
**HIKMA PHARMACEUTICALS
(HIK)**

**Equity Research Report
H1 2009 Results Update**

ABC 
Investments

P.O. Box 930059, Amman 11193, Jordan

Tel. + 962 (0) 6 5629300,

Fax. + 962 (0) 6 5682941

www.abci.com.jo

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Hikma Pharmaceuticals (HIK) Pharmaceutical Sector

27 September 2009

H1 2009 Results Update

BUY

Current Price 449.70p / 12-Month Fair Value 496.32p

Share Information	
Ticker	HIK
Exchange	London Stock Exchange
Closing Price*	449.70p
52-Week High	487.50p
52-Week Low	225.00p
Year-on-Year % Change	7.9%
Year-to-Date % Change	28.5%
Market Cap (GBP millions)	851.08

* Price as of September 27th 2009

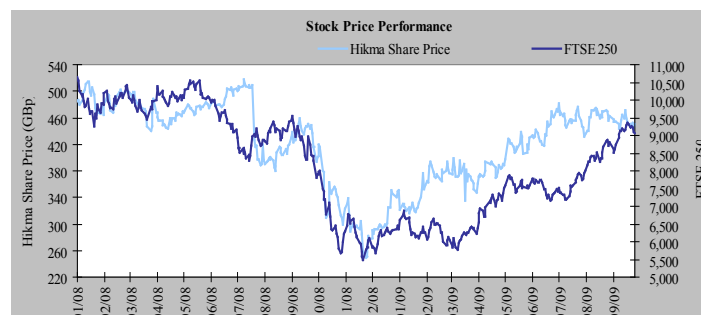
Key Ratios	
P/E (Trailing)*	15.7x
P/E (Forward)*	23.8x
P/BV	2.1x
ROAA	8.9%
ROAE	14.2%
Diluted EPS (cents)	22.3
Dividends per Share (cents)	4.5

* Based on 2008 EPS

** Based on annualised H1 2009 EPS

Based on a current market price of GBp 449.70, Hikma is trading at a trailing P/E and P/BV of 15.7x and 2.3x, respectively, based on its 2008 financial results. Going forward, Hikma is forecasted to register a before-tax bottom line of USD 94.25 million and a net income before minority interest of USD 78.04 million, giving a forward P/E and P/BV of 17.7x and 2.0x.

Our estimated fair value for the Hikma stock, using two peer-based multiples valuation methods and the discounted cash flow method, is GBp 496.32 per share, offering an upside potential of 10.4% over its current price. Therefore, we revise our initial recommendation for Hikma to a BUY.



- The Group's bottom line registered a 31.9% increase in H1 2009 compared to H1 2008, rising from USD 33.32 million to USD 43.96 million.
- Sales registered a 7.2% increase on a year-on-year basis reaching USD 321.50 million, brought on by USD 16.14 million increase in revenues generated by the branded business, and the impressive 43.2% rally in the generics business. The injectables business, meanwhile, registered a 16.0% drop in revenues, equivalent to an 8.6% decline in constant currency terms.
- The Group's gross margin registered a notable improvement, rising to 47.0% in H1 2009 compared to a margin of 45.0% in H1 2008.
- Hikma's total assets increased to USD 1,003.73 million during the first six months of the year from USD 966.46 million, while its liabilities and shareholders' equity reached USD 358.35 million and USD 639.20 million, respectively.
- Hikma announced a dividend of 4.5 cents per share, up by 28.6% compared to the equivalent period in 2008.

Key Financial Information (USD '000)	2009F	2010F	2011F	2012F	2013F
Operating Profit	109,468	124,688	134,619	144,631	158,914
Profit before Tax and Minority Interest	94,251	108,364	116,762	124,844	136,764
Profit after Tax and before Minority Interest	78,041	89,727	96,680	103,372	113,242
Total Assets	1,072,810	1,191,387	1,322,806	1,470,446	1,632,692
Shareholders' Equity	671,748	748,015	830,193	918,060	1,014,316
ROAA	7.65%	7.93%	7.69%	7.40%	7.30%
ROAE	12.24%	12.64%	12.25%	11.83%	11.72%

Research Department

Tanya Khammash, CVA
Head of Equity Research Department
tanyak@abci.com.jo

Zein Alkhas
Equity Research Analyst
zeina@abci.com.jo

- Ratings Change**
- Target Price Change**
- Estimates Change**

Overview of Hikma Pharmaceuticals

Hikma Pharmaceuticals was established in Jordan in 1978. Its initial operations focused on branded pharmaceuticals within the Middle East North Africa (MENA) region, but by the early 1990s, Hikma had begun expanding its presence into the United States market by acquiring West-ward Pharmaceutical Corporation, New Jersey. It also set up injectable pharmaceutical operations in Portugal, and began exporting products to Eastern Europe.

In 1996, Hikma became the first Arabic company to receive FDA approval.

Hikma began operations at Jazeera Pharmaceutical Industries (JPI) in Saudi Arabia in 1999, and in 2004, Hikma Pharma (Holding Company) was established in Jersey.

In 2005, the Company took the IPO route and was listed on the London Stock Exchange, offering 51.31 million ordinary shares to the public at a price of 290p per share, generating finances to fund its capital expenditure programme, its investment in working capital, and its expansion into new markets.

It has since made a number of strategic acquisitions, gaining access to new markets and solidifying presence in existing ones. It acquired Hikma Italy in 2005, and in 2006, it acquired the remaining 52.5% of the Jazeera Pharmaceutical Industries (JPI), and began manufacturing operations in Trust Pharma Algeria. More recently, Hikma has acquired Ribosepharm GmbH and the Thymoorgan in Germany, the Arab Pharmaceutical Manufacturing Company (APM) in Jordan, and Alkan Pharma in Egypt.

Hikma Pharmaceutical PLC's Main Subsidiaries

Company Name	Country	Ownership (%)
Hikma Pharmaceutical Ltd	Jordan	100%
Arab Pharmaceutical Manufacturing (APM)	Jordan	100%
SARL Hikma Pharma Algeria	Algeria	100%
Hikma Farmaceutica S.A.	Portugal	100%
West-Ward Pharmaceuticals Corp.	U.S.A.	100%
Pharma Ixir Co.	Sudan	51%
Hikma Pharma SAE	Egypt	100%
Thymoorgan Pharmazie GmbH	Germany	100%
Hikma Pharma GmbH	Germany	100%
Hikma Italia Sp.A	Italy	100%
Al-Jazeera Pharmaceutical Industries (JPI)	K.S.A.	100%

Source: HIK 2008 Annual Report

Hikma has twelve manufacturing facilities in total distributed in eight countries; the United States, Jordan, Portugal, Saudi Arabia, Algeria, Italy, Germany, and Egypt. Hikma has four manufacturing plants in Jordan and two in Portugal, all of which, alongside the plant in the United States, are FDA approved. Its research & development (R&D) meanwhile, is carried out in the United States, Jordan, Saudi Arabia and Portugal. Its operations overall exist in almost fifty countries.

Hikma's presence is concentrated in the MENA region, and its position has gone from strength to strength, penetrating new markets and establishing strong market shares. On a year-to-date

basis ended June 2009, Hikma ranked fifth in the private retail sales market, surpassing Spimaco, Astrazeneca and Bayer.

Private Retail Sales for Top 9 MENA Markets

	Unit Sales ('000)	Value Sales (\$'000)	% Growth	% Market Share
MENA Private Market	1,466,454	3,964,265	5.9%	-
Sanofi-Aventis	123,558	391,472	(7.3%)	9.9%
Glaxosmithkline	107,072	310,592	9.2%	7.8%
Novartis	60,905	214,928	(1.5%)	5.4%
Pfizer	37,377	198,405	(3.4%)	5.0%
Hikma Pharmaceuticals	43,488	149,334	14.3%	3.8%
Spimaco	23,003	96,200	9.1%	2.4%
Astrazeneca	7,897	86,151	22.6%	2.2%
Bayer	23,245	82,227	4.4%	2.1%
Johnson & Johnson	13,477	67,497	(1.5%)	1.7%
Pharco	86,171	66,378	14.2%	1.7%

Hikma has three main business lines:

- Generic Pharmaceuticals
- Branded Pharmaceuticals
- Injectables

Developments in Hikma's Business Lines

Branded

Hikma's branded sales grew by 9.3% during H1 2009 on an year-on-year basis to USD 190.2 million, continuing to surpass the growth in the MENA market, leading to a rise in its market share in terms of retail sales to 3.8% from 3.4% at the end of 2008, according to IMS Health. In constant currency terms, the sales growth registered at 12.5% for the period.

Through targeted sales and marketing efforts of own-brand products, in addition to strong demand for in-licensed products, Hikma has raised its market share in a number of countries in the MENA region, as well as further penetrating newer markets.

Change in Market Share

	June 08	Dec 08	June 09	Rank
Algeria	5.9%	6.4%	7.0%	3rd
Saudi Arabia	5.0%	4.9%	5.3%	4th

N/A: Information not available
Source: Hikma Interim Results

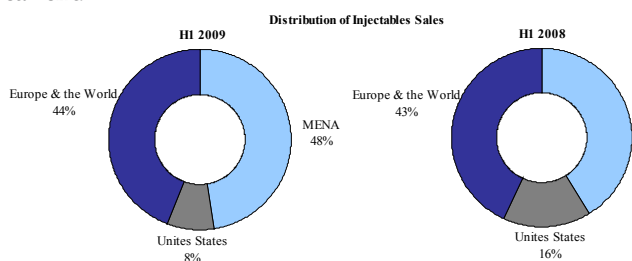
Hikma has signed three new licensing agreements which will further boost its branded sales, which include the signing of an agreement with Teikoku Pharma USA for Lidoderm, which will cover Algeria, Morocco, Iraq, Libya, Sudan and Tunisia, as well as two other agreements signed during July with Faes Farma, covering the entire MENA region.

Overall, a total of 48 products were launched during H1 2009, which include five new compounds and 12 new dosage forms and strengths. Hikma has launched Actos and Blopress in thirteen markets, while Takepron has been launched in nine and Blopress Plus in six. The Company also received five regulatory approvals for new products, taking the total of approvals up to 22.

Injectables

Hikma's injectables revenues dropped by 16.0% to USD 67.7 million compared to June 2008, brought on by a decision to cut private label sales to the U.S. market while maintaining own label sales, and aggravated by the depreciation of the Euro, the Algerian Dinar and the Sudanese Pound. In constant currency terms, the decline in sales amounts to 8.9%.

The distribution of injectables sales reveals a sharp decline in importance of sales to the U.S., with the percentage of sales declining to 8% from 16% one year prior, but still remains an important business for Hikma. The recent signing of a supply agreement with a group purchasing organisation in the U.S. should help boost sales in the U.S. market in H2. Hikma expects to see a marked improvement in the U.S. injectables revenues by year-end.



During the period, a total of 21 products were launched, including 5 new compounds and 10 new dosage forms and strengths. Fifteen regulatory approvals were also received, and 19 additional launches are anticipated for the second half of 2009. These new launches and anticipated growth in tender sales in the MENA region should further supplement the injectables sales during the second half of the year.

Generics

The generics business line managed to register positive growth during H1 2009 compared to H1 2008, with a 43.2% growth to USD 61.8 million. Efforts by the Company to streamline its sales and marketing operations, supplying anti-infective products from the lower-cost FDA-approved facilities in the MENA region, targeting sales and focusing on higher margin products, alongside the alteration of the competitive structure of the U.S. market, led to an improvement in its revenues.

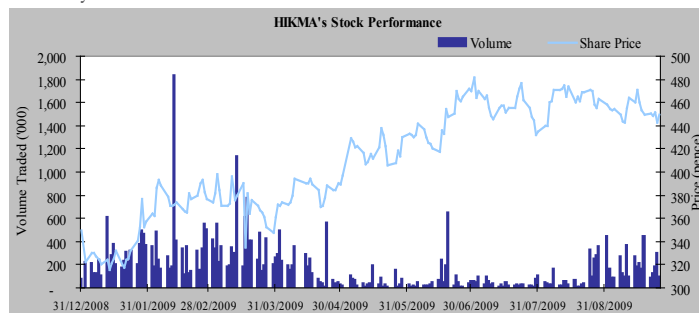
Two new compounds were launched in 3 dosage forms and strengths. 35 products are pending approvals as of June 2009, of which 27 are new compounds.

Share Performance

Year 2009 saw Hikma's stock price start off with a slump, dropping to 315p on January 9th from its 2008 year-end close of 350p. However, it was quick to recover, rising to reach 395p on February 6th after touching its low for the year of 308.5p on January 21st.

The stock then began to oscillate horizontally before slumping at the end of the first quarter of the year to 358p. From then on, it was an upward climb for the stock, rising to the high for 2009 of

487.5p on July 2nd. The stock became more turbulent during the remainder of July, fluctuating within a broad range of 420p-480p. By September 27th, meanwhile, the stock had closed at 449.7p, up 28.5% year-to-date.



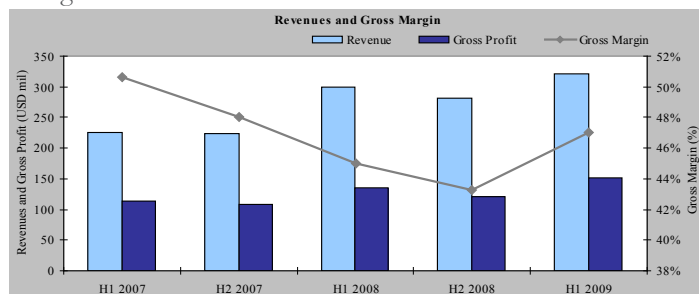
Source: Yahoo Finance

In terms of trading activity, year 2009 has so far been disappointing compared to 2008, with a mere 34.73 million shares traded up to September 27th, compared to 128.14 million for the entirety of 2008. On a daily average basis, in 2009 this stood at 186.70 thousand shares per day, falling significantly short of the 508.50 thousand daily average shares for 2008.

INCOME STATEMENT

Growth in Revenues and Gross Margin

Hikma's revenues, heavily weighted in favour of the branded business line, are seasonal, with the first half of the year exhibiting stronger sales.



During H1 2008, Hikma had struggled with its generics business on the back of aggressive market competition and price wars in the United States, while its injectables and branded business lines flourished. During the second half of 2008, the generics business recovered slightly, but sales overall were impacted by the economic slowdown, the financial crisis, and currency volatility. In H1 2009, however, Hikma's sales rallied, particularly with regards to generics sales, which increased from USD 43.13 million in H1 2008 to USD 61.78 million for the equivalent period in 2009. Growth in the branded business sales decelerated slightly, but continued to outperform the overall market, leading to a growth in market share. Meanwhile, injectables sales continued to suffer, dropping from USD 80.60 million in H1 2008 to USD 67.69 million one year later.

Overall, the sales for the three core business lines registered at USD 319.64 million, up from USD 297.77 million for the equivalent period in 2008, registering a 7.3% increase year-on-year.

Meanwhile, the gross margin also improved, rising to 47.0% from 45.0%, despite the apparent decline in the margin for the branded

business to 53.0% from 54.0% over the same period. This decline in the branded margin is due to currency fluctuations, whereby on a constant currency basis, the branded gross margins were flat in H1 2009 vis-a-vis H1 2008.

(in USD '000)

	H1 2007	H2 2007	H1 2008	H2 2008	H1 2009
Branded					
Sales	103,620	95,322	174,039	146,798	190,179
Cost of Sales	(47,388)	(43,537)	(80,040)	(67,983)	(89,324)
Gross Profit	56,232	51,785	93,999	78,815	100,855
Gross Margin	54.3%	54.3%	54.0%	53.7%	53.0%

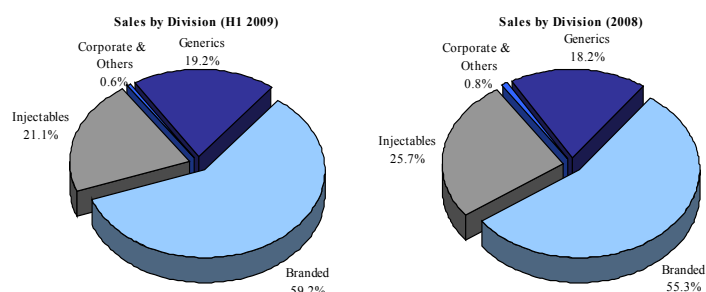
	H1 2007	H2 2007	H1 2008	H2 2008	H1 2009
Injectables					
Sales	60,035	61,129	80,597	68,723	67,689
Cost of Sales	(30,439)	(36,566)	(46,768)	(39,174)	(38,453)
Gross Profit	29,596	24,563	33,829	29,549	29,236
Gross Margin	49.3%	40.2%	42.0%	43.0%	43.2%

	H1 2007	H2 2007	H1 2008	H2 2008	H1 2009
Generics					
Sales	58,667	65,562	43,133	62,563	61,775
Cost of Sales	(30,463)	(35,181)	(36,300)	(50,085)	(40,894)
Gross Profit	28,204	30,381	6,833	12,478	20,881
Gross Margin	48.1%	46.3%	15.8%	19.9%	33.8%

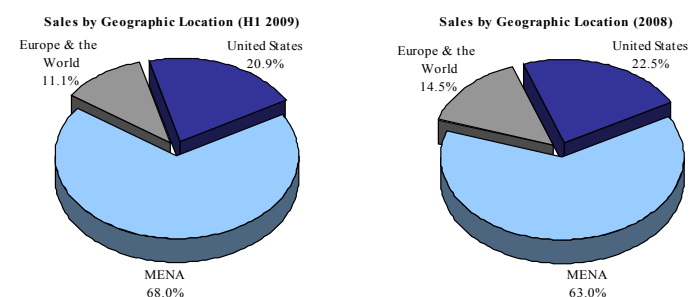
Source: Company Interim Results

Both the injectables and generics business lines saw a rise in their gross margin in H1 2009.

Change in Revenue Mix



Hikma's revenue composition revealed a rise in importance of the branded business, which increased from 55.3% in 2008 to 59.2% in H1 2009, at the expense of the injectables business, whose revenues slumped from 25.7% of total revenues to 21.1% over the same period. Revenues from generics also showed improvement, following a recovery in the business line from the struggles the business faced during 2008 in terms of heightened competition and price wars.



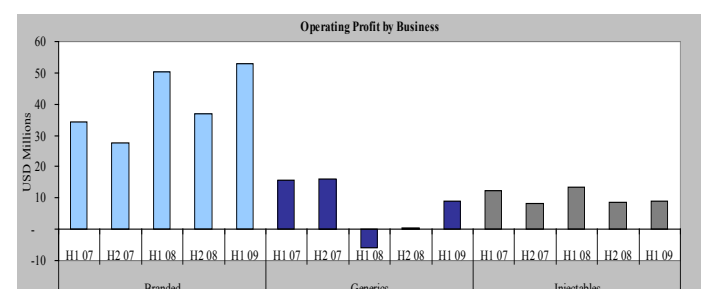
The shift in sales between segments also reflected on the geographic distribution of revenues, with sales in the MENA

region rising from 63.0% of total sales in 2008 to 68.0% six months later.

Hikma's positive outlook with regards the injectables business for the second half of 2009 is expected to restore some of the importance of injectables in the revenue mix going forward.

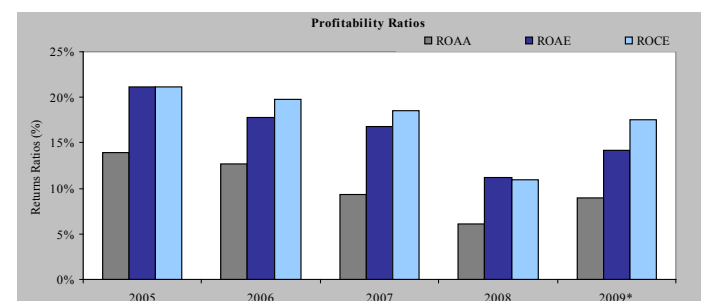
Operating Profit

The rise in gross profit accompanied by stable sales and marketing costs and a slump in research and development expenditure brought about a rise in operating profit to USD 57.21 million from USD 47.11 million in H1 2008.



All three business segments registered an improvement in operating profit compared to the previous interim results, and only the injectables business underperformed vis-a-vis the operating profit in H1 2008.

Improved Profitability Ratios



* Based on Annualised H1 2009 Returns

Following sustained declines in the main profitability ratios for the Company, H1 2009 finally revealed improvements in the ratios, with the return on average assets (ROAA) rising to 8.9% based on annualised semi-annual results from 6.1% in 2008. Meanwhile, the return on average equity (ROAE) and return on capital employed (ROCE) also rose, registering at 14.2% and 17.5%, respectively.

Due to the seasonality of the business, we anticipate a slight decline in the ratios by year end, but will, nonetheless, continue to surpass the ratios registered in 2008.

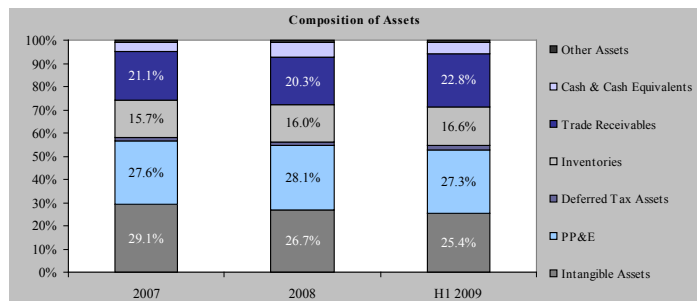
BALANCE SHEET

Asset Growth

Hikma's assets continued to grow during H1 2009, reaching USD 1,003.73 million, up from USD 966.46 million at the end of 2008. The bulk of the growth is attributed to a rise in trade receivables and inventory, which registered increases during the period of

17.0% and 7.7%, respectively.

The composition of the assets reveals this increase, with the weighting of trade receivables as part of the assets rising to 22.8% from 20.3% six months prior, while the weighting of inventory increased marginally to 16.6% from 16.0% over the same period.



Trade receivables increased to USD 229.23 million from USD 195.84 million at 2008 year-end. A consideration of the receivables turnover ratio reveals a sustained receivables turnover ratio in H1 2009 giving a receivable days balance of 121 days.

	2005	2006	2007	2008	2009*
Receivables Turnover Ratio	3.58	3.10	2.89	3.02	3.03
Receivable Days	102	118	126	121	121

* Based on 2009 Annualised Sales

Comparing the receivables turnover ratio for H1 2009 with the corresponding period in 2008 reveals a rise in the turnover ratio from 2.87 times to 3.03 times, bringing about a decline in receivable days from 127 days to 121.

Meanwhile, inventory levels rose by USD 11.88 million during the first six months of 2009 to USD 166.64 million. In terms of the inventory turnover ratio, this registered a decline during H1 2009 compared to 2008, giving an inventory days balance of 172 days, up from 166 days.

	2005	2006	2007	2008	2009*
Inventory Turnover Ratio	2.47	2.24	2.03	2.20	2.12
Inventory Days	148	163	180	166	172

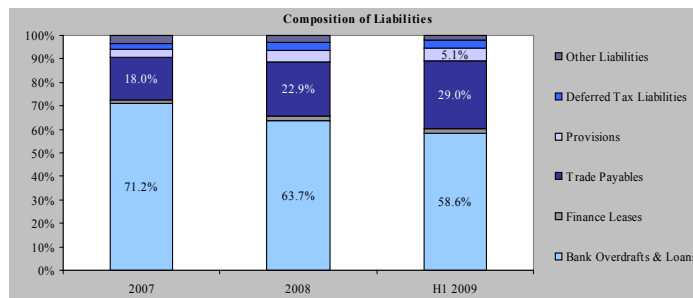
* Based on 2009 Annualised Cost of Sales

Once again, comparing the inventory turnover ratio for H1 2009 with that for H1 2008 reveals a rise in the ratio from 2.09 times to 2.12 times, causing a decline in inventory days from 174 days to 172.

Stable Liabilities

Total liabilities registered a slight 0.2% rise during H1 2009 to USD 358.35 million, up from USD 357.46 million at the end of 2008. Bank loans and overdrafts declined by USD 17.82 million to USD 209.89 million, more than offset by the USD 22.09 million increase in trade payables.

The composition of liabilities highlights the decline in bank debt, whose importance slumped to 58.6% in H1 2009 from 63.7% in 2008, in favour of trade payables, whose weighting rose to 29.0% of total liabilities over the period.



The rise in trade payables corresponds to an increase in the Company's operations during H1 2009, and consequently its purchases. A look at the trade payables turnover ratio reveals a slump to 3.66 times from 3.90 times at the end of 2008, bringing about a rise in creditor days to 100.

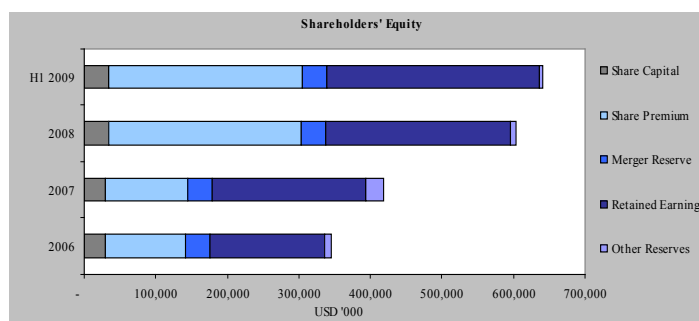
	2005	2006	2007	2008	2009*
Payables Turnover Ratio	3.42	3.24	3.29	3.90	3.66
Creditor Days	107	113	111	94	100

* Based on 2009 Annualised Cost of Sales

Comparing equivalent periods produces a similar outcome, with the turnover ratio dropping from 3.72 times in H1 2008, and the payable days rising from 98 days to 100 days.

Sharp Slump in Equity Growth

Shareholders' equity continued to grow, rising to USD 639.20 million before minority interest, up from USD 603.21 million. However, this 6.0% increase falls significantly short of the 44.1% and 21.3% growth registered in 2008 and 2007, following the capital increases by the Company. As illustrated, the rise in equity during H1 2009 comes directly from the Company's profits through its retained earnings.



VALUATION

Revised Estimates

We have revised our previous estimates taking into account Hikma's stronger than expected performance in the generics business line, and the somewhat weaker than anticipated gross margin in the branded business, and slower growth in injectables.

Overall, our amended forecasts include a slightly lower growth in revenues, but at a higher gross margin in 2009 and 2010 than previously estimated.

Valuation Methods

Using three types of valuation methods, we arrive at a weighted average fair value for Hikma's stock of 496.32 pence, registering 10.4% higher than the stock's current price, leading us to lend a BUY recommendation for the stock.

Weighted Average Fair Value per Share			
Valuation Method	Target Value	Weighting	Value
Discounted Cash Flow Model	386.12	60%	231.67
Peer Valuation (P/E multiple)	661.98	20%	132.40
Peer Valuation (P/S multiple)	661.26	20%	132.25
Weighted Average Fair Value (GBP - pence)		100%	496.32
Current Price (GBP - pence)			449.70
Upward (Downward) Potential			10.4%

Discounted Cash Flow (DCF)

Our DCF returns a fair value for Hikma of 386.12 pence per share. The WACC was based on a cost of equity of 8.87% and an after-tax cost of debt of 5.42%. A 15% and 85% debt and equity structure was assumed, arriving at a WACC of 8.36%.

(in USD - cents)	2009f	2010f	2011f	2012f	2013f	Terminal Value
Free Cash Flow	89,033	106,987	104,408	95,965	101,303	1,377,205
NPV for Period 2009 - 2013	396,228					
NPV of Terminal Value	922,018					
Outstanding Debt	215,956					
Cash at Beginning of Period	63,546					
Equity Value	1,165,836					
# of Outstanding Shares	189,254					
DCF Value per Share (USD cents)	616.02					
DCF Value per Share (GBP pence)	386.12					

The components of the WACC are as follows:

Cost of Debt	6.83%	Based on effective cost of debt over past 5 years
Tax Rate	20.6%	Based on effective tax rate over past 5 years
Beta	0.72	Source: Reuters
Risk-Free Rate	4.91%	Based on 10-year treasury bond in the U.S., the U.K. and bonds in Jordan, weighted according to Hikma's revenue distribution
Market Risk Premium	5.5%	Global market risk premium taken to be 4.5% - 5.5%
WACC	8.36%	
Terminal Growth Rate	1.00%	

Sensitivity Analysis

The table below illustrates the sensitivity of the dividend discount model valuation to the inputs of the model. To reflect the extent of this sensitivity, we have performed a sensitivity analysis on the model's two key inputs; the terminal growth rate and the WACC.

(in pence)		Terminal Growth Rate				
		0.00%	0.50%	1.00%	1.50%	2.00%
WACC	7.36%	403.74	427.03	453.99	485.55	523.00
	7.86%	374.82	394.68	417.44	443.78	474.62
	8.36%	349.57	366.68	386.12	408.39	434.17
	8.86%	326.80	341.61	358.31	377.28	399.01
	9.36%	306.65	319.58	334.06	350.38	368.92

Relative Valuation

Based on the average P/E and P/S multiples for the below international peer group and the projected EPS and sales per share for Hikma for 2009 lends a target price of 661.98 pence and 661.26 pence respectively. The peer group was selected based on the 10 companies each within the industries “Pharmaceuticals, Generics and Specialty” and “Pharmaceuticals, Diversified” that had operations, measured in terms of value of sales, most similar to that of Hikma.

Ticker	Name	P/E	P/S
OGD8.L	UCB S.A.	14.03	1.53
SHPL	Shire Plc	23.77	3.21
BVTSEK.Lp	Biovitrum AB	N/A	2.33
OIJAL	Ipsen S.A.	23.24	2.91
0HLKL	Krka tovarna zdravil d.d. Novo Mesto	15.48	2.50
CHTT.O	Chattem, Inc.	16.61	2.67
PHSTq.L	OAD “Farmstandart”	22.62	5.53
BIOGEUR.Lp	Biotest AG	17.69	1.07
SRZGEUR.Lp	Schwarz Pharma AG	76.51	12.87
MDCO.O	The Medicines Co	N/A	1.55
SAN1LLTL.Lp	Sanitas	N/A	1.00
DECPL	Dechra Pharmaceuticals PLC	32.24	0.80
SFTRDBGN.Lp	Sopharma Trading AD-Sofia	8.06	0.14
BMRN.O	Biomarin Pharmaceutical Inc.	> 100	5.46
MYGN.O	Myriad Genetics Inc	19.30	7.83
PDLI.O	PDL BioPharma, Inc.	6.22	2.89
PBH.N	Prestige Brands Holdings, Inc.	N/A	1.12
SCDBRON.Lp	Zentiva SA	29.68	1.38
ATBERON.Lp	Antibiotice SA	36.88	1.51
GENPEUR.Lp	Stallergenes	47.85	5.17
Average		26.01	3.17

As of September 27th 2009

N/A: Not Available/Applicable

Source: Reuters

BALANCE SHEET

(in USD '000)	Historical					Forecast				
	2004	2005	2006	2007	2008	2009F	2010F	2011F	2012F	2013F
Intangible Assets	5,033	7,735	23,940	259,841	258,228	263,495	274,555	286,722	300,105	314,826
Property, Plant & Equipment	71,471	91,209	156,845	246,656	271,650	285,304	313,746	354,406	407,403	468,324
Interest in Associates & Joint Ventures	7,716	9,856	-	4,543	5,453	5,453	5,453	5,453	5,453	5,453
Deferred Tax Assets	171	1,506	5,719	14,503	13,305	13,305	13,305	13,305	13,305	13,305
Financial and Other Non-Current Assets	1,614	2,715	2,018	2,298	2,617	2,200	2,200	2,200	2,200	2,200
Non-Current Assets	86,005	113,021	188,522	527,841	551,253	569,757	609,259	662,086	728,465	804,108
Inventories	44,365	58,017	83,720	140,409	154,756	169,727	190,096	212,026	236,706	263,014
Income Tax Recoverable	1,908	1,320	500	358	-	-	-	-	-	-
Trade and Other Receivables	63,732	82,634	121,846	188,275	195,843	222,401	249,091	276,135	299,469	322,966
Cash, Collateralised Cash & Cash Equivalents	49,107	141,079	91,564	34,533	63,546	109,761	141,639	171,106	204,183	240,801
Other Current Assets	1,364	1,891	2,204	2,625	1,061	1,164	1,303	1,454	1,623	1,803
Current Assets	160,476	284,941	299,834	366,200	415,206	503,053	582,129	660,720	741,981	828,584
Total Assets	246,481	397,962	488,356	894,041	966,459	1,072,810	1,191,387	1,322,806	1,470,446	1,632,692
Bank Overdrafts and Loans	35,108	21,146	35,614	276,537	117,300	170,869	186,796	206,939	231,671	260,101
Obligations under Finance Leases	1,165	797	1,216	1,455	1,221	1,339	1,500	1,673	1,868	2,075
Trade and Other Payables	29,812	44,017	53,916	84,324	82,003	107,000	120,077	134,843	153,173	171,387
Provisions	5,475	7,198	11,112	15,058	17,508	23,600	26,958	29,298	31,674	34,828
Other Current Liabilities	1,672	3,542	4,868	16,662	10,502	11,518	12,900	14,388	16,063	17,849
Current Liabilities	73,232	76,700	106,726	394,036	228,434	314,325	348,232	387,141	434,449	486,239
Long-Term Financial Debts	24,291	30,791	25,339	57,662	110,414	73,230	80,056	88,688	99,287	111,472
Deferred Income	591	416	356	279	695	762	854	952	1,063	1,181
Obligations under Finance Leases	2,448	1,411	4,441	5,698	5,496	6,028	6,751	7,530	8,406	9,341
Deferred Tax Liabilities	744	1,162	1,695	11,709	12,425	-	-	-	-	-
Non-Current Liabilities	28,074	33,780	31,831	75,348	129,030	80,019	87,660	97,170	108,757	121,993
Total Liabilities	101,306	110,480	138,557	469,384	357,464	394,345	435,892	484,311	543,206	608,233
Share Capital	25,269	29,457	29,712	30,229	33,857	34,010	34,010	34,010	34,010	34,010
Share Premium	-	110,074	111,431	114,059	269,973	270,900	270,900	270,900	270,900	270,900
Treasury Shares	(187)	-	-	-	(1,124)	-	-	-	-	-
Reserves	117,408	144,350	203,924	274,192	300,503	369,808	449,287	536,393	632,095	736,157
Equity Attributable to Equity Holders of the Parent	142,490	283,881	345,067	418,480	603,209	671,748	748,015	830,193	918,060	1,014,316
Minority Interest	2,685	3,601	4,732	6,177	5,786	6,717	7,480	8,302	9,181	10,143
Total Equity	145,175	287,482	349,799	424,657	608,995	678,465	755,496	838,495	927,240	1,024,459
Total Liabilities & Equity	246,481	397,962	488,356	894,041	966,459	1,072,810	1,191,387	1,322,806	1,470,446	1,632,692

INCOME STATEMENT

	Historical					Forecast				
(in USD '000)	2004	2005	2006	2007	2008	2009F	2010F	2011F	2012F	2013F
Continuing Operations										
Revenue	212,377	262,215	317,022	448,796	580,656	631,562	707,353	788,956	880,791	978,684
Cost of Sales	(103,937)	(126,424)	(158,492)	(227,263)	(324,174)	(337,046)	(378,240)	(424,751)	(482,492)	(539,866)
Gross Profit	108,440	135,791	158,530	221,533	256,482	294,516	329,112	364,206	398,299	438,818
Sales & Marketing Costs	(19,728)	(27,367)	(35,014)	(61,021)	(90,560)	(94,734)	(106,103)	(118,343)	(132,119)	(146,803)
General & Administrative Expenses	(15,098)	(22,610)	(30,328)	(46,012)	(56,853)	(61,893)	(67,199)	(73,373)	(80,152)	(88,082)
Research & Development Costs	(9,672)	(16,507)	(18,291)	(19,342)	(22,172)	(18,947)	(21,221)	(27,613)	(30,828)	(34,254)
Other Operating Expenses (net)	(1,950)	(1,548)	(588)	(2,760)	(6,215)	(9,473)	(9,903)	(10,256)	(10,569)	(10,766)
Total Operating Expenses	(46,448)	(68,032)	(84,221)	(129,135)	(175,800)	(185,048)	(204,425)	(229,586)	(253,668)	(279,904)
Share of Results of Associates	732	1,449	938	-	-	-	-	-	-	-
Operating Profit	62,724	69,208	75,247	92,398	80,682	109,468	124,688	134,619	144,631	158,914
Floation Costs	(425)	(1,426)	-	-	-	-	-	-	-	-
Finance Income	326	1,562	5,258	2,029	817	-	-	-	-	-
Finance Expense	(3,825)	(5,211)	(4,958)	(10,837)	(17,545)	(15,218)	(16,323)	(17,858)	(19,787)	(22,150)
Other Income	224	276	49	199	80	-	-	-	-	-
Profit before Tax	59,024	64,409	75,596	83,789	64,034	94,251	108,364	116,762	124,844	136,764
Tax	(20,835)	(19,452)	(19,639)	(19,596)	(6,915)	(16,210)	(18,637)	(20,082)	(21,472)	(23,522)
Profit for the Year	38,189	44,957	55,957	64,193	57,119	78,041	89,727	96,680	103,372	113,242
Attributable to:										
Minority Interest	731	1,090	1,435	1,617	(6)	906	1,042	1,123	1,201	1,315
Equity Holders of the Parent	37,458	43,867	54,522	62,576	57,125	77,134	88,685	95,557	102,172	111,927
	38,189	44,957	55,957	64,193	57,119	78,041	89,727	96,680	103,372	113,242

KEY RATIOS

Key Ratios	Historical					Forecast				
	2004	2005	2006	2007	2008	2009F	2010F	2011F	2012F	2013F
Growth Ratios										
Growth in Revenues	13.2%	23.5%	20.9%	41.6%	29.4%	8.8%	12.0%	11.5%	11.6%	11.1%
Growth in EBITDA	10.9%	3.4%	6.5%	12.5%	-31.1%	55.4%	18.7%	7.7%	5.9%	8.6%
Growth in Net Profit	20.5%	17.7%	24.5%	14.7%	-11.0%	36.6%	15.0%	7.7%	6.9%	9.5%
Growth in Shareholders' Equity	32.9%	99.2%	21.6%	21.3%	44.1%	11.4%	11.4%	11.0%	10.6%	10.5%
Growth in Total Assets	17.2%	61.5%	22.7%	83.1%	8.1%	11.0%	11.1%	11.0%	11.2%	11.0%
Leverage Ratios										
Interest Coverage	16.3	13.1	15.2	8.5	4.6	7.2	7.6	7.5	7.3	7.2
Net Debt/Equity	9.6%	-28.5%	-5.6%	73.6%	28.2%	20.9%	17.7%	15.9%	14.8%	13.9%
Liquidity Ratios										
Current Ratio	2.19	3.72	2.81	0.93	1.82	1.60	1.67	1.71	1.71	1.70
Quick Ratio	1.59	2.96	2.02	0.57	1.14	1.06	1.13	1.16	1.16	1.16
Inventory Days	163	148	163	180	166	176	174	173	170	169
Receivable Days	96	102	118	126	121	121	122	121	119	116
Length of Operating Cycle	259	250	281	306	287	297	295	294	289	285
Payable Days	74	105	111	109	92	102	110	110	109	110
Length of Cash Cycle	185	145	170	197	195	194	186	185	180	175
Turnover Ratios										
Inventory Turnover Ratio	2.23	2.47	2.24	2.03	2.20	2.08	2.10	2.11	2.15	2.16
Debtors Turnover Ratio	3.81	3.58	3.10	2.89	3.02	3.02	3.00	3.00	3.06	3.14
Creditors Turnover Ratio	4.87	3.42	3.24	3.29	3.90	3.57	3.33	3.33	3.35	3.33
Net Fixed Assets Turnover Ratio	3.31	3.22	2.56	2.22	2.24	2.27	2.36	2.36	2.31	2.24
Profitability Ratios										
Gross Profit Margin	51.1%	51.8%	50.0%	49.4%	44.2%	46.6%	46.5%	46.2%	45.2%	44.8%
EBITDA Margin	26.3%	22.0%	19.4%	15.4%	8.2%	11.7%	12.4%	12.0%	11.4%	11.1%
ROAA	16.72%	13.95%	12.63%	9.29%	6.14%	7.65%	7.93%	7.69%	7.40%	7.30%
ROAE	30.59%	21.09%	17.79%	16.81%	11.18%	12.24%	12.64%	12.25%	11.83%	11.72%
Valuation Ratios										
Share Price (GBP)	-	404.75	365.25	473.25	350.00	449.70	449.70	449.70	449.70	449.70
EPS (in cents)	26.3	30.0	32.6	37.0	30.2	40.6	46.7	50.3	53.8	58.9
BV (in cents)	100.1	193.8	206.3	247.3	318.8	353.6	393.7	437.0	483.2	533.9
P/E	-	23.2	21.9	25.4	16.9	17.7	15.4	14.3	13.3	12.2
P/BV	-	3.6	3.5	3.8	1.6	2.0	1.8	1.6	1.5	1.3

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