

Equity | India | Electrical Equipment  
25 February 2009



## RESEARCH

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# New orders start to trickle-in

## Suzlon wins 113MW order - 6% of Int. book from AGL; Buy

AGL Energy placed a third repeat order on Suzlon for 113MW order (6% of international order book) after successfully monetizing the 2<sup>nd</sup> wind farm. For Suzlon, this is the first material global order after a lull of almost a year, as clients appreciate performance of its new V3 turbines. We now look for orders from China, USA and India. Inexpensive valuations drive our Buy; we see major new orders wins and resolution of payment to Martifer in May'09 as catalysts.

## AGL places 3<sup>rd</sup> repeat order on Suzlon for delivery in CY09

Suzlon won a 113MW order (6% of international order book) from the Australian utility, AGL Energy for the supply of 54 wind turbines of 2.1MW in 2009, after a lull of almost a year as clients appreciate performance of its new V3 turbines. To be delivered in CY09, this order will account for 5% of our FY10E international volumes ex-REpower. This is the third repeat order as AGL successfully monetized the wind farm made of Suzlon turbines (71 MW Hallett 2) for a development profit of \$59mn (as per AGL Managing Director, Mr. Michael Fraser) through its sale to Energy Infrastructure Trust (EIT).

## 1GW of new orders in 1HCY09 - China, Australia and USA

Approval of Suzlon's methodology of retrofitting the cracked blades, should reassure clients and it could pave way for new orders. Funding of Horizon Wind's Rattlesnake project in Dec'08 by JPM has proved that Suzlon's V3 turbine is bankable in these markets. SUEL expects orders of ~1GW in 1HCY2009 from China (150MW), Australia (200MW), USA (50-100MW) and India (50-200MW) to improve visibility of FY10E.

### Estimates (Mar)

(Rs)	2007A	2008A	2009E	2010E	2011E
Net Income (Adjusted - mn)	8,520	11,813	12,149	14,174	15,909
EPS	5.91	7.89	8.12	9.47	10.63
EPS Change (YoY)	10.0%	33.6%	2.8%	16.7%	12.2%
Dividend / Share	1.00	1.00	1.00	1.10	1.20
Free Cash Flow / Share	(13.02)	(6.50)	(20.67)	(19.18)	1.22

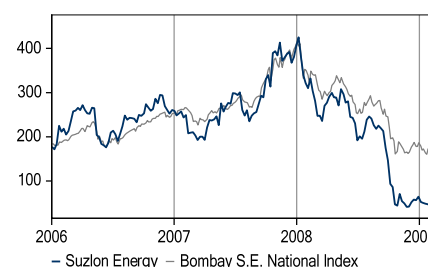
### Valuation (Mar)

	2007A	2008A	2009E	2010E	2011E
P/E	7.00x	5.24x	5.10x	4.37x	3.89x
Dividend Yield	2.43%	2.42%	2.42%	2.66%	2.90%
EV / EBITDA*	7.44x	4.93x	4.05x	2.73x	2.37x
Free Cash Flow Yield*	-30.34%	-15.72%	-49.99%	-46.39%	2.95%

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 7.

### Stock Data

Price	Rs41.35
Price Objective	Rs103.00
Date Established	1-Feb-2009
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Rs36.20-Rs321.00
Mrkt Val / Shares Out (mn)	US\$1,241 / 1,497.0
Average Daily Volume	29,315,390
ML Symbol / Exchange	SZEYF / BSE
Bloomberg / Reuters	SUEL IN / SUZL.BO
ROE (2009E)	14.5%
Net Dbt to Eqty (Mar-2008A)	32.6%
Est. 5-Yr EPS / DPS Growth	30.0% / 30.0%
Free Float	30.2%



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Refer to important disclosures on page 8 to 10. Analyst Certification on Page 6. Price Objective Basis/Risk on page 6.

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# *iQprofile*<sup>SM</sup> Suzlon Energy Ltd.

Key Income Statement Data (Mar)	2007A	2008A	2009E	2010E	2011E
(Rs Millions)					
Sales	79,857	136,794	193,025	302,969	342,619
Gross Profit	31,744	48,093	68,231	92,458	102,270
Sell General & Admin Expense	(18,545)	(28,199)	(43,975)	(56,473)	(60,795)
Operating Profit	11,481	17,000	19,433	28,560	32,508
Net Interest & Other Income	(1,798)	(3,324)	(5,564)	(9,047)	(9,478)
Associates	NA	NA	NA	NA	NA
Pretax Income	9,683	13,676	13,869	19,514	23,030
Tax (expense) / Benefit	(1,146)	(1,993)	(2,195)	(3,634)	(4,561)
Net Income (Adjusted)	8,520	11,813	12,149	14,174	15,909
Average Fully Diluted Shares Outstanding	1,443	1,497	1,497	1,497	1,497

## Key Cash Flow Statement Data

Net Income	8,537	11,813	12,151	14,177	15,912
Depreciation & Amortization	1,718	2,894	4,822	7,424	8,967
Change in Working Capital	(11,691)	(2,146)	(11,303)	(30,441)	(10,055)
Deferred Taxation Charge	(126)	(23)	(235)	(182)	(185)
Other Adjustments, Net	1,164	492	777	1,683	2,524
Cash Flow from Operations	(398)	13,030	6,212	(7,338)	17,162
Capital Expenditure	(18,381)	(22,759)	(37,156)	(21,376)	(15,335)
(Acquisition) / Disposal of Investments	(17,709)	(27,542)	(33,642)	6,375	0
Other Cash Inflow / (Outflow)	112	(1,512)	(5,122)	0	0
Cash Flow from Investing	(35,978)	(51,812)	(75,920)	(15,001)	(15,335)
Shares Issue / (Repurchase)	805	47,039	0	2,206	0
Cost of Dividends Paid	(1,674)	(1,763)	(1,754)	(1,929)	(2,104)
Cash Flow from Financing	46,244	93,002	28,261	24,349	(7,301)
Free Cash Flow	(18,780)	(9,729)	(30,943)	(28,714)	1,827
Net Debt	36,237	29,744	101,205	123,267	123,544
Change in Net Debt	37,246	(6,493)	71,461	22,062	277

## Key Balance Sheet Data

Property, Plant & Equipment	23,089	42,954	75,287	89,238	95,606
Other Non-Current Assets	17,799	45,341	79,129	72,955	73,173
Trade Receivables	25,704	46,906	50,069	83,747	92,994
Cash & Equivalents	15,383	69,602	28,156	30,166	24,692
Other Current Assets	43,439	59,098	71,187	99,096	111,797
Total Assets	125,413	263,901	303,827	375,202	398,262
Long-Term Debt	51,620	99,346	129,361	153,433	148,236
Other Non-Current Liabilities	177	218	NA	NA	NA
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	38,339	73,055	77,003	108,149	120,042
Total Liabilities	90,136	172,619	206,364	261,582	268,278
Total Equity	35,277	91,282	97,464	113,620	129,985
Total Equity & Liabilities	125,413	263,901	303,828	375,203	398,262

## *iQmethod*<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	18.4%	12.1%	9.1%	10.0%	10.0%
Return On Equity	27.4%	20.3%	14.5%	15.3%	15.1%
Operating Margin	14.4%	12.4%	10.1%	9.4%	9.5%
EBITDA Margin	16.5%	14.5%	12.6%	11.9%	12.1%

## *iQmethod*<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	0x	1.1x	0.5x	-0.5x	1.1x
Asset Replacement Ratio	10.7x	7.9x	7.7x	2.9x	1.7x
Tax Rate (Reported)	11.8%	14.6%	15.8%	18.6%	19.8%
Net Debt-to-Equity Ratio	102.7%	32.6%	103.8%	108.5%	95.0%
Interest Cover	4.2x	2.8x	2.2x	2.6x	2.9x

## Key Metrics

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 7.

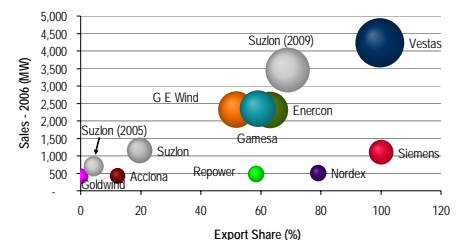
## Company Description

Suzlon Energy is the fifth largest wind-turbine manufacturer in the world with 10% global & over 50% market share in India. Its global delivery model, market leadership in India and focused approach to globalization are some of the key competitive advantages. The company enhances its competitive advantage by focusing on R&D in Europe, production in low cost countries such as India/China and focusing on sales in countries with high growth potential

## Investment Thesis

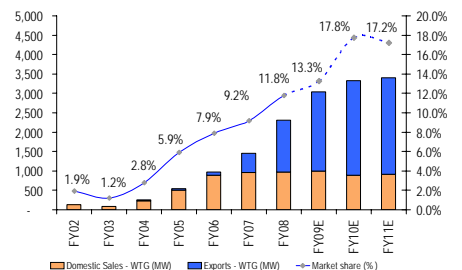
We expect Suzlon to emerge as 3rd largest global wind turbine company by FY11 led by: a) Multifold expansion in addressable market (5x) and new order wins - US, Brazil, China, Australia, Spain & EU, b) Maintenance of its 50pct share in India - access to 'windy' sites, concept-to-commissioning model and control over component supply, c) Global delivery model - Suzlon has R&D set-up in Europe Production in the low-cost India/China and focus on 3 of the world's top 5 future wind markets.

Chart 1: Suzlon - export opportunity, next frontier of growth



Source: BAS-Merrill Lynch Estimates, Company, BTM Consult ApS

Chart 2: Suzlon - Sales and Global market share



Source: BAS-Merrill Lynch Estimates, Company, BTM Consult ApS

## Stock Data

Price to Book Value

0.7x

Table 1: Suzlon - Sum of the parts valuation

Parts	Rationale	Value (Rs mn)	Value (Rs /share)
Suzlon (Ex - Hansen)	9x FY10E EPS	107,466	72
Hansen	At 10% discount to ML target of GBP178 for Suzlon's 61.3% stake	46,839	31
<b>Total</b>		<b>154,304</b>	<b>103</b>

Source: Banc of America Securities-Merrill Lynch Research

Table 2: Suzlon - Consolidated Profit & Loss Statement

Year End Mar31 (Rs mn)	FY07	FY08	FY09E	FY10E	FY11E
<b>MW Sold</b>	<b>1456</b>	<b>2311</b>	<b>3038</b>	<b>4705</b>	<b>5159</b>
% growth	49%	59%	31%	55%	10%
<b>Sales</b>	<b>79,857</b>	<b>136,794</b>	<b>193,025</b>	<b>302,969</b>	<b>342,619</b>
Growth	108%	71%	41%	57%	13%
COGS	48,114	88,702	124,794	210,511	240,349
as % of sales	60.2%	64.8%	64.7%	69.5%	70.2%
<b>Contribution</b>	<b>31,744</b>	<b>48,093</b>	<b>68,231</b>	<b>92,458</b>	<b>102,270</b>
<b>Contribution %</b>	<b>39.8%</b>	<b>35.2%</b>	<b>35.3%</b>	<b>30.5%</b>	<b>29.8%</b>
Operating & Other Expenses	12,032	17,753	28,406	33,942	35,957
as % of sales	15.1%	13.0%	14.7%	11.2%	10.5%
Staff Cost	6,496	10,430	15,569	22,030	24,838
as % of sales	8.1%	7.6%	8.1%	7.3%	7.2%
Expenditure Written Off	17	15	0	500	0
<b>EBITDA</b>	<b>13,199</b>	<b>19,894</b>	<b>24,256</b>	<b>35,985</b>	<b>41,475</b>
Growth	50%	51%	22%	48%	15%
EBITDA Margin %	16.5%	14.5%	12.6%	11.9%	12.1%
<b>EBITDA (Rs mn/ MW)</b>	<b>7.2</b>	<b>7.2</b>	<b>6.0</b>	<b>6.2</b>	<b>6.3</b>
Depreciation	1,718	2,894	4,822	7,424	8,967
Depreciation as % of Avg Gross Block	10.8%	8.6%	8.4%	8.3%	7.8%
<b>EBIT</b>	<b>11,481</b>	<b>17,000</b>	<b>19,433</b>	<b>28,560</b>	<b>32,508</b>
EBIT Margins %	14.4%	12.4%	10.1%	9.4%	9.5%
Interest	2,763	5,969	8,730	10,900	11,121
Other Income	965	2,646	3,166	1,853	1,643
<b>PBT</b>	<b>9,683</b>	<b>13,676</b>	<b>13,869</b>	<b>19,514</b>	<b>23,030</b>
PBT Margins %	12.1%	10.0%	7.2%	6.4%	6.7%
Current Tax	1,272	2,016	2,430	3,816	4,747
Deferred Tax	(126)	(23)	(235)	(182)	(185)
<b>Tax</b>	<b>1,146</b>	<b>1,993</b>	<b>2,195</b>	<b>3,634</b>	<b>4,561</b>
Tax Rate	11.8%	14.6%	15.8%	18.6%	19.8%
Share of profits from REpower		558	1383	0	0
Preference Dividends	17	0	3	3	3
Minority Interest	8	428	907	1,703	2,557
<b>Recurring PAT</b>	<b>8,512</b>	<b>11,813</b>	<b>12,149</b>	<b>14,174</b>	<b>15,909</b>
Growth	12%	39%	3%	17%	12%
PAT Margins %	10.7%	8.6%	6.3%	4.7%	4.6%
Exceptionals	112	(1512)	(5122)	0	0
<b>Reported PAT</b>	<b>8,624</b>	<b>10,301</b>	<b>7,027</b>	<b>14,174</b>	<b>15,909</b>

Source: Company, Banc of America Securities-Merrill Lynch Research

Table 3: Suzlon - Consolidated Balance Sheet

Year End Mar31 (Rs mn)	FY07	FY08	FY09E	FY10E	FY11E
Equity Capital	2878	2,994	2994	2994	2994
Reserves & Surplus	32116	77,917	83193	95441	109248
Misc Exp	0	0	0	0	0
Share Application Money	117	102	102	102	102
<b>Total Network</b>	<b>35111</b>	<b>81013</b>	<b>86289</b>	<b>98537</b>	<b>112344</b>
Preference Capital	25	25	25	25	25
<b>Net Worth (incl preference capital)</b>	<b>35,136</b>	<b>81,038</b>	<b>86,314</b>	<b>98,562</b>	<b>112,369</b>
Secured Loans	19,844	70,664	89,051	98,931	92,411
Foreign Currency Loans	26,550	25,574	30,072	43,190	43,190
Unsecured Loans	5,226	3,108	10,238	11,312	12,635
<b>Loans</b>	<b>51,620</b>	<b>99,346</b>	<b>129,361</b>	<b>153,433</b>	<b>148,236</b>
Minority Interest	141	10,244	11,150	15,059	17,615
<b>Total Network + Liabilities</b>	<b>86,897</b>	<b>190,628</b>	<b>226,825</b>	<b>267,053</b>	<b>278,221</b>
Gross Block	25,606	42,075	73,326	105,202	123,756
Accumulated Depreciation	7,016	10,318	15,141	22,565	31,532
<b>Net Block</b>	<b>18,590</b>	<b>31,757</b>	<b>58,185</b>	<b>82,637</b>	<b>92,224</b>
CWIP	4,498	11,197	17,102	6,602	3,383
<b>Net Fixed Assets</b>	<b>23,089</b>	<b>42,954</b>	<b>75,287</b>	<b>89,238</b>	<b>95,606</b>
Investments	156	31,418	65,920	1,308	1,308
Goodwill	17,643	13,923	13,063	71,299	71,299
Inventories	31,363	40,848	45,552	60,518	68,257
Sundry Debtors	25,704	46,906	50,069	83,747	92,994
Cash and Bank Balances	15,383	69,602	28,156	30,166	24,692
Loans & Advances	12,076	18,250	25,635	38,578	43,540
<b>Current Assets</b>	<b>84,526</b>	<b>175,606</b>	<b>149,411</b>	<b>213,009</b>	<b>229,482</b>
Current Liabilities & Provisions	38,339	73,055	77,003	108,149	120,042
<b>NCA</b>	<b>46,187</b>	<b>102,551</b>	<b>72,408</b>	<b>104,859</b>	<b>109,441</b>
Deferred Tax & Other Assets	(177)	(218)	146	348	566
<b>Total Assets</b>	<b>86,897</b>	<b>190,628</b>	<b>226,825</b>	<b>267,053</b>	<b>278,220</b>

Source: Company, Banc of America Securities-Merrill Lynch Research

Table 4: Suzlon - Consolidated Cash Flow Statement

Year End Mar31 (Rs mn)	FY07	FY08	FY09E	FY10E	FY11E
PBT	9683	13676	13869	19514	23030
Tax Paid	(1146)	(1993)	(2195)	(3634)	(4561)
Change in DTL	994	41	(364)	(201)	(218)
Add: D&A	1762	2894	4822	7424	8967
Add: Share of profits from REpower		558	1383	0	0
Chg in Inventories	(17561)	(9485)	(4704)	(14966)	(7738)
Chg in Debtors	(9231)	(21202)	(3163)	(33678)	(9247)
Chg in Loans & Advances	(6178)	(6174)	(7385)	(12943)	(4962)
Chg in CL	21279	34716	3948	31146	11892
Change in Working Capital	(11691)	(2146)	(11303)	(30441)	(10055)
<b>Cash Flow from Operations</b>	<b>(398)</b>	<b>13030</b>	<b>6212</b>	<b>(7338)</b>	<b>17162</b>
Extraordinary Items + Tax Adjustments	112	(1512)	(5122)	0	0
Capex	(18381)	(22759)	(37156)	(21376)	(15335)
Change in Investments/Assets	(17709)	(27542)	(33642)	6375	0
<b>Cash Flow from Investing Activities</b>	<b>(35978)</b>	<b>(51812)</b>	<b>(75920)</b>	<b>(15001)</b>	<b>(15335)</b>
Change in Debt	47113	47726	30015	24072	(5197)
Change in Equity	2	116	0	0	0
Change in Preference capital	(150)	0	0	0	0
Change in Reserves	952	46922	0	2206	0
Dividend and Dividend Tax	(1674)	(1763)	(1754)	(1929)	(2104)
<b>Cash Flow from Financing Activities</b>	<b>46244</b>	<b>93002</b>	<b>28261</b>	<b>24349</b>	<b>(7301)</b>
<b>Increase/(Decrease) in Cash</b>	<b>9867</b>	<b>54219</b>	<b>(41446)</b>	<b>2010</b>	<b>(5474)</b>
Opening Cash and Bank Balance	5515	15383	69602	28156	30166
<b>Closing Cash and Bank Balance</b>	<b>15383</b>	<b>69602</b>	<b>28156</b>	<b>30166</b>	<b>24692</b>

Source: Company, Banc of America Securities-Merrill Lynch Research

Table 5: Suzlon - Consolidated Key Ratios & Valuations

Year End Mar31	FY07	FY08	FY09E	FY10E	FY11E
Period Ending Shares (mn)	1,439	1497	1497	1497	1497
Weighted Average Number of Shares	1,443	1497	1497	1497	1497
Share Price (Rs)	41	41	41	41	41
Mkt Cap (Rs mn)	59652	61899	61899	61899	61899
EPS Rec. (Rs)	5.9	7.9	8.1	9.5	10.6
CEPS (Rs)	7.1	9.8	11.3	14.4	16.6
DPS (Rs)	1.0	1.0	1.0	1.1	1.2
BV (Rs)	24	54	58	66	75
P/E (x)	7.0	5.2	5.1	4.4	3.9
P/CEPS (x)	5.8	4.2	3.6	2.9	2.5
Yield (%)	2.4%	2.4%	2.4%	2.7%	2.9%
P/BV (x)	1.7	0.8	0.7	0.6	0.6
EV/EBITDA (x)	7.3	4.6	6.7	5.1	4.5
RoCE (%)	18.5%	12.1%	9.1%	10.0%	10.0%
RoE (%)	27.3%	20.3%	14.5%	15.3%	15.1%
PAT/EBIT	74%	69%	63%	50%	49%
EBIT/Sales	14%	12%	10%	9%	9%
Sales/Assets	134%	99%	92%	123%	126%
Assets/Networth	191%	239%	250%	267%	259%
Net Debt (Rs mn)	36237	29744	101205	123267	123544
EV (Rs mn)	95889	91643	163104	185166	185443
D/E (x)	1.03	0.37	1.17	1.25	1.10
Net Debt/EBITDA (x)	2.7	1.5	4.2	3.4	3.0
Interest Coverage (x)	4.2	2.8	2.2	2.6	2.9
Debt to Total Assets (x)	0.6	0.5	0.6	0.6	0.5
Depreciation /Gross Block (%)	10.8%	8.6%	8.4%	8.3%	7.8%
Effective Interest Rate (%)	9.8%	7.9%	7.6%	7.7%	7.4%

Source: Company, Banc of America Securities-Merrill Lynch Research

## Price objective basis & risk

### Suzlon Energy (SZEYF)

Our PO of Rs103 is based on our sum-of-the-parts analysis. We have valued Suzlon's wind business at 9x FY10E earnings, at Rs72 per share. This we believe is fair given Suzlon's long term superior growth and return profile. We value Suzlon's 61.3pct stake in Hansen by taking a 10% discount to our DCF valuation assuming WACC of 10%, which equates to Rs31 per Suzlon share. Risks: Headwinds for wind turbine business and execution risk in the wake of component shortages and blade retrofit issues.

## Analyst Certification

I, Bharat Parekh, 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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### India - Engineering/Construction/Utilities Coverage Cluster

Investment rating	Company	ML ticker	Bloomberg symbol	Analyst
BUY	Bharat Heavy	BHHEF	BHEL IN	Bharat Parekh
	Gujarat State	GJRSF	GUJS IN	Vidyadhar Ginde
	IVRCL Infrastruc	IIFRF	IVRC IN	Bharat Parekh
	Jaiprakash	JPRKF	JPA IN	Bharat Parekh
	Larsen & Toub -G	LTORF	LTOD LI	Bharat Parekh
	Larsen & Toubro	LTOUF	LT IN	Bharat Parekh
	Nagarjuna Const	NGRJF	NJCC IN	Bharat Parekh
	NCC-GDR	XAKUF	NJGR LX	Bharat Parekh
	NTPC Ltd	NTHPF	NATP IN	Bharat Parekh
	Reliance Infrastructure	RCTDF	RELI IN	Bharat Parekh

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## India - Engineering/Construction/Utilities Coverage Cluster

Investment rating	Company	ML ticker	Bloomberg symbol	Analyst
	Reliance Infrastructure	RELFF	RIFS LI	Bharat Parekh
	Suzlon Energy	SZEYF	SUEL IN	Bharat Parekh
<b>NEUTRAL</b>				
	Gail India	XGLAF	GAIL IN	Vidyadhar Ginde
	Gail Limited - G	GAILF	GAID LI	Vidyadhar Ginde
	Gujarat Inds	GUJIF	GIP IN	Bharat Parekh
	Neyveli Lignite	NEYVF	NLC IN	Bharat Parekh
	Sun TV LTD	SUTVF	SUNTV IN	Bharat Parekh
	Tata Pwr. Co.	XTAWF	TPWR IN	Bharat Parekh
<b>UNDERPERFORM</b>				
	ABB	ABVFF	ABB IN	Bharat Parekh
	Balaji Tele	BLJIF	BLJT IN	Bharat Parekh
	Gujarat Gas Co	GJGCF	GGAS IN	Vidyadhar Ginde
	Indraprastha Gas	IAGSF	IGL IN	Vidyadhar Ginde
	Jaiprakash Hydro	XJSHF	JHPL IN	Bharat Parekh
	SIFY Limited	SIFY	SIFY US	Bharat Parekh
	Zee Entertainmen	XZETF	Z IN	Bharat Parekh
<b>REVIEW</b>				
	GMR Infra	GMRLF	GMRI IN	Bharat Parekh

## iQmethod<sup>SM</sup> Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill Amortization}$
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
<b>Quality of Earnings</b>		
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
<b>Valuation Toolkit</b>		
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	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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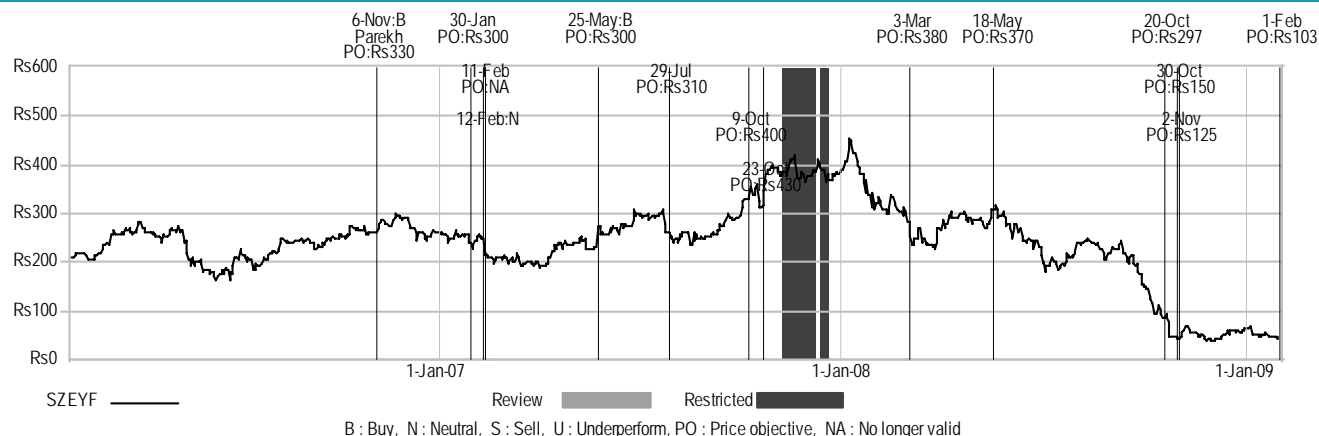
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### SZEYF Price Chart



\*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 January 31, 2009 or such later date as indicated.

BAS-ML price charts do not reflect analysts' coverage of the stock at prior firms. Historical price charts relating to companies covered as of January 31, 2009 by former Banc of America Securities LLC (BAS) analysts are available to BAS clients on the BAS website."

### Investment Rating Distribution: Electrical Equipment Group (as of 01 Jan 2009)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	8	24.24%	Buy	2	25.00%
Neutral	10	30.30%	Neutral	3	33.33%
Sell	15	45.45%	Sell	4	30.77%

### Investment Rating Distribution: Global Group (as of 01 Jan 2009)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1297	38.46%	Buy	314	26.81%
Neutral	859	25.47%	Neutral	210	28.23%
Sell	1216	36.06%	Sell	229	20.71%

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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%

\* Ratings dispersions may vary from time to time where BAS-ML Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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