

## RESEARCH MORNING NOTES

TUESDAY, NOVEMBER 03, 2009

UP			DOWN		
TomTom	+	8.47%	SNS Reaal	-	4.78%
Océ	+	6.24%	Draka	-	2.32%
Wessanen	+	5.59%	Unibail Rodamco	-	2.12%
Wavin	+	3.41%	Aalberts	-	2.06%
Mediq	+	2.55%	Eurocommercial	-	1.69%

INTEREST	RATES	CURRENT	31-12-2008	YTD
EUR	10Y	3.24	2.95	29bp
EUR	3M	0.67	2.89	-222bp
USD	10Y	3.41	2.21	120bp
USD	3M	0.04	0.08	-4bp

INDICES	CURRENT	31-12-2008	YTD
AEX	302.82	245.94	23.1%
AMX	467.17	312.16	49.7%
ASCX	438.87	315.82	39.0%

EXCHANGE	RATES	CURRENT	31-12-2008	YTD
EUR/USD		1.4763	1.3971	5.7%
EUR/GBP		0.9022	0.9574	-5.8%
USD/JPY		90.3300	90.6400	-0.3%

### In today's Morning Research Notes:

- **Insurance:** Delta Lloyd will start trading on Euronext today
- **ASM International:** Launch of EUR 150m convertible, renewal credit facility
- **Brunel:** Stabilizing markets (Preview 3Q09 trading update)
- **Crucell:** Disappointing Q309 results
- **DSM:** Strong 3Q09 results but 4Q09 will be lower – Hold PT 33
- **Gamma Holding:** Lots of potential left! BUY, pt EUR 15 (was EUR 7.5)
- **ING Group:** ING agrees to sell three of its US Brokers
- **Macro Morning News:** Strong US ISM and construction reports

## Insurance

### Delta Lloyd will start trading on Euronext today

**The facts:** Today, Delta Lloyd has its initial public offering on Euronext. The share is priced at EUR 16 per share, implying a market cap of EUR 2.65bn (Bloomberg ticker (DL NA EQUITY)).

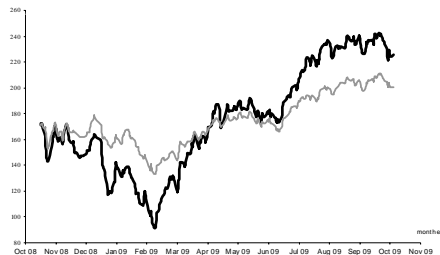
**Our analysis:** Delta Lloyd is largely a life / general insurer with Dutch and Belgian activities.

De IPO consists of 38.3% of the shares outstanding, given that Aviva will remain a majority share. The price of EUR 2.65bn is at the lower end of the range. According to our conservative peer group valuation of EUR 3.3bn based on P/E, P/B and P/EV, we find the shares attractively valued.

Given the maturity of the Dutch market, the cost reductions at Delta Lloyd have to safeguard the future profitability, since competition will be fierce. We expect the new business margin to continue to increase as of 1H09. Therefore, the company will be able to withstand aggressive pricing and expand market share.

Furthermore, the company has access to financial markets in order to participate in the expected consolidation of the insurance branch.

**Conclusion & Action:** *As of today, there will be a new listed Dutch insurer. The access to capital enables the company to position for a potential consolidation. We see the price at the lower end of the valuation range and the shares therefore attractively valued compared to peers.*



— DJ Stoxx Banks,  
— DJ Stoxx TMI rebased on sector

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## ASM International

### Launch of EUR 150m convertible, renewal credit facility

<b>Buy</b>	
Recommendation unchanged	
Share price: EUR	13.61
<small>closing price as of 02/11/2009</small>	
Target price: EUR	18.50
Target Price unchanged	

Reuters/Bloomberg ASMLAS/ASM NA

Market capitalisation (EURm)	711
Current N° of shares (m)	52
Free float	69%
Daily avg. no. trad. sh. 12 mth	277,352
Daily avg. trad. vol. 12 mth (m)	3
Price high 12 mth (EUR)	14.74
Price low 12 mth (EUR)	4.92
Abs. perf. 1 mth	14.90%
Abs. perf. 3 mth	15.10%
Abs. perf. 12 mth	81.23%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	747	518	711
EBITDA (m)	103	(31)	157
EBITDA margin	13.8%	nm	22.1%
EBIT (m)	60	(65)	127
EBIT margin	8.0%	nm	17.9%
Net Profit (adj.)(m)	18	(102)	56
ROCE	11.7%	-14.9%	-4.7%
Net debt/(cash) (m)	(4)	19	24
Net Debt/Equity	0.0	0.1	0.1
Debt/EBITDA	0.0	-0.6	0.2
Int. cover(EBITDA/Fin. int)	(20.5)	(2.3)	33.4
EV/Sales	1.5	3.0	2.2
EV/EBITDA	11.1	nm	9.9
EV/EBITDA (adj.)	11.1	nm	9.9
EV/EBIT	19.2	nm	12.2
P/E (adj.)	18.4	nm	13.0
PIBV	1.1	3.2	3.0
OpFCF yield	26.1%	-3.5%	9.1%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.34	(1.94)	1.05
BVPS	5.83	4.29	4.56
DPS	0.00	0.00	0.00

**The facts:** ASMI has announced the launch of a new convertible. The size will be EUR 130m and can be increased to EUR 150m if the increase option is exercised in full. The new bonds mature in 2014, will have a coupon of 6.5%-7.5% with the strike price at an expected premium of 25% to 32.5%. The proceeds of the offering will be used for general corporate purposes, to extend the debt maturity. Parts of the proceeds will also be used to buy back the 2010 and 2011. The company states that it is also considering additional measures to limit dilution to its existing shareholders from conversion under the outstanding 2010 and 2011 convertible bonds. The right to convert the new bonds is subject to shareholder approval; to this end an EGM is scheduled on 24 November. ASMI also announces that it has announced a new secured credit facility of at least EUR 50m with a term of 3 years that will replace the existing facility.

**Our analysis:** The new convertible substantially reinforces the financial position. In our recent report we expressed our view that the liquidity position of Front-end needed to be strengthened. While a likely steep increase in dividends from ASMPT has already taken away a large part of the pressure, the net debt position of Front-end is relatively high (around EUR 80m) and operating cash flow is likely to remain negative the next quarters due to losses and payments for restructuring. The previous credit facility ran till next year, so it was important this was extended. In our recent report we also concluded that ASMI would likely consider issuing a new convertible.

Based on yesterday's closing price we calculate potential dilution from the new convertible to amount to 16%-17%. This diluting effect is mitigated by the fact that ASMI will use part of the proceeds to buy back the 2010 (USD 22m still outstanding) and 2011 (USD 115m outstanding) convertible, and the statement that ASMI is considering other options to limit dilution (likely to be buyback of shares).

**Conclusion & Action:** The new convertible and renewal of credit facility was expected and it will substantially strengthen the financial position of Front-end. With a stronger liquidity position, the likelihood also increases that ASMI will use the substantial ASMPT dividends to remunerate its own shareholders. We rate the shares a Buy, as the potential for a turn-around is not reflected in the current valuation (Front-end at negative EUR 7 per ASMI share). This afternoon the Q3 conference call is scheduled.



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## Brunel

### Accumulate

Recommendation unchanged

Share price: EUR 19.25

closing price as of 30/10/2009

Target price: EUR 23.50

Target Price unchanged

Reuters/Bloomberg BRUN.AS/BRNL.NA

Market capitalisation (EURm)	440
Current N° of shares (m)	23
Free float	30%
Daily avg. no. trad. sh. 12 mth	36,145
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	23.83
Price low 12 mth (EUR)	7.01
Abs. perf. 1 mth	-17.58%
Abs. perf. 3 mth	20.32%
Abs. perf. 12 mth	103.87%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	714	729	737
EBITDA (m)	65	49	50
EBITDA margin	9.1%	6.7%	6.8%
EBIT (m)	62	45	47
EBIT margin	8.7%	6.2%	6.4%
Net Profit (adj.)(m)	40	32	33
ROCE	37.9%	27.7%	27.2%
Net debt/(cash) (m)	(40)	(58)	(70)
Net Debt/Equity	-0.2	-0.3	-0.4
Debt/EBITDA	-0.6	-1.2	-1.4
Int. cover(EBITDA/Fin. int)	(188.7)	(108.1)	(91.7)
EV/Sales	0.2	0.5	0.5
EV/EBITDA	2.3	7.8	7.3
EV/EBITDA (adj.)	2.3	7.8	7.3
EV/EBIT	2.4	8.3	7.8
P/E (adj.)	4.9	13.7	13.2
P/BV	1.2	2.4	2.2
Dividend yield	4.2%	3.3%	3.4%
EPS (adj.)	1.75	1.40	1.45
BVPS	7.12	7.94	8.74
DPS	0.80	0.63	0.65

### Stabilizing markets (Preview 3Q09 trading update)

**The facts:** Professional staffing company Brunel reports its 3Q09 trading update before the market opens on Wednesday 4 November 2009.

**Our analysis:** Brunel has experienced some improvement in its battered Dutch and German operations through 2Q09. We expect these markets to have stabilized on that level in 3Q. At the same time, management indicated that the solid growth in Energy in 2Q09 would slow down due to the ending of a large project. Since several new projects came to the market, we expect Energy sales to continue its strong growth, but that 3Q will show a temporary slow down.

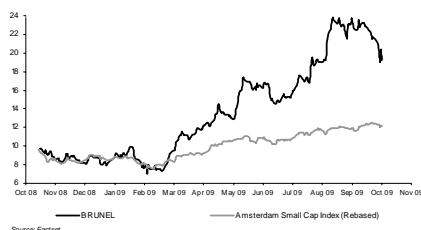
We forecast sales in the first 9 months to increase 4% to EUR 540m (3Q09: EUR 171m). 9 months gross profit decreased 12% to EUR 112m (3Q09: EUR 35.6m), reflecting a margin of 20.7%. Gross margin decline will have clearly decelerated in 3Q (-250bp) compared to 2Q (-500bp), as the impact from idle time has substantially diminished. We forecast 9 months EBIT of EUR 32.4m, a decrease of 29%. For 3Q09, we estimate an EBIT of EUR 9.1m, implying a sharp deceleration of the decline from -47% in 2Q09 to -37% in 3Q09. This is due to a much lower impact from idle-time, break even results at the German competence centres and limited impact from debtors (EUR 0.8m impact in 1H09).

in EUR m	9M08A	9M09E % change	3Q08A	3Q09E % change
<b>Sales</b>				
Netherlands	111.8	104.3 -7%	37.0	32.8 -11%
Germany	106.7	86.2 -19%	36.7	27.7 -25%
Energy	278.4	332.7 20%	99.8	104.7 5%
Others	22.9	17.2 -25%	7.1	6.2 -12%
<b>Total sales</b>	<b>519.8</b>	<b>540.3 4%</b>	<b>180.6</b>	<b>171.3 -5%</b>
<b>Total gross profit</b>	<b>126.3</b>	<b>111.8 -11%</b>	<b>42.1</b>	<b>35.6 -15%</b>
Gross margin	24.3%	20.7%	23.3%	20.8%
<b>Total EBIT</b>	<b>45.8</b>	<b>32.4 -29%</b>	<b>14.6</b>	<b>9.1 -37%</b>
EBIT margin	8.8%	6.0%	8.1%	5.3%

Source: Company, SNS Securities Research

Management has guided an EBIT of at least EUR 40m for FY09. We consider the guidance to be conservative and expect management to raise it. We forecast FY09 EBIT of EUR 45m, slightly below the Bloomberg consensus of EUR 46.4m.

**Conclusion & Action:** We rate Brunel at Accumulate. We believe that the company is very well positioned to benefit from a market recovery since it has the financial power to keep capacity in place while competitors have scaled down their capacity. We have a PT of EUR 23.50, based on 9x through the cycle EV/EBITDA multiple for FY10.



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## Crucell

### Hold

Recommendation unchanged

Share price: EUR 13.48

closing price as of 02/11/2009

Target price: EUR 17.40

Target Price unchanged

Reuters/Bloomberg CRCLAS/CRXL.NA

Market capitalisation (EURm)	1,095
Current N° of shares (m)	81
Free float	68%
Daily avg. no. trad. sh. 12 mth	509,359
Daily avg. trad. vol. 12 mth (m)	8
Price high 12 mth (EUR)	17.42
Price low 12 mth (EUR)	9.31
Abs. perf. 1 mth	-10.64%
Abs. perf. 3 mth	-22.62%
Abs. perf. 12 mth	48.79%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	283	335	355
EBITDA (m)	31	64	66
EBITDA margin	11.0%	19.2%	18.6%
EBIT (m)	3	33	34
EBIT margin	1.1%	9.8%	9.6%
Net Profit (adj.)(m)	15	30	28
ROCE	1.0%	11.0%	11.9%
Net debt/(cash) (m)	(116)	(454)	(494)
Net Debt/Equity	-0.3	-0.6	-0.6
Debt/EBITDA	-3.7	-7.0	-7.5
Int. cover(EBITDA/Fin. int)	11.7	(29.3)	(24.6)
EV/Sales	2.0	1.8	1.6
EV/EBITDA	17.8	9.4	8.6
EV/EBITDA (adj.)	17.8	9.4	8.6
EV/EBIT	nm	18.4	16.5
P/E (adj.)	48.6	36.9	39.6
P/BV	1.5	1.4	1.3
OpFCF yield	1.1%	4.9%	5.3%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.22	0.37	0.34
BVPS	7.08	9.74	10.08
DPS	0.00	0.00	0.00

### Disappointing Q309 results

**The facts:** Crucell reported its Q309 results. An analyst conference call/webcast will be held at 14 :00 hours CET.

**Our analysis:** Crucell reported an increase in revenue from EUR 82.1m Q308 to EUR 94.3m Q309, which is lower than our and consensus estimates of EUR 101m Q309. Product sales were lower than expected for Q309 mainly due to pediatric sales which came in at EUR 38.5m versus our expectation of EUR 52.8m.

Gross margin was disappointing at 39% in Q309, compared to 50% in Q308 and our expectation of 49%. Crucell reported that the timing of development milestone payments influenced margins and profitability.

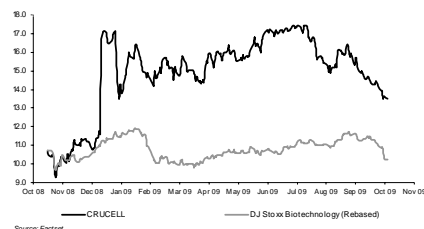
R&D expenses were in line with our expectations for Q309 of EUR 16.5m and SG&A costs were slightly higher and came in at EUR 16.2m versus expectation of EUR 13.3m Q309. However, operating profits were positively affected by a EUR 8.1m impairment reversal of two buildings in Bern. Total operating expenses came in at EUR 23.7m Q309 versus our own expectation of EUR 29.8m.

As a result, Crucell reported a lower net profit of EUR 10.0m Q309, versus a net profit of EUR 12.3m (our estimate EUR 6.8m, consensus EUR 10.6m) in Q308.

P&L (EUR)	Q308	Q309 A	Consensus	
			Q309 E	Q309
<b>Product sales</b>	<b>65.6</b>	<b>83.696</b>	<b>88</b>	<b>87</b>
Pediatric	28.5	38.5	52.8	50.1
Travel	10.5	11.7	10.6	11.6
Respiratory	19.7	25.9	21.2	20.7
Other	6.6	7.5	3.4	5.6
License revenues	10.4	3.763	5	6.6
Service fees	2.6	2.429	2.5	2.7
<b>Total revenues</b>	<b>78.6</b>	<b>89.888</b>	<b>95.5</b>	<b>96.6</b>
Cost of Product sales	-37.5	-53.12	-46.1	-48.9
Cost of Service fees	-2.2	-2.027	-2.1	-2.1
<b>Cost of Goods Sold</b>	<b>-39.6</b>	<b>-55.147</b>	<b>-48.2</b>	<b>-51.7</b>
<b>Gross margin</b>	<b>39.0</b>	<b>34.741</b>	<b>47.3</b>	<b>45.4</b>
Government grants	1.3	1.805	1.3	1.3
Other income	2.2	2.574	4.1	2.9
<b>Other operating income</b>	<b>3.5</b>	<b>4.376</b>	<b>5.4</b>	<b>4.4</b>
R&D costs	-17.7	-16.527	-16.5	-17.9
SG&A	-15.9	-15.239	-13.3	-16.1
Other	0	8.107	0	-0.3
<b>Total Operating expenses</b>	<b>-33.5</b>	<b>-23.659</b>	<b>-29.8</b>	<b>-34.2</b>
<b>Operating profit/ (loss)</b>	<b>8.9</b>	<b>15.461</b>	<b>10.3</b>	<b>13.7</b>
<b>Profit/loss for the period</b>	<b>12.3</b>	<b>10.021</b>	<b>6.8</b>	<b>10.6</b>
W A shares outstanding	65.7	66.938	65.7	71.2
<b>EPS</b>	<b>0.19</b>	<b>0.15</b>	<b>0.10</b>	<b>0.15</b>

As expected, Crucell reiterated its outlook for 2009 of an improving operating profit through an increase in sales and other operating income by 20%, which is in line with our estimates.

**Conclusion & Action:** Crucell reported disappointing underlying Q309 results, both top line and bottom line. We have a Hold recommendation with a target price of EUR 17.40.



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## DSM

### Hold

Recommendation unchanged

Share price: EUR 30.55

closing price as of 02/11/2009

Target price: EUR 33.00

Target Price unchanged

Reuters/Bloomberg DSMN.AS/DSM.NA

Market capitalisation (EURm)	4,958
Current N° of shares (m)	162
Free float	65%
Daily avg. no. trad. sh. 12 mth	1,348,259
Daily avg. trad. vol. 12 mth (m)	30
Price high 12 mth (EUR)	32.00
Price low 12 mth (EUR)	15.76
Abs. perf. 1 mth	10.59%
Abs. perf. 3 mth	21.81%
Abs. perf. 12 mth	40.72%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	9,297	7,766	7,869
EBITDA (m)	1,357	822	1,145
EBITDA margin	14.6%	10.6%	14.6%
EBIT (m)	903	383	706
EBIT margin	9.7%	4.9%	9.0%
Net Profit (adj.)(m)	597	244	441
ROCE	10.1%	4.5%	8.2%
Net debt/(cash) (m)	1,871	1,504	1,304
Net Debt/Equity	0.4	0.3	0.3
Debt/EBITDA	1.4	1.8	1.1
Int. cover(EBITDA/Fin. int)	13.3	6.6	9.1
EV/Sales	0.5	0.8	0.8
EV/EBITDA	3.7	8.0	5.6
EV/EBITDA (adj.)	3.7	8.0	5.6
EV/EBIT	5.5	17.1	9.0
P/E (adj.)	5.0	20.0	11.2
P/BV	0.7	1.1	1.0
OpFCF yield	17.4%	13.9%	10.6%
Dividend yield	3.9%	3.9%	3.9%
EPS (adj.)	3.64	1.53	2.72
BVPS	27.84	28.44	29.92
DPS	1.20	1.20	1.20

### Strong 3Q09 results but 4Q09 will be lower – Hold PT 33

**The facts:** The 3Q09 results came in higher than expected but the outlook remains uncertain and 4Q09 operating result is expected to come in lower.

**Our analysis:** Sales in 3Q09 came in at EUR 2,059m compared to our estimate of EUR 1,986m. EBITDA was reported at EUR 283m compared to our EUR 243m estimate. Excluding discontinued operations EBITDA was EUR 257m which compares to our EUR 243m estimate. Net income came in at EUR 374m versus our EUR 345m forecast. All divisions but Pharma did somewhat better than our estimates. Anti-Infective prices declined and there were delay's in new contracts.

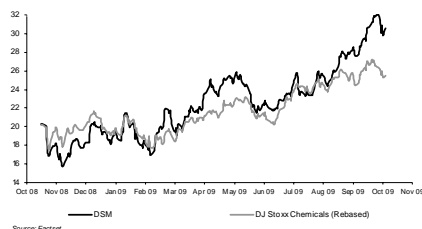
Outlook remains uncertain for the rest of the year, a similar picture like sector peers already painted. Q4 will be higher than last year but below 3Q09.

Re-stocking must have been rather strong in 3Q09 as DSM guides a lower operating result in 4Q09, were we anticipated a gradual improvement. In Base Chemicals the company sees an operating loss again in 4Q09, while 3Q09 was a plus of EUR 21m.

**Conclusion & Action:** The positive surprise and EBIT surplus of 3Q09 will result in a similar negative in 4Q09. However not necessarily having a material effect on FY09 market estimates. We note that D&A was higher than expected so on an EBITDA level the impact in 4Q09 will be less substantial. We feel comfortable with our Hold rating. We anticipate that DSM will get more headwind from the the appreciation of the EUR-USD as of 4Q09 which is negative to the Nutrition business, while also we noted that gas prices, although still relatively low, increased sharply since the past two months. Our price target is EUR 33 per share.

DSM Group	3Q08	3Q09	SNS e3Q09
<b>Sales EURm</b>	<b>2,392</b>	<b>2,059</b>	<b>1,986</b>
Nutrition	666	702	657
Pharma	203	152	177
Performance Materials	580	496	512
Polymer Intermediates	335	246	235
Base Chemicals & Materials	444	328	300
Other	122	96	71
Discontinued operations	29	39	35
<b>EBITDA EURm</b>	<b>395</b>	<b>283</b>	<b>243</b>
Nutrition	144	151	140
Pharma	37	14	20
Performance Materials	84	72	63
Polymer Intermediates	27	29	25
Base Chemicals & Materials	104	21	10
Other	-35	-30	-35
Discontinued operations	0	26	20
<b>EBITDA margin %</b>	<b>16.5%</b>	<b>13.7%</b>	<b>12.2%</b>
Nutrition	21.6%	21.5%	21.2%
Pharma	18.2%	9.2%	11.3%
Performance Materials	14.5%	14.5%	12.3%
Polymer Intermediates	8.1%	11.8%	10.7%
Base Chemicals & Materials	23.4%	6.4%	3.3%
Other	-28.7%	-31.3%	-49.5%
Discontinued operations	0.0%	66.7%	57.1%

Source: Company and SNS Securities



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## Gamma Holding

### Lots of potential left! BUY, pt EUR 15 (was EUR 7.5)

**Buy**

Recommendation unchanged

Share price: EUR 8.50

closing price as of 02/11/2009

Target price: EUR 15.00

vs Target Price: EUR 7.50

Reuters/Bloomberg

GAMN.AS/GAMMA.NA

Market capitalisation (EURm)	64
Current N° of shares (m)	8
Free float	44%
Daily avg. no. trad. sh. 12 mth	26,797
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	15.37
Price low 12 mth (EUR)	2.71
Abs. perf. 1 mth	38.10%
Abs. perf. 3 mth	112.50%
Abs. perf. 12 mth	-41.38%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	744	624	647
EBITDA (m)	73	63	73
EBITDA margin	9.8%	10.1%	11.2%
EBIT (m)	37	30	38
EBIT margin	4.9%	4.8%	5.8%
Net Profit (adj.)(m)	(31)	(73)	18
ROCE	7.3%	6.9%	8.9%
Net debt/(cash) (m)	286	257	238
Net Debt/Equity	2.0	1.9	1.6
Debt/EBITDA	3.9	4.1	3.3
Int. cover(EBITDA/Fin. int	4.2	1.7	4.2
EV/Sales	0.4	0.5	0.4
EV/EBITDA	4.4	4.9	4.0
EV/EBITDA (adj.)	4.4	4.9	4.0
EV/EBIT	8.8	10.3	7.6
P/E (adj.)	nm	nm	3.5
P/BV	0.3	0.5	0.4
OpFCF yield	79.9%	-82.7%	60.7%
Dividend yield	23.8%	0.0%	0.0%
EPS (adj.)	(4.17)	(9.73)	2.43
BVPS	18.43	17.32	19.76
DPS	2.02	0.00	0.00

**The facts:** We reiterate our BUY recommendation on Gamma but double our price target to EUR 15 based on a DCF and sum of the parts valuation.

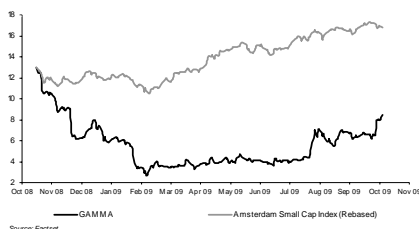
**Our analysis:** Despite still difficult market conditions, Gamma has been able to generate an EBITDA of EUR 19m or a margin of 10.5% in Q3, margins not seen since the first half of FY08.

The strong performance is based on across the board cost-cutting and growth in Sleepcare and Belting (QoQ), a solid performance in Exotic (despite OPEX investments) and stabilizing results from Filtration and Sailcloth, now part of continued operations again.

With the sale of Ballistic and the majority of Coatings & Composites, Gamma has given itself further financial flexibility, operating as a normal company again. The risk of covenant breaches has, in fact, been almost completely eliminated.

With further (albeit modest) improvements in end-markets and further savings kicking in, things are looking up for Gamma and its new management team. And additionally important, the management team appears to have won the trust of all stakeholders: employees, suppliers, clients as well as shareholders.

**Conclusion & Action:** We increase our pt to EUR 15 because of (1) the divestment of coatings+composites and ballistics (eliminating covenant risk), (2) strongly improved results in Q3 with more on the way as markets improve and savings kick in and (3) a new management team that has gained the trust of all stakeholders.



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## ING Group

### ING agrees to sell three of its US Brokers

**The facts:** ING agreed to sell three of its US Brokers to Lightyear.

**Our analysis:** The sale of the US brokers simplifies ING's US structure and allows ING to focus on the core activities Retirement Services, Life Insurance and Rollover Annuity business.

**Conclusion & Action:** We believe, the sale of the US activities to be part of the earlier announced strategy for ING's new bank combination. We have a Buy recommendation on ING.

**Buy**

Recommendation unchanged

Share price: EUR 8.86

closing price as of 02/11/2009

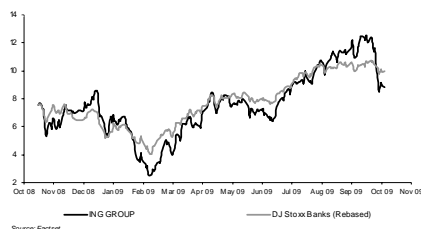
Target price: EUR 10.20

Target Price unchanged

Reuters/Bloomberg ING.AS/INGA.NA

Market capitalisation (EURm)	17,935
Current N° of shares (m)	2,024
Free float	100%
Daily avg. no. trad. sh. 12 mth	17,788,559
Daily avg. trad. vol. 12 mth (m)	135
Price high 12 mth (EUR)	12.56
Price low 12 mth (EUR)	2.50
Abs. perf. 1 mth	-19.11%
Abs. perf. 3 mth	-1.52%
Abs. perf. 12 mth	22.47%

Key financials (EUR)	12/08	12/09e	12/10e
Total Revenue (m)	10,493	14,081	15,406
Pre-Provision Profit (PPP)	489	5,056	6,161
Operating profit (OP)	-761	1,856	4,061
Earnings Before Tax (m)	-761	1,856	4,061
Net Profit (adj.) (m)	-730	-187	2,246
Shareholders Equity (m)	27,335	32,568	40,114
Tangible BV (m)	24,835	30,068	37,614
RWA (m)	343,000	335,000	340,000
ROE (adj.)	-0.7%	4.4%	8.2%
Tier1 Ratio	9.7%	9.4%	8.6%
Cost/Income	95.3%	64.1%	60.0%
P/PPP	31.2	3.5	2.9
P/E (adj.)	nm	nm	8.0
P/BV	0.6	0.6	0.4
P/NAV	0.6	0.6	0.5
Dividend Yield	8.4%	0.0%	0.0%
PPPPS	0.23	2.50	3.04
EPS (adj.)	-0.35	-0.09	1.11
BVPS	13.14	16.09	19.82
NAVPS	11.93	14.86	18.58
DPS	0.74	0.00	0.00



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## Macro Morning News: Strong US ISM and construction reports

- **US ISM Manufacturing** **OCT 55.7 (Exp. 53 , Prior 52.6 )**
- **US ISM Prices Paid** **OCT 65 (Exp. 64 , Prior 63.5 )**

A remarkably strong ISM report with the rise in the employment index spiking to 53.1 from 46.2 especially positive as this indicates that the number of jobs may soon start to rise in the US, leading up to stronger consumer confidence and spending. The new order index fell slightly to 58.5 from 60.8 but orders are clearly still expanding. Production increased strongly to 63.3 from 55.7.

- **US Construction Spending MoM** **SEP 0.80% (Exp. -0.20% , Prior -0.10%from +0.8% )**
- **US Pending Home Sales MoM** **SEP 6.10% (Exp. 0.00% , Prior 6.40% )**
- **US Pending Home Sales YoY** **SEP 19.80% (Exp. - - , Prior 12.10% )**

Pending home sales were strong, maybe in an effort to buy before the tax credit expires. This would lead to a set-back in sales later on, just as we've seen with the measures to support the car industry. Remarkable, though, that we didn't see the same effect in last week's new home sales. Construction increased in September, although the August number was revised downward quite sharply. The rise in construction was solely in the residential sector (+3.9% MoM) while non-residential construction fell -1.8%. In last week's Q4 GDP number we already saw that residential investment is on the rise. The rise in residential construction comes on the heels of the stabilisation of the US housing market and ends close to four years of declines. **This might be an underappreciated development of returning fundamental strength to the US economy, just as yesterday's surprisingly strong ISM employment sub index.**

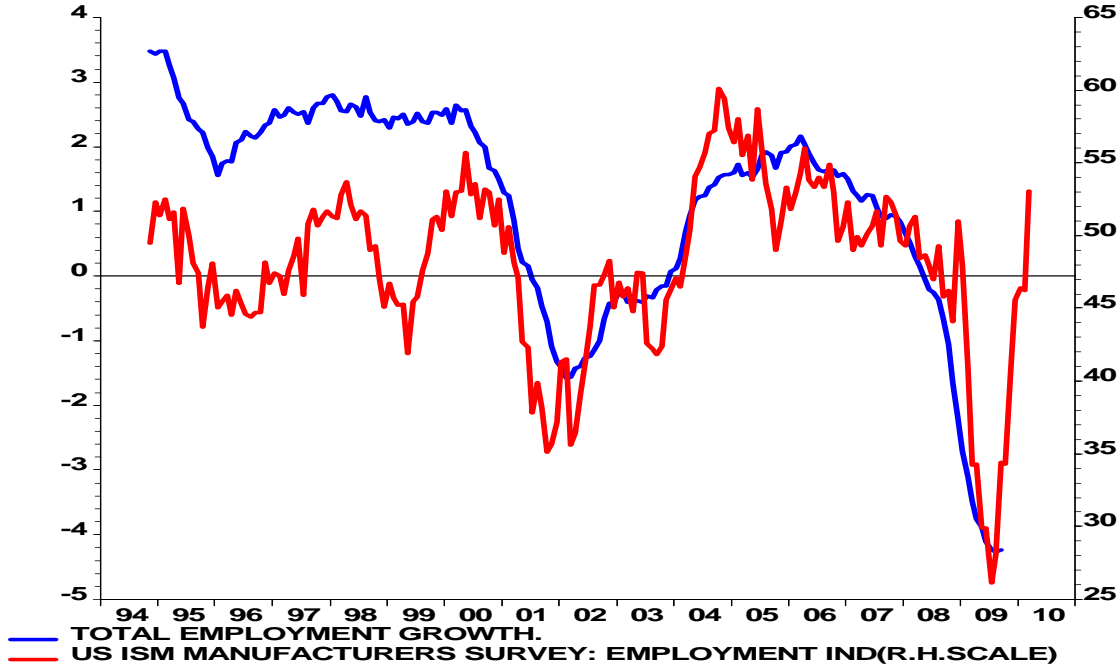
- **EC PMI Manufacturing** **OCT F 50.7 (Exp. 50.7 , Prior 50.7 )**
- **UK PMI Manufacturing** **OCT 53.7 (Exp. 50 , Prior 49.9 )**

No surprise in the final Euro zone number, although the French number was revised upward to 55.6 from 55.3 while the German number was revised downward to 51.0 from 51.0. Italy is still sub par with 49.2. The British number surprised on the upside, confirming most other reports that point to a recovering British economy, although this was denied by the latest GDP report.

- **Australia raised its benchmark rate** for the second time in four weeks. As a commodity economy the crisis has largely bypassed the economy, so this is not necessarily a prelude for policies in other countries. **Chinese authorities will increase their grip on property lending** as they fear that the bubble in the property market may ultimately lead to a pool of delinquent debt. Another sign that the massive stimulation of the Chinese economy leads to unwanted side-effects.

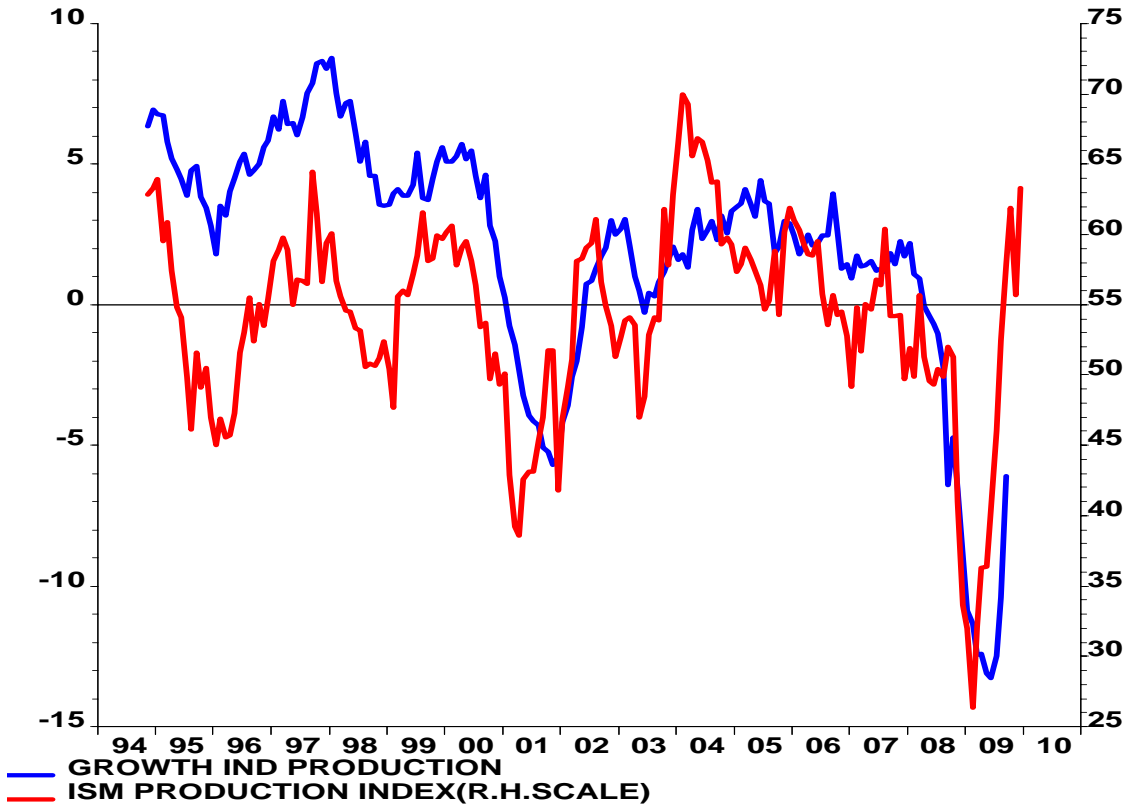
Time	Event	Survey	Prior
10:30 UK	PMI Construction	OCT (Exp. 47.2 , Prior 46.7 )	
16:00 US	Factory Orders	SEP (Exp. 0.80% , Prior -0.80% )	
23:00 US	ABC Consumer Confidence	1-Nov (Exp. - - , Prior -51 )	
0:00 US	Total Vehicle Sales	OCT (Exp. 9.85M , Prior 9.20M )	
1:01 UK	Nationwide Consumer Confidence	OCT (Exp. 73 , Prior 71 )	

ISM MANUFACTURING INDEX AND EMPLOYMENT 3/11/09



Source: DATASTREAM

ISM INDEX: INDUSTRIAL PRODUCTION 3/11/09



Source: DATASTREAM

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Rating	Expected absolute share price performance	Time horizon
Buy	>+20%	12 months
Accumulate	+10% to +20%	12 months
Hold	0% to +10%	12 months
Reduce	-10% to 0%	12 months
Sell	<-10%	12 months

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