



UBS Investment Research

# Israel Valuations

28 July 2009

## Israel Coverage Universe

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

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**Note:**

- 1) All prices as of closing on 27 July 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
<b>Banks, Ex-S&amp;L</b>																	
Bank Hapoalim	ILS	12.1	12.0	0%	Neutral	10.2	-11.9	32.2				3.6%	0.0%	0.0%	1.4	0.9	0.8
Bank Leumi Le-Israel	ILS	12.3	10.0	-19%	Sell	8.0	-135.3	53.7				5.3%	0.0%	0.0%	1.2	1.1	1.0
Israel Discount Bank	ILS	6.1	5.5	-10%	Neutral	12.8	26.9	14.6				0.0%	2.7%	0.0%	1.0	0.8	0.6
Mizrahi Tefahot Bank	ILS	27.8	28.0	1%	Buy	9.8	9.3	13.9				0.0%	2.8%	0.0%	1.2	0.9	1.0
<b>Chemicals, Specialty</b>																	
Frutarom	ILS	30.0	30.0	0%	Neutral	20.3	12.9	13.3	9.5	7.9	8.4	0.5%	0.6%	0.5%	2.1	1.6	1.5
Israel Chemicals Limited	ILS	42.3	38.0	-10%	Neutral	19.8	8.8	18.6	12.7	7.6	13.3	3.5%	5.1%	3.3%	6.3	7.2	5.4
MA Industries	ILS	18.4	20.0	9%	Neutral	18.5	14.6	12.8	10.0	8.5	7.4	3.6%	1.6%	0.8%	2.6	2.4	1.3
<b>Telecommunications</b>																	
Bezeq	ILS	7.7	8.5	10%	Buy	13.3	10.3	11.0	6.0	5.2	5.6	14.4%	13.7%	9.1%	3.9	3.7	4.3
Cellcom Israel Ltd	USD	28.1	32.0	14%	Buy	11.0	11.0	10.4	6.0	5.6	5.9	14.0%	10.1%	9.1%	10.9	33.3	18.2
Partner Communications	ILS	70.7	73.0	3%	Neutral	11.1	10.6	11.1	6.3	5.9	6.6	7.2%	7.3%	7.2%	6.3	8.2	5.7
<b>Real Estate</b>																	
Africa Israel Investment Group	ILS	71.6	82.0	15%	Buy	4.6	-1.7	0.0	5.9			1.8%	3.7%	6.5%	2.8	4.9	0.0
<b>Technology</b>																	
Nice Systems Limited	USD	26.6	24.0	-10%	Neutral	24.2	16.8	17.6	12.5	8.2	6.9	0.0%	0.0%	0.0%	2.4	1.8	1.6
Ituran Location & Control Ltd.	USD	10.0	8.6	-14%	Neutral	5.9	15.3	12.6	8.4	5.6	5.4	0.0%	0.0%	0.0%	2.0	2.1	1.8
<b>Aerospace</b>																	
Elbit Systems	USD	67.9	65.0	-4%	Neutral	24.1	11.2	15.2	10.3	7.1	6.7	1.5%	2.6%	1.3%	3.4	3.2	3.0
<b>Electric Components &amp; Equipment</b>																	
Ormat Industries	ILS	32.9	37.0	13%	Neutral	23.7	46.1	23.2	18.6	15.3	12.2	1.1%	0.8%	1.1%	2.6	1.9	1.1
<b>Food Products</b>																	
Strauss Group	ILS	47.1	42.0	-11%	Neutral	21.2	10.8	22.2	9.2	9.9	10.7	0.0%	4.0%	4.0%	3.0	2.7	2.4
<b>Pharma</b>																	
Teva Pharmaceuticals	USD	51.0	56.0	10%	Buy	15.7	14.9	15.5	11.5	12.3	10.2	0.9%	1.0%	1.1%	2.5	2.3	2.5
<b>Holding companies</b>																	
Israel Corporation Limited	ILS	2360.0	2400.0	2%	Neutral							1.1%	1.3%	1.4%			
<b>TA-25</b>																	

**Note:**

1) All prices as of closing on 27 July 2009

2) Source: UBS estimates

We would like to thank Naveen Mahajan for his assistance

## Israel Coverage Universe

	Absolute (%)					Relative MAOF (%)					Relative MSCIEMEA (%)				
	1W	1M	1Y	YTD	5YR	1W	1M	1Y	YTD	5YR	1W	1M	1Y	YTD	5YR
<b>Banks, Ex-S&amp;L</b>															
Bank Hapoalim	9.0%	21.7%	-19.1%	45.7%	-2.5%	4%	9%	-11%	3.5%	-44%	8%	16%	23%	6.8%	-28%
Bank Leumi Le-Israel	8.2%	23.9%	-20.7%	52.9%	34.9%	3%	11%	-13%	8.6%	-22%	7%	19%	20%	12.1%	-1%
Israel Discount Bank	9.9%	26.5%	-13.6%	69.9%	18.9%	4%	13%	-5%	20.7%	-31%	9%	21%	31%	24.6%	-13%
Mizrahi Tefahot Bank	13.9%	21.9%	7.1%	39.0%	72.8%	8%	9%	18%	-1.3%	0%	13%	17%	63%	1.9%	27%
<b>Chemicals, Specialty</b>															
Frutarom	0.0%	2.7%	-12.1%	14.5%	16.3%	-5%	-8%	-4%	-18.6%	-33%	-1%	-2%	34%	-16.0%	-14%
Israel Chemicals Limited	10.0%	8.6%	-29.9%	56.4%	387.2%	5%	-3%	-23%	11.1%	181%	9%	4%	7%	14.6%	258%
MA Industries	0.8%	-0.9%	-38.4%	45.4%	-4.2%	-4%	-11%	-32%	3.3%	-45%	0%	-5%	-6%	6.6%	-29%
<b>Telecommunications</b>															
Bezeq	0.7%	1.2%	19.9%	27.1%	67.9%	-4%	-9%	32%	-9.7%	-3%	0%	-3%	82%	-6.8%	24%
Cellcom Israel Ltd	0.2%	6.2%	-13.7%	27.3%		-7%	-9%	4%	-8.9%		-3%	-2%	44%	-5.9%	
Partner Communications	-1.8%	5.5%	-11.3%	14.4%	113.3%	-7%	-6%	-3%	-18.7%	23%	-3%	1%	35%	-16.1%	57%
<b>Real Estate</b>															
Africa Israel Investment Group	19.3%	8.5%	-52.5%	113.3%	-30.3%	13%	-3%	-48%	51.5%	-60%	18%	4%	-28%	56.4%	-49%
<b>Technology</b>															
Nice Systems Limited	7.1%	19.8%	-8.4%	18.2%	149.2%	0%	3%	10%	-15.5%	21%	4%	10%	52%	-12.7%	54%
Ituran Location & Control Ltd.	11.3%	17.4%	-17.2%	36.5%											
<b>Aerospace</b>															
Elbit Systems	5.8%	12.7%	26.1%	46.2%	217.5%	-2%	-3%	52%	4.6%	54%	2%	4%	110%	8.0%	97%
<b>Electric Components &amp; Equipment</b>															
Ormat Industries	1.1%	6.3%	-20.1%	33.0%	85.8%	-4%	-5%	-12%	-5.5%	7%	0%	2%	21%	-2.5%	37%
<b>Food Products</b>															
Strauss Group	4.7%	14.0%	-1.5%	25.6%	8.6%	-1%	2%	8%	-10.8%	-37%	4%	9%	50%	-7.9%	-20%
<b>Pharma</b>															
Teva Pharmaceuticals	0.5%	4.0%	20.7%	20.0%	50.2%	-5%	-7%	33%	-14.8%	-13%	0%	-1%	83%	-12.0%	11%
<b>Holding companies</b>															
Israel Corporation Limited	14.6%	18.3%	-39.9%	162.4%	186.0%	9%	6%	-34%	86.4%	65%	14%	13%	-9%	92.4%	110%
<b>TA-25</b>	<b>5.2%</b>	<b>11.7%</b>	<b>-8.9%</b>	<b>40.8%</b>	<b>73.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>4.3%</b>	<b>6.9%</b>	<b>38.4%</b>	<b>3.2%</b>	<b>27.6%</b>

**Note:**

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2) Source: 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	11.7	28.4	41.4	49.4	-24.1	8.2	18.0	11.9	10.4	26.3
Chemicals, Specialty	10.9	11.6	34.5	57.0	-38.0	7.5	2.6	6.4	16.0	3.2
Telecommunications	1.6	6.8	28.5	25.5	-2.1	-1.5	-1.9	1.6	-7.3	62.8
Real Estate	11.0	16.4	46.7	90.2	-34.7	7.5	7.0	16.0	40.5	8.6
Technology	4.5	11.3	30.2	41.8	-17.8	1.2	2.3	3.0	4.7	36.7
Aerospace	6.2	11.5	40.1	47.7	26.8	2.9	2.5	10.8	9.1	111.0
Food Products	7.0	18.7	40.7	28.9	-9.0	3.7	9.1	11.3	-4.8	51.5
Pharma	3.8	5.2	13.2	21.0	11.4	0.6	-3.4	-10.5	-10.6	85.3
Holding Companies	18.0	21.2	46.8	184.2	-37.9	14.3	11.4	16.1	109.9	3.4
<b>TA-25</b>	<b>7.6</b>	<b>16.4</b>	<b>32.0</b>	<b>39.8</b>	<b>-16.8</b>	<b>4.3</b>	<b>6.9</b>	<b>4.4</b>	<b>3.2</b>	<b>38.4</b>

Source: UBS, ICB, MSCI

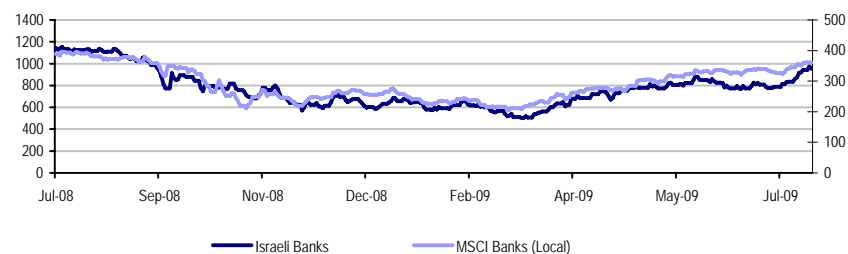
Chart 2: TA-25 movement vs MSCI EMEA



Source: UBS, MSCI

### Banks

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



Source: UBS, MSCI

Chart1: 1 Year Performance of Israeli sectors

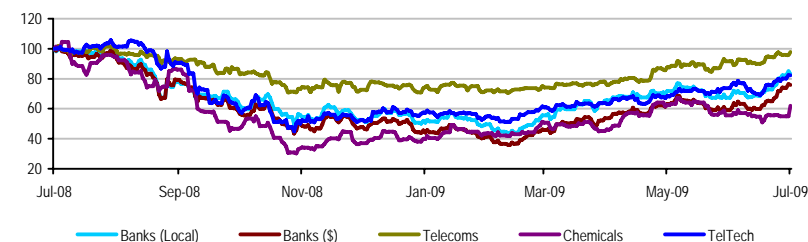
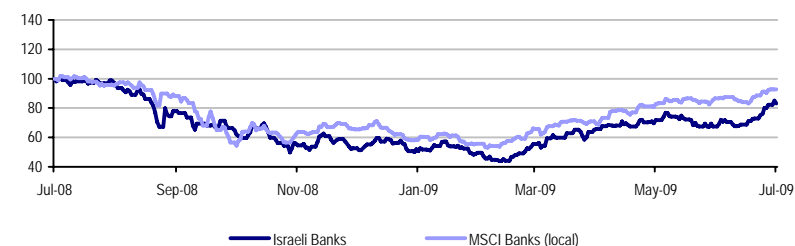


Chart 3: Shekel vs US Dollar

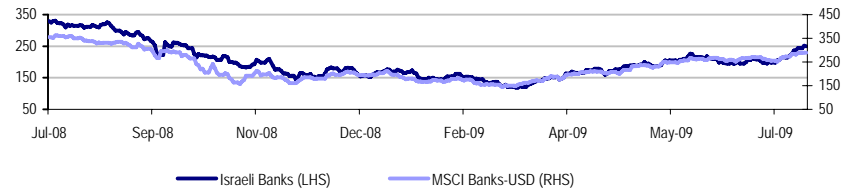


Chart3: Performance of Israeli Banks relative to MSCI Banks (Local)



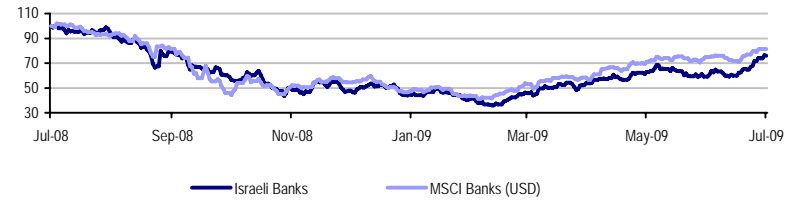
Source: UBS estimates; unless otherwise specified

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



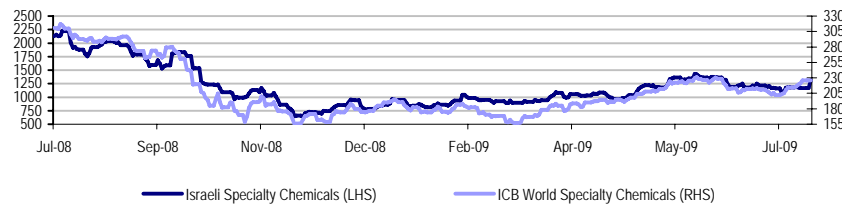
Source: UBS, MSCI

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



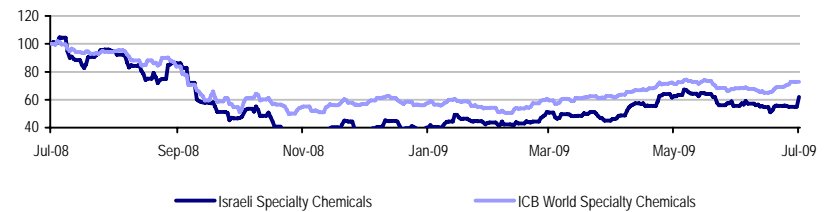
Specialty Chemicals

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



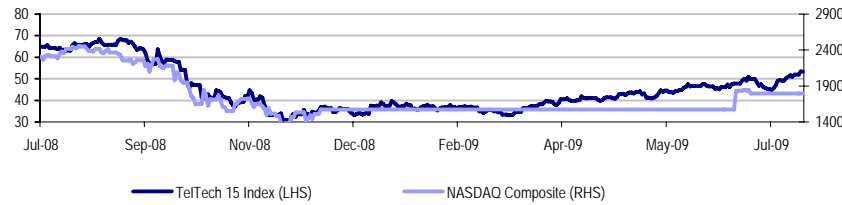
Source: UBS, ICB

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



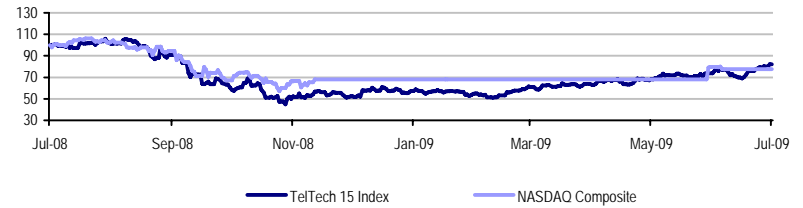
Technology

Chart 8: Absolute Performance of Israeli Technology Vs NASDAQ Composite



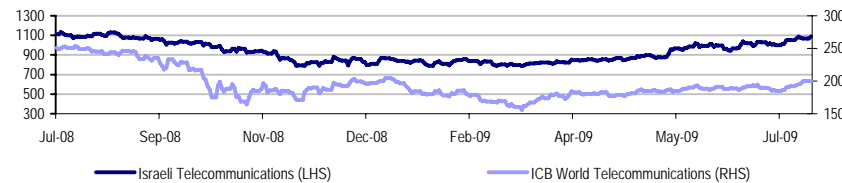
Source: UBS

Chart 9: Performance of Israeli Technology relative to NASDAQ Composite



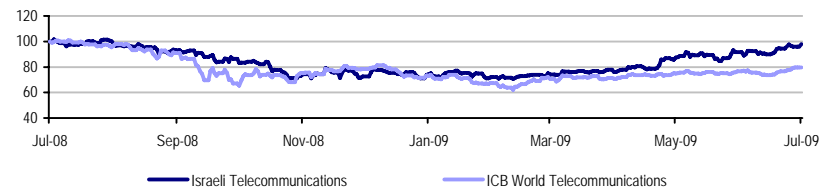
Telecommunications

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





## 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	42.3	38.0	Neutral (CBE)	54,612	14,338	18.6	12.8	3.4	2.7	15.9	10.8	13.3	9.5
Potash Corporation of Saskatchewan Inc.	Canada	95.1	100.0	Buy (CBE)	30,388	28,119	20.9	11.5	6.4	4.3	15.6	8.4	13.4	7.7
Uralkali	Russia	3.7	3.1	Neutral	237,919	7,749	22.1	18.6	8.3	6.9	17.4	14.4	13.9	11.6
Mosaic Co	United States	52.7	55.0	Buy	23,503	23,503	13.5	16.8	2.1	2.5	9.3	10.2	8.1	8.7
Intrepid Potash Inc	United States	27.7	28.0	Buy	2,074	2,074	19.1	12.6	5.1	3.7	10.8	6.7	10.1	6.2
K+S	Germany	41.56	30.00	Sell	6,858	9,769	19.0	15.0	2.1	1.7	14.6	12.2	11.1	9.4
Weighted average							18.3	14.5	4.6	3.6	13.5	10.1	11.3	8.7
Median							19.1	15.0	5.1	3.7	14.6	10.2	11.1	8.7

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	18.4	20.0	Neutral (CBE)	7,891	2,072	12.8	10.4	1.2	1.0	9.8	7.5	7.4	5.8
Syngenta	Switzerland	241.9	300.0	Buy	22,545	21,075	13.8	12.4	2.2	2.1	12.3	10.3	10.0	8.6
Nufarm Limited	Australia	10.7	9.8	Neutral	2,334	1,918	13.5	10.5	1.0	1.0	9.4	7.8	7.8	6.5
United Phosphorus Limited	India	171.70	179.00	Buy	75,472	1,568	15.8	12.2	1.6	1.4	11.1	8.6	8.9	7.1
Weighted average							13.9	12.3	2.1	1.9	12.0	10.0	9.8	8.3
Median							13.8	12.2	1.6	1.4	11.1	8.6	8.9	7.1

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

## 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	67.9	65.0	Neutral (CBE)	10,889	2,859	15.2	12.6	1.0	0.9	6.7	5.7	9.4%	10.8%	11.5%	14.3%	15.5%	16.1%
BAE SYSTEMS	United Kingdom	319.3	450.0	Buy	11,262	18,580	7.6	7.1	0.9	0.8	7.1	6.3	11.0%	10.0%	10.3%	13.7%	12.3%	12.6%
Cobham	United Kingdom	178.1	250.0	Buy	2,031	3,350	10.1	8.9	1.4	1.2	7.3	6.2	16.2%	16.6%	17.4%	18.5%	18.8%	19.6%
Finmeccanica	Italy	10.3	14.0	Buy	5,949	8,474	7.0	6.5	0.6	0.6	4.5	4.1	8.7%	9.1%	9.3%	13.1%	13.4%	13.8%
Thales	France	29.4	30.0	lral-Short Term	5,842	8,322	11.0	9.7	0.5	0.5	6.4	5.7	6.9%	5.8%	6.7%	9.5%	8.4%	9.3%
Ultra Electronics Holdings	United Kingdom	1,147.0	1,150.0	Neutral	779	1,285	12.2	11.1	1.4	1.3	8.6	7.8	14.9%	15.1%	15.8%	16.3%	16.4%	17.1%
Weighted Average							8.5	7.8	0.8	0.7	6.5	5.8	10.2%	9.7%	10.1%	13.2%	12.4%	12.9%
Median							10.1	8.9	0.9	0.8	7.1	6.2	11.0%	10.0%	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	47.1	42.0	Neutral (CBE)	5,007	1,314	22.2	21.5	1.1	1.0	10.7	10.3	15.4	14.8	14.3	13.7	2.0	1.8	12.0	11.5
<b>Emerging EMEA (Ex Israel)</b>																				
AVI Group	South Africa	1818.0	1880.0	Neutral	5,654	728	11.2	9.6	0.8	0.8	6.3	6.2	7.6	7.5	8.2	8.2	2.0	2.0	8.1	7.2
Illovo Sugar Ltd	South Africa	2945.0	3110.0	Neutral	9,866	1,270	12.2	13.8	1.5	1.9	8.3	7.3	9.4	8.1	35.1	8.9	2.7	2.9	9.8	10.8
Tiger Brands	South Africa	15798.0	16000.0	Neutral	25,940	3,339	12.3	11.3	1.2	1.2	7.8	7.5	8.5	8.3	8.3	8.0	3.0	2.8	10.8	9.8
Tongaat Hulett Limited	South Africa	9970.0	10330.0	Neutral	10,747	1,383	19.0	13.7	2.1	1.9	10.3	8.8	12.7	10.5	22.9	10.2	2.3	2.2	12.8	10.2
JBS S.A.	Brazil	7.2	8.4	Buy (CBE)	10,122	5,401	13.9	11.7	0.3	0.3	7.9	7.2	11.6	10.4	14.2	10.1	1.8	1.7	7.9	7.0
Perdigao	Brazil	40.7		Suspended	8,421	4,493														
Sadia	Brazil	5.4	3.4	Sell (CBE)	3,643	1,944	-5.2	13.5	0.6	0.6	5.2	5.2	8.7	8.5	12.0	11.2	1.2	1.2	-48.9	4.0
Nestle India Ltd.	India	2169.7		Suspended	209,193	4,347	30.0	24.3	3.9	3.3	18.4	15.0	20.2	16.3	20.1	17.4	80.6	63.3	26.2	21.5
Thai Union Frozen Products	Thailand	24.6	25.1	Neutral	21,726	640	10.3	9.5	0.5	0.5	8.3	7.8	11.2	10.6	13.3	12.1	1.2	1.2	6.5	6.0
Wimm-Bill-Dann Foods	Russia	68.6	65.0	Neutral	92,663	3,018	23.0	16.4	1.4	1.2	9.9	7.9	14.7	11.1	14.7	11.1	3.2	3.0	12.6	10.0
<b>Weighted average</b>					<b>26,564</b>		<b>16.4</b>	<b>15.0</b>	<b>1.5</b>	<b>1.4</b>	<b>10.1</b>	<b>8.8</b>	<b>12.8</b>	<b>11.0</b>	<b>15.9</b>	<b>11.4</b>	<b>17.7</b>	<b>14.2</b>	<b>8.0</b>	<b>10.8</b>
<b>Median</b>							<b>12.3</b>	<b>13.5</b>	<b>1.2</b>	<b>1.2</b>	<b>8.3</b>	<b>7.5</b>	<b>11.2</b>	<b>10.4</b>	<b>14.2</b>	<b>10.2</b>	<b>2.3</b>	<b>2.2</b>	<b>9.8</b>	<b>9.8</b>
<b>Global</b>																				
Cadbury	United Kingdom	565.0	510.0	Neutral	7,639	12,602	15.6	14.8	1.6	1.5	9.9	9.2	12.5	11.5	12.2	11.3	1.7	1.6	11.0	10.6
Danone	France	36.7	33.5	Neutral	22,530	32,091	15.1	14.1	2.0	1.7	10.6	9.2	13.0	11.3	13.1	11.3	1.7	1.6	10.8	10.5
Unilever Plc	United Kingdom	1541.0	1375.0	Sell	20,018	33,025	13.0	12.3	0.9	0.9	5.4	5.2	6.3	5.9	6.5	6.3	2.3	2.4	10.4	10.2
General Mills Inc.	United States	59.0	64.0	Buy	20,335	20,335	14.3	13.3	1.7	1.7	8.8	8.2	10.9	10.2	10.6	9.9	2.3	2.4	10.2	9.3
H.J. Heinz Company	United States	38.5	36.0	Neutral	12,524	12,524	13.1	14.2	1.7	1.6	9.7	9.1	11.5	11.0	13.5	12.7	3.3	3.2	10.0	10.5
The Hershey Company	United States	40.9	40.0	Neutral	11,972	11,972	19.5	18.1	2.5	2.4	13.2	12.1	16.2	15.2	16.0	16.4	6.6	6.8	14.0	12.6
Kellogg Co.	United States	47.9	50.0	Buy	19,188	19,188	15.3	13.9	1.9	1.7	9.7	8.8	11.8	10.7	15.3	12.1	3.8	3.8	11.1	10.3
Kraft Foods Inc.	United States	28.3	25.0	Neutral	45,386	45,386	14.8	13.7	1.4	1.5	9.4	9.4	11.3	11.3	12.9	12.4	1.5	1.6	10.7	9.9
Lindt & Sprüngli	Switzerland	24855.0	21500.0	Sell	5,211	4,872	23.2	20.2	1.9	1.8	12.1	10.6	15.7	13.5	17.4	13.4	3.5	3.4	16.5	14.7
Nestlé	Switzerland	43.2	38.0	Neutral	165,456	154,668	15.3	14.3	1.7	1.6	9.6	9.1	11.8	11.1	13.2	12.1	2.8	2.6	11.4	10.7
<b>Weighted average</b>							<b>15.1</b>	<b>14.2</b>	<b>1.6</b>	<b>1.6</b>	<b>9.4</b>	<b>8.8</b>	<b>11.5</b>	<b>10.7</b>	<b>12.6</b>	<b>11.6</b>	<b>2.6</b>	<b>2.6</b>	<b>11.2</b>	<b>10.6</b>
<b>Median</b>							<b>15.2</b>	<b>14.2</b>	<b>1.7</b>	<b>1.6</b>	<b>9.7</b>	<b>9.1</b>	<b>11.8</b>	<b>11.2</b>	<b>13.1</b>	<b>12.1</b>	<b>2.5</b>	<b>2.5</b>	<b>10.9</b>	<b>10.5</b>





## 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
<b>Israel</b>														
Bank Hapoalim	Israel	12.05	12	Neutral (CBE)	15,881	4,169	32.2	15.5	2.5	5.1	0.8	0.8	0.0%	0.0%
Bank Leumi Le-Israel	Israel	12.29	10.00	Sell (CBE)	18,110	4,755	53.7	15.4	1.8	6.1	1.0	0.9	0.0%	0.0%
Israel Discount Bank	Israel	6.10	5.50	Neutral	5,982	1,570	14.6	8.3	4.4	7.5	0.6	0.6	0.0%	0.0%
Mizrahi Tefahot Bank	Israel	27.80	28.00	Buy (CBE)	6,077	1,595	13.9	11.5	7.2	8.1	1.0	0.9	0.0%	0.0%
<b>Weighted average</b>						<b>12,090</b>	<b>36.0</b>	<b>14.0</b>	<b>3.1</b>	<b>6.2</b>	<b>0.9</b>	<b>0.8</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Median</b>							<b>23.4</b>	<b>13.4</b>	<b>3.5</b>	<b>6.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Hungary</b>														
OTP Bank	Hungary	3,744.00	2,000.00	Sell	1,048,320	5,597	16.7	22.3	5.4	3.9	0.8	0.8	0.0%	0.7%
<b>Hungary</b>							<b>16.7</b>	<b>22.3</b>	<b>5.4</b>	<b>3.9</b>	<b>0.8</b>	<b>0.8</b>	<b>0.0%</b>	<b>0.7%</b>
BRE	Poland	178.00	107.00	Sell	5,280	1,811	62.7	22.2	2.1	5.8	1.3	1.3	0.0%	0.0%
BZ WBK	Poland	113.90	99.00	Sell	8,310	2,850	21.2	15.4	7.6	9.6	1.6	1.4	0.0%	0.0%
Pekao	Poland	135.40	168.00	Buy	35,504	12,176	18.3	17.1	11.5	11.0	2.0	1.8	0.0%	3.8%
<b>Poland</b>						<b>16,837</b>	<b>23.6</b>	<b>17.3</b>	<b>9.8</b>	<b>10.2</b>	<b>1.8</b>	<b>1.7</b>	<b>0.0%</b>	<b>2.7%</b>
Akbank	Turkey	7.40		Neutral (CBE)	22,200	15,016	12.1	11.0	16.1	15.7	1.9	1.6	3.2%	3.7%
Garanti	Turkey	4.90		Buy (CBE)	20,580	13,920	11.6	11.6	19.0	16.9	2.1	1.8	0.8%	0.9%
Is Bank	Turkey	4.90		Buy (CBE)	13,552	9,166	9.5	9.4	14.2	12.5	1.3	1.1	1.2%	0.8%
YKB	Turkey	2.72		Neutral (CBE)	11,824	7,998	13.2	11.1	12.3	13.6	1.6	1.4	0.0%	0.0%
<b>Turkey</b>						<b>46,100</b>	<b>11.6</b>	<b>10.9</b>	<b>15.9</b>	<b>15.0</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5%</b>	<b>1.6%</b>
Sberbank	Russia	1.38	2.00	Buy (CBE)	941,691	30,670	nm	15.4	0.3	8.4	1.4	1.3	0.0%	0.3%
Bank of Moscow	Russia	17.75	13.64	Sell	67,089	2,185	nm	42.6	-5.8	2.3	1.0	0.9	0.0%	0.1%
URSA Bank	Russia	0.39	0.31	Neutral	16,082	524	nm	5.9	-12.4	20.7	0.7	0.6	20.8%	20.8%
Vozrozhdenie Bank	Russia	22.00	34.00	Buy	14,096	459	10.8	6.9	9.7	14.1	1.1	0.9	0.0%	0.0%
VTB	Russia	2.56	0.91	Sell	264,265	8,607	nm	nm	-8.2	-5.1	1.0	1.6	0.0%	0.0%
<b>Russia</b>						<b>42,445</b>	<b>10.8</b>	<b>16.8</b>	<b>-1.8</b>	<b>5.5</b>	<b>1.3</b>	<b>1.3</b>	<b>0.3%</b>	<b>0.5%</b>
ABSA Group Ltd.	South Africa	12,000.00	12,900.00	Buy	86,028	11,075	10.0	8.5	16.9	18.6	1.7	1.5	4.0%	4.7%
FirstRand Ltd	South Africa	1,526.00	1,380.00	Neutral	85,977	11,068	12.3	10.9	15.2	15.8	1.6	1.4	3.4%	3.7%
Nedbank Group Ltd	South Africa	10,857.00	11,500.00	Neutral	49,866	6,419	10.3	8.0	12.3	14.8	1.2	1.1	4.3%	5.1%
Standard Bank Group Ltd	South Africa	9,617.00	10,000.00	Buy	146,602	18,872	11.3	8.9	14.5	16.4	1.5	1.4	3.6%	4.5%
<b>South Africa</b>						<b>47,435</b>	<b>11.1</b>	<b>9.2</b>	<b>15.0</b>	<b>16.5</b>	<b>1.5</b>	<b>1.4</b>	<b>3.7%</b>	<b>4.4%</b>
							<b>12.1</b>	<b>11.3</b>	<b>9.8</b>	<b>12.5</b>	<b>1.4</b>	<b>1.4</b>	<b>0.0%</b>	<b>0.8%</b>
<b>Emerging EMEA</b>														
<b>Average</b>							<b>19.7</b>	<b>13.9</b>	<b>7.0</b>	<b>10.6</b>	<b>1.3</b>	<b>1.2</b>	<b>2.0%</b>	<b>2.3%</b>
<b>Median</b>							<b>13.2</b>	<b>11.3</b>	<b>7.6</b>	<b>11.0</b>	<b>1.3</b>	<b>1.3</b>	<b>0.0%</b>	<b>0.3%</b>

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
<b>Wireless</b>														
Egyptian Mobile Services	Egypt	202.1	220.0	Neutral (CBE)	20,211	3,634	12	11	5	5	14	14	1.5%	1.5%
Orascom Telecom	Egypt	32.5	30.0	Neutral (CBE)	32,510	5,845	17	17	5.0	4.7	7.2	7.1	3.0%	3.0%
Turkcell	Turkey	14.3	13.0	Neutral (CBE)	18,605	12,584	13	14	5.3	5.2	29.6	10.8	8.8%	4.6%
VimpelCom	Russia	13.2	12.0	Neutral (CBE)	408,603	13,308	19	10	5.1	4.5	7.5	6.4	0.0%	0.0%
MTS	Russia	42.4	44.0	Buy (CBE)	501,094	16,320	14	11	4.5	4.2	7.5	6.5	6.7%	4.4%
MTN Group Ltd	South Africa	12,625.0	15,000.0	Buy	235,431	30,308	12	11	5.6	4.8	20.7	6.5	1.6%	1.8%
Qatar Telecom	Qatar	143.0	200.0	Buy	20,974	5,761	9	7	5.1	4.8	11.3	9.6	7.0%	3.3%
Wataniya	Kuwait	1.7	1.6	Neutral	837	2,915	12	11	4.8	4.2	10.7	10.2	3.0%	8.7%
Saudi Telecom	Saudi Arabia	50.3	49.4	Neutral	100,500	26,798	10	9	5.6	5.1	8.8	7.9	9.3%	9.6%
Etihad Etisalat Co	Saudi Arabia	38.3	45.0	Buy	26,810	7,149	14	12	8.2	6.5	25.7	17.3	2.0%	3.5%
Mobile Telecommunications Company KSC	Kuwait	1.3	1.1	Sell	5,459	19,018	16	14	7.8	6.5	14.0	14.4	3.9%	4.5%
Partner Communications	Israel	70.7	73.0	Neutral (CBE)	11,161	2,930	11	11	6.3	6.1	8.8	8.3	7.2%	7.1%
Cellcom Israel Ltd	Israel	28.1	32.0	Buy	10,542	2,768	10	10	5.5	5.2	7.7	7.0	9.4%	9.4%
Average							13.0	11.3	5.7	5.1	13.3	9.7	4.9%	4.7%
Median							12.3	10.9	5.3	4.8	10.7	8.3	3.9%	4.4%
<b>Wireline</b>														
Telekomunikacja Polska SA	Poland	15.7	16.0	Neutral	21,668	7,431	10	19	4	4	7	6.3	9.8%	9.8%
Magyar Telekom	Hungary	673.0	550.0	ell-Short Term Sell	698,090	3,727	8	9	3.9	3.8	6.9	6.5	11.0%	11.0%
Telefonica O2 CR	Czech Republic	469.0	430.0	Neutral	151,060	8,445	14	14	5.3	5.0	7.0	6.9	10.7%	10.7%
Telkom	South Africa	4,142.0	4,000.0	Neutral	21,166	2,725	4	8	3.3	1.9	-62.0	10.1	4.8%	4.8%
Turk Telekom	Turkey	4.4		Sell	15,400	10,416	8	10	3.7	4.6	6.0	8.9	20.0%	20.0%
Telecom Egypt	Egypt	16.9	16.0	Sell	28,764	5,172	10	10	6.0	4.0	7.3	5.7	6.5%	6.5%
Qatar Telecom	Qatar	143.0	200.0	Buy	20,974	5,761	9	9	5.8	5.1	19.9	11.3	2.6%	2.6%
Saudi Telecom	Saudi Arabia	50.3	49.4	Neutral	100,500	26,798	9	10	6.2	5.6	32.1	8.8	7.5%	7.5%
Bezeq	Israel	7.7	8.5	Buy (CBE)	21,277	5,586	13	11	6.1	5.2	10.1	8.0	11.4%	11.4%
Average Integrated							9.5	11.1	4.9	4.4	3.8	8.1	9.3%	9.3%
Multimedia Polska	Poland	7.4	7.2	Neutral	1,159	398	22	14	4	4	289	7	3.0%	3.0%

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



## Real Estate

Company	Country	Price		UBS PT	UBS Rating	Mkt Cap		EBITDA/EV		Net Debt/EV		NAV per share (\$)		Estimated P/NAV		Dividend Yield	
		local	USD			local mn	\$mn	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e	2009e	2010e
<b>Israel</b>																	
Africa Israel Investment Group	Israel	71.6	18.8	82.0	Buy	3,938	1034	0.0%	0.0%	73.2%	0.0%	0.0	0.0			6.5%	10.9%



## 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
<b>Israel Aerospace</b>																		
Elbit Systems	Israel	67.9	65.0	Neutral (CBE)	10,889	2,859	15.2	12.6	1.0	0.9	6.7	5.7	9.4%	10.8%	11.5%	14.3%	15.5%	16.1%
<b>Europe Aerospace</b>																		
BAE SYSTEMS	United Kingdom	319.3	450.0	Buy	11,262	18,580	7.6	7.1	0.9	0.8	7.1	6.3	11.0%	10.0%	10.3%	13.7%	12.3%	12.6%
Cobham	United Kingdom	178.1	250.0	Buy	2,031	3,350	10.1	8.9	1.4	1.2	7.3	6.2	16.2%	16.6%	17.4%	18.5%	18.8%	19.6%
EADS	France	12.7	7.0	Sell (CBE)	10,356	14,750	100.0	25.9	0.5	0.5	8.1	7.2	6.1%	1.6%	3.0%	10.5%	5.8%	7.6%
Finmeccanica	Italy	10.3	14.0	Buy	5,949	8,474	7.0	6.5	0.6	0.6	4.5	4.1	8.7%	9.1%	9.3%	13.1%	13.4%	13.8%
Meggitt	United Kingdom	172.5	200.0	Buy	1,148	1,894	7.0	6.5	1.8	1.8	6.5	5.9	24.1%	23.2%	24.6%	28.2%	28.3%	30.6%
MTU Aero Engines Holding AG	Germany	24.7	30.0	Buy	1,191	1,697	7.0	7.4	0.8	0.8	6.4	6.6	12.1%	10.2%	9.9%	15.0%	12.9%	12.8%
Rolls-Royce	United Kingdom	373.8	280.0	Sell	6,924	11,424	11.5	12.7	0.8	0.8	6.8	7.4	9.2%	8.1%	7.8%	12.7%	11.5%	11.4%
Safran SA	France	9.6	6.0	Sell	3,931	5,600	11.0	14.6	0.5	0.6	4.8	5.3	7.7%	6.0%	5.3%	13.0%	11.2%	11.0%
Smiths Group	United Kingdom	741.5	1,100.0	Buy	2,858	4,716	10.1	8.7	1.6	1.4	8.6	6.8	13.7%	15.5%	18.0%	16.2%	18.2%	20.9%
Thales	France	29.4	30.0	short Term Sell	5,842	8,322	11.0	9.7	0.5	0.5	6.4	5.7	6.9%	5.8%	6.7%	9.5%	8.4%	9.3%
Ultra Electronics Holdings	United Kingdom	1,147.0	1,150.0	Neutral	779	1,285	12.2	11.1	1.4	1.3	8.6	7.8	14.9%	15.1%	15.8%	16.3%	16.4%	17.1%
Uemco	United Kingdom	225.0	245.0	Buy	106	174	9.2	5.9	0.7	0.5	7.4	5.1	8.1%	8.5%	7.9%	9.1%	9.7%	9.2%
VT Group	United Kingdom	460.3	550.0	Buy	812	1,340	17.0	11.0	1.2	0.8	10.2	6.4	8.4%	8.0%	8.7%	11.1%	12.0%	12.2%
Zodiac	France	24.6	25.0	Neutral	1,367	1,947	8.8	10.9	0.9	1.0	6.4	6.9	11.7%	11.7%	10.9%	14.6%	14.4%	14.0%
<b>Weighted Average</b>							<b>25.4</b>	<b>12.3</b>	<b>0.8</b>	<b>0.8</b>	<b>6.9</b>	<b>6.3</b>	<b>9.7%</b>	<b>8.4%</b>	<b>9.0%</b>	<b>13.2%</b>	<b>11.7%</b>	<b>12.5%</b>
<b>Median</b>							<b>10.1</b>	<b>9.3</b>	<b>0.9</b>	<b>0.8</b>	<b>7.0</b>	<b>6.4</b>	<b>10.1%</b>	<b>9.6%</b>	<b>9.6%</b>	<b>13.4%</b>	<b>12.6%</b>	<b>12.7%</b>
<b>Americas Aerospace</b>																		
Rockwell Collins Inc.	United States	39.6	55.0	Buy	6,714	6,714	10.2	11.5	1.6	1.7	7.1	8.0	20.4%	20.1%	18.7%	23.1%	23.0%	21.7%
Raytheon Co.	United States	45.6	45.0	Neutral	17,749	17,749	9.3	9.3	1.1	0.9	7.7	6.8	11.3%	12.2%	11.2%	13.0%	13.8%	12.8%
Lockheed Martin Corp.	United States	74.6	82.0	Neutral	30,312	30,312	10.0	9.3	0.9	0.8	7.9	7.1	12.0%	9.8%	10.0%	14.0%	11.7%	11.9%
CAE Inc.	Canada	6.9	7.8	Neutral	1,736	1,606	11.9	11.4	1.6	1.2	6.7	5.5	17.7%	18.3%	15.0%	23.2%	23.8%	21.4%
<b>Weighted Average</b>							<b>9.9</b>	<b>9.6</b>	<b>1.1</b>	<b>1.0</b>	<b>7.7</b>	<b>7.1</b>	<b>12.9%</b>	<b>12.0%</b>	<b>11.6%</b>	<b>15.0%</b>	<b>14.1%</b>	<b>13.6%</b>
<b>Median</b>							<b>10.1</b>	<b>10.4</b>	<b>1.3</b>	<b>1.0</b>	<b>7.4</b>	<b>6.9</b>	<b>14.8%</b>	<b>15.2%</b>	<b>13.1%</b>	<b>18.6%</b>	<b>18.4%</b>	<b>17.1%</b>
<b>Americas (Defense-Small Cap)</b>																		
Alliant Techsystems	United States	78.9	100.0	Buy	2,613	2,613	11.4	9.4	1.0	0.8	7.8	6.5	10.5%	10.8%	10.7%	12.4%	12.7%	13.0%
Ceradyne Inc.	United States	19.1		Not Rated	456	456	29.4	15.1	0.80	0.8	6.5	3.6	24.1%	2.1%	9.2%	30.1%	12.3%	21.9%
CPI International	United States	9.1	18.0	Buy	147	147												
Orbital Sciences	United States	14.6		Not Rated	892	892	20.2	13.7	0.5	0.5	7.2	5.1	7.7%	5.5%	7.9%	9.3%	7.1%	9.2%
Oshkosh Truck Corporation	United States	25.6		Not Rated	1,902	1,902	-	11.4	0.8	0.7	15.9	7.3	8.0%	2.7%	6.2%	10.1%	4.9%	9.2%
<b>Weighted Average</b>							<b>15.5</b>	<b>11.2</b>	<b>0.8</b>	<b>0.7</b>	<b>10.2</b>	<b>6.3</b>	<b>10.3%</b>	<b>6.7%</b>	<b>8.7%</b>	<b>12.6%</b>	<b>9.3%</b>	<b>11.9%</b>
<b>Median</b>							<b>20.2</b>	<b>12.5</b>	<b>0.8</b>	<b>0.7</b>	<b>7.5</b>	<b>5.8</b>	<b>9.2%</b>	<b>4.1%</b>	<b>8.5%</b>	<b>11.3%</b>	<b>9.7%</b>	<b>11.1%</b>

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	
<b>Generic Pharma</b>																					
Teva Pharmaceuticals	Israel	51.2	56.0	Buy	160,982	42,264	3.3	2.8	10.2	7.9	12.4	9.4	10.4	8.0	2.1	1.9	11.8	9.7	14.9	11.8	
Dr. Reddy's Labs	India	815.4	930.0	Buy	137,369	2,855	1.5	2.1	7.4	11.2	10.0	15.4	15.1	21.5	2.0	2.9	8.6	12.3	13.0	18.4	
Mylan Inc.	United States	12.1	16.0	Buy	3,681	3,681	1.9	1.7	5.2	4.7	9.3	7.9	5.4	4.8	1.1	1.0	4.5	4.2	11.2	9.3	
Watson Pharmaceuticals Inc.	United States	34.9	35.0	Neutral	4,120	4,120	1.7	1.5	7.1	6.6	10.0	9.1	8.1	7.6	1.7	1.6	8.6	8.7	13.9	13.6	
<b>Weighted average</b>					52,920		3.0	2.6	9.5	7.8	11.9	9.6	10.1	8.5	2.0	1.9	10.9	9.4	14.5	12.1	
<b>Median</b>							1.8	1.9	7.3	7.3	10.0	9.2	9.2	7.8	1.8	1.8	8.6	9.2	13.5	12.7	
<b>Emerging EMEA (Ex- Israel)</b>																					
Pharmstandard	Russia	15.0	16.0	Buy	69,623	2,268	4.3	3.5	10.6	8.1	11.9	9.1	11.1	8.5	4.4	4.0	13.5	10.8	15.6	12.3	
<b>Weighted average</b>					2,268		4.3	3.5	10.6	8.1	11.9	9.1	11.1	8.5	4.4	4.0	13.5	10.8	15.6	12.3	
<b>Median</b>							4.3	3.5	10.6	8.1	11.9	9.1	11.1	8.5	4.4	4.0	13.5	10.8	15.6	12.3	
<b>Emerging EMEA</b>																					
<b>Weighted average</b>					55,188		3.1	2.6	9.5	7.8	11.9	9.5	10.2	8.5	2.1	2.0	11.0	9.4	14.5	12.1	
<b>Median</b>							3.8	3.2	10.4	8.0	12.1	9.2	10.8	8.3	3.3	2.9	12.6	10.2	15.3	12.1	
<b>Europe</b>																					
Basilea Pharmaceutica	Switzerland	86.9	175.0	Buy (CBE)	830	776	15.6	5.0	-3.0	-3.7	-3.0	-3.6	-2.9	-3.5	-5.3	-3.4	-5.6	-6.8	-5.5	-6.6	
Elan Corp.	Ireland	5.4	6.0	Buy (CBE)	2,563	3,650	4.6	3.9	69.9	35.7	360.5	48.4	25.0	17.5	4.7	4.9	-44.1	715.0	-25.3	-109.0	
Omega Pharma	Belgium	22.1	25.0	Neutral	570	811	1.1	1.0	6.9	6.6	8.4	8.0	8.4	8.2	0.9	0.9	6.2	6.0	8.5	8.2	
Shire Pharmaceuticals	United Kingdom	883.5	1,040.0	Buy	4,785	7,894	3.2	2.9	9.5	9.0	12.8	11.8	13.5	10.7	3.2	3.0	9.9	10.4	14.3	14.4	
STADA Arzneimittel	Germany	16.9	21.0	Buy	991	1,411	1.3	1.3	7.4	7.2	10.6	10.0	11.5	11.0	1.1	1.0	5.6	5.4	10.4	9.7	
Zeltia S.A.	Spain	3.1		Not Rated	676	963															
<b>Weighted average</b>							3.9	3.0	23.6	14.7	98.8	19.8	15.1	11.5	2.8	2.8	-5.1	185.6	2.6	-18.5	
<b>Median</b>							3	3	7	7	11	10	11	11	1	1	6	6	9	8	



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Buy	Buy	44%	38%
Neutral	Hold/Neutral	39%	36%
Sell	Sell	17%	25%
UBS Short-Term Rating	Rating Category	Coverage <sup>3</sup>	IB Services <sup>4</sup>
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.

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