March 20th, 2009

Instituto Rosenbusch

ROSE/Merval

Initial Report: results established upon innovation and experimentation

Recomendation: Outperforming

Price: $1,25 **MERVAL: 1.082,36** **MERVAL 25: 1.062,00** **BURCAP 3.815,95**

- Drawn up meat is its main competitive profit advantage.
- New markets opening through product differentiation.
- Lack of R&D investment, competitive force in veterinarian industry.
- High risk due to National Government decisions. Regulated Market.
- Our objective price for the next 12 months is $ 1,70

Valuation	2007 A	2008 E	2009 E	2010 E	2011 E	2012 E	2013 E
EPS	0.06	-0.05	0.05	0.20	0.26	0.38	0.47
P/E	41.64	-36.21	35.49	8.52	6.64	4.51	3.64
CFPS	0.16	-0.02	0.07	0.22	0.28	0.40	0.49
P/CFPS	16.05	-108.26	24.61	7.81	6.16	4.27	3.45

Market Capitalization		Stock Data	
Market Cap (AR$)	**50,425,795**	52 week range (AR$)	**$1,16 - $3,10**
Enterprise Value (AR$)	**35,978,263**	Last 12 month Stock performance	**-58.88%**
Shares Outstanding	**29,649,388**	Dividend Yield (last fiscal year)	**0%**
Volume	**8,400,000**	Book Value per share (AR$)	**1.58**
Average mobile daily volume	**N/a**	Beta / Merval	**N/a**
Free Float	**12,40 MM**		

Company Quick View:

Location: San José 1481 Buenos Aires, Argentina
Industry: Primary, Animal Health and Agriculture.
Description: Rosenbusch Institute S.A. is an Argentine company devoted to the ***production and sales of veterinarian products as well as meat provider****. The Company is well* ***structured in three areas****:* ***production, commercialization and administration and finance.*** *The Institute also has a diagnostic department and a drawn up meat department. Among the veterinarian products, it develops and commercializes pharmacy products for big and small animals (antibiotics, antiseptics, antimycosis, anti-parasitaries, vitamins, mineralizers). Also the Institute makes electronic shavings for identification in animal supervision and in drawn up meat.*
Key Products & Services Production and commercialization of veterinarian products, slaughterer and meat provider

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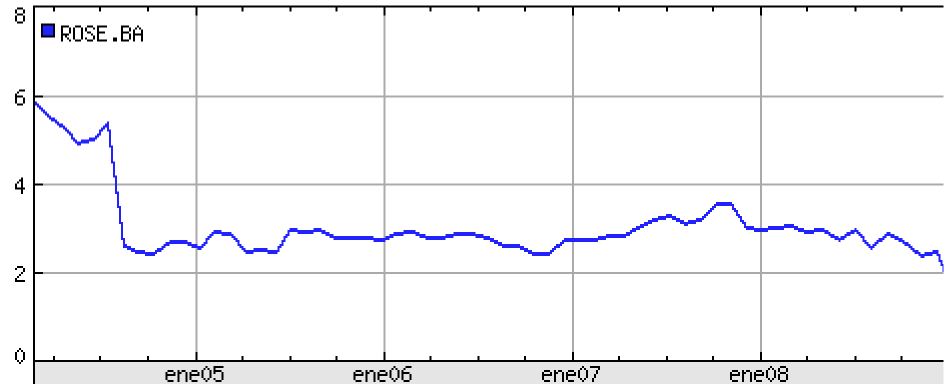
STOCK PRICE PERFORMANCE

Figure 1: 5-year Stock Price Performance



INVESTMENT SUMMARY

We believe that Rosenbusch Institute´s stock is nowadays well valued by the market due to the national and international context; however, we estimate that the stock price should increase in the next 12 months. We´ve determined a market value of $ 1,70 per share as of 12/31/2009, using the DCF method. For sales estimations, we´ve analyzed the Institute´s business lines consisting of: meat and veterinarian products. For the meat products we´ve worked with a growing scenario starting the year 2009, while for veterinarian products the growth rate was less due to a lack of competitive advantages sustained in the midterm.

Performing the sensitivity of g values of the price is in the range of 1.58 / 1.76 and with WACC the price is in the range of 1.06 / 2.27.

Our objective price of $ 1,70 is sustained by the following factors:

INVESTMENT THESIS

With consumption dropping in a world strongly entering in recession times, it is well expected to have significant reductions in the company's sales, local as well as exports. In relation with 2008 sales, values have been estimated, taking into account the balance sheet known for September 2008. Starting the year 2009, and considering the intention of the company to impulse it´s markets in Uruguay and Brazil, we´ve considered a sales in dollars similar to the one in 2008. Regarding the local meat market and considering the strong reduction registered in 2008 (until September) we consider less probable an additional reduction in these sales, although with a superior price in the amount forseen by some analysts for that year´s inflation (14%) as for the exchange rate for 2009, we have assumed an average exchange rate of $ 4 per dollar. Sarting the year 2010 we expect an increase in sales similar to the one that occurred in 2003 with respect to 2002, celebrating the bi-centenary, it is expected an improvement in the activity level motivated by sectorial and general agreements the government will surely impulse (22%). At the same time, the end of world crisis which we hope to see in 2010, will improve the exports nominated in US dollars.

We´ve considered an average annual increase of 2% in the internal market sales. Regarding the external market, higher increases in volume are expected for the last year (5% annual). The exchange rate assumed for this estimation is adjusted in a 12% annual. The internal inflation is calculated in the same rate (12%). As for the sales of the rest of the company´s products, we suppose a growth to a similar rate as the one considered for the meat market at the beginning of the year 2008. The advantages of having drawn up meat is of vital importance as it allows to penetrate selected markets in which nowadays one can only enter through the Hilton quota.

VALUATION

The stock objective value for the next 12 months is determined using the discounted cash flow methodology:

Considerations of the valuation methods		
Balance	**Method**	**Target Price**
100%	DCF	1.70

Discounting Cash Flow

We´ve calculated the company´s value using the Discounted Cash Flow methodology, with a WACC adapted to CAPM. Although the WACC value is high, it reflects conclusively the risks of operating in Argentina. The result obtained with DCF is of a value close to $ 1,70 per stock, which it is within the quotation rank of the last 52 weeks. We´ve assigned to this valuation a 100% consideration of the objective value for the following 12 months.

Scenario Analysis

We estimate that the critical value driver of the valuation is the meat sales growth. In this sense we have considered a moderate scenario of % growth and the value of the stock to $ 1,70, therefore we keep up that the objective value of the stock is defensible

INDUSTRY ANALYSIS

Rosenbusch Institute SA has two key markets in which it operates meat and veterinarian products

Meat Market

In this respect we can conclude that the internal market is influenced by the evolution of the domestic consumption, unemployment, the population´s buying power and price control. The international market depends on international commerce, the sanitary status of the country and the growing regulations in force around the industry.

Costs Structure

International competitiveness can be determined through the analysis of costs structure. These could be divided in three main areas:

- Raw material (animal´s price)
- Process (includes labor cost, expenses, packing expenses, services and taxes)
- Transportation

Bargaining Power of Suppliers

This is not a significant influence as the raw materials suppliers are the fat cattle breeders and over 60% of the market is done through direct distribution. The average rodeo is around 150 cattle heads and the distribution according to their propriety is the following: between 1 and 100 cattle's are about 60% of the producers; between 100 and 500 are 30% and with more than 500 is the 10% left. Although the average rodeo is of considerable magnitude, it is not much considering the level of the cold storage plants. Regardless of that, the producers have other ways to counteract the cold storage plants, for example using the concentrating markets or cooperative agreements. However, the producers have more power when the cattle market is more competitive in the area where the cold plant is located and/or the cattle offer is limited. Particularly, the small cold storage plants can have problems when forced to bring cattle from far away regions. The geographical factor is essential for both the producers as well as the cold plants, because big distances not only elevate the cost of transportation but the probability of death, weight loss and stress in the animal.

The cold storage plants as officers face the market as a whole. Their position´s strength is determined in relation to the variety of sources the buyers possess for the supply. Retailers are affirming their position as a result of the concentration. They center their purchasing strategies in the unification as a mean to take advantage of the scale economy in the purchasing process. The meat demand for processed and ready to be served products is rising and the food services business is earning relevance.

Availability of Substitutes

The existence of great quantity of substitutes for products cattle meat in the market reduces this industry´s attraction. Cattle meat consumption is leveled and is confronting other meats competence, mainly regarding prices and consumer´s behavior. Furthermore, when these facts affect the whole meat industry, the consequences for the companies dedicated to the distribution and final process are less, while using different types of meat.

Substitutes like chicken, eggs, pork, etc. affect straight in the international level business. In Argentina, there are exceptions to this behavior, as the substitute products are not significant and although soy based products have increased, it is by no means a substitute product. Thinking of chicken as the most appropriate one, it is not registered that a cattle meat price raise will substitute cattle for chicken. There is no existing correlation among these variables. The traditional market in Argentina is supplied by the selling of commodity products type.

This Institute looks for a strategic differentiation focused in a niche of high value market.

Bargaining Power of Buyers

The big chain stores have high negotiation power; however the creation of a brand and a quality stamp identified by consumers and the commercial agreements can mitigate it. Rivalry is the power that affects prices and business the most; it is high due to the amount of competitors and their diverse characteristics, including unreliability, but this can be mitigated through rules and regulations enforcement by authorities.

Threat of New Entrants

The barriers to entry for new competitors in this industry tend to be trivial in the existing markets. Basic slaughtering is a less attractive activity due to its low margins, the limited possible to add value and the risk of overcapacity.

Consequently there are no big incentives really to enter into the business, taking into account the requested efforts: build a slaughtering plant, organize to provision of animals and the distribution of meat. However, in some cases the margins of an assured animal provision and some technologic knowledge support can increase is slightly.

In contrast, the processing activity is characterized for having margins high enough to attract new participants, especially when wishing to have an organized logistic in the final linking of the chain to include the whole meat business.

The international bovine meat market possesses high level of protection through tariff and non-tariff barriers. Among the first are specific and ad-valorem tariffs. Within the non-tariff ones should be considered importation fees, apart from different sanitary measures and technical obstacles to commerce (labeling, drawning up meat, packaging).

However, the non-tariff barriers implicating aspects to protect human and animal health characterizes the international meat commerce. The most important sanitary barrier is the presence of aphthous fever illness. Countries free from this illness prohibit the importation of fresh refrigerated or freezed meat (non the less with cooked or thermo processed meat) from countries where it appears as sporadic or endemic illness. Within this context, the USA, Canada and Japan adopt a zero risk criteria, while the European Union applies minimum risk admitting, under certain conditions, the entrance of boneless meat (refrigerated and freezed) from countries with aphtous.

Percentage of the Industry's Concentration

Slaughtering is characterized for being highly atomized and the one for exportation known for its high concentration. On the other hand, when analyzing the participation of the slaughtering plants, 17 of them do 25% of the slaughtering, 44 of them 50% and 75% is performed by 92 legally authorized plants.

Price - forming

International Prices

In the international markets, there aren´t any markets that can be taken as a reference, as prices arise according to offer and demand. Exportation theory parity is taken as the indicator of the ton value of cattle with bone, in dollars FOB.

Internal Prices

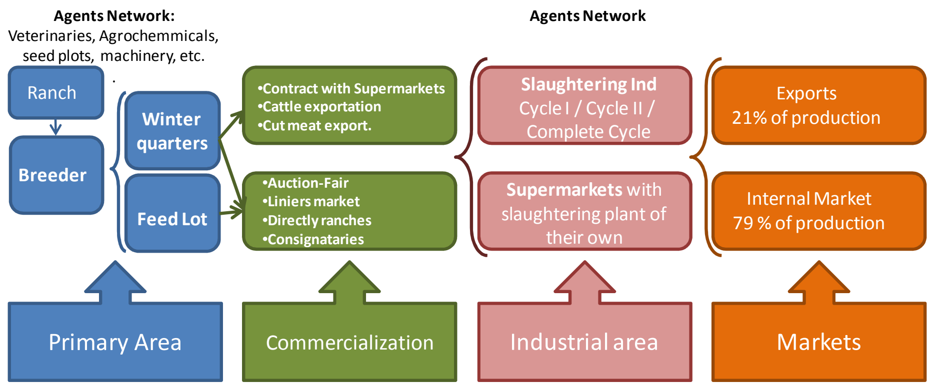
Primary commercialization is performed in two sub stages of the catteling production:

- Cattle selling for fattening: from the breeding establishments are sold to the following link in the chain: Wintering and Feedlot (through contracts, market, directly, in fairs and auctions).

- Cattle selling for slaughter: from the wintering and feedlot to the industry, supermarkets, etc.

  The fat cattle's producers destined for slaughtering have different alternative channels to place their production, by means of consignatary agents, direct sales to different destinations (cold plants for consumption, export cold plants), raftsman (direct consignataries), supermarkets, slaughterers providers or to markets.

Meat Chain Structure



Source: INDEC, ONCCA, SENASA Y SAGPYA

Industrial Area Functioning

Cattle meat industry is mainly considered a functioning disintegration industry because, starting from basic raw material, we obtain products of mayor or less relative importance.

The meat industry is characterized for:

- the high diversity in the companies size,
- the markets to which they are lead to, and
- the associated technological levels.

Commercialization channels

Regarding the meat commercialization, it is carried out directly for external clients as well as for the local markets sales.

INDUSTRY ANALYSIS

Animal Health Industry

In the competitive Argentinean veterinarian market, participate more than 100 companies. Among them are some of the most important laboratories in veterinarian medicine in the world.

This market is characterized for high segmentation, where there is no existence of competitors in dominant positions. The main concentration occurs in the first 11 laboratories which concentrate around 85% of the total market. The industry is concentrated in a reduced group of big corporations. The products characteristics, the protection outlines derived from industrial proprieties regulations regime and the determinant role of the research and development (R&D) in the competitive forces of the companies, configures a market of oligopoly characteristics where competence happens by products differentiation (the efforts to impose the brand take great portion of the total costs/expenses) Mayor concentration of R&D budgets is found in developed countries, resulting in greater, equal concentration number of new discoveries or new chemical entities deriving in the capacity of launching new products in the market, that is, the innovation rhythm is determinant in the competitive force of the companies, therefore the concentration is reproduced in a vice habit circle. Therefore, not only the smallest firms are in disadvantage in this process, but also the bigger ones (even the ones with a certain grade of inter - nationalization) are left behind.

Changing factors in the world market

- Increasing expenses in R&D for the launching of new products.
- Expiration of the main patents and generics irruption.
- R&D´s budget as generator of fusions and acquisitions and dynamic sustain in innovation that means technological advantage.

Market determinants

- High level of maturity in the main geographical markets and products.
- Mayor pressure over the margins of the main products impulse mostly by the growth of competence in the markets and the expiration of key products patent and the consequent growth of generic competence.

- Scale necessity in order to obtain a critical volume enough to allow R&D expenses to enter the virtuous ascendent spiral of more I&D financing and better products, mayor benefits, more R&D financing, etc.

- Technology products acquisition- the need for more dynamic opportunities and the risk reduction to dominate niches.

Market Share per world region

Over 2/3 of animal health products sales are generated in North America and the European Union, with markets in South America, Southern Asia and Australia. The North American region is responsible for 34% of the world sales – equivalent to 6.09 million dollars. The growth in Canada and Mexico has been uneven from the beginning of the decade, but the USA market has enjoyed a strong growth period since 2002, which reflects the catteling and bird raising conditions in that country and the animal origin products in continuous expansion.

South American market has a 12% share in the world sales. The region is being dominated by Brazil, responsible for 50% of the sales. This growth has been the result of economic stability, a strong internal demand for cattle and the desire to produce meat for exportation.

Companies leading the segment

The animal health market is being dominated by huge world mega chemical-laboratories or they have divisions or joint ventures in the segment for animals. The main branches are in the USA or Europe, for example Pfizer, Bayer, Novartis, Schering-Plow.

During the last years, the market has been driven by fusions and multinational acquisitions. The net result of these tendencies has been a period of quick changes in structure and in the animal's health industry propierty.

Benefit levels

The revenues generated before taxes from 9 out of 13 of the most important companies, has been over 17% of the sales. The operational margin of the Sector is within 13-21%. Although the tendency of benefits has grown, the animal health industry, due to the lack of requirements harmonization in the global market regarding the necessary ones for testing and approving new products, might be slowing down its expansion and in some cases even delaying the development of new drugs.

Stationary

There is no registration of stationary utilization in the capacity of an installed plant as they are compensated through the production to be exported to other areas. However the expiration of products allows storing without major expiration risks, this allows an even production without sudden fright.

Raw material sources and availability

Major drugs are obtained in the external markets at convenient price and volume for our production levels, not existing in the last year lacks nor compromise rupture of any kind, from our suppliers neither considerable values fluctuation in them. In the local market exists enough provision of certain products as the metal containers (which are not very much used) and there have not been prices variation registered that would really anticipate a price increase.

Commercialization channel

The commercialization of specific veterinarian products in the local market is being performed by sales persons who cover different geographical areas, reaching the whole country and having also trustees who allow the immediate delivery of our products. The external sales are canalized through the plant´s direction.

COMPANY DESCRIPTION

The Rosenbusch Institute S.A. is a company of argentine capitals. It´s story begins in 1917, in the Argentine Rural Society (the most representative entity of the farming and animal husbandry power in the country). In 1924 due to a structure change in the Rural Society, the Institute lost contact with the Rural Society and set up a commercial society under the name of "Instituto de Biología Experimental" (Experimental Biology Institute) directed by Dr. Francisco Rosenbusch, son of german parents and being a veterinary, he dedicated his life to the investigation of biological products. In 1946 the Institute changed its name for Institute Rosenbusch S.A. of Farming and Animal Biological Experimentation, transforming it into a stock company.

Nowadays it is being managed by the third generation of the family. The commercial activity being dedicated to animal health and based upon veterinarian doctors participation throughout the country. It is the only company in its title-sector participating in the stock exchange market in Buenos Aires.

The Rosenbusch Institute S.A. has two major activities: mainly the production and selling of veterinarian products and secondarily as slaughtering meat providor.

The Institute is deeply involved, focused on a new Strategy to set up their drawn up meat. Date of Inscription in the Public Commercial Register Social Contract: May 10th, 1948. Last Statute Modification, February 6th, 2008. Number of the General Justice Inspection Register 63.090. Date of Social term fulfillment: May 10th, 2047.

MANAGEMENT PERFORMANCE AND BACKGROUND

The Directory is formed as follows:

- President: Dr. Rodolfo Martin Balestrini
- Vice-President: Mrs. Monica Eva Lukesch Balestrini
- Holder Director: Dr. Andres Balestrini

This Directory has been reelected in the Ordinary General Assembly on April 28th, 2006.

All directors are dependent. Their mandate is due in the Assembly dealing balance on December 31st, 2008.The society´s first line management is integrated as follows:

- Production Manager: Fabian Iribarren
- Administration Manager: Eduardo Busto
- Sales Manager: Juan Bonetto

SHAREHOLDER ANALYSIS

Principal Holders	%	% Acum
San Teobaldo SA	33.96%	33.96%
Rodolfo Balestrini	16.78%	50.74%
Andres Balestrini	4.19%	54.93%
Matías Balestrini	4.17%	59.10%
Nicolás Balestrini	2.69%	61.79%
Rinder S.A.	2.06%	63.85%
Free Float	36.15%	100.00%

Registered stock is not very net clear, not for its value, but for the lack of market transactions, which leads to a public objective: to be preferably a market expert in the ones where the company operates, as the possible investing shareholders will not have information on the transaction actions.

INVESTMENT RISKS

The risk factors of both industries are related to the activity level in the argentine economy, exportation retentions, exchange rates and prices regulations:

Regulation Risk

- Increasing governmental interference in the sector, reducing foresightedness over business evolution (retentions, prices fixation, etc.)
- Internal demand of manufactured products influenced by the level of economic activity partially mitigated by the company´s export capacity.
- External sales subject to international prices variations.
- Demanding quality levels: subject to protectionist and phitosanitary measures from the country to which exports to.

Operational Risks

It is very difficult for the company to lose contact with the argentine reality, but one of its major risks is to have its value chain in danger, to avoid the company has an agreement with its suppliers that guarantees the meat supply in order to carry out its exportation quota/share. The Argentine risk of maximum prices and exportation barriers could make the company assume some costs not considered at the moment of maintaining its production and value chain control.

Financial Risk

The company has a healthy capital structure, the liabilities levels are low and could be able to obtain a better financial leverage by assuming new debt in the local market.

It is not foresee any financial risk associated Neither to exchange types nor debt problems.

FINANCIAL PERFORMANCE AND PROJECTIONS

The projection has been developed based on quarterly balances presented by the company. Ratios and figures have been contrasted with similar models in order to work with homogeneous number.

Operative Assumptions

For the entire projected period we have assumed no further changes in each business line participation as percentage of total sales: veterinarian products (53,70%), meat products (46,30%). Based on market information for veterinarian products we have concluded that growth cannot exceed the nominal average rate for the last 10 years (4,90%) and that for the meat sector, the growth will be moderate and will contemplate an inflation of 14%. For both products we expect a drop in sales for year 2008 and it is assumed that the company has not carried out major investments in R&D that could aloud to give sustained "jump", in the amounts to be billed in both internal as external markets.

We suppose there won´t be technical efficiency nor significant productivity increases that could increase gross profit margins, but we do expect that the global business of the company will allow, while escalating in volume, to diminish the administration and commercialization expenses. We´ve supposed that there will not be permanent investments results nor participation in other societies.

Regarding Tax shield, it has been considered the actual Income tax rate for Argentina (35%) for the whole projected period. Additionally we´ve projected the tax balances for each period.

The non-cash working capital is seen as reaching a low of 25% due to operational efficiencies to be achieved after the crisis is over.

Financial Assumption

It is not considered necessary for the company to get into long term debt as there is no investment plan. For Terminal Value estimations we´ve considered a Growth rate of 3% as an average for Argentina.

Capex

We have assumed Capital expenditures equal to amortization + depreciation in order to maintain operating capacity.

INFORMATION SOURCES

Argentine Chamber of Meat Industry.

Argentine Chamber of Veterinarian Products

SEPYME

Rosenbusch Institute. Bolsar.com.

Economical Analysis of Argentina- by Miguel Bein

ECONOMATICA

BALANCE	2005	2006	2007	Estimado 2008	2009	2010	2011	2012	2013
ASSETS									
Current Assets									
Cash and banks	3,602,723	918,055	2,766,374	8,113,505	9,691,248	8,073,697	9,869,434	13,287,239	19,590,965
Investments	954,994	2,744,136	1,852,349	0	0	0	0	0	0
Sales Credits	12,939,914	16,456,427	17,028,859	15,049,078	15,801,532	18,645,808	21,442,679	23,158,094	25,010,741
Other Credits	5,570,902	6,154,236	7,525,472	6,898,343	7,243,260	7,967,586	8,764,344	9,640,779	10,604,857
Changes Assets	14,187,617	12,993,124	15,361,371	19,039,802	19,230,200	19,422,502	19,616,727	19,812,894	20,011,023
Other Current Assets	769,278	169,278	169,278	1,567,805	627,122	313,561	0	0	0
Total Current Assets	**38,025,428**	**39,435,256**	**44,703,703**	**50,668,534**	**52,593,362**	**54,423,154**	**59,693,185**	**65,899,006**	**75,217,586**
NON CURRENT ASSETS									
Sales Credits	0	0	0	0					
Other Credits	123,003	98,964	78,738	0					
Investments	180,811	291,530	174	0					
All Assets	6,805,770	8,242,064	8,972,708	8,685,180	8,530,087	8,530,087	8,530,087	8,530,087	8,530,087
Intangible Assets	434,348	451,934	74,535	0					
Other Non Current Assets	0	0	0	0					
Total Non Current Assets	**7,543,932**	**9,084,492**	**9,126,155**	**8,685,180**	**8,530,087**	**8,530,087**	**8,530,087**	**8,530,087**	**8,530,087**
TOTAL ASSETS	**45,569,360**	**48,519,748**	**53,829,858**	**59,353,714**	**61,123,450**	**62,953,241**	**68,223,272**	**74,429,093**	**83,747,674**
Passive - Liabilities									
Current Liabilities									
Account Payable (commercial)	4,410,030	5,379,327	7,603,795	11,226,291	11,394,836	10,848,983	11,559,013	11,857,986	13,008,630
Loans (bank & financial)	1,114,778	350,312	3,448,524	2,285,558	2,319,872	2,208,741	2,353,296	2,414,164	2,648,423
Remunerations and Obligations	0	617,615	795,658	1,254,097	1,272,926	1,211,948	1,291,266	1,324,665	1,453,204
Tax Liabilities	2,887,915	3,409,088	2,683,400	3,735,144	3,791,221	3,609,608	3,845,845	3,945,317	4,328,152
Other Current Liabilities	2,026,989	1,807,951	1,256,207	3,788,734	3,845,615	3,661,397	3,901,023	4,001,923	4,390,251
Total Current Liabilities	**10,439,712**	**11,564,293**	**15,787,584**	**22,289,823**	**22,624,470**	**21,540,677**	**22,950,443**	**23,544,055**	**25,828,660**
NON CURRENT LIABILITIES									
Provisions	994,090	986,911	589,519	961,339	975,772	929,029	989,831	1,015,433	1,113,966
Other Non Current Liabilities	30	30	30	0					
Total Non Current Liabilities	**994,120**	**986,941**	**589,549**	**961,339**	**975,772**	**929,029**	**989,831**	**1,015,433**	**1,113,966**
TOTAL LIABILITIES	**11,433,832**	**12,551,234**	**16,377,133**	**23,251,163**	**23,600,242**	**22,469,706**	**23,940,274**	**24,559,488**	**26,942,626**
Minority Interest	332	324	374,541	374,541	374,541	374,541	374,541	374,541	374,541
Shareholders' equity									
Capital	22,212,863	22,212,863	26,655,436	37,120,425	35,728,010	37,148,667	40,108,994	43,908,457	49,495,064
Capital Setting	0	0	0	0					
Legal Reserve	3,329,117	3,536,963	3,741,963	0					
Results Not Assigned	8,593,216	10,218,364	6,723,026	-1,392,415	1,420,657	2,960,328	3,799,462	5,586,608	6,935,442
Technical Revalue	0	0	0	0					
TOTAL Shareholders' equity	**34,135,528**	**35,968,514**	**37,494,966**	**36,102,551**	**37,523,208**	**40,483,535**	**44,282,998**	**49,869,605**	**56,805,048**
TOTAL LIABILITIES + Shareholders' equity = Ass	**45,569,360**	**48,519,748**	**53,872,099**	**59,353,714**	**61,123,450**	**62,953,241**	**68,223,272**	**74,429,093**	**83,747,674**

	2005	2006	2007	2008 Estimation	2009 Estimation	2010 Estimation	2011 Estimation	2012 Estimation
Sales	54,298,530	67,047,697	75,358,258	56,377,047	66,463,477	84,430,020	97,422,113	112,434,870
Cost of Sales	-40,429,046	-49,823,815	-58,269,043	-40,873,359	-47,853,704	-59,101,014	-68,195,479	-77,580,060
Gross profit	***13,869,484***	***17,223,882***	***17,089,215***	***15,503,688***	***18,609,774***	***25,329,006***	***29,226,634***	***34,854,810***
Administrative Expenses	-2,367,362	-2,692,525	-3,562,439	-4,342,803	-4,652,443	-5,065,801	-5,358,216	-5,621,743
Selling Expenses	-4,933,674	-6,973,299	-10,670,287	-10,906,049	-10,939,815	-11,640,892	-12,615,485	-12,553,875
EBITDA	***6,568,448***	***7,558,058***	***2,856,489***	***254,836***	***3,017,515***	***8,622,312***	***11,252,932***	***16,679,191***
Depreciation & Amortization	-857,917	-1,059,354	-1,190,660	-1,262,329	-1,023,610	-1,023,610	-1,023,610	-938,310
EBIT	***5,710,531***	***6,498,704***	***1,665,829***	***-1,007,493***	***1,993,904***	***7,598,702***	***10,229,322***	***15,740,882***
Other income (expenses), net	1,181,218	820,496	925,149	-120,229	-132,927	-168,860	-194,844	-224,870
Financial income	-300,953	-1,018,836	-301,859	473,322	186,084	175,986	141,142	137,424
Financial expense				-398,571	-285,779	-302,631	-287,275	-306,076
Minority Interest	86	74,188	-203,083	-212,861	-265,854	-337,720	-389,688	-449,739
EBT	***6,590,882***	***6,374,552***	***2,086,036***	***-1,265,832***	***1,495,428***	***6,965,477***	***9,498,656***	***14,897,620***
Tax Profit	-2,433,972	-2,275,059	-306,101	-126,583	-74,771	-1,044,821	-1,899,731	-3,724,405
Net Income	***4,156,910***	***4,099,493***	***1,779,935***	***-1,392,415***	***1,420,657***	***5,920,655***	***7,598,925***	***11,173,215***
Net Margin	***7.66%***	***6.11%***	***2.36%***	***-2.47%***	***2.14%***	***7.01%***	***7.80%***	***9.94%***
Dividends %				0.00%	0.00%	50.00%	50.00%	50.00%
	-36.93%	-35.69%	-14.67%	10.00%	-5.00%	-15.00%	-20.00%	-25.00%

	2005	2006	2007	2008 Estimation	2009 Estimation	2010 Estimation	2011 Estimation	2012 Estimation
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	-74.46%	-74.31%	-77.32%	-72.50%	-72.00%	-70.00%	-70.00%	-69.00%
Gross profit	***25.54%***	***25.69%***	***22.68%***	***27.50%***	***28.00%***	***30.00%***	***30.00%***	***31.00%***
Administrative Expenses	-4.36%	-4.02%	-4.73%	-7.70%	-7.00%	-6.00%	-5.50%	-5.00%
Selling Expenses	-9.09%	-10.40%	-14.16%	-19.34%	-16.46%	-13.79%	-12.95%	-11.17%
EBITDA	***12.10%***	***11.27%***	***3.79%***	***0.45%***	***4.54%***	***10.21%***	***11.55%***	***14.83%***
Depreciation & Amortization	-1.58%	-1.58%	-1.58%	-2.24%	-1.54%	-1.21%	-1.05%	-0.83%
EBIT	***10.52%***	***9.69%***	***2.21%***	***-1.79%***	***3.00%***	***9.00%***	***10.50%***	***14.00%***
Other income (expenses), net	2.18%	1.22%	1.23%	-0.21%	-0.20%	-0.20%	-0.20%	-0.20%
Financial and holding results	-0.55%	-1.52%	-0.40%	0.84%	0.28%	0.21%	0.14%	0.12%
Minority Interest	0.00%	0.11%	-0.27%	-0.38%	-0.40%	-0.40%	-0.40%	-0.40%
EBT	***12.14%***	***9.51%***	***2.77%***	***-1.54%***	***2.68%***	***8.61%***	***10.04%***	***13.52%***
Tax Profit	-4.48%	-3.39%	-0.41%	-0.22%	-0.11%	-1.24%	-1.95%	-3.31%
Net Income	***7.66%***	***6.11%***	***2.36%***	***-1.76%***	***2.57%***	***7.37%***	***8.09%***	***10.21%***

BURKENROAD. 2008
EMPRESA: INSTITUTO ROSENBUSCH
RATIOS

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Liquidity Ratios									
Current Assets	38.025.428	39.435.256	44.703.703	50.668.534	52.593.362	54.423.154	59.693.185	65.899.006	75.217.586
(-) Current Liabilities	10.439.712	11.564.293	15.787.584	22.289.823	22.624.470	21.540.677	22.950.443	23.544.055	25.828.660
Working Capital	**27.585.716**	**27.870.963**	**28.916.119**	**28.378.710**	**29.968.892**	**32.882.477**	**36.742.741**	**42.354.951**	**49.388.926**
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
Working Capital / Sales	**0,508**	**0,416**	**0,384**	**0,503**	**0,451**	**0,389**	**0,377**	**0,377**	**0,381**
Total Assets	45.569.360	48.519.748	53.829.858	59.353.714	61.123.450	62.953.241	68.223.272	74.429.093	83.747.674
Working Capital / Assets	**60,54%**	**57,44%**	**53,72%**	**47,81%**	**49,03%**	**52,23%**	**53,86%**	**56,91%**	**58,97%**
Current Assets / Current Liabilities = Liquidity Ratio	**3,642**	**3,410**	**2,832**	**2,273**	**2,325**	**2,527**	**2,601**	**2,799**	**2,912**
Inventories	14.187.617	12.993.124	15.361.371	19.039.802	19.230.200	19.422.502	19.616.727	19.812.894	20.011.023
CA - Inventories / Current Liabilities = Quick Ratio	**2,283**	**2,287**	**1,859**	**1,419**	**1,475**	**1,625**	**1,746**	**1,957**	**2,137**
Cash & Equivalents	3.602.723	918.055	2.766.374	8.113.505	9.691.248	8.073.697	9.869.434	13.287.239	19.590.965
Marketable Securities	954.994	2.744.136	1.852.349	0	0	0	0	0	0
Defensive Test	**43,66%**	**31,67%**	**29,26%**	**36,40%**	**42,84%**	**37,48%**	**43,00%**	**56,44%**	**75,85%**
Cash	4.557.717	3.662.191	4.618.723	8.113.505	9.691.248	8.073.697	9.869.434	13.287.239	19.590.965
Accounts receivable	12.939.914	16.456.427	17.028.859	15.049.078	15.801.532	18.645.808	21.442.679	23.158.094	25.010.741
Inventories	14.187.617	12.993.124	15.361.371	19.039.802	19.230.200	19.422.502	19.616.727	19.812.894	20.011.023
Other Current assets	6.340.180	6.323.514	7.694.750	8.466.148	7.870.382	8.281.147	8.764.344	9.640.779	10.604.857
Current Assets of dicontinued operations	0	0	0	0	0	0	0		
Total Current Assets	**38.025.428**	**39.435.256**	**44.703.703**	**50.668.534**	**52.593.362**	**54.423.154**	**59.693.185**	**65.899.006**	**75.217.586**
Accounts payable	4.410.030	5.379.327	7.603.795	11.226.291	11.394.836	10.848.983	11.559.013	11.857.986	13.008.630
Accrued Libialities	1.114.778	350.312	3.448.524	2.285.558	2.319.872	2.208.741	2.353.296	2.414.164	2.648.423
Income Taxes payable	2.887.915	3.409.088	2.683.400	3.735.144	3.791.221	3.609.608	3.845.845	3.945.317	4.328.152
Other Liabilities assets	2.026.989	2.425.566	2.051.865	5.042.831	5.118.541	4.873.345	5.192.289	5.326.587	5.843.454
Current Libialities of discountinued operations	0	0	0	0	0	0	0	0	0
Total Current Liabilities	**10.439.712**	**11.564.293**	**15.787.584**	**22.289.823**	**22.624.470**	**21.540.677**	**22.950.443**	**23.544.055**	**25.828.660**
Working Capital	**27.585.716**	**27.870.963**	**28.916.119**	**28.378.710**	**29.968.892**	**32.882.477**	**36.742.741**	**42.354.951**	**49.388.926**
Noncash Current Assets	**33.467.711**	**35.773.065**	**40.084.980**	**42.555.028**	**42.902.114**	**46.349.457**	**49.823.751**	**52.611.767**	**55.626.621**
Nondebt Current Liabilities	**9.324.934**	**11.213.981**	**12.339.060**	**20.004.266**	**20.304.598**	**19.331.935**	**20.597.147**	**21.129.891**	**23.180.237**
Noncash Working Capital	**24.142.777**	**24.559.084**	**27.745.920**	**22.550.762**	**22.597.516**	**27.017.522**	**29.226.604**	**31.481.876**	**32.446.384**
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
NWC / Sales	**44,46%**	**36,63%**	**36,82%**	**40,00%**	**34,00%**	**32,00%**	**30,00%**	**28,00%**	**25,00%**
% ∆ Sales	**24,58%**	**23,48%**	**12,39%**	**-25,19%**	**17,89%**	**27,03%**	**15,39%**	**15,41%**	**15,43%**
% ∆ NWC	**-1,21%**	**1,72%**	**12,98%**	**-18,72%**	**0,21%**	**19,56%**	**8,18%**	**7,72%**	**3,06%**
Elasticity	**-4,91%**	**7,34%**	**104,69%**	**74,34%**	**1,16%**	**72,36%**	**53,14%**	**50,07%**	**19,85%**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Activity Ratios									
Sales	54,298,530	67,047,697	75,358,258	56,377,047	66,463,477	84,430,020	97,422,113	112,434,870	129,786,056
Total Assets	45,569,360	48,519,748	53,829,858	59,353,714	61,123,450	62,953,241	68,223,272	74,429,093	83,747,674
Asset Turnover	**1.192**	**1.382**	**1.400**	**0.950**	**1.087**	**1.341**	**1.428**	**1.511**	**1.550**
Fixed Assets	7,240,118	8,693,998	9,047,243	8,685,180	8,530,087	8,530,087	8,530,087	8,530,087	8,530,087
Fixed Assets Turnover	**7.500**	**7.712**	**8.329**	**6.491**	**7.792**	**9.898**	**11.421**	**13.181**	**15.215**
Total Liabilities	11,433,832	12,551,234	16,377,133	23,251,163	23,600,242	22,469,706	23,940,274	24,559,488	26,942,626
Equity	34,135,528	35,968,514	37,494,966	35,728,010	37,148,667	40,108,994	43,908,457	49,495,064	56,430,507
Capital Structure	**0.335**	**0.349**	**0.437**	**0.651**	**0.635**	**0.560**	**0.545**	**0.496**	**0.477**
Total Liabilities	11,433,832	12,551,234	16,377,133	23,251,163	23,600,242	22,469,706	23,940,274	24,559,488	26,942,626
Total Assets	45,569,360	48,519,748	53,829,858	59,353,714	61,123,450	62,953,241	68,223,272	74,429,093	83,747,674
Debt Ratio	**0.251**	**0.259**	**0.304**	**0.392**	**0.386**	**0.357**	**0.351**	**0.330**	**0.322**
Gross Profit	13,869,484	17,223,882	17,089,215	15,503,688	18,609,774	25,329,006	29,226,634	34,854,810	41,531,538
EBIT	6,568,448	7,558,058	2,856,489	-1,007,493	1,993,904	7,598,702	10,229,322	15,740,882	19,467,908
Operative Leverage	**2.112**	**2.279**	**5.983**	**-15.388**	**9.333**	**3.333**	**2.857**	**2.214**	**2.133**
EBIT	6,568,448	7,558,058	2,856,489	-1,007,493	1,993,904	7,598,702	10,229,322	15,740,882	19,467,908
EBT	6,590,882	6,374,552	2,086,036	-1,265,832	1,495,428	6,965,477	9,498,656	14,897,620	18,494,513
Financial Leverage	**0.997**	**1.186**	**1.369**	**0.796**	**1.333**	**1.091**	**1.077**	**1.057**	**1.053**
Mix Leverage	**2.104**	**2.702**	**8.192**	**-12.248**	**12.444**	**3.636**	**3.077**	**2.340**	**2.246**
ROE	12.18%	11.40%	4.75%	-3.90%	3.82%	14.76%	17.31%	22.57%	24.58%
ROIC	11.88%	13.31%	4.48%	-1.66%	3.18%	11.32%	13.96%	19.20%	20.89%
Grade of Financial Leverage	**1.025**	**0.856**	**1.059**	**2.342**	**1.204**	**1.304**	**1.240**	**1.176**	**1.177**

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Profitability Ratios									
Gross Profit	13.869.484	17.223.882	17.089.215	15.503.688	18.609.774	25.329.006	29.226.634	34.854.810	41.531.538
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
Gross Margin	**25,54%**	**25,69%**	**22,68%**	**27,50%**	**28,00%**	**30,00%**	**30,00%**	**31,00%**	**32,00%**
EBIT	6.568.448	7.558.058	2.856.489	-1.007.493	1.993.904	7.598.702	10.229.322	15.740.882	19.467.908
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
Operative Margin	**12,10%**	**11,27%**	**3,79%**	**-1,79%**	**3,00%**	**9,00%**	**10,50%**	**14,00%**	**15,00%**
EBITDA	6.568.448	7.558.058	2.856.489	254.836	3.017.515	8.622.312	11.252.932	16.679.191	20.406.218
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
Operative Margin	**12,10%**	**11,27%**	**3,79%**	**0,45%**	**4,54%**	**10,21%**	**11,55%**	**14,83%**	**15,72%**
Net Income	4.156.910	4.099.493	1.779.935	-1.392.415	1.420.657	5.920.655	7.598.925	11.173.215	13.870.885
Sales	54.298.530	67.047.697	75.358.258	56.377.047	66.463.477	84.430.020	97.422.113	112.434.870	129.786.056
Operative Margin	**7,66%**	**6,11%**	**2,36%**	**-2,47%**	**2,14%**	**7,01%**	**7,80%**	**9,94%**	**10,69%**
Net Income	4.156.910	4.099.493	1.779.935	-1.392.415	1.420.657	5.920.655	7.598.925	11.173.215	13.870.885
Total Assets	45.569.360	48.519.748	53.829.858	59.353.714	61.123.450	62.953.241	68.223.272	74.429.093	83.747.674
ROA	**9,12%**	**8,45%**	**3,31%**	**-2,35%**	**2,32%**	**9,40%**	**11,14%**	**15,01%**	**16,56%**
Net Income	4.156.910	4.099.493	1.779.935	-1.392.415	1.420.657	5.920.655	7.598.925	11.173.215	13.870.885
Equity	34.135.528	35.968.514	37.494.966	35.728.010	37.148.667	40.108.994	43.908.457	49.495.064	56.430.507
ROE	**12,18%**	**11,40%**	**4,75%**	**-3,90%**	**3,82%**	**14,76%**	**17,31%**	**22,57%**	**24,58%**
Cash & Equivalent	4.557.717	3.662.191	4.618.723	8.113.505	9.691.248	8.073.697	9.869.434	13.287.239	19.590.965
Current Assets	38.025.428	39.435.256	44.703.703	50.668.534	52.593.362	54.423.154	59.693.185	65.899.006	75.217.586
(-) Cash & Equivalent	-4.557.717	-3.662.191	-4.618.723	-8.113.505	-9.691.248	-8.073.697	-9.869.434	-13.287.239	-19.590.965
Current Liabilities	10.439.712	11.564.293	15.787.584	22.289.823	22.624.470	21.540.677	22.950.443	23.544.055	25.828.660
(-) Financial Debt	-2.108.898	-1.337.253	-4.038.073	-3.246.897	-3.295.644	-3.137.771	-3.343.127	-3.429.597	-3.762.389
Operational Needs of Found	**25.136.897**	**25.546.025**	**28.335.469**	**23.512.102**	**23.573.288**	**27.946.551**	**30.216.435**	**32.497.309**	**33.560.350**
Non Current Assets	7.240.118	8.693.998	9.047.243	8.685.180	8.530.087	8.530.087	8.530.087	8.530.087	8.530.087
Investment Capital	**36.934.732**	**37.902.214**	**42.001.435**	**40.310.787**	**41.794.624**	**44.550.335**	**48.615.956**	**54.314.635**	**61.681.403**
% Tax Profit	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%	35,00%
NOPAT = EBIT*(1-T)	4.269.491	4.912.738	1.856.718	-654.870	1.296.038	4.939.156	6.649.059	10.231.573	12.654.140
ROIC	**11,56%**	**12,96%**	**4,42%**	**-1,62%**	**3,10%**	**11,09%**	**13,68%**	**18,84%**	**20,52%**
Capital	36.934.732	37.902.214	42.001.435	40.310.787	41.794.624	44.550.335	48.615.956	54.314.635	61.681.403
Debt	2.108.898	1.337.253	4.038.073	3.246.897	3.295.644	3.137.771	3.343.127	3.429.597	3.762.389
Equity	34.825.834	36.564.961	37.963.362	37.063.890	38.498.980	41.412.564	45.272.829	50.885.038	57.919.014
D / (D + E)	5,71%	3,53%	9,61%	10,02%	7,77%	7,40%	6,45%	6,16%	5,56%
E / (D + E)	94,29%	96,47%	90,39%	89,98%	92,23%	92,60%	93,55%	93,84%	94,44%

BURKENROAD. 2008
Company: Rosenbusch Institute
Market Value Estimation - Free cash flow

FREE CASH FLOW	2009	2010	2011	2012	2013
EBIT	1,993,904	7,598,702	10,229,322	15,740,882	19,467,908
Depreciation + Amortization	1,023,610	1,023,610	1,023,610	938,310	938,310
Tax profit $_{EBIT}$	-99,695	-1,139,805	-2,045,864	-3,935,220	-4,866,977
D Working Capital	-46,753	-4,420,006	-2,209,082	-2,255,272	-964,508
D Capex	-868,518	-1,023,610	-1,023,610	-938,310	-938,310
FREE CASH FLOW	**2,002,548**	**2,038,890**	**5,974,376**	**9,550,389**	**13,636,423**
Terminal Value					69,724,466
Enterprise Value	**44,030,191**	**54,385,725**	**61,618,916**	**67,042,756**	**69,724,466**
(+) Non operative Assets	9,691,248				
(-) Financial Debt	-3,295,644				
Equity Value as of 31/12/2009	**50,425,795**				
Shares Outstanding	29,649,388				
Price per share	**1.70**				

SENSIBILIZATION: CHANGE IN GROWTH RATE (g)								
Change in g	**1.5%**	**2.0%**	**2.5%**	**3.0%**	**3.5%**	**4.0%**	**4.5%**	**5.0%**
69,724,466	60,599,981	62,261,503	63,999,101	65,818,125	67,724,434	69,724,466	71,825,306	74,034,774
Change in Terminal Value	-13.1%	-10.7%	-8.2%	-5.6%	-2.9%	0.0%	3.0%	6.2%
Change in g	-62.5%	-50.0%	-37.5%	-25.0%	-12.5%	0.0%	12.5%	25.0%
Change in TV / Change in g	**0.21**	**0.21**	**0.22**	**0.22**	**0.23**	**0.00**	**0.24**	**0.25**
Enterprise Value	**40,323,509**	**40,998,477**	**41,704,349**	**42,443,300**	**43,217,709**	**44,030,191**	**44,883,625**	**45,781,187**
Change in Enteprise Value	-8.4%	-6.9%	-5.3%	-3.6%	-1.8%	0.0%	1.9%	4.0%
Change in EV / Change in g	**0.13**	**0.14**	**0.14**	**0.14**	**0.15**	**0.00**	**0.16**	**0.16**
Equity Value	**46,719,114**	**47,394,081**	**48,099,954**	**48,838,904**	**49,613,313**	**50,425,795**	**51,279,229**	**52,176,792**
Price per share	**1.58**	**1.60**	**1.62**	**1.65**	**1.67**	**1.70**	**1.73**	**1.76**
Change in Price per Share	-7.4%	-6.0%	-4.6%	-3.1%	-1.6%	0.0%	1.7%	3.5%

SENSIBILIZATION: CHANGE IN WACC								
Change in WACC	**-15.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**15.0%**	**20.0%**
50,425,795	42,403,116	44,774,303	47,431,206	50,425,795	53,823,264	57,706,495	62,182,476	67,391,729
Price per share	**1.43**	**1.51**	**1.60**	**1.70**	**1.82**	**1.95**	**2.10**	**2.27**
Change in Equity Value	-15.9%	-11.2%	-5.9%	0.0%	6.7%	14.4%	23.3%	33.6%
Change in WACC	-15.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	15.0%	20.0%
Change in EV / Change in WACC	**1.06**	**1.12**	**1.19**	**0.00**	**1.35**	**1.44**	**1.55**	**1.68**

WACC					
	2009	**2010**	**2011**	**2012**	**2013**
KD	8.80%	9.18%	9.16%	9.16%	9.16%
KA	13.39%	13.89%	13.89%	13.89%	13.89%
KE	13.84%	14.27%	14.18%	14.16%	14.14%
WACC	**27.95%**	**28.15%**	**24.28%**	**24.30%**	**24.34%**
WACC bt	**27.99%**	**28.25%**	**24.39%**	**24.43%**	**24.46%**
%D	9.02%	7.48%	5.77%	5.43%	5.12%
%E	90.98%	92.52%	94.23%	94.57%	94.88%
rf	3.00%	3.50%	3.50%	3.50%	3.50%
rm - rf	7.00%	7.00%	7.00%	7.00%	7.00%
$\beta\Delta$	0.725	0.725	0.725	0.725	0.725
βA	1.4838	1.4838	1.4838	1.4838	1.4838
$\beta\Lambda$	1.559	1.545	1.530	1.527	1.525
Ke US$	**27.41%**	**27.82%**	**23.71%**	**23.69%**	**23.67%**
Prices USA	4.56%	4.56%	3.00%	3.00%	3.00%
Prices ARG	14.00%	12.00%	10.00%	10.00%	10.00%
Ajusted Factor	1.090	1.071	1.068	1.068	1.068
Ke AR$	**29.89%**	**29.80%**	**25.32%**	**25.30%**	**25.28%**
Country Risk Premim	13.50%	13.50%	9.50%	9.50%	9.50%