

Diversified Manufacturing
Germany
Credit Analysis

Adolf Würth GmbH & Co KG

Ratings

Security Class	Current Ratings
Foreign Currency	
Long-Term IDR	A-
Senior Unsecured	A-
Short-Term IDR	F2

Outlook

Foreign-Currency Long-Term IDR Negative

Financial Data

Adolf Würth GmbH & Co KG ^a		
	31 Dec 08	31 Dec 07
Revenues (EURm)	8,816	8,489
Total adj. debt (EURm)	2,174	1,759
Net adj. debt (EURm)	1,983	1,435
Equity capital & reserves (EURm)	2,480	2,366
Op. EBITDAR/revenues (%)	10.8	11.7
CFO/revenues (%)	4.4	4.8
Total adj. debt/op. EBITDAR (x)	2.3	1.8
Total adj. net debt/op. EBITDAR (x)	2.1	1.4
CFO/total adj. debt (%)	18.0	23.1
FFO fixed charge cover (x)	3.3	4.9

^a The ratings continue to reflect the strength of the Würth group in its entirety, which is structured as a horizontal group of legally separate entities under uniform control without a legal parent company

Analysts

Markus Leitner
+49 69 7680 76241
markus.leitner@fitchratings.com

Monica Insoll
+44 20 7417 4281
monica.insoll@fitchratings.com

Related Research

- *Corporate Forecasts: Macro-Level Assumptions* (April 2009)
- *Global Economic Outlook* (March 2009)
- *EMEA Industrial Capital Expenditure Cut Backs* (February 2009)
- *Adolf Würth GmbH & Co. KG* (June 2008)

Rating Rationale

- Adolf Würth GmbH & Co KG's (Würth) recent downgrade reflects Fitch Ratings' expectation of a material deterioration in the group's credit metrics to a level that would not be commensurate with an 'A' rating. While Würth's business profile remains above-average compared with production-oriented industrial companies, it is not immune from cyclicity. Fitch believes that the global recession will have a significant impact on the group's profitability and leverage, and the agency does not expect Würth's financial profile to recover to pre-"Crisis" levels in the next two to three years.
- At the same time, Fitch acknowledges the swift implementation of Würth's measures to offset the recession, with a strong focus on safeguarding liquidity (including several cost-cutting measures), a substantial reduction of capex, and reduced dividends. As a result, Würth's free cash flow (FCF) should become positive in financial year 2009 (FY09) as it will likely be boosted by a significant release of working capital, following two years of negative FCF which were impacted by high capex and dividend payments.
- The ratings continue to be supported by Würth's leading position as the world's largest distributor of assembly and fixing materials; strong brand recognition; the importance of its products to its customers; as well as the group's broad diversification across industry sectors and regions.
- The Negative Outlook reflects the risk of a deeper and more protracted global recession, which could constrain Würth's expected mild recovery from 2010.

What Could Trigger a Downgrade?

- Inability to generate positive FCF, not allowing for a reduction of net indebtedness.
- Inability to recover margin levels and reduce leverage from 2010.

Recent Events

At end-Q109, sales had declined by 16.1% yoy in the wake of the global downturn, while the operating profit margin disproportionately shrank to 1.7% – from 7.1% in the previous year. In FY08, reported operating profit decreased to EUR545m from EUR640m in FY07, translating into a profit margin of 6.2% and 7.5%, respectively. For full FY09, Würth expects a sales decline of 10%-20%, following a 3.9% rise in FY08, with a significantly lower (but still positive) operating profit.

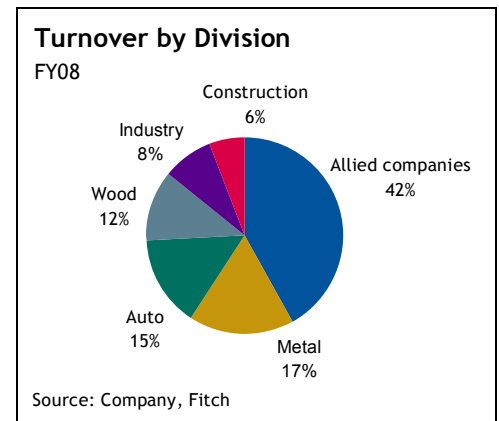
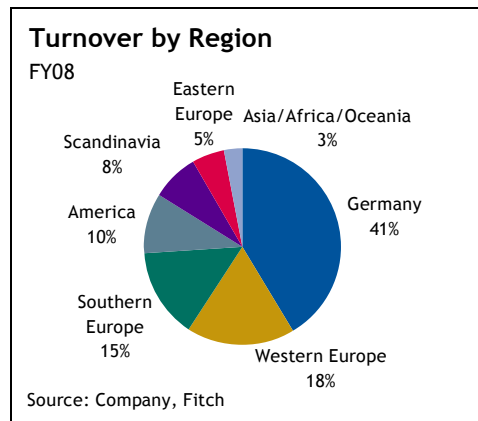
Liquidity and Debt Structure

Healthy ongoing liquidity is underpinned by cash and equivalents of EUR191m at financial year-end 2008 (FYE08), versus EUR324m at FYE07. Financial flexibility is also supported by an undrawn committed syndicated credit facility of EUR150m (maturing in 2013) and largely unused bilateral credit lines of more than EUR400m. The group further benefits from established access to the public and private debt capital markets. Total debt considerably increased to EUR1,416m at FYE08 from EUR1,091m at FYE07, while net debt rose to EUR1,225m from EUR767m in the previous year. The debt maturity profile remains balanced: only 12% was short-term at FYE08, and the bulk of the outstanding debt was in the form of bonds.

Company Background and Structure

Group Overview

- Würth, founded in 1945 by Adolf Würth, distributes fixing and assembly materials – including screws, screw accessories, dowels and plugs, chemical products, furniture and construction fittings, tools, and stock-keeping and picking systems – to around three million customers, including small- and medium-sized craftsmanship businesses as well as the auto, manufacturing and construction-related industries.
- Würth has an extensive sales force, totalling more than 30,000 people at FYE08, which visits customers who order the group's items and related services, to reduce purchasing time and ease stock management. On a global basis, the group offers over 100,000 generally low-unit-value products via more than 400 companies located in 86 countries. In FY08, Würth recorded revenue of EUR8.8bn (EUR8.5bn in FY07), of which 41.5% (40.6 % in FY07) was generated in Germany.



Group Structure

- The Würth group is structured as a horizontal group (Gleichordnungskonzern) of legally separate entities under uniform control without a legal parent company. The asset-holding companies within the group are partly operating companies, which also act as partners with unlimited responsibility for other group companies (for more details on the group structure, please refer to Fitch's *Credit Analysis* on Würth, dated 19 June 2008 and available under www.fitchresearch.com).

Key Credit Issues

Below-Average Business Risk, but not Immune from Cyclical

- While Würth's broad diversification continues to partly offset the volatile nature of some of its customers' industries (such as the construction-related sector), the current "super-cyclical" and highly synchronised global downturn shows that the business is not immune from cyclical. As a result, the group's financial profile will be more pressurised than previously expected. With its broad product portfolio, and some three million customers worldwide, Würth's dependence on individual customers remains very low, however.
- Fitch notes that a prolonged weak economic climate in Germany, which represents by far the group's most important geographical market, poses a major risk, and could impose a major hit on its operations. While international activities grew by 2.3% in FY08, German sales repeatedly outperformed the domestic economy, and increased by 6.2%. Similarly, the decline of Würth's sales in Q109 (-16.1% versus Q108) was less pronounced for domestic sales (-12.4%) than for the international group (-18.5%).

Releveraging – Higher than Expected

- The increase in group lease-adjusted leverage to 2.1x at FYE08 from 1.4x at FYE07 was still roughly in line with Fitch’s prior expectation – which incorporated a moderate rise in leverage due to a combination of a steep growth path involving further high capex spending and some M&A activity; the settlement of pending tax field audits; and temporarily higher dividend payments, followed by subsequent deleveraging. However, the agency expects a further sharp increase for FY09, with a recovery to pre-“Crisis” levels unlikely in the next two to three years.
- To safeguard liquidity and limit the increase in leverage, Würth has swiftly implemented several measures such as short-time work and salary cuts, a considerable reduction in capex, and a more focused working capital management.

Business Model and Strong Track Record Remain Credit Supportive

- Würth commands a superior business profile than most production-focused industrial companies, underpinned by its trading-related nature – and with its own production being very limited. The idea of offering combined sourcing and delivery services for low-value goods has proved to be one that can be taken into all the markets in which the group operates. Fitch notes that Würth employs one of the largest global sales forces. To hire and retain skilled sales representatives continues to be a key success factor for further profitable growth.
- The group’s leading market positions, its longstanding reputation, close relationships with its customers, as well as its high service and logistical standards, help to protect Würth’s business in fairly fragmented markets. In addition, the bargaining power of the group’s widespread supplier base is very limited. Würth’s small share of own-production, which accounts for approximately 5% of group sales, continues to minimise production-related fixed costs and risks.
- Following three years of limited growth in the early part of the decade, Würth entered a phase of double-digit growth beginning in 2004, which came to an abrupt end in the second half of 2008. While several smaller bolt-on acquisitions have helped to support growth, the bulk of the growth is organic, which underpins Würth’s strong position and ability to crowd out competitors. From a longer-term perspective, there is ongoing considerable growth potential given the highly fragmented nature of Würth’s global markets.
- Against the backdrop of the challenging macroeconomic environment, Fitch expects Würth’s expansion strategy – which targets both new and existing markets, through both organic growth (targeted 80%) and acquisitions (targeted 20%) – to cool down in the short to medium term. In FY08, Würth spent EUR115m on acquisitions, including the purchase of the Danish company Arvid Nilsson A/S (which trades with fixing and mounting material), as well as a couple of smaller bolt-on transactions.

Financial Profile

Accounting

- Würth has been applying International Financial Reporting Standards since 1999. A noteworthy change to the group’s consolidated accounts was the full consolidation of International Bankhaus Bodensee AG (IBB) for the first time in FY06, which had been gradually acquired in 2005 and 2006. EUR613m of the reported EUR648m liabilities from financial services at FYE08 related to IBB’s liabilities (EUR560m at FYE07, of which EUR539m related to IBB’s liabilities). Fitch has followed Würth’s accounting practice of not including the liabilities from financial services in the total debt calculation, but including these other long-term (EUR243m at FYE08 and EUR246m at FYE07) and short-term liabilities (EUR405m at FYE08 and EUR314m at FYE07).

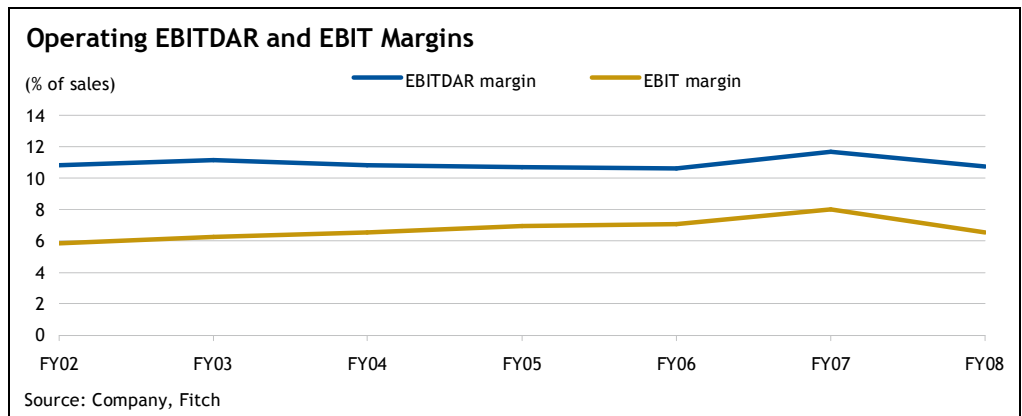
Profitability

Group Results

(EURm)	FY08	FY07	FY06	FY05	FY04
Turnover	8,815.8	8,489.0	7,748.1	6,913.9	6,203.2
Op. EBITDAR	947.8	991.4	823.2	739.1	671.0
EBIT	575.7	679.4	549.3	480.0	406.4

Source: Company, Fitch

- In FY08, revenue growth slowed down to 3.9% following four years of some 10%+ growth, affected by a weak fourth quarter. With an operating EBITDAR margin of 10.8% and an EBIT margin of 6.5% in FY08 (FY07: 11.7% and 8.0%, respectively), profitability somewhat suffered but was still in line with the longer-term average, following a strong FY07. Fitch notes that the limited profitability for the rating level is partly mitigated by the group’s long-term earnings pattern showing a higher degree of resilience to “normal” economic downswings, and also reflects the trading-related character of the business.



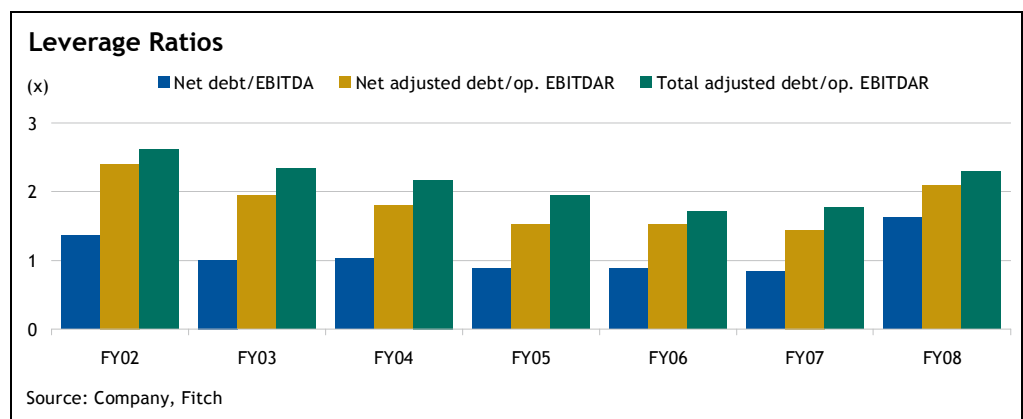
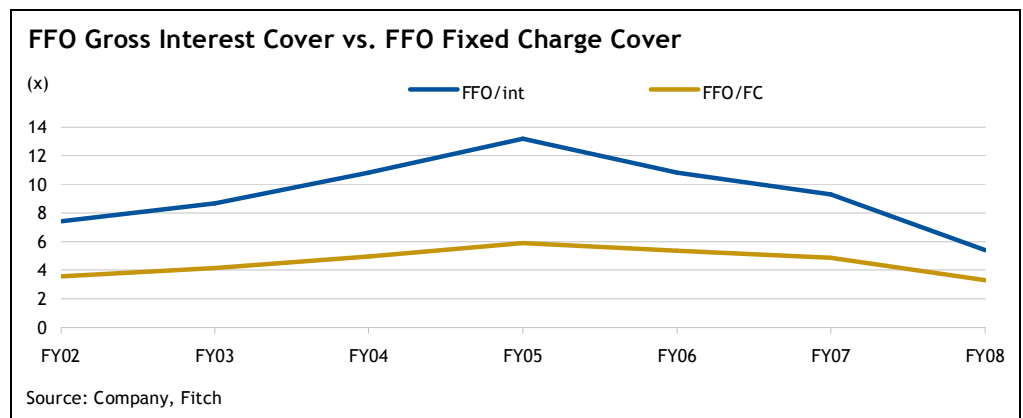
- In the first quarter of FY09, sales markedly declined by 16.1% yoy in the wake of the global recession, while the operating profit margin disproportionately shrank to 1.7% from 7.1% in the previous year. For full FY09, Würth expects a sales decline of 10%-20%, with a significantly lower (but still positive) operating profit.

Cash Flow and Creditor Protection

- At FYE08, the group’s creditor protection had suffered – mainly due to a weaker operating cash flow, relatively high capex and dividends, as well as M&A activity.
- Funds from operations (FFO) considerably decreased to EUR457m in FY08 versus EUR611m in FY07, while cash flow from operations (CFO) was less affected (EUR391 versus EUR407m) – due to a smaller increase in working capital. Fitch notes that efficient working capital management is crucial in the current downturn, given the significant volume of the group’s inventory and trading accounts, and continues to be a critical success factor for Würth’s business model.
- Capex was still at a high EUR437m after a record EUR477m, owing mainly to investment in growth such as additional storage capacity. To protect its liquidity and cash flow generation, Würth plans to substantially cut capex spending in the next two years, which Fitch deems ambitious but feasible given the discretionary character of many relatively small and insulated investment projects.
- FCF, at -EUR280m, was again significantly negative in FY08 after -EUR271m in

FY07, impacted by high dividend payments of EUR233m and EUR201m, respectively. Fitch expects that dividends will return to the single-digit range, which is more in line with its historical levels. As in previous years, some of the dividend payments were immediately recaptured (FY08: EUR23m, FY07: EUR60m, FY06: EUR97m, classified as equity issuance which is not recognised as FCF but as net cash flow available for financing), which somewhat reduced the actual dividend-related cash outflow.

- As a result of the cash-focused measures, Fitch expects FCF to be positive in FY09. However, the agency believes that the global recession will significantly affect profitability and leverage, and does not expect Würth's financial profile to recover to pre-“Crisis” levels in the foreseeable future.
- FFO/gross interest nearly halved to a relatively weak 5.4x at FYE08 (FYE07: 9.3x), and the FFO fixed-charge cover shrank to 3.3x (4.9x at FYE07). At the same time, net debt to EBITDA rose to 1.4x at FYE08 (0.8x at FYE07), and lease-adjusted net leverage increased to 2.1x from 1.4x at FYE07.



Capital Structure

- Despite a considerable boost of indebtedness, Würth continues to display a solid capital structure. Total debt increased to EUR1,416m at FYE08 from EUR1,091m at FYE07, while net debt rose to EUR1,225m from EUR767m. The group's debt maturity profile remains balanced: only 12% was short-term at FYE08 (17% at FYE07), and 23% had a maturity of more than five years. The bulk of the outstanding debt was represented by bonds.
- In addition to a relatively small amount of on-balance capital leases, Würth has various off-balance-sheet operating leases, which for the most part relate to the group's properties and sales force vehicles. At FYE08, these operating lease agreements entailed total future payments of EUR489m (EUR487m at FYE07). Total rent expenses amounted to EUR223m (EUR208m in FY07), of which EUR95m (EUR84m in FY07) is considered long-term. According to Fitch's

methodology, Würth's off-balance-sheet debt was EUR758m (FY07: EUR668m), reflecting 8x long-term hire/lease/rent expenses. Würth's total adjusted debt rose to EUR2,174m from EUR1,759m.

- A combination of defined pension contribution and defined benefit plans is in place, with the type varying according to legal practices across the countries in which Würth is active, among other factors. Pension provisions were virtually unchanged EUR129m in FY08, but do not significantly affect Fitch's assessment of Würth's robust capital structure.

Liquidity and Financial Flexibility

- Würth's good ongoing liquidity is underpinned by cash and equivalents of EUR191m at FYE08, versus EUR324m at FYE07. Furthermore, financial flexibility is supported by an undrawn committed syndicated credit facility of EUR150m (maturing in 2013), which the group procured in 2008, and largely unused uncommitted bilateral credit lines of more than EUR400m. The group further benefits from established access to the public and private debt capital markets. The above-average credit profile continues to help mitigate Würth's disadvantage due to its legal status as a private company, which prevents it from raising funds in the public equity markets.

Major Debt Issues

Major Debt Issues			
Currency	Amount (m)	Coupon (%)	Maturity
EUR	150	4.25	Mar 2010
USD private placement	200	5.06	Sep 2011
EUR	100	3.50	June 2012
CHF	300	4.25	July 2012
EUR private placement ^a	150	4.61	Apr 2013
EUR	100	4.25	May 2013
EUR	300	4.75	June 2014

^a EUR50m and EUR100m Schuldscheindarlehen, variable interest for the EUR100m tranche based on 3m Euribor
Source: Company, Bloomberg

- Most of the funding for international operations is raised by Würth Finance International B.V., which enjoys a joint guarantee from Adolf Würth GmbH & Co KG, owning the bulk of the domestic operations and (in most cases) from Reinhold Würth Holding GmbH under which most foreign subsidiaries are grouped (for more details, please refer to Fitch's *Credit Analysis* on Würth, dated 19 June 2008 and available under www.fitchresearch.com).
- The USD200m private placement and EUR150m syndicated credit line contain financial covenants including a limitation of net indebtedness to EBITDA, which were comfortably met at FYE08; headroom is now clearly expected to decline.

ADOLF WURTH GMBH & CO KG

	31 Dec 2008 EURm Original	31 Dec 2007 EURm Original	31 Dec 2006 EURm Original	31 Dec 2005 EURm Original	31 Dec 2004 EURm Original
Summary Balance Sheet					
ASSETS					
Cash and Marketable Securities	190.9	324.0	160.4	316.8	250.0
Accounts Receivable/Trade Debtors	1,092.0	1,153.0	1,099.8	970.4	835.0
Inventory	1,106.5	1,065.4	972.8	825.0	775.7
Other Current Assets	753.5	578.2	551.5	278.8	223.0
Property, Plant & Equipment	2,028.4	1,840.2	1,579.7	1,383.9	1,250.2
Intangible Assets	247.2	179.0	189.8	164.6	139.6
Other Non-current Assets	688.2	540.4	528.5	198.5	145.6
TOTAL ASSETS	6,106.7	5,680.2	5,082.5	4,138.0	3,619.1
LIABILITIES					
Short-term Debt (inc. CPLTD)	176.7	188.2	101.2	261.6	146.9
Accounts Payable/Trade Creditors	337.6	395.2	408.5	344.6	308.4
Provisions	407.6	395.7	354.9	314.7	302.8
Other Short-term Liabilities	1,177.0	1,134.2	933.2	506.0	405.6
Other Long-term Liabilities	252.5	261.4	283.0	35.5	18.1
Long-term Secured Debt	126.7	90.5	93.1	102.4	105.4
Long-term Unsecured Debt	1,112.1	812.7	631.0	524.5	616.8
TOTAL LIABILITIES	3,590.2	3,277.9	2,804.9	2,089.3	1,904.0
EQUITY					
Minority Interest/Minorities	36.1	36.7	29.9	21.2	11.2
Equity Capital & Reserves	2,480.4	2,365.6	2,247.7	2,027.5	1,703.9
TOTAL LIABILITIES & EQUITY	6,106.7	5,680.2	5,082.5	4,138.0	3,619.1
Adjusted Gross Debt	2,173.9	1,759.4	1,415.7	1,442.9	1,456.3
Debt Schedule					
DEBT PRIORITY					
Lease Liabilities	38.0	51.4	52.1	56.0	60.6
Secured	93.4	49.7	51.8	53.9	51.8
Unsecured	1,284.1	990.3	721.4	778.6	756.7
Convertible	0.0	0.0	0.0	0.0	0.0
Subordinated	0.0	0.0	0.0	0.0	0.0
Total Debt	1,415.5	1,091.4	825.3	888.5	869.1
Off-Balance Sheet Debt	758.4	668.0	590.4	554.4	587.2
Total Adjusted Debt	2,173.9	1,759.4	1,415.7	1,442.9	1,456.3
Non-recourse + Equity Hybrid Component	0.0	0.0	0.0	0.0	0.0
Total Adjusted Debt with Equity Credit	2,173.9	1,759.4	1,415.7	1,442.9	1,456.3
Adjusted Liabilities~~	2,173.9	1,759.4	1,415.7	1,442.9	1,456.3
DEBT SOURCE					
Bank	183.6	102.5	113.1	148.3	181.0
Capital Markets	1,147.9	900.0	623.2	650.7	595.3
Other	84.0	88.9	89.0	89.5	92.8
TOTAL DEBT	1,415.5	1,091.4	825.3	888.5	869.1
DEBT MATURITY					
Less than 1 Year	176.7	188.2	101.2	261.6	146.9
1 To 2 Years	144.3	32.0	144.2	0.0	0.0
2 To 5 Years	772.8	325.4	206.0	294.6	344.0
More than 5 Years	321.7	545.8	373.9	332.3	378.2
TOTAL DEBT	1,415.5	1,091.4	825.3	888.5	869.1
Unrestricted Cash & Deposits	190.9	324.0	160.4	316.8	250.0
CURRENT DEBT NET OF CASH	-14.2	-135.8	-59.2	-55.2	-103.1
TOTAL DEBT NET OF CASH	1,224.6	767.4	664.9	571.7	619.1
TOTAL ADJUSTED DEBT NET OF CASH	1,983.0	1,435.4	1,255.3	1,126.1	1,206.3
Adjusted Liabilities Net of Cash	1,983.0	1,435.4	1,255.3	1,126.1	1,206.3
Restricted Cash & Deposits	0.0	0.0	0.0	0.0	0.0

~ includes Restricted Cash

~~ Total Adjusted Debt with Equity Credit plus Debt-like Pref. Stock

ADOLF WURTH GMBH & CO KG

Summary Income Statement

	31 Dec 2008 EURm Original	31 Dec 2007 EURm Original	31 Dec 2006 EURm Original	31 Dec 2005 EURm Original	31 Dec 2004 EURm Original
SUMMARY INCOME STATEMENT					
Revenue*	8,815.8	8,489.0	7,748.1	6,913.9	6,203.2
Cost of Goods Sold	4,086.8	3,931.3	3,616.3	3,172.8	2,802.9
GROSS PROFIT	4,729.0	4,557.7	4,131.8	3,741.1	3,400.3
Selling, Distribution & Administrative Expenses	2,424.9	2,342.9	2,129.6	1,962.2	1,803.4
Other Operating Expenditure**	1,451.1	1,306.9	1,252.8	1,109.1	999.3
Presentational only: L-T Rentals (incl. in SG&A above)	94.8	83.5	73.8	69.3	73.4
Operating EBITDAR	947.8	991.4	823.2	739.1	671.0
Depreciation & Amortisation	277.9	229.1	200.1	190.3	191.4
Non-recurring, non-operational and non-recourse income***	0.0	0.0	0.0	0.0	0.0
Associate Income/Loss	0.6	0.6	0.0	0.5	0.2
Other Income/Expense	-94.8	-83.5	-73.8	-69.3	-73.4
EBIT	575.7	679.4	549.3	480.0	406.4
Interest Income	41.5	24.0	20.7	15.8	18.2
Interest Expense	103.2	73.7	58.8	46.4	49.3
Non-interest Financial Income/Charges	-2.5	-8.1	-7.4	-2.0	-3.1
PBT	511.5	621.6	503.8	447.4	372.2
Taxation	144.5	202.7	196.8	112.5	109.2
Minorities	-7.9	-9.5	-8.0	-6.5	-3.5
NET INCOME	359.1	409.4	299.0	328.4	259.5
Extraordinary Items/Accounting Changes	0.0	0.0	0.0	0.0	0.0
NET INCOME AFTER EXTRAORDINARY ITEMS (before dividends)	359.1	409.4	299.0	328.4	259.5

Summary Cash Flow

	31 Dec 2008 EURm Original	31 Dec 2007 EURm Original	31 Dec 2006 EURm Original	31 Dec 2005 EURm Original	31 Dec 2004 EURm Original
SUMMARY CASH FLOW					
Operating EBITDAR	947.8	991.4	823.2	739.1	671.0
Cash Interest Paid, Net of Interest Income	60.3	32.5	19.9	34.3	39.5
Cash Tax Paid	236.6	164.0	145.6	107.7	107.1
Associate Dividends	0.0	0.0	0.0	0.0	0.0
Other Changes before Funds From Operations****	-194.4	-184.0	-81.0	-33.2	-40.2
FUNDS FROM OPERATIONS	456.5	610.9	576.7	563.9	484.2
Working Capital	-65.4	-203.6	-165.4	-108.8	-145.7
CASH FLOW FROM OPERATIONS	391.1	407.3	411.3	455.1	338.5
Non-Operational Cash Flow***	0.0	0.0	-2.0	-0.5	-4.1
Capital Expenditure	437.3	476.5	393.1	281.6	236.1
Dividends Paid	233.3	201.3	128.2	132.0	25.6
FREE CASH FLOW	-279.5	-270.5	-112.0	41.0	72.7
Receipts from Asset Disposals	33.5	28.9	22.9	24.8	11.5
Business Acquisitions	113.9	18.4	85.1	92.4	27.1
Business Divestments	0.0	0.0	0.0	0.0	0.0
Exceptional & Other Cash Flow Items	-32.3	14.0	-9.4	-3.4	-9.2
NET CASH IN/OUTFLOW	-392.2	-246.0	-183.6	-30.0	47.9
Equity Issuance/(Buyback)	22.8	59.9	97.1	101.9	0.1
FX movement	0.0	0.0	0.0	0.0	0.0
Other Items Affecting Cash Flow****	-87.8	83.6	-6.7	-24.5	-139.1
NET CASH FLOW AVAILABLE FOR FINANCING	-457.2	-102.5	-93.2	47.4	-91.1
OPENING TOTAL DEBT NET OF CASH	767.4	664.9	571.7	619.1	528.0
Net Debt Increase/(Decrease)	457.2	102.5	93.2	-47.4	91.1
CLOSING TOTAL DEBT NET OF CASH	1,224.6	767.4	664.9	571.7	619.1

* Net of Sales, Royalty & Other Operational Taxes

** Excludes Depreciation & Amortisation

*** Analyst Estimate

**** Balancing Item

ADOLF WURTH GMBH & CO KG

Ratio Analysis

	31 Dec 2008 EURm Original	31 Dec 2007 EURm Original	31 Dec 2006 EURm Original	31 Dec 2005 EURm Original	31 Dec 2004 EURm Original
EARNINGS/PROFITABILITY					
Revenue Growth (%)	3.9	9.6	12.1	11.5	13.8
Gross Profit/Revenues (%)	53.6	53.7	53.3	54.1	54.8
Op. EBITDAR/Revenues (%)	10.8	11.7	10.6	10.7	10.8
EBIT/Revenues (%)	6.5	8.0	7.1	6.9	6.6
Pre-Tax Profit/Revenues (%)	5.8	7.3	6.5	6.5	6.0
Profit after tax/Revenues (%)	4.2	4.9	4.0	4.8	4.2
Effective Tax Rate (%)	28.3	32.6	39.1	25.2	29.3
Profit after tax/Average Equity (%)	14.9	17.9	14.2	17.8	16.3
Return on Average Assets (%)	8.0	9.2	7.9	9.8	9.3
FFO Return on Adjusted Capital (%)	14.0	18.5	19.2	19.5	19.1
Free Cash Flow Margin (%)	-3.2	-3.2	-1.5	0.6	1.2
COVERAGES					
FFO/Gross Interest Expense and Preferred Dividends (x)	5.4	9.3	10.8	13.2	10.8
FFO Fixed Charge Cover (x)	3.3	4.9	5.4	5.9	5.0
(Op. EBITDAR-Capex)/Gross Fixed Charges(x)	2.6	3.3	3.2	4.0	3.5
Op. EBITDAR/Net Fixed Charges (x)	6.1	7.4	7.4	7.4	6.4
FFO/Interest Expense Net of Interest Income (x)	8.4	13.3	16.1	19.4	16.6
Free Cash Flow Debt Service Coverage (x)	-0.6	-0.8	-0.3	0.3	0.6
Net Fixed Charges Cover (x)	4.3	5.7	5.6	5.5	4.6
LEVERAGE					
Total Adjusted Debt/Op. EBITDAR (x)	2.3	1.8	1.7	2.0	2.2
Total Adjusted Debt Net of Cash/Op. EBITDAR(x)	2.1	1.4	1.5	1.5	1.8
Adjusted Liabilities Net of Cash/Op. EBITDAR (x)	2.1	1.5	1.5	1.5	1.8
Adjusted Net Leverage/FFO (x)	3.2	1.9	1.8	1.7	2.1
Adjusted Leverage/FFO (x)	3.3	2.3	2.0	2.1	2.4
Free Cash Flow/ Adjusted Liabilities (%)	-12.9	-15.4	-7.9	2.8	5.0
CFO/Total Debt Net of Cash (%)	31.9	53.1	61.9	79.6	54.7
CFO/Adjusted Liabilities Net of Cash (%)	19.7	28.4	32.8	40.4	28.1
Total Adjusted Debt/Total Adjusted Capitalisation (%)	46.4	42.3	38.3	41.3	45.9
FINANCIAL STRUCTURE					
Secured and Lease Debt/Total Debt (%)	9.3	9.3	12.6	12.4	12.9
Current Debt/Total Debt (%)	12.5	17.2	12.3	29.4	16.9
Off-Balance Sheet Debt/Total Adjusted Debt (%)	34.9	38.0	41.7	38.4	40.3
Total Debt Net of Cash/Tangible Equity (%)	54.0	34.5	31.9	30.3	39.3
PENSION ADJUSTED RATIOS					
Mixed Scheme Pension Liability	30.4	24.7	20.9	26.5	25.5
Pension Adjusted Net Leverage	2.1	1.5	1.5	1.5	1.8
Pension Adjusted Net Coverage	0.0	0.0	0.0	0.0	0.0
Pension Adjusted Net Coverage (Implied)	5.7	6.9	6.6	6.6	5.5
Implied Interest Cost	1.7	1.3	0.9	1.1	1.0
Pension Adjusted Gross Coverage	0.0	0.0	0.0	0.0	0.0
Pension Adjusted Gross Coverage (Implied)	5.7	6.9	6.6	6.6	5.5
WORKING CAPITAL CYCLE					
Average Inventory Processing Period (days)	97.0	94.6	90.7	92.1	87.9
Average Receivables Collection Period (days)	46.5	48.4	48.8	47.7	46.2
Gross Cash Cycle (days)	143.5	143.1	139.5	139.7	134.1
Average Payables Payment Period (days)	32.7	37.3	38.0	37.6	35.3
Cash Conversion Cycle (days)	110.7	105.7	101.5	102.2	98.8
ADDITIONAL INFORMATION					
Depreciation	277.9	229.1	200.1	190.3	191.4
Amortisation	0.0	0.0	0.0	0.0	0.0
Capital Expenditure/Depreciation (x)	1.6	2.1	2.0	1.5	1.2
CFO/Capital Expenditure (x)	0.9	0.9	1.1	1.6	1.4
Interest Capitalised	0.0	0.0	0.0	0.0	0.0
Hire/Lease/Rent Costs for Current Assets	128.0	124.6	115.0	107.9	76.7
Hire/Lease/Rent Costs for Long-term Assets	94.8	83.5	73.8	69.3	73.4
Contingent Liabilities	242.1	317.9	312.9	172.4	131.9
Operating Exceptionals in Operating Costs	0.0	0.0	0.0	0.0	0.0
Staff cost/Revenues (%)	27.5	27.6	27.5	28.4	29.1
R&D (net)/Revenues (%)	0.0	0.0	0.0	0.0	0.0

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