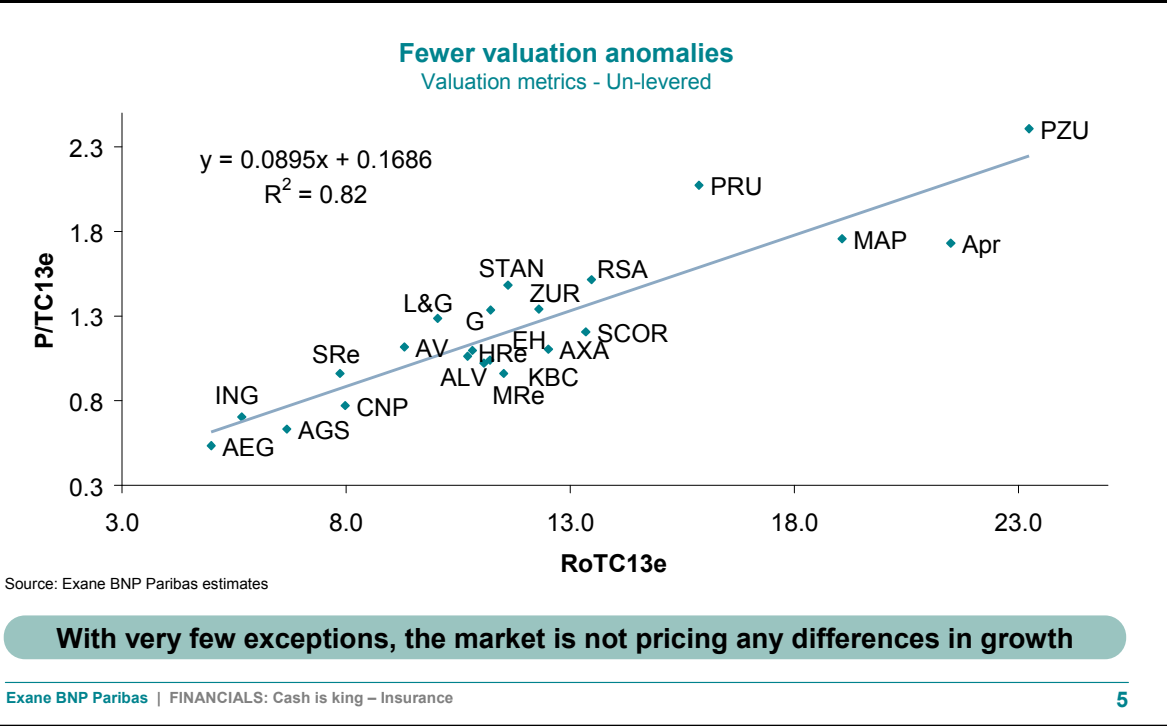


Source: Exane BNP Paribas estimates

Central banks are allowing us to look at the P&L again

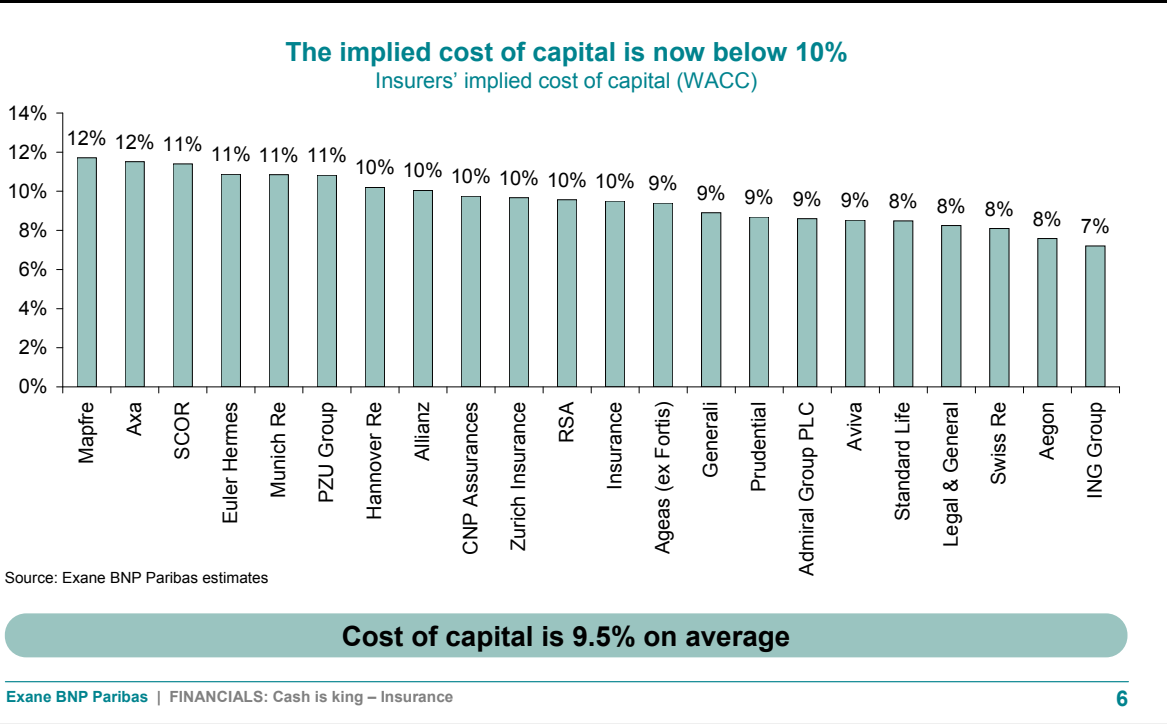
Insurance (=)

Fewer valuation anomalies



Insurance (=)

Still some differences in terms of cost of capital



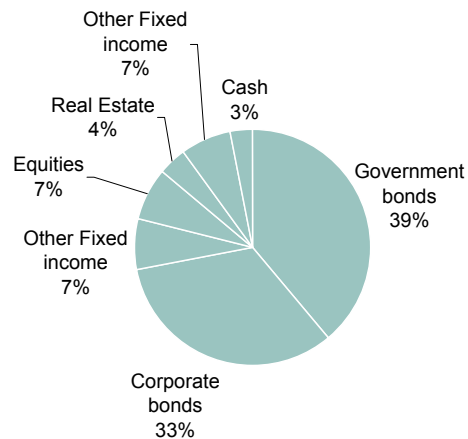
Insurance (=)

Back to the low rates environment

- Central banks have pushed interest rates down across the credit risk spectrum
- Bonds still constitute the largest asset class owned by insurers
- Running yield is on a downward slope
- Guarantees are not very high, but growing earnings is a challenge
- Only partially offset by cheaper refinancing

Bonds still dominate asset allocation

Typical insurer's portfolio



Source: Exane BNP Paribas estimates

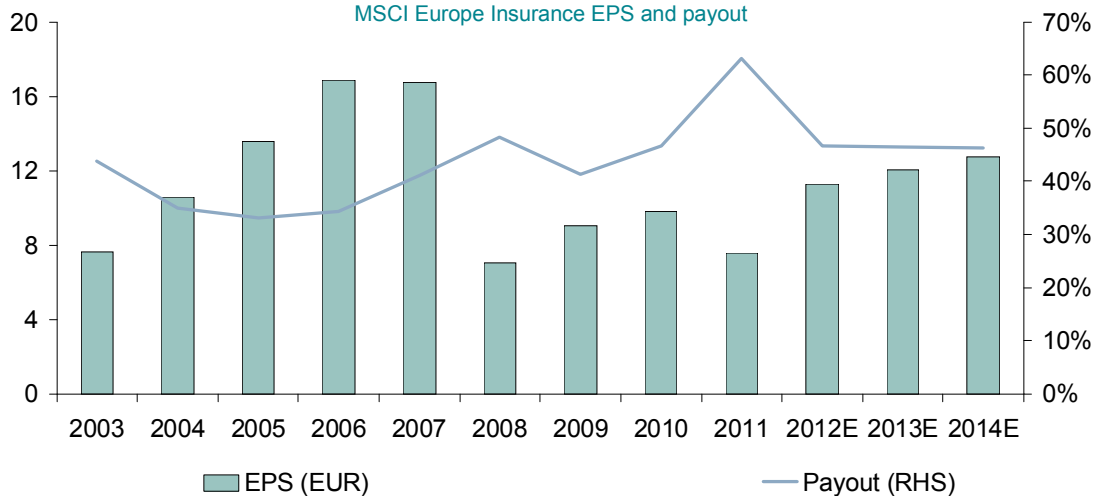
Low rates challenge earnings growth

Insurance (=)

Earnings power is back to 2004

EPS are still well below the peak, payouts are on the rise

MSCI Europe Insurance EPS and payout



Source: Exane BNP Paribas estimates

Earnings are still far from their peak

Insurance (=)

Re-risking or growing the balance sheet is the way forward

Pressure on returns

- Low rates depress earnings
- Low rates depress solvency
- Economic environment puts pressure on the top line
- Weaker companies struggle to make a decent return

Option 1: re-risk investment portfolio

- Lengthened duration: real estate
- More credit risk
- Equities

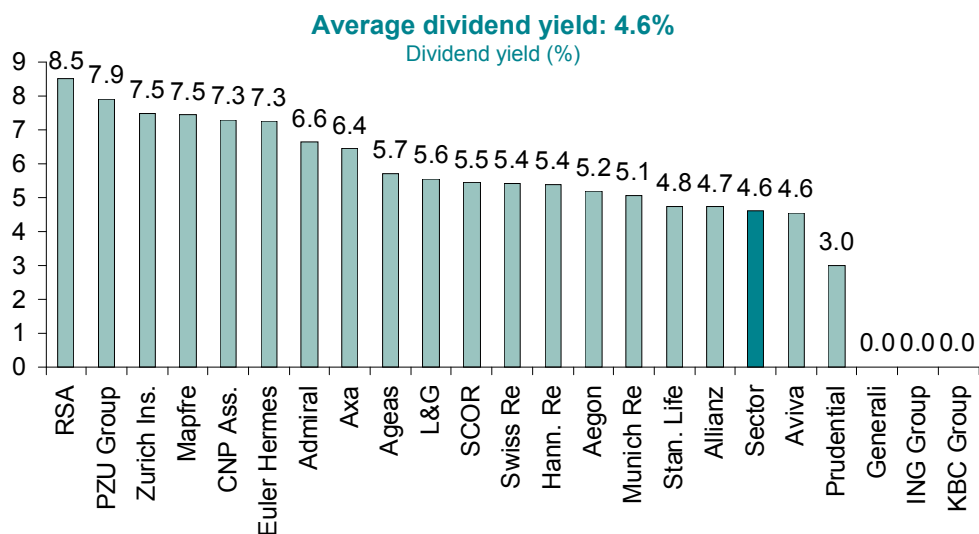
Option 2: make acquisitions

- Accretive if self-financed
- Valuations look appealing
- Size matters

Cash is king, especially when capital is scarce

Insurance (=)

The dividend yield is often above yield on debt

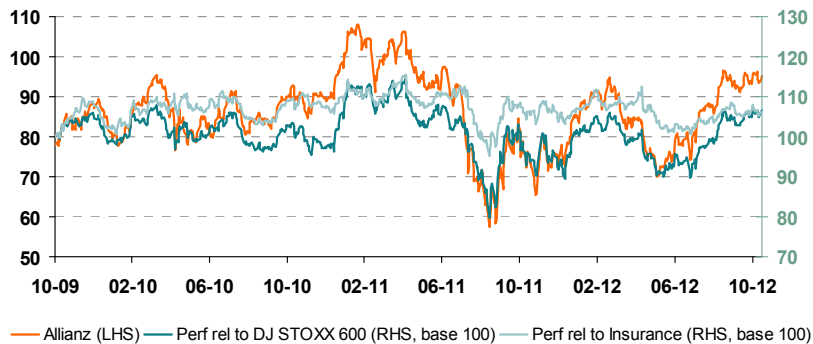


Source: Exane BNP Paribas estimates

Shares are not always more attractive than debt

Allianz (+)

Target price: EUR 112 (+18%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	3.4	9.5	15.0	19.9
Insurance	1.0	2.2	1.3	3.8

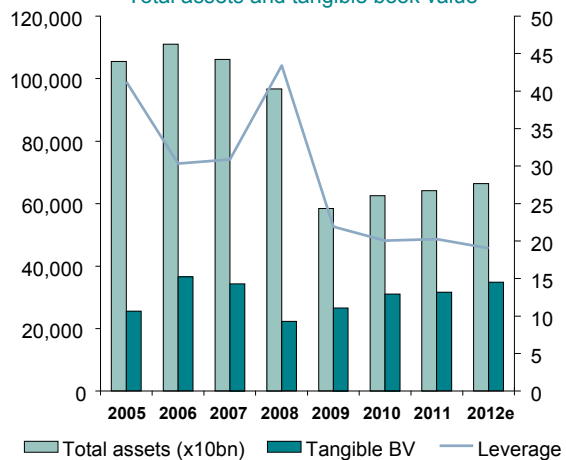
(*) In listing currency, with dividend reinvested

Allianz (+)

Allianz has a strong balance sheet

- Allianz is still rated AA (negative outlook)
- Solvency I is at 185%
- Solvency II, after many adjustments, fell to 178%
- Credit spreads are tight (107bp), second only to Munich Re
- Debt refinancing is not an issue (tier 2 bond at 5.25%)

Total leverage has been reduced Total assets and tangible book value



Source: Exane BNP Paribas estimates

Allianz has a strong balance sheet

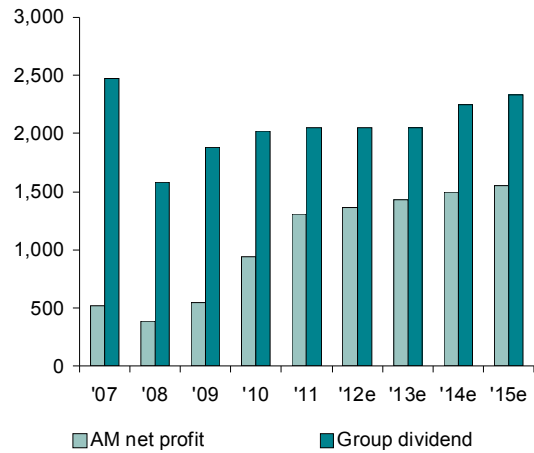
Allianz (+)

Allianz is cheating

- Allianz generates 27% of earnings in asset management, where profit is all cash
- PIMCO manages EUR1.6tn
- Net inflows were very strong in recent years, mirroring performances
- Margin is on the rise
- Higher rates would be negative...but positive for insurance activities

PIMCO pays 67% of the group's dividend

Asset management net profit and group's dividend



Source: Exane BNP Paribas estimates

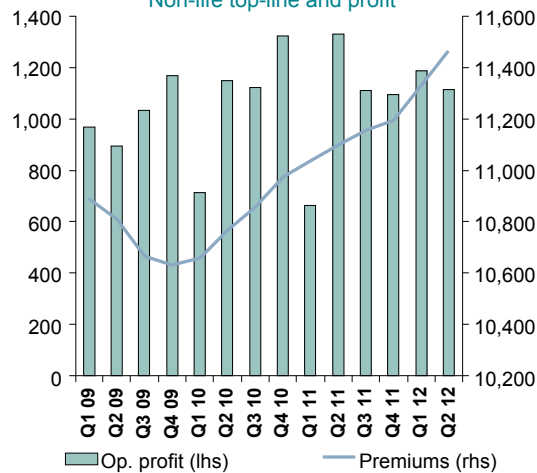
Two-thirds of Allianz's dividend is covered by asset management

Allianz (+)

Insurance operations are also in good shape

Top-line growth to maintain profit

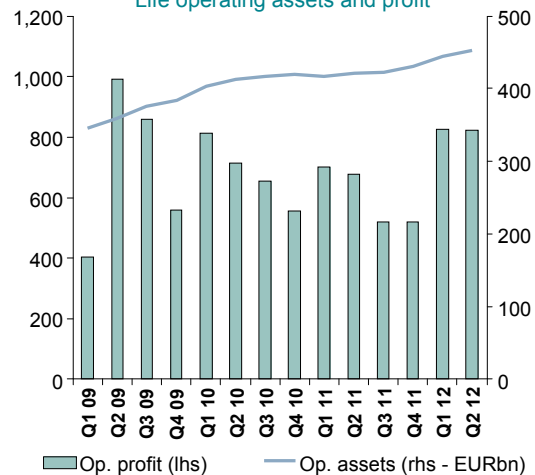
Non-life top-line and profit



Source: Exane BNP Paribas estimates

Asset growth boosts life

Life operating assets and profit



Allianz had to pre-release earnings Q3 12 as they were stronger than expected

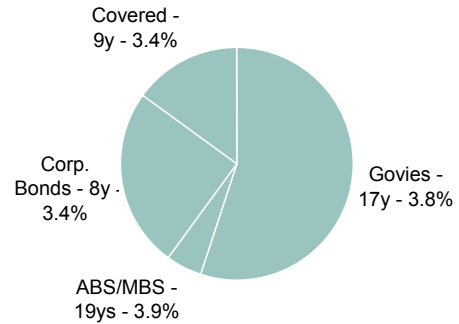
Allianz (+)

Re-risking is at work

- Allianz acquired Groupama's business with brokers in France
- Goodwill was EUR115m and Allianz had to capitalize the business
- EPS accretion is 1–2%
- Allianz also continues to re-risk portfolio
- New business yield is at 3.7%

3.7% reinvestment yield on new money

New money duration and yield



Source: Company

Gan Eurocourtage is the first acquisition since the AGF buyout

Allianz (+)

Target price: EUR 112 (+18%)

Valuation

- P/TBV13e of 1.1x for a 14.5% RoTBV13e
- PIMCO implicitly at P/E of 11x vs peers at 14x
- Sustainable combined ratio at 97%

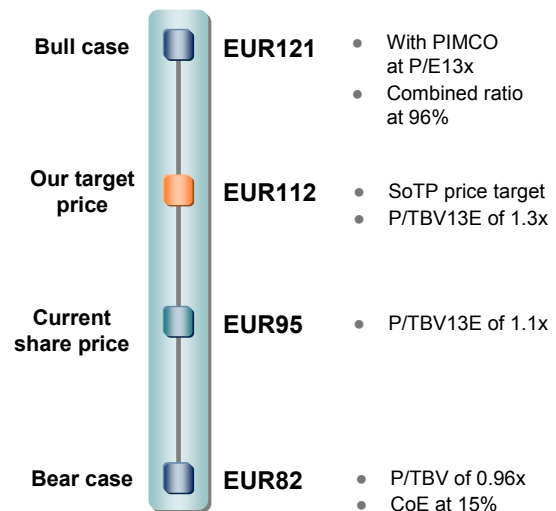
Short-term triggers

- Improvement in the German market
- US strategic review

Risks

- Claims inflation in non life
- US restructuring
- The return of macro risk

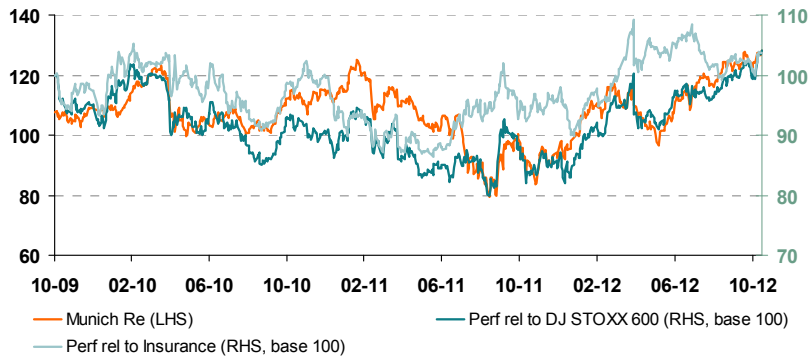
Valuation summary



Source: Exane BNP Paribas estimates

Munich Re (+)

Target price: EUR 152 (+19%)



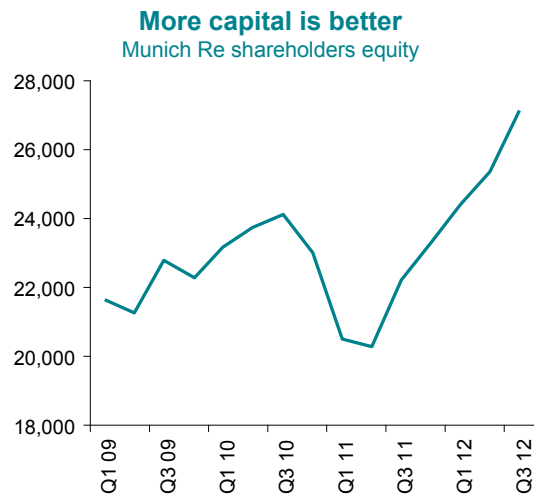
Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	4.0	6.9	26.6	24.5
Insurance	1.6	(0.2)	11.6	7.8

(*) In listing currency, with dividend reinvested

Munich Re (+)

One year later – New theme, same company

- **Late 2011, question was on dividend**
 - High natural catastrophe losses
 - Limited excess capital
 - Accounting bottleneck
- **Late 2012, a very different picture**
 - EUR3bn profit
 - Sandy will not change the story
 - Dividend will grow
 - Reserve releases ahead
- **Discussions around the pricing cycle have become less relevant**



Source: Exane BNP Paribas estimates

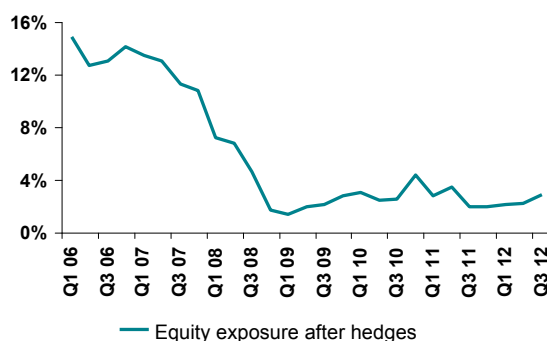
Munich Re has a strong balance sheet and strong earning power

Munich Re (+)

Re-risking is at work

- **Ready to deploy capital through external growth**
- **Reinsurance acquisitions are possible but limited in size**
 - Generali Life in the US?
 - Some specialty business?
- **Primary insurance would make more sense**
 - Emerging markets are a priority
 - Low marginal capital cost
 - Turkey, eastern Europe

Equity exposure will increase
Munich Re equity investment in % of total



Source: Exane BNP Paribas estimates

- **Equity exposure will increase**
- **Equities provide inflation protection**

Asset risk and potential acquisitions will boost earnings

Munich Re (+)

Target price: EUR 152 (+19%)

Valuation

- 9.2x 2013e un-levered P/E
- 1.0x 13e TNAV / 13% RoTNAV 13e

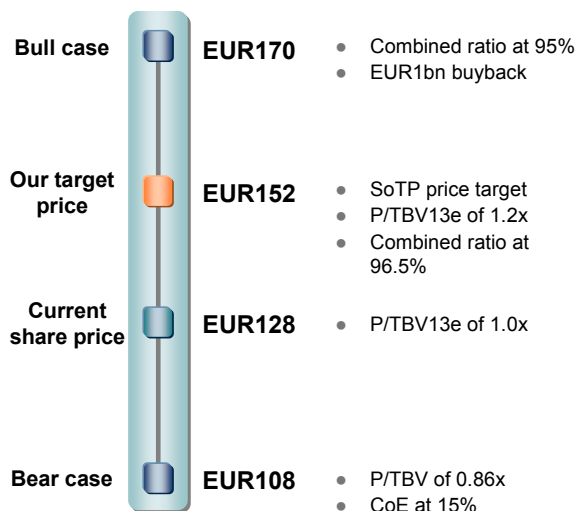
Short-term triggers

- Renewal presentation (Feb. 2013)
- Dividend announcement (Feb. 2013)

Risks

- Claims inflation in non-life
- Lower interest rates / deflation
- Irrational competition
- Higher capital charge for G-Sifi

Valuation summary



Source: Exane BNP Paribas estimates

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Thomas joined us from Cheuvreux where he had been an Insurance sell-side analyst since 2005 and head of the Insurance team since 2007. He graduated from ENSAE in 1998 and is a CFA Charterholder.



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Niccolo joined us from UBS where he had been an equity analyst covering the Insurance sector since 2007. Niccolo graduated from Bocconi University with a Master of Science degree in Finance.



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François Boissin graduated from ESCP Europe in 2004 and is a CFA charterholder. He first spent three years as a strategy consultant with Oliver Wyman in London and then in Paris focusing on financial institutions. He joined Exane BNP Paribas in 2008 with a particular focus on institutions combining banking and insurance operations namely in the Benelux countries.



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Andy has almost 20 years of experience and exposure to the Insurance Industry. He started his career in 1993 at Aviva as an actuarial trainee before moving to Swiss Re in 2000, focusing on regulatory arbitrage. He moved to Sell-Side Research in 2006, first at JP Morgan (part of the top-ranking team in Extel and Institutional Investor surveys) focusing on life and non-life UK Insurance, and then at ICAP. Andy graduated with a First Class degree in Mathematics from the University of Warwick and is a Fellow of the Institute of Actuaries.

Financials

Cash is king

Introduction

Banks

Insurance

Q & A

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CONSUMER: THE NEW FRONTIERS

- Introduction
- Food & HPC
- Food Retail
- General Retail
- IT Hardware

Q&A

CONSUMER

The new frontiers

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Consumer

The new frontiers

Introduction

Food & HPC

Food Retail

General Retail

IT Hardware

Q & A

Consumer Trends

De-averaging spending by product category



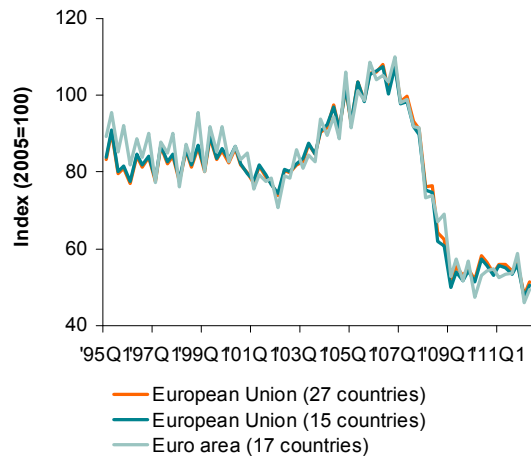
Source: Harvey Nichols

Consumers have learned to concentrate their spend on what they care about; the same consumer now combines discount and luxury purchases

Consumer Trends

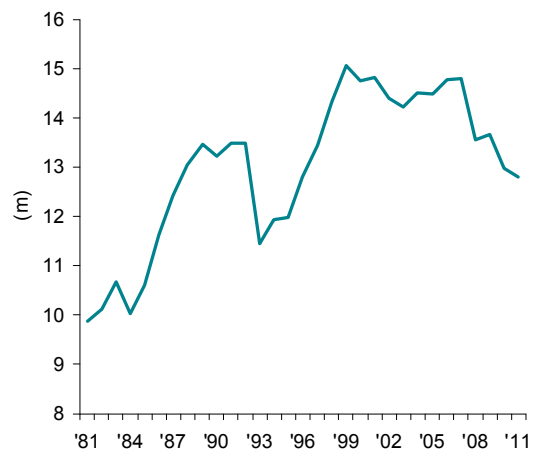
Delaying capex commitments

Residential building permits in Europe



Source: Eurostat

Auto sales in Europe over the past 30 years



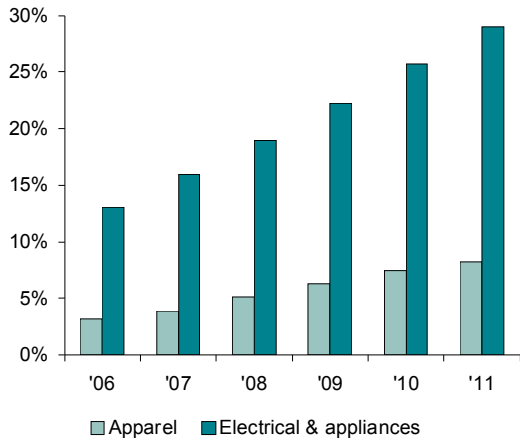
Source: Exane BNP Paribas Auto team

Consumers are postponing capital expenditure and big ticket item purchases; while at the same time they are spending more on “feel good” services and products

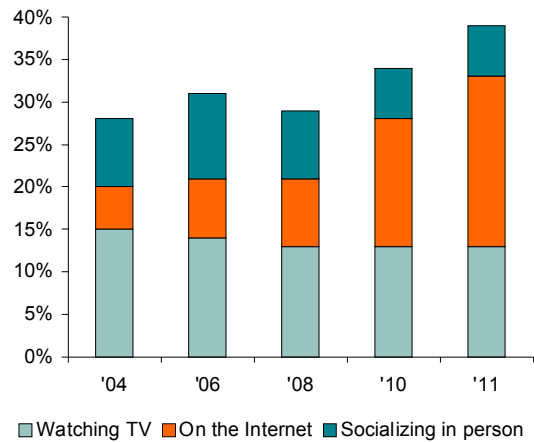
Consumer Trends

Leveraging information and multi-channel convenience

Online market share by product category Europe



How people spend their time (General population, 16-65, Sweden)



Source: Euromonitor, Ericsson Consumer Lab, Exane Analysis

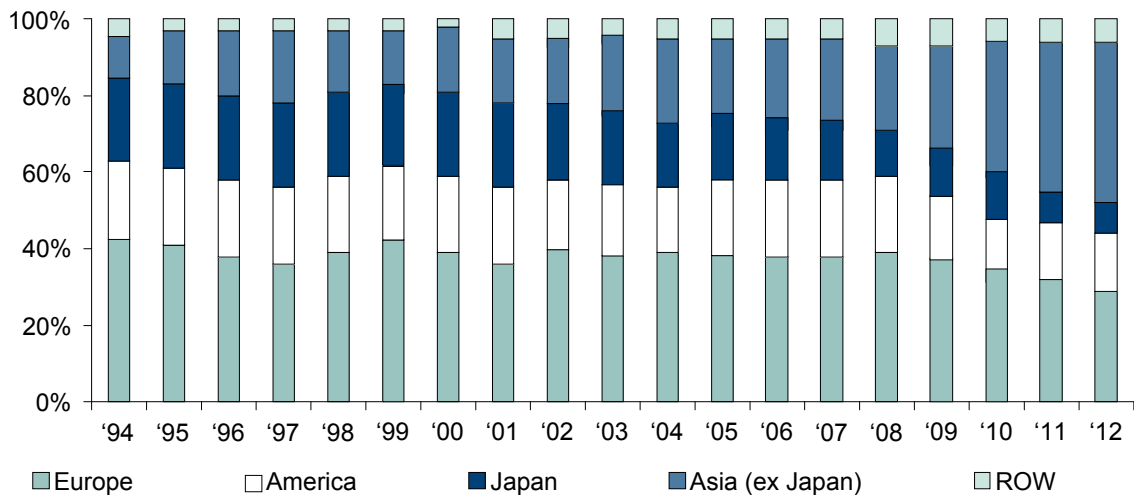
Online retail is conquering categories like apparel once thought immune; while the internet has become a major information source across the board

Consumer Trends

EM consumers are increasing in number and sophistication

Luxury sales mix by region, past 20 years

Richemont, geographic mix, 1994-2012

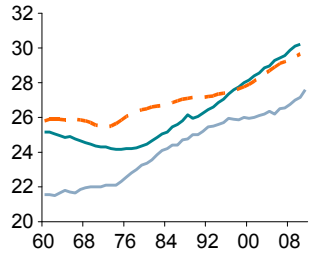


Source: Company reports

Consumer Trends

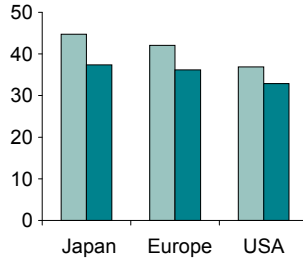
Growing older and multi-cultural

Average age at marriage, past 50 years, Europe, USA, Japan



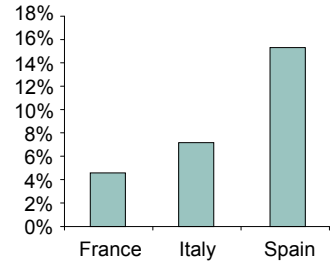
— EU 25 — USA - - - Japan

Median population age Past 20 years, Europe, USA, Japan



■ 2010 ■ 1990

% of immigrant children in primary school, 2011, France/Italy/Spain



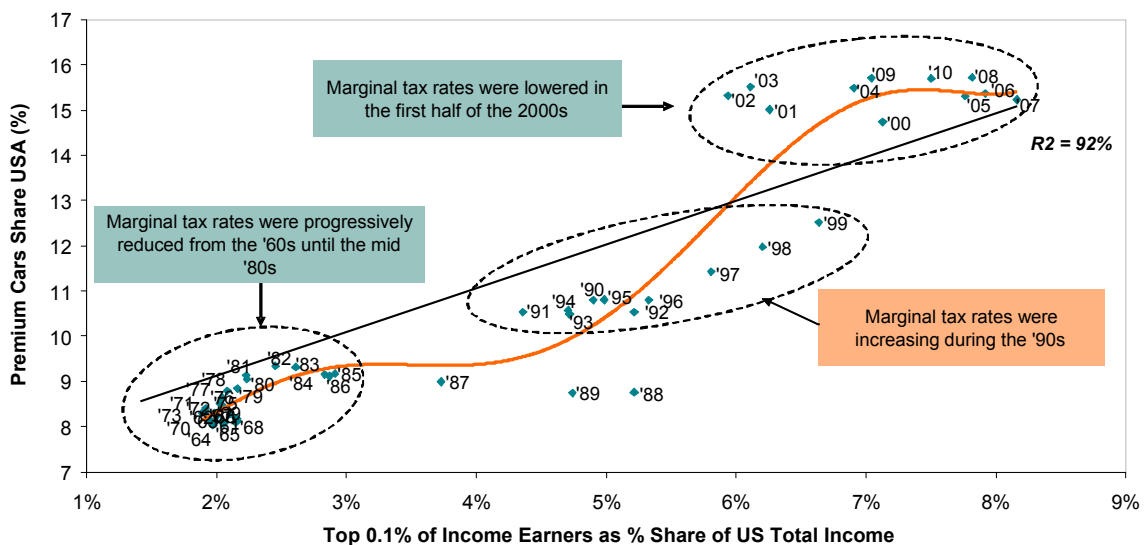
Source: UN, Ministry of Health, labour & welfare in China, Bureau of Census in the US

- **Demographics in the West are changing structurally: people marry later, have fewer children, and are in general older**
- **These trends compound the effect of accelerating immigration, as immigrants tend to have larger families**

Consumer Trends

Mounting fiscal pressure on the higher income bracket

Rising income inequality correlates with luxury growth



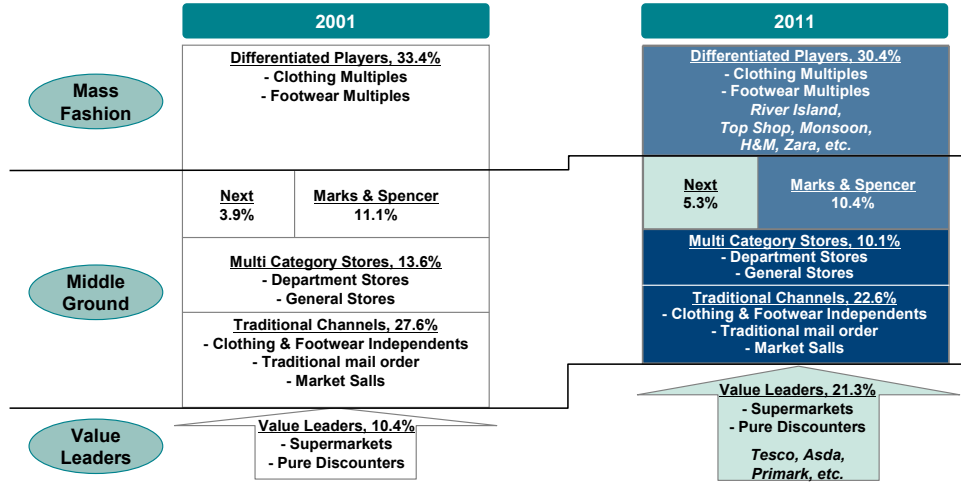
Source: Ward's Automotive Group, Emmanuel Saez - Berkeley University, Exane BNP Paribas analyses & estimates

Industry implications

The retail middle ground under increasing pressure

UK apparel retail market shares, 2001 vs. 2011

- The Quantitative and Qualitative Development of Value Apparel Retailers is Squeezing the “Middle Ground” – The Challenge for M&S and Next is to Retain Price Competitiveness and/or improve Fashion Attractiveness

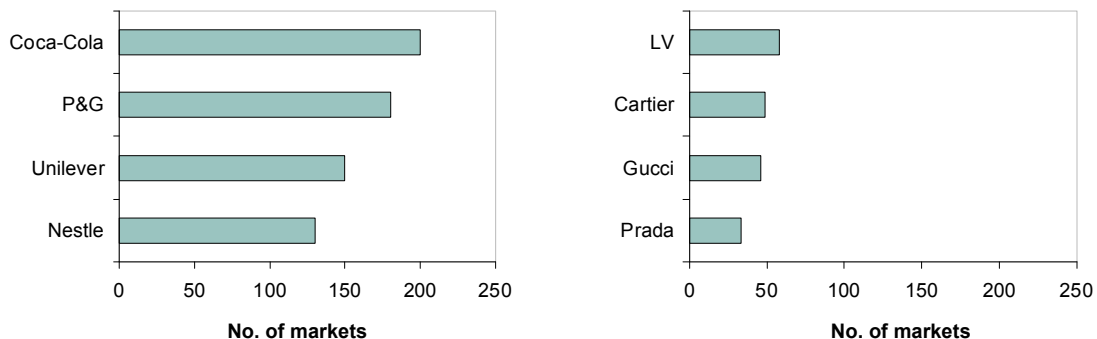


Source: Kantar, Verdict, Exane BNP Paribas analysis and estimates

Industry implications

Global reach a *sine qua non* for more and more sub-sectors

‘Direct’ markets: FMCG vs luxury goods companies



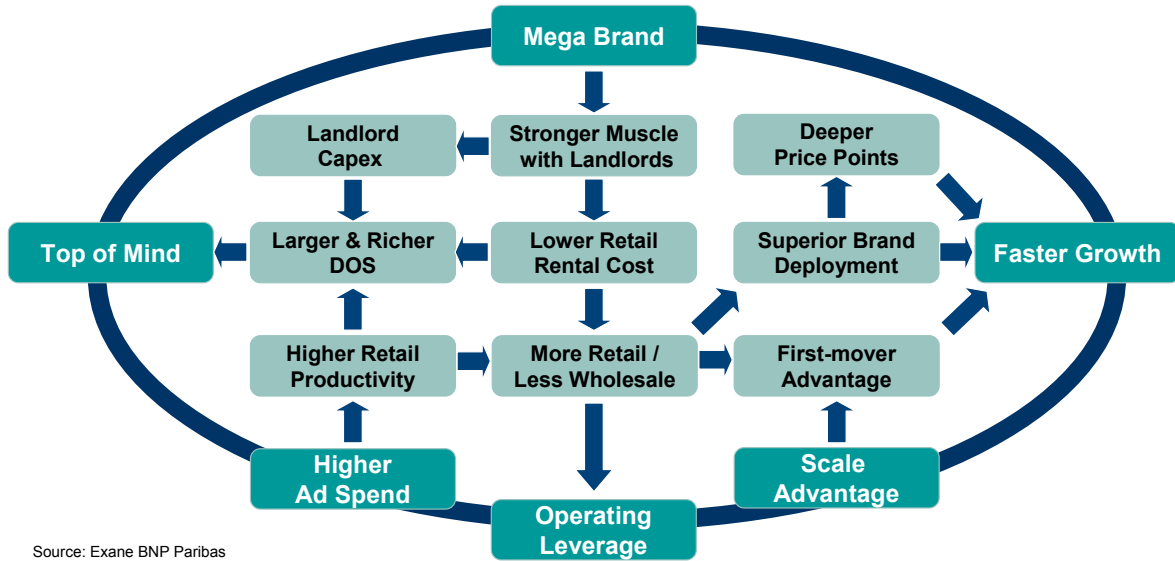
Source: Exane BNP Paribas

- Globalization has been the name of the game for FMCG companies for 50 years
- Luxury goods companies have enjoyed a similar dynamic in the past 15 years

Industry implications

Scale is of the essence

The luxury “mega-brand virtuous cycle”



Source: Exane BNP Paribas

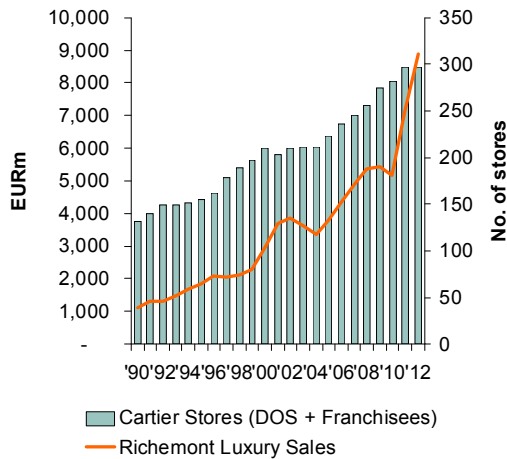
Industry implications

Downstream integration becoming more and more important

Retail development: a driver of Luxury growth for >20 years

Example: Richemont

Cartier retail stores vs Group luxury sales



Example: Richemont

Retail vs Wholesale revenues



Source: Company Reports, Proprietary Analyses & Estimates

Industry implications

Customization imposing flexible operations solutions



- **Design your own Mini**
 - › Model range: 8 main models and 8–9 variances for each model
 - › Paint & upholstery: 13 colours + 42 upholstery options
 - › Wheels: 37 wheel features available
 - › Optional equipment: 86 options available

Luxury Goods

A new investment context taking shape in the MT ?

Expect more divergence vs the past

It's tempting to bunch all luxury players together but they are not really all the same		
Downstream retail integration	LVMH e.g. LV: 100%	Swatch ~ 20%
Space growth in China FY12, FY13	LVMH e.g. LV: 7-8%	Prada ~ 80%
Quality of locations in China	LVMH e.g. LV	PPR e.g. Gucci
Exposure to rental cost inflation	Italian and French designers HIGH	Leather Goods mega-brands LOW
High-end vs Middle-class exposure	Richemont is exposed to HIGH-range watches	Swatch is exposed to MID-range watches
Exposure to lower price European competition	Italian and French designers HIGH	Swiss watch players LOW

Key demand trends for major consumer sub-sectors

	Beverages	H&PC	Food	Food Retail	Luxury Goods	General Retail	Media	IT Hardware	Autos
De-averaging									
Delaying									
Online									
Moving East									
For-ever young									
Ageing									
Fragmenting									

- Relevant
- Not relevant

Source: Exane BNP Paribas estimates

Luxury Goods team



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Between H1 11 and H1 12, Luca was Head of Research at Chevreux. Prior to that he was the lead analyst on Luxury & General Retail at Sanford Bernstein (2005–11), top-ranked in both.

Luca has extensive experience of the Luxury Goods sector, initially as a partner at BCG (he was a consultant in 1991–02) and then as a top manager (CEO of IT Holding, a publicly traded luxury conglomerate with sales of c.EUR1bn, which he restructured and refinanced between 2002 and 2005).



Paola Bertini

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Paola joined Exane in 2010. She graduated from Bocconi University in Milan and joined Goldman Sachs in 2007, where she began her career as a Research Analyst.

Consumer

The new frontiers

Introduction

Food & HPC

Food Retail

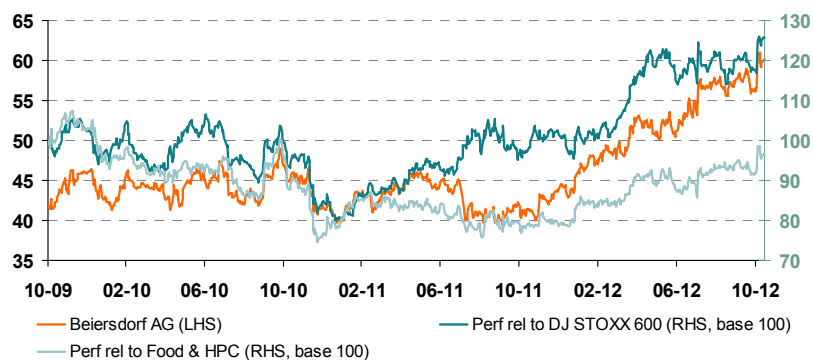
General Retail

IT Hardware

Q & A

Beiersdorf (+)

Target price: EUR 70 (+18%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	2.7	5.0	24.1	20.7
Food & HPC	2.1	4.3	18.3	19.7

(*) In listing currency, with dividend reinvested

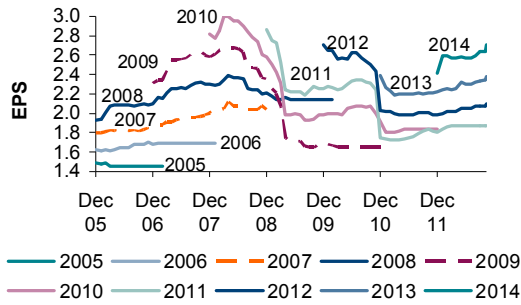
Beiersdorf (+)

Our top pick across Food & HPC

- Beiersdorf has been a poor performer in recent years, despite possessing one of the world's most prized personal care brands (Nivea)
- Horribly managed. But, change is clearly afoot
- We think Beiersdorf is the next big turnaround story in Staples
- Market estimates look materially too low to us

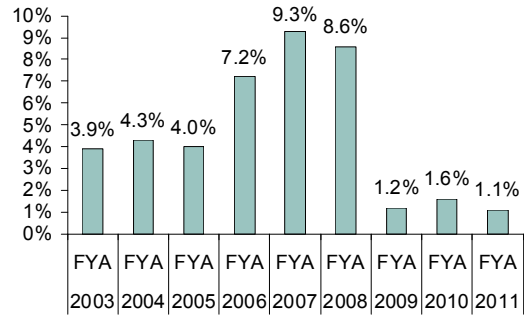


EPS evolution at Beiersdorf



Source: Exane BNP Paribas estimates

Consumer LFL sales growth

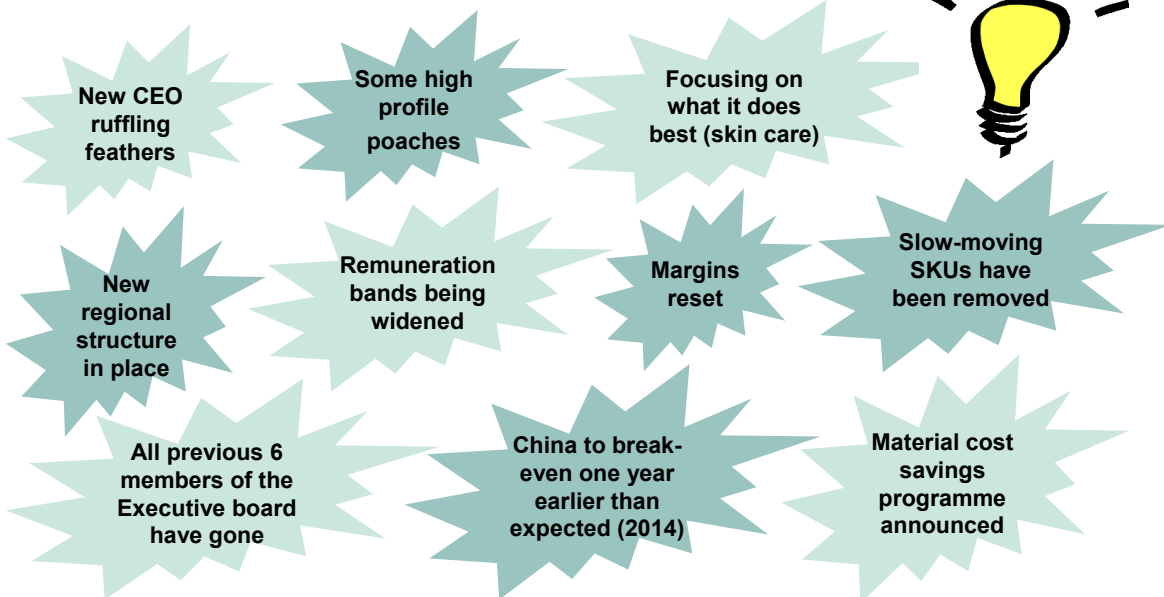


Source: Factset / Company reports

Beiersdorf (+)

Change is afoot

- Undeniable changes afoot. Looks like a turnaround in the making to us



Beiersdorf (+)

Nivea: A fantastic brand

- Despite mismanagement, notably a lack of innovation, Nivea (75% of Consumer sales) remains a fantastic brand in arguably the best personal care category (highest growth, highest margins)
- 100 year tradition in skin care. Beiersdorf needs to get back to leading innovation in global skin care and back to its core roots (trust, care, honesty, VFM but not cheap)
- Procter, Unilever, Colgate...etc would give their 'right arm' to get their hands on Nivea (definition of 'right arm': 20x+ EV/EBITDA)

Nivea's core values



Rihanna Out



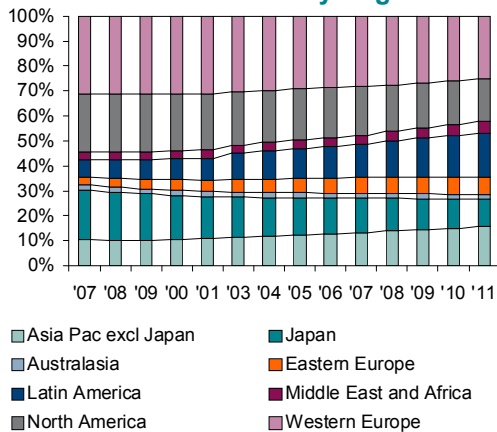
Source: Company reports

Beiersdorf (+)

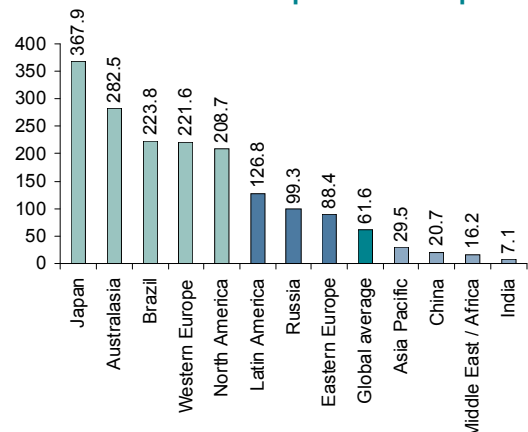
To new frontiers

- Emerging Markets now 45% of global cosmetic sales compared to only 24% in 1997. EMs contribute 85%–90% of annual growth in global cosmetic markets vs. only 30% to 40% 10–15 years ago
- The best bit? We are only really getting started...consumption still a fraction of the developed world

Global Cosmetic Industry: regional mix



Global Cosmetics: Per Capita Consumption (\$)



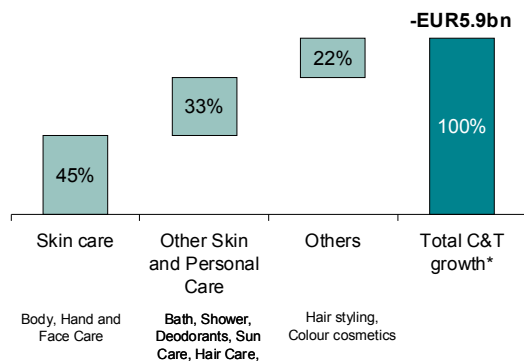
Source: Euromonitor, Exane BNP Paribas estimates

Beiersdorf (+)

To new frontiers

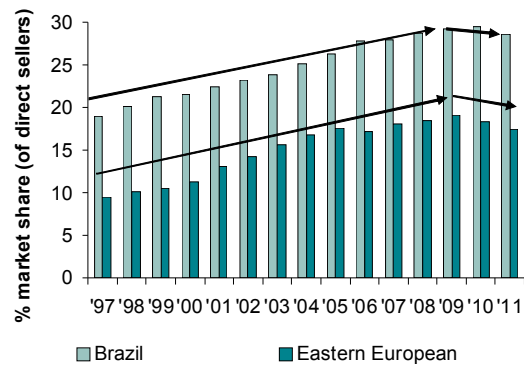
- Beiersdorf is in the right category: skin care. Western brands matter, there is very low private label penetration and skin care offers over-proportionate growth
- The loss of momentum for direct sellers in EMs (door to door) provides a major opportunity for 'standard' cosmetic manufacturers such as Beiersdorf (and L'Oreal) in Emerging markets

Beiersdorf is in the right categories



Source: Euromonitor / Exane BNP Paribas estimates

Loss of momentum for Direct Selling in EMs



Exane BNP Paribas | CONSUMER: The new frontiers – Food & HPC

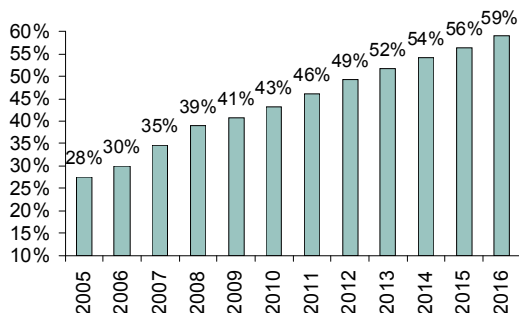
7

Beiersdorf (+)

Nivea: To new frontiers

- Nivea to new frontiers: there has been a powerful shift to Emerging Markets at Beiersdorf in recent years. Now only second to Unilever in terms of emerging market exposure in European HPC. We forecast emerging markets will rise to close to 60% of sales over the next few four/five years
- Nivea has some very strong market positions in Latin America (Brazil), Eastern Europe (Russia) and in the AAA (Thailand, Iran). Of 108 country/category 'cells' we analysed in Latin America from 2002-2011, Beiersdorf gained or held share in 77% of instances. The number in Eastern Europe is even more impressive at over 90%, while in AAA excl. China, Beiersdorf gained or held share in around 70%

EMs now comprise around 50% of sales



Source: Company reports/Exane BNP Paribas
 Note: Japan and ANZ are included above. We estimate these two regions comprise around 5% of Consumer sales

Nivea in Thailand



Exane BNP Paribas | CONSUMER: The new frontiers – Food & HPC

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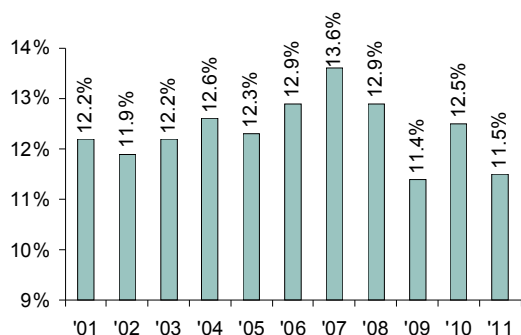
Beiersdorf (+)

Material margin opportunity

- The only really **EXCITING** margin story remaining in large cap European Food and HPC in our view
- **Poor track record**
- **Margins firmly at the bottom of the HPC pack, despite portfolio simplicity / category exposure**

Very poor record on the margin front

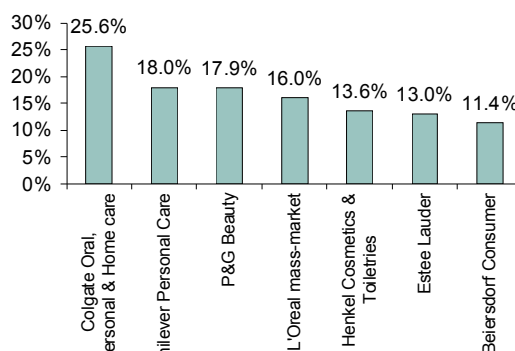
Beiersdorf group EBIT margin, % FY01-FY11



Source: Company reports/Exane BNP Paribas estimates.

Beiersdorf is firmly at the bottom of the pack on margins

Global HPC: EBIT margins, FY11



Exane BNP Paribas | CONSUMER: The new frontiers – Food & HPC

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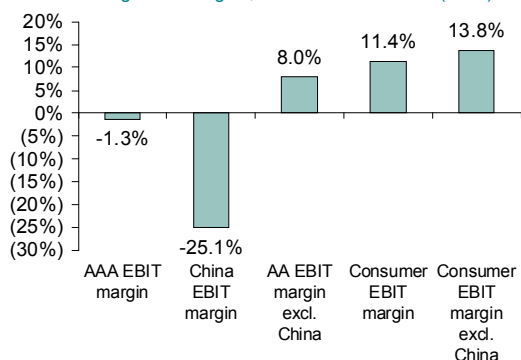
Beiersdorf (+)

Material margin opportunity

- Going from a 11.4% EBIT margin (FY11) to 16.0% (management's medium-term margin target) is easier than it sounds
- 93% of our forecasted change in EBIT from 2012 to 2016 (and well over 100% in the next two years) is accounted for by 1) breaking even in China (hardly ambitious), 2) achieving a respectable (but not high) margin in North America and 3) some savings in Europe (along with the EBIT impact from our sales growth assumptions)
- The scale issue is much overlapped

China is a major drag on profitability at Beiersdorf

EBIT margin: AAA region, China and Consumer (2011)



It is really only about picking low-hanging fruit

EBIT Bridge, Consumer division, EURm

	2012e	2013e	2014e	2015e	2016e	Total
PY EBIT EURm	537	627	731	825	918	
Total sales growth, % ch y/y, Exane est	6.4%	5.4%	6.4%	6.6%	6.4%	
Sales growth impact on EBIT, EURm, Exane est (assume no mgn chg)	34	35	46	54	59	
China yoy chg in EBIT, EURm	32	25	18	12		
European Savings, y/y chg, EURm	25	50	15			
North America, y/y chg in EBIT, EURm	10	9	9	10		
Total	102	118	89	76	59	444
CY EBIT EURm, Exane est	627	731	825	918	1,015	
CY EBIT margin %, Exane est	12.5%	13.9%	14.7%	15.4%	16.0%	
EBIT chg, y/y, EURm	90	104	94	93	98	478
% of our est. EBIT chg delivered by sales growth/ China/ Savings/ NA	113%	113%	95%	82%	61%	93%

Source: Exane BNP Paribas estimates/Company reports

Exane BNP Paribas | CONSUMER: The new frontiers – Food & HPC

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Beiersdorf (+)

Target price: EUR 70 (+18% upside)

Valuation

- FY13e EV/EBIT of 12.2x, ex-cash P/E of 19.0x

Short-term triggers

- 24 January – Prelims (another positive update?)
- March 5 – next analyst meeting (innovation pipe for 2013)

Risks

- A material deterioration in consumption in Western Europe (Germany)
- The turnaround takes longer than expected

Valuation summary

Bull case

EUR75

- Top-line growth of 6-8%, margin of 16% front end-loaded

Our target price

EUR70

- Base case (in-line with historic averages)

Current share price

EUR59

- Shares have done well YTD but much more to go for

Bear case

EUR50

- Downside limited

Source: Exane BNP Paribas estimates

Food, HPC & Tobacco team



Jeff Stent

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Jeff joined Exane BNPP in late 2009. Jeff previously covered the European Food Manufacturing sector for five years (at Citl). Prior to that, he worked in the industry itself, spending 10 years working for Unilever, including four years in investor relations.



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Eamonn joined Exane BNPP in late 2009. Eamonn previously covered the European Food/HPC sector for four years (at Citl). Prior to that, he worked in the industry itself, spending five years working for Kerry Foods.



James Wyatt

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James joined our Food & HPC Team in London after three years with PricewaterhouseCoopers LLP, where he qualified as an ACA. He works directly with Jeff Stent on the European Food sector. James holds a BA in Mathematics from Cambridge University.



James Bushnell

Analyst – Food, HPC & Tobacco
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James joined Exane BNPP in late 2009. James covers the Tobacco sector (and Mid-cap Food), and has covered Staples for five years (at Exane and at Citl). Prior to that, he worked as a financial auditor in the Consumer Goods practice of PwC.

Introduction

Food & HPC

Food Retail

General Retail

IT Hardware

Q & A

Food retail (=)

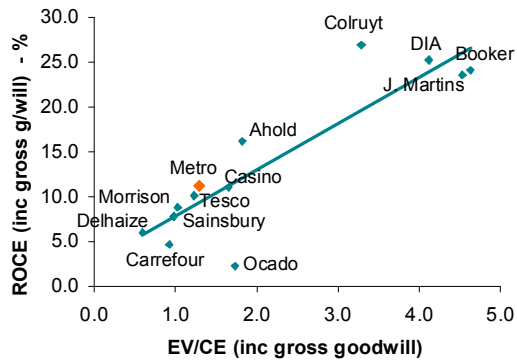
The Curse of the mass-merchant

- **The older, lonelier, internet-empowered consumer**
- **The diminished relevance of the hypermarket**
- **Multi-channel – a coping mechanism, not a panacea**
- **EM – offers growth but hypermarket economics deteriorating**
- **Professionalising proximity and discount the winning strategies in DM and EM**
- **Valuation – cheap but not so cheerful...though shareholder-friendly actions more prevalent**

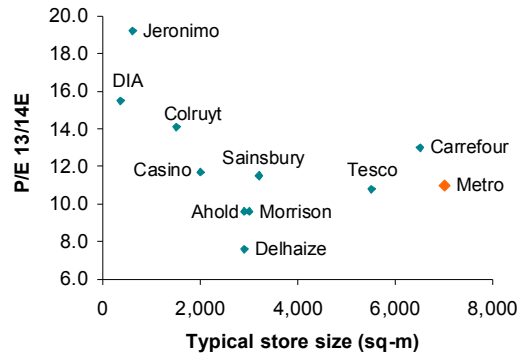
Niche operators drive structurally higher returns

Past 'big-box' success now looks like built-in obsolescence

Discount/proximity returns attraction...



Size matters...smaller stores, higher multiple



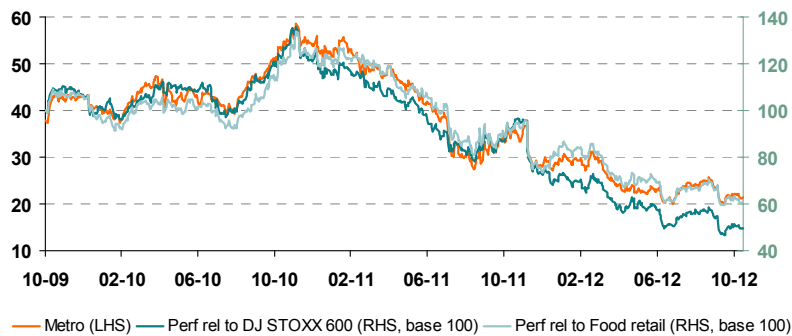
- Market efficient in differentiating returns...
- ... looking for where consensus earnings are wrong
- Big box / non-food structural disadvantage...
- ... making tasks of restructuring and new management more challenging

Source: Exane BNP Paribas estimates

Metro – reasonable relative value based on ROCE % but structural issues

Metro (-)

Target price: EUR 20 (-5%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	5.0	(10.8)	(45.8)	(30.7)
Food retail	1.0	(9.1)	(33.4)	(18.0)

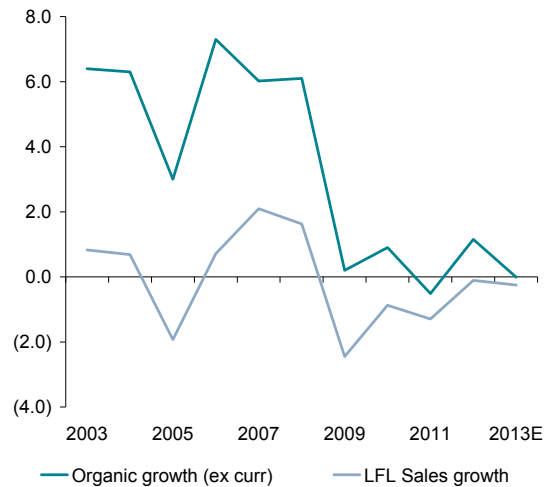
(*) In listing currency, with dividend reinvested

Metro (-)

Investment Case

- Stores too big, 50% of sales non-food
- Too complicated – 4 divisions, 32 countries
- Elevated leverage and s/holder structures make break-up v. difficult
- Very late to on-line / multi-channel
- Electricals (MM/S) – survivor but what profit?
- C&C – key to equity story...
- ... opportunities to improve but...
- ... stores too big/remote...
- ... retailer or wholesaler? Confused

A consistent lack of I/I sales growth (%)



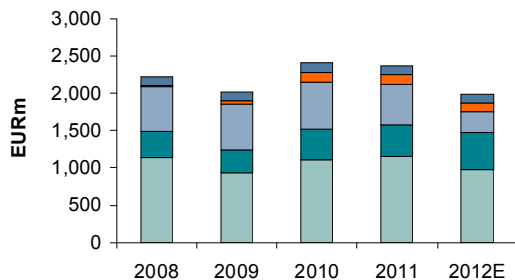
Source: Metro, Exane BNP Paribas estimates

Format, leverage and shareholding issues

Metro (-)

Emerges well, matures badly, backs the loser

Cash & Carry >70% EBIT (inc. property)

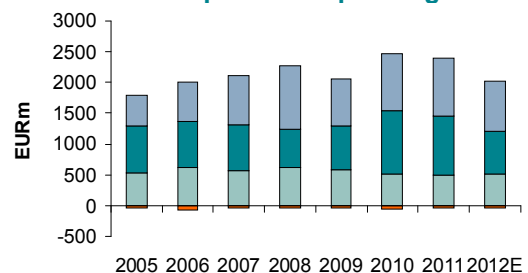


Legend: Cash & Carry, Property/other, MM/S, Real, Kaufhof

Source: Metro, Exane BNP Paribas

- Cash & Carry the key division...
- ... particularly as Media Markt (MM/S) profit rapidly declines
- ... property worth - covenant of Metro key

E. Europe over-earning, W. Europe under-spending



Legend: Germany, E. Europe, W. Europe (ex Germany), Asia/Africa

- E. Europe 25% of sales c40% of EBIT
- W. Europe c35% of profit, <20% of capex

Need to invest in E. Europe whilst fixing MM/S and mature market C&C

Metro (-)

Target price: EUR 20 (-5%)

Valuation

- Low P/E, lower EPS visibility
- Structural pressures accelerating
- Q3 /Q4 profit warnings common-place

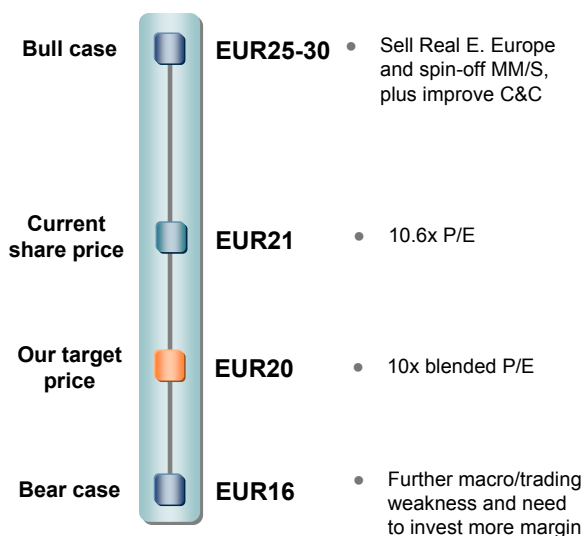
Short-term triggers

- Q4 trading - 65% of EBIT in Q4 (100% in 2012)
- Reset of 2013 consensus – Exane c20% below at EUR1.65bn EBIT vs EUR2.1bn consensus (BBG)

Risks

- Disposal of Real E. Europe (difficult and c7% of EV)
- Spin-off of MM/S – leverage and shareholding makes for a remote probability
- Better trading/profit in Q4 and into 2013

Valuation summary



Source: Exane BNP Paribas estimates

Food Retail team



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John spent eight years at BofA/Merrill Lynch where he led the Food Retail Research team, which consistently ranked in the Top 3 in Extel and Institutional Investor surveys. John holds a BSc in Geography from the University of Bristol and is a qualified Chartered Accountant.



Andrew Gwynn

Analyst – Food Retail
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Andrew joined us from BofA/Merrill Lynch where he covered the Food Retail sector from 2008 to 2012. Prior to that, he spent two years as a Food Retail Analyst at JP Morgan. Andrew holds a BSc from the London School of Economics and is a qualified Chartered Accountant.

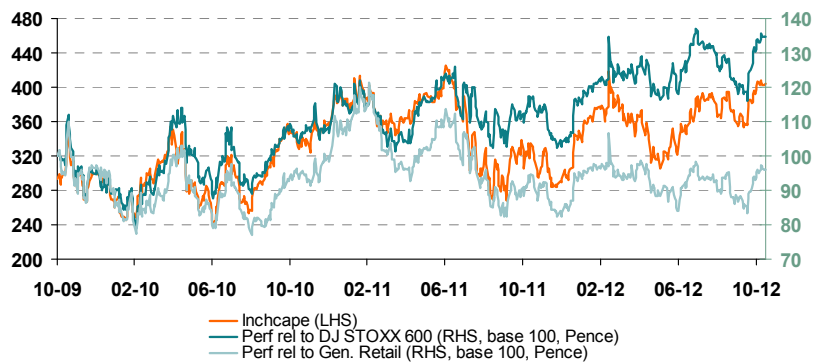
Consumer

The new frontiers

- Introduction
- Food & HPC
- Food Retail
- General Retail**
- IT Hardware
- Q & A

Inchcape (+)

Target price: 450p (+13%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	12.8	1.7	14.8	29.3
Gen. Retail	11.3	1.8	1.7	15.3

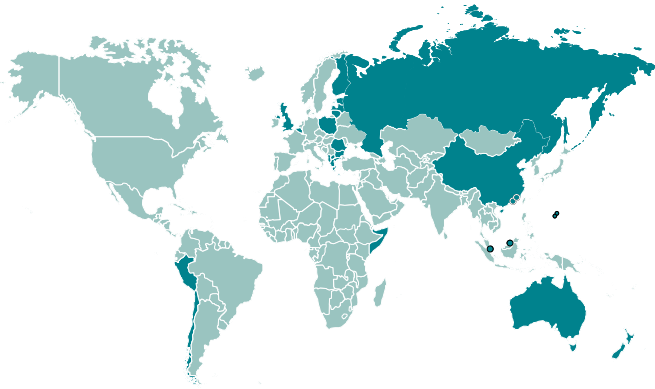
(*) In listing currency, with dividend reinvested

Inchcape (+)

Investment case

- The world's most diversified automotive distributor
- Global presence: 26 markets
- Operating profit: 2/3 weighted to Asia Pac
- Inchcape offers a compelling risk/ reward profile
 - > The right markets
 - > The right brands
 - > Unique operating model
 - > Balance sheet support
 - > Valuation undemanding

Global leader in auto distribution



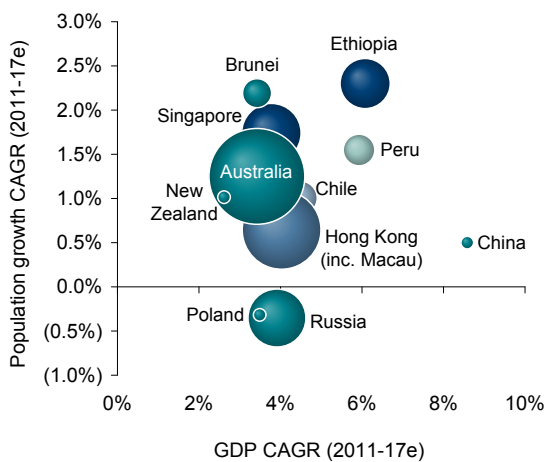
Dark shading: Inchcape markets

Inchcape offers a compelling risk / reward profile

Inchcape (+)

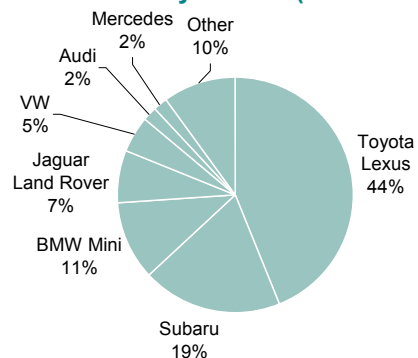
Growth markets. Luxury brands

High growth markets (2/3 EBIT)



Size of bubble = Inchcape's operating profit
Source: Company reports, Exane BNP Paribas estimates

Premium luxury brands (90% EBIT)



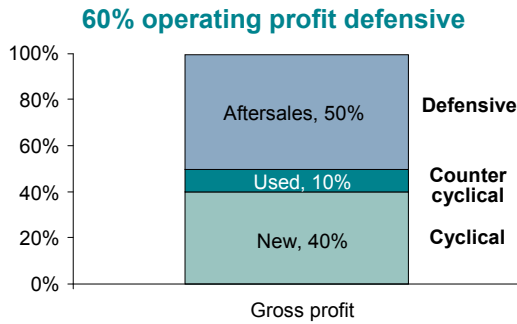
Long-term relationships

Toyota/Lexus	40 years
BMW/Mini	20 years
Subaru	20 years

Inchcape operates in high growth markets with high growth brands

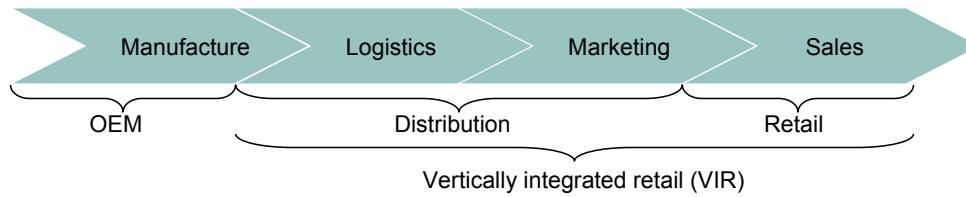
Inchcape (+)

Unique operating model



Source: Company reports, Exane BNP Paribas estimates

* EBIT change (%) for each 1% change in LFL revenue

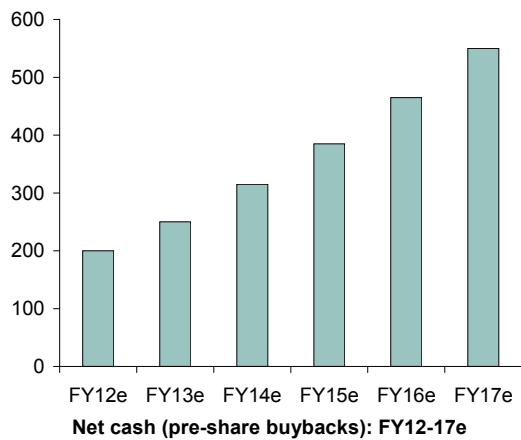


Inchcape offers a balance of defensive and cyclical drivers

Inchcape (+)

Balance sheet. Cash generation. Incentives

Net cash to rise to £600m by FY17e



Source: Company reports, Exane BNP Paribas estimates

Options to leverage balance sheet

- M&A**
 - Build critical mass in retail (China, Poland)
 - Consolidation of distribution markets
 - Buyout of Independence Group JV
- Share buybacks**
- Hybrid: M&A and share buybacks**

Inchcape can leverage their balance sheet for M&A / buybacks

Inchcape (+)

Target price: 450p (+13%)

Valuation

- Dec 2013: EV/EBIT 6.9x, P/E 9.6x
- Relative valuation at all time lows

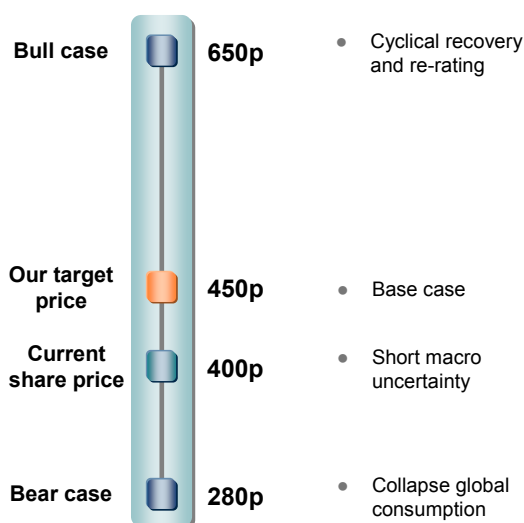
Short-term triggers

- Dec-12: November ACEA European auto data
- Mar-13: Preliminary results. Share buyback?

Risks

- Global macro conditions
- Performance of Inchcape's OEM partners

Valuation summary



Source: Company reports, Exane BNP Paribas estimates

General Retail team



Ben Spruntulis

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Ben Spruntulis is Head of our General Retail team. Ben worked previously for Citigroup where he covered General Retail for more than five years. Prior to this, Ben was financial controller at Innocent Drinks and worked in the Consumer sector at KPMG within Transaction Services. Ben is a graduate of the University of Leeds and holds the ACA qualification.



Simon Bowler

Analyst – General Retail
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Simon Bowler works with Ben on General Retail stocks. Simon joined us from Citigroup, where he covered the General Retail sector for several years. Before this, he spent four years at Deloitte in the Consumer sector. Simon holds a degree in Mathematics from Nottingham University and is ACA qualified.

- Introduction
- Food & HPC
- Food Retail
- General Retail
- IT Hardware**
- Q & A

IT Hardware (-)

Two major structural trends in payment globally: cardless and cashless

Mature markets are going cardless



Source: Google images

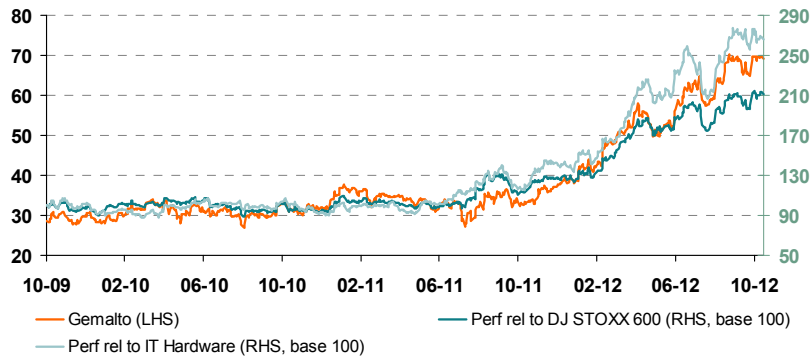
Emerging markets are moving cashless



**Gemalto an outstanding play on m-payment, but this is priced-in,
Ingenico a play on emerging markets**

Gemalto (+)

Target price: EUR 70 (-2%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	9.0	22.2	86.4	67.6
IT Hardware	3.9	29.5	130.0	93.0

(*) In listing currency, with dividend reinvested

Gemalto (+)

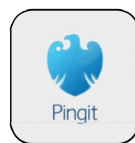
Mobile payment for consumers: what exactly are we talking about?

Payment on mobile



- The mobile as just another internet device
- On-the-go shopping for physical and digital goods
- iTunes, eBay, Amazon...
- Enablers: Wirecard, Ogone...

Person-to-person money transfer



- The mobile as online banking platform
- Proximity payment via online money transfer
- PayPal, ClearXChange, M-Pesa...
- Enablers: Monitise, Fiserv, mFoundry...

NFC-based proximity payment



- The mobile as payment card
- Allows proximity payment in the physical world
- Google, carriers, banks...
- Enablers: GTO, NXP, Ingenico

Closed-loop mobile payment

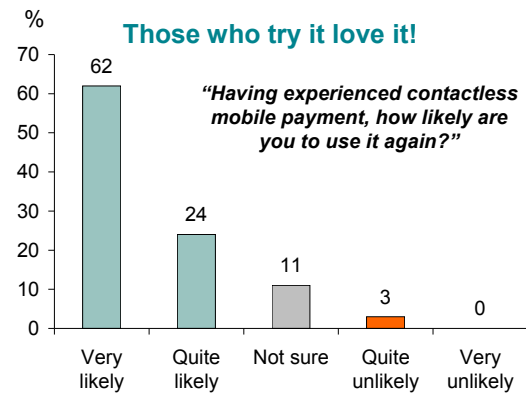


- The mobile as store card
- Allows proximity payment in the physical world
- Starbucks, BA...
- Enablers: Square, Passbook, PayPal...

A lot of buzz words, but few technologies allow convenient proximity payment

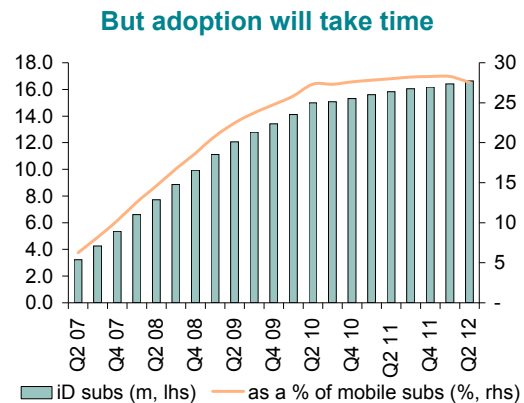
Gemalto (+)

Is there consumer appetite for mobile payment? How successful can it be? When?



Source: eDigitalResearch (2012)

- **86% of NFC users like the technology**
- **Only 17% of mobile phone users are fully aware of what contactless mobile payment is**
- **51% see security concerns as a major impediment**



- **DoCoMo launched its mobile wallet end-04**
- **It took 5–6 years to reach c30% penetration**
- **Yet, Japan is one of the most tech-savvy nations; penetration may take far longer in N. America & W. Europe**

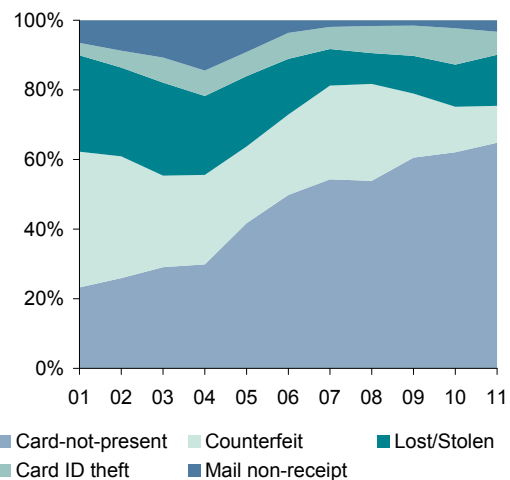
Promising but still years away

Gemalto (+)

Investment Case

- **Payment – mobile or not – is about security => GTO cannot be bypassed**
 - Cloud-based mobile payment cannot scale up
- **Many ‘un-hyped’ growth engines ahead**
 - Cloud security, eDocuments, eAuthentication
- **Great short/medium-term momentum**
 - iPhone5 to pull demand for 4G SIMs; consensus far too cautious
- **Favourable risk/reward profile; 21.6x PE for 25% EPS CAGR12-15**

Online fraud now dominates UK-card fraud



Source: The UK Cards Associations

Payment is about security not technology; Gemalto is the key enabler

Gemalto (+)

Target price: EUR 70 (-2%)

Valuation

- On 19x PE ex-cash 2013, 25% EPS CAGR 12–15e
- In-line with fast-growing Euro Tech such as Wirecard
- LT value drivers (mobile payment, US EMV, cloud security, m2m) make medium-term multiples less relevant

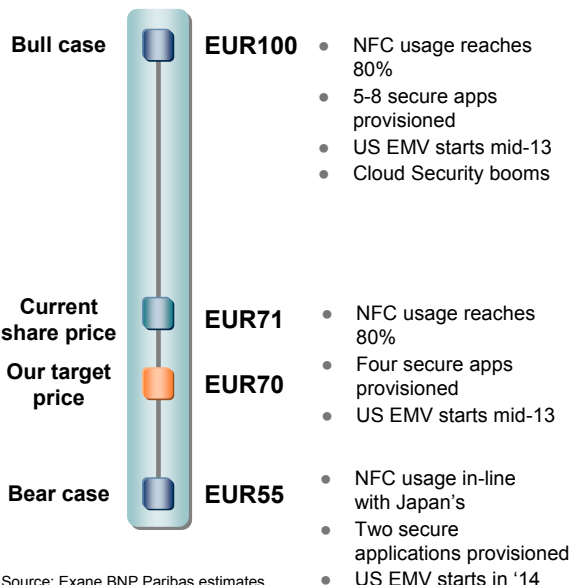
Short-term triggers

- Blow-out quarter for iPhone5 pulling 4G SIM demand
- Market share gains in cloud security
- First NFC SIM shipments in W. Europe
- We are 15% ahead of consensus on H2 12 PFO

Risks

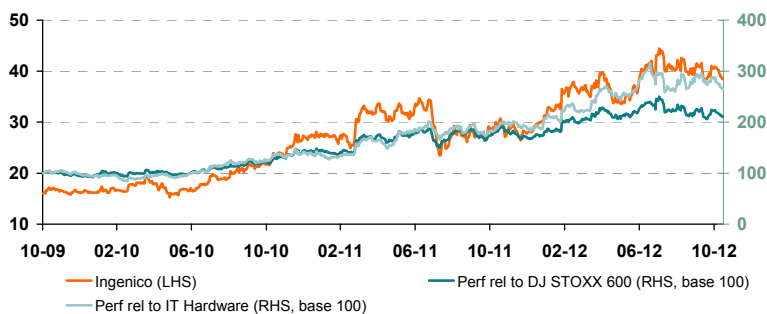
- Slowdown in SW&Services revenues as contract size declines
- Delays to / slow uptake of major NFC launches
- Sharp price erosion in 4G SIMs as volumes peak up

Valuation summary



Ingenico (+)

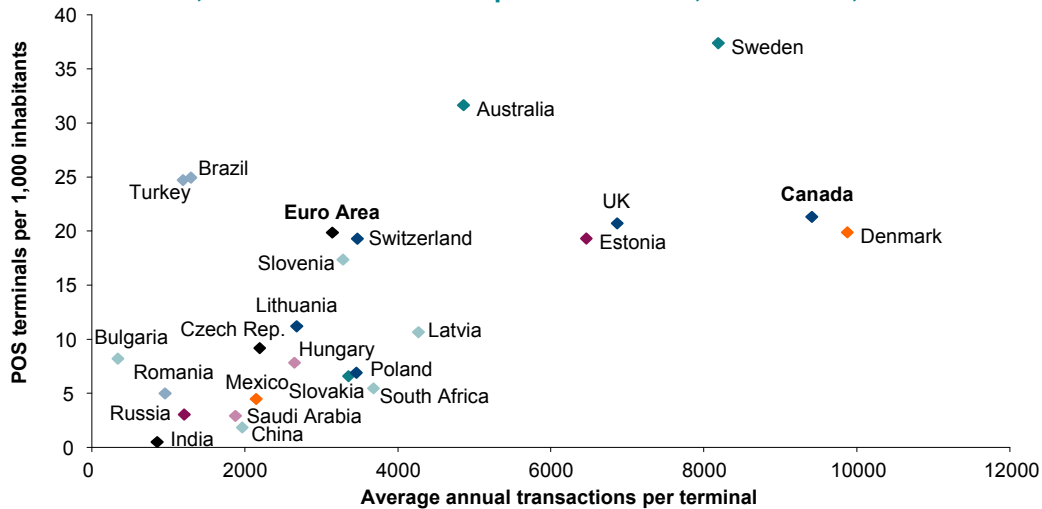
Target price: EUR 48 (+25%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	0.8	(5.3)	11.0	23.1
IT Hardware	(5.3)	(2.2)	35.0	39.7

(*) In listing currency, with dividend reinvested

20 PoS/1,000 inhabitants in Europe vs 2 in China, 4 in Mexico, 8 in EE...

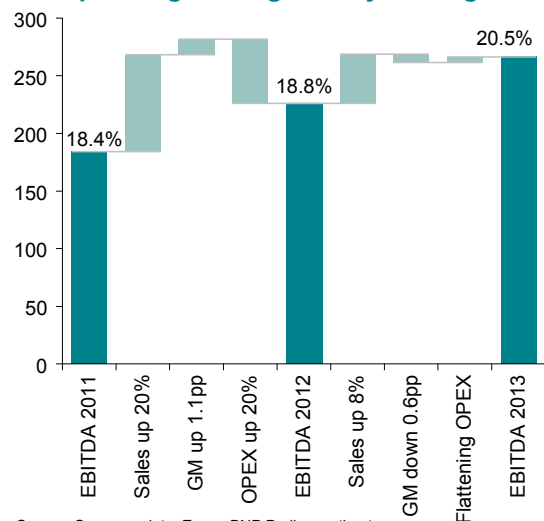


Source: ECB, Bank for International Settlements (Committee on Payment and Settlement Systems report)

Emerging markets likely to fuel 10% shipment CAGR over the next 10 years

- **The US is moving to chip payment cards**
 - Replacement cycle shrinking by 1.4yrs
 - Market share: 13% in '12 -> 27% in '16
 - This alone adds EUR0.3 to EPS by 2016
- **Emerging markets provide 10yr growth**
 - Limited risk of market share erosion
 - Limited risk of massive price deflation
- **Operating leverage finally in sight**
 - Opex peak is behind
 - Transactions only slightly erode GM
 - Still-high single-digit sales growth in 2013

Operating leverage finally kicking in



Source: Company data, Exane BNP Paribas estimates

Solid mid/long term sales growth prospects combined with stable GM and opex

Ingenico (+)

Target price: EUR 48 (+25%)

Valuation

- On 15.3x PE 13e, 17% EPS CAGR 12–15e
- Cheaper than fast-growing Euro tech such as WDI, GTO
- Good earnings visibility

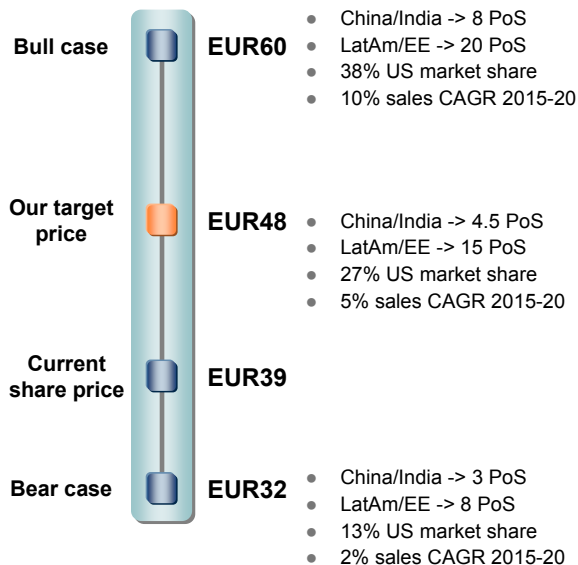
Short-term triggers

- Further distribution deals in the US, or mPOS deals in Europe
- FY results early March, investor day end March
- Market share gains in LatAm, Russia, APAC

Risks

- High price tag on potential acquisition in online gateways
- Second round of R&D effort to support online+offline offer

Valuation summary



Source: Exane BNP Paribas estimates

IT Hardware team



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Alexandre Faure joined our IT Hardware Team in London in 2010 from RBS, where he spent three years as a sell side analyst. He previously worked as an intern in M&A at Rothschild. Alex is a graduate of HEC, where he majored in Economics.



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Alexandre Peterc joined Exane in 2001. After graduating from top-ranked Paris business school Ecole des Mines (engineering / business background), Alexandre joined Société Générale in Paris in 1993 as a junior analyst on the Electrical equipment sector. After three years with Société Générale in Paris, he joined the Emerging Markets (Eastern Europe) analysts team in London for two years (1996-1997). He then joined CDC-Bourse in 1998 and began coverage of the European telecoms equipment sector, which he then continued at Exane from March 2001 on.



Nav Sheera (London)

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Nav Sheera spent 10 years working in the semiconductor industry, including Intel Corp and Samsung Electronics, prior to joining Citigroup as a research analyst covering Semiconductors. He spent eight years as a sell side analyst at Citigroup and Lehman Brothers before moving to Pictet Asset Management covering Global Technology on the buy side for three years. He joined Exane as a Global Technology Specialist in 2010. He has a first-class Honours degree in Engineering from Cambridge University and an MBA with distinction from INSEAD.

Introduction

Food & HPC

Food Retail

General Retail

IT Hardware

Q & A

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SRI: SOCIALLY RESPONSIBLE INNOVATION

- Introduction
- Automotive
- Pharmaceuticals
- Capital Goods

Q&A

SRI

Socially Responsible Innovation

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SRI

Socially responsible innovation

Introduction

Automotive

Pharmaceuticals

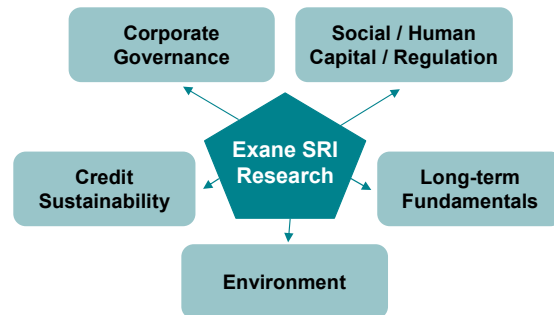
Capital Goods

Q & A

SRI – Socially Responsible Innovation

Exane's new sustainable development team

- **A strong focus on sustainability**
 - › Gradual integration of extra-financial drivers into Exane research
 - › Five key indicators, including credit and long-term economic factors
- **Qualitative approach, leveraging the knowledge of Exane BNPP's analysts**
 - › The SRI team will identify key extra-financial topics...
 - › ... while financial analysts will bring sector / company expertise
 - › 50 analyst contributions for the Innovation report
- **The benefit of Exane's independence**
 - › CEO pay report identified decorrelations between pay and performance

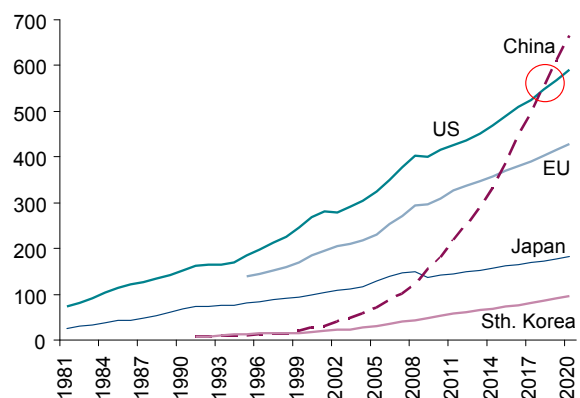


SRI – Socially Responsible Innovation

Innovation: a necessity?

- **Economic context: sustained low-growth, increasing competition and new environmental challenges**
 - › Need to innovate to differentiate and raise entry barriers
- **Shorter innovation cycles**
 - › ... with impressive successes (VW, Apple)...
 - › ... and catastrophes (Nokia, RIM)
- **R&D growth accelerating in emerging countries**
 - › China to be bigger than the US by 2020
- **Globalization of R&D and development of collaboration**

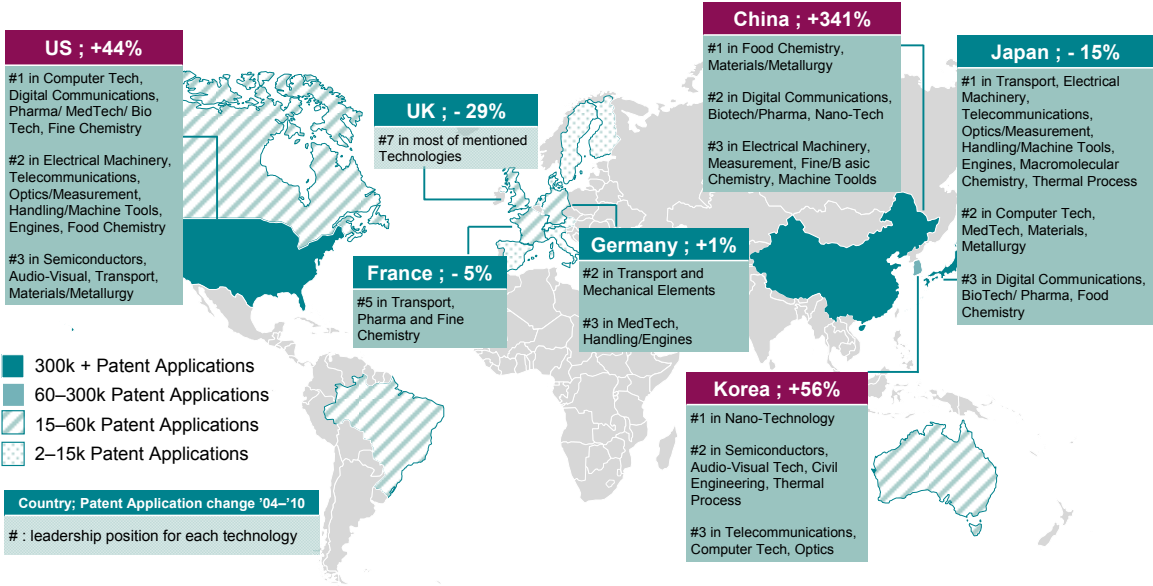
R&D: the Chinese boom
Total spending in USDbn (PPP)



Innovation – defensive or offensive – will be necessary at most companies to offset weak market trends and win market share

SRI – Socially Responsible Innovation

Intellectual property: Asia and the US are reinforcing their leadership



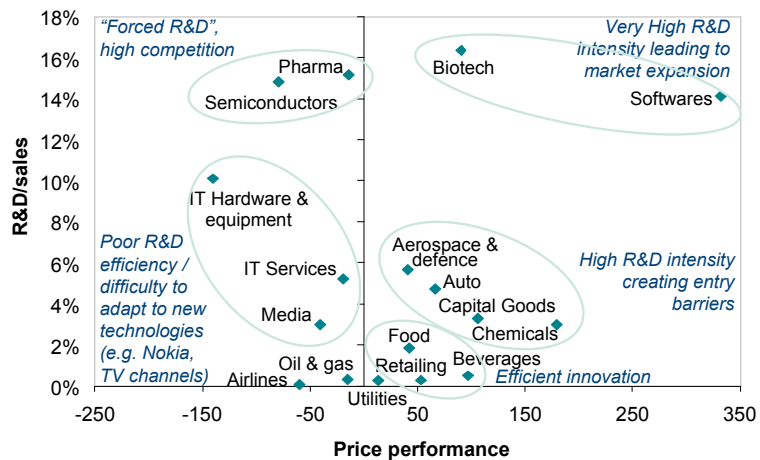
Seven countries account for more than 85% of total patent applications

SRI – Socially Responsible Innovation

Innovation may be a threat or an opportunity

- **New technologies may reshuffle value...**
 - ... between sectors, regions and large caps / start-ups
- **Innovation does not boil down to R&D**
 - New ideas on products, processes or marketing
- **Companies must be able to adapt**
 - New inputs (new technologies, process)
 - Customer trends

The impact of innovation is not straightforward
 R&D/sales versus 10yr price performance re. MSCI ex fin.



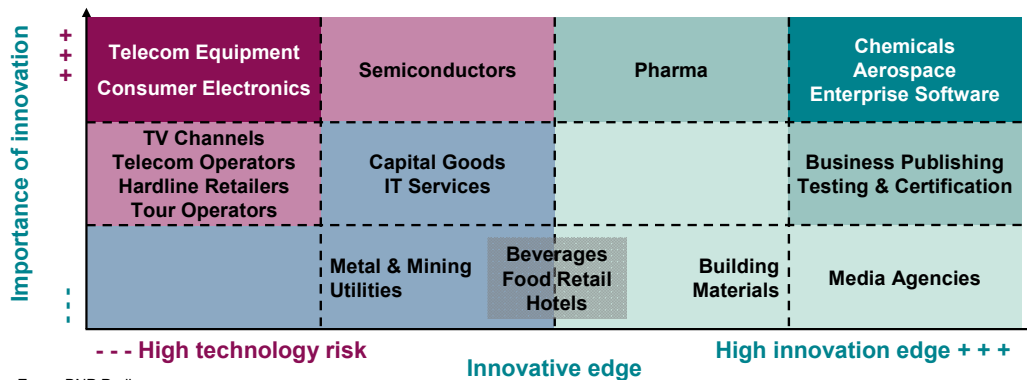
Source: Exane BNP Paribas estimates

Google’s 70-20-10 rule:
 Engineers spend 70% of their time on core business, 20% on projects, 10% on their own ideas

SRI – Socially Responsible Innovation

Innovation stock picking - a three step approach

- **Sector level: analyst interviews to rate the importance of innovation and identify the main challenges**
- **Company ratings on innovation:**
 - Corporate culture / human capital / 'ecosystem'
 - R&D: financial power, investment strategy and efficiency
 - Technological choices offering a sustainable competitive advantage and thus solid growth prospects
- **Among top-rated companies, a final screening based on the overall investment case on a three year horizon**



Source: Exane BNP Paribas

Exane BNP Paribas | SRI: Socially responsible innovation – Introduction

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SRI – Socially Responsible Innovation

18 stocks selected for their three-year innovation potential

1-5, 5 most important	Importance of innovation	Selected list - 3 year investment horizon	
High Tech	Aerospace & Defence	5.0	EADS
	Software	5.0	Dassault Systemes
	Semiconductors	5.0	
Industry/ construction	Telecom equipment/consumer electronics	5.0	
	IT Services	3.0	Altran
	Automotive	4.0	VW
	Building Materials	2.5	
	Capital Goods	3.5	Schneider, Weir Group
	Steel	2.5	
	Mining	2.0	Imerys
Energy	Oil & Gas	3.0	Technip
Food & non-durable	Beverages	1.0	
	Food & HPC	2.7	Kerry Group, L'Oréal
Retail & services	Food Retail	2.0	
	Apparel retailers	2.7	ASOS, Inditex
	Hardline/specialty retailers	2.0	
	Testing & certification	2.0	Eurofins Scientific
	Media	4.0	Pearson
	Leisure & Hotels	1.0	
Pharma & chemicals	Chemicals	4.0	Symrise (ingredients), DSM, Vilmorin
	Pharmaceuticals	5.0	Novartis

Exane BNP Paribas | SRI: Socially responsible innovation – Introduction

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SRI – Socially Responsible Innovation

Focus on the top three innovation picks

- **Volkswagen, Novartis and Schneider**

- Good innovation track records
- R&D investment and efficiency
- Importance of innovation for the overall investment case

Company name	Sector	Country	Market cap (EURbn)	Innovation Rating	Exane rating	Current share price	Target price (12m)	'13e P/E adj.	'13e EV/EBITA adj.	'13e FCF yield	EPS CAGR '12-'14	Adj EBITA CAGR '12-'14
Volkswagen	Automotive	Germany	69.8	4.0	+	154	179	6.6	3.75	4.2	(2%)	9.5%
Novartis	Pharma	Switz.	121.8	4.0	+	57	64	11.1	9.9	7.7	7%	4.5%
Schneider	Cap. Goods	France	25.9	4.5	+	49	57	12.6	9.3	7.7	9%	9%

Source: Exane BNP Paribas estimates

SRI team



Yohann Terry

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Yohann Terry joined our Utilities Team in 2008 and this year moved to the SRI team. He previously worked at Orange France for two years as a Financial Manager. He graduated from ESSEC in 2004 having majored in Finance.



Astrid Tran Ba Huy

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Astrid Tran Ba Huy joined the SRI team in October 2012. She was previously with the Ideas Team, which she joined in 2007 to develop Exane BNP Paribas's cross-sector research product. Before Exane, Astrid worked for three years at Aéroports de Paris where she was an IPO project manager with the Finance department. Astrid graduated from HEC in Finance in 2004 and is a CFA Charterholder.

Introduction

Automotive

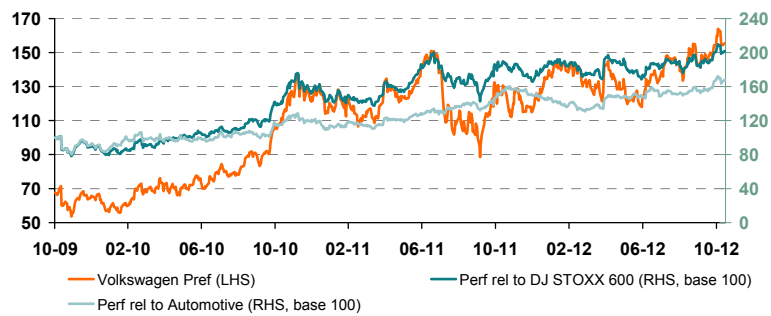
Pharmaceuticals

Capital Goods

Q & A

Volkswagen Pref. (+)

Target price: EUR 179 (+16%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	5.7	5.8	6.0	20.1
Automotive	8.1	9.3	8.1	12.0

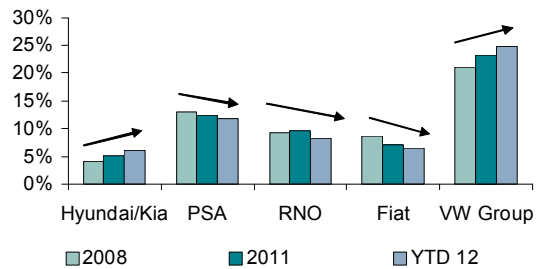
(*) In listing currency, with dividend reinvested

Volkswagen Pref. (+)

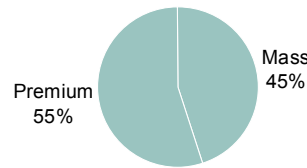
Investment case

- **An innovation pioneer with yet another breakthrough**
 - The MQB toolkit is being deployed...
 - ...and should further widen the gap with peers
- **A structural winner in times of crisis**
 - Continuing strong roll-out of new models
 - High pricing premium over peers
 - #1 or #2 across all markets worldwide (excl. USA)
 - Big positive earning swing opportunity in the USA
- **Porsche's integration should reinforce the earnings profile**
 - Higher exposure to the premium segment (c55% EBIT)
 - Margin accretion (Porsche at c19% op. margin)
- **Valuation**
 - Our 2013e-based SOTP leads to a EUR179 TP

Widening the gap in a tough Europe European market shares



Growing premium exposure EBIT by segment



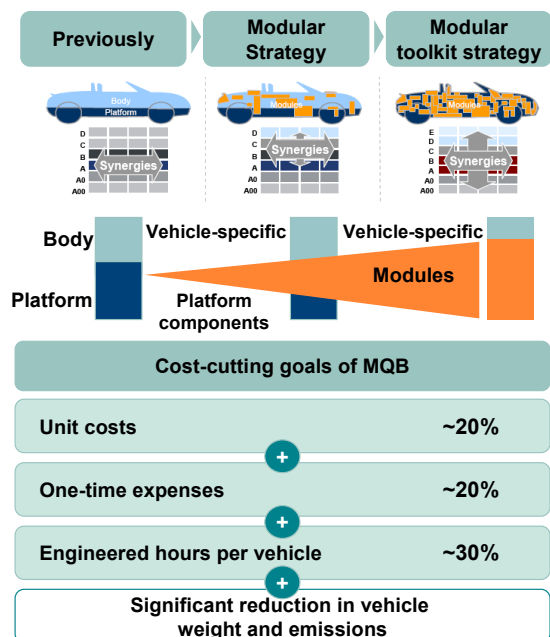
Source: ACEA, Exane BNP Paribas estimates

VW Pref. is our preferred play among OEMs

Volkswagen Pref. (+)

Innovative leader

- **MQB: Modular transverse toolkit**
 - Strategy for shared modular construction
 - >40 models based on MQB by 2018
 - 2012e (<0.1m units), 2014e (c.2m), 2016e (>4m)
 - High upfront investment
- **To trigger higher returns**
 - Higher revenue per car (better equipment)
 - Lower materials costs per unit and economies of scale
- **Lower investment**
 - Shorter development time per car
 - Limited one-off expenditure, lower investment in tooling and engineered hours per vehicle
- **The tailwinds are getting closer**
 - Operating margins are still burdened by ramp-up costs
 - First clean margin expected in Q4 13e
 - Bulk of tailwinds should be felt in 2014e

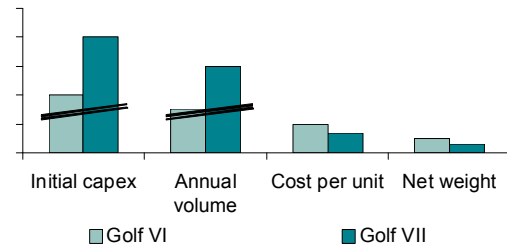


Volkswagen Pref. (+)

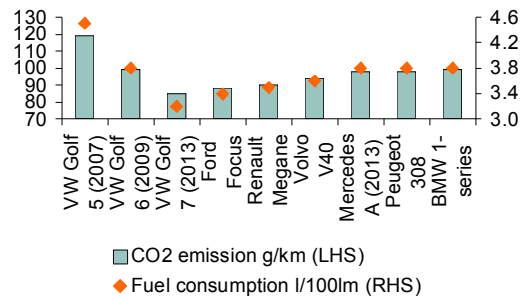
Innovating leader

- **The MQB should sustain VW's competitive advantage**
 - Design process and manufacturing
 - Powertrain technologies and CO2 reduction
 - Technology and safety
- **The new Golf VII demonstrates VW's edge**
 - Reduced cost and lower price per unit
 - Increased value for money thanks to savings reinvested in higher content
 - Build time reduced by 30% vs Golf VI
 - Weight cut by 100Kg and best-in-class fuel consumption/CO2 emission
 - Uniform engine assembly position allows for alternative drives (e.g., EV, HEV)

Golf VII marks a step up vs Golf VI



Setting the standard in fuel efficiency



Source: VW

Volkswagen Pref. (+)

Target price: EUR 179 (+16%)

Valuation

- 2013e-based SOTP points to EUR179
- Stock trades at 0.3x EV/Sales and 3.8x EV/EBIT
- 2014e-based SOTP yields a EUR198 TP

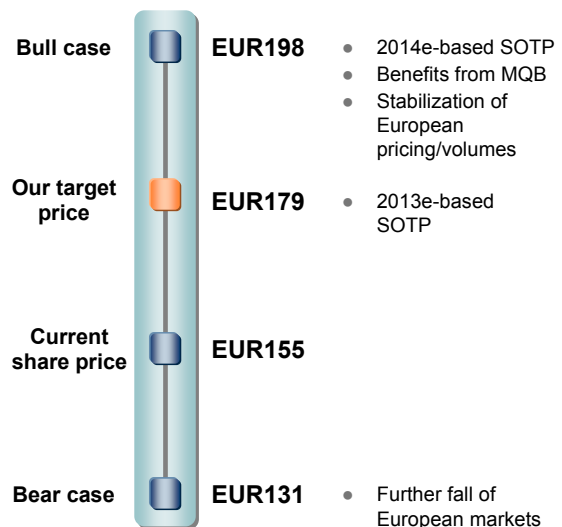
Short-term triggers

- Faster-than-expected turn-around of VW in the USA
- Continuing market share gains in China

Risks

- Management and execution issues due to complexity
- Further deterioration in pricing/volumes in Germany
- Large recall similar to Toyota in 2010
- Value destructive M&A

Valuation summary



Source: Exane BNP Paribas estimates

Automotive team



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Rabih Freiha joined our Automotive team in Paris in July 2010 after a successful internship with the team and in our New York office. Rabih holds a BA in Economics from Saint Joseph University of Beirut and is a graduate of HEC Paris.

Introduction

Automotive

Pharmaceuticals

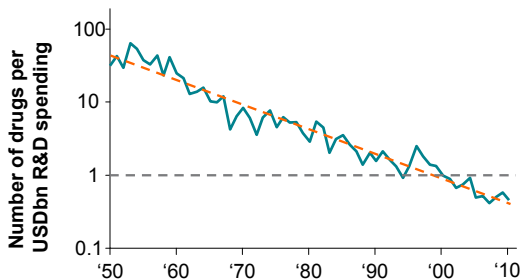
Capital Goods

Q & A

Pharmaceuticals (=)

Lack of R&D productivity, patent expiries and toughening regulation

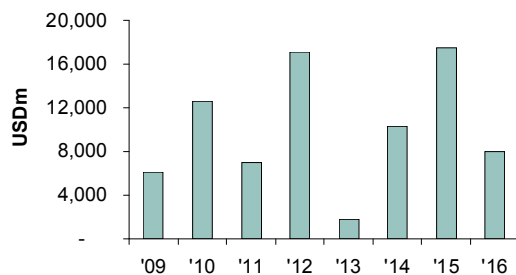
A 60-year crisis of innovation



Source: Nature Reviews Drug Discovery

- The number of new drugs approved per USDbn of R&D has fallen by 80x since 1950
- 1990–11: drug approvals stable at 25pa whereas R&D has risen from USD10bn to USD50bn
- Fewer than 2 in 10 drugs recoup development costs

Pharma is still exposed to a patent cliff



Source: Exane BNP Paribas estimates

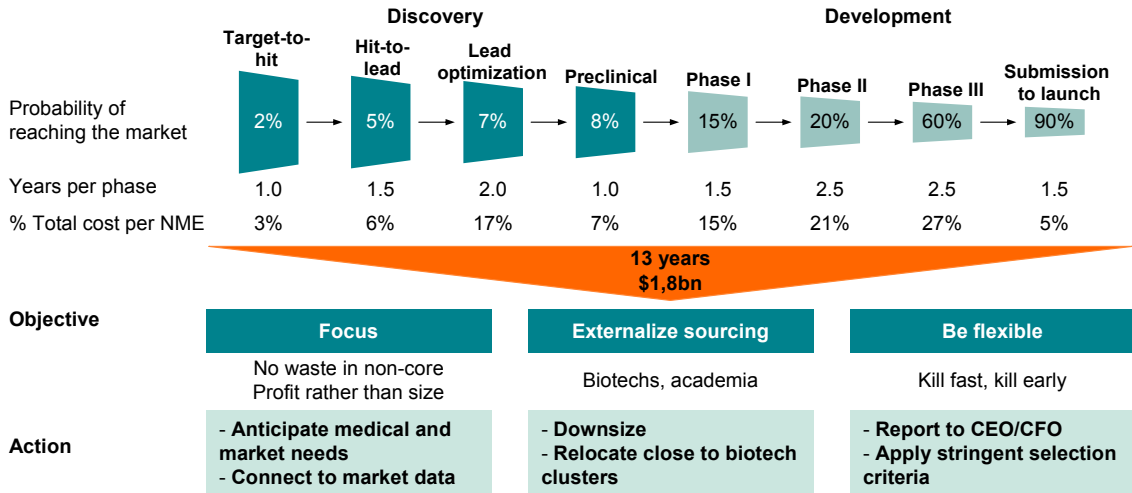
- USD80bn of sales lose patent protection in 2009–16
- Cheap generics further raise the bar for innovative drugs in the context of toughening regulation

Higher R&D spending will not save Pharma from the patent cliff

Pharmaceuticals (=)

The mutation of Big Pharma R&D: externalize, focus, be flexible

Pharma has already taken concrete action to improve the R&D engine



Source: Exane BNP Paribas, Nature Review Drug Discovery

Key drivers of the R&D mutation: Focus, Externalization, Flexibility

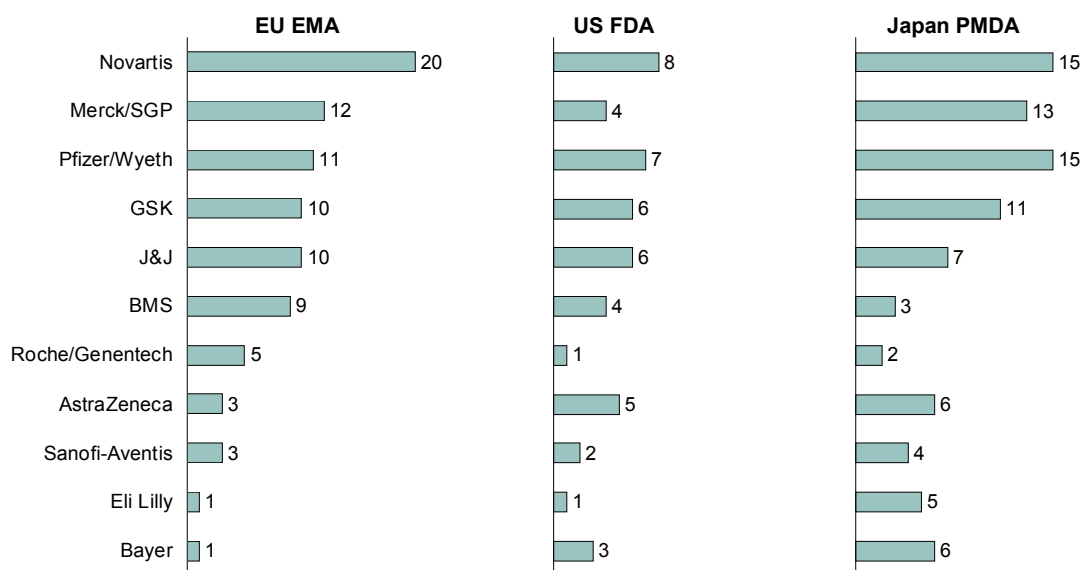
Exane BNP Paribas | SRI: Socially responsible innovation – Pharmaceuticals

3

Pharmaceuticals (=)

Novartis has delivered the highest number of approvals in the industry in the past five years

Drug approvals by region, 2007 – H1 12



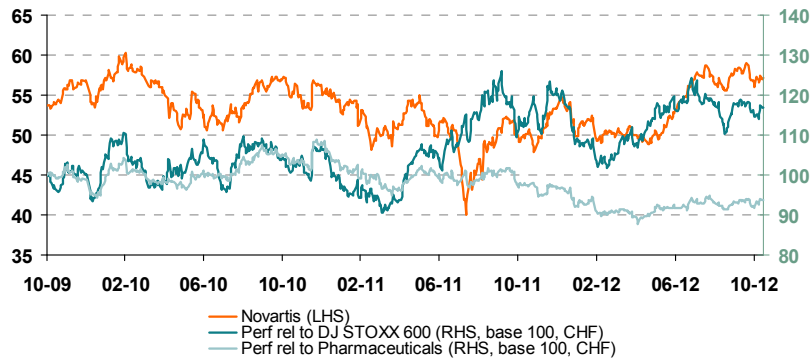
Source: FDA, EMA, PMDA, Novartis

Exane BNP Paribas | SRI: Socially responsible innovation – Pharmaceuticals

4

Novartis (+)

Target price: CHF 68 (+20%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	(0.9)	(1.7)	2.9	(2.9)
Pharmaceuticals	0.2	1.1	(3.5)	(2.9)

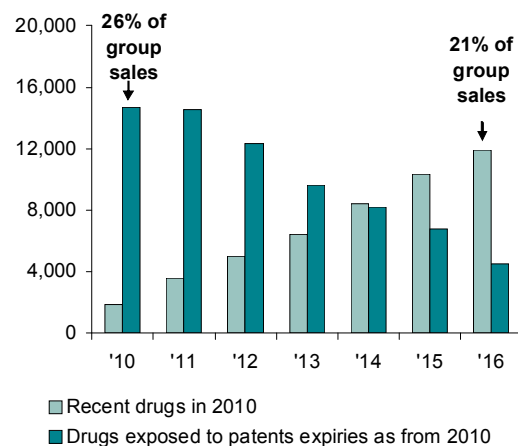
(*) In listing currency, with dividend reinvested

Novartis (+)

Recently-launched and pipeline drugs to offset patent expiries

- **Novartis has established strong positions with innovative drugs...**
 - Recently launched drugs should generate 21% of 2016 group sales (vs 13% for peers)
 - Leukemia: Gleevec, Tassigna
 - Diabetes: Galvus (EU)
 - Breast cancer: Afinitor
 - Ophthalmology: Lucentis
 - Multiple sclerosis: Gilenya
- **...and offers solid pipeline options**
 - Combined pipeline drugs could add up to USD5bn in 2016 (8% of group sales)
 - Respiratory: QVA
 - Heart failure: Relaxine
 - Meningitis: Bexsero

Novartis' R&D should be able to replace almost all sales lost to generics



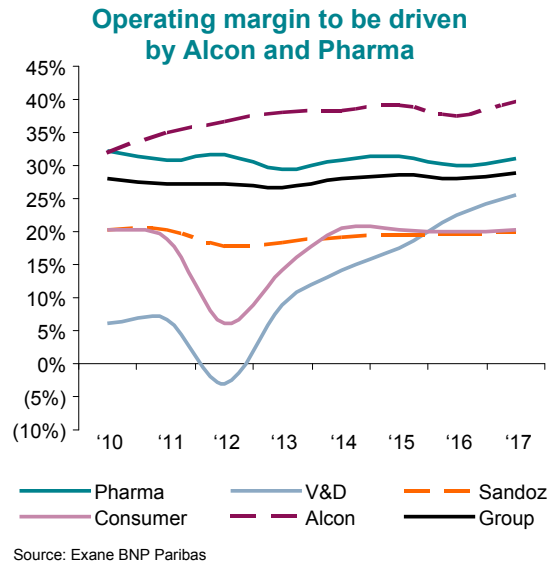
Source: Exane BNP Paribas

Novartis' R&D engine: solid achievements and should continue to deliver

Novartis (+)

Investment Case

- **Gradual margin recovery as from 2013e**
 - 2012–13 marked by specific issues: consumer healthcare manufacturing, Diovan US patent expiry
 - Operating margin to improve by 220bp over 2013–17 from 26.8% in 2013
- **Alcon and Pharma the key contributors**
 - Alcon (30% of EV): 180bp operating margin gain in 2013–17 on improving product mix (surgery) and savings
 - Pharma (50% of EV): operating margin to improve by 170bp in 2013–17 back towards the pre-patent cliff level



Rebuilding confidence and restoring growth 'post cliff'

Novartis (+)

Target price: CHF 68 (+20%)

Valuation

- Trades at a 3-4% PE discount to peers on FY14-15, despite superior FY12-16e EPS CAGR (6% vs 5%)

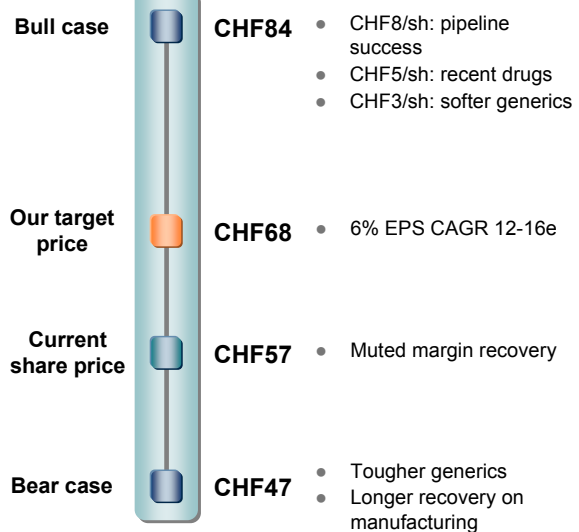
Short-term triggers

- New data on Tassigna, Afinitor in Dec. (oncology)
- Communication on 'post-cliff' targets expected early FY13

Risks

- Recovery delayed by tougher generic impact
- Stronger competition on Lucentis, Gilenya

Valuation summary



Source: Exane BNP Paribas estimates

Pharmaceuticals team



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Vincent Meunier joined the Pharma team in 2005. He has a doctorate in Pharmacology and Masters degree in Strategy Management (HEC). He began his professional career as a hospital intern before joining Arthur D. Little as a Healthcare Practice consultant.



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Nicolas joined Exane mid 2010 from SGAM-AMUNDI where he spent three years as a buy-side analyst on Healthcare, Food & Beverages. Nicolas holds a Doctorate in Medicine and a masters degree in Medical Management from ESCP-EAP.



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Florent Cespedes joined Exane in October 2006. He graduated from ESCP with a Master's degree in finance. Prior to this, he obtained a BA in Pharmacology from the Pharmaceutical University of Montpellier. In 1998, he started his career as an analyst on the pharmaceutical sector at Banexi and later Rothschild. From 2000 to 2003 he worked for Fortis Securities in the Pharmaceutical team. He then became head of the European Pharmaceutical sector team at Natexis in 2003.



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John graduated from the University of Manchester with a BSc Hons in Life Sciences. He started his working career in 1982 as a European Healthcare analyst at Citibank. In 1989 he moved to Merrill Lynch (subsequently BofA Merrill Lynch) and moved to a specialist sales role covering pan-European Healthcare companies. John joined Exane BNP Paribas in early 2012.

Introduction

Automotive

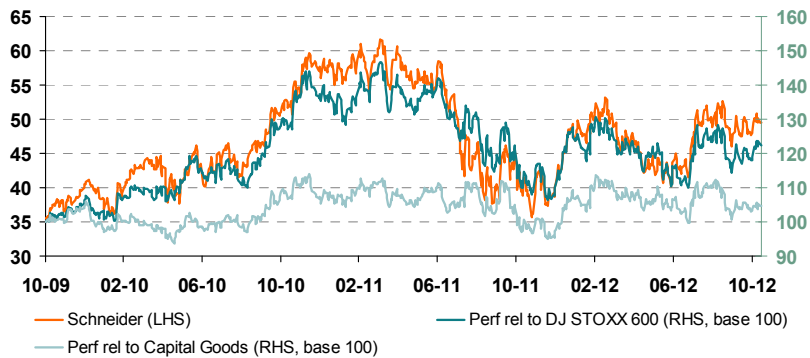
Pharmaceuticals

Capital Goods

Q & A

Schneider (+)

Target price: EUR 57 (+17%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	3.3	(1.2)	6.7	9.1
Capital Goods	0.3	(3.9)	4.7	6.5

(*) In listing currency, with dividend reinvested

Schneider (+)

Investment Case

Positive

- Attractive self-help play: CONNECT program
- Net pricing dynamic: price vs RMI

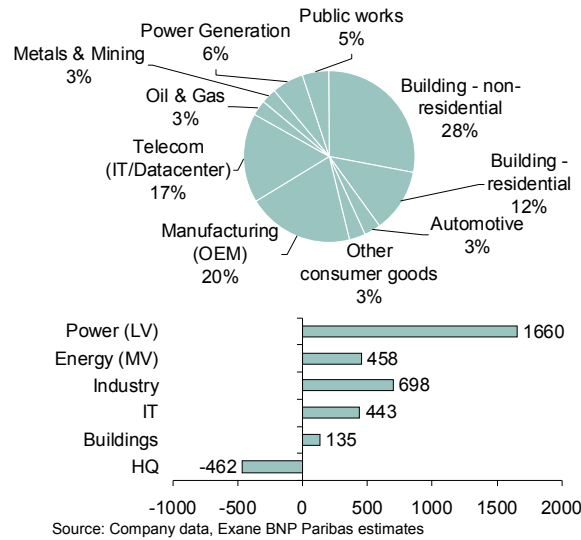
Risks

- M&A strategy
- Macroeconomic indicators (IFO, PMI)

Milestones/Catalysts/Guidance

- 2012 Adj. EBITA organic growth in low single digits: 14–15%
- CONNECT (2012–14): EUR900m–1,100m productivity, SFCs down by 1pp (EUR220m) despite R&D up by up to 100bp
- Trough cycle: GDP+3%, 13–17% Adj. EBITA%, 11–15% ROCE, 100% income cash conversion

Well diversified exposure



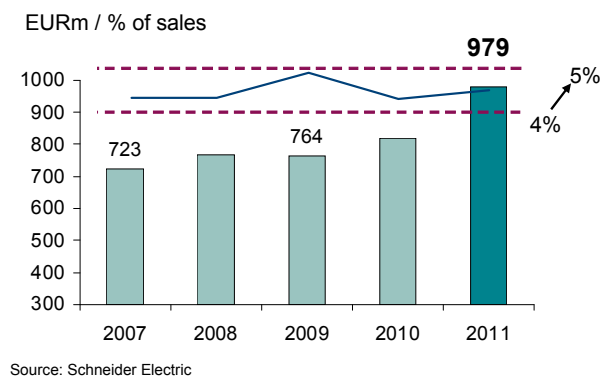
Schneider is attractive for 2013

Schneider (+)

Innovation to raise entry barriers

- **Focus on Innovation**
 - R&D increase from 4% to 5% => +25%
- **Premium & mid-market strategy**
 - Similar level of profitability in EMs
- **Energy management platform**
 - A way to accelerate renovation demand
- **Development of Service & Solutions**
 - Service growth

R&D budget



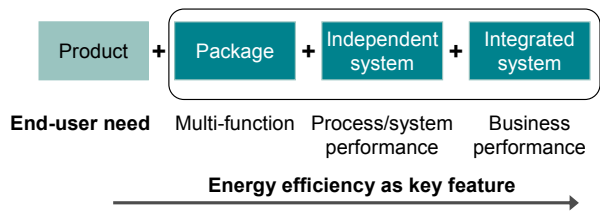
An attractive SRI investment

Schneider (+)

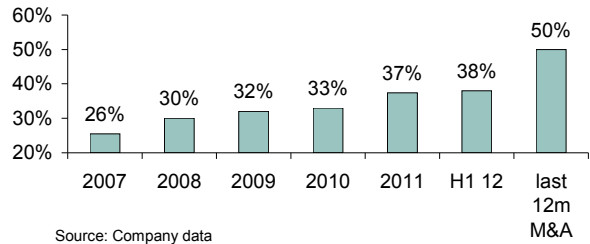
Strategy in Solutions

- **Solutions strategy rolled out across the company**
- **Initially dilutive but management has refocused**
 - › Normal learning curve, no market share rush
 - › Early success in IT
 - › Target to raise operating margin to 12% (from 9%)
- **Roll-out in Automation (Plant Structure)**
- **New products in 2012: MV switchgears, breaker range**

Solutions Strategy



Solutions & Services (% of group sales)



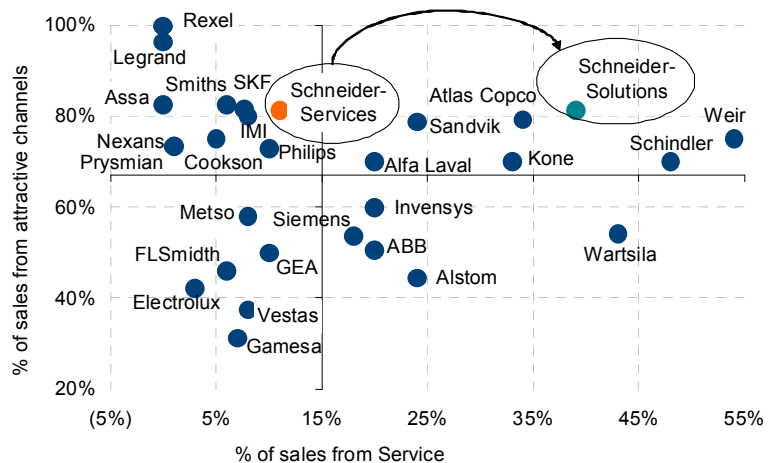
Solutions strategy extended

Schneider (+)

Schneider has an attractive business model

- **Schneider already screens well**
 - › High distribution sales
 - › Guarantees solid pricing
- **Service sales close to average**
 - › High margin structure
 - › Harvesting the installed base
- **Move into Solutions**
 - › Structural improvement

Business Model

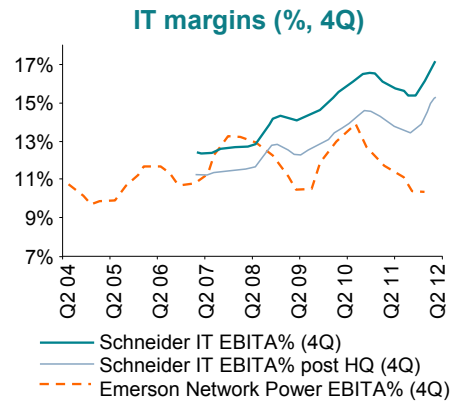
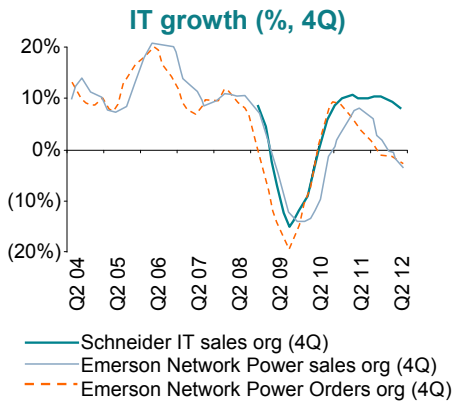


Source: Exane BNP Paribas

Schneider's business model could improve gradually

Schneider (+)

Schneider IT business



Source: Company data

- **Solutions approach in datacenter: unique IT capability (15% of sales)**
- **8–9% ROCE on APC acquisition**
- **Strong market share gains and outperformance vs peers**

Schneider innovation successful in IT

Exane BNP Paribas | SRI: Socially responsible innovation – Capital Goods

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Schneider (+)

Target price: EUR57 (+17%)

Valuation

- **9.3x EBIT 13e**
- **Historical average of 10x EBIT**
- **10yr CAGR of 4.2% vs 3.8% for sector**

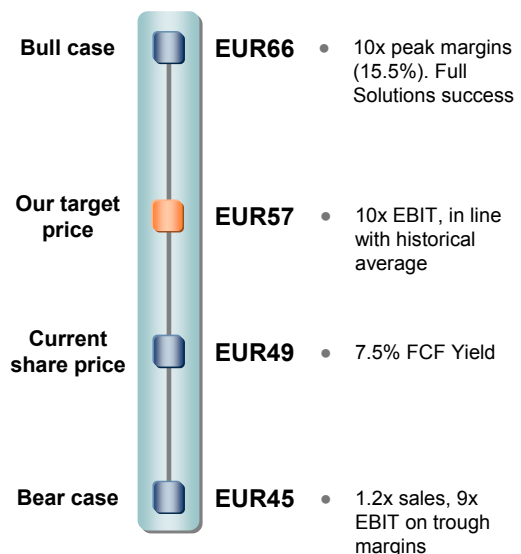
Short-term triggers

- **Non-residential market trends**
- **China recovery**

Risks

- **M&A**

Valuation summary



Source: Exane BNP Paribas estimates

Exane BNP Paribas | SRI: Socially responsible innovation – Capital Goods

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Capital Goods team



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Olivier is a graduate of the Institut National des Télécommunications and holds an MBA in Finance from HEC. Two years with Stern Steward in London and Munich were followed by two-and-a-half years with JP Morgan, also in London, as a sell side analyst in Capital Goods.



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Alexis Denaud joined our Capital Goods Team in 2009 from GE's Private Equity division, where he had worked since 2003. He graduated from ESCP-EAP in 1998 and is a CFA Charterholder.



Arnaud Brossard

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Arnaud joined Exane in March 2008 having been an equity analyst covering Aerospace & Defence at Oddo since 2005. Prior to this, he was in charge of the marketing team at Oddo Asset Management. Arnaud graduated from ESC Rouen (majoring in Banking & Finance) in 2002. He is also a CFA Charterholder.



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Jonathan joined Exane in 2010 having spent three years with Goldman Sachs covering the UK Engineering sector. Before Goldman Sachs he worked for three years at KPMG, where he qualified as a chartered accountant (ACA). Jonathan holds a PhD in Economics and Statistics.

SRI Socially Responsible Innovation

Introduction

Automotive

Chemicals

Pharmaceuticals

Capital Goods

Q & A

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AFRICA: THE NEXT ELDORADO?

- Introduction
- Oil & Gas
- Beverages
- Telecom Operators
- Building Materials
- Midcaps

Q&A

AFRICA

The next Eldorado?

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Africa

The next Eldorado?

Introduction

Oil & Gas

Beverages

Telecom Operators

Building Materials

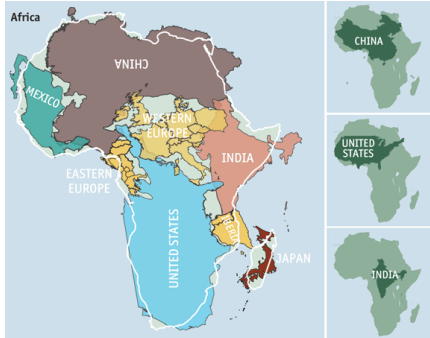
Midcaps

Q & A

The most promising long-term growth story

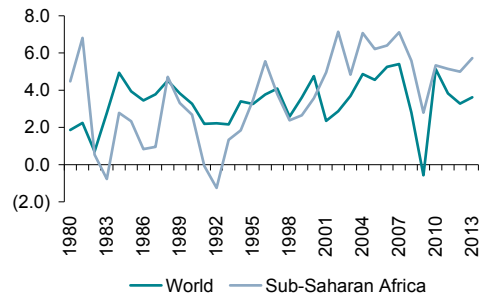
- Supercycle characteristics
- Economy doubling in size every ten years
- Fastest-growing economic region in the world after China

It's bigger than you think!

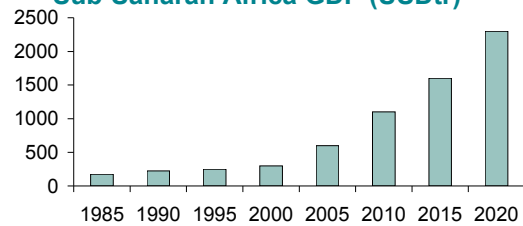


Source: Exane BNP Paribas estimates

GDP growth: World vs sub-Saharan Africa



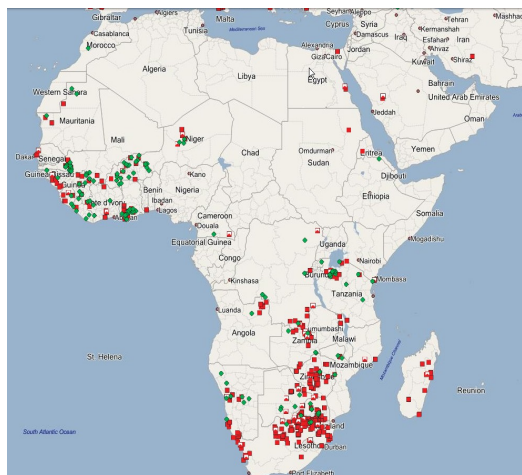
Sub-Saharan Africa GDP (USDtr)



Huge potential driven by natural resources and growing population

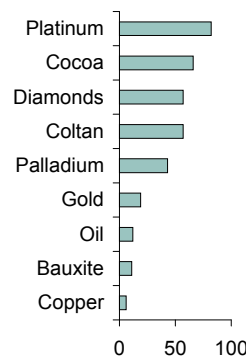
Massive wealth in the ground

Location of non-oil resources

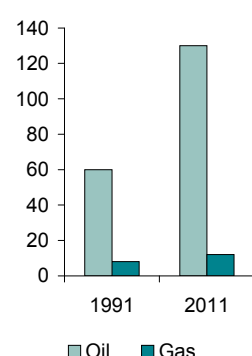


Source: Mapmine

Sub-Saharan Africa: % of world production



Sub-Saharan Africa: oil and gas production

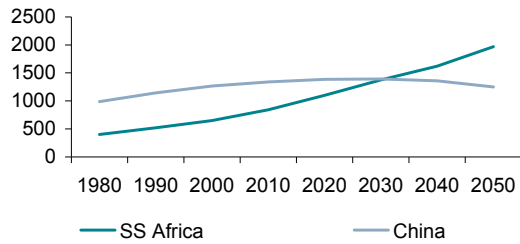


- Natural resources are an important part of the African story
- But they are funding the growth more than driving it

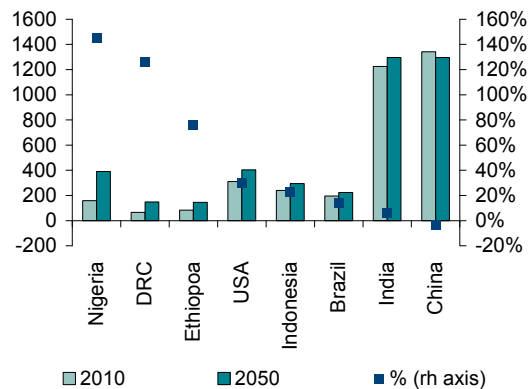
Multi-year potential to fund economic development

Strong demographics driving consumption

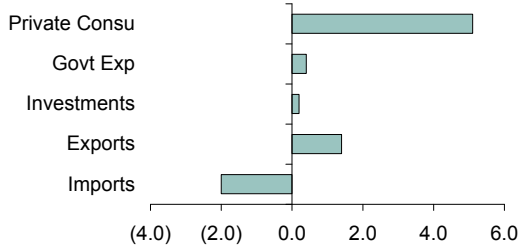
Population: Sub-Saharan Africa vs China



Population change by country



Growth contribution to GDP, Africa 2011



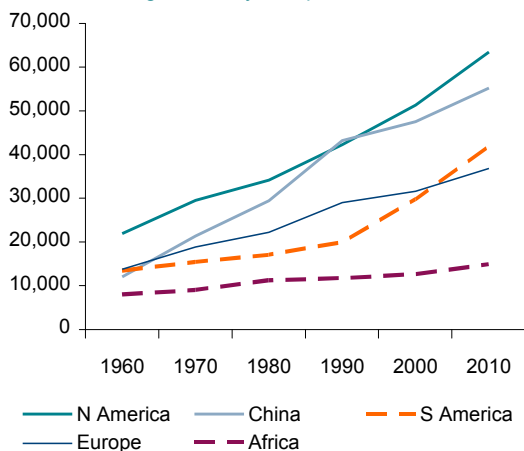
- Consumption is now the big driver of growth – not resources
- This trend is just starting!

Source: IMF, World Bank

Agriculture

The Green Revolution has yet to reach Africa

Agricultural yields per hectare



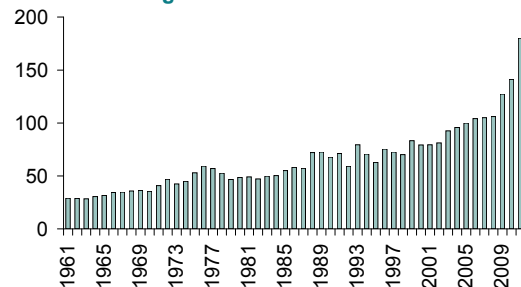
Source: FAOSTAT

- Only 15% of potential arable land is cultivated in Africa

- Vast potential water resources exist but not the infrastructure to use them for irrigation

Zambia began subsidising inputs in 2009

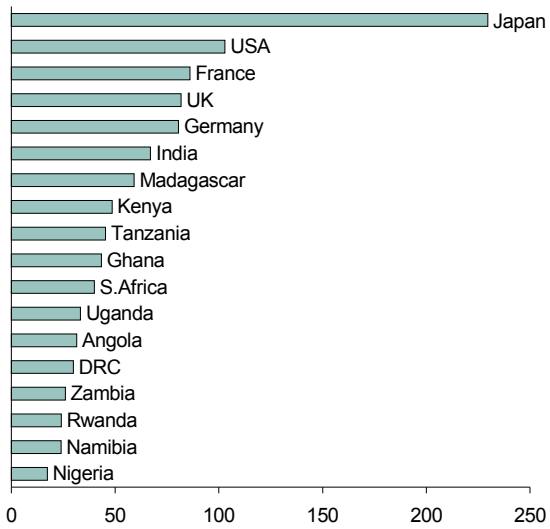
Total Agricultural Production Index



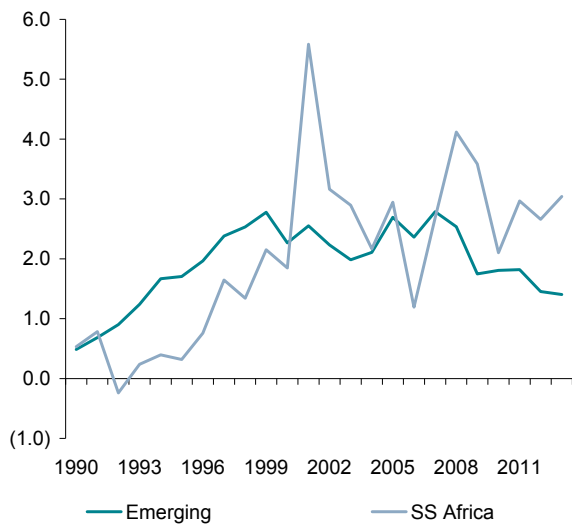
Potential to become a major net exporter of food

Countries have surprisingly little debt

Debt to GDP 2011 (%)



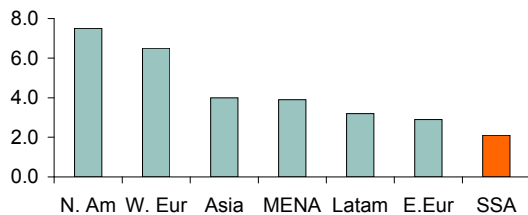
Direct investment % GDP



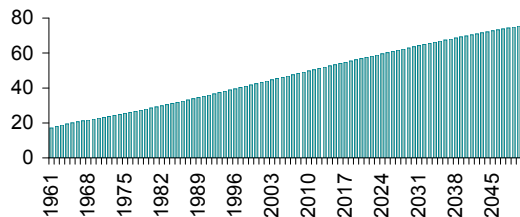
Source: IMF

Problems with growth

Perceptions of corruption



Nigerian urbanisation rate, 1960–2050



Source: Transparency International 2011 survey, World Bank

Lagos rush hour



- Corruption
- Political risk
- Very poor infrastructure
- Power shortages

Realising Africa's potential will be a slow process

How to play it?

- There are only a few European companies for which Africa is the major driver of profitability
- Our Africa list consists of companies for which Africa is already an important growth driver or will become so in the next five years
- A strong focus on exposure to the consumer

Exane Africa List

Company	Sales %	EBIT %	Main Exposures
Tobacco			
BAT	12	12	South Africa, Nigeria
Imperial	19	12	Morocco, Algeria, Tunisia, Cameroon
Food/HPC			
Unilever	11	11	South Africa, Nigeria
Nestlé	6	6	South Africa, Nigeria
Beverages			
Heineken	12	19	Nigeria, DRC, Rep. Congo, Egypt, Rwanda/Burundi
Diageo	13	12	Nigeria, Kenya, South Africa
SAB	29	31	South Africa, Tanzania, Mozambique, Uganda
Telecoms			
Millicom	20	18	DRC, Tanzania, Ghana, Chad, Senegal
Vodafone	15	13	South Africa, Egypt, Ghana, Kenya
Infrastructure			
Bolloré	27	75	45 countries
Lafarge	23	29	Algeria, Nigeria
Financial			
Standard Chartered	8	9	Nigeria, Kenya, Ghana
Barclays	16	12	South Africa, Egypt, Ghana, Kenya, Nigeria, Tanzania

Source: Exane BNP Paribas estimates

Africa

The next Eldorado?

Introduction

Oil & Gas

Beverages

Telecom Operators

Building Materials

Midcaps

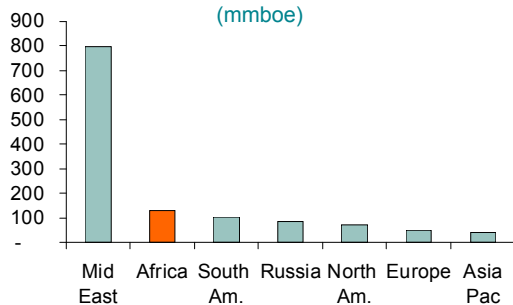
Q & A

Oil & Gas (=)

Africa – a compelling opportunity set

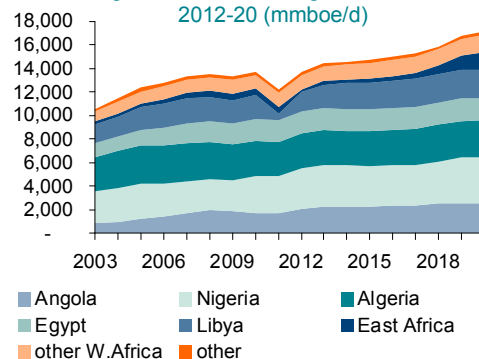
World's 2nd-largest oil reserve holder

25% of Proved oil reserves outside of the Middle East (mmboe)



Sustained African oil & gas prod growth

Booming East Africa and Angola drive 3% CAGR 2012-20 (mmboe/d)



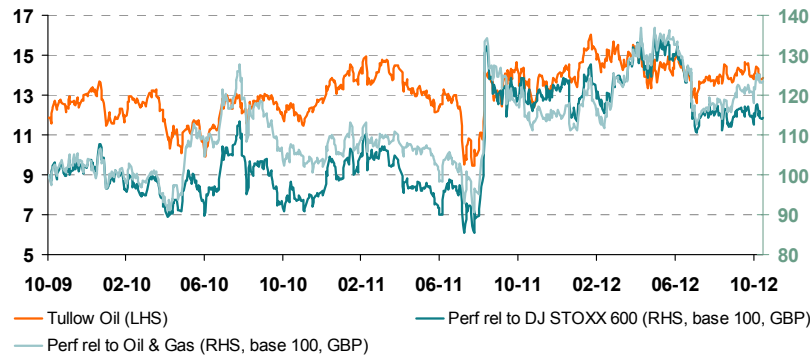
Source: Company data, Exane BNP Paribas, BP statistical review, Wood Mackenzie

- **Exploration has only scratched the surface of the continent**
 - Major exploration success in Kenya/Tanzania expands oil & gas boundaries
- **New production growth opportunities**
 - Exploit untapped gas resources
- **Challenges**
 - Lack of infrastructure
 - Perceived corruption

Africa – significant running room in both exploration and production

Tullow Oil (+)

Target price: GBP 15 (+9%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	(1.9)	(1.9)	(5.9)	(9.5)
Oil & Gas	1.8	5.3	5.6	3.4

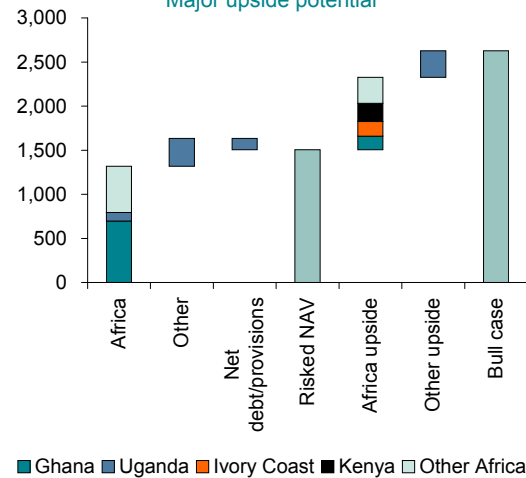
(*) In listing currency, with dividend reinvested

Tullow Oil (+)

Levered play on booming African oil & gas

- Present in 15 African countries and almost 1bnboe of reserves
- 80% of risked NAV (ie exploration targets risked for chance of success) in Africa
- Africa is the main driver of the story over the medium term
- Blue Sky scenario of > GBp2,600/s
 - Transformational exploration potential in Kenya/Ethiopia
 - Production upside in Uganda/Ghana
 - High impact drilling in Mauritania/Gabon
- Production potential of c.250kboe/d by 2020 from 80kboe/d today
- Solid financial position USD700m net debt / gearing c.12%

Tullow risked NAV and upside (GBp/s)
Major upside potential



Source: Exane BNP Paribas estimates

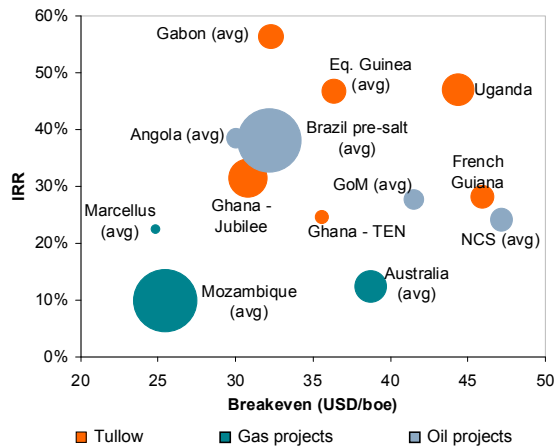
80% of Tullow is in Africa – upside skewed to Africa

Tullow Oil (+)

African portfolio – world class assets

Solid project portfolio...

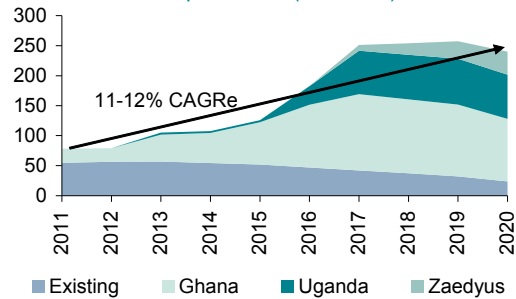
Benchmarking Tullow's assets against selected projects



Source: Company data, Exane BNP Paribas, BP statistical review, Wood Mackenzie

...drives 11-12% production CAGR to 2020

Total production (mmbode/d)



Tullow's Ghana & Uganda projects are key growth drivers

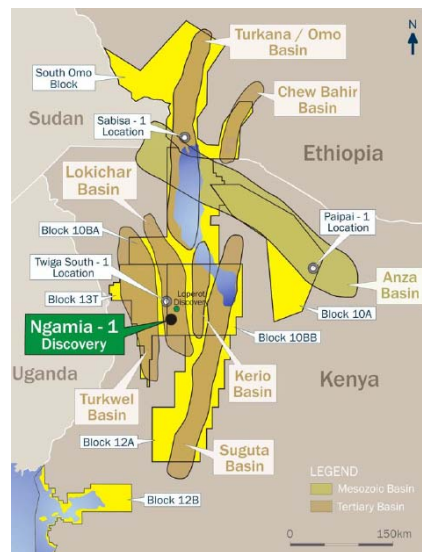
- Improving Jubilee field production to boost cash generation near term
- Cost control remains critical for profitability
- Midstream and downstream commitments in Uganda have brought concerns over profitability of assets

Solid growth, improving profitability

Tullow Oil (+)

Kenya/Ethiopia onshore - a global exploration hotspot for 2013

- Unrisked prospective resource estimate of 23bn bbls oil**
 - Acreege the size of the UK North Sea
 - This could be 10x larger than Uganda (1bnbbls of oil found, 1bnbbl yet to find)
- Active and accelerating drilling campaign**
 - 3 rigs now mobilised, capacity to add more
- Successful 1st Kenyan well has derisked the play**
 - Ngamia result was better than every one of the 40+ wells Tullow drilled in Uganda
- Risked NAV of GBp53/s with upside of GBp150/s**
 - If as much as 10x Uganda – potential for over GBp1,000/s



Africa has huge potential – Tullow is plugged in

Tullow Oil (+)

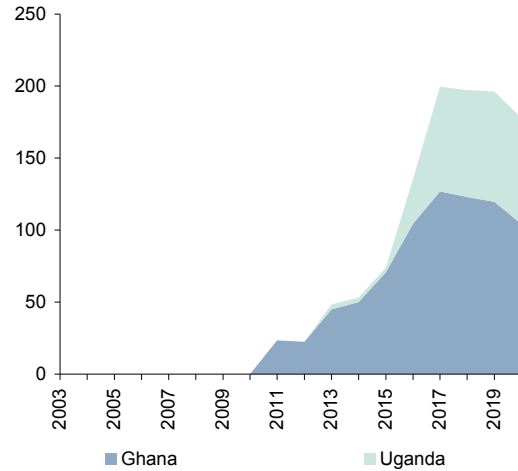
Ghana & Uganda - production battlegrounds for 2013

- **Ghana is ramping up – gross production of c.96kboe/d 2012 exit rate**
 - Potential to double production from Jubilee extension + TEN project
- **Uganda exports startup in 2015 to bring over 200kboe/d at plateau**
- **These 2 developments should be the primary cash generators of the group in the medium term**

The way forward in Ghana & Uganda

- **Ghana; further appraisal/step out exploration to extend plateau production**
 - Solve production issues at Jubilee field
 - Launch TEN project
- **Uganda; progress agreement with the government**
 - Firm up development cost (inc refinery + pipeline)
 - Over 1bn barrels yet to find

Core projects' production (kboe/d)



Source: Exane BNP Paribas estimates

Upside to come not just from drillbit

Tullow (+)

Target price: GBP15 (+9%)

Compelling valuation

- We value Tullow using a NAV of each asset and exploration prospect
- Tullow trades at a 9% discount to NAV @ USD85/bbl LT oil price

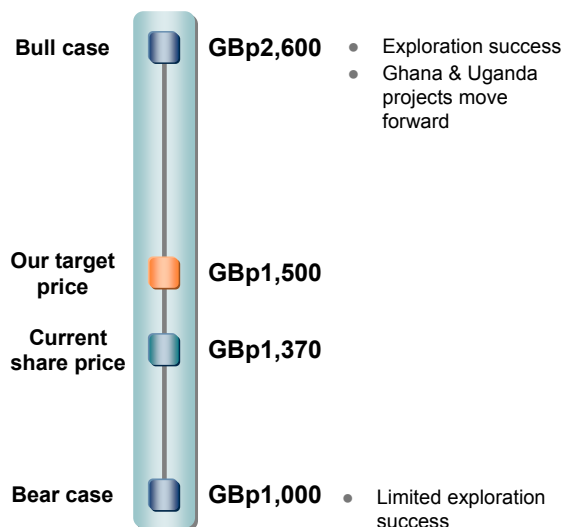
Short-term triggers

- Firm up development cost in Uganda
- Ghana; launch TEN project, further ramp-up of Jubilee
- Key wells to watch: Q4 12: Okure, Zaedyus Deep. Q1 13: Paipai, Sabisa. Q2 13: Priodontes

Risks

- Cost pressures
- Fiscal / commodity price / geopolitical risks
- Unsuccessful drilling results
- Oil spill

Valuation summary



Source: Exane BNP Paribas estimates

Oil & Gas team



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Alexandre Marie joined Exane in January 2007. He graduated from ENSAM with a degree in Industrial Engineering in 2005 and went on to a specialised masters in Strategic Management in 2006 at HEC. He held internships with Technip and Française de Mécanique.



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Andrew Crispin is Specialist Sales on the Oil & Gas sector, a position he held at BofA/Merrill Lynch for four years. Prior to that, he spent 12 years as both Analyst and Specialist Sales in the Cap Goods/Industrials sector with Lehman Brothers, WestLB Panmure and Societe Generale, where he started in 1996. Andrew holds a BA (Hons) in Business Studies.

Africa

The next Eldorado?

Introduction

Oil & Gas

Beverages

Telecom Operators

Building Materials

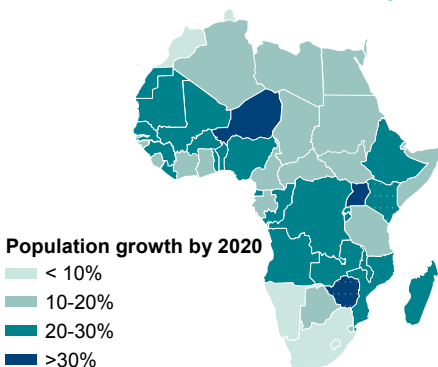
Midcaps

Q & A

Beer in Africa: Structural growth ahead

Demographics support beer growth

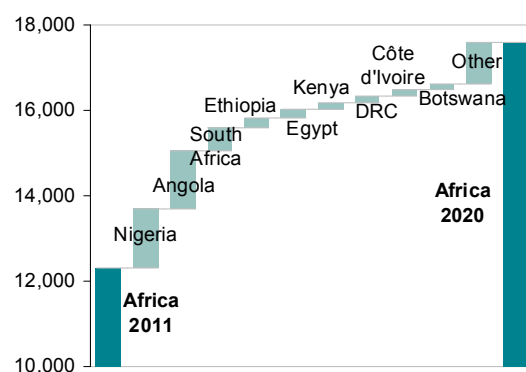
250 million more people by 2020



Source: CIA, Euromonitor, Exane BNP Paribas estimates

- 250 million more people by 2020, +500m by 2030
- Beer consumption per capita still very low

Beer volumes to rise 43% by 2020



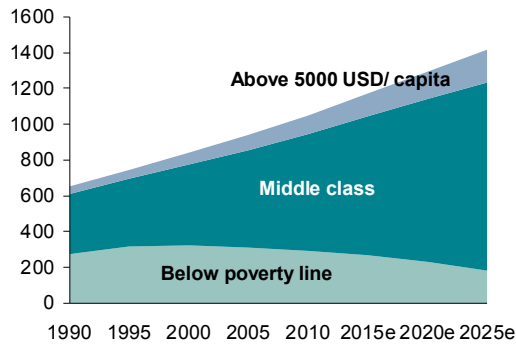
- Nigeria and Angola the biggest contributors to growth
- South Africa is already more developed

Africa holds enormous potential for beer

Beer in Africa: Structural growth ahead

Economic development and affordability are key

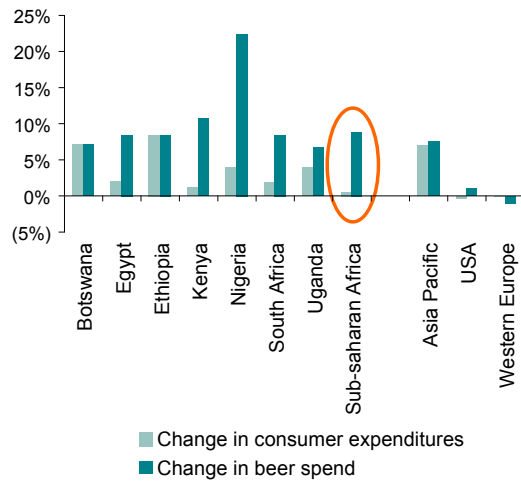
The middle class is soaring



- 30% of pop. lives below the poverty line → affordability is key
- Middle class is by far the fastest growing population

Source: World Bank, Euromonitor, Accenture, Exane BNP Paribas

Africans spend increasingly more on beer (2006-11)



Beer multiplier is extremely big in Africa

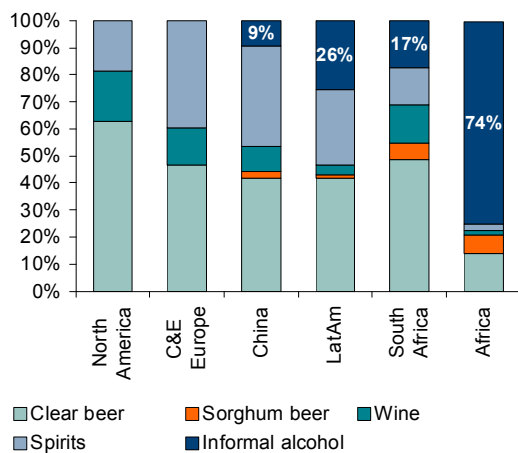
Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

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Beer in Africa: The affordability opportunity

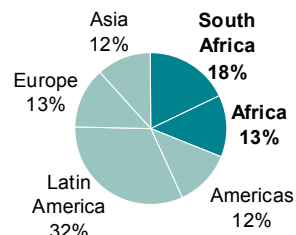
Consumers are ready to pay for beer (but can't always)

Gaining share from the informal market

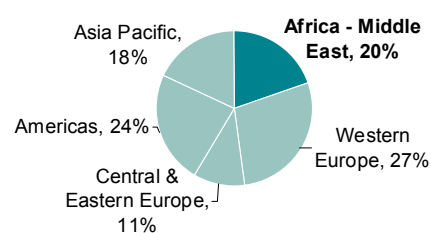


Source: SABMiller, Exane BNP Paribas

SABMiller FY12/13E EBITA



Heineken FY12E EBITA



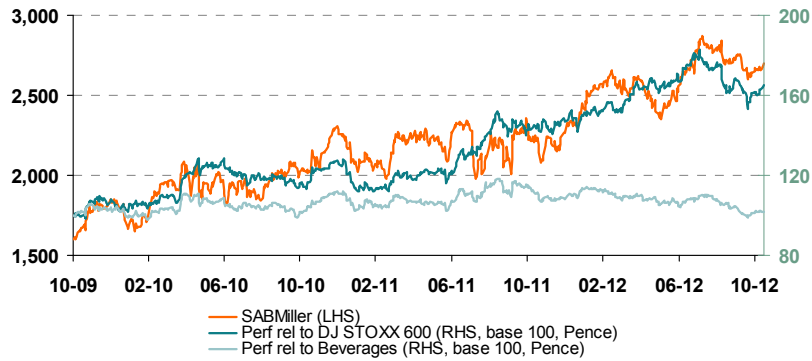
There is already a taste for beer in Africa

Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

4

SABMiller (+)

Target price: 3,000p (+12%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	0.9	(6.4)	13.1	9.9
Beverages	0.7	(7.7)	(8.1)	(6.4)

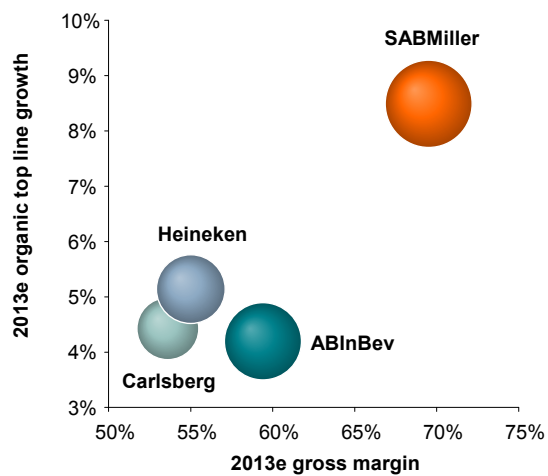
(*) In listing currency, with dividend reinvested

SABMiller (+)

Investment Case

- Highest EM exposure
- Highest average market share
- Highest growth rate potential
- Highest gross margins
- Most experience of Africa

The best growth/margin/market share combination

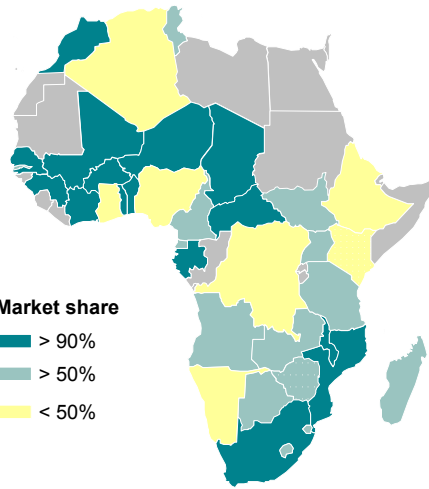


Source: EBNP Paribas estimates - bubble sizes are proportional to average market shares

A structural winner in beer

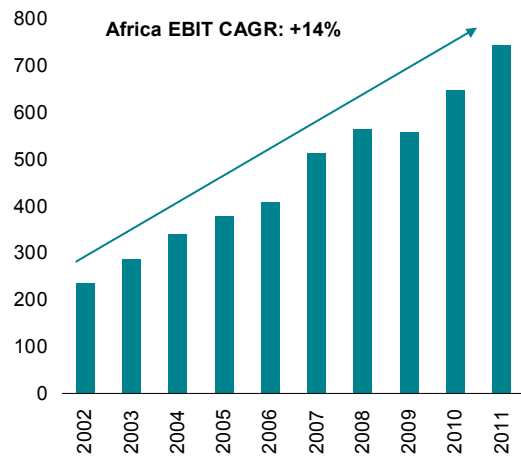
SABMiller (+)

Experience in Africa has been very profitable so far...



Source: SABMiller, Exane BNP Paribas estimates

African EBIT x3 in nine years



SABMiller has excellent positions in Africa

Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

7

SABMiller (+)

Target price: 3,000p (+12%)

Valuation

- 2013e FCF yield 6.3%
- 2013e PER 16.1x
- EPS 13% CAGR 12–14e

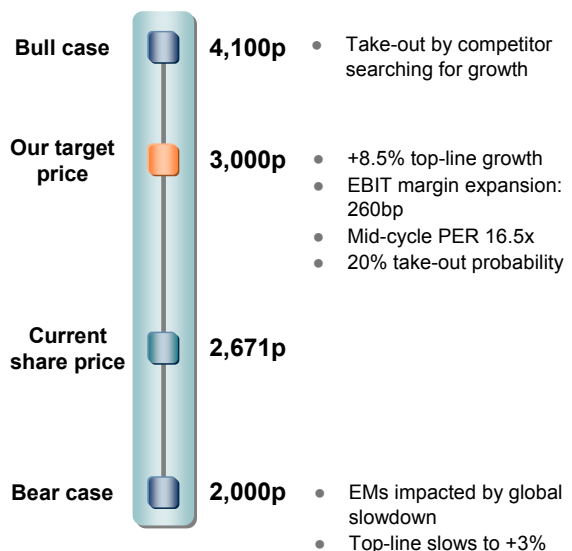
Short-term triggers

- Lower input cost inflation
- We expect low single-digit inflation in 2013e

Risks

- Currency risk in EMs
- Political unrest

Valuation summary



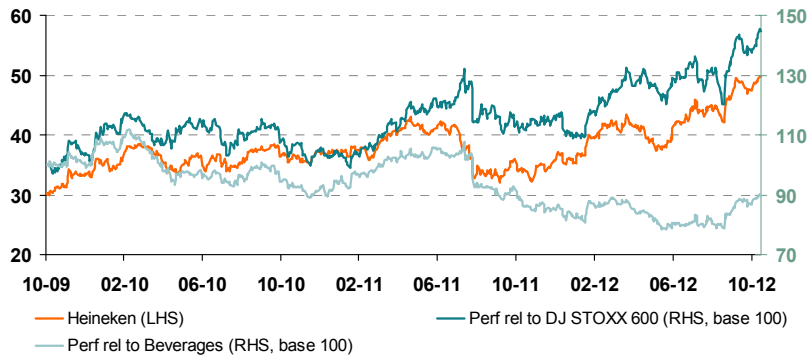
Source: Exane BNP Paribas estimates

Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

8

Heineken (+)

Target price: EUR 56 (+14%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	1.5	13.1	27.4	23.9
Beverages	1.3	11.5	3.4	5.6

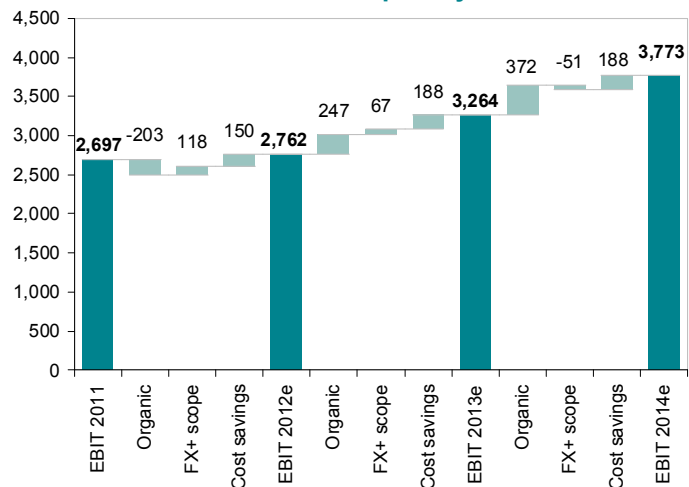
(*) In listing currency, with dividend reinvested

Heineken (+)

Investment Case

- **Diversified global beer player**
 - No country > 15% sales
- **Value from restructuring**
 - 2006-11 savings delivered EUR1bn
 - Additional EUR500m from TCM2
- **Improved EM exposure**
 - 60% 2013e EBIT from EMs
- **Acquisition of APB:**
 - Incremental exposure to EM
 - Earnings accretive (+9%)

The self-help story

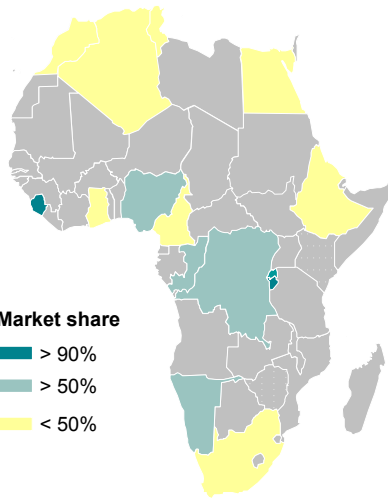


Source: Exane BNP Paribas estimates

Rising EM exposure could drive a re-rating

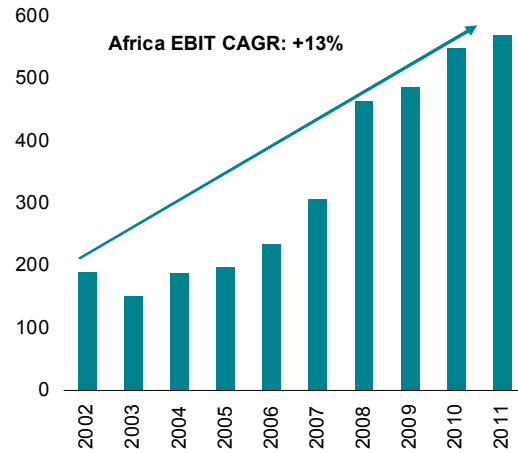
Heineken (+)

African profitability driven by Nigeria



Source: SABMiller, Heineken, Exane BNP Paribas estimates

Heineken Africa EBITA profile



Heineken's Africa exposure is very attractive but more concentrated

Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

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Heineken (+)

Target price: EUR 56 (+14%)

Valuation

- 2013e 8.1% FCF yield
- 2013e PER 13.4x
- 2012–14e EPS +22%

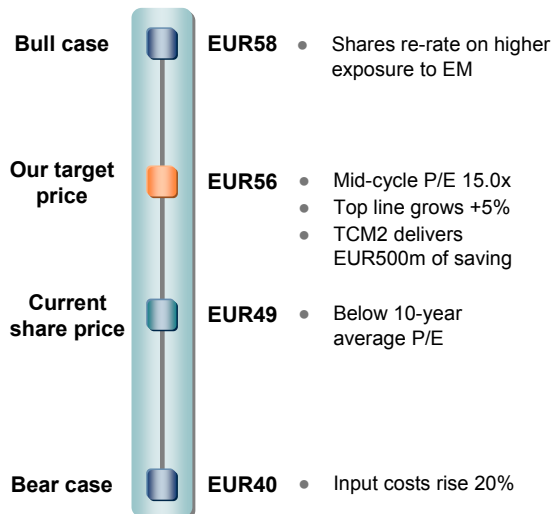
Short-term triggers

- Lower input cost inflation 2013 (low single-digit)
- Higher than expected TCM2 savings
- Increased growth from higher exposure to EMs

Risks

- Weak European economy
- Sudden rise in input / commodity costs

Valuation summary



Source: Exane BNP Paribas estimates

Exane BNP Paribas | AFRICA: The next Eldorado? – Beverages

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Beverages team



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Javier joined Exane in 2010 from Goldman Sachs where he had been an Executive Director and Head of Beverages Research. Javier has been a CFA charterholder since 2003 and graduated from CUNEF (Madrid, Spain) in 2000.



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Francois joined our Beverages team in London in 2012 after a successful internship with the IT Hardware team. He had previously held internships with SocGen and, more recently, Gutenberg Finance. Francois holds an MSc from ESSEC Business School in Paris.

Africa

The next Eldorado?

Introduction

Oil & Gas

Beverages

Telecom Operators

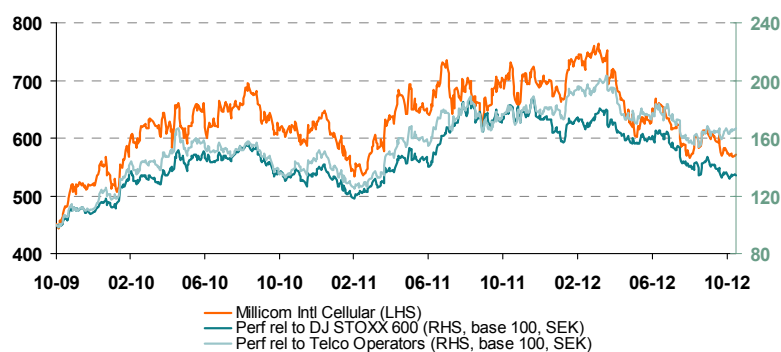
Building Materials

Midcaps

Q & A

Millicom (+)

Target price: SEK 750 (+31% upside)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	(2.9)	(8.6)	(26.2)	(22.6)
Telco Operators	1.8	1.2	(9.7)	(7.8)

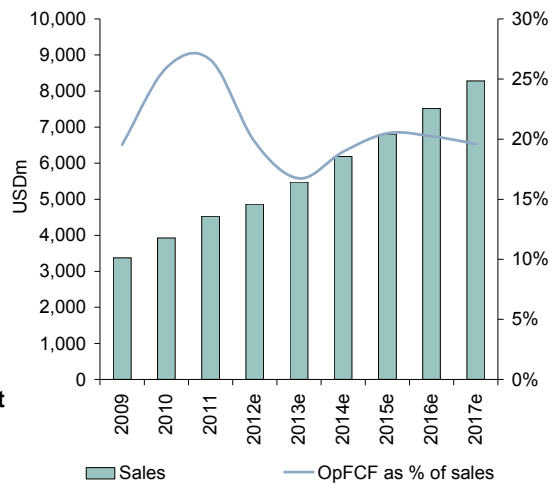
(*) In listing currency, with dividend reinvested

Millicom (+)

At the start of the voice-only business to value-added services (VAS) transition

- **An 80% LatAm / 20% Africa telecom operator**
 - A portfolio diversified across 13 countries
- **Transition from a mobile voice-only business to a more complex set of communication services (mobile data, MFS, etc.)**
- **EBITDA 5yr CAGR of 6%, OpFCF 5yr CAGR of 11%**
 - An outstanding growth profile not fully recognized
- **Potential for high cash return – c45% of market cap. to be paid back in next four years**

Future high sales growth has a short-term cost



Source: Exane BNP Paribas estimates

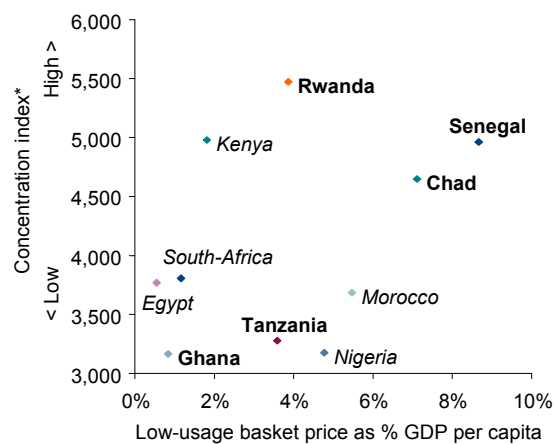
The transition from mobile voice to VAS perceived only as a threat so far

Millicom (+) – Focus on Africa (1)

Potential for voice revenues growth in Africa may be limited ...

- **Millicom present in seven markets**
 - Very contrasted competitive environment (e.g., 5 strong competitors in Ghana vs only 2 real players in Chad)
 - Dispute with Senegal just settled
- **Limited potential for voice sales growth**
 - Voice revenues in Africa down 3% in Q3 12
 - Mobile services already well penetrated in urban areas
 - Strong pressure on voice tariffs (e.g., in Ghana)

Very contrasted environments: market concentration vs tariffs



* Herfindahl-Hirschman Index

Source: Exane BNP Paribas estimates

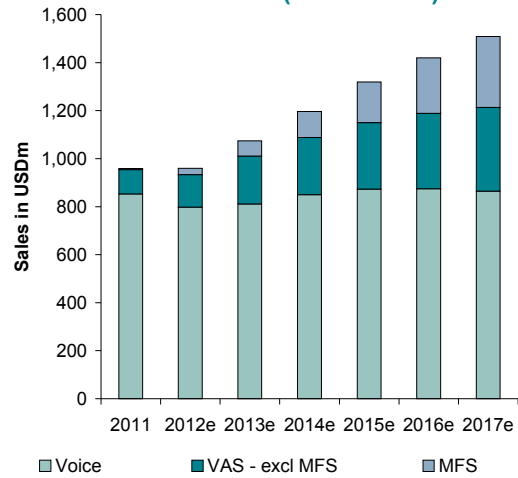
Voice: growth is not easy – already well-penetrated plus high competition

Millicom (+) – Focus on Africa (2)

...but some substantial opportunities ahead: Internet mobile, mobile financial services, etc.

- **Mobile data – primary access to Internet will be mobile**
 - 7% of Millicom's African customer base using data
 - In 2012-13, c30% capex/sales in Africa
- **Mobile financial services (MFS) – an opportunity to tap unbanked pop.**
 - c. 34% of Tigo Tanzania customer use MFS
 - Could represent c30% of sales in Africa in 2020e
- **Developing future Internet platforms for African customers – controversial deal with Rocket Internet**
 - First websites operational: Jumia (Nigeria, Egypt, Morocco) and Zando (South Africa)

Mobile data and MFS to drive +9% 5Y sales CAGR in Africa (excl Online)



Millicom is investing to push future growth drivers

Millicom (+)

Target price: SEK750 (+31% upside)

Valuation

- **Fading premium after disappointing 9M 12 results; reputation tarnished by recent newsflow (Rocket Internet deal, CEO departure, etc.)**
- **Very attractive valuation on 2014e multiples: EV/OpFCF at 11.8x vs 10.0x for peers, 9.5% DY vs 7.5%**

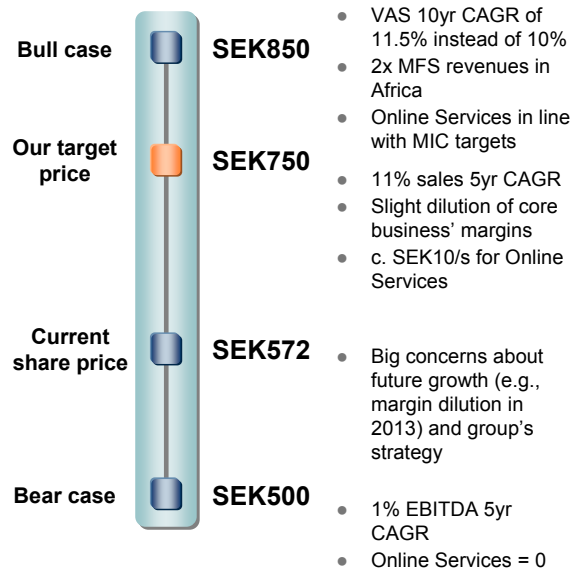
Short-term triggers

- **Tangible signs of easing competitive pressure in markets like El Salvador**
- **Positive surprise on growth guidance at the FY results (Feb 2013) or Capital Market Day (H1 13)**

Risks

- **Slower take-up of new services than anticipated**
- **Renewed competitive pressure – but likely with a lesser impact than Bharti's arrival in Africa**
- **Political/regulatory risks – mitigated by the diversification of the portfolio**

Valuation summary



Telecom Operators team



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Antoine joined Exane in early 2000. He graduated from Ecole Polytechnique in 1993, majoring in Economics & Finance, and from Ecole Nationale Supérieure des Télécommunications in 1995. He worked for the French telecommunications ministry in 1995 and 1996. In 1997, he joined ART, the French telecommunications regulator, where he was appointed head of the Competition & Markets department.



Michael Williams

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Mike Williams is based in London from where he covers the UK Telco Space. Mike has almost 30 years of experience and exposure to the Telco Industry. He started his career in 1981 at British Telecom as an engineering apprentice before moving to the sell-side in 1995. During his tenure as an analyst Mike worked for Deutsche Bank, Citi and ICAP. Mike holds a Degree in Electronic Systems Engineering from University of Essex and an MBA from City Business School.



Maxime Rey

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Maxime became a full member of our Telecoms Team in Paris following a successful internship with the team's London branch. Prior to joining Exane, Maxime held several internships, notably as a Financial Analyst with Bouygues Telecom. He holds a Masters Degree in Finance and Strategy from Sciences Po.



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Mathieu Robilliard joined Exane in 2003. He is a graduate of INSEAD's MBA program. He has three years' experience in the Telecom sector with Bank of America and Donaldson Lufkin Jenrette. Prior to that he spent two years as a buy side analyst with Merrill Lynch Asset Management.



Michael Zorko

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Michael Zorko joined our Telecoms Team in 2010. Michael had previously spent three years with PWC in London where he qualified as a chartered Accountant (ACA). Michael holds an MA in Theoretical Physics from Oxford University.



William Beavington

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William began his career on Lehman Brothers' graduate training programme in 1989, joining Lehman's equity research team in 1991 (European Utilities). He moved to Paribas equity research in 1994 (European Telecoms) and then to Paribas NYC as Senior Latin Telecoms Analyst in 1995. He became Deputy Head of Paribas Emerging Markets research in 1998 and in 1999 he moved to Euro Telecoms Specialist Sales with BNP Paribas, the role he now fills with Exane BNP Paribas.

Africa

The next Eldorado?

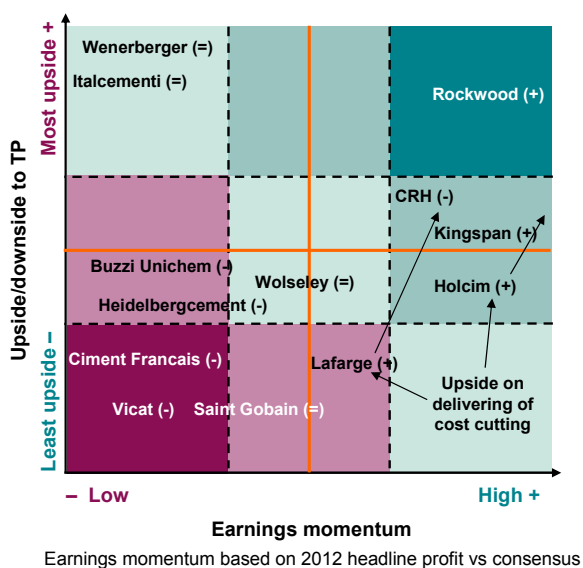
- Introduction
- Oil & Gas
- Beverages
- Telecom Operators
- Building Materials**
- Midcaps
- Q & A

Building Materials (+)

What do we think looking ahead into 2013?

- **An uncertain outlook for volumes**
 - › Review our assumptions post-Q3 12, latest indicators, industry events
 - › Europe likely to stay weak in 2013; a question mark about US; EM resilient
 - › Structural stories still compelling (eg., insulation)
- **Price-cost dynamics could be the key driver in cement**
 - › Prices stuck in 2012. New announcements in many markets into 2013
 - › Context of lower cost inflation
 - › Better gross margins allows higher conversion of cost-cutting to profit, deleveraging, improving returns
- **Lightside trends remain weak**
 - › More Europe exposure
 - › A mixed picture for gross margins (flat glass under pressure, US products benefitting from lower gas prices / strong pricing)
 - › Less scope for cost cutting

Stock selection strategy and valuation



Building Materials (+)

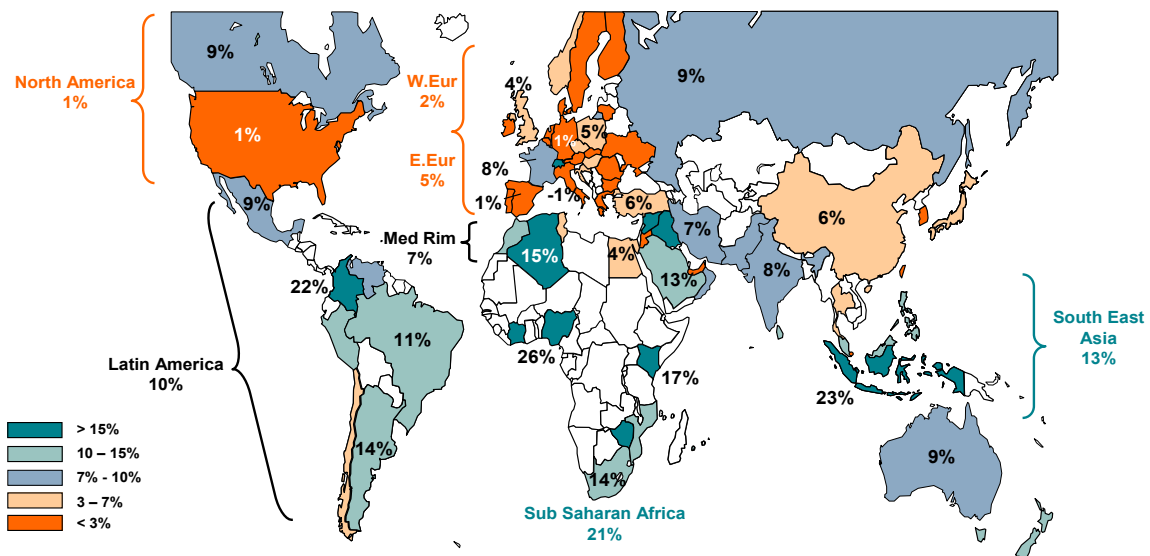
Key take-aways from our emerging-market seminar

- **Demand in emerging markets is still quite strong**
 - Sub-Saharan Africa is doing very well, especially Nigeria; some short-term concerns in South Africa)
 - Russia continues to boom
 - Latin America is robust (focus on Colombia)
 - MENA has stabilised (very strong trends in Algeria, better than expected resilience in Egypt)
 - The concern is China. WCC commented that central government has started to 'write cheques' again but was cautious on the overall outlook
- **The impact of a slowdown in China on the global cement industry**
 - A rational response in China to the slowdown: consolidation (supported by the government), tough regulation on smaller plants, capacity expansion control (key in the east of the country)
 - Some risks as Chinese producers export to coastline East Africa: PPC commented that the CIF price for Chinese imports is around USD100-110/t vs USD120-130/t local price, and that they are therefore competitive before having to move inland
 - Chinese state owned champions could consider investing overseas to compensate for weaker cash flow in their domestic markets. (e.g. South East Asia, Africa)
- **Africa as an investment opportunity**
 - Sub-Saharan Africa is one of the most attractive regions from a returns perspective in the global cement industry
 - Investment strategies in Sub-Sahara Africa will focus on small greenfield projects
 - Consumption in much of Africa is dictated by supply rather than demand
 - The scope for M&A and brownfield expansion in Africa is quite limited
 - Governments are generally supportive of local producers

Building Materials (+)

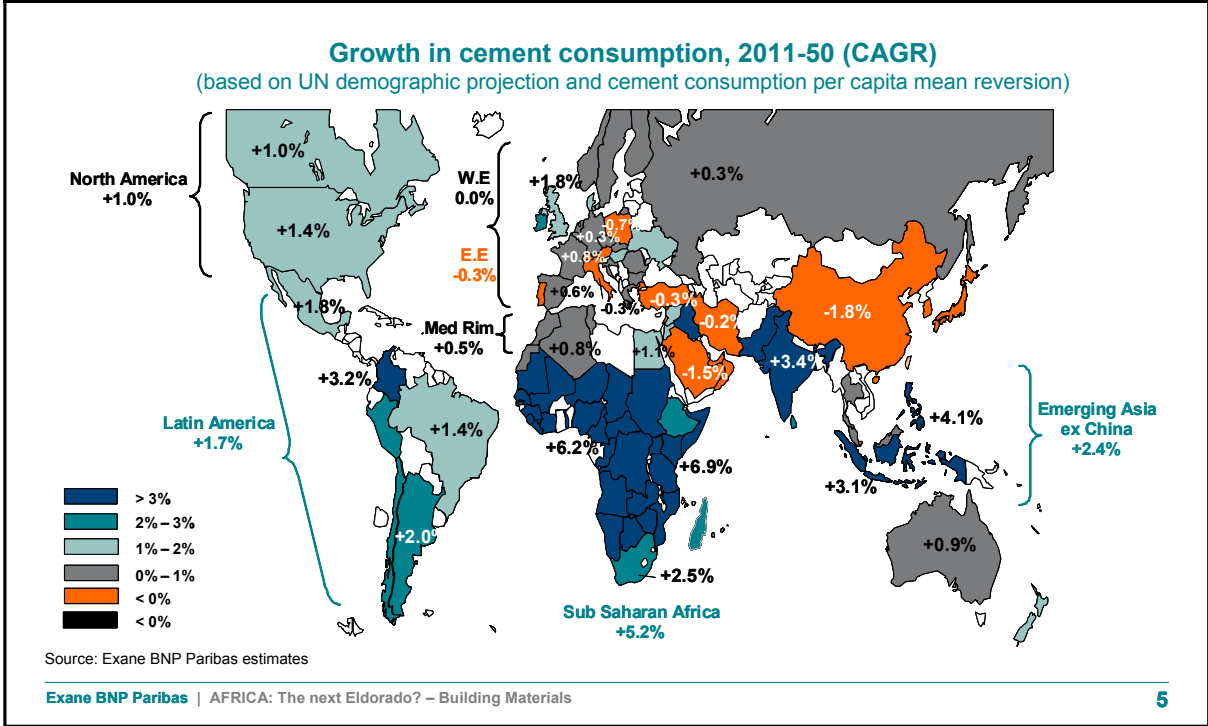
Africa: a large array of attractive investment opportunities

Theoretical ROCE on a greenfield plant in 2012



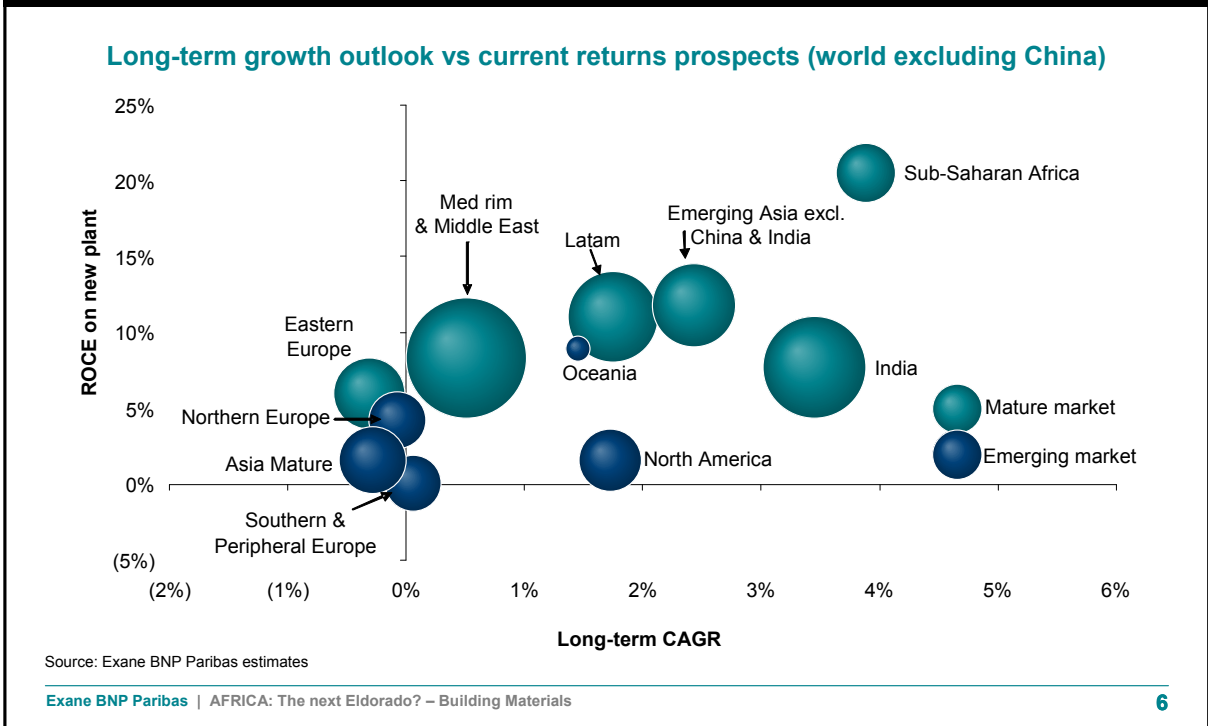
Building Materials (+)

Africa: one of the sector's largest long-term growth platforms



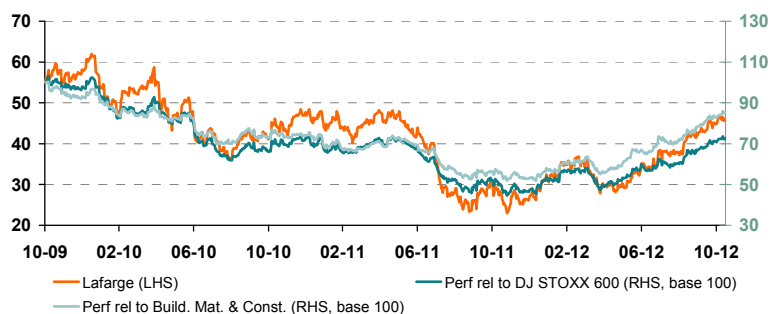
Building Materials (+)

Our longer term return scenario: Sub-Saharan Africa stands out



Lafarge (+)

Target price: EUR 48 (+5%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	6.5	22.8	44.2	50.4
Build. Mat. & Const.	6.0	21.8	51.3	58.5

(*) In listing currency, with dividend reinvested

Lafarge (+)

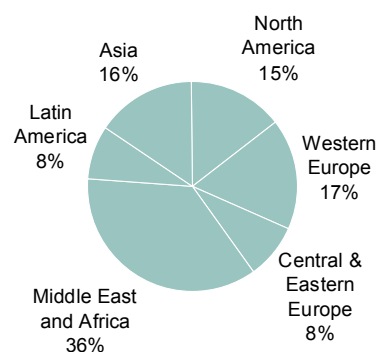
• Earnings outlook

- Price increases are sticking in many countries; new hikes already announced in several markets
- Cost inflation is easing (energy)
- Very ambitious cost-cutting programme. Full delivery on the plan would imply EPS revisions of +34% on 2013 and +39% on 2014
- Volumes in emerging markets and the US more than offsetting weakness in Europe (only 17% group EBITDA)

• Investment case

- Increasingly compelling deleveraging story backed by cost cutting, better gross margins and divestments
- High earnings upgrade potential if the group delivers on cost cutting – increasing confidence given outperformance in Q1–Q3 and our discussions in the industry
- Good play on Africa (region = c.30% EBITDA) with exposure to some of the most attractive country dynamics (Nigeria, Algeria)
- Valuation is attractive given improving returns and deleveraging potential

2011 EBITDA split by region



Source: Exane BNP Paribas estimates

Lafarge (+)

Portfolio analysis

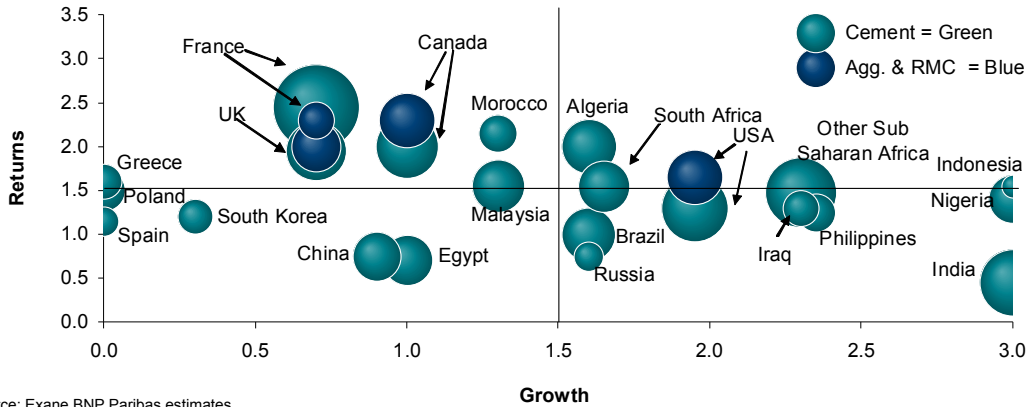
Key points

- 1) Most geographically diversified portfolio in the sector
- 2) Strong position in fast-growing countries, including Africa
- 3) Large cash generative positions (France, UK, Canada)
- 4) Mixed prospects in some countries

Main challenges

- 1) Protect/improve the returns outlook in fast-growing and profitable emerging countries
- 2) Restructure the least attractive assets in Europe
- 3) Improve returns prospects or exit the emerging markets where the medium term growth potential is uncertain

Lafarge portfolio analysis

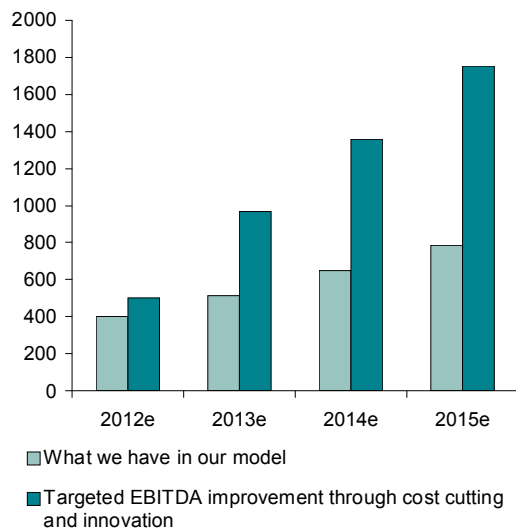


Source: Exane BNP Paribas estimates

Lafarge (+)

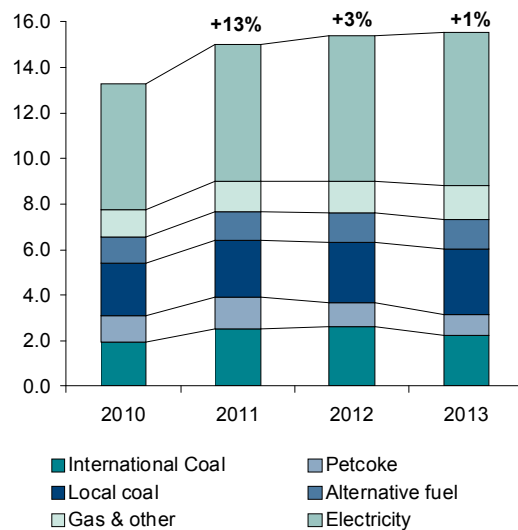
Accelerated cost cutting effort and easing cost inflation

Cost cutting



Source: Exane BNP Paribas estimates

Cost inflation



Lafarge (+)

Significant potential for further divestments

Over EUR3bn of non-strategic assets could potentially be sold

	Non strategic assets with potential buyers						
	Ecuador	West Indies	Honduras	South Africa	China	US plasterboard	UK disposals
Capacity (2011)	1.4	1	1.3	3.6	32	n/a	
Ownership	99%	100%	53%	100%	55%	100%	
Stake sold	99%	100%	53%	100%	55%	100%	
USD/t	200	200	200	250	100	n/a	
EV (USDm)	280	200	260	900	3200	400	
Lafarge share (USDm)	276	200	138	900	1760	400	
Lafarge share (EURm)	217	157	108	708	1384	315	250
Valuation method	Recent emerging markets transactions			Estimated EV/EBITDA of 8x	Average EV/t of Conch, Huaxin & Jidong + 20% control premium	1x sales (press reports)	
Potential buyers	Holcim, Argos, Votorantim, Camargo Corea, PE investors			Indian companies, Latin American players	Chinese Cement makers, Taiwanese Players	Saint-Gobain, Eagle Materials, US Gypsum, National Gypsum	Breedon Aggregates, CRH

Exane BNP Paribas | AFRICA: The next Eldorado? – Building Materials

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Lafarge (+)

Target price: EUR48 (+5%)

Valuation

- Lafarge trades at 7.0x EV/EBITDA 13e vs large cap peers trading at their mid-cycle level of 7.5x
- Discount vs. mid-cycle could disappear progressively as the group de-leverages and reassures on margin

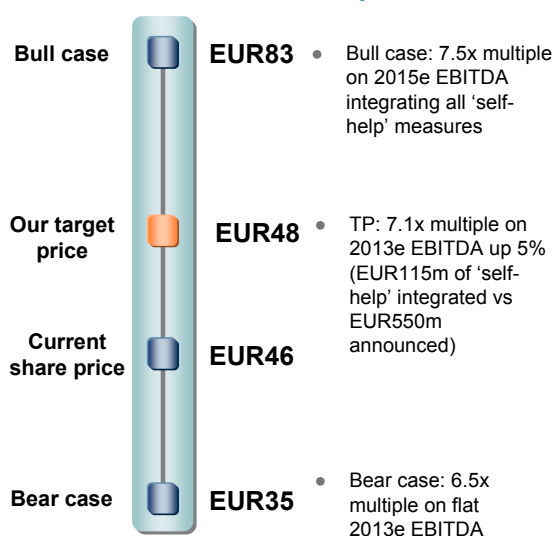
Short-term triggers

- Disposals
- Accelerating cost cutting efforts
- Easing cost inflation

Risks

- Industry fragmentation in MENA
- Delays in the group's disposals
- Weaker cement prices
- Failure to execute cost cutting
- Slower growth in emerging countries

Valuation summary



Source: Exane BNP Paribas estimates

Exane BNP Paribas | AFRICA: The next Eldorado? – Building Materials

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Building & Materials team



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Paul Roger joined us from ING to head the Building & Materials Team. He has a decade of experience covering Construction & Building Materials stocks at various brokers, including ABN Amro and Deutsche Bank. During this time, he was consistently ranked in the top five in Extel and Institutional Investor surveys. He had previously gained experience on Infrastructure deals in Moscow at Renaissance Capital and as a Hedge Fund Manager at Marble Bar AM. Paul is a graduate of Durham University, has a qualification as a Chartered Accountant and is a CFA charterholder.



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Yassine Touahri graduated with a MSc in Management from Grenoble's Ecole de Management and spent one year studying at the Warwick Business School in 2006/2007. In 2006, Yassine worked in Saint-Gobain's investor relations department and joined Exane's Building Materials and Construction team in 2007.



Rohit Bhatia

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Before joining us Rohit was an Equity Research Associate at Société Générale within the Telecom Team. He started his career at WestLB, where he held various roles in Debt Origination with a focus on commodities and as a Junior Research Associate for the Middle East Market. He has also worked at Morgan Stanley as a Trade Support Analyst. Rohit is a graduate of Leeds University and is CFA.

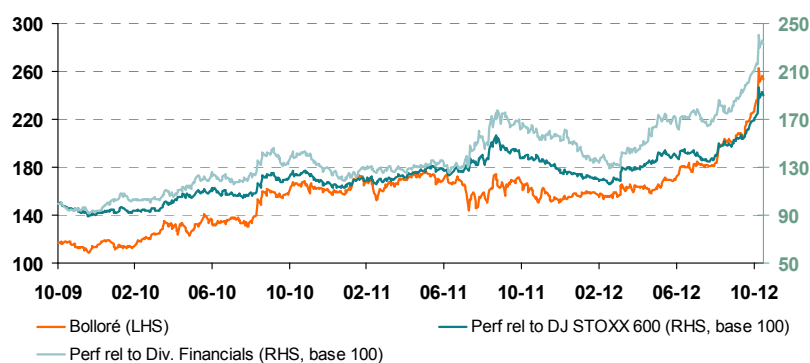
Africa

The next Eldorado?

- Introduction
- Oil & Gas
- Beverages
- Telecom Operators
- Building Materials
- Midcaps**
- Q & A

Bolloré (+)

Target price: EUR 340 (+34%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	24.9	41.6	36.0	50.5
Div. Financials	20.4	38.0	41.5	50.0

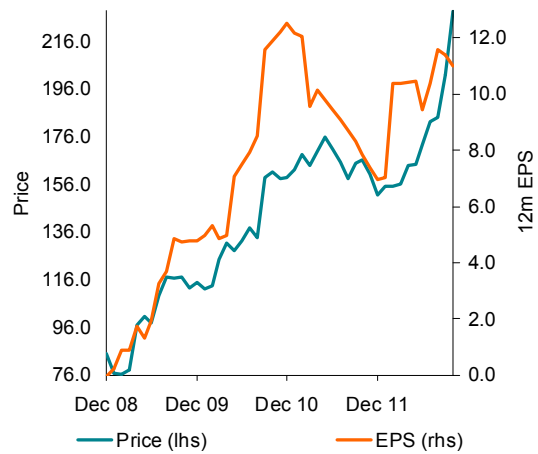
(*) In listing currency, with dividend reinvested

Bolloré (+)

Investment Case

- **What is well-known?** CEO/founder, technological/financial bets, Vivendi
- **What is over-looked?** The African empire (55%e of GAV) and its bright prospects
- **Why invest now?** Possible de-listing of CFAO, IPO of / end of heavy capex on electrical batteries, corporate action (long-awaited) at Vivendi
- **Hidden value in the complex shareholding structure** (estimated 50% discount in a scenario of full simplification of the galaxy)
- **TP EUR340, 34% upside**

Share price driven by EPS growth



Source: Exane BNP Paribas

Still waiting to be discovered, for good reason

Bolloré (+)

Strong focus on the 'hot spot' of Africa

- **Contribution of Africa to Bolloré**
 - 25% of sales but 80%e of EBITDA and 55%e of value
- **Strong focus on sub-Saharan Africa**
 - Port concessions: 35%e of sales
 - Port handling: 30%e of sales
 - Door-to-door logistics: 30%e of sales
- **Well-protected businesses, strong & resilient margins, bright prospects**
- **Sales CAGR**
 - 2004–12: 11%e
 - 2012–22e: +6%e

A logistics network unique in Africa



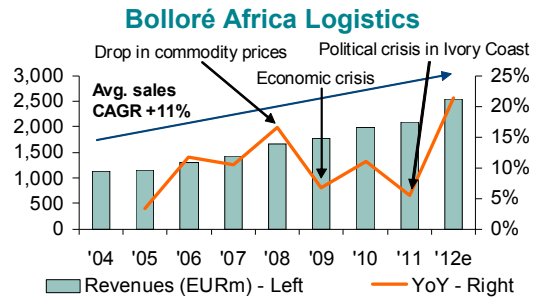
Source: Bolloré

Heavy capex (> 50% of total 2004–11 capex) is starting to bear fruit

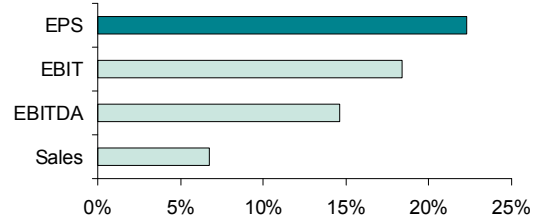
Bolloré (+)

Not only high growth, also high resilience

- **Transport & Logistics (67%e of value)**
 - 2004-11 EBIT CAGR of 18% (not one year of decline)
 - 2011 ROCE of 15%e
- **Bolloré Africa Logistics (46%e of the T&L division's revenues / 80%e of its EBITDA)**
 - 'African risk' well spread – the largest country = 10%e of sales, the top 6 = 35%e
 - Came through the recent crisis well
- **Freight forwarding (54%e / 20%e)**
 - Strong positions on very specific goods (cosmetics, luxury, aerospace) and routes where competition is lower (Europe-Africa / Asia-Africa)
 - Capacity to obtain much better conditions from suppliers in a tough environment (earnings up slightly in 2009 despite revenues down 21%)



Transport & Logistics (2004-11 CAGR)



Source: Bolloré, Exane BNP Paribas estimates

ROCE approaching 20%e in 2014 (8%e in 2004, 15%e in 2011)

Bolloré (+)

Target price: EUR 340 (+34%)

Valuation

- Discount to spot NAV: 32%e; 50%e in a scenario of full simplification of the galaxy
- Current share price values Transport & Logistics at a 25%e discount to peers (12.8x EV/EBIT 13e)

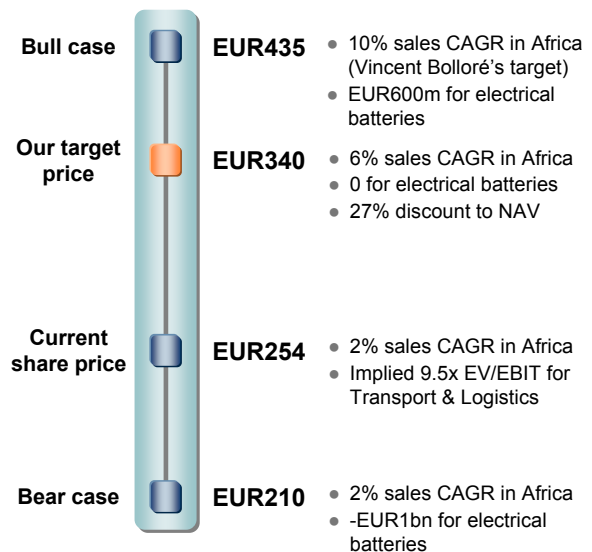
Short-term triggers

- One of the last vehicles to play Africa (de-listing of CFAO?)
- Further simplification of the galaxy ('hidden' value)
- IPO of electrical batteries ('hidden' value?)
- Corporate action at Vivendi (11%e of GAV)

Risks

- Country risks (Africa)
- New financial investments
- Corporate governance, liquidity

Valuation summary



Source: Exane BNP Paribas estimates

Exane dedicated Midcaps teams (1/2)



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Pierre joined Exane in 2006. He directly covers French MidCaps, mainly in the Consumer Goods and Media sectors. He also oversees Exane's European MidCaps product. A graduate of HEC, Pierre was previously a strategy consultant at Roland Berger for four years working mainly in Non-food Retail and Retail Banking/Insurance.



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Charles-Henri joined us from Berenberg in 2010, where he had been a French Midcaps sell-side analyst on the Retail and Consumer sectors since 2005. Prior to this, he spent five years at Dexia where he was Head of the Utilities Team before becoming Head of the Media Team. He graduated from Essca with a degree in Finance & Accounting and is a SFAF since 1999.



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Laurent joined us from Berenberg, where he had been a French Midcaps sell-side analyst since 2004. Prior to this, he worked at Total and Arthur Andersen and spent three years at Natixis, where he was also sell-side on the Leisure / Hotels team. He holds a Masters degree in Finance & Management Control and is a CFA charterholder.



David Vagman, CFA

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David Vagman joined our Benelux Midcaps team in 2010. Before joining Exane, David joined Fortis Bank on a Graduate Programme in 2004, becoming a sell-side analyst with the bank in 2006. He had previously spent one year as a Financial Controlling Advisor at Securex Group. David graduated from Solvay Business School, U.L.B and is a CFA Charterholder.



Antonio Lopez

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Antonio joined Exane in 2010. He graduated with a degree in Economics from the Universidad Complutense in Madrid in 1996 and obtained an MBA at IESE – Universidad de Navarra in 1999. He followed a valuation program at Harvard Business School in 2002 and a Value Investing program at Columbia University in 2003. He worked at Fortis from 1999 as an Equity analyst (focus on Utilities) and as the Head of the Spanish Equity Research team.



Francisco Ruiz

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Francisco Ruiz joined Exane in 2010. He holds degrees in Law and in Business Administration from the Universidad Pontificia de Comillas. In 2000, he began his career as a Financial analyst at Argentaria Bolsa. In 2000, he joined BBVA Research (focus on Food and Small Caps) before moving to Fortis Bank in 2005 as Head of the Spanish Mid Caps Product.

Exane dedicated Midcaps teams (2/2)



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Gerhard Orgonas has over five years of experience on German Midcaps, with a special focus on Engineering stocks. He started his career at Citigroup before moving on to Bank of America-Merrill Lynch. Gerhard holds a BSc from the London School of Economics and an MSc from the Graduate Institute of Geneva, both in International Relations. He is also a CFA Charterholder.

Africa

The next Eldorado?

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Oil & Gas

Beverages

Telecom Operators

Building Materials

Midcaps

Q & A

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**SEEKING ALPHA: 5 STOCKS WHICH
COULD DOUBLE VS 3 VALUE TRAPS**

SEEKING ALPHA

5 stocks which could double vs 3 value traps

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Seeking Alpha

5 stocks which could double vs 3 value traps

Introduction

Rio Tinto

DSM

Eiffage

Telecom Italia

Virgin Media

GDF Suez

Imperial Tobacco

Siemens

Q & A

Five stocks which could double

Our highest upside convictions

Five strong upside stories

Rio Tinto	Visible and profitable growth driven by well-supported commodities (iron ore, copper)
DSM	Strong rerating potential through further portfolio refocusing on Nutrition
Eiffage	Self help story + deleveraging cash machine
Telecom Italia	Network separation, sale of TIM Brazil, decline in Sovereign risk: triggers for a re-rating
Virgin Media	Set to deliver outstanding cash returns

	Rating	Cur.	Price	Market Cap (m)	Net debt end 2012e (m)	EV/EBITA (x) 2013	EV/EBITA (x) 2014	Div. 2013	Yields (%) 2014	Target Price 12m	Upside (%) 12m	Target price 2015	Upside (%) 2015	Implied EV/EBITA (x) 2015
Rio Tinto	(+)	p	3,025	75,176	16,192	6.4	3.9	3.4	3.7	4,200	36	6200	105	6.6
DSM	(+)	EUR	40.9	6,770	965	10.0	7.4	3.8	3.9	62	49	89	118	12.4
Eiffage	(+)	EUR	25.3	2,213	12,420	10.8	10.5	5.3	5.9	41	58	65	157	11.4
Telecom Italia	(+)	EUR	0.73	13,418	32,535	6.4	5.8	5.9	6.5	1	38	1,4	92	6.5
Virgin Media	(+)	GBP	20,3	6,610	5,447	10.9	8.5	0.5	0.5	26	28	51	151	12

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Three value traps

Three false 'good ideas'

GDF Suez	Pressure on gas plant profitability and poor volumes in Waste pose a risk for earnings and dividends
Imperial Tobacco	Structural exposure to low/no growth markets makes a rerating on improving organic growth unlikely
Siemens	Not as 'value' at it seems. Below-average barriers to entry; new cost savings unlikely to bring margins to new levels

	Rating	Cur.	Price	Market Cap	Net debt end 2012e	EV / EBITA 2013	EV / EBITA 2014	Div. 2013	Yields (%) 2014	Target price 12m	Upside (%)
GDF Suez	(-)	EUR	16.6	39,438	46,350	11.1	10.3	7.2	7.2	17.0	2
Imperial Tobacco	(-)	GBP	24.2	29,111	8,752	10.1	9.4	4.8	5.3	24.5	2
Siemens	(-)	EUR	78.0	62,042	9,291	9.6	8.0	4.0	4.4	86.0	8

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Mining (+)

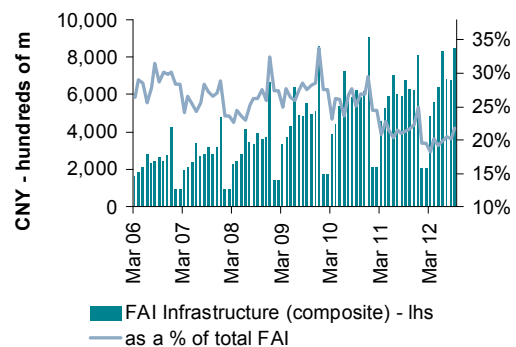
China has passed the point of maximum deceleration

Railway traffic a testimony of the slowdown



- **First signs of stabilisation have emerged after a year of deceleration and de-stocking**

Infrastructure spending to catch-up



- **A revival of infrastructure spending and social housing has become necessary**

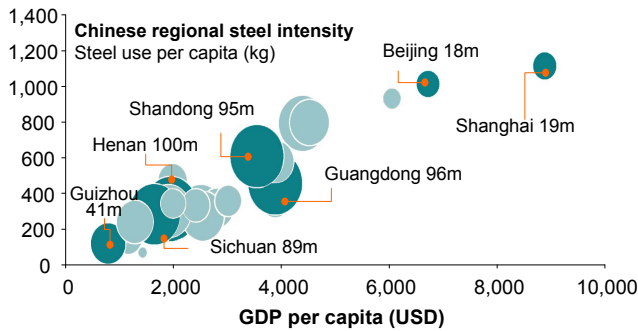
Source: Datastream, Exane BNP Paribas estimates

The cycle in China has tested its bottom

Mining (+)

China: what is the new normal?

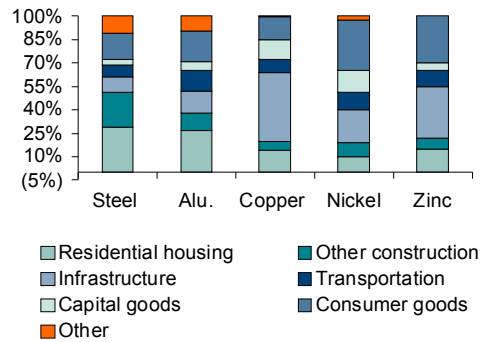
Domestic growth not yet over



NB. Bubble size reflects population of each of the 31 Chinese provinces
Source: Exane BNP Paribas estimates, Global Insight China Regional Service

- Growth rebalancing will be gradual
- Residential housing still weak but commercial the largest contributor

China end-markets metals demand



- Intensity of metals consumption to be supported by transportation, house appliances, packaging

The new trend supports 4–5% growth in demand for metals

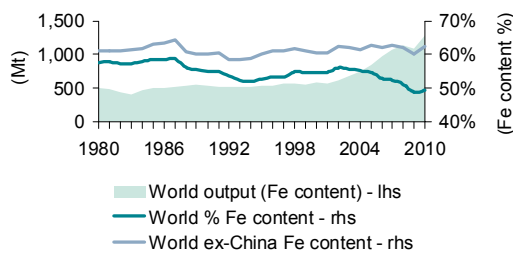
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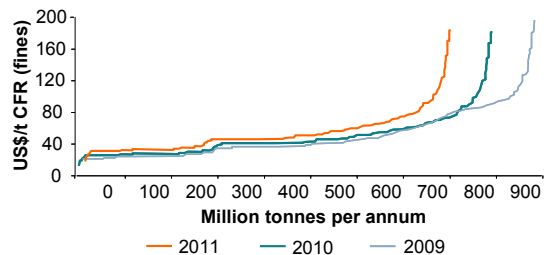
Iron ore and copper better supported

Steepening cost curves, declining grades, inelastic supplies

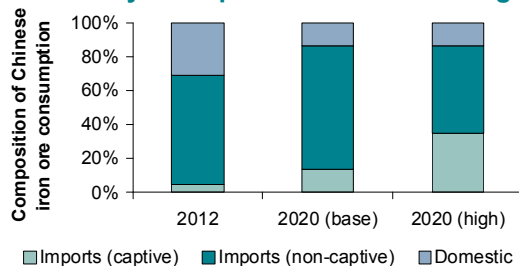
Lower iron ore grades in China



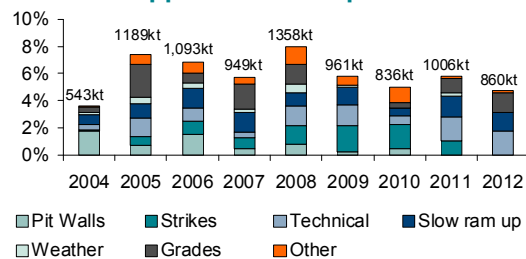
Iron ore steepening cost curve



China to rely on imported iron ore for longer



Copper mine disruptions



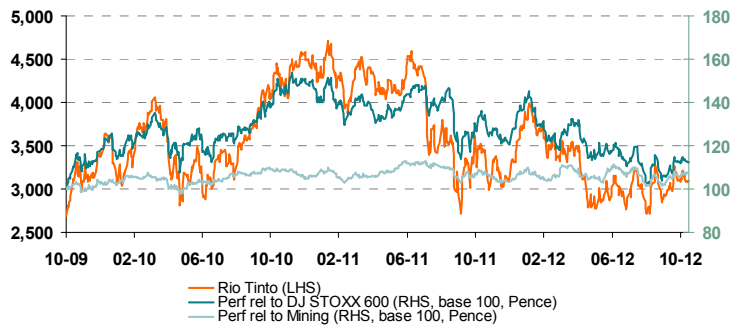
Source: Brook Hunt, USGS, Wood Mackenzie, Exane BNP Paribas

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Rio Tinto (+)

Target price: 4,200p (+39%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	0.6	(5.5)	(16.4)	(8.3)
Mining	2.4	(0.6)	1.8	5.4

(*) In listing currency, with dividend reinvested

Rio Tinto (+)

The next stage of the growth story

- **Visibility on growth, major returns improvement**

- › We project a 9% volume CAGR on 2011–15e, ROCE should increase to 15% in 2015e from 8% in 2011. Turquoise Hill (ex-Ivanhoe) offers a unique option on copper growth

- **A number of sought-after features**

- › Rio Tinto offers a strong balance sheet, exposure to well supported commodities, superior visibility on capital allocation

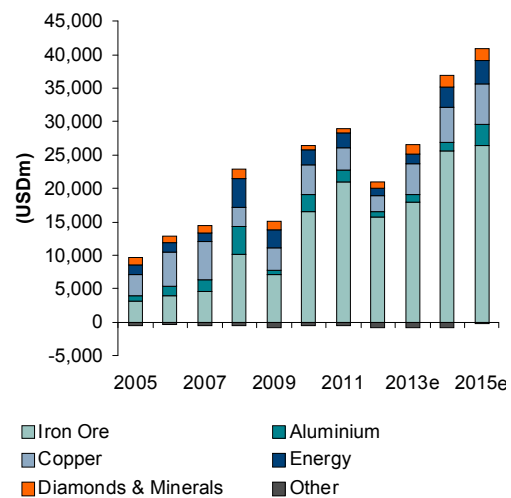
- **Appealing risk/reward**

- › The share price discounts iron ore at USD90/t. Iron ore looks supported beyond USD115-120/t. Bottom tested

- **Weaknesses**

- › Less diversified but not an issue short term.
- › Alcan legacy coming to an end.
- › Housing starts outlook in China but de-stocking well advanced

EBITDA growth: iron ore and then copper



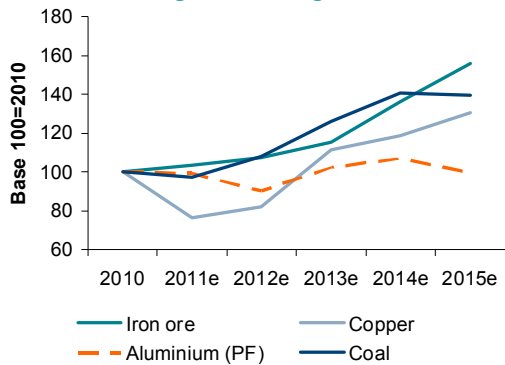
Source: Rio Tinto, Exane BNP Paribas estimates

Disciplined investment strategy in high-return iron ore projects

Rio Tinto (+)

Growth and operating excellence...

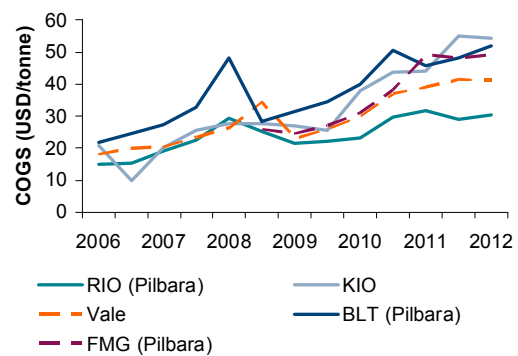
9% safe average volume growth till 2015e



- Iron ore growth over 2012–16 adding USD5.1bn EBITDA @ USD110/t iron ore
- Copper (Escondida, Oyu Tolgoi) and coal beyond 2013

Source: Company, Exane BNP Paribas estimates

Best cost control in iron ore



- Unique low-cost, large-scale, expandable assets in safe regions

Clear visibility on growth in an industry experiencing overruns and delays

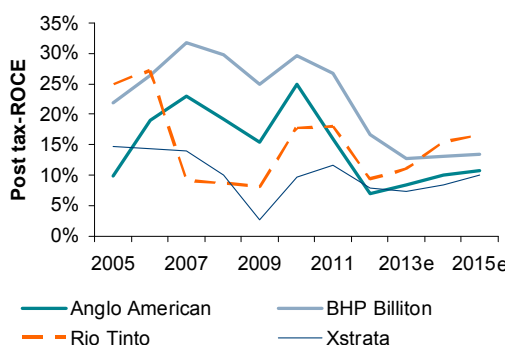
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Rio Tinto (+)

...for better returns and earlier flexibility on capital returns

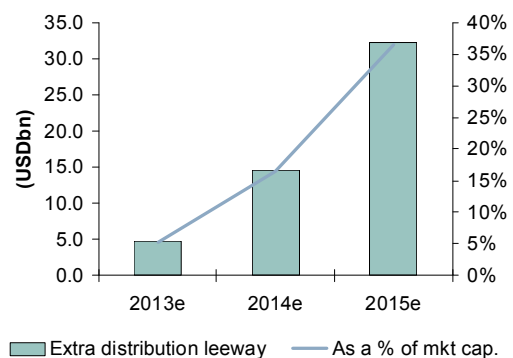
On track to lead the peer group on returns



- 2007-09 returns negatively impacted by the downturn and Alcan acquisition
- ROCE to increase from 8% in 2011, to 15% 2015e

Source: Company, Exane BNP Paribas estimates

Extra cash available @ USD110/t iron ore



- Assuming steady gearing (20%) and iron ore prices of USD110/t fob we estimate that the group would still be in a position to give >USD3bn of extra distribution and keep its single A credit rating

Room to surprise on capital returns earlier than most

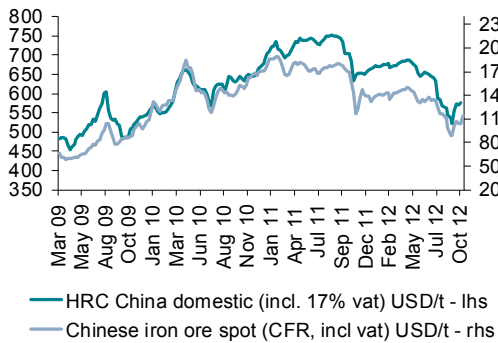
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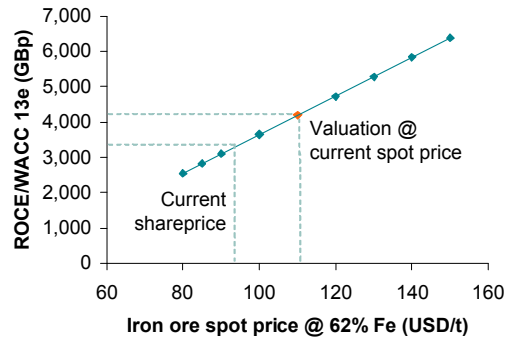
Rio Tinto (+)

Valuation: USD110–120/t a credible range for iron ore spot prices

HRC domestic vs iron ore spot prices



Sensitivity of ROCE/WACC valuation FY13e



- Marginal cost producers provide a floor, tested again in September

- Current valuation discounting USD90/t in FY13e against USD120/t expected and USD85/t as of 2015e

Source: Company, Exane BNP Paribas estimates

Valuation well supported

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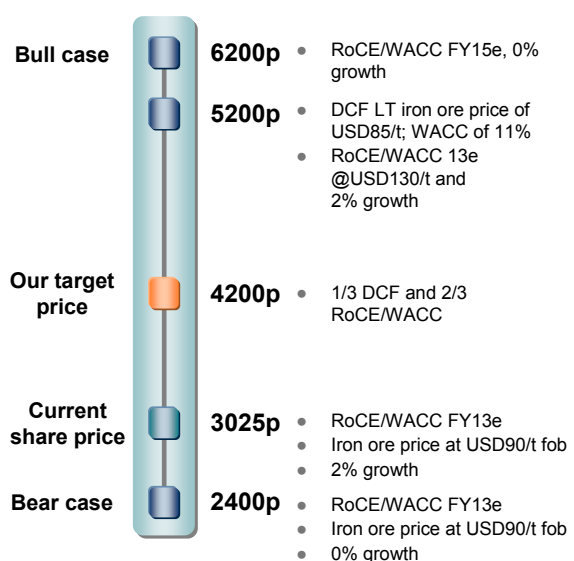
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Rio Tinto (+)

Target price: 4,200p (+39%) – Valuation sensitivities

- **Valuation**
 - Medium-term risk/reward squeezed to the upside
 - Upside in growth not priced-in
- **Strong balance sheet**
 - 0.7x Net debt to EBITDA (vs. BHP and Xstrata at 1.2x)
 - Unlike previous downturn, no risk of a rights issue
- **Exposure to well supported commodities**
 - Iron ore supply glut exaggerated
 - Copper a special situation
- **Leading positions on the cost curves**
 - Rio in 1st or 2nd quartile in each of its businesses
 - Room for improvement in profitability in Aluminium
- **Visibility on organic growth**
 - Iron ore: Pilbara before 2013
 - Copper: Oyu Tolgoi (34% stake)
- **Risks**
 - Short-term headwinds in OECD/China steel industry
 - Oyu Tolgoi ramp-up

Valuation summary



Source: Exane BNP Paribas estimates

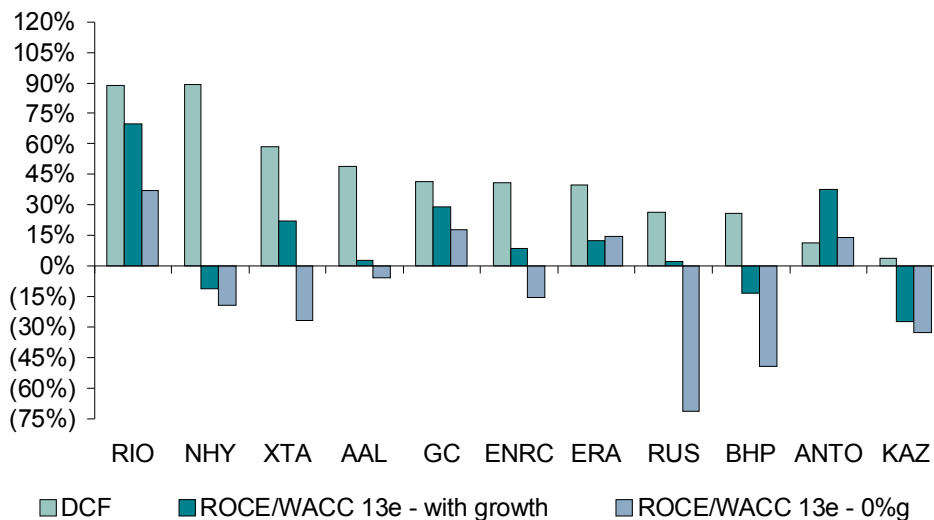
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Rio Tinto (+)

One of the best risk / rewards in mining

Valuation upside / (downside)



Source: Exane BNP Paribas estimates

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Metals & Mining team



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Sylvain Brunet graduated from HEC in Finance, in 1999. He joined Exane in August 2002 after four years in London, first with Morgan Stanley then Credit Suisse, covering Steel, Mining, and Building Materials. He now heads the European Metals & Mining team at Exane BNP Paribas.



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Luc Pez joined the Metals & Mining team at Exane BNP Paribas in October 2010. Luc has more than 12 years of experience as an equity analyst covering the Metals & Mining sector, most recently at Oddo Securities and previously at Societe Generale.



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Seeking Alpha

5 stocks which could double vs 3 value traps

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DSM

Eiffage

Telecom Italia

Virgin Media

GDF Suez

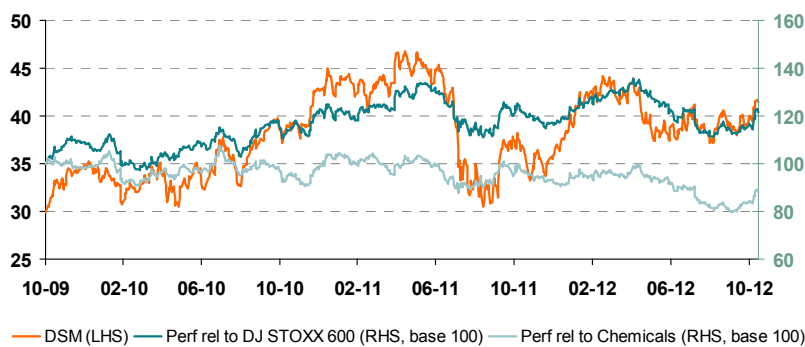
Imperial Tobacco

Siemens

Q & A

DSM (+)

Target price: EUR 62 (+51%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	6.8	6.8	(0.3)	4.1
Chemicals	7.7	4.8	(9.0)	(4.1)

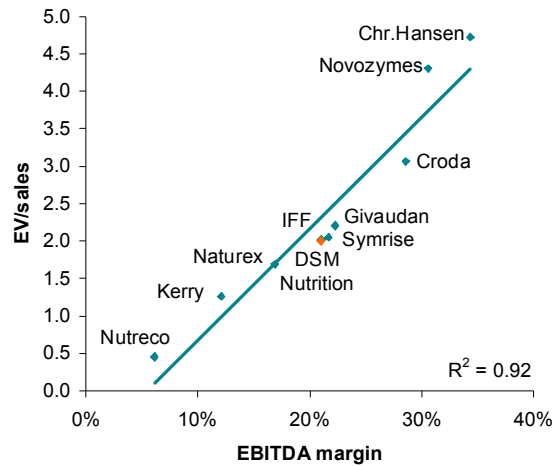
(*) In listing currency, with dividend reinvested

DSM (+)

Investment Case

- Valued as a 'Diversified' despite two-thirds of group EBITDA from Nutrition
- Nutrition global No 1, unique integrated platform (strong barriers), 5%+ growth potential, 22% margin, strong cash generation, low tax rate
- Acquisitions added new growth areas, (for combined 8x EBITDA), e.g., Omega 3 & 6
- Peer group (and DCF) suggests Nutrition (44%/Group sales) worth at least 2x sales (9x EBITDA), EUR57/share
- Short-term catalyst: 'Capro' may reach nadir in Q4, forecasts undemanding
- Mid-term: headwinds drop-out - Nutrition should resume c.5% volume growth as of 2013e

Nutrition peer group suggest 2x sales



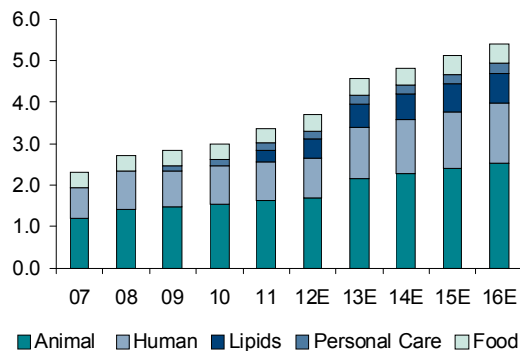
Source: Exane BNP Paribas estimates (2013e)

Nutrition value alone is a 20% premium to DSM's current EV!

DSM (+)

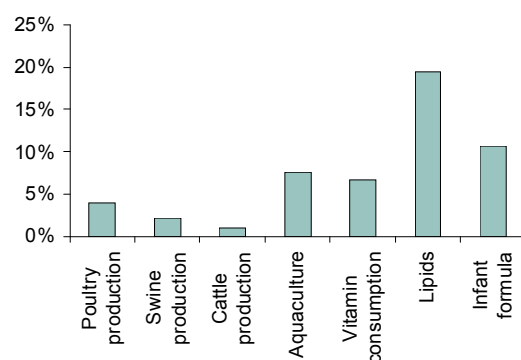
Nutrition growth drivers/potential

Nutrition sales by end market (EURbn)



Source: Exane BNP Paribas estimates

Long-term end market growth record



Source: FAO, Euromonitor and Exane BNP Paribas

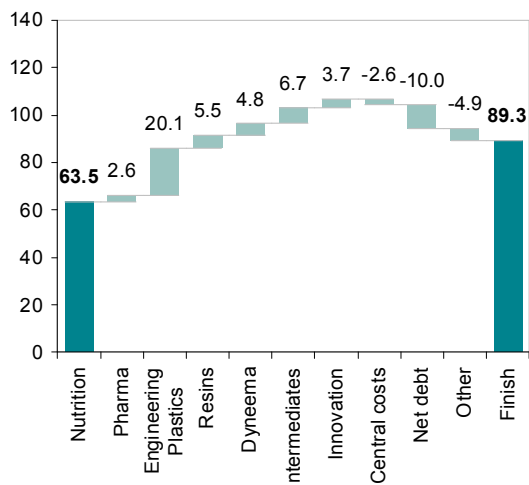
- **Portfolio has 5%+ long-term volume growth potential**
 - Mainly defensive profile: 2% growth in 2012e despite headwinds in consumer and from higher feed price
- **New high-growth platforms, e.g., Lipids/Infant Formula**

DSM (+)

How DSM could double

- **DSM follows 5-year planning cycles**
 - Visions 2005, 2010 & 2015 – big portfolio shift towards Nutrition/Life Sciences
- **Come 2015, DSM should be in position to fully-exit cyclicals**
 - 90% of EUR2.7bn acquisition spend (since 2010) has been in Nutrition
 - CEO is a biologist (not a chemist)
 - Nutrition acquisitions should be integrated; Pharma JV partners found; structural margin improvement in Materials
 - Insignificant synergies across portfolio
- **'High' case 2015e SOTP = EUR89/share**
 - Assumes 2.0x sales for Nutrition
 - Key is exit multiples for Materials (combined 8x EBITDA)
 - Includes no Innovation option value

2015e SOTP 'High' analysis (per share)



Source: Exane BNP Paribas estimates

Key to doubling is Nutrition value + focusing portfolio

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DSM (+)

Target price: EUR 62 (51% upside)

Valuation

- Currently valued in line with Diversifieds (6.4x EBITDA 13e) despite 2/3 of EBITDA from Nutrition
- 12-month target is DCF driven; also re-values Nutrition to 2x sales (minimum deserved) in SOTP

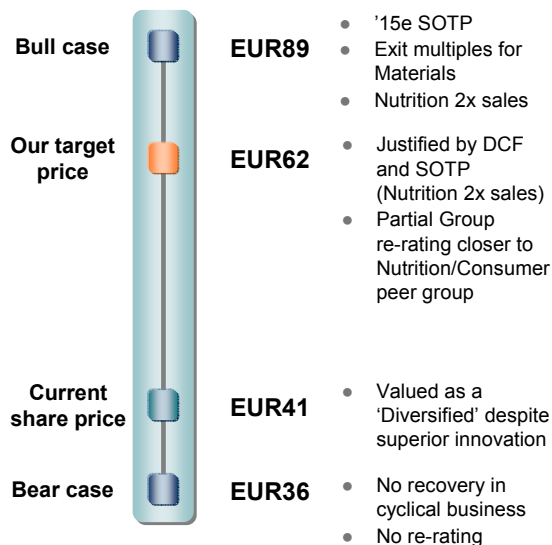
Short-term triggers

- Capro forecasts now reset, with supply fears overdone. Should recover when de-stocking ends
- Pharma JV appears close

Risks

- Losing future acquisition discipline
- Failure to improve ROCE in mid-term
- Sustained capacity pressure on ROCE in cyclical business
- Maintain hybrid structure in long-term

Valuation summary



Source: Exane BNP Paribas estimates

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Chemicals team



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James Knight joined us from Barclays Capital, where he headed the European Chemicals Team in Equity Research. He had previously spent 10 years covering European Chemicals at Merrill Lynch, prior to which he covered the Chemicals and other sectors at Collins Stewart. He holds a BA (Hons) in Philosophy, Politics and Economics from Oxford University.



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Based in London, Heidi covers the European Chemicals sector. She has followed the sector since January 2004, most recently as a member of the European Chemicals team at JP Morgan. Before moving to the sell-side Heidi was an investment banking analyst at UBS, where she advised on a number of M&A deals and IPOs in the European Chemicals sector. Heidi holds a Ph.D. in Experimental Psychology from the University of Oxford.



Simon Fickling

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Simon Fickling (Associate Analyst) came to Exane after three years at Deloitte. He spent his first two years with us covering the Real Estate sector before switching to Chemicals. Simon is a qualified accountant (ACA) and graduated from Oxford University with a BA in Philosophy, Politics & Economics.

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Eiffage (+)

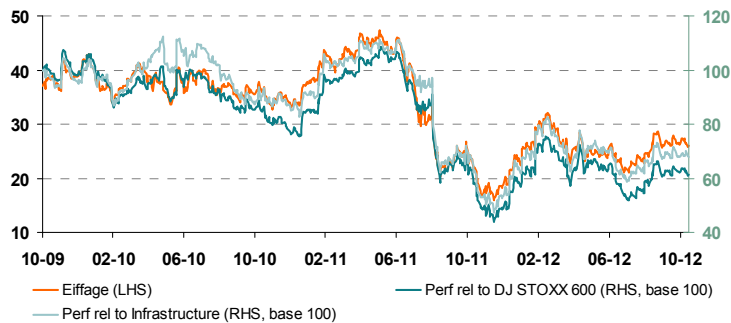
Investment case

- **The Old (underperforming) Eiffage is dead**
 - Vive le nouveau Eiffage!!!
- **Self-help in Contracting**
 - Target: Margins back up to industry standards
- **Cash, cash, cash**
 - APRR, probably the best toll road asset in Europe, to turn into a cash machine
- **Decent yield today (5%)...**
 - Big FCF yield (> 15%) gives ammunition for more shareholders' distribution

Eiffage = Self-help + cash machine
We're aiming for > EUR55/sh by 2015e, >100% upside!!!

Eiffage (+)

Target price: EUR 41 (+62%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	(2.4)	12.8	6.5	23.8
Infrastructure	(1.5)	7.0	10.1	26.3

(*) In listing currency, with dividend reinvested

Eiffage (+)

Our cautious, valuation scenario

Valuation

- Contracting on mid-cycle multiples: 6.5x EV/EBIT (today, listed peers on > 7x)
- DCF/DDM for Concessions – Punitive discount rate for APRR (15% CoE used vs. 12% @ Vinci & Abertis)

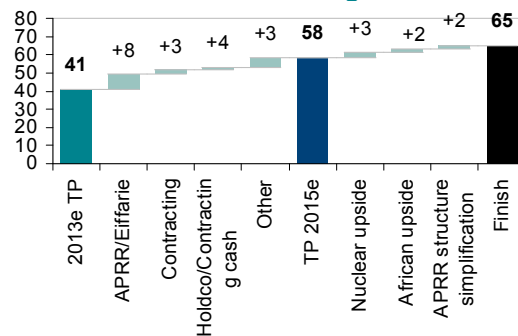
Short-term triggers

- 29 November: Decision on APRR minorities squeeze-out
- FY12 results: first signs of margin recovery in Roads; strong Construction cash management
- March 2012: maximum dividend upstream from APRR

Medium-term triggers

- Outperformance in traffic/costs at APRR
- Simplification of complex holdco/opco structure at APRR
- First nuclear contract tenders in France (Energy and Metal divisions to benefit) during 2013e
- New contracts in Africa (Energy, Public Works)

Valuation bridge

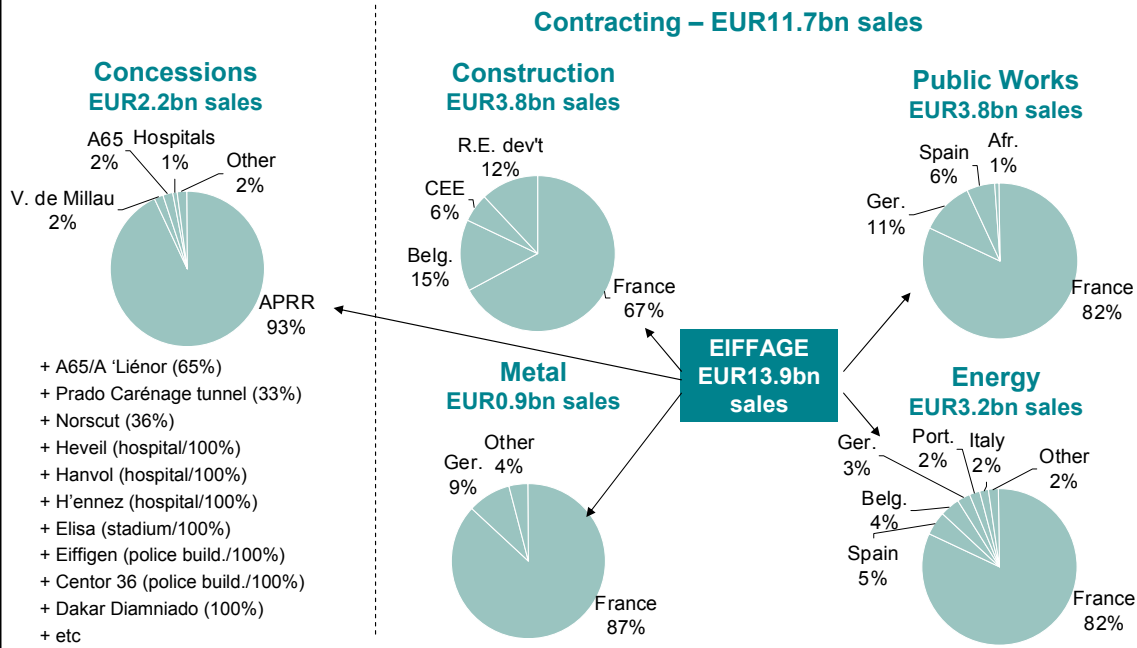


Source: Exane BNP Paribas estimates

- Bull case: EUR65/sh in 2015e** if *all* Contracting divisions reach industry-average margins and Nuclear/African potential materialises
- Bear case: EUR24/share in 2013e**, with Contracting on 4x EV/EBIT (40% discount to peers); APRR on 7x EV/EBITDA (trough of 2009) + A65 equity injection.

Eiffage (+)

An integrated Construction/Concessions business model



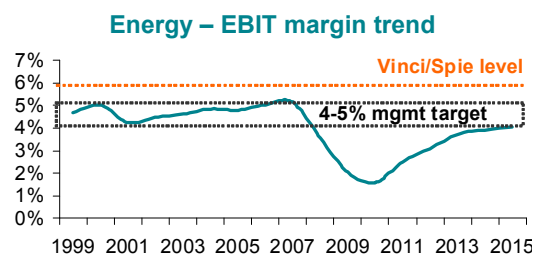
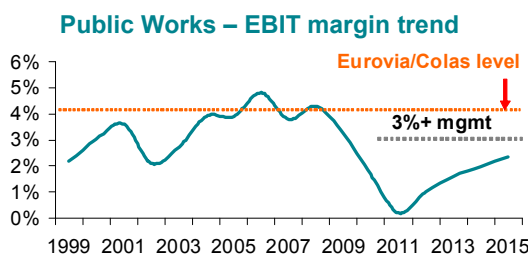
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Eiffage (+)

Operation Redemption, step 1: Contracting

- **New management fixing the two problematic Contracting divisions: Energy, Public Works**
 - Energy and Public Works (= Roads), 50% of Contracting revenues, currently under-delivering...
 - New management rolling out a **BACK-TO-BASICS** strategy
 - Change in management (new Head + often new intermediate management)
 - Reduced overheads (to align to lower activity level)
 - Boost to productivity on jobsite (15% below industry in Roads) – Already 5% improvement in H1 12 vs. LY
 - More contract selectivity: already better margin on contracts in the backlog
 - Target areas of growth: Nuclear, Energy Savings, Oil & Gas in Energy; Africa/HSR in Public Works
- **We see no reason why Eiffage can't catch up with industry standards in oligopolistic French markets (Roads and Energy)!**



Source: Exane BNP Paribas estimates

Exane BNP Paribas | SEEKING ALPHA: 5 stocks which could double vs 3 value traps – Eiffage

6

Eiffage (+)

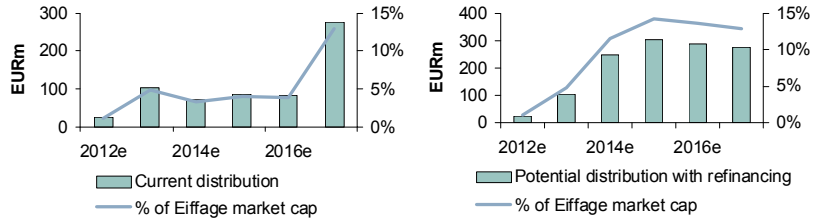
Operation Redemption, step 2: the APRR cash machine

- Transforming Eiffarie/APRR into a cash machine

- › First (small) dividend paid by Eiffarie to Eiffage on 5 September – EARLY !
- › Regular dividend flow to start in March 2013
- › Current assumptions on dividend payments are very modest, as they are limited by strict covenants
- › If the covenants are lifted, Eiffage could receive up to 50% of its current market cap in APRR dividends in the next five years

Current estimates on dividend flow from APRR/Eiffarie are acceptable...

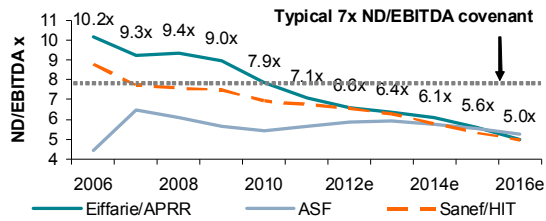
But Eiffarie/APRR can do so much more!!!



- Eiffarie/APRR – Normalisation of leverage means valuation discount should disappear

- › APRR historically highly levered
- › No major discrepancy anymore
- › Time to lift the discount !!!

APRR vs. French peers – ND/EBITDA metric



Source: Exane BNP Paribas estimates

Eiffage (+)

Operation Redemption, step 3: Nuclear, Africa, APRR!

- Nuclear: EUR3/share upside

- › EDF must carry out EUR50bn of works post-Fukushima
- › Eiffage very well placed in refurbishment and life extensions
- › First large tenders ongoing with limited competition

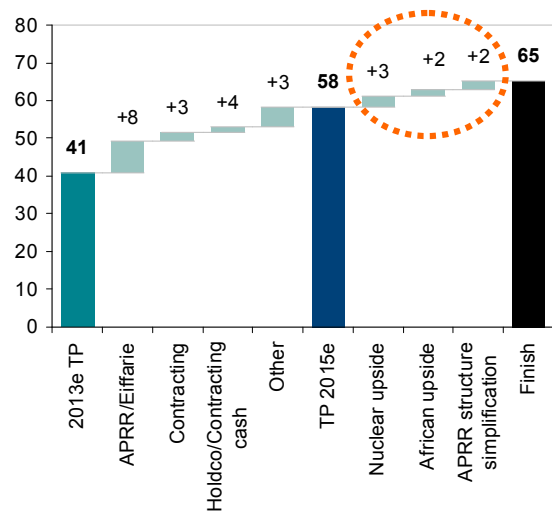
- Africa: EUR2/share upside

- › 2% of group sales from Africa today... Small but **HIGH MARGIN!**
- › Potential to double this to 4% of sales

- APRR/Eiffarie: Structure simplification

- › Current structure dates back to the LBO madness of 2006
- › Time to simplify the structure (a single entity vs. today's complex holdco/opco structure)
- › Simplification would free APRR from strict debt covenants => Higher Net Income and dividend payments

Valuation bridge



Source: Exane BNP Paribas estimates

Infrastructure team



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Nicolas joined us from Ecofin where he had been a buy-side analyst since 2006. Prior to this, he spent five years at Societe Générale (three years as a Research analyst and two years in the Hedge Fund Group Structure). He graduated from ESSEC and is a CFA charterholder.

Seeking Alpha

Five stocks that could double vs three value traps

Introduction

Rio Tinto

DSM

Eiffage

Telecom Italia

Virgin Media

GDF Suez

Imperial Tobacco

Siemens

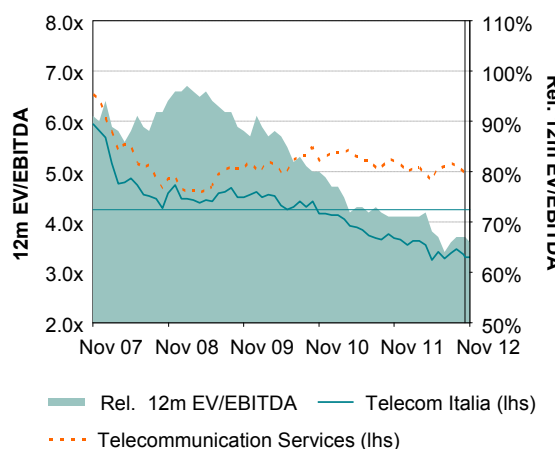
Q & A

Telecom Italia (+)

The second-worst performer in the sector despite sensible management measures

- **Severe underperformance since 2007**
 - › Stock price is down c.60% over 5yrs, -47% vs peers and -51% vs MSCI Europe
 - › EV/EBITDA has compressed to below 4x from 6x in absolute and from 90% to c.60% in relative
 - › Negative revisions (-6% to EBITDA 12e in three years) in line with peers
 - › De-rating therefore due to high leverage (3x reported Net Debt/EBITDA) and sovereign crisis
- **Is this sensible given management action?**
 - › EUR2.5bn cost cutting in Italy (excluding interconnections) i.e., 26% of costs since 2007
 - › Increased exposure to emerging markets: from 7% of prop. EBITDA in 2007 to 17%e today
 - › Five-year EBITDA CAGR (2007–12e) is -1% but this is better than peers
 - › Debt reduced to EUR28bn in 2012e from EUR36bn in 2007

De-rating since 2007



Source: EBNP Paribas

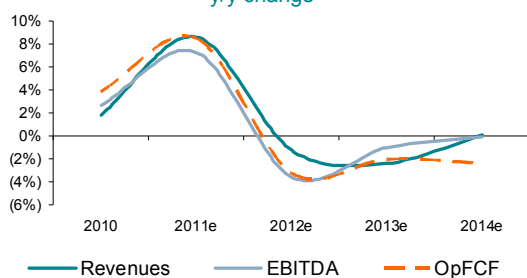
The massive de-rating is unjustified on fundamentals

Telecom Italia (+)

Further de-rating unlikely

Operating trends to stabilise

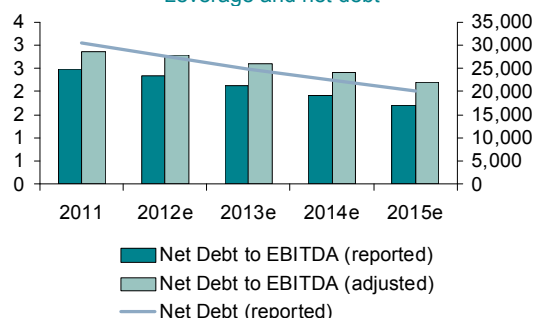
y/y change



Source: Exane BNP Paribas estimates, Company

Deleveraging to continue

Leverage and net debt



- Flat MTR post 2013 = +1pp of revenue growth in 2014; macro improvement by 2014e = 1pp
- More cost cutting: company to detail new savings plan with the FY results
- Scope to improve efficiency: 300 lines per employee vs 450 for PT and 350 for DTE
- Net debt to fall to EUR23bn from EUR31bn at end-2011 thanks to strong FCF (c. EUR3.5bn/yr) and low FCF payout (25%)
- Meeting targets should be enough to remove negative watch from S&P/Moody's and secure BBB/Baa2 ratings

Better operating trends than peers should prevent further de-rating

Exane BNP Paribas | SEEKING ALPHA: Five stocks that could double vs three value traps – Telecom Italia

3

Telecom Italia (+)

From de-rating to re-rating: Sale of TIM Brazil

- **TIM Brazil is growing**
 - › 2011-14e CAGR 5% revenue, 7% EBITDA
- **TIM Brazil stock trades at 3.4x EV/EBITDA 13e**
 - › vs European stocks in decline at 5.0x
- **DCF implies EV/EBITDA 13e of 6.1x**
 - › Vivo was trading at 4.0x vs our DCF-implied 6.0x in 2010. TEF bid at 8.0x and bought at 11.0x
- **In-market consolidation (from 4 to 3)**
 - › Acceptable to regulator/government if local champion is part of it (Oi)
 - › Synergies: EUR3.5bn–5bn (to be shared)
- **Crystallise value: Sale to new entrant (EM or US player) for 6.0x or to existing player for 8.0x**
- **Not being considered at the moment**

TIM Brazil Valuation

(EURm)	Market based	DCF based	DCF based + synergies
Equity	7,620	13,511	13,511
Net Debt – YE2012	-234	-234	-234
Enterprise value (1)	7,387	13,278	13,278
Synergies			3,750
Enterprise value (2)	7,387	13,278	17,028
Implied EV/EBITDA 2013e	3.4	6.1	7.8

Source: Exane BNP Paribas

Sale of Brazil can add between 26% and 38%

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4

Telecom Italia (+)

From de-rating to re-rating: Network separation

- TI owns the only fixed network in Italy
- Government/regulator wants to see accelerated investment in NGN
- Some investors ready to provide capital (EUR3bn?)
- TI wants a clear regulatory framework in exchange for opening capital (30%?)
- TI will only do a deal if 'value creative'
- Regulated infrastructure asset valued at 6–8x EBITDA. Network separation negotiation at around 6x
- Using market valuations for the other assets suggests -2% downside to +15% upside
- Network separation could be announced within the next three months

Network separation can create upside

Deconstructing TI valuation (EURm)	Low end 5.5x	Mid point 6.0x	High end 6.5x
Italy fixed network - new value	13,200	14,400	15,600
Italy mobile - 4x EV/EBITDA	11,671	11,671	11,671
TIM Brazil - EV/EBITDA (mkt value)	5,623	5,623	5,623
Other	288	288	288
Total EV	30,783	31,983	33,183
Mkt Cap	13,534	13,534	13,534
Debt + Other Liabilities	28,978	28,978	28,978
Total market EV - June 2013	42,512	42,512	42,512
Implied valuation of Italy fixed retail	11,730	10,530	9,330
EBITDA Italy fixed retail	3,436	3,436	3,436
EV/EBITDA - x	3.4	3.3	2.9
EV at 3.5x EBITDA	12,025	12,025	12,025
Implied equity value - June 2013	13,830	15,030	16,230
Per ord	0.71	0.77	0.84
Upside	-2%	6%	15%

Source: Exane BNP Paribas

Network separation can add between -2% and 15%

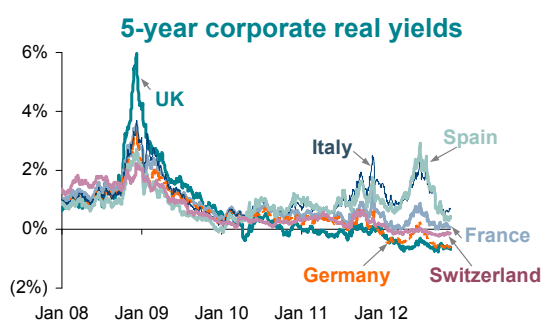
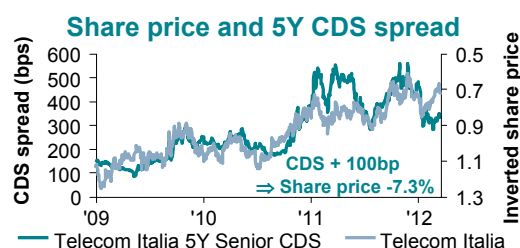
Exane BNP Paribas | SEEKING ALPHA: Five stocks that could double vs three value traps – Telecom Italia

5

Telecom Italia (+)

From de-rating to re-rating: normalisation of sovereign risk

- We are using 9.5% WACC for Italy
- This compares with 8.0% for German assets and 10% for Spanish assets
- The current government bonds suggest a WACC of 10.5% should be used so we are assuming some easing
- WACC of 8.5% (still higher than Germany) increases Domestic EV from EUR37bn (4.2x EBITDA 2013e) to EUR41bn (4.9x)
- Impact on group valuation: +28%



Source: Bloomberg, Exane BNP Paribas Quantitative research

Decline in sovereign risk: 28% upside

Exane BNP Paribas | SEEKING ALPHA: Five stocks that could double vs three value traps – Telecom Italia

6

Telecom Italia (+)

Target price: EUR 1.0 (+37%)

Valuation

- Given high leverage and Italian exposure (80%), change in Italian government bonds make a material difference
- Largest range of outcomes in our universe

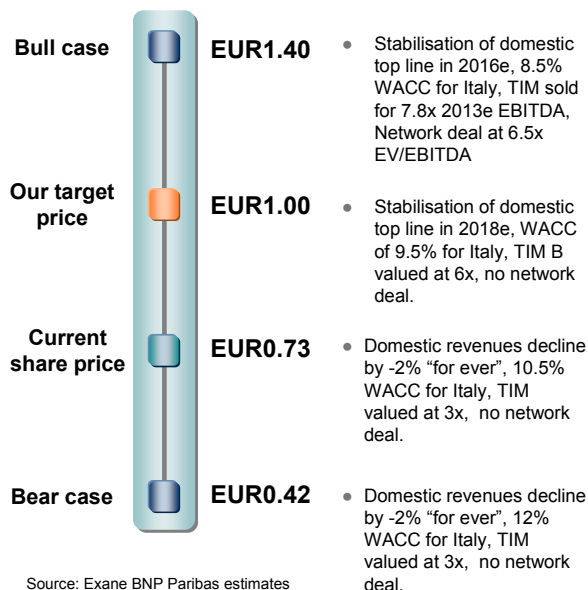
Short-term triggers

- Decision on Network separation in the next three months
- Capital increase with Sawiris?
- Q4 12 results on February 2012

Risks

- No deal on network
- Dividends cut to zero to protect debt rating
- Debt downgraded below IG, closing access to debt market (needs EUR4/5bn per year)
- Capital increase to refinance and/or lower Debt or to finance new projects (Brazil with Sawiris?)

Valuation summary



Telecom Operators team



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Antoine joined Exane in early 2000. He graduated from Ecole Polytechnique in 1993, majoring in Economics & Finance, and from Ecole Nationale Supérieure des Télécommunications in 1995. He worked for the French telecommunications ministry in 1995 and 1996. In 1997, he joined ART, the French telecommunications regulator, where he was appointed head of the Competition & Markets department.



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Mike Williams is based in London where he covers the UK Telco Space. Mike has almost 30 years of experience and exposure to the Telco Industry. He started his career in 1981 at British Telecom as an engineering apprentice before moving to the sell-side in 1995. During his tenure as an analyst Mike worked for Deutsche Bank, Citi and ICAP. Mike holds a Degree in Electronic Systems Engineering from University of Essex and an MBA from City Business School.



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Seeking Alpha

5 stocks which could double vs 3 value traps

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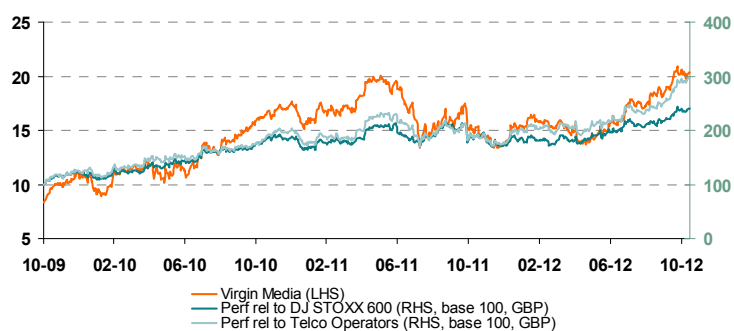
Imperial Tobacco

Siemens

Q & A

Virgin Media (+)

Target price: GBP26 (+28%)



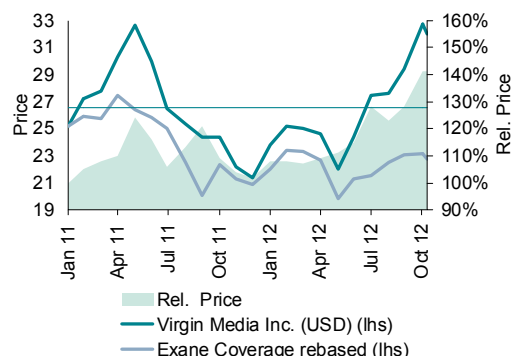
Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	6.5	14.9	23.2	36.3
Telco Operators	11.8	27.3	50.6	62.3

(*) In listing currency, with dividend reinvested

Virgin Media (+)

A strong performer but more to come

Only back to where we started



Key valuation metrics (GBP20.3/share)

	2011a	2012e	2013e	2014e
P/E (x)	25.7	18.7	10.4	7.4
Net yield (%)	0.6	0.5	0.5	0.5
FCF yield (%)	10.1	8.7	13.5	16.1
EV/Sales (x)	2.5	2.5	2.2	1.9
EV/EBITDA (x)	6.4	6.2	5.3	4.6
EV/EBITA (x)	15.3	14.9	10.9	8.5
EV/CE (x)	1.6	1.6	1.6	1.4

Source: Exane BNP Paribas, Factset estimates, MSCI

Investment case

- Product differentiation to drive re-acceleration at the top line
- Excellent cash conversion will deliver 20%+ FCF CAGR to 2015e
- 24% of the equity bought back so far with potential for an additional 46% by 2015e
- Undemanding valuation

Virgin Media (+)

Consumer market opportunity – A cGBP 10bn market

BT/VMED: infrastructure providers

- DSL-based players rely on regulated access to BT's access network
- Cable has the only alternative infrastructure

UK cable

- Superior platform – frequency range 750MHz vs 30MHz
- Late to market relative to peers
- Built two networks from day one
- Early to grasp broadband's potential
- Cover 50% of UK homes
- 65% of customers take 3 services (86% take 2 or more)
- TV, BB, Tel, Mobile, Business, Content

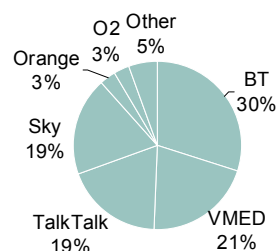
VMED and Sky control Pay-TV market

- 14m homes pay for TV (10m Sky) vs 10m FreeView homes
- Subscription TV market mature
- An estimated c2m homes are unique users of OTT

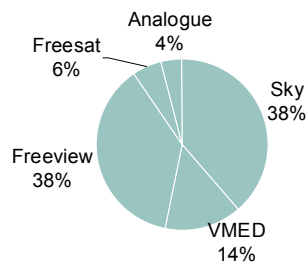
Inflationary pricing environment

- Market more rational – broadband prices rising
- Line rental prices up 3–5% p.a. VMED 10% cheaper than BT

Broadband market share



TV market share



Source: Exane BNP Paribas estimates

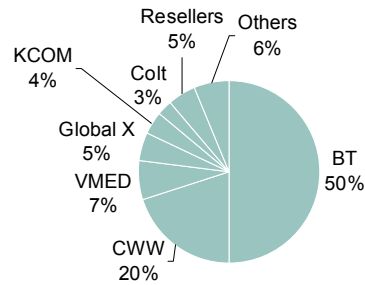
Virgin Media (+)

Business opportunity - A c.GBP 10bn addressable market

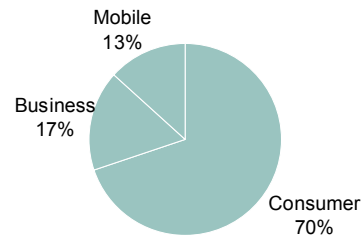
- **A largely untapped opportunity**

- Network passes within a few hundred metres of 85% of UK businesses.
- Network empty during the day – cost advantage
- Good mix (71% data)
- GBP700m business growing 7% to 8% p.a.
- Proximity to customers translates into high margins

Market structure



Business adds a growth driver

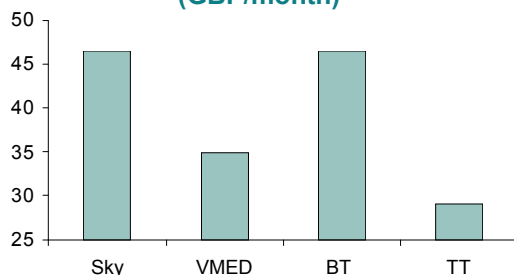


Virgin Media (+)

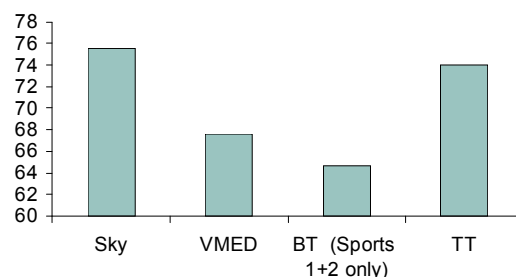
Differentiated in broadband and TiVo

- All VDSL-based broadband offers based on BT's Openreach platform – no scope for differentiation
- VMED controls its own access network – speed, price, quality of service
- VMED technology advantage: Openreach VDSL 100mbps vs. DOCSIS3 Super-Hub up to 400mbps
- VMED TiVo more advanced than Sky+ or YouView
-and pricing competitive.

Basic 3-play with unlimited broadband (GBP/month)



3-play with premium TV and unlimited broadband (GBP/month)



Source: Exane BNP Paribas estimates

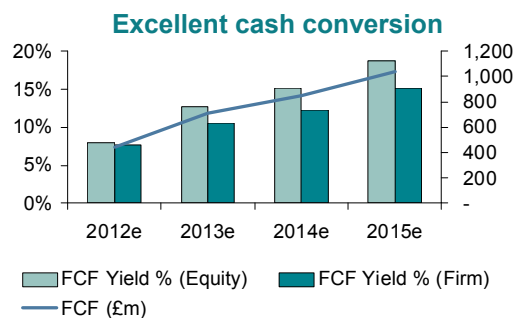
Virgin Media (+)

Shares can double (again)

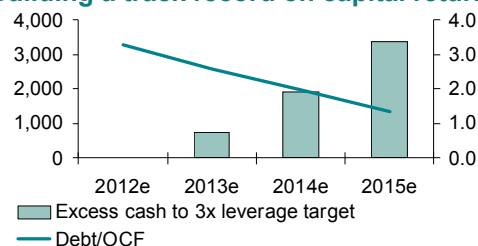
- Valued at c50% of the cGBP20bn network investment
- Excellent cash conversion
 - Set to deliver 4–5% top line growth
 - Consumer: customer growth, up-sell, price increases;
 - Business: share gain
 - Strong cost control – opex and capex
 - GBP14bn of tax assets – unused capital allowances
- Strong track record on capital returns
 - Bought back 24% of the shares since mid-2010
 - 3x debt/EBITDA target implies GBP3.4bn of surplus cash by 2015e
 - Could buy back a further 46% of the equity
- Putting accreted earnings on a 10x multiple would imply GBP51/share by 2015e

Key indicators point to attractive capital returns

	2013e	2014e	2015e
DCF valuation at year end (GBP/share)	30.4	34.3	38.6
Excess FCF (GBPm)	739	1,190	1,454
Assumed share repurchase price (GBP/share)	23	30	37
New EPS (GBP)	2.05	3.19	5.08
Valuation at 10x (GBP/share)	20.5	31.9	50.8



Building a track record on capital returns



Source: Exane BNP Paribas estimates

Telecom Operators team



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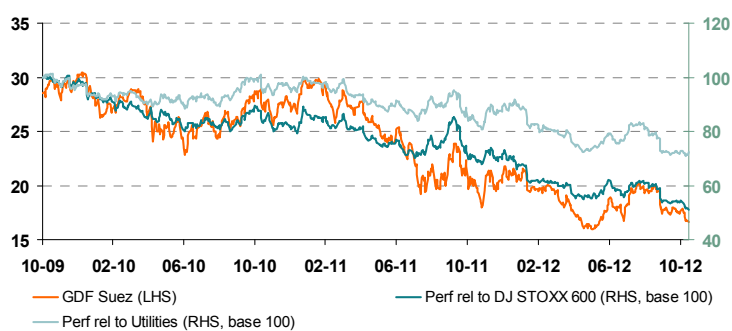
Imperial Tobacco

Siemens

Q & A

GDF Suez (-)

Target price: EUR 17 (+3%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	(3.9)	(12.3)	(23.7)	(26.5)
Utilities	1.1	(9.9)	(12.8)	(18.4)

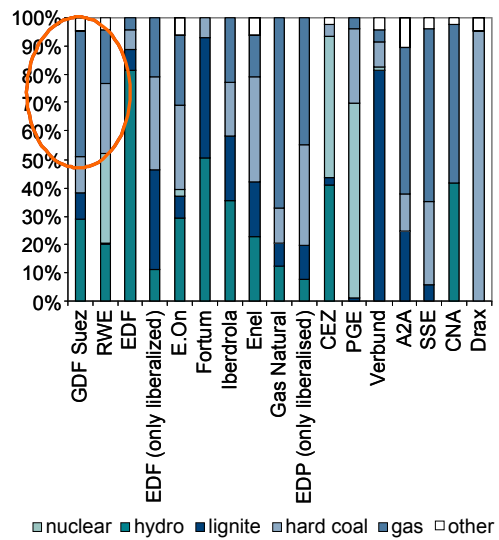
(*) In listing currency, with dividend reinvested

GDF Suez (-)

Investment case

- **45% of GSZ's European generation is gas fired (highest among closest peers)**
 - Market underestimates by at least 40% how bad things are for the profitability of gas plants
 - Generation overcapacity to remain across all continental European power markets
- **EPS below consensus by 10% on 2013, 15% on 2014**
 - Poor gas plant profitability
 - Lower allowed returns likely on French transport and LNG import terminals, mirroring decision on distribution
 - Poor volume trends in waste at Suez Environnement
 - Even before likely dilution from EUR6.5bn disposal programme yet to be completed (2.7x debt/EBITDA 13e vs max 2.5x targeted)
- **Putting DPS at risk**
 - On (minimum) fixed DPS policy (EUR1.5/s), payout above 90% for next 3 years – highest among closest peers
 - Can be financed by cheap debt...
 - ... but politically challenging to keep such high EPS payout
 - We expect a 20% cut

European power generation split

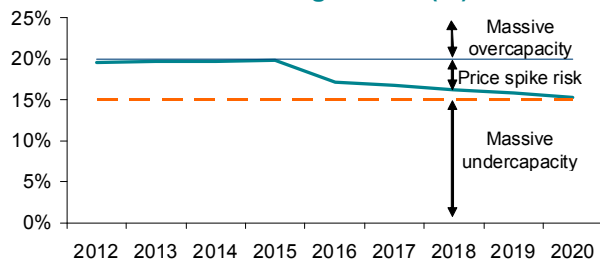


GDF Suez (-)

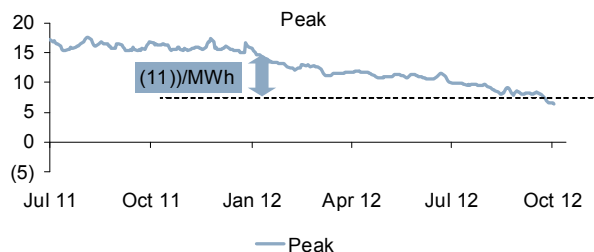
A focus on gas plant profitability

- **Gas plants are most expensive (notably vs coal) and thus last units to be dispatched to meet consumption needs**
- **Double whammy from power generation overcapacity**
 - Declining utilization rates – volumes impact
 - The true indication of margin is that seen in peak-load hours (not baseload), which has declined about 40% more than in baseload YTD
 - Consensus still underestimates the negative hit
- **Don't expect overcapacity to vanish any time soon**
 - German utilities unlikely to shut their plants
- **GSZ particularly exposed to gas plants, thus particularly at risk**

Reserve margin chart (%)



Gas plant profitability under pressure (EUR/MWh)



GDF Suez (-)

Valuation

Valuation

- EUR17/s fair valuation based on SOP, with DCF for power plants, and peers multiples for infrastructure/waste/water activities
- Trades in line on EV/EBITDA 13e. A discount is warranted for
 - weaker fundamentals (European gas plant exposure),
 - nuclear tax below the EBITDA line (multiple distorted by 0.2x)
- A 20% premium to peers on dividend yield, but in line on our dividend expectations, with potential further downside risks (we still include 80% EPS payout)

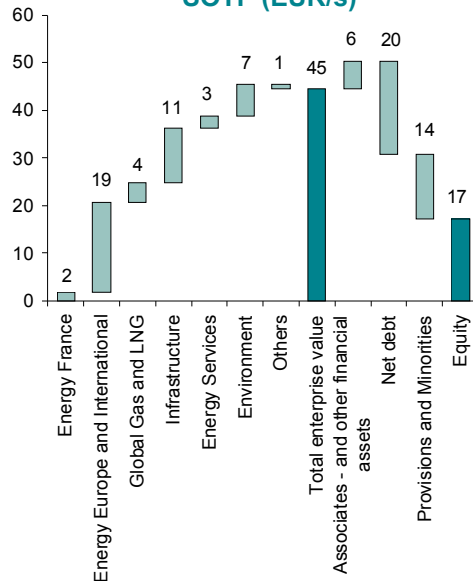
Short term triggers

- Unsupportive 2013 financial outlook at the investor day
- Trade unions to complain on the politically-sensitive high EPS payout

Risks

- Cost control to offset operating weakness? Unlikely
- Advantageous capacity mechanism in Belgium

SOTP (EUR/s)



Source: Exane BNP Paribas estimates

Utilities team



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Benjamin Leyre joined Exane BNP Paribas in 2005. He is a graduate of the Massachusetts Institute of Technology (2000) and the Ecole des Mines de Paris (1998). After two years with the Climate Change Joint Program (MIT) as a research assistant, Benjamin joined the Cambridge Energy Research Associates (CERA) in 2000. After two years in the Boston office, he moved to CERA's Paris branch as a deputy director of research.



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Philip Gottschalk joined our Utilities Team in 2010. He previously worked as an intern at Eurocopter, Butler Capital Partners and UBS Investment Bank. Philip is a graduate of HEC.



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Before joining us in 2012, Iain was with RBS for three years. Prior to this, he led the Pan-European utilities team at Deutsche Bank (since 2007), having moved to Banker Trust in 1998. In total, Iain has over 15 years of sell side analyst experience on the Utilities sector. Before becoming an analyst, Iain worked in the UK Utilities industry.

Iain holds an MBA from INSEAD and is a graduate of Cambridge University where he holds a BSc in Arts.



Olivier Van Doosselaere

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Olivier Van Doosselaere joined our Benelux Midcaps team in 2010 and switched to the Utilities research team in 2012. He started his career at ING where spent 18 months on the group's Graduate Programme. Olivier holds a masters degree in Commercial Engineering.



Manuel Palomo

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Manuel comes from Citigroup where he had headed coverage of Iberian Utilities and Renewable Energy for five years. Prior to that, he was at BBVA and had previously worked in the Energy Department of Soluziona, part of the Union Fenosa group.

Manuel holds degrees in Industrial Engineering from Escuela Superior de Ingenieros Industriales and in Quantitative Finance from AFI, Madrid.

Seeking Alpha

5 stocks which could double vs 3 value traps

Introduction

Rio Tinto

DSM

Eiffage

Telecom Italia

Virgin Media

GDF Suez

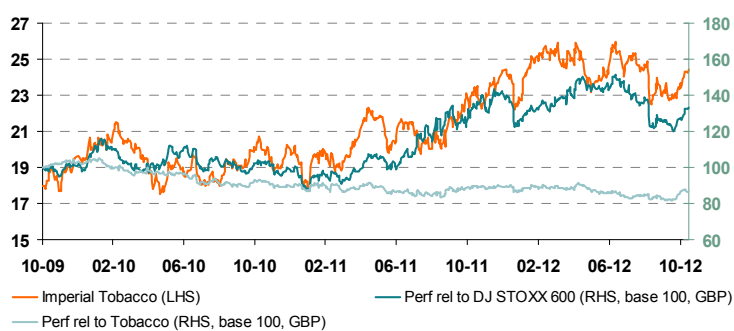
Imperial Tobacco

Siemens

Q & A

Imperial Tobacco (-)

Target price: GBP 24.5 (+1%)



Relative performance (*)	1 mth	3 mths	1 year	01 Jan 12
DOW JONES STOXX 600	6.7	(6.1)	0.9	(4.7)
Tobacco	6.1	3.0	(2.4)	(2.3)

(*) In listing currency, with dividend reinvested

Imperial Tobacco (-)

Investment Case

- The bull case on Imperial Tobacco surrounds a re-rating driven by improved organic growth
- The strategy to achieve this is sensible, but...
- Profit pool growth is fragile / absent in several key markets...
- ... which makes this objective very challenging
- Cost savings potential also limited

Imperial is structurally disadvantaged by exposure to low/no growth markets

Cigarette/FCT profit pool growth expectations

	Point of no return (<2% growth)	Steady growth market (3-6% growth)	Star market (7%+ growth)	Total covered	Average growth rate (6.1%)
BAT	11%	38%	28%	77%	6.1%
Imperial	30%	44%	3%	77%	3.3%
PMI	19%	37%	25%	81%	5.4%
JT	20%	55%	15%	90%	4.7%
SIMMA	0%	100%	0%	100%	5.0%

Source: Exane BNP Paribas estimates. Average growth rate calculated using 5% for steady growth markets, 10% for star

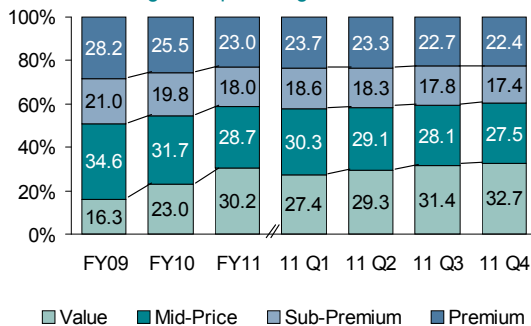
We view a sustainable acceleration of growth as extremely difficult to achieve

Imperial Tobacco (-)

Overweight problem profit pools

UK tax policy has accelerated downtrading and constrained profit pool growth

UK cigarette price segment evolution

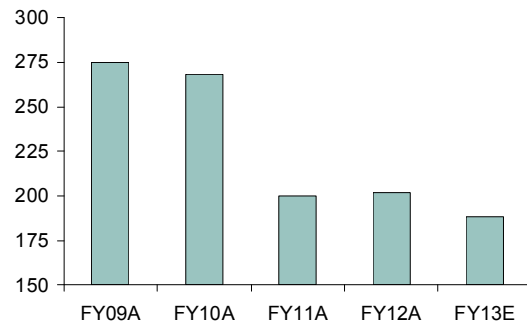


Source: JTI, Company, Exane BNP Paribas estimates

- Repeated above-inflation UK price increases on top of high prices have driven consumers to trade down and trade out to the illicit/grey market. Pricing power weakened
- Severe unemployment issues in Spain continue to impact on pricing power

Spain profits still in freefall

IMT Spanish EBIT, GBPm



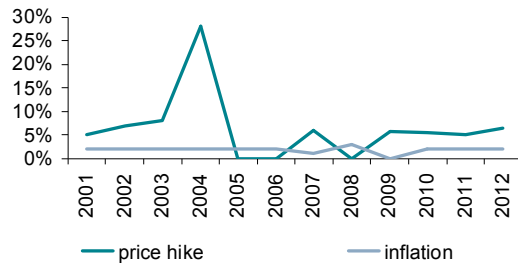
- The UK is IMT's biggest market at 20% EBIT
- Spain is number four at 7% of EBIT

Imperial Tobacco (-)

French worries, US issues and low near-term takeout risk

- **We fear France (10% profits) is becoming the next UK**
 - Repeated tax-driven above-inflation price rises
 - New government signalling its intentions to at least continue this policy with potential for worse
 - With high prices vs income and vs neighbours this is not sustainable for profit growth
- **The US and Logistics are also Imperial-specific growth trouble spots**
 - Bashed by the competition in the US. IMT has a 'recovery plan'
 - Overweight Spain in Logistics where vols down 1/3 in 3 years and still declining
- **Conclusion: 50% of IMT profits are growth constrained**
- **Cost savings potential also limited – a core historical strength**
- **There are periodically recycled takeover rumours**
 - But we see near-term risk as limited
 - Very complex deal, and importantly...
 - Japan Tobacco's recent actions suggest it is not pursuing an IMT agenda

French above-inflation price rises are not new



IMT's global headquarters in Bristol

Looking out from the main entrance



The main entrance



Source: French government, Exane BNP Paribas

Exane BNP Paribas | SEEKING ALPHA: 5 stocks which could double vs 3 value traps – Imperial Tobacco

5

Imperial Tobacco (-)

Target price: GBP 24.5 (+1%)

Valuation

- Looks cheap on P/E at 11.4x CY13 vs BAT 14.0x
- But not so much on EV metrics e.g. EV/EBIT 10.1x vs BAT 9.9x
- We like EV/NOPAT at 12.8x vs BAT 14.4x. This premium should be bigger

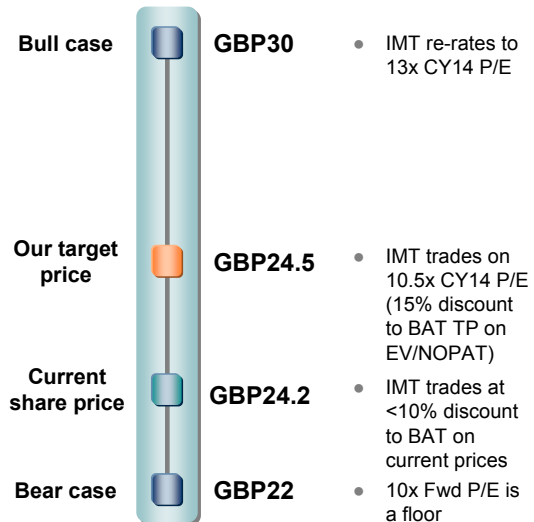
Short-term triggers

- Short-term outlook is benign: easy Q1 comp and recent strong pricing in UK and France
- May have some newsflow on UK plain packaging in Jan/Feb 13

Risks

- We are very concerned about the French market
- The US recovery plan could well falter, market conditions are poor
- The March 13 UK budget may again kick the Tobacco industry

Valuation summary



Source: Exane BNP Paribas estimates

Exane BNP Paribas | SEEKING ALPHA: 5 stocks which could double vs 3 value traps – Imperial Tobacco

6

Food, HPC & Tobacco team



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Jeff joined Exane BNPP in late 2009. Jeff previously covered the European Food Manufacturing sector for five years (at Citi). Prior to that, he worked in the industry itself, spending 10 years working for Unilever, including four years in investor relations.



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Eamonn joined Exane BNPP in late 2009. Eamonn previously covered the European Food/HPC sector for four years (at Citi). Prior to that, he worked in the industry itself, spending five years working for Kerry Foods.



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James joined our Food & HPC Team in London after three years with PricewaterhouseCoopers LLP, where he qualified as an ACA. He works directly with Jeff Stent on the European Food sector. James holds a BA in Mathematics from Cambridge University.



James Bushnell

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James joined Exane BNPP in late 2009. James covers the Tobacco sector (and Mid-cap Food), and has covered Staples for five years (at Exane and at Citi). Prior to that, he worked as a financial auditor in the Consumer Goods practice of PwC.

Seeking Alpha

5 stocks which could double vs 3 value traps

- Introduction
- Rio Tinto
- DSM
- Eiffage
- Telecom Italia
- Virgin Media
- GDF Suez
- Imperial Tobacco

Siemens

Q & A

Siemens (-)

Investment Case

Positive

- Diversified play with leading core franchises
- More centralised control with the new plan

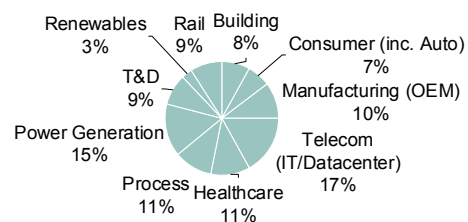
Risks

- M&A strategy, contract execution
- Geographical exposure

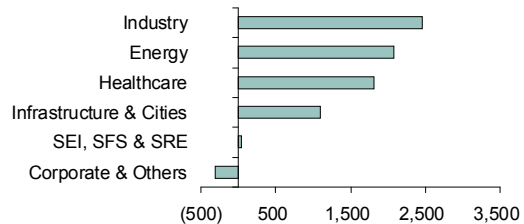
Milestones/Catalysts/Guidance

- Agenda 2014: Sector profits of 12%-plus
- Sector CMDs: Energy (December 2012), Infrastructure (March 2013)
- Trough cycle: 'One Siemens' programme with EBITDA margin range for four Sectors, ROCE targets

Well diversified exposure



Profit by division



Source: Company data, Exane BNP Paribas estimates

Siemens doesn't fit our current investment strategy

Siemens (-)

European capital goods companies need to raise entry barriers

- **Emerging markets have developed national champions**

- › Rail CNR, CSR, CRC, CRG
- › Focus so far on infrastructure
- › Europeans need to raise entry barriers

- **Technology**

- › R&D: A must to buy time
- › Most technologies accessible / 'sold' to EM

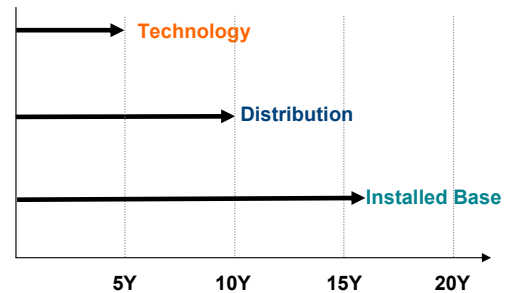
- **Distribution channels**

- › Fragmented competitive landscape
- › Take a long time to replicate

- **Installed base service**

- › Trough-cycle customer relationships are strongest
- › Forces new entrants to accept decades of low returns

Entry barriers



Source: Exane BNP Paribas

The challenge is to raise entry barriers

Siemens (-)

A challenged business model

- **Siemens doesn't screen well**

- › Low distributed sales
- › Average price pressure of 2–3% pa

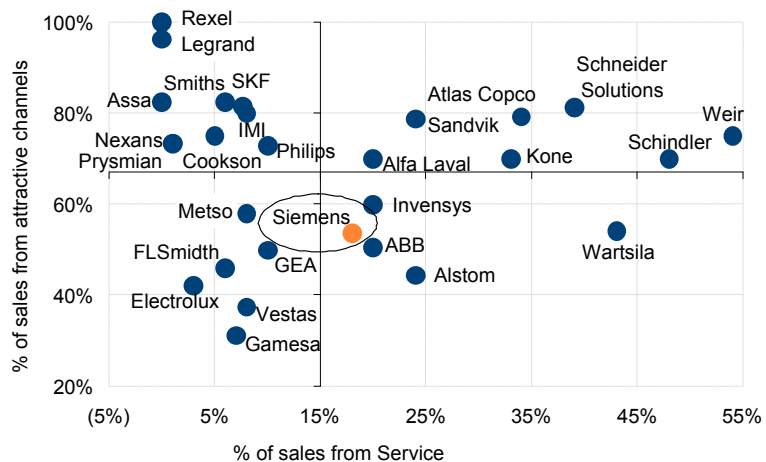
- **Services sales below average**

- › Not specifically targeted in 2014 Agenda
- › Strong only in its best franchises

- **A clearer Vision is needed**

- › Structural improvement

Business Model

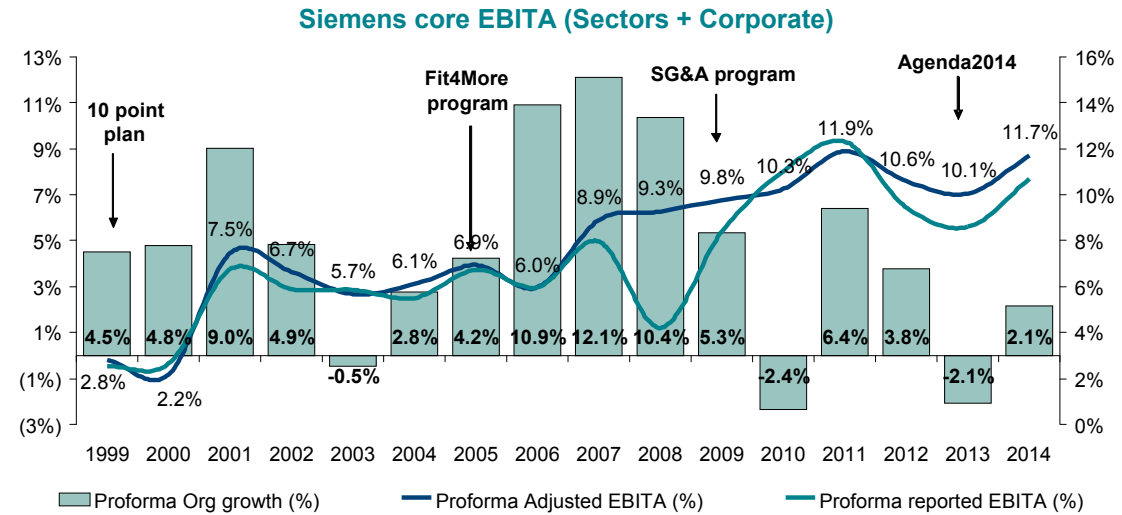


Source: Exane BNP Paribas

2014 Agenda doesn't specifically address mid-term challenges

Siemens (-)

2014 programme not stretched enough

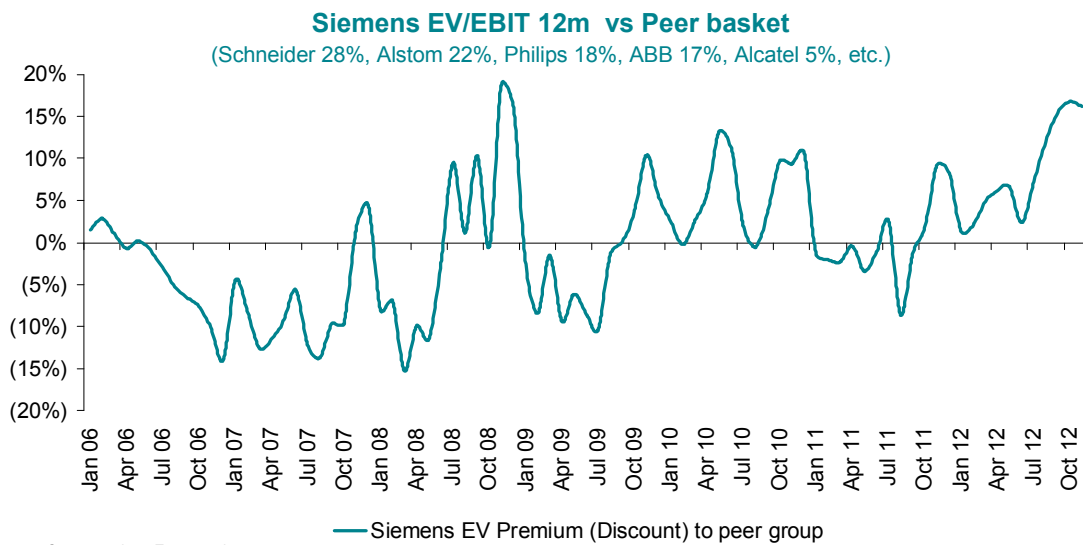


Source: Company data, Exane estimates

EUR6.0bn savings programme offset by price pressure

Siemens (-)

Not such a value play



Source: Company data, Exane estimates.

Post the EUR3.0bn buy-back, Siemens is expensive again

Siemens (-)

Target price: EUR86 (10% upside)

Valuation

- Siemens trades in line with sector on 9.6x EV/EBIT 13e.
- P/E 13e on 12.4x (10% discount to sector)

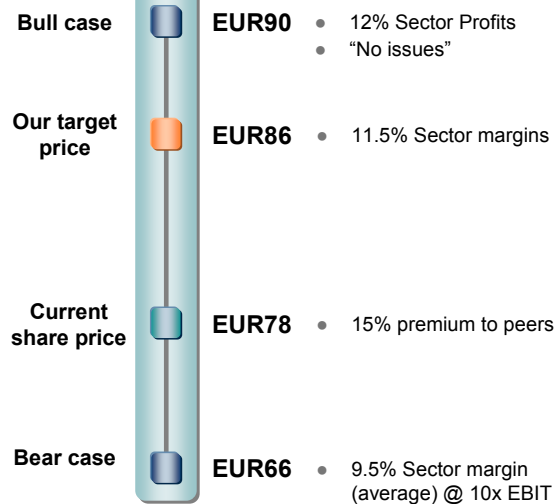
Short-term triggers

- Capital Markets day in December
- IFO, PMIs, short cycle risk in Germany (Auto)

Risks

- M&A: historically high valuation paid for assets – 20x EV/EBIT
- Correction post the share buy-back

Valuation summary



Source: Exane BNP Paribas estimates

Capital Goods team



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Olivier is a graduate of the Institut National des Télécommunications and holds an MBA in Finance from HEC. Two years with Stern Steward in London and Munich were followed by two-and-a-half years with JP Morgan, also in London, as a sell side analyst in Capital Goods.



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Alexis Denaud joined our Capital Goods Team in 2009 from GE's Private Equity division, where he had worked since 2003. He graduated from ESCP-EAP in 1998 and is a CFA Charterholder.



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Arnaud joined Exane in March 2008 having been an equity analyst covering Aerospace & Defence at Oddo since 2005. Prior to this, he was in charge of the marketing team at Oddo Asset Management. Arnaud graduated from ESC Rouen (majoring in Banking & Finance) in 2002. He is also a CFA Charterholder.



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Jonathan joined Exane in 2010 having spent three years with Goldman Sachs covering the UK Engineering sector. Before Goldman Sachs he worked for three years at KPMG, where he qualified as a chartered accountant (ACA). Jonathan holds a PhD in Economics and Statistics.

Seeking Alpha

5 stocks which could double vs 3 value traps

Introduction

Rio Tinto

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Eiffage

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Virgin Media

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Imperial Tobacco

Siemens

Q & A

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SECTOR & STOCK DATA

STOCK AND SECTOR DATA

Sector and stock data

Sector data

Stock data

Aerospace & Defence (=)

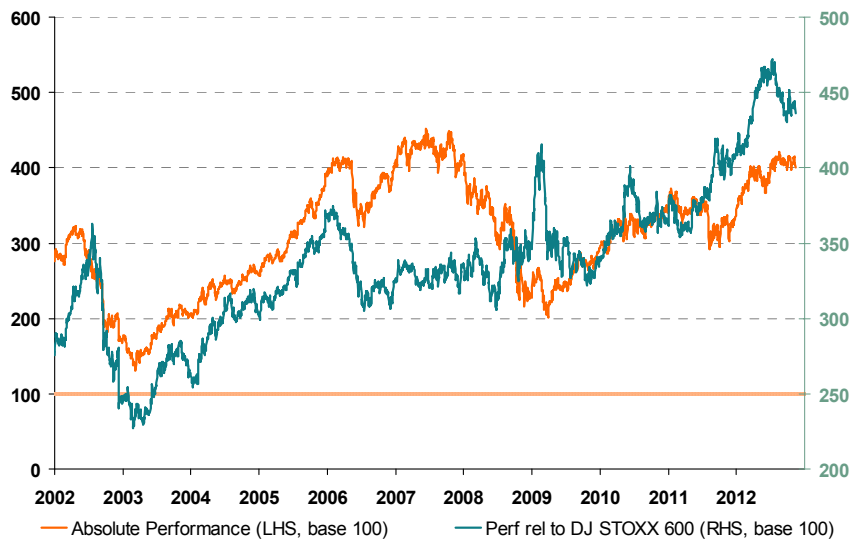
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2014	EV/EBITA (x) 2014	EV/EBITDA (x) 2014	Net yield (%) 2014
Civil Aerospace									
EADS	(+)	21.0	EUR 25.9	35.0	+35%	7.1	4.6	3.1	6.1
Zodiac Aerospace	(+)	3.8	EUR 78.4	90.0	+15%	10.5	7.2	6.5	3.3
Defence									
BAE Systems	(=)	12.4	p 306.2	350.0	+14%	7.6	7.0	6.1	6.7
Rheinmetall	(=)	1.2	EUR 31.5	34.0	+8%	4.8	4.7	3.0	6.4
Thales	(=)	5.1	EUR 26.3	28.0	+7%	7.5	4.1	3.3	3.8
Cobham	(=)	2.6	p 193.5	205.0	+6%	8.3	5.7	4.6	4.5
Finmeccanica	(-)	2.1	EUR 3.7	2.5	(33)%	4.9	6.7	4.1	5.1
Engine Manufacturers									
Safran	(+)	12.3	EUR 29.7	33.0	+11%	11.7	8.2	6.8	3.7
Rolls-Royce	(=)	20.3	p 871.0	880.0	+1%	12.7	9.2	7.7	3.0
MTU Aero Engines	(=)	3.2	EUR 63.7	61.0	(4)%	13.1	8.2	6.7	2.6
Weighted average					+7%	10.2	7.6	6.2	4.3

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Aerospace & Defence (=)

Sector performance



Automotive (=)

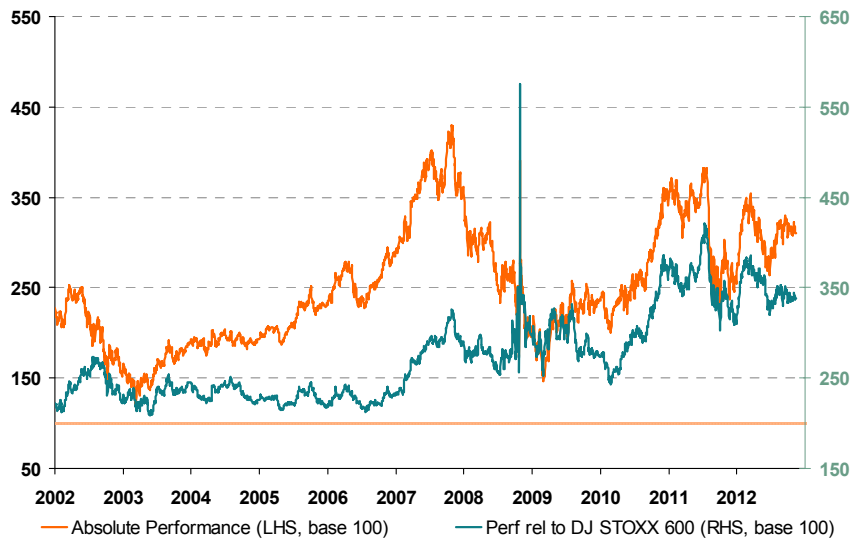
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/Sales (x) 2013	EV/EBITDA (x) 2013	Net yield (%) 2014
Automobiles									
Daimler AG	(+)	37.5	EUR 35.7	46.0	+29%	7.4	0.3	2.9	7.0
Renault	(+)	9.9	EUR 33.4	43.0	+29%	4.2	0.0	0.2	6.6
Volkswagen Pref	(+)	69.8	EUR 154.5	179.0	+16%	6.6	0.3	2.4	3.3
Peugeot SA	(=)	1.5	EUR 4.5	6.0	+35%	9.3	0.1	1.6	31.5
BMW	(=)	40.4	EUR 63.2	71.0	+12%	7.8	0.3	2.3	4.3
Fiat	(-)	4.2	EUR 3.3	3.8	+14%	3.2	0.2	1.8	6.0
Equipment Makers									
Pirelli & C	(+)	4.0	EUR 8.2	11.0	+34%	7.6	0.9	4.7	6.2
Continental	(+)	15.0	EUR 75.0	98.0	+31%	6.2	0.6	4.0	4.0
Michelin	(+)	11.7	EUR 64.8	81.0	+25%	6.5	0.7	4.0	4.6
Brembo	(+)	0.6	EUR 8.5	10.4	+23%	8.3	0.6	4.7	4.9
EirringKlinger	(+)	1.4	EUR 22.4	26.0	+16%	12.4	1.4	6.3	3.4
Sogefi	(=)	0.2	EUR 1.8	2.2	+20%	5.4	0.4	4.3	14.0
LEONI	(=)	0.8	EUR 24.1	28.0	+16%	7.4	0.3	3.9	5.0
Valeo	(=)	2.4	EUR 31.7	36.0	+14%	7.3	0.3	2.6	4.7
SHW AG	(=)	0.2	EUR 28.3	32.0	+13%	9.7	0.5	4.4	4.4
NORMA Group	(=)	0.6	EUR 18.6	19.0	+2%	9.5	1.2	6.1	3.8
Plastic Omnium	(=)	0.9	EUR 20.7	21.0	+1%	6.6	0.3	3.9	
Faurecia	(=)	1.2	EUR 11.0	11.0	+0%	7.4	0.2	4.3	3.7
Landi Renzo	(-)	0.2	EUR 1.5	1.4	(5%)	9.9	0.7	4.9	3.9
Weighted average					+21%	6.7	0.5	3.3	4.4

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Automotive (=)

Sector performance



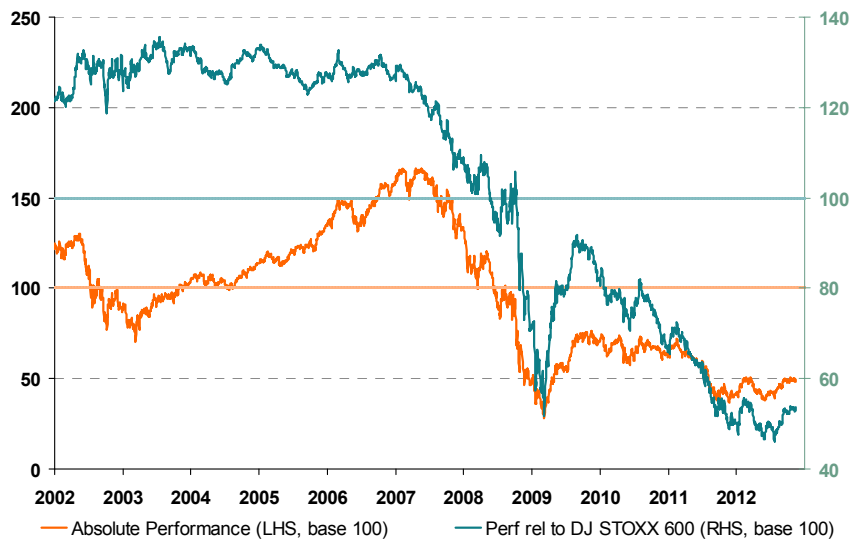
Banks (+)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (DownSide) (%)	P/E (x) 2013	P/E (x) 2013	P/Tangible BV (x) 2013	Net yield (%) 2013
Large									
Popular	(RS)	3.1	EUR 0.6			29.6	29.6	0.4	2.5
Barclays plc	(+)	36.1	p 237.7	340.0	+43%	5.8	5.8	0.6	3.2
DNB ASA	(+)	15.6	NOK 70.3	87.0	+24%	8.1	8.1	0.9	3.7
Société Générale	(+)	18.4	EUR 25.0	30.0	+20%	6.5	6.5	0.5	3.8
Lloyds Banking Group	(+)	40.8	p 46.4	55.0	+19%	9.5	9.5	0.8	2.2
HSBC Holdings	(+)	136.9	p 603.0	700.0	+16%	8.8	8.8	1.2	5.2
Swedbank	(+)	15.7	SEK 123.4	140.0	+13%	9.3	9.3	1.4	7.0
UBS AG	(+)	43.4	CHF 14.3	16.0	+12%	11.0	11.0	1.2	3.5
Crédit Agricole SA	(=)	13.8	EUR 5.5	6.7	+21%	5.0	5.0	0.6	3.0
Deutsche Bank	(=)	30.8	EUR 33.2	38.9	+17%	5.9	5.9	0.7	2.3
Svenska Handelsbanken	(=)	16.8	SEK 232.5	258.0	+11%	10.1	10.1	1.4	5.0
Intesa Sanpaolo	(=)	20.3	EUR 1.2	1.4	+9%	10.2	10.2	0.6	4.1
Credit Suisse	(=)	27.8	CHF 21.3	23.0	+8%	8.5	8.5	1.0	3.5
Royal Bank of Scotland	(=)	38.6	p 277.7	300.0	+8%	9.4	9.4	0.6	
Standard Chartered	(=)	43.2	p 1,444.0	1,550.0	+7%	9.9	9.9	1.4	3.9
Natixis	(=)	7.9	EUR 2.6	2.7	+6%	7.7	7.7	0.5	3.2
SEB AB	(=)	13.5	SEK 53.3	55.0	+3%	10.0	10.0	1.1	5.0
Erste Bank	(=)	8.0	EUR 20.2	20.5	+1%	9.6	9.6	0.9	2.5
Unicredit	(=)	19.9	EUR 3.4	3.3	(4)%	12.1	12.1	0.4	2.9
Nordea	(-)	27.6	SEK 59.0	62.0	+5%	9.4	9.4	1.0	3.2
BBVA	(-)	35.2	EUR 6.2	5.8	(7)%	8.8	8.8	1.0	6.7
Commerzbank	(-)	7.7	EUR 1.3	1.2	(9)%	7.7	7.7	0.4	2.6
Danske Bank	(-)	12.7	DKK 93.9	78.0	(17)%	13.7	13.7	0.8	
Santander	(-)	56.3	EUR 5.6	4.3	(23)%	9.6	9.6	1.2	5.4
Caixabank	(-)	11.0	EUR 2.6	2.0	(24)%	56.5	56.5	0.6	8.8
Banco Sabadell	(-)	5.9	EUR 1.8	1.1	(39)%	13.9	13.9	0.7	3.5
Bankia	(-)	14.3	EUR 1.0	0.3	(70)%	29.0	29.0	1.0	
Mid									
Banca Popolare Emilia Romagna	(+)	1.4	EUR 4.2	6.1	+46%	7.4	7.4	0.4	3.6
Banca Popolare di Milano	(=)	1.3	EUR 0.4	0.5	+20%	10.5	10.5	0.3	2.6
KBC Group	(=)	7.2	EUR 20.0	24.0	+20%	4.7	4.7	0.8	
Banco Popolare	(=)	2.0	EUR 1.1	1.4	+19%	8.5	8.5	0.3	4.4
Credito Emiliano	(=)	1.1	EUR 3.4	3.9	+13%	9.0	9.0	0.7	4.4
UBI Banca	(=)	2.5	EUR 2.8	3.1	+9%	10.2	10.2	0.4	3.6
Raffaelsen Bank Intl	(-)	6.0	EUR 30.5	27.0	(12)%	8.6	8.6	0.8	3.4
Banesto	(-)	1.8	EUR 2.7	2.3	(14)%	7.1	7.1	0.4	7.3
Banca Monte dei Paschi di Siena	(-)	2.5	EUR 0.2	0.2	(15)%	20.5	20.5	0.3	
Bankinter	(-)	1.8	EUR 3.0	2.1	(30)%	8.9	8.9	0.6	5.0
Weighted average					+7%	10.3	10.3	1.0	3.8

*Stock rating vs Sector

Banks (+)

Sector performance



Beverages (-)

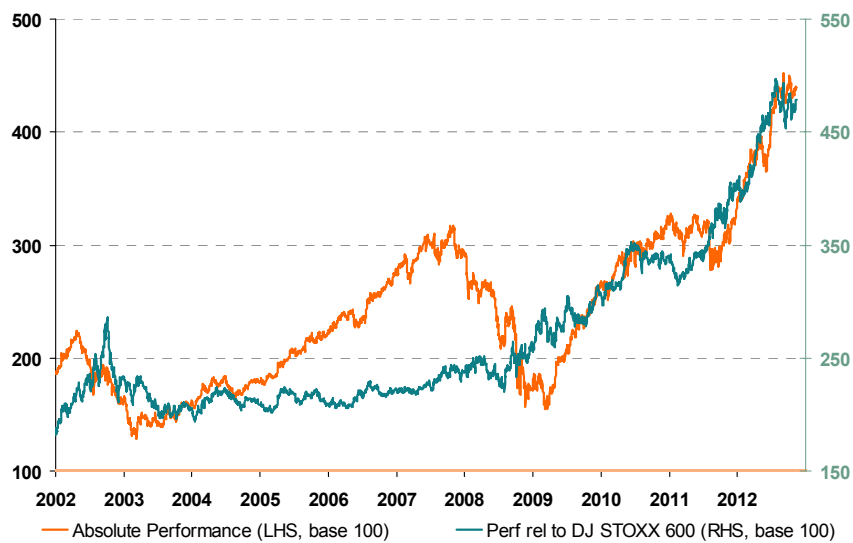
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/Op. FCF (x) 2013	Net yield (%) 2013
Distillers & Vintners									
Baron de Ley	(+)	0.2	EUR 43.0	56.0	+30%	9.4	3.7	4.0	
Pernod Ricard	(+)	21.9	EUR 83.2	93.0	+12%	13.6	11.0	13.2	2.2
Laurent-Perrier	(=)	0.4	EUR 64.5	75.0	+16%	13.8	10.8	15.1	1.8
Diageo plc	(=)	55.9	p 1,811.5	1,766.0	(3%)	15.6	12.2	14.4	2.8
Campari Group	(=)	3.3	EUR 5.7	5.5	(4%)	15.5	10.1	12.0	1.5
Rémy Cointreau	(=)	4.2	EUR 82.8	71.0	(14%)	21.0	13.6	15.2	1.9
Vranken Pommery	(-)	0.1	EUR 21.6	24.0	+11%	10.2	12.6	15.8	5.1
Brewers									
Carlsberg	(+)	10.8	DKK 526.5	660.0	+25%	11.2	7.3	10.3	1.2
Heineken	(+)	28.3	EUR 49.3	56.0	+14%	13.4	8.4	10.8	2.2
SABMiller	(+)	52.6	p 2,671.0	3,000.0	+12%	15.6	8.9	11.5	2.8
C&C Group Plc	(=)	1.3	EUR 3.8	3.8	(1%)	13.3	8.3	9.0	2.7
Anheuser-Busch InBev	(-)	103.8	EUR 65.0	59.0	(9%)	17.5	11.6	13.2	2.3
Weighted average					+1%	15.8	10.3	12.3	2.3

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Beverages (-)

Sector performance



Building Materials (+)

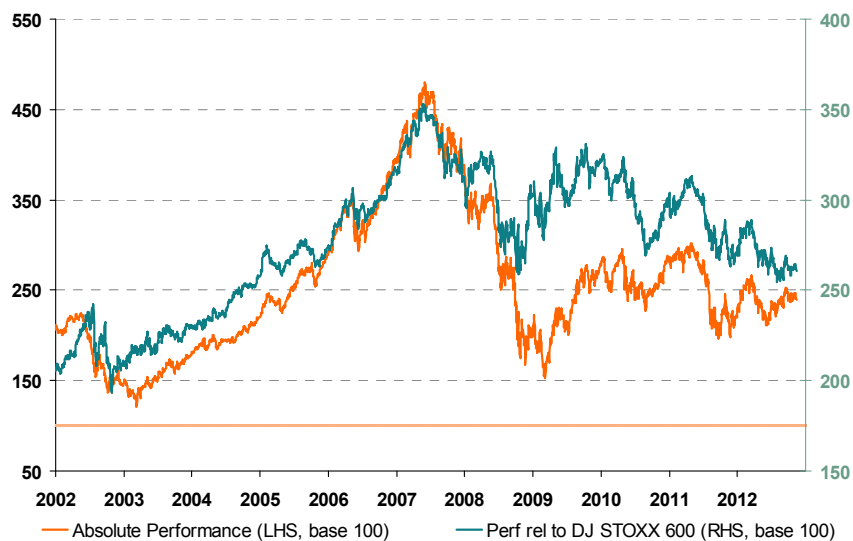
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/EBITDA (x) 2014
Light Building Products								
Rockwool Int'l B	(+)	1.6	DKK 549.0	770.0	+40%	11.9	4.8	4.2
Kingspan	(+)	1.3	EUR 7.6	9.0	+18%	14.6	8.5	6.8
Wienerberger	(=)	0.7	EUR 5.8	9.0	+56%	NC	6.2	5.6
Wolseley	(=)	7.0	p 2,712.0	2,920.0	+8%	14.3	8.9	7.4
Saint-Gobain	(=)	14.9	EUR 27.9	29.0	+4%	10.7	6.7	6.0
CRH Plc	(-)	9.7	EUR 13.9	16.5	+19%	15.2	7.0	5.7
Heavy Building Materials								
Holcim R	(+)	16.6	CHF 62.5	69.0	+10%	14.1	8.0	6.6
Lafarge	(+)	13.1	EUR 45.8	48.0	+5%	12.1	7.0	6.1
Italcementi	(=)	0.8	EUR 3.6	5.5	+54%	28.0	5.2	4.8
Buzzi Unicem	(-)	1.6	EUR 8.7	10.0	+15%	20.5	5.5	4.7
HeidelbergCement	(-)	7.6	EUR 40.4	45.0	+11%	12.0	7.2	6.2
Ciments Français	(-)	1.7	EUR 45.9	47.5	+4%	11.7	5.1	4.9
Vicat	(-)	1.8	EUR 41.3	42.5	+3%	13.1	6.1	5.1
Cementos Portland	(-)	0.1	EUR 3.3	2.7	(19)%	NC	12.9	11.3
Weighted average					+10%	13.4	7.2	6.1

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Building Materials (+)

Sector performance



Capital Goods (+)

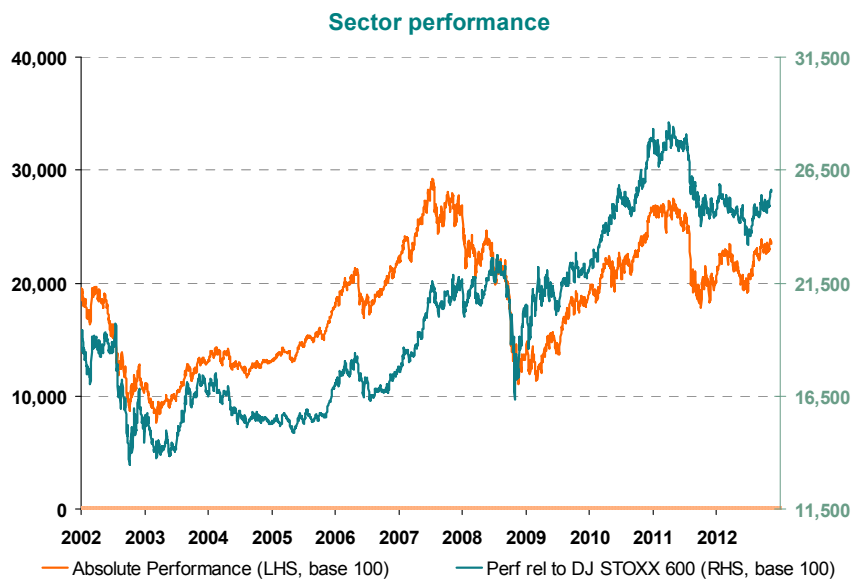
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/Sales (x) 2013	EV/EBIT (x) 2013	FCF yield (%) 2013
Electrical Equipment									
ABB	(+)	32.3	CHF 17.1	21.0	+23%	12.5	1.1	8.8	8.2
Alstom	(+)	8.4	EUR 27.3	34.0	+25%	7.5	0.5	6.7	9.3
Asea	(-)	4.9	EUR 12.7	28.0	+120%	4.4	0.9	5.4	3.1
Electrolux	(+)	5.6	SEK 168.0	165.0	(2)%	12.4	0.5	9.5	5.9
Fluidra	(+)	0.2	EUR 1.9	2.5	+29%	6.2	0.6	6.9	24.0
Gaemsa	(-)	0.4	EUR 1.7	1.0	(40)%	NC	0.3	22.4	13.7
Invenys	(+)	2.2	p 216.0	200.0	(7)%	14.2	0.7	9.8	5.9
Legrand	(+)	7.6	EUR 28.8	31.5	+9%	14.0	1.9	9.5	7.5
Mersen	(+)	0.4	EUR 18.5	23.0	+24%	9.1	0.8	8.2	11.8
Neovans	(+)	0.9	EUR 32.5	34.0	+5%	9.9	0.4	9.3	8.1
Philips	(+)	18.2	EUR 20.0	21.0	+5%	13.7	0.8	8.1	6.4
Physman	(+)	3.0	EUR 14.2	17.5	+23%	9.4	0.5	7.9	5.7
Reval	(+)	3.8	EUR 14.1	16.0	+28%	8.7	0.4	7.5	10.3
Schneider	(+)	25.9	EUR 48.9	57.0	+17%	12.6	1.3	9.3	7.7
Siemens	(-)	62.0	EUR 78.0	86.0	+10%	12.4	0.9	9.6	7.4
Smiths Group	(+)	4.7	p 1,050.0	1,230.0	+17%	10.4	1.7	8.9	7.0
Suntly SA	(+)	0.9	EUR 124.0	144.0	+16%	8.5	0.7	5.6	14.9
Vestas	(-)	0.7	DKK 24.6	20.0	(19)%	NC	0.2	NS	6.7
Vossloh AG	(+)	0.9	EUR 74.7	70.0	(6)%	13.2	0.9	9.7	1.0
Industrial Machinery									
Atlas Laval	(+)	5.7	SEK 116.3	115.0	(1)%	14.5	1.8	10.3	6.5
Ansaldo STS	(+)	1.0	EUR 6.3	8.5	+35%	11.2	0.6	5.6	9.2
Asa Abloy	(-)	9.8	SEK 228.0	210.0	(8)%	14.9	1.9	11.6	7.0
Atlas Copco	(+)	23.2	SEK 165.1	165.0	(0)%	15.3	2.3	11.0	7.0
Bekaert	(+)	1.1	EUR 18.6	27.0	+46%	10.3	0.6	9.5	6.9
Cookson Group	(+)	1.9	p 565.0	620.0	+10%	9.9	0.7	7.2	7.2
Falvey	(+)	0.6	EUR 42.0	50.0	+19%	8.4	0.9	6.9	10.0
FLSmidth	(+)	2.2	DKK 315.2	395.0	+25%	9.4	0.8	7.3	8.1
GEA Group	(+)	4.3	EUR 23.2	27.0	+17%	12.5	0.9	8.8	8.6
Haujobb Group	(+)	0.1	EUR 4.8	8.0	+68%	9.2	0.5	7.8	30.0
IMI	(+)	3.7	p 935.0	1,050.0	+12%	12.6	1.4	8.4	8.5
Interpump	(+)	0.5	EUR 5.4	6.8	+26%	9.7	1.1	6.6	9.8
Kone	(+)	14.4	EUR 56.2	54.0	(4)%	19.3	2.0	13.4	5.3
List	(+)	0.5	EUR 49.9	60.0	+20%	8.1	0.6	5.8	7.7
Manitou	(+)	0.4	EUR 11.2	16.0	+43%	15.5	0.5	13.9	(0.3)
Metso	(+)	4.0	EUR 26.9	33.0	+23%	11.1	0.6	7.1	10.0
Neopost	(+)	1.4	EUR 39.9	60.0	+50%	7.5	1.8	7.2	12.0
Salt Group	(+)	0.4	EUR 16.5	23.0	+39%	9.6	0.8	6.8	8.2
Sandvik	(+)	13.4	SEK 92.5	100.0	+8%	12.4	1.5	9.6	6.8
Schindler	(+)	11.7	CHF 120.2	130.0	+8%	18.6	1.3	10.5	4.5
SKF	(+)	8.0	SEK 152.3	165.0	+8%	11.9	1.2	8.9	7.7
Wacker Neuson SE	(+)	0.7	EUR 9.4	12.5	+32%	9.3	0.7	7.4	6.4
Wartsila	(+)	6.1	EUR 31.0	33.0	+6%	14.5	1.2	10.5	7.8
Weir Group	(+)	4.6	p 1,747.0	2,200.0	+26%	11.6	1.6	8.7	7.8
Other									
Agfa-Cervit	(+)	0.2	EUR 1.3	2.0	+54%	3.3	0.4	8.5	29.6
Hamon & Cie SA	(+)	0.1	EUR 10.7	24.0	+124%	6.4	0.1	1.9	16.9
Lectra	(+)	0.1	EUR 4.7	6.0	+29%	11.1	0.6	6.5	9.7
Phelifer Vacuum	(+)	0.8	EUR 78.7	102.0	+29%	12.7	1.4	7.7	7.6
Zandvoort Ois	(-)	3.7	EUR 9.5	6.7	(30)%	18.5	4.3	13.0	5.5
Weighted average					+11%	13.6	1.4	9.9	7.3

*Stock rating vs Sector

Exane BNP Paribas | SECTOR AND STOCK DATA Source: Exane BNP Paribas estimates

13

Capital Goods (+)



Exane BNP Paribas | SECTOR AND STOCK DATA

14

Chemicals (=)

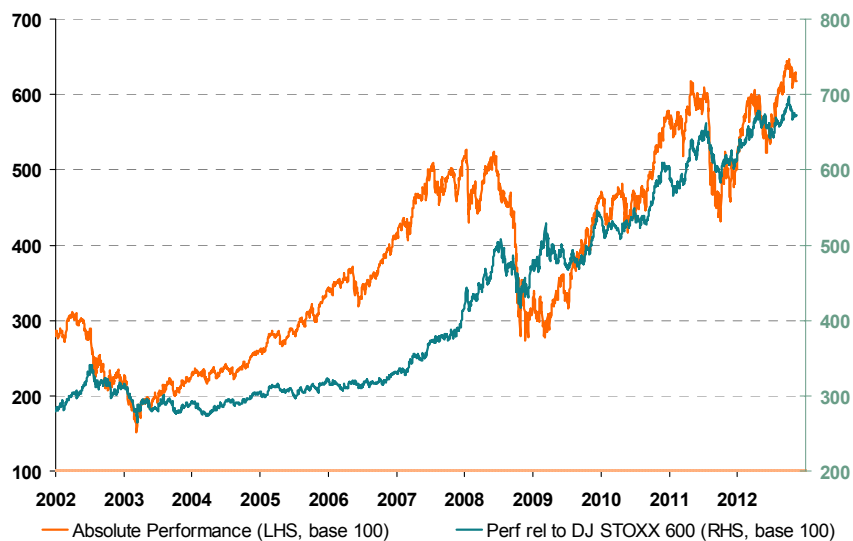
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (%)	EV/EBIT (x) 2013	EV/EBIT (x) 2014	FCF yield (%) 2013	FCF yield (%) 2014
Diversified Chemicals									
DSM	(+)	6.7	EUR 40.9	62.0	+51%	9.9	7.4	5.5	10.6
AlkzoNobel	(+)	9.9	EUR 42.0	55.0	+31%	7.7	6.8	3.8	4.7
Tessenderlo	(+)	0.7	EUR 22.3	27.0	+21%	11.1	9.4	1.4	4.4
BASF	(+)	58.4	EUR 63.6	69.0	+8%	7.5	6.6	9.0	9.3
Clariant	(=)	2.4	CHF 10.0	12.9	+30%	7.2	6.0	5.8	12.7
Lanxess	(=)	5.1	EUR 60.7	66.0	+9%	8.5	7.0	7.5	10.3
Umicore	(=)	4.3	EUR 39.2	40.0	+2%	11.4	9.8	4.6	3.7
Arkema	(=)	4.5	EUR 73.6	72.0	(2)%	7.5	7.1	10.1	10.2
Solvay	(-)	7.5	EUR 92.9	80.0	(14)%	8.9	8.3	8.1	8.5
Agrochemicals									
Kws Saat AG	(+)	1.5	EUR 228.4	152.0	(33)%	10.8		5.1	
Yara	(=)	10.0	NOK 258.5	270.0	+4%	6.8	6.0	11.8	10.6
Vilmorin	(=)	1.6	EUR 90.5	87.0	(4)%	11.8	10.7	3.8	4.7
Syngenta	(=)	26.1	CHF 356.6	328.0	(8)%	11.6	10.6	5.3	6.4
K+S	(-)	6.4	EUR 33.4	31.0	(7)%	9.5	10.5	(4.5)	(4.1)
Industrial Gases									
Air Liquide	(=)	28.3	EUR 90.7	96.0	+6%	13.8	12.0	4.1	5.2
Linde	(=)	23.6	EUR 127.6	131.0	+3%	12.1	10.7	4.9	5.6
Consumer Ingredient									
Givaudan	(+)	7.1	CHF 920.0	1,010.0	+10%	12.6	10.7	7.7	8.6
Symrise AG	(+)	3.1	EUR 26.3	28.5	+8%	11.3	10.2	5.6	6.9
Croda International	(=)	3.8	GBP 22.8	21.0	(8)%	12.3	11.3	3.3	4.2
Weighted average					+10%	9.5	8.3	6.4	7.7

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Chemicals (=)

Sector performance



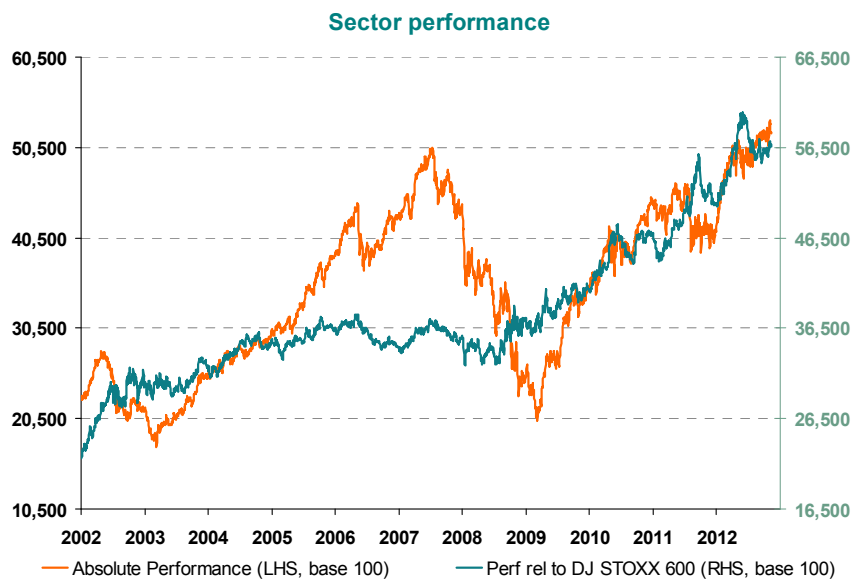
Consumer Goods (-)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EBITA margin (%) 2013
Eyewear								
Luxottica	(NR)	13.4	EUR 29.6			19.4	13.0	16.2
Safilo	(NR)	0.4	EUR 6.4			5.4	3.4	10.7
Footwear								
Puma	(+)	3.2	EUR 214.8	275.0	+28%	14.2	7.8	9.7
adidas	(+)	13.3	EUR 63.6	80.0	+26%	13.7	9.0	8.9
GEOX	(-)	0.5	EUR 2.0	1.7	(15)%	31.0	16.4	3.4
Leisure Products								
Plaggio	(+)	0.7	EUR 1.9	2.4	+28%	11.7	8.2	8.5
Trigano	(+)	0.2	EUR 8.7	11.0	+27%	9.0	4.9	3.7
Bénéteau	(=)	0.7	EUR 7.7	6.5	(15)%	NC	NS	(0.4)
Durable Households								
SEB	(+)	2.3	EUR 49.9	63.0	+26%	10.3	8.1	9.0
Indesit	(=)	0.5	EUR 4.9	3.5	(29)%	9.9	7.8	4.2
Non-durable Households								
Bic	(+)	4.5	EUR 96.1	100.0	+4%	15.6	10.2	20.7
Inter Parfums	(=)	0.5	EUR 20.9	20.0	(4)%	19.3	7.5	10.5
Weighted average					+19%	14.5	9.3	11.2

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Consumer Goods (-)



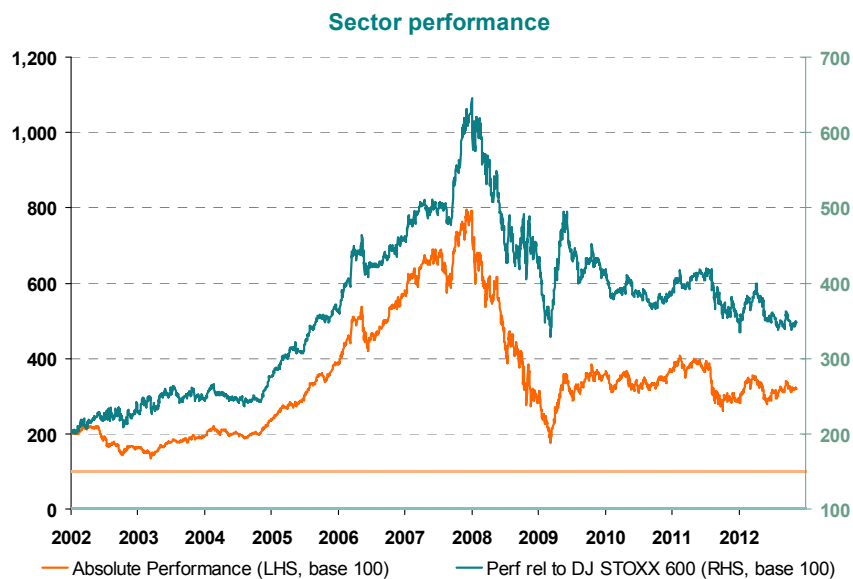
Diversified Financials (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	P/E (x) 2013	EV/EBITA (x) 2013
Large								
GBL	(+)	9.1	EUR 58.3	68.0	+17%	11.6	11.6	149.1
Aberdeen Asset Management	(+)	3.3	p 339.5	350.0	+3%	13.4	13.4	8.5
Eurazeo	(=)	2.4	EUR 35.7	37.0	+4%	13.9	13.9	9.8
Wendel	(=)	3.3	EUR 67.8	68.0	+0%	12.1	12.1	12.1
Exor Ord.	(=)	4.3	EUR 19.6	17.5	(11)%	10.2	10.2	8.7
Mid								
Bolloré	(+)	6.0	EUR 254.1	340.0	+34%	25.5	25.5	11.1
Ackermans & Van Haaren	(+)	2.1	EUR 62.0	67.0	+8%	10.7	10.7	NS
Corporacion Fin. Alba	(=)	1.6	EUR 28.2	43.0	+52%	6.0	6.0	NS
CIR	(=)	0.6	EUR 0.8	1.0	+21%	12.1	12.1	10.1
Schroders	(=)	5.2	p 1,550.0	1,520.0	(2)%	14.0	14.0	3.7
Small								
IMMSI S.p.A.	(+)	0.1	EUR 0.4	0.8	+96%	5.1	5.1	5.3
Cofide	(=)	0.3	EUR 0.4	0.4	(1)%	NS	169.3	12.2
Fimalac	(=)	0.8	EUR 33.6	31.0	(8)%	9.5	9.5	6.2
Weighted average					+11%	13.9	15.0	43.1

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Diversified Financials (=)



Food & HPC (-)

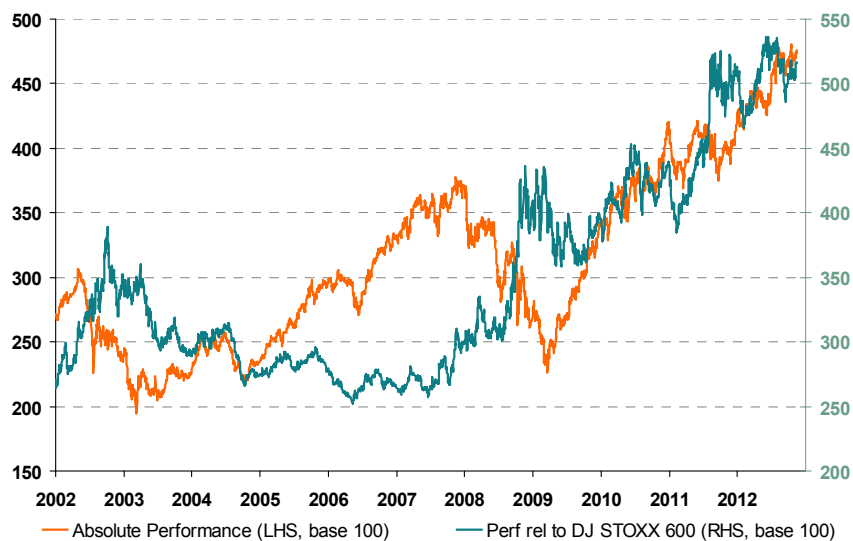
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EV/Sales (x) 2013
Food Products								
Pescanova	(+)	0.4	EUR 13.9	19.0	+37%	4.9	7.8	0.7
Ebro Foods	(+)	2.0	EUR 13.4	16.0	+20%	12.0	8.3	1.0
Nestlé	(+)	157.7	CHF 59.9	64.0	+7%	16.6	12.4	2.0
Tate & Lyle	(+)	4.4	p 758.0	800.0	+6%	12.4	10.0	1.1
Viscofan	(+)	1.8	EUR 39.0	41.0	+5%	14.5	11.4	2.2
Dairy Crest	(+)	0.6	p 350.8	360.0	+3%	7.5	7.8	0.5
Kerry Group A	(+)	6.8	EUR 38.8	39.0	+1%	14.5	12.4	1.3
L.D.C.	(=)	0.6	EUR 76.0	81.0	+7%	9.7	5.4	0.2
Associated British Foods	(=)	11.5	p 1,397.0	1,450.0	+4%	15.2	11.0	1.0
Bonduelle	(=)	0.5	EUR 69.2	71.0	+3%	9.1	8.8	0.5
Parmalat	(=)	3.1	EUR 1.8	1.8	+2%	11.7	6.6	0.4
Unilever Cert	(=)	80.6	EUR 28.5	28.5	+0%	17.3	12.6	1.8
Unilever plc	(=)	82.2	p 2,336.0	2,320.0	(1)%	17.7	12.9	1.8
Danone	(-)	29.4	EUR 49.0	48.0	(2)%	14.8	11.0	1.6
Campofio Food Group	(-)	0.6	EUR 5.6	5.2	(7)%	12.7	10.3	0.6
D.E Master Blenders 1753	(-)	5.4	EUR 9.1	8.3	(9)%	16.0	11.8	1.8
Deoleo	(-)	0.3	EUR 0.3	0.2	(26)%	16.4	13.3	0.9
Household & Personal Care								
Beiersdorf AG	(+)	13.4	EUR 59.3	70.0	+18%	23.8	12.2	1.7
L'Oréal	(+)	59.6	EUR 99.3	107.0	+8%	19.3	12.3	2.1
Reckitt Benckiser	(-)	33.7	p 3,770.0	3,700.0	(2)%	15.4	11.7	2.9
Henkel Pref	(-)	24.1	EUR 62.4	53.0	(15)%	16.0	10.0	1.4
Other								
Suedzucker	(=)	5.8	EUR 30.8	28.0	(9)%	12.0	9.2	1.1
Weighted average					+2%	16.9	12.1	1.9

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Food & HPC (-)

Sector performance

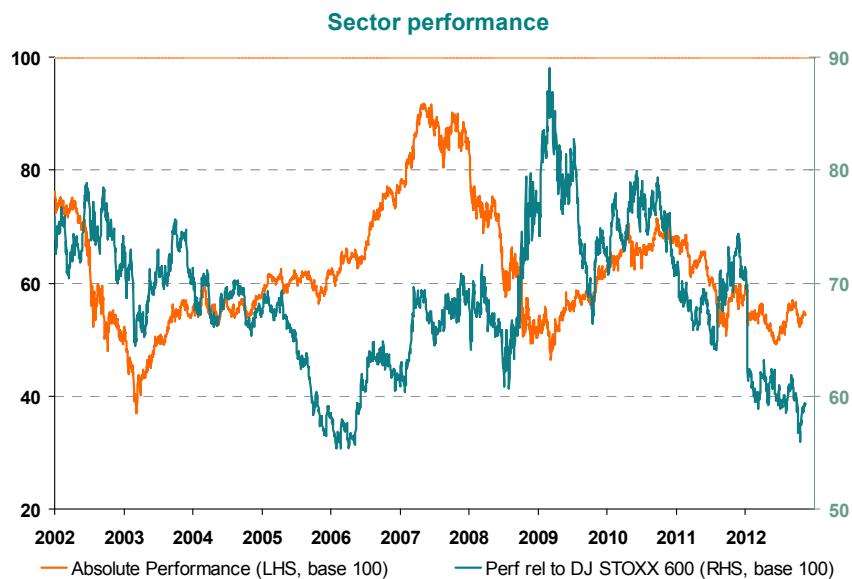


Food Retail (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/Sales (x) 2013	EPS CAGR (%) 2014
Large									
Casino	(+)	7.6	EUR 67.7	80.0	+18%	11.5	7.6	0.5	19.4
Jeronimo Martins	(+)	8.6	EUR 13.8	15.8	+15%	19.3	10.7	0.7	14.1
Carrefour	(+)	12.1	EUR 18.0	20.5	+14%	13.0	6.1	0.3	15.4
Delhaize	(=)	2.7	EUR 26.6	32.0	+20%	8.8	3.9	0.2	(9.6)
Alldi	(-)	9.9	EUR 9.6	9.6	+0%	9.5	4.9	0.3	11.0
Morrisson	(-)	7.3	p 259.7	250.0	(4)%	9.5	6.0	0.4	5.7
Sainsbury	(-)	8.0	p 338.8	325.0	(4)%	10.8	5.7	0.3	5.4
Metro	(-)	6.8	EUR 21.0	20.0	(5)%	10.6	6.1	0.3	(1.9)
Tesco	(-)	32.1	p 321.4	300.0	(7)%	10.5	6.3	0.5	8.7
Colruyt	(-)	5.5	EUR 35.5	32.0	(10)%	14.5	7.0	0.6	6.1
X5 Retail Group	(NR)		USD 17.0						
Mid									
Rallye	(+)	1.1	EUR 22.4	35.0	+56%	10.9	7.3	0.5	NS
Ocado	(+)	0.4	p 60.0	90.0	+50%	NC	10.7	0.6	NS
DIA	(+)	3.2	EUR 4.8	5.2	+8%	15.9	6.6	0.4	14.6
Booker	(-)	2.1	p 99.6	85.0	(15)%	19.2	11.8	0.3	13.5
Small									
MARR SpA	(=)	0.5	EUR 7.3	8.0	+10%	9.7	7.5	0.5	6.2
Weighted average					+7%	12.9	6.9	0.4	10.4

*Stock rating vs Sector

Food Retail (=)



General Retail (=)

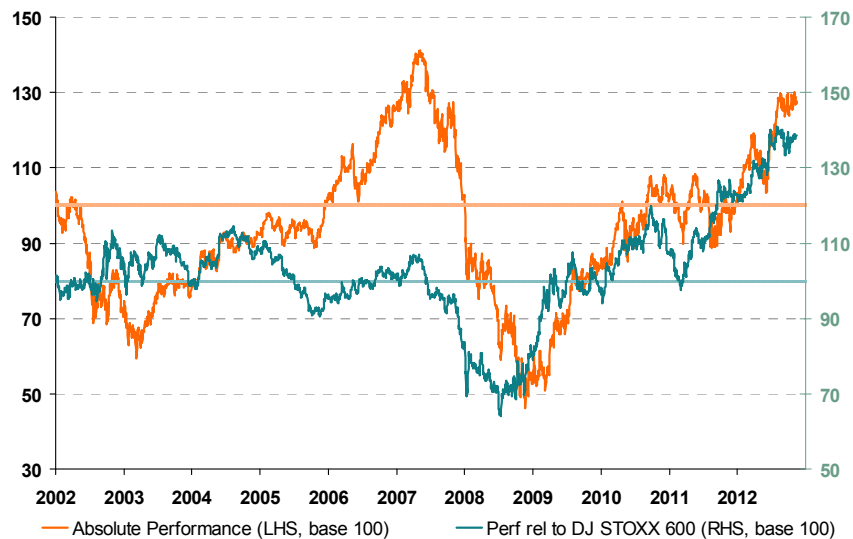
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	P/E (x) 2013	EV/EBITDA (x) 2013	Net yield (%) 2013
Home Improvement Retailers									
Praktiker	(=)	0.1	EUR 1.3	1.8	+34%	NC	NC	4.1	
Apparel Retailers									
ASOS PLC	(+)	1.6	p 2,163.0	3,000.0	+37%	47.0	47.0	24.9	
Inditex	(+)	62.2	EUR 99.8	105.0	+5%	22.3	22.3	12.4	2.8
Debenhams	(=)	1.1	p 118.0	120.0	+2%	11.0	11.0	6.7	3.1
Next	(-)	7.0	p 3,608.0	3,300.0	(9)%	11.9	11.9	7.9	3.0
Hennes & Mauritz B	(-)	42.1	SEK 219.6	195.0	(11)%	19.8	19.8	12.6	4.3
Marks & Spencer	(-)	7.5	p 378.4	310.0	(18)%	10.3	10.3	6.7	4.7
Hardline Retailers									
Carphone Warehouse	(+)	1.1	p 184.0	230.0	+25%	13.9	13.9	50.9	2.7
Kingfisher	(+)	8.3	p 283.0	320.0	+13%	11.1	11.1	6.0	4.1
Darty Plc	(=)	0.3	p 43.0	50.0	+16%	12.2	12.2	2.7	3.7
Home Retail Group	(-)	1.1	p 110.0	90.0	(18)%	20.3	20.3	3.3	2.7
Dixons Retail	(-)	1.1	p 24.9	15.0	(40)%	13.7	13.7	5.0	
Halfords Group PLC	(-)	0.9	p 347.6	160.0	(54)%	15.1	15.1	9.7	6.3
Specialty Retailers									
Delticom	(+)	0.5	EUR 38.8	60.0	+55%	17.2	17.2	9.8	5.8
Signet Group	(+)	3.3	p 3,299.0	4,100.0	+24%	10.8	10.8	5.6	1.5
Celestio	(+)	2.5	EUR 14.7	18.0	+22%	11.2	11.2	6.4	2.8
WH Smith	(+)	0.8	p 617.0	700.0	+13%	9.0	9.0	4.9	4.8
Inchcape	(+)	2.3	p 400.1	450.0	(13)%	9.5	9.5	5.4	3.6
Douglas Holding	(=)	1.3	EUR 37.7	38.0	+1%	17.4	17.4	5.9	2.9
Fielmann	(-)	3.1	EUR 73.7	69.0	(6)%	22.6	22.6	12.3	3.8
N. Brown	(-)	1.2	p 349.4	280.0	(20)%	12.3	12.3	9.0	4.1
Other									
CFAO SA	(=)	2.3	EUR 37.4	37.5	+0%	14.8	14.8	7.4	3.1
Weighted average					(0)%	19.0	19.0	11.3	3.4

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

General Retail (=)

Sector performance



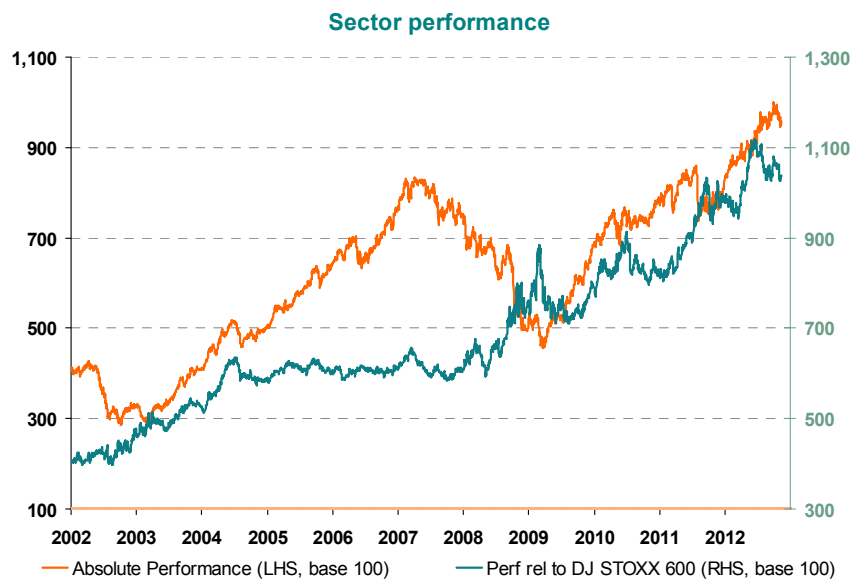
Healthcare Services & Providers (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	P/E (x) 2013	EV/EBITA (x) 2013	
Orthopaedics									
Smith & Nephew	(+)	7.3	p	652.5	775.0	+19%	13.1	13.1	8.5
Nobel Biocare	(-)	0.8	CHF	7.5	9.5	+26%	15.4	15.4	9.1
Straumann	(-)	1.3	CHF	102.3	125.0	+22%	13.8	13.8	9.3
Hearing Aids									
Amplifon	(+)	0.7	EUR	3.4	4.2	+23%	11.6	11.6	7.7
Audika	(=)	0.1	EUR	8.5	9.5	+12%	8.8	8.8	6.2
William Demant	(=)	3.5	DKK	458.6	450.0	(2)%	18.7	18.7	13.9
Sonova	(-)	5.5	CHF	100.0	88.0	(12)%	17.6	17.6	15.1
Healthcare Services									
Fresenius Medical Care	(+)	15.9	EUR	52.6	64.0	+22%	16.9	16.9	11.3
Elekta	(+)	4.0	SEK	91.0	110.0	+21%	19.4	19.4	13.2
Grifols	(+)	8.3	EUR	25.5	29.0	+14%	21.9	21.9	12.6
Essilor	(+)	14.8	EUR	71.1	80.0	+13%	22.6	22.6	16.6
Fresenius SE	(+)	15.1	EUR	85.5	92.0	+8%	13.7	13.7	10.7
Rhoen-Klinikum	(=)	2.0	EUR	14.6	15.0	+3%	19.0	19.0	16.5
Diagnosis									
bioMérieux	(+)	2.7	EUR	69.5	74.0	+6%	14.2	14.2	9.1
Oligen	(=)	3.1	EUR	13.6	13.0	(4)%	15.1	15.1	10.7
DiaSorin SpA	(=)	1.4	EUR	26.2	21.0	(20)%	14.2	14.2	7.6
Nursing Homes									
Orpea	(+)	1.7	EUR	32.3	37.0	+14%	17.8	17.8	14.7
Medica	(+)	0.7	EUR	14.0	16.0	+14%	12.7	12.7	10.0
Korian	(=)	0.4	EUR	11.6	13.0	+12%	10.4	10.4	10.2
Groupe Noble Age	(=)	0.1	EUR	11.9	12.5	+5%	9.8	9.8	9.1
Other									
Sorin	(=)	0.8	EUR	1.7	1.8	+8%	12.6	12.6	9.3
Carmat	(=)	0.5	EUR	120.6	110.0	(9)%	NC	NC	NS
Weighted average						+11%	17.3	17.3	12.3

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Healthcare Providers & Services (=)



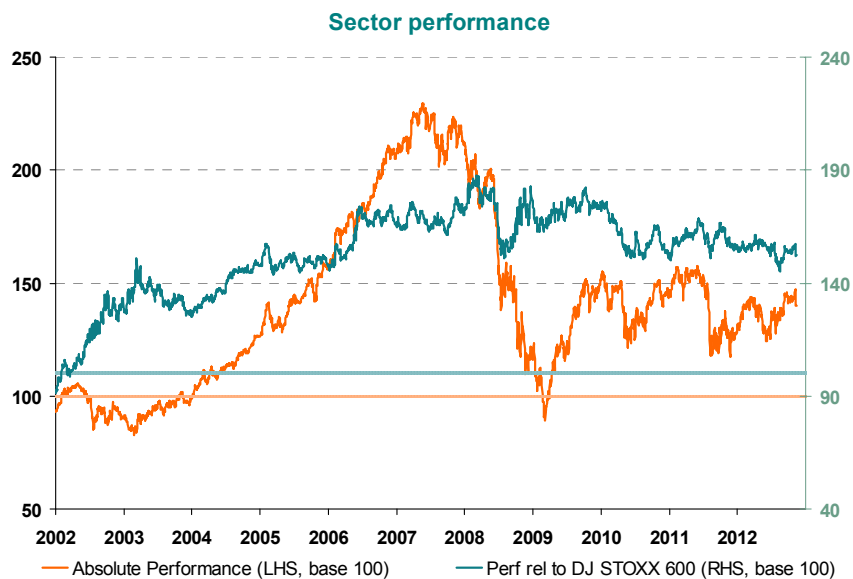
Infrastructure (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/EBITDA (x) 2014
Large								
Abengoa B	(-)	1.0	EUR 2.0	1.8	(10)%	12.8	9.1	8.3
Aberatis	(=)	8.0	EUR 10.6	12.5	+18%	11.2	7.9	7.2
Aéroports de Paris	(+)	5.9	EUR 59.7	79.0	+32%	16.2	7.8	7.1
Atlantia	(+)	8.3	EUR 12.7	14.7	+15%	11.5	7.5	7.4
Eiffage	(+)	2.2	EUR 25.3	41.0	+62%	8.9	7.5	7.2
FCC	(=)	1.0	EUR 9.0	10.0	+11%	7.3	7.0	6.5
Ferrovial	(-)	8.0	EUR 10.9	8.7	(20)%	NS	12.0	11.3
Fraport	(=)	3.9	EUR 42.1	53.0	+26%	15.1	7.9	7.5
Groupe Eurotunnel	(+)	3.1	EUR 5.6	7.5	+33%	NS	13.0	12.0
Grupo ACS	(-)	4.6	EUR 15.5	28.0	+80%	4.4	1.6	
Obrascon Huarte Lain	(+)	1.9	EUR 19.0	25.0	+32%	6.9	6.3	6.5
Sacyr	(=)	0.6	EUR 1.3	1.5	+14%	5.8	13.1	12.2
Vinci	(=)	16.5	EUR 32.3	40.0	+24%	10.0	5.0	4.7
Mid								
Astaldi	(=)	0.4	EUR 4.4	5.2	+18%	5.5	4.0	4.0
Boskalis Westminster	(=)	3.1	EUR 28.7	26.0	(9)%	11.0	5.1	4.6
Impregilo	(=)	1.2	EUR 3.0	2.9	(5)%	10.5	4.9	4.3
Imtech	(=)	1.7	EUR 18.5	20.0	+8%	8.5	6.8	6.0
SIAS	(+)	1.5	EUR 6.7	6.5	(3)%	9.6	5.2	5.0
Trevis Finanziaria Industriale	(=)	0.3	EUR 4.2	4.7	+11%	8.3	5.8	5.3
Small								
CFE (Cie d'Entreprises)	(+)	0.5	EUR 36.9	46.0	+25%	7.1	4.1	3.6
Weighted average					+20%	10.6	7.2	7.1

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Infrastructure (=)



Insurance (=)

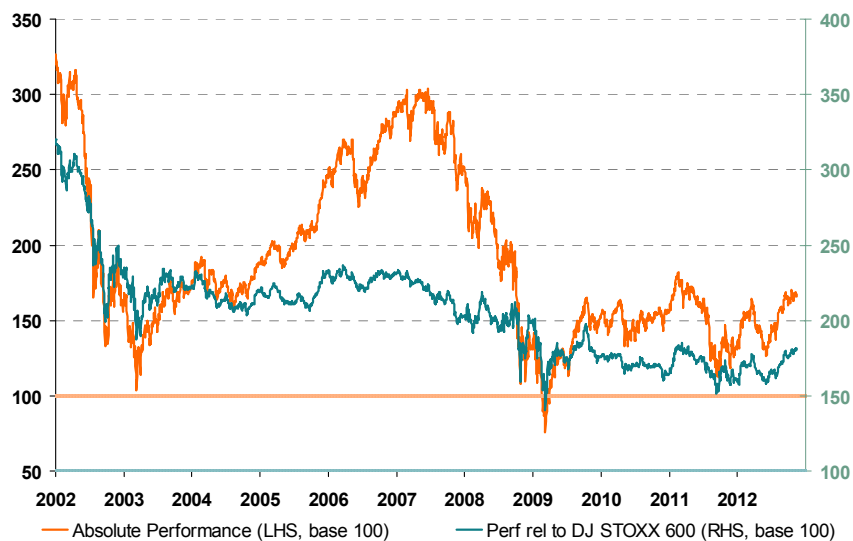
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (DownSide) (%)	P/E (x) 2013	P/E (x) 2013	P/Tangible BV (x) 2013	Net yield (%) 2013
Insurance									
Ageas	(+)	4.9	EUR 20.0	26.0	+30%	8.0	8.0	0.6	5.7
April	(+)	0.5	EUR 13.2	17.0	+29%	7.8	7.8	1.7	3.2
Euler Hermes	(+)	2.4	EUR 55.1	70.0	+27%	8.3	8.3	1.0	7.3
Axa	(+)	27.2	EUR 11.8	14.7	+24%	6.2	6.2	1.2	6.4
RSA	(+)	4.9	p 111.9	133.0	+19%	9.3	9.3	1.6	8.5
Allianz	(+)	43.2	EUR 94.9	112.0	+18%	8.1	8.1	1.1	4.7
Standard Life	(+)	8.9	p 306.1	331.0	+8%	10.3	10.3	1.7	4.8
Aviva	(=)	12.2	p 329.6	369.0	+12%	8.4	8.4	1.1	4.6
ING Group	(=)	25.4	EUR 6.7	7.2	+7%	7.0	7.0	0.5	
CNP Assurances	(=)	8.3	EUR 10.5	11.0	+4%	6.9	6.9	0.7	7.3
Zurich Insurance Group	(=)	28.0	CHF 232.1	231.0	(0)%	8.7	8.7	1.5	7.5
Mapfre	(=)	6.2	EUR 2.0	2.0	(1)%	7.3	7.3	1.9	7.5
PZU Group	(=)	8.1	PLN 389.0	367.0	(6)%	10.7	10.7	2.5	7.9
Unipol	(-)	1.1	EUR 1.7	3.3	+100%	4.7	4.7	0.2	1.9
Fondriaria-SAI	(-)	1.2	EUR 0.9	1.5	+68%	5.4	5.4	0.7	
Aegon	(-)	8.1	EUR 4.2	4.0	(6)%	7.3	7.3	0.4	5.2
Prudential	(-)	27.4	p 871.0	745.0	(14)%	12.3	12.3	2.4	3.0
Generali	(-)	18.9	EUR 12.4	10.5	(15)%	9.4	9.4	1.9	
Admiral Group PLC	(-)	3.6	p 1,062.0	866.0	(18)%	13.6	13.6	7.8	6.6
Legal & General	(-)	10.3	p 142.5	116.0	(19)%	11.4	11.4	1.5	5.6
Reinsurance									
SCOR	(+)	3.7	EUR 20.2	24.0	+19%	7.6	7.6	1.1	5.5
Munich Re	(+)	22.8	EUR 128.2	152.0	+19%	8.0	8.0	1.0	5.1
Hannover Re	(+)	6.7	EUR 55.9	61.0	+9%	8.4	8.4	1.0	5.4
Swiss Re	(=)	19.0	CHF 66.5	64.0	(4)%	9.2	9.2	0.9	5.4
Weighted average					+6%	8.7	8.7	1.4	4.7

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Insurance (=)

Sector performance



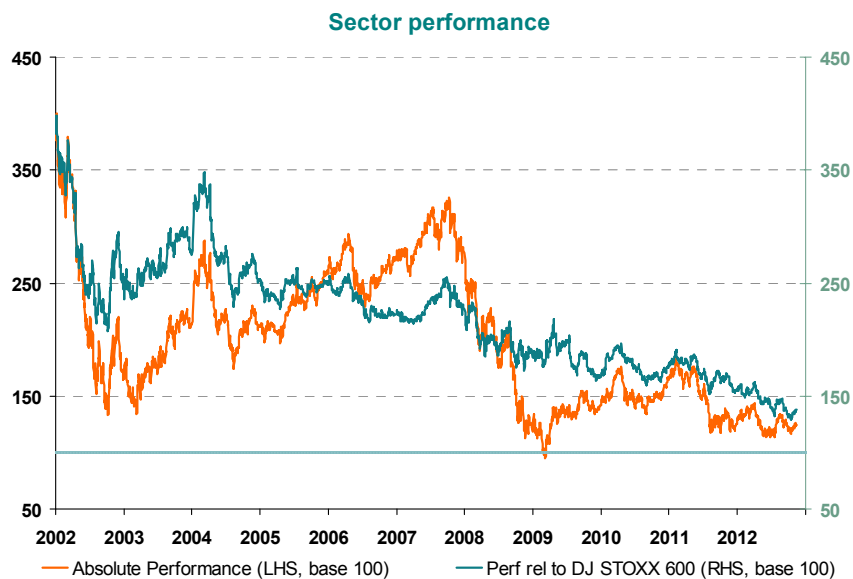
IT Hardware (-)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EV/Sales (x) 2013
Semiconductors								
Inside Secure	(+)	0.1	EUR 2.4	4.8	+97%	NC	NS	0.1
Imagination Technologies	(+)	1.5	GBP 4.6	7.5	+61%	26.4	16.0	5.1
Qualcomm	(+)	77.3	USD 61.7	75.0	+22%	16.8	10.5	3.3
Dialog Semiconductor	(=)	0.9	EUR 14.3	20.0	+40%	13.6	7.0	1.1
STMicroelectronics	(=)	4.0	USD 5.6	5.6	(1%)	101.9	NS	0.5
ARM	(=)	11.5	p 723.0	670.0	(7%)	45.4	29.4	13.2
Infineon	(=)	6.9	EUR 5.6	4.6	(17%)	31.8	19.4	1.3
Broadcom A	(-)	13.2	USD 30.7	29.0	(5%)	23.0	14.5	1.5
Soltec	(-)	0.3	EUR 2.2	2.0	(11%)	NC	NS	0.9
Texas Instruments	(-)	25.5	USD 28.8	24.5	(15%)	20.1	15.6	2.7
Helixos SE	(NR)	0.1	EUR 3.7			3.5	NS	NS
Semiconductor Equipment								
Aixtron	(+)	1.0	EUR 9.5	14.5	+53%	21.1	8.5	1.2
KLA-Tencor	(+)	5.9	USD 45.1	68.0	+51%			
ASM International	(+)	1.5	EUR 27.1	30.0	+11%	16.2	16.1	1.9
ASML	(=)	17.9	EUR 43.7	48.0	+10%	14.1	10.4	2.8
Applied Materials	(-)	11.6	USD 10.4	12.0	+16%	9.7		
Consumer Electronics								
Logitech International	(+)	0.8	CHF 6.3	12.0	+90%	6.3	2.4	0.2
Apple	(+)	381.5	USD 536.9	740.0	+38%	10.6	6.0	1.9
Ingenico	(+)	2.0	EUR 38.5	48.0	+25%	15.3	9.2	1.6
Pace	(+)	0.7	GBP 1.8	2.1	+11%	6.9	4.7	0.4
Gemalto	(+)	5.9	EUR 71.3	70.0	(2%)	21.6	15.8	2.2
Kudelski	(=)	0.4	CHF 8.7	12.0	+38%	8.0	8.7	0.7
Barco	(=)	0.7	EUR 54.7	55.0	+0%	9.1	5.5	0.4
Technicolor	(=)	0.6	EUR 1.9	1.7	(9%)	4.7	5.2	0.5
TomTom	(=)	0.8	EUR 3.6	2.7	(25%)	14.1	10.1	0.9
Telecom Equipment								
Ericsson	(+)	21.9	SEK 58.9	75.0	+27%	9.5	4.1	0.5
Research In Motion	(-)	3.5	USD 8.5	6.5	(23%)	NC	NS	0.2
Alcatel-Lucent	(=)	2.0	EUR 0.9	0.5	(43%)	NC	NS	0.2
Nokia	(-)	8.0	EUR 2.2	1.4	(37%)	NC	NS	0.4
Other								
EVS	(+)	0.6	EUR 45.7	52.0	+14%	16.3	10.9	4.7
Weighted average					+32%	11.7	6.5	1.9

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

IT Hardware (-)



IT Services (=)

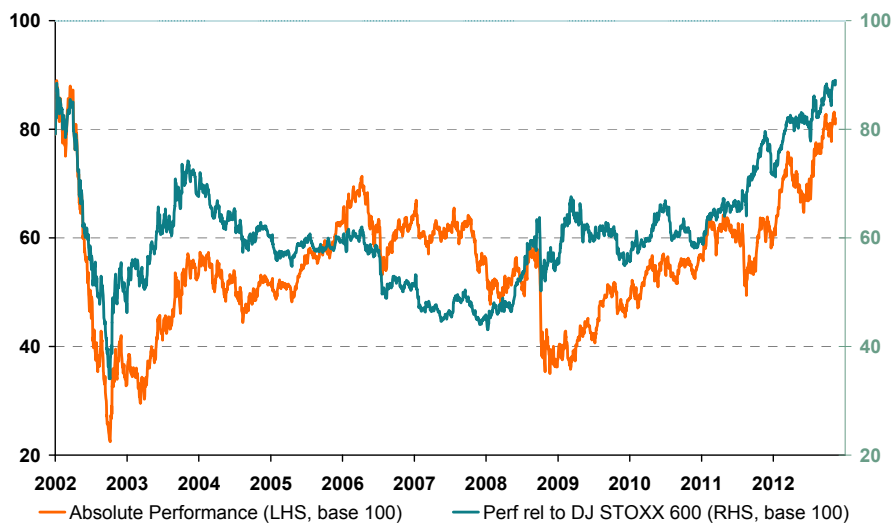
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EPS CAGR (%) 2014
Large								
Cappemini	(+)	4.8	EUR 31.0	40.0	+29%	9.7	5.7	10.8
Mid								
Steria	(+)	0.3	EUR 11.7	17.0	+45%	5.0	5.7	17.9
Altran Technologies	(+)	0.7	EUR 4.9	6.0	+23%	9.3	5.1	17.0
Atos	(+)	4.5	EUR 53.3	58.0	+9%	11.1	6.4	13.2
Alten	(=)	0.8	EUR 24.8	28.0	+13%	9.0	5.2	6.7
Tieto	(-)	1.0	EUR 14.5	14.0	(4)%	9.7	6.7	8.9
Indra	(-)	1.4	EUR 8.7	8.0	(8)%	9.0	8.5	11.4
Small								
Econocom Group	(+)	0.5	EUR 5.2	5.5	+7%	10.4	6.6	
Sopra	(=)	0.4	EUR 36.9	42.0	+14%	7.2	4.6	7.8
Weighted average					+15%	9.9	6.2	

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

IT Services (=)

Sector performance



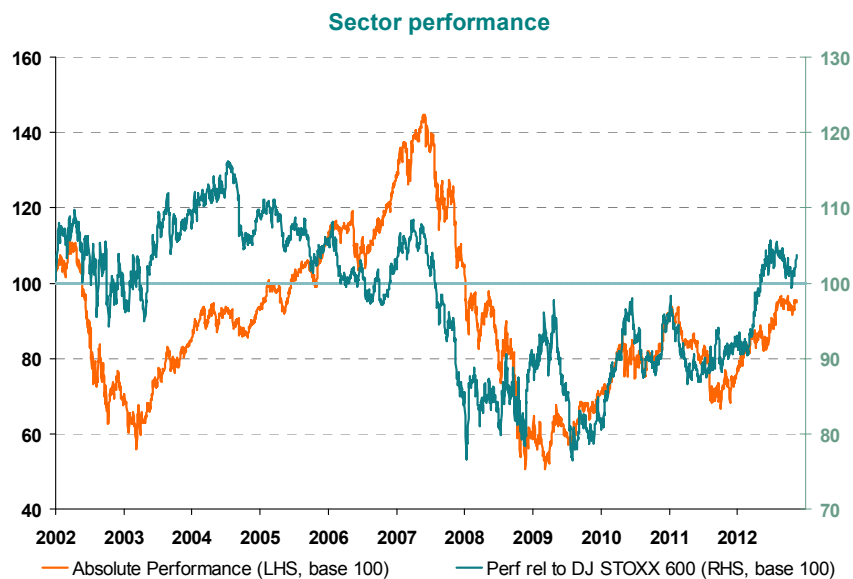
Leisure & Hotels (+)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EPS CAGR (%) 2016
Hotels								
Accor	(+)	5.4	EUR 24.0	29.0	+21%	16.7	10.3	
Intercontinental Hotels	(+)	5.4	p 1,584.0	1,900.0	+20%	15.9	11.1	
Club Méditerranée	(=)	0.4	EUR 11.8	16.0	+36%	12.3	8.2	
Millennium & Copthorne	(=)	1.9	p 475.0	540.0	+14%	12.7	9.0	
Pierre & Vacances	(=)	0.2	EUR 12.6	14.0	+11%	21.2	9.2	
Razdor Hotel Group	(-)	0.4	SEK 21.7	24.0	+11%	25.6	13.4	
Whitbread	(-)	5.4	p 2,416.0	2,000.0	(17)%	15.0	13.3	
Melia Hotels Intl	(-)	1.1	EUR 5.8	4.5	(23)%	NC	27.7	
NH Hoteles	(-)	0.7	EUR 2.7	2.0	(26)%	99.2	26.7	
Leisure								
TUI	(+)	1.3	EUR 7.0	9.0	+28%	8.7	5.3	
Carnival	(+)	24.2	p 2,480.0	2,500.0	+1%	16.3	17.2	
CDA-Cie. des Alpes	(=)	0.4	EUR 13.0	17.0	+31%	7.8	7.5	
Thomas Cook Group	(=)	0.2	p 20.0	25.0	+25%	4.2	8.7	
TUI Travel	(=)	2.5	p 252.7	260.0	+3%	9.8	6.8	
Kuoni	(-)	0.8	CHF 255.8	260.0	+2%	9.0	5.0	
Catering & Travel Retail								
Sodexo	(+)	8.4	EUR 60.8	70.0	+15%	17.2	11.5	
Dufry	(+)	3.0	CHF 120.4	137.0	+14%	11.8	9.4	
Compass Group	(+)	14.4	p 699.5	750.0	+7%	15.3	11.2	
Autogrill	(=)	1.9	EUR 7.8	8.2	+6%	10.3	9.9	
Gaming								
Betfair	(+)	0.9	GBP 7.4	10.5	+41%	11.6	6.6	
bwin.party	(+)	1.1	p 113.2	155.0	+37%	11.7	8.1	
Codere	(=)	0.2	EUR 3.9	4.1	+6%	5.6	5.4	
Paddy Power	(=)	2.8	EUR 54.5	54.0	(1)%	20.7	16.5	
Lottomatica	(=)	2.9	EUR 16.9	16.2	(4)%	12.7	8.5	
Ladbrokes	(=)	2.1	p 190.5	168.0	(12)%	11.4	10.2	
William Hill	(-)	2.9	p 331.4	280.0	(16)%	13.0	10.4	
OPAP	(-)	1.6	EUR 4.9	4.0	(18)%	12.6	9.3	
Weighted average					+5%	15.5	12.6	

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Leisure & Hotels (+)



Media (+)

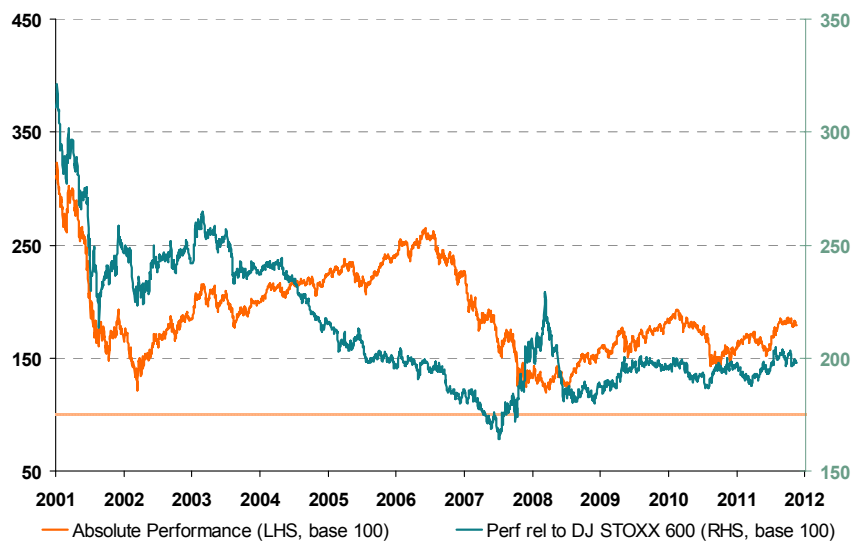
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/Sales (x) 2013	EV/EBIT (x) 2013	FCF yield (%) 2013
Broadcasting & Entertainment									
NRJ Group	(+)	0.4	EUR 5.3	7.6	+44%	9.9	0.7	5.0	7.4
Modern Times Group	(+)	1.6	SEK 205.0	270.0	+32%	9.8	0.7	7.3	8.6
ITV plc	(+)	4.6	p 94.7	100.0	+6%	10.4	1.6	6.4	8.6
Prisa	(+)	0.3	EUR 0.3	0.4	+28%	10.4	1.3	11.3	22.7
TF1	(+)	1.6	EUR 7.4	7.5	+1%	11.0	0.5	6.6	10.9
MB	(+)	1.4	EUR 11.0	11.0	(0%)	12.2	0.8	6.2	8.1
ProSiebenSat.1	(-)	4.5	EUR 21.0	18.0	(14%)	11.0	2.1	8.3	9.7
Antena 3 Television	(-)	0.7	EUR 3.0	2.6	(14%)	17.1	1.0	14.7	5.9
Mediaset España	(-)	1.7	EUR 4.2	2.8	(34%)	26.6	1.3	17.3	4.4
Mediaset	(-)	1.4	EUR 1.2	0.8	(35%)	23.6	1.1	21.8	12.2
Directories									
Pagella.com Group	(-)	0.6	EUR 2.0	1.0	(49%)	3.8	2.1	5.7	24.5
Consumer Media									
BSkyb	(+)	15.1	p 753.5	920.0	+22%	12.2	1.6	8.6	8.4
Vivendi	(+)	20.1	EUR 15.7	17.0	+8%	8.4	1.4	8.0	8.8
Media Agencies									
Publicis Groupe	(+)	8.8	EUR 42.0	53.0	+26%	12.3	1.4	8.9	8.8
WPP	(+)	12.5	p 807.0	1,000.0	+24%	10.1	1.3	9.0	10.4
Havas	(+)	1.5	EUR 3.9	4.6	+18%	10.8	1.0	7.7	9.0
Aegis	(+)	3.3	p 234.0	240.0	+3%	16.6	2.4	13.2	6.2
Market Research									
Ipsos	(+)	1.2	EUR 26.7	28.0	+5%	9.2	1.0	8.8	9.1
CGK	(+)	1.3	EUR 34.8	35.0	+1%	11.7	1.1	9.2	7.8
Video Games									
Ubisoft	(+)	0.7	EUR 7.4	10.0	+35%	11.1	0.4	5.6	5.3
Outdoor Advertising									
JCDecaux	(-)	3.6	EUR 16.3	16.0	(2%)	17.3	1.4	12.0	7.2
Consumer Publishing									
Lagardère	(+)	2.8	EUR 21.7	22.0	+2%	7.0	0.2	4.3	8.7
Professional Publishing									
Reed Elsevier NV	(+)	15.1	EUR 10.8	14.0	+30%	10.1	2.2	7.8	10.9
Pearson	(+)	12.3	p 1,210.0	1,500.0	+24%	12.5	1.6	10.0	7.6
Wolters Kluwer	(+)	4.2	EUR 14.5	17.0	+17%	8.1	1.5	6.8	12.5
Reed Elsevier PLC	(+)	17.3	p 621.0	720.0	+16%	11.3	2.5	9.1	9.4
UBM Plc	(+)	2.2	p 706.0	760.0	+7%	10.4	2.1	9.4	10.2
Informa	(+)	2.9	p 385.3	430.0	+12%	9.7	2.4	8.7	10.5
Thomson Reuters Corp	(+)	17.5	USD 27.3	26.0	(5%)	12.9	2.3	12.4	7.9
Daily Mail & General Trust	(-)	2.0	p 460.0	460.0	+0%	9.6	1.3	8.8	10.4
Weighted average					+14%	11.4	1.8	9.4	9.3

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Media (+)

Sector performance



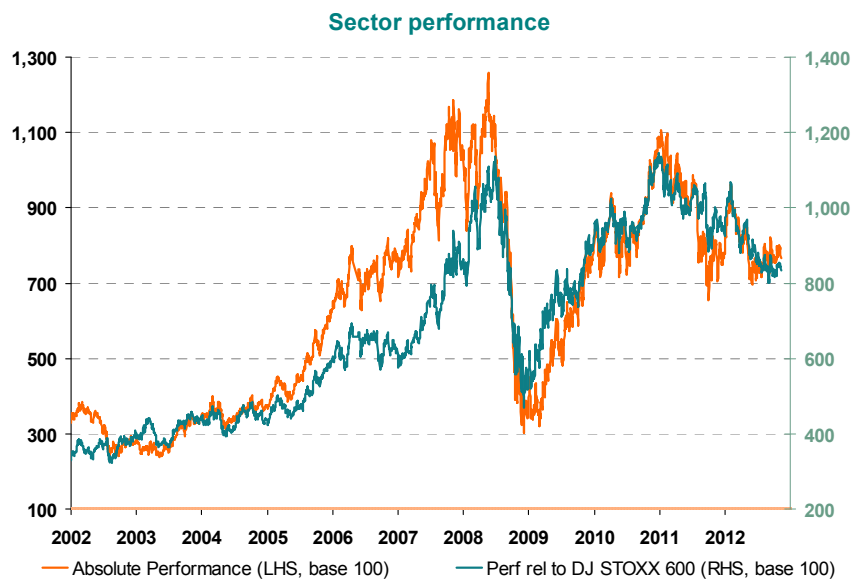
Mining (+)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/EBITDA (x) 2014
Large								
Rio Tinto	(+)	73.7	p 3,025.0	4,200.0	+39%	7.5	5.1	3.3
Xstrata	(+)	34.2	GBP 9.5	12.5	+32%	10.0	5.4	4.6
Antofagasta Plc	(+)	15.2	p 1,243.0	1,400.0	+13%	13.2	7.7	7.8
Glencore International	(=)	28.5	GBP 3.3	4.3	+28%	9.0	6.6	4.9
ENRC	(=)	4.4	GBP 2.8	3.4	+23%	6.7	4.1	2.6
Anglo American	(=)	25.9	GBP 17.3	20.0	+16%	9.3	5.5	4.5
Boliden	(=)	3.5	SEK 111.0	110.0	(1)%	8.5	5.4	4.9
First Quantum Minerals Ltd	(=)	8.1	GBP 13.7	13.5	(2)%	16.2	7.9	6.5
BHP Billiton	(=)	138.4	p 1,912.5	1,800.0	(6)%	10.1	7.0	6.4
KGHM	(=)	8.1	PLN 169.0	159.0	(6)%	10.9	4.6	4.6
Norsk Hydro	(-)	7.1	NOK 25.4	20.0	(21)%	29.8	7.5	6.1
Kazakhmys	(-)	4.3	GBP 6.6	4.8	(27)%	12.5	6.4	7.8
Norilsk Nickel	(NR)	19.9	USD 14.6					
Vale	(NR)	71.2	USD 17.4					
Mid								
Lonmin	(RS)	2.2	GBP 4.9			114.1	12.4	6.2
Eramet	(+)	2.5	EUR 94.6	120.0	+27%	13.5	4.8	4.5
Imerys	(+)	3.3	EUR 44.1	54.0	+22%	10.0	5.4	4.7
Aquarius Platinum	(=)	0.2	GBP 0.4	0.5	+33%	6.4	3.3	3.3
Nyrstar	(=)	0.7	EUR 4.3	5.0	+18%	5.0	2.7	2.0
New World Resources plc	(=)	0.8	GBP 2.5	2.7	+9%	NC	7.3	4.1
UC Rusal HKD	(=)	6.9	HKD 4.5	4.5	+1%	17.4	7.6	4.3
Small								
AMAG	(+)	0.8	EUR 21.4	25.0	+17%	9.6	4.6	4.1
Weighted average					+18%	10.3	6.2	5.0

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Mining (+)



Oil & Gas (=)

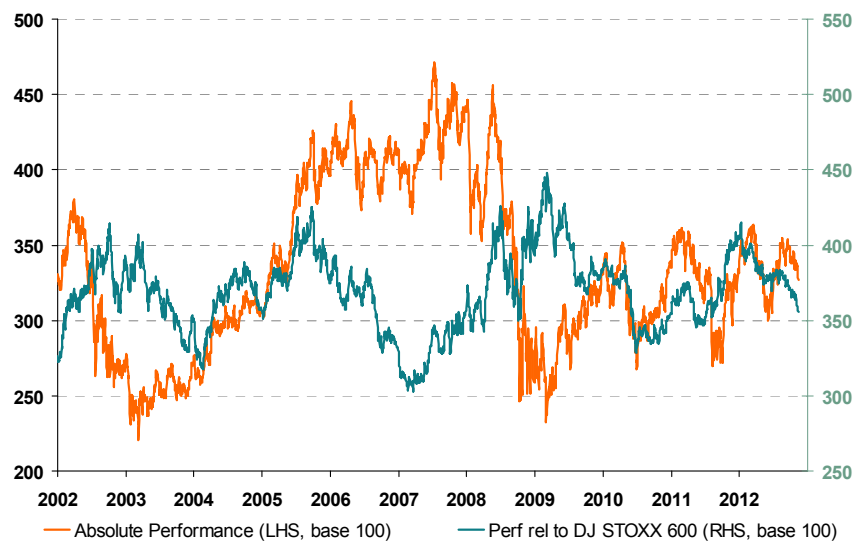
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	P/E (x) 2014	P / CF (x) 2013	P / CF (x) 2014
Integrated Oil & Gas									
BG Group	(+)	42.7	p 1,014.5	1,500.0	+48%	11.7	10.6	6.4	5.8
Statoil	(+)	59.4	NOK 136.9	190.0	+39%	9.3	9.4	4.2	4.1
Repsol	(+)	18.6	EUR 15.2	20.0	+31%	8.6	8.2	4.1	3.9
Royal Dutch Shell	(+)	169.3	p 2,164.0	2,650.0	+22%	8.0	7.9	5.1	5.0
Total	(=)	84.7	EUR 37.5	48.0	+28%	6.9	7.0	4.3	4.2
BP	(=)	101.2	p 425.8	500.0	+17%	5.8	5.6	3.5	3.4
Eni	(-)	63.1	EUR 17.4	18.5	+6%	7.7	7.7	2.9	2.9
Refiners									
Neste Oil	(=)	2.4	EUR 9.2	10.0	+9%	8.9	8.2	3.9	3.8
ERG	(-)	0.7	EUR 5.2	5.9	+14%	27.7	18.7	14.8	12.4
Saras	(-)	0.8	EUR 0.9	0.9	+0%	18.7	19.4	5.8	5.9
Exploration & Production									
Cairn Energy	(+)	2.4	GBP 2.7	4.1	+53%	14.6	15.5	NC	60.6
Maurel et Prom	(+)	1.3	EUR 11.3	16.0	+42%	25.4	30.1	6.3	6.2
Tullow Oil	(+)	15.0	GBP 13.7	15.0	+9%	20.7	21.5	16.4	17.7
Oil Equipment & Services									
CGVeritas	(+)	4.0	EUR 22.5	33.0	+46%	9.9	7.5	3.8	3.4
Salpem	(+)	14.5	EUR 33.3	41.0	+23%	14.3	12.8	8.4	7.8
Tecnicas Reunidas	(+)	1.9	EUR 36.1	41.0	+14%	13.6	12.8	12.6	11.8
Seadrill	(=)	14.1	NOK 221.0	230.0	+4%	10.5	8.4	8.4	6.7
Technip	(=)	9.0	EUR 83.3	82.0	(2)%	15.2	14.2	11.7	11.1
Subsea 7 SA	(-)	5.5	NOK 121.3	135.0	+11%	13.9	12.3	8.7	7.8
Bourbon	(-)	1.5	EUR 21.4	15.0	(30)%	11.4	7.2	4.1	3.2
Other									
Rubis	(+)	1.4	EUR 45.8	53.0	+16%	14.4	13.5	9.2	8.7
Maire Tecnimont	(=)	0.2	EUR 0.5	0.6	+19%	2.3	2.2	2.1	2.1
Vopak	(=)	7.0	EUR 55.1	49.0	(11)%	17.1	15.1	15.0	13.8
Weighted average					+38%	22.9	26.8	6.3	6.2

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Oil & Gas (=)

Sector performance



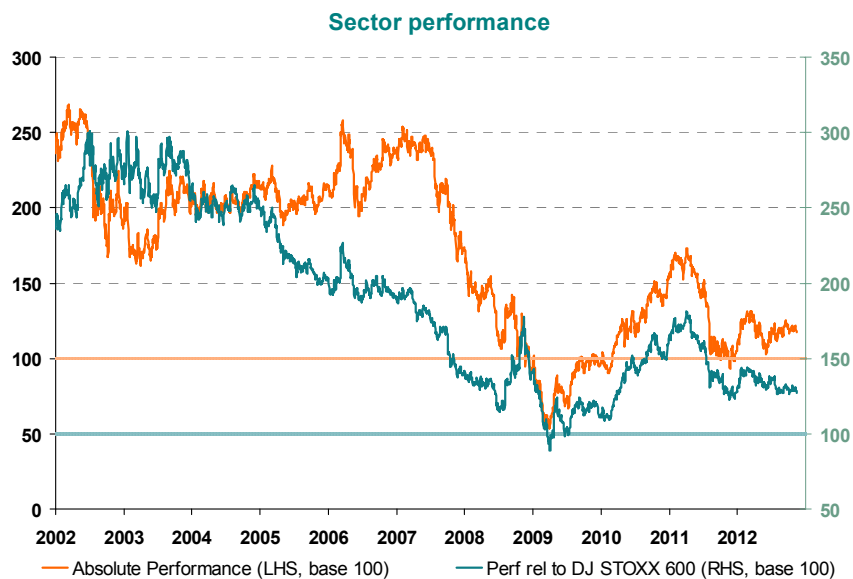
Paper & Packaging (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	FCF yield (%) 2013
Small								
Ence	(+)	0.5	EUR 1.8	2.2	+20%	7.1	4.1	13.2
Vidrala	(+)	0.5	EUR 20.0	22.5	+13%	8.7	5.2	12.5
Europac	(=)	0.2	EUR 1.8	2.1	+14%	6.0	3.9	31.0
Weighted average					+16%	7.6	4.6	15.4

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Paper & Packaging (=)



Pharmaceuticals (=)

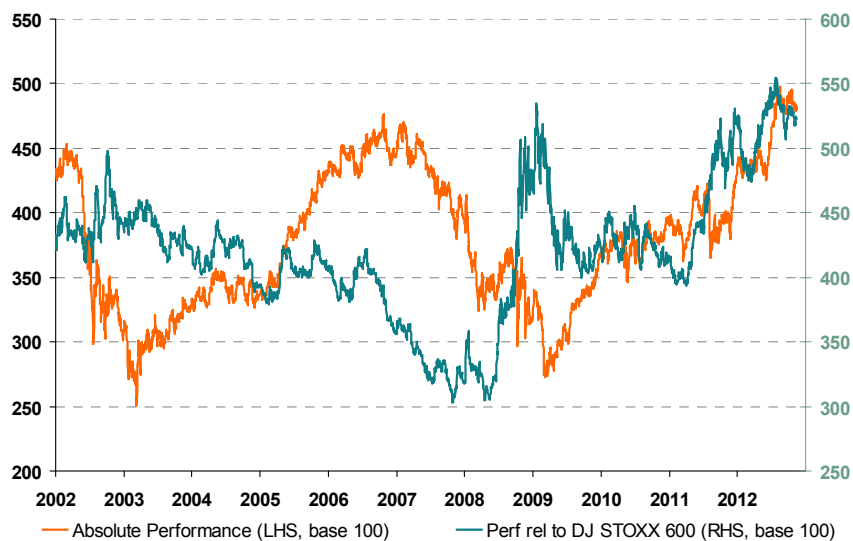
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2014	EV/EBIT (x) 2014	FCF yield (%) 2014	EPS CAGR (%) 2017
Biotech									
Actelion	(+)	4.0	CHF 43.5	50.0	+15%	13.3	6.2	11.4	
Elan	(=)	4.9	EUR 8.3	9.0	+9%	54.0	35.8	1.7	
Stallergènes	(=)	0.6	EUR 44.8	46.0	+3%	12.2	7.1	5.5	
Generics									
Teva Pharmaceutical ADR	(+)	26.5	USD 38.6	48.0	+24%	7.2	6.6	14.4	
Stada-Arzneimittel	(=)	1.3	EUR 22.6	26.0	+15%	6.4	5.9	12.9	
Large Pharma									
Novartis	(+)	114.7	CHF 56.8	68.0	+20%	9.9	8.6	8.7	
Sanofi	(+)	89.4	EUR 67.9	76.0	+12%	9.7	7.5	10.0	
Roche	(+)	128.9	CHF 179.9	198.0	+10%	10.9	8.5	8.9	
AstraZeneca	(=)	44.1	p 2,856.0	3,000.0	+5%	8.5	6.4	11.5	
Bayer	(=)	55.0	EUR 66.5	69.0	+4%	10.5	8.1	9.6	
GlaxoSmithKline	(-)	73.5	p 1,326.0	1,450.0	+9%	10.0	7.6	9.8	
Specialty Pharma									
H Lundbeck	(+)	2.5	DKK 94.3	142.0	+51%	9.4	5.0	11.5	
Rowi	(+)	0.3	EUR 5.1	7.3	+44%	7.8	5.7	9.9	
Shire Plc	(+)	11.9	p 1,748.0	2,100.0	+20%	11.8	8.0	7.9	
UCB	(+)	7.5	EUR 42.0	48.0	+14%	18.5	12.0	6.5	
Almirall	(+)	1.2	EUR 6.9	7.7	+12%	9.3	6.2	8.6	
Faes Farma	(+)	0.3	EUR 1.4	1.5	+6%	8.3	6.5	11.0	
Merck KGaA	(=)	21.3	EUR 98.0	98.0	(0)%	11.3	8.7	9.8	
Ipsen	(=)	1.7	EUR 20.3	20.0	(1)%	10.7	7.0	7.3	
Novo Nordisk	(=)	65.7	DKK 917.0	895.0	(2)%	17.8	13.2	5.7	
Recordati	(-)	1.2	EUR 6.3	5.5	(13)%	9.7	5.6	11.7	
Other									
Virbac	(=)	1.1	EUR 133.8	136.0	+2%	15.0	10.2	6.1	
Weighted average					+10%	11.2	8.7	9.2	

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Pharmaceuticals (=)

Sector performance



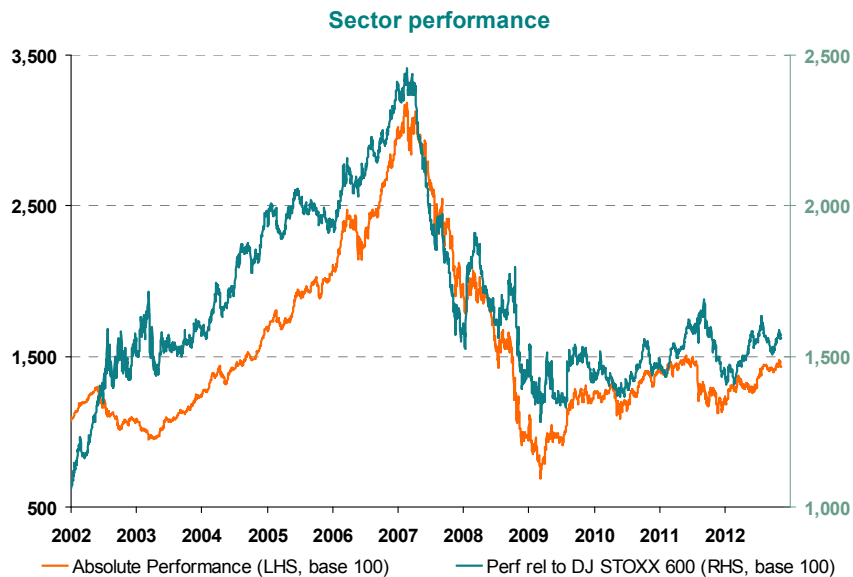
Real Estate (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	Loan-to-value (%) 2013	NOPAT yield (%) 2013	FFO yield (%) 2013	Premium/(Disc.) to GAV (%) 2013
Belgium									
Cofinimmo	(=)	1.3	EUR 86.8	94.0	+8%	53.5	6.1	8.3	(4.2)
Warehouses De Pauw	(=)	0.6	EUR 41.5	44.0	+6%	52.7	6.0	9.2	13.8
Befimmo	(-)	0.8	EUR 47.3	46.0	(3)%	48.6	5.6	7.7	(4.8)
France									
Nexity	(+)	1.2	EUR 23.0	29.0	+26%	NS	12.1	NS	NS
Foncière des Régions	(+)	3.5	EUR 60.6	66.0	+9%	50.8	6.0	8.9	(3.8)
Silic	(+)	1.5	EUR 84.4	89.5	+6%	44.2	5.6	7.7	(3.8)
Icade	(+)	3.5	EUR 68.1	72.0	+6%	37.7	5.0	7.1	(6.8)
CeGeREAL	(+)	0.2	EUR 18.2	19.0	+4%	45.1	6.8	9.1	(22.1)
Gecina	(+)	5.3	EUR 86.3	86.0	(0)%	37.9	5.2	6.0	(7.0)
ANF	(=)	0.6	EUR 32.7	37.0	+13%	38.3	2.1	0.8	6.7
Klémuris	(=)	0.1	EUR 15.5	17.0	+10%	59.0	8.0	17.1	(13.5)
Mercialis	(=)	1.5	EUR 15.9	17.0	+7%	34.0	5.8	6.8	(3.4)
Foncière des Murs	(=)	1.1	EUR 17.2	18.0	+4%	52.0	6.7	10.9	(9.2)
Klépierre	(=)	5.5	EUR 28.0	29.0	+4%	46.8	5.5	7.0	(5.3)
Unibail-Rodamco	(-)	15.6	EUR 170.4	160.0	(6)%	42.0	4.8	5.8	10.2
Italy									
Beni Stabili	(+)	0.8	EUR 0.4	0.5	+18%	50.5	6.6	10.4	(24.1)
IGD	(=)	0.2	EUR 0.7	0.9	+14%	61.4	6.6	23.0	(23.2)
Netherlands									
Corio	(=)	3.2	EUR 32.8	35.5	+8%	44.4	5.8	8.5	(10.3)
Eurocommercial	(-)	1.2	EUR 28.2	29.0	+3%	41.5	5.7	7.0	(7.5)
Switzerland									
PSP	(-)	3.2	CHF 82.9	81.0	(2)%	32.2	3.5	4.3	(4.8)
United Kingdom									
British Land	(+)	5.7	p 519.0	590.0	+14%	44.7	5.1	5.8	(6.4)
Hammerson	(+)	4.2	p 470.5	530.0	+13%	35.6	4.6	4.7	(5.8)
SEGRO	(=)	2.1	p 228.0	250.0	+10%	48.9	6.3	7.0	(6.4)
Land Securities	(=)	7.6	p 782.5	850.0	+9%	38.3	4.5	4.8	(2.8)
Capital Shopping Centres	(=)	3.5	p 333.2	350.0	+5%	50.0	5.3	4.8	(1.4)
Great Portland Estates	(=)	1.9	p 458.0	480.0	+5%	30.7	2.6	1.9	(1.5)
Derwent London	(=)	2.6	p 2,029.0	2,040.0	+1%	30.2	3.3	2.7	4.3
Shaftesbury	(-)	1.5	p 530.5	520.0	(2)%	31.2	3.1	2.5	7.3
Capital & Counties	(-)	2.1	p 226.9	210.0	(7)%	14.4	2.0	1.2	(0.9)
Weighted average					+4%	41.6	5.1	6.2	(1.5)

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Real Estate (=)



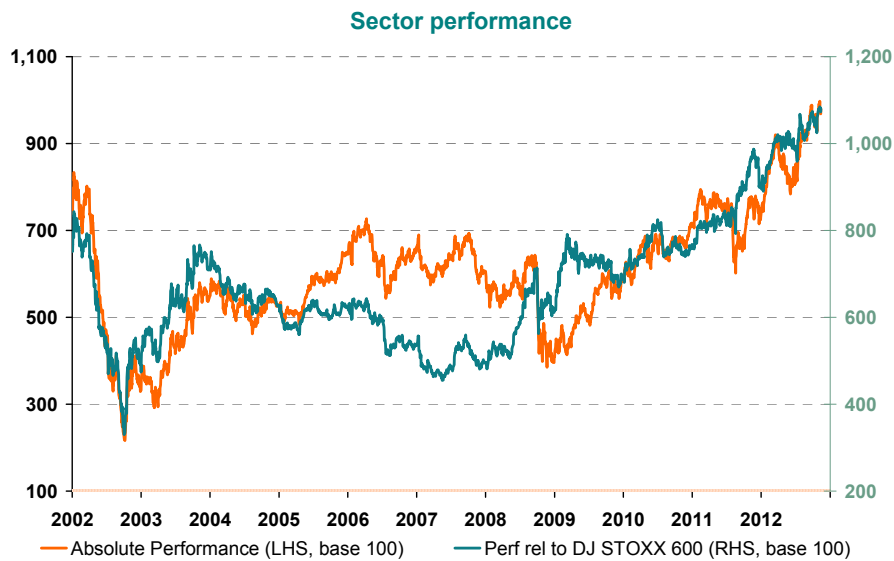
Software (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EPS CAGR (%) 2014
Large								
Dassault Systèmes	(+)	10.1	EUR 81.8	95.0	+16%	20.5	11.6	17.0
SAP AG	(=)	66.9	EUR 56.1	48.0	(14)%	17.1	11.9	10.8
Sage Group	(-)	4.5	p 304.0	235.0	(23)%	15.6	9.4	0.7
Mid								
Temenos Group	(+)	0.9	CHF 15.5	18.0	+16%	21.6	15.1	19.5
Software AG	(+)	2.7	EUR 31.5	35.0	+11%	11.9	7.9	17.5
AVEVA Group plc	(-)	1.7	GBP 19.9	14.0	(30)%	25.4	15.5	9.2
Weighted average					(11)%	17.5	11.7	6.3

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Software (=)



Steel (=)

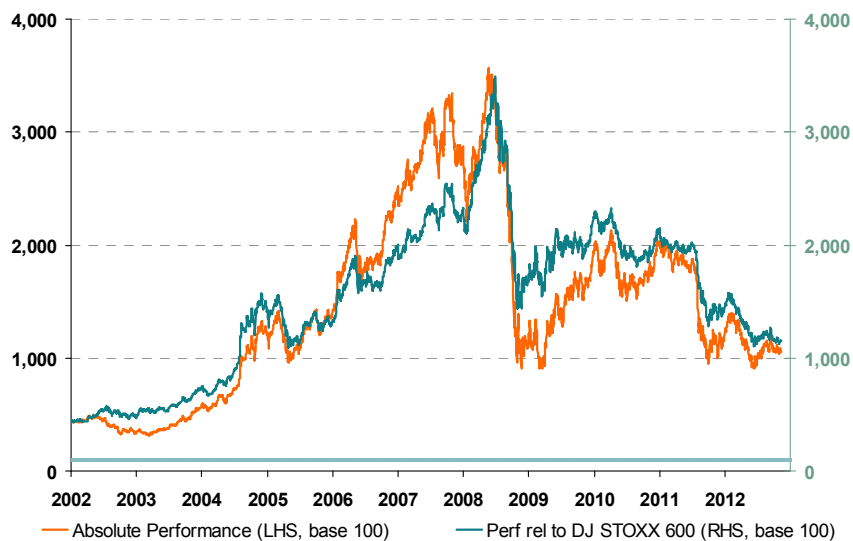
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/EBITDA (x) 2014
Large								
Tenaris	(+)	17.0	EUR 14.4	18.0	+25%	10.9	6.3	5.5
Voestalpine	(+)	3.9	EUR 23.1	28.0	+21%	7.5	5.4	4.8
ThyssenKrupp	(=)	9.0	EUR 16.9	18.0	+7%	25.1	7.8	7.9
Vallourec	(=)	4.2	EUR 34.2	36.0	+5%	13.3	6.5	5.0
ArcelorMittal	(=)	19.3	EUR 11.9	11.5	(4)%	16.7	6.3	4.0
Mid								
Outokumpu	(+)	1.0	EUR 0.7	0.9	+32%	NC	8.1	5.2
APERAM	(+)	0.9	EUR 10.9	14.0	+28%	9.4	4.2	3.8
Danieli	(+)	1.2	EUR 22.3	27.0	+21%	10.1	2.8	2.3
Kloekner & Co SE	(+)	0.8	EUR 7.9	9.3	+18%	12.6	7.9	5.2
Salzgitter AG	(=)	1.8	EUR 32.6	31.0	(5)%	25.1	7.5	5.6
Acerinox	(=)	2.0	EUR 8.2	7.5	(9)%	17.1	8.7	8.7
Rautaruukki K	(-)	0.7	EUR 4.8	5.1	+6%	26.8	6.0	4.2
Small								
Tubos Reunidos SA	(=)	0.3	EUR 1.8	1.7	(4)%	7.3	4.7	3.5
Weighted average					+9%	15.9	6.6	5.2

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Steel (=)

Sector performance



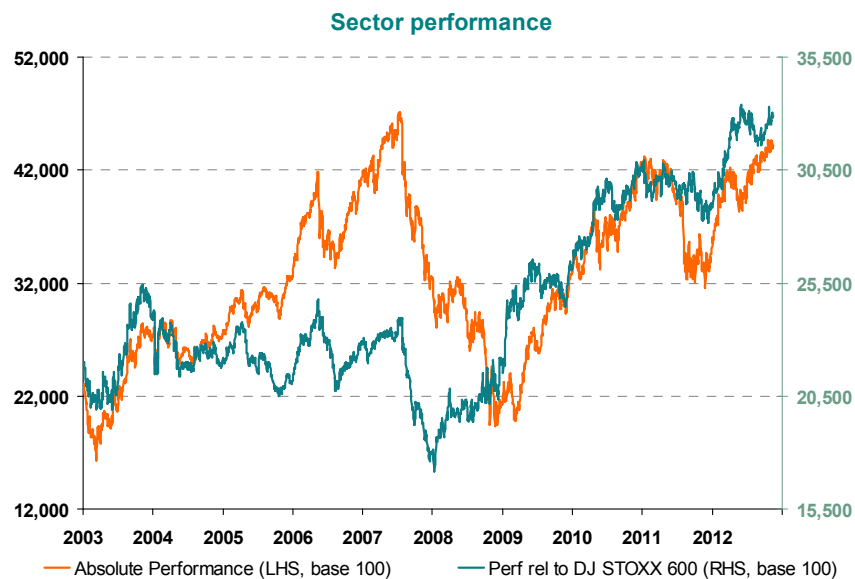
Support Services (=)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	EV/EBIT (x) 2013	P/E (x) 2013	EPS CAGR (%) 2016
Security								
G4S	(+)	4.3	p 246.7	295.0	+20%	9.0	9.7	
Prosegur	(=)	2.5	EUR 4.3	3.7	(15)%	9.2	12.1	
Securitas 'B'	(-)	2.2	SEK 51.6	50.0	(3)%	9.1	9.7	
Staffing								
Hays	(+)	1.3	p 78.2	95.0	+21%	8.6	14.5	
Adecco R	(+)	6.8	CHF 44.2	53.0	+20%	8.5	11.8	
Randstad Holding	(=)	4.3	EUR 25.2	26.0	+3%	8.1	10.6	
Michael Page	(-)	1.4	p 354.1	340.0	(4)%	14.2	23.1	
Testing								
Eurofins Scientific	(+)	1.7	EUR 118.6	135.0	+14%	13.2	19.4	
Intertek Group	(+)	5.6	GBP 28.4	31.0	+9%	13.7	19.7	
Bureau Veritas	(+)	9.1	EUR 82.6	90.0	+9%	14.2	19.9	
SGS N	(=)	12.7	CHF 2,010.0	2,100.0	+4%	15.1	21.8	
Other Support Services								
Teleperformance	(+)	1.4	EUR 25.7	31.0	+21%	5.5	10.0	
D'leteren	(+)	1.9	EUR 35.3	41.0	+16%	7.0	8.9	
Amadeus	(+)	8.4	EUR 19.0	22.0	+16%	10.0	13.7	
Edenred	(+)	5.2	EUR 23.2	26.0	+12%	17.3	22.1	
Brenntag AG	(+)	4.9	EUR 96.0	107.0	+11%	9.8	13.4	
Bilfinger	(=)	3.5	EUR 76.4	73.0	(4)%	8.1	14.6	
Derichebourg	(=)	0.4	EUR 2.1	1.8	(16)%	11.4	8.5	
Rentokil Initial	(-)	1.9	p 85.7	67.0	(22)%	10.7	10.4	
Weighted average					+9%	11.6	16.0	

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Support Services (=)



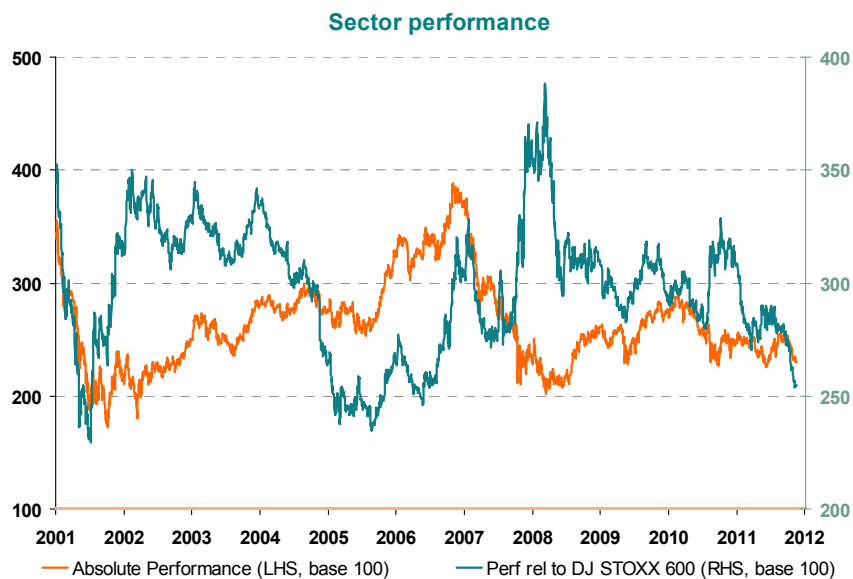
Telecom Operators (-)

	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITDA (x) 2013	EV/OpFCF (x) 2013	FCF yield (%) 2013
Incumbent Telcos									
Telecom Italia	(+)	13.5	EUR 0.7	1.0	+37%	5.5	3.6	6.2	23.2
TeliaSonera	(+)	22.2	SEK 44.2	54.5	+23%	10.3	5.2	9.5	10.0
TDC	(+)	4.1	DKK 38.5	47.0	+22%	7.5	5.4	9.5	10.7
KCOM	(+)	0.5	p 71.8	86.0	+20%	9.1	5.5	9.8	8.3
Swisscom	(+)	16.3	CHF 379.6	420.0	+11%	10.3	6.6	15.8	6.6
France Telecom	(=)	21.4	EUR 8.2	11.0	+34%	7.1	3.6	7.5	13.5
Deutsche Telekom	(=)	35.9	EUR 8.3	10.0	+20%	15.1	4.5	10.8	10.8
Telekom Austria	(=)	2.2	EUR 5.0	5.6	+13%	10.0	4.4	11.4	10.6
Portugal Telecom	(=)	3.3	EUR 3.7	4.2	+12%	9.1	4.8	11.8	11.8
BT Group	(=)	21.8	p 225.0	250.0	+11%	8.7	3.8	7.1	11.7
Telenor	(=)	24.2	NOK 113.7	119.0	+5%	12.4	5.7	11.0	6.6
KPN	(-)	6.5	EUR 4.6	5.4	+18%	7.0	4.5	9.4	13.0
Telefonica	(-)	46.1	EUR 10.1	10.4	+3%	8.1	5.3	10.5	9.5
Belgacom	(-)	7.1	EUR 22.4	21.0	(6)%	10.5	5.6	10.6	7.8
Mobile Operators									
Millicom Int'l Cellular	(+)	6.6	SEK 572.0	750.0	+31%	13.9	5.8	11.4	4.9
Mobistar	(=)	1.2	EUR 19.7	26.0	+32%	7.6	3.7	6.0	15.6
Telcel B	(=)	5.8	SEK 112.0	130.0	+16%	9.7	5.4	10.7	6.6
Bouygues	(=)	5.6	EUR 17.8	20.0	+12%	6.9	3.2	6.7	12.5
Maroc Telecom	(=)	8.8	EUR 10.0	11.0	+10%	12.8	6.9	9.4	7.7
Vodafone Group	(-)	98.1	p 160.9	180.0	+12%	10.3	4.1	8.4	9.0
Altnets and Cable									
COLT	(+)	1.1	GBP 1.0	1.5	+48%	18.1	1.8	NS	(4.5)
Virgin Media	(+)	6.6	GBP 20.3	26.0	+28%	10.4	5.3	8.8	13.5
Ziggo BV	(+)	5.0	EUR 25.2	29.0	+15%	16.0	8.4	12.3	8.4
Iliad	(+)	7.3	EUR 123.8	140.0	+13%	35.1	8.3	33.2	0.6
Kabel Deutschland	(+)	4.8	EUR 54.6	60.0	+10%	14.8	7.9	15.8	5.6
Jazztel	(=)	1.3	EUR 5.1	5.4	+6%	11.4	5.0	20.1	2.5
Telenet	(=)	4.0	EUR 35.4	37.0	+5%	30.6	8.0	14.4	5.9
United Internet	(=)	3.1	EUR 15.4	15.0	(3)%	14.0	7.5	9.5	6.7
C&W Communications	(-)	1.1	p 36.5	33.0	(10)%	13.5	6.3	10.7	7.0
TalkTalk	(-)	2.4	p 210.0	160.0	(24)%	13.5	7.4	12.5	8.3
Satellites									
Eutelsat	(+)	5.4	EUR 24.6	30.0	+22%	13.6	7.4	15.6	3.3
SES SA	(+)	8.5	EUR 21.8	23.5	+8%	14.6	9.2	18.9	4.9
Inmarsat	(=)	3.0	p 555.5	600.0	+8%	20.7	9.5	61.9	(4.2)
Weighted average					+25%	8.1	4.2	8.4	16.4

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Telecom Operators (-)



Tobacco (-)

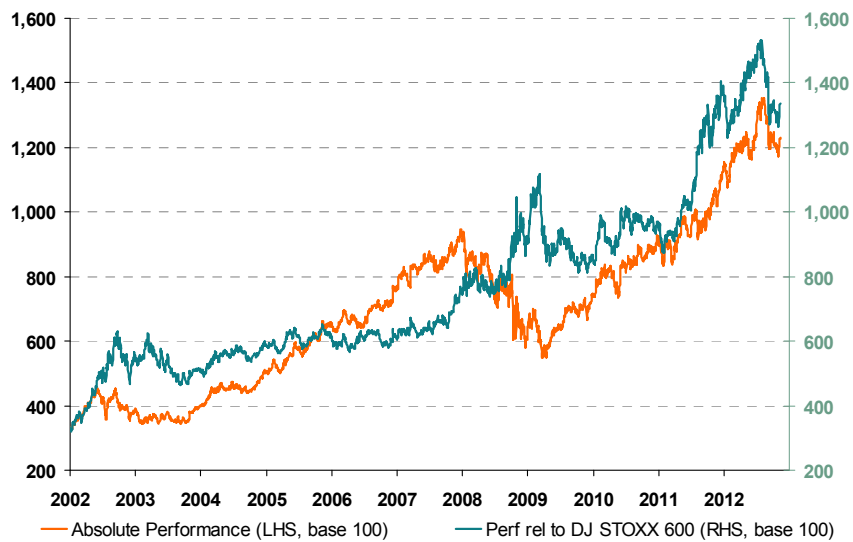
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBIT (x) 2013	EV/Sales (x) 2013
Swedish Match	(+)	5.0	SEK 220.7	260.0	+18%	15.3	12.1	3.5
British American Tobacco	(+)	60.8	GBP 31.7	36.0	+13%	14.0	9.9	3.8
Imperial Tobacco	(-)	23.5	GBP 24.2	24.5	+1%	11.4	10.0	4.1
Weighted average					+10%	13.3	10.1	3.8

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Tobacco (-)

Sector performance



Utilities (+)

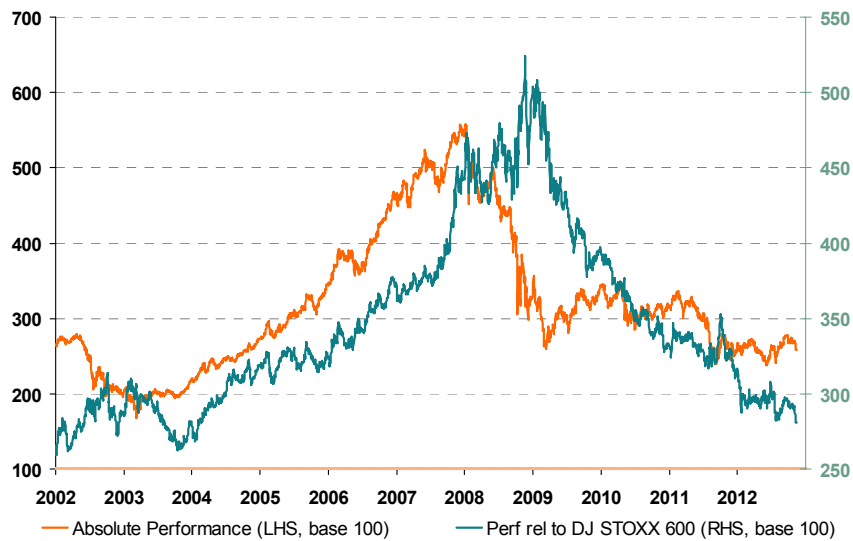
	Rating*	Market Cap (EURbn)	Price (14 Nov 12)	Target Price	Upside (Downside) (%)	P/E (x) 2013	EV/EBITA (x) 2013	EV/EBITDA (x) 2013	Net yield (%) 2013
Infrastructure									
Enagas	(+)	3.6	EUR 14.9	18.0	+21%	8.2	10.9	7.4	8.5
Red Electrica	(=)	4.8	EUR 35.1	39.0	+11%	8.9	11.3	7.8	7.3
Snam	(=)	11.4	EUR 3.4	3.8	+11%	12.2	12.1	8.9	7.6
Elia	(=)	1.9	EUR 30.8	34.0	+11%	12.7	13.9	9.3	5.3
Terna	(-)	5.8	EUR 2.9	3.0	+1%	12.9	13.0	8.9	6.5
National Grid	(-)	31.2	p 694.0	680.0	(2)%	13.0	11.9	8.6	6.0
Integrated Utilities									
EDF	(+)	26.8	EUR 14.5	20.0	+38%	6.6	9.4	5.5	7.9
Verbund	(+)	6.0	EUR 17.3	23.0	+33%	14.5	11.2	8.2	3.4
Fortum	(+)	12.4	EUR 14.0	18.0	+29%	9.6	9.7	7.1	7.2
CEZ	(+)	14.6	CZK 700.0	865.0	+24%	9.0	8.9	6.0	6.6
RWE	(+)	20.2	EUR 32.9	40.0	+21%	7.7	9.8	6.1	6.1
Gas Natural SDG	(+)	11.9	EUR 11.9	14.0	+18%	7.8	8.6	5.6	7.9
SSE	(+)	16.3	p 1,400.0	1,620.0	+16%	11.3	11.4	8.1	6.1
AZA	(=)	1.2	EUR 0.4	0.5	+19%	7.1	12.5	6.2	5.6
GDF Suez	(-)	39.3	EUR 16.6	17.0	+2%	11.7	11.1	6.1	7.2
PG&E	(-)	8.1	PLN 18.0	17.0	(6)%	10.1	9.4	5.4	4.8
Iberdrola	(-)	23.9	EUR 3.9	3.6	(7)%	9.2	11.0	6.7	8.4
E.ON	(-)	27.0	EUR 14.2	13.0	(8)%	9.6	12.5	6.9	5.6
Enel	(-)	26.5	EUR 2.8	2.4	(15)%	7.8	9.1	5.4	5.1
Water & Waste Management									
United Utilities	(=)	5.5	p 653.0	740.0	+13%	15.4	15.4	10.3	5.5
Severn Trent	(=)	4.6	p 1,545.0	1,740.0	+13%	15.3	14.2	9.1	5.2
Suez Environnement	(=)	4.2	EUR 8.2	9.0	+9%	14.5	13.0	6.6	7.9
Pennon Group	(-)	3.0	p 670.0	700.0	+4%	13.5	16.3	10.8	4.6
Veolia Environnement	(-)	3.9	EUR 7.7	7.0	(10)%	13.1	13.3	6.3	9.0
Generation & Supply									
Drax	(+)	2.7	p 545.5	630.0	+15%	20.4	13.5	9.2	2.4
Centrica	(-)	20.5	p 318.3	280.0	(12)%	11.8	7.2	5.0	5.3
Renewables									
Acciona	(-)	2.6	EUR 44.9	35.5	(21)%	15.8	14.6	7.0	5.6
European Cleantech/Electrawind	(NR)	0.4	EUR 8.2			46.5	19.0	9.2	
Weighted average					+7%	10.4	10.8	6.8	6.6

*Stock rating vs Sector

Source: Exane BNP Paribas estimates

Utilities (+)

Sector performance



Sector and stock data

Sector data

Stock data

Exane BNP Paribas

1

ALLIANZ (Outperform) Insurance | Insurance (Neutral) - Germany

Price at 14 Nov. 12: EUR94.9

TP: EUR112

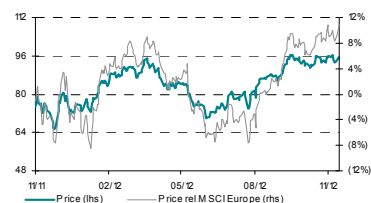
Upside: +18.0%

Market cap (EURm): 43,203

Free float (EURm): 43,203 (100%)

Stock market ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P/E	7.75x	15.85x	8.58x	8.10x	7.65x
P/EV	0.95x	0.97x	0.92x	0.86x	0.80x
P/BV	0.88x	0.88x	0.85x	0.80x	0.74x
P/NAV	0.87x	0.88x	0.85x	0.80x	0.74x
P/Tangible NAV	1.25x	1.25x	1.15x	1.05x	0.96x
Net yield	5.2%	5.1%	4.7%	4.7%	5.2%
Payout	40.6%	81.6%	40.7%	38.4%	39.9%
Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Restated GAAP EPS, fully diluted	11.09	5.52	11.06	11.72	12.40
Embedded value (EVPS)	90.21	90.04	102.69	110.54	118.82
Book value (BVPS)	97.89	98.82	111.46	119.30	127.58
Net asset value (NAVPS)	63.68	72.17	80.10	88.19	96.71
Tangible NAV (TNAVPS)	68.92	69.94	82.47	90.35	98.63
Net dividend	4.50	4.95	5.24	5.35	5.56
Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Total Revenues	106,898	104,208	104,172	103,675	106,538
Operating profit (Loss)	8,062	5,819	9,298	9,781	10,290
Restated attributable net profit (Loss)	5,053	2,945	5,111	5,413	5,728
Balance sheet highlights (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Life reserves	425,915	436,588	466,479	480,211	494,357
Shareholders' funds (group share)	44,491	44,915	50,748	54,393	58,169
Non-Life reserves	82,971	86,087	90,273	92,981	95,770
Financial debt	17,227	18,822	18,800	19,082	19,372

Historical price



Performance	1w	1m	3m	6m	12m	YTD
Absolute	1%	3%	9%	23%	34%	36%
Rel. sector	1%	1%	2%	(0%)	1%	4%
Rel. MSCI Europe	2%	3%	10%	12%	16%	21%

12m range	Price	%ch.	Tickers
High	96.5	(2%)	Reuters ALVG.DE
Low	65.3	45%	Bloomberg ALV.GY

Calendar	
21 Feb. 13	FY 2012 Results
07 May. 13	AGM
07 May. 14	AGM

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Exane BNP Paribas

2

BEIERSDORF AG (Outperform)

Household & Personal Care | Food & HPC (Underperform) - Germany

Price at 14 Nov. 12: EUR59.3		TP: EUR70	Upside: +18.1%	EV (EURm): 11,050	Market cap (EURm): 13,442	Free float (EURm): 5,243 (39%)
Stock market ratios						
P / E	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
P / CF	22.7x	27.9x	23.8x	20.5x	18.1x	
FCF yield	15.2x	19.3x	19.3x	19.3x	19.3x	
P / BVPS	2.3%	3.3%	4.1%	4.6%	5.2%	
Net yield	3.57x	4.53x	4.06x	3.63x	3.25x	
EV / Sales	1.6%	1.4%	1.6%	1.9%	2.3%	
EV / EBITDA	1.34x	1.84x	1.68x	1.53x	1.38x	
EV / EBITA	9.6x	12.6x	10.7x	9.4x	8.2x	
EV / OpFCF	11.7x	14.8x	12.2x	10.6x	9.1x	
EV / Capital employed	16.1x	16.0x	12.6x	11.0x	9.5x	
Per share data (EUR)						
EPS restated, fully diluted	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
EPS (IBES)	1.87	2.12	2.50	2.89	3.28	
CFPS	2.05	2.09	2.38	2.69	2.94	
BVPS	2.79	3.08	3.08	3.08	3.08	
Net dividend	11.91	13.10	14.62	16.34	18.25	
Accounts (EURm)						
Sales	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
EBITDA	5,633	6,021	6,347	6,744	7,167	
EBITA	785	877	999	1,098	1,209	
Pre-tax profit (loss)	646	748	873	974	1,088	
Attrib. Net Profit	440	718	883	989	1,106	
Op. FCF	425	482	566	655	744	
Cash flow, group share	468	690	846	936	1,037	
Adjusted net debt	633	698	698	698	698	
Shareholders' funds, group share	(2,244)	(2,530)	(2,894)	(3,298)	(3,737)	
Ratios						
EPS restated % change	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
Organic sales growth	1.9%	13.4%	17.5%	15.7%	13.6%	
EBITDA margin	2.1%	4.0%	5.0%	6.2%	6.3%	
EBITA margin	13.0%	14.6%	15.7%	16.3%	16.9%	
Net margin	11.5%	12.4%	13.8%	14.4%	15.2%	
ROCE incl gross goodwill	4.6%	7.7%	9.0%	9.8%	10.5%	
ROE	27.1%	30.4%	34.9%	39.1%	43.1%	
	14.2%	14.6%	15.4%	15.9%	16.2%	
Enterprise value (EURm)						
Market cap (*)	Dec. 12e	%EV				
+ Adjusted net debt	13,442	122%				
+ Other liab. and comm.	(2,530)	(23%)				
+ Revalued minority interests	124	1%				
- Revalued investments	0	0%				
= Enterprise value	11,050					
Financial structure*						
Gearing 12	(76%)	Risk rating	0.56			
Debt/Mkt cap 12	(19%)	Beta *	0.53			
Debt/EBITDA 12	NC	1y HV	20.1			
* for FY ending Dec. 12e						
CAGR						
Sales	1997/2012	2012/2015				
EBITDA	4.3%	6.0%				
EBITA	5.4%	11.3%				
Attrib. Net Profit	7.0%	13.3%				
Op. FCF	8.1%	15.6%				
Cash flow, group share	6.4%	14.6%				
EPS restated	9.5%	0.0%				
CFPS	7.7%	15.6%				
	10.3%	0.0%				
Historical price						
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
Rel. sector	(1%)	2%	4%	14%	44%	37%
Rel. MSCI Europe	0%	3%	5%	4%	18%	20%
	0%	3%	5%	4%	25%	21%
12m range						
High	Price	%ch.				
Low	61.0	(3%)				
	40.0	48%				
Tickers						
Reuters	BEG DE					
Bloomberg	BEIGY					
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Exane BNP Paribas

3

BOLLORÉ (Outperform)

Holdings | Diversified Financials (Neutral) - France

Price at 14 Nov. 12: EUR254.1		TP: EUR340	Upside: +33.8%	EV (EURm): 6,115	Market cap (EURm): 6,022	Free float (EURm): 1,445 (24%)
Stock market ratios						
P / E	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
P / CF	15.5x	15.1x	29.6x	25.5x	21.8x	
FCF yield	10.1x	9.5x	17.5x	12.2x	10.8x	
P / BVPS	1.3%	0.4%	(1.0%)	3.3%	5.6%	
Net yield	0.91x	1.08x	1.53x	1.50x	1.46x	
EV / Sales	2.2%	2.0%	1.4%	1.5%	1.5%	
EV / EBITDA	0.36x	0.42x	0.61x	0.53x	0.50x	
EV / EBITA	6.0x	7.1x	8.1x	6.1x	5.4x	
EV / OpFCF	10.4x	12.3x	16.6x	11.1x	9.6x	
EV / Capital employed	20.7x	70.5x	35.7x	14.7x	9.7x	
Per share data (EUR)						
EPS restated, fully diluted	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
EPS (IBES)	8.91	10.84	8.58	9.95	11.66	
CFPS	13.69	17.27	14.49	20.83	23.63	
BVPS	151.24	151.40	166.29	169.70	174.50	
Net dividend	3.00	3.30	3.50	3.70	3.90	
Accounts (EURm)						
Sales	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
EBITDA	7,010	8,491	10,091	11,525	12,032	
EBITA	425	500	758	1,015	1,120	
Pre-tax profit (loss)	243	290	369	555	628	
Attrib. Net Profit	252	436	766	529	605	
Op. FCF	191	234	196	236	277	
Cash flow, group share	123	50	171	418	621	
Adjusted net debt	293	373	330	495	561	
Shareholders' funds, group share	1,764	1,894	1,532	1,428	1,147	
	3,736	3,799	4,275	4,362	4,486	
Ratios						
EPS restated % change	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
Organic sales growth	37.1%	21.7%	(20.8%)	15.9%	17.3%	
EBITDA margin	6.1%	5.9%	7.5%	8.8%	9.3%	
EBITA margin	3.5%	3.4%	3.7%	4.8%	5.2%	
Net margin	5.1%	4.4%	6.3%	3.5%	3.8%	
ROCE incl gross goodwill	7.2%	7.4%	9.4%	13.4%	15.1%	
ROE	5.1%	6.2%	4.6%	5.4%	6.2%	
Enterprise value (EURm)						
Market cap (*)	Dec. 12e	%EV				
+ Adjusted net debt	6,022	98%				
+ Other liab. and comm.	1,532	25%				
+ Revalued minority interests	286	5%				
- Revalued investments	1,446	24%				
= Enterprise value	6,115	52%				
Financial structure*						
Gearing 12	33%	Risk rating	1.02			
Debt/Mkt cap 12	25%	Beta *	0.55			
Debt/EBITDA 12	2.0x	1y HV	20.0			
* for FY ending Dec. 12e						
CAGR						
Sales	2005/2012	2012/2014				
EBITDA	9.2%	9.2%				
EBITA	19.1%	21.5%				
EBITA	17.2%	30.5%				
Attrib. Net Profit	8.5%	19.0%				
Op. FCF	2.3%	90.4%				
Cash flow, group share	15.2%	30.3%				
EPS restated	8.3%	16.6%				
CFPS	15.0%	27.7%				
Historical price						
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
Rel. sector	(3%)	25%	41%	58%	58%	70%
Rel. MSCI SMI D	(2%)	20%	38%	55%	42%	50%
	(2%)	25%	39%	46%	34%	46%
12m range						
High	Price	%ch.				
Low	263.0	(3%)				
	150.6	69%				
Tickers						
Reuters	BOLL PA					
Bloomberg	BOL FP					
Calendar						
12 Dec. 12		EGM				
Analyst: Charles-Henri De-Mortemart (+33) 1 42 99 52 18 - charles-henri.De-Mortemart@exanbnpparibas.com						

Exane BNP Paribas

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DSM (Outperform)

Diversified Chemicals | Chemicals (Neutral) - Netherlands

Price at 14 Nov. 12: EUR40.9		TP: EUR62	Upside: +51.4%	EV (EURm): 8,194	Market cap (EURm): 6,686	Free float (EURm): 6,686 (100%)
Stock market ratios						
P / E	11.3x	11.1x	15.5x	10.6x	8.1x	
P / CF	5.4x	6.4x	6.9x	5.8x	4.9x	
FCF yield	11.6%	5.9%	4.5%	5.5%	10.6%	
P / BVPS	1.07x	1.13x	1.10x	1.17x	1.06x	
Net yield	3.8%	3.6%	3.7%	3.8%	3.9%	
EV / Sales	0.71x	0.82x	0.89x	0.88x	0.77x	
EV / EBITDA	5.1x	5.7x	7.3x	6.4x	5.1x	
EV / EBITA	7.7x	8.5x	12.7x	9.9x	7.4x	
EV / OpFCF	6.9x	12.6x	18.8x	15.0x	8.5x	
EV / Capital employed	1.1x	1.1x	1.0x	1.1x	1.0x	
Enterprise value (EURm)						
Market cap (*)			Dec. 12e	%EV		
+ Adjusted net debt			6,686	82%		
+ Other liab. and comm.			965	12%		
+ Revalued minority interests			741	9%		
- Revalued investments			233	3%		
= Enterprise value			432	5%		
Financial structure*						
Gearing 12			15%	Risk rating	0.92	
Debt/Mkt cap 12			14%	Beta *	1.09	
Debt/EBITDA 12			0.9x	1y HV	23.1	
* for FY ending Dec. 12e						
Risk						
Historical price						
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
1%	6%	6%	2%	16%	18%	
Rel. sector	1%	8%	5%	(9%)	(9%)	(4%)
Rel. MSCI Europe	2%	7%	7%	(7%)	0%	5%
12m range						
High	Price	%ch.				
Low	44.1	(7%)				
Calendar						
20 Feb. 13 FY 2012 Results						
02 May. 13 Q1 2013 Results						
03 May. 13 AGM						
Tickers						
Reuters DSMNA.S						
Bloomberg DSMNA						
Accounts (EURm)						
Sales	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
8,176	9,048	9,208	10,281	11,163		
EBITDA	1,139	1,296	1,118	1,416	1,677	
EBITA	752	866	644	911	1,166	
Pre-tax profit (loss)	666	840	432	806	1,055	
Attrib. Net Profit	515	598	434	632	829	
Op. FCF	839	585	436	605	1,011	
Cash flow, group share	1,084	1,034	972	1,161	1,364	
Adjusted net debt	729	318	965	1,817	1,369	
Shareholders' funds, group share	5,481	5,784	6,073	5,709	6,288	
Ratios						
EPS restated % change	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
150.3%	15.0%	(26.4%)	45.7%	31.1%		
Organic sales growth	19.0%	11.4%	(3.3%)	2.9%	5.2%	
EBITDA margin	13.9%	14.3%	12.1%	13.8%	15.0%	
EBITA margin	9.2%	9.6%	7.0%	8.9%	10.4%	
Net margin	6.3%	9.4%	3.8%	6.3%	7.6%	
ROCE incl gross goodwill	10.9%	10.2%	6.5%	8.7%	10.9%	
ROE	9.4%	10.3%	7.1%	11.1%	13.2%	
CAGR						
Sales	2002/2012	2012/2014				
3.3%	10.1%					
EBITDA	2.6%	22.5%				
EBITA	3.6%	34.6%				
Attrib. Net Profit	3.8%	38.2%				
Op. FCF	7.0%	52.2%				
Cash flow, group share	3.7%	18.5%				
EPS restated	4.3%	38.2%				
CFPS	5.2%	18.5%				
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Exane BNP Paribas

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EIFFAGE (Outperform)

Infrastructure (Neutral) - France

Price at 14 Nov. 12: EUR25.3		TP: EUR41	Upside: +62.3%	EV (EURm): 15,982	Market cap (EURm): 2,156	Free float (EURm): 767 (36%)
Stock market ratios						
P / E	14.0x	10.5x	8.9x	8.7x	7.3x	
P / CF	3.8x	2.7x	2.5x	2.4x	2.3x	
FCF yield	12.3%	6.8%	3.7%	4.8%	13.0%	
P / BVPS	1.26x	0.78x	0.75x	0.72x	0.68x	
Net yield	3.5%	4.7%	5.3%	5.9%	6.7%	
EV / Sales	1.24x	1.15x	1.14x	1.13x	1.08x	
EV / EBITDA	8.6x	7.7x	7.5x	7.2x	6.8x	
EV / EBITA	13.0x	11.3x	10.8x	10.5x	9.8x	
EV / OpFCF	13.3x	14.0x	15.0x	13.8x	10.6x	
EV / Capital employed	0.5x	0.5x	0.5x	0.5x	0.5x	
Enterprise value (EURm)						
Market cap (*)			Dec. 12e	%EV		
+ Adjusted net debt			12,421	78%		
+ Other liab. and comm.			221	1%		
+ Revalued minority interests			1,558	10%		
- Revalued investments			374	2%		
= Enterprise value			15,982			
Financial structure*						
Gearing 12			442%	Risk rating	0.68	
Debt/Mkt cap 12			576%	Beta *	1.78	
Debt/EBITDA 12			6.0x	1y HV	50.2	
* for FY ending Dec. 12e						
Risk						
Historical price						
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
5.9%	0.5%					
Rel. sector	(2%)	(2%)	6%	(11%)	24%	40%
Rel. MSCI Europe	(4%)	(2%)	13%	(15%)	7%	25%
12m range						
High	Price	%ch.				
Low	32.1	(21%)				
Calendar						
17 Apr. 13 AGM						
Tickers						
Reuters FOUG.PA						
Bloomberg FGR FP						
Accounts (EURm)						
Sales	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
13,732	13,843	13,884	13,839	14,064		
EBITDA	1,980	2,063	2,123	2,168	2,238	
EBITA	1,312	1,420	1,472	1,496	1,543	
Pre-tax profit (loss)	383	444	499	520	611	
Attrib. Net Profit	212	206	243	249	293	
Op. FCF	1,281	1,144	1,059	1,134	1,427	
Cash flow, group share	791	803	875	912	945	
Adjusted net debt	12,645	12,421	12,294	12,104	11,614	
Shareholders' funds, group share	2,348	2,810	2,949	3,080	3,242	
Ratios						
EPS restated % change	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
(9.2%)	(0.9%)	18.3%	2.3%	17.9%		
Organic sales growth	2.8%	0.6%	0.3%	(0.3%)	1.6%	
EBITDA margin	14.4%	14.9%	15.3%	15.7%	15.9%	
EBITA margin	9.6%	10.3%	10.6%	10.8%	11.0%	
Net margin	1.9%	1.7%	2.0%	2.0%	2.4%	
ROCE incl gross goodwill	2.7%	2.9%	3.0%	3.1%	3.2%	
ROE	9.0%	7.3%	8.2%	8.1%	9.0%	
CAGR						
Sales	1995/2012	2012/2015				
5.9%	0.5%					
EBITDA	13.5%	2.8%				
EBITA	14.9%	2.8%				
Attrib. Net Profit	5.8%	12.5%				
Op. FCF	15.3%	7.6%				
Cash flow, group share	8.4%	5.6%				
EPS restated	0.5%	12.6%				
CFPS	5.8%	5.7%				
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Exane BNP Paribas

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GDF SUEZ (Underperform)

Integrated Utilities | Utilities (Outperform) - France

Price at 14 Nov. 12: EUR16.6		TP: EUR17		Upside: +2.5%		EV (EURm): 104,085		Market cap (EURm): 39,308		Free float (EURm): 25,291 (64%)							
Stock market ratios						Enterprise value (EURm)			Historical price								
P / E	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Market cap (*)	Dec. 12e	%EV									
P / CF	6.7x	6.1x	4.0x	4.1x	4.0x	+ Adjusted net debt	46,350	45%									
FCF yield	2.1%	4.5%	6.0%	5.6%	6.6%	+ Other liab. and comm.	16,183	16%									
P / BVPS	0.97x	0.87x	0.61x	0.60x	0.59x	+ Revalued minority interests	15,899	15%									
Net yield	5.6%	6.2%	9.0%	7.2%	7.2%	- Revalued investments	13,655	13%									
EV / Sales	1.20x	1.22x	1.11x	1.14x	1.10x	= Enterprise value	104,085										
EV / EBITDA	6.7x	6.7x	6.0x	6.1x	5.8x												
EV / EBITA	11.5x	12.3x	10.6x	11.1x	10.3x												
EV / OpFCF	19.6x	15.9x	13.3x	13.5x	12.2x												
EV / Capital employed	0.8x	0.8x	0.7x	0.7x	0.7x												
Per share data (EUR)						Financial structure *			Risk								
EPS restated, fully diluted	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Gearing 12	60%	Risk rating	1.13								
EPS (IBES)	1.86	1.51	1.59	1.41	1.56	Debt/Mkt cap 12	118%	Beta *	1.20								
CFPS	4.00	3.96	4.18	4.02	4.20	Debt/EBITDA 12	2.7x	1y HV	27.1								
BVPS	27.64	27.94	27.34	27.56	27.91	* for FY ending Dec. 12e											
Net dividend	1.50	1.50	1.50	1.20	1.20												
Accounts (EURm)						CAGR			Performance								
Sales	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	2001/2012	2012/2014	1w	1m	3m	6m	12m	YTD				
EBITDA	84,478	90,673	93,553	92,013	95,664	Sales	18.6%	1.1%	Absolute	(3%)	(4%)	(13%)	3%	(11%)	(17%)		
EBITDA	15,086	16,525	17,232	17,133	17,999	EBITDA	18.3%	2.2%	Rel. sector	1%	1%	(10%)	(1%)	(13%)	(18%)		
EBITA	8,795	8,978	9,805	9,467	10,223	EBITA	17.7%	2.1%	Rel. MSCI Europe	(2%)	(4%)	(12%)	(6%)	(23%)	(26%)		
Pre-tax profit (loss)	7,539	7,540	7,645	7,157	7,915	Attrib. Net Profit	13.5%	1.3%									
Attrib. Net Profit	4,126	3,337	3,602	3,352	3,697	Op. FCF	16.1%	4.8%									
Op. FCF	5,186	6,973	7,848	7,749	8,615	Cash flow, group share	14.8%	2.4%									
Cash flow, group share	8,857	8,751	9,492	9,515	9,950	EPS restated	5.0%	(0.9%)									
Adjusted net debt	33,835	37,601	46,350	47,028	47,286	CFPS	6.4%	0.2%									
Shareholders' funds, group share	62,205	62,930	65,853	66,362	67,215												
Ratios									12m range			Price %ch.			Tickers		
EPS restated % change	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e							High	21.8	(24%)	Reuters	GSZ PA	
Organic sales growth	2.4%	(19.0%)	5.3%	(10.9%)	10.3%							Low	16.0	4%	Bloomberg	GSZ FP	
EBITDA margin	17.9%	18.2%	18.4%	18.6%	18.8%												
EBITA margin	10.4%	9.9%	10.5%	10.3%	10.7%												
Net margin	6.7%	6.0%	5.4%	5.0%	5.3%												
ROCE incl gross goodwill	5.4%	4.7%	4.5%	4.2%	4.4%												
ROE	6.6%	5.3%	5.5%	5.1%	5.5%												

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Exane BNP Paribas

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GEMALTO (Outperform)

Consumer Electronics | IT Hardware (Underperform) - France

Price at 14 Nov. 12: EUR71.3		TP: EUR70		Upside: (1.8%)		EV (EURm): 5,459		Market cap (EURm): 5,934		Free float (EURm): 5,044 (85%)							
Stock market ratios						Enterprise value (EURm)			Historical price								
P / E	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Market cap (*)	Dec. 12e	%EV									
P / CF	12.5x	12.9x	19.5x	17.3x	14.8x	+ Adjusted net debt	(458)	(8%)									
FCF yield	4.0%	4.7%	2.9%	4.3%	4.9%	+ Other liab. and comm.	136	2%									
P / BVPS	1.61x	1.65x	3.13x	2.77x	2.42x	+ Revalued minority interests	4	0%									
Net yield	0.9%	0.9%	0.4%	0.5%	0.5%	- Revalued investments	157	3%									
EV / Sales	1.27x	1.25x	2.46x	2.17x	1.89x	= Enterprise value	5,459										
EV / EBITDA	10.6x	10.6x	16.8x	14.0x	11.2x												
EV / EBITA	14.1x	13.7x	19.8x	15.8x	12.5x												
EV / OpFCF	19.7x	14.7x	25.8x	17.5x	14.3x												
EV / Capital employed	1.7x	1.8x	3.8x	3.6x	3.3x												
Per share data (EUR)						Financial structure *			Risk								
EPS restated, fully diluted	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Gearing 12	(24%)	Risk rating	0.90								
EPS (IBES)	1.71	1.73	2.66	3.30	3.99	Debt/Mkt cap 12	(8%)	Beta *	0.96								
CFPS	2.47	2.63	3.65	4.12	4.81	Debt/EBITDA 12	NC	1y HV	28.6								
BVPS	19.22	20.66	22.75	25.73	29.41	* for FY ending Dec. 12e											
Net dividend	0.28	0.30	0.31	0.33	0.35												
Accounts (EURm)						CAGR			Performance								
Sales	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	2002/2012	2012/2014	1w	1m	3m	6m	12m	YTD				
EBITDA	1,862	2,000	2,222	2,411	2,626	Sales	11.1%	8.7%	Absolute	3%	9%	22%	30%	114%	91%		
EBITDA	223	236	326	374	442	EBITDA	18.8%	16.5%	Rel. sector	4%	4%	28%	28%	128%	92%		
EBITA	168	183	275	331	399	EBITA	NC	20.4%	Rel. MSCI SMID	5%	10%	21%	19%	82%	63%		
Pre-tax profit (loss)	166	177	257	324	395	Attrib. Net Profit	NC	22.4%									
Attrib. Net Profit	145	148	232	288	347	Op. FCF	14.7%	27.9%									
Op. FCF	120	170	212	300	347	Cash flow, group share	23.4%	14.7%									
Cash flow, group share	208	225	318	359	419	EPS restated	NC	22.4%									
Adjusted net debt	(236)	(309)	(458)	(685)	(949)	CFPS	14.1%	14.7%									
Shareholders' funds, group share	1,596	1,717	1,894	2,141	2,448												
Ratios									12m range			Price %ch.			Tickers		
EPS restated % change	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e							High	71.5	(0%)	Reuters	GTO.PA	
Organic sales growth	2.0%	1.2%	53.6%	23.9%	20.8%							Low	32.8	118%	Bloomberg	GTO FP	
EBITDA margin	12.0%	11.8%	14.7%	15.5%	16.8%												
EBITA margin	9.0%	9.2%	12.4%	13.7%	15.2%												
Net margin	9.0%	8.1%	9.8%	11.4%	12.8%												
ROCE incl gross goodwill	10.0%	10.5%	16.1%	19.2%	22.5%												
ROE	9.1%	8.6%	12.3%	13.4%	14.2%												

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Exane BNP Paribas

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HEINEKEN (Outperform)

Brewers | Beverages (Underperform) - Netherlands

Price at 14 Nov. 12: EUR49.3		TP: EUR56	Upside: +13.6%	EV (EURm): 42,566	Market cap (EURm): 28,339	Free float (EURm): 14,167 (50%)
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Stockmarket ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P / E	14.1x	13.8x	18.1x	13.4x	10.9x
P / CF	9.9x	9.2x	10.7x	8.2x	7.1x
FCF yield	9.4%	8.6%	4.8%	8.1%	9.8%
P / BVPS	2.03x	2.20x	2.68x	2.38x	2.08x
Net yield	2.1%	2.2%	1.7%	2.2%	2.7%
EV / Sales	1.79x	1.82x	2.30x	1.89x	1.69x
EV / EBITDA	8.5x	9.0x	11.7x	8.4x	7.0x
EV / EBITA	12.0x	12.7x	16.8x	11.5x	9.4x
EV / OpFCF	9.7x	10.8x	17.9x	10.8x	8.8x
EV / Capital employed	1.4x	1.5x	1.6x	1.6x	1.5x

Enterprise value (EURm)	Dec. 12e	%EV
Market cap (*)	28,339	67%
+ Adjusted net debt	13,019	31%
+ Other liab. and comm.	1,623	4%
+ Revalued minority interests	2,361	6%
- Revalued investments	2,776	7%
= Enterprise value	42,566	

Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated, fully diluted	2.56	2.70	2.72	3.67	4.51
EPS (IBES)	2.44	2.44	2.82	3.24	3.65
CFPS	3.63	4.06	4.60	5.99	6.96
BVPS	17.76	17.00	18.40	20.75	23.68
Net dividend	0.76	0.83	0.84	1.10	1.35

Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Sales	16,133	17,123	18,519	21,603	22,743
EBITDA	3,391	3,455	3,628	4,850	5,482
EBITA	2,415	2,457	2,539	3,551	4,105
Pre-tax profit (loss)	1,967	2,025	2,177	2,973	3,664
Attrib. Net Profit	1,445	1,584	1,566	2,113	2,594
Op. FCF	2,986	2,879	2,373	3,771	4,356
Cash flow, group share	2,045	2,379	2,650	3,452	4,009
Adjusted net debt	8,099	8,356	13,019	11,185	8,973
Shareholders' funds, group share	10,228	9,774	10,577	11,928	13,613

Ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated % change	19.1%	5.3%	0.6%	35.0%	22.8%
Organic sales growth	(2.7%)	3.3%	4.6%	4.3%	6.5%
EBITDA margin	21.0%	20.2%	19.6%	22.5%	24.1%
EBITA margin	15.0%	14.3%	13.7%	16.4%	18.1%
Net margin	9.7%	9.1%	8.6%	10.0%	11.7%
ROCE incl gross goodwill	9.0%	9.1%	7.0%	9.8%	11.4%
ROE	14.1%	16.2%	14.8%	17.7%	19.1%

Financial structure*	Risk
Gearing 12	118%
Debt/Mkt cap 12	46%
Debt/EBITDA 12	3.6x
* for FY ending Dec. 12e	
Risk rating	1.06
Beta *	0.62
1y HV	20.9
* relative to MSCI	

CAGR	1994/2012	2012/2014
Sales	9.1%	10.8%
EBITDA	10.5%	22.9%
EBITA	11.8%	27.2%
Attrib. Net Profit	11.9%	28.7%
Op. FCF	NC	35.5%
Cash flow, group share	9.9%	23.0%
EPS restated	10.9%	28.7%
CFPS	9.0%	23.0%

Performance	1w	1m	3m	6m	12m	YTD
Absolute	1%	1%	13%	21%	48%	40%
Rel. sector	(0%)	0%	10%	5%	4%	4%
Rel. MSCI Europe	2%	1%	13%	10%	28%	25%

12m range	Price	%ch.	Tickers
High	49.8	(1%)	Reuters HEIN AS
Low	32.2	53%	Bloomberg HEIA NA

Calendar	
13 Feb. 13	FY 2012 Results
24 Apr. 13	Q1 Trading Update 2013
25 Apr. 13	AGM

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Exane BNP Paribas

9

IMPERIAL TOBACCO (Underperform)

Tobacco (Outperform) - United Kingdom

Price at 14 Nov. 12: GBP24.2		TP: GBP24.5	Upside: +1.1%	EV (GBPm): 32,703	Market cap (GBPm): 23,358	Free float (GBPm): 23,358 (100%)
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Stockmarket ratios	Sep. 11	Sep. 12	Sep. 13e	Sep. 14e	Sep. 15e
P / E	10.7x	12.0x	11.4x	10.5x	9.8x
P / CF	10.3x	11.4x	10.1x	9.5x	8.9x
FCF yield	8.0%	5.4%	8.8%	9.5%	10.2%
P / BVPS	2.64x	3.92x	3.76x	3.56x	3.37x
Net yield	4.7%	4.4%	4.8%	5.4%	6.0%
EV / Sales	3.85x	4.29x	4.07x	3.82x	3.59x
EV / EBITDA	9.2x	10.1x	9.5x	8.9x	8.3x
EV / EBITA	9.7x	10.7x	10.1x	9.4x	8.8x
EV / OpFCF	11.1x	15.1x	10.5x	9.7x	9.1x
EV / Capital employed	1.5x	1.8x	1.8x	1.8x	1.8x

Enterprise value (GBPm)	Sep. 13e	%EV
Market cap (*)	23,358	71%
+ Adjusted net debt	8,294	25%
+ Other liab. and comm.	1,184	4%
+ Revalued minority interests	49	0%
- Revalued investments	182	1%
= Enterprise value	32,703	

Per share data (GBP)	Sep. 11	Sep. 12	Sep. 13e	Sep. 14e	Sep. 15e
EPS restated, fully diluted	1.87	2.00	2.13	2.30	2.47
EPS (IBES)	2.00	2.00	2.14	2.32	2.48
CFPS	1.96	2.11	2.39	2.56	2.73
BVPS	7.62	6.14	6.45	6.81	7.20
Net dividend	0.95	1.06	1.17	1.30	1.44

Accounts (GBPm)	Sep. 11	Sep. 12	Sep. 13e	Sep. 14e	Sep. 15e
Sales	7,845	7,877	8,040	8,325	8,625
EBITDA	3,272	3,341	3,434	3,571	3,714
EBITA	3,103	3,161	3,249	3,381	3,524
Pre-tax profit (loss)	2,153	1,081	2,399	2,581	2,769
Attrib. Net Profit	1,904	2,001	2,087	2,207	2,332
Op. FCF	2,722	2,237	3,126	3,265	3,405
Cash flow, group share	1,989	2,102	2,338	2,457	2,576
Adjusted net debt	8,831	8,752	8,294	7,836	7,394
Shareholders' funds, group share	7,655	6,035	6,218	6,438	6,690

Ratios	Sep. 11	Sep. 12	Sep. 13e	Sep. 14e	Sep. 15e
EPS restated % change	5.1%	7.0%	6.5%	7.8%	7.6%
Organic sales growth	2.0%	4.1%	4.1%	4.0%	4.0%
EBITDA margin	41.7%	42.4%	42.7%	42.9%	43.1%
EBITA margin	39.6%	40.1%	40.4%	40.6%	40.9%
Net margin	23.1%	8.9%	23.0%	23.9%	24.7%
ROCE incl gross goodwill	11.4%	13.3%	13.8%	14.6%	15.4%
ROE	24.9%	33.2%	33.6%	34.3%	34.9%

Financial structure*	Risk
Gearing 13	132%
Debt/Mkt cap 13	36%
Debt/EBITDA 13	2.4x
* for FY ending Sep. 13e	
Risk rating	0.50
Beta *	0.32
1y HV	18.5
* relative to MSCI	

CAGR	2002/2013	2013/2015
Sales	12.4%	3.6%
EBITDA	13.6%	4.0%
EBITA	13.7%	4.1%
Attrib. Net Profit	14.9%	5.7%
Op. FCF	13.5%	4.4%
Cash flow, group share	15.1%	5.0%
EPS restated	12.4%	7.7%
CFPS	12.6%	6.9%

Performance	1w	1m	3m	6m	12m	YTD
Absolute	(0%)	6%	(4%)	(2%)	10%	4%
Rel. sector	(1%)	6%	3%	(3%)	(2%)	(2%)
Rel. MSCI Europe	0%	7%	(6%)	(11%)	1%	(4%)

12m range	Price	%ch.	Tickers
High	26.0	(7%)	Reuters IMT.L
Low	22.2	9%	Bloomberg IMT.LN

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Exane BNP Paribas

10

INCHCAPE (Outperform)

Specialty Retailers | General Retail (Neutral) - United Kingdom

Price at 14 Nov. 12: 400p		TP: 450p	Upside: +12.5%	EV (GBPm): 1,835	Market cap (GBPm): 1,846	Free float (GBPm): 1,846 (100%)
Stock market ratios						
P/E	10.1x	10.3x	9.5x	8.5x	7.7x	
P/CF	8.6x	9.8x	9.0x	8.0x	7.2x	
FCF yield	5.7%	1.1%	6.2%	7.4%	8.5%	
P/BVPS	1.22x	1.26x	1.16x	1.07x	0.98x	
Net yield	3.1%	3.2%	3.6%	4.2%	4.9%	
EV / Sales	0.27x	0.30x	0.30x	0.28x	0.26x	
EV / EBITDA	5.3x	5.9x	5.4x	5.0x	4.6x	
EV / EBITA	6.3x	7.0x	6.4x	5.8x	5.3x	
EV / OpFCF	10.3x	18.8x	9.2x	8.0x	7.2x	
EV / Capital employed	1.1x	1.2x	1.2x	1.1x	1.0x	
Enterprise value (GBPm)						
Market cap (*)	1,846		101%			
+ Adjusted net debt	(190)		(10%)			
+ Other liab. and comm.	123		7%			
+ Revalued minority interests	56		3%			
- Revalued investments	0		0%			
= Enterprise value	1,835					
Historical price						
Per share data (p)						
EPS restated, fully diluted	34.70	38.86	42.09	46.89	51.98	
EPS (IBES)	34.90	38.13	40.80	44.58	51.04	
CFPS	40.61	40.86	44.56	49.89	55.55	
BVPS	286.94	316.60	345.07	374.68	406.58	
Net dividend	11.00	13.00	14.50	17.00	19.50	
Accounts (GBPm)						
Sales	5,826	6,045	5,967	6,183	6,437	
EBITDA	294	312	327	345	363	
EBITA	244	262	277	295	313	
Pre-tax profit (loss)	203	250	265	285	305	
Attrib. Net Profit	162	182	193	207	222	
Op. FCF	150	98	193	215	233	
Cash flow, group share	189	191	204	220	237	
Adjusted net debt	(244)	(190)	(170)	(165)	(165)	
Shareholders' funds, group share	1,329	1,460	1,525	1,597	1,676	
Ratios						
EPS restated % change	9.2%	12.0%	8.3%	11.4%	10.9%	
Organic sales growth	0.0%	3.8%	(1.3%)	3.6%	4.1%	
EBITDA margin	5.0%	5.2%	5.5%	5.6%	5.6%	
EBITA margin	4.2%	4.3%	4.6%	4.8%	4.9%	
Net margin	2.5%	3.1%	3.3%	3.4%	3.5%	
ROCE incl gross goodwill	12.9%	12.5%	12.8%	13.2%	13.7%	
ROE	12.2%	12.5%	12.7%	13.0%	13.2%	
Financial structure*						
Gearing 12	(13%)		Risk rating		0.71	
Debt/Mkt cap 12	(10%)		Beta *		1.35	
Debt/EBITDA 12	NC		1y HV		32.7	
*for FY ending Dec. 12e						
Risk						
*relative to MSCI						
CAGR						
Sales	2002/2012		2012/2015			
Sales	5.9%		2.1%			
EBITDA	8.9%		5.2%			
EBITA	9.5%		6.1%			
Attrib. Net Profit	11.7%		6.8%			
Op. FCF	(3.7%)		33.6%			
Cash flow, group share	7.2%		7.4%			
EPS restated	6.0%		10.2%			
CFPS	1.7%		10.8%			
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
Absolute	(2%)	12%	4%	20%	25%	41%
Rel. sector	(2%)	11%	2%	2%	2%	15%
Rel. MSCI Europe	(1%)	13%	2%	8%	15%	30%
12m range						
High	Price	%ch.				
High	418	(4%)				
Low	284	41%				
Tickers						
Reuters	INCH.L					
Bloomberg	INCH.LN					
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Exane BNP Paribas

11

INGENICO (Outperform)

Consumer Electronics | IT Hardware (Underperform) - France

Price at 14 Nov. 12: EUR38.5		TP: EUR48	Upside: +24.7%	EV (EURm): 2,182	Market cap (EURm): 1,968	Free float (EURm): 1,328 (67%)
Stock market ratios						
P/E	12.0x	18.7x	17.9x	15.3x	12.7x	
P/CF	8.6x	12.4x	14.5x	11.6x	10.0x	
FCF yield	11.0%	4.5%	3.5%	6.0%	7.9%	
P/BVPS	1.78x	2.38x	2.82x	2.51x	2.20x	
Net yield	1.8%	1.7%	1.7%	2.1%	2.5%	
EV / Sales	1.25x	1.72x	1.81x	1.60x	1.36x	
EV / EBITDA	7.7x	9.9x	10.0x	8.2x	6.6x	
EV / EBITA	8.7x	11.0x	11.2x	9.2x	7.3x	
EV / OpFCF	7.5x	17.6x	16.2x	10.3x	8.2x	
EV / Capital employed	1.6x	2.2x	2.6x	2.5x	2.3x	
Enterprise value (EURm)						
Market cap (*)	1,968		90%			
+ Adjusted net debt	118		5%			
+ Other liab. and comm.	139		6%			
+ Revalued minority interests	2		0%			
- Revalued investments	45		2%			
= Enterprise value	2,182					
Historical price						
Per share data (EUR)						
EPS restated, fully diluted	1.60	1.55	2.15	2.51	3.03	
EPS (IBES)	1.43	2.24	2.58	2.92		
CFPS	2.22	2.34	2.65	3.32	3.85	
BVPS	10.77	12.20	13.66	15.33	17.49	
Net dividend	0.35	0.50	0.65	0.80	0.95	
Accounts (EURm)						
Sales	907	1,001	1,203	1,303	1,443	
EBITDA	146	174	219	255	299	
EBITA	130	157	195	226	269	
Pre-tax profit (loss)	62	81	152	183	232	
Attrib. Net Profit	80	83	118	139	169	
Op. FCF	151	98	135	202	241	
Cash flow, group share	110	129	147	187	217	
Adjusted net debt	109	150	118	20	(94)	
Shareholders' funds, group share	546	623	698	784	894	
Ratios						
EPS restated % change	46.6%	(3.0%)	38.3%	17.1%	20.3%	
Organic sales growth	10.1%	8.3%	16.2%	9.6%	10.8%	
EBITDA margin	16.1%	17.4%	18.2%	19.6%	20.8%	
EBITA margin	14.4%	15.7%	16.2%	17.4%	18.6%	
Net margin	4.4%	5.8%	8.5%	9.4%	10.8%	
ROCE incl gross goodwill	12.3%	13.2%	15.5%	18.0%	21.2%	
ROE	14.6%	13.4%	16.9%	17.8%	18.9%	
Financial structure*						
Gearing 12	17%		Risk rating		1.66	
Debt/Mkt cap 12	6%		Beta *		1.06	
Debt/EBITDA 12	0.5x		1y HV		32.5	
*for FY ending Dec. 12e						
Risk						
*relative to MSCI						
CAGR						
Sales	1994/2012		2012/2014			
Sales	23.8%		9.5%			
EBITDA	28.2%		17.1%			
EBITA	28.0%		17.4%			
Attrib. Net Profit	13.5%		19.7%			
Op. FCF	13.3%		33.8%			
Cash flow, group share	14.8%		21.3%			
EPS restated	6.0%		18.7%			
CFPS	7.2%		20.5%			
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
Absolute	(3%)	1%	(6%)	7%	29%	39%
Rel. sector	(1%)	(5%)	(1%)	5%	37%	41%
Rel. MSCI SMID	(1%)	1%	(7%)	(2%)	10%	19%
12m range						
High	Price	%ch.				
High	44.4	(13%)				
Low	26.4	46%				
Tickers						
Reuters	INGC.PA					
Bloomberg	ING.PA					
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Exane BNP Paribas

12

LAFARGE (Outperform)

Heavy Building Materials | Building Materials (Outperform) - France

Price at 14 Nov. 12: EUR45.8		TP: EUR48	Upside: +4.9%	EV (EURm): 25,793	Market cap (EURm): 13,104	Free float (EURm): 8,485 (65%)		
Stock market ratios								
P / E	16.7x	16.6x	12.1x	9.8x	8.1x			
P / CF	8.3x	8.5x	7.0x	6.0x	5.3x			
FCF yield	4.1%	7.1%	9.2%	10.9%	12.8%			
P / BVPS	0.66x	0.81x	0.77x	0.73x	0.68x			
Net yield	1.3%	1.1%	1.1%	2.2%	3.3%			
EV / Sales	1.60x	1.61x	1.50x	1.34x	1.19x			
EV / EBITDA	7.8x	7.6x	7.0x	6.1x	5.2x			
EV / EBITA	11.6x	10.8x	9.6x	8.2x	6.9x			
EV / OpFCF	12.5x	10.8x	9.0x	7.7x	6.5x			
EV / Capital employed	0.8x	0.9x	0.8x	0.8x	0.7x			
Enterprise value (EURm)								
Market cap (*)						13,104	51%	
+ Adjusted net debt						10,890	42%	
+ Other liab. and comm.						1,331	5%	
+ Revalued minority interests						2,139	8%	
- Revalued investments						1,672	6%	
= Enterprise value						25,793		
Per share data (EUR)								
EPS restated, fully diluted	2.22	2.75	3.79	4.65	5.66			
EPS (IBES)	2.08	2.63	3.66	4.64	5.39			
CFPS	4.49	5.41	6.57	7.63	8.70			
BVPS	55.87	56.29	59.15	62.86	67.07			
Net dividend	0.50	0.50	0.50	1.00	1.50			
Accounts (EURm)								
Sales	15,284	16,040	16,391	17,295	18,307			
EBITDA	3,156	3,400	3,540	3,829	4,143			
EBITA	2,118	2,391	2,560	2,844	3,153			
Pre-tax profit (loss)	676	1,104	1,781	2,142	2,544			
Attrib. Net Profit	635	788	1,086	1,331	1,620			
Op. FCF	1,954	2,382	2,749	3,020	3,328			
Cash flow, group share	1,287	1,549	1,883	2,184	2,493			
Adjusted net debt	11,974	10,890	9,741	8,341	6,795			
Shareholders' funds, group share	16,004	16,125	16,944	18,006	19,213			
Ratios								
EPS restated % change	(25.9%)	24.1%	37.8%	22.5%	21.7%			
Organic sales growth	5.3%	2.4%	4.4%	5.5%	5.8%			
EBITDA margin	20.6%	21.2%	21.6%	22.1%	22.6%			
EBITA margin	13.9%	14.9%	15.6%	16.4%	17.2%			
Net margin	4.8%	4.6%	7.8%	8.8%	9.9%			
ROCE incl gross goodwill	5.0%	5.3%	6.1%	6.7%	7.5%			
ROE	4.0%	4.9%	6.4%	7.4%	8.4%			
Financial structure *								
Gearing 12						59%	Risk rating	0.99
Debt/Mkt cap 12						83%	Beta *	1.73
Debt/EBITDA 12						3.2x	1y HV	37.7
* for FY ending Dec. 12e								
Risk								
CAGR								
Sales						1993/2012	2012/2015	
EBITDA						8.5%	6.8%	
EBITA						9.4%	9.7%	
Attrib. Net Profit						7.0%	27.1%	
Op. FCF						8.7%	11.8%	
Cash flow, group share						6.5%	17.2%	
EPS restated						0.0%	27.1%	
CFPS						0.4%	17.2%	
Historical price								
Performance								
Absolute	1w	1m	3m	6m	12m	YTD		
	(0%)	6%	22%	58%	68%	70%		
Rel. sector	2%	6%	22%	48%	51%	58%		
Rel. MSCI Europe	0%	6%	23%	44%	45%	51%		
12m range								
High	Price	%ch.						
	46.6	(2%)						
Low	23.0	99%						
Tickers								
Reuters	LAFPPA							
Bloomberg	LG FP							
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Exane BNP Paribas

13

LLOYDS BANKING GROUP (Outperform)

Banks (Outperform) - United Kingdom

Price at 14 Nov. 12: 46.4p		TP: 55p	Upside: +18.6%	Market cap (GBPm): 32,774	Free float (GBPm): 18,681 (57%)	
Stock market ratios						
P / E	75.07x	17.53x	9.49x	8.19x	6.76x	
P / GOP	2.99x	3.82x	3.82x	3.79x	3.55x	
P / BV	0.68x	0.74x	0.71x	0.68x	0.64x	
P / Tangible BV	0.77x	0.84x	0.80x	0.76x	0.72x	
-Min	0.37x	0.46x				
-Max	1.18x	0.84x				
Net yield	0.0%	0.0%	2.2%	4.3%	6.5%	
Payout			20.5%	35.3%	43.7%	
Per share data (p)						
EPS, fully diluted	0.61	2.65	4.88	5.66	6.86	
NBIPS	30.74	26.32	25.98	25.76	26.60	
BVPS	66.82	62.89	65.34	68.24	72.05	
Tangible BVPS	59.20	55.48	57.98	60.91	64.76	
Net dividend	0.00	0.00	1.00	2.00	3.00	
Accounts (GBPm)						
Total revenues	21,046	18,432	18,415	18,350	19,043	
GOP	10,425	8,490	8,593	8,705	9,347	
Pre-tax profit	638	2,561	4,785	5,491	6,580	
NAP (bef. gdw.)	416	1,852	3,460	4,034	4,912	
Balance sheet highlights (GBPm)						
Shareholders' funds, group share	45,920	44,457	46,425	48,724	51,702	
Customer loans	548,572	515,549	475,789	471,886	474,675	
Customer deposits	405,900	425,749	407,594	417,135	426,932	
Key Ratio						
Tier 1 Ratio	12.5%	13.4%	12.9%	14.1%	15.1%	
Equity tier 1 ratio	10.8%	11.6%	12.4%	13.2%	13.9%	
Historical price						
Performance						
Absolute	1w	1m	3m	6m	12m	YTD
	4%	17%	45%	58%	63%	79%
Rel. sector	4%	15%	31%	29%	42%	53%
Rel. MSCI Europe	5%	17%	43%	43%	51%	65%
12m range						
High	Price	%ch.				
	46.5	(0%)				
Low	21.8	112%				
Tickers						
Reuters	LLOY.L					
Bloomberg	LLOY LN					
01 Mar. 13	FY 2012 Results					
01 Aug. 13	H1 2013 Results					
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Exane BNP Paribas

14

METRO (Underperform)

Food Retail (Neutral) - Germany

Price at 14 Nov. 12: EUR21.0						TP: EUR20		Upside: (4.9%)		EV (EURm): 17,916		Market cap (EURm): 6,814		Free float (EURm): 2,726 (40%)						
Stock market ratios						Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Enterprise value (EURm)		Dec. 12e	%EV	Historical price					
P/E	15.2x	14.8x	9.4x	10.6x	9.8x	Market cap (*)		6,814		38%										
P/CF	7.3x	8.7x	3.8x	3.6x	3.5x	+ Adjusted net debt		7,967		44%										
FCF yield	1.2%	(1.6%)	4.0%	5.1%	6.4%	+ Other liab. and comm.		1,814		10%										
P/BVPS	2.33x	2.10x	1.09x	1.05x	1.00x	+ Revalued minority interests		1,320		7%										
Net yield	3.0%	3.3%	6.4%	6.4%	6.4%	- Revalued investments		0		0%										
EV / Sales	0.38x	0.37x	0.27x	0.27x	0.26x	= Enterprise value		17,916												
EV / EBITDA	7.0x	7.0x	5.8x	6.1x	5.8x	Financial structure*		Risk												
EV / EBITA	11.1x	11.2x	10.0x	11.2x	10.5x	Gearing 12	125%	Risk rating	1.21											
EV / OpFCF	18.2x	24.2x	14.0x	13.0x	11.7x	Debt/Mkt cap 12	117%	Beta *	1.12											
EV / Capital employed	1.9x	1.7x	1.3x	1.3x	1.3x	Debt/EBITDA 12	2.6x	1y HV	34.9											
Per share data (EUR)						Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	CAGR		1998/2012	2012/2014	Performance					
EPS restated, fully diluted	2.97	2.77	2.23	1.98	2.14	Sales	NC	0.7%			Absolute		1w	1m	3m	6m	12m	YTD		
EPS (IBES)		2.63	2.37	2.55	2.88	EBITDA	NC	(1.2%)			Rel. sector		(3%)	4%	(12%)	(4%)	(38%)	(22%)		
CFPS	6.16	4.73	5.48	5.85	6.02	EBITA	NC	(3.3%)			Rel. MSCI Europe		(2%)	1%	(11%)	(8%)	(34%)	(18%)		
BVPS	19.30	19.47	19.37	20.08	20.93	Attrib. Net Profit	NC	(1.9%)			12m range		Low	20.1	5%	Tickers		Bloomberg	MEO GY	
Net dividend	1.35	1.35	1.35	1.35	1.35	Op. FCF	NC	8.6%			High		37.0	(43%)	Reuters		MEOG DE			
Accounts (EURm)						Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Cash flow, group share		NC	4.8%	Calendar		16 Jan. 13 Annual Trading Statement - 2012			
Sales	67,254	65,927	66,671	66,478	67,548	Adjusted net debt	7,861	7,785	7,967	7,838	7,763	20 Mar. 13		FY 2012 Results						
EBITDA	3,590	3,438	3,106	2,927	3,032	Shareholders' funds, group share	6,308	6,364	6,330	6,562	6,840	02 May. 13		Q1 2013 Results						
EBITA	2,280	2,152	1,799	1,594	1,682	Ratios														
Pre-tax profit (loss)	1,630	1,473	1,075	1,103	1,187	EPS restated % change	37.7%	(8.5%)	(19.6%)	(11.4%)	8.5%									
Attrib. Net Profit	969	907	729	646	701	Organic sales growth	0.9%	(0.5%)	1.0%	(0.2%)	1.6%									
Op. FCF	1,386	995	1,283	1,366	1,513	EBITDA margin	5.3%	5.2%	4.7%	4.4%	4.5%									
Cash flow, group share	2,014	1,545	1,792	1,912	1,968	EBITA margin	3.4%	3.3%	2.7%	2.4%	2.5%									
Adjusted net debt	7,861	7,785	7,967	7,838	7,763	Net margin	1.4%	1.1%	0.7%	1.0%	1.1%									
Shareholders' funds, group share	6,308	6,364	6,330	6,562	6,840	ROCE incl gross goodwill	11.5%	10.2%	8.6%	7.6%	8.0%									
						Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e										
						ROE	15.4%	14.2%	11.5%	9.8%	10.2%									

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Exane BNP Paribas

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MILLICOM INTL CELLULAR (Outperform)

Mobile Operators | Telecom Operators (Underperform) - Sweden

Price at 14 Nov. 12: SEK672.0						TP: SEK750		Upside: +31.1%		EV (USDm): 11,320		Market cap (USDm): 8,432		Free float (USDm): 5,323 (63%)						
Stock market ratios						Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	Enterprise value (USDm)		Dec. 12e	%EV	Historical price					
P/E	14.3x	12.3x	13.9x	12.6x	10.8x	Market cap (*)		8,432		74%										
P/CF	8.4x	5.8x	5.8x	5.1x	5.0x	+ Adjusted net debt		2,009		18%										
FCF yield	6.7%	5.6%	4.9%	7.8%	10.1%	+ Other liab. and comm.		55		0%										
P/BVPS	4.50x	3.96x	3.95x	4.46x	5.23x	+ Revalued minority interests		1,624		14%										
Net yield	5.4%	4.4%	8.0%	9.5%	10.7%	- Revalued investments		801		7%										
EV / Sales	2.69x	2.33x	2.07x	1.83x	1.64x	= Enterprise value		11,320												
EV / EBITDA	6.2x	5.9x	5.8x	5.3x	4.8x	Financial structure*		Risk												
EV / EBITA	9.9x	10.2x	10.4x	9.1x	7.7x	Gearing 12	88%	Risk rating	0.73											
EV / OpFCF	10.5x	11.2x	11.4x	8.6x	7.2x	Debt/Mkt cap 12	24%	Beta *	0.68											
EV / Capital employed	2.5x	2.2x	2.1x	2.0x	2.1x	Debt/EBITDA 12	1.0x	1y HV	22.4											
Per share data (SEK)						Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	CAGR		2007/2012	2012/2015	Performance					
EPS restated, fully diluted	45.46	46.38	41.17	45.43	52.99	Sales	14.9%	11.9%			Absolute		1w	1m	3m	6m	12m	YTD		
EPS (IBES)	55.32	42.16	46.16	51.73	56.74	EBITDA	15.3%	6.7%			Rel. sector		0%	(4%)	(5%)	(12%)	(19%)	(15%)		
CFPS	77.65	98.94	99.30	111.09	115.17	EBITA	11.9%	9.3%			Rel. MSCI Europe		1%	2%	1%	(7%)	(10%)	(8%)		
BVPS	144.33	144.57	144.85	128.17	109.37	Attrib. Net Profit	9.4%	1.4%			12m range		High	763.0	(25%)	Tickers		Reuters	MICadb.ST	
Net dividend	35.20	25.42	45.76	54.23	61.01	Op. FCF	42.9%	15.4%			Low		566.5	1%	Bloomberg		MIC SS			
Accounts (USDm)						Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	Cash flow, group share		16.7%	2.0%	Calendar		05 Dec. 12 EGM			
Sales	4,530	4,863	5,474	6,181	6,807	Adjusted net debt	1,508	2,009	2,303	2,551	2,712	2012/2015								
EBITDA	1,974	1,925	1,966	2,140	2,336	Shareholders' funds, group share	2,254	2,131	2,064	1,763	1,451									
EBITA	1,235	1,108	1,091	1,245	1,446	Ratios														
Pre-tax profit (loss)	1,071	889	837	963	1,142	EPS restated % change	11.8%	2.0%	(11.2%)	10.4%	16.6%									
Attrib. Net Profit	730	691	603	640	720	Organic sales growth	10.5%	8.6%	10.4%	9.6%	6.7%									
Op. FCF	1,157	1,009	994	1,310	1,551	EBITDA margin	43.6%	39.6%	35.9%	34.6%	34.3%									
Cash flow, group share	1,247	1,474	1,454	1,565	1,585	EBITA margin	27.3%	22.8%	19.9%	20.1%	21.2%									
Adjusted net debt	1,508	2,009	2,303	2,551	2,712	Net margin	24.9%	12.8%	10.1%	10.4%	11.6%									
Shareholders' funds, group share	2,254	2,131	2,064	1,763	1,451	ROCE incl gross goodwill	18.4%	15.1%	13.4%	15.0%	18.4%									
						Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e										
						ROE	32.4%	32.4%	29.2%	36.3%	49.6%									

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Exane BNP Paribas

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MUNICH RE (Outperform)

Reinsurance | Insurance (Neutral) - Germany

Price at 14 Nov. 12: EUR128.2	TP: EUR152	Upside: +18.8%	Market cap (EURm): 22,774	Free float (EURm): 20,451 (90%)		
Stock market ratios						
	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
P/E	8.38x	25.86x	7.24x	8.00x	7.41x	
P/EV	0.85x	0.87x	0.82x	0.78x	0.75x	
P/BV	0.86x	0.78x	0.83x	0.80x	0.78x	
P/NAV	0.89x	0.79x	0.83x	0.80x	0.78x	
P/Tangible NAV	1.15x	1.01x	1.02x	0.98x	0.95x	
Net yield	5.7%	6.1%	5.1%	5.1%	5.3%	
Payout	48.0%	NS	36.7%	40.6%	39.0%	
Per share data (EUR)						
	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
Restated GAAP EPS, fully diluted	13.01	3.96	17.70	16.03	17.30	
Embedded value (EVPS)	128.44	117.58	157.07	164.50	171.38	
Book value (BVPS)	126.26	131.21	155.29	159.57	164.30	
Net asset value (NAVPS)	88.08	94.93	97.72	NC	NC	
Tangible NAV (TNAVPS)	95.05	101.74	126.23	130.51	135.24	
Net dividend	6.25	6.50	6.50	0.00	0.00	
Accounts (EURm)						
	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
Total Revenues	45,541	49,572	51,886	53,425	55,031	
Operating profit (Loss)	3,978	1,180	5,054	4,689	4,993	
Restated attributable net profit (Loss)	2,422	710	3,144	2,848	3,073	
Balance sheet highlights (EURm)						
	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	
Life reserves	123,203	126,120	129,013	131,090	133,509	
Shareholders' funds (group share)	22,783	23,309	27,567	28,347	29,188	
Non-Life reserves	45,367	46,666	48,002	49,376	50,790	
Financial debt	5,137	4,946	5,807	5,507	5,507	
Historical price						
Performance						
	1w	1m	3m	6m	12m	YTD
Absolute	1%	4%	6%	23%	47%	41%
Rel. sector	1%	2%	(0%)	0%	12%	8%
Rel. MSCI Europe	2%	4%	7%	13%	27%	25%
12m range						
	Price	%ch.	Tickers			
High	128.2	0%	Reuters	MUVGn.DE		
Low	83.7	53%	Bloomberg	MUV2.GY		
Calendar						
05 Feb. 13	FY 2012 Preliminary Results					
12 Mar. 13	FY 2012 Results					
25 Apr. 13	AGM					
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Exane BNP Paribas

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NOVARTIS (Outperform)

Large Pharma | Pharmaceuticals (Neutral) - Switzerland

Price at 14 Nov. 12: CHF56.8	TP: CHF68	Upside: +19.8%	EV (USDm): 153,753	Market cap (USDm): 146,122	Free float (USDm): 146,122 (100%)	
Stock market ratios						
	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
P/E	10.4x	11.4x	11.1x	9.9x	9.1x	
P/CF	10.8x	11.2x	10.9x	9.6x	8.8x	
FCF yield	7.6%	7.6%	7.7%	8.7%	9.5%	
P/BVPS	2.09x	2.10x	1.99x	1.86x	1.73x	
Net yield	4.4%	4.2%	4.4%	4.6%	4.8%	
EV / Sales	2.57x	2.76x	2.64x	2.43x	2.22x	
EV / EBITDA	8.3x	8.9x	8.5x	7.5x	6.7x	
EV / EBITA	9.5x	10.2x	9.9x	8.6x	7.7x	
EV / OpFCF	10.2x	10.9x	10.7x	9.5x	8.4x	
EV / Capital employed	1.9x	2.0x	2.0x	2.0x	2.0x	
Per share data (CHF)						
	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
EPS restated, fully diluted	4.88	4.97	5.09	5.72	6.20	
EPS (BES)	4.95	4.92	5.06	5.56	6.18	
CFPS	4.70	5.05	5.19	5.92	6.44	
BVPS	24.36	27.06	28.50	30.56	32.86	
Net dividend	2.25	2.41	2.49	2.61	2.74	
Accounts (USDm)						
	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
Sales	58,565	55,787	56,369	58,780	61,221	
EBITDA	18,050	17,361	17,442	19,011	20,170	
EBITA	15,909	15,113	15,082	16,533	17,567	
Pre-tax profit (loss)	10,244	11,197	11,238	13,411	14,523	
Attrib. Net Profit	13,273	12,852	13,177	14,811	16,054	
Op. FCF	14,795	14,103	13,940	15,054	16,116	
Cash flow, group share	12,767	13,062	13,419	15,320	16,665	
Adjusted net debt	15,154	10,124	5,236	(780)	(7,709)	
Shareholders' funds, group share	65,844	69,677	73,388	78,686	84,617	
Ratios						
	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e	
EPS restated % change	(8.5%)	1.7%	2.5%	12.4%	8.4%	
Organic sales growth	3.0%	(4.7%)	1.0%	4.3%	4.2%	
EBITDA margin	30.8%	31.1%	30.9%	32.3%	32.9%	
EBITA margin	27.2%	27.1%	26.8%	28.1%	28.7%	
Net margin	15.8%	18.0%	18.1%	20.6%	21.4%	
ROCE incl gross goodwill	17.0%	16.8%	17.4%	19.9%	22.2%	
ROE	20.2%	18.4%	18.0%	18.8%	19.0%	
Enterprise value (USDm)						
	Dec. 12e	%EV				
Market cap (*)	146,122	95%				
+ Adjusted net debt	10,124	7%				
+ Other liab. and comm.	6,589	4%				
+ Revalued minority interests	934	1%				
- Revalued investments	10,016	7%				
= Enterprise value	153,753					
Financial structure*						
Gearing 12	14%					
Debt/Mkt cap 12	7%					
Debt/EBITDA 12	0.6x					
*for FY ending Dec. 12e						
Risk						
Risk rating	0.69					
Beta *	0.39					
1y HV	13.0					
*relative to MSCI						
Historical price						
Performance						
	1w	1m	3m	6m	12m	YTD
Absolute	0%	(2%)	(2%)	15%	16%	9%
Rel. sector	1%	0%	1%	4%	(3%)	(3%)
Rel. MSCI Europe	2%	(1%)	(1%)	5%	3%	(2%)
12m range						
	Price	%ch.	Tickers			
High	59.0	(4%)	Reuters	NOVNVX		
Low	47.8	19%	Bloomberg	NOVNVX		
Calendar						
23 Jan. 13	FY 2012 Results					
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Exane BNP Paribas

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RIO TINTO (Outperform)

Mining (Outperform) - United Kingdom

Price at 14 Nov. 12: 3,025p	TP: 4,200p	Upside: +38.8%	EV (USDm): 120,985	Market cap (USDm): 93,903	Free float (USDm): 88,269 (94%)										
Stock market ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Enterprise value (USDm)	Dec. 12e	%EV	Historical price						
P/E	7.9x	7.7x	8.9x	7.5x	6.3x	Market cap (*)	93,903	78%							
P/CF	6.1x	6.7x	5.5x	5.0x	4.5x	+ Adjusted net debt	16,192	13%							
FCF yield	10.6%	5.2%	0.5%	3.8%	12.5%	+ Other liab. and comm.	18,480	15%							
P/BVPS	1.88x	2.23x	1.50x	1.30x	1.08x	+ Revalued minority interests	9,351	8%							
Net yield	1.9%	2.3%	3.2%	3.5%	3.7%	- Revalued investments	16,942	14%							
EV/Sales	2.22x	2.32x	2.00x	1.76x	1.33x	= Enterprise value	120,985								
EV/EBITDA	5.7x	5.7x	6.6x	5.1x	3.3x	Financial structure*			Risk						
EV/EBITA	6.7x	6.6x	8.5x	6.4x	3.9x	Gearing 12	24%	Risk rating	1.12						
EV/OpFCF	7.7x	11.2x	44.1x	13.6x	5.6x	Debt/Mkt cap 12	17%	Beta *	1.51						
EV/Capital employed	1.6x	1.6x	1.1x	1.0x	0.9x	Debt/EBITDA 12	0.9x	1y HV	35.4						
Per share data (p)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	* relative to MSCI									
EPS restated, fully diluted	459.05	505.75	339.78	403.99	478.64	CAGR	1999/2012	2012/2014	Performance	1w	1m	3m	6m	12m	YTD
EPS (IBES)	504.05	332.99	382.55	428.62		Sales	15.5%	16.8%	Absolute	(3%)	0%	(4%)	1%	(9%)	(0%)
CFPS	590.61	585.60	551.22	602.99	667.00	EBITDA	NC	35.2%	Rel. sector	0%	(0%)	(3%)	1%	1%	3%
BVPS	1,924.75	1,749.17	2,017.45	2,323.99	2,811.29	EBITA	NC	40.4%	Rel. MSCI Europe	(3%)	0%	(5%)	(9%)	(16%)	(8%)
Net dividend	69.92	90.45	97.90	104.75	112.08	Attrib. Net Profit	12.8%	31.5%	12m range	Price	%ch.	Tickers			
Accounts (USDm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Op. FCF	3.7%	168.6%	High	3,988	(24%)	Reuters	RIO L		
Sales	60,323	65,678	60,559	68,272	82,577	Cash flow, group share	16.5%	21.9%	Low	2,716	11%	Bloomberg	RIO LN		
EBITDA	23,452	26,816	18,351	23,545	33,552	EPS restated	11.8%	18.7%							
EBITA	20,015	22,999	14,317	18,820	28,204	CFPS	15.7%	10.0%							
Pre-tax profit (loss)	19,476	13,102	13,142	17,729	27,389										
Attrib. Net Profit	13,987	15,549	10,026	11,844	17,339										
Op. FCF	17,535	13,662	2,743	8,792	19,794										
Cash flow, group share	17,996	18,004	16,265	17,679	24,162										
Adjusted net debt	4,443	11,931	16,192	15,089	5,258										
Shareholders' funds, group share	58,333	52,539	59,083	68,061	82,332										
Ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e										
EPS restated % change	100.4%	10.2%	(32.8%)	18.9%	18.5%										
Organic sales growth															
EBITDA margin	38.9%	40.8%	30.3%	34.5%	40.6%										
EBITA margin	33.2%	35.0%	23.6%	27.6%	34.2%										
Net margin	25.2%	10.3%	18.6%	18.4%	23.2%										
ROCE incl gross goodwill	16.9%	12.2%	10.4%	10.5%	14.6%										
ROE	24.0%	29.6%	17.0%	17.4%	21.1%										

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Exane BNP Paribas

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SABMILLER (Outperform)

Brewers | Beverages (Underperform) - United Kingdom

Price at 14 Nov. 12: 2,671p	TP: 3,000p	Upside: +12.3%	EV (USDm): 63,983	Market cap (USDm): 67,010	Free float (USDm): 38,866 (58%)										
Stock market ratios	Mar. 11	Mar. 12	Mar. 13e	Mar. 14e	Mar. 15e	Enterprise value (USDm)	Mar. 13e	%EV	Historical price						
P/E	16.7x	17.3x	18.0x	15.6x	13.7x	Market cap (*)	67,010	105%							
P/CF	13.3x	13.5x	13.7x	11.4x	9.8x	+ Adjusted net debt	16,683	26%							
FCF yield	5.2%	5.5%	5.0%	6.7%	8.0%	+ Other liab. and comm.	586	1%							
P/BVPS	2.27x	2.30x	2.50x	2.32x	2.13x	+ Revalued minority interests	3,907	6%							
Net yield	2.6%	2.5%	2.5%	2.8%	3.2%	- Revalued investments	24,204	38%							
EV/Sales	2.95x	3.61x	3.35x	2.99x	2.62x	= Enterprise value	63,983								
EV/EBITDA	9.7x	12.0x	10.6x	8.9x	7.6x	Financial structure*			Risk						
EV/EBITA	12.5x	15.1x	13.7x	11.5x	9.7x	Gearing 13	60%	Risk rating	1.42						
EV/OpFCF	13.4x	16.2x	14.6x	11.5x	9.4x	Debt/Mkt cap 13	25%	Beta *	0.78						
EV/Capital employed	1.8x	1.6x	1.7x	1.6x	1.5x	Debt/EBITDA 13	2.8x	1y HV	18.5						
Per share data (p)	Mar. 11	Mar. 12	Mar. 13e	Mar. 14e	Mar. 15e	* relative to MSCI									
EPS restated, fully diluted	121.50	132.04	148.61	171.42	195.53	CAGR	1997/2012	2012/2014	Performance	1w	1m	3m	6m	12m	YTD
EPS (IBES)	133.21	148.78	166.86	187.95		Sales	9.3%	7.2%	Absolute	0%	0%	(5%)	9%	23%	20%
CFPS	151.82	169.33	194.28	235.16	272.37	EBITDA	8.7%	12.0%	Rel. sector	(2%)	(0%)	(9%)	(6%)	(8%)	(7%)
BVPS	891.95	992.92	1,069.33	1,152.34	1,256.19	EBITA	8.2%	12.6%	Rel. MSCI Europe	0%	1%	(6%)	(2%)	14%	11%
Net dividend	52.10	57.05	66.03	75.94	85.81	Attrib. Net Profit	8.0%	14.7%	12m range	Price	%ch.	Tickers			
Accounts (USDm)	Mar. 11	Mar. 12	Mar. 13e	Mar. 14e	Mar. 15e	Op. FCF	8.9%	17.7%	High	2,869	(7%)	Reuters	SAB L		
Sales	15,145	16,713	19,085	20,435	21,935	Cash flow, group share	8.9%	18.4%	Low	2,078	29%	Bloomberg	SAB LN		
EBITDA	4,586	5,023	6,039	6,845	7,578	EPS restated	2.5%	14.7%							
EBITA	3,563	3,987	4,675	5,305	5,926	CFPS	3.3%	18.4%							
Pre-tax profit (loss)	2,602	4,451	3,656	4,392	5,342										
Attrib. Net Profit	2,996	3,370	3,768	4,347	4,958										
Op. FCF	3,342	3,714	4,413	5,295	6,118										
Cash flow, group share	3,744	4,322	4,926	5,963	6,907										
Adjusted net debt	7,462	18,481	16,683	13,728	10,249										
Shareholders' funds, group share	22,008	25,073	26,827	28,910	31,515										
Ratios	Mar. 11	Mar. 12	Mar. 13e	Mar. 14e	Mar. 15e										
EPS restated % change	23.0%	8.7%	12.5%	15.3%	14.1%										
Organic sales growth	5.3%	7.4%	8.1%	8.5%	8.5%										
EBITDA margin	30.3%	30.1%	31.6%	33.5%	34.5%										
EBITA margin	23.5%	23.9%	24.5%	26.0%	27.0%										
Net margin	16.9%	26.8%	19.1%	20.8%	23.0%										
ROCE incl gross goodwill	10.8%	7.9%	9.0%	10.1%	11.3%										
ROE	13.6%	13.4%	14.0%	15.0%	15.7%										

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Exane BNP Paribas

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SCHNEIDER (Outperform)

Electrical Equipment | Capital Goods (Outperform) - France

Price at 14 Nov. 12: EUR48.9	TP: EUR57	Upside: +16.6%	EV (EURm): 31,485	Market cap (EURm): 25,940	Free float (EURm): 20,477 (79%)
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Stockmarket ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P / E	12.6x	14.1x	13.1x	12.6x	11.2x
P / CF	9.9x	11.1x	9.9x	9.4x	8.5x
FCF yield	7.0%	5.3%	7.0%	7.7%	8.8%
P / BVPS	1.60x	1.92x	1.58x	1.50x	1.39x
Net yield	3.6%	3.4%	3.7%	3.9%	4.4%
EV / Sales	1.33x	1.45x	1.31x	1.26x	1.15x
EV / EBITDA	7.3x	8.7x	8.1x	7.5x	6.6x
EV / EBITA	9.2x	10.9x	10.1x	9.3x	8.0x
EV / OpFCF	10.2x	13.4x	10.9x	9.5x	8.0x
EV / Capital employed	1.3x	1.6x	1.5x	1.5x	1.4x

Enterprise value (EURm)	Dec. 12e	%EV
Market cap (*)	25,940	82%
+ Adjusted net debt	4,816	15%
+ Other liab. and comm.	1,142	4%
+ Revalued minority interests	410	1%
- Revalued investments	823	3%
= Enterprise value	31,485	

Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated, fully diluted	3.59	3.57	3.72	3.89	4.38
EPS (IBES)		3.95	3.91	4.20	4.63
CFPS	4.56	4.55	4.96	5.18	5.72
BVPS	28.13	26.20	30.89	32.65	35.24
Net dividend	1.61	1.70	1.81	1.88	2.14

Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Sales	19,580	22,387	24,015	24,589	25,805
EBITDA	3,592	3,724	3,882	4,143	4,537
EBITA	2,847	2,958	3,120	3,355	3,729
Pre-tax profit (loss)	2,584	2,664	2,853	3,071	3,462
Attrib. Net Profit	1,868	1,936	2,027	2,117	2,387
Op. FCF	2,560	2,417	2,884	3,281	3,694
Cash flow, group share	2,372	2,472	2,700	2,820	3,115
Adjusted net debt	2,698	5,266	4,816	3,164	1,835
Shareholders' funds, group share	14,785	14,141	16,674	17,621	19,019

Ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated % change	72.0%	(0.7%)	4.4%	4.5%	12.7%
Organic sales growth	9.8%	8.3%	(0.3%)	3.2%	4.9%
EBITDA margin	18.3%	16.6%	16.2%	16.9%	17.6%
EBITA margin	14.5%	13.2%	13.0%	13.6%	14.4%
Net margin	10.3%	9.5%	9.3%	9.5%	10.2%
ROCE incl gross goodwill	11.3%	11.3%	11.4%	11.9%	13.1%
ROE	12.6%	13.7%	12.2%	12.0%	12.6%

Financial structure *	Risk
Gearing 12	28%
Debt/Mkt cap 12	19%
Debt/EBITDA 12	1.2x
* for FY ending Dec. 12e	
Risk rating	0.93
Beta *	1.79
1y HV	38.2
* relative to MSCI	

CAGR	1992/2012	2012/2014
Sales	5.0%	3.7%
EBITDA	8.1%	8.1%
EBITA	10.0%	9.3%
Attrib. Net Profit	46.3%	8.5%
Op. FCF	8.4%	13.2%
Cash flow, group share	8.6%	7.4%
EPS restated	11.0%	8.5%
CFPS	4.8%	7.4%

Performance	1w	1m	3m	6m	12m	YTD
Absolute	(2%)	3%	(2%)	15%	24%	23%
Rel. sector	0%	0%	(4%)	0%	5%	6%
Rel. MSCI Europe	(1%)	3%	(1%)	4%	7%	10%

12m range	Price	%ch.	Tickers
High	53.2	(8%)	Reuters SCHN PA
Low	35.7	37%	Bloomberg SU FP

Calendar	
21 Feb. 13	FY 2012 Results
23 Apr. 13	Q1 2013 Sales
25 Apr. 13	AGM

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Exane BNP Paribas

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SIEMENS (Underperform)

Electrical Equipment | Capital Goods (Outperform) - Germany

Price at 14 Nov. 12: EUR78.0	TP: EUR86	Upside: +10.3%	EV (EURm): 69,234	Market cap (EURm): 65,659	Free float (EURm): 61,720 (94%)
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Stockmarket ratios	Sep. 10	Sep. 11	Sep. 12e	Sep. 13e	Sep. 14e
P / E	15.1x	11.6x	11.6x	12.4x	10.8x
P / CF	6.1x	11.6x	12.7x	9.1x	7.5x
FCF yield	11.7%	12.7%	1.3%	7.4%	9.3%
P / BVPS	2.15x	2.42x	1.83x	1.93x	1.76x
Net yield	3.9%	3.4%	4.1%	4.0%	4.4%
EV / Sales	0.74x	0.97x	0.82x	0.89x	0.83x
EV / EBITDA	6.8x	7.4x	6.6x	7.8x	6.7x
EV / EBITA	10.0x	8.9x	8.8x	9.6x	8.0x
EV / OpFCF	6.1x	6.2x	26.8x	9.4x	7.3x
EV / Capital employed	1.9x	2.5x	2.0x	2.1x	2.0x

Enterprise value (EURm)	Sep. 13e	%EV
Market cap (*)	65,659	95%
+ Adjusted net debt	9,835	14%
+ Other liab. and comm.	10,232	15%
+ Revalued minority interests	2,277	3%
- Revalued investments	18,769	27%
= Enterprise value	69,234	

Per share data (EUR)	Sep. 10	Sep. 11	Sep. 12e	Sep. 13e	Sep. 14e
EPS restated, fully diluted	4.64	7.55	6.22	6.26	7.21
EPS (IBES)			5.71	6.19	7.39
CFPS	8.70	7.53	5.69	8.55	10.40
BVPS	32.65	36.11	39.61	40.50	44.28
Net dividend	2.70	3.00	3.00	3.10	3.40

Accounts (EURm)	Sep. 10	Sep. 11	Sep. 12e	Sep. 13e	Sep. 14e
Sales	75,978	73,515	78,716	78,118	80,083
EBITDA	8,216	9,653	9,722	8,853	9,980
EBITA	5,593	7,988	7,332	7,208	8,335
Pre-tax profit (loss)	5,466	9,741	7,464	6,911	8,707
Attrib. Net Profit	4,072	6,665	5,374	5,320	6,121
Op. FCF	9,261	11,396	2,404	7,351	9,136
Cash flow, group share	7,635	6,646	4,911	7,264	8,832
Adjusted net debt	5,559	4,995	9,291	9,835	6,470
Shareholders' funds, group share	28,346	31,530	33,916	34,098	37,287

Ratios	Sep. 10	Sep. 11	Sep. 12e	Sep. 13e	Sep. 14e
EPS restated % change	(11.9%)	62.7%	(17.6%)	0.7%	15.0%
Organic sales growth	(2.9%)	6.6%	3.6%	(2.0%)	2.1%
EBITDA margin	10.8%	13.1%	12.4%	11.3%	12.5%
EBITA margin	7.4%	10.9%	9.3%	9.2%	10.4%
Net margin	5.0%	9.3%	6.2%	6.3%	7.8%
ROCE incl gross goodwill	13.4%	22.0%	16.5%	15.0%	17.5%
ROE	14.4%	21.1%	15.8%	15.6%	16.4%

Financial structure *	Risk
Gearing 13	28%
Debt/Mkt cap 13	15%
Debt/EBITDA 13	1.1x
* for FY ending Sep. 13e	
Risk rating	0.90
Beta *	1.10
1y HV	20.6
* relative to MSCI	

CAGR	2000/2012	2012/2014
Sales	0.1%	0.9%
EBITDA	4.6%	1.3%
EBITA	10.8%	6.6%
Attrib. Net Profit	(4.1%)	6.7%
Op. FCF	0.8%	94.9%
Cash flow, group share	(1.4%)	34.1%
EPS restated	(4.4%)	7.6%
CFPS	(1.2%)	35.2%

Performance	1w	1m	3m	6m	12m	YTD
Absolute	(1%)	2%	5%	16%	9%	9%
Rel. sector	0%	(0%)	3%	2%	(8%)	(6%)
Rel. MSCI Europe	(0%)	3%	6%	6%	(5%)	(3%)

12m range	Price	%ch.	Tickers
High	80.3	(3%)	Reuters SIEGn.DE
Low	63.1	24%	Bloomberg SIE GY

Calendar	
23 Jan. 13	Q1 2013 Results
23 Jan. 13	AGM
02 May. 13	Q2 2013 Results

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Exane BNP Paribas

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SOCIÉTÉ GÉNÉRALE (Outperform)

Banks (Outperform) - France

Price at 14 Nov. 12: EUR25.0	TP: EUR30	Upside: +20.0%	Market cap (EURm): 18,399	Free float (EURm): 14,879 (81%)
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Stock market ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P/E	8.62x	11.32x	7.60x	6.53x	5.54x
P/GOP	3.13x	2.97x	2.51x	2.28x	2.16x
P/BV	0.80x	0.61x	0.43x	0.41x	0.38x
P/Tangible BV	1.05x	0.78x	0.53x	0.50x	0.45x
-Min	0.77x	0.35x	0.32x		
-Max	1.32x	1.21x	0.57x		
Net yield	4.2%	0.0%	2.1%	3.8%	4.5%
Payout	36.3%		16.0%	25.0%	25.0%

Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS, fully diluted	4.82	2.96	3.29	3.83	4.51
NBIFS	35.56	33.60	31.91	32.47	33.86
BVPS	51.93	54.75	57.89	60.31	65.22
Tangible BVPS	39.58	43.16	46.95	50.23	55.15
Net dividend	1.75	0.00	0.53	0.96	1.13

Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Total revenues	26,418	25,636	24,058	25,031	26,106
GOP	9,873	8,600	7,516	8,461	8,940
Pre-tax profit	5,713	4,270	3,944	4,956	5,753
NAP (bef. gdw.)	3,580	2,258	2,479	2,951	3,478

Balance sheet highlights (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Shareholders' funds, group share	37,652	40,894	43,651	46,498	50,287
Customer loans	401,013	396,842	395,894	391,059	392,228
Customer deposits	337,447	340,172	353,779	371,468	390,041

Key Ratio	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Tier 1 Ratio	10.6%	11.0%	12.5%	11.5%	12.6%
Equity tier 1 ratio	8.5%	9.0%	10.7%	10.0%	11.1%

Historical price	1w	1m	3m	6m	12m	YTD
Absolute	2%	4%	23%	52%	34%	45%
Rel. sector	2%	3%	13%	25%	9%	19%
Rel. MSCI Europe	3%	5%	24%	38%	16%	29%

12m range	Price	%ch.	Tickers
High	26.8	(7%)	Reuters SOGN.PA
Low	15.0	67%	Bloomberg GLEFP

13 Feb. 13 FY 2012 Results
07 May. 13 Q1 2013 Results
01 Aug. 13 Q2 2013 Results

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Exane BNP Paribas

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TELECOM ITALIA (Outperform)

Incumbent Telcos | Telecom Operators (Underperform) - Italy

Price at 14 Nov. 12: EUR0.73	TP: EUR1.00	Upside: +37.2%	EV (EURm): 44,516	Market cap (EURm): 13,545	Free float (EURm): 8,520 (63%)
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Stock market ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P/E	7.8x	6.6x	5.6x	5.5x	5.0x
P/CF	2.9x	2.4x	2.0x	2.0x	2.1x
FCF yield	12.4%	18.1%	23.2%	23.2%	20.8%
P/BVPS	0.65x	0.74x	0.54x	0.51x	0.47x
Net yield	5.7%	4.6%	5.9%	5.9%	6.5%
EV / Sales	1.92x	1.71x	1.50x	1.46x	1.39x
EV / EBITDA	4.5x	4.1x	3.7x	3.6x	3.4x
EV / EBITA	8.5x	7.5x	6.7x	6.4x	5.8x
EV / OpFCF	9.2x	7.5x	6.4x	6.2x	6.0x
EV / Capital employed	0.8x	0.9x	0.8x	0.8x	0.7x

Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated, fully diluted	0.13	0.14	0.13	0.13	0.15
EPS (BES)		0.14	0.13	0.13	0.13
CFPS	0.36	0.39	0.36	0.36	0.35
BVPS	1.59	1.26	1.35	1.43	1.54
Net dividend	0.06	0.04	0.04	0.04	0.05

Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Sales	27,571	29,956	29,590	28,891	28,914
EBITDA	11,801	12,339	11,880	11,761	11,757
EBITA	6,231	6,830	6,692	6,632	6,928
Pre-tax profit (loss)	4,127	(2,602)	4,926	5,008	5,438
Attrib. Net Profit	2,551	2,726	2,595	2,585	2,819
Op. FCF	5,756	6,850	6,967	6,814	6,721
Cash flow, group share	6,939	7,646	7,004	6,922	6,747
Adjusted net debt	35,711	35,237	32,536	29,704	27,296
Shareholders' funds, group share	28,819	22,791	24,414	26,026	27,873

Ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated % change	5.5%	6.9%	(4.8%)	(0.4%)	9.1%
Organic sales growth	1.8%	8.6%	(1.2%)	(2.4%)	0.1%
EBITDA margin	42.8%	41.2%	40.1%	40.7%	40.7%
EBITA margin	22.6%	22.8%	22.6%	23.0%	24.0%
Net margin	13.0%	(14.2%)	10.5%	10.9%	11.8%
ROCE incl gross goodwill	6.2%	7.6%	7.5%	7.5%	7.8%
ROE	8.9%	12.0%	10.6%	9.9%	10.1%

Enterprise value (EURm)	Dec. 12e	%EV
Market cap (*)	13,545	30%
+ Adjusted net debt	32,536	73%
+ Other liab. and comm.	860	2%
+ Revalued minority interests	2,458	6%
- Revalued investments	4,883	11%
= Enterprise value	44,516	

Financial structure*	Risk
Gearing 12	113%
Debt/Mkt cap 12	240%
Debt/EBITDA 12	2.7x
*for FY ending Dec. 12e	
Beta *	1.11
1y HV	37.8
* relative to MSCI	

Historical price	1w	1m	3m	6m	12m	YTD
Absolute	8%	(4%)	(1%)	(4%)	(14%)	(8%)
Rel. sector	10%	1%	10%	(4%)	(9%)	(4%)
Rel. MSCI Europe	9%	(4%)	(0%)	(13%)	(25%)	(19%)

12m range	Price	%ch.	Tickers
High	0.93	(21%)	Reuters TLIT.M
Low	0.61	20%	Bloomberg BITM

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Exane BNP Paribas

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TULLOW OIL (Outperform)

Exploration & Production | Oil & Gas (Neutral) - United Kingdom

Price at 14 Nov. 12: GBP13.7		TP: GBP15	Upside: +9.4%	EV (USDm): 20,700	Market cap (USDm): 19,116	Free float (USDm): 19,116 (100%)
Stock market ratios						
P/E	NS	30.8x	30.2x	20.7x	21.5x	
P/CF	36.6x	13.7x	16.3x	16.4x	17.7x	
FCF yield	(12.0%)	(0.5%)	(3.9%)	(3.8%)	(4.2%)	
P/BVPS	4.34x	4.58x	3.53x	3.13x	2.84x	
Net yield	0.5%	0.5%	0.6%	0.6%	0.6%	
EV / Sales	17.44x	9.68x	8.94x	8.46x	9.20x	
EV / EBITDA	31.6x	13.4x	13.5x	11.5x	12.4x	
EV / EBITA	81.2x	19.7x	19.9x	14.5x	15.4x	
EV / OpFCF	NS	89.3x	NS	NS	NS	
EV / Capital employed	3.1x	3.1x	3.2x	2.7x	2.3x	
Per share data (GBP)						
EPS restated, fully diluted	0.06	0.43	0.45	0.66	0.64	
EPS (IBES)		0.43	0.53	0.55	0.51	
CFPS	0.33	0.97	0.84	0.84	0.77	
BVPS	2.80	2.89	3.88	4.37	4.82	
Net dividend	0.06	0.06	0.08	0.08	0.08	
Accounts (USDm)						
Sales	1,090	2,304	2,316	2,545	2,438	
EBITDA	601	1,664	1,536	1,865	1,806	
EBITA	234	1,130	1,040	1,484	1,453	
Pre-tax profit (loss)	152	1,073	1,306	1,205	1,115	
Attrib. Net Profit	81	620	648	945	910	
Op. FCF	(1,814)	250	(354)	(330)	(392)	
Cash flow, group share	456	1,401	1,204	1,194	1,104	
Adjusted net debt	1,943	2,608	862	1,693	2,601	
Shareholders' funds, group share	3,808	4,069	5,410	6,099	6,726	
Ratios						
EPS restated % change	16.0%	623.9%	5.7%	45.9%	(3.7%)	
Organic sales growth						
EBITDA margin	55.2%	72.2%	66.3%	73.3%	74.1%	
EBITA margin	21.5%	49.0%	44.9%	58.3%	59.6%	
Net margin	6.7%	29.9%	43.4%	31.3%	30.3%	
ROCE incl gross goodwill	1.8%	10.0%	12.6%	12.3%	10.0%	
ROE	2.1%	15.2%	12.0%	15.5%	13.5%	
Enterprise value (USDm)						
Market cap (*)		19,116	92%			
+ Adjusted net debt		862	4%			
+ Other liab. and comm.		460	2%			
+ Revalued minority interests		263	1%			
- Revalued investments		1	0%			
= Enterprise value		20,700				
Financial structure*						
Gearing 12	16%					
Debt/Mkt cap 12	5%					
Debt/EBITDA 12	0.6x					
Risk						
Risk rating	1.03					
Beta *	1.16					
1y HV	32.2					
* relative to MSCI						
Historical price						
Performance						
Absolute	(2%)	(2%)	(0%)	(1%)	3%	(1%)
Rel. sector	(0%)	2%	5%	(6%)	6%	3%
Rel. MSCI Europe	(1%)	(2%)	(2%)	(11%)	(5%)	(9%)
12m range						
High	16.0	(14%)				
Low	12.4	11%				
Tickers						
Reuters	TLWL					
Bloomberg	TLW LN					
Calendar						
11 Jan. 13	Trading Statement and Operational Update					
13 Feb. 13	FY 2012 Preliminary Results					
08 May. 13	Interim Management Statement 2013					
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Exane BNP Paribas

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UBS AG (Outperform)

Banks (Outperform) - Switzerland

Price at 14 Nov. 12: CHF14.3		TP: CHF16	Upside: +12.1%	Market cap (CHFm): 52,272	Free float (CHFm): 52,272 (100%)	
Stock market ratios						
P/E	8.72x	12.67x	22.24x	11.02x	9.49x	
P/GOP	8.30x	9.87x	NC	9.43x	7.87x	
P/BV	1.33x	0.98x	1.02x	1.03x	0.97x	
P/Tangible BV	1.69x	1.20x	1.17x	1.18x	1.11x	
-Min	1.39x	0.83x	0.80x			
-Max	1.92x	1.62x	1.21x			
Net yield	0.0%	0.7%	0.7%	3.5%	3.5%	
Payout		9.0%	15.6%	38.6%	33.3%	
Per share data (CHF)						
EPS, fully diluted	1.87	1.11	0.64	1.29	1.50	
NBIPS	8.35	7.31	6.92	8.01	8.36	
BVPS	12.21	14.29	13.97	13.89	14.72	
Tangible BVPS	9.64	11.70	12.20	12.07	12.83	
Net dividend	0.00	0.10	0.10	0.50	0.50	
Accounts (CHFm)						
Total revenues	32,061	27,872	25,944	30,031	31,341	
GOP	7,521	5,433	(242)	5,673	6,793	
Pre-tax profit	7,455	5,349	(381)	5,494	6,611	
NAP (bef. gdw.)	7,161	4,233	2,404	4,851	5,634	
Balance sheet highlights (CHFm)						
Shareholders' funds, group share	46,759	53,551	52,351	52,057	55,187	
Customer loans	262,877	266,604	278,441	278,441	289,747	
Customer deposits	332,301	342,409	369,047	369,047	369,047	
Key Ratio						
Tier 1 Ratio	17.7%	16.9%	21.6%	15.5%	19.1%	
Equity tier 1 ratio	15.3%	15.0%	19.4%	13.9%	17.3%	
Historical price						
Performance						
Absolute	(2%)	21%	36%	29%	31%	28%
Rel. sector	(2%)	19%	25%	6%	10%	6%
Rel. MSCI Europe	(1%)	21%	37%	17%	16%	15%
12m range						
High	14.8	(3%)				
Low	9.8	46%				
Tickers						
Reuters	UBSNLVX					
Bloomberg	UBSNVX					
05 Feb. 13 Q4 2012 Results						
30 Apr. 13 Q1 2013 Results						
02 May. 13 AGM						
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VIRGIN MEDIA (Outperform)

Altnets and Cable | Telecom Operators (Underperform) - United Kingdom

Price at 14 Nov. 12: GBP20.3	TP: GBP26	Upside: +27.8%	EV (GBPm): 10,349	Market cap (GBPm): 5,304	Free float (GBPm): 5,304 (100%)
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Stock market ratios	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e
P / E	25.7x	18.7x	10.4x	7.4x	5.5x
P / CF	4.4x	4.2x	3.6x	3.2x	2.8x
FCF yield	10.1%	8.7%	13.5%	16.1%	19.8%
P / BVPS	7.42x	11.88x	5.35x	3.04x	1.94x
Net yield	0.6%	0.5%	0.5%	0.5%	0.5%
EV / Sales	2.53x	2.51x	2.23x	1.93x	1.62x
EV / EBITDA	6.4x	6.2x	5.3x	4.6x	3.7x
EV / EBITA	15.3x	14.9x	10.9x	8.5x	6.5x
EV / OpFCF	11.6x	11.2x	8.8x	7.5x	6.0x
EV / Capital employed	1.6x	1.6x	1.6x	1.4x	1.3x

Enterprise value (GBPm)	Dec. 12e	%EV
Market cap (*)	5,304	51%
+ Adjusted net debt	5,447	53%
+ Other liab. and comm.	72	1%
+ Revalued minority interests		
- Revalued investments	474	5%
= Enterprise value	10,349	

Per share data (GBP)	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e
EPS restated, fully diluted	0.64	1.09	1.96	2.75	3.68
EPS (IBES)	0.26	0.92	1.59	2.01	2.64
CFPS	3.73	4.79	5.72	6.34	7.16
BVPS	2.23	1.71	3.80	6.68	10.49
Net dividend	0.11	0.11	0.11	0.11	0.11

Accounts (GBPm)	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e
Sales	3,992	4,116	4,309	4,501	4,709
EBITDA	1,584	1,663	1,810	1,911	2,034
EBITA	661	696	878	1,023	1,176
Pre-tax profit (loss)	93	299	511	716	959
Attrib. Net Profit	195	298	511	716	959
Op. FCF	866	920	1,086	1,162	1,267
Cash flow, group share	1,134	1,313	1,491	1,653	1,866
Adjusted net debt	5,467	5,447	4,694	3,805	2,720
Shareholders' funds, group share	639	447	992	1,742	2,735

Ratios	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e	Dec. 15e
EPS restated % change	NS	69.2%	79.9%	40.2%	34.0%
Organic sales growth					
EBITDA margin	39.7%	40.4%	42.0%	42.5%	43.2%
EBITA margin	16.6%	16.9%	20.4%	22.7%	25.0%
Net margin	1.9%	7.2%	11.9%	15.9%	20.4%
ROCE incl gross goodwill	8.6%	11.0%	14.3%	16.9%	19.6%
ROE	30.6%	66.8%	51.5%	41.1%	35.1%

Financial structure*	Risk
Gearing 12	1220%
Debt/Mkt cap 12	103%
Debt/EBITDA 12	3.3x
* for FY ending Dec. 12e	
Risk rating	1.38
Beta *	0.62
1y HV	26.0
* relative to MSCI	

CAGR	2008/2012	2012/2015
Sales	2.2%	4.6%
EBITDA	6.3%	6.9%
EBITA	14.9%	19.1%
Attrib. Net Profit	NC	47.6%
Op. FCF	5.0%	11.2%
Cash flow, group share	13.0%	12.4%
EPS restated	NC	50.0%
CFPS	18.2%	14.3%

Historical price
Price (ths)
Price rel MSCI Europe (ths, GBP)

Performance	1w	1m	3m	6m	12m	YTD
Absolute	0%	6%	18%	45%	34%	48%
Rel. sector	NC	NC	NC	NC	NC	NC
Rel. MSCI Europe	2%	6%	15%	34%	24%	36%

12m range	Price	%ch.	Tickers
High	20.9	(3%)	Reuters VMED.L
Low	13.3	52%	Bloomberg VMED.LN

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VOLKSWAGEN PREF (Outperform)

Automobiles | Automotive (Neutral) - Germany

Price at 14 Nov. 12: EUR154.5	TP: EUR179	Upside: +15.9%	EV (EURm): 55,016	Market cap (EURm): 69,813	Free float (EURm): 25,831 (37%)
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Stock market ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
P / E	6.2x	5.9x	5.7x	6.6x	6.0x
P / CF	3.1x	3.7x	3.7x	4.2x	3.9x
FCF yield	21.1%	13.5%	(8.2%)	4.2%	7.4%
P / BVPS	0.53x	0.93x	1.02x	0.92x	0.82x
Net yield	2.7%	2.5%	2.4%	2.7%	3.3%
EV / Sales	0.22x	0.19x	0.30x	0.28x	0.26x
EV / EBITDA	1.8x	1.5x	2.6x	2.4x	2.1x
EV / EBITA	3.6x	2.5x	4.1x	3.8x	3.2x
EV / OpFCF	3.1x	4.0x	NS	8.1x	5.3x
EV / Capital employed	0.9x	1.1x	1.2x	1.1x	0.9x

Enterprise value (EURm)	Dec. 12e	%EV
Market cap (*)	69,813	127%
+ Adjusted net debt	(9,498)	(17%)
+ Other liab. and comm.	17,014	31%
+ Revalued minority interests	4,300	8%
- Revalued investments	26,613	46%
= Enterprise value	55,016	

Per share data (EUR)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated, fully diluted	13.32	20.52	27.01	23.47	25.77
EPS (IBES)		18.53	47.57	24.21	27.48
CFPS	26.37	32.64	18.01	36.70	39.99
BVPS	155.84	129.71	150.83	168.43	188.41
Net dividend	2.20	3.00	3.70	4.20	5.10

Accounts (EURm)	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
Sales	126,875	159,337	186,400	197,100	202,665
EBITDA	15,501	19,538	21,294	22,467	24,255
EBITA	7,750	12,052	13,475	14,515	16,170
Pre-tax profit (loss)	8,994	18,925	14,475	13,763	15,703
Attrib. Net Profit	6,198	9,546	12,565	10,918	11,990
Op. FCF	8,881	7,515	(4,914)	6,694	9,703
Cash flow, group share	12,271	15,186	8,379	17,075	18,605
Adjusted net debt	(18,639)	(18,747)	(9,498)	(10,896)	(14,394)
Shareholders' funds, group share	45,978	60,357	70,182	78,371	87,669

Ratios	Dec. 10	Dec. 11	Dec. 12e	Dec. 13e	Dec. 14e
EPS restated % change	455.4%	54.0%	31.6%	(13.1%)	9.8%
Organic sales growth					
EBITDA margin	12.2%	12.3%	11.4%	11.4%	12.0%
EBITA margin	6.1%	7.6%	7.2%	7.4%	8.0%
Net margin	5.7%	9.9%	6.2%	5.2%	5.8%
ROCE incl gross goodwill	19.6%	35.5%	23.4%	21.4%	21.8%
ROE	13.5%	15.8%	17.9%	13.9%	13.7%

Financial structure*	Risk
Gearing 12	(13%)
Debt/Mkt cap 12	(14%)
Debt/EBITDA 12	NC
* for FY ending Dec. 12e	
Risk rating	0.77
Beta *	1.50
1y HV	32.8
* relative to MSCI	

CAGR	1994/2012	2012/2014
Sales	8.8%	4.3%
EBITDA	11.7%	6.7%
EBITA	49.0%	9.5%
Attrib. Net Profit	27.3%	(2.3%)
Op. FCF	NC	NC
Cash flow, group share	1.5%	49.0%
EPS restated	25.0%	(2.3%)
CFPS	(0.4%)	49.0%

Historical price
Price (ths)
Price rel MSCI Europe (ths)

Performance	1w	1m	3m	6m	12m	YTD
Absolute	0%	5%	5%	15%	23%	36%
Rel. sector	3%	8%	9%	12%	8%	12%
Rel. MSCI Europe	1%	6%	6%	4%	7%	21%

12m range	Price	%ch.	Tickers
High	164.0	(6%)	Reuters VOWG_p.DE
Low	112.1	38%	Bloomberg VOW3.GY

Calendar	
14 Mar. 13	FY 2012 Results
25 Apr. 13	AGM
29 Apr. 13	Q1 2013 Results

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Rating definitions

Stock Rating (vs Sector)

Outperform: The stock is expected to outperform the industry large-cap coverage universe over a 12-month investment horizon.

Neutral: The stock is expected to perform in line with the industry large-cap coverage universe over a 12-month investment horizon.

Underperform: The stock is expected to underperform the industry large-cap coverage universe over a 12-month investment horizon.

Under review: The rating of the stock has been placed under review for following important news. Any possible change will be confirmed as soon as possible.

Sector Rating (vs Market)

Outperform: The sector is expected to outperform the STOXX Europe 50 over a 12-month investment horizon.

Neutral: The sector is expected to perform in line with the STOXX Europe 50 over a 12-month investment horizon.

Underperform: The sector is expected to underperform the STOXX Europe 50 over a 12-month investment horizon.

Key ideas

BUY: The stock is expected to deliver an absolute return in excess of 30% over the next two years. Exane BNP Paribas' Key Ideas Buy List comprises selected stocks that meet this criterion.

Distribution of Exane BNP Paribas' equity recommendations

As at 02/10/2012 Exane BNP Paribas covered 615 stocks. The stocks that, for regulatory reasons, are not accorded a rating by Exane BNP Paribas are excluded from these statistics. For regulatory reasons, our ratings of Outperform, Neutral and Underperform correspond respectively to Buy, Hold and Sell; the underlying signification is, however, different as our ratings are relative to the sector.

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Company	Investment banking	Distributor	Liquidity provider	Corporate links	Analyst's personal interest	Equity stake US Law	Equity stake French Law	Amended after disclosure to company	Additional material conflicts
Eiffage	NO	NO	YES	NO	NO	NO	NO	NO	NO
Gemalto	NO	NO	YES	NO	NO	NO	NO	NO	NO

Source: Exane

See www.exane.com/disclosureequitiesuk for details

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Source: BNP Paribas

This document has been modified since its initial publication to correct the sector rating on the Utilities sector

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