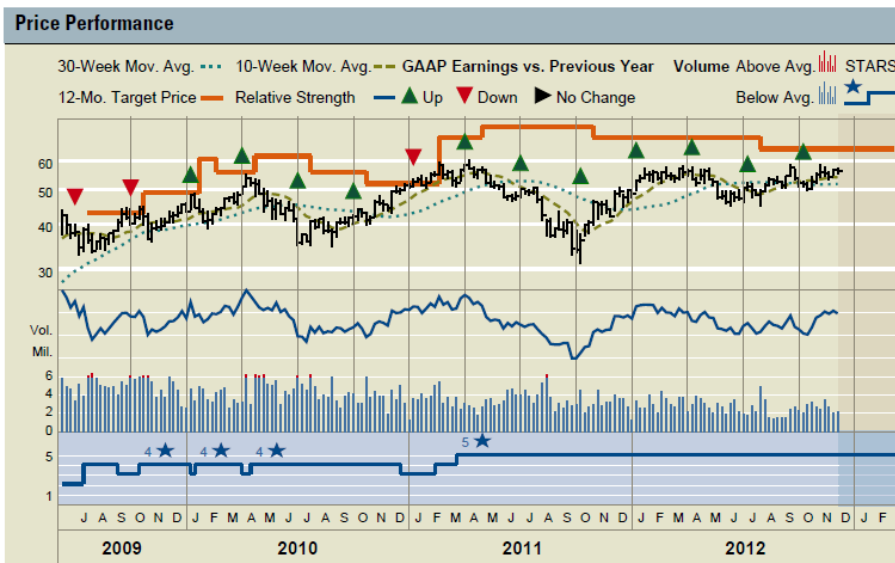


Reliance Steel and Aluminum (RS)

Sector: Materials (Industry: Metals & Mining)
Prepared by Chris Taylor 10/22/2012

Key Stock Statistics (Source S&P, Value Line, Company Reports, MorningStar, Yahoo Finance, GlobalData)

Recommendation:	BUY	Dividend Yield:	1.90%	52 Week Range:	\$38-\$58	Beta:	1.48
Intrinsic Value:	\$70.71	Dividend Rate/Share:	\$0.48	PE Ratio (TTM):	10.5x	Forward PE (2013E):	9.0x
Current Price:	\$52.71	3 Year FV Reversion:	11.1%	EPS (TTM):	\$5.19	5 Year Proj EPS CAGR:	8.7%
Market Cap:	4.0B	5 Year FV Reversion:	6.9%	Credit Rating:	BBB		



Investment Theme: Our buy recommendation on Reliance Steel is motivated by the company's market share leading position in North America, its diversified customer base, and its position to continue to expand through immediately accretive strategic acquisitions. Acquisitions are aimed to enter RS into new markets as well as diversify its product offerings, thus further supplementing RS' already strong position. RS is an attractive investment as it currently trades at a 10.5x P/E ratio (TTM) and a forward P/E ratio of 9.0x. Reliance Steel has continually increased its dividend per share over the past decade and is in good position to continue this trend. Reliance Steel has strong management and was recognized in 2012 on the Fortune List of the "World's Most Admired Companies".

Overview:

Reliance Steel is a market leading metal service provider commanding 6-7% of market share. It has grown its market share and is likely to continue to do so due to several factors. First, its size alone places many of its plants close to its customers. This proximity allows for fast and reliable delivery of its products to its customers, creating higher inventory turnovers than its competitors. Second, RS has a broad product mix of over 100,000 different metal products available to its customers. These products are available to customers at small order sizes and non-regular orders, in strong contrast to the metal producers which require large and regular orders from its customers. RS will continue to exploit these advantages over its competitors going forward. Specifically, they aim to acquire businesses which will further broaden its product mix and increase its geographic presence. RS has purchased on average of three companies per year with a strong track record by improving gross profit margin in all acquisitions.

Earnings per share is estimated to increase to \$5.40 in 2012, \$5.89 in 2013, and \$6.29 in 2014. Revenues are expected to increase as steel and commodity demand increase, especially in the United States. If RS is able to successfully continue to integrate new acquisitions into its proven business model then revenues as well as operating margins are likely to grow.

RS currently is priced at \$52.71 per share, giving a trailing twelve month P/E of 10.5x, and a forward P/E of just 9.0x, which are historically attractive ratios. Our discounted cash flow analysis assumes a WACC of 9.0%, and results in an intrinsic value of \$70.71.

Risks to our valuation include a major decline in steel prices. While RS is able to focus more on volume of sales than its competitors are able to, due to high inventory turnovers, a large decline in steel prices would affect the entire market. Steel and other metal pricing can be affected by a global economic slowdown and a surplus of supply due to large imports. Furthermore, RS is an active acquirer of companies and the unsuccessful

Revenue/Earnings Data

	Revenue (Million \$)				
	1Q	2Q	3Q	4Q	Year
2012	2,288	2,210	2,055	--	--
2011	1,913	2,050	2,139	2,034	8,135
2010	1,454	1,621	1,654	1,584	6,313
2009	1,559	1,243	1,243	1,273	5,318
2008	1,908	2,095	2,573	2,143	8,719
2007	1,842	1,896	1,812	1,706	7,256

Earnings Per Share (\$)					
2012	1.54	1.44	1.30	E0.97	E5.22
2011	1.23	1.31	1.13	0.91	4.58
2010	0.60	0.83	0.65	0.53	2.61
2009	0.27	-0.08	0.57	1.25	2.01
2008	1.46	2.12	2.07	0.90	6.56
2007	1.46	1.59	1.22	1.06	5.36

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acquisition of a company could be detrimental to our forecasts.

3Q2012 Results:

Reliance Steel's third quarter in 2012 posted strong earnings per share of \$1.30, beating the consensus analyst estimate of \$1.19. The beat on EPS mainly comes from cost cutting and gross margins were seen to improve to 26.0% compared to 24.7% in the previous quarter. Revenues were down 7% from the previous quarter as pricing and volume were down for the quarter. RS acquired two companies in the third quarter, GH Metal Solutions a processor and fabricator of carbon steel products and Sunbelt Steel Texas a distributor of specialty alloy steel bar and heavy-wall tubing products. RS guided fourth quarter earnings to be in the range of \$0.90-\$1.00. The fourth quarter typically has shown lower EPS numbers as there are fewer shipping dates. Guidance for 2013 remains strong as RS continues to integrate its new acquisitions and improve gross margins.

2 Year Stock Price Performance (RS vs. XLB: materials ETF)

Reliance Steel & Aluminum Co. C



Investment Thesis:

We recommend Reliance Steel as a strong buy with a \$70.71 price target. RS has a strong market position and a diversified customer base. RS' large size enables it to receive favorable pricing compared to its competitors from metal producers. RS has a diversified customer base with not one customer making up more than 1% of revenues. In addition, 85% of its revenue comes from previous customers, displaying a very strong relationship between RS and its customers. We believe these advantages will continue. RS has significant opportunity to expand through acquisition as it is often the acquirer of choice by companies due to its strategy of usually retaining management and improving gross margins. Thus, RS is allowed to expand its product offerings and geographical reach at favorable pricing. These acquisitions are expected to continue and we strongly believe in the management's ability in making acquisitions which will grow EPS. Finally, we believe that the U.S. is in the best position for recovery and RS' concentrated revenue stream from the domestic market, places the company in a favorable position going forward.

Pros:

- RS is the largest metal services center operator in the U.S., results in advantage over competitors by obtaining favorable pricing and higher priority in having orders filled by metal producers
- Excellent management recognized in 2012 Fortune List of the World's Most Admired Companies.
- Well diversified with no customer representing more than 1% of total sales.
- High retention resulting from close vicinity of customers, diverse product mix, and quick delivery, evidenced with 85% recurring revenue.
- Higher inventory turnovers than competitors with 50% of orders filled in 24 hours, decreases the risk of fluctuating commodity prices.
- Revenue increased 18.7% in 2010 and 28.9% in 2011
- Net Income increased 40.2% in 2010 and 74.5% in 2011
- EPS increased 45.5% in 2010 and 70% in 2011
- Revenue increasing faster than expenses, operating margin improvement 5.71% in 2010, 7.04% in 2011
- Quarterly dividend increased 67% in 2Q2012
- Strategic acquisitions continue: October 2012 acquired GH Metal Solutions, October 2012 acquired Sunbelt Steel

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Texas, July 2012 acquired Airport Metals based in Australia- opens Australian market, April 2012 acquired Worthington Steel Vonore plant, April 2012 acquired National Specialty Alloys – a specialty processor and distributor of premium stainless steel and nickel alloy, February 2012 acquired McKey Perforating Co.

Industry Trends:

We predict that the price of steel will remain stable over the near term, mainly impacted by increasing auto sales in 2012 and 2013, continued mediocre rise in GDP, but offset by the recent inventory accumulation by distributors. S&P projects an increase in steel consumption of 9.4% in 2012, followed by an increase of 7% in 2013. Challenging global trends are present with the European slowdown and China growth slowing which can adversely affect steel consumption. Growth in emerging markets is projected to outpace more mature markets and provide significant opportunity. Domestically, aggressive consolidation in metals service center operators is expected to continue.

Business Summary:

Reliance Steel is a U.S. based metals service center operator founded in 1939. RS Purchases metals from metal producers and then processes and distributes metal products domestically (94%) and internationally (6%). The products are built to meet customer specification including length, width, shape, and surface type. RS customer base includes non-residential construction, transportation, aerospace, energy, manufacturing, and fabrication companies. The largest customers for RS are original equipment manufacturers which place orders that are too small to deal directly with the metal producers. These customers depend on RS to allow for smaller orders, to have inventory available, and make quick delivery of the products. RS produces over 100,000 different metal products and services over 125,000 customers with no customer comprising of more than 1% of revenues. RS relies on their strong customer relationships with 85% of revenues coming from repeat customers. RS revenue stream comes from six commodity segments: Carbon Steel (53%), Aluminum (15%), Stainless Steel (15%), Alloy (10%), Toll Processing (2%), and Others (5%).

Management Review:

Chief executive officer David Hannah has been with the company since 1981. He has worked his way up through the company holding various roles including division manager of Los Angeles Reliance Steel, CFO, and since 1999 CEO. Mr. Hannah is strongly accredited for developing Reliance Steel into the largest metal service provider in North America and guiding the company successfully through the financial crisis. The management's acquisition strategy of purchasing stand-alone subsidiaries usually allowing them to keep their brand name and current management has proved successful with all acquired companies seeing improved gross profit margins. This acquiring strategy is very attractive to firms as well and has resulted in firms seeking RS as their buyer of choice, resulting in very favorable acquisition prices. Management's strength is seen throughout the company as they were recently named in 2012 Fortune List of the World's Most Admired Companies.

Financial Trend Analysis:

Financial trends over the trailing ten years have been positive. Revenue has grown at 18.7% CAGR over the past ten years and earnings per share have increased 28.5% CAGR over the same period. The dividend has also seen growth, increasing 16.7% CAGR over the ten year period. These numbers include weathering the economic collapse and are a testament to management's ability even during tough economic times. More recent trends after the financial crisis show a strong performance. Revenues have increased 18.7% in 2010 and 28.9% in 2011, Net Income increased 40.2% in 2010 and 74.5% in 2011, EPS increased 45.5% in 2010 and 70% in 2011, and operating margin has improved 5.71% in 2010 and 7.04% in 2011. In addition, RS sent a strong message with a 67% dividend increase in the second quarter of 2012.

Financial Health:

Reliance Steel has a strong balance sheet and operates at a lower debt to equity ratio than its peers. While RS acquires numerous companies each year it usually uses cash to do so and does not take on substantial amounts of debt. Positive results have been seen in implementing just-in-time delivery, which accounts for roughly 50% of its orders being processed and delivered within 24 hours. This greatly increases inventory turnover and lowers the risk of holding large inventories of commodities which have volatile prices. Finally, the company's strong position is seen through its 67% dividend increase in the second quarter of 2012.

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Competitive Analysis:

Reliance Steel holds the largest market share and thus is able to gain more favorable pricing and reliable deliveries from metal producers than its competitors are able to. Its acquisition strategy is aimed to increase this competitive advantage with an average of three acquisitions per year. RS' large number of plants puts it in close proximity to its customers and allows for the ability to deliver products to their customers faster than the competitors. This quick inventory turnaround allows RS to focus more on the volume of sales than its competitors which have to worry about holding onto large inventories of volatile commodities. We predict these competitive advantages to remain.

Risk Factors:

- Receivables rising for 2Q2012, 2011, 2010, 2009 at \$1015.6m, \$896.2m, \$725.3m, \$587.9m respectively. If receivables are not collected could impact short term debt obligations.
- Long term debt rising for 2Q2012, 2011, 2010, 2009 at \$1519.0m, \$1319.0m, \$855.1m, and \$849.4 respectively.
- Subject to federal, state, and local laws and regulation aimed to protect the environment. These laws are changing frequently and becoming stricter. Violations have a significant impact on operating costs.
- Volatility of metal prices can impact product costs and ultimately operating margins if increases cannot be passed onto customers or inventory cannot be sold.
- Slowing growth can lower demand in metal products, significant impact of immediate concern to growth include the result of the fiscal cliff in the United States with a majority of revenues coming from the domestic market.

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DCF Valuation Model:

Discounted Cash Flow	Current						
	2011	2012	2013	2014	2015	2016	2017
Operating Profit	360.7	572.8	650.1	702.1	744.3	788.9	828.4
Taxes	98.6	162.4	182.0	196.6	208.4	220.9	231.9
NOPAT	200.9	350.6	410.1	447.5	477.9	510.0	538.4
Depreciation	120.6	133.1	140.6	151.8	160.9	170.6	179.1
Capex	111.0	156.0	175.7	189.8	201.2	213.2	223.9
Change In NWC	218.9	539.4	157.3	151.1	122.4	129.7	114.6
FCF	105.5	80.7	59.9	168.6	278.6	390.4	498.6
Terminal Growth Rate							3.0%
Terminal Value							8523.1
PV of Cash Flows			55.0	141.8	215.0	276.3	323.7
PV of Terminal Value							5532.9
PV Enterprise Value							6544.7
Plus: Cash							\$ 84.60
Less: LTD							\$ 1,319.00
Equity Value							\$ 5,310.26
Current Shares Outstanding							75.1
Equity Value Per Share							\$ 70.71
Current (Discount)/Premium from Fair Value							-34.1%
Buy Price = Fair Value less 20%							\$ 56.57
Sell Price = Fair Value plus 20%							\$ 84.85

Reliance Steel and Aluminum (RS)

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Comparative Valuation Analysis:

	Target	Comparables		
	Reliance	Metals USA	Worthington	Olympic Steel
Market Cap	4.0 B	2.8 B	3.2 B	12.9 B
P/E (TTM)	10.54	20.94	NEG	25.6
Dividend Yield	1.90%	1.50%	2.21%	0.42%
PEG	0.81	NEG	0.12	NEG
Price/BV	1.13	1.04	0.84	1.59
EV/EBITDA (TTM)	6.77	8.24	10.22	9.41
Debt/Equity	0.45	0.93	1.09	0.56
Sales Year/Year	1.22	0.73	0.82	0.9
Net Margin (TTM)	4.36%	1.79%	-1.53%	2.54%

WACC Calculation:

WACC Calculation	
Marginal tax rate	28%
Risk free rate	1.80%
Market risk premium	5.90%
Beta	1.48
Cost of equity	10.53%
Cost of debt pre-tax	6.32%
After tax cost of debt	4.55%
Share price	\$52.71
Market capitalization	3,959
Total debt	1,331
Total capital	5,290
% equity capital	74.8%
% debt capital	25.2%
Weighted average cost of capital	9.03%

Total Return Calculation:

Total Return Calculation	
Current Price	\$52.71
Fair Value	\$ 70.71
Div 1	\$ 0.47
Div 2	\$ 0.47
Div 3	\$ 0.55
Div 4	\$ 0.55
Div 5	\$ 0.55
Ttl Ann Ret 3 yr to FV	11.1%
Ttl Ann Ret 5 yr to FV	6.9%

Valuation Assumptions:

Assumption Summary	
Current Price	\$ 52.71
2013 Est. EPS	\$ 5.40
2014 Est. EPS	\$ 5.89
Revenue Growth	8%
Tax Rate	28%
WACC	9.03%
Terminal Growth Rate	3.00%

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Income Statement Projection:

	Projections					
	2011	2012	2013	2014	2015	2016
Sales	8134.70	8785.48	9488.31	10057.61	10661.07	11194.12
COGS	6148.70	6676.96	7211.12	7643.79	8102.41	8507.53
Gross profit	1986.00	2108.51	2277.20	2413.83	2558.66	2686.59
Gross Margin	24%	24%	24%	24%	24%	24%
SG&A	1280.10	1317.82	1423.25	1508.64	1599.16	1679.12
EBITDA	705.90	790.69	853.95	905.19	959.50	1007.47
Depreciation	133.10	140.57	151.81	160.92	170.58	179.11
Operating profit (EBIT)	572.80	650.13	702.14	744.26	788.92	828.37
Operating Margin	7%	7%	7%	7%	7%	7%
Taxes	162.40	182.04	196.60	208.39	220.90	231.94
Interest Expense	59.80	58.00	58.00	58.00	58.00	58.00
Net income	350.60	410.09	447.54	477.87	510.02	538.42
Net Margin	4.3%	4.7%	4.7%	4.8%	4.8%	4.8%

Shareholder information						
Average no. of shares outstanding	75.10	76.00	76.00	76.00	76.00	76.00
Dividends	36.00	36.00	36.00	42.00	42.00	42.00
Earnings per share	4.67	5.40	5.89	6.29	6.71	7.08
Dividends per share	0.48	0.47	0.47	0.55	0.55	0.55

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Historical Financial Data:

Annual Income Statement					
	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
	USD	USD	USD	USD	USD
Income Statement					
Net Sales or Revenues	8,134.7	6,312.8	5,318.1	8,718.8	7,255.7
Operating Expenses - Total	7,561.9	5,952.1	5,067.7	7,865.9	6,532.2
Cost of Goods Sold	6,148.7	4,727.9	3,918.6	6,556.7	5,418.2
Selling, General & Admin Expenses	1,280.1	1,103.6	1,030.2	1,211.2	1,034.1
Depreciation, Depletion & Amortization	133.1	120.6	118.9	97.9	79.9
Depreciation	97.3	91.0	89.1	78.9	67.9
Amortization of Intangibles	35.8	29.6	29.8	19.1	12.0
Amortization of Deferred Charges	-	-	-	-	-
Other Operating Expenses	0.0	0.0	0.0	0.0	0.0
Operating Income	572.8	360.7	250.4	853.0	723.5
Extraordinary Credit - Pretax	0.0	0.0	0.0	0.0	0.0
Extraordinary Charge - Pretax	0.0	0.0	0.0	0.0	0.0
Non-Operating Interest Income	40.2	31.2	41.3	30.8	0.0
Interest Expense On Debt	100.3	100.1	99.2	116.7	78.7
Pretax Equity In Earnings	0.0	0.0	0.0	-	-
Reserves- Increase(Decrease)	0.0	0.0	0.0	0.0	0.0
Other Income/Expense - Net	(3.3)	3.9	1.6	(0.5)	9.9
Interest Capitalized	0.0	0.0	0.0	0.0	0.0
Pretax Income	509.4	295.7	194.1	766.6	654.7
Income Taxes	162.4	98.6	46.3	282.9	246.4
Current Domestic Income Tax	175.2	52.5	(10.6)	253.5	227.2
Current Foreign Income Tax	14.4	3.4	(1.1)	6.7	7.0
Deferred Domestic Income Tax	(26.4)	41.9	57.0	23.2	10.0
Deferred Foreign Income Tax	(0.8)	0.8	1.1	(0.5)	2.2
Income Tax Credits	0.0	0.0	0.0	0.0	0.0
Minority Interest	5.4	3.5	1.0	0.9	0.3
Equity In Earnings	2.2	0.7	1.4	0.0	0.0
After Tax Other Income/Expense	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	0.0	0.0	0.0	0.0	0.0
Net Income Before Extra Items/Preferred Div	343.8	194.4	148.2	482.8	408.0
Extr Items & Gain(Loss) Sale of Assets	0.0	0.0	0.0	0.0	0.0
Net Income Before Preferred Dividends	343.8	194.4	148.2	482.8	408.0
Preferred Dividend Require	0.0	0.0	0.0	0.0	0.0
Net Income to Common Shareholders	343.8	194.4	148.2	482.8	408.0
EPS Incl Extraordinary Items	4.6	2.6	-	6.6	5.4
EPS - Continuing Operations	4.6	2.6	-	6.6	5.4
Dividend Per Share	0.5	0.4	0.4	0.4	0.3
Common Shares Used to Calc Diluted EPS	75,041,753.0	74,472,380.0	73,701,979.0	73,597,717.0	76,064,616.0

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Annual Cash Flow Statement					
	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Operations					
Net Income / Starting Line	343.8	194.4	148.2	482.8	408.0
Depreciation, Depletion & Amortization	133.1	120.6	118.9	97.9	79.9
Depreciation & Depletion	97.3	91.0	89.1	78.9	67.9
Amortization of Intangible Assets	35.8	29.6	29.8	19.1	12.0
Deferred Income Taxes & Investment Tax Credit	(27.2)	42.7	58.0	22.7	12.0
Deferred Income Taxes	(27.2)	42.7	58.0	22.7	12.0
Investment Tax Credits	0.0	0.0	0.0	0.0	0.0
Other Cash Flow	31.6	21.8	4.4	10.8	(0.0)
Funds From Operations	481.3	379.4	329.5	614.2	499.9
Extraordinary Items	0.0	0.0	0.0	0.0	0.0
Funds From/For Other Operating Activities	(246.5)	(165.3)	613.5	50.4	139.1
Dec(Inc) In Receivables	(145.9)	(146.7)	-	166.0	61.3
Dec(Inc) In Inventories	(231.0)	(121.9)	-	191.5	129.6
Inc(Dec) In Accounts Payable	107.6	79.4	-	(297.9)	(62.8)
Inc(Dec) In Income Taxes Payable	-	-	-	-	-
Inc(Dec) In Other Accruals	-	-	-	-	-
Dec(Inc) In Other Assets/Liabilities	22.8	23.9	-	(9.1)	11.1
Net Cash Flow - Operating Activities	234.8	214.1	943.0	664.7	639.0
Investing					
Capital Expenditures (Addition to Fixed Assets)	(156.4)	(111.4)	(69.9)	(151.9)	(124.1)
Additions To Other Assets	0.0	0.0	0.0	0.0	0.0
Net Assets From Acquisitions	(313.3)	(100.3)	0.0	(330.2)	(270.0)
Increase In Investments	(8.5)	0.0	(31.5)	0.0	0.0
Decrease In Investments	0.0	0.0	6.6	0.0	0.0
Disposal of Fixed Assets	9.0	3.2	1.3	19.1	5.0
Other Use/(Source) - Investing	5.4	(46.7)	0.0	(5.4)	30.8
Other Uses - Investing	(9.0)	0.0	0.0	(1.2)	(31.6)
Other Sources - Investing	3.6	46.7	0.0	6.5	0.9
Net Cash Flow - Investing	(474.6)	(161.8)	(93.6)	(457.7)	(419.8)
Financing					
Net Proceeds From Sale/Issue of Com & Pref	11.1	21.4	10.7	18.3	16.8
Proceeds From Stock Options	11.1	21.4	10.5	18.0	16.5
Other Proceeds From Sale/Issuance of Stock	0.0	0.0	0.3	0.3	0.3
Com/Pfd Purchased	-	-	0.0	(114.8)	(82.2)
Long Term Borrowings	987.7	539.0	350.4	1,684.4	658.8
Reduction In Long Term Debt	(711.3)	(560.6)	(1,188.5)	(1,798.6)	(778.5)
Inc(Dec) In Short Term Borrowings	-	3.2	-	-	-
Cash Dividends Paid - Total	(35.9)	(29.7)	(29.4)	(29.2)	(24.2)
Common Dividends (Cash)	35.9	29.7	29.4	29.2	24.2
Preferred Dividends (Cash)	0.0	0.0	0.0	0.0	0.0
Other Source (Use) - Financing	(4.0)	2.3	(3.2)	8.5	9.5
Other Sources - Financing	0.0	4.0	1.5	9.7	9.5
Other Uses - Financing	(4.0)	(1.8)	(4.7)	(1.2)	-
Net Cash Flow - Financing	247.6	(24.5)	(859.8)	(231.5)	(199.9)
Effect of Exchange Rate On Cash	3.9	2.1	1.4	(0.6)	0.2
Inc(Dec) In Cash & Short Term Investments	11.7	29.9	(9.0)	(25.0)	19.5

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Annual Balance Sheet					
	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Assets					
Cash & ST Investments	84.6	72.9	43.0	52.0	77.0
Cash	-	-	-	-	-
Short Term Investments	-	-	-	-	-
Receivables (Net)	896.2	725.3	587.9	861.2	709.0
Inventories - Total	1,212.8	860.2	719.9	1,284.5	911.3
Raw Materials	-	-	-	-	-
Work In Process	-	-	-	-	-
Finished Goods	-	-	-	-	-
Progress Payments & Other	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
Other Current Assets	81.1	42.4	40.1	104.7	24.0
Current Assets - Total	2,274.7	1,700.9	1,390.9	2,302.4	1,721.4
Long Term Receivables	0.0	0.0	0.0	0.0	0.0
Investment In Unconsolidated Subsidiaries	16.2	18.3	20.9	0.0	0.0
Other Investments	41.9	42.0	0.0	57.4	0.0
Property Plant & Equipment - Net	1,105.5	1,025.3	1,074.1	998.7	824.6
Property Plant & Equipment - Gross	1,785.5	1,629.5	1,596.6	1,441.9	1,202.6
Land	145.8	137.1	131.0	125.1	115.3
Buildings	656.8	594.3	543.6	506.8	417.7
Construction Work In Progress	-	-	-	-	-
Machinery & Equipment	982.9	898.1	829.2	810.1	669.7
Rental/Lease Property	-	-	-	-	-
Transportation Equipment	-	-	-	-	-
PP&E - Other	-	-	92.9	-	-
PP&E Under Capitalized Leases	-	-	-	-	-
(Less) Accumulated Depreciation	680.0	604.2	522.5	443.2	378.0
Accum Depr-Land	-	-	-	-	-
Accum Depr-Buildings	-	-	-	-	-
Accum Depr-Machinery & Equip.	-	-	-	-	-
Accum Depr-Rental/Lease Property	-	-	-	-	-
Accum Depr-Transport Equip.	-	-	-	-	-
Accum Depr-PP&E Other	-	-	-	-	-
Accum Depr-PP&E Under Cap Leases	-	-	-	-	-
Other Assets	2,167.6	1,882.4	1,820.9	1,837.0	1,437.4
Deferred Charges	13.6	9.8	13.3	10.7	10.0
Tangible Other Assets	27.4	17.0	13.3	29.8	87.0
Intangible Other Assets	2,126.6	1,855.6	1,794.3	1,796.5	1,340.5
Total Assets	5,605.9	4,668.9	4,306.8	5,195.5	3,983.5
Liabilities					
Accounts Payable	335.2	245.0	169.1	248.3	334.0
ST Debt & Current Portion of LT Debt	12.2	86.2	87.0	94.5	72.5
Accrued Payroll	111.0	85.1	67.0	123.7	95.5
Income Taxes Payable	21.9	9.6	-	-	23.1
Dividends Payable	-	-	-	-	-
Other Current Liabilities	96.1	82.7	94.4	183.6	74.7
Current Liabilities - Total	576.4	508.6	417.6	650.2	599.9
Long Term Debt	1,319.0	855.1	852.6	1,675.6	1,013.3

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LT Debt Excl Capital Leases	1,319.0	855.1	849.4	1,671.7	1,008.8
Non-Convertible Debt	1,319.0	855.1	849.4	1,671.7	1,008.8
Convertible Debt	0.0	0.0	0.0	0.0	0.0
Capitalized Lease Obligations	0.0	0.0	3.2	3.8	4.5
Provision for Risks & Charges	88.6	74.7	92.6	94.4	62.2
Deferred Income	-	-	-	-	-
Deferred Taxes	439.8	372.6	335.9	340.3	200.2
Deferred Taxes - Credit	439.8	372.6	335.9	340.3	200.2
Deferred Taxes - Debit	-	-	-	-	-
Deferred Tax Liability In Untaxed Reserves	-	-	-	-	-
Other Liabilities	30.1	27.8	0.0	0.0	0.0
Total Liabilities	2,453.9	1,838.8	1,698.7	2,760.4	1,875.5
Shareholders' Equity					
Non-Equity Reserves	0.0	0.0	-	-	-
Minority Interest	8.1	6.4	1.7	3.6	1.7
Preferred Stock	0.0	0.0	0.0	0.0	0.0
Preferred Stock - Non Redeemable	0.0	0.0	0.0	0.0	0.0
Preferred Stock - Redeemable	0.0	0.0	0.0	0.0	0.0
Common Equity	3,143.9	2,823.7	2,606.4	2,431.4	2,106.2
Common Stock	657.1	624.7	587.6	563.1	646.4
Capital Surplus	-	-	-	-	-
Revaluation Reserves	0.0	0.0	0.0	0.0	0.0
Other Appropriated Reserves	(18.8)	(9.8)	(11.7)	(15.8)	(7.3)
Unappropriated (Free) Reserves	-	-	-	-	-
Retained Earnings	2,495.6	2,188.7	2,020.3	1,900.4	1,439.6
Equity In Untaxed Reserves	-	-	-	-	-
ESOP Guarantees	0.0	0.0	0.0	0.0	0.0
Unrealized Foreign Exchange Gain(Loss)	10.4	20.3	10.6	(15.2)	27.4
Unrealized Gain(Loss) on Marketable Securities	(0.4)	(0.2)	(0.4)	(1.0)	0.2
(Less) Treasury Stock	0.0	0.0	0.0	0.0	0.0
Total Shareholders Equity	3,143.9	2,823.7	2,606.4	2,431.4	2,106.2
Total Liabilities & Shareholders Equity	5,605.9	4,668.9	4,306.8	5,195.5	3,983.5
Common Shares Outstanding	75.0	74.6	73.8	73.3	74.9

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Annual Ratios					
	12/31/2011 USD	12/31/2010 USD	12/31/2009 USD	12/31/2008 USD	12/31/2007 USD
Valuation Measures					
Market Cap	3,652.1	3,814.1	3,187.5	1,461.9	4,059.9
Net Sales or Revenues	8,134.7	6,312.8	5,318.1	8,718.8	7,255.7
Total Debt	1,331.2	941.3	939.6	1,770.1	1,085.7
Net Assets	5,605.9	4,668.9	4,306.8	5,195.5	3,983.5
Enterprise Value	4,906.8	4,688.8	4,085.8	3,183.6	5,070.3
EBITDA	742.8	516.4	412.2	981.2	813.3
EBIT	609.7	395.8	293.3	883.2	733.4
Capital Expenditure	156.4	111.4	69.9	151.9	124.1
Valuation					
Price/Earnings	10.6	19.6	21.5	3.0	10.1
Price/Sales	0.4	0.6	0.6	0.2	0.6
Price/Cash Flow	7.6	10.0	9.7	2.4	8.2
Price/Book Value	1.2	1.4	1.2	0.6	1.9
Price/Tangible BV	3.6	3.9	3.9	2.3	5.3
Enterprise Value					
Enterprise Value / Sales	0.6	0.7	0.8	0.4	0.7
Enterprise Value/ EBITDA	6.6	9.1	9.9	3.2	6.2
Enterprise Value / EBIT	8.0	11.8	13.9	3.6	6.9
Enterprise Value / Cash Flow	10.2	12.4	-	5.2	10.1
Enterprise Value / Free Cash Flow	115.5	64.2	4.8	6.6	10.3
Credit Statistics					
Total Debt/ Enterprise Value	0.3	0.2	0.2	0.6	0.2
Net Debt / Enterprise Value	0.3	0.2	0.2	0.5	0.2
Total Debt / EBITDA	1.8	1.8	2.3	1.8	1.3
Net Debt / EBITDA	1.7	1.7	2.2	1.8	1.2
EBITDA / Interest Expense	7.4	5.2	4.2	8.4	10.3
EBTIDA - Capex / Interest Expense	5.8	4.0	-	7.1	8.8
EBIT/ Interest Expense	6.1	4.0	3.0	7.6	9.3
Liquidity Leverage					
Quick Ratio	1.7	1.6	1.5	1.4	1.3
Current Ratio	3.9	3.3	3.3	3.5	2.9
Cash Flow/Current Liabilities	0.4	0.4	2.3	1.0	1.1
Long Term Debt / Equity	42.0	30.3	32.7	68.9	48.1
Total Debt / Equity	42.3	33.3	36.0	72.8	51.5
Long Term Debt / Total Capital	29.5	23.2	24.6	40.8	32.5
Total Debt / Total Capital	29.7	25.0	26.5	42.1	34.0
Working Capital / Total Capital	38.0	32.4	28.1	40.2	35.9
Profitability Ratios					
Gross Margin	22.78%	23.20%	24.08%	23.67%	24.22%
Gross Margin - 5 Yr Average	23.59%	24.08%	24.62%	25.15%	25.45%
EBITDA Margin	9.13%	8.18%	7.75%	11.25%	11.21%
EBITDA Margin - 5 Yr Average	9.70%	10.25%	10.91%	11.62%	11.29%
EBIT Margin	7.50%	6.27%	5.52%	10.13%	10.11%
EBIT Margin - 5 Yr Average	8.16%	8.81%	9.57%	10.44%	10.01%
Pre-Tax Margin	6.26%	4.68%	3.65%	8.79%	9.02%
Pre-Tax Margin - 5 Yr Average	6.48%	7.22%	8.31%	9.48%	8.30%
Net Margin	4.23%	3.08%	2.79%	5.54%	5.62%

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Net Margin - 5 Yr Average	4.25%	4.64%	5.24%	5.84%	5.09%
Efficiency Ratios					
Sales Per Employee	0.8	0.7	0.6	0.9	0.8
Operating Profit Per Employee	0.1	0.0	0.0	0.1	0.1
Net Income Per Employee	0.0	0.0	0.0	0.0	0.0
Assets Per Employee	0.5	0.5	-	0.5	0.4
Total Asset Turnover	1.5	1.4	-	1.7	1.8
Inventory Turnover	5.9	6.0	-	6.0	6.0
Receivable Turnover	10.0	9.6	7.3	11.1	10.4
Payable Turnover	21.2	22.8	18.8	22.5	16.1
Management Effectiveness					
Return on Equity	11.52%	7.16%	5.88%	21.28%	21.18%
Return on Equity - 5 Yr Average	13.40%	16.21%	19.21%	22.65%	19.48%
Return On Assets	7.96%	5.78%	4.48%	12.17%	12.09%
Return On Assets - 5 Yr Average	8.50%	9.83%	11.34%	13.02%	11.40%
Return On Invested Capital	9.91%	7.09%	5.49%	15.10%	15.17%
Return On Invested Capital - 5 Yr Average	10.55%	12.27%	14.18%	16.20%	14.16%
Dividend Ratios					
Dividend Per Share	0.5	0.4	-	0.4	0.3
Dividend Yield	0.99%	0.78%	-	2.01%	0.59%
Dividend Payout Ratio	10.48%	15.33%	-	6.10%	5.97%
Growth Rates					
Sales	28.86%	18.70%	(39.00%)	20.17%	26.35%
Sales - 5 Yr	7.21%	13.40%	12.56%	35.87%	32.98%
EBITDA	43.84%	25.29%	(57.99%)	20.64%	16.92%
EBITDA - 5 Yr	1.32%	4.53%	3.18%	52.87%	51.85%
Net Income	76.89%	31.18%	(69.31%)	18.34%	15.08%
Net Income - 5 Yr	(0.61%)	(1.10%)	(2.68%)	69.99%	68.35%
EPS	75.48%	29.85%	(69.36%)	22.39%	11.20%
EPS - 5 Yr	(1.02%)	(3.41%)	(4.98%)	65.09%	62.37%
Capital Expenditure	40.45%	-	-	22.37%	14.15%
Capital Expenditure - 5 Yr	7.54%	15.69%	-	48.68%	46.08%
Research & Development	-	-	-	-	-
Research & Development - 5 Yr	-	-	-	-	-
Stock Performance					
Price Close	48.7	51.1	43.2	19.9	54.2
% Change	(4.72%)	18.23%	116.75%	(63.21%)	37.63%
Total Return	(3.78%)	19.16%	118.76%	(62.47%)	38.45%

Notes: