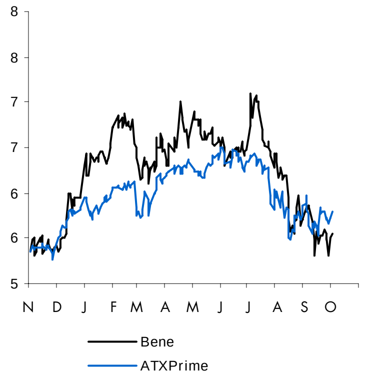
Company Update

October 4, 2007 | Industrials/Austria

Bene

Buy

Price 03.10.07	5.25
Price target	6.55
Volatility risk	medium
Year high/low	7.10/5.25
Currency	EUR
EUR/EUR	1.00
ADR rate	n.a.
Market capitalisation in EUR mn	127.8
Free float	52.7%
Free float in EUR mn	67.4
Avg. daily turnover (12 m) in EUR mn	0.3
Index	ATX Prime
ISIN code	AT00000BENE6
Bloomberg	BENE AV
Reuters	BENE.VI
Datastream	O:BEN
www.bene.com	



Source: Raiffeisen Centrobank

Sales volume up, margins temporarily down in 1H 07/08

Bene was able to boost sales by 27.4% yoy to EUR 60.6 mn in 2Q 07/08 topping our sales estimate of EUR 54.6 mn by 11.0%. However given the overstretched capacity utilisation and - according to management - a bad timing of invoicing larger projects EBIT was behind our expectations. Management confirmed that thanks to numerous projects which were in the finalisation process earnings should be higher in the upcoming quarters. Since this clear statement of the company, we expect EBITDA- and EBIT margins for 2H 07/08 to come in at around 9.2% and 6.5%, respectively.

Outlook: Based on reported 1H 07/08 figures we expect lower EBIT- and EBITDA margins for 2007e (EBITDA margin 2007e from 9.6% to 8.2%, EBIT margin 2007e from 6.9% to 5.6%) and also slightly lower operating margins for 2008e and 2009e. We expect EBITDA margins for 2008e and 2009e to come in well above 9% but also lower compared to our previous EBITDA-estimates of 9.8% and 9.9% for these two years, respectively. We have decreased our EPS estimates for 1/2008e from EUR 0.45 to EUR 0.38, from EUR 0.48 to EUR 0.47 for 1/2009e and EUR 0.51 to EUR 0.49 for 1/2010e.

Valuation: Based on the average of three valuation methods (PER, EV/EBITDA, DCF) we calculate a 12-month fair value of EUR 6.55. The target price of EUR 6.55 results in an EV/EBITDA ratio of 7.7 for 1/2007e and 6.8 for 1/2008e which is comparable to our peer group EV/EBITDA multiples of 7.7 for 1/2007e and 7.0 for 1/2008e. We lower our price target from EUR 7.05 (of August 2007) to EUR 6.55 due to lower expected operating margins primarily for 2007e but reiterate our "buy" recommendation for the Bene shares.

Key ratios

EUR	1/2006	1/2007	1/2008e	1/2009e	1/2010e
EPS reported	0.40	0.42	0.38	0.47	0.49
PE reported	n.a.	15.6	13.8	11.2	10.6
Adjusted EPS diluted	0.40	0.42	0.38	0.47	0.49
Adjusted PE diluted	n.a.	15.6	13.8	11.2	10.6
Operating cash flow per share	0.76	0.19	0.48	0.77	0.81
Price cash flow	n.a.	35.2	11.0	6.8	6.4
Book value per share	1.53	2.59	2.77	3.04	3.29
Price book value	n.a.	2.5	1.9	1.7	1.6
Dividend per share	0.10	0.20	0.20	0.24	0.25
Dividend yield	n.a.	3.1%	3.8%	4.5%	4.7%
EV/adjusted EBITDA	n.a.	7.6	6.1	5.4	5.3

Source: Bene, Raiffeisen Centrobank estimates

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Looking back: 2Q 07/08

Quarterly figures

in EUR mn	4Q 05/06	1Q 06/07	2Q 06/07	3Q 06/07	4Q 06/07	1Q 07/08	2Q 07/08
Sales	53.4	40.6	47.6	49.7	60.7	54.5	60.6
EBITDA	3.6	2.8	7.2	4.3	4.4	3.9	4.3
EBITDA margin	6.8%	6.8%	15.1%	8.6%	7.2%	7.2%	7.0%
EBIT	2.1	1.3	5.8	2.9	3.1	2.5	2.7
EBIT margin	3.9%	3.2%	12.2%	5.9%	5.0%	4.5%	4.4%
EBT	2.1	1.2	5.5	2.7	3.0	2.6	2.7
Net profit a.m.	2.1	0.7	4.0	2.2	1.5	1.6	1.6

Source: Bene

Strong sales growth but margins below our estimates

Sales volume increased by 27.4% yoy, driven by a strong organic growth in all market segments. The Austrian home market of Bene achieved a sales growth of 11.8% yoy to EUR 19.5 mn. In Germany Bene significantly improved sales by 42.1% yoy to EUR 15.6 mn. The highly profitable UK segment could only generate a below-average sales growth of 7.2% yoy to EUR 8.9 mn. Russia and the segment "Others" showed the highest sales growth rates of 53.3% yoy to EUR 6.7 mn in Russia and 54.8% yoy to EUR 9.9 mn for the "other markets".

2Q 2007/08

in EUR mn	2Q 06/07	2Q 07/08	+/- %	RCB est.	+/- % vs.est.	Comment
Sales	47.6	60.6	27.4	54.6	11.0	growth in all segments
EBITDA	7.2	4.3	-40.8	5.7	-25.2	rapid sales increase and thus high capacity utilisation weighs on costs
EBITDA margin	15.1%	7.0%		10.4%		
EBIT	5.8	2.7	-54.4	4.2	-36.8	
EBIT margin	3.2%	4.4%		7.7%		
EBT	5.5	2.7	-50.9	4.2	-35.8	
Net profit a.m.	4.0	1.6	-59.8	2.9	-45.0	

Source: Bene, Raiffeisen Centrobank

However, with EBITDA reported at EUR 4.3 mn and EBIT of EUR 2.7 mn Bene could not follow up the extraordinary profitable 2Q 06/07 as the rapid sales increase led to an intense capacity utilisation and increased variable costs (e.g. costs of services increased due to increasing use of temporary workforce) far more than expected. Regionally, the lower overall EBIT margin was attributable to an Austrian EBIT-margin of only 1.9% in 2Q 07/08 compared to 11.3% for 2Q 06/07, a still negative EBIT of TEUR 57 or -0.4% in Germany. Surprisingly also the "other markets" contributed negative EBIT of TEUR 39 or -0.4% compared to EBIT of EUR 1.3 mn and an EBIT margin of 20.7% for 2Q 06/07. Also the EBIT margin in the previous 1Q 07/08 was still positive at 7.9% or EUR 0.7 mn. Sales from the United Arab Emirates remained below expectations and also the two new points of sale in Ireland and Belgium could not pull EBIT into positive territory. The most profitable segments are UK with a reported EBIT margin of 10.9% or EUR 1.0 mn and Russia with an EBIT margin of 21.2% or EUR 1.4 mn.

Outlook

We increased our yoy sales growth estimate for 1/2008e from 13.9% to 21.0%. Sales volume should particularly increase in 2H 07/08 as numerous projects in Russia and the UK were just before the finalisation of implementation by the end of 1H 07/08 but could not be shown in 1H 07/08 sales figures. These project volumes will be included in 2H 07/08 and should also contribute to better operating margins compared to 1H 07/08 but will not improve the EBITDA margin up to our previous estimate of 9.6%.

EBITDA- and EBIT margins in 1H 07/08 missed our forecasts, but management expects 2H 07/08 figures to catch up. This assumption is based on the management statement that the company will realise profits of some large scale projects which caused stretched capacity utilization in 2Q. The earnings contribution of this effect amounts to EUR 2-2.5 mn according to the management. We remain a bit more conservative with regard to this time-lag effect and the margin of the new business generated in 2H. We therefore expect EBITDA- and EBIT margins for 2H 07/08 to come in at around 9.2% and 6.5%, respectively.

For the following years we slightly reduced EBITDA margin assumptions by 0.6%p.We currently expect EBITDA margins for 1/2008e of 8.2%, 9.2% for 1/2009e and 9.3% for 1/2010e which should also filter through to an EPS reduction for 1/2008e from EUR 0.45 to EUR 0.38, from EUR 0.48 to EUR 0.47 for 1/2009e and EUR 0.51 to EUR 0.49 for 1/2010e, respectively. The improvement in EBITDA margin 1/2009e and 1/2010e is based on the current capacity extension program which should reduce the current dependency on relatively expensive temporary workforce.

Changes to forecast

	old			new			
in EUR mn	**1/2008e**	**1/2009e**	**1/2010e**	**1/2008e**	**1/2009e**	**1/2010e**	**Comment**
Sales	226.1	243.3	262.3	240.3	257.9	275.8	capacity extension, better 2Q 07/08 figures
EBITDA	21.7	23.9	25.9	19.7	23.7	25.5	high capacity utilisation especially in 2007 weighs on costs
EBITDA margin	9.6%	9.8%	9.9%	8.2%	9.2%	9.3%	
EBIT	15.6	16.5	17.6	13.3	16.2	17.2	
EBIT margin	6.9%	6.8%	6.7%	5.6%	6.3%	6.2%	
EBT	15.9	16.9	17.7	13.6	16.4	17.1	
Net profit a.m.	11.0	11.8	12.5	9.3	11.4	12.0	
EPS	0.45	0.48	0.51	0.38	0.47	0.49	
EPS adjusted	0.45	0.48	0.51	0.38	0.47	0.49	
DPS	0.21	0.24	0.25	0.20	0.24	0.25	

Source: Raiffeisen Centrobank estimates

Valuation

We continue to derive our price target by using three valuation methods, namely PER and EV/EBITDA multiples as well as a DCF model. For calculating the price target we use the average of these three methods.

We based our DCF model on a terminal value growth of 1.25% (previous 1.5%) and also slightly lower the terminal value EBITDA margin from 9.2% to 8.7%. We leave the industry beta unchanged at 1.1 and also derive the same WACC as in our previous company update of around 8.0% with only a higher WACC of 8.3% for 2008e due to an expected higher risk free rate of 4.7%. The NWC/Sales ratio is raised from 7.5% to 8.9%.

Price target calculation

in EUR per share	*2007e*	*2008e*
PER Median	5.5	5.6
EV/EBITDA Median	6.6	6.8
DCF	7.4	7.4
Fair Value	6.5	6.6
Price target	**6.55**	

Source: Reuters, Raiffeisen Centrobank estimates

Based on these assumptions we calculate a new price target of EUR 6.55 after EUR 7.05 but keep our "buy" recommendation unchanged.

DCF valuation

FCF projection (EUR mn)	2007e	2008e	2009e	2010e	2011e	2012e	TV CF
NOPLAT	9.7	11.7	12.4	13.2	14.2	15.2	14.8
Adj. NOPLAT	9.7	11.7	12.4	13.2	14.2	15.2	14.8
Depreciation of PPE & intangibles	6.4	7.5	8.4	8.8	8.8	8.4	8.0
Gross investment in PPE & intangibles	-14.5	-22.5	-21.0	-13.0	-11.5	-8.5	-8.5
Change in working capital	-5.2	-1.2	-1.4	-1.7	-1.6	-1.4	-0.4
NWC/Sales	9.1%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Change in LT provisions other than tax	0.7	0.5	0.4				
Net acquisitions & disposals	-1.7	-0.3	-0.3	0.0	0.0	0.0	
Free cash flow to firm	-4.6	-4.3	-1.5	7.3	9.9	13.8	13.9
Adj. free cash flow to firm	**-4.6**	**-4.3**	**-1.5**	**7.3**	**9.9**	**13.8**	**13.9**
EV DCF, mid-year assumption		**165.5**	**183.6**				
MV of non-operating assets		0.1	0.1				
MV of net debt		-9.5	0.2				
MV of minorities		1.4	1.1				
Adjustments to EV		0.0	0.0				
Fair value of equity		**173.7**	182.4				
Shares outstanding (mn)		24.3	24.3				
Price target per share per 01/02 (in EUR)		**7.1**	**7.5**				

Value drivers	2007e	2008e	2009e	2010e	2011e	2012e	TV CF
Consolidated sales yoy	21.0%	7.3%	6.9%	6.5%	6.0%	5.0%	1.3%
EBITDA margin	8.2%	9.2%	9.3%	9.2%	9.1%	9.0%	8.7%
Rate of taxes paid	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%
Working capital/sales	9.1%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
Capex/depreciation	226.6%	300.0%	250.2%	147.7%	130.7%	101.2%	106.3%
Free cash flow margin	-1.9%	-1.7%	-0.5%	2.5%	3.2%	4.2%	4.3%

WACC	2007e	2008e	2009e	2010e	2011e	2012e	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)	4.3%	4.7%	4.3%	4.3%	4.3%	4.3%	4.3%
Equity market premium	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Levered beta	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Cost of equity	8.7%	9.1%	8.6%	8.7%	8.7%	8.7%	8.7%
Cost of debt	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Tax rate	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%	-27.5%
WACC	**8.0%**	**8.3%**	**7.9%**	**8.0%**	**8.0%**	**8.0%**	**8.0%**

Sensitivity analysis

Growth sensitivity (EUR)			Terminal growth rate				
WACC	**-0.3%**	**0.3%**	**0.8%**	**1.3%**	**1.8%**	**2.3%**	**2.8%**
6.5%	7.8	8.4	9.1	9.9	10.9	12.1	13.7
7.0%	7.2	7.7	8.3	9.0	9.8	10.8	12.0
7.5%	6.7	7.1	7.6	8.2	8.8	9.6	10.6
8.0%	6.2	6.6	7.0	**7.5**	8.1	8.7	9.5
8.5%	5.8	6.1	6.5	6.9	7.4	7.9	8.6
9.0%	5.4	5.7	6.0	6.4	6.8	7.3	7.8
9.5%	5.1	5.4	5.6	6.0	6.3	6.7	7.2

Margin sensitivity (EUR)			FCF margin TV				
WACC	**2.8%**	**3.3%**	**3.8%**	**4.3%**	**4.8%**	**5.3%**	**5.8%**
6.5%	6.8	7.8	8.9	9.9	11.0	12.0	13.1
7.0%	6.1	7.1	8.0	9.0	9.9	10.8	11.8
7.5%	5.6	6.5	7.3	8.2	9.0	9.9	10.7
8.0%	5.2	5.9	6.7	**7.5**	8.3	9.0	9.8
8.5%	4.8	5.5	6.2	6.9	7.6	8.3	9.0
9.0%	4.5	5.1	5.8	6.4	7.0	7.7	8.3
9.5%	4.2	4.8	5.4	6.0	6.6	7.2	7.7

Source: Raiffeisen Centrobank estimates

Risk/return analysis

	Currency	Price 03.10.	MCap. EUR mn	Performance (%) 1M	3M	12M	Vola (%) 250D	EPS CAGR 3-year
Steelcase	USD	18.79	1,987	7.6	2.0	18.8	21.8	19.0%
Samas Groep	EUR	5.20	129	-2.3	-0.6	-33.9	32.0	neg.
Herman Miller	USD	28.57	1,242	-0.7	-11.8	-15.9	33.1	11.1%
HNI	USD	36.31	1,270	-10.7	-12.6	-12.7	23.6	7.9%
Knoll	USD	18.33	678	-3.1	-17.5	-8.9	29.3	13.8%
Teknion	CAD	2.20	100	-8.3	-17.0	-49.4	70.5	n.a.
Zumtobel	EUR	27.67	1,237	-3.3	-7.1	46.4	26.2	3.7%
Mean				**-3.0**	**-9.2**	**-7.9**	**33.8**	**11.1%**
Median				**-3.1**	**-11.8**	**-12.7**	**29.3**	**11.1%**
Bene	EUR	5.25	128	-10.1	-22.2	-1.9	27.1	6.8%
ATX Prime		2,237.9		-1.5	-8.7	16.6	n.a.	

Peer group valuation

	P/E pre-goodwill 2006	2007e	2008e	2009e	Dividend Yield 2006	2007e	2008e	2009e
Steelcase	24.2	18.7	15.4	13.4	3.0%	3.0%	3.1%	3.2%
Samas Groep	neg.	neg.	20.2	10.0	0.0%	0.0%	1.5%	3.6%
Herman Miller	18.4	13.2	11.9	10.5	1.0%	1.2%	1.3%	1.4%
HNI	14.8	15.9	13.4	11.7	2.1%	2.1%	2.3%	2.3%
Knoll	16.5	13.0	10.9	9.4	1.9%	2.4%	2.7%	3.1%
Teknion	neg.	22.0	6.4	n.a.	0.0%	0.0%	0.0%	n.a.
Zumtobel	11.5	13.0	12.0	10.6	1.9%	2.8%	3.2%	3.7%
Mean	**17.1**	**16.0**	**12.9**	**10.9**	**1.4%**	**1.7%**	**2.0%**	**2.9%**
Median	**16.5**	**14.6**	**12.0**	**10.5**	**1.9%**	**2.1%**	**2.3%**	**3.2%**
Bene	12.5	11.6	10.9	10.3	3.1%	3.9%	4.5%	4.7%

	P/BV 2006	2007e	2008e	2009e	ROE 2006	2007e	2008e	2009e
Steelcase	2.4	2.1	1.9	1.8	8.8%	11.8%	12.9%	13.6%
Samas Groep	2.3	2.8	2.5	2.1	neg.	neg.	12.5%	21.7%
Herman Miller	14.8	6.6	4.6	3.4	87.9%	62.9%	43.2%	35.1%
HNI	3.5	3.0	2.6	2.2	22.6%	20.3%	20.3%	19.9%
Knoll	246.1	17.2	8.0	4.9	278.5%	240.7%	98.9%	64.4%
Teknion	1.1	0.6	0.6	0.6	neg.	3.0%	9.7%	n.a.
Zumtobel	2.7	2.4	2.1	1.9	33.1%	20.0%	18.8%	18.9%
Mean	**39.0**	**5.0**	**3.2**	**2.4**	**86.2%**	**59.8%**	**30.9%**	**28.9%**
Median	**2.7**	**2.8**	**2.5**	**2.1**	**33.1%**	**20.1%**	**18.8%**	**20.8%**
Bene	2.5	1.9	1.7	1.5	18.4%	16.6%	16.2%	15.7%

	EV/Sales 2006	2007e	2008e	2009e	EV/EBITDA 2006	2007e	2008e	2009e
Steelcase	0.9	0.7	0.7	0.7	10.5	7.9	7.1	6.9
Samas Groep	0.7	0.6	0.5	0.5	neg.	25.3	8.3	5.6
Herman Miller	1.2	1.0	0.9	0.9	10.0	7.4	7.0	6.1
HNI	0.8	0.8	0.7	0.7	7.3	7.8	7.0	6.4
Knoll	1.4	1.2	1.1	0.9	10.2	7.5	6.2	5.3
Teknion	0.5	0.3	0.3	n.a.	8.8	6.5	4.4	n.a.
Zumtobel	1.1	0.0	1.0	0.9	8.9	7.7	7.1	6.3
Mean	**0.9**	**0.6**	**0.7**	**0.8**	**9.3**	**10.0**	**6.7**	**6.1**
Median	**0.9**	**0.7**	**0.7**	**0.8**	**9.5**	**7.7**	**7.0**	**6.2**
Bene	0.7	0.5	0.5	0.5	7.6	5.4	5.2	5.0

Financial statements (IFRS)

Income statement (EUR mn)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Consolidated sales	**167.3**	**186.7**	**198.6**	**240.3**	**257.9**	**275.8**
Changes in inventories	-0.1	-0.3	0.2	0	0	0
Own work capitalised	0.9	0.7	0.9	1	1	1
Other operating income	3	2.2	3.7	2.6	2.6	2.5
Total revenues	**171**	**189.3**	**203.4**	**244**	**261.5**	**279.2**
Material costs	-82.2	-92.8	-93.2	-114.9	-121.2	-129.3
Personnel expenses	-48.7	-53.8	-60.1	-71.4	-75.8	-80.8
Other operating expenses	-26.8	-25.9	-31.4	-38	-40.7	-43.6
EBITDA	**13.3**	**16.8**	**18.7**	**19.7**	**23.7**	**25.5**
Depreciation of PPE and intangibles	-5.4	-5.5	-5.6	-6.4	-7.5	-8.4
EBITA	**7.9**	**11.3**	**13.1**	**13.3**	**16.2**	**17.2**
Amortisation, impairment of goodwill	0	0	0	0	0	0
EBIT	**7.9**	**11.3**	**13.1**	**13.3**	**16.2**	**17.2**
Investment income	0	0	0.1	0.2	0.2	0.2
Net interest income	-1.7	-1.4	-0.9	0.1	0.1	-0.2
Other financial result	-0.1	0.4	0.1	0	0	0
Financial result	**-1.8**	**-0.9**	**-0.7**	**0.3**	**0.3**	**0**
Earnings before taxes	**6.1**	**10.4**	**12.4**	**13.6**	**16.4**	**17.1**
Taxes on income	-3.5	-2.6	-3.4	-3.8	-4.5	-4.7
Extraordinary result	0	0	0	0	0	0
Net profit before minorities	**2.6**	**7.8**	**9**	**9.9**	**11.9**	**12.4**
Minority interests	0	-0.3	-0.5	-0.6	-0.5	-0.4
Net profit after minorities	**2.5**	**7.5**	**8.4**	**9.3**	**11.4**	**12**

Balance sheet (EUR mn)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Current assets	**61.7**	**64**	**97.4**	**94.7**	**86.3**	**81.8**
Liquid funds	23.6	19.5	41.2	26.6	14.4	5.8
Receivables	24.4	32.1	40	49.3	52.9	56.5
Inventories	12.7	11.4	14.7	17.8	18.1	18.5
Other assets	1	0.9	1.5	1	1	1
Fixed assets	**34.6**	**33.2**	**35**	**44.8**	**60.1**	**73**
Property, plant & equipment	27.8	27.1	27.2	35.3	50.3	62.8
Intangible assets	1.8	2.4	3.2	3.2	3.2	3.3
Goodwill	1.5	1.5	2.6	4.2	4.5	4.8
Financial assets	3.5	2.2	2.1	2.1	2.1	2.1
Deferred tax assets	**8.4**	**8**	**7.7**	**7.7**	**7.7**	**7.7**
Total assets	**104.8**	**105.2**	**140.2**	**147.1**	**154.1**	**162.5**
Current liabilities	**31.4**	**45.6**	**50.3**	**53.1**	**53.7**	**55.1**
Long-term liabilities	**51.3**	**30.4**	**25.9**	**25.9**	**25.8**	**26.8**
Shareholders' equity	**21.3**	**28.7**	**63**	**67.4**	**74**	**80.2**
Minority interests	**0.6**	**0.7**	**0.9**	**0.7**	**0.5**	**0.3**
Deferred tax liabilities	**0**	**0**	**0**	**0**	**0**	**0**
Total liabilities	**104.8**	**105.2**	**140.1**	**147.1**	**154.1**	**162.5**

Cash flow statement (EUR mn)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Earnings before taxes	**6.1**	**10.4**	**12.4**	**13.6**	**16.4**	**17.1**
Taxes paid	-1.8	-1.9	-3.4	-3.8	-4.5	-4.7
Amortisation and depreciation	5.4	5.5	5.6	6.4	7.5	8.4
Other non-cash items	0.2	-0.5	-0.1	0.7	0.5	0.4
Cash flow from result	**9.9**	**13.5**	**14.4**	**17**	**19.9**	**21.2**
Change in working capital	0.2	0.7	-10.7	-5.4	-1.2	-1.4
Operating cash flow	**10.1**	**14.2**	**3.7**	**11.6**	**18.7**	**19.8**
Capex PPE and intangible assets	-4	-5.8	-6	-14.5	-22.5	-21
Acquisitions	0	0	-0.9	-1.7	-0.3	-0.3
Disposal of fixed assets (total)	1.5	3.5	0.3	0	0	0
Other items (investments)	-4.5	0	-16.2	18.4	0	0
Investing cash flow	**-7**	**-2.3**	**-22.8**	**2.2**	**-22.8**	**-21.3**
Dividend payments	-0.6	-0.2	-1.9	-4.9	-4.9	-5.8
Other changes in equity	15	0	28.1	-0.8	-0.7	-0.6
Change in interest-bearing financial assets	6.1	-2.4	16.5	-18.3	-0.1	0
Other items	-37.4	0.6	0	0	0	-0.1
Change in NIBD	**-13.8**	**9.9**	**23.6**	**-10.2**	**-9.8**	**-7.9**

Source: Bene, Raiffeisen Centrobank estimates

Financial ratios

Changes yoy	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Consolidated sales yoy	n.a.	11.6%	6.3%	21.0%	7.3%	6.9%
EBITDA yoy	n.a.	26.0%	11.0%	5.9%	20.0%	7.8%
EBITA yoy	n.a.	42.9%	15.9%	2.0%	21.4%	5.9%
EBIT yoy	n.a.	42.9%	15.9%	2.0%	21.4%	5.9%
EBT yoy	n.a.	70.6%	19.6%	10.2%	20.5%	4.2%
Net profit after minorities yoy	n.a.	193.9%	12.7%	10.3%	22.9%	5.2%

Margins	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Material costs margin	-49.1%	-49.7%	-46.9%	-47.8%	-47.0%	-46.9%
EBITDA margin	8.0%	9.0%	9.4%	8.2%	9.2%	9.3%
EBITA margin	4.7%	6.0%	6.6%	5.6%	6.3%	6.2%
EBIT margin	4.7%	6.0%	6.6%	5.6%	6.3%	6.2%
EBT margin	3.6%	5.5%	6.2%	5.7%	6.4%	6.2%
Net margin	1.5%	4.0%	4.2%	3.9%	4.4%	4.4%

Balance sheet (EUR mn)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Net working capital	6.7	6.6	16.5	21.9	23.1	24.5
Net interest-bearing debt	13.8	3.9	-19.7	-9.5	0.2	8.1
Capital employed	n.a.	n.a.	87.2	87.1	90.9	96.3
Market capitalisation	n.a.	n.a.	159.5	127.8	127.8	127.8
Enterprise value	n.a.	n.a.	141.3	119.6	129.0	136.5

Financing (x)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Interest cover	7.0	10.7	16.9	20.6	29.0	33.8
Internal financing ratio	4.0	2.7	0.7	0.8	0.8	0.9
Net gearing	62.9%	13.3%	-30.9%	-14.0%	0.3%	10.1%
Quick ratio	1.6	1.2	1.6	1.4	1.3	1.1
Fixed assets cover	2.1	1.8	2.6	2.1	1.7	1.5
Capex / depreciation	0.7	1.0	1.1	2.3	3.0	2.5
Equity ratio	21.0%	27.9%	45.6%	46.3%	48.4%	49.6%

Profitability	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Return on assets	6.5%	8.6%	8.0%	7.4%	8.3%	8.2%
Return on equity	23.8%	29.9%	18.4%	14.2%	16.2%	15.6%
Return on capital employed	14.6%	16.2%	14.2%	12.5%	14.3%	14.1%

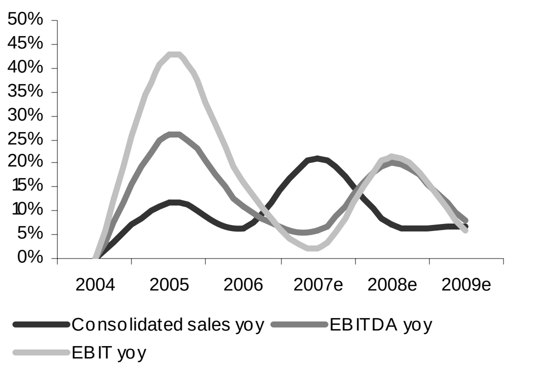
Per share data (EUR)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
Weighted avg. no. of shares (mn)	12.2	18.8	20.1	24.3	24.3	24.3
EPS reported	0.21	0.40	0.42	0.38	0.47	0.49
EPS pre-goodwill	0.21	0.40	0.42	0.38	0.47	0.49
Adjusted EPS diluted	0.21	0.40	0.42	0.38	0.47	0.49
Operating cash flow per share	0.83	0.76	0.19	0.48	0.77	0.81
Book value per share	1.14	1.53	2.59	2.77	3.04	3.29
Dividend per share	0.00	0.10	0.20	0.20	0.24	0.25
Payout ratio	0.0%	25.3%	57.8%	52.7%	50.3%	49.9%

Valuation (x)	1/2005	1/2006	1/2007	1/2008e	1/2009e	1/2010e
PE reported	n.a.	n.a.	15.6	13.8	11.2	10.6
PE pre-goodwill	n.a.	n.a.	15.6	13.8	11.2	10.6
Adjusted PE diluted	n.a.	n.a.	15.6	13.8	11.2	10.6
Price cash flow	n.a.	n.a.	35.2	11.0	6.8	6.4
Price book value	n.a.	n.a.	2.5	1.9	1.7	1.6
Dividend yield	n.a.	n.a.	3.1%	3.8%	4.5%	4.7%
Free cash flow yield	n.a.	n.a.	-1.2%	-2.2%	-3.0%	-0.9%
EV/sales	n.a.	n.a.	0.7	0.5	0.5	0.5
EV/EBITDA	n.a.	n.a.	7.6	6.1	5.4	5.3
EV/EBIT	n.a.	n.a.	10.8	9.0	8.0	8.0
EV/operating cash flow	n.a.	n.a.	37.8	10.3	6.9	6.9
Adjusted EV/CE	n.a.	n.a.	2.1	1.7	1.6	1.5
Adjusted EV/CE vs. ROCE/WACC	n.a.	n.a.		1.1	0.9	0.9

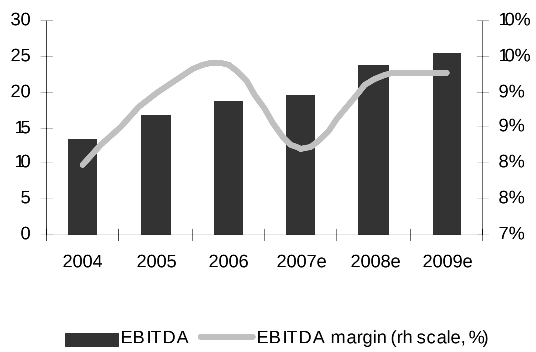
Source: Bene, Raiffeisen Centrobank estimates

Financial graphs

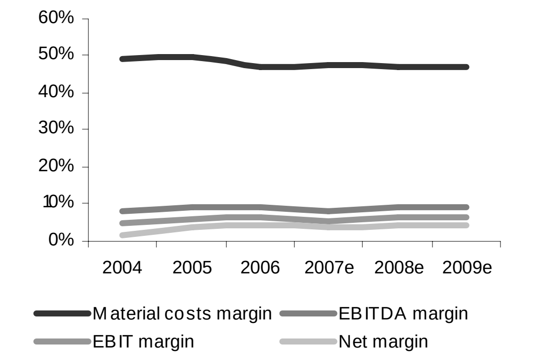
Momentum 2004-2009e (%)



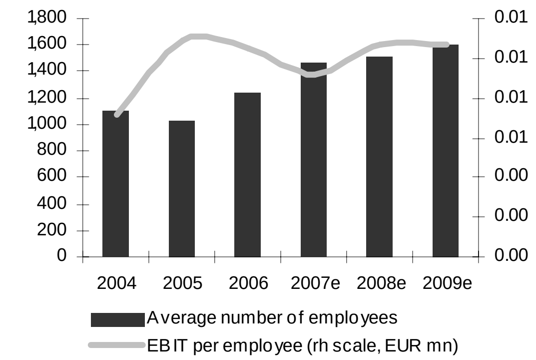
EBITDA margin 2004-2009e (EUR mn)



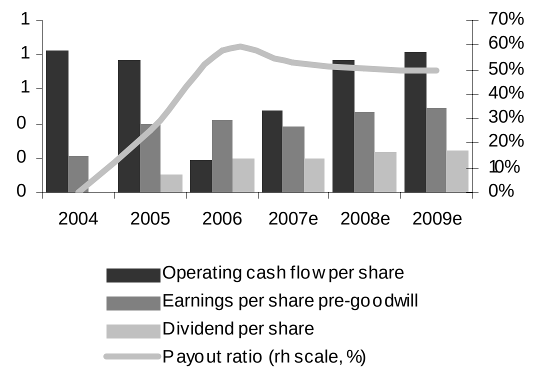
Profit margins 2004-2009e (%)



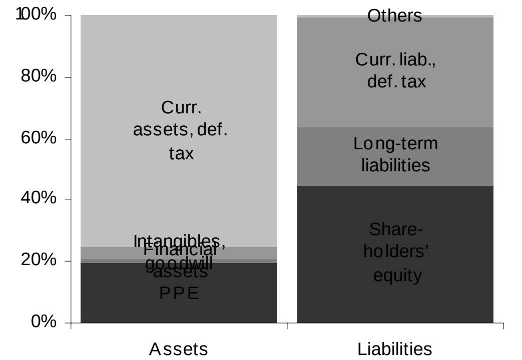
Productivity 2004-2009e



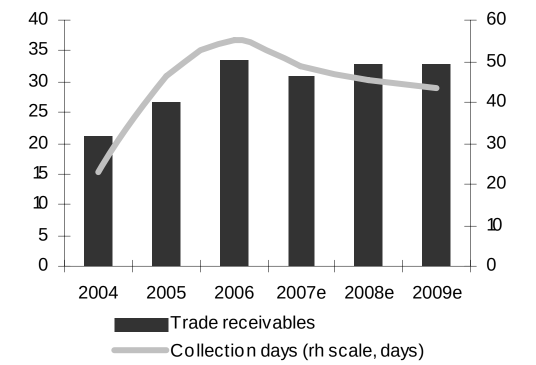
Per share data 2004-2009e (EUR)



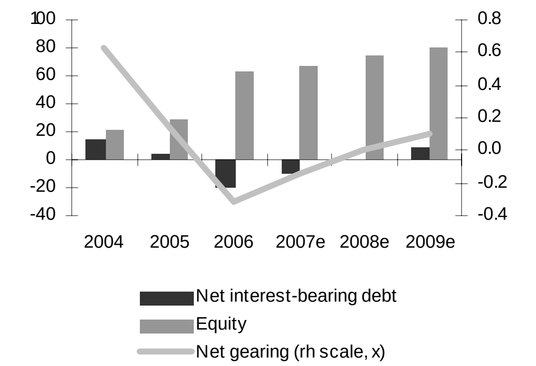
Balance sheet structure (%)



Cash management 2004-2009e (EUR mn)



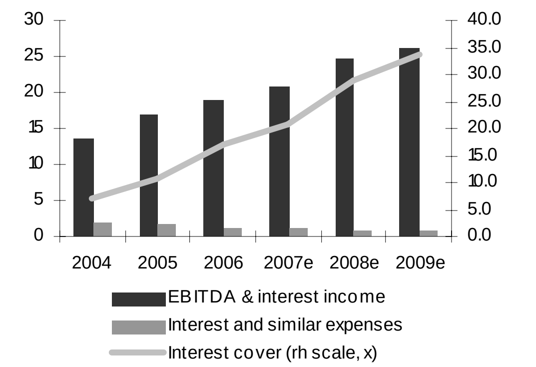
Net gearing 2004-2009e (EUR mn)



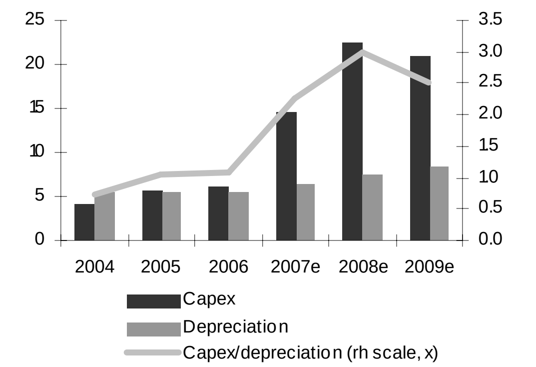
Source: Bene, Raiffeisen Centrobank estimates

Financial graphs

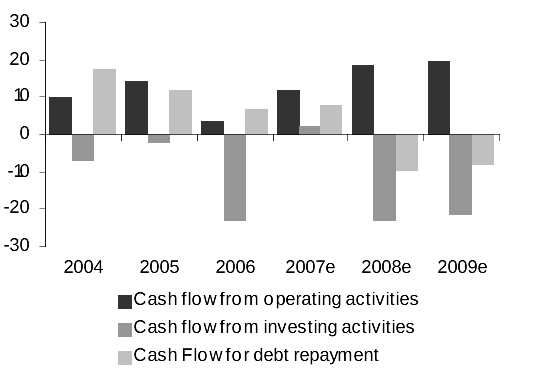
Interest cover 2004-2009e (EUR mn)



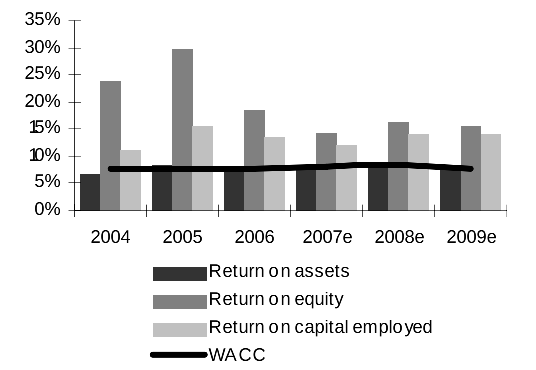
Capex vs. depreciation 2004-2009e (EUR mn)



Cash flow comparison 2004-2009e (EUR mn)



Profitability 2004-2009e (%)



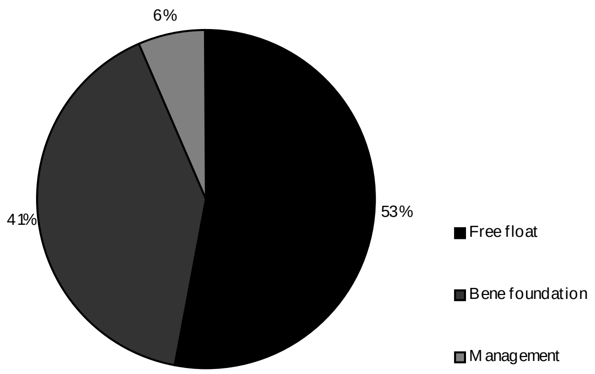
Source: Bene, Raiffeisen Centrobank estimates

Fact Sheet

Company description

Bene, which has its headquarter in Waidhofen/Ybbs, Lower Austria is the Austrian #1 and European #6 office furniture supplier, with sales of EUR 199 mn and 1,344 employees. Sales are mainly generated in Austria (one third), Germany (about 27%), UK (13%), Russia (10%) and several CEE, Western European countries and the United Arab Emirates (16%). 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 93% of sales generated via its own point of sales. 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. The expected pick-up of non-residential construction in the next years provides a strong catalyst for accelerating growth due to a catching-up effect of postponed replacement investments.

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
- Strong outperformance of European office furniture market in recent years
- Productivity advantages due to innovative production and supply-chain management
- European office furniture market is only at the beginning of an upswing
- 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
- Takeover of a swivel chair manufacturing company part of the equity story; a failure of this acquisition could burden the share price
- Very fragmented industry with no clear leader; a lot of companies could fight for the leading market positions

Income statement (EUR mn)	***1/2007***	***1/2008e***	***1/2009e***	***1/2010e***
Consolidated sales	198.6	240.3	257.9	275.8
EBITDA	18.7	19.7	23.7	25.5
EBIT	13.1	13.3	16.2	17.2
EBT	12.4	13.6	16.4	17.1
Net profit bef. min.	9.0	9.9	11.9	12.4
Net profit after min.	8.4	9.3	11.4	12.0
Balance sheet				
Total assets	140.2	147.1	154.1	162.5
Shareholders' equity	63.0	67.4	74.0	80.2
Goodwill	2.6	4.2	4.5	4.8
NIBD	-19.7	-9.5	0.2	8.1
Cash flow statement				
Operating cash flow	3.7	11.6	18.7	19.8
Investing cash flow	-22.8	2.2	-22.8	-21.3
Change NIBD	23.6	-10.2	-9.8	-7.9

Per share data (EUR)	***1/2007***	***1/2008e***	***1/2009e***	***1/2010e***
EPS pre-goodwill	0.42	0.38	0.47	0.49
Adj. EPS diluted	0.42	0.38	0.47	0.49
Operating cash flow	0.19	0.48	0.77	0.81
Book value	2.59	2.77	3.04	3.29
Dividend	0.20	0.20	0.24	0.25
Payout ratio	57.8%	52.7%	50.3%	49.9%
Valuation (x)				
PE pre-goodwill	15.6	13.8	11.2	10.6
Adj. PE diluted	15.6	13.8	11.2	10.6
Price cash flow	35.2	11.0	6.8	6.4
Price book value	2.5	1.9	1.7	1.6
Dividend yield	3.1%	3.8%	4.5%	4.7%
FCF yield	-1.2%	-2.2%	-3.0%	-0.9%
EV/EBITDA	7.6	6.1	5.4	5.3
EV/EBIT	10.8	9.0	8.0	8.0
EV/operating CF	37.8	10.3	6.9	6.9

Source: Bene, Raiffeisen Centrobank estimates

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Risk ratings take into account volatility. Fundamental criteria might lead to a change in the risk classification. Also, the classification may change over the course of time.

Investment ratings: indicators of the expected return within a 6-12-month period from the date of the initial rating.
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Sell: < -10% for low/medium risk shares, < -15% for high risk shares

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7. The analyst is on the Supervisory Board/Board of Directors of the issuer analysed by him.
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