

Monsoon and Capex delay hit 3Q

Bank of America
Merrill Lynch

Bharat Parekh >>

+91 22 6632 8656

Research Analyst
DSP Merrill Lynch (India)
bharat.parekh@baml.com

Weak 3Q led by Monsoon and capex delay; Maintain Neutral

Neyveli had weak 3Q11 - Rec PAT fell 11%YoY led by an excessive monsoon impacting its lignite mines linked power stations. Power generation fell by 3%YoY despite +5%YoY in capacity on lower PLF 63% (vs 69%). We cut our FY11-12E EPS by 3-6% to factor in delay in commissioning of 125MW Barsingsar TPS Unit 2 and 500MW Neyveli TPS 2 expansion. We also cut our PO to Rs132 (Rs137) on EPS/BV cut, de-rating of multiple 1.7x (vs 2x) FY13E P/BV on delay in catalysts and de-rating of power sector/NTPC. We see the stock moving sideways on a) lack of near term catalysts and b) expensive valuation 14x FY12E EPS inline with NTPC for lower EPS growth and 360bps lower RoE vs NTPC.

Weak Generation -3% despite capacity +5%; Cut EPS by 3-6%

Neyveli 3QFY11 sales at Rs8.7bn were flat on weak generation -3%YoY led by lower PLF of 63% vs 69% despite capacity +5%YoY at 2.6GW. EBITDA Rs1.1bn +13%YoY while Rec PAT -11%YoY on higher fixed cost – depreciation +32% and interest +687% on start of 125MW Barsingsar plant. Rep PAT Rs961mn -74%YoY on high base - adjustment in 3QFY10 of Rs3.9bn 1HFY10 power sales reckoned as per accounting policy. We cut our FY11-12E EPS by 3-6% to factor in 6-12 months delay in commissioning / commercialization of 125MW Barsingsar TPS unit 2 – now in 4QFY11E and 500MW Neyveli TPS 2 expansion – likely by FY12E.

Maintain Neutral rating in absence of near-term triggers

We cut our PO to Rs132 (Rs137) on EPS/BV cut, de-rating of multiple 1.7x (2x) FY13E P/BV for parent valuation. We see the stock moving sideways on lack of near term catalysts and expensive valuation of 14x FY12E EPS – inline with NTPC when its RoE is 360bps lower vs NTPC. Benefits from regulatory policy seem priced in and potential risks / stock overhang (Govt. divestment) could cap stock returns here on, in our view. We are yet to value 1000MW JV with TNEB (NTPL) and 7GW of projects planned by NLC for XII plan (FY13-17E).

Estimates (Mar)

(Rs)	2009A	2010A	2011E	2012E	2013E
Net Income (Adjusted - mn)	9,075	13,007	12,422	13,827	14,167
EPS	5.41	7.75	7.40	8.24	8.44
EPS Change (YoY)	-24.3%	43.3%	-4.5%	11.3%	2.5%
Dividend / Share	2.00	2.00	2.20	2.20	2.20
Free Cash Flow / Share	(0.452)	0.436	(2.74)	7.13	7.31

Valuation (Mar)

	2009A	2010A	2011E	2012E	2013E
P/E	21.46x	14.97x	15.67x	14.08x	13.74x
Dividend Yield	1.72%	1.72%	1.90%	1.90%	1.90%
EV / EBITDA*	20.21x	15.41x	11.92x	9.47x	8.98x
Free Cash Flow Yield*	-0.389%	0.376%	-2.36%	6.15%	6.30%
Price/Book Value	2.07	1.90	1.76	1.62	1.50

* For full definitions of *iQmethod*SM measures, see page 8.

Stock Data

Price	Rs116.05
Price Objective	Rs132.00
Date Established	28-Jan-2011
Investment Opinion	C-2-7
Volatility Risk	HIGH
52-Week Range	Rs115.00-Rs180.80
Mrkt Val / Shares Out (mn)	US\$4,268 / 1,677.7
Average Daily Volume	312,841
BofAML Ticker / Exchange	NEYVF / BSE
Bloomberg / Reuters	NLC IN / NELG.BO
ROE (2011E)	11.7%
Net Dbt to Eqty (Mar-2010A)	-7.3%
Est. 5-Yr EPS / DPS Growth	11.0% / 11.0%
Free Float	6.4%

Key Changes

(Rs)	Previous	Current
Price Obj.	137.00	132.00
2011E Rev (m)	46,399.8	46,982.6
2012E Rev (m)	53,543.1	55,386.7
2013E Rev (m)	NA	59,892.0
2011E EPS	7.83	7.40
2012E EPS	8.43	8.24
2013E EPS	NA	8.44

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Refer to important disclosures on page 9 to 11. Analyst Certification on Page 7. Price Objective Basis/Risk on page 7. Link to Definitions on page 7. 11013916

28 January 2011

iQprofileSM Neyveli Lignite Corp.

Key Income Statement Data (Mar)	2009A	2010A	2011E	2012E	2013E
(Rs Millions)					
Sales	28,251	41,210	46,983	55,387	59,892
Gross Profit	14,443	18,928	24,292	29,870	31,730
Sell General & Admin Expense	(4,601)	(6,024)	(7,611)	(8,862)	(9,583)
Operating Profit	5,597	10,365	12,315	15,351	16,321
Net Interest & Other Income	6,568	5,652	4,118	2,762	2,250
Associates	NA	NA	NA	NA	NA
Pretax Income	12,165	16,017	16,434	18,113	18,571
Tax (expense) / Benefit	(3,090)	(3,010)	(4,011)	(4,286)	(4,404)
Net Income (Adjusted)	9,075	13,007	12,422	13,827	14,167
Average Fully Diluted Shares Outstanding	1,678	1,678	1,678	1,678	1,678

Key Cash Flow Statement Data

Net Income	9,075	13,007	12,422	13,827	14,167
Depreciation & Amortization	4,245	2,539	4,365	5,657	5,827
Change in Working Capital	468	(6,042)	(285)	(137)	207
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	655	(1,010)	822	906	929
Cash Flow from Operations	14,444	8,493	17,324	20,253	21,130
Capital Expenditure	(15,201)	(7,761)	(21,928)	(8,283)	(8,866)
(Acquisition) / Disposal of Investments	149	(2,336)	(2,901)	(3,925)	1,032
Other Cash Inflow / (Outflow)	0	0	0	0	0
Cash Flow from Investing	(15,053)	(10,097)	(24,829)	(12,208)	(7,834)
Shares Issue / (Repurchase)	(245)	(421)	91	0	0
Cost of Dividends Paid	(3,926)	(3,926)	(4,318)	(4,318)	(4,318)
Cash Flow from Financing	8,499	(4,150)	1,783	(9,058)	(7,065)
Free Cash Flow	(758)	732	(4,604)	11,969	12,264
Net Debt	(13,945)	(7,463)	4,270	543	(8,434)
Change in Net Debt	5,644	6,482	11,732	(3,726)	(8,978)

Key Balance Sheet Data

Property, Plant & Equipment	86,250	91,473	109,036	111,662	114,701
Other Non-Current Assets	8,114	10,449	13,350	17,275	16,243
Trade Receivables	7,814	16,116	18,374	21,660	23,422
Cash & Equivalents	54,522	48,236	42,515	41,501	47,732
Other Current Assets	13,234	12,491	13,891	16,137	17,551
Total Assets	169,935	178,766	197,165	208,236	219,649
Long-Term Debt	40,577	40,774	46,784	42,045	39,298
Other Non-Current Liabilities	6,714	5,704	6,526	7,432	8,360
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	28,516	30,032	33,404	38,800	42,183
Total Liabilities	75,807	76,510	86,714	88,276	89,841
Total Equity	94,128	102,256	110,451	119,960	129,808
Total Equity & Liabilities	169,935	178,766	197,165	208,236	219,649

iQmethodSM - Bus Performance*

Return On Capital Employed	6.9%	9.2%	8.6%	9.3%	9.5%
Return On Equity	9.9%	13.2%	11.7%	12.0%	11.3%
Operating Margin	19.8%	25.2%	26.2%	27.7%	27.3%
EBITDA Margin	34.8%	31.3%	35.5%	37.9%	37.0%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.6x	0.7x	1.4x	1.5x	1.5x
Asset Replacement Ratio	3.6x	3.1x	5.0x	1.5x	1.5x
Tax Rate (Reported)	25.4%	18.8%	24.4%	23.7%	23.7%
Net Debt-to-Equity Ratio	-14.8%	-7.3%	3.9%	0.5%	-6.5%
Interest Cover	NM	30.9x	9.0x	6.8x	5.5x

Key Metrics

* For full definitions of iQmethodSM measures, see page 8.

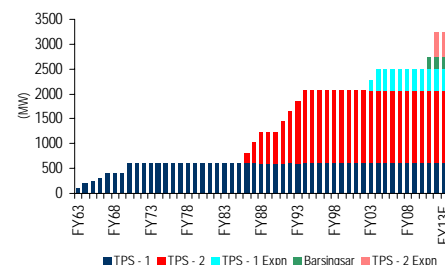
Company Description

Neyveli Lignite Corp (NLC) is 93.6% government-owned and is engaged in the exploitation of lignite deposits for generation of lignite-based power in Tamil Nadu and Rajasthan. It has 4 lignite mines (30.6mtpa capacity) and 4 thermal power stations of 2615MW (2490MW at Tamil Nadu & 125MW Rajasthan). Power contributes more than 90% of revenues. It is also developing a 2x500MW coal based power project in JV with TNEB through its 89% subsidiary NLC Tamilnadu Power Ltd (NTPL).

Investment Thesis

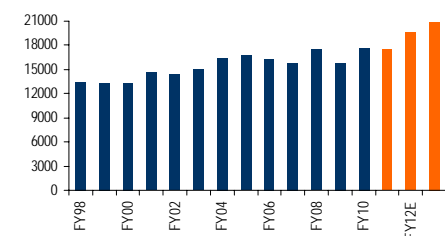
Lack of tariff visibility esp. of lignite and capacity addition beyond FY12, slow earning growth due to delays in capacity addition and a relatively expensive valuation are basis of our Neutral rating. Upside risk is speedy start of 12th plan project execution. Downside risks: potential 26% mine tax, uncertain pricing of lignite, delay in project execution. Macro risks are delay in power reforms & financial health of state distribution companies / its key customer TNEB.

Chart 1: Neyveli - Capacity Expansion



Source: Company, BofA Merrill Lynch Global Research

Chart 2: Neyveli - Gross Generation



Source: Company, BofA Merrill Lynch Global Research

Stock Data

Price to Book Value 1.8x

Gross generation fell 3%YoY on excessive monsoon in 3Q11 excessive monsoon impacting its lignite mines linked power stations.

EBITDA +13%YoY while Rec. PAT -11%YoY on higher depreciation +32%YoY and interest cost +687%YoY

Rep PAT Rs961mn -74%YoY on adjustment in 3QFY10 of Rs3.9bn 1HFY10 power sales reckoned as per accounting policy.

Table 1: Neyveli - 3QFY11 Results Review

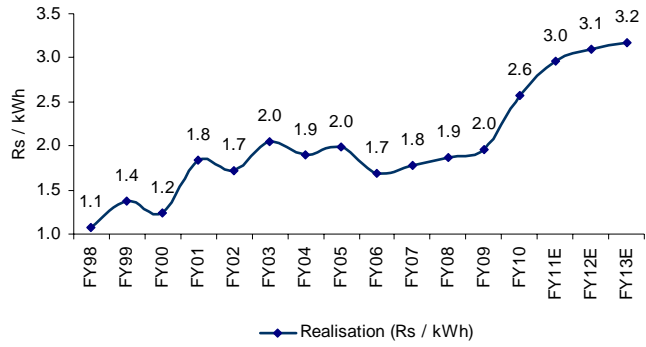
For the period (Rsmn)	3QFY10	3QFY11	%YoY
Gross Generation (mu)	3,777	3,660	-3.1%
Net Sales	8,630	8,692	0.7%
Staff Costs	(4,759)	(4,035)	-15.2%
- % of net sales	55.1%	46.4%	
Consumption of Stores & Spares	(1,409)	(1,643)	16.6%
- % of net sales	16.3%	18.9%	
Other expenditure	(1,482)	(1,904)	28.4%
- % of net sales	17.2%	21.9%	
EBITDA	980	1,110	13.3%
EBITDA Margin	11.4%	12.8%	
Depreciation	(723)	(956)	32.2%
EBIT	257	154	-40.0%
EBIT Margin	3.0%	1.8%	
Interest	(33)	(261)	686.7%
Other Income	1,365	1,309	-4.1%
PBT	1,589	1,202	-24.3%
PBT Margin	18.4%	13.8%	
Tax	(513)	(243)	-52.7%
- Tax Rate	32.3%	20.2%	
Rec PAT	1,075	960	-10.7%
Rec PAT Margin	12.5%	11.0%	
Extraordinary & Exceptional	2,636	1	-100.0%
Reported PAT	3,711	961	-74.1%
Rep PAT Margin	43.0%	11.1%	

Neyveli - Segmental Details

For the period (Rsmn)	3QFY10	3QFY11	%YoY
Revenue			
Lignite Mining	8,564	6,855	-20.0%
Power Generation	8,652	8,534	-1.4%
Total	17,216	15,388	-10.6%
Intersegment	8,586	6,696	-22.0%
Net Sales / Income from ops	8,630	8,692	0.7%
PBIT			
Lignite Mining	2,646	629	-76.2%
Margin	30.9%	9.2%	-2173bps
Power Generation	(2,045)	105	-105.1%
Margin	-23.6%	1.2%	2,486.8
Total	602	734	22.0%
- Margin	7.0%	8.4%	

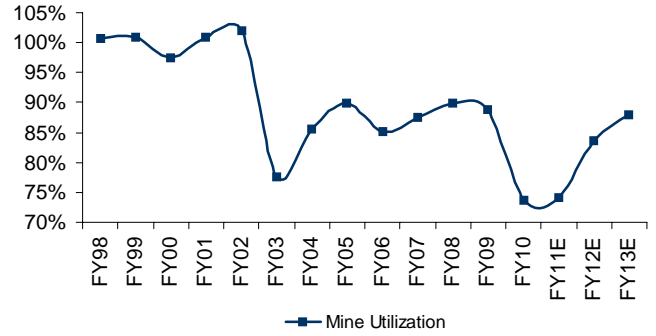
Source: Company, BofA Merrill Lynch Global Research

Chart 3: Neyveli Average Realisation



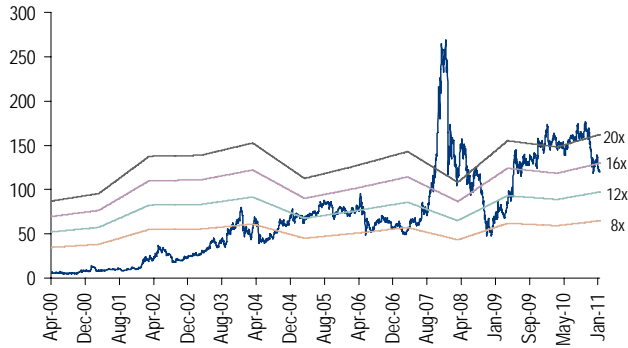
Source: Company, BofA Merrill Lynch Global Research

Chart 4: Neyveli Mines Utilization



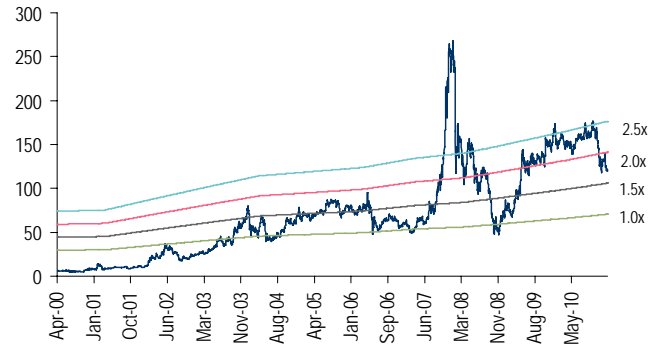
Source: Company, BofA Merrill Lynch Global Research

Chart 5: Neyveli - P/E Band



Source: Company, BofA Merrill Lynch Global Research

Chart 6: Neyveli - P/BV Band



Source: Company, BofA Merrill Lynch Global Research

Table 2: Neyveli - Profit & Loss Statement

FY ends Mar31 (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Net Sales	28,251	41,210	46,983	55,387	59,892
- Growth %	-6.9%	45.9%	14.0%	17.9%	8.1%
Consumption of Stores and Spares	(3,954)	(5,317)	(4,792)	(5,649)	(6,109)
% of Sales	14.0%	12.9%	10.2%	10.2%	10.2%
Employee Costs	(9,854)	(16,965)	(17,898)	(19,867)	(22,053)
% of Sales	34.9%	41.2%	38.1%	35.9%	36.8%
Other Expenses	(4,601)	(6,024)	(7,611)	(8,862)	(9,583)
% of Sales	16.3%	14.6%	16.2%	16.0%	16.0%
Total Expenses	(18,410)	(28,306)	(30,302)	(34,379)	(37,744)
EBITDA	9,842	12,904	16,681	21,008	22,148
EBITDA Margin	34.8%	31.3%	35.5%	37.9%	37.0%
Depreciation	(4,245)	(2,539)	(4,365)	(5,657)	(5,827)
EBIT	5,597	10,365	12,315	15,351	16,321
EBIT Margin	19.8%	25.2%	26.2%	27.7%	27.3%
Interest	(82)	(336)	(1,373)	(2,268)	(2,976)
Other Income	5,970	5,395	4,991	4,621	4,908
Recurring Bond Income	680	592	499	409	318
PBT	12,165	16,017	16,434	18,113	18,571
PBT Margin	43.1%	38.9%	35.0%	32.7%	31.0%
Tax	(3,090)	(3,010)	(4,011)	(4,286)	(4,404)
Rec. PAT	9,075	13,007	12,422	13,827	14,167
Rec PAT Margin	32.1%	31.6%	26.4%	25.0%	23.7%
Extra-ordinary & Exceptionals	(864)	(532)	0	0	0
Reported PAT	8,211	12,475	12,422	13,827	14,167
- Rep PAT Margin	29.1%	30.3%	26.4%	25.0%	23.7%

Source: Company, BofA Merrill Lynch Global Research

Table 3: Neyveli - Balance Sheet Statement

FY ends Mar31 (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
Share Capital	16,777	16,777	16,777	16,777	16,777
Reserves & Surplus	77,890	86,445	94,549	104,057	113,906
Capital Grants	25	25	25	25	25
Misc Expenditure	(565)	(991)	(900)	(900)	(900)
Net Worth	94,128	102,256	110,451	119,960	129,808
Secured Loans	31,000	32,375	40,347	37,570	36,785
Unsecured Loans	9,577	8,399	6,437	4,475	2,513
Total Loans	40,577	40,774	46,784	42,045	39,298
Deferred Tax Liability	6,714	5,704	6,526	7,432	8,360
TOTAL LIABILITIES + NETWORTH	141,419	148,734	163,761	169,436	177,466
Gross Block	108,934	119,324	159,914	188,613	192,385
Accumulated Depreciation	(63,904)	(66,936)	(71,302)	(76,959)	(82,785)
Net Block	45,030	52,388	88,613	111,654	109,600
CWIP	39,592	38,312	19,573	(927)	4,073
Advance for capital items	1,629	773	850	935	1,028
Net Fixed Assets	86,250	91,473	109,036	111,662	114,701
Investments	8,114	10,449	13,350	17,275	16,243
Sundry Debtors	7,814	16,116	18,374	21,660	23,422
Inventories	5,359	5,030	5,384	6,109	6,707
Cash & Bank Balances	54,522	48,236	42,515	41,501	47,732
Loans & Advances	5,981	5,816	6,631	7,817	8,452
Other Current Assets	1,895	1,646	1,876	2,212	2,392
Current Assets, Loans & Advances	75,571	76,844	74,779	79,298	88,705
Current Liabilities	20,589	23,899	26,412	30,558	33,270
Provisions	7,927	6,133	6,992	8,242	8,913
Current Liab & Provisions	28,516	30,032	33,404	38,800	42,183
Net Current Assets	47,055	46,812	41,375	40,498	46,522
TOTAL ASSETS	141,419	148,734	163,761	169,436	177,466

Source: Company, BofA Merrill Lynch Global Research

Table 4: Neyveli - Cash Flow Statement

FY ends Mar31 (Rsmn)	FY09	FY10	FY11E	FY12E	FY13E
PBT	12,165	16,017	16,434	18,113	18,571
Tax Paid	(3,090)	(3,010)	(4,011)	(4,286)	(4,404)
Change in DTL	656	(1,010)	822	906	929
Add: D&A	4,245	2,539	4,365	5,657	5,827
- Chg in Inventories	(878)	329	(355)	(724)	(598)
- Chg in Debtors	(5,626)	(8,302)	(2,257)	(3,287)	(1,762)
- Chg in Loans & Advances	(2,905)	165	(815)	(1,186)	(636)
- Chg in Other CA	(298)	249	(230)	(336)	(180)
- Chg in CL	5,929	3,310	2,513	4,145	2,712
- Chg in Provisions	4,246	(1,794)	859	1,251	670
Change in Working Capital	468	(6,042)	(285)	(137)	207
Cash Flow from Operations	14,444	8,493	17,324	20,253	21,130
Capex	(15,201)	(7,761)	(21,928)	(8,283)	(8,866)
Change in Investments/Assets	149	(2,336)	(2,901)	(3,925)	1,032
Extraordinary Items + Tax Adjustments	(864)	(532)	0	0	0
Others	0	0	0	0	0
Cash Flow from Investing Activities	(15,916)	(10,629)	(24,829)	(12,208)	(7,834)
Change in Debt	12,670	197	6,010	(4,740)	(2,747)
Change in Equity	0	0	0	0	0
Change in Reserves	(245)	(421)	91	0	(0)
Dividend and Dividend Tax	(3,926)	(3,926)	(4,318)	(4,318)	(4,318)
Cash Flow from Financing Activities	8,499	(4,150)	1,783	(9,058)	(7,065)
Increase/(Decrease) in Cash	7,026	(6,286)	(5,722)	(1,013)	6,231
Opening Cash & Bank Balance	47,496	54,522	48,236	42,515	41,501
Closing Cash & Bank Balance	54,522	48,236	42,515	41,501	47,732

Source: Company, BofA Merrill Lynch Global Research

Table 5: Neyveli - Key Ratios & Valuation

FY ends Mar31	FY09	FY10	FY11E	FY12E	FY13E
Rec. PAT	9,075	13,007	12,422	13,827	14,167
CMP (Rs)	116	116	116	116	116
Shares o/s (mn)	1,678	1,678	1,678	1,678	1,678
Market Cap (Rs mn)	194,698	194,698	194,698	194,698	194,698
Rec EPS (Rs.)	5.4	7.8	7.4	8.2	8.4
- EPS Growth Rate	-24.3%	43.3%	-4.5%	11.3%	2.5%
P/E (x)	21.5	15.0	15.7	14.1	13.7
CEPS (Rs.)	7.9	9.3	10.0	11.6	11.9
P/CEPS (x)	14.6	12.5	11.6	10.0	9.7
BV (Rs)	56.1	60.9	65.8	71.5	77.4
P/BV (x)	2.1	1.9	1.8	1.6	1.5
DPS (Rs)	2.0	2.0	2.2	2.2	2.2
- Yield %	1.7%	1.7%	1.9%	1.9%	1.9%
Net Debt (Rs mn)	(21,169)	(13,654)	(890)	(3,585)	(11,530)
D/E (x)	0.43	0.40	0.42	0.35	0.30
Net D/E (x)	(0.2)	(0.1)	(0.0)	(0.0)	(0.1)
EV (Rs mn)	173,530	181,044	193,808	191,114	183,168
EV/EBITDA (x)	17.6	14.0	11.6	9.1	8.3
EV/MW (x)	69.7	72.7	70.7	59.0	56.5
- PAT/EBIT	162%	125%	101%	90%	87%
- EBIT/Sales	20%	25%	26%	28%	27%
- Sales/Assets	21%	28%	30%	33%	35%
- Assets/Networth	144%	148%	147%	145%	139%
RoE	9.9%	13.2%	11.7%	12.0%	11.3%
RoCE	3.1%	5.8%	6.0%	7.0%	7.2%

Source: Company, BofA Merrill Lynch Global Research

Price objective basis & risk

Neyveli Lignite (NEYVF)

We have valued NLC at Rs132 (Rs137) based on 1.7x of FY13E book value, which is 10% discount to NTPC. Lack of tariff visibility esp. of lignite and capacity addition beyond FY12, slow earning growth 7% CAGR FY11-13E due to delays in capacity addition and a relatively expensive valuation of 1.7x FY13E P/BV, which is 10% discount to NTPC for a 360bps lower RoE are the basis for the Neutral rating on stock. Upside risk is speedy start of 12th plan project execution. Downside risks: potential 26% mine tax, uncertain pricing of lignite, delay in project execution. Macro risks are delay in power reforms & financial health of state distribution companies / its key customer TNEB.

Link to Definitions

Energy

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Address – Mafatlal Centre, 8th Floor, Nariman Point, Mumbai, India. 400021

Tel : +91 22 6632 8000

India - Engineering/Construction/Utilities Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	Adani Enterprises Ltd.	ANIEF	ADE IN	Bharat Parekh
	Adani Power Ltd.	XADPF	ADANI IN	Bharat Parekh
	Bharat Heavy	BHHEF	BHEL IN	Bharat Parekh
	Essar Shipping, Ports & Logistics Ltd.	XESSF	ESRS IN	Bharat Parekh
	Gujarat State Petronet Ltd	GJRSF	GUJS IN	Vidyadhar Ginde
	GVK Power & Infrastructure Ltd.	GVPWF	GVKP IN	Deepak Agrawala
	IRB Infrastructure Developers Ltd.	XIRBF	IRB IN	Bharat Parekh
	IVRCL Infrastruc	IIFRF	IVRC IN	Bharat Parekh
	Jaiprakash Associates Limited	JPRKF	JPA IN	Bharat Parekh
	Jaiprakash Power Ventures Ltd.	XJSHF	JPVL IN	Bharat Parekh
	Lanco Infratech Ltd.	LNIFF	LANCI IN	Deepak Agrawala
	Larsen & Toub -G	LTORF	LTOD LI	Bharat Parekh
	Larsen & Toubro	LTOUF	LT IN	Bharat Parekh
	Mundra Port SEZ	XMANF	MSEZ IN	Bharat Parekh
	Nagarjuna Const	NGRJF	NJCC IN	Bharat Parekh
	NCC-GDR	XAKUF	NJGR LX	Bharat Parekh
	Reliance Infrastructure	RCTDF	RELI IN	Bharat Parekh
NEUTRAL				
	GMR Infrastructure Ltd.	GMRLF	GMRI IN	Deepak Agrawala
	Gujarat Inds	GUJIF	GIP IN	Bharat Parekh
	Neyveli Lignite	NEYVF	NLC IN	Bharat Parekh
	Tata Pwr. Co.	XTAWF	TPWR IN	Bharat Parekh
UNDERPERFORM				
	ABB	ABVFF	ABB IN	Bharat Parekh
	Gail India	XGLAF	GAIL IN	Vidyadhar Ginde
	Gail Limited - G	GAILF	GAIL LI	Vidyadhar Ginde
	NTPC Ltd	NTHPF	NATP IN	Bharat Parekh
	Suzlon Energy	XZULF	SUEL IN	Bharat Parekh

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Other LT Liabilities}$	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

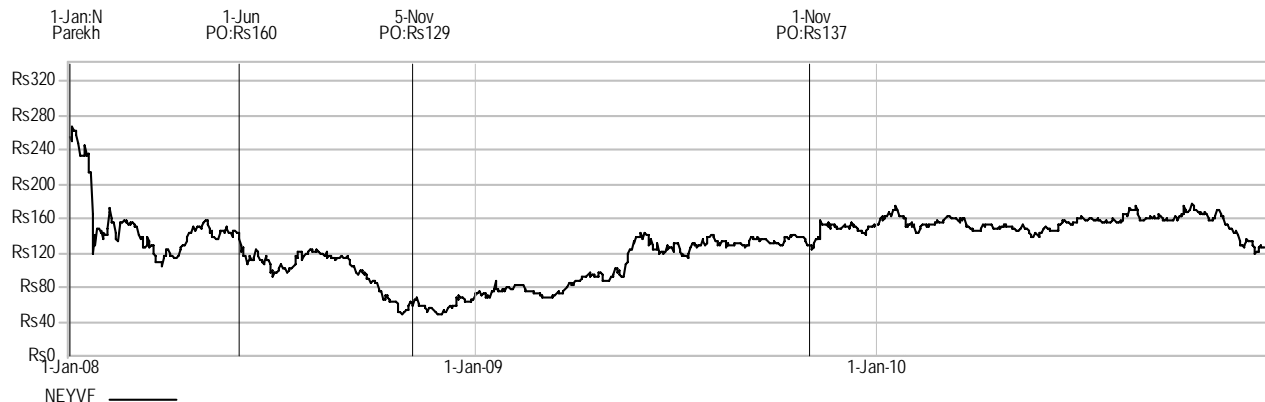
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NEYVF Price Chart



B : Buy, N : Neutral, S : Sell, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

Prior to May 31, 2008, the investment opinion system included Buy, Neutral and Sell. As of May 31, 2008, the investment opinion system includes Buy, Neutral and Underperform. Dark Grey shading indicates that a security is restricted with the opinion suspended. Light grey shading indicates that a security is under review with the opinion withdrawn. The current investment opinion key is contained at the end of the report. Chart is current as of December 31, 2010 or such later date as indicated.

Investment Rating Distribution: Utilities Group (as of 01 Jan 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	74	39.57%	Buy	30	46.15%
Neutral	56	29.95%	Neutral	33	63.46%
Sell	57	30.48%	Sell	17	33.33%

Investment Rating Distribution: Global Group (as of 01 Jan 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	2011	53.86%	Buy	874	48.31%
Neutral	925	24.77%	Neutral	444	52.30%
Sell	798	21.37%	Sell	276	36.75%

* Companies in respect of which BofA Merrill Lynch or one of its affiliates has received compensation for investment banking services within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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