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To: Undisclosed recipients;;

Subject: SX5E Div Update: Soc Gen Eliminates 2012 Dividend

Date: Tue, 08 Nov 2011 14:51:22 +0000

Attachments: Euro_Stoxx_50_dividend_analysis_08nov11.xls

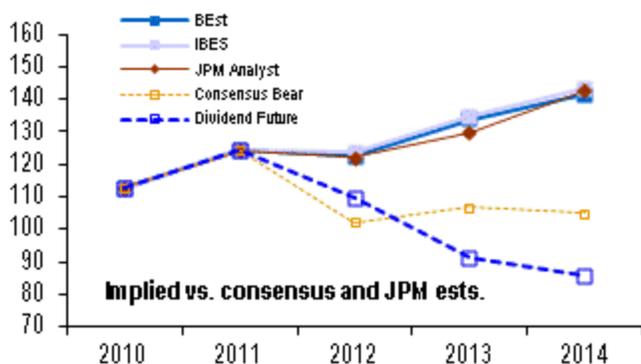
Inline-Images: Euro_Stoxx_50_dividend_analysis_08nov11(1).xls

Euro STOXX 50 Bottom-up Dividend Valuation

Soc Gen plans to not pay a dividend in 2012. Prior to today's announcement, Soc Gen was expected to contribute ~2 points to 2012 dividends and ~2.5 points to 2013 dividends. Most other banks have reported already (namely Santander) but Telefonica reports on Friday and at 9-10% of dividend expectations is worth keeping an eye on even if it isn't a bank.

The linked spreadsheet contains a bottom-up analysis of Euro STOXX 50 dividends for 2011-2014, incorporating Societe Generale's announcement this morning that it will not pay a dividend in 2012. Following Iberdrola's announcement that its interim dividend will be paid in January and Unilever's announcement of its 3rd interim dividend last week, all 2011 expected dividends have now been confirmed.

In the spreadsheet, any cells shaded in light blue can be changed in order to perform a scenario analysis, by altering expectations for a single company or sector. Each sheet in the workbook contains a separate set of estimates: Bloomberg consensus, I/B/E/S, J.P.Morgan Research, and Consensus Bear (which aggregates the lowest dividend forecast among the Bloomberg consensus for each company).



Upside / downside potential	2011	2012	2013	2014
BEst		12.5%	46.2%	64.4%
IBES		13.6%	47.1%	66.5%
JPM		11.8%	41.7%	65.4%
Consensus Bear		-6.4%	16.6%	21.8%

Source: [REDACTED] Equity Derivatives Strategy, Bloomberg, Datastream

I've added what [REDACTED] out financials (banks and insurance) would be and there's still upside to 2013 dividends.

Bottom-Up Estimates*	2012	2013	2014
BEst	122.7	133.9	141.7
IBES	123.9	134.8	143.5
JPM Analyst	122.0	129.8	142.6
Consensus Bear	102.1	106.8	105.0
Dividend Future	109.1	91.6	86.2

Financials (IBES)	93.4	98.4	103.6
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