

## Equities

15 September 2011 | 32 pages

# German Opportunities

## Digging for Diamonds in the Dust

- **Selected Ideas in Germany** — German equities have been hit hard. Citi's European Strategy team believe valuations make a strong investment case for German shares over the coming 12-18 months. In this note, we detail their view, together with the most recent outlook for the country from our German Economist, Juergen Michels and Citi's Chief Global Political analyst, Tina Fordham. We highlight 5 high-conviction buy calls in Germany by Citi's equity research analysts: adidas, BASF, Daimler, GEA Group and Siemens.
- **Economic Resilience** — We have recently reduced our GDP forecasts for Germany to 3.0% for 2011e and 1.9% for 2012e, yet we expect the German labour market to remain resilient, see likely falling inflation rates, and expect an increase in real disposable income. The shorting ban on certain European markets has pushed more hedging activity into the DAX. The DAX has fallen over 30% from July highs and has underperformed both Italian and Spanish equities, in line with Greek equities. On trailing earnings, the German market has only been cheaper 2% of the time since 1970. Our Country Allocation Model (CAM) has a clear preference for the north of Europe over the south. Germany scores well.
- **BASF (Buy, €72, 61% ETR)** — BASF is one of our top picks due to its broad product portfolio, high EM exposure, strong management, solid balance sheet, and attractive valuation. Add in an above-sector average dividend yield of 5.4% and we believe the Buy case for BASF is complete.
- **Daimler (Buy, TP €55, 67% ETR)** — The company stress-tests well: we estimate that a 5% volume change implies around 12% gain/loss to EPS at current earning structure. The long-term sustainability of margins is only masked by a weak momentary product cycle position in cars and expansion and changeover costs in trucks.
- **GEA Group (Buy, TP €25, 29% ETR)** — GEA is well-positioned to benefit from new incremental growth in food and beverages in China, driven by the recent focus on consumption-related growth and food quality and safety, as highlighted in our recent Engineering Sector in *China: Winners and Losers – What's new in the 12<sup>th</sup> FYP* report.
- **Siemens AG (Buy, TP €105, 61% ETR)** — Siemens has 1/3 of sales in EMs, a management team incentivised to deliver sector outperformance, a strong balance sheet, and good yield with the potential for additional cash returns, combined with an attractive valuation that we estimate is pricing in a downturn >3x larger than in 2009.
- **adidas Group (Buy, TP €56, 17% ETR)** — We recently initiated coverage of adidas Group. We believe it combines megabrand growth, EM expansion, US opportunity and self-help at Reebok. adidas is a premium growth stock, trading on a modest valuation, underpinned by a strong balance sheet.

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See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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## Strategy View – German Equities

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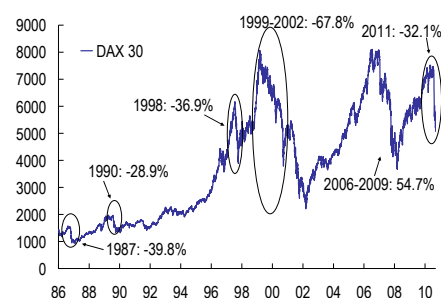
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Economic powerhouse. Lynch pin of Europe. Lender of last resort. Robust fiscal position. Balance of payments surplus. Good at penalty shoot outs. Germany is all these. However, while macro focus has been on Greece, Italy and French Banks, the German equity market has fallen sharply. We look at what recent moves mean for German equities in the context of European and world equities, and their own history.

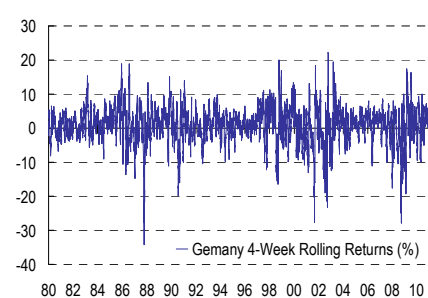
The DAX (Figure 1) has fallen over 30% in the past few weeks from July highs, not far from Germany's 1987 experience. It has underperformed both Italian and Spanish equities in this time and moved in line with Greek equities. Its 4-week rolling performance ranks 4<sup>th</sup> worst in the last 30 years (Figure 2) This reflects a confluence of factors. Growth has slowed around the world, risks of disorderly default in the periphery of Europe have increased, and the shorting ban on certain European financials has pushed more hedging activity into the DAX.

**Figure 1. DAX Index, 1986-Now**



Source: DataStream

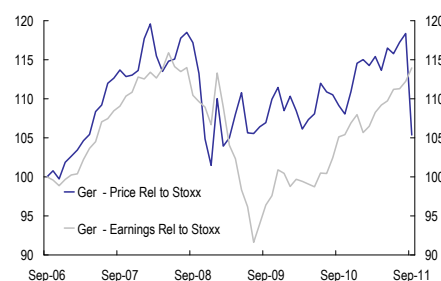
**Figure 2. 4-Week Rolling DAX Performance**



Source: CIRA and DataStream

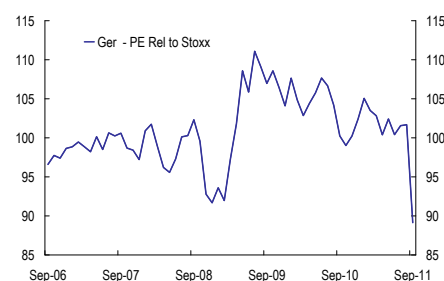
Relative to the Stoxx, the German equity market has fallen close to the price relative lows it made in October 2008, while relative earnings have held up (Figure 3). The PE relative has been hit hardest, with German equities now trading at a 10% discount to Europe. While we expect downgrades ahead, we view German as well-placed to be relatively resilient due to the exposure to the faster growth of EM.

**Figure 3. German Price and Earnings Rel**



Source: CIRA and DataStream

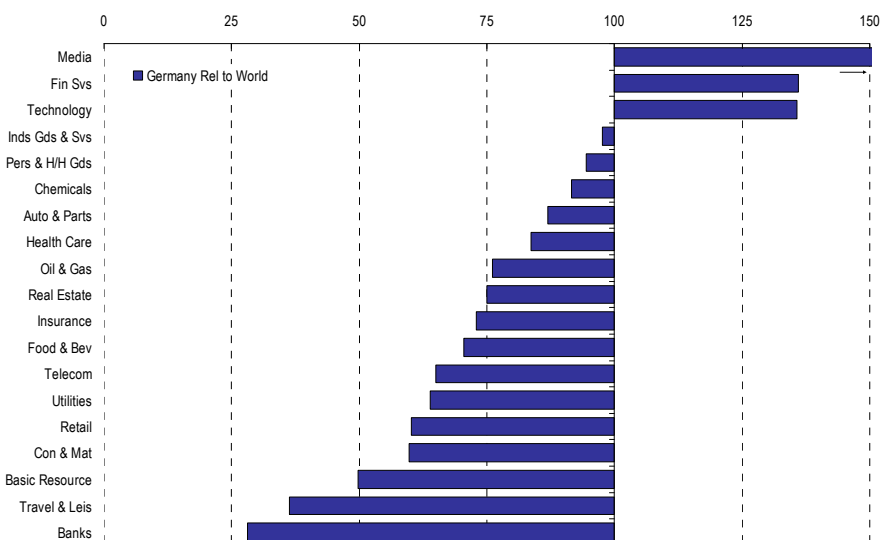
**Figure 4. Germany P/E Relative**



Source: CIRA and DataStream

Germany looks cheap relative to Europe on a 12m forward P/E. Figure 5 shows that most German sectors trade on a reasonable price/book discount relative to global peers, too. Only 3 sectors — Media, Financial Services and Technology — show German sectors on a premium.

Figure 5. German Sectors vs World (Price/Book)



Source: Citi Investment Research and Analysis

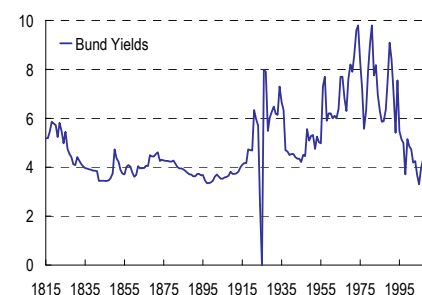
The impact of the sharp sell-off on valuations is shown in Figure 6. On trailing earnings, the German market has only been cheaper 2% of the time since 1970. Pretty compelling. This derating has been played out against an ongoing re-rating of Bunds. The safe-haven liquid bond market in the Eurozone has seen yields on 10 year fall to 1.8%. Historic lows.

Figure 6. German Trailing P/E



Source: DataStream

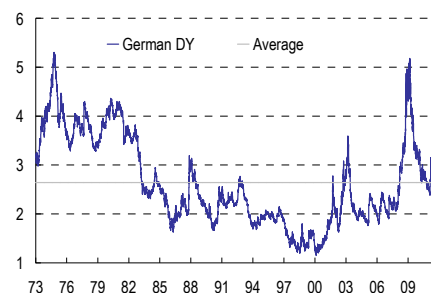
Figure 7. Long-Term Bund Yields



Source: Global Financial Data and DataStream

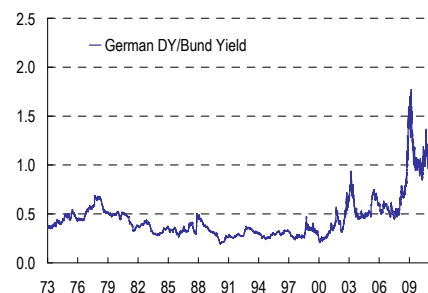
The sell-off as well as pushing PEs down has pushed dividend yields up. Again on a trailing basis, yields are closing in on 4%. Back to the 70s. Combined with the fall in bund yields, the DYR ratio is close to where it was at the lows in early 2009. Further support for equities.

Figure 8. German Dividend Yield



Source: DataStream

Figure 9. German Dyr



Source: DataStream

Price performance and valuation are both supportive of German equities. How does Germany sit relative to the rest of Europe?

Figure 10. Country Attribution Model (CAM)

	Exp (EM)	Exp (US)	Earn Mo	DYG	P/B	Corp B/S	Bond Sp	Govn Debt	Macro	Final Rank
Factor Weight	20%	5%	15%	10%	10%	15%	5%	10%	10%	100%
Switzerland	7	5	4	4	15	3	1	-	1.5	5.45
Sweden	5	6	8	6	13	1	3	-	5.5	5.90
Austria	2	15	5	3	6	12	9	4	5	5.95
Netherlands	8	4	10	2	9	6	5	2	3.5	6.10
Germany	11	7	2	10	8	8	2	1	5.5	6.60
Finland	1	12	16	16	4	3	6	3	8.5	7.10
Denmark	4	8	13	5	16	6	4	-	5.5	7.55
UK	10	3	7	7	12	5	7	5	9.5	7.65
Norway	15	11	1	12	14	2	8	-	1.5	7.80
Italy	9	10	11	8	2	13	13	7	12	9.45
Greece	6	16	15	1	1	11	16	11	15	9.50
France	12	9	8	11	7	9	10	8	12	9.70
Belgium	13	2	6	13	11	13	11	6	9.5	10.05
Spain	3	13	11	9	10	15	12	9	15	10.05
Ireland	16	9	2	15	3	10	14	12	12	10.35
Portugal	14	14	13	14	5	16	15	10	14.5	12.95

Source: Citi Investment Research and Analysis

Figure 10 is our Country Allocation Model (CAM). It takes a range of factors that we view as being the main drivers of relative performance and ranks the markets by a weighted exposure to them. We view a combination of EM exposure, valuation, and robust macro conditions as the most important. This model has a clear preference for the north of Europe over the south. Germany is in the top third.

Figure 11. STAM – Top 10 Stocks for Germany

Adidas	Infineon Technologies
GEA Group	BMW
Beiersdorf	Metro
Muenchener Rueckver	Bayer
SAP	Henkel Pref.

Source: Citi Investment Research and Analysis

We use a similar model to CAM to help set our sector strategy. It has no weighting on country macro and greater weightings on valuations. Running these factors at the stock level for German listed companies only produces the Top 10 shown in Figure 11.

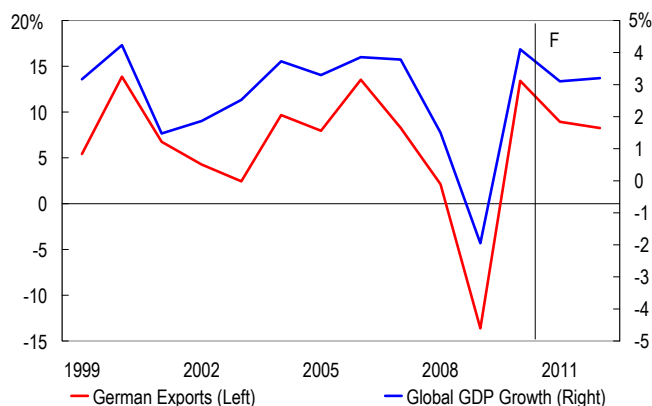
Overall, German equities have been hit hard. Recent price performance and valuations make a compelling case. We ask our analysts for their top 5 picks, which are detailed in the final section of this note. But first Citi's German economist, Juergen Michels, outlines his current view on Germany and then Citi's Chief Political Analyst, Tina Fordham, outlines her views on how German politics will influence the outcome of the current Eurozone crisis.

## German Economics Outlook

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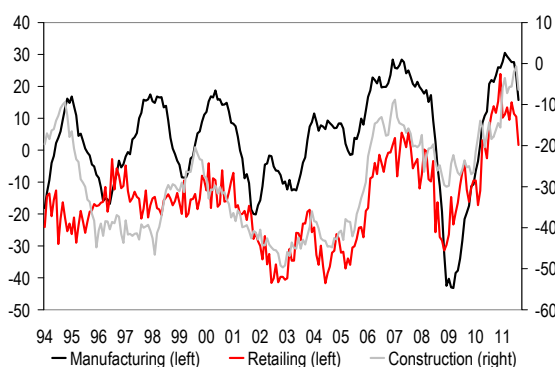
In August, we have revised down our GDP forecast for Germany substantially from 3.5% to 3.0% for 2011 and from 2.5% to 1.9% in 2012. While the downward revision for 2011 mainly reflects the lower-than expected 2Q reading and the downward revision of 1Q, the reduced forecast for 2012 takes into account a weaker outlook for global demand and particularly lower demand from the European trading partners. As an export dependent economy, Germany remains vulnerable regarding a further deterioration in global demand and would be negatively affected by an escalation of the European sovereign debt crisis, i.e. by a near-term default of Greece. Hence, in the currently very uncertain global economic environment, downside risks on the German economy remain.

Figure 12. Global GDP Growth and German Exports (Pct. YY), 1999–2012F



Sources: Haver and Citi Investment Research and Analysis

Figure 13. Germany: ifo Business Sentiment by Sector 1994 – Aug 2011

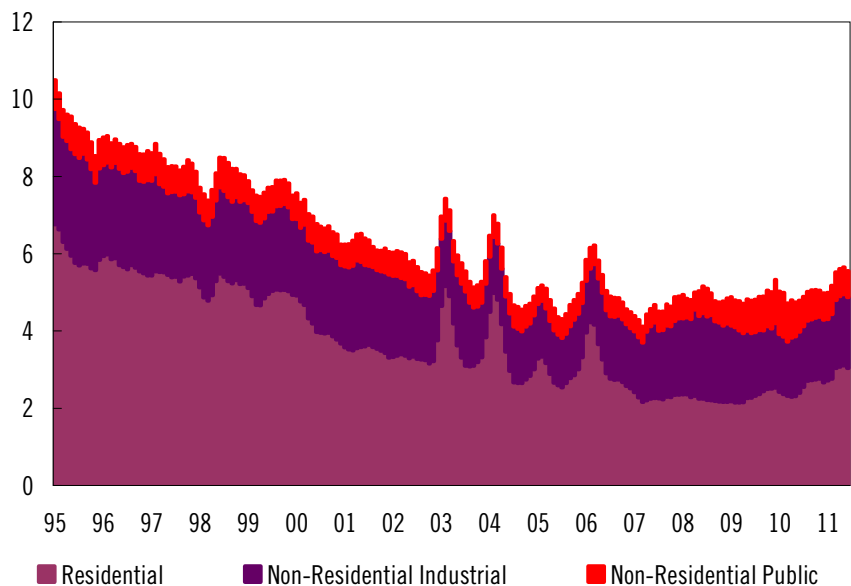


Sources: Ecowin and Citi Investment Research and Analysis

There is no doubt that in case of much weaker global demand, the German export sector is likely to suffer and this is likely to have an impact on the labour market situation in Germany (see figure 12). Indeed, in addition to fall in confidence in the export-dependent manufacturing sector, the ifo survey also shows a fall in the domestic-oriented construction and retail sectors (see figure 13). However, sentiment readings in the two domestic sectors remain at elevated levels compared to their long-term average. Based on our current view of global demand and given the huge amount of job vacancies, we expect the German labour market to stay resilient. And the use of the short-shift working scheme in the last recession showed that the German labour market became more flexible without destroying consumer confidence.

With a further modest increase in employment, and likely falling inflation rates (mainly reflecting that commodity prices peaked in the summer), real disposable income is likely to increase. This probably will propel private consumption in 2H 2011 and in 2012, after the disappointing 2Q consumption data. Furthermore, we expect that residential construction spending is likely to expand further. In an environment of low mortgage rates in Germany, the ongoing increase in residential building permits suggests that construction is likely to recover from the multi-year downward trend, which started when the tax subsidies for investment in East Germany terminated (see figure 14).

Figure 14. Germany: Building Permits (EUR bn), 1995-Jun 2010



Sources: Ecowin and Citi Investment Research and Analysis

Of course, the current ongoing sovereign debt crisis might undermine business and consumer sentiment in Germany as well. In case this happens and there are signs that a more severe economic downturn is underway, Germany, after reducing the deficit substantially in 2010/ 11, has room to put in place fiscal stimulus. This is in contrast to most other euro area countries that are the focus of financial markets. However, with current political uncertainty, there might be some delay in taking the decisions to support domestic demand quickly enough (more on the political situation in Germany see below).



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## German Political Outlook

Germany's importance within the European Union and as a global power has increased since the global financial crisis: it is the continent's unchallenged political and economic powerhouse. Accordingly, its political stability has implications beyond its borders.

Although the current Christian Democratic Union-led ruling coalition has presided over a period of decent growth and political stability, its support has steadily declined over the past 2 years. This declining popularity is somewhat puzzling given the country's economic outperformance compared to other EU member states during the global financial crisis, and relatively low unemployment levels.

The coalition's declining popularity is attributable in part to anti-bailout sentiment and opposition to other measures to address the eurozone crisis. Even so, this factor alone is unlikely to account for the coalition's poor performance during this year's spate of regional elections, which included losses in several previously "safe" CDU districts.

A major reason for the low public support for Angela Merkel's centre-right coalition is the ongoing disputes in numerous policy areas. Among these, the U-turn in the government's stance on nuclear energy after the events in Japan led to a significant loss in credibility among the electorate. In the background, part of the explanation for the loss of confidence in the German leadership lies within the wider trend of growing anti-establishment sentiment in the mature democracies. This trend has strengthened in the wake of the global financial crisis and prompted a cycle of revolving-door political leadership and/or more fragile multi-party coalitions in many of the world's mature democracies, as anxious publics demonstrate increasing hostility toward both political and business elites regardless of political party affiliation. The result is less political capital for leaders who need to take difficult decisions, and more difficulty in resolving crises.

Following the controversy surrounding the mechanisms created to address the sovereign debt crisis, last week's decision by the constitutional court backed Angel Merkel's government's decisions. However, the court's verdict increased the pressure on the government to involve Parliament in future decisions regarding the bailout facilities. The ongoing eurozone debt crisis represents the most significant risk for German political stability, and the resulting tensions will reduce government effectiveness with regard to policymaking more generally between now and the next elections. The leadership has repeatedly stated its strong commitment to the euro and willingness to do "whatever it takes" to support it, a stance that is very much in the country's financial interest. The challenge is balancing this policy imperative against public opposition to German taxpayer responsibility for the debts of the peripheral states and the stance of the opposition parties, which are more willing to go ahead with more integration in the euro area.

Elections are not due until September 2013, but there is a risk coalition tensions could bring them forward, especially if the CDU is forced to rely upon opposition support to pass the EFSF expansion measures in the upcoming Bundestag vote on 29<sup>th</sup> September. The main question will be how long the junior coalition partner (FDP) is able to sustain losses in this year's remaining regional elections before deciding to leave the coalition in order to sharpen their profile. Weakening growth prospects from 2.9% in 2011 to 1.5% in 2012, among other factors, increase the likelihood of the next government being composed of some combination of the Greens, who have benefitted most from the political turmoil and now run their first state (Baden-Württemberg), and the centre-left Social Democratic Party (SPD). Public opinion polls are likely to remain volatile in the run-up to 2013 elections, and traditional political party identification could shift following the renunciation of nuclear power by the CDU, effectively eliminating the political divisions previously caused by the issue.

Early elections in Germany would probably have immediate negative repercussions on markets. But a new, more powerful government with a strengthened mandate could then be welcomed by markets frustrated by the perceived slow response of the CDU to addressing the eurozone crisis, and given the historically more pro-EU stance of the Social Democrats. Given the expiration of the current temporary EFSF facility in 2013, pre-election political tensions and economic imperatives to act on eurozone matters could collide, making the task of the next German government little easier than the current one.

		History			Forecast			History				Forecast				
		2010	2011	2012	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12
Real GDP	YY	3.6	3.0	1.9	2.4	4.1	4.0	3.8	4.6	2.8	2.3	2.2	1.4	1.9	2.1	2.2
	QQ SAAR				2.1	8.0	3.2	1.9	5.5	0.5	1.4	1.7	2.2	2.5	2.1	2.1
Final Domestic Demand	YY	1.8	3.0	2.2	0.3	1.4	2.5	3.1	4.1	2.5	2.5	2.8	1.8	2.6	2.3	2.2
	QQ SAAR				2.2	5.5	3.0	1.6	6.2	-0.5	2.9	2.6	2.2	2.6	1.8	2.1
Private Consumption	YY	0.4	1.6	2.0	-0.7	-0.5	0.9	1.8	2.1	1.1	1.5	1.5	1.6	2.5	2.1	1.9
	QQ SAAR				0.5	2.9	1.4	2.6	1.6	-1.1	3.0	2.8	1.9	2.2	1.7	1.7
Public Consumption	YY	1.9	1.0	-0.3	3.0	1.4	1.7	1.5	1.3	1.6	0.5	0.6	-0.7	-0.4	-0.1	0.0
	QQ SAAR				6.1	-2.6	3.3	-0.7	5.3	-1.2	-1.2	-0.4	0.0	0.0	0.0	0.0
Fixed Investment	YY	6.2	9.0	5.0	0.7	7.2	8.3	8.5	12.9	7.6	7.3	8.3	4.6	5.7	4.9	4.8
	QQ SAAR				3.4	23.3	7.6	1.2	20.8	1.8	6.7	5.0	5.1	6.0	3.5	4.7
-- Business Equipment	YY	10.4	13.0	6.3	1.6	8.8	13.3	18.0	17.5	14.2	11.4	9.7	7.0	7.0	5.7	5.6
	QQ SAAR				19.9	19.6	19.3	13.4	17.7	6.7	8.0	6.6	6.5	6.9	2.7	6.3
-- Construction	YY	2.6	5.6	3.4	-1.2	5.9	4.5	1.2	9.9	1.9	3.7	7.3	1.8	4.1	4.0	3.8
	QQ SAAR				-8.4	29.9	-1.9	-9.9	27.1	-4.0	5.2	3.1	3.2	4.8	4.9	2.3
Stocks (Contrib. to YY GDP Growth)		0.6	-0.5	0.1	0.8	0.6	-0.2	-0.5	-0.4	0.5	-0.2	0.0	0.0	0.0	0.0	0.0
Exports of Goods and Services	YY	14.4	9.7	8.3	8.6	17.9	16.3	14.7	12.8	8.5	8.8	8.9	8.5	7.8	8.4	8.4
	QQ SAAR				17.0	30.0	5.7	7.6	9.6	11.1	6.8	8.0	8.1	8.5	8.9	8.3
Imports of Goods and Services	YY	12.8	8.5	9.0	4.5	17.5	13.5	16.1	10.5	6.6	7.8	9.4	10.0	8.7	8.9	8.6
	QQ SAAR				29.6	31.7	3.3	3.2	6.0	14.2	8.0	9.6	8.4	8.9	8.6	8.7
Net Exports (Contrib. to YY GDP Growth)		1.2	1.0	0.1	-0.8	0.2	0.3	0.5	0.5	-0.1	0.0	-0.1	0.1	0.1	0.2	0.1
Consumer Prices	YY	1.1	2.3	2.0	0.8	1.1	1.2	1.5	2.1	2.3	2.4	2.3	2.1	1.8	2.0	2.0
Compensation per Employee	YY	2.4	3.5	4.1	1.7	2.6	2.5	2.6	2.9	3.2	3.7	4.0	4.0	4.1	4.1	4.2
Employment Growth	YY	0.5	1.2	0.4	-0.2	0.4	0.8	1.1	1.4	1.2	1.1	1.0	0.7	0.4	0.3	0.2
Unemployment Rate (ILO)	%	7.1	6.2	6.1	7.5	7.2	6.9	6.6	6.4	6.1	6.1	6.1	6.1	6.1	6.0	5.9
Current Account Balance	€ bn	141.1	132.8	125.7												
	% GDP	5.7	5.2	4.8												
General Government Balance	€ bn	-82.0	-48.7	-26.4												
	% GDP	-3.3	-1.9	-1.0												
General Government Debt	€ bn	1757.9	1846.6	1881.0												
	% GDP	83.2	84.0	84.4												
Gross Trading Profits	YY	14.1	9.2	4.0	20.7	21.3	9.3	6.8	9.0	8.7	9.7	9.2	-2.0	5.6	6.2	5.9
Source: National sources and CIRA																

Source: National sources and CIRA

## Company Focus

### ■ Company Update

<b>Buy/Medium Risk</b>	<b>1M</b>
Price (14 Sep 11)	€46.38
Target price	€72.00
Expected share price return	55.2%
Expected dividend yield	5.4%
<b>Expected total return</b>	<b>60.6%</b>
Market Cap	€42,599M
	US\$58,286M

### Price Performance

(RIC: BASFn.DE, BB: BAS GR)



## BASF SE (BASFn.DE) In Good Shape

- **One of our top picks** — BASF remains one of our top picks in the sector due to its broad product portfolio, good EM exposure, market-leading positions, strong management, and attractive valuation (PE12E 8.4x). A dividend yield of 5.4% completes the Buy case.
- **Entering a lower-growth phase** — We think the main issues going into 2012 are: 1) volume growth will likely slow with a probable mini-destock by year end 2011; 2) with lower crude prices and weaker demand, we would expect prices to come under some pressure and lead to margin pressures; and 3) the recovery into 2013 is likely to be very strong, reflecting high operating rates supported partly by the reduction in supply from capex constraints in 2012. BASF has not seen any signs of a slowdown consistent with recession, but the company has consistently stressed that it would react swiftly to any slowdown. Management reacted fast in the crisis 2008/2009 with strong focus on cash, costs, and margins. We would expect to see a similar reaction during another slowdown.
- **Estimates** — We cut our 2011E and 2012E estimates by 8% and 22%, respectively, at the start of August. We are c 11% below consensus estimates. We think the apparent slowing in economic activity and the resulting impact on volumes and prices — most likely in Chemicals, Construction and Paper Chemicals (c.20% of the group — will leave its mark on the company's earnings.
- **Strong Financial position** — BASF is in good financial shape. Net debt at year end 2011 is likely to be at around €10bn (net debt/EBITDA11E 1x) and at c. €7.5bn by the end of 2012 (net debt/EBITDA12E 0.74x). Therefore, we think BASF is well-equipped for any potential economic woes and in a good position to pick-up assets at potentially very attractive prices. This strong position also allows for an attractive dividend: we forecast €2.20/share in 2011E, resulting in an above-sector average dividend yield of 5.4%.
- **Buy recommendation** — We believe BASF is well-placed to weather any potentially impending economic storm with little likelihood of long-term damage to its cash generation potential. Operating rates are high and yet any downturn is likely to rapidly lead to cutback in capex and hence to delay in expansions. We would expect BASF to be able to widen margins rapidly into a recovery in 2013 and for its long-term cash generation potential to be little impacted by slower growth in 2012. The current price may well prove to be a Buying opportunity.

### BASF SE (EUR)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (€M)	50,693.0	63,873.0	73,489.8	77,685.8	81,441.3
Net Income (€M)	2,761.0	5,261.0	5,301.9	5,009.5	6,412.7
Diluted EPS (€)	3.01	5.73	5.77	5.45	6.98
Diluted EPS (Old) (€)	3.01	5.73	5.77	5.45	6.98
PE (x)	15.3	8.0	8.0	8.4	6.6
EV/EBITDA (x)	7.5	5.4	5.5	5.6	4.5
DPS (€)	1.70	2.20	2.20	2.40	2.60
Net Div Yield (%)	3.7	4.8	4.8	5.2	5.6

## Company Focus

### ■ Company Update

<b>Buy/Medium Risk</b>	<b>1M</b>
Price (14 Sep 11)	€34.25
Target price	€55.00
Expected share price return	60.6%
Expected dividend yield	6.3%
<b>Expected total return</b>	<b>66.9%</b>
Market Cap	€36,504M
	US\$49,947M

### Price Performance

(RIC: DAIGN.DE, BB: DAI GR)



## Daimler AG (DAIGN.DE)

### Underperformance in sell off increases potential

- Still lagging peers** — DAI has continued to be a share price underperformer relative to German peers even during the sell-off since late July, capping a trend that has persisted for >9 months now. This may reflect views of the company as a serial operational underperformer, and concerns about the effectiveness of management. We see this as a buying opportunity. The company stress-tests well: we estimate that a 5% volume change implies around 12% gain/loss to EPS at current earnings structure. Trucks has greater economic sensitivity even than cars, but operating leverage is proportionally less, while the company starts with solid profit and net cash cushions. In normal economic conditions, DAI is exposed to the same positive trends as the other Germans in upscale cars, and we believe it has reached an inflection point with its relative performance in trucks. A weak momentary product cycle position in cars, and expansion and changeover costs in Trucks, each sap current returns by 2-300bps, we feel, and mask the positive trends that should contribute to long-term sustainability of margins.
- Estimates** — We recently reduced estimates by around 12% for 2012 as a consequence of reducing expectations of car sales by around 4% and truck sales by around 9%. Germany and China, MBC's two most important markets, seem relatively well-underpinned for DAI, as for other German peers. We are not aware of any real change of trend, as yet, in any major truck market in which DAI is active other than Brazil, where it is market leader on some measures. However, with some European economies contracting in 2012 and much slower growth in NAFTA, a rate of growth nearer 10% than the previous >20% level seems rational, and should be sustained by replacement demand. We were previously around 8% ahead of consensus for this name.
- Shares** — Our €55 target price implies a 67% ETR, as we continue to mark down valuations to a discount to historical average valuations, based on 12E estimates. Daimler is a cash-rich company, with €5bn net cash post pensions (plus a major EADS investment, which it still hopes to shift) and has so far been committed to a 40% payout. At the current market price, that would provide a 6.5% yield on the 11E dividend. At our target price, DAI would trade at 9.5x PER vs 5.7x PER at current prices, both on 2012 estimates, while it would also trade at 3.6x EV/EBITDA vs 1.8x at current prices. Furthermore, DAI bottomed at c.€21-22 end 08/beginning 09, and since then it has added €10bn net cash, €8.5 ex pension funding or €8 per share. At €34, it is only 14% above floor + cash build adjustment.

### Daimler AG (EUR)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (€M)	78,924.0	97,761.0	108,200.0	113,000.0	123,500.0
Net Income (€M)	-2,640.0	4,498.0	5,860.0	6,180.0	7,360.0
Diluted EPS (€)	-2.62	4.28	5.49	5.79	6.90
Diluted EPS (Old) (€)	-2.62	4.28	5.49	5.79	6.90
PE (x)	-12.3	7.6	5.9	5.6	4.7
EV/EBITDA (x)	14.2	3.2	2.0	1.8	1.5
DPS (€)	0.00	1.85	2.15	2.40	2.80
Net Div Yield (%)	0.0	5.7	6.6	7.4	8.7

## Company Focus

### ■ Company Update

<b>Buy/High Risk</b>	<b>1H</b>
Price (14 Sep 11)	€19.81
Target price	€25.00
Expected share price return	26.2%
Expected dividend yield	2.4%
<b>Expected total return</b>	<b>28.6%</b>
Market Cap	€3,640M
	US\$4,981M

### Price Performance (RIC: G1AG.DE, BB: G1A GR)



## GEA Group (G1AG.DE) Structural Growth

- **Reiterate Buy Rating** — We believe the recent pull-back represents an attractive entry point given: (i) structural growth in food & beverage (50% of group sales) driven by China, an industry that has not benefited from the China growth story in the previous upturn, but which we believe will be a major growth area in the medium term as China's 12th FYP is increasingly consumer orientated; and (ii) still prevailing significant scope for self help.
- **Changes to Forecasts** — We have already reduced our forecasts to account for a wider macro weakness. Our TP of €25 still conservatively assumes through-cycle margins of 9% (vs. 25 year average EBIT margin of 8%).
- **What's Priced In?** — Our P/E analysis suggests that GEA may be pricing in a 30% Y/Y fall in EPS (this compares to the sector average of 17%) and our EV/sales analysis implies a sales decline of 4% is being priced in compared to sales decline of 15% witnessed in the recent downturn post 2008.
- **Structural Growth** — GEA is well-positioned to benefit from new incremental growth in food & beverage in China, driven by the recent focus on consumption related growth and food quality and safety — a series of regulations were introduced (from mid-09) by the Chinese government. In our recent Engineering Sector in *China: Winners & Losers – What's New in the 12th FYP* report, we highlighted food & beverage as one of the fastest-growing end-markets in China, growing at > 20% over the 2010-2015E period, which is not reflected in the current expectations. Note food manufacturing PMI in China continues to increase and is now at 60-level, while manufacturing PMI has been declining.
- **Restructuring** — Restructuring of the Heat Exchangers division, which is expected to yield €65m in annual savings, is on track (as per comments made during 2Q11 results) and the company notes cost savings are expected to be seen as of 2H11. 11 out of 12 reorganisation projects are complete and 1 will be closed in 1Q12 as a part of the Phase I restructuring programme. Implementation of Phase II is on track and negotiations at 6 plants with the works councils now concluded, including for the plant in Germany where the strike was.
- **Solid Balance Sheet** — We forecast net debt of €443m at the end of 2011 (0.7x net debt/EBITDA) and post 2012E we expect GEA to be debt-free.

### GEA Group (EUR)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (€M)	4,411.1	4,418.4	5,287.5	5,586.2	5,766.4
Net Income (€M)	221.1	247.2	351.1	388.1	435.2
Diluted EPS (€)	1.20	1.34	1.79	1.98	2.22
Diluted EPS (Old) (€)	1.20	1.34	1.79	1.98	2.22
PE (x)	15.1	13.5	10.2	9.2	8.2
EV/EBITDA (x)	9.9	10.3	6.7	6.0	5.2
DPS (€)	0.30	0.40	0.47	0.59	0.67
Net Div Yield (%)	1.6	2.2	2.6	3.3	3.7

## Company Focus

### ■ Company Update

<b>Buy/High Risk</b>	<b>1H</b>
Price (14 Sep 11)	€66.85
Target price	€105.00
Expected share price return	57.1%
Expected dividend yield	4.2%
<b>Expected total return</b>	<b>61.3%</b>
Market Cap	€61,114M
	US\$83,620M

### Price Performance (RIC: SIEGn.DE, BB: SIE GR)



## Siemens AG (SIEGn.DE) Electricals Top Pick

- **Electricals Top Pick** — Before the recent wider market sell-off, the share had gone largely sideways, reflecting in our opinion concerns over the next leg in the story, with much of the obvious group restructuring behind us. However, we still see significant upside potential, supported by a management team for which remuneration is aligned with shareholders' interests. When this is combined with a highly attractive valuation, Siemens is our top pick in the Electricals.
- **Paid to Perform** — The new "One Siemens" programme targets peer outperformance. Crucially, as part of the program, management compensation is now to be more aligned to shareholder interests, with bonuses now 50% in deferred stock (previously all cash) and separate stock awards fully performance related, half based on share price performance versus a named basket of peers.
- **Late / Long Cycle Exposures** — Siemens has the second-longest order backlog in our Electrical coverage group at c16 months, largely in the later-cycle Power business and the rail business. The later / longer cycle Energy Sector accounts for nearly half of our Sector Profit forecast for 2011E.
- **Siemens Worst Case May Be They Are Right** — Siemens management have been consistently cautious on the outlook and we believe this has also weighed on the share price prior to the recent sell-off, such that to a degree the share has been doubly punished for the economic risks. We believe that the cyclical improvement included in forecasts at Siemens is much lower than at any of the early cycle peers, e.g. if Automation & Drives followed a profit pattern similar to industrial proxy SKF in exceeding its past peak earnings, this could equate to over €1bn additional profit, or nearly a 10% group EPS increase vs. our forecast.
- **Strong Balance Sheet, Good Yield, Possible Special Cash Return** — We forecast that the Industrial net cash at the upcoming September year-end (excluding financial services) will be over €4bn. The c4% dividend yield compares to our coverage average of 3.2%. We also see the possibility of a special dividend, especially if there are further disposals.
- **€105 Target Price Offers 60%+ ETR** — Our target price is €105, based on a P/E of c12.6x 2012E, in line Siemens' 5-year average P/E. Further action on "The 'Other' Opportunity" could see a blue sky valuation still over €120 per share.

### Siemens AG (EUR)

Year to 30 Sep	2009A	2010A	2011E	2012E	2013E
Sales (€M)	76,651.0	75,978.0	70,371.1	73,698.4	76,968.5
Net Income (€M)	5,338.8	5,986.2	6,815.0	7,200.5	7,662.1
Diluted EPS (€)	6.10	6.82	7.74	8.18	8.70
Diluted EPS (Old) (€)	6.10	6.82	7.74	8.18	8.70
PE (x)	10.6	9.5	8.4	7.9	7.4
EV/EBITDA (x)	8.1	6.1	4.8	4.4	4.0
DPS (€)	1.60	2.70	2.80	3.00	3.20
Net Div Yield (%)	2.5	4.2	4.3	4.6	4.9



## Company Focus

### ■ Company Update

<b>Buy/Medium Risk</b>	<b>1M</b>
Price (14 Sep 11)	€48.64
Target price	€56.00
Expected share price return	15.1%
Expected dividend yield	2.1%
<b>Expected total return</b>	<b>17.2%</b>
Market Cap	€10,176M
	US\$13,924M

### Price Performance (RIC: ADSGn.DE, BB: ADS GR)



## adidas Group (ADSGn.DE) Walk This Way

- **Premium, sustainable growth drives our Buy rating** — adidas Group combines megabrand growth, EM expansion, US opportunity and self-help at Reebok. adidas is a premium growth stock, trading on a modest valuation, underpinned by a strong balance sheet.
- **adidas is a global megabrand** — It is one of a small group of brands with the heritage, distribution scale, marketing capability and balance sheet to consistently outperform, in our view. It is with this structural advantage that adidas Group has increased global market share for more than a decade, a theme we forecast will continue into the medium term.
- **EM growth. US opportunity** — We expect emerging markets to rise from 1/3 to c.50% of group revenue over 5 years, providing adidas with rising exposure to the highest-growth global sportswear markets. In the US, adidas Group remains sub-scale (market share: 6.2% vs. Europe 22%). Management are targeting US market share gains. Our forecasts assume no recovery. Delivery would drive upside risk to our forecasts.
- **Reebok: Free option** — Since acquisition in 2006, Reebok has suffered from a loss of market share, loss of key endorsements and an EBIT margin collapse. We estimate a recovered Reebok could be worth 20% of group market cap. We conservatively value Reebok at zero.
- **Dec-12e PBT €1.1bn (EPS €3.57, +16% yoy)** — Our Dec-12 PBT forecast is c.4% below market consensus, in part reflecting a more cautious view of the global economic outlook. Notably, our 5-year forecast is significantly below management's Route 2015 targets. If Route 2015 is delivered to plan, our forecasts would be c.25% light.
- **Buy rating (1M), €56 target price** — adidas trades on a 15-20% discount to peers, on our estimates, despite our conservative forecast agenda and the prospect of sustained premium EPS growth (2010-15e CAGR 13%). Our €56 target price is based on adidas trading on a 13.5x PE multiple out to Dec-13e. This is a 10% discount to adidas's long-run average and is supported by our SoTP, which attributes zero value to Reebok.

### adidas Group (EUR)

Year to 31 Dec	2009A	2010A	2011E	2012E	2013E
Sales (€M)	10,379.0	11,990.0	13,032.1	13,732.6	14,458.1
Net Income (€M)	245.0	567.0	646.3	747.2	866.9
Diluted EPS (€)	1.22	2.71	3.09	3.57	4.14
Diluted EPS (Old) (€)	1.22	2.71	3.09	3.57	4.14
PE (x)	38.2	17.2	15.1	13.0	11.2
EV/EBITDA (x)	14.8	9.1	8.2	7.3	6.4
DPS (€)	0.35	0.80	0.95	1.10	1.25
Net Div Yield (%)	0.8	1.7	2.0	2.4	2.7



## BASF SE

### Company description

BASF is an integrated commodity chemical company with agrochemical and oil & gas interests. Chemicals (65% group) focuses on basic petrochemical and inorganic intermediates. Crop Protection (10% group) forms the bulk of its Agriculture and Nutrition division. Oil & Gas (25% group) focuses on oil production in Libya, on gas production in the North Sea, Argentina and increasingly Russia, and on gas distribution in Europe.

### Investment strategy

We rate BASF Buy/Medium Risk (1M). BASF is a three-pillared conglomerate. Looking at the three parts and their medium-term outlook: 1) the industrial businesses, where we forecast a strong cyclical recovery in earnings; 2) Oil & Gas should do better in 2011E than 2010 due to the higher oil price, notwithstanding the stopping of production in Libya; and 3) Crop Science should be solid in 2011E given the high grain price environment. Overall, therefore, we expect continued earnings recovery from BASF in 2011. The shares have rallied strongly since the beginning of 2011 and the pace of outperformance may now slow, but the earnings outlook, the strong balance sheet and low valuation remain supportive.

### Valuation

We set our €72 target price mainly with reference to a DCF analysis. After the sharp earnings recovery in 2010 and BASF's increased earnings power in the aftermath of recent acquisitions, our DCF now implies a fair value for BASF of €72. Our DCF valuation uses a 7.3% discount rate and a long-term growth rate for the businesses ex Oil & Gas of 2.5%. We then value BASF's Oil & Gas business, also using an NPV analysis, at c.€12/share. Given the uncertainty, we believe the TP on a 12 month view will not get close to our view of fair value, hence the large discount we apply.

### Risks

We rate BASF as Medium Risk. We highlight volatility and the relatively low visibility of petrochemicals earnings as significant risks. Supply-demand balances can change quickly, which can be difficult to predict. BASF also has an Oil & Gas division and the shares have historically shown greater correlation with the European oil sector than BASF's closest global chemical peer Dow Chemical. Changes in the oil price therefore have significant effect on BASF shares. For BASF's Agrochemical division, the market is dependent on the vagaries of weather patterns. Finally, BASF is a European-based producer. A strengthening of the euro is a significant headwind.

If the impact of the above risk factors turns out to be greater than we expect, the shares could fail to achieve our target price.

## Daimler AG

### Company description

The 1998 merger between Daimler-Benz and Chrysler Corp was reversed in August 2007. DAI is now the leading upscale car maker globally (51% of revenues) and global leader in medium/heavy trucks (21% of revenues). It also has a large Financial Services business, Van and Bus segment, plus a 15% economic interest in EADS.

### Investment strategy

We rate Daimler AG Buy. Daimler has fallen behind major German peers on perceptions that it is a serial operational underperformer and that management is less reliable and far-sighted. We see current underperformance as relatively minor in nature, with the same positive trends driving all 3 major Germans. We also see current relative handicaps – a truck sector that has bounced back less quickly than luxury cars and model-cycle headwinds on the car side – turning into 2012-2014 relative benefits as the truck sector global expansion and product renewal completes, while car product renewal is particularly dense in this period. As a result, we consider DAI has at least equal claim to sustainability of recent high margins as other Germans – realisation of which is the key to a re-rating.

### Valuation

At our current target price of €55, DAI would trade at 9.5x PER vs 6.2x PER at current prices, both on 2012 estimates, it would also trade at 3.6x EV/EBITDA vs 2.1x at current prices. The ex-Trucks valuations are a little below the multiples we use for peer BMW at our target price given very weak probability of a truck spinoff. Benchmarking DAI against its own valuation history is complicated by its ownership of a volatile Chrysler up to mid 2007. However the 43% EV/sales and 3.6x EBITDA appear reasonable valuations for a multi-segment group achieving sustained group-level margins comfortably in excess of 8%.

### Risks

We rate DAI as Medium Risk, based on past stock price performance and our assessment of industry and company-specific risks. Particular risks to DAI which may cause it to deviate below our price target include possible adverse quarterly EBIT performance relative to peers, possible acquisition activity in areas not central to current business, rapid adverse exchange rate change, abrupt trend change in the Chinese luxury vehicle market, or generally prolonged weak automotive and truck markets that may impede the recovery of profits and undermine valuations.

## GEA Group

### Company description

GEA Group, headquartered in Bochum (Germany), focuses on speciality mechanical engineering (process engineering and equipment) and is a global market leader in 90% of its businesses. The company mainly supplies into food & beverage and energy/power related industries. Other end users of GEA's products are pharmaceutical, marine, commercial construction (Europe only) and water industries. Key products include separators, heat exchangers, end-to-end milking equipment, cooling towers and refrigeration systems.

### Investment strategy

We rate GEA Group Buy/High Risk (1H). We believe further outperformance will be driven by a combination of multiple expansion and EPS upgrades. We see GEA as one of the last restructuring stories left in our sector, which if executed successfully could lead to 12% margins over the cycle, assuming volumes return to pre-crisis market conditions. If GEA can achieve EBIT margins of 12%, we calculate it would imply a potential fair value of €35/share. Our TP of €25 is based on through-cycle margins of 9%.

### Valuation

Our target price is based on our DCF fair value of €25 reflecting a number of assumptions including: (i) through-cycle top-line growth of 3%; (ii) EBIT margins of c.9%; and (iii) terminal growth of 2.5% and WACC of 8.5%.

### Risks

We rate GEA High Risk based on assessment of industry- and company-specific risk factors. The main factor that could impede GEA from reaching our target price would be a significant weakening of food and energy investments and inability of GEA to successfully execute the margin expansion programme. On the positive side, the financial risk is low with GEA having a solid net cash position. In addition, there is acquisition risk. GEA could make expensive acquisitions that could alter the group's risk and debt profile. If the impact on the company from any of these factors proves to be more significant than we anticipate, the stock will likely deviate from our financial and price targets.

## Siemens AG

### Company description

Siemens is a diversified European electrical equipment manufacturer. Its products, systems, solutions and services are focused on three core end markets: Energy (Generation and T&D), Industry (Automation & Control/ Industrial and Public Infrastructure) and Healthcare. It also has a number of JV/equity investments.

### Investment strategy

We rate Siemens Buy/High Risk (1H). Siemens entered the economic downturn already in restructuring mode after the arrival of CEO Peter Löscher. The restructuring actions combined with the group's conglomerate nature have allowed a strong trading performance. Further economic recovery and self help costs actions should drive continues earnings momentum. This is combined with relatively low valuation versus both history and the sector.

### Valuation

Our target price is €105. This is based on a P/E of c12.6x 2012E, in line Siemens' 5-year average P/E. Our EV/sales valuation is also supportive of this Target Price.

### Risks

Our risk rating is High Risk as we believe the current uncertain outlook for the world economy could result in significant earnings risk over the next 18 months. Siemens is a diversified company; a common driver across many divisions is corporate investment and economic activity, so a shift in the economic outlook could alter Siemens' valuation. Stock-specific risks that may result in the shares not achieving our share price target include failure to deliver targeted cost savings.

If the impact on the company from any of these factors proves to be greater/less than we anticipate, we believe the stock will likely have difficulty achieving our target price or could outperform it.

## adidas Group

### Company description

adidas was founded in Germany in 1948 by Adi Dassler. The adidas Group has a portfolio of brands including adidas (adidas Sport Performance, adidas Sport Style), Reebok, TaylorMade-adidas Golf, Rockport and Reebok-CCM Hockey.

The group operates a global distribution network, through wholesale, retail and e-commerce channels. The adidas and Reebok brands account for c.88% of group sales, three-quarters of which are made through the wholesale channel. Footwear and clothing account for c.45% of sales each, with the balance being equipment.

Europe is the Group's largest market, representing c.42% of sales, whilst the participation of Asia and Latin America has doubled over the last decade to 35% of sales. In all we estimate that one-third of sales are made to emerging markets.

### Investment strategy

We rate adidas Group Buy/Medium Risk (1M). adidas Group combines megabrand growth, EM expansion, US opportunity and self-help at Reebok. adidas is a premium growth stock, trading on a modest valuation, underpinned by a strong balance sheet.

### Valuation

We have a €56 12-month target price for adidas Group. Our target price is based on adidas Group trading on a 13.5x P/E multiple to Dec-13E. This is equivalent to a 8.9x EV/EBIT and 2.2% dividend yield to the same forecast year.

### Risks

We rate adidas Group Medium Risk following an assessment of the industry and company -specific risk factors. The following risks could impede the share price from reaching our target price:

**Macroeconomic Risks.** Growth in the sporting goods industry is dependent on consumer spending. Whilst adidas has a broad geographical portfolio, an abrupt economic downturn would pose a risk to sales development.

**Input Cost Risks.** Raw materials account for c.60% of the Group's cost of sales. The prices of rubber, cotton, polyester or other materials are subject to the risk of sharp price changes.

**Customer Risks.** adidas works with a few key customers, which have the ability to exert pressure on Group margins through their scale and bargaining power. A number of these customers are also developing own-branded offers, increasing the competitive environment. We note that as part of Route 2015 adidas is increasing the amount of controlled space sales. Further we note that no single customer accounts for more than 10% of Group sales.

**Promotion Partnership Risks.** Promotional partnerships play a key role in establishing and maintaining brand image and product authenticity with customers. adidas faces the risk of losing key partnerships or having to accept unfavourable terms in order to secure contracts. We note that adidas seeks to negotiate contract extensions before expiry on key partnerships, and constantly seeks to broaden the portfolio of premium partnerships.

IT risks. Key business processes are all dependent on IT systems. System performance problems or delivery-chain failure could seriously affect the ability of the Group to trade.

Currency Risks. The biggest currency risk arises from a mismatch of the currencies required for sourcing (primarily dollars) versus the denomination of sales. A strengthening in the US dollar would therefore exert pressure on input costs. We note that the Group hedges currency on a rolling 12-24-month basis in order to provide visibility on any pressures from currency fluctuations.

## **Notes**

Notes



## Appendix A-1

### Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

### IMPORTANT DISCLOSURES

#### BASF SE (BASFn.DE)

##### Ratings and Target Price History Fundamental Research

Analyst: Andrew Benson  
Covered since June 9 2011



Chart current as of 13 September 2011

	Date	Rating	Target Price	Closing Price
1	14-Oct-08	2M	*29.00	29.10
2	30-Oct-08	2M	*26.00	24.06
3	19-Nov-08	*3M	*20.00	21.96
4	14-Sep-09	3M	*32.00	35.81

\* Indicates change

	Date	Rating	Target Price	Closing Price
5	8-Dec-09	3M	*35.00	41.22
6	28-Jan-10	*2M	*40.00	40.03
7	21-Apr-10	*1M	*51.00	46.42
8	25-Jun-10	1M	*53.00	46.16

	Date	Rating	Target Price	Closing Price
9	28-Oct-10	1M	*60.00	52.37
10	10-Jan-11	1M	*67.00	56.78
11	9-May-11	1M	*75.00	65.64
12	11-Aug-11	1M	*72.00	52.23

Rating/target price changes above reflect Eastern Standard Time

#### BASF SE (BASFn.DE)

##### Ratings and Target Price History Best Ideas Research Relative Call (3 Month)

Analyst: Andrew Benson  
Covered since June 9 2011

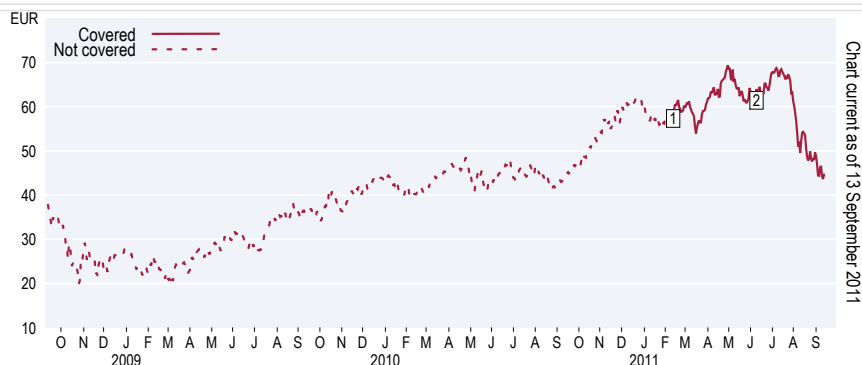


Chart current as of 13 September 2011

	Date	Rating	Target Price	Closing Price
1	11-Feb-11	*ADD MP	-	58.04

\* Indicates change

	Date	Rating	Target Price	Closing Price
2	9-Jun-11	*REM MP	-	64.00

Rating/target price changes above reflect Eastern Standard Time

#### adidas Group (ADSGn.DE)

##### Ratings and Target Price History Fundamental Research

Analyst: Simon Bowler  
Covered since September 12 2011

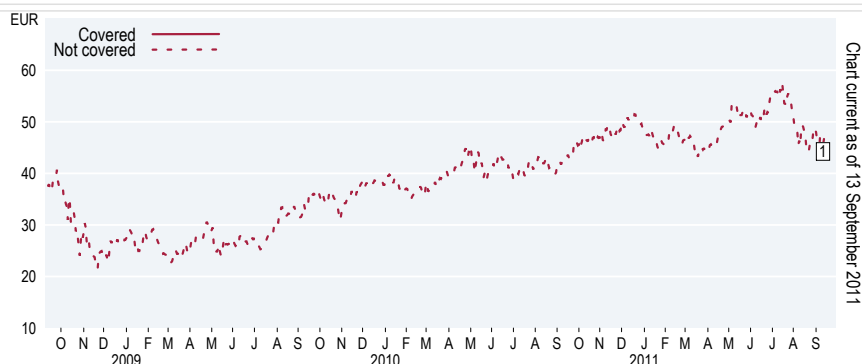


Chart current as of 13 September 2011

	Date	Rating	Target Price	Closing Price
1	11-Sep-11	*1M	*56.00	45.61

\* Indicates change

Rating/target price changes above reflect Eastern Standard Time

## adidas Group (ADSGn.DE)

### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: Simon Bowler

Covered since September 12 2011



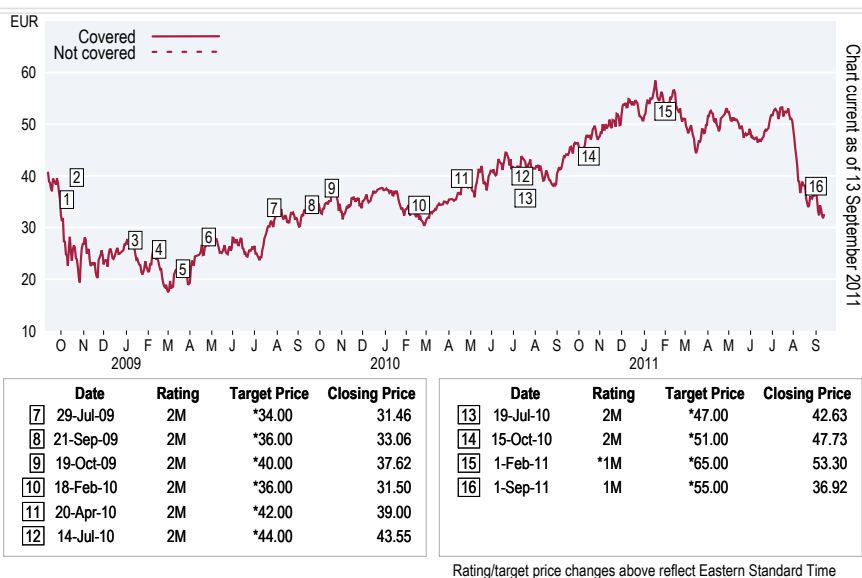
\* Indicates change

## Daimler AG (DAIGn.DE)

### Ratings and Target Price History

#### Fundamental Research

Analyst: John Lawson



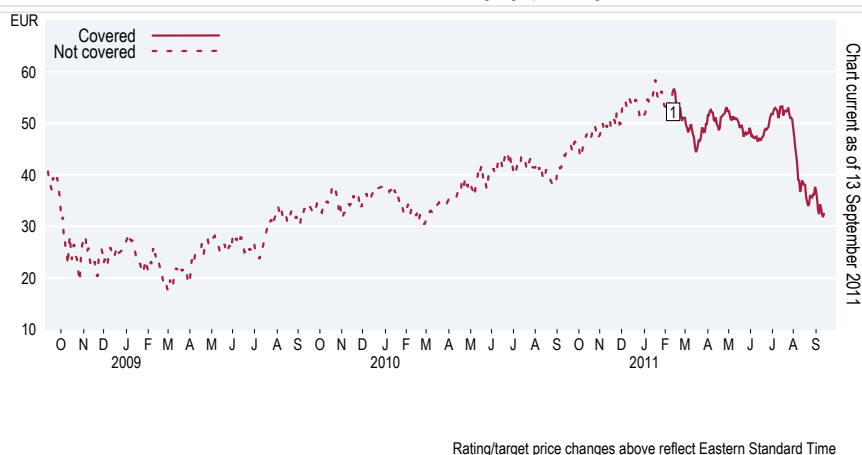
## Daimler AG (DAIGn.DE)

### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: John Lawson



## GEA Group (G1AG.DE)

### Ratings and Target Price History

### Fundamental Research

Analyst: Natalia Mamaeva  
Covered since November 4 2008



	Date	Rating	Target Price	Closing Price
1	3-Nov-08	1H	*16.00	12.15
2	14-Jan-09	1H	*13.00	10.00
3	13-Mar-09	1H	*11.00	8.50
4	8-May-09	1H	*14.00	11.00

\* Indicates change

	Date	Rating	Target Price	Closing Price
5	30-Jul-09	1H	*16.00	11.46
6	23-Sep-09	1H	*20.00	14.60
7	11-Mar-10	1H	*22.00	16.40
8	30-Jan-11	1H	*27.00	21.34

	Date	Rating	Target Price	Closing Price
9	1-Aug-11	1H	*29.00	23.83
10	12-Sep-11	1H	*25.00	17.93

Rating/target price changes above reflect Eastern Standard Time

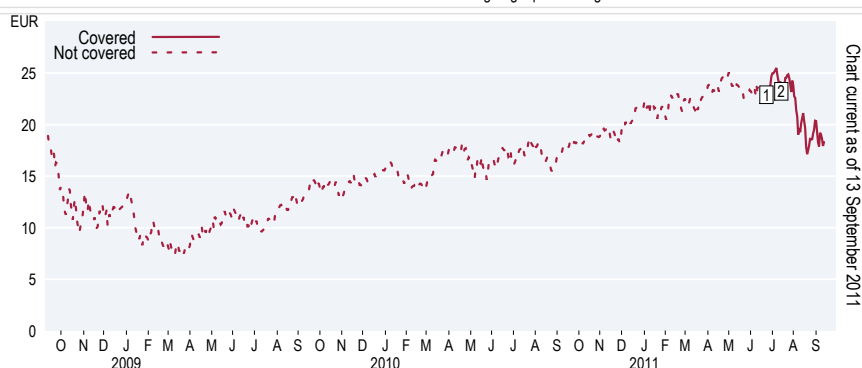
## GEA Group (G1AG.DE)

### Ratings and Target Price History

### Best Ideas Research

### Relative Call (3 Month)

Analyst: Natalia Mamaeva  
Covered since November 4 2008



	Date	Rating	Target Price	Closing Price
1	23-Jun-11	*ADD MP	-	22.93

\* Indicates change

	Date	Rating	Target Price	Closing Price
2	14-Jul-11	*REM MP	-	23.71

Rating/target price changes above reflect Eastern Standard Time

## Siemens AG (SIEGn.DE)

### Ratings and Target Price History

### Fundamental Research

Analyst: Mark Fielding  
Covered since September 25 2008



	Date	Rating	Target Price	Closing Price
1	10-Nov-08	1H	*60.00	45.18
2	28-Sep-09	1H	*80.00	65.96
3	27-Apr-10	1H	*86.00	73.03

\* Indicates change

	Date	Rating	Target Price	Closing Price
4	30-Apr-10	1H	*95.00	74.34
5	21-Jan-11	1H	*113.00	92.35
6	28-Jan-11	1H	*120.00	93.79

	Date	Rating	Target Price	Closing Price
7	12-Sep-11	1H	*105.00	64.45

Rating/target price changes above reflect Eastern Standard Time

## Siemens AG (SIEGn.DE)

### Ratings and Target Price History

#### Best Ideas Research

#### Relative Call (3 Month)

Analyst: Mark Fielding

Covered since September 25 2008

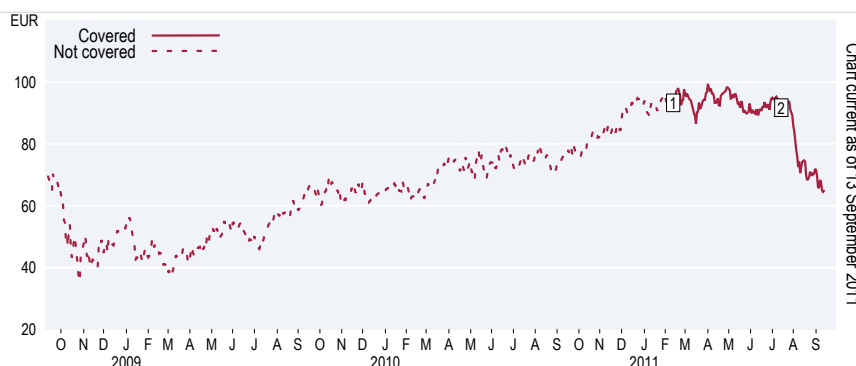


Chart current as of 13 September 2011

Date	Rating	Target Price	Closing Price
11-Feb-11	*ADD MP	-	94.68

\* Indicates change

Date	Rating	Target Price	Closing Price
14-Jul-11	*REM MP	-	93.45

Rating/target price changes above reflect Eastern Standard Time

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#### Data current as of 30 Jun 2011

	12 Month Rating			Relative Rating		
	Buy	Hold	Sell	Buy	Hold	Sell
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