

# Good execution, telecom OEM a drag

## Raise estimates, telecom OEM a drag, Neutral on valuation

Wipro reported a strong in-line 4Q with robust growth in BPO and profitability improvement in acquisitions. Raise EPSe by 6 & 7% in FY08 and FY09 for 21% CAGR. Muted 1QFY08 global IT revenue guidance, higher attrition than peers and continued concerns in telecom OEM (TEM) vertical likely to suppress stock performance near term. Neutral at 2yr PEG of 1.1 vs TCS & Infosys at < 1.

## Robust 4Q; BPO/other new services shine; Attrition concern

Wipro Ltd. saw strong, in line revenue growth of 9% qoq. PAT grew 12% (+ 9% vs MLe) due to tax write backs and other income. Global IT revs (p 6% qoq) saw strong growth of 12-14% in BPO, infra mgt and Package implementation. Attrition up 70bps to 16.9% in IT services and remains a high ~56% post training in BPO.

## Good execution in Q4; BPO and acquisitions' margins rise

Despite onsite wage hike of 3-4% and Rupee appreciation, Wipro maintained Global IT margins at 24.1% (ex forex losses). BPO, 9% of global IT, saw EBIT margin expansion of 120bps on improved mix. Global IT services helped by 100bps jump in utilization, pricing increase of 0.5 to 2% qoq. Synergy led 1000bps improvement in profitability of acquisitions (5% of global IT) was also key.

## Muted 1Q guidance; TEM business outlook still a concern

1QFY08 US\$ global IT rev guidance at 3% qoq is muted and lower than peers at over 5%. Telecom OEM business (26.5% of rev) continues to under perform, due to key client's pre-occupation with M&A issues. We would watch trends in TEM space closely to gauge improvement, given about a year of subdued growth.

### Estimates (Mar)

(Rs)	2006A	2007A	2008E	2009E	2010
Net Income (Adjusted - mn)	20,674	29,315	35,394	43,353	NA
EPS	14.50	20.56	24.67	30.22	NA
EPS Change (YoY)	25.3%	41.8%	20.0%	22.5%	NA
Dividend / Share	5.00	6.99	7.69	8.46	NA
Free Cash Flow / Share	12.59	6.91	6.30	17.06	NA
ADR EPS (US\$)	0.328	0.455	0.591	0.724	NA
ADR Dividend / Share (US\$)	0.113	0.155	0.184	0.202	NA

### Valuation (Mar)

	2006A	2007A	2008E	2009E	2010
P/E	39.36x	27.76x	23.14x	18.89x	NA
Dividend Yield	0.876%	1.22%	1.35%	1.48%	NA
EV / EBITDA*	29.28x	21.62x	16.79x	13.33x	NA
Free Cash Flow Yield*	2.24%	1.23%	1.12%	3.05%	NA

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 8.



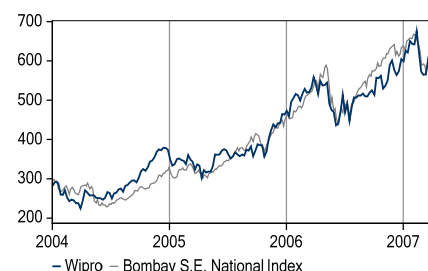
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### Stock Data

Price (Common / ADR)	Rs570.80 / US\$16.78
Investment Opinion	C-2-7 / C-2-7
Volatility Risk	HIGH / HIGH
52-Week Range	Rs383.00-Rs690.00
Market Value (mn)	US\$19,231
Shares Outstanding (mn)	1,407.1 / 1,407.1
Average Daily Volume	261,029
ML Symbol / Exchange	WIPRF / BSE
ML Symbol / Exchange	WIT / NYS
Bloomberg / Reuters	WPRO IN / WIPR.BO
ROE (2008E)	32.6%
Net Dbt to Eqty (Mar-2005A)	-49.8%
Est. 5-Yr EPS / DPS Growth	22.0% / 22.0%
Free Float	15.0%



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Refer to important disclosures on page 9 to 10. Analyst Certification on page 7.

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# *iQprofile*<sup>SM</sup> Wipro Ltd.

## Key Income Statement Data (Mar)

	2006A	2007A	2008E	2009E	2010
<b>(Rs Millions)</b>					
Sales	106,029	149,982	187,624	241,498	NA
Gross Profit	34,328	47,279	60,071	75,228	NA
Sell General & Admin Expense	(12,050)	(17,130)	(21,644)	(27,338)	NA
Operating Profit	22,278	30,149	38,427	47,890	NA
Net Interest & Other Income	1,501	2,733	2,954	3,403	NA
Associates	NA	NA	NA	NA	NA
Pretax Income	23,778	32,882	41,381	51,293	NA
Tax (expense) / Benefit	(3,391)	(3,868)	(6,207)	(8,207)	NA
Net Income (Adjusted)	20,674	29,315	35,394	43,353	NA
Average Fully Diluted Shares Outstanding	1,426	1,426	1,435	1,435	NA

## Key Cash Flow Statement Data

Net Income (Reported)	20,674	29,315	35,394	43,353	NA
Depreciation & Amortization	3,096	4,213	5,835	7,863	NA
Change in Working Capital	(5,194)	(1,075)	(16,169)	(12,605)	NA
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	4,941	(2,105)	(528)	2,155	NA
Cash Flow from Operations	23,517	30,349	24,532	40,767	NA
Capital Expenditure	(5,564)	(20,493)	(15,500)	(16,300)	NA
(Acquisition) / Disposal of Investments	(7,307)	(2,437)	(11,748)	(14,166)	NA
Other Cash Inflow / (Outflow)	NA	NA	NA	NA	NA
Cash Flow from Investing	(12,871)	(22,930)	(27,248)	(30,466)	NA
Shares Issue / (Repurchase)	756	11,809	2,517	2,769	NA
Cost of Dividends Paid	(8,129)	(11,363)	(12,576)	(13,834)	NA
Cash Flow from Financing	(7,502)	3,546	(10,059)	(11,065)	NA
Free Cash Flow	17,954	9,855	9,032	24,467	NA
Net Debt	(37,917)	(47,834)	(47,222)	(60,624)	NA
Change in Net Debt	(3,273)	(7,867)	12,775	764	NA

## Key Balance Sheet Data

Property, Plant & Equipment	18,154	28,485	37,850	45,986	NA
Other Non-Current Assets	5,117	11,477	11,437	11,812	NA
Trade Receivables	21,272	29,391	37,641	48,449	NA
Cash & Equivalents	38,675	51,661	51,049	64,451	NA
Other Current Assets	12,437	20,537	16,577	20,897	NA
Total Assets	95,655	141,551	154,554	191,596	NA
Long-Term Debt	757	3,827	3,827	3,827	NA
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	28,770	41,700	29,368	34,122	NA
Total Liabilities	29,528	45,527	33,195	37,949	NA
Total Equity	66,127	96,024	121,359	153,648	NA
Total Equity & Liabilities	95,655	141,551	154,554	191,596	NA

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

Return On Capital Employed	34.6%	35.1%	32.2%	31.0%	NA
Return On Equity	34.8%	36.2%	32.6%	31.5%	NA
Operating Margin	21.0%	20.1%	20.5%	19.8%	NA
EBITDA Margin	23.9%	22.9%	23.6%	23.1%	NA

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

Cash Realization Ratio	1.1x	1.0x	0.7x	0.9x	NA
Asset Replacement Ratio	1.8x	4.9x	2.7x	2.1x	NA
Tax Rate (Reported)	14.3%	11.8%	15.0%	16.0%	NA
Net Debt-to-Equity Ratio	-57.3%	-49.8%	-38.9%	-39.5%	NA
Interest Cover	NM	NM	NM	NM	NA

## Key Metrics

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 8.

## Company Description

Wipro is India's third-largest IT services exporter (Wipro Global IT set up in 1990s was at US\$1.8bn, 76% of FY06 revenue & 88% of EBIT). It also has an India hardware & India/Asia-Pacific IT services business (16% of revenue), with the rest being consumer business. Global IT is known for its wide range of services (R&D to BPO), is preeminent in R&D services & has increased focus on enterprise solutions since 2001.

## Stock Data

Shares / ADR	1.00
Price to Book Value	6.6x

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## Financial tables

Table 1: Q4FY07 Indian GAAP segment wise performance

	4Q07	3Q07	QoQ	4Q06	YoY
<b>Revenue</b>	<b>43,331</b>	<b>39,790</b>	<b>9%</b>	<b>31,132</b>	<b>39%</b>
Global IT	30,480	28,755	6%	23,171	32%
IT Services	26,201	24,962	5%	20,637	27%
Acquisitions	1,643	1,435	14%	443	
BPO Services	2,636	2,358	12%	2,091	26%
India/Asia IT	7,837	7,008	12%	5,695	38%
Consumer Care & lighting	2,275	2,114	8%	1,658	37%
Others	2,739	1,913	43%	608	350%
<b>EBITDA</b>	<b>9,497</b>	<b>8,862</b>	<b>7%</b>	<b>7,551</b>	<b>26%</b>
Global IT	8,233	7,842	5%	6,570	25%
India/Asia IT	776	627	24%	600	29%
Consumer Care & lighting	323	308	5%	246	31%
Others	165	85	94%	135	22%
<b>Depreciation</b>	<b>1,091</b>	<b>983</b>	<b>11%</b>	<b>846</b>	<b>29%</b>
Global IT	917	878	4%	760	21%
India/Asia IT	45	40	13%	34	32%
Consumer Care & lighting	56	46	22%	32	75%
Others	73	19	284%	20	265%
<b>EBITA</b>	<b>8,406</b>	<b>7,879</b>	<b>7%</b>	<b>6,705</b>	<b>25%</b>
Global IT	7,316	6,964	5%	5,810	26%
IT Services	6,434	6,347	1%	5,412	19%
Acquisitions	231	63	267%	29	na
BPO Services	651	554	18%	369	76%
India/Asia IT	731	587	25%	566	29%
Consumer Care & lighting	267	262	2%	214	25%
Others	92	66	39%	115	-20%
Interest income	850	713	19%	402	111%
<b>PBT</b>	<b>9,256</b>	<b>8,592</b>	<b>8%</b>	<b>7,107</b>	<b>30%</b>
Income tax	746	1,031	-28%	983	-24%
<b>PAT before eqty interest</b>	<b>8,510</b>	<b>7,561</b>	<b>13%</b>	<b>6,124</b>	<b>39%</b>
Extraordinary discontinued ops					
Equity in earnings of affiliates	49	89	-45%	55	-11%
Minority interest	2	4	na	-	nm
<b>PAT</b>	<b>8,561</b>	<b>7,654</b>	<b>12%</b>	<b>6,179</b>	<b>39%</b>
<b>EBITDA margins</b>	<b>21.9%</b>	<b>22.3%</b>	<b>-35bps</b>	<b>24.3%</b>	<b>-234bps</b>
Global IT	27.0%	27.3%	-26bps	28.4%	-134bps
India/Asia IT	9.9%	8.9%	95bps	10.5%	-63bps
Consumer Care & lighting	14.2%	14.6%	-37bps	14.8%	-64bps
Others	6.0%	4.4%	158bps	22.2%	-1618bps
<b>EBITDA margins (ex-forex related gains/losses)</b>					
<b>Total</b>	<b>22.0%</b>	<b>22.0%</b>	<b>-3bps</b>	<b>23.3%</b>	<b>-135bps</b>
Global IT	27.1%	26.9%	17bps	27.2%	-13bps
India/Asia IT	9.9%	8.9%	95bps	10.4%	-48bps
Consumer Care & lighting	14.2%	14.6%	-37bps	14.7%	-48bps
Others	6.0%	4.4%	158bps	21.8%	-1582bps

Source: Company

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**Table 2: Q4FY07 results table- Indian GAAP**

Rs m	Q4FY07	Q3FY07	QoQ	Q406	YoY	MLe	Var%
<b>Net Sales</b>	<b>43,223</b>	<b>39,726</b>	<b>8.8%</b>	<b>30,719</b>	<b>40.7%</b>	<b>43,492</b>	<b>-0.6%</b>
Cost of goods sold exclud dep	28,271	26,584	6.3%	20,291	39%	28,841	-2%
S,G&A exclud dep	5,298	4,316	22.7%	3,291	61%	5,405	-2%
<b>EBITDA</b>	<b>9,654</b>	<b>8,826</b>	<b>9.4%</b>	<b>7,137</b>	<b>35.3%</b>	<b>9,246</b>	<b>4%</b>
Depreciation	1,325	1,010	31.2%	845	57%	1,050	26%
Total Expenditure incld depreciation	34,894	31,910	9.4%	24,426	43%	35,296	-1%
<b>EBIT</b>	<b>8,329</b>	<b>7,816</b>	<b>6.6%</b>	<b>6,292</b>	<b>32%</b>	<b>8,196</b>	<b>2%</b>
Other Income	967	825	17.2%	822	18%	700	38%
Interest	40	48	-17%	7	466%	15	167%
<b>PBT</b>	<b>9,256</b>	<b>8,593</b>	<b>7.7%</b>	<b>7,107</b>	<b>30%</b>	<b>8,881</b>	<b>4%</b>
Tax	746	1,031	-27.7%	983	-24%	1,110	-33%
<b>PAT</b>	<b>8,510</b>	<b>7,561</b>	<b>12.5%</b>	<b>6,124</b>	<b>39%</b>	<b>7,771</b>	<b>10%</b>
<b>Profit before minority int./equity in earnings of affiliates</b>	<b>8,510</b>	<b>7,561</b>	<b>12.5%</b>	<b>6,124</b>	<b>39%</b>	<b>7,771</b>	<b>10%</b>
Minority Interest	2	4		-		-	
Equity in earnings / (losses) of affiliates	49	89	-44.9%	55	-11%	93	-47%
<b>Recurring Profit</b>	<b>8,561</b>	<b>7,654</b>	<b>11.9%</b>	<b>6,178</b>	<b>39%</b>	<b>7,864</b>	<b>8.9%</b>
			<b>bps</b>		<b>bps</b>		<b>bps</b>
EBITDA margin	22.3%	22.2%	12bps	23.2%	-90bps	21.3%	108bps
EBIT margin	19.3%	19.7%	-40bps	20.5%	-121bps	18.8%	42bps
PAT margin	19.7%	19.0%	66bps	19.9%	-25bps	17.9%	182bps
Effective tax rate	8.1%	12.0%	-394bps	13.8%	-578bps	12.5%	-444bps

Source: Company

**Table 3: Profit and loss statement**

Year ended March (Rs m)	2005	2006	2007	2008E	2009E
<b>Net Sales</b>	<b>81,606</b>	<b>106,029</b>	<b>149,982</b>	<b>187,624</b>	<b>241,498</b>
Total expenses	61,090	80,655	115,620	143,362	185,745
<b>EBITDA</b>	<b>20,515</b>	<b>25,374</b>	<b>34,362</b>	<b>44,262</b>	<b>55,753</b>
Other income	945	1536	2963	3183	3633
<b>EBIT</b>	<b>18059</b>	<b>22278</b>	<b>30149</b>	<b>38427</b>	<b>47890</b>
Interest and Finance	56	35	230	230	230
Depreciation	2,456	3,096	4,213	5,835	7,863
PBT	18,948	23,778	32,882	41,381	51,293
Tax	2,750	3,391	3,868	6,207	8,207
<b>PAT-Ordinary Oprns</b>	<b>16,198</b>	<b>20,387</b>	<b>29,014</b>	<b>35,174</b>	<b>43,086</b>
<i>Continuing operations</i>	<i>16,198</i>	<i>20,387</i>	<i>29,120</i>	<i>35,174</i>	<i>43,086</i>
Minority Interest	-88	-1	6	0	0
Equity in earnings / (losses) of affiliates	175	288	295	220	268
<b>Reported PAT</b>	<b>16,285</b>	<b>20,674</b>	<b>29,421</b>	<b>35,394</b>	<b>43,353</b>
<b>Recurring consolidated profit</b>	<b>16,285</b>	<b>20,674</b>	<b>29,421</b>	<b>35,394</b>	<b>43,353</b>

Source: Merrill Lynch Estimates, Company data

**Table 4: Balance sheet**

Rs million, 31st March	2005	2006	2007	2008E	2009E
<b>Liabilities</b>					
Share Capital	1,407	2,852	2,918	2,918	2,918
Share application money	12	75	35	35	35
Reserves & Surplus	51,407	63,201	93,042	118,377	150,666
<i>Shareholders Funds</i>	<i>52,826</i>	<i>66,127</i>	<i>95,995</i>	<i>121,330</i>	<i>153,619</i>
Loan Funds	621	757	3,827	3,827	3,827
Minority Interest	265	-	29	29	29
<b>Total</b>	<b>53,713</b>	<b>66,884</b>	<b>99,851</b>	<b>125,186</b>	<b>157,475</b>
<b>Assets</b>					
Goodwill	5,663	3,528	9,477	9,777	10,077
<b>Fixed Assets</b>					
<i>Gross Block</i>	<i>20,900</i>	<i>24,816</i>	<i>37,287</i>	<i>52,487</i>	<i>68,487</i>
<i>Less: Depreciation</i>	<i>9,952</i>	<i>12,910</i>	<i>18,993</i>	<i>24,828</i>	<i>32,692</i>
<i>Net Block</i>	<i>10,948</i>	<i>11,905</i>	<i>18,294</i>	<i>27,659</i>	<i>35,795</i>
<i>Add: CWIP</i>	<i>2,604</i>	<i>6,249</i>	<i>10,191</i>	<i>10,191</i>	<i>10,191</i>
Investments	23,505	30,812	33,249	44,997	59,163
Deferred Tax assets	495	594	590	665	740
<i>Current Assets, Loans &amp; advances</i>					
Inventories	1,747	2,065	4,150	3,653	4,702
Sundry Debtors	15,518	21,272	29,391	37,641	48,449
Cash & Bank balances	5,714	8,858	19,822	7,047	6,283
Loans & Advances	5,563	10,373	16,387	12,923	16,196
Total	28,542	42,567	69,750	61,265	75,631
Less: Current Liabilities	12,742	18,527	33,667	21,863	24,462
Less: Provisions	5,302	10,244	8,033	7,505	9,660
<i>Net Current assets</i>	<i>10,498</i>	<i>13,796</i>	<i>28,050</i>	<i>31,897</i>	<i>41,509</i>
<b>Total assets and liabilities</b>	<b>53,713</b>	<b>66,884</b>	<b>99,851</b>	<b>125,186</b>	<b>157,475</b>

Source: Merrill Lynch Estimates, Company data

**Table 5: Cash flow statement**

Rs million	FY04	FY05	FY06	FY07	FY08E	FY09E
<b>Cash From Operations</b>						
Profit Before Tax from Continuing Operations	11,996	19,035	24,065	33,289	41,601	51,560
Depreciation & Amortization	1,972	2,456	3,096	4,213	5,835	7,863
Change in Provisions	7,514	(2,996)	4,941	(2,211)	(528)	2,155
<b>Change in Current Assets/ Liabilities</b>						
Receivables	(3,314)	(3,631)	(5,852)	(8,116)	(8,325)	(10,883)
Loans and advances (Excluding Treasury Investments)	(1,175)	121	(4,810)	(6,014)	3,464	(3,271)
Inventories	(281)	(455)	(317)	(2,085)	497	(1,049)
Current Liabilities	2,949	3,460	5,785	15,140	(11,804)	2,599
<b>Net cash provided by operations</b>	<b>19,660</b>	<b>17,990</b>	<b>26,908</b>	<b>34,217</b>	<b>30,739</b>	<b>48,974</b>
Taxes Paid	(1,681)	(2,750)	(3,391)	(3,868)	(6,207)	(8,207)
<b>Net Cash provided by Operations</b>	<b>17,979</b>	<b>15,240</b>	<b>23,517</b>	<b>30,349</b>	<b>24,532</b>	<b>40,767</b>
<b>Cash flow from investing activities</b>	<b>(4,118)</b>	<b>(6,984)</b>	<b>(5,564)</b>	<b>(20,493)</b>	<b>(15,500)</b>	<b>(16,300)</b>
Capital Expenditure	(3,873)	(6,573)	(7,699)	(14,544)	(15,200)	(16,000)
Increase/ Decrease in Goodwill	(245)	(411)	2,135	(5,949)	(300)	(300)
Change in Investments (Excluding treasury related)	40	(179)	(274)	(415)	415	0
Change in Treasury Investments	(7,955)	(4,267)	(7,033)	(2,022)	(12,163)	(14,166)
<b>Net Cash used in investing activities</b>	<b>(12,033)</b>	<b>(11,429)</b>	<b>(12,871)</b>	<b>(22,930)</b>	<b>(27,248)</b>	<b>(30,466)</b>
<b>Free Cash Flow</b>	<b>13,861</b>	<b>8,256</b>	<b>17,954</b>	<b>9,855</b>	<b>9,032</b>	<b>24,467</b>
<b>Cash flows from financing activities</b>						
Change in Share Capital	75	2,964	756	11,809	2,517	2,769
Dividends Paid	(6,750)	(3,479)	(7,129)	(9,965)	(11,029)	(12,132)
Dividend Tax Paid	(865)	(493)	(1,000)	(1,398)	(1,547)	(1,702)
Proceeds from issuance / (repayment) of borrowings	625	(332)	(129)	3,099	0	0
<b>Net Cash provided by/ (used in financing activities)</b>	<b>(6,916)</b>	<b>(1,340)</b>	<b>(7,502)</b>	<b>3,546</b>	<b>(10,059)</b>	<b>(11,065)</b>
Net increase / (decrease) in cash and cash equivalents during the year	(969)	2,471	3,144	10,964	(12,775)	(764)
<b>Cash at the end of the year</b>	<b>3,242</b>	<b>5,713</b>	<b>8,857</b>	<b>19,822</b>	<b>7,046</b>	<b>6,282</b>
<b>Treasury Investments</b>	<b>18,517</b>	<b>22,784</b>	<b>29,817</b>	<b>31,839</b>	<b>44,002</b>	<b>58,168</b>
<b>Cash and Cash Equivalents at the end of year</b>	<b>21,759</b>	<b>28,497</b>	<b>38,674</b>	<b>51,661</b>	<b>51,048</b>	<b>64,451</b>

Source: Merrill Lynch Estimates, Company data

**Table 6: Key ratios**

	2005	2006	2007	2008E	2009E
EBITDA %	25.1	23.9	22.9	23.6	23.1
NPM (%)	20.0	19.5	19.6	18.9	18.0
EPS	11.6	14.5	20.6	24.7	30.2
CEPS	13.3	16.7	23.6	28.7	35.7
EV/EBITDA	37.7	30.5	22.3	17.4	13.6
ROCE (%)	41.1	39.5	39.7	37.0	36.5
RONW (%)	36.0	34.8	36.3	32.6	31.5
BV (Rs)	37.5	46.4	67.3	84.6	107.1
Debtor collection days	68.46	72.22	70.55	72.22	72.22
FCFE(Rs m)	7,672	14,514	17,087	8,586	23,483

Source: Merrill Lynch Estimates, Company data

## Analyst Certification

I, Mitali Ghosh, 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*<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
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	$\text{Net Debt} = \text{Total Debt, Less Cash \& Equivalents}$	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	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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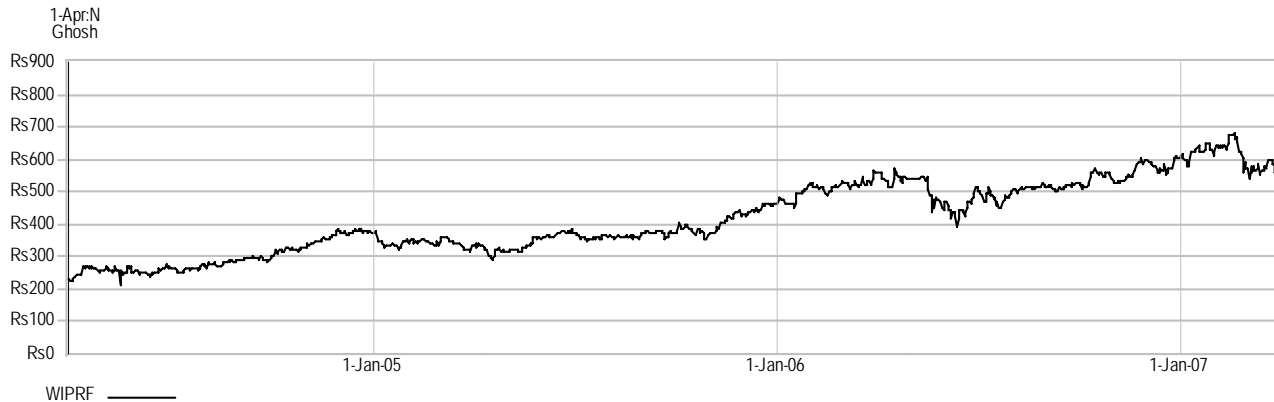
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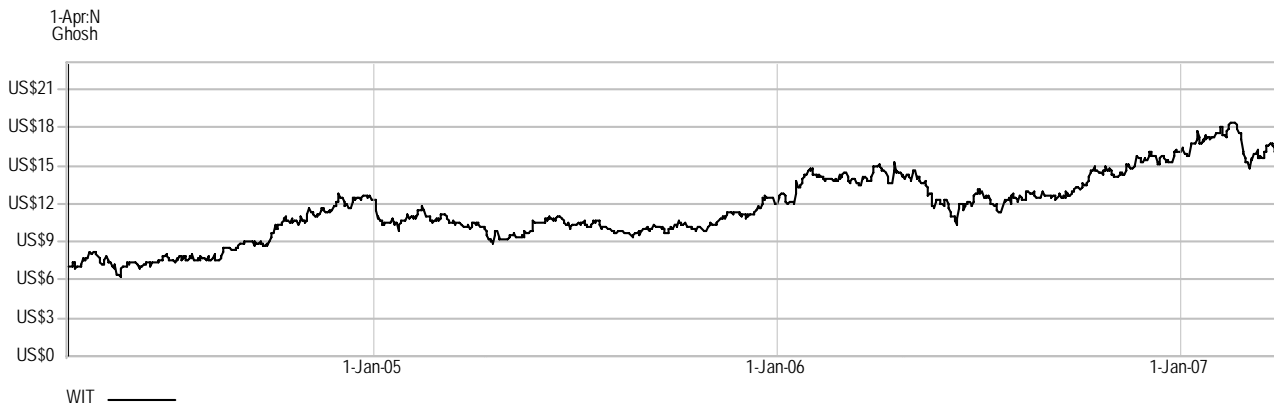
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B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of March 31, 2007 or such later date as indicated.

### WIT Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of March 31, 2007 or such later date as indicated.

### Investment Rating Distribution: Industrials/Multi-Industry Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	46	58.97%	Buy	7	17.95%
Neutral	28	35.90%	Neutral	7	31.82%
Sell	4	5.13%	Sell	1	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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