



FERAS AL-CHALABI

MAKING THE CASE FOR EUROPE

QUARTERLY REVIEW

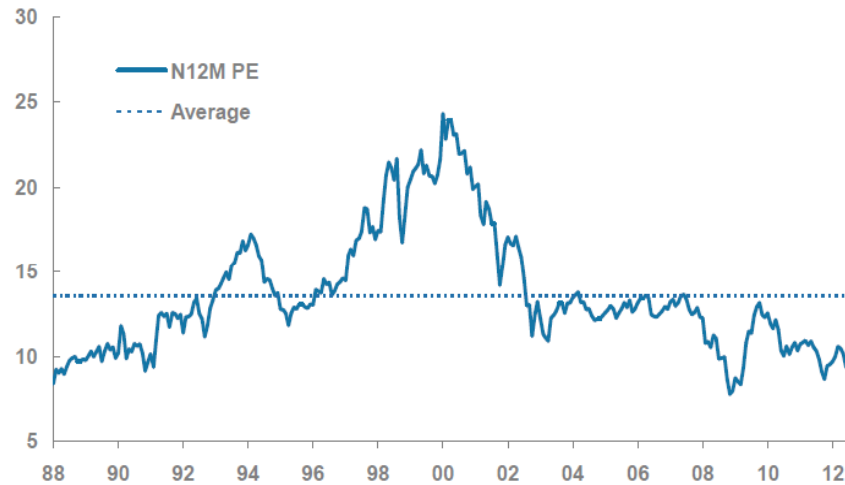
Q2-12

PERFORMANCE FOR Q2-12

- Odey Allegra European returned -3.34% against MSCI Europe -2.69%.
- CF Odey Continental European returned -8.38% against MSCI TR Net Europe ex UK -7.62%.
- At a stock level, the best performers were Sky Deutschland, Anheuser-Busch InBev, Swedish Match AB and Industria de Diseno Textil S.A.
- Infineon Technologies AG and Compagnie Financiere Richemont S.A. were the notable detractors.

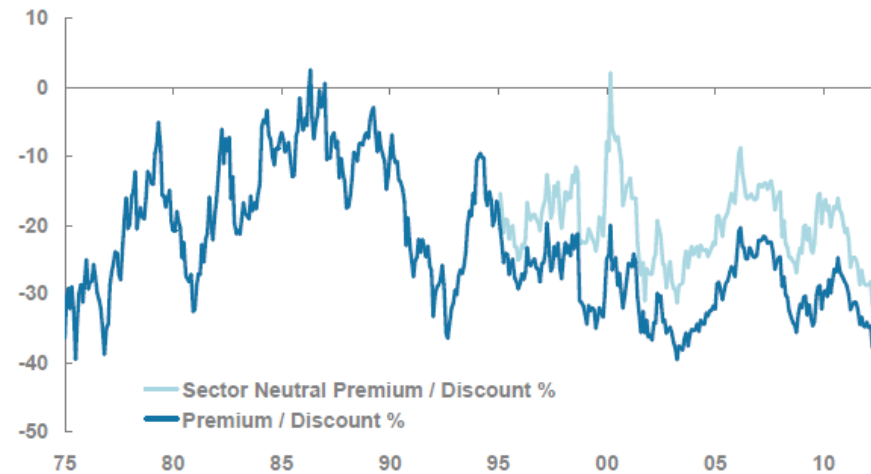
EUROPEAN EQUITIES ARE CHEAP

MSCI EUROPE - N12M PRICE TO EARNINGS
(LATEST = 9.7)



Source: MSCI, IBES, Morgan Stanley Research

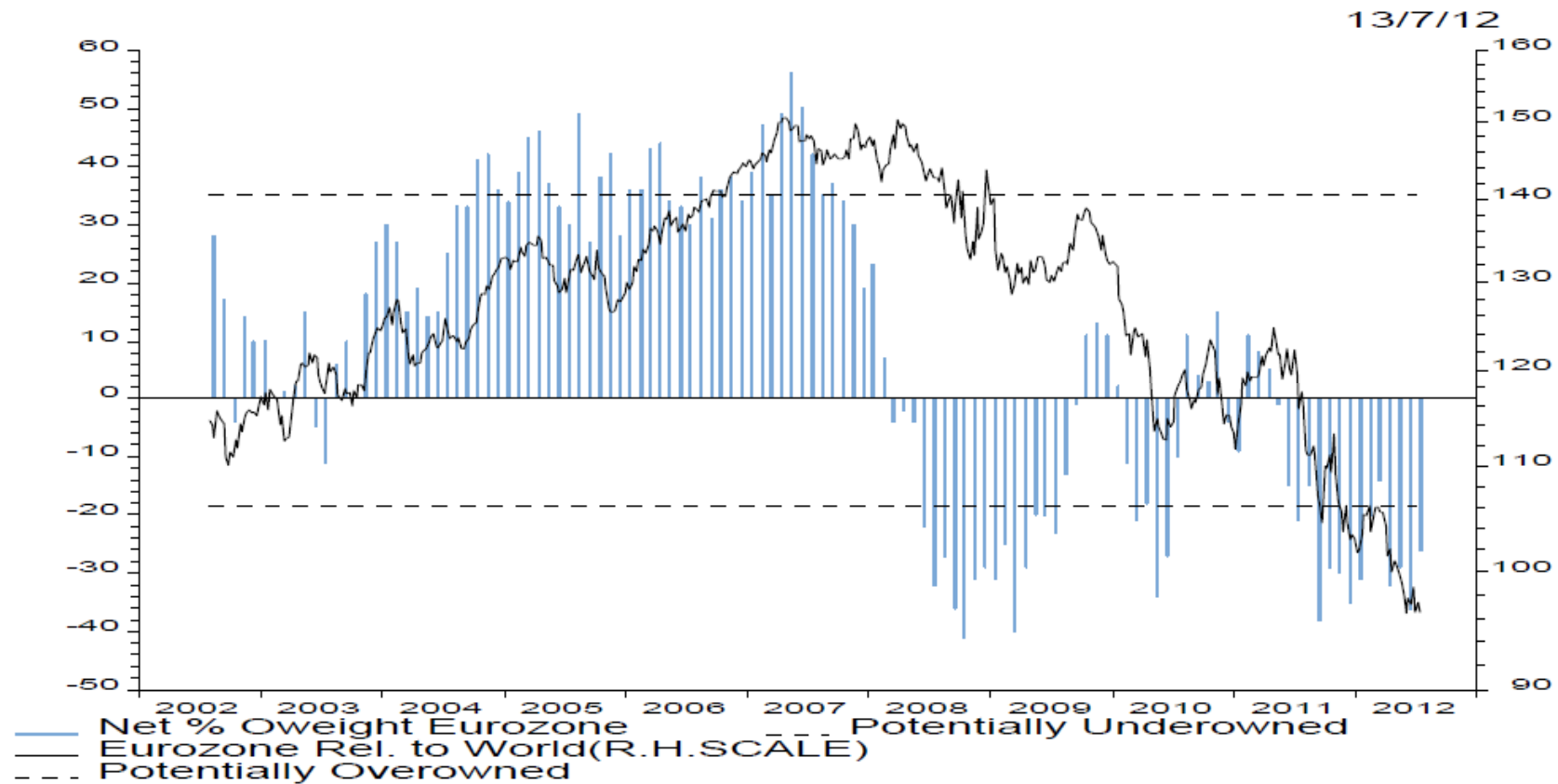
EUROPEAN VALUATION PREMIUM /
DISCOUNT RELATIVE TO USA %



Source: MSCI, Morgan Stanley Research

Note: Average relative valuation across PB, PD, PCE. Sector neutral valuation assumes that sector weights are in-line with MSCI World Index.

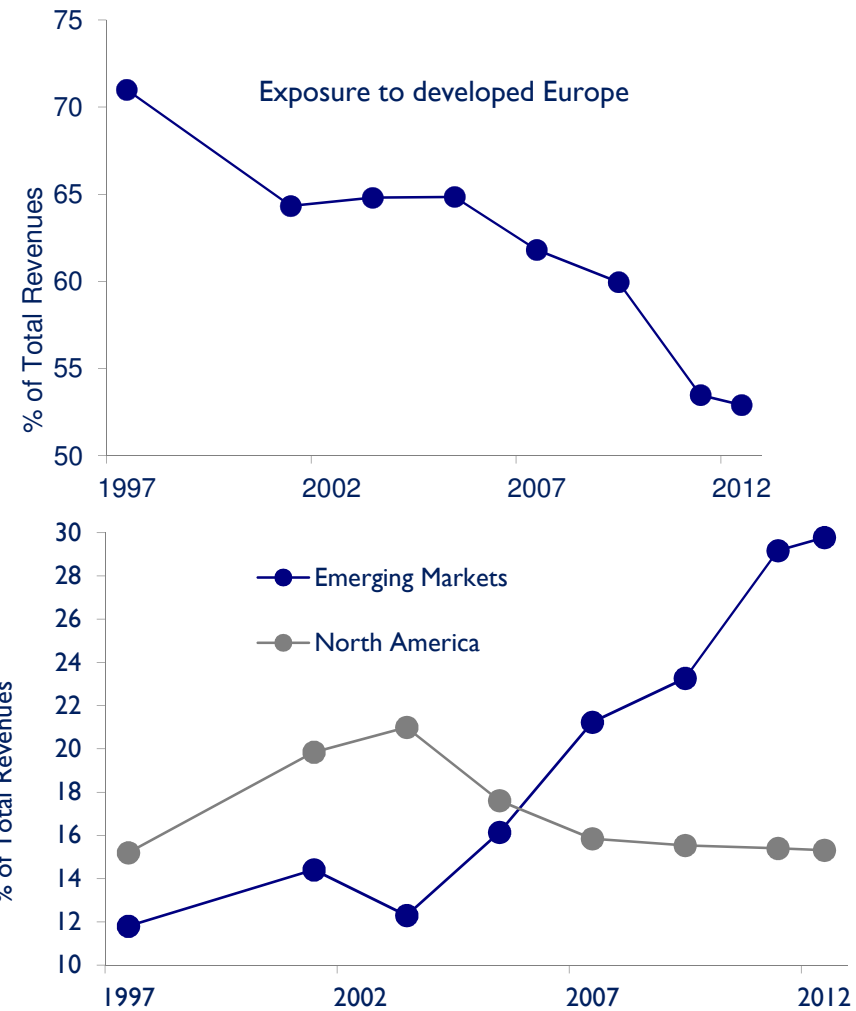
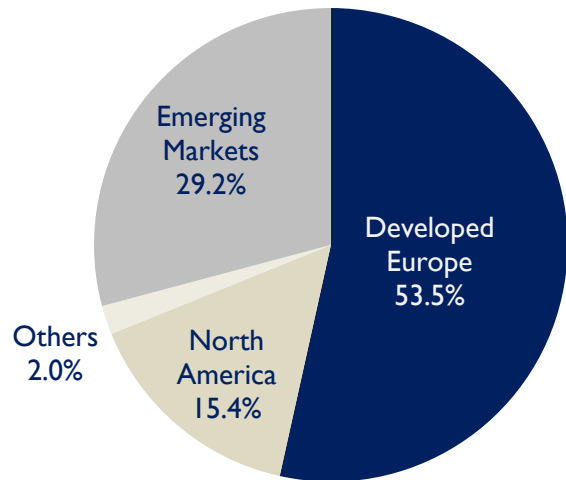
EUROPEAN EQUITIES ARE UNDER-OWNED



Source: Bank of America. Merrill Lynch

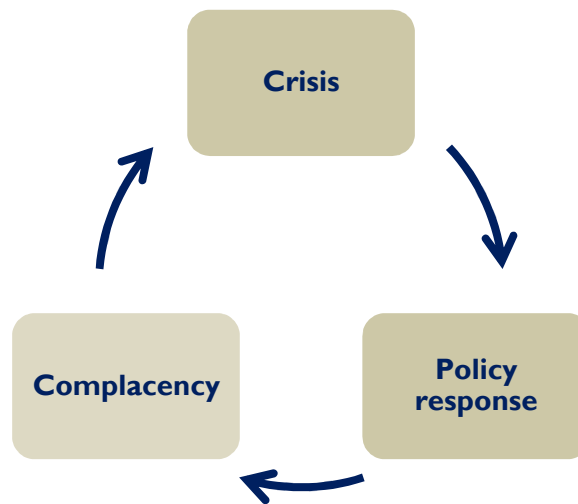
EUROPEAN EQUITIES ARE GLOBAL

BREAKDOWN OF MSCI INDEX EXPOSURE BY GEOGRAPHY



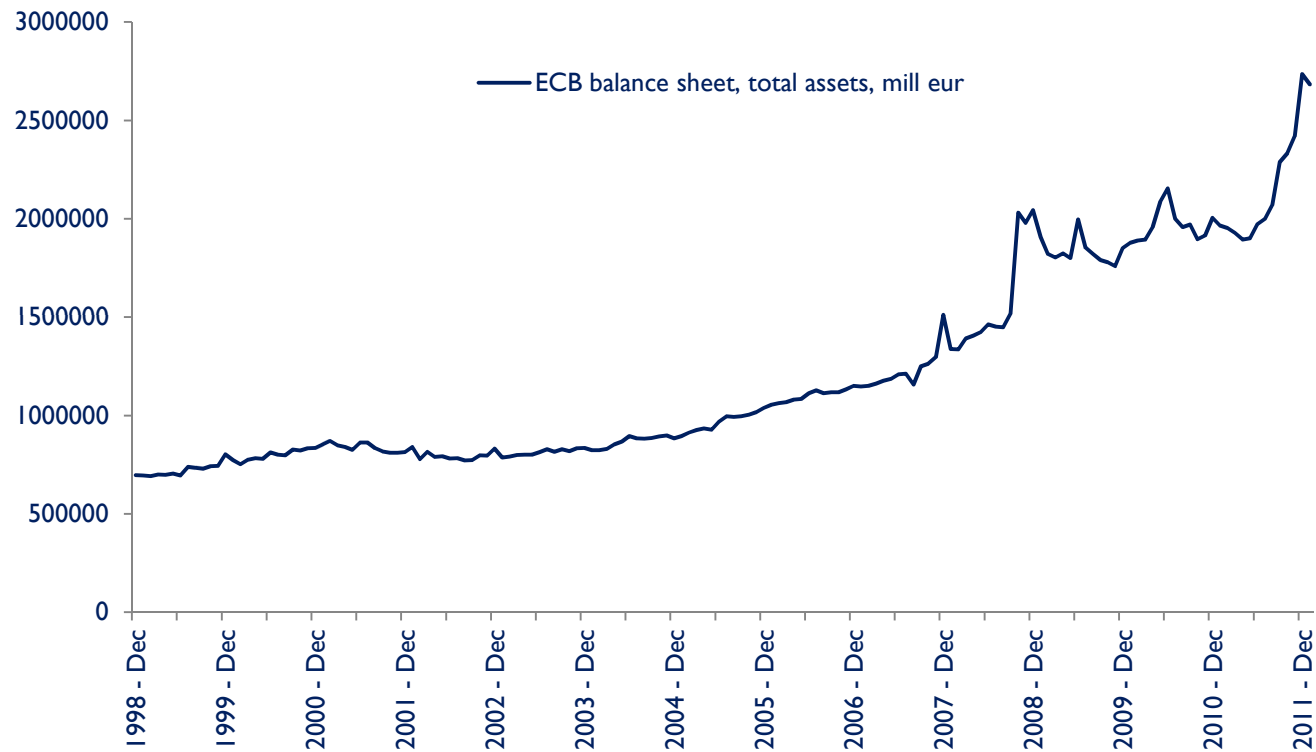
Source: Morgan Stanley

POLICY MAKERS UNDERSTAND... JUST



EUROPE: THE RESPONSE

ECB BALANCE SHEET



Source: Haver Analytics

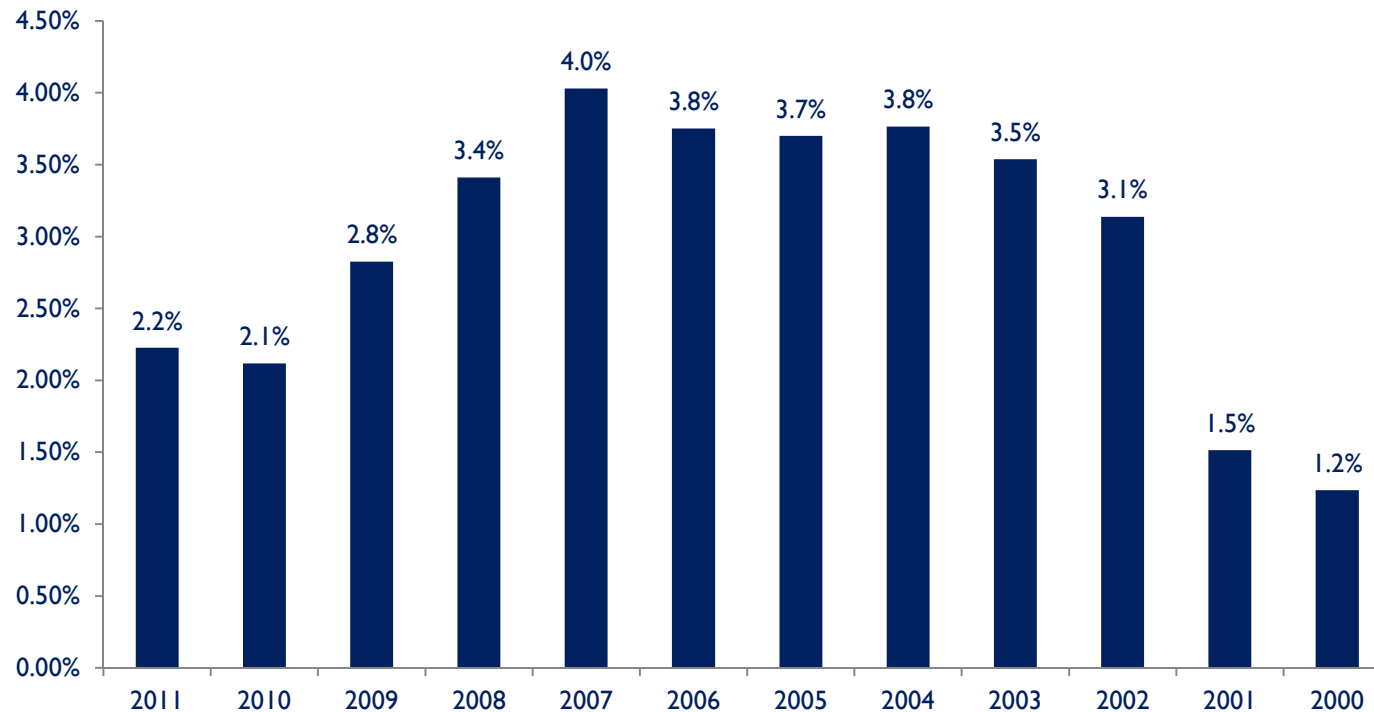
THE LAW OF SMALL NUMBERS

2013 less pain from Spain

- Numbers have already fallen 40% below replacement demand levels



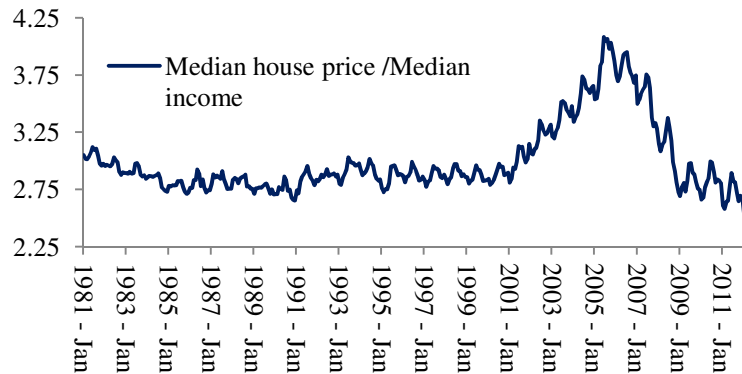
SPAIN AS A % OF GROUP SALES



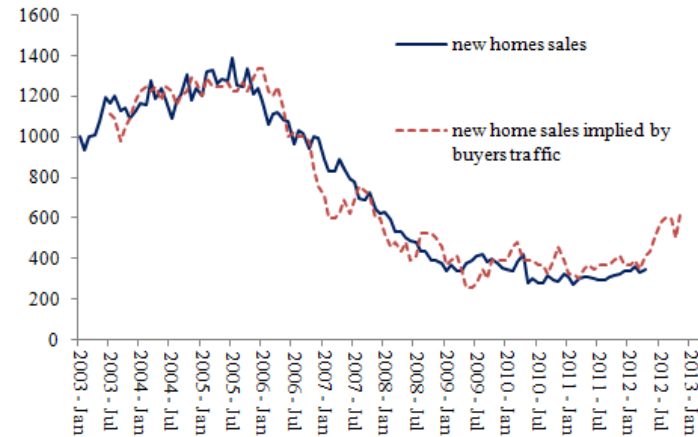
Source:

US HOUSING

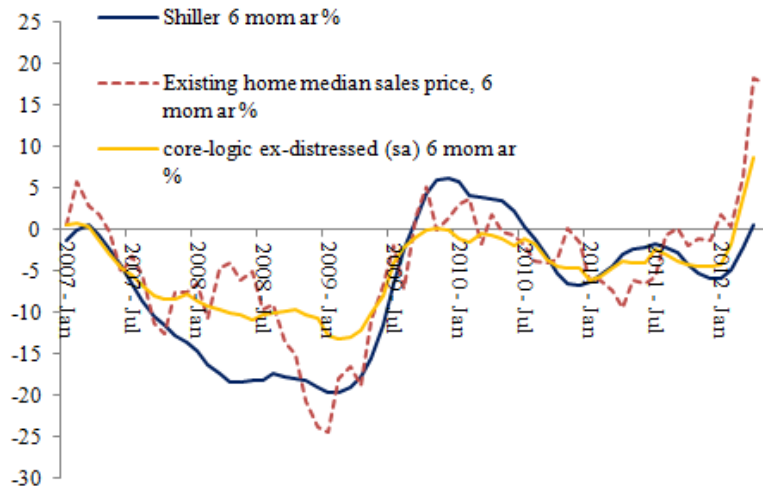
HOUSES ARE CHEAP (\$M)



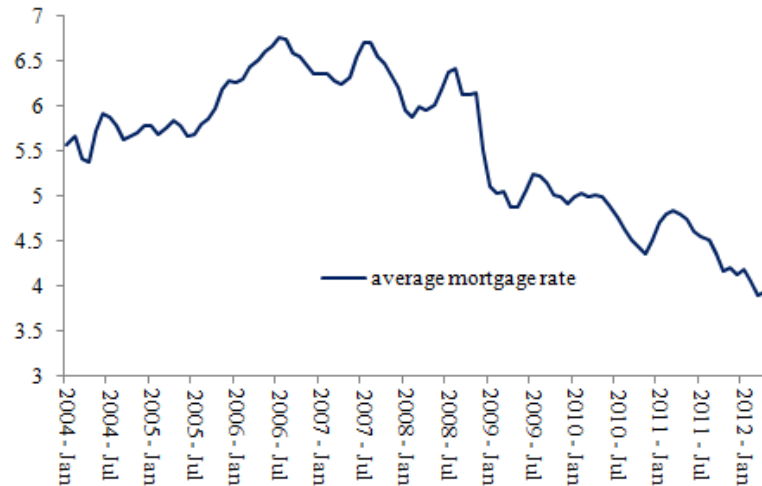
SALES ARE RISING



PRICES ARE IMPROVING

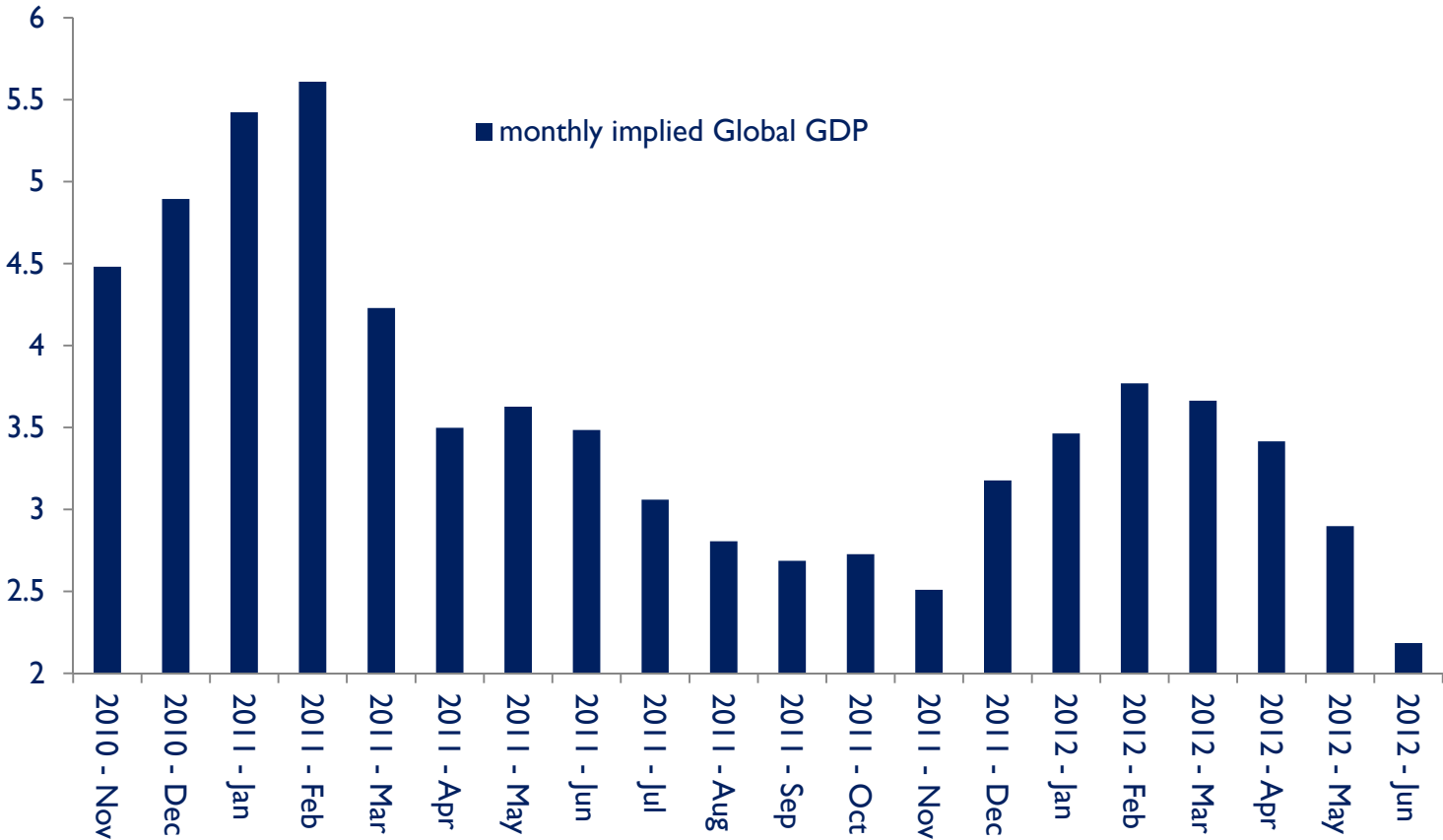


MORTGAGE COSTS ARE DECLINING



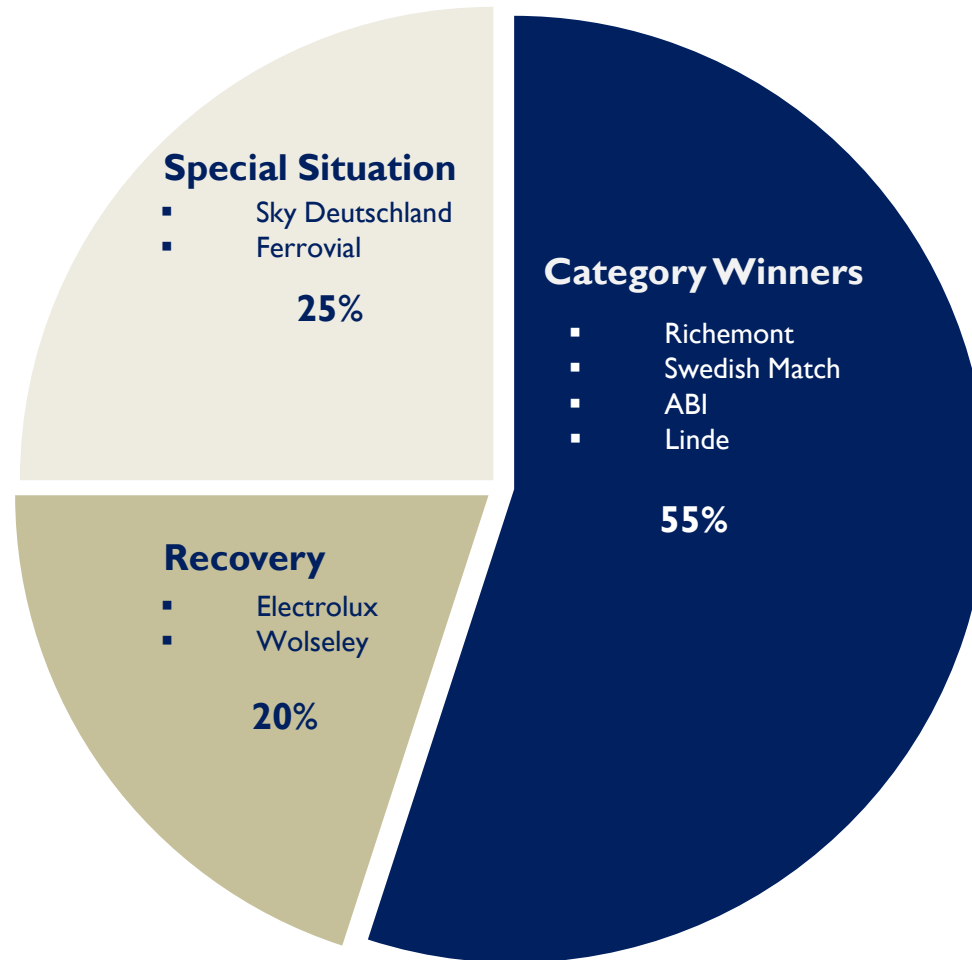
Source: Haver Analytics

GLOBAL GDP



Source: Haver Analytics

HOW TO MAKE MONEY IN EUROPE



WHAT IS THE OBJECTIVE?

- To outperform for investors over the investment cycle using the opportunity set of European equities.

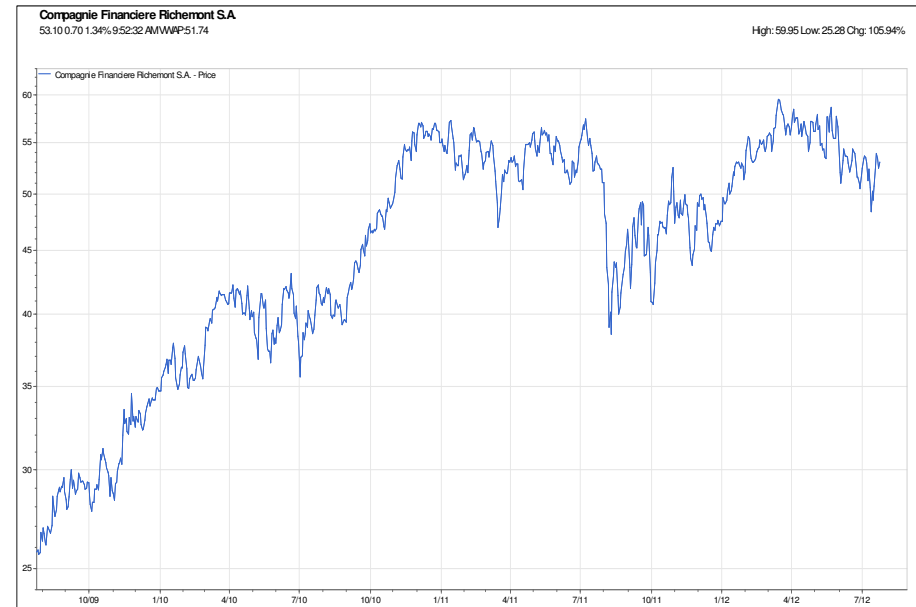
HOW DO I ACHIEVE THIS OBJECTIVE?

- Invest in companies that offer change or inflection coupled with a supportive valuation; framed within an economic context.
- These companies tend to be:
 1. 'GROWTH' companies with dominant and improving franchises
 2. 'RECOVERY' companies enjoying market repair
 3. 'SPECIAL SITUATIONS'

RICHEMONT: MR PORTER COMES TO TOWN

Cartier

- Strong balance sheet 20% cash
- Proven management team own 10% of business
- Strong structural growth profile – Cartier & Net-a-Porter
- Proven record of pricing power
- Low valuation 13x PER



Source: Odey internal research, Factset, 3 yrs.

The information and any opinions expressed are believed to be reliable, but accuracy and completeness cannot be guaranteed

SWEDISH MATCH: ADVENTURES IN SNUS



- Strong shareholder commitment to buybacks & dividends
- Growth in Scandinavia from innovation & market share :
SNUFF only 20% of tobacco mkt
- Growth in America through innovation :
Launch of SNUS last year
- Proven record of pricing power
- Low valuation 16x PER



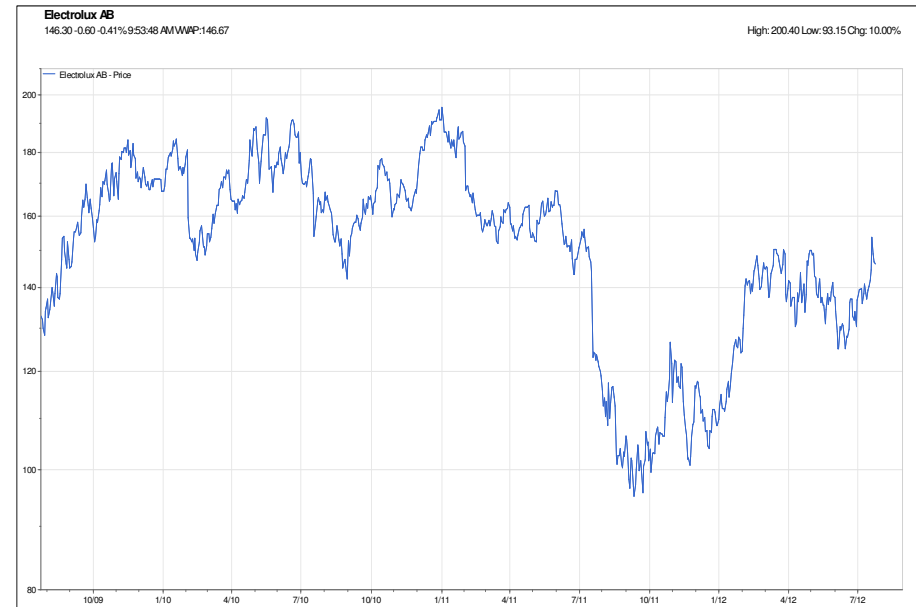
Source: Odey internal research, Factset, 3 yrs.

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ELECTROLUX



- Strong restructuring imperative executed by proven management team
- Compelling valuation
- Profit recovery potential
- Improving competitive environment



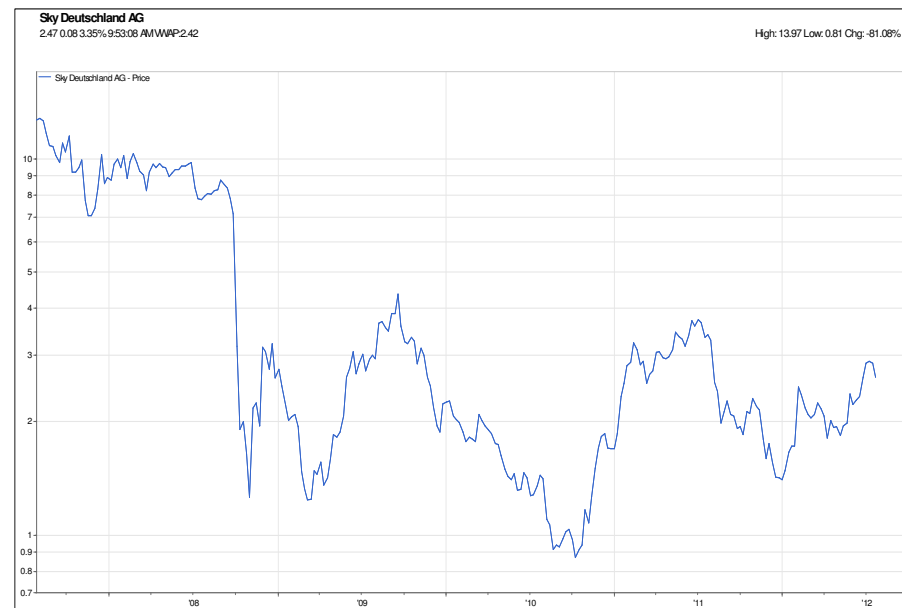
Source: Odey internal research, Factset, 3 yrs.

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SKY DEUTSCHLAND



- SkyD has 7% of a market that is significantly larger than the UK. Potential? BSkyB has 50% of a market with 10m households. Penetration catch-up story.
- Good subscriber growth continues to show through. Net additions in higher margin products, raising ARPU.
- The product suite completed in August 2011 with the roll-out of HD, 3D and the addition of Sky Go to Sky +.
- Trades on 1.9x EV/Sales, 40% valuation per subscriber of BSkyB



Source: Odey internal research, Factset, 5 yrs.

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ANHEUSER BUSCH: HOME BREW



- Strong track record in expanding margin & returns
- Strong shareholder commitment – management own \$200m of equity
- US beer market has seen volume declines for 3 years and yet still profits grow.



Source: Odey internal research, Factset, 3 yrs.

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CONCLUSION

- Strong team
- Consistent application of process
- Proven long term record
- Strong opportunity set

SWEDISH MATCH



Odey analyst:
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SKY DEUTSCHLAND



Odey analyst:
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RICHEMONT



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ELECTROLUX



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ANHEUSER BUSCH



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