

BUY (vs. HOLD)

Price (14/11/2017)	EUR 166.75
Target price	195.00
Risk	Low
Reuters	TERB.BR
Bloomberg	TERB BB
Shares number (m)	1.73
Market cap. (m)	289
Net debt 12/17e (m)	120
Net debt/EBITDA 12/17e	2.61
1 year price perf.	14.6%
Diff. with Euro Stoxx	-4.8%
Volume (sh./day)	803
H/L 1 year	188.05 - 136.20
Free Float	28.2%
COOVAN	65.3%
SRIW	4.8%
M6	1.8%

Company description

Fresh food group active in processed meats and fresh ready meals. Ter Beke is market leader in processed meats in Belgium and European market leader in fresh lasagne.



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Ter Beke

The giant leap forward

Ter Beke has been highly acquisitive in the second half of the year. In this report, we describe the turnaround that Ter Beke went through since 2014 and illustrate the possibilities of the new enlarged group going forward.

- **Strengthening the foundations:** As of 2013, Ter Beke has solidified its structure thanks to several strategic initiatives: optimizing the product range, increasing cost awareness, improved client relationships and boosting innovations.
- **Transformational acquisitions:** In 2017, the group expanded significantly with 4 large transactions in both Processed Meats (Zwanenberg's Fresh division) and Ready Meals (Stefano Toselli, The Pasta Food Company and KK Fine Foods). Combined, these transactions pro forma add c. EUR 270m (c. 60%) to sales and an estimated EUR 17m (c. 50%) to REBITDA.
- **Unifying the enlarged group:** These additions provide Ter Beke with new drivers for topline growth and margin improvement. The group has expanded its capabilities and geographical scope and now must focus on executing the merger synergies. This provides numerous opportunities but also comes with significant risks.

Leading to significant top and bottom line growth

Earnings estimates are not obvious as Ter Beke only communicated FY16 sales numbers for the acquisitions. However, based on our assumptions of the transactions, together with organic improvements, we estimate that it is possible for Ter Beke to grow its topline, REBITDA and adjusted EPS at CAGRs of 2.1%, 4.3% and 9.9% respectively from the 2018 combined basis until 2021.

Full potential not priced in - BUY

Despite shares trading at their historical multiples, we rate Ter Beke a Buy as the integration of the enlarged group can result in significant value-creation:

- Substantial expansion of the group without any shareholder dilution.
- Enhanced topline and EPS growth going forward coming from potential cost synergies, enhanced product innovation capabilities, frozen pasta opportunities, entry into foodservice and stronger market positions. All these elements will enable an EPS CAGR of c. 10% until 2021.

Based on the average of our DCF and 2018 multiple valuations we set our TP at EUR 195. This values the shares at FY18e 7.2x EV/EBITDA and 17.6x P/E or FY19e 6.7x EV/EBITDA and 15.6x P/E. Our DCF accounts for the enhanced risk profile with an increased WACC of 6.56%.

EUR	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Sales	407.2	399.7	396.3	418.6	501.3	725.2	750.0
EBITDA	28.6	31.4	34.3	37.7	46.0	62.4	65.4
Adj. profit	6.2	8.1	10.3	11.9	9.7	19.2	21.6
EPS	3.58	4.69	5.94	7.25	5.60	11.07	12.47
Div.	2.50	2.50	3.50	3.50	3.50	3.50	4.00
EV/EBITDA	5.4	4.9	6.2	7.0	8.9	6.4	5.9
P/E	16.0	13.5	16.8	19.3	29.8	15.1	13.4
FCF Yield	17.9%	16.3%	1.5%	9.4%	3.4%	5.0%	6.5%
Yield	4.4%	3.9%	3.5%	2.5%	2.1%	2.1%	2.4%

Strengthening the foundations

Since the appointment of Dirk Goeminne as CEO in 2013, Ter Beke has strongly solidified its foundations through several strategic initiatives:

Optimizing the product range

The first important act was a significant reduction of the SKU's in the Processed Meats division. The dried and cured meat manufacturing was terminated, while other less profitable products were also discontinued. This has put a drag on topline until 2016 but was highly accretive for margins and profitability.

Increased cost awareness

Margins also improved thanks to increased cost awareness. Numerous projects were carried out in order to identify and implement cost savings. The most substantial being the implementation of one company wide ERP-system and a site specialization where for example the Wanze production site specializes on large pasta volumes, while smaller more complex volumes were relocated to Marche-en-Famenne. Management indicates that it continues to strongly focus on the profitability and that it sees further improvement potential.

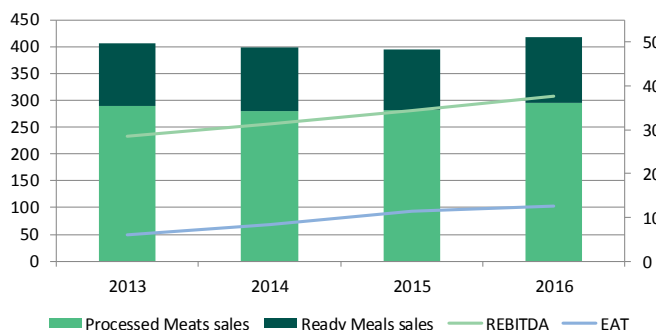
Client relationships

Ter Beke invested in its customer relationship management by providing clients with commercial support and by responding to specific needs with an adapted product range. It has further expanded its multi-channel (retail, discount and wholesale) and multi-country approach and serves these segments through targeted promotions. Over the last years the company also enlarged its presence on the Dutch Processed Meats market.

Safari project: boost for future innovations

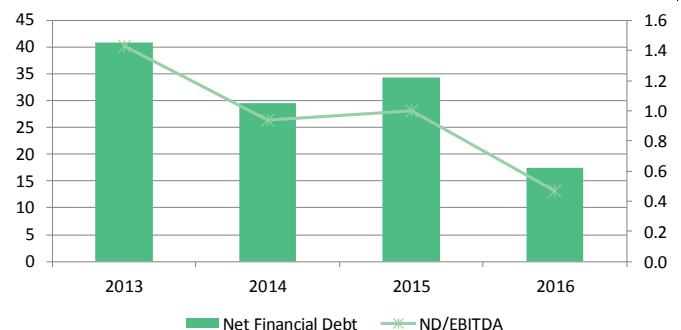
In 2015, Ter Beke undertook the Safari-project, an extensive qualitative and quantitative consumer and shop survey in Belgium, the Netherlands, the U.K. and Germany. Thanks to this project, Ter Beke acquired several insights into consumer preferences and now focusses its efforts on increased convenience, a broader product offering with new tastes and improved packaging. Innovations that came from this study are for example multi-layer packaging, salami-snacks, tapas, and halal pasta. These successful innovations were marketed in both the branded as private label offering and helped Ter Beke to grow sales in FY16.

Exhibit 1 Sales, REBITDA and EAT evolution



Source: Degroof Petercam estimates

Exhibit 2 Net debt & leverage evolution



Source: Degroof Petercam estimates

The strong track-record shown above has been realized despite significant set-backs such as the horsemeat scandal in 2013 & the loss of important contracts in Germany & the U.K.

Taking the next step - transformational acquisitions

After creating a solid foundation and a strong balance sheet, Ter Beke has made four transformational acquisitions in a very short period of time.

Stefano Toselli

Stefano Toselli is one of the market leaders in chilled & frozen lasagna with own branded and private label products. The company has two highly automated chilled and frozen lasagna/cannelloni production lines in Normandy (France) which are focused on the production of high volumes. The company generates sales in 27 countries, also outside of Europe.

The company was purchased by three of its directors (YHS) in 2009 and set up The Pasta Food Company as a 50/50 joint-venture with Ter Beke in 2011. The terms of this agreement stipulated that Ter Beke had a call option on both the share of YHS in the joint venture and on the Stefano Toselli shares which could be lifted in 2018. In 2015, Ter Beke already acquired 33% of the Stefano Toselli shares. The remaining call options on Stefano Toselli and The Pasta Food Company were lifted at the end of 1H17. Ter Beke paid a consideration of EUR 22.5m for the remaining 66% in Stefano Toselli.

Next to a significant contribution to topline (c. EUR 80m) and EBITDA, Stefano Toselli also brings a considerable experience in low cost/high efficiency production to the group. Additionally, the company has capabilities with regards to frozen pasta, while Ter Beke mainly focused on chilled ready meals. This frozen capability allows to export products outside of Europe. Stefano Toselli is also complementary in terms of customer portfolio as it is mainly focused on Southern Europe. Next to these revenue synergies, there are also significant cost synergies with regards to procurement, production and logistics.

The Pasta Food Company

The Pasta Food Company was established as a joint-venture with the owners of Stefano Toselli with the aim to serve the Eastern Europe market with chilled ready meals. The company operates one highly automated production plant in Opole (Poland) which is fully operational since 2014. Ter Beke acquired the remaining 50% for EUR 5.0m.

The launch of The Pasta Food Company was more difficult than anticipated as retailers are more decentralized and general contracts need to be specified at every location. It is currently the market leader in Poland (80% market share) and aims to expand into the Czech Republic, Hungary and Croatia. In the medium term, The Pasta Food Company aims to serve the larger German retailers as Germany is the largest chilled ready meals market in Europe.

As of 2017, The Pasta Food Company is EBIT-positive and we expect that growth will accelerate now that Ter Beke assumed full control. At this time, only one production line is operational but this can be expanded fairly quickly when needed.

Zwanenberg – Fresh Business Unit

The largest acquisition up till now has been that of the fresh business unit of Zwanenberg (Cebeco Meat Products Netherlands BV). Financial details are not disclosed but the transaction consideration is rumored to be c. EUR 40m.

Like Ter Beke, this division of Zwanenberg is active as a slicer and producer of processed meats, which it sells as both branded (e.g. Zwan & Zwanenberg) and private label products (c. 50/50%). The division is said to only realize sales in the Netherlands and as such Ter Beke doubles its Processed Meats turnover in the Netherlands with Zwanenbergs EUR 130.6m contribution. The customer portfolio is partially complementary and Zwanenberg also had a presence in food service, which Ter Beke had not.

KK Fine Foods

The last announced acquisition is that of KK Fine Foods, a U.K. producer and distributor of ready meals as frozen products to the food service and retail markets. The company achieved EUR 39.3m turnover in 2016 and has reported double digit growth every year. It recently completed the purchase of a second manufacturing site which allows for an additional GBP 40m in capacity over the next two years.

With this acquisition Ter Beke immediately obtains a substantial footprint in the U.K., the largest ready meals market in Europe, where it did not yet have a substantial presence. KK Fine Foods has received several awards for the quality of its extensive product portfolio and as such will strengthen Ter Beke's innovative capabilities. The product range is complementary to that of Ter Beke as lasagna and pasta dishes are an important part of the portfolio.

Transaction details are not disclosed but the valuation is said to have been at standard multiples in the ready meals business. Based on an estimated margin of 10% and an EV/EBITDA of 8.5x, we estimate the transaction consideration for Ter Beke's 90% stake to have been around EUR 34m. The remaining 10% stake remains in the hands of the existing shareholders which stay on board to manage the company.

Combined impact

Exhibit 3 Overview of the enhanced group

	Ter Beke Ready Meals	Stefano Toselli	The Pasta Food Company	KK Fine Foods	Ter Beke Processed Meats	Zwanenberg Fresh division
Activities	Mediterranean Pasta	Mediterranean Pasta	Mediterranean Pasta	Various ready meals	Slicing Producer	Slicing Producer
Key markets	Northern-Europe	Southern-Europe	Central-Eastern Europe	UK	Be, NL, UK, GE	NL
FY16 turnover	EUR 123m	EUR 80m ¹	N.A. ¹	EUR 40m	EUR 295m	EUR 130m
FY16 EBITDA estimate	EUR 18m	EUR 7m	EUR 0m	EUR 4m	EUR 20m	EUR 5m
Estimated consideration	NR	EUR 22.5m ²	EUR 5.0m ²	EUR 34m	NR	EUR 40m
Facilities	2 production sites - Belgium	1 production site - France	1 production site - Poland	1 production site - UK	5 production sites - Belgium & Netherlands	3 production sites - the Netherlands

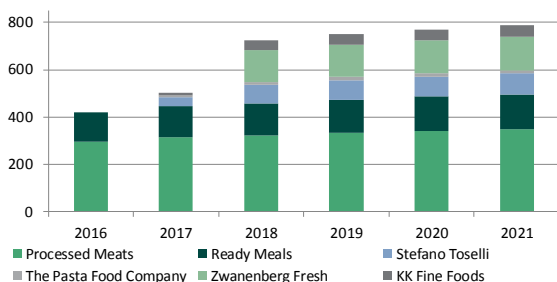
Source: Company reports, Degroof Petercam estimates

¹ Stefano Toselli and The Pasta Food Company are reported to jointly contribute EUR 80m in sales

² Consideration for the remaining stake

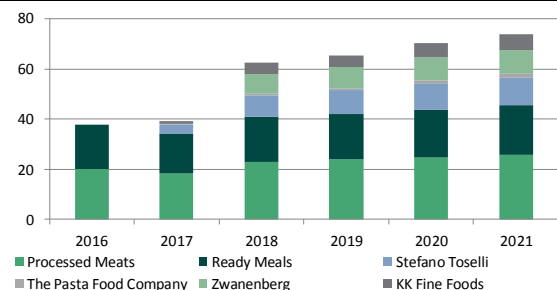
In general, the financial disclosure regarding these transactions has been limited but we conservatively attempt to estimate their impact. All in all, these transaction pro forma should add c. EUR 270m (c. 60%) to FY 17 sales and we estimate the contribution to REBITDA at c. EUR 17m (c. 50%).

Exhibit 4 Sales contribution per segment



Source: Degroof Petercam estimates

Exhibit 5 REBITDA contribution per segment



Source: Degroof Petercam estimates

Now to unify the enlarged group

Next to significantly expanding the size of the group, these acquisitions also provide new drivers for topline growth and margin improvements. The group structure has changed substantially and now Ter Beke has to execute the merger and reoptimize the company.

Expanded capabilities

Ter Beke has added several additional drivers for topline growth with its four acquisitions. Next to the usual topline synergies such as cross-selling, the company has added growth drivers such as Frozen pasta, expanded its innovation capabilities and increased its exposure to food service.

Pan-European player

Whereas the Benelux clearly used to be the key market for Ter Beke, the group has significantly expanded its geographic exposure thanks to the acquisitions. In the Ready Meals segment, Ter Beke has now clearly become a pan-European player with strong market positions in Northern (Ter Beke), Southern (Stefano Toselli) and Eastern-Europe (The Pasta Food Company).

Next to this strong European presence, Ter Beke is examining possibilities to further internationalize through Frozen pasta. As such, it is currently working on expanding its halal offering towards Middle East, Singapore and Hong Kong. Stefano Toselli facilitates this internationalization as it has know-how in frozen pasta.

However, in Processed Meats the Benelux region remain the core focus of the group as local consumer preferences do not allow for internationalization of the product portfolio. With the addition of Zwabenberg's Fresh division it is one of the leaders in the manufacturing and slicing of processed meats in Belgium and the Netherlands.

New operational puzzle

After acquiring these four companies, Ter Beke has a new operational puzzle to reoptimize. In total it acquired 4 Processed Meats and 3 Ready Meals production facilities. The new source of cost saving opportunities has not been quantified as management is currently still exploring all options. However, we expect significant cost savings potential based on reshuffling of production, optimizing the supply chain, minimizing transportation costs, renegotiate procurement contracts, ...

Exhibit 6 Overview Processed Meats



Source: Degroef Petercam estimates

In the Processed Meats segment, we see significant synergy potential with Zwanenbergs Fresh division thanks to the geographical proximity and complementary product offering. Zwanenbergs margins are reported to be below Ter Beke's and as such management believes a step-up to be possible thanks to merger synergies and increased cost awareness.

In Ready Meals we expect a significant reshuffling of the manufacturing footprint as the former Ter Beke (2), Stefano Toselli (1) and The Pasta Food Company (1) plants allow for further site specialization. We anticipate that the Stefano Toselli and The Pasta Food Company plants will mainly focus on Frozen pasta in Southern and Eastern Europe respectively. Additionally, Stefano Toselli brings its experience in low cost/ high efficiency production to the group and the capacity expansion potential of the plant in Poland allows to quickly upscale (Frozen) production when needed. We expect KK Fine Foods to operate more independently but also they have recently announced plans to significantly expand their capacity.

Significant risks related to our case

With the receipt of antitrust approval, the first hurdle in the integration process has been passed. However, we see several significant risks going forward:

- The mergers to become a failure or more challenging than anticipated with the integration process requiring too much management time. In our view, this risk is substantial as Ter Beke has no recent M&A track record and now needs to integrate various companies simultaneously.
 - Especially, the carve-out and subsequent integration of the Zwanenberg Fresh division is not an easy process and entails substantial risk.
 - With regards to Stefano Toselli and The Pasta Food Company we deem the integration risk as rather limited as Ter Beke has acquired thorough knowledge of these companies thanks to the collaboration in the recent years.
 - We deem the integration risk at KK Fine Foods also as limited as we expect this company to run more independently. However, the UK food service market is currently facing large uncertainties.
- CEO succession: Dirk Goeminne is not expected to prolong his mandate as CEO of Ter Beke which ends in 2018. At this time, a successor has not yet been appointed. However, it is clear that the upcoming CEO will face a significant challenge with the upcoming merger integrations.
- Operational puzzle: Based on Ter Beke's strong recent track-record, we have confidence in the company's ability to identify cost saving opportunities and drive further operational excellence in the acquired companies.
- Additionally, we believe to have been conservative in our estimates but due to the limited financial disclosure (up till now) of the acquired companies, there are also risks relating to our estimates.

Financial estimates - More than doubling EPS

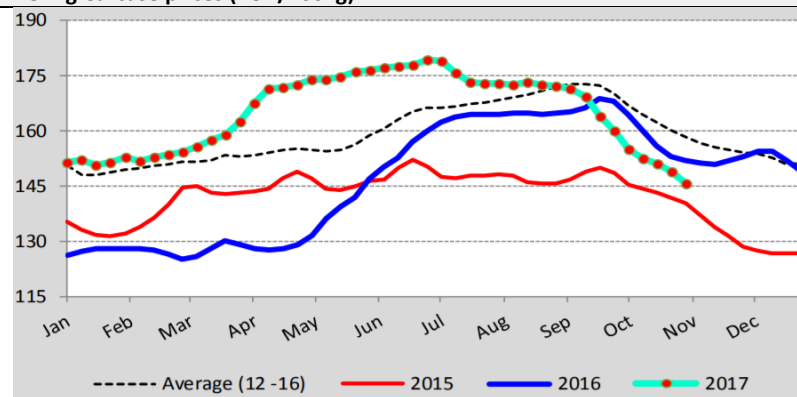
Preview 2H17 and FY17 results

The 1H17 results showed a solid volumes growth in both Processed Meats as Ready Meals which increased sales by 6.5% and 5.4% respectively. However, this positive effect was more than offset by a strong and quick surge in raw material prices which squeezed margins to 6.6% from 9.7%.

For the second half of the year, we anticipate the sales growth to have continued, this time driven by price-increases which have been implemented over the period July-September. This should also help restore margins and given that raw material prices are now quickly dropping, we foresee strong margins in 2H17. M&A is expected to contribute EUR 57m in topline and EUR 5m in REBITDA. We fully consolidate Stefano Toselli and The Pasta Food Company as of the beginning of the quarter and include KK Fine Foods as of Q4. Zwanenberg's Fresh business unit is only included in our estimates as of 1-Jan-18.

With an estimated EUR 74m cash-out due to the Zwanenberg and KK Fine Foods transaction we anticipate leverage to stand at 2.6x ND/EBITDA FY17 (or 2.0x Pro Forma). This is within the covenants and we do not expect Ter Beke to need equity funding.

Exhibit 7 EU Pig Carcase prices (EUR/100kg)



Source: Degroof Petercam estimates

Long term projections

With the acquisitions, Ter Beke has acquired several new sales drivers on top of its own NPI pipeline. With these new drivers such as KK Fine Foods' innovative capabilities and Stefano Toselli's knowledge in Frozen pasta production, we foresee an above average sales growth for the coming years. We project an organic sales CAGR of just above 2% between 2017-2021.

In the short term the acquisitions will have a dilutive effect on margins as they do not match Ter Beke's operational efficiency targets yet. However, we expect that Ter Beke is able to offset the dilutive impact on margins in 2 years thanks to the large synergy potential. Thereafter, we see further margin potential and in the long term, we deem a recurring REBITDA margin of 9.0-9.5% as feasible. However, note that at any point in time margins can fluctuate significantly due to raw material prices.

With an estimated capex of c. EUR 48m in 2017-2018, we anticipate that Ter Beke's leverage will remain around 2.0x ND/EBITDA until 2018. Thereafter, the company will be able to delever quite rapidly thanks to its FCF generation. In terms of financing cost, we assume that Ter Beke will be able to finance at a 3.5% interest rate.

It is clear that this topline growth, margin expansion and deleveraging will result in a significant EPS growth. Thanks to the latest acquisitions and further organic growth, we foresee a 9.9% EPS CAGR starting from the combined 2018 basis until 2021.

Transformation of the group not yet priced in

DCF outcome of EUR 215ps

For our DCF valuation we use a WACC of 6.56%, a terminal growth rate of 0.50 and a terminal RONIC of 11.0%. In order to reflect the high exposure of margins to raw material shocks and the increased risk profile due to the merger integration, we have increased our beta from 0.74 to 1.00. Valuing the case we have described above, we arrive at a fair value of EUR 215ps.

Exhibit 8 DCF: Ter Beke

	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e
Revenues	725	750	771	789	806	820	832	842	851
EBITDA	62	65	70	74	76	77	77	77	77
Depreciation & Amortizations	(27)	(26)	(26)	(26)	(26)	(26)	(26)	(26)	(26)
EBIT	36	39	44	48	50	51	51	51	51
Operating taxes 34%	(12)	(13)	(15)	(16)	(17)	(17)	(17)	(17)	(17)
NOPLAT	24	26	29	32	33	33	33	33	33
Depreciation & amortization	27	26	26	26	26	26	26	26	26
Capex	(24)	(24)	(25)	(25)	(25)	(25)	(25)	(26)	(26)
Change in working capital	(8)	(5)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Free Cash Flow to the Firm	19	23	29	32	33	34	33	33	32
Discount Factor	0.94	0.88	0.83	0.78	0.73	0.68	0.64	0.60	0.56
Discounted FCFF	18	20	24	25	24	23	21	20	18
<i>Revenue growth</i>	<i>44.65%</i>	<i>3.42%</i>	<i>2.78%</i>	<i>2.33%</i>	<i>2.12%</i>	<i>1.75%</i>	<i>1.50%</i>	<i>1.25%</i>	<i>1.00%</i>
<i>EBITDA Margin</i>	<i>8.61%</i>	<i>8.72%</i>	<i>9.11%</i>	<i>9.35%</i>	<i>9.49%</i>	<i>9.35%</i>	<i>9.20%</i>	<i>9.10%</i>	<i>9.00%</i>
<i>ROIC (incl. goodwill)</i>	<i>8.64%</i>	<i>9.32%</i>	<i>10.51%</i>	<i>11.38%</i>	<i>11.98%</i>	<i>12.04%</i>	<i>12.02%</i>	<i>12.01%</i>	<i>11.95%</i>
Risk free rate	0.75%	Target capital structure				Explicit forecast period			193
Estimated beta	1.00	Equity				Terminal value			298
Market risk premium	6.79%	Net debt				Enterprise value			491
Cost of Equity	7.54%	WACC				NFD			(119)
						Equity value			372
Long-term interest rate	4.00%	Terminal growth				N° shares			1.7
Marginal tax rate	33.99%	Terminal RONIC				Value per share			215
Cost of Debt	2.64%								

Source: Degroof Petercam estimates

Exhibit 9 Sensitivity analysis (WACC & g)

WACC	Long term growth rate				
	0.00%	0.25%	0.50%	0.75%	1.00%
5.56%	261	267	273	279	286
6.06%	233	237	241	246	251
6.56%	209	212	215	218	222
7.06%	188	190	193	195	198
7.56%	170	172	174	176	178

Source: Degroof Petercam estimates

Exhibit 10 Sensitivity analysis (WACC & ROIC)

WACC	Return On New Invested Capital				
	10.00%	10.50%	11.00%	11.50%	12.00%
5.56%	271	272	273	273	273
6.06%	240	241	241	242	242
6.56%	214	215	215	215	216
7.06%	192	192	193	193	193
7.56%	173	173	174	174	174

Source: Degroof Petercam estimates

Multiple valuation also provides upside

Over the last 3 years, Ter Beke has known a rerating in the anticipation of the expected Stefano Toselli and The Pasta Food Company acquisitions. In 2016, shares traded at 7.6x EV/EBITDA and 12.0x EV/EBIT, while forward looking multiples on average stood at 7.1x EV/EBITDA and 11.9x EV/EBIT in the last two years. Applying these average multiples on our 2018 estimates we arrive at a valuation of EUR 192ps and EUR 185ps respectively. As a lot of the merger synergies will only come in after 2018, these valuations represent the lower end of our valuation range. Based on the average of these multiples and our DCF-valuation, we set our TP at EUR 195ps.

Profit & Loss (EUR m)	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Revenues	407.2	399.7	396.3	418.6	501.3	725.2	750.0
(of which Sales)	407.2	399.7	396.3	418.6	501.3	725.2	750.0
(Y/Y - %)	-3%	-2%	-1%	6%	20%	45%	3%
(of which Other revenues)	0.0	0.0	0.0	0.0	-	-	-
Cost of goods sold	227.3	217.7	208.7	227.2	-278.6	-388.0	-397.5
Gross profit	179.9	182.0	187.7	191.4	222.8	337.2	352.5
Personnel costs	-	-	-	-	-	-	-
EBITDA	28.6	31.4	34.3	37.7	46.0	62.4	65.4
EBITA	10.5	13.9	16.4	20.3	18.8	35.9	39.1
(Ebita margin - %)	2.6%	3.5%	4.1%	4.9%	3.7%	4.9%	5.2%
Amortization	-	-	-	-	-	-	-
Impairment	-0.1	0.1	0.6	-	-	-	-
EBIT	10.5	14.0	17.0	18.2	23.8	32.1	35.2
Net Financial Result	-1.5	-1.4	-1.2	-0.4	-1.9	-4.4	-4.0
(of which Net interest charges)	-	-	-	-	-	-	-
(of which Other)	-	-	-	-	-	-	-
Except. / Discont. operations	-	-	-	-	-	-	-
Pre-tax result	9.1	12.4	14.6	17.8	21.9	27.7	31.2
Taxes	3.1	2.7	3.6	3.8	6.1	8.3	9.4
Associates	-0.1	-0.7	-0.5	-0.6	0.6	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.1	0.2	0.2
Net declared earnings	6.2	8.1	10.3	12.6	16.3	19.2	21.6
Net adjusted earnings	6.2	8.1	10.3	11.9	9.7	19.2	21.6
Cash Flow (EUR m)	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
EBIT	10.5	14.0	17.0	18.2	23.8	32.1	35.2
Depreciation	18.1	17.5	17.9	17.4	20.7	26.5	26.3
Amortization	0.0	0.0	0.0	0.0	-	-	-
Impairment	0.0	0.0	0.0	0.0	-	-	-
Changes in provision	-0.1	0.1	0.6	2.1	0.0	0.0	0.0
Changes in working capital	0.3	4.9	-2.5	5.0	3.6	-7.6	-5.4
Others	-	-	-	-	-6.7	0.0	0.0
Operational Cash Flow	28.8	36.5	33.0	42.8	41.3	51.1	56.1
Tax expenses	-2.7	-3.6	-3.8	-5.3	-5.8	-8.3	-9.4
Dividends from associates	-	-	-	-	-	-	-
Net interest charges	1.3	-1.8	-0.1	0.0	-2.1	-4.4	-4.0
Others	-	-	-	-	1.1	-0.2	-0.2
CF from operating activities	27.3	31.0	29.0	37.5	34.6	38.2	42.5
CAPEX	-10.8	-11.2	-16.9	-14.8	-14.5	-24.0	-24.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-0.7	-1.8	-9.4	0.0	-88.0	0.0	0.0
Divestments	1.9	-0.1	-0.1	0.0	1.1	0.0	0.0
Others	-	-	-	-	-	-	-
CF from investing activities	-9.5	-13.0	-26.4	-14.8	-101.3	-24.0	-24.0
Dividend payment	-4.3	-4.3	-4.3	-6.1	-6.1	-6.1	-6.1
Minor. & pref. dividends	-	-	-	-	-	-	-
Equity financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	-	-	-
CF from financing activities	-4.3	-4.3	-4.3	-6.1	72.9	-16.9	-16.9
Changes in consolidation scope	0.0	2.0	0.3	0.0	0.0	0.0	0.0
Exchange rate impact	-	-	-	-	0.0	0.0	0.0
Net debt/cash change	-13.4	-15.6	1.4	-16.7	-72.8	-2.7	1.6
FCF to Enterprise	19.3	23.4	6.5	28.0	11.4	17.5	21.6
FCF to Equity	17.8	17.9	2.6	22.7	9.9	14.4	18.8

Notes -

Balance Sheet (EUR m)	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Tangible fixed assets	92.3	88.0	85.0	79.5	158.7	156.1	153.8
Intangible fixed assets	37.3	38.6	40.6	40.5	85.1	85.1	85.1
Financial fixed assets	4.8	4.3	13.6	14.3	1.0	1.0	1.0
Total fixed assets	144.5	140.9	149.2	144.3	244.7	242.2	239.9
Working capital	25.3	20.4	22.9	17.8	25.3	32.8	38.2
Capital employed	-	-	-	-	-	-	-
Total Equity	99.5	102.8	108.8	115.0	125.5	138.6	154.2
Equity	99.5	102.8	108.8	115.0	125.5	138.6	154.2
Minorities & preferred	0.0	0.0	0.0	0.0	-	-	-
Provisions & deferred taxes	9.5	9.0	8.9	9.6	-	-	-
Net financial debt	50.8	39.6	44.3	27.5	120.0	111.9	99.4
Capital invested	-	-	-	-	-	-	-
Total assets	240.7	232.7	241.5	249.7	380.6	405.8	412.3
EV and CE details (EUR m)	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Market cap.	99.1	109.9	172.9	242.9	288.9	288.9	288.9
+ Net financial debt	50.8	39.6	44.3	27.5	120.0	111.9	99.4
(of which LT debt)	92.3	84.7	83.4	92.2	104.1	93.2	82.4
(of which ST debt)	18.3	14.0	11.0	10.8	32.5	32.5	32.5
(of which Cash position)	6.9	10.7	7.0	16.1	16.6	13.8	15.4
+ Provisions (pension)	9.5	9.0	8.9	9.6	120.0	111.9	99.4
+ Minorities (MV)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Peripheral assets (MV)	-4.8	-4.3	-13.6	-14.3	-1.1	-1.1	-1.1
+ Others	-	-	-	-	-	-	-
Enterprise Value	154.6	154.1	212.5	265.8	407.7	399.6	387.2
Equity (group share)	99.5	102.8	108.8	115.0	125.5	138.6	154.2
+ Net financial debt	50.8	39.6	44.3	27.5	120.0	111.9	99.4
+ Provisions (pension)	-	-	-	-	-	-	-
+ Minorities	0.0	0.0	0.0	0.0	-	-	-
- Peripheral assets	-4.8	-4.3	-13.6	-14.3	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	-1.1	-1.1	-1.1
Capital employed (for ROCE)	155.0	147.1	148.5	137.9	244.3	249.3	252.4
+ Accumulated goodwill amortiz.	-	-	-	-	-	-	-
CE (for ROCE grossed gdwll)	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-

Per Common Share (EUR)	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Adjusted EPS (*)	3.58	4.69	5.94	7.25	5.60	11.07	12.47
Adjusted EPS (fully diluted)	3.58	4.69	5.94	6.89	5.60	11.07	12.47
Declared EPS	3.58	4.69	5.94	7.25	5.60	11.07	12.47
CFS	14.01	14.80	16.26	16.95	21.24	26.39	27.65
FCF (to Equity)	6.15	6.50	-2.74	9.04	5.74	8.30	10.83
Dividend	2.50	2.50	3.50	3.50	3.50	3.50	4.00
Book Value	57.42	59.34	62.82	66.36	72.43	80.00	88.98
Shares (m)							
At the end of F.Y.	1.733	1.733	1.733	1.733	1.733	1.733	1.733
Average number	1.733	1.733	1.733	1.733	1.733	1.733	1.733
Fully diluted Average number	1.733	1.733	1.733	1.733	1.733	1.733	1.733

(*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/13	12/14	12/15	12/16	12/17e	12/18e	12/19e
Valuation analysis							
P/E	16.0	13.5	16.8	19.3	29.8	15.1	13.4
P/CF	4.1	4.3	6.1	8.3	7.9	6.3	6.0
P/BV	1.0	1.1	1.6	2.1	2.3	2.1	1.9
EV/Sales	0.4	0.4	0.5	0.6	0.8	0.6	0.5
EV/EBITDA	5.4	4.9	6.2	7.0	8.9	6.4	5.9
EV/EBITA	14.7	11.1	13.0	13.1	21.7	11.1	9.9
EV/EBIT	14.8	11.0	12.5	14.6	17.1	12.4	11.0
EV/CE	1.0	1.0	1.4	1.9	1.7	1.6	1.5
EV/CE (grossed goodwill)	-	-	-	-	-	-	-
EV/FCF (1)	8.0	6.6	32.6	9.5	35.8	22.9	18.0
FCF yield (2)	17.9%	16.3%	1.5%	9.4%	3.4%	5.0%	6.5%
Dividend yield	4.4%	3.9%	3.5%	2.5%	2.1%	2.1%	2.4%
Financial ratios							
Interest cover	19.9	28.1	43.3	88.0	12.3	7.3	8.8
Net Debt/EBITDA	1.8	1.3	1.3	0.7	2.6	1.8	1.5
Net Debt/Equity	51.1%	38.5%	40.7%	24.0%	95.6%	80.7%	64.5%
Net Debt/FCF (2)	2.9	2.2	16.9	1.2	12.1	7.8	5.3
Capital turnover	2.3	2.4	2.6	2.5	0.5	0.3	0.3
ROCE pre-tax	6.1%	8.5%	10.2%	11.0%	9.8%	12.9%	14.0%
ROCE post-tax	4.2%	5.6%	7.2%	7.4%	7.0%	9.0%	9.8%
ROCE pre-tax (grossed goodwill)	6.2%	8.7%	10.5%	11.2%	9.8%	12.9%	14.0%
ROCE post-tax (grossed gdwll)	4.3%	5.7%	7.4%	7.6%	7.0%	9.0%	9.8%
ROE	6.3%	8.0%	9.7%	10.7%	13.0%	13.8%	14.0%
Working capital (in % of sales)	6.2%	5.1%	5.8%	4.3%	5.0%	4.5%	5.1%
Payout	69.8%	53.3%	58.9%	50.8%	37.2%	31.6%	32.1%
Margin analysis and tax rate							
Gross margin	44.2%	45.5%	47.4%	45.7%	-	-	-
EBITDA margin	7.0%	7.9%	8.6%	9.0%	9.2%	8.6%	8.7%
EBITA margin	2.6%	3.5%	4.1%	4.9%	3.7%	4.9%	5.2%
Adjusted profit margin	1.5%	2.0%	2.6%	2.9%	1.9%	2.6%	2.9%
Tax rate	30.3%	29.2%	26.1%	29.6%	27.9%	30.0%	30.0%
Growth analysis							
Sales	-3%	-2%	-1%	6%	20%	45%	3%
EBITDA	-8%	10%	9%	10%	22%	36%	5%
EBITA	-24%	32%	18%	24%	-8%	91%	9%
Adjusted profit	-24%	31%	27%	16%	-19%	98%	13%
Adjusted EPS	-24%	31%	27%	22%	-23%	98%	13%
Dividend	0%	0%	40%	0%	0%	0%	14%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

Notes -

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	SELL	REDUCE	HOLD	ADD	BUY
High Beta >= 1.3	RP < -15%	-15% <= RP < -6%	-6% <= RP < +6%	+6% <= RP < +15%	RP >= 15%
Medium 0.9 < Beta > 1.3	RP < -10%	-10% <= RP < -4%	-4% <= RP < +4%	+4% <= RP < +10%	RP >= 10%
Low Beta <= 0.9	RP < -6%	-6% <= RP < -2%	-2% <= RP < +2%	+2% <= RP < +6%	RP >= 6%

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