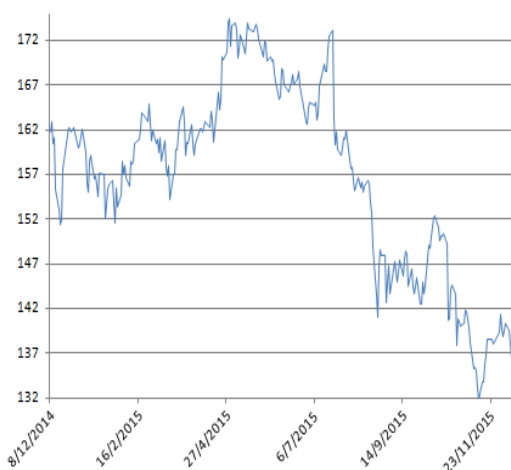


Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (10/12/2015) NYSE, in USD	\$136.78
# of Shares (mn)	970.11
Market Cap (in USD mn)	132,691.64
A.D. Volume (p)	4,403,799
Beta Co-efficient	0.81
Statistical Data	
Max 52 week, USD	174.40 USD
Min 52 week, USD	131.75 USD
1-M Rtn	1.09%
6-M Rtn	-18.70%
12-M Rtn	-15.08%

Source: VRS Calculations, Reuters.

Stock Price Performance (1 year, in USD)



Note: Share price performance based on share price closes on NYSE (New York Stock Exchange).
Period as day/month/year.

IBM Corporation

Listed on NYSE, US [Bloomberg Ticker: IBM:US] [Reuters Ticker: IBM.N]

Business Sector: Technology

Corporate & Investment Highlights

- International Business Machines (IBM) Corporation, incorporated on June 16, 1911, is a technology company. The Company operates five business segments: Global Technology Services (GTC) and Global Business Services (GBS), Software, Systems and Technology (STG), and Global Financing. Global Technology Services (GTS) primarily provides IT infrastructure and business process services.

Consolidated Revenue Breakdown per Segment and Geography (USD mn)

	2014	Percent Change	2013	Percent Change	2012
Global Technology Services	37,130	-3.69%	38,551	-4.19%	40,236
Global Business Services	17,825	-3.10%	18,396	-0.92%	18,566
Software	25,434	-1.92%	25,932	1.90%	25,448
Systems and Technology	9,996	-23.04%	12,988	-26.53%	17,677
Global Financing	2,034	0.59%	2,022	0.45%	2,013
Other	374	-21.76%	478	-17.16%	577
Total Consolidated Revenues	92,793	-5.67%	98,367	-5.88%	104,517

Source: The Company.

9-Month 2015 Consolidated Results (USD mn)

(USD million)	9M 2015	%	9M 2014
Revenues	59,682	-13.10%	68,680
EBT (Continuing Operations)	10,846	-15.86%	12,891
EAT (Continuing Operations)	8,904	-13.02%	10,237

Source: The Company.

Trailing P/E and P/S Ratios

Trailing P/E	9.20
Trailing P/S	1.58

Source: VRS Calculations based on Company data.

Important Note:

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Company Report

FLASH NOTE
December 10, 2015

IBM Corporation

Listed on NYSE, US [Bloomberg Ticker: IBM:US] [Reuters Ticker: IBM.N]

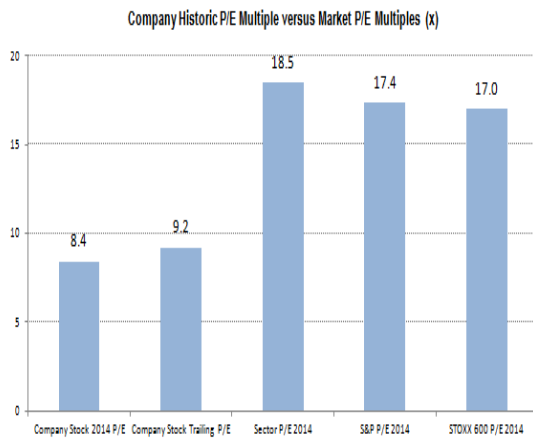
Business Sector: Technology

BASIC FINANCIAL INDICATORS

(in USD mn)	Sales	EBITDA	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2009	95,758	48,779	18,138	13,425	9.9	5.9	2.9	1.2	59%
2010	99,870	50,845	19,723	14,833	8.9	5.8	2.9	1.2	64%
2011	106,916	54,953	21,003	15,855	8.4	6.6	2.8	1.6	79%
2012	104,507	55,037	22,540	16,999	7.8	7.0	2.8	1.8	90%
2013	98,367	53,362	20,244	16,881	7.9	5.8	3.0	1.7	74%
2014	92,793	50,899	19,986	15,751	8.4	11.2	3.2	3.4	133%

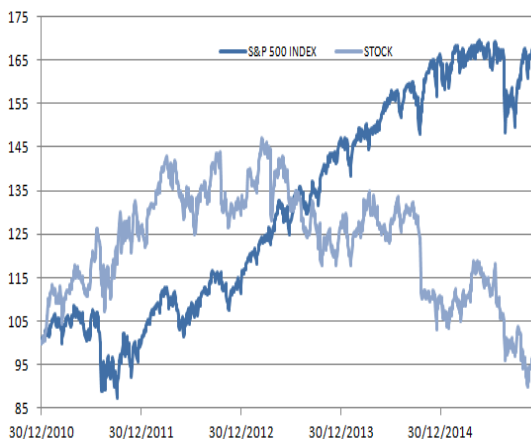
Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price.
Source: Official Consolidated Financial Statements, VRS Calculations.
n/c stands for non calculable.

Stock P/E Multiples Versus Market Multiples (x)



Source: VRS calculations based on consolidated IFRS accounts, FACTSET.

Stock Versus S&P 500 Index (Last 5 Years, Base = 100)



Note: Data based on price closes.
Period as day/month/year.

Working Capital Ratios

in USD million		2009	2010	2011	2012	2013	2014
Revenues	USD mn	95,758	99,870	106,916	104,507	98,367	92,793
Cost (net of depreciation)	USD mn	51,973	53,857	56,778	52,513	49,684	46,386
Gross Profit Margin	%	45.72%	46.07%	46.89%	49.75%	49.49%	50.01%
Net Income / Profit	USD mn	13,425	14,833	15,855	16,999	16,881	15,751
Net Profit Margin	%	14.0%	14.9%	14.8%	16.3%	17.2%	17.0%
Cash & Cash Equivalents	USD mn	12,183	10,661	11,922	10,412	10,716	8,746

Stock Days

Days	18	17	17	16	17	17
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Stock Inventory

USD mn	2,494	2,450	2,595	2,287	2,310	2,103
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Debtors Days

Days	41	40	38	37	39	36
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Debtors - Receivables

USD mn	10,736	10,834	11,179	10,667	10,465	9,090
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Creditors Days

Days	52	53	55	55	55	54
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Creditors - Suppliers

USD mn	7,436	7,804	8,517	7,952	7,461	6,864
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Operating Cycle (Days)

Days	58	56	55	53	56	52
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Cash Cycle (Days)

Days	6	3	0	-2	1	-2
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Source: Official Consolidated Financial Statements, VRS Calculations.
Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
IBM Corporation	IBM:US	IBM.N	\$ 136.78	December 10, 2015	----

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2. VRS has sent the research report to the covered company, prior to publication or dissemination, for factual verification.
3. VRS has changed the contents of the initially sent report, with respect to: factual changes have been made.
4. VRS has received compensation from the covered company for the preparation of this research report.
5. VRS produces research reports for this company on systematic basis.
6. VRS produces research reports for this company on demand basis.
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