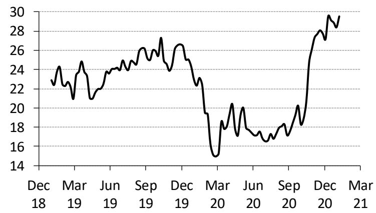
BUY

Price (05/02/2021)	EUR 29.54
Target price	38.00
Risk	Medium
Reuters	BERTt.BR
Bloomberg	BEKB BB
Shares number (m)	57.00
Market cap. (m)	1,684
Net debt 12/20e (m)	794
Net debt/EBITDA 12/20e	1.77
1 year price perf.	32.6%
Diff. with Euro Stoxx	32.8%
Volume (sh./day)	71,247
H/L 1 year	30.32 - 13.79
Free Float	59.0%
Family shareholders	34.0%
Treasury shares	7.0%

Company description

Bekaert is a global market leader in steelwire transformation and coating technologies, and the world's largest independent manufacturer of drawn steel wire products. Bekaert employs >28K people and serves customers in 120 countries.



Analyst:

Frank Claassen
+31 20 573 5409
f.claassen@degroofpetercam.com

Bekaert

More margin more upside

Showing an impressive margin recovery in H2 2020…

After Bekaert mitigated the impact from an inevitable hit on top line from COVID in H1 (-20%), Bekaert is showing an impressive recovery in H2. With Q3, it guided that FY20 REBIT will still be close to FY19 of EUR 242m, implying that H2 REBIT margins should jump from 5.2% in 20H1 to an estimated 7.8% in 20H2 (FY20 results are due March 3). Firstly, this is driven by a strong rebound in volumes (only -2% YoY in 20Q3), in particular in tyre cord. It seems Bekaert has gained market share due to a better availability of wire rod than some smaller, local competitors during this crisis. Secondly, Bekaert has done a good job in implementing temporary COVID-related savings on top of structural cost measures (e.g. closing loss-making plants). Thirdly, Bekaert is continuously focusing on improving its product mix.

...and room for more margin improvement ahead

Despite ongoing uncertainty from the impact of COVID, we expect this positive top line and margin momentum to continue. We even see room for Bekaert to raise the medium-term REBIT margin target of 7% to at least 8%. It has a CMD coming up on March 10. More structural cost savings will kick in and the return of volume growth and ongoing product mix improvement measures should also be beneficiary for margins. Note that over the last 2 years, its REBIT margin was significantly impacted by inventory adjustments due to the lower wire rod prices, its main raw material. Despite COVID, these wire rod prices are back in an uptrend. Its leverage ratio is now back to <2x net debt/EBITDA, thanks to sound FCF generation on the back of capex discipline and improved working capital control.

Undemanding valuation, Buy, TP raised by 20% to EUR 38 p/s

In our view, Bekaert's structurally improving margin profile is far from reflected in its undemanding valuation. We roll forward our SOTP from 2021E to 2022E estimates and, as a result, our TP is increased from EUR 32 to EUR 38 p/s. This implies an overall target EV/REBIT multiple of 9.0-9.5x (~5.8x EV/EBITDA), which is roughly in line with its historical average. These are still not demanding multiples (close to double digit FCF yield) and there could be room for multiple expansion if Bekaert will indeed be able to deliver on this envisaged margin and ROCE improvement.

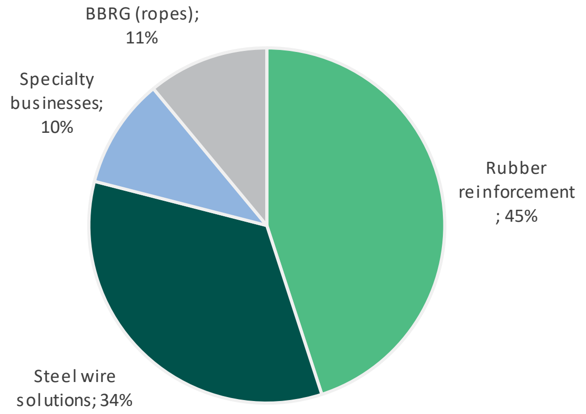
EUR	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Sales	3,713	4,098	4,306	4,323	3,729	3,977	4,135
EBITDA	479.1	512.8	386.3	402.2	449.2	494.2	526.5
Adj. profit	103	159	38.2	40.2	119	150	185
EPS	1.78	2.77	0.67	0.70	2.08	2.64	3.24
Div.	1.10	1.10	0.70	0.35	0.70	0.90	1.10
EV/EBITDA	7.2	6.5	6.2	6.0	5.5	5.2	4.7
P/E	21.6	13.2	31.6	37.8	13.1	11.2	9.1
FCF Yield	11.2%	2.6%	7.3%	19.5%	13.5%	6.8%	8.7%
Div. Yield	2.9%	3.0%	3.3%	1.3%	2.6%	3.0%	3.7%

Table of contents

Showing an impressive margin recovery

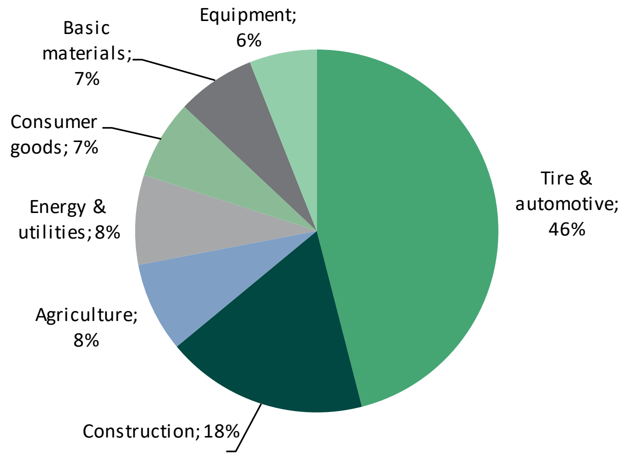
It was inevitable that Bekaert was hit during the first wave of COVID and lockdowns during Q1 (China) and Q2 (Row) of last year. Demand for tyre cord, its most important product, dropped by almost a third in Q2 due to the closure of tyre manufacturing plants across the globe. Total revenues dropped by not less than -20% over H1. Still, Bekaert managed to report a REBIT decline of only -27% to EUR 92m (REBIT margin of 5.2%, down only 50 bps YoY). When the COVID crisis hit Bekaert, already in February 2020 in China, it immediately implemented mitigation and temporary cost saving measures. One can think of reducing temporary staff, furlough schemes, reducing shifts, less travel, marketing et cetera. These 'COVID mitigation savings' amounted to EUR 52m in H1. On top, there were EUR 30m of structural costs savings in 20H1, which were already implemented in the course of 2019, and EUR 17m of mix improvement effects. The impact of the volume drop was most visible in Rubber Reinforcement (tyre cord) as its REBIT dropped from EUR 90m in H1 '19 to EUR 27m in H1 '20. The other business units did surprisingly well on resilient pockets of demand such as construction (primarily in Specialty businesses) and agriculture (primarily Steel wire solutions) and the cost savings and mix improvement measures taken (see exhibit 5).

Exhibit 1 Revenues breakdown (FY19)



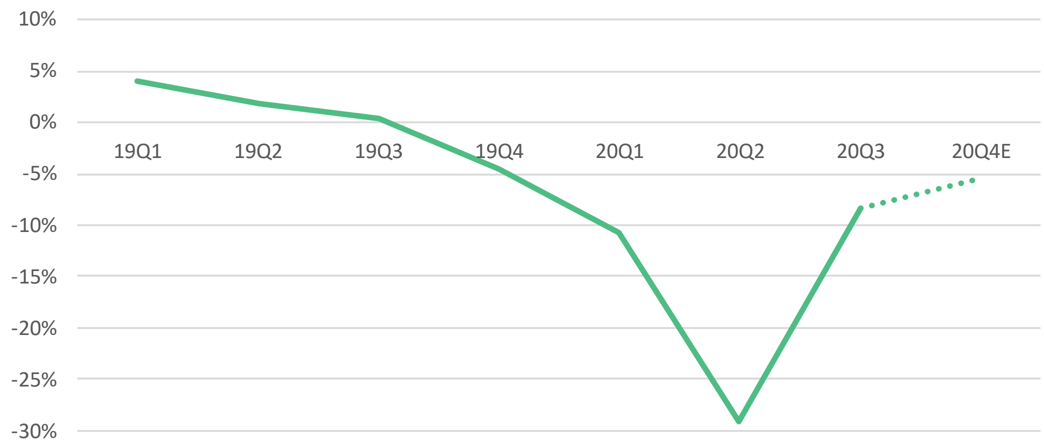
Source: Company data

Exhibit 2 End-market exposure (FY19)



Source: Company data

Exhibit 3 The 20Q3 revenues growth decline was already much lower than 20Q2

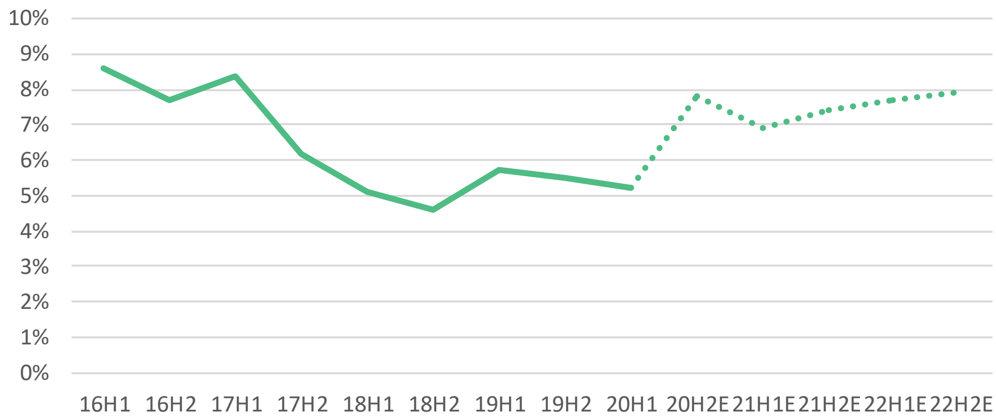


Source: Company data, Degroof Petercam estimate for 20Q4

FY20 guidance of flat REBIT implies a significant margin recovery in 20H2

The Q3 trading update surprised on the upside with a very strong rebound in volumes, down only 2% YoY, in particular in Rubber Reinforcement (+50% QoQ). The latter was driven by the re-opening of tyre plants in Asia, replenishment of low inventories in the supply chain and a recovery in demand for tyres due to increased mileage driven (75% is replacement market). This biggest positive surprise came from the new guidance that FY20 REBIT would still be 'close to' FY19 (EUR 242m). This means that the H2 REBIT should be around EUR 150m vs. 'only' EUR 92m in H1 20. This also implies that the REBIT margin should jump from 5.2% in H1 to more than 7% in 20H2 (DPe 7.8%, FY20 results due March 3). Bekaert's mid-term ambition is to reach a 7% REBIT margin and it is impressive that they will be able to reach this amidst COVID-related uncertainty. Following this surprisingly strong 20Q3 trading update, we raised our REBIT estimates by >20% and upgraded our rating from Hold to Buy. In our view this margin surprise is still far from priced in and we detail our view further in this report.

Exhibit 4 REBIT margin per half year, 20H2 is estimated to be well above 7%



Source: Degroof Petercam estimates

Exhibit 5 Our divisional REBIT estimates

	2018	19H1	19H2	2019	20H1E	20H2E	FY20E		FY21E		FY22E	
Rubber reinforcement (RR)	1,908	1,014	939	1,953	709	882	1,591	-19%	1,750	10%	1,824	4%
Steel Wire Solutions (SWS)	1,497	751	697	1,448	639	669	1,308	-10%	1,369	5%	1,410	3%
Specialty businesses (SB)	411	202	213	414	185	201	385	-7%	401	4%	415	3%
Bridon-Bekaert Ropes Group (BBRG)	463	242	247	488	228	203	431	-12%	444	3%	473	6%
Other	27	10	10	20	9	4	13	-38%	13	4%	13	3%
Consolidated revenues	**4,306**	**2,218**	**2,105**	**4,323**	**1,770**	**1,959**	**3,729**	**-14%**	**3,977**	**7%**	**4,135**	**4%**
Rubber reinforcement	177	94	78	172	28	92	119	-31%	164	37%	186	14%
	9.3%	9.3%	8.3%	8.8%	3.9%	10.4%	7.5%		9.4%		10.2%	
Steel Wire Solutions	57	28	23	51	38	41	79	56%	85	7%	91	7%
	3.8%	3.7%	3.3%	3.5%	6.0%	6.1%	6.1%		6.2%		6.5%	
Specialty businesses	26	25	27	52	24	24	48	-7%	51	7%	54	5%
	6.3%	12.2%	12.7%	12.5%	12.9%	12.0%	12.4%		12.8%		13.0%	
BBRG	-7	6	6	12	23	16	40	233%	35	-11%	39	9%
	-1.5%	2.6%	2.3%	2.4%	10.3%	8.0%	9.2%		8.0%		8.2%	
Other	-44	-27	-18	-45	-21	-21	-42		-45		-47	
Total underlying EBIT	**210**	**127**	**116**	**242**	**92**	**152**	**245**	1%	**291**	19%	**323**	11%
REBIT margin	**4.9%**	**5.7%**	**5.5%**	**5.6%**	**5.2%**	**7.8%**	**6.6%**		**7.3%**		**7.8%**	

Source: Company data, Degroof Petercam estimates

What is driving this strong margin improvement?

Despite the significant adverse impact on REBIT from lower volumes, what are the main drivers for this impressive margin performance? 1) Bekaert has done a good job in mitigating the effects from COVID by implementing temporary cost saving measures and on top of structural cost saving measures from footprint rationalization. 2) Bekaert has gained market share during this crisis, 3) The company continues to focus on improving its product mix and 4) Improving wire rod prices no longer lead to negative inventory adjustments, as was the case over the past 2 years.

Exhibit 6 REBIT drivers for bridge for 2019 and 2020

	19H1*	19H2	FY19	20H1	20H2E**	FY20E**
Volume effect	2	-1	1	-138	-27	-165
Covid mitigation savings				52	28	80
Structural cost savings	17	16	33	30	15	45
Pricing/business mix	30	27	57	17	17	34
Inventory valuation effects	-36	-23	-59	6	6	12
FX effect	1	-1	0	-2	-2	-4
REBIT difference yoy	**14**	**18**	**32**	**-35**	**37**	**2**

Source: Company data, Degroof Petercam estimates, *=19H1 estimated gross effects, **=estimates

1) Temporary and structural cost savings are kicking in

As described, when the COVID crisis hit Bekaert early in February 2020 in China, it immediately implemented temporary cost saving measures. These 'COVID mitigation savings' were EUR 52m in 20H1 and EUR 70m 9MTD. Although these savings are in essence temporary because related to the revenues drop related from COVID, in the 20Q3 conference call the CFO indicated that part of these temporary COVID-related savings could get a more structural character (about 20%, for instance structurally lower travel cost).

More than a year ago, Bekaert has started to implement a profit restoration program, in particularly focused on the divisions Steel Wire Solutions and BBRG. These embedded several cost cutting measures and mix improvement actions. In 2019, this led to further steps in footprint rationalizations with plant closures in the US, Malaysia and Belgium (for building products). These plant closures are expected to lead to some EUR 40m in structural cost savings, of which half were already visible in H1. On top, there is an ongoing movement to come up with more structural cost savings due to operational excellence measures in many different fields such as combining production lines, reducing overhead and streamlining the supply chain.

2) Gaining market share during this crisis

Despite the drop in volumes due to COVID, Bekaert indicates that it has not seen any extra price competition or volume-chasing behaviour from competitors. It claims that it was able to gain market share during this first wave. When the market quickly picked up in the early summer of 2020, it was able to deliver most products in time, while several of its smaller local competitors faced issues. These issues mainly had to do with the lack of supply of wire rod, closed plants because of ongoing lockdown restrictions or high transportation costs. The worldwide footprint of Bekaert turned out to be a strong advantage in dealing with the impact of COVID due to the possibility to source or sell materials/products in other regions. Several framework contracts with new customers were won and these are now also coming back for return orders.

It looks as if this crisis has also opened the eyes of Bekaert in the sense that it is finally living up to its role as global market leader by showing more muscle toward suppliers and customers. Being a reliable supplier, even in times of a crisis, is increasingly recognized by customers and then it is not only about having the lowest price. Still, a normalization of the situation post-COVID, embeds the risk that these local competitors could become more aggressive again in order to claim back a part of their lost market share.

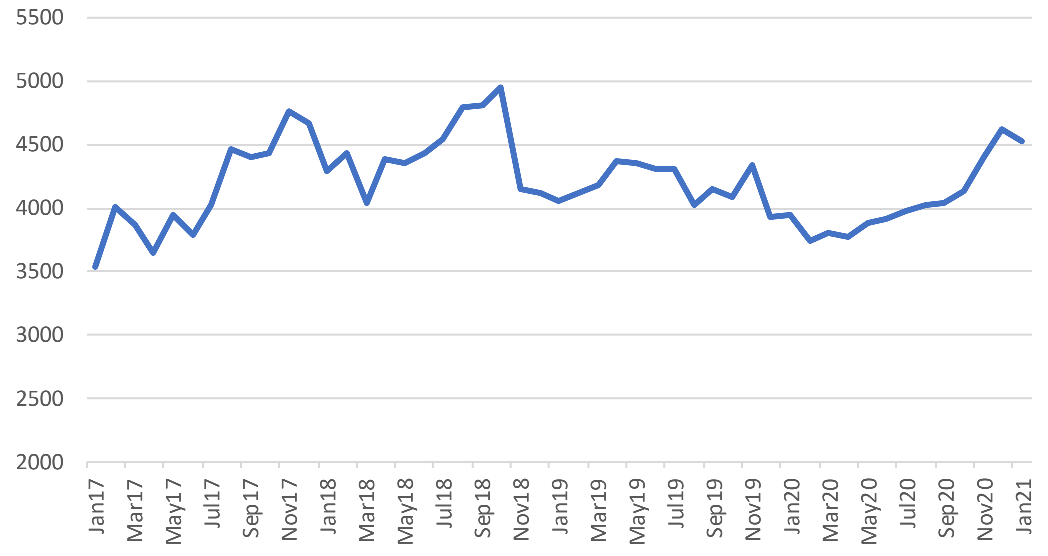
3) Mix improvements efforts pay off

The steel wire business is broad and has many different products and applications. As global market leader, Bekaert is trying to move away from commoditizing segments by continuously investing in product innovations and improving its product mix. This focus on business mix improvement is paying off, as it had an estimated positive effect of EUR 57m on REBIT in FY19 and another EUR 17m in H1 20 (see exhibit 6). This effect is most visible at the business unit BBRG (ropes): despite volume down -11% 9MTD in 2020, the price/mix effect was +4% due to passed on wire rod prices and improved business mix. In combination with implemented cost savings, this resulted in a quadrupling of the REBIT for BBRG in H1 20 (from EUR 6m to EUR 23m), despite COVID (see more details on page 13).

4) Wire rod prices do no longer lead to negative inventory adjustments

Although there were already underlying improvements in cost savings and mix improvement, over the last 2 years, these were hardly visible in total REBIT. Main reason is the significant adverse impact of non-cash inventory adjustments due to lower wire rod prices, which is the main raw material for steel cord (raw material costs are ~85% of revenues). Note that in FY19 REBIT this effect was a negative EUR 59m and also over FY18 this was EUR 36m negative. As these wire rod prices are now much more stable and even increasing (see exhibit 7), there was even a slight positive effect in H1 20 (see exhibit 6). We do not foresee that this situation will suddenly reverse in 2021 with volumes gradually returning to normalized levels. Competition on price has been less severe lately, also due to supply chain issues for wire rod in different parts of the world.

Exhibit 7 **Wire rod steel price index (CNY/t)**

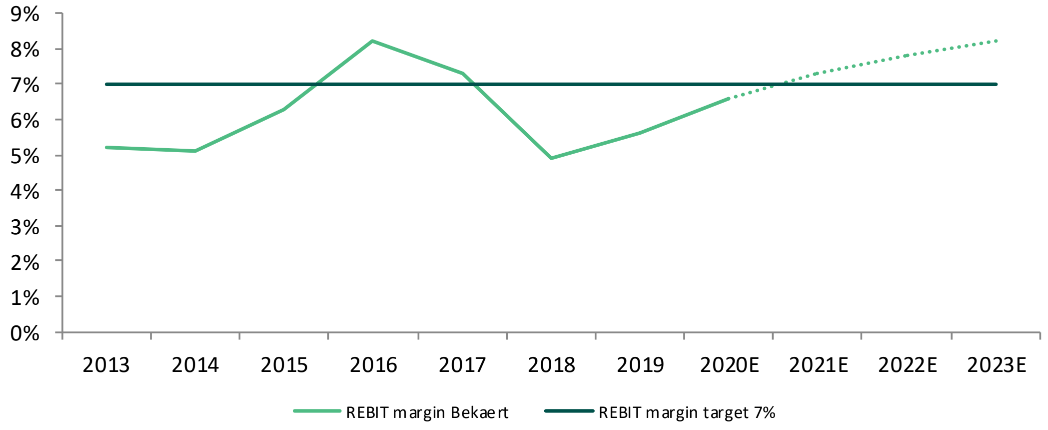


Source: Bloomberg

...and room for more margin improvement

Despite ongoing uncertainty from the impact of COVID, we expect this positive top line and margin momentum to continue. We even see room for Bekaert to raise the medium-term margin target of 7% to at least 8% (CMD coming up on March 10). Although most of the COVID mitigation cost saving measures are temporary, there are still more structural cost savings and business mix improvements to kick in. In addition, the return of volume growth can create leverage effects due to the higher incremental margin made on additional volumes.

Exhibit 8 We expect the REBIT margin to further improve above the 7% medium-term target



Source: Company data, Degroof Petercam

More cost saving measures will kick in

Although the described COVID-related mitigation savings are basically temporary, in the Q3 20 conference call the CFO indicated that part of these COVID-related savings could get a more structural character (about 20%). In this same conference call, the CFO indicated that Bekaert wants to *'crystallize the margin improvement'*. This means that the company does not stop at looking at more cost optimization opportunities. Although Mr Oswald Schmid is officially still interim-CEO, after Matthew Taylor left in March 2020, it may be clear that he and his management team continue on the path of streamlining and rationalizing. In December 2020, we have seen two new announcements:

- Bekaert will restructure its global engineering activities and will further reduce in overhead staff, impacting some 160 FTE's in Belgium. We estimate that this step could bring in additional savings of ~EUR 10m (with probably a similar restructuring charge in H2 20). The related restructuring charges will still have to be announced (due 3 March), but these are likely to be more than compensated by the sizeable one-off gain on the announced sale of the site of Hemiksen (Belgium) with a one-off book gain of EUR 36m.
- In December 2020, Bekaert announced to exit the loss-making sawing wire business with immediate effect (was located in Jiangyin China). This used to be a huge profit generator in 2010/11, before new players jumped on this segment and created overcapacity. As it had already become very small, we do not anticipate this step to have a material financial impact (except for some possible non-cash write downs).

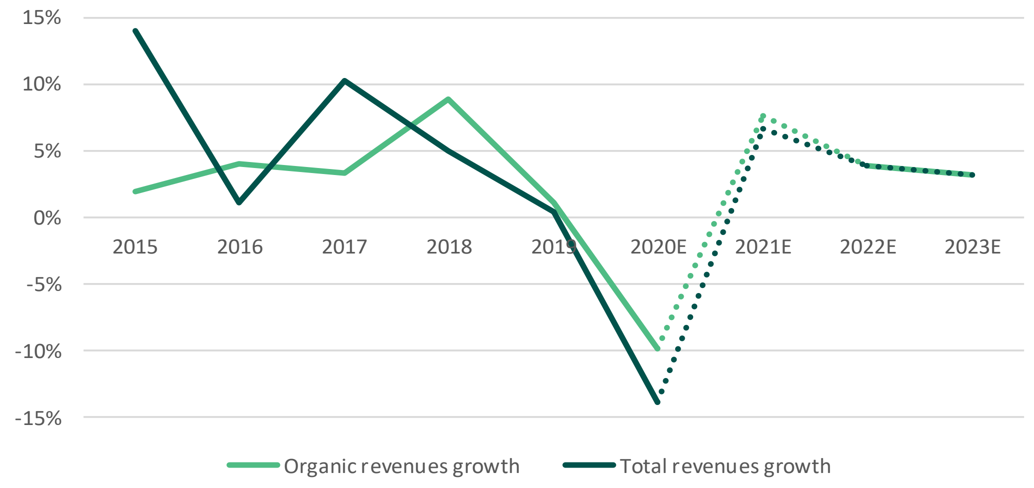
Mix improvements efforts will continue

As the only truly global market leader, Bekaert is trying to move away from commoditizing segments of the steel wire business by continuously investing in product innovations and improving its product mix. The company is spending some EUR 60-70m per year on R&D, much more than any other player in this industry. It has a portfolio of around 1,800 patents. At its upcoming CMD, Bekaert will likely highlight some of its latest product innovations which also tap into new growth field such as hydrogen and electrification of cars. Another example is the strategic partnership closed with Ideol in September 2020. This partnership is focused on developing synthetic mooring solutions to meet the fast accelerating floating offshore wind market. This focus on mix improvement is paying off as the estimated effect was already EUR 57m positive for REBIT in FY19 and we foresee another EUR 30-40m for FY20 (was EUR 17m in H1 20) and EUR 20m+ levels for 2021 and onwards.

Return of volume growth will create operational leverage

We acknowledge that COVID will continue to create uncertainty, but we currently estimate that Bekaert should be able to show mid-single digit top line growth in 2021. The comparison base for Q2 is easy (revenue drop was -29% in Q2 20 due to tyre plant closures) and there are signs of improvement on the front of global industrial production, automotive and construction, also as stimulus programs are gradually kicking in. Note that our FY21 revenue estimate roughly equals the annualized 20Q3 revenues run rate and is still 8-9% below that of FY19. However, FX will likely remain a negative for top line in 2021 (was -5% in Q3 20) as many emerging market currencies and USD have weakened against the EUR (this is mainly a translation effect).With low single digit volume growth as of 2022E, we estimate it will still take until 2023/24E before we expect Bekaert to be back at the pre-crisis levels. The operational leverage effects of volume growth can be significant due to improved fixed cost coverage (gross margins are 14-15%). We estimate that the incremental REBIT margin on additional volumes can be close to double the total reported margins.

Exhibit 9 **Our top line growth estimates**



Source: Company data, Degroof Petercam

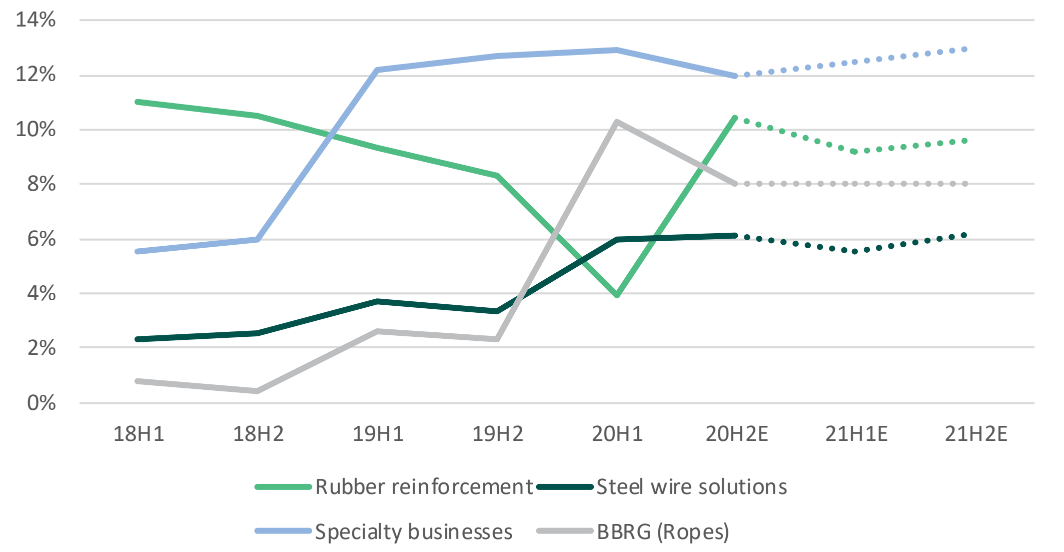
Room to raise the medium-term target for REBIT from 7% to at least 8%

The medium-term ambition of Bekaert is to reach a REBIT margin of 7%. Based on the FY20 outlook (of stable REBIT), it is quite remarkable and impressive that they should be able to be clearly above 7% in H2 20, despite COVID (DPe 7.8%). Remember that, back in 2016, Bekaert was already able to reach a REBIT margin of 8.2% (and still 7.3% in 2017 including the dilutive effect of BBRG). Then the volatility of wire rod prices and several other effects (e.g. LatAm economic crisis, trade-war, sawing wire) pushed REBIT margins down to 4.9% in FY18 and 5.6% in FY19. With the combination of more structural cost savings kicking in, improving business mix, the return of volume growth and assuming no material inventory adjustments from wire rod, we do not see why Bekaert should not be able to reach a REBIT margin of 8% and even above in a few years. We have pencilled in 8.2% by 2023E. We would not be surprised if Bekaert upgrades its medium-term REBIT margin target at its upcoming CMD on March 10, 2021.

Normalization of profitability of Rubber Reinforcement is main driver

We estimate REBIT will grow from EUR 244m in FY20 (css EUR 241m) to EUR 290m for FY21 (7.3% REBT margin, close to css). Most of the anticipated REBIT improvement should be driven by the business unit Rubber Reinforcement (RR) (also see exhibit 5). In H1 20, RR was heavily impacted by the closing of tyre plants (REBIT down from EUR 94m to EUR 28m). We estimate that in H2 20, RR will have recovered the more normalized level of EUR 92m. This fits in the range of EUR 80-100m of REBIT per half year for RR that was also achieved in 2018 and 2019. So if 2021 would be a more normal year for RR with EUR 80-100m in REBIT in both semesters, this would already cover our anticipated growth in FY21 REBIT.

Exhibit 10 Our REBIT margin estimates per business unit

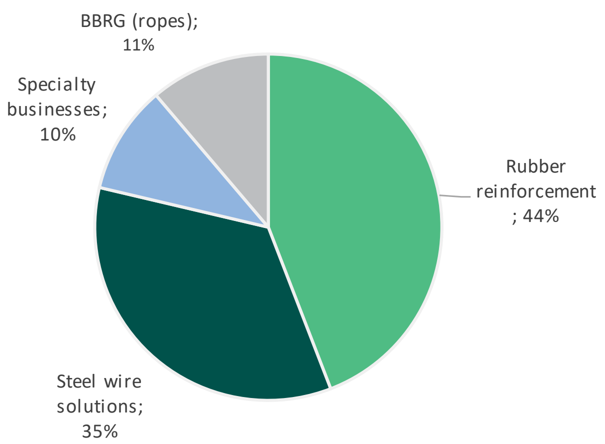


Source: Company data, Degroof Petercam estimates

Focus on the outlook of the different business units

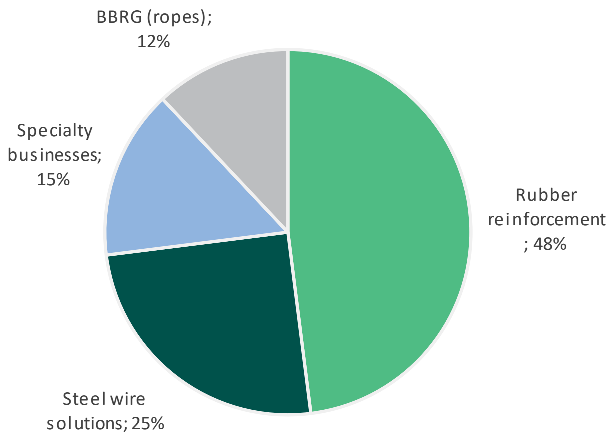
In this chapter we focus on the developments and outlook for the 4 different business units.

Exhibit 11 Revenues breakdown (FY21 estimates)



Source: Degroof Petercam estimates

Exhibit 12 REBIT breakdown (FY21 estimates)



Source: Degroof Petercam estimates

Rubber reinforcement: back on the road

Bekaert is the leading global producer of tyre cord and bead wire; almost one third of all tires produced globally have 'Bekaert inside'. Virtually all major tire manufacturers are customer. It has tyre cord plants across the globe. China is important (>40% of total global tyre production), but also in emerging countries like India, where Bekaert is the only local producer of tire cord. It is leading in product innovations such as ultratensile or supertensile cords, which are smaller cords but with the same strength, which enables a reduction in the use of rubber.

Exhibit 13 Tyre cord

Source: Bekaert

Exhibit 14 Bead wire for tires

Source: Bekaert

Xingda is a rational competitor in tyre cord

The main competitor in this market segment is Chinese Xingda, with an estimated global market share of 15-20%. This is a listed player, which in general is behaving rationally. Over FY19, Xingda sold 818K tons of radial tire cords and bead wires. Its EBITDA margin over FY19 was 14.6%, which is similar to the 14.7% reported for Bekaert in Rubber Reinforcement. In H1 20, Xingda felt the impact of COVID as it had to face a volume drop of -9.5%. Despite this drop, Xingda even improved its EBITDA margin to 15.8%, which is a sign of discipline.

A strong rebound in H2 20 in Rubber Reinforcement

After Bekaert was hit in Q2 20 due to the close of tire plants, there was a strong rebound in Q3 (50% up vs Q2) driven by Asia (China, India) which is expected to further continue in Q4. The tire plants across the globe are all back up and running and in general there was a replenishment of low inventory levels in the supply chain. In addition, the miles driven have picked up to more normalized levels across the globe. Note that 75% of demand for tire cord is for replacement market with truck tires being the biggest user as these consume 10x as much tire cord as a passenger car. During this crisis, Bekaert has proven to be a reliable supplier, which is also recognized and awarded by customers. Capacity utilization of the tyre cord plants in China are back at high levels of around 95%, so this is favorable for the price environment.

Growing in line with the global tyre industry

Although COVID has caused and could still cause short-term hiccups, the more longer-term outlook for the global tire industry is pretty solid with low to mid-single digit growth in the longer-term. We expect to see about the same growth pace for Bekaert, after a stronger rebound in 2021 due to easy comps (in particular in Q2). For the REBIT margins, we expect these to return to levels of around or even slightly above double digits, supported by the leverage from volume growth.

Exhibit 15 Our estimates for Rubber Reinforcement

EUR m	2018	2019	2020E	2021E	2022E	2023E
Revenues Rubber Reinforcement (RR)	1908	1953	1591	1750	1824	1897
Growth		2%	-19%	10%	4%	4%
REBIT RR (EUR m)	177	172	119	164	186	199
REBIT margin RR	9.3%	8.8%	7.5%	9.4%	10.2%	10.5%

Source: Company data, Degroof Petercam

Exhibit 16 End market exposure per business unit

Source: Company data

Steel wire solutions: well-diversified portfolio creates resilience

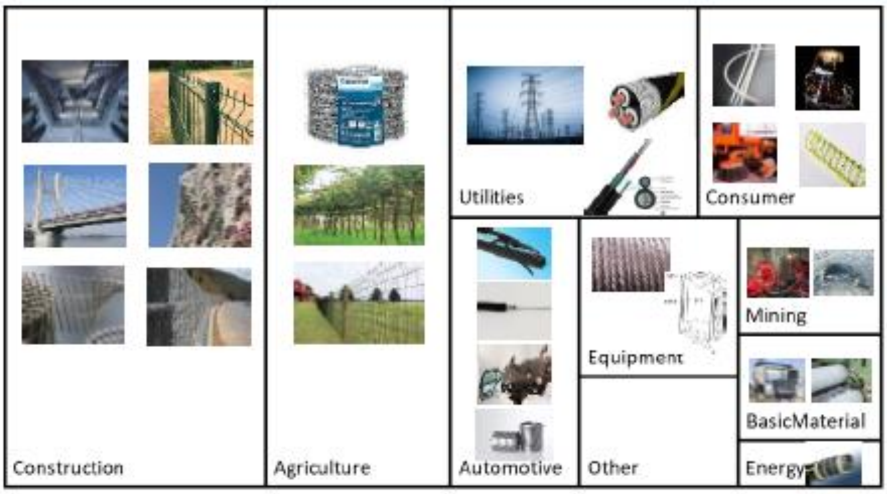
Steel Wire Solutions (SWS) embeds a broad mix of products and is exposed to many different sectors. One can think of fencing for agriculture, or cork wire for sparkling wines (1 billion of bottles each year) or steel wires for wiper systems (in almost half of global cars sold). Despite a volume decline of -11% in H1 20 related to COVID, SWS managed to improve its REBIT margin from 3.7% to 6.0%. This is mainly due to the effect of cost savings (part of which COVID-related). Most important were the footprint rationalizations implemented in 2019 with the closing of the loss-making plants in Malaysia and Shelbyville (US). Driven by a gradual recovery in volumes to pre-crisis levels (was already +1.2% in Q3 20), we expect to see a further margin improvement towards the 7% REBIT margins for SWS.

Exhibit 17 **Our estimates for Steel wire solutions**

EUR m	2018	2019	2020E	2021E	2022E	2023E
Revenues Steel Wire Solutions (SWS)	1497	1448	1308	1369	1410	1449
Growth		-3%	-10%	5%	3%	3%
REBIT SWS (EUR m)	57	51	79	85	91	99
REBIT margin SWS	3.8%	3.5%	6.0%	6.2%	6.5%	6.8%

Source: Company data, Degroof Petercam

Exhibit 18 **Overview of broad range of product categories in Steel Wire Solutions**



Source: Bekaert presentation

Specialty Businesses: construction is to benefit from stimulus programs

The business unit Specialty Businesses (SB) has most exposure to the construction industry (close to 70%). One of its main products is Bekaert's proprietary solution Dramix, which are steel fibers which use only half of the steel weight of traditional concrete reinforcement solutions. In 2019, this division already doubled its REBIT margin supported by structural cost savings with plant closures in Belgium and Costa Rica. Despite a -10% volume drop in H1 20, the REBIT margins remained at a high level of 12.9% (vs. 12.0% in H1 19). We expect to see a gradual recovery in volumes, as the construction sector is well-positioned to benefit from the stimulus programs across the globe. We estimate that this high REBIT margin of close to 13% for SB can be sustained and even slightly improve on the back of the return of volume growth. In Fiber technologies, the trading conditions in automotive should improve, although aerospace is likely to remain weak in the foreseeable future. The loss-making sawing wire business has been stopped at the end of 2020, but had already become small on the total.

Exhibit 19	**Our estimates for Specialty businesses**					
EUR m	**2018**	**2019**	**2020E**	**2021E**	**2022E**	**2023E**
Revenues Specialty businesses (SB)	411	414	385	401	415	429
Growth		1%	-7%	4%	3%	3%
REBIT SB (EUR m)	26	52	48	51	54	57
REBIT margin SB	6.3%	12.6%	12.5%	12.7%	13.0%	13.3%

Source: Company data, Degroof Petercam

Exhibit 20 **Dramix concrete enforcement**

Source: Bekaert

Exhibit 21 **Ropes from BBRG**

Source: Bekaert

Bridon Bekaert Ropes Group: cost savings and mix improvement pay off

BBRG is one of the leading global players in ropes and advanced cords. These ropes are used in industries such as mining, oil & gas, crane & industrial and fishing/marine industries and the a-cords in elevators and automotive. This market segment is still rather fragmented, we estimate that Bekaert has a global market share of <5%. BBRG used to be a problem child, but the profit restoration plan that was implemented during 2019 worked out surprisingly well. In H1 20, BBRG showed a remarkable performance as its REBIT quadrupled from EUR 6m in H1 19 (2.6% margin) to EUR 24m in H1 20 (10.6%), despite 6% lower sales. This has been the result of a better product mix (stepping out of low-margin business), more pricing discipline and cost savings. Nevertheless, the H1 20 REBIT was also supported by some bigger oil & gas projects that were finished and provision releases (undisclosed). We therefore regard the double-digit margin of H1 as exceptionally and we foresee somewhat lower margins for H2 and onwards. The onshore oil & gas markets in the US have been weak, but the oil price is back in an upward trend. In addition. there are signs of a pick-up in the industrial sectors and marine/fishing. Furthermore, BBRG is increasingly active in new promising products such as for floating windmills (synthetic cables for mooring), underlined by its recent partnerhip with Ideol for instance for the Scotwind tenders.

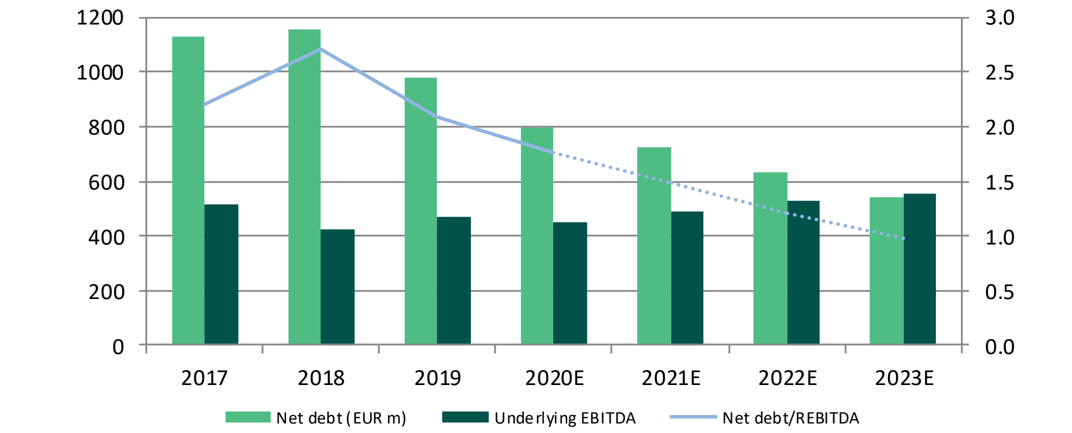
Exhibit 22	**Our estimates for Bridon Bekaert Ropes Group (BBRG)**					
EUR m	**2018**	**2019**	**2020E**	**2021E**	**2022E**	**2023E**
Revenues Bridon-Bekaert Ropes Group	463	488	431	444	473	482
Growth		5%	-12%	3%	7%	2%
REBIT BBRG (EUR m)	-7	12	40	35	39	42
REBIT margin BBRG	-1.5%	2.5%	9.3%	7.9%	8.2%	8.7%

Source: Company data, Degroof Petercam

Strong FCF generation means deleveraging

At the end of 2018, Bekaert had a net debt of EUR 1.2bn and a net debt to EBITDA of 2.7x, above their own target of max 2x. Since then, the company has done a good job in FCF generation on the back of improving earnings, capex discipline and working capital control. By Q3 20, the leverage ratio had already dropped to <2x and we estimate it to be 1.5x by the end of 2021. In addition, the redemption schedule has become more relax. In Oct 2020, Bekaert has successfully issued a EUR 200m retail bond (7 year at gross yield of 2.45%, net of 1.64%). With the proceeds of this bond, plus the use of its strong cash position (EUR 834m at H1 20), it can now comfortably redeem the upcoming EUR 380m convertible of June 2021. This means that Bekaert no longer has to issue a new convertible, which has also taken away uncertainty.

Exhibit 23 **Net debt to EBITDA estimates**

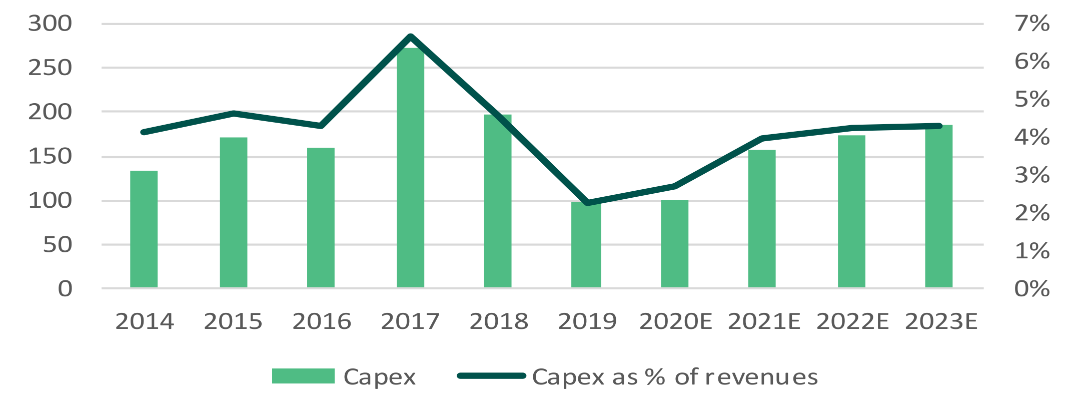


Source: Company data, Degroof Petercam

Capex discipline will continue

In order to get more grip on its balance sheet and due to COVID, Bekaert has been strict on capex over the last 2 years, limiting itself to not much more than maintenance capex. With a capex level of ~EUR 100m for both 2019 and 2020, it is close to half of depreciation. For 2021 and onwards, we expect that Bekaert will again be above EUR 150m per year, dependent on the pace of economic recovery and the accompanying growth plans. Its main new growth project is a new 75K mt tire cord plant in Vietnam, estimated to be ~EUR 100m in total capex. The construction already started, but given the uncertainty due to COVID, Bekaert has not yet finished it and invested in the equipment and ramp-up. It will only do so if the current recovery has legs and the return of growth in global demand for tyres is becoming more visible.

Exhibit 24 **Absolute capex and in % of revenues**



Source: Company data, Degroof Petercam

Working capital control is here to stay

The working capital as % of revenues used to be ~22%, but Bekaert has put much more focus on improving its framework of KPIs. At the end of 2019, the working capital was even as low as 16.2% of revenues, lowering working capital by close to EUR 170m, mainly from tight inventory control (EUR 149m reduction). This means that most of the low hanging fruit on working capital has now already been picked. The target for Bekaert is to remain within the 18-20% bracket (was around 19% at H1 20).

Moving to a double digit FCF yield

With our anticipated improvement in REBIT, in combination with ongoing capex strictness and working capital control, we estimate that Bekaert should be able to generate a steady annual FCF of >EUR 150m as of 2022E setting its FCF yield at close to double digits (FCF over 2021E will likely have more working capital investments due to recovery in volumes).

Exhibit 25 Working capital and working capital as % of revenues

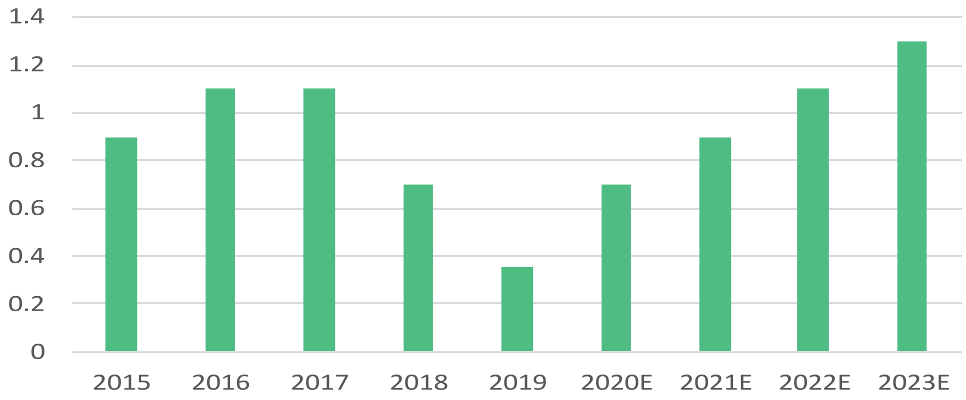
	2018	2019	2020E	2021E	2022E	2023E
EBITDA	426	468	449	478	513	539
Capex	-181	-94	-101	-158	-175	-185
Working capital	-29	168	-24	-24	-22	-21
Other (e.g. provisions)	16	-185	41	-43	-29	-22
Interest	-60	-47	-58	-59	-56	-54
Tax	-61	-69	-86	-72	-76	-85
FCF	**111**	**241**	**221**	**122**	**155**	**172**
FCF yield	**7.30%**	**19.60%**	**13.1%**	**7.2%**	**9.2%**	**10.2%**

Source: Degroof Petercam

Dividends will go up again

The drop in the leverage to <2x gives Bekaert enough comfort to return to the targeted dividend pay-out ratio of 40% (FY19 dividend was halved to EUR 0.35 p/s due to COVID uncertainty). We estimate FY20 dividend to be back at EUR 0.70 (2.5% yield) and will grow by about EUR 0.20 p/s per year afterward. With a further decline in leverage, the company could even start to think about doing buy backs again. We think it is unlikely that Bekaert will do sizeable M&A. It seems that Bekaert is now focusing more on strategic partnerships or strengthen certain product or market segments (like recently with Ideol).

Exhibit 26 Dividend per share and our dividend per share estimates



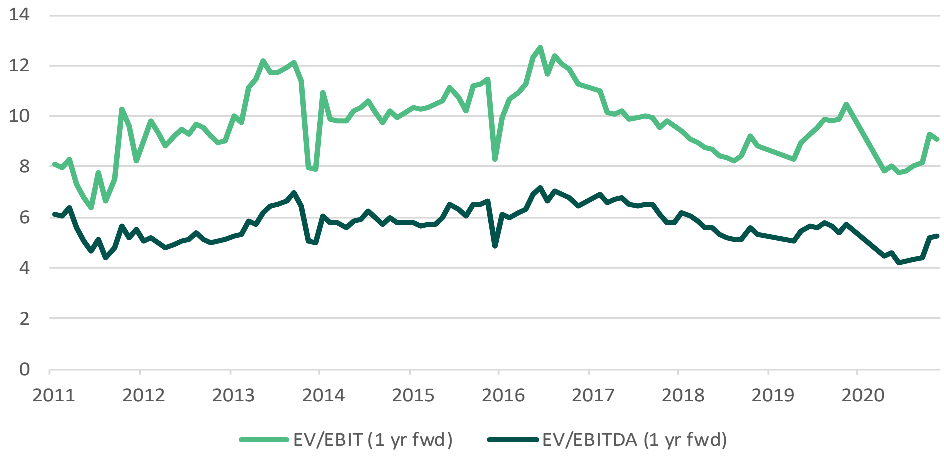
Source: Company data, Degroof Petercam

Undemanding valuation, Buy, TP raised 20% to EUR 38 p/s

Looking at its historical trading multiples, Bekaert has not really been highly valued at an average EV/REBITDA of 5.5-6.0x and EV/REBIT of around 9.0-9.5x on 1-year forward multiples. These relatively low multiples are a reflection of a capital-intensive industry with rather low returns, a globally fragmented competition and Bekaert's volatile track record (e.g. impact from wire rod prices).

Nevertheless, even applying these low multiples, we see upside potential. In our view, Bekaert's improving margins are far from reflected in its undemanding valuation. Note that there are not really good listed peers available. The only good comparable is Chinese Xingda, the number 2 global player in tire cord, which is currently trading at somewhat higher multiples of 10.3x EV/EBIT 1-year forward (source Bloomberg).

Exhibit 27 **Historical 1-year forward multiples for EV/EBIT(DA)**



Source: Bloomberg, Degroof Petercam

Our previous target price (EUR 32 p/s), was based on a target EV/REBIT in line with its historical average range set against our 2021E estimates. We now move forward to our 2022E estimates and use this same target multiple of 9.0-9.5x EV/REBIT, which is around 5.8x EV/EBITDA.

As a result, our TP moves up by almost 20% from EUR 32 to EUR 38. As shown in Exhibit 28, we conservatively adjust for the on-balance sheet long-term pension liabilities and the off-balance sheet factoring used (was EUR 121m end 2019, we assume stable). The equity investments on its balance sheet are the book value of the minority stakes in the JVs (e.g. in Brazil).

Exhibit 28 **Our SOTP based on our 2022E estimates with target EV/REBIT of 9.2x**

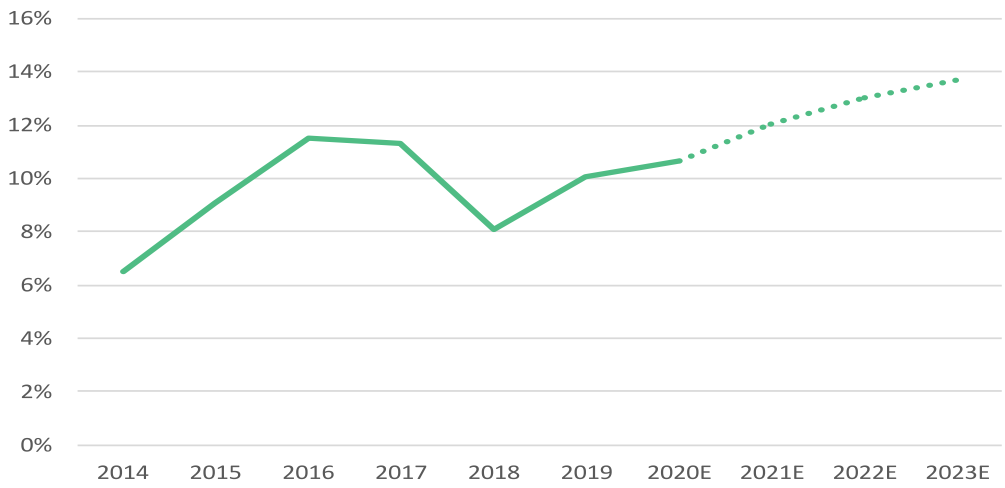
	REBIT 2022E	EV/REBIT	Enterprise value
Rubber reinforcement	186	9.0	1,675
Steel wire solutions	91	9.0	819
Specialty businesses	54	10.0	539
Bridon Bekaert rope group	39	9.0	347
Other	-47	9.0	-423
REBIT total	323	9.2	2,957
Net debt 2022E			-625
Pension liabilities			-123
Investments in JV and associates			169
Minority interest			-96
Off balance sheet factoring			-121
			2,160
No shares (ex treasury)			57
Equity value per share			**38**

Source: Degroof Petercam

Room for more upside, if Bekaert will indeed deliver on improving returns

So our new TP of EUR 38 p/s is based on average historical average multiples which still could be seen as conservative. One could argue that there is room for multiple expansion if Bekaert would indeed be able to deliver on this envisaged margin improvement and as a result also ROCE will improve (we estimate that ROCE will reach >13% by 2023E, up from 10.0% in FY19). Another factor is its improving performance on ESG (see appendix 1) and its product portfolio which is increasingly focused on reducing the impact on the environment (e.g. ultratensile tyre cord, Dramix, renewable energy solutions). To give an idea of the upside potential with a re-rating: if we would apply a EV/REBIT of 10.2x (instead of 9.2x) on our 2022E estimates, our TP could already reach EUR 43 p/s.

Exhibit 29 **ROCE estimates**



Source: Company data, Degroof Petercam

Appendix 1: ESG analysis

Exhibit 30 ESG analysis

Environmental dimension			
Indicators	2019	VS 2018	VS ref. year 2015
GHG emissions intensity	397.3	-	- 3%
Energy intensity	1146.8	- 7%	+ 9%
% Renewable energy	42%	+ 14%	+ 180%
Water intensity	2137	- 11%	- 17%
Social dimension			
Indicators	2019	VS 2018	VS ref. year 2015
Diversity employee management ratio	2	+ 25%	+ 18%
Employee gender diversity	11%	- 8%	+ 10%
Employee unionized	82%	same	same
Lost time incident rate	3.08	- 23%	-
Governance dimension			
Indicators	2019	VS 2018	VS ref. year 2015
Board independence	38.5%	+ 17%	+ 33%
Board gender diversity	38%	+ 15%	+ 171%
Director average age	60	-	-
Board size	13	- 13%	- 7%

Source: Company data, Degroof Petercam

Environmental dimension

Bekaert aims to improve the environmental footprint of its production processes and reducing energy consumption is one of the top priorities. As part of its transformation program (i.e. Bekaert Manufacturing System), it has implemented different measures: the energy efficiency of machine engines has been improved, operational cycles have been optimized and the environmental impact of several processes has been lowered. In 2019, 42% of the electricity used came from renewable sources. Bekaert commits to increase the share of renewable energy purchased to 55% by 2025. 91% of the company's raw materials are sourced locally, allowing a significant reduction in transport carbon emissions. All steel scrap resulting from Bekaert's operations are recycled. Besides, the company strives to increase the share of recycled materials in its products.

Beyond the reduction of its environmental footprint, Bekaert seeks to develop products that have a positive impact on the environment. 80% of Bekaert's R&D projects support sustainability objectives. For instance, the company has created new cords for tire reinforcement, allowing to reduce tires' weight and rolling resistance. This innovation enables to cut vehicles' CO_2 emissions by up to 5%, resulting in an estimated global CO_2 reduction of 1.5 bn kg in 2019.

Social dimension

The BeCare global safety program has been set up to raise employees' awareness about safety risks, promote a safety culture and ensure the creation of a safe environment. Bekaert Total Recordable Incident Rate decreased by 22% in 2019 compared to 2018. The company plans to arrive at zero serious injuries by 2025.

Bekaert has developed a People Performance Management program to align employee development with its organization goals. Various trainings are offered to employees at the Bekaert University.

Bekaert strives to foster sustainable practices throughout its supply chain. All wire rod suppliers, suppliers of critical materials and new suppliers are assessed annually by the company. Coercive measures are taken when minimum thresholds are not reached.

In addition, the company aims to support the communities within which it operates. Through various initiatives and projects, Bekaert seeks to foster education and entrepreneurship but also to support local health initiatives.

Governance dimension

Sustainability targets are embedded in the short-term variable remuneration of Executive Managers. Several ESG topics, such as soil and ground water contamination are also integrated in the company's risk evaluation. 94% of Bekaert's facilities have the ISO 10001 certification addressing environmental management systems effectiveness.

Our view

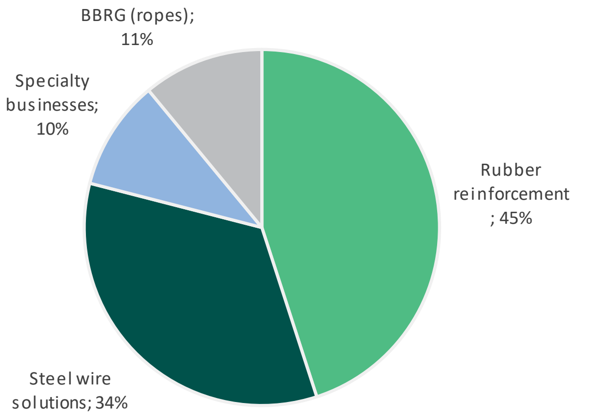
Bekaert is making progress on its ESG performance. This is also increasingly recognized, for instance by Ecovadis, which awarded Bekaert a gold status as it is in the top 3% of the companies assessed in the same industry. Still there is work to be done. In 2019, Bekaert achieved a 3% reduction in CO2 emissions versus reference year 2015. This is still quite far off from the target of 25% CO2 reduction by 2025, but Bekaert is making increased investments in renewable energy. Also on responsible sourcing of raw materials additional data on for instance audit procedures and compliance is welcome. One of the main factors on ESG for Bekaert is its strong ability to develop new products that generate environmental benefits, such as ultra-tensile tyre cord, DRAMIX reducing the required steel in concrete or mooring solutions for floating windmills.

Appendix 2: Business description

Bekaert is global market leader in steel wire products and solutions. The company transforms wire rod (about 3m tons per year) into different kinds of metal wires, cords and ropes in different diameters and strength dependent on the end-application. Coatings are added to reduce friction, improve corrosion resistance, or enhance adhesion with other materials.

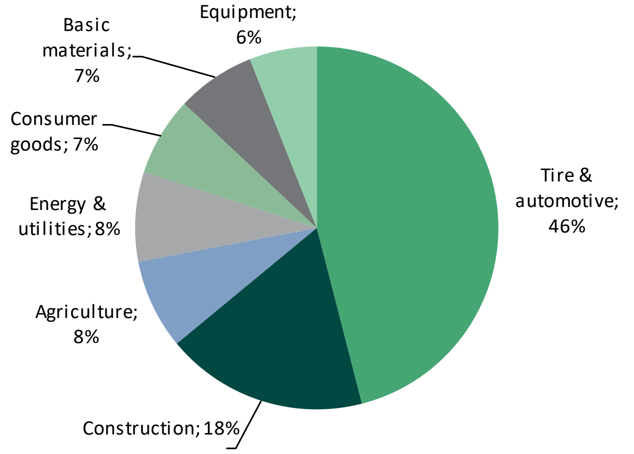
These steel wires are used in a wide variety of end markets such as the Automotive (tire cord), Construction, Energy & Utilities, Agriculture and Consumer goods. The main application is tire cord and bead wire (around 45% of revenues), which is used to enforce car and truck tires (about 75% is replacement market). Other product examples are wires for springs, the reinforcement of flexible pipes, bookbinding wires, champagne cork wires, steel fibers for concrete reinforcement. Bekaert was founded by Leo Leander Bekaert in 1880 and descendants are still the main reference shareholder with the foundation STAK Bekaert having a stake of around 34%.

Exhibit 31 Revenues breakdown (FY19)



Source: Company data

Exhibit 32 End-market exposure (FY19)



Source: Company data

Exhibit 33 Steel wire transformation

Source: Bekaert

Exhibit 34 Steel cord for tyre reinforcement

Source: Bekaert

Degroof Petercam

Profit & Loss (EUR m)	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Revenues	**3,713.1**	**4,098.0**	**4,306.0**	**4,323.1**	**3,728.7**	**3,976.6**	**4,135.2**
(Y/Y - %)	*1%*	*10%*	*5%*	*0%*	*-14%*	*7%*	*4%*
Gross profit	687.9	657.2	527.4	527.8	529.5	584.6	632.7
Selling expenses	-175.3	-149.8	-179.7	-188.6	-157.0	-165.0	-170.0
R & D expenses	-63.6	-77.0	-65.4	-70.7	-55.0	-61.0	-66.0
General & administ. expenses	-139.6	-150.0	-167.3	-127.7	-110.0	-115.0	-117.0
Other expenses	-91.9	21.3	32.6	-63.6	65.8	10.8	15.8
EBITDA	**479.1**	**512.8**	**386.3**	**402.2**	**449.2**	**494.2**	**526.5**
EBITA	302.1	301.3	209.8	242.0	244.2	290.2	322.5
(Ebita margin - %)	*8.1%*	*7.4%*	*4.9%*	*5.6%*	*6.6%*	*7.3%*	*7.8%*
Amortization	-5.0	-10.0	0.0	-9.3	0.0	0.0	0.0
Impairment	-	-	-	-	-	-	-
EBIT	257.1	314.8	146.3	154.2	259.2	274.2	308.5
Net Financial Result	-73.0	-69.8	-85.0	-66.4	-58.3	-59.0	-56.0
(of which Net interest charges)	-73.0	-69.8	-85.0	-66.4	-58.3	-59.0	-56.0
(of which Other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	146.7	209.7	35.9	69.4	185.9	205.2	244.5
Taxes	-62.1	-66.7	-59.5	-51.3	-86.3	-71.8	-75.8
Except. / Discont. operations	-	-	-	-	-	-	-
Associates	25.4	19.4	24.9	29.0	21.0	21.0	22.0
Minorities	-7.3	-3.0	37.0	-7.0	-2.0	-4.0	-6.0
Net declared earnings	102.6	159.3	38.2	40.2	118.6	150.4	184.7
Net adjusted earnings	**102.6**	**159.3**	**38.2**	**40.2**	**118.6**	**150.4**	**184.7**

Cash Flow (EUR m)	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
EBIT	257.1	314.8	146.3	154.2	259.2	274.2	308.5
Depreciation	222.0	198.0	240.0	248.0	205.0	204.0	204.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	57.0	0.0	0.0	0.0
Changes in provision	-44.9	0.0	-36.4	-61.3	-60.0	-35.0	-30.0
Changes in working capital	16.3	-57.8	19.5	167.1	65.6	-24.2	-23.9
Others	24.2	-26.9	-14.6	-46.7	-20.0	-25.0	-15.0
Operational Cash Flow	**474.8**	**428.1**	**354.9**	**518.3**	**449.8**	**394.0**	**443.6**
Tax expenses	-96.4	-66.7	-69.0	-60.6	-86.3	-71.8	-75.8
Dividends from associates	22.4	15.5	24.1	18.8	16.8	16.8	17.6
Net interest charges	-56.1	-69.8	-60.8	-55.0	-58.3	-59.0	-56.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	**344.8**	**307.1**	**249.2**	**421.5**	**322.0**	**280.0**	**329.4**
CAPEX	-164.5	-250.0	-185.0	-112.0	-101.0	-158.0	-175.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	0.0	0.0	2.8	0.0	0.0	0.0	0.0
Divestments	0.0	0.0	56.1	2.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	**-164.5**	**-250.0**	**-126.1**	**-109.8**	**-101.0**	**-158.0**	**-175.0**
Dividend payment	-63.4	-66.1	-66.1	-53.0	-21.1	-42.3	-54.4
Minor. & pref. dividends	0.0	0.0	0.0	-13.0	-2.0	-4.0	-6.0
Equity financing	0.0	0.0	-11.3	-10.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from financing activities	**-63.4**	**-66.1**	**-77.4**	**-76.0**	**-23.1**	**-46.3**	**-60.4**
Changes in consolidation scope	-	-	-	-	-	-	-
Exchange rate impact	20.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/cash change	**116.9**	**-9.0**	**45.7**	**235.6**	**197.9**	**75.7**	**94.0**
FCF to Enterprise	412.4	193.6	221.6	427.3	282.2	183.0	212.4
FCF to Equity	259.9	57.1	91.8	311.6	221.0	122.0	154.4

Notes -

Degroof Petercam

Balance Sheet (EUR m)	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Fixed assets	**2,136.5**	**2,124.2**	**2,049.6**	**2,048.0**	**1,938.2**	**1,886.4**	**1,851.8**
Tangible fixed assets	1,514.7	1,501.0	1,459.4	1,498.7	1,394.7	1,348.7	1,319.7
Goodwill	152.3	149.9	149.3	149.8	149.8	149.8	149.8
Other intang. assets	140.4	125.2	114.5	60.3	60.3	60.3	60.3
Financial fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other fixed assets	-	-	-	-	-	-	-
Current assets	**2,167.8**	**2,320.5**	**2,399.9**	**2,256.6**	**2,124.2**	**2,097.4**	**2,124.5**
Inventories	724.5	779.6	931.8	783.0	692.4	724.9	748.5
Trade receivables	739.1	836.8	772.7	644.9	569.7	594.8	614.1
Other current assets	220.9	226.8	246.5	212.0	222.5	212.5	202.5
Cash & Equivalents	370.9	469.2	448.3	616.2	639.6	565.3	559.3
Discontinued assets	112.4	8.1	0.5	0.5	0.0	0.0	0.0
Total assets	**4,304.3**	**4,444.7**	**4,449.5**	**4,304.7**	**4,062.5**	**3,983.9**	**3,976.3**
Total Equity	**1,597.9**	**1,583.0**	**1,516.0**	**1,531.5**	**1,584.0**	**1,642.1**	**1,735.5**
Equity	1,467.1	1,487.7	1,396.9	1,435.1	1,487.6	1,545.7	1,639.1
Minorities & preferred	130.8	95.4	119.1	96.4	96.4	96.4	96.4
Provisions	298.3	241.3	208.5	182.6	182.6	182.6	182.6
Provisions for pensions	182.6	150.8	141.6	123.4	123.4	123.4	123.4
Deferred taxes	52.6	44.4	37.9	34.2	34.2	34.2	34.2
Other provisions	63.1	46.1	29.0	25.0	25.0	25.0	25.0
Other LT liabilities	44.9	27.1	11.4	0.3	0.3	0.3	0.3
LT interest bearing debt	1,161.3	1,180.3	686.7	1,184.3	1,084.0	984.0	884.0
Current liabilities	**1,201.9**	**1,413.0**	**2,026.9**	**1,406.0**	**1,211.6**	**1,174.9**	**1,174.0**
ST interest bearing debt	297.9	454.4	942.0	424.2	350.0	300.0	300.0
Accounts payables	556.4	665.2	778.4	652.4	552.2	585.5	604.5
Other ST liabilities	314.2	293.4	306.4	329.4	309.4	289.4	269.4
Discontinued liabilities	33.5	0.0	0.1	0.0	0.0	0.0	0.0
Total liabilities	**4,304.3**	**4,444.7**	**4,449.5**	**4,304.7**	**4,062.5**	**3,983.9**	**3,976.3**

EV and CE details (EUR m)	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Market cap.	**2,313.4**	**2,190.8**	**1,265.9**	**1,600.6**	**1,640.5**	**1,784.2**	**1,784.2**
+ Net financial debt	1,088.3	1,165.6	1,180.4	992.3	794.4	718.7	624.7
(of which LT debt)	1,161.3	1,180.3	686.7	1,184.3	1,084.0	984.0	884.0
(of which ST debt)	297.9	454.4	942.0	424.2	350.0	300.0	300.0
(of which Cash position)	370.9	469.2	448.3	616.2	639.6	565.3	559.3
+ Provisions (pension)	147.9	100.5	70.1	40.3	123.4	123.4	123.4
+ Minorities (MV)	130.8	95.4	119.1	70.0	96.4	96.4	96.4
- Peripheral assets (MV)	-254.2	-194.0	-248.6	-290.4	-164.9	-169.1	-173.5
+ Others	-	-	-	-	-	-	-
Enterprise Value	**3,426.3**	**3,358.3**	**2,386.9**	**2,412.8**	**2,489.9**	**2,553.7**	**2,455.3**
Equity (group share)	**1,467.1**	**1,487.7**	**1,396.9**	**1,435.1**	**1,487.6**	**1,545.7**	**1,639.1**
+ Net financial debt	1,088.3	1,165.6	1,180.4	992.3	794.4	718.7	624.7
+ Provisions (pension)	182.6	150.8	141.6	123.4	123.4	123.4	123.4
+ Minorities	130.8	95.4	119.1	96.4	96.4	96.4	96.4
- Peripheral assets	-254.2	-194.0	-248.6	-290.4	-164.9	-169.1	-173.5
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	**2,614.7**	**2,705.4**	**2,589.4**	**2,356.8**	**2,337.0**	**2,315.2**	**2,310.1**
+ Accumulated goodwill amortiz.	-152.3	-149.9	-149.3	-149.8	-149.8	-149.8	-149.8
CE (for ROCE grossed gdwll)	**2,462.4**	**2,555.5**	**2,440.1**	**2,207.1**	**2,187.2**	**2,165.4**	**2,160.3**

Notes -

Per Common Share (EUR)	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Adjusted EPS (*)	**1.78**	**2.77**	**0.67**	**0.70**	**2.08**	**2.64**	**3.24**
Adjusted EPS (fully diluted)	1.78	2.77	0.67	0.70	2.08	2.64	3.24
Declared EPS	-	-	-	-	-	-	-
CFS	5.64	6.20	4.85	5.02	5.68	6.22	6.82
FCF (to Equity)	4.51	0.99	1.60	5.43	3.88	2.14	2.71
Dividend	1.10	1.10	0.70	0.35	0.70	0.90	1.10
Book Value	25.47	25.83	24.34	25.00	26.10	27.12	28.76
Shares (m)							
At the end of F.Y.	60.111	60.111	60.111	60.400	60.400	60.400	60.400
Average number	57.600	57.600	57.400	57.400	57.000	57.000	57.000
Fully diluted Average number	58.876	58.876	58.876	58.876	58.876	58.876	58.876

(*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/16	12/17	12/18	12/19	12/20e	12/21e	12/22e
Valuation analysis							
P/E	21.6	13.2	31.6	37.8	13.1	11.2	9.1
P/CF	6.8	5.9	4.3	5.3	4.8	4.8	4.3
P/BV	1.5	1.4	0.9	1.1	1.0	1.1	1.0
EV/Sales	0.9	0.8	0.6	0.6	0.7	0.6	0.6
EV/EBITDA	7.2	6.5	6.2	6.0	5.5	5.2	4.7
EV/EBITA	11.3	11.1	11.4	10.0	10.2	8.8	7.6
EV/EBIT	13.3	10.7	16.3	15.7	9.6	9.3	8.0
EV/CE	1.3	1.2	0.9	1.0	1.1	1.1	1.1
EV/CE (grossed goodwill)	1.4	1.3	1.0	1.1	1.1	1.2	1.1
EV/FCF (1)	8.3	17.3	10.8	5.6	8.8	14.0	11.6
FCF yield (2)	11.2%	2.6%	7.3%	19.5%	13.5%	6.8%	8.7%
Dividend yield	2.9%	3.0%	3.3%	1.3%	2.6%	3.0%	3.7%
Financial ratios							
Interest cover	3.5	4.5	1.7	2.3	4.4	4.6	5.5
Net Debt/EBITDA	2.3	2.3	3.1	2.5	1.8	1.5	1.2
Net Debt/Equity	68.1%	73.6%	77.9%	64.8%	50.2%	43.8%	36.0%
Net Debt/FCF (2)	4.2	20.4	12.9	3.2	3.6	5.9	4.0
Capital turnover	1.4	1.5	1.7	1.8	1.6	1.7	1.8
ROCE pre-tax	10.0%	11.9%	5.8%	6.8%	11.1%	11.8%	13.4%
ROCE post-tax	5.7%	8.1%	-3.8%	1.8%	5.9%	7.7%	9.2%
ROCE pre-tax (grossed goodwill)	5.7%	8.1%	-3.8%	1.8%	5.9%	7.7%	9.2%
ROCE post-tax (grossed gdwll)	5.7%	8.1%	-3.8%	1.8%	5.9%	7.7%	9.2%
ROE	7.0%	10.7%	2.7%	2.8%	8.0%	9.7%	11.3%
Working capital (in % of sales)	24.4%	23.2%	21.5%	17.9%	19.0%	18.5%	18.3%
Payout	61.7%	39.8%	105.1%	49.9%	33.6%	34.1%	33.9%
Margin analysis and tax rate							
Gross margin	18.5%	16.0%	12.2%	12.2%	14.2%	14.7%	15.3%
EBITDA margin	12.9%	12.5%	9.0%	9.3%	12.0%	12.4%	12.7%
EBITA margin	8.1%	7.4%	4.9%	5.6%	6.6%	7.3%	7.8%
Adjusted profit margin	2.8%	3.9%	0.9%	0.9%	3.2%	3.8%	4.5%
Tax rate	42.4%	31.8%	165.8%	73.8%	46.4%	35.0%	31.0%
Growth analysis							
Sales	1%	10%	5%	0%	-14%	7%	4%
EBITDA	8%	7%	-25%	4%	12%	10%	7%
EBITA	35%	0%	-30%	15%	1%	19%	11%
Adjusted profit	1%	55%	-76%	5%	195%	27%	23%
Adjusted EPS	1%	55%	-76%	5%	197%	27%	23%
Dividend	22%	0%	-36%	-50%	100%	29%	22%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

Notes -

Degroof Petercam Global Markets

www.degroofpetercam.com

Nijverheidsstraat / Rue de l'Industrie 44 – 1040 Brussels | De Entrée 238 A 7th floor – 1101 EE Amsterdam

Benoît Mortelmans +32 2 662 82 93

Equity Research / Analysts

Fernand de Boer	Retail/Food & Beverages	+31 20 573 5417
Kris Kippers	Consumer Goods/Holdings	+32 2 287 9259
Frank Claassen	Industrials	+31 20 573 5409
Thomas Guillot, PharmD	Biotech/Healthcare	+32 2 287 8906
Benoit Louage, PhD	Biotech/Healthcare	+32 2 662 8955
Vivien Maquet	Telecom/Utilities/Real Estate	+32 2 662 8446
Inna Maslova	Real Estate	+32 2 662 8644
Michael Roeg	Technology	+31 20 573 5422
Luuk van Beek	Energy/Engineering/Construction	+31 20 573 5471
Herman van der Loos, CFA	Real Estate	+32 2 662 8304
Miet Coppens	Support & Editing	+32 2 287 9582
Christel De Clerck	Support & Editing	+32 2 662 8302

Corporate Brokerage & Syndication

Gert Potvlieghe		+32 2 662 8289
Raymond de Wolff		+31 20 573 5414
Tineke Hosselaer	Corporate access	+32 2 662 8290
Charlotte Mertens	Corporate access	+31 20 573 5416

Sales

Anthony della Faille	+32 2 662 8724
Laurent Pierret	+32 2 662 8654

Equity Sales

Simon Vlaminck	+32 2 662 8291
Damien Fontaine	+32 2 662 8287
Assia Adanouj	+32 2 662 8768
Victor van Eijk	+31 20 573 5436
Beatrice Leysens - Assistant	+32 2 662 8262

Sales Trading

Veronique De Schoemaecker	+32 2 662 8280
Pascal Burm	+32 2 662 8283
Frédéric Lebrun	+32 2 287 9190

Fixed Income Sales

Peter Oscé	+32 2 287 9862
Sandra Timmermans	+32 2 662 8852
Olivier Gigounon	+32 2 287 9184

Derivatives

Karim Marrakchi	+32 2 662 8940
Eric Debeaud	+32 2 287 98 27
Thierry De Wispelaere	+32 2 662 8674

Disclosures applicable when indicated on the front page

1. Degroof Petercam acts as a liquidity provider for this company and is paid for these services.
2. Degroof Petercam has provided corporate finance services in the past 12 months for this company.

Investment rating system: The Degroof Petercam stock ratings are based on the estimated performance relative to the Degroof Petercam Benelux coverage universe. The total return required for a given rating depends on the risk profile relative to this universe. This risk profile is represented by the Beta, as estimated by the analyst. Low risk stocks have an estimated Beta below or equal to 0.9, Medium risk stocks have a Beta between 0.9 and 1.3 and High risk stocks have a Beta equal to or above 1.3. The required relative performance for a given rating is indicated below. The price targets given and the expected relative performance are always based on a 12 month time horizon.

	SELL	REDUCE	HOLD	ADD	BUY
High Beta >= 1.3	RP<-15%	-15%<=RP<-6%	-6%<=RP<+6%	+6%<=RP<+15%	RP>=15%
Medium 0.9 < Beta > 1.3	RP<-10%	-10%<=RP<-4%	-4%<=RP<+4%	+4%<=RP<+10%	RP>=10%
Low Beta <= 0.9	RP<-6%	-6%<=RP<-2%	-2%<=RP<+2%	+2%<=RP<+6%	RP>=6%

RP : Relative Performance against Degroof Petercam coverage universe

Information about rating distribution can be found here.

Additional company related disclosures, including any potential conflicts of interest, recommendation history and analyst remuneration can be found at (password protected): https://research.degroofpetercam.com/