BNP PARIBAS FORTIS

# Tecnocom

Telecommunications Equipment / Spain

Change in recommendation

**Target Price EUR 3.50**
**Expected performance (12 mth) 21.1%**
**BUY (upgraded from REDUCE) EUR 2.89 (Closing price 17-Dec-09)**

## Renewed appeal + limited downside risk = BUY

**18 December 2009**

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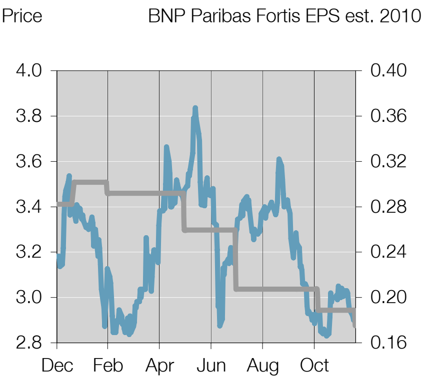
**Opinion on qualitative criteria**

| | |
|---|---|
| Accounting | IFRS 01/01/2005 |
| Quality of track record | Neutral |
| Solvency | Neutral |
| Currency risk | Low |
| Risk of asset write-off | Neutral |

**Share price performance/EPS revision (EUR)**




*Source: FactSet, BNP Paribas Fortis Equity Research*

| | |
|---|---|
| Market capitalisation (EUR m) | 197.1 |
| No. of shares (m) | 68.2 |
| Free float | 37.3% |
| 1/3/12 mth perf. (%) | (0.9)/(18.6)/(10.2) |
| High/low 52 weeks (EUR) | 3.84/2.83 |
| Next results due | |
| Price/book value (x) | 1.2 |
| Volatility (ß) (5yrs/IBEX35) | 0.4 |
| Reuters symbol | TECM.MC |
| Bloomberg symbol | TEC SM |
| Website | www.tecnocom.es |

The weakness of the Spanish IT Services market in 2009 has been marked, and deterioration continued up until the third quarter, when we think that it may have bottomed out. The market will continue to be weak until 1H10, although performance will be unequal between sectors: a negative outlook for Public Authorities, while Financials and Telecoms will remain stable. In this environment, we have seen Tecnocom take steps to adapt (EUR 3.4m of restructuring costs in 9M09), which we expect to continue until the company is generating annual synergies of around EUR 7-9mE. This restructuring story is reflected in our estimates, with a positive impact at the EBTIDA level from 2010 onwards. There will also be a positive impact on the valuation: a new target price of EUR 3.50/share. We have upgraded our rating from Reduce to BUY based on the improved upside potential, the restructuring story and the limited downside risk in the share price thanks to the share buy-back programme.

### We see continued weakness in the IT Services sector until 1H10 ...

Tecnocom's revenues have deteriorated progressively in 2009 (+1.7% in 1Q, -14.3% in 2Q, -18.2% in 3Q and -15.0%E in 4Q), particularly from 2Q onwards, although we think that they may have bottomed out in 3Q. The first indications of likely spending on IT (company budgets) for 2010 reveal a more stable performance in the sectors where Tecnocom has the most exposure: Financials and Telecoms. However, we think that the performance of the various different vertical markets will differ widely in 2010, with clear pressure on the institutional demand markets, particularly Public Authorities. In this scenario, we think that the small players in the IT Services market will come off worse

| Year to December | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|
| Sales (EUR m) | 158.0 | 432.8 | 381.8 | 387.9 | 407.7 |
| EBITDA (EUR m) | 8.6 | 24.2 | 21.2 | 28.2 | 37.4 |
| Net profit excl. extr. & amort. (EUR m) | 9.1 | 14.3 | 9.3 | 13.1 | 21.2 |
| Net profit (EUR m) | 7.2 | 14.2 | 9.3 | 13.1 | 21.2 |
| EBITDA margin (%) | 5.4 | 5.6 | 5.5 | 7.3 | 9.2 |
| ROCE (incl. goodwill) (%) | 8.4 | 8.8 | 5.0 | 6.2 | 8.7 |
| Net gearing (%) | 29.6 | 32.0 | 28.3 | 20.2 | 11.2 |
| EPS before extr. & amort. (EUR) | 0.23 | 0.23 | 0.13 | 0.18 | 0.28 |
| EPS (EUR) | 0.18 | 0.23 | 0.13 | 0.18 | 0.28 |
| DPS (EUR) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| % change sales | 34.8 | 173.8 | (11.8) | 1.6 | 5.1 |
| % change EPS (excl. extr. & amort.) | (53.6) | 2.6 | (43.9) | 34.6 | 61.7 |
| EV/Sales | 1.29 | 0.53 | 0.60 | 0.58 | 0.51 |
| EV/EBITDA | 23.8 | 9.5 | 10.8 | 7.9 | 5.6 |
| P/E (excl. extr. & amort.) | 20.6 | 12.8 | 22.2 | 16.5 | 10.2 |
| P/E | 26.0 | 12.8 | 22.2 | 16.5 | 10.2 |
| PE/growth (excl. extr.) | 0.0 | nmf | nmf | nmf | 0.2 |
| Free cash flow yield (%) | (4.4) | (30.2) | 8.7 | 4.3 | 5.1 |

than the more established operators (Tecnocom is the fourth-largest IT Services player in the Spanish market), and thus that the principal players will gain market share.

### … meanwhile the company has taken measures to adapt

In the first nine months of 2009, Tecnocom has booked EUR 3.4m of one-off charges to adapt to the new scenario. We estimate that the company will maintain this strategy of adapting to the market, and that we will thus see more restructuring costs until at least 1H10, i.e. until the market starts to recover. We have included a total of EUR 11mE of restructuring costs between 2009 and 2010, which will generate synergies of between EUR 7mE and EUR 9mE a year.

These cost reductions will allow Tecnocom to adapt to more difficult market conditions, in an attempt to maintain margins. As well as the development of new products (solutions for bank mergers), as well as updating existing products (the means of payment platform), we are expecting to see an improvement in the company's competitive positioning. This will be in spite of its heavy exposure to the domestic market: 86.9% in 6M09.

### We have updated our estimates …

Based on the above, we have updated our estimates to reflect: 1) slower revenue growth in 2010; 2) restructuring costs of EUR 11mE between 2009 and 2010 and the associated synergies; and 3) given the situation at 6M09, higher Net Debt.

**Tecnocom. Revised estimates 2009-2011**

| | 2009 | | 2010 | | 2011 | |
|---|---|---|---|---|---|---|
| | Current | Prior | Current | Prior | Current | Prior |
| Sales | 381.8 | 381.8 | 387.9 | 391.7 | 407.7 | 410.1 |
| Sales growth | -11.8% | -11.8% | 1.6% | 2.6% | 5.1% | 4.7% |
| EBITDA | 21.2 | 24.8 | 28.2 | 27.4 | 37.4 | 31.0 |
| EBITDA margin | 5.5% | 6.4% | 7.2% | 6.9% | 9.1% | 7.5% |
| EBITDA (ex restructuring) | 28.2 | 28.2 | 32.2 | 27.4 | 37.4 | 31.0 |
| EBIT | 14.1 | 17.9 | 20.1 | 19.7 | 28.4 | 22.3 |
| Net Profit | 9.3 | 13.9 | 13.1 | 14.2 | 21.2 | 16.8 |
| Net Debt | 43.0 | 20.9 | 31.2 | 6.5 | 16.2 | -6.1 |

*Source: BNP Paribas Fortis Equity Research*

The impact of this revision is negative at the EBITDA level in 2009 (-14.5%E), but positive in 2010 (+2.9%E) and 2011 (+20.6%E). At the Net Profit level, the impact is negative in both 2009 (-33.1%E) and 2010 (-7.7%E), while the impact is accretive from 2011 onwards (+26.2%E en 2011).

### … the impact of this on the valuation is positive: a new TP of EUR 3.50 (vs. EUR 3.25 previously). We have upgraded our rating from Reduce to BUY.

This revision has a positive impact on the valuation, yielding a new target price of EUR 3.50/share (vs. EUR 3.25/share previously), reflecting the company's restructuring to adapt to the current context.

We take a positive view of the stock thanks to: 1) the increased appeal of the shares (with an upside potential of 20.3%); 2) the restructuring story; and 3) the limited downside risk in the share price since an acceleration of the share buy-back programme was announced. We have upgraded our rating from Reduce to BUY.

| P & L Statement (EUR m) Year to December | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| Net sales | 69.2 | 59.2 | 82.6 | 60.1 | 117.3 | 158.0 | 432.8 | 381.8 | 387.9 | 407.7 |
| Other income | (2.6) | 1.3 | (2.1) | 2.7 | 0.7 | 5.2 | 3.5 | 3.6 | 3.6 | 3.7 |
| Personnel costs | (20.6) | (17.9) | (17.7) | (15.2) | (32.0) | (52.7) | (206.3) | (202.9) | (202.8) | (209.9) |
| Other operating costs | (45.7) | (8.0) | (16.0) | (13.7) | (12.2) | (16.2) | (44.3) | (25.2) | (25.4) | (26.3) |
| **EBITDA** | **0.3** | **0.3** | **0.4** | **(4.1)** | **4.2** | **8.6** | **24.2** | **21.2** | **28.2** | **37.4** |
| Depreciation | (3.9) | (3.8) | (3.6) | (3.1) | (1.7) | (3.4) | (5.9) | (7.1) | (8.0) | (9.0) |
| **EBITA** | **(3.6)** | **(3.5)** | **(3.3)** | **(7.2)** | **2.6** | **5.2** | **18.4** | **14.1** | **20.1** | **28.4** |
| Reported provisions | (1.0) | 0.0 | (0.1) | (0.2) | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation | 0.0 | (0.4) | (0.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | (4.6) | (3.9) | (3.8) | (7.4) | 2.2 | 5.2 | 18.4 | 14.1 | 20.1 | 28.4 |
| Net financials | (4.4) | (1.5) | (1.3) | 1.9 | (1.8) | (2.1) | (6.1) | (4.1) | (3.6) | (1.9) |
| **Profit Before Taxes (PBT)** | **(9.0)** | **(5.4)** | **(5.1)** | **(5.5)** | **0.5** | **3.2** | **12.3** | **9.9** | **16.5** | **26.4** |
| Taxes | (0.5) | (0.0) | (0.0) | (0.1) | (0.9) | 4.8 | 2.1 | 0.0 | (2.5) | (4.0) |
| Income from associates | (0.6) | (0.1) | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | (0.0) | (0.3) | (0.3) | 0.0 | 0.1 | 0.1 | 0.2 | 0.6 | 0.9 | 1.2 |
| **Net profit before extraordinaries** | **(10.2)** | **(5.3)** | **(4.6)** | **(13.1)** | **10.4** | **9.1** | **14.3** | **9.3** | **13.1** | **21.2** |
| Extraordinary items | 2.6 | (3.0) | 3.9 | 1.3 | (7.1) | (1.9) | (0.0) | 0.0 | 0.0 | 0.0 |
| Net reported profit | (7.6) | (8.3) | (0.7) | (11.8) | 3.3 | 7.2 | 14.2 | 9.3 | 13.1 | 21.2 |
| % change in Sales | (27.4) | (14.4) | 39.4 | (27.2) | 95.0 | 34.8 | 173.8 | (11.8) | 1.6 | 5.1 |
| % change in EBITDA | ns | (0.4) | 41.5 | ns | ns | 103.8 | 182.0 | (12.6) | 32.9 | 32.8 |
| % change in EBITA | ns | ns | ns | ns | ns | 104.5 | 251.8 | (23.5) | 43.0 | 41.0 |
| % change in PBT | ns | ns | ns | ns | ns | 597.2 | 289.5 | (19.5) | 66.4 | 59.9 |
| % change in Net profit before extraordinaries | ns | ns | ns | ns | ns | (12.7) | 57.0 | (34.7) | 41.0 | 61.7 |

| Cash Flow Statement (EUR m) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| **EBITDA** | **0.3** | **0.3** | **0.4** | **(4.1)** | **4.2** | **8.6** | **24.2** | **21.2** | **28.2** | **37.4** |
| Change in provisions excluding tax provisions | (1.0) | 0.0 | (0.1) | (0.2) | (0.3) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in net working capital | (26.2) | (0.6) | 2.1 | 13.7 | (6.9) | (17.0) | (64.4) | 13.3 | (2.8) | (7.1) |
| Gross operating cash flow | (27.0) | (0.3) | 2.4 | 9.4 | (3.0) | (8.4) | (40.2) | 34.4 | 25.4 | 30.3 |
| Taxes paid | (0.5) | (0.0) | (0.0) | (0.1) | (0.9) | 4.8 | 2.1 | 0.0 | (2.5) | (4.0) |
| Capex | (4.5) | (3.0) | (1.7) | (3.1) | (4.2) | (5.6) | (16.9) | (11.5) | (10.0) | (13.3) |
| **Free cash flow** | **(31.9)** | **(3.3)** | **0.8** | **6.2** | **(8.1)** | **(9.1)** | **(55.0)** | **22.9** | **12.9** | **13.0** |
| Net interest received | (4.4) | (1.5) | (1.3) | 1.9 | (1.8) | (2.1) | (6.1) | (4.1) | (3.6) | (1.9) |
| Other | 23.6 | (6.7) | 2.7 | 9.4 | (15.3) | 5.2 | 47.7 | (15.0) | 2.5 | 4.0 |
| Acquisitions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Divestments | 24.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Share issues/buybacks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend (adj. stock dividend) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Extraordinary items (after tax) | 0.2 | (0.0) | 0.0 | 0.0 | (6.6) | (1.2) | (0.0) | 0.0 | 0.0 | 0.0 |
| Change in interest-bearing debt | (19.4) | 4.8 | (0.8) | (15.6) | 29.0 | 33.8 | (5.5) | (19.9) | (11.8) | (15.0) |
| **Change in cash & cash equivalents** | **(7.9)** | **(6.7)** | **1.3** | **1.9** | **(2.8)** | **26.5** | **(18.8)** | **(16.1)** | **0.0** | **0.0** |

| Balance Sheet (EUR m) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| Net intangible fixed assets | 11.5 | 10.9 | 9.6 | 6.7 | 50.8 | 113.4 | 97.7 | 97.3 | 96.6 | 96.1 |
| Net tangible fixed assets | 17.4 | 18.9 | 18.4 | 11.5 | 12.4 | 17.1 | 21.2 | 25.0 | 26.6 | 29.9 |
| Financials fixed assets (FFA) | 11.9 | 17.0 | 17.5 | 2.3 | 5.5 | 11.5 | 43.0 | 40.0 | 35.0 | 35.0 |
| Inventories | 18.6 | 20.5 | 18.7 | 12.2 | 15.7 | 32.7 | 38.2 | 31.4 | 31.9 | 33.5 |
| Trade debtors | 26.1 | 26.4 | 30.1 | 14.1 | 72.3 | 142.8 | 147.7 | 136.0 | 138.1 | 145.2 |
| Other debtors | 1.8 | 0.8 | 0.2 | 30.1 | 7.3 | 6.5 | 8.6 | 8.6 | 8.6 | 8.6 |
| Cash & securities | 14.6 | 8.0 | 9.3 | 11.2 | 8.4 | 34.9 | 16.1 | 0.0 | 0.0 | 0.0 |
| **Total Assets** | **101.9** | **102.4** | **103.7** | **88.1** | **172.2** | **358.9** | **372.4** | **338.2** | **336.9** | **348.4** |
| Shareholder's equity | 59.5 | 49.0 | 50.3 | 39.8 | 77.8 | 128.2 | 170.9 | 180.2 | 193.3 | 214.6 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 3.1 | 2.5 | 2.1 | 2.2 | 2.1 | 1.3 | 0.8 | 1.4 | 2.3 | 3.5 |
| Provisions | 5.8 | 5.0 | 4.9 | 3.7 | 7.2 | 3.3 | 2.0 | 2.0 | 2.0 | 2.0 |
| Long-term interest bearing debt | 3.8 | 9.4 | 9.7 | 2.9 | 22.2 | 30.9 | 49.9 | 29.4 | 23.5 | 16.0 |
| Short-term interest bearing debt | 13.5 | 13.1 | 11.8 | 2.8 | 12.6 | 42.0 | 20.9 | 21.5 | 15.6 | 8.1 |
| Trade creditors | 11.2 | 13.9 | 18.0 | 9.2 | 44.0 | 114.6 | 60.4 | 55.2 | 55.0 | 56.7 |
| Other non-interest bearing liabilities | 4.5 | 9.4 | 6.9 | 27.5 | 6.4 | 38.8 | 67.5 | 48.5 | 45.0 | 47.5 |
| **Total Liabilities & Capital** | **101.9** | **102.4** | **103.7** | **88.1** | **172.2** | **358.9** | **372.4** | **338.2** | **336.9** | **348.4** |
| Enterprise Value (EV) | 11.7 | 23.8 | 27.8 | 33.7 | 138.7 | 204.5 | 229.5 | 229.2 | 223.2 | 209.4 |
| Net debt/(Net cash) | 2.6 | 14.5 | 12.2 | (5.5) | 26.5 | 38.0 | 54.7 | 50.9 | 39.1 | 24.1 |
| Capital Employed incl. goodwill (avg.) | 91.9 | 77.0 | 78.0 | 56.9 | 75.1 | 157.8 | 245.2 | 280.9 | 273.8 | 278.2 |
| Cumulative goodwill (as of 1991) | 6.6 | 6.2 | 5.8 | 6.2 | 49.0 | 110.8 | 88.3 | 88.3 | 88.3 | 88.3 |
| Capital Employed (avg.) | 77.8 | 70.6 | 72.0 | 50.9 | 47.5 | 77.9 | 145.6 | 192.5 | 185.5 | 189.8 |
| Net working capital | 33.5 | 32.9 | 30.8 | 17.1 | 44.0 | 61.0 | 125.5 | 112.2 | 115.0 | 122.1 |
| Discounted value of leases | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjusted equity | 66.1 | 55.3 | 56.1 | 46.1 | 126.7 | 239.0 | 259.2 | 268.6 | 281.7 | 302.9 |

| Per Share Data (EUR) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| Avg. no. of shares (m) | 13.8 | 14.4 | 14.8 | 16.0 | 21.4 | 40.3 | 61.6 | 71.6 | 75.0 | 75.0 |
| Eoy. no. of shares (m) | 14.1 | 14.8 | 14.8 | 17.2 | 25.6 | 55.0 | 68.2 | 75.0 | 75.0 | 75.0 |
| Avg. no. of shares fully diluted (m) | 13.8 | 14.4 | 14.8 | 16.0 | 21.4 | 40.3 | 61.6 | 71.6 | 75.0 | 75.0 |
| Enterprise Value (EV) | 0.83 | 1.61 | 1.88 | 1.96 | 5.42 | 3.72 | 3.37 | 3.05 | 2.98 | 2.79 |
| Net debt less FFA plus minorities | (0.44) | (0.00) | (0.21) | (0.32) | 0.90 | 0.51 | 0.18 | 0.16 | 0.09 | (0.10) |
| Sales | 5.02 | 4.11 | 5.59 | 3.76 | 5.48 | 3.93 | 7.03 | 5.33 | 5.17 | 5.43 |
| EBITDA | 0.02 | 0.02 | 0.03 | (0.25) | 0.20 | 0.21 | 0.39 | 0.30 | 0.38 | 0.50 |
| EBITA | (0.26) | (0.24) | (0.22) | (0.45) | 0.12 | 0.13 | 0.30 | 0.20 | 0.27 | 0.38 |
| EBIT | (0.33) | (0.27) | (0.25) | (0.46) | 0.10 | 0.13 | 0.30 | 0.20 | 0.27 | 0.38 |
| Net profit before extr. & amort. (EUR) | (0.74) | (0.34) | (0.28) | (0.82) | 0.49 | 0.23 | 0.23 | 0.13 | 0.18 | 0.28 |
| Net profit before extraordinaries (EUR) | (0.74) | (0.37) | (0.31) | (0.82) | 0.49 | 0.23 | 0.23 | 0.13 | 0.18 | 0.28 |
| Cash Flow (EUR) | (0.35) | (0.09) | (0.06) | (0.61) | 0.58 | 0.31 | 0.33 | 0.24 | 0.29 | 0.42 |
| Gross Dividend (EUR) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Book value (EUR) | 4.23 | 3.32 | 3.40 | 2.31 | 3.04 | 2.33 | 2.51 | 2.40 | 2.58 | 2.86 |
| Adjusted equity | 4.70 | 3.74 | 3.80 | 2.67 | 4.96 | 4.35 | 3.80 | 3.58 | 3.75 | 4.04 |
| Free Cash Flow | (2.32) | (0.23) | 0.05 | 0.39 | (0.38) | (0.23) | (0.89) | 0.32 | 0.17 | 0.17 |
| % change in EPS before extr. & amort. | ns | ns | ns | ns | ns | (53.61) | 2.65 | (43.87) | 34.59 | 61.67 |

| Valuation | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| P/E (excl. extr. & amort.) | nmf | nmf | nmf | nmf | 7.4 | 20.6 | 12.8 | 22.2 | 16.5 | 10.2 |
| P/CF (x) | nmf | nmf | nmf | nmf | 6.2 | 15.0 | 9.0 | 12.1 | 9.8 | 6.9 |
| P/Book (x) | 0.3 | 0.5 | 0.6 | 1.0 | 1.5 | 1.4 | 1.3 | 1.2 | 1.1 | 1.0 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Free cash flow yield (%) | (147.8) | (23.4) | (1.7) | 21.3 | (10.8) | (4.4) | (30.2) | 8.7 | 4.3 | 5.1 |
| EV/Sales (x) | 0.2 | 0.4 | 0.3 | 0.6 | 1.2 | 1.3 | 0.5 | 0.6 | 0.6 | 0.5 |
| EV/EBITDA (x) | 43.9 | 89.9 | 74.1 | nmf | 32.9 | 23.8 | 9.5 | 10.8 | 7.9 | 5.6 |
| EV/EBITA (x) | nmf | nmf | nmf | nmf | 54.3 | 39.1 | 12.5 | 16.3 | 11.1 | 7.4 |
| EV/EBIT (x) | nmf | nmf | nmf | nmf | 62.4 | 39.0 | 12.5 | 16.3 | 11.1 | 7.4 |
| EV/Capital Employed (x) | 0.1 | 0.3 | 0.4 | 0.7 | 2.9 | 2.6 | 1.6 | 1.2 | 1.2 | 1.1 |
| EV/CE (incl. goodwill) (x) | 0.1 | 0.3 | 0.4 | 0.6 | 1.8 | 1.3 | 0.9 | 0.8 | 0.8 | 0.8 |
| Share price : High (EUR) | 2.45 | 1.69 | 2.64 | 2.45 | 4.98 | 5.60 | 3.39 | 3.84 | | |
| Share price : Low (EUR) | 1.15 | 0.90 | 1.68 | 2.07 | 2.36 | 3.21 | 2.45 | 2.83 | | |
| Share price : Average (EUR) | 1.75 | 1.38 | 2.20 | 2.21 | 3.61 | 4.66 | 2.96 | 2.89 | 2.89 | 2.89 |
| Share price : Year end (EUR) | 1.27 | 1.62 | 2.09 | 2.28 | 4.52 | 3.21 | 3.18 | 2.89 | 2.89 | 2.89 |

| Operating Efficiency & Profitability ratios | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales per FTE employee ('000s) | 95.7 | 90.7 | 124.3 | 100.5 | 94.3 | 33.2 | 86.4 | 78.9 | 81.7 | 85.1 |
| Wage costs per FTE employee ('000s) | 28.5 | 27.4 | 26.7 | 25.4 | 25.7 | 11.1 | 41.2 | 41.9 | 42.7 | 43.8 |
| EBIT per FTE employee ('000s) | (6.4) | (6.0) | (5.7) | (12.3) | 1.8 | 1.1 | 3.7 | 2.9 | 4.2 | 5.9 |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| EBITDA margin (%) | 0.4 | 0.4 | 0.5 | (6.8) | 3.6 | 5.4 | 5.6 | 5.5 | 7.3 | 9.2 |
| Operating margin (%) | (6.7) | (6.6) | (4.6) | (12.3) | 1.9 | 3.3 | 4.2 | 3.7 | 5.2 | 7.0 |
| Net margin (%) | (13.9) | (7.6) | (4.9) | (21.9) | 8.8 | 5.7 | 3.3 | 2.3 | 3.1 | 4.9 |
| Tax rate (%) | (5.0) | (0.1) | (0.0) | (1.2) | 196.0 | (152.7) | (17.4) | 0.0 | 15.0 | 15.0 |

## Important disclosures

| Issuer | Ticker | Price (EUR) |
|---|---|---|
| Tecnocom | TECM.MC | 2.89 |

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Fernando Cordero - Equity Research Analyst

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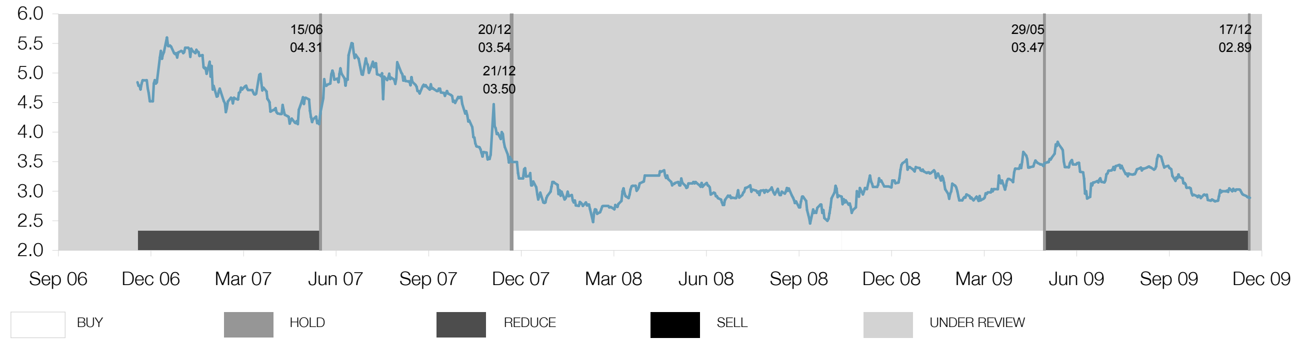
**18 December 2009** **Fortis Bank S.A./N.V. Primary Equity Research Coverage: 181**

**Historical equity recommendations and target price for Tecnocom (EUR)**




**History of Target Prices**

| Date | Recommendation | Target Price |
|---|---|---|
| 17/12/2009 | BUY | EUR 3.50 |
| 03/11/2009 | REDUCE | EUR 3.25 |
| 29/07/2009 | REDUCE | EUR 3.20 |
| 03/07/2009 | REDUCE | EUR 3.78 |
| 27/02/2009 | BUY | EUR 3.77 |
| 19/01/2009 | BUY | EUR 3.91 |
| 29/10/2008 | BUY | EUR 3.55 |
| 03/10/2008 | BUY | EUR 4.73 |
| 10/06/2008 | BUY | EUR 4.75 |
| 20/12/2007 | REDUCE | EUR 4.96 |
| 11/06/2007 | REDUCE | EUR 9.80 |
| 02/01/2007 | REDUCE | EUR 9.07 |

**History of Recommendations**

| Date | Recommendation | Target Price |
|---|---|---|
| 17/12/2009 | BUY | EUR 3.50 |
| 29/05/2009 | REDUCE | EUR 3.77 |
| 21/12/2007 | BUY | EUR 4.96 |
| 20/12/2007 | REDUCE | EUR 4.96 |
| 15/06/2007 | NO OPINION | EUR 9.80 |

*Source: BNP Paribas Fortis Equity Research, FactSet*

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