

# SAL. OPPENHEIM

## Bene

Industrial Goods & Services

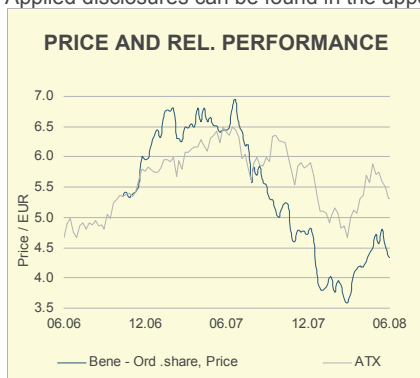
2008-06-24

Applied disclosures can be found in the appendix

## Buy

Fair Value EUR7.14

Price EUR4.33 (Closing price as of 2008-06-23)



## CLEARLY ABOVE EXPECTATIONS

### ASSESSMENT

m€	Q1 08/09	Q1 07/08	% change yoy	SOP Q1 08/09	%	SOP 08/09	Cons. 08/09
<b>Sales</b>	59.7	54.5	9.6%	57.3	-4.1%	266.6	271.7
<b>EBIT</b>	3.3	2.6	30.1%	2.9	-13.2%	17.1	16.5
<b>EBIT Margin</b>	5.6%	4.7%		5.0%		6.4%	6.1%
<b>Net Prof. after</b>	2.4	1.7	37.8%	2.0	-17.3%	11.8	11.2
<b>diluted EPS</b>	0.10	0.07	41.6%	0.08	-19.5%	0.49	0.46

Source: Company, Oppenheim Research, Thomson Financial

- Sales growth came in 4 percentage points higher than we expected. Once again, the development of the regions was quite different: Austria +18.8%, Germany +16% and Other CEE +60.8%, UK -22.5% and Russia -50%. We talked to the company and it said that it absolutely does not see a downturn of the Russian market. It is also optimistic for the year concerning the UK. The decline of sales in Russia was due to delays in project realization. We already saw in the past that the regional mix tends to be quite volatile between quarters.
- The EBIT margin also was better than we expected, mainly thanks to a good product mix. EPS grew nearly 41% y-o-y and came in about 20% higher than we expected.

### VALUATION

- Bene does not see any weakening of project activity – the report says “ongoing brisk project activity”. These statements are supported by the good Q1 08 results. It does not give an exact guidance for FY 2008/09 but it said that it expects moderate growth of 7-10% and increasing profitability (EBIT margin 2007/08: 6%). We are currently more cautious and expect growth of only 5.3% for FY 2008/09. However, we do expect an improvement of the EBIT margin to 6.4% from 6.0%.

### CONCLUSION

**Q1 08 has been clearly better than we expected and we confirm our buy recommendation. We will revise our estimates.**

### MARKET DATA

Reuters	BENE.VI
Bloomberg	BENE AV
Market cap €bn	0.1
Free float %	52.7

### KEY DATA

Yr.end 01/31	2007	2008e	2009e
Revenues m	255.09	266.62	281.02
Net profit m	11.03	11.82	12.90
Adj. EPS	0.45	0.49	0.53
PER	12.9	8.9	8.2
EV/EBIT	10.0	6.7	6.3
EBIT mgn. %	6.0	6.4	6.6
EPS CAGR 07-10e: 7 %			

### NEXT EVENTS

Quarterly results	2008-09-23
Quarterly results	2008-12-16

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<b>Bene - P&amp;L (Total Costs)</b>					
<b>EURm (Yr. end: 01/31)</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009e</b>	<b>2010e</b>
<b>Sales</b>	<b>199.5</b>	<b>255.1</b>	<b>266.6</b>	<b>281.0</b>	<b>295.7</b>
Invent. changes & intern. prod. Assets	0.2	1.2	0.0	0.0	0.0
Cost of material	-93.2	-128.2	-127.2	-133.8	-140.8
Personnel costs	-60.1	-71.3	-76.0	-79.5	-83.7
Other operating income/expenses (net)	-27.7	-35.0	-39.3	-42.1	-44.3
<b>EBITDA</b>	<b>18.7</b>	<b>21.7</b>	<b>24.1</b>	<b>25.7</b>	<b>26.9</b>
thereof: Depreciation	-5.6	-6.5	-7.0	-7.2	-7.5
<b>EBIT</b>	<b>13.1</b>	<b>15.2</b>	<b>17.1</b>	<b>18.5</b>	<b>19.4</b>
Interest result	-0.9	-0.7	-0.7	-0.6	-0.6
<b>Profit or loss on ordinary activities</b>	<b>12.4</b>	<b>15.2</b>	<b>16.4</b>	<b>17.9</b>	<b>18.8</b>
<b>EBT</b>	<b>12.4</b>	<b>15.2</b>	<b>16.4</b>	<b>17.9</b>	<b>18.8</b>
Taxes	-3.4	-3.8	-4.1	-4.5	-4.7
<b>Profit / loss for the year (cont. operations)</b>	<b>9.0</b>	<b>11.4</b>	<b>12.3</b>	<b>13.4</b>	<b>14.1</b>
Minority interest	-0.5	-0.4	-0.5	-0.5	-0.5
<b>Net profit</b>	<b>8.5</b>	<b>11.0</b>	<b>11.8</b>	<b>12.9</b>	<b>13.6</b>
<b>Adjusted net profit</b>	<b>8.5</b>	<b>11.0</b>	<b>11.8</b>	<b>12.9</b>	<b>13.6</b>
<b>Key ratios and figures</b>					
<b>EURm (Yr. end: 01/31)</b>	<b>2006</b>	<b>2007</b>	<b>2008e</b>	<b>2009e</b>	<b>2010e</b>
<b>Valuation</b>					
PER	13.9	12.9	8.9	8.2	7.7
P/BV	2.3	2.1	1.4	1.3	1.2
Dividend yield %	1.7	3.4	5.1	5.5	6.0
EV/Sales	0.7	0.6	0.4	0.4	0.4
EV/EBITDA	7.6	7.0	4.8	4.5	4.2
Sustainable FCF yield %	-1.3	1.9	15.0	11.1	12.1
<b>Data per share</b>					
Weighted avg. number of shares	20.07	24.35	24.35	24.35	24.35
EPS (reported)	0.42	0.45	0.49	0.53	0.56
adj. EPS	0.42	0.45	0.49	0.53	0.56
DPS	0.20	0.22	0.24	0.26	0.28
Book value per share	2.59	2.83	3.10	3.39	3.69
Sustainable FCFPS	-0.1	0.1	0.7	0.5	0.5
<b>Growth rates %</b>					
Sales	6.4	27.9	4.5	5.4	5.2
EBITDA	11.0	16.6	11.0	6.4	4.9
EBIT	15.9	16.2	12.6	7.8	5.2
Net profit	13.5	30.5	7.2	9.1	5.6
adj. EPS	6.0	7.6	7.2	9.1	5.6
<b>Margins %</b>					
Gross	53.4	50.2	52.3	52.4	52.4
EBITDA	9.3	8.5	9.1	9.1	9.1
EBIT	6.6	6.0	6.4	6.6	6.6
<b>Net profit</b>	<b>4.2</b>	<b>4.3</b>	<b>4.4</b>	<b>4.6</b>	<b>4.6</b>
<b>Expense ratios %</b>					
Personnel cost to sales	30.1	28.0	28.5	28.3	28.3
Cost of material to sales	46.7	50.3	47.7	47.6	47.6
Depreciation to sales (Total Cost)	2.8	2.6	2.6	2.6	2.5
Tax rate	27.7	25.0	25.0	25.0	25.0
<b>Other ratios</b>					
Interest cover	-20.7	-31.1	-34.5	-42.8	-44.9

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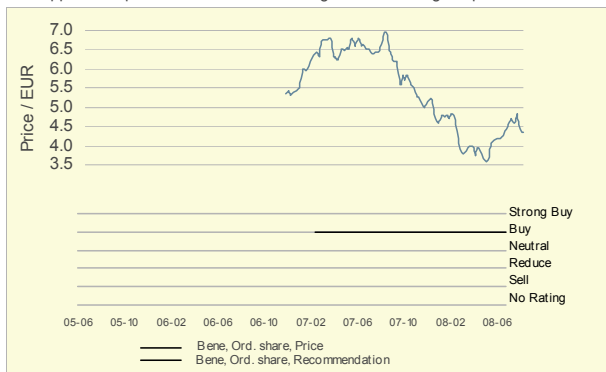
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Buy	181	45.4	34	63
Neutral	141	35.3	12	22
Reduce	19	4.8	1	2
Sell	2	0.5	0	0
No rating	38	9.5	3	6

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