

## TMC Group

### Buy

Recommendation unchanged

**Share price: EUR 7.02**

closing price as of 13/04/2010

**Target price: EUR 10.50**

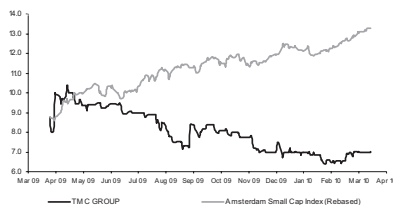
Target Price unchanged

Reuters/Bloomberg

ALTM.C.AS/ALTM.NA

Market capitalisation (EURm)	28
Current N° of shares (m)	4
Free float	7%
Daily avg. no. trad. sh. 12 mth	1,112
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	10.37
Price low 12 mth (EUR)	5.55
Abs. perf. 1 mth	8.00%
Abs. perf. 3 mth	0.43%
Abs. perf. 12 mth	28.34%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	42	40	41
EBITDA (m)	6	3	4
EBITDA margin	14.6%	6.4%	10.0%
EBIT (m)	6	(4)	4
EBIT margin	13.3%	nm	8.5%
Net Profit (adj.)(m)	4	2	3
ROCE	17.5%	-18.5%	15.0%
Net debt/(cash) (m)	1	2	(0)
Net Debt/Equity	0.0	0.1	0.0
Debt/EBITDA	0.1	0.8	0.0
Int. cover(EBITDA/Fin. int)	38.6	21.3	41.9
EV/Sales	0.8	0.8	0.7
EV/EBITDA	5.3	12.8	6.8
EV/EBITDA (adj.)	5.3	12.8	6.8
EV/EBIT	5.9	nm	8.0
P/E (adj.)	7.4	18.2	9.9
P/BV	1.4	2.0	1.6
OpFCF yield	4.9%	6.6%	9.0%
Dividend yield	5.7%	0.0%	2.7%
EPS (adj.)	1.08	0.41	0.71
BVPS	5.80	3.81	4.44
DPS	0.40	0.00	0.19



Analyst(s):

Frank van Wijk, SNS Securities

frank.vanwijk@snssecurities.nl

+312 0 5508805

### ASML increasing temps

**The facts:** ASML reported its 1Q10 results. Management was positive on market development and increases R&D spending.

**Our analysis:** ASML was positive on market developments. Sales increased from EUR 581m in 4Q09 to EUR 742m in 1Q10. Its order portfolio amounted to EUR 1bn and is expected to remain at this level in 2Q10 as the industry is executing on its upturn cycle, according to the management.

The increased business activity is also reflected in the use of temps. The number of temps amounted to 1,331 in 1Q10. This is an increase of 17% compared to the 1,137 temps in 4Q09 and an increase of 39% yoy.

R&D spending is also increasing, going up from EUR 115m in 4Q09 to EUR 120m in 1Q10. Management expects R&D to rise further to EUR 125m in 2Q10.

ASML is one of TMC's major clients. Although we expect a large part of the temp increases is used for production, which is a field in which TMC is not active in, we believe that TMC will also benefit from increased demand for its professionals because of the higher R&D spending.

**Conclusion & Action:** ASML confirms our view that demand for professionals in the Eindhoven region is picking up. ASML rises its R&D spending and the hiring of temps. Since ASML is one of TMC's larger clients, we expect the company to benefit from this increased demand.

We have a Buy recommendation on TMC. Although the potential share overhang from the former management members continues to pressure the share price, TMC has the lowest valuation multiples within the sector, making it a highly attractive investment.