



# Raiffeisen Centrobank AG

The Investor's Viewpoint: The Fundamentals of Company Value

## Defining Creators of Company Value

October 2006, Erich Obersteiner

# Agenda

## Defining Creators of Company Value - The Investor's View

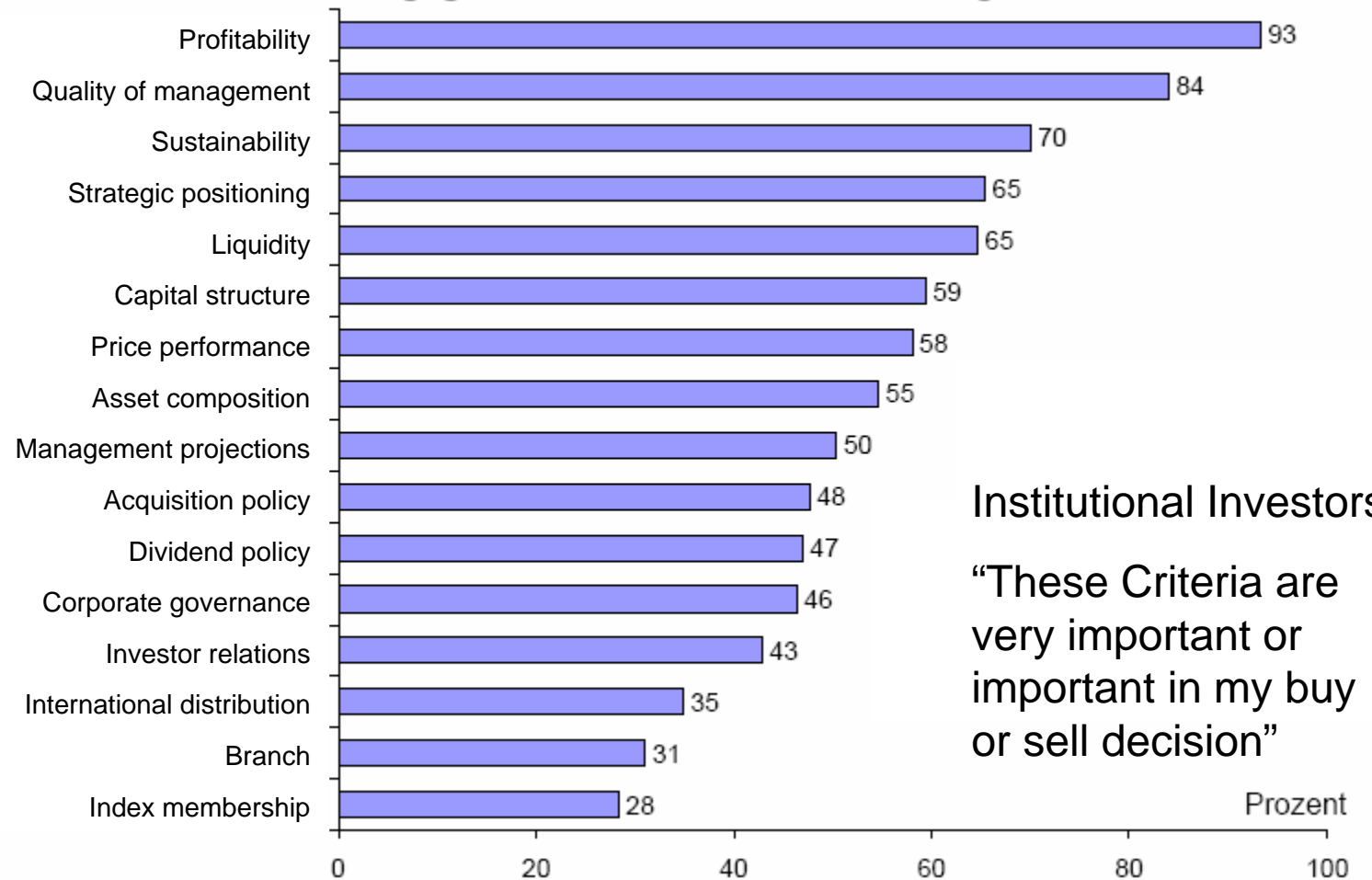
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1. What generally matters in a buy/sell decision
  2. Value drivers for a(n initial) public offering
-

## What Matters in a Buy or Sell Decision – Inst. Investors

•Profitability  
 •Management Quality  
 are absolutely key in making investment decision!

•Sustainability  
 •Strategic Positioning  
 •Liquidity  
 are also important!



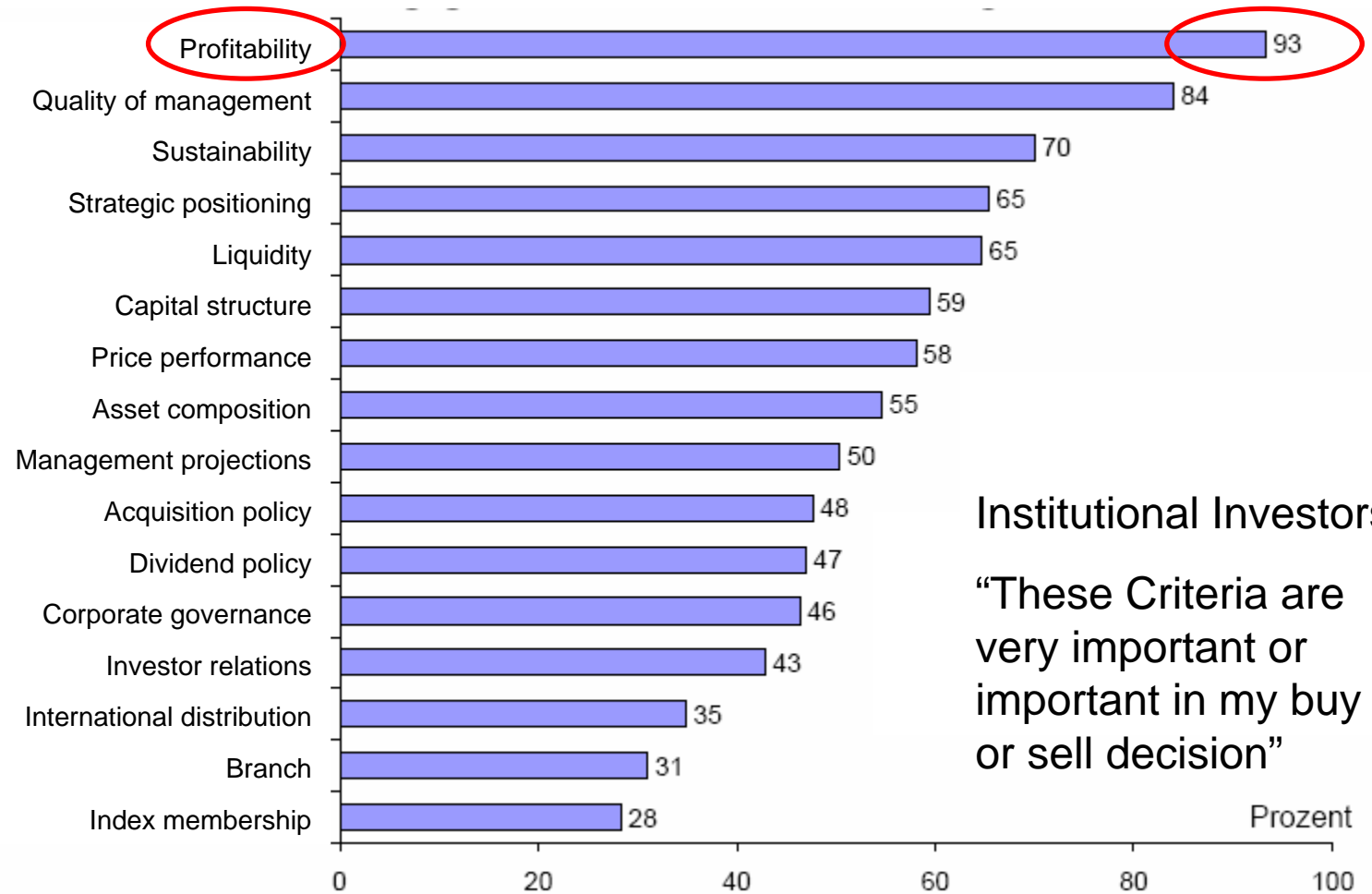
**Institutional Investors:**  
 “These Criteria are very important or important in my buy or sell decision”

Source: DAI (2005)

# Profitability

- Transition
- Global
- Regional
- Country
- Branch
- Company specific

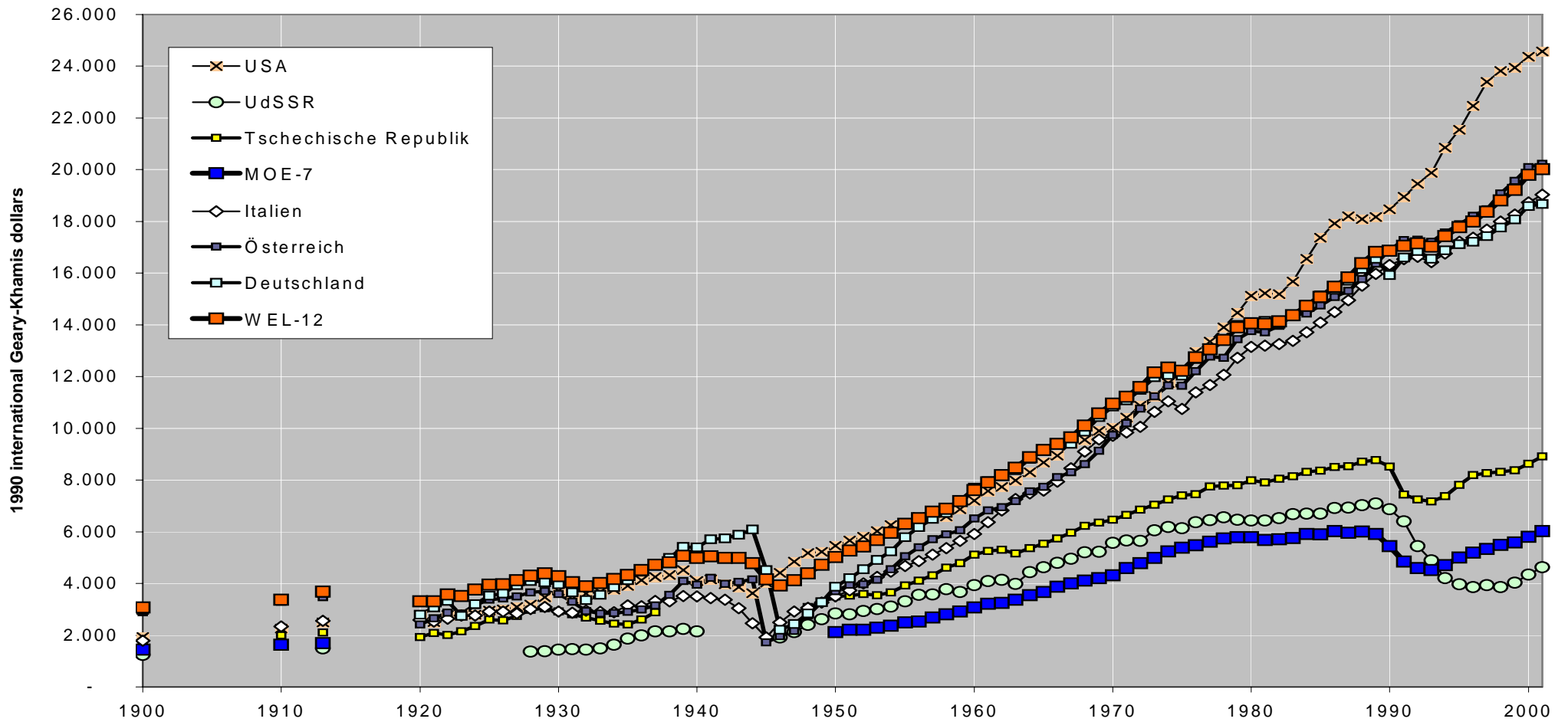
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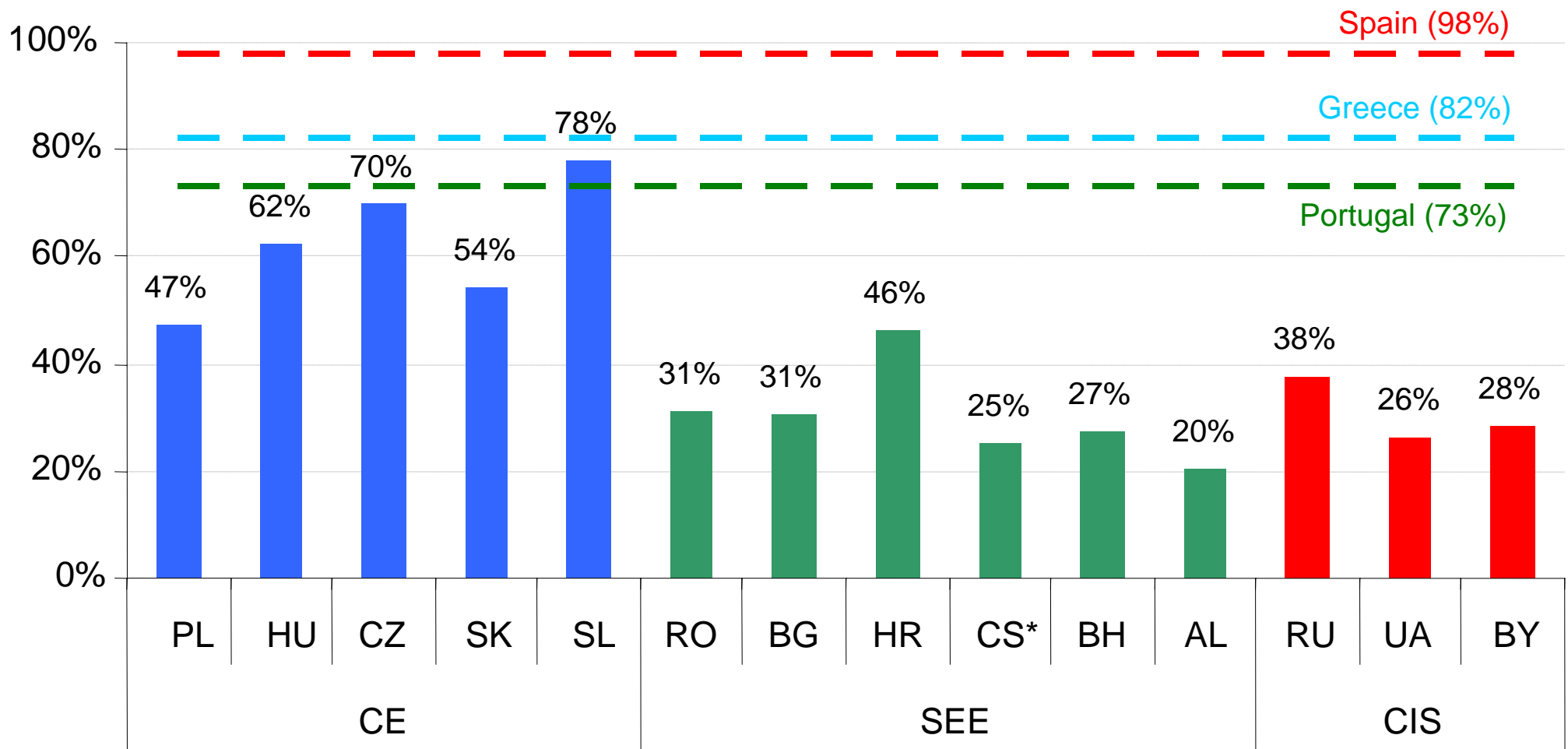
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## Making Up for 40+ Years of Lost Growth - Sustained Economic Growth



# GDP per Capita in % of the EU-25 Average

## Considerable Economic Potential to Catch up for the Region



Note: GDP per capita to purchasing power parity, Data from 2004

Source: wiw, Raiffeisen RESEARCH

\* Serbia

## What Matters – Economic Growth and Profitability

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- Management Quality

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### Reales BIP (% p.a.)

Länder	2004	2005e	2006f	2007f
Polen	5,4	2,8	4,5	4,8
Ungarn	4,6	4,2	4,3	4,0
Tschechien	4,4	5,0	4,5	4,5
Slowakei	5,5	5,5	5,7	7,1
Slowenien	4,6	3,8	3,5	3,5
CE	5,0	3,8	4,5	4,7
Kroatien	3,8	3,5	4,0	4,1
Bulgarien	5,6	5,5	5,5	5,5
Rumänien	8,3	4,0	5,0	5,0
Serbien	9,3	6,0	5,0	6,0
Bosnien u. H.	5,0	5,8	6,0	6,0
Albanien	6,0	6,0	6,0	6,5
SEE	7,0	4,5	5,0	5,1
Russland	7,2	6,1	6,0	5,8
Ukraine	12,1	2,5	0,5	3,5
Weißrussland	11,0	9,0	7,5	5,5
CIS	7,8	5,9	5,5	5,6
Türkei	8,9	5,0	4,5	6,0
EU-12	1,8	1,5	2,0	2,0
USA	4,2	3,5	3,2	2,9

Quelle: wüv, Raiffeisen-RESEARCH

## A New Dimension in the Financial Sector

Criteria	EU-15	CEE-Members
Inhabitants 2003	380,2	73,6 (19,4%)
GDP 2003 (billion €)	9.284	407 (4,4%)
Balance Sheet (billion €)	24.138	285 (1,2%)
Private Sector Credits	8.356	122 (1,5%)

Share of balance sheet total of foreign banks: > 60%

Share of Austrian ownership of all foreign ownership: approx. ¼

Additional growth to achieve convergence

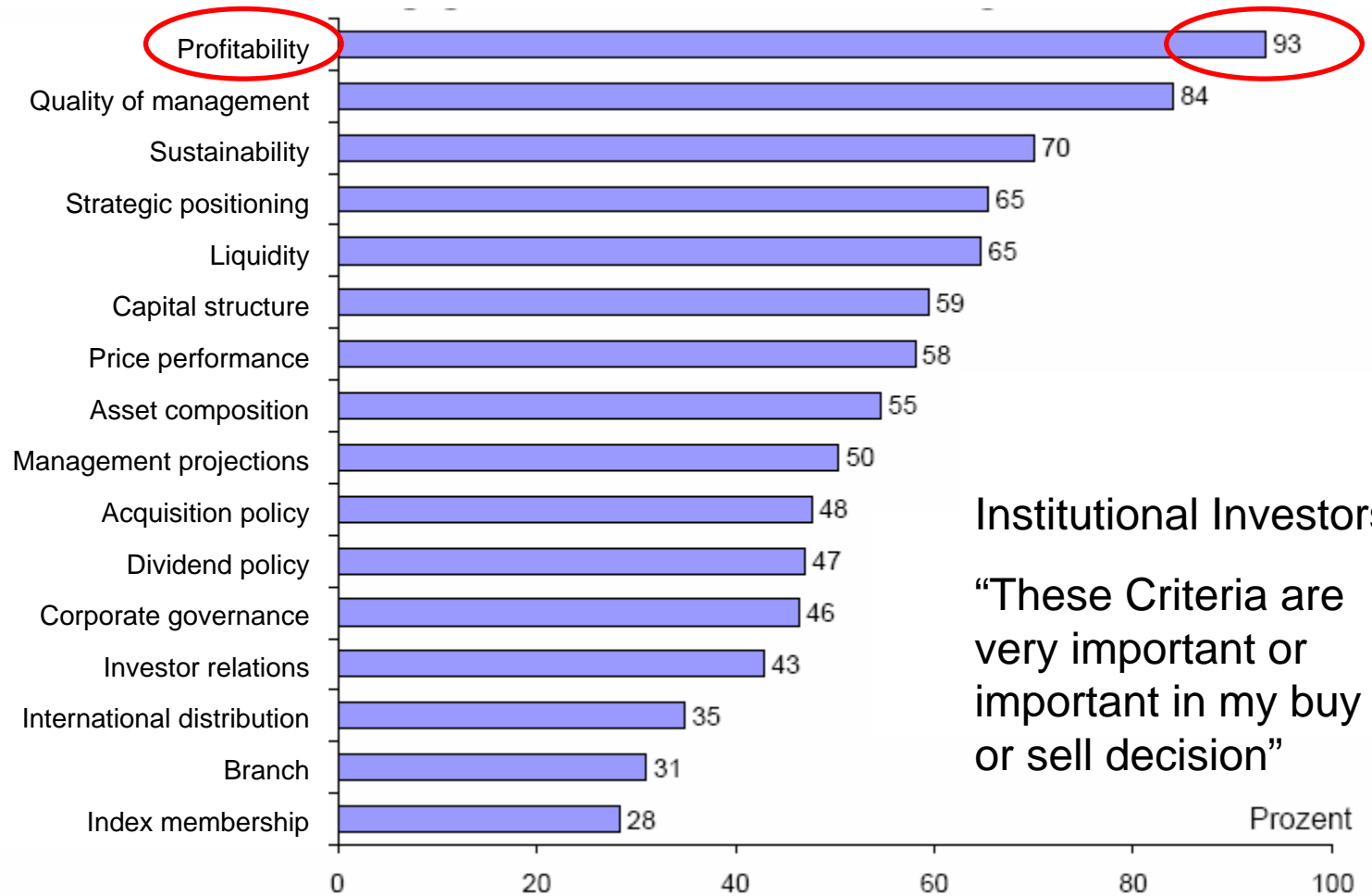
11% p.a. (30 Years)

17% p.a. (20 Years)

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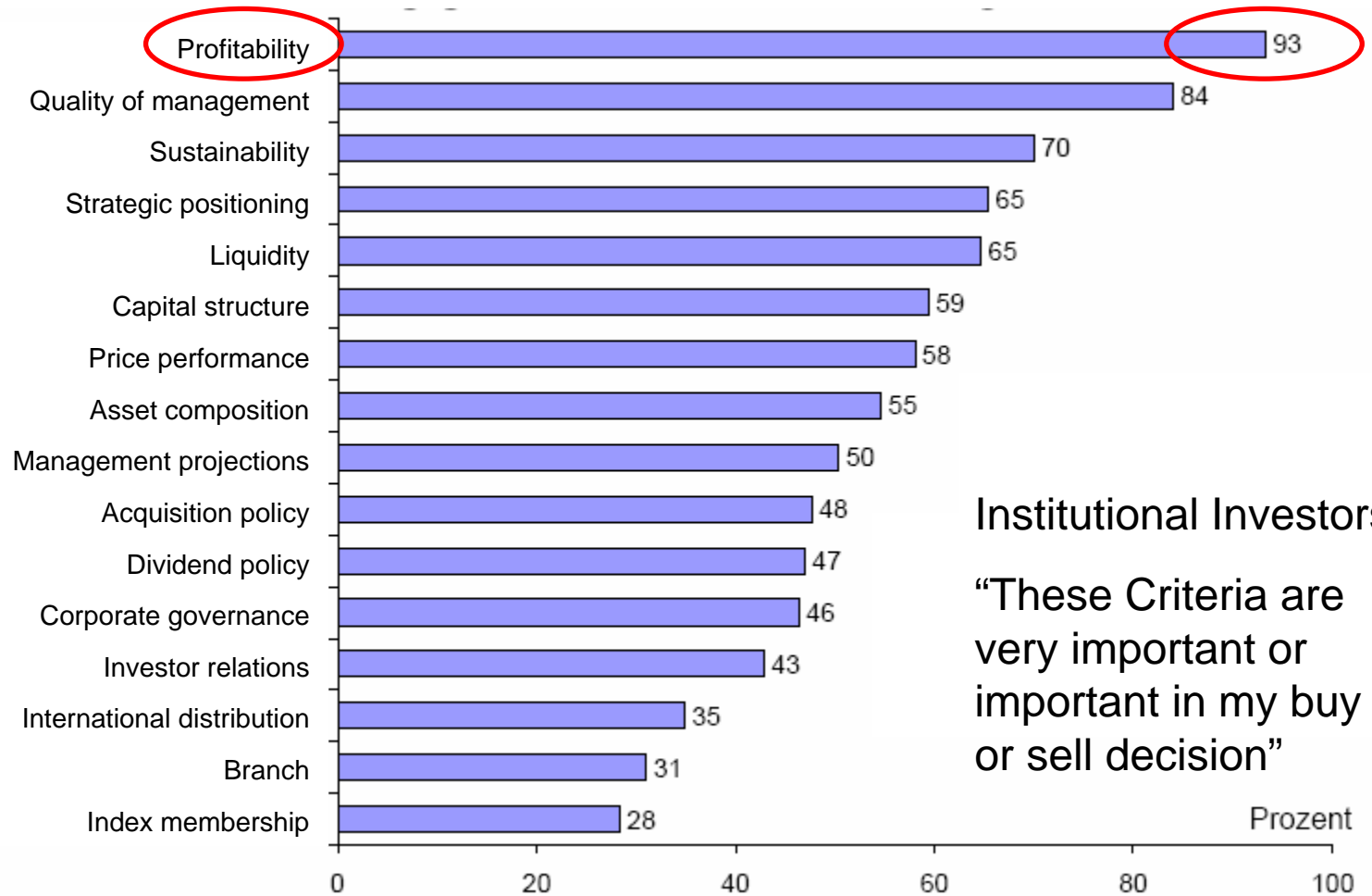
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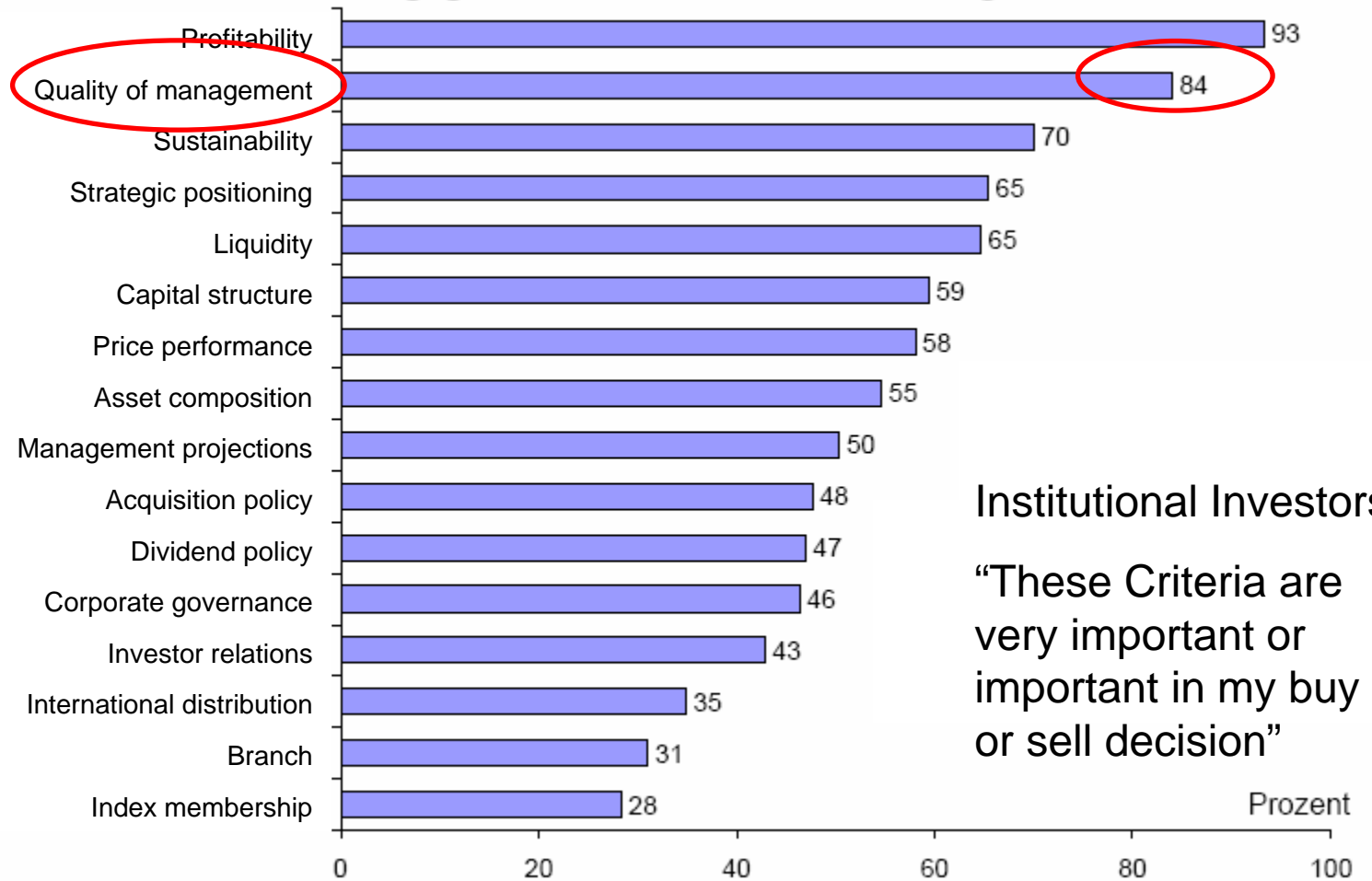
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# Quality of Management

- Charisma
- Social intelligence
- Track record
- Industry expertise

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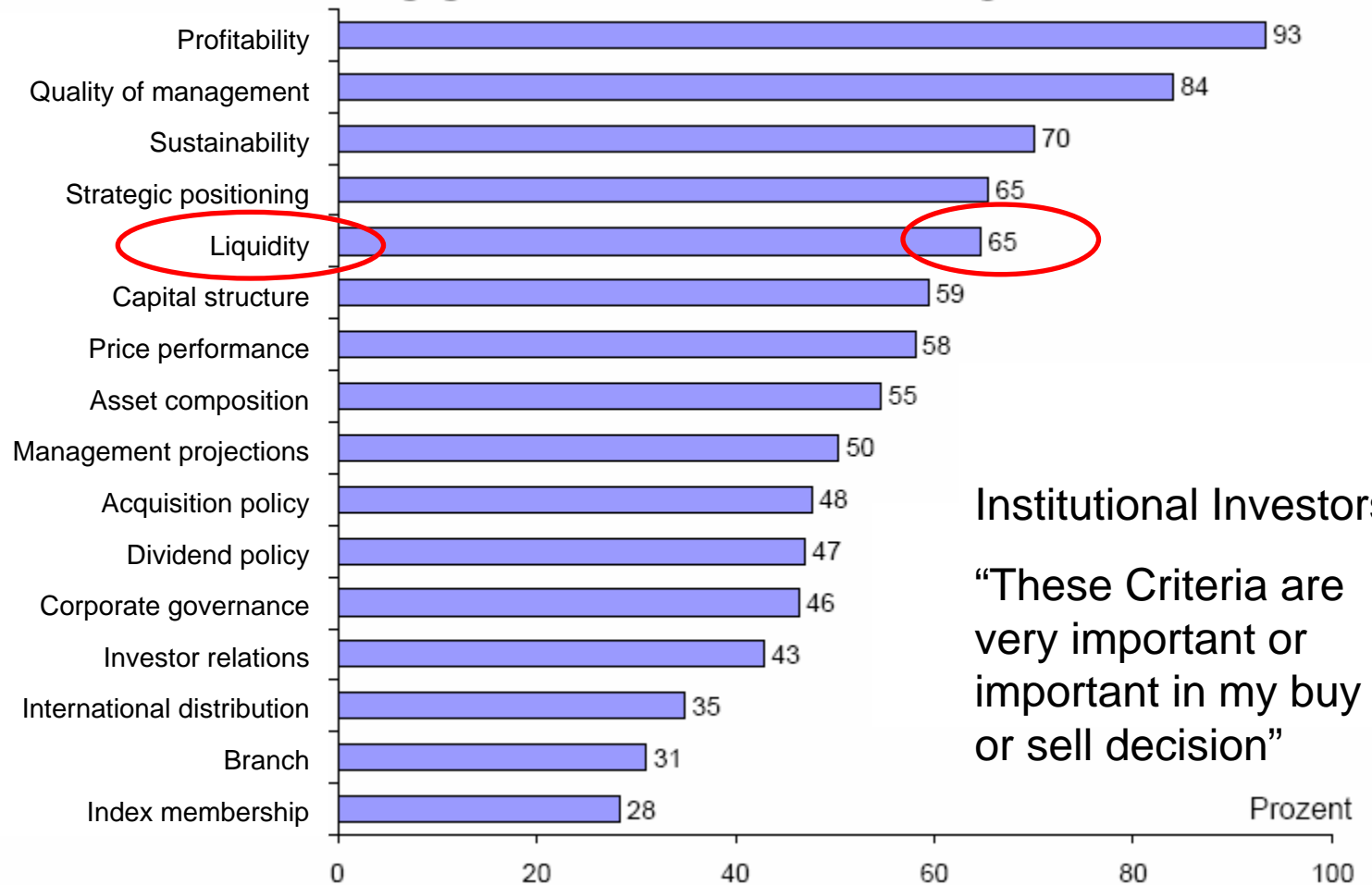
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# Liquidity

- Investment guidelines
- Valuation discount
- Different client groups
- Trading, Clearing, Settlement

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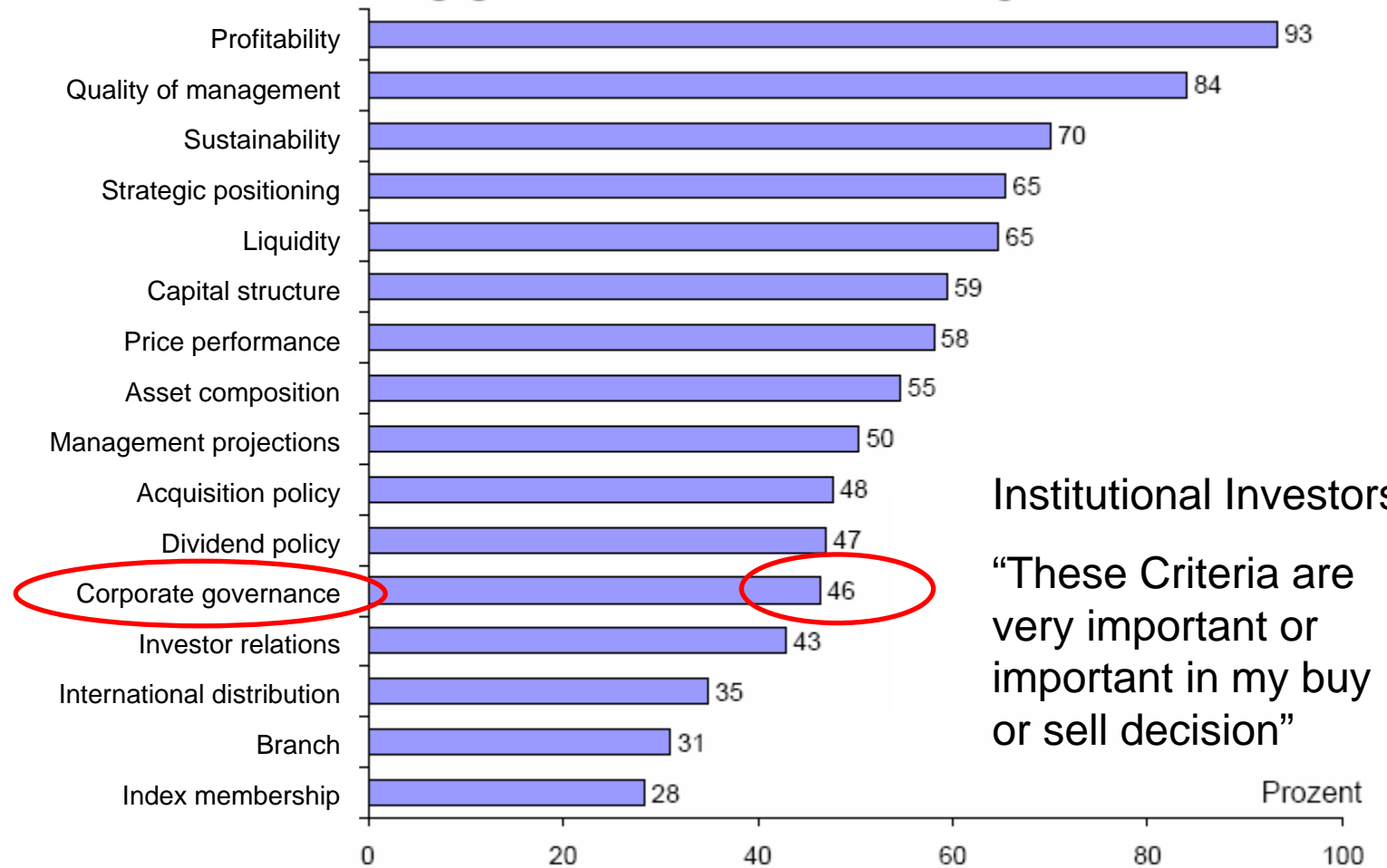
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# Corporate Governance

- Investment guidelines
- Valuation discount
- Listing requirement

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## Defining Creators of Company Value - The Investor's View

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## Key Value Drivers in a Public Offering

- ✓ Due diligence process
- ✓ ECM company valuation
- ✓ Strategy
- ✓ Equity story
- ✓ Management
- ✓ Research
- ✓ Prospectus

## Key Value Drivers in a Public Offering

- ✓ Anchor marketing
- ✓ Advertising campaign (especially important for retail)
- ✓ Road shows
- ✓ Press coverage
  
- ✓ Overall market attitude – peer group valuation
- ✓ Ownership structure before and after IPO
  
- ✓ Access to potential clients
- ✓ Venue of listing
- ✓ Trading, clearing, settlement



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