2018

CREATING VALUE IN THE INDUSTRIAL SECTOR

AVA Research on the main European listed companies

ACTIVE VALUE ADVISORS.

Management Consultants

Introduction

This research investigates the **European Industrial sector** based on a sample of 50 leading European listed companies.

These companies are further classified into the following market subsectors: **Aerospace, Airlines, Defense, Divers. Industrials, Electrical Equipment, Industrial Machinery, Industrial Suppliers, Marine Transportation, Railroads, Renewable Energy Eq., Transport Services, Trucking.**

Their performance is analyzed using four different approaches. The first is **The Traditional Approach** which examines common indicators such as Sales, EBIT and Profit. The other three approaches: **The EVA® View**, **The EVA® People-Based View and The Market View** are designed to measure companies' ability to create Value. The **EVA® People-Based View** investigates the issues of productivity and employees' value creation. **The Market View**, on the other hand, focuses on understanding market expectations regarding future company performance in terms of created Value. Thus, it serves as a basic tool to revise business plans and improve incentive schemes to achieve the set objectives.

Finally, Active Value Advisors provides its point of view about some recent "**Hot Topics**" companies need to deal with when they face challenges related to **profitability, efficiency and organizational flexibility** or when they need to take full advantage of **technology (i.e. Big Data, Cloud Computing, Business Intelligence)** in the most profitable way.

Active Value Advisors believes that properly managing and constantly monitoring information through **Business Intelligence & Analytics tools** can contribute significantly to an exceptional performance. Another extremely important driver in this historical context is related to the **organizational dimension** which represents the "real challenge" companies have to face in order to deal effectively with the complexity of the current competitive environment.

How to measure company performance?

TRADITIONAL APPROACH

Analysis of traditional performance indicators and KPIs

Investigating companies' performance we couldn't omit the **analysis of margins and profitability**. Therefore, we initially examined traditional performance indicators such as Sales, EBIT and Net profit.

EVA® VIEW

Analysis of Value creation

Sometimes, though, the adoption of a traditional approach might make us short-sighted and unable to detect possible problems related to the performed strategy or to come up with solutions. A methodology based on the actual Value created by a company addresses these issues.

A company generates **Value** when its Return on Invested Capital (**ROIC**) is higher than what investors expect to get by taking on an equally risky investment (**WACC**).

Value creation is assessed using the EVA® formula:

EVA® = (ROIC - WACC) * Invested Capital[1]

EVA® PEOPLE BASED

Human Resources productivity

One of the main features of the EVA® methodology is that it provides some alternative ways of reading the management performance achieved by the company and allows to associate the created **Value** with the determinants that have contributed to generate it.

Indeed, by applying a simple algebraic decomposition to the traditional EVA® formulation we can obtain the EVA® People Based formula, an Economic Profit computed considering **"People" instead of "Capital"**:

EVA® People Based = (Labour Productivity - Average Labour Cost)* N°Employees

MARKET VIEW

Sustaining performance over time

Creating wealth and value through performance improvements is one of the core aspects of "doing business". Nevertheless, ensuring business Sustainability over time is certainly not less important.

Analyzing current performance is a very good starting point, but it is equally important to understand market expectations about **future performance:**
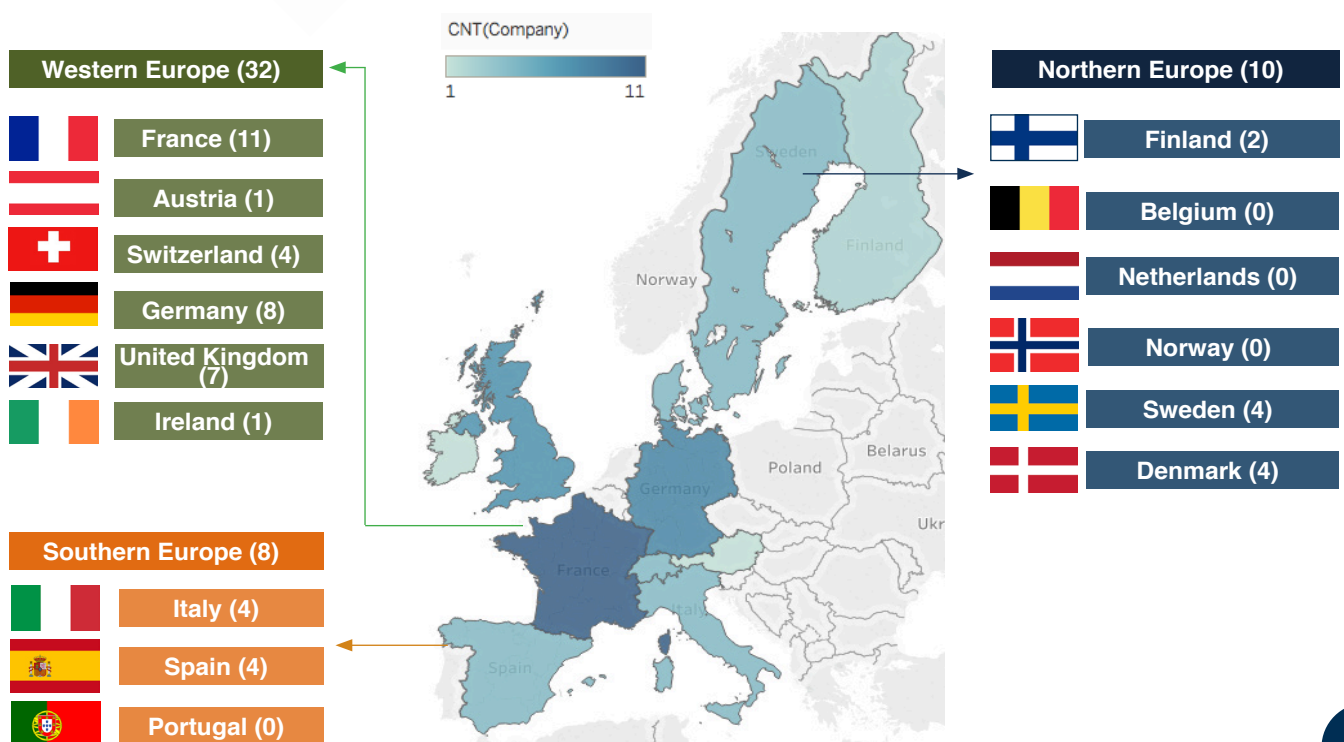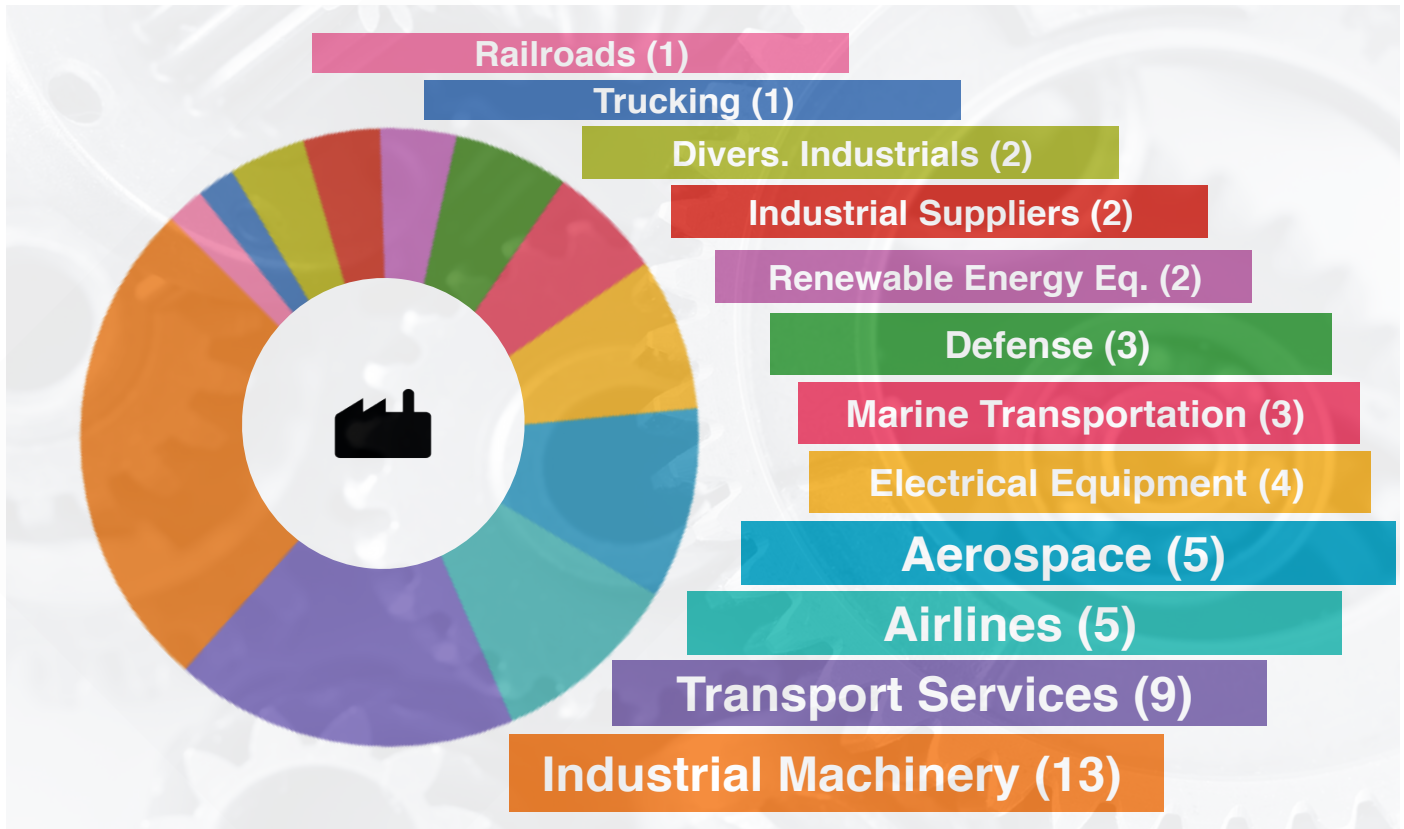
- *Is a positive EVA® performance likely to repeat in the future?*
- *Does the market believe in a possible turnaround for negative EVA® performances?*

[1] AVA advises to use Invested Capital net of goodwill for management purposes and applies this best practice to the EVA® View and EVA® People-Based analyses. The Market View analysis and price decomposition instead is carried out using Invested Capital without netting out goodwill.

The research sample

This study investigates the performance of the **Industrial sector** in 2017 by analyzing a basket of **European listed companies**.
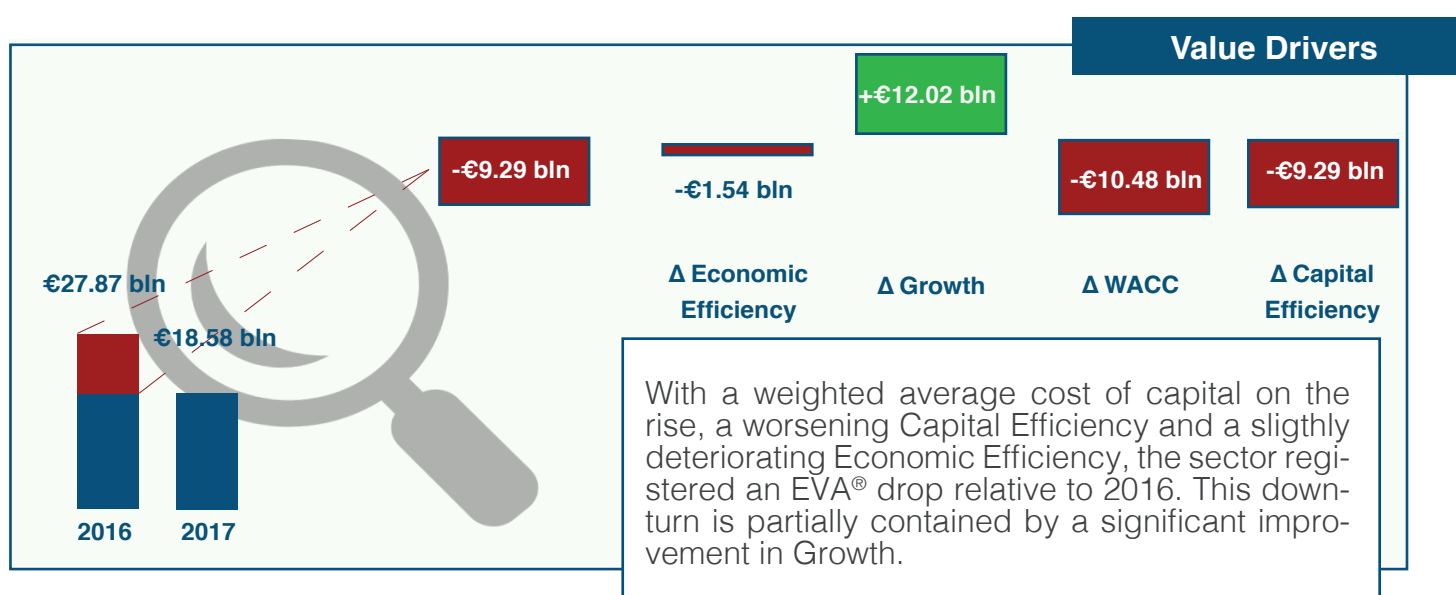
The sample is composed of **50** leading companies listed on the main European exchanges.
The companies have been further categorized into the following subsectors:

Railroads (1)
Trucking (1)
Divers. Industrials (2)
Industrial Suppliers (2)
Renewable Energy Eq. (2)
Defense (3)
Marine Transportation (3)
Electrical Equipment (4)
Aerospace (5)
Airlines (5)
Transport Services (9)
Industrial Machinery (13)

Western Europe (32)

	France (11)
	Austria (1)
	Switzerland (4)
	Germany (8)
	United Kingdom (7)
	Ireland (1)

Southern Europe (8)

	Italy (4)
	Spain (4)
	Portugal (0)

CNT(Company)
1   11

Northern Europe (10)

	Finland (2)
	Belgium (0)
	Netherlands (0)
	Norway (0)
	Sweden (4)
	Denmark (4)

3

The Industrial sector in a nutshell

Sales for the Industrial companies in the sample grew by 5.0% w.r. to 2016 and reached €655.3 bln in 2017. **Positive strides** were made also in terms of sector **profitability** with profit margins (Profit/Sales) reaching 7.2% (+1.9 p.p. w.r. to 2016). The **Transport Services** subsector excels with a 12.1% profit margin, followed by the **Aerospace** subsector with an 11.5% margin .

As far as **Value creation** is concerned, the sector failed to deliver an improvement relative to 2016, In fact, EVA® contracted by 33.3% hitting a €18.6 bln low in 2017. In terms of Value creation, the **Divers. Industrials** and **Airlines** subsectors stand out with an EVA®/company of €2.0 bln and €1.0 bln respectively, compared to a €0.42 bln sector average.

				Value Drivers
	+€12.02 bln			
-€9.29 bln	-€1.54 bln		-€10.48 bln	-€9.29 bln
€27.87 bln	Δ Economic Efficiency	Δ Growth	Δ WACC	Δ Capital Efficiency
€18.58 bln				
2016 2017				

With a weighted average cost of capital on the rise, a worsening Capital Efficiency and a sligthly deteriorating Economic Efficiency, the sector registered an EVA® drop relative to 2016. This downturn is partially contained by a significant improvement in Growth.

Average **employee productivity**, at €77.4k in 2017, registered a -6.0% drop relative to 2016. Interestingly, in the same period, the average salary stayed almost constant (-0.4%), while the number of employees in the Industrial sector gre by +4.1%. In the context of employee productivity, the **Defense** subsector's performance is distinctive with an average €95.2k/employee, followed by the **Aerospace** subsector (€93.9k).

What do the markets tell us about the Industrial sector? The picture here is **optimistic**. The improvement delivered in the last year resulted in a positive FGV for 2017. What does it mean? A positive sector FGV implies that the expected return implicit in stock prices is now higher than the actual return obtained. In other words, investors are positive about future performance improvements in the Industrial sector. This is true for all subsectors except Airlines.

The Traditional Approach

The table below shows the **Top 10** companies based on the **The Traditional Approach**.

In the three columns we have reported respectively:
- the **differential (%) between 2017 and 2016 Sales**
- the **2017 EBIT/Sales**
- the **2017 Profit/Sales**.

Company	Δ Sales (2017-2016)	EBIT/Sales	Profit/Sales
AENA	7%	42%	31%
KOBENHAVNS LUFTHAVNE	0%	42%	29%
FLUGHAFEN ZURICH	1%	33%	28%
ROLLS-ROYCE HOLDINGS	4%	7%	26%
SAFRAN	3%	13%	24%
RYANAIR HOLDINGS	2%	23%	20%
ATLANTIA	3%	39%	18%
ABERTIS INFRAESTRUCTURAS	8%	23%	17%
SMITHS GROUP	6%	17%	17%
SIAS	5%	26%	17%

The Spanish company, **Aena,** has the hishest Profit/Sales margin.

*See the complete table at page 15

Value Creation - The EVA® View

The following table shows the **Top 10** compeanies based on the **EVA® View**.

In the five columns we have reported respectively:

- the **2017 EVA®/Sales**
- the sign of **EVA®**
- the sign of the **EVA® variation between 2017 and the 2016-2015 mean**
- the sign of the **Sales variation between 2017 and the 2016-2015 mean**
- the **Status, or the label used by AVA to assess companies' performance**.

EVA® VIEW

	EVA®/Sales	EVA® (+/-)	ΔEVA® (+/-)	ΔSales (+/-)	Status
KOBENHAVNS LUFTHAVNE	28%	+	-	+	Need for control
RYANAIR HOLDINGS	20%	+	+	+	Champion
ATLAS COPCO	14%	+	+	+	Champion
SMITHS GROUP	13%	+	-	-	Falling Angel
ATLANTIA	12%	+	-	+	Need for control
AENA	12%	+	-	+	Need for control
LEGRAND	12%	+	+	+	Champion
FLUGHAFEN ZURICH	10%	+	-	+	Need for control
VESTAS WINDSYSTEMS	9%	+	+	+	Champion
KONE	8%	+	-	+	Need for control

Champion

Companies with an outstanding and improving performance in terms of both sales growth and adopting an EVA® view.

Falling Angel

Companies, once Champions, but now facing decreasing performances both in terms of EVA® and Sales. It may thus be necessary to revise the Value Proposition.

Need for control

Companies featured by a temporary downturn.

WHAT IS EVA® ?

EVA® is a residual Income, i.e. the residual value of Sales after deducting the cost of all operating factors, including the opportunity cost of the capital invested by shareholders.

Value Creation- The **People-Based** Approach

EVA® PEOPLE BASED

The following table represents the **Top 10** companies in the sample, for what concerns the **EVA® People Based**.

In the three columns we have reported respectively:

- the **2017 Number of Employees**
- the **2017 Productivity** per employee
- the **2017 EVA®** per employee.

	N° Employees	Productivity/ Employee (€ '000)	EVA®/Employee (€ '000)
RYANAIR HOLDINGS	13,026	134	86
AENA	8,174	116	65
FLUGHAFEN ZURICH	1,713	162	55
ATLANTIA	16,745	146	51
KOBENHAVNS LUFTHAVNE	2,431	110	42
VESTAS WINDSYSTEMS	23,303	115	41
ATLAS COPCO	47,599	104	36
INTL,CONS,AIRL,GP,	63,422	94	34
MTU AERO ENGINES HLDG,	8,846	108	26
SMITHS GROUP	21,900	107	24

The Market: sustaining performance

Share prices are usually defined "**forward looking**" in that they embed valuable information about a company's performance expectations. Through daily quotations, the capital market quantifies the expectations of multiple investors about the company's future performance.

By decomposing a company's value it is possible to **learn about market expectations** and, most of all, to quantify the company's performance improvements needed to meet (or exceed) these expectations.
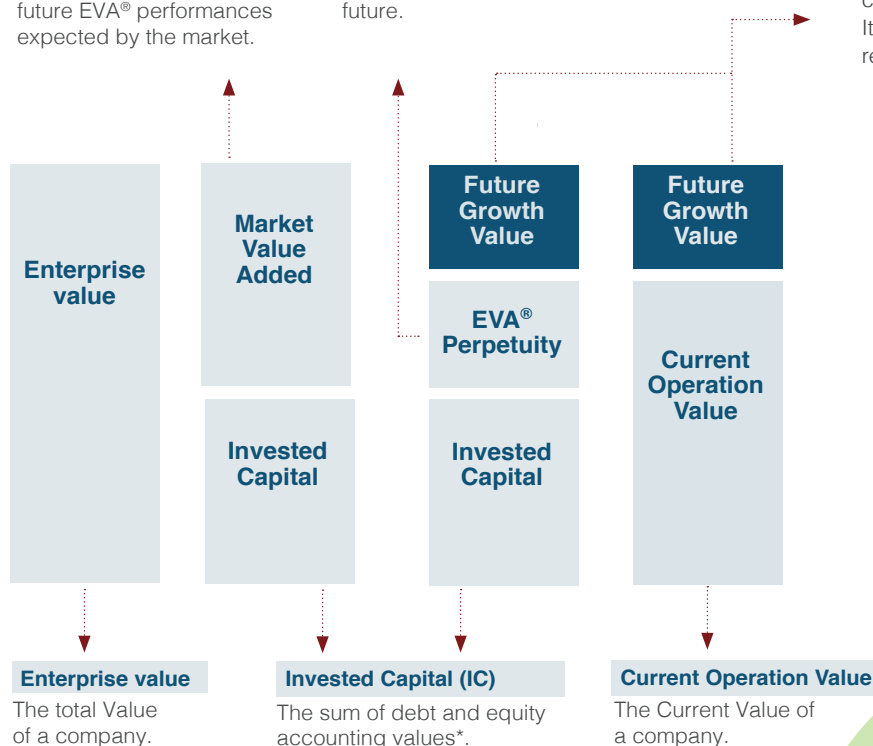
Market Value Added (MVA)

A measure of the Value created by a company. It can be seen as the sum of all the future EVA® performances expected by the market.

EVA® Perpetuity

The portion of MVA explained by the company's ability to replicate the achieved results (2017) in the future.

Future Growth Value

The difference between MVA and EVA® Perpetuity. It quantifies market expectations about a company's future over (or under) performance. It is the present value of the future ΔEVA®s with respect to the last EVA® recorded (EVA® 2017).

Enterprise value

Market Value Added

Future Growth Value

Future Growth Value

EVA® Perpetuity

Current Operation Value

Invested Capital

Invested Capital

ROIC

ROIC (actual) is the Return generated by the Capital Invested (IC) in the company. It is calculated using accounting values.

ROICᵉ (ROIC expected)

ROICᵉ (expected), implicit in market prices, represents the "theoretical" Return required by investors to meet market expectations.

Enterprise value

The total Value of a company.

Invested Capital (IC)

The sum of debt and equity accounting values*.

Current Operation Value

The Current Value of a company.

A Company with a high FGV needs to deliver positive ΔEVA®s to avoid the stock price taking on a downward trend. Similarly, a high FGV company will find it difficult to increase its share price- it would need to outperform its expected EVA® performance. Such a company will have a ROICᵉ higher than its actual ROIC.

WHAT DOES THIS METHODOLOGY MEAN FOR COMPANIES?

The understanding of the expected performance improvements implied in a company's share price gives companies the opportunity to revise and adjust their business plans. Moreover, it provides the board with information to assist decision-making in areas such as **target setting** and **management incentive schemes.**

A company with a negative FGV will instead need relatively small improvements to beat market expectations and achieve a higher share price. Such a company will have a ROICᵉ that is lower than its actual ROIC.

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The Market: Prices and Expectations

Accordingly, a company's share price can be decomposed into two elements: the **Current Value Component** and the **Future Value Component**.

The table below shows data on: **Share Prices**, **Price components**, **ROIC** and **ROIC**[e] for the top 10 companies by market capitalization and for the Italian companies in the sample (share prices as of December, 29th 2017).

	Price/share (€)	=	Current Value Component (€)	+	Future Value Component (€)	ROIC	ROIC[e]
SIEMENS	116.35	=	87.97	+	28.38	16%	20%
AIRBUS	83.00	=	4.70	+	78.30	6%	77%
ABB	22.32	=	25.66	+	-3.33	18%	16%
SCHNEIDER ELECTRIC	70.86	=	81.04	+	-10.18	12%	11%
SAFRAN	85.91	=	33.24	+	52.67	8%	25%
ATLAS COPCO	26.46	=	28.31	+	-1.85	49%	46%
AENA	169.00	=	102.36	+	66.64	10%	14%
ATLANTIA	26.32	=	33.56	+	-7.24	8%	7%
BAE SYSTEMS	6.46	=	8.17	+	-1.71	NA	NA
KONE	44.78	=	37.81	+	6.97	88%	117%

Focus on Italy

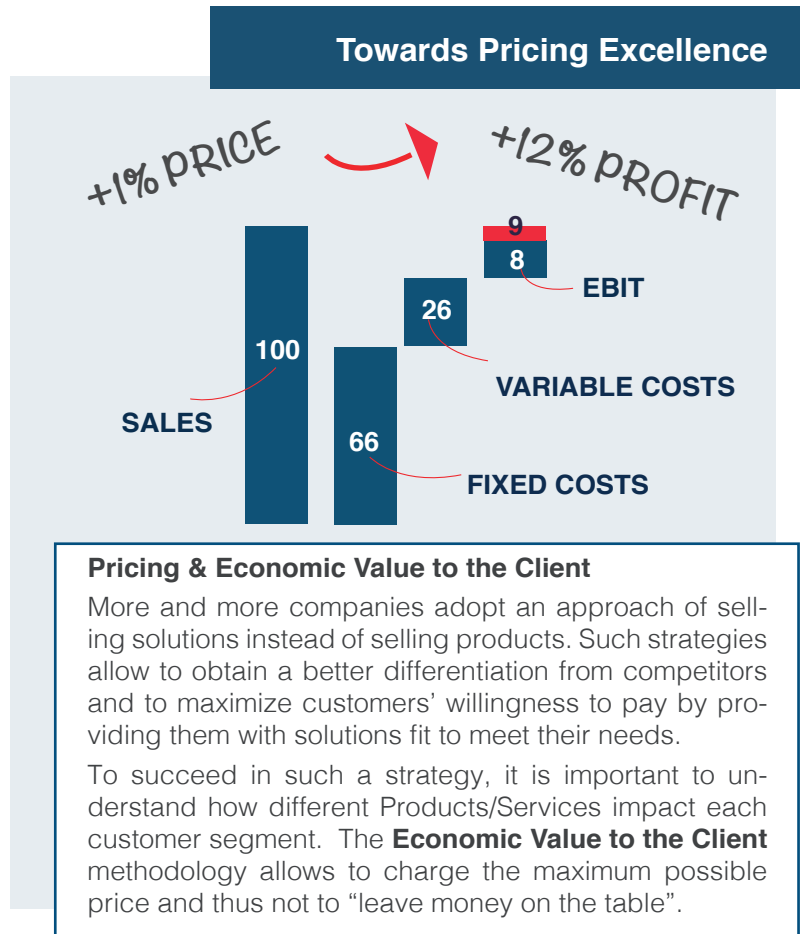|	Price/share (€)	=	Current Value Component (€)	+	Future Value Component (€)	ROIC	ROIC[e]
PRYSMIAN	26.29	=	20.24	+	6.05	14%	17%
LEONARDO	9.92	=	-5.17	+	15.09	-1%	31%
SIAS	15.52	=	12.83	+	2.69	7%	8%

Our "Hot Topics"

Revenue Management
A wide range of opportunities to increase Value

The primary aim of Revenue Management is selling the right product to the right customer at the right time for the right price and with the right configuration. The essence of this discipline is understanding customers' perceptions about Product Value and accurately aligning Product Prices, Placement and Availability for each Customer segment. Revenue Management absorbs a wide range of opportunities to increase Value. Pricing is the most important Revenue Management lever.

Why not to use a data-driven strategy to meet these challenges and increase Revenues?

Active Value Advisors approaches the issue of Revenue Management by integrating specialized competences and the use of state-of-the-art Business Intelligence tools.

With Self BI tools like Tableau Software or Qlik, we can provide different solutions and models that are tailored to customer needs and quickly available. Win/Loss models, Price waterfall, Price elasticity, Price corridors, Variance analysis and many others are powerful tools to address operational and decisional mechanisms. The main aim of a Pricing strategy is understanding and "anticipating" the **Value created** for clients and setting prices that allow to capture this Value.

Towards Pricing Excellence

+1% PRICE   +12% PROFIT

SALES: 100
FIXED COSTS: 66
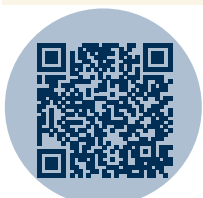VARIABLE COSTS: 26
EBIT: 9 / 8

Pricing & Economic Value to the Client

More and more companies adopt an approach of selling solutions instead of selling products. Such strategies allow to obtain a better differentiation from competitors and to maximize customers' willingness to pay by providing them with solutions fit to meet their needs.

To succeed in such a strategy, it is important to understand how different Products/Services impact each customer segment. The **Economic Value to the Client** methodology allows to charge the maximum possible price and thus not to "leave money on the table".

Many of our Revenue management projects start with a diagnostic activity, quick but well-structured, based on our proprietary methodology. It allows companies to understand which operational mechanisms to change and which tools to adopt to close the gaps with respect to best practice and/or to the desired results.

Where do you rank
Pricing on the
Ladder?

We have a specific methodology to assess your company!

EXCELLENCE

OPTIMIZATION — Streamlining <10% of companies

VALUE BASED — Value based pricing 20% of companies

CONTROLLED — Price control 35-40% of companies

INEFFECTIVE — Poor governance of pricing 30% of companies

VALUE PRICING STRATEGIES AND MODELS
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Our "Hot Topics" 🔥

Network Analisys and the measure of Cooperation

Why do many excellent strategies fail or do not deliver the expected results? While there are numerous potential factors that may help explain it, there is one that is common to (almost) all cases: people. The problem is not their lack of competences or knowledge. Rather, problems arise due to corporate behaviour and the difficulty with which it can be changed and aligned with a company's strategies.

Cooperation to reduce complexity. "Business complexity" grew sixfold in the last sixty years.
Traditional solutions are obsolete to deliver the successful organizational change required by today's fast-changing business world. Understanding and continuously and efficiently managing corporate behaviour is therefore a must.

What does it mean? That to succeed in a complex and continuously changing business environment, it is necessary to work not only on the "Organizational Skeletron", but also (and most importantly) on its "Nervous System", i.e. how people interact and work with each other.

The **SOLUTION**: Embrace new tools to quickly understand how organizations really work (Organizational Network Analysis - ONA), to foster engagement, to promote management's behavioural change (e.g. **continuous feedback**) and to adopt **incentive schemes** designed to induce people to look for **cooperation**.

How to be sure that the **informal organizational structure** is aligned with the **formal/desired one**?

Diagnostic Analysis

A web-based analysis which delivers a snapshot of the organization through diagnostic indicators and different organizational views.

- ✅ Scope and organizational focus definition
- ✅ Web-based survey (4 questions) administration
- ✅ Results analysis
- ✅ Research evidence presentation and detailed report

Internal Network Map

Extends some features of the platform to groups of resources in order to support internal proces-ses, facilitate interaction and continuously monitor the organization.

- ✅ Scope and organizational focus definition
- ✅ Open web-based survey for selected groups
- ✅ Profiles and internal expertise collection
- ✅ Launch & Training

How to measure the **level of Cooperation** ?

HOW-4 is a simple but extremely powerful Organizational Network Analysis tool. It allows to analyze organizational networks and informal relationships in complex and large organizations.

HOW-4 can be used to map how an organization really works at different levels: company, business unit/team, individual. Specific indicators and different visualizations facilitate the reading of the evidence provided by such an analysis.

HOW-Targets is an optional tool that allows to understand how internal resources create groups, to discover each individual's role within such a group and to assess his/her effort and contribution relative to a company's strategic objectives.

ORGANIZATIONAL NETWORK ANALYSIS
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11

Target Setting Outside-In
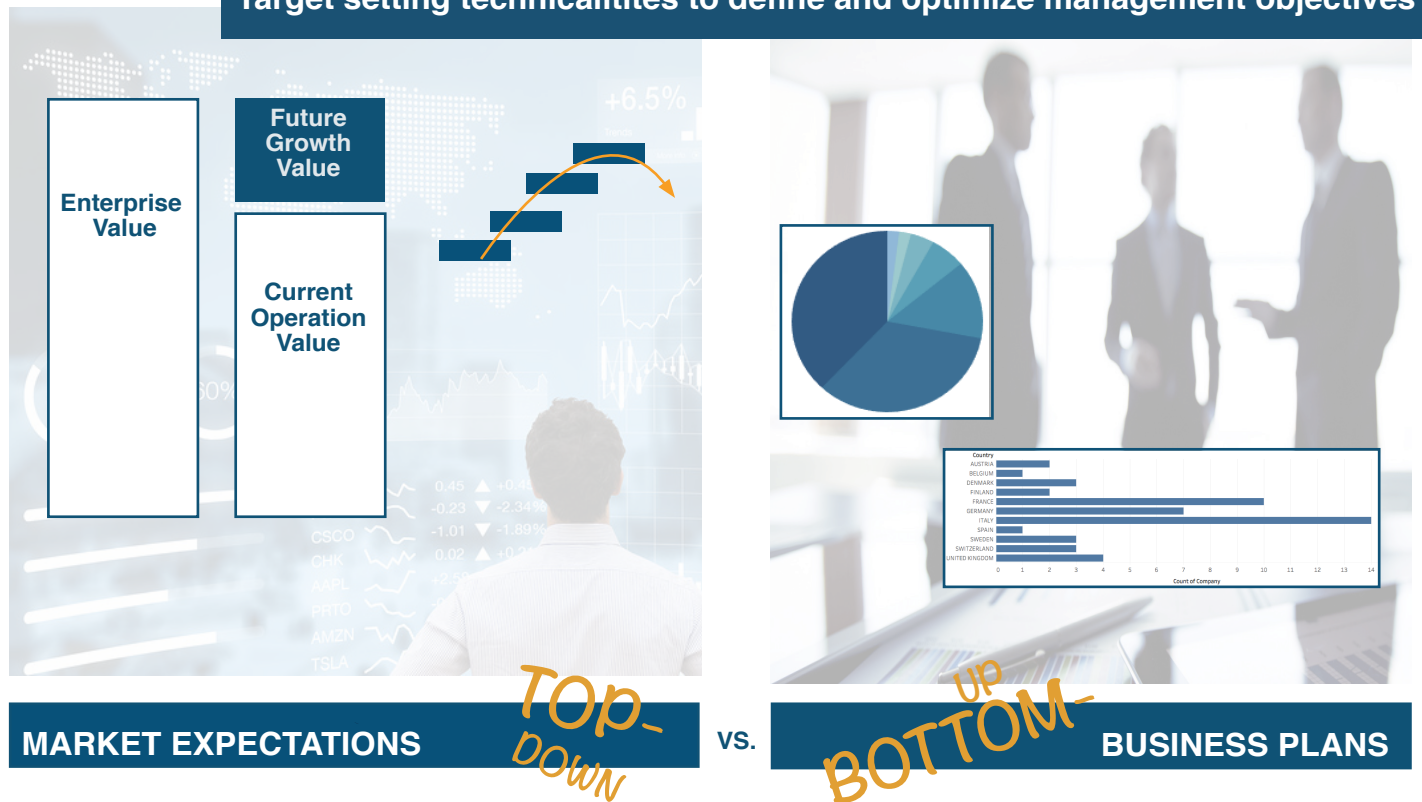
What is it about?

Through Target Setting modeling and simulation, it is possible to tie the expectations implicit in stock market prices to the operating results that represent the fundamental Values of a Company.

"Target setting Outside-In" represents the "reverse engineering approach" of a traditional equity valuation process. Starting from stock prices and using solid models the fundamentals that are incorporated within these prices are determined. This powerful approach, fully complementary to the traditional planning process, allows to enormously enrich it by taking advantage of all the information included in stock prices.

What is the objective of Target Setting Outside-In?

- To assess the level of challenge of Business Plans given the 'true' Value of a company
- To benchmark market expectations using a group of peer companies
- To define and optimize the relevant managerial levers, with due importance given to external factors
- To enable the implementation of innovative Governance Systems by defining long-term management objectives and coherent incentive schemes BEFORE business plans are drafted.

**Target setting technicalitites to define and optimize management objectives**

Enterprise Value

Future Growth Value

Current Operation Value

MARKET EXPECTATIONS *TOP-DOWN* VS. *BOTTOM-UP* **BUSINESS PLANS**

TARGET SETTING 'OUTSIDE IN'
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12

Our "Hot Topics"

Business Intelligence & Analytics

Data grow and change rapidly. If collected, analyzed and visualized properly they can be a source of valuable information, insights and competitive advantage. This data availability boom delineates a new role for IT teams.

In such a context, the term "Business Intelligence" is a concept that expresses the need to think beyond the paradigm of data analysis in isolation from business goals. Indeed, through **Self Business Intelligence**, technology and business objectives should blend together into a new configuration, within a solid decision-making framework. Today new technologies, such as Big Data, Analytics, Mobile and Cloud computing are able to capture massive and detailed streams of data, in a relatively **easy and convenient way.**

Data Management "NOW"
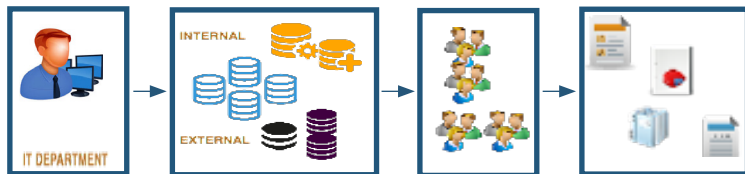
A "dynamic" model in which a Business continuously transforms data and "discovers" information that is useful at a particular point in time, making it easily understandable through data visualization and in which the IT Department acts as "the guardian" of the proper management of data sources.

- Multitude of data available
- Data always up-to-date
- Ease of data analysis
- Data centralitization and uniqueness
- Reports created by final users
- Customizable output

But having everything is not always better than having nothing. **The value of data is contingent on being able to extract information.** And, this is not just a matter of tools. The role of Management is **to know what data to look for to address relevant business issues and to maximize the use of data to support strategic decisions.**
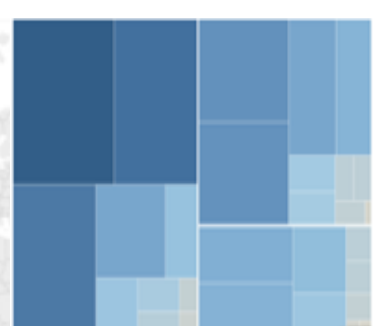
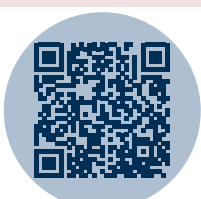### Numerous Graphs and Visualizations to address different needs
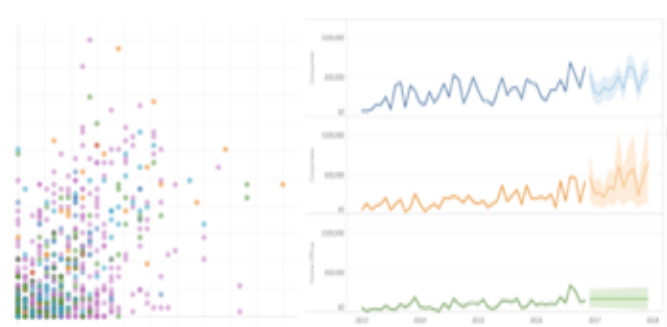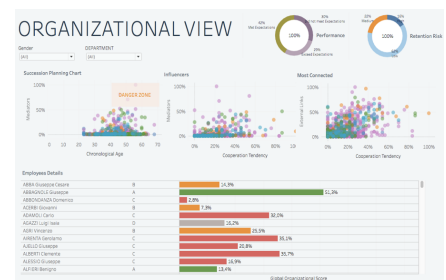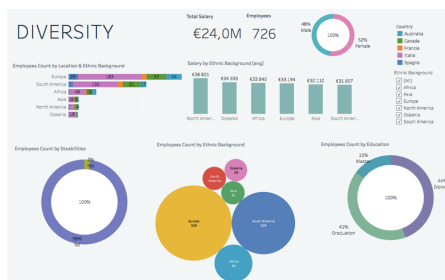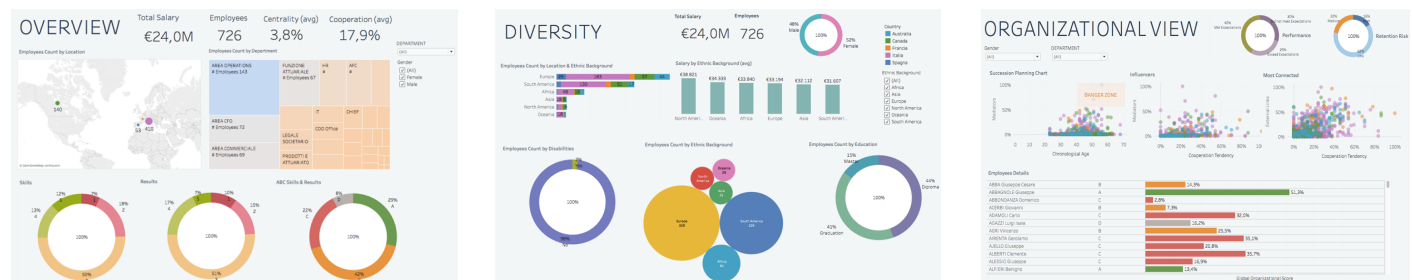
Scatter plot
Spot Outliers

Line graph
Identify trends

Map
Show geographic distribution

Tree Map
Visualize proportions

CUSTOMER VALUE
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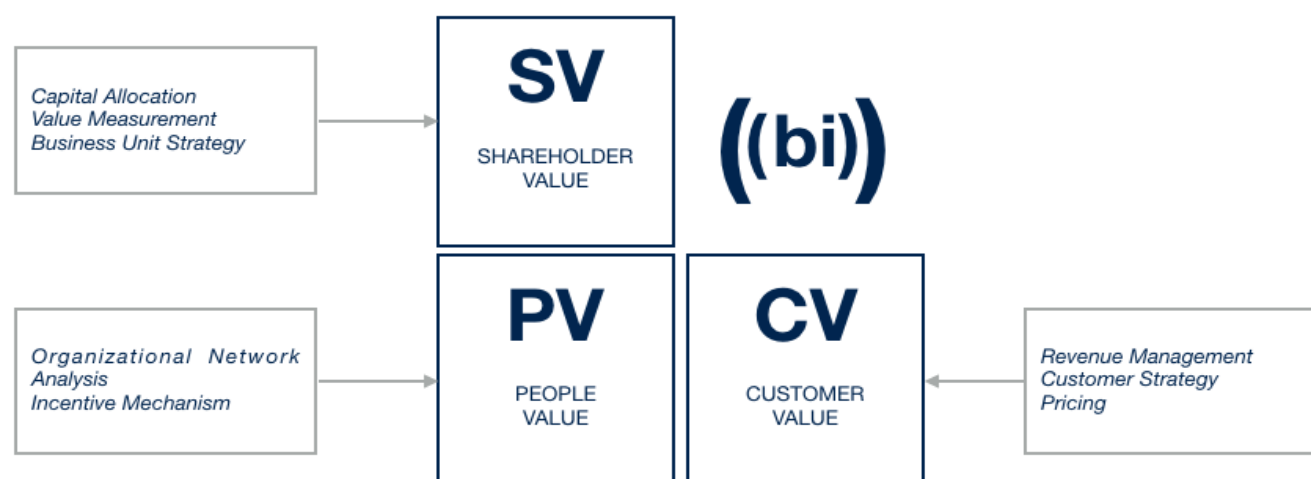
13

Active Value Advisors

3 Competence Centres

Active Value Advisors is an independent management consulting firm that acts as a partner for Companies that need to strengthen their Governance System and for Companies that want to pursue a path of growth by applying solutions consistent with the objective of creating sustainable Value.

Active Value Advisors assists such companies by leveraging successful techniques and experiences focused on Value-based management systems and by making them available to the top management through **Business Intelligence (BI) tools.**

The professionals of Active Value Advisors have a long experience in assisting major Italian listed groups in the development of Business Plans, in selecting the actions to improve Value performance and in assisting the change process required by the competitive dynamics and market opportunities.

In carrying out these mandates a common Value framework is applied to various management issues: **Shareholder Value**, **Customer Value** and **People Value**. Each competence centre responds to a fundamental dimension of the management system and addresses key stakeholders: Shareholders, Customers and Internal Resources.

Thanks to the collaboration with accredited professionals in the area of Strategic Pricing, Active Value Advisors has enriched its skills and professional methods with innovative models and tools of Value Pricing.

Disclaimer

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The Traditional Approach - complete table

Company	Δ Sales (%)	EBIT/Sales	Profit/Sales
A P MOLLER - MAERSK 'B'	-15%	2%	-4%
ABB LTD N	-1%	11%	6%
ABERTIS INFRAESTRUCTURAS	8%	23%	17%
ADP	23%	24%	16%
AENA SME	7%	42%	31%
AIR FRANCE-KLM	4%	3%	-1%
AIRBUS	0%	3%	4%
ALFA LAVAL	-3%	11%	8%
ALSTOM	6%	6%	4%
ANDRITZ	-2%	4%	4%
ATLANTIA	3%	39%	18%
ATLAS COPCO 'A'	12%	21%	14%
BAE SYSTEMS	-2%	9%	5%
DASSAULT AVIATION	32%	4%	15%
DCC	1%	2%	2%
DEUTSCHE LUFTHANSA	12%	6%	7%
DSV 'B'	11%	7%	4%
EASYJET	3%	8%	6%
FERGUSON	1%	7%	5%
FLUGHAFEN ZURICH	1%	33%	28%
FRAPORT	13%	22%	11%
GEA GROUP	3%	7%	5%
GETLINK	1%	36%	11%
HAPAG LLOYD	29%	2%	0%
INTL.CONS.AIRL.GP.(CDI)	2%	13%	9%
KOBENHAVNS LUFTHAVNE	0%	42%	29%
KONE 'B'	2%	13%	11%
KUEHNE+NAGEL INTL.	11%	5%	4%
KUKA	18%	2%	3%
LEGRAND	10%	19%	13%
LEONARDO	-4%	1%	2%
MTU AERO ENGINES HLDG.	6%	10%	8%
ODET (FINC DE L')	82%	5%	2%
OSRAM LICHT	9%	12%	5%
PRYSMIAN	4%	4%	3%
ROLLS-ROYCE HOLDINGS	4%	7%	26%
RYANAIR HOLDINGS	2%	23%	20%
SAFRAN	3%	13%	24%
SANDVIK	9%	15%	15%
SCHINDLER 'P'	3%	12%	8%
SCHNEIDER ELECTRIC SE	0%	14%	9%
SIAS	5%	26%	17%
SIEMENS	4%	9%	7%
SIEMENS GAMESA RENEWABLE ENERGY	89%	0%	0%
SKF 'B'	4%	12%	6%
SMITHS GROUP	6%	17%	17%
THALES	6%	8%	5%
VESTAS WINDSYSTEMS	-3%	13%	9%
WARTSILA	3%	10%	8%
WEIR GROUP	NA	9%	6%

Value Creation - complete table

Company	EVA®/ Sales	EVA® +/-	Δ EVA® +/-	Δ Sales +/-	Status
A P MOLLER - MAERSK 'B'	-6%	-	-	-	Need for rebirth
ABB LTD N	7%	+	+	-	Focusing
ABERTIS INFRAESTRUCTURAS	-13%	-	-	+	What after growth?
ADP	-4%	-	-	+	What after growth?
AENA SME	13%	+	-	+	Need for control
AIR FRANCE-KLM	3%	+	+	+	Champion
AIRBUS	0%	+	-	+	Need for control
ALFA LAVAL	6%	+	-	-	Falling Angel
ALSTOM	3%	+	+	+	Champion
ANDRITZ	2%	+	-	-	Falling Angel
ATLANTIA	13%	+	-	+	Need for control
ATLAS COPCO 'A'	14%	+	+	+	Champion
BAE SYSTEMS	8%	+	-	-	Falling Angel
DASSAULT AVIATION	-4%	-	-	+	What after growth?
DCC	2%	+	-	+	Need for control
DEUTSCHE LUFTHANSA	2%	+	+	+	Champion
DSV 'B'	5%	+	+	+	Champion
EASYJET	4%	+	-	-	Falling Angel
FERGUSON	3%	+	-	-	Falling Angel
FLUGHAFEN ZURICH	10%	+	-	+	Need for control
FRAPORT	1%	+	-	+	Need for control
GEA GROUP	2%	+	-	+	Need for control
GETLINK	2%	+	-	-	Falling Angel
HAPAG LLOYD	-4%	-	-	+	What after growth?
INTL.CONS.AIRL.GP.(CDI)	9%	+	+	+	Champion
KOBENHAVNS LUFTHAVNE	17%	+	-	+	Need for control
KONE 'B'	9%	+	-	+	Need for control
KUEHNE+NAGEL INTL.	4%	+	+	+	Champion
KUKA	1%	+	-	+	Need for control
LEGRAND	12%	+	+	+	Champion
LEONARDO	-1%	-	+	-	Restructuring
MTU AERO ENGINES HLDG.	5%	+	+	+	Champion
ODET (FINC DE L')	-8%	-	-	+	What after growth?
OSRAM LICHT	5%	+	-	-	Falling Angel
PRYSMIAN	2%	+	-	+	Need for control
ROLLS-ROYCE HOLDINGS	2%	+	-	+	Need for control
RYANAIR HOLDINGS	17%	+	+	+	Champion
SAFRAN	1%	+	-	-	Falling Angel
SANDVIK	9%	+	+	+	Champion
SCHINDLER 'P'	9%	+	+	+	Champion
SCHNEIDER ELECTRIC SE	6%	+	-	-	Falling Angel
SIAS	4%	+	-	+	Need for control
SIEMENS	4%	+	-	+	Need for control
SIEMENS GAMESA RENEWABLE ENERGY	-4%	-	-	+	What after growth?
SKF 'B'	7%	+	-	+	Need for control
SMITHS GROUP	14%	+	-	-	Falling Angel
THALES	6%	+	+	+	Champion
VESTAS WINDSYSTEMS	10%	+	+	+	Champion
WARTSILA	6%	+	-	+	Need for control
WEIR GROUP	5%	+/-	NA	NA	NA

Need for control
Companies featured by a temporary downturn.

Champion
Companies with an outstanding and improving performance in terms of both sales growth and adopting an EVA® view.

Falling Angel
Companies, once Champions, but now facing decreasing performances both in terms of EVA® and Sales. It may thus be necessary to revise the Value Proposition.

Need for rebirth
Companies with worsening results, affected by heavy difficulties and witnessing a complete Value destruction.

What after growth?
Companies focused solely on growth. It may be necessary to verifiy/revise business objectives.

Focusing
Companies featuring slower growth but higher and more focused Value Creation.

On the right path
Companies with clearly and correctly defined objectives, featuring performance improvements, though not 'Champions' yet.

Restructuring
Companies on a path to'rebirth'.

The People-Based Approach- complete table

Company	N° Employees	Productivity/ Employee (€'000)	EVA ®/ Employee (€'000)
A P MOLLER - MAERSK 'B'	75,813	25	-22
ABB LTD N	134,800	NA	15
ABERTIS INFRAESTRUCTURAS	15,046	-3	-45
ADP	17,422	39	-7
AENA SME	8,174	116	65
AIR FRANCE-KLM	83,522	99	8
AIRBUS	129,442	102	0
ALFA LAVAL	16,367	NA	14
ALSTOM	32,779	NA	6
ANDRITZ	26,427	68	3
ATLANTIA	16,745	110	51
ATLAS COPCO 'A'	47,599	94	36
BAE SYSTEMS	83,200	99	19
DASSAULT AVIATION	11,398	81	-19
DCC	9,750	75	23
DEUTSCHE LUFTHANSA	129,424	78	7
DSV 'B'	45,636	34	11
EASYJET	11,655	91	21
FERGUSON	33,511	91	18
FLUGHAFEN ZURICH	1,713	162	55
FRAPORT	24,598	46	1
GEA GROUP	17,863	77	5
GETLINK	3,400	72	5
HAPAG LLOYD	12,567	21	-33
INTL.CONS.AIRL.GP.(CDI)	63,422	108	34
KOBENHAVNS LUFTHAVNE	2,431	115	42
KONE 'B'	55,075	65	15
KUEHNE+NAGEL INTL.	92,372	49	7
KUKA	14,256	75	2
LEGRAND	37,356	56	18
LEONARDO	45,134	66	-2
MTU AERO ENGINES HLDG.	8,846	107	26
ODET (FINC DE L')	81,420	29	-19
OSRAM LICHT	25,934	58	8
PRYSMIAN	21,050	59	8
ROLLS-ROYCE HOLDINGS	50,000	93	6
RYANAIR HOLDINGS	13,026	134	86
SAFRAN	58,324	78	3
SANDVIK	43,024	83	19
SCHINDLER 'P'	61,091	74	13
SCHNEIDER ELECTRIC SE	153,124	NA	10
SIAS	2,301	93	22
SIEMENS	372,000	89	10
SIEMENS GAMESA RENEWABLE ENERGY	25,489	47	-14
SKF 'B'	45,678	66	12
SMITHS GROUP	21,900	74	24
THALES	65,118	111	14
VESTAS WINDSYSTEMS	23,303	104	41
WARTSILA	18,065	83	16
WEIR GROUP	14,092	NA	10

The Market - complete table (prices as of 29.12.2017)

Company	Price/share (€)		Current Value Component (€)		Future Value Component (€)		ROIC	ROICᵉ
A P MOLLER - MAERSK 'B'	1455.97	=	-588.59	+	2044.56		1%	4%
ABB LTD N	22.32	=	25.66	+	-3.33		18%	16%
ABERTIS INFRAESTRUCTURAS	18.55	=	-6.60	+	25.15		4%	13%
ADP	158.50	=	28.12	+	130.38		6%	17%
AENA SME	169.00	=	102.36	+	66.64		10%	14%
AIR FRANCE-KLM	13.58	=	40.00	+	-26.42		19%	8%
AIRBUS	83.00	=	4.70	+	78.30		6%	77%
ALFA LAVAL	19.71	=	9.74	+	9.97		33%	62%
ALSTOM	34.61	=	20.37	+	14.23		18%	32%
ANDRITZ	47.09	=	24.98	+	22.11		NA	NA
ATLANTIA	26.32	=	33.56	+	-7.24		8%	7%
ATLAS COPCO 'A'	26.46	=	28.31	+	-1.85		49%	46%
BAE SYSTEMS	6.46	=	8.17	+	-1.71		NA	NA
DASSAULT AVIATION	1297.90	=	-66.23	+	1364.13		-3%	19%
DCC	84.10	=	50.72	+	33.38		28%	45%
DEUTSCHE LUFTHANSA	30.81	=	49.82	+	-19.01		14%	9%
DSV 'B'	65.63	=	45.14	+	20.49		83%	117%
EASYJET	16.49	=	17.07	+	-0.58		17%	17%
FERGUSON	63.38	=	54.75	+	8.63		23%	27%
FLUGHAFEN ZURICH	190.50	=	123.51	+	66.99		9%	14%
FRAPORT	91.52	=	45.80	+	45.72		6%	10%
GEA GROUP	39.84	=	23.01	+	16.83		8%	14%
GETLINK	10.72	=	4.24	+	6.48		6%	10%
HAPAG LLOYD	33.43	=	-10.80	+	44.23		2%	5%
INTL.CONS.AIRL.GP.(CDI)	7.33	=	20.68	+	-13.35		36%	13%
KOBENHAVNS LUFTHAVNE	761.56	=	214.94	+	546.62		16%	45%
KONE 'B'	44.78	=	37.81	+	6.97		88%	117%
KUEHNE+NAGEL INTL.	147.42	=	95.73	+	51.69		93%	152%
KUKA	121.40	=	23.08	+	98.32		13%	68%
LEGRAND	64.19	=	47.02	+	17.17		33%	43%
LEONARDO	9.92	=	-5.17	+	15.09		-1%	31%
MTU AERO ENGINES HLDG.	149.46	=	105.90	+	43.56		15%	21%
ODET (FINC DE L')	985.95	=	-2765.20	+	3751.15		2%	7%
OSRAM LICHT	75.22	=	43.04	+	32.18		22%	42%
PRYSMIAN	26.29	=	20.24	+	6.05		14%	17%
ROLLS-ROYCE HOLDINGS	9.46	=	5.44	+	4.02		12%	20%
RYANAIR HOLDINGS	15.05	=	19.58	+	-4.53		31%	24%
SAFRAN	85.91	=	33.24	+	52.67		8%	25%
SANDVIK	14.62	=	15.77	+	-1.15		21%	20%
SCHINDLER 'P'	191.69	=	292.09	+	-100.40		146%	112%
SCHNEIDER ELECTRIC SE	70.86	=	81.04	+	-10.18		12%	11%
SIAS	15.52	=	12.83	+	2.69		7%	8%
SIEMENS	116.35	=	87.97	+	28.38		16%	20%
SIEMENS GAMESA RENEWABLE ENERGY	11.43	=	0.81	+	10.62		0%	8%
SKF 'B'	18.53	=	35.56	+	-17.03		24%	13%
SMITHS GROUP	16.79	=	23.61	+	-6.82		39%	29%
THALES	89.88	=	92.67	+	-2.79		45%	52%
VESTAS WINDSYSTEMS	57.59	=	88.74	+	-31.15		NA	NA
WARTSILA	17.53	=	10.08	+	7.45		27%	45%
WEIR GROUP	23.92	=	14.22	+	9.70		17%	26%
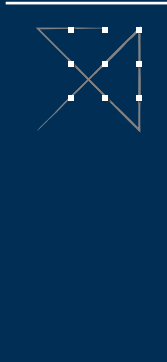
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