



## Investing in the global megatrends (revisited)

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This report analyses the regional exposure of European companies, sectors and countries in terms of sales, assets and capex, with a special focus on exposure to emerging markets.

In our seventh annual globalization report we find that global integration and the related megatrends potentially remain the strongest long-term performance drivers for many European companies in the production sectors (around 63.7% of market cap). This report includes 1) a quantitative analysis of the regional exposure of 800 European companies, 2) a qualitative analysis of key global megatrends and 3) a basket of European beneficiaries from global megatrends.

1) The quantitative analysis of regional sales data includes a wide range of overview lists sorted by regions, sectors and ranking lists (e.g. Top European companies with sales exposure to Asia, the Americas, outside of Europe) and an aggregation of regional sales by sectors and home country of the respective companies (see overview of all major lists on page 2).

2) This report gives an overview about global megatrends relevant to investors across sectors which mostly show long-term rising trends above global GDP growth. Analysed variables include world exports in detail, air and container port traffic, trade imbalances, de-industrialisation in developed market countries, fragmentation of production processes, FX reserves, FDI investments, tertiary education, R&D investments, patent filings, localization of products, urbanization, infrastructure investments, EM wage growth, car sales, luxury consumption, scarcity of commodities, changing nutrition habits, climate change, key technology trends, aging of the population and health care expenditure (see megatrends summary on pages 4-14, a more detailed analysis on pages 77-138 and a list of key megatrend reports on page 14). We analyse countries' comparative advantages from page 101 and the domination of developed market companies in most global sectors from page 89.

3) Our **Globalisation basket (DBCGL3P)** includes companies which we expect to successfully leverage their globally relevant assets like brand names, patents and production know-how in an earnings enhancing way over the next years. Most basket companies have a strong global position, often in niche markets with high barriers to entry. Our previous basket of globalization beneficiaries has performed 55.8% since inception in 2009 compared with 16.8% of the Stoxx 600 and outperformed the Stoxx 600 by 39.0% (see page 44 for details). For example, our basket plays rising air traffic via aerospace companies and not via airlines because of the higher entry barriers and the long-term outperformance trend of Aerospace companies over airlines.

The 27 basket companies are all Buy-rated by our analysts and the new companies in our basket are BHP Billiton, Deutsche Post DHL, Diageo, DUFREY, Henkel, MTU, Qiagen, Safran, Saipem, Spirent and Swatch Group. Our basket companies come primarily from the sectors Autos, Aerospace, Capital Goods, Chemicals, Luxury Goods and Energy. The 27 companies in the globalisation basket trade at an average 2012E P/E of 14.5, a premium relative to the Stoxx 600 P/E of 11.7. But the basket also offers much stronger average earnings growth in 2012E (2013E) of 10.8% (16.5%) compared to 2.4% (10.3%) for Europe overall. For Services companies from sectors like Banks, Telecoms, Utilities, it is much harder to globally leverage their know-how in an earnings enhancing way and, thus, they are not included in our basket.

Globalisation basket 2012							
Company	Globalisation score	Home country	% Sales in 2011 Europe	% Sales in 2011 Americas	% Sales in 2011 Asia/Pacific	RoW/Unassigned	Outside Europe Capex % 2011
Andritz	64	na	38	34	25	4	23
AZ Electronic Materials	81	na	8	11	80	0	91
BASF	61	39	17	26	18	0	41
BHP Billiton	87	1	12	12	70	4	90
Deutsche Post DHL	56	32	33	17	14	4	36
Diageo	59	na	26	34	12	28	na
DUFREY	75	na	12	75	na	14	74
EADS	69	10	32	18	29	11	na
Geralto	60	na	51	29	20	0	na
Henkel	57	na	55	24	15	6	na
Hexagon	68	na	44	31	26	0	59
Hugo Boss	54	na	62	23	na	15	41
Lanxess	70	18	29	30	23	0	47
Linde	70	9	34	19	32	6	49
LVMH	71	12	20	22	36	10	na
MTU	60	15	10	68	7	0	4
Outotec	61	32	21	22	18	7	na
Prisma	63	12	52	21	15	0	na
Qiagen	56	na	38	45	na	17	27
SAFRAN	61	25	24	27	16	9	17
Saipem	49	4	11	8	5	71	42
Sanofi	58	9	26	31	na	33	47
SAP AG	61	16	33	36	15	0	na
Spirent	79	na	16	49	34	0	97
Swatch Group	75	13	23	8	55	1	24
Syngenta	66	na	30	53	17	0	30
Volkswagen AG	58	22	43	20	14	0	na

Calculation of the Globalisation score is based on the aggregation of the sales, assets and capex breakdown of the company. A higher globalisation score indicates a higher global activity (see definition on page 19). Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

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## Table of Contents (short)

<b>Globalisation basket 2012</b>	<b>3</b>
<b>Megatrends summary</b>	<b>4</b>
<b>1. Regional exposure of companies: summary</b>	<b>16</b>
<b>2. Regional exposure of companies: detailed ranking lists</b>	<b>21</b>
<b>3. Globalisation basket</b>	<b>43</b>
<b>4. Regional exposure of sectors and countries</b>	<b>71</b>
<b>5 Understanding the global/ EM megatrends in detail</b>	<b>77</b>
<b>Appendix A: Regional exposure by major European benchmark indices and of all European companies (sorted by sector)</b>	<b>139</b>

## Table of selected Figures

Figure 1: Basket of globalisation beneficiaries .....	3
Figure 2: Top 20 companies with significant sales exposure to Asia/Pacific .....	16
Figure 3: Top 20 companies with significant sales exposure to the Americas .....	17
Figure 4: Top 20 companies with the highest globalisation score .....	18
Figure 5: Top 20 companies with most sales but fewest assets Outside Europe .....	20
Figure 6: Stoxx 50/Euro Stoxx 50: Regional exposure by company .....	21
Figure 7: Top 60 companies with significant sales exposure to Asia/Pacific .....	24
Figure 8: Top five companies with significant sales exposure to Asia/Pacific for sector	26
Figure 9: Top companies with significant sales exposure to China .....	27
Figure 10: Top 60 companies with significant sales exposure to the Americas .....	28
Figure 11: Top five companies with significant sales exposure to Americas for sector .	30
Figure 12: Top companies with significant sales exposure to LatAm .....	31
Figure 13: Top companies with significant sales exposure to Africa .....	32
Figure 14: Top 60 companies with significant sales exposure to Outside Europe.....	33
Figure 15: Top companies with significant asset exposure to Outside Europe .....	35
Figure 16: Top companies with significant capex exposure to Outside Europe .....	36
Figure 17: Top 60 companies with the highest globalisation score .....	37
Figure 18: Top five companies with highest globalisation score for each sector .....	39
Figure 19: Companies with highest increase in sales exposure to Outside Europe.....	40
Figure 20: Top 60 exporters (most sales but fewest assets Outside Europe) .....	41
Figure 21: Detailed globalisation basket 2012 .....	43
Figure 22: Perf. of globalisation basket by year .....	44
Figure 23: Perf. of globalisation basket since inception .....	44
Figure 80: Globalisation score and regional turnover for sectors in 2011 .....	71
Figure 81: Change in sales for sectors between 2010 and 2011 .....	72
Figure 82: Sub-sectors with significant sales exposure to Asia-Pacific .....	73
Figure 83: Sub-sectors with significant sales exposure to the Americas .....	73
Figure 84: Sub-sectors with highest globalisation scores .....	73
Figure 85: Sub-sectors with lowest globalisation scores .....	73
Figure 86: Stoxx sectors and sub-sectors: regional turnover and globalisation score....	74
Figure 87: Globalisation score and regional turnover for countries in 2011 .....	75
Figure 88: Change in sales for countries between 2010 and 2011 .....	76



# Globalisation basket 2012

For the basket of globalisation beneficiaries, we have combined the quantitative analysis of regional sales data of 800 European companies with a detailed qualitative analysis of global megatrends and entry barriers. The 27 companies in our globalisation basket (DBCGL3P) benefit from global megatrends and have a strong global position in their market, often niche markets with high entry barriers where EM/Chinese companies will potentially not be able to offer fully competitive products over the next five years. These companies benefit from global megatrends like ongoing global integration, strong EM GDP growth, urbanisation, EM consumption growth, rising global car production, scarcity of commodities, infrastructure investments in EM, energy efficiency, changing nutrition/eating habits, new key technology trends and aging of the population. Our previous basket of globalization beneficiaries has performed 55.8% since inception in 2009 compared with 16.8% of the Stoxx 600 and outperformed the Stoxx 600 by 39.0% (see details on page 44). The 27 companies are all Buy-rated by our analysts and discussed in detail on pages 45-70. The basket clearly has a focus on cyclical production companies, which have been and should be able to globally leverage their expertise in an earnings-enhancing way. In our view, this basket gives exposure to long-term global megatrends to investors in European equities, and could also do well if European GDP growth remains burdened by austerity measures. The companies in our globalisation basket trade at an average 2012 P/E of 14.5, a premium to the Stoxx 600 P/E of 11.7. But we think the basket offers much stronger average earnings growth in 2012E (2013E) of 10.8% (16.5%) compared with Europe's 2.4% (10.3%) (See page 43 for details).

Figure 1: Basket of globalisation beneficiaries (see details from page 43 onwards)

Company	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	2012E P/E ratio (x)	2012E EPS growth (%)	Sales growth (%)	Globalisation score	Home country	% Sales in 2011				Outside Europe Capex% 2011	Megatrend exposure	
			31-Aug-12 (local curr.)								Rest of Europe	Americas	Asia/Pacific	Unspecified ROV/			
Andritz	4.3	Buy	41	45	9.7	16.8	-47.9	6.6	64	na	38	34	25	4	23	25	EM infrastructure investments
AZ Electronic Materials	1.5	Buy	311	350	12.6	13.7	2.1	1.3	81	na	8	11	80	0	91	na	New global technologies
BASF	56.6	Buy	62	74	19.7	11.1	-9.8	3.2	61	39	17	26	18	0	41	32	Strong GDP growth in EM
BHP Billiton	48.9	Buy	1836	2200	19.8	9.8	-21.1	0.7	87	1	12	12	70	4	90	na	Rising energy and commodity consumption
Deutsche Post DHL	18.6	Buy	15	17	10.1	11.5	45.1	2.6	56	32	33	17	14	4	36	21	Rising global integration
Diageo	54.5	Buy	1725	1900	10.1	14.8	12.2	8.3	59	na	26	34	12	28	na	7	EM consumer
DUFREY	2.6	Buy	117	150	28.6	12.6	48.4	20.9	75	na	12	75	na	14	74	75	Rising air traffic
EADS	25.1	Buy	30	38	25.3	24.7	-15.3	11.7	69	10	32	18	29	11	na	0	Strong GDP growth in EM, rising air traffic
Gemalto	5.6	Buy	63	75	19.0	21.0	23.1	8.5	60	na	51	29	20	0	na	na	New global technologies
Henkel	10.7	Buy	60	75	24.8	16.2	20.1	7.4	57	na	55	24	15	6	na	na	EM consumer, strong GDP growth in EM
Hexagon	5.4	Buy	133	155	16.5	14.2	19.2	12.0	68	na	44	31	26	0	59	na	EM infrastructure investments
Hugo Boss	5.1	Buy	74	95	29.2	15.9	13.6	12.5	54	na	62	23	na	15	41	17	EM consumer and strong brands
Lanxess	5.0	Buy	60	78	29.3	8.9	5.0	5.3	70	18	29	30	23	0	47	45	EM Consumer, traffic
Linde	23.1	Buy	125	153	22.2	15.2	8.9	9.2	70	9	34	19	32	6	49	na	Strong GDP growth in EM
LVMH	66.0	Buy	130	140	7.9	17.8	17.3	19.3	71	12	20	22	36	10	na	24	EM consumer and strong brands
MTU	3.2	Buy	61	68	12.1	15.1	12.5	19.2	60	15	10	68	7	0	4	4	EM GDP growth, rising air traffic
Outotec	1.6	Buy	36	48	33.6	12.3	61.9	39.8	61	32	21	22	18	7	na	74	Scarcity of commodities
Prysmian	2.9	Buy	13	18	35.2	9.1	22.2	5.6	63	12	52	21	15	0	na	na	Rising global integration, new global
Qiagen	3.4	Buy	18	21	18.4	17.0	6.5	3.9	56	na	38	45	na	17	27	na	Rising demand for diagnostics
SAFRAN	11.6	Buy	28	30	7.7	17.2	2.8	13.9	61	25	24	27	16	9	17	na	Strong GDP growth in EM, rising air traffic
Saipem	16.7	Buy	38	39	3.3	16.5	11.1	6.4	49	4	11	8	5	71	42	71	Rising energy and commodity consumption
Sanofi	86.2	Buy	65	76	16.8	10.9	-8.4	2.3	58	9	26	31	na	33	47	na	Ageing of the global population
SAP AG	64.0	Buy	52	65	24.0	16.4	14.2	15.0	61	16	33	36	15	0	na	na	Rising global integration, new global
Spirent	1.3	Buy	158	175	10.5	17.6	4.7	2.1	79	na	16	49	34	0	97	na	New global technologies
Swatch Group	10.0	Buy	391	440	12.6	14.0	21.3	13.9	75	13	23	8	55	1	24	na	EM consumer and strong brands
Syngenta	25.0	Buy	322	400	24.3	14.9	14.7	7.3	66	na	30	53	17	0	30	na	EM consumer, changing nutrition habits
Volkswagen AG	23.8	Buy	140	200	42.5	6.0	8.4	8.7	58	22	43	20	14	0	na	18	EM consumer, traffic
<b>Average</b>						<b>14.5</b>	<b>10.8</b>	<b>9.9</b>									
<b>Median</b>						<b>14.9</b>	<b>12.2</b>	<b>8.3</b>									
<b>Stoxx 600</b>						<b>11.7</b>	<b>2.5</b>	<b>5.9</b>									

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



# Megatrends summary

Many global/EM megatrends are important to understand for investors in European equities, particularly European companies in production sectors and we summarize a wide range of megatrends on the following pages. Nominal Global GDP has grown by 5.7% on average since 1992, and every trend with a stronger growth rate than global GDP could be seen as a megatrend in the past: A few examples (see table on page 77):

- 1) world exports have grown by 8.5% per year since 1992,
- 2) container port traffic have grown by 9.1% per year since 2000,
- 3) the cumulated global trade deficits have grown by 8.9% per year since 1990,
- 4) the world FX reserves have grown by 15.1% per year since 1999,
- 5) the Foreign Direct Investment stock has grown by 11.7% per year since 1990,
- 6) the global car sales have grown by 5.6% per year since 2003,
- 7) the annual patent filings have grown by 11.1% per year since 1990,
- 8) the global luxury sales have grown by 9.9% per year since 1990,
- 9) the global mobile cellular subscriptions have grown by 31% since 1995,
- 10) the global healthcare expenditure has grown by 6.3% per year since 1995.

Admittedly, the past can only be a starting point of potential future development. The certainty of future developments of these megatrends is very different, for global aging the certainty could be relatively high while for all trends related to technology the uncertainty could be particularly pronounced. Many trends like Luxury sales, container traffic and car sales depend a lot upon global GDP growth while other like patent filings and Healthcare expenditure are less GDP driven.

Global integration is most likely to continue to be driven by strong regional differences in labour costs and other factor costs. The economically relevant world population will continue to increase, although the growth of the most important EM country China is coming increasingly into question. Companies leverage those intangible assets that are of global relevance (brands, patents, production know-how). Additional important drivers of globalisation include the political opening of major countries, improvements in communication and transportation as well as the development of global standards (see below). In our view, globalisation and related developments are the most important long-term performance drivers of the production sector. For production companies competing in the global market, global integration offers new opportunities, but also new threads with new competitors. For services companies (i.e. banks, insurers, utilities, telecoms, retailers), it is more difficult to benefit from globalisation.

Globalisation is a simplifying buzz word that refers to increasing global integration, rising global trade, industrialisation and urbanisation of emerging market (EM) countries, which also leads to rising EM consumption in general. Since 1990, the political and economic opening of emerging countries (especially China, India, Eastern Europe, and Russia) has increased significantly. Trade barriers fell, new communication devices like email and internet emerged and improvements in transport technology and standardisation made previously inaccessible resources and markets become available; additionally, in 1994, the World Trade Organization (WTO) was founded. Companies can set up more complex supply chains via "automated" communication software (i.e. just-in-time delivery).



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## Megatrend 1: Rising global integration via trade (for details see page 80)

Rising global trade is one of the most important aspects of global integration. Since 1992, nominal world GDP has seen a CAGR of 5.7% while world exports have grown by 8.5% per year. For the Eurozone, the export growth of 6.7% since 1992 compares to an average nominal GDP growth of 3.7%. Trade between developed markets (DM) countries has grown moderately over the last decade – for example, US exports to Germany have grown by 5% per year. Trade relations between DM and EM countries and trade relations among EM countries have grown much stronger – for example, China exports to the US have grown by 18% per year since 2000, and Brazil exports to China by 40%. By far, the most important export good is oil, which accounts for 13% of world trade, ahead of automotives (7%) and information technology (6%). Rising trade has led to rising trade imbalances. World trade imbalances have risen even slightly stronger than world trade, by 8.9% per year, and account for 6% of world trade. Many countries and their central banks have taken action to influence their currencies and improve their competitiveness. The countries with the strongest absolute trade surplus in 2011 are China, Germany, Saudi Arabia and Russia, while the US, India, France and Turkey have the strongest trade deficit.

One consequence of rising trade imbalances are rising FX reserves. Worldwide FX reserves have risen to c.USD10.5tn as of 2011, an annual growth rate of 15.9% since 1999. Rising global trade is reflecting an increasing international division of labour and a stronger fragmentation of the production processes, but also a shift of production from DM countries to EM countries. This leads to growing industrial production in EM, but also in declining industrial production in DM. In the US, the industrial share of GDP declined from 28% in 1980 to 16% in 2010, in the UK from 34% to 16% and in France from 24% to 13%. In contrast to most other developed countries, Germany was able to keep the industrial share of GDP nearly stable over the last decade (from 25% in 2000 to 24% in 2010).

Rising global trade has led to rising global trade capacities. The global container capacity has risen on average by 3.9% per year since 1990 to 1.4bn dead weight tons. The number of global airline passengers carried has risen by 5.3% per year since 1975 to 2.6bn in 2010. Shipping capacity and, to a lesser degree, ship building capacity, are good examples of what could also happen in other businesses with low entry barriers. The low barriers of the ship building industry are reflected in the strong increase in market share by China from 15% of global market share in 2006 to 35% in 2010. In general, rising demand normally leads to rising investments, and in markets with low barriers to entry, often to over-investments and overcapacities. This process is reflected in the Baltic Dry Index, which measures sea transportation costs. The Baltic Dry Index has risen strongly from 2003 to 2008 by 670%, but has now fallen back strongly and is 43% below the 2003 level; there is a clear megatrend of rising transportation needs, but because of the low barriers to entry, it has been hard to turn the rising demand into an attractive investment case for shipping companies, airlines and logistic companies. While shipping and ship building could be seen as markets with low entry barriers, the Aerospace industry is a sector with higher entry barriers, in our view, as reflected by a long-term outperformance of the World Aerospace & Defence vs. World Airlines Index. World Aerospace & Defence has performed 12% per year since 1972 vs. 6% for the World Airlines Index. In our basket we include the aerospace companies EADS, MTU and Safran, but also the Airport retail operator DUFY.



Global integration goes far beyond global trade – it includes global capital flows and global migration flows. Cross-border capital flows have expanded by a CAGR of 8% 1980-2010. The global stock of FDI increased from USD2.1tn in 1990 to USD19.1tn in 2010, which constitutes an annual growth rate of 11.7%. International migrant stock is increasing by 2.2% per year and international migration of the highly skilled from poor to rich countries threatens development in some EM countries. In parts of sub-Saharan Africa and Central America, sometimes more than half of all university graduates migrate to OECD countries. A play on rising global trade/integration is Deutsche Post DHL, a play on rising global communication and energy consumption is Prysmian – a high end cable manufacturer.

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## Megatrend 2: Global integration on the company level (for details see page 89)

The large listed companies contribute much more to global trade than to global GDP. Global companies can potentially benefit from the rising economically relevant global population by leveraging their globally relevant assets like brand names, patents, production know-how and making smart investments in the right countries/regions. While the share of emerging markets on global GDP has strongly increased from 16% in 2000 to 33% in 2011, the share of earnings of emerging market companies in the MSCI World All countries has increased slightly from 8% to 14%. The share of European companies has remained broadly unchanged (from 30% to 28%) because the earnings of European companies strongly benefit from EM GDP growth. In some of the most global sectors such as technology, industrial goods & services, consumer discretionary (mostly Autos) and healthcare, the share of EM companies' contribution has stayed quite small and the global earnings continue to come primarily from DM companies and they generate these earnings increasingly in EM countries. This trend is also confirmed by the aggregation of European company sales by region. The sectors with the strongest momentum towards Asia-Pacific (change in sales between 2010 and 2011) are Personal & household goods (+2.2 percentage points), Automobiles & parts (+1.8 pps), Healthcare (+1.1 pps) and Insurance companies (+1.3 pps).

The production of Apple's iPhone is a good example to understand the global integration. Apple receives 66% of the price of an iPhone while Foxconn, the final assembler, receives 2.5% of the retail price. Any production company producing goods for which demand is rising globally and which are highly profitable, is at the risk of facing increasing competition and the key aspect to protecting global revenue are the barriers of entry. In our view, investors need to understand the barriers of entry for each company in detail. R&D investments and patents can create entry barriers. We analyse the Top50 global companies by R&D investments and by patents and their 5-year performance. However, the economic success of patents and R&D investments can vary widely and on average R&D investments and patents have not worked as leading indicator of future performance over the last years. Also, patents and R&D numbers may be only of limited value in understanding the barriers to entry of a certain business. A strong global brand helps to fight competition and margin erosion and can be leveraged around the world. Companies which have clearly improved their global position and strong performance from 2005 include Apple, Novo Nordisk, Amazon, Volkswagen, Hermes and Saipem. For our globalisation basket we target to include companies which business models' have chances to prosper from 2012-2017, in our view.





Interestingly, global integration over the last five years has not led to a rising global sector concentration over the last five years in sectors like chemicals, pharmaceuticals, automotives, steel and mobiles. For many global companies, especially consumer-related companies, it is crucial to adjust their global products to local needs and we discuss localisation efforts in more detail. Details of the Chinese growth/infrastructure plan are quite important for many European companies, particularly capital goods companies.

Some countries have benefited from rising global trade and strengthened their position, expressed also by a rising trade surplus. Other countries have come under pressure, expressed by a rising trade deficit. There is a clear relation between competitiveness as measured by the world economic forum and hourly wages. Greece is one of the most extreme outliers, but Italy and Argentina are also above the curve. On the other side, countries with low labour costs relative to their competitiveness include Switzerland, Germany, US, Japan, Singapore, Taiwan and China. To better understand global comparative imbalances, we find it helpful to separate countries into four simplified categories: 1) "technology rich" (broadly defined, countries which generate exports via technologically advanced products); 2) "labour rich" (countries with attractive labour costs which generate exports via labour intensive products); 3) "commodity rich" (countries which generate exports via commodities); and, 4) countries without comparative advantages (with problems to generate exports, see detailed model on page 103) Spain and Italy could fall into this last category. Clearly, assigning countries to these four groups is a strong simplification. We carried out a quantitative analysis to classify 60 major countries into these groups. The underlying logic of this analysis is based on the Heckscher–Ohlin model.

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### Megatrend 3: Strong EM GDP growth, industrialisation and urbanisation (for details see page 111)

In many emerging markets, GDP growth is driven by industrialisation, urbanisation and infrastructure investments. Cities have long featured marketplaces and thereby promoted the division of labour and trade. The urbanisation process has been underway for centuries and gained appreciable momentum over the past 50 years. In 1950, some 30% of Earth's inhabitants lived in cities compared to 50% today. Still, the level of urbanisation is much higher in developed countries than in emerging countries. In Europe, the share of the urban population was 72% in 2010 and is likely to gradually increase to 84% in 2050. In contrast, the share of the urban population in Asia was only 41% in 2010 and should increase to 65% by 2050. The part of the global populace that should show by far the strongest increase over the coming decades is the urban population in emerging countries, which could grow from 2.5bn in 2010 to 5.2bn in 2050. Over the past decade, India's urbanization has increased by 3ppt, compared with 13ppt for China, and now Chinese urbanization (50%) is materially higher than that of India (31%). The faster pace of urbanization also means stronger growth of GDP per capita and stronger changes in the consumption habits including a higher demand for cars. Currently, China's GDP per capita (PPP) stands at c.USD8,400, vs. India's USD3,700. Plays on EM and China GDP growth in our basket include BASF, Linde and Hexagon. The IMF forecasts that China's per capita GDP will register a five-year CAGR (2012-17E) of 10%, compared with 8% for India. For 2017E, the IMF expects Chinese GDP per capita (PPP Dollars) of 14,640 compared to 5,800 in India.



The increase in urbanisation has led to rising investment needs in infrastructure, in particular in housing, power, water networks and transportation, including motorways, public transportation, trains, airports and ports. The build-up of new infrastructure in emerging markets is a megatrend, which has been beneficial for European stocks over the last years, in particular capital goods companies. Admittedly, the views on China vary widely and our EM strategist has a cautious stance. In his view, the rapid deterioration in the Chinese economy is the culmination of longstanding structural issues which the authorities have failed to address, compounded by weakness in the developed economies. The decline in productivity growth, which was obscured by a period of strong external demand and the post-Lehman stimulus, is now revealed in the rapid deterioration of profits and cash flow across many key industries in China. In the view of our EM strategist, this is more reminiscent of post Soviet Russia in the years before the 1998 crisis, than the successful East Asian economies with which China is more usually compared.

The renovation of outdated infrastructure in DM countries could also well become a megatrend. According to the estimates of strategy and technology consultants at Booz Allen Hamilton, global infrastructure spending needs could accumulate to USD400tr over the next 25 years, or USD1,600bn per year. The biggest investment needs are investment in water with USD22,600bn required over the next 25 years, compared with USD9,000bn in power generation and distribution and USD7,800bn in road and rail. The rapid growth of cities in Emerging Markets requires new mass transportation systems in order to ease individual traffic. Public transportation is underdeveloped in many cities in the world.

In our basket, we include BASF, Linde, Andritz and Hexagon as plays on strong EM GDP growth and infrastructure investments.

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#### Megatrend 4: EM wage growth and consumption, including luxury (for details see page 114)

Strong GDP growth and industrialisation have led to rising wage growth depending on the availability of workers. The annual income of an average worker in China has increased strongly by an average of 16% per year since 2003 compared to India with 9%, Vietnam with 8% and Indonesia with 7%. In China, minimum wage rules are set regionally at the district level. According to a plan issued by the State Council, China plans to raise its minimum wage at least 13% annually from 2011 to 2015. This high wage growth supports consumption, but also means rising labour costs for European companies with production sites in China. China and EM had been a deflationary force for Europe in the past two decades, but this trend is most likely over and China and EM are, instead, likely to be an inflationary force for Europe going forward. Clearly, in other EM the wage growth is less pronounced than in China and less driven by state plans. In a nutshell, companies try to soften the impact of strong wage growth in some emerging markets by seeking lower wage alternatives within the EM universe.

EM consumption is supported by wage growth and by a rising work force. The EM work force has increased from 1.7bn in 1990 to 2.4bn in 2012 and is likely to increase by 1.1% per year to 2.9bn in 2030. The average salaries for high-skill white collar workers in EM have increased much more strongly in the last decade than for blue collar workers. Consequently, the wage inequality is more pronounced in many emerging countries compared to developed countries.





Also, in many developed countries, the wage inequality has risen over the decades. The trend of rising wage inequality is potentially quite important for many consumer companies. It supports the high-end luxury markets and to a lesser degree the budget end while middle class markets could come under pressure.

In China, 71 out of 100 urban households already own a computer, 97 a refrigerator, 23 a motorcycle and 13 a car. Rising consumption includes also changing nutrition habits and rising consumption of meat and milk. The global sales of cars per year increased from 50m in 2003 to 77m in 2011 and could increase to 118m in 2019, which would represent a CAGR of 5.5% (for 2003-2019) according to JD Power. Chinese sales of cars increased from 2m in 2002 to 19m in 2012 and should increase to 34m in 2020. Companies in our basket related to the theme of rising car demand include Volkswagen and Lanxess. The sales of Audi, BMW and Mercedes in China have risen strongly since 2009, but have also seen some weakness recently.

Luxury sales have grown by around 10% per year since 1990 compared to an average global GDP growth of around 5%, making luxury consumption a clear megatrend supported by a increasing wealth in Asia, a higher focus on luxury in many EM, a higher number of millionaires globally and a rising share of persons with a high income. Tourism is an important driver of luxury sales, especially in Europe; therefore, the nationality of the buyer is more important than the country of the point of sale. For EM customers Luxury sales growth was 25% in 2011 and for 2012E 17% is expected. In contrast, Luxury sales to mature customers has grown by 4% in 2011 and 0% is expected for 2012E. In the luxury sector, absolute levels of profitability are at all time highs for most brands. The number of HNWI (high net worth individuals) globally reached 11m in 2011 compared with 8.2mn in 2004, according to CapGemini's World Wealth Report for 2012. The global HNWI population remains highly concentrated, with the US, Japan and Germany accounting for 53% of the world's HNWI population. But new millionaires may be more willing to consume than the millionaires in DM countries. China represents 5.1% of all HNWIs globally, but Chinese customers already account for 26% of Louis Vuitton's sales, and China imports 29% of Swiss watch exports. Luxury plays in our globalisation basket include LVMH, Hugo Boss and Swatch group. Other plays on the EM consumer include Diageo and Henkel.

Rising education levels and a gradually increasing share of the global population with tertiary educational attainment is a megatrend since 1950. Globally, the tertiary educational attainment has increased gradually from 0.07 years in 1950 on average per person to 0.44 years in 2010. Over the last decade some Asian emerging markets have increased their investments in tertiary education. Rising global integration and rising wages in EM have also led to rising tertiary education levels, for example, more people enrolling in studying abroad programs. Statistical analyses show that higher investments in education and the promotion of tertiary education in particular are of great benefit to the economy.



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## Megatrend 5: Rising demand for energy and commodities including agricultural, climate change (for details see page 121)

Global energy use is likely to continue to increase over the next 20 years according to the US DOE/EIA and this includes also the use of the classical energy fuels despite rising importance of alternative energy and energy efficiency. The use of oil should increase by 1.0% per year, gas by 1.6% per year and coal by 1.4% per year until 2035. From 1965 to 2011 the (equivalent of) oil use in Asia has increased by 5.4% per year. Asia accounts now for 39% of the global oil use while Europe accounts for 24% and North America for 23%. The dominant global use is transportation. Currently, transportation accounts for 44% of global oil use, and this share could increase to 62% by 2030. Electricity consumption has grown by 5.3% per year since 1961. In the light of efforts to reduce global CO<sub>2</sub> omission, alternative energy sources have become increasingly important in the discussion. They have grown greatly in importance, but particularly in those countries with strong political support and subsidies for alternative energy. China, Germany and the US have done the greatest investment in alternative energies. Global investment into clean energy has increased from USD34bn in 2004 to USD237bn in 2011. Energy efficiency could become a global megatrend going forward depending on the development of energy prices. Efficiency gains in consumption have a far greater impact than an equivalent efficiency gain in generation, due to generation and transmission losses. Opportunities for consumption savings are significant and energy efficiency investments are often NPV-positive with a short payback (for example lower energy lighting, more efficient motors or compressors).

Steel is a key element of the industrialisation and urbanisation process and of infrastructure investment. Between 1999 and 2011, global steel production roughly doubled from 750 to 1500Mt. Increasing steel production is a megatrend, but it is at the same time highly cyclical as the strong 2009 decline showed. The majority of the growth in global steel production is coming from China. Chinese steel production increased from 100Mt in 2000 to 730Mt in April 2012 by 18% per year. China currently accounts for 60% of world iron ore demand. On copper, China now accounts for 40% of world demand, up from 22% in 2006. Therefore the Chinese investments in infrastructure and the Chinese house market are extremely important for commodity companies. In our basket we include BHP Billiton and Saipem as plays on rising commodity consumption as well as the manufacturer of mining technology Outotec.

The consumption of agricultural products is increasing, due to population and income growth and changing eating habits in EM as well as bio-fuel production. The global use of fertilisers has increased by 3.4% per year. The cereal production has increased by 2.5% per year between 1961 and 2010, mostly via an increasing yield per hectare. Global distribution of arable land is very different from the global distribution of the population. Europe (including the former Soviet Union region) and the US have the biggest surplus of share of arable land relative to their population share. In contrast, China accounts for only 7% of arable land, but 22% of the world's population. In our basket we include Syngenta as play on rising demand for agricultural products and changing nutrition habits.

Water is indispensable for the survival of virtually all organisms. Rising demand for food, energy and all types of consumer goods and services will ultimately mean an increase in the demand for water and usage conflicts could become more likely. Agriculture accounts for roughly 70% of global water consumption. As a consequence of rising water demand in all three areas, agriculture, industry and household, our water experts see investment needs in water infrastructure of E500bn per year.



Most scientists agree that global climate change is taking place and has already had observable effects on the environment. Global climate change could become a megatrend with significant economic consequences for sectors including agricultural commodities, insurance companies and travel companies. Consequences that experts expect include contraction of snow cover areas, increased thaw in permafrost regions, decrease in sea ice extent, increased frequency of hot extremes, heat waves and heavy precipitation, increased tropical cyclone intensity, precipitation decreases in subtropical land regions, and decreased water resources in many semi-arid areas, including the western US and Mediterranean basin. The number of global natural catastrophes per year has shown a clearly rising trend with 820 catastrophes in 2011 compared to 380 in 1980 including earthquakes, storms, river floods, heat waves, and wildfires.

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## Megatrend 6: New technologies (for details see page 127)

The technology sector is one of the most global sectors and new technologies are also supporting/driving the process of global integration. Global integration leads to a faster technology adoption around the globe. While ATM have taken around 20 years to spread from the US to China, India and Brazil, the cell phone took less than ten years and the Internet spread even faster.

Technology changes are often disruptive by nature and this can strongly affect the stock performance, for example the shift from mobile phones to smart phones questioned the strong position of Nokia in the mobile markets. The sustainability of entry barriers is particularly important for technology companies. A few years ago, the equity market valued German solar companies as strong high tech companies in strongly growing markets with high entry barriers. However, entry barriers were lower than expected and solar modules turned into a mass market and Chinese companies took over and German solar stocks saw huge price declines. These disruptive changes could particularly happen in consumer related technology areas. In our basket we prefer technology companies which are less at risk of disruptive changes, in our view including SAP, AZ Electronic Materials, Gemalto, Spirent and Prysmian. The Aerospace companies EADS, Safran, MTU and the Biotech company Qiagen could also be seen as "Technology" companies in a wider sense.

According to an expert survey, the most important technology fields with regard to their impact over the next years are information technology and communication technology ahead of environmental technology and energy technology. At the lower end of the scale are robotics and aerospace technology. Key technologies with strategic relevance according to the EU commission are nanotechnology and micro electronics, including semiconductors, photonics, advanced materials and biotechnology. Fundamental research is carried out in many of the above key technologies on a world-class level in Europe. However, there are problems in Europe to transform the knowledge of fundamental research into technologies and products that can be sold in world markets competitively. In that regard Europe ranks behind the US and Asia and too often loses the "first-mover-advantage".

The most important technologies according to the survey above are information technology and communication technology have shown strong growth rates in the past. The number of global cellular subscriptions has increased from 91mn in 1995 to 5.3bn 2010, a CAGR of 31%. For example, in India the mobile subscriber base increased from 5m in 2001 to 890m in 2011.

One potential megatrend over the next few years could be cloud computing. Over the next five years, the cloud computing market is expected to grow to E71bn worldwide.



Cloud computing makes it possible to convert fixed expenditures on capital and labour into variable costs and to lower energy costs for operation and cooling. Convergence could be another megatrend. Over the past few years, the convergence of information technology, telecommunications, consumer electronics and media sectors has gathered pace. Given wider availability of fast internet connections it is becoming increasingly convenient to call up online services on various web-enabled end-user devices such as TVs, smartphones and tablet PCs. In addition, the market for end-user devices is marked by high innovation rates, with a stable distribution of the market shares nowhere on the horizon. Since smartphones are mutating into all-rounders and integrating, say, MP3 players and digital cameras without any drop in quality, makers of standard products see their market shares dwindling.

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### Megatrend 7: Ageing of the global population (for details see page 131)

The ageing of the population is a global megatrend that has been relatively slow so far but should accelerate strongly over the next decades. From 1990 to 2010, the old-age dependency ratio (the share of people over the age of 65 relative to those between the ages of 20-64) increased only slightly, from 12% in 1990 to 13% in 2010. This share is likely to increase to 16% in 2020, 20% in 2030 and 25% in 2040. The ageing of the population is clearly most pronounced in DM, particularly, Western Europe. In Western Europe the dependency ratio has increased from 24% in 1990 to 30% in 2010 and should rise to 47% in 2030. The ageing of the population has far-reaching consequences for the affected economies as well as for investors. The potential growth of these economies therefore decreases. A smaller workforce and a higher capital stock lead to higher wages in principal and hence the returns of companies and investors decrease. The ageing process also leads to changes in consumption behaviour. The healthcare sector could benefit from the aging of the population globally as well as from a rising demand from emerging markets. From 1981 to 2011, global pharma sales have grown by 9.1% per year on average. Our analysts forecast EM pharma sales to grow by 12-15% per year until 2016 and global pharma sales by 3-6%. Our basket company Sanofi is among the European healthcare companies with the highest sales share in EM and Qiagen has a strong global position in diagnostics.

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### Megatrend 8: Rising risks for companies (for details see page 134)

Globalisation means that companies are doing business in countries with very different cultures, language barriers and dissimilar economic frameworks. The failure rate of European companies' investments abroad could be higher than that of investments in the home region. Emerging countries change more quickly, and a strong market position in an EM may be less sustainable than a strong market position in an EM. The legal and political system and the judiciary may not be as independent as in Western countries, and local competitors and state authorities may be linked more closely.



Global integration, fragmented production processes and production clusters give exposure to new risks for European production companies. In an environment of rising global competition, it could be more difficult for companies to maintain their technological advantages. The set-up of significant production capacities in EM increases the risk of over-investment and overcapacity. The overview below gives risks for companies and classifies which are particularly relevant for Emerging Market activities. Recent academic studies have shown that the degree of internationalization of a firm may also have an impact on stock returns. Companies that expand internationally face operational, regulatory and foreign exchange risks in international markets.

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## Key results, ranking lists and aggregations (for details see page 16)

The European companies with the highest share of sales to Asia are mostly from the oil & gas, basic resources, technology, industrial goods & services and personal goods/luxury goods sectors. BHP Billiton, Rio Tinto, Aixtron, CSR and Dialog Semiconductor are technology companies among the top 10 European companies with the highest exposure to Asia. The European companies with the highest share of sales to the Americas include the basic resources, food & beverage, healthcare and industrial goods & services sectors. Retail companies with high sales shares to the Americas include DUFREY, Delhaize and Ahold. Healthcare companies with high sales shares to the Americas include BTG, Shire and Fresenius Medical Care.

European large caps with a high export share include ASML, Ericsson, Novo Nordisk and Syngenta. European sectors with a high sales share in Asia-Pacific are basic resources (26% of sales to Asia), technology (22%), personal & household goods (20%), chemicals (18%) and industrial goods & services (13%). The Stoxx 600 companies have 27% of their sales in their home country, 30% in the Rest of Europe, 21% in the Americas and 9% in Asia-Pacific (13% of sales are RoW/unspecified).

UK companies generate 28% of their sales in their home country, 18% in the Rest of Europe, 23% in the Americas and 12% in Asia-Pacific. German companies register 31% of their sales in their home country and 33% in the Rest of Europe.

Countries where the Stoxx 600 companies have a low share of sales in their Home Country are primarily small countries with large global companies: Netherlands (11%), Switzerland (13%) and Sweden (17%). In contrast, companies in Greece and Norway have a high sales share in their home country at 63% and 60%. Regarding size categories, it is intuitive that large caps have more foreign exposure than smaller caps. The Stoxx 200 large cap stocks have 25% of their sales in the home country, whereas the Stoxx 200 small caps have 34% of their sales in their home country.



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Table of Contents (long)

<b>Globalisation basket 2012</b>	<b>3</b>
<b>Megatrends summary</b>	<b>4</b>
<b>1. Regional exposure of companies: summary</b>	<b>16</b>
1.1 Highest sales exposure to Asia	16
1.2 Highest sales exposure to the Americas	17
1.3 Highest globalisation score	18
1.4 Highest increase of sales outside Europe from 2010 to 2011	20
1.5 Strongest European exporters	20
<b>2. Regional exposure of companies: detailed ranking lists</b>	<b>21</b>
<b>3. Globalisation basket</b>	<b>43</b>
3.1 Performance of the globalisation basket	44
3.2 Globalisation basket 2012 – Company stories in detail	45
<b>4. Regional exposure of sectors and countries</b>	<b>71</b>
4.1 Sectors and sub-sectors	71
4.2 Countries	75
<b>5 Understanding the global/ EM megatrends in detail</b>	<b>77</b>
Megatrend 1: Rising global integration via trade	80
Megatrend 2: Global integration on the company level	89
Megatrend 3: Strong EM GDP growth, industrialisation and urbanisation	111
Megatrend 4: EM wage growth and consumption incl. luxury	114
Megatrend 5: Rising demand for energy and commodities	121
Megatrend 6: New technologies	127
Megatrend 7: Ageing of the global population (DM and EM)	131
Megatrend 8: Changing risk factors for global companies	134
European exports into EMs	136
<b>Appendix A: Regional exposure by major European benchmark indices and of all European companies (sorted by sector)</b>	<b>139</b>



# 1. Regional exposure of companies: Summary

Many European companies have generated a significant share of their earnings growth over recent years from rising sales outside Europe, particularly into emerging countries. Their global activities have become increasingly important in a world of volatile currencies, increasing global integration and rising global trade. We analyse the regional breakdown of 800 European companies (exposure by sales, assets, and capex; see detailed data by sector in the appendix from page 139 to page 171). Each company breaks down the world into different regions depending on their exposure. We standardise the regional breakdown of the companies into the categories "Home Country", "Rest of Europe", "Americas", "Asia/Pacific" and "Rest of the World/Unspecified". This standardisation allows us to rank the European companies for different criteria including highest sales exposure to Asia, highest sales exposure to Americas, and European companies with highest exports to outside Europe.

## 1.1 Highest sales exposure to Asia

The European companies with the highest share of sales to Asia are mostly from the oil & gas, basic resources, technology, industrial goods & services and personal goods/luxury goods sectors. The top-ranked company Salamander Energy has basically all of its operations in Asia and is only listed in Europe. Aixtron, CSR and Dialog Semiconductor are the Technology companies among the top 10 European companies with the highest exposure to Asia. Also, the two large Mining players BHP Billiton and Rio Tinto are among the top 20 European companies with exposure to Asia.

Figure 2: Top 20 companies with significant sales exposure to Asia/Pacific (for detailed table on top 60, refer Figure 7)

S. No.	Company	Mcap. (Eur bn)	Globalisation score	Home country	Rest of Europe	Americas	Pacific	Unspecified	RoW/Asia/	% Sales in 2011		Outside Europe <sup>A</sup> 2011	Capex% Assets%
										Major sales destinations abroad			
1	Salamander Energy	0.6	84	0	0	0	100	0	Thailand(71.5%); Indonesia(28.5%)		88	91	
2	AIXTRON	1.2	75	2	3	6	90	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)		34	na	
3	CSR	0.8	83	0	7	11	82	0	Asia(82.2%)		18	na	
4	AZ Electronic Materials	1.5	81	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)		91	na	
5	Dialog Semiconductor	1.2	83	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)		na	0	
6	Vedanta Resources	3.0	71	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)		na	na	
7	Antofagasta PLC	13.8	83	na	15	13	71	0			100	na	
8	BHP Billiton	48.9	87	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)		90	na	
9	Standard Chartered	42.0	85	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)		66	74	
10	ASML	18.9	68	na	9	25	67	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)		27	na	
11	Rio Tinto	48.6	80	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)		na	na	
12	Suess Microtec	0.2	76	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)		11	29	
13	STMicroelectronics N.V.	4.3	68	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)		22	27	
14	Swatch Group	10.0	75	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)		24	na	
15	Petrofac	6.6	77	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)		na	na	
16	Premier Oil Plc	2.5	83	na	na	na	51	49	Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)		45	43	
17	Richemont	25.5	75	4	31	14	51	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)		na	na	
18	Salvatore Ferragamo	2.8	71	na	24	22	49	4	APAC(36.3%); N. America(22.4%); Japan(13.0%)		na	na	
19	OC Oerlikon Corp AG	2.3	80	na	28	15	49	9	APAC(48.6%); N. America(14.6%)		29	40	
20	Kazakhmys PLC	3.9	66	na	41	na	48	12	China(47.7%); Kazakhstan(9.6%)		na	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, <sup>A</sup>Outside Europe refers to exposure specific to Americas and Asia-Pacific.



## 1.2 Highest sales exposure to the Americas

The European companies with the highest share of sales to the Americas include basic resources, food & beverage, healthcare and industrial goods & services sectors. Retail companies with high sales share to the Americas include DUFY (75% of sales), Delhaize (65%) and Ahold (60%). Healthcare companies with a high sales share to the Americas include BTG Plc (85%), Shire Plc (67% of sales) and Fresenius Medical Care (64%). For investors with a specific sector focus, Figure 11 provides the top five companies by sales exposure to the Americas for each of the 19 sectors.

Figure 3: Top 20 companies with significant sales exposure to the Americas (for detailed table on top 60, refer to Figure 10)

S. No.	Company	Mcap. (Eur bn)	Globalisation score	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	RoW/	% Sales in 2011 Major sales destinations abroad	Outside Europe^ 2011	
											Assets%	Capex%
1	BTG plc	1.3	63	5	8	85	na	2	USA(85.3%); Europe ex. UK(7.7%)	na	na	
2	Ashtead Group	1.8	71	17	0	83	0	0	N. America(82.5%)	82	84	
3	DUFY	2.6	75	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)	74	75	
4	Tenaris S.A.	19.5	75	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)	79	77	
5	MTU	3.2	60	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)	4	4	
6	Experian	12.8	69	18	na	68	na	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)	62	65	
7	Shire PLC	13.6	62	5	0	67	na	27	N. America(67.2%)	na	na	
8	Delhaize	3.2	68	23	na	65	na	12	USA(65.4%); South East Europe, Asia(11.6%)	64	56	
9	Fresenius Medical Care	17.2	69	3	na	64	na	33	N. America(63.7%)	75	48	
10	Hunting	1.5	67	22	2	60	14	1	USA(51.7%); Singapore(13.5%); Canada(8.7%)	na	na	
11	Pearson	12.3	67	15	8	60	11	6	USA(56.5%); APAC(11.0%); Canada(3.6%)	74	na	
12	Tate & Lyle	3.9	64	2	17	60	na	21	USA(59.9%)	61	na	
13	BBVA	32.7	60	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)	35	na	
14	Ahold	10.4	58	35	6	60	0	0	USA(59.5%)	na	66	
15	Luxottica	13.6	63	na	20	58	13	10	N. America(57.9%); APAC(12.5%)	na	na	
16	CSM	0.9	61	5	34	57	na	4	N. America(57.2%)	na	26	
17	Schoeller-Bleckmann	1.2	66	na	35	57	na	8	N. America(57.2%)	54	67	
18	National Grid PLC	31.3	52	43	0	57	0	0	USA(56.6%)	na	34	
19	Cobham	3.0	68	9	14	56	12	9	USA(56.1%); Australia(11.8%)	69	na	
20	Meggitt	3.9	64	9	22	55	na	13	N. America(55.3%)	70	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank. ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



## 1.3 Highest globalisation score

The globalisation score is based on exposure to Asia-Pacific and the Americas and on momentum (for details, see the next page). The top 60 companies by globalisation score are given in Figure 17. Among the top 20 companies with the highest globalisation scores there are seven Commodity companies (oil & gas and basic resources) and six industrial goods & services companies. Large caps among the top 20 include BHP Billiton, Standard Chartered and Rio Tinto. For investors with a specific sector focus, Figure 18 gives the top five companies with the highest globalisation scores for each of the 19 sectors.

Figure 4: Top 20 companies with the highest globalisation score (for detailed table on top 60, refer to Figure 17)

S. No.	Company	Mcap. (Eur bn)	Globalisation score	% Sales in 2011							Outside Europe <sup>A</sup> 2011	
				Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	RoW/	Major sales destinations abroad	Assets%	Capex%
1	BHP Billiton	48.9	87	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)	90	na	
2	Standard Chartered	42.0	85	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)	66	74	
3	Salamander Energy	0.6	84	0	0	0	100	0	Thailand(71.5%); Indonesia(28.5%)	88	91	
4	Dialog Semiconductor	1.2	83	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)	na	0	
5	CSR	0.8	83	0	7	11	82	0	Asia(82.2%)	18	na	
6	Antofagasta PLC	13.8	83	na	15	13	71	0		100	na	
7	Premier Oil Plc	2.5	83	na	na	na	51	49	Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)	45	43	
8	Holcim	16.0	82	na	29	30	37	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)	62	60	
9	AT&S	0.2	82	na	63	0	37	0	Asia(36.6%)	83	95	
10	Gamesa	0.4	81	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)	35	29	
11	AZ Electronic Materials	1.5	81	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)	91	na	
12	Rio Tinto	48.6	80	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)	na	na	
13	OC Oerlikon Corp AG	2.3	80	na	28	15	49	9	APAC(48.6%); N. America(14.6%)	29	40	
14	Spirent	1.3	79	na	16	49	34	0	USA(49.1%); APAC(34.5%)	97	na	
15	Lenzing AG	1.8	79	8	36	8	45	2	Asia(45.0%); Rest of EU(36.5%); USA(8.3%)	38	44	
16	Alfa Laval	5.7	78	3	36	21	39	1	Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)	na	51	
17	Petrofac	6.6	77	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)	na	na	
18	Weir	4.4	77	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)	77	na	
19	Vallourec	4.5	77	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)	79	85	
20	Suess Microtec	0.2	76	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)	11	29	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank. <sup>A</sup>Outside Europe refers to exposure specific to Americas and Asia-Pacific



### Definition of the globalisation score

We calculate a 'globalisation score' for each company on the basis of the following seven parameters:

- 1) Turnover share of the Home Country in FY 2011 (the lower the better): 20% weight
- 2) Turnover share Outside Europe\* in FY 2011 (the higher the better): 20% weight
- 3) Turnover share of Asia-Pacific in FY 2011 (the higher the better): 20% weight
- 4) Change in turnover share Outside Europe\* between FY 2011 and FY 2010 (the stronger the increase the better): 10% weight
- 5) Change in turnover share of Asia-Pacific between FY 2011 and FY 2010 (the stronger the increase the better): 10% weight
- 6) Asset share Outside Europe\* in FY 2011 (the higher the better): 10% weight
- 7) Capex share Outside Europe\* in FY 2011 (the higher the better): 10% weight

Let us consider the case of BMW to better understand the globalisation score computation. The geographic sales breakdown for FY 2011 (in EURm) for BMW based on location of customers is as follows: Germany (12,859), Rest of Europe (20,956), US (11,516), Rest of Americas (2,771), China (11,591) and Others (9,128). Consolidating this information into our broad set of regions and computing the relative contribution of each of these identified regions to total sales, we get the following: Home Country (19%); Rest of Europe (30%); Americas (21%) and Asia-Pacific (17%). Similar data for FY 2010 was: Home Country (19%); Rest of Europe (31%); Americas (23%) and Asia-Pacific (14%). Sales in Rest of World and unspecified destinations are not included. Additionally, the asset breakdown for FY 2011 based on geographic location is Home Country (51%), Rest of Europe (21%) and Americas (27%). The capex breakdown for FY 2011 has not been disclosed by the company.

From here, we calculate standardised values (Z-scores) for all of the above-listed parameters. This is done by standardising values across the various companies for which data on that particular parameter is available. For the purpose of standardising, we use the formula:

$$Z\text{-score} = (x_i - \text{Median}(x_i)) / \text{Std Dev}(x_i)$$

We use median here instead of average, as is commonly used, to eliminate the effect of potential outliers that we consider a significant risk here.

The table below shows the computation of the weighted Z score, which is obtained as a weighted average of the Z-score of the individual parameters. We convert the score so obtained to a scale of 0 to 100 from scale of -2 to +2. Applying these calculations, BMW earns a globalisation score of 60.

Parameters	Weight (%)	Z-score	Weighted Z-score/ Globalisation score
Turnover Home Country 2011	20	0.33	0.07
Turnover Asia/Pacific 2011	20	0.59	0.12
Change Asia/Pacific (2011-2010)	10	0.90	0.10
Turnover Outside Europe 2011	20	0.42	0.08
Change Outside Europe (2011-2010)	10	0.04	0.11
Assets Outside Europe 2011	10	0.48	0.00
Capex Outside Europe 2011	10	0.0	0.00
Weighted Z score			0.41
<b>Globalisation score</b>			<b>60</b>

\*Outside Europe refers to exposure specific to the Americas and Asia-Pacific  
FY 2011 covers companies reporting between 1 April 2011 to 31 March 2012



## 1.4 Highest increase of sales outside Europe from 2010 to 2011

Companies that have increased their sales exposure outside Europe the most from 2010 to 2011 are given in Figure 19. Large caps on this list include Munich Re and EADS.

## 1.5 Strongest European exporters

Investors often seek exporting companies, but companies rarely give their export share explicitly and it is difficult to determine a company's global production network. As an approximation, Figure 20 lists the European companies with a high sales share but a low asset base outside Europe, illustrating the difference between 'sales outside Europe' and 'assets outside Europe' as exports. Industrial Goods and Technology companies are primarily among the top 20 companies. European large caps with a high export share, according to this definition, include ASML, Syngenta, Novo Nordisk and Ericsson.

Figure 5: Top 20 companies with most sales but fewest assets Outside Europe (for detailed table on top 60, refer to Figure 20)

S. No.	Company	Mcap. (Eur bn)	Outside Europe (Sales-Assets)**	Globalisation score	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified ROW/	% Sales in 2011		Outside Europe <sup>A</sup> Capex% 2011	Assets%
										Major sales destinations abroad			
1	CSR	0.8	<b>75</b>	83	0	7	11	82	0	Asia(82.2%)		18	na
2	MTU	3.2	<b>72</b>	60	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)		4	4
3	Suess Microtec	0.2	<b>66</b>	76	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)		11	29
4	ASML	18.9	<b>64</b>	68	na	9	25	67	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)		27	na
5	AIXTRON	1.2	<b>62</b>	75	2	3	6	90	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)		34	na
6	C&W Communications	1.1	<b>60</b>	73	na	9	41	18	31	Panama(20.9%); Macau(18.2%); Bahamus(12.2%); Monaco(9.3%); Jamaica(8.2%)		0	80
7	STMicroelectronics N.V.	4.3	<b>46</b>	68	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)		22	27
8	Intercell AG	0.1	<b>44</b>	61	3	38	48	na	11	N. America(48.0%); Europe ex. Austria(38.3%)		4	na
9	Elan	5.4	<b>42</b>	53	na	na	52	na	48	USA(51.9%)		10	na
10	Syngenta	25.0	<b>40</b>	66	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)		30	na
11	Novo Nordisk	56.7	<b>40</b>	72	na	29	40	17	14	N. America(40.1%); Japan, Korea(9.4%); China(7.5%)		17	17
12	Swatch Group	10.0	<b>39</b>	75	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)		24	na
13	MAN	10.3	<b>39</b>	48	21	36	25	14	4	Rest of EU(25.3%); Americas(25.0%); Asia(13.1%); Africa(3.8%)		0	0
14	Ericsson	22.6	<b>38</b>	70	2	0	31	27	40	USA(20.5%); Mediterranean(10.5%); LatAm(9.7%); North East Asia(9.1%); China(7.7%); Mid-East(6.8%)		21	na
15	Sartorius	0.5	<b>36</b>	67	17	35	21	23	4	N. America(20.6%); APAC(16.7%)		8	na
16	Andritz	4.3	<b>35</b>	64	na	38	34	25	4	Asia(25.1%); S. America(20.7%); N. America(13.0%)		23	25
17	Koenig & Bauer AG	0.2	<b>35</b>	52	16	36	9	27	13	Rest of EU(35.5%); China(15.4%); Africa, LatAm(12.8%); APAC(12.0%); N. America(8.6%)		1	2
18	Wacker Chemie AG	2.7	<b>35</b>	72	18	24	17	37	3	Asia(37.1%)		20	40
19	OC Oerlikon Corp AG	2.3	<b>34</b>	80	na	28	15	49	9	APAC(48.6%); N. America(14.6%)		29	40
20	Halma	1.9	<b>32</b>	56	22	27	28	15	9	USA(27.9%); APAC, Australasia(15.1%); Africa, Mid-East(4.8%)		11	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank. <sup>A</sup>Outside Europe refers to exposure specific to Americas and Asia-Pacific  
<sup>\*\*</sup>Outside Europe (sales and assets) refers to the difference between sales outside Europe and assets outside Europe in 2011 in percentage



## 2. Regional exposure of companies: detailed ranking lists

Figure 6: Stoxx 50/Euro Stoxx 50: Regional exposure by company

Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Regional Exposure							Major sales destinations abroad	Outside Europe Assets %	Capex % 2011
											Rest of Europe	Americas	Asia/Pacific	Unspecified	RoW	LatAm	Continent			
ABB	Ind. Gds. & Ser.	CH	32.0	Sell	17	15	-9.7	66	27.3	na	39	24	27	11	Asia(26.7%); Americas(23.8%); Africa, Mid-East(10.9%)	34	na			
Air Liquide	Chemicals	FR	29.2	Hold	94	94	0.5	65	14.5	19	36	20	22	2	APAC(22.2%); Americas(20.5%); Africa(2.2%)	53	na			
Allianz	Insurance	DE	39.6	Buy	87	100	14.6	48	94.4	27	51	15	na	7	South & N. America(15.3%); France(12.2%); Italy(9.3%); APAC, RoW(7.4%); UK(5.2%); Spain(4.6%)	na	na			
Anglo American	Basic Res.	GB	30.7	Buy	1750	2920	66.9	64	22.0	na	6	23	14	56	S. Africa(48.9%); Chile(14.1%); Australia, Asia(13.8%); Africa(7.6%); Brazil(3.8%); S. America(3.7%)	57	na			
ArcelorMittal	Basic Res.	NL	18.5	Hold	12	16	35.0	57	67.6	na	49	35	na	16	Americas(35.4%); Asia, Africa(16.0%)	39	na			
ASML	Technology	NL	18.9	Sell	45	35	-22.3	68	5.7	na	9	25	67	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)	27	na			
AstraZeneca	Health Care	GB	46.2	Hold	2937	2850	-2.9	70	24.2	na	29	48	13	10	USA(40.0%); W. Europe(25.3%); Japan(9.1%); Canada(4.8%); China(3.8%); Emerging Europe(3.7%)	50	25			
AXA	Insurance	FR	27.1	Buy	12	14	21.6	54	104.0	22	33	25	7	13	Mediterranean, LatAm(13.5%); Germany(12.3%); USA(11.2%); Swiss(10.2%); Japan(6.7%); UK(5.0%)	33	na			
Banco Santander	Banks	ES	56.0	Hold	6	7	16.4	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)	23	na			
Barclays	Banks	GB	28.3	Hold	183	295	61.0	41	49.2	49	13	19	4	15	USA(18.7%); Africa(15.4%); Asia(3.9%)	na	na			
BASF	Chemicals	DE	56.6	Buy	62	74	19.7	61	73.5	39	17	26	18	0	N. America(20.0%); Asia, Far East(18.1%); S. America(6.0%)	41	32			
BAT	Per. & Hhld. Gds.	GB	80.9	Hold	3302	3200	-3.1	66	17.8	na	49	23	28	0	APAC(27.6%); EMEA(25.9%); W. Europe(23.4%); Americas(23.1%)	na	na			
Bayer AG	Chemicals	DE	50.9	Buy	62	69	11.9	66	36.5	na	44	22	21	13	N. America(22.4%); APAC(20.6%); Africa, LatAm(13.0%)	34	44			
BBVA	Banks	ES	32.7	Buy	6	7	18.6	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)	35	na			
BG Group	Oil & Gas	GB	55.1	Buy	1288	1700	32.0	59	15.2	19	na	13	10	58	Brazil(13.0%); Japan(9.9%)	na	42			
BHP Billiton	Basic Res.	GB	48.9	Buy	1836	2200	19.8	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)	90	na			
BMW	Autos	DE	34.8	Hold	58	68	17.9	60	68.8	19	30	21	17	13	China(16.8%); USA(16.7%)	27	na			
BNP Paribas	Banks	FR	43.3	Buy	35	42	21.5	45	84.6	40	41	12	5	3	Americas(11.7%); Belgium(11.1%); Italy(9.1%); Asia, Oceania(4.7%); Luxembourg(3.5%)	15	na			
BP	Oil & Gas	GB	105.9	Buy	441	480	8.8	56	270.0	na	na	35	na	65	USA(35.0%)	38	28			
Carrefour	Retail	FR	11.8	Hold	17	15	-9.4	53	81.3	43	29	19	9	0	Americas(18.6%); Asia(9.0%)	26	31			
CRH	Const. & Mat.	GB	10.1	Hold	1108	1300	17.3	56	18.1	na	55	45	0	0	Americas(44.8%)	49	55			
Daimler	Autos	DE	41.5	Hold	39	42	7.7	64	106.5	19	18	30	21	11	USA(20.9%); Rest of EU(18.4%); APAC(10.8%); China(10.4%)	24	na			
Danone	Food & Bev.	FR	31.9	Hold	50	49	-1.1	54	19.3	na	56	na	15	29	Asia(14.8%)	na	na			
Deutsche Telekom	Telecoms	DE	41.1	Hold	9	9	-8.8	48	58.7	39	25	25	na	12	USA(25.2%)	17	20			
Diageo	Food & Bev.	GB	54.5	Buy	1725	1900	10.1	59	11.6	na	26	34	12	28	N. America(33.7%); Africa, LatAm, Caribbean(27.8%); APAC(12.0%)	na	7			
E.ON	Utilities	DE	36.5	Buy	18	21	14.8	41	113.0	74	26	na	na	0	UK(7.8%); Sweden(2.5%)	na	0			
Enel	Utilities	IT	24.6	Hold	3	3	14.5	45	77.6	40	47	13	na	0	Americas(13.3%); Rest of EU(3.7%)	na	na			
ENI	Oil & Gas	IT	64.0	Buy	18	21	19.2	55	109.6	31	39	9	9	12	Africa(10.3%); Asia(9.4%); Americas(8.8%); Rest of EU(6.9%)	17	19			
Ericsson	Technology	SE	22.6	Hold	62	63	1.6	70	25.1	2	0	31	27	40	USA(20.5%); Mediterranean(10.5%); LatAm(9.7%); North East Asia(9.1%); China(7.7%); Mid-East(6.8%)	21	na			
Essilor	Health Care	FR	14.8	Buy	69	56	-19.3	54	4.2	na	38	36	na	26	N. America(36.3%)	20	23			

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Stoxx 50/Euro Stoxx 50: Regional exposure by company (continued)

Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	% Sales in 2011										Outside Europe ^ 2011 Capex% Assets%
											31-Aug-12 (local curr.)	Rest of Europe	Americas	Asia / Pacific	Unspecified	RoW/	Major sales destinations abroad				
France Telecom	Telecoms	FR	29.1	Hold	11	10	-9.0	46	45.3	57	20	na	na	22	Spain(10.5%); Poland(9.6%)					na	0
GDF Suez	Utilities	FR	45.5	Buy	20	23	17.5	46	90.7	34	45	11	na	9	Belgium(13.0%); APAC, Mid-East(7.7%); N. America(6.3%); S. America(5.2%)					na	na
Generali Ass.	Insurance	IT	17.7	Hold	11	12	3.2	50	79.4	27	66	na	na	7	Germany(30.1%); France(19.5%); E. Europe(3.7%); Austria(2.6%); Swiss(2.4%); Spain(2.3%)					na	na
GlaxoSmithKline	Health Care	GB	89.3	Hold	1425	1400	-1.8	63	31.6	na	30	32	15	23	USA(31.7%); Developing markets(19.4%); Japan(8.5%); APAC(6.5%)					28	na
Hennes & Mauritz	Retail	SE	41.9	Hold	240	250	4.3	50	12.2	7	67	8	na	19	Germany(23.3%); USA(7.6%); France(7.3%); UK(7.2%); Netherlands(5.5%); Swiss(4.7%)					na	0
HSBC Holdings	Banks	GB	126.2	Hold	547	640	17.0	76	76.6	na	32	36	28	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)					52	62
Iberdrola	Utilities	ES	19.7	Hold	3	4	20.5	47	31.6	48	28	24	0	0	UK(26.7%); LatAm(13.8%); USA(10.4%)					37	na
Imperial Tobacco	Per. & Hhld. Gds.	GB	30.7	Buy	2456	3000	22.1	45	17.5	17	62	5	na	16	Rest of EU(27.2%); Germany(14.2%); France(13.7%); Spain(6.7%); Americas(4.8%)					16	5
Inditex	Retail	ES	55.1	Hold	88	85	-3.9	47	13.8	27	47	12	na	14	Asia, RoW(14.3%); USA(12.0%)					na	na
ING	Insurance	NL	23.3	Hold	6	7	16.7	61	102.7	31	19	31	19	0	N. America(30.7%); Asia(17.9%); Belgium(6.6%)					31	na
Intesa SanPaolo	Banks	IT	19.4	Buy	1	2	44.0	43	36.4	77	20	na	na	3						na	na
L'Oreal	Per. & Hhld. Gds.	FR	58.9	Hold	98	95	-2.8	66	20.3	12	33	32	19	3	W. Europe(25.9%); N. America(23.3%); APAC(19.2%); LatAm(8.9%); E. Europe(7.1%); Africa, Mid-East(3.1%)					28	25
LVMH	Per. & Hhld. Gds.	FR	66.0	Buy	130	140	7.9	71	23.7	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)					na	24
Munich Re	Insurance	DE	21.1	Hold	118	120	2.0	62	62.4	34	16	39	7	4	USA(19.1%); Canada(16.1%); UK(10.8%); China(4.1%); LatAm(3.6%); Australia(3.1%)					na	na
National Grid PLC	Utilities	GB	31.3	Sell	684	580	-15.1	52	16.0	43	0	57	0	0	USA(56.6%)					na	34
Nokia	Technology	FI	8.5	Hold	2	2	-24.8	72	38.7	1	30	15	27	27	China(15.9%); Africa, Mid-East(14.0%); India(7.6%); LatAm(6.1%); Brazil(4.9%); Russia(4.8%)					67	na
Novartis	Health Care	CH	126.8	Buy	56	62	10.2	68	42.1	1	35	42	21	0	USA(32.8%); Asia, Africa, Australasia(12.1%); Japan(9.0%); Germany(7.4%); France(4.9%)					na	na
Philips	Ind. Gds. & Ser.	NL	19.0	Hold	18	19	3.9	61	22.6	3	11	31	13	41	USA(28.2%); China(9.3%); Germany(6.3%); France(4.6%); Japan(4.0%); Brazil(3.1%)					na	na
Reckitt Benckiser	Per. & Hhld. Gds.	GB	32.4	Buy	3559	4100	15.2	51	10.9	na	42	25	na	32	N. America, Australia(25.3%)					20	na
Repsol	Oil & Gas	ES	18.4	Hold	15	16	5.9	45	60.1	47	9	16	na	28	Argentina(15.7%); OECD(11.0%)					na	na
Rio Tinto	Basic Res.	GB	48.6	Buy	2735	4850	77.3	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)					na	na
Roche	Health Care	CH	101.7	Buy	174	190	9.3	70	34.5	1	34	43	19	4	USA(33.2%); Japan(10.1%); Other Asia(8.5%); LatAm(7.3%); Germany(6.1%); Australasia, Africa(3.5%)					na	45
Royal Dutch Shell plc	Oil & Gas	NL	103.3	Buy	2204	2475	12.3	50	338.1	na	40	29	na	32	Asia, Oceania, Africa(31.5%); USA(19.6%)					na	na
RWE	Utilities	DE	19.2	Hold	33	33	-1.0	46	49.2	53	46	na	na	1	UK(17.0%)					na	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Stoxx 50/Euro Stoxx 50: Regional exposure by company (continued)

Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011 Capex% Assets%
																31-Aug-12 (local curr.)	Major sales destinations abroad	
Saint Gobain	Const. & Mat.	FR	14.5	Buy	27	35	28.3	63	42.1	27	41	13	20	0	EM Asia(19.6%); N. America(12.5%)	37	55	
Sanofi	Health Care	FR	86.2	Buy	65	76	16.8	58	33.4	9	26	31	na	33	USA(29.8%)	47	na	
SAP AG	Technology	DE	64.0	Buy	52	65	24.0	61	14.2	16	33	36	15	0	Rest of EMEA(32.6%); USA(26.0%); Rest of APAC(10.5%); Japan(4.6%)	na	na	
Schneider Electric	Ind. Gds. & Ser.	FR	27.8	Buy	50	51	1.6	71	22.4	9	23	23	27	18	USA(19.5%); APAC(14.0%); China(12.5%); N. America(3.8%)	59	na	
Siemens	Ind. Gds. & Ser.	DE	68.8	Buy	75	85	12.7	55	73.5	27	33	27	13	0	Americas(27.1%); Asia, Australia(13.4%)	na	na	
Societe Generale	Banks	FR	16.4	Hold	21	25	18.8	40	59.1	50	34	7	4	6	Americas(7.1%); Africa(5.6%); Asia(3.6%)	7	na	
Standard Chartered	Banks	GB	42.0	Hold	1391	1675	20.4	85	17.7	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)	66	74	
Telefonica	Telecoms	ES	45.7	Hold	10	12	14.5	64	62.8	28	25	47	0	0	Rest of LatAm(47.1%)	53	53	
Tesco PLC	Retail	GB	34.1	Buy	337	407	20.9	50	74.6	65	15	1	17	2	Asia(16.7%)	26	37	
Total SA	Oil & Gas	FR	93.9	Hold	40	42	5.8	48	166.6	23	44	9	na	24	N. America(8.6%); Africa(8.2%)	19	21	
UBS	Banks	CH	34.1	Hold	11	12	12.4	61	33.1	41	11	34	13	1	USA(33.6%); APAC(13.3%); UK(5.0%)	56	na	
Unibail Rodamco	Real Estate	FR	14.9	Hold	162	155	-4.7	40	1.6	59	38	na	na	2	Spain(10.2%); C. Europe(8.0%); Nordic(7.1%); Austria(7.1%); Netherlands(5.9%)	0	0	
Unicredit	Banks	IT	18.2	3	na	na	37	42.8	38	60	1	1	0	Germany(17.5%); Austria(8.8%)	2	1		
Unilever Plc	Food & Bev.	GB	36.6	Hold	2264	2250	-0.6	50	46.5	na	26	33	na	41	Asia, Africa, CEE(40.8%); Other W. European(18.5%); USA(14.8%); Netherlands, UK(7.9%); Brazil(7.8%)	na	na	
Vinci	Const. & Mat.	FR	19.9	Buy	35	47	35.9	40	37.6	64	25	3	na	8	C. Europe(6.7%); Germany(5.7%); UK(5.6%); Africa(4.6%); Belgium(4.2%); N. America(3.5%)	na	na	
Vivendi SA	Media	FR	20.3	Hold	16	17	5.8	45	28.8	58	11	16	na	15	Rest of EU(11.0%); USA(10.7%); Morocco(7.5%); Brazil(5.3%)	29	na	
Vodafone Group Plc	Telecoms	GB	112.5	Buy	182	225	24.0	49	53.8	12	58	na	9	21	Germany(17.8%); Italy(12.2%); Spain(10.2%); India(9.3%); Africa, APAC(8.6%)	11	14	
Volkswagen AG	Autos	DE	23.8	Buy	140	200	42.5	58	159.3	22	43	20	14	0	Asia, Oceania(14.4%); N. America(11.0%); S. America(9.4%)	na	18	
Zurich Insurance Group	Insurance	CH	28.2	Hold	230	245	6.8	55	38.1	12	46	34	5	4	USA(26.7%); Germany(14.5%); UK(11.8%); Spain(6.5%); Italy(5.4%); Australia(3.1%)	15	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
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Figure 7: Top 60 companies with significant sales exposure to Asia/Pacific

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011						Outside Europe ^ 2011 Assets%	Outside Europe ^ 2011 Capex%			
											31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified			Flow/	Major sales destinations abroad	
1	Salamander Energy	Oil & Gas	GB	0.6 Buy	196	290	48.0	84	0.3	0	0	0	100	0 Thailand(71.5%); Indonesia(28.5%)						88	91
2	AIXTRON	Technology	DE	1.2 Buy	12	17	44.4	75	0.6	2	3	6	90	0 Asia(89.7%); USA(6.0%); Rest of EU(2.5%)						34	na
3	CSR	Technology	GB	0.8 Sell	326	255	-21.7	83	0.6	0	7	11	82	0 Asia(82.2%)						18	na
4	AZ Electronic Materials	Chemicals	GB	1.5 Buy	311	350	12.6	81	0.6	na	8	11	80	0 Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)						91	na
5	Dialog Semiconductor	Technology	DE	1.2 Hold	17	16	-6.5	83	0.4	na	16	na	80	4 China(63.9%); Other Asia(15.9%); Hungary(5.5%)						na	0
6	Vedanta Resources	Basic Res.	GB	3.0 Buy	868	1650	90.2	71	10.2	0	9	na	80	11 India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)						na	na
7	Antofagasta PLC	Basic Res.	GB	13.8 Hold	1107	1325	19.7	83	4.4	na	15	13	71	0						100	na
8	BHP Billiton	Basic Res.	GB	48.9 Buy	1836	2200	19.8	87	52.7	1	12	12	70	4 China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)						90	na
9	Standard Chartered	Banks	GB	42.0 Hold	1391	1675	20.4	85	17.7	na	0	10	70	20 Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)						66	74
10	ASML	Technology	NL	18.9 Sell	45	35	-22.3	68	5.7	na	9	25	67	0 USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)						27	na
11	Rio Tinto	Basic Res.	GB	48.6 Buy	2735	4850	77.3	80	43.5	1	12	17	66	5 China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)						na	na
12	Suess Microtec	Ind. Gds. & Ser.	DE	0.2	8	na	na	76	0.2	na	23	17	60	0 Other Asia(52.9%); N. America(16.8%); Japan(7.4%)						11	29
13	STMicroelectronics N.V.	Technology	FR	4.3 Hold	5	4	-11.0	68	7.0	2	21	12	56	9 Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)						22	27
14	Swatch Group	Per. & Hhld. Gds.	CH	10.0 Buy	391	440	12.6	75	5.5	13	23	8	55	1 China(38.0%); Other Asia(16.0%); USA(7.9%)						24	na
15	Petrofac	Oil & Gas	GB	6.6	1502	na	na	77	4.2	16	0	na	51	33 UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)						na	na
16	Premier Oil Plc	Oil & Gas	GB	2.5 Buy	374	600	60.5	83	0.6	na	na	na	51	49 Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)						45	43
17	Richemont	Per. & Hhld. Gds.	CH	25.5 Hold	59	58	-1.8	75	8.9	4	31	14	51	0 Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)						na	na
18	Salvatore Ferragamo	Per. & Hhld. Gds.	IT	2.8 Hold	16	16	-5.1	71	1.0	na	24	22	49	4 APAC(36.3%); N. America(22.4%); Japan(13.0%)						na	na
19	OC Oerlikon Corp AG	Ind. Gds. & Ser.	CH	2.3	8	na	na	80	3.4	na	28	15	49	9 APAC(48.6%); N. America(14.6%)						29	40
20	Kazakhmys PLC	Basic Res.	GB	3.9 Buy	593	1165	96.5	66	2.6	na	41	na	48	12 China(47.7%); Kazakhstan(9.6%)						na	na
21	Hermes	Per. & Hhld. Gds.	FR	24.2 Sell	229	135	-41.0	72	2.8	17	20	16	45	2 Rest of APAC(28.4%); Japan(16.6%); Americas(16.3%)						37	na
22	Lenzing AG	Chemicals	AT	1.8 Buy	69	88	27.6	79	2.1	8	36	8	45	2 Asia(45.0%); Rest of EU(36.5%); USA(8.3%)						38	44
23	Infineon Technologies	Technology	DE	6.0 Buy	5	8	41.9	67	4.0	27	21	11	41	0 APAC(19.7%); China(16.6%); Americas(10.6%); Japan(5.1%)						38	na
24	Telenor ASA	Telecoms	NO	22.6 Buy	106	118	11.4	69	12.6	29	29	na	41	1 Asia(15.9%); Thailand(14.4%); Sweden(11.7%); Malaysia(10.9%); Other Nordic(8.2%); C. Europe(8.1%)						28	na
25	Gamesa	Oil & Gas	ES	0.4	1	na	na	81	3.0	9	22	14	40	16 China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)						35	29
26	Aberdeen Asset Mgmt	Financial Ser.	GB	4.0	279	na	na	68	0.9	40	16	5	40	0 Singapore(26.4%); Other Asia(13.2%); USA(4.7%)						26	na
27	Ferrexpo Plc	Basic Res.	GB	1.2 Buy	162	430	na	75	1.3	na	56	na	39	5 China(31.9%); Austria(25.4%); Serbia(8.9%); Slovakia(6.8%); Czech Republic(6.7%); Japan(5.0%)						na	na
28	Alfa Laval	Ind. Gds. & Ser.	SE	5.7 Hold	113	125	10.2	78	3.2	3	36	21	39	1 Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)						na	51
29	Cargotec	Ind. Gds. & Ser.	FI	1.0 Hold	19	20	7.0	72	3.1	2	38	21	39	0 Europe, Mid-East(38.3%); China(15.1%); APAC(14.1%); USA(14.1%); S. Korea(10.0%); Americas(6.4%)						na	18
30	Teleperformance	Media	FR	1.1	20	na	na	68	2.1	na	32	na	39	30 APAC(38.5%); Iberia, LatAm(29.5%)						na	36

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^ Outside Europe refers to exposure specific to Americas and Asia-Pacific  
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Top 60 companies with significant sales exposure to Asia/Pacific (continued)

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globe-alisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified	Flow/	% Sales in 2011		Outside Europe^ 2011 Assets%
																	31-Aug-12 (local curr.)	Major sales destinations abroad	
31	Piaggio	Autos	IT	0.8	Buy	2	2	14.7	75	1.5	na	0	na	38	62	EMEA, Americas(61.6%); India(26.1%)	na	46	
32	Wartsila	Ind. Gds. & Ser.	FI	5.1	Hold	26	25	-2.3	68	4.2	1	29	20	38	12	Asia(37.9%); Americas(20.1%)	na	na	
33	Wacker Chemie AG	Chemicals	DE	2.7	Hold	51	47	-8.0	72	4.9	18	24	17	37	3	Asia(37.1%)	20	40	
34	Holcim	Const. & Mat.	CH	16.0	Hold	59	58	-0.9	82	16.8	na	29	30	37	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)	62	60	
35	AT&S	Ind. Gds. & Ser.	AT	0.2	Buy	7	16	na	82	0.5	na	63	0	37	0	Asia(36.6%)	83	95	
36	Intertek Group	Ind. Gds. & Ser.	GB	5.7	Hold	2815	2566	-8.8	67	2.0	9	23	33	36	0	USA(25.1%); EMEA(22.9%); China incl. Hong Kong(18.1%); Rest of APAC(12.8%); Australia(4.9%)	na	na	
37	Nyrstar NV	Basic Res.	BE	0.7	Buy	4	8	na	61	3.3	20	34	10	36	0	Australia(25.6%); Asia(10.1%); Americas(9.7%)	46	na	
38	Christian Dior	Per. & Hhld. Gds.	FR	20.6	na	113	na	na	71	24.6	12	21	22	36	10	Other Asia(27.4%); USA(21.6%); Japan(8.3%)	na	24	
39	LVMH	Per. & Hhld. Gds.	FR	66.0	Buy	130	140	7.9	71	23.7	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)	na	24	
40	Burberry Group	Per. & Hhld. Gds.	GB	7.5	Hold	1353	1550	14.6	67	2.2	na	30	23	35	12	APAC(35.1%); Americas(23.4%)	na	na	
41	FLSmidth & Co. A/S	Const. & Mat.	DK	2.4	na	333	na	na	65	3.0	8	7	33	35	17	Asia(30.0%); N. America(16.7%); Africa(16.5%); S. America(16.4%); Australia(4.9%)	57	na	
42	Spirent	Technology	GB	1.3	Buy	158	175	10.5	79	0.4	na	16	49	34	0	USA(49.1%); APAC(34.5%)	97	na	
43	Aveva Group Plc	Technology	GB	1.6	Sell	1853	1400	-24.4	60	0.2	8	39	19	33	0	EMEA(39.2%); APAC(32.9%); Americas(19.5%)	na	na	
44	Spectris	Ind. Gds. & Ser.	GB	2.6	na	1729	na	na	75	1.3	3	31	26	33	7	USA(23.3%); China(13.5%); Germany(11.0%); Rest of APAC(8.0%); Japan(7.9%); France(4.1%)	57	na	
45	Heidelberger Druck	Ind. Gds. & Ser.	DE	0.2	Buy	1	3	na	65	2.6	15	35	18	33	0	APAC(32.6%); EMEA(23.3%); N. America(11.4%); E. Europe(11.4%); LatAm(6.1%)	na	na	
46	Linde	Chemicals	DE	23.1	Buy	125	153	22.2	70	13.8	9	34	19	32	6	Rest of EU(34.4%); Asia, Australia(31.8%); N. America(13.7%); Africa(5.7%); S. America(5.4%)	49	na	
47	Inchcape	Retail	GB	2.2	Buy	369	480	30.3	54	6.7	34	15	na	31	20	Russia, Emerging Markets(20.3%); Australasia(19.4%); North Asia(7.1%); S. Asia(4.8%)	10	10	
48	ENRC PLC	Basic Res.	GB	4.9	Buy	302	990	na	53	5.5	na	53	na	31	16	Russia(38.3%); China(19.3%); Europe, Mid-East(14.8%); Japan(9.4%); Kazakhstan(7.1%); Africa(3.7%)	17	na	
49	EADS	Ind. Gds. & Ser.	DE	25.1	Buy	30	38	25.3	69	49.1	10	32	18	29	11	APAC(29.1%); N. America(11.9%); Mid-East(10.4%); France(9.7%); LatAm(5.9%); UK(5.6%)	na	0	
50	Elektab AB	Health Care	SE	3.7	na	338	na	na	74	1.0	na	35	36	29	0	South & N. America(35.7%); Europe, Mid-East, Africa(35.4%); Asia(29.0%)	35	na	
51	HSBC Holdings	Banks	GB	126.2	Hold	547	640	17.0	76	76.6	na	32	36	28	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)	52	62	
52	SGS	Ind. Gds. & Ser.	CH	12.6	Hold	1926	1799	-6.6	63	3.9	na	50	21	28	0	EMEA(50.4%); APAC(28.2%); Americas(21.4%)	na	na	
53	Bureau Veritas	Ind. Gds. & Ser.	FR	8.1	Hold	73	71	-3.2	63	3.4	21	31	20	28	0	Rest of EMEA(31.0%); APAC(28.0%); S. America(12.0%); N. America(8.0%)	na	na	
54	Lonmin Plc	Basic Res.	GB	1.5	Sell	573	470	-18.0	66	1.4	na	31	21	28	20	Asia(28.0%); Americas(20.8%); S. Africa(20.3%)	na	na	
55	BAT	Per. & Hhld. Gds.	GB	80.9	Hold	3302	3200	-3.1	66	17.8	na	49	23	28	0	APAC(27.6%); EMEA(25.9%); W. Europe(23.4%); Americas(23.1%)	na	na	
56	Nokia	Technology	FI	8.5	Hold	2	2	-24.8	72	38.7	1	30	15	27	27	China(15.9%); Africa, Mid-East(14.0%); India(7.6%); LatAm(6.1%); Brazil(4.9%); Russia(4.8%)	67	na	
57	Koenig & Bauer AG	Ind. Gds. & Ser.	DE	0.2	Hold	12	12	-2.5	52	1.2	16	36	9	27	13	Rest of EU(35.5%); China(15.4%); Africa, LatAm(12.8%); APAC(12.0%); N. America(8.6%)	1	2	
58	Ericsson	Technology	SE	22.6	Hold	62	63	1.6	70	25.1	2	0	31	27	40	USA(20.5%); Mediterranean(10.5%); LatAm(9.7%); North East Asia(9.1%); China(7.7%); Mid-East(6.8%)	21	na	
59	Ansaldo Sts	Ind. Gds. & Ser.	IT	1.0	na	6	na	na	66	1.2	40	17	10	27	6	APAC(27.1%); Rest of W. Europe(16.8%); N. America(9.8%)	na	na	
60	ABB	Ind. Gds. & Ser.	CH	32.0	Sell	17	15	-9.7	66	27.3	na	39	24	27	11	Asia(26.7%); Americas(23.8%); Africa, Mid-East(10.9%)	34	na	

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Figure 8: Top five companies with significant sales exposure to Asia/Pacific for each sector

S.No.	Name	Ctry. Code	Mcap. (Eur bn)	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011				RoW/ Unspecified Asia/ Pacific
						Country	Home	Rest of Europe	Americas	
<b>Automobiles &amp; Parts</b>										
1	Piaggio	IT	0.8	75	1.5	na	0	na	<b>38</b>	62
2	Daimler	DE	41.5	64	106.5	19	18	30	<b>21</b>	11
3	Valeo SA	FR	3.0	65	10.9	13	45	21	<b>21</b>	0
4	BMW	DE	34.8	60	68.8	19	30	21	<b>17</b>	13
5	Continental	DE	15.9	59	30.5	26	33	19	<b>16</b>	5
<b>Banks</b>										
1	Standard Chartered	GB	42.0	85	17.7	na	0	10	<b>70</b>	20
2	HSBC Holdings	GB	126.2	76	76.6	na	32	36	<b>28</b>	3
3	UBS	CH	34.1	61	33.1	41	11	34	<b>13</b>	1
4	Credit Suisse Group	CH	20.3	57	34.1	33	26	30	<b>11</b>	0
5	Credit Agricole SA	FR	11.6	40	50.4	53	34	5	<b>5</b>	2
<b>Basic Resources</b>										
1	Vedanta Resources	GB	3.0	71	10.2	0	9	na	<b>80</b>	11
2	Antofagasta PLC	GB	13.8	83	4.4	na	15	13	<b>71</b>	0
3	BHP Billiton	GB	48.9	87	52.7	1	12	12	<b>70</b>	4
4	Rio Tinto	GB	48.6	80	43.5	1	12	17	<b>66</b>	5
5	Kazakhmys PLC	GB	3.9	66	2.6	na	41	na	<b>48</b>	12
<b>Chemicals</b>										
1	AZ Electronic Materials	GB	1.5	81	0.6	na	8	11	<b>80</b>	0
2	Lenzing AG	AT	1.8	79	2.1	8	36	8	<b>45</b>	2
3	Wacker Chemie AG	DE	2.7	72	4.9	18	24	17	<b>37</b>	3
4	Linde	DE	23.1	70	13.8	9	34	19	<b>32</b>	6
5	Givaudan	CH	6.9	71	3.2	1	31	35	<b>26</b>	8
<b>Construction &amp; Materials</b>										
1	Holcim	CH	16.0	82	16.8	na	29	30	<b>37</b>	5
2	FLSmidth & Co. A/S	DK	2.4	65	3.0	8	7	33	<b>35</b>	17
3	Boskalis Westminster	NL	2.9	60	2.8	23	18	13	<b>25</b>	22
4	HeidelbergCement	DE	7.5	69	12.9	na	45	24	<b>23</b>	8
5	Bauer AG	DE	0.3	58	1.2	27	20	14	<b>21</b>	18
<b>Financial Services</b>										
1	Aberdeen Asset Mgmt	GB	4.0	68	0.9	40	16	5	<b>40</b>	0
2	IG Group Holdings	GB	2.0	47	0.4	55	18	na	<b>21</b>	6
3	Kinnevik Investment	SE	3.7	53	1.0	20	58	1	<b>19</b>	2
4	Intermediate Capital Group	GB	1.4	44	0.5	na	89	2	<b>9</b>	0
5	ICAP	GB	2.6	54	2.0	na	34	28	<b>8</b>	30
<b>Food &amp; Beverage</b>										
1	A B Foods	GB	13.2	58	12.7	43	25	11	<b>21</b>	0
2	Parmalat	IT	3.0	73	4.5	22	3	46	<b>19</b>	10
3	Danone	FR	31.9	54	19.3	na	56	na	<b>15</b>	29
4	Diageo	GB	54.5	59	11.6	na	26	34	<b>12</b>	28
5	Kerry Group	IE	6.7	66	5.3	na	59	29	<b>11</b>	0
<b>Health Care</b>										
1	ElektA AB	SE	3.7	74	1.0	na	35	36	<b>29</b>	0
2	Merck KGaA	DE	5.9	65	10.3	14	30	30	<b>24</b>	2
3	Nobel Biocare	CH	0.9	64	0.6	na	42	35	<b>22</b>	2
4	Novartis	CH	126.8	68	42.1	1	35	42	<b>21</b>	0
5	Roche	CH	101.7	70	34.5	1	34	43	<b>19</b>	4
<b>Industrial Goods &amp; Services</b>										
1	Suess Microtec	DE	0.2	76	0.2	na	23	17	<b>60</b>	0
2	OC Oerlikon Corp AG	CH	2.3	80	3.4	na	28	15	<b>49</b>	9
3	Alfa Laval	SE	5.7	78	3.2	3	36	21	<b>39</b>	1
4	Cargotec	FI	1.0	72	3.1	2	38	21	<b>39</b>	0
5	Wartsila	FI	5.1	68	4.2	1	29	20	<b>38</b>	12
<b>Insurance</b>										
1	Jardine Lloyd Thompson	GB	2.1	58	0.9	59	3	13	<b>25</b>	0
2	Prudential	GB	25.4	71	42.1	36	na	40	<b>21</b>	3
3	ING	NL	23.3	61	102.7	31	19	31	<b>19</b>	0
4	Hannover Re	DE	5.9	61	12.3	10	39	23	<b>17</b>	11
5	Swiss Re	CH	18.5	65	19.9	2	22	38	<b>13</b>	25
<b>Media</b>										
1	Teleperformance	FR	1.1	68	2.1	na	32	na	<b>39</b>	30
2	JCDecaux	FR	4.0	57	2.5	25	43	7	<b>20</b>	4
3	IPSO	FR	1.1	72	1.4	na	43	42	<b>15</b>	0
4	UBM Plc	GB	2.1	71	1.1	13	15	48	<b>15</b>	10
5	Publicis	FR	8.6	66	5.8	na	32	53	<b>12</b>	3
<b>Oil &amp; Gas</b>										
1	Salamander Energy	GB	0.6	84	0.3	0	0	0	<b>100</b>	0
2	Petrofac	GB	6.6	77	4.2	16	0	na	<b>51</b>	33
3	Premier Oil Plc	GB	2.5	83	0.6	na	na	na	<b>51</b>	49
4	Gamesa	ES	0.4	81	3.0	9	22	14	<b>40</b>	16
5	Aker Solutions	NO	4.0	55	4.6	44	13	14	<b>25</b>	4
<b>Personal &amp; Household Goods</b>										
1	Swatch Group	CH	10.0	75	5.5	13	23	8	<b>55</b>	1
2	Richemont	CH	25.5	75	8.9	4	31	14	<b>51</b>	0
3	Salvatore Ferragamo	IT	2.8	71	1.0	na	24	22	<b>49</b>	4
4	Hermes	FR	24.2	72	2.8	17	20	16	<b>45</b>	2
5	Christian Dior	FR	20.6	71	24.6	12	21	22	<b>36</b>	10
<b>Retail</b>										
1	Inchcape	GB	2.2	54	6.7	34	15	na	<b>31</b>	20
2	PPR	FR	15.7	66	12.2	na	53	18	<b>24</b>	4
3	Tesco PLC	GB	34.1	50	74.6	65	15	1	<b>17</b>	2
4	Carrefour	FR	11.8	53	81.3	43	29	19	<b>9</b>	0
5	Casino	FR	8.0	59	34.4	55	na	34	<b>8</b>	3
<b>Technology</b>										
1	AIXTRON	DE	1.2	75	0.6	2	3	6	<b>90</b>	0
2	CSR	GB	0.8	83	0.6	0	7	11	<b>82</b>	0
3	Dialog Semiconductor	DE	1.2	83	0.4	na	16	na	<b>80</b>	4
4	ASML	NL	18.9	68	5.7	na	9	25	<b>67</b>	0
5	STMicroelectronics N.V.	FR	4.3	68	7.0	2	21	12	<b>56</b>	9
<b>Telecommunications</b>										
1	Telenor ASA	NO	22.6	69	12.6	29	29	na	<b>41</b>	1
2	C&W Communications	GB	1.1	73	2.1	na	9	41	<b>18</b>	31
3	Inmarsat	GB	3.2	67	1.0	na	36	45	<b>15</b>	4
4	Vodafone Group Plc	GB	112.5	49	53.8	12	58	na	<b>9</b>	21
<b>Travel &amp; Leisure</b>										
1	Paddy Power	IE	2.8	54	0.5	na	78	0	<b>22</b>	0
2	Sportingbet	GB	0.3	51	0.2	na	77	na	<b>18</b>	5
3	Deutsche Lufthansa AG	DE	4.5	49	28.7	26	36	18	<b>15</b>	5
4	InterContinental Hotels	GB	5.9	70	1.3	na	23	47	<b>12</b>	19
5	Air France-KLM	FR	1.2	53	25.4	31	35	15	<b>11</b>	8
<b>Utilities</b>										
1	International Power	GB	26.8	61	16.2	na	17	48	<b>12</b>	23

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^ Outside Europe refers to exposure specific to Americas and Asia-Pacific

Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)





Figure 9: Top companies with significant sales exposure to China

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	2011 Sales in China	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011											Outside Europe 2011 Assets%
												Major sales destinations abroad											
												Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	Flow/						
1	Dialog Semiconductor	Technology	DE	1.2	Hold	17	16	-6.5	64	83	0.4	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)	na	0				
2	Kazakhmys PLC	Basic Res.	GB	3.9	Buy	593	1165	96.5	48	66	2.6	na	41	na	48	12	China(47.7%); Kazakhstan(9.6%)	na	na				
3	Swatch Group	Per. & Hhld. Gds.	CH	10.0	Buy	391	440	12.6	38	75	5.5	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)	24	na				
4	Ferrexpo Plc	Basic Res.	GB	1.2	Buy	162	430	na	32	75	1.3	na	56	na	39	5	China(31.9%); Austria(25.4%); Serbia(8.9%); Slovakia(6.8%); Czech Republic(6.7%); Japan(5.0%)	na	na				
5	Rio Tinto	Basic Res.	GB	48.6	Buy	2735	4850	77.3	31	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)	na	na				
6	BHP Billiton	Basic Res.	GB	48.9	Buy	1836	2200	19.8	28	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)	90	na				
7	Richemont	Per. & Hhld. Gds.	CH	25.5	Hold	59	58	-1.8	27	75	8.9	4	31	14	51	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)	na	na				
8	Gamesa	Oil & Gas	ES	0.4		1	na	na	22	81	3.0	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)	35	29				
9	ENRC PLC	Basic Res.	GB	4.9	Buy	302	990	na	19	53	5.5	na	53	na	31	16	Russia(38.3%); China(19.3%); Europe, Mid-East(14.8%); Japan(9.4%); Kazakhstan(7.1%); Africa(3.7%)	17	na				
10	Vedanta Resources	Basic Res.	GB	3.0	Buy	868	1650	90.2	19	71	10.2	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)	na	na				
11	Intertek Group	Ind. Gds. & Ser.	GB	5.7	Hold	2815	2566	-8.8	18	67	2.0	9	23	33	36	0	USA(25.1%); EMEA(22.9%); China incl. Hong Kong(18.1%); Rest of APAC(12.8%); Australia(4.9%)	na	na				
12	BMW	Autos	DE	34.8	Hold	58	68	17.9	17	60	68.8	19	30	21	17	13	China(16.8%); USA(16.7%)	27	na				
13	Infineon Technologies	Technology	DE	6.0	Buy	5	8	41.9	17	67	4.0	27	21	11	41	0	APAC(19.7%); China(16.6%); Americas(10.6%); Japan(5.1%)	38	na				
14	Nokia	Technology	FI	8.5	Hold	2	2	-24.8	16	72	38.7	1	30	15	27	27	China(15.9%); Africa, Mid-East(14.0%); India(7.6%); LatAm(6.1%); Brazil(4.9%); Russia(4.8%)	67	na				
15	Koenig & Bauer AG	Ind. Gds. & Ser.	DE	0.2	Hold	12	12	-2.5	15	52	1.2	16	36	9	27	13	Rest of EU(35.5%); China(15.4%); Africa, LatAm(12.8%); APAC(12.0%); N. America(8.6%)	1	2				
16	Cargotec	Ind. Gds. & Ser.	FI	1.0	Hold	19	20	7.0	15	72	3.1	2	38	21	39	0	Europe, Mid-East(38.3%); China(15.1%); APAC(14.1%); USA(14.1%); S. Korea(10.0%); Americas(6.4%)	na	18				
17	UBM Plc	Media	GB	2.1	Buy	674	790	17.2	15	71	1.1	13	15	48	15	10	USA, Canada(48.0%); China(15.0%); Developing markets(6.3%)	54	na				
18	Alfa Laval	Ind. Gds. & Ser.	SE	5.7	Hold	113	125	10.2	14	78	3.2	3	36	21	39	1	Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)	na	51				
19	Spectris	Ind. Gds. & Ser.	GB	2.6		1729	na	na	14	75	1.3	3	31	26	33	7	USA(23.3%); China(13.5%); Germany(11.0%); Rest of APAC(8.0%); Japan(7.9%); France(4.1%)	57	na				
20	Schneider Electric	Ind. Gds. & Ser.	FR	27.8	Buy	50	51	1.6	13	71	22.4	9	23	23	27	18	USA(19.5%); APAC(14.0%); China(12.5%); N. America(3.8%)	59	na				
21	Cookson	Ind. Gds. & Ser.	GB	2.1	Buy	599	700	16.9	12	57	3.3	6	16	26	12	41	USA(20.2%); China(11.8%); Germany(10.2%); Brazil(5.6%); France(5.3%)	na	na				
22	Atlas Copco	Ind. Gds. & Ser.	SE	14.9	Hold	148	170	14.7	12	57	9.0	2	18	17	25	37	China(11.7%); USA(11.7%); Asia, Australia(6.9%); Africa, Mid-East(6.8%); Australia(6.7%); Brazil(4.9%)	29	na				
23	InterContinental Hotels	Travel & Leisure	GB	5.9	Hold	1605	1780	10.9	12	70	1.3	na	23	47	12	19	Americas(46.9%); Asia, Mid-East, Africa(12.2%); China(11.6%)	54	100				
24	DSM NV	Chemicals	NL	6.8	Hold	37	39	4.6	11	63	9.0	36	31	17	16	0	Rest of W. Europe(29.6%); N. America(17.1%); China(11.2%); Rest of APAC(2.6%)	36	47				
25	KGHM	Basic Res.	PL	6.2	Buy	130	155	19.3	11	49	5.4	24	56	na	11	9	UK(24.7%); Germany(20.3%); China(11.0%); Czech Republic(6.1%); Hungary(2.4%); Austria(2.2%)	na	na				
26	Daimler	Autos	DE	41.5	Hold	39	42	7.7	10	64	106.5	19	18	30	21	11	USA(20.9%); Rest of EU(18.4%); APAC(10.8%); China(10.4%)	24	na				

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 10: Top 60 companies with significant sales exposure to the Americas

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified	Flow/	% Sales in 2011		Outside Europe^ 2011 Assets%	Capex% 2011
																	31-Aug-12 (local curr.)	Major sales destinations abroad		
1	BTG plc	Health Care	GB	1.3 Buy	302	384	27.1	63	0.2	5	8	85	na	2	USA(85.3%); Europe ex. UK(7.7%)	na	na	na	na	
2	Ashtead Group	Ind. Gds. & Ser.	GB	1.8	283	na	na	71	1.3	17	0	83	0	0	N. America(82.5%)	82	84	82	84	
3	DUFREY	Retail	CH	2.6 Buy	117	150	28.6	75	2.1	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)	74	75	74	75	
4	Tenaris S.A.	Basic Res.	LU	19.5	17	na	na	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)	79	77	79	77	
5	MTU	Ind. Gds. & Ser.	DE	3.2 Buy	61	68	12.1	60	2.9	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)	4	4	4	4	
6	Experian	Ind. Gds. & Ser.	GB	12.8 Buy	1004	970	-3.4	69	3.3	18	na	68	na	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)	62	65	62	65	
7	Shire PLC	Health Care	GB	13.6 Buy	1915	2130	11.2	62	3.1	5	0	67	na	27	N. America(67.2%)	na	na	na	na	
8	Delhaize	Retail	BE	3.2 Hold	32	38	20.6	68	21.1	23	na	65	na	12	USA(65.4%); South East Europe, Asia(11.6%)	64	56	64	56	
9	Fresenius Medical Care	Health Care	DE	17.2 Hold	57	58	1.2	69	9.2	3	na	64	na	33	N. America(63.7%)	75	48	75	48	
10	Hunting	Oil & Gas	GB	1.5	797	na	na	67	0.7	22	2	60	14	1	USA(51.7%); Singapore(13.5%); Canada(8.7%)	na	na	na	na	
11	Pearson	Media	GB	12.3 Hold	1194	1350	13.1	67	6.8	15	8	60	11	6	USA(56.5%); APAC(11.0%); Canada(3.6%)	74	na	74	na	
12	Tate & Lyle	Food & Bev.	GB	3.9 Buy	656	900	37.2	64	3.6	2	17	60	na	21	USA(59.9%)	61	na	61	na	
13	BBVA	Banks	ES	32.7 Buy	6	7	18.6	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)	35	na	35	na	
14	Ahold	Retail	NL	10.4 Hold	10	10	1.7	58	30.3	35	6	60	0	0	USA(59.5%)	na	66	na	66	
15	Luxottica	Per. & Hhld. Gds.	IT	13.6 Hold	29	26	-10.3	63	6.2	na	20	58	13	10	N. America(57.9%); APAC(12.5%)	na	na	na	na	
16	CSM	Food & Bev.	NL	0.9 Hold	13	13	-3.0	61	3.1	5	34	57	na	4	N. America(57.2%)	na	26	na	26	
17	Schoeller-Bleckmann	Oil & Gas	AT	1.2 Buy	76	80	5.3	66	0.4	na	35	57	na	8	N. America(57.2%)	54	67	54	67	
18	National Grid PLC	Utilities	GB	31.3 Sell	684	580	-15.1	52	16.0	43	0	57	0	0	USA(56.6%)	na	34	na	34	
19	Cobham	Ind. Gds. & Ser.	GB	3.0 Hold	219	215	-2.0	68	2.1	9	14	56	12	9	USA(56.1%); Australia(11.8%)	69	na	69	na	
20	Meggitt	Ind. Gds. & Ser.	GB	3.9 Buy	395	430	8.8	64	1.7	9	22	55	na	13	N. America(55.3%)	70	na	70	na	
21	AMEC Plc	Oil & Gas	GB	4.4 Buy	1109	1225	10.5	54	3.8	30	na	54	na	16	Canada(28.5%); USA(25.9%)	na	na	na	na	
22	Grifols	Health Care	ES	4.8 Hold	22	22	-1.8	73	1.8	13	16	54	na	16	USA(54.3%); EU(16.5%)	83	67	83	67	
23	Weir	Ind. Gds. & Ser.	GB	4.4 Buy	1633	2150	31.7	77	2.6	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)	77	na	77	na	
24	Qinetiq Group	Ind. Gds. & Ser.	GB	1.4	171	na	na	53	1.7	39	na	54	na	8	N. America(53.7%)	na	na	na	na	
25	Bunzl	Ind. Gds. & Ser.	GB	4.7 Hold	1124	1020	-9.3	61	5.9	20	21	53	na	6	N. America(53.4%); Continental Europe(20.9%)	31	34	31	34	
26	Publicis	Media	FR	8.6 Hold	41	42	0.6	66	5.8	na	32	53	12	3	N. America(46.8%); APAC(11.9%); LatAm(6.4%); Africa, Mid-East(2.7%)	na	44	na	44	
27	Syngenta	Chemicals	CH	25.0 Buy	322	400	24.3	66	9.5	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)	30	na	30	na	
28	Fiat	Autos	IT	5.4 Hold	4	4	-14.6	62	59.6	16	15	53	3	14	USA, Canada, Mexico(36.0%); Brazil(16.6%); Germany(5.3%); France(3.8%); China(2.6%); Turkey(2.3%)	na	na	na	na	
29	Ubisoft Entertainment	Per. & Hhld. Gds.	FR	0.6 Buy	6	11	88.0	62	1.1	na	46	53	na	1	N. America(52.5%)	na	na	na	na	
30	Elan	Health Care	IE	5.4 Buy	9	10	14.2	53	0.5	na	na	52	na	48	USA(51.9%)	10	na	10	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Top 60 companies with significant sales exposure to the Americas (continued)

S. Company No.	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified	Flow/	% Sales in 2011		Outside Europe^ 2011 Assets%
																31-Aug-12 (local curr.)	Major sales destinations abroad	
31	Abengoa	Oil & Gas	ES	1.2 Buy	14	30	na	60	7.1	27	15	51	na	7	Brazil(20.8%); USA(19.0%); EU(15.3%); LatAm(10.9%)		51	na
32	Wolters Kluwer NV	Media	NL	4.3 Hold	14	15	3.1	58	3.4	6	38	50	5	1	N. America(50.3%); APAC(4.8%)		na	na
33	Smiths Group	Ind. Gds. & Ser.	GB	5.2 Hold	1044	1150	10.2	66	3.3	4	22	50	8	16	USA(44.9%); Germany(5.7%); Japan(5.3%); Canada(4.2%); France(3.3%); China(2.9%)		65	na
34	OHL	Const. & Mat.	ES	1.7 Buy	17	23	38.0	61	4.9	30	9	50	4	8	Brazil(23.3%); Mexico(13.6%); USA(10.6%); E. Europe(9.0%); Qatar(4.1%); Algeria(2.8%)		87	na
35	Carnival	Travel & Leisure	GB	5.0 Buy	2159	2450	13.5	61	11.4	na	38	50	10	3	N. America(49.6%); Australia, Asia(9.7%)		na	na
36	Banco Santander	Banks	ES	56.0 Hold	6	7	16.4	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)		23	na
37	Sonova Holdings AG	Health Care	CH	4.9 Hold	89	85	-4.0	67	1.3	2	39	49	10	0	EMEA(38.7%); USA(36.4%); Americas(12.7%); APAC(9.8%)		61	na
38	Spirent	Technology	GB	1.3 Buy	158	175	10.5	79	0.4	na	16	49	34	0	USA(49.1%); APAC(34.5%)		97	na
39	Rexam	Ind. Gds. & Ser.	GB	4.7 Buy	424	480	13.3	62	5.5	4	24	49	na	22	USA(33.3%); Brazil(15.8%); Austria(6.9%); Russia(5.9%); Spain(4.8%); France(4.0%)		48	na
40	Ultra Electronics	Ind. Gds. & Ser.	GB	1.3 Hold	1536	1500	-2.3	61	0.8	29	9	49	na	13	USA(45.5%); Continental Europe(9.3%); Canada(3.0%)		52	45
41	International Power	Utilities	GB	26.8	418	na	na	61	16.2	na	17	48	12	23			na	93
42	Impregilo	Const. & Mat.	IT	1.2	3	na	na	52	2.0	22	16	48	na	14	LatAm(45.7%); Rest of EU(8.6%); Asia, Mid-East(7.3%); N. America(2.5%)		na	na
43	Intercell AG	Health Care	AT	0.1 Hold	2	na	na	61	0.0	3	38	48	na	11	N. America(48.0%); Europe ex. Austria(38.3%)		4	na
44	UBM Plc	Media	GB	2.1 Buy	674	790	17.2	71	1.1	13	15	48	15	10	USA, Canada(48.0%); China(15.0%); Developing markets(6.3%)		54	na
45	Imagination	Technology	GB	2.0 Hold	597	590	-1.2	68	0.1	na	30	48	21	2	N. America(47.6%); UK, Europe(29.5%); Asia(20.6%)		na	na
46	AstraZeneca	Health Care	GB	46.2 Hold	2937	2850	-2.9	70	24.2	na	29	48	13	10	USA(40.0%); W. Europe(25.3%); Japan(9.1%); Canada(4.8%); China(3.8%); Emerging Europe(3.7%)		50	25
47	Vallourec	Ind. Gds. & Ser.	FR	4.5	37	na	na	77	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)		79	85
48	Portugal Telecom	Telecoms	PT	3.5 Hold	4	5	21.1	65	6.1	48	0	47	na	5	Brazil(47.2%)		50	39
49	Telefonica	Telecoms	ES	45.7 Hold	10	12	14.5	64	62.8	28	25	47	0	0	Rest of LatAm(47.1%)		53	53
50	InterContinental Hotels	Travel & Leisure	GB	5.9 Hold	1605	1780	10.9	70	1.3	na	23	47	12	19	Americas(46.9%); Asia, Mid-East, Africa(12.2%); China(11.6%)		54	100
51	Premier Farnell	Ind. Gds. & Ser.	GB	0.9 Buy	191	211	10.4	55	1.1	24	na	47	na	29	Americas(46.9%)		30	na
52	Acerinox SA	Basic Res.	ES	2.1 Sell	9	7	-17.8	70	4.7	9	29	47	9	7	USA(46.7%); Asia(8.8%); Africa(6.3%)		52	72
53	Wolseley	Ind. Gds. & Ser.	GB	9.2 Hold	2542	2470	-2.8	58	15.8	18	36	47	0	0	USA(40.6%); Nordic(15.7%); France(14.3%); Canada(6.0%); C. Europe(5.7%)		38	20
54	Zodiac	Ind. Gds. & Ser.	FR	4.3 Buy	76	88	16.1	56	2.7	35	15	46	na	3	USA(43.0%)		39	29
55	Fresenius	Health Care	DE	12.2 Buy	85	97	14.4	69	16.5	na	42	46	10	2	N. America(40.9%); APAC(9.6%); LatAm(5.4%); Africa(2.2%)		62	45
56	Alcatel-Lucent	Technology	FR	2.1 Hold	1	1	-17.1	65	15.3	8	22	46	17	7	USA(35.7%); Other W. European(17.9%); APAC(8.9%); China(8.3%)		na	na
57	Parmalat	Food & Bev.	IT	3.0	2	na	na	73	4.5	22	3	46	19	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)		38	55
58	BAE Systems Plc	Ind. Gds. & Ser.	GB	13.0 Buy	319	340	6.8	62	20.5	21	11	45	20	2	USA(44.6%); Saudi Arabia(13.0%); Australia(6.0%); Africa, LatAm(2.0%)		na	na
59	Novozymes	Health Care	DK	6.0 Hold	164	160	-2.6	70	1.4	1	35	45	19	0	Europe, Mid-East(35.3%); N. America(35.1%); APAC(18.6%); LatAm(9.9%)		na	70
60	FirstGroup	Travel & Leisure	GB	1.5 Sell	245	220	-10.2	56	7.7	55	0	45	0	0	USA(37.2%); Canada(7.8%)		45	66

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 11: Top five companies with significant sales exposure to the Americas for each sector

S.No.	Name	Ctry. Code	Mcap. (Eur bn)	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011				RoW/ Unspecified Asia/ Pacific
						Country Home	Rest of Europe	Americas	Pacific	
<b>Automobiles &amp; Parts</b>										
1	Fiat	IT	5.4	62	59.6	16	15	<b>53</b>	3	14
2	Pirelli & C	IT	4.2	58	5.7	8	33	<b>44</b>	6	9
3	Michelin	FR	10.4	53	20.7	na	43	<b>34</b>	na	24
4	Daimler	DE	41.5	64	106.5	19	18	<b>30</b>	21	11
5	Norma Group AG	DE	0.6	59	0.6	na	64	<b>30</b>	6	0
<b>Banks</b>										
1	BBVA	ES	32.7	60	36.3	31	na	<b>60</b>	na	9
2	Banco Santander	ES	56.0	57	84.4	na	46	<b>49</b>	na	5
3	HSBC Holdings	GB	126.2	76	76.6	na	32	<b>36</b>	28	3
4	UBS	CH	34.1	61	33.1	41	11	<b>34</b>	13	1
5	Credit Suisse Group	CH	20.3	57	34.1	33	26	<b>30</b>	11	0
<b>Basic Resources</b>										
1	Tenaris S.A.	LU	19.5	75	7.2	na	11	<b>69</b>	6	14
2	Acerinox SA	ES	2.1	70	4.7	9	29	<b>47</b>	9	7
3	SSAB	SE	1.4	60	4.9	21	33	<b>36</b>	7	3
4	ArcelorMittal	NL	18.5	57	67.6	na	49	<b>35</b>	na	16
5	Kloeckner & Co.	DE	0.7	59	7.1	24	46	<b>29</b>	0	1
<b>Chemicals</b>										
1	Syngenta	CH	25.0	66	9.5	na	30	<b>53</b>	17	0
2	Kemira	FI	1.6	55	2.2	14	na	<b>37</b>	6	43
3	K+S	DE	7.4	66	5.2	16	34	<b>35</b>	11	3
4	Givaudan	CH	6.9	71	3.2	1	31	<b>35</b>	26	8
5	Victrex	GB	1.4	64	0.2	2	45	<b>34</b>	18	0
<b>Construction &amp; Materials</b>										
1	OHL	ES	1.7	61	4.9	30	9	<b>50</b>	4	8
2	Impregilo	IT	1.2	52	2.0	22	16	<b>48</b>	na	14
3	CRH	GB	10.1	56	18.1	na	55	<b>45</b>	0	0
4	Balfour Beatty	GB	2.4	52	10.9	53	na	<b>35</b>	na	12
5	FLSmidth & Co. A/S	DK	2.4	65	3.0	8	7	<b>33</b>	35	17
<b>Financial Services</b>										
1	ICAP	GB	2.6	54	2.0	na	34	<b>28</b>	8	30
2	Paragesa Hldgs	CH	3.9	51	3.8	1	54	<b>21</b>	na	25
3	GAM Holdings	CH	1.7	44	0.9	na	79	<b>19</b>	na	2
4	Deutsche Boerse	DE	7.9	46	2.3	48	35	<b>13</b>	3	0
5	Partners Group AG	CH	4.1	45	0.4	44	40	<b>11</b>	na	5
<b>Food &amp; Beverage</b>										
1	Tate & Lyle	GB	3.9	64	3.6	2	17	<b>60</b>	na	21
2	CSM	NL	0.9	61	3.1	5	34	<b>57</b>	na	4
3	Parmalat	IT	3.0	73	4.5	22	3	<b>46</b>	19	10
4	Viscofan	ES	1.6	55	0.7	31	na	<b>41</b>	na	28
5	Ebro Foods SA	ES	2.0	61	1.8	8	51	<b>35</b>	na	5
<b>Health Care</b>										
1	BTG plc	GB	1.3	63	0.2	5	8	<b>85</b>	na	2
2	Shire PLC	GB	13.6	62	3.1	5	0	<b>67</b>	na	27
3	Fresenius Medical Care	DE	17.2	69	9.2	3	na	<b>64</b>	na	33
4	Grifols	ES	4.8	73	1.8	13	16	<b>54</b>	na	16
5	Elan	IE	5.4	53	0.5	na	na	<b>52</b>	na	48
<b>Industrial Goods &amp; Services</b>										
1	Ashted Group	GB	1.8	71	1.3	17	0	<b>83</b>	0	0
2	MTU	DE	3.2	60	2.9	15	10	<b>68</b>	7	0
3	Experian	GB	12.8	69	3.3	18	na	<b>68</b>	na	14
4	Cobham	GB	3.0	68	2.1	9	14	<b>56</b>	12	9
5	Meggitt	GB	3.9	64	1.7	9	22	<b>55</b>	na	13
<b>Real Estate</b>										
1	Wereldhave	NL	0.9	49	0.2	21	52	<b>27</b>	0	0
<b>Insurance</b>										
1	Mapfre SA	ES	5.9	55	19.5	44	2	<b>43</b>	na	12
2	Aegon NV	NL	7.9	58	27.2	19	33	<b>40</b>	na	8
3	Prudential	GB	25.4	71	42.1	36	na	<b>40</b>	21	3
4	Munich Re	DE	21.1	62	62.4	34	16	<b>39</b>	7	4
5	Swiss Re	CH	18.5	65	19.9	2	22	<b>38</b>	13	25
<b>Media</b>										
1	Pearson	GB	12.3	67	6.8	15	8	<b>60</b>	11	6
2	Publicis	FR	8.6	66	5.8	na	32	<b>53</b>	12	3
3	Wolters Kluwer NV	NL	4.3	58	3.4	6	38	<b>50</b>	5	1
4	UBM Plc	GB	2.1	71	1.1	13	15	<b>48</b>	15	10
5	IPSOS	FR	1.1	72	1.4	na	43	<b>42</b>	15	0
<b>Oil &amp; Gas</b>										
1	Hunting	GB	1.5	67	0.7	22	2	<b>60</b>	14	1
2	Schoeller-Bleckmann	AT	1.2	66	0.4	na	35	<b>57</b>	na	8
3	AMEC Plc	GB	4.4	54	3.8	30	na	<b>54</b>	na	16
4	Abengoa	ES	1.2	60	7.1	27	15	<b>51</b>	na	7
5	SBM Offshore	NL	1.9	49	2.3	0	0	<b>45</b>	6	49
<b>Personal &amp; Household Goods</b>										
1	Luxottica	IT	13.6	63	6.2	na	20	<b>58</b>	13	10
2	Ubisoft Entertainment	FR	0.6	62	1.1	na	46	<b>53</b>	na	1
3	Electrolux	SE	5.8	64	11.3	4	13	<b>45</b>	5	33
4	BIC	FR	4.1	54	1.8	na	28	<b>40</b>	na	32
5	Amer Group	FI	1.2	64	1.9	na	49	<b>39</b>	12	0
<b>Retail</b>										
1	DUFREY	CH	2.6	75	2.1	na	12	<b>75</b>	na	14
2	Delhaize	BE	3.2	68	21.1	23	na	<b>65</b>	na	12
3	Ahold	NL	10.4	58	30.3	35	6	<b>60</b>	0	0
4	Casino	FR	8.0	59	34.4	55	na	<b>34</b>	8	3
5	Yoox	IT	0.5	53	0.3	20	50	<b>21</b>	7	2
<b>Technology</b>										
1	Spirent	GB	1.3	79	0.4	na	16	<b>49</b>	34	0
2	Imagination	GB	2.0	68	0.1	na	30	<b>48</b>	21	2
3	Alcatel-Lucent	FR	2.1	65	15.3	8	22	<b>46</b>	17	7
4	Logitech	CH	1.4	72	1.7	na	37	<b>41</b>	22	0
5	Invensys	GB	2.5	67	2.9	14	24	<b>41</b>	16	5
<b>Telecommunications</b>										
1	Portugal Telecom	PT	3.5	65	6.1	48	0	<b>47</b>	na	5
2	Telefonica	ES	45.7	64	62.8	28	25	<b>47</b>	0	0
3	Inmarsat	GB	3.2	67	1.0	na	36	<b>45</b>	15	4
4	C&W Communications	GB	1.1	73	2.1	na	9	<b>41</b>	18	31
5	Deutsche Telekom	DE	41.1	48	58.7	39	25	<b>25</b>	na	12
<b>Travel &amp; Leisure</b>										
1	Carnival	GB	5.0	61	11.4	na	38	<b>50</b>	10	3
2	InterContinental Hotels	GB	5.9	70	1.3	na	23	<b>47</b>	12	19
3	FirstGroup	GB	1.5	56	7.7	55	0	<b>45</b>	0	0
4	Compass Group	GB	16.6	61	18.2	12	23	<b>43</b>	na	21
5	Sodexo	FR	9.9	53	16.0	17	8	<b>35</b>	na	40
<b>Utilities</b>										
1	National Grid PLC	GB	31.3	52	16.0	43	0	<b>57</b>	0	0
2	International Power	GB	26.8	61	16.2	na	17	<b>48</b>	12	23
3	Endesa	ES	14.5	52	30.8	na	69	<b>31</b>	0	0
4	Gas Natural	ES	9.8	48	21.1	60	6	<b>30</b>	na	4
5	Centrica	GB	21.4	42	26.3	69	na	<b>26</b>	na	5

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 12: Top companies with significant sales exposure to LatAm

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	2011 Sales in LatAm	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe 2011 Assets%	Outside Europe 2011 Capex%
												Major sales destinations abroad											
												Home country	Rest of Europe	Americas	Asia/Pacific	Uninspected	ROW/						
1	Banco Santander	Banks	ES	56.0	Hold	6	7	16.4	49	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)				23	na	
2	BBVA	Banks	ES	32.7	Buy	6	7	18.6	49	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)				35	na	
3	Portugal Telecom	Telecoms	PT	3.5	Hold	4	5	21.1	47	65	6.1	48	0	47	na	5	Brazil(47.2%)				50	39	
4	Telefonica	Telecoms	ES	45.7	Hold	10	12	14.5	47	64	62.8	28	25	47	0	0	Rest of LatAm(47.1%)				53	53	
5	Impregilo	Const. & Mat.	IT	1.2		3	na	na	46	52	2.0	22	16	48	na	14	LatAm(45.7%); Rest of EU(8.6%); Asia, Mid-East(7.3%); N. America(2.5%)				na	na	
6	Edenred	Ind. Gds. & Ser.	FR	4.8	Sell	21	17	-20.0	44	61	0.9	15	35	44	na	6	LatAm, Caribbean(44.0%); Rest of EU(34.8%)				45	na	
7	SBM Offshore	Oil & Gas	NL	1.9		11	na	na	41	49	2.3	0	0	45	6	49	Brazil(40.5%); Africa, Mid-East(18.0%); Angola(15.1%); USA(4.2%); Australia(3.7%); Nigeria(2.7%)				na	na	
8	Prosegur	Ind. Gds. & Ser.	ES	2.4	Hold	4	4	6.4	40	52	2.8	34	27	40	0	0	Rest of EU(26.5%); Brazil(24.3%); Argentina(15.2%)				35	66	
9	OHL	Const. & Mat.	ES	1.7	Buy	17	23	38.0	39	61	4.9	30	9	50	4	8	Brazil(23.3%); Mexico(13.6%); USA(10.6%); E. Europe(9.0%); Qatar(4.1%); Algeria(2.8%)				87	na	
10	Casino	Retail	FR	8.0	Buy	71	76	7.7	34	59	34.4	55	na	34	8	3	LatAm(34.4%); Asia(8.4%)				44	na	
11	Pirelli & C	Autos	IT	4.2	Buy	9	11	20.0	34	58	5.7	8	33	44	6	9	LatAm(33.9%); N. America(9.9%); Africa, Mid-East(8.9%); APAC(6.2%)				na	na	
12	DUFREY	Retail	CH	2.6	Buy	117	150	28.6	34	75	2.1	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)				74	75	
13	Mapfre SA	Insurance	ES	5.9	Hold	2	2	26.9	33	55	19.5	44	2	43	na	12	Brazil(18.6%); USA(9.4%); Mexico(3.7%); Venezuela(3.6%); Colombia(2.9%); Argentina(2.7%)				na	na	
14	SABMiller	Food & Bev.	GB	55.9	Hold	2779	2600	-6.4	33	58	15.8	na	28	33	3	36	S. Africa(25.6%); Colombia(16.2%); Africa(10.6%); LatAm(8.3%); Peru(8.1%); Asia(2.9%)				na	40	
15	Abengoa	Oil & Gas	ES	1.2	Buy	14	30	na	32	60	7.1	27	15	51	na	7	Brazil(20.8%); USA(19.0%); EU(15.3%); LatAm(10.9%)				51	na	
16	Endesa	Utilities	ES	14.5		14	na	na	31	52	30.8	na	69	31	0	0	Spain, Portugal(68.9%); LatAm(31.1%)				36	40	
17	Gas Natural	Utilities	ES	9.8	Hold	10	14	40.7	30	48	21.1	60	6	30	na	4	LatAm(30.3%); Africa(3.6%)				18	26	
18	Syngenta	Chemicals	CH	25.0	Buy	322	400	24.3	29	66	9.5	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)				30	na	
19	Tenaris S.A.	Basic Res.	LU	19.5		17	na	na	26	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)				79	77	
20	Seadrill Limited	Oil & Gas	NO	15.3	Buy	238	205	-14.0	22	72	3.0	23	na	27	19	31	Brazil(21.8%); Angola(8.0%); Thailand(7.2%); China(7.1%); Nigeria(5.6%); Malaysia(4.9%)				50	na	
21	Anglo American	Basic Res.	GB	30.7	Buy	1750	2920	66.9	22	64	22.0	na	6	23	14	56	S. Africa(48.9%); Chile(14.1%); Australia, Asia(13.8%); Africa(7.6%); Brazil(3.8%); S. America(3.7%)				57	na	
22	Vallourec	Ind. Gds. & Ser.	FR	4.5		37	na	na	21	76	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)				79	85	
23	Experian	Ind. Gds. & Ser.	GB	12.8	Buy	1004	970	-3.4	21	69	3.3	18	na	68	na	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)				62	65	
24	Aperam	Basic Res.	NL	0.8	Buy	10	15	44.6	21	52	4.6	na	47	26	na	27	Brazil(21.0%); Germany(20.7%); Italy(9.3%); France(9.2%); USA(5.4%); Belgium(3.3%)				na	na	
25	C&W Communications	Telecoms	GB	1.1	Buy	34	60	76.7	21	73	2.1	na	9	41	18	31	Panama(20.9%); Macau(18.2%); Bahamas(12.2%); Monaco(9.3%); Jamaica(8.2%)				0	80	
26	Andritz	Ind. Gds. & Ser.	AT	4.3	Buy	41	45	9.7	21	64	4.6	na	38	34	25	4	Asia(25.1%); S. America(20.7%); N. America(13.0%)				23	25	
27	Compagnie Gl. de Gphyc.	Oil & Gas	FR	3.5		23	na	na	20	68	2.3	na	36	42	22	0	EMEA(35.7%); N. America(22.2%); APAC(22.0%); LatAm(20.2%)				na	na	
28	DIA	Retail	ES	2.9		4	na	na	19	47	9.8	42	37	19	2	0	France(24.1%); Brazil(12.2%); Portugal(8.2%); Argentina(7.1%); Turkey(4.2%)				na	na	
29	International Power	Utilities	GB	26.8		418	na	na	19	61	16.2	na	17	48	12	23					na	93	
30	Yara International ASA	Chemicals	NO	11.2	Hold	284	310	9.3	18	62	10.0	2	26	34	10	28	Central & S. America(18.3%); N. America(15.2%); Asia(10.4%); France(9.0%); UK(7.1%); Africa(5.7%)				37	18	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 13: Top companies with significant sales exposure to Africa

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	% Sales in Africa 2011	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011							Outside Europe^ 2011 Assets%	2011 Capex%
												Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	ROW/	Major sales destinations abroad		
1	Randgold	Basic Res.	GB	7.3	Buy	6315	6900	9.3	100	49	0.8	na	0	na	na	100	W. Africa(100.0%)	0	0	
2	Bourbon	Oil & Gas	FR	1.4		21	na	na	61	52	1.0	na	19	12	8	61	Africa(60.6%); Europe, Mid-East(18.7%); Americas(12.5%); Asia(8.2%)	na	na	
3	Anglo American	Basic Res.	GB	30.7	Buy	1750	2920	66.9	57	64	22.0	na	6	23	14	56	S. Africa(48.9%); Chile(14.1%); Australia, Asia(13.8%); Africa(7.6%); Brazil(3.8%); S. America(3.7%)	57	na	
4	Saipem	Oil & Gas	IT	16.7	Buy	38	39	3.3	42	49	12.1	4	11	8	5	71	W. Africa(21.4%); N. Africa(20.1%); Mid-East(16.3%); CIS(13.6%); USA(8.0%); Far East(5.3%)	42	71	
5	PZ Cussons	Per. & Hhld. Gds.	GB	1.6		304	na	na	41	56	1.0	na	37	na	21	41	Africa(41.3%); Asia(21.5%)	na	na	
6	SABMiller	Food & Bev.	GB	55.9	Hold	2779	2600	-6.4	36	58	15.8	na	28	33	3	36	S. Africa(25.6%); Colombia(16.2%); Africa(10.6%); LatAm(8.3%); Peru(8.1%); Asia(2.9%)	na	40	
7	Lonmin Plc	Basic Res.	GB	1.5	Sell	573	470	-18.0	20	66	1.4	na	31	21	28	20	Asia(28.0%); Americas(20.8%); S. Africa(20.3%)	na	na	
8	Petroleum Geo	Oil & Gas	NO	2.6		88	na	na	19	57	0.9	14	8	29	20	30	APAC(20.1%); Africa(18.8%); Americas ex. Brazil(14.8%); Brazil(13.8%); UK(8.2%)	na	na	
9	FLSmidth & Co. A/S	Const. & Mat.	DK	2.4		333	na	na	17	65	3.0	8	7	33	35	17	Asia(30.0%); N. America(16.7%); Africa(16.5%); S. America(16.4%); Australia(4.9%)	57	na	
10	Technip	Oil & Gas	FR	9.5		84	na	na	16	57	6.8	na	na	23	14	63	Europe, Russia, C. Asia(25.7%); Americas(22.9%); Mid-East(22.2%); Africa(15.6%); APAC(13.7%)	na	na	
11	Barclays	Banks	GB	28.3	Hold	183	295	61.0	15	41	49.2	49	13	19	4	15	USA(18.7%); Africa(15.4%); Asia(3.9%)	na	na	
12	Boskalis Westminster	Const. & Mat.	NL	2.9		27	na	na	11	60	2.8	23	18	13	25	22	Australia, Asia(24.6%); South & N. America(13.2%); Mid-East(11.4%); Africa(10.6%)	na	na	
13	Mondi	Basic Res.	GB	2.6	Buy	555	640	15.4	11	43	5.7	3	83	3	1	11	Austria(19.3%); W. Europe(19.0%); EM Europe(18.7%); Poland(13.8%); Russia(12.2%); S. Africa(10.8%)	3	na	
14	ENI	Oil & Gas	IT	64.0	Buy	18	21	19.2	10	55	109.6	31	39	9	9	12	Africa(10.3%); Asia(9.4%); Americas(8.8%); Rest of EU(6.9%)	17	19	
15	Parmalat	Food & Bev.	IT	3.0		2	na	na	9	73	4.5	22	3	46	19	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)	38	55	
16	Afren	Oil & Gas	GB	1.8	Buy	129	205	59.2	8	45	0.4	na	92	na	na	8	S. Africa(8.4%)	na	0	
17	Total SA	Oil & Gas	FR	93.9	Hold	40	42	5.8	8	48	166.6	23	44	9	na	24	N. America(8.6%); Africa(8.2%)	19	21	
18	Outotec	Ind. Gds. & Ser.	FI	1.6	Buy	36	48	33.6	7	61	1.4	32	21	22	18	7	Australia(15.5%); Germany(15.2%); S. America(12.7%); N. America(9.1%); Africa(7.2%); Asia(2.9%)	na	74	
19	Bilfinger Berger SE	Const. & Mat.	DE	3.1	Hold	67	80	19.7	7	41	8.2	40	41	8	5	7	Americas(7.9%); Africa(6.5%); Asia(4.9%)	6	na	
20	Acerinox SA	Basic Res.	ES	2.1	Sell	9	7	-17.8	6	70	4.7	9	29	47	9	7	USA(46.7%); Asia(8.8%); Africa(6.3%)	52	72	
21	G4S Plc	Ind. Gds. & Ser.	GB	4.5	Hold	253	294	16.2	6	62	8.7	22	25	29	10	13	Continental Europe(25.2%); N. America(23.0%); APAC(10.3%); Mid-East, Gulf(6.6%); LatAm, Caribbean(6.4%); Africa(6.2%)	37	45	
22	Palfinger	Ind. Gds. & Ser.	AT	0.6	Hold	17	17	-2.7	6	49	0.8	na	71	17	4	8	N. America(16.7%); Rest of EU(6.9%); Central & S. Africa(6.1%); Far East(3.2%)	na	na	
23	Linde	Chemicals	DE	23.1	Buy	125	153	22.2	6	70	13.8	9	34	19	32	6	Rest of EU(34.4%); Asia, Australia(31.8%); N. America(13.7%); Africa(5.7%); S. America(5.4%)	49	na	
24	Yara International ASA	Chemicals	NO	11.2	Hold	284	310	9.3	6	62	10.0	2	26	34	10	28	Central & S. America(18.3%); N. America(15.2%); Asia(10.4%); France(9.0%); UK(7.1%); Africa(5.7%)	37	18	
25	Societe Generale	Banks	FR	16.4	Hold	21	25	18.8	6	40	59.1	50	34	7	4	6	Americas(7.1%); Africa(5.6%); Asia(3.6%)	7	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)





Figure 14: Top 60 companies with significant sales exposure to Outside Europe<sup>^</sup>

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Sales outside Europe 2011 %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	Flow/	% Sales in 2011		Outside Europe <sup>^</sup> 2011 Assets%	2011 Capex%
																		31-Aug-12 (local curr.)	Major sales destinations abroad		
1	Salamander Energy	Oil & Gas	GB	0.6 Buy	196	290	48.0	100	84	0.3	0	0	0	100	0	Thailand(71.5%); Indonesia(28.5%)	88	91			
2	AIXTRON	Technology	DE	1.2 Buy	12	17	44.4	96	75	0.6	2	3	6	90	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)	34	na			
3	CSR	Technology	GB	0.8 Sell	326	255	-21.7	93	83	0.6	0	7	11	82	0	Asia(82.2%)	18	na			
4	AZ Electronic Materials	Chemicals	GB	1.5 Buy	311	350	12.6	91	81	0.6	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)	91	na			
5	ASML	Technology	NL	18.9 Sell	45	35	-22.3	91	68	5.7	na	9	25	67	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)	27	na			
6	BTG plc	Health Care	GB	1.3 Buy	302	384	27.1	85	63	0.2	5	8	85	na	2	USA(85.3%); Europe ex. UK(7.7%)	na	na			
7	Antofagasta PLC	Basic Res.	GB	13.8 Hold	1107	1325	19.7	85	83	4.4	na	15	13	71	0		100	na			
8	Spirent	Technology	GB	1.3 Buy	158	175	10.5	84	79	0.4	na	16	49	34	0	USA(49.1%); APAC(34.5%)	97	na			
9	BHP Billiton	Basic Res.	GB	48.9 Buy	1836	2200	19.8	83	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)	90	na			
10	Ashtead Group	Ind. Gds. & Ser.	GB	1.8	283	na	na	83	71	1.3	17	0	83	0	0	N. America(82.5%)	82	84			
11	Rio Tinto	Basic Res.	GB	48.6 Buy	2735	4850	77.3	82	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)	na	na			
12	Standard Chartered	Banks	GB	42.0 Hold	1391	1675	20.4	80	85	17.7	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)	66	74			
13	Dialog Semiconductor	Technology	DE	1.2 Hold	17	16	-6.5	80	83	0.4	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)	na	0			
14	Vedanta Resources	Basic Res.	GB	3.0 Buy	868	1650	90.2	80	71	10.2	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)	na	na			
15	Suess Microtec	Ind. Gds. & Ser.	DE	0.2	8	na	na	77	76	0.2	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)	11	29			
16	Weir	Ind. Gds. & Ser.	GB	4.4 Buy	1633	2150	31.7	76	77	2.6	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)	77	na			
17	MTU	Ind. Gds. & Ser.	DE	3.2 Buy	61	68	12.1	75	60	2.9	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)	4	4			
18	Tenaris S.A.	Basic Res.	LU	19.5	17	na	na	75	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)	79	77			
19	DUFREY	Retail	CH	2.6 Buy	117	150	28.6	75	75	2.1	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)	74	75			
20	Hunting	Oil & Gas	GB	1.5	797	na	na	74	67	0.7	22	2	60	14	1	USA(51.7%); Singapore(13.5%); Canada(8.7%)	na	na			
21	Salvatore Ferragamo	Per. & Hhld. Gds.	IT	2.8 Hold	16	16	-5.1	72	71	1.0	na	24	22	49	4	APAC(36.3%); N. America(22.4%); Japan(13.0%)	na	na			
22	Pearson	Media	GB	12.3 Hold	1194	1350	13.1	71	67	6.8	15	8	60	11	6	USA(56.5%); APAC(11.0%); Canada(3.6%)	74	na			
23	Luxottica	Per. & Hhld. Gds.	IT	13.6 Hold	29	26	-10.3	70	63	6.2	na	20	58	13	10	N. America(57.9%); APAC(12.5%)	na	na			
24	Syngenta	Chemicals	CH	25.0 Buy	322	400	24.3	70	66	9.5	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)	30	na			
25	Intertek Group	Ind. Gds. & Ser.	GB	5.7 Hold	2815	2566	-8.8	68	67	2.0	9	23	33	36	0	USA(25.1%); EMEA(22.9%); China incl. Hong Kong(18.1%); Rest of APAC(12.8%); Australia(4.9%)	na	na			
26	Imagination	Technology	GB	2.0 Hold	597	590	-1.2	68	68	0.1	na	30	48	21	2	N. America(47.6%); UK, Europe(29.5%); Asia(20.6%)	na	na			
27	FLSmidth & Co. A/S	Const. & Mat.	DK	2.4	333	na	na	68	65	3.0	8	7	33	35	17	Asia(30.0%); N. America(16.7%); Africa(16.5%); S. America(16.4%); Australia(4.9%)	57	na			
28	Experian	Ind. Gds. & Ser.	GB	12.8 Buy	1004	970	-3.4	68	69	3.3	18	na	68	na	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)	62	65			
29	Cobham	Ind. Gds. & Ser.	GB	3.0 Hold	219	215	-2.0	68	68	2.1	9	14	56	12	9	USA(56.1%); Australia(11.8%)	69	na			
30	STMicroelectronics N.V.	Technology	FR	4.3 Hold	5	4	-11.0	67	68	7.0	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)	22	27			

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)





Top 60 companies with significant sales exposure to Outside Europe^ (continued)

S. Company No.	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Sales outside Europe 2011 %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/Pacific	Uninspected	Flow/	% Sales in 2011		Outside Europe 2011 Assets %	Capex % 2011
																	Major sales destinations abroad			
31	Shire PLC	Health Care	GB	13.6 Buy	1915	2130	11.2	67	62	3.1	5	0	67	na	27	N. America(67.2%)		na	na	
32	Holcim	Const. & Mat.	CH	16.0 Hold	59	58	-0.9	67	82	16.8	na	29	30	37	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)		62	60	
33	Vallourec	Ind. Gds. & Ser.	FR	4.5	37	na	na	66	76	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)		79	85	
34	BAE Systems Plc	Ind. Gds. & Ser.	GB	13.0 Buy	319	340	6.8	65	62	20.5	21	11	45	20	2	USA(44.6%); Saudi Arabia(13.0%); Australia(6.0%); Africa, LatAm(2.0%)		na	na	
35	Delhaize	Retail	BE	3.2 Hold	32	38	20.6	65	68	21.1	23	na	65	na	12	USA(65.4%); South East Europe, Asia(11.6%)		64	56	
36	Publicis	Media	FR	8.6 Hold	41	42	0.6	65	66	5.8	na	32	53	12	3	N. America(46.8%); APAC(11.9%); LatAm(6.4%); Africa, Mid-East(2.7%)		na	44	
37	Richemont	Per. & Hhld. Gds.	CH	25.5 Hold	59	58	-1.8	65	75	8.9	4	31	14	51	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)		na	na	
38	Parmalat	Food & Bev.	IT	3.0	2	na	na	65	73	4.5	22	3	46	19	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)		38	55	
39	Elekta AB	Health Care	SE	3.7	338	na	na	65	74	1.0	na	35	36	29	0	South & N. America(35.7%); Europe, Mid-East, Africa(35.4%); Asia(29.0%)		35	na	
40	HSBC Holdings	Banks	GB	126.2 Hold	547	640	17.0	65	76	76.6	na	32	36	28	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)		52	62	
41	Compagnie Gl. de Gphyc.	Oil & Gas	FR	3.5	23	na	na	64	68	2.3	na	36	42	22	0	EMEA(35.7%); N. America(22.2%); APAC(22.0%); LatAm(20.2%)		na	na	
42	Fresenius Medical Care	Health Care	DE	17.2 Hold	57	58	1.2	64	69	9.2	3	na	64	na	33	N. America(63.7%)		75	48	
43	Novozymes	Health Care	DK	6.0 Hold	164	160	-2.6	64	70	1.4	1	35	45	19	0	Europe, Mid-East(35.3%); N. America(35.1%); APAC(18.6%); LatAm(9.9%)		na	70	
44	Logitech	Technology	CH	1.4	9	na	na	63	72	1.7	na	37	41	22	0	Americas(41.2%); EMEA(36.5%); APAC(22.3%)		90	na	
45	Novartis	Health Care	CH	126.8 Buy	56	62	10.2	63	68	42.1	1	35	42	21	0	USA(32.8%); Asia, Africa, Australasia(12.1%); Japan(9.0%); Germany(7.4%); France(4.9%)		na	na	
46	Alcatel-Lucent	Technology	FR	2.1 Hold	1	1	-17.1	63	64	15.3	8	22	46	17	7	USA(35.7%); Other W. European(17.9%); APAC(8.9%); China(8.3%)		na	na	
47	OC Oerlikon Corp AG	Ind. Gds. & Ser.	CH	2.3	8	na	na	63	80	3.4	na	28	15	49	9	APAC(48.6%); N. America(14.6%)		29	40	
48	UBM Plc	Media	GB	2.1 Buy	674	790	17.2	63	71	1.1	13	15	48	15	10	USA, Canada(48.0%); China(15.0%); Developing markets(6.3%)		54	na	
49	Swatch Group	Per. & Hhld. Gds.	CH	10.0 Buy	391	440	12.6	63	75	5.5	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)		24	na	
50	Roche	Health Care	CH	101.7 Buy	174	190	9.3	62	70	34.5	1	34	43	19	4	USA(33.2%); Japan(10.1%); Other Asia(8.5%); LatAm(7.3%); Germany(6.1%); Australasia, Africa(3.5%)		na	45	
51	Hermes	Per. & Hhld. Gds.	FR	24.2 Sell	229	135	-41.0	61	72	2.8	17	20	16	45	2	Rest of APAC(28.4%); Japan(16.6%); Americas(16.3%)		37	na	
52	Prudential	Insurance	GB	25.4 Buy	787	925	17.6	61	71	42.1	36	na	40	21	3	USA(39.9%); Asia(20.7%)		41	38	
53	AstraZeneca	Health Care	GB	46.2 Hold	2937	2850	-2.9	61	70	24.2	na	29	48	13	10	USA(40.0%); W. Europe(25.3%); Japan(9.1%); Canada(4.8%); China(3.8%); Emerging Europe(3.7%)		50	25	
54	Givaudan	Chemicals	CH	6.9 Sell	901	820	-9.0	60	71	3.2	1	31	35	26	8	APAC(25.8%); N. America(22.2%); LatAm(12.3%); Africa, Mid-East(8.0%)		38	na	
55	Alfa Laval	Ind. Gds. & Ser.	SE	5.7 Hold	113	125	10.2	60	78	3.2	3	36	21	39	1	Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)		na	51	
56	Metso Corporation	Ind. Gds. & Ser.	FI	4.3 Hold	28	35	23.1	60	71	6.6	6	29	35	25	5	APAC(25.1%); N. America(18.2%); S. America(16.8%); Other Nordic(6.2%); Africa, Mid-East(5.2%)		43	44	
57	International Power	Utilities	GB	26.8	418	na	na	60	61	16.2	na	17	48	12	23			na	93	
58	Tate & Lyle	Food & Bev.	GB	3.9 Buy	656	900	37.2	60	64	3.6	2	17	60	na	21	USA(59.9%)		61	na	
59	Cargotec	Ind. Gds. & Ser.	FI	1.0 Hold	19	20	7.0	60	72	3.1	2	38	21	39	0	Europe, Mid-East(38.3%); China(15.1%); APAC(14.1%); USA(14.1%); S. Korea(10.0%); Americas(6.4%)		na	18	
60	Inmarsat	Telecoms	GB	3.2	573	na	na	60	67	1.0	na	36	45	15	4	N. America(44.7%); APAC(15.0%)		36	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 15: Top companies with significant asset exposure to Outside Europe<sup>^</sup>

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Assets outside Europe %	Globalisation score	Assets 2011 (Eur, bn)	% Assets in 2011						
												31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	Row/
1	Antofagasta PLC	Basic Res.	GB	13.8	Hold	1107	1325	19.7	100	83	9017	0	0	100	0	0		
2	Spirent	Technology	GB	1.3	Buy	158	175	10.5	97	79	446	0	3	94	3	0	USA(94.0%); APAC(3.0%)	
3	AZ Electronic Materials	Chemicals	GB	1.5	Buy	311	350	12.6	91	81	1317	0	8	24	67	1	Japan(46.9%); USA(24.1%); Taiwan(8.8%); France(7.4%); Korea(6.2%); China(3.1%)	
4	BHP Billiton	Basic Res.	GB	48.9	Buy	1836	2200	19.8	90	87	70967	0	0	31	60	9		
5	Logitech	Technology	CH	1.4		9	na	na	90	72	1394	0	10	45	45	0	APAC(45.1%); Americas(44.8%); EMEA(10.1%)	
6	Salamander Energy	Oil & Gas	GB	0.6	Buy	196	290	48.0	88	84	749	0	0	na	88	12	Thailand(54.5%); Indonesia(33.4%)	
7	OHL	Const. & Mat.	ES	1.7	Buy	17	23	38.0	87	61	12926	13	0	87	0	0	Mexico(51.3%); Brazil(30.1%); USA(4.8%)	
8	Grifols	Health Care	ES	4.8	Hold	22	22	-1.8	83	73	5808	13	2	83	0	2	USA(82.7%); EU(2.2%)	
9	AT&S	Ind. Gds. & Ser.	AT	0.2	Buy	7	16	na	83	82	na	0	17	0	83	0	Asia(82.6%)	
10	Ashtead Group	Ind. Gds. & Ser.	GB	1.8		283	na	na	82	71	2312	18	0	82	0	0	N. America(82.1%)	
11	Tenaris S.A.	Basic Res.	LU	19.5		17	na	na	79	75	11450	0	17	75	5	4	N. America(51.0%); S. America(23.8%); Far East, Oceania(4.6%); Africa, Mid-East(3.7%)	
12	Vallourec	Ind. Gds. & Ser.	FR	4.5		37	na	na	79	76	9195	0	21	68	11	0	S. America(41.3%); N. America, Mexico(26.5%); Asia(11.0%)	
13	Weir	Ind. Gds. & Ser.	GB	4.4	Buy	1633	2150	31.7	77	77	3403	6	8	59	19	8	USA(54.8%); Australasia(10.0%); Asia(8.7%); Mid-East(8.2%); S. America(2.8%)	
14	Fresenius Medical Care	Health Care	DE	17.2	Hold	57	58	1.2	75	69	15047	3	0	75	na	22	N. America(75.1%)	
15	Pearson	Media	GB	12.3	Hold	1194	1350	13.1	74	67	13461	18	3	66	8	5	USA(62.6%); APAC(8.3%); Canada(3.3%)	
16	DUFY	Retail	CH	2.6	Buy	117	150	28.6	74	75	2733	0	7	74	na	19	S. America(39.0%); N. America(19.7%); Americas, Caribbean(15.3%); Eurasia(3.9%); Africa(2.4%)	
17	Meggitt	Ind. Gds. & Ser.	GB	3.9	Buy	395	430	8.8	70	64	4772	23	7	70	0	0	N. America(70.2%)	
18	K+S	Chemicals	DE	7.4	Hold	39	40	2.8	69	66	6057	29	1	69	0	0	USA(33.5%); Canada(20.3%); Chile(14.7%)	
19	Cobham	Ind. Gds. & Ser.	GB	3.0	Hold	219	215	-2.0	69	68	2734	17	10	60	10	3	USA(59.5%); Australia(9.5%)	
20	Nokia	Technology	FI	8.5	Hold	2	2	-24.8	67	72	36205	11	2	58	8	20		
21	Standard Chartered	Banks	GB	42.0	Hold	1391	1675	20.4	66	85	461480	0	0	na	66	34	Hong Kong(17.4%); Rest of APAC(17.2%); Singapore(15.3%); Korea(9.4%); Mid-East, Asia(8.4%); India(6.3%)	
22	Smiths Group	Ind. Gds. & Ser.	GB	5.2	Hold	1044	1150	10.2	65	66	4143	8	23	61	4	4	USA(59.4%); Germany(17.5%); China(3.3%)	
23	Delhaize	Retail	BE	3.2	Hold	32	38	20.6	64	68	12242	16	0	64	na	20	USA(64.1%); South East Europe, Asia(20.3%)	
24	Fresenius	Health Care	DE	12.2	Buy	85	97	14.4	62	69	26321	0	37	55	7	0	N. America(51.9%); APAC(7.2%); LatAm(3.3%)	
25	Holcim	Const. & Mat.	CH	16.0	Hold	59	58	-0.9	62	82	35056	0	34	30	32	3	APAC(31.8%); N. America(18.9%); LatAm(11.6%); Africa, Mid-East(3.3%)	
26	Experian	Ind. Gds. & Ser.	GB	12.8	Buy	1004	970	-3.4	62	69	6123	16	0	62	na	22	N. America(34.8%); LatAm(27.3%); EMEA, APAC(10.2%)	
27	Tate & Lyle	Food & Bev.	GB	3.9	Buy	656	900	37.2	61	64	3487	3	24	61	na	12	USA(61.2%)	
28	Sonova Holdings AG	Health Care	CH	4.9	Hold	89	85	-4.0	61	67	1900	15	24	55	6	0	USA(43.9%); EMEA(23.6%); Americas(10.8%); APAC(6.2%)	
29	Gn Store Nordic	Health Care	DK	2.1		80	na	na	60	60	1504	24	11	60	0	5	N. America(59.8%)	
30	Schneider Electric	Ind. Gds. & Ser.	FR	27.8	Buy	50	51	1.6	59	71	35886	11	25	38	21	5	USA(36.5%); APAC(17.2%); China(4.2%)	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 16: Top companies with significant capex exposure to Outside Europe<sup>^</sup>

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Capex outside Europe %	Globalisation score	Capex 2011 (Eur, bn)	% Capex in 2011					
												31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified
1	InterContinental Hotels	Travel & Leisure	GB	5.9	Hold	1605	1780	10.9	100	70	40	0	0	0	100	0	
2	Norsk Hydro	Basic Res.	NO	7.0	Hold	25	35	41.0	96	66	493	2	1	94	2	0	Brazil(93.8%)
3	AT&S	Ind. Gds. & Ser.	AT	0.2	Buy	7	16	na	95	82	na	0	5	0	95	0	Asia(95.1%)
4	International Power	Utilities	GB	26.8		418	na	na	93	61	2524	0	3	72	21	4	
5	Salamander Energy	Oil & Gas	GB	0.6	Buy	196	290	48.0	91	84	78	0	0	na	91	9	Thailand(47.0%); Indonesia(35.1%); Vietnam(7.4%)
6	Vallourec	Ind. Gds. & Ser.	FR	4.5		37	na	na	85	76	909	0	14	76	9	1	S. America(40.0%); N. America, Mexico(36.4%); Asia(8.7%)
7	Ashtead Group	Ind. Gds. & Ser.	GB	1.8		283	na	na	84	71	56	16	0	84	0	0	N. America(84.4%)
8	C&W Communications	Telecoms	GB	1.1	Buy	34	60	76.7	80	73	240	0	20	70	9	0	Caribbean(39.9%); Panama(30.4%); Monaco(20.2%); Macau(9.2%)
9	Tenaris S.A.	Basic Res.	LU	19.5		17	na	na	77	75	594	0	21	75	2	3	N. America(57.5%); S. America(17.4%); Africa, Mid-East(2.6%)
10	DUFRY	Retail	CH	2.6	Buy	117	150	28.6	75	75	53	0	17	75	0	8	S. America(32.4%); N. America(23.9%); Americas, Caribbean(18.9%); Eurasia(5.5%)
11	Outotec	Ind. Gds. & Ser.	FI	1.6	Buy	36	48	33.6	74	61	18	22	3	60	14	1	N. America(57.4%); Australia, Oceania(13.5%); S. America(2.4%); Germany(2.2%)
12	Standard Chartered	Banks	GB	42.0	Hold	1391	1675	20.4	74	85	206	na	na	na	74	26	Hong Kong(49.6%); Singapore(14.0%); Rest of APAC(4.7%); India(3.8%)
13	Acerinox SA	Basic Res.	ES	2.1	Sell	9	7	-17.8	72	70	177	19	2	10	61	7	Asia(61.5%); USA(10.3%); Africa(6.8%)
14	Saipem	Oil & Gas	IT	16.7	Buy	38	39	3.3	71	49	1100	16	1	34	37	12	Other Asia(37.1%); Americas(34.3%); CIS(5.9%); W. Africa(3.5%); N. Africa(2.4%)
15	Novozymes	Health Care	DK	6.0	Hold	164	160	-2.6	70	70	173	27	3	51	19	0	N. America(48.9%); APAC(18.9%); Europe, Mid-East(2.9%); LatAm(2.2%)
16	Grifols	Health Care	ES	4.8	Hold	22	22	-1.8	67	73	137	28	2	67	0	2	USA(67.5%)
17	Schoeller-Bleckmann	Oil & Gas	AT	1.2	Buy	76	80	5.3	67	66	37	0	14	67	na	19	N. America(66.9%)
18	Prosegur	Ind. Gds. & Ser.	ES	2.4	Hold	4	4	6.4	66	52	100	0	34	66	0	0	LatAm(66.3%)
19	FirstGroup	Travel & Leisure	GB	1.5	Sell	245	220	-10.2	66	56	198	34	0	66	0	0	USA(54.2%); Canada(11.9%)
20	Ahold	Retail	NL	10.4	Hold	10	10	1.7	66	58	755	30	4	66	0	0	USA(66.1%)
21	Experian	Ind. Gds. & Ser.	GB	12.8	Buy	1004	970	-3.4	65	69	61	16	0	65	na	19	N. America(34.3%); LatAm(30.4%); EMEA, APAC(12.9%)
22	HSBC Holdings	Banks	GB	126.2	Hold	547	640	17.0	62	76	1082	0	38	41	20	1	LatAm(30.3%); Hong Kong(13.8%); N. America(10.9%); Rest of APAC(6.6%)
23	Semperit	Ind. Gds. & Ser.	AT	0.6	Buy	29	35	18.9	60	69	45	17	23	0	60	0	
24	Holcim	Const. & Mat.	CH	16.0	Hold	59	58	-0.9	60	82	1440	0	36	23	37	4	APAC(36.5%); LatAm(16.6%); N. America(6.4%); Africa, Mid-East(4.3%)
25	Delhaize	Retail	BE	3.2	Hold	32	38	20.6	56	68	762	19	0	56	na	25	USA(56.0%); South East Europe, Asia(24.9%)
26	Dassault Systemes	Technology	FR	9.7	Sell	77	70	-9.3	56	71	71	41	3	46	10	0	USA(45.5%); APAC(8.4%)
27	Saint Gobain	Const. & Mat.	FR	14.5	Buy	27	35	28.3	55	63	1936	17	28	15	40	0	EM Asia(40.1%); N. America(15.1%)
28	CRH	Const. & Mat.	GB	10.1	Hold	1108	1300	17.3	55	56	576	0	45	55	0	0	
29	IPSOS	Media	FR	1.1	Buy	24	31	28.7	55	72	12	0	42	40	14	4	Europe, Mid-East(41.6%); Americas(40.1%); APAC(14.5%)
30	Parmalat	Food & Bev.	IT	3.0		2	na	na	55	73	125	21	9	33	21	16	N. America(28.4%); Oceania(21.0%); Africa(15.5%); Russia(8.2%); Colombia(2.7%); Venezuela(2.4%)

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank <sup>^</sup>Outside Europe refers to exposure specific to Americas and Asia-Pacific  
Country code: Austria (AT), Belgium (BE), Cyprus (CY), Denmark (DK), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Luxembourg (LU), Netherlands (NL), Norway (NO), Poland (PL), Portugal (PT), Spain (ES), Sweden (SE), Switzerland (CH), United Kingdom (GB)



Figure 17: Top 60 companies with the highest globalisation score

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe ^ 2011 Assets %	Capex % 2011	
											31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	Flow/	Major sales destinations abroad					
1	BHP Billiton	Basic Res.	GB	48.9	Buy	1836	2200	19.8	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)						90	na
2	Standard Chartered	Banks	GB	42.0	Hold	1391	1675	20.4	85	17.7	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)						66	74
3	Salamander Energy	Oil & Gas	GB	0.6	Buy	196	290	48.0	84	0.3	0	0	0	100	0	Thailand(71.5%); Indonesia(28.5%)						88	91
4	Dialog Semiconductor	Technology	DE	1.2	Hold	17	16	-6.5	83	0.4	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)						na	0
5	CSR	Technology	GB	0.8	Sell	326	255	-21.7	83	0.6	0	7	11	82	0	Asia(82.2%)						18	na
6	Antofagasta PLC	Basic Res.	GB	13.8	Hold	1107	1325	19.7	83	4.4	na	15	13	71	0							100	na
7	Premier Oil Plc	Oil & Gas	GB	2.5	Buy	374	600	60.5	83	0.6	na	na	na	51	49	Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)						45	43
8	Holcim	Const. & Mat.	CH	16.0	Hold	59	58	-0.9	82	16.8	na	29	30	37	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)						62	60
9	AT&S	Ind. Gds. & Ser.	AT	0.2	Buy	7	16	na	82	0.5	na	63	0	37	0	Asia(36.6%)						83	95
10	Gamesa	Oil & Gas	ES	0.4		1	na	na	81	3.0	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)						35	29
11	AZ Electronic Materials	Chemicals	GB	1.5	Buy	311	350	12.6	81	0.6	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)						91	na
12	Rio Tinto	Basic Res.	GB	48.6	Buy	2735	4850	77.3	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)						na	na
13	OC Oerlikon Corp AG	Ind. Gds. & Ser.	CH	2.3		8	na	na	80	3.4	na	28	15	49	9	APAC(48.6%); N. America(14.6%)						29	40
14	Spirent	Technology	GB	1.3	Buy	158	175	10.5	79	0.4	na	16	49	34	0	USA(49.1%); APAC(34.5%)						97	na
15	Lenzing AG	Chemicals	AT	1.8	Buy	69	88	27.6	79	2.1	8	36	8	45	2	Asia(45.0%); Rest of EU(36.5%); USA(8.3%)						38	44
16	Alfa Laval	Ind. Gds. & Ser.	SE	5.7	Hold	113	125	10.2	78	3.2	3	36	21	39	1	Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)						na	51
17	Petrofac	Oil & Gas	GB	6.6		1502	na	na	77	4.2	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)						na	na
18	Weir	Ind. Gds. & Ser.	GB	4.4	Buy	1633	2150	31.7	77	2.6	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)						77	na
19	Vallourec	Ind. Gds. & Ser.	FR	4.5		37	na	na	77	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)						79	85
20	Suess Microtec	Ind. Gds. & Ser.	DE	0.2		8	na	na	76	0.2	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)						11	29
21	HSBC Holdings	Banks	GB	126.2	Hold	547	640	17.0	76	76.6	na	32	36	28	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)						52	62
22	Richemont	Per. & Hhld. Gds.	CH	25.5	Hold	59	58	-1.8	75	8.9	4	31	14	51	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)						na	na
23	Ferrexpo Plc	Basic Res.	GB	1.2	Buy	162	430	na	75	1.3	na	56	na	39	5	China(31.9%); Austria(25.4%); Serbia(8.9%); Slovakia(6.8%); Czech Republic(6.7%); Japan(5.0%)						na	na
24	Piaggio	Autos	IT	0.8	Buy	2	2	14.7	75	1.5	na	0	na	38	62	EMEA, Americas(61.6%); India(26.1%)						na	46
25	Tenaris S.A.	Basic Res.	LU	19.5		17	na	na	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)						79	77
26	Swatch Group	Per. & Hhld. Gds.	CH	10.0	Buy	391	440	12.6	75	5.5	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)						24	na
27	Spectris	Ind. Gds. & Ser.	GB	2.6		1729	na	na	75	1.3	3	31	26	33	7	USA(23.3%); China(13.5%); Germany(11.0%); Rest of APAC(8.0%); Japan(7.9%); France(4.1%)						57	na
28	AIXTRON	Technology	DE	1.2	Buy	12	17	44.4	75	0.6	2	3	6	90	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)						34	na
29	DUFREY	Retail	CH	2.6	Buy	117	150	28.6	75	2.1	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)						74	75
30	Arkema	Chemicals	FR	4.2	Buy	68	84	24.1	74	5.9	10	30	33	22	4	N. America(33.2%); Rest of EU(30.5%); Asia(21.9%)						na	44

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Top 60 companies with the highest globalisation score (continued)

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe <sup>^</sup> 2011 Capex% Assets%		
											Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	Row/	Major sales destinations abroad						
						31-Aug-12 (local curr.)																	
31	Elekta AB	Health Care	SE	3.7		338	na	na	74	1.0	na	35	36	29	0	South & N. America(35.7%); Europe, Mid-East, Africa(35.4%); Asia(29.0%)	35	na					
32	Pfeiffer Vacuum	Ind. Gds. & Ser.	DE	0.8	Hold	79	75	-5.1	73	0.5	28	28	19	26	0	USA(18.5%); Korea(16.5%); France(15.8%); Asia ex. Korea(9.3%)	31	30					
33	SEB	Per. & Hhld. Gds.	FR	2.8		55	na	na	73	4.0	18	38	21	23	0	APAC(23.2%); Other W. European(20.4%); C. Europe, Russia, Others(17.5%); S. America(10.8%); N. America(10.3%)	59	47					
34	Grifols	Health Care	ES	4.8	Hold	22	22	-1.8	73	1.8	13	16	54	na	16	USA(54.3%); EU(16.5%)	83	67					
35	C&W Communications	Telecoms	GB	1.1	Buy	34	60	76.7	73	2.1	na	9	41	18	31	Panama(20.9%); Macau(18.2%); Bahamas(12.2%); Monaco(9.3%); Jamaica(8.2%)	0	80					
36	Parmalat	Food & Bev.	IT	3.0		2	na	na	73	4.5	22	3	46	19	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)	38	55					
37	Seadrill Limited	Oil & Gas	NO	15.3	Buy	238	205	-14.0	72	3.0	23	na	27	19	31	Brazil(21.8%); Angola(8.0%); Thailand(7.2%); China(7.1%); Nigeria(5.6%); Malaysia(4.9%)	50	na					
38	IPSOS	Media	FR	1.1	Buy	24	31	28.7	72	1.4	na	43	42	15	0	Europe, Mid-East, Africa(43.1%); Americas(41.9%); APAC(15.1%)	59	55					
39	Logitech	Technology	CH	1.4		9	na	na	72	1.7	na	37	41	22	0	Americas(41.2%); EMEA(36.5%); APAC(22.3%)	90	na					
40	Nokia	Technology	FI	8.5	Hold	2	2	-24.8	72	38.7	1	30	15	27	27	China(15.9%); Africa, Mid-East(14.0%); India(7.6%); LatAm(6.1%); Brazil(4.9%); Russia(4.8%)	67	na					
41	Konecranes Plc	Ind. Gds. & Ser.	FI	1.3	Hold	20	23	14.5	72	1.9	na	50	29	21	0	EMEA(50.1%); Americas(29.0%); APAC(20.9%)	46	32					
42	Novo Nordisk	Health Care	DK	56.7	Sell	933	770	-17.5	72	8.9	na	29	40	17	14	N. America(40.1%); Japan, Korea(9.4%); China(7.5%)	17	17					
43	Hermes	Per. & Hhld. Gds.	FR	24.2	Sell	229	135	-41.0	72	2.8	17	20	16	45	2	Rest of APAC(28.4%); Japan(16.6%); Americas(16.3%)	37	na					
44	Wacker Chemie AG	Chemicals	DE	2.7	Hold	51	47	-8.0	72	4.9	18	24	17	37	3	Asia(37.1%)	20	40					
45	Cargotec	Ind. Gds. & Ser.	FI	1.0	Hold	19	20	7.0	72	3.1	2	38	21	39	0	Europe, Mid-East(38.3%); China(15.1%); APAC(14.1%); USA(14.1%); S. Korea(10.0%); Americas(6.4%)	na	18					
46	Vedanta Resources	Basic Res.	GB	3.0	Buy	868	1650	90.2	71	10.2	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)	na	na					
47	Christian Dior	Per. & Hhld. Gds.	FR	20.6		113	na	na	71	24.6	12	21	22	36	10	Other Asia(27.4%); USA(21.6%); Japan(8.3%)	na	24					
48	Dassault Systemes	Technology	FR	9.7	Sell	77	70	-9.3	71	1.8	12	34	27	26	0	USA(26.2%); Germany(16.3%); Japan(16.3%); Rest of APAC(9.9%)	38	56					
49	Metso Corporation	Ind. Gds. & Ser.	FI	4.3	Hold	28	35	23.1	71	6.6	6	29	35	25	5	APAC(25.1%); N. America(18.2%); S. America(16.8%); Other Nordic(6.2%); Africa, Mid-East(5.2%)	43	44					
50	UBM Plc	Media	GB	2.1	Buy	674	790	17.2	71	1.1	13	15	48	15	10	USA, Canada(48.0%); China(15.0%); Developing markets(6.3%)	54	na					
51	LVMH	Per. & Hhld. Gds.	FR	66.0	Buy	130	140	7.9	71	23.7	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)	na	24					
52	Volvo	Ind. Gds. & Ser.	SE	14.8	Buy	84	110	31.0	71	34.4	5	34	31	24	7	Asia(23.7%); N. America(19.5%); S. America(11.3%); France(8.7%)	49	34					
53	Schneider Electric	Ind. Gds. & Ser.	FR	27.8	Buy	50	51	1.6	71	22.4	9	23	23	27	18	USA(19.5%); APAC(14.0%); China(12.5%); N. America(3.8%)	59	na					
54	Salvatore Ferragamo	Per. & Hhld. Gds.	IT	2.8	Hold	16	16	-5.1	71	1.0	na	24	22	49	4	APAC(36.3%); N. America(22.4%); Japan(13.0%)	na	na					
55	SGL Group SE	Ind. Gds. & Ser.	DE	2.2	Hold	31	31	1.2	71	1.5	19	25	23	26	8	Asia(26.3%); N. America(22.5%)	na	49					
56	Prudential	Insurance	GB	25.4	Buy	787	925	17.6	71	42.1	36	na	40	21	3	USA(39.9%); Asia(20.7%)	41	38					
57	Ashtead Group	Ind. Gds. & Ser.	GB	1.8		283	na	na	71	1.3	17	0	83	0	0	N. America(82.5%)	82	84					
58	Givaudan	Chemicals	CH	6.9	Sell	901	820	-9.0	71	3.2	1	31	35	26	8	APAC(25.8%); N. America(22.2%); LatAm(12.3%); Africa, Mid-East(8.0%)	38	na					
59	Novozymes	Health Care	DK	6.0	Hold	164	160	-2.6	70	1.4	1	35	45	19	0	Europe, Mid-East(35.3%); N. America(35.1%); APAC(18.6%); LatAm(9.9%)	na	70					
60	Lanxess	Chemicals	DE	5.0	Buy	60	78	29.3	70	8.8	18	29	30	23	0	EMEA(29.0%); APAC(22.8%); N. America(16.6%); LatAm(13.7%)	47	45					

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





Figure 19: Companies with highest increase in sales exposure to Outside Europe<sup>^</sup> between 2011 and 2010 (%)

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Sales outside Eur. (2011-2010)%	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011							Outside Europe <sup>^</sup> 2011	
												31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	RoW/	Major sales destinations abroad	Assets%
1	Portugal Telecom	Telecoms	PT	3.5	Hold	4	5	21.1	40	65	6.1	48	0	47	na	5	Brazil(47.2%)	50	39	
2	Intercell AG	Health Care	AT	0.1	Hold	2	na	na	33	61	0.0	3	38	48	na	11	N. America(48.0%); Europe ex. Austria(38.3%)	4	na	
3	Premier Oil Plc	Oil & Gas	GB	2.5	Buy	374	600	60.5	25	83	0.6	na	na	na	51	49	Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)	45	43	
4	Fiat	Autos	IT	5.4	Hold	4	4	-14.6	24	62	59.6	16	15	53	3	14	USA, Canada, Mexico(36.0%); Brazil(16.6%); Germany(5.3%); France(3.8%); China(2.6%); Turkey(2.3%)	na	na	
5	Grifols	Health Care	ES	4.8	Hold	22	22	-1.8	20	73	1.8	13	16	54	na	16	USA(54.3%); EU(16.5%)	83	67	
6	Petrofac	Oil & Gas	GB	6.6		1502	na	na	19	77	4.2	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)	na	na	
7	Pfeiffer Vacuum	Ind. Gds. & Ser.	DE	0.8	Hold	79	75	-5.1	17	73	0.5	28	28	19	26	0	USA(18.5%); Korea(16.5%); France(15.8%); Asia ex. Korea(9.3%)	31	30	
8	Imagination	Technology	GB	2.0	Hold	597	590	-1.2	14	68	0.1	na	30	48	21	2	N. America(47.6%); UK, Europe(29.5%); Asia(20.6%)	na	na	
9	Inmarsat	Telecoms	GB	3.2		573	na	na	13	67	1.0	na	36	45	15	4	N. America(44.7%); APAC(15.0%)	36	na	
10	Aryzta	Food & Bev.	CH	3.6		47	na	na	12	61	3.9	34	31	31	na	5	N. America(31.3%)	41	32	
11	Kloekner & Co.	Basic Res.	DE	0.7	Hold	7	8	10.7	12	59	7.1	24	46	29	0	1	Europe Ex. Germany(32.8%); N. America(27.4%)	55	16	
12	Standard Life	Insurance	GB	7.9	Hold	265	300	13.1	11	53	7.8	52	na	28	na	20	Canada(27.8%)	17	25	
13	Ansaldo Sts	Ind. Gds. & Ser.	IT	1.0		6	na	na	11	67	1.2	40	17	10	27	6	APAC(27.1%); Rest of W. Europe(16.8%); N. America(9.8%)	na	na	
14	Gildemeister AG	Ind. Gds. & Ser.	DE	0.7	Hold	12	11	-5.0	11	60	1.7	38	29	6	19	8	Asia(15.7%); N. America(4.9%)	7	na	
15	Solarworld AG	Oil & Gas	DE	0.1	Hold	1	1	-12.8	10	57	1.0	42	18	21	11	8	USA(21.3%); Rest of EU(17.8%); Asia(10.8%)	28	na	
16	Ubisoft Entertainment	Per. & Hhld. Gds.	FR	0.6	Buy	6	11	88.0	10	62	1.1	na	46	53	na	1	N. America(52.5%)	na	na	
17	Ferrexpo Plc	Basic Res.	GB	1.2	Buy	162	430	na	10	75	1.3	na	56	na	39	5	China(31.9%); Austria(25.4%); Serbia(8.9%); Slovakia(6.8%); Czech Republic(6.7%); Japan(5.0%)	na	na	
18	Scor SE	Insurance	FR	3.8	Buy	20	23	15.1	10	56	7.4	na	49	31	na	20	Americas(31.3%); Asia, RoW(20.0%)	14	na	
19	Seadrill Limited	Oil & Gas	NO	15.3	Buy	238	205	-14.0	10	72	3.0	23	na	27	19	31	Brazil(21.8%); Angola(8.0%); Thailand(7.2%); China(7.1%); Nigeria(5.6%); Malaysia(4.9%)	50	na	
20	Rational AG	Ind. Gds. & Ser.	DE	2.2	Hold	190	175	-7.8	10	64	0.4	15	51	15	13	6	Americas(12.0%); Asia(4.5%)	22	12	
21	AT&S	Ind. Gds. & Ser.	AT	0.2	Buy	7	16	na	10	82	0.5	na	63	0	37	0	Asia(36.6%)	83	95	
22	Munich Re	Insurance	DE	21.1	Hold	118	120	2.0	10	62	62.4	34	16	39	7	4	USA(19.1%); Canada(16.1%); UK(10.8%); China(4.1%); LatAm(3.6%); Australia(3.1%)	na	na	
23	Dialog Semiconductor	Technology	DE	1.2	Hold	17	16	-6.5	9	83	0.4	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)	na	0	
24	EADS	Ind. Gds. & Ser.	DE	25.1	Buy	30	38	25.3	9	69	49.1	10	32	18	29	11	APAC(29.1%); N. America(11.9%); Mid-East(10.4%); France(9.7%); LatAm(5.9%); UK(5.6%)	na	0	
25	Novo Nordisk	Health Care	DK	56.7	Sell	933	770	-17.5	9	72	8.9	na	29	40	17	14	N. America(40.1%); Japan, Korea(9.4%); China(7.5%)	17	17	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





Figure 20: Top 60 exporters (companies with most sales but fewest assets Outside Europe^)

S. No.	Company	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Sales-Assets**	Outside Europe %	Outside Europe Assets %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	Row/	% Sales in 2011
																				31-Aug-12 (local curr.)
1	CSR	Technology	GB	0.8	Sell	326	255	-21.7	75	93	18	83	0.6	0	7	11	82	0	0	Asia(82.2%)
2	MTU	Ind. Gds. & Ser.	DE	3.2	Buy	61	68	12.1	72	75	4	60	2.9	15	10	68	7	0	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)
3	Suess Microtec	Ind. Gds. & Ser.	DE	0.2		8	na	na	66	77	11	76	0.2	na	23	17	60	0	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)
4	ASML	Technology	NL	18.9	Sell	45	35	-22.3	64	91	27	68	5.7	na	9	25	67	0	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)
5	AIXTRON	Technology	DE	1.2	Buy	12	17	44.4	62	96	34	75	0.6	2	3	6	90	0	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)
6	C&W Communications	Telecoms	GB	1.1	Buy	34	60	76.7	60	60	0	73	2.1	na	9	41	18	31	0	Panama(20.9%); Macau(18.2%); Bahamas(12.2%); Monaco(9.3%); Jamaica(8.2%)
7	STMicroelectronics N.V.	Technology	FR	4.3	Hold	5	4	-11.0	46	67	22	68	7.0	2	21	12	56	9	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)
8	Intercell AG	Health Care	AT	0.1	Hold	2	na	na	44	48	4	61	0.0	3	38	48	na	11	11	N. America(48.0%); Europe ex. Austria(38.3%)
9	Elan	Health Care	IE	5.4	Buy	9	10	14.2	42	52	10	53	0.5	na	na	52	na	48	48	USA(51.9%)
10	Syngenta	Chemicals	CH	25.0	Buy	322	400	24.3	40	70	30	66	9.5	na	30	53	17	0	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)
11	Novo Nordisk	Health Care	DK	56.7	Sell	933	770	-17.5	40	57	17	72	8.9	na	29	40	17	14	14	N. America(40.1%); Japan, Korea(9.4%); China(7.5%)
12	Swatch Group	Per. & Hhld. Gds.	CH	10.0	Buy	391	440	12.6	39	63	24	75	5.5	13	23	8	55	1	1	China(38.0%); Other Asia(16.0%); USA(7.9%)
13	MAN	Ind. Gds. & Ser.	DE	10.3	Hold	73	72	-1.9	39	39	0	48	16.5	21	36	25	14	4	4	Rest of EU(25.3%); Americas(25.0%); Asia(13.1%); Africa(3.8%)
14	Ericsson	Technology	SE	22.6	Hold	62	63	1.6	38	58	21	70	25.1	2	0	31	27	40	40	USA(20.5%); Mediterranean(10.5%); LatAm(9.7%); North East Asia(9.1%); China(7.7%); Mid-East(6.8%)
15	Sartorius	Ind. Gds. & Ser.	DE	0.5	Buy	50	47	-6.6	36	44	8	67	0.7	17	35	21	23	4	4	N. America(20.6%); APAC(16.7%)
16	Andritz	Ind. Gds. & Ser.	AT	4.3	Buy	41	45	9.7	35	59	23	64	4.6	na	38	34	25	4	4	Asia(25.1%); S. America(20.7%); N. America(13.0%)
17	Koenig & Bauer AG	Ind. Gds. & Ser.	DE	0.2	Hold	12	12	-2.5	35	36	1	52	1.2	16	36	9	27	13	13	Rest of EU(35.5%); China(15.4%); Africa, LatAm(12.8%); APAC(12.0%); N. America(8.6%)
18	Wacker Chemie AG	Chemicals	DE	2.7	Hold	51	47	-8.0	35	54	20	72	4.9	18	24	17	37	3	3	Asia(37.1%)
19	OC Oerlikon Corp AG	Ind. Gds. & Ser.	CH	2.3		8	na	na	34	63	29	80	3.4	na	28	15	49	9	9	APAC(48.6%); N. America(14.6%)
20	Halma	Ind. Gds. & Ser.	GB	1.9		407	na	na	32	43	11	56	0.7	22	27	28	15	9	9	USA(27.9%); APAC, Australasia(15.1%); Africa, Mid-East(4.8%)
21	DiaSorin	Health Care	IT	1.4		24	na	na	32	48	16	59	0.4	na	0	39	10	52	52	Europe, Africa(42.7%); N. America(32.0%); APAC(9.6%); LatAm(6.9%)
22	Deutsche Lufthansa AG	Travel & Leisure	DE	4.5	Hold	10	12	22.3	30	33	3	49	28.7	26	36	18	15	5	5	Rest of EU(35.6%); N. America(15.0%); APAC(15.0%); Mid-East(3.1%); LatAm(2.5%); Africa(2.3%)
23	Elekta AB	Health Care	SE	3.7		338	na	na	29	65	35	74	1.0	na	35	36	29	0	0	South & N. America(35.7%); Europe, Mid-East, Africa(35.4%); Asia(29.0%)
24	GEA	Ind. Gds. & Ser.	DE	3.9	Hold	21	25	19.0	29	42	13	60	5.4	11	36	20	22	11	11	APAC(22.0%); N. America(12.9%); LatAm(6.8%); Mid-East(5.8%); Africa(5.3%)
25	Schindler Holding	Ind. Gds. & Ser.	CH	4.6		113	na	na	28	28	0	51	6.2	na	50	28	na	22	22	USA(28.4%); Asia, Africa, Australia(21.9%)
26	Norsk Hydro	Basic Res.	NO	7.0	Hold	25	35	41.0	28	31	3	66	11.7	5	63	13	19	0	0	Asia(17.4%); Germany(15.3%); Swiss(9.3%); USA(8.9%); UK(5.6%); Italy(5.5%)
27	Carl Zeiss Meditec	Health Care	DE	1.6	Hold	19	19	-1.8	28	46	18	53	0.8	43	11	32	14	0	0	USA(32.3%); Japan(13.9%)
28	Daimler	Autos	DE	41.5	Hold	39	42	7.7	27	52	24	64	106.5	19	18	30	21	11	11	USA(20.9%); Rest of EU(18.4%); APAC(10.8%); China(10.4%)
29	Parmalat	Food & Bev.	IT	3.0		2	na	na	27	65	38	73	4.5	22	3	46	19	10	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)
30	SAFRAN	Ind. Gds. & Ser.	FR	11.6	Buy	28	30	7.7	26	43	17	61	11.7	25	24	27	16	9	9	N. America(27.4%); Asia(15.5%)

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
 \*\*'Outside Europe' (sales and assets) refers to the difference between sales outside Europe and assets outside Europe in 2011 in percentage



Top 60 exporters (companies with most sales but fewest assets Outside Europe^ ) (continued)

S. Company No.	Sector	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Sales-Assets** (Sales:Assets)**	Outside Europe 2011 Sales %	Outside Europe Assets %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011									
													31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Unspecified Asia/Pacific	RoW/	Major sales destinations abroad			
31	Banco Santander	Banks	ES	56.0	Hold	6	7	16.4	26	49	23	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)			
32	Alstom	Ind. Gds. & Ser.	FR	8.4	Buy	28	41	44.8	26	43	17	65	19.9	11	32	21	22	15	W. Europe ex. France(24.8%); APAC(21.7%); Africa, Mid-East(15.0%); South, Central America(8.8%); USA(8.2%); E. Europe(6.8%)			
33	BBVA	Banks	ES	32.7	Buy	6	7	18.6	25	60	35	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)			
34	Inmarsat	Telecoms	GB	3.2		573	na	na	24	60	36	67	1.0	na	36	45	15	4	N. America(44.7%); APAC(15.0%)			
35	Hermes	Per. & Hhld. Gds.	FR	24.2	Sell	229	135	-41.0	24	61	37	72	2.8	17	20	16	45	2	Rest of APAC(28.4%); Japan(16.6%); Americas(16.3%)			
36	L'Oreal	Per. & Hhld. Gds.	FR	58.9	Hold	98	95	-2.8	24	51	28	66	20.3	12	33	32	19	3	W. Europe(25.9%); N. America(23.3%); APAC(19.2%); LatAm(8.9%); E. Europe(7.1%); Africa, Mid-East(3.1%)			
37	Straumann	Health Care	CH	1.5	Hold	114	109	-4.0	24	37	13	56	0.6	na	60	22	15	3	C. Europe(33.3%); W. Europe(26.9%); N. America(22.4%); APAC(14.7%)			
38	Zurich Insurance Group	Insurance	CH	28.2	Hold	230	245	6.8	23	39	15	55	38.1	12	46	34	5	4	USA(26.7%); Germany(14.5%); UK(11.8%); Spain(6.5%); Italy(5.4%); Australia(3.1%)			
39	Remy Cointreau	Food & Bev.	FR	4.5	Hold	91	95	4.6	22	31	9	51	1.0	na	31	31	na	38	Asia, RoW(37.8%); Americas(31.3%)			
40	Givaudan	Chemicals	CH	6.9	Sell	901	820	-9.0	22	60	38	71	3.2	1	31	35	26	8	APAC(25.8%); N. America(22.2%); LatAm(12.3%); Africa, Mid-East(8.0%)			
41	Bunzl	Ind. Gds. & Ser.	GB	4.7	Hold	1124	1020	-9.3	22	53	31	61	5.9	20	21	53	na	6	N. America(53.4%); Continental Europe(20.9%)			
42	Vestas Wind Systems	Oil & Gas	DK	1.1		41	na	na	22	43	21	52	5.8	na	44	33	11	12	Americas(32.7%); APAC(10.6%)			
43	Inchcape	Retail	GB	2.2	Buy	369	480	30.3	21	31	10	54	6.7	34	15	na	31	20	Russia, Emerging Markets(20.3%); Australasia(19.4%); North Asia(7.1%); S. Asia(4.8%)			
44	Kinnevik Investment	Financial Ser.	SE	3.7		134	na	na	20	20	0	53	1.0	20	58	1	19	2	Asia(18.9%); Germany(12.9%); France(7.8%); Other Nordic(3.8%)			
45	Deutz AG	Ind. Gds. & Ser.	DE	0.4	Hold	3	3	1.0	20	20	0	50	1.5	18	56	12	8	6	Americas(11.6%); APAC(8.3%); Africa(3.8%)			
46	Wincor Nixdorf	Technology	DE	1.0	Buy	30	43	41.9	20	25	6	47	2.3	26	48	10	15	0	APAC, Africa(15.3%); Americas(10.2%)			
47	ADVA	Technology	DE	0.2	Buy	5	7	26.5	19	35	16	49	0.3	26	39	30	5	0	Americas(30.4%); APAC(4.7%)			
48	Prudential	Insurance	GB	25.4	Buy	787	925	17.6	19	61	41	71	42.1	36	na	40	21	3	USA(39.9%); Asia(20.7%)			
49	GAM Holdings	Financial Ser.	CH	1.7		11	na	na	19	19	0	44	0.9	na	79	19	na	2	Americas(19.4%)			
50	GlaxoSmithKline	Health Care	GB	89.3	Hold	1425	1400	-1.8	19	47	28	63	31.6	na	30	32	15	23	USA(31.7%); Developing markets(19.4%); Japan(8.5%); APAC(6.5%)			
51	Aberdeen Asset Mgmt	Financial Ser.	GB	4.0		279	na	na	19	44	26	68	0.9	40	16	5	40	0	Singapore(26.4%); Other Asia(13.2%); USA(4.7%)			
52	ING	Insurance	NL	23.3	Hold	6	7	16.7	19	50	31	61	102.7	31	19	31	19	0	N. America(30.7%); Asia(17.9%); Belgium(6.6%)			
53	Christian Hansen	Food & Bev.	DK	3.3	Buy	177	180	1.8	18	33	14	55	0.6	1	49	33	na	16	N. America(21.0%); Asia, Mid-East, Africa(16.3%); S. America(11.9%)			
54	Kontron AG	Ind. Gds. & Ser.	DE	0.2	Hold	4	5	13.3	18	38	20	56	0.6	na	44	38	na	18	EMEA(43.8%); N. America(37.9%); Developing markets(18.4%)			
55	Electrolux	Per. & Hhld. Gds.	SE	5.8	Buy	160	175	9.1	18	50	32	64	11.3	4	13	45	5	33	USA(26.2%); Brazil(14.4%); Germany(5.4%); Australia(5.2%); Italy(4.0%); Canada(4.0%)			
56	Gamesa	Oil & Gas	ES	0.4		1	na	na	18	53	35	81	3.0	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)			
57	Gildemeister AG	Ind. Gds. & Ser.	DE	0.7	Hold	12	11	-5.0	18	25	7	60	1.7	38	29	6	19	8	Asia(15.7%); N. America(4.9%)			
58	RHI	Ind. Gds. & Ser.	AT	0.8	Hold	19	19	-2.1	18	33	15	51	1.8	na	54	28	5	13	Rest of EU(9.7%); N. America(9.3%); USA(7.7%); Mexico(6.4%); Italy(6.0%); India(4.7%)			
59	Clariant	Chemicals	CH	2.6	Hold	11	11	2.7	18	46	29	64	6.0	1	40	27	19	13	Rest of EU(25.7%); Germany(14.1%); APAC(13.4%); USA(11.5%); LatAm(8.3%); Brazil(7.3%)			
60	Swedish Match	Per. & Hhld. Gds.	SE	6.8	Sell	275	250	-9.2	17	29	12	43	1.3	54	na	29	na	17	USA(29.3%)			

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank ^Outside Europe refers to exposure specific to Americas and Asia-Pacific  
 \*\*'Outside Europe' (sales and assets) refers to the difference between sales outside Europe and assets outside Europe in 2011 in percentage



# 3. Globalisation basket

Figure 21: Detailed globalisation basket 2012

Company	Home country	Europe	Rest of Americas	Asia/Pacific	RoW/Unspac	Major sales destinations abroad	Megatrend exposure	M. Cap (Eur. bn)	Price	Curr	Target price	Upside Pot. (%)	P/E ratio Headline (x)		Sales growth (%)				EPS growth (%)				
													12E	13E	12E	13E	12E	13E	12E	13E			
% Sales in 2011																							
Andritz	na	38	34	25	4	Asia(25.1%); S. America(20.7%); N. America(13.0%)	EM infrastructure investments	4.3	41.9	EUR	45.0	7.3	16.8	15.6	7.4	6.7	6.6	5.5	-47.9	7.6			
AZ Electronic Mater	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)	New global technologies	1.5	308.9	USD	350.0	13.3	13.7	12.1	8.2	7.3	1.3	7.6	2.1	13.0			
BASF	39	17	26	18	0	N. America(20.0%); Asia, Far East(18.1%); S. America(6.0%)	Strong GDP growth in EM	56.6	62.4	EUR	74.0	18.5	11.1	10.2	5.7	5.5	3.2	2.5	-9.8	8.6			
BHP Billiton	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)	Rising energy and commodity consumption	48.9	1,855.0	USD	2,200.0	18.6	9.8	9.8	5.6	5.5	0.7	6.0	-21.1	-5.9			
Deutsche Post DHL	32	33	17	14	4	Americas(16.7%); APAC(14.4%)	Rising global integration	18.6	15.7	EUR	17.0	8.3	11.5	10.9	5.5	5.4	2.6	6.0	45.1	4.8			
Diageo	na	26	34	12	28	N. America(33.7%); Africa, LatAm, Caribbean(27.8%); APAC(12.0%)	EM consumer	54.5	1,751.0	GBP	1,900.0	8.5	14.8	16.8	11.9	12.9	8.3	5.5	12.2	10.9			
DUFYR	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)	Rising air traffic	2.6	118.0	CHF	150.0	27.1	12.6	10.3	9.1	7.6	20.9	7.5	48.4	21.9			
EADS	10	32	18	29	11	APAC(29.1%); N. America(11.9%); Mid-East(10.4%); France(9.7%); LatAm(5.9%); UK(5.6%)	Strong GDP growth in EM, rising air traffic	25.1	30.8	EUR	38.0	23.3	24.7	12.0	6.8	5.0	11.7	3.7	-15.3	107.0			
Gemalto	na	51	29	20	0	EMEA(50.9%); South & N. America(29.2%); APAC(19.9%)	New global technologies	5.6	64.2	EUR	75.0	16.7	21.0	17.2	15.3	11.3	8.5	11.0	23.1	22.0			
Henkel	na	55	24	15	6	W. Europe(36.4%); E. Europe(18.2%); N. America(17.6%); APAC(14.9%); LatAm(6.9%); Africa, Mid-East(6.0%)	EM consumer, strong GDP growth in EM	10.7	60.8	EUR	75.0	23.4	16.2	14.4	9.5	8.1	7.4	6.0	20.1	12.5			
Hexagon	na	44	31	26	0	EMEA(43.9%); Americas(30.6%); Asia(25.5%)	EM infrastructure investments	5.4	134.8	EUR	155.0	15.0	14.2	13.3	11.1	10.3	12.0	8.3	19.2	17.8			
Hugo Boss	na	62	23	na	15	Americas(22.6%); Asia, RoW(15.4%)	EM consumer and strong brands	5.1	75.0	EUR	95.0	26.7	15.9	14.2	10.1	9.0	12.5	8.5	13.6	12.5			
Lanxess	18	29	30	23	0	EMEA(29.0%); APAC(22.8%); N. America(16.6%); LatAm(13.7%)	EM Consumer, traffic	5.0	62.4	EUR	78.0	25.0	8.9	7.8	5.7	5.0	5.3	5.0	13.7				
Linde	9	34	19	32	6	Rest of EU(34.4%); Asia, Australia(31.8%); N. America(13.7%); Africa(5.7%); S. America(5.4%)	Strong GDP growth in EM	23.1	126.2	EUR	153.0	21.2	15.2	13.3	8.6	7.4	9.2	14.7	8.9	14.3			
LVMH	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)	EM consumer and strong brands	66.0	130.0	EUR	140.0	7.7	17.8	15.8	10.1	9.0	19.3	7.9	17.3	12.4			
MTU	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)	EM GDP growth, rising air traffic	3.2	61.1	EUR	68.0	11.4	15.1	12.2	9.3	8.0	19.2	9.2	12.5	23.9			
Outotec	32	21	22	18	7	Australia(15.5%); Germany(15.2%); S. America(12.7%); N. America(9.1%); Africa(7.2%); Asia(2.9%)	Scarcity of commodities	1.6	36.6	EUR	48.0	31.2	12.3	12.3	5.8	6.1	39.8	4.0	61.9	-0.4			
Prysmian	12	52	21	15	0	EMEA(51.9%); APAC(14.9%); N. America(12.1%); LatAm(9.0%)	Rising global integration, new global technologies	2.9	13.5	EUR	18.0	32.9	9.1	6.7	6.4	5.0	5.6	8.6	22.2	35.5			
Qiagen	na	38	45	na	17	USA(39.9%)	Rising demand for diagnostics	3.4	NA	USD	21.0	na	17.0	15.0	13.7	11.3	3.9	4.4	6.5	13.0			
SAFRAN	25	24	27	16	9	N. America(27.4%); Asia(15.5%)	Strong GDP growth in EM, rising air traffic	11.6	28.1	EUR	30.0	6.6	17.2	14.3	6.2	5.1	13.9	7.5	2.8	20.5			
Saipem	4	11	8	5	71	W. Africa(21.4%); N. Africa(20.1%); Mid-East(16.3%); CIS(13.6%); USA(8.0%); Far East(5.3%)	Rising energy and commodity consumption	16.7	38.4	EUR	39.0	1.7	16.5	14.3	8.5	7.3	6.4	11.0	11.1	15.5			
Sanofi	9	26	31	na	33	USA(29.8%)	Ageing of the global population	86.2	66.5	EUR	76.0	14.3	10.9	10.3	7.9	6.9	2.3	2.3	-8.4	6.4			
SAP AG	16	33	36	15	0	Rest of EMEA(32.6%); USA(26.0%); Rest of APAC(10.5%); Japan(4.6%)	Rising global integration, new global technologies	64.0	53.0	EUR	65.0	22.6	16.4	13.7	10.7	8.5	15.0	12.8	14.2	19.3			
Spirent	na	16	49	34	0	USA(49.1%); APAC(34.5%)	New global technologies	1.3	160.3	USD	175.0	9.2	17.6	15.7	9.9	8.1	2.1	7.5	4.7	12.6			
Swatch Group	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)	EM consumer and strong brands	10.0	397.9	CHF	440.0	10.6	14.0	12.7	8.4	7.2	13.9	6.9	21.3	9.6			
Syngenta	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)	EM consumer, changing nutrition habits	25.0	327.9	USD	400.0	22.0	14.9	12.8	10.6	8.6	7.3	6.9	14.7	16.1			
Volkswagen AG	22	43	20	14	0	Asia, Oceania(14.4%); N. America(11.0%); S. America(9.4%)	EM consumer, traffic	23.8	137.5	EUR	200.0	45.5	6.0	5.9	3.0	2.6	8.7	9.4	8.4	1.2			
<b>Globalization Basket (Average)</b>													<b>14.5</b>	<b>12.6</b>	<b>8.6</b>	<b>7.4</b>	<b>9.9</b>	<b>7.3</b>	<b>10.8</b>	<b>16.5</b>			
<b>Globalization Basket (Median)</b>													<b>14.9</b>	<b>12.8</b>	<b>8.5</b>	<b>7.3</b>	<b>8.3</b>	<b>7.5</b>	<b>12.2</b>	<b>13.0</b>			
<b>Stoxx 600</b>													<b>268.5</b>										

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank



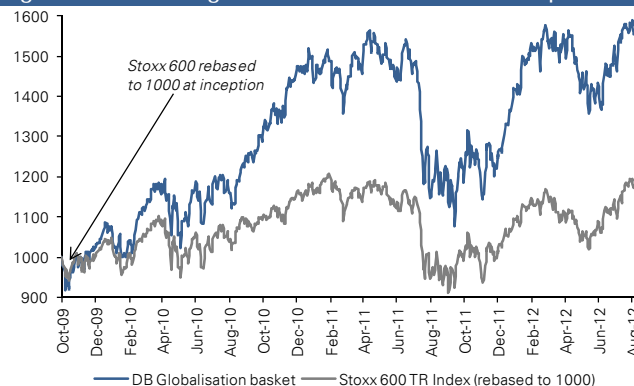


### 3.1 Performance of the globalisation basket

Figure 22: Perf. of globalisation basket by year

Baskets	Start Date	Revision Date	Stoxx 600	Excess Return
2009	21/10/2009	22/09/2010	23.8%	7.7%
2010	22/09/2010	22/06/2011	18.4%	5.2%
2011	22/06/2011		6.2%	3.1%
<b>Since inception (cumulative)</b>			<b>55.8%</b>	<b>16.8%</b>

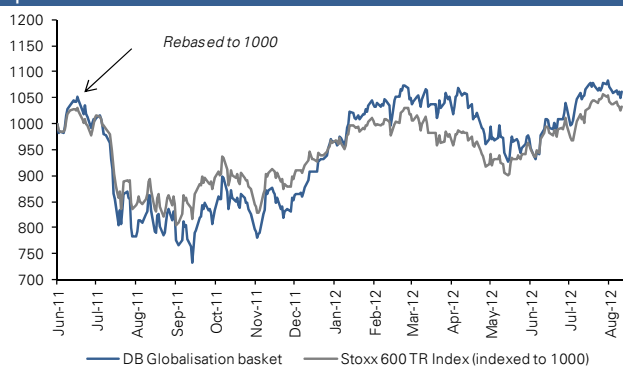
Figure 23: Perf. of globalisation basket since inception



Source: Bloomberg Finance LP, Datastream and Deutsche Bank calculations (DBCGLP rebased till 22 Sept 2010, DBCGL1P rebased till 22 June 2011, DBCGL2P thereafter)

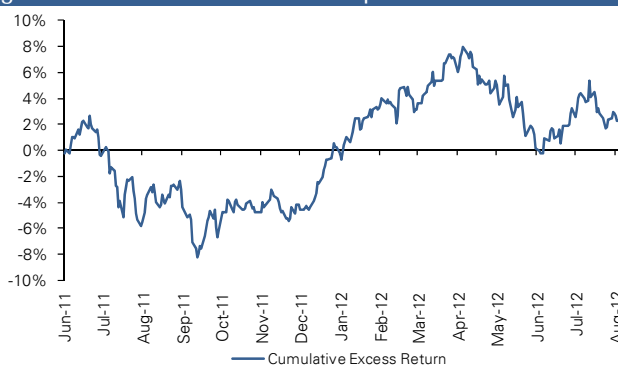
- In October 2009 we put together the Deutsche Bank globalisation basket along with the Deutsche Bank Equity Derivatives Strategy team. We replaced our basket on 22 Sept 2010, (Bloomberg ticker: DBCGGL1P Index) and 21 June 2011 (Bloomberg Ticker: DBCGGLP2 Index), based on our analysis of regional sales exposure of European companies (see Globalisation 2011: Investing in Global Megatrends, 22 June 2011, Globalisation 2010: Global activities of European companies, 23 September 2010, and Equity baskets, 21 October 2009).
- The current basket consists of 26 stocks. It has earned a return of 55.8% since 21 October 2009 compared to the Stoxx 600 with 16.8%, thereby generating a cumulative outperformance of 39.0% (see Figure 23).
- Considering our basket since last report, it has earned a return of 6.2% compared to 3.1% earned by benchmark Stoxx 600. Thus it has generated outperformance of nearly 3.1% (see Figure 24 and Figure 25).
- With this report we are rebalancing our basket to include 27 stocks (for details see the following section). The average expected 2012 sales growth for our basket is 10% and earnings growth 10% compared with 6% and 2% respectively for Stoxx 600. Given the high growth potential of the stocks in our basket, it commands a premium with PE for 2012 at 14.5 compared with 11.7 for Stoxx 600.

Figure 24: Performance of globalisation basket since last report



Source: Bloomberg Finance LP, Datastream and Deutsche Bank calculations  
The full record of data and results are available upon request. Past performance may not be a reliable guide to future performance.

Figure 25: Cumulative excess returns earned by the globalisation basket since last report





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## 3.2 Globalisation basket 2012 – Company stories in detail

### Overview

Andritz (ANDR.VI)	(page 46)
AZ Electronic Materials (AZEM.L)	(page 47)
BASF (BASFn.DE)	(page 47)
BHP Billiton (BLT.L)	(page 48)
Deutsche Post DHL (DPWGn.DE)	(page 50)
Diageo (DGE.L)	(page 51)
Dufry (DUFN.S)	(page 52)
EADS (EAD.PA)	(page 52)
Gemalto (GTO.PA)	(page 53)
Henkel (HNKG_p.DE)	(page 54)
Hexagon (HEXAb.ST)	(page 55)
Hugo Boss (BOSSn.DE)	(page 56)
Lanxess (LXSG.DE)	(page 57)
Linde (LING.DE)	(page 58)
LVMH (LVMH.PA)	(page 59)
MTU (MTXGn.DE)	(page 59)
Outotec (OTE1V.HE)	(page 60)
Prysmian (PRY.MI)	(page 61)
Qiagen (QGEN.OQ)	(page 62)
Safran (SAF.PA)	(page 63)
Saipem (SPMI.MI)	(page 64)
Sanofi (SASY.PA)	(page 65)
SAP (SAPG.DE)	(page 66)
Spirent (SPT.L)	(page 67)
Swatch (UHR.VX)	(page 67)
Syngenta (SYNN.VX)	(page 68)
Volkswagen AG (VOWG_p.DE)	(page 70)



**Andritz (ANDR.VI) – A global market leader in supplying plants, equipment & services**  
**Megatrend: EM infrastructure investments**

Analyst: Matthias Pfeifenberger (+43-1-53181-153)

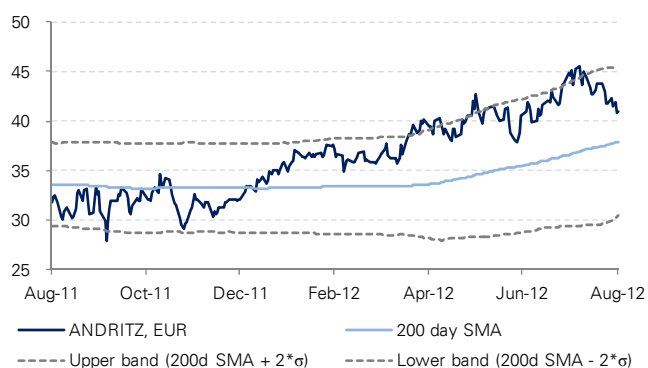
- Investment case:** Andritz AG supplies production systems, equipment and services globally. Its main customers are the pulp making, hydropower, steel, environmental and animal feed industries. The group often ranks among the market leaders in its business areas and operates a complete in-house product range. Andritz reports detailed order intake and backlog data, which provides earnings visibility for approximately one year. Complementary acquisitions and ongoing cost optimisation are key elements of the growth strategy. Pulp-making capacity should continue to migrate to tropical areas due to a significant production cost advantage. Given its market leader position for the equipment supply of pulp mills, we believe Andritz will continue to benefit from this substitution effect.

In addition, the company should continue to be able to capitalize on the likely robust demand for new hydro power plant installations in EM as well as plant refurbishment requirements in developed economies. Following the share split and having reached a new all-time high, we expect Andritz shares to continue to perform strongly as recent concerns on an order slowdown in 2012E should be overdone--orders for new pulp mills are in the pipeline in Chile, Brazil and China. In addition, based on the company's material net cash position, Andritz should continue to do value-accretive add-on acquisitions, following an impressive historical track record.

Andritz management has confirmed solid project flow in both hydro and pulp & paper, sees potential for takeovers in separation and increased activity possible in the metals business based on due industry consolidation. In addition, Andritz has recently taken over a US-based (incl. operations in China & India) supplier of furnace systems for aluminium and steel industries, complementing its existing furnace product portfolio. Buy at a 12m fwd target price of EUR45 (c10% relative to 31/08/2012 closing price).

- Valuation & Risks:** Valuation is based on EV/EBIT of (plant) engineering peers and three-stage DCF based on 8.1% WACC (RfR 3%, ERP 5%, beta 1) and TG of 2% given a strong historical organic-growth track record. Risks include lower prices for pulp, steel & power, affecting (plant) investment activity, order delays or cancellations and/or potential cost overruns.

Figure 26: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 27: Deutsche Bank forecast and ratios

Andritz	2009	2010	2011	2012E	2013E
Sales growth (%)	-11.4	11.1	29.3	6.6	5.5
EBITDA margin (%)	6.8	8.6	8.4	8.2	8.3
EBIT margin (%)	4.6	6.9	6.8	6.8	6.8
EPS growth (%)	-28.5	83.1	30.1	-47.9	7.6
Dividend yield (%)	3.3	3.4	3.3	2.9	3.3
Return on Equity (%)	16.5	25.9	27.9	25.6	24.5
P/E (x)	16.1	14.3	14.9	17.4	16.1
P/B (x)	3.3	4.7	3.7	4.2	3.7
EV/EBITDA (x)	4.7	4.6	5.2	7.2	6.4
Net debt / EBITDA (x)	-3.0	-3.8	-3.1	-3.0	-3.2

Source: Company data, Deutsche Bank estimates



**AZ Electronic Materials (AZEM.L) – Speciality chemicals with high barriers to entry**  
**Megatrend: New global technologies**

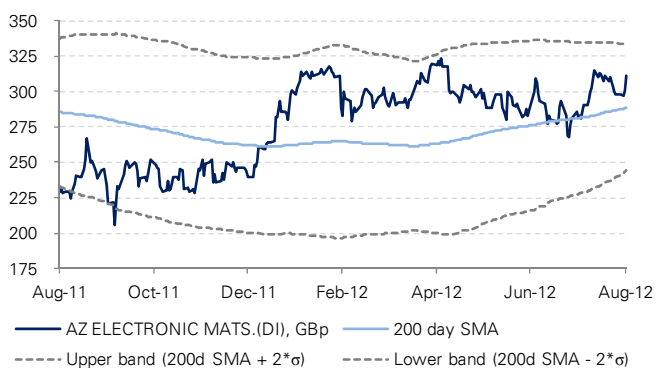
Analyst: Oliver Reiff (+44-20-754-76663)

- Investment case:** AZ Electronic Materials is a leading global supplier of specialty chemicals to the electronic industry with the No.1 and No. 2 positions in the majority of products sold. It supplies materials that are "mission critical" in the manufacture of integrated circuits and flat Panel Displays (FPD) with wafer starts, larger screens and penetration of emerging markets driving growth. Barriers to entry are high because of technology and existing strong customer relationships which also underpin our forecast of 9% CAGR in EBITDA for 2011-2013E.

AZ delivered good H1 2012 results and although underlying EBITDA declined 3% YoY, this was on a tough base and 2% above consensus. However, the outlook was slightly weaker with management indicating Q3 would be flat on Q2 before a sequential recovery in Q4, driven by new product launches and seasonality. While this short-term pause in growth is slightly disappointing, we note the long-term growth drivers remain intact with increasing complexity of chips and growth in the flat panel area. We leave our 2012-2014 EPS forecasts broadly unchanged. At 12x 2013 P/E the stock continues to offer value. Buy at a 12m fwd target price of GBp350 (c13% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** We set our target price using a DCF (WACC 9.3% and term growth 2.5%) Key risks include lower top-line growth from macro pressures, which could affect wafer starts and sales of FPDs, technology change with AZ holding strong positions in certain products and technologies, a sharp rise in raw materials and a stronger USD vs. Japanese yen, South Korean won, Taiwanese dollar, euro.

Figure 28: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 29: Deutsche Bank forecast and ratios

AZ Electronic Materials	2009	2010	2011	2012E	2013E
Sales growth (%)	-19.9	36.3	16.1	1.3	7.6
EBITDA margin (%)	27.7	30.4	33.0	32.7	32.8
EBIT margin (%)	8.4	18.2	19.0	18.8	19.7
EPS growth (%)	331.5	-97.9	31.0	2.1	13.0
Dividend yield (%)	NA	0.0	2.8	2.5	2.9
Return on Equity (%)	NM	NM	13.9	10.9	12.5
P/E (x)	NM	NM	17.1	22.5	18.6
P/B (x)	NM	1.9	1.9	2.4	2.3
EV/EBITDA (x)	NM	7.1	7.7	8.2	7.4
Net debt / EBITDA (x)	14.8	2.0	1.3	1.0	0.7

Source: Company data, Deutsche Bank estimates

**BASF (BASFn.DE) – Leading market positions powered by its unique Verbund concept**  
**Megatrend: Strong GDP growth in EM**

Analyst: Tim Jones (+44-20-754-76763)

- Investment case:** BASF delivers strong cash flow and sector-leading over-the-cycle growth rates. While the company is leveraged to both the economic cycle and some chemical cycles, the leverage is much lower than in the past due to increased business diversification (such as Oil & Gas and agrochemicals), stronger focus on value instead of just volumes, on-going proactive portfolio management and increased geographical diversification. Management plans to continue to cut cost and generate synergies from recent acquisitions.



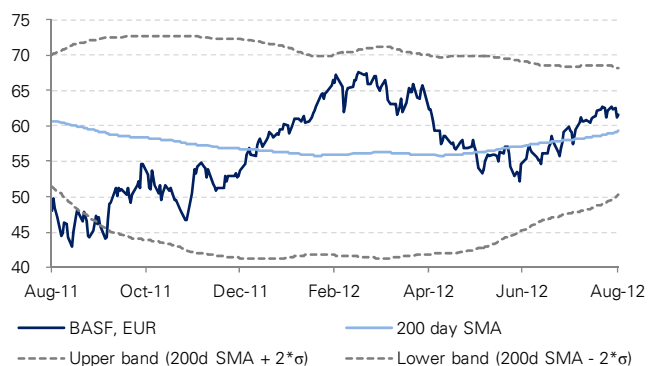


The company continues to focus on strategies designed to reduce the company's overall cyclicality and on creating a more sustainable cash generating entity. A strong commitment towards shareholder cash return also remains supportive. BASF benefits from: 1) its unique 'Verbund' concept, which is characterised by vertical and horizontal integration of production plants, energy and waste flows, logistics and site infrastructure and 'research Verbund' (about 1,900 partnerships with universities, start-ups and industry partners), as well as from 2) leading positions in growth industries and EM and 3) a highly innovative R&D pipeline that contributes strongly to earnings growth.

Q2 EBIT increased 11% (8% above consensus) although the divisional mix was weaker with pressures in the chemical businesses offset by (high-tax) oil & gas, ag and lower "other" charges. Management reiterated 2012 outlook (growth in sales/EBIT) but accepts that macro visibility is low. BASF is not immune to macro risks but with management ready to act with strong self-help measures (buybacks, cost cuts) alongside some niche growth businesses we see the stock undervalued at 5x 2012E EV/EBITDA. Buy at a 12m fwd target price of EUR74 (c20% upside relative to 31/08/2012 closing price).

- **Valuation & Risks:** We set our target price using SOTP (peer multiples, 2P DCF for oil & gas using long-term oil price of USD110). We back-test against a DCF model (WACC 7.9%, TGR 2.5%, in line with the industry). Risks include weaker GDP, FX, lower oil price and acquisitions.

Figure 30: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 31: Deutsche Bank forecast and ratios

BASF	2009	2010	2011	2012E	2013E
Sales growth (%)	-18.6	26.0	15.1	3.2	2.5
EBITDA margin (%)	14.6	17.4	16.3	16.2	16.0
EBIT margin (%)	7.3	12.2	11.7	11.7	11.6
EPS growth (%)	-21.9	90.5	9.3	-9.8	8.6
Dividend yield (%)	5.4	4.7	4.4	4.1	4.4
Return on Equity (%)	8.0	23.4	27.2	18.7	18.0
P/E (x)	20.6	9.5	8.5	11.9	11.2
P/B (x)	2.3	2.6	2.1	2.1	2.0
EV/EBITDA (x)	6.1	5.5	5.6	5.7	5.5
Net debt / EBITDA (x)	1.8	1.2	0.9	0.7	0.6

Source: Company data, Deutsche Bank estimates

## BHP Billiton (BLT.L) – A leading global resources company investing through the cycle on high returning projects

### Megatrend: Rising energy and commodity consumption

Analyst: Grant Sporre (+44) 20 754-58170

- **Investment case:** BHP Billiton, the world's largest mining group, was formed from the unification of Billiton Plc and BHP Ltd in June 2001. The merger has resulted in a group with a diverse asset base and strong pipeline of greenfield and brownfield projects, many of which are due to come on stream in the next few years. The group's operations are divided into seven customer sector groups (csg): aluminium, base metals, carbon steel materials (iron ore, coking coal and manganese), diamonds and specialty products (titanium and potash), energy coal, petroleum and stainless steel materials (nickel).



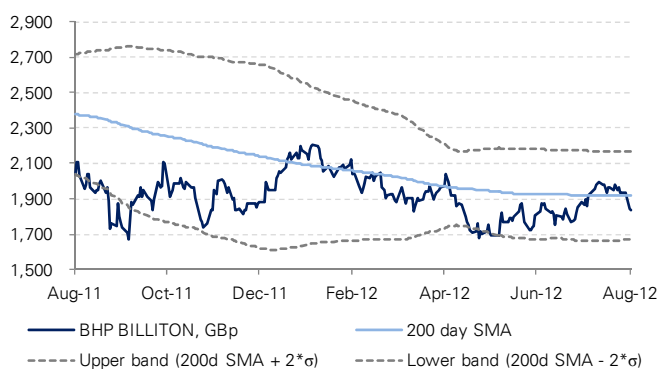
BHP Billiton has a significant number of growth options, both internally generated and those acquired through the acquisition of US shale gas assets. However, many of the options are greenfield in nature and are longer dated. The company had previously guided to c.USD20bn of capex per annum, but we expect the approvals of the mega minerals projects (the Outer Harbour iron ore project, Olympic Dam and Jansen Potash) to be delayed until 2H CY13 at the earliest. We believe BHPB is looking at a number of ways to re-engineer these longer dated Greenfield projects to deliver better returns.

Across the group, growth has been reprioritized, with the highest returning projects and the shortest lead times now favoured over the longer dated greenfields minerals projects. In the current environment, we believe this is a positive shift by management and will strike a chord with investors, emphasizing the "defensive" nature of the stock relative to peers. With H1 2012 results, BHPB have simplified their future growth strategy in our view, with a clear focus on higher returning +15% IRR projects. The low returning (c. 13% IRR) but "big" NPV, Outer Harbour and Olympic Dam projects (a combined USD60bn of capex) have been deferred, maybe indefinitely. We think this is positive from a risk and balance sheet flexibility perspective.

FY13 capex will increase to USD22bn with further spend on tight oil and projects in execution. As a result, debt could increase by USD5-8bn in FY13, but the balance sheet can absorb this. The clearer focus, combined with solid financials and strong cashflows rounds off a good FY'12. Buy at a 12m fwd target price of GBp 2,200 (c20% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** We value BHP based on DCF valuation at 1x NPV to set our price target. We value BHP using life of mine cash flows with a WACC of 8.88% (COE 11.4% - Rf 6%, Rp 4.5%; CoD 6.0% on a D/E of 35%; beta is 1.20). Our price target is set using a USD/GBP exchange rate of 1.55 and ZAR/USD of 7.67. Risks: variance in commodity prices/exchange rates, project timing.

Figure 32: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 33: Deutsche Bank forecast and ratios

BHP Billiton	2009	2010	2011	2012E	2013E
Sales growth (%)	-15.6	5.2	35.9	0.7	6.0
EBITDA margin (%)	44.4	46.4	51.7	46.7	43.1
EBIT margin (%)	36.3	37.3	44.6	37.7	33.4
EPS growth (%)	-30.1	16.4	82.0	-21.1	-5.9
Dividend yield (%)	3.8	3.0	2.8	3.6	3.9
Return on Equity (%)	15.0	28.8	44.9	25.1	22.9
P/E (x)	20.4	12.9	8.2	10.8	9.7
P/B (x)	3.1	3.0	3.7	2.3	2.1
EV/EBITDA (x)	5.5	6.7	5.3	5.6	5.5
Net debt / EBITDA (x)	0.3	0.1	0.2	0.7	0.8

Source: Company data, Deutsche Bank estimates



## Deutsche Post DHL (DPWGn.DE) – The world’s leading mail and logistics group

### Megatrend: Rising global integration

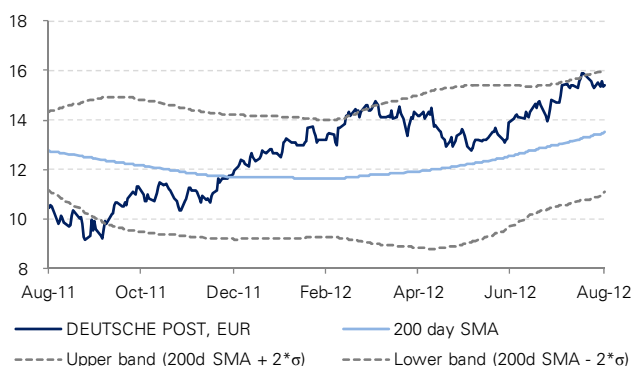
Analyst: Andy Chu (+44-20-754-77650)

- Investment case:** Deutsche Post DHL provides mail, express and logistics services. The company operates in more than 220 countries and has some 520,000 employees. It is the global market leader in express and logistics. Its aim is to offer its customers a global one-stop-shop service solution. Through acquisitions and organic investment, Deutsche Post DHL has transformed itself from a pure mail company into a global provider of international freight transportation and supply chain solutions. This one-stop-shop capability has allowed Deutsche Post DHL to provide a broader product offering than many peers and to extract significant economies of scale. Since the IPO in December 2000, the investment case has been clouded by expensive acquisitions, difficult integration and restructuring and structural headwinds in declining domestic mail volumes. The result of this was a lack of visibility on the financials. But we see significant changes under CEO Dr. Appel and CFO Larry Rosen, with underlying numbers in line with reported figures and, in our view, more clarity with mail profitability and cashflows.

We expect the investment case to focus on organic growth, improving margins in all DHL divisions, stability in mail profitability and cashflows, which should deliver consistent earnings momentum and unlock value for shareholders and as such we rate the stock Buy at a 12m fwd target price of EUR17 (c10% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** Our target price is based on a SOTP valuation. For mail, given more clarity around mail profitability and cashflows (e.g. growth in German parcels and stamp price increases), we value mail on a DCF basis, using a WACC of 8.5% and looking at cashflows into perpetuity at zero growth rates. For the express, freight forwarding and supply chain, we value these divisions relative to nearest peers K+N and Wincanton. We then deduct net debt, post tax pension provision and minorities to arrive at our equity valuation. Risks include 1) a failure to remove mail costs quickly, 2) difficulties in negotiating with mail labour unions, 3) increasing competition in the European Express market, 4) a weaker-than-expected macro-economic backdrop that will impact volumes in the DHL divisions significantly and 5) material acquisitions that fail to create shareholder value.

Figure 34: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 35: Deutsche Bank forecast and ratios

Deutsche Post DHL	2009	2010	2011	2012E	2013E
Sales growth (%)	-15.5	10.9	2.4	2.6	6.0
EBITDA margin (%)	6.4	6.5	6.8	7.3	6.9
EBIT margin (%)	0.5	3.4	4.4	4.9	4.8
EPS growth (%)	-27.7	71.8	-53.8	45.1	4.8
Dividend yield (%)	5.7	5.0	5.8	4.9	5.1
Return on Equity (%)	8.0	27.2	10.8	14.7	14.1
P/E (x)	19.9	6.1	12.5	11.1	10.8
P/B (x)	2.0	1.5	1.3	1.6	1.5
EV/EBITDA (x)	4.8	5.2	4.7	5.4	5.4
Net debt / EBITDA (x)	-0.5	-0.4	-0.3	-0.1	-0.1

Source: Company data, Deutsche Bank estimates



**Diageo (DGE.L) – Rock solid with more EM exposure than apparent**  
**Megatrend: EM consumer**

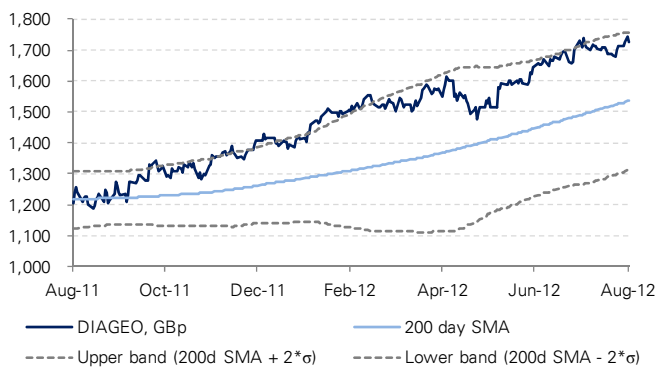
Analyst: Jamie Isenwater (+44-20-754-75170)

■ **Investment case:** Diageo is an international premium drinks company. It owns a collection of leading alcoholic beverage brands including Smirnoff, Johnnie Walker, Baileys, J&B, Captain Morgan, Cuervo, Tanqueray, Guinness and the Beaulieu and Sterling vineyards. When we upgraded Diageo to Buy in August 2011, our analysis showed that the gross margin had been diluted over time by the slower growth of its priority brands (strategic brands as they are now known). It was the initial signs that these were turning that gave us the confidence to upgrade and the performance of some of these key brands has accelerated. Although trends for Johnnie Walker have been strong for some time, performance has accelerated over the past twelve months at the same time that the mega-brands of Smirnoff and Captain Morgan have been completely rejuvenated. With the growth of the strategic brands driving group growth (the strategic brands grew volumes at twice the rate of the group as a whole) and gross margin now mixing higher, as long as Diageo can keep the top line growing at a healthy pace, the rest of the P&L should almost take care of itself. In this regard, the rapid growth of the emerging markets businesses bodes well for the sustainability of this performance longer term. As we wrote about recently, the market under-appreciates the EM assets of Diageo in our view, probably because they are not generally Chinese or Indian (or Cognac) (see *Diageo – More EM than you think*, published on 30 July 2012 for details).

For the third consecutive six-month period, Diageo delivered a 'perfect P&L' of mid single-digit organic sales growth and a rising gross margin to deliver high single-digit EBIT growth as well as higher A&P with H1 2012 results. At the bottom line, this translates into double-digit EPS growth and, if executed successfully, can be repeated for many years. We upgrade our high-end forecasts by c.1% and with valuation still supportive, Diageo remains a top pick in European Staples. Not only is Diageo's EM contribution to growth as high as almost anything in European Staples (c.40% of turnover grew sales by 15% and EBIT by 23%) but the diversity makes it less risky. Buy at a 12m fwd target price of GBP 1,900 (c10% upside relative to 31/08/2012 closing price).

■ **Valuation & Risks:** Our 1,900p target price remains DCF-based and uses a WACC of 8.9% (ERP 4.3%, Rf 5.5%, beta 0.9 and 5.0% COD) and terminal growth of 1.5%, which we believe reflects long-term consumption trends of international spirits. Key downside risks include excise tax increases, a renewed downturn in the US on-trade and value-destructive M&A.

Figure 36: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 37: Deutsche Bank forecast and ratios

Diageo	2009	2010	2011	2012E	2013E
Sales growth (%)	15.1	5.0	1.6	8.3	5.5
EBITDA margin (%)	28.9	30.1	29.7	33.2	34.2
EBIT margin (%)	26.0	26.3	26.1	29.3	30.4
EPS growth (%)	6.0	11.4	15.6	12.2	10.9
Dividend yield (%)	4.1	3.7	3.4	3.1	2.8
Return on Equity (%)	47.5	45.1	41.1	35.9	41.3
P/E (x)	13.9	15.7	15.4	17.9	16.7
P/B (x)	6.7	6.6	6.1	7.3	6.2
EV/EBITDA (x)	10.9	11.0	11.8	11.9	12.7
Net debt / EBITDA (x)	2.8	2.4	2.2	2.1	1.6

Source: Company data, Deutsche Bank estimates



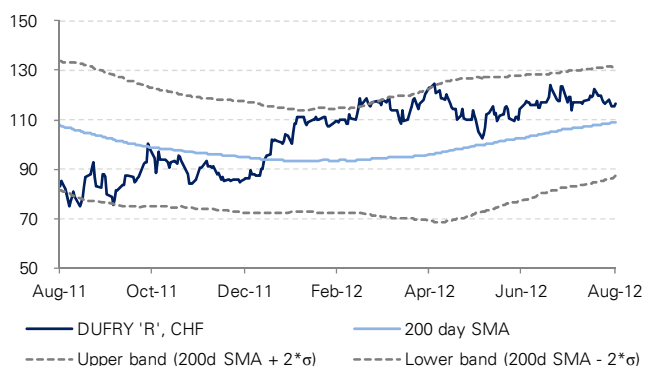
## Dufry (DUFN.S) – An attractive structural growth story with strong EM exposure

### Megatrend: Rising air traffic

Analyst: Charlie Muir-Sands (+44) 20 754-75749

- Investment case:** Dufry is a leading global travel retailer with operations in more than 40 countries operating more than 1200 shops located at airports, cruise liners, seaports, and other touristic locations. Dufry's portfolio is strongly geared to emerging markets, where the company generates around 60% of its sales and 75% of EBITDA. Medium-term growth at Dufry should be driven by annual passenger growth, increasing average spend per passenger through various marketing measures and by price increases. Furthermore, Dufry seems well positioned to gain further concessions and make acquisitions (acquisition synergies remain on track at an estimated USD25m by end 2013). Based on valuation and what we see as the company's attractive medium-term growth potential, we rate Dufry Buy at a 12m fwd target price of CHF 150 (c29% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** Our DCF analysis yields a valuation of CHF186/ share (9.7% WACC, 3.7% RFR, 7.4% ERP, 1.0 beta, 5% CoD, 2.5% nominal TGR). We apply a 20% discount (10% macro + 10% Brazil renewal uncertainty) to derive our CHF150 target price. Key downside risks: a slowdown/ decline in international air passenger numbers, CHF/USD appreciation, BRL/USD depreciation, acquisition integration.

Figure 38: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 39: Deutsche Bank forecast and ratios

DUFN.S	2009	2010	2011	2012E	2013E
Sales growth (%)	12.5	9.7	1.1	20.9	7.5
EBITDA margin (%)	12.0	12.5	13.0	15.3	16.1
EBIT margin (%)	6.9	7.6	8.1	10.1	11.1
EPS growth (%)	32.4	66.8	-2.5	48.4	21.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Return on Equity (%)	5.8	16.6	14.0	17.6	19.3
P/E (x)	21.5	19.9	23.7	18.8	14.2
P/B (x)	2.0	4.6	2.7	3.0	2.5
EV/EBITDA (x)	6.1	9.2	11.9	9.0	7.5
Net debt / EBITDA (x)	2.1	1.9	4.0	2.4	1.6

Source: Company data, Deutsche Bank estimates

## EADS (EAD.PA) – A global leader in aerospace, defence and related services

### Megatrend: Strong GDP growth in EM, rising air traffic

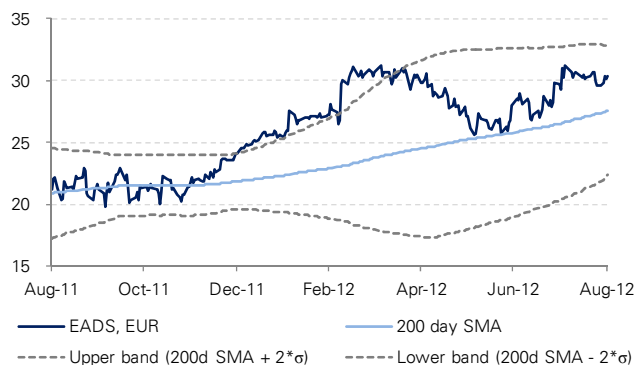
Analyst: Benjamin Fidler (+44-20-754-56727)

- Investment case:** EADS manufactures a broad range of aerospace and defence equipment. The company produces commercial aircraft, including Airbus and ATR, military fighter aircraft, military and commercial helicopters, missiles, space launchers & satellites and telecommunications and defence electronic systems. EADS also offers military and commercial aircraft conversion and maintenance services. EADS delivered an impressive set of Q2 results driven by a much stronger-than-expected performance at Airbus, increasing confidence in its long-term margin recovery potential. A E124m provision emerged to cover a three month slip to the A350. The good news is that this was lower than forecast and now removes the risk overhang on A350 for the next few quarters. In the face of a weakening euro, with OE cycle dynamics still looking well underpinned and Airbus' margin recovery underway, we maintain our Buy at a 12m fwd target price of EUR38 (c25% upside relative to 31/08/2012 closing price).



- Valuation & Risks:** With its sizeable backlog visibility, evidence now building for the margin recovery story at Airbus, attractive 2013 valuation and with the euro weakness providing a further help to enhance the long-term margin potential, EADS remains our top pick in the sector. Our SOTP and through cycle PER derived target price of EUR38 is based on a EUR/USD rate of 1.23. Key risks: euro strengthening vs. USD, dislocation in aircraft financing markets, economic growth.

Figure 40: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 41: Deutsche Bank forecast and ratios

EADS	2009	2010	2011	2012E	2013E
Sales growth (%)	-1.0	6.8	7.4	11.7	3.7
EBITDA margin (%)	3.5	6.1	7.3	7.5	9.9
EBIT margin (%)	-0.8	2.7	3.5	3.9	6.3
EPS growth (%)	NA	NA	77.5	-15.3	107.0
Dividend yield (%)	0.0	1.3	1.5	2.0	2.6
Return on Equity (%)	-7.1	5.7	11.7	12.7	21.2
P/E (x)	NM	24.3	23.9	21.3	11.4
P/B (x)	1.1	1.6	2.8	2.6	2.2
EV/EBITDA (x)	8.1	5.1	7.3	6.7	4.9
Net debt / EBITDA (x)	-1.2	-0.3	-0.1	0.2	0.2

Source: Company data, Deutsche Bank estimates

### Gemalto (GTO.PA) – Growth drivers paying off for a world leader in Digital Security Megatrend: New global technologies

Analyst: Johannes Schaller (+49-69-910-31731)

- Investment case:** Gemalto is the global leader in smartcards (35% market share) and digital security. Its core capabilities are security software development, personalization and manufacturing of smartcards as well as (remote) card and content management services. End markets include mobile SIM cards for phones, bank/credit cards, secure access cards (for buildings, public transport, etc.), ePassports and industrial applications. We view Gemalto as a quality growth stock to play several mobile & payment security trends: 1) mobile payments/NFC, 2) global 4G/LTE mobile network migration, 3) US migration to high-security chip-based (EMV) payment cards. Its market-leading position in smartcards, security software and services should enable it to drive expected 11% 2011-14E revenues & 20% EPS CAGR, among the highest in European Technology.

In previous research we highlighted that LTE and NFC are the key growth drivers for Mobile Communication revenues and profits (~50% of group revenues) and these growth drivers are starting to drive meaningful margin accretion and earnings momentum. To summarise our view: New LTE & NFC SIM cards carry higher ASPs of up to E4 and gross margins of 50-60% vs. current/legacy products at E0.2 to 1 and 10-40% respectively. This is substantially above the group gross margin average of ~38% and our smartcard ASP estimate of E0.8. Although ASPs will decline over time as volumes ramp, these new products should gain a higher share of the sales mix over time vs legacy products and positively contribute to Gemalto's gross margin profile. We also note management's comments on the H1 call that ASP declines for new products will likely not be an issue for at least 1-2 years. This confirms our view that competition in these products is still limited and Gemalto has built a sustainable technology leadership here with >50% market share.

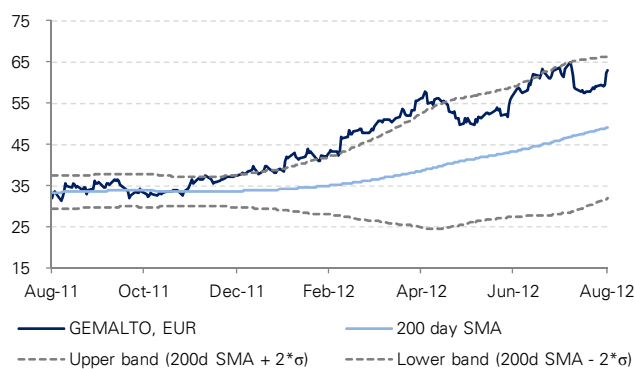




We expect strong LTE and NFC momentum to continue and currently model revenues from both product categories (incl. Trusted Service Management) to account for ~9% of FY12e revenues, up from ~3% in FY11. We rate Gemalto Buy at a 12m fwd target price of EUR75 (c19% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** Our price target is based on two approaches: 1) Applying a PEG of 1x to 2013e EPS (i.e.  $\sim 20x = E75$ ). 2) A DCF valuation that reflects Gemalto's strong LT growth prospects and healthy FCF generation derives a E75 fair value (WACC 8.5%, 3.5% rfr, beta 1, 5% erp, 2% terminal growth). Key risks include: slower adoption of new technologies by customers, Chinese competitors catching up and M&A.

Figure 42: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 43: Deutsche Bank forecast and ratios

Gemalto	2009	2010	2011	2012E	2013E
Sales growth (%)	-7.1	19.4	7.4	8.5	11.0
EBITDA margin (%)	13.6	13.4	13.6	14.7	17.1
EBIT margin (%)	8.6	8.8	9.2	10.4	12.4
EPS growth (%)	0.2	40.7	-0.7	23.1	22.0
Dividend yield (%)	1.0	0.9	0.9	0.6	0.8
Return on Equity (%)	8.5	10.9	9.7	10.4	13.0
P/E (x)	18.3	15.9	18.1	28.7	20.8
P/B (x)	1.8	1.7	1.8	2.8	2.5
EV/EBITDA (x)	8.0	9.4	9.2	15.0	11.1
Net debt / EBITDA (x)	-1.8	-0.9	-1.1	-1.2	-1.2

Source: Company data, Deutsche Bank estimates

## Henkel (HNKG\_p.DE) – A world market leader in adhesives, sealants and surface treatments for consumers, craftsmen and industrial applications

### Megatrend: EM consumer, strong GDP growth in EM

Analyst: Harold Thompson (+44- 20-754-51886)

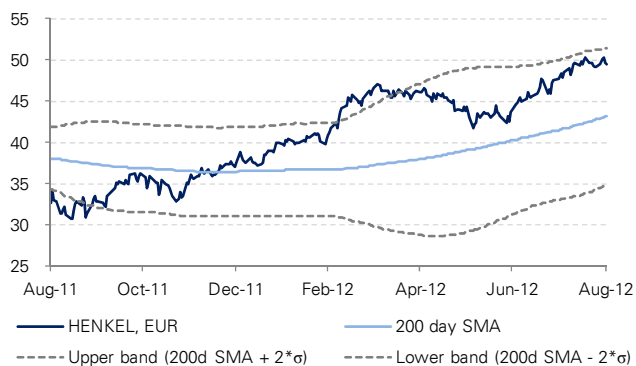
- Investment case:** Henkel is a balanced consumer and industrial conglomerate. Just over half group turnover comes from home and personal care products and just under half from industrial and consumers adhesives products. With margins across both segments similar over the economic cycle, the profit split closely matches the sales split. In the HPC space, the group mainly focuses on laundry products with its Persil and Purex brands, whilst in cosmetics it focuses on hair care with its Schwarzkopf brand. In adhesives, Henkel is by far and above world leader with such brands as Loctite and Teroson. Its adhesives consumers are mainly found in the automotive, electronic, packaging and construction industries worldwide. Henkel is coming to the end of a four-year business plan and likely to have achieved (or exceeded) all their targets. The key now is to see what the next four-year business plan could bring and value its outcome. Our analysis of what they have achieved gives us much greater confidence that the next targets, whether scripted in margin or earnings terms, can bring more opportunities. We estimate that despite major input cost headwinds, Henkel will have managed to improve underlying gross margins by 560bp, a major achievement. For them to increase margins by another 200bp is not that ambitious and therefore see a group margin target of 16% by the end of 2016 as within easy reach. This should drive significant profit and FCF growth and thus offer significant TSR (see "European HPC – Two German Beauties: Upgrading Henkel to Buy, published on 27 August 2012). Buy at a 12m fwd target price of EUR75 (c25% upside relative to 31/08/2012 closing price).





- Valuation & Risks:** Given Henkel's steady but growing cash flows over the long term, we favour DCF methodology as our valuation tool. We also reflect our DCF outcome against traditional multiple valuation. Our Henkel DCF-derived target price is based on 4% pa mid-term cashflow growth fading to 1.5% pa long-term growth. This is based on our growth analysis of Henkel's three divisions. We also assume a WACC of 8.7% (based on a levered Beta of 1.08, equity risk premium 4.3% and risk free rate of 5.0%--as we do for all HPC companies). The key risk is failure to achieve the 2012 margin progression, something the market is focused on.

Figure 44: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 45: Deutsche Bank forecast and ratios

Henkel	2009	2010	2011	2012E	2013E
Sales growth (%)	-3.9	11.2	3.4	7.4	6.0
EBITDA margin (%)	14.4	15.5	15.6	16.4	17.0
EBIT margin (%)	10.0	12.3	13.0	14.0	14.5
EPS growth (%)	-13.0	48.1	11.4	20.1	12.5
Dividend yield (%)	2.0	1.7	1.8	1.5	1.7
Return on Equity (%)	8.3	15.0	14.4	16.5	15.9
P/E (x)	20.3	16.1	16.3	17.0	15.4
P/B (x)	2.4	2.6	2.2	2.6	2.3
EV/EBITDA (x)	7.2	8.1	8.3	9.4	8.0
Net debt / EBITDA (x)	1.5	1.1	0.8	0.5	0.0

Source: Company data, Deutsche Bank estimates

## Hexagon (HEXAb.ST) – A global market leader in metrology equipment and software

### Megatrend: EM infrastructure investments

Analyst: Johan Wettergren (+46-8-4635-518)

- Investment case:** Over the past eight years, Hexagon has gone through a major re-positioning – from having been a Nordic-based conglomerate with 24 strategic businesses to a truly global, focused and high-growth technology-driven engineering group. Today, and following the spin-off of Polymers in June 2008, the company comprises one core activity: measurement technologies, which is the global market leader in metrology equipment, services and software. Although the uncertainty is currently exceptionally high regarding the short-term demand situation, we regard Hexagon as a highly attractive longer-term growth story. Not only do we expect solid growth in coming years, driven mainly by continued strong underlying markets together with further synergies from concluded acquisitions, but also see good opportunities for further value-enhancing acquisitions. We see good total shareholder return over the next 12 months: Buy at a 12m fwd target price of SEK155 (c17% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** Although we acknowledge the high macro risk currently prevailing and the now relatively limited 11% upside to our target price, we maintain Buy as we continue to like the structural growth characteristics of the business combined with the ongoing mix shift towards more software sales. Our target price of SEK155 is derived using a multiple approach in which we have applied 14.5x 2013E EPS. Downside risks relate mainly to the cycle, currency and M&A execution risks.



Figure 46: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 47: Deutsche Bank forecast and ratios

Hexagon	2009	2010	2011	2012E	2013E
Sales growth (%)	-26.4	33.2	46.4	12.0	8.3
EBITDA margin (%)	20.0	16.3	24.6	24.9	25.9
EBIT margin (%)	13.5	10.2	19.9	20.3	21.6
EPS growth (%)	-34.7	24.3	40.0	19.2	17.8
Dividend yield (%)	1.8	1.2	1.8	2.4	2.8
Return on Equity (%)	10.2	5.3	12.6	13.4	14.4
P/E (x)	14.3	42.9	16.6	14.3	13.3
P/B (x)	2.3	2.3	1.6	2.0	1.8
EV/EBITDA (x)	11.5	23.6	12.5	11.1	10.3
Net debt / EBITDA (x)	3.8	7.5	3.3	2.6	2.0

Source: Company data, Deutsche Bank estimates

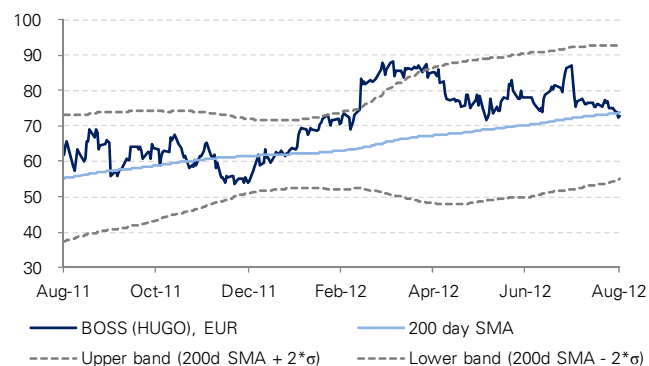
### Hugo Boss (BOSSn.DE) – Following the luxury blueprint via a retail-led strategy

#### Megatrend: EM consumer and strong brands

Analyst: Warwick Okines (+44-20-754-58546)

- Investment case:** Hugo Boss is a premium/luxury global apparel brand. It targets different consumer segments through a number of labels: Boss Black (67% sales), Boss Selection (its Luxury offer, 3%), Boss Orange, Boss Green and Hugo. These cover an extensive range of business & evening wear (60% sales), casualwear & sportswear (30%), and shoes & leather accessories (10%). In addition to 700 retail locations and a large wholesale network, Hugo Boss licenses include perfumes, eyewear, watches and childrenswear. Hugo Boss has fundamentally reshaped itself in the past few years, which has led to a significant increase in profitability and return on capital. We believe the brand's prospects are encouraging for the next few years. Our investment thesis is based on the following points: 1) retail-led strategy is still in its infancy; supported by its infrastructure project ("D.R.I.V.E.") we see scope to raise the sales mix of retail and to improve retail disciplines, 2) significant geographic opportunities, especially in China and the US and 3) category expansion, which is beginning to show some encouraging signs. Buy at a 12m fwd target price of EUR95 (c29% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** We set our target price based on DCF (WACC 9.3%, 2.2% long-term nominal growth), our preferred valuation methodology. The key risk is execution of what appears on paper to be an exciting margin expansion opportunity.

Figure 48: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 49: Deutsche Bank forecast and ratios

Hugo Boss	2009	2010	2011	2012E	2013E
Sales growth (%)	-7.4	10.7	19.0	12.5	8.5
EBITDA margin (%)	17.1	20.2	22.8	22.7	23.1
EBIT margin (%)	12.7	16.0	19.2	19.2	19.7
EPS growth (%)	-1.5	43.7	45.4	13.6	12.5
Dividend yield (%)	5.8	6.9	5.0	4.8	5.4
Return on Equity (%)	48.8	67.5	67.5	57.7	53.3
P/E (x)	11.6	11.0	14.1	15.6	13.9
P/B (x)	6.9	10.1	7.8	8.3	6.9
EV/EBITDA (x)	3.5	3.4	4.5	9.9	8.8
Net debt / EBITDA (x)	1.4	0.6	0.3	0.2	0.1

Source: Company data, Deutsche Bank estimates



**Lanxess (LXSG.DE) – Leader in specialty chemicals backed by organic growth story**  
**Megatrend: EM Consumer, traffic**

Analyst: *Martin Dunwoodie (+44-20-754-72852)*

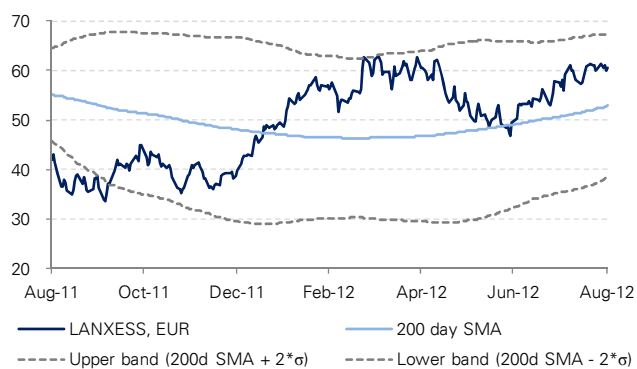
- Investment case:** Lanxess is an international chemical company manufacturing specialty chemicals, polymers (butyl rubber, performance butadiene rubber, technical rubber products and engineering plastics) and intermediates (high quality industrial chemicals and products for the agrochemical and pharma industries). The business is split into three main divisions, being Performance Polymers, Advanced Intermediates and Performance Chemicals. The majority of group profit comes from Performance Polymers, which is predominantly active in rubber for tyres and to a lesser extent, engineering plastics. The biggest markets for Lanxess are in chemistry, tyres and automotive transportation, which in total account for just over 50% of sales.

Lanxess has benefited from a recovery in end markets following the severe downturn in 2008-09 and has moved from restructuring and recovery to structural growth driven by increased demand for performance rubber. 2012 is likely to be a year of modest growth but we see a strong organic growth story in 2013 supported by new capacity in butyl in Singapore, which is tax free for several years. There are also structural growth drivers coming from tyre labelling legislation, which we see driving demand for the higher performance rubber that Lanxess produces.

Management reiterated FY 12 guidance of underlying EBITDA to increase 5-10% year-on-year, implying E1200m to E1260m. They expect H2 12 at a similar level to H2 11 (note this includes E30m of preparation costs mainly in Q4 for the Singapore butyl plant). Management has further highlighted that they remain on track to achieve the 2015 target of E1.4bn EBITDA. Organic growth plans remain on track and there will be detailed information on these plans in their forthcoming Capital Market Day in September. We see value and have a Buy recommendation at a 12m fwd target price of EUR78 (c29% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** We value Lanxess using a DCF (WACC 8.3%, CoE 9.4%, CoD 4.6% and terminal growth 2.5%). Downside risks include a sharp increase in raw material costs, declines in auto production or delayed purchases of replacement tyres, US dollar/euro weakness and potentially large, value-diluting acquisitions.

Figure 50: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 51: Deutsche Bank forecast and ratios

Lanxess	2009	2010	2011	2012E	2013E
Sales growth (%)	-23.1	40.8	23.2	5.3	5.3
EBITDA margin (%)	8.3	12.3	12.2	13.4	14.0
EBIT margin (%)	2.9	8.5	8.8	9.5	10.1
EPS growth (%)	-69.4	328.4	36.6	5.0	13.7
Dividend yield (%)	2.7	1.8	1.7	1.4	2.0
Return on Equity (%)	2.8	23.9	26.6	25.2	23.3
P/E (x)	38.7	8.5	8.1	8.6	7.6
P/B (x)	1.5	2.8	1.6	2.0	1.6
EV/EBITDA (x)	6.7	5.3	5.7	5.6	4.8
Net debt / EBITDA (x)	2.0	1.1	1.5	1.2	0.8

Source: Company data, Deutsche Bank estimates



**Linde (LING.DE) – A world leading supplier of industrial, process and speciality gases**  
**Megatrend: Strong GDP growth in EM**

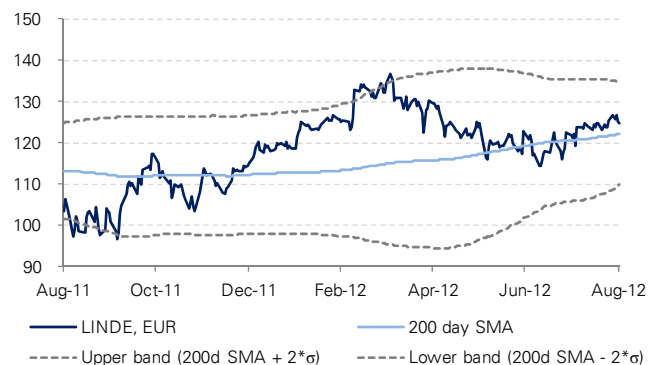
Analyst: Tim Jones (+44-20-754-76763)

■ **Investment case:** Linde is No.2 globally in industrial gases (market share 22%). It offers leading positions in most EM (40% of gas sales) and is well-positioned for “mega energy” opportunities, in our view. Linde is a market leader in the gas business in four out of five growth markets, namely EMEA, Greater China, South and East Asia and South Africa. Its gas products are used across a wide range of customer bases, including chemicals, oil/refining, medical, electronics, consumer, metals and environmental. Leading exposures to key growth applications, such as hydrogen, healthcare, energy trends and EM (China, Middle East), remain supportive. The industry also offers very high barriers to entry and is consolidated – the top five players have 76% global market share, but in any local market one player tends to have a dominant share – as this is a “global but local” market. The company also has a leading engineering business involved in constructing plants in the oil and chemical industries (such as olefins, natural gas, air separation and hydrogen plants). With growing complexity in the on-site business, engineering is increasingly important and supports the strong on-site order book – this should ensure at least 8% annual gas sales growth in the coming years. With global energy requirements growing, the key challenge will be to secure future energy supplies while protecting the environment.

This has led to research into exploring new sources of energy that could substantially change the current energy mix (which is heavily focused on non-renewable sources) to more sustainable energy sources (e.g. solar power, wind energy etc.), which could meet the future energy requirement over a longer period of time in an environmentally friendly manner. Industrial gases are leveraged to many of the new energy drivers. The advent of new energy sources alongside the constant drive towards cleaner fuels and reduced emissions is creating massive opportunities for the industrial gas industry, where Linde should be a key beneficiary (most of these will have a material impact in the coming 5-10 years). Buy at a 12m fwd target price of EUR153 (c22% upside relative to 31/08/2012 closing price).

■ **Valuation & Risks:** We set our target price using DCF (TGR 3%, WACC 8.1% – in line with peers) and a SOTP model that uses peer group multiples. Risks include weaker global GDP, a lack of cost cutting/efficiencies from the HPO program, FX and aggressive competition from peers for new on-site contracts.

Figure 52: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 53: Deutsche Bank forecast and ratios

Linde	2009	2010	2011	2012E	2013E
Sales growth (%)	-11.5	14.8	7.1	9.2	14.7
EBITDA margin (%)	21.3	22.7	23.3	23.4	23.9
EBIT margin (%)	10.4	13.0	13.9	14.2	14.8
EPS growth (%)	-16.2	49.6	12.3	8.9	14.3
Dividend yield (%)	2.8	2.4	2.2	2.2	2.6
Return on Equity (%)	7.1	10.3	10.5	10.4	10.8
P/E (x)	18.6	15.7	16.3	17.0	15.0
P/B (x)	1.6	1.8	1.7	1.7	1.6
EV/EBITDA (x)	7.2	7.2	7.5	8.5	7.4
Net debt / EBITDA (x)	2.6	1.9	1.8	2.4	1.9

Source: Company data, Deutsche Bank estimates



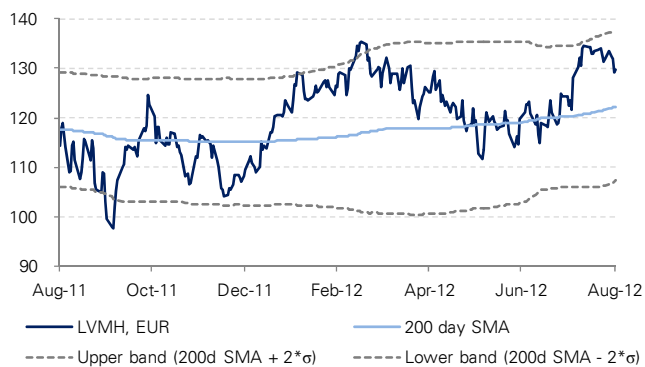
## LVMH (LVMH.PA) – A leader in the luxury sector driven by structural growth

### Megatrend: EM consumer and strong brands

Analyst: Warwick Okines (+44-20-754-58546)

- Investment case:** In our view, LVMH is one of the most attractive, diversified and defensive plays in the luxury sector, which itself is enjoying structural growth from a new Asian consumer base. With strong pricing power, c.55% group profits coming from Louis Vuitton, strong sales momentum and trading on average valuation multiples, we believe LVMH is well positioned for 2012. In addition, through its 21.4% holding in Hermes and deal with Bulgari, LVMH has a clear strategic direction based around unique assets and is showing itself to be a leader in luxury sector consolidation. Buy at a 12m fwd target price of EUR140 (c8% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** LVMH trades on a CY12 PE of 17.1x and CY13 of 15.2x, in line with the European luxury sector (ex Hermes). We believe its balanced growth and defensive qualities should support a premium to the sector at this stage in the cycle. Our LVMH target price of E140 remains based on an average of SOTP and DCF valuations. Risks: like all of its luxury peers, LVMH is highly dependent on buoyant economic growth, on geopolitical stability, growing global wealth and supportive feel-good factors. However, the key stock-specific downside risks include a top-line deceleration at LV and a strengthening of the euro (its reporting and manufacturing base currency) versus the US dollar and the Japanese yen.

Figure 54: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 55: Deutsche Bank forecast and ratios

LVMH	2009	2010	2011	2012E	2013E
Sales growth (%)	-0.8	19.2	16.4	19.3	7.9
EBITDA margin (%)	22.7	24.4	25.5	24.6	25.2
EBIT margin (%)	18.5	20.5	21.8	20.9	21.5
EPS growth (%)	-13.2	71.0	-1.5	17.3	12.4
Dividend yield (%)	2.8	2.2	2.3	2.2	2.3
Return on Equity (%)	13.2	19.6	15.5	15.6	16.0
P/E (x)	16.2	15.2	18.5	17.8	15.8
P/B (x)	2.7	3.4	2.4	2.7	2.4
EV/EBITDA (x)	8.4	10.0	10.3	10.1	8.9
Net debt / EBITDA (x)	0.9	0.6	0.8	0.6	0.3

Source: Company data, Deutsche Bank estimates

## MTU (MTXGn.DE) – An established global player in the engine industry

### Megatrend: Strong GDP growth in EM, rising air traffic

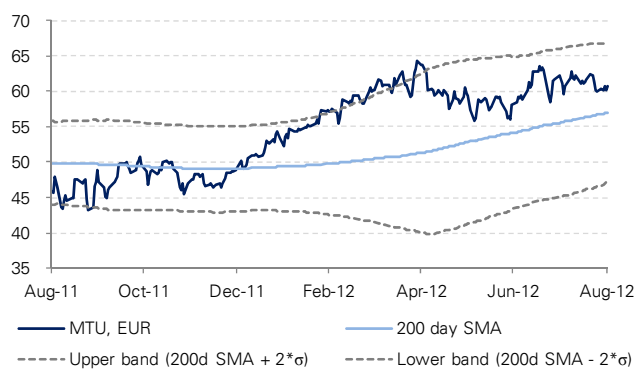
Analyst: Benjamin Fidler (+44-20-754-56727)

- Investment case:** MTU is a leading manufacturer of aero-engine modules and complete aero-engines in the civil and military aerospace industry. MTU is also a leading player in the repair and overhaul of civil and military aircraft engines. MTU continues to offer a highly appealing route, in our opinion, to play the recovery theme in commercial aero aftermarket, which represents 65-70% of MTU sales. With 2011 seeing first deliveries on GenX and further progress on Geared Turbofan likely as A320neo orders flow in, the market should in our view increasingly come to appreciate the better than generally perceived structural growth enhancements these two new engine programs have brought to MTU longer term. Buy at a 12m fwd target price of EUR68 (c12% upside relative to 31/08/2012 closing price).



- Valuation & Risks:** We maintain unchanged our SoP and through cycle PER-derived TP of E68. This continues to be based on an FX rate of 1.31 in line with the rest of the sector. It is worth noting that MTU's valuation sensitivity to FX is high. Key to further progress in MTU shares will depend upon E:\$ rates remaining at current levels or better and improved confidence / evidence of spares recovery at OEM emerging through H2. Key risks – weaker-than-expected economic growth, strengthening in Euro vs. the USD.

Figure 56: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 57: Deutsche Bank forecast and ratios

MTU	2009	2010	2011	2012E	2013E
Sales growth (%)	-3.9	3.5	8.2	19.2	9.2
EBITDA margin (%)	12.5	13.1	12.9	12.1	12.8
EBIT margin (%)	9.4	9.9	9.7	9.3	10.1
EPS growth (%)	-12.6	7.8	2.4	12.5	23.9
Dividend yield (%)	3.5	2.5	2.4	2.1	2.4
Return on Equity (%)	21.0	18.8	18.6	18.4	17.6
P/E (x)	9.4	14.9	15.2	15.5	12.9
P/B (x)	2.6	3.1	2.7	2.5	2.1
EV/EBITDA (x)	5.7	7.3	7.5	9.3	8.0
Net debt / EBITDA (x)	0.5	0.2	0.1	1.1	0.9

Source: Company data, Deutsche Bank estimates

### Outotec (OTE1V.HE) – A global leader in minerals and metals processing technology

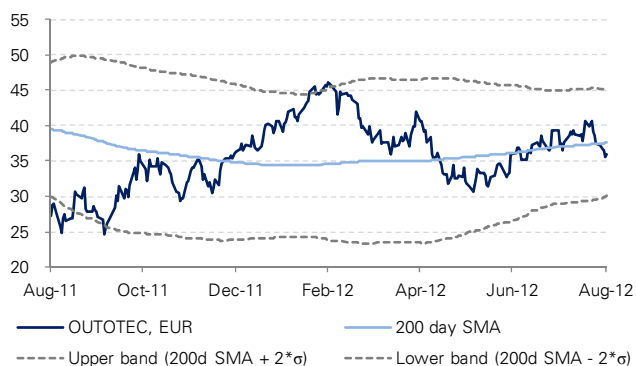
#### Megatrend: Scarcity of commodities

Analyst: Johan Wettergren (+46-8-4635-518)

- Investment case:** Outotec supplies technologies for mineral and metal industries. It has three divisions: Mineral Processing, Base Metals and Metals Processing. The Mineral Processing division provides whole concentrator plants, process solutions, proprietary technology and services for the minerals processing. The Base Metals Division offers proprietary technologies and special equipment for the processing of base metal concentrates to pure metals and for the production of ferrochrome from chromite ore. The Metal Processing division provides technologies for the iron, steel and aluminium industries, as well as sulphuric acid plants, off-gas technologies and roasting plants. Outotec is almost a pure play on the highly cyclical mining sector capex. The mining equipment market has picked up as a result of the macro-economic recovery and high metal prices. We expect Outotec's order intake to stabilise at a high level and this supports quick sales growth at least until 2013. Furthermore, Outotec's asset-light model, combined with negative working capital, should lead to strong cash flow when the company is growing. However, we think Outotec's stock valuation does not reflect these positives. Outotec upgraded its 2012 guidance on good project revenue recognition; the new guidance is for sales between E1.8-2.0bn (from sales E1.7-1.9bn) and EBITA % in the range of 9-10%. We upgrade our 2012-14 estimates based on the stronger- than-expected sales and orders and faster-than-expected project completion with 2012-13 EPS increasing by 4% and 2014 by 6%. Buy at a 12m fwd target price of EUR48 (c34% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** Our target price of E48 is based on a 2013E EV/EBITA of 9x, at a discount to 2012E EV/EBITA (to reflect prepayments) of the mining-exposed peer group. We believe looking one year forward is justified because Outotec is a late-cycle play. Main risks relate to volatility in mining capex and project execution (key especially in large projects).



Figure 58: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 59: Deutsche Bank forecast and ratios

Outotec	2009	2010	2011	2012E	2013E
Sales growth (%)	-27.9	10.5	42.9	39.8	4.0
EBITDA margin (%)	8.0	6.2	9.5	10.8	10.6
EBIT margin (%)	6.7	4.3	8.1	9.1	9.6
EPS growth (%)	-51.8	-26.2	132.3	61.9	-0.4
Dividend yield (%)	4.0	0.0	0.0	2.4	2.5
Return on Equity (%)	15.3	7.8	21.0	27.9	25.1
P/E (x)	18.4	50.3	20.9	13.2	12.1
P/B (x)	3.5	5.8	4.2	3.3	2.8
EV/EBITDA (x)	8.0	18.3	10.0	5.7	5.9
Net debt / EBITDA (x)	-2.6	-3.3	-2.6	-2.2	-1.7

Source: Company data, Deutsche Bank estimates

### Prysmian (PRY.MI) – A leading global player in the industry of high-technology cables and systems for energy and telecommunications

#### Megatrend: Rising global integration, new global technologies

Analyst: Frederic Caumon (+33-1-44 95 66 31)

- Investment case:** Prysmian is a leading global player in the industry of high-technology cables and systems for energy and telecommunications. The company is the market reference in submarine, underground cable interconnections as well as telcos cables. Prysmian main assets were part of Pirelli group, which exited the company in 2005. Prysmian is No.1 in the global cable industry with a large presence in Western Europe and Latin America and with a growing presence in the Middle East and Asian markets. The company has virtually 100% free-float after the last disposal of Goldman Sachs. Prysmian's integration with Draka should transform the company into the global leading cable company and possibly the most profitable and efficient player as well. We see tremendous opportunities from this deal as the two companies are very complementary. We see this deal done at a very good price and at the right time (at the cycle trough). We view the announced cost synergies as conservative (E100m in three years and E150m in five years).

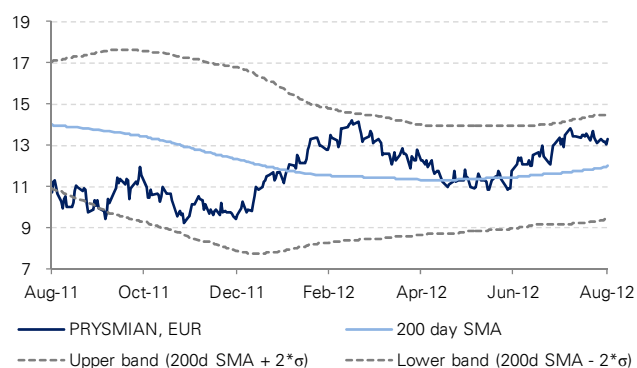
The improvement in the business trends already seen in recent quarters coupled with the upside potential from the integration drives a very compelling story. We see the stock as very attractive and fully ignoring the brighter picture from 2013. Based on all these arguments, we rate the stock Buy at a 12m fwd target price of EUR 18 (c35% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** We value the stock using our industry target of 10x 2012e EV/EBIT, yielding an equity target of E3.8bn and our E18.0 target price. Prysmian now trades on 6.9x EV/adjusted EBIT 2012e. The key risks are 1) litigation from EU, Australian, US, Canadian or Brazilian antitrust authorities, 2) increasing competition and rising raw material prices and 3) a stronger-than-expected economic slowdown.





Figure 60: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 61: Deutsche Bank forecast and ratios

Prysmian	2009	2010	2011	2012E	2013E
Sales growth (%)	-27.7	25.9	70.5	5.6	8.6
EBITDA margin (%)	9.9	7.8	3.5	7.0	8.2
EBIT margin (%)	10.4	6.3	0.5	5.4	6.6
EPS growth (%)	-38.3	-19.2	31.9	22.2	35.5
Dividend yield (%)	3.9	1.3	1.4	2.0	2.9
Return on Equity (%)	44.8	19.1	-12.3	23.5	28.3
P/E (x)	7.7	17.5	NM	10.6	7.1
P/B (x)	3.3	3.1	2.0	2.3	1.8
EV/EBITDA (x)	6.5	7.8	13.3	6.3	4.9
Net debt / EBITDA (x)	1.4	1.3	3.7	1.6	1.2

Source: Company data, Deutsche Bank estimates

## Qiagen (QGEN.OQ) – The leading global provider of sample and assay technologies

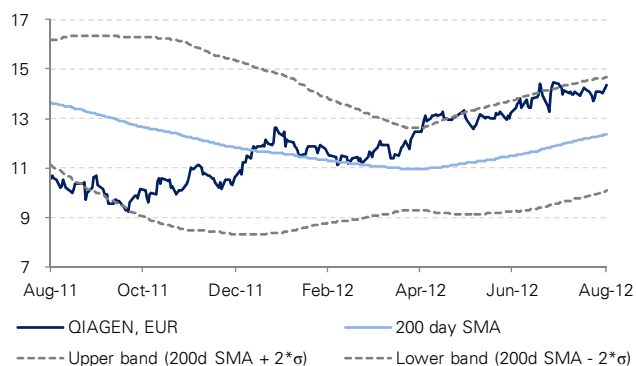
### Megatrend: Rising demand for diagnostics

Analyst: Holger Blum (+41-44-227-3376)

- Investment case:** QIAGEN was founded in 1984 as spin-off of the University of Düsseldorf. Since then, the company has developed into what is today the world's leading provider for innovative sample and assay technologies for research in molecular diagnostic, applied testing, pharma and academic research. With more than 3000 employees in over 30 locations, Qiagen markets more than 500 consumable products and automated solutions. Today, Qiagen is the leading provider of sample and assay technologies and enjoys substantial growth breaking into emerging molecular diagnostics markets. Qiagen is primarily a molecular diagnostics company selling to hospitals, reference labs, applied testing markets, pharma, biotech and life science research. Difficult market conditions keep organic growth below historic levels, which explains lower valuation than in the past. Based on improving sales momentum and industry consolidation, we see re-rating potential for the shares over the next 12 months. Qiagen raised its sales guidance to 8-9% CER growth (6-8% previously). The difference mainly stems from USD12m estimated revenues contribution from the acquired Amnisure test for rupture of membranes in pregnant women (as of May 2012). On the adj. EPS level, the company raised its target range by 1c to USD1.04-1.06 (Deutsche Bank est. USD1.04, Vara consensus USD1.05). Given 1c dilution from the IBS acquisition, the upgrade reflects 2c better underlying performance. Note that this guidance neither includes the potentially negative impact from extending the debt maturity profile nor the positive impact from a potential share buyback (up to USD100m or 2.5% of capital). We expect both effects to neutralize each other on the EPS level. Buy at a 12m fwd target price of USD21 (c18% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** Our target price is based on Qiagen trading at a 10% discount to its historic trailing P/E ratio of 22.5x (based on our 2012 EPS forecast). Our price target is also backed by a DCF model assuming just 2% terminal growth and WACC of 8.7% (beta 1.0, risk-free rate 4%, equity risk premium 5.5%). The principal downside risks to our Buy recommendation are weakening end-user demand, which can be a result of fewer doctor visits and diagnostic testing demand. The recession might reduce public research budgets and stimulus package benefits might not be fully implemented. Qiagen's most important HPV test might face tougher competition and its pipeline projects might face delays. There is also integration risk from new acquisition or the risk that growth targets cannot be met.



Figure 62: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 63: Deutsche Bank forecast and ratios

Qiagen	2009	2010	2011	2012E	2013E
Sales growth (%)	13.1	7.7	7.6	3.9	4.4
EBITDA margin (%)	29.8	30.5	22.8	26.1	29.4
EBIT margin (%)	17.8	17.3	8.5	14.9	18.6
EPS growth (%)	16.9	-0.9	5.9	6.5	13.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Return on Equity (%)	7.4	6.1	3.8	5.1	6.5
P/E (x)	29.2	33.9	43.1	31.6	23.4
P/B (x)	2.0	1.9	1.3	1.6	1.5
EV/EBITDA (x)	13.3	14.6	16.2	13.7	11.3
Net debt / EBITDA (x)	0.3	-0.2	0.6	0.2	-0.2

Source: Company data, Deutsche Bank estimates

### Safran (SAF.PA) – A leading high-tech company in aerospace, defence and security

#### Megatrend: Strong GDP growth in EM, rising air traffic

Analyst: Milene Kerner (+33-1-4495-6585)

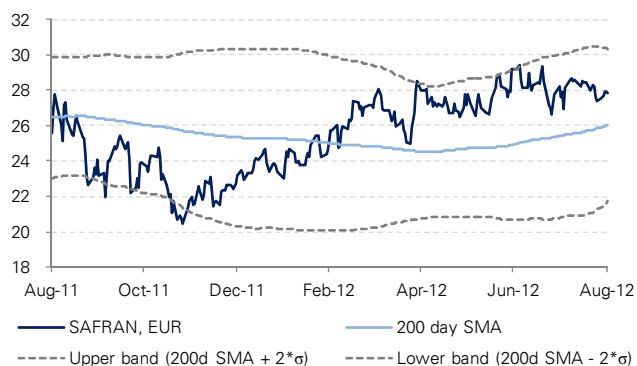
- Investment case:** SAFRAN is the new group resulting from the merger between Sagem and Snecma. SAFRAN has now four core businesses: aerospace propulsion, defence and security, aerospace equipment and communications. We estimate that Safran offers 30% compound annual EPS growth to 2013, driven by recovery in the CFM56 aftermarket – the single biggest driver of Safran's earnings and value – which appears set to emerge from 2013, together with an FX tailwind and recovery at nacelle and landing gear activities.

We upgraded the stock to Buy in April 2012, arguing the key issue necessary to drive the share price further remains a return to stronger spares growth at CFM. We expect the scale of the rebound for CFM spares to remain modest in 2012, with 9% CFM aftermarket likely this year, before a full rebound in 2013, when we expect double-digit growth could emerge. This view is backed by our analysis of CFM spares vs. deliveries lagged by eight to ten years (see *Safran – Upgrading to Buy*, published on 20 April 2012 for details). Buy at a 12m fwd target price of EUR30 (c8% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** Although there is a need for ongoing caution over the short-term aftermarket, Safran CFM56 spares has started to show improved momentum vs. engine manufacturer peers this year. This should accelerate in 2013, driven by the increase in CFM56 engines delivered between 2003 and 2005, which are now likely to receive their first overhaul. This should continue to support our estimate of 21% growth in our adjusted 2013 EPS, driving further share progress. Key risks: weakening USD, weaker-than-expected aftermarket recovery and expensive acquisitions.



Figure 64: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 65: Deutsche Bank forecast and ratios

SAFRAN	2009	2010	2011	2012E	2013E
Sales growth (%)	1.0	3.0	9.1	13.9	7.5
EBITDA margin (%)	11.0	12.3	14.0	14.8	16.3
EBIT margin (%)	7.0	8.2	10.1	10.8	12.3
EPS growth (%)	85.2	13.3	18.8	2.8	20.5
Dividend yield (%)	3.7	2.5	2.4	2.9	3.8
Return on Equity (%)	9.3	11.4	13.5	15.9	17.9
P/E (x)	10.9	16.0	16.3	13.7	10.6
P/B (x)	1.3	2.3	1.9	2.0	1.8
EV/EBITDA (x)	3.9	6.1	6.9	6.2	5.1
Net debt / EBITDA (x)	0.4	0.0	0.6	0.4	0.2

Source: Company data, Deutsche Bank estimates

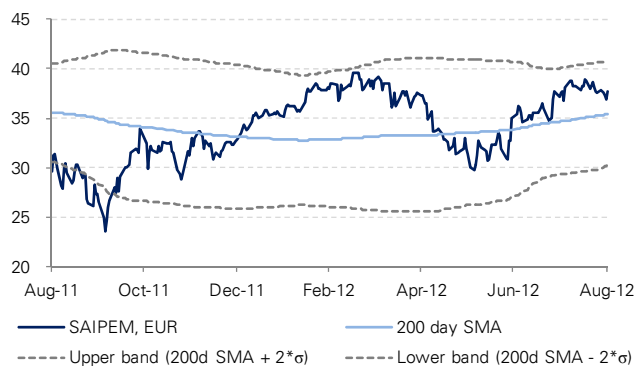
### Saipem (SPMI.MI) – A world market leader in on- and offshore engineering

#### Megatrend: Rising energy and commodity consumption

Analyst: Mark Bloomfield (+44-20-754-57905)

- Investment case:** Saipem offers construction and offshore drilling services. The company installs sub-sea pipelines, installs fixed platforms, manages complete onshore construction projects, and drills for oil mainly in Italy, Algeria, Nigeria, and the Arabian peninsula. Saipem offers an impressive growth outlook underpinned by qualities that we argue are key to delivery and out-performance. The key components of Saipem's backlog in the near to medium term include: i) analysis of backlog cover, ii) solid 'backlog longevity', iii) market leadership in the high margin offshore rigid pipeline segment, iv) strong presence in the Middle East, and v) analysis of Saipem's risk profile and contracting approach that argues for impressive execution and earnings delivery. Buy at a 12m fwd target price of EUR39 (c3% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** Our Saipem target price focuses on absolute valuation: mid-cycle PE and DCF. The E&C peer group has traded at a mid-cycle 1Y fwd PE of 17.0x across 2001-11, with Saipem trading at an average 1.0x. Applying this to our FY12 EPS estimates drives a PE-based valuation of E40/share. Saipem's unique combination of E&C and drilling drives our DCF valuation of E39/share (9.2% WACC). A blended average drives our EUR39/sh target price. The key risks include oil price volatility and the timing of contracts.

Figure 66: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 67: Deutsche Bank forecast and ratios

Saipem	2009	2010	2011	2012E	2013E
Sales growth (%)	2.0	8.4	12.8	6.4	11.0
EBITDA margin (%)	15.5	16.5	17.0	17.6	17.8
EBIT margin (%)	11.2	11.8	11.9	12.3	12.6
EPS growth (%)	33.6	11.0	13.4	11.1	15.5
Dividend yield (%)	3.1	2.2	2.1	2.0	2.4
Return on Equity (%)	23.6	21.7	21.0	21.0	21.8
P/E (x)	10.6	15.3	16.2	16.2	14.0
P/B (x)	3.1	4.0	3.1	3.3	2.8
EV/EBITDA (x)	6.6	8.5	8.5	8.3	7.2
Net debt / EBITDA (x)	1.9	1.8	1.5	1.3	0.9

Source: Company data, Deutsche Bank estimates



**Sanofi (SASY.PA) – A diversified global healthcare leader**

**Megatrend: Ageing of the global population**

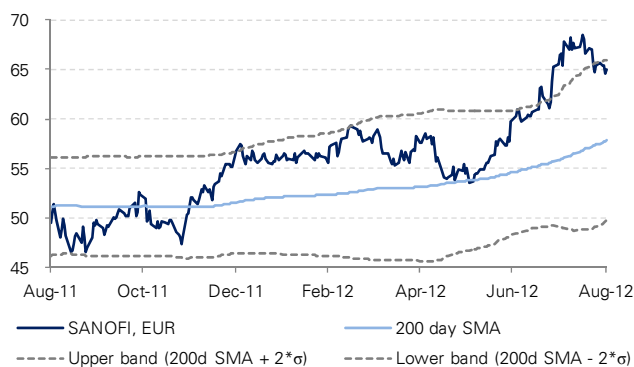
Analyst: Mark Clark (+44-20-754-75875)

- Investment case:** Sanofi-aventis is a leader in the global pharmaceuticals industry. It has strong market positions in prescription drugs, vaccines, animal health products and over-the-counter medicines. EMs provide 20% of global pharma sales and have been seen as a long-term growth driver for an embattled industry. Quarterly volatility in 2011 and a slowdown to 4% sales growth for the European large-caps in 1Q12, however, led investors to become more questioning of the outlook. A rebound to 8% growth in 2Q12 was thus reassuring and we remain cautiously optimistic, expecting 7-8% growth for FY12 and mid-term growth in high single digits despite pricing pressures.

The EM leader, Sanofi, looks best placed to capitalise given its No.1 and No.2 positions in the key engines of LatAm and China (see *European large-cap Pharma – Emerging Markets: performance update and outlook*, published on 28 August 2012 for details). We continue to expect Sanofi's shares to re-rate as investors gain confidence in the company's ability to return to growth in 2013. A crucial step was achieved with regulatory approvals of the new Genzyme US plant. Beyond this, we see two key triggers of performance: confirmation through successive quarters that the outlook for EM growth (notably in China and Brazil) remains attractive and close to the double-digit rate assumed in long-term guidance; and growing confidence in the robustness of Sanofi's global Lantus franchise. Buy at a 12m fwd target price of EUR76 (c17% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** Sanofi trades at 10.7x 2012E EPS, a 15% discount to peer GSK, for which we expect similar (if slower) growth post-2012. Re-rating to nearer GSK's PE, together with the c.5% dividend yield, implies an attractive total return. Our new E70 target price is based on a sector-average 2013E target PE and DCF (WACC 9%; beta 1, ERP 5.5%, RFR from local 10-year government bond yields; TGR 1%). Risks relate to EM volatility, Genzyme's recovery, competitors and R&D news.

Figure 68: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 69: Deutsche Bank forecast and ratios

Sanofi	2009	2010	2011	2012E	2013E
Sales growth (%)	6.7	10.7	3.0	2.3	2.3
EBITDA margin (%)	35.2	33.0	29.4	32.3	34.0
EBIT margin (%)	20.7	19.4	16.3	19.5	21.4
EPS growth (%)	15.1	10.2	-5.9	-8.4	6.4
Dividend yield (%)	5.1	4.9	5.2	4.6	5.0
Return on Equity (%)	11.0	11.3	10.4	8.8	9.3
P/E (x)	12.0	11.5	11.9	17.0	15.5
P/B (x)	1.5	1.2	1.3	1.5	1.4
EV/EBITDA (x)	5.8	5.8	7.4	7.7	6.8
Net debt / EBITDA (x)	0.4	0.2	1.1	0.6	0.3

Source: Company data, Deutsche Bank estimates



**SAP (SAPG.DE) – The world's leading provider of enterprise software**  
**Megatrend: Rising global integration, new global technologies**

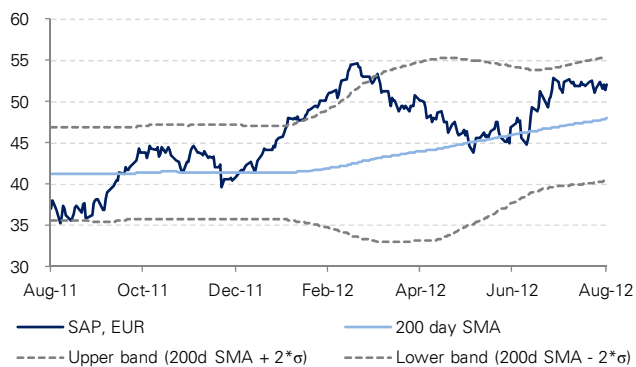
Analyst: Marc Geall (+44-20-754-58494)

- Investment case:** SAP is the world's leading provider of enterprise software with more than 102,500 customers in over 120 countries. The group has expanded from its ERP heritage into a broader suite of enterprise applications solutions including CRM, supply chain, BI and PLM. SAP continues to be our core holding as we believe it is best positioned to take advantage of the ongoing "consumerisation" of business IT. We believe software, especially application software, should continue to gain share of wallet of overall enterprise IT spending. 2012 should be an important year for SAP, during which we believe its new products (HANA, mobility, cloud) will start to generate significant growth opportunities.

We believe corporate investment in SAP in 2011 reflects a focus on rationalization and consolidation of existing SAP architectures to ready the business for stepped investment in 2012 to take advantage of in-memory, mobility and cloud-based solutions. Even with some uncertainty, we expect SAP to deliver good double-digit licence growth in FY12. SAP made up for its 1Q disappointment with a strong 2Q performance and seems to be setting a similar path as it did in 2011 (sequential improvements through the year). SAP is a notoriously back-end loaded business with c.65% of licences and 55% of SSRS in 2H. This is what is now implied in its guidance, consensus and Deutsche Bank high-end estimates. The company has invested in sales capacity, grown its eco-system and continues to bring new products to market that should all help the 2H performance. Our worry coming into the 2Q results was that SAP would not quite deliver enough to de-risk the FY. It did, and has the confidence to not use macro uncertainty to reduce its FY guidance. The reiteration it has made relates to confidence in product adoption and market share gains in H2. Buy at a 12m fwd target price of EUR65 (c24% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** SAP is uniquely positioned to deliver sustained growth: the Business Suite provides the business data, BI and HANA actionable insights, and mobile real-time access anywhere to anyone. FY11 results suggested a virtuous cycle is developing with new "innovation" products generating demand for the core and vice versa, the 1H12 showed this view is still on track. The risk is the market focuses too much on short-term HANA licences and not on the general growth opportunity ahead of SAP. Our target price is based on 16.5x 2013E EPS, a 20% discount to its mid-cycle average. Risks: 1) slowdown in Europe, 2) cloud does not deliver, 3) poor execution of SuccessFactors and 4) market share losses.

Figure 70: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 71: Deutsche Bank forecast and ratios

SAP AG	2009	2010	2011	2012E	2013E
Sales growth (%)	-9.0	17.4	13.7	15.0	12.8
EBITDA margin (%)	31.8	33.5	35.0	35.5	37.6
EBIT margin (%)	29.6	31.9	33.0	33.1	34.8
EPS growth (%)	-3.9	25.6	23.1	14.2	19.3
Dividend yield (%)	1.6	1.7	2.6	1.5	1.7
Return on Equity (%)	22.7	19.9	30.6	23.5	24.8
P/E (x)	20.2	23.4	14.4	19.2	15.3
P/B (x)	4.6	4.6	3.8	4.2	3.5
EV/EBITDA (x)	10.1	10.2	9.5	10.5	8.4
Net debt / EBITDA (x)	-0.3	0.3	-0.1	0.0	-0.5

Source: Company data, Deutsche Bank estimates

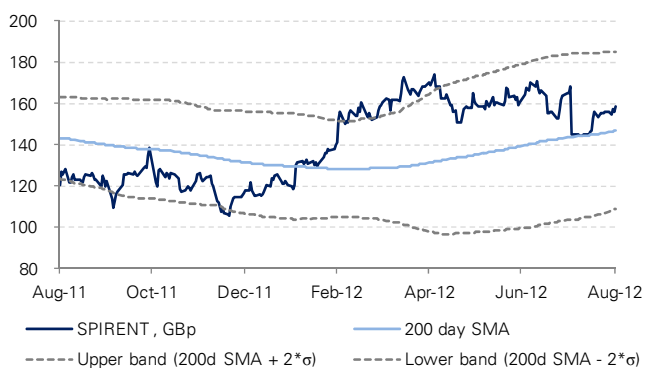


**Spirent (SPT.L) – A leading provider of handset and network testing equipment**  
**Megatrend: New global technologies**

Analyst: Johannes Schaller (+44-20-754-55867)

- Investment case:** Spirent is a leading provider of handset and network testing equipment (~80% of revenues) to mobile device OEMs, network operators, data centre providers and enterprises with a diversified base of >1000 customers. Its key competitors are Ixia, Anritsu and Rohde & Schwarz. Apart from testing, Spirent also offers network monitoring and diagnosing services (~10%) as well as electric drives and controls (~10%), mostly for the healthcare market. As a leading handset & network test equipment vendor, Spirent is well placed to benefit from technology drivers in network equipment and mobile handsets. We view Spirent as a quality play on: 1) a 3&4G/LTE upgrade cycle driven by mobile data, 2) cloud computing in data centres & enterprise networks and 3) proliferation of GPS and new navigation standards. These trends should drive an acceleration of revenue growth from 2% in FY12E to 8% in 2013E and accelerate earnings growth from +5% in FY12E to +13% in FY13E. Despite a weaker H2 outlook we believe Spirent's LT growth story remains intact. Mobile data/smart-phone growth, 4G/LTE and cloud computing infrastructure rollouts and rising navigation standard complexity will in our view remain secular technology demand drivers for Spirent's test equipment. In addition, early success in new markets such as handset development testing is encouraging, as is the company's ability to maintain best-in-class operating margins despite a more challenging macro. We maintain our Buy rating at a 12m fwd target price of GBP 175 (c10% upside relative to 31/08/2012 closing price).
- Valuation & Risks:** We value Spirent using a SOTP approach valuing its high quality PA business on 2.8x EV/sales, 2x for Service Assurance, 1.5x for Systems and add back 32p of cash per share. Our target price values Spirent at ~14x FY13e ex-cash P/E vs. 10.5x currently. Risks: macro, slower adoption of new technologies by customers and M&A.

Figure 72: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 73: Deutsche Bank forecast and ratios

Spirent	2009	2010	2011	2012E	2013E
Sales growth (%)	-10.5	12.9	9.5	2.1	7.5
EBITDA margin (%)	23.8	26.1	25.9	26.3	28.3
EBIT margin (%)	20.3	23.4	23.1	23.0	24.8
EPS growth (%)	-7.7	6.3	17.3	4.7	12.6
Dividend yield (%)	1.7	1.3	1.4	1.3	1.4
Return on Equity (%)	30.5	20.8	22.8	19.3	19.7
P/E (x)	7.8	16.7	15.4	19.0	16.2
P/B (x)	3.1	3.8	2.9	3.4	3.0
EV/EBITDA (x)	5.2	8.6	8.8	9.7	8.0
Net debt / EBITDA (x)	-1.7	-1.8	-1.7	-1.9	-2.0

Source: Company data, Deutsche Bank estimates

**Swatch (UHR.VX) – A key play on long-term luxury themes**  
**Megatrend: EM consumer and strong brands**

Analyst: Francesca Di Pasquantonio (+39-02-86379-753)

- Investment case:** Swatch Group is the world's largest manufacturer and distributor of watches, representing some 25% of global market share. Among its portfolio of brands are Breguet, Blancpain, Omega, Tissot and the Swatch brand. The company also manufactures watch components and electronic components for third parties.

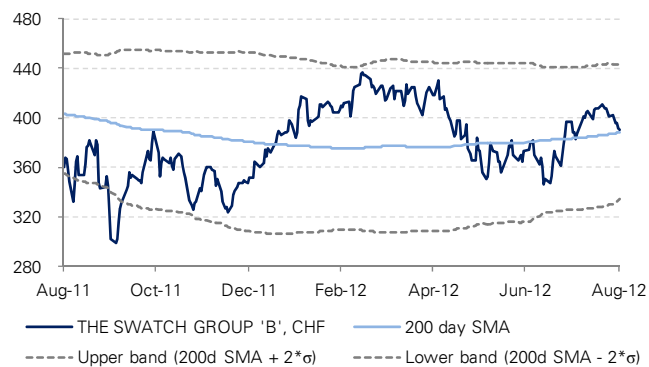




Swatch Group's exposure to the theme of the emerging middle class in China through its strong portfolio of mid-end brands is a powerful mid/long-term opportunity, making it a core player for this 10-year theme. In the short term, the coexistence of strong brands at different price points is enabling the group to cruise through the current volatile environment. As a result of a solid 1H and more positive outlook, we upgrade our EPS by 5% on FY12 and 3% on FY13. Although backing out FX the CHF8bn sales target suggests a deceleration of organic growth to the single digits from 14% in 1H, on FY12 13x and FY13 11.8x, the stock seems to have already priced in this deceleration. The group business is still recording remarkable double-digit growth despite the short-term negative noise in China, especially in the high end. The brands are well diversified by price points and distribution is spread globally, allowing full capitalization of global travel flows and healthy business with mid- to low-priced brands in domestic China. The latter is bound to become an important thematic driver. The company is readying its supply chain to exploit Chinese middle-class growth over the next five to ten years through its key brands, from Omega to the more accessible Tissot, Longines, Mido, Swatch, etc. Buy at a 12m fwd target price of CHF440 (c13% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** Swatch trades at 13x PE12 (11.5x net of cash) vs. 16.7x for the sector. While the upside potential on the valuation is obvious, the stock seems to already be discounting lower earnings in 2H. While that does not discount the risks associated with macro deterioration and a market sell-off, we believe it should limit further multiple compression. Our target price is DCF-based: 9.5% WACC (1.1 beta, 4.5% RFR and MRP, 100% equity), 22.5% exit margin and 2.5% terminal growth, reflecting long-term growth from EM and the ability to pass on inflation Risks: GDP slowdown globally and in China in particular.

Figure 74: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 75: Deutsche Bank forecast and ratios

Swatch Group	2009	2010	2011	2012E	2013E
Sales growth (%)	-9.4	18.8	10.7	13.9	6.9
EBITDA margin (%)	21.8	27.1	27.2	28.0	28.5
EBIT margin (%)	17.6	23.5	23.9	24.7	25.3
EPS growth (%)	-8.2	41.5	18.4	21.3	9.6
Dividend yield (%)	2.1	1.5	1.5	1.7	2.0
Return on Equity (%)	13.3	16.5	16.8	17.2	16.5
P/E (x)	13.7	17.0	16.3	13.7	12.5
P/B (x)	2.3	3.1	2.3	2.2	1.9
EV/EBITDA (x)	7.8	9.3	9.9	8.2	7.1
Net debt / EBITDA (x)	-1.0	-1.4	-1.1	-1.1	-1.5

Source: Company data, Deutsche Bank estimates

## Syngenta (SYNN.VX) – A world-leading agri-business with high exposure to EMs

### Megatrend: EM consumer, changing nutrition habits

Analyst: *Virginie Boucher-Ferte (+44-20-754-57940)*

- Investment case:** Syngenta produces crop protection products and seeds, including herbicides, insecticides and fungicides, as well as seeds for field crops, vegetables and flowers. Syngenta has a robust growth profile. We forecast the group to deliver 14% CAGR EPS expansion in 2012-14, supported by a further step up in the seeds margin and ongoing market share gains in the attractive crop protection market. This is due to Syngenta's leading innovation, high exposure to fast growing EMs and increasingly the top-line synergies from its new integrated strategy of CP and Seeds.



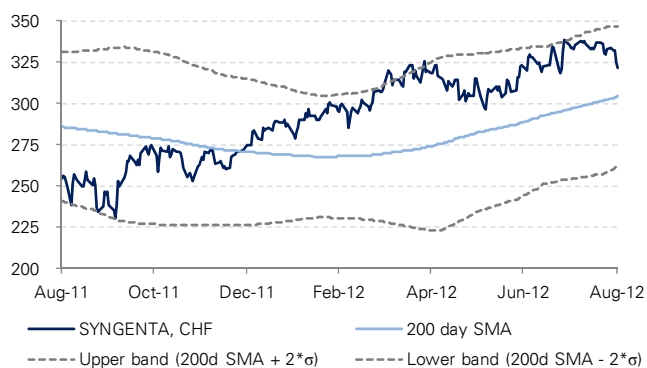


Syngenta reported solid H1 results with U/L EBIT up 6% YoY despite material headwinds. Good GM corn income (albeit helped by lumpy royalties) highlights the ongoing step-up in the seeds story. Management reiterated its 2012 guidance of higher EBITDA margins (at constant FX) and strong cash flow generation (free cashflow approaching USD1bn) supported by positive fundamentals and cost-cutting (USD200m), despite FX/raw materials headwinds of USD300-350m (USD252m were already seen in H1 implying USD50-100m more to be seen in H2 2012). It is now even more confident for H2/Lat-Am underpinned by high soybean prices. Management does not expect any major impact from the drought in the US as at current corn prices, farmers should be highly incentivised to spray fungicides in order to maximize their yields.

Management is starting to talk about positive CP pricing next season (H2 2012/H1 2013). The CEO clearly said on the call (for the first time) that they will raise again prices next year, supported by the high crop prices – we view this as an early signal from the No.1 industry player for the others to follow. Consensus only forecasts 0.7% price increase in 2013 and we see upside. We now forecast a 1% CP price increase. Management also said on the conference call that the FX impact should be neutral to slightly positive in 2013 (subject to emerging market currencies moves and euro/USD) given the recent weakening of the CHF vs. USD. We also expect volumes to be strong, underpinned by likely higher acreage of winter cereals and spring planting as well as higher spraying intensity, given the current level of crop prices. At 12.5x 13E P/E, with strong growth prospects not just for 2012 but the medium term supported by high value seeds and the benefits from the new integrated offer, we see value. Buy at a 12m fwd target price of CHF400 (c24% upside relative to 31/08/2012 closing price).

- **Valuation & Risks:** Our target is based on DCF using WACC of 8.3% (beta: 1, rfr: 4%, erp: 4.5%) and LT growth rate of 3.0%. Key risks: adverse weather, delays to product launches, lower crop prices, aggressive competitive pricing and FX.

Figure 76: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 77: Deutsche Bank forecast and ratios

Syngenta	2009	2010	2011	2012E	2013E
Sales growth (%)	-5.4	5.9	14.0	7.3	6.9
EBITDA margin (%)	20.6	19.8	19.9	21.1	23.4
EBIT margin (%)	16.4	15.4	15.5	16.8	19.2
EPS growth (%)	-1.4	2.2	17.0	14.7	16.1
Dividend yield (%)	2.6	2.8	2.6	2.7	3.0
Return on Equity (%)	22.6	20.1	21.4	23.0	26.2
P/E (x)	15.4	17.1	18.1	17.1	13.2
P/B (x)	4.1	3.7	3.6	3.7	3.3
EV/EBITDA (x)	10.4	10.9	11.3	10.5	8.5
Net debt / EBITDA (x)	1.0	0.8	0.5	0.3	0.0

Source: Company data, Deutsche Bank estimates



## Volkswagen AG (VOWG\_p.DE) – One of the world’s leading auto manufacturers

### Megatrend: EM consumer, traffic

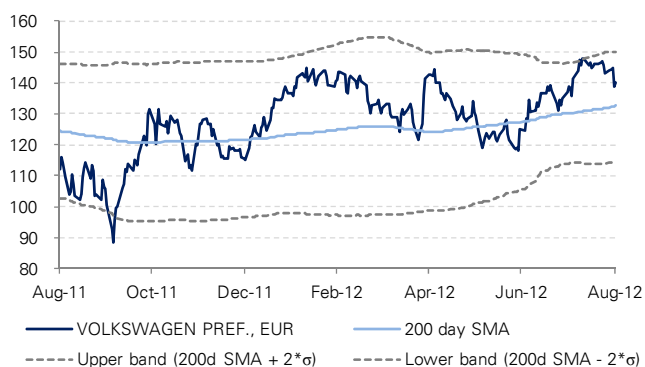
Analyst: Jochen Gehrke (+49-69-910-31949)

- Investment case:** Volkswagen manufactures mass market, premium and luxury automobiles as well as light commercial vehicles and offers related financial services. The brand portfolio comprises VW, Audi, Skoda, Seat, Bentley, Lamborghini and Bugatti. The company also holds a stake in the sportscar manufacturer Porsche AG and the heavy truck manufacturer Scania AB. The main markets for the company are Europe, China and Brazil. The VW Group is the car manufacturer with the largest exposure to the BRIC countries among all car manufacturers in the world, with just below 2.85m units sold in these countries in 2010. It is likely that growth in the global car market will predominantly be driven by emerging countries, especially the so-called BRIC countries. We would particularly highlight the Brazilian and Chinese markets, in which the VW Group held a leading market position with a market share of 23% and 18%, respectively, in Q1 2011. This makes VW still the company that – among all the global leading automakers – generates the highest portion of sales in EM. As we expect EM growth to continue in the coming years and the proportion of sales in this region to further expand, we believe VW will continue to disproportionately benefit.

By the middle of the year, the much discussed modular system for transversally mounted engines by VW (MQB) will be launched with the new A3. While this system will be phased in over multiple years until the end of the decade, we believe that impacts will be significant, with gross unit cost reductions of up to 30% being achievable according to our estimates and discussions with industry participants. Analyzing the impacts from MQB, we believe that VW could well be in the position to reach its stated financial targets for 2018 (8% pre-tax margin; 10mio cars), three years earlier. To us, this would imply some E18.2bn operating profit or some E28/share EPS – also driven by the full consolidation of Porsche (see *Volkswagen AG – MQB: Revolution or evolution?*, published on 29 May 2012 for details). Buy at a 12m fwd target price of EUR200 (c42% upside relative to 31/08/2012 closing price).

- Valuation & Risks:** We use a blend of three valuation methods for VW: An EV/IC approach, an SOTP approach and a historical multiple analysis. For risks, we point to the highly cyclical nature of Volkswagen’s cash generation. Other key downside risks include weaker top-line development, weaker US dollar and an underachieving cost-cutting program.

Figure 78: 12-month performance and Bollinger Bands



Source: DataStream, Deutsche Bank calculations

Figure 79: Deutsche Bank forecast and ratios

Volkswagen AG	2009	2010	2011	2012E	2013E
Sales growth (%)	-7.6	20.6	25.6	8.7	9.4
EBITDA margin (%)	10.2	13.6	13.6	11.4	11.8
EBIT margin (%)	1.8	5.6	7.1	6.8	7.4
EPS growth (%)	-70.7	343.9	31.5	8.4	1.2
Dividend yield (%)	1.9	2.7	2.5	2.5	2.8
Return on Equity (%)	2.7	16.7	29.6	15.7	14.0
P/E (x)	22.4	5.6	3.7	6.8	6.7
P/B (x)	0.7	1.2	0.9	1.0	0.9
EV/EBITDA (x)	1.2	1.5	1.9	3.0	2.6
Net debt / EBITDA (x)	-0.7	-0.7	-0.5	-0.4	-0.1

Source: Company data, Deutsche Bank estimates



## 4. Regional exposure of sectors and countries

### 4.1 Sectors and sub-sectors

The impact of globalisation varies widely between sectors. About 64% of European market capitalisation is made up of production sectors (see Figure 80). Globalisation is a much more important issue for the production sectors that generated only 16% of their sales in 2011 (19% in 2010) from their home countries, compared with a much higher share of 44% (same as 2010) for the Services sectors. European sectors with a high sales share in Asia-Pacific are basic resources (26% of sales to Asia), technology (22%), personal & household goods (20%), chemicals (18%) and industrial goods & services (13%). For the capital goods sector the share is clearly higher, but the business services companies bring down the share for the overall sector. European sectors with high sales share in Americas are Healthcare with 39% sales in Americas, followed by food & beverage with 32%, chemicals with 26% and automobiles & parts with 24%.

Figure 80: Globalisation score and regional turnover for sectors in 2011

	Market cap. weight (%)	No. of comps.	Globalisation score (Simple avg.)	Globalisation score (Mcap wtd avg.)	Sales 2011 (Eur, bn)	% Sales in 2011				RoW/ Un-specified
						Home country	Rest of Europe	Americas	Asia/Pacific	
<b>Production Sectors</b>	<b>63.7</b>	<b>466</b>	<b>55</b>	<b>61</b>	<b>4856</b>	<b>16</b>	<b>32</b>	<b>23</b>	<b>12</b>	<b>17</b>
Automobiles & Parts	2.3	18	56	58	597	15	39	24	12	9
Basic Resources	4.0	40	58	70	519	5	35	21	26	12
Chemicals	4.9	26	62	64	260	17	31	26	18	8
Construction & Materials	2.2	35	53	56	365	34	30	15	11	11
Food & Beverage	9.1	30	56	64	299	6	36	32	9	17
Health Care	11.4	46	58	65	261	5	31	39	12	13
Industrial Goods & Services	10.7	143	54	58	921	19	32	22	13	13
Oil & Gas	9.5	46	53	51	1238	19	26	21	2	33
Personal & Household Goods	6.4	41	52	63	232	12	35	23	20	11
Technology	3.0	41	55	60	164	13	27	22	22	17
<b>Services Sectors</b>	<b>36.3</b>	<b>322</b>	<b>42</b>	<b>49</b>	<b>3783</b>	<b>45</b>	<b>29</b>	<b>16</b>	<b>4</b>	<b>7</b>
Banks	11.3	48	44	53	979	44	28	16	6	5
Financial Services	1.3	28	43	45	33	27	52	7	3	11
Insurance	5.5	35	47	53	832	36	31	21	6	6
Media	2.5	38	47	50	125	42	26	18	3	11
Real Estate	1.4	38	33	33	19	75	23	0	0	2
Retail	3.4	39	42	47	533	51	25	13	5	5
Telecommunications	4.9	26	44	49	367	45	26	14	3	12
Travel & Leisure	1.4	36	43	50	199	35	29	20	4	12
Utilities	4.6	34	39	44	696	54	30	11	1	5

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

The momentum (change in sales between 2010 and 2011) towards Asia-Pacific is particularly strong for personal & household goods (+2.2 percentage points), automobiles & parts (+1.8 pps) and Insurance (+1.3 pps). At the same time, the sales share in Europe (Home Country and Rest of Europe) is clearly declining in many sectors (see Figure 81).



Figure 81: Change in sales for sectors between 2010 and 2011 (in percentage points)

	% change in Sales (2011 - 2010)				
	Home country	Rest of Europe	Americas	Asia/Pacific	RoW/ Un-specified
<b>Production Sectors</b>	<b>-0.8</b>	<b>+0.0</b>	<b>-0.5</b>	<b>+0.3</b>	<b>+0.9</b>
Automobiles & Parts	-1.1	-2.6	+2.1	+1.8	-0.2
Basic Resources	-0.1	+0.9	-1.1	+0.7	-0.4
Chemicals	-0.7	+1.4	-0.4	-0.7	+0.4
Construction & Materials	-2.1	+0.8	-2.5	+0.7	+3.0
Food & Beverage	-0.1	-3.6	-4.0	-0.2	+7.9
Health Care	+0.3	-0.8	-0.8	+1.1	+0.2
Industrial Goods & Services	-0.4	-0.3	-0.2	+0.7	+0.2
Oil & Gas	-1.7	+2.1	+0.4	-0.5	-0.2
Personal & Household Goods	-0.2	-0.2	-0.7	+2.2	-1.1
Technology	-0.1	-1.3	+1.1	-0.3	+0.6
<b>Services Sectors</b>	<b>+0.6</b>	<b>-1.2</b>	<b>+0.5</b>	<b>+0.4</b>	<b>-0.3</b>
Banks	+0.2	-0.7	+0.7	+0.2	-0.4
Financial Services	+4.4	+0.6	+0.7	-0.7	-5.1
Insurance	+2.0	-2.8	+1.5	+1.3	-2.1
Media	-1.0	+0.3	+0.2	+0.4	+0.2
Real Estate	-0.9	+0.7	-0.0	+0.0	+0.3
Retail	-0.5	-0.9	+0.5	+0.2	+0.6
Telecommunications	-1.4	-0.7	+1.1	+0.3	+0.6
Travel & Leisure	-0.5	+0.8	-0.9	+0.2	+0.4
Utilities	+1.6	-1.8	-0.8	+0.0	+0.9

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

The sub-sectors with the highest exposure to Asia are Semiconductors, General Mining, Clothing & Accessories and Telecommunication Equipment (see Figure 82). The sub-sectors with the highest exposure to the Americas are Platinum & Precious metals, Biotechnology, Healthcare Providers and Brewers (see Figure 83). The sub-sectors with the highest globalisation scores are General Mining, Clothing & Accessories and Telecommunication Equipment (see Figure 84). The sub-sectors with the lowest globalisation scores are given in Figure 85. The regional breakdown for all sub-sectors is given in Figure 86.

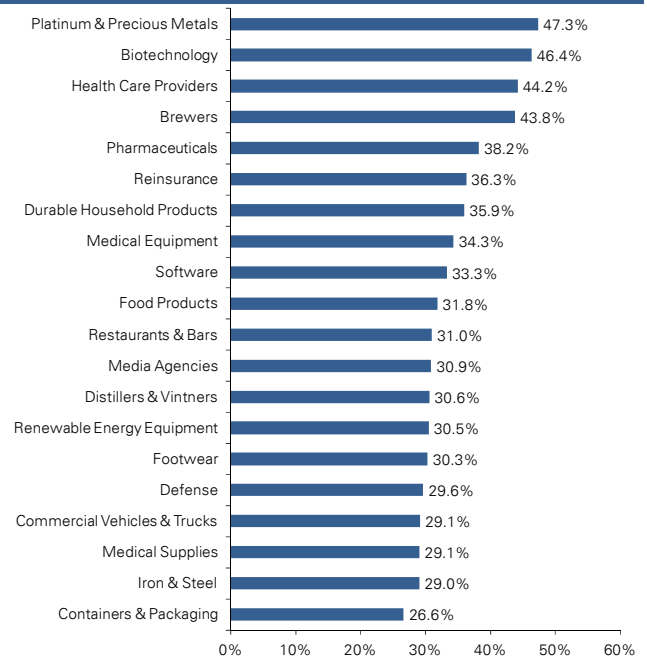


**Figure 82: Sub-sectors with significant sales exposure to Asia-Pacific**



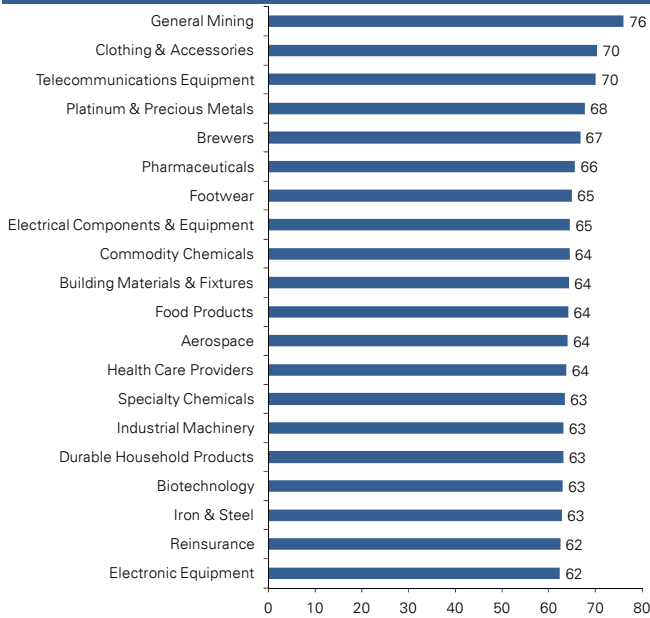
Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

**Figure 83: Sub-sectors with significant sales exposure to the Americas**



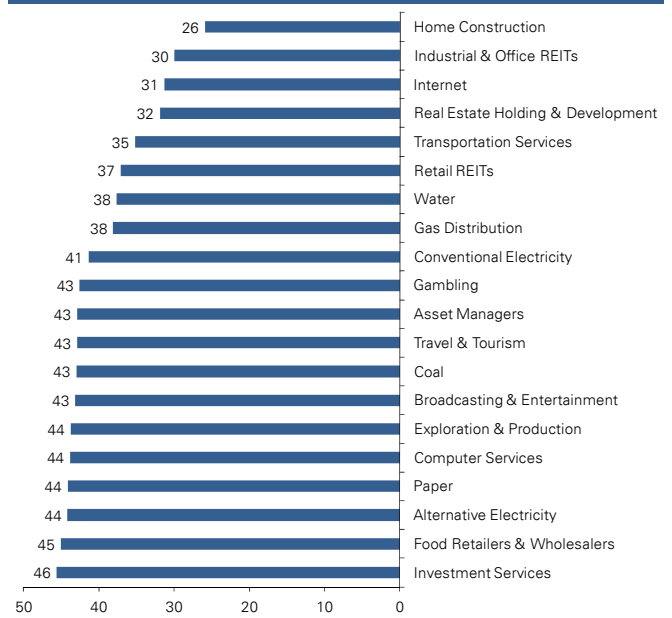
Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

**Figure 84: Sub-sectors with highest globalisation scores (Mcap. weighted average)**



Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

**Figure 85: Sub-sectors with lowest globalisation scores (Mcap. weighted average)**



Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank

Figure 86: Stoxx sectors and sub-sectors: regional turnover and globalisation score

	No. of comps.	Globalisation score (Simple avg.)	Globalisation score (Mcap wtd avg.)	Sales 2011 (Eur, bn)	% Sales in 2011					RoW/ Unspecified
					Home country	Rest of Europe	Americas	Asia/Pacific		
<b>Automobiles &amp; Parts</b>	18	56	58	597	15	39	24	12	9	
Auto Parts	6	56	56	40	16	41	23	12	8	
Automobiles	7	58	59	498	15	39	24	12	9	
Tires	5	53	55	59	15	37	26	9	13	
<b>Banks</b>	48	44	53	979	44	28	16	6	5	
Banks	48	44	53	979	44	28	16	6	5	
<b>Basic Resources</b>	40	58	70	519	5	35	21	26	12	
Aluminum	1	66	66	12	5	63	13	19	0	
Coal	3	41	43	4	39	60	0	0	1	
General Mining	11	69	76	307	1	25	21	41	12	
Gold Mining	3	51	50	3	0	0	0	3	97	
Iron & Steel	12	58	63	139	7	46	29	3	15	
Nonferrous Metals	3	50	48	22	30	49	5	12	4	
Paper	4	44	44	29	18	64	5	3	10	
Platinum & Precious Metals	3	64	68	4	0	31	47	12	10	
<b>Chemicals</b>	26	62	64	260	17	31	26	18	8	
Commodity Chemicals	5	68	64	116	30	23	25	21	1	
Specialty Chemicals	21	61	63	143	7	38	26	16	14	
<b>Construction &amp; Materials</b>	35	53	56	365	34	30	15	11	11	
Building Materials & Fixtures	15	58	64	131	12	40	23	18	7	
Heavy Construction	20	49	46	234	46	24	10	7	13	
<b>Financial Services</b>	28	43	45	33	27	52	7	3	11	
Asset Managers	11	41	43	8	48	31	6	6	9	
Investment Services	5	44	46	6	35	30	15	5	14	
Mortgage Finance	1	49	49	1	39	0	0	0	61	
Specialty Finance	9	44	46	17	9	78	5	1	7	
<b>Food &amp; Beverage</b>	30	56	64	299	6	36	32	9	17	
Brewers	4	60	67	70	1	38	44	5	13	
Distillers & Vintners	5	52	57	22	6	28	31	6	29	
Farming & Fishing	3	53	54	16	39	39	8	1	13	
Food Products	16	58	64	183	6	34	32	11	17	
Soft Drinks	2	46	46	8	12	76	0	0	13	
<b>Health Care</b>	46	58	65	261	5	31	39	12	13	
Biotechnology	9	59	63	8	8	28	46	5	12	
Health Care Providers	5	46	64	31	15	24	44	5	11	
Medical Equipment	12	60	60	15	7	35	34	9	15	
Medical Supplies	5	56	54	8	4	49	29	3	16	
Pharmaceuticals	15	59	66	199	3	31	38	14	13	
<b>Industrial Goods &amp; Services</b>	143	54	58	921	19	32	22	13	13	
Aerospace	7	63	64	83	14	26	26	22	13	
Business Support Services	23	50	56	68	35	19	25	6	16	
Business Training & Employment	3	53	52	38	9	53	17	4	18	
Commercial Vehicles & Trucks	11	55	59	96	9	35	29	15	12	
Containers & Packaging	3	51	55	10	18	42	27	1	13	
Defense	5	55	58	53	23	26	30	11	10	
Delivery Services	4	51	56	67	33	35	14	14	4	
Diversified Industrials	7	55	57	158	25	29	26	12	9	
Electrical Components & Equipment	9	60	65	58	10	43	20	16	11	
Electronic Equipment	6	58	62	6	11	41	26	21	1	
Financial Administration	3	48	47	4	72	15	11	0	2	
Industrial Machinery	39	61	63	158	6	35	23	21	16	
Industrial Suppliers	7	48	51	38	30	41	22	1	7	
Marine Transportation	3	58	57	58	15	19	11	11	44	
Transportation Services	11	37	35	19	79	12	2	3	4	
Trucking	1	46	46	6	0	87	6	0	8	
<b>Insurance</b>	35	47	53	832	36	31	21	6	6	
Full Line Insurance	11	46	50	376	27	45	17	2	8	
Insurance Brokers	2	42	37	2	80	1	6	12	0	
Life Insurance	12	46	53	339	50	17	22	9	2	
Property & Casualty Insurance	6	45	47	14	43	40	8	0	9	
Reinsurance	4	61	62	102	22	22	36	9	10	

	No. of comps.	Globalisation score (Simple avg.)	Globalisation score (Mcap wtd avg.)	Sales 2011 (Eur, bn)	% Sales in 2011					RoW/ Unspecified
					Home country	Rest of Europe	Americas	Asia/Pacific		
<b>Media</b>	38	47	50	125	42	26	18	3	11	
Broadcasting & Entertainment	17	38	43	65	58	24	8	0	10	
Media Agencies	10	56	58	28	12	29	31	9	19	
Publishing	11	51	56	32	36	25	26	5	8	
<b>Oil &amp; Gas</b>	46	53	51	1238	19	26	21	2	33	
Exploration & Production	8	50	44	15	39	24	0	4	32	
Integrated Oil & Gas	13	47	51	1147	19	27	21	1	33	
Oil Equipment & Services	17	57	58	55	12	11	21	12	43	
Renewable Energy Equipment	8	59	56	21	18	29	30	13	10	
<b>Personal &amp; Household Goods</b>	41	52	63	232	12	35	23	20	11	
Clothing & Accessories	12	63	70	78	10	24	22	36	8	
Durable Household Products	4	60	63	20	7	18	36	8	32	
Footwear	4	55	65	18	8	36	30	22	3	
Home Construction	7	26	26	9	100	0	0	0	0	
Nondurable Household Products	4	50	53	29	1	49	25	8	17	
Personal Products	5	54	61	37	8	46	23	12	11	
Recreational Products	1	64	64	2	0	49	39	12	0	
Tobacco	3	51	59	37	10	54	15	13	8	
Toys	1	62	62	1	0	46	53	0	1	
<b>Real Estate</b>	38	33	33	19	75	23	0	0	2	
Industrial & Office REITs	11	32	30	5	85	13	1	0	0	
Real Estate Holding & Development	17	33	32	8	84	13	0	0	3	
Real Estate Services	2	29	30	1	16	84	0	0	0	
Retail REITs	8	35	37	5	61	35	0	0	3	
<b>Retail</b>	39	42	47	533	51	25	13	5	5	
Apparel Retailers	6	43	47	31	29	48	9	0	14	
Brochure Retailers	5	42	55	35	57	23	6	8	5	
Drug Retailers	2	44	43	26	26	45	0	0	28	
Food Retailers & Wholesalers	14	41	45	398	55	22	15	6	2	
Home Improvement Retailers	2	39	47	13	42	50	0	0	8	
Spec.Consumer Service	1	38	38	0	0	100	0	0	0	
Specialty Retailers	9	44	48	30	43	26	5	7	18	
<b>Technology</b>	41	55	60	164	13	27	22	22	17	
Computer Services	10	43	44	32	28	50	9	2	10	
Computer Hardware	2	69	68	3	0	26	35	20	18	
Electronic Office Equipment	1	56	56	1	0	60	40	0	0	
Internet	4	31	31	5	95	0	0	0	5	
Semiconductors	7	67	62	18	7	19	15	56	4	
Software	9	56	61	23	17	30	33	14	5	
Telecommunications Equipment	8	64	70	82	3	20	26	25	26	
<b>Telecommunications</b>	26	44	49	367	45	26	14	3	12	
Fixed Line Telecommunications	17	44	47	220	56	17	16	0	11	
Mobile Telecommunications	9	46	51	147	29	39	10	7	15	
<b>Travel &amp; Leisure</b>	36	43	50	199	35	29	20	4	12	
Airlines	6	44	46	83	33	33	14	9	12	
Gambling	10	43	43	12	73	14	5	1	7	
Hotels	3	52	58	9	28	41	19	2	11	
Recreational Services	1	61	61	11	0	38	50	10	3	
Restaurants & Bars	11	37	51	50	32	16	31	0	21	
Travel & Tourism	5	42	43	34	47	36	15	0	1	
<b>Utilities</b>	34	39	44	696	54	30	11	1	5	
Conventional Electricity	15	35	41	282	55	32	10	0	3	
Gas Distribution	4	36	38	52	68	2	25	0	4	
Multiutilities	7	45	48	291	52	33	9	1	4	
Water	5	38	38	50	44	32	5	6	13	
Alternative Electricity	3	45	44	21	48	25	13	0	14	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank





## 4.2 Countries

The Stoxx 600 companies have 27% of their sales in their home country, 30% in the Rest of Europe, 21% in the Americas and 9% in Asia-Pacific (13% of sales are RoW/unspecified). UK companies generate 28% of their sales in their home country, 18% in the Rest of Europe, 23% in the Americas and 12% in Asia-Pacific. German companies register 31% of their sales in their home country and 33% in the Rest of Europe. Countries where the companies have a low share of sales in their Home Country are primarily small countries with large global companies: Netherlands (11%), Switzerland (13%) and Sweden (17%). In contrast, companies in Norway have a high sales share in their home country at 53%. Greek companies at 63% and Portuguese companies at 60% are other companies with high sales share in their home countries (see Figure 87).

Regarding size categories, it is intuitive that large caps have more foreign exposure than smaller caps. The Stoxx 200 large cap stocks have 25% of their sales in the home country, whereas the Stoxx 200 small caps have 37% of their sales in their home country.

Looking at momentum (Figure 88), Swiss companies achieved 1.5pps increase in their exposure to Asia/ Pacific and German companies achieved 1.2pps. Spanish companies increased their sales exposure to Americas by 4.7pps, followed by Italy 3.7pps.

Figure 87: Globalisation score and regional turnover for countries in 2011

Countries	No. of comps.	Globalisation score (Simple avg.)	Globalisation score (Mcap wtd avg.)	Sales 2011 (Eur, bn)	% Sales in 2011					
					Home country	Rest of Europe	Americas	Asia/Pacific	RoW/ Unspecified	
Austria	26	51	50	123	26	59	3	2	11	
Belgium	15	44	62	126	31	26	32	4	7	
Denmark	16	53	61	104	21	30	12	9	28	
Finland	27	51	53	148	21	44	11	13	11	
France	92	52	55	1642	32	35	15	7	12	
CAC 40	40	55	55	1424	28	37	15	7	12	
Germany	132	51	56	1656	31	33	18	11	6	
DAX 30	30	57	57	1308	31	34	20	11	5	
Greece	8	43	43	43	63	27	1	0	10	
Ireland	7	50	53	28	20	64	7	3	8	
Italy	47	46	48	602	38	34	14	3	11	
FTSE MIB 40	36	48	50	593	36	34	15	4	11	
Netherlands	30	53	55	719	11	36	29	5	20	
Norway	15	52	51	161	53	22	11	7	8	
Portugal	8	40	40	60	60	27	9	0	5	
Spain	36	48	52	486	32	26	31	0	11	
IBEX 35	31	49	52	556	27	28	32	0	13	
Sweden	44	49	53	263	17	38	17	10	17	
Switzerland	46	56	65	471	13	34	31	16	6	
SMI 20	19	62	67	379	11	32	34	18	5	
United Kingdom	206	50	58	1904	28	18	23	12	19	
FTSE 100	96	53	58	2049	21	21	25	11	22	
<b>Index</b>										
Stoxx 600	571	52	57	8173	27	30	21	9	13	
Stoxx 50	49	59	61	2976	19	29	25	10	17	
Eurostoxx 50	49	55	56	2761	30	34	20	7	8	
Stoxx large 200	193	56	59	6112	25	29	22	10	14	
Stoxx mid 200	188	51	51	1375	32	34	17	6	11	
Stoxx small 200	190	48	49	686	37	32	14	7	10	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank





Figure 88: Change in sales for countries between 2010 and 2011 (in percentage points)

Countries	% change in Sales (2011 - 2010)				
	Home country	Rest of Europe	Americas	Asia/Pacific	RoW/ Un-specified
Austria	+0.4	+2.9	+0.3	+0.1	-3.8
Belgium	-1.0	+1.2	-1.2	-0.4	+1.4
Denmark	-2.8	-1.0	-0.2	+1.2	+2.8
Finland	-0.4	+0.8	+0.9	+0.0	-1.3
France	+0.3	-1.6	+0.3	+0.4	+0.6
<i>CAC 40</i>	<i>-0.8</i>	<i>-0.8</i>	<i>+0.4</i>	<i>+0.5</i>	<i>+0.8</i>
Germany	+0.3	-1.1	-0.1	+1.2	-0.2
<i>DAX 30</i>	<i>+0.9</i>	<i>-1.4</i>	<i>-0.4</i>	<i>+1.0</i>	<i>-0.1</i>
Greece	+4.8	-4.1	-0.1	+0.0	-0.7
Ireland	-1.8	+2.5	-0.7	+0.2	-0.1
Italy	-5.5	+0.8	+3.7	+0.7	+0.4
<i>FTSE MIB 40</i>	<i>-5.5</i>	<i>+0.9</i>	<i>+3.8</i>	<i>+0.4</i>	<i>+0.4</i>
Netherlands	+0.9	+0.7	-2.4	+0.8	-0.0
Norway	-0.3	-0.9	+0.4	-0.0	+0.8
Portugal	-3.7	-2.7	+3.3	+0.0	+3.0
Spain	-2.5	-2.6	+4.7	+0.1	+0.4
<i>IBEX 35</i>	<i>-2.5</i>	<i>-2.0</i>	<i>+3.8</i>	<i>+0.1</i>	<i>+0.6</i>
Sweden	+1.0	-1.2	-0.8	+0.6	+0.5
Switzerland	+1.3	-1.3	-1.7	+1.5	+0.1
<i>SMI 20</i>	<i>+1.0</i>	<i>-1.1</i>	<i>-1.8</i>	<i>+2.0</i>	<i>-0.1</i>
United Kingdom	-1.9	-0.1	-0.6	+0.6	+2.0
<i>FTSE 100</i>	<i>-2.6</i>	<i>+0.7</i>	<i>-1.1</i>	<i>+0.7</i>	<i>+2.4</i>
<b>Index</b>					
Stoxx 600	-0.8	-0.5	+0.1	+0.6	+0.6
Stoxx 50	-0.1	-1.1	-0.7	+0.6	+1.3
Eurostoxx 50	-0.6	-0.6	+0.9	+0.8	-0.4
Stoxx large 200	-0.9	-0.5	-0.1	+0.7	+0.8
Stoxx mid 200	-1.6	-0.8	+1.7	+0.3	+0.5
Stoxx small 200	+1.0	-0.8	-0.2	+0.1	-0.1

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank



## 5 Understanding the global/EM megatrends in detail

A detailed understanding of the global/EM megatrends is key for investors in European equities, particularly for European companies in production sectors. The table below gives an overview of key trends. Global GDP has grown by 5.7% on average since 1992 and every trend with a stronger growth rate than global GDP could be seen as a megatrend from world exports (8.5%), container port traffic (9.1%), cumulated trade imbalances (8.9%), world FX reserves (15.1%), foreign direct investments (11.7%), annual patent filings (11.1%) and global luxury sales (9.9%) (see table below).

The stability of trends and certainty of forecasts vary widely between the different trends. While for the aging of the population the confidence in forecasts is typically high, for most other trends the uncertainty of forecasts is more pronounced.

Figure 89: Overview of megatrends

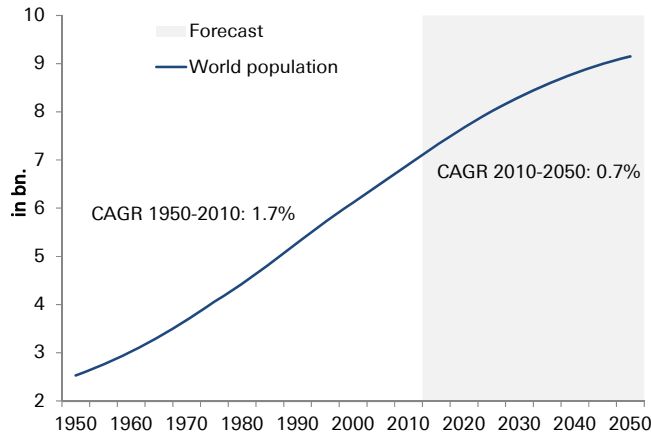
Megatrend	Time Series	CAGR	Period	Unit	Forecast	CAGR	Reference
GDP	World GDP (nominal)	5.7%	1992-2011	in USD	2012-2017	5.1%	page 80
	GDP DM (nominal)	4.5%	1990-2011	in USD	2012-2017	3.3%	page 111
	GDP EM (nominal)	8.6%	1990-2011	in USD	2012-2017	7.9%	page 111
Trade	World Exports	8.5%	1992-2011	in USD	2012-2017	5.6%	page 80
	Eurozone Exports	6.7%	1992-2011	in USD	2012-2017	2.9%	page 80
	China Exports	14.8%	1992-2012	in USD	2012-2017	9.1%	page 81
	India Exports	12.3%	1992-2012	in USD	2012-2017	10.9%	-
	Service Exports	9.5%	1992-2011	in USD			page 83
	Cumulated Trade Imbalances	8.9%	1990-2010	in USD			page 83
FX	World FX Reserves	15.1%	1999-2011	in USD			page 85
Transport	Global Airline Freight	5.3%	1975-2011	in carriers			page 87
	Container Port Traffic	9.1%	2000-2011	container			page 86
Integration	Air Passenger Kilometers	6.5%	1970-2010	in km			page 87
	Inward FDI stock	11.7%	1990-2010	in USD			page 88
R&D	Cross-Boarder Capital Flows	8.3%	1980-2010	in USD			page 88
	Annual Patent Filings	11.1%	1990-2011	number			page 95
Population	R&D World	5.4%	2000-2011	in USD			page 95
	World Population	1.7%	1950-2010	persons	2010-2050	0.7%	page 112
	Urban Population (Developing)	3.6%	1950-2010	persons	2010-2050	1.7%	page 112
	Urban Meat Cons. China	1.6%	1990-2010	per capita			page 117
Luxury	Urban Milk Cons.	5.7%	1990-2010	per capita			page 117
	China Wage Growth	16.5%	2003-2010	in PPP \$	2012-2017	11.8%	page 114
	India Wage Growth	8.5%	2003-2010	in PPP \$	2012-2017	9.4%	page 114
	China Outbound Tourism	18.4%	1995-2012	# crossings			page 88
	Global Luxury Sales	9.9%	1990-2011	in USD	2012-2013	8.8%	page 118
	Global Car Sales	5.6%	2003-2011	units	2011-2019	5.5%	page 117
	Personal Vehicle Sales China	23.0%	2002-2011	units	2012-2019	8.2%	page 117
Energy and Commodities	Personal Vehicle Sales India	16.2%	2002-2011	units	2012-2019	16.3%	page 117
	Crude Steel Production	5.1%	1998-2011	in tonnes			page 124
	Crude Steel Production China	9.4%	1998-2011	in tonnes			page 124
	Electrical Power Consumption	5.3%	1960-2009	kWh	2008-2035	1.6%	page 122
	Cereal Production	2.5%	1961-2010	in tons			page 125
New Technologies	Food Price Index	8.8%	2000-2010	Index			page 125
	Internet Users	36.7%	1993-2010	persons			page 130
	Broadband Internet Users	42.0%	2000-2010	persons			page 130
	Total Mobile Data Traffic			in TB	2011-2016	78.4%	page 130
Health	Mobile Cellular Subscriptions	31.3%	1995-2010	# subscript.			page 130
	Health Expenditures	6.3%	1995-2010	in USD			-
	Health Exp. China (per capita)	17.0%	1995-2010	in USD			-
	Global Pharmaceutical Sales	9.1%	1981-2011	in USD			page 131
	Global Life Expectancy at Birth	0.3%	1980-2010	in years			-

Source: DataStream, Bloomberg Finance LP, Deutsche Bank



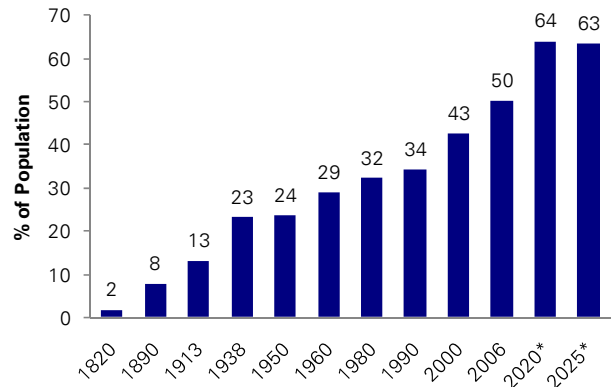
Global integration is most likely to continue, driven by strong regional differences in labour costs and other factor costs. The economically relevant world population continues to increase. Companies leverage those intangible assets that are of global relevance (e.g. brands, patents, production know how) globally. Additional important drivers of globalisation have been the political opening, improvements in communication and transportation as well as the development of global standards.

Figure 90: World population over time



Source: IMF; Deutsche Bank

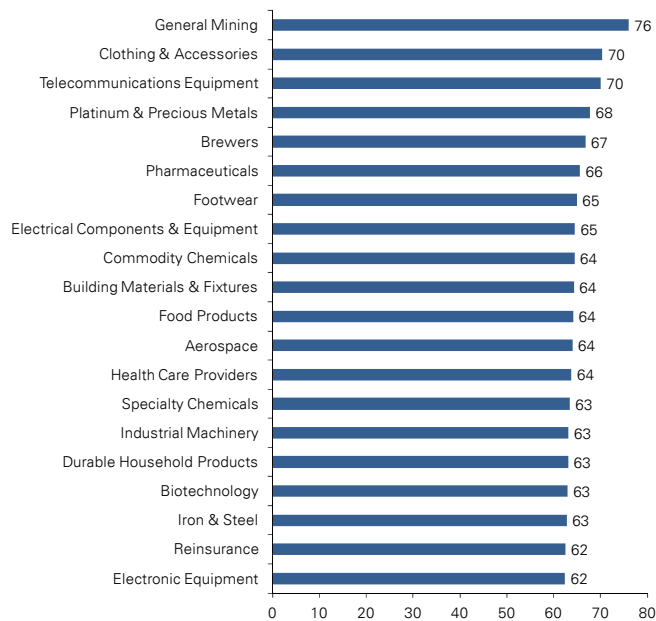
Figure 91: Worldwide middle class population\* as % of world total



Note: 2020 and 2025 data are predictions made by Surjit Bhalla based on World Bank data.  
\* Middle class population defined as "people with daily income > USD 10 (2006 PPP)".  
Source: Deutsche Bank, Surjit Bhalla, *Second Among Equals: The Middle Class Kingdoms of India and China* (2007), Maddison (2006), World Bank WDI (2006), International Monetary Fund WEO (2006 sep).

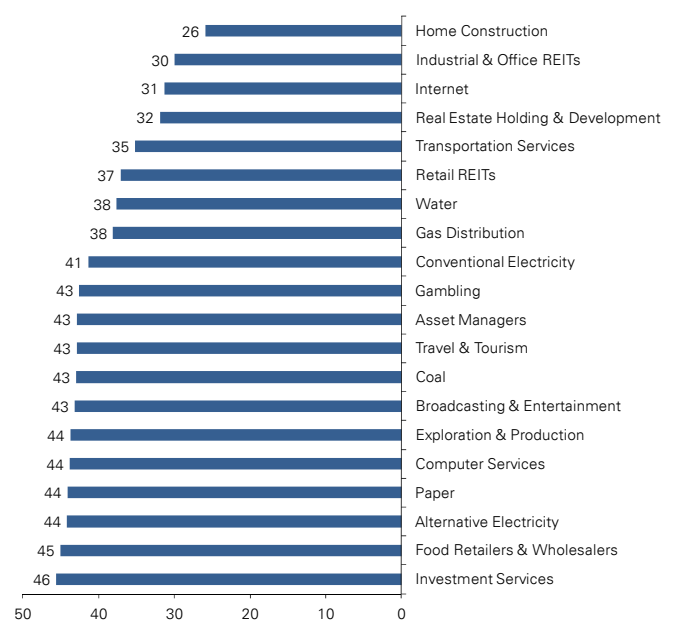
In our view, globalisation and the related developments are the most important long-term performance drivers for the production sectors and investors need an in-depth understanding of these forces.

Figure 92: Sub-sectors with highest globalisation scores\*



Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank. Note: market cap weighted averages. \*The Globalisation Score includes data on the turnover share (domestic and international) as well as changes in the turnover, asset share outside of Europe and Capex share outside of Europe. In total seven parameters are included.

Figure 93: Sub-sectors with lowest globalisation scores



Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank. Note: market cap weighted averages.



The most global sub-sectors include mining, clothing, telecom equipment, pharmaceuticals, chemicals, aerospace and biotech while the subsectors with the lowest globalisation scores include home construction, real estate companies, Internet providers, water companies and asset managers.

For production companies that compete on a global market, global integration offers new opportunities, but also new threads with new competitors. The tendency is for the strong to become stronger and the weak to become weaker (e.g. VW vs. Peugeot). For non-production companies (retail-banks, insurers, utilities, telecoms, etc.) it is more difficult to benefit from globalisation.

### **Drivers of globalisation**

Since 1990, the political and economic opening of emerging countries (especially China, India, Eastern Europe, and Russia) has increased significantly. Trade barriers fell, new communication devices emerged and improvements in transport technology and standardisation made previously inaccessible resources and markets became available. The most important geopolitical changes since 1990 were the collapse of the Soviet Union, the subsequent Western orientation of the Eastern European countries including the eastward EU expansion during the 2000s and the opening of China, India and Latin America. Most important for India and Latin America were the political re-orientation from the import substitution model to more export diversification. China decided in 1979 to gradually privatize its economy, which accelerated through the 1990s with the repeal of price controls and the privatisation of public enterprises. These developments were supplemented by founding the successor to the General Agreement on Tariffs and Trade (GATT) in 1994, the WTO. Tariffs in developing countries more than halved in the nineties, which eased the international exchange of goods, labour and capital and enhanced international economic integration. Further liberalisation of global trade might come through the Doha Round Agreements or an increasing number of bilateral/regional trade agreements. On the other hand, the risk of rising protectionism is also increasingly in the discussion.

Major improvements in global communication – through technological advances like Internet and email – allow for smoother global commerce. The new technologies ease the communication between companies and their corporate and/or retail customers. Geographical distances have therefore become less relevant. Companies can now set up complex supply chains via “automated” communication software (i.e. just-in-time delivery). These technological improvements come along with the acceptance and diffusion of English as the business language around the world.

The improvements in transport technology have reduced costs and increased the speed and safety of transportation. Large container ships have helped to make transportation faster, cheaper and safer over the last decades. Standards evolve from the globalisation process and also drive globalisation. Many global technical standards have evolved in the areas of communication, production and trade, among others, over the last decade, either through competition in the market or through international organizations. Examples of global standardisation range from container sizes, PCs, Microsoft Office applications, the MP3 data format to IFRS, the Chartered Financial Analyst (CFA) or the Graduate Management Admission Test (GMAT) exam.



Globalisation is a simplifying buzz word that which refers to increasing global integration, rising global trade, industrialisation and urbanization of EM countries, and rising EM consumption. There are quite a few complex interactions between these trends. In the following section we will walk the reader through these trends and give an overview of a range of global megatrends that are potentially investable. We first discuss some key drivers of globalisation and we then look into world trade by country and by goods in more detail. Then we look into global trade imbalances and rising FX reserves and stronger fragmentation of production processes as consequence of global trade and the global trade capacities. Then we try to better understand global integration from a production company perspective by looking at company assets that can be leveraged globally like Brands, R&D and patents. Next, we have a detailed analysis of “technology rich” countries, “commodity” rich and labour rich countries from page 108. Thereafter, we look into the trend of strong EM GDP growth driven by industrialization and urbanization and changing consumption habits with a special focus on luxury. Finally, we look into global megatrends related to energy and commodity consumption including agricultural commodities, water and climate change, ageing of the population and technology changes.

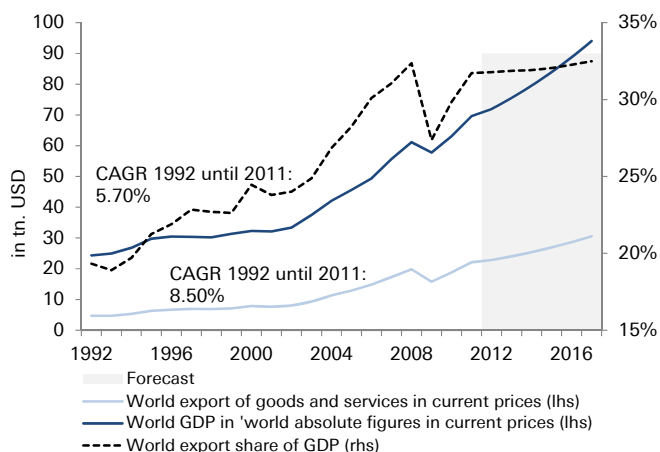
## Megatrend 1: Rising global integration via trade

Rising global trade is one of the most important aspects of global integration and an in-depth understanding of the mechanism of world trade is key for investors in production companies face global competition. We start with the overall trends in world trade, the world trade network of the key countries, the key goods of world trade, the trade imbalances and the FX reserves.

### World trade

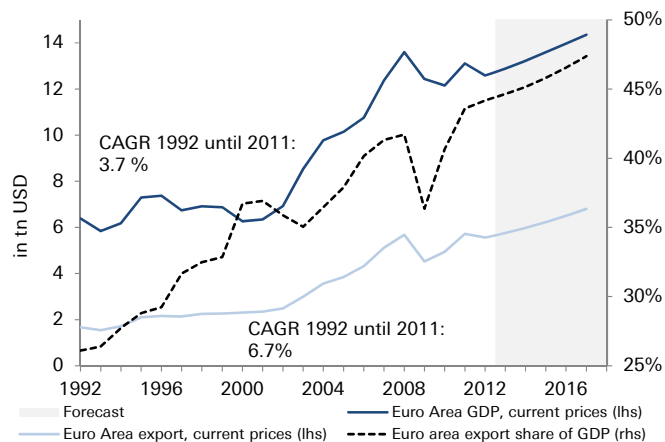
Since 1992, nominal world GDP has seen a CAGR of 5.7% while world exports have grown by 8.5% per year. The share of world exports in world GDP has increased from 19% in 1992 to 32% in 2011. For the Eurozone, the export growth of 6.7% since 1992 compares to an average GDP growth of 3.7%.

Figure 94: World GDP and exports of goods and services in current prices (rebased 1992=100)



Source: IMF; Deutsche Bank

Figure 95: Eurozone (rebased 1992=100)

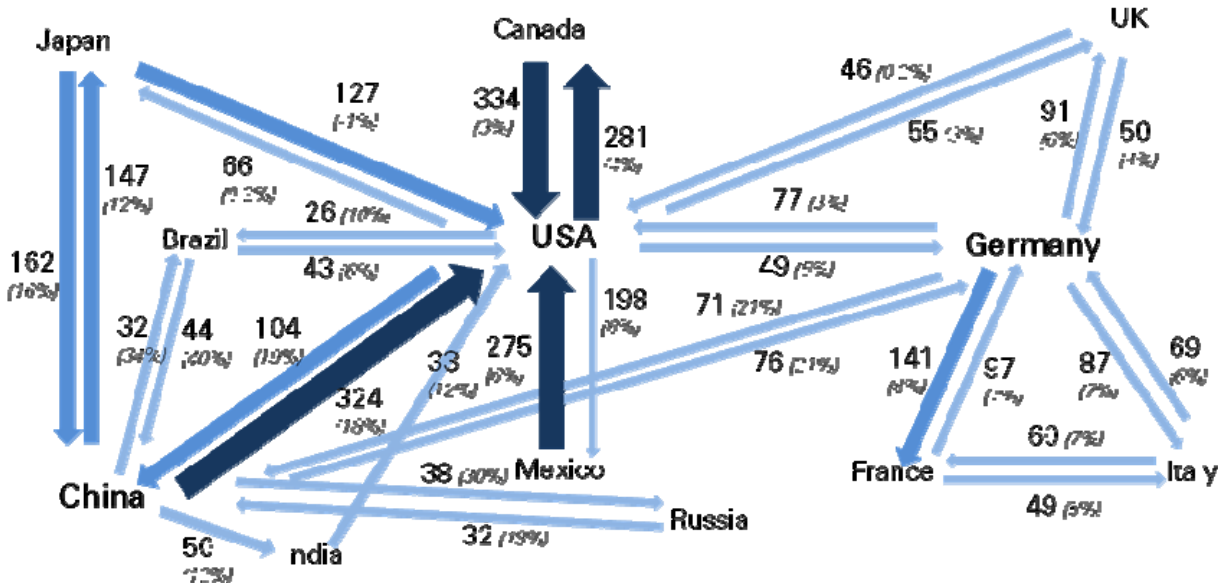


Source: IMF; Deutsche Bank



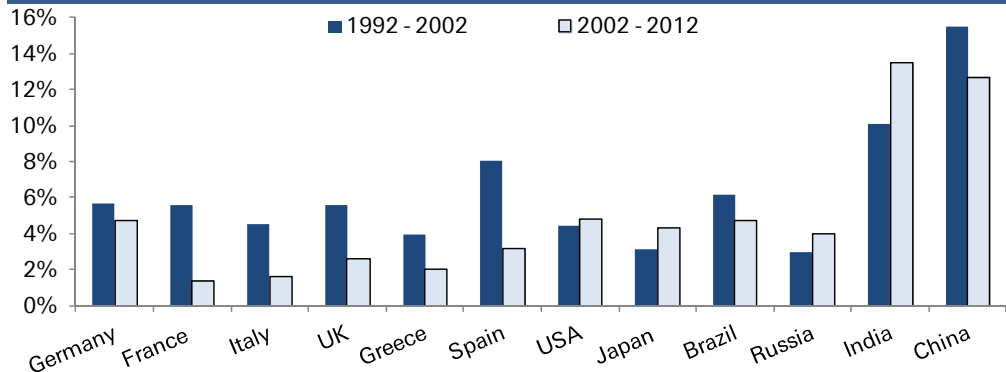
The most important world trade relations are shown in the grid below. The trades between DM countries have grown moderately over the last decade, e.g. US exports to Germany have grown by 5% per year, German exports to France by 8% while Japanese exports to the USA shrunk by 1%. The trade relations between DM and EM countries and the trade relations among EM countries have grown much stronger, e.g. China exports to the US have grown by 18% per year, and Brazil exports to China by 40%.

Figure 96: International trade grid 2011 (in USD bn), in brackets CAGR 2000-11 (in %)



Source: IMF Direction of Trade Statistics, Deutsche Bank  
Note: Only trade connections exceeding 0.2% of 2010 World trade are reflected. Light blue arrows designate flows of less than 100bn USD, medium blue arrows flows between 100-200bn USD, dark blue arrows flows larger than 200bn USD.

Figure 97: Export growth - CAGR



Source: IMF, Deutsche Bank

**Traded goods**

By far the most important export good globally is oil. Oil & gas products, worth USD2,150bn, account for 13% of world trade in 2010 and the share has increased by 4 percentage points over the last decade driven by higher oil prices. Automotives are the second most important trade good accounting for 7% of world trade. The biggest auto exporters are Germany (accounting for 19% of global auto exports), Japan (14%) and the US (9%) in 2010. Other important traded goods include information technology.



Figure 98: World export clusters and sub-clusters, and top three exporters within each cluster (2010)

Rank	Cluster	Export Value (bn USD)	Share	2000/10 Change (ppt)	Top 3 Leading Exporters					
					1.		2.		3.	
					Country	Share	Country	Share	Country	Share
1.	Oil and Gas Products	2,150	12.7%	3.9	Saudi Arabia	10.1%	Canada	4.0%	Norway	3.9%
2.	Automotive	1,192	7.1%	-1.5	Germany	18.8%	Japan	13.9%	USA	8.5%
3.	Mining and Manufacturing	1,147	6.8%	1.8	China	7.9%	Germany	7.5%	Australia	6.2%
Sub-clusters	<i>Iron and Steel Mill and Foundry</i>	313	2.2%		Japan	11.4%	China	10.4%	Germany	8.4%
	<i>Iron and Steel</i>	198	1.4%		Australia	20.8%	Brazil	16.0%	South Africa	5.1%
	<i>Other Metals</i>	161	1.1%		Australia	9.0%	Canada	8.4%	USA	7.3%
4.	Information Technology	955	5.7%	-3.0	China	26.8%	Taiwan	12.9%	Singapore	11.3%
Sub-clusters	<i>Components and Assemblies</i>	546	3.8%		Taiwan	19.7%	Singapore	16.0%	China	13.9%
	<i>Peripherals</i>	272	1.9%		China	28.8%	Malaysia	7.4%	Netherlands	7.0%
	<i>Computers</i>	134	0.9%		China	75.1%	Netherlands	5.1%	Germany	3.9%
5.	Business Services	892	5.3%	0.6	USA	11.0%	UK	9.5%	Germany	8.4%
6.	Hospitality & Tourism	881	5.2%	-1.4	USA	15.3%	Spain	6.1%	France	5.5%
7.	Agricultural Products	815	4.8%	0.7	USA	11.7%	Brazil	7.0%	Netherlands	6.4%
8.	Transportation & Logistics	683	4.0%	-0.5	USA	10.3%	Germany	8.4%	Japan	5.7%
9.	Chemical Products	609	3.6%	0.2	USA	12.0%	Germany	10.0%	China	8.6%
10.	Production Technology	577	3.4%	-0.4	Germany	16.8%	Japan	12.9%	USA	10.4%
Sub-clusters	<i>Specialized Process Machinery</i>	158	1.1%		Japan	21.6%	Germany	15.5%	USA	12.6%
	<i>Machine Tools and Accessories</i>	83	0.6%		Germany	18.6%	Japan	16.1%	Italy	8.9%
	<i>Process Equipment Components</i>	78	0.5%		Germany	16.4%	China	14.3%	USA	10.6%
11.	Biopharmaceuticals	509	3.0%	1.3	Germany	14.2%	Belgium	10.4%	Switzerland	10.0%
12.	Plastics	499	3.0%	0.3	USA	11.1%	Germany	10.8%	Japan	6.4%
13.	Communications Equipm.	405	2.4%	-1.1	China	30.0%	South Korea	9.5%	Mexico	5.7%
14.	Jewelry & Precious Metals	401	2.4%	0.7	USA	9.8%	India	8.1%	Switzerland	7.6%
15.	Apparel	364	2.2%	-0.6	China	37.2%	Italy	5.4%	Germany	4.8%
16.	Analytical Instruments	362	2.1%	0.0	China	18.1%	Germany	12.0%	South Korea	10.4%
17.	Financial Services	334	2.0%	0.2	USA	24.3%	UK	18.0%	Luxembourg	13.2%
18.	Communications Services	315	1.9%	0.8	India	18.4%	Ireland	12.1%	USA	8.0%
19.	Processed Food	308	1.8%	0.2	Germany	12.3%	Netherlands	7.6%	France	7.2%
20.	Motor Driven Products	308	1.8%	0.1	China	23.5%	Germany	11.1%	USA	6.1%
21.	Textiles	267	1.6%	-0.8	China	27.1%	USA	6.7%	Germany	6.4%
22.	Entertainment	244	1.4%	-0.8	China	29.8%	Mexico	9.8%	Japan	7.6%

Source: Prof. Michael E. Porter, International Cluster Competitiveness Project, Institute for Strategy and Competitiveness, Harvard Business School, Deutsche Bank Global Markets Research

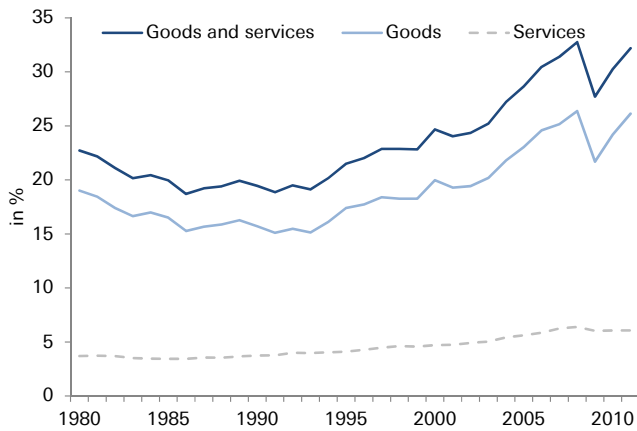
Generally speaking, the globalisation status of a certain good depends upon a wide range of factors including the comparative advantage of certain countries in this product, the direct labour costs relative to the product value and the transportation costs relative to the product value.

The export of services is also a growing trend albeit at a slower pace compared to goods. This includes mostly services that are closely related to the export of goods like trade and travel, but also technological services like patents, licences and engineering. Transportation accounts for 20% of global services exports and travel accounts for 25% of global services exports.



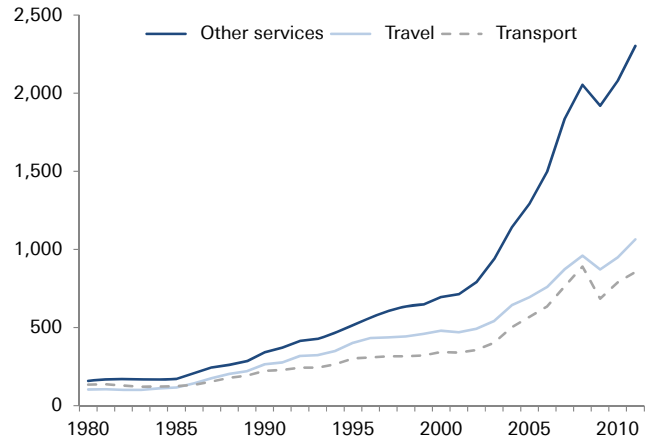


Figure 99: Share of nominal trade in goods and services of nominal world GDP (in %)



Sources: UNCTAD, UNCTADstat, IMF, Deutsche Bank Research

Figure 100: World services exports by category (in current USD bn)

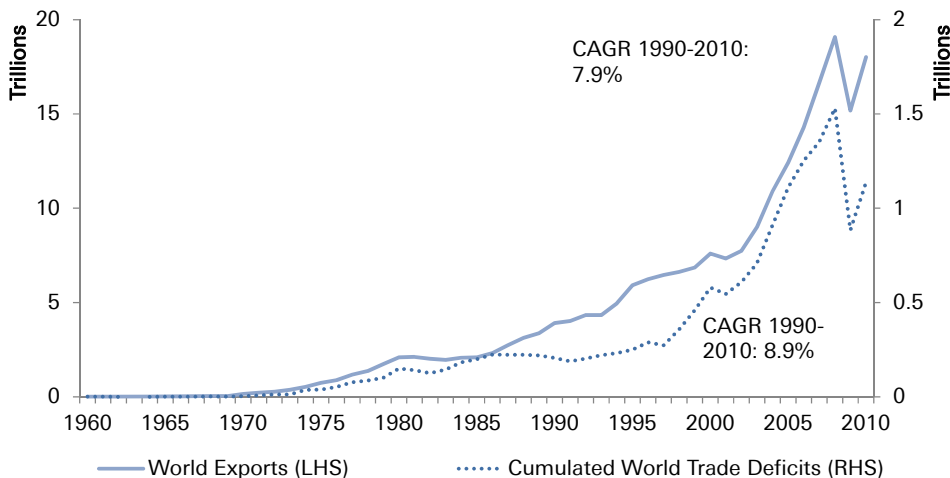


Source: UNCTAD, UNCTADstat, Deutsche Bank Research

### Global trade imbalances

Rising world trade is a positive trend supporting the global economy. Admittedly, together with rising world trade, world trade imbalances have also risen. The cumulated world export volume in 2010 amounted to USD18tr and the cumulated trade deficit to USD1.1tr, around 6% of world trade. Out of 152 reporting countries, 34% have a trade surplus while 66% of the countries have a trade deficit. Few countries with strong comparative advantages in one of the three areas “technological advantages”, “low labour costs” or “commodity-rich” generate a trade surplus while countries without a strong comparative advantage tend to run a trade deficit (for a detailed discussion of comparative advantages see page 101). World exports have risen by 7.9% per year on average since 1990 and the world trade imbalances have risen slightly stronger, by 8.9% per year.

Figure 101: World exports and world trade imbalance (USD tr)



Source: World Bank; Deutsche Bank

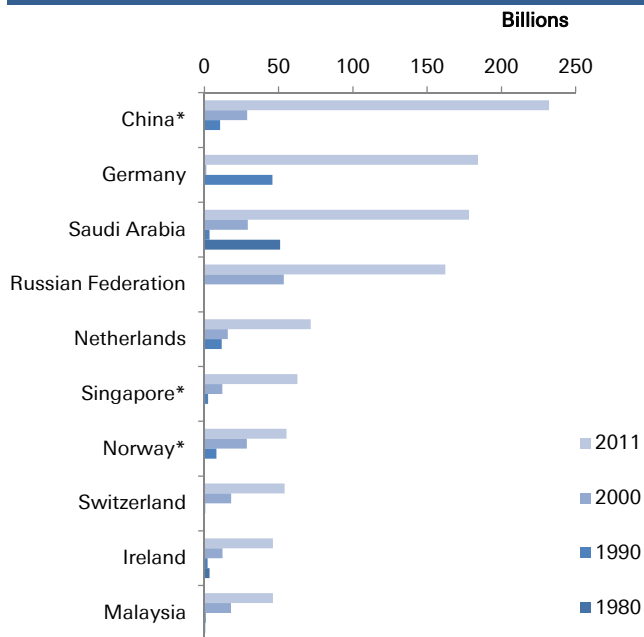
Note: World trade deficits are the absolute sum of all trade deficits. Trade surplus countries are not reflected.

While world trade is likely to rise further, one controversial discussion is the future development of the global trade imbalance. Many economic regions and their respective central banks have taken action to influence their currencies and thereby their global position in world trade.



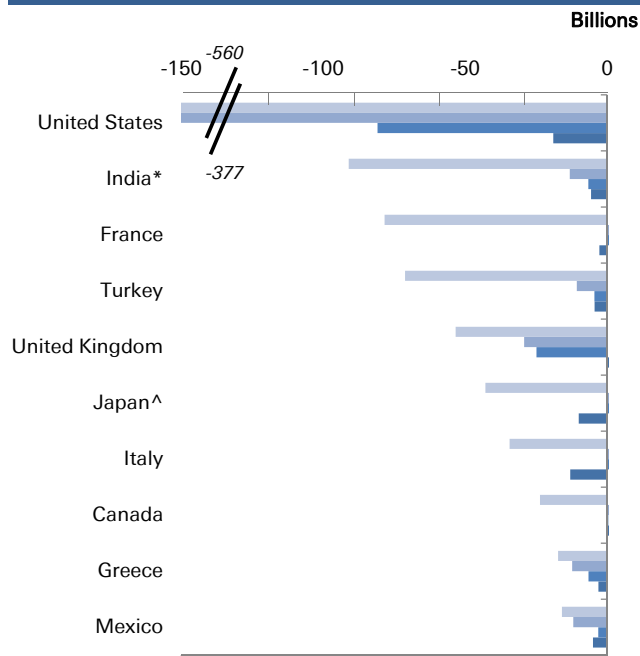
The countries with the strongest absolute trade surplus in 2011 were China, Germany, Saudi Arabia and Russia, while the US, India, France and Turkey are the countries with the strongest trade deficit.

Figure 102: 10 countries with largest trade surplus (2011, current USD)



Source: World Bank, Deutsche Bank Global Markets Research  
\*Latest figures from 2010.

Figure 103: 10 countries with largest trade deficit (2011, current USD)



Source: World Bank, Deutsche Bank Global Markets Research  
\*Latest figures from 2010.  
^Note: Japan typically has a large trade surplus, but the aftermath of the 2011 earthquake had an unusually strong impact on its trade balance.

As previously mentioned, oil is the most strongly traded good globally. The trade surplus of countries Russia and Saudi Arabia has risen strongly due to the rising oil price. The Russian trade surplus has tripled from USD 53.5bn in 2000 to USD 162.2bn in 2010. Oil exports amounted to 127% of this surplus, indicating the trade deficit in other goods and services. For EM, oil imports account for a significant share of the trade deficit. For India, the trade deficit has risen to from USD 13.1bn in 2000 to USD 91bn in 2010. Oil accounts for 68% of this deficit and this may be one reason for India's investment grade rating being questioned.

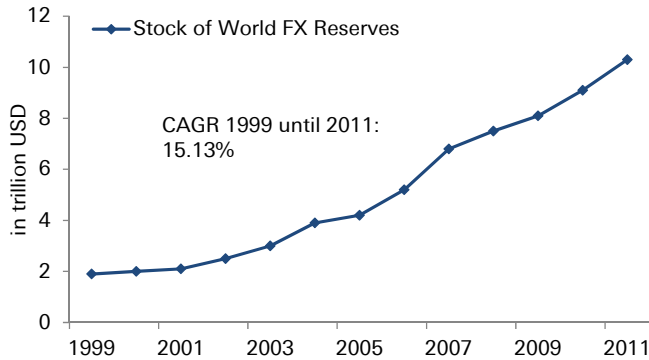
One consequence of rising trade imbalances are rising FX reserves. The FX reserves worldwide have risen from USD 1.8tr in 1999 to around USD 10.5tr in 2011, an annual growth rate of 15.9%. Currently, the world FX reserves account for 15% of World GDP. The countries with the strongest FX reserves are China with USD 3.2tr, far ahead of Japan, Saudi Arabia, Russia and Taiwan. All these countries have a strong comparative advantage: either technology rich, low labour costs or commodity-rich.

With sovereigns now holding more than USD 10tr in FX reserves, an increasing portion of these assets has been transferred to Sovereign Wealth Funds and this trend is likely to continue in the years ahead. Emerging economies constantly outpace advanced economies in increasing additional reserves. Likewise, the share of advanced economies on the total reserves retreated from almost 52% in 2005 to 39% in 2011.

To a lesser degree, the rising sovereign debts are also related to the trade imbalance.

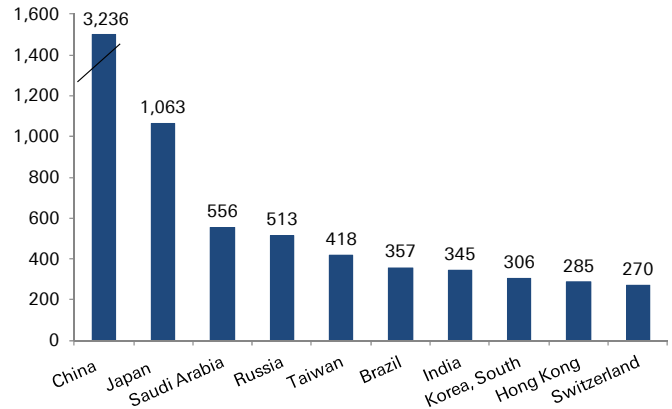


Figure 104: World FX reserves over time



Source: Deutsche Bank, IMF, Bloomberg Financial LP, World Bank.

Figure 105: Top 10 countries with highest FX reserves\* (in USD bn) 2011



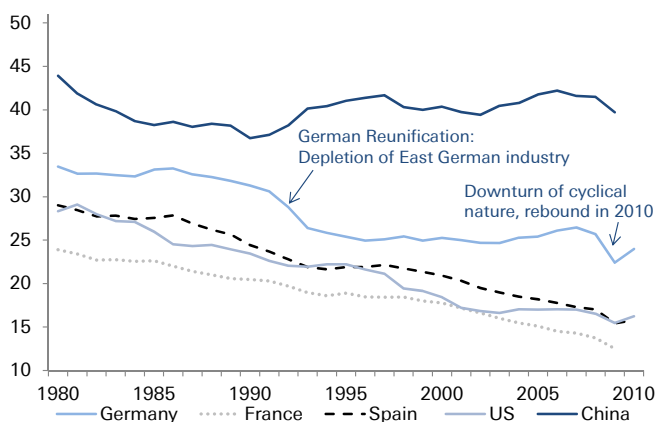
Source: CIA – The World Factbook, 2011; \* including gold.

**Megatrend: Industrialisation of EM countries, De-Industrialisation of DM countries**

The increasing international division of labour and rising global trade is reflected in growing industrial production in EM, but also in declining industrial production in DM. In many DM, the industrial share of GDP has declined over the past 30 years (see Figure 106). In the US, the industrial share of GDP declined from 28% in 1980 to 16% in 2010, in the UK from 34% to 16% and in France from 24% to 13%. In contrast to most other developed countries, Germany was able to keep the industrial share of GDP nearly stable over the last decade (from 25% in 2000 to 24% in 2010). Overall, the decline of the industrial share of GDP in developed countries seems to be a megatrend.

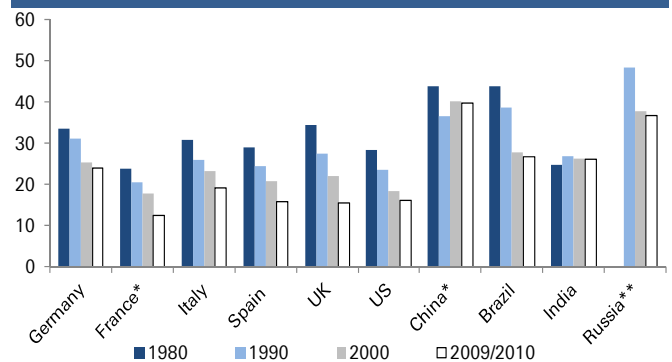
The EM countries have kept the industrial share of GDP stable over the last decade: China at 40% in 2009 (2000: 40%) and India at 26% in 2010 (2000: 26%).

Figure 106: Industrial as percentage share of GDP (1980-2010 only five countries



Source: OECD, Deutsche Bank, \* from World Bank WDI Data.

Figure 107: Industrial share of GDP (in %)



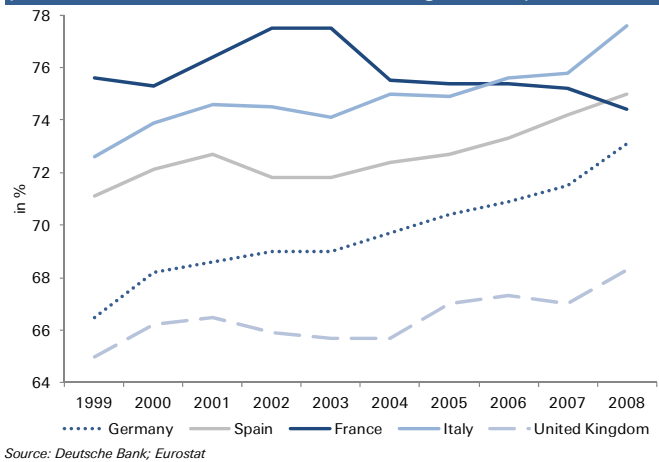
\*Figures from 2009, \*\* Data for Russia available from 1989  
Source: Deutsche Bank, OECD



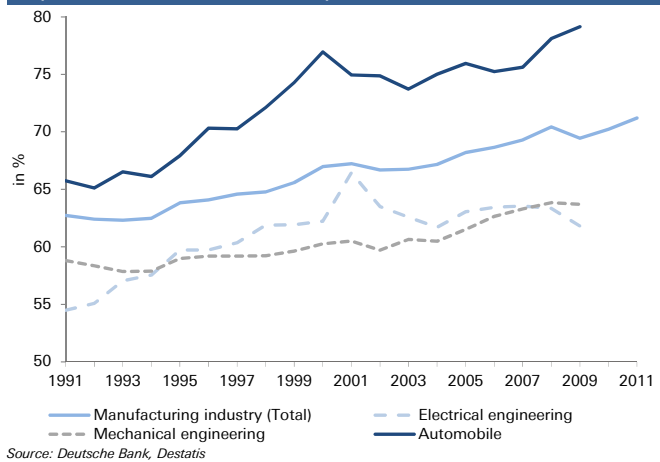
**Megatrend: Fragmentation of production**

The stronger global integration of production processes also includes more outsourcing/off-shoring of parts in the production process. Over recent decades, companies have moved parts of their production processes into other countries and/or into their suppliers. Lower labour costs in other countries, rising skill levels and efficient transportation methods have led to more fragmented production processes and a rising share of intermediate goods. A stronger fragmentation of the production process also seems to be a megatrend. In Germany, the share of intermediate goods has risen from 66% to 73% between 1999 and 2008, in Spain from 71% to 75% and in Italy from 73% to 78%. The fragmentation process varies from sector to sector. E.g., the share of intermediate goods in the German auto sector increased from 66% in 1991 to 79% in 2009 and in the German Electrical Engineering sector the share rose from 54% to 62%.

**Figure 108: Share of intermediate goods as percentage of production value in the manufacturing industry**



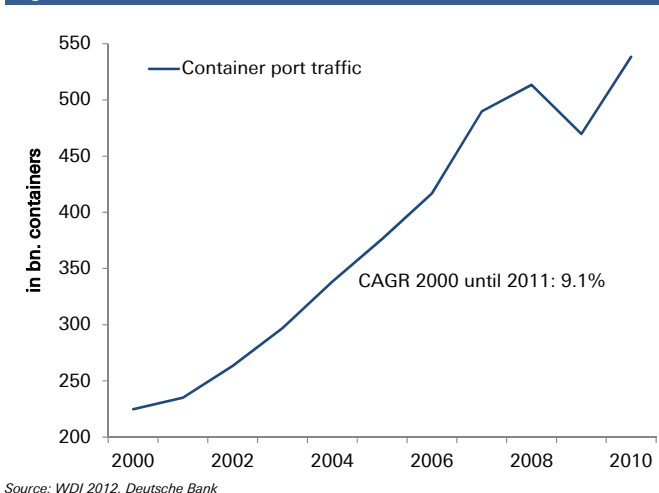
**Figure 109: Share of intermediate goods as percentage of production value (listed by German sector)**



**Global trade capacities**

Rising global trade has led to rising global trade capacities. The global container capacity has risen on average by 3.9% per year since 1990 to 1.4bn dead weight tons. In particular, the capacity of developing economies has grown strongly. Admittedly, the ship is operating under the flag of a specific country often for cost reasons.

**Figure 110: Container traffic**



**Figure 111: Merchant fleet, annual, 1990 – F2012 CAGR**

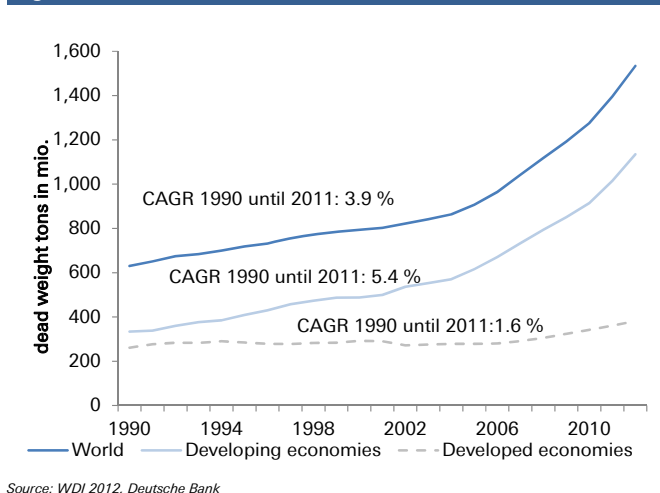
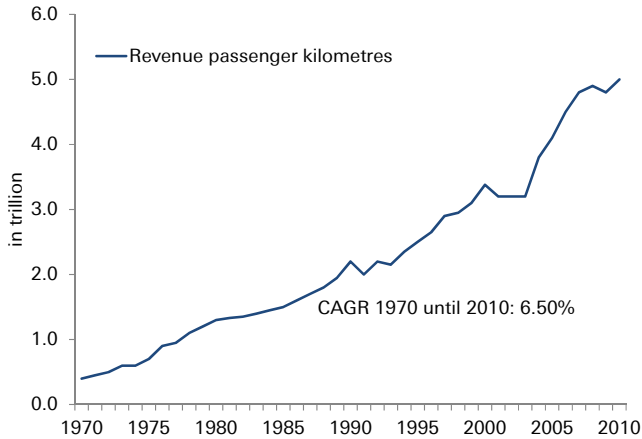


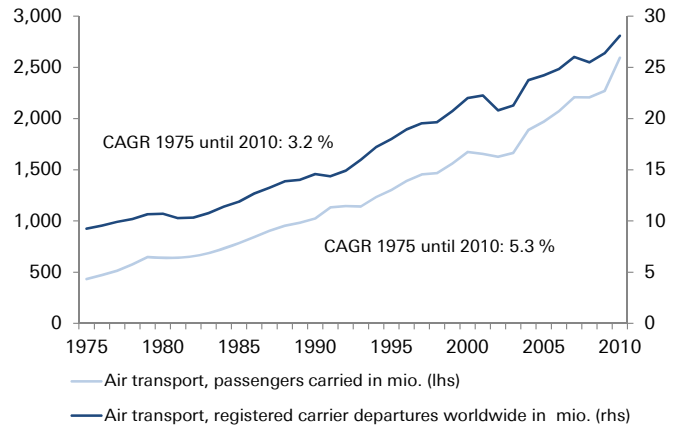


Figure 112: Air transport



Source: WDI 2012; Deutsche Bank

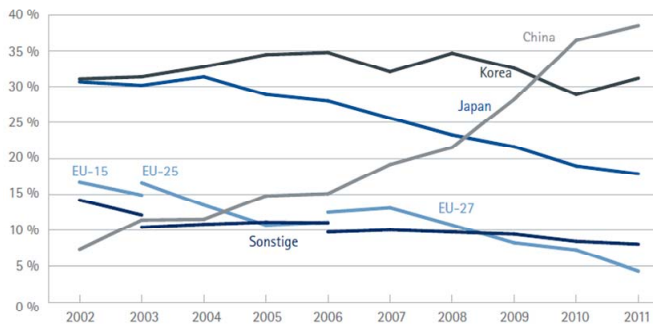
Figure 113: Global airline transport



Source: WDI 2012; Deutsche Bank

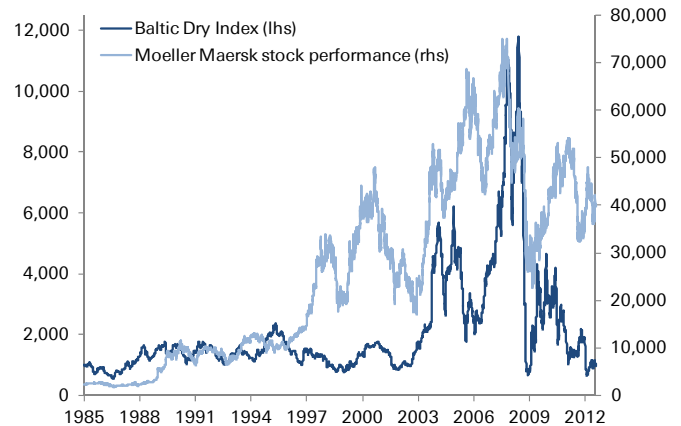
The number of global airline passengers carried has risen by 5.3% per year since 1975 to 2.6bn in 2010.

Figure 114: Ship building worldwide, market shares (in %)



Source: VSM, Deutsche Bank

Figure 115: Baltic Dry index tends to fall over the recent years , Moeller Maersk stock performing more stable



Source: Datastream, Deutsche Bank

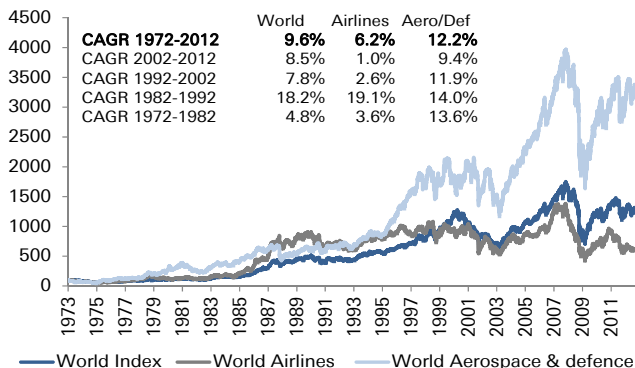
Shipping capacity and to a lesser degree also ship building capacity are good examples of what could happen in other businesses with low entry barriers. The low barriers of the ship building industry are reflected by the strong increase in market share by Chinese/EM companies: from 15% global market share in 2006 to 35% in 2010.

In general, rising demand normally leads to rising investments; in markets with low barriers to entry, rising demand also often leads to over-investments and overcapacity. This process is reflected in the Baltic Dry index, which measures sea transportation costs. The Baltic Dry index has risen strongly from 2003 to 2008 by 670%, but has now fallen back significantly and is 43% below the 2003 level. So there is a clear megatrend of rising transportation needs, but because of the low barriers to entry, it is hard to turn the rising demand into an attractive investment case for shipping companies, airlines and logistic companies.



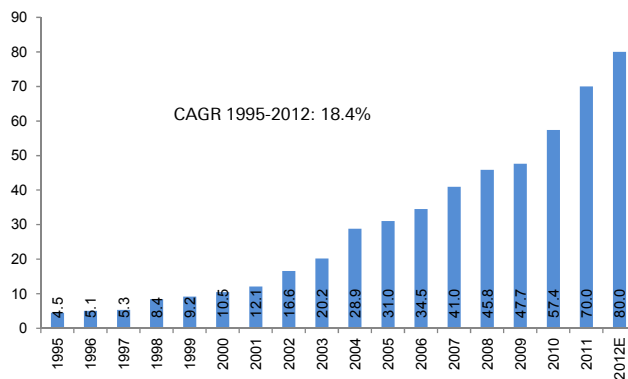
While shipping and ship building could be seen as markets with low entry barriers, the aerospace industry is a sector with higher entry barriers and we do have EADS, Safran and MTU in our basket as beneficiaries of these trends. Since 1973, the Datastream World Airlines index has shown an average performance of 6.2%, while the aerospace & defence sector posted an average performance of 12.2%. Since 2002, the performance has been 9.4% per year (compared to only 1% of the World Airlines Index).

Figure 116: Performance of World Index, global airlines and aerospace/defence



Source: Deutsche Bank, Datastream

Figure 117: Chinese outbound tourism (million border crossing)



Source: Deutsche Bank, Datastream, COTRI

### Rising global integration beyond trade

Global integration goes far beyond global trade; it includes global capital flows, global migration flows and global travel. Cross border capital flows expanded by an 8% CAGR over 1980–2010. 2007 was the peak of global capital flows, which is also clearly a volatile number. The global stock of FDI increased from USD2.1tr in 1990 to USD19.1tr in 2010, which constitutes an annual growth rate of 11.7%. The share of developing economies on the global FDI stock increased from 25% in 1990 to 31% in 2010.

Figure 118: Cross-border capital flows in USD tr in 2010

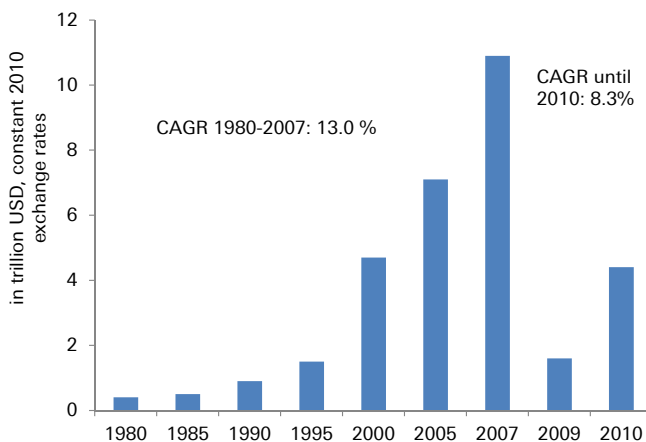
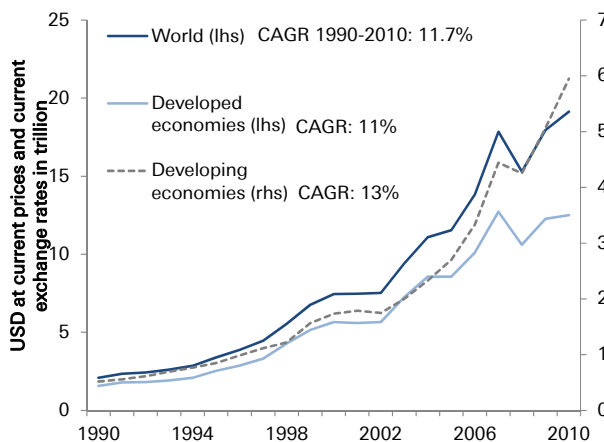


Figure 119: Inward FDI stock (in USDtr)



1 "Inflows" defined as net purchases of domestic assets by non-residents (including non-resident banks); total capital inflows comprised of inward FDI and portfolio (e.g., equity and debt) and lending inflows.  
2 Based on a sample of 79 countries  
Source: IMF; IIF; McKinsey Global Institute analysis; Deutsche Bank

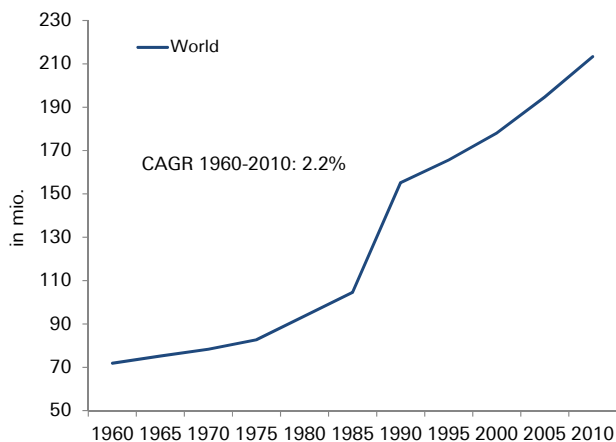
Source: UNCTAD, UNCTAD stat, Deutsche Bank

Changing demographics, interconnected labour markets, wage differences, studying abroad and other factors are likely to increase labour migration over the next decades



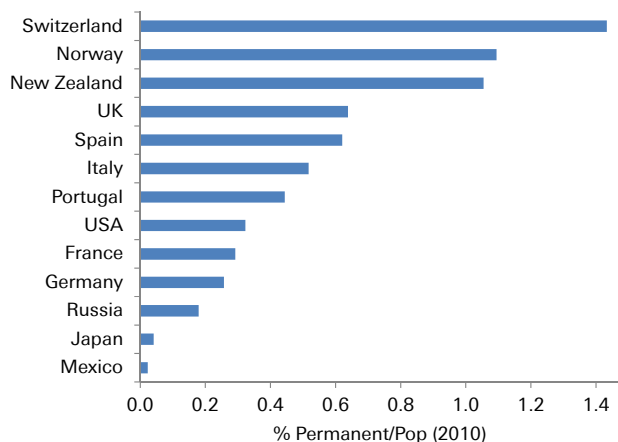
and this may well become a megatrend. Today there are about 220m migrants in the world. Migration is also important for Europe because of the huge wage differences between Western Europe and Eastern Europe. Europe may also face increasing interest in labour migration from Northern Africa. Switzerland, Norway and New Zealand are the countries with the strongest migration in 2010 relative to the size of the population. In Switzerland, the migration inflow in 2010 was 1.4% of the population compared to 0.6% in the UK, 0.3% in the US and 0.3% in Germany.

Figure 120: International migrant stock 1960-2010



Source: United Nations Population Division, Trends in Total Migrant Stock: 2008 Revision.; Deutsche Bank; International migrant stock is the number of people born in a country other than that in which they live. It also includes refugees.

Figure 121: Annual migration in % of population (2010)



Source: OECD International Migration Outlook 2012; Deutsche Bank

Conventional wisdom suggests that international migration of the highly skilled from poor to rich countries — the so-called brain drain phenomenon — threatens development. In parts of sub-Saharan Africa and Central America, sometimes more than half of all university graduates migrate to OECD countries, with potentially serious consequences for critical sectors such as education, health and engineering.

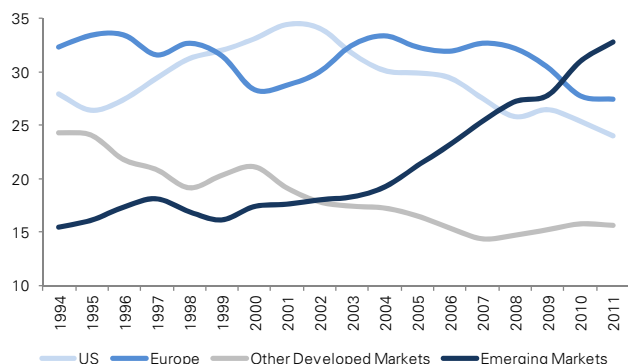
## Megatrend 2: Global integration on the company level

Global trade, which was analysed in the previous chapter on the country level, is driven by companies, especially large caps. The large listed companies contribute much more to global trade than to global GDP. The country level is a good preparation to better understand the process of global integration on the company level, which is finally relevant for the investor. For companies, globalization goes much beyond trade/exports. For companies, globalization is about to benefit from the rising economically relevant global population by leveraging their globally relevant assets like brand names, patents, production know how and making smart investments in the right countries/regions. The final result of this process is regional sales distribution for each company and regional earnings distribution, although the latter is rarely published by companies. In many cases, the global production network has become quite complex with several layers of suppliers so that companies offering the final product often have no full overview of all suppliers involved. The supplier network only comes into the focus in case of any disruptions. For example, German car companies missed certain semiconductors from Japan after the tsunami catastrophe.



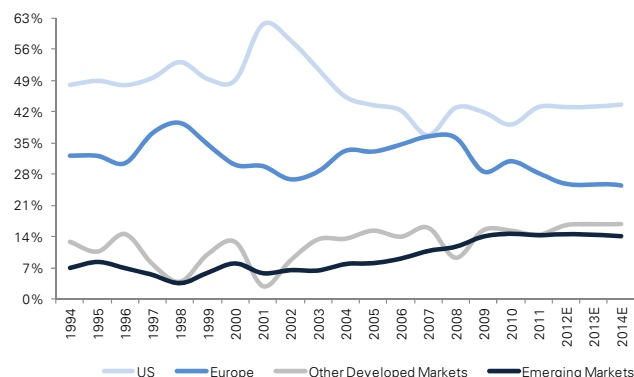


Figure 122: Share of global GDP by region (%)



Source: IMF, Deutsche Bank, DataStream

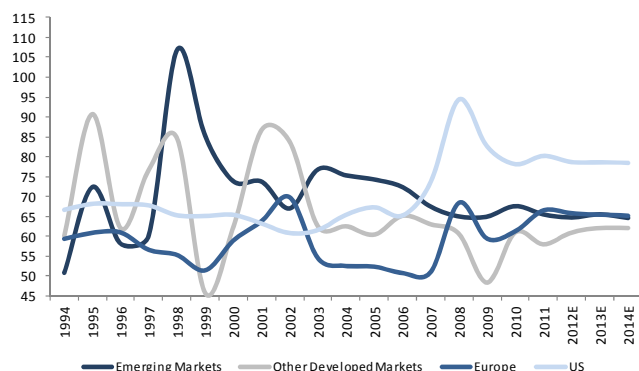
Figure 123: Share of earnings of the MSCI World AC based on home country of constituent companies (%)



Source: DataStream, Deutsche Bank

While EM's share of global GDP has strongly increased from 15.6% in 2000 to 32.8% in 2011, the EM companies' earnings share in the MSCI World All countries has increased only slightly from 8% to 14%. Additionally, the share of index earnings European companies remained broadly unchanged over the last decade (from 30% in 2000 to 28% in 2011). This suggests that the additional earnings potential derived from the strongly rising GDP share, has been split up relatively evenly by companies from all regions. In the US equity market, 80% of the earnings come from "production" companies although the production share of GDP has continuously declined in the US. One reason is that we consider all technology companies as production companies and the second reason is that US companies are producing abroad but generating earnings for investors in US stocks. In Europe and EM, the earnings share of production companies is around 60-65%.

Figure 124: Share of production sector\* in region's earnings (in %)



Source: Deutsche Bank, DataStream

\*Production Sectors include Consumer Discretionary, Consumer Staples, Energy, Healthcare, Industrials, Information Technology and Materials.

\*Services Sectors include Financials, Telecommunication Services and Utilities.

Figure 125: Share of region's earnings by sector for 2011 (in %)

Sector	Other			
	Emerging Markets	Developed Markets	Europe	US
Consumer Discretionary	5.5	2.4	8.0	9.4
Consumer Staples	4.2	5.1	9.9	9.5
Energy	23.5	9.9	15.5	14.8
Health Care	0.6	2.6	11.3	12.9
Industrials	4.6	16.8	8.8	10.1
Information Technology	8.2	5.3	2.3	19.6
Materials	18.8	15.7	10.9	3.9
<b>Production Sectors*</b>	<b>65.5</b>	<b>58.0</b>	<b>66.6</b>	<b>80.2</b>
Financials	25.1	41.1	21.2	14.1
Telecommunication Services	6.1	5.3	7.4	2.1
Utilities	3.4	-4.3	4.7	3.6
<b>Services Sectors*</b>	<b>34.5</b>	<b>42.0</b>	<b>33.4</b>	<b>19.8</b>

Source: Deutsche Bank, DataStream

\*Production Sectors include Consumer Discretionary, Consumer Staples, Energy, Healthcare, Industrials, Information Technology and Materials.

\*Services Sectors include Financials, Telecommunication Services and Utilities.

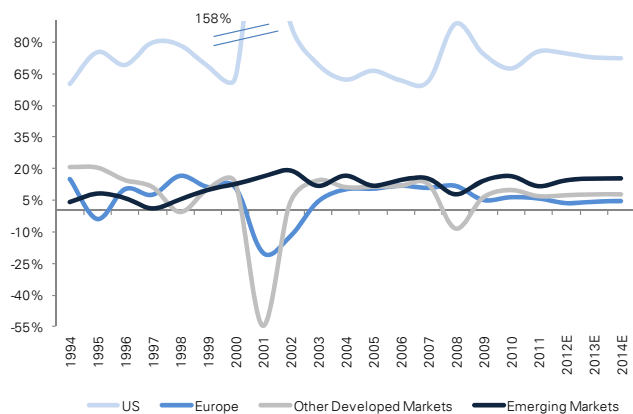
The contribution of EM companies to global earnings is particularly low in many of those sectors that we consider as global production sectors with companies that could have a strong global position in a niche market: technology, industrial goods & services, consumer discretionary (mostly autos) and healthcare. In these four sectors, the share of EM contribution remained low.



In technology, the share of EM earnings remained stable for a decade (14.5% in 2012 from 12.7% in 2000, in industrials it increased slightly to 7.9% from 3.8% in 2000 and in consumer discretionaries to 12% from 4% in 2000). In healthcare, the share of EM earnings has remained extremely low at 1.1%. EMs have a low share in companies with a strong global position and this is one reason why corporate profitability in EMs is coming into question (for details see *CROCI Focus: The implications of collapsing profitability in EMs*, 9 July 2012). Therefore, investors who want to benefit from EM growth and the global integration in these sectors need to invest in DM companies.

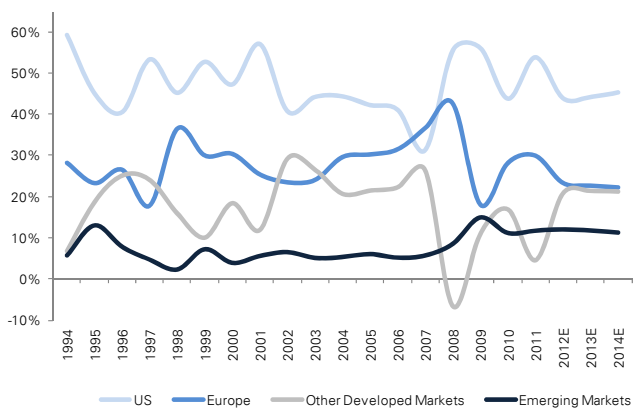
For the five global sectors (technology, consumer discretionaries, industrial goods & services, healthcare and materials) the charts and tables below give the earnings development over time and the top 15 contributors to 2011 earnings. Apple, Microsoft, IBM and Intel alone account for around 30% of the global technology earnings in 2011. For consumer discretionaries, Volkswagen, Ford and Daimler are the three biggest contributors. The key point is that among the top 15 earnings contributors in the four global sectors of technology, consumer discretionaries, industrial goods & services and healthcare, there is only one EM company, Hutchinson Whampoa from Hong Kong. There are three companies from South Korea and one company from Taiwan among the top 15, but South Korea and Taiwan are under review by MSCI to potentially be upgraded to DMs in 2013.

Figure 126: Share of earnings of the MSCI World Technology by region



Source: Deutsche Bank, DataStream

Figure 128: Share of earnings of the MSCI World consumer discretionaries by region



Source: Deutsche Bank, DataStream

Figure 127: Share of top 15 companies in 2011 MSCI World Technology earnings

Sr. No	Company	Country	Net Income( USD bn)	Share (% of sector earnings)
1	Apple	United States	25.9	10.4
2	Microsoft	United States	23.2	9.3
3	International Business Machines	United States	15.9	6.4
4	Intel	United States	12.9	5.2
5	Samsung Electronics	South Korea	10.7	4.3
6	Google	United States	9.7	3.9
7	Oracle	United States	8.5	3.4
8	Hewlett-Packard	United States	7.1	2.8
9	Cisco Systems	United States	6.5	2.6
10	SAP	Germany	5.0	2.0
11	Taiwan Semiconductor Manufacturing	Taiwan	4.6	1.9
12	QUALCOMM	United States	4.3	1.7
13	Visa	United States	3.7	1.5
14	Research In Motion	Canada	3.5	1.4
15	Dell	United States	3.5	1.4
<b>Total</b>			<b>144.9</b>	<b>58.3</b>

Source: Deutsche Bank, DataStream

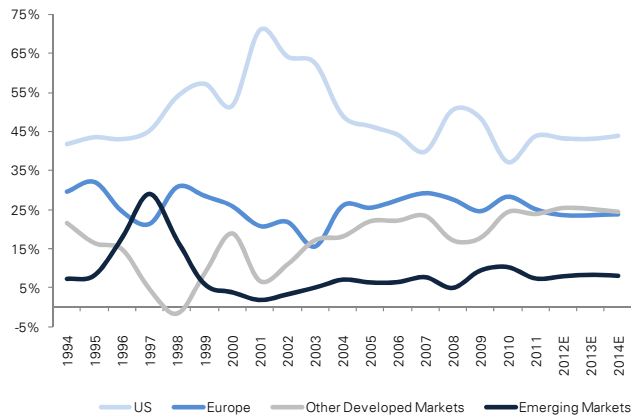
Figure 129: Share of top 15 in 2011 MSCI World consumer discretionaries earnings

Sr. No	Company	Country	Net Income( USD bn)	Share (% of sector earnings)
1	Volkswagen	Germany	22.2	7.9
2	Ford Motor	United States	20.3	7.3
3	Daimler	Germany	8.2	2.9
4	General Motors	United States	7.6	2.7
5	BMW	Germany	7.0	2.5
6	Honda Motor	Japan	7.0	2.5
7	McDonald's	United States	5.5	2.0
8	Hyundai Motor	South Korea	5.4	1.9
9	Toyota Motor	Japan	5.3	1.9
10	Walt Disney	United States	4.8	1.7
11	LVMH Moet Hennessy Louis Vuitton	France	4.4	1.6
12	Nissan Motor	Japan	4.2	1.5
13	Comcast	United States	4.2	1.5
14	Home Depot	United States	3.9	1.4
15	Kia Motors	South Korea	3.2	1.1
<b>Total</b>			<b>113.2</b>	<b>40.4</b>

Source: Deutsche Bank, DataStream



Figure 130: Share of earnings of the MSCI World industrials by region



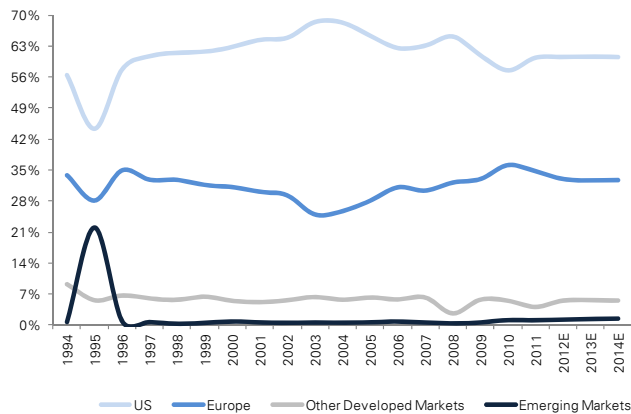
Source: Deutsche Bank, DataStream

Figure 131: Share of top 15 in 2011 MSCI World industrials earnings

Sr. No	Company	Country	Net Income( USD bn)	Share (% of sector earnings)
1	General Electric	United States	13.1	4.9
2	Siemens	Germany	8.9	3.3
3	Hutchison Whampoa	Hong Kong	7.2	2.7
4	Mitsubishi	Japan	6.0	2.3
5	United Technologies	United States	5.0	1.9
6	Caterpillar	United States	4.9	1.9
7	3M	United States	4.3	1.6
8	Boeing	United States	4.0	1.5
9	Mitsui & Co	Japan	4.0	1.5
10	United Parcel Service	United States	3.8	1.4
11	ABB	Switzerland	3.5	1.3
12	Union Pacific Corp.	United States	3.3	1.2
13	A.P. Moeller-Maersk	Denmark	2.9	1.1
14	Volvo	Sweden	2.8	1.1
15	Deere & Co.	United States	2.8	1.1
<b>Total</b>			<b>76.5</b>	<b>28.8</b>

Source: Deutsche Bank, DataStream

Figure 132: Share of earnings of the MSCI World healthcare by region



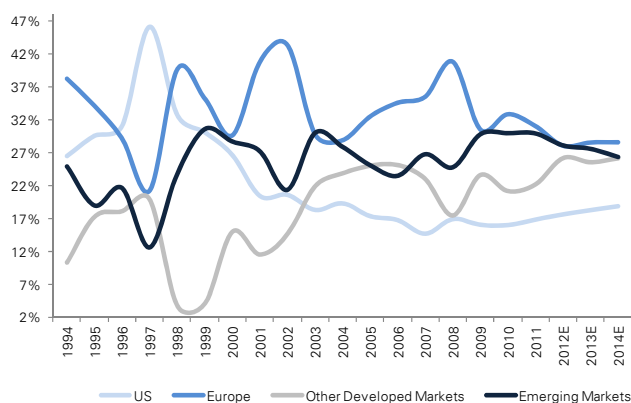
Source: Deutsche Bank, DataStream

Figure 133: Share of top 15 in 2011 MSCI World healthcare earnings

Sr. No	Company	Country	Net Income( USD bn)	Share (% of sector earnings)
1	Roche Holding	Switzerland	11.8	6.8
2	AstraZeneca	United Kingdom	10.2	5.9
3	Novartis	Switzerland	10.1	5.8
4	Johnson & Johnson	United States	9.7	5.6
5	Pfizer	United States	8.7	5.0
6	GlaxoSmithKline	United Kingdom	8.6	5.0
7	Sanofi	France	8.2	4.7
8	Merck & Co	United States	6.3	3.6
9	UnitedHealth Group	United States	5.1	3.0
10	Abbott Laboratories	United States	4.7	2.7
11	Eli Lilly & Co.	United States	4.3	2.5
12	Bristol-Myers Squibb	United States	3.7	2.1
13	Amgen	United States	3.7	2.1
14	Bayer	Germany	3.6	2.1
15	Novo Nordisk	Denmark	3.3	1.9
<b>Total</b>			<b>102.0</b>	<b>58.8</b>

Source: Deutsche Bank, DataStream

Figure 134: Share of the MSCI World materials earnings by region



Source: Deutsche Bank, DataStream

Figure 135: Share of top 15 materials companies in 2011 MSCI World materials earnings

Sr. No	Company	Country	Net Income( USD bn)	Share (% of sector earnings)
1	BHP Billiton	Australia	25.1	10.7
2	Cia Vale do Rio Doce	Brazil	23.6	10.0
3	BASF	Germany	8.9	3.8
4	Anglo American	United Kingdom	6.4	2.7
5	Rio Tinto	Australia	5.9	2.5
6	Xstrata	United Kingdom	5.8	2.5
7	Freeport-McMoRan Copper & Gold	United States	4.6	1.9
8	Glencore International	United Kingdom	4.3	1.8
9	KGHM Polska Miedz	Poland	3.8	1.6
10	Norilsk Nickel Mining & Metallurgical Co.	Russian Federation	3.6	1.6
11	E.I. DuPont de Nemours & Co.	United States	3.5	1.5
12	POSCO	South Korea	3.4	1.4
13	Teck Resources Ltd.	Canada	2.7	1.2
14	Mosaic Co.	United States	2.5	1.1
15	Grupo Mexico	Mexico	2.5	1.0
<b>Total</b>			<b>106.4</b>	<b>45.4</b>

Source: Deutsche Bank, DataStream



The production of Apple's iPhone is a good example to compare and contrast country exports with company sales. The iPhone is made up of inputs sourced from around the world that are assembled by Foxconn in China. The product never passes through an Apple facility during its production. However, Apple receives 66% of the price of an iPhone while Foxconn, the final assembler listed on the Taiwan Stock Exchange, receives a paltry 2.5% of the retail price. Interestingly, Samsung is a major supplier of components even though it competes directly with Apple in the mobile phone and tablet space.

Figure 136: iPhone (GSM version): New production and supply network

Country	Manufacturer	Component/ service	USD	Per cent
Japan and Taiwan	Murata	Bluetooth and Wi-Fi	8	1.6%
	AKM Semiconductor	E-compass	0.7	
S. Korea	Samsung	Flash memory, DRAM memory and Applications processor	45.7	8.2%
Taiwan	Dialog Semiconductors	Power management	1.5	2.1%
	Infineon	Baseband	10.3	
USA	Skyworks; TriQuint	Baseband	6.2	1.9%
	Micron	Flash memory	2.5	
	Texas Instruments	Audio	1	
	Cirrus Logic	Touchscreen control	0.9	
Italy	ST Microelectronics	Accel. and gyroscope	2.3	0.4%
Other	Others	Display, touchscreens, camera, battery and other parts	99	17.7%
China	Foxconn	Assembly	14	2.5%
USA	Apple	Ideas, design and brand	368	65.7%
<b>Price of i-phone (16GB GSM version)</b>			<b>560</b>	<b>100.0%</b>

Source: Deutsche Bank Global Markets Research

The iPhone is also an interesting example to show how a company's complex production network affects the trade deficits and surpluses on a country level in a globalized economy (cf. Xing and Detert 2009). In 2009, 25.8m iPhones were assembled in China with a shipping value of USD192.1 per iPhone plus USD368 value added by Apple within the US for R&D, design and brand. Of the 25.8m iPhones, 11.3m are estimated to be sold in the US and 14.5m in the rest of the world. Note that until 2010, iPhone sales in China were basically zero because of government regulations on mobile phones with internet access. The US domestic iPhone consumption thus increases Chinese exports (and US imports) by USD2bn (11.3m iPhones times [USD192.1 shipping value minus USD10.6 reimports]). The US export transaction to the rest of the world increases the US exports by USD8.1bn (14.5m iPhones times USD560 final shipping price) and US imports by USD2.6bn (14.5m iPhones times [USD192 shipping value minus USD10.6 reimports]), so US net exports by USD5.5 bn. As such, the 14.5m iPhones that have never physically entered the US significantly contribute to the US exports.

Generally speaking, the momentum of global integration has been highest for production companies, in particular production companies that have an immaterial asset that is of global relevance and that they can leverage globally. This can be a brand, patents, production or knowledge. We like companies with a strong global position in a niche market with high entry barriers. Goods also include immaterial goods like software, data, movies etc. Sometimes for immaterial goods, a global demand sets the risk of use without proper payment, like software, movies, etc.



For services companies (like telecoms, retail companies, banks and utilities) it is much harder to generate profits from global expansion because often the relevant advantage to local companies is lower. It requires more investments upfront and services often require more localization efforts. European services companies have often tried to expand outside Europe. However, in our view, these efforts have often required massive investments upfront and have often turned out to be not very profitable. Often, companies do not publish profitability by region, which makes it hard to judge the final success. But if a company withdraws from a region after only a few years, it is unlikely to have been successful. There may well be exception and we have Dufry as services company in our basket of globalization beneficiaries, but we clearly focus on the production sectors. Within the production companies, we prefer companies with strong global positions in niche markets rather than mass markets or companies in mass markets with a clear comparative advantage over most competitors. Any production companies that produce goods for which the demand is rising globally and that are highly profitable are at the risk of facing increasing competition. For a company that is serving a global market, a new competitor can basically emerge from anywhere in the world. Therefore, it is a double-edged sword to be a global company and the key aspect to protect global revenue is the barrier to entry.

In our view, investors need to understand the barriers to entry in detail to separate companies that have a good chance to maintain a leading global position in the longer term from other companies.

Figure 137: Barriers to entry for global companies

*“A barrier to entry is anything that prevents entry when entry is socially beneficial”* – Franklin M. Fisher

*“A cost of producing which must be borne by a firm which seeks to enter an industry but is not borne by firms already in the industry”* – George Stigler

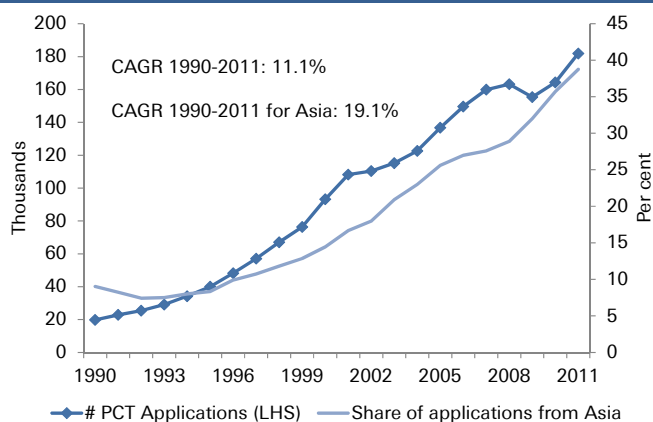
Barrier of Entry	Description
Brands	Established firms use of advertising creates a consumer perceived difference in its brand from other brands (product differentiation).
Cost advantages	Proprietary technology, know-how, favorable access to raw materials, favorable geographic locations, learning curve cost advantages.
Distributor agreements	Exclusive agreements with key distributors or retailers can make it difficult for other manufacturers to enter the industry.
Economy of scale	Large, experienced firms can generally produce goods at lower costs than small, inexperienced firms.
Intellectual property	Patents give a firm the legal right to stop other firms producing a product for a given period of time, and so restrict entry into a market.
Network effect	When a good or service has a value that depends on the number of existing customers, then competing players may have difficulties in entering a market where an established company has already captured a significant user base.
Restrictive practices	Such as air transport agreements that make it difficult for new airlines to obtain landing slots at some airports.
R&D	Some products, such as microprocessors, require a large upfront investment in technology which will deter potential entrants.
Switching barriers	At times, it may be difficult or expensive for customers to switch providers
Tariffs	Taxes on imports prevent foreign firms from entering into domestic markets.
Vertical integration	A firm's coverage of more than one level of production, while pursuing practices which favor its own operations at each level, is often cited as an entry barrier as it requires competitors producing it at different steps to enter the market at once.

Source: Wikipedia, Deutsche Bank



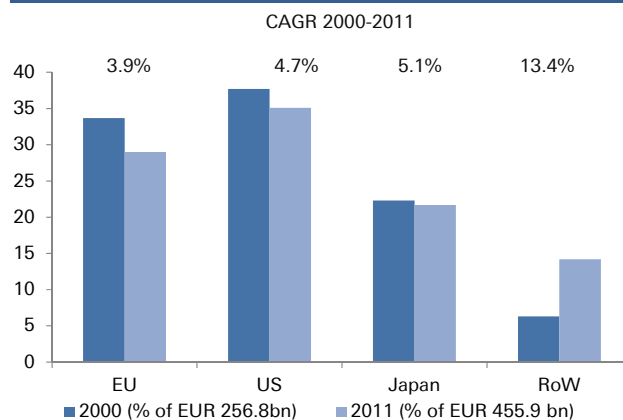
In the following section, we analyse the three entry barriers in more detail: R+D, patents and strong brands and give examples of globally successful business models. First, the number of patents strongly increased with a CAGR of 11% globally and 19% in Asia 1990-2011. In 2011, Asia reached a global share of 39% with 71,000 patents out of 182,000 patents globally. Global corporate R&D spending is also increasing strongly by 5.4% per year from E257bn in 2000 to E456bn in 2011 (according to the data from the EU Industrial R&D Investment Scoreboard). Again, the share of Asia/RoW is gradually increasing to 14% in 2011. R&D spending of Asia/Row companies increased by 13.4% annually between 2000 and 2011.

Figure 138: Absolute number of annual patent filings increasing (LHS) – regional distribution shifting to Asia (RHS, %)



Source: WIPO PCT Yearly Review 2012, Deutsche Bank Global Markets Research

Figure 139: R&D spending of companies globally increasing, but shifting slowly from the Western world to other regions



Source: 2011 EU Industrial R&D Investment Scoreboard, Deutsche Bank Global Markets Research  
Note: The 2011 "EU Industrial R&D Investment Scoreboard" (the Scoreboard) collects information on the top 1000 EU companies and 1000 non-EU companies investing the largest sums in R&D in the last reporting year.

Patent filings and R&D investments can be broken down on a company level and Figure 140 gives the top 50 global companies by absolute number of patents and Figure 141 gives the top 50 global companies by absolute R&D investments. We also give the five-year stock performance, which reflects that a high number of patents or high R&D can go along with a wide variation in stock performance. Patents and R&D investments give the potential to create barriers to entry, but the economic success of patents and R&D investments can vary strongly. Volkswagen and Toyota have similarly high levels of R&D investments (based on 2010 numbers), but the stock performance varies widely. The top 50 global companies by patent applications 2011 include many companies in which the stock performance over the last five years has suffered strongly, including Panasonic, Ericsson, Nokia, Toshiba, Sony and Alcatel Lucent, but also a few companies with very strong five-year performances, including Apple, Samsung and IBM. For R&D investments, the picture is quite similar. Overall, patents and R&D numbers may be of limited value to understand the barriers to entry in certain businesses.



Figure 140: 50 most innovative companies 2011 according to international patent filings (PCT applications)

Rank	Company	Origin	2011 Patent Applications	Change from 2008	5yr Perf. in %	Rank	Company	Origin	2011 Patent Applications	Change from 2008	5yr Perf. in (%)
1	ZTE Corporation	China	2,826	759%	12	26	Sony	Japan	471	53%	-84
2	Panasonic	Japan	2,463	42%	-73	27	Microsoft	United States	446	-45%	6
3	Huawei	China	1,831	5%	not listed	28	Sumitomo Chemical	Japan	446	70%	-77
4	Sharp	Japan	1,755	116%	-90	29	Dupont	United States	424	-18%	5
5	Bosch	Germany	1,518	19%	not listed	30	Schaeffler	Germany	422	12%	not listed
6	Qualcomm	United States	1,494	65%	64	31	Bosch-Siemens Hausg	Germany	421	7%	not listed
7	Toyota	Japan	1,417	4%	-55	32	Honda motor co., Ltd.	Japan	418	117%	-37
8	LG	South Korea	1,336	35%	-6	33	Fujifilm corporation	Japan	414	-	-72
9	Philips	Netherlands	1,148	-26%	-27	34	Dow Global Technolog	United States	399	40%	not listed
10	Ericsson	Sweden	1,116	13%	-48	35	Semiconductor Energy	Japan	382	-	not listed
11	Nec Corporation	Japan	1,056	28%	-80	36	Kyocera	Japan	356	7%	-37
12	Siemens	Germany	1,039	-5%	-20	37	Panasonic Electric Wo	Japan	353	-	-32
13	Mitsubishi Electric	Japan	834	66%	-50	38	Baker Hughes	United States	336	14%	-40
14	BASF	Germany	773	7%	33	39	Nokia Siemens Networ	Finland	332	388%	not listed
15	Samsung	South Korea	757	18%	124	40	Huawei Device co., Ltd	China	327	-	not listed
16	Nokia	Finland	698	-31%	-89	41	NTT Docomo, inc.	Japan	323	-	-22
17	IBM	United States	661	0%	77	42	Murata Manufacturing	Japan	318	-	-55
18	Hewlett-Packard	United States	591	19%	-58	43	Intel Corporation	United States	309	-	12
19	3M	United States	563	-15%	7	44	Applied Materials, inc.	United States	308	56%	-45
20	Hitachi	Japan	547	-	-45	45	Thomson Licensing	France	303	-34%	not listed
21	Toshiba	Japan	517	143%	-74	46	Asahi Glass	Japan	291	-	-66
22	Canon	Japan	499	78%	-57	47	General Electric	United States	291	-11%	-45
23	Fujitsu	Japan	494	-50%	-58	48	Alcatel Lucent	France	287	35%	-88
24	Procter & Gamble	United States	488	18%	2	49	Sanyo Electric co., Ltd	Japan	285	-	-40
25	Mitsubishi Heavy Ind.	Japan	480	123%	-57	50	Apple	United States	269	-	397

**Average Performance -22**

Source: WIPO, Deutsche Bank Global Markets Research

Figure 141: Ranking of global companies according to R&D expenditure

Rank	Company	Country	Sector	R&D			Perf.	Rank	Company	Country	Sector	R&D			Perf.
				Inv.	R&D/Ne	5yr						Inv.	R&D/Ne	5yr	
				2010	2010							2010	2010		
				€m	%	%						€m	%	%	
1	Roche	Switzerland	Pharmaceuticals	7,181	18.9	-16	26	Hitachi	Japan	Computer hardware	3,423	4.2	-45		
2	Pfizer	USA	Pharmaceuticals	7,017	13.9	0	27	Oracle	USA	Software	3,369	12.7	58		
3	Microsoft	USA	Software	6,741	12.9	6	28	Bayer	Germany	Chemicals	3,211	9.2	20		
4	Toyota Motor	Japan	Automobiles & part	6,667	3.8	-55	29	AstraZeneca	UK	Pharmaceuticals	3,205	12.9	28		
5	Merck US	USA	Pharmaceuticals	6,404	18.7	-12	30	EADS	Netherlands	Aerospace & defen	3,084	6.7	46		
6	Volkswagen	Germany	Automobiles & part	6,258	4.9	76	31	Ericsson	Sweden	Telecommunication	3,022	13.4	-48		
7	Samsung	South Korea	Electronic equipme	6,181	6.1	124	32	Toshiba	Japan	General industrials	2,971	5.1	-74		
8	Novartis	Switzerland	Pharmaceuticals	6,023	16.0	-12	33	General Electric	USA	General industrials	2,936	2.6	-45		
9	General Motors	USA	Automobiles & part	5,190	5.1	0	34	Canon	Japan	Office electronics	2,903	8.5	-57		
10	Johnson & Johns	USA	Pharmaceuticals	5,102	11.1	12	35	Boeing	USA	Aerospace & defen	2,807	5.9	-25		
11	Nokia	Finland	Telecommunication	4,938	11.6	-89	36	Google	USA	Internet	2,804	12.8	24		
12	Intel	USA	Semiconductors	4,902	15.1	12	37	Abbott Laborator	USA	Pharmaceuticals	2,776	10.6	20		
13	Daimler	Germany	Automobiles & part	4,852	5.0	-32	38	BMW	Germany	Automobiles & part	2,773	4.8	35		
14	Sanofi-Aventis	France	Pharmaceuticals	4,390	13.6	15	39	Takeda Pharma.	Japan	Pharmaceuticals	2,724	20.2	-53		
15	Panasonic	Japan	Leisure goods	4,383	6.4	-73	40	Bristol-Myers Squ	USA	Pharmaceuticals	2,658	18.3	10		
16	GlaxoSmithKline	UK	Pharmaceuticals	4,379	13.2	17	41	Alcatel-Lucent	France	Telecommunication	2,559	16.2	-88		
17	Honda Motor	Japan	Automobiles & part	4,259	5.4	-37	42	NTT	Japan	Telecommunication	2,556	2.7	-25		
18	Siemens	Germany	Electrical componer	4,241	5.6	-20	43	NEC	Japan	Computer services	2,536	7.7	-80		
19	Sony	Japan	Leisure goods	3,971	6.0	-84	44	Denso	Japan	Automobiles & part	2,482	9.1	-39		
20	Cisco Systems	USA	Telecommunication	3,931	13.2	-44	45	Boehringer Ingel	Germany	Pharmaceuticals	2,453	19.5	n.i.		
21	Robert Bosch	Germany	Automobiles & part	3,824	8.1	n.i.	46	Peugeot (PSA)	France	Automobiles & part	2,402	4.3	-87		
22	IBM	USA	Computer services	3,788	5.1	77	47	Hewlett-Packard	USA	Computer hardware	2,206	2.4	-58		
23	Ford Motor	USA	Automobiles & part	3,727	3.9	14	48	Amgen	USA	Biotechnology	2,157	19.2	65		
24	Eli Lilly	USA	Pharmaceuticals	3,641	21.2	-24	49	LG	South Korea	Electronic equipme	2,092	3.2	22		
25	Nissan Motor	Japan	Automobiles & part	3,543	5.1	-36	50	Fujitsu	Japan	Computer services	2,068	4.8	-58		

**Average Performance -13.2**

Source: 2011 EU Industrial R&D Investment Scoreboard, Deutsche Bank Global Markets Research





## Strong brands

In many sectors, a strong global brand is important to reach a strong global position. A strong brand helps to fight competition/margin erosion and can be leveraged around the world. The two tables below list the strong global brands according to two different methodologies (one from Interbrand and the other from BrandZ). Figure 142 lists the 10 strongest brands worldwide and all of the European brands that belong to the top 100. European brands with strong growth in value (more than 10% during the past year) include SAP, Volkswagen, Audi, Adidas, Hermes, Cartier, Shell and Burberry. The five-year average performance of European companies with strong brands has been 0.5%.

Figure 142: Interbrand - Top 10 global brands and European brands among the global top 100

Rank	Brand	Country of origin	Sector	Value (\$bn)	Change from prev. year	5 years returns (%)	Rank	Brand	Country of origin	Sector	Value (\$bn)	Change from prev. year	5 years returns (%)
<b>Top 10 global brands</b>							<b>Other European brands in top 100 (Contd.)</b>						
1	Coca-Cola	US	Beverages	71.86	2%	40.0	47	Volkswagen	Germany	Automotive	7.86	14%	-10.4
2	IBM	US	Business Services	69.91	8%	70.3	52	Danone	France	FMCG	6.94	9%	-2.6
3	Microsoft	US	Computer Software	59.09	-3%	7.2	53	AXA	France	Financial Services	6.69	0%	-59.0
4	Google	US	Internet Services	55.32	27%	34.1	59	Audi	Germany	Automotive	6.17	13%	-5.8
5	GE	US	Diversified	42.81	0%	-46.2	60	Adidas	Germany	Sporting Goods	6.15	12%	48.5
6	McDonald's	US	Restaurants	35.59	6%	82.3	66	Hermès	France	Luxury	5.36	12%	189.3
7	Intel	US	Electronics	35.22	10%	-1.7	67	Allianz	Germany	Financial Services	5.35	9%	-43.3
8	Apple	US	Electronics	33.49	58%	402.3	68	Santander	Spain	Financial Services	5.08	5%	-48.0
9	Disney	US	Media	29.02	1%	47.7	70	Cartier	France	Luxury	4.78	18%	NA
10	Hewlett-Packard	US	Electronics	28.48	6%	-65.0	72	Porsche	Germany	Automotive	4.58	4%	NA
<b>Other European brands in top 100</b>							74	Shell	Netherlands	Energy	4.48	12%	2.3
12	Mercedes-Benz	Germany	Automotive	27.45	9%		77	Moët & Chandon	France	Alcohol	4.38	9%	NA
14	Nokia	Finland	Electronics	25.07	-15%	-90.3	79	Barclays	UK	Financial Services	4.26	1%	-68.1
15	BMW	Germany	Automotive	24.55	10%	38.2	82	Credit Suisse	Switzerland	Financial Services	4.09	2%	-76.7
18	Louis Vuitton	France	Luxury	23.17	6%	NA	87	NIVEA	Germany	FMCG	3.88	4%	20.5
21	H&M	Sweden	Apparel	16.46	2%	26.1	88	Johnnie Walker	UK	Alcohol	3.84	8%	NA
24	SAP	Germany	Business Services	14.54	14%	35.2	89	Smirnoff	UK	Alcohol	3.84	6%	NA
31	IKEA	Sweden	Home Furnishings	11.86	-5%	NA	91	Heineken	Netherlands	Alcohol	3.81	8%	1.3
32	HSBC	UK	Financial Services	11.79	2%	-28.0	92	UBS	Switzerland	Financial Services	3.80	0%	-80.7
39	Gucci	Italy	Luxury	8.76	5%	-8.2	93	Armani	Italy	Luxury	3.79	10%	NA
40	L'Oréal	France	FMCG	8.70	9%	16.1	94	Zurich	Switzerland	Financial Services	3.77	8%	-32.5
41	Philips	Netherlands	Electronics	8.66	0%	-28.7	95	Burberry	UK	Luxury	3.73	20%	132.9
44	Zara	Spain	Apparel	8.07	8%	104.3	100	Ferrari	Italy	Automotive	3.59	1%	NA
46	Siemens	Germany	Diversified	7.90	8%	-15.0							

Calculation: The first step is to forecast the current and future revenue specifically attributable to the branded products. Then the operating cost is subtracted from this revenue to calculate branded operating profit. A charge is then applied to the branded profit that is based on the capital a business spends, versus the money it makes. This gives us a business's economic earnings. From economic earnings, earnings attributed to brand alone is calculated based on the role brand plays in product purchase. Interbrand uses in-house market research to establish individual brand scores against their industry benchmarks to define the role a brand plays in purchase of product. A discount factor is used, that adjusts the forecasted brand earnings for their riskiness based on the level of demand the brand is able to secure in future, to arrive at net present value. The discount factor is based on factors like measures of relevance, leadership, market position, customer franchise, diversification, and brand support.  
Source: Interbrand 2011, Deutsche Bank

A strong improvement in brand value often goes along with strong equity performance.

Figure 143: Interbrand - Top 10 brand value change in 2011

Rank	Brand	Country of origin	Sector	Value (\$bn)	Brand Value Change from prev. year	5 years returns (%)
<b>Top 10 Changes</b>						
1	Apple	US	Electronics	33.49	58%	402.3
2	Amazon	US	Internet Services	12.76	32%	212.6
3	Google	US	Internet Services	55.32	27%	34.1
4	Samsung	South Korea	Electronics	23.43	20%	118.9
5	Burberry	UK	Luxury	3.73	20%	132.9
6	Hyundai	South Korea	Automotive	6.01	19%	259.7
7	Caterpillar	US	Diversified	5.60	19%	14.7
8	Cartier	France	Luxury	4.78	18%	NA
9	Oracle	US	Business Services	17.26	16%	56.4
10	Ebay	US	Internet Services	9.81	16%	42.0

Source: Interbrand 2011, Deutsche Bank



Figure 144: BrandZ - Top 10 best global brands, European brands among the Best Global Brands 100

Rank	Brand	Country of origin	Sector	Value (\$bn)	Brand Value Change from prev. year	5 years returns (%)	Rank	Brand	Country of origin	Sector	Value (\$bn)	Brand Value Change from prev. year	5 years returns (%)
<b>Top 10 global brands</b>							<b>Other European brands in top 100 (Contd.)</b>						
1	Apple	US	Technology	182.95	19%	402.3	39	Shell	Netherlands	Energy	17.78	17%	2.3
2	IBM	US	Technology	155.99	15%	70.3	41	Movistar	Spain	Telecom	17.11	-37%	NA
3	Google	US	Technology	107.86	-3%	34.1	46	Mercedes-Benz	Germany	Automotive	16.11	5%	-35.2
4	McDonald's	US	Fast Food	95.19	17%	80.6	50	Orange	France	Telecom	15.35	-13%	NA
5	Microsoft	US	Technology	76.65	-2%	7.2	57	L'Oréal	France	FMCG	13.77	-12%	16.1
6	Coca-Cola	US	Soft Drinks	74.29	1%	40.0	66	Zara	Spain	Apparel	12.62	0.22	104.3
7	Marlboro	US	Tobacco	73.61	9%	NA	73	Siemens	Germany	Diversified	10.68	-11%	-15.0
8	AT&T	US	Telecoms	68.87	-1%	-8.4	77	BP	UK	Energy	10.42	-17%	-18.5
9	Verizon	US	Telecoms	49.15	15%	10.7	79	Standard Chartered	UK	Financial	10.06	-16%	13.5
10	China Mobile	China	Telecoms	47.04	-18%	20.1	80	Red Bull	Austria	Soft Drinks	9.98	8%	NA
<b>Other European brands in top 100</b>							84	Telecom Italia	Italy	Telecoms	9.57	-18%	-64.7
12	Vodafone	UK	Telecom	43.03	-1%	19.1	87	Aldi	Germany	Retail	9.31	9%	NA
20	Deutsche Telecom	Germany	Telecom	26.84	-1%	-30.0	89	IKEA	Sweden	Retail	9.21	26%	NA
21	Louis Vuitton	France	Luxury	25.92	-1%	NA	94	O2	UK	Telecoms	8.56	-27%	NA
22	SAP	Germany	Business Services	25.72	-1%	35.2	95	Santander	Spain	Financial	8.55	-25%	-48.0
23	BMW	Germany	Automotive	24.62	10%	38.2	96	Volkswagen	Germany	Cars	8.52	15%	-10.4
31	HSBC	UK	Financial Services	19.31	-14%	-28.0	98	Carrefour	France	Retail	7.84	-43%	-61.7
32	Hermès	France	Luxury	19.16	61%	189.3	100	DHL	Germany	Logistics	7.60	New	-27.0
36	Tesco	UK	Retail	18.01	-18%	-19.8			<b>Average Performance</b>				<b>3.1</b>

Source: WP BrandZ 2012, Deutsche Bank

Dollar Brand Value is derived from earning contribution of a brand, called as 'Branded Earnings'. In case the corporation owns one brand the entire corporate earnings are attributed to that brand else earnings are allocated to each brand. To attribute earnings to a brand a metric 'Attribution Rate' is calculated using company annual reports and other sources. The corporate earnings multiplied by 'Attribution Rate' gives 'Branded Earnings', earnings attributable to a brand. Using forecasts from Bloomberg Finance LP, future potential of a brand, 'Brand Multiple' is calculated. 'Financial Value' is arrived at multiplying 'Brand Multiple' and 'Branded Earnings'. Quantitative Research covering more than 2 million consumers and more than 50,000 brands in over 30 countries is carried out to calculate 'Brand Contribution' indicating brand's ability to differentiate itself and generate loyalty. 'Brand Contribution' multiplied by 'Financial Value' gives the dollar Brand Value.

We ran a performance analysis for a basket of companies appearing in Interbrand's publication and calculated the next year performance of companies mentioned in the Interbrand publication. Thus, for a company mentioned in year 2010 we calculated its stock performance for the year 2011. For each year since 2001, we made a basket of all the listed European companies mentioned in Interbrand's top 100 brands and calculated equal weighted average returns for the basket. We compared the returns with Stoxx 600 returns and the basket has consistently outperformed the Stoxx 600 Index. The basket has given an aggregate return of 56% since 2001 and 12% since 2007 while Stoxx 600 has returned -12% and -6%, respectively, for the same period. If we simply screen for companies with strong global positions and strong performances since 2005, companies like Apple, Novo Nordisk, Amazon, Volkswagen, Hermes and Saipem show up. This list gives business models that have been particularly successful as measured by stock performance and we target to identify this kind of successful business for the years to come.

Figure 145: Successful globalisation beneficiaries

Company	Industry	Perf (2005-2012)	Perf (2000-2012)	Market Cap (in Euro bn)	Price (local)
Apple	Computer Hardware	744%	8061%	465	607
Novo Nordisk 'B'	Pharmaceuticals	404%	527%	54	893
Amazon.com	Broadline Retailers	360%	1294%	80	217
Volkswagen Pref.	Automobiles	331%	328%	24	139
Hermes Intl.	Clothing & Accessory	227%	358%	24	230
Kia Motors	Automobiles	178%	838%	21	73700
Anheuser-Busch	Brewers	174%	171%	101	63
Saipem	Oil Equip. & Services	159%	517%	16	36
British American Tob.	Tobacco	158%	558%	83	3353
Rolls-Royce Holdings	Aerospace	140%	452%	20	853
Monsanto	Farming & Fishing	123%	539%	38	87
Deere	Comm. Vehicles, Trucks	123%	232%	25	76
Syngenta	Specialty Chemicals	105%	301%	25	324
Linde	Commodity Chemicals	90%	141%	22	119

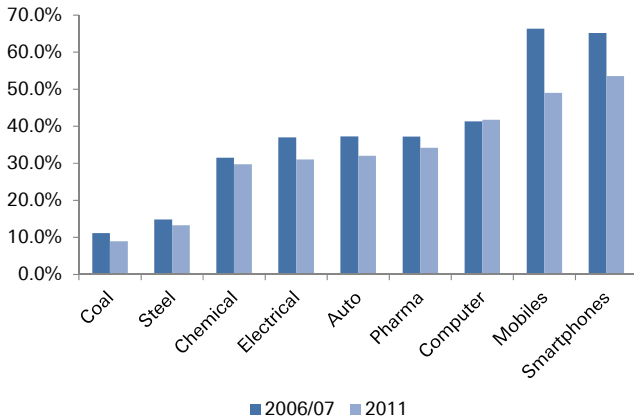
Source: DataStream, Deutsche Bank



### Sector concentration

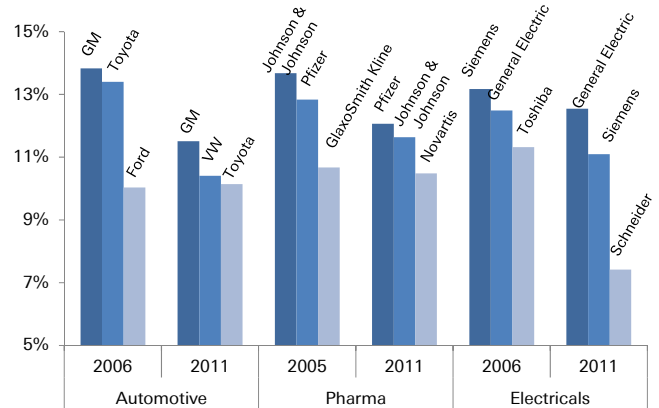
On the one hand, global integration could mean that strong companies leverage their strength and become even stronger, which would suggest an increasing sector concentration. On the other hand, new countries/markets and thereby new local companies may become increasingly important, thereby reducing the sector concentration. The net effect over the last five years was a small decline in sector concentration in sectors like chemicals, pharma, autos, steel and mobiles (see Figure 146). Admittedly, we define sectors in a simple way in this analysis.

Figure 146: Cumulative market share of top 3 companies



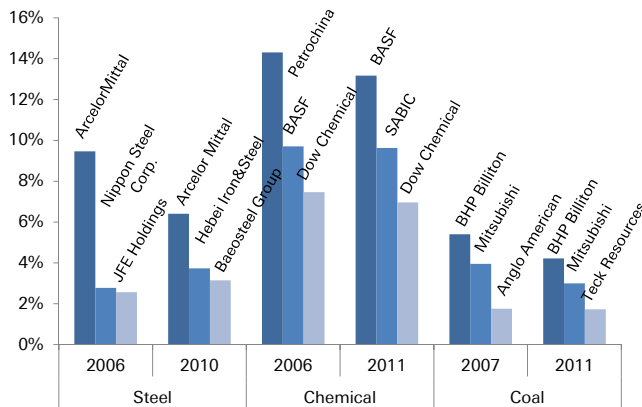
Source: Bloomberg Finance LP, Deutsche Bank Global Markets Research

Figure 147: Top 3 companies in manufacturing



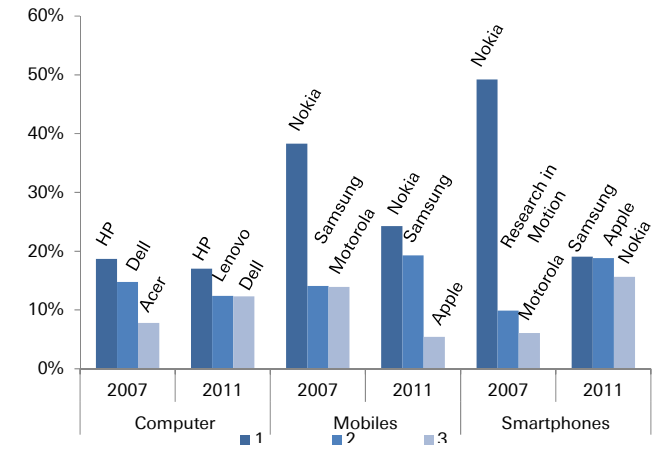
Source: Bloomberg Finance LP, Deutsche Bank Global Markets Research

Figure 148: Top 3 companies in heavy industry



Source: Bloomberg Finance LP, Deutsche Bank Global Markets Research

Figure 149: Top 3 companies in consumer electronics



Source: Bloomberg Finance LP, Deutsche Bank Global Markets Research

### Localization of products

For many companies, it is crucial to adjust their global products to local needs, especially for consumer-related companies. The adjustment to local needs can involve various aspects including language, cultural differences (e.g. tastes, habits) and institutional characteristics (e.g. laws, rules, regulation). A simple example for localization in the automotive industry is right hand and left hand traffic: 66% of the world population live in right-hand traffic countries and 34% in left-hand traffic countries.



The global success of a company may depend on how successful they can adjust their product to local needs. On the other hand, companies like Apple and McDonalds are successful with relatively homogeneous products.

Figure 150: Examples of localization efforts by global companies

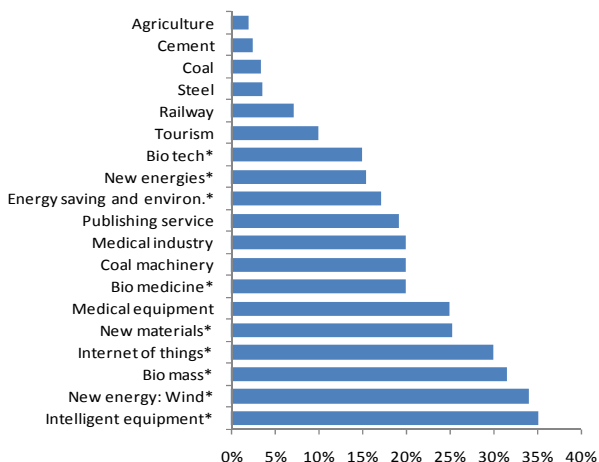
Company Name	Home Country	Target Country	Product	Localization effort
Cadbury	United States	New Zealand	Chocolate bars	Kiwi-filled bars
LG Electronics	South Korea	India	Refrigerators	Dark appliance colors to gild over stains from Punjabi ingredients
McDonald's	United States	Israel	Big Mac	Kosher Big Mac (no cheese)
McDonald's	United States	India	Big Mac	Maharaja Mac (mutton & chicken)
McDonald's	United States	Norway	Big Mac	Mc Laks (salmon)
Nestle	Switzerland	Japan	Kit Kat	19 specific flavours, e.g. Soy Sauce Kit Kat
Nestle	Switzerland	India	Maggi	Masala flavour
Nokia	Finland	India / Emerging Markets	Nokia 1100, 3210	Dust-free keypad, Bollywood ringtones, Hindi text-messaging
Samsung	South Korea	India	Washing Machine	Sari cycle
Sony	Japan	India	Sony Ericsson mobile	AM radio capability
VF	United States	United States	Clothing	Larger sizes for regions with less immigrants
Wal Mart	United States	United States	Canned chili	60 region-specific flavours
Whirlpool	United States	India	Washing Machine	Water storage, automatic restart after power blackout function

Source: Deutsche Bank Global Markets Research, Wharton School, Rigby/Vishwanath 2006, Techcrunch

### China exposure

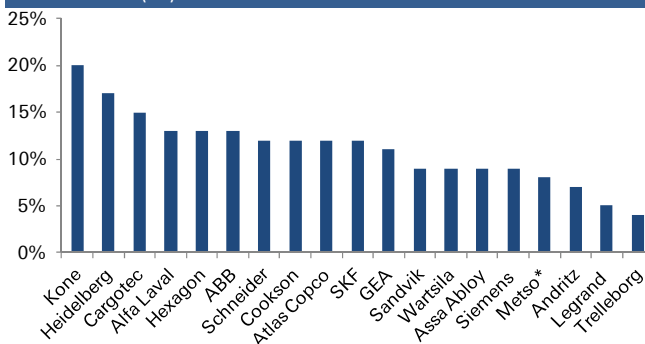
For many European companies, China is by far the most important EM country and in particular, European capital goods companies depend on China and Chinese growth/infrastructure plans. European capital goods companies with more than 10% sales share in China include Kone, HeidelbergerDruck, Cargotec, Alfa Laval and our basket company Hexagon.

Figure 151: Chinese sectors annual growth of market size in, or implied by 12· Five-year Plan (CAGR)



Source: Deutsche Bank. Mark \* indicates the "strategic newly emerged industries"  
Note: Growth rates for agriculture, coal, steel and railway are based on volume numbers. Growth rates for solar and wind power refer to the generation capacity.

Figure 152: European capital goods companies: China sales share (%)



Source: Deutsche Bank, Company data  
\* 8% of Metso's order intake in 2011 came from China, while this was 15% in 2010

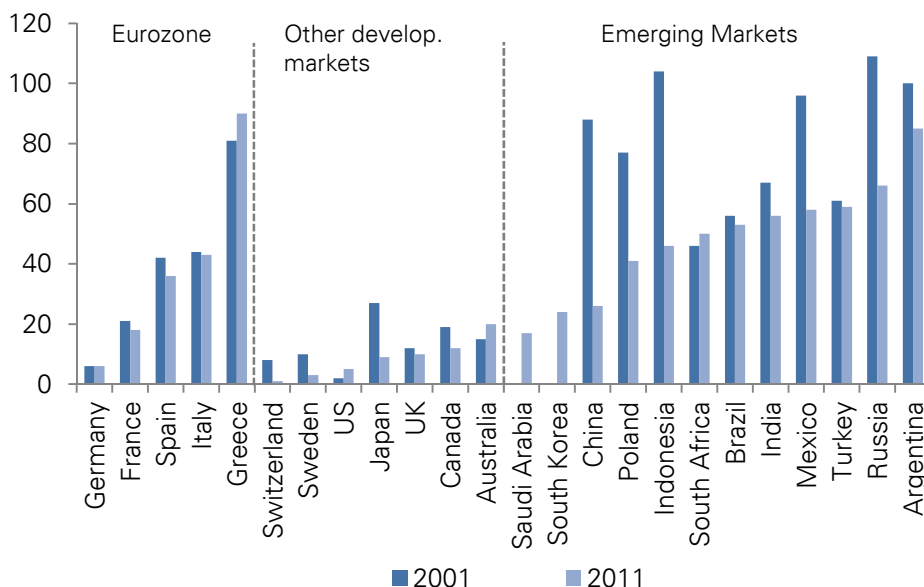


### Comparative advantages of countries and companies

A world of ongoing global integration leads to rising global trade and to rising competition between companies from different countries and to some degree also between the countries themselves. Some countries have benefited from rising global trade and strengthened their positions, expressed by rising trade surplus; other countries have come under pressure, expressed by rising trade deficit. These global trade imbalances are a consequence of competitive differences. Investors invest in companies and the countries are the platform of the companies. Therefore, an understanding of global competitiveness of countries is key for investors. We use the methodology of the World Economic Forum, which is based on over 100 indicators.

According to the World economic Forum, China has strongly improved its competitiveness rank from 88 in 2001 to 26 in 2011. Russia has improved from 109 to 66. In contrast, Brazil and India have only slightly improved their competitiveness: The top ranked countries are DM countries with Switzerland at 1, Germany at 6 and the US at 5 far ahead of the emerging countries.

Figure 153: Global Competitiveness ranking, change from 2001 to 2011 (out of 142\* ranked countries – lower rank is better)

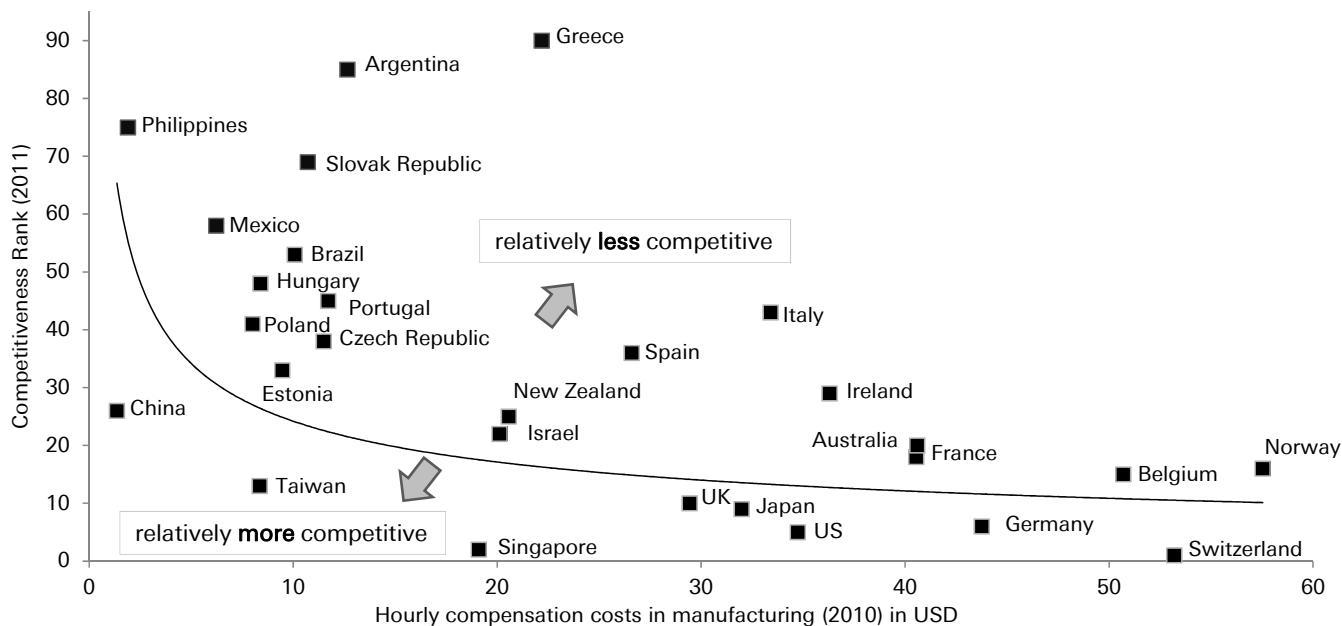


Source: World Economic Forum, Deutsche Bank Global Markets Research  
Note: The sample size of ranked countries has increased over time, from 75 in 2001 to 142 in 2011. To account for this we express the 2001 rankings in 2011 terms by computing  $(2001 \text{ rank in } 2011 \text{ terms}) = (2001 \text{ percentile rank} * 142)$ .

We find it helpful to look at the combination of competitiveness and hourly wages. The more competitive a country is, the higher its wages can be justified. There is a clear relation between the two variables. Countries below the regression curve have a strong competitiveness rank relative to their labour costs while countries above the curve have a lower competitiveness rank relative to their labour costs. Greece is one of the most extreme outliers, but Italy and Argentina are also above the curve. On the other hand, countries with low labour costs relative to their competitiveness include Switzerland, Germany, US, Japan, Singapore, Taiwan and China.



Figure 154: Competitiveness vs. hourly compensation costs in manufacturing (2010)



Source: Bureau of Labour Statistics; WEF; Deutsche Bank

The simplified model of world trade adds a third category. Besides the two categories of countries that have a high competitiveness score – “technology rich” and countries with attractive labour costs (relative to skill level) – the third category includes countries that are commodity rich (see *Navigating Today's Markets*, 23 January 2012).

Figure 155: International competitiveness in comparison

Variable	World Economic Forum											World Bank - Doing Business & Governance Indicators					DHL	
	Overall Index	Momentum (rank change to 5 years before)	Basic Requirements	Efficiency enhancers	Innovation and sophistication	Wastefulness of gov. spending	Burden of gov. regulation	Efficacy of corporate boards	Quality of overall infrastructure	Rigidity of employment	Pay and productivity	Overall Ranking	Momentum (rank change to previous year)	Ease of starting a business	Extent of investor protection	Political Stability	Global Connectedness	
	Country	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	
Unit	Rank (of 142)	Change 2007/12	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 142)	Rank (of 183)	Change 2007/12	Rank (of 183)	Rank (of 183)	Rank (of 213)	Rank (of 125)	
Eurozone	France	18	0	23	17	17	56	116	22	3	128	56	29	-3	25	79	63	12
	Greece	90	-43	80	65	81	131	133	134	62	125	122	100	1	135	155	128	56
	Germany	6	2	11	13	5	40	88	17	10	112	38	19	0	98	97	56	13
	Italy	43	-1	47	40	30	114	140	120	79	94	125	87	-4	77	65	81	32
	Spain	36	-8	38	32	33	108	110	97	22	123	126	44	1	133	97	130	28
Other dev. markets	Australia	20	-1	14	12	26	31	75	3	37	1	40	15	-4	2	65	55	29
	Canada	12	4	13	6	15	26	48	4	15	8	32	13	-1	3	5	41	31
	Japan	9	-2	28	11	3	78	73	24	13	38	11	20	0	107	17	50	46
	Sweden	3	0	4	7	2	10	26	1	11	94	79	14	-5	46	29	26	7
	Switzerland	1	0	3	2	1	8	17	10	1	10	5	26	-4	85	166	20	4
	United Kingdom	10	0	21	5	12	53	83	11	28	19	21	7	-1	19	10	90	6
United States	5	1	36	3	6	66	58	26	24	1	8	4	0	13	5	93	25	
Emerging markets	Argentina	85	-16	84	84	77	132	131	110	108	52	138	113	1	146	111	117	95
	Brazil	53	13	83	41	35	136	142	49	104	118	83	126	-6	120	79	111	68
	China	26	28	30	26	31	30	21	77	69	82	13	91	-4	151	97	162	63
	India	56	-13	91	37	40	55	96	80	86	81	39	132	7	166	46	190	49
	Indonesia	46	4	53	56	41	34	44	73	82	104	28	129	-3	155	46	173	99
	Mexico	58	0	67	53	55	75	102	83	73	108	84	53	1	75	46	165	88
	Poland	41	7	56	30	57	82	98	70	116	108	48	62	-3	126	46	36	30
	Russia	66	-4	63	55	97	94	132	123	100	94	61	120	4	111	111	174	66
	Saudi Arabia	17	0	16	24	24	3	10	15	27	29	6	12	-2	10	17	137	43
	South Africa	50	-5	85	38	39	69	112	2	60	90	130	35	1	44	10	119	50
South Korea	24	0	19	22	18	95	117	119	18	94	15	8	7	24	79	107	20	
Turkey	59	0	64	52	58	72	93	104	34	90	75	71	2	61	65	179	51	
Aggregates	BRIC*	40	16	52	34	42	62	69	79	82	90	36	107	-2	142	89	158	63
	G7*	10	0	29	9	9	65	75	28	22	37	25	17	-1	44	27	75	26
	Tech rich*	8	1	22	9	6	55	68	18	14	46	23	16	0	69	32	56	31
	Labour rich*	40	15	53	35	37	58	63	74	76	92	38	100	-2	137	79	158	66
	Commod rich*	40	4	48	31	44	80	105	48	69	64	57	77	-2	68	67	99	51

Source: World Economic Forum Global Competitiveness Report 2012, World Bank Doing Business 2012, DHL Global Connectedness 2011, Deutsche Bank GM Research

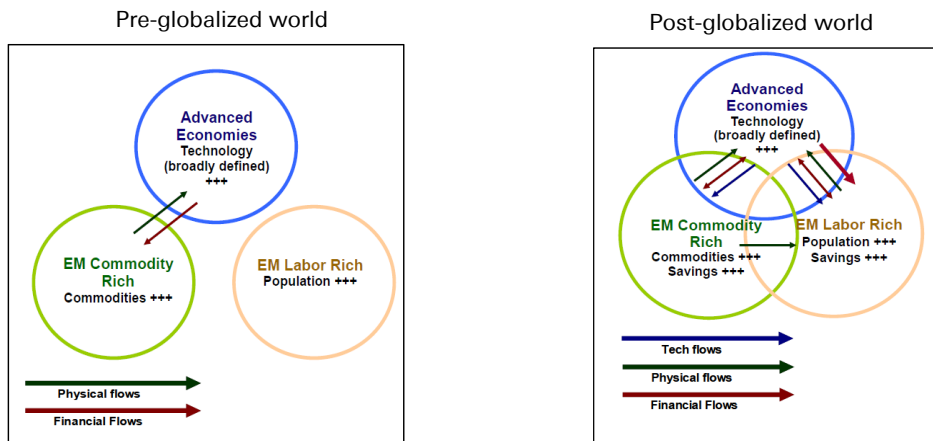
\*GDP weighted average of the respective group. BRIC: Brazil, Russia, India, China. G7: Canada, France, Germany, Italy, Japan, UK, US. Technology rich: France, Germany, Japan, Sweden, UK. Labour rich: Brazil, China, India, Indonesia, Mexico, Turkey. Commodity rich: Australia, Brazil, Canada, Russia.



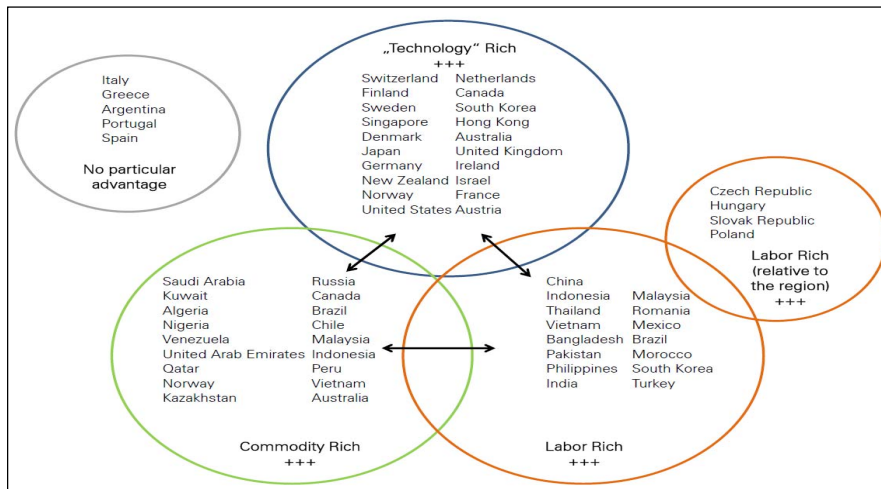




Figure 156: Analysis of competitive advantages



Post-globalized world - Country Example



TECHNOLOGY RICH									
Rank	Country	Patent grants	Internet Users	Institutions	Infrastructure	UN Education Index	Educational production	Pay & system absorp-tion	Tech. absorp-tion
1	Switzerland	3	10	6	1	18	1	3	3
2	Finland	4	5	3	5	14	1	29	6
3	Sweden	5	3	1	10	13	7	41	1
4	Singapore	14	20	1	2	34	1	1	6
5	Denmark	9	4	5	5	9	13	31	6
6	Japan	1	13	16	12	15	23	7	2
7	Germany	6	9	14	9	6	14	23	11
8	New Zealand	18	7	3	30	1	7	20	11
9	Norway	13	1	7	28	2	14	37	4
10	US	8	14	25	18	5	18	6	11

COMMODITY RICH				
Rank	Country	Comm. exports / GDP	Comm. exports / total exports	Oil exported (bbl/day)
1	Saudi Arabia	1	5	1
2	Kuwait	2	2	6
3	Algeria	3	1	12
3	Nigeria	5	4	7
5	Venezuela	10	3	10
6	UAE	4	13	4
7	Qatar	6	6	17
8	Norway	9	9	5
9	Iran	12	8	3
10	Kazakhstan	8	7	14

LABOUR RICH					
Rank	Country	Labor force to GDP	Labor Force Total	Employment agriculture added	Manufacturing value added
1	China	8	1	7	2
2	Indonesia	6	4	8	5
3	Thailand	11	14	6	1
3	Vietnam	2	12	2	16
5	Bangladesh	1	7	3	27
6	Pakistan	3	9	4	23
7	Philippines	7	15	9	8
8	India	4	2	1	37
9	Ukraine	10	23	18	18
10	Brazil	18	5	17	31

Source: Deutsche Bank Global Markets Research, WIPO, World Bank, World Economic Forum, UN, CIA Factbook

Note: Tables show ranks in global comparison for each variable. Overall rank for the three main categories is calculated as the global rank of the weighted average percentile ranks of the sub-indicators.



In addition to the three aforementioned categories, there is a fourth category for countries that do not fall into any of the three other categories.

1. **“Technology rich” advanced economies:** These countries generate exports by producing advanced goods and having companies that organize global production processes. These economies tend to benefit from their strong infrastructure, good education, high number of patents and strong companies that arrange sophisticated production processes (potential with global sourcing). Germany, Switzerland, Scandinavia and Japan are appropriate examples, in our view. As variables for **“technology-richness”** we consider patent grants (sum '05-'10 per '000 population), internet users per 100 (2010), UN Education Index (avg. '05-'10), quality of institutions (rule of law, property right, organized crime, corruption, etc.), quality of overall infrastructure, quality of educational system, and firm-level technology absorption (The last four variables come from the competitiveness study of the World economic forum)
2. **Labour rich countries:** These countries generate exports because they have a high number of workers, low labour costs in a global comparison or in a regional comparison (Eastern Europe relative to Western Europe or Mexico relative to the US) and an infrastructure sufficient for global companies to set up production sites. China, Thailand, Poland and Czech Republic could fall into this category.
3. **Commodity rich countries:** The countries generate exports from natural resources. They have benefited from rising commodity prices over the last decade for some of commodities. Saudi Arabia, Brazil, Russia and other oil countries are classical examples. For **commodity-richness** we use share of commodity exports of total merchandise exports (avg. '05-'10) and commodities export value as share of GDP (avg. '05-'10). For labour-richness we look at share of population employed in mining and manufacturing (avg. '05-'10), ratio of labour force to GDP (avg. '05-'09), employment in agriculture (% of total employment, avg. '05-'10), manufacturing value added (% of GDP).
4. **Countries without strong comparative advantages:** Those countries that are not very strong in one of the three categories mentioned above have found it harder to increase their exports over the last decade. They may have taken part in global trade by increasing their debt levels. Greece may be one prominent example. The question is which other countries would fall into this category.

Clearly, assigning countries to these four groups is a strong simplification. Some countries could fall into two of the three former groups, like Australia and Canada, which are both commodity rich and advanced economies. Also, general exchange rate movements could help to shift countries out of group 4, most likely into group 2. The underlying logic of this analysis is based upon the classical Heckscher–Ohlin model, which is a well known general equilibrium model of international trade. It builds on David Ricardo's theory of comparative advantage by predicting patterns of commerce and production based on the factor endowments of a trading region. The model essentially says that countries will export products that use their abundant and cheap factors of production and import products that use the countries' scarce factors. However, world trade is currently far away from a state of equilibrium.



The sample consists of the top 60 countries by GDP, measured in current USD. We have calculated ranking lists for all three criteria, displayed on the following pages. We also calculate a combined ranking for all countries according to the best rank a country has achieved in one of the three categories. This total rank clearly exhibits a positive correlation with the current account balance as a percentage of GDP (see chart below). In the combined list ranking the 60 countries, Greece, Italy, and Spain are close to the bottom.

Figure 157: Country ranks in our three categories and the resulting overall rank (ranks 1-30)

Country	Code	Overall Rank	Best Rank	Strenght	Overall Rank		
					"Technology"	Commodities	Labor
China	CHN	1	1	Labor	31	57	1
Kuwait	KWT	2	1	Commodities	32	1	59
Algeria	DZA	3	1	Commodities	60	1	32
Switzerland	CHE	4	1	"Technology"	1	50	48
Indonesia	IDN	5	2	Labor	44	17	2
Sweden	SWE	6	2	"Technology"	2	29	50
Vietnam	VNM	7	3	Labor	51	15	3
Finland	FIN	8	3	"Technology"	3	24	40
Saudi Arabia	SAU	9	3	Commodities	25	3	47
Thailand	THA	10	3	Labor	40	32	3
Nigeria	NGA	11	4	Commodities	53	4	16
Denmark	DNK	12	4	"Technology"	4	35	56
Singapore	SGP	13	5	"Technology"	5	14	44
Qatar	OAT	14	5	Commodities	22	5	60
Bangladesh	BGD	15	5	Labor	59	60	5
Netherlands	NLD	16	6	"Technology"	6	24	52
Venezuela	VEN	17	6	Commodities	58	6	28
Pakistan	PAK	18	6	Labor	57	54	6
Norway	NOR	19	7	"Technology"	7	9	58
Kazakhstan	KAZ	20	7	Commodities	54	7	26
Philippines	PHL	21	7	Labor	52	46	7
United Arab Emirates	ARE	22	8	Commodities	20	8	53
Germany	DEU	23	8	"Technology"	8	52	30
India	IND	24	8	Labor	39	34	8
Japan	JPN	25	9	"Technology"	9	58	24
Ukraine	UKR	26	9	Labor	42	29	9
Canada	CAN	27	10	"Technology"	10	18	45
Iran	IRN	28	10	Commodities	56	10	22
Egypt	EGY	29	10	Labor	49	22	10
Brazil	BRA	30	10	Labor	43	31	10

Source: Deutsche Bank, Worldbank, WEF, Wipo, UN



Figure 158: Country ranks in our three categories and the resulting overall rank (ranks 31-60)

Country	Code	Overall Rank	Best Rank	Strenght	Overall Rank		
					"Technology"	Commodities	Labor
New Zealand	NZL	31	11	"Technology"	11	28	46
Chile	CHL	32	11	Commodities	29	11	33
Russia	RUS	33	12	Commodities	45	12	15
Malaysia	MYS	34	12	Labor	24	19	12
Hong Kong	HKG	35	12	"Technology"	12	23	57
Peru	PER	36	13	Commodities	55	13	23
Romania	ROM	37	13	Labor	48	36	13
Austria	AUT	38	13	"Technology"	13	42	39
Mexico	MEX	39	14	Labor	47	24	14
Belgium	BEL	40	14	"Technology"	14	27	54
United Kingdom	GBR	41	15	"Technology"	15	37	49
France	FRA	42	15	"Technology"	15	50	43
Australia	AUS	43	16	Commodities	19	16	51
South Korea	KOR	44	17	"Technology"	17	41	17
Turkey	TUR	45	18	Labor	34	52	18
United States	USA	46	18	"Technology"	18	48	41
Colombia	COL	47	19	Commodities	46	19	21
Morocco	MAR	48	19	Labor	37	39	19
Poland	POL	49	20	Labor	33	43	20
South Africa	ZAF	50	21	Commodities	36	21	25
Israel	ISR	51	21	"Technology"	21	59	55
Ireland	IRL	52	23	No particular	23	56	42
Portugal	PRT	53	26	No particular	26	44	38
Argentina	ARG	54	27	No particular	50	33	27
Spain	ESP	55	27	No particular	27	49	37
Czech Republic	CZE	56	28	No particular	28	45	29
Hungary	HUN	57	30	No particular	30	47	31
Slovak Republic	SVK	58	34	No particular	35	40	34
Italy	ITA	59	35	No particular	38	54	35
Greece	GRC	60	35	No particular	41	38	35

Source: Deutsche Bank, Worldbank, WEF, Wipo, UN



Figure 159: Countries ranked by “technology-richness” and subcomponent ranks

Country	Code	Overall		Patent grants (Sum '05 -'10)	Internet Users per 100 (2010)	Quality of Institutions	Quality of overall infrastructure	UN Education Index	Quality of educational system	Firm-level technology absorption
		Rank	Percentilerank							
Switzerland	CHE	1	0.9432	3	10	6	1	18	1	3
Sweden	SWE	2	0.9320	5	3	1	10	13	7	1
Finland	FIN	3	0.9258	4	5	3	5	14	1	6
Denmark	DNK	4	0.8833	9	4	5	5	9	13	6
Singapore	SGP	5	0.8720	14	20	1	2	34	1	6
Netherlands	NLD	6	0.8405	7	2	8	12	10	9	18
Norway	NOR	7	0.8215	13	1	7	28	2	14	4
Germany	DEU	8	0.8208	6	9	14	9	6	14	11
Japan	JPN	9	0.8102	1	13	16	12	15	23	2
Canada	CAN	10	0.7865	16	11	8	12	11	6	21
New Zealand	NZL	11	0.7785	18	7	3	30	1	7	11
Hong Kong	HKG	12	0.7560	24	22	8	3	30	16	11
Austria	AUT	13	0.7557	11	19	16	7	25	18	11
Belgium	BEL	14	0.7413	15	15	21	15	16	5	21
France	FRA	15	0.7358	10	17	21	3	20	22	21
United Kingdom	GBR	15	0.7358	19	6	14	20	29	16	18
South Korea	KOR	17	0.7335	2	8	33	15	8	29	6
United States	USA	18	0.7303	8	14	25	18	5	18	11
Australia	AUS	19	0.7190	20	18	12	26	3	11	17
United Arab Emirates	ARE	20	0.6768	41	16	16	7	37	21	11
Israel	ISR	21	0.6747	12	26	24	27	12	26	4
Qatar	QAT	22	0.6715	49	23	12	20	46	4	6
Ireland	IRL	23	0.6592	17	21	16	33	4	9	26
Malaysia	MYS	24	0.6142	35	29	23	18	36	11	21
Saudi Arabia	SAU	25	0.5862	43	36	11	20	42	18	18
Portugal	PRT	26	0.5435	33	31	30	10	35	36	21
Spain	ESP	27	0.5178	23	25	28	17	22	48	31
Czech Republic	CZE	28	0.5152	26	24	42	20	7	26	31
Chile	CHL	29	0.4925	37	33	20	24	32	40	28
Hungary	HUN	30	0.4438	29	27	35	29	19	38	38
China	CHN	31	0.4213	30	44	28	37	49	28	38
Kuwait	KWT	32	0.4020	39	40	26	30	51	50	28
Poland	POL	33	0.3868	28	28	30	45	27	33	53
Turkey	TUR	34	0.3850	38	39	40	25	52	44	31
Slovak Republic	SVK	35	0.3762	34	12	45	37	17	52	36
South Africa	ZAF	36	0.3513	31	56	26	34	39	59	26
Morocco	MAR	37	0.3448	47	32	32	36	58	44	41
Italy	ITA	38	0.3447	21	30	42	41	24	44	53
India	IND	39	0.3315	45	58	35	45	57	23	30
Thailand	THA	40	0.3250	46	52	33	30	50	36	41
Greece	GRC	41	0.3107	27	34	45	34	21	55	45
Ukraine	UKR	42	0.2965	25	51	58	37	23	31	45
Brazil	BRA	43	0.2862	42	37	40	49	44	52	31
Indonesia	IDN	44	0.2830	58	57	35	43	53	25	36
Russia	RUS	45	0.2623	22	35	56	49	33	40	59
Colombia	COL	46	0.2345	51	41	45	49	45	33	45
Mexico	MEX	47	0.2175	44	47	51	37	38	50	45
Romania	ROM	48	0.2143	32	38	45	60	28	44	56
Egypt	EGY	49	0.2122	48	50	35	43	54	59	41
Argentina	ARG	50	0.2118	36	42	59	52	31	40	50
Vietnam	VNM	51	0.2090	53	49	42	56	55	33	45
Philippines	PHL	52	0.2013	52	60	55	55	41	31	35
Nigeria	NGA	53	0.1922	59	48	53	57	56	29	41
Kazakhstan	KAZ	54	0.1860	40	46	45	45	26	52	56
Peru	PER	55	0.1670	54	45	45	52	40	58	38
Iran	IRN	56	0.1635	60	54	35	41	48	48	58
Pakistan	PAK	57	0.1523	57	53	51	52	60	38	50
Venezuela	VEN	58	0.1043	50	43	60	58	43	56	55
Bangladesh	BGD	59	0.1042	56	59	53	59	59	40	52
Algeria	DZA	60	0.0785	55	55	56	48	47	56	60

Source: Deutsche Bank, Worldbank, WEF, Wipo, UN



Figure 160: Countries ranked by labour-richness and subcomponent ranks

Country	Code	Overall		Labor force to GDP	Labor Force Total	Employment in agriculture	Manufacturing value added
		Rank	Percentilerank	Rank	Rank	Rank	Rank
China	CHN	1	0.941	8	1	7	2
Indonesia	IDN	2	0.919	6	4	8	5
Thailand	THA	3	0.881	11	14	6	1
Vietnam	VNM	3	0.881	2	12	2	16
Bangladesh	BGD	5	0.856	1	7	3	27
Pakistan	PAK	6	0.852	3	9	4	23
Philippines	PHL	7	0.851	7	15	9	8
India	IND	8	0.830	4	2	1	37
Ukraine	UKR	9	0.724	10	23	18	18
Brazil	BRA	10	0.716	18	5	17	31
Egypt	EGY	10	0.716	9	19	11	32
Malaysia	MYS	12	0.682	22	33	20	4
Romania	ROM	13	0.673	21	36	13	11
Mexico	MEX	14	0.669	25	11	21	25
Russia	RUS	15	0.661	23	6	27	28
Nigeria	NGA	16	0.661	5	10	10	59
South Korea	KOR	17	0.657	32	21	29	3
Turkey	TUR	18	0.657	28	22	14	21
Morocco	MAR	19	0.648	12	34	5	36
Poland	POL	20	0.606	27	29	19	22
Colombia	COL	21	0.605	16	27	16	38
Iran	IRN	22	0.593	15	18	15	52
Peru	PER	23	0.580	13	31	26	33
Japan	JPN	24	0.572	41	8	39	17
South Africa	ZAF	25	0.563	20	28	30	29
Kazakhstan	KAZ	26	0.525	17	39	12	48
Argentina	ARG	27	0.516	19	25	59	15
Venezuela	VEN	28	0.512	24	32	28	35
Czech Republic	CZE	29	0.500	31	42	43	6
Germany	DEU	30	0.495	44	13	53	13
Hungary	HUN	31	0.495	30	47	34	12
Algeria	DZA	32	0.487	14	30	24	56
Chile	CHL	33	0.462	26	40	22	43
Slovak Republic	SVK	34	0.457	29	53	40	10
Italy	ITA	35	0.449	47	20	41	26
Greece	GRC	35	0.449	38	43	23	30
Spain	ESP	37	0.427	39	24	36	40
Portugal	PRT	38	0.424	33	41	24	41
Austria	AUT	39	0.385	49	48	33	19
Finland	FIN	40	0.360	52	54	35	14
United States	USA	41	0.347	53	3	56	46
Ireland	IRL	42	0.347	59	58	32	9
France	FRA	43	0.343	48	17	45	49
Singapore	SGP	44	0.334	40	56	58	7
Canada	CAN	45	0.330	43	26	51	42
New Zealand	NZL	46	0.330	35	57	31	39
Saudi Arabia	SAU	47	0.321	34	37	38	55
Switzerland	CHE	48	0.313	58	46	42	20
United Kingdom	GBR	49	0.300	46	16	57	50
Sweden	SWE	50	0.292	51	44	52	24
Australia	AUS	51	0.275	45	35	44	51
Netherlands	NLD	52	0.254	50	38	47	45
United Arab Emirates	ARE	53	0.241	42	50	37	54
Belgium	BEL	54	0.216	55	45	54	34
Israel	ISR	55	0.211	37	51	54	47
Denmark	DNK	56	0.161	57	52	48	44
Hong Kong	HKG	57	0.148	36	49	60	60
Norway	NOR	58	0.110	60	55	46	53
Kuwait	KWT	59	0.088	54	59	48	57
Qatar	QAT	60	0.067	56	60	50	58

Source: Deutsche Bank, Worldbank



Figure 161: Countries ranked by commodity-richness and subcomponent ranks

Country	Code	Overall		Commodity export value relative to GDP (in %)		Share commodity exports of total goods exports (in %)	
		Rank	Percentilerank	Rank	Value	Rank	Value
Algeria	DZA	1	0.983	3	32.82	1	98.25
Kuwait	KWT	1	0.983	2	38.71	2	95.83
Saudi Arabia	SAU	3	0.966	1	41.65	5	89.92
Nigeria	NGA	4	0.941	5	28.50	4	93.60
Qatar	QAT	5	0.915	6	28.42	6	86.78
Venezuela	VEN	6	0.907	10	19.94	3	94.51
Kazakhstan	KAZ	7	0.890	8	21.56	7	82.69
United Arab Emirates	ARE	8	0.873	4	29.06	13	63.75
Norway	NOR	9	0.864	9	20.15	9	73.00
Iran	IRN	10	0.847	12	16.68	8	81.27
Chile	CHL	11	0.830	11	17.28	11	67.94
Russian Federation	RUS	12	0.805	15	13.92	10	70.57
Peru	PER	13	0.771	17	9.85	12	65.21
Singapore	SGP	14	0.720	7	22.49	28	16.41
Vietnam	VNM	15	0.711	16	10.17	20	25.06
Australia	AUS	16	0.703	23	7.26	14	58.40
Indonesia	IDN	17	0.703	20	7.93	17	43.15
Canada	CAN	18	0.703	18	9.57	19	36.54
Colombia	COL	19	0.686	24	5.14	15	51.94
Malaysia	MYS	19	0.686	14	14.26	25	19.13
South Africa	ZAF	21	0.678	22	7.32	18	40.58
Egypt	EGY	22	0.652	27	4.37	16	50.62
Hong Kong	HKG	23	0.559	13	14.36	41	10.03
Mexico	MEX	24	0.551	29	3.98	26	18.11
Netherlands	NLD	24	0.551	21	7.52	34	14.01
Finland	FIN	24	0.551	26	4.40	29	15.69
Belgium	BEL	27	0.542	19	9.12	37	12.20
New Zealand	NZL	28	0.534	33	3.46	24	19.24
Sweden	SWE	29	0.483	28	4.20	35	13.80
Ukraine	UKR	29	0.483	30	3.74	33	14.04
Brazil	BRA	31	0.475	43	2.00	21	24.37
Thailand	THA	32	0.474	25	4.96	39	11.07
Argentina	ARG	33	0.466	38	2.45	27	16.79
India	IND	34	0.449	45	1.91	22	23.47
Denmark	DNK	35	0.449	31	3.67	36	12.96
Romania	ROM	36	0.440	37	2.64	31	14.54
United Kingdom	GBR	37	0.432	39	2.43	30	15.41
Greece	GRC	38	0.398	50	1.29	23	22.04
Morocco	MAR	39	0.390	42	2.03	32	14.23
Slovak Republic	SVK	40	0.373	32	3.54	44	9.02
South Korea	KOR	41	0.364	35	2.96	42	9.75
Austria	AUT	42	0.347	34	3.08	45	8.94
Poland	POL	43	0.305	41	2.04	43	9.49
Portugal	PRT	44	0.271	48	1.75	40	10.26
Czech Republic	CZE	45	0.262	36	2.83	53	6.28
Philippines	PHL	46	0.220	44	1.94	50	7.17
Hungary	HUN	47	0.211	40	2.39	55	4.86
United States	USA	48	0.211	57	0.73	38	11.17
Spain	ESP	49	0.195	51	1.23	46	8.82
France	FRA	50	0.186	49	1.38	49	7.46
Switzerland	CHE	50	0.186	46	1.87	52	6.48
Germany	DEU	52	0.161	47	1.83	54	6.04
Turkey	TUR	52	0.161	54	0.97	47	8.22
Italy	ITA	54	0.144	52	1.20	51	6.56
Pakistan	PAK	54	0.144	55	0.82	48	7.51
Ireland	IRL	56	0.059	53	0.98	60	2.05
China	CHN	57	0.059	56	0.78	57	4.08
Japan	JPN	58	0.042	59	0.56	56	4.53
Israel	ISR	59	0.025	58	0.57	59	2.35
Bangladesh	BGD	60	0.017	60	0.42	58	3.47

Source: Deutsche Bank, Worldbank





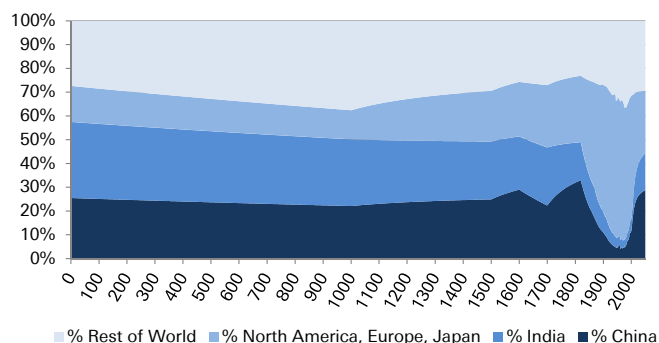
## Megatrend 3: Strong EM GDP growth, industrialisation and urbanisation

In many EMs, GDP growth is driven by industrialisation and by urbanisation and infrastructure investments; therefore, these megatrends are closely related.

### Megatrend: Strong EM GDP growth

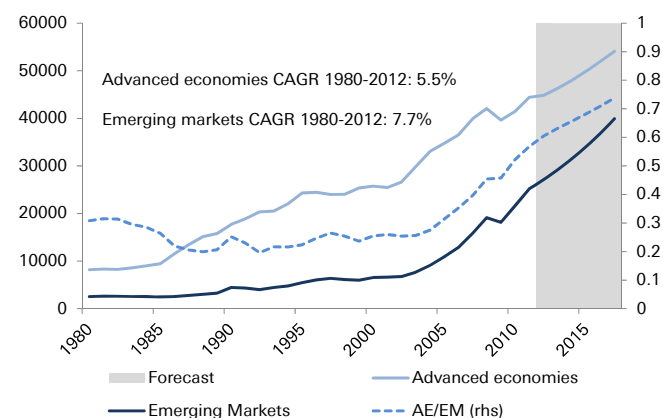
Until about 1800, China and India together accounted for around 50% of world GDP. From approximately 1800, this share started to decline, and by 1974 the share had declined to 7.6% of world GDP. Today, the share is back to almost 30% (China c.20% and India c.8%). By 2050, it is projected to increase up to 44%, close to the 48% recorded in 1800 (see Figure 162). GDP growth and demand growth in China, India and other EMs is likely to be supported over the coming years by low sovereign debt levels, urbanisation, favourable population dynamics (at least in many EMs), rising skill levels and increasing competitiveness, thereby giving some countries the opportunity to raise living standards. For China, our economists expect GDP growth for 2012 of 7.9% (2013E 8.4%) and for India, GDP growth for 2012 of 6.3% (2012E of 6.5%). In contrast, Brazil is expected to grow only with 1.5% in 2012E and 4.2% in 2013E. For EMs in total, we expect 5.1% GDP growth in 2012 and 5.6% for 2013.

Figure 162: Share of total global GDP (1 – 2050E)



Using 2005 projections from PricewaterhouseCoopers (revised 2008), EM economies are expected to return to very long-term trends in 2050 with respect to shares, global GDP, if not per capita income. Source: Deutsche Bank and PricewaterhouseCoopers

Figure 163: Nominal GDP since 1980 (in USDbn)



IMF World Economic Outlook, Deutsche Bank Global Markets Research

### Megatrend: Urbanisation

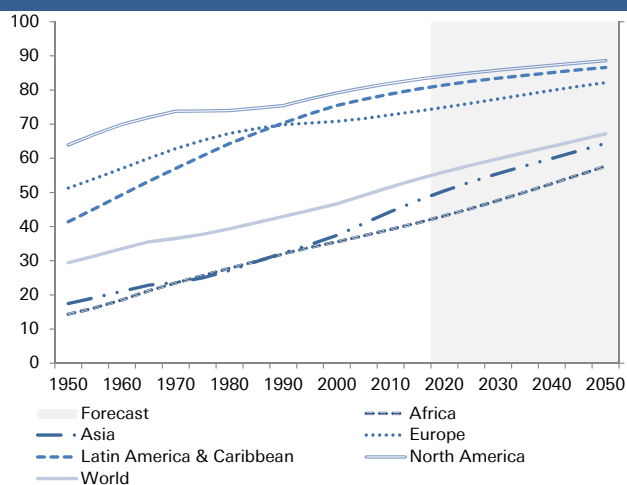
Urbanisation is a key driver for GDP growth in the emerging markets. Cities have long featured marketplaces and have thereby promoted the division of labour and trade; being located next to rivers, oceans or other key trading routes have therefore been crucial. Trading enabled city dwellers to specialise. This specialisation resulted in qualitative and quantitative productivity gains. Productivity gains are reached via industrialisation and larger factories. Therefore, industrialisation and urbanisation are often closely related. Admittedly, in some emerging countries, urbanisation happens via the creation of more slums, and in these cases urbanisation is not closely related to industrialisation and consumption growth. Another major driver of urban development is population growth – above all, population growth in rural areas. Growth in cities is an expression of relative attractiveness. The growth of cities ought then to be fastest in those countries where the gap between urban and rural incomes is particularly wide. In cities, significant economies of scale are generated during the provision of both private and public goods.



There are also strong network effects, especially in sectors in which recruiting and retaining staff with special skills is the critical issue for a company. The formation of clusters and the resulting networks generate efficiency gains. One major economy of scale lies in the fact that public goods (including public transportation, motorways, ports, airports) can be more easily funded in densely populated areas, as the sometimes very high costs can be shared out among a higher number of paying customers.

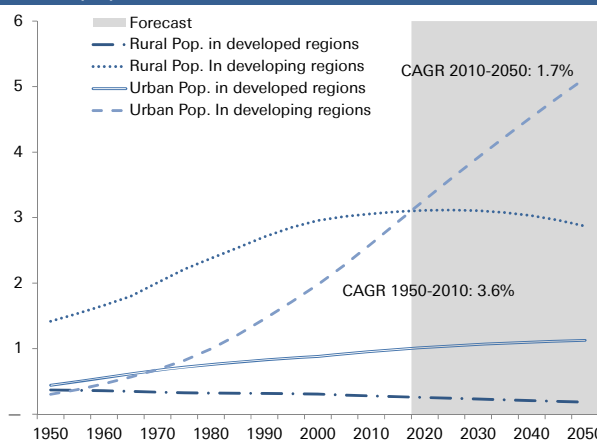
The urbanisation process has been underway for centuries and gained appreciable momentum over the past 50 years. In 1950, some 30% of Earth's inhabitants, i.e. nearly 750m people, lived in cities; today, 50% of the roughly 6.5bn people on Earth are city dwellers (see Figure 164). Still, the level of urbanisation is much higher in developed countries than in emerging countries. In Europe, the share of the urban population was 72% in 2010 and is likely to gradually increase to 84% in 2050. In contrast, the share of the urban population in Asia was only 41% in 2010 and should increase to 65% by 2050. The part of the global populace that should show the strongest increase over the coming decades is the urban population in emerging countries, which could grow from 2.5bn in 2010 to 5.2bn in 2050 (see Figure 165). For details, see *Deutsche Bank Research, Megacities: Boundless growth?*, published on 12 March 2011.

Figure 164: Urbanisation rate by region



Source: UN Population Division, *World Urbanization Prospects: The 2011 Revision*, Deutsche Bank Global Markets Research

Figure 165: Cities in developing countries growing rapidly – total population (bn)

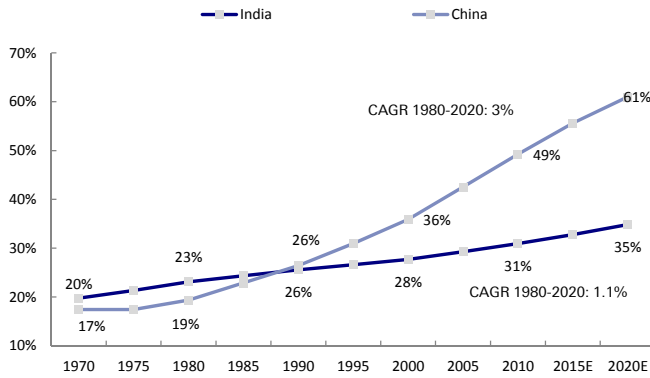


Source: UN Population Division, *World Urbanization Prospects: The 2011 Revision*, Deutsche Bank Global Markets Research

Over the past decade, India's urbanization has increased by 3ppt, compared with 13ppt for China, and now Chinese urbanization (50%) is materially higher than that of India (31%). According to the United Nations, China is expected to continue the urbanisation process at a faster pace than India in the next 10 years. By 2020, China's urbanization level should grow to 61%, an 11ppt increase, compared with a 4ppt increase for India. The faster pace of urbanization also means stronger growth of GDP per capita and stronger changes in consumption habits, including a higher demand for cars. Currently China's GDP per capita (PPP) stands at about USD8,400, vs. India's USD3,700. The IMF forecasts that China's per capita GDP will register a five-year CAGR (2012-17E) of 10%, compared with 8% for India. For 2017E, the IMF expects Chinese GDP per capita (PPP dollars) of 14,640 compared to 5,800 in India (see also Srinivas Rao's report dated 8 August 2012: *Asia ex-Japan Passenger Car Sector: Prefer Exposure to China over India*).

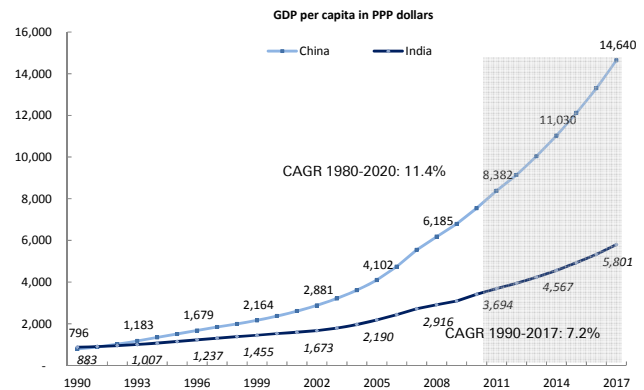


Figure 166: India and China urbanization level (share of persons living in cities)



Source: CEIC, United Nations Department of Economic and Social Affairs

Figure 167: China and India GDP per capita in PPP dollars

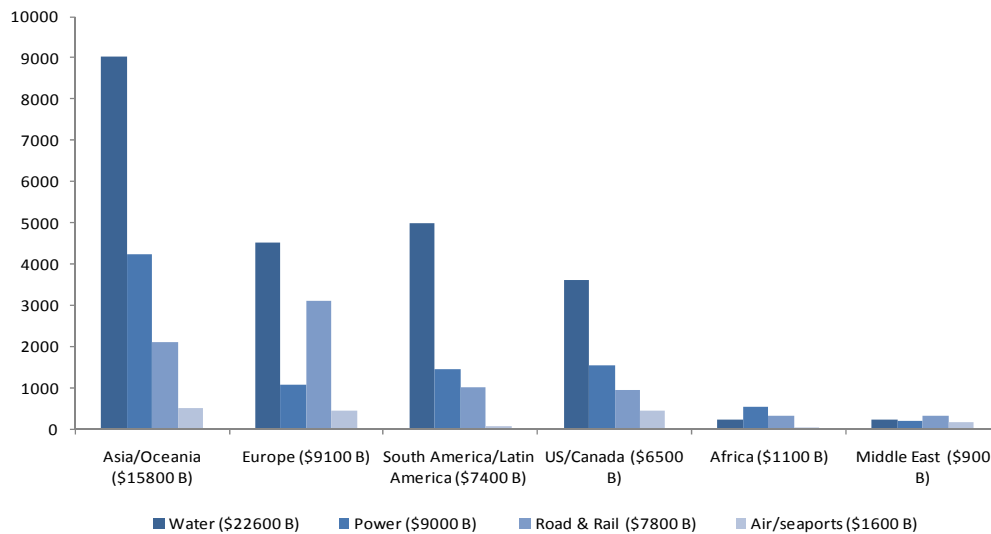


Source: IMF, Deutsche Bank

**Megatrend: Infrastructure investments**

The increase in urbanisation has led to rising investment needs in infrastructure, in particular in housing, power, water networks and transportation, including motorways, public transportation, trains, airports and ports. The build-up of new infrastructure in EMs is a megatrend, which has been beneficial for European stocks over the last years, particularly capital goods companies. In addition, the renovation of outdated infrastructure in DM countries could also well become a megatrend. Megacities in developed and developing countries are facing problems of outdated infrastructure. For instance, cities like Cairo, Los Angeles, Beijing, Mumbai, Tokyo and Moscow have been dealing with various crises of electricity, transportation or water systems over the last few decades. According to the estimates of strategy and technology consultants at Booz Allen Hamilton, global infrastructure spending needs could accumulate to USD400tr over the next 25 years, or USD1,600bn per year. The biggest investment needs are investment in water with USD22,600bn required over the next 25 years, compared with USD9,000bn in power generation and distribution and USD7,800bn in road and rail. Asia accounts for the highest share of the investments, with 40% of global water investment and 47% of global power investments (see Figure 168).

Figure 168: Projected urban infrastructure spending needs 2005-30 (USDbn)



Source: Booz Allen Hamilton, Deutsche Bank

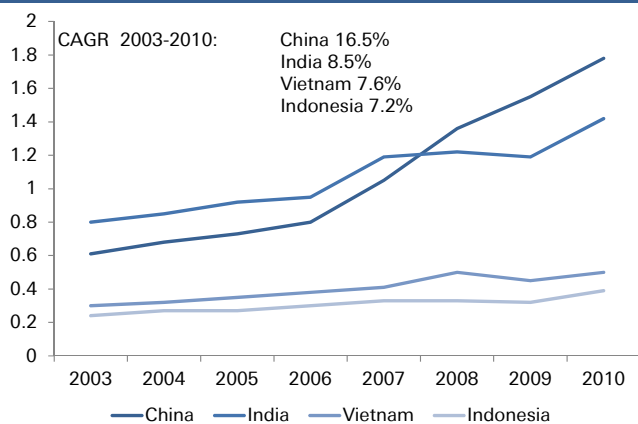


Public infrastructure investments are less cyclical than consumer spending and company investments. Public infrastructure investments depend upon sovereign debt levels and from this perspective, EMs have more flexibility than most developed markets. China has the highest share of infrastructure investments relative to GDP among the major countries. The rapid growth of cities in EMs requires new mass transportation systems in order to ease individual traffic. Public transportation is underdeveloped in many cities in the world.

## Megatrend 4: EM wage growth and consumption incl. luxury

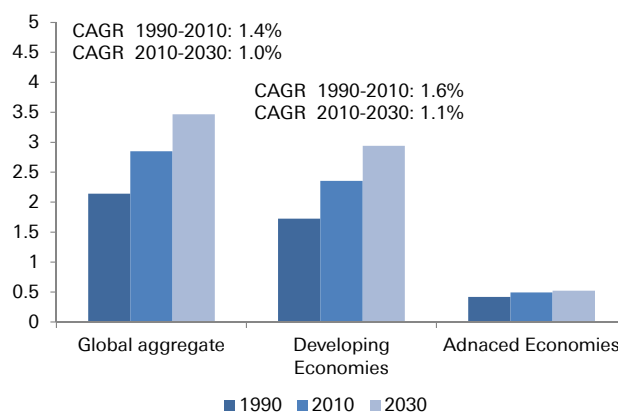
Strong GDP growth and industrialisation lead to rising wage growth depending on the availability of workers. The annual income of an average worker in China has increased by an average of 16% per year since 2003 compared to India with 9%, Vietnam with 8% and Indonesia with 7%. In China, minimum wage rules are set regionally by district. For example, in Beijing the minimum wage is 1260 yuan (around USD200) per month, whereas it is 870 yuan in downtown Chongqing municipality at the beginning of 2012. According to a plan issued by the State Council, or the Cabinet, on 8 February 2012, China plans to raise its minimum wage at least 13% annually from 2011 to 2015. According to statistics, China has already raised its minimum wage by an average of 12.5% every year during the 2006-10. This high wage growth supports consumption, but also means rising labour costs for European companies with production sites in China. China and EMs had been a deflationary force for Europe in the past two decades, but this trend is most likely over; and China and EMs are instead likely to be an inflationary force for Europe going forward. Clearly, in other EMs the wage growth is less pronounced than in China and less driven by state plans. So companies try to soften the impact of strong wage growth in some EMs by seeking lower wage alternatives within the EMs universe. For example, adidas has reduced its sourcing out of China gradually over the last years and increased sourcing from Vietnam, Indonesia and Cambodia. Rising wage growth in China could also lead labour-intensive manufacturing sites to move from the coastal region towards the less-developed inland region with lower labour costs. EM consumption is not only supported by wage growth, but also by a rising work force. The EM work force has increased from 1.7bn in 1990 to 2.4bn in 2012 and is expected to increase by 1.1% per year to 2.9bn in 2030.

Figure 169: Manufacturing labour cost per hour (US dollar)



Source: MGI Labour Report June 2012, Deutsche Bank

Figure 170: Global work force (in billion workers)



Source: MGI Labour Report June 2012, Deutsche Bank. Note: Developing economies include 45 countries (including China and India), Advanced economies include a total of 25 countries

Despite strong wage growth, the wage differences between EM countries and DM countries and also between EM countries remain pronounced. The absolute differences



in hourly labour costs become even more pronounced. In Brazil, the hourly labour costs have reached 25% of the US level, in Taiwan 23%, but in the Philippines only 4%.

**Figure 171: Hourly labour compensation costs in manufacturing (USD)**

Country	Hourly labour compensation (2009)	Relative to US
Germany	46.5	139%
United States	33.5	100%
United Kingdom	30.8	92%
Japan	30.4	91%
Hungary	8.6	26%
Brazil	8.3	25%
Taiwan	7.8	23%
Poland	7.5	22%
Mexico	5.4	16%
Philippines	1.5	4%

Source: US Bureau of Labour Statistics, Deutsche Bank  
Note: Hourly compensation costs include 1) total hourly direct pay, 2) employer social insurance expenditures and 3) labour-related taxes.

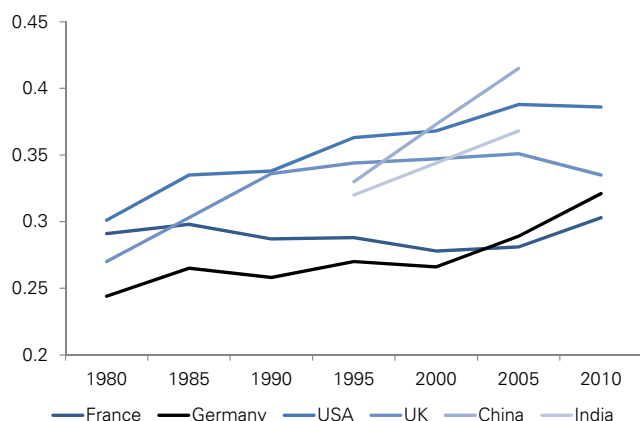
**Figure 172: High-skilled wages catching up – Average Salaries for MBAs from Leading Schools in 2010 (USD)**

Country	Salaries in USD	Relative to US
United Kingdom	99,300	112%
United States	88,485	100%
Germany	78,158	88%
Russia	71,235	81%
Brazil	71,000	80%
Singapore	67,071	76%
Mexico	54,529	62%
China	43,233	49%
India	42,674	48%

Source: QS Top MBA Jobs & Salaries Trends 2010/11, QS Quacquarelli Symonds Ltd., Deutsche Bank

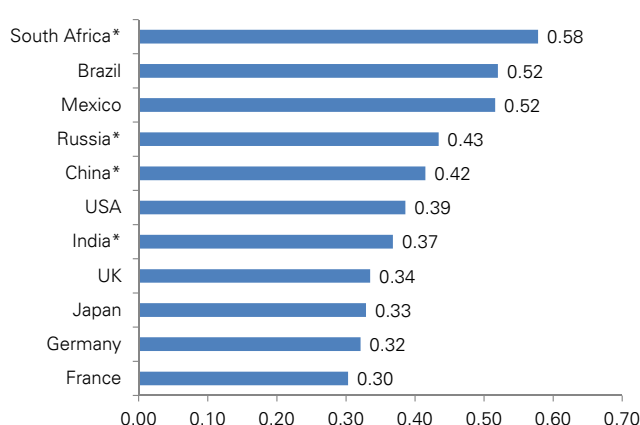
The average salaries for high-skill white collar workers in EMs have increased much stronger in the last decade than for blue collar workers. An MBA from a leading school in India or China earns 48% and 49%, respectively, of an MBA in the US while the differences in the manufacturing are much more pronounced (Figure 173 and 174). Consequently, the wage inequality is more pronounced in EMs compared to developed countries. Also, in many developed countries the wage inequality has risen over the decades, particularly in the US. In the US, the income inequality has increased from 0.30 in 1980 to 0.39 in 2010 (measured by the Gini coefficient).

**Figure 173: Income inequality over time (Gini coefficient\*)**



Source: IMF Income Inequality & Fiscal Policy 2012, Deutsche Bank  
\* The Gini coefficient measures the inequality among values of a frequency distribution (for example levels of income). A Gini coefficient of zero expresses perfect equality where all values are the same (for example, where everyone has an exactly equal income).

**Figure 174: Wage inequality in 2010 (Gini coefficient)**



Source: IMF Income Inequality & Fiscal Policy 2012, Deutsche Bank  
\* Data prior to 2010

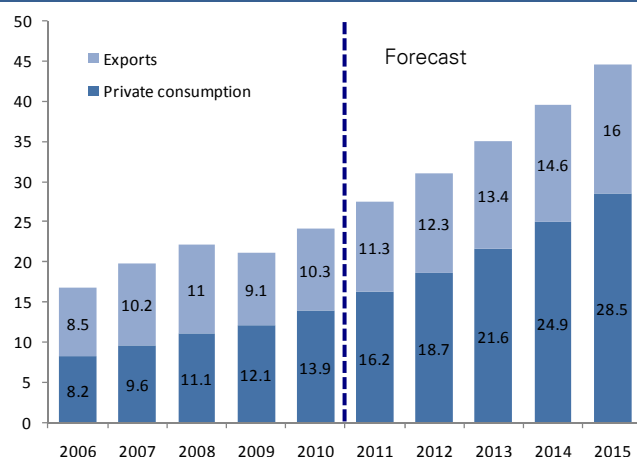


The trend of rising wage inequality is potentially quite important for many consumer related companies including, airlines, hotels, food & beverages, personal & household goods. The rising wage inequality supports the high-end luxury markets and to a lesser degree the budget end while middle class markets could come under pressure. A good example is the hotel sector in Europe where the segments luxury hotels and budget hotels are growing while the “middle class” hotels are coming under pressure.

### Rising EM consumption

Rising EM consumption is a function of rising wages and a rising work force and both growth effects combined should continue to boost EM consumption over the next decades. The Chinese shift from exports to consumption is shown in Figure 175. While consumption was only 35% higher than exports in 2010, it is likely to be 78% higher by 2015 (see below). An analysis by Ali/Dadush defines the middle class of an emerging country by those persons who use a car. While in Russia or Mexico this share is high at around 73%, it is lower in Brazil or Turkey at around 45% and very low in China and India at below 10% (authors are using Ward's World Motor Vehicle Data).

Figure 175: Private consumption vs. exports (in CNY trillions)



Source: Deutsche Bank, CIA World Factbook

Figure 176: Share of middle class in EMs, measured by car ownership (2010)

Country	Avg. Household Size (2010, mn)	Passenger Cars (mn)	Middle Class, Using Cars (mn)	Population (mn)	Share of middle class
Russia	3	34.8	104.4	141.8	73.7%
Mexico	3.9	21	81.9	113.4	72.2%
Argentina	3.2	7.6	24.3	40.4	60.1%
Brazil	3.7	25.5	94.4	194.9	48.4%
Turkey	4.3	7.5	32.3	72.8	44.4%
South Africa	3.7	5.1	18.9	50.0	37.8%
Indonesia	4.6	10.8	49.7	239.9	20.7%
China	3.1	34.4	106.6	1338.3	8.0%
India	5.3	13.3	70.5	1224.6	5.8%
<b>TOTAL</b>	<b>3.9</b>	<b>160</b>	<b>582.9</b>	<b>3416.1</b>	<b>17.1%</b>

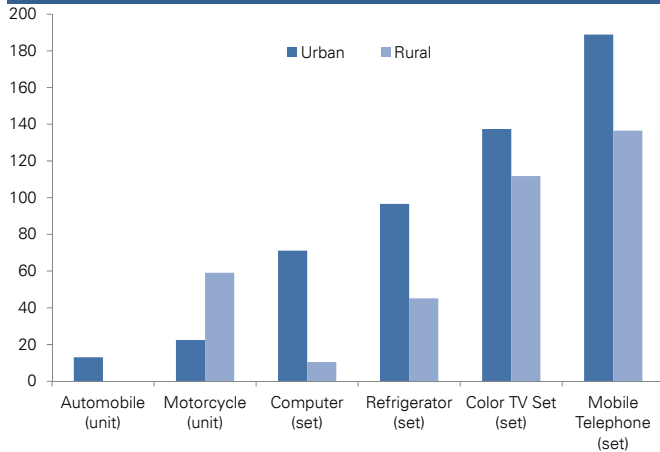
Source: Ali/Dadush 2012, Ward's World Motor Vehicle Data, Deutsche Bank

EM consumption is closely related with urbanisation and Industrialisation. Industrial jobs are the basis for consumption growth and are available mostly in urban areas, less so in rural areas. Consequently, there is difference in the consumption habits between urban and rural areas. In China, 71 out of 100 urban households already own a computer, 97 a refrigerator, 23 a motorcycle and 13 a car. In china, mobiles and colour TVs have also reached a penetration of more than 100 per 100 households. In the rural areas, the share of households is slightly lower, depending on the good.

With regard to nutrition habits, one could be sceptical whether the official Chinese statistics can track all consumption, especially in rural areas. In urban areas, the meat consumption is on average 35 kg per capita, and has increased by 1.6% per year since 1990. The milk consumption has increased by 5.7% per year to 14 kg per capita.

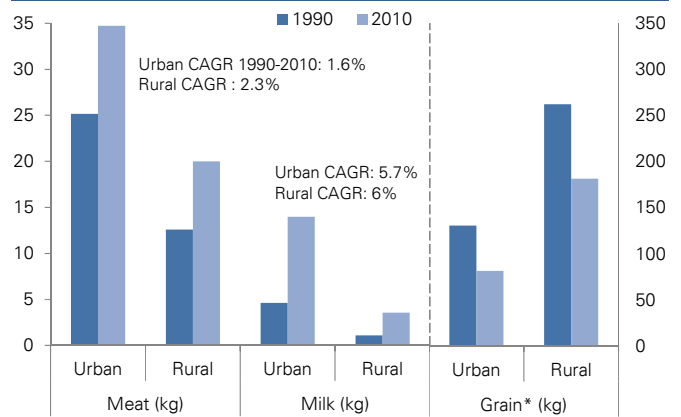


Figure 177: Ownership of durable consumer goods in China, 2010 (items per 100 households)



Source: National Bureau of Statistics of China, Deutsche Bank Global Markets Research, Note: Automobiles in rural areas not measurable.

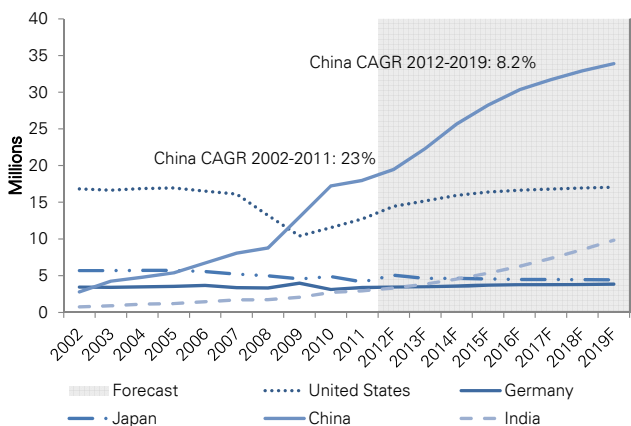
Figure 178: Urban and rural food consumption in China, 1990 vs. 2010 (kg per capita)



Source: National Bureau of Statistics of China, Deutsche Bank Global Markets Research, \*Right axis.

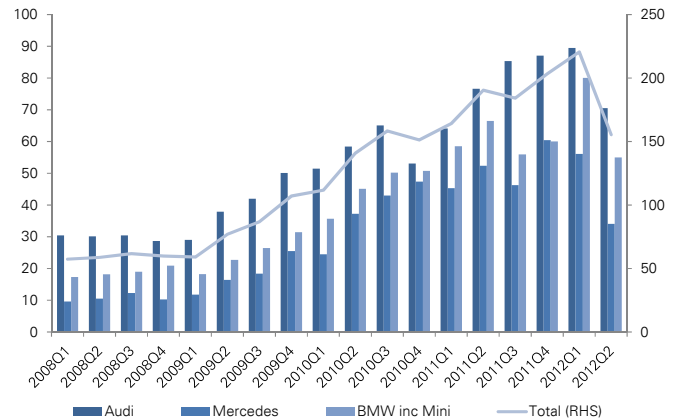
German car manufacturers have strongly benefited from rising EM consumption and, in particular, from Chinese demand over the past years. The global sales of cars per year increased from 50m in 2003 to 77m in 2011 and are likely to further increase to 118m in 2019, which would represent a CAGR of 5.5% (for 2003-19) according to JD Power. Chinese sales of cars strongly increased from 2m in 2002 to 19m in 2012 and are likely to further increase to 34m in 2020. The global car market is mostly a mass market. The high-end part of the luxury vehicle segment may be more like a niche market with higher entry barriers due to strong brand names and technological advantages. This has been quite positive for Germany's upper-end vehicle manufacturers. Companies in our basket related to the theme of rising traffic include Volkswagen and Lanxess. The sales of Audi, BMW and Mercedes in China have risen strongly in 2009, but have also seen some weakness recently. The uncertainty about future sales numbers in China is pronounced. The knowledge about the customer is lower, including the replacement cycle. Therefore, the sales numbers in China will continue to be an important share price driver for the German car companies over the next years.

Figure 179: Car sales in key countries (m units)



Source: LMC Automotive, Deutsche Bank Global Markets Research

Figure 180: Unit sales of Audi, BMW and Mercedes in China ('000)



Source: Deutsche Bank, company data.

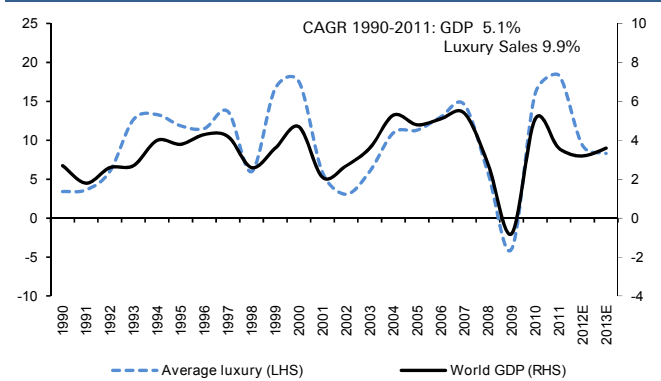




**Megatrend: Luxury consumption**

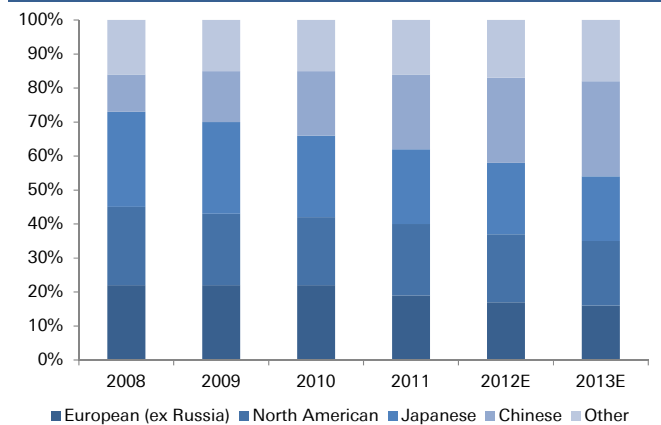
The growth of luxury sales globally has been strongly correlated to global GDP growth over the past two decades and has been twice as high (see figure 181). Luxury sales have grown by around 10% per year since 1990 compared to an average global GDP growth of around 5%, making luxury consumption a clear megatrend supported by increasing wealth in Asia, a higher focus on luxury in many EMs, a higher number of millionaires globally and a rising share of persons with a high income. Tourism is an important driver of luxury sales, especially in Europe; therefore, the nationality of the buyer is more important than the country of the point of sale. For example, only 10% of Prada's sales in Italy are to Italians. In Figure 182 we provide an estimated split of the luxury world and demonstrate the importance of the EM consumer.

**Figure 181: Luxury sales growth (%)\* vs. global GDP growth (%)**



Source: Deutsche Bank estimates, Company data, \*weighted average organic growth of Bulgari (until acquisition), Burberry, Hermès, LVMH, PPR Luxury, Richemont, Swatch and Tod's Spa

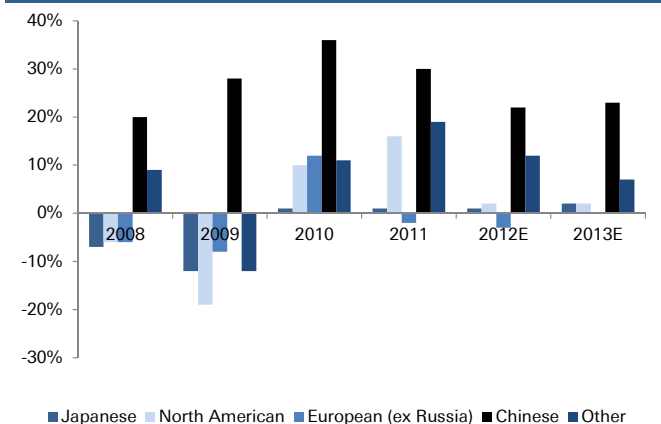
**Figure 182: Luxury sales mix by nationality (% , constant FX)**



Source: Altagamma, Bain & Company, Deutsche Bank; Includes Leather & Fashion, Perfumes & Cosmetics, and Watches & Jewellery. Excludes cars, wines & spirits and other peripheral categories

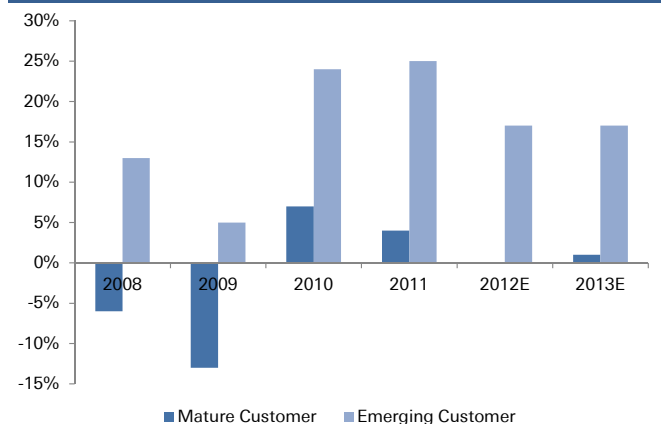
Luxury sales growth among EM customers was 25% in 2011 and for 2012E 17% is likely compared to 4% in mature markets in 2011 and 0% for 2012E. Chinese luxury sales growth is particularly strong, with 30% in 2011 and 22% in 2012E. The Chinese share of global luxury sales is likely to increase from 11% in 2008 to 28% in 2013 (see figure 183).

**Figure 183: Luxury sales growth by nationality (% , constant FX)**



Source: Deutsche Bank estimates

**Figure 184: Luxury sales growth by mature and emerging (% , constant FX)**

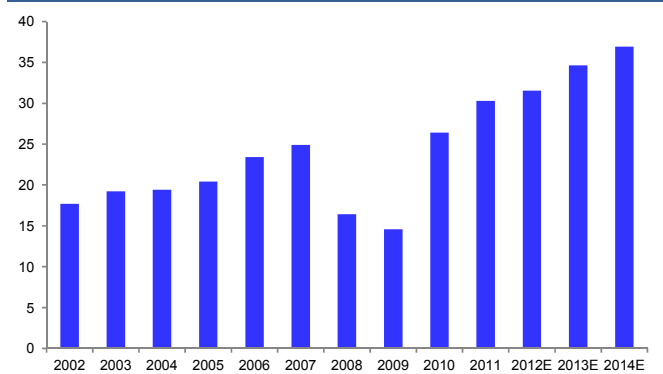


Source: Deutsche Bank estimates



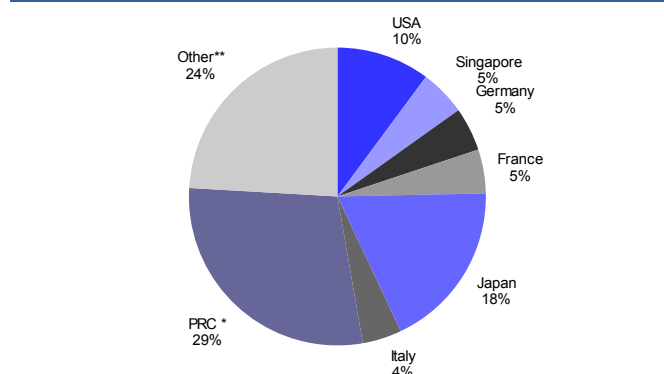
In the luxury sector, absolute levels of profitability are at all time highs for most brands, and sector return on capital employed (ROCE) has expanded by 11pp since 2001. Moreover, EM consumers offer potential growth opportunities for the next decade. A recent Deutsche Bank report examines how luxury companies are meeting the global challenge of delivering sustainable growth through a greater control of the supply chain from design to distribution and greater “ownership” of their brands (see *Global Luxury Goods: Stronger brands, higher profits*, 18 June 2012). Despite the 27% valuation premium of luxury companies to retailers/department stores, there are more opportunities within the former group.

Figure 185: Luxury brands – ROCE %



Source: Company data, Deutsche Bank estimates

Figure 186: Destination of Swiss watch exports in Q1 12 (by value)



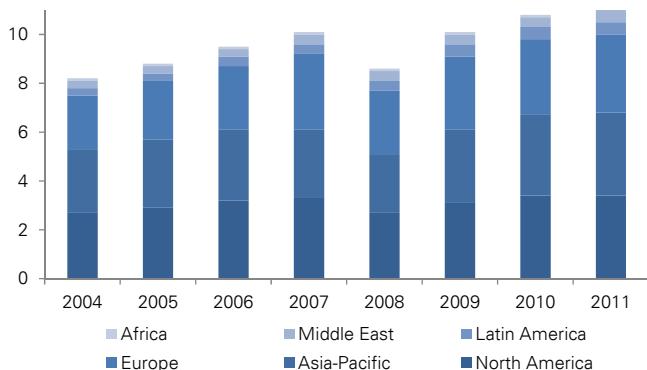
Source: Deutsche Bank, Federation of the Swiss Watch Industry FH, \*PRC excludes Taiwan, \*\* No other individual country represents >5% of the industry

Admittedly, the sustainability of the strong growth of luxury sales can be a controversial discussion. High margins may attract more competitors and for Chinese consumers, the willingness to switch brands may well be higher than in the mature markets. In addition, China will implement a new rule from 1 October that forbids the use government money for buying luxury goods. Our analysts estimate that around 20% of the Chinese luxury market is related to presents for officials and this segment may come under pressure going forward. Strong brands and well-managed groups could continue to gain market share as a result of consistent brand positioning, superior capability to finance growth and innovation, and strong control of distribution.

Rising luxury consumption is driven by a rising importance of EMs, by a rising number of HNWI globally and by strong growth of top-end wages. HNWI are defined as those having investable assets of USD1m or more. The number of HNWI globally reached 11m in 2011 compared with 8.2m in 2004, according to CapGemini’s World Wealth Report for 2012. The global HNWI population remains highly concentrated, with the US, Japan and Germany accounting for 53% of the world’s HNWI population. For the luxury goods sector, new millionaires may be more interesting than existing millionaires. Among the existing millionaires, the share of saturated consumers is likely to be relatively high; alternately, they may be quite old and therefore have a lower consumption propensity. In contrast, new millionaires may be keener to show their success, and this tendency may be particularly pronounced in Asia. China represents 5.1% of all HNWIs globally, but Chinese customers already account for 26% of Louis Vuitton’s sales, and China imports 29% of Swiss watch exports (see Capgemini, *The 16th Annual World Wealth Report 2012*, 19 June 2012).

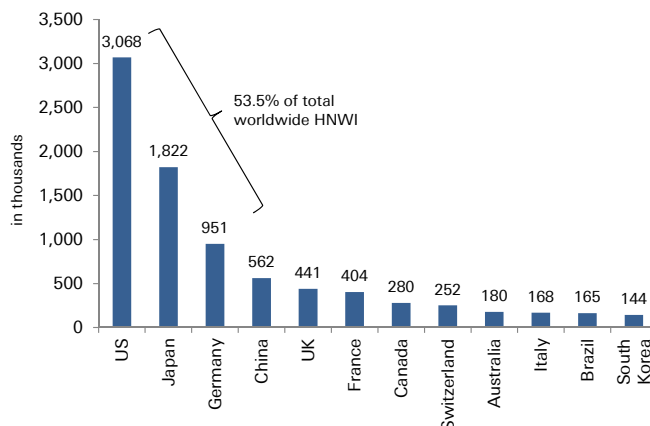


Figure 187: Total no. of HNWLs, by region



Source: Capgemini World Wealth Report 2012, Deutsche Bank Global Markets Research

Figure 188: 2011 HNWLs, by region

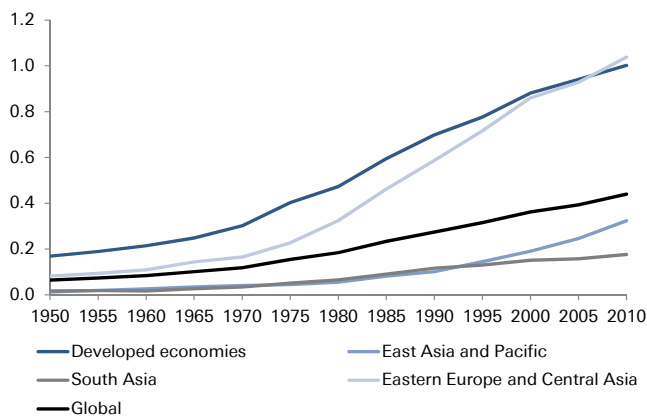


Source: Capgemini World Wealth Report 2012, Deutsche Bank Global Markets Research

### Megatrend: Rising education

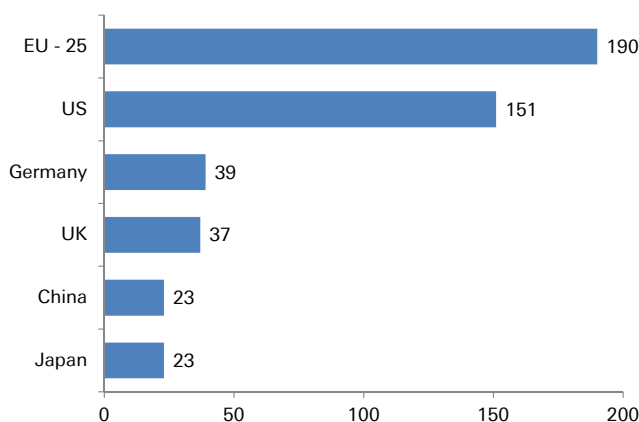
Rising education levels and a gradually increasing share of the global population with tertiary educational attainment is a megatrend since 1950. Globally, the tertiary educational attainment has increased gradually from 0.07 years in 1950 on average to 0.44 years in 2010. In the developed economies, this megatrend has been particularly pronounced, for them the average tertiary education has increased from 0.18 years in 1950 to 1.0 years in 2010. So on a 60-year view, the gap in education between developed and most emerging economies has become wider.

Figure 189: Tertiary educational attainment increasing strongly globally (Tertiary educational attainment in years)



Source: Barro & Lee (2011), Deutsche Bank Research

Figure 190: ARWU top 500: US & EU-25 undisputed leaders



Source: ARWU 2011, Deutsche Bank

But over the last decade, some Asian EMs have increased their efforts. Rising global integration and rising wages in EM also lead to rising education levels, for example, more people can afford to study abroad. A Deutsche Bank report analyses this theme in detail (see *Deutsche Bank Research, The global race for excellence and skilled labour: A status report*, 2 March 2012, 16 pages). In some way, it has become a race between countries to boost skill levels and enhance academic excellence. Expenditures for tertiary education and for research and development are increasing around the world – and especially in emerging economies. However, university rankings show the strong domination of the US and Europe.



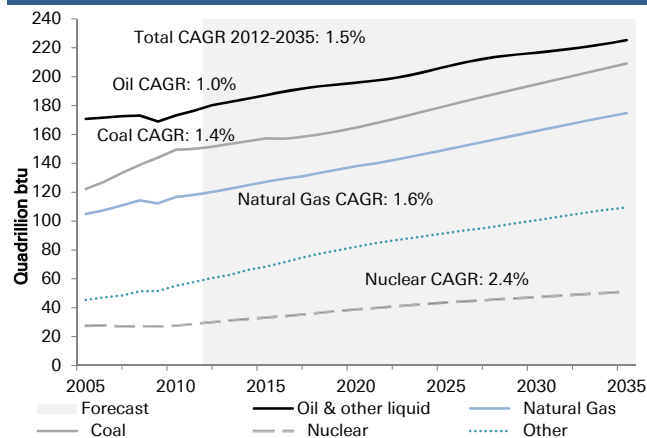
According to the university ranking by ARWU, the Top 500 universities include 151 from the US and 190 from Europe (EU-25) compared to 23 in China. As a result of the structural change toward more knowledge-intensive business activities in the developed economies, tertiary education on the one hand and research and development activities on the other are playing key roles as drivers of innovation. Countries are engaged in a race for educational attainment and excellence in education systems. Statistical analyses show that higher investments in education and the promotion of tertiary education in particular are of great benefit to the economy: Investment in tertiary education can generate good macroeconomic returns (Barro-Lee Educational Attainment Database). Countries are thus increasingly competing with one another to find ways to establish, equip or better organise tertiary educational institutions in order to produce more knowledge, provide a good education and allow people – equipped with academic credentials – to further develop their own potential.

## Megatrend 5: Rising demand for energy and commodities

Global demand for energy and commodities is likely to continue to rise and this could lead to rising prices, but also to rising price volatility because of controversial views.

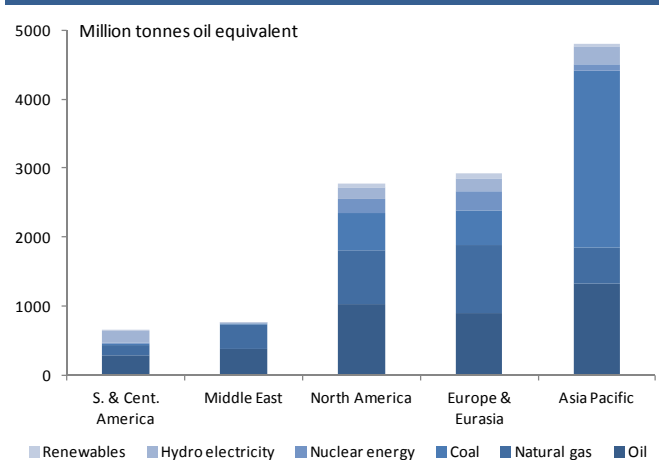
The global energy use is likely to continue to increase over the next 20 years according to the US DOE/EIA and also the use of the classical energy fuels despite rising importance of alternative energy and energy efficiency. The use of oil is expected to increase by 1.0% per year, gas by 1.6% per year and coal by 1.4% per year until 2035. Nuclear power is expected to rise by 2.4% per year even though selected countries reduce capacity or increase more cautiously after the Fukushima catastrophe. The uncertainty of future energy consumption has a high uncertainty because it strongly depends upon future price developments. Higher energy prices enforce stronger trends toward lower consumption and more efficiency. There are significant regional differences in global energy use. North America and Europe satisfy their energy needs with a higher amount of natural gas than in Asia. On the other hand, in Asia more than 50% of energy consumption is based on coal, which, compared with oil and gas, is only a minor source for the rest of the world.

Figure 191: World total energy consumption by type of fuel (2005 – 2035F) CAGR:



Source: US DOE/EIA; Deutsche Bank

Figure 192: Global energy use by region and by type in 2011



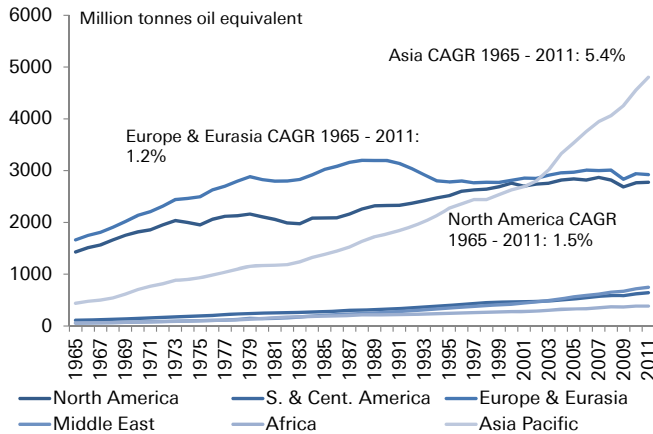
Source: BP Statistical Review 2012, Deutsche Bank.

While the use of energy has been broadly stable in Europe and North America over the last decade, the use in Asia is strongly accelerating. From 1965 to 2011 the (equivalent



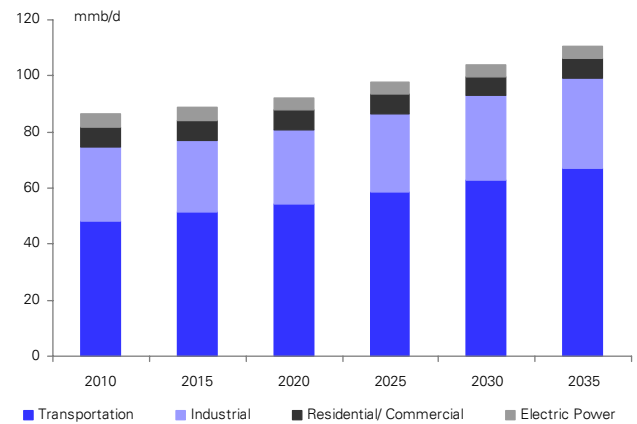
of) oil use in Asia has increased by 5.4% per year. Asia accounts now for 39.1% of the global oil use while Europe accounts for 23.8% and North America for 22.6%. Looking at the global use of oil, the dominant use is transportation, and this is likely to increase over the coming decades. Currently, transportation accounts for 44% of global oil use, and this share should increase to 62% by 2030.

Figure 193: Global energy use by region, 1965-2011



Source: BP Statistical Review 2012, Deutsche Bank Global Markets Research

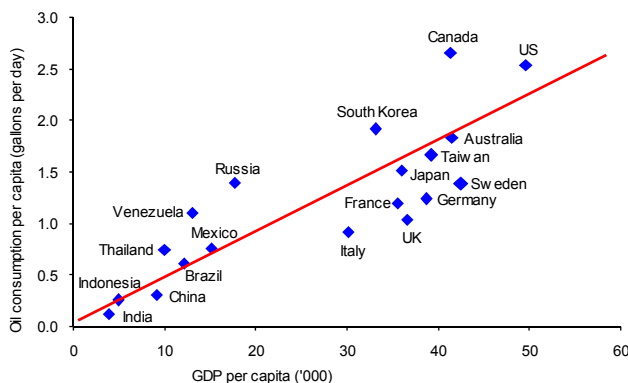
Figure 194: Global oil use by sector (2010-35) in million barrels per day



Source: DOE/EIA, Deutsche Bank Global Markets Research

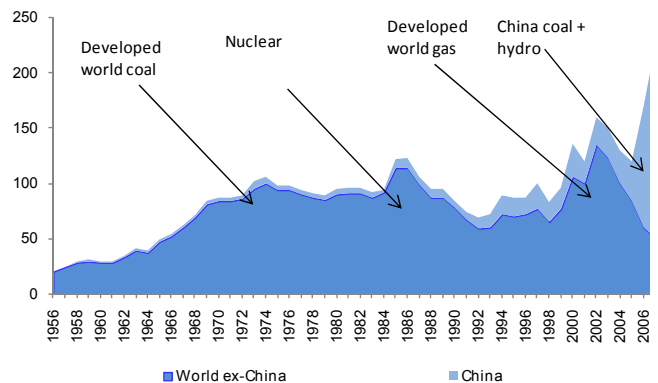
Electricity consumption is growing with real global GDP growth: electricity since 1961 by 5.3% vs. GDP since 1992 by 5.7%. There are significant differences in the age structure, as each fuel type has gone through its peak build-out: coal in the 1960-70s, nuclear in the 1970-80s and gas in the 1990-2000s. For example, the average hard coal plant in Europe is 33 years old and the average nuclear plant is 25 years old, while the average gas plant is only 12 years old. In China, the volume of newly-installed power plants has increased from 160 GW per year in 2002 to 225 GW in 2007. In stark contrast, in the world ex-China, the volume of newly-installed power plants peaked in 2002 and has strongly declined since then.

Figure 195: Oil consumption intensity relative to GDP



Source: Deutsche Bank Global Markets Research, IMF, IEA (2012)

Figure 196: Global power plant investment, installed base by year of construction in Gigawatts (GW)



Source: WDI 2012, Deutsche Bank



### **Alternative energy**

In light of efforts to reduce global CO<sub>2</sub> omission, alternative energy sources have come increasingly important in the discussion. They have grown greatly in importance, but particularly in those countries with strong political support and subsidies for alternative energy. China, Germany and the US have done the greatest investment in alternative energies. The PEW report, *Who is winning the clean energy race?*, published in 2012, shows that the global investment into clean energy has increased from USD34bn in 2004 to USD237bn in 2011. Clean energy investment in Asia has increased strongly, more than 200% since 2007. Investment in Europe, the Middle East and Africa increased by around 65%, whereas investment in the Americas rose by around 45%. In China, almost USD30bn was invested in wind energy in 2011 and USD11bn in solar energy. Thus, China ranks second (investing a total of USD46bn into clean energy in 2011) behind the US (USD48bn). Germany ranks third (USD30bn) and Italy fourth (USD28bn). Also, electrical mobility and fuel-cell cars have come firmly into focus over the past few years, but electric cars have not yet become a broad-based trend.

### **Energy efficiency**

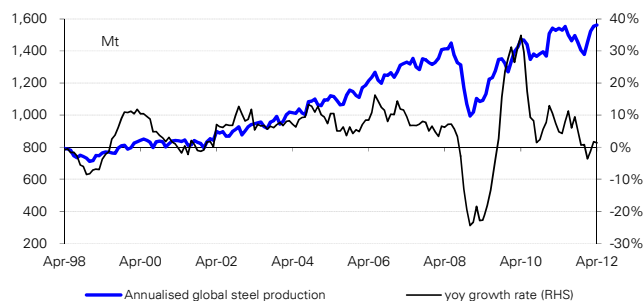
Energy efficiency could become a global megatrend going forward depending on the development of energy prices. Efficiency gains in consumption have a far greater impact than an equivalent efficiency gain in generation due to generation and transmission losses. A good example is lighting, which accounts for ~20% of global electricity consumption. If every light bulb in the world became 30% more efficient, 6% of the world's power plants could theoretically close. Opportunities for consumption savings are significant: the US-based National Electrical Manufacturing Association (NEMA) estimates that occupancy sensors can cut lighting consumption by between 10% and 40% in commercial buildings. Energy efficiency investments are often NPV-positive with a short payback. The NPV of investing in better efficiency (lower energy lighting, more efficient motors or compressors) is typically positive, and the payback often less than three years. The energy-proofing of buildings is also an important way to increase energy efficiency, but the trend may also depend on state subsidies and therefore would likely be a country-specific rather than global trend. Lighting accounts for ~7% of global CO<sub>2</sub> emissions, and many light sources are woefully inefficient. LEDs are much more energy efficient, but with higher up-front costs. While we think that LEDs will replace most current technologies, we also think the full transition will take decades (for details see *Making Light Work: The unstoppable rise of LEDs*, 5 September 2011).

### **Metals**

Steel is a key element of the industrialisation and urbanisation process and of infrastructure investment. Therefore, global steel production reflects industrialisation and urbanisation. Between 1995 and 1999, global annualised steel production was roughly stable at around 700 megatons (Mt). Between 1999 and 2011 global steel production roughly doubled from 750 to 1500Mt. Increasing steel production is a megatrend, but it is at the same time highly cyclical, as the strong 2009 decline shows. The majority of the growth in global steel production is coming from China. Chinese steel production increased from 100Mt in 2000 to 730Mt in April 2012 by 18% per year.

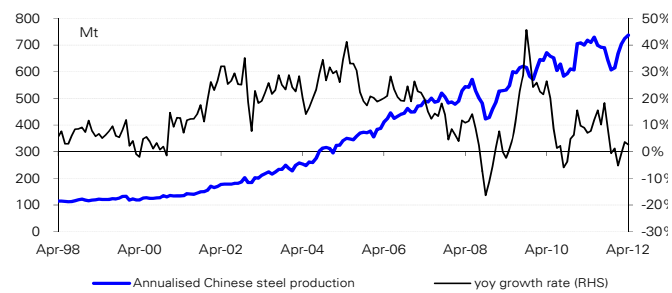


Figure 197: Annualised global crude steel production



Source: IISI, Datastream, Deutsche Bank

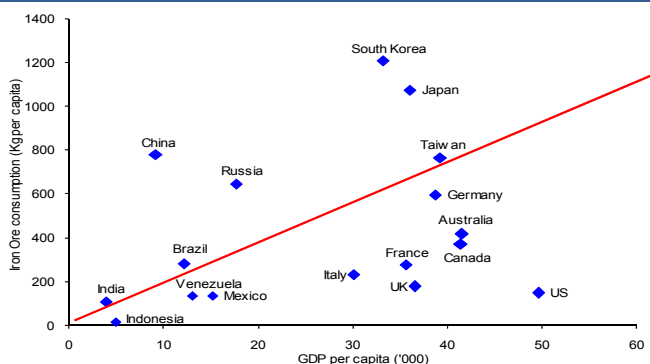
Figure 198: Annualised Chinese crude steel production vs monthly YoY % change



Source: IISI, Datastream, Deutsche Bank

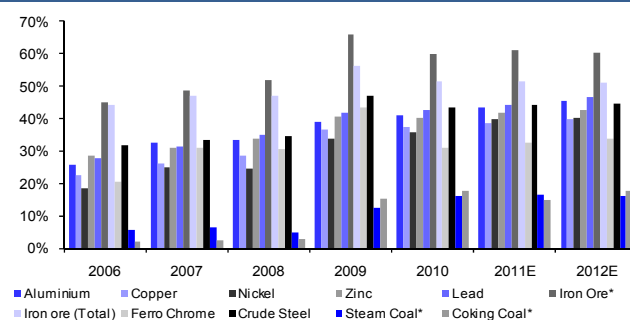
The strongly expanding steel production in China is reflected in a rising share of global demand. For example, China currently accounts for 60% of world iron ore demand (up from less than 50% in 2006) and 15% of coking coal demand (up from 2% in 2006). On copper, China now accounts for 40% of world demand up from 22% in 2006.

Figure 199: Iron ore consumption intensity



Source: Deutsche Bank Global Markets Research, IMF, AME (2012)

Figure 200: Chinese consumption as % of global demand (imports for iron ore and coal)



Source: WBMS, Brook Hunt, AME, JM, Reuters, Datastream, World Steel Org, Heinz Pariser, CRU, Deutsche Bank

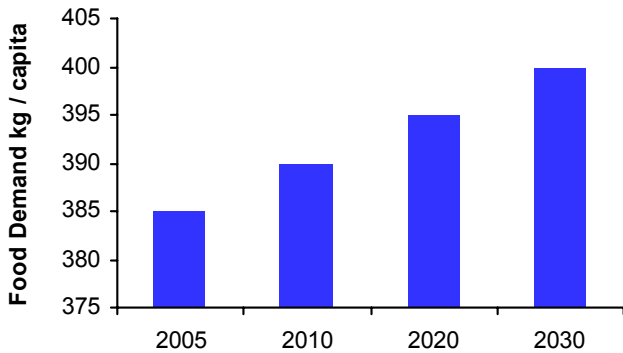
### Agricultural commodities

The consumption of agricultural products is increasing, due to population and income growth and changing eating habits in EMs as well as bio-fuel production. The consumption of animal proteins in particular is rising fast in developing countries. As a rough rule of thumb, 2,000 pounds of grain must be supplied to livestock in order to produce enough meat and other livestock products to support a person for a year, whereas 400 pounds of grain eaten directly will support a person for a year. Seven pounds of grains are required to produce one pound of beef. Meat consumption in EMs is likely to increase gradually from an average 24kg/person in 2007-09 to 28 kg/person in 2019.



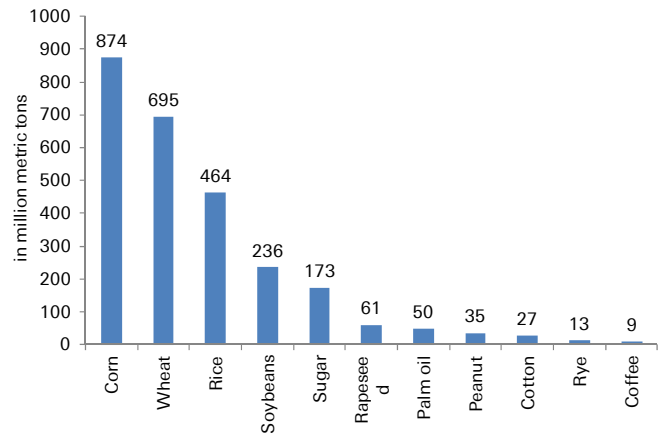


Figure 201: Food demand is increasing



Source: Syngenta

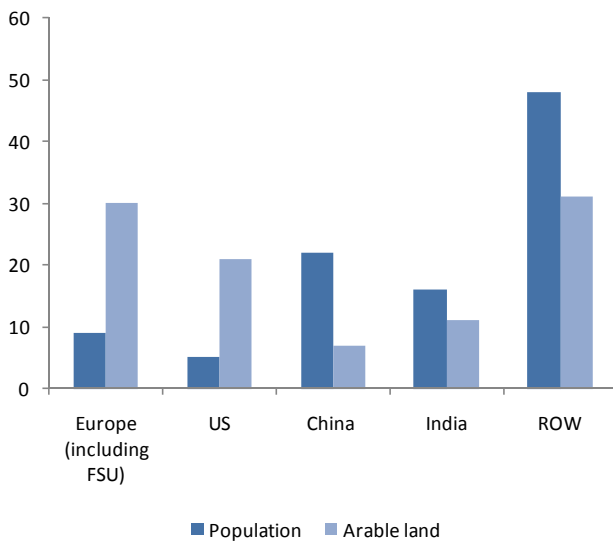
Figure 202: Key agricultural global production



Source: Syngenta. Scale is 100mioMu.

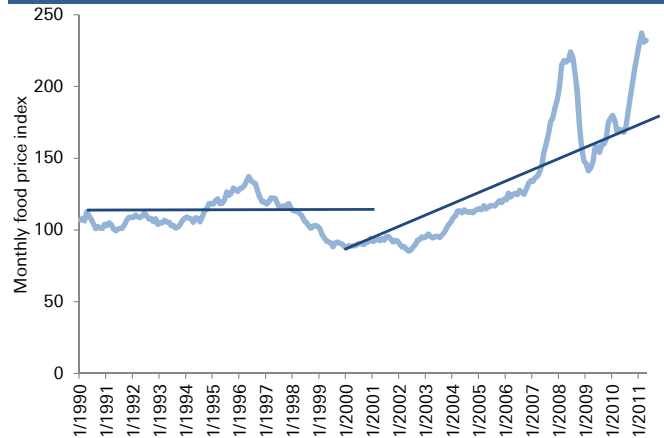
As a consequence, the grain output per acre of arable land needs to increase, supported by more efficient fertilisers, crops, crop protection chemicals and more irrigation farming. Syngenta produces crop protection products and seeds and is in our basket due to these trends. The company benefits, in our view, from a rising trend in convenience food in EMs. The global use of fertilisers has increased by 3.4% per year. The cereal production has increased by 2.5% per year between 1961 and 2010, mostly via an increasing yield per hectare and to a lesser degree, via rising acreage. Global distribution of arable land is very different from the global distribution of the population. Europe (including the former Soviet Union region) and the US have the biggest surplus of share of arable land relative to their population share. For example, China accounts for only 7% of arable land, but 22% of the world's population. The area expands more rapidly in countries with a reserve of available land and policies allow farmers to respond to higher prices. Such countries include Brazil, Russia, Ukraine, Argentina, and some other countries in South America and Eastern Europe.

Figure 203: Distribution of world population and arable land (% of world total)



Source: Syngenta

Figure 204: A structural break in global food prices in the 2000s



Source: WDI 2012, Deutsche Bank



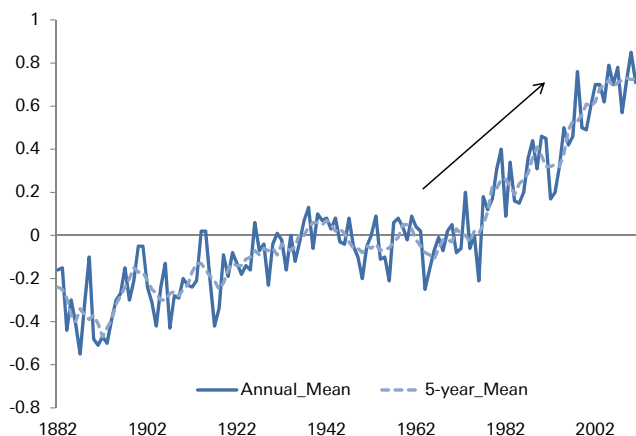
## Water

Water is indispensable for the survival of virtually all organisms on the face of the Earth. Demand for food, energy and all types of consumer goods and services will rise as a consequence of a rising global population and changing consumption habits. This will ultimately mean an increase in the demand for water. Usage conflicts are likely, and will likely become more acute on account of wasteful use and pollution. In agriculture, which accounts for roughly 70% of global water consumption, irrigation farming should continue to gain in importance. Worldwide, about 20% of cultivated land is watered by artificial irrigation, and this area produces 40% of total agricultural produce. As a consequence of rising water demand in all three areas, agriculture, industry and household, our water experts see investment needs in water infrastructure of E500bn per year (for details, see Deutsche Bank Research, *Water: Investments of E500bn required – every year*, published on 6 June 2011).

## Climate change

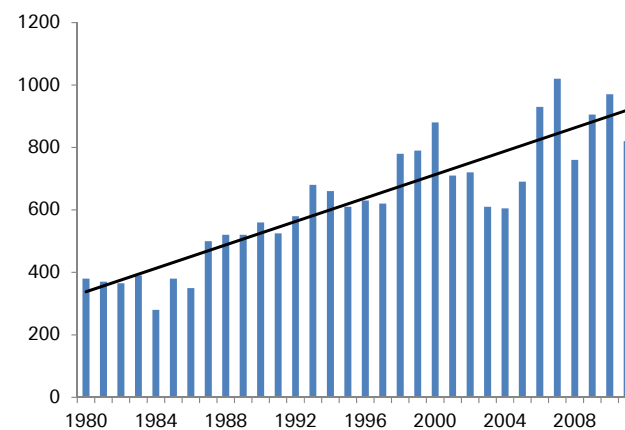
Most scientists agree that global climate change takes place and has already had observable effects on the environment. Glaciers have shrunk, plant and animal ranges have shifted and trees are flowering sooner. This could become a megatrend with significant economic consequences for sectors including agricultural commodities, insurance companies and travel companies. Effects that scientists had predicted would result from global climate change are now occurring: accelerated sea level rise and longer, more intense heat waves. Scientists have high confidence that global temperatures will continue to rise for decades to come. According to the IPCC (Intergovernmental Panel on Climate Change), the extent of climate change effects on individual regions will vary over time and with the ability of different societal and environmental systems to mitigate or adapt to change.

Figure 205: Global Surface Air Temperature Anomaly



Source: NASA, Deutsche Bank

Figure 206: Number of natural catastrophes 1980-2011



Source: Munich Re, Deutsche Bank  
Note: Natural catastrophes include geophysical events (earthquakes, volcanic eruption), meteorological events (tropical storm, winter storm, hail, tornado), hydrological events (river flood, flash flood, storm surge) and climatological events (heat wave, cold wave, wildfire, drought).



Figure 207: Regional impacts of global change forecast by the IPCC (2012)

	Impacts of global climate change forecast by the IPCC (Likelihood of trend)
Global	Contraction of snow cover areas, increased thaw in permafrost regions, decrease in sea ice extent ( <b>virtually certain</b> )
	Increased frequency of hot extremes, heat waves and heavy precipitation ( <b>very likely to occur</b> )
	Increase in tropical cyclone intensity ( <b>likely to occur</b> )
	Precipitation increases in high latitudes ( <b>very likely to occur</b> )
	Precipitation decreases in subtropical land regions ( <b>very likely to occur</b> )
	Decreased water resources in many semi-arid areas, including western U.S. and Mediterranean basin ( <b>high confidence</b> )
North America	Decreasing snowpack in the western mountains
	5-20 % increase in yields of rain-fed agriculture in some regions
	Increased frequency, intensity and duration of heat waves in cities that currently experience them
Latin America	Gradual replacement of tropical forest by savannah in eastern Amazonia
	Risk of significant biodiversity loss through species extinction in many tropical areas
	Significant changes in water availability for human consumption, agriculture and energy generation
Europe	Increased risk of inland flash floods
	More frequent coastal flooding and increased erosion from storms and sea level rise
Africa	By 2020, between 75 and 250 million people are projected to be exposed to increased water stress
	Yields from rain-fed agriculture could be reduced by up to 50% in some regions by 2020
	Agricultural production, including access to food, may be severely compromised
Asia	Freshwater availability projected to decrease in Central, South, East and Southeast Asia by the 2050s
	Coastal areas will be at risk due to increased flooding
	Death rate from disease associated with floods and droughts expected to rise in some regions

Source: NASA, IPCC - Intergovernmental Panel on Climate Change: Munich Re  
Definitions of likelihood ranges used to express the assessed probability of occurrence: *virtually certain* >99%, *very likely* >90%, *likely* >66%.

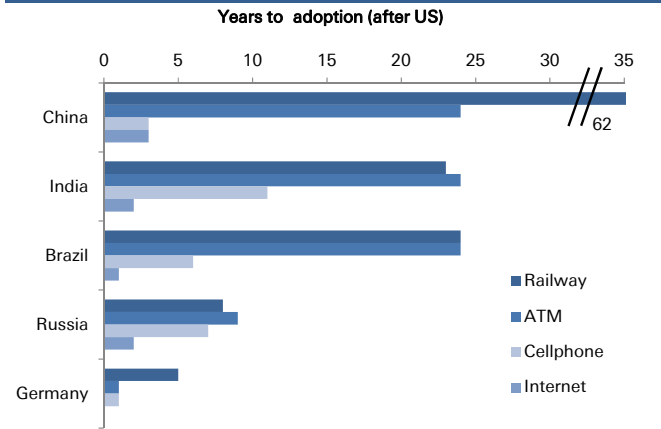
## Megatrend 6: New technologies

The technology sector is one of the most global sectors and new technologies are also supporting/driving the process of global integration. The technological revolution in communications through the emergence of the Internet, wireless data transmission, etc. has been a strong promoter of global integration. The technology sector has established many international standards that promote global integration (PCs, Microsoft Office, the MP3 data format, etc). Companies can consequently communicate and coordinate with each other much more efficiently. The “automated” communication between companies via software enables the setting-up of complex supply chains. The success of new technologies is a key performance driver for the respective company.

Global integration leads to a faster technology adoption around the globe. While ATM machines have taken around 20 years to spread from US to China, India and Brazil, the cell phone took less than 10 years and the Internet spread even faster. Admittedly, the detailed definition can be quite subjective and a technology which has derived in a certain country/region may still take a longer time for the penetration. According to the study *Was the Wealth of Nations Determined in 1000 bc?* from Comin et al., Europe currently uses 63% of the technologies available, compared to 47% in Americas (North and South combined) and 41% in Asia (see figure 209). Looking back at the last 2000 years, Asia used to be among the dominant players in worldwide technology, particularly China.

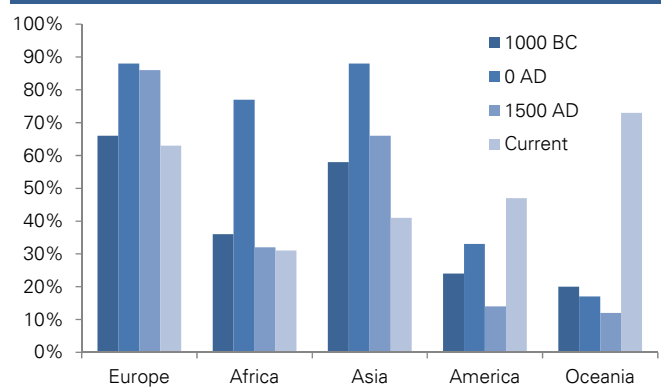


Figure 208: Technology adoption, years after United States



Source: Comin, Easterly, Gong (2010), Deutsche Bank Global Markets Research  
Note: Table indicates share of globally available technologies that were used in the respective regions

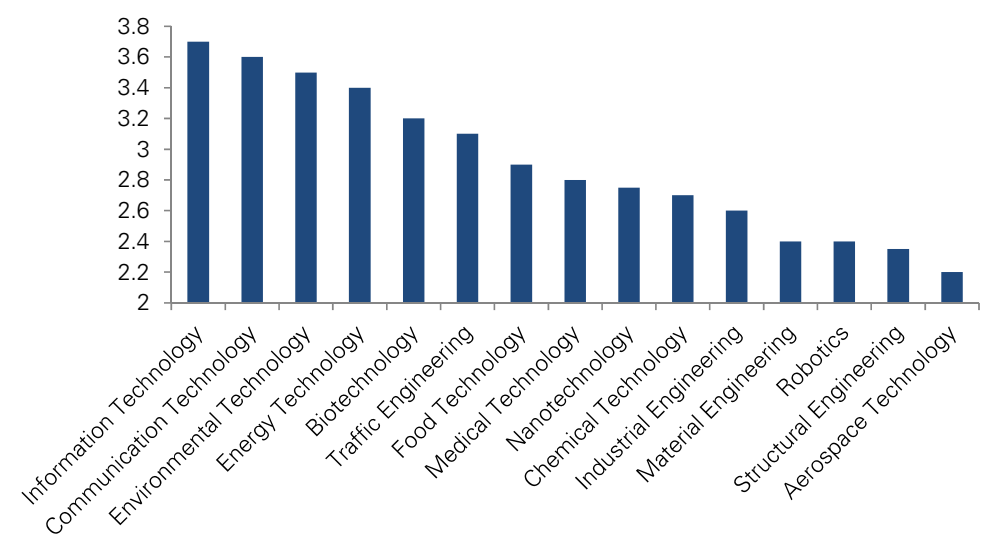
Figure 209: Average level of technology adoption, by region



Source: Comin, Easterly, Gong (2010), Deutsche Bank Global Markets Research  
Note: Chart indicates share of globally available technologies that were used in the respective regions

The most important technology fields with respect to their impact over the next years are information technology and communication technology ahead of environmental technology and energy technology. At the lower end of the scale are robotics and aerospace technology.

Figure 210: Areas that are highly affected by technology (assessment of experts on a scale between 1 and 5)



Comment: Scale between 1.0 and 5.0, where 1.0 means that area is affected least by technology;  
Source: Deutsche Bank, VDI Study „Technologiestandort Deutschland 2020“, May 2011



### Figure 211: Key technologies with strategic relevance

**Nanotechnology** holds the promise of leading to the development of smart nano and micro devices and systems and to radical breakthroughs in vital fields such as healthcare, energy, environment and manufacturing;

**Micro- and nanoelectronics, including semiconductors**, are essential for all goods and services that need intelligent control in sectors as diverse as automotive and transportation, aeronautics and space. Smart industrial control systems permit more efficient management of electricity generation, storage, transport and consumption through intelligent electrical grids and devices;

**Photonics** is a multidisciplinary domain dealing with light, encompassing its generation, detection and management. Among other things, it provides the technological basis for the economical conversion of sunlight to electricity which is important for the production of renewable energy, and a variety of electronic components and equipment such as photodiodes, LEDs and lasers.

**Advanced materials** offer major improvements in a wide variety of different fields, e.g. in aerospace, transport, building and health care. They facilitate recycling, lowering the carbon footprint and energy demand as well as limiting the need for raw materials that are scarce in Europe;

**Biotechnology** brings cleaner and sustainable process alternatives for industrial and agri-food operations. It will for example allow the progressive replacement of non-renewable materials currently used in various industries with renewable resources, however the scope of applications is just at the beginning;

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Source: European Commission "Preparing for our future: Developing a common strategy for key enabling technologies in the EU", Brussels, 30.09.2009, COM(2009) 512

Many European large companies are using these technologies, but they are often far from being a pure play on these technologies. In our basket we prefer technology companies which are less at risk of disruptive changes, in our view including SAP, AZ Electronic Materials, Gemalto, Spirent and Prysmian. The Aerospace companies EADS, Safran, MTU and the Biotech company Qiagen could also be seen as "Technology" companies in a wider sense.

Fundamental research is carried out in many of the above key technologies on a world-class level in Europe. However, there are problems in Europe to transform the knowledge of fundamental research into technologies and products that can be sold in world markets competitively. In that regard, Europe ranks behind the US and Asia and too often loses the "first-mover-advantage".

There are many global research studies that deal with forecasts on technology. An overview for many forecasts on technology can be found in meta-analyses that summarize a large amount of single studies. For example the report *Technologieprognosen 2010 – Ein internationaler Vergleich* of the German VDI Technology Centre gives an overview of 35 international technology studies that were selected from 200 single studies. In the report, a large spectrum of areas is covered such as energy, production technology, nanotechnology, health and sustainability.

Investors are seeking to invest in the new global technology blockbusters and, from this perspective, the valuation of a technology pipeline of a company could be similar to the valuation of the pipeline of healthcare companies.

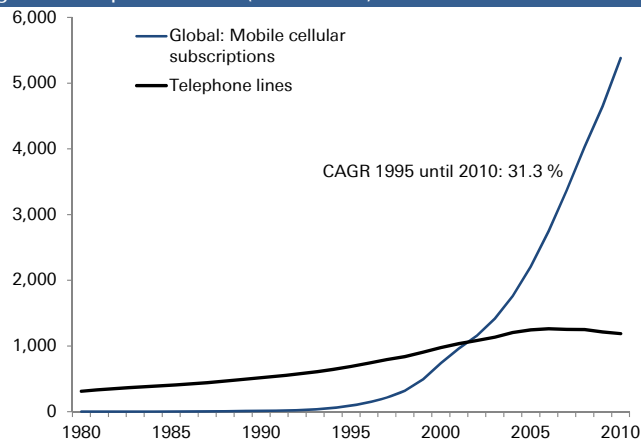


Companies with the potential to create these blockbusters may come primarily from the technology, industrial and goods and services, healthcare, chemicals and auto sectors. Companies with strong global positions in technology with a growing global trend may be able to leverage their technological knowledge more strongly because the economically-relevant world population continues to increase and because of stronger global integration.

**Megatrend: Rising data traffic and wireless data traffic**

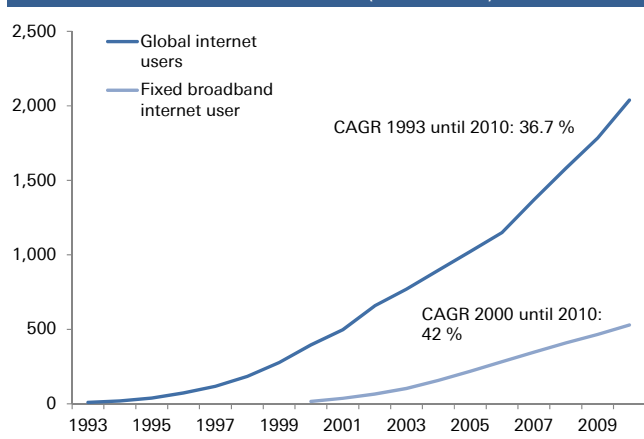
The most important technologies according to the survey above are information technology and communication technology. The number of global cellular subscriptions has increased from 91m in 1995 to 5.3bn 2010, a CAGR of 31%. For example, in India the mobile subscriber base increased from 5m in 2001 to 890m in 2011. In EMs, mobile phones are likely an important driver of change and of much higher importance for GDP growth than in DM markets. In addition, the Internet is arguably the most important technological development of the last 20 years. The Deutsche Bank report *Wireless Technology Evolution*, 7 May 2012, 157 pages, provides a detailed description of the current landscape of mobile communications and what may lie ahead, capturing the key dynamics underpinning the longer-term trends.

**Figure 212: Global mobile cellular subscriptions and global telephone lines (in millions)**



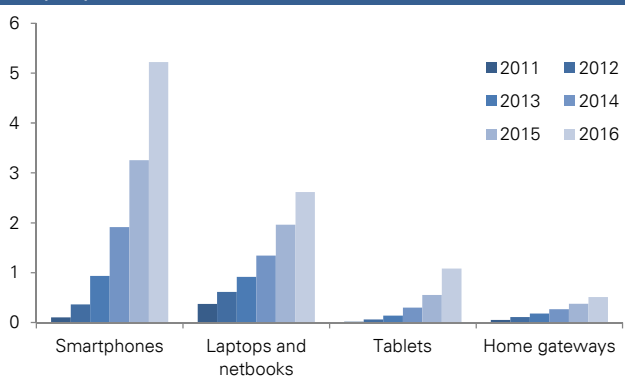
Source: WDI 2012, Deutsche Bank

**Figure 213: Global internet users and global fixed broadband internet subscribers (in millions)**



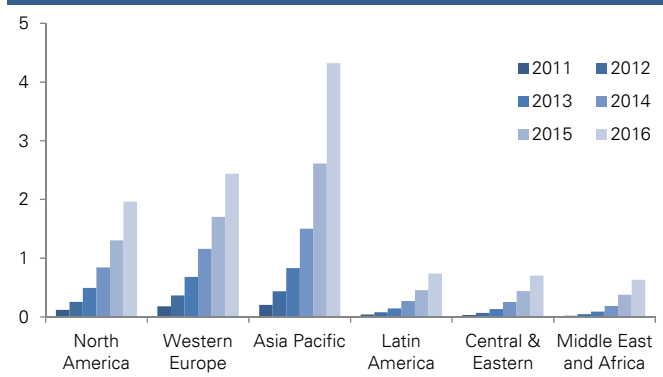
Source: WDI 2012, Deutsche Bank

**Figure 214: Global Mobile Data Traffic growing, particularly via smartphones and tablets (in millions Terabyte per month)**



Source: Cisco, Deutsche Bank Global Markets Research

**Figure 215:... and regionally particularly strong increase in Asia (in millions Terabyte per month)**



Source: Cisco, Deutsche Bank Global Markets Research



While in other areas, megatrends develop gradually, in technology strong trends may be subject to disruptive changes when new technologies come into place. The shift from mobile phones to smartphones has significantly changed the landscape of the mobile phone producers and has put Nokia under strong pressure.

#### **Megatrend: Cloud computing**

Cloud computing is designed to enable users to concentrate on their core competences. Cloud service providers advertise their ability to deliver memory capacity and software over the Web regardless of the user's location and device, claiming they can rapidly adapt this to requirements. That way, users can farm out peripheral business activities to specialised service providers. Over five years, the cloud computing market is likely to grow to E9bn in Germany and E71bn worldwide. Businesses' customary aim with cloud computing is to cut costs. The potential economies in IT are confined chiefly to capital and labour costs: Businesses that outsource IT capabilities reduce their capital formation and the need for internal IT specialists. Cloud computing also makes it possible to convert fixed expenditure on capital and labour into variable costs, with capital costs. The outsourcing company can lower its energy costs for operation and cooling (for details see *Deutsche Bank Research E-conomics: Cloud computing: Clear skies ahead*, 20 pages, 1 March 2012).

#### **Megatrend: Convergence**

Over the past few years, the convergence of information technology, telecommunications, consumer electronics and media sectors has gathered pace. Given wider availability of fast internet connections – both fixed-line and mobile solutions – it is becoming increasingly convenient to call up online services on various web-enabled end-user devices such as TVs, smartphones and tablet PCs. Companies that originally operated in separate industries are now fiercely competing with one another for market shares in areas such as broadband infrastructure and smartphones. In addition, the market for end-user devices is marked by high innovation rates, with a stable distribution of the market shares nowhere on the horizon. Makers of standard consumer electronics products are losing market share. Since smartphones are mutating into all-rounders and integrating, say, MP3 players and digital cameras without any drop in quality, makers of standard products see their market shares dwindle.

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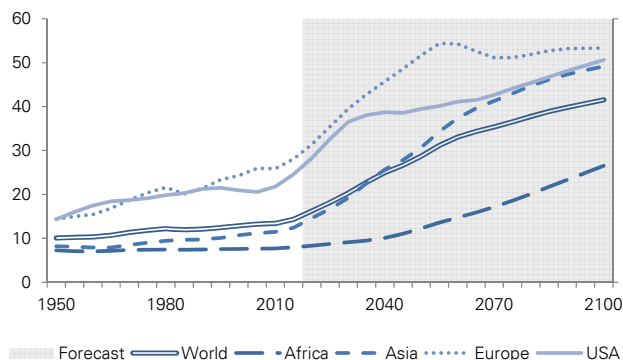
### **Megatrend 7: Ageing of the global population (DM and EM)**

The ageing of the population is a global megatrend that has been relatively slow so far but should accelerate strongly over the next decades. From 1990 to 2010, the old-age dependency ratio (the share of people over the age of 65 relative to those between the ages of 20-64) increased only slightly, from 12% in 1990 to 13% in 2010. This share is likely to increase to 16% in 2020, 20% in 2030 and 25% in 2040. The ageing of the population is happening in all regions of the world, but it is clearly most pronounced in DMs, particularly in Western Europe. In Western Europe, the dependency ratio has increased from 24% in 1990 to 30% in 2010 and should rise to 47% in 2030. Emerging countries come from a lower level and the ageing process should be less pronounced. Among the major emerging countries, the ageing process is most pronounced in Russia and China, a consequence of the one-child policy (see Figure 218).



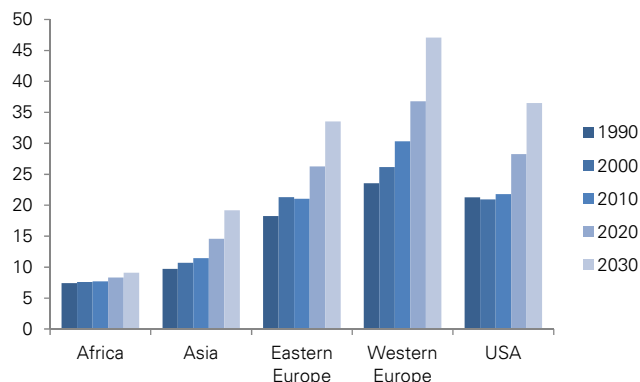


Figure 216: Old-age dependency ratio by region (ratio of population aged 65+ per 100 people aged 20-64 in %)



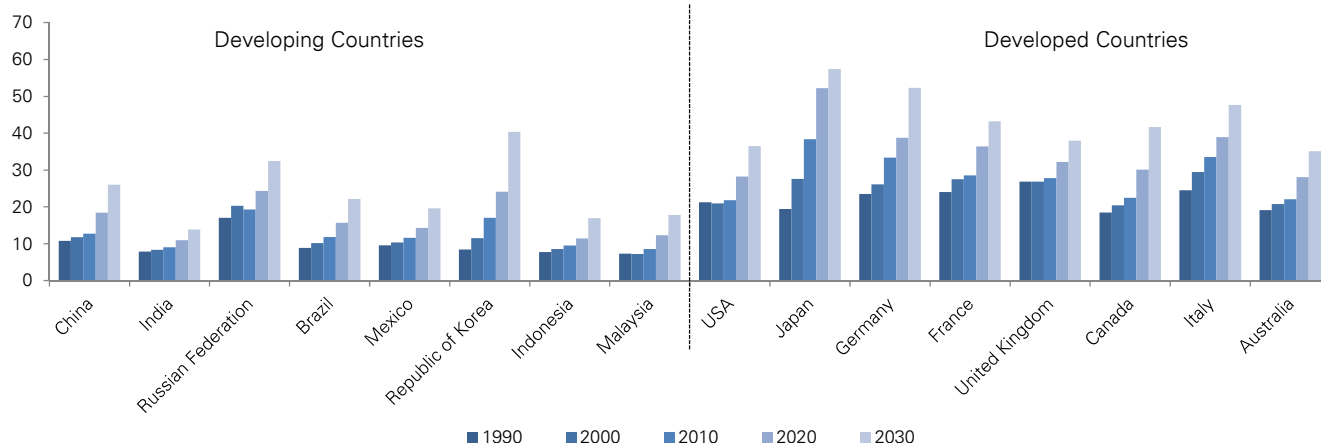
Source: UN World Population Prospects: The 2010 Revision

Figure 217: Old-age dependency ratio by region (ratio of population aged 65+ per 100 people aged 20-64 in %)



Source: UN World Population Prospects: The 2010 Revision

Figure 218: Old-age dependency ratio (ratio of population aged 65+ per 100 people aged 20-64 in %) by country



Source: UN World Population Prospects: The 2010 Revision

Figure 219: Country groups by age structure of their population

	Country	Old-age dependency ratio			2010 GDP per capita in USD, in current prices
		2010	2020*	2030*	
<b>Early population:</b> low life expectancy, high birth rate, low number of inactive citizens	Somalia	6.4	6.9	7.4	115
	Ethiopia	7.6	7.7	8.3	325
	Cameroon	7.8	7.8	8.0	1,207
	South Africa	8.4	11.0	13.4	7,255
<b>Maturing population:</b> rising life expectancy, decreasing birth rate, rising number of inactive citizens	India	9.0	10.9	13.9	1,406
	Egypt	9.4	12.0	15.1	2,654
	Indonesia	9.5	11.4	16.9	2,949
	Brazil	11.8	15.7	22.2	10,716
	China	12.7	18.4	26.0	4,354
<b>Matured population:</b> decreasing number of children, birth rate < substitution rate	Thailand	14.1	19.3	28.5	4,613
	Russia	19.3	24.3	32.5	10,351
	USA	21.8	28.2	36.5	46,546
	Australia	22.1	28.1	35.1	57,119
<b>Aged population:</b> decreasing number of active citizens, decreasing demand for goods, disinvestments	Germany	33.4	38.8	52.3	39,857
	Italy	33.5	38.9	47.6	33,877
	Japan	38.3	52.2	57.4	43,141

Source: UN Population Division, Deutsche Bank; Old-age dependency ratio = ratio of population aged 65+ per 100 people aged 20-65 in %  
UN forecasts for 2020 and 2030 base upon the assumption of constant fertility rates



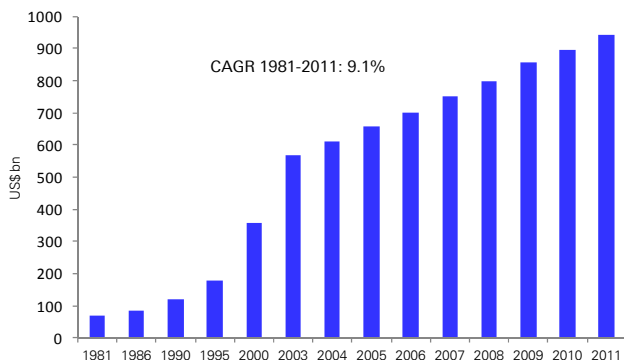
The ageing of the population has far-reaching consequences for the affected economies as well as for investors. In ageing economies, the number of employees and workers decreases and could lead to shortages. For example, companies in Germany already have major problems finding young apprentices. The potential growth of these economies therefore decreases. The compensation of a smaller number of available workers with technological improvements and investments in material assets is complicated. A smaller workforce and a higher capital stock lead to higher wages in principal and hence the returns of companies and investors decrease. The ageing process also leads to changes in the consumption behaviour and in particular to an increase in expenditures in the healthcare sector. Potentially, the ageing process can be mitigated by increasing migration, extended working time and an improved labour-force participation rate (especially for women and older workers). In Japan, the ageing of the population is particularly advanced and many consequences of an ageing population are first visible in Japan. The ratio of people older than 65 years and those between 20-65 years is also relevant for equity investors as the working population mostly accumulates wealth, whereas the retired population consumes its wealth. So an ageing population and a high share of wealth consumers is a risk factor for the respective equity market.

The ageing of the population will most likely lead to changing consumption habits, and the habits of the "silver generation" will come more into the focus of all consumer companies.

**Megatrend: Healthcare demand**

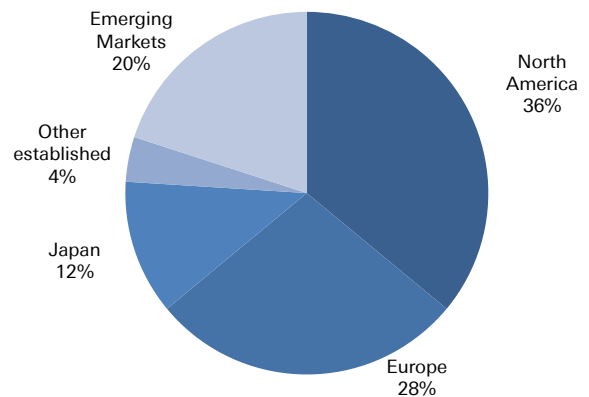
The healthcare sector could benefit from the aging of the population globally as well as from a rising demand from EMs. Currently, EMs account for around 20% of global pharma sales while the dominating North America accounts for 36% and Europe for 28%. From 1981 to 2011, global pharma sales have grown by 9.1% per year on average. There are also trends like patent expirations of block-busters and rising generic use and public household budget restrictions, which could become a pressure for pharma sales over the next years. Our analysts forecast EM pharma sales to grow by 12-15% per year until 2016 and global pharma sales by 3-6%. Our basket company Sanofi is among the European healthcare companies with the highest sales share in Emerging markets and Qiagen is a strong play in global diagnostic markets.

Figure 220: Global pharmaceutical sales 1981-2011 (USD bn, constant currency)



Source: IMS Health, Deutsche Bank

Figure 221: Global pharma market by sales



Source: IMS Health, Deutsche Bank

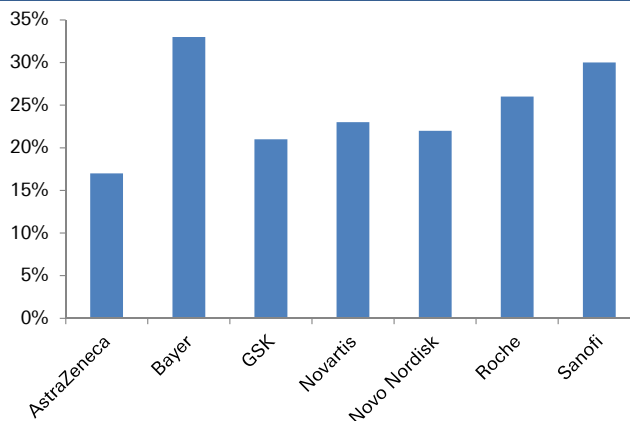


Figure 222: 2011 market size and projected growth (USD bn)

Region	2011 market size	2012-2016 CAGR
North America	344	1-4%
EU5	159	(-1)-2%
Japan	111	1-4%
'Pharmerging' (EMs)	194	12-15%
RoW	147	2-5%
<b>Global</b>	<b>955</b>	<b>3-6%</b>

Source: IMS Health, Deutsche Bank

Figure 223: EM as % of pharma sales by company



Note: \* 2011 FY figures except GSK and Novartis (1H12) due to reporting format change; Pharma defined as branded and generic drugs plus vaccines (in case of Sanofi other businesses [CH, AH] included); Roche figures for International region; Novo for China plus International; GSK for EMAP; others for Emerging markets or Emerging growth markets; \*\* pre-R&D margin; Bayer EM margin below peers due to MaterialScience and CropScience (Pharma EM margin assumed at 35%)  
Source: Company data, Deutsche Bank

## Megatrend 8: Changing risk factors for global companies

Globalisation means that companies are doing business in countries with very different cultures, language barriers and dissimilar economic frameworks. The failure rate of European companies' investments abroad could be higher than that of investments in the home region. Emerging countries change more quickly, and a strong market position in an EM may be less sustainable than a strong market position in a DM. The legal and political system and the judiciary may not be as independent as in Western countries, and local competitors and state authorities may be linked more closely. For example, Argentina has recently decided to nationalise the Spanish majority stake in the YPF oil company. Global integration, fragmented production processes and production clusters give exposure to new risks for European production companies. In an environment of rising global competition, it could be more difficult for companies to maintain their technological advantages. The set-up of significant production capacities in EMs increases the risk of over-investment and overcapacity. The overview below gives risks for companies and classifies which are particularly relevant for EM activities.

Recent academic studies have shown that not only standard risk factors like value, size, momentum and the market explain stock returns, but things like the degree of internationalization of a firm may also have an impact on stock returns. Companies that expand internationally face operational, regulatory, and foreign exchange risks in international markets. To measure this "new risk factor" we analyze the risk characteristics. The monthly average spread between multinational and domestic firms is approximately 2.3% per annum. The average spread between multinational and domestic North American and European firms is approximately 2.9% and 5.4% per annum, respectively (for details see *Quantitative Strategy Europe: Quantitative Musing – Sales Segment Momentum*, Marco Salvini, 31 July 2012)



Figure 224: Principal risks of companies and the relevance for EM investments

Type of Risks	Definition	How it is commonly identified and measured	Relevance for company exposure to EM
Commercial risk	<ul style="list-style-type: none"> <li>market based risks that compromise the commercial viability of investment by interrupting revenue streams</li> <li>level of risk is highly dependent on life-span of project and demand for service/good produced</li> </ul>	<ul style="list-style-type: none"> <li>policy changes that affect market demand (including deregulation, physical barriers to market – i.e. insufficient infrastructure, market liberalisation, or changes in import/export quotas, tariffs, users fees)</li> </ul>	++
Economic risk	<ul style="list-style-type: none"> <li>risks related to the macroeconomic stability of the host and home countries of MNCs</li> </ul>	<ul style="list-style-type: none"> <li>exchange rate devaluations, interest rate increases, inflation, foreign exchange shortages, restrictions on profit repatriation or currency convertibility</li> </ul>	+++
Environmental risk	<ul style="list-style-type: none"> <li>technical risks related to the environment and natural resources</li> <li>risky vary considerably depending on the nature and location of the investment activity</li> </ul>	<ul style="list-style-type: none"> <li>indicators of environmental risk are highly context-specific and cannot easily be generalised</li> </ul>	+
Force majeure risk	<ul style="list-style-type: none"> <li>unpredictable and exceptional events outside the control of main parties to an investment</li> </ul>	<ul style="list-style-type: none"> <li>natural disasters, sabotage, epidemic, war, riots, or revolution (such events must be catastrophic, unpredicted, and not directly related to activities undertaken by the investor)</li> </ul>	++
Management risk	<ul style="list-style-type: none"> <li>risks stemming from poor project planning, development and management</li> </ul>	<ul style="list-style-type: none"> <li>indicators of management risk are highly context-specific and cannot easily be generalized</li> </ul>	++
Political risk	<ul style="list-style-type: none"> <li>government actions and/or inactions that impact private sector activities (including nationalisation and/or expropriation)</li> </ul>	<ul style="list-style-type: none"> <li>change in the government or regime, change in policies toward private sector and foreign investors, political instability and/or conflict</li> </ul>	+++
Regulatory or legal risk	<ul style="list-style-type: none"> <li>risks related to specific laws, regulations, contracts and more broadly related to political and legal culture</li> </ul>	<ul style="list-style-type: none"> <li>indicators related to the judicial system, dispute resolution mechanisms, regulatory environment, legislative framework, property rights</li> </ul>	+++
Social risk	<ul style="list-style-type: none"> <li>risks that exist when there is a social unrest (often considered a sub-sector of political risk)</li> </ul>	<ul style="list-style-type: none"> <li>indicators include strikes, civil disobedience, religious turmoil, ethnic conflict</li> </ul>	+++

Source: Deutsche Bank



## European exports into EMs

Figure 225: EU15 merchandise exports (2011)

	EU15 exports to... (in Euro bn)						as % of total export in each sector								
	World	EU15	EE*	BRIC	US	RoW	EU15	EE*	BRIC	Brazil	Russia	India	China	US	RoW
	<b>JAP</b>						<b>JAP</b>								
<b>Food</b>	254.8	181.5	18.5	8.3	7.2	39.3	71.3	7.2	3.3	0.2	2.2	0.1	0.8	2.8	15.4
<b>Beverages &amp; Tobacco</b>	55.7	29.3	2.6	2.5	8.2	13.0	52.6	4.7	4.4	0.6	1.4	0.2	2.3	14.8	23.4
<b>Crude Materials</b>	132.2	84.0	8.5	14.1	4.4	21.2	63.5	6.4	10.7	0.4	1.3	1.7	7.3	3.3	16.0
<b>Oil Gas &amp; Consumable Fuels</b>	291.0	190.5	10.0	3.6	17.8	69.2	65.5	3.4	1.2	0.4	0.3	0.1	0.4	6.1	23.8
<b>Material Manufactures</b>	559.3	325.0	56.5	38.0	29.0	110.8	58.1	10.1	6.8	0.7	1.6	2.4	2.1	5.2	19.8
Iron & steel	129.5	79.7	11.8	6.8	5.9	25.3	61.5	9.1	5.3	0.8	1.4	1.3	1.8	4.6	19.5
Non-Ferrous Metals	83.5	53.2	7.2	5.5	5.9	11.9	63.6	8.6	6.6	0.6	0.5	2.4	3.1	7.0	14.2
Metal Manufactures	108.3	62.8	13.6	6.2	5.4	20.2	58.0	12.6	5.7	1.0	2.0	0.7	2.1	5.0	18.6
Paper	66.6	42.0	6.3	3.3	2.3	12.7	63.1	9.4	4.9	0.7	2.3	0.7	1.2	3.5	19.1
<b>Chemicals</b>	432.0	256.4	32.3	27.6	37.4	78.3	59.4	7.5	6.4	1.1	2.1	0.8	2.4	8.7	18.1
<b>Pharma &amp; Health</b>	227.2	116.5	11.3	12.7	36.6	50.1	51.3	5.0	5.6	1.1	2.4	0.3	1.7	16.1	22.0
<b>Machinery &amp; Transportation</b>	1369.3	662.9	113.0	151.1	115.0	327.4	48.4	8.2	11.0	1.2	3.0	1.1	5.7	8.4	23.9
Automobiles & Components	383.1	212.4	28.8	39.4	32.2	70.2	55.4	7.5	10.3	1.0	3.1	0.3	5.9	8.4	18.3
Aerospace & Defense	89.2	42.3	0.9	8.9	8.0	29.1	47.5	1.0	9.9	1.4	1.6	0.8	6.2	9.0	32.6
General Industrial Machinery	198.7	85.3	16.7	27.2	15.4	54.1	42.9	8.4	13.7	1.8	3.7	1.8	6.4	7.8	27.2
Special Industrial Machinery	134.8	42.4	10.0	24.3	13.7	44.4	31.5	7.4	18.0	2.1	4.7	1.9	9.4	10.2	32.9
Electrical Machinery	204.2	99.7	23.3	20.2	15.0	46.0	48.8	11.4	9.9	1.0	2.5	1.1	5.3	7.3	22.5
Power generating machinery	124.2	51.9	9.2	11.6	18.8	32.7	41.8	7.4	9.3	1.3	1.8	1.6	4.6	15.1	26.3
Metalworking Machinery	26.4	8.3	2.4	7.3	2.4	6.0	31.5	9.2	27.8	2.8	5.0	3.2	16.7	8.9	22.5
Office Machines	79.5	49.3	9.1	4.2	3.0	13.9	62.0	11.5	5.3	0.2	3.3	0.4	1.3	3.8	17.5
Telecommunication	88.7	49.8	8.5	5.4	4.3	20.8	56.1	9.5	6.1	0.6	2.6	1.1	1.8	4.9	23.4
<b>Textile Apparel</b>	73.3	48.6	5.7	3.4	3.1	12.5	66.3	7.7	4.6	0.1	3.6	0.1	0.9	4.3	17.1
<b>Miscellaneous</b>	441.4	220.9	28.1	24.0	35.6	132.8	50.0	6.4	5.4	0.6	1.9	0.7	2.2	8.1	30.1
<b>Total</b>	3836.2	2115.5	286.4	285.2	294.3	854.7	55.1	7.5	7.4	0.9	2.2	1.0	3.4	7.7	22.3

Figure 226: Change in EU15 merchandise: absolute and CAGR (1999-2011)

	2011 minus 1999 exports (EUR bn)						1999-2011 CAGR in %								
	World	EU15	EE	BRIC	US	RoW	EU15	EE	BRIC	Brazil	Russia	India	China	US	RoW
	<b>JAP</b>						<b>JAP</b>								
<b>Food</b>	121.2	78.0	14.9	5.5	1.7	21.1	5.8	17.9	11.4	9.8	9.6	8.0	21.5	2.8	8.0
<b>Beverages &amp; Tobacco</b>	22.3	8.7	1.9	2.0	2.7	6.9	3.6	14.0	19.0	10.8	13.1	18.9	34.3	4.0	7.9
<b>Crude Materials</b>	77.3	44.4	6.6	12.0	1.4	12.9	7.8	16.2	21.0	12.0	12.8	18.9	25.3	3.9	9.8
<b>Oil Gas &amp; Consumable Fuels</b>	235.3	151.4	8.1	3.0	13.0	59.8	17.1	18.0	20.3	20.0	30.3	11.4	18.8	14.1	22.1
<b>Material Manufactures</b>	230.4	109.5	36.1	28.1	4.5	52.2	4.2	10.7	14.4	11.3	16.0	11.3	19.5	1.7	6.6
Iron & steel	76.3	41.5	9.5	5.7	2.6	17.1	7.6	17.7	19.8	20.0	17.3	20.7	21.4	5.8	12.0
Non-Ferrous Metals	52.9	30.8	5.9	4.9	3.5	7.9	9.0	19.3	24.1	8.1	13.2	29.4	33.1	9.3	11.6
Metal Manufactures	51.5	25.3	9.9	5.0	1.6	9.7	5.3	13.8	17.8	12.0	20.0	16.4	20.3	3.4	6.8
Paper	17.1	6.3	3.7	2.2	0.1	4.8	1.6	9.3	11.5	10.0	12.9	9.7	11.3	0.6	4.8
<b>Chemicals</b>	220.3	121.1	23.3	22.2	13.9	39.9	6.6	13.6	17.7	10.5	20.5	14.7	22.5	4.8	7.4
<b>Pharma &amp; Health</b>	163.2	82.9	8.8	11.2	26.2	34.1	13.2	16.4	24.0	13.6	33.5	13.2	30.7	13.4	12.1
<b>Machinery &amp; Transportation</b>	455.5	100.9	68.9	122.0	9.6	154.1	1.7	9.9	17.9	8.1	22.5	16.5	20.0	0.9	6.6
Automobiles & Components	135.3	33.9	17.4	36.4	3.8	43.8	1.8	9.7	29.3	11.5	32.1	26.9	38.5	1.3	10.3
Aerospace & Defense	28.2	13.3	0.4	6.5	-4.1	12.1	3.9	5.7	14.1	2.1	23.0	11.8	18.8	-4.0	5.5
General Industrial Machinery	92.8	25.2	10.3	22.7	5.3	29.3	3.6	10.1	19.9	12.0	23.1	18.2	22.2	4.3	8.1
Special Industrial Machinery	58.3	6.5	5.5	19.3	2.7	24.3	1.7	8.3	17.2	7.8	20.9	15.5	19.7	2.2	8.2
Electrical Machinery	65.0	17.2	14.0	16.2	2.1	15.5	1.9	9.6	17.6	6.8	20.7	16.8	20.1	1.5	4.2
Power generating machinery	57.2	16.8	6.7	9.4	5.0	19.3	4.0	13.9	17.9	10.3	32.5	15.6	18.8	3.1	9.4
Metalworking Machinery	10.1	0.3	1.4	6.0	-0.1	2.6	0.4	9.2	18.5	4.6	21.6	18.0	23.8	-0.6	5.8
Office Machines	-17.5	-23.7	5.7	2.8	-4.8	2.4	-3.8	10.3	11.8	1.3	13.3	12.2	11.3	-9.1	2.0
Telecommunication	6.5	-1.1	4.2	1.3	-0.5	2.6	-0.2	7.1	2.8	-1.4	15.9	13.7	-5.2	-1.1	1.4
<b>Textile Apparel</b>	26.1	15.1	3.4	2.7	-0.6	5.4	3.8	9.5	18.4	2.0	18.1	11.5	29.7	-1.6	5.8
<b>Miscellaneous</b>	185.2	64.4	18.1	18.9	6.4	77.3	3.5	10.9	16.8	7.7	16.7	14.4	23.7	2.0	9.1
<b>SUM</b>	1736.8	776.4	190.1	227.7	78.8	463.8	4.7	11.5	17.4	4.0	13.5	9.8	15.0	3.2	8.1

Source: Eurostat, Deutsche Bank



Figure 227: German merchandise exports (2011)

	German exports to... (in Euro bn)						as % of total export in each sector								
	World	EU15	EE*	BRIC	US	RoW	EU15	EE*	BRIC	Brazil	Russia	India	China	US	RoW
	JAP						JAP								
<b>Food</b>	45.0	30.4	6.1	1.8	1.1	5.7	67.5	13.5	3.9	0.1	3.2	0.1	0.5	2.4	12.7
<b>Beverages &amp; Tobacco</b>	8.3	5.0	0.6	0.2	0.6	1.9	59.7	7.2	2.8	0.1	2.0	0.0	0.7	7.7	22.7
<b>Crude Materials</b>	24.6	15.2	3.1	2.2	0.9	3.3	61.7	12.5	8.9	0.5	1.5	1.4	5.5	3.5	13.5
<b>Oil Gas &amp; Consumable Fuels</b>	26.8	18.6	2.8	0.4	0.2	4.7	69.5	10.4	1.5	0.1	0.8	0.1	0.4	0.9	17.8
<b>Material Manufactures</b>	147.4	75.5	24.4	11.1	8.7	27.6	51.3	16.6	7.5	0.9	2.6	0.9	3.2	5.9	18.7
Iron & steel	28.2	14.9	4.6	2.5	1.5	4.8	52.8	16.2	8.8	0.6	3.6	1.5	3.2	5.2	17.0
Non-Ferrous Metals	24.1	12.7	2.9	1.8	2.1	4.6	52.4	12.1	7.5	1.3	0.8	0.9	4.5	8.7	19.2
Metal Manufactures	36.9	18.4	7.0	3.1	2.1	6.4	49.7	19.1	8.3	1.0	2.7	0.9	3.8	5.7	17.2
Paper	17.9	10.4	2.7	0.9	0.8	3.1	58.0	15.0	5.2	0.9	2.6	0.8	0.9	4.3	17.6
<b>Chemicals</b>	111.6	56.0	13.5	10.5	8.1	23.5	50.2	12.1	9.4	1.5	2.9	1.1	3.8	7.2	21.1
<b>Pharma &amp; Health</b>	50.6	28.4	2.6	3.2	6.7	9.7	56.2	5.2	6.4	1.2	3.2	0.3	1.7	13.2	19.1
<b>Machinery &amp; Transportation</b>	507.2	211.7	52.2	79.3	51.5	112.5	41.7	10.3	15.6	1.2	3.8	1.3	9.4	10.2	22.2
Automobiles & Components	173.1	76.0	14.2	25.4	22.3	35.1	43.9	8.2	14.7	0.8	3.7	0.3	9.8	12.9	20.3
Aerospace & Defense	28.7	18.3	0.1	3.1	1.6	5.5	63.9	0.5	10.8	1.2	0.8	1.1	7.7	5.6	19.2
General Industrial Machinery	75.4	27.1	7.9	14.0	7.2	19.3	35.9	10.5	18.6	1.8	4.5	2.3	10.0	9.5	25.6
Special Industrial Machinery	48.4	13.2	4.5	12.1	4.4	14.1	27.3	9.3	25.1	2.1	6.2	2.3	14.5	9.0	29.2
Electrical Machinery	79.1	31.5	11.5	11.2	7.1	17.8	39.8	14.6	14.2	1.0	3.4	1.4	8.4	9.0	22.5
Power generating machinery	39.7	16.3	5.0	4.9	5.1	8.4	41.0	12.5	12.3	1.4	2.4	2.0	6.5	12.9	21.2
Metalworking Machinery	12.0	2.8	1.3	4.2	1.2	2.4	23.4	10.7	35.3	2.3	5.5	2.9	24.6	10.3	20.2
Office Machines	19.2	11.3	2.5	1.3	0.8	3.3	59.1	12.8	6.9	0.2	4.9	0.5	1.3	3.9	17.3
Telecommunication	17.2	8.2	3.1	1.3	1.1	3.4	47.9	18.1	7.7	0.6	2.3	1.0	3.8	6.5	19.8
<b>Textile Apparel</b>	14.0	8.8	2.1	0.7	0.2	2.3	62.6	14.9	5.2	0.0	4.5	0.0	0.6	1.1	16.3
<b>Miscellaneous</b>	121.5	57.0	12.7	11.4	10.2	30.2	46.9	10.5	9.4	1.1	3.1	0.9	4.3	8.4	24.9
<b>Total</b>	1057.0	506.6	120.1	120.8	88.0	221.5	47.9	11.4	11.4	1.1	3.2	1.0	6.1	8.3	21.0

Figure 228: British merchandise exports (2011)

	British exports to... (in Euro bn)						as % of total export in each sector								
	World	EU15	EE*	BRIC	US	RoW	EU15	EE*	BRIC	Brazil	Russia	India	China	US	RoW
	JAP						JAP								
<b>Food</b>	11.3	8.3	0.4	0.2	0.5	1.9	73.0	3.5	2.0	0.1	1.2	0.2	0.6	4.4	17.0
<b>Beverages &amp; Tobacco</b>	7.0	3.1	0.3	0.3	1.1	2.2	44.4	4.1	3.7	1.2	0.8	0.7	1.0	15.8	32.0
<b>Crude Materials</b>	8.5	3.7	0.3	2.1	0.3	2.1	43.1	3.5	24.7	0.2	0.2	8.0	16.3	4.0	24.8
<b>Oil Gas &amp; Consumable Fuels</b>	39.5	28.5	0.6	0.2	6.4	3.8	72.1	1.5	0.6	0.4	0.1	0.0	0.1	16.3	9.6
<b>Material Manufactures</b>	33.6	17.9	1.5	2.7	3.5	8.0	53.2	4.4	8.1	0.6	0.8	4.8	1.9	10.6	23.7
Iron & steel	5.9	3.5	0.2	0.3	0.5	1.4	59.2	3.6	4.6	0.9	0.9	1.2	1.6	7.9	24.7
Non-Ferrous Metals	6.7	3.0	0.2	0.8	1.4	1.3	44.4	3.1	12.2	0.3	0.2	7.6	4.1	21.0	19.2
Metal Manufactures	5.3	2.7	0.4	0.3	0.6	1.4	50.8	6.6	5.7	1.6	0.9	1.0	2.2	10.4	26.6
Paper	2.7	1.7	0.1	0.2	0.2	0.5	62.1	5.5	7.7	0.4	3.7	2.4	1.3	6.4	18.2
<b>Chemicals</b>	33.2	17.7	1.4	1.6	5.1	7.4	53.3	4.1	4.9	1.5	1.2	0.7	1.5	15.4	22.3
<b>Pharma &amp; Health</b>	25.9	12.0	1.1	1.3	6.8	4.8	46.3	4.1	5.0	1.5	1.3	0.2	1.9	26.2	18.4
<b>Machinery &amp; Transportation</b>	106.8	45.3	4.4	8.2	14.5	34.4	42.4	4.1	7.7	0.8	1.7	1.2	4.0	13.6	32.2
Automobiles & Components	26.8	12.5	1.0	3.3	4.4	5.6	46.7	3.8	12.3	1.0	3.8	0.4	7.1	16.5	20.8
Aerospace & Defense	10.8	4.6	0.0	0.0	0.0	6.1	42.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3	56.8
General Industrial Machinery	11.5	4.7	0.5	1.0	1.3	4.0	40.9	4.1	8.9	1.2	1.3	1.9	4.6	11.4	34.7
Special Industrial Machinery	8.0	2.7	0.5	0.8	1.0	3.0	33.8	5.8	10.4	1.9	2.4	2.2	3.9	13.1	36.9
Electrical Machinery	12.7	6.5	0.8	0.8	1.7	2.9	51.2	6.6	6.0	0.5	0.9	1.4	3.2	13.3	23.0
Power generating machinery	19.4	4.7	0.3	1.5	4.5	8.5	23.9	1.3	7.6	0.9	1.1	1.9	3.6	23.2	43.9
Metalworking Machinery	1.0	0.3	0.1	0.3	0.1	0.3	31.3	5.7	24.8	3.0	2.9	7.0	11.9	13.1	25.2
Office Machines	6.6	4.0	0.5	0.2	0.5	1.4	60.7	7.0	3.4	0.2	1.0	0.8	1.3	7.4	21.5
Telecommunication	8.3	4.2	0.5	0.3	0.8	2.5	50.9	6.2	3.6	0.2	0.8	1.0	1.6	9.0	30.3
<b>Textile Apparel</b>	4.1	2.9	0.3	0.1	0.2	0.7	69.5	6.4	3.2	0.1	2.6	0.3	0.2	5.0	15.9
<b>Miscellaneous</b>	36.1	14.5	1.1	1.6	5.4	13.5	40.1	3.1	4.5	0.4	1.0	0.9	2.1	15.0	37.3
<b>Total</b>	306.0	153.6	11.2	18.5	44.0	78.7	50.2	3.7	6.0	0.8	1.2	1.4	2.7	14.4	25.7

Source: Eurostat, Deutsche Bank



Figure 229: Italian merchandise exports (2011)

	Italian exports to... (in Euro bn)						as % of total export in each sector								
	World	EU15	EE*	BRIC	US	RoW	EU15	EE*	BRIC	Brazil	Russia	India	China	US	RoW
	JAP						JAP								
<b>Food</b>	20.8	13.4	1.8	0.5	1.3	3.7	64.6	8.7	2.6	0.4	1.7	0.1	0.4	6.1	18.0
<b>Beverages &amp; Tobacco</b>	6.1	3.1	0.3	0.3	1.3	1.1	51.5	4.3	4.6	0.6	2.8	0.1	1.2	21.2	18.4
<b>Crude Materials</b>	6.6	3.1	0.6	0.8	0.6	1.5	46.7	9.2	12.5	0.6	1.0	1.8	9.1	9.7	21.9
<b>Oil Gas &amp; Consumable Fuels</b>	19.2	5.7	2.0	0.2	0.8	10.5	29.7	10.5	0.8	0.5	0.1	0.1	0.2	4.0	54.9
<b>Material Manufactures</b>	73.4	38.4	9.6	3.8	3.5	18.2	52.3	13.0	5.1	0.8	1.6	0.9	1.9	4.8	24.8
Iron & steel	18.0	9.9	2.2	0.7	0.7	4.5	54.7	12.4	3.7	0.6	0.6	1.3	1.2	4.0	25.2
Non-Ferrous Metals	6.6	3.8	0.9	0.2	0.3	1.3	57.8	14.4	3.2	0.3	1.0	0.6	1.3	5.2	19.3
Metal Manufactures	15.6	8.7	1.9	0.9	0.6	3.5	56.1	12.2	5.6	1.6	2.3	0.7	1.0	3.8	22.3
Paper	5.6	3.4	0.6	0.2	0.1	1.3	60.6	10.3	4.2	0.8	1.2	1.2	1.1	2.2	22.7
<b>Chemicals</b>	28.1	15.2	2.9	1.8	1.6	6.6	54.2	10.2	6.5	1.2	1.9	1.0	2.4	5.7	23.5
<b>Pharma &amp; Health</b>	14.7	7.6	0.5	0.7	1.6	4.3	51.7	3.5	4.8	1.6	1.3	0.4	1.5	10.9	29.2
<b>Machinery &amp; Transportation</b>	132.6	56.8	12.0	14.6	10.5	38.6	42.9	9.1	11.0	2.3	2.9	1.6	4.2	8.0	29.1
Automobiles & Components	25.2	15.1	2.6	1.6	1.6	4.3	60.0	10.2	6.3	2.4	1.7	0.7	1.5	6.4	17.2
Aerospace & Defense	4.1	1.6	0.1	0.2	1.1	1.1	38.7	3.6	4.3	2.0	1.1	0.4	0.8	27.0	26.4
General Industrial Machinery	36.1	15.1	2.9	4.2	2.1	11.7	41.9	8.1	11.7	1.9	3.6	1.8	4.4	5.9	32.4
Special Industrial Machinery	22.0	6.1	1.8	4.2	1.6	8.3	27.7	8.2	19.2	3.0	4.1	2.9	9.2	7.3	37.6
Electrical Machinery	17.9	9.1	2.1	1.2	0.8	4.6	51.2	11.7	6.8	1.3	2.5	0.9	2.1	4.4	26.0
Power generating machinery	11.1	3.9	1.2	1.0	1.2	3.7	35.4	11.0	9.3	2.8	2.4	1.8	2.2	11.1	33.3
Metalworking Machinery	5.6	1.5	0.5	1.5	0.5	1.7	26.3	8.3	27.3	5.1	5.9	4.0	12.3	8.0	30.1
Office Machines	2.3	1.2	0.2	0.1	0.1	0.7	52.1	8.2	3.0	0.6	0.7	0.6	1.2	5.9	30.8
Telecommunication	3.6	1.7	0.3	0.2	0.2	1.1	47.6	8.6	6.9	1.9	0.8	2.1	2.2	6.2	30.7
<b>Textile Apparel</b>	16.7	8.0	1.0	1.5	1.8	4.4	47.9	6.1	8.8	0.1	6.8	0.1	1.8	10.6	26.6
<b>Miscellaneous</b>	57.6	24.8	3.6	3.3	4.5	21.4	43.0	6.3	5.8	0.5	3.2	0.4	1.7	7.9	37.1
<b>Total</b>	375.8	176.2	34.3	27.6	27.5	110.3	46.9	9.1	7.3	1.3	2.5	0.9	2.7	7.3	29.4

Figure 230: French merchandise exports (2011)

	French exports to... (in Euro bn)						as % of total export in each sector								
	World	EU15	EE*	BRIC	US	RoW	EU15	EE*	BRIC	Brazil	Russia	India	China	US	RoW
	JAP						JAP								
<b>Food</b>	37.0	25.3	1.1	1.0	0.8	8.8	68.3	3.0	2.6	0.2	1.1	0.2	1.0	2.2	23.9
<b>Beverages &amp; Tobacco</b>	12.8	5.6	0.3	1.1	2.4	3.4	43.7	2.3	8.5	0.3	1.0	0.1	7.1	18.7	26.8
<b>Crude Materials</b>	13.4	10.1	0.4	1.0	0.4	1.5	75.1	2.9	7.7	0.3	0.8	1.0	5.5	2.8	11.5
<b>Oil Gas &amp; Consumable Fuels</b>	20.5	12.3	0.3	0.2	1.0	6.7	59.8	1.5	0.9	0.4	0.0	0.1	0.3	5.0	32.8
<b>Material Manufactures</b>	52.1	32.8	3.5	2.4	2.8	10.5	63.0	6.8	4.7	0.9	1.0	0.9	1.9	5.3	20.2
Iron & steel	14.4	9.8	0.8	0.7	0.5	2.5	68.2	5.6	5.1	0.7	1.3	1.4	1.7	3.7	17.4
Non-Ferrous Metals	5.9	4.0	0.3	0.2	0.3	1.1	67.7	5.2	3.5	0.5	0.3	0.5	2.2	5.5	18.1
Metal Manufactures	9.7	5.6	0.8	0.5	0.6	2.2	57.1	8.4	5.3	1.5	0.9	0.8	2.3	6.5	22.6
Paper	5.8	4.1	0.3	0.2	0.2	1.0	71.0	4.9	3.3	0.8	0.5	0.9	1.1	3.4	17.4
<b>Chemicals</b>	53.7	32.7	2.9	3.6	4.1	10.4	60.8	5.4	6.8	1.3	2.2	0.6	2.6	7.6	19.4
<b>Pharma &amp; Health</b>	24.4	10.6	1.8	1.5	2.7	7.8	43.5	7.2	6.3	1.1	3.0	0.4	1.9	11.0	32.0
<b>Machinery &amp; Transportation</b>	158.2	79.9	9.0	14.6	11.2	43.4	50.5	5.7	9.3	1.3	2.3	0.9	4.9	7.1	27.5
Automobiles & Components	36.9	24.5	2.8	1.9	0.9	6.9	66.2	7.7	5.0	1.2	2.0	0.1	1.7	2.3	18.7
Aerospace & Defense	35.9	14.0	0.3	5.2	3.6	12.8	39.1	1.0	14.4	1.5	2.9	0.8	9.1	10.0	35.6
General Industrial Machinery	18.3	9.2	1.4	1.7	1.1	4.9	50.4	7.6	9.5	1.7	2.2	1.3	4.3	5.7	26.8
Special Industrial Machinery	9.7	3.8	0.6	1.0	1.0	3.3	39.0	6.2	10.5	1.7	3.1	1.1	4.5	10.4	33.9
Electrical Machinery	25.4	12.4	2.1	2.1	1.3	7.5	48.6	8.3	8.3	1.0	2.2	1.3	3.9	5.2	29.5
Power generating machinery	16.8	8.5	0.8	1.8	2.6	3.1	50.5	5.0	10.4	0.9	1.6	1.1	6.8	15.4	18.7
Metalworking Machinery	1.4	0.5	0.1	0.3	0.1	0.4	38.4	6.8	20.0	2.5	6.4	2.1	9.1	6.4	28.4
Office Machines	4.1	2.2	0.2	0.2	0.4	1.3	52.6	4.0	4.2	0.6	1.1	0.8	1.7	8.6	30.6
Telecommunication	6.4	2.7	0.3	0.5	0.3	2.6	42.6	4.7	7.1	1.1	1.6	1.6	2.8	4.6	40.9
<b>Textile Apparel</b>	7.9	4.9	0.4	0.3	0.6	1.7	62.3	5.1	3.9	0.1	2.6	0.1	1.1	7.2	21.5
<b>Miscellaneous</b>	48.0	25.7	1.8	1.8	3.8	14.9	53.5	3.8	3.8	0.6	1.1	0.6	1.6	7.9	31.0
<b>Total</b>	428.0	239.8	21.5	27.6	29.8	109.3	56.0	5.0	6.5	0.9	1.7	0.6	3.1	7.0	25.5

Source: Eurostat, Deutsche Bank





# Appendix A: Regional exposure by major European benchmark indices and of all European companies (sorted by sector)

**Dax companies: Regional exposure by company**

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspeci- fied RoW/	% Sales in 2011		Outside Europe 2011			
														Major sales destinations abroad		Assets%	Capex%		
				31-Aug-12 (local curr.)															
Adidas AG	Per. & Hhld. Gds.	12.9	Buy	62	70	12.5	70	13.3	5	36	34	25	0	W. Europe(29.4%); N. America(23.2%); APAC(15.9%); Rest of EU(12.0%); LatAm(10.3%); China(9.2%)		50	na		
Allianz	Insurance	39.6	Buy	87	100	14.6	48	94.4	27	51	15	na	7	South & N. America(15.3%); France(12.2%); Italy(9.3%); APAC, RoW(7.4%); UK(5.2%); Spain(4.6%)		na	na		
BASF	Chemicals	56.6	Buy	62	74	19.7	61	73.5	39	17	26	18	0	N. America(20.0%); Asia, Far East(18.1%); S. America(6.0%)		41	32		
Bayer AG	Chemicals	50.9	Buy	62	69	11.9	66	36.5	na	44	22	21	13	N. America(22.4%); APAC(20.6%); Africa, LatAm(13.0%)		34	44		
Beiersdorf	Per. & Hhld. Gds.	14.3	Buy	57	70	22.8	49	5.6	na	61	18	na	22	Africa, Asia, Australia(21.8%); Americas(17.6%)		na	13		
BMW	Autos	34.8	Hold	58	68	17.9	60	68.8	19	30	21	17	13	China(16.8%); USA(16.7%)		27	na		
Commerzbank	Banks	7.3	Hold	1	1	15.1	38	27.0	69	26	3	2	0	Europe Ex. Germany(26.4%); USA(3.1%)		na	na		
Daimler	Autos	41.5	Hold	39	42	7.7	64	106.5	19	18	30	21	11	USA(20.9%); Rest of EU(18.4%); APAC(10.8%); China(10.4%)		24	na		
Deutsche Boerse	Financial Ser.	7.9	Buy	41	52	27.0	46	2.3	48	35	13	3	0	Rest of EU(35.4%); Americas(12.8%); APAC(3.3%)		43	6		
Deutsche Lufthansa AG	Travel & Leisure	4.5	Hold	10	12	22.3	49	28.7	26	36	18	15	5	Rest of EU(35.6%); N. America(15.0%); APAC(15.0%); Mid-East(3.1%); LatAm(2.5%); Africa(2.3%)		3	2		
Deutsche Post DHL	Ind. Gds. & Ser.	18.6	Buy	15	17	10.1	56	52.8	32	33	17	14	4	Americas(16.7%); APAC(14.4%)		36	21		
Deutsche Telekom	Telecoms	41.1	Hold	9	9	-8.8	48	58.7	39	25	25	na	12	USA(25.2%)		17	20		
E.ON	Utilities	36.5	Buy	18	21	14.8	41	113.0	74	26	na	na	0	UK(7.8%); Sweden(2.5%)		na	0		
Fresenius	Health Care	12.2	Buy	85	97	14.4	69	16.5	na	42	46	10	2	N. America(40.9%); APAC(9.6%); LatAm(5.4%); Africa(2.2%)		62	45		
Fresenius Medical Care	Health Care	17.2	Hold	57	58	1.2	69	9.2	3	na	64	na	33	N. America(63.7%)		75	48		
HeidelbergCement	Const. & Mat.	7.5	Buy	40	48	19.5	69	12.9	na	45	24	23	8	W. Europe(33.8%); N. America(24.1%); APAC(23.3%); E. Europe(11.0%); Mediterranean, Africa(7.9%)		56	43		
Henkel	Per. & Hhld. Gds.	10.7	Buy	60	75	24.8	57	15.6	na	55	24	15	6	W. Europe(36.4%); E. Europe(18.2%); N. America(17.6%); APAC(14.9%); LatAm(6.9%); Africa, Mid-East(6.0%)		na	na		
Infinion Technologies	Technology	6.0	Buy	5	8	41.9	67	4.0	27	21	11	41	0	APAC(19.7%); China(16.6%); Americas(10.6%); Japan(5.1%)		38	na		
K+S	Chemicals	7.4	Hold	39	40	2.8	66	5.2	16	34	35	11	3	Europe ex. Germany(34.4%); USA(17.7%); S. America(12.1%); Asia(11.3%); N. America ex. USA(5.7%); Africa, Oceania(3.2%)		69	40		
Linde	Chemicals	23.1	Buy	125	153	22.2	70	13.8	9	34	19	32	6	Rest of EU(34.4%); Asia, Australia(31.8%); N. America(13.7%); Africa(5.7%); S. America(5.4%)		49	na		
MAN	Ind. Gds. & Ser.	10.3	Hold	73	72	-1.9	48	16.5	21	36	25	14	4	Rest of EU(25.3%); Americas(25.0%); Asia(13.1%); Africa(3.8%)		0	0		
Merck KGaA	Health Care	5.9	Buy	91	108	18.8	65	10.3	14	30	30	24	2	Asia(24.4%); N. America(18.0%); LatAm(11.8%); France(8.6%)		na	na		
Metro Group	Retail	7.8	Hold	24	25	4.4	43	66.7	39	57	na	na	5	W. Europe(31.3%); E. Europe(25.4%); Asia, Africa(4.5%)		0	0		
Munich Re	Insurance	21.1	Hold	118	120	2.0	62	62.4	34	16	39	7	4	USA(19.1%); Canada(16.1%); UK(10.8%); China(4.1%); LatAm(3.6%); Australia(3.1%)		na	na		
RWE	Utilities	19.2	Hold	33	33	-1.0	47	49.2	53	46	na	na	1	UK(17.0%)		na	na		
SAP AG	Technology	64.0	Buy	52	65	24.0	61	14.2	16	33	36	15	0	Rest of EMEA(32.6%); USA(26.0%); Rest of APAC(10.5%); Japan(4.6%)		na	na		
Siemens	Ind. Gds. & Ser.	68.8	Buy	75	85	12.7	55	73.5	27	33	27	13	0	Americas(27.1%); Asia, Australia(13.4%)		na	na		
Volkswagen AG	Autos	23.8	Buy	140	200	42.5	58	159.3	22	43	20	14	0	Asia, Oceania(14.4%); N. America(11.0%); S. America(9.4%)		na	18		
<b>Dax 30</b>							<b>57</b>	<b>1308</b>	<b>31</b>	<b>34</b>	<b>20</b>	<b>11</b>	<b>5</b>						

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



FTSE 100 companies: Regional exposure by company

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe ^ 2011		
									31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	Row/	Major sales destinations abroad					
A B Foods	Food & Bev.	13.2	Hold	1324	1070	-19.2	58	12.7	43	25	11	21	0	Europe, Africa(24.7%); APAC(21.4%); Americas(10.6%)						32	28
Aberdeen Asset Mgmt	Financial Ser.	4.0		279	na	na	68	0.9	40	16	5	40	0	Singapore(26.4%); Other Asia(13.2%); USA(4.7%)						26	na
Admiral	Insurance	4.1	Hold	1186	1140	-3.9	27	1.0	100	0	0	0	0							0	0
Aggreko	Ind. Gds. & Ser.	8.0		2360	na	na	51	1.6	na	14	19	na	68	N. America(18.5%)						18	16
AMEC Plc	Oil & Gas	4.4	Buy	1109	1225	10.5	54	3.8	30	na	54	na	16	Canada(28.5%); USA(25.9%)						na	na
Anglo American	Basic Res.	30.7	Buy	1750	2920	66.9	64	22.0	na	6	23	14	56	S. Africa(48.9%); Chile(14.1%); Australia, Asia(13.8%); Africa(7.6%); Brazil(3.8%); S. America(3.7%)						57	na
Antofagasta PLC	Basic Res.	13.8	Hold	1107	1325	19.7	83	4.4	na	15	13	71	0							100	na
ARM Holdings	Technology	10.0	Sell	574	400	-30.3	39	0.6	na	98	2	0	0							7	na
Ashmore	Financial Ser.	2.9		329	na	na	27	0.4	100	0	0	0	0							0	0
AstraZeneca	Health Care	46.2	Hold	2937	2850	-2.9	70	24.2	na	29	48	13	10	USA(40.0%); W. Europe(25.3%); Japan(9.1%); Canada(4.8%); China(3.8%); Emerging Europe(3.7%)						50	25
Aviva Plc	Insurance	12.0	Buy	326	370	13.5	47	47.9	49	28	21	2	0	N. America(21.2%)						16	18
BAE Systems Plc	Ind. Gds. & Ser.	13.0	Buy	319	340	6.8	62	20.5	21	11	45	20	2	USA(44.6%); Saudi Arabia(13.0%); Australia(6.0%); Africa, LatAm(2.0%)						na	na
Barclays	Banks	28.3	Hold	183	295	61.0	41	49.2	49	13	19	4	15	USA(18.7%); Africa(15.4%); Asia(3.9%)						na	na
BAT	Per. & Hhld. Gds.	80.9	Hold	3302	3200	-3.1	66	17.8	na	49	23	28	0	APAC(27.6%); EMEA(25.9%); W. Europe(23.4%); Americas(23.1%)						na	na
BG Group	Oil & Gas	55.1	Buy	1288	1700	32.0	59	15.2	19	na	13	10	58	Brazil(13.0%); Japan(9.9%)						na	42
BHP Billiton	Basic Res.	48.9	Buy	1836	2200	19.8	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)						90	na
BP	Oil & Gas	105.9	Buy	441	480	8.8	56	270.0	na	na	35	na	65	USA(35.0%)						38	28
British Land	Real Estate	6.1	Buy	540	690	27.9	27	0.4	100	0	0	0	0							0	0
BSkyB	Media	16.0	Buy	761	860	13.0	33	7.7	94	6	0	0	0							na	na
BT Group PLC	Telecoms	21.6	Hold	218	220	1.1	36	22.4	76	15	6	3	0	EMEA(15.4%); Americas(5.5%); APAC(2.6%)						4	na
Bunzl	Ind. Gds. & Ser.	4.7	Hold	1124	1020	-9.3	61	5.9	20	21	53	na	6	N. America(53.4%); Continental Europe(20.9%)						31	34
Burberry Group	Per. & Hhld. Gds.	7.5	Hold	1353	1550	14.6	67	2.2	na	30	23	35	12	APAC(35.1%); Americas(23.4%)						na	na
Capita Group	Ind. Gds. & Ser.	6.0	Hold	722	666	-7.8	27	3.4	96	4	0	0	0							0	0
Capital Shopping Centres	Real Estate	3.7		338	na	na	30	0.6	100	0	0	0	0							3	na
Carnival	Travel & Leisure	5.0	Buy	2159	2450	13.5	61	11.4	na	38	50	10	3	N. America(49.6%); Australia, Asia(9.7%)						na	na
Centrica	Utilities	21.4	Hold	327	320	-2.1	42	26.3	69	na	26	na	5	USA(16.6%); Canada(9.2%)						na	5
Compass Group	Travel & Leisure	16.6	Buy	709	740	4.4	61	18.2	12	23	43	na	21	N. America(43.3%); Continental Europe(23.5%)						38	35
CRH	Const. & Mat.	10.1	Hold	1108	1300	17.3	56	18.1	na	55	45	0	0	Americas(44.8%)						49	55
Croda	Chemicals	4.0	Buy	2356	2750	16.7	52	1.2	5	12	22	na	62	USA(21.8%); Germany(11.6%)						na	na
Diageo	Food & Bev.	54.5	Buy	1725	1900	10.1	59	11.6	na	26	34	12	28	N. America(33.7%); Africa, LatAm, Caribbean(27.8%); APAC(12.0%)						na	7
ENRC PLC	Basic Res.	4.9	Buy	302	990	na	53	5.5	na	53	na	31	16	Russia(38.3%); China(19.3%); Europe, Mid-East(14.8%); Japan(9.4%); Kazakhstan(7.1%); Africa(3.7%)						17	na
Evraz	Basic Res.	3.8	Buy	225	475	na	46	11.8	na	47	22	4	26	Russia(40.4%); USA(13.2%); Canada(9.0%); Thailand(4.3%); Ukraine(3.8%); S. Africa(2.9%)						34	na
Experian	Ind. Gds. & Ser.	12.8	Buy	1004	970	-3.4	69	3.3	18	na	68	na	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)						62	65

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



FTSE 100 companies: Regional exposure by company (Contd.)

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011													Outside Europe Assets%						
									31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecifed RoW/	Major sales destinations abroad	Europe 2011 Assets%	Capex% 2011											
G4S Plc	Ind. Gds. & Ser.	4.5	Hold	253	294	16.2	62	8.7	22	25	29	10	13	Continental Europe(25.2%); N. America(23.0%); APAC(10.3%); Mid-East, Gulf(6.6%); LatAm, Caribbean(6.4%); Africa(6.2%)													37	45
GKN	Autos	4.4		214	na	na	52	6.6	15	17	28	na	40	USA(28.1%); Germany(16.6%)													na	na
GlaxoSmithKline	Health Care	89.3	Hold	1425	1400	-1.8	63	31.6	na	30	32	15	23	USA(31.7%); Developing markets(19.4%); Japan(8.5%); APAC(6.5%)													28	na
Hammerson	Real Estate	4.1	Buy	457	540	18.2	38	0.4	76	23	na	na	0	France(23.5%)													0	0
Hargreaves Lansdown	Financial Ser.	3.7		621	na	na	27	0.2	100	0	0	0	0														0	0
HSBC Holdings	Banks	126.2	Hold	547	640	17.0	76	76.6	na	32	36	28	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)													52	62
ICAP	Financial Ser.	2.6		318	na	na	54	2.0	na	34	28	8	30	EMEA(33.7%); Americas(28.4%); APAC(7.6%)													na	na
IMI	Ind. Gds. & Ser.	3.5		860	na	na	61	2.5	6	41	27	15	11	USA(27.2%); APAC(14.9%); Germany(13.9%)													37	na
Imperial Tobacco	Per. & Hhld. Gds.	30.7	Buy	2456	3000	22.1	45	17.5	17	62	5	na	16	Rest of EU(27.2%); Germany(14.2%); France(13.7%); Spain(6.7%); Americas(4.8%)													16	5
InterContinental Hotels	Travel & Leisure	5.9	Hold	1605	1780	10.9	70	1.3	na	23	47	12	19	Americas(46.9%); Asia, Mid-East, Africa(12.2%); China(11.6%)													54	100
International Power	Utilities	26.8		418	na	na	61	16.2	na	17	48	12	23														na	93
Intertek Group	Ind. Gds. & Ser.	5.7	Hold	2815	2566	-8.8	67	2.0	9	23	33	36	0	USA(25.1%); EMEA(22.9%); China incl. Hong Kong(18.1%); Rest of APAC(12.8%); Australia(4.9%)													na	na
Intl Airlines Group (IAG)	Travel & Leisure	3.3	Buy	142	200	41.0	44	16.1	32	13	14	na	41	USA(14.0%); Spain(13.5%)													na	na
ITV PLC	Media	4.1	Sell	83	72	-13.6	41	2.5	89	na	na	na	11														na	na
Kazakhmys PLC	Basic Res.	3.9	Buy	593	1165	96.5	66	2.6	na	41	na	48	12	China(47.7%); Kazakhstan(9.6%)													na	na
Kingfisher PLC	Retail	8.2	Hold	276	315	14.3	48	12.5	40	51	na	na	9	France(41.3%); Poland(10.1%)													na	0
Land Securities	Real Estate	7.8	Buy	791	960	21.4	27	0.8	100	0	0	0	0														0	0
Legal & General	Insurance	9.5	Buy	128	145	13.3	34	18.2	94	3	3	0	0	USA(2.8%); France(2.1%)													na	na
Lloyds Banking Group	Banks	29.5	Buy	33	53	59.1	38	49.2	91	na	na	na	9	RoW ex. UK(9.0%)													na	0
Marks & Spencer Group	Retail	7.3	Hold	358	335	-6.4	41	11.5	89	na	na	na	11														na	0
Meggitt	Ind. Gds. & Ser.	3.9	Buy	395	430	8.8	64	1.7	9	22	55	na	13	N. America(55.3%)													70	na
National Grid PLC	Utilities	31.3	Sell	684	580	-15.1	52	16.0	43	0	57	0	0	USA(56.6%)													na	34
NEXT	Retail	7.4	Buy	3575	3650	2.1	31	4.0	94	4	na	0	1														4	na
Pearson	Media	12.3	Hold	1194	1350	13.1	67	6.8	15	8	60	11	6	USA(56.5%); APAC(11.0%); Canada(3.6%)													74	na
Petrofac	Oil & Gas	6.6		1502	na	na	77	4.2	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)													na	na
Polymetal	Basic Res.	4.7	Buy	968	1110	14.7	54	1.0	na	81	na	9	10	Russia(65.0%); Kazakhstan(10.3%); China(9.0%)													na	na
Prudential	Insurance	25.4	Buy	787	925	17.6	71	42.1	36	na	40	21	3	USA(39.9%); Asia(20.7%)													41	38
Randgold	Basic Res.	7.3	Buy	6315	6900	9.3	49	0.8	na	0	na	na	100	W. Africa(100.0%)													0	0
Reckitt Benckiser	Per. & Hhld. Gds.	32.4	Buy	3559	4100	15.2	51	10.9	na	42	25	na	32	N. America, Australia(25.3%)													20	na
Resolution Ltd	Insurance	3.8	Hold	216	256	18.6	41	6.8	90	na	na	na	10														na	na
Rexam	Ind. Gds. & Ser.	4.7	Buy	424	480	13.3	62	5.5	4	24	49	na	22	USA(33.3%); Brazil(15.8%); Austria(6.9%); Russia(5.9%); Spain(4.8%); France(4.0%)													48	na
Rio Tinto	Basic Res.	48.6	Buy	2735	4850	77.3	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)													na	na
Rolls-Royce Group PLC	Ind. Gds. & Ser.	19.4	Hold	821	790	-3.7	61	12.8	12	12	35	11	30	USA(32.2%); China(8.4%); Germany(3.7%); Norway(3.4%); Canada(2.7%); Other Asia(2.6%)													na	na
Royal Bank Of Scotland	Banks	17.6		226	na	na	42	43.2	67	11	18	na	4	USA(18.4%)													24	11
Royal Dutch Shell plc	Oil & Gas	103.3	Buy	2204	2475	12.3	50	338.1	na	40	29	na	32	Asia, Oceania, Africa(31.5%); USA(19.6%)													na	na
RSA Insurance Group PLC	Insurance	5.1	Hold	114	120	5.4	46	10.1	44	35	21	0	0	Scandinavia(26.0%); Canada(21.2%)													28	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



FTSE 100 companies: Regional exposure by company (Contd.)

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Poten- tial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011								Outside Europe Assets <sup>^</sup> 2011 Capex <sup>%</sup>	2011
									Home country	Rest of Europe	Americas	Asia/ Pacific	Unspeci- fied ROW/ Asia	Major sales destinations abroad	Europe 2011 Assets <sup>%</sup>	2011		
SABMiller	Food & Bev.	55.9	Hold	2779	2600	-6.4	58	15.8	na	28	33	3	36	S. Africa(25.6%); Colombia(16.2%); Africa(10.6%); LatAm(8.3%); Peru(8.1%); Asia(2.9%)	na	40		
Sage	Technology	4.6	Buy	296	325	9.8	55	1.5	17	42	29	na	11	N. America(29.3%)	45	43		
Sainsbury	Retail	7.8	Hold	328	319	-2.6	27	25.9	100	0	0	0	0		0	0		
Schroders	Financial Ser.	4.1		1421	na	na	49	1.8	33	20	8	6	34	Swiss(9.3%); USA(7.9%); Italy(6.0%); Australia(5.6%); Germany(4.5%)	19	na		
Serco	Ind. Gds. & Ser.	3.5	Hold	562	600	6.8	43	5.4	56	na	17	na	27	USA(17.3%)	23	na		
Severn Trent	Utilities	5.2	Hold	1731	1700	-1.8	34	2.1	87	na	8	na	5	USA(7.7%)	1	na		
Shire PLC	Health Care	13.6	Buy	1915	2130	11.2	62	3.1	5	0	67	na	27	N. America(67.2%)	na	na		
Smith & Nephew	Health Care	7.6	Hold	667	625	-6.2	55	3.1	7	26	41	na	26	USA(41.1%); Continental Europe(26.2%); Africa, Asia, Australia(25.9%)	na	na		
Smiths Group	Ind. Gds. & Ser.	5.2	Hold	1044	1150	10.2	66	3.3	4	22	50	8	16	USA(44.9%); Germany(5.7%); Japan(5.3%); Canada(4.2%); France(3.3%); China(2.9%)	65	na		
SSE	Utilities	16.3	Hold	1368	1400	2.3	32	36.8	98	2	0	0	0		na	na		
Standard Chartered	Banks	42.0	Hold	1391	1675	20.4	85	17.7	na	0	10	70	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)	66	74		
Standard Life	Insurance	7.9	Hold	265	300	13.1	53	7.8	52	na	28	na	20	Canada(27.8%)	17	25		
Tate & Lyle	Food & Bev.	3.9	Buy	656	900	37.2	64	3.6	2	17	60	na	21	USA(59.9%)	61	na		
Tesco PLC	Retail	34.1	Buy	337	407	20.9	50	74.6	65	15	1	17	2	Asia(16.7%)	26	37		
Tullow Oil	Oil & Gas	15.6	Hold	1363	1245	-8.7	40	1.7	na	15	na	1	84		3	0		
Unilever Plc	Food & Bev.	36.6	Hold	2264	2250	-0.6	50	46.5	na	26	33	na	41	Asia, Africa, CEE(40.8%); Other W. European(18.5%); USA(14.8%); Netherlands, UK(7.9%); Brazil(7.8%)	na	na		
United Utilities	Utilities	6.1	Buy	709	770	8.6	30	1.8	100	0	0	0	0		0	na		
Vedanta Resources	Basic Res.	3.0	Buy	868	1650	90.2	71	10.2	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)	na	na		
Vodafone Group Plc	Telecoms	112.5	Buy	182	225	24.0	49	53.8	12	58	na	9	21	Germany(17.8%); Italy(12.2%); Spain(10.2%); India(9.3%); Africa, APAC(8.6%)	11	14		
Weir	Ind. Gds. & Ser.	4.4	Buy	1633	2150	31.7	77	2.6	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)	77	na		
Whitbread	Travel & Leisure	4.8	Hold	2130	2350	10.3	35	2.1	97	na	na	na	3		0	0		
William Morrison	Retail	8.5	Buy	280	313	11.8	27	20.4	100	0	0	0	0		0	0		
Wolseley	Ind. Gds. & Ser.	9.2	Hold	2542	2470	-2.8	58	15.8	18	36	47	0	0	USA(40.6%); Nordic(15.7%); France(14.3%); Canada(6.0%); C. Europe(5.7%)	38	20		
WPP Group	Media	13.0	Buy	815	960	17.8	56	11.6	12	25	34	na	29	N. America(33.8%); Continental Europe(25.0%)	38	na		
<b>FTSE 100</b>							<b>53</b>	<b>2049</b>	<b>21</b>	<b>21</b>	<b>25</b>	<b>11</b>	<b>22</b>					

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



**CAC 40 companies: Regional exposure by company**

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011												Outside Europe Assets <sup>^</sup> 2011 Capex <sup>%</sup>	2011
									Home country	Rest of Europe	Americas	Asia/ Pacific	Unspeci- fied RoW/	Major sales destinations abroad								
				31-Aug-12 (local curr.)																		
Accor SA	Travel & Leisure	5.7	Hold	25	33	30.9	47	6.1	34	39	16	na	12	Europe Ex. France(38.8%); N. America(9.9%); LatAm(5.7%)							na	na
Air Liquide	Chemicals	29.2	Hold	94	94	0.5	65	14.5	19	36	20	22	2	APAC(22.2%); Americas(20.5%); Africa(2.2%)							53	na
Alcatel-Lucent	Technology	2.1	Hold	1	1	-17.1	65	15.3	8	22	46	17	7	USA(35.7%); Other W. European(17.9%); APAC(8.9%); China(8.3%)							na	na
Alstom	Ind. Gds. & Ser.	8.4	Buy	28	41	44.8	65	19.9	11	32	21	22	15	W. Europe ex. France(24.8%); APAC(21.7%); Africa, Mid-East(15.0%); South, Central America(8.8%); USA(8.2%); E. Europe(6.8%)							17	na
ArcelorMittal	Basic Res.	18.5	Hold	12	16	35.0	57	67.6	na	49	35	na	16	Americas(35.4%); Asia, Africa(16.0%)							39	na
AXA	Insurance	27.1	Buy	12	14	21.6	54	104.0	22	33	25	7	13	Mediterranean, LatAm(13.5%); Germany(12.3%); USA(11.2%); Swiss(10.2%); Japan(6.7%); UK(5.0%)							33	na
BNP Paribas	Banks	43.3	Buy	35	42	21.5	45	84.6	40	41	12	5	3	Americas(11.7%); Belgium(11.1%); Italy(9.1%); Asia, Oceania(4.7%); Luxembourg(3.5%)							15	na
Bouygues	Const. & Mat.	6.2	Hold	20	24	21.9	39	32.7	69	14	8	5	5	USA(8.2%); Africa(4.1%); APAC, Oceania(4.0%)							13	12
Capgemini	Technology	4.6	Hold	29	30	2.7	46	9.7	22	56	19	3	0	UK(20.1%); N. America(18.6%); Benelux(13.1%); Nordic(6.6%); Germany, C. Europe(6.5%); APAC(2.9%)							19	28
Carrefour	Retail	11.8	Hold	17	15	-9.4	53	81.3	43	29	19	9	0	Americas(18.6%); Asia(9.0%)							26	31
Credit Agricole SA	Banks	11.6	Hold	5	5	-3.0	40	50.4	53	34	5	5	2	Rest of EU(30.8%); N. America(4.4%); Asia, Oceania(4.4%); Africa, Mid-East(2.2%)							8	na
Danone	Food & Bev.	31.9	Hold	50	49	-1.1	54	19.3	na	56	na	15	29	Asia(14.8%)							na	na
EADS	Ind. Gds. & Ser.	25.1	Buy	30	38	25.3	69	49.1	10	32	18	29	11	APAC(29.1%); N. America(11.9%); Mid-East(10.4%); France(9.7%); LatAm(5.9%); UK(5.6%)							na	0
EDF	Utilities	29.9	Hold	16	17	1.9	42	65.3	62	25	na	na	13	UK(14.3%); Italy(11.0%)							na	0
Essilor	Health Care	14.8	Buy	69	56	-19.3	54	4.2	na	38	36	na	26	N. America(36.3%)							20	23
France Telecom	Telecoms	29.1	Hold	11	10	-9.0	46	45.3	57	20	na	na	22	Spain(10.5%); Poland(9.6%)							na	0
GDF Suez	Utilities	45.5	Buy	20	23	17.5	46	90.7	34	45	11	na	9	Belgium(13.0%); APAC, Mid-East(7.7%); N. America(6.3%); S. America(5.2%)							na	na
Lafarge	Const. & Mat.	10.9	Hold	38	36	-5.1	62	15.3	12	19	25	16	28	Rest of Mid-East(18.8%); APAC(16.4%); Canada(11.2%); USA(9.1%); Central & E. Europe(8.5%); UK(5.5%)							34	na
Legrand	Ind. Gds. & Ser.	7.2	Hold	27	26	-5.4	46	4.3	26	34	15	na	25	Italy(15.6%); USA, Canada(14.8%)							na	7
L'Oreal	Per. & Hhld. Gds.	58.9	Hold	98	95	-2.8	66	20.3	12	33	32	19	3	W. Europe(25.9%); N. America(23.3%); APAC(19.2%); LatAm(8.9%); E. Europe(7.1%); Africa, Mid-East(3.1%)							28	25
LVMH	Per. & Hhld. Gds.	66.0	Buy	130	140	7.9	71	23.7	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)							na	24
Michelin	Autos	10.4	Buy	57	85	49.0	53	20.7	na	43	34	na	24	N. America(33.5%)							19	15
Pernod-Ricard	Food & Bev.	22.7	Hold	86	78	-9.0	56	7.6	10	28	27	na	35	Asia, RoW(35.5%); Americas(27.1%)							40	16
Peugeot SA	Autos	2.1	Hold	6	10	66.3	49	59.9	na	76	9	5	10	LatAm(9.2%); APAC(4.7%); Russia(2.7%)							9	na
PPR	Retail	15.7	Buy	124	140	12.7	66	12.2	na	53	18	24	4	W. Europe(53.4%); APAC(16.0%); N. America(12.2%); Japan(8.0%); S. America(5.8%)							na	na
Publicis	Media	8.6	Hold	41	42	0.6	66	5.8	na	32	53	12	3	N. America(46.8%); APAC(11.9%); LatAm(6.4%); Africa, Mid-East(2.7%)							na	44
Renault SA	Autos	11.0	Buy	37	50	34.5	47	42.6	na	72	12	na	16	Americas(12.2%); Asia, Africa(11.9%); Eurasia(3.9%)							na	4

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



## CAC 40 companies: Regional exposure by company (Contd.)

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe Assets% 2011	Capex% 2011		
									Major sales destinations abroad													
				31-Aug-12 (local curr.)				Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified RoW/ /										
SAFRAN	Ind. Gds. & Ser.	11.6	Buy	28	30	7.7	61	11.7	25	24	27	16	9	N. America(27.4%); Asia(15.5%)							17	na
Saint Gobain	Const. & Mat.	14.5	Buy	27	35	28.3	63	42.1	27	41	13	20	0	EM Asia(19.6%); N. America(12.5%)							37	55
Sanofi	Health Care	86.2	Buy	65	76	16.8	58	33.4	9	26	31	na	33	USA(29.8%)							47	na
Schneider Electric	Ind. Gds. & Ser.	27.8	Buy	50	51	1.6	71	22.4	9	23	23	27	18	USA(19.5%); APAC(14.0%); China(12.5%); N. America(3.8%)							59	na
Societe Generale	Banks	16.4	Hold	21	25	18.8	40	59.1	50	34	7	4	6	Americas(7.1%); Africa(5.6%); Asia(3.6%)							7	na
STMicroelectronics N.V.	Technology	4.3	Hold	5	4	-11.0	68	7.0	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)							22	27
Technip	Oil & Gas	9.5		84	na	na	57	6.8	na	na	23	14	63	Europe, Russia, C. Asia(25.7%); Americas(22.9%); Mid-East(22.2%); Africa(15.6%); APAC(13.7%)							na	na
Total SA	Oil & Gas	93.9	Hold	40	42	5.8	48	166.6	23	44	9	na	24	N. America(8.6%); Africa(8.2%)							19	21
Unibail Rodamco	Real Estate	14.9	Hold	162	155	-4.7	40	1.6	59	38	na	na	2	Spain(10.2%); C. Europe(8.0%); Nordic(7.1%); Austria(7.1%); Netherlands(5.9%)							0	0
Vallourec	Ind. Gds. & Ser.	4.5		37	na	na	77	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)							79	85
Vinci	Const. & Mat.	19.9	Buy	35	47	35.9	40	37.6	64	25	3	na	8	C. Europe(6.7%); Germany(5.7%); UK(5.6%); Africa(4.6%); Belgium(4.2%); N. America(3.5%)							na	na
Vivendi SA	Media	20.3	Hold	16	17	5.8	45	28.8	58	11	16	na	15	Rest of EU(11.0%); USA(10.7%); Morocco(7.5%); Brazil(5.3%)							29	na
<b>CAC 40</b>							<b>55</b>	<b>1424</b>	<b>28</b>	<b>37</b>	<b>15</b>	<b>7</b>	<b>12</b>									

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





**IBEX 35 companies: Regional exposure by company**

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe Assets% 2011	Capex% 2011
									Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified RoW/	Major sales destinations abroad						
				31-Aug-12 (local curr.)																
Abengoa	Oil & Gas	1.2	Buy	14	30	na	60	7.1	27	15	51	na	7	Brazil(20.8%); USA(19.0%); EU(15.3%); LatAm(10.9%)					51	na
Abertis	Ind. Gds. & Ser.	8.8	Buy	11	14	29.7	39	3.8	48	43	4	na	5	France(37.8%); UK(4.7%); Chile(4.1%)					na	1
Acciona	Const. & Mat.	2.1	Hold	37	70	88.3	45	6.6	65	17	na	na	18	OECD(13.6%)					na	na
Acerinox SA	Basic Res.	2.1	Sell	9	7	-17.8	70	4.7	9	29	47	9	7	USA(46.7%); Asia(8.8%); Africa(6.3%)					52	72
ACS	Const. & Mat.	5.1	Hold	16	16	1.3	50	28.5	27	11	na	na	61	OECD(48.7%); EU(11.5%)					na	na
Amadeus	Ind. Gds. & Ser.	8.0	Buy	18	21	18.2	39	2.8	93	5	1	na	1	Germany(3.3%)					48	na
ArcelorMittal	Basic Res.	18.5	Hold	12	16	35.0	57	67.6	na	49	35	na	16	Americas(35.4%); Asia, Africa(16.0%)					39	na
Banco de Sabadell	Banks	5.1	Hold	2	3	17.4	40	4.4	98	1	na	na	1						na	na
Banco Santander	Banks	56.0	Hold	6	7	16.4	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)					23	na
Bankinter	Banks	1.6	Hold	3	2	-23.2	30	2.8	100	0	0	0	0						0	na
BBVA	Banks	32.7	Buy	6	7	18.6	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)					35	na
Bolsas y Mercados	Financial Ser.	1.5		18	na	na	27	0.3	100	0	0	0	0						0	0
DIA	Retail	2.9		4	na	na	47	9.8	42	37	19	2	0	France(24.1%); Brazil(12.2%); Portugal(8.2%); Argentina(7.1%); Turkey(4.2%)					na	na
Enagas	Utilities	3.5	Buy	15	19	28.7	27	1.1	100	0	0	0	0						0	0
Endesa	Utilities	14.5		14	na	na	52	30.8	na	69	31	0	0	Spain, Portugal(68.9%); LatAm(31.1%)					36	40
FCC	Const. & Mat.	1.3	Hold	10	14	35.0	43	11.8	48	44	8	0	0	Austria, Germany(20.8%); E. Europe(11.1%); UK(6.6%); EU(5.6%)					na	na
Ferrovial	Const. & Mat.	6.9	NR	9	na	na	45	7.4	45	43	11	na	1	UK(20.9%); Poland(18.7%); USA(10.0%); Portugal(2.6%)					32	na
Gamesa	Oil & Gas	0.4		1	na	na	81	3.0	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)					35	29
Gas Natural	Utilities	9.8	Hold	10	14	40.7	48	21.1	60	6	30	na	4	LatAm(30.3%); Africa(3.6%)					18	26
Grifols	Health Care	4.8	Hold	22	22	-1.8	73	1.8	13	16	54	na	16	USA(54.3%); EU(16.5%)					83	67
Iberdrola	Utilities	19.7	Hold	3	4	20.5	47	31.6	48	28	24	0	0	UK(26.7%); LatAm(13.8%); USA(10.4%)					37	na
Inditex	Retail	55.1	Hold	88	85	-3.9	47	13.8	27	47	12	na	14	Asia, RoW(14.3%); USA(12.0%)					na	na
Indra	Technology	1.3	Hold	8	11	37.7	44	2.7	57	17	19	na	7	LatAm(18.0%)					14	6
Intnl Airlines Group (IAG)	Travel & Leisure	3.3	Buy	142	200	41.0	44	16.1	32	13	14	na	41	USA(14.0%); Spain(13.5%)					na	na
Mapfre SA	Insurance	5.9	Hold	2	2	26.9	55	19.5	44	2	43	na	12	Brazil(18.6%); USA(9.4%); Mexico(3.7%); Venezuela(3.6%); Colombia(2.9%); Argentina(2.7%)					na	na
OHL	Const. & Mat.	1.7	Buy	17	23	38.0	61	4.9	30	9	50	4	8	Brazil(23.3%); Mexico(13.6%); USA(10.6%); E. Europe(9.0%); Qatar(4.1%); Algeria(2.8%)					87	na
Red Electrica	Utilities	4.7	Hold	34	35	1.7	33	1.6	97	0	3	0	0	Bolivia(2.8%)					na	na
Repsol	Oil & Gas	18.4	Hold	15	16	5.9	45	60.1	47	9	16	na	28	Argentina(15.7%); OECD(11.0%)					na	na
Sacyr-Vallehermoso	Const. & Mat.	0.6		1	na	na	38	3.9	63	20	8	2	7	Portugal(13.6%); Italy(5.5%); C. America(4.6%); Chile(3.8%)					2	12
Tecnicas Reunidas S.A.	Oil & Gas	2.0	Buy	36	40	12.5	52	2.6	11	15	9	10	55	Mid-East(38.5%); Mediterranean(16.2%); Asia(9.6%); USA(9.4%)					19	3
Telefonica	Telecoms	45.7	Hold	10	12	14.5	64	62.8	28	25	47	0	0	Rest of LatAm(47.1%)					53	53
<b>IBEX 35</b>							<b>49</b>	<b>556</b>	<b>27</b>	<b>28</b>	<b>32</b>	<b>0</b>	<b>13</b>							

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



MIB 40 companies: Regional exposure by company

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011											Outside Europe Assets %	Europe Capex % 2011
									31-Aug-12 (local curr.)	Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified Row/	Major sales destinations abroad						
Ansaldo Sts	Ind. Gds. & Ser.	1.0		6	na	na	67	1.2	40	17	10	27	6	APAC(27.1%); Rest of W. Europe(16.8%); N. America(9.8%)					na	na	
Atlantia	Ind. Gds. & Ser.	7.4	Buy	11	16	44.6	35	4.4	96	na	na	na	4						0	0	
Autogrill	Travel & Leisure	1.7	Hold	7	9	26.8	49	6.4	30	36	29	na	5	USA, Canada(29.2%); UK(13.6%); Rest of EU(12.2%); Spain(9.9%)					na	na	
Azimut	Financial Ser.	1.2	Buy	8	10	12.6	27	0.4	100	0	0	0	0						0	0	
Banca Ppo. Emilia Romagna	Banks	1.4		4	na	na	37	3.1	100	0	na	na	0						0	na	
Banco Popolare	Banks	2.1	Hold	1	2	37.9	38	6.6	97	na	na	na	3						0	na	
Buzzi Unicem	Const. & Mat.	1.4	Hold	8	8	-8.9	51	2.8	20	51	29	0	0	C. Europe(29.7%); E. Europe(21.5%); USA(20.0%); Mexico(8.5%)					na	32	
Campari Group	Food & Bev.	3.2	Buy	5	6	9.8	50	1.3	32	26	34	na	9	Americas(33.5%)					na	na	
DiaSorin	Health Care	1.4		24	na	na	59	0.4	na	0	39	10	52	Europe, Africa(42.7%); N. America(32.0%); APAC(9.6%); LatAm(6.9%)					16	16	
Enel	Utilities	24.6	Hold	3	3	14.5	45	77.6	40	47	13	na	0	Americas(13.3%); Rest of EU(3.7%)					na	na	
Enel Green Power	Utilities	6.5	Hold	1	2	37.7	45	2.3	na	58	7	na	35	Italy, Europe(48.1%); Iberia, LatAm(34.8%); N. America(7.2%)					na	20	
ENI	Oil & Gas	64.0	Buy	18	21	19.2	55	109.6	31	39	9	9	12	Africa(10.3%); Asia(9.4%); Americas(8.8%); Rest of EU(6.9%)					17	19	
Fiat	Autos	5.4	Hold	4	4	-14.6	62	59.6	16	15	53	3	14	USA, Canada, Mexico(36.0%); Brazil(16.6%); Germany(5.3%); France(3.8%); China(2.6%); Turkey(2.3%)					na	na	
Fiat Industrial S.p.A.	Ind. Gds. & Ser.	9.8	Buy	8	10	18.7	58	24.3	10	17	38	3	31	USA(20.1%); Brazil(13.6%); France(8.9%); Germany(5.3%); Canada(4.7%); Australia(3.4%)					na	na	
Finmeccanica	Ind. Gds. & Ser.	2.0	Sell	4	2	-34.8	50	17.3	20	38	23	na	19	N. America(23.1%); UK(11.9%)					na	na	
Generali Ass.	Insurance	17.7	Hold	11	12	3.2	50	79.4	27	66	na	na	7	Germany(30.1%); France(19.5%); E. Europe(3.7%); Austria(2.6%); Swiss(2.4%); Spain(2.3%)					na	na	
Impregilo	Const. & Mat.	1.2		3	na	na	52	2.0	22	16	48	na	14	LatAm(45.7%); Rest of EU(8.6%); Asia, Mid-East(7.3%); N. America(2.5%)					na	na	
Intesa SanPaolo	Banks	19.4	Buy	1	2	44.0	43	36.4	77	20	na	na	3						na	na	
Lottomatica	Travel & Leisure	2.9	Buy	17	17	0.2	39	3.0	65	16	19	0	0	USA(18.3%); UK(2.4%)					na	na	
Luxottica	Per. & Hhld. Gds.	13.6	Hold	29	26	-10.3	63	6.2	na	20	58	13	10	N. America(57.9%); APAC(12.5%)					na	na	
Mediaset	Media	1.9	Sell	2	1	-37.3	30	4.2	76	24	0	0	0	Spain(23.7%)					0	0	
Mediobanca	Banks	3.2		4	na	na	33	3.6	89	11	0	0	0						na	na	
Mediolanum	Insurance	2.3	Hold	3	4	15.6	32	10.8	99	1	0	0	0						na	na	
Parmalat	Food & Bev.	3.0		2	na	na	73	4.5	22	3	46	19	10	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)					38	55	
Pirelli & C	Autos	4.2	Buy	9	11	20.0	58	5.7	8	33	44	6	9	LatAm(33.9%); N. America(9.9%); Africa, Mid-East(8.9%); APAC(6.2%)					na	na	
Prysmian	Ind. Gds. & Ser.	2.9	Buy	13	18	35.2	63	7.6	12	52	21	15	0	EMEA(51.9%); APAC(14.9%); N. America(12.1%); LatAm(9.0%)					na	na	
Saipem	Oil & Gas	16.7	Buy	38	39	3.3	49	12.1	4	11	8	5	71	W. Africa(21.4%); N. Africa(20.1%); Mid-East(16.3%); CIS(13.6%); USA(8.0%); Far East(5.3%)					42	71	
Salvatore Ferragamo	Per. & Hhld. Gds.	2.8	Hold	16	16	-5.1	71	1.0	na	24	22	49	4	APAC(36.3%); N. America(22.4%); Japan(13.0%)					na	na	
Sham	Utilities	11.3	Buy	3	4	22.6	27	3.5	100	0	0	0	0						0	0	
STMicroelectronics N.V.	Technology	4.3	Hold	5	4	-11.0	68	7.0	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)					22	27	
Telecom Italia	Telecoms	9.9	Buy	1	1	62.2	45	30.0	64	na	na	na	36						na	na	
Tenaris S.A.	Basic Res.	19.5		17	na	na	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)					79	77	
Terna S.p.A.	Utilities	5.6	Buy	3	3	19.5	30	1.6	100	0	0	0	0						0	na	
TOD's Spa	Per. & Hhld. Gds.	2.6	Hold	85	75	-11.4	41	0.9	50	20	7	na	22	Rest of EU(20.4%); N. America(7.0%)					na	4	
Unicredit	Banks	18.2		3	na	na	37	42.8	38	60	1	1	0	Germany(17.5%); Austria(8.8%)					2	1	
<b>FTSE MIB 40</b>							<b>48</b>	<b>593</b>	<b>36</b>	<b>34</b>	<b>15</b>	<b>4</b>	<b>11</b>								

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



## SMI 20 companies: Regional exposure by company

Company	Sector	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up- side Pote- ntial %	Glob- alisa- tion score	Sales 2011 (Eur, bn)	% Sales in 2011											Outside Europe Assets <sup>^</sup> % 2011	Capex <sup>^</sup> % 2011
									Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified RoW/	Major sales destinations abroad							
				31-Aug-12 (local curr.)																	
ABB	Ind. Gds. & Ser.	32.0	Sell	17	15	-9.7	66	27.3	na	39	24	27	11	11	Asia(26.7%); Americas(23.8%); Africa, Mid-East(10.9%)	34	na				
Actelion	Health Care	4.9	Buy	45	55	21.9	54	1.5	6	36	39	na	19	19	USA(39.2%)	na	na				
Adecco	Ind. Gds. & Ser.	6.8	Buy	43	54	24.7	52	20.5	na	50	18	7	25	25	France(29.5%); N. America(17.7%); UK(8.3%); Germany, Austria(7.5%); Japan(6.8%); Benelux(4.7%)	27	23				
Credit Suisse Group	Banks	20.3	Buy	18	23	24.7	57	34.1	33	26	30	11	0	0	Americas(29.8%); EMEA(26.4%); APAC(10.6%)	53	na				
Geberit AG	Const. & Mat.	6.5		201	na	na	52	1.5	14	78	na	na	8	8	Germany(34.1%); Italy(9.4%)	na	na				
Givaudan	Chemicals	6.9	Sell	901	820	-9.0	71	3.2	1	31	35	26	8	8	APAC(25.8%); N. America(22.2%); LatAm(12.3%); Africa, Mid-East(8.0%)	38	na				
Holcim	Const. & Mat.	16.0	Hold	59	58	-0.9	82	16.8	na	29	30	37	5	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)	62	60				
Julius Baer	Banks	5.1	Hold	31	39	24.3	35	1.7	80	7	3	na	10	10	Europe Ex. Switzerland(7.0%); Americas(2.7%)	2	0				
Novartis	Health Care	126.8	Buy	56	62	10.2	68	42.1	1	35	42	21	0	0	USA(32.8%); Asia, Africa, Australasia(12.1%); Japan(9.0%); Germany(7.4%); France(4.9%)	na	na				
Richemont	Per. & Hhld. Gds.	25.5	Hold	59	58	-1.8	75	8.9	4	31	14	51	0	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)	na	na				
Roche	Health Care	101.7	Buy	174	190	9.3	70	34.5	1	34	43	19	4	4	USA(33.2%); Japan(10.1%); Other Asia(8.5%); LatAm(7.3%); Germany(6.1%); Australasia, Africa(3.5%)	na	45				
SGS	Ind. Gds. & Ser.	12.6	Hold	1926	1799	-6.6	63	3.9	na	50	21	28	0	0	EMEA(50.4%); APAC(28.2%); Americas(21.4%)	na	na				
Swatch Group	Per. & Hhld. Gds.	10.0	Buy	391	440	12.6	75	5.5	13	23	8	55	1	1	China(38.0%); Other Asia(16.0%); USA(7.9%)	24	na				
Swiss Re	Insurance	18.5	Hold	60	68	13.6	65	19.9	2	22	38	13	25	25	USA(32.5%); UK(13.2%); Australia(6.8%); China(6.2%); Canada(5.6%); Germany(5.0%)	na	na				
Swisscom	Telecoms	16.5	Hold	383	425	10.9	40	9.3	81	19	na	na	0	0	Italy(18.7%)	0	na				
Syngenta	Chemicals	25.0	Buy	322	400	24.3	66	9.5	na	30	53	17	0	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)	30	na				
UBS	Banks	34.1	Hold	11	12	12.4	61	33.1	41	11	34	13	1	1	USA(33.6%); APAC(13.3%); UK(5.0%)	56	na				
Zurich Insurance Group	Insurance	28.2	Hold	230	245	6.8	55	38.1	12	46	34	5	4	4	USA(26.7%); Germany(14.5%); UK(11.8%); Spain(6.5%); Italy(5.4%); Australia(3.1%)	15	na				
<b>SMI 20</b>							<b>62</b>	<b>379</b>	<b>11</b>	<b>32</b>	<b>34</b>	<b>18</b>	<b>5</b>								

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisa-tion score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	
															Major sales destinations abroad		Assets %	Capex %
31-Aug-12 (local curr.)																		
<b>Automobiles &amp; Parts</b>																		
BMW	DE	34.8	Hold	58	68	17.9	60	68.8	19	30	21	17	13	China(16.8%); USA(16.7%)		27	na	
Continental	DE	15.9	Buy	79	100	26.5	59	30.5	26	33	19	16	5	N. America(19.0%); Asia(16.4%)		29	30	
Daimler	DE	41.5	Hold	39	42	7.7	64	106.5	19	18	30	21	11	USA(20.9%); Rest of EU(18.4%); APAC(10.8%); China(10.4%)		24	na	
Delticom AG	DE	0.6	Hold	53	60	14.3	48	0.5	na	77	23	0	0	EU(77.4%)		na	na	
ElringKlinger AG	DE	1.5	Hold	23	19	-18.5	50	1.0	31	33	16	14	6	N. America(16.0%); Asia, Australia(13.9%)		15	17	
Faurecia	FR	1.6	Buy	15	26	77.5	64	16.2	14	48	25	11	2	Germany(24.3%); N. America(20.8%); Asia(10.9%); S. America(4.5%)		34	41	
Fiat	IT	5.4	Hold	4	4	-14.6	62	59.6	16	15	53	3	14	USA, Canada, Mexico(36.0%); Brazil(16.6%); Germany(5.3%); France(3.8%); China(2.6%); Turkey(2.3%)		na	na	
GKN	GB	4.4		214	na	na	52	6.6	15	17	28	na	40	USA(28.1%); Germany(16.6%)		na	na	
Michelin	FR	10.4	Buy	57	85	49.0	53	20.7	na	43	34	na	24	N. America(33.5%)		19	15	
Nokian Tyres	FI	4.1	Hold	31	35	11.9	45	1.5	15	51	7	na	27	Russia, CIS(26.8%); Sweden(11.9%); Norway(10.6%); N. America(7.0%); E. Europe(3.7%)		5	na	
Norma Group AG	DE	0.6	Buy	20	22	9.8	59	0.6	na	64	30	6	0	EMEA(64.1%); Americas(29.8%); APAC(6.1%)		38	24	
Peugeot SA	FR	2.1	Hold	6	10	66.3	49	59.9	na	76	9	5	10	LatAm(9.2%); APAC(4.7%); Russia(2.7%)		9	na	
Piaggio	IT	0.8	Buy	2	2	14.7	75	1.5	na	0	na	38	62	EMEA, Americas(61.6%); India(26.1%)		na	46	
Pirelli & C	IT	4.2	Buy	9	11	20.0	58	5.7	8	33	44	6	9	LatAm(33.9%); N. America(9.9%); Africa, Mid-East(8.9%); APAC(6.2%)		na	na	
Renault SA	FR	11.0	Buy	37	50	34.5	47	42.6	na	72	12	na	16	Americas(12.2%); Asia, Africa(11.9%); Eurasia(3.9%)		na	4	
Valeo SA	FR	3.0	Buy	38	58	54.2	65	10.9	13	45	21	21	0	Asia(20.7%); N. America(13.9%); S. America(7.1%)		44	na	
Volkswagen AG	DE	23.8	Buy	140	200	42.5	58	159.3	22	43	20	14	0	Asia, Oceania(14.4%); N. America(11.0%); S. America(9.4%)		na	18	
<b>Banks</b>																		
Alpha Bank SA	GR	0.7	NR	1	na	na	43	4.3	77	na	na	na	23			na	na	
Banca Popolare Sondrio	IT	1.4		5	na	na	32	1.1	94	6	0	0	0	Swiss(5.8%)		na	na	
Banca Ppo. Emilia Romagna	IT	1.4		4	na	na	37	3.1	100	0	na	na	0			0	na	
Banco de Sabadell	ES	5.1	Hold	2	3	17.4	40	4.4	98	1	na	na	1			na	na	
Banco Popolare	IT	2.1	Hold	1	2	37.9	38	6.6	97	na	na	na	3			0	na	
Banco Santander	ES	56.0	Hold	6	7	16.4	57	84.4	na	46	49	na	5	LatAm(49.2%); Continental Europe(33.6%); UK(12.4%)		23	na	
Banesto	ES	1.7	Hold	2	5	na	27	5.3	100	0	0	0	0			0	0	
Bank Handlowy	PL	2.4	Sell	78	68	-13.0	27	0.7	100	0	0	0	0			0	0	
Bank of Ireland	IE	2.7	Sell	0	0	-9.1	40	6.2	64	34	na	na	2	UK(34.1%)		0	0	
Bank Pekao	PL	9.5	Hold	151	155	2.9	30	2.7	98	2	0	0	0			0	na	
Bankinter	ES	1.6	Hold	3	2	-23.2	30	2.8	100	0	0	0	0			0	na	
Barclays	GB	28.3	Hold	183	295	61.0	41	49.2	49	13	19	4	15	USA(18.7%); Africa(15.4%); Asia(3.9%)		na	na	
BBVA	ES	32.7	Buy	6	7	18.6	60	36.3	31	na	60	na	9	Mexico(27.0%); S. America(21.6%); USA(11.1%); Eurasia(9.5%)		35	na	
BCP	PT	0.6	Sell	0	1	na	45	5.3	65	25	na	na	10	Poland(16.2%); Greece(8.4%); Africa, Mid-East(7.3%)		na	na	
BES	PT	2.2	Hold	1	2	na	45	5.3	62	na	na	na	38			na	na	
BNP Paribas	FR	43.3	Buy	35	42	21.5	45	84.6	40	41	12	5	3	Americas(11.7%); Belgium(11.1%); Italy(9.1%); Asia, Oceania(4.7%); Luxembourg(3.5%)		15	na	
BRE Bank	PL	3.1	Sell	305	250	-18.1	35	1.4	96	na	na	na	4			0	0	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



## Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	RoW/	% Sales in 2011		Outside Europe ^ 2011	Capex % Assets %
															31-Aug-12 (local curr.)	Major sales destinations abroad		
<b>Banks (Contd.)</b>																		
Commerzbank	DE	7.3	Hold	1	1	15.1	38	27.0	69	26	3	2	0	0	Europe Ex. Germany(26.4%); USA(3.1%)	na	na	
Credit Agricole SA	FR	11.6	Hold	5	5	-3.0	40	50.4	53	34	5	5	2	2	Rest of EU(30.8%); N. America(4.4%); Asia, Oceania(4.4%); Africa, Mid-East(2.2%)	8	na	
Credit Suisse Group	CH	20.3	Buy	18	23	24.7	57	34.1	33	26	30	11	0	0	Americas(29.8%); EMEA(26.4%); APAC(10.6%)	53	na	
Danske Bank	DK	12.9	Hold	103	93	-9.7	44	15.4	51	46	na	na	3	3	Sweden(15.9%); Finland(11.0%); Norway(10.0%); UK(4.7%); Ireland(2.5%)	0	na	
DnB NOR	NO	14.9	Hold	67	64	-3.9	42	11.6	82	5	na	na	13	13	Denmark(4.8%)	na	na	
Erste Group Bank	AT	6.3	Hold	16	18	12.1	43	12.0	23	77	0	0	0	0	Central & E. Europe(38.3%); Czech Republic(15.7%); Romania(8.2%); Slovakia(5.3%); Hungary(5.0%); Croatia(3.4%)	na	na	
HSBC Holdings	GB	126.2	Hold	547	640	17.0	76	76.6	na	32	36	28	3	3	N. America(21.1%); LatAm(15.1%); Rest of APAC(14.2%); Hong Kong(14.1%); Mid-East, N. Africa(3.4%)	52	62	
ING Bank Slaski	PL	2.6	Hold	85	79	-7.0	27	1.1	100	0	0	0	0	0		0	0	
Intesa SanPaolo	IT	19.4	Buy	1	2	44.0	43	36.4	77	20	na	na	3	3		na	na	
Julius Baer	CH	5.1	Hold	31	39	24.3	35	1.7	80	7	3	na	10	10	Europe Ex. Switzerland(7.0%); Americas(2.7%)	2	0	
Jyske Bank	DK	1.6	Hold	170	na	na	40	1.2	94	na	na	na	6	6		na	na	
KBC Group	BE	6.2	Hold	17	20	15.7	45	17.7	44	38	na	na	19	19	Central & E. Europe(37.8%)	na	0	
Lloyds Banking Group	GB	29.5	Buy	33	53	59.1	38	49.2	91	na	na	na	9	9	RoW ex. UK(9.0%)	na	0	
Mediobanca	IT	3.2	Hold	4	na	na	33	3.6	89	11	0	0	0	0		na	na	
Natixis	FR	6.7	Hold	2	na	na	42	13.0	57	16	21	na	5	5	N. America(21.3%); Rest of EU(16.5%)	8	na	
Nordea	SE	29.7	NR	61	na	na	51	16.8	24	70	na	na	5	5	Denmark(28.2%); Norway(20.9%); Finland(16.6%); Poland(2.7%)	na	na	
PKO Bank Polski	PL	10.6	Buy	36	43	20.8	30	4.0	99	1	0	0	0	0		0	na	
Raiffeisen Bank Intl.	AT	5.2	Hold	27	27	1.6	49	9.8	na	65	na	na	35	35	C. Europe(27.8%); S.E. Europe(22.7%); Russia(14.2%); CIS(9.7%)	na	na	
Royal Bank Of Scotland	GB	17.6	Hold	226	na	na	42	43.2	67	11	18	na	4	4	USA(18.4%)	24	11	
SEB	SE	13.2	Hold	51	48	-5.3	45	10.2	60	32	na	na	8	8	Germany(10.3%); Norway(6.7%); Denmark(5.4%); Finland(3.1%)	na	0	
Societe Generale	FR	16.4	Hold	21	25	18.8	40	59.1	50	34	7	4	6	6	Americas(7.1%); Africa(5.6%); Asia(3.6%)	7	na	
Standard Chartered	GB	42.0	Hold	1391	1675	20.4	85	17.7	na	0	10	70	20	20	Rest of APAC(20.1%); Hong Kong(17.3%); Mid-East, S. Asia(12.6%); Singapore(12.4%); India(10.2%); Americas, UK(10.0%)	66	74	
Sv. Handelsbanken	SE	17.2	Sell	231	199	-13.8	47	7.7	53	43	na	na	4	4	Norway(21.7%); UK(7.5%); Finland(7.1%); Denmark(7.0%)	na	na	
Swedbank AB	SE	13.1	Buy	116	128	10.4	44	7.9	68	22	na	na	9	9	Estonia(9.4%); Lithuania(5.6%); Latvia(5.3%)	na	na	
Sydbank	DK	1.0	Hold	101	na	na	40	0.8	96	na	na	na	4	4		na	na	
UBS	CH	34.1	Hold	11	12	12.4	61	33.1	41	11	34	13	1	1	USA(33.6%); APAC(13.3%); UK(5.0%)	56	na	
Unicredit	IT	18.2	Hold	3	na	na	37	42.8	38	60	1	1	0	0	Germany(17.5%); Austria(8.8%)	2	1	
Valiant Holding	CH	1.0	Hold	77	na	na	30	0.6	100	0	0	0	0	0		0	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011
															Major sales destinations abroad		
Basic Resources																	
Acerinox SA	ES	2.1	Sell	9	7	-17.8	70	4.7	9	29	47	9	7	USA(46.7%); Asia(8.8%); Africa(6.3%)		52	72
African Barrick	GB	2.3	Buy	444	465	4.7	49	0.9	na	0	na	na	100	Tanzania(100.0%)		0	0
Anglo American	GB	30.7	Buy	1750	2920	66.9	64	22.0	na	6	23	14	56	S. Africa(48.9%); Chile(14.1%); Australia, Asia(13.8%); Africa(7.6%); Brazil(3.8%); S. America(3.7%)		57	na
Antofagasta PLC	GB	13.8	Hold	1107	1325	19.7	83	4.4	na	15	13	71	0			100	na
Aperam	NL	0.8	Buy	10	15	44.6	52	4.6	na	47	26	na	27	Brazil(21.0%); Germany(20.7%); Italy(9.3%); France(9.2%); USA(5.4%); Belgium(3.3%)		na	na
ArcelorMittal	NL	18.5	Hold	12	16	35.0	57	67.6	na	49	35	na	16	Americas(35.4%); Asia, Africa(16.0%)		39	na
Aurubis	DE	2.0	Hold	43	45	4.5	41	13.3	35	49	6	7	3	Rest of EU(45.6%); Asia(6.6%); USA(6.4%)		0	0
BHP Billiton	GB	48.9	Buy	1836	2200	19.8	87	52.7	1	12	12	70	4	China(28.2%); Other Asia(22.0%); Japan(12.5%); Rest of EU(11.7%); N. America(8.6%); Australia(7.6%)		90	na
Boliden AB	SE	3.2	Hold	97	115	18.2	46	4.5	19	80	na	na	1			0	0
ENRC PLC	GB	4.9	Buy	302	990	na	53	5.5	na	53	na	31	16	Russia(38.3%); China(19.3%); Europe, Mid-East(14.8%); Japan(9.4%); Kazakhstan(7.1%); Africa(3.7%)		17	na
Evraz	GB	3.8	Buy	225	475	na	46	11.8	na	47	22	4	26	Russia(40.4%); USA(13.2%); Canada(9.0%); Thailand(4.3%); Ukraine(3.8%); S. Africa(2.9%)		34	na
Ferrexpo Plc	GB	1.2	Buy	162	430	na	75	1.3	na	56	na	39	5	China(31.9%); Austria(25.4%); Serbia(8.9%); Slovakia(6.8%); Czech Republic(6.7%); Japan(5.0%)		na	na
Holmen	SE	1.3	Hold	171	185	8.2	48	2.1	24	66	na	na	10	Rest of EU(18.1%); Germany(15.0%); UK(10.7%); Spain(7.8%); Italy(5.1%); France(4.9%)		0	na
Imerys	FR	2.9		39	na	na	59	3.7	21	37	23	14	5	N. America(22.7%); Asia, Oceania(14.0%)		38	na
JSW	PL	2.5	Hold	88	105	19.6	46	2.3	58	39	na	na	3			na	na
Kazakhmys PLC	GB	3.9	Buy	593	1165	96.5	66	2.6	na	41	na	48	12	China(47.7%); Kazakhstan(9.6%)		na	na
KGHM	PL	6.2	Buy	130	155	19.3	49	5.4	24	56	na	11	9	UK(24.7%); Germany(20.3%); China(11.0%); Czech Republic(6.1%); Hungary(2.4%); Austria(2.2%)		na	na
Kloeckner & Co.	DE	0.7	Hold	7	8	10.7	59	7.1	24	46	29	0	1	Europe Ex. Germany(32.8%); N. America(27.4%)		55	16
Lonmin Plc	GB	1.5	Sell	573	470	-18.0	66	1.4	na	31	21	28	20	Asia(28.0%); Americas(20.8%); S. Africa(20.3%)		na	na
LW Bogdanka	PL	1.0	Hold	120	137	14.1	40	0.3	100	0	na	na	0			na	na
Mondi	GB	2.6	Buy	555	640	15.4	43	5.7	3	83	3	1	11	Austria(19.3%); W. Europe(19.0%); EM Europe(18.7%); Poland(13.8%); Russia(12.2%); S. Africa(10.8%)		3	na
New World Resources	GB	0.9	Hold	88	105	19.0	39	1.6	na	100	0	0	0	Czech Republic(37.5%); Poland(16.6%); Austria(16.5%); Slovakia(16.5%); Germany(7.6%); Hungary(2.9%)		0	0
Norsk Hydro	NO	7.0	Hold	25	35	41.0	66	11.7	5	63	13	19	0	Asia(17.4%); Germany(15.3%); Swiss(9.3%); USA(8.9%); UK(5.6%); Italy(5.5%)		3	96
Nyrstar NV	BE	0.7	Buy	4	8	na	61	3.3	20	34	10	36	0	Australia(25.6%); Asia(10.1%); Americas(9.7%)		46	na
Petropavlovsk	GB	0.8		348	na	na	55	0.9	na	na	na	9	91	Russia, CIS(91.2%); China(8.7%)		41	0
Polymetal	GB	4.7	Buy	968	1110	14.7	54	1.0	na	81	na	9	10	Russia(65.0%); Kazakhstan(10.3%); China(9.0%)		na	na
Randgold	GB	7.3	Buy	6315	6900	9.3	49	0.8	na	0	na	na	100	W. Africa(100.0%)		0	0
Rautaruukki	FI	0.7	Hold	5	6	17.8	48	2.8	27	67	na	na	5	Other Nordic(32.7%); Central & E. Europe(13.0%); Russia, Ukraine(8.0%)		0	na
Rio Tinto	GB	48.6	Buy	2735	4850	77.3	80	43.5	1	12	17	66	5	China(30.7%); Japan(16.6%); Other Asia(15.9%); USA(13.7%); Canada(2.9%); Australia, New Zealand(2.5%)		na	na
Salzgitter	DE	1.8	Buy	29	49	67.5	45	9.8	50	24	10	7	8	Rest of EU(19.3%); Americas(10.5%); Asia, Far East(7.2%)		na	na

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Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe Assets % 2011	Capex % 2011
									Home country	Rest of Europe	Americas	Asia/Pacific	Unspecified	RoW/	Major sales destinations abroad					
				31-Aug-12 (local curr.)																
<b>Basic Resources (Contd.)</b>																				
SSAB	SE	1.4	Hold	50	69	37.9	60	4.9	21	33	36	7	3	N. America(36.3%); Europe Ex. Sweden(27.6%); Asia(6.7%)					na	41
Stora Enso	FI	2.9	Hold	5	6	20.8	41	11.0	34	56	4	2	3	Sweden(30.4%); Germany(8.4%); Rest of EU(8.3%); Austria(3.8%); Brazil(3.6%); Belgium(2.8%)					11	5
Tenaris S.A.	LU	19.5		17	na	na	75	7.2	na	11	69	6	14	N. America(43.6%); S. America(25.7%); Africa, Mid-East(13.5%); Far East, Oceania(5.9%)					79	77
UPM	FI	4.6	Buy	9	11	24.9	46	10.1	8	61	10	5	16	Rest of EU(20.4%); Germany(17.8%); UK(11.2%); USA(9.9%); France(5.5%); China(5.4%)					9	1
Vedanta Resources	GB	3.0	Buy	868	1650	90.2	71	10.2	0	9	na	80	11	India(43.1%); China(18.9%); Far East(11.9%); Mid-East(9.4%); Other Asia(5.7%)					na	na
Voestalpine	AT	3.9	Buy	23	31	36.2	53	12.1	10	62	na	na	28	EU(62.1%)					na	0
<b>Chemicals</b>																				
Air Liquide	FR	29.2	Hold	94	94	0.5	65	14.5	19	36	20	22	2	APAC(22.2%); Americas(20.5%); Africa(2.2%)					53	na
AkzoNobel	NL	10.9	Buy	46	56	22.2	68	15.7	4	40	30	21	4	USA, Canada(20.0%); Asia(12.2%); LatAm(9.9%); China(8.8%); Germany(8.2%); UK(5.4%)					na	48
Arkema	FR	4.2	Buy	68	84	24.1	74	5.9	10	30	33	22	4	N. America(33.2%); Rest of EU(30.5%); Asia(21.9%)					na	44
AZ Electronic Materials	GB	1.5	Buy	311	350	12.6	81	0.6	na	8	11	80	0	Taiwan(26.4%); Korea(23.5%); Japan(17.9%); USA(11.3%); China(8.1%); Germany(6.6%)					91	na
BASF	DE	56.6	Buy	62	74	19.7	61	73.5	39	17	26	18	0	N. America(20.0%); Asia, Far East(18.1%); S. America(6.0%)					41	32
Bayer AG	DE	50.9	Buy	62	69	11.9	66	36.5	na	44	22	21	13	N. America(22.4%); APAC(20.6%); Africa, LatAm(13.0%)					34	44
Brenntag	DE	4.9	Buy	95	117	23.5	59	8.7	15	6	28	na	51	USA(28.2%); France(5.6%)					33	44
Clariant	CH	2.6	Hold	11	11	2.7	64	6.0	1	40	27	19	13	Rest of EU(25.7%); Germany(14.1%); APAC(13.4%); USA(11.5%); LatAm(8.3%); Brazil(7.3%)					29	na
Croda	GB	4.0	Buy	2356	2750	16.7	52	1.2	5	12	22	na	62	USA(21.8%); Germany(11.6%)					na	na
DSM NV	NL	6.8	Hold	37	39	4.6	63	9.0	36	31	17	16	0	Rest of W. Europe(29.6%); N. America(17.1%); China(11.2%); Rest of APAC(2.6%)					36	47
Fuchs Petrolub AG	DE	1.6	Hold	47	40	-14.0	47	1.7	na	59	16	na	24	Americas(16.4%)					21	7
Givaudan	CH	6.9	Sell	901	820	-9.0	71	3.2	1	31	35	26	8	APAC(25.8%); N. America(22.2%); LatAm(12.3%); Africa, Mid-East(8.0%)					38	na
K+S	DE	7.4	Hold	39	40	2.8	66	5.2	16	34	35	11	3	Europe ex. Germany(34.4%); USA(17.7%); S. America(12.1%); Asia(11.3%); N. America ex. USA(5.7%); Africa, Oceania(3.2%)					69	40
Kemira	FI	1.6		10	na	na	55	2.2	14	na	37	6	43	N. America(30.0%); S. America(7.4%); APAC(5.8%)					26	na
Lanxess	DE	5.0	Buy	60	78	29.3	70	8.8	18	29	30	23	0	EMEA(29.0%); APAC(22.8%); N. America(16.6%); LatAm(13.7%)					47	45
Lenzing AG	AT	1.8	Buy	69	88	27.6	79	2.1	8	36	8	45	2	Asia(45.0%); Rest of EU(36.5%); USA(8.3%)					38	44
Linde	DE	23.1	Buy	125	153	22.2	70	13.8	9	34	19	32	6	Rest of EU(34.4%); Asia, Australia(31.8%); N. America(13.7%); Africa(5.7%); S. America(5.4%)					49	na
Solvay	BE	7.6	Hold	89	87	-2.5	43	8.1	5	49	26	4	16	USA(16.4%); EMEA(13.2%); Germany(12.0%); France(10.6%); Brazil(9.4%); Italy(8.6%)					na	3
Symrise	DE	3.2	Hold	27	25	-7.1	64	1.6	na	49	29	22	0	EMEA(48.7%); APAC(22.2%); N. America(17.1%); LatAm(12.1%)					na	33
Syngenta	CH	25.0	Buy	322	400	24.3	66	9.5	na	30	53	17	0	EMEA(30.0%); LatAm(29.1%); N. America(23.7%); APAC(17.3%)					30	na
Synthos	PL	1.7	Hold	5	5	-7.9	42	1.3	49	na	na	na	51						0	0
Umicore	BE	4.5	Hold	38	38	0.7	54	14.5	3	73	15	7	2	N. America(11.6%); APAC(7.1%); S. America(3.3%)					31	40
Victrex	GB	1.4	Hold	1342	1375	2.5	64	0.2	2	45	34	18	0	Europe, Mid-East, Africa(44.9%); Americas(34.1%); APAC(18.5%)					na	na
Wacker Chemie AG	DE	2.7	Hold	51	47	-8.0	72	4.9	18	24	17	37	3	Asia(37.1%)					20	40
Yara International ASA	NO	11.2	Hold	284	310	9.3	62	10.0	2	26	34	10	28	Central & S. America(18.3%); N. America(15.2%); Asia(10.4%); France(9.0%); UK(7.1%); Africa(5.7%)					37	18
Yule Catto	GB	0.7	Hold	162	160	-1.3	50	1.2	na	na	na	na	100	Asia, RoW(70.2%); Europe, N. America(29.8%)					na	0

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Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	% Sales in 2011										Outside Europe Assets %	Europe Capex % 2011					
									Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	RoW/	Major sales destinations abroad										
				31-Aug-12 (local curr.)																					
<b>Construction &amp; Materials</b>																									
Acciona	ES	2.1	Hold	37	70	88.3	45	6.6	65	17	na	na	18	OECD(13.6%)										na	na
ACS	ES	5.1	Hold	16	16	1.3	50	28.5	27	11	na	na	61	OECD(48.7%); EU(11.5%)										na	na
Assa Abloy	SE	8.5	Hold	203	195	-3.7	59	4.6	na	38	26	19	17	EMEA(38.0%); Americas(26.4%); APAC(18.6%)										na	na
Balfour Beatty	GB	2.4	Hold	280	320	14.1	52	10.9	53	na	35	na	12	USA(34.8%)										39	na
Bauer AG	DE	0.3	Hold	16	18	10.4	58	1.2	27	20	14	21	18	APAC, Australasia(20.7%); Americas(14.5%); Mid-East(13.7%); Rest of EU(7.5%); Africa(4.2%)										na	na
Bilfinger Berger SE	DE	3.1	Hold	67	80	19.7	41	8.2	40	41	8	5	7	Americas(7.9%); Africa(6.5%); Asia(4.9%)										6	na
Boskalis Westminster	NL	2.9		27	na	na	60	2.8	23	18	13	25	22	Australia, Asia(24.6%); South & N. America(13.2%); Mid-East(11.4%); Africa(10.6%)										na	na
Bouygues	FR	6.2	Hold	20	24	21.9	39	32.7	69	14	8	5	5	USA(8.2%); Africa(4.1%); APAC, Oceania(4.0%)										13	12
Budimex	PL	0.3	Hold	48	55	14.8	38	1.3	93	7	na	na	0	Germany(6.8%)										na	0
Buzzi Unicem	IT	1.4	Hold	8	8	-8.9	51	2.8	20	51	29	0	0	C. Europe(29.7%); E. Europe(21.5%); USA(20.0%); Mexico(8.5%)										na	32
CRH	GB	10.1	Hold	1108	1300	17.3	56	18.1	na	55	45	0	0	Americas(44.8%)										49	55
Eiffage	FR	2.2	Buy	25	37	47.7	42	13.8	85	na	na	na	15											na	na
FCC	ES	1.3	Hold	10	14	35.0	43	11.8	48	44	8	0	0	Austria, Germany(20.8%); E. Europe(11.1%); UK(6.6%); EU(5.6%)										na	na
Ferrovial	ES	6.9	NR	9	na	na	45	7.4	45	43	11	na	1	UK(20.9%); Poland(18.7%); USA(10.0%); Portugal(2.6%)										32	na
FLSmidth & Co. A/S	DK	2.4		333	na	na	65	3.0	8	7	33	35	17	Asia(30.0%); N. America(16.7%); Africa(16.5%); S. America(16.4%); Australia(4.9%)										57	na
Geberit AG	CH	6.5		201	na	na	52	1.5	14	78	na	na	8	Germany(34.1%); Italy(9.4%)										na	na
HeidelbergCement	DE	7.5	Buy	40	48	19.5	69	12.9	na	45	24	23	8	W. Europe(33.8%); N. America(24.1%); APAC(23.3%); E. Europe(11.0%); Mediterranean, Africa(7.9%)										56	43
Holcim	CH	16.0	Hold	59	58	-0.9	82	16.8	na	29	30	37	5	APAC(37.0%); LatAm(15.4%); N. America(14.4%); Africa, Mid-East(4.6%)										62	60
Impregilo	IT	1.2		3	na	na	52	2.0	22	16	48	na	14	LatAm(45.7%); Rest of EU(8.6%); Asia, Mid-East(7.3%); N. America(2.5%)										na	na
Italcementi	IT	0.7	Hold	4	4	7.8	50	4.7	18	35	8	8	30	France(31.8%); Egypt(11.0%); N. America(8.1%); Morocco(7.1%); India(4.5%); Thailand(3.9%)										na	na
Lafarge	FR	10.9	Hold	38	36	-5.1	62	15.3	12	19	25	16	28	Rest of Mid-East(18.8%); APAC(16.4%); Canada(11.2%); USA(9.1%); Central & E. Europe(8.5%); UK(5.5%)										34	na
NCC	SE	1.1	Buy	121	160	32.2	46	5.8	55	40	na	na	5	Finland(15.6%); Norway(13.4%); Denmark(11.1%)										na	na
OHL	ES	1.7	Buy	17	23	38.0	61	4.9	30	9	50	4	8	Brazil(23.3%); Mexico(13.6%); USA(10.6%); E. Europe(9.0%); Qatar(4.1%); Algeria(2.8%)										87	na
Sacyr-Vallehermoso	ES	0.6		1	na	na	38	3.9	63	20	8	2	7	Portugal(13.6%); Italy(5.5%); C. America(4.6%); Chile(3.8%)										2	12
Saint Gobain	FR	14.5	Buy	27	35	28.3	63	42.1	27	41	13	20	0	EM Asia(19.6%); N. America(12.5%)										37	55
Sika AG	CH	3.3		1845	na	na	64	3.7	na	51	26	18	6	N. Europe(31.8%); S. Europe(18.9%); APAC(17.6%); N. America(14.3%); LatAm(11.4%)										na	42
Skanska	SE	4.9	Buy	102	129	26.5	46	13.1	26	49	25	0	0	USA(24.8%)										na	na
STRABAG	AT	2.0	Hold	18	16	-10.5	52	13.7	16	80	na	na	4	Germany(41.3%)										na	na
Titan Cement	GR	1.0	Sell	13	11	-17.0	52	1.1	na	47	28	na	25	N. America(27.8%); E. Mediterranean(25.5%); Greece, European Union(24.6%); S.E. Europe(22.1%)										16	11
Uponor	FI	0.6	Hold	8	10	18.4	51	0.8	11	47	11	na	30	Germany(18.7%); USA(11.0%); Sweden(10.5%); Spain(4.8%); Norway(4.6%); Norway(4.6%)										15	34
Vinci	FR	19.9	Buy	35	47	35.9	40	37.6	64	25	3	na	8	C. Europe(6.7%); Germany(5.7%); UK(5.6%); Africa(4.6%); Belgium(4.2%); N. America(3.5%)										na	na
Wienerberger	AT	0.7	Hold	6	9	39.3	37	2.0	na	93	7	0	0	N.W. Europe(41.1%); CEE(29.9%); C.W. Europe(22.1%); USA(6.9%)										14	6
YIT Corporation	FI	1.9	Hold	15	15	1.6	46	4.4	40	59	na	na	0	Sweden(16.7%); Germany(14.4%); Norway(11.8%); Russia(6.7%); Denmark(3.8%); C. Europe(3.5%)										0	na
Zumtobel	AT	0.4	Hold	9	9	0.3	49	1.3	na	78	3	19	1	Australia, New Zealand(9.7%); Asia(8.9%); USA(2.8%)										13	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisa-tion score	Sales 2011 (Eur, bn)	% Sales in 2011							Outside Europe ^ 2011		
									Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	Major sales destinations abroad	Assets %	Capex %	
				31-Aug-12 (local curr.)														
<b>Financial Services</b>																		
Aareal Bank	DE	1.0	Hold	16	17	6.9	49	1.3	39	na	na	na	na	61			na	na
Aberdeen Asset Mgmt	GB	4.0		279	na	na	68	0.9	40	16	5	40	0	0	Singapore(26.4%); Other Asia(13.2%); USA(4.7%)		26	na
Ackermans & Van Haaren	BE	2.1		61	na	na	33	0.4	na	100	0	0	0	0	Benelux(100.0%)		0	0
Ashmore	GB	2.9		329	na	na	27	0.4	100	0	0	0	0	0			0	0
Azimut	IT	1.2	Buy	8	10	12.6	27	0.4	100	0	0	0	0	0			0	0
Bolsas y Mercados	ES	1.5		18	na	na	27	0.3	100	0	0	0	0	0			0	0
Deutsche Boerse	DE	7.9	Buy	41	52	27.0	46	2.3	48	35	13	3	0	0	Rest of EU(35.4%); Americas(12.8%); APAC(3.3%)		43	6
Eurazeo	FR	2.3	Buy	35	51	45.8	38	4.2	na	100	0	0	0	0			na	na
F&C Asset Management	GB	0.6		90	na	na	49	0.3	38	53	na	na	8	0	Continental Europe(53.1%)		na	na
GAM Holdings	CH	1.7		11	na	na	44	0.9	na	79	19	na	2	0	Americas(19.4%)		0	na
Gruppo MutuiOnline	IT	0.1	Buy	3	6	92.7	32	0.1	100	0	0	0	0	0			na	na
Hargreaves Lansdown	GB	3.7		621	na	na	27	0.2	100	0	0	0	0	0			0	0
Henderson Group	GB	1.5		106	na	na	37	0.8	75	13	4	4	3	0	Luxembourg(12.6%); USA(4.4%)		0	na
ICAP	GB	2.6		318	na	na	54	2.0	na	34	28	8	30	0	EMEA(33.7%); Americas(28.4%); APAC(7.6%)		na	na
IG Group Holdings	GB	2.0		431	na	na	47	0.4	55	18	na	21	6	0	Australasia(14.9%); Japan(6.4%)		na	na
Industrivarden AB	SE	3.0		93	na	na	36	0.3	na	100	0	0	0	0	Scandinavia(100.0%)		0	na
Intermediate Capital Group	GB	1.4	Buy	282	320	13.5	44	0.5	na	89	2	9	0	0	Asia(9.1%); USA(2.2%)		2	na
Jupiter	GB	1.3		225	na	na	39	0.4	90	10	na	na	0	0	Continental Europe(7.4%); Bermuda(2.3%)		0	na
Kinnevik Investment	SE	3.7		134	na	na	53	1.0	20	58	1	19	2	0	Asia(18.9%); Germany(12.9%); France(7.8%); Other Nordic(3.8%)		0	0
London Stock Exchange	GB	3.4		994	na	na	45	0.8	50	25	na	na	26	0	Italy(24.6%)		0	na
Lundberg AB	SE	2.0		223	na	na	46	3.0	37	55	na	na	8	0	Rest of EU(14.9%); Germany(12.3%); UK(8.8%); Spain(6.4%); Italy(4.2%); France(4.1%)		0	na
Man Group	GB	1.6		71	na	na	44	1.3	38	58	4	0	0	0	Swiss(54.8%); USA(4.0%); Cayman Islands(2.6%)		na	na
Paragesa Hldgs	CH	3.9		61	na	na	51	3.8	1	54	21	na	25	0	N. America(20.8%)		6	na
Partners Group AG	CH	4.1		184	na	na	45	0.4	44	40	11	na	5	0	Channel Islands(34.4%); N. America(11.2%); Rest of EU(5.7%)		na	na
Provident Financial	GB	2.3		1320	na	na	27	1.0	100	0	0	0	0	0			0	0
Ratos AB	SE	1.7		59	na	na	36	3.3	na	100	0	0	0	0	Scandinavia(100.0%)		0	na
Schroders	GB	4.1		1421	na	na	49	1.8	33	20	8	6	34	0	Swiss(9.3%); USA(7.9%); Italy(6.0%); Australia(5.6%); Germany(4.5%)		19	na
Sofina	BE	2.1		61	na	na	27	0.1	100	0	0	0	0	0			0	0

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Regional exposure by company (continued)																		
Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	RoW/	% Sales in 2011		Outside Europe ^ 2011	
															Major sales destinations abroad			Europe 2011 Assets %
				31-Aug-12 (local curr.)														
<b>Food &amp; Beverages</b>																		
A B Foods	GB	13.2	Hold	1324	1070	-19.2	58	12.7	43	25	11	21	0	0	Europe, Africa(24.7%); APAC(21.4%); Americas(10.6%)		32	28
Aryzta	CH	3.6		47	na	na	61	3.9	34	31	31	na	5	0	N. America(31.3%)		41	32
Astarta	PL	0.4	Sell	69	51	-25.5	39	0.3	na	100	0	0	0	0	Ukraine(100.0%)		0	0
Barry Callebaut	CH	3.9	Buy	904	1000	10.7	55	3.6	na	49	21	na	29	0	Americas(21.5%); APAC, Africa(4.9%)		17	30
BayWa	DE	1.0	Hold	31	30	-4.6	45	9.6	65	26	na	na	9	0	Austria(25.6%)		na	0
Britvic	GB	1.0	Hold	320	300	-6.1	48	1.5	29	na	na	na	71	0			0	na
C&C Group	IE	1.2	Hold	4	4	11.0	45	0.5	21	75	3	na	1	0	UK(72.6%); N. America(3.0%)		0	na
Campari Group	IT	3.2	Buy	5	6	9.8	50	1.3	32	26	34	na	9	0	Americas(33.5%)		na	na
Carlsberg	DK	8.2	Hold	513	540	5.3	53	8.5	7	82	0	11	0	0	North & W. Europe(50.7%); Russia(25.3%); Asia(10.8%); E. Europe(5.8%)		14	22
Christian Hansen	DK	3.3	Buy	177	180	1.8	55	0.6	1	49	33	na	16	0	N. America(21.0%); Asia, Mid-East, Africa(16.3%); S. America(11.9%)		14	na
Coca-Cola Hellenic	GR	5.5	Buy	15	17	11.0	45	6.9	8	92	0	0	0	0	Russia(17.5%); Italy(16.5%)		na	0
CSM	NL	0.9	Hold	13	13	-3.0	61	3.1	5	34	57	na	4	0	N. America(57.2%)		na	26
Danone	FR	31.9	Hold	50	49	-1.1	54	19.3	na	56	na	15	29	0	Asia(14.8%)		na	na
Diageo	GB	54.5	Buy	1725	1900	10.1	59	11.6	na	26	34	12	28	0	N. America(33.7%); Africa, LatAm, Caribbean(27.8%); APAC(12.0%)		na	7
Ebro Foods SA	ES	2.0		13	na	na	61	1.8	8	51	35	na	5	0	Americas(35.4%)		38	43
Heineken	NL	25.4	Hold	44	44	-0.2	55	17.1	na	63	23	1	13	0	W. Europe(44.4%); Americas(23.1%); Central & E. Europe(18.5%); Africa, Mid-East(12.7%)		31	25
Kerry Group	IE	6.7	Hold	38	34	-10.7	66	5.3	na	59	29	11	0	0	EMEA(59.2%); Americas(29.4%); APAC(11.4%)		36	50
Lindt & Spruengli	CH	3.9		34540	na	na	53	2.0	na	60	28	na	12	0	N. America(27.8%)		19	18
Marine Harvest ASA	NO	2.2		4	na	na	54	2.1	4	70	18	7	1	0	Americas(18.3%); Asia(7.3%)		28	21
Nutreco NV	NL	2.0		58	na	na	60	4.7	2	52	21	na	24	0	Spain(30.5%); Norway(14.5%); Canada(11.8%); Chile(5.0%); USA(4.5%); UK(4.4%)		31	26
Parmalat	IT	3.0		2	na	na	73	4.5	22	3	46	19	10	0	N. America(36.2%); Australia(19.2%); Africa(9.2%); Venezuela(6.8%); Colombia(2.8%); Russia(2.1%)		38	55
Pernod-Ricard	FR	22.7	Hold	86	78	-9.0	56	7.6	10	28	27	na	35	0	Asia, RoW(35.5%); Americas(27.1%)		40	16
Remy Cointreau	FR	4.5	Hold	91	95	4.6	51	1.0	na	31	31	na	38	0	Asia, RoW(37.8%); Americas(31.3%)		9	11
SABMiller	GB	55.9	Hold	2779	2600	-6.4	58	15.8	na	28	33	3	36	0	S. Africa(25.6%); Colombia(16.2%); Africa(10.6%); LatAm(8.3%); Peru(8.1%); Asia(2.9%)		na	40
Suedzucker	DE	5.1	Hold	27	28	5.0	51	7.0	25	58	na	na	16	0			na	0
Tate & Lyle	GB	3.9	Buy	656	900	37.2	64	3.6	2	17	60	na	21	0	USA(59.9%)		61	na
Unilever Plc	GB	36.6	Hold	2264	2250	-0.6	50	46.5	na	26	33	na	41	0	Asia, Africa, CEE(40.8%); Other W. European(18.5%); USA(14.8%); Netherlands, UK(7.9%); Brazil(7.8%)		na	na
Viscofan	ES	1.6		35	na	na	55	0.7	31	na	41	na	28	0	Europe, Asia(27.7%); N. America(27.7%); S. America(13.3%)		35	24

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Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisa-tion score	Sales 2011 (Eur. bn)	% Sales in 2011										Outside Europe ^ 2011	Europe 2011	Carex % Assets %
									Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	Row/	Major sales destinations abroad						
				31-Aug-12 (local curr.)																	
<b>Healthcare</b>																					
Actelion	CH	4.9	Buy	45	55	21.9	54	1.5	6	36	39	na	19	USA(39.2%)					na	na	
Amplifon	IT	0.7	Hold	3	na	na	68	0.8	na	72	14	14	0	APAC(13.8%); N. America(13.8%); UK(4.8%)					55	na	
AstraZeneca	GB	46.2	Hold	2937	2850	-2.9	70	24.2	na	29	48	13	10	USA(40.0%); W. Europe(25.3%); Japan(9.1%); Canada(4.8%); China(3.8%); Emerging Europe(3.7%)					50	25	
Biomerieux	FR	2.7		69	na	na	66	1.4	na	54	31	15	0	N. America(23.1%); APAC(14.8%); LatAm(7.8%)					36	na	
BTG plc	GB	1.3	Buy	302	384	27.1	63	0.2	5	8	85	na	2	USA(85.3%); Europe ex. UK(7.7%)					na	na	
Carl Zeiss Meditec	DE	1.6	Hold	19	19	-1.8	53	0.8	43	11	32	14	0	USA(32.3%); Japan(13.9%)					18	na	
Coloplast	DK	6.6	Buy	1183	1354	14.5	52	1.4	3	71	17	na	10	Americas(16.9%)					na	na	
DiaSorin	IT	1.4		24	na	na	59	0.4	na	0	39	10	52	Europe, Africa(42.7%); N. America(32.0%); APAC(9.6%); LatAm(6.9%)					16	16	
Draegerwerk AG	DE	0.7	NR	64	na	na	57	2.3	20	38	20	15	6	Rest of EU(38.4%); USA(19.5%); APAC(15.3%)					21	19	
Elan	IE	5.4	Buy	9	10	14.2	53	0.5	na	na	52	na	48	USA(51.9%)					10	na	
Elekta AB	SE	3.7		338	na	na	74	1.0	na	35	36	29	0	South & N. America(35.7%); Europe, Mid-East, Africa(35.4%); Asia(29.0%)					35	na	
Essilor	FR	14.8	Buy	69	56	-19.3	54	4.2	na	38	36	na	26	N. America(36.3%)					20	23	
Evotec	DE	0.3		3	na	na	53	0.1	na	55	33	na	12	USA, Canada(33.0%)					na	na	
Fresenius	DE	12.2	Buy	85	97	14.4	69	16.5	na	42	46	10	2	N. America(40.9%); APAC(9.6%); LatAm(5.4%); Africa(2.2%)					62	45	
Fresenius Medical Care	DE	17.2	Hold	57	58	1.2	69	9.2	3	na	64	na	33	N. America(63.7%)					75	48	
Gerresheimer	DE	1.3	Hold	40	32	-19.8	51	1.1	23	39	31	3	3	USA(31.3%); China(2.7%)					na	na	
Getinge B	SE	5.3		197	na	na	55	2.4	2	38	31	na	29	Rest of EU(38.2%); USA, Canada(30.7%)					na	na	
GlaxoSmithKline	GB	89.3	Hold	1425	1400	-1.8	63	31.6	na	30	32	15	23	USA(31.7%); Developing markets(19.4%); Japan(8.5%); APAC(6.5%)					28	na	
Gn Store Nordic	DK	2.1		80	na	na	60	0.7	2	37	40	na	21	N. America(39.5%)					60	na	
Grifols	ES	4.8	Hold	22	22	-1.8	73	1.8	13	16	54	na	16	USA(54.3%); EU(16.5%)					83	67	
Hikma Pharmaceuticals	GB	1.8		730	na	na	60	0.7	0	10	35	na	55	Mid-East, N. Africa(55.4%); USA(34.6%)					22	na	
Intercell AG	AT	0.1	Hold	2	na	na	61	0.0	3	38	48	na	11	N. America(48.0%); Europe ex. Austria(38.3%)					4	na	
Korian SA	FR	0.4	Buy	12	21	72.2	36	1.0	70	30	0	0	0	Italy(16.1%); Germany(13.6%)					na	na	
Lonza	CH	2.0	Hold	44	43	-2.7	56	2.2	14	24	44	7	11	USA(42.4%); Rest of EU(7.3%); UK(5.6%); Germany(5.6%); France(5.1%); China(4.1%)					56	na	
Lundbeck	DK	2.9	Buy	109	135	23.6	55	2.1	0	51	27	na	22	USA(26.6%)					na	na	
Meda A	SE	2.4		65	na	na	52	1.4	na	74	21	na	5	C. Europe(29.9%); W. Europe(28.4%); USA(21.0%); N. Europe(15.3%)					na	na	
Merck KGaA	DE	5.9	Buy	91	108	18.8	65	10.3	14	30	30	24	2	Asia(24.4%); N. America(18.0%); LatAm(11.8%); France(8.6%)					na	na	
Morphosys	DE	0.5	Buy	20	27	35.9	42	0.1	4	81	12	3	0	Europe, Asia(80.7%); USA, Canada(12.3%)					2	3	
Nobel Biocare	CH	0.9	Sell	9	7	-26.0	64	0.6	na	42	35	22	2	EMEA(41.5%); N. America(35.2%); APAC(21.7%)					na	na	
Novartis	CH	126.8	Buy	56	62	10.2	68	42.1	1	35	42	21	0	USA(32.8%); Asia, Africa, Australasia(12.1%); Japan(9.0%); Germany(7.4%); France(4.9%)					na	na	
Novo Nordisk	DK	56.7	Sell	933	770	-17.5	72	8.9	na	29	40	17	14	N. America(40.1%); Japan, Korea(9.4%); China(7.5%)					17	17	
Novozymes	DK	6.0	Hold	164	160	-2.6	70	1.4	1	35	45	19	0	Europe, Mid-East(35.3%); N. America(35.1%); APAC(18.6%); LatAm(9.9%)					na	70	
Orion Corp.	FI	1.6		16	na	na	43	0.9	26	47	14	na	13	N. America(13.9%); Scandinavia(13.1%)					0	0	
Orpea	FR	1.6	Buy	31	41	33.7	31	1.2	89	11	0	0	0						0	na	
Qiagen	NL	3.4	Buy	18	21	18.4	56	0.8	na	38	45	na	17	USA(39.9%)					27	na	
Rhoen Klinikum	DE	2.6	Hold	19	19	-2.4	27	2.6	100	0	0	0	0						0	0	
Roche	CH	101.7	Buy	174	190	9.3	70	34.5	1	34	43	19	4	USA(33.2%); Japan(10.1%); Other Asia(8.5%); LatAm(7.3%); Germany(6.1%); Australasia, Africa(3.5%)					na	45	

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Regional exposure by company (continued)																			
Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified / Row/	% Sales in 2011		Outside Europe ^ 2011	Capex % 2011	Assets %	
														Major sales destinations abroad					
				31-Aug-12 (local curr.)															
<b>Healthcare (contd.)</b>																			
Sanofi	FR	86.2	Buy	65	76	16.8	58	33.4	9	26	31	na	33	USA(29.8%)		47	na		
Shire PLC	GB	13.6	Buy	1915	2130	11.2	62	3.1	5	0	67	na	27	N. America(67.2%)		na	na		
Smith & Nephew	GB	7.6	Hold	667	625	-6.2	55	3.1	7	26	41	na	26	USA(41.1%); Continental Europe(26.2%); Africa, Asia, Australia(25.9%)		na	na		
Sonova Holdings AG	CH	4.9	Hold	89	85	-4.0	67	1.3	2	39	49	10	0	EMEA(38.7%); USA(36.4%); Americas(12.7%); APAC(9.8%)		61	na		
Stada Arzneimittel AG	DE	1.3	Buy	22	30	34.2	48	1.7	28	68	na	na	4	Russia(16.3%); Italy(8.5%); Belgium(8.2%); Spain(6.6%); Serbia(6.2%)		0	na		
Stratec	DE	0.4	Buy	34	40	18.0	52	0.1	18	54	na	na	29			na	na		
Straumann	CH	1.5	Hold	114	109	-4.0	56	0.6	na	60	22	15	3	C. Europe(33.3%); W. Europe(26.9%); N. America(22.4%); APAC(14.7%)		13	11		
UCB	BE	7.2	Hold	39	41	5.1	53	3.2	1	35	33	na	31	N. America(32.8%); Germany(11.1%); France(6.9%); Italy(6.1%); Spain(5.6%); UK(5.0%)		na	na		
William Demant Holding	DK	4.0	Hold	511	505	-1.2	57	1.1	na	40	38	7	14	N. America(38.0%); Pacific Rim(10.2%); Asia(7.3%)		na	na		
<b>Industrial Goods &amp; Services</b>																			
A.P. Moller - Maersk	DK	11.4	Buy	38740	51700	33.5	53	43.3	20	6	8	11	55	Qatar(10.4%); USA(8.3%); UK(5.8%)		26	na		
Aalberts Industries	NL	1.5		14	na	na	49	1.9	na	71	18	na	12	USA(17.8%); Germany(17.4%); Benelux(14.8%); France(10.9%); E. Europe(10.6%); UK(9.6%)		17	13		
ABB	CH	32.0	Sell	17	15	-9.7	66	27.3	na	39	24	27	11	Asia(26.7%); Americas(23.8%); Africa, Mid-East(10.9%)		34	na		
Abertis	ES	8.8	Buy	11	14	29.7	39	3.8	48	43	4	na	5	France(37.8%); UK(4.7%); Chile(4.1%)		na	1		
Adecco	CH	6.8	Buy	43	54	24.7	52	20.5	na	50	18	7	25	France(29.5%); N. America(17.7%); UK(8.3%); Germany, Austria(7.5%); Japan(6.8%); Benelux(4.7%)		27	23		
Aeroports de Paris	FR	6.2		63	na	na	27	2.5	100	0	0	0	0			0	0		
Aggreko	GB	8.0		2360	na	na	51	1.6	na	14	19	na	68	N. America(18.5%)		18	16		
Alfa Laval	SE	5.7	Hold	113	125	10.2	78	3.2	3	36	21	39	1	Other Asia(24.3%); USA(13.8%); China(13.5%); LatAm(7.1%)		na	51		
Alstom	FR	8.4	Buy	28	41	44.8	65	19.9	11	32	21	22	15	W. Europe ex. France(24.8%); APAC(21.7%); Africa, Mid-East(15.0%); South, Central America(8.8%); USA(8.2%); E. Europe(6.8%)		17	na		
Amadeus	ES	8.0	Buy	18	21	18.2	39	2.8	93	5	1	na	1	Germany(3.3%)		48	na		
Andritz	AT	4.3	Buy	41	45	9.7	64	4.6	na	38	34	25	4	Asia(25.1%); S. America(20.7%); N. America(13.0%)		23	25		
Ansaldo Sts	IT	1.0		6	na	na	67	1.2	40	17	10	27	6	APAC(27.1%); Rest of W. Europe(16.8%); N. America(9.8%)		na	na		
Ashtead Group	GB	1.8		283	na	na	71	1.3	17	0	83	0	0	N. America(82.5%)		82	84		
AT&S	AT	0.2	Buy	7	16	na	82	0.5	na	63	0	37	0	Asia(36.6%)		83	95		
Atlantia	IT	7.4	Buy	11	16	44.6	35	4.4	96	na	na	na	4			0	0		
Atlas Copco	SE	14.9	Hold	148	170	14.7	57	9.0	2	18	17	25	37	China(11.7%); USA(11.7%); Asia, Australia(6.9%); Africa, Mid-East(6.8%); Australia(6.7%); Brazil(4.9%)		29	na		
BAE Systems Plc	GB	13.0	Buy	319	340	6.8	62	20.5	21	11	45	20	2	USA(44.6%); Saudi Arabia(13.0%); Australia(6.0%); Africa, LatAm(2.0%)		na	na		
Bertrandt AG	DE	0.6	Hold	55	54	-2.3	41	0.6	93	na	na	na	7			na	na		
Brisa	PT	1.1		2	na	na	30	0.7	100	0	0	0	0			0	na		
Bunzl	GB	4.7	Hold	1124	1020	-9.3	61	5.9	20	21	53	na	6	N. America(53.4%); Continental Europe(20.9%)		31	34		
Bureau Veritas	FR	8.1	Hold	73	71	-3.2	63	3.4	21	31	20	28	0	Rest of EMEA(31.0%); APAC(28.0%); S. America(12.0%); N. America(8.0%)		na	na		
Capita Group	GB	6.0	Hold	722	666	-7.8	27	3.4	96	4	0	0	0			0	0		
Cargotec	FI	1.0	Hold	19	20	7.0	72	3.1	2	38	21	39	0	Europe, Mid-East(38.3%); China(15.1%); APAC(14.1%); USA(14.1%); S. Korea(10.0%); Americas(6.4%)		na	18		
Carillion Plc	GB	1.5		278	na	na	39	4.8	79	0	15	na	6	Canada, Caribbean(15.3%); Mid-East(5.3%)		8	na		

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	Capex % 2011	Assets %
															Major sales destinations abroad				
31-Aug-12 (local curr.)																			
<b>Industrial Goods &amp; Services (Contd.)</b>																			
CIR	IT	0.7	Hold	1	1	2.5	37	4.5	72	20	7	1	0	0	S. America(5.3%)		3	11	
Cobham	GB	3.0	Hold	219	215	-2.0	68	2.1	9	14	56	12	9	9	USA(56.1%); Australia(11.8%)		69	na	
Cookson	GB	2.1	Buy	599	700	16.9	57	3.3	6	16	26	12	41	41	USA(20.2%); China(11.8%); Germany(10.2%); Brazil(5.6%); France(5.3%)		na	na	
Cramo	FI	0.3	Hold	8	11	29.8	39	0.7	19	81	0	0	0	0	Sweden(44.9%); Norway(11.5%); C. Europe(10.3%); E. Europe(9.7%); Denmark(5.1%)		0	0	
CTS Eventim AG	DE	1.1	Buy	23	32	38.5	43	0.5	77	19	na	na	4	4	Swiss(7.7%); Austria(7.1%); Italy(4.7%)		na	na	
DCC	IE	1.7		21	na	na	50	10.7	9	74	na	na	17	17	UK(73.7%)		na	0	
De La Rue	GB	1.3		1044	na	na	42	0.6	84	na	na	na	16	16			na	na	
Deutsche Post DHL	DE	18.6	Buy	15	17	10.1	56	52.8	32	33	17	14	4	4	Americas(16.7%); APAC(14.4%)		36	21	
Deutz AG	DE	0.4	Hold	3	3	1.0	50	1.5	18	56	12	8	6	6	Americas(11.6%); APAC(8.3%); Africa(3.8%)		0	na	
DSV	DK	3.3	Buy	129	140	8.6	46	5.9	na	87	6	na	8	8	N. America(5.9%)		na	na	
Duerr	DE	0.9	Hold	52	55	5.1	53	1.9	15	25	22	na	38	38	Asia, Africa, Australia(38.1%); North, Central USA(15.8%); S. America(6.6%)		na	22	
EADS	DE	25.1	Buy	30	38	25.3	69	49.1	10	32	18	29	11	11	APAC(29.1%); N. America(11.9%); Mid-East(10.4%); France(9.7%); LatAm(5.9%); UK(5.6%)		na	0	
Edenred	FR	4.8	Sell	21	17	-20.0	61	0.9	15	35	44	na	6	6	LatAm, Caribbean(44.0%); Rest of EU(34.8%)		45	na	
Electrocomponents	GB	1.2	Hold	222	199	-10.5	60	1.5	29	36	22	13	0	0	Continental Europe(36.0%); N. America(21.9%); APAC(13.3%)		46	29	
Ernm.Comm.& Cntl.Tech.	DE	0.1		20	na	na	41	0.3	88	11	na	na	1	1			na	na	
Experian	GB	12.8	Buy	1004	970	-3.4	69	3.3	18	na	68	na	14	14	N. America(46.6%); LatAm(21.4%); EMEA, APAC(13.6%)		62	65	
Fiat Industrial S.p.A.	IT	9.8	Buy	8	10	18.7	58	24.3	10	17	38	3	31	31	USA(20.1%); Brazil(13.6%); France(8.9%); Germany(5.3%); Canada(4.7%); Australia(3.4%)		na	na	
Filtrona	GB	1.4	Hold	535	490	-8.4	54	0.6	9	na	25	na	66	66	N. America(25.4%)		na	na	
Finmeccanica	IT	2.0	Sell	4	2	-34.8	50	17.3	20	38	23	na	19	19	N. America(23.1%); UK(11.9%)		na	na	
Fraport AG	DE	4.1	Buy	44	62	40.0	34	2.4	82	4	na	7	7	7	Asia(6.7%)		11	1	
G4S Plc	GB	4.5	Hold	253	294	16.2	62	8.7	22	25	29	10	13	13	Continental Europe(25.2%); N. America(23.0%); APAC(10.3%); Mid-East, Gulf(6.6%); LatAm, Caribbean(6.4%); Africa(6.2%)		37	45	
GEA	DE	3.9	Hold	21	25	19.0	60	5.4	11	36	20	22	11	11	APAC(22.0%); N. America(12.9%); LatAm(6.8%); Mid-East(5.8%); Africa(5.3%)		13	na	
Gemalto	FR	5.6	Buy	63	75	19.0	60	2.0	na	51	29	20	0	0	EMEA(50.9%); South & N. America(29.2%); APAC(19.9%)		na	na	
Gemina	IT	1.0	Buy	1	1	28.7	32	0.6	100	0	0	0	0	0			na	na	
Georg Fischer AG	CH	1.2		346	na	na	58	3.0	5	65	10	18	1	1	Germany(37.2%); EU(25.9%); Asia(18.4%); Americas(10.2%)		25	na	
Gildemeister AG	DE	0.7	Hold	12	11	-5.0	60	1.7	38	29	6	19	8	8	Asia(15.7%); N. America(4.9%)		7	na	
Grenkeleasing	DE	0.7	Hold	50	44	-12.4	48	0.1	44	33	na	na	24	24	France(18.0%); Italy(10.6%); Swiss(4.0%)		na	na	
Groupe Eurotunnel	FR	3.3	Buy	6	9	51.0	36	0.8	na	100	0	0	0	0	France, UK(100.0%)		0	0	
Halma	GB	1.9		407	na	na	56	0.7	22	27	28	15	9	9	USA(27.9%); APAC, Australasia(15.1%); Africa, Mid-East(4.8%)		11	na	
Heidelberger Druck	DE	0.2	Buy	1	3	na	65	2.6	15	35	18	33	0	0	APAC(32.6%); EMEA(23.3%); N. America(11.4%); E. Europe(11.4%); LatAm(6.1%)		na	na	
Hexagon	SE	5.4	Buy	133	155	16.5	68	2.2	na	44	31	26	0	0	EMEA(43.9%); Americas(30.6%); Asia(25.5%)		59	na	
HHLA	DE	1.4	Hold	19	17	-12.3	40	1.2	80	16	na	na	4	4			na	0	
Homeserve	GB	0.9		221	na	na	41	0.6	65	19	15	0	0	0	Continental Europe(19.3%); USA(15.4%)		7	na	
IMI	GB	3.5		860	na	na	61	2.5	6	41	27	15	11	11	USA(27.2%); APAC(14.9%); Germany(13.9%)		37	na	
Intertek Group	GB	5.7	Hold	2815	2566	-8.8	67	2.0	9	23	33	36	0	0	USA(25.1%); EMEA(22.9%); China incl. Hong Kong(18.1%); Rest of APAC(12.8%); Australia(4.9%)		na	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific

Regional exposure by company (continued)																
Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	Row/ Major sales destinations abroad	Outside Europe ^ 2011	
															31-Aug-12 (local curr.)	Capex %
<b>Industrial Goods &amp; Services (Contd.)</b>																
Jenoptik	DE	0.3	Hold	6	6	1.0	49	0.5	41	31	13	11	4	N. America(13.5%); South East Asia(10.9%); Rest of EU(7.9%)	na	3
Jungheinrich	DE	0.4	Buy	25	30	21.2	50	2.1	27	66	na	na	7		na	na
Kapsch TrafficCom AG	AT	0.7	Hold	50	58	16.0	50	0.4	10	47	7	na	36	Americas(7.1%)	na	na
Koenig & Bauer AG	DE	0.2	Hold	12	12	-2.5	52	1.2	16	36	9	27	13	Rest of EU(35.5%); China(15.4%); Africa, LatAm(12.8%); APAC(12.0%); N. America(8.6%)	1	2
Kone	FI	10.8	Hold	49	47	-3.4	67	5.2	na	55	18	26	0	EMEA(55.4%); APAC(26.5%); Americas(18.1%)	na	na
Konecranes Plc	FI	1.3	Hold	20	23	14.5	72	1.9	na	50	29	21	0	EMEA(50.1%); Americas(29.0%); APAC(20.9%)	46	32
Kontron AG	DE	0.2	Hold	4	5	13.3	56	0.6	na	44	38	na	18	EMEA(43.8%); N. America(37.9%); Developing markets(18.4%)	20	26
Krones	DE	1.2	Hold	39	38	-2.0	53	2.5	10	27	na	na	63		na	0
Kuehne+Nagel	CH	10.9	Buy	109	127	16.8	54	13.2	na	63	20	9	7	Americas(20.5%); APAC(9.3%); Africa, Mid-East(6.9%)	24	18
KUKA AG	DE	0.7	Hold	20	19	-4.2	47	1.4	35	23	19	na	23	Asia, RoW(22.9%); Europe ex. Germany(22.9%); N. America(19.1%)	33	na
Legrand	FR	7.2	Hold	27	26	-5.4	46	4.3	26	34	15	na	25	Italy(15.6%); USA, Canada(14.8%)	na	7
LEONI	DE	1.0	Hold	30	32	7.4	50	3.7	29	42	na	na	29	Rest of EU(31.8%); France(10.6%)	na	na
MAN	DE	10.3	Hold	73	72	-1.9	48	16.5	21	36	25	14	4	Rest of EU(25.3%); Americas(25.0%); Asia(13.1%); Africa(3.8%)	0	0
Mayr-Melnhof	AT	1.5	Buy	74	84	14.1	48	2.0	4	84	4	4	4	E. Europe(23.5%); Germany(23.0%); Rest of EU(18.5%); UK(10.8%); France(8.2%); LatAm(3.8%)	11	4
Medion	DE	0.8	Hold	17	na	na	43	1.4	76	20	na	na	5		na	na
Meggitt	GB	3.9	Buy	395	430	8.8	64	1.7	9	22	55	na	13	N. America(55.3%)	70	na
Melrose PLC	GB	3.7		237	na	na	58	1.3	17	25	40	na	18	N. America(40.2%)	38	na
Metso Corporation	FI	4.3	Hold	28	35	23.1	71	6.6	6	29	35	25	5	APAC(25.1%); N. America(18.2%); S. America(16.8%); Other Nordic(6.2%); Africa, Mid-East(5.2%)	43	44
Michael Page	GB	1.4	Hold	362	361	-0.4	61	1.2	32	41	10	16	0	EMEA(41.3%); Americas(10.5%); Australia, New Zealand(10.4%); Asia(5.9%)	31	40
MITIE Group	GB	1.3		286	na	na	40	2.3	98	na	na	na	2		na	na
MTU	DE	3.2	Buy	61	68	12.1	60	2.9	15	10	68	7	0	N. America(65.0%); Asia(7.2%); S. America(3.0%)	4	4
Nexans	FR	1.1	Buy	37	52	40.4	42	4.6	16	84	0	0	0	Norway(13.2%); Germany(13.1%)	0	na
OC Oerlikon Corp AG	CH	2.3		8	na	na	80	3.4	na	28	15	49	9	APAC(48.6%); N. America(14.6%)	29	40
Oesterreichische Post AG	AT	1.8	Hold	27	25	-6.2	41	2.3	72	22	na	na	6	Germany(22.3%)	na	0
Orkla ASA	NO	6.0		43	na	na	53	7.7	18	56	20	6	0	Rest of W. Europe(26.3%); N. America(18.9%); Sweden(12.4%); Central & E. Europe(9.1%); Asia(6.3%); Denmark(4.9%)	na	17
Outotec	FI	1.6	Buy	36	48	33.6	61	1.4	32	21	22	18	7	Australia(15.5%); Germany(15.2%); S. America(12.7%); N. America(9.1%); Africa(7.2%); Asia(2.9%)	na	74
Palfinger	AT	0.6	Hold	17	17	-2.7	49	0.8	na	71	17	4	8	N. America(16.7%); Rest of EU(6.9%); Central & S. Africa(6.1%); Far East(3.2%)	na	na
Pfeiffer Vacuum	DE	0.8	Hold	79	75	-5.1	73	0.5	28	28	19	26	0	USA(18.5%); Korea(16.5%); France(15.8%); Asia ex. Korea(9.3%)	31	30
Philips	NL	19.0	Hold	18	19	3.9	61	22.6	3	11	31	13	41	USA(28.2%); China(9.3%); Germany(6.3%); France(4.6%); Japan(4.0%); Brazil(3.1%)	na	na
PostNL	NL	1.3		3	na	na	42	4.3	66	33	na	na	1	UK(14.8%); Germany(12.2%); Italy(4.7%)	na	0
Premier Farnell	GB	0.9	Buy	191	211	10.4	55	1.1	24	na	47	na	29	Americas(46.9%)	30	na
Prosegur	ES	2.4	Hold	4	4	6.4	52	2.8	34	27	40	0	0	Rest of EU(26.5%); Brazil(24.3%); Argentina(15.2%)	35	66
Prysman	IT	2.9	Buy	13	18	35.2	63	7.6	12	52	21	15	0	EMEA(51.9%); APAC(14.9%); N. America(12.1%); LatAm(9.0%)	na	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	Gapex %	Assets %
															31-Aug-12 (local curr.)	Major sales destinations abroad			
<b>Industrial Goods &amp; Services (Contd.)</b>																			
Qinetiq Group	GB	1.4		171	na	na	53	1.7	39	na	54	na	8	0	N. America(53.7%)		na	na	
Ramirent	FI	0.7	Hold	6	8	33.3	38	0.6	23	77	0	0	0	Sweden(28.0%); Norway(22.2%); C. Europe(11.2%); E. Europe(8.6%); Denmark(6.7%)		0	0		
Randstad	NL	4.5	Buy	26	32	23.8	51	16.2	18	58	15	na	9	France(20.8%); N. America(15.5%); Germany(12.1%); Belgium, Luxembourg(8.7%); Iberia(5.4%); UK(4.9%)		19	na		
Rational AG	DE	2.2	Hold	190	175	-7.8	64	0.4	15	51	15	13	6	Americas(12.0%); Asia(4.5%)		22	12		
Rentokil Initial	GB	1.8	Hold	77	76	-1.2	44	2.9	41	40	9	4	7	Continental Europe(39.6%); N. America(8.8%); Pacific(5.2%); Asia(3.5%); Africa(2.2%)		na	na		
Rebam	GB	4.7	Buy	424	480	13.3	62	5.5	4	24	49	na	22	USA(33.3%); Brazil(15.8%); Austria(6.9%); Russia(5.9%); Spain(4.8%); France(4.0%)		48	na		
Rexel	FR	4.2	Buy	16	20	28.8	57	12.7	na	60	30	10	0	N. America(29.8%); APAC(10.3%)		na	28		
RHI	AT	0.8	Hold	19	19	-2.1	51	1.8	na	54	28	5	13	Rest of EU(9.7%); N. America(9.3%); USA(7.7%); Mexico(6.4%); Italy(6.0%); India(4.7%)		15	na		
Rolls-Royce Group PLC	GB	19.4	Hold	821	790	-3.7	61	12.8	12	12	35	11	30	USA(32.2%); China(8.4%); Germany(3.7%); Norway(3.4%); Canada(2.7%); Other Asia(2.6%)		na	na		
Rotork	GB	2.4		2198	na	na	58	0.5	6	33	28	na	33	USA(19.5%)		58	na		
Royal Imtech	NL	1.9		21	na	na	46	5.1	23	56	na	na	21	Germany(33.6%); Sweden(12.1%); UK(10.8%)		0	0		
SAFRAN	FR	11.6	Buy	28	30	7.7	61	11.7	25	24	27	16	9	N. America(27.4%); Asia(15.5%)		17	na		
Sandvik	SE	13.3	Hold	89	105	18.5	58	10.4	4	18	17	16	45	USA(11.8%); Australia(9.1%); Germany(8.2%); China(7.0%); S. Africa(5.1%); Brazil(4.9%)		na	na		
Sartorius	DE	0.5	Buy	50	47	-6.6	67	0.7	17	35	21	23	4	N. America(20.6%); APAC(16.7%)		8	na		
Scania	SE	5.5	Hold	114	115	0.9	53	10.2	na	53	23	11	13	USA(23.0%); Asia(11.2%); Eurasia(6.9%); Africa, Oceania(6.1%)		18	na		
Schindler Holding	CH	4.6		113	na	na	51	6.2	na	50	28	na	22	USA(28.4%); Asia, Africa, Australia(21.9%)		0	26		
Schneider Electric	FR	27.8	Buy	50	51	1.6	71	22.4	9	23	23	27	18	USA(19.5%); APAC(14.0%); China(12.5%); N. America(3.8%)		59	na		
Securitas	SE	2.1	Hold	49	54	9.4	56	7.1	6	na	32	na	62			37	na		
Semperit	AT	0.6	Buy	29	35	18.9	69	0.8	4	57	23	13	3	Europe ex. Austria(48.7%); Americas(23.4%); Asia(13.2%)		58	60		
Serco	GB	3.5	Hold	562	600	6.8	43	5.4	56	na	17	na	27	USA(17.3%)		23	na		
SGL Group SE	DE	2.2	Hold	31	31	1.2	71	1.5	19	25	23	26	8	Asia(26.3%); N. America(22.5%)		na	49		
SGS	CH	12.6	Hold	1926	1799	-6.6	63	3.9	na	50	21	28	0	EMEA(50.4%); APAC(28.2%); Americas(21.4%)		na	na		
Sias	IT	1.3	Buy	6	8	35.1	27	1.2	100	0	0	0	0			0	0		
Siemens	DE	68.8	Buy	75	85	12.7	55	73.5	27	33	27	13	0	Americas(27.1%); Asia, Australia(13.4%)		na	na		
SIG	GB	0.7	Hold	98	110	12.2	35	3.2	44	56	0	0	0			0	0		
Singulus Technologies	DE	0.1	Hold	2	3	44.3	29	0.2	87	3	7	3	0	USA(7.0%); Asia(2.9%)		8	na		
SKF	SE	6.8	Buy	138	170	23.4	63	7.3	3	43	19	26	9	Europe ex. Sweden(42.6%); APAC(26.0%); N. America(19.2%)		na	na		
Smith (DS)	GB	1.9		162	na	na	44	2.9	51	46	na	na	3	France(27.9%); W. Europe(13.3%); E. Europe(4.5%)		na	0		
Smiths Group	GB	5.2	Hold	1044	1150	10.2	66	3.3	4	22	50	8	16	USA(44.9%); Germany(5.7%); Japan(5.3%); Canada(4.2%); France(3.3%); China(2.9%)		65	na		
Spectris	GB	2.6		1729	na	na	75	1.3	3	31	26	33	7	USA(23.3%); China(13.5%); Germany(11.0%); Rest of APAC(8.0%); Japan(7.9%); France(4.1%)		57	na		
Spirax-Sarco Engineering	GB	1.9		1969	na	na	69	0.7	na	38	21	23	18	EMEA(38.5%); APAC(22.6%); Americas(20.7%)		50	39		
Suess Microtec	DE	0.2		8	na	na	76	0.2	na	23	17	60	0	Other Asia(52.9%); N. America(16.8%); Japan(7.4%)		11	29		
Sulzer AG	CH	3.7		129	na	na	59	2.9	na	35	33	na	32	Asia, Mid-East, Australia(27.5%); N. America(23.4%); LatAm(9.2%); Africa(4.4%)		34	47		

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price:	Targ. Price:	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	RoW/	% Sales in 2011		Outside Europe ^ 2011	GateX %
															Major sales destinations abroad			
31-Aug-12 (local curr.)																		
<b>Industrial Goods &amp; Services (Contd.)</b>																		
Thales SA	FR	5.4	Hold	26	32	21.1	52	13.0	26	38	10	14	12	APAC(14.2%); UK(11.5%); N. America(9.7%); Africa, LatAm(4.7%)			na	na
Travis Perkins	GB	3.2	Hold	1026	1164	13.5	27	5.5	100	0	0	0	0				0	0
Trelleborg	SE	2.0	Hold	69	80	16.3	47	3.2	na	54	18	na	28	W. Europe(54.1%); N. America(17.6%)			18	10
Ultra Electronics	GB	1.3	Hold	1536	1500	-2.3	61	0.8	29	9	49	na	13	USA(45.5%); Continental Europe(9.3%); Canada(3.0%)			52	45
Vallourec	FR	4.5		37	na	na	77	5.3	na	27	47	19	7	N. America, Mexico(25.9%); S. America(21.5%); Asia(19.0%)			79	85
Vienna Int. Airport	AT	0.8	Hold	36	na	na	30	0.6	100	0	0	0	0				0	na
Volvo	SE	14.8	Buy	84	110	31.0	71	34.4	5	34	31	24	7	Asia(23.7%); N. America(19.5%); S. America(11.3%); France(8.7%)			49	34
Vopak	NL	6.5	Hold	51	49	-3.9	68	1.2	34	na	20	26	19	Asia(26.4%); N. America(11.8%); LatAm(8.0%)			49	36
Vossloh	DE	0.9	Hold	69	70	0.8	52	1.2	22	48	9	18	3	S. Europe(16.7%); Asia(15.7%); France(10.7%); USA(8.6%); Rest of W. Europe(8.5%); N. Europe(7.2%)			15	na
Wacker Neuson SE	DE	0.8	Hold	11	13	9.3	49	1.0	na	73	23	4	0	Americas(23.3%); Asia(3.7%)			na	na
Wartsila	FI	5.1	Hold	26	25	-2.3	68	4.2	1	29	20	38	12	Asia(37.9%); Americas(20.1%)			na	na
Weir	GB	4.4	Buy	1633	2150	31.7	77	2.6	4	8	54	22	12	USA(30.6%); Asia(12.2%); Canada(11.7%); Mid-East(11.6%); S. America(11.4%); Australasia(10.1%)			77	na
Wirecard	DE	1.9	Hold	17	16	-9.0	44	0.3	54	38	na	na	7				0	na
Wolseley	GB	9.2	Hold	2542	2470	-2.8	58	15.8	18	36	47	0	0	USA(40.6%); Nordic(15.7%); France(14.3%); Canada(6.0%); C. Europe(5.7%)			38	20
Zardoya Otis*	ES	3.6		9	na	na	38	0.9	90	8	na	na	2	Portugal(8.3%)			na	0
Zodiac	FR	4.3	Buy	76	88	16.1	56	2.7	35	15	46	na	3	USA(43.0%)			39	29
<b>Insurance</b>																		
Admiral	GB	4.1	Hold	1186	1140	-3.9	27	1.0	100	0	0	0	0				0	0
Aegon NV	NL	7.9	Buy	4	5	17.6	58	27.2	19	33	40	na	8	Americas(40.3%); UK(32.5%)			52	na
Ageas	BE	4.3	Buy	18	4	-80.2	35	12.0	71	27	0	2	0	UK(15.4%); Asia(2.2%)			4	na
Allianz	DE	39.6	Buy	87	100	14.6	48	94.4	27	51	15	na	7	South & N. America(15.3%); France(12.2%); Italy(9.3%); APAC, RoW(7.4%); UK(5.2%); Spain(4.6%)			na	na
Amlin	GB	2.4	Buy	386	435	12.8	40	2.3	47	53	0	0	0	Bermuda(27.4%); Netherlands(23.6%); France(2.3%)			na	0
Aviva Plc	GB	12.0	Buy	326	370	13.5	47	47.9	49	28	21	2	0	N. America(21.2%)			16	18
AXA	FR	27.1	Buy	12	14	21.6	54	104.0	22	33	25	7	13	Mediterranean, LatAm(13.5%); Germany(12.3%); USA(11.2%); Swiss(10.2%); Japan(6.7%); UK(5.0%)			33	na
Baloise	CH	2.9	Hold	70	65	-7.5	37	6.3	62	38	0	0	0	Germany(25.6%); Belgium(12.6%)			na	na
Beazley	GB	1.1	Hold	166	173	4.4	29	1.0	98	0	2	0	0	USA(2.1%)			5	6
Catlin	GB	2.1	Hold	459	510	11.2	45	2.8	52	13	18	na	17	USA(17.6%); Bermuda(13.0%)			na	na
Cnp Assurance	FR	6.2		10	na	na	35	40.6	80	11	9	0	0	Brazil(9.2%); Italy(6.9%)			3	na
Delta Lloyd	NL	1.9	Hold	11	14	27.8	32	8.3	80	20	0	0	0	Belgium(14.0%); Germany(5.8%)			0	na
Generali Ass.	IT	17.7	Hold	11	12	3.2	50	79.4	27	66	na	na	7	Germany(30.1%); France(19.5%); E. Europe(3.7%); Austria(2.6%); Swiss(2.4%); Spain(2.3%)			na	na
Gjensidige Forsikring ASA	NO	5.1		74	na	na	36	2.8	70	30	0	0	0	Scandinavia(20.8%)			na	na
Helvetia Holding AG	CH	2.3		315	na	na	45	6.1	63	30	na	na	6	Italy(13.0%); Germany(11.2%); Spain(6.0%)			na	0
Hiscox	GB	2.3	Hold	465	420	-9.6	51	1.4	22	14	37	na	28	USA(36.6%)			na	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	RoW/	% Sales in 2011		Outside Europe ^ 2011	
															31-Aug-12 (local curr.)	Assets %		Capex %
<b>Insurance (contd.)</b>																		
ING	NL	23.3	Hold	6	7	16.7	61	102.7	31	19	31	19	0	0	N. America(30.7%); Asia(17.9%); Belgium(6.6%)		31	na
Jardine Lloyd Thompson	GB	2.1		768	na	na	58	0.9	59	3	13	25	0	0	Australasia(15.0%); Americas(13.2%); Asia(10.2%)		31	na
Lancashire	GB	1.6	Hold	801	870	8.7	50	0.5	na	5	13	4	78	0	USA, Canada(13.3%); Far East(4.1%)		na	na
Legal & General	GB	9.5	Buy	128	145	13.3	34	18.2	94	3	3	0	0	0	USA(2.8%); France(2.1%)		na	na
Mapfre SA	ES	5.9	Hold	2	2	26.9	55	19.5	44	2	43	na	12	0	Brazil(18.6%); USA(9.4%); Mexico(3.7%); Venezuela(3.6%); Colombia(2.9%); Argentina(2.7%)		na	na
Mediolanum	IT	2.3	Hold	3	4	15.6	32	10.8	99	1	0	0	0	0			na	na
Munich Re	DE	21.1	Hold	118	120	2.0	62	62.4	34	16	39	7	4	0	USA(19.1%); Canada(16.1%); UK(10.8%); China(4.1%); LatAm(3.6%); Australia(3.1%)		na	na
Prudential	GB	25.4	Buy	787	925	17.6	71	42.1	36	na	40	21	3	0	USA(39.9%); Asia(20.7%)		41	38
Resolution Ltd	GB	3.8	Hold	216	256	18.6	41	6.8	90	na	na	na	10	0			na	na
RSA Insurance Group PLC	GB	5.1	Hold	114	120	5.4	46	10.1	44	35	21	0	0	0	Scandinavia(26.0%); Canada(21.2%)		28	na
Sampo	FI	12.8	Hold	23	22	-3.6	47	5.6	34	66	na	na	0	0	Norway(30.1%); Sweden(25.0%); Denmark(7.5%); Baltic(3.1%)		0	na
Scor SE	FR	3.8	Buy	20	23	15.1	56	7.4	na	49	31	na	20	0	Americas(31.3%); Asia, RoW(20.0%)		14	na
Standard Life	GB	7.9	Hold	265	300	13.1	53	7.8	52	na	28	na	20	0	Canada(27.8%)		17	25
Storebrand	NO	1.5	Buy	24	31	26.7	36	5.6	na	100	0	0	0	0	Norway, Sweden(100.0%)		0	na
Swiss Life Holding	CH	2.9	Buy	108	120	10.7	43	14.1	63	37	na	na	1	0	France(19.4%); Germany(16.1%)		0	na
Swiss Re	CH	18.5	Hold	60	68	13.6	65	19.9	2	22	38	13	25	0	USA(32.5%); UK(13.2%); Australia(6.8%); China(6.2%); Canada(5.6%); Germany(5.0%)		na	na
Vienna Insurance	AT	4.3	Buy	33	37	11.1	48	9.6	45	46	na	na	9	0	Czech Republic(21.2%); Poland(10.9%); Slovakia(7.6%); Romania(6.0%)		na	na
Zurich Insurance Group	CH	28.2	Hold	230	245	6.8	55	38.1	12	46	34	5	4	0	USA(26.7%); Germany(14.5%); UK(11.8%); Spain(6.5%); Italy(5.4%); Australia(3.1%)		15	na
<b>Media</b>																		
Aegis	GB	3.5	Hold	238	240	1.1	62	1.3	13	na	17	11	60	0	USA(16.9%); Australia(10.8%)		42	na
Antena 3	ES	0.7	Sell	3	2	-35.7	32	0.8	99	1	0	0	0	0			na	na
Axel Springer	DE	3.6	Hold	36	44	21.6	44	3.2	67	na	na	na	33	0			na	na
BSkyB	GB	16.0	Buy	761	860	13.0	33	7.7	94	6	0	0	0	0			na	na
Cyfrowy Polsat	PL	1.2	Buy	14	16	19.2	27	0.6	100	0	0	0	0	0			0	0
Daily Mail & GT	GB	2.2	Sell	480	445	-7.2	44	2.3	65	2	28	1	5	0	N. America(27.9%)		na	na
Eutelsat Communications	FR	5.4	Sell	24	25	0.2	50	1.2	13	56	13	na	18	0	Africa, Mid-East(16.9%); Italy(15.7%); Americas(12.6%); UK(7.2%)		na	na
GfK	DE	1.3	Hold	35	39	11.0	53	1.4	27	45	19	9	0	0	W. Europe(37.9%); N. America(14.6%); APAC(8.7%); CEE(7.1%); LatAm(4.3%)		37	na
Havas	FR	1.8	Buy	4	5	31.4	49	1.6	21	32	32	na	16	0	N. America(31.6%); Rest of EU(20.7%); UK(11.1%)		14	5
Informa	GB	3.1		407	na	na	54	1.5	14	25	35	na	27	0	N. America(35.0%); Continental Europe(24.9%)		34	na
IPSOS	FR	1.1	Buy	24	31	28.7	72	1.4	na	43	42	15	0	0	Europe, Mid-East, Africa(43.1%); Americas(41.9%); APAC(15.1%)		59	55
ITV PLC	GB	4.1	Sell	83	72	-13.6	41	2.5	89	na	na	na	11	0			na	na
JCDecaux	FR	4.0	Buy	18	26	40.6	57	2.5	25	43	7	20	4	0	APAC(20.5%); UK(11.0%); N. America(7.3%)		na	13
Lagardere	FR	2.9	Hold	22	25	11.9	49	7.7	36	44	11	7	2	0	USA, Canada(10.5%); Asia, Oceania(7.5%)		19	24
M6	FR	1.5	Hold	12	13	7.9	27	1.4	100	0	0	0	0	0			0	0
Mediaset	IT	1.9	Sell	2	1	-37.3	30	4.2	76	24	0	0	0	0	Spain(23.7%)		0	0
MTG	SE	2.2	Hold	303	330	9.1	50	1.5	32	68	na	na	0	0	Denmark(24.9%); Norway(18.1%); Czech Republic(13.7%)		na	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisation score	Sales 2011 (Eur. bn)	Home country	% Sales in 2011											Outside Europe ^ 2011	Gatex,% 2011	Assets,%					
										Major sales destinations abroad																		
Media (Contd.)																												
Pages Jaunes	FR	0.4	Hold	1	2	19.6	40	1.1	96	na	na	na	na	4												na	na	
Pearson	GB	12.3	Hold	1194	1350	13.1	67	6.8	15	8	60	11	6	USA(56.5%); APAC(11.0%); Canada(3.6%)											74	na		
ProSiebenSat.1	DE	2.1	Buy	19	23	20.1	40	2.8	na	99	na	na	1	Germany, Austria, Swiss(78.2%); Nordic(17.3%); Central & E. Europe(3.6%)											0	0		
Publicis	FR	8.6	Hold	41	42	0.6	66	5.8	na	32	53	12	3	N. America(46.8%); APAC(11.9%); LatAm(6.4%); Africa, Mid-East(2.7%)											na	44		
Rightmove	GB	2.1		1608	na	na	37	0.1	99	0	na	na	1												na	0		
RTL Group	LU	11.1	Hold	72	80	10.8	54	5.7	1	75	na	na	24	Germany(34.9%); France(27.9%); Netherlands(8.7%); UK(3.6%)											na	0		
Sanoma	FI	1.2	Sell	7	6	-16.7	47	2.7	47	49	na	na	3	Netherlands(28.1%)											na	na		
Schibsted	NO	3.1	Hold	207	203	-2.0	44	1.8	53	46	na	na	1	Sweden(29.4%); Baltic(3.9%)											0	na		
SES	LU	8.3	Hold	20	24	14.9	57	1.7	3	47	29	na	21	USA(29.2%); Germany(24.0%); UK(17.4%); France(5.4%)											41	na		
Stroer	DE	0.3	Buy	8	13	62.3	43	0.6	75	15	na	na	9	Turkey(15.4%)											na	na		
Telenet Group	BE	3.5	Hold	31	27	-13.6	27	1.4	100	0	0	0	0												0	0		
Teleperformance	FR	1.1		20	na	na	68	2.1	na	32	na	39	30	APAC(38.5%); Iberia, LatAm(29.5%)											na	36		
TF1	FR	1.6	Hold	7	7	-8.5	37	2.6	85	13	na	na	2	Continental Europe(13.1%)											0	0		
Tomorrow Focus	DE	0.2	Hold	4	4	6.4	39	0.1	50	50	0	0	0												na	na		
UBM Plc	GB	2.1	Buy	674	790	17.2	71	1.1	13	15	48	15	10	USA, Canada(48.0%); China(15.0%); Developing markets(6.3%)											54	na		
Vivendi SA	FR	20.3	Hold	16	17	5.8	45	28.8	58	11	16	na	15	Rest of EU(11.0%); USA(10.7%); Morocco(7.5%); Brazil(5.3%)											29	na		
Wolters Kluwer NV	NL	4.3	Hold	14	15	3.1	58	3.4	6	38	50	5	1	N. America(50.3%); APAC(4.8%)											na	na		
WPP Group	GB	13.0	Buy	815	960	17.8	56	11.6	12	25	34	na	29	N. America(33.8%); Continental Europe(25.0%)											38	na		
Zon Multimedia	PT	0.7	Hold	2	2	5.4	27	0.9	100	0	0	0	0												0	0		
Oil & Gas																												
Abengoa	ES	1.2	Buy	14	30	na	60	7.1	27	15	51	na	7	Brazil(20.8%); USA(19.0%); EU(15.3%); LatAm(10.9%)											51	na		
Afren	GB	1.8	Buy	129	205	59.2	45	0.4	na	92	na	na	8	S. Africa(8.4%)											na	0		
Aker Solutions	NO	4.0		106	na	na	55	4.6	44	13	14	25	4	Asia(20.8%); N. America(9.6%); S. America(4.3%); Australia(4.3%)											na	9		
Alliance Oil Company	SE	1.1	Buy	51	75	47.3	34	2.2	na	100	0	0	0	Russia(100.0%)											0	0		
AMEC Plc	GB	4.4	Buy	1109	1225	10.5	54	3.8	30	na	54	na	16	Canada(28.5%); USA(25.9%)											na	na		
BG Group	GB	55.1	Buy	1288	1700	32.0	59	15.2	19	na	13	10	58	Brazil(13.0%); Japan(9.9%)											na	42		
Bourbon	FR	1.4		21	na	na	52	1.0	na	19	12	8	61	Africa(60.6%); Europe, Mid-East(18.7%); Americas(12.5%); Asia(8.2%)											na	na		
BP	GB	105.9	Buy	441	480	8.8	56	270.0	na	na	35	na	65	USA(35.0%)											38	28		
Compagnie Gl. de Gphys.	FR	3.5		23	na	na	68	2.3	na	36	42	22	0	EMEA(35.7%); N. America(22.2%); APAC(22.0%); LatAm(20.2%)											na	na		
ENI	IT	64.0	Buy	18	21	19.2	55	109.6	31	39	9	9	12	Africa(10.3%); Asia(9.4%); Americas(8.8%); Rest of EU(6.9%)											17	19		
Fugro NV	NL	3.9		48	na	na	50	2.6	6	48	22	na	25	Rest of Europe, Africa(47.5%); Asia, Australia, Mid-East(25.0%); Americas(21.9%)											na	na		
Galp Energia	PT	9.2	Hold	12	16	36.0	33	16.8	72	28	0	0	0	Spain(28.5%)											0	na		
Gamesa	ES	0.4		1	na	na	81	3.0	9	22	14	40	16	China(22.1%); Rest of EU(21.9%); India(17.5%); USA(13.6%)											35	29		
Grupa Lotos	PL	0.8	Sell	26	21	-20.7	35	7.1	78	22	0	0	0												na	na		
Hunting	GB	1.5		797	na	na	67	0.7	22	2	60	14	1	USA(51.7%); Singapore(13.5%); Canada(8.7%)											na	na		
Lundin Petroleum	SE	5.7	Buy	150	160	7.0	28	0.9	na	97	na	1	2	Norway(77.0%); France(10.2%); Russia(6.3%); Netherlands(3.5%)											4	na		
Maurel et Prom	FR	1.5	Buy	12	14	15.6	54	0.4	na	0	na	na	100	Gabon(99.8%)											na	na		
Motor Oil	GR	0.5	Buy	5	7	47.1	39	8.7	68	na	na	na	32												0	0		

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia Pacific	Unspecified	Row/	% Sales in 2011		Outside Europe Assets %	Capex % 2011
															Major sales destinations abroad	Europe %		
Oil & Gas (Contd.)																		
Neste Oil	FI	2.4	Hold	9	7	-19.2	40	15.4	48	40	11	na	1	Other Nordic(15.2%); South & N. America(10.6%); Baltic(9.2%)	1	1		
Nordex	DE	0.2	Hold	3	3	-4.5	48	0.9	na	75	21	4	0	USA(20.7%); Asia(4.3%)	na	10		
OMV	AT	8.6	Hold	26	30	13.7	49	34.1	34	62	na	na	4	Germany(17.0%); Turkey(14.7%); Rest of CEE(12.3%); Romania(11.8%)	na	na		
Palm Hills Developments	DE	0.2	15	na	na	na	44	0.5	52	45	na	na	3		0	na		
Petrofac	GB	6.6	1502	na	na	na	77	4.2	16	0	na	51	33	UAE(22.3%); Turkmenistan(13.2%); Algeria(12.9%); Malaysia(11.3%); Kuwait(6.5%); Qatar(4.4%)	na	na		
Petroleum Geo	NO	2.6	88	na	na	na	57	0.9	14	8	29	20	30	APAC(20.1%); Africa(18.8%); Americas ex. Brazil(14.8%); Brazil(13.8%); UK(8.2%)	na	na		
PGNiG	PL	5.7	Hold	4	4	-6.6	40	5.6	96	na	na	na	4		na	na		
PKN Orlen	PL	4.0	Sell	39	32	-18.1	48	25.9	43	36	na	na	20	Germany(17.3%); Czech Republic(10.8%); Estonia, Latvia, Lithuania(8.3%)	na	na		
Premier Oil Plc	GB	2.5	Buy	374	600	60.5	83	0.6	na	na	na	51	49	Asia(51.0%); North Sea(30.7%); Mid-East, Africa, Pakistan(18.3%)	45	43		
Repsol	ES	18.4	Hold	15	16	5.9	45	60.1	47	9	16	na	28	Argentina(15.7%); OECD(11.0%)	na	na		
Royal Dutch Shell plc	NL	103.3	Buy	2204	2475	12.3	50	338.1	na	40	29	na	32	Asia, Oceania, Africa(31.5%); USA(19.6%)	na	na		
Saipem	IT	16.7	Buy	38	39	3.3	49	12.1	4	11	8	5	71	W. Africa(21.4%); N. Africa(20.1%); Mid-East(16.3%); CIS(13.6%); USA(8.0%); Far East(5.3%)	42	71		
Salamander Energy	GB	0.6	Buy	196	290	48.0	84	0.3	0	0	0	100	0	Thailand(71.5%); Indonesia(28.5%)	88	91		
SBM Offshore	NL	1.9	11	na	na	na	49	2.3	0	0	45	6	49	Brazil(40.5%); Africa, Mid-East(18.0%); Angola(15.1%); USA(4.2%); Australia(3.7%); Nigeria(2.7%)	na	na		
Schoeller-Bleckmann	AT	1.2	Buy	76	80	5.3	66	0.4	na	35	57	na	8	N. America(57.2%)	54	67		
Seadrill Limited	NO	15.3	Buy	238	205	-14.0	72	3.0	23	na	27	19	31	Brazil(21.8%); Angola(8.0%); Thailand(7.2%); China(7.1%); Nigeria(5.6%); Malaysia(4.9%)	50	na		
SMA	DE	0.9	Hold	25	31	25.9	48	1.7	46	32	na	na	22		na	na		
Solarworld AG	DE	0.1	Hold	1	1	-12.8	57	1.0	42	18	21	11	8	USA(21.3%); Rest of EU(17.8%); Asia(10.8%)	28	na		
Statoil	NO	65.0	Hold	149	170	14.2	41	82.8	77	6	10	na	7	USA(9.8%); Sweden(3.4%); Denmark(2.9%)	28	na		
Subsea 7	NO	6.4	133	na	na	na	49	3.6	na	38	13	na	50	Mediterranean, Africa(46.5%); N. Europe, Canada(37.6%); S. America(12.6%); Asia, Mid-East(3.3%)	na	na		
Technip	FR	9.5	84	na	na	na	57	6.8	na	na	23	14	63	Europe, Russia, C. Asia(25.7%); Americas(22.9%); Mid-East(22.2%); Africa(15.6%); APAC(13.7%)	na	na		
Tecnicas Reunidas S.A.	ES	2.0	Buy	36	40	12.5	52	2.6	11	15	9	10	55	Mid-East(38.5%); Mediterranean(16.2%); Asia(9.6%); USA(9.4%)	19	3		
Tgs Nopec Geo	NO	2.4	169	na	na	na	48	0.4	na	32	29	na	39	Europe & Russia(32.3%); South & N. America(29.0%); Africa, Mid-East, Asia(21.3%)	na	na		
Total SA	FR	93.9	Hold	40	42	5.8	48	166.6	23	44	9	na	24	N. America(8.6%); Africa(8.2%)	19	21		
Tullow Oil	GB	15.6	Hold	1363	1245	-8.7	40	1.7	na	15	na	1	84		3	0		
Vestas Wind Systems	DK	1.1	41	na	na	na	52	5.8	na	44	33	11	12	Americas(32.7%); APAC(10.6%)	21	7		
Wood Group (John)	GB	3.8	821	na	na	na	49	4.1	28	na	27	na	45	USA(26.8%)	34	na		
Personal & Household Goods																		
Adidas AG	DE	12.9	Buy	62	70	12.5	70	13.3	5	36	34	25	0	W. Europe(29.4%); N. America(23.2%); APAC(15.9%); Rest of EU(12.0%); LatAm(10.3%); China(9.2%)	50	na		
Amer Group	FI	1.2	10	na	na	na	64	1.9	na	49	39	12	0	EMEA(48.8%); Americas(39.5%); APAC(11.8%)	47	28		
Barratt Developments	GB	1.9	Buy	150	207	38.0	27	2.4	100	0	0	0	0		0	0		
BAT	GB	80.9	Hold	3302	3200	-3.1	66	17.8	na	49	23	28	0	APAC(27.6%); EMEA(25.9%); W. Europe(23.4%); Americas(23.1%)	na	na		
Beiersdorf	DE	14.3	Buy	57	70	22.8	49	5.6	na	61	18	na	22	Africa, Asia, Australia(21.8%); Americas(17.6%)	na	13		
Bellway	GB	1.3	Hold	869	936	7.7	27	1.0	100	0	0	0	0		0	0		
Berkeley Group Holdings	GB	2.4	1444	na	na	na	27	0.9	100	0	0	0	0		0	0		
BIC	FR	4.1	86	na	na	na	54	1.8	na	28	40	na	32	Central & N. America(39.9%); E. Europe, Mid-East(28.4%)	na	na		

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)																	
Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified RoW/	% Sales in 2011		Outside Europe ^ 2011	
														Major sales destinations abroad			Gainex %
Personal & Household Goods (contd.)																	
Bovis Homes	GB	0.8 Buy	473	578	22.1	27	0.4	100	0	0	0	0	0	12 APAC(35.1%); Americas(23.4%)		0	0
Burberry Group	GB	7.5 Hold	1353	1550	14.6	67	2.2	na	30	23	35	12	APAC(35.1%); Americas(23.4%)		na	na	
Christian Dior	FR	20.6	113	na	na	71	24.6	12	21	22	36	10	Other Asia(27.4%); USA(21.6%); Japan(8.3%)		na	24	
De Longhi	IT	1.5 Buy	10	13	26.5	49	1.4	13	44	7	na	36	UK(8.5%); Mexico, USA, Canada(6.6%)		na	na	
Electrolux	SE	5.8 Buy	160	175	9.1	64	11.3	4	13	45	5	33	USA(26.2%); Brazil(14.4%); Germany(5.4%); Australia(5.2%); Italy(4.0%); Canada(4.0%)		32	48	
Geox SpA	IT	0.5 Hold	2	3	49.4	44	0.9	38	42	6	na	14	N. America(6.0%)		na	na	
Gerry Weber	DE	1.5 Buy	32	33	2.7	46	0.7	60	na	na	na	40			na	0	
Henkel	DE	10.7 Buy	60	75	24.8	57	15.6	na	55	24	15	6	W. Europe(36.4%); E. Europe(18.2%); N. America(17.6%); APAC(14.9%); LatAm(6.9%); Africa, Mid-East(6.0%)		na	na	
Hermes	FR	24.2 Sell	229	135	-41.0	72	2.8	17	20	16	45	2	Rest of APAC(28.4%); Japan(16.6%); Americas(16.3%)		37	na	
Hugo Boss	DE	5.1 Buy	74	95	29.2	54	2.1	na	62	23	na	15	Americas(22.6%); Asia, RoW(15.4%)		41	17	
Husqvarna AB	SE	1.7 Hold	32	37	16.5	55	3.4	na	na	37	na	63	Europe, APAC(53.9%); Americas(36.9%)		31	37	
Imperial Tobacco	GB	30.7 Buy	2456	3000	22.1	45	17.5	17	62	5	na	16	Rest of EU(27.2%); Germany(14.2%); France(13.7%); Spain(6.7%); Americas(4.8%)		16	5	
L'Oreal	FR	58.9 Hold	98	95	-2.8	66	20.3	12	33	32	19	3	W. Europe(25.9%); N. America(23.3%); APAC(19.2%); LatAm(8.9%); E. Europe(7.1%); Africa, Mid-East(3.1%)		28	25	
LPP	PL	1.4 Buy	3100	3500	12.9	50	0.6	na	86	na	na	14			na	0	
Luxottica	IT	13.6 Hold	29	26	-10.3	63	6.2	na	20	58	13	10	N. America(57.9%); APAC(12.5%)		na	na	
LVMH	FR	66.0 Buy	130	140	7.9	71	23.7	12	20	22	36	10	Asia, Far East(27.2%); USA(22.1%); Japan(8.3%)		na	24	
McBride	GB	0.3 Buy	128	200	56.6	36	0.9	36	64	0	0	0	W. Europe(47.4%); Central & E. Europe(16.3%)		0	0	
Oriflame	LU	1.5 Hold	231	250	8.2	50	1.5	na	28	6	10	56	CIS, Baltic(55.3%); EMEA(28.2%); Asia(9.8%); LatAm(5.8%)		na	5	
Persimmon	GB	2.7 Hold	698	710	1.8	27	1.8	100	0	0	0	0			0	0	
PUMA SE	DE	3.5 Hold	231	225	-2.7	66	3.0	na	41	30	22	6	EMEA(41.5%); USA(30.3%); APAC(22.2%)		na	37	
PZ Cussons	GB	1.6	304	na	na	56	1.0	na	37	na	21	41	Africa(41.3%); Asia(21.5%)		na	na	
Reckitt Benckiser	GB	32.4 Buy	3559	4100	15.2	51	10.9	na	42	25	na	32	N. America, Australia(25.3%)		20	na	
Redrow	GB	0.8 Hold	155	165	6.4	27	0.5	100	0	0	0	0			0	0	
Richemont	CH	25.5 Hold	59	58	-1.8	75	8.9	4	31	14	51	0	Hong Kong, China(27.2%); Other Asia(14.3%); USA(11.0%); Japan(9.4%); Germany, Italy, Spain(7.6%); France(7.5%)		na	na	
Salvatore Ferragamo	IT	2.8 Hold	16	16	-5.1	71	1.0	na	24	22	49	4	APAC(36.3%); N. America(22.4%); Japan(13.0%)		na	na	
SCA	SE	8.7 Buy	118	130	9.8	49	9.0	7	69	11	3	10	Rest of EU(19.3%); Germany(14.1%); UK(8.6%); USA(8.1%); France(8.0%); Italy(7.3%)		na	na	
SEB	FR	2.8	55	na	na	73	4.0	18	38	21	23	0	APAC(23.2%); Other W. European(20.4%); C. Europe, Russia, Others(17.5%); S. America(10.8%); N. America(10.3%)		59	47	
Swatch Group	CH	10.0 Buy	391	440	12.6	75	5.5	13	23	8	55	1	China(38.0%); Other Asia(16.0%); USA(7.9%)		24	na	
Swedish Match	SE	6.8 Sell	275	250	-9.2	43	1.3	54	na	29	na	17	USA(29.3%)		12	na	
Taylor Wimpey Plc	GB	2.1 Buy	51	67	30.3	22	2.1	98	2	0	0	0			0	0	
TOD's Spa	IT	2.6 Hold	85	75	-11.4	41	0.9	50	20	7	na	22	Rest of EU(20.4%); N. America(7.0%)		na	4	
Ubisoft Entertainment	FR	0.6 Buy	6	11	88.0	62	1.1	na	46	53	na	1	N. America(52.5%)		na	na	
Wolford AG	AT	0.1 Hold	27	na	na	41	0.2	44	44	11	1	0	N. America(11.1%)		6	10	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^ Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	
															Major sales destinations abroad			Capex,%
																	Assets,%	
<b>Real Estate</b>																		
alstria office REIT-AG	DE	0.7	Buy	9	11	20.4	27	0.1	100	0	0	0	0	0			0	0
Atrium Ljungberg	SE	1.2	Hold	80	84	5.3	27	0.2	100	0	0	0	0	0			0	0
British Land	GB	6.1	Buy	540	690	27.9	27	0.4	100	0	0	0	0	0			0	0
Capital & Counties	GB	1.9	Buy	215	240	11.6	27	0.1	100	0	0	0	0	0			0	0
Capital Shopping Centres	GB	3.7		338	na	na	30	0.6	100	0	0	0	0	0			3	na
Castellum	SE	1.8	Buy	89	101	14.1	27	0.3	100	0	0	0	0	0			0	0
Cofinimmo	BE	1.4		88	na	na	44	0.3	73	17	na	na	10	France(12.5%); Netherlands(4.5%)			na	na
Conwert	AT	0.7	Hold	9	11	20.7	45	0.3	47	51	na	na	2	Germany(51.2%)			na	0
Corio	NL	3.3	Buy	34	51	50.7	39	0.5	32	68	0	0	0	France(22.8%); Italy(17.3%); Spain(12.5%); Germany, Bulgaria(7.8%); Turkey(7.6%)			0	na
Derwent London	GB	2.5	Buy	1917	2300	20.0	27	0.1	100	0	0	0	0				0	0
Deutsche EuroShop	DE	1.5	Hold	29	31	6.6	41	0.2	88	na	na	na	12				na	0
Deutsche Wohnen AG	DE	2.0	Buy	13	16	15.2	32	0.2	100	0	0	0	0				na	na
Echo	PL	0.4	Hold	4	4	13.8	32	0.1	100	0	0	0	0				na	na
Eurocommercial Properties	NL	1.2		28	na	na	29	0.2	na	100	0	0	0	Italy(37.8%); France(33.6%); Sweden(28.6%)			0	0
Fabege	SE	1.2	Hold	59	70	19.0	27	0.2	100	0	0	0	0				0	0
Fonciere Des Regions	FR	3.2		56	na	na	38	0.9	58	42	0	0	0	Germany, Italy(42.3%)			na	na
GAGFAH	LU	1.9	Hold	9	7	-18.7	32	0.9	na	100	0	0	0	Germany(100.0%)			na	0
Gecina	FR	4.8		76	na	na	27	0.7	100	0	0	0	0				0	0
Great Portland	GB	1.7	Buy	440	570	29.6	27	0.1	100	0	0	0	0				0	0
GSW Immobilien	DE	1.4	Buy	28	35	23.5	27	0.2	100	0	0	0	0				0	0
GTC	PL	0.5	Hold	6	8	29.4	45	0.2	na	78	na	na	22	Poland, Hungary(61.0%); Romania, Bulgaria(17.3%)			na	0
Hammerson	GB	4.1	Buy	457	540	18.2	38	0.4	76	23	na	na	0	France(23.5%)			0	0
Hufvudstaden	SE	2.0	Buy	81	88	8.2	27	0.2	100	0	0	0	0				0	0
Icade	FR	3.2		61	na	na	27	1.5	100	0	0	0	0				0	0
Immofinanz Group	AT	2.9	Hold	3	3	17.5	44	0.8	35	58	na	na	7	Russia(15.2%); Germany(9.3%); Poland(8.3%); Romania(8.1%); Czech Republic(7.3%); Hungary(6.3%)			0	0
JM	SE	1.1		114	na	na	34	1.3	82	18	0	0	0	Norway(17.2%)			na	na
Klepierre	FR	5.1	Buy	26	32	25.9	48	1.1	43	46	na	na	12	Scandinavia(22.8%); Italy(13.8%); Iberia(10.9%); C. Europe(9.0%)			na	na
Land Securities	GB	7.8	Buy	791	960	21.4	27	0.8	100	0	0	0	0				0	0
Nexity	FR	1.0	Buy	19	28	44.0	40	2.6	96	na	na	na	4				na	na
Prime Office REIT-AG	DE	0.2	Hold	3	4	1.4	27	0.1	100	0	0	0	0				0	0
PSP	CH	3.4	Hold	89	73	-17.7	27	0.2	100	0	0	0	0				0	0
Segro	GB	2.2	Buy	231	310	34.0	32	0.4	65	35	0	0	0	Continental Europe(35.4%)			0	0
Shaftesbury	GB	1.7		521	na	na	27	0.1	100	0	0	0	0				0	0
Swiss Prime Site	CH	3.6		79	na	na	30	0.5	100	0	0	0	0				0	na
Unibail Rodamco	FR	14.9	Hold	162	155	-4.7	40	1.6	59	38	na	na	2	Spain(10.2%); C. Europe(8.0%); Nordic(7.1%); Austria(7.1%); Netherlands(5.9%)			0	0
Wallenstam	SE	1.3	Hold	72	71	-1.8	27	0.2	100	0	0	0	0				0	0
Wereldhave	NL	0.9		41	na	na	49	0.2	21	52	27	0	0	USA(27.1%); Finland(15.7%); Belgium(14.0%); UK(10.3%); France(7.2%); Spain(4.9%)			26	na
Wihlborgs	SE	0.9	Hold	97	100	3.6	30	0.2	95	5	0	0	0	Denmark(5.0%)			0	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Glob-alisa-tion score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia/ Pacific	Unspecified RoW/	% Sales in 2011		Outside Europe ^ 2011 Capex % Assets %	
														31-Aug-12 (local curr.)	Major sales destinations abroad		
<b>Retail</b>																	
Ahold	NL	10.4	Hold	10	10	1.7	58	30.3	35	6	60	0	0	USA(59.5%)		na	66
Booker Group	GB	2.1		95	na	na	27	4.6	100	0	0	0	0			0	0
Carpetright	GB	0.6	Sell	672	420	-37.5	29	0.5	83	17	0	0	0			0	0
Carrefour	FR	11.8	Hold	17	15	-9.4	53	81.3	43	29	19	9	0	Americas(18.6%); Asia(9.0%)		26	31
Casino	FR	8.0	Buy	71	76	7.7	59	34.4	55	na	34	8	3	LatAm(34.4%); Asia(8.4%)		44	na
Celesio	DE	2.5	Hold	15	13	-10.6	52	23.0	19	50	na	na	31	France(29.1%); UK(20.4%)		na	na
CEWE COLOR	DE	0.2	Buy	29	38	32.1	38	0.5	na	100	0	0	0	C. Europe(70.0%); W. Europe(12.5%); Benelux(9.1%); Central & E. Europe(8.5%)		na	na
Colruyt	BE	6.4		38	na	na	28	7.8	89	11	0	0	0	France(10.8%)		0	0
Debenhams	GB	1.5	Hold	97	85	-11.9	37	2.6	84	13	na	na	3	Ireland(6.5%); Denmark(6.2%)		0	0
Delhaize	BE	3.2	Hold	32	38	20.6	68	21.1	23	na	65	na	12	USA(65.4%); South East Europe, Asia(11.6%)		64	56
DIA	ES	2.9		4	na	na	47	9.8	42	37	19	2	0	France(24.1%); Brazil(12.2%); Portugal(8.2%); Argentina(7.1%); Turkey(4.2%)		na	na
Dixons Retail PLC	GB	0.8	Buy	18	22	25.4	47	9.6	51	30	na	na	19	Nordic(30.1%)		na	na
Douglas	DE	1.4	Hold	36	28	-22.0	45	3.4	67	na	na	na	33			na	0
DUFREY	CH	2.6	Buy	117	150	28.6	75	2.1	na	12	75	na	14	S. America(33.8%); N. America(26.5%); Central USA, Caribbean(14.3%); Eurasia(8.3%); Africa(5.4%)		74	75
Eurocash	PL	1.3	Hold	40	40	0.0	30	2.4	100	0	0	0	0			0	na
Fielmann AG	DE	3.1	Hold	72	71	-1.7	32	1.1	79	21	0	0	0	Swiss(11.8%); Austria(5.3%)		na	0
Galenica	CH	3.0	Buy	558	660	18.3	36	2.6	88	7	4	na	1	USA(3.8%)		12	na
Halfords	GB	0.6	Hold	235	215	-8.4	27	1.0	100	0	0	0	0			0	0
Hawesko	DE	0.3	Buy	37	42	13.5	36	0.4	86	12	na	na	2			0	0
Hennes & Mauritz	SE	41.9	Hold	240	250	4.3	50	12.2	7	67	8	na	19	Germany(23.3%); USA(7.6%); France(7.3%); UK(7.2%); Netherlands(5.5%); Swiss(4.7%)		na	0
Home Retail Group	GB	1.0	Hold	94	95	1.2	27	6.5	100	0	0	0	0			0	0
Inchcape	GB	2.2	Buy	369	480	30.3	54	6.7	34	15	na	31	20	Russia, Emerging Markets(20.3%); Australasia(19.4%); North Asia(7.1%); S. Asia(4.8%)		10	10
Inditex	ES	55.1	Hold	88	85	-3.9	47	13.8	27	47	12	na	14	Asia, RoW(14.3%); USA(12.0%)		na	na
Jeronimo Martins	PT	8.4		13	na	na	35	9.8	41	59	0	0	0	Poland(59.0%)		0	0
Kesa Electricals	GB	0.3	Hold	46	56	21.1	45	4.0	31	49	na	na	20	France(49.4%)		0	0
Kesko B	FI	1.4		21	na	na	29	9.5	83	17	0	0	0	Other Nordic(8.5%); Baltic(5.1%); Russia, Belarus(3.4%)		0	0
Kingfisher PLC	GB	8.2	Hold	276	315	14.3	48	12.5	40	51	na	na	9	France(41.3%); Poland(10.1%)		na	0
Marks & Spencer Group	GB	7.3	Hold	358	335	-6.4	41	11.5	89	na	na	na	11			na	0
Metro Group	DE	7.8	Hold	24	25	4.4	43	66.7	39	57	na	na	5	W. Europe(31.3%); E. Europe(25.4%); Asia, Africa(4.5%)		0	0
NEXT	GB	7.4	Buy	3575	3650	2.1	31	4.0	94	4	na	0	1			4	na
NG2	PL	0.5	Hold	56	54	-3.6	33	0.3	92	8	0	0	0	Czech Republic(8.4%)		na	na
PPR	FR	15.7	Buy	124	140	12.7	66	12.2	na	53	18	24	4	W. Europe(53.4%); APAC(16.0%); N. America(12.2%); Japan(8.0%); S. America(5.8%)		na	na
Sainsbury	GB	7.8	Hold	328	319	-2.6	27	25.9	100	0	0	0	0			0	0
Stockmann	FI	0.6	Hold	15	14	-6.0	39	2.0	51	49	0	0	0	Sweden, Norway(25.4%); Russia, Ukraine(16.4%); Baltic State, Czech Republic(7.0%)		na	na
Tesco PLC	GB	34.1	Buy	337	407	20.9	50	74.6	65	15	1	17	2	Asia(16.7%)		26	37
Tom Tailor	DE	0.4	Buy	15	19	23.7	45	0.4	65	na	na	na	35			na	na
WH Smith	GB	1.0	Buy	600	650	8.3	32	1.5	na	100	0	0	0			0	0
William Morrison	GB	8.5	Buy	280	313	11.8	27	20.4	100	0	0	0	0			0	0
Yoox	IT	0.5	Buy	9	13	34.4	53	0.3	20	50	21	7	2	Rest of EU(49.7%); N. America(21.0%); Japan(7.0%)		na	na

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific



Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	Galex% 2011	
															Major sales destinations abroad				
																			Assets%
<b>Technology</b>																			
ADVA	DE	0.2 Buy	5	7	26.5		49	0.3	26	39	30	5	0	Americas(30.4%); APAC(4.7%)		16	na		
AIXTRON	DE	1.2 Buy	12	17	44.4		75	0.6	2	3	6	90	0	Asia(89.7%); USA(6.0%); Rest of EU(2.5%)		34	na		
Alcatel-Lucent	FR	2.1 Hold	1	1	-17.1		65	15.3	8	22	46	17	7	USA(35.7%); Other W. European(17.9%); APAC(8.9%); China(8.3%)		na	na		
ARM Holdings	GB	10.0 Sell	574	400	-30.3		39	0.6	na	98	2	0	0			7	na		
ASML	NL	18.9 Sell	45	35	-22.3		68	5.7	na	9	25	67	0	USA(24.6%); S. Korea(23.3%); Taiwan(20.3%); Other Asia(8.0%); Singapore(7.7%); Japan(7.2%)		27	na		
Atos	FR	3.9 Hold	47	50	7.4		43	6.8	15	51	4	na	30	UK(17.5%); Germany(14.8%); Benelux(13.8%); Iberia(4.6%); Central & E. Europe(4.6%); N. America(4.5%)		3	3		
Aveva Group Plc	GB	1.6 Sell	1853	1400	-24.4		60	0.2	8	39	19	33	0	EMEA(39.2%); APAC(32.9%); Americas(19.5%)		na	na		
Bechtel	DE	0.7 Buy	31	37	18.3		34	2.0	66	34	0	0	0			na	0		
Cancom	DE	0.1	13	na	na		41	0.5	90	na	na	na	10			na	na		
Capgemini	FR	4.6 Hold	29	30	2.7		46	9.7	22	56	19	3	0	UK(20.1%); N. America(18.6%); Benelux(13.1%); Nordic(6.6%); Germany, C. Europe(6.5%); APAC(2.9%)		19	28		
Compugroup Medical AG	DE	0.7 Buy	14	16	18.5		40	0.4	60	30	10	0	0	C. Europe(56.8%); Central & E. Europe(20.4%)		na	na		
CSR	GB	0.8 Sell	326	255	-21.7		83	0.6	0	7	11	82	0	Asia(82.2%)		18	na		
Dassault Systemes	FR	9.7 Sell	77	70	-9.3		71	1.8	12	34	27	26	0	USA(26.2%); Germany(16.3%); Japan(16.3%); Rest of APAC(9.9%)		38	56		
Dialog Semiconductor	DE	1.2 Hold	17	16	-6.5		83	0.4	na	16	na	80	4	China(63.9%); Other Asia(15.9%); Hungary(5.5%)		na	0		
Ericsson	SE	22.6 Hold	62	63	1.6		70	25.1	2	0	31	27	40	USA(20.5%); Mediterranean(10.5%); LatAm(9.7%); North East Asia(9.1%); China(7.7%); Mid-East(6.8%)		21	na		
Gigaset AG	DE	0.1 Hold	1	2	9.3		50	0.5	59	26	9	7	0	Americas(8.8%); Mid-East(7.0%)		na	na		
Iliad Group	FR	7.2 Hold	126	125	-0.8		27	2.1	100	0	0	0	0			0	0		
Imagination	GB	2.0 Hold	597	590	-1.2		68	0.1	na	30	48	21	2	N. America(47.6%); UK, Europe(29.5%); Asia(20.6%)		na	na		
Indra	ES	1.3 Hold	8	11	37.7		44	2.7	57	17	19	na	7	LatAm(18.0%)		14	6		
Infinion Technologies	DE	6.0 Buy	5	8	41.9		67	4.0	27	21	11	41	0	APAC(19.7%); China(16.6%); Americas(10.6%); Japan(5.1%)		38	na		
Ingenico	FR	2.2	42	na	na		66	1.0	na	8	26	17	49	LatAm(17.9%); APAC(17.3%); N. America(8.0%); C. Europe, Africa(8.0%)		41	27		
Invensys	GB	2.5 Hold	242	220	-8.9		67	2.9	14	24	41	16	5	USA(30.4%); APAC(15.6%); S. America(5.9%); Africa, Mid-East(5.0%); N. America(4.4%)		50	na		
Logica	GB	2.2	105	na	na		52	4.5	18	72	na	na	10	France(22.3%); Sweden(15.9%); Benelux(11.8%)		na	na		
Logitech	CH	1.4	9	na	na		72	1.7	na	37	41	22	0	Americas(41.2%); EMEA(36.5%); APAC(22.3%)		90	na		
Neopost	FR	1.5 Buy	42	70	64.9		56	1.0	na	60	40	0	0	N. America(39.6%)		35	36		
Nokia	FI	8.5 Hold	2	2	-24.8		72	38.7	1	30	15	27	27	China(15.9%); Africa, Mid-East(14.0%); India(7.6%); LatAm(6.1%); Brazil(4.9%); Russia(4.8%)		67	na		
PSI AG	DE	0.3 Buy	16	21	28.8		43	0.2	79	na	na	na	21			na	na		
QSC AG	DE	0.3 Buy	2	3	38.2		27	0.5	100	0	0	0	0			0	0		
Sage	GB	4.6 Buy	296	325	9.8		55	1.5	17	42	29	na	11	N. America(29.3%)		45	43		
SAP AG	DE	64.0 Buy	52	65	24.0		61	14.2	16	33	36	15	0	Rest of EMEA(32.6%); USA(26.0%); Rest of APAC(10.5%); Japan(4.6%)		na	na		
Software AG	DE	2.4 Buy	27	34	23.7		56	1.1	21	na	23	na	55	USA(23.5%)		52	na		
Spirent	GB	1.3 Buy	158	175	10.5		79	0.4	na	16	49	34	0	USA(49.1%); APAC(34.5%)		97	na		
Steria	FR	0.3 Hold	11	na	na		42	1.7	32	68	0	0	0	UK(37.6%); Germany(13.7%)		na	na		
STMicroelectronics N.V.	FR	4.3 Hold	5	4	-11.0		68	7.0	2	21	12	56	9	Singapore(50.8%); Netherlands(19.8%); USA(11.5%); Japan(5.1%)		22	27		

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Regional exposure by company (continued)																					
Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified Row/	% Sales in 2011				Outside Europe ^ 2011	Garex % 2011	Assets %	
														Major sales destinations abroad							
				31-Aug-12 (local curr.)																	
<b>Technology (Contd.)</b>																					
TelecityGroup Plc	GB	2.2	Buy	870	965	11.0	34	0.3	49	51	0	0	0					0	0		
Temenos	CH	0.8	Hold	14	12	-11.4	54	0.3	5	25	na	na	70	UK(11.6%); France(6.9%); Germany(6.0%)				na	na		
Tieto	FI	1.0	Hold	14	12	-15.7	47	1.8	34	32	na	na	34	Scandinavia(25.6%); Rest of EU(6.1%)				na	0		
TomTom	NL	0.8	Sell	3	2	-39.8	46	1.3	na	74	20	na	6	N. America(20.2%)				na	na		
United Internet	DE	3.5	Buy	16	17	5.6	41	2.1	90	na	na	na	10					na	na		
Wincor Nixdorf	DE	1.0	Buy	30	43	41.9	47	2.3	26	48	10	15	0	APAC, Africa(15.3%); Americas(10.2%)				6	2		
XING AG	DE	0.2	Hold	36	50	38.9	31	0.1	90	10	0	0	0	DACH(95.5%)				0	na		
<b>Telecommunications</b>																					
Belgacom	BE	8.0	Hold	24	20	-15.1	27	6.4	100	0	0	0	0					0	0		
BT Group PLC	GB	21.6	Hold	218	220	1.1	36	22.4	76	15	6	3	0	EMEA(15.4%); Americas(5.5%); APAC(2.6%)				4	na		
C&W Communications	GB	1.1	Buy	34	60	76.7	73	2.1	na	9	41	18	31	Panama(20.9%); Macau(18.2%); Bahamus(12.2%); Monaco(9.3%); Jamaica(8.2%)				0	80		
C&W Worldwide	GB	1.3		1	na	na	41	2.5	91	na	na	na	9					na	na		
Colt Group S.A.	LU	1.3	Buy	117	190	62.0	37	1.6	na	100	0	0	0					na	na		
Deutsche Telekom	DE	41.1	Hold	9	9	-8.8	48	58.7	39	25	25	na	12	USA(25.2%)				17	20		
Drillisch	DE	0.5		9	na	na	27	0.3	100	0	0	0	0					0	0		
Elisa Corporation	FI	2.8	Hold	17	17	1.1	38	1.5	92	8	na	na	0					0	na		
France Telecom	FR	29.1	Hold	11	10	-9.0	46	45.3	57	20	na	na	22	Spain(10.5%); Poland(9.6%)				na	0		
Freenet AG	DE	1.6	Buy	12	13	6.6	27	3.2	100	0	0	0	0					0	0		
Inmarsat	GB	3.2		573	na	na	67	1.0	na	36	45	15	4	N. America(44.7%); APAC(15.0%)				36	na		
KPN	NL	9.8	Hold	7	8	10.0	42	13.0	68	30	na	na	3	Germany(24.1%); Belgium(5.5%)				na	0		
Mobistar	BE	1.5	Buy	25	36	42.3	27	1.7	96	4	0	0	0	Luxembourg(3.9%)				0	0		
Netia	PL	0.6	Hold	6	6	6.5	27	0.4	100	0	0	0	0					0	0		
OTE	GR	1.3	Hold	3	3	16.3	44	5.0	69	30	na	na	0	E. Europe(30.5%)				na	na		
Portugal Telecom	PT	3.5	Hold	4	5	21.1	65	6.1	48	0	47	na	5	Brazil(47.2%)				50	39		
Swisscom	CH	16.5	Hold	383	425	10.9	40	9.3	81	19	na	na	0	Italy(18.7%)				0	na		
TDC	DK	4.4	Hold	39	50	26.7	42	3.5	85	na	na	na	15					na	na		
Tele2	SE	5.9	Buy	117	132	13.3	47	4.5	31	66	na	na	4	Russia(28.1%); Netherlands(14.3%); Norway(8.1%); Austria(3.4%); Croatia(3.2%); Lithuania(3.1%)				0	0		
Telecom Italia	IT	9.9	Buy	1	1	62.2	45	30.0	64	na	na	na	36					na	na		
Telefonica	ES	45.7	Hold	10	12	14.5	64	62.8	28	25	47	0	0	Rest of LatAm(47.1%)				53	53		
Telekom Austria	AT	2.8	Hold	6	8	18.2	45	4.5	66	26	na	na	8	Bulgaria(11.2%); Croatia(9.0%); Belarus(5.9%)				na	0		
Telekomunikacja Polska	PL	5.3	Buy	17	18	8.4	27	3.6	100	0	0	0	0					0	0		
Telenor ASA	NO	22.6	Buy	106	118	11.4	69	12.6	29	29	na	41	1	Asia(15.9%); Thailand(14.4%); Sweden(11.7%); Malaysia(10.9%); Other Nordic(8.2%); C. Europe(8.1%)				28	na		
TeliaSonera	SE	23.8	Hold	46	48	4.9	50	11.6	32	36	na	na	32	C. Asia, E. Europe(15.4%); Finland(13.6%); Norway(9.0%); Spain(7.1%); Denmark(6.2%)				na	na		
Vodafone Group Plc	GB	112.5	Buy	182	225	24.0	49	53.8	12	58	na	9	21	Germany(17.8%); Italy(12.2%); Spain(10.2%); India(9.3%); Africa, APAC(8.6%)				11	14		

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Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur, bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	Carex% 2011	Assets%
															Major sales destinations abroad				
31-Aug-12 (local curr.)																			
<b>Travel &amp; Leisure</b>																			
888	GB	0.4	Buy	85	93	10.1	44	0.2	46	38	8	na	8	Americas(8.0%)			na	0	
Accor SA	FR	5.7	Hold	25	33	30.9	47	6.1	34	39	16	na	12	Europe Ex. France(38.8%); N. America(9.9%); LatAm(5.7%)			na	na	
Air Berlin	DE	0.2	Sell	2	1	-24.0	27	4.2	100	0	0	0	0				0	0	
Air France-KLM	FR	1.2	Hold	4	5	24.8	53	25.4	31	35	15	11	8	Americas, Polynesia(15.5%); Asia, New Caledonia(10.7%); Africa, Mid-East(6.2%)			na	na	
AmRest	PL	0.4	Buy	74	82	11.4	38	0.6	40	33	27	0	0	Czech Republic(51.7%); USA(26.8%); W. Europe(13.2%); Russia(8.3%)			12	2	
Autogrill	IT	1.7	Hold	7	9	26.8	49	6.4	30	36	29	na	5	USA, Canada(29.2%); UK(13.6%); Rest of EU(12.2%); Spain(9.9%)			na	na	
Betfair	GB	0.9	Hold	722	840	16.3	47	0.5	49	37	na	na	14				na	na	
bwin.party digital	GB	1.0	Buy	94	195	na	53	0.7	12	21	na	na	68	Germany(20.6%)			na	na	
Carnival	GB	5.0	Buy	2159	2450	13.5	61	11.4	na	38	50	10	3	N. America(49.6%); Australia, Asia(9.7%)			na	na	
Compass Group	GB	16.6	Buy	709	740	4.4	61	18.2	12	23	43	na	21	N. America(43.3%); Continental Europe(23.5%)			38	35	
Deutsche Lufthansa AG	DE	4.5	Hold	10	12	22.3	49	28.7	26	36	18	15	5	Rest of EU(35.6%); N. America(15.0%); APAC(15.0%); Mid-East(3.1%); LatAm(2.5%); Africa(2.3%)			3	2	
Easyjet	GB	2.7		531	na	na	48	4.0	46	53	na	na	1	S. Europe(34.5%); N. Europe(18.2%)			na	na	
Enterprise Inns	GB	0.4	Hold	57	105	84.2	27	0.8	100	0	0	0	0				0	0	
FirstGroup	GB	1.5	Sell	245	220	-10.2	56	7.7	55	0	45	0	0	USA(37.2%); Canada(7.8%)			45	66	
Go-Ahead	GB	0.7	Buy	1300	1500	15.4	27	2.7	100	0	0	0	0				0	0	
Greene King	GB	1.5	Buy	557	665	19.5	30	1.2	100	0	0	0	0				0	na	
InterContinental Hotels	GB	5.9	Hold	1605	1780	10.9	70	1.3	na	23	47	12	19	Americas(46.9%); Asia, Mid-East, Africa(12.2%); China(11.6%)			54	100	
Intl Airlines Group (IAG)	GB	3.3	Buy	142	200	41.0	44	16.1	32	13	14	na	41	USA(14.0%); Spain(13.5%)			na	na	
Ladbrokes PLC	GB	1.9	Buy	170	200	17.9	42	1.1	86	na	na	na	14				na	na	
Lottomatica	IT	2.9	Buy	17	17	0.2	39	3.0	65	16	19	0	0	USA(18.3%); UK(2.4%)			na	na	
Marston's PLC	GB	0.8	Hold	111	120	7.9	35	0.8	100	0	na	na	0				0	0	
Mitchells & Butlers PLC	GB	1.4	Hold	269	300	11.5	30	2.1	97	3	0	0	0	Germany(2.8%)			0	na	
National Express	GB	1.4	Hold	217	235	8.1	49	2.6	54	25	21	0	0	N. America(21.5%)			32	40	
NH Hoteles SA	ES	0.6	Hold	2	2	-7.1	40	1.3	27	68	5	0	0	Benelux(22.7%); Italy(20.7%); Germany(19.1%); Rest of EU(5.1%); LatAm(5.0%)			7	3	
Paddy Power	IE	2.8	Hold	56	48	-13.7	54	0.5	na	78	0	22	0	UK(78.5%); Australia(21.5%)			38	na	
Ryanair	IE	6.1	Buy	4	5	10.1	45	4.3	10	90	0	0	0	UK(26.6%)			na	na	
Sodexo	FR	9.9	Hold	63	60	-4.6	53	16.0	17	8	35	na	40	USA(35.4%); UK(7.6%)			na	na	
Spirit Pub Company	GB	0.5	Hold	56	45	-18.9	27	0.8	100	0	0	0	0				0	0	
Sportingbet	GB	0.3	Buy	40	39	-2.5	51	0.2	na	77	na	18	5	Australia(18.0%); Developing markets(5.1%)			10	11	
Stagecoach	GB	2.1	Buy	287	310	8.2	36	3.0	88	0	12	0	0	N. America(12.3%)			na	na	
Tipp24	DE	0.3	Buy	38	50	33.3	30	0.1	100	0	0	0	0				0	na	
TUI AG	DE	1.6	Buy	6	7	17.3	42	17.5	27	66	4	na	2	Rest of EU(31.8%); UK(29.0%); Americas(4.2%)			8	3	
Wetherspoon (J.D.) Plc	GB	0.7	Hold	448	455	1.6	27	1.2	100	0	0	0	0				0	0	
Whitbread	GB	4.8	Hold	2130	2350	10.3	35	2.1	97	na	na	na	3				0	0	
William Hill	GB	2.7	Buy	300	350	16.6	38	1.3	92	na	na	na	8				0	na	

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Regional exposure by company (continued)

Company	Ctry. Code	Mcap. (Eur bn)	Rec.	Curr. Price	Targ. Price	Up-side Potential %	Globalisation score	Sales 2011 (Eur. bn)	Home country	Rest of Europe	Americas	Asia / Pacific	Unspecified	ROW/	% Sales in 2011		Outside Europe ^ 2011	Capex % 2011	Assets %
															Major sales destinations abroad				
31-Aug-12 (local curr.)																			
<b>Utilities</b>																			
Acea SpA	IT	0.9	Hold	4	7	58.7	30	3.2	100	0	0	0	0	0			0	na	
Centrica	GB	21.4	Hold	327	320	-2.1	42	26.3	69	na	26	na	5	USA(16.6%); Canada(9.2%)			na	5	
Drax Group Plc	GB	2.1	Buy	466	620	33.0	27	2.1	100	0	0	0	0				0	0	
E.ON	DE	36.5	Buy	18	21	14.8	41	113.0	74	26	na	na	0	UK(7.8%); Sweden(2.5%)			na	0	
EDF	FR	29.9	Hold	16	17	1.9	42	65.3	62	25	na	na	13	UK(14.3%); Italy(11.0%)			na	0	
Enagas	ES	3.5	Buy	15	19	28.7	27	1.1	100	0	0	0	0				0	0	
Endesa	ES	14.5		14	na	na	52	30.8	na	69	31	0	0	Spain, Portugal(68.9%); LatAm(31.1%)			36	40	
ENEA	PL	1.7	Hold	16	17	4.4	27	2.4	100	0	0	0	0				0	0	
Enel	IT	24.6	Hold	3	3	14.5	45	77.6	40	47	13	na	0	Americas(13.3%); Rest of EU(3.7%)			na	na	
Enel Green Power	IT	6.5	Hold	1	2	37.7	45	2.3	na	58	7	na	35	Italy, Europe(48.1%); Iberia, LatAm(34.8%); N. America(7.2%)			na	20	
Energias de Portugal	PT	5.7	Hold	2	2	23.8	41	15.1	57	27	17	0	0	Spain(26.6%); Brazil(14.8%)			na	na	
EVN	AT	1.9	Buy	11	15	40.2	35	2.7	60	40	0	0	0	S.E. Europe(30.6%); Central & E. Europe(9.2%)			0	na	
Fortum	FI	13.1	Sell	15	13	-14.9	42	6.2	na	97	na	na	3	Nordic(78.6%); Russia(15.2%); Poland(3.4%)			na	0	
Gas Natural	ES	9.8	Hold	10	14	40.7	48	21.1	60	6	30	na	4	LatAm(30.3%); Africa(3.6%)			18	26	
GDF Suez	FR	45.5	Buy	20	23	17.5	46	90.7	34	45	11	na	9	Belgium(13.0%); APAC, Mid-East(7.7%); N. America(6.3%); S. America(5.2%)			na	na	
Iberdrola	ES	19.7	Hold	3	4	20.5	47	31.6	48	28	24	0	0	UK(26.7%); LatAm(13.8%); USA(10.4%)			37	na	
International Power	GB	26.8		418	na	na	61	16.2	na	17	48	12	23				na	93	
Iren SpA	IT	0.5	Buy	0	1	na	27	3.3	100	0	0	0	0				0	0	
National Grid PLC	GB	31.3	Sell	684	580	-15.1	52	16.0	43	0	57	0	0	USA(56.6%)			na	34	
Pennon Group	GB	3.4	Buy	737	800	8.6	27	1.4	100	0	0	0	0				0	0	
PGE	PL	8.4	Buy	19	22	18.8	37	6.8	98	2	na	na	0				0	na	
Public Power Corp	GR	0.6	Hold	3	5	89.4	27	4.9	100	0	0	0	0				0	0	
Red Electrica	ES	4.7	Hold	34	35	1.7	33	1.6	97	0	3	0	0	Bolivia(2.8%)			na	na	
RWE	DE	19.2	Hold	33	33	-1.0	47	49.2	53	46	na	na	1	UK(17.0%)			na	na	
Severn Trent	GB	5.2	Hold	1731	1700	-1.8	34	2.1	87	na	8	na	5	USA(7.7%)			1	na	
Sham	IT	11.3	Buy	3	4	22.6	27	3.5	100	0	0	0	0				0	0	
SSE	GB	16.3	Hold	1368	1400	2.3	32	36.8	98	2	0	0	0				na	na	
Suez Environnement	FR	4.6	Hold	9	9	1.0	49	14.8	36	35	na	na	29				na	na	
Tauron	PL	2.0	Sell	5	4	-18.0	27	5.0	100	0	0	0	0				0	0	
Terna S.p.A.	IT	5.6	Buy	3	3	19.5	30	1.6	100	0	0	0	0				0	na	
United Utilities	GB	6.1	Buy	709	770	8.6	30	1.8	100	0	0	0	0				0	na	
Verbund	AT	2.7	Sell	16	15	-10.0	48	3.9	45	na	na	na	55				na	na	

Source: Bloomberg Finance LP, Factset, Datastream, Company Data, Deutsche Bank, ^Outside Europe refers to exposure specific to Americas and Asia-Pacific





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# Appendix 1

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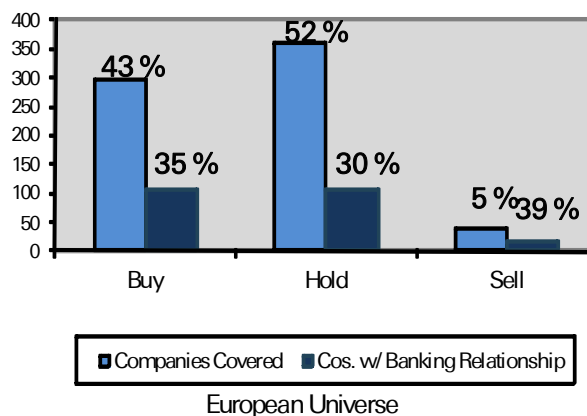
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