Company Focus

11 February 2008 | 13 pages

Change in opinion ☑
Rating change ☑
Target price change ☑

Unitech (UNTE.BO)

Upgrade to Buy: Rising NAV, Corrected Stock – an Opportunity

- **Raising target to Rs454** — We upgrade Unitech to Buy/Medium Risk with stock down 33%, underperforming the Sensex (20%), over last 1 mth and trading at 11% discount to NAV vs. its 33% avg premium. We see upside and increase target to Rs454 while maintaining our 15% premium on increased Mar'09 NAV of Rs395 as we roll 12-m forward and factor in recently disclosed land bank.
- **Residential close to bottoming; asset mix more balanced** — With prices stagnating and volumes low, downside on residential appears limited; rate cut a potential catalyst. Unitech's asset mix also improves; share of residential down to 60% of gross NAV (vs. 65% earlier) enabling it to tap growth across assets.
- **Sizeable additions to land bank, at reasonable costs** — Adds ~2,100 acres in strategic locations across key tier-I cities (Mumbai, Chennai, Hyderabad and Kolkata) at reasonable cost of ~Rs184/sqft. This expands Unitech's scale by ~105m sqft and widens geographic spread in tier-I cities, particularly Mumbai.
- **Thrust on asset monetization** — Plans are underway for monetizing its 40% stake in 3 IT Parks through listing of Office Trust and using UCP, AIM Fund as a vehicle for more asset injections – though this remains contingent on capital.
- **Key risks; potential stock triggers —** Key risks are leveraged balance sheet, potential capital constraint (on delay in Trust listing/capital raising) in difficult markets and increased execution risks in slum rehab projects. Value unlocking of telecom licenses and rate compressions are triggers not built in our target.

Buy/Medium Risk	**1M**
from Sell/Medium Risk	
Price (08 Feb 08)	Rs351.05
Target price	Rs454.00
from Rs314.00	
Expected share price return	29.3%
Expected dividend yield	0.1%
Expected total return	**29.4%**
Market Cap	Rs569,886M
	US$14,422M

Price Performance (RIC: UNTE.BO, BB: UT IN)

Statistical Abstract

Year to 31 Mar	Net Profit (RsM)	Diluted EPS (Rs)	EPS growth (%)	P/E (x)	P/B (x)	ROE (%)	Yield (%)
2006A	841	0.52	152.0	nm	nm	36.9	0.0
2007A	13,058	8.04	na	43.6	28.6	115.9	0.1
2008E	16,374	10.09	25.4	34.8	15.9	58.6	0.1
2009E	27,542	16.97	68.2	20.7	9.0	55.7	0.1
2010E	41,908	25.82	52.2	13.6	5.5	50.0	0.1

Source: Powered by dataCentral

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See Appendix A-1 for Analyst Certification and important disclosures.

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Fiscal year end 31-Mar	2006	2007	2008E	2009E	2010E
Valuation Ratios					
P/E adjusted (x)	nm	43.6	34.8	20.7	13.6
P/E reported (x)	nm	43.6	34.8	20.7	13.6
P/BV (x)	nm	28.6	15.9	9.0	5.5
Dividend yield (%)	0.0	0.1	0.1	0.1	0.1
Per Share Data (Rs)					
EPS adjusted	0.52	8.04	10.09	16.97	25.82
EPS reported	0.52	8.04	10.09	16.97	25.82
BVPS	1.60	12.29	22.11	38.83	64.39
NAVps ordinary	na	na	na	na	na
DPS	0.12	0.29	0.25	0.25	0.25
Profit & Loss (RsM)					
Net operating income (NOI)	**2,427**	**19,565**	**29,435**	**46,495**	**69,064**
G&A expenses	-1,077	0	-2,981	-3,459	-5,116
Other Operating items	-110	-66	-231	-289	-550
EBIT including associates	**1,240**	**19,499**	**26,222**	**42,747**	**63,399**
Non-oper./net int./except.	152	-1,567	-3,481	-3,956	-4,373
Pre-tax profit	**1,392**	**17,933**	**22,741**	**38,791**	**59,025**
Tax	-513	-4,864	-6,368	-11,249	-17,117
Extraord./Min. Int./Pref. Div.	-38	-11	0	0	0
Reported net income	**841**	**13,058**	**16,374**	**27,542**	**41,908**
Adjusted earnings	841	13,058	16,374	27,542	41,908
Adjusted EBIT	1,238	19,485	26,222	42,747	63,399
Adjusted EBITDA	1,350	19,565	26,454	43,036	63,949
Growth Rates (%)					
NOI	95.1	706.1	50.4	58.0	48.5
EBIT adjusted	211.5	nm	34.6	63.0	48.3
EPS adjusted	152.0	nm	25.4	68.2	52.2
Cash Flow (RsM)					
Operating cash flow	**-2,165**	**-21,520**	**-3,161**	**17,672**	**16,023**
Depreciation/amortization	113	80	231	289	550
Net working capital	-2,180	-46,788	-6,466	-10,884	-12,794
Investing cash flow	**-3,127**	**-7,229**	**-22,108**	**-968**	**353**
Capital expenditure	-3,485	-2,826	-5,608	-5,292	-6,852
Acquisitions/disposals	0	0	0	0	0
Financing cash flow	**6,474**	**35,077**	**30,304**	**-14,588**	**-14,573**
Borrowings	6,686	29,356	30,710	-14,182	-14,167
Dividends paid	-188	-477	-406	-406	-406
Change in cash	**1,182**	**6,328**	**5,035**	**2,116**	**1,804**
Balance Sheet (RsM)					
Total assets	**44,522**	**130,900**	**162,015**	**194,496**	**235,063**
Cash & cash equivalent	3,899	10,227	15,262	17,378	19,182
Net fixed assets	4,887	8,148	12,904	17,907	23,939
Total liabilities	**41,688**	**110,944**	**126,105**	**131,450**	**130,515**
Total Debt	10,449	39,805	70,515	56,333	42,166
Shareholders' funds	**2,834**	**19,956**	**35,910**	**63,045**	**104,548**
Profitability/Solvency Ratios					
EBIT margin adjusted (%)	13.9	60.1	48.4	49.4	49.6
ROE adjusted (%)	36.9	115.9	58.6	55.7	50.0
ROA adjusted (%)	2.4	14.9	11.2	15.5	19.5
Net debt to equity (%)	231.1	148.2	153.9	61.8	22.0
Interest coverage (x)	2.9	6.5	6.1	8.6	11.6

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Key Points

Reasons for Upgrade

Upgrade premised on enhanced scale, more balanced asset mix/geographic spread and attractive valuations of 11% discount to NAV

We are upgrading Unitech to a Buy (1M) from a Sell (3M), post the recent sell-off with stock down 33%, underperforming the Sensex (20%), over last 1 month. Our upgrade is premised on 1) Unitech's enhanced scale with portfolio of ~696m sqft spread over 8-10 years; 2) sizeable land additions have widened geographic spread and improved asset mix; and 3) attractive valuations with stock trading at 11% discount to our revised NAV vs. its average 33% premium over Aug'07 to Jan'08. We see potential upside and increase our target price to Rs454 while maintaining our 15% premium on increased Mar'09 NAV of Rs395 as we roll 12-months forward and factor in recently disclosed land bank.

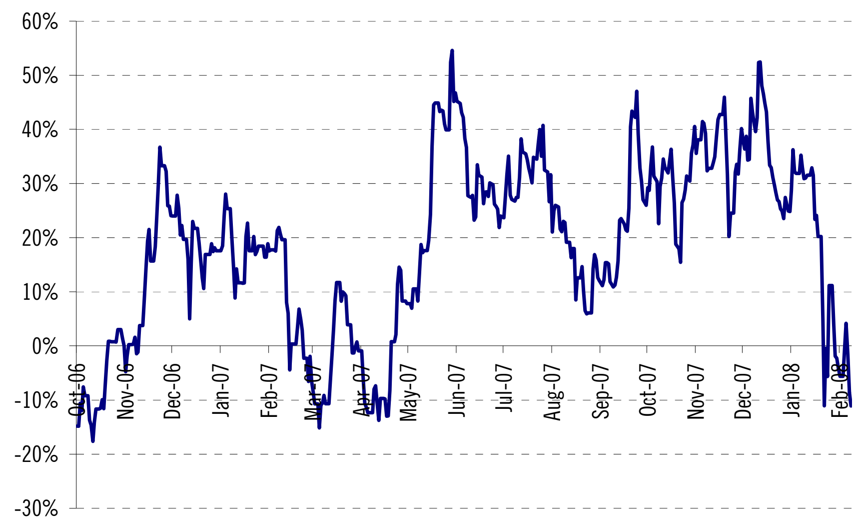
Is the timing, appropriate?

While we are likely to see some more volatility, we believe risk/reward post recent correction is now favorable

In our view, yes, although we expect to see some more volatility ahead due to 1) declining risk appetite and volatile capital markets, 2) possible delay in listing of Unitech's Office Trust or asset injections in UCP, and 3) sluggish demand environment. However, we believe the recent stock correction largely captures these issues and see upside as we believe 1) residential market is close to bottoming out with prices having stagnated and volumes down over the last 8-12 months, 2) rate cut in the offing is a likely catalyst for demand, and 3) value unlocking for its telecom licenses and upside from rate compression are stock triggers, but are not currently built in our target price as timing these is difficult.

That said, we maintain our thesis that in the current challenging environment tier-I developers like Unitech will trade at premium to NAV and outperform tier-II players as done (by 62%) over last 6 months. This is due to its diversified asset mix, wider geographic spread and ability to manage cycles better; we expect this trend to continue. Given Unitech's scale, track record and stock at discount to NAV vs. our target premium of 15%, we find valuations attractive.

Figure 1. Unitech's Rolling Premium/Discount to 1-yr forward NAV



Source: Citi Investment Research

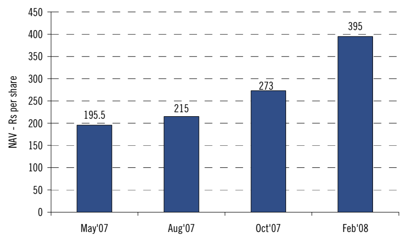
Sizeable land additions drive NAV estimates

Increasing our NAV estimate to Rs395 (vs. Rs273 earlier) as development volume increases to 656m sq ft

We are increasing our NAV estimate for Unitech to Rs395 (compared to Rs273 earlier) factoring in the sizeable land bank addition of ~2,100 acres in strategic locations across key tier-I cities – Mumbai, Chennai, Hyderabad and large parcel in Kolkata – at a reasonable cost of Rs184/sqft. This should add ~105m sqft or 18% additional volumes. Unitech's consistent growth in NAV accretive land bank despite challenging times has clearly differentiated it from the tier-II players; this explains our thesis for ascribing a premium to NAV.

Our revised NAV estimate is based on a development volume of 656m sq ft compared to ~561m sq ft earlier and roll forward to Mar '09 (vs. Mar'08 earlier).

Figure 2. Changes in Unitech's NAV



Source: Citi Investment Research

Figure 3. Unitech's Recent Land Bank Additions

City	Location	Total Area (Acres)	Unitech's Stake	Saleable Area (m sq ft)
Kolkata	Part of NKID Project	957	40%	33.3
Kolkata	Near Howrah	390	36%	11.9
Kolkata	Royal Calcutta Turf Club	6	75%	0.5
Hyderabad	Near new international aiport at Shamshabad	350	100%	38.1
Gr. Noida	Along Taj Expressway	150	100%	13.1
Mumbai	Santacruz East - near Bandra Kurla Complex	97	50%	4.0
Chennai	Perambur - North Chennai	70	29%	2.4
Goa	Near Hotel Leela	103	88%	0.9
Bhubaneshwar	Within city limits	11	80%	0.8
Total		**2,134**		**104.9**

Source: Company Reports, Citi Investment Research

Entry into Mumbai with slum rehab project

Enters into a SRA project spread over 97acres near BKC; this adds 4m sqft and Rs35/share to our NAV – however, risks could be higher

Unitech has now established its presence in Mumbai, the financial capital of the country. The company has entered into a 50:50 joint venture with a Mumbai-based developer group for a slum redevelopment project (SRA) spread over 97 acres. The project is on Western Express Highway near Bandra Kurla Complex (BKC), a fast emerging business hub in Mumbai that enjoys high office rentals of Rs250-300/sq ft/month. The rehabilitation process for slum dwellers is ongoing with 30 of 97 acres of land cleared and the construction of rehabilitation already on. We expect this project to add ~4m sqft of commercial office space and foresee it contributing ~Rs35 per share to our NAV estimate. While entry through an SRA project provides Unitech with access to strategic land at a lucrative land cost of approx Rs2,500/sqft, it is however a risky form of land addition. We see potential for more SRA projects as the company is in talks with couple of developers. Any additions would provide further upsides and enhance presence in Mumbai.

Scaling up in the South

Increasing presence in Chennai and Hyderabad, planning townships

Unitech is scaling up its exposure in the South, particularly in tier-I cities such as Chennai and Hyderabad. The company picked up a 29% stake in a 70-acre township project in Perambur, Chennai, which translates into development of 2.4m sqft. The stake is routed through its 50:50 JV with Arihant foundation.

The township project is on the erstwhile Binny Mills property, acquired by SSI, where it plans to develop ~5000 apartments, retail mall, hotels, hospital and other utilities. Additionally, the company has acquired 350 acres from the government through a tender process at a cost of~Rs6m/acre. The acres are near the upcoming airport at Shamshabad in Hyderabad, where it plans to develop a township. We expect these projects to cumulatively add ~40m sqft additional volumes and foresee them contributing ~Rs26 per share to our NAV estimate.

Growing big in Kolkata

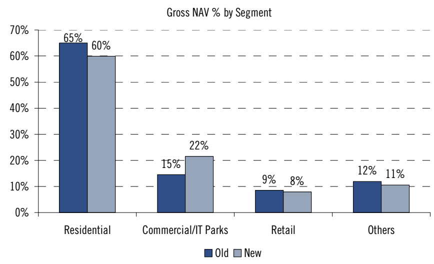
Increased exposure to Kolkata from 16% to 21% of total development portfolio

Unitech is growing big in Kolkata. The company already had a significant presence here (16% of land bank), and it has further strengthened this by adding two large projects: 1) large 390-acre township project in West Kolkata, near Howrah, where Unitech has a 36% stake; and 2) acquisition of 957 acres across locations which is a part of its economic corridor – NKID project between Kolkata-Halida – where Unitech holds a 40% stake. This has added ~45m sqft and increased Unitech's Kolkata exposure to 21% of the total land bank. It also picked up a 75% stake in the 6-acre prime property of Royal Calcutta Turf Club to develop luxury apartments and a premium hotel/service apartment.

Widen geographic spread; improved asset mix

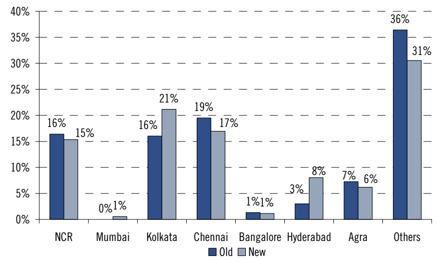
The company's sizeable land addition has further diversified its land bank and widened its geographic spread. Its thrust on tier-I cities across strategic locations in Mumbai, Chennai, Hyderabad and Kolkata has enhanced the quality of its land bank. While the company continues to have a residential heavy model, asset mix has improved with dependence on residential down to 60% of gross NAV (vs 65% earlier).

Figure 4. Gross NAV % by Segment



Source: Citi Investment Research

Figure 5. Geographic Comparison



Source: Citi Investment Research

Asset monetization the focus

With Unitech's initial success in monetizing 60% stake in 6 IT parks to Unitech Corporate Park (UCP), the AIM Fund, it is now exploring other opportunities for unlocking more value through faster asset turnover. It plans to monetize the remaining 40% stake in three of its IT Parks transferred to UCP through listing of an Office Trust in Singapore, plans of which are underway. Further, it is also looking at using UCP as a vehicle for more asset injections, particularly retail mall/hotel assets. This, we believe, should provide Unitech with cash flows early on, providing it with a competitive advantage in a liquidity strained environment. However, the success of this strategy remains contingent on capital flows.

Figure 6. UOT Portfolio Summary

Project	Description	Leaseable Area (m sq ft)	% Leased
G2-IST	IT/ITES SEZ in Gurgaon	3.7	20%
K1	IT/ITES SEZ in Kolkata	4.3	22%
N1	IT Park in Noida	2.1	0%
Total		**10.1**	**17%**

Note: % Leased is as at 19th December 2007

Source: Company Reports, Citi Investment Research

Listing of Unitech Office Trust – A likely sentiment positive

We see good progress on Unitech's plans to list Unitech Office Trust (UOT) in Singapore. UCP has already sought shareholder approval for a conditional sale of 60% in 3 IT Park assets to UOT. It is looking to have a seed portfolio of ~10m sqft of which ~17% is leased and the balance to be leased in phases by 2010. We see Unitech's 40% stake in this Trust to benefit from 1) cap rate compressions (vs. our 9% rate assumption) on the asset portfolio, and 2) yields from the leasing income of the Trust portfolio given its 40% stake. While we believe the listing will be sentiment positive and currently scheduled for 1QCY08, given current volatility in markets there could be possibility of some delays.

Potential to inject more assets to UCP

With UCP's conditional sale of 60% stake in 3 IT Park assets (from portfolio of 6 assets) to UOT for GBP234m providing the capital, we see potential for Unitech to inject more assets into UCP, particularly its retail/hotel assets. This ties-in with UCP widening its investment mandate to include retail and other commercial and hospitality assets. We believe this will help Unitech monetize retail/hotel assets early on and unlock greater value at lower cap rates (vs. our 10% rate assumption) for these assets.

Progress on NKID project – Could get big

Unitech is part of the consortium for New Kolkata International Development (NKID) Project, one of the largest infrastructure projects to be undertaken in the country. The company holds a 40% stake in the project, while 40% is held by Indonesia-based Salim Group (not listed) and the balance by the government. The project includes 1) a 10,000 acre Petrochemical SEZ, 2) a 12,500 acre multi-product SEZ, both at Haldia, and 3) construction of a 130 km expressway between Kolkata and Haldia, including 2 bridges over Hooghly and Haldi rivers. The project will cover a total area of 37,830 acres. (See details in figure 7 below.)

Figure 7. NKID Project Details

Location	Project	Details	Area (Acres)
Haldia	SEZ & Township	Multi-product SEZ	12,500
		Chemical Cluster (JV with WBIDC)	10,000
		Township	5,000
Economic Corridor	Ribbon development along the road	10 plots of 100 acres each	1,000
	115.5km 4-lane road + 15km 2-lane road	100km Barasat to Raichak + 115.5km extension of the EM Bypass Road + 4km Gobindpur-Jagdishpur road+15km Pailan-Jagdishpur road	2,930
	1,000 acre mixed development	500 acres - Dist HQ - South 24 Paragnas	1,000
		100 acres - Rehabilitation Land	
		400 acres - SME Commercial Zone - (JV with WBIDC)	
	3750 acre township near Baruipur	3,750 acres township	3,750
Near Rajarhat, Bhangar, South 24 Paragnas	Residential Township including Health & Knowledge City	1,500 acre Township	1,500
Rajarhat	Residential Township	150 acre Township	150
Nandigram-Haldia	Bridge	4-lane 1.4km long over river Haldi	NA
Raichak-Kukkurhatti, Haldia	Bridge	4-lane ~3.5km long over river Hooghly	NA

Source: Company Reports

The land acquisition for the NKID project met with severe social and political opposition at Nandigram, which restricted the project's progress. However, the government's recent notice to transfer part of the project land – first tranche being 957acres near Haldia – is positive. We have attributed Rs7/share towards this in our NAV. If progress on this project remains encouraging, we see it resulting in substantial value creation for the company given its large scale. However, with significant land bank still to be acquired/transferred, as a conservative measure we have not included the rest of the project in our NAV.

Unlock value in telecom business – a potential stock trigger

Unitech's success in getting letter of intent (LOIs) from the Department of Telecommunications (DoT) for a Unified Access Service license in 22 circles should unlock significant value going forward. The company through its subs has already paid Rs16.5bn for these licenses, submitted the requisite documents and awaits allocation of spectrum. Per management, it is expected to be fourth in queue for spectrum allocation.

Being a late entrant and given the stiff competition in the telecom space, the company is already in active talks with global telecom players for a tie-up. We expect to hear more on this once spectrum allocations are received. That said, as per management, Unitech will 1) offload a stake to the strategic partner at a premium, and 2) commit limited capital (to the extent of procuring the licenses), but continue to have a significant equity stake in this venture. Factoring this, we see Unitech's foray in the telecom business to be value accretive and act as a potential trigger for the stock. However, we have not built in any upside from this in our target price as we wait for more details of spectrum allocation, which would be crucial for telecom business valuations.

Key risks – 1) sluggish residential market, 2) asset monetization strategy contingent on capital flows, and 3) potential supply risks

Key risks in the current scenario

- Company's asset monetization strategy remains contingent on capital flows, especially with risk appetite on the decline and volatile capital markets. Additionally with laggard performance of Singapore REITs, listing of its Office Trust could get delayed, which could also have an impact on asset injections into UCP. This could be a sentiment dampener.
- Leveraged balance sheet with debt/equity of 1.96x, factoring in incremental debt raised for funding its initiatives in telecom could result in capital constrains in a liquidity strained environment.
- Potential supply risks across asset classes, particularly IT Parks/IT SEZs. While there is strong demand for IT space, in event of the sector facing a slowdown, demand across segment could get adversely impacted.
- Sluggish demand environment in residential market continues. Though asset mix gets more balanced, with Unitech's business model still leveraged towards the residential segment (60% of gross NAV), response for new projects will be crucial for growth ahead and cash flows.

Unitech

Company description

Unitech is one of India's largest, most diversified real estate developers with an emerging pan-India presence. It enjoys leadership in markets of NCR and Kolkata. Its core strengths of land acquisition, reputation in building townships and relationships with governments and customers have enabled it to build a diversified portfolio. Unitech has a land bank of 13,758 acres with a total saleable area of ~696m sq ft spread over Chennai (17%), NCR (15%), Kolkata (21%) and Tier III cities (37%). Residential projects account for about 77% of the saleable area, commercial 7%, IT Parks 5% and retail 5%. In addition, it also has a small presence in power transmission, prefabricated construction, paving block and ready mix concrete. The promoter family holds a 75% stake in the company.

Investment strategy

We rate Unitech Buy/Medium Risk (1M) rating with a target price of Rs454. Our target is based on a 15% premium to our increased NAV estimate of Rs395 on land additions and 12-m roll forward. The premium is attributed to: 1) Unitech's competitive advantage of large diversified land bank, 2) thrust on asset monetization, and 3) strong brand positioning and proven track record.

The company's low risk/high return model and focus on scale in tier-I and tier-II cities differentiate its growth profile from its peers. Key drivers that we see ahead are 1) enhanced scale with sizeable land additions translating into a portfolio of ~696m sq ft, spread over 8-10 years; 2) widened geographic spread, particularly with entry in Mumbai, and improved asset mix; and 3) growing income from lease/management fees. Post the recent sell-off, the stock is now trading at discount to NAV vs. premium earlier, which makes valuations attractive, in our view. Further value unlocking for its telecom licenses and upsides from rate compressions on likely listing of its Trust and more asset injections in UCP the AIM Fund are potential stock triggers not currently built in our target price.

Valuation

We increase our target price to Rs454 (vs. Rs314 earlier) while maintaining our 15% premium on increased NAV of Rs395. We build in the recently disclosed land bank additions in strategic locations across key tier-I cities (which translates to ~18% additional volumes) and roll forward to Mar'09E (vs. Mar'08 earlier).

The 15% premium is based on high valuation benchmarks for Tier-I developers and Unitech's 1) competitive advantage of large diversified land bank, while peers are still aggregating land, 2) dynamic business model with thrust on recycling capital faster, and 3) strong brand positioning and proven track record. However, this is lower than the 25% premium we ascribe to DLF due to its higher gearing towards commercial assets, benchmark in disclosure standards, strong balance sheet and sizeable asset-portfolio accruing leasing income. This is in-line with our thesis of ascribing premia's on NAV's for tier-I developers, while smaller/tier-II developers will likely trade at discounts to NAV.

Our NAV estimate of Rs395 is based on the following assumptions: a) current market price levels to sustain with no price inflation; b) development volume of 656m sqft (~40m sqft recognized as revenue up to FY09); c) all projects undertaken will be completed largely as per schedule, though we expect risk of delays; d) average cost of capital of 14%; and e) tax rate of 28%.

The stock is down 33%, underperforming the Sensex (20%), over last 1 month and is trading at 11% discount to NAV vs. our target 15% premium. Factoring this, undiscounted triggers of value unlocking in telecom business, cap rate compressions on listing of its trusts and potential cut in interest rates, we see good upside at current valuations.

Figure 8. Unitech NAV Summary (Rs Millions)

Gross NAV of Residential Development	641,329
Gross NAV of Non-Residential Development	432,847
Gross Total NAV	**1,074,176**
Less: Amt outstanding for land	64,124
Less: Tax @ 28%	282,814
Less: Debt Outstanding	53,942
Less: Customer Advances	57,764
Add: Cash	25,079
Net NAV	**640,610**
No. of Shares Outstanding (Millions)	1623
NAV Per Share (Rupees)	**395**

Source: Citi Investment Research

Figure 9. Unitech NAV Sensitivity

Price Change	**0**	**+ 5 %**	**+ 10 %**
NAV (Rs.)	395	432	469
Cost of Capital	**13%**	**14%**	**15%**
NAV (Rs.)	407	395	383
Project Delays	**3 months**	**6 months**	**12 months**
NAV (Rs.)	379	365	337

Source: Citi Investment Research

Risks

We rate Unitech Medium Risk. Key reasons for Medium Risk rating are: 1) low-risk/high-return business model, 2) pan-India land bank with initiatives to reduce weightage on NCR, and 3) relatively healthy cash flows. Main company-specific risks include:

1) Significant delay in listing of Office Trust would impact the asset monetization of retail and hotel assets, adversely impacting cash flows.

2) Any litigation on allocation of spectrum for its telecom license across all circles would adversely impact stock sentiment and stock performance.

3) Continued slowdown in residential demand and sustained high mortgage rates would negatively impact our NAV assumption and our earnings estimates going forward.

4) Potential supply and execution risks would negatively impact our NAV assumptions

If any of these risk factors plays out, Unitech's share price is likely to have difficulty attaining our target price.

Appendix A-1

Analyst Certification

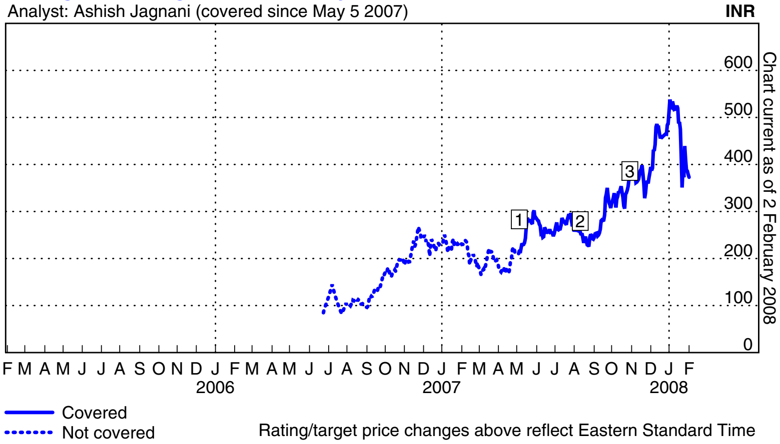
Each research analyst(s), strategist(s) or research associate(s) responsible for the preparation and content of all or any identified portion of this research report hereby certifies that, with respect to each issuer or security or any identified portion of the report with respect to an issuer or security that the research analyst, strategist or research associate covers in this research report, all of the views expressed by that research analyst, strategist or research associate in this research report accurately reflect their personal views about those issuer(s) or securities. Each research analyst(s), strategist(s) or research associate(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst, strategist or research associate in this research report.

IMPORTANT DISCLOSURES

Unitech (UNTE.BO)

Ratings and Target Price History - Fundamental Research

Analyst: Ashish Jagnani (covered since May 5 2007)



#	Date	Rating	Target Price	Closing Price
1:	4 May 07	3M	215.00	216.08
2:	10 Aug 07	3M	*247.50	256.15
3:	30 Oct 07	3M	*314.00	374.40

*Indicates change.

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