Cremonini

Italy / Food & Beverage

Company update

Investment Research

14 January 2008

Buy	
vs Accumulate	
Share price*: EUR	**2.26**
Target price: EUR	**3.00**
vs Target Price: EUR	**2.90**
Reuters/Bloomberg	CRM.MI/CRM IM
Accounting Standard/Since	IFRS/2005
Market capitalisation (EURm)	321.0
No. of shares (m)	141.8
Free float	43.8%
Daily avg. no. trad. sh. 12 mth	226,600
Daily avg. trad. vol. 12 mth (m)	0.56
Price high 12 mth (EUR)	2.83
Price low 12 mth (EUR)	2.01
Abs. perf. 1 mth	-11.0%
Abs. perf. 3 mth	4.4%
Abs. perf. 12 mth	-12.9%

(EUR)	12/06	12/07e	12/08e
Sales (m)	2,349	2,499	2,063
EBITDA (m)	139	149	128
EBITDA margin	*5.9%*	*6.0%*	*6.2%*
EBIT (m)	88	96	90
EBIT margin	*3.7%*	*3.8%*	*4.4%*
Net Profit (adj.)(m)	12	10	52
ROCE	4.2%	4.4%	7.3%
Net debt/(cash) (m)	584	610	322
Debt Equity	*167.6%*	*179.4%*	*77.1%*
Debt/EBITDA	4.2	4.1	2.5
Int. cover(EBITDA/Fin.int)	4.4	3.8	5.7
EV/Sales	0.4	0.4	0.4
EV/EBITDA	7.4	7.4	5.9
EV/EBITDA (adj.)	7.4	7.4	5.9
EV/EBIT	11.8	11.5	8.4
P/E (adj.)	24.8	30.6	5.6
P/BV	1.1	1.3	0.9
FCF yield	*-8.7%*	*-3.9%*	*61.6%*
Dividend yield	*3.5%*	*4.0%*	*4.2%*
EPS (adj.)	0.09	0.08	0.40
BVPS	1.99	1.96	2.39
DPS	0.08	0.09	0.10

Please note that from 2008 our forecasts assume completion of strategic alliance with JBS

Source: Datastream

Shareholders: Cremonini Family 56%;

*closing price as of 11/01/2008

Strategic alliance with JBS: unleashing value from meat production

- **JBS alliance: a very good deal**. In early December Cremonini announced to have signed a strategic alliance with JBS S.A., the world largest beef producer. It is a sound deal in our opinion: on the one hand Inalca is able to increase its vertical integration (strengthening also its supply chain "from farm to fork"); on the other hand Inalca could now focus on internal and external growth unleashing value from its presence in Europe, Russia and Africa.
- **Double digit EV/EBITDA implied valuation for the production sector**. The JBS transaction is based upon the attribution of an Enterprise Value (EV) of EUR 600m to Cremonini's production sector or an implied EV/EBITDA of around 11.5x at current levels of EBITDA.
- **Unleashing value from meat production**. For Cremonini the alliance with JBS means: 1.privileged access to main world meat production sources where JBS is the undisputed leader (attractive cost of cattle); 2.global supply chain consolidation "from farm to fork" (vertical integration vs. former spot purchase); 3.lower execution risk and more diversified mix of fresh and processed beef product; 4.the beginning of a new aggressive acquisition strategy. Our estimates do not factor in the potential synergies arising from the strategic alliance with JBS, that should be sizable (but it is too early to make precise assumptions).
- **…and do not forget catering & foodservice divisions.** Besides the leading position (n.1) in the Italian beef market, Cremonini Group is n.1. in the Italian Foodservice Distribution Market; n.1 in the Italian Railway Station Catering Market; n.2 in the European On-Board train and n.1 in the Italian Motorway Catering Markets.
- **According to our estimates an extraordinary income (capital gain) of around EUR 37.5m could derive from the JBS deal in 2008, so an extraordinary dividend distribution cannot be ruled out in our opinion.** FY08e EBIT margin (assuming completion of strategic alliance with JBS and without considering potential synergies) should reach 4.4%: up by around 50bps vs. FY 07e.
- **Buy (from Accumulate).** We change our recommendation to Buy from Accumulate, given the stock appreciation potential: our SoP model suggests a target price of around EUR 3.0. Also our stub value model (calculated as the difference of market capitalization between Cremonini Group and Marr -less minorities- assuming no holding discount for Marr) indicates an undervaluation status of Cremonini shares.

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Valuation

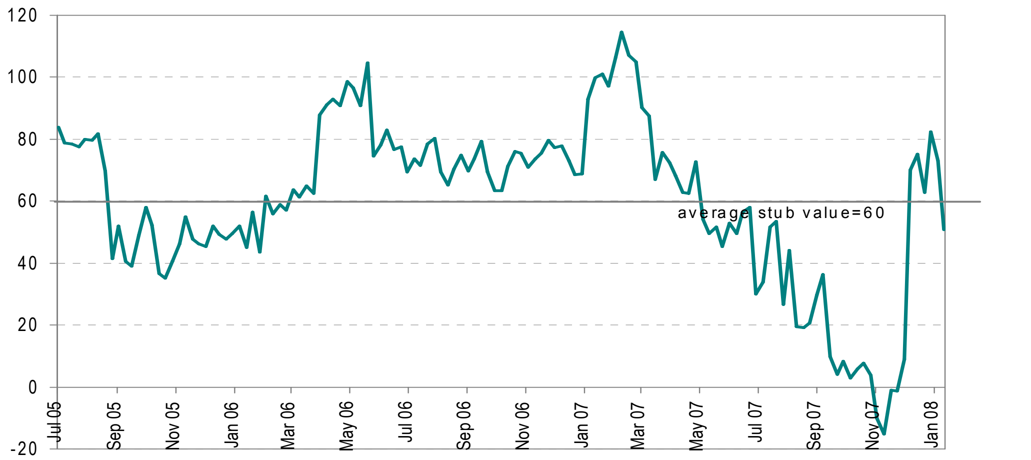
Cremonini is trading at 7.4x 2007e EV/EBITDA and at 5.9x 2008e EV/EBITDA; given the unique business model of Cremonini based on three different divisions (Meat Production, Foodservice and Catering) we think that the company (n.1 in the Italian Beef Market; n.1. in the Italian Foodservice Distribution Market; n.1 in the Italian Railway Station Catering Market; n.2 in the European On-Board train and n.1 in the Italian Motorway Catering Markets) is not directly comparable to any European quoted food producer, or foodservice company or catering company.

In early December Cremonini announced to have signed a strategic alliance with JBS S.A., the world largest beef producer. The JBS transaction is based upon the attribution of an Enterprise Value (EV) of EUR 600m to Cremonini's production sector or an implied EV/EBITDA of around 11.5x at current levels of EBITDA. The JBS deal clearly helps value recognition of the production sector and allows a rapid deleveraging of Cremonini Group.

We valued Cremonini using our own Sum of the Parts model (SoP), that points to a target price of EUR 3.0 or an implied market cap of around EUR 426m, that included: 1.a valuation at market value of Marr (Cremonini owns 57.38% of Marr); 2.a valuation of the residual 50% of Inalca S.p.A. owned by Cremonini (after completion of strategic alliance with JBS) at an exit multiple of 7.5x EV/EBITDA (we remind that Cremonini will have a put option according to which it will be able to sell its 50% stake in Inalca S.p.A. to JBS at any time during the fourth and tenth year from the closing of the transaction; the put option may be exercised provided that Inalca S.p.A's consolidated EBITDA is at least equal to EUR 60m and the price will be a multiple between 5 and 10 times the consolidated EBITDA of Inalca S.p.A.); 3.the valuation of n. 12.9m of Cremonini treasury shares at market value (including tax rate on capital gain).

We change our recommendation to Buy (from Accumulate) on Cremonini, with a target price of EUR 3.0 based on our SoP valuation. Also the stub value of Cremonini -calculated as the difference of market capitalization between Cremonini Group and Marr (less minorities), assuming no holding discount for Marr- suggests an undervaluation status of Cremonini shares.

Implied market cap of Meat and Catering operations



Source: Bloomberg data, BANCA AKROS-ESN estimates

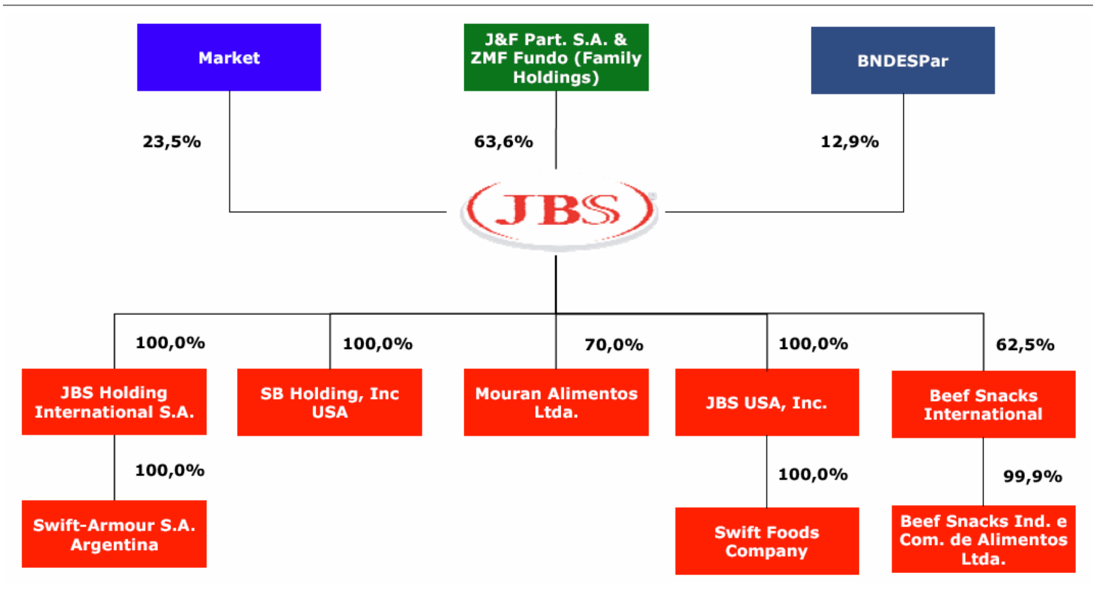
Strategic alliance with JBS

In early December Cremonini announced to have signed a strategic alliance with JBS S.A., the world largest beef producer. It is a sound deal in our opinion: on the one hand Inalca is able to increase its vertical integration (strengthening also its supply chain "from farm to fork"); on the other hand Inalca could now focus on internal and external growth unleashing value from its presence in Europe, Russia and Africa. It is now too early to factor in the amount of potential synergies (in particular costs synergies). In the following pages we will describe JBS deal details, explaining the deal rationale and potential effects.

JBS SA in a nutshell

JBS S.A. is the world's largest beef producer and third largest pork producer in the United States (after the conclusion of Swift Foods Company on July 11, 2007).

JBS corporate structure as at November 6,2007



Source: Company data

The Pro-Forma consolidated turnover of JBS S.A. (considering JBS S.A. and Swift Foods Company) should be of around USD 11.5bn. JBS operations include 23 plants located in 9 Brazilian states and 5 plants located in 3 Argentine provinces. These plants are strategically located in regions with the largest concentration of cattle in Brazil and Argentina (both among the world's leading beef producing and exporting countries), which provides operating flexibility, low transportation costs (including to bring the cattle to its plants and to transport the products to its clients), and mitigates against the potential impact of regional sanitary issues.

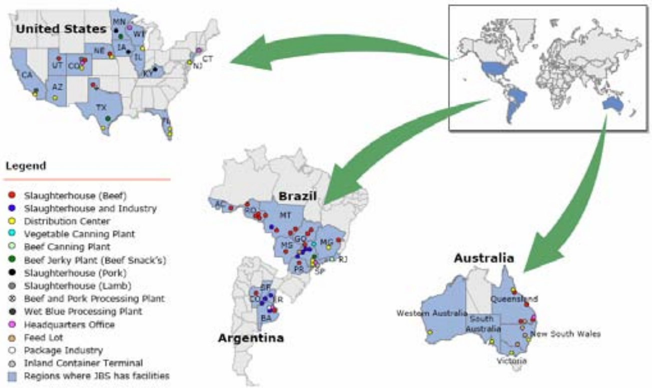
The Company also has facilities for distribution and logistics support, which contribute towards maintaining an efficient cost structure, consisting of: 1.four distribution centers (3 in the state of São Paulo and 1 in the state of Minas Gerais); 2.one container terminal located near the port of Santos, in the state of São Paulo; and 3.subsidiaries in Chile, Egypt, England, Russia and United States, which distribute and market JBS' products in those countries. JBS' products are sold to over 6,000 clients in Brazil, including retailers, restaurants and tanneries, and exported to more than 500 clients located in 110 countries.

JBS: Global Operations

CONSOLIDATED TURNOVER	US$ 11.5 bln*
PRODUCTION FACILITIES	41
EMPLOYEES	Approx. 40,000
DOMESTIC CLIENTS	6,000 (Latam)
EXPORT CLIENTS	500 (Latam)
Slaughtering capacity/day	
BRAZIL (CATTLE)	18,800
ARGENTINA (CATTLE)	6,700
USA (CATTLE)	20,500
AUSTRALIA (CATTLE)	5,800
USA (HOG)	47,900

Source: Company data

JBS: Strategically Located Facilities



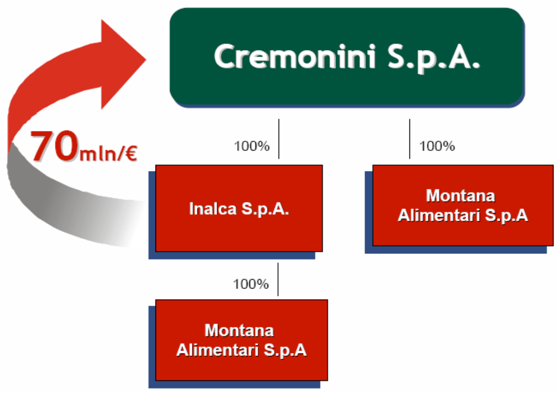
Source: Company data

The sources of JBS sustainable competitive advantage are: 1.a leading industry position (world's largest beef producer, largest beef producer and exporter in Latin America; leading beef sales position in the domestic market); 2.diversified product mix combined with brand recognition (Friboi, Maturatta, Friboi Organic Beef, Cabaña las Lillas, Swift, Anglo, Mouran and Plata); 3. Low production costs (attractive cost of cattle, combined with economies of scale and efficient logistic); 4. Global distribution (including customer diversification).

Transaction structure and details

On December 6, 2007 JBS. S.A ("JBS"). and Cremonini S.p.A ("Cremonini") entered into a binding preliminary contract for the formation of a strategic alliance: the alliance will encompass the whole beef production and beef by-products division of Cremonini (Inalca S.p.A. and Montana Alimentari S.p.A. 100% controlled) in which JBS will own a 50% stake.

Cremonini-JBS Strategic Alliance: Transaction structure, 1st step

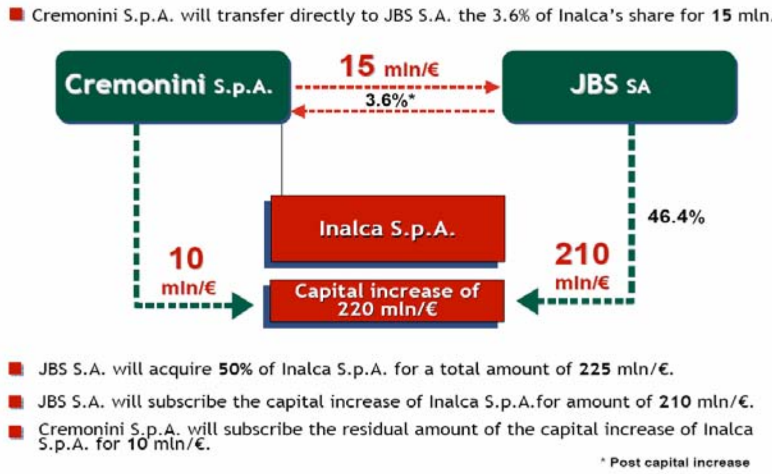


Cremonini will transfer 100% of Montana Alimentari to Inalca S.p.A. for 70 mln/€

Source: Company data

The transaction will be structured as follows: 1.Cremonini will transfer 100% of Montana Alimentari S.p.A. to Inalca S.p.A. for a consideration of EUR 70m; 2.JBS will acquire 50% of Inalca S.p.A. for a total consideration of EUR 225m, of which 46.4% through a capital increase of EUR 210m and 3.6% through the direct purchase of shares held by Cremonini, for an amount of EUR 15m; 3.Cremonini will subscribe the residual amount of the capital increase of Inalca S.p.A., in the total amount of EUR 10m; 4.the total capital increase of Inalca S.p.A. will be EUR 220m.

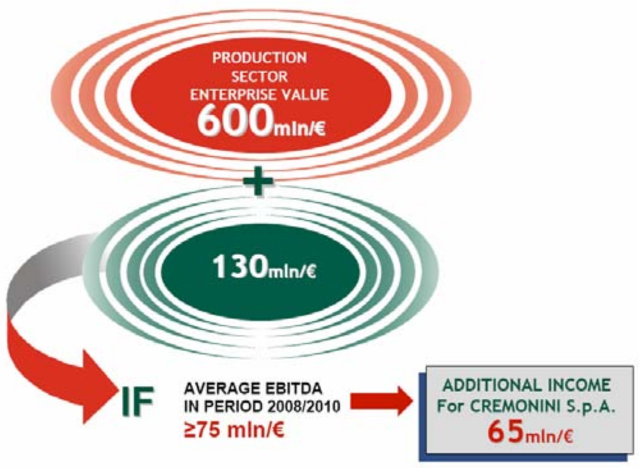
Cremonini-JBS Strategic Alliance: Transaction Structure, 2nd step



Source: Company data

After the conclusion of the corporate reorganization described above, JBS and Cremonini will each own 50% of Inalca S.p.A. (The consideration for the Inalca S.p.A. shares transferred will be subject to an adjustment based on the final Net Debt of the production sector of Cremonini as at 31/12/2007 compared to a forecast of EUR 300m). The transaction is based upon the attribution of an Enterpise Value (EV) of EUR 600m to Cremonini's production sector.

Cremonini-JBS Strategic Alliance: Transaction Value & Earn Out



Source: Company data

The agreement also provides for an Earn Out adjustment price premium of an additional EUR 65m in favour of Cremonini S.p.A. upon the achievement of an average annual EBITDA of EUR 75m, over the three year period 2008-2010. The signing of the definitive agreements was scheduled for December 21,2007, while the transfer of the shares, the capital increase and the finalising of the agreements will occur in January 2008, subject to final contract and to the obtainment of the authorisations from the relevant antitrust authorities.

Cremonini will have a put option according to which it will be able to sell its 50% stake in Inalca S.p.A. to JBS at any time during the fourth and tenth year from the closing of the transaction.The Put Option may be exercised provided that Inalca S.p.A's consolidated EBITDA is at least equal to EUR 60m: the price will be a multiple (between 5 and 10 times) the consolidated EBITDA of Inalca S.p.A. Reciprocal call provisions are also provided for, in the event of change in control of the respective majority shareholders.

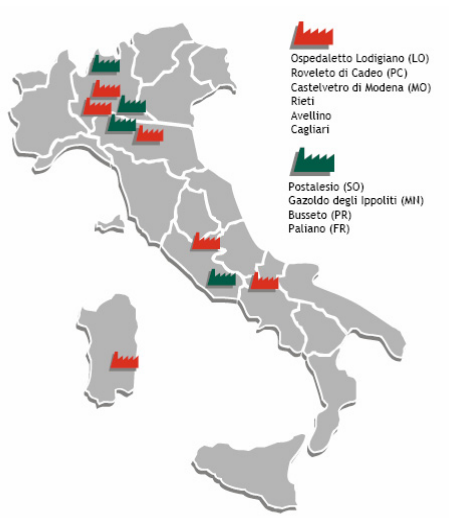
In terms of corporate governance, the agreement provides for the appointment of an equal number of directors by each party to the Board of Directors of Inalca S.p.A.. Cremonini will appoint the Chief Executive Officer, and will maintain the operational management of the company. JBS will appoint the Chairman. The current management will be confirmed.

Strategic rationale of the deal

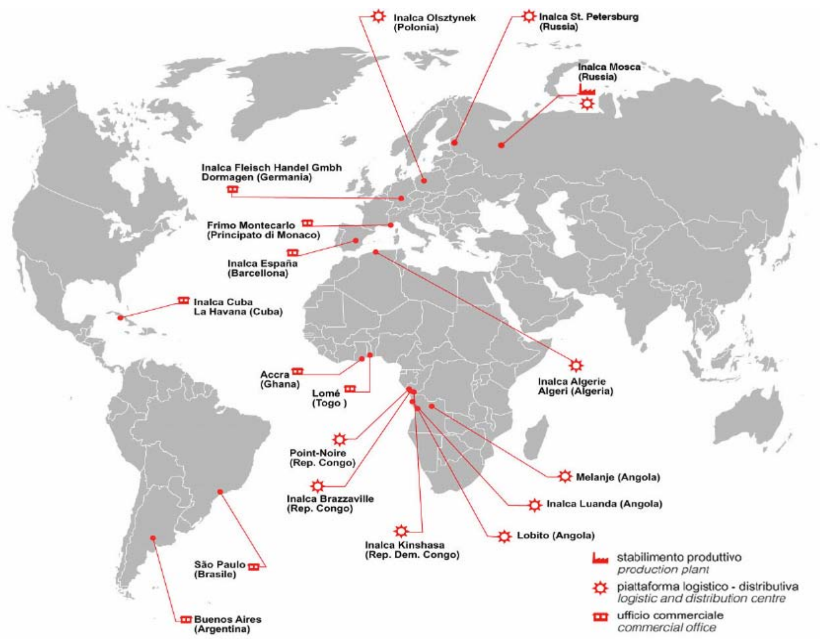
The deal has a sound strategic rationale in our opinion, and will create significant synergies (in terms of products, channels and costs) between JBS and Cremonini, both leaders in their respective markets: JBS is present with production plants and distribution channels in South American, United States and Australian markets; while Cremonini, through Inalca S.p.A. is present in Europe, Russia and Africa.

Cremonini:

Italian production facilities



Inalca's international presence

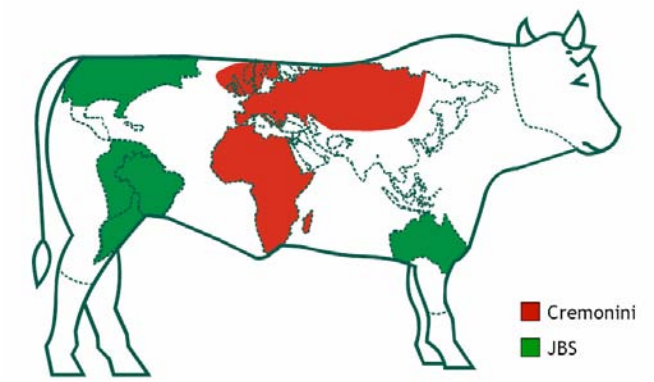


Source: Company data

For Cremonini the alliance with JBS means: 1.privileged access to main world meat production sources where JBS is the undisputed leader (attractive cost of cattle); 2.global supply chain consolidation “from farm to fork” (vertical integration vs. former spot purchase); 3.lower execution risk and more diversified mix of fresh and processed beef product; 4.the beginning of a new aggressive acquisition strategy. The alliance allows JBS a privileged access to: 1.production structures and distribution platforms of Inalca; 2.Inalca’s clients portfolio (fast food chains; multinational food processing companies; retail chains and foodservice distributors); 3.Inalca’s products (high value added and well recognized “Montana” brand); 4.Inalca’s state of the art technology; 5.a unique and talented top management (we remind that current management of Inalca will be confirmed after the deal).

Cremonini-JBS Strategic Alliance Objectives

Cremonini-JBS Strategic Alliance: Global Presence



Source: Company data

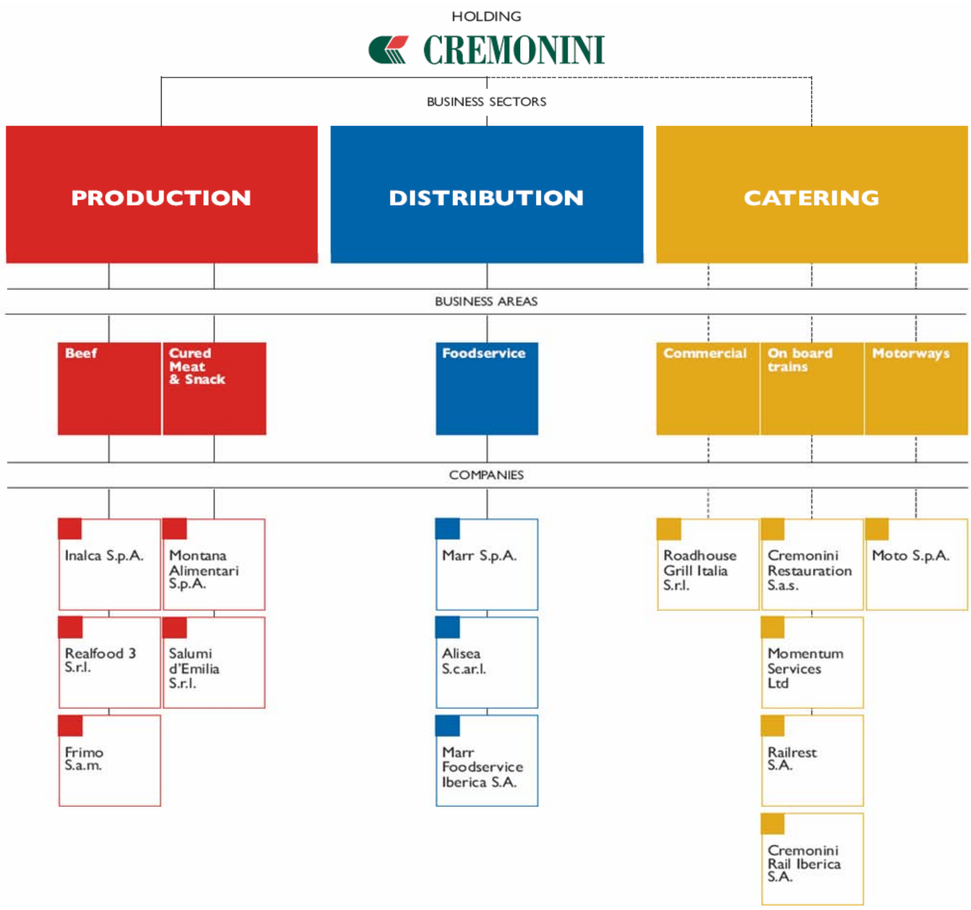
After the capital increase Inalca will have the financial muscle to pursue its growth strategy in the production sector both in the domestic and international markets also through a focused policy of selected acquisitions.

Financials: focus on production sector

Analysis of production sector (Inalca & Montana Alimentari)

In the production sector (around 42% of FY 06 Group sales) the Cremonini Group operates in two business areas: beef and cured meats & snacks.

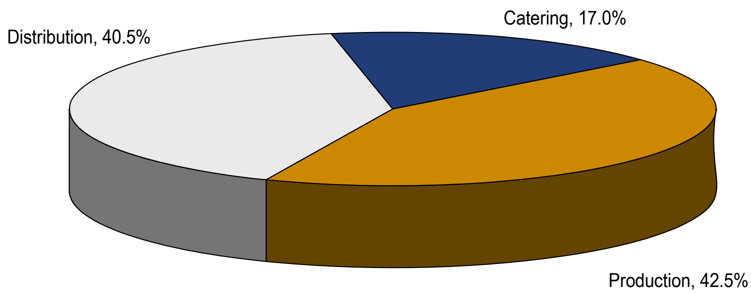
Cremonini Group at a glance*



*Source: Company data; * please note that after completion of strategic alliance with JBS, Cremonini will transfer 100% of Montana Alimentari S.p.A. to Inalca S.p.A. and JBS will acquire 50% of Inalca S.p.A.*

The reference company in the Group for the beef sector is Inalca (which in 2006 achieved total consolidated revenues of EUR 932.0m up by 3.2% Y/Y). The company, the leader in Italy and among the main European operators, supervises the entire production line (from raising animals to the end product) and successfully operates on international markets: over 32% of 2006 sales come from exports to countries in the European Union, Eastern Europe and Africa. The industrial structure includes 6 plants specialized by production line: Castelvetro di Modena (MO), Ospedaletto Lodigiano (LO), Roveleto di Cadeo (PC) and Flumeri (AV), where the meats is butchered, boned, processed and packed; Rieti and Cagliari where the processing, packing and logistic platform activities are carried out.

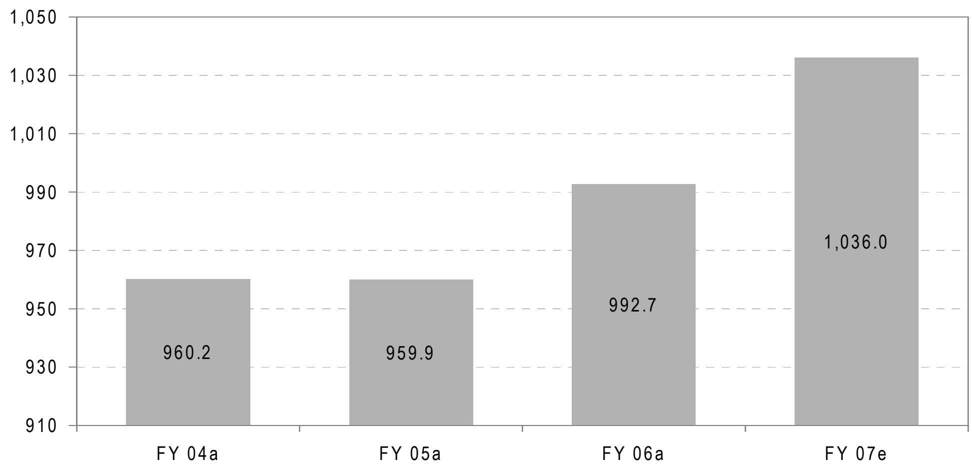
Cremonini: Sales breakdown (FY 2006)



Source: Company data

Inalca produces and markets a complete range of beef products, fresh and frozen, vacuum-packed and packaged in a protective atmosphere, ready-to-serve products, tinned meats and meats extracts. The company processes and transforms every year over 240,000 tonnes of beef, of which more than 40,000 tonnes of hamburgers and 200 million tins.

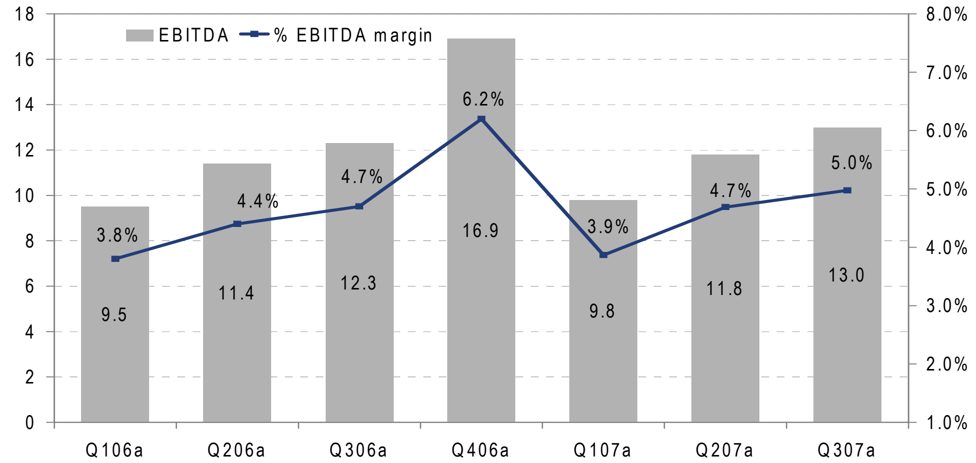
Cremonini: Production sector- Sales trend (2004a-2007e)



Source: BANCA AKROS estimates and company data

The reference company in the Group for the cured meats & snacks sector is Montana Alimentari, one of the main operators on the cured meats market in Italy (which achieved revenues of EUR 168.3m in 2006, up by 21.0% Y/Y): Montana canned food products ranked number two in the sector in Italy after Simmenthal (Kraft Foods) and before Manzotin (Bolton Group).

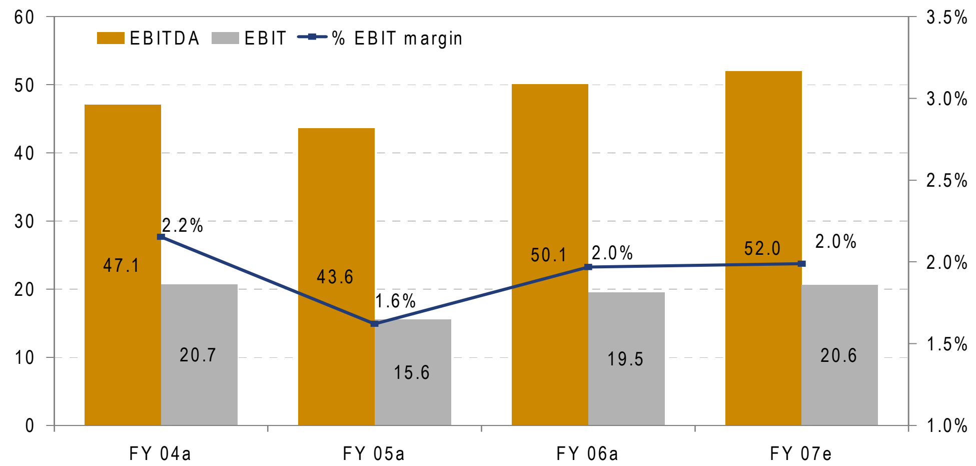
Cremonini: Production sector quarterly EBITDA trend (2006a-2007a)



Source: Company data

The industrial structure includes 4 plants, specialized by type of production: Gazoldo degli Ippoliti (MN), where the company produces pre-sliced meats, snacks and ready-to-serve gastronomy; Paliano (FR), for the production of boiled and roast hams; Busseto (PR), where culatello, mortadella and traditional salami are produced, and Postalesio (SO) where the company produces bresaola. Montana Alimentari's strategic plan is also based on the exploitation and integration of the typical production of cured meats in the areas distinguished by the Protected Denomination of Origin (P.D.O.) and Protected Geographic Indication (P.G.I.) brands (Culatello di Zibello, Bresaola della Valtellina, Mortadella di Bologna, Salamino alla Cacciatora). The company is specialized in the production of pre-sliced products, marketed under both its own brands and the brands of the more significant chains in the large-scale distribution. It can count on a structure of 8 production rooms, so called "white rooms", which have the capacity of producing 5,000 tonnes per year.

Cremonini: Production sector EBITDA & EBIT margin (2004a-2007e)



Source: BANCA AKROS estimates and company data

Between 2004 and 2006, Cremonini production sector reported revenue CAGR of 1.7%, and an EBIDTA CAGR of 3.2%. The bottom of the EBITDA margin was reached in 2005 when the beef market was influenced by two external factors that affected the results: 1.consumption increased due to the crisis in the aviculture sector; 2. the stock of beef decreased by effect of the adoption, by the Italian Government, of the community regulation regarding the "decoupling" of production awards from the livestock sector. Recent EBITDA margins expansion was fuelled also by an effective commercial policy in the sales and product channels. We forecast a 2007e EBITDA margin at around 5.0% and a 2007e EBIT margin at 2.0%, stable vs. the same period of last year and around 40bps above the bottom level of FY 05. Our estimates in this research study do not factor in the potential synergies arising from the strategic alliance with JBS, that should be sizable (but it is too early to make precise assumptions).

Cremonini: Inalca S.p.a gearing data (2007E Ante Closing and PF 2007E Post Closing)

Inalca S.p.A.	2007E ANTE CLOSING	Pro Forma 2007E POST CLOSING
Net debt/EBITDA (x)	5.8x	2.9x
Net debt/Equity (x)	2.1x	0.4x

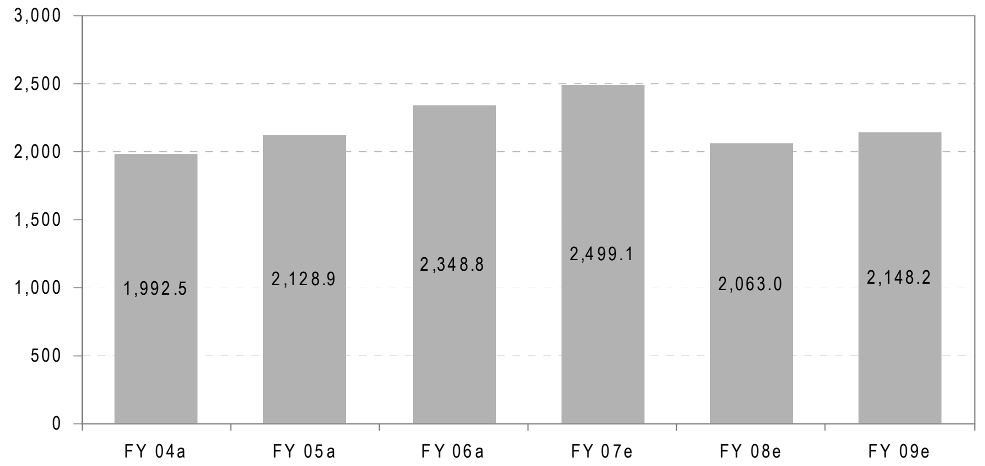
Source: Company data (based on Pro Forma data and company simulations and forecasts; assuming completion of strategic alliance with JBS for POST CLOSING data)

According to company data and forecasts, the consolidated Net debt/Ebitda ratio of Inalca S.p.A. for P.F. 2007E Post Closing should improve to a level of 2.9x (from a 2007E Ante Closing level of 5.8x); while Net debt to Equity ratio of Inalca S.p.A. for P.F. 2007E Post Closing should be equal to 0.4x (well below 2007E Ante Closing level of 2.1x).

Group financials: with estimated effects of JBS strategic alliance from FY 2008

Our estimates assumed from 2008 the completion of strategic alliance with JBS and do not factor in the potential synergies arising from the strategic alliance with JBS, that should be sizable in our opinion (but it is too early to make detailed assumptions).

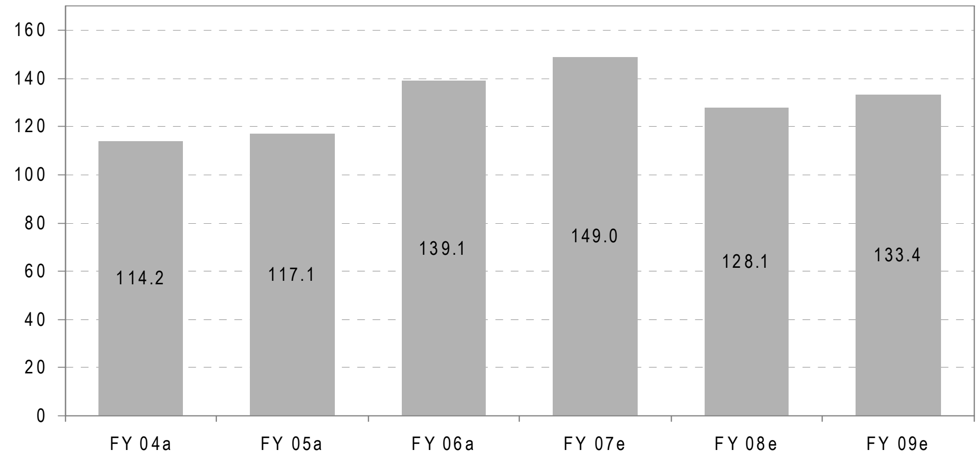
Cremonini: Group sales trend (2004a-09e)*



Source: BANCA AKROS estimates; please note that from 2008 our forecasts assume completion of strategic alliance with JBS*

The apparent decrease in absolute levels of sales and EBITDA in 2008e should be attributable only to the effect of the Cremonini-JBS strategic alliance: after the conclusion of the corporate reorganization described in the previous paragraphs, JBS and Cremonini will each own 50% of Inalca S.p.A. (please note that starting from 2008 our estimates factor in a pro-quota deconsolidation of Inalca's assets and liabilities).

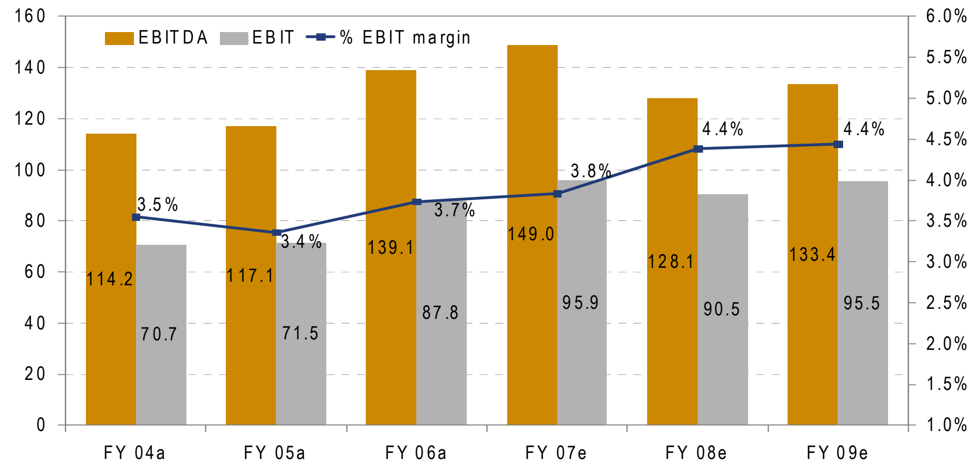
Cremonini: Group EBITDA trend (2004a-09e)*



Source: BANCA AKROS estimates; please note that from 2008 our forecasts assume completion of strategic alliance with JBS*

Management already gave a positive outlook on FY 2007, anticipating an improvement in the operating results. We expect a Cremonini Group FY 07e EBITDA of EUR 149.0m (+ 7.1% Y/Y) implying an EBITDA margin of around 6.0%. The actual trend of increasing prices of cereal grains could put under pressure food producers (the higher cereal grains prices have been due to extreme weather patterns, the higher demand from the bio-fuels industry and low stocks): pork and poultry are highly affected by grain prices and protein meal prices, but the impact on beef should be limited.

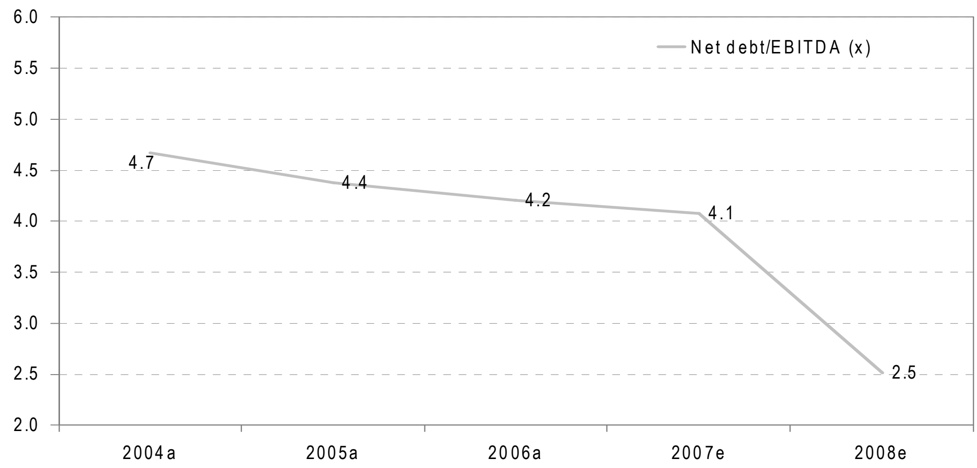
Cremonini: Group EBITDA, EBIT & EBIT margins trend (2004a-09e)*



Source: BANCA AKROS estimates; please note that from 2008 our forecasts assume completion of strategic alliance with JBS*

We expect Cremonini Group FY08e EBIT margin (assuming completion of strategic alliance with JBS) should reach 4.4% increasing by around 50bps vs. FY 07e (before completion of strategic alliance with JBS): in this scenario we made no specific assumptions on potential synergies arising from the strategic alliance with JBS in terms of products, channels and costs. Besides the production sector, margins expansion should be fuelled also by: 1. continuing growth in distribution (Marr) both organic and external; 2. the delivery of the results coming from the brand-building strategy (Chef Express & Roadhouse Grill) in place and from the continuous focus on catering activities following the acquisitions made in 2006 and 2007 (the remaining 50% of Rail Gourmet Espana) in on board and motorway catering.

Cremonini: Group Net debt/EBITDA trend (2004a-08e)*



Source: BANCA AKROS estimates; please note that from 2008 our forecasts assume completion of strategic alliance with JBS*

Our model suggests a FY 07e Net debt to EBITDA ratio (before completion of strategic alliance with JBS) nearer to 4.1x, and decreasing both from the previous three years average (2004a-06a) of 4.4x and peak level of 4.7x reached in 2004. We forecast a FY 08e Net debt to EBITDA ratio of around 2.5x in 2008 (assuming completion of strategic alliance with JBS). According to our estimates an extraordinary income (capital gain) of around EUR 37.5m could derive from the JBS deal in 2008, so an extraordinary dividend distribution cannot be ruled out in our opinion (despite we assumed a standard 08e DPS of EUR 0.10 in our model).

Cremonini: Summary tables

PROFIT & LOSS (EURm)	2003	2004	2005	2006	2007e	2008e	CAGR 08/03
Sales	**1,786.2**	**1,992.5**	**2,128.9**	**2,348.8**	**2,499.1**	**2,063.0**	***2.9%***
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-1,507.3	-1,695.5	-1,818.0	-1,991.7	-2,135.6	-1,745.9	
Personnel Expenses	-161.1	-182.8	-193.9	-218.1	-214.6	-188.9	
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0	
EBITDA	**117.7**	**114.2**	**117.1**	**139.1**	**149.0**	**128.1**	***1.7%***
EBITDA (adj.)*	**117.7**	**114.2**	**117.1**	**139.1**	**149.0**	**128.1**	
Depreciation, Amortisation & Write Downs	-52.6	-43.4	-45.6	-51.3	-53.1	-37.7	
EBIT	**61.8**	**70.7**	**71.5**	**87.8**	**95.9**	**90.5**	***7.9%***
EBIT (adj.)*	61.8	70.7	71.5	87.8	95.9	90.5	
Net Financial Interest	-20.5	-23.5	-20.9	-31.4	-38.9	-22.4	
Other Financials	-15.0	0.0	0.0	-1.0	-1.0	-1.0	
Associates	0.0	0.0	0.0	0.0	0.0	0.0	
Other Non Recurrent Items	**28.2**	**-1.4**	**26.1**	**0.0**	**0.0**	**37.5**	
Earnings Before Tax (EBT)	54.4	45.9	76.8	55.4	56.0	104.6	***14.0%***
Tax	-19.6	-24.9	-24.3	-29.3	-29.6	-35.5	
Tax rate	*36.0%*	*54.2%*	*31.6%*	*52.9%*	*52.9%*	*33.9%*	
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	
Minorities	**-5.3**	**-10.2**	**-11.9**	**-14.5**	**-16.0**	**-17.0**	
Net Profit (reported)	**29.5**	**10.8**	**40.6**	**11.6**	**10.4**	**52.1**	
Net Profit (adj.)	1.7	11.4	14.4	11.6	10.4	52.1	
CASH FLOW (EURm)							
Cash Flow from Operations before change in NWC	105.7	64.5	98.1	78.4	80.5	107.7	*0.4%*
Change in Net Working Capital	-59.7	-60.8	2.4	-12.8	-4.1	137.1	
Cash Flow from Operations	**46.1**	**3.7**	**100.5**	**65.5**	**76.4**	**244.8**	
Capex	-55.6	-50.0	-75.5	-92.9	-90.0	-47.6	
Free Cash Flow	**-9.5**	**-46.3**	**25.0**	**-27.3**	**-13.6**	**197.3**	***R+***
Net Financial Investments	39.8	0.0	0.0	0.0	0.0	0.0	
Dividends	-2.9	-19.4	-8.7	-32.1	-11.3	-12.8	
Other (incl. Capital Increase & share buy backs)	24.3	-16.1	4.5	-11.8	0.1	104.1	
Change in Net Debt	**51.7**	**-81.8**	**20.8**	**-71.2**	**-24.9**	**288.6**	
NOPLAT	17.9	35.4	35.8	43.9	47.9	59.8	
BALANCE SHEET & OTHER ITEMS (EURm)							
Net Tangible Assets	392.1	555.5	564.1	595.2	632.1	508.6	
Net Intangible Assets (incl.Goodwill)	104.7	95.7	128.1	147.2	147.2	140.3	
Net Financial Assets & Other	27.7	10.8	11.1	12.2	12.2	12.2	
Total Fixed Assets	**524.4**	**662.1**	**703.3**	**754.7**	**791.6**	**661.1**	***4.7%***
Net Working Capital	219.1	279.9	277.5	290.3	294.4	157.3	
Total capital invested/employed	715.8	931.1	969.7	1,032.8	1,073.8	806.2	
Shareholders Equity	**200.8**	**265.8**	**299.1**	**282.5**	**277.6**	**339.4**	***11.1%***
Minorities Equity	47.9	47.2	64.7	66.2	62.5	79.1	
Net Debt	**451.1**	**532.8**	**512.1**	**584.2**	**610.1**	**322.5**	***-6.5%***
Provisions	35.8	37.9	40.0	40.5	49.7	26.2	
Other Liabilities	8.0	58.2	64.9	71.6	86.1	51.1	
Total Market Cap	**192.6**	**218.5**	**329.2**	**314.2**	**347.6**	**320.5**	
Enterprise Value (EV adj.)	756.8	883.4	975.2	1,031.8	1,100.2	762.0	
MARGINS AND RATIOS							
Sales growth	*12.4%*	*11.6%*	*6.8%*	*10.3%*	*6.4%*	*-17.5%*	
EBITDA growth	*10.0%*	*-3.0%*	*2.6%*	*18.8%*	*7.1%*	*-14.0%*	
EBIT growth	*16.1%*	*14.5%*	*1.1%*	*22.7%*	*9.2%*	*-5.6%*	
EBITDA margin	***6.6%***	***5.7%***	***5.5%***	***5.9%***	***6.0%***	***6.2%***	
EBIT margin	*3.5%*	*3.5%*	*3.4%*	*3.7%*	*3.8%*	*4.4%*	
Debt/Equity (gearing)	***181.4%***	***170.2%***	***140.7%***	***167.6%***	***179.4%***	***77.1%***	
Debt/EBITDA	3.8	4.7	4.4	4.2	4.1	2.5	
Interest cover (EBITDA/Fin.interest)	5.7	4.9	5.6	4.4	3.8	5.7	
ROCE	*2.4%*	*3.8%*	*3.6%*	*4.2%*	*4.4%*	*7.3%*	
WACC	*7.5%*	*7.2%*	*7.2%*	*7.2%*	*7.6%*	*7.7%*	
ROCE/WACC	**0.3**	**0.5**	**0.5**	**0.6**	**0.6**	**1.0**	
EV/CE	1.02	0.94	0.99	0.99	1.01	0.93	
OpFCF/EV	*4.0%*	*-5.2%*	*2.6%*	*-2.6%*	*-1.2%*	*25.9%*	
EV/Sales	0.42	0.44	0.46	0.44	0.44	0.37	
EV/EBITDA	**6.4**	**7.7**	**8.3**	**7.4**	**7.4**	**5.9**	
EV/EBITDA (adj.)*	6.4	7.7	8.3	7.4	7.4	5.9	
EV/EBIT	12.3	12.5	13.6	11.8	11.5	8.4	
EV/EBIT (adj.)*	12.3	12.5	13.6	11.8	11.5	8.4	
P/E (adj.)	nm	17.2	20.8	24.8	30.6	5.6	
P/BV	1.0	0.8	1.1	1.1	1.3	0.9	
FCF yield	***-4.9%***	***-21.2%***	***7.6%***	***-8.7%***	***-3.9%***	***61.6%***	
Payout ratio	*66.0%*	*80.0%*	*79.0%*	*98.1%*	*123.2%*	***25.9%***	
Dividend yield (gross)	***10.1%***	***4.0%***	***9.7%***	***3.5%***	***4.0%***	***4.2%***	
PER SHARE DATA (EUR)							
EPS (reported)	**0.21**	**0.08**	**0.29**	**0.08**	**0.07**	**0.37**	***12.1%***
EPS (adj.)	**0.01**	**0.09**	**0.11**	**0.09**	**0.08**	**0.40**	***98.1%***
BVPS	1.42	1.87	2.11	1.99	1.96	2.39	*11.1%*
DPS	0.14	0.06	0.23	0.08	0.09	0.10	***-7.1%***

*Source: Company, Banca Akros estimates. * Where EBITDA (adj.) or EBIT (adj.)= EBITDA (or EBIT) +/- Non Recurrent Expenses/Income*

2005 restated as IFRS proforma

Please note that from 2008 our forecasts assume completion of strategic alliance with JBS

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- **Sell**: the stock is expected to generate a total return **below -15%** during the next 6 months time horizon
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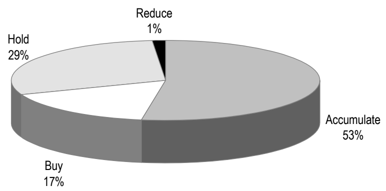
Banca Akros Ratings Breakdown



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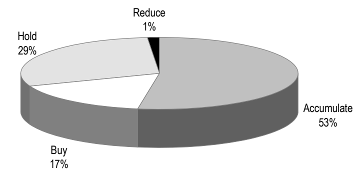
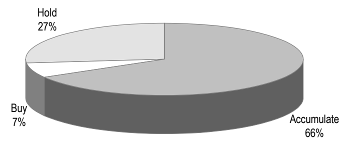
Percentuale delle raccomandazioni al 31 dicembre 2007

Tutte le raccomandazioni



Raccomandazioni su titoli in conflitto di interessi (*)



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 19% del totale degli emittenti oggetto di copertura

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