

# Bekaert <sup>(6)</sup> (11)

Indy - Industrial, Diversified / Belgium

**Target Price EUR 24.00**

**Expected performance (12 mth) -17.5%**

**HOLD EUR 29.08 (Closing price 13-Jan-12)**

## Risks still skewed to the downside

16 January 2012

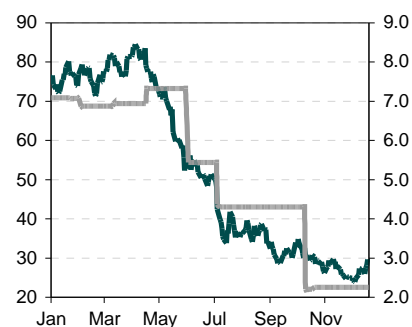
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### Opinion on qualitative criteria

Accounting	IFRS 01/01/2004
Quality of track record	High
Solvency	High
Currency risk	High
Risk of asset write-off	Neutral

### Share price performance/EPS revision (EUR)

Price ABN AMRO EPS est. 2012



Source: FactSet, ABN AMRO Equity Research

Market capitalisation (EUR m)	1,741.5
No. of shares (m)	59.9
Free float	62.0%
1/3/12 mth perf. (%)	7.4/(6.0)/(63.5)
High/low 52 weeks (EUR)	84.49/23.95
Next results due	24 February 2012
Price/book value (x)	1.0
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

### Investment case

Following the dramatic share price performance in 2011 (-72%), we believe that the risks are still skewed to the downside in 2012. 2011 was the year in which new entrants and a slowdown in solar panel production put an end to Bekaert's sawing wire bonanza in China (sawing wire is used to slice silicon wafers). In an attempt to defend its market share, Bekaert had to slash its prices for sawing wire (on which it still earned EBIT margins of >60% in 2010). We also see a risk that a slowdown in vehicle production in China could put pressure on Bekaert's tyre cord business, which also still generates relatively high margins (we estimate >20%). The risks to Bekaert's sawing wire and tyre cord business in China are by now widely known. However, the full impact still needs to become visible in 2012, and therefore poses a negative surprise risk. Another risk of negative surprise could be the impact of a recession in Europe (this region represents 26% of combined revenue). Our EPS forecast for 2012 of EUR 2.26 (Bloomberg consensus stands at EUR 2.35) is based on the assumption that the EMEA division sees revenue decline by 5% and the operating margin erode by 150bps to 6.5%. This assumption risks being on the optimistic side when compared to the 29% drop in sales and 0.2% operating margin during the impact of a next recession in 2009 (although there are reasons to believe that the impact of a next recession should be less profound). In a recession scenario for Europe, we see downside risk in 2012 EPS to around EUR 2. At a fair P/E valuation of 10x, we believe that there is downside risk for the share price to the low EUR 20s. On a longer-term view, we are more optimistic due to the growth potential in emerging markets (>70% of revenue) and strong balance sheet.

Year to December	2009	2010	2011e	2012e	2013e
Sales (EUR m)	2,437.3	3,262.5	3,331.7	3,119.2	3,340.9
EBITDA (EUR m)	385.7	725.3	585.3	455.7	494.7
Net profit excl. extr. & amort. (EUR m)	165.4	385.7	217.0	135.0	172.6
Net profit (EUR m)	151.8	367.6	217.0	135.0	172.6
EBITDA margin (%)	15.8	22.2	17.6	14.6	14.8
ROCE (incl. goodwill) (%)	9.9	18.6	10.3	6.3	7.6
Net gearing (%)	36.9	35.9	36.4	24.0	16.0
EPS before extr. & amort. (EUR)	2.79	6.51	3.62	2.26	2.88
EPS (EUR)	2.56	6.21	3.62	2.26	2.88
DPS (EUR)	0.98	1.67	1.28	0.79	1.01
% change sales	(8.5)	33.9	2.1	(6.4)	7.1
% change EPS (excl. extr. & amort.)	(21.3)	133.0	(44.3)	(37.8)	27.8
EV/Sales	0.98	1.69	0.55	0.61	0.53
EV/EBITDA	6.2	7.6	3.1	4.2	3.6
P/E (excl. extr. & amort.)	9.0	8.2	15.1	12.9	10.1
P/E	9.8	8.7	15.1	12.9	10.1
PE/growth (excl. extr.)	22.9	0.2	0.8	nmf	nmf
Free cash flow yield (%)	18.4	1.2	(0.3)	14.6	8.2

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**Sales by segment 2010 (%)**

Automotive	33.0
Construction	18.0
Utilities & Energy	24.0
Agriculture	6.0
Consumer goods	8.0
Equipment	7.0
Basic materials	4.0

Source: Company, ABN AMRO Equity Research

**Sales by region 2010 (%)**

EMEA	23.6
North America	14.1
Latin America	34.2
Asia Pacific	28.1

Source: Company, ABN AMRO Equity Research

**Capital ownership (%)**

Stichting Administratiekantoor Bekaert	38.1
AXA S.A.	3.0

Source: Company, ABN AMRO Equity Research

**Management**

Bert De Graeve (CEO)  
Bruno Humblet (CFO)

**Investor relations**

Jacques Anckaert (tel: +32 (0)56 230 572)

**Next dividend date**

13 May 2011

**Defensiveness of earnings**

We do not regard Bekaert's earnings as defensive. During the previous recession in 2009, the mature EMEA division saw *EBITE* drop by 98% to EUR 1.6m (margin -560bps to 0.2%) and the North America division reported -120% to -/-EUR 5.0m (-1.1% margin). This was cushioned by the Asia Pacific division, which managed to grow revenue by 14% and maintain an operating margin of 35% in 2009. We now know that this was not sustainable. In fact, the business in China is currently experiencing a correction in sawing wire prices. We estimate that Bekaert earned an EBIT margin on sawing wire in excess of 60% in 2010 (the product accounted for c. 45% of group EBIT). This attracted new entrants (like Xingda), who brought capacity on steam by mid 2011. At the same time, demand for sawing wire temporarily slowed down due to the slump in solar panel production in China (as PV subsidies were cut in Europe). This put heavy pressure on sawing wire prices, which was indicated to continue in 4Q11 and 2012. Moreover, Bekaert is experiencing pressure on margins on tyre cords (the other important product in China). We forecast that the Asia Pacific margin falls from 37.7% in 2010 to 24.8% in 2011 and 15.5% in 2012. This aggravates the downturn in earnings in case of a recession in Europe. We do not expect earnings momentum to turn positive again until 2013. Longer-term, we expect Bekaert to resume on its path of solid growth in emerging markets (>70% of revenue).

**Geographical sales breakdown and market position**

Bekaert generates over 70% of *combined* sales (including 100% JVs) in emerging markets (up from 40% in 2003). It will continue to invest strongly in capacity expansion in China (also outside sawing wire and tyre cord), India and Indonesia. The company is the market leader in about 60% of the end-markets that it serves. Bekaert has a particularly strong exposure to the automotive sector (33% of sales). Note, however, that two-thirds of its automotive-related sales consist of steel cord for reinforcing radial car and truck tyres, which it supplies to practically all the world's major tyre manufacturers (Bekaert boasts a global market share of 25%). It is important to realise that three out of four tyres are destined for the replacement market, which reduces Bekaert's vulnerability to cyclical movements in the (OEM) automotive market.

**Balance sheet**

We appreciate the fact that Bekaert has a very solid balance sheet (1.0x net debt/EBITDA end 2011), which enables it to finance further expansion in emerging markets and ongoing spending on R&D.

**Valuation**

Based on our base case forecasts for 2012, Bekaert trades at a P/E valuation of 12.9x. This does not seem exuberant, but we caution that the risk to our 2012 forecasts is to the downside.

**SWOT analysis****Strengths**

- >70% of sales generated from emerging markets
- Dominant position tyre cord (25% global share)
- Robust balance sheet (1.0x net debt/EBITDA)
- Focus on R&D

**Opportunities**

- Further capacity expansion in BRIC countries
- Capitalise on trend among tyre manufacturers to outsource the production of tyre cord
- Market-driven innovation and R&D to further shift focus on higher added value and higher-growth products

**Weaknesses**

- The customer base in tyre cord (tyre manufacturers) is highly concentrated outside China
- Part of revenue still derived from commodity products

**Threats**

- Pressure on high margin Asia Pacific division (increasing competition sawing wire and tyre cord)
- Significant exposure to currency translation risk (75% of sales in non-euro currencies)
- Sharp fluctuations in prices for the key raw material wire rod
- Increasing competition for commodity products

Source: ABN AMRO Equity Research

**Bekaert**

P & L Statement (EUR m) Year to December	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Net sales	1,741.9	1,914.3	2,009.6	2,173.6	2,662.4	2,437.3	3,262.5	3,331.7	3,119.2	3,340.9
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel costs	(450.3)	(449.9)	(462.0)	(472.6)	(524.2)	(499.1)	(596.9)	(615.0)	(619.9)	(646.1)
Other operating costs										
<b>EBITDA</b>	<b>255.6</b>	<b>257.4</b>	<b>262.2</b>	<b>298.6</b>	<b>412.2</b>	<b>385.7</b>	<b>725.3</b>	<b>585.3</b>	<b>455.7</b>	<b>494.7</b>
Depreciation	(107.6)	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(173.0)	(229.6)	(230.7)	(231.2)
<b>EBITA</b>	<b>148.0</b>	<b>150.0</b>	<b>151.4</b>	<b>178.9</b>	<b>246.3</b>	<b>245.8</b>	<b>552.3</b>	<b>355.7</b>	<b>225.0</b>	<b>263.5</b>
Reported provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(9.0)	(13.7)	(5.5)	(4.3)	(35.8)	(13.6)	(18.0)	0.0	0.0	0.0
EBIT	139.0	136.3	145.9	174.6	210.5	232.2	534.3	355.7	225.0	263.5
Net financials	(20.5)	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(32.4)	(65.5)	(57.2)	(46.2)
<b>Profit Before Taxes (PBT)</b>	<b>118.5</b>	<b>121.0</b>	<b>114.9</b>	<b>133.6</b>	<b>161.2</b>	<b>166.6</b>	<b>501.9</b>	<b>290.2</b>	<b>167.8</b>	<b>217.3</b>
Taxes	(18.4)	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(139.5)	(81.3)	(48.7)	(63.0)
Income from associates	53.5	56.9	51.0	47.1	56.1	37.8	36.1	28.2	28.4	34.3
Minorities	(12.3)	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(30.9)	(20.2)	(12.5)	(16.0)
<b>Net profit before extraordinary</b>	<b>141.3</b>	<b>135.7</b>	<b>142.8</b>	<b>152.9</b>	<b>174.1</b>	<b>151.8</b>	<b>367.6</b>	<b>217.0</b>	<b>135.0</b>	<b>172.6</b>
Extraordinary items	26.3	54.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net reported profit	167.6	189.9	142.8	152.9	174.1	151.8	367.6	217.0	135.0	172.6
% change in Sales	(3.1)	9.9	5.0	8.2	22.5	(8.5)	33.9	2.1	(6.4)	7.1
% change in EBITDA	6.9	0.7	1.8	13.9	38.0	(6.4)	88.1	(19.3)	(22.1)	8.5
% change in EBITA	32.4	1.3	1.0	18.1	37.7	(0.2)	124.7	(35.6)	(36.7)	17.1
% change in PBT	72.1	2.1	(5.0)	16.3	20.7	3.3	201.3	(42.2)	(42.2)	29.5
% change in Net profit before extraordinary	63.0	(3.9)	5.2	7.1	13.9	(12.8)	142.2	(41.0)	(37.8)	27.8

Cash Flow Statement (EUR m)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
<b>EBITDA</b>	<b>255.6</b>	<b>257.4</b>	<b>262.2</b>	<b>298.6</b>	<b>412.2</b>	<b>385.7</b>	<b>725.3</b>	<b>585.3</b>	<b>455.7</b>	<b>494.7</b>
Change in provisions excluding tax provisions	(0.6)	(15.4)	(12.3)	(8.9)	26.2	(44.5)	1.7	21.0	0.0	0.0
Change in net working capital	(112.6)	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(276.9)	(223.1)	142.2	(19.1)
Gross operating cash flow	142.4	209.8	217.9	247.8	276.0	536.8	450.1	383.2	597.9	475.6
Taxes paid	(32.9)	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.3)	(81.3)	(48.7)	(63.0)
Capex	(172.9)	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(249.1)	(248.2)	(238.1)	(224.1)
<b>Free cash flow</b>	<b>(63.3)</b>	<b>32.7</b>	<b>39.8</b>	<b>23.1</b>	<b>(2.6)</b>	<b>331.9</b>	<b>87.7</b>	<b>53.8</b>	<b>311.2</b>	<b>188.5</b>
Net interest received	(16.0)	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(43.5)	(62.3)	(57.2)	(46.2)
Other	75.5	96.6	(25.4)	42.1	24.2	172.3	16.6	24.9	23.4	27.9
Acquisitions	(16.9)	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(29.9)	(48.0)	0.0	0.0
Divestments	0.1	86.5	0.0	4.2	0.7	(0.5)	12.6	80.0	0.0	0.0
Share issues/buybacks	(8.8)	(24.3)	(56.1)	(111.0)	(19.7)	(0.5)	(57.7)	0.0	0.0	0.0
Dividend (adj. stock dividend)	(45.3)	(52.2)	(74.1)	(57.2)	(62.2)	(50.6)	(118.5)	(99.8)	(76.4)	(47.3)
Extraordinary items (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in interest-bearing debt	77.4	20.6	39.1	136.4	180.4	(252.5)	299.8	51.4	(201.0)	(123.0)
<b>Change in cash &amp; cash equivalents</b>	<b>2.7</b>	<b>123.8</b>	<b>(141.5)</b>	<b>(7.9)</b>	<b>45.1</b>	<b>157.5</b>	<b>167.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Balance Sheet (EUR m)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Net intangible fixed assets	118.4	125.4	134.5	122.0	111.5	105.0	131.1	123.8	125.5	128.0
Net tangible fixed assets	791.6	799.8	824.2	917.6	1,070.7	1,127.7	1,295.1	1,281.0	1,286.7	1,277.1
Financials fixed assets (FFA)	331.1	325.5	348.6	303.4	247.7	311.7	339.6	339.6	339.6	339.6
Inventories	419.3	348.3	368.8	385.4	510.5	358.4	507.7	591.4	528.1	547.3
Trade debtors	385.2	354.2	398.9	437.7	483.2	479.6	774.3	818.1	731.8	747.2
Other debtors	44.9	63.4	63.7	73.1	125.3	171.2	182.4	240.0	218.8	236.7
Cash & securities	98.9	222.7	81.2	73.2	118.3	275.8	442.9	442.9	442.9	442.9
<b>Total Assets</b>	<b>2,189.3</b>	<b>2,239.3</b>	<b>2,219.8</b>	<b>2,312.6</b>	<b>2,667.2</b>	<b>2,829.5</b>	<b>3,673.1</b>	<b>3,837.0</b>	<b>3,673.4</b>	<b>3,718.9</b>
Shareholder's equity	909.7	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,610.7	1,727.8	1,786.5	1,911.8
Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	48.8	51.1	48.9	48.4	41.8	88.7	86.0	98.1	105.6	115.2
Provisions	373.0	357.5	331.4	298.8	373.4	329.9	379.9	400.9	400.9	400.9
Long-term interest bearing debt	242.3	288.3	274.4	322.5	288.1	598.1	700.5	751.9	550.9	427.9
Short-term interest bearing debt	312.0	245.6	218.0	253.0	503.1	151.4	320.3	320.3	320.3	320.3
Trade creditors	250.8	187.4	227.8	231.7	253.8	247.1	341.7	321.5	292.5	313.3
Other non-interest bearing liabilities	52.7	52.0	59.3	60.0	76.4	129.4	234.2	216.4	216.8	229.4
<b>Total Liabilities &amp; Capital</b>	<b>2,189.3</b>	<b>2,239.3</b>	<b>2,219.8</b>	<b>2,312.6</b>	<b>2,667.2</b>	<b>2,829.5</b>	<b>3,673.1</b>	<b>3,837.0</b>	<b>3,673.4</b>	<b>3,718.9</b>
Enterprise Value (EV)	1,330.5	1,503.0	1,827.0	1,829.4	1,317.4	2,377.1	5,516.2	1,836.9	1,900.7	1,787.3
Net debt/(Net cash)	455.4	311.2	411.2	502.2	672.9	473.7	577.9	629.3	428.3	305.3
Capital Employed incl. goodwill (avg.)	1,458.6	1,515.7	1,517.1	1,610.5	1,850.3	1,969.4	2,148.5	2,480.4	2,517.1	2,458.9
Cumulative goodwill (as of 1991)	131.3	85.3	82.2	75.2	74.6	76.6	77.5	67.5	67.5	67.5
Capital Employed (avg.)	1,332.4	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,071.4	2,407.9	2,449.6	2,391.4
Net working capital	545.9	526.6	544.3	604.6	788.8	632.7	888.5	1,111.6	969.4	988.5
Discounted value of leases	26.3	36.6	32.2	28.6	28.9	28.9	43.9	46.9	50.3	53.5
Adjusted equity	1,041.0	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,688.2	1,795.3	1,854.0	1,979.3

## Bekaert

Per Share Data (EUR)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Avg. no. of shares (m)	65.8	64.9	64.5	60.1	59.2	59.2	59.2	59.9	59.9	59.9
Eoy. no. of shares (m)	65.6	64.6	62.8	59.5	59.4	59.5	59.9	59.9	59.9	59.9
Avg. no. of shares fully diluted (m)	65.9	65.1	64.8	60.5	59.4	59.4	59.6	60.2	60.2	60.2
Enterprise Value (EV)	20.28	23.27	29.07	30.75	22.20	39.95	92.11	30.67	31.74	29.85
Net debt less FFA plus minorities	2.64	0.57	1.77	4.16	7.87	4.21	5.41	6.47	3.24	1.35
Sales	26.49	29.50	31.17	36.16	45.01	41.16	55.06	55.64	52.09	55.79
EBITDA	3.89	3.97	4.07	4.97	6.97	6.51	12.24	9.77	7.61	8.26
EBITA	2.25	2.31	2.35	2.98	4.16	4.15	9.32	5.94	3.76	4.40
EBIT	2.11	2.10	2.26	2.90	3.56	3.92	9.02	5.94	3.76	4.40
Net profit before extr. & amort. (EUR)	2.29	2.30	2.30	2.61	3.55	2.79	6.51	3.62	2.26	2.88
Net profit before extraordinary (EUR)	2.15	2.09	2.21	2.54	2.94	2.56	6.21	3.62	2.26	2.88
Cash Flow (EUR)	3.92	3.96	4.02	4.61	6.35	5.15	9.43	7.46	6.11	6.74
Gross Dividend (EUR)	0.67	1.00	0.83	0.92	0.93	0.98	1.67	1.28	0.79	1.01
Book value (EUR)	13.86	16.37	16.87	18.46	19.05	21.59	26.90	28.85	29.83	31.92
Adjusted equity	15.86	17.69	18.18	19.72	20.31	22.88	28.19	29.98	30.96	33.05
Free Cash Flow	(0.96)	0.50	0.62	0.38	(0.04)	5.60	1.48	0.90	5.20	3.15
% change in EPS before extr. & amort.	74.88	0.76	(0.11)	13.68	35.68	(21.26)	133.05	(44.34)	(37.76)	27.81
<b>Valuation</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
P/E (excl. extr. & amort.)	7.3	9.4	11.9	12.5	8.3	9.0	8.2	15.1	12.9	10.1
P/CF (x)	4.3	5.5	6.8	7.1	4.6	4.9	5.7	7.3	4.8	4.3
P/Book (x)	1.4	1.6	1.9	1.7	0.8	1.7	3.2	0.9	1.0	0.9
Dividend yield (%)	4.0	4.6	3.0	2.8	3.2	3.9	3.1	2.3	2.7	3.5
Free cash flow yield (%)	(7.2)	0.4	0.9	(0.5)	(2.5)	18.4	1.2	(0.3)	14.6	8.2
EV/Sales (x)	0.8	0.8	0.9	0.8	0.5	1.0	1.7	0.6	0.6	0.5
EV/EBITDA (x)	5.2	5.8	7.0	6.1	3.2	6.2	7.6	3.1	4.2	3.6
EV/EBITA (x)	9.0	10.0	12.1	10.2	5.3	9.7	10.0	5.2	8.4	6.8
EV/EBIT (x)	9.6	11.0	12.5	10.5	6.3	10.2	10.3	5.2	8.4	6.8
EV/Capital Employed (x)	1.0	1.1	1.3	1.2	0.7	1.3	2.7	0.8	0.8	0.7
EV/CE (incl. goodwill) (x)	0.9	1.0	1.2	1.1	0.7	1.2	2.6	0.7	0.8	0.7
Share price : High (EUR)	19.92	26.32	33.20	37.80	40.11	36.35	86.69	87.43	29.60	
Share price : Low (EUR)	14.50	18.47	23.12	28.15	14.82	12.62	33.67	23.95	25.75	
Share price : Average (EUR)	16.71	21.72	27.39	32.73	29.42	25.11	53.68	54.78	29.08	29.08
Share price : Year end (EUR)	19.58	26.32	31.57	30.67	16.11	36.17	85.90	24.79	29.08	29.08
<b>Capital Efficiency/Solvability</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
Sales/CE (incl. goodwill)	1.2	1.3	1.3	1.3	1.4	1.2	1.5	1.3	1.2	1.4
Sales/Fixed assets (x)	2.2	2.4	2.4	2.4	2.5	2.2	2.5	2.6	2.4	2.6
Sales/Net working capital (x)	3.2	3.6	3.7	3.6	3.4	3.9	3.7	3.0	3.2	3.4
Inventories/Sales (days)	87.9	66.4	67.0	64.7	70.0	53.7	56.8	64.8	61.8	59.8
Trade debtors/Sales (days)	80.7	67.5	72.5	73.5	66.2	71.8	86.6	89.6	85.6	81.6
Trade creditors/Sales (days)	52.6	35.7	41.4	38.9	34.8	37.0	38.2	35.2	34.2	34.2
CAPEX/Depreciation (%)	160.7	141.1	145.7	166.9	151.3	124.3	144.0	108.1	103.2	96.9
Equity/Total assets (%)	41.6	47.2	47.8	47.5	42.4	45.4	43.8	45.0	48.6	51.4
Net debt/Equity (%)	50.1	29.4	38.8	45.7	59.5	36.9	35.9	36.4	24.0	16.0
Interest cover (x)	6.3	4.8	5.5	5.2	5.4	4.0	9.5	5.1	3.5	4.9
Dividend payout (%)	29.1	43.2	35.3	34.8	26.4	35.3	25.9	35.2	35.0	35.0
ROCE (average) (%)	9.4	8.0	8.9	10.0	11.7	10.3	19.3	10.6	6.5	7.8
ROCE (incl. goodwill) (average) (%)	8.6	7.4	8.4	9.5	11.2	9.9	18.6	10.3	6.3	7.6
<b>Operating Efficiency &amp; Profitability ratios</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
Sales per FTE employee ('000s)	161.4	178.9	169.2	155.4	165.3	139.0	163.2	165.8	157.9	166.3
Wage costs per FTE employee ('000s)	41.7	42.0	38.9	33.8	32.5	28.5	29.9	30.6	31.4	32.2
EBIT per FTE employee ('000s)	12.9	12.7	12.3	12.5	13.1	13.2	26.7	17.7	11.4	13.1
Gross margin (%)										
EBITDA margin (%)	14.7	13.4	13.0	13.7	15.5	15.8	22.2	17.6	14.6	14.8
Operating margin (%)	8.0	7.1	7.3	8.0	7.9	9.5	16.4	10.7	7.2	7.9
Net margin (%)	6.3	5.5	5.1	5.5	6.4	6.0	11.7	6.3	3.8	4.6
Tax rate (%)	15.5	25.0	16.0	14.3	15.8	20.4	27.8	28.0	29.0	29.0