

PETERCAM

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Benelux Weekly Newsletter

MARKET COMMENT

20.03.07

Weekly Calendar

| Date | Company | Event |
|------------|--------------|--------------|
| 22/03/2007 | BAM Group | 2006 Results |
| 22/03/2007 | BESI | AGM |
| 22/03/2007 | Ahold | 2006 Results |
| 22/03/2007 | NSI | AGM |
| 22/03/2007 | Euronav | 2006 Results |
| 23/03/2007 | Corio | 2006 Results |
| 23/03/2007 | Exmar | 2006 Results |
| 23/03/2007 | Zetes | 2006 Results |
| 26/03/2007 | NSI | Ex-dividend |
| 26/03/2007 | SBM Offshore | 2006 Results |

Recommendation Changes

| Company | Prior | Current | Comment |
|----------------|--------|---------|---------------|
| Ordina | Add | Buy | Outlook |
| Metris | Buy | Hold | 2006 Results |
| Aegon | Reduce | Hold | Volume growth |
| Fortis | Add | Buy | Outlook |
| Univar | Hold | Reduce | ChemCentral |
| Ballast Nedam | Add | Hold | Outlook |
| ABN Amro | Reduce | Hold | Barclays |
| Ter Beke | Hold | Reduce | 2006 Results |
| Vastned Retail | Hold | Add | 2006 Results |

Market Data (19.03.07)

| Return | -1 week | -1 month | -1 year | |
|-------------|---------|----------|---------|-------|
| Bel 20 (BE) | 4,364.6 | 0.1% | -4.1% | 10.3% |
| AEX (NL) | 492.4 | 0.6% | -3.3% | 6.1% |
| DJ E. Stoxx | 396.6 | -0.1% | -4.4% | 10.1% |

| Avg daily vol. Mln € | 1 week | 1 month | 1 year |
|----------------------|--------|---------|--------|
| Belgium | 639 | 564 | 447 |
| Netherlands | 4,499 | 3,583 | 2,594 |

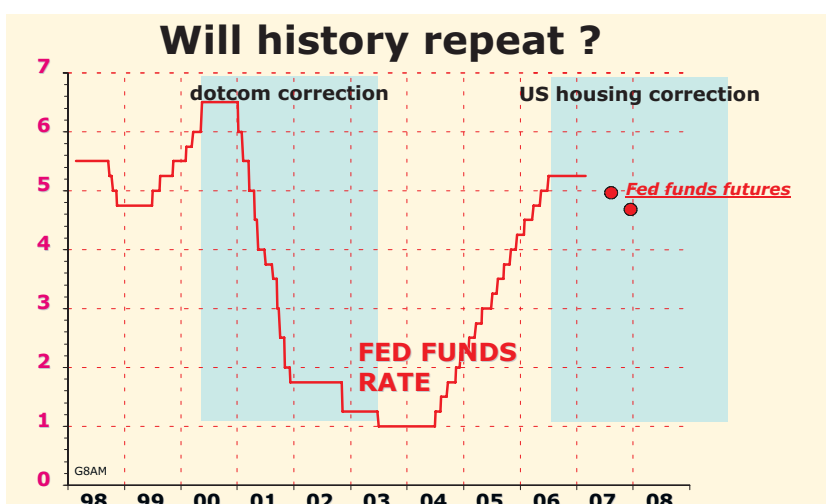
| Valuation DJ E. Stoxx | 2005 | 2006e | 2007e |
|-----------------------|-------|-------|-------|
| Market P/E | 14.1 | 14.8 | 13.7 |
| Market Yield | 3.0% | 3.0% | 3.2% |
| Market P/CF | 7.5 | 8.6 | 7.9 |
| Market EPS growth | 23.2% | 14.5% | 8.5% |

Source JCF Quant, Bloomberg

THE FED'S ANSWER TO THE HOUSING PROBLEMS

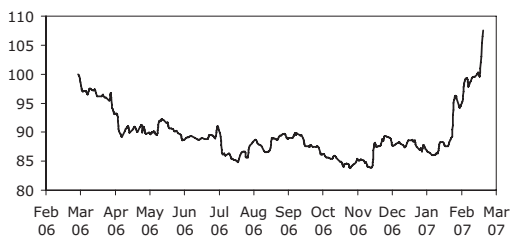
It seems so "cliché", but economists will look forward to tomorrow's Fed statement. The FOMC meets today and tomorrow. It is the first meeting after the mortgage problems became clear in full extent. Given its importance and possible financial and economic contagion, the Fed members will have food for thought for their two-day meeting. In the statement after the previous meeting in January, the Fed mentioned "tentative signs of stabilization in the housing market." The comparison with the Fed's reaction after the bursting of the dotcom bubble is clear. The Fed paused for some quarters, before embarking on an aggressive rate cut strategy after 2001. The bursting of the housing bubble seems less spectacular so far, but could be slower and certainly potentially much more damaging. The futures imply two 25bp rate cuts in the latter half of this year. This could be insufficient. The Fed could change its tone tomorrow, and abandon its balanced view in favour of a "slowing economy"-view. This would be bearish for the dollar, but potentially bullish for equities in the short run. Investors tend to see the good interest rate news, before they consider the impact of a slowdown.

In Europe things look different. The economy remains strong, and M&A activities remain at the order of the day. The recent ABN-Barclays project is just another example of consolidation in various sectors. Today, financial conditions remain relatively favourable. We could see a rush of new corporate deals, as investors might anticipate less supportive conditions in the future. The ripple-effect from the sub-prime shock could indeed lower investor's appetite for high yielders and other spread products later this year.



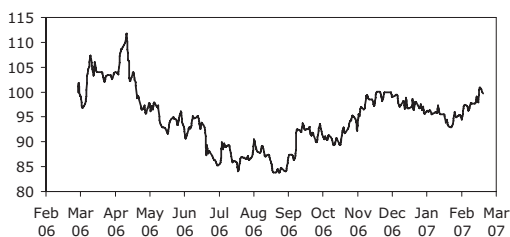
| Hold | EUR 29.94 | | |
|------------------------|-----------|-------|--------|
| | 12/05 | 12/06 | 12/07e |
| P/E | 10.2 | 11.3 | 13.1 |
| Tier 1 ratio | 10.6% | 8.5% | 8.8% |
| P/NAV | 1.90 | 1.92 | 2.26 |
| ROE | 11.8% | 8.2% | 9.3% |
| Div. yield | 5.0% | 4.7% | 3.9% |
| Market cap. (m) | 55,503 | | |
| Target Price | 33.00 | | |
| Perf. 12 months | 20.5% | | |

ABN Amro Relative to DJ Euro Stoxx



| Add | EUR 95.68 | | |
|------------------------|-----------|--------|--------|
| | 12/05 | 12/06e | 12/07e |
| P/E | 11.4 | 15.1 | 14.7 |
| EV/FCF | 11.7 | 13.3 | 11.2 |
| EV/EBITDA | 6.8 | 7.7 | 7.0 |
| FCF yield | 8.7% | 7.0% | 7.8% |
| Div. yield | 3.8% | 2.3% | 2.4% |
| Market cap. (m) | 2,004 | | |
| Target Price | 99.00 | | |
| Perf. 12 months | 13.6% | | |

Bekaert Relative to DJ Euro Stoxx



AEX & BEL 20

ABN Amro: Exclusive talks with Barclays

ABN Amro issued a press release confirming that it is in discussions with Barclays about a possible combination of the two banks. The talks are in an early and explanatory stage. According to the FT the talks have an exclusive nature and are for a 30 day period. This suggests that ABN Amro will not engage in talks with other banks during that period, which will end just before the AGM at April 26th.

Quite to our surprise ABN Amro has been approached by Barclays. Evidently, ABN Amro was under threat from activist shareholders and was prone to be approached by one or more of the larger European or US banks. Barclays, however, did not top that list because there is very little overlap and Barclays was trading a considerable discount to ABN Amro (ABN Amro PE 12.9x 2007 vs. Barclays' 9.4x). With a price of € 33.50 the market capitalization of the two banks would be roughly equal at € 65bn. We would expect the share price to be heading in that direction. Sure, there are a number of activities that can be sold at a good price. The Brazilian and the US operations spring to mind as the most obvious candidates. In fact, however, almost anything could be sold, as there is not a single activity with much overlap with Barclays. Also, we believe that other banks, including Barclays, could bring down the cost/income ratio at ABN Amro. We think, however, that it is a gross mistake to simply compare C/I ratios across borders and from there calculate the potential cost savings. ABN Amro shareholders should be pleased with the recent developments, while it should not be the case for Barclays', as we think that even at € 30 the British bank would be paying too much.

We admit to have underestimated the outcome of the letter written by TCI. We raise our recommendation from Reduce to Hold. We would expect the share price to head towards € 33-34, which we think is the price that the bank with the best synergy opportunities (which is not Barclays) could afford.

Bekaert: Strong results, Strong outlook

Revenues were already pre-announced at € 2,010m. Declared EBITA reached € 146m vs € 136m expected. Underlying EBIT amounted to € 163m, or 11% ahead of our forecasts. All in all, net profit came in at € 142m, 6% our forecast of € 134m. At year end 2006, the group already bought back and cancelled 636,656 shares or 3% of the outstanding capital. In February Bekaert repurchased and cancelled 550k shares or another 2.6% of its outstanding shares. In the Outlook, Bekaert stated it has made a good start in 2007, but it expects raw material prices to become more volatile. Bekaert will continue to invest in order to strengthen its market and technological leadership and to participate in the growth in the BRIC countries.

Bekaert once again delivered a strong set of results driven by ongoing growth in China and strong cost control. Despite the high raw material prices and the high-energy costs, Bekaert surprised with better than expected margins. We believe this is a result of the group's continuous product mix upgrade and move towards emerging markets. Traditionally, Bekaert is guiding in a prudent way stating that visibility is low. For the first time since record year 2004, the group gives a bullish guidance by stating that the year started strongly. We hope to receive more quantitative information at the analyst meeting this afternoon.

The group's strategy is simple and clear: investing in steel cord, in which it is worldwide leader, in areas where the underlying market is growing. As a result, Bekaert is becoming more and more a player on the emerging markets. It seems that the group has added a second leg in its investing strategy: buying back its own share and optimizing its balance sheet, a strategy we applaud. Forecasts and our € 99 target price will be raised after the analyst meeting. Add reiterated.

Delhaize: Solid outlook confirms our Buy recommendation

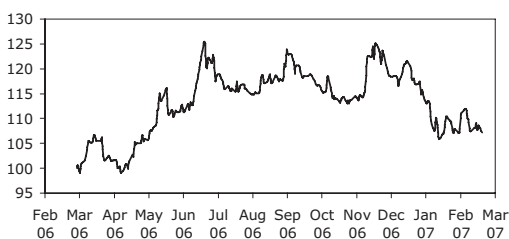
Delhaize published its 4Q06 and 2006 results. EBIT from continuing activities came in at € 262.4m vs. € 260m expected. Belgium was the main surprise, reporting a 22% increase in EBIT to € 53.2m vs. € 47.3m expected. According to the press release the strong performance was due to the sales growth and a more efficient promotion.

| Buy | | EUR 68.15 | | |
|------------------------|--------------|------------------|---------------|--|
| | 12/05 | 12/06e | 12/07e | |
| P/E | 14.1 | 21.7 | 14.5 | |
| EV/FCF | 10.7 | 17.6 | 12.5 | |
| EV/EBITDA | 6.1 | 7.0 | 6.3 | |
| FCF yield | 5.7% | 0.5% | 4.0% | |
| Div. yield | 2.2% | 2.1% | 2.1% | |
| Market cap. (m) | 6,489 | | | |
| Target Price | 75.75 | | | |
| Perf. 12 months | 16.6% | | | |

| Add | | EUR 58.00 | | |
|------------------------|--------------|------------------|---------------|--|
| | 12/05 | 12/06 | 12/07e | |
| P/E | 15.4 | 20.4 | 14.5 | |
| EV/FCF | 14.7 | 17.5 | 13.2 | |
| EV/EBITDA | 10.8 | 12.2 | 10.8 | |
| FCF yield | 6.4% | 4.2% | 6.1% | |
| Div. yield | 0.7% | 0.7% | 0.9% | |
| Market cap. (m) | 1,507 | | | |
| Target Price | 62.00 | | | |
| Perf. 12 months | 15.8% | | | |

| Reduce | | EUR 47.12 | | |
|------------------------|--------------|------------------|---------------|--|
| | 12/05 | 12/06 | 12/07e | |
| P/E | 21.1 | 25.3 | 24.1 | |
| EV/FCF | 17.4 | 18.3 | 14.4 | |
| EV/EBITDA | 11.1 | 12.1 | 13.2 | |
| FCF yield | 2.9% | 2.6% | 5.1% | |
| Div. yield | 2.2% | 1.8% | 1.9% | |
| Market cap. (m) | 8,636 | | | |
| Target Price | - | | | |
| Perf. 12 months | 17.9% | | | |

UCB Relative to DJ Euro Stoxx



Delhaize announced that it is going to sell Di, its Belgium beauty and body care activities generating € 95m of revenues. Delhaize might receive € 33.4m in cash, which will lead to a small gain. Besides, the outlook is in line with expectations. Delhaize is guiding a 2.5 to 3% comparable growth in the US and a total sales growth of 4 to 5.5%. EBIT is expected to be up between 6-8%, while we were expecting a guidance of 5-7%. Net profit continuing activities is expected to rise by 8 to 12% (our estimate + 11%). Credit rating. Delhaize is aiming for a credit rating for the total company. Now it only has a credit rating for Delhaize America. Having a credit rating for the group could give them financing benefits in the future and more flexibility. It could also indicate that Delhaize is aiming for more corporate action.

Results were in line with expectations, while we are pleased with the outlook. The outlook is a confirmation that Delhaize is driving the top line in a consistent way, also resulting in healthy double-digit earnings growth. Based on the solid sales and earnings growth in combination with the low valuation, we strongly believe there is a lot of potential upside in the share price. Consequently, we stick to our Buy recommendation, but we will fine-tune our estimates and price target.

Omega Pharma: Underlying also in line

Omega Pharma released a FY 06 REBITDA of € 154.1m against € 156.9m expected by us and € 154.9 by consensus. Financial charges were somewhat higher than expected at € 28.8m against 28.2 anticipated, as a result of a net debt position that came in at € 408m against € 386m. The main reasons for the higher than expected net debt were higher than expected share buy-backs (586,377 shares in 06 at an average price of € 48.4). Net profit came in at € 72m, against a consensus of € 76m. The dividend was raised to € 0.40, +25%.

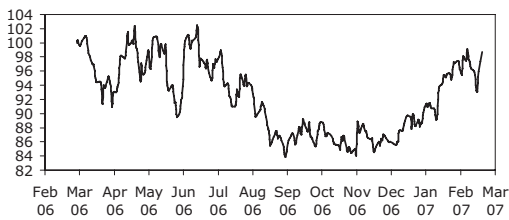
It seems that gross margin has dropped to slightly below 50% from around 53% in the previous quarters. However, this was compensated by lower than expected opex. According to the IR, gross margin in OTC was stable and the drop was due to a sales mix at Arseus. At a divisional level we did not get major surprises. Omega Europe again did slightly better and Omega France seems to have stabilised. The slight REBITDA shortfall to our expectations was due to Arseus, which recorded a REBITDA of € 34.7m against € 37m expected. Based on these numbers we keep our 07 EPS estimate stable at € 3.99. At 14.5 times 07 earnings we keep our rating at ADD.

UCB: "Recurring" milestones to save Rebit growth?

UCB reported a strong set of results, driven by milestones and upfront fees. This represented € 37m out of the € 475m Rebit. The net result was driven by € 135m of pre-tax divestment gains, only partly balanced by restructuring and impairment costs. All in all, the underlying cleaned net adjusted profit came in at € 295m. The New UCB will need milestone income to realize Rebit growth. On a proforma consolidated basis, UCB recorded a Rebit profit of € 608m. This included € 141m from milestones and upfront fees. The net adjusted profit reached € 320m in 2006. Guidance called for marginal topline growth overall and a limited increase in operating expenses. Hence Rebit of the new UCB/Schwarz group would be flattish in case no new milestones are collected. We already assume € 40m milestone from Pfizer upon Fesoterodine approval and € 10m from Sanofi for Xyzal US approval. Any additional partnership with milestones would imply upside. As of December 07, UCB will have to replace the € 220m estimated US Zyrtec profits with Xyzal US. We do not expect that Cimzia, the Schwarz products and cost savings are able to balance this profit loss. Pipeline: key milestones need to be taken to secure 2010 growth. The March meeting with the FDA regarding Cimzia's Crohn's Disease filing will be a key short term driver. A positive outcome could spark a rally towards € 50 per share. Beyond Cimzia, we are most interested in Keppra XR data (Q4 07), Rotigotine US approval (H1 07), Xysal US approval (mid 07) and Fesoterodine approval. A failure to secure any of these data points would imply increased risk regarding the 2010 earnings growth. We continue to argue that the transition between various profit engines is a challenging path where intermediate dips and rally's are likely. With a premium valuation, we see little room for hick-ups in this transition.

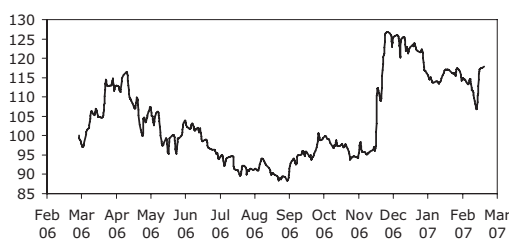
| Hold | EUR 37.99 | | |
|-----------------|-----------|--------|--------|
| | 12/05 | 12/06e | 12/07e |
| P/E | 16.5 | 14.7 | 12.8 |
| EV/FCF | nm | nm | nm |
| EV/EBITDA | 6.1 | 5.5 | 5.9 |
| FCF yield | -15.6% | -8.5% | -3.1% |
| Div. yield | 3.1% | 4.1% | 3.9% |
| Market cap. (m) | 379.9 | | |
| Target Price | 41.00 | | |
| Perf. 12 months | 9.5% | | |

Ballast Nedam Relative to DJ Euro Stoxx



| Add | EUR 70.61 | | |
|-----------------|-----------|--------|--------|
| | 12/05 | 12/06e | 12/07e |
| P/E | 25.5 | 22.3 | 17.2 |
| EV/FCF | 21.1 | 31.0 | 16.1 |
| EV/EBITDA | 8.7 | 9.3 | 7.7 |
| FCF yield | 3.0% | 1.5% | 4.1% |
| Div. yield | 2.0% | 2.0% | 2.6% |
| Market cap. (m) | 2,019 | | |
| Target Price | 74.00 | | |
| Perf. 12 months | 35.0% | | |

Boskalis Relative to DJ Euro Stoxx



| Buy | EUR 45.57 | | |
|-----------------|-----------|-------|--------|
| | 12/05 | 12/06 | 12/07e |
| P/E | 19.3 | 16.9 | 17.0 |
| EV/FCF | 13.5 | 11.2 | 10.9 |
| EV/EBITDA | 12.3 | 10.2 | 9.9 |
| FCF yield | 4.7% | 5.4% | 5.4% |
| Div. yield | 4.2% | 3.8% | 4.2% |
| Market cap. (m) | 632.5 | | |
| Target Price | 54.00 | | |
| Perf. 12 months | 16.3% | | |

Other companies

Ballast Nedam: Good 2006 results, disappointing outlook

Ballast Nedam reported a 2006 EBITA of € 42m (up 10%) vs. our forecast of € 40m. This number includes a € 5m provision for European Commission bitumen fine. The net declared result is € 44m vs. our forecast of € 48m. The order book at the end of 2006 was € 1,093m, up 3% compared to the end of last year. For 2007, management expects the operating result for the group as a whole in 2007 to approximately equal the 2006 level. In the infrastructure segment, a higher operating result is expected, while the building & development segment faces a transition year with real estate projects in the pipeline, but uncertainty on the starting date.

The company realized good operating results, which were ahead of our forecasts. Although the company indicates that the pricing environment is gradually improving it states that the absolute level remains too low. We therefore do not expect that the EBIT margin will move to the 5% in the short term. The 2007 outlook is somewhat disappointing, although not really worrying. Real estate (development) results have a volatile character and are difficult to time. On the aforementioned items we will slightly lower our 2007 forecasts, but see no reason to adapt our price target of € 40.

We still consider Ballast Nedam as a take-over candidate. Downside risk of the stock therefore is limited. However, as we do not see new catalysts from these results, we downgrade from Add to Hold. We advise investors to switch to BAM or Heijmans, where we see more upside.

Boskalis: Strong finish of the year

2006 revenues increased by 17% to € 1,354m and were clearly ahead of our expectation of € 1,278m. Growth particularly comes from the 'hit and run' projects in the Middle East market.

FY EBIT comes in at € 150.3m. Net profit comes in at € 116m vs. € 102m expected. Mid December the company was still guiding for a net profit of at least € 100m. For 2007, Boskalis expects a further increase in turnover and continued good utilization rates for the equipment. In general, margins will be good. The investment activity will be at a high level, primarily focused on the accelerated increase of hopper and cutter capacity to capture the growing market demand. The order book at the end of 2006 was € 2.5bn, a touch higher than the level at the end of 2005 (€ 2.4bn).

These results clearly reflect a strong finish of the year. H2 furthermore reflects a better price quality of the order book. In H2 the EBIT margin was 11.8%, clearly better than H1 (8.3%). The company does not give a detailed guidance for 2007, which is not surprising. However considering the improved margin in H2, reflecting a better quality of the order book, the absolute level of the order portfolio and the positive qualitative statements we see room to further increase our 2007 and 2008 forecasts by 5-8% as well as our price target (€ 74). The proposed stock split (1:3) underpins the confidence of management in the future.

We stick to our positive stance on Boskalis. The outlook for the industry remains excellent, with good visibility and modest capacity increases on the short term. Add rating maintained.

EVS: A service company without service revenues!

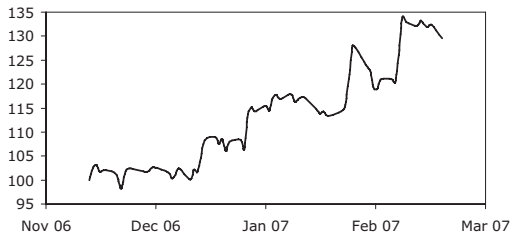
Margins are not under pressure: With 66.9%, EVS reached its highest EBIT margin ever in 06. However, these margins also reflect a relatively significant service level that is provided to customers but which is not separately recognized in revenues. In the Outside Broadcast (OB) segment, EVS has a market share of over 90%. Because in the live and near-live segment a proven track record of reliability and service is crucial, entry barriers are very high.

Valuation is not expensive. Compared to the peer group average, the shares offer 12 to 19% upside while, given the track-record, they should trade at a premium. Our DCF value points to € 54.

The story continues: In 2006 sales grew by 60%. We estimate a CAGR between 02 and 07 of 19.3% and we believe that EVS has an additional sales potential of 85% of the 2006 level, without new product development!

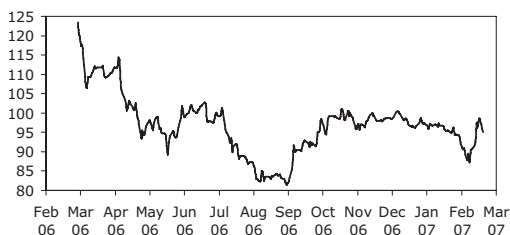
| | EUR 15.91 | | |
|------------------------|------------------|--------------|---------------|
| | 12/05 | 12/06 | 12/07e |
| P/E | - | 24.5 | 23.0 |
| EV/FCF | - | nm | 17.9 |
| EV/EBITDA | - | 7.6 | 9.9 |
| FCF yield | - | -8.3% | 3.4% |
| Div. yield | - | 0.0% | 0.0% |
| Market cap. (m) | 195.6 | | |
| Target Price | 19.00 | | |
| Perf. 12 months | 32.6% | | |

Metris Relative to DJ Euro Stoxx



| | EUR 41.08 | | |
|------------------------|------------------|---------------|---------------|
| | 12/05 | 12/06e | 12/07e |
| P/E | 9.7 | 10.9 | 10.4 |
| EV/FCF | 44.2 | 17.2 | 9.0 |
| EV/EBITDA | 7.6 | 7.7 | 7.2 |
| FCF yield | -3.4% | 1.5% | 8.3% |
| Div. yield | 2.2% | 2.8% | 2.9% |
| Market cap. (m) | 1,231 | | |
| Target Price | - | | |
| Perf. 12 months | -9.6% | | |

Univar Relative to DJ Euro Stoxx



Metris: Operational and financial leverage?

Metris offers advanced metrology solutions. The product family covers a full range of measurement systems, used by customers in the micro metrology market. Metris released 2H06 results that were at the high end of the IPO guidance. 2H06 sales ended at € 35.9m, vs. € 35.7m expected. EBIT came in at € 5.0m (we expected € 5.7m). 2H06 net earnings came in at € 3.7m, ahead of our € 2.9m estimate. This is the outcome of financial results that were below expectations and tax charges that were also lower than we anticipated. We reduce our 2007 EPS by 6% from € 0.73 to € 0.69. Our 2008 EPS estimate is increased by 3% from € 1.19 to € 1.23. Metris has been a strong performer since its listing. The average share price performance of the peer group since the listing of Metris has been 7%, while the share price performance of Metris since the IPO is 33%. Based on our new estimates, Metris still has a low valuation relative to its peers. As we believe that Metris still has to prove that it can continue to show high growth and combine it with increasing margins, we would view a valuation close to the average of the peer group as realistic. We therefore raise our price target to € 19. This translates in a 2008 PER of 15.5x and a 2008 EV/EBITDA of only 7.5. Taking the peer group comparison as well as our DCF valuation into account, we arrive at a price target of € 19 per share. We downgrade from Buy to Hold.

This information is issued by the Sell side Research Department of Petercam. Its content is based on public information disclosed by Metris International Holding nv (the Company). The reader of this report should be aware that Petercam has been actively involved in the Initial Public Offering (IPO) of the Metris shares, which occurred in December 2006 on Euronext. Petercam has acted as a syndicate member in connection with this offering and has been remunerated for this mandate. Furthermore, the reader of this report should also be aware that Petercam and any of its affiliates may have positions and effect transactions in securities of the Company for account of third parties including the Company itself and/or its shareholders. In addition, Petercam and any of its affiliates expect to receive, or will intend to seek, compensation for the provision of investment banking services or financial advisory services related to the Company within the next twelve months.

Univar: Competing bid for ChemCentral

Univar USA received notice that ChemCentral received a non-binding proposal from Brenntag Holding GmbH to acquire ChemCentral for USD 700m. Univar announced on March 12, 2007, that Univar USA entered into an agreement to acquire ChemCentral for approx USD 600m. If the ChemCentral Board of Directors determines that a competing proposal is superior to Univar's, ChemCentral must give Univar advance notice of 3 business days, during which period Univar may decide to negotiate the terms and conditions of their merger agreement.

The USD 700m bid by Brenntag represents a 2006 EV/EBITDA of 10.0x! To me it seems likely that Univar can only win this bid fight if it lifts its own bid for ChemCentral to at least USD 700m. As the USD 600m bid already would bring Univar's debt close to debt covenant levels, a higher bid only can be financed via the issuance of new equity or by structuring the new bid in a cash / share combination. We do not think that a higher bid is justifiable for Univar existing shareholders. On the other side, if Univar does decide to withdraw, most analyst will again have to strip the acquisition from their forecasts and price targets. In addition, the Brenntag/ChemCentral combination will become an even more serious threat for Univar in the USA.

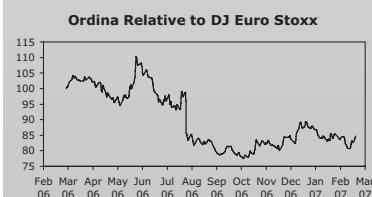
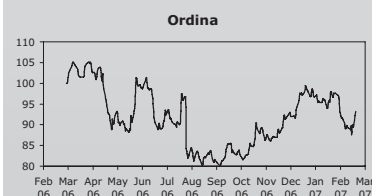
Both options are negative compared with previous scenario's. The company further disappointed substantially in its Q4 results caused by continuous strong gross margin pressure but also is more than average exposed to the weakening of the US economy. As a consequence we are lowering today our recommendation on Univar to Reduce.

Buy (vs. Add)

| | |
|--------------------------|-------------------------|
| Price: | EUR 16.99 (19/03/07) |
| Target price: | 21.20 |
| Risk: | Medium |
| Reuters: | ORDN.AS |
| Bloomberg: | ORDI NA |
| Shares number (m): | 39.00 |
| Market cap. (m): | 663 |
| Net debt 12/06 (m): | 51 |
| Net debt/equity 12/06: | 26% |
| H/L 1 year: | 19.15 - 14.60 |
| 1 year price perf.: | 0.0% |
| Diff. with DJ Euro Stoxx | -10.1% |
| Volume (sh./day): | 167,989 |
| Free Float | 87% |
| Fortis NV | 8% |
| ING Groep | 5% |
| UBS | 6% |

Company description:

Ordina is an ICT services company operating on the Dutch market. Its most important clients are multinationals and the Government. It has about 5000 employees.



Ordina

Growing stronger every year - Buy from Add

| Year end | Sales (m) | EBITA (m) | Adj. profit (m) | EPS | Div. | EV/EBITA (*) | FCF Yield (*) | P/E (*) | Div. Yield (*) |
|----------|-----------|-----------|-----------------|------|------|--------------|---------------|---------|----------------|
| 12/02 | 397.6 | 29.7 | 19.9 | 0.60 | 0.09 | 6.0 | 22.2% | 9.5 | 1.6% |
| 12/03 | 345.4 | 11.1 | 16.1 | 0.47 | 0.09 | 26.3 | 9.0% | 19.9 | 1.0% |
| 12/04 | 383.4 | 24.3 | 16.9 | 0.47 | 0.10 | 13.1 | 3.3% | 19.7 | 1.1% |
| 12/05 | 443.9 | 35.3 | 32.7 | 0.88 | 0.20 | 15.2 | 3.5% | 16.4 | 1.4% |
| 12/06 | 530.4 | 47.7 | 35.9 | 0.95 | 0.20 | 15.0 | 1.7% | 17.7 | 1.2% |
| 12/07e | 669.6 | 64.8 | 44.3 | 1.10 | 0.28 | 11.7 | -1.5% | 15.4 | 1.6% |
| 12/08e | 757.0 | 80.6 | 56.8 | 1.40 | 0.35 | 9.0 | 6.5% | 12.2 | 2.1% |

(*) 2002-2006 figures of EV, P/E and Yield are based on end F.Y. price 2004 and later based on IFRS

Investment Case

- Ordina's 2006 results showed the company continues to reinforce its already strong position in the Dutch IT market. Its 12% organic revenue growth confirms that Ordina is still winning market share on other large players. As we believe the market is consolidating, the market share gain compared to smaller companies is likely to be even larger.
- We expect an important (almost 3%) contribution from the new Business Process Outsourcing (BPO) contracts, and from the application outsourcing contract with Rabobank (almost 6%) in 2007. On top of this, we expect healthy (9%) other organic revenue growth as Ordina benefits strongly from the favorable IT market. The outsourcing contracts will not yet have a positive effect on profits in 2007, but we expect this to change from 2008 onwards.
- These assumptions mean we maintain our 2007 adjusted EPS estimate at € 1.10. We slightly lower our 2008 estimate from € 1.45 to € 1.40 because of a longer than expected startup period for the outsourcing contracts.
- We believe the inflow of new employees from the Rabobank contract will be an important advantage. Part of their work will be taken over by Ordina's offshore partner Cognizant, which means that they will become available for other projects. As scarcity of staff is one of the major challenges in the current environment, we see this as an important plus.
- Based on the average of our Benelux peer group comparison (€ 19.30) and our DCF-analysis (€ 23.20), we arrive at a price target of € 21.20. We therefore upgrade from Add to Buy.
- We believe the announcement of new outsourcing contracts and acquisitions can be a catalyst for the share price. Ordina has a good track record in finding acquisitions that reinforce its strategic positioning and integrating them smoothly. We also believe confirmation of ongoing solid operational performance can be a catalyst.

Buy (vs. Add)

Price: EUR 31.91
(19/03/07)

Target price: 37.00

Risk: Low

Reuters: FOR.BR

Bloomberg: FORB BB

Shares number (m): 1,342.82

Market cap. (m): 42,849

S&P's (Moody's) : AA-/Aa3

NAV 12/06 : 15.98

P/NAV 12/06 : 2.0

Tier One ratio 12/06 : 7.1%

H/L 1 year: 34.51 - 25.09

1 year price perf.: 8.5%

Diff. with DJ Euro Stoxx -1.6%

Volume (sh./day): 6,224,705

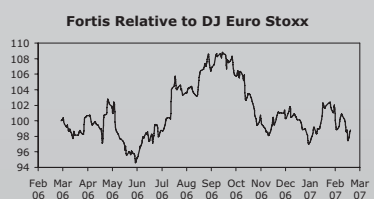
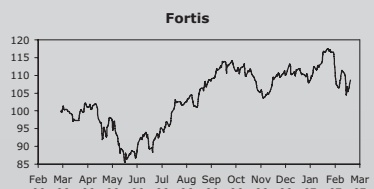
Free Float 93%

Suez 1%

VSB Stichtingen 6%

Company description:

Insurance and banking conglomerate, leading the Benelux area (no 1 bank and insurer Belgium, no 4 in Netherlands). In addition commercial and private banking operations in Europe and insurance activities in the Spain, the UK and Far East.



Fortis

Heading towards € 5.20 per share – Buy from Add

| Year end | Revenues (m) | NOP (m) | EPS | Y/Y | P/E (*) | Div. | Yield (*) | P/NAV (*) | ROE |
|----------|--------------|---------|------|-----|---------|------|-----------|-----------|-------|
| 12/02 | 26,636 | 430 | 0.33 | nm | 50.9 | 0.88 | 5.2% | 1.7 | 1.4% |
| 12/03 | 30,362 | 2,248 | 1.74 | nm | 9.2 | 0.92 | 5.8% | 1.5 | 7.3% |
| 12/04 | 26,369 | 3,197 | 2.46 | 41% | 8.3 | 1.04 | 5.1% | 1.6 | 9.9% |
| 12/05 | 29,773 | 3,498 | 2.73 | 11% | 9.9 | 1.16 | 4.3% | 1.8 | 10.1% |
| 12/06 | 30,671 | 4,351 | 3.38 | 24% | 9.6 | 1.40 | 4.3% | 2.1 | 11.8% |
| 12/07e | 32,593 | 4,592 | 3.56 | 5% | 9.0 | 1.55 | 4.9% | 1.8 | 11.8% |
| 12/08e | 34,468 | 5,033 | 3.90 | 10% | 8.2 | 1.75 | 5.5% | 1.6 | 12.1% |

(*) 2002-2006 figures of P/E and Yield are based on end F.Y. price
Fortis GAAP figures until 2004, IFRS as of 2005

Investment Case

- As usual, the net profit in the final quarter (€ 749m) was the lowest of the year. However, compared with a year ago this was a massive improvement (+63%), helped by a considerable gain on the sale of Banksys shares and a much lower level of restructuring charges. Adjusted for these items, the Q4 banking profit was lower than last year.
- Though this may have been slightly disappointing, Fortis anyway managed to realise an EPS of € 3.38. This means that, in 2006, it amply exceeded the target of € 3.03 that it aimed for by 2009. In August last year it was already apparent that the group would most likely exceed its targets early and therefore promised to come with an update in March.
- After having caused some confusion at the end of last year about the status of the strategy update in March, Fortis surprised pleasantly, not only by setting new targets but also by making these very ambitious.
- Whereas early 2005 Fortis stated the aim of growing EPS organically at a rate of at least 10% p.a. for the period 04-09, it now raised the bar to an average organic EPS growth of 15% p.a. for the years 04-11.
- Compared with a cycle-neutral 2006 this equals a growth of 12% p.a. for the years 06-11, thereby reaching an EPS of € 5.20 in 2011.
- On a cyclically adjusted basis, and taking the bold assumption that earnings could grow in a straight line (and at 12% p.a.), this would equate into a 2007 EPS of € 3.30. Hence, Fortis is trading at 9.5x 2007 cycle-neutral earnings. This is a very low multiple for a company that is growing EPS at a rate of 12% p.a. Moreover, the dividend yield of 4.5% is attractive. If Fortis manages to realise its earnings targets, investors can, moreover, expect more than € 9 per share from dividends until the end of 2011.
- Although the target profit growth is very challenging, we are inclined to give management more credit than two years ago as the record in these past two years has been outstanding. We have raised our forecasts somewhat, but these still fall short of the company's targets. Still, even on our estimate we find the shares attractive. We raise our target price from € 33 to € 37.00 and upgrade from Add to Buy.

