

Company Update

March 9, 2009

Construction & Materials/Austria

Bene

Hold

Price 09.03.09	1.13
Price target	1.40
Volatility risk	high
Year high/low	4.83/1.15
Currency	EUR
EUR/EUR	1.00
ADR rate	n.a.
Market capitalisation in EUR mn	29.0
Free float	51.6%
Free float in EUR mn	14.9
Avg. daily turnover (12 m) in EUR mn	0.1
Index	ATX Prime
ISIN code	AT00000BENE6
Bloomberg	BENE AV
Reuters	BENE.VI
Datastream	O:BEN
www.bene.com	

Two rough years ahead as the downturn bites

3Q 08/09 showed clear signs of deteriorating fundamentals. After sales recorded a 9.6% growth in 1H 08/09, sales declined by 4.2% in 3Q 08/09. The bottom line recorded a 27.8% yoy plunge to EUR 3.2 mn after EUR 4.4 mn in 3Q 07/08. In a regional breakdown the UK stands out as the worst performer with -38.4% yoy in sales in 1-3Q 08/09 and even -51.7% yoy in sales in 3Q 08/09 alone.

Planning model: With the market environment further deteriorating and macroeconomic forecasts continuously revised to the downside we have also adjusted our underlying scenario to the downside, hence, cutting back our top- and bottom-line forecasts. Despite the fact that this recession will undoubtedly be deeper than the previous one in 2001/02 we forecast that operating profit will not slip into negative territory owing to cost savings related to the substitution effect of the OEM-manufactured swivel chair, a geographically more diversified footprint which also is one of the key arguments against a slump in sales as pronounced as in 2001/02 when sales plummeted by 24.6% (2002) and the competitive advantage of direct sales channels (94% of sales).

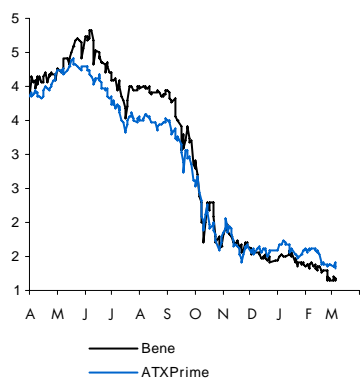
While devaluation pressure of group currencies (GBP and RUB) and the deteriorating market environment will certainly have left marks in 4Q 08/09e results, we forecast that due to the late cyclical industry most of the trouble lies still ahead of Bene in FY 09/10e with no recovery in FY 10/11e. With a 3m, a 12m and a ytd share price performance of -23.2%, -69.3% and -17.9%, respectively, there is certainly a lot priced in already but owing to the very low visibility and the bleak macroeconomic mid-term outlook we perceive the risk/return profile as currently only justifying a "hold" recommendation.

Recommendation: We confirm our "hold" recommendation and set our price target at EUR 1.40, based on our DCF model, an average EV/EBITDA multiple of 4.4x for 2009e and 2010e and regressions.

Key ratios

EUR	1/2007	1/2008	1/2009e	1/2010e	1/2011e
EPS reported	0.42	0.45	0.27	-0.03	0.01
PE reported	15.6	8.4	5.0	-46.9	92.6
Adjusted EPS diluted	0.42	0.45	0.27	-0.03	0.01
Adjusted PE diluted	15.6	8.4	5.0	-46.9	92.6
Operating cash flow per share	0.15	0.40	0.59	0.24	0.44
Price cash flow	42.4	9.5	2.3	5.0	2.7
Book value per share	2.59	2.83	2.89	2.76	2.77
Price book value	2.5	1.3	0.5	0.4	0.4
Dividend per share	0.20	0.22	0.10	0.00	0.00
Dividend yield	3.1%	5.8%	7.4%	0.0%	0.0%
EV/adjusted EBITDA	7.5	4.0	2.1	4.6	3.9

Source: Bene, Raiffeisen Centrobank estimates



Source: Raiffeisen Centrobank

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Disclosures: www.rcb.at

Supervisory authority: Financial Market Authority

3Q 08/09

Signs of deteriorating fundamentals in 3Q 08/09

3Q 08/09 (quarter ending October 08) showed clear signs of deteriorating fundamentals. After sales recorded a 9.6% growth in 1H 08/09, sales declined by 4.2% in 3Q 08/09. Nonetheless, sales increased by 4.5% in 1-3Q 08/09. While 1Q 08 EBITDA margin was up 110 bp and the 2Q 08/09 EBIT margin only slightly declined by 10 bp the 3Q 08/09 EBIT margin plunged by 130 bp to 7.0%. On a cumulative basis the EBIT margin only decreased by 30 bp to 5.6% in 1-3Q 08. In absolute terms 3Q EBIT decreased by 19.1% yoy to EUR 4.6 mn. The bottom line recorded a 27.8% yoy plunge to EUR 3.2 mn after EUR 4.4 mn in 3Q 07/08. 3Q 08/09 operating cash flow came in at EUR 5.2 mn vs. EUR 2.6 mn a year ago. The investing cash flow amounted to EUR -4.9 mn in 3Q 08, however, it increased more than sevenfold to EUR -14.1 mn in 1-3Q 08/09 due to the execution of the first stage of the capex program which is focused on the construction of a new training centre in Waidhofen/Ybbs. Net debt amounted to a comfortable EUR 3.0 mn which translates into a gearing of a mere 4.2%.

Quarterly results

<i>in EUR mn</i>	3Q 08/09	3Q 07/08	+/- (% and bp)	1-3Q 08/09	1-3Q 07/08	+/- (% and bp)
Sales	66.2	69.1	-4.2%	192.5	184.3	4.5%
EBITDA	6.5	7.3	-10.9%	16.1	15.5	4.4%
EBIT	4.6	5.7	-19.1%	10.8	10.8	-0.2%
Financial result	-0.1	-0.1	37.7%	-0.4	0.1	>-100%
EBT	4.5	5.6	-19.8%	10.4	10.9	-4.7%
Net profit a.m.	3.2	4.4	-26.1%	7.6	7.6	0.2%
EPS	0.1	0.2	-27.8%	0.3	0.3	-3.1%
Operating CF	5.2	2.6	>100%	12.8	5.4	>100%
Investing CF	-4.9	-5.2	-4.6%	-14.1	-1.7	>100%
EBITDA margin	9.8%	10.5%	-74	8.4%	8.4%	-1
EBIT margin	7.0%	8.2%	-128	5.6%	5.9%	-26
EBT margin	6.8%	8.1%	-132	5.4%	5.9%	-51
Net profit a.m. margin	4.9%	6.3%	-144	3.9%	4.1%	-17

Source: Bene, Raiffeisen Centrobank

UK trails with -51.7% in sales yoy

In a regional breakdown the UK stands out as the worst performer with -38.4% yoy in sales in 1-3Q 08/09 and even -51.7% yoy in sales in 3Q 08/09 alone. On EBIT level the plunge amounted to 55.6% to EUR 0.6 mn. Nonetheless, in EBIT margin terms the UK could defend its number two spot with 12.6%, yet facing a 110 bp plunge in 3Q 08/09. As regards profitability Russia still stands out with 14.2% (+156 bp) in 3Q 08/09, but in 1-3Q 08/09 the EBIT margin declined by 310 bp to 11.5% with a flat EBIT at EUR 3.0 mn and sales at EUR 25.8 mn (+26.5%).

Austria and the Others segment experienced mixed results. While in Austria sales were up yoy in both 3Q and in 1-3Q 08/09 with declining EBITs and EBIT margins, the Others segment recorded a cumulative sales and EBIT growth in 1-3Q 08/09 but recorded declines in 3Q 08/09. The Austrian business was dominated by cost-intensive projects and by a high share of merchandise products which was weighing on margins. Germany only boasted a decrease of sales in 3Q 08/09 while EBIT increased by 25.2% yoy to EUR 1.0 mn and cumulative figures recorded increased yoy numbers based on a positive pricing environment and a higher share of in-house products.

Country split 3Q 08/09

in EUR mn		2007/08	3Q 08/09	3Q 07/08	+/- (% and bp)	1-3Q 08/09	1-3Q 07/08	+/- (% and bp)
Austria	Sales	75.2	20.5	18.8	8.9%	57.9	54.9	5.4%
	EBIT	2.9	0.2	1.1	-83.5%	1.2	2.2	-46.4%
	EBIT-margin	3.8%	0.9%	6.1%	-513	2.1%	4.0%	-199
Germany	Sales	65.6	16.9	18.0	-5.9%	50.3	47.3	6.4%
	EBIT	1.3	1.0	0.8	25.2%	1.8	0.5	260.6%
	EBIT-margin	2.1%	5.9%	4.4%	146	3.6%	1.1%	254
UK	Sales	34.7	4.9	10.2	-51.7%	17.2	27.9	-38.4%
	EBIT	4.5	0.6	1.4	-55.6%	1.7	3.0	-44.7%
	EBIT-margin	13.1%	12.6%	13.7%	-110	9.6%	10.7%	-108
Russia	Sales	30.1	11.2	6.9	61.6%	25.8	20.4	26.5%
	EBIT	4.2	1.6	0.9	81.5%	3.0	3.0	-0.1%
	EBIT-margin	13.9%	14.2%	12.7%	156	11.5%	14.5%	-306
Others	Sales	46.9	12.7	15.2	-16.6%	41.3	33.8	22.3%
	EBIT	2.2	1.2	1.5	-18.7%	3.2	2.1	48.6%
	EBIT-margin	4.8%	9.5%	9.7%	-25	7.7%	6.3%	136
Total	Sales	252.5	66.2	69.1	-4.2%	192.5	184.3	4.5%
	EBIT	15.2	4.6	5.7	-19.1%	10.8	10.8	-0.2%
	EBIT-margin	6.0%	7.0%	8.2%	-128	5.6%	5.9%	-26

Source: Bene, Raiffeisen Centrobank

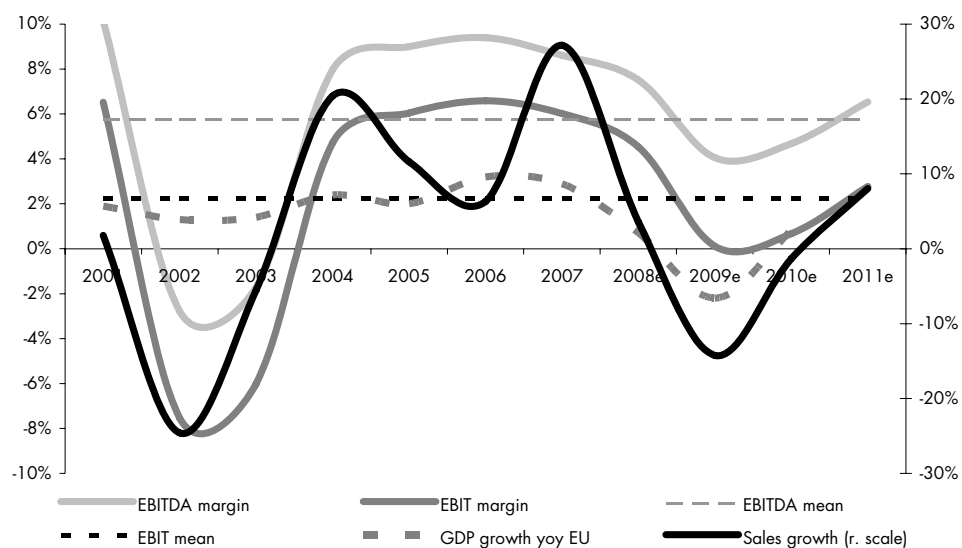
Management guidance

While the management sees the 1-3Q 08 performance as confirmation of the diversified footprint with growth markets and a strong position in direct sales channels it is also positive on the FY 08/09 performance with the exception of the UK market, where reported figures clearly displayed deteriorating conditions. The target is to increase sales while keeping earnings stable in absolute terms. Acquisitions where opportunities arise are not ruled out. We expect a significant revision of the outlook at the occasion of FY 08/09 results which are due on May 14.

Planning model**Revised underlying scenario**

With the market environment further deteriorating and macroeconomic forecasts continuously revised to the downside we have also adjusted our underlying scenario to the downside, hence, cutting back our top- and bottom-line forecasts. Despite the fact that this recession will undoubtedly be deeper than the most recent one in 2001/02 we forecast that operating profit will not slip into negative territory owing to cost savings related to the substitution effect of the OEM-manufactured swivel chair, a geographically more diversified footprint which also is one of the key arguments against a slump in sales as pronounced as in 2001/02 when sales plummeted by 24.6% (2002) and the competitive advantage of direct sales channels (94% of sales). Given the fact that a last pension payment to Manfred Bene is due in January 2010, an expense of EUR 0.88 mn is falling away starting in FY 10/11e. We are also factoring in restructuring measures which the management has already indicated but which has not been officially announced yet. We expect more explicit comments on this issue at the occasion of FY 08 figures which are due on May 14. For the time being we forecast a cut of the headcount by 10% and assume that there will be a net cost saving effect in FY 09/10e over the related restructuring costs incurred. The abandoning of stages two and three of the investment program (capacity increases at the only group plant in Waidhofen/Ybbs) have already been announced.

Sales and margin development vs. GDP growth



Source: Bene, Raiffeisen Centrobank estimates, Bloomberg consensus

Two years of sales declines

We have significantly cut our forecasts and expect two years of sales declines, an operating profit only close to break-even and a negative bottom line in FY 09/10e as well as no dividend payments in FY 09/10e and FY 10/11e. We have cut our DPS assumption in half for FY 08/09e but given the focus on liquidity management and hence cash retention we regard the scrapping of the dividend for FY 08/09e a likely step. This becomes even more likely in the light of the restructuring measures, which are unavoidable in our view, and the contradicting signal of a dividend payout. We have cut our capex forecast to EUR 8.3 mn and EUR 9.2 mn for FY 09/10e and FY 10/11e, respectively. According to our FX-forecasts, the decline of FY 09/10e sales by 14.2% yoy will be attributable by 4.3%p to RUB and GBP devaluation. However, for FY 10/11e we expect a positive contribution from FX effects, limiting the sales decline to 1.3% yoy compared to -2.6% yoy otherwise.

Changes of estimates

	Old			New			comments
	FY 08/09e	FY 09/10e	FY 10/11e	FY 08/09e	FY 09/10e	FY 10/11e	
Sales	268.4	239.1	236.5	261.6	224.4	221.4	More negative macroeconomic scenario including adverse FX moves
EBITDA	21.4	11	13.1	19.7	9.1	10.4	
EBIT	14	3.4	5.5	11.9	0.3	1.5	
EBT	13.3	2.7	4.8	9.0	-0.7	0.5	
Net income a.m.	9.6	1.9	3.5	6.7	-0.6	0.3	Net loss in FY 09/10e
EPS	0.39	0.08	0.14	0.27	-0.03	0.01	
DPS	0.20	0.04	0.07	0.10	0.00	0.00	No dividend in FY 09/10e and FY 10/11e
EBITDA margin	8.0%	4.6%	5.5%	7.5%	4.1%	4.7%	
EBIT margin	5.2%	1.4%	2.3%	4.5%	0.1%	0.7%	
EBT margin	5.0%	1.1%	2.0%	3.4%	-0.3%	0.2%	
Net income a.m. margin	3.6%	0.8%	1.5%	2.5%	-0.3%	0.1%	

Source: Raiffeisen Centrobank estimates

Conservative balance sheet structure an asset

The conservative balance sheet structure proves to be an asset in times of sliding markets and limited availability and high costs of credit. Even in the challenging fiscal years 2009/10e and 2010/11e we forecast that Bene will not exceed a gearing of 20% and will keep the equity ratio above 40% (average since IPO: 47.2%). As regards the capital requirements for working capital the build-up

towards a WC/Sales ratio of between 12% and 13% is related to the movement of receivables which we assume to increase initially while we forecast trade payables to decline in-line with the decline of sales revenues. The same is true for inventories as the production as well as the purchase of merchandise is only triggered by order intake. We forecast that Bene will not manage to return to positive free cash flows before FY 10/11e when working capital will decrease and operating profits come back.

Macroeconomic environment

Risks to our planning model:

A recession that is longer and more pronounced than currently assumed in the macroeconomic scenario underlying our model. Conversely, if Bene proves to be less affected or if the recovery was to come more quickly than expected, our EPS forecasts might prove conservative.

FX risk

Bene is exposed to foreign currency risk due to the invoicing of sales and purchases in other currencies than the EUR (GBP and RUB). As regards the currency sensitivity a 10% move of EUR/RUB would have resulted in exchange gains/losses of EUR 2.9 mn and a 10% move of EUR/GBP would have resulted in exchange gains/losses of EUR 2.2 mn. As regards billing policies and cash collection Bene, for instance, bills Russian projects in EUR and collects the cash in RUB, however, at the exchange rate on the day of payment. Hence, the cash currency exposure only occurs during the time period of exchanging collected RUB into EUR.

Fragmented markets

The highly fragmented character of the office furniture industry offers a great opportunity for a lot of companies that strive for the leading market position. Furthermore there are a lot of privately-owned companies, whose corporate policy is not geared towards capital market-oriented return expectations. The struggle for market shares and market positions could hence further intensify the price competition – especially in the current market environment.

Input costs

Strong increases in raw material prices (mainly wood, steel and aluminium) could have some negative earnings effects. But due to the high-quality positioning, raw material costs have a lesser impact than in lower-end markets. Since material cost increases affect the whole industry, an increase in raw material prices filters through to manufacturers above all due to the mostly delayed price adjustments. However, given the current market environment we regard this risk as negligible.

Planning model

	FY 07/08	1Q 08	2Q 08	3Q 08	4Q 08e	FY 08/09e	FY 09/10e	FY 10/11e
Sales revenues	252.5	59.7	66.5	66.2	69.1	261.6	224.4	221.4
yoy growth	27.2%	9.6%	9.7%	-4.2%	1.3%	3.6%	-14.2%	-1.3%
Clean sales revenues (adj. FX)	254.0	60.9	68.1	67.2	70.9	267.1	235.5	218.5
yoy growth	27.9%	11.7%	12.2%	-3.4%	2.4%	5.8%	-10.0%	-2.6%
yoy spread	0.7%	2.1%	2.5%	0.9%	1.1%	2.2%	4.3%	-1.3%
Austria	75.2	19.7	17.7	20.5	22.0	79.9	74.0	71.8
yoy growth	10.2%	18.8%	-9.2%	8.9%	8.2%	6.2%	-7.3%	-3.0%
Germany	65.6	15.9	17.5	16.9	18.2	68.6	61.0	59.2
yoy growth	24.8%	16.0%	12.0%	-5.9%	-0.1%	4.6%	-11.1%	-3.0%
UK	34.7	6.8	5.5	4.9	5.3	22.5	17.3	17.9
yoy growth	31.6%	-22.5%	-38.8%	-51.7%	-21.7%	-35.2%	-23.0%	3.1%
Russia	30.1	3.4	11.2	11.2	12.3	38.1	23.0	24.0
yoy growth	45.4%	-50.1%	67.7%	61.6%	26.2%	26.4%	-39.7%	4.5%
Other markets	46.9	14.0	14.6	12.7	11.3	52.6	49.0	48.5
yoy growth	53.0%	60.8%	48.3%	-16.6%	-14.3%	12.0%	-6.7%	-1.0%
Total revenues	260.5	62.2	68.1	71.4	70.7	272.4	229.8	226.9
yoy growth	360.6%	0.3%	-3.7%	0.3%	-72.9%	337.6%	325.2%	345.4%
Materials and supplies	-128.2	-27.6	-32.9	-34.5	-37.6	-132.6	-112.2	-110.3
yoy growth	37.6%	4.0%	4.7%	3.0%	2.4%	3.5%	-15.4%	-1.7%
Personnel expenses	-71.3	-19.3	-19.1	-19.9	-20.8	-79.1	-72.3	-69.9
yoy growth	18.7%	18.0%	6.3%	11.8%	8.2%	10.9%	-8.6%	-3.4%
Other expenses	-39.2	-10.3	-11.5	-10.5	-8.7	-41.0	-36.3	-36.4
yoy growth	24.7%	6.3%	36.2%	-13.4%	-2.4%	4.6%	-11.6%	0.4%
EBITDA	21.7	5.0	4.7	6.5	3.5	19.7	9.1	10.4
yoy growth	16.6%	27.2%	9.5%	-10.9%	-44.0%	-9.6%	-53.7%	13.9%
EBITDA margin	8.6%	8.3%	7.0%	9.8%	5.1%	7.5%	4.1%	4.7%
Depreciation and Amortization	-6.5	-1.7	-1.8	-1.9	-2.4	-7.8	-8.8	-8.9
yoy growth	17.4%	14.0%	12.7%	18.3%	28.4%	18.9%	13.8%	0.3%
EBIT	15.2	3.3	2.9	4.6	1.1	11.9	0.3	1.5
yoy growth	519.5%	24.9%	-49.8%	4.5%	-92.7%	258.3%	-69.7%	-1728.1%
EBIT margin	6.0%	5.6%	4.3%	7.0%	1.6%	4.5%	0.1%	0.7%
Net interest result	-0.7	-0.2	-0.2	-0.3	-0.3	-0.9	-1.3	-1.3
yoy growth	-22.6%	-6.8%	-7.1%	51.1%	54.5%	22.2%	48.1%	1.6%
Financial result	0.0	-0.1	-0.2	-0.1	-2.5	-2.9	-1.0	-1.0
yoy growth	-105.2%	-10.5%	-12.2%	-46.0%	1404.5%	-8140.0%	-65.6%	0.2%
EBT	15.2	3.2	2.7	4.5	-1.4	9.0	-0.7	0.5
yoy growth	23.0%	38.4%	9.1%	-18.2%	-132.4%	-41.0%	-108.2%	-168.9%
EBT margin	6.0%	5.3%	4.0%	6.8%	-2.0%	3.4%	-0.3%	0.2%
Taxes on income	-3.8	-0.8	-0.7	-1.3	0.5	-2.2	0.2	-0.1
effective tax rate	-25.0%	-24.5%	-25.3%	-28.0%	-34.4%	-25.0%	-25.0%	-25.0%
Net income b.m.	11.4	2.4	2.0	3.2	-0.9	6.7	-0.6	0.4
yoy growth	27.6%	52.5%	39.6%	-25.2%	-107.9%	181.5%	-219.8%	-168.9%
Minority interests	-0.4	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
yoy growth	-24.1%	-87.4%	-102.6%	-73.9%	21.9%	-80.3%	-14.2%	-1.3%
Net income a.m.	11.0	2.4	2.0	3.2	-0.9	6.7	-0.6	0.3
yoy growth	30.9%	73.6%	47.5%	-24.2%	-128.1%	-39.6%	-109.3%	-150.6%
Net income a.m. margin	4.4%	4.0%	3.0%	4.9%	-1.3%	2.5%	-0.3%	0.1%
EPS	0.45	0.00	0.00	0.00	0.00	0.27	-0.03	0.01
yoy growth	7.9%	0.0%	0.0%	0.0%	0.0%	-39.6%	-109.3%	-150.6%
DPS	0.22	0.00	0.00	0.00	0.00	0.10	0.00	0.00
Payout ratio	48.6%	0.0%	0.0%	0.0%	0.0%	36.5%	0.0%	0.0%

Source: Bene, Raiffeisen Centrobank estimates

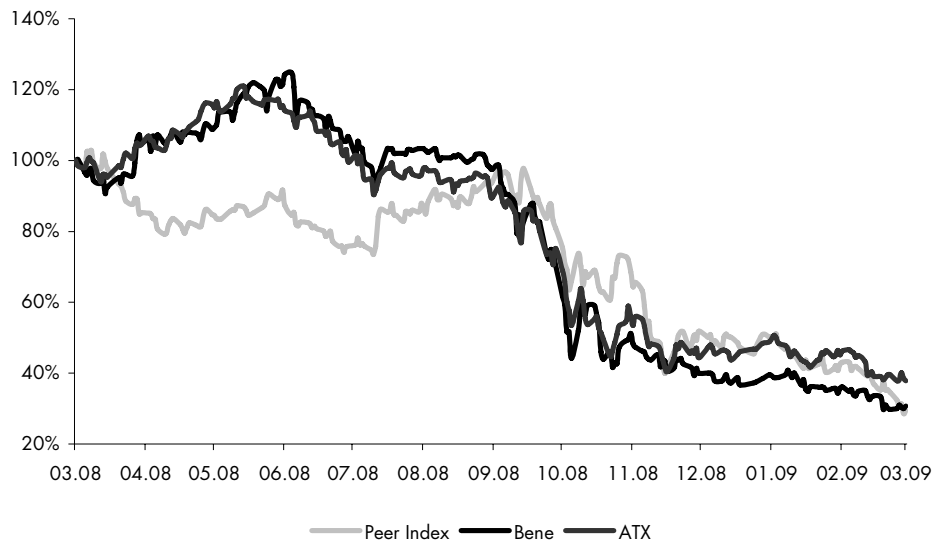
Valuation

Recommendation: Hold
Target Price: EUR 1.40

We confirm our "hold" recommendation and set our price target at EUR 1.40. While devaluation pressure of group currencies and the deteriorating market environment will certainly have left marks in 4Q 08/09e results, we forecast that due to the late cyclical industry most of the trouble still lies ahead of Bene in FY 09/10e with no

recovery in FY 10/11e. With a 3m, a 12m and a ytd share price performance of -23.2%, -69.3% and -17.9%, respectively, there is certainly a lot priced in already but owing to the very low visibility and the bleak macroeconomic mid-term outlook we perceive the risk/return profile as currently only justifying a "hold" recommendation.

Bene 12m share price performance vs. ATX and peer index

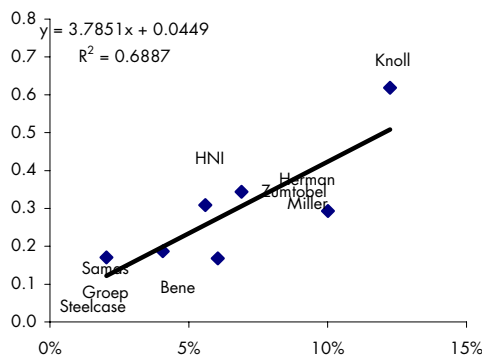


Source: Reuters, Raiffeisen Centrobank

DCF fair value: EUR 1.48
Peer multiples fair value: 1.25
Regressions fair value: EUR 1.26

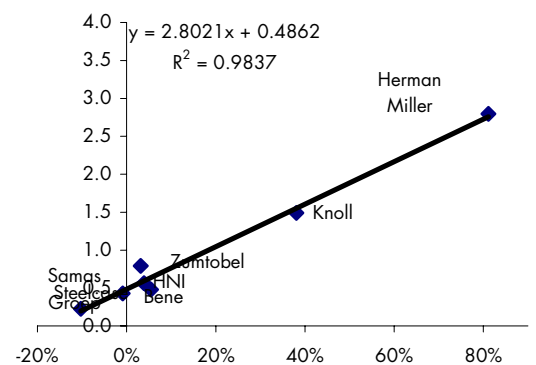
We derived our price target based on our DCF model, peer group comparisons and regressions. In our DCF model we have changed our risk free rate assumptions to using yield curve spot rates for the first five years of our planning horizon before applying our revised long-term forecast of 4.5%. We assume an EBITDA margin of 6.2% in our terminal value period and assume that two years before Bene's revenues exceed the EUR 300 mn mark the company will start an investment program similar to the one recently abandoned. We derive a fair value of EUR 1.25 based on the average EV/EBITDA multiple of 4.4x for 2009 and 2010. EV/EBITDA vs. EBITDA margin and P/BV vs. ROE regressions yield a fair value of EUR 1.26 per share.

EV/EBITDA vs. EBITDA margin FY 09/10e



Source: Reuters, Company data, Raiffeisen Centrobank estimates

P/BV vs. ROE FY 09/10e



Source: Reuters, Company data, Raiffeisen Centrobank estimates

Peer Group

	P/E				Dividend Yield			
	FY 07	FY 08e	FY 09e	FY 10e	FY 07	FY 08e	FY 09e	FY 10e
Steelcase	15.2	12.2	14.7	7.9	12.3%	13.2%	8.2%	8.2%
Samas Groep	-3.3	-1.4	-2.8	-3.4	0.0%	0.0%	0.0%	0.0%
Herman Miller	9.6	5.3	4.8	3.6	1.4%	4.1%	4.7%	4.7%
HNI	13.6	15.4	22.3	9.4	0.0%	5.4%	11.2%	11.2%
Knoll	11.1	4.9	4.8	4.2	2.7%	5.3%	8.9%	9.4%
Zumtobel	9.4	4.6	8.7	6.4	3.6%	12.1%	8.6%	12.1%
Mean	9.3	6.8	8.8	4.7	3.3%	6.7%	6.9%	7.6%
Median	10.4	5.1	6.8	5.3	2.1%	5.4%	8.4%	8.8%
Bene	8.4	5.0	-46.9	92.6	5.8%	7.4%	0.0%	0.0%

	P/BV				ROE			
	FY 07	FY 08e	FY 09e	FY 10e	FY 07	FY 08e	FY 09e	FY 10e
Steelcase	2.2	0.6	0.6	0.5	12.4%	4.9%	3.9%	6.3%
Samas Groep	2.1	0.2	0.2	0.2	-57.1%	-13.7%	-10.3%	-7.3%
Herman Miller	59.0	5.5	2.8	1.7	173.1%	147.9%	81.1%	57.7%
HNI	3.4	1.5	0.8	0.8	25.2%	9.8%	3.1%	7.8%
Knoll	10.6	3.2	1.5	1.2	184.6%	80.2%	38.1%	35.3%
Zumtobel	1.7	0.5	0.5	0.5	19.5%	10.7%	5.5%	7.4%
Mean	13.2	1.9	1.1	0.8	59.6%	40.0%	20.2%	17.9%
Median	2.8	1.1	0.7	0.7	22.4%	10.3%	4.7%	7.6%
Bene	1.3	0.5	0.4	0.4	16.7%	9.6%	-0.9%	0.5%

	EV/Sales				EV/EBITDA			
	FY 07	FY 08e	FY 09e	FY 10e	FY 07	FY 08e	FY 09e	FY 10e
Steelcase	0.6	0.2	0.2	0.1	6.5	2.5	2.8	1.8
Samas Groep	0.5	0.2	0.2	0.2	-8.0	4.3	8.4	5.9
Herman Miller	0.8	0.3	0.3	0.3	5.5	2.6	2.9	2.4
HNI	0.7	0.4	0.3	0.3	0.0	6.1	5.5	4.3
Knoll	1.1	0.7	0.6	0.6	7.0	0.0	5.0	5.1
Zumtobel	0.8	0.3	0.3	0.3	6.1	3.0	5.0	3.2
Mean	0.7	0.3	0.3	0.3	2.8	3.1	4.9	3.8
Median	0.7	0.3	0.3	0.3	5.8	2.8	5.0	3.7
Bene	0.3	0.2	0.2	0.2	4.0	2.1	4.6	3.9

	EV/EBIT				P/Cash flow			
	FY 07	FY 08e	FY 09e	FY 10e	FY 07	FY 08e	FY 09e	FY 10e
Steelcase	9.5	5.1	7.0	3.3	8.1	7.1	6.4	0.0
Samas Groep	-6.0	-18.7	-18.5	-29.8	21.9	9.4	1.2	1.9
Herman Miller	6.4	3.3	3.8	2.6	6.9	3.9	3.3	0.0
HNI	9.4	11.2	20.1	9.4	5.6	4.1	3.0	3.0
Knoll	8.0	5.3	5.9	5.7	7.8	3.9	3.1	3.2
Zumtobel	8.1	4.6	11.3	5.1	5.9	3.3	3.9	2.6
Mean	5.9	1.8	4.9	-0.6	9.3	5.3	3.5	1.8
Median	8.1	4.9	6.5	4.2	7.3	4.0	3.2	2.3
Bene	5.7	3.5	160.5	26.8	9.5	2.3	5.0	2.7

Source: Reuters, company data, Raiffeisen Centrobank estimates

DCF valuation

FCF projection (EUR mn)	2008e	2009e	2010e	2011e	2012e	2013e	TV CF
NOPLAT	9.6	0.4	1.4	5.2	6.0	7.1	6.6
Adj. NOPLAT	9.6	0.4	1.4	5.2	6.0	7.1	6.6
Depreciation of PPE & intangibles	7.8	8.8	8.9	9.0	9.0	9.1	10.0
Gross investment in PPE & intangibles	-23.0	-8.3	-8.9	-9.2	-9.4	-9.9	-10.5
Change in working capital	-0.4	-2.7	1.1	0.1	-1.1	-0.9	-0.3
NWC/Sales	9.3%	12.1%	11.7%	10.8%	10.6%	10.4%	10.0%
Change in LT provisions other than tax	0.2	0.2	0.2	0.3			
Net acquisitions & disposals	0.0	0.0	0.0	0.0	0.0	0.0	
Free cash flow to firm	-5.8	-1.5	2.7	5.3	4.5	5.3	5.8
Adj. free cash flow to firm	-5.8	-1.5	2.7	5.3	4.5	5.3	5.8
EV DCF, mid-year assumption		41.9	47.4				
MV of non-operating assets		0.4	0.4				
MV of net debt		8.1	13.1				
MV of minorities		0.2	0.2				
Adjustments to EV		1.0	1.0				
Fair value of equity		35.0	35.5				
Shares outstanding (mn)		24.3	24.3				
Price target per share per 01/02 (in EUR)		1.4	1.5				

Value drivers	2008e	2009e	2010e	2011e	2012e	2013e	TV CF
Consolidated sales yoy	3.6%	-14.2%	-1.3%	8.1%	6.4%	5.4%	1.0%
EBITDA margin	7.5%	4.1%	4.7%	6.5%	6.7%	6.9%	6.2%
Rate of taxes paid	-18.9%	70.2%	-8.4%	-21.3%	-25.0%	-25.0%	-25.0%
Working capital/sales	9.3%	12.1%	11.7%	10.8%	10.6%	10.4%	10.0%
Capex/depreciation	296.0%	93.9%	100.4%	102.1%	103.9%	108.7%	105.1%
Free cash flow margin	-2.2%	-0.7%	1.2%	2.2%	1.8%	2.0%	1.9%

WACC	2008e	2009e	2010e	2011e	2012e	2013e	TV CF
Target capital structure (at MV)	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Debt/equity ratio (at MV)	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%	17.6%
Risk free rate (local)	4.6%	2.3%	3.1%	4.1%	4.1%	4.5%	4.5%
Equity market premium	5.5%	5.5%	5.5%	5.0%	5.0%	5.0%	5.0%
Levered beta	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Cost of equity	11.9%	9.6%	10.4%	10.7%	10.7%	11.1%	11.1%
Cost of debt	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Tax rate	-18.9%	70.2%	-8.4%	-21.3%	-25.0%	-25.0%	-25.0%
WACC	10.7%	9.5%	9.6%	9.7%	9.7%	10.1%	10.1%

Sensitivity analysis

Growth sensitivity (EUR)	Terminal growth rate						
	WACC	-0.5%	0.0%	0.5%	1.0%	1.5%	2.0%
8.6%	1.6	1.7	1.8	1.9	2.0	2.2	2.4
9.1%	1.5	1.5	1.6	1.7	1.8	2.0	2.1
9.6%	1.3	1.4	1.5	1.6	1.7	1.8	1.9
10.1%	1.2	1.3	1.4	1.4	1.5	1.6	1.7
10.6%	1.1	1.2	1.3	1.3	1.4	1.5	1.6
11.1%	1.1	1.1	1.2	1.2	1.3	1.3	1.4
11.6%	1.0	1.0	1.1	1.1	1.2	1.2	1.3

Margin sensitivity (EUR)	FCF margin TV						
	WACC	0.4%	0.9%	1.4%	1.9%	2.4%	2.9%
8.6%	0.5	1.0	1.4	1.9	2.3	2.8	3.3
9.1%	0.5	0.9	1.3	1.7	2.1	2.5	2.9
9.6%	0.5	0.8	1.2	1.6	1.9	2.3	2.7
10.1%	0.4	0.8	1.1	1.4	1.8	2.1	2.5
10.6%	0.4	0.7	1.0	1.3	1.6	1.9	2.2
11.1%	0.4	0.6	0.9	1.2	1.5	1.8	2.1
11.6%	0.3	0.6	0.9	1.1	1.4	1.6	1.9

Source: Raiffeisen Centrobank estimates

Financial statements (IFRS)

<i>Income statement (EUR mn)</i>	<i>1/2006</i>	<i>1/2007</i>	<i>1/2008</i>	<i>1/2009e</i>	<i>1/2010e</i>	<i>1/2011e</i>
Consolidated sales	186.7	198.6	252.5	261.6	224.4	221.4
Changes in inventories	-0.3	0.2	1.2	2.6	0.0	0.0
Own work capitalised	0.7	0.9	2.6	3.3	1.8	1.9
Other operating income	2.2	3.7	4.2	4.9	3.7	3.6
Total revenues	189.3	203.4	260.5	272.4	229.8	226.9
Material costs	-92.8	-93.2	-128.2	-132.6	-112.2	-110.3
Personnel expenses	-53.8	-60.1	-71.3	-79.1	-72.3	-69.9
Other operating expenses	-25.9	-31.4	-39.2	-41.0	-36.3	-36.4
EBITDA	16.8	18.7	21.7	19.7	9.1	10.4
Depreciation of PPE and intangibles	-5.5	-5.6	-6.5	-7.8	-8.8	-8.9
EBITA	11.3	13.1	15.2	11.9	0.3	1.5
Amortisation, impairment of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	11.3	13.1	15.2	11.9	0.3	1.5
Investment income	0.0	0.1	0.2	0.1	0.1	0.1
Net interest income	-1.4	-0.9	-0.7	-0.9	-1.3	-1.3
Other financial result	0.4	0.1	0.6	-2.1	0.2	0.2
Financial result	-0.9	-0.7	0.0	-2.9	-1.0	-1.0
Earnings before taxes	10.4	12.4	15.2	9.0	-0.7	0.5
Taxes on income	-2.6	-3.4	-3.8	-2.2	0.2	-0.1
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	7.8	9.0	11.4	6.7	-0.6	0.4
Minority interests	-0.3	-0.5	-0.4	-0.1	-0.1	-0.1
Net profit after minorities	7.5	8.4	11.0	6.7	-0.6	0.3

<i>Balance sheet (EUR mn)</i>	<i>1/2006</i>	<i>1/2007</i>	<i>1/2008</i>	<i>1/2009e</i>	<i>1/2010e</i>	<i>1/2011e</i>
Current assets	64.0	97.4	90.4	87.0	81.5	81.0
Liquid funds	19.5	41.2	22.5	15.8	10.8	12.4
Receivables	33.0	41.5	48.5	49.7	50.5	48.7
Inventories	11.4	14.7	19.4	21.5	20.2	19.9
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	33.2	35.0	44.6	60.2	59.7	59.8
Property, plant & equipment	27.1	27.2	34.8	42.6	41.9	41.9
Intangible assets	2.4	3.2	5.2	12.6	12.7	12.8
Goodwill	1.5	2.6	4.1	4.1	4.1	4.1
Financial assets	2.2	2.1	0.6	0.9	0.9	1.0
Deferred tax assets	8.0	7.7	6.9	6.9	6.9	6.9
Total assets	105.2	140.2	142.0	154.1	148.1	147.8
Current liabilities	46.8	50.5	53.6	66.0	62.8	61.9
Long-term liabilities	29.1	25.7	19.1	17.6	17.8	18.1
Shareholders' equity	28.7	63.0	69.0	70.3	67.2	67.5
Minority interests	0.7	0.9	0.2	0.2	0.2	0.2
Deferred tax liabilities	0.0	0.0	0.1	0.1	0.1	0.1
Total liabilities	105.2	140.2	142.0	154.1	148.1	147.8

<i>Cash flow statement (EUR mn)</i>	<i>1/2006</i>	<i>1/2007</i>	<i>1/2008</i>	<i>1/2009e</i>	<i>1/2010e</i>	<i>1/2011e</i>
Earnings before taxes	10.4	12.4	15.2	9.0	-0.7	0.5
Taxes paid	-1.9	-3.6	-3.6	-2.2	0.2	-0.1
Amortisation and depreciation	5.5	5.6	6.5	7.8	8.8	8.9
Other non-cash items	-0.5	0.1	-0.5	0.2	0.2	0.2
Cash flow from result	13.5	14.4	17.6	14.7	8.5	9.5
Change in working capital	1.8	-11.3	-7.9	-0.4	-2.7	1.1
Operating cash flow	15.4	3.1	9.8	14.3	5.8	10.6
Capex PPE and intangible assets	-5.8	-6.0	-17.4	-23.0	-8.3	-8.9
Acquisitions	0.0	-0.9	-1.4	0.0	0.0	0.0
Disposal of fixed assets (total)	11.5	1.6	23.2	0.0	0.0	0.0
Other items (investments)	-8.0	-17.4	-7.6	-0.3	-0.1	-0.1
Investing cash flow	-2.3	-22.8	-3.2	-23.3	-8.4	-9.0
Dividend payments	-0.2	-1.9	-4.9	-5.4	-2.4	0.0
Other changes in equity	0.0	28.1	-0.8	-0.1	-0.1	-0.1
Change in interest-bearing financial assets	-4.5	17.1	-12.2	0.0	0.0	0.0
Other items	0.5	-0.4	-0.5	-0.1	0.0	0.0
Change in NIBD	8.8	23.2	-11.8	-14.5	-5.0	1.6

Source: Bene, Raiffeisen Centrobank estimates

Financial ratios

Changes yoy	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Consolidated sales yoy	11.6%	6.3%	27.2%	3.6%	-14.2%	-1.3%
EBITDA yoy	26.0%	11.0%	16.6%	-9.6%	-53.7%	13.9%
EBITA yoy	42.9%	15.9%	16.2%	-21.8%	-97.8%	475.1%
EBIT yoy	42.9%	15.9%	16.2%	-21.8%	-97.8%	475.1%
EBT yoy	70.6%	19.6%	23.0%	-41.0%	-108.2%	-168.9%
Net profit after minorities yoy	193.9%	12.7%	30.9%	-39.6%	-109.3%	-150.6%

Margins	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Material costs margin	-49.7%	-46.9%	-50.8%	-50.7%	-50.0%	-49.8%
EBITDA margin	9.0%	9.4%	8.6%	7.5%	4.1%	4.7%
EBITA margin	6.0%	6.6%	6.0%	4.5%	0.1%	0.7%
EBIT margin	6.0%	6.6%	6.0%	4.5%	0.1%	0.7%
EBT margin	5.5%	6.2%	6.0%	3.4%	-0.3%	0.2%
Net margin	4.0%	4.2%	4.4%	2.5%	-0.3%	0.1%

Balance sheet (EUR mn)	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Net working capital	5.3	16.4	23.9	24.3	27.0	25.9
Net interest-bearing debt	5.0	-18.2	-6.4	8.1	13.1	11.5
Capital employed	n.a.	87.2	85.4	94.6	91.6	91.9
Market capitalisation	n.a.	159.5	92.5	33.1	29.0	29.0
Enterprise value	n.a.	140.4	85.9	41.1	41.9	40.3

Financing (x)	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Interest cover	10.7	16.9	22.0	18.6	6.8	7.7
Internal financing ratio	2.9	0.5	0.6	0.6	0.7	1.2
Net gearing	17.2%	-28.5%	-9.3%	11.5%	19.5%	17.0%
Quick ratio	1.1	1.6	1.3	1.0	1.0	1.0
Fixed assets cover	1.8	2.6	2.0	1.5	1.4	1.4
Capex / depreciation	1.0	1.1	2.7	3.0	0.9	1.0
Equity ratio	27.9%	45.6%	48.7%	45.7%	45.5%	45.8%

Profitability	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Return on assets	8.7%	8.0%	8.6%	5.1%	0.3%	0.9%
Return on equity	29.9%	18.4%	16.7%	9.6%	-0.9%	0.5%
Return on capital employed	15.6%	13.8%	14.1%	8.4%	0.5%	1.5%

Per share data (EUR)	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
Weighted avg. no. of shares (mn)	18.8	20.1	24.3	24.3	24.3	24.3
EPS reported	0.40	0.42	0.45	0.27	-0.03	0.01
EPS pre-goodwill	0.40	0.42	0.45	0.27	-0.03	0.01
Adjusted EPS diluted	0.40	0.42	0.45	0.27	-0.03	0.01
Operating cash flow per share	0.82	0.15	0.40	0.59	0.24	0.44
Book value per share	1.53	2.59	2.83	2.89	2.76	2.77
Dividend per share	0.10	0.20	0.22	0.10	0.00	0.00
Payout ratio	25.1%	57.8%	48.6%	36.5%	0.0%	0.0%

Valuation (x)	1/2006	1/2007	1/2008	1/2009e	1/2010e	1/2011e
PE reported	n.a.	15.6	8.4	5.0	-46.9	92.6
PE pre-goodwill	n.a.	15.6	8.4	5.0	-46.9	92.6
Adjusted PE diluted	n.a.	15.6	8.4	5.0	-46.9	92.6
Price cash flow	n.a.	42.4	9.5	2.3	5.0	2.7
Price book value	n.a.	2.5	1.3	0.5	0.4	0.4
Dividend yield	n.a.	3.1%	5.8%	7.4%	0.0%	0.0%
Free cash flow yield	n.a.	-1.6%	-6.7%	-26.0%	-8.6%	5.9%
EV/sales	n.a.	0.7	0.3	0.2	0.2	0.2
EV/EBITDA	n.a.	7.5	4.0	2.1	4.6	3.9
EV/EBIT	n.a.	10.7	5.7	3.5	160.5	26.8
EV/operating cash flow	n.a.	45.3	8.8	2.9	7.2	3.8
Adjusted EV/CE	n.a.	2.1	1.3	0.6	0.6	0.6
Adjusted EV/CE vs. ROCE/WACC	n.a.			0.8	11.2	3.7

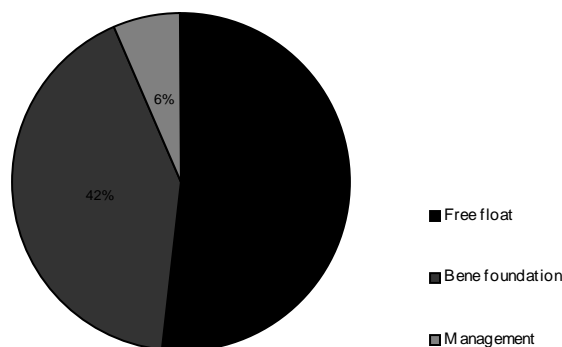
Source: Bene, Raiffeisen Centrobank estimates

Fact Sheet

Company description

Bene, which has its headquarters in Waidhofen/Ybbs, Lower Austria, is the Austrian #1 and European #6 office furniture supplier, with sales of EUR 252.5 mn and 1,430 employees as of FY 2007/08. Sales are mainly generated in Austria (one third), Germany (about 26%), UK (14%), Russia (12%) and several CEE as well as Western European countries and the United Arab Emirates (19%). The group offers a full-line range of office furniture as well as consultancy and related services. In the very fragmented European office furniture industry, Bene is positioned as a high-quality, highly design-oriented supplier. In contrast to most of its competitors Bene counts on direct distribution, with 94% of sales generated via its own points of sale. Thus more than 50% of the total workforce are salespeople. While the competitors run up to 12 specialist production sites, Bene concentrates on one highly automated factory and an integrated just-in-time production system. In the years 2001 to 2004 Bene suffered due to a strong market downturn in the European market with volume declines of up to 31% from the peak levels. Bene - like some other leading office furniture companies such as Steelcase, Vitra, Martela and Herman Miller - uses a single-brand marketing strategy.

Shareholder structure



Strengths/Opportunities

- Trend-setter with a strong brand and one of the leaders in the office furniture industry
- Strong market shares: #1 in Austria, #6 in Europe, leading market shares in CEE
- Productivity advantages due to innovative production and supply-chain management
- Bene should benefit from the ongoing consolidation process in the very fragmented European market

Weaknesses/Threats

- Very cyclical industry
- Threat of increasing price pressure from low-cost producers from CEE and Asia
- Low liquidity of the share due to the small market capitalization
- Very fragmented industry with no clear leader

Income statement (EUR mn)	1/2008	1/2009e	1/2010e	1/2011e
Consolidated sales	252.5	261.6	224.4	221.4
EBITDA	21.7	19.7	9.1	10.4
EBIT	15.2	11.9	0.3	1.5
EBT	15.2	9.0	-0.7	0.5
Net profit bef. min.	11.4	6.7	-0.6	0.4
Net profit after min.	11.0	6.7	-0.6	0.3

Balance sheet

Total assets	142.0	154.1	148.1	147.8
Shareholders' equity	69.0	70.3	67.2	67.5
Goodwill	4.1	4.1	4.1	4.1
NIBD	-6.4	8.1	13.1	11.5

Cash flow statement

Operating cash flow	9.8	14.3	5.8	10.6
Investing cash flow	-3.2	-23.3	-8.4	-9.0
Change NIBD	-11.8	-14.5	-5.0	1.6

Source: Bene, Raiffeisen Centrobank estimates

Per share data (EUR)	1/2008	1/2009e	1/2010e	1/2011e
EPS pre-goodwill	0.45	0.27	-0.03	0.01
Adj. EPS diluted	0.45	0.27	-0.03	0.01
Operating cash flow	0.40	0.59	0.24	0.44
Book value	2.83	2.89	2.76	2.77
Dividend	0.22	0.10	0.00	0.00
Payout ratio	48.6%	36.5%	0.0%	0.0%

Valuation (x)

PE pre-goodwill	8.4	5.0	-46.9	92.6
Adj. PE diluted	8.4	5.0	-46.9	92.6
Price cash flow	9.5	2.3	5.0	2.7
Price book value	1.3	0.5	0.4	0.4
Dividend yield	5.8%	7.4%	0.0%	0.0%
FCF yield	-6.7%	-26.0%	-8.6%	5.9%
EV/EBITDA	4.0	2.1	4.6	3.9
EV/EBIT	5.7	3.5	160.5	26.8
EV/operating CF	8.8	2.9	7.2	3.8

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