



UBS Investment Research

Israel Valuations

01 September 2009

Israel Coverage Universe

Israel Chemicals
MA Industries
Elbit Systems
Strauss Group
Banks
Telecom
Aerospace
Pharmaceuticals
Technology

Darren Shaw

Analyst

+972 99 600 113

Darren.shaw@ubs.com

Roni Biron

Analyst

+972 99 600 118

Roni.Biron@ubs.com

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Note:

- 1) All prices as of closing on 31 August 2009
- 2) Source for all data is UBS estimates; unless otherwise specified
- 3) For Analyst certification and Required Disclosures, please see Disclosures

Israel Coverage Universe

	Price Currency	Price	PT	Upside	Rating	PE			EV/EBITDA			Dividend Yield			P/B		
						2007	2008	2009e	2007	2008	2009e	2007	2008	2009e	2007	2008	2009e
Banks, Ex-S&L																	
Bank Hapoalim	ILS	12.2	12.0	-2%	Neutral	10.2	-11.9	31.4				3.6%	0.0%	0.0%	1.4	0.9	0.8
Bank Leumi Le-Israel	ILS	13.0	10.0	-23%	Sell	8.0	-135.3	52.9				5.3%	0.0%	0.0%	1.2	1.1	1.0
Israel Discount Bank	ILS	6.7	5.5	-17%	Neutral	12.8	26.9	15.9				0.0%	2.7%	0.0%	1.0	0.8	0.7
Mizrahi Tefahot Bank	ILS	28.9			Suspended	9.8						0.0%			1.2		
Chemicals, Specialty																	
Frutarom	ILS	29.3	30.0	2%	Neutral	20.3	12.9	13.0	9.5	7.9	8.3	0.5%	0.6%	0.5%	2.1	1.6	1.5
Israel Chemicals Limited	ILS	42.4	46.0	9%	Neutral	19.8	8.8	16.5	12.7	7.6	12.4	3.5%	5.1%	4.1%	6.3	7.2	5.9
MA Industries	ILS	17.4	20.0	15%	Neutral	25.8	14.6	15.2	11.7	8.7	7.9	3.6%	1.6%	0.7%	2.6	2.4	1.4
Telecommunications																	
Bezeq	ILS	7.9	9.0	13%	Buy	13.3	10.4	10.5	6.0	5.2	5.5	14.4%	13.8%	9.4%	3.9	3.7	4.4
Cellcom Israel Ltd	USD	28.3	32.0	13%	Buy	11.0	11.0	10.6	6.0	5.6	5.8	14.0%	10.1%	9.0%	10.9	33.3	18.2
Partner Communications	ILS	72.1	73.0	1%	Neutral	11.1	10.2	10.4	6.3	5.7	6.4	7.2%	7.3%	7.7%	6.3	8.2	5.7
Technology																	
Nice Systems Limited	USD	28.0	29.0	4%	Neutral	24.2	16.8	18.8	12.5	8.2	7.5	0.0%	0.0%	0.0%	2.4	1.8	1.6
Ituran Location & Control Ltd.	USD	9.4	9.5	1%	Neutral	5.9	15.3	12.7	8.4	5.6	4.6	0.0%	0.0%	0.0%	2.0	2.1	1.6
Aerospace																	
Elbit Systems	USD	65.7	65.0	-1%	Neutral	24.1	11.2	13.6	10.3	6.6	7.0	1.5%	2.6%	1.3%	3.4	3.2	3.3
Electric Components & Equipment																	
Ormat Industries	ILS	30.4	37.0	22%	Neutral	23.7	46.1	21.5	18.6	15.3	11.7	1.1%	0.8%	1.2%	2.6	1.9	1.0
Food Products																	
Strauss Group	ILS	44.3			Suspended	21.2			9.2			0.0%			3.0		
Pharma																	
Teva Pharmaceuticals	USD	51.5	60.0	16%	Buy	15.7	14.9	15.4	11.5	12.3	10.1	0.9%	1.0%	1.1%	2.5	2.3	2.5
Holding companies																	
Israel Corporation Limited	ILS	2270.0	2500.0	10%	Neutral							1.1%	1.3%	1.5%			
TA-25																	

Note:

1) All prices as of closing on 31 August 2009

2) Source: Company data, UBS estimates

Israel Coverage Universe

	Absolute (%)					Relative MAOF (%)					Relative MSCIEMEA (%)				
	1W	1M	1Y	YTD	5YR	1W	1M	1Y	YTD	5YR	1W	1M	1Y	YTD	5YR
Banks, Ex-S&L															
Bank Hapoalim	-5.8%	-0.7%	-11.6%	47.5%	-0.6%	-2%	0%	-6%	4.1%	-46%	-5%	-5%	12%	-0.5%	-29%
Bank Leumi Le-Israel	-3.5%	3.4%	-10.4%	61.6%	42.9%	0%	4%	-5%	14.0%	-22%	-2%	-1%	13%	8.9%	3%
Israel Discount Bank	-2.0%	7.3%	9.0%	85.2%	32.7%	2%	8%	16%	30.7%	-27%	-1%	2%	38%	24.9%	-5%
Mizrahi Tefahot Bank	-6.2%	4.2%	26.3%	44.4%	86.3%	-3%	5%	35%	1.8%	2%	-5%	-1%	60%	-2.7%	34%
Chemicals, Specialty															
Frutarom	-0.3%	0.0%	-16.4%	11.9%	11.8%	4%	0%	-11%	-21.1%	-39%	1%	-5%	6%	-24.6%	-20%
Israel Chemicals Limited	-6.4%	-1.5%	-30.6%	56.7%	409.6%	-3%	-1%	-26%	10.6%	179%	-5%	-6%	-12%	5.7%	266%
MA Industries	-5.1%	-9.8%	-29.8%	37.9%	-3.5%	-1%	-9%	-25%	-2.7%	-47%	-4%	-14%	-11%	-7.0%	-31%
Telecommunications															
Bezeq	2.2%	5.6%	23.9%	30.4%	84.8%	6%	6%	32%	-8.0%	1%	3%	1%	57%	-12.1%	33%
Cellcom Israel Ltd	-4.7%	1.2%	-10.0%	28.1%		-1%	2%	1%	-9.3%		-4%	-4%	21%	-13.4%	
Partner Communications	2.4%	-0.4%	-5.7%	16.8%	147.8%	6%	0%	0%	-17.6%	36%	4%	-5%	19%	-21.3%	78%
Technology															
Nice Systems Limited	-3.2%	2.3%	-8.5%	24.6%	189.3%	0%	3%	3%	-11.8%	33%	-2%	-3%	23%	-15.7%	75%
Ituran Location & Control Ltd.	-0.3%	-4.1%	-20.9%	28.6%											
Aerospace															
Elbit Systems	-4.0%	-0.1%	19.1%	41.3%	212.7%	0%	0%	34%	0.0%	44%	-3%	-5%	60%	-4.4%	89%
Electric Components & Equipment															
Ormat Industries	-5.4%	-6.4%	-23.6%	22.9%	72.1%	-2%	-6%	-19%	-13.3%	-6%	-4%	-11%	-3%	-17.1%	24%
Food Products															
Strauss Group	-4.7%	-2.3%	-0.9%	18.1%	7.3%	-1%	-2%	6%	-16.6%	-41%	-4%	-7%	25%	-20.3%	-23%
Pharma															
Teva Pharmaceuticals	-1.8%	-3.3%	16.4%	20.6%	61.6%	2%	-3%	24%	-14.9%	-12%	-1%	-8%	47%	-18.7%	16%
Holding companies															
Israel Corporation Limited	-6.6%	-8.5%	-37.4%	152.4%	188.5%	-3%	-8%	-33%	78.1%	58%	-6%	-13%	-21%	70.2%	107%
TA-25	-3.7%	-0.5%	-6.1%	41.7%	82.7%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.7%	-5.2%	18.9%	-4.4%	31.2%

Note:

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2) Source: Company data, UBS estimates

Israeli sector performances

	Absolute Performance					Performance relative to MSCI EMEA				
	-1W	-1M	-3M	YTD	12M	-1W	-1M	-3M	YTD	12M
Banks, Ex-S&L	-4.2	2.6	16.4	56.5	-11.1	-3.3	-2.3	12.7	5.9	19.1
Chemicals, Specialty	-6.0	-2.5	-7.3	56.8	-32.8	-5.1	-7.2	-10.2	6.1	-10.0
Telecommunications	0.5	2.3	9.7	28.0	3.1	1.5	-2.5	6.2	-13.4	38.2
Real Estate	-9.0	-1.8	15.5	95.5	-24.7	-8.1	-6.5	11.9	32.3	0.9
Technology	-3.2	-2.7	9.7	38.9	-20.8	-2.2	-7.3	6.3	-6.0	6.1
Aerospace	-4.4	-0.5	5.5	42.6	18.5	-3.4	-5.2	2.2	-3.5	58.7
Food Products	-5.4	-3.0	12.9	20.7	-4.5	-4.4	-7.7	9.4	-18.3	27.9
Pharma	-1.1	-3.7	11.0	21.5	8.9	-0.1	-8.3	7.5	-17.8	45.8
Holding Companies	-6.9	-9.3	-4.1	171.7	-34.3	-6.0	-13.6	-7.1	83.9	-12.0
TA-25	-3.7	-0.5	8.6	41.2	-11.3	-2.7	-5.2	5.2	-4.4	18.9

Source: UBS, ICB, MSCI

Chart 2: TA-25 movement vs MSCI EMEA



Source: UBS, MSCI

Chart1: 1 Year Performance of Israeli sectors

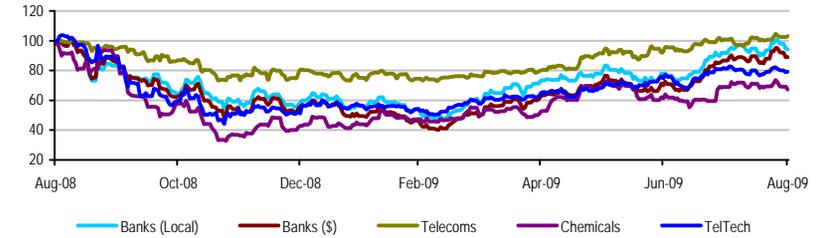
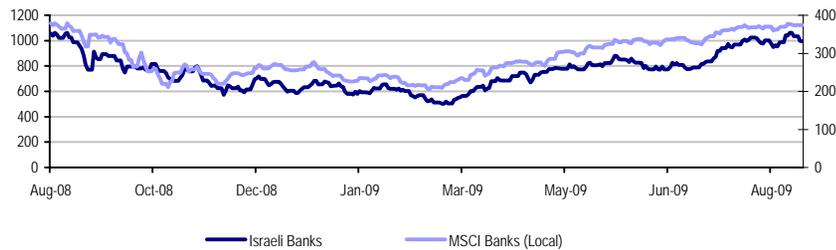


Chart 3: Shekel vs US Dollar



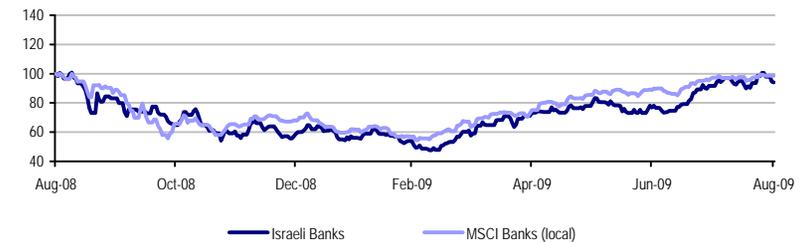
Banks

Chart2: Absolute Performance of Israeli Banks Vs MSCI Banks (local)



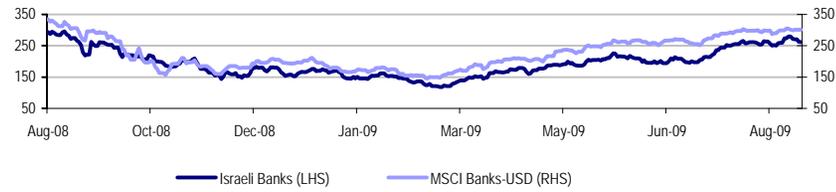
Source: UBS, MSCI

Chart3: Performance of Israeli Banks relative to MSCI Banks (Local)



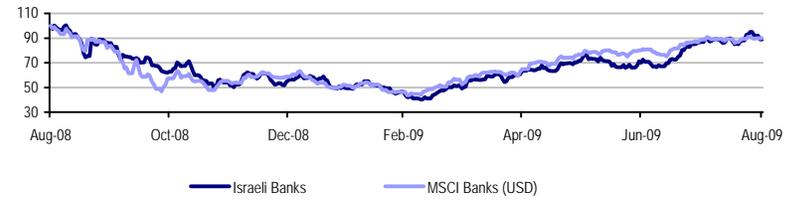
Source: UBS estimates; unless otherwise specified

Chart4: Absolute Performance of Israeli Banks Vs MSCI Banks (USD)



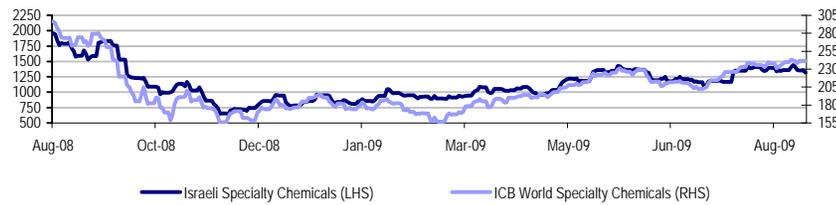
Source: UBS, MSCI

Chart5: Performance of Israeli Banks relative to MSCI Banks (USD)



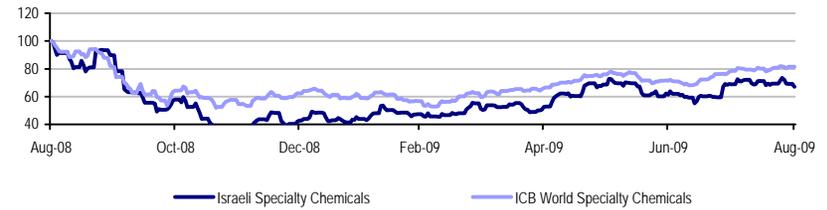
Specialty Chemicals

Chart 6: Abs. Perf. of Israeli Specialty Chems v ICB World Specialty Chems



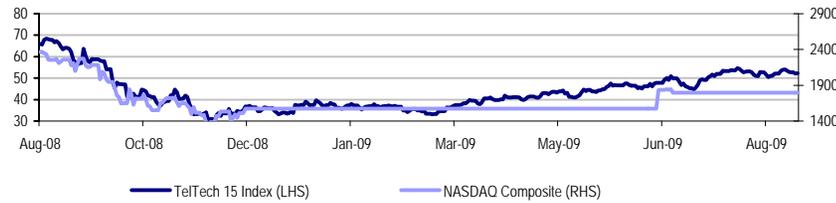
Source: UBS, ICB

Chart 7: Perf. of Israeli Specialty Chems rel. to ICB World Specialty Chems



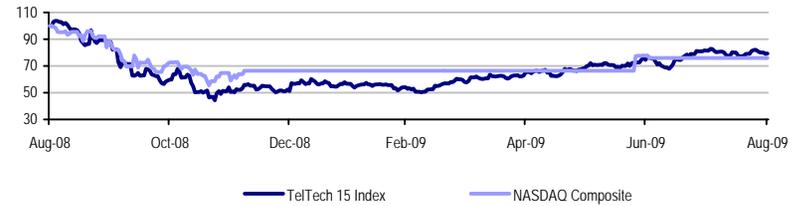
Technology

Chart 8: Absolute Performance of Israeli Technology Vs NASDAQ Composite



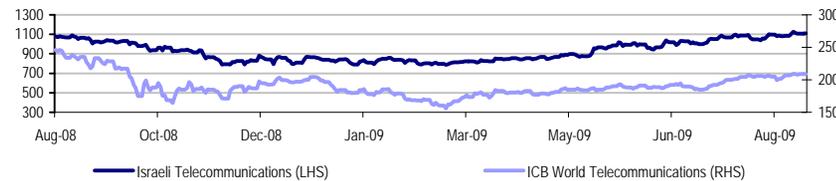
Source: UBS

Chart 9: Performance of Israeli Technology relative to NASDAQ Composite



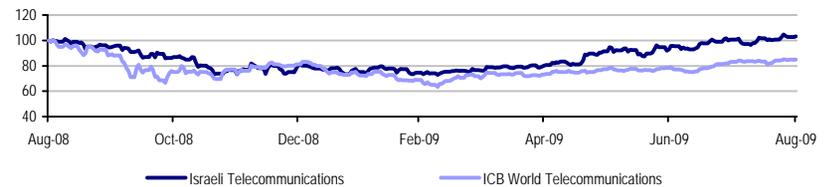
Telecommunications

Chart 14: Absolute Performance of Israeli Telecom Vs ICB World Telecom



Source: UBS, ICB

Chart 15: Performance of Israeli Telecom relative to ICB World Telecom



Source: UBS estimates; unless otherwise specified



Fertilizers/Chemicals

Company	Country	Price	UBS PT	UBS Rating	Market cap		P/E		EV/Sales		EV/EBIT		EV/EBITDA	
		Local	local		Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Israel Chemicals Limited	Israel	42.4	46.0	Neutral (CBE)	54,742	14,428	16.5	10.9	3.3	2.5	14.7	9.4	12.4	8.4
Potash Corporation of Saskatchewan Inc.	Canada	88.5	95.0	Neutral (CBE)	28,620	26,159	22.4	11.1	6.6	4.3	17.2	8.3	14.5	7.5
Uralkali	Russia	3.8	3.1	Neutral	255,256	8,022	21.9	17.6	8.4	6.8	17.2	13.7	13.8	11.2
Mosaic Co	United States	48.5	53.0	Neutral	21,608	21,608	13.5	16.1	1.9	2.4	8.6	10.1	7.4	8.6
Intrepid Potash Inc	United States	23.5	28.0	Buy	1,758	1,758	20.4	11.8	4.7	3.1	11.0	6.0	9.9	5.5
K+S	Germany	35.36	30.00	Sell	5,835	8,357	35.2	12.9	2.0	1.7	20.2	11.0	13.9	8.4
Weighted average							21.0	13.8	4.7	3.6	14.6	9.8	11.9	8.4
Median							21.9	12.9	4.7	3.1	17.2	10.1	13.8	8.4

Company	Country	Price	UBS PT	UBS Rating	Market cap		P/E		EV/Sales		EV/EBIT		EV/EBITDA	
		Local	local		Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
MA Industries	Israel	17.4	20.0	Neutral (CBE)	7,482	1,972	15.2	10.5	1.2	1.0	10.9	7.7	7.9	5.9
Syngenta	Switzerland	249.0	300.0	Buy	23,207	21,907	14.3	13.0	2.3	2.2	12.8	10.8	10.4	8.9
Nufarm Limited	Australia	10.7	11.5	Neutral	2,345	1,967	16.3	11.9	1.1	1.0	10.6	8.6	8.6	7.1
United Phosphorus Limited	India	169.05	210.00	Buy	74,308	1,521	12.4	12.9	1.4	1.5	8.6	9.8	6.9	7.9
Weighted average							14.3	12.9	2.2	2.0	12.4	10.6	10.1	8.7
Median							14.3	12.9	1.4	1.5	10.6	9.8	8.6	7.9

Elbit Systems

Company	Country	Price	UBS PT	UBS Rating	Market cap		P/E		EV/Sales		EV/EBITDA		EBIT margin			EBITDA margin		
					Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2008	2009e	2010e	2008	2009e	2010e
Elbit Systems	Israel	65.7	65.0	Neutral (CBE)	10,484	2,763	13.6	12.4	1.0	0.9	7.0	5.9	9.4%	9.8%	10.5%	14.3%	14.3%	14.8%
BAE SYSTEMS	United Kingdom	312.2	430.0	Buy	11,014	17,912	7.5	7.1	0.9	0.8	7.5	6.6	11.0%	9.9%	10.3%	13.7%	12.2%	12.6%
Cobham	United Kingdom	202.2	250.0	Buy	2,306	3,750	10.9	10.2	1.4	1.3	7.5	6.7	16.2%	16.6%	17.3%	18.5%	18.8%	19.5%
Finmeccanica	Italy	11.1	14.0	Buy	6,442	9,227	7.6	7.1	0.6	0.6	4.7	4.3	8.7%	9.1%	9.3%	13.1%	13.4%	13.8%
Thales	France	32.0	30.0	Neutral	6,359	9,108	86.3	13.8	0.6	0.5	10.8	6.8	6.9%	2.6%	5.2%	9.5%	5.2%	7.8%
Ultra Electronics Holdings	United Kingdom	1,258.0	1,200.0	Neutral	855	1,390	13.2	12.6	1.4	1.3	9.1	8.3	15.0%	14.7%	15.1%	16.8%	16.0%	16.3%
Weighted Average							25.4	9.0	0.8	0.8	7.7	6.2	10.2%	8.9%	9.8%	13.2%	11.7%	12.6%
Median							10.9	10.2	0.9	0.8	7.5	6.7	11.0%	9.9%	10.3%	13.7%	13.4%	13.8%



Strauss Group

Company	Country	Price		UBS PT	UBS Rating	Mkt cap		P/E		EV/sales		EV/EBITDA		EV/EBIT		EV/OpFCF		EV/IC		Price/CEPS	
		Local	local			Local mn	\$ mn	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Strauss Group	Israel	44.3			Suspended	4,671	1,231														
Emerging EMEA (Ex Israel)																					
AVI Group	South Africa	1900.0	1880.0		Neutral	5,909	760	11.7	10.1	0.9	0.8	6.5	6.4	7.9	7.8	8.5	8.5	2.1	2.0	8.4	7.5
Illovo Sugar Ltd	South Africa	3205.0	3910.0		Buy	10,737	1,380	12.2	14.6	1.5	1.8	8.1	7.7	9.4	8.6	-51.9	9.5	2.7	2.7	9.5	11.8
Tiger Brands	South Africa	15546.0	16000.0		Neutral	25,526	3,281	12.1	11.2	1.2	1.2	7.7	7.4	8.4	8.2	8.2	7.9	2.9	2.7	10.6	9.7
Tongaat Hulett Limited	South Africa	9201.0	10800.0		Buy	9,918	1,275	11.6	10.2	2.0	1.9	10.0	9.5	12.6	11.8	199.2	11.1	2.2	2.0	8.6	7.9
JBS S.A.	Brazil	7.8			Suspended	10,978	5,839	15.1	12.7	0.3	0.3	8.4	7.6	12.3	11.1	15.1	10.7	1.9	1.8	8.6	7.6
Brasil Foods S.A.	Brazil	42.0			Suspended	8,692	4,623														
Sadia	Brazil	5.6	3.4		Sell (CBE)	3,783	2,012														
Nestle India Ltd.	India	2200.0	2000.0		Sell	212,115	4,341	30.4	24.6	4.0	3.3	18.6	15.2	20.5	16.5	20.4	17.6	81.8	64.2	26.6	21.8
Thai Union Frozen Products	Thailand	26.0	25.1		Neutral	22,962	675	10.9	10.1	0.6	0.5	8.6	8.1	11.5	11.0	13.7	12.5	1.3	1.2	6.9	6.3
Wimm-Bill-Dann Foods	Russia	63.3	65.0		Neutral	88,640	2,786	21.2	15.2	1.3	1.1	9.2	7.3	13.7	10.3	13.7	10.3	3.0	2.8	11.6	9.2
Weighted average						26,970		18.0	15.1	1.6	1.4	10.6	9.3	13.2	11.4	21.6	11.6	19.3	15.5	13.2	11.5
Median								12.2	11.9	1.2	1.1	8.5	7.7	11.9	10.6	13.7	10.5	2.4	2.4	9.1	8.5
Global																					
Cadbury	United Kingdom	581.0	560.0		Neutral	7,855	12,776	15.7	14.6	1.6	1.6	9.9	9.1	12.4	11.4	12.1	11.1	1.7	1.6	11.2	10.5
Danone	France	37.9	36.0		Neutral	23,260	33,314	15.6	14.6	2.0	1.8	10.8	9.4	13.3	11.6	13.4	11.6	1.7	1.6	11.2	10.8
Unilever Plc	United Kingdom	1680.0	1480.0		Sell	51,270	83,386	14.0	13.3	1.8	1.7	10.5	10.2	12.2	11.7	12.7	12.4	4.6	4.7	11.2	11.0
General Mills Inc.	United States	59.7	64.0		Buy	20,601	20,601	14.5	13.5	1.7	1.7	8.9	8.3	11.1	10.3	10.7	10.0	2.3	2.4	10.4	9.5
H.J. Heinz Company	United States	38.5	39.0		Neutral	12,531	12,531	14.5	14.1	1.8	1.5	10.5	8.9	12.4	10.7	14.6	12.7	3.5	3.2	11.1	10.4
The Hershey Company	United States	39.2	40.0		Neutral	11,486	11,486	18.7	17.4	2.4	2.3	12.8	11.6	15.6	14.5	15.4	15.8	6.3	6.5	13.4	12.1
Kellogg Co.	United States	47.1	51.0		Buy	18,883	18,883	14.8	13.5	1.8	1.7	9.5	8.5	11.6	10.4	15.0	11.7	3.7	3.6	10.8	9.9
Kraft Foods Inc.	United States	28.4	29.0		Neutral	45,530	45,530	14.4	13.4	1.5	1.5	9.2	9.2	11.0	11.0	12.7	12.1	1.5	1.6	10.5	9.7
Lindt & Sprüngli	Switzerland	26000.0	22500.0		Sell	5,536	5,226	22.5	20.9	2.1	2.0	12.2	11.2	15.4	14.1	17.1	14.1	3.7	3.6	16.4	15.3
Nestlé	Switzerland	44.0	43.0		Neutral	160,527	151,533	15.5	14.7	1.7	1.6	9.6	9.2	11.7	11.2	13.0	12.3	2.8	2.7	11.5	11.0
Weighted average								15.1	14.2	1.7	1.7	10.0	9.4	12.0	11.4	13.1	12.2	3.1	3.0	11.3	10.8
Median								15.1	14.3	1.8	1.7	10.2	9.2	12.3	11.3	13.2	12.2	3.1	2.9	11.2	10.7



Banks, Ex-S&L

Company	Country	Price	UBS PT	UBS Rating	Market cap		P/E		ROE		P/B		Gross Dividend Yield	
					Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Israel														
Bank Hapoalim	Israel	12.20	12	Neutral (CBE)	16,079	4,238	31.4	15.4	2.6	5.2	0.8	0.8	0.0%	0.0%
Bank Leumi Le-Israel	Israel	12.99	10.00	Sell (CBE)	19,141	5,045	52.9	17.7	1.9	5.5	1.0	1.0	0.0%	0.0%
Israel Discount Bank	Israel	6.65	5.50	Neutral	6,521	1,719	15.9	9.0	4.4	7.5	0.7	0.7	0.0%	0.0%
Mizrahi Tefahot Bank	Israel	28.87		Suspended	6,310	1,663								
Weighted average						12,665	35.6	15.0	3.2	6.0	0.9	0.9	0.0%	0.0%
Median							23.7	13.7	3.5	6.5	0.9	0.9	0.0%	0.0%
Hungary														
OTP Bank	Hungary	4,900.00	2,000.00	Sell	1,372,000	7,216	18.1	29.2	6.8	4.0	1.1	1.1	0.0%	0.7%
BRE							18.1	29.2	6.8	4.0	1.1	1.1	0.0%	0.7%
BRE	Poland	250.00	129.00	Sell	7,423	2,596	63.6	25.5	3.0	7.0	1.9	1.7	0.0%	0.0%
BZ WBK	Poland	135.00	104.00	Sell	9,850	3,444	19.5	16.8	9.6	10.1	1.8	1.6	0.0%	0.0%
Pekao	Poland	146.00	168.00	Buy	38,283	13,388	18.5	17.6	12.2	11.4	2.1	1.9	0.0%	3.7%
Poland						19,428	24.7	18.5	10.5	10.6	2.0	1.8	0.0%	2.5%
Russia														
Sberbank	Russia	1.48	2.00	Buy (CBE)	1,061,635	33,363	nm	16.5	0.3	8.4	1.5	1.4	0.0%	0.3%
Bank of Moscow	Russia	22.50	13.64	Sell	88,134	2,770	nm	53.9	-5.8	2.3	1.3	1.2	0.0%	0.0%
URSA Bank	Russia	0.39	0.31	Neutral	16,829	529	nm	6.0	-12.4	20.7	0.7	0.6	20.6%	20.6%
Vozrozhdenie Bank	Russia	27.00	34.00	Buy	18,260	574	13.2	8.4	9.7	14.1	1.4	1.1	0.0%	0.0%
VTB	Russia	2.80	0.91	Sell	299,549	9,414	nm	nm	-8.2	-4.2	1.1	1.1	0.0%	0.0%
South Africa						46,650	13.2	19.0	-1.8	5.7	1.4	1.3	0.2%	0.4%
ABSA Group Ltd.	South Africa	12,675.00	13,700.00	Buy	91,032	11,700	11.0	8.8	16.0	18.2	1.7	1.5	3.6%	4.5%
FirstRand Ltd	South Africa	1,588.00	1,550.00	Sell	89,470	11,499	12.8	11.3	15.2	15.8	1.6	1.5	3.3%	3.5%
Nedbank Group Ltd	South Africa	11,527.00	11,300.00	Neutral	56,505	7,262	11.5	9.3	11.7	13.7	1.3	1.2	3.8%	4.8%
Standard Bank Group Ltd	South Africa	10,050.00	10,700.00	Buy	156,335	20,093	13.2	10.0	13.3	16.2	1.6	1.5	3.0%	4.0%
Emerging EMEA							15.6	16.8	8.2	10.4	1.5	1.3	0.0%	0.7%
Average							22.8	16.7	5.1	9.7	1.3	1.2	2.0%	2.5%
Median							15.9	13.7	6.8	8.4	1.3	1.2	0.0%	0.0%

Source: UBS estimates



Telecom

Company	Country	Price	UBS PT	UBS Rating	Market cap		PE		EV/EBITDA		EV/OpFCF		Dividend yield	
		Local	local		Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
Wireless														
Egyptian Mobile Services	Egypt	215.2	220.0	Neutral (CBE)	21,516	3,893	13	11	6	5	15	14	1.4%	1.4%
Orascom Telecom	Egypt	33.1	30.0	Neutral (CBE)	32,912	5,955	17	17	5.0	4.8	7.3	7.2	2.9%	2.9%
Turkcell	Turkey	16.1	16.0	Neutral (CBE)	21,271	14,177	11	10	5.4	4.9	22.1	8.8	5.0%	5.5%
VimpelCom	Russia	15.4	16.0	Neutral (CBE)	497,201	15,625	13	9	5.2	4.3	7.1	6.1	0.0%	4.5%
MTS	Russia	43.4	47.0	Neutral (CBE)	550,302	17,294	14	11	4.5	4.2	7.6	6.0	6.6%	4.5%
MTN Group Ltd	South Africa	12,750.0	16,000.0	Buy	237,762	30,559	14	11	5.7	4.9	20.8	8.1	1.5%	1.8%
Qatar Telecom	Qatar	152.0	200.0	Buy	22,294	6,123	9	8	5.2	4.9	12.7	11.0	6.6%	3.2%
Wataniya	Kuwait	1.6	1.6	Neutral	796	2,772	11	10	4.6	4.0	10.2	9.6	3.2%	9.1%
Saudi Telecom	Saudi Arabia	47.1	49.4	Neutral	94,200	25,119	9	9	5.4	4.8	8.3	7.5	9.9%	10.3%
Etihad Etisalat Co	Saudi Arabia	37.6	45.0	Buy	26,320	7,018	14	11	8.1	6.4	25.4	17.1	2.0%	3.5%
Mobile Telecommunications Company KSC	Kuwait	1.5	1.1	Sell	6,483	22,570	19	16	8.8	7.4	15.9	16.4	3.3%	3.8%
Partner Communications	Israel	72.1	73.0	Neutral (CBE)	11,390	3,002	11	11	6.1	5.4	8.9	7.6	7.7%	16.3%
Cellcom Israel Ltd	Israel	28.3	32.0	Buy	10,560	2,783	10	10	5.4	4.9	7.6	6.6	9.3%	10.0%
Average							12.7	11.3	5.8	5.1	12.9	9.7	4.6%	5.9%
Median							12.7	11.1	5.4	4.9	10.2	8.1	3.3%	4.5%
Wireline														
Telekomunikacja Polska SA	Poland	16.1	14.0	Sell	22,234	7,775	10	18	4	4	7	6.3	9.5%	9.5%
Magyar Telekom	Hungary	769.0	550.0	Sell	797,669	4,196	9	10	4.3	4.2	7.5	7.2	9.6%	9.6%
Telefonica O2 CR	Czech Republic	493.0	430.0	Neutral	158,790	8,939	14	15	5.6	5.3	7.4	7.3	10.1%	10.1%
Telkom	South Africa	4,341.0	4,200.0	Neutral	22,183	2,851	4	8	3.4	2.0	-63.5	10.6	4.6%	4.6%
Turk Telekom	Turkey	4.6		Sell	16,030	10,684	8	11	3.8	4.7	6.1	9.1	19.5%	19.5%
Telecom Egypt	Egypt	18.3	16.0	Sell	31,256	5,655	11	11	6.6	4.5	8.0	6.4	6.0%	6.0%
Qatar Telecom	Qatar	152.0	200.0	Buy	22,294	6,123	10	9	5.9	5.2	20.2	12.7	2.5%	2.5%
Saudi Telecom	Saudi Arabia	47.1	49.4	Neutral	94,200	25,119	9	9	5.9	5.4	30.5	8.3	8.0%	8.0%
Bezeq	Israel	7.9	9.0	Buy (CBE)	20,779	5,477	13	11	6.0	5.2	9.9	8.2	11.1%	11.1%
Average Integrated							9.8	11.3	5.0	4.5	3.7	8.5	9.0%	9.0%
Multimedia Polska	Poland	9.0	7.2	Neutral	1,419	496	27	18	5	5	377	9	2.4%	2.4%

Source: UBS estimates. NB: EV multiples are calculated using forecast YE net debt, adjusted for cumulative forecast dividends to avoid penalising high dividend yielding stocks



Aerospace

Company	Country	Price	UBS PT local	UBS Rating	Market cap		P/E		EV/Sales		EV/EBITDA		EBIT margin			EBITDA margin		
					Local	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2008	2009e	2010e	2008	2009e	2010e
Israel Aerospace																		
Elbit Systems	Israel	65.7	65.0	Neutral (CBE)	10,484	2,763	13.6	12.4	1.0	0.9	7.0	5.9	9.4%	9.8%	10.5%	14.3%	14.3%	14.8%
Europe Aerospace																		
BAE SYSTEMS	United Kingdom	312.2	430.0	Buy	11,014	17,912	7.5	7.1	0.9	0.8	7.5	6.6	11.0%	9.9%	10.3%	13.7%	12.2%	12.6%
Cobham	United Kingdom	202.2	250.0	Buy	2,306	3,750	10.9	10.2	1.4	1.3	7.5	6.7	16.2%	16.6%	17.3%	18.5%	18.8%	19.5%
EADS	France	14.5	10.0	Sell (CBE)	11,782	16,874	1,001.5	18.4	0.5	0.5	9.3	6.4	6.1%	1.5%	3.8%	10.5%	5.7%	8.4%
Finmeccanica	Italy	11.1	14.0	Buy	6,442	9,227	7.6	7.1	0.6	0.6	4.7	4.3	8.7%	9.1%	9.3%	13.1%	13.4%	13.8%
Meggitt	United Kingdom	214.1	200.0	Buy	1,425	2,318	8.7	8.1	2.0	2.0	7.3	6.6	24.1%	23.2%	24.6%	28.2%	28.3%	30.6%
MTU Aero Engines Holding AG	Germany	29.5	30.0	Buy	1,426	2,043	8.4	8.9	0.9	0.9	7.1	7.2	12.1%	10.2%	9.9%	15.0%	12.9%	12.8%
Rolls-Royce	United Kingdom	452.7	280.0	Sell	8,387	13,641	13.9	15.3	0.9	1.0	8.1	8.7	9.2%	8.1%	7.8%	12.7%	11.5%	11.4%
Safran SA	France	12.8	6.0	Sell	5,270	7,548	14.8	19.6	0.7	0.7	6.0	6.5	7.7%	6.0%	5.3%	13.0%	11.2%	11.0%
Smiths Group	United Kingdom	802.0	1,100.0	Buy	3,092	5,028	10.9	9.4	1.6	1.5	9.0	7.2	13.7%	15.5%	18.0%	16.2%	18.2%	20.9%
Thales	France	32.0	30.0	Neutral	6,359	9,108	86.3	13.8	0.6	0.5	10.8	6.8	6.9%	2.6%	5.2%	9.5%	5.2%	7.8%
Ultra Electronics Holdings	United Kingdom	1,258.0	1,200.0	Neutral	855	1,390	13.2	12.6	1.4	1.3	9.1	8.3	15.0%	14.7%	15.1%	16.8%	16.0%	16.3%
Uemco	United Kingdom	235.5	210.0	Neutral	111	180	9.2	6.9	0.7	0.5	7.4	5.6	8.1%	8.5%	7.4%	9.1%	9.7%	8.6%
VT Group	United Kingdom	516.5	550.0	Buy	911	1,482	17.0	12.4	1.2	0.9	10.2	7.1	8.4%	8.0%	8.7%	11.1%	12.0%	12.2%
Zodiac	France	26.5	25.0	Neutral	1,471	2,106	9.5	11.7	1.0	1.0	6.7	7.2	11.7%	11.7%	10.9%	14.6%	14.4%	14.0%
Weighted Average							198.6	12.6	0.9	0.8	8.0	6.7	9.7%	8.0%	8.9%	13.2%	11.4%	12.4%
Median							10.9	11.0	0.9	0.9	7.5	6.7	10.1%	9.5%	9.6%	13.4%	12.6%	12.7%
Americas Aerospace																		
Rockwell Collins Inc.	United States	46.0	55.0	Buy	7,293	7,293	11.9	13.8	1.8	1.8	7.6	8.8	20.4%	20.2%	17.5%	23.1%	23.2%	20.4%
Raytheon Co.	United States	47.2	45.0	Neutral	18,372	18,372	9.6	9.6	1.1	0.9	7.9	7.0	11.3%	12.2%	11.2%	13.0%	13.8%	12.8%
Lockheed Martin Corp.	United States	75.0	82.0	Neutral	30,487	30,487	10.1	9.4	0.9	0.8	7.9	7.1	12.0%	9.8%	10.0%	14.0%	11.7%	11.9%
CAE Inc.	Canada	8.8	9.0	Neutral	2,209	2,019	11.8	13.8	1.6	1.5	6.7	7.1	17.7%	18.4%	15.6%	23.2%	23.9%	21.3%
Weighted Average							10.2	10.2	1.1	1.0	7.8	7.3	13.0%	12.2%	11.5%	15.1%	14.2%	13.6%
Median							10.9	11.7	1.3	1.2	7.7	7.1	14.8%	15.3%	13.4%	18.6%	18.5%	16.6%
Americas (Defense-Small Cap)																		
Alliant Techsystems	United States	77.3	100.0	Buy	2,560	2,560	11.4	8.9	1.0	0.8	7.8	5.8	10.5%	10.8%	11.0%	12.4%	12.7%	13.2%
CPI International	United States	9.4	18.0	Buy	152	152												
Weighted Average							11.4	8.9	1.0	0.8	7.8	5.8	10.5%	10.8%	11.0%	12.4%	12.7%	13.2%
Median							11.4	8.9	1.0	0.8	7.8	5.8	10.5%	10.8%	11.0%	12.4%	12.7%	13.2%

Source: UBS estimates; companies not rated by UBS are bloomberg consensus



Pharmaceuticals

Company	Country	Price	UBS PT	UBS Rating	Mkt cap		EV/sales		EV/EBITDA		EV/EBIT		EV/OpFCF		EV/IC		Price/CEPS		P/E		
		Local	local		Local mn	\$ mn	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	
Generic Pharma																					
Teva Pharmaceuticals	Israel	51.4	60.0	Buy	160,974	42,429	3.4	2.8	10.1	7.6	12.2	8.9	10.3	7.7	2.1	1.9	11.8	9.5	14.9	11.4	
Dr. Reddy's Labs	India	794.7	930.0	Buy	133,874	2,740	1.5	2.0	7.4	10.9	10.0	15.0	15.1	21.0	2.0	2.8	8.6	12.0	13.0	18.0	
Mylan Inc.	United States	14.7	16.0	Buy	4,463	4,463	2.0	1.8	5.4	5.1	9.3	8.6	5.6	5.3	1.2	1.1	5.4	5.1	12.6	11.3	
Watson Pharmaceuticals Inc.	United States	35.3	35.0	Neutral	4,164	4,164	1.7	1.5	6.9	6.5	9.5	8.8	7.7	7.4	1.7	1.6	8.5	8.7	13.6	13.4	
Weighted average						53,796	3.0	2.6	9.3	7.5	11.6	9.2	9.9	8.2	2.0	1.9	10.8	9.2	14.5	11.9	
Median							1.8	1.9	7.1	7.1	9.7	8.9	9.0	7.6	1.8	1.8	8.5	9.1	13.3	12.4	
Emerging EMEA (Ex- Israel)																					
Pharmstandard	Russia	17.3	16.0	Buy	82,977	2,608	5.0	4.1	12.2	9.4	13.6	10.5	12.8	9.8	5.1	4.6	15.5	12.4	17.9	14.2	
Weighted average						2,608	5.0	4.1	12.2	9.4	13.6	10.5	12.8	9.8	5.1	4.6	15.5	12.4	17.9	14.2	
Median							5.0	4.1	12.2	9.4	13.6	10.5	12.8	9.8	5.1	4.6	15.5	12.4	17.9	14.2	
Emerging EMEA																					
Weighted average						56,403	3.1	2.6	9.5	7.6	11.7	9.3	10.1	8.2	2.1	2.0	11.0	9.3	14.7	12.0	
Median							4.2	3.4	11.2	8.5	12.9	9.7	11.5	8.8	3.6	3.3	13.6	10.9	16.4	12.8	
Europe																					
Basilea Pharmaceutica	Switzerland	93.3	170.0	Buy (CBE)	891	841	17.6	5.6	-3.7	-4.3	-3.6	-4.2	-3.5	-4.0	-6.0	-3.9	-6.5	-7.4	-6.3	-7.2	
Elan Corp.	Ireland	5.1	6.0	Buy (CBE)	2,402	3,440	4.4	3.8	67.0	34.2	345.6	46.5	24.0	16.8	4.5	4.7	-41.4	673.9	-23.8	-102.7	
Omega Pharma	Belgium	26.9	25.0	Neutral	695	996	1.2	1.2	7.9	7.6	9.6	9.2	9.7	9.4	1.1	1.0	7.6	7.4	10.4	10.0	
Shire Pharmaceuticals	United Kingdom	1,023.0	1,040.0	Buy	5,541	9,011	3.5	3.2	10.1	10.0	13.4	13.0	14.0	11.8	3.7	3.4	11.7	11.2	17.1	15.2	
STADA Arzneimittel	Germany	15.7	21.0	Buy	923	1,321	1.3	1.3	7.7	7.0	11.2	9.7	12.4	10.6	1.0	1.0	5.3	5.0	9.7	9.0	
Weighted average							4.1	3.2	21.6	14.2	85.3	18.9	14.8	11.8	2.9	2.9	-1.8	155.5	5.8	-12.8	
Median							3	3	8	8	11	10	12	11	1	1	5	7	10	9	

Technology

Company	Country	Price	UBS PT	UBS Rating	Market cap		P/E		EV/Sales		EV/EBITDA		EBIT margin			EBITDA margin		
					Local mn	US\$m	2009e	2010e	2009e	2010e	2009e	2010e	2008	2009e	2010e	2008	2009e	2010e
Israel																		
Nice Systems Limited	Israel	28.0	29.0	Neutral (CBE)	6,445	1,699	18.8	16.9	1.9	1.6	7.5	6.2	17.4%	17.8%	18.9%	24.2%	25.7%	26.3%
Ituran Location & Control Ltd.	United States	9.4	9.5	Neutral	197	197	12.7	12.0	1.4	1.2	4.6	4.6	19.3%	19.7%	19.7%	27.0%	29.7%	26.4%
European Communications Technology																		
Alcatel-Lucent	France	2.7	2.1	Neutral	5,981	8,566	-29.8	14.4	0.6	0.6	12.5	8.6	2.7%	0.3%	2.6%	7.0%	4.6%	6.7%
Ascom	Switzerland	12.8	15.0	Buy	461	435	16.5	15.1	0.5	0.9	6.0	9.2	8.6%	6.5%	7.4%	10.1%	8.2%	9.6%
Ericsson	Sweden	68.1	65.0	Sell	215,841	30,306	17.3	14.4	0.8	0.8	5.6	5.6	10.8%	11.1%	10.5%	14.9%	14.6%	14.0%
Inmarsat	United Kingdom	521.0	635.0	Buy	2,393	3,891	21.4	17.0	5.0	4.6	9.2	8.1	31.8%	33.9%	38.3%	53.3%	54.2%	56.3%
Millicom International Cellular S.A.	Sweden	497.5	460.0	Neutral (CBE)	53,988	7,580	11.5	12.2	2.6	2.3	6.0	5.2	25.4%	27.2%	26.3%	40.6%	44.1%	45.1%
Nokia	Finland	9.7	10.0	Neutral	36,123	51,737	17.1	13.8	1.1	1.0	9.6	7.8	15.5%	9.0%	10.8%	17.1%	11.2%	13.1%
Spirent Plc	United Kingdom	82.7	80.0	Buy	626	1,018	12.8	12.8	2.0	1.9	9.0	8.4	18.9%	18.6%	18.6%	22.6%	22.3%	22.1%
TANDBERG asa	Norway	124.7	140.0	Buy (CBE)	15,195	2,524	18.2	15.0	2.7	2.3	10.0	8.5	21.8%	20.9%	21.7%	27.2%	27.2%	26.8%
Weighted Average							13.1	14.0	1.3	1.2	8.4	7.1	14.6%	11.5%	12.5%	18.9%	16.1%	17.1%
Median							16.8	14.4	1.5	1.4	9.1	8.3	17.2%	14.8%	14.7%	19.8%	18.5%	18.1%
European Software																		
Autonomy Corporation Plc	United Kingdom	1,301.0	1,475.0	Buy	3,094	5,031	19.8	16.5	6.6	5.3	13.0	9.9	40.1%	47.2%	50.5%	43.9%	50.7%	53.9%
Dassault Systèmes	France	35.7	33.0	Sell	4,217	6,040	21.8	19.1	2.6	2.4	10.3	8.9	24.0%	22.6%	24.1%	25.7%	25.1%	26.7%
Intec Telecom Systems	United Kingdom	85.3	95.0	Buy	259	422	14.6	14.4	1.4	1.1	8.8	6.6	9.6%	12.9%	14.1%	13.8%	16.1%	16.8%
Kudelski	Switzerland	24.0	25.0	Neutral	1,246	1,177	22.9	13.6	1.4	1.3	11.1	7.9	1.8%	6.2%	10.1%	9.0%	12.8%	16.2%
Logica	United Kingdom	115.0	105.0	Sell	1,824	2,966	11.4	10.8	0.6	0.6	8.1	7.9	7.4%	6.8%	6.8%	9.2%	7.9%	7.9%
Misys	United Kingdom	185.5	195.0	Neutral	991	1,611	13.5	15.1	2.0	2.2	11.0	11.6	16.5%	17.0%	18.3%	17.6%	18.2%	19.1%
Sage Group	United Kingdom	220.7	220.0	Neutral	2,878	4,681	13.2	12.1	2.4	2.3	9.5	8.6	23.2%	23.1%	25.6%	24.6%	24.6%	27.1%
SAP AG	Germany	34.1	36.0	Buy	40,463	57,954	17.8	15.8	3.8	3.5	10.9	9.7	28.2%	30.0%	31.9%	32.8%	34.6%	36.5%
Software AG	Germany	53.4	70.0	Buy	1,532	2,195	12.1	10.6	2.1	1.8	7.3	6.1	25.1%	25.6%	27.0%	28.6%	29.1%	30.1%
Temenos	Switzerland	21.3	19.7	Neutral	1,164	1,099	17.9	14.6	3.2	2.9	11.3	9.6	15.7%	19.9%	22.7%	21.6%	27.9%	29.7%
TomTom	Netherlands	10.3	10.0	Buy (CBE)	2,245	3,215	24.7	17.2	1.9	1.6	10.1	8.4	15.7%	11.0%	11.5%	19.1%	18.9%	18.5%
Weighted Average							17.8	15.6	3.5	3.2	10.7	9.4	26.2%	27.7%	29.6%	30.3%	31.9%	33.7%
Median							17.8	14.6	2.1	2.2	10.3	8.6	16.5%	19.9%	22.7%	21.6%	24.6%	26.7%

Note:

1) All prices as of closing on 31 August 2009

2) Source for all data is UBS estimates.



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Buy	Buy	44%	38%
Neutral	Hold/Neutral	39%	36%
Sell	Sell	17%	25%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	33%
Sell	Sell	less than 1%	33%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2009.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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