

14 October 2009
Equity Research

MORNING NOTE

Hold 721p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 575p

Stock Codes: AGGK.L / AGK LN

Panmure Gordon EPS Estimates

Dec 2008 A 45.56p

Dec 2009 E 54.47p

Dec 2010 E 49.97p

Market Cap: £1967m

Last published research 25 August 2009

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Aggreko

IMS preview

Ahead of tomorrow's Q3 IMS we have reminded ourselves of the outlook the company set for H2 when reporting its half year results in August. This indicated tough H2 comparisons in the local business given Beijing in 2008 and the extent of US storm-related revenues, and a more difficult environment converting enquiries to contracts given the difficulties in raising finance. We think the risk on tomorrow's update remains on the downside.

■ **H2 outlook:** Local business operations were already experiencing a tougher environment when Aggreko last updated the market in August, and the company stressed that rates were falling as it took a stance to maintain market share. International business had seen some recent and notable contract wins in Kenya and Saudi Arabia, though the order book had fallen as a result of larger contracts coming nearer to termination dates and an increased difficulty in converting enquiries to contracts.

■ **Background:** US storm revenue remains absent so far in H2, and while African droughts would normally indicate more power needed no further contracts have been announced of any size. Currency has also gone marginally against Aggreko in Q3 given our \$1.55 assumption for H2 (as a rule of thumb, a 5c movement equates to change in operating profit of circa £6.5m), though given the extent of stock shorting (some 14% on the last update we saw) some closing of positions could drive the share price against the fundamentals. Looking further out, military revenue for 2010 has an ongoing question mark given further noise to pull out of Afghanistan, though of course 2010 does see a World Cup.

■ **Valuation:** on a current multiple of just over 13x rising to almost 14.5x for 2010, lower results over the coming year are already factored in. However, we believe the risk remains on the downside both in terms of forecasts and sentiment.

From time to time, we may offer investment banking and other services (IBS) to Aggreko. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We may make a market in the securities of Aggreko.

The views expressed in this note accurately reflect the research analyst's personal views about any and all of the subject securities and issuers. No part of the research analyst's compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst (or analysts) responsible for the content in the report.

Buy 144p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 175p

Stock Codes: EAGA.L / EAGA LN

Panmure Gordon EPS Estimates

May 2009 A	13.40p
May 2010 E	14.52p
May 2011 E	15.45p

Market Cap: £363m

Last published research 2 September 2009

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eaga

AGM update

The AGM/IMS update confirms that trading is in-line with expectations. Various Government initiatives are driving volumes and recent moves into newer areas are also positive. We maintain our longer term positive stance.

- **Trading comments.** While there is a fair bit of detail in the AGM/IMS update it confirms trading in-line with expectations. Various government initiatives on fuel poverty, CERT and digital switchover are boosting volumes. Recent initiatives in heating and renewables are also performing well. Management remain confident on FY prospects.
- **Impact on forecasts.** We are not changing our forecasts at this stage. Our FY10E PTP is £51.7m, EPS 14.5p with consensus PTP £51.5m, EPS 14.5p. For FY11E our PTP is £55m, EPS 15.5p with consensus PTP £53.5m, EPS 15p.
- **Valuation.** The calendar 09E PE is 10.3x falling to 9.6x. The EV/Ebita is 6.5x falling to 5.8x. The dividend yield is c3% and cashflow yield is 7.5%.
- **Recommendation.** With the on-going drive to improve energy efficiency, fuel poverty, environment and carbon reduction issues, backed up by government funded schemes, we have a positive stance. The share price, however, seems to trade within a 120-150p range which may limit immediate upside from here.

From time to time, we may offer investment banking and other services (IBS) to eaga. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We make a market in the securities of eaga.

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Buy 141p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 200p

Stock Codes: FPM.L / FPM.LN

Panmure Gordon EPS Estimates

Dec 2008 A -19.67p

Dec 2009 E -10.21p

Dec 2010 E -10.26p

Market Cap: £148m

Last published research 24 August 2009

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Faroe Petroleum

Tomado comes in

Faroe Petroleum has announced that it has discovered oil and gas at the Tomado prospect where it has a 7.5% working interest. This is further evidence of the management's strategy to focus on the relatively high risk/high reward Atlantic Margin. We maintain our buy recommendation.

- Faroe Petroleum has announced that it has made a discovery at its Tornado prospect in the UK West of Shetlands where it has a 7.5% working interest. The exploration well has discovered oil and gas in the Tertiary reservoir. The thickness and quality of the reservoir are in line with pre-drill prognosis. Before drilling OMV, the operator, believed that there was the potential of P50 reserves of 84 mmbbl of oil and 38 BCF of gas. The company will now drill a sidetrack well in order to delineate this discovery and get a better feel as to the potential reserves.
- Although this is not the largest of discoveries, this is only 30 Km from BP's Schiehallion field and as such this can be very quickly and cheaply tied in. As such the reserves will have high value. We believe that this discovery is worth 35 pence per share to our asset value. Following on from this discovery and the Glenlivet discovery last month we have taken our asset value to 130 pence per share.
- We believe that Faroe Petroleum provides investors with an exceptional risk/reward profile over the next two years that could lead to a significant step change in shareholder value. We maintain our price target of 200 pence but realise that this is looking increasingly conservative

From time to time, we offer investment banking and other services (IBS) to Faroe Petroleum. Within the past 12 months, we have received compensation for IBS from Faroe Petroleum. Panmure Gordon & Co acts as corporate broker to Faroe Petroleum in the UK. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We make a market in the securities of Faroe Petroleum.

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Buy 1247p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 1400p

Stock Codes: GSK.L / GSK LN

Panmure Gordon EPS Estimates

Dec 2008 A 88.58p

Dec 2009 E 111.38p

Dec 2010 E 107.22p

Market Cap: £64677m

Last published research 19 August 2009

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GlaxoSmithKline

***Paxil*/liability does not change our thesis**

We shall be aggressive buyers on any weakness relating to the award last night of damages totalling \$2.5m relating to the use of Paxil during pregnancy. With a further 600 similar cases in the queue, a liability totalling \$1.5bn is possible. We note the company is likely to appeal and our analysis of the situation makes us confident that the liability will not amount to anywhere near \$1.5bn. As such we re-iterate our Buy recommendation.

- A jury in Philadelphia awarded damages of \$2.5m to the parents of a patient who was born with heart defect following use of *Paxil* by the patient's mother during pregnancy. The jury clearly found that GSK did not provide enough warnings to doctors and pregnant women that the drug could cause such birth defects.
- We note that in September 2005 the product's package insert was updated to include information that suggested an increased risk of congenital malformations in infants born to mothers who took Paxil during the first trimester of pregnancy. The language in the company's annual report (p 175) should be noted "the US label for Paxil was updated to reflect new information". Clearly the jury thought the information was suppressed. In that we think the company will have a good chance of winning on appeal and we expect the company to also prevail against a number of the remaining 600 cases.
- It should be also noted that the FDA itself did not send warnings until May 2006 relating to the use of all SSRI antidepressants in pregnancy beyond week 20 of pregnancy. In December 2005 the Paxil US label was also further updated to include new data to strengthen the pregnancy warning from category C to category D.
- The stock is trading on 11.6x P/E 2010E, in line with the European sector. Growth is not going to be easy and will be fairly low quality in the short term, with cost containment central to the thesis, but we expect the dividend yield of 5.2% to provide support. The thesis has now become differentiated, with a diversified business model that should be attractive to risk-averse investors and, despite margin pressure with changing mix, we remain Buyers as we expect the restructuring programme to help hold margins.

From time to time, we may offer investment banking and other services (IBS) to GlaxoSmithKline. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We may make a market in the securities of GlaxoSmithKline.

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Buy 238p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 280p

Stock Codes: IRV.L / IRV.LN

Panmure Gordon EPS Estimates

Dec 2008 A 47.04p

Dec 2009 E 43.93p

Dec 2010 E 44.11p

Market Cap: £298m

Last published research 11 August 2009

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Interserve

Contract momentum

Two areas of recent concern have been UK public sector spend and the Middle East. Further contract wins in the UK education sector and industrial work in Dubai show that the world has not stopped investing. Interserve continues to win new work and with its attractive valuation we stay positive.

- **Contract wins.** While we do not usually comment on individual contracts we felt that the two wins today announced by Interserve are important. First, it has won £77m education work at Sandwell in the Midlands and second, it has won £40m industrial work in Dubai. Education remains a key area of spend in the UK and positive contract momentum continues while it is encouraging to see non-commercial/residential spend projects continuing in the Middle East.
- **Impact on forecasts.** This news does not change our forecasts but certainly gives us greater confidence in them. Our FY09E PTP is £78m, EPS 43.9p with consensus PTP £76.6m, EPS 43.6p. For FY10E our PTP is £79m, EPS 44.1p with consensus PTP £73.8m, EPS 41.6p.
- **Valuation.** The 09E PE is a lowly 5.4x and the EV/Ebitda 3.4x. The dividend yield is 7.5% with the payment covered 2.5x by earnings and 1.2x by cash.
- **Recommendation.** There have been many issues that have held back the Interserve share price in recent months including public sector spend, Middle East exposure and pensions. The latter is being addressed while today's contract wins help alleviate concerns about the first two. With an attractive valuation we stay positive.

From time to time, we may offer investment banking and other services (IBS) to Interserve. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We make a market in the securities of Interserve.

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Sell 116p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 100p

Stock Codes: PUB.L / PUB.LN

Panmure Gordon EPS Estimates

Aug 2008 A 79.70p

Aug 2009 E 36.90p

Aug 2010 E 17.99p

Market Cap: £744m

Last published research 29 April 2009

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Punch Taverns

Prelims in line; £663m impairments

Punch has reported FY 2009 results broadly in line with expectations with PBT of £160.4m (PGe and Consensus £162.5m). The group has impaired the value of its pubs assets by £663m reducing net asset value (NAV) per share to 260p. Current trading is in line with management expectations but the group remains cautious in the near-term. With the response of the OFT to CAMRA's super-complaint regarding the beer tie due by the end of next week, we retain our Sell recommendation and 100p price target.

- Punch has impaired the value of its pub assets by £663m to appropriately value the estate. There is no impairment of goodwill in the period. This generates a NAV per share of 260p (PGe 322p) of which goodwill accounts for 78p per share. Net debt has fallen to £3.9bn (nominal value £3.5bn), in line with our forecasts. The group will also publish the full-year securitisation documents later this morning which will give more detail on covenant headroom.
- Results for the 52 weeks to 22nd August are broadly in line with our expectations. The Leased estate performed slightly better than we were anticipating with EBITDA of £411.8m (PGe £405.9m) and the Managed estate was marginally below our expectations generating EBITDA of £100.3m (PGe £103.1m). PBT of £160.4m (EPS 36.1p) was broadly in line with our expectations of £162.5m (EPS 36.9p).
- Current trading is in line with management expectations which we take to mean is a continuation of H2 trends (double digit LFL EBITDA decline in Leased pubs and broadly flat in Managed pubs) and the group remains cautious over the near-term outlook. The group has flagged £200m (PGe £193m) of disposals for FY 2010E. We currently forecast £158.5m PBT (EPS 18.0p) ahead of consensus of £152.0m (source: Bloomberg).
- Punch is trading in a CY 2010 P/E of 6.4x and an EV/EBITDA of 9.1x. Our 100p price target is based on a CY 2010E EV/EBITDA of 8.9x, in line with our price target methodology for Enterprise Inns and Marston's. With the response of the OFT to CAMRA's super-complaint regarding the beer tie due by the end of next week, we retain our Sell recommendation. In the pub sector our top pick is Wetherspoon (JD) where we have a Buy recommendation and a 600p price target.

From time to time, we may offer investment banking and other services (IBS) to Punch Taverns. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We may make a market in the securities of Punch Taverns.

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Buy 233p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 244p
(241p)

Stock Codes: SGE.L / SGE LN

Panmure Gordon EPS Estimates

Sep 2008 A 14.40p

Sep 2009 E 16.06p

Sep 2010 E 18.35p

Market Cap: £3062m

Last published research 14 August 2009

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Sage

Sage enters UK upper mid-market

Sage has quietly entered the UK upper-mid market by importing its French ERP product over here. This is a highly competitive space and the product is not SaaS – which would have garnered much interest – still, it is the low-risk option. We upgrade our 2010E EPS from 18.3p to 18.4p as we envisage a softly-softly win rate – nonetheless we rate this positively on a number of fronts – not least that Sage, the perennial *glocal* (go global by going local) advocate has developed a horizontal solution – more please! Much depends on the sales channel but there are 23 existing UK users. In recovery mode, Sage benefits from a better spending climate, the impact of remedial efforts in the US, and a reduced cost base (a legacy of the 2009 cost-reduction exercises), making for better operational leverage. Improving operational leverage is a key theme of H2 2009, for 2010E we expect revenue upside and operational leverage as the key forecast wildcards. We increase our target price increases from 241p to 244p. Retain Buy.

- **Sage enters the UK upper mid market.** Sage is offer the ERP X3 software into the UK – this software comes from the French-based Adonix, which Sage acquired in 2006. The ERP X3 installed base spans 38 countries has more than 150,000 users in 2,500 companies, including Fiat and Saint-Gobain Semiconductor. There are 32 customers in the UK. Bells and whistles include strong international features, eight language support, can handle multi-currency and multiple charts of accounts. The offer has a net-native client which offers a web user the same level of functionality as a client version of the software would. The system would suit 50 heavy ERP users and up to 1,100 concurrent users – and is aimed at businesses with a turnover in excess of £5m to £20m. Implementation looks very decent as ERP X3 can be deployed in 35 to 55 days, depending on the level of complexity.
- **The UK upper-mid market.** While there is a very large legacy systems installed base in the UK mid market there are many competing products from Microsoft Great Plains Exacta, Oracle, SAP, IRIS and Netsuite and most recently FinancialForce.com was unveiled as the new name for CODA 2go – which is the SaaS offer build on Salesforce.com. Sage is looking to compete on total cost of ownership and speed of deployment.
- **Impact on forecasts.** On average a Sage ERP X3 licence is said to be between £50,000 and £100,000. We have increased our UK 2010E software revenue estimate from £102.2m to £103.8m. Sage still needs to work, and educate the distribution channel – hence our conservative approach. In addition, to account for implementation and maintenance and support, we increased the services revenue estimate from £165.4m to £166.4m. Net/net our Group 2010E EPS increases from 18.3p to 18.4p.
- **Sage steadily raising its product game.** The new offer comes in the wake of news that Sage CRM Solutions is pilot of a cloud computing edition of the Sage SalesLogix CRM suite ahead of commercial availability in early 2010. Sage demonstrated the cloud version of Sage SalesLogix at industry analysts' Gartner CRM Summit in Scottsdale, Arizona recently. The offer is a full-featured, single-tenant cloud edition of Sage SalesLogix and uses Amazon's EC2 (Elastic Compute Cloud). The impression from attendees at the conference is that this is the first or more movement of Sage cloud products. We consider the offer to be another coup for Sage North America CTO, Motasim Najeeb. Since his appointment at Sage, the perennial 'boring' company (apologies to industry luminary Mr Holway) has introduced a cool new product. Indeed, we are reminded that as a software company Sage needs to have engaging products.
- **Why do we like Sage?** Good experienced management, strong industry position, sound financials, and a company that should be an attractive acquisition target. Sage has a defensible business model, with c70% of revenue from services that are in the main

based on recurring maintenance, and customers moving to premium contracts (software + support). This is a well established business, with a global customer base of over 5.7m. The robust business model has strong cash conversion. The valuation is attractive on a P/E of 14.5x (on our 16.1p EPS, versus Reuters consensus of 16.6p), EV/Sales of 2.5x, EV/EBITDA of 8.3x, FCF yield of 7.5%, and dividend yield of 3.2%. Our forecast net debt for 2009E is £462.9m, implying gearing of 37%; interest cover is at a comfortable 19.9x. At each turn we are impressed by Sage's new avenues and the moves to increase customer wallet share, as it has built a suite of business software around its customers. While the investment community generally defines Sage solely by financial products, as this view changes the operational reality will re-appraise (ie re-rate) the investment case.

Sage Key data (£m)

Year to September	2008A	2009E	2010E	2011E
Operating Data			0.0648	
Sales	1295.0	1421.6	1513.8	1623.7
Gross profit	1201.0	1303.5	1386.3	1485.9
EBITDA	305.8	419.5	481.9	537.0
EBITA	299.8	321.1	363.1	404.6
Adjusted PBT	273.4	305.0	348.5	400.3
FRS3 PBT	249.1	279.0	316.5	364.3
Tax rate (%)	27	31	31	31
Net Income	174.4	184.5	208.5	240.2
Per Share Data (p)				
Share Price	233	233	233	233
(Fully Diluted) Adjusted EPS	14.4	16.1	18.4	21.1
DPS	7.2	7.4	8.3	9.3
Free cash flow	13.5	17.5	16.4	17.6
Free cash flow yield (%)	5.8	7.5	7.0	7.6
Valuation Data				
EV/Sales (X)	2.8	2.5	2.2	1.9
EV/EBITDA (X)	11.7	8.3	6.9	5.7
EV/EBITA (X)	11.9	10.9	9.2	7.5
EV/FCF (X)	17.8	16.3	12.2	11.5
EV/IC (x)	1.9	1.6	1.5	1.4
P/E (x)	16.2	14.5	12.7	11.1
PEG (X)	3.6	1.3	0.9	0.7
Dividend yield (%)	3.1	3.2	3.6	4.0
EV/NOPAT (x)	20.5	19.0	16.0	12.6

Source Panmure Gordon

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Buy 49p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 60p
(50p)

Stock Codes: VTU.L / VTU LN

Panmure Gordon EPS Estimates

Feb 2009 A 3.47p

Feb 2010 E 2.11p

Feb 2011 E 2.05p

Market Cap: £95m

Last published research 28 August 2009

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Vertu Motors

Strong H1 results + upgrades

Vertu has once again outperformed our expectations, beating our adjusted PBT forecast by 5%. It is clear that the company continues to perform well in the new and used car markets; however, what is particularly pleasing is the ongoing improvement to its underlying business, which provides a very solid platform for growth. We increase our 2010E EPS forecasts by 23.5% as we expect momentum in short term trading to continue, although are more cautious on 2011E increasing our EPS forecasts by just 5%. Our target price increases to 60p based on a potential EV/EBITDA multiple of 7.5x reflecting its continued strong performance, sector re-rating and relative positioning in the industry. We therefore remain Buyers with 24% upside potential to our revised target price.

- **Interim results:** Adjusted PBT came in at £4.2m, which compared to our forecast of £4.0m and £3.0m delivered last year. This reflected a 21.2% increase in adjusted EBITDA to £6.3m (from £5.2m), underpinned by a strong balance sheet (freehold and long leasehold property portfolio amounts to £57.3m from £51.2m last year, with c£5m of properties still earmarked for resale). Net cash of £21.0m (11p per share) was as expected, leaving the company in a very strong financial position to make further EPS enhancing acquisitions.
- **Key performance drivers:** As expected September trading in the new car market was very strong and ahead of the company's expectations with LFL retail volumes running at 16.3%. LFL during the whole period was -12% vs. the market -11% due to the strength of scrappage brands not represented by the Group. The performance in the used car market continues to be strong with Vertu delivering LFL volumes of 3.7%, a creditable performance given volumes have started to fall in this market, with margins continuing to grow in this area. The company showed good progress in driving its gross margins upwards (this went from 11.1% to 12.5% during the period) driven by its new and used car business, although a continued focus on improving its underperforming businesses was also key behind this performance. Market conditions in fleet and trucks continue to be tough with no green shoots emerging as yet, although margins in aftersales remain robust with plenty of initiatives in place to drive this further forward in the future. It appears that acquisitions made this year are being integrated well into the business, with the pipeline for further opportunities looking strong for the foreseeable future. Aftersales remains robust with the company currently implementing further initiatives to drive returns from this further.
- **Forecasts:** We are upgrading our 2010E forecasts from an adjusted PBT of £4.0m (EPS 1.7p) to £5.0m (EPS 2.1p) driven by the strong ongoing momentum we are seeing in the new and used car businesses. For 2011E we are more cautious especially in light of VAT rises, scrappage ending as well as a fragile economic environment, but nudge up our 2011E adjusted PBT of £5.3m (EPS 2.0p) to £5.5m (EPS 2.1p). Clearly if market conditions did take a turn for the worse next year, we believe Vertu would be better positioned than most given the impact of future acquisitions.
- **Target price raised to 60p:** We are raising our target price from 50p to 60p, which equates to a 2011E EV/EBITDA of 10.0x or 7.5x on the scenario that the placing proceeds are fully utilised. Further upgrades are likely as and when future transactions complete, providing market conditions remain stable, which does put Vertu in a stronger position than most. With 24% upside potential to our revised target price, we remain positive post results and re-iterate our Buy recommendation.

From time to time, we offer investment banking and other services (IBS) to Vertu Motors. A member of the Panmure Group has managed or co-managed an issue for Vertu Motors. Within the past 12 months, we have received compensation for IBS from Vertu Motors. Panmure Gordon & Co acts as corporate broker to Vertu Motors in the UK. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We make a market in the securities of Vertu Motors.

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Sell 92p
(Remains Unchanged) (Priced at close 13/10/09)

Target Price: 60p

Stock Codes: XAR.L / XAR.LN

Panmure Gordon EPS Estimates

Dec 2008 A 6.16p

Dec 2009 E 3.09p

Dec 2010 E 4.54p

Market Cap: £58m

Last published research 20 August 2009

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Xaar

Q3 IMS

The IMS is in line with the first half of the year and gives us no reason to change our view. Net cash is at £9.6m, restructuring continues as planned, visibility remains limited and the company remains cautious. We remain sellers with a 60p target.

- **China.** As expected revenues from China have stabilised after P1 (Platform 1) product launches in China earlier in the year. Visibility remains very short and competitor Seiko has been fairly quiet. A clear concern would revolve around their next step but Xaar has managed to claw back half of the share it lost and now has about 50% of the market.
- **Platform 3.** The number of P3 customers remains at around 25 with two generating material business. One is a labelling printer from Jetrion, the other a tile printing machine from Xennia. We think revenues here will remain subdued for the next couple of reporting periods but there is clear upside a few years out.
- **Restructuring.** This is going to plan and should see savings of £2m pa (employee and premises costs) when fully completed in 2011. The benefits will come through in stages and we have aimed to capture this in an improving gross margin (which will also be impacted by increased throughput and reduced product implementation costs). Cash costs of £2.1m in total will be recognised over the next two years. We see upside to our margin forecasts from 2011.
- **Remain sellers.** Our earnings forecasts remain at 3.1p, 4.5p and 6.1p for 2009/2010/2011, implying around a 20x multiple for 2010. We think this is rich, despite the implied earnings growth, due to Chinese exposure and continued difficult economic conditions. We remain Sellers with a 60p target.

From time to time, we may offer investment banking and other services (IBS) to Xaar. We buy and sell these securities from customers on a principal basis. Accordingly, we may at any time have a long or short position in any such securities. We make a market in the securities of Xaar.

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Distribution of investment ratings for equity research (as of 30 Sep 09)

Overall Global Distribution (Banking Client*)		
Buy	Hold	Sell
57% (27%)	28% (8%)	15% (3%)

* Indicates the percentage of each category in the overall distribution that were banking and/or corporate broking clients

Rating: GUIDELINE (return targets may be modified by risk or liquidity issues)

Buy	Expected to produce a total return of 15% or better in the next 12 months
Hold	Fairly valued: total return in the next 12 months expected to be $\pm 10\%$
Sell	Stock is expected to decline by 10% or more in the next 12 months

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