

Downgrade to Neutral on full valuations

Downgrade to Neutral post recent sharp outperformance

Matrix has rallied 31%+ in the past month, with most of the up-move occurring post last week's announcement of Mylan's (Matrix's parent) US\$6.7bn buyout of Merck KGaA. The stock has breached our PO and currently trades at 27x FY08E and 19x FY09E EPS, about 26% and 7% premium to sector averages on FY08E and FY09E EPS. Hence we downgrade to Neutral, noting full valuations.

Benefits from Merck KGaA integration from FY10E only

Mylan expects the Merck KGaA deal to deliver US\$250mn synergies p.a. from 2010 onwards and indicated that a significant component of the synergies would be due to the vertical integration from using Matrix's API. Our preliminary analysis points to Rs2.7 additional EPS from the deal in FY10E (30% of FY08E EPS).

Mylan deal benefits already factored in earnings

Our estimate of 119% EPS growth for FY08E and 43% EPS growth for FY09E well reflects the start of API sourcing for 12-15 ANDAs by Mylan from 2H08E onwards (~ US\$25mn API revenues in FY09E).

Upside risk from full buyout by Mylan; timing uncertain

In our view, the added importance of Matrix as an API base for Mylan post the Merck KGaA deal makes Matrix an attractive candidate for a complete buyout by Mylan. In our view, if an open offer for the balance 23.5% stake were to happen in the near term, it could well be at 15-17% premium (around Rs275) to current levels (like in the case of earlier buyout).

Estimates (Mar)

(Rs)	2005A	2006A	2007E	2008E	2009E
Net Income (Adjusted - mn)	1,303	1,376	626	1,369	1,950
EPS	8.70	8.96	4.07	8.91	12.70
EPS Change (YoY)	-11.1%	2.9%	-54.5%	118.7%	42.5%
Dividend / Share	1.20	1.20	1.20	1.20	1.20
Free Cash Flow / Share	2.24	(25.95)	(10.94)	1.45	6.36

Valuation (Mar)

	2005A	2006A	2007E	2008E	2009E
P/E	27.59x	26.80x	58.92x	26.94x	18.91x
Dividend Yield	0.500%	0.500%	0.500%	0.500%	0.500%
EV / EBITDA*	20.49x	22.74x	19.63x	12.56x	10.02x
Free Cash Flow Yield*	0.908%	-10.81%	-4.56%	0.604%	2.65%

* For full definitions of *iQmethod*SM measures, see page 9.



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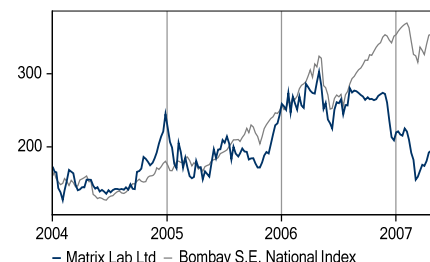
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Stock Data

Price	Rs240.05
Investment Opinion	C-1-7 to C-2-7
Volatility Risk	HIGH
52-Week Range	Rs149.00-Rs297.00
Mrkt Val / Shares Out (mn)	US\$904 / 153.6
Average Daily Volume	90,946
ML Symbol / Exchange	MXLBF / BSE
Bloomberg / Reuters	HDPH IN / MAXL.BO
ROE (2007E)	6.3%
Net Dbt to Eqty (Mar-2006A)	103.7%
Est. 5-Yr EPS / DPS Growth	20.0% / NA
Free Float	35.0%



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Refer to important disclosures on page 10 to 11. Analyst Certification on page 8.

iQprofileSM Matrix Laboratories Ltd.

Key Income Statement Data (Mar)	2005A	2006A	2007E	2008E	2009E
(Rs Millions)					
Sales	6,413	11,859	15,930	19,256	22,087
Gross Profit	2,368	3,110	4,228	5,317	6,359
Sell General & Admin Expense	(468)	(1,148)	(1,409)	(1,708)	(1,963)
Operating Profit	1,563	1,254	1,236	2,161	2,842
Net Interest & Other Income	47	1,128	(446)	(511)	(533)
Associates	NA	NA	NA	NA	NA
Pretax Income	1,610	2,382	790	1,650	2,309
Tax (expense) / Benefit	(307)	(376)	(164)	(281)	(359)
Net Income (Adjusted)	1,303	1,376	626	1,369	1,950
Average Fully Diluted Shares Outstanding	150	154	154	154	154

Key Cash Flow Statement Data

Net Income (Reported)	1,303	2,006	626	1,369	1,950
Depreciation & Amortization	177	313	580	677	715
Change in Working Capital	(87)	(1,472)	(2,128)	(1,018)	(990)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	145	(138)	505	694	801
Cash Flow from Operations	1,538	709	(418)	1,723	2,477
Capital Expenditure	(1,203)	(4,695)	(1,263)	(1,500)	(1,500)
(Acquisition) / Disposal of Investments	0	(10,485)	0	0	0
Other Cash Inflow / (Outflow)	(1,564)	1,140	(96)	(59)	(210)
Cash Flow from Investing	(2,767)	(14,039)	(1,359)	(1,559)	(1,710)
Shares Issue / (Repurchase)	172	8	0	0	0
Cost of Dividends Paid	(180)	(184)	(184)	(184)	(184)
Cash Flow from Financing	1,281	14,914	1,235	37	(568)
Free Cash Flow	335	(3,986)	(1,681)	223	977
Net Debt	373	10,670	13,156	13,885	14,113
Change in Net Debt	(1,666)	10,297	2,486	729	228

Key Balance Sheet Data

Property, Plant & Equipment	3,711	7,528	8,212	9,035	9,819
Other Non-Current Assets	1,595	10,939	11,035	11,094	11,304
Trade Receivables	1,367	3,957	5,877	6,921	7,953
Cash & Equivalents	88	1,672	1,130	1,331	1,530
Other Current Assets	2,971	6,692	10,171	11,979	13,766
Total Assets	9,732	30,789	36,425	40,359	44,372
Long-Term Debt	461	12,341	14,286	15,216	15,642
Other Non-Current Liabilities	175	460	414	373	335
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	2,856	7,695	10,965	12,799	14,629
Total Liabilities	3,492	20,496	25,665	28,388	30,607
Total Equity	6,240	10,293	10,760	11,971	13,765
Total Equity & Liabilities	9,732	30,789	36,425	40,359	44,372

iQmethodSM - Bus Performance*

Return On Capital Employed	24.6%	8.4%	5.0%	7.7%	9.3%
Return On Equity	32.5%	17.2%	6.3%	12.7%	15.9%
Operating Margin	24.5%	10.8%	7.9%	11.4%	13.0%
EBITDA Margin	27.1%	13.2%	11.4%	14.7%	16.1%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.2x	0.5x	-0.7x	1.3x	1.3x
Asset Replacement Ratio	6.8x	15.0x	2.2x	2.2x	2.1x
Tax Rate (Reported)	19.1%	15.8%	20.8%	17.0%	15.5%
Net Debt-to-Equity Ratio	6.0%	103.7%	122.3%	116.0%	102.5%
Interest Cover	24.9x	4.7x	1.7x	2.7x	3.3x

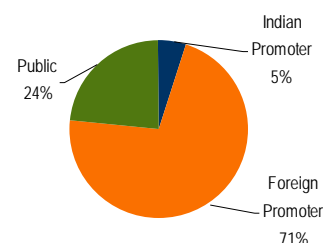
Key Metrics

* For full definitions of iQmethodSM measures, see page 9.

Company Description

Matrix is one of the world's largest pharmaceutical bulk drug makers with over 165 APIs in the market and 10 manufacturing facilities, six of which are FDA approved. Matrix is largely present in regulated markets like the US and EU and has several therapies like CNS and anti-AIDS. The US company, Mylan, owns 71.5% in Matrix.

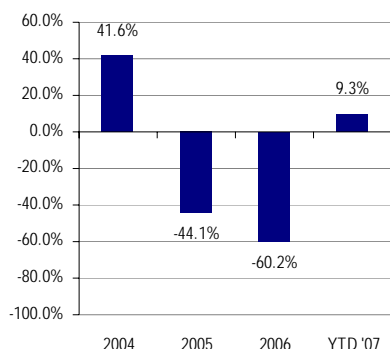
Chart 1: Shareholding pattern



Source: BSE, ML Research

Stock Data

Price to Book Value 3.6x

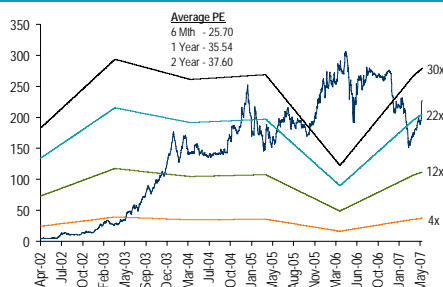
Chart 2: Matrix Relative Performance


Source: Bloomberg

Table 1: Matrix Performance

	Absolute Returns	Relative to Sensex
1 Month	31.08%	27.92%
3 Month	10.73%	9.89%
6 Month	-11.92%	-16.80%
1 Year	-13.39%	-32.31%
YTD	10.60%	9.27%

Source: Bloomberg

Chart 3: Matrix Forward PE Band


Source: Bloomberg, Merrill Lynch Research

Recommendation lowered to Neutral

The Matrix stock has seen a sharp 31%+ run-up in the past month with most of the up-move occurring post last week's announcement of Mylan's (Matrix's parent) US\$6.7bn buyout of Merck KGaA. The stock has breached our PO and currently trades at 27x FY08E and 19x FY09E EPS, about 26% and 7% premium to sector averages on FY08E and FY09E EPS. Hence we downgrade to Neutral noting full valuations.

Benefits from Merck KGaA integration over the long term

Mylan's US\$6.7bn all cash buyout of Merck KGaA has resulted in the company becoming the world's third-largest global generics player, with combined revenues of US\$4.2bn and EBITDA of US\$1bn. In our view Matrix (71.5% owned by Mylan) will likely be a significant beneficiary of the deal, which we expect to reflect in FY10E EPS. In the interim, Matrix may need to undertake significant capacity expansion to cater to the additional demand.

- Mylan expects the Merck KGaA deal to deliver US\$250mn synergies p.a. from 2010 onwards, of which API is estimated to be a significant part and Matrix is expected to deliver the necessary cost advantage.
- According to Mylan, the cost benefits accrued by transferring volume production to Matrix should eventually help in retaining a respectable market share after end of exclusivity period in various commercial opportunities due to flexibility in pricing.
- Mylan plans to transfer part of the API business of Merck Generics (currently worth US\$250-300mn) to Matrix as well as derive benefits through insourcing of products currently manufactured by third parties.
- If we assume that Matrix were to receive an additional US\$100mn worth of API business from this deal, we estimate this would translate into additional ~US\$10mn profits, about Rs2.7 EPS impact (nearly 30% of FY08E EPS).

Valuations full; likely buyout catalyst but timing uncertain

Matrix is trading at 26.6x FY08E and 18.7x FY09E earnings. This is at 26% premium to the pharmaceutical sector average on FY08E earnings. On EV/EBITDA, Matrix is trading at 13% premium to the sector average on FY08E estimates.

In our view, the added importance of Matrix's API base for Mylan post acquisition of Merck KGaA makes it an attractive candidate for a complete buyout. Matrix currently trades at 22% discount to Mylan's earlier buyout price and a potential open offer in the near term for the balance 23.5% stake implies a buyout price around Rs275 (a premium of 15-17%, similar to the premium that Mylan offered during the previous buyback occasion). Note that the minimum open offer price is estimated to be Rs210 (average of last 26 weeks or last two weeks, whichever is higher).

Table 2: Matrix: Valuations comps with Indian/US/EU generic universe average

	P/E (x)		EV/EBITDA (x)		EV/Sales (x)	
	FY08E	FY09E	FY08E	FY09E	FY08E	FY09E
Matrix	26.6	18.7	14.0	11.2	2.1	1.8
Indian Pharma average	21.2	17.5	12.4	10.5	3.1	2.6
US generic average	22.7	16.9	11.7	9.8	2.4	2.1
Mylan	10.5	13.9	6.5	6.8	2.6	2.3

Source: Merrill Lynch Research

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Mylan deal benefits already factored in price

Our strong EPS growth estimate (FY07-09E) is driven by 18% revenue CAGR and 4% increase in EBITDA margin (to 16%). Key drivers are expected to include:

1. Start of product sourcing by Mylan for about 12-15 products from FY08E onwards (about 20% of FY09E API revenues; about US\$25mn revenues)
2. Impact of generic Norvasc API supply to Mylan during the exclusivity period (40% of FY08E EPS)
3. Strong 30%+ growth momentum in most mainline businesses like ARVs, custom manufacturing and APIs.
4. Significant margin bounce-back (to 16% from current 12%) over the next two years driven largely by drop in R&D spend (from 6.3% in FY07E to 3.5% of sales in FY09E) due to part sharing of R&D costs by Mylan. We model a marginal gross margin increase in generics due to new launches/contracts.

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Revenue Break-up

Table 3: Revenue Split & EBITDA Margin Build-up over next three years

Year to Mar (Rs mn)	FY05	FY06	FY07E	FY08E	FY09E
Citalopram	1331	452	556	462	430
% of revenues	21	4	4	2	2
Anti retrovirals (ARVs)	1767	2803	3561	4701	6064
% of revenues	28	24	23	25	28
Finished dosage formulations	0	2524	3559	3737	4110
% of revenues	0	22	23	20	19
Medical Services	0	1622	2280	2166	2058
% of revenues	0	14	15	11	9
Custom manufacturing	1066	900	990	1287	1737
% of revenues	17	8	6	7	8
Other APIs	2204	3286	4708	5528	7413
% of revenues	35	28	30	29	34
Generic Norvasc (180-day supply)				1100	0
% of revenues				6	
Total revenues	6368	11586	15654	18981	21812

Business-wise Gross margin & EBITDA margin (%)

Year to Mar (Rs mn)	FY05	FY06	FY07E	FY08E	FY09E
Citalopram	665	181	223	185	172
% gross margin	50	40	40	40	40
Anti-retrovirals	530	701	890	1175	1637
% gross margin	30	25	25	25	27
Finished dosage formulations	0	1010	1352	1345	1480
% gross margin		40	38	36	36
Medical Services	0	406	456	433	412
% gross margin		25	20	20	20
Custom manufacturing	746	450	495	644	903
% gross margin	70	50	50	50	52
Other APIs	796	1574	2325	2504	3582
% gross margin	36	48	49	45	48
Generic Norvasc (180-day supply)				770	0
% of revenues				70	
Overall Gross profit	2737	4320	5741	7057	8186
% gross margin	43	37	37	37	38
Other operating income	46	273	275	275	275
R&D, SG&A & other expenses	1043	3025	4200	4493	4904
% of sales	16	26	27	24	22
Overall EBITDA	1740	1568	1816	2838	3557
% EBITDA	27	14	12	15	16

Source: Merrill Lynch Research estimates

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Financials

Table 4: Matrix Labs: Revenue Split

Year End Mar (Rs mn)	FY05	FY06	FY07E	FY08E	FY09E
Citalopram	1331	452	556	462	430
% of revenues	21	4	4	2	2
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% of revenues	35	28	30	29	34
Generic Norvasc (180-day supply)				1100	0
% of revenues				6	
Total revenues	6368	11586	15654	18981	21812
Growth (%)	20	82	35	21	15

Division-wise break-up of revenues (%)

Citalopram	21	4	4	2	2
Anti-retrovirals	28	24	23	25	28
Finished dosage formulations	0	22	23	20	19
Medical Services	0	14	15	11	9
Custom manufacturing	17	8	6	7	8
Other APIs	35	28	30	35	34
Total	100	100	100	100	100

Growth in revenues (%)

Citalopram	-34	-66	23	-17	-7
Anti-retrovirals	24	59	27	32	29
Finished dosage formulations			41	5	10
Medical Services			41	-5	-5
Custom manufacturing	101	-16	10	30	35
Other APIs (including Norvasc)	67	49	43	41	34
Total Revenues	20	82	35	21	15

Source: Company Reports, Merrill Lynch estimates

Table 5: Profit model

Year End Mar (Rs mn)	FY05	FY06*	FY07E	FY08E	FY09E
Net sales	6,368	11,586	15,654	18,981	21,812
Other operating income	46	273	275	275	275
Net operating revenue	6,413	11,859	15,930	19,256	22,087
Expenditure					
Cost of raw materials	3,163	6,777	9,236	11,009	12,651
Manufacturing Expenses	513	762	952	1,190	1,250
Staff costs	370	1,210	1,513	1,740	1,827
R & D Expenses	159	394	1,004	770	839
Other expenses	468	1,148	1,409	1,708	1,963
Total expenditure	4,673	10,291	14,114	16,418	18,530
EBITDA	1,740	1,568	1,816	2,838	3,557
Finance cost	63	269	732	811	849
Non-operating income	110	249	286	300	315
EBDT	1,787	1,548	1,369	2,327	3,024
Depreciation	177	313	580	677	715
Pretax profits before extraordinary items	1,610	1,234	790	1,650	2,309
Extraordinary income	-	1,148	-	-	-
Pretax profits	1,610	2,382	790	1,650	2,309
Tax	307	376	164	281	359
Profit after Tax (Reported)	1,303	2,006	626	1,369	1,950
Adjusted Net Profit	1,303	1,376	626	1,369	1,950

Key parameters

Fully-diluted shares (mn) - Rs2 FV	149.7	153.6	153.6	153.6	153.6
Dividends	179.7	184.4	184.4	184.4	184.4
DPS (Rs)	1.2	1.2	1.2	1.2	1.2
EPS (Rs) Diluted	8.7	9.0	4.1	8.9	12.7
CEPS (Rs) Diluted	9.9	11.0	7.8	13.3	17.4

Margins (%)

Operating profit margin (on gross sales)	25.9	13.2	11.3	14.6	15.9
Operating profit margin (on net sales)	27.1	13.2	11.4	14.7	16.1
Gross profit margin	50.7	42.9	42.0	42.8	42.7
Net profit margin	20.3	11.6	3.9	7.1	8.8

Growth (%)

Gross sales	21	85	34	21	15
Net sales	84	227	25	15	5
Operating profit	4	-10	16	56	25
Gross profit	8	58	33	23	16
Net profit	5	6	-55	119	42

* All figures from FY06 onwards are consolidated to reflect impact of DocPharma acquisition and hence are not comparable with FY05. FY06E figures include 9 month impact of DocPharma which FY07E and FY08E reflect full year impact of DocPharma; Source: Company reports, Merrill Lynch estimates

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Table 6: Balance sheet

Year End Mar (Rs mn)	FY05	FY06*	FY07E	FY08E	FY09E
Inventories	1710	4339	6555	7720	8871
Sundry debtors	1367	3957	5877	6921	7953
Cash/bank balance	88	1672	1130	1331	1530
Other current assets	0	0	0	0	0
Loans/advances	1261	2354	3616	4259	4894
Current assets, loans/advances	4426	12321	17178	20230	23248
Goodwill on consol. (DocPharma acqn)	0	10485	10485	10485	10485
Investments	1595	454	550	609	819
Gross block	4323	8168	9668	11168	12668
Less: Acc. dep.	999	1877	2456	3133	3848
Net block	3324	6291	7212	8035	8819
Capital – WIP	388	1237	1000	1000	1000
Fixed Assets	3711	7528	8212	9035	9819
Total assets	9732	30789	36425	40359	44372
Current liabilities/provisions	2856	7695	10965	12799	14629
Loan Funds	461	12341	14286	15216	15642
Total Liabilities	3317	20036	25251	28015	30271
Equity	299	307	307	307	307
Reserves/surplus	6116	10446	10867	12037	13793
Total Shareholders' funds	6415	10753	11174	12344	14101
Miscellaneous expenditure	0	0	0	0	0
Total Capital	9732	30789	36425	40359	44372

* All figures from FY06 onwards are consolidated to reflect impact of DocPharma acquisition and hence are not comparable with FY05. FY06E figures include 9 month impact of DocPharma which FY07E and FY08E reflect full year impact of DocPharma: Source: Company reports, Merrill Lynch estimates

Table 7: Cash flow Statement

Year end Mar (Rs mn)	FY05	FY06*	FY07E	FY08E	FY09E
Operating					
Operating profits (a)	1,740.2	1,567.6	1,815.6	2,838.2	3,557.0
Working capital (b)	(86.7)	(1,472.5)	(2,128.2)	(1,017.6)	(989.7)
Other operating	(115.8)	613.7	(105.4)	(97.9)	(90.7)
Total operating	1,537.7	708.8	(418.0)	1,722.8	2,476.6
Investing					
Capex (c)	(1,202.9)	(4,694.8)	(1,262.9)	(1,500.0)	(1,500.0)
Goodwill/Investment in DocPharma	0.0	(10,484.9)	0.0	0.0	0.0
Other investing	(1,564.0)	1,140.5	(95.6)	(58.7)	(209.9)
Total investing	(2,766.9)	(14,039.2)	(1,358.5)	(1,558.7)	(1,709.9)
Financing					
Dividends paid (d)	(179.7)	(184.4)	(184.4)	(184.4)	(184.4)
Share capital	172.2	7.8	0.0	0.0	0.0
Premium/reserves	3,288.5	2,288.9	0.0	0.0	0.0
Borrowings	(1,614.4)	11,880.5	1,944.6	930.0	426.5
Other income	109.7	248.8	286.1	300.4	315.4
Net extraordinary income	0.0	1,147.6	0.0	0.0	0.0
Finance cost	(62.8)	(268.8)	(732.2)	(811.3)	(848.6)
Tax paid (e)	(432.8)	(206.1)	(79.0)	(198.0)	(277.0)
Total financing	1,280.8	14,914.2	1,235.1	36.7	(568.1)
Net change in cash	51.6	1,583.8	(541.4)	200.8	198.5
Net cash at beginning	36.0	87.6	1,671.5	1,130.1	1,331.0
Net cash at end	87.6	1,671.5	1,130.1	1,331.0	1,529.5
Gross cash flow (a+e)	1,307.4	1,361.6	1,736.7	2,640.2	3,279.9
Free cash flow (a+b+c+e)	17.7	(4,805.7)	(1,654.4)	122.6	790.3
Disc. cash flow (a+b+c+d+e)	(161.9)	(4,990.1)	(1,838.8)	(61.7)	605.9

* All figures from FY06 onwards are consolidated to reflect impact of DocPharma acquisition and hence are not comparable with FY05. FY06E figures include 9 month impact of DocPharma which FY07E and FY08E reflect full year impact of DocPharma: Source: Company reports, Merrill Lynch estimates

Table 8: Valuation summary

Year End Mar (Rs mn)	FY05	FY06	FY07E	FY08E	FY09E
ROE DUPONT ANALYSIS					
Net Profit	1,303	1,376	626	1,369	1,950
Average Equity	4,011	8,011	10,002	10,815	12,290
Return on Equity (%)	32.5%	17.2%	6.3%	12.7%	15.9%
Dupont Analysis					
EBIT margin (EBIT/sales) (%)	26.1	22.4	9.6	12.8	14.3
Asset t/o (sales/assets) (x)	1.2	0.8	0.7	0.7	0.8
Fin.l leverage (assets/equity) (x)	1.3	1.8	2.4	2.4	2.3
Int. burden (pretax/EBIT) (x)	1.0	0.9	0.5	0.7	0.7
Tax burden (net/pretax) (%)	0.8	0.6	0.8	0.8	0.8
Return on equity (%)	32.5%	17.2%	6.3%	12.7%	15.9%
Ratios					
ROE (%)	32.5	17.2	6.3	12.7	15.9
ROCE (%)	25.3	7.8	7.9	10.7	12.0
Working Capital (days)	89.3	142.4	142.4	140.9	142.4
Valuation parameters					
EPS (Rs) YE	8.7	9.0	4.1	8.9	12.7
CEPS (Rs) YE	9.9	11.0	7.8	13.3	17.4
Growth (%)					
Net revenues	21.0	84.9	34.3	20.9	14.7
EPS	(11.1)	2.9	(54.5)	118.7	42.5
Valuation metrics					
Price (Rs)	237	237	237	237	237
Fully-dil. shares (mn)-Rs 2 FV	149.7	153.6	153.6	153.6	153.6
P/E	27.2	26.4	58.1	26.6	18.7
EV/EBITDA	19.7	23.3	21.5	14.0	11.2
EV/Sales	5.3	3.1	2.5	2.1	1.8

Source: Company Reports, Merrill Lynch estimates

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Analyst Certification

I, Visalakshi Chandramouli, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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*iQmethod*SM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

$$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill}$$

Amortization

Net Income

Operating Profit

Expected 5-Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt, Less Cash & Equivalents

EBIT

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales}$$

Other LT Liabilities

Enterprise Value

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap. = Current Share Price * Current Basic Shares

Basic EBIT + Depreciation + Amortization

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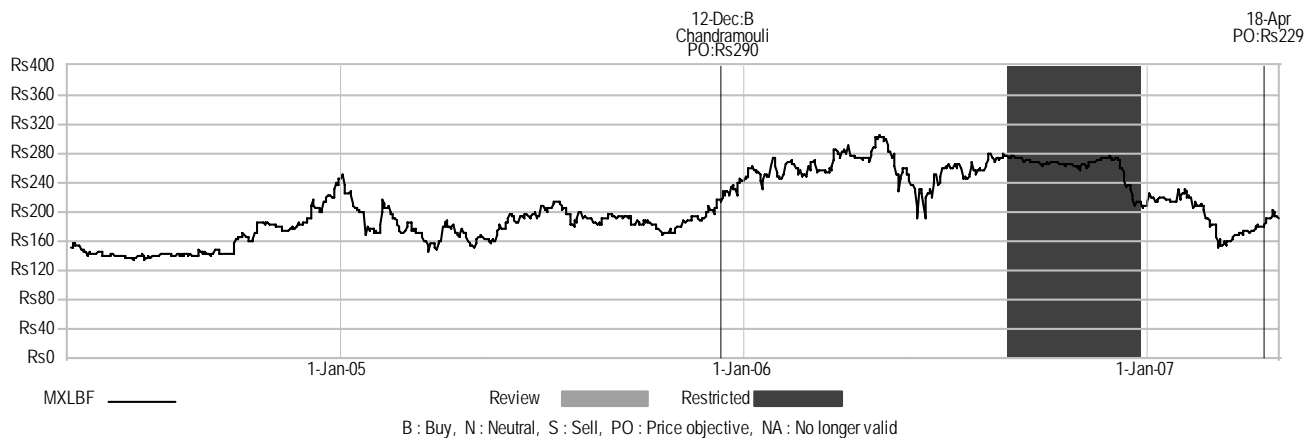
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18 May 2007

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Important Disclosures

MXLBF Price Chart



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Investment Rating Distribution: Health Care Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	97	46.86%	Buy	25	27.78%
Neutral	100	48.31%	Neutral	32	34.41%
Sell	10	4.83%	Sell	3	33.33%

Investment Rating Distribution: Global Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1562	45.16%	Buy	415	30.09%
Neutral	1615	46.69%	Neutral	446	30.65%
Sell	282	8.15%	Sell	49	19.76%

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