

COMPANY UPDATE

Punj Lloyd (PUJL.BO)

Neutral

Turnaround to take time; Neutral on execution, order book concerns**What's changed**

Continued cost overruns/disputes in the company's Industrial orders and delays in ramping up execution in Infrastructure orders has led to continued underperformance of the stock ytd, down 43% vs. -5% for Sensex and -4% for BSE Capital Goods Index.

With a FY2010-end order book of \$278bn (2.6x FY10 sales), up 33.5% yoy, even though the geographic and sector mix of the order book has become a little unfavorable (i.e., increased exposure to Africa and to construction contracts), the company seems to be making efforts to improve execution and collections cycle (by going for smaller and relatively simpler projects in the interim).

Implications

Although the company's past ramp-up track record has been solid, given recent execution concerns and cost overruns, we maintain our Neutral rating. Factoring in Q4FY2010 results, we lower our FY11E/FY12E EPS by 43%/26% and our TP to Rs142 from Rs236. We also introduce 2013E EPS.

Our revised FY11EPS is below consensus (on our view that Infra-dominated sales growth will be back-ended and on increasing interest costs this year) **while our FY12E EPS is now c. 22% above consensus, as we believe** Punj's sales could recover faster in FY12, if order inflows continue to improve as seen in 4QFY10 and as the company expects over the next few quarters.

Valuation

Our new 12m TP of Rs142 is based on 14X target P/E (vs. 1.8X FY2011E P/B previously) applied to avg. EPS of FY2011E and FY2012E, in line with the median P/E of the global capital goods stocks. On a P/B basis, the stock trades at a modest 1.1X - about 55% discount to its 3-yr median.

Key risks

Upside: Better execution and collections. Downside: Further cost overruns.

INVESTMENT LIST MEMBERSHIP

Neutral

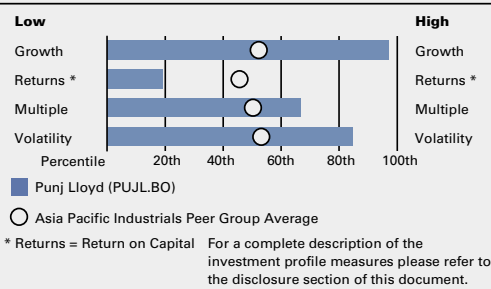
Coverage View: Neutral

India
Capital Goods

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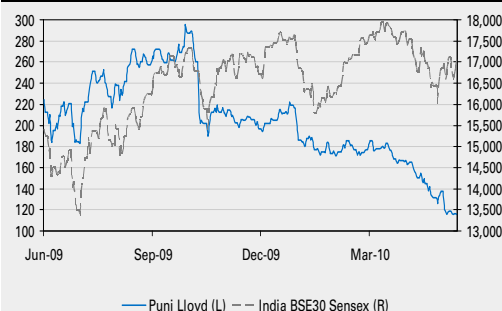
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Investment Profile

Key data	Current
Price (Rs)	115.85
12 month price target (Rs)	142.00
Market cap (Rs mn / US\$ mn)	37,267.3 / 795.8
Foreign ownership (%)	15.0

	3/10	3/11E	3/12E	3/13E
EPS (Rs) New	(3.37)	7.78	12.88	17.23
EPS revision (%)	NM	(43.3)	(25.9)	--
EPS growth (%)	53.4	330.7	65.7	33.7
EPS (dil) (Rs) New	(3.37)	7.78	12.88	17.23
P/E (X)	NM	14.9	9.0	6.7
P/B (X)	1.2	1.1	1.0	0.9
EV/EBITDA (X)	43.4	8.8	6.3	5.5
Dividend yield (%)	0.2	0.2	0.2	0.2
ROE (%)	(3.8)	7.6	11.4	13.5

Price performance chart

Share price performance (%)	3 month	6 month	12 month
Absolute	(35.6)	(43.7)	(48.3)
Rel. to India BSE30 Sensex	(35.2)	(43.5)	(53.3)

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 6/11/2010 close.

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Punj Lloyd: Summary Financials

Profit model (Rs mn)	3/10	3/11E	3/12E	3/13E	Balance sheet (Rs mn)	3/10	3/11E	3/12E	3/13E
Total revenue	105,388.0	118,020.4	155,953.5	193,642.3	Cash & equivalents	14,662.3	11,398.6	7,353.4	440.9
Cost of goods sold	(39,971.2)	(44,625.2)	(57,720.7)	(71,476.2)	Accounts receivable	25,986.1	28,454.2	37,599.8	46,686.4
SG&A	(65,503.5)	(67,370.3)	(89,023.9)	(110,538.0)	Inventory	40,996.1	46,973.9	52,473.3	62,153.2
R&D	--	--	--	--	Other current assets	11,460.5	11,460.5	11,460.5	11,460.5
Other operating profit/(expense)	0.0	0.0	0.0	0.0	Total current assets	93,105.0	98,287.2	108,887.0	120,741.0
EBITDA	2,183.5	8,430.0	12,387.2	15,574.4	Net PP&E	24,078.9	28,373.9	30,763.8	33,247.9
Depreciation & amortization	(2,270.2)	(2,405.2)	(3,178.2)	(3,946.3)	Net intangibles	2,249.6	2,204.9	2,145.7	2,072.2
EBIT	(86.7)	6,024.9	9,208.9	11,628.1	Total investments	3,470.9	3,470.9	3,470.9	3,470.9
Interest income	731.0	1,319.6	1,025.9	661.8	Other long-term assets	0.0	0.0	0.0	0.0
Interest expense	(3,794.2)	(4,141.3)	(4,616.3)	(4,616.3)	Total assets	122,904.4	132,336.9	145,267.4	159,532.0
Income/(loss) from uncons. subs.	95.1	0.0	0.0	0.0	Accounts payable	25,511.8	27,484.2	36,317.9	45,094.8
Others	136.3	500.0	500.0	500.0	Short-term debt	17,263.9	17,263.9	17,263.9	17,263.9
Pretax profits	(2,918.5)	3,703.2	6,118.6	8,173.6	Other current liabilities	17,974.0	17,974.0	17,974.0	17,974.0
Income tax	(1,372.5)	(1,185.0)	(1,957.9)	(2,615.6)	Total current liabilities	60,749.6	62,722.1	71,555.8	80,332.6
Minorities	(16.7)	(16.7)	(16.7)	(16.7)	Long-term debt	26,328.3	31,328.3	31,328.3	31,328.3
Net income pre-preferred dividends	(4,307.7)	2,501.5	4,143.9	5,541.4	Other long-term liabilities	3,595.0	3,595.0	3,595.0	3,595.0
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	29,923.3	34,923.3	34,923.3	34,923.3
Net income (pre-exceptionals)	(4,307.7)	2,501.5	4,143.9	5,541.4	Total liabilities	90,672.9	97,645.3	106,479.1	115,255.9
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
Net income	(1,084.1)	2,501.5	4,143.9	5,541.4	Total common equity	31,794.9	34,238.3	38,318.4	43,789.5
EPS (basic, pre-exception) (Rs)	(3.37)	7.78	12.88	17.23	Minority interest	436.5	453.2	469.9	486.6
EPS (basic, post-exception) (Rs)	(3.37)	7.78	12.88	17.23	Total liabilities & equity	122,904.4	132,336.9	145,267.4	159,532.0
EPS (diluted, post-exception) (Rs)	(3.37)	7.78	12.88	17.23	BVPS (Rs)	98.84	106.43	119.12	136.13
DPS (Rs)	0.18	0.20	0.22	0.24					
Dividend payout ratio (%)	(5.4)	2.6	1.7	1.4					
Free cash flow yield (%)	(24.4)	(19.6)	(7.6)	(15.0)					
Growth & margins (%)	3/10	3/11E	3/12E	3/13E	Ratios	3/10	3/11E	3/12E	3/13E
Sales growth	(11.5)	12.0	32.1	24.2	ROE (%)	(3.8)	7.6	11.4	13.5
EBITDA growth	(50.4)	286.1	46.9	25.7	ROA (%)	(0.9)	2.0	3.0	3.6
EBIT growth	(103.3)	NM	52.8	26.3	ROACE (%)	(2.2)	6.7	8.7	9.6
Net income growth	51.9	330.7	65.7	33.7	Inventory days	354.7	359.8	314.4	292.7
EPS growth	54.6	330.7	65.7	33.7	Receivables days	91.2	84.2	77.3	79.4
Gross margin	62.1	62.2	63.0	63.1	Payable days	248.1	216.7	201.7	207.9
EBITDA margin	2.1	7.1	7.9	8.0	Net debt/equity (%)	89.8	107.2	106.3	108.8
EBIT margin	(0.1)	5.1	5.9	6.0	Interest cover - EBIT (X)	NM	2.1	2.6	2.9
Cash flow statement (Rs mn)	3/10	3/11E	3/12E	3/13E	Valuation	3/10	3/11E	3/12E	3/13E
Net income pre-preferred dividends	(4,307.7)	2,501.5	4,143.9	5,541.4	P/E (analyst) (X)	NM	14.9	9.0	6.7
D&A add-back	2,270.2	2,405.2	3,178.2	3,946.3	P/B (X)	1.2	1.1	1.0	0.9
Minorities interests add-back	(0.7)	(0.7)	(0.7)	(0.7)	EV/EBITDA (X)	43.4	8.8	6.3	5.5
Net (inc)/dec working capital	(6,934.2)	(6,473.6)	(5,811.2)	(9,989.6)	Dividend yield (%)	0.2	0.2	0.2	0.2
Other operating cash flow	2,849.2	2,839.1	3,607.8	3,971.9					
Cash flow from operations	(6,123.2)	1,271.4	5,118.0	3,469.2					
Capital expenditures	(6,871.2)	(6,655.5)	(5,509.0)	(6,357.0)					
Acquisitions	0.0	0.0	0.0	0.0					
Divestitures	6,563.9	0.0	0.0	0.0					
Others	731.0	1,319.6	1,025.9	661.8					
Cash flow from investments	423.6	(5,335.9)	(4,483.1)	(5,695.1)					
Dividends paid (common & pref)	(106.0)	(58.1)	(63.9)	(70.3)					
Inc/(dec) in debt	8,000.0	5,000.0	0.0	0.0					
Common stock issuance (repurchase)	8,140.0	0.0	0.0	0.0					
Other financing cash flows	(3,794.2)	(4,141.3)	(4,616.3)	(4,616.3)					
Cash flow from financing	12,239.8	800.7	(4,680.2)	(4,686.5)					
Total cash flow	6,540.3	(3,263.8)	(4,045.2)	(6,912.5)					

Note: Last actual year may include reported and estimated data.
Source: Company data, Goldman Sachs Research estimates.

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Concern on order book and execution continue

Punj Lloyd reported Q4FY2010 sales of Rs17,765 mn, down 45% qoq and compared with Rs32,306 mn in Q4FY2009, due to significant cost overruns on a few key projects carried out in the period. Revenue for the quarter was 43% below our numbers and 48% below Bloomberg consensus. The company reported Net loss of Rs3,009 mn for Q4FY2010 against our expectation of Rs1,098 mn Net Income and consensus expectation of Rs1,025 mn Net Income.

Our key views on the stock for the next year:

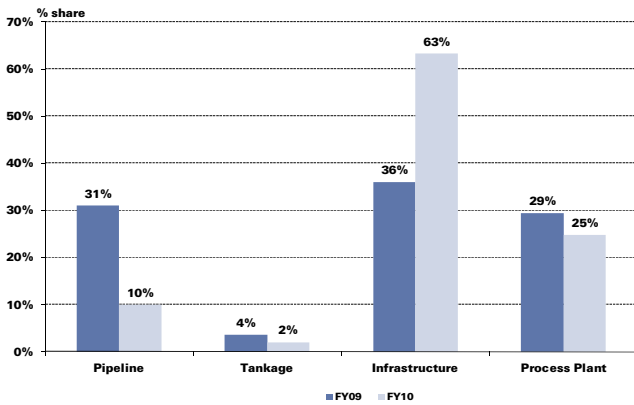
- **We expect that execution growth of the company will recover only towards the end of FY2011** - once the company is able to clear the few disputed orders and streamline collections for the larger infrastructure projects.
- **We expect lower than normalized margins in FY2011 as the order book is tilting more towards construction and infrastructure vs. engineering work.** Thus, although we expect margins of the business to normalize to 7%-7.5% by 2012E, they will still likely remain lower than peak levels the company earned in earlier years, when exposure to the engineering business was higher (8% in FY2007, for example).
- **Continued delays in collections leading to higher debt and interest costs –** we expect FY2010E net debt of Rs29bn, going up to Rs38bn in FY2011E and Rs41bn by FY2012E, in light of the high working capital requirement of the business. Simultaneously, we believe that interest costs will continue to put pressure on the earnings of the company.
- **We expect order execution and margins of the company to improve in FY2012,** once the losses for the Simon Carves/ONGC contracts are fully accounted/settled. We expect the order execution period to go down from 28 months in FY2011 to 25 months in FY2012 and further to 24 months in FY2013 on account of a better order mix and burn ratio in the longer term (in line with company's track record).
- **During the year, there are multiple charges that have been qualified by the accountants, which the company may have to reverse in FY2011 –** which could impact our estimates in a material manner (please see our sensitivity analysis on the FY11E EBITDA in Exhibit 1). These are charges related to cost overruns and liquidation damages for which no provision has been made in the books. The amount for such provisions/potential write-offs equals Rs3,704mn, according to the auditor's estimate.

Exhibit 1: Margin analysis if write-offs materialize sensitivity to FY11E EBITDA margins

	% of potential write-offs recognized				
	0%	25%	50%	75%	100%
EBITDA (in Rs. Mn)	8,430	7,504	6,578	5,652	4,726
Margin	7.14%	6.36%	5.57%	4.79%	4.00%

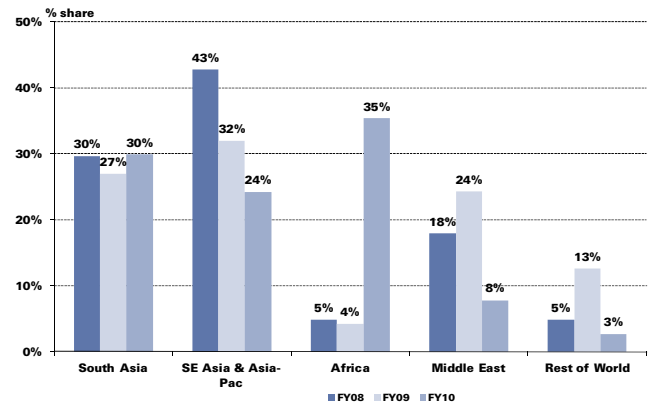
Source: Company data, Goldman Sachs Research estimates.

Exhibit 2: Construction and Infrastructure development accounts for 63% of the outstanding order book
FY10 order book by segment



Source: Company data, Goldman Sachs Research estimates.

Exhibit 3: Exposure to Africa has increased significantly
FY10 order book by geographic exposure



Source: Company data, Goldman Sachs Research estimates.

Order book looks different now...

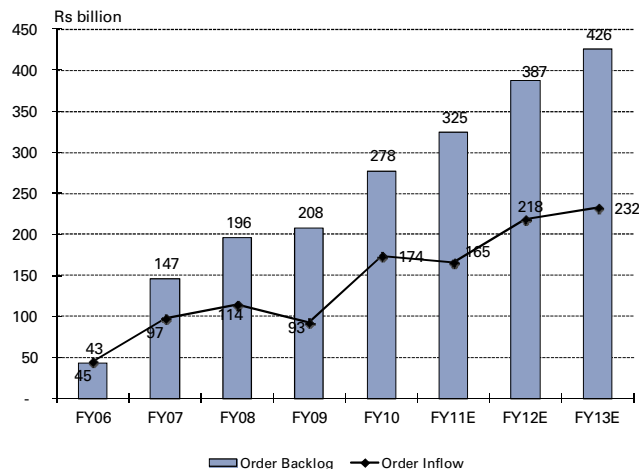
The company has an order backlog of Rs.278bn representing 2.64X of FY2010 revenue and 33.5% higher than FY2009 order book. However, we still have concerns over the quality of its order book in terms of both the product and geographic exposure.

63% of the existing order book relates to Infrastructure and construction work which are typically lower margin business. In our view, this business mix will impact the margins of the business for the next few years unless the company is successfully able to get more engineering orders (which are higher margin) and able to execute them in a within contracted costs and time stipulations.

Additionally, the current order book has high exposure to Africa (35% now vs. 4% in FY2009) as a result of the projects under way in Libya. We will watch the future order inflow for the company and assess the company's ability to pick up more orders in India over the next year. We currently model order inflows to increase at a 10% CAGR between FY2010 and FY2013 — in-line with regional construction industry growth.

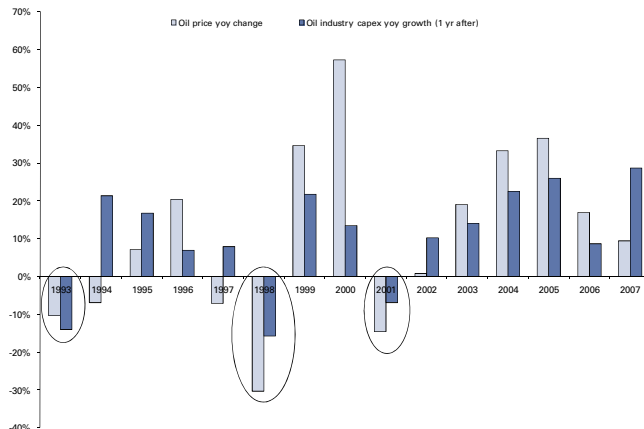
Exhibit 4: We expect order inflows to grow at a 10% CAGR over FY10-FY13

Order backlog and order inflow trend



Source: Company data, Goldman Sachs Research estimates.

Exhibit 5: Historical data indicates a close correlation between yoy change in oil price and change in oil industry capex in the following year



Source: Company data, Goldman Sachs Research.

Valuation

The stock is currently trading at 15x FY2011E P/E and 1.1x FY2011 P/B, which is near its historical trough levels, but given execution concerns on the existing book and the lack of visibility on the new order inflow, we do not see any catalyst for any significant improvement in the valuation of the company in the near future. We would need to see positive flow on orders and execution on existing book by the company before turning more constructive on the stock's performance.

Exhibit 6: Stock appears reasonable on P/E

12-m forward P/E of Punj Lloyd



Source: Datastream, Goldman Sachs Research estimates.

Exhibit 7: Attractive asset-based valuation outweighed by operational risks

12-m forward P/B of Punj Lloyd



Source: Datastream, Goldman Sachs Research estimates.

Exhibit 8: Global peer valuation snapshot

Companies	BB Ticker	Currency	Price 6/10/2010	GS Rating	Market Cap US\$mn	P/E (X)		EV/EBITDA (X)		P/B (X)		ROE (%)		Sales CAGR (%)		EPS CAGR (%)	
						1-yr fwd	2-yr fwd	1-yr fwd	2-yr fwd	1-yr fwd	2-yr fwd	1-yr fwd	2-yr fwd	1-yr	2-yr	1-yr	2-yr
India Infrastructure peers																	
IVRCL Infrastructure and Projects	IVRC IN	Indian Rupee	180	Buy*	1,025	14.9	9.7	8.9	6.8	1.6	1.4	11.0%	14.6%	23%	30%	54%	53%
IRB Infrastructure Developers	IRB IN	Indian Rupee	262	Buy	1,857	18.9	15.1	9.8	8.5	3.4	2.8	17.9%	18.3%	57%	40%	19%	22%
Reliance Infrastructure	RELI IN	Indian Rupee	1,123	Buy	5,859	17.7	14.7	17.1	12.3	1.4	1.3	7.6%	8.5%	38%	39%	14%	17%
GVK Power and Infrastructure	GVKP IN	Indian Rupee	42	Neutral	1,247	21.2	15.6	13.9	11.2	1.8	1.6	8.7%	10.5%	29%	24%	93%	62%
Larsen & Toubro	LT IN	Indian Rupee	1,673	Neutral	20,848	23.1	18.0	13.9	11.0	4.0	3.4	17.4%	18.7%	28%	27%	42%	35%
Punj Lloyd	PUNJ IN	Indian Rupee	117	Neutral	801	15.0	9.1	8.9	6.4	1.1	1.0	7.3%	10.8%	12%	22%	NM	NM
Jaiprakash Associates	JAJA IN	Indian Rupee	122	Buy	5,436	15.7	11.8	9.9	7.8	2.8	2.3	17.5%	19.2%	42%	32%	1%	16%
GMFR Infrastructure	GMFR IN	Indian Rupee	55	Neutral	4,265	61.1	44.6	17.7	15.3	2.9	2.7	4.7%	6.1%	26%	18%	107%	68%
Simplex Infrastructures Ltd	SINF IN	Indian Rupee	486	NC	478	14.6	11.8	6.5	5.5	2.1	1.7	15%	16%	22%	19%	30%	27%
Hindustan Construction Co	HCC IN	Indian Rupee	114	NC	688	23.9	19.1	14.6	NA	2.1	NA	9%	11%	19%	19%	2980%	521%
Nagarjuna Construction Co	NJCC IN	Indian Rupee	187	NC	953	17.9	14.7	13.0	10.9	2.0	1.8	11%	12%	9%	15%	-5%	8%
Mcap - weighted Average (Mean)						25.3	18.5	13.7	10.6	3.1	2.6	14%	15%	31%	28%	84%	40%
Median						18.4	14.7	13.4	9.7	2.1	1.7	11%	12%	26%	24%	36%	31%
Asia Infrastructure peers																	
Chiyoda	6366.T	Japanese Yen	696	Neutral	1,977	35.5	14.0	1.9	0.7	1.2	1.1	3%	8%	-23%	9%	72%	109%
Doosan Heavy Industries & Constructio	034020.KS	South Korean Won	71,200	Neutral	5,974	53.6	14.0	18.7	12.4	2.3	2.0	4%	14%	3%	10%	NM	NA
Hitachi Construction Machinery	6305.JT	Japanese Yen	1,700	Neutral	3,938	49.9	10.4	7.3	5.2	1.1	1.0	2%	10%	17%	16%	79%	193%
JGC	1963.T	Japanese Yen	1,416	Buy	3,921	10.2	9.8	4.3	3.6	1.3	1.2	13%	12%	22%	19%	29%	16%
Komatsu	6301.JT	Japanese Yen	1,631	Buy	17,296	17.5	10.6	8.0	5.9	1.8	1.6	10%	15%	15%	14%	168%	111%
Mitsubishi Heavy Industries	7011.JT	Japanese Yen	322	Sell	11,840	42.2	24.5	10.3	8.7	0.8	0.8	2%	3%	-3%	1%	81%	76%
Sumitomo Heavy Industries	6302.JT	Japanese Yen	517	Buy*	3,418	13.5	9.1	5.2	4.0	1.2	1.1	9%	12%	5%	8%	74%	61%
China Railway Construction (H)	1186.HK	Hong Kong Dollar	9	Neutral	14,803	12.8	11.1	5.2	4.8	1.7	1.6	13%	14%	14%	10%	20%	17%
China Railway Group (H)	0390.HK	Hong Kong Dollar	5	Neutral	13,667	10.7	10.1	7.3	6.5	1.4	1.3	13%	12%	17%	14%	NM	NM
Mcap - weighted Average (Mean)						23.6	13.0	8.0	6.4	1.5	1.3	9%	12%	11%	11%	65%	56%
Median						17.5	10.6	7.3	5.2	1.3	1.2	9%	12%	14%	10%	74%	76%
North American Infrastructure peers																	
Caterpillar, Inc.	CAT US	U.S. Dollar	60	Neutral	37,421	19.7	13.2	9.3	7.2	3.6	3.0	15%	24%	24%	20%	41%	45%
Deere & Co.	DE US	U.S. Dollar	58	Neutral	24,543	13.3	12.0	6.7	5.9	3.9	3.3	30%	28%	11%	9%	52%	28%
Eaton Corp.	ETN US	U.S. Dollar	71	Neutral	11,841	14.9	11.6	8.4	7.0	1.7	1.6	11%	14%	8%	9%	83%	53%
Fluor Corp.	FLR US	U.S. Dollar	46	Buy	8,122	15.7	13.2	4.9	3.9	2.2	1.9	14%	15%	-8%	3%	-23%	-5%
Foster Wheeler Ltd.	FWLT US	U.S. Dollar	24	Neutral	3,104	11.3	10.1	5.3	4.4	2.9	2.3	26%	22%	-16%	-2%	-27%	-10%
Jacobs Engineering Group Inc.	JEC US	U.S. Dollar	41	Sell	5,099	17.1	15.5	7.8	7.3	1.7	1.6	10%	10%	-11%	-2%	-25%	-9%
Kennametal Inc.	KMT US	U.S. Dollar	28	Sell	2,271	25.3	13.3	11.2	6.6	1.6	1.5	5%	11%	-6%	4%	37%	62%
Terex Corp.	TEX US	U.S. Dollar	20	Neutral	1,928	15.1	29.3	4.9	1.1	1.0	-7%	7%	-13%	3%	NM	NM	
Mcap - weighted Average (Mean)						16.4	12.7	8.4	6.4	3.1	2.6	19%	21%	11%	12%	37%	33%
Median						15.7	13.2	8.1	6.2	2.0	1.8	13%	14%	-7%	4%	37%	29%
European & Russian Infrastructure peers																	
MAN AG	MAN EU	Euro	68	Sell	12,078	20.2	13.3	9.8	8.3	1.8	1.6	9%	12%	16%	13%	NM	NM
Metso OYJ	ME01V EU	Euro	28	Neutral	5,079	19.5	12.8	8.7	6.6	2.2	2.0	11%	15%	10%	13%	5%	26%
Saipem	SPMI.MI	Euro	25	Buy	13,482	14.8	12.6	8.2	6.6	2.8	2.4	19%	19%	5%	10%	3%	10%
SBM Offshore	SBMO.NA	Euro	12	Neutral	2,579	11.2	8.9	6.7	5.7	1.3	1.2	12%	14%	4%	6%	-8%	7%
Scania	SCVA.SS	Swedish Krona	122	Sell	12,321	17.7	14.9	11.0	9.5	3.5	3.0	20%	20%	10%	9%	389%	141%
Technip	TECF.PA	Euro	49	Buy	6,259	12.9	11.0	4.8	4.0	1.8	1.6	14%	14%	-6%	3%	-4%	6%
Volvo	VOLVA.SS	Swedish Krona	87	Sell	22,111	22.9	13.9	NM	8.6	2.4	2.1	10%	15%	11%	13%	NM	NM
Keller Group	KLR.L	British Pounds/Pence	593	Neutral	559	12.7	8.1	5.6	3.9	1.2	1.1	9%	13%	-1%	3%	-42%	-5%
Carillion	CLLN.L	British Pounds/Pence	328	Neutral	1,923	7.7	7.4	7.6	7.3	1.5	1.4	16%	15%	-2%	0%	1%	2%
Balfour Beatty	BALF.L	British Pounds/Pence	252	Neutral	2,531	7.4	7.1	4.0	3.6	1.4	1.3	19%	18%	18%	10%	-2%	1%
Skanska	SKAB.ST	Swedish Krona	117	Neutral	6,120	14.2	11.9	5.8	4.5	2.1	1.8	14%	15%	-8%	2%	-6%	6%
Vinci	SGEP.PA	Euro	38	Buy	24,854	11.5	10.1	6.4	5.9	1.9	1.7	17%	17%	9%	8%	-1%	7%
Eiffage	FOUG.PA	Euro	35	Sell	3,810	15.3	12.6	8.5	8.0	1.2	1.1	8%	9%	-3%	0%	9%	15%
Hochtief AG	HOTC.DE	Euro	52	Buy*	4,208	12.0	9.7	3.1	2.7	1.4	1.3	12%	14%	9%	7%	40%	32%
Strabag	STRV.VI	Euro	18	Neutral	2,528	11.7	9.9	2.7	2.7	0.7	0.6	6%	7%	0%	0%	-14%	0%
Mostotrest	MSTT.RTS	U.S. Dollar	935	Neutral	1,160	81.7	38.3	18.6	13.7	7.3	6.2	9%	16%	-5%	13%	-11%	38%
Mastootryad 19	MSOTI.RTS	U.S. Dollar	1,700	Neutral	111	7.5	9.1	3.3	2.8	1.3	1.1	17%	12%	-17%	-8%	2%	-9%
Bamtonnelstroy	BTSTI.RTS	U.S. Dollar	3,750	Neutral	404	24.4	15.1	10.0	6.5	2.3	2.0	10%	13%	18%	28%	19%	39%
Mastostroy-11	MSTSI.RTS	U.S. Dollar	1,123	Sell	5,859	18.7	14.4	7.8	6.1	3.4	2.8	18%	19%	-30%	-9%	-73%	-41%
Mcap - weighted Average (Mean)						16.4	12.2	6.2	6.7	2.2	2.0	14%	16%	6%	8%	34%	18%
Median						14.2	11.9	7.2	6.1	1.8	1.6	12%	15%	4%	7%	-1%	7%
Global Average																	
Mcap - weighted Average (Mean)						19.1	13.3	8.1	7.0	2.4	2.1	14%	16%	11%	12%	48%	33%
Median						15.7	12.0	8.0	6.4	1.8	1.6	11%	14%	9%	10%	12%	17%

* - indicates stock is on the GS regional conviction list. For important disclosures, please go to <http://www.gs.com/research/hedge.html>.
 NC - Not Covered

Source: Bloomberg, Goldman Sachs Research estimates.

Reg AC

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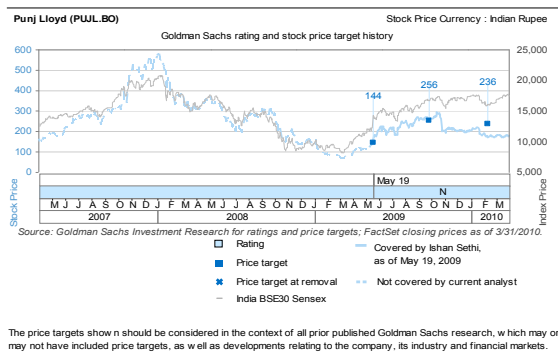
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