



Accumulate

from Hold

Share price: EUR 60.50

closing price as of 04/09/2014

Target price: EUR 69.00

from Target Price: EUR **65.00**

Reuters/Bloomberg

TERB.BR/TERB.BB

Daily avg. no. trad. sh. 12 mth	45
Daily avg. trad. vol. 12 mth (m)	2.72
Price high 12 mth (EUR)	61.30
Price low 12 mth (EUR)	52.61
Abs. perf. 1 mth	4.8%
Abs. perf. 3 mth	1.1%
Abs. perf. 12 mth	13.3%

Market capitalisation (EURm)	105
Current N° of shares (m)	2
Free float	25%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	407	404	410
EBITDA (m)	29	31	31
EBITDA margin	7.0%	7.8%	7.7%
EBIT (m)	11	14	14
EBIT margin	2.6%	3.5%	3.4%
Net Profit (adj.)(m)	6	8	10
ROCE	4.6%	5.9%	5.8%
Net debt/(cash) (m)	51	47	44
Net Debt Equity	0.5	0.5	0.4
Net Debt/EBITDA	1.8	1.5	1.4
Int. cover(EBITDA/Fin.int)	19.9	22.3	28.0
EV/Sales	0.4	0.4	0.4
EV/EBITDA	5.3	4.9	4.8
EV/EBITDA (adj.)	5.4	4.9	4.8
EV/EBIT	14.2	10.9	10.7
P/E (adj.)	16.0	12.8	11.0
P/BV	1.0	1.0	1.0
OpFCF yield	13.8%	7.3%	7.8%
Dividend yield	4.1%	4.1%	4.1%
EPS (adj.)	3.58	4.73	5.49
BVPS	57.42	59.65	62.65
DPS	2.50	2.50	2.50



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

For company description please see summary table footnote

Comment on 1H14 and feedback from analyst meeting

Ter Beke (TERB) management hosted an analyst meeting in connection to the recent 1H14 release. Below we summarise the main topics that have been discussed.

We have fine-tuned our FY14e scenario after the 1H14 release. Our updated scenario leads to a new EUR 69 TP, upped from EUR 65 previously. Given the 13% upside potential, on top of a 4.1% dividend yield, we are reviewing our recommendation from Hold to Accumulate.

✓ 1H14 in line with expectations,...

Turnover of the **Processed Meats division came out slightly lower than anticipated** due to the termination of the dried and cured meat manufacturing and the discontinuation of less profitable products. The **Ready Meals division**, which was facing easier comps because of the horsemeat crisis in 1Q13, showed a **slower than anticipated pick-up** of sales.

On the operating level TERB was able to book better results. **EBIT was bang in line and EBITDA came out marginally ahead** of our estimate. This was mainly due to sales growth in the ready meals division, increased focus on profitability of the product range in Processed meats and extensive cost management.

After very slightly higher than anticipated financial charges and higher taxes, this resulted in a **bottom line that came out south of our expectations**.

✓ Feedback from analyst meeting and guidance

Key items that have been discussed during the analyst meeting last Wednesday were:

- the **reduction of the number of SKUs** in the Processed Meats division,
- the very **slow improvement of consumer demand** for pasta based fresh ready meals post last year's horse-meat crisis,
- the **ramp-up of the production of the The Pasta Food Company JV** in Poland, and
- the new, more **performance based, company culture** CEO Dirk Goeminne is introducing throughout the company.
- Management stated that barring unexpected market circumstances, the **FY14e result will be higher than FY13**. We deem that, on last year's easy comparables, this should be easily attained.

✓ Valuation

The TERB stock is rather cheaply valued at 10.4x FY15e earnings and an EV/EBITDA FY15e multiple of 4.7x. The combination of attractive multiples and much easier comparables makes us more positive about the share price performance to be expected for the next few months. We derive a EUR 69 TP from a valuation that is blended from a valuation based on peer group multiples and a DCF valuation model. At our EUR 69 TP in 12 months, the stock would be traded at 12.6x FY15e EPS and a FY15e EV/EBITDA multiple of 5.2x.

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

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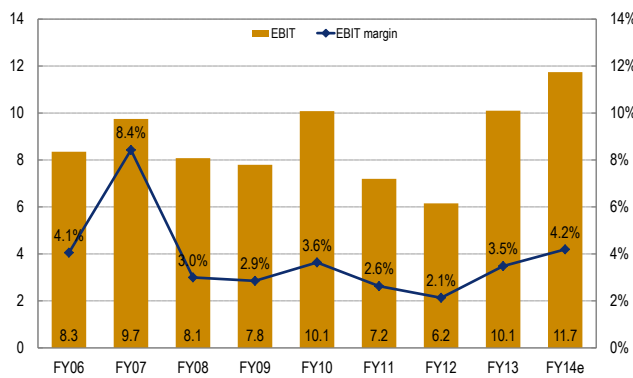
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Investment Case

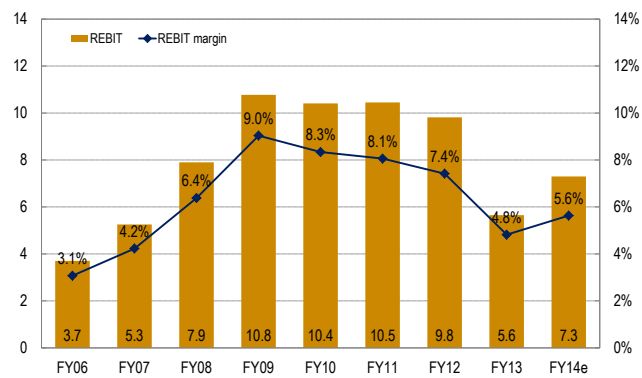
Predictable business in Processed Meats

Investors should judge TERB as a relatively resilient stock in a defensive sector with relatively stable sales of both of its divisions: The chilled ready meals segment is the fastest growing. By 2018 market growth in volume should attain c. +18% and c. +13% in value. The European processed meats category, which accounts for 3m tonnes and over EUR 30bn in sales is expected to grow by c. 4% in volume by 2018. The value is even under pressure and should come out c. 1% lower by 2018. TERB's combination of the two segments has its merits. It combines relatively stable REBIT margins from the processed meats division by slightly higher REBIT growth in fresh ready meals. The latter is more volatile than the former, though, and is still recovering from last year's horsemeat crisis, which has temporarily depressed sales.

EBIT - Processed meats



EBIT – Fresh ready meals



Source: Company data, ESN – Bank Degroof Research

Source: Company data, ESN – Bank Degroof Research

Growth in Fresh Ready Meals: the The Pasta Food Company JV

TERB agreed with the French Stefano Tosselli for the creation of a JV, which will commercialise lasagne and pasta meals throughout CEE. A production plant has been constructed in Opole-Poland. The production is expected to ramp-up this month and we anticipate a first positive contribution to the net result as of FY16 (equity consolidated). TERB has a call option on the part of the JV it does not own and on the French company Stefano Tosselli. Although it still is preliminary, we modelled the possible impact of the execution of this call option in 2018. TERB's ready meals divisions accounts for c EUR 120m in sales. A rough estimate of the possible output of the JV and the Stefano Tosselli operations in France could add c. EUR 130m to this figure (x2). After exercise of the call option, on the EBIT level the ready meals division could even account for EUR 20m (vs. EUR 10m in FY12, EUR 5m in FY13, and EUR 7m expected in FY14). Of course, this is NOT yet included in our present scenario, but it is clear that the execution of the call option could boost the ready meals BU's size dramatically.

Attractively priced

The TERB stock is rather cheaply valued at 10.4x FY15e earnings and an EV/EBITDA FY15e multiple of 4.7x. The combination of attractive multiples and much easier comparables makes us more positive about the share price performance to be expected for the next few months. We derive a EUR 69 TP from a valuation that is blended from a valuation based on peer group multiples and a DCF valuation model. At our EUR 69 TP in 12 months, the stock would be traded at 12.6x FY15e EPS and a FY15e EV/EBITDA multiple of 5.2x.

Comments on 1H14 reporting

Key lines P&L

(EUR m)	1H13	2H13	FY13	1H14A	% YoY	2H14e	FY14e
Net sales	202.6	204.6	407.2	199.3	-1.6%	227.2	426.5
Processed meats	145.1	144.9	290.0	138.2	-4.7%	158.1	296.4
Fresh ready meals	57.5	59.7	117.2	61.1	6.3%	69.0	130.1
EBITDA	13.6	15.0	28.6	15.1	11.3%	16.1	31.2
EBITDA margin	6.7%	7.4%	7.0%	7.6%		7.1%	7.3%
EBIT	4.5	8.2	12.8	6.3	39.8%	7.4	13.7
EBIT margin	2.2%	4.0%	3.1%	3.2%		3.3%	3.2%
EAT	3.0	3.2	6.2	3.7	22.8%	4.7	8.4
Net margin	1.5%	1.6%	1.5%	1.8%		2.1%	2.0%
EPS (EUR)	1.73	1.85	3.58	2.13	23.0%	2.74	4.87

Source: Company data, ESN – Bank Degroof Research

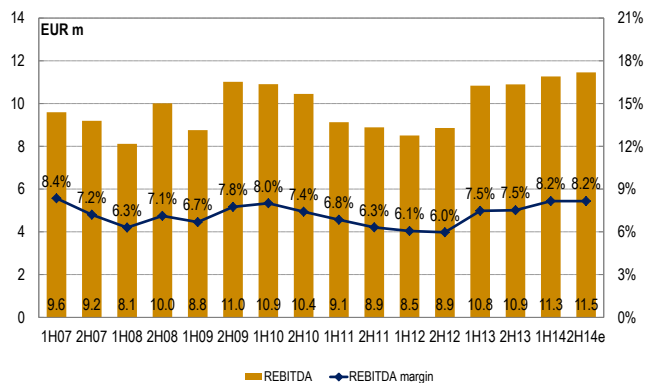
Top-line slightly lower than anticipated ...

Turnover of the Processed Meats division (-4.7%) came out slightly lower than anticipated (EUR 145m - flat) due to the termination of the dried and cured meat manufacturing as per YE13 and the discontinuation of less profitable products. Especially for the Ready Meals division comps were easier though, because of the horsemeat crisis in 1Q13, this division booked a 15% decrease in sales as consumer demand for lasagne dropped suddenly. Hence, the pick-up of sales was slower than anticipated. Only +6.3% to EUR 61.1m vs. EUR 65m expected.

... but in line with expectations on the operating level ...

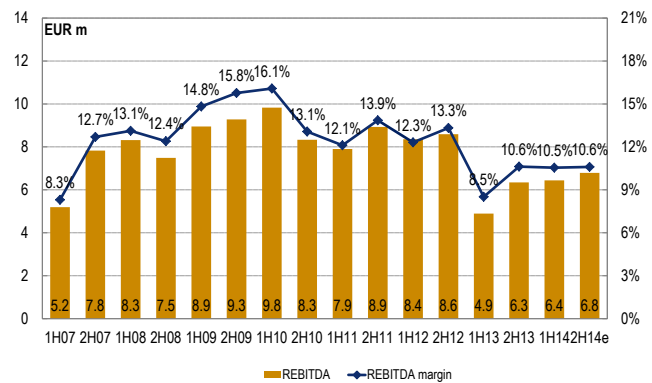
On the operating level TERB was able to book better results. EBIT was EUR 6.3m, bang in line and EBITDA came out at EUR 15.1m, marginally ahead of our estimate of EUR 15.0m. This is mainly due to sales growth in the ready meals division, increased focus on profitability of the product range in Processed meats and extensive cost management.

EBITDA - Processed meats



Source: Company data, ESN – Bank Degroof Research

EBITDA – Fresh ready meals



Source: Company data, ESN – Bank Degroof Research

REBITDA was up 13% to EUR 16.3m in 1H14. Nice, but remind that last year TERB's result was heavily impacted by the horsemeat crisis. With quasi-stable recurring non-cash costs at EUR 8.8m (EUR -0.1m vs. 1H13), the REBIT jumped 39.8% YoY to EUR 5.4m.

... and still a lower than anticipated bottom line

After very slightly higher than anticipated financial charges and higher taxes, this resulted in a bottom line that came out south of our expectations: EAT of EUR 3.7m (EPS of EUR 2.13) vs. EUR 4.1m (EPS of EUR 2.38) expected.

Notes to the balance sheet: net financial debt has declined further

A nice positive is the lower than anticipated net financial debt of EUR 40.8m thanks to incoming CF from operations (EUR 15.5m) and financial movements (EUR -0.1m), compared to outgoing CF from net paid investments of EUR 6.5m and interest and dividend payments amounting to EUR 5.1m.

TERB provided a EUR 500k subordinated loan to the The Pasta Food Company expiring on 1-Jan-21.

Capex of EUR 6.4m in 1H14 (3.2% of sales) was lower than the figure we had anticipated (EUR 9.0m) and only slightly ahead of the very low level in 1H13 of EUR 5.8m.

We have fine-tuned our scenario

Our adjustments to our scenario after the 1H14 release and the analysts meeting earlier this week had the following consequences to our estimates:

Old (EUR)	2014E	2015E	2016E
EPS (adj.)	4.44	5.54	6.97
CFPS	14.37	15.33	17.12
BVPS	59.80	62.76	66.92
DPS gross	2.50	2.50	2.60
New (EUR)	2014E	2015E	2016E
EPS (adj.)	4.73	5.49	6.37
CFPS	14.71	15.55	16.52
BVPS	59.65	62.65	66.37
DPS gross	2.50	2.50	2.64
% Δ	2014E	2015E	2016E
EPS (adj.)	6.5%	-0.8%	-8.7%
CFPS	2.4%	1.4%	-3.5%
BVPS	-0.2%	-0.2%	-0.8%
DPS gross	0.0%	0.0%	1.5%

Source: Company data, ESN – Bank Degroof Research

Company description

In a nutshell

Ter Beke is an innovating Belgian fresh food group that commercialises its range of products in 10 European countries. The group has 2 core activities: processed meats and fresh ready meals. It has 8 industrial plants in Belgium and the Netherlands, and employs approximately 1,650 staff.

Production plants

Belgium	Netherlands	Poland
Processed meats production in Wommelgem and in Waarschoot	Service slicing & packaging of processed meats in Wijchen and in Ridderkerk	Production plant for fresh lasagne in Opole (50/50 JV, operational as of 2H14)
Service slicing & packaging of processed meats in Veurne and in Wommelgem		
Fresh pasta based ready meals in Wanze and in Marche-en-Famenne		

Source: Company data, ESN – Bank Degroof Research

Product & markets

Processed Meats Division (c. 70% of total sales)

- Ter Beke's processed meats division is active as a **producer and slicer of processed meats** for the Benelux, the UK and Germany.
- This division operates **2 production sites** in Belgium (Wommelgem and Waarschoot) and **4 centres for slicing and packaging of processed meats**, of which 2 in Belgium (Wommelgem and Veurne) and 2 in the Netherlands (Wijchen and Ridderkerk), together employing about 1,050 employees.
- The main strength and growth driver of this division is that it is particularly **innovating in the pre-packed processed meats segment**.
- Products are marketed by the use of both **distribution brands and by its own brand names** L'Ardennaise[®], Pluma[®] and Daniël Coopman[®].

Ready Meals Division (c. 30% of total sales)

- This division produces **fresh pasta-based ready meals** for the European market.
- It is **market leader in chilled lasagne** in Europe.
- The division operates **2 production sites** in Belgium (Wanze and Marche-en-Famenne), together employing c. 600 employees.
- Products are marketed by the **brand names Come a casa[®] and Vamos[®], in addition to distribution brands**.
- Ter Beke, together with its French competitor Stefano Tosseli, has established a JV in Poland in 2011, named **The Pasta Food Company**. The newly build plant in Opole-Poland will be operational by Sep-14 (delayed) and will serve to tackle the central and eastern European market with fresh lasagne.

Segment	Description of the business	Main distribution brands	Market structure	Market position	Main competitors	Customers
Processed meats	Producer of fine processed meats for the Benelux, the UK (mainly pâté), Germany and Denmark	Predominantly private label, L'Ardennaise, Daniël Coopman (meat products for butchers) Pluma (cooked ham, pâté, cured processed meats)	2 large players	N° 1 in Belgium for processed meats	Campofrio Food Group, Detry, Stegeman, Compaxo, Zwanenberg Food Group	Retailers, wholesalers
	Slicing and packaging services (50% of divisional sales) 2 production plants in Belgium and 4 centers for slicing & packaging of processed meats, 2 of which in Belgium and 2 in the Netherlands		Mainly private label	Clear market leader in slicing & packaging in Belgium and the Netherlands Holds the N° 2 position in Europe	Stegeman, Slissen Menken, Slippens Vleeswaren	Retailers, wholesalers
Fresh ready meals	Producer of fresh ready meals for the European market	Come a casa (in Belgium)	Dispersed market structure	Market leader in fresh lasagna in Europe	Rana, Fleury Michon, Stefano Toselli, Allis (= former-NPC),	Retailers
	Mainly Mediterranean, pasta based dishes, but also pizza and moussaka 2 production plants in Belgium	Pronto (for pizza), Vamos (brand for the wholesale market) + other distribution brands				Wholesalers, food-service retailers
The Pasta Food Company (start-up)	50/50 JV with Stefano Toselli for the production and distribution of fresh lasagne 1 production plant in Poland, currently in ramp-up Mainly lasagna, also canelloni	Undisclosed	Quasi non-existing	Green field to be started up, targets Central & Eastern Europe	Quasi non-existing	Retailers

Source: Company data, ESN – Bank Degroof Research



Valuation

DCF valuation

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Sales	392.4	402.2	403.7	421.1	407.2	403.9	409.7	419.9	431.1	442.6	454.4	466.6	478.4	483.2
% change	-0.2%	2.5%	0.4%	4.3%	-3.3%	-0.8%	1.4%	2.5%	2.7%	2.7%	2.7%	2.7%	2.5%	1.0%
EBITDA	35.2	37.5	33.2	31.1	28.6	31.3	31.4	32.5	33.5	34.1	34.7	35.4	35.8	36.2
% margin	9.0%	9.3%	8.2%	7.4%	7.0%	7.8%	7.7%	7.7%	7.8%	7.7%	7.6%	7.6%	7.5%	7.5%
% change	17.7%	6.7%	-11.4%	-6.3%	-8.1%	9.5%	0.1%	3.7%	3.0%	1.8%	1.8%	1.9%	1.3%	1.0%
Depreciation & oth. prov.	20.1	19.7	17.9	17.6	18.0	17.3	17.4	17.6	17.8	18.1	18.5	18.9	19.3	17.8
% sales	5.1%	4.9%	4.4%	4.2%	4.4%	4.3%	4.3%	4.2%	4.1%	4.1%	4.1%	4.0%	4.0%	3.7%
EBITA	15.1	17.8	15.3	13.6	10.6	14.0	13.9	14.9	15.7	16.0	16.2	16.5	16.5	18.3
% margin	3.8%	4.4%	3.8%	3.2%	2.6%	3.5%	3.4%	3.6%	3.6%	3.6%	3.6%	3.5%	3.4%	3.8%
% change	89.7%	18.0%	-13.9%	-11.5%	-21.9%	32.4%	-0.7%	7.1%	4.9%	2.0%	1.7%	1.5%	0.1%	11.2%
Taxes	-5.1	-4.8	-4.1	-3.8	-3.2	-4.1	-4.0	-4.3	-4.5	-4.6	-4.7	-4.8	-4.9	-5.3
Normative tax rate	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
NOPLAT	10.0	13.0	11.2	9.8	7.4	10.0	9.9	10.6	11.1	11.3	11.5	11.7	11.6	13.0
Depreciation & other provisions	20.1	19.7	17.9	17.6	18.0	17.3	17.4	17.6	17.8	18.1	18.5	18.9	19.3	17.8
% sales	5.1%	4.9%	4.4%	4.2%	4.4%	4.3%	4.3%	4.2%	4.1%	4.1%	4.1%	4.0%	4.0%	3.7%
Gross Operating Cash Flow	30.1	32.7	29.1	27.3	25.4	27.3	27.3	28.2	28.9	29.5	30.0	30.6	31.0	30.9
Capex	-17.4	-21.6	-20.9	-12.1	-10.8	-18.0	-18.4	-18.9	-19.5	-20.1	-20.7	-21.3	-21.9	-17.8
% sales	4.4%	5.4%	5.2%	2.9%	2.7%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.6%	4.6%	3.7%
Change in NWC (=-incr.;+=decr.)	-5.3	5.3	-13.5	-5.3	0.3	0.2	-0.4	-0.6	-0.7	-0.7	-0.7	-0.8	-0.7	-0.7
Cash Flow to be discounted	7.4	16.4	-5.3	10.0	14.9	9.5	8.6	8.6	8.8	8.7	8.6	8.5	8.3	12.3

DCF EVALUATION

WACC	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%	6.73%
Discount Rate factor	0.98	0.92	0.86	0.81	0.75	0.71	0.66	0.62	0.58					
Discounted Cash Flow	9.3	7.9	7.4	7.1	6.6	6.1	5.7	5.2	7.2					
Cumulated DCF	9.3	17.1	24.6	31.6	38.2	44.3	50.0	55.1	62.3					

Source: Company data, ESN / Bank Degroof Research

Our terminal value factor assumes an EBITDA margin of 7.5% and depreciation/sales & capex/sales of 4.1%. A target gearing (NFD/EV) of 35% might seem aggressive, but compares to a long term historical ratio of 40%. Other key parameters in our scenario are:

- A sales CAGR of 1.9% only for the period 2013-2022. Moreover, it is starting from a rather low comparison base given that FY13 sales in the Ready meals division have been hit due to the horsemeat crisis.
- A normalised EBITDA margin of 7.5% as of 2022. This compares to an average EBITDA margin obtained over the last three years (FY11 till FY13) of 7.5%. The average historical EBITDA margin over 2006-2013 (an 8 years period, chosen because of the addition of important service slicing activities in the Netherlands) amounts to 8.0%. As slicing and packaging are ever becoming more important in Ter Beke's product mix, we assume the lower margins should be applied in the future.
- An average capex to sales ratio of 4.1% from 2013 until 2022 (was 4.3% on average since 2006 and 4.8% when excluding 2013, a year of very limited capex because of the difficulties the company was struggling with). In this capex figure we also include the small acquisitions TERB has done over recent years (and we reckon it will do going forward).
- A normative tax rate of 29%.
- Given the ESN methodology, NOPLAT should be based on the operating result only and does not include the earnings contribution of the associates (The Pasta Food Company). Hence, the value of TERB's stake in this JV, consolidated under the equity method, should be estimated separately. We applied the present P/BV TERB is trading at (0.9x) on the investment value.

WACC & DCF ANALYSIS					
Cost of Equity (Ke or COE)	8.6%	Cumulated DCF	62.3	- Net Financial Debt	-50.8
		Perpetual Growth Rate (g)	0.0%	- Minorities (estimated value)	0.0
Cost of Debt (gross)	4.7%	Normalised Annual CF	13.0	+ Associates	4.2
Debt tax rate	29%	Terminal Value @ 31-Dec-22	193.7	- Pension underfunding & provisions	-9.5
Cost of Debt net (Kd or COD)	3.30%	Disc. Rate of Terminal Value	0.58	- Off-balance sheet commitments	0.0
		Discounted Terminal Value	112.6	Equity Market Value (EUR m)	118.9
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)	68.7
Normative Tax Rate	29.0%	Enterprise Value (EUR m)	175.0	Price dd. 4-Sep-14 (EUR)	60.50
WACC	6.73%	DCF reliability rate	36%	Potential upside (downside)	13.5%

Source: Company data, ESN / Bank Degroof Research

Sensitivity analysis

Below we show the outcome of a sensitivity analysis of the DCF valuation to the normalised EBITDA margin and the WACC level:

	Avg	Tick
Normalised EBITDA Margin	7.5%	0.20%
WACC	6.7%	0.20%

WACC	Normalised EBITDA Margin							
	6.9%	7.1%	7.3%	7.5%	7.7%	7.9%	8.1%	
68.65								
7.33%	50.2	53.4	56.6	59.8	63.0	66.3	69.5	
7.13%	52.5	55.9	59.2	62.6	65.9	69.3	72.7	
6.93%	55.0	58.5	62.0	65.5	69.0	72.5	76.0	
6.73%	57.7	61.3	65.0	68.7	72.3	76.0	79.6	
6.53%	60.5	64.3	68.1	72.0	75.8	79.6	83.4	
6.33%	63.5	67.5	71.5	75.5	79.5	83.5	87.5	
6.13%	66.7	70.9	75.1	79.3	83.5	87.6	91.8	

Source: ESN / Bank Degroof Research

Multiples valuation

If we apply the median EV/EBITDA FY15e and P/E FY15e multiples of a broad peer group of European food & beverage mid & small caps covered by ESN Research of 8.7x and 15.9x respectively, we arrive at an implied average equity value of EUR 71 per TERB share.



Ter Beke

Peer Group

Company	Country	Rec.	Price	Target Price	Market	P/E(adj.)		Div. Yield %		EV/EBITDA	
			4-Sep-14	Fair value		cap EUR (m)	2014	2015	2014	2015	2014
Acomo	NL	Buy	EUR 17.83	19.40	420	13.2	12.7	5.0	5.1	9.6	9.3
Agrarius Ag	DE	Buy	EUR 0.78	1.25	10	15.5	12.9	0.0	0.0	6.1	5.3
Anheuser-Busch InBev	BE	Accumulate	EUR 87.80	90.00	143,290	20.8	19.7	2.7	3.0	13.2	12.4
Atria	FI	Buy	EUR 7.15	9.20	202	12.5	7.0	4.1	7.1	6.5	5.0
BayWa	DE	Buy	EUR 36.42	42.00	1,260	14.1	11.6	2.2	2.5	7.1	6.1
Berentzen	DE	Hold	EUR 4.15	5.00	40	7.9	18.4	7.3	3.7	4.1	4.0
Bonduelle	FR	Accumulate	EUR 21.04	22.50	673	13.9	10.7	1.9	1.9	8.6	6.3
Campari	IT	Accumulate	EUR 6.05	6.65	3,514	22.2	18.7	1.6	1.7	13.2	11.5
Coca Cola HBC AG	GR	Hold	EUR 18.20	18.20	6,693	22.2	20.7	2.0	2.2	10.2	8.8
Corbion	NL	Accumulate	EUR 12.75	16.50	780	16.4	15.3	2.0	2.4	7.2	6.8
Danone	FR	Hold	EUR 55.31	52.00	32,490	20.9	18.1	2.6	2.7	11.7	10.4
Ebro Foods	ES	Hold	EUR 15.49	17.30	2,383	15.3	14.2	3.2	3.2	9.2	8.4
Enervit	IT	Hold	EUR 4.03	4.00	72	34.6	31.3	1.2	1.2	13.7	12.6
Fleury Michon	FR	Accumulate	EUR 53.61	63.00	235	12.5	10.4	2.4	2.4	4.3	3.4
ForFarmers	NL	Buy	EUR 3.19	4.30	337	8.9	7.5	5.1	6.0	5.0	4.3
Greenyard Foods	BE	Accumulate	EUR 11.90	14.00	196	30.4	22.7	0.0	0.0	7.5	7.1
Heineken	NL	Buy	EUR 58.56	59.00	33,731	19.5	17.3	1.6	3.5	10.1	9.2
HKScan	FI	Accumulate	EUR 3.46	4.00	187	3.0	7.6	31.8	5.8	0.7	1.5
KTG Agrar	DE	Accumulate	EUR 15.06	16.00	94	8.3	8.8	2.3	2.7	8.9	9.1
Lanson-BCC	FR	Hold	EUR 36.00	40.00	233	11.6	9.9	1.1	1.1	14.7	13.4
Laurent Perrier	FR	Accumulate	EUR 69.90	83.00	412	17.7	16.1	1.6	1.7	15.0	14.0
LDC	FR	Hold	EUR 128.00	150.00	1,044	12.0	11.5	1.5	1.5	4.1	3.7
Lotus Bakeries	BE	Hold	EUR 950.00	930.00	742	21.5	18.7	1.2	1.3	12.3	10.9
Naturex	FR	Hold	EUR 52.74	65.00	469	20.1	17.2	0.3	0.3	9.8	8.7
Nutreco	NL	Hold	EUR 30.43	34.00	2,075	12.8	12.2	3.3	3.5	7.6	7.7
Olvi	FI	Hold	EUR 25.23	25.00	524	15.5	14.2	3.0	3.2	9.8	9.0
Parmalat	IT	Hold	EUR 2.53	2.50	4,619	21.1	19.7	1.6	1.7	7.7	7.2
Pernod-Ricard	FR	Hold	EUR 91.12	91.00	24,185	18.7	18.7	1.9	1.9	14.5	13.9
Raisio	FI	Buy	EUR 3.82	4.80	600	43.2	22.2	3.7	3.9	17.1	11.5
Rémy Cointreau	FR	Sell	EUR 62.19	51.00	3,089	32.8	29.2	2.4	2.5	20.3	19.3
Sipef	BE	Hold	EUR 54.02	60.00	484	12.4	15.9	2.4	2.4	7.4	8.5
Ter Beke	BE	Accumulate	EUR 60.50	69.00	105	12.8	11.0	4.1	4.1	4.9	4.8
Unilever	NL	Reduce	EUR 32.54	27.50	92,440	20.9	19.5	2.9	3.1	12.5	11.7
Vidrala	ES	Accumulate	EUR 35.01	42.00	839	15.2	14.5	2.1	2.2	8.1	7.6
Vilmorin	FR	Buy	EUR 87.00	110.00	1,648	19.4	15.1	1.9	2.0	7.5	6.0
Viscofan	ES	Hold	EUR 43.54	44.40	2,029	20.9	19.1	2.4	2.6	11.2	10.2
Vranken Pommery Monopoli	FR	Sell	EUR 25.81	17.00	231	29.8	22.2	4.3	4.3	20.5	19.4
Wessanen	NL	Buy	EUR 4.19	4.90	317	15.5	12.9	1.7	3.9	6.4	5.8
Mkt cap total (EUR) & Weighted averages					362,354	20.3	18.9	2.5	2.9	12.1	11.3
Arithmetical Average						18.1	16.0	3.2	2.7	9.8	8.9
Median						16.4	15.9	2.3	2.5	9.2	8.7

Source: ESN estimates

SWOT analysis and financial calendar

SWOT

Strengths

- Strong brand names and performing logistics (traceability, quality standards) constitute major entry barriers
- European market leader in fresh lasagne, market leader in slicing in the Netherlands
- Management is committed and financially involved through an equity stake in the company
- Very limited currency exchange exposure

Opportunities

- Continued international sales expansion towards the UK, Germany and Central & Eastern Europe
- Product innovation in reaction to evolving consumer preferences (Weight-watchers, Equilibre product line...)
- In response of the needs of major food retail chains: offering advanced services for slicing & packaging
- Offering extensive supply chain management services to retailers

Weaknesses

- Low liquidity (less than EUR 1m per day) and very limited free float (only 25%)
- Limited scale versus other listed European processed meats manufacturers that are often part of multinationals
- Mature market industry, internal growth largely depending on population growth and food inflation
- Still sensitive to the pork price evolution, notwithstanding the increasing importance of service slicing

Threats

- A major food crisis (hog fever, avian flu, BSE, horsemeat scandal...)
- Price pressure and margin squeeze from major retailers (increasing price competition amongst food retailers)
- Declining meat consumption and changing consumer preferences
- Private label competition

Source: ESN – Bank Degroof Research

Financial calendar

Upcoming event	Date
Publication FY14 results	27-Feb-15 – before the market opens, usually @ 7:30am CET
Publication FY14 annual report	At the latest on 28-Apr-15
AGM	28-May-15 – @ 11:00am CET

Source: Company data

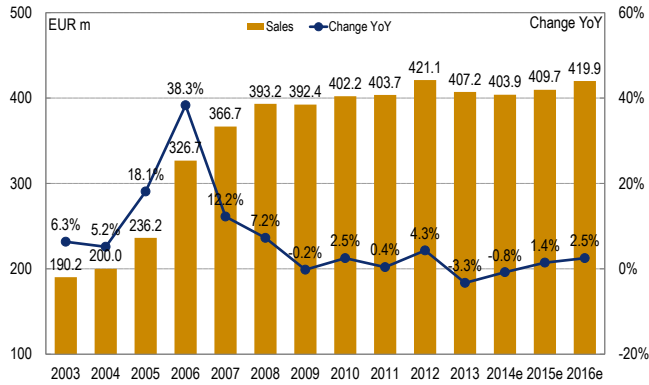
Note that as of this year, TERB management has decided to cease the publication of quarterly trading updates.



Ter Beke

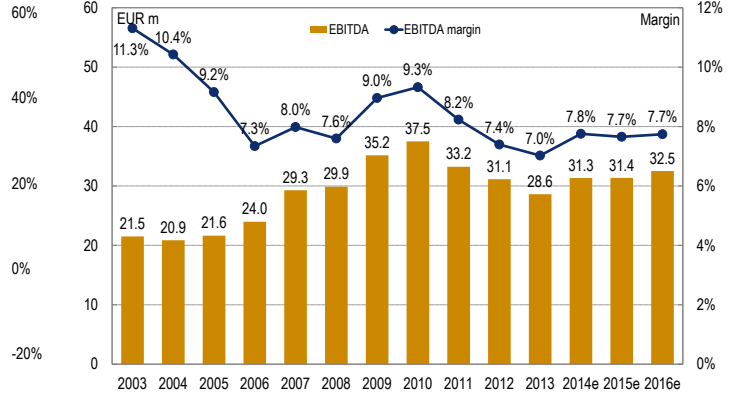
Key financials charts

Sales evolution



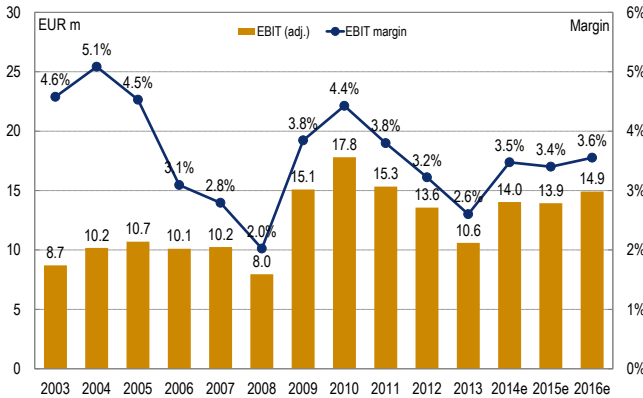
Source: Company data, ESN – Bank Degroof Research

EBITDA evolution



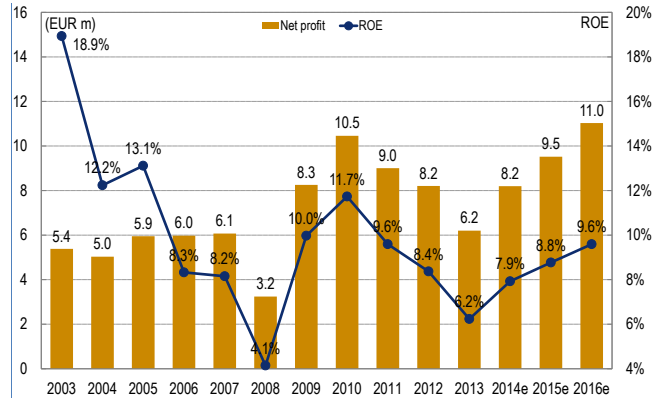
Source: Company data, ESN – Bank Degroof Research

EBIT evolution



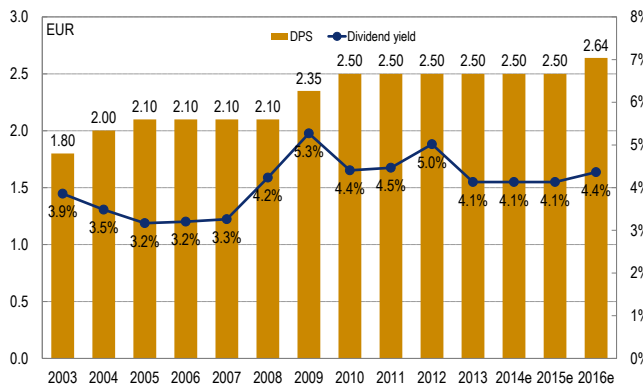
Source: Company data, ESN – Bank Degroof Research

Net result evolution



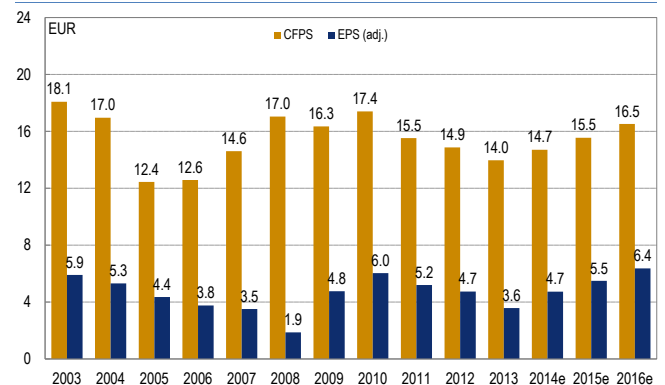
Source: Company data, ESN – Bank Degroof Research

DPS evolution



Source: Company data, ESN – Bank Degroof Research

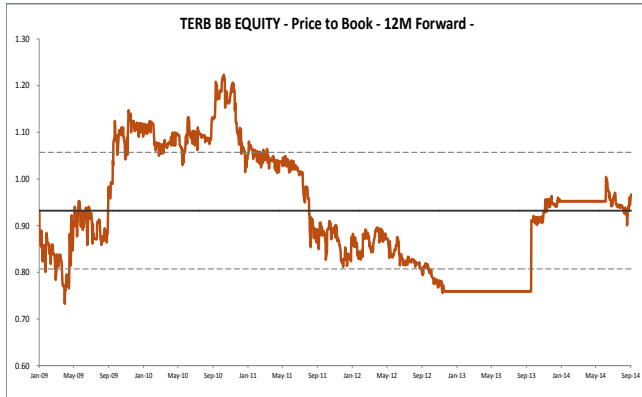
CFPS & EPS evolution



Source: Company data, ESN – Bank Degroof Research

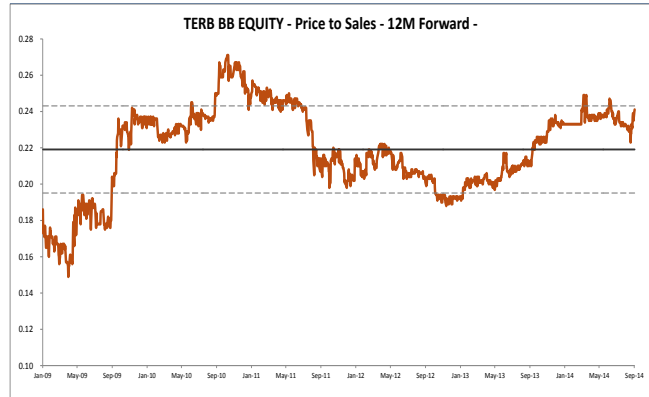
Historical valuation charts

Price to Book value



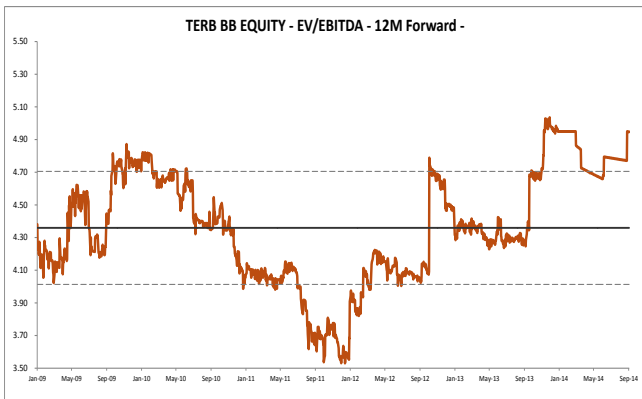
Source: Bloomberg, ESN – Bank Degroof Research

Price to Sales



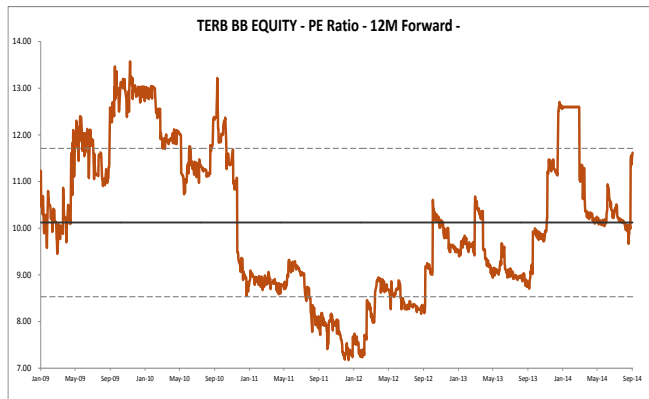
Source: Bloomberg, ESN – Bank Degroof Research

Enterprise Value to EBITDA



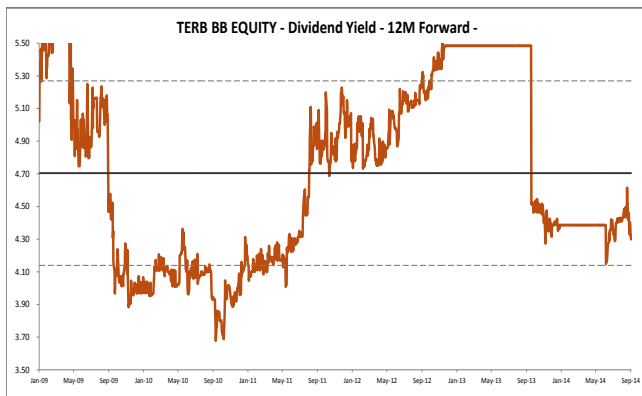
Source: Bloomberg, ESN – Bank Degroof Research

Price to Earnings



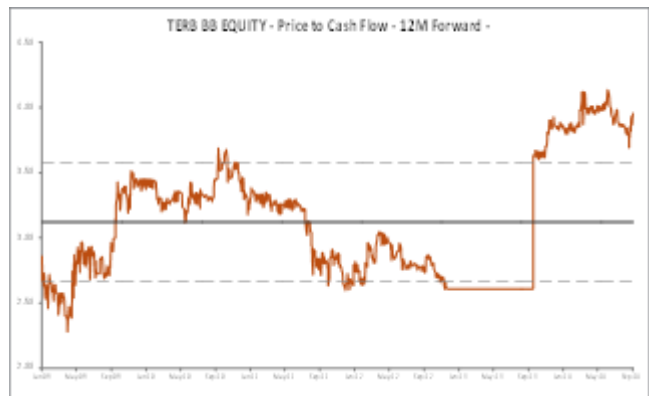
Source: Bloomberg, ESN – Bank Degroof Research

Dividend Yield



Source: Bloomberg, ESN – Bank Degroof Research

Price to Cash flow



Source: Bloomberg, ESN – Bank Degroof Research

Note: Level, average since 1-Jan-08 +/- 1 * StDev

Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Sales	404	421	407	404	410	420
Cost of Sales & Operating Costs	-370	-390	-379	-373	-378	-387
Non Recurrent Expenses/Income	0.6	0.9	0.4	0.0	0.0	0.0
EBITDA	33.2	31.1	28.6	31.3	31.4	32.5
EBITDA (adj.)*	32.6	30.2	28.2	31.3	31.4	32.5
Depreciation	-18.0	-17.3	-18.1	-17.3	-17.4	-17.6
EBITA	15.2	13.8	10.5	14.0	13.9	14.9
EBITA (adj)*	14.6	12.9	10.1	14.0	13.9	14.9
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	15.3	13.6	10.6	14.0	13.9	14.9
EBIT (adj.)*	14.7	12.7	10.2	14.0	13.9	14.9
Net Financial Interest	-2.3	-1.8	-1.4	-1.4	-1.1	-1.0
Other Financials	-0.5	-0.6	-0.1	-0.4	-0.4	-0.3
Associates	-0.2	0.2	-0.1	-0.5	0.7	1.4
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	12.4	11.3	8.9	11.7	13.1	15.0
Tax	-3.4	-3.1	-2.7	-3.6	-3.6	-4.0
<i>Tax rate</i>	<i>27.5%</i>	<i>27.5%</i>	<i>30.7%</i>	<i>30.2%</i>	<i>27.5%</i>	<i>26.4%</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
Net Profit (reported)	9.2	8.0	6.3	8.7	8.8	9.7
Net Profit (adj.)	9.0	8.2	6.2	8.2	9.5	11.0
CASH FLOW (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	26.9	25.8	24.2	25.5	26.9	28.6
Change in Net Working Capital	-13.5	-5.3	0.3	0.2	-0.4	-0.6
Cash Flow from Operations	13.4	20.5	24.5	25.7	26.6	28.0
Capex	-20.9	-12.1	-10.8	-18.0	-18.4	-18.9
Net Financial Investments	-4.5	0.5	1.3	0.0	0.0	0.0
Free Cash Flow	-12.0	8.8	15.0	7.7	8.2	9.1
Dividends	-4.3	-4.3	-4.3	-4.3	-4.3	-4.3
Other (incl. Capital Increase & share buy backs)	8.9	-1.4	0.0	0.0	0.0	0.0
Change in Net Debt	-7.5	3.1	10.7	3.4	3.9	4.7
NOPLAT	10.5	9.0	7.2	10.0	9.9	10.6
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Tangible Assets	106	102	92.3	93.1	94.0	95.3
Net Intangible Assets (incl. Goodwill)	37.3	37.5	37.3	37.3	37.3	37.3
Net Financial Assets & Other	9.5	15.0	14.8	4.8	4.8	4.8
Total Fixed Assets	153	154	144	135	136	137
Inventories	24.4	25.3	24.3	24.1	24.5	25.1
Trade receivables	69.6	65.5	65.0	74.4	75.4	77.3
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash (-)	-5.7	-4.3	-6.9	-2.0	1.2	2.5
Total Current Assets	99.7	95.2	96.2	100	98.7	99.9
Total Assets	253	250	241	236	235	237
Shareholders Equity	93.9	98.0	99.5	103	109	115
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	93.9	98.0	99.5	103	109	115
Long term interest bearing debt	40.0	39.6	39.4	33.8	28.9	25.0
Provisions	10.0	10.5	9.5	9.5	9.5	9.5
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	50.0	50.1	48.9	43.3	38.4	34.5
Short term interest bearing debt	30.4	26.2	18.3	15.7	13.5	11.6
Trade payables	62.9	62.9	60.5	60.1	60.9	62.4
Other current liabilities	15.8	12.4	13.4	13.3	13.5	13.8
Total Current Liabilities	109	101	92.3	89.1	87.9	87.8
Total Liabilities and Shareholders' Equity	253	250	241	236	235	237
Net Capital Employed	169	170	160	160	162	164
Net Working Capital	31.1	28.0	28.7	38.4	39.0	39.9
GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>0.4%</i>	<i>4.3%</i>	<i>-3.3%</i>	<i>-0.8%</i>	<i>1.4%</i>	<i>2.5%</i>
EBITDA (adj.)* growth	-11.9%	-7.4%	-6.8%	11.3%	0.1%	3.7%
<i>EBITA (adj.)* growth</i>	<i>-15.7%</i>	<i>-11.5%</i>	<i>-21.8%</i>	<i>39.1%</i>	<i>-0.7%</i>	<i>7.1%</i>
<i>EBIT (adj.)* growth</i>	<i>-15.1%</i>	<i>-14.1%</i>	<i>-19.7%</i>	<i>38.2%</i>	<i>-0.7%</i>	<i>7.1%</i>



GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Profit growth	-13.9%	-8.9%	-24.4%	32.2%	16.2%	15.9%
EPS adj. growth	-13.9%	-8.9%	-24.4%	32.2%	16.2%	15.9%
DPS adj. growth	0.0%	0.0%	0.0%	0.0%	0.0%	5.6%
EBITDA (adj)* margin	8.1%	7.2%	6.9%	7.8%	7.7%	7.7%
EBITA (adj)* margin	3.6%	3.1%	2.5%	3.5%	3.4%	3.6%
EBIT (adj)* margin	3.6%	3.0%	2.5%	3.5%	3.4%	3.6%
RATIOS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.7	0.6	0.5	0.5	0.4	0.3
Net Debt/EBITDA	1.9	2.0	1.8	1.5	1.4	1.2
Interest cover (EBITDA/Fin.interest)	14.7	16.9	19.9	22.3	28.0	32.5
Capex/D&A	116.6%	68.9%	60.0%	104.1%	105.4%	107.5%
Capex/Sales	5.2%	2.9%	2.7%	4.5%	4.5%	4.5%
NWC/Sales	7.7%	6.6%	7.1%	9.5%	9.5%	9.5%
ROE (average)	9.8%	8.6%	6.3%	8.1%	9.0%	9.9%
ROCE (adj.)	6.0%	5.4%	4.6%	5.9%	5.8%	6.1%
WACC	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
ROCE (adj.)/WACC	0.9	0.8	0.7	0.9	0.9	
PER SHARE DATA (EUR)***	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Average diluted number of shares	1.7	1.7	1.7	1.7	1.7	1.7
EPS (reported)	5.31	4.63	3.64	5.02	5.11	5.59
EPS (adj.)	5.20	4.74	3.58	4.73	5.49	6.37
BVPS	54.18	56.58	57.42	59.65	62.65	66.37
DPS	2.50	2.50	2.50	2.50	2.50	2.64
VALUATION	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
EV/Sales	0.4	0.3	0.4	0.4	0.4	0.3
EV/EBITDA	4.6	4.7	5.3	4.9	4.8	4.5
EV/EBITDA (adj.)*	4.7	4.8	5.4	4.9	4.8	4.5
EV/EBITA	10.1	10.5	14.3	10.9	10.7	9.7
EV/EBITA (adj.)*	10.6	11.3	14.9	10.9	10.7	9.7
EV/EBIT	10.0	10.7	14.2	10.9	10.7	9.7
EV/EBIT (adj.)*	10.5	11.5	14.9	10.9	10.7	9.7
P/E (adj.)	9.8	10.1	16.0	12.8	11.0	9.5
P/BV	0.9	0.8	1.0	1.0	1.0	0.9
Total Yield Ratio	4.9%	5.2%	4.1%	4.1%	4.1%	
EV/CE	0.9	0.9	1.0	0.9	0.9	0.8
OpFCF yield	-8.4%	10.1%	13.8%	7.3%	7.8%	8.7%
OpFCF/EV	-4.8%	5.8%	9.1%	5.0%	5.5%	6.3%
Payout ratio	47.1%	54.0%	68.6%	49.8%	49.0%	47.2%
Dividend yield (gross)	4.9%	5.2%	4.1%	4.1%	4.1%	4.4%
EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Price** (EUR)	51.00	48.00	57.19	60.50	60.50	60.50
Outstanding number of shares for main stock	1.7	1.7	1.7	1.7	1.7	1.7
Total Market Cap	88	83	99	105	105	105
Net Debt	65	61	51	47	44	39
<i>o/w Cash & Marketable Securities (-)</i>	-6	-4	-7	-2	1	2
<i>o/w Gross Debt (+)</i>	70	66	58	49	42	37
Other EV components	1	1	1	1	1	1
Enterprise Value (EV adj.)	154	146	151	153	149	145

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.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Banco Popolare	BAK	Talvivaara Mining Co Plc	POH	Schneider Electric Sa	CIC	Ldc	CIC
Airbus Group	CIC	Banco Popular	BKF	Tubacex	BKF	Vacon	POH	Lotus Bakeries	BDG
Aviation Latecoere	CIC	Banco Sabadell	BKF	Upm-Kymmene	POH	Vaisala	POH	Naturex	CIC
Bae Systems Plc	CIC	Banco Santander	BKF	Biotechnology	Mem(*)	Financial Services	Mem(*)	Nutreco	SNS
Carbures Europe Sa	BKF	Bankia	BKF	4Sc	EQB	Ackermans & Van Haaren	BDG	Olvi	POH
Dassault Aviation	CIC	Bankinter	BKF	Bioalliance Pharma	CIC	Azimut	BAK	Parmalat	BAK
Finmeccanica	BAK	Bbva	BKF	Cytotoools Ag	EQB	Banca Generali	BAK	Pernod-Ricard	CIC
Lisi	CIC	Bcp	CBI	Epigenomics Ag	EQB	Banca Ifis	BAK	Raisio	POH
Mtu	EQB	Bes	CBI	Metabolic Explorer	CIC	Bb Biotech	EQB	Remy Cointreau	CIC
Rheinmetall	EQB	Bnp Paribas	CIC	Neovacs	CIC	Binckbank	SNS	Sipif	BDG
Rolls Royce	CIC	Bper	BAK	Oncodesign	CIC	Bois Sauvage	BDG	Ter Beke	BDG
Safran	CIC	Bpi	CBI	Transgene	CIC	Bolsas Y Mercados Espanoles	BKF	Unilever	SNS
Thales	CIC	Commerzbank	EQB	Willex	EQB	Capman	POH	Vidrala	BKF
Zodiac Aerospace	CIC	Credem	BAK	Zeltia	BKF	Cir	BAK	Vilmorin	CIC
Airlines	Mem(*)	Credit Agricole Sa	CIC	Chemicals	Mem(*)	Comdirect	EQB	Viscofan	BKF
Air France Kim	CIC	Creval	BAK	Air Liquide	CIC	Corp. Financiera Alba	BKF	Vranken Pommery Monopole	CIC
Finnair	POH	Deutsche Bank	EQB	Akzo Nobel	SNS	Deutsche Boerse	EQB	Wessanen	SNS
Lufthansa	EQB	Eurobank	IBG	Basf	EQB	Deutsche Forfait	EQB	Food & Drug Retailers	Mem(*)
Automobiles & Parts	Mem(*)	Garanti Bank	IBG	Dsm	SNS	Euronext	CIC	Ahold	SNS
Bmw	EQB	Halkbank	IBG	Evonik	EQB	Financiere De Tubize	BDG	Bim	IBG
Brembo	BAK	Ing Group	SNS	Fuchs Petrolub	EQB	Gbl	BDG	Carrefour	CIC
Continental	EQB	Intesa Sanpaolo	BAK	Henkel	EQB	Gimv	BDG	Casino Guichard-Perrachon	CIC
Daimler Ag	EQB	Kbc Group	BDG	Holland Colours	SNS	Grenkeleasing Ag	EQB	Colruyt	BDG
Elektrobit Group	POH	Mediobanca	BAK	K+S Ag	EQB	Hellenic Exchanges	IBG	Delhaize	BDG
Eiringsklinger	EQB	National Bank Of Greece	IBG	Kemira	POH	Kbc Ancora	BDG	Dia	BKF
Faurecia	CIC	Natixis	CIC	Lanxess	EQB	Luxempart	BDG	Jeronimo Martins	CBI
Fiat	BAK	Nordea	POH	Linde	EQB	Mlp	EQB	Kesko	POH
Landi Renzo	BAK	Piraeus Bank	IBG	Nanogate Ag	EQB	Patrizia Ag	EQB	Marr	BAK
Leoni	EQB	Postbank	EQB	Recticel	BDG	Food & Beverage	Mem(*)	Metro	CIC
Michelin	CIC	Societe Generale	CIC	Solvay	BDG	Acomo	SNS	Rallye	CIC
Nokian Tyres	POH	Ubi Banca	BAK	Symrise Ag	EQB	Agriarius Ag	EQB	Sligro	SNS
Piaggio	BAK	Unicredit	BAK	Tessenderlo	BDG	Anheuser-Busch Inbev	BDG	Sonae	CBI
Pirelli & C.	BAK	Yapi Kredi Bank	IBG	Tikkurila	POH	Atria	POH		
Plastic Omnium	CIC	Basic Resources	Mem(*)	Umicore	BDG	Baywa	EQB		
Porsche	EQB	Acerinox	BKF	Wacker Chemie	EQB	Berentzen	EQB		
Psa Peugeot Citroen	CIC	Altri	CBI	Electronic & Electrical Equipment	Mem(*)	Bonduelle	CIC		
Renault	CIC	Arcelormittal	BKF	Alstom	CIC	Campari	BAK		
Sogefi	BAK	Crown Van Gelder	SNS	Areva	CIC	Coca Cola Hbc Ag	IBG		
Stern Groep	SNS	Ence	BKF	Barco	BDG	Corbion	SNS		
Valeo	CIC	Europac	BKF	Euromicron Ag	EQB	Danone	CIC		
Volkswagen	EQB	Metka	IBG	Evs	BDG	Ebro Foods	BKF		
Banks	Mem(*)	Metsä Board	POH	Gemalto	CIC	Enervit	BAK		
Aareal Bank	EQB	Mytilineos	IBG	Ingenico	CIC	Fleury Michon	CIC		
Akbank	IBG	Nystar	BDG	Jenoptik	EQB	Forfarmers	SNS		
Aktia	POH	Outokumpu	POH	Kontron	EQB	Greenyard Foods	BDG		
Alpha Bank	IBG	Portucel	CBI	Legrand	CIC	Heineken	SNS		
Banca Carige	BAK	Rautaruukki	POH	Neways Electronics	SNS	Hkscan	POH		
Banca Etruria	BAK	Semapa	CBI	Nexans	CIC	Ktg Agrar	EQB		
Banca Mps	BAK	Stora Enso	POH	Pkc Group	POH	Lanson-Bcc	CIC		
Banco Bradesco	CBI	Surteco	EQB	Rexel	CIC	Laurent Perrier	CIC		

General Industrials	Mem(*)	Grifols Sa	BKF	Duro Felguera	BKF	Hannover Re	EQB	Srv	POH
ZG Energy	EQB	Korian-Medica	CIC	Emak	BAK	Mapfre Sa	BKF	Thermador Groupe	CIC
Aalberts	SNS	Laboratorios Rovi	BKF	Exel Composites	POH	Mediolanum	BAK	Titan Cement	IBG
Accell Group	SNS	Merck	EQB	Faiveley	CIC	Munich Re	EQB	Trevi	BAK
Ahlstrom	POH	Novartis	CIC	Gea Group	EQB	Sampo	POH	Uponor	POH
Analytik Jena	EQB	Oriola-Kd	POH	Gesco	EQB	Talanx Group	EQB	Uzin Utz	EQB
Arcadis	SNS	Orion	POH	Haulotte Group	CIC	Unipol	BAK	Vbh Holding	EQB
Aspo	POH	Orpea	CIC	Heidelberger Druck	EQB	Unipolsai	BAK	Vicat	CIC
Bekaert	BDG	Recordati	BAK	Ima	BAK	Zurich Financial Services	BAK	Vinci	CIC
Evolis	CIC	Rhoen-Klinikum	EQB	Interpump	BAK	Materials, Construction & Infrastructure	Mem(*)	Yit	POH
Frigoglass	IBG	Roche	CIC	Kone	POH	Abertis	BKF	Media	Mem(*)
Huhtamäki	POH	Sanofi	CIC	Konecranes	POH	Acs	BKF	Ad Pepper	EQB
Kendrion	SNS	Sorin	BAK	Krones Ag	EQB	Adp	CIC	Alma Media	POH
Martifer	CBI	Stallergènes	CIC	Kuka	EQB	Astaldi	BAK	Brill	SNS
Mifa	EQB	Ucb	BDG	Man	EQB	Atlantia	BAK	Cofina	CBI
Nedap	SNS	Hotels, Travel & Tourism	Mem(*)	Manitou	CIC	Ballast Nedam	SNS	Editoriale L'Espresso	BAK
Neopost	CIC	Accor	CIC	Max Automation Ag	EQB	Bilfinger Se	EQB	Gi Events	CIC
Pöyry	POH	Autogrill	BAK	Metso	POH	Boskalis Westminster	SNS	Havas	CIC
Prelios	BAK	Beneteau	CIC	Outotec	POH	Buzzi Unicem	BAK	Impresa	CBI
Saf-Holland	EQB	Compagnie Des Alpes	CIC	P feiffer Vacuum	EQB	Caverion	POH	Ipsos	CIC
Saft	CIC	Gtech	BAK	Ponsse	POH	Cfe	BDG	Jedecaux	CIC
Siegfried Holding Ag	EQB	I Grandi Viaggi	BAK	Prima Industrie	BAK	Ciments Français	CIC	Kinopolis	BDG
Tkh Group	SNS	Ibersol	CBI	Prysmian	BAK	Cramo	POH	Lagardere	CIC
Wendel	CIC	Intralot	IBG	Reesink	SNS	Deceuninck	BDG	M6-Metropole Television	CIC
General Retailers	Mem(*)	Melia Hotels International	BKF	Sabaf	BAK	Eiffage	CIC	Mediaset	BAK
Beter Bed Holding	SNS	Nh Hotel Group	BKF	Singulus Technologies	EQB	Ellaktor	IBG		
D'leteren	BDG	Opap	IBG	Smt Scharf Ag	EQB	Ezentis	BKF		
Fielmann	EQB	Snowworld	SNS	Ten Cate	SNS	Fcc	BKF		
Folli Follie Group	IBG	Sonae Capital	CBI	Valmet	POH	Ferrovia	BKF		
Fourtis Holdings	IBG	Trigano	CIC	Vossloh	EQB	Fraport	EQB		
Inditex	BKF	Tui	EQB	Wärtsilä	POH	Grontmij	SNS		
Jumbo	IBG	Wdf	BAK	Zardoya Otis	BKF	Grupo San Jose	BKF		
Macintosh	SNS	Household Goods	Mem(*)	Industrial Transportation	Mem(*)	Heijmans	SNS		
Rapala	POH	Bic	CIC	Bollere	CIC	Hochtief	EQB		
Stockmann	POH	De Longhi	BAK	Bpost	BDG	Holcim Ltd	CIC		
Healthcare	Mem(*)	Indesit	BAK	Caf	BKF	Imerys	CIC		
Ab-Biotics	BKF	Seb Sa	CIC	Ctt	CBI	Italcementi	BAK		
Almirall	BKF	Industrial Engineering	Mem(*)	Deutsche Post	EQB	Joyou Ag	EQB		
Amplifon	BAK	Accsys Technologies	SNS	Hes Beheer	SNS	Lafarge	CIC		
Bayer	EQB	Aixtron	EQB	Hhla	EQB	Lemminkäinen	POH		
Biomerieux	CIC	Ansaldo Sts	BAK	Logwin	EQB	Maire Tecnimont	BAK		
Biotest	EQB	Bauer Ag	EQB	Postnl	SNS	Mota Engil	CBI		
Celesio	EQB	Biesse	BAK	Tnt Express	SNS	Obrascon Huarte Lain	BKF		
Diasorin	BAK	Cargotec Corp	POH	Insurance	Mem(*)	Ramirent	POH		
Draegerwerk	EQB	Cnh Industrial	BAK	Aegon	SNS	Royal Bam Group	SNS		
Espirito Santo Saude	CBI	Danieli	BAK	Ageas	BDG	Sacyr	BKF		
Faes Farma	BKF	Datalogic	BAK	Allianz	EQB	Saint Gobain	CIC		
Fresenius	EQB	Delclima	BAK	Axa	CIC	Salini Impregilo	BAK		
Fresenius Medical Care	EQB	Deutz Ag	EQB	Delta Lloyd	SNS	Sias	BAK		
Gerresheimer Ag	EQB	Dmg Mori Seiki Ag	EQB	Generali	BAK	Sonae Industria	CBI		

Oil & Gas Producers	Mem(*)	Atenor	BDG	Guillemot Corporation	CIC	Iliad	CIC
Eni	BAK	Banimmo	BDG	I:Fao Ag	EQB	Jazztel	BKF
Galp Energia	CBI	Befimmo	BDG	Ict Automatisering	SNS	Kpn Telecom	SNS
Gas Plus	BAK	Beni Stabili	BAK	Indra Sistemas	BKF	Mobistar	BDG
Hellenic Petroleum	IBG	Citycon	POH	Novabase	CBI	Nos	CBI
Maurel Et Prom	CIC	Cofinimmo	BDG	Ordina	SNS	Numericable	CIC
Motor Oil	IBG	Corio	BDG	Psi	EQB	Orange	CIC
Neste Oil	POH	Deutsche Euroshop	EQB	Reply	BAK	Ote	IBG
Petrobras	CBI	Grand City Properties	EQB	Rib Software	EQB	Ses	CIC
Qgep	CBI	Home Invest Belgium	BDG	Seven Principles Ag	EQB	Telecom Italia	BAK
Repsol	BKF	Igd	BAK	Tie Kinetix	SNS	Telefonica	BKF
Total	CIC	Intervest Offices & Warehouses	BDG	Tieto	POH	Telenet Group	BDG
Oil Services	Mem(*)	Leasinvest Real Estate	BDG	Tomtom	SNS	Teliasonera	POH
Bourbon	CIC	Montea	BDG	Visiativ	CIC	Tiscali	BAK
Cgg	CIC	Realia	BKF	Wincor Nixdorf	EQB	Turkcell	IBG
Fugro	SNS	Retail Estates	BDG	Support Services	Mem(*)	United Internet	EQB
Saipem	BAK	Sponda	POH	Batenburg	SNS	Vodafone	BAK
Technip	CIC	Technopolis	POH	Brunel	SNS	Utilities	Mem(*)
Tecnicas Reunidas	BKF	Unibail-Rodamco	BDG	Bureau Veritas S.A.	CIC	A2A	BAK
Tenaris	BAK	Vastned Retail	BDG	Dpa	SNS	Acciona	BKF
Vallourec	CIC	Vastned Retail Belgium	BDG	Edenred	CIC	Acea	BAK
Vopak	SNS	Vib Vermoegen	EQB	Ei Towers	BAK	Albioma	CIC
Personal Goods	Mem(*)	Wdp	BDG	Fiera Milano	BAK	Direct Energie	CIC
Adidas	EQB	Wereldhave Belgium	BDG	Imtech	SNS	E.On	EQB
Adler Modemaerke	EQB	Renewable Energy	Mem(*)	Lassila & Tikanoja	POH	Edp	CBI
Amer Sports	POH	Daldrup & Soehne	EQB	Randstad	SNS	Edp Renováveis	CBI
Basic Net	BAK	Deutsche Biogas	EQB	Usg People	SNS	Elia	BDG
Beiersdorf	EQB	Enel Green Power	BAK	Technology Hardware & Equipment	Mem(*)	Enagas	BKF
Christian Dior	CIC	Gamesa	BKF	Alcatel-Lucent	CIC	Endesa	BKF
Geox	BAK	Software & Computer Services	Mem(*)	Asm International	SNS	Enel	BAK
Gerry Weber	EQB	Affecto	POH	Asml	SNS	Falck Renewables	BAK
Hermes Intl.	CIC	Akka Technologies	CIC	Besi	SNS	Fluxys Belgium	BDG
Hugo Boss	EQB	Alten	CIC	Ericsson	POH	Fortum	POH
Interparfums	CIC	Altran	CIC	Gigaset	EQB	Gas Natural Fenosa	BKF
Kering	CIC	Amadeus	BKF	Nokia	POH	Hera	BAK
Luxottica	BAK	Atos	CIC	Okmetic	POH	Iberdrola	BKF
Lvmh	CIC	Basware	POH	Roodmicrotec	SNS	Iren	BAK
Marimekko	POH	Bull	CIC	Slm Solutions	EQB	Public Power Corp	IBG
Moncler	BAK	Cenit	EQB	Stmicroelectronics	BAK	Red Electrica De Espana	BKF
Puma	EQB	Comptel	POH	Suess Microtec	EQB	Ren	CBI
Richemont	CIC	Digia	POH	Teleste	POH	Rwe	EQB
Safilo	BAK	Docdata	SNS	Telecommunications	Mem(*)	Snam	BAK
Salvatore Ferragamo	BAK	Ekinops	CIC	Acotel	BAK	Terna	BAK
Sarantis	IBG	Engineering	BAK	Belgacom	BDG		
Swatch Group	CIC	Esi Group	CIC	Bouygues	CIC		
Tod'S	BAK	Exact Holding Nv	SNS	Deutsche Telekom	EQB		
Zucchi	BAK	Exprivia	BAK	Drillisch	EQB		
Real Estate	Mem(*)	F-Secure	POH	Elisa	POH		
Aedifica	BDG	Gameloft	CIC	Eutelsat Communications Sa	CIC		
Ascencio	BDG	Gft Technologies	EQB	Freenet	EQB		

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BKF: Beka Finance; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece, POH: Pohjola Bank; SNS: SNS Securities
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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

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**.

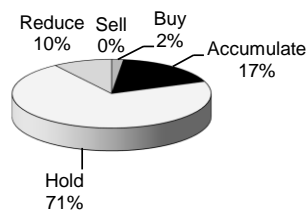
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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.

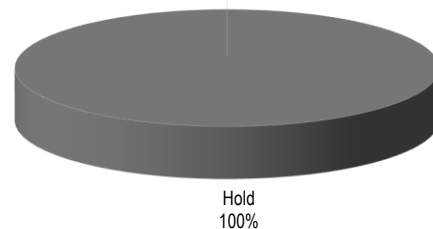
Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a member of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a member of ESN) or a related party of the issuer

Bank Degroof Ratings Breakdown



Bank Degroof Ratings Breakdown for companies with conflicts of interest

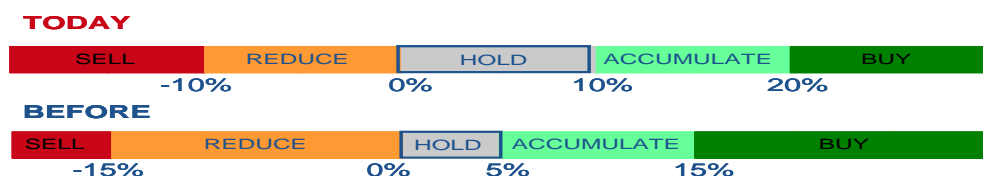


History of ESN Recommendation System

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.

Since 4 August 2008, the ESN Rec. System has been amended as follow.

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



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Ter Beke

Recommendation history for TER BEKE

Date	Recommendation	Target price	Price at change date
05-Sep-14	Accumulate	69.00	60.50
18-Mar-14	Hold	65.00	60.21
08-Nov-13	Reduce	54.00	56.00
18-Sep-13	Hold	59.00	55.40
28-Mar-13	Accumulate	58.00	50.80
27-Feb-13	Hold	53.00	49.20
07-Sep-12	Accumulate	58.00	49.10
15-Mar-12	Buy	61.00	50.99

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, Connect Group, D'Ieteren, 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, Atenor Group, Barco, Brederode, Cofinimmo, D'Ieteren, Elia, Floridienne, Sapec, Sipef, Ter Beke and Zetes.

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