Millennium investment banking

SPAIN

IT SERVICES

Indra — 4Q11 Earnings Comment

FY11 in line, guidance adds visibility

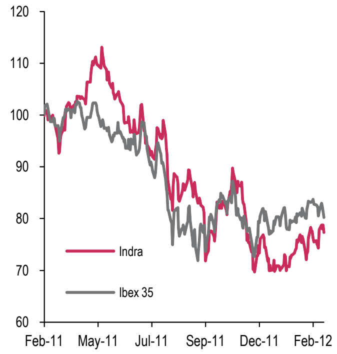
SNAPSHOT

Buy (High Risk)	Target$_{YE12}$ (€): 13.90			
	2009	2010	2011E	2012E
Financials				
Turnover (€ mn)	2,513.3	2,557.0	2,688.5	2,870.7
EBITDA (€ mn)	327.4	327.4	313.4	345.1
Net Income (€ mn)	195.6	188.5	181.0	180.8
EPS (€)	1.21	1.16	1.10	1.11
CEPS (€)	1.47	1.41	1.38	1.52
Ratios				
RoIC (%)	27.4	27.4	23.8	18.3
RoE (%)	22.8	22.8	19.6	18.0
Net Debt/EBITDA (x)	0.4 x	0.8 x	1.8 x	1.7 x
Net Debt/EV (%)	0.0 x	0.1 x	0.3 x	0.2 x
Valuation				
P / E (x)	13.6	11.1	8.9	9.7
EV / Revenues (x)	1.2	0.9	0.8	0.8
EV / EBITDA (x)	9.1	7.4	7.0	6.9
Dividend Yield (%)	4.0	5.3	5.7	5.1

Source: Millennium investment banking

Price (€):	10.80
Upside:	29%
No. Shares (mn):	164.1
Market Cap (€ mn):	1,772.6
Avg Daily Vol 3m (k):	956.3
Reuters:	IDR .MC
Bloomberg:	IDR SM

Prices as at 23-02-2012



- **Indra disclosed its 4Q11 earnings today, after the market close. 4Q11 earnings were broadly in line with our estimates. Revenue growth and EBIT margin in FY11 are in line with company's guidance for the full year.**
- **Revenues in the full year stood at €2,688.5mn, growing 2.7% YoY excluding acquisitions' impact. EBIT reached €267.8mn in FY11 and recurrent EBIT margin dropped 1.2pp YoY to 10.0%, on the back of increased pricing pressure, increased weight of Services and lower margins driven by acquired companies. Net profit reached €181.0mn in the year (-4.0% YoY, +1.3% YoY excluding acquisitions' impact).**
- **Tough conditions remain in Spain with revenues falling 5% in 2H after being flat in 1H11. The company is undertaking several initiatives to increase efficiency in the domestic market. Sales growth is mostly driven by Latin America and Asia Pacific region. International markets grew 11.1% YoY in FY11 (organic growth).**
- **Net Working Capital has increased in the year on the back of a tough environment in Spain, reaching 98 days of revenues but still below guidance due to some unexpected revenues' collection by year end. Higher working capital, acquisitions and capex are placing pressure over Net Debt (at 1.5x 2011 EBITDA).**
- **Indra disclosed guidance for the next years: revenue growth between 6.5% and 7.5% in 2012 (2% organic); recurrent EBIT margin between 8% and 9% in 2012, recovering progressively to around 10% in 2014; extraordinary costs of around 1% of revenues in 2012 and 0.5% in 2013.**
- **FY12 revenue guidance tops our expectations, while margin should be more depressed than we anticipated in 2012 - 2013. On a positive note, Indra expects margin recovery to be faster than we expect. In addition, lower level of capex in the years ahead boosts cash generation.**
- **All in all, we remain comfortable with our valuation and maintain the price target for Indra at €13.90 (YE12), with a Buy, High Risk recommendation.**

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Summary

Indra's 4Q11 earnings were broadly in line with our estimates. Revenue growth and EBIT margin in FY11 are in line with company's guidance for the full year.
Tough conditions remain in Spain with revenues falling 5% in 2H after being flat in 1H11. The company is undertaking several initiatives to increase efficiency in the domestic market and has announced extraordinary costs of circa 1.0% of revenues in 2012 and 0.5% in 2013. The company believes that revenue in the domestic market should fall in 2012, but that decline should be moderate (single-digit decline).
Sales growth is mostly driven by Latin America and Asia Pacific region. International markets grew 11.1% YoY in FY11 (organic growth) and represented circa 41% of revenues. Weight of international business is expected to be 50% of revenues with consolidation of acquisitions and strong growth.
Net Working Capital has increased in the year mainly due to tough environment in Spain, reaching 98 days of revenues, but still below guidance due to some unexpected revenues' collection by year end. Higher working capital, acquisitions and capex are placing pressure over Net Debt (at 1.5x 2011 EBITDA).
Indra disclosed guidance for the next years: revenue growth between 6.5% and 7.5% in 2012 (2% organic); recurrent EBIT margin between 8% and 9% in 2012, recovering progressively to around 10% in 2014; extraordinary costs of around 1% of revenues in 2012 and 0.5% in 2013. FY12 revenue guidance tops our expectations, while margin should be more depressed than we anticipated in 2012 and 2013. On a positive note, Indra expects margin recovery to be faster than we expect. In addition, lower level of capex in the years ahead boosts cash generation.
All in all, we remain comfortable with our valuation and maintain the price target for Indra.

Guidance

Indra disclosed guidance for the 2012-2014 period:

- **Revenue growth between 6.5% and 7.5% in 2012** (reported growth), meaning between 2,863.3 mn and 2,890.1mn revenue;
- **Recurrent EBIT margin between 8% and 9% in 2012**, recovering progressively to levels **around 10% in 2014;**
- Restructuring initiatives will bring **extraordinary costs of around 1.0% of revenues in 2012 and 0.5% in 2013;**
- Net working capital between 110 and 100 Days of revenues, converging towards the lower range at 2014;
- Tangible and intangible **capex at around €65-75 mn per year**.

This is how guidance compares to our estimates:

- Our estimate for 2012 revenue is 2,870.7mn, which implies a 6.8% revenue growth; **our revenue estimate is in the low-end of the guidance interval**;
- We are including in our model a recurrent EBIT margin of 9.7% in 2012, 9.3% in 2012 and 9.4% in 2014; margin impact of difficult context in Spain and consolidation of acquired companies will be higher than we anticipated in 2012, while recovery should be faster. Margin will be further pressured by restructuring costs in 2012 and 2013. We are therefore **above margin guidance in 2012 and below in what 2014 is concerned**.
- Our model entails that Indra is to end 2012 with 109 **Days of revenue, in line with guidance**;
- Our model includes capex (tangible and intangible) of circa €130 mn in FY12, €120 mn in FY12, while **guidance forecasts a much lower investment**.

In summary, FY12 revenue guidance tops our expectations, while margin should be more depressed than we anticipated in 2012 and 2013. On a positive note, Indra expects margin recovery to be faster than we expect. In addition, lower level of capex in the years ahead boosts cash generation.

FY11 Earnings comment

FY11 **revenues** stood at €2,688.5mn, growing 5.1% YoY. Revenues grew 2.7% in 2011, excluding consolidation of Galyleo and Politec, thus slightly above company's guidance for 2011: >=2% revenue growth. Solutions fell 0.9% and Services grew 11.8% (exc. acquisitions' impact) vs. FY10.

We highlight that Indra **started to consolidate IT player Galyleo** in 3Q11 and **IT player Politec** in 4Q11, meaning €62mn in revenues and minus €7mn in EBIT in FY11 (includes integration and acquisition costs).

EBITDA reached €313.4mn, meaning an 11.7% margin in FY11 (-1.1pp). **EBIT** was in line with our estimates, at €267.8mn, declining 6.1% YoY[1]. Recurrent EBIT margin dropped 1.2pp YoY to 10.0% in FY11 (in line with full-year guidance). Contribution margin dropped 1.0pp to 17.3% in FY11 on the back of a lower margin from both Solutions and Services. Excluding acquisitions, EBIT margin would have been 10.5%; so margin decline also results from acquisitions' impact (acquired companies drive lower margins than Indra)**. Net profit** reached €181.0mn (-4.0% YoY) in the year. Excluding acquisitions, net profit in FY11 would have increased 1.3% YoY, to €191.0mn.

Group's **order intake** increased 3.3% to €2,976mn in FY11 (+1.6% excluding acquisitions' impact) on the back of an impressive figure coming from Services (+9.1% YoY) and international business. **Book-to-bill**[2] ratio declined slightly to 1.11x in FY11 (vs.1.13 in FY10). **Backlog** amounted to €3,231mn by the end of 2011, which stands for 1.20x of LTM[1] sales (1.12x by FY10). This backlog gives additional visibility to quarters ahead.

Working capital investment was €102mn in FY11. Net working capital (NWC) reached €756mn, which stands for 98 days of revenue (100 days of revenue, excluding acquisitions).This level of days of revenue is below latest guidance (NWC of 108 days of revenue by YE11) due to some unexpected revenues' collection by year end. Still, deterioration of WC throughout 2011 is a consequence of tough environment in Spain. **Net debt** increased to €514mn by the end of 2011 from €275mn by YE10. FCF in FY11 was minus €239 mn, impacted by acquisitions (Indra Espacio minorities, X-Sat, Galyleo and Politec minorities) and significant R&D capex. We also highlight that **Net financial expenses** were €37.7mn (vs. €19.1mn in FY10) which shows the impact of higher net debt and higher interests.

Consolidated Income Statement Highlights

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
Revenues	2,557.0	2,688.5	5%	2,673.1	1%	678.5	576.0	758.9	12%	32%	743.5	2%
EBITDA	327.4	313.4	-4%	317.0	-1%	92.1	73.1	77.8	-16%	6%	81.4	-4%
Margin	12.8%	11.7%	-1.1pp	11.9%	0.2pp	13.6%	12.7%	10.3%	-3.3pp	-2.4pp	11.0%	-0.7pp
EBIT	285.3	267.8	-6%	267.8	0%	79.2	60.7	65.3	-18%	8%	65.4	0%
Margin	11.2%	10.0%	-1.2pp	10.0%	0.1pp	11.7%	10.5%	8.6%	-3.1pp	-1.9pp	8.8%	-0.2pp
Net Profit	188.5	181.0	-4%	184.9	-2%	45.1	39.5	36.2	-20%	-8%	40.1	-10%
Margin	7.4%	6.7%	-0.1pp	6.9%	0.2pp	6.6%	6.9%	4.8%	-1.9pp	-2.1pp	5.4%	-0.6pp

Source: Company data and Millennium investment banking

[1] Recurrent EBIT: excluding €33.4 mn in extraordinary costs booked in FY10
[2] Order intake over revenues.

Revenue Screening

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
Revenues	**2,557.0**	**2,688.5**	**5%**	**2,673.1**	**1%**	**678.5**	**576.0**	**758.9**	**12%**	**32%**	**743.5**	**2%**
Revenue by Segment												
Solutions	1,827.2	1,810.8	-1%	1,808.9	0%	488.4	401.1	507.7	4%	27%	505.9	0%
Services	729.8	877.7	20%	864.2	2%	190.0	174.9	251.2	32%	44%	237.6	6%
Revenue by Business Area												
Transport & Traffic	554.8	597.2	8%	579.8	3%	139.7	130.0	162.1	16%	25%	144.6	12%
Security & Defense	593.9	509.8	-14%	478.1	7%	167.8	85.6	178.6	6%	109%	146.9	22%
Telecom & Media	321.3	396.8	24%	403.2	-2%	92.4	93.9	91.7	-1%	-2%	98.2	-7%
Public Adm. & Healthcare	356.6	390.5	9%	401.2	-3%	93.6	82.5	112.9	21%	37%	123.6	-9%
Financial Services	367.7	386.4	5%	413.7	-7%	81.3	86.9	91.9	13%	6%	119.1	-23%
Energy & Industry	362.7	407.8	12%	397.2	3%	103.8	97.2	121.7	17%	25%	111.1	10%
Revenue by Geogr. Market												
Domestic Market	1,566.2	1,525.7	-3%	1,534.9	-1%	409.6	314.8	388.1	-5%	23%	397.3	-2%
International Market	990.8	1,162.8	17%	1,138.2	2%	268.9	261.2	370.8	38%	42%	346.2	7%
Europe	425.2	446.2	5%	412.9	8%	95.3	87.0	136.2	43%	57%	102.9	32%
North America	28.5	35.9	26%	32.5	11%	9.5	11.3	12.5	31%	11%	9.0	38%
Latin America	371.5	484.7	30%	498.5	-3%	113.0	118.7	166.9	48%	41%	180.7	-8%
Other	165.6	196.0	18%	194.3	1%	51.0	44.2	55.2	8%	25%	53.5	3%

Source: Company and Millennium bcp investimento

Consolidated Income Statement

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
Net Revenues	**2,557.0**	**2,688.5**	**5%**	**2,673.1**	**1%**	**678.5**	**576.0**	**758.9**	**12%**	**32%**	**743.5**	**2%**
Operating Costs	**2,271.7**	**2,420.7**	**7%**	**2,405.3**	**1%**	**599.2**	**515.2**	**693.6**	**16%**	**35%**	**678.2**	**2%**
Supply costs & oper. exp.	1,255.5	1,282.4	2%	1,216.3	5%	342.1	253.5	408.8	19%	61%	342.7	19%
Personnel costs	1,047.6	1,194.0	14%	1,202.9	-1%	270.5	267.4	324.1	20%	21%	333.0	-3%
Other revenues	-73.4	-101.4	38%	-63.1	61%	-26.3	-18.2	-51.8	97%	185%	-13.6	282%
D&A and provisions	42.1	45.6	8%	49.2	-7%	12.9	12.4	12.5	-3%	0%	16.1	-22%
EBITDA	**327.4**	**313.4**	**-4%**	**317.0**	**-1%**	**92.1**	**73.1**	**77.8**	**-16%**	**6%**	**81.4**	**-4%**
Income from Oper (EBIT)	**285.3**	**267.8**	**-6%**	**267.8**	**0%**	**79.2**	**60.7**	**65.3**	**-18%**	**8%**	**65.4**	**0%**
Financial Results	-19.1	-37.7	97%	-35.4	7%	-7.2	-12.1	-15.4	115%	27%	-13.0	18%
Equity accounted profits	0.9	3.2	275%	3.0	nm	0.9	1.3	1.0	12%	-23%	0.7	nm
Goodwill amortisation	0.0	0.0	nm	0.0	nm	0.0	0.0	0.0	nm	nm	0.0	nm
Extraordinary Results	-33.4	0.0	nm	0.0	nm	-18.1	0.0	0.0	-100%	nm	0.0	nm
EBT	**233.6**	**233.3**	**0%**	**235.5**	**-1%**	**54.8**	**49.9**	**50.9**	**-7%**	**2%**	**53.1**	**-4%**
Taxes	-45.7	-52.2	14%	-51.8	1%	-9.9	-10.7	-13.7	38%	28%	-13.3	3%
Minority Interests	0.6	-0.1	nm	1.2	-106%	0.2	0.3	-1.0	-648%	-441%	0.3	-470%
Net Income	**188.5**	**181.0**	**-4%**	**184.9**	**-2%**	**45.1**	**39.5**	**36.2**	**-20%**	**-8%**	**40.1**	**-10%**

Source: Company and Millennium bcp investimento

Contribution Margin

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
Contribution Margin	**467.0**	**464.5**	**-1%**	**454.1**	**2%**	**131.0**	**107.8**	**123.7**	**-6%**	**15%**	**113.3**	**9%**
Solutions	354.9	337.9	-5%	336.9	0%	98.5	80.9	87.5	-11%	8%	86.4	1%
Services	112.1	126.5	13%	117.2	8%	32.5	26.9	36.2	11%	35%	26.9	35%
Margin	**18.3%**	**17.3%**	**-1.0pp**	**17.0%**	**-0.3pp**	**19.3%**	**18.7%**	**16.3%**	**-0.2pp**	**-0.1pp**	**15.2%**	**1.1pp**
Solutions	19.4%	18.7%	-0.8pp	18.6%	0.0pp	20.2%	20.2%	17.2%	-0.1pp	-0.1pp	17.1%	0.1pp
Services	15.4%	14.4%	-0.9pp	13.6%	-0.9pp	17.1%	15.4%	14.4%	-0.2pp	-0.1pp	11.3%	3.1pp
Cons. Contribution Mg	**467.0**	**464.5**	**-1%**	**454.1**	**2%**	**131.0**	**107.8**	**123.7**	**-6%**	**15%**	**113.3**	**9%**
Other non-distrib corp exp	-181.7	-196.7	8%	-186.2	6%	-51.8	-47.1	-58.3	13%	24%	-47.9	22%
Consolidated EBIT	**285.3**	**267.8**	**-6%**	**267.8**	**0%**	**79.2**	**60.7**	**65.3**	**-18%**	**8%**	**65.4**	**0%**
EBIT margin	11.2%	10.0%	-1.2pp	10.0%	0.1pp	11.7%	10.5%	8.6%	-3.1pp	-1.9pp	8.8%	-0.2pp

Source: Company and Millennium bcp investimento

Operating Margins

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
EBITDA	12.8%	11.7%	-1.1pp	11.9%	0.2pp	13.6%	12.7%	10.3%	-3.3pp	-2.4pp	11.0%	-0.7pp
EBIT	11.2%	10.0%	-1.2pp	10.0%	0.1pp	11.7%	10.5%	8.6%	-3.1pp	-1.9pp	8.8%	-0.2pp
EBT	9.1%	8.7%	-0.5pp	8.8%	0.1pp	8.1%	8.7%	6.7%	-1.4pp	-2.0pp	7.1%	-0.4pp
Net Income	7.4%	6.7%	-0.6pp	6.9%	0.2pp	6.6%	6.9%	4.8%	-1.9pp	-2.1pp	5.4%	-0.6pp
Effective Tax Rate	-19.6%	-22.4%	-2.8pp	-22.0%	0.4pp	-18.1%	-21.5%	-26.9%	-8.8pp	-5.4pp	-25.0%	-1.9pp

Source: Company and Millennium bcp investimento

Geographical markets

Spain revenues fell 2.6% in FY11; while 1H11 revenues were kept broadly flat YoY, second half showed much worse trends (-5.1% YoY). Environment in Spain continues tough particularly in segments such as Security & Defense, Transport & Traffic and Public Administration, given the significant weight of institutional clients. Along with revenues, order intake also dropped 1% and book-to-bill was flat at 1.04x vs. FY10. The company believes that while revenue in the domestic market should fall in 2012, backlog stability shows that revenue decline should be moderate (single-digit decline).

Revenues from **international markets** grew 17.4% YoY in FY11 (+11.1% excluding acquisitions) and represented circa 41% of revenues in FY11. Order intake grew 9% in FY11 (5% excluding acquisitions) and book-to-bill stands at 1.19x (vs. 1.29x in YE10). Indra expects international markets to maintain strong growth in 2012, benefiting from strong organic growth as well as consolidation of acquired Politec and Galyleo.

Latin America is Indra's growth driver, with impressive revenue growth of 20% YoY in FY11 (excluding Politec). Europe revenues were broadly flat excluding Galyleo's consolidation, on the back of the slowdown in the Eurofighter programme. Asia Pacific region grew significantly (+18% in FY11), with Indra opening subsidiaries in several countries.

Vertical markets

Telecom & Media posted a 22% organic growth YoY in the full year. 4Q11 showed flat revenues, given the fact that important outsourcing contracts (Prisa and Telefónica) began in 4Q10, therefore resulting in high growth rates in the first 3 quarters of 2011. **Energy & Industry** delivered a small organic growth, also in the domestic market. Including acquisitions, which have a strong position in this market, revenues grew 12% YoY. **Transport & Traffic** grew 8% YoY in FY11, becoming the vertical market with the highest weight in the company's revenues. International business, which already accounts for more than 50% of sales, posted double digit growth and more than offset small weakness in Spain. **Financial Services** sales grew only 1% YoY organically. Indra believes concentration in the Spanish banking system will bring opportunities and that growth coming from Latin America will be reinforced thanks to Politec's position in the Brazilian financial services market. **Public Administration & Healthcare** posted a 4% YoY organic revenue growth in FY11; excluding balloting in Spain, Colombia and Argentina, revenues would have dropped 3% on the back of a weaker domestic market. Finally, **Security & Defense** revenues dropped by 14% in FY11, with 4Q11 delivering a much better performance than previous quarters. Revenue decline is driven by budget cuts in Spain but also by the slowdown in the Eurofighter programme (lifespan of the programme was extended). Indra expects negative performance in the domestic market to be moderate compared to 2011, given budget cuts suffered by the Ministry of Defence in previous years and already incorporated into Indra's results.

Solutions

Solutions' revenues were in line with what we expected, dropping 0.9% YoY in FY11 to €1,810.8mn. Contribution margin was 18.7%, declining 0.8pp in FY11. Order intake was flat, as well as backlog (+0.4% YoY), and book-to-bill was 1.05x (1.03x in FY10).

Services

Services' revenues grew 11.8% (exc. acquisitions) vs. FY10 to €877.7mn, slightly above our estimates. Contribution margin decreased 0.9pp YoY in FY11 to 14.4%. Order intake grew 9.1% in 2011 (+4.2% excluding acquisitions) to €1,082mn. Book-to-bill was 1.23x by the end of FY11 (1.36x in FY10). Orders and backlog give support to strong performance ahead.

Order intake / Backlog

€ million	FY10	FY11	YoY	FY11E	Dev	4Q10	3Q11	4Q11	YoY	QoQ	4Q11E	Dev
Solutions												
Order intake / Contracting	1,889.9	1,894.0	0%	1,906.6	-1%	475.8	340.0	488.0	3%	44%	500.6	-3%
Revenues	1,827.2	1,810.8	-1%	1,808.9	0%	488.4	401.1	507.7	4%	27%	505.9	0%
Backlog / Orders Book	2,207.3	2,216.0	0%	2,295.5	-3%	2,207.3	2,319.0	2,216.0	0%	-4%	2,295.5	-3%
Book-to-bill	1.03	1.05	1%	1.05	-1%	0.97	0.85	0.96	-1%	13%	0.99	-3%
Services												
Order intake / Contracting	992.1	1,082.0	9%	1,171.8	-8%	294.0	89.0	319.0	9%	258%	408.8	-22%
Revenues	729.8	877.7	20%	864.2	2%	190.0	174.9	251.2	32%	44%	237.6	6%
Backlog / Orders Book	691.9	1,015.0	47%	1,004.2	1%	691.9	822.0	1,015.0	47%	23%	1,004.2	1%
Book-to-bill	1.36	1.23	-9%	1.36	-9%	1.55	0.51	1.27	-18%	150%	1.72	-26%
Total												
Order intake / Contracting	2,882.0	2,976.0	3%	3,078.4	-3%	769.8	429.0	807.0	5%	88%	909.4	-11%
Revenues	2,557.0	2,688.5	5%	2,673.1	1%	678.4	576.0	758.9	12%	32%	743.5	2%
Backlog / Orders Book	2,899.2	3,231.0	11%	3,299.7	-2%	2,899.2	3,141.0	3,231.0	11%	3%	3,299.7	-2%
Book-to-bill	1.13	1.11	-2%	1.15	-4%	1.13	0.57	1.06	-6%	88%	1.22	-13%

Income Statement

€ million	2009	2010	2011E	2012E
Operating Revenues	2,513.3	2,557.0	2,688.5	2,870.7
EBITDA	327.4	327.4	313.4	345.1
D&A	-42.0	-42.1	-45.6	-67.0
Net Financials	-24.9	-19.1	-37.7	-44.7
Taxes	-62.7	-45.7	-52.2	-56.7
Minority Interests	-2.4	0.6	-0.1	1.2
Net Income	195.6	188.5	181.0	180.8
Margins (%)				
EBITDA	13.0	12.8	11.7	12.0
EBIT	11.4	11.2	13.4	9.7
EBT	10.4	9.1	8.7	8.2
Effective Tax Rate	25.9	24.1	22.4	22.0
Net Income	7.7	7.8	6.7	6.9

Source: Company data and Millennium Investment banking

Financial BS

€ million	2009	2010	2011E	2012E
Fixed Assets	755.6	874.9	1,209.4	1,274.4
Working Capital	356.1	413.9	435.7	482.8
Invested Capital	**1,111.7**	**1,288.8**	**1,645.1**	**1,757.2**
Net Debt	134.6	274.8	557.5	580.7
Minority Interests	45.3	23.0	22.6	22.3
Equity	931.8	991.0	1,065.0	1,154.1
Capital Employed	**1,111.7**	**1,288.8**	**1,645.1**	**1,757.2**

Source: Company data and Millennium Investment banking

Cash-Flow Statement

€ million	2009	2010	2011E	2012E
Cash Flow from Operations	152.5	172.8	212.2	200.8
Cash Flow from Investing	-100.0	-138.3	-183.7	-132.1
Cash Flow from Financing	-9.2	28.0	-132.6	-28.8
EBITDA - Capex	247.6	189.1	133.3	213.0

Source: Company data and Millennium Investment banking

Leverage Indicators

€ million	2009	2010	2011E	2012E
EBITDA	327.4	327.4	313.4	345.1
Capex	79.8	138.3	156.6	132.1
EBITDA - Capex	247.6	189.1	156.8	213.0
EBITDA - Capex - Dividends	139.3	78.2	45.9	123.3
Financial costs, Net	-24.9	-19.1	-37.7	-44.7
Net Debt	134.6	274.8	514.0	580.7
Net Debt / EBITDA	0.4x	0.8x	1.6x	1.7x
Net Debt / Equity	0.1x	0.3x	0.5x	0.5x
Net Debt / Capital Employed	0.1x	0.2x	0.3x	0.3x
EBITDA / Financial costs	13.1x	17.1x	8.3x	7.7x

Source: Company data and Millennium investment banking

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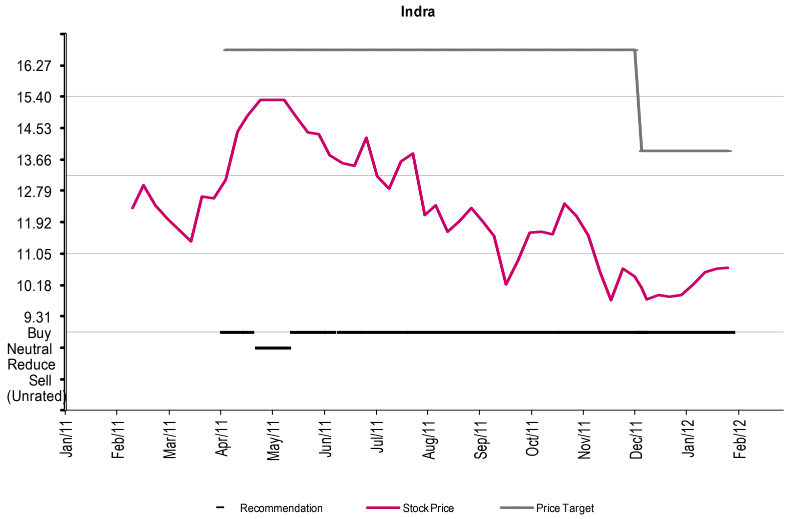

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