

## Investment Research

### Buy

from Neutral

**Share price: EUR 77.49**

closing price as of 31/08/2015

**Target price: EUR 110.00**

from Target Price: EUR **74.00**

Reuters/Bloomberg

TERB.BR/TERB.BB

Daily avg. no. trad. sh. 12 mth	844
Daily avg. trad. vol. 12 mth (m)	65.36
Price high 12 mth (EUR)	80.15
Price low 12 mth (EUR)	58.80
Abs. perf. 1 mth	-3.1%
Abs. perf. 3 mth	2.6%
Abs. perf. 12 mth	32.9%

Market capitalisation (EURm)	134
Current N° of shares (m)	2
Free float	25%

Key financials (EUR)	12/14	12/15e	12/16e
Sales (m)	400	408	418
EBITDA (m)	31	33	34
EBITDA margin	7.9%	8.2%	8.2%
EBIT (m)	14	15	14
EBIT margin	3.5%	3.8%	3.4%
Net Profit (adj.)(m)	8	11	11
ROCE	6.1%	6.2%	5.7%
Net debt/(cash) (m)	40	42	35
Net Debt Equity	0.4	0.4	0.3
Net Debt/EBITDA	1.3	1.3	1.0
Int. cover(EBITDA/Fin.int)	28.1	30.1	33.2
EV/Sales	0.4	0.4	0.4
EV/EBITDA	4.8	5.3	4.9
EV/EBITDA (adj.)	4.9	5.4	5.0
EV/EBIT	10.9	11.5	11.9
P/E (adj.)	13.5	11.9	12.4
P/BV	1.1	1.2	1.2
OpFCF yield	17.7%	1.4%	9.2%
Dividend yield	3.2%	3.5%	3.5%
EPS (adj.)	4.69	6.49	6.25
BVPS	59.34	63.13	66.69
DPS	2.50	2.70	2.70



Shareholders: COOVAN 65%; SRIW 5%; Seneca/LDB 3%; M6 2%;

For company description please see summary table footnote

## Acquisition of a 33% minority stake in Stefano Toselli

Ter Beke (TERB) announced that it signed an agreement with GS&DH Holdings, the shareholder of the French ready meals company Stefano Toselli, to acquire with immediate effect, a 33% stake. Our revised scenario with a new consolidation circle as of 2018 is resulting in a new DCF-based TP of EUR 110. Given the upside to the share price, we raised our rating from Neutral to Buy.

- ✓ TERB and GS&DH Holdings are both key actors on the Western-European ready meals market. **In 2011 they incorporated The Pasta Food Company**, a 50/50 JV in Poland that aims to produce and commercialise ready meals for the Central and East-European markets. Meanwhile, the Polish JV has built a highly automated production plant in Opole (Poland) and this plant is fully operational since Oct-14.
- ✓ Under the 2011 agreements, the parties had also agreed on **call options for the benefit of TERB on the 50% shares in the Polish JV** company, held by GS&DH Holdings, as well as on the shares in Stefano Toselli, so that Ter Beke may acquire **100% of the share capital of Stefano Toselli**. These call options are intended to be lifted in 2018 and the valuation formulas are based on “cash flow and generally applied market multiples”.
- ✓ TERB and GS&DH Holdings have now agreed that TERB partially lifts its option on the Stefano Toselli shares and already acquires, 3 years ahead of schedule, a 33% minority stake in the company for a **cash consideration of EUR 9.4m**.
- ✓ TERB announced explicitly that the partial lifting of the call option ahead of schedule confirms the parties’ **willingness to pursue their strategy to create a strong European ready meals group**. Save for the current acquisition of the 33% minority stake in Stefano Toselli, the 2011 agreements between the parties remain in full force and effect, i.e TERB maintains the right to acquire, in 2018, the 50% shares in the Polish JV, held by GS&DH Holding, as well as the remaining 67% of the shares in Stefano Toselli.
- ✓ Stefano Toselli is based in Mézidon-Canon, Normandy (FRA) and **produces pasta based products (mainly lasagne and cannelloni)** on 2 automated production lines. The company has c.235 employees and had a **net turnover of EUR 77m** in 2014. It is one of the market leaders in chilled & frozen lasagne. The production facility has been developed to produce high volume production runs. The company owns a retailer brand specialty and an own brand, Stefano Toselli, which is sold across Europe. Stefano Toselli is currently exporting to 27 countries in Europe and to South Africa.
- ✓ After the announcement of the deal we deem it is **highly likely that TERB will lift its call option on the remaining 67% of the shares in Stefano Toselli in 2018**. We therefore decided to change the consolidation circle in our scenario for TERB. We included Stefano Tosseli for 4 months in 2015, and for 12 months in 2016 and in 2017 using the equity method of accounting. As of 2018 we modelled the full consolidation of the Stefano Tosselli activities into TERB’s ready meals division. As for the time being we still lack visibility on the potential output of the 50/50 JV, The Pasta Food Company, we did not yet include this activity in Poland yet.

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For important disclosure information, please refer to the disclaimer page of this report

**Here is what we included for Stefano Toselli.** We have applied a 2.5% growth rate and margins in line with TERB's ready meal division. Equity consolidation from Sep-15 till Dec-17 and full consolidation afterwards.

EUR m	2014	2015e	2016e	2017e	2018e
Sales	77.0	78.9	80.9	82.9	85.0
EBITDA	7.7	7.9	8.1	8.3	8.5
EBIT	2.3	2.4	2.4	2.5	2.5

Source: Company data, ESN – Bank Degroof Research

## Valuation

The TERB stock is rather cheaply valued at 12.0x FY15e earnings and an EV/EBITDA FY16e multiple of 4.7x. Both multiples are largely below those of food & beverage peers, while the dividend yield is higher. See table on page 4.

The combination of attractive multiples, relatively “easy” comparables (also in 2014 TERB still experienced the aftermath of the horse meat crisis in 2013), and the increased probability of the lifting of the call option on Stefano Toselli makes us more positive about the share price performance to be expected in the next few months.

We derive a EUR 110 TP from a DCF based valuation model, which leaves over 40% upside potential.

## DCF Valuation

CASH FLOW (EUR m)	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net Sales</b>	<b>399.7</b>	<b>408.5</b>	<b>418.0</b>	<b>429.0</b>	<b>525.4</b>	<b>537.1</b>	<b>547.9</b>	<b>558.9</b>	<b>563.2</b>
% change	-1.8%	2.2%	2.3%	2.7%	22.5%	2.2%	2.0%	2.0%	0.8%
<b>EBITDA</b>	<b>31.4</b>	<b>33.4</b>	<b>34.4</b>	<b>35.5</b>	<b>43.6</b>	<b>43.7</b>	<b>43.6</b>	<b>45.4</b>	<b>45.3</b>
% margin	7.9%	8.2%	8.2%	8.3%	8.3%	8.1%	8.0%	8.1%	8.0%
% change	9.8%	6.4%	3.1%	3.1%	22.8%	0.3%	-0.3%	4.2%	-0.3%
<b>Depreciation &amp; oth. prov.</b>	<b>17.6</b>	<b>17.9</b>	<b>20.2</b>	<b>20.7</b>	<b>24.2</b>	<b>24.1</b>	<b>24.0</b>	<b>23.5</b>	<b>20.7</b>
% sales	4.4%	4.4%	4.8%	4.8%	4.6%	4.5%	4.4%	4.2%	3.7%
<b>EBITA</b>	<b>13.8</b>	<b>15.5</b>	<b>14.3</b>	<b>14.8</b>	<b>19.4</b>	<b>19.6</b>	<b>19.6</b>	<b>21.9</b>	<b>24.6</b>
% margin	3.5%	3.8%	3.4%	3.5%	3.7%	3.6%	3.6%	3.9%	4.4%
% change	30.6%	11.9%	-7.9%	4.0%	30.9%	0.9%	0.2%	11.6%	12.4%
<b>Taxes</b>	<b>-4.0</b>	<b>-4.6</b>	<b>-4.2</b>	<b>-4.4</b>	<b>-5.7</b>	<b>-5.8</b>	<b>-5.8</b>	<b>-6.5</b>	<b>-7.3</b>
Normative tax rate	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
<b>NOPLAT</b>	<b>9.8</b>	<b>10.9</b>	<b>10.1</b>	<b>10.5</b>	<b>13.7</b>	<b>13.8</b>	<b>13.8</b>	<b>15.5</b>	<b>17.4</b>
Depreciation & other provisions	17.6	17.9	20.2	20.7	24.2	24.1	24.0	23.5	20.7
% sales	4.4%	4.4%	4.8%	4.8%	4.6%	4.5%	4.4%	4.2%	3.7%
<b>Gross Operating Cash Flow</b>	<b>27.4</b>	<b>28.8</b>	<b>30.2</b>	<b>31.1</b>	<b>37.9</b>	<b>37.9</b>	<b>37.8</b>	<b>39.0</b>	<b>38.0</b>
Capex	-11.2	-26.9	-18.2	-18.9	-39.7	-20.9	-21.9	-23.0	-20.7
% sales	2.8%	6.6%	4.4%	4.4%	7.6%	3.9%	4.0%	4.1%	3.7%
Change in NWC (-=incr.;+=decr.)	4.9	-0.4	-0.5	-0.6	-4.9	-0.6	-0.5	-0.6	-0.6
<b>Cash Flow to be discounted</b>	<b>21.1</b>	<b>1.5</b>	<b>11.6</b>	<b>11.6</b>	<b>-6.8</b>	<b>16.5</b>	<b>15.4</b>	<b>15.4</b>	<b>16.8</b>
<b>DCF EVALUATION</b>									
WACC		6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%	6.38%
Discount Rate factor		0.98	0.92	0.87	0.81	0.76	0.72	0.68	0.64
Discounted Cash Flow		1.5	10.6	10.1	-5.5	12.6	11.0	10.4	10.7
<b>Cumulated DCF</b>		<b>1.5</b>	<b>12.1</b>	<b>22.2</b>	<b>16.7</b>	<b>29.3</b>	<b>40.3</b>	<b>50.7</b>	<b>61.4</b>

Source: Company data, ESN – Bank Degroof Research

## WACC & DCF analysis

Cost of Equity (Ke or COE)	8.0%	Cumulated DCF	61.4	- Net Financial Debt	-39.6
		Perpetual Growth Rate (g)	0.0%	- Minorities (estimated value)	0.0
Cost of Debt (gross)	4.7%	Normalised Annual CF	17.4	+ Associates	5.1
Debt tax rate	29%	Terminal Value @ 31-Dec-22	272.5	- Pension underfunding & provisions	-9.0
Cost of Debt net (Kd or COD)	3.30%	Disc. Rate of Terminal Value	0.64	- Off-balance sheet commitments	0.0
		Discounted Terminal Value	173.1	Equity Market Value (EUR m)	191.2
Target gearing (D/D+E) or % Kd	35.0%			Number of shares (m)	1.7
% Ke	65.0%	Financial assets	0.1	Fair Value per share (EUR)	110.4
Normative Tax Rate	29.0%	Enterprise Value (EUR m)	234.6	Price dd. 31-Aug-15 (EUR)	77.49
WACC	6.38%	DCF reliability rate	26%	Potential upside (downside)	42.4%

Source: Company data, ESN – Bank Degroof Research

## Sensitivity analysis

	Avg	Tick
Normalised EBITDA Margin	8.0%	0.20%
WACC	6.4%	0.20%

WACC	Normalised EBITDA Margin						
	7.4%	7.6%	7.8%	8.0%	8.2%	8.4%	8.6%
6.98%	84.4	88.6	92.9	97.2	101.5	105.8	110.1
6.78%	87.9	92.4	96.9	101.3	105.8	110.3	114.7
6.58%	91.7	96.4	101.1	105.7	110.4	115.0	119.7
6.38%	95.8	100.7	105.5	110.4	115.2	120.1	124.9
6.18%	100.1	105.2	110.3	115.3	120.4	125.5	130.6
5.98%	104.7	110.0	115.4	120.7	126.0	131.3	136.6
5.78%	109.7	115.2	120.8	126.3	131.9	137.5	143.0

Source: Company data, ESN – Bank Degroof Research

Here are the valuation multiples at our new EUR 110 TP:

multiples at target price	2014	2015e	2016e	2017e	2018e
P/E	23.4	16.9	17.6	15.1	10.2
EV/EBIT	16.6	15.0	15.8	14.5	9.7
EV/EBITDA	7.3	7.0	6.5	6.1	5.2

Source: Company data, ESN – Bank Degroof Research



Ter Beke

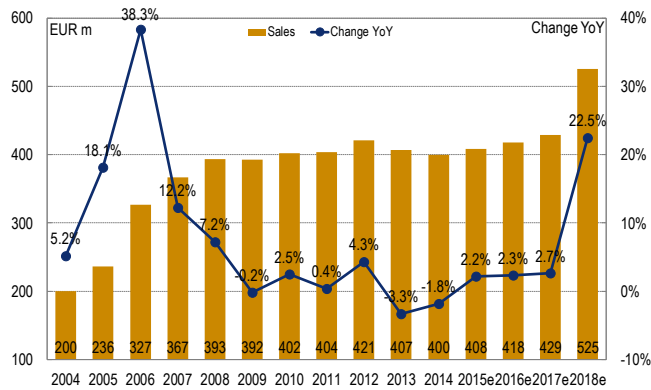
## Peer Group Valuation

Company	Country	Rec.	Price	Target Price	Market cap EUR (m)	P/E(adj.)		Div. Yield %		EV/EBITDA	
			31-Aug-15	Fair value		2013	2014	2013	2014	2013	2014
Acomo	NL	Neutral	EUR 21.49	25.00	414	14.1	13.7	4.7	5.1	10.6	10.6
Anheuser-Busch InBev	BE	Neutral	EUR 97.46	115.00	133,860	21.8	19.8	3.2	3.2	11.6	12.6
Atria	FI	Buy	EUR 8.88	11.50	209	nm	7.1	2.8	4.5	6.2	4.5
BayWa	DE	Buy	EUR 30.13	40.00	1,289	14.4	10.9	2.0	2.7	5.5	7.5
Bonduelle	FR	Accumulate	EUR 24.86	26.00	625	9.9	12.6	2.2	1.6	8.0	10.1
Campari	IT	Neutral	EUR 6.66	7.20	3,418	23.6	23.3	1.3	1.2	13.4	13.5
Coca Cola HBC AG	GR	Reduce	EUR 17.98	18.20	6,530	26.3	20.8	1.7	2.0	11.9	9.4
Corbion	NL	Neutral	EUR 19.60	19.00	900	40.7	21.1	1.0	5.2	13.1	8.8
Danone	FR	Neutral	EUR 55.39	63.00	34,108	19.1	20.5	2.8	2.6	14.5	13.7
Ebro Foods	ES	Neutral	EUR 18.03	18.50	2,404	18.8	14.4	3.5	2.8	10.6	8.9
Enervit	IT	Neutral	EUR 3.10	3.25	73	27.1	27.4	1.4	1.5	10.5	10.4
Fleury Michon	FR	Buy	EUR 64.31	65.00	239	13.1	10.6	2.3	2.0	5.1	4.4
ForFarmers	NL	Buy	EUR 4.61	6.11	360	7.5	8.5	4.4	3.8	6.0	5.1
Greenyard Foods	BE	Accumulate	EUR 13.94	16.50	559	3.0	28.1	0.0	0.0	7.9	7.8
Heineken	NL	Neutral	EUR 70.50	71.00	30,917	17.8	19.3	1.8	1.6	9.5	10.7
HKScan	FI	Accumulate	EUR 4.17	4.50	201	nm	3.1	2.7	11.8	4.3	1.7
KTG Agrar	DE	Buy	EUR 15.00	21.00	89	nm	nm	1.5	1.7	15.1	10.6
Lanson-BCC	FR	Neutral	EUR 33.39	30.00	253	12.3	14.2	1.2	1.0	15.2	18.4
Laurent Perrier	FR	Accumulate	EUR 80.10	83.00	409	19.5	20.3	1.2	1.4	15.8	16.3
LDC	FR	Neutral	EUR 169.94	155.00	1,092	12.4	12.3	1.5	1.4	4.1	4.4
Lotus Bakeries	BE	Accumulate	EUR 1689.95	1550.00	686	19.7	19.7	1.5	0.7	12.0	11.9
Naturex	FR	Neutral	EUR 68.86	56.00	539	26.6	nm	0.2	0.2	10.8	16.9
Olvi	FI	Reduce	EUR 23.01	24.00	516	17.7	13.4	2.3	2.8	11.2	8.8
Parmalat	IT	Neutral	EUR 2.31	2.50	4,538	20.0	21.3	1.2	0.7	7.5	7.1
Pernod Ricard	FR	Buy	EUR 93.52	112.00	22,950	17.3	18.6	1.9	1.8	14.0	16.1
Raisio	FI	Buy	EUR 4.16	5.50	673	26.5	nm	3.0	3.4	13.7	33.5
RefrescoGerber	NL	Reduce	EUR 14.04	12.12					0.0		
Rémy Cointreau	FR	Reduce	EUR 52.86	58.00	2,994	42.8	36.3	2.1	2.9	20.2	21.9
Sipef	BE	Neutral	EUR 42.80	46.00	514	15.3	10.6	2.5	3.5	8.2	5.7
Ter Beke	BE	Buy	EUR 77.49	110.00	103	16.0	13.5	4.4	3.2	5.3	4.8
Unilever	NL	Reduce	EUR 35.74	27.50	86,879	19.1	21.0	3.0	2.6	11.3	12.6
Vidrala	ES	Accumulate	EUR 44.27	48.00	868	17.2	18.5	1.8	1.5	8.9	9.4
Vilmorin	FR	Buy	EUR 68.87	82.80	1,633	18.6	20.1	2.1	2.4	6.6	7.6
Viscofan	ES	Neutral	EUR 52.00	52.40	1,942	19.0	19.8	2.7	2.3	11.2	11.5
Vranken Pommery Monopoli	FR	Sell	EUR 26.79	20.00	220	29.4	28.5	3.3	3.7	20.0	14.0
Wessanen	NL	Neutral	EUR 9.42	8.50	325	nm	35.0	1.8	1.1	10.3	13.7
<b>Mkt cap total (EUR) &amp; Weighted averages</b>					<b>342,970</b>	<b>20.0</b>	<b>20.0</b>	<b>2.8</b>	<b>2.6</b>	<b>11.5</b>	<b>12.3</b>
Arithmetical Average						19.6	18.3	2.2	2.5	10.6	11.0
Median						18.9	19.7	2.1	2.3	10.7	10.5

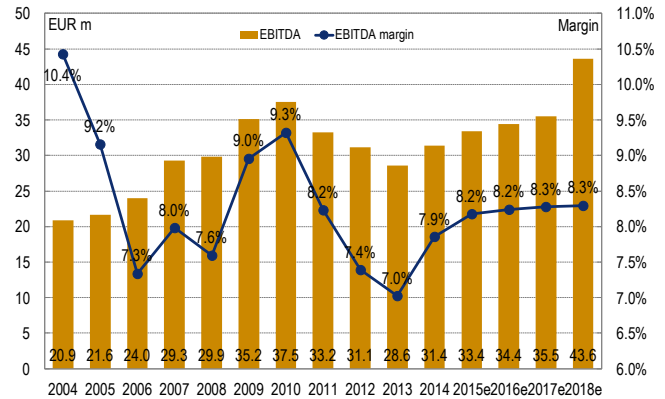
Source: ESN estimates

## Charts key figures

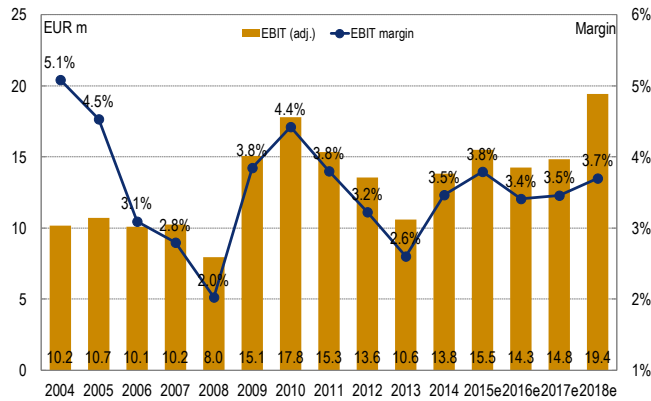
### Sales & sales growth



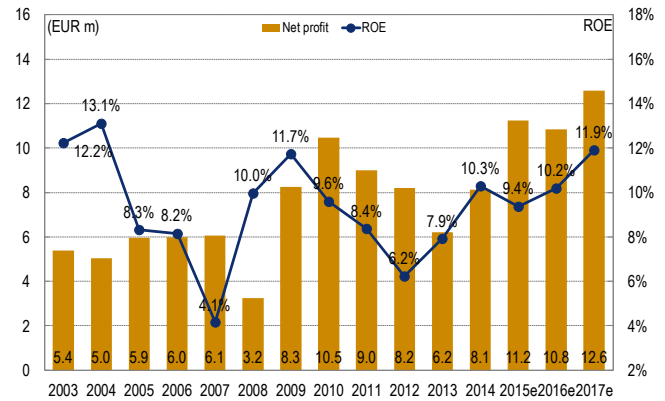
### EBITDA & EBITDA margin



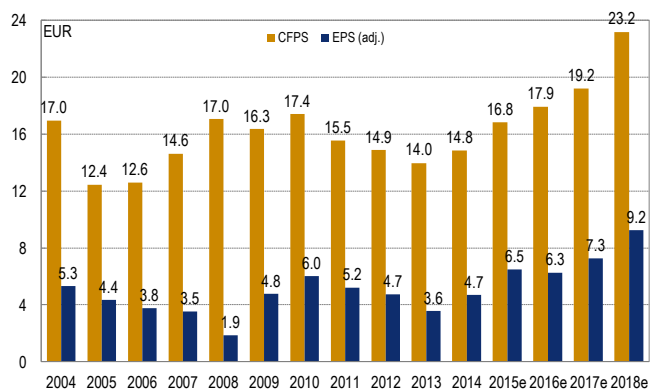
### EBIT & EBIT margin



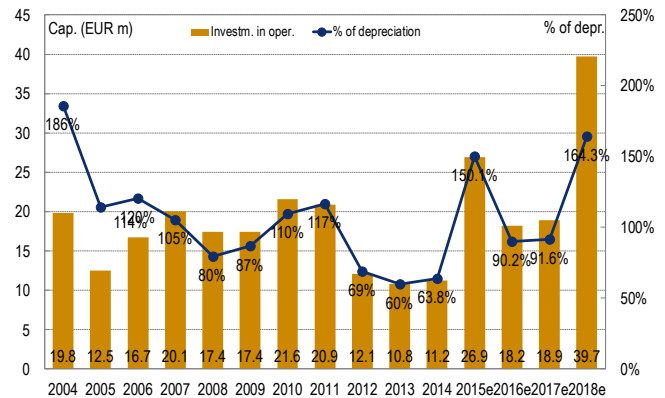
### EAT & ROE



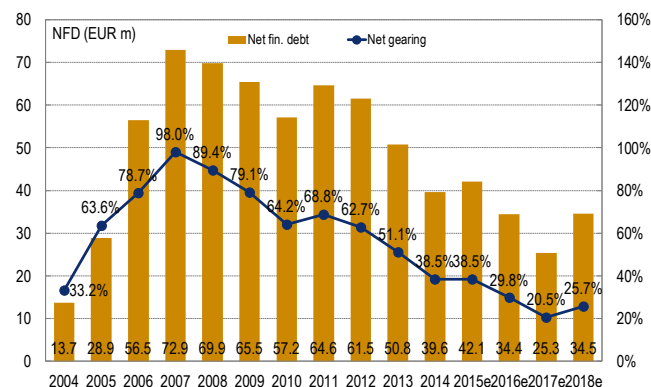
### Cash Flow & Earnings per share



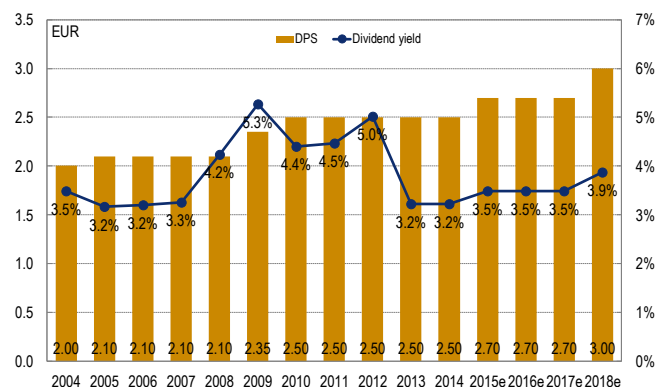
### Capex, incl. Stefano Toselli purchase and D&A



### Net fin. debt & gearing



### Dividend per share & dividend yield



Source: Company data, ESN – Bank Degroof Research

Source: Company data, ESN – Bank Degroof Research



## Summary tables

	12/2010	12/2011	12/2012	12/2013	12/2014	12/2015e
<b>PROFIT &amp; LOSS (EURm)</b>						
<b>Sales</b>	<b>402</b>	<b>404</b>	<b>421</b>	<b>407</b>	<b>400</b>	<b>408</b>
Cost of Sales & Operating Costs	-365	-370	-390	-379	-368	-375
Non Recurrent Expenses/Income	0.4	0.6	0.9	0.4	0.9	0.6
<b>EBITDA</b>	<b>37.5</b>	<b>33.2</b>	<b>31.1</b>	<b>28.6</b>	<b>31.4</b>	<b>33.4</b>
<b>EBITDA (adj.)*</b>	<b>37.1</b>	<b>32.6</b>	<b>30.2</b>	<b>28.2</b>	<b>30.6</b>	<b>32.8</b>
Depreciation	-19.7	-18.0	-17.3	-18.1	-17.5	-17.9
<b>EBITA</b>	<b>17.8</b>	<b>15.2</b>	<b>13.8</b>	<b>10.5</b>	<b>13.9</b>	<b>15.5</b>
<b>EBITA (adj)*</b>	<b>17.3</b>	<b>14.6</b>	<b>12.9</b>	<b>10.1</b>	<b>13.1</b>	<b>14.8</b>
Amortisations and Write Downs	0.0	0.1	-0.3	0.1	-0.1	0.0
<b>EBIT</b>	<b>17.8</b>	<b>15.3</b>	<b>13.6</b>	<b>10.6</b>	<b>13.8</b>	<b>15.5</b>
<b>EBIT (adj.)*</b>	<b>17.4</b>	<b>14.7</b>	<b>12.7</b>	<b>10.2</b>	<b>13.0</b>	<b>14.8</b>
Net Financial Interest	-2.5	-2.3	-1.8	-1.4	-1.1	-1.1
Other Financials	-1.0	-0.5	-0.6	-0.1	-0.3	-0.3
Associates	0.0	-0.2	0.2	-0.1	-0.7	1.3
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>14.3</b>	<b>12.4</b>	<b>11.3</b>	<b>8.9</b>	<b>11.8</b>	<b>15.4</b>
Tax	-3.8	-3.4	-3.1	-2.7	-3.6	-4.1
<i>Tax rate</i>	<i>26.8%</i>	<i>27.5%</i>	<i>27.5%</i>	<i>30.7%</i>	<i>30.9%</i>	<i>26.9%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>10.5</b>	<b>9.2</b>	<b>8.0</b>	<b>6.3</b>	<b>8.8</b>	<b>9.9</b>
<b>Net Profit (adj.)</b>	<b>10.5</b>	<b>9.0</b>	<b>8.2</b>	<b>6.2</b>	<b>8.1</b>	<b>11.2</b>
<b>CASH FLOW (EURm)</b>						
Cash Flow from Operations before change in NWC	30.2	26.9	25.8	24.2	25.7	29.2
Change in Net Working Capital	5.3	-13.5	-5.3	0.3	4.9	-0.4
<b>Cash Flow from Operations</b>	<b>35.5</b>	<b>13.4</b>	<b>20.5</b>	<b>24.5</b>	<b>30.6</b>	<b>28.7</b>
Capex	-21.6	-20.9	-12.1	-10.8	-11.2	-26.9
Net Financial Investments	0.0	-4.5	0.5	1.3	-1.8	0.0
<b>Free Cash Flow</b>	<b>13.8</b>	<b>-12.0</b>	<b>8.8</b>	<b>15.0</b>	<b>17.6</b>	<b>1.8</b>
Dividends	-4.1	-4.3	-4.3	-4.3	-4.3	-4.3
Other (incl. Capital Increase & share buy backs)	-1.4	8.9	-1.4	0.0	-2.0	0.0
<b>Change in Net Debt</b>	<b>8.4</b>	<b>-7.5</b>	<b>3.1</b>	<b>10.7</b>	<b>11.3</b>	<b>-2.5</b>
NOPLAT	12.3	10.5	9.0	7.2	9.2	10.5
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>						
Net Tangible Assets	112	106	102	92.3	88.0	97.0
Net Intangible Assets (incl. Goodwill)	37.2	37.3	37.5	37.3	38.6	38.6
Net Financial Assets & Other	0.1	9.5	15.0	14.8	14.3	4.3
<b>Total Fixed Assets</b>	<b>149</b>	<b>153</b>	<b>154</b>	<b>144</b>	<b>141</b>	<b>140</b>
Inventories	23.8	24.4	25.3	24.3	20.3	20.7
Trade receivables	64.7	69.6	65.5	65.0	60.8	72.3
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash (-)	-4.8	-5.7	-4.3	-6.9	-10.7	-1.0
<b>Total Current Assets</b>	<b>93.3</b>	<b>99.7</b>	<b>95.2</b>	<b>96.2</b>	<b>91.8</b>	<b>94.1</b>
<b>Total Assets</b>	<b>243</b>	<b>253</b>	<b>250</b>	<b>241</b>	<b>233</b>	<b>234</b>
Shareholders Equity	89.1	93.9	98.0	99.5	103	109
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	89.1	93.9	98.0	99.5	103	109
Long term interest bearing debt	40.5	40.0	39.6	39.4	36.3	31.4
Provisions	9.9	10.0	10.5	9.5	9.0	9.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Long Term Liabilities</b>	<b>50.4</b>	<b>50.0</b>	<b>50.1</b>	<b>48.9</b>	<b>45.2</b>	<b>40.4</b>
Short term interest bearing debt	21.5	30.4	26.2	18.3	14.0	12.0
Trade payables	65.5	62.9	62.9	60.5	57.6	58.8
Other current liabilities	16.1	15.8	12.4	13.4	13.1	13.4
<b>Total Current Liabilities</b>	<b>103</b>	<b>109</b>	<b>101</b>	<b>92.3</b>	<b>84.7</b>	<b>84.2</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>243</b>	<b>253</b>	<b>250</b>	<b>241</b>	<b>233</b>	<b>234</b>
<b>Net Capital Employed</b>	<b>156</b>	<b>169</b>	<b>170</b>	<b>160</b>	<b>151</b>	<b>161</b>
<b>Net Working Capital</b>	<b>23.0</b>	<b>31.1</b>	<b>28.0</b>	<b>28.7</b>	<b>23.5</b>	<b>34.2</b>
<b>GROWTH &amp; MARGINS</b>						
<i>Sales growth</i>	<i>2.5%</i>	<i>0.4%</i>	<i>4.3%</i>	<i>-3.3%</i>	<i>-1.8%</i>	<i>2.2%</i>
<b>EBITDA (adj.)* growth</b>	<b>7.2%</b>	<b>-11.9%</b>	<b>-7.4%</b>	<b>-6.8%</b>	<b>8.5%</b>	<b>7.2%</b>
<i>EBITA (adj.)* growth</i>	<i>14.4%</i>	<i>-15.7%</i>	<i>-11.5%</i>	<i>-21.8%</i>	<i>29.4%</i>	<i>13.7%</i>
<i>EBIT (adj.)* growth</i>	<i>19.8%</i>	<i>-15.1%</i>	<i>-14.1%</i>	<i>-19.7%</i>	<i>27.9%</i>	<i>14.3%</i>

## Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015e</b>
Net Profit growth	26.7%	-13.9%	-8.9%	-24.4%	31.1%	38.3%
EPS adj. growth	26.7%	-13.9%	-8.9%	-24.4%	31.1%	38.3%
DPS adj. growth	6.4%	0.0%	0.0%	0.0%	0.0%	8.0%
EBITDA (adj)* margin	9.2%	8.1%	7.2%	6.9%	7.6%	8.0%
EBITA (adj)* margin	4.3%	3.6%	3.1%	2.5%	3.3%	3.6%
EBIT (adj)* margin	4.3%	3.6%	3.0%	2.5%	3.2%	3.6%
<b>RATIOS</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015e</b>
Net Debt/Equity	0.6	0.7	0.6	0.5	0.4	0.4
Net Debt/EBITDA	1.5	1.9	2.0	1.8	1.3	1.3
Interest cover (EBITDA/Fin.interest)	15.1	14.7	16.9	19.9	28.1	30.1
Capex/D&A	109.6%	116.6%	68.9%	60.0%	63.8%	150.1%
Capex/Sales	5.4%	5.2%	2.9%	2.7%	2.8%	6.6%
NWC/Sales	5.7%	7.7%	6.6%	7.1%	5.9%	8.4%
ROE (average)	12.2%	9.8%	8.6%	6.3%	8.0%	10.6%
ROCE (adj.)	7.2%	6.0%	5.4%	4.6%	6.1%	6.2%
WACC	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
ROCE (adj.)/WACC	1.1	0.9	0.8	0.7	1.0	1.0
<b>PER SHARE DATA (EUR)***</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015e</b>
Average diluted number of shares	1.7	1.7	1.7	1.7	1.7	1.7
EPS (reported)	6.04	5.31	4.63	3.64	5.08	5.72
EPS (adj.)	6.04	5.20	4.74	3.58	4.69	6.49
BVPS	51.43	54.18	56.58	57.42	59.34	63.13
DPS	2.50	2.50	2.50	2.50	2.50	2.70
<b>VALUATION</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015e</b>
EV/Sales	0.4	0.4	0.3	0.4	0.4	0.4
EV/EBITDA	4.3	4.6	4.7	5.3	4.8	5.3
<b>EV/EBITDA (adj.)*</b>	<b>4.4</b>	<b>4.7</b>	<b>4.8</b>	<b>5.4</b>	<b>4.9</b>	<b>5.4</b>
EV/EBITA	9.1	10.1	10.5	14.3	10.8	11.5
<b>EV/EBITA (adj.)*</b>	<b>9.3</b>	<b>10.6</b>	<b>11.3</b>	<b>14.9</b>	<b>11.5</b>	<b>12.0</b>
EV/EBIT	9.1	10.0	10.7	14.2	10.9	11.5
<b>EV/EBIT (adj.)*</b>	<b>9.3</b>	<b>10.5</b>	<b>11.5</b>	<b>14.9</b>	<b>11.6</b>	<b>12.0</b>
<b>P/E (adj.)</b>	<b>9.9</b>	<b>9.8</b>	<b>10.1</b>	<b>16.0</b>	<b>13.5</b>	<b>11.9</b>
P/BV	1.2	0.9	0.8	1.0	1.1	1.2
Total Yield Ratio	4.1%	4.9%	5.2%	4.4%	3.2%	3.5%
EV/CE	0.9	0.9	0.9	1.0	1.0	1.0
OpFCF yield	13.4%	-8.4%	10.1%	13.8%	17.7%	1.4%
OpFCF/EV	8.6%	-4.8%	5.8%	9.1%	12.9%	1.0%
Payout ratio	41.4%	47.1%	54.0%	68.6%	49.2%	47.2%
Dividend yield (gross)	4.2%	4.9%	5.2%	4.4%	3.2%	3.5%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2010</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014</b>	<b>12/2015e</b>
Price** (EUR)	59.80	51.00	48.00	57.19	63.43	77.49
Outstanding number of shares for main stock	1.7	1.7	1.7	1.7	1.7	1.7
<b>Total Market Cap</b>	<b>104</b>	<b>88</b>	<b>83</b>	<b>99</b>	<b>110</b>	<b>134</b>
<b>Net Debt</b>	<b>57</b>	<b>65</b>	<b>61</b>	<b>51</b>	<b>40</b>	<b>42</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-5</i>	<i>-6</i>	<i>-4</i>	<i>-7</i>	<i>-11</i>	<i>-1</i>
<i>o/w Gross Debt (+)</i>	<i>62</i>	<i>70</i>	<i>66</i>	<i>58</i>	<i>50</i>	<i>43</i>
<b>Other EV components</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Enterprise Value (EV adj.)</b>	<b>162</b>	<b>154</b>	<b>146</b>	<b>151</b>	<b>150</b>	<b>178</b>

Source: Company, Bank Degroof estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

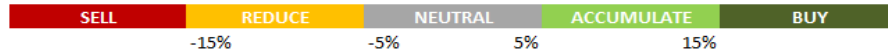
Sector: Food & Beverage/Food small caps

Company Description: Ter Beke is a Belgian fresh food group which markets its range of products in 10 European countries. The group has 2 core activities: processed meats and fresh ready meals. It has 7 industrial sites in Belgium and the Netherlands and employs about 1,650 people. The Processed Meats division produces processed meats for the Benelux, Germany and the UK, and it is innovative in the segment of sliced and pre-packaged processed meats. It markets its products under distribution brands and own brand names. The Ready Meals division produces fresh ready meals for the European market. It is European market leader in chilled lasagne. Its flagship brand name is Come a Casa. Ter Beke also operates a JV in Poland, The Pasta Food Company.



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

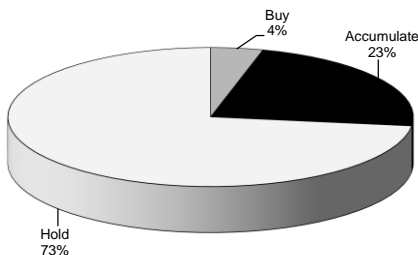
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Bank Degroof Ratings Breakdown



### History of ESN Recommendation System

**Since 1 April 2015**, the ESN Rec. System has been amended as follows:

- The term "Hold" has been replaced by the term "Neutral"
- Recommendations Total Return Range changed as showed in the picture at the start of the page

**Since 4 August 2008 until 30 March 2015**, the previous ESN Rec. System was amended as follow.

- Time horizon changed to 12 months (previously it was 6 months)
- Recommendations Total Return Range changed (see below):



**Since 18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.






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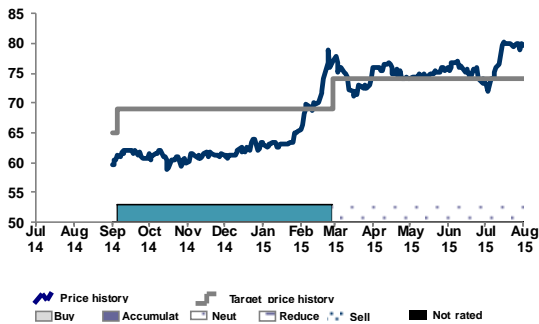
**Mail:** [firstname.lastname@degroof.be](mailto:firstname.lastname@degroof.be)

## Recommendation history for TER BEKE

Date	Recommendation	Target price	Price at change date
01-Sep-15	Buy	110.00	77.49
27-Feb-15	Neutral	74.00	77.00
05-Sep-14	Accumulate	69.00	61.11
18-Mar-14	Neutral	65.00	60.21
08-Nov-13	Reduce	54.00	56.00
18-Sep-13	Neutral	59.00	55.40
28-Mar-13	Accumulate	58.00	50.80
27-Feb-13	Neutral	53.00	49.20
07-Sep-12	Accumulate	58.00	49.10

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Hans D'Haese (since 28/01/2005)



### Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, Bone Therapeutics, Connect Group, Eckert-Ziegler, Elia, Gimv, Greenyard Foods, Home Invest Belgium, Kinopolis, Leasinvest Real Estate, Luxempart, Montea, Realco, Resilux, Roularta, Sapec, Ter Beke, Van de Velde and Vastned Retail Belgium.

### Bank Degroof holds a significant stake in:

Fountain.

### Bank Degroof board members and employees hold mandates in the following listed companies:

Aedifica, Cofinimmo, Elia, Floridienne, Sapec, Sipef and Zetes.

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