EQUITY RESEARCH

Indra

IT

Sell

High-Risk

5th April 2013

Spain

De-leverage mode?

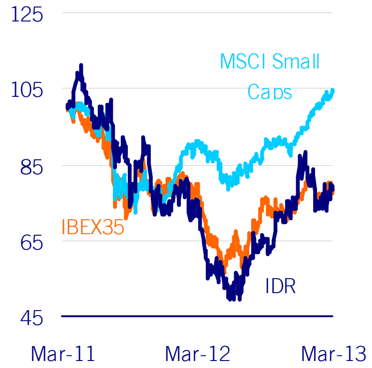
(Price Target cut from € 8.00 to € 7.70; Sell recommendation maintained)

- **Cutting estimates to reflect lower guidance**: We now believe that IDR will hardly return to the 10% EBIT mg threshold in the near future. We estimate margins of 8.1% and 8.5% for FY13 and FY14, respectively vs. the downwardly revised guidance of EBIT mg close to 8% in 2013. Additionally, we believe that the restructuring initiatives may not be running as smoothly as expected. Nonetheless, and despite the apparent delays in the margin uplift from the efficiency program, we still estimate a positive impact to come in 2014 and beyond. All in all, we cut our recurrent EBIT estimates for 2013 and 2014 by 4.7% and 4.4%, respectively.

- **Unsustainable capital structure**: When observing the company's most comparable peers, IDR stands out as one of the most levered, as most of the its peers have a net cash position. Although we believe that IDR could have some leverage, the current level does not seem sustainable and could constitute a competitive disadvantage. We believe that IDR will have to de-leverage in the coming years to target levels in the range it has reported pre-sovereign crisis (0.3x-0.8x), a move that would likely trigger further dividend cuts.

- **Reiterating our Sell recommendation**: Following our estimates revision and adjustments of our assumptions we reached a YE13 Price Target of € 7.70 (-3.8% LfL). IDR's domestic exposure and still significant weight of public expenditure should continue to pressure its top-line and margins. Moreover, we believe that the company´s debt levels are not sustainable and should force IDR to be in a de-leverage mode in the coming years which is usually painful for shareholders. To complete the set of reasons that support our negative stance we see increased risks for IDR investment case deriving from concerns on the recurrence of the orderbook and exposure to high sovereign risk countries. **SELL**

Indra vs IBEX35 vs MSCI SCaps



Source: Bloomberg.

Stock data

Price (2nd April):	9.35	Price Target:	7.70
No of shares (mn):	164	Market Cap:	1 535
Reuters/Bloomberg:	IDR.MC / IDR SM	Free-float:	59%
Net Debt/EBITDA '13:	2.1	ROE '13:	11%
EPS Growth ('12-'15)	8.0%	Avg.Daily Vol. [€ '000]:	9 407
Major shareholders: BFA-Bankia (21.1%); C. Alba (11.3%); Casa de Cartagena (5.0%) Liberbank (5.0%)			

Estimates	2012	2013F	2014F	2015F	2016F
EPS	0.81	0.78	0.94	1.02	1.10
P/E	11.6	12.0	10.0	9.4	8.5
Dividend Yield	7.1%	3.6%	2.1%	3.6%	5.9%
FCF Yield	2.7%	5.6%	7.1%	8.3%	8.7%
EV/EBITDA	7.4	7.5	6.8	6.2	6.0

Historical Recommendation

Date	Recommendation
24-Jan-12	Reduce
18-Sep-12	Sell

Source: BPI Equity Research.

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BPI vs. Consensus

Company:	Indra
Sector:	DJ Euro Stoxx Indus Gd € Pr

Valuation monitor

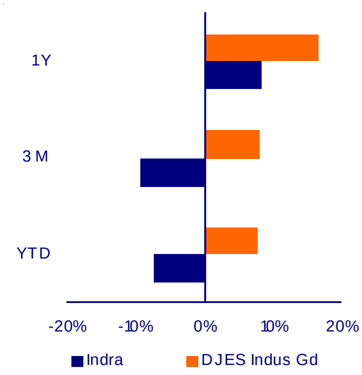
Relative Valuation	2013	2014	2015
EV/EBITDA			
BPI	7.5	6.8	6.2
Consensus	7.5	7.0	6.3
Sector	8.8	6.9	0.0
P/E			
BPI	12.0	10.0	9.2
Consensus	10.5	9.4	8.6
Sector	15.3	12.2	0.0
PBV			
BPI	1.3	1.2	1.1
Consensus	1.3	1.2	1.2
Sector	3.0	2.8	0.0
Dividend yield			
BPI	3.6%	2.1%	3.6%
Consensus	5.0%	5.6%	6.2%
Sector	3.1%	3.4%	0.0%

P&L and B\S monitor

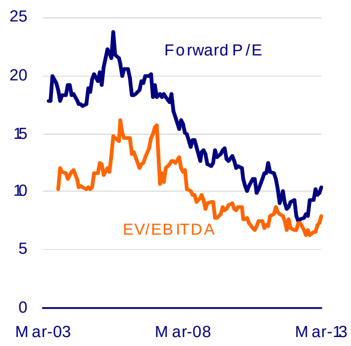
BPI estimates/Consensus	2013	2014	2015
Revenues	-0.9%	-1.0%	-1.3%
EBITDA	-0.1%	2.8%	5.1%
EBIT	0.2%	0.5%	-1.8%
Net Profit	-10.1%	-6.8%	-5.5%
Net Debt	-1.7%	2.3%	-2.4%
Capex	-5.2%	-0.6%	27.1%
Profitability monitor			
EBITDA Margin			
BPI	9.9%	10.5%	11.6%
Consensus	9.9%	10.1%	10.9%
EBIT margin			
BPI	8.1%	8.5%	9.0%
Consensus	8.0%	8.4%	9.1%
Net Profit margin			
BPI	4.3%	5.0%	5.5%
Consensus	4.7%	5.3%	5.7%
Key leverage ratios			
Net Debt/EV			
BPI	0.28	0.28	0.24
Consensus	0.28	0.28	0.26
Net Debt/EBITDA			
BPI	2.08	1.91	1.50
Consensus	2.12	1.92	1.62

Stock Momentum

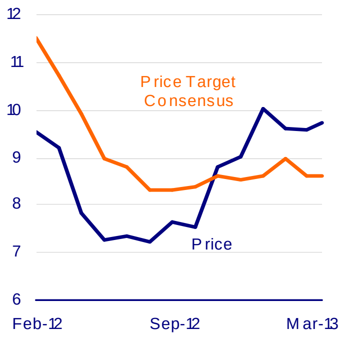
Price Performance



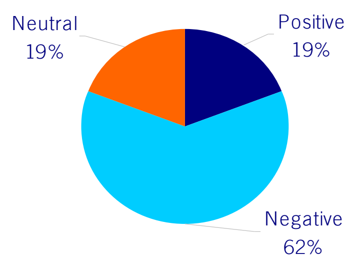
Forward P/E and EV/EBITDA



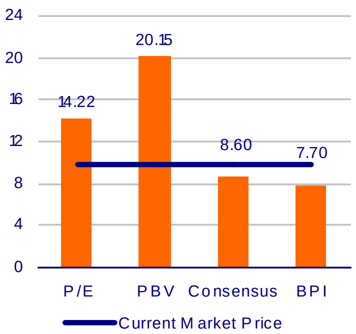
Market Price Rating (€)



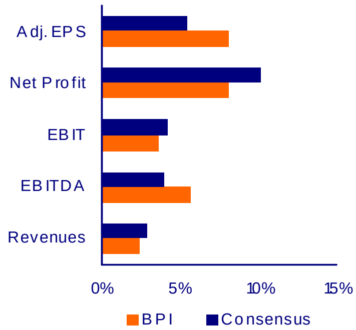
Market Recommendations



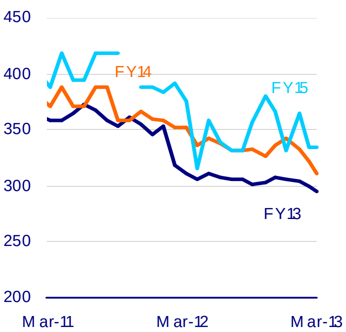
Fair Value Comparison (€)



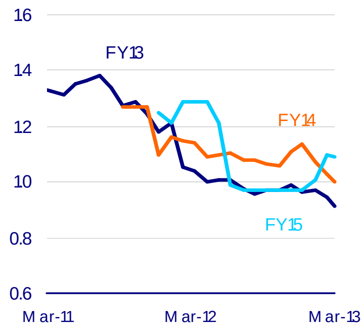
CAGR 2011-14



EBITDA Consensus (€mn)



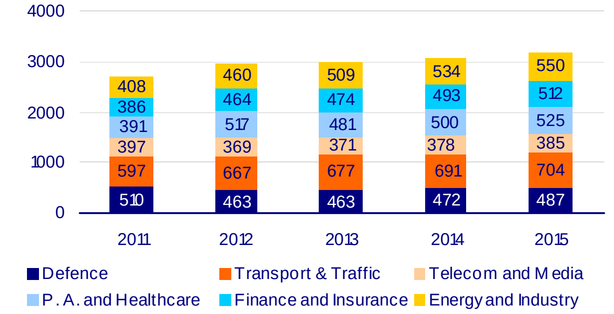
EPS Consensus (€)



Source: Factset, Bloomberg and BPI Equity Research.

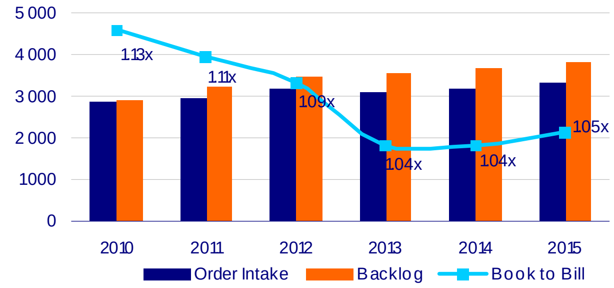
Indra at a Glance

Revenue breakdown by vertical (k)



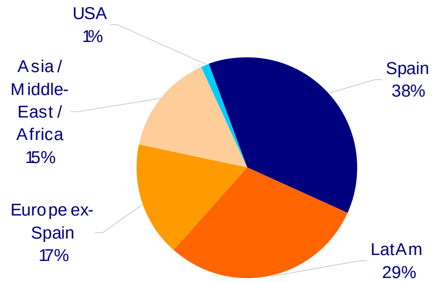
Source: Indra; BPI Equity Research.

Evolution of order intake, backlog and book-to-bill (€ mn)



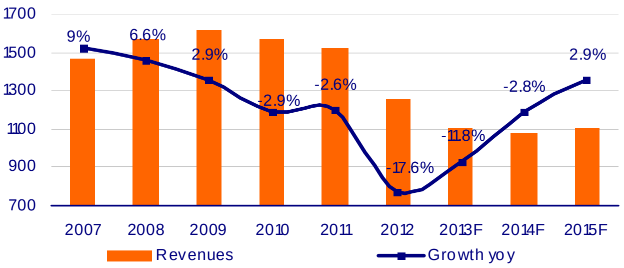
Source: Indra; BPI Equity Research

Geographical breakdown of revenues (2013F)



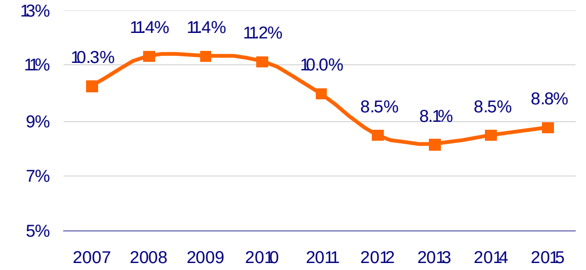
Source: BPI Equity Research.

Evolution of Indra's domestic revenues (€ mn)



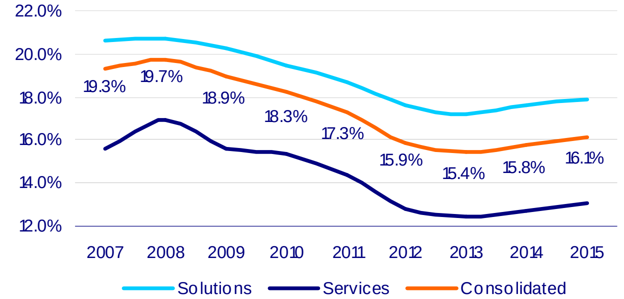
Source: Indra, BPI Equity Research.

EBIT mg evolution



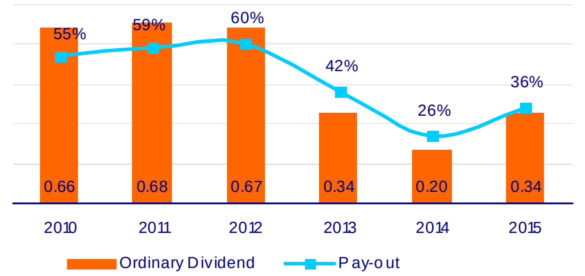
Source: Indra; BPI Equity Research.

Contribution mg evolution



Source: Indra; BPI Equity Research.

Evolution of shareholder remuneration (€)



Source: Indra.

Net debt / EBITDA evolution

	2012	2013	2014	2015
Net debt	633	616	616	532
ND / EBITDA	2.4x	2.2x	1.9x	1.5x
Adj. ND / EBITDA (1)	2.1x	2.1x	1.9x	1.5x

(1) Adjusted for restructuring costs of € 32mn in FY12 and € 20mn in FY13.

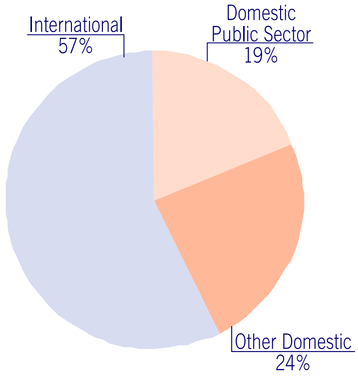
Source: Indra; BPI Equity Research.

INVESTMENT CASE

Bottom in Spain should only come in FY14

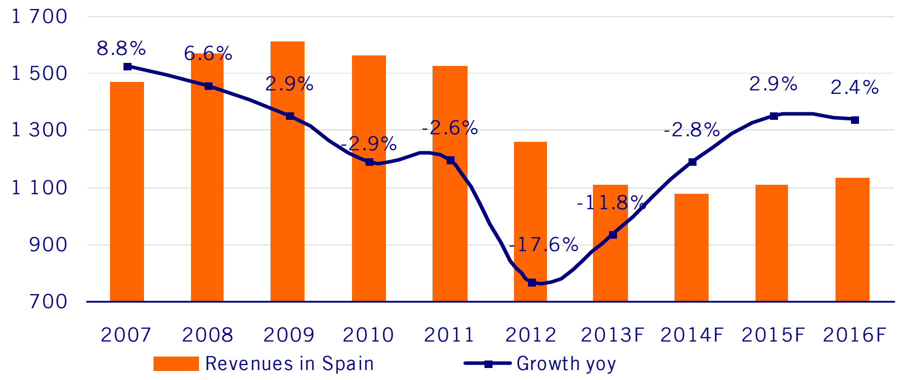
The Spanish economic slowdown is impacting IDR more than anticipated with the 18% yoy drop recorded in FY12 (-21% in Q4 from -25% in Q3) too harsh to allow a full recovery in FY13. We believe that, given the economic outlook, Spain will only touch bottom during 2014. Although we believe that in FY13 the drop will not be of the same magnitude of that of FY12, we still envisage a significant contraction in Spain (-12%). For FY14, considering that the IT industry usually lags the recovery of the economic cycle, we anticipate a weak outlook for the company's domestic operations estimating a 3% fall in revenues.

Breakdown of Revenues (FY12)



Source: Indra.

Evolution of Indra's domestic business (€ mn)



Source: Company reports & BPI Equity Research.

2013 will be another challenging year in the Spanish public sector

The measures to guarantee fiscal consolidation, should continue to constrain the economy. With the aim of bringing down deficit to 4.5% of GDP in 2013 and 2.8% in 2014, Spain's government budget envisages further steep cuts in relevant key areas for Indra's domestic business, most noticeable in the public administration budget (-9.5% yoy), Defence budget (-6.0% yoy) and more importantly investment (-25% yoy) and Transport & Traffic investment (-6.0%). According to the company, exposure to the Spanish Public Administration sector represented 19% of total revenues in 2012.

Banking sector should add pressure

With the peak of banking consolidation behind us volumes for Indra are down to fall significantly in the next two years in this segment. The banking restructuring led to a spree of mergers in the last two years that favoured IT volumes due to integration needs. As this needs fade, we expect a sharp decrease in the domestic banking segment.

International growth barely offsetting domestic pressure

IDR's international operations will continue to represent the company's lever in the next three years mainly for four reasons: 1) crystallization of recently acquired operations of Politec, Galyleo and Park Air Systems; 2) opportunities in Brazil with two key events, the Olympic Games and Word Cup, 3) a new avenue of growth from Asia/Pacific Middle-East and Africa region and 4) BBVA recent announcement of a USD 1.5bn investment in new technology infrastructure in Mexico. We currently estimate Indra's international operations to record a growth of 11% yoy in 2013 (vs. underlying growth of 27% in

2012). However, we highlight that these aspects will only mildly overcome the domestic fall in 2013.

Recurrence of revenues is a concern

The massive growth recorded in the Asia/Pacific Middle-East and Africa region during 2012 (+111%) together with some newsflow of very large contracts in the region lead us to have some concerns regarding the recurrence of this revenue stream. Although we acknowledge that the highly profitable contracts booked in FY12 could lead to further projects going forward, we still see considerable risks of a sharp decrease somewhere in the near future. Given the lack of visibility we maintain a low single digit growth for the region.

Evolution of Indra's international business

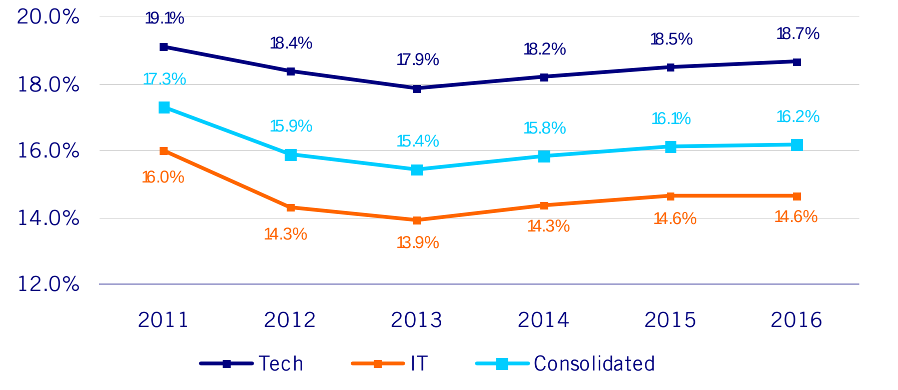
	2011	2012	2013	2014	2015
International Revenues	1 163	1 683	1 864	1 989	2 054
yoy growth	17%	45%	11%	7%	3%
Europe	446	490	510	525	540
yoy growth	5%	10%	4%	3%	3%
LatAm	485	745	877	976	1011
yoy growth	30%	54%	18%	11%	4%
Others	232	448	477	489	504
yoy growth	19%	93%	6%	3%	3%
USA & Canada	36	34	32	34	35
yoy growth	26%	-6%	-7%	7%	3%
Asia / Pacific / Australia	196	414	445	455	469
yoy growth	18%	111%	7%	2%	3%

Source: Company reports & BPI Equity Research.

Margins likely to remain subdued

As we highlighted in our note “Hand-in-hand with Spain”, dated June 11th 2012, we continue to believe that the structural changes the company undertook in the last couple of years are bound to drive the fall in margins. Our main argument is that IDR's business model has increasingly became more and more dependent of services, with less value added and geared towards LatAm, which for the moment has not been able to reach similar margins as other regions. Although we believe that this trend may protect Indra's top line, it should structurally depress margins. Moreover, the string of IT Service acquisitions, and this segment's growth going forward should not leave much room for margins to recover to prior levels.

Evolution of Tech and IT divisions contribution margins



Source: BPI Equity Research.

Revenue breakdown by Division

(€ mn)	2013F	2014F	2015F
Transport & Traffic	677	691	704
Defence & Security	463	472	487
Tech Revenues	**1 140**	**1 163**	**1 191**
Telecom & Media	371	378	385
P.A. & Healthcare	481	500	525
Financial Services	474	493	512
Energy & Industry	509	534	550
IT Revenues	**1 834**	**1 904**	**1 972**

Source: BPI Equity Research.

Guidance promoted a strong decrease in expectations

Considering the company's downward revised guidance of EBIT mg close to 8% in 2013, we now believe that Indra will hardly return to the 10% EBIT mg threshold in the near future. Additionally, we believe that the restructuring initiatives may not be running as smoothly as expected, with concerns raised by Indra's increase in the restructuring charges for 2013 to € 20mn vs. previous guidance of 0.5% of Consolidated Revenues (c.€ 15mn in our previous estimates).

Changes in Estimates

	2013F			2014F			2015F		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Revenues	**2 974**	**2 964**	**0.4%**	**3 068**	**3 034**	**1.1%**	**3 163**	**3 107**	**1.8%**
Recurrent EBITDA	**296**	**319**	**-7.3%**	**323**	**349**	**-7.5%**	**355**	**364**	**-2.5%**
Margin	9.9%	10.8%	-82 bps	10.5%	11.5%	-98 bps	11.2%	11.7%	-50 bps
Recurrent EBIT	**242**	**254**	**-4.7%**	**261**	**273**	**-4.4%**	**277**	**284**	**-2.4%**
Margin	8.1%	8.6%	-43 bps	8.5%	9.0%	-49 bps	8.8%	9.1%	-38 bps
Net profit	**128**	**134**	**-4.4%**	**154**	**158**	**-2.4%**	**167**	**166**	**0.7%**
Capex	**70**	**65**	**7.1%**	**73**	**66**	**10.7%**	**77**	**67**	**14.8%**
Net Debt	**616**	**628**	**-1.9%**	**616**	**636**	**-3.2%**	**532**	**545**	**-2.4%**

Source: BPI Equity Research.

BPI's estimates vs. Indra's 2013 guidance (€ mn)

	Indra's 2013 Guidance	BPI
Revenues	Positive growth	1.0%
Order Intake	Book-to-bill around 1x	1.04x
Rec. EBIT mg	Around 8%	8.1%
Net WK	100-110 DoS	108
Capex	70mn	70mn

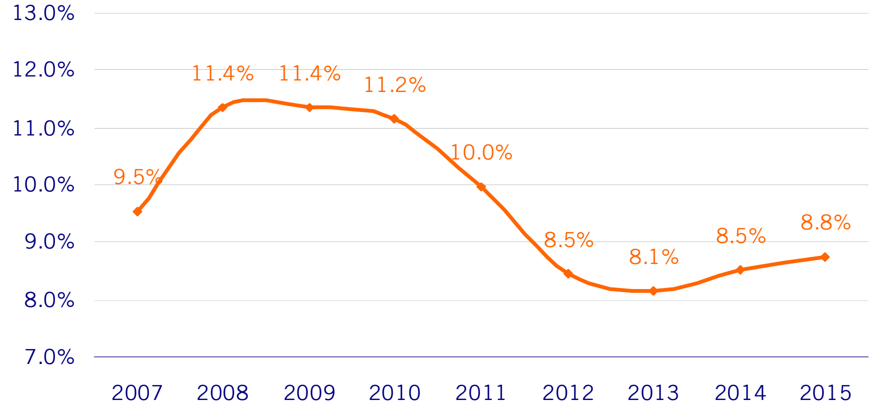
Source: Company report & BPI Equity Research.

Efficiency plan's contribution pushed forward

Despite the apparent delays in the margin uplift from the efficiency program, we still estimate a positive impact to come in 2014 and beyond. We estimate margins of 8.1% and 8.5% for FY13 and FY14, respectively.

Lower contribution margins, are blamed for the worse profitability at EBIT level. The former should decrease to 15.4% in FY13 and stabilize slightly above 16% by YE15 (far from recent historical levels of 18-19%) due to the higher weight of IT over Tech following the recent acquisitions. Moreover, we anticipate a relevant increase in depreciations following the strong capex effort recorded in the last years that still has not been reflected in depreciations.

Indra's EBIT margin evolution



Source: Company reports & BPI Equity Research.

FCF to improve in 2013 but not enough for a relevant de-leverage

For 2013 we expect a positive CF generation (€ 84mn vs. € 25mn in FY12 both excluding restructuring charges), with Capex in line with the company's guidance of € 70mn and WK closer to the top range of the 100-110 Net DOS guidance in 2013.

Indra's FCFE (€ mn)

	2012	2013	2014	2015
EBITDA-Capex [(1)]	192	226	250	278
Net Interest payments	54	58	59	57
Payment for tax	36	38	48	52
WK	78	46	30	29
FCFE [(1)]	**25**	**84**	**112**	**139**

(1) Excluding restructuring costs of € 32mn in FY12 and € 20mn in FY13.

Source: Company report & BPI Equity Research.

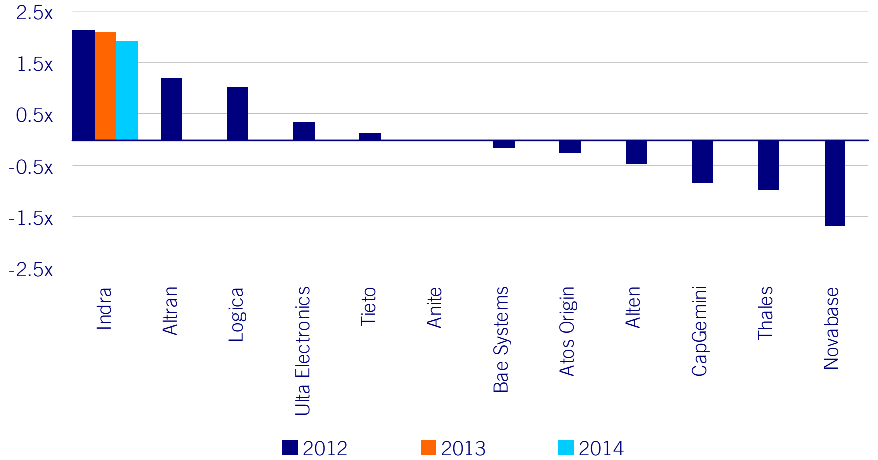
Leverage remains well above industry standards...

When observing the company's most comparable peers, IDR stands out as one of the most levered as most of the its peers have a net cash position. Although we believe that IDR's exposure to Tech services provides room to have some leverage, the current level does not seem sustainable and could constitute a competitive disadvantage in the future.

The company downgraded slightly it's dividend policy which together with a significant drop in the net profit will promote a massive dividend cut yoy. Nonetheless, we still estimate **IDR will close 2013 with a Net debt/EBITDA above 2.0x** (after adjusting for non-recurrent itens). Moreover, we are not including in our leverage calculations the liability with the acquisition of Politec due in 2014 (c. € 80mn or 0.3x EBITDA).

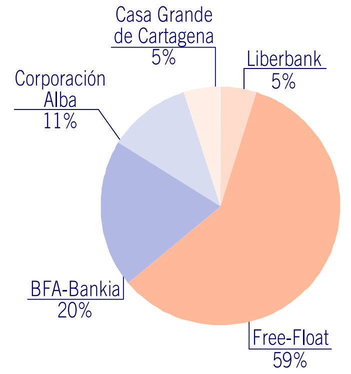
We believe that IDR will have to de-leverage in the coming years to target levels in the range it has reported pre-sovereign crisis (0.3x-0.8x). Therefore **we anticipate further downgrades in IDR dividend policy**, namely in 2014 as the Politec payment kicks-in.

Indra's Net debt/EBITDA vs. Peers



Source: Factset & BPI Equity Research.

IDR's Shareholder Structure



Source: Indra.

BFA and Liberbank likely to dispose holdings

IDR's overhang risk remains high with currently two Spanish banks in its shareholder structure, namely BFA-Bankia with a 20% stake, and Liberbank with 5% required to divest their non-strategic holdings as part of the recapitalization agreed by the Spanish government. Again, we remain convinced that considering the size of the stakes likely to be sold this could be paramount to the investment case as it would completely change the shareholder structure. Visibility on this front remains low and we highlight that Indra's close ties with the Spanish Government and its involvement in important defence projects will possibly play an important part in determining the possible outcomes.

VALUATION & RECOMMENDATION

Cutting our valuation 3.8% LfL

Following our estimates revision, the adjustment to the payment regarding Politec to current FX and the adjustments in our assumptions we reached a **YE13 Price Target of € 7.70 (-3.8% LfL)**. The main changes in our assumptions are: (1) downwards revision of our Perpetuity EBIT margin to 9.4% (9.7% before); (2) decrease of our sustainable tax rate assumption to 25% vs. 27% previously, to better capture the R&D deductions in tax collection; and (3) increase of our Risk-free rate + Country Risk Premium to reflect the higher exposure to emerging markets (6.0% vs. 5.9% previously).

Multiples expensive at first look...

Indra continues to trade at a significant premium to peers (+20% and +19% in FY13 and FY14) not reflecting the lower EBIT CAGR13-15^F than average (6.3% vs. 7.5% peers' average) and a higher exposure to the fragile Spanish economy, augmented by a c.20% exposure to Spanish public sector. Regarding P/E, Indra currently trades roughly in line with consensus, but with a completly different capital structure than it's peers that we deem to be insustainable.

Market Multiples

	P/E			EV/EBIT		
	13^F	14^F	15^F	13^F	14^F	15^F
Indra	12.0	10.0	9.4	8.6	8.0	7.6
Novabase	11.1	9.1	7.4	6.0	5.1	4.7
Amper	n.a.	8.2	5.2	6.9	7.4	7.1
Atos Origin	11.7	10.9	10.1	6.2	5.8	5.5
Cap Gemini	12.2	11.3	10.1	5.7	5.3	4.9
Anite	13.7	12.2	na	0.0	0.0	0.0
Alten	12.0	11.3	10.4	9.3	8.2	na
Altran Techno.	10.1	8.9	7.6	7.2	6.8	6.0
TietoEnator	11.2	10.1	9.2	6.9	6.0	5.4
Thales	10.5	9.8	8.9	8.3	7.5	6.9
Ultra Electronics	13.4	13.0	12.7	5.2	4.8	4.6
Bae Systems	9.4	9.5	9.5	9.7	9.5	9.2
Average	**11.5**	**10.4**	**9.1**	**6.5**	**6.0**	**5.4**

Source: FactSet and BPI Equity Research (Indra, Novabase and Amper).

...and even worse when looking into detail

Moreover, we believe there are currently some details that are not being factored adequately when observing Indra's multiples that perhaps deserve a closer look:

1) **Depreciation levels are too low**. Indra's Capex for the last 4 years implies a significant higher level of depreciations than what the company is booking. In its 2011 annual report the company reported close to € 94mn of intangibles that were not being depreciated, as the projects capitalized were still not being commercialized. Our view is that although the development of certain projects may bear a longer time to market, we believe that eventually the company will need to recognize these and adjust its levels of depreciation. We currently estimate depreciations 11% and 37% ahead of consensus by 2014 and 2015, respectively.

Valuation Summary (€ mn)

EV	**1 932**
YE13 Net Debt	78
Financial Investments	726
Minorities	23
Total Equity Value	**1 261**
# of Shares (mn)	164
YE13 Price Target (€)	**7.70**

Source: BPI Equity Research.

DCF Assumptions

	Now	Before
Re	12.4%	11.9%
Rf [1]	6.0%	5.9%
Beta Equity	1,1	1.1
Market Premium	6,0%	6.0%
Rd	7.5%	7.4%
Tax rate	25%	27%
D/EV	20%	10%
WACC	**11.0%**	**10.9%**
Perpetuity EBIT margin	9.4%	9.7%

(1) Includes Country Risk Premium.
Source: BPI Equity Research.

DCF Sensitivity (€/share)

		EBIT mg on perpetuity		
		-2%	0%	2%
Rf	-1%	7.40	9.20	11.10
+	0%	6.10	**7.70**	9.20
CrP	1%	5.10	6.40	7.70

Source: BPI Equity Research.

2) **Financial costs include a recurrent component activity related**. IDR reports very high financial costs compared to the level of debt, implying a double digit yield. The reason behind this are recurrent costs related with financial guarantees that are being recorded in this caption. We see the nature of this cost as operational given its requirement for IDR to participate in some key projects. Therefore we believe that a clean EV/EBIT multiples would have to adjust EBIT for this figure. We currently estimate close to € 11mn per year (4% of Recurrent EBIT). Having said this, some of IDR's peers also record an abnormal level of costs below EBIT.

3) **Growing weight of Asia/Middle-East/Africa** increase the risk perception on IDR's business in our view. We believe that the rising exposure to this region is increasing the blended sovereign risk and consensus does not seem to be reflecting this on its assumptions. From a comparison with peers point of view this constitute reasons to argue for a discount to peers as on top of the Spanish sovereign risk, IDR has now probably a higher risk than the average of its peers.

DDM approach validates our negative stance

Considering that we do not believe that IDR current capital structure is sustainable we decided to do a Dividend Discount Model Approach to assess the impact of different de-leverage scenarios in valuation and to better grasp the implication for shareholders.

We set three scenarios in our analysis with three different Net Debt / EBITDA targets for the long run (to be achieved by 2020):

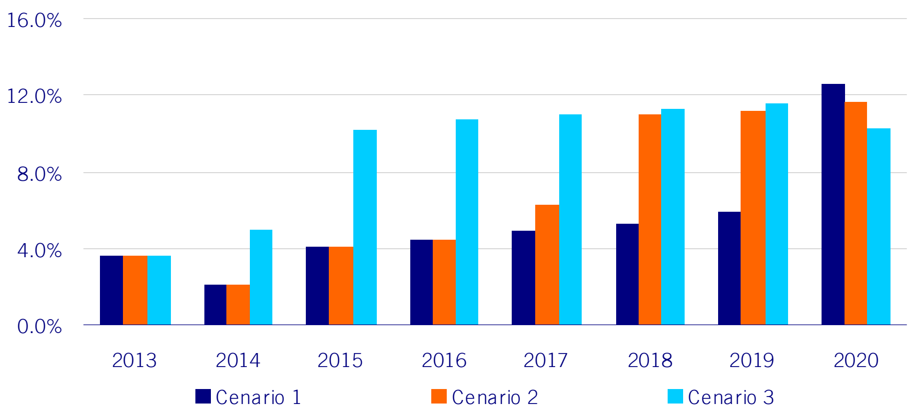
1) 0.5x which represents the mid-point of debt levels pre sovereign crisis
2) 1.0x which we believe to be the maximum sustainable level for IDR
3) 2.0x in line with the company current guidance;

DDM valuation for different leverage targets

	Net Debt / EBITDA	PT
CEN1	0.5x	7.50
CEN2	1.0x	7.60
CEN3	2.0x	8.30

Source: BPI Equity Research.

Dividend Yield Scenarios



Source: BPI Equity Research.

We conclude that in case IDR is able to maintain current leverage levels on a sustainable basis we could have some upside to our valuation. Nonetheless, even in this scenario that we deem unlikely, valuation is unattractive and at current market prices would still justify a negative recommendation. Moreover, in the scenario we believe to be more likely (return to levels pre-crisis) the return to shareholders would be depressed in the coming years due to the need to de-leverage. In such a scenario, our DDM envisages a slight downside risk to our valuation.

Maintaining our Sell recommendation

Indra's strong domestic exposure and still significant weight of public expenditure should continue to pressure IDR's top-line and margins. Moreover, we believe that the company debt levels are not sustainable and the company is bound to be in a de-leverage mode in the coming years which is usually painful for shareholders. To complete the set of reasons that support our negative stance we see increased risks for IDR's investment case deriving from concerns on the recurrence of the orderbook and exposure to high sovereign risk countries. The considerable downside to our Price Target leads us to maintain our **SELL** recommendation.

Income Statement

(€ mn)	2012	2013F	2014F	2015F	2016F	CAGR 12-16F
Turnover	**2 941**	**2 974**	**3 068**	**3 163**	**3 244**	**2%**
EBITDA Recurrent	**300**	**296**	**323**	**355**	**366**	**5%**
EBITDA Margin	10.2%	9.9%	10.5%	11.2%	11.3%	
D&A	51	54	62	78	73	9%
EBIT Recurrent	**249**	**242**	**261**	**277**	**292**	**4%**
EBIT Margin	8.5%	8.1%	8.5%	8.8%	9.0%	2%
Net Financials	-54	-58	-59	-57	-52	-1%
Extraordinaries	-32	-20	0	0	0	
Income Tax	-36	-38	-48	-52	-59	13%
Minority Interest	5	2	0	0	0	-100%
Net Profit	**133**	**128**	**154**	**167**	**181**	**8%**

Balance Sheet

(€ mn)	2012	2013F	2014F	2015F	2016F	CAGR 12-16F
Net Intangible Assets	926	941	951	947	948	1%
Net Fixed Assets	166	167	168	171	175	1%
Financial Assets	69	69	69	69	69	0%
Inventories	417	499	572	590	605	10%
ST Receivables	1 679	1 800	1 828	1 885	1 933	4%
Other assets	164	164	164	164	164	0%
Cash&Equivalents	70	70	70	70	70	0%
Net Assets	**3 756**	**3 885**	**3 998**	**4 072**	**4 140**	**2%**
Equity & Minorities	**1 110**	**1 181**	**1 301**	**1 413**	**1 503**	**8%**
MLT Liabilities	**700**	**700**	**621**	**621**	**621**	**-3%**
o.w. Debt	398	398	398	398	398	0%
ST Liabilities	**1 946**	**2 004**	**2 075**	**2 037**	**2 016**	**1%**
o.w. Debt	305	287	287	204	143	-17%
o.w. Payables	274	277	286	294	302	2%
Equity +Min.+ Liab.	**3 756**	**3 885**	**3 998**	**4 072**	**4 140**	**2%**

Cash Flow Statement

(€ mn)	2012	2013F	2014F	2015F	2016F
+ EBITDA Reported	300	296	323	355	366
- Changes Working Capital	-78	-46	-30	-29	-25
- Income Taxes	-36	-38	-48	-52	-59
= Operating Cash Flow	**186**	**212**	**244**	**273**	**282**
- Expansion Capex	n.a.	n.a.	n.a.	n.a.	n.a.
- Maintenance Capex	-108	-70	-73	-77	-78
= Cash Flow after Investments	**78**	**142**	**171**	**197**	**204**
- Net Financial Inv.	4	9	0	0	0
- Net Fin. Expenses	-54	-58	-59	-57	-52
- Dividends Paid	-109	-56	-33	-56	-91
+ Equity Increase	0	0	0	0	0
Other	-39	-20	-79	0	0
= Change in Net Debt	**120**	**-18**	**0**	**-84**	**-61**
Net debt (+) / Net cash (-)	**633**	**616**	**616**	**532**	**471**

Source: Company Data (2012) and BPI Equity Research (F).

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	Low Risk	Medium Risk	High Risk
Buy/CoRe Buy	>15%	>20%	>30%
Neutral	>5% and < 15%	>10% and <20%	>15% and < 30%
Reduce	>-10% and < 5%	>-10% and < 10%	>-10% and < 15%
Sell	< -10%	< -10%	< -10%

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Buy	23%
CoRe Buy	8%
Neutral	35%
Reduce	21%
Sell/Accept Bid	10%
Under Revision/Restricted	3%
Total	100%

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