Italy

Caltagirone Editore

2/Outperform

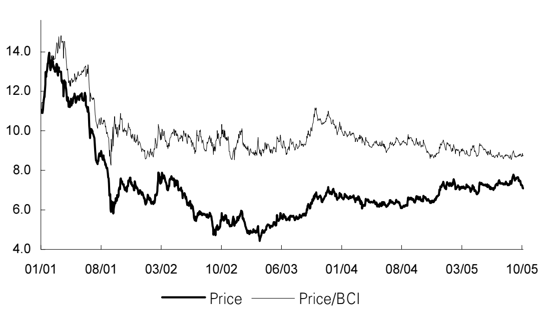
Publishing

24 October 2005 - Update

Closing Price (21/10/05)	**EUR7.086**
Target price	**+22.1% EUR8.65**
Market capitalisation	**EUR886m**
BCI	**1 549.77**

To 31/12 (EUR) - IFRS	2004	2005E	2006E	2007E
Sales (m)	270.6	282.0	288.8	295.1
Net att. profit, rest. (m)	31.4	36.9	38.1	39.4
Free Cash Flow (m)	(171.7)	88.1	37.1	38.8
EBITDA margin (%)	20.4	23.0	23.1	23.0
Clean EPS	0.25	0.30	0.31	0.32
EPS, published	0.25	0.73	0.31	0.32
P/E (x)	28.6	24.0	23.3	22.5
Attrib. FCF yield (%)	NS	9.9	4.2	4.4
EV/EBITDA (x)	11.2	6.8	6.6	6.4
EV/EBIT (x)	16.1	9.3	9.0	8.7
ROCE (%)	8.9	10.8	12.4	12.5
ROE (%)	4.1	11.3	4.9	5.0
P/BV (x)	1.2	1.1	1.1	1.1
Net debt/EBITDA (x)	(5.1)	(7.0)	(6.9)	(7.0)
Net dividend	0.20	0.25	0.21	0.22
Yield (%)	2.8	3.5	3.0	3.1

Next event : Q3-05 results due in November.



52-week range	EUR6.31-EUR7.82
Free Float	EUR247.8m
No. of shares, adjusted	125m
Daily volume	EUR0.85m
Reuters/Bloomberg	CED.MI/CED IM

	1 month	3 months	12 months
Absolute perf.	-6.8%	-2.2%	9.0%
Relative perf.	0.0%	1.2%	-5.4%

Shareholders: Caltagirone Group 35.5%, Caltagirone Family 32.0%, Edizione Holding 2.2%, Arnhold And S. Bleichroeder Adv. 2.1%, Market Float 28.0%

Defensive play

- **We reiterate our 2/Outperform rating for Caltagirone Editore (CED) and raise our target price to EUR8.65** (from EUR8.0), implying ~20% upside.
- **When national advertising growth is weak, CED can rely on smaller but more stable investments by local advertisers,** thus it is shielded against the advertising cycle.
- **Moreover, its cautious add-on sales strategy should pay off now**, as the expected decline in the collateral sales business should have a negligible impact on the company's results.
- **CED trades at a ~30% discount to peers on 2005 EV/EBITDA**. In our view, this discount is excessive and already factors in the dilution of a potential acquisition, made using its EUR450m cash pile. Even if it made an expensive, highly dilutive purchase, it would trade in line with its peers on 2007 EV/EBITDA.
- **We believe that the market would welcome an industrial acquisition**, in view of CED's cash-laden capital structure (cash represents 50% of its market cap.) and the purely financial investments made in the past (which did little to boost the core business).
- **Our new DCF-based TP of EUR8.65 is based on 7.2% WACC and 2% perpetual growth rate**. Based on L'Espresso's multiples, we arrive at a EUR8.8 fair value/share.

Marianna PRIMICERI
mprimiceri@cheuvreux.com
(39) 02 80 62 83 41

smaller companies

CONTENTS

CHEUVREUX'S MEDIA TEAM

Bart Gianotten	(coord.)	Benelux	+31 20 573 06 31	bgianotten@cheuvreux.com
Marco Baccaglio CFA		Italy	+39 02 80 62 83 20	mbaccaglio@cheuvreux.com
Francisco de Juan		Spain	+34 91 432 72 28	fdejuan@cheuvreux.com
Niklas Ekman		Nordic	+46 8 723 51 75	nekman@cheuvreux.com
Arnaud Frérault		France	+33 1 41 89 74.20	afrerault@cheuvreux.com
Guillermo Hombravella		Spain	+34 91 432 75 72	ghombravella@cheuvreux.com
Marianna Primiceri		Italy	+39 02 80 62 83 41	mprimiceri@ cheuvreux.com
Michael Schacht		Germany	+49 69 47 89 75 17	mschacht@cheuvreux.com

Caltagirone Editore

Company profile

Caltagirone Editore is a leading Italian newspaper publisher, active in the local press segment. Its biggest titles are *Il Messaggero* (circulation 240,774) and *Il Mattino* (circulation 87,757). The company recently acquired *Il Corriere Adriatico* and *Il Nuovo Quotidiano*. Caltagirone Editore has a market share of 46.9% in central Italy, 3.5m readers in central Italy and 420k readers in southern Italy.

It has also expanded in the free press, with *Leggo*, the leading free newspaper in Italy with 1.1m daily readers vs. 700k on average for its competitors, *City* and *Metro*. *Leggo* is now distributed in 15 cities.

In 2004, revenues totalled EUR270m of which advertising accounted for 65%, while *Leggo* revenues came to EUR22.8m. **EBIT totalled EUR38.2m,** with a 14% margin.

Caltagirone Editore is 67%-controlled by the Caltagirone family and **the Caltagirone Group**, while free float stands at 28%.

Valuation

We raised our target price for Caltagirone Editore to EUR8.65 from EUR8.0.

- **Our DCF model** is based on a 3.6% risk free rate, a 0.9 beta and a WACC of 7.2%. With a 2% perpetual growth rate and a 17.5% terminal EBIT margin, **we reached a valuation of EUR8.65** per share for CED, of which cash accounts for 42%.
- **We also ran a multiples valuation**. Based on L'Espresso's 2005 EV/EBITDA, **we arrive at a higher fair value of EUR8.8 /share**. After stripping out the value of the cash and financial assets from the current market cap, we see that Caltagirone Editore trades at a 36% discount vs. L'Espresso and at a 40% discount to Italian peers.

Investment case

We reiterate our 2/Outperfom rating and raise our target price to EUR8.65 (from EUR8.0).

Our positive stance is backed by:

- **CED'S dual exposure to national and local advertising**. When national advertising growth is weak, CED can rely on smaller, but more stable investments by local advertisers to outperform the market, so it is shielded against downside.
- **Its cautious add-on sales strategy should also start to pay off now**, as the expected decline in collateral sales should have a negligible impact on results compared to other Italian players, who relied heavily on add-on sales to offset the weak advertising cycle.
- **According to our analysis, even if CED made an expensive, highly dilutive acquisition (20x EV/EBITDA), the stock would trade in line with peers in the worst case scenario** (no synergies). Assuming 5% revenue and 10% cost synergies, it would still trade at a discount.

SWOT analysis

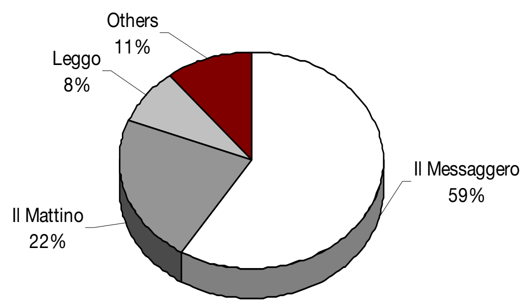
Strengths
1) 46.9% market share in central Italy
2) Leader in the free press segment
3) High profitability
4) Sound financial structure

Weaknesses
1) Limited diversification
2) Cautious add-on sales policy
3) Non-core investments
4) Heavy dependency on advertising cycle

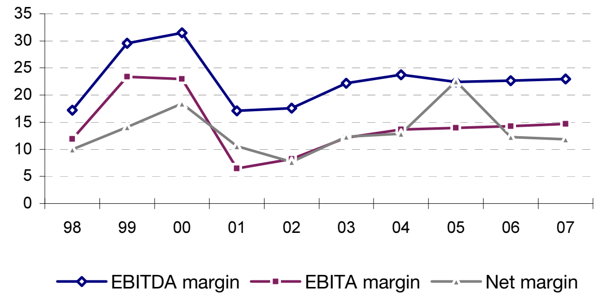
Opportunities
1) Further expansion in southern Italy
2) Better use of cash
3) Potential launch of a business supplement
4) Re-leveraging of the financial structure

Threats
1) Delayed advertising market recovery
2) Higher competition
3) Entry of new players in the free press market

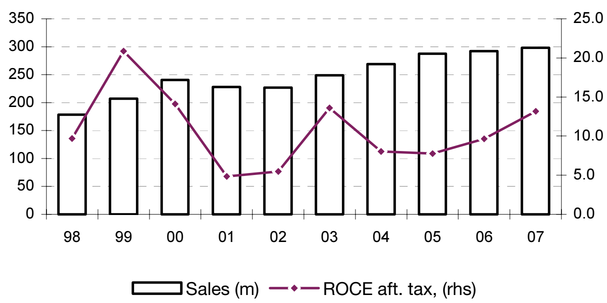
2005E revenue breakdown



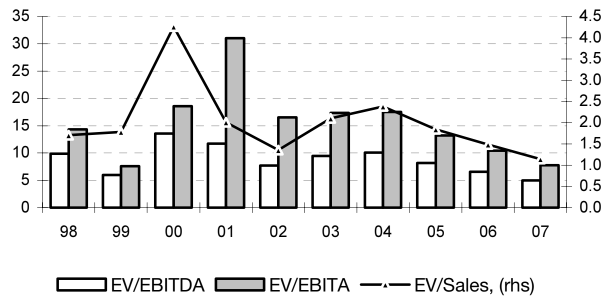
Margin trends (%)



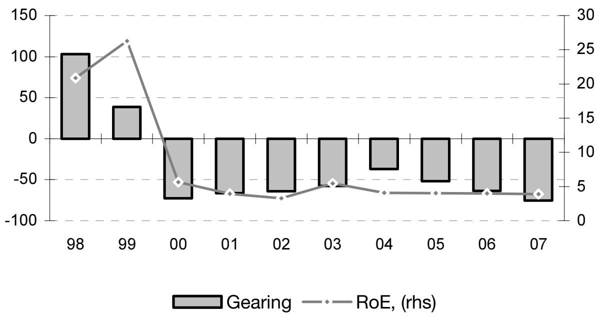
Sales & ROCE



EV multiples



Gearing and Rest. ROE



DCF summary

	Total	Per share	Weight
NPV 2005-2019	197.4	1.6	*18%*
Terminal value	385.2	3.1	*36%*
EV	**582.6**	**4.7**	***54%***
Net cash	455.6	3.6	*42%*
Other assets	41.8	0.3	*4%*
Equity value	**1 080.0**	**8.6**	***100%***

Peer group comparison

(EUR, EUR m, %)	Price	Mkt. cap.	EV/EBITDA		EV/EBITA		P/E		Yield	
			2005	2 006	2005	2006	2005	2006	2005	2006
RCS Media	4.2	3 218.0	11.0	9.0	13.1	10.7	25.5	18.6	3.6	2.8
L'Espresso	4.3	1 875.5	9.3	9.0	11.6	11.1	17.9	17.2	3.6	3.7
Mondadori	7.8	2 027.4	7.8	7.7	9.3	9.1	14.8	14.6	4.9	5.1
Cairo	48.0	372.1	17.6	16.2	48.7	53.4	57.8	55.0	3.3	3.7
Average (weighted)			10.0	9.0	13.5	12.5	22.3	18.9	3.9	3.7
Caltagirone Editore	**7.1**	**885.8**	**6.8**	**6.6**	**9.3**	**9.0**	**24.0**	**23.3**	**3.5**	**3.0**

INVESTMENT RECOMMENDATION

We reiterate our 2/Outperform rating for Caltagirone Editore and raise our target price to EUR8.65 (from EUR8.0), implying ~20% upside.

Caltagirone Editore has been consistently cash positive, since the IPO. However, most of this cash has been used for non-core financial investments instead of strategic acquisitions, which has heavily penalised the stock (despite the significant capital gains made on these investments). In 2005, Caltagirone Editore sold its RCS Media Group and BNL stakes. We expect that in the future it may use its excess cash (EUR452m expected this year) to make an industrial acquisition, which we believe would be well received by the market.

Caltagirone Editiore is a defensive media stock, which is shielded by its:

- **Exposure to both local and national advertising**. When national advertising growth is weak, CED can rely on smaller, but more stable investments by local advertisers to outperform the market. In other words, it can tap into either market when necessary. This, combined **with the promising outlook for the free press** should ensure a consistent outperformance vs. the advertising market.
- **Cautious add-on sales strategy**. Unlike other media companies, Caltagirone Editore does not rely on collateral sales to boost circulation and offset declining advertising revenues, so it should suffer less when these sales decline, since these products make a minimal contribution to revenues. Moreover, its overall circulation revenues have not been affected by competitors' successful add-on initiatives.

Acquisition risk seems to be priced in. We simulated the impact of a EUR200m acquisition to buy a local newspaper like *Il Gazzettino di Venezia* (which currently generates EUR65m revenues and EUR10m EBITDA per year) for a price of 20x EV/EBITDA. According to our analysis, even if CED made such an expensive, highly dilutive acquisition, the stock would trade in line with peers in the worst case scenario (no synergies). Assuming 5% revenue and 10% cost synergies, it would still trade at a discount. **Therefore, acquisition risk appears to be priced even in the event of an expensive acquisition (20x EV/EBITDA).**

Caltagirone Editore multiples after the deal

	CED stand alone	CED after the deal	
		Best case	Worst case
Comments		5% revenue synergies and 10% cost synergies	No synergies
2007 EV/EBITDA	6.4	7.3	8.1
Discount (%)		*-12%*	*-2%*

Source: Cheuvreux

We raised our EBIT estimates by 26% in 2005 and by 25% in 2006 to account for IAS impact, which reduced intangible depreciation by ~EUR12m. EPS should more than double, as Caltagirone made significant capital gains by selling off purely financial assets.

To calculate our new DCF-based target price EUR8.65, we assumed: 7.2% WACC, with a 2% perpetual growth rate. The EUR455m net cash represents a floor of EUR3.6/share. **Applying L'Espresso's 2005 EV/EBITDA multiples, we derive a higher fair value of EUR8.8/share.** In terms of EV multiples, Caltagirone Editore is trading at a marked discount, but it trades at a premium on P/E multiples, however, if we exclude cash, which weighs for EUR3.6/share, we arrive at a normalized P/E level of 16.1x from the current 2005 P/E of 24x.

I— VALUATION APPROACH

TP raised to EUR8.65, ~20% upside

We reiterate our 2/Outperform rating and raise our DCF-based target price to EUR8.65 (from EUR8.00), **implying ~20% upside.** Our DCF model is based on: 7.2% WACC and a 2% perpetual growth rate. We valued the publishing business by applying L'Espresso's 2005 EV/EBITDA multiples, arriving at a fair value of EUR8.8/share. Caltagirone Editore trades at significant discount to its Italian peers which is unwarranted in our view, even in the event of an expensive acquisition: 32% on 2005 EV/EBITDA and 26% on 2006 EV/EBITDA.

DCF valuation: EUR8.65/share

DCF assumptions: 7.2% WACC and 2% perpetual growth rate

Our new DCF-based target price is EUR8.65 per share, based on the following assumptions: (1) a risk free rate of 3.6% and a market risk premium of 4%; (2) a 7.2% WACC and 0.9 beta; (3) a 2% perpetual growth rate.

For the 2004-2009 period, we expect EBIT to grow at 7% CAGR and at 2.5% in 2009-2014, with a terminal EBIT margin of 17.5% vs. the 16.9% expected in 2005.

DCF valuation

(EUR m)	2005	2006	2007	2008	2009	Cumulated 2010-2014	Value	Per share
EBIT	47.5	49.0	50.0	51.2	53.3			
Taxes	(11.9)	(14.7)	(17.5)	(17.9)	(18.6)			
Depreciation	11.8	12.2	12.2	12.2	12.2			
Capex	(10.0)	(11.0)	(11.6)	(12.2)	(13.0)			
WC change	(10.1)	(7.9)	(7.0)	(7.3)	(7.0)			
FCFO	27.4	27.5	26.0	25.9	26.8	153.7		
DCF	**25.5**	**24.0**	**21.1**	**19.6**	**18.9**	**88.3**	**197.4**	**1.6**
Discounted terminal value at 2%							385.2	3.1
EV							582.6	4.6
Net cash							455.6	3.6
Other assets							41.8	0.3
Equity value							**1 080.0**	**8.65**

Source: Cheuvreux

EUR455.6m net cash represents a significant floor

Net cash at EUR455.6m (as of H1-05, adjusted for the BNL disposal) accounts for 42% of the valuation, financial assets 4% (11m MPS shares valued at market price) and the terminal value 32%.

We also ran a multiples valuation, applying L'Espresso's 2005 EV/EBITDA multiple, as it is the only Italian publishing peer that owns both national and local newspaper businesses like Caltagirone Editore.

Based on L'Espresso's 2005 EV/EBITDA multiples, we arrive at a higher fair value of EUR8.8/share

Our multiples valuation yields a higher fair value of EUR8.8/share, including EUR0.3 per share for the MPS stake. Subtracting the cash and financial assets from Caltagirone Editore's current market cap of EUR885m, we arrive at an implicit valuation of the publishing assets. Based on this valuation, we conclude that the stock is trading at a ~36% discount to L'Espresso's multiples and at an even higher discount of ~40% to other Italian publishers.

Multiple valuation

(EUR)	Criteria	Multiple	Parameter	Value	Per share
Publishing assets	2005 EV/EBITDA	9.3	64.8	602.4	4.8
Net cash (2005E)				451.9	3.6
Financial assets	Market price			41.8	0.3
Equity value				**1 096.1**	**8.8**

Source: Cheuvreux

If the value of the purely financial assets (which have no bearing on the media business) is stripped out, we arrive at a fair value of EUR8.5/share, implying 19% upside.

Media multiples

(EUR, EUR m, %)	Price	Mkt.	EV/EBITDA		EV/EBIT		P/E		Yield	
		Cap.	2005	2 006	2005	2006	2005	2006	2005	2006
RCS Media	4.2	3 218.0	11.0	9.0	13.1	10.7	25.5	18.6	3.6	2.8
L'Espresso	4.3	1 875.5	9.3	9.0	11.6	11.1	17.9	17.2	3.6	3.7
Cairo	48.0	372.1	17.6	16.2	48.7	53.4	57.8	55.5	3.3	3.7
Mondadori	7.8	2 027.4	7.8	7.7	9.3	9.1	14.8	14.6	4.9	5.1
Average (weighted)			10.0	9.0	13.5	12.5	22.3	18.9	3.9	3.7
Caltagirone Editore	7.1	885.8	6.8	6.6	9.3	9.0	24.0	23.3	3.5	3.0

Source: Cheuvreux

P/E excluding cash is very appealing

In terms of EV multiples, Caltagirone Editore is trading at a marked discount: 32% on 2005 EV/EBITDA and 31% on 2005 EV/EBIT, but it trades at a 8% premium on P/E multiples. However, if we exclude cash, which weighs for EUR3.6/share, we arrive at a normalized P/E level of 16.1x on 2005 and 15.2x on 2006.

II— ACQUISITION RISK SEEMS TO BE PRICED IN

Inefficient financial structure, but…

At the moment, **Caltagirone Editore's financial structure is inefficient**: its net cash position stood at EUR390.5m in H1-05, and including the BNL disposal it rises to EUR455m, which represents almost half of the company's current market cap.

…an acquisition may be on the cards

An extraordinary dividend or buy-back program seem highly unlikely, as management have repeatedly expressed interest in exploiting acquisition opportunities if they should arise.

Given the high prices of publishing assets in Italy and the rumoured valuations of some large local newspapers, we believe that any acquisition would probably be dilutive in the short term, regardless of any potential synergies.

Simulation of a EUR200m acquisition to buy a newspaper which generates EUR10m EBITDA

Our simulation of the dilution is based on a ~EUR200m investment to buy a relatively large newspaper, with 120k circulation, ~EUR65m revenues and ~EUR10m EBITDA (15.4% EBITDA margin). Based on these hypothetical parameters, Caltagirone Editore's revenues would rise by roughly 22% and EBITDA would rise by 15% after the deal. According to our estimates, the EBITDA margin would fall to 21.7% vs. 23.1% for Caltagirone Editore (stand-alone) as the newly-acquired newspaper would probably be less profitable.

Caltagirone Editore before and after the deal

(EUR m)	Stand-alone	After the deal	(%)
Revenues	288.8	353.8	*22.5%*
EBITDA	66.7	76.7	*15.0%*
EBITDA margin (%)	*23.1%*	*21.7%*	

Source: Cheuvreux

Caltagirone Editore currently trades at 6.6x on 2006 and at 6.4x on 2007 EV/EBITDA. Assuming a high acquisition multiple of 20x EV/EBITDA, the deal would not be dilutive if the company were able to achieve ~22% cost and ~12% revenue synergies by 2006. However, this target would be impossible to reach, meaning that acquisitions of local newspapers would surely be dilutive.

For example, we performed a sensitivity analysis **to show how 2007 EV/EBITDA multiples would be affected by an acquisition,** considering the different synergies that could be achieved. We ran our model from 2007, as we assumed that before 2007 few synergies would emerge.

After the deal, Caltagirone Editore should trade at higher multiples but…

We concluded that after the acquisition, Caltagirone Editore should trade at a higher EV/EBITDA multiple vs. its stand-alone multiple of 6.4x and it could trade at roughly 8.1x assuming zero synergies and at 7.3x based on 5% revenue and 10% cost synergies.

We also compared the Caltagirone Editore's post-deal multiples with peer multiples based on:

1 - **RCS Mediagroup and L'Espresso's multiples**: we felt they were the most suitable peers for our analysis because they are also newspaper publishers;

2 - **A wide range of potential synergies**: in our best case scenario, we assume that 5% revenue synergies and 10% cost synergies could be achieved, while in our worst case scenario we assume zero synergies.

2007 EV/EBITDA after simulated acquisition

EV/EBITDA 6.4 stand-alone multiple		Synergy revenues			
		0.0%	***2.5%***	***5.0%***	***7.5%***
Cost synergies	**0%**	8.1	8.0	7.8	7.6
	5%	7.9	7.7	7.5	7.4
	10%	7.6	7.5	7.3	7.2
	15%	7.4	7.3	7.1	7.0

Source: Cheuvreux

At worst, CED trades in line with peers

In conclusion, even if it made an expensive, highly dilutive acquisition, it would trade in line with its peers on 2007 EV/EBITDA in the worst case scenario, but highly unlikely in our view. In the best case scenario, it would still trade at a discount.

Summary

	CED stand alone	CED after the deal	
		Best case	**Worst case**
Comments		5% revenue synergies and 10% cost synergies	No synergies
2007 EV/EBITDA	6.4	7.3	8.1
Discount vs. peers		*-12%*	*-2%*

Source: Cheuvreux

An industrial acquisition would be well received by the market

We believe that the market would welcome an industrial acquisition, given CED's cash-rich capital structure (accounting ~50% of its market cap.) and the purely financial investments that were made in the past (which did little to boost the core business). In our view, the market is applying a discount to the stock to account for the risk of further non-core investments.

However, we feel that Caltagirone Editore's investment strategy may have changed following the disposals of the RCS Media and BNL stakes. In our view, an important industrial acquisition would reduce the discount applied to the excess cash, boosting the stock price.

III— A DEFENSIVE MEDIA PLAYER

Heavy exposure to advertising cycle

Local leadership

Caltagirone Editore is much more heavily exposed to the advertising cycle than other Italian media stocks: advertising accounted for 66% of its revenues in H1-05. The company publishes 4 newspapers, which are all regional leaders:

- *Il Messaggero* holds 48.8% market share in Lazio (1 national edition and 13 local editions are published daily);
- *Il Mattino* holds 54.6% market share in Campania (with 1 national and 7 local editions);
- *Il Corriere Adriatico* holds 41% market share in the Marche region. Il *Nuovo Quotidiano di Puglia* cannot be considered a regional newspaper, as it is only sold in 3 cities, however it is the leader in this small area, with 36.7% market share.

Italian publishers: Advertising exposure

(%)	H1-05
Mondadori	*21%*
RCS Media Group	*44%*
L'Espresso	*52%*
Caltagirone Editore	*66%*
Cairo	*75%*

Source: Cheuvreux

Caltagirone Editore: Market share

Newspaper	Lazio	Campania	Marche	Puglia
La Repubblica	*22.6%*	*24.8%*	-	-
Il Corriere della Sera	*11.2%*	*11.5%*	-	-
Il Mattino	**-**	***54.6%***	**-**	**-**
Il Corriere Adriatico	**-**	**-**	***41.0%***	**-**
Il Messaggero	***48.8%***	**-**	***19.1%***	**-**
Il Resto del Carlino	-	-	*36.2%*	-
Il Nuovo Quotidiano di Puglia	**-**	**-**		***36.7%***

Source: Caltagirone Editore

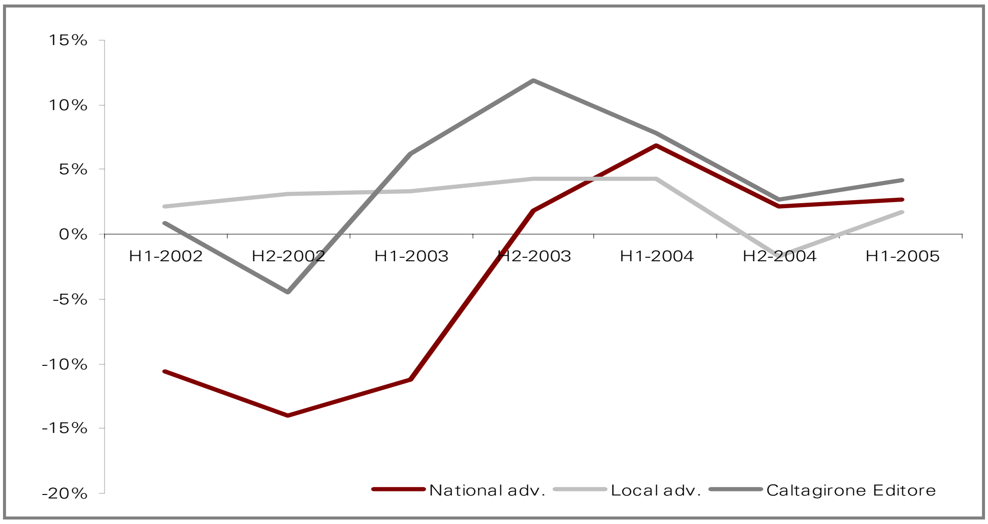
Dual exposure: to local and to national advertising

One of its Caltagirone Editore's key strengths is that it is exposed to both national and local advertising. This dual exposure means it can focus on local advertising, when there is a downturn in national advertising, as local players tend to make more stable investments than big companies.

National advertising is preferable, but local volumes can reach 50% of the total, when national advertisers reduce their investments

The price for national advertising space is higher than for local ads, so when the market is strong, the company focuses on national advertising, which can reach up to 70% of its total advertising revenues (as it did in 1999-2000). When national advertisers scale back investments, the mix can shift to 50% for national and 50% for local advertising.

Caltagirone Editore advertising



Source: Cheuvreux

This dual exposure allows the company outperform the advertising market

Caltagirone Editore has always slightly outperformed the national advertising market and we feel that this is due to stable local advertising revenues, which offset the decline in national advertising in weak years (i.e. 2002-2003). It also appears to be shielded from downside, as when advertising growth is weak, it can switch from national to local advertising to exceed market growth.

Leggo: a winning move

Higher growth is expected for the free-press segment

Caltagirone Editore also wisely chose to enter the free-press segment, in order to combat the weak advertising market. In 2001, it launched the free newspaper *Leggo* which broke even at the EBITDA level in 2004, after only 3 years. The free newspaper reaches 1m average readers a day and is distributed nationally in 15 cities (6 of which were added in 2005). The outlook for free press advertising seems to be brighter, as competition is not as challenging as it is in the other press segments. *Leggo* revenues should climb 15% vs. 2004 to EUR24m in 2005 and we believe that this solid growth will be sustainable going forward. We expect a 10% increase in 2006 and 5% in 2007.

For FY-05, we expect 3.4% consolidated advertising revenue growth, due partly to the full consolidation of *Il Corriere Adriatico* which should contribute EUR1.5m in additional advertising. At *Il Nuovo Quotidiano di Puglia* advertising should grow by 3% to EUR6.8m.

Advertising revenues

(EUR m, %)	2004A	2005E	% Chg.	2006E	% Chg.	2007E	% Chg.
Advertising revenues	**174.8**	**180.7**	***3.4%***	**186.6**	***3.3%***	**191.9**	***2.8%***
o/w Il Messaggero	103.9	104.9	*1.0%*	107.6	*2.5%*	110.3	*2.5%*
o/w Il Mattino	38.5	38.5	*0.0%*	39.0	*1.5%*	40.0	*2.5%*
o/w Leggo	20.7	23.8	*15.0%*	26.2	*10.0%*	27.5	*5.0%*
o/w Il Nuovo Quotidiano di Puglia	6.6	6.8	*3.0%*	7.0	*3.0%*	7.2	*3.0%*
o/w Il Corriere Adriatico	2.0	3.5	*76.6%*	3.6	*3.0%*	3.7	*3.0%*
o/w other advertising	3.2	3.2	*0.0%*	3.2	*0.0%*	3.2	*0.0%*

Source: Cheuvreux

Add-on sales and full colour printing: a prudent approach

Add-on sales: the goal is to limit risk

Caltagirone also taken a very cautious approach to add-on sales, aiming to contain the risk wherever possible. Unlike other media companies, Caltagirone Editore does not rely on collateral sales to boost circulation and offset declining advertising revenues. Instead, it has always carefully selected its add-on products and produced them externally, so if the campaign fails losses are minor, but similarly, if the campaign is successful returns are also limited (~20% EBITDA margin).

In FY-04, add-on sales totalled EUR15m, lifting EBITDA by EUR2.66m with a 17.7% margin which rose to 22% in H1-05, thanks to successful initiatives in Q2-05.

Add-on sales

Add-on sales trend	H1-04	FY-04	H1-05
Revenues	8.6	15.0	9.1
EBITDA	1.6	2.7	2.1
EBITDA margin (%)	*18.4%*	*17.7%*	*22.7%*

Source: Caltagirone Editore

A missed opportunity or a good decision?

In the end, this cautious approach to add-on sales may have been a wise decision (rather than a missed opportunity). Over the last few years, Italian readers have become used to receiving extra products with their newspapers and magazines. The risk is that these collateral products could became an integral part of buying decisions. We believe that this would be unlikely for popular newspapers like *La Repubblica* or *Il Corriere della Sera* which have a strong, stable readership, but it could be a risk for magazine publishers or small local publishers. The fact that Caltagirone Editore has been able to keep circulation revenues stable without relying on collateral sales, is a very good sign, as it demonstrates that competitors' add-on sales initiatives have not hurt revenue growth.

On the other hand, add-on sales make a negligible contribution to total revenues, so if this business deteriorates across the sector as expected, it should not have a big impact on Caltagirone Editore's revenues or profitability as add-on sales margins are lower compared to the rest of the business (17.7% vs. the 20.4% EBITDA margin of 2004).

No full colour introduction planned

Caltagirone Editore also took a prudent approach to full colour printing. Although it invested EUR105m to increase the number of pages and the print quality of *Il Messaggero* and of *Il Mattino* over the last four years, it does not plan to invest in full colour printing for these two newspapers, as the demand for colour advertising is not high enough to justify the investment.

No price hike

RCS Media raised the price of *Il Corriere della Sera* to EUR1 from EUR0.9 in August, fuelling mild short term speculation that other important newspaper publishers would follow suit. However, in the end the most important dailies made no price hikes.

To keep circulation stable, CED made no price hikes

Caltagirone Editore (like its peer L'Espresso), did not raise newspaper prices, as management believes that the extra EUR0.1 per copy would have had no real impact on profitability. Instead, this summer it offered a discount on newspapers to increase its market share.

While RCS Media's circulation figures have not declined following the price hike, the outcome could have been very different for Caltagirone Editore as there is much higher price sensitivity in the regions it serves.

IV— ESTIMATES SUMMARY

Thanks to IAS, EBIT will rise by 26% in 2005

Caltagirone will release its IAS-compliant Q3-05 results in November, therefore we have revised our estimates to account for this impact. The new accounting standards boosted 2004 EBIT, as depreciation fell from EUR29m to EUR17m, since both goodwill and other intangible asset amortisation were cancelled. **We also raised our FY-05 EBIT estimates by 26% to account for IAS** and expect net profit to rise by 50%, due to the EUR54m capital gain on the sale of the RCS Media and BNL stakes.

Caltagirone Editore: Revised estimates

(EUR m)	2004		2005E			2006E			2007E		
	ITA GAAP	IAS	Prev.	New	% Chg.	Prev.	New	% Chg.	Prev.	New	% Chg.
Sales	269.1	270.6	287.9	282.0	*-2.1%*	288.8	294.1	*1.9%*	295.1	300.5	*1.9%*
EBITDA	63.9	55.2	64.6	64.8	*0.3%*	66.1	66.7	*0.8%*	68.4	67.8	*-0.9%*
EBIT	34.3	38.2	37.7	47.5	*26.0%*	39.2	49.0	*25.0%*	41.3	50.0	*21.0%*
Net profit	**30.6**	**31.4**	**60.7**	**90.9**	***49.7%***	**31.5**	**41.0**	***30.2%***	**30.8**	**39.4**	***28.1%***
EPS	0.24	0.25	0.49	0.73	*49.7%*	0.25	0.33	*30.2%*	0.25	0.32	*28.1%*

Source: Cheuvreux

2005 revenues boosted by recently acquired newspapers and the free press

We estimate that sales should grow at a 2.9% CAGR in 2004-2007. In 2005, the 4.2% increase is attributable to the full consolidation of *Il Corriere Adriatico* and the acquisition of *Il Nuovo Quotidiano Di Puglia* (for which Catagirone Editore already collected advertising). This year, circulation revenues should rise by 10.5% and advertising by 3.4%. For FY-05, we expect *Il Mattino* to recover from the 0.5% decline in H1-05, while *Il Messaggero* should post 1% higher growth vs. last year. The free press is the fastest-growing segment: we expect ~10% revenue CAGR in 2004-2007.

Caltagirone Editore: Revenue Breakdown

(EUR m, %)	2004A	2005E	% Chg.	2006E	% Chg.	2007E	% Chg.
Circulation revenues	**83.4**	**92.1**	***10.5%***	**93.0**	***1.0%***	**94.0**	***1.0%***
Advertising revenues	**174.8**	**180.7**	***3.4%***	**186.6**	***3.3%***	**191.6**	***2.8%***
o/w Il Messaggero	103.9	104.9	*1.0%*	107.6	*2.5%*	110.3	*2.5%*
o/w Il Mattino	38.5	38.5	*0.0%*	39.0	*1.5%*	40.0	*2.5%*
o/w Leggo	20.7	23.8	*15.0%*	26.2	*10.0%*	27.5	*5.0%*
o/w Il Nuovo Quotidiano di Puglia	6.6	6.8	*3.0%*	7.0	*3.0%*	7.2	*3.0%*
o/w Il Corriere Adriatico	2.0	3.5	*76.6%*	3.6	*3.0%*	3.7	*3.0%*
o/w other advertising	3.2	3.2	*0.0%*	3.2	*0.0%*	3.2	*0.0%*
Other + Caltanet	**12.4**	**9.2**	***-26.1%***	**9.2**	***0.0%***	**9.2**	***0.9%***
Total	**270.6**	**282.0**	***4.2%***	**288.8**	***2.4%***	**295.1**	***2.2%***

Source: Cheuvreux

EBITDA margin should rise to 23%

Despite 13% higher personnel costs following the acquisitions, the EBITDA margin should rise to 23% (vs. 20.4% in 2004). In 2006-2007, service costs should edge up by just 1%. After ~EUR17m of depreciation, the EBIT margin should reach 16.5% in 2005 and 16.9% in 2007.

Caltagirone Editore: EBITDA and EBIT estimates

(EUR m, %)	2004A	2005E	2006E	2007E	CAGR
EBITDA	**55.2**	**64.8**	**66.7**	**67.8**	***7.1%***
EBITDA margin (%)	*20.4%*	*23.0%*	*22.6%*	*23.0%*	
Tangible depreciation	(10.8)	(10.8)	(11.1)	(11.1)	
Intangible depreciation	(0.7)	(1.0)	(1.0)	(1.0)	
Provisions for doubtful accounts	(5.5)	(5.5)	(5.5)	(5.6)	
EBIT	**38.2**	**47.5**	**49.0**	**50.0**	***9.4%***
EBIT margin (%)	*14.1%*	*16.5%*	*16.6%*	*16.9%*	

Source: Cheuvreux

2005 net profit boosted by EUR54m capital gain

In 2005, net profit should total EUR90.9m thanks to the extraordinary EUR54m capital gain on the sale of financial assets: the 2% RCS Media stake was sold for a consolidated capital gain of ~EUR30m (net of taxes), while the sale of the BNL stake should yield a ~EUR24m capital gain. For FY-05, we applied a tax rate of 35% to the pre-tax profit (excluding the extraordinary capital gains, which should not be taxed at all).

From EBIT to net profit

(EUR m, %)	2004A	2005E	2006E	2007E	CAGR
EBIT	**38.2**	**47.5**	**49.0**	**50.0**	***9.4%***
Net financial items	3.9	64.0	10.0	11.0	
o/w from financial investments	0.0	54.0	0.0	0.0	
Taxes	(6.7)	(20.1)	(20.7)	(21.3)	
Tax rate	*-16%*	*-35%*	*-35%*	*-35%*	
Minorities	(4.0)	(0.5)	(0.3)	(0.3)	
Net profit	**31.4**	**90.9**	**38.1**	**39.4**	***7.8%***
Net profit margin (%)	*11.6%*	*32.2%*	*13.2%*	*13.3%*	

Source: Cheuvreux

EUR451.9m net cash expected in 2005 thanks to low capex and disposal

For 2005, capex should fall to EUR10m since the *Il Mattino and Il Messaggero* printing centres have been fully revamped. Net cash should nearly double to EUR452m after the EUR25m dividends are paid, due to the limited capex and EUR106.5m cash-in from the disposals.

Cash flow statement

(EUR m)	2004A	2005E	2006E	2007E
Cash flow	58.8	108.6	56.0	57.4
WC change	(5.2)	(10.1)	(7.9)	(7.0)
Capex	(225.3)	(10.0)	(11.0)	(11.5)
Dividends	(25.0)	(25.0)	(31.3)	(26.3)
Disposals	21.6	106.5	0.0	0.0
Others	13.3	2.2	1.7	1.7
Net cash	280.2	451.9	459.4	473.8

Source: Cheuvreux

Stable dividend policy in absolute terms

Despite the very high EPS in 2005, we do not expect Caltagirone Editore to distribute an extraordinary dividend, as the company tends to distribute stable dividends in absolute terms rather than opting for a stable pay-out ratio. However, we expect DPS to rise by 25% to a EUR0.25 (3.4% yield) in 2005. It should return to a normalised level in 2006 and in 2007.

Dividend policy

(EUR)	2004A	2005E	2006E	2007E
EPS	0.251	0.727	0.305	0.315
DPS	0.200	0.250	0.210	0.221
Pay-out (%)	*80%*	*34%*	*69%*	*70%*
Yield (%)	*2.7%*	*3.4%*	*2.8%*	*3.0%*

Source: Cheuvreux

Caltagirone Editore

FY to 31/12 (Euro m)	2000	2001	2002	2003	2004	IFRS 2004	2005E	2006E	2007E
Profit & Loss Account									
Sales	**240.8**	**228.2**	**227.1**	**248.7**	**269.1**	**270.6**	**282.0**	**288.8**	**295.1**
% Change	*16.2%*	*-5.2%*	*-0.5%*	*9.5%*	*8.2%*		*4.2%*	*2.4%*	*2.2%*
EBITDA	**75.9**	**39.1**	**40.0**	**55.1**	**69.4**	**55.2**	**64.8**	**66.7**	**67.8**
% Change	*23.8%*	*-48.5%*	*2.3%*	*37.8%*	*25.9%*		*17.4%*	*2.9%*	*1.7%*
Depreciation	(20.6)	(24.3)	(21.3)	(24.9)	(32.7)	(17.0)	(17.3)	(17.7)	(17.8)
EBITA	**55.3**	**14.8**	**18.7**	**30.2**	**36.7**	**38.2**	**47.5**	**49.0**	**50.0**
% Change	*14.0%*	*-73.2%*	*26.4%*	*61.5%*	*21.5%*		*24.4%*	*3.1%*	*2.0%*
Goodwill amortisation before OP	(1.4)	(1.4)	(1.4)	(1.4)	(2.4)	0.0	0.0	0.0	0.0
Goodwill amortisation [impairment test]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non recurring operational items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**53.9**	**13.4**	**17.3**	**28.8**	**34.3**	**38.2**	**47.5**	**49.0**	**50.0**
Net financial items	12.9	23.1	15.2	2.2	2.8	3.9	10.0	10.0	11.0
Non recurring financial items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other exceptional items	(2.0)	(7.9)	(9.9)	(8.5)	0.2	0.0	54.0	0.0	0.0
Tax	(20.4)	(4.5)	(5.2)	8.2	(2.7)	(6.7)	(20.1)	(20.7)	(21.4)
Associates [contribution]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinuing activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit [loss] before minorities	**44.4**	**24.1**	**17.4**	**30.7**	**34.6**	**35.3**	**91.4**	**38.4**	**39.6**
Dividend to preferred shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	(3.2)	(1.1)	(0.7)	(2.1)	(4.0)	(4.0)	(0.5)	(0.3)	(0.3)
Net attributable profit [loss]	**41.2**	**23.0**	**16.7**	**28.6**	**30.6**	**31.4**	**90.9**	**38.1**	**39.4**
Restatement [impairment test]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj. for exceptional items	1.4	6.7	7.6	11.6	(0.2)	0.0	(54.0)	0.0	0.0
Net attrib. profit [loss], restated (*)	**44.0**	**31.1**	**25.7**	**41.6**	**32.9**	**31.4**	**36.9**	**38.1**	**39.4**
% Change	*51.2%*	*-29.3%*	*-17.4%*	*61.9%*	*-21.0%*		*17.6%*	*3.3%*	*3.4%*
Cash Flow Statement									
Cash flow	**61.3**	**45.4**	**36.5**	**52.4**	**58.8**	**58.8**	**108.6**	**56.0**	**57.4**
% Change	*5.3%*	*-25.9%*	*-19.6%*	*43.6%*	*12.2%*		*84.7%*	*-48.4%*	*2.5%*
Change in WCR	(14.0)	0.2	0.3	(18.5)	(5.3)	(5.3)	(10.1)	(7.9)	(7.0)
Capex	(42.6)	(10.4)	(21.6)	(60.0)	(225.3)	(225.3)	(10.5)	(11.0)	(11.6)
Net cash flow	**4.7**	**35.2**	**15.2**	**(26.1)**	**(171.7)**	**(171.7)**	**88.1**	**37.1**	**38.8**
Financial investments	(24.9)	(57.9)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	21.6	21.6	106.5	0.0	0.0
Dividend paid	(31.3)	(33.0)	(31.3)	(25.0)	(25.0)	(25.0)	(25.0)	(31.3)	(26.3)
Capital increase	661.4	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Other cash flow	25.6	(0.4)	(11.8)	(5.5)	13.3	13.3	2.2	1.7	1.7
Dec. [inc.] in net debt	635.5	(56.1)	(27.9)	(55.6)	(161.8)	(161.8)	171.7	7.5	14.3
Balance Sheet									
Shareholders' equity [group share]	778.4	770.5	755.4	758.4	761.4	787.4	853.3	799.1	812.3
Minority interests	24.6	23.0	22.4	8.7	0.6	0.5	5.2	5.0	5.2
Pension provisions	35.4	33.3	32.6	33.6	38.3	38.2	44.0	50.1	56.4
Other provisions	15.3	17.4	19.3	20.5	32.4	34.3	34.3	34.3	34.3
Net debt [cash]	(581.5)	(525.5)	(497.6)	(442.0)	(280.2)	(280.3)	(451.9)	(459.4)	(473.7)
Gearing [%]	NS	NS	NS	NS	NS	NS	NS	NS	NS
Capital invested	**272.2**	**318.7**	**332.1**	**379.2**	**552.4**	**580.1**	**484.9**	**429.0**	**434.5**
Goodwill	40.4	39.0	37.1	35.8	180.1	0.0	186.2	135.7	134.7
Intangible assets	141.6	129.2	116.5	102.2	93.4	276.2	91.4	91.3	90.3
Tangible assets	40.7	43.5	63.2	101.9	91.6	91.7	91.4	91.3	91.8
Financial assets	3.6	61.5	70.2	76.0	129.1	152.8	40.7	40.7	40.7
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Working capital requirement	45.5	45.3	45.0	63.5	58.2	59.4	69.5	77.4	84.5
WCR as a % of sales	18.9	19.9	19.8	25.5	21.6	22.0	24.6	26.8	28.6
Capital employed	**271.8**	**318.5**	**332.0**	**379.4**	**552.3**	**580.1**	**479.2**	**436.5**	**442.0**

** before goodwill for historical data*

Caltagirone Editore

FY to 31/12 (Euro)	2000	2001	2002	2003	2004	IFRS 2004	2005E	2006E	2007E
Per Share Data (at 21/10/2005)									
EPS before goodwill	0.41	0.25	0.21	0.33	0.26	0.25	0.30	0.31	0.32
% Change	*26.0%*	*-38.8%*	*-17.3%*	*61.7%*	*-21.0%*		*17.5%*	*3.4%*	*3.3%*
EPS, reported	0.38	0.18	0.13	0.23	0.25	0.25	0.73	0.31	0.32
% Change	*30.5%*	*-51.7%*	*-27.2%*	*70.9%*	*7.0%*		*189.6%*	*-58.0%*	*3.3%*
Goodwill per share	0.01	0.01	0.01	0.01	0.02	0.00	0.00	0.00	0.00
Dividend per share	0.26	0.25	0.20	0.25	0.20	0.20	0.25	0.21	0.22
Cash flow per share	0.57	0.36	0.29	0.42	0.47	0.47	0.87	0.45	0.46
% Change	*-12.2%*	*-36.1%*	*-19.6%*	*43.5%*	*12.2%*		*84.9%*	*-48.4%*	*2.5%*
Book value per share	6.0	5.9	5.8	5.8	5.9	6.1	6.6	6.2	6.3
No. of shares, adjusted	125.000	125.000	125.000	125.000	125.000	125.000	125.000	125.000	125.000
Av. number of shares, adjusted	108.000	125.000	125.000	125.000	125.000	125.000	125.000	125.000	125.000
Treasury stock, adjusted	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Share Price [Adjusted]									
Latest price	11.68	7.00	5.69	6.86	7.18	7.18	7.09	7.09	7.09
High	18.00	13.95	8.08	7.44	7.23	7.23	7.82	-	-
Low	10.64	5.53	4.51	4.35	6.03	6.03	6.37	-	-
Average price	13.50	9.84	6.26	5.77	6.46	6.46	7.25	-	-
Market capitalisation	1 460.0	875.0	711.8	857.3	897.3	897.3	885.8	885.8	885.8
Enterprise value	1 027.2	458.9	308.6	523.4	642.3	615.8	442.0	441.8	433.9
Valuation									
P/E	29.6	29.5	29.3	21.3	29.5	28.6	24.0	23.3	22.5
P/E before goodwill	28.7	28.1	27.7	20.6	27.3	28.6	24.0	23.3	22.5
P/CF	20.6	19.3	19.5	16.4	15.3	15.3	8.2	15.8	15.4
Attrib. FCF yield [%]	0.3	3.7	2.0	NS	NS	NS	9.9	4.2	4.4
P/BV	2.0	1.2	1.0	1.2	1.2	1.2	1.1	1.1	1.1
Enterprise value / Op CE	3.8	1.8	1.2	1.7	1.5	1.4	1.0	1.1	1.1
Yield [%]	2.3	3.6	3.5	3.6	2.8	2.8	3.5	3.0	3.1
EV/EBITDA, restated	13.5	11.7	7.7	9.5	9.3	11.2	6.8	6.6	6.4
EV/EBITA, restated	18.6	31.0	16.5	17.3	17.5	16.1	9.3	9.0	8.7
EV/Sales	4.27	2.01	1.36	2.11	2.39	2.28	1.57	1.53	1.47
EV/Debt-adjusted cash flow	17.4	14.8	10.0	9.1	9.4	9.0	4.4	8.8	8.5
Financial Ratios									
Interest cover	NS	NS	NS	NS	NS	NS	NS	NS	NS
Net debt/Cash flow	NS	NS	NS	NS	NS	NS	NS	NS	NS
EBITDA margin [%]	31.5	17.1	17.6	22.2	25.8	20.4	23.0	23.1	23.0
EBITA margin [%]	23.0	6.5	8.2	12.1	13.6	14.1	16.9	17.0	16.9
Net margin [%]	18.4	10.6	7.7	12.3	12.9	13.1	32.4	13.3	13.4
Capital turn [Sales/ Op. CE]	0.9	0.9	0.9	0.8	0.6	0.6	0.6	0.7	0.7
Gearing [%]	NS	NS	NS	NS	NS	NS	NS	NS	NS
Payout ratio [%]	69.2	135.9	149.7	109.3	81.6	79.7	34.4	68.9	69.9
Return [%]									
Pre-tax RoCE	20.6	5.8	7.1	10.0	8.7	8.9	10.8	12.4	12.5
ROE [%]	5.4	3.0	2.2	3.8	4.1	4.1	11.3	4.9	5.0
Return on equity, restated	5.6	3.9	3.3	5.4	4.1	4.1	4.4	4.9	5.0

Important Disclosures

Applicable disclosure clauses

Company	Closing Price	Rating	Disclosures
Caltagirone Editore	EUR7.086	2/Outperform	None

A - One or more companies in the Crédit Agricole S.A. group owned more than 1% of the total issued share capital of the Company as of the end of the second most recent month preceding the publication date of this report.

B - One or more companies in the Crédit Agricole S.A. group owned more than 5% of the total issued share capital of the Company as of the end of the second most recent month preceding the publication date of this report.

C - The Company owned more than 5% of the total issued share capital of Crédit Agricole SA as of the end of the second most recent month preceding the publication date of this report.

D - One or more companies in the Crédit Agricole S.A. group held, as of the end of the second most recent trading day, a net sales position higher than 1% of the total issued share capital of the Company.

E - The trading portfolio of one or more companies in the Crédit Agricole S.A. group contained shares of the Company as of the end of the second most recent trading day.

F - Crédit Agricole Cheuvreux and/or a company in the Crédit Agricole S.A. group is a market maker or a liquidity provider for the financial instruments of the Company.

G - Calyon and/or a company in the Crédit Agricole S.A. group has been involved within the last three years in a publicly disclosed offer of or on financial instruments of the Company.

H - Calyon and/or a company in the Crédit Agricole S.A. group has concluded or is party to a non confidential agreement relating to the provision of investment banking services (except publicly disclosed offers mentioned under G) to the Company during the past 12 months or that has given rise during the same period to the payment of compensation or to the promise to get a compensation paid.

I - This research has been communicated to the Company and following this communication, its conclusions have been amended before its dissemination.

J - A director or a board member of the Crédit Agricole S.A. group is an officer, director, or board member of the Company.

Specific disclosure clauses

None.

Cheuvreux's rating system

Ratings are built for a 6 to 12 month time horizon.	
1/ Selected List	Expected to outperform the market and is in our country selected list
2/ Outperform	Expected to outperform the market
3/ Underperform	Expected to perform at best in line with the market
4/ Sell	Expected to underperform the market substantially
No Rating or Suspended	The investment rating and target price have been suspended . Such suspension is pursuant to Cheuvreux's policy in circumstances when Cheuvreux's parent company, Calyon, is acting in an advisory capacity in a merger or strategic transaction involving this company or when Calyon or Credit Agricole has a beneficial interest in this company and in certain other circumstances.

Local regulatory authorities

Country	Cheuvreux legal entity	Regulatory authority
France	Crédit Agricole Cheuvreux SA	Autorité des Marchés Financiers (AMF)
Germany	Crédit Agricole Cheuvreux Niederlassung – Frankfurt Branch	Bundesanstalt für Finanzdienstleistungsaufsicht (Bafin)
Italy	Crédit Agricole Cheuvreux Italia SIM SpA	Commissionne Nazionale per le Societa e la Borsa (Consob)
The Netherlands	Crédit Agricole Cheuvreux - Amsterdam Branch	Autoriteit Financiële Markten (AFM)
Spain	Crédit Agricole Cheuvreux Espana SA SV	Comisión Nacional del Mercado de Valores (CNMV)
Sweden	Crédit Agricole Nordic AB	Finansinspektionen
Switzerland	Crédit Agricole Cheuvreux - Zurich Branch	Swiss Federal Banking Commission (SFBC)
United Kingdom	Crédit Agricole Cheuvreux International Ltd	Financial Services Authority (FSA)

Research & Distribution Centres

Benelux

Crédit Agricole Cheuvreux
Amsterdam Branch
Honthorststraat 9
1071 DC Amsterdam
Tel: +31 20 573 06 66
Fax:+ 31 20 672 40 41

Spain

Crédit Agricole Cheuvreux España S.V. S.A.
Paseo De La Castellana 1
28046 Madrid
Tel: +34 91 432 78 21
Fax: +34 91 432 75 13

France

Crédit Agricole Cheuvreux S.A.
9, Quai Paul Doumer
92400 Courbevoie
Tel: +33 1 41 89 70 00
Fax: +33 1 41 89 70 05

Sweden

Crédit Agricole Cheuvreux Nordic AB
Regeringsgatan 38
10393 Stockholm
Tel: +468 723 5100
Fax: +468 723 5101

Germany

Crédit Agricole Cheuvreux
Frankfurt Branch
Messeturm - Friedrich-Ebert-Anlage 49
D-60308 Frankfurt am Main
Tel: +49 69 47 897 100
Fax: +49 69 47 897 530

Switzerland

Crédit Agricole Cheuvreux
Zurich Branch
Bahnhofstrasse 18
8001 Zurich
Tel: +41 44 218 17 17
Fax: +41 44 212 25 50

Italy

Crédit Agricole Cheuvreux Italia SIM S.p.A.
Via Brera 21
20121 Milan
Tel: +39 02 80 62 83 00
Fax: +39 02 86 46 15 70

United Kingdom

Crédit Agricole Cheuvreux International Limited
8th Floor
122 Leadenhall Street
London EC3V 4QH
Tel: +44 207 621 5100
Fax: +44 207 621 5101

Distribution centres

Japan

Cheuvreux
Calyon Capital Markets Asia B.V., Tokyo Branch
Shiodome Sumitomo Building, 15th Floor
1-9-2 Higashi-Shimbashi
Minato-ku
Tokyo 105-0021
Tel: +81 3 4580 8522
Fax: +81 3 4580 5534

United States

Crédit Agricole Cheuvreux North America, Inc.
New York
1301 Avenue of the Americas
15th floor
New York, NY 10019
Tel: +1 (212) 492 8800
Fax: +1 (212) 492 8801

San Francisco
One Market
Spear Tower, Suite 1610
San Francisco, CA 94105
Tel: + 1 (415) 543.3111
Fax: + 1 (415) 618.0821