

Glossary and definitions

GENERALITIES

Fiscal year definition

The financial year is defined as the year in which the year-end falls (e.g. the financial year ending 31 May 2002 is referred to as 2002).

The year-end month is indicated at the top of each data sheet.

Performances

Performances are given for:

- the stock in absolute terms,
- the stock relative to its benchmark (the benchmark used is a local one).

Performances are given for 1, 3, 6 and 12 months (rolling).

Example of the calculation for a one-month relative performance:

$$\text{Relative (1M)} = [\text{Stock Price (Last)} / \text{Stock Price (-1M)}] / [\text{Index Price (Last)} / \text{Index Price (-1M)}] - 1$$

Graphs

The graph shows two curves:

- the share price (adjusted for splits and other corporate events),
- the relative performance of the stock versus the local benchmark index.

For a better comparison, the relative performance is set to the stock price at the beginning of the chart (which is the basis for the comparison).

A **rising** relative curve indicates outperformance versus the index.

Calculation for relative performance at a given time t:

$$\text{Relative (t)} = \text{Stock Price (Initial)} \times [\text{Stock Price (t)} / \text{Stock Price (Initial)}] / [\text{Index Price(t)} / \text{Index Price (Initial)}]$$

Market capitalisation

Number of shares in issue multiplied by the latest closing price for the shares (the types of shares taken into account are: ordinary or preferred shares and investment certificates)

Market capitalisation is given in the stock currency.

Free float

Free float in millions or as a % of market capitalisation.

High/low 12 months (52-week range)

High and low (adjusted for any corporate action) over the past 12 months.

IMPORTANT NOTE

By default, valuation ratios are calculated using the last closing share price and the last market capitalisation.

Valuation ratios for past and current years can also be calculated on average historical (adjusted) prices and average market capitalisations, for a better comparison of valuation ratios over the year with historical market conditions.

Documents or screens clearly specify when average historical share price and market capitalisations are used.

SG EQUITY RESEARCH RATINGS (in effect as of March 14, 2012)

BUY: absolute total shareholder return forecast of 15% or more over a 12 month period.

HOLD: absolute total shareholder return forecast between 0% and +15% over a 12 month period.

SELL: absolute total shareholder return forecast below 0% over a 12 month period.

Total shareholder return means forecast share price appreciation plus all forecast cash dividend income, including income from special dividends, paid during the 12 month period. Ratings are determined by the ranges described above at the time of the initiation of coverage or a change in rating (subject to limited management discretion). At other times, ratings may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management.

Sector Weighting Definition:

The sector weightings are assigned by the SG Equity Research Strategist and are distinct and separate from SG research analyst ratings. They are based on the relevant MSCI.

OVERWEIGHT: sector expected to outperform the relevant broad market benchmark over the next 12 months.

NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months

SG EQUITY RESEARCH RATINGS (in effect through March 13, 2012)

BUY: expected upside of 10% or more over a 12 month period.

HOLD: expected return between -10% and +10% over a 12 month period.

SELL: expected downside of -10% or worse over a 12 month period.

Sector Weighting Definition:

The sector weightings are assigned by the SG Equity Research Strategist and are distinct and separate from SG research analyst ratings. They are based on the relevant MSCI.

OVERWEIGHT: sector expected to outperform the relevant broad market benchmark over the next 12 months.

NEUTRAL: sector expected to perform in-line with the relevant broad market benchmark over the next 12 months.

UNDERWEIGHT: sector expected to underperform the relevant broad market benchmark over the next 12 months.

Ratings and/or price targets are determined by the ranges described above at the time of the initiation of coverage or a change in rating or price target (subject to limited management discretion). At other times, the price targets may fall outside of these ranges because of market price movements and/or other short term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by research management

INDUSTRIAL COMPANIES

Valuations

P/E

Share price, divided by the adjusted (and diluted) EPS.

Price/cash flow

Share price divided by cash flow per share (diluted). The cash flow is the operating cash flow (including change in working capital).

Price/free cash flow

Share price, divided by free cash flow per share (diluted).

Price/book value

Share price, divided by book value per share.

EV

Market capitalisation + Restated net debt (adjusted for pension provisions, finance leasing, securitization, etc.) + Revalued minorities - Revalued associates + Other adjustments (specific to sectors).

The EV is dynamic, i.e. calculated year on year.

EV/revenues

EV divided by total revenues.

EV/EBITDA

EV divided by EBITDA.

EV/EBITDAR

Specific to airline sector: EV divided by EBITDAR (excludes aircraft rentals).

EV/DACF

Specific to oil sector: EV divided by DACF is a proxy for EV/EBITDA after tax.

Net yield

Dividend paid to shareholders (excluding tax issues, voted during the financial year and payable the following year), divided by the share price.

Per share data

Number of shares, fully diluted

Number of shares at year-end, fully diluted for convertibles and warrants (if meaningful). Treasury stocks and share buybacks are also taken into account.

Average

Averages for [Yr t] are calculated as: (item [Yr t] + item [Yr t-1]) / 2.

EPS (adj.)

Adjusted net income (excluding exceptional and goodwill amortisation reintegrated) divided by the average fullydiluted number of shares.

Goodwill per share

Goodwill amortisation for the year, divided by the average fully-diluted number of shares.

Cash flow per share

Cash flow from operating activities (including change in working capital), divided by the average fully-diluted number of shares.

Book value per share

Shareholders' equity excluding minority interest, divided by the year-end number of shares.

Net dividend per share

Dividend paid to shareholders (excl. tax issues) voted during the financial year and payable the following year.

Income statement

Production (oil sector)

Specific to oil sector: hydrocarbon production (oil & gas). In thousands of barrels of oil equivalent per day.

Brent price (oil sector)

Average realisation and forecast in \$ per barrel.

Revenues

As disclosed by the company.

Gross income

Equals total revenues less cost of revenues.

Research & Development

Specific to health sector: research and development expenses.

Selling General & Administrative

Specific to health sector: all costs related to selling (marketing, distribution).

EBITDAR

Specific to airline sector: earnings before interest, tax, depreciation, amortisation (excluding amortisation of goodwill) and aircraft rental. EBITDAR is before income from associates.

EBITDA

Earnings before interest, tax, depreciation, amortisation. EBITDA is before income from associates.

EBITA

Earnings before interest and tax. EBITA is before income from associates and amortisation of goodwill.

Operating income

Operating income after charge of goodwill: EBITA less goodwill amortisation for the year.

Net interest income

Includes: interest income less interest expenses.

Reported net income

Net income after minorities, as reported by companies.

Net income excl. exceptional & goodwill

Net group income adjusted: after minorities and excluding exceptionals and goodwill amortisation reintegrated.

This SG restated figure is used for the calculation of adjusted EPS.

Cash flow statement

Change in working capital

Working capital is inventory plus receivables, less payables.

An increase in working capital is negative, a decrease positive.

Other operating cash movement

All movements of cash (except those related to the working capital) defined as operational: dividends from associates, net interest income (or expense) paid, taxation paid and other cash movements.

Cash flow from operating activities

EBITDA, plus change in working capital and all operating cash movements.

Net capital expenditure

Net capital expenditure consists of capital expenditure (-), as well as sale of assets (+).

Capital expenditure are shown as negative.

Free cash flow

Cash flow from operating activities plus net capital expenditure.

Cash flow from investing activities

Acquisitions of subsidiaries, securities and other investments + disposals of subsidiaries, securities and other investments.

Cash flow from financing activities

Debt movements + share issue proceeds + share buyback + dividends paid + other movements in cash flow statement.

Net change in cash resulting from cash flow

Free cash flow + cash flow from financing and investing activities + adjustment due to foreign exchange valuation.

DACF (oil sector)

Debt-adjusted cash flow. Represents the operating cash flow excluding financial expenses after taxes.

Balance sheet

Total long-term assets

Includes intangible assets, tangible assets, long-term investments and other long-term assets.

Working capital

Defined as inventory plus receivables less payables.

Shareholders' equity

Shareholders' equity excludes minority interests (given after earning distribution).

Provisions

Pension provisions and other provisions.

Net debt (-)/cash (+)

Financial debt net is shown as negative where cash is shown as positive.

It consists of long and short-term debt, less cash, less cash equivalents and less short-term investments.

Accounting ratios

EV/IC

EV divided by invested capital.

ROIC/WACC

Return on invested capital, divided by weighted average cost of capital.

ROIC (return on invested capital)

EBITA after tax (using a normative tax rate), divided by average invested capital.

Invested capital

Invested capital is the sum of: intangible assets, cumulated goodwill amortisation and write-offs, tangible assets and working capital.

Adjustments (deduction of provisions, off-balance-sheet items) according to the specifics of each sector.

ROE

Reported net income, divided by average shareholders' equity (excluding minorities).

Averages are calculated as (item [Yr t] + item [Yr t-1]) / 2.

EBITDA margin

EBITDA divided by revenues.

EBITDAR margin

Specific to airlines sector: EBITDAR divided by revenues.

EBITA margin

EBITA divided by revenues.

Yoy growth ratio

Year-on-year growth ratio for the specified item.

Equal to (item [Yr t] - item [Yr t-1]) / ABS(item[Yr t-1]).

Net debt/equity (gearing)

Net debt, divided by shareholders' equity + minority interest.

Interest cover

EBITA divided by net interest charges.

Payout ratio

Dividends divided by the reported net income.

BANKS

Valuations

Price/GOI

Share price divided by gross operating income per share.

Price/ tangible book value

Share Price divided by tangible book value per share.

Per share data

Gross operating income (GOI) ps

Total income less all operating expenses, before provisions/average fully diluted shares outstanding.

Tangible book value ps

Tangible equity divided by the number of shares, basic year end/outstanding

Income statement

Other income

Contains dividends and investment income, revenues from insurance business and other non-interest income.

Total income

Net banking income (NBI): interest income plus non-interest income. Net banking income is net of interest expenses.

Total expenses

Equal staff costs plus depreciation and amortisation (ex. goodwill amortisation) and all other operating expenses.

Gross operating income

Total income less total expenses (operating).

GOI is before provisions and goodwill amortisation.

Net provisions

Provisions for bad debt (general), provisions for bad debt (specific), fund for general banking risks and other provisions.

Provisions are for the year.

Operating income after prov.

Gross operating income (GOI) less total net provisions for the year.

Others

Includes income from associates, exceptional items and others.

Minority interests

Minority interest + dividends payable on preferred shares.

Balance sheet

Total assets

Equal net customer loans, interbank loans, trading & investment portfolio, participating interests, embedded value assets, intangible assets, tangible assets and other assets.

Net customer loans

Equal gross customer loans – provisions stock (general & specific).

Non performing loans (NPLs)

As disclosed by the company.

Customer deposits

As disclosed by the company.

Tier I

Capital As disclosed by the company.

Risk Weighted Assets (RWAs)

As disclosed by the company.

Profitability

ROIC

Adjusted net income (excluding exceptionals and goodwill amortisation), divided by average invested capital.

Invested capital

Sum of: shareholders' equity, cumulative goodwill written-off and goodwill amortisation outstanding.

Return on RWAs

Adjusted net income (excl. exceptionals & goodwill amortisation) minus minority interests, divided by average Risk Weighted Assets.

Risk Weighted Assets (RWAs)

As disclosed by the company.

ROE

Reported net income, divided by average shareholders' equity (excluding minorities).

ROTE

Adjusted net income (excluding exceptionals and goodwill amortisation), divided by average invested capital, divided by average shareholders' equity (excluding minorities).

Accounting ratios

Net interest margin

Net interest income, divided by average interest-earning assets.

Cost/income ratio

Total expenses, divided by total income.

Provisions charge/GOI

Net provisions (for the year) divided by gross operating income.

Provisions charge/RWAs

Net provisions (for the year), divided by average Risk Weighted Assets.
The result is displayed in basis points (1/10,000).

NPL/loans (%)

Non-performing loans, divided by gross customer loans.

Provisions outstanding/NPLs (%)

Provision stock (specific and general), divided by non-performing loans.

Tier I capital ratio (%)

Tier I capital, divided by Risk Weighted Assets.

Core Tier I ratio (%)

Tier I capital minus preferred shares, divided by Risk Weighted Assets.

Total solvency ratio (%)

Total solvency capital, divided by Risk Weighted Assets.

INSURANCE

Valuations

Price/NAV (x)

Share price divided by NAV per share.

Price/embedded value (x)

Share price divided by embedded value per share.

Price/GOI (x)

Share price divided by operating income (before goodwill) per share.

Per share data

Operating income

Total income less all operating expenses (before provisions and goodwill amortisation)/average fully diluted shares outstanding.

NAV per share

Shareholders' equity (group share) – dividend to be paid + net unrealised capital gains + others (equalization reserve net, FRBG net), divided by number of shares at year-end (diluted for treasury stock).

Embedded value

Net Asset Value (excluding goodwill) + In force value, divided by number of shares at year-end (diluted for treasury stock).

Income statement

Total gross premiums

Total gross premiums + annuities (IAS only).

Insurance income

Insurance operating income before taxes, associates, goodwill amortisation, minority and exceptionals.

Financial services income

Banking, other financial services and asset management income.

Other income

Associates income before taxation + other operating income.

Operating income

Includes insurance, banking & asset management and other operating income.

Non-operating income

Discontinued operations + disposals + exceptional items + difference between normalised and actual investment returns + other non-operating income.

Balance sheet

Subordinated debt and other borrowings

Subordinated debt.

Net technical reserve life

Net technical reserve life (excluding unit-linked including with-profit contracts).

Net technical reserve non-life

Net technical reserve non-life after reinsurance.

Asset to cover linked liabilities

Reserve unit-linked (excluding with-profit contracts).

Investments including associates

Total investments (book value) excluding unit-linked and cash.

Investments are split (in %) between equities, bonds (and others) and real estate.

Assets under management

Total assets under management (including unit-linked) and off-balance sheet (mark to market).

Gross unrealised gains

Unrealised gains (including associates) net of depreciation and before minorities, policyholders' interest and taxes.

Gross unrealised gains are split (in amount) between equities (including associates and affiliates), bonds (including fixed income mutual funds) and others (loans, mortgage) and real estate.

NAV

Equal shareholders' equity (group share) – dividend to be paid + net unrealised gains + others (equalisation reserve net, FRBG net).

In force value

Present value of future profit (life only).

Embedded value (excluding goodwill)

Net Asset Value (excluding goodwill) + In force value (life only).

Profitability

ROE (%)

Reported net income, divided by average shareholders' equity (excluding minorities).

ROEV (%)

Reported net income before amortisation of goodwill, divided by average embedded value.

Accounting ratios

Non-life combined ratio (direct)

Claims + expenses net of reinsurance/ premiums net.

Non-life combined ratio (reinsurance)

Claims + expenses net of reinsurance/ premiums net.

Solvency ratio

Solvency cover/solvency required.

Non-life reserves % (direct ins.)

Non-life reserves net of reinsurance/ premiums net of reinsurance.

Non-life reserves % (reinsurance)

Non-life reserves net of reinsurance/ premiums net of reinsurance.

Gearing

Financial debt including subordinated debt/NAV including minority and goodwill.

REAL ESTATE

Valuations

Price/pre-excep CFPS (x)

Share price divided by pre-exceptional cash flow per share (diluted).

Sector price/CF (x)

Sector price/CF is calculated on all the real estate stocks covered by SG Research.

The calculation is: sum of market capitalisation/sum of pre-exceptional cash flow.

Discount (-) to NNAV (x)

Share price compared to the Net NAV, in %: calculated as (share price - NNAV per share) divided by NNAV per share.

Sector discount to NNAV (x)

Sector discount to NNAV is calculated on all the real estate stocks covered by SG Research.

The calculation is: [sum of market capitalisation/sum of NNAV per share] - 1.

ROCER/WACC

Return on capital employed revalued divided by weighted average cost of capital.

Per share data

Pre-exceptional cash flow

Cash flow after taxes and before exceptionals.

Declared NAV

NAV as disclosed by the company.

NNAV

NAV (after tax and net of stamp duties): shareholders' equity + unrealised capital gains after taxes.

Income statement

Rental income

Rental income (commercial, residential and others).

Total revenues

Includes rental income, development margin for third parties and other revenues.

Pre-exceptional net income

Pre-tax income (after associates & minorities) and before exceptionals.

Cash flow statement

Pre-exceptional cash flow

Cash flow after taxes excluding exceptional items and capital gains on rental portfolio.

Balance sheet

Net investment property

Net rental portfolio assets.

Inventory

Buildings under development.

Profitability

ROCER (%)

EBITDA plus annual revaluation of assets, less renovation works, divided by capital employed.

Capital employed = NAV plus average net financial debt.

Pre-excep CF/NAV (%)

Pre-exceptional cash flow divided by NAV (before taxes).

Accounting ratios

Op expenses/revenues (%)

Operating expenses (buildings and overheads) divided by total revenues.

Pre-exceptional cash flow/revenues (%)

Pre-exceptional cash flow divided by total revenue.

Loan/value (x)

Net financial debt divided by revalued assets.

Dividends/ pre-exceptional net income (x)

Dividends divided by pre-exceptional net income per share.

Dividends/ pre-exceptional cash flow (x)

Dividends divided by pre-exceptional cash flow per share.