MORNING NOTE

KBC Securities

5 May 2011

Benelux Conference in London, 19 May 2011. Click here to register.

Dear client, the Extel Europe 2011 survey will run from 7 March to 6 May.
If you appreciate our services, we would be grateful to receive your vote on www.extelsurvey.com in the following categories:
Benelux: Country Analysis; Corporate Access; Equity Sales; Small & Mid Caps Sales and Trading/Execution.
Thank you.

CONTENTS

CHANGES IN RECOMMENDATION

Company	From	To
Tessenderlo	Hold	Accumulate

CHANGES IN TARGET PRICE

Company	From	To
Pharming	0.17	0.14
Solvac	100.00	115.00
Solvay	90.00	100.00
Tessenderlo	25.00	33.00
Wessanen	3.30	3.50

KEY FIGURES

(at close)	Price	1D	1M	12M
AEX	355.9	-1.3%	-3.6%	6.0%
BEL20	2,702.6	-1.5%	-0.2%	8.1%
CAC40	4,043.1	-1.3%	0.0%	9.6%
DAX30	7,373.9	-1.7%	2.8%	22.8%
FTSE100	5,984.1	-1.6%	-0.6%	10.6%
EUROSTOXX50	2,952.0	-1.6%	-0.1%	9.0%
STOXX50	2,614.8	-1.4%	-0.2%	6.0%
DJIA	12,723.6	-0.7%	2.6%	16.4%
S&P500	1,347.3	-0.7%	1.1%	14.8%
NASDAQ Comp	2,828.2	-0.5%	1.4%	16.7%
USD/EUR	0.6713	-0.7%	-4.4%	-12.2%
GBP/EUR	1.1106	-0.3%	-2.1%	-4.2%
Bel govt	4.31%	5.0bps	7.0bps	88.0bps
French govt	3.66%	5.0bps	-6.0bps	44.0bps
Dutch govt	3.57%	2.0bps	-8.0bps	42.0bps

Source: KBC Securities

CHANGES IN EPS FORECAST

Company	From		To	
	2011	2012	2011	2012
Telenet (€)	1.33	1.50	0.93	1.43
Wessanen	0.15	0.18	0.15	0.19

CORPORATE CALENDAR

Date	Company	Event
05.05.11	Corio	Results 1Q11
	Heineken Holding	Ex div. FI10
	ING	Results 1Q11
	SBM Offshore	General Assembly
	Tessenderlo	Results 1Q11
06.05.11	4Energy Invest	Results 1Q11
	Belgacom	Results 1Q11
	Brederode	Trading update 1Q11
	VastNed Retail	Ex div. FI10
07.05.11	Umicore	Ex div. FI10
		Ex div. FY10
09.05.11	ING	General Assembly
	NPM/CNP	Results 1Q11
	Solvay	Results 1Q11
	TNT	Investor Day

ROADSHOW CALENDAR

Date	Company	Place
18.05.11	Barco	Madrid
	Omega Pharma	Netherlands
20.05.11	Ablynx	The Netherlands
23.05.11	Sipef	London
24.05.11	Wolters Kluwer	Brussels
30.05.11	Befimmo	Amsterdam
31.05.11	Befimmo	London
	Roularta	Paris
01.06.11	Gimv	London
07.06.11	Gimv	Stockholm
08.06.11	Gimv	Helsinki
23.06.11	Barco	Stockholm
24.06.11	Barco	Helsinki

For an overview of our upcoming events, please click here.

PUBLICATION OVERVIEW

Date	Company / Sector	Title report	Recommendation	Target Price
05.05.11	Wessanen	Fitter and more focused	Accumulate	3.50
04.05.11	AEGON	1Q11 resilient operating earnings expected	Accumulate	7.00
	Ageas	1Q11 net loss expected due to general account	Buy	3.25
03.05.11	Belgacom	1Q11E: regulation weighs on sales and profits	Hold	26.30
	Tessenderlo	Preview 1Q11 results	Accumulate	33.00
02.05.11	AB InBev	Preview 1Q11 results	Accumulate	47.00
	DSM	Powered by strong volumes & pricing	Buy	55.00
	Randstad	Robust sales growth despite tougher comps	Buy	48.00
	Telenet	1Q11E - 8% EBITDA growth expected	Accumulate	34.00
28.04.11	Kas Bank	1Q11 net profit at € 5.4m	Reduce	12.50
	Nutreco	1H11 REBITA guidance disappoints slightly	Accumulate	62.00
	Real Estate	Finding the right hedge - Deflation? Inflation? Stagfla ...		
	USG People	No improvements in the Netherlands	Accumulate	16.00
27.04.11	Delhaize	Tough comparables in 1Q11	Accumulate	65.00
	PinguinLutosa	The Year of the Quantum Leap	Accumulate	11.67
	Randstad	Removal subsidy system dents gross margin	Buy	48.00
26.04.11	ASMI	1Q11E: another solid quarter	Buy	35.00
	BinckBank	1Q11 higher top line but flat net profit	Accumulate	14.00
	Melexis	1Q11E: flat sales q/q	Buy	16.00
	Mobistar	1Q11E: regulation weighs on profits	Reduce	47.00
21.04.11	Dexia	1Q11 reported earnings likely to be weak	Accumulate	4.50

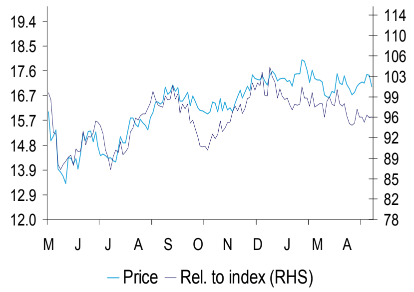
KBC Securities

5 May 2011

ARCADIS

Tetra Tech also looking for M&A in Australia/Asia

INDUSTRIAL ENGINEERING	CURRENT PRICE	€ 16.98	ACCUMULATE
NETHERLANDS	TARGET PRICE	€ 18.00	RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	ARCAD NA
Reuters	ARDS.AS
www.arcadis-global.com	
Market Cap	€ 1,020.2m
Shares outst.	66.1m
Volume (daily)	€ 1,907,771
Free float	64.2%

Next corporate event

Results 1Q11: 11 May 2011

(€ m)	2010	2011E	2012E
Sales	2,003.0	2,024.0	2,086.7
REBITDA	166.0	174.8	178.9
Net earnings	73.9	85.1	83.6
Adj. EPS (€)	1.16	1.25	1.29
P/E (x)	13.6	13.6	13.2
EV/REBITDA	7.6	7.2	6.7
FCF Yield	5.6%	9.2%	8.6%
Dividend yield	3.0%	3.0%	3.1%

Dieter Furniere
+32 2 429 18 96
dieter.furniere@kbcsecurities.be

Solid Tetra Tech results provide good read-through for Arcadis

Tetra Tech, a global competitor of Arcadis with similar market capitalization (US$ 1.4bn), and 70% exposure to the US (50% of which government), reported 2Q11 revenues of US$ 430m beating consensus of US$ 394m, while earnings came-in broadly in line. The company reported an improvement in its backlog to US$ 1.99bn, up 18.7% y/y and up sequentially from US$ 1.91bn. Management guides for 3Q11 revenues of $ 450-475m, which is slightly ahead of consensus.

Engineering, water and remediation strong

Tetra Tech says earnings were impacted by unfavourable mix in the quarter along with increased start-up costs, hence the positive evolution in backlog and revenues should be the main attention point when comparing to Arcadis. Much of the outperformance came from Engineering & Consulting and Remediation & Construction segments. The very good environment outlook in the US is also flagged by Arcadis. Tetra Tech was quite happy with the strong performance of its Water unit in the Mining and Energy segments with the former posting growth of >20%.

M&A bidding war in Australia / Asia?

Just like Arcadis, also Tetra Tech is targeting opportunities in Australia and Asia. They see favourable business conditions in Australia (commodities, natural resources) and see opportunities to leverage the presence of Australian companies into Asia. This could be a negative for Arcadis when they would be chasing the same acquisition goal. Although Arcadis has always been very strict when setting its acquisition parameters, a potential bidding war -which Arcadis says doesn't want to take part of- could suggests that they would need to pay > 6-7x EV/EBITA (incl. tax benefits). We also believe that acquiring strategic assets with strong exposure to a high growth market like Asia could indeed deserve take-out multiples ahead of Arcadis's current internal goals. We see no reason to worry as long as this does not thwart with the other hurdles set when performing acquisitions: i/ earnings accretive from year 1; ii/ margins compatible with Arcadis's goals within 1-3 years; and iii/ over time reach a ROI of 15%.

Accumulate rating re-iterated

We stick to our TP of € 18, based on our DCF model. There could be additional upside from new add-on acquisitions. At our target price, Arcadis would trade at a 15% premium to 2012 peer multiples, but we said it before and we say it again: "quality comes at a price".

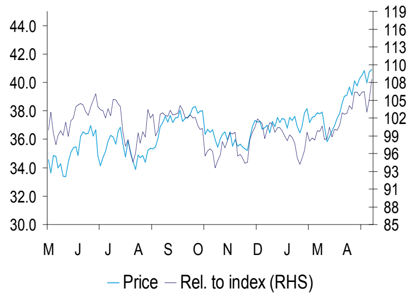
We would like to refer to our latest note of 14 April 2011 "Brazilian PACman needs its power pellets" for a more in-depth read on the Brazilian activities and our M&A earnings and value accretion scenario analysis.

5 May 2011

HEINEKEN

Preferred bidder for Bedele and Harar (Ethiopia)

BEVERAGES	CURRENT PRICE	€ 40.89		BUY
NETHERLANDS	TARGET PRICE	€ 50.00		RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	HEIA NA
Reuters	HEIN.AS
www.heineken.com	
Market Cap	€ 23,552.7m
Shares outst.	584.2m
Volume (daily)	€ 45,916,189
Free float	57.6%

Next corporate event

Results 1H11: 24 August 2011

(€ m)	2010	2011E	2012E
Sales	16,133.0	16,698.4	17,367.8
REBITDA	3,726.0	3,873.0	4,121.3
Net earnings	1,629.0	1,639.8	1,830.3
Adj. EPS (€)	2.56	3.06	3.39
P/E (x)	14.1	13.4	12.1
EV/REBITDA	7.9	7.9	7.0
FCF Yield	9.4%	8.2%	9.4%
Dividend yield	2.1%	2.1%	2.3%

Wim Hoste
+32 2 429 37 13
wim.hoste@kbcsecurities.be

Named as preferred bidder for two Ethiopian breweries:
The government of the Federal Democratic Republic of Ethiopia has named the company as the preferred bidder for the Bedele and Harar breweries. The winning bids for the breweries were US$ 85 million and US$ 78 million, respectively. Heineken will now work with the government to finalise the transaction. The decision follows Heineken's participation in the public auction for the two breweries. The transaction is another step in increasing the exposure to Africa, where Heineken posts its highest profit margins.

Ethiopia is a promising beer market. The two breweries have a combined market share of 18% with brands such as Bedele, Harar, Hakim Stout and Harar Sofi (malt). Ethiopia is Africa's second most populated country with 85 million people and its beer market (3 million hectolitres in 2010, source Plato) grew approximately 20% per year over the past 5 years, compared to a GDP growth of 8%. Beer and non-alcoholic malt consumption in Ethiopia was approximately 4 litres per capita in 2010, which is well below the global average of 27 litres and below beer consumption in neighbouring countries, such as Tanzania (7 litres), Uganda (9 litres) and Kenya (10 litres). In addition to a fast growing population and a developing beer market, the country's political stability and improving economy, make Ethiopia a promising, long-term growth market for Heineken in Africa.

Renewal of € 2bn revolving credit facility:
This morning Heineken also announced the successful closing of a new Revolving Credit Facility for an amount of € 2 billion with a syndicate of 17 banks. The new multi-currency facility replaces Heineken's existing € 2 billion Revolving Credit Facility which was scheduled to mature 22 April 2012. The new self-arranged credit line has a tenor of five years with two 1-year extension options and can be used for general corporate purposes (including acquisitions).

Conclusion:
The interest in the Ethiopian breweries was already known as well as the above-mentioned bidding prices. We welcome the likely expansion in Africa given the superior growth profile of this region. BUY and € 50 target price maintained.

KBC Securities

5 May 2011

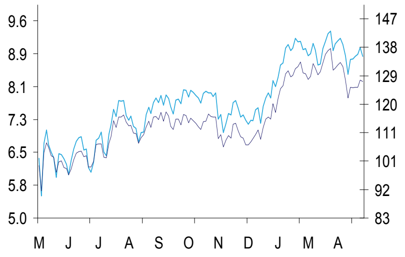
ING

1Q11 earnings better than expected

BANKS
NETHERLANDS

CURRENT PRICE € 8.79
TARGET PRICE € 9.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	INGA NA
Reuters	ING.AS
www.ing.com	
Market Cap	€ 33,660.3m
Shares outst.	3,831.6m
Volume (daily)	€ 220,991,859
Free float	99.1%

Next corporate event

General Assembly 10: 9 May 2011

(€ m)	2010	2011E	2012E
Premiums	27,947	27,388	28,210
GOP	5,346	8,698	9,489
Net profit	3,220	6,404	7,063
Adj. EPS (€)	1.03	1.66	1.82
DPS (€)	0.00	0.00	0.30
P/E (x)	8.5	5.3	4.8
P/BV (x)	0.8	0.8	0.7
Dividend yield	0.0%	0.0%	3.4%

Dirk Peeters
+32 2 429 37 18
dirk.peeters@kbcsecurities.be

News:

ING reports a 1Q11 net result of € 1,381m (vs € 1,293m expected and consensus of € 1,237m) and an underlying net profit of € 1,492m (vs € 1,431m expected and consensus of € 1,376m). Underlying profit before tax stood at € 2,156m (€ 1,946m expected) o/w € 1,695m from banking (€ 1,488m expected) and € 461m from insurance (€ 458m expected). Basic EPS stood at € 0.37.

ING Banking underlying earnings before tax (€ 1,695m) benefitted from healthy interest margin (1.44%), higher client balances, lower risk costs (42bps vs 60bps in 1Q10) and cost control. The ROE (IFRS equity) stood at 13.7% (vs 11.7% in 1Q10). The core Tier 1 ratio stood at 10.0%. ING will (as announced) buy back € 2bn of core capital securities + € 1bn repurchase premium on 13 May 2011.

ING Insurance underlying earnings before tax (€ 461m vs € 121m in 1Q10) was driven by higher fees and premium-based revenues, robust sales growth, an improvement in investment margin (investment spread at 95bps) and cost control. The operating profit (margin format) stood at € 561m (vs EUR 414m in 1Q10) which was lower than our forecast € 675m. New life sales (APE) stood at € 1,384m (+11.4% or +8.0% excluding currency effects) which was better than we expected (€ 1,243m). NBV is not disclosed.

Divestments and special items in 1Q11 amounted to € -111m after tax and related primarily to various restructuring programmes. After tax separation costs were € 20m (we took € 50m in our forecast) out of a total of € 200m projected for FY11E.

ING restructuring remains on track with two planned IPOs (US and Europe & Asia) whereas the strategic options for Latin American insurance are still being explored. Steps are also taken for the divestment of ING Direct USA and the carve-out of WestlandUtrecht Bank from the Dutch retail banking business.

Our View:

1Q11 underlying earnings before tax were better than we expected, notably in banking whereas insurance underlying earnings before tax were exact in line.

Conclusion:

We remain Accumulating with an unchanged target at € 9.0.

KBC Securities

5 May 2011

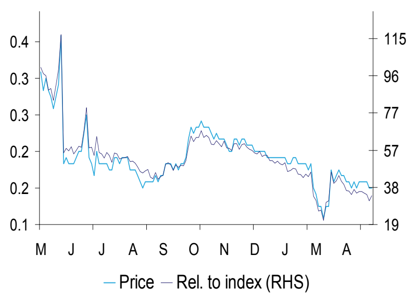
PHARMING

Additional US trial needs 50% more patients

PHARMACEUTICALS & BIOTECHNOLOGY
NETHERLANDS

CURRENT PRICE € 0.15
TARGET PRICE € 0.14

REDUCE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	PHARM NA
Reuters	PHAR.AS
www.pharming.com	
Market Cap	€ 42.0m
Shares outst.	342.1m
Volume (daily)	€ 1,285,111
Free float	85.7%

Next corporate event

General Assembly 10: 11 May 2011

(€ m)	2010	2011E	2012E
Sales	1.7	4.5	9.9
REBITDA	-21.4	-18.8	-13.8
Net earnings	-40.7	-18.9	-14.0
Adj. EPS (€)	-0.16	-0.06	-0.04
P/E (x)			
EV/REBITDA			
FCF Yield	-4.2%	-39.1%	-35.2%
Dividend yield			

Jan De Kerpel, PhD
+32 2 429 84 67
jan.dekerpel@kbcsecurities.be

News:
Following a meeting with the FDA on March 31 to discuss the refusal to file letter send in February 2011, Pharming and its US partner Santarus are now amending Rhucin's phase IIIb protocol. We believe the increase of patients will not allow having Rhucin on the market in 2012, as the company previously guided for. We lower our target price to 0.14, reduce maintained.

Our View:
The amendment includes an increase in the number of patients from 50 to around 75 (50% more patients), and a modification in how the primary endpoint will be assessed (no need for validation of the visual analog scale).

Pharming now expects the study to complete within 12 to 18 months *from its original initiation*. Interestingly, this said initiation is now put at February 2011, while at the time of the refusal letter, it was said the trial was already open since 4Q10 (hence our assumption that patient recruitment could originally be finished by YE11 or early 2012). With the new timeline, patient enrolment will be finished by 2Q-3Q12.

We understand the FDA requested an increase in patients such that the number of patients on the active substance would be aligned to studies from competitors. While 25 additional patients doesn't look a lot, it is reminded that for a rare disease like HAE this is a substantial number. On the other hand, the FDA smoothened the inclusion criteria such that the company believes the overall recruitment timeless of 12 to 18 months (starting from February 2011) remain intact.

Based on this information, we now estimate that in a best case scenario (12 month recruiting), the updated BLA can be filed by mid-2012. In a worst case scenario this would be 4Q12. The company may ask for accelerated review, which would result in a review time of ~6 month, such that Rhucin could be on the market by 1H13 in a best case scenario. However, because there are already a number of competitive products on the market, accelerated review may not be accepted, such that in a base to worse case scenario the product could enter the market in 2H13. Of course, all assuming that the FDA approves the drug, which is never a given, especially because there are already several competitive HAE products on the US market.

As a reminder, Pharming guided until now for US market entry by 2012. However, the delay in filing is also impacting the financials: 1/ in the timing of milestone payment from Santarus to Pharming upon acceptance for BLA review, but more important 2/ in the start of having US product sales cash inflows.

Conclusion:
The further delay in US market entry negatively impacts our valuation. We lower our target price to 0.14, and reiterate our reduce rating.

5 May 2011

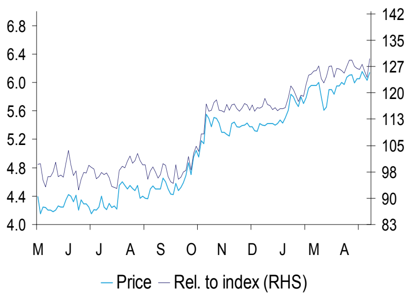
QUEST FOR GROWTH

NAV at € 9.17 p.s. climbs to YE07 levels

EQUITY INVESTMENT INSTRUMENTS
BELGIUM

CURRENT PRICE € 6.14
TARGET PRICE € 6.70

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	QFG BB
Reuters	QUFG.BR
www.questforgrowth.com	
Market Cap	€ 72.4m
Shares outst.	11.8m
Volume (daily)	€ 80,483
Free float	90.6%
Next corporate event	

(€ m)	2008	2009	2010
Net result	-48.4	18.1	20.6
Adj. net result	-48.4	18.1	20.6
Basic EPS (€)	-4.11	1.53	1.74
ROE	-41.8%	26.8%	24.1%
Adj. eq. value	9.87	7.25	8.99
Premium/disc.	14.9%	35.9%	42.9%
DPS (€)	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%

Tom Simonts
+32 2 429 37 22
tom.simonts@kbcsecurities.be

Summary:
Quest's end-of-April NAV climbed to € 9.17 p.s, while the stock rose to € 6.04 (34% discount). This confirms the rationale behind recently upping our TP.

News:
NAV at end-April moved up slightly to € 9.17 p.s., versus € 9.06 at end-March (1.2% m/m, 2.0% YTD). The stock increased to € 6.04 (1.5% m/m, 13.7% YTD), due to which the discount hovered more or less steady at 33.9% (end-December: 40.93%).

Quest's activity in the listed portfolio segment in April was vibrant, resulting in the adjustment of a broad number of existing stakes. The company upped stakes in Econocom, Leguide.com, Pharmagest, Mobotix and KPN, while stakes in INIT Innovation, Nemetschek, Unit4, Andritz, Pfeiffer Vaccum Technology, Centrotec and Wacker Chemie were lowered. The position in Stratec Biomedical was completed sold. Combined, the listed portfolio at current prices totals € 66.5m and accounts for 62.5% of NAV. Listed assets break down in Software & Services (17.4%), Technology & Hardware (9.9%), Pharma & Biotech (5.2%), Healthcare Equipment (3.2%), Electrical & Engineering (15.8%) and Materials & Others (10.2%).

The aggregated value of the direct Private Equity stakes remained unaltered vis-à-vis the end-of-March NAV update, while the valuation of a number of 3rd party investment funds was increased. We noted upward changes at the level of Capricorn Cleantech Fund (+€ 0.2m), CETP II (+€ 0.2m) and LSP IV (+€ 0.12m). Quest recent € 1.06m investment in Ducatt NV (co-investment alongside Capricorn Cleantech Fund) was reduced to € 0.94m as part of the stake was resold following the fund's official close. The direct and indirect PE portfolios are currently valued at a respective € 15.4m and € 15.7m. Combined, they account for € 31.1m, or 29.3% of adjusted equity value.

We estimate net cash at € 5.7m (5.3% of NAV), which includes the valuation of options and other items on the balance sheet. We remind that we no longer attach a valuation to the 2.2% treasury shares that Quest holds, as an upcoming EGM will decide (and approve) their cancellation.

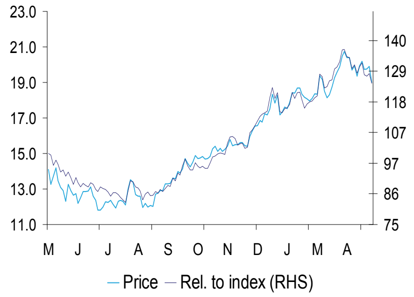
Conclusion:
Quest's stock price soared 13.7% since the beginning of 2011 in a clear outperformance vis-à-vis major international indices and Quest's direct benchmarks. Based on yesterday's close, we estimate adjusted equity value p.s. at € 9.22 (€ 106.3m) and note that the discount hovers around 33.3%. We increased our TP at the time of the publication of Quest's 1Q11 results and see yet another m/m NAV increase as a confirmation of our view that the stock remains undervalued. We have an Accumulate rating as we see 10% upside potential from current trading levels.

5 May 2011

SBM OFFSHORE

Slow sales, strong backlog, margin guidance adj?

OIL EQUIPMENT, SERVICES & DISTRIBUTION	CURRENT PRICE	€ 19.01	**ACCUMULATE**
NETHERLANDS	TARGET PRICE	€ 24.00	RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	SBMO NA
Reuters	SBMO.AS
www.sbmoffshore.com	
Market Cap	€ 3,125.6m
Shares outst.	167.6m
Volume (daily)	€ 18,924,420
Free float	100.0%

Next corporate event

Trading update 1Q11: 12 May 2011

($ m)	2010	2011E	2012E
Sales	3,055.8	3,122.0	3,102.0
REBITDA	739.1	749.8	787.8
Net earnings	240.0	356.0	339.4
Adj. EPS ($)	1.38	2.12	2.02
P/E (x)	13.5	13.4	14.0
EV/REBITDA	6.3	8.1	7.5
FCF Yield	-6.9%	6.0%	5.9%
Dividend yield	3.8%	4.0%	3.8%

Michael Roeg
+32 2 429 39 41
michael.roeg@kbcsecurities.be

1Q11 sales figures, backlog and margin trends

In 1Q11, Lease reported sales of $ 212m (215 expected), Turnkey Systems reported $ 432m (475) and Turnkey Services reported $ 39m (85). The latter suffered from a slow start of the year in Offshore Contracting, which should be more than compensated in the remainder of the year according to management. Group sales amounted to $ 683m (758). Margins were in line or ahead of expectations according to management, except for Turnkey Services which experienced a slow start to the year. Backlog the end March amounted to $ 11.3bn, while another $ 2.0bn will be recognised as backlog post 1Q, including the OSX FPSO and the relocation contract for the FPSO Xicomba, which were announced in the past months.

Operations

All operations are proceeding as planned, except for the two MOPU units. The Yme MOPUstor is still waiting for a window to be installed, depending on weather conditions, and there has not yet been an agreement with the client re the costs associated with the delay in start of production. Re the Deep Panuke MOPU unit, SBM has not been able to reach an agreement with the client re the costs associated with modifications requested by the client during the construction phase, so SBM is now seeking legal action.

Guidance tweaked on two items

Mgmt now guides for a 20-25% decline in interests costs y/y (was 15% decline) without mentioning why this item will be lower vs. previous guidance. They also mention that the margin in Turnkey Systems will be solidly within the 5-10% range (was high end of the range) before the impact from finance lease accounting. Our impression is that this guidance has been adjusted downwards, and we assume it has to do with the issues related to the two MOPU units. The conference call should shed some more light on this.

Market trends

The CEO sees reasonable possibilities to obtain more orders in the remainder of the year. Tendering activity remains strong, and Petrobras has invited SBM for a tender re the supply of an FLNG unit.

Our View:

We are not worried by the sales trends as the backlog almost covers the full year budget (Turnkey Services will be caught up later in the year). What is slightly negative is that guidance on the Turnkey Systems margin is lowered from the high end to solidly within the 5-10% range. We assume this has to do with costs associated with the Deep Panuke MOPU for which SBM has not been able to receive sufficient compensation. The CC will have to provide more clarity on this before we can draw a conclusion. Overall, the TU is slightly negative for sentiment due to lower margin guidance, whereas order intake was in line with expectation following the announcements made in the past months. The outlook for new orders remains strong, which is nice.

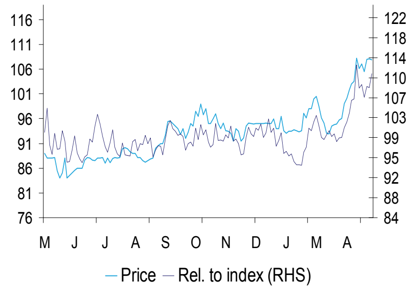
KBC Securities

5 May 2011

SOLVAC

Upping TP as Solvay just became more potent

EQUITY INVESTMENT INSTRUMENTS	**CURRENT PRICE**	**€ 107.90**	**HOLD**
BELGIUM	**TARGET PRICE**	**€ 115.00**	RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	SOLV BB
Reuters	SOAC.BR
www.solvac.be	
Market Cap	€ 1,467.4m
Shares outst.	13.6m
Volume (daily)	€ 101,967
Free float	100.0%

Next corporate event

General Assembly 10: 10 May 2011

(€ m)	2008	2009	2010
Net result	119.0	154.0	553.0
Adj. net result	65.6	87.6	0.0
Basic EPS (€)	7.78	10.07	36.14
ROE	7.8%	9.7%	33.0%
Adj. eq. value	77.84	119.92	115.51
Premium/disc.	15.2%	30.4%	24.2%
DPS (€)	4.32	4.32	4.32
Dividend yield	6.5%	5.3%	5.3%

Tom Simonts
+32 2 429 37 22
tom.simonts@kbcsecurities.be

Summary:
KBCS today increases its TP on Solvay from € 90.0 to € 100.0. Since this directly affects Solvac's underlying potential, we decided to increase our TP on Solvac from € 100 to € 115. We maintain our Hold rating, however, as the Solvac already reacted on Solvay's recent stock price ascent.

Our View:
Solvac holds 30.12% of Solvay, next to which it has an estimated € 110m of debt on its balance sheet (debt-to-equity: 4.5%). At current price levels, we expect the total FY11 DPS to arrive at € 4.41 (interim DPSe: € 2.59, final DPSe: € 1.82), setting the dividend yield at 4.1% (which compares with a 3.2% yield at the level of Solvay).

For more details with regards to KBCS decision to increase its TP on Solvay, we refer to comments elsewhere in today's morning note.

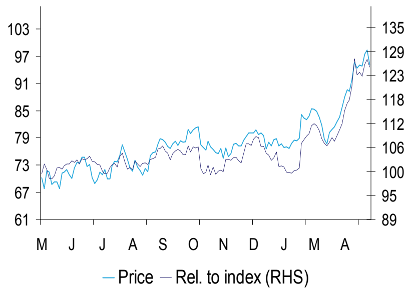
Conclusion:
We currently estimate adjusted equity value per share at € 151.5 with a 28.8% discount. Replacing Solvay's stock price with KBCS' TP (€ 100) would result in an increase to € 159.6 per share. Our new TP implies a rough 30% discount to this level, which we believe is justified not only by the much lower liquidity of the stock vis-à-vis Solvay, but also due to the nominative character of Solvac (which prevents institutional investors from stepping in). Based on our € 115 TP, the upside potential from current levels is limited to 6.6%, hence we maintain our Hold rating.

5 May 2011

SOLVAY

Stronger than expected Rhodia 1Q results

CHEMICALS	CURRENT PRICE	€ 95.15		**ACCUMULATE**
BELGIUM	TARGET PRICE	€ 100.00		RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	SOLB BB
Reuters	SOLB.BR
www.solvay-investors.com	
Market Cap	€ 7,873.5m
Shares outst.	84.7m
Volume (daily)	€ 17,545,926
Free float	69.3%

Next corporate event

Results 1Q11: 9 May 2011

(€ m)	2010	2011E	2012E
Sales	7,109.0	6,363.1	6,799.9
REBITDA	1,051.0	1,038.9	1,144.9
Net earnings	74.0	286.4	368.9
Adj. EPS (€)	3.64	4.02	4.77
P/E (x)	20.5	23.7	19.9
EV/REBITDA	4.2	5.4	5.0
FCF Yield	5.6%	1.1%	2.4%
Dividend yield	4.1%	3.2%	3.2%

Wim Hoste
+32 2 429 37 13
wim.hoste@kbcsecurities.be

News:

Rhodia published much stronger than expected 1Q11 results with revenue up 28% year on year to € 1,503m (consensus € 1,370m) and recurring EBITDA up 28% as well to € 283m (consensus +10% y/y to € 244m). Net profit landed at € 151m in 1Q11 vs € 69m in 1Q10 and vs the analyst consensus of € 79m. Free cash flow was € 100m and net debt was reduced to € 1,063m.

Thanks to sound business conditions which are expected to continue and solid pricing power, Rhodia adjusted its FY11 guidance from a 5-10% increase in recurring EBITDA from the 2010 level of € 905m to a recurring EBITDA exceeding € 1bn.

Conclusion:

The better than expected Rhodia 1Q results as well as those of PVC peer Tessenderlo (see comments also in this morning note) mean that we underestimated the effect of the cyclical rebound. We will up our Rhodia numbers - we currently estimate a pro-forma FY11 recurring EBITDA including some first integration synergies of € 985m vs the stand alone consensus for Rhodia of € 970m and the new guidance of above € 1bn – and following the Tessenderlo results, we will also up our Solvay forecasts. With stronger than expected net debt reduction at Rhodia the Solvay multiples will get more interesting. On our old forecasts and assuming a pro-forma full year consolidation of Rhodia, Solvay is trading at 6.3x EV/REBITDA11e and 5.6x EV/REBITDA12e.

Given the better than expected earnings momentum we increase our target price from € 90 to € 100 while maintaining our Accumulate rating on Solvay.

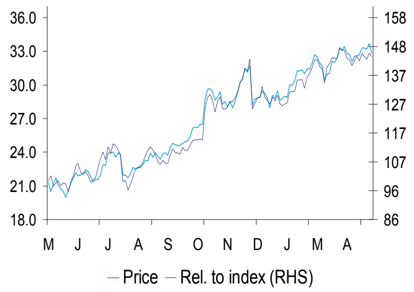
KBC Securities

5 May 2011

TELENET

Conf call feedback – no surprises

MEDIA	CURRENT PRICE	€ 32.83	**ACCUMULATE**
BELGIUM	TARGET PRICE	€ 34.00	RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	TNET BB
Reuters	TNET.BR
www.telenet.be	
Market Cap	€ 3,642.5m
Shares outst.	112.3m
Volume (daily)	€ 8,708,350
Free float	37.9%

Next corporate event

Results 2Q11: 4 August 2011

(€ m)	2010	2011E	2012E
Sales	1,299.0	1,370.2	1,445.0
REBITDA	668.7	713.1	750.2
Net earnings	89.3	105.1	161.3
Adj. EPS (€)	1.21	0.93	1.43
P/E (x)	19.6	35.2	23.0
EV/REBITDA	7.3	8.4	8.3
FCF Yield	9.8%	7.0%	7.7%
Dividend yield	9.4%	13.7%	13.7%

Nico Melsens, CFA
+32 2 429 37 16
nico.melsens@kbcsecurities.be

Topics discussed during the conference call yesterday afternoon included:
1) FY outlook (5.5% sales growth, slightly higher EBITDA margin): Telenet said the outlook reflects the expected TV price increases in 2H11 (Telenet has submitted a proposal to the government to increase prices with less than 5%). Also an increasing take up of Fibernet (fast broadband) is included in the guidance, although the 1Q take up was a bit ahead of the internal budgets according to the company. Promotions on installation costs (one of the elements that caused 1Q sales to come in below expectations) have ended now and clients now pay again for the installation costs.
2) iPhone: Telenet also said it included 'some' impact from the iPhone launch (expected in the coming weeks) in the guidance, although there is still some uncertainty of course in terms of timing etc. However management said that they do not expect a meaningful impact on profits from the launch. Revenues will benefit from the introduction of the iPhone, costs will go up (probably also due to the subsiding of the device as we expect), but on a net basis the company does not expect a big impact on profits. We believe this indicates that Telenet is not planning a huge subsidising of iPhone (i.e. they will not give it away for € 1 in combination with a subscription), but they will still charge a decent amount for the device (for example € 200 as they do for the Samsung tablet). This should partly take away fears that the launch and subsidising of the iPhone would cause a major hit on margins and profits.
3) Digital TV – despite the somewhat weaker adds in 1Q11, converting 20% of the remaining analogue TV clients per year is still the target, and this should still be achievable this year according to management. This is in line with our estimates. Telenet also said they did not see an impact from Mobistar entering the TV space (not really a surprise given the limited number of clients Mobistar signed up for their Starpack – i.e. 7k in 1Q11).
4) Mobile licence auctions: Telenet said they could not comment on the current evolutions and hence did not confirm rumours that they are bidding – together with Walloon cable operator VOO - for the fourth 3G licence. Telenet just repeated that they are looking at ways to improve the way of selling mobile internet (i.e. go for a 4G licence that should be auctioned towards the end of this year). In terms of 3G licences, they do not really see the need for their own licence as they are quite happy with the current MVNO with Mobistar (that runs till 2013). Nevertheless, we believe Telenet will take an opportunistic stance and try to get a 3G licence at attractive conditions. They could then in turn use this licence to renegotiate better MVNO conditions with Mobistar.

EPS changes: we have reviewed our model after the 1Q release, and lowered our sales forecast from € 1393m to € 1370m, or 5.5% growth which is bang in line with the company's guidance. Our adjusted EBITDA forecast is unchanged at € 713m (52%, versus 51.5% last year). Our net profit and EPS forecasts are substantially lower mainly due to higher (non-cash) tax expenses – our EPS goes to € 0.93 from € 1.33.

Conclusion:
No real surprises in the CC. Management remains upbeat, and growth will pick up over the coming quarters (as indicated). We reiterate our Accumulate rating and € 34 target on Telenet.

KBC Securities

5 May 2011

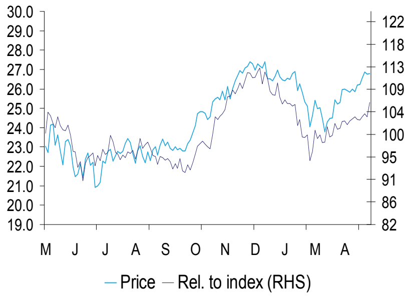
TESSENDERLO

Much stronger than expected 1Q results

CHEMICALS
BELGIUM

CURRENT PRICE € 26.79
TARGET PRICE € 33.00

ACCUMULATE
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg	TESB BB
Reuters	TESB.BR
www.tessenderlo.com	
Market Cap	€ 730.6m
Shares outst.	28.6m
Volume (daily)	€ 1,144,078
Free float	69.0%

Next corporate event

Results 1H11: 25 August 2011

(€ m)	2010	2011E	2012E
Sales	2,427.3	2,519.6	2,652.0
REBITDA	175.6	216.3	240.5
Net earnings	20.7	49.0	64.7
Adj. EPS (€)	0.69	1.71	2.26
P/E (x)	34.4	15.6	11.9
EV/REBITDA	5.9	5.5	5.0
FCF Yield	5.7%	-9.4%	-0.6%
Dividend yield	5.6%	5.0%	5.0%

Wim Hoste
+32 2 429 37 13
wim.hoste@kbcsecurities.be

Tessenderlo published much stronger than expected 1Q11 results with revenue up 18% to € 670.9m (KBCS 604m, consensus € 616.1m) and REBITDA approximately doubling from € 32.5m in 1Q10 to € 65.8m in 1Q11 (KBCS € 51.5m, consensus € 48.8m). All divisions except Plastic Pipes and Profiles were better than our forecasts, with the biggest upside surprise from Tessenderlo Kerley. Net profit jumped to € 30.1m (KBC € 10.3m, cons € 9.5m)

Inorganics posted a 20% revenue increase to € 106.4m (KBCS € 108m, cons € 107.6m) with REBITDA up from € -0.2m to € 6.3m (KBCS € 5.4m, cons € 6.4m). fertilizer volumes increased by 12% with pricing not dramatically different from 1Q10 while animal feed phosphates volumes increased by 7% with a significant increase in selling prices. Gross profits were well ahead the 1Q10 levels for both businesses

PVC/Chloralkalis posted a 21% increase in revenue to € 143.3m (KBCS 128.0m, cons € 135.6m) with REBITDA up 141% to € 12.3m (KBCS € 9.0m, cons € 9.7m). Gross profits rose in PVC thanks to better volumes whereas price increases compensated for rawmat price inflation. The key driver for the profit increase was however much better caustic soda pricing vs 1Q10.

Gelatin & Akiolis saw revenue increase by 25% to € 118.8m (KBCS € 105.0m, cons € 102.8m) with REBITDA up 27% to € 19.3m (KBCS € 16.3m, cons € 15.9m). Firm demand and pricing compensated in our opinion for the increased rawmat prices as evidenced by stable REBITDA margins.

Tessenderlo Kerley saw revenue increase by 38% to € 75m (KBCS € 58m, cons € 57.3m) with REBITDA up by 73% to € 20.1m (KBCS € 11.6m, cons € 12.2m). Revenue benefited from the success of the Linuron herbicides, whereas pricing as strong overall.

Plastic pipes and profiles saw revenue increase by 13% to € 143.1m (KBCS € 135.0m, cons € 135.9m) with REBITDA up by 23% to € 9.6m (KBCS € 14.2m, cons € 9.9m). Revenue increased mainly for the Plastic pipe systems (1Q10 weather was very harsh). Pipes increased REBITDA whereas profiles saw profits decline, mainly on the back of higher rawmat prices.

Others saw revenue increase by 1% to € 84.2m (KBCS € 70.0m, cons € 76.9m) with REBITDA up from € -1.8m to € 4.4m (KBCS € 1.1m, cons € 1.3m). The increase in REBITDA was due to the organic chlorine derivatives and pharma businesses, despite lower revenue for both. Compounds saw revenue increase with profits approximately flat.

Net financial debt was lower than expected at € 176.8m (or 304.4m including factoring).

Outlook : Tessenderlo did not provide a precise profit guidance, but commented to expect continued revenue and profit growth for the full year, with business conditions that are not expected to change from the first quarter. There was no real strategic news, as expected.

Conclusion:

We will significantly up our earnings model (FY11 REBITDA forecast expected to be upped from € 216m to at least € 250m). Combined with lower debts this will lower the EV/REBITDA11 multiple from around 5.5x to close to 4.0x. On the back of the much stronger than expected earnings momentum we up our rating from Hold to Accumulate while upping our target price from € 25 to € 33

5 May 2011

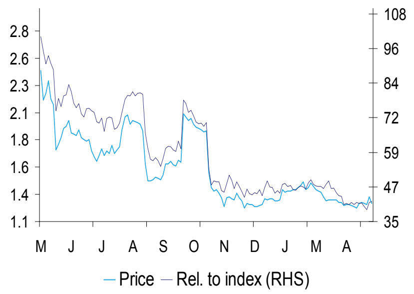
TIGENIX

Dutch agency advises against reimbursement CC

PHARMACEUTICALS & BIOTECHNOLOGY
BELGIUM

CURRENT PRICE € 1.28
TARGET PRICE €

SUSPENDED



Source: Thomson Reuters Datastream

Bloomberg	TIG BB
Reuters	G9U.BR
www.tigenix.com	
Market Cap	€ 39.8m
Shares outst.	31.1m
Volume (daily)	€ 107,125
Free float	63.3%

Next corporate event

(€ th)	2010	2011E	2012E
Sales	2,423	4,974	9,404
REBITDA	-14,452	-15,234	-14,054
Net earnings	-16,138	-17,237	-16,366
Adj. EPS (€)	-0.53	-0.55	-0.53
P/E (x)			
EV/REBITDA			
FCF Yield	-26.7%	-48.6%	-43.8%
Dividend yield			

Jan De Kerpel, PhD
+32 2 429 84 67
jan.dekerpel@kbcsecurities.be

Dutch agency recommends not to reimburse CC in The Netherlands: TiGenix received the Pharmacotherpeutic Report, prepared by the Dutch College for Healthcare Insurance (“CVZ”) on the evaluation of ChondroCelect for reimbursement under the special scheme for innovative new medicines (“Beleidsregel Dure Geneesmiddelen”).

In this report, the CVZ concludes that the therapeutic benefit of ChondroCelect was not demonstrated and advises the Dutch Healthcare Authorities not to reimburse ChondroCelect. TiGenix will carefully evaluate this report since the CVZ-advice differs from the positive reimbursement decision for ChondroCelect in Belgium and the special reimbursement procedure proposed in France. The Belgian decision and French proposal take into account that, for well-indicated patients, the use of ChondroCelect has demonstrated a clear therapeutic benefit. This therapeutic benefit is also important for the Dutch patient.

TiGenix said it is prepared to inform the Dutch authorities during the ongoing reimbursement procedure on the effectiveness of specific conditions for reimbursement, based on the Belgian and French framework.

Such a framework can offer a solution for providing specific well-defined Dutch patients qualitative care in Dutch orthopaedic reference centres through a controlled and judicious use of ChondroCelect.

Closing Cellerix acquisition - Rights issue
Tigenix disclosed that the prospectus related to the previously announced public rights issue of € 15m is expected to be made available on or about May 12, 2011. TiGenix will make an application for the admission of the shares issued in the framework of the Cellerix acquisition to trading on Euronext Brussels and expects such shares to be listed on or about May 13, 2011.

The company also disclosed the list of board members of the new Tigenix. 8 names were already disclosed at the time of the Cellerix merger announcement (consisting of four members affiliated with Tigenix and four with Cellerix). The new, 9th board member, is Mr Reyn, managing director of Shire-Movetis.

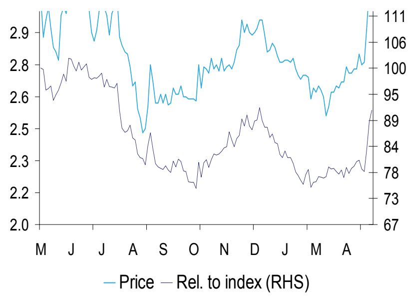
As KBC Securities acts as a joint bookrunner on the upcoming rights issue, we have temporarily suspended our coverage.

5 May 2011

WESSANEN

Fitter and more focused

FOOD PRODUCERS	CURRENT PRICE	€ 3.10	ACCUMULATE
NETHERLANDS	TARGET PRICE	€ 3.50	RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	WES NA
Reuters	BSWSc.AS
www.wessanen.com	
Market Cap	€ 233.0m
Shares outst.	75.2m
Volume (daily)	€ 1,080,745
Free float	100.0%

Next corporate event

Payment dividend FY10: 16 May 2011

(€ m)	2010	2011E	2012E
Sales	712.2	715.0	751.2
REBITDA	33.7	36.4	41.2
Net earnings	-6.1	9.0	14.4
Adj. EPS (€)	0.08	0.15	0.19
P/E (x)	35.0	21.2	16.5
EV/REBITDA	8.2	7.7	6.7
FCF Yield	-0.5%	3.7%	5.4%
Dividend yield	1.7%	1.9%	2.3%

Pascale Weber, CFA
+32 2 429 37 32
pascale.weber@kbcsecurities.be

We will publish a Flash Note today. Wessanen has made a good start to 2011. Wessanen Europe Grocery posted 1Q11 top line growth of 7.7% with volume growth contributing 5.7% and the divisional REBIT margin improved from 6.4% in 1Q10 to 9.5% in 1Q11. The core brands such as Bjorg, Whole Earth and Zonnatura gained market share. Going forward, we see this division, which generates 35% of group sales and 61% of group REBIT before unallocated costs, being the growth pole of the group as organic food goes mainstream. ABC, the US cocktail and juice business, will probably be sold this year and we also expect Frozen Foods to be sold one day given the group's focus on European organic food. We were disappointed by the 130bp decline in the 1Q11 REBIT margin at Wessanen Europe Health Food Stores' (HFS). Management admitted that the poor performance of this division needs to be addressed.

Our View:

We have fine-tuned our forecasts to reflect the better-than-expected 1Q11 results and the weaker dollar. Our EPS forecast for 2011 remains unchanged and our estimates for 2012 and 2013 have been upped by respectively 6% and 9%. We believe that 2011 will be a breakthrough year (see our Company note dated 15 April) for Wessanen, hence our unchanged Accumulate rating. Our DCF-based target price has been upped from € 3.3 to € 3.5.

5 May 2011

The company disclosures can be consulted on our website http://www.kbcsecurities.com/disclosures.

KBC Securities NV
Havenlaan 12
Avenue du Port
1080 Brussels
Belgium
+32 2 417 44 04
Regulated by CBFA

KBC Financial Products
1177 Avenue of the Americas
New York, NY 10036
US
+1 212 845 2200
Regulated by NASD

KBC Securities NV Polish Branch
ul. Chmielna 85/87
00-805 Warsaw
Poland
+48 22 581 08 00
Regulated by PFSA

KBC Securities Patria
Jungmannova 745/24
110 00 Prague 1
Czech Republic
+420 221 424 111
Regulated by CNB

KBC Securities NV Hungarian Branch
7/8 Roosevelt square
1051 Budapest
Hungary
+361 483 4005
Regulated by PSZAF

KBC Securities NV Bulgarian Branch
22 Gotze Delchev Blvd, Entr. 2
1404 Sofia
Bulgaria
Tel: +359 2 858 33 11
Regulated by FSC

KBC Securities Romania
11-15 Tipografilor Street
S-Park A2 Building
Bucharest-1
Romania
+40 21 40 84 200
Regulated by CNVM

BDD KBC Securities a.d.
Cincar Jankova 3
11000 Belgrade
Serbia
+381 11 21 80 856
Regulated by SSEC