Bekaert

Belgium/ General Industrials

Company update

Investment Research

Reason: Estimates Revision

26 March 2015

Hold

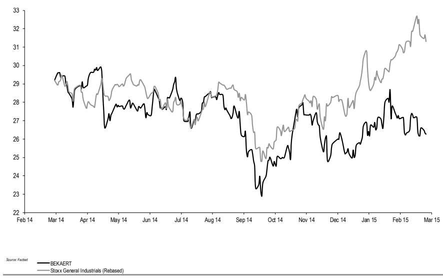
Recommendation unchanged

Share price: EUR	**26.27**
closing price as of 25/03/2015	
Target price: EUR	**26.00**
from Target Price: EUR	**27.50**
Reuters/Bloomberg	BEKB.BR/BEKB BB

Daily avg. no. trad. sh. 12 mth	103,194
Daily avg. trad. vol. 12 mth (m)	2,722.39
Price high 12 mth (EUR)	29.93
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	-3.2%
Abs. perf. 3 mth	2.0%
Abs. perf. 12 mth	-8.6%

Market capitalisation (EURm)	1,579
Current N° of shares (m)	60
Free float	59%

Key financials (EUR)	12/14	12/15e	12/16e
Sales (m)	3,216	3,698	3,934
EBITDA (m)	342	359	386
EBITDA margin	*10.6%*	*9.7%*	*9.8%*
EBIT (m)	171	174	201
EBIT margin	*5.3%*	*4.7%*	*5.1%*
Net Profit (adj.)(m)	75	76	104
ROCE	4.2%	4.5%	5.1%
Net debt/(cash) (m)	853	877	865
Net Debt Equity	*0.5*	*0.6*	*0.5*
Net Debt/EBITDA	2.5	2.4	2.2
Int. cover(EBITDA/Fin.int)	5.4	5.1	5.4
EV/Sales	0.8	0.7	0.7
EV/EBITDA	7.6	7.3	6.7
EV/EBITDA (adj.)	7.7	7.2	6.7
EV/EBIT	15.1	15.0	13.0
P/E (adj.)	21.2	20.8	15.2
P/BV	1.2	1.1	1.1
OpFCF yield	*-10.4%*	*2.0%*	*4.5%*
Dividend yield	*3.2%*	*3.4%*	*3.6%*
EPS (adj.)	1.24	1.26	1.73
BVPS	22.74	23.01	23.69
DPS	0.85	0.90	0.95



Shareholders: Bekaert Fam. & Rel. 41%;

For company description please see summary table footnote

The Chinese's hangover

Bekaert's FY14 results were weaker than expected due to a solid slowdown on the Chinese market in 4Q14. This resulted into an intensification of the price pressures across the world, putting pressure on margins mainly in Asia Pacific and in the Americas. FY15 earnings should be mainly driven by the recent acquisitions and by the positive FX effects. The FY15-17 estimates where significantly cut due the on-going challenging competitive environment in an context of sluggish demand in most markets.

We have adjusted downward our TP to EUR 26.00, which reflected the downward earnings revisions. We keep our neutral stance on the share.

- ✓ 4Q14 was a very difficult quarter for Bekaert. The organic sales were down 2.0%, driven by Asia Pacific (organic sales down 7.3% on a weaker demand and with sales prices under strong pressures) and to a lesser extend in North America (organic sales down 1.3%). The strong deterioration of the situation in China led the company to issue a profit warning on February 19th. FY14 results came in in line with the profit warning. The cash generation was also in line with expectations.
- ✓ The 2015 outlook points towards a weaker start, still driven by the Chinese operations. Nevertheless, Bekaert anticipates a demand improvement starting in 2Q15 and positive FX impacts from 1Q15 onwards.
- ✓ There is room for profit improvement in EMEA, Latin America and North America, but the buck is set to come from recent acquisitions and positive FX impacts. Asia Pacific remains the main issue, with large over-capacity and a commoditisation of some key products, like the tire cord for trucks.
- ✓ The earnings profile has deteriorated in recent months. This led us to trim down our Rebit estimates for the years 2015-2017 by around 15%.
- ✓ Bekaert's competitive position has deteriorated, in China in particular versus its main competitor Xingda (1899 HK). The company announced it will again focus on costs management across the businesses to offset as much as possible the cost inflation and the impact of the competitive pressures that are expected to persist. Details were not provided on the cost savings targets for FY15.
- ✓ Over the last 12 months the company worked on several projects that should lead to set up Bekaert in a stronger position, with a full effect in 3 to 4 year from now. All these initiatives look valuable and might improve the efficacy of the Group and then its cost base as they will be implemented. However, there is no visibility on the size and on the delivery timing of these positive effects.
- ✓ We cut our TP to EUR 26, to reflect the earnings downward revision. We also see a downside risk is the situation is China further deteriorate.
- ✓ We continue to believe that it will be difficult for Bekaert to meet rapidly its Rebit margin target of 7%. We welcome the initiatives announced to restore the profitability of the Group. They all look valuable and might improve the efficacy of the Group but they are also necessary actions in a market that becomes more and more global and highly competitive.

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For important disclosure information, please refer to the disclaimer page of this report

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Key takeaways of the FY14 reporting

- After the warning disclosed on February 19, the main unknown figures of the FY14 reporting were the Rebit (at its breakdown per region) as well as the cash generation.
- Both came in roughly in line with our estimates (no consensus post the warning), with Rebit at EUR 164m (EUR 163m expected) and net financial debt at EUR 853m vs. EUR 849m forecasted.
- The Asia Pacific contribution to the Rebit came out 9% below our expectations as the set back of the profitability in China was more severe than anticipated. EMEA and LatAm performed slightly better than assumed. The US operations were impacted by a fire at the bead wire plant in Rome (Georgia).
- FY15 will start in a minor mode, due to the continued slowdown in China that is set to create further competitive pressures across the world. Nevertheless, Bekaert anticipates a demand improvement starting in 2Q15 and positive FX impacts from 1Q15 onwards.
- Although, for FY15 the earnings growth looks limited. EMEA is strong but beyond the integration of the Pirelli's assets and new capacities in Dramix, there is limited room of upside from this point; North America, might show earnings growth this year too, but the loss of volume in bead wire (production could restarted in 2H) and the cheap imports for China might limit the profit rebound this year; margin recovery in Latin America is likely to be limited by the weak GDP growth and by cheap imports; Asia Pacific remains the main issue, with large over-capacity and a commoditisation of some key products, like the tire cord for trucks. In this difficult context, Bekaert will again focus on costs management across the businesses to offset as much as possible the cost inflation and the impact of the competitive pressures that are expected to persist. Details were not provided on the cost savings targets for FY15.
- For the mid-term, Bekaert is undertaking a number of actions through 5 core strategies to restore the profitability (value creation overtime). Management confirmed the EBIT margin target of 7% in the 3 years to come. One should notice that this is the same target that was set three year ago, when Bekaert launched the EUR 100m cost structure reduction plan. The amplification of the competitive pressures over the last three years broke down the initial ambitions.
- Over the last 12 months the company worked on several projects that should lead to set up Bekaert in a stronger position going forward. The company has launched a four-year manufacturing excellence program, which will lead to a strong modification on how the company is currently using its 80 factories around the world. Complexity reduction and footprint optimisation are two important axes of this program.
- All these initiatives look valuable and might improve the efficacy of the Group and then its cost base when they will be fully implemented. They are also necessary actions in markets that become more and more global and competitive.

FY14 Results analysis

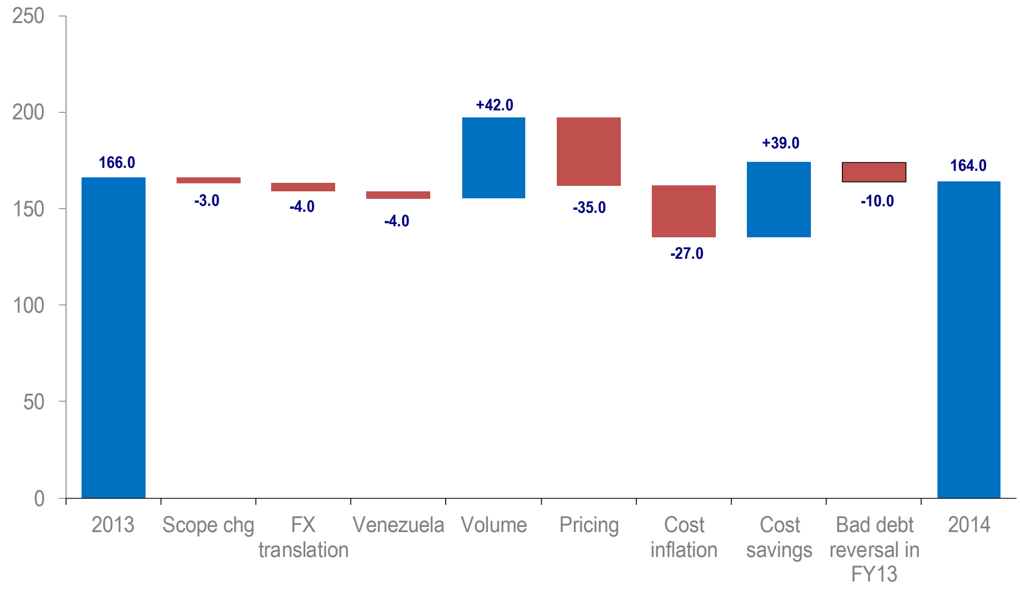
FY14 consolidated **sales** of Bekaert stood at EUR 3.216m, roughly stable versus 2013 (+0.9%). The organic growth of 2.8% was cancelled out by the effect of adverse currency movements, mainly the Chilean peso (down 13.3% y-o-y versus the euro). All in all, the FX had a negative impact of about EUR 72m on the top line in FY14.

4Q14 was a very difficult quarter for Bekaert. The organic sales were down 2.0%, driven by Asia Pacific (organic sales down 7.3% on a weaker demand and with sales prices under pressures) and to a lesser extend in North America (organic sales down 1.3%).

Rebit stabilised as well at EUR 164m in FY14. The breakdown of the main components shows that:

- savings related to the program set up in FY12 contributed for up to EUR 39m in 2014. This is ahead of the original planning (EUR 20m in FY12, EUR 50m in FY13 and EUR 30m anticipated for FY14). This is due to further self-help measures that have been taken during the year to compensate for the costs increase and price pressures.
- Higher volumes (a 3.6% positive impact on the top line in FY14) had a positive impact of EUR 42m on the Rebit.
- Unfortunately, a great part of the volume growth was done at the expenses of the prices in some markets, mainly in Asia Pacific and in Latin America due to cheap imports coming out of Asia.

Rebit evolution



Source: Bekaert

- The cost inflation was driven by the wage inflation and the electricity costs.
- The balance is due to FX (EUR -4m), Dramix (start-up costs in Costa Rica for up to EUR 3m) and the activities in Venezuela, that were at breakeven in FY14, while they still generated some profit in FY13.
- Finally, there is a negative delta of EUR 10m in the bad debt reversal versus 2013.

The flat sales and slightly decreasing Rebit, led to a Rebit margin of 5.1% down from 5.2% in 2013 (5.2%).

Details per geographical Area

Looking to the regional mix, we observe that the sluggish performances recorded in Asia Pacific and in Latin America were nearly fully offset by solid earnings improvement in EMEA. The North American operations performed roughly in line with last year.

EMEA

EMEA enjoyed a strong 1H14, with volumes up 7%. During most of the semester Bekaert enjoyed strong demand in automotive applications (tyre cords and other wires) as well as in applications for the oil and gas end market (flexible pipes). During most of the semester the tire cord activity was running closed to the nominal capacity, which of course supported the price/mix and hence the margins, particularly in 2Q14. Bekaert also enjoyed good demand in other industrial wire markets and in high added products in the construction segments (Dramix).

All these elements allowed Rebit margin to reach a record level of 11.5%. The performance was also supported by the reduction of the cost base resulting from the restructuring implemented in FY12-13.

2H14 was less supportive, due to a relatively weak 4Q14 (organic sales down 0.6% y-o-y) but profitability remained strong, reflecting a still favourable product mix and an overall high capacity utilisation.

EMEA (EUR m)	1H13	2H13	2013	1H14	2H14	2014
Consolidated sales	**532**	**508**	**1,040**	**555**	**509**	**1,064**
% chg	*-4.5%*	*4.2%*	*-0.4%*	*4.3%*	*0.2%*	*2.3%*
EBITDA	**68**	**65**	**133**	**93**	**72**	**165**
margin (%)	*12.8%*	*12.8%*	*12.8%*	*16.8%*	*14.1%*	*15.5%*
REBIT	**46**	**42**	**88**	**64**	**50**	**114**
margin (%)	*8.6%*	*8.2%*	*8.4%*	*11.5%*	*9.8%*	*10.7%*
EBIT	**45**	**40**	**85**	**70**	**46**	**116**
margin (%)	*8.5%*	*7.9%*	*8.2%*			*10.9%*
RoCE (gross)			**14.6%**			**18.3%**

Sources : Bekaert

Bekaert anticipates continued solid demand and performance in most EMEA markets.

On top of that Pirelli assets (in Romania, Italy and in Turkey) will be integrated for the first time in FY15. At the top line, Pirelli should add EUR ~165m and about EUR 13m on the Rebit. Hence, ceteris paribus, Pirelli will add 15% to the sales in EMEA and 11% to the Rebit.

During the analysts meeting, management clearly pointed out the importance of EMEA in the geo-mix of the group, as it is an area of high margin products, with a strong focus on innovative products. In the future Bekaert intends to invest up to 20% of its total CapEx effort in this region.

North America

In North America the year started in a minor mode, with a flat organic growth in 1H14 (+0.2% y-o-y). The pass on of lower wire rod price (-3.0%), was only partially offset by the higher volume (+1.9%) and positive price/mix (+1.3%). In 1H14, FX had a negative impact of 5.1%. This explains the bulk of the sales drop in EUR (-4.7%).

After a weak 1Q14, the tyre cord confirmed the demand revival on the back of increasing volumes for truck tyres in 2Q14. The rope activity performed well during all the semester. On the negative side, the agriculture and the construction (infrastructure) end markets did not recover yet.

Rebit margin improved a bit on better capacity utilisation, mainly in 2Q14, while savings measures (closing of the factory in Canada) also contributed to the slight improvement. This was realised in a context of strong import pressures.

North America (EUR m)	1H13	2H13	2013	1H14	2H14	2014
Consolidated sales	**295**	**253**	**548**	**281**	**274**	**555**
% chg	*-16.0%*	*-17.9%*	*-16.8%*	*-4.7%*	*8.3%*	*1.3%*
EBITDA	**18**	**4**	**22**	**20**	**18**	**38**
margin (%)	*6.1%*	*1.6%*	*4.0%*	*7.1%*	*6.6%*	*6.8%*
REBIT	**13**	**6**	**19**	**14**	**6**	**20**
margin (%)	*4.4%*	*2.4%*	*3.5%*	*5.0%*	*2.2%*	*3.6%*
EBIT	**12**	**-4**	**8**	**15**	**13**	**28**
margin (%)	*4.1%*	*-1.6%*	*1.5%*	*5.3%*	*4.7%*	*5.0%*
RoCE (gross)			**3.8%**			**8.8%**

Sources : Bekaert

In 2H14, sales were up 8.3% y-o-y, a growth mainly driven by the appreciation of the USD versus euro in 4Q14. The on-going improving demand from automotive markets was partially offset by the demand decline in other North American industrial, construction and agriculture markets. Nevertheless, 2H14 volumes were up 5% y-o-y, mainly due to the strong 3Q14. Hence, and taking into account the seasonality in North America (2H volumes are always lower than in 1H), there was a small increase in the volume momentum in FY14.

Moreover, on top of the usual seasonality effects at year-end, Bekaert was hit in 4Q14 by a fire which caused structural damage to parts of the Rome (Georgia) bead wire production plant. The bead wire activity at Rome accounts for ca. 10% of the sales in North America.

Profitability remained under pressure during all the year on low utilisation of the capacity and on imports from Asia.

Bekaert anticipates a slight improvement in most markets in 2015, but does not project a major turnaround in profitability due to persistent price pressure and increased transportation expenses. Bekaert will restore as soon as possible the capacity damaged during the fire to capture as much a possible volume back. Although, at this stage it seems unlikely that the factory can restart normally before the end of 1H15. Hence, only a partial recovery can be expected this year.

Latin America

The Business Unit reported a 2.2% decline in sales and a 41% drop in Rebit in FY14.

In this region, Bekaert continues to suffer from general economic slowdown, with applications for the construction and the mining markets being the most affected by this trend. On top of that, the markets became very competitive due to increased Asian imports.

We remind that the Venezuelan operations were put into “care and maintenance” since mid-April due to the shortage of raw materials in this country. For the 1H14, operations in Venezuela recorded a 50% drop in volume. 2H14 seems somewhat better in terms of availability of raw materials. However, for FY14, volumes were down 40%.

Sales increased significantly in the 2H14 (+15% y-o-y), thanks to a better price-mix and a much lower impact of adverse currency effects compared to 1H.

Latin America (EUR m)	1H13	2H13	2013	1H14	2H14	2014
Consolidated sales	**352**	**293**	**645**	**295**	**336**	**631**
% chg	*-11.3%*	*-29.4%*	*-20.6%*	*-16.2%*	*14.7%*	*-2.2%*
EBITDA	**39**	**25**	**64**	**18**	**22**	**40**
margin (%)	*11.1%*	*8.5%*	*9.9%*	*6.1%*	*6.5%*	*6.3%*
REBIT	**28**	**16**	**44**	**11**	**15**	**26**
margin (%)	*8.0%*	*5.5%*	*6.8%*	*3.7%*	*4.5%*	*4.1%*
EBIT	**28**	**16**	**44**	**21**	**13**	**34**
margin (%)	*8.0%*	*5.5%*	*6.8%*	*7.1%*	*3.9%*	*5.4%*
RoCE (gross)			**12.3%**			**5.7%**

Sources : Bekaert

Given the increasing imports from Asia, Bekaert adjusted its sourcing policy and imported more than half of its raw material (wire rod) needs from Asia. The benefit of this has been passed on to customers, which allowed Bekaert to protect its market share. Bekaert’s strategy in Latin America remains to protect its strong market shares, and it has been able to do that in all of the countries.

However, the above elements highlight the vulnerability of the group in this region. Bekaert is mainly involved in commodity products for the construction and the agriculture-related markets. In that respect we appreciate the decision to build up a second Dramix plant in Costa Rica as well as the acquisition of the Pirelli steel cord plant in Brazil. It is our understanding that this is a very profitable asset (the most profitable of the five plants acquired from Pirelli)

Profit margins increased somewhat in 2H14, but remained at a low level due to competition with imports and to the start-up costs in Costa Rica.

Bekaert anticipates a stable demand for its consolidated businesses in the 1H15. The integration of the Pirelli’s steel cord assets in Brazil will contribute to Bekaert’s financial statements as of 1 January 2015.

Asia Pacific

Asia Pacific (EUR m)	1H13	2H13	2013	1H14	2H14	2014
Consolidated sales	**470**	**483**	**953**	**478**	**488**	**966**
% chg	*-1.7%*	*3.4%*	*0.8%*	*1.7%*	*1.0%*	*1.4%*
EBITDA	**84**	**69**	**153**	**88**	**71**	**159**
margin (%)	*17.9%*	*14.3%*	*16.1%*	*18.4%*	*14.6%*	*16.5%*
REBIT	**39**	**38**	**77**	**43**	**20**	**63**
margin (%)	*8.3%*	*7.9%*	*8.1%*	*9.0%*	*4.1%*	*6.5%*
EBIT	**39**	**34**	**73**	**39**	**15**	**54**
margin (%)	*8.3%*	*7.0%*	*7.7%*	*8.2%*	*3.1%*	*5.6%*
RoCE (gross)			**6.4%**			**5.7%**

Sources : Bekaert

Bekaert's activities in Asia Pacific achieved 6.4% volume growth y-o-y in FY14. This was the result of strong sales across Asia in the first nine months of the year (volumes were up by ca. 9.5%). Although, price erosion, currency effects and the passing-on of lower wire rod prices tempered the top line growth rate at 2.0% in this region over the first nine months of 2014.

4Q14 proved to be very challenging due to the overall slowdown of the industrial production. In a context of permanent increase in capacity on the Asian market, this slowdown has been translated into a lowering of the capacity utilisation and then into strong price pressures, largely ahead of the simple pass-on of lower wire rode prices.

Bekaert did not follow the last round of price decreases. As a result, the company lost some market share in the trucks segment. At the conference call, management indicated that it was running at about the mid 70% of its nominal capacity in 4Q14 in China, slight better than the sector (70%) but largely below Xingda. Bekaert also mentioned as a driver for the poor 4Q14 some destocking partly driven by the changes in import duty for passenger tires in the USA. Nevertheless, remind that Bekaert is more exposed towards the truck tire (~70% of this outlet in tire cords).

Outside China and more specifically in Southeast Asia, there was also an increased competitiveness as the Chinese companies were looked for more markets to go with their excess productions in industrial wires. This generated strong pressures in wire margin in this region as well.

As a results of this terrible 4Q14, 2H14 Rebit felt to EUR 20m (margin to sales of 4.1% against 9.0% in 1H14 and 7.9% in 2H13). Hence, RoCE dropped to 5.7% in FY14 versus 6.4% a year before.

Bekaert expects continued difficult market conditions in China in 1Q15. Industrial production for the months of January and February confirmed this fear. Production dropped to a new low of 6.8% in both months. This is to compare with +8.6% during the same period of 2014. On top of that, Bekaert has reviewed downwards its prices in order to recover part of the market share lost in 4Q14. Hence, 1Q15 profitability is likely to be very low again and the comparison versus 1Q14 will be strongly unfavourable.

More positive for the balance of the year is that demand is back after the Chinese new year holiday. Bekaert also indicated that it is focusing on reducing further its cost base in Asia Pacific in order to offset not only the cost inflation but also reducing part of the price erosion. This combined a better use of the capacity should allow Bekaert to improve its margin from the low base archived in 2H14. The target is also to turn around the underperformance of the Malaysian businesses.

Comments on other P&L items

Bekaert : key figures (EUR m)	1H13	2H13	2013	1H14	2H14	2014	2014e
Consolidated sales	**1,649**	**1,537**	**3,186**	**1,609**	**1,607**	**3,216**	**3,216**
EBITDA	**172**	**125**	**297**	**190**	**151**	**342**	**342**
Margin	*10.4%*	*8.2%*	*9.3%*	*11.8%*	*9.4%*	*10.6%*	*10.6%*
Rebit	**91**	**75**	**166**	**101**	**63**	**164**	**163**
Margin	*5.5%*	*4.9%*	*5.2%*	*6.3%*	*3.9%*	*5.1%*	*5.1%*
-EMEA	*46*	*42*	*88*	*64*	*50*	*114*	*111*
-North America	*13*	*6*	*19*	*14*	*6*	*20*	*23*
-Latin America	*28*	*16*	*44*	*11*	*15*	*26*	*24*
-Asia Pacific	*39*	*38*	*77*	*43*	*20*	*63*	*69*
-Corporate	*-35*	*-27*	*-62*	*-31*	*-28*	*-59*	*-64*
Operating result	**89**	**49**	**137**	**118**	**53**	**171**	**171**
Margin	*5.4%*	*3.2%*	*4.3%*	*7.3%*	*3.3%*	*5.3%*	*5.3%*
Financial result	-41	-42	-84	-27	-40	-67	-55
Result before tax	**48**	**6**	**54**	**91**	**14**	**104**	**116**
Income tax	-30	-18	-48	-23	-19	-42	-40
Tax rate	*62.5%*	*nr*	*89.2%*	*25.2%*	*144%*	*41%*	*34%*
Results of associates	17	13	30	12	13	25	22
Discontinued operations	0	0	0	0	0	0	0
Consolidated profit	**35**	**1**	**36**	**80**	**7**	**88**	**99**
Minority interest	9	3	11	2	-2	0	8
Group's share in net result	**26**	**-2**	**25**	**78**	**9**	**87**	**91**
EPS (EUR)	0.44	-0.03	0.41	1.30	0.20	1.51	1.51
Net financial debt	**770**	**574**	**574**	**673**	**853**	**853**	**849**

Sources : Bekaert / Bank Degroof estimates

EBIT

EBIT came in at EUR 171m, up 25% y-o-y as non-recurring items turned from a EUR 29m charge into a non-recurring profit of EUR 7m. A significant part of the positive elements was realised in 1H14 and are related to sale of lands, mainly in Europe. There is also a badwill on the acquisition of the ropes entity in Brazil and some reversals of environmental provisions. These positive elements were partially offset by impairments mainly in Southeast Asia at Bekaert's wire business. Bekaert also took some impairments on its Russian businesses, reflecting the current economic situation in that country and the devaluation of the currency. Next to that there were some movements in pension related provisions due to the lower interest rates.

Associates

The contribution of the associates decreased by 17% (somewhat better than assumed). The drop is due to the more difficult economic environment in Brazil and the weakness of the BRL. Note that the performance is not so bad versus FY13, as in 2013 Bekaert enjoyed a EUR 6m one-off tax adjustment. Hence, without this one-off, results are stable.

Minorities

They decreased to zero due to the losses and impairments recorded in the South East Asian operations and to some reserves set up to cover potential issue in Venezuela.

Outlook

As customary, Bekaert did not provide a concrete outlook for the year. Management only indicated that the low running rate of 4Q14, driven by a downturn in Asia continued in the 1Q15. However, It does expect a positive impact of currency movements as of 1Q15 and an improved demand in the balance of the year in most markets.

FX will be a strong support. As a rule of thumb, management indicated that each percentage of appreciation of the USD versus the EUR adds EUR 20m to the top line and EUR 1m to the Rebit. Aside the USD, most of the Latin American currencies have strengthened over the last months versus the EUR. Year-to-date they are up by ca. 10% y-o-y (weighted average). The Chinese Renminbi is also up 19% y-o-y versus euro YTD.

Given the challenging economic environment in most regions where the group operates and taking into account Bekaert's current performance, management is undertaking a set of actions to drive value creation over time. In addition, the recently acquired tyre cord (Pirelli assets) and ropes businesses will be important contributors to its strategy of improving the product portfolio and the financial performance.

Earnings revisions

On the back on the poorer than expected evolution in 4Q14 driven by the Chinese slowdown, on the weak prospects for 1Q15 and given the lack of visibility on the savings and on the margin evolution, we have trimmed down our Rebit for the years 2015-2017 by around 15%.

- In **EMEA** we left our estimates roughly unchanged. The company enjoyed a good operating environment in 2014, and particularly in 1H, when the mix was very favourable to Bekaert. This year the company has already fixed a lot of contracts at lower prices. However, measures have also been taken to reduce the cost base, mainly in Spain and Italy, in such a way that management expects that this will neutralise the impact of the price rebates on the margin. We do not expect big volume growth has the company already ran at high level of capacity utilisation in FY14.

  The Integration of the Pirelli tire cord assets in Romania, Turkey and in Italy will drive earnings growth in FY15. These assets should add EUR ~165m of the sales and EUR 13m to the Rebit. This alone adds 15% to the EMEA sales and 11% to the Rebit in FY15.

- In **North America**, Management looks a bit less confident than some months ago to achieve a significant turnaround in profitability in FY15. This is due to persistent price pressure and to increased transportation expenses. The company will also lose about 6 months of volume in bead wear due to the fire at the factory in Rome. Taking into account these elements, we have cut our Rebit estimate for FY15 by 10% to EUR 23.3m. Adjustments for the following years are less material.

- Regarding **Latin America**, the message is becoming more cautious too. The increasing price pressure driven by cheap imports from Asia combined with a lack of real upturn of the local demand are the drivers for this cautiousness. The integration of the Pirelli's steel cord assets in Brazil will be a support to the growth. Here too we have adjusted downward our estimates for the coming years. Rebit estimates were cut by 11%, 22% and 18% for the year 2015-17, respectively.

- As far as **Asia Pacific** is concerned, FY15 will start in a very low mode even if March showed some improvement in the demand. We would not be surprised if Bekaert navigated close to the breakeven point in 1Q15 or even just below the floating line. As mentioned above, Bekaert is focusing on further reductions its cost base in order to compensate the cost inflation and part of the price erosion. This combined with some market share recovery might allow Bekaert to improve its margin from the low base archived in 2H14. Nevertheless, due to total lack of visibility we have cut our mid-term Rebit estimates by about 30%.

Bekaert: estimates review	**2014**		**2015e**		**2016e**		**2017e**	
(in EUR m)	F'casted	**Actual**	old	**new**	old	**new**	old	**new**
Sales	3,216	**3,216**	3,860	**3,698**	4,021	**3,934**	4,174	**4,147**
% change		*0.0%*		*-4.2%*		*-2.2%*		*-0.6%*
EBITDA	342.0	**341.9**	388.6	359.2	422.7	**386.1**	446.6	**406.4**
		0.0%		*-7.6%*		*-8.7%*		*-9.0%*
Rebit	162.9	**164.4**	208.6	**179.2**	242.2	**205.6**	275.1	**234.9**
margin (%)	5.1%	**5.1%**	5.4%	**4.8%**	6.0%	**5.2%**	6.6%	**5.7%**
% change		*0.9%*		*-14.1%*		*-15.1%*		*-14.6%*
-EMEA	111.2	**114.0**	132.2	**132.4**	136.2	**134.1**	136.0	**133.9**
% change		*2.5%*		*0.2%*		*-1.5%*		*-1.6%*
-North America (NA)	22.6	**20.0**	26.0	**23.3**	33.1	**32.1**	40.4	**39.0**
% change		*-11.4%*		*-10.5%*		*-3.1%*		*-3.5%*
-Latin America (LA)	24.3	**26.0**	36.7	**32.8**	48.2	**37.5**	58.1	**47.9**
% change		*7.1%*		*-10.6%*		*-22.3%*		*-17.6%*
-Asia Pacific (AP)	68.9	**63.0**	78.6	**49.6**	89.7	**62.0**	105.6	**75.6**
% change		*-8.6%*		*-36.9%*		*-30.9%*		*-28.4%*
- Corporate	-64.0	**-58.6**	-65.0	**-59.0**	-65.0	**-60.0**	-65.0	**-61.5**
% change		*-8.5%*		*-9.2%*		*-7.7%*		*-5.4%*
EBIT	171	**171**	204	**174**	237	**201**	260	**220**
margin (%)	5.3%	5.3%	5.3%	4.7%	5.9%	5.1%	6.2%	5.3%
Financial results	-55	**-67**	-67	**-75**	-68	**-71**	-68	**-70**
Associates	22	**25**	24	**24**	27	**27**	30	**30**
Net result (group)	91	**80**	94	**71**	128	**101**	145	**116**
% change		*-12.2%*		*-24.1%*		*-21.5%*		*-20.2%*
Net current result (group)	85	**75**	98	**75**	132	**104**	156	**127**
% change		*-12.1%*		*-23.2%*		*-21.0%*		*-18.8%*
Adj. EPS (in EUR)	*1.41*	**1.24**	*1.62*	**1.25**	*2.20*	**1.74**	*2.60*	**2.11**
% change		*-12.1%*		*-23.2%*		*-21.0%*		*-18.8%*

Sources : Bekaert / Bank Degroof estimates

¹ EMEA= Europe, the Middle East and Africa

Sales & Rebit breakdown per end markets

Bekaert: EMEA division		2012	2013	2014	2015e	2016e	2017e
Automotive							
Sales	**EURm**	**438**	**436**	**447**	**619**	**661**	**675**
% change		-3.8%	-0.5%	2.4%	38.5%	6.8%	2.0%
Energy & Utilities							
Sales	**EURm**	**157**	**177**	**191**	**199**	**203**	**207**
% change		-33.0%	12.9%	8.3%	4.0%	2.0%	2.0%
Constructions							
Sales	**EURm**	**219**	**208**	**213**	**218**	**222**	**227**
% change		-1.3%	-5.1%	2.3%	2.5%	2.0%	2.0%
Other Industries							
Sales	**EURm**	**230**	**218**	**213**	**213**	**219**	**223**
% change		-10.7%	-4.9%	-2.6%	0.0%	3.0%	2.0%
TOTAL EMEA							
Sales	**EURm**	**1,044**	**1,040**	**1,064**	**1,249**	**1,306**	**1,332**
% change		-10.7%	-0.4%	2.3%	17.4%	4.6%	2.0%
Rebit	**EURm**	**63**	**88**	**114**	**132**	**134**	**134**
% change		-4.5%	39.4%	29.7%	16.2%	1.3%	-0.2%
margin		6.0%	8.4%	10.7%	10.6%	10.3%	10.0%

Sources : Bekaert / Bank Degroof estimates

Bekaert: North America division		2012	2013	2014	2015e	2016e	2017e
Automotive							
Sales	**EURm**	**283**	**214**	**222**	**279**	**286**	**293**
% change		3.9%	-24.6%	3.9%	25.7%	2.5%	2.5%
Energy & Utilities							
Sales	**EURm**	**125**	**115**	**117**	**120**	**148**	**152**
% change		4.6%	-8.1%	1.3%	2.6%	23.8%	2.5%
Constructions							
Sales	**EURm**	**92**	**88**	**83**	**104**	**106**	**109**
% change		6.7%	-5.0%	-5.1%	24.5%	2.5%	2.5%
Other Industries							
Sales	**EURm**	**158**	**132**	**133**	**140**	**169**	**174**
% change		-15.1%	-16.8%	1.3%	5.4%	20.6%	2.5%
TOTAL NORTH AMERICA							
Sales	**EURm**	**659**	**548**	**555**	**643**	**710**	**727**
% change		-0.9%	-16.8%	1.3%	15.8%	10.4%	2.5%
Rebit	**EURm**	**30**	**19**	**20**	**23**	**32**	**39**
% change		-6.2%	-36.7%	5.3%	16.4%	37.8%	21.6%
margin		4.6%	3.5%	3.6%	3.6%	4.5%	5.4%

Sources : Bekaert / Bank Degroof estimates

Bekaert: Latin America division		2012	2013	2014	2015e	2016e	2017e
Automotive							
Sales	**EURm**	**32**	**39**	**88**	**160**	**166**	**174**
% change		-37.6%	19.2%	128.3%	81.2%	4.0%	4.5%
Energy & Utilities							
Sales	**EURm**	**89**	**58**	**57**	**57**	**60**	**62**
% change		71.5%	-35.0%	-2.2%	1.0%	4.0%	4.5%
Constructions							
Sales	**EURm**	**365**	**258**	**221**	**229**	**238**	**249**
% change		207.0%	-29.4%	-14.4%	3.8%	4.0%	4.5%
Other Industries							
Sales	**EURm**	**325**	**290**	**265**	**274**	**285**	**298**
% change		118.3%	-10.6%	-8.7%	3.4%	4.0%	4.5%
TOTAL LATIN AMERICA							
Sales	**EURm**	**812**	**645**	**631**	**721**	**749**	**783**
% change		118.3%	-20.6%	-2.2%	14.2%	4.0%	4.5%
Rebit	**EURm**	**64**	**44**	**26**	**33**	**37**	**48**
% change		82.9%	-31.2%	-40.9%	26.3%	14.1%	27.7%
margin		7.9%	6.8%	4.1%	4.6%	5.0%	6.1%

Sources : Bekaert / Bank Degroof estimates

Bekaert: Asia Pacific division		2012	2013	2014	2015e	2016e	2017e
Automotive							
Sales	**EURm**	**662**	**629**	**628**	**637**	**689**	**787**
% change		2.3%	-4.9%	-0.2%	1.5%	8.1%	14.2%
Energy & Utilities							
Sales	**EURm**	**104**	**105**	**116**	**139**	**147**	**160**
% change		-69.4%	0.8%	10.6%	19.8%	6.1%	8.8%
Constructions							
Sales	**EURm**	**57**	**86**	**97**	**120**	**129**	**139**
% change		25.0%	51.3%	12.6%	24.3%	7.5%	7.5%
Other Industries							
Sales	**EURm**	**123**	**133**	**126**	**189**	**203**	**219**
% change		20.4%	8.6%	-5.9%	50.6%	7.5%	7.5%
TOTAL ASIA PACIFIC							
Sales	**EURm**	**945**	**953**	**966**	**1,085**	**1,168**	**1,305**
% change		-16.7%	0.8%	1.4%	12.4%	7.6%	11.6%
Rebit	**EURm**	**37**	**77**	**63**	**50**	**62**	**76**
% change		-83.5%	108.5%	-18.3%	-21.2%	24.8%	22.1%
margin		3.9%	8.1%	6.5%	4.6%	5.3%	5.8%

Sources : Bekaert / Bank Degroof estimates

Bekaert: Sales & Rebit breakdown per end markets		2012	2013	2014	2015e	2016e	2017e
Sales	**EURm**	**3,460**	**3,186**	**3,216**	**3,698**	**3,934**	**4,147**
% changes		*3.6%*	*-7.9%*	*0.9%*	*15.0%*	*6.4%*	*5.4%*
Automotive	EURm	1,416	1,318	1,385	1,695	1,803	1,928
Energy & Utilities	EURm	475	455	481	515	558	582
Construction	EURm	734	639	613	671	696	724
Other industries	EURm	835	774	737	816	877	913
Automotive	%	40.9%	41.4%	43.1%	45.9%	45.8%	46.5%
Energy & Utilities	%	13.7%	14.3%	14.9%	13.9%	14.2%	14.0%
Construction	%	21.2%	20.1%	19.1%	18.1%	17.7%	17.5%
Other industries	%	24.1%	24.3%	22.9%	22.1%	22.3%	22.0%
Rebit	**EURm**	**118**	**166**	**164**	**179**	**206**	**235**
% changes		*-58.1%*	*40.8%*	*-0.9%*	*9.0%*	*14.8%*	*14.2%*
Margin (%)		*3.4%*	*5.2%*	*5.1%*	*4.8%*	*5.2%*	*5.7%*

Sources : Bekaert / Bank Degroof estimates

Valuation

CASH FLOW (EUR m)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	-	2030
Net Sales	**3,340.2**	**3,460.0**	**3,185.6**	**3,215.7**	**3,697.6**	**3,933.5**	**4,147.1**	**4,342.8**	**4,556.9**	**4,741.8**	**-**	**7,032.3**
% change	*2.4%*	*3.6%*	*-7.9%*	*0.9%*	*15.0%*	*6.4%*	*5.4%*	*4.7%*	*4.9%*	*4.1%*		*3.5%*
EBITDA	**476.8**	**274.8**	**297.0**	**341.9**	**359.2**	**386.1**	**406.4**	**429.3**	**457.3**	**480.3**	**-**	**621.5**
% margin	*14.3%*	*7.9%*	*9.3%*	*10.6%*	*9.7%*	*9.8%*	*9.8%*	*9.9%*	*10.0%*	*10.1%*		*8.8%*
% change	*-34.3%*	*-42.4%*	*8.1%*	*15.1%*	*5.0%*	*7.5%*	*5.2%*	*5.6%*	*6.5%*	*5.0%*		*3.5%*
Depreciation & other non-cash	**208.4**	**324.1**	**159.7**	**170.7**	**185.0**	**185.5**	**186.5**	**187.5**	**188.0**	**187.0**	**-**	**175.0**
% sales	*6.2%*	*9.4%*	*5.0%*	*5.3%*	*5.0%*	*4.7%*	*4.5%*	*4.3%*	*4.1%*	*3.9%*		*2.5%*
EBITA	**268.4**	**-49.3**	**137.3**	**171.3**	**174.2**	**200.6**	**219.9**	**241.8**	**269.3**	**293.3**	**-**	**446.5**
% margin	8.0%	*-1.4%*	*4.3%*	*5.3%*	4.7%	5.1%	5.3%	5.6%	5.9%	6.2%		6.3%
% change	*-49.8%*	*nr*	*nr*	*24.8%*	*1.7%*	*15.2%*	*9.6%*	*10.0%*	*11.4%*	*8.9%*		*4.3%*
Taxes	**-72.5**	**13.3**	**-37.1**	**-46.2**	**-47.0**	**-54.2**	**-59.4**	**-65.3**	**-72.7**	**-79.2**	**-**	**-120.6**
Normative tax rate	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*	*27.0%*		*27.0%*
NOPLAT	**196.0**	**-36.0**	**100.2**	**125.0**	**127.1**	**146.4**	**160.5**	**176.5**	**196.6**	**214.1**	**-**	**326.0**
Depreciation & other provisions	208.4	324.1	159.7	170.7	185.0	185.5	186.5	187.5	188.0	187.0	-	175.0
% sales	*6.2%*	*9.4%*	*5.0%*	*5.3%*	*5.0%*	*4.7%*	*4.5%*	*4.3%*	*4.1%*	*3.9%*		*2.5%*
Gross Operating Cash Flow	**404.4**	**288.1**	**259.9**	**295.7**	**312.1**	**331.9**	**347.0**	**364.0**	**384.6**	**401.1**	**-**	**501.0**
Capex	**-276.0**	**-81.2**	**-110.3**	**-364.2**	**-264.5**	**-152.5**	**-160.0**	**-160.0**	**-170.0**	**-175.0**	**-**	**-175.0**
% sales	*8.3%*	*2.3%*	*3.5%*	*11.3%*	*7.2%*	*3.9%*	*3.9%*	*3.7%*	*3.7%*	*3.7%*		*2.5%*
Change in Net Working Capital	-175.3	117.9	78.5	-54.6	31.9	-73.1	-66.2	-60.7	-66.4	-57.3	-	-74.1
Cash Flow to be discounted	**-46.9**	**324.8**	**228.18**	**-123.04**	**79.64**	**106.35**	**120.83**	**143.36**	**148.24**	**168.84**	**-**	**251.89**

DCF EVALUATION (EUR m)												
WACC					8.28%	8.28%	8.28%	8.28%	8.28%	8.28%	-	8.28%
Discount Rate factor					0.94	0.87	0.80	0.74	0.68	0.63	-	0.28
Discounted Cash Flow					74.9	92.3	96.9	106.2	101.4	106.6	-	71.7
Cumulated DCF					**74.9**	**167.2**	**264.1**	**370.3**	**471.7**	**578.3**	**-**	**1,390.0**

WACC & DCF ANALYSIS					
Cost of Equity (Ke or COE)	**9.44%**	**Cumulated DCF**	**1,390.0**	**- Net Financial Debt**	**(853.0)**
Cost of Debt (gross)	5.0%			+ Associates	329.5
Debt tax rate	27%	**Perpetual Growth Rate (g)**	**0.0%**	+ Financial assets	53.2
Cost of Debt net (Kd or COD)	**3.65%**	Normalised Annual CF	326.0	- Pension underfunding & other	(257.7)
		Terminal Value @ 12/2030	3,935.4	- Minorities (estimated value)	(220.8)
Target gearing (D/(D+E)) or % Kd	20%	Disc. Rate of Terminal Value	0.28		
% Ke	80%	**Discounted Terminal Value**	**1,120.7**	**Equity Market Value (EUR m)**	**1,561.8**
Normative Tax Rate	**27.0%**			Number of shares (m)	60.1
WACC	**8.28%**	**Enterprise Value (EUR m)**	**2,510.7**	**Fair value**	**25.98**

Source: Bank Degroof

We continue to believe that it will be difficult for Bekaert to achieve its target for the consolidated EBIT margin of 7.0%, given the increasing commoditisation of the tire cord in Asia Pacific.

To achieve this target Bekaert should reduce its exposure towards the commodity part of the business that has substantially increase over the recent years. Management is fully aware of this and is working on the track to improve its offers both internally and through acquisitions. However, this is a process that will take time.

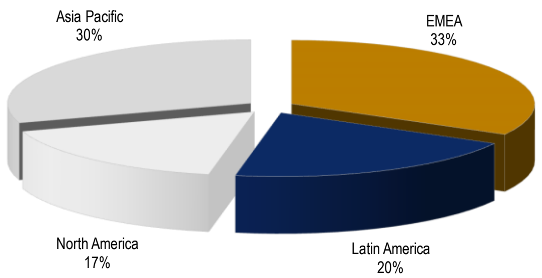
Bekaert in a nutshell

Profile:

Bekaert is a global market leader in drawn steel wire products and a technological leader in its two core competences: advanced metal transformation and advanced materials and coatings. The group has global market leadership in Dramix® fibers for concrete reinforcement, steel cord for radial tire reinforcement (market share of about 25%, globally and ~30% in China), nylon coated wires, such as bookbinding wire, profiled wire for reinforcing flexible pipes, steel fibers used in textile, filtration and conductive plastics applications.

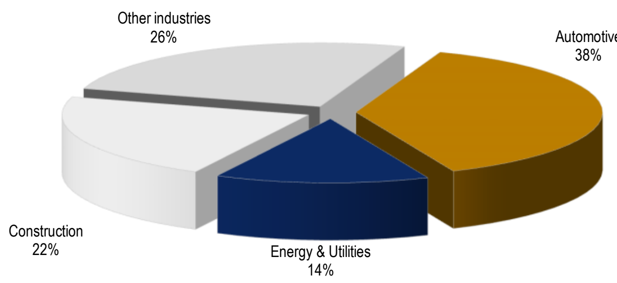
Bekaert is mainly present in Asia (30% of consolidated sales), in Latin America (17% of sales), in EMEA (33% of sales) and in North America (17% of sales). If we add the sales of the associates (mainly Brazilian operations) approximately 73% of sales are generated in growing/emerging markets. The automotive sector is the most significant buyer of Bekaert products (38% of sales), followed by the construction markets (22% of sales) and by the energy & utilities-related markets (14% of sales).

2014 consolidated sales geographic breakdown



Source: Bank Degroof estimates

2014 consolidated sales breakdown per end-markets



Source: Bank Degroof estimates

SWOT

Strengths	**Weaknesses**
• Leading market positions in the regions where the group operates • Technological edge • Strong exposure towards emerging markets, which account for ca 73% of the sales • Strong balance sheet and cash flow generation	• Highly concentrated client base, mainly in tire cord • Substantial part of the revenues still derived from slow growing, low margin businesses. • Currently strong overcapacity in sawing wire & in tyre cord in some regions, like in China
Opportunities	**Threats**
• Upgrade product mix in some regions, like in Latin America & China • Expansion in East Asia, in India and in Russia • Modernisation of the production platforms in North America	• Currency exposure to Latin and North America as well as in Asia Pacific • Substitution products for steel cord • Increased competition in traditional businesses • Increasing commoditisation of some key products (tire cord for trucks in China)

Strategy

Bekaert aims to create sustainable profitable growth by:

- diversifying its geographic presence with a broad product portfolio and a special attention on growth markets, though, with more focus on markets outside China in the coming years.
- innovation, with a continued focus on the development of customer relevant innovation.
- operational excellence, which is becoming more important than ever before because of increasing low-end local competitors/imports.

With the change of CEO since last May, some adjustments of the organisation have been implemented. The CEO wants to shift away from the flexibility of the plants and the autonomy of the plant managers to give more power to the regional staff and to the businesses platforms, emphasizing clients & markets scale and capacity utilisation, with standardised processes across the group.

Over the last 12 months the company had worked on several projects that should lead to set up Bekaert in stronger position going forward:

- Bekaert wants to become a much **more customer-driven company** with better understanding of how to create value to the customers. For this purpose, Bekaert created the platforms role to be the one that should understand the customer value proposition and being able to bring it into the business in a way that Bekaert can develop products and and/or solutions. Then platforms have a long-term planning responsibility on how deliver the product and the technology that will allow to have the solution, to estimate the cost structure that will be required and the footprint requirements. The regions being responsible for deliveries.
- Bekaert also launched a four-year **manufacturing excellence program**, which will be a strong transformation of how Bekaert is using its 80 factories around the world. The idea is to manage the plants as one and working as one in driving continuous improvement. The program is designed to drive safety, quality, delivery consistency for the customers as well as cost improvement throughout the business. This should enable Bekaert to give a strong commitment to its clients about what it will be able to deliver to them consistently over time and throughout its operations anywhere in the world. It should enable Bekaert to focus on more streamlined process that will allow to reduce the costs. Bekaert estimates that there is about EUR 1.3bn structural costs that can be reduced. It is covering all aspects of the operations, including labor, utilities, maintenance, energy use, consumables, packaging, coating etc. This programme was already launched at the Jiangyin plant in China and in Zwevegem plant in Belgium. This is one of the challenges that Bekaert has to resolve if it wants to improve its return on capital employed.
- **Complexity reduction** is a significant part of the excellence program. This is related to the products and the process used. The aim is to narrow down the offer (be more selective) in order to optimised the use of resources. In R&D for instance, Bekaert has reduced the number of projects from over 400 to under 200, by focusing on those that have the greatest impact on the business. **Footprint optimisation** is also related to the complexity reduction. Currently Bekaert is producing most products in most factories and in most part of the world. This is not the most efficient way to work because it results into a suboptimal utilisation of the capacity. The idea is to specialise as much as possible the factories and to centralised the complexity into a certain number of plants, because when doing that they will be able to increase the available capacity within the specialised factories that will lead to reduce the unit costs. The target is to use this approach across the regions and across the different product types.

- **Improving the product mix** through own developments or acquisitions is also part of the strategy. In that respect, the recent acquisition in tyre cord (Pirelli) and in ropes but also the capacity increase in Dramix are good examples.

All these initiatives look valuable and might improve the efficacy of the Group and then its cost base as they will be implemented. They are also necessary actions for Bekaert because of its markets become more and more global and competitive.

Risk

The price target for Bekaert is based on following parameters: Discounted Cash Flow (DCF).

The risks which may hamper the achievement of our price target are:

- ✓ Raw material price fluctuations;
- ✓ Excess tire cord capacity in China
- ✓ Anti-dumping measures against Chinese tire
- ✓ Currency risk (CNY, USD, Latin American currencies)
- ✓ Global economic outlook

Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
13/05/2015	Trading update	1Q15 sales	2015Q1
13/05/2015	AGM	Yearly AGM	2014FY
15/05/2015	dividend	Ex date	2014FY
20/05/2015	dividend payment	EUR 0.85 gross	2014FY
31/07/2015	Results	1H15 results	20151H
13/11/2015	Trading update	1Q15 sales	2015Q3

Source: Bekaert

Bekaert: Summary tables

PROFIT & LOSS (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Sales	**3,460**	**3,186**	**3,216**	**3,698**	**3,934**	**4,147**
Cost of Sales & Operating Costs	-3,185	-2,889	-2,874	-3,338	-3,547	-3,741
Non Recurrent Expenses/Income	-73.1	-3.0	6.8	-5.0	-5.0	-15.0
EBITDA	**275**	**297**	**342**	**359**	**386**	**406**
EBITDA (adj.)*	**348**	**300**	**335**	**364**	**391**	**421**
Depreciation	-230	-160	-171	-185	-186	-187
EBITA	**44.7**	**137**	**171**	**174**	**201**	**220**
EBITA (adj)*	**118**	**140**	**164**	**179**	**206**	**235**
Amortisations and Write Downs	-94.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-49.3**	**137**	**171**	**174**	**201**	**220**
EBIT (adj.)*	**23.8**	**140**	**164**	**179**	**206**	**235**
Net Financial Interest	-79.1	-63.7	-62.9	-70.9	-70.9	-69.7
Other Financials	-2.9	-19.8	-3.7	-4.0	0.0	0.0
Associates	10.4	30.2	25.3	24.7	25.9	27.2
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**-121**	**84.0**	**130**	**124**	**156**	**177**
Tax	-67.7	-47.9	-42.4	-39.7	-38.9	-45.0
Tax rate	*n.m.*	*57.1%*	*32.6%*	*32.0%*	*25.0%*	*25.4%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-6.4	-11.5	-8.0	-12.0	-16.6	-18.8
Net Profit (reported)	**-195**	**24.6**	**79.6**	**72.2**	**100**	**113**
Net Profit (adj.)	**-73.0**	**45.5**	**74.6**	**75.9**	**104**	**124**

CASH FLOW (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Cash Flow from Operations before change in NWC	321	227	254	264	297	313
Change in Net Working Capital	118	78.5	-54.6	31.9	-73.1	-66.2
Cash Flow from Operations	**439**	**305**	**199**	**296**	**224**	**247**
Capex	-146	-110	-364	-265	-153	-160
Net Financial Investments	64.8	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	**358**	**195**	**-165**	**31.7**	**71.4**	**87.1**
Dividends	-76.7	-55.7	-55.8	-55.8	-59.1	-62.1
Other (incl. Capital Increase & share buy backs)	-121	-12.8	-58.2	0.0	0.0	0.0
Change in Net Debt	**160**	**126**	**-279**	**-24.1**	**12.3**	**25.1**
NOPLAT	16.7	98.2	115	125	144	164

BALANCE SHEET & OTHER ITEMS (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Tangible Assets	1,346	1,195	1,418	1,498	1,465	1,438
Net Intangible Assets (incl.Goodwill)	131	131	131	131	131	131
Net Financial Assets & Other	255	245	267	267	267	267
Total Fixed Assets	**1,732**	**1,572**	**1,816**	**1,896**	**1,863**	**1,836**
Inventories	568	539	641	592	629	664
Trade receivables	752	777	928	887	944	995
Other current assets	119	53.3	65.1	65.1	65.1	65.1
Cash (-)	-498	-439	-507	-483	-496	-521
Total Current Assets	**1,936**	**1,809**	**2,142**	**2,027**	**2,134**	**2,245**
Total Assets	**3,668**	**3,380**	**3,958**	**3,923**	**3,997**	**4,081**
Shareholders Equity	1,422	1,346	1,367	1,383	1,424	1,475
Minority	182	158	199	207	218	232
Total Equity	1,604	1,504	1,566	1,590	1,642	1,707
Long term interest bearing debt	856	691	919	919	919	919
Provisions	397	359	428	428	428	428
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	**1,252**	**1,050**	**1,347**	**1,347**	**1,347**	**1,347**
Short term interest bearing debt	343	322	442	442	442	442
Trade payables	322	339	391	333	354	373
Other current liabilities	147	166	212	212	212	212
Total Current Liabilities	**812**	**827**	**1,044**	**986**	**1,008**	**1,027**
Total Liabilities and Shareholders' Equity	**3,668**	**3,380**	**3,958**	**3,923**	**3,997**	**4,081**
Net Capital Employed	**2,701**	**2,437**	**2,847**	**2,895**	**2,935**	**2,975**
Net Working Capital	**998**	**978**	**1,178**	**1,146**	**1,219**	**1,286**

GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Sales growth	*3.6%*	*-7.9%*	*0.9%*	*15.0%*	*6.4%*	*5.4%*
EBITDA (adj.)* growth	***-27.0%***	***-13.8%***	***11.7%***	***8.7%***	***7.4%***	***7.7%***
EBITA (adj.) growth*	*-56.1%*	*19.1%*	*17.2%*	*9.0%*	*14.8%*	*14.2%*
*EBIT (adj)*growth*	*-91.1%*	*488.9%*	*17.2%*	*9.0%*	*14.8%*	*14.2%*

Bekaert: Summary tables

GROWTH & MARGINS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Profit growth	*n.m.*	*n.m.*	*63.9%*	*1.8%*	*36.6%*	*19.9%*
EPS adj. growth	*n.m.*	*n.m.*	*63.8%*	*1.8%*	*36.6%*	*19.9%*
DPS adj. growth	*-27.4%*	*0.0%*	*0.0%*	*5.9%*	*5.0%*	*5.0%*
EBITDA (adj) margin*	*10.1%*	*9.4%*	*10.4%*	*9.8%*	*9.9%*	*10.2%*
EBITA (adj) margin*	*3.4%*	*4.4%*	*5.1%*	*4.8%*	*5.2%*	*5.7%*
EBIT (adj) margin*	*0.7%*	*4.4%*	*5.1%*	*4.8%*	*5.2%*	*5.7%*

RATIOS	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Net Debt/Equity	0.4	0.4	0.5	0.6	0.5	0.5
Net Debt/EBITDA	2.5	1.9	2.5	2.4	2.2	2.1
Interest cover (EBITDA/Fin.interest)	3.5	4.7	5.4	5.1	5.4	5.8
Capex/D&A	45.0%	69.0%	213.4%	143.0%	82.2%	85.8%
Capex/Sales	4.2%	3.5%	11.3%	7.2%	3.9%	3.9%
NWC/Sales	28.8%	30.7%	36.6%	31.0%	31.0%	31.0%
ROE (average)	-4.7%	3.3%	5.5%	5.5%	7.4%	8.6%
ROCE (adj.)	0.7%	4.3%	4.2%	4.5%	5.1%	5.8%
WACC	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
ROCE (adj.)/WACC	0.1	0.5	0.5	0.5	0.6	0.7

PER SHARE DATA (EUR)***	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Average diluted number of shares	60.0	60.1	60.1	60.1	60.1	60.1
EPS (reported)	-3.25	0.41	1.32	1.20	1.66	1.89
EPS (adj.)	-1.22	0.76	1.24	1.26	1.73	2.07
BVPS	23.70	22.41	22.74	23.01	23.69	24.54
DPS	0.85	0.85	0.85	0.90	0.95	0.99

VALUATION	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
EV/Sales	0.6	0.7	0.8	0.7	0.7	0.6
EV/EBITDA	7.8	7.5	7.6	7.3	6.7	6.4
EV/EBITDA (adj.)*	**6.1**	**7.4**	**7.7**	**7.2**	**6.7**	**6.1**
EV/EBITA	47.7	16.2	15.1	15.0	13.0	11.8
EV/EBITA (adj.)*	**18.1**	**15.8**	**15.7**	**14.6**	**12.7**	**11.0**
EV/EBIT	n.m.	16.2	15.1	15.0	13.0	11.8
EV/EBIT (adj.)*	**89.6**	**15.8**	**15.7**	**14.6**	**12.7**	**11.0**
P/E (adj.)	**n.m.**	**34.0**	**21.2**	**20.8**	**15.2**	**12.7**
P/BV	0.9	1.1	1.2	1.1	1.1	1.1
Total Yield Ratio	4.2%	3.6%	3.5%	3.7%	3.9%	
EV/CE	0.9	1.0	0.9	0.9	0.9	0.9
OpFCF yield	22.3%	12.6%	-10.4%	2.0%	4.5%	5.5%
OpFCF/EV	13.7%	8.8%	-6.4%	1.2%	2.7%	3.4%
Payout ratio	-26.2%	n.m.	64.2%	74.9%	56.8%	52.6%
Dividend yield (gross)	3.9%	3.3%	3.2%	3.4%	3.6%	3.8%

EV AND MKT CAP (EURm)	12/2012	12/2013	12/2014	12/2015e	12/2016e	12/2017e
Price** (EUR)	21.88	25.72	26.35	26.27	26.27	26.27
Outstanding number of shares for main stock	60.0	60.1	60.1	60.1	60.1	60.1
Total Market Cap	**1,313**	**1,545**	**1,584**	**1,579**	**1,579**	**1,579**
Net Debt	**700**	**574**	**853**	**877**	**865**	**840**
o/w Cash & Marketable Securities (-)	*-498*	*-439*	*-507*	*-483*	*-496*	*-521*
o/w Gross Debt (+)	*1198*	*1,013*	*1,360*	*1,360*	*1,360*	*1,360*
Other EV components	**120**	**104**	**150**	**155**	**160**	**165**
Enterprise Value (EV adj.)	**2,133**	**2,223**	**2,586**	**2,611**	**2,604**	**2,584**

Source: Company, Bank Degroof estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

Sector: General Industrials/Diversified Industrials

Company Description: Bekaert is a company built on two core competences: “advanced metal transformation” and “advanced materials & coatings”. Bekaert strives to be a market and technological leader in its niches markets in which it is seeking substantial profitable growth. Bekaert is strongly exposed to BRIC countries and other growing markets, which together represent 73% of the "combined" sales.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)
Airbus Group	CIC
Bae Systems Plc	CIC
Carbures Europe Sa	BKF
Dassault Aviation	CIC
Finmeccanica	BAK
Latecoere	CIC
Lisi	CIC
Mtu	EQB
Rheinmetall	EQB
Rolls-Royce Holdings Plc	CIC
Safran	CIC
Thales	CIC
Zodiac Aerospace	CIC

Airlines	Mem(*)
Air France Klm	CIC
Finnair	POH
Lufthansa	EQB

Automobiles & Parts	Mem(*)
Bmw	EQB
Brembo	BAK
Continental	EQB
Daimler Ag	EQB
Elektrobit Group	POH
Elringklinger	EQB
Faurecia	CIC
Fiat Chrysler Automobiles	BAK
Landi Renzo	BAK
Leoni	EQB
Michelin	CIC
Nokian Tyres	POH
Piaggio	BAK
Pirelli & C.	BAK
Plastic Omnium	CIC
Psa Peugeot Citroen	CIC
Renault	CIC
Sogefi	BAK
Stern Groep	SNS
Valeo	CIC
Volkswagen	EQB

Banks	Mem(*)
Aareal Bank	EQB
Aktia	POH
Alpha Bank	IBG
Banca Carige	BAK
Banca Etruria	BAK
Banca Mps	BAK
Banco Bradesco	CBI
Banco Popolare	BAK
Banco Popular	BKF
Banco Sabadell	BKF
Banco Santander	BKF
Bankia	BKF
Bankinter	BKF
Bbva	BKF
Bcp	CBI
Bnp Paribas	CIC
Bper	BAK
Bpi	CBI
Caixabank	BKF
Commerzbank	EQB
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Deutsche Bank	EQB
Eurobank	IBG
Ing Group	SNS
Intesa Sanpaolo	BAK
Kbc Group	BDG
Mediobanca	BAK
National Bank Of Greece	IBG
Natixis	CIC
Nordea	POH
Piraeus Bank	IBG
Postbank	EQB
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK

Basic Resources	Mem(*)
Acerinox	BKF
Altri	CBI
Arcelormittal	BKF
Crown Van Gelder	SNS
Ence	BKF
Europac	BKF
Metka	IBG
Metsä Board	POH
Mytilineos	IBG
Nyrstar	BDG
Outokumpu	POH
Portucel	CBI
Semapa	CBI
Stora Enso	POH
Surteco	EQB
Tubacex	BKF
Upm-Kymmene	POH

Biotechnology	Mem(*)
4Sc	EQB
Crossject	CIC
Cytotools Ag	EQB
Epigenomics Ag	EQB
Fermentalg	CIC
Genfit	CIC
Metabolic Explorer	CIC
Neovacs	CIC
Oncodesign	CIC
Onxeo	CIC
Transgene	CIC
Wilex	EQB
Zeltia	BKF

Chemicals	Mem(*)
Air Liquide	CIC
Basf	EQB
Evonik	EQB
Fuchs Petrolub	EQB
Henkel	EQB
Holland Colours	SNS
K+S Ag	EQB
Kemira	POH
Lanxess	EQB
Nanogate Ag	EQB
Recticel	BDG
Solvay	BDG
Symrise Ag	EQB
Tessenderlo	BDG
Tikkurila	POH
Umicore	BDG
Wacker Chemie	EQB

Electronic & Electrical Equipment	Mem(*)
Alstom	CIC
Areva	CIC
Barco	BDG
Euromicron Ag	EQB
Evs	BDG
Gemalto	CIC
Ingenico	CIC
Jenoptik	EQB
Kontron	EQB
Legrand	CIC
Neways Electronics	SNS
Nexans	CIC
Pkc Group	POH
Rexel	CIC
Schneider Electric Sa	CIC
Vaisala	POH
Viscom	EQB

Financial Services	Mem(*)
Ackermans & Van Haaren	BDG
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK
Bb Biotech	EQB
Binckbank	SNS
Bois Sauvage	BDG
Bolsas Y Mercados Espanoles Sa	BKF
Capman	POH
Cir	BAK
Comdirect	EQB
Corp. Financiera Alba	BKF
Deutsche Boerse	EQB
Deutsche Forfait	EQB
Euronext	CIC
Financiere De Tubize	BDG
Gbl	BDG
Gimv	BDG
Grenkeleasing Ag	EQB
Hellenic Exchanges	IBG
Kbc Ancora	BDG
Luxempart	BDG
Mlp	EQB
Ovb Holding Ag	EQB
Patrizia Ag	EQB

Food & Beverage	Mem(*)
Acomo	SNS
Anheuser-Busch Inbev	BDG
Atria	POH
Baywa	EQB
Berentzen	EQB
Bonduelle	CIC
Campari	BAK
Coca Cola Hbc Ag	IBG
Corbion	SNS
Danone	CIC
Ebro Foods	BKF
Enervit	BAK
Fleury Michon	CIC
Forfarmers	SNS
Greenyard Foods	BDG
Heineken	SNS
Hkscan	POH
Ktg Agrar	EQB
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lotus Bakeries	BDG
Naturex	CIC
Nutreco	SNS
Olvi	POH
Parmalat	BAK
Pernod Ricard	CIC
Raisio	POH
Remy Cointreau	CIC
Sipef	BDG
Ter Beke	BDG
Unilever	SNS
Vidrala	BKF
Vilmorin	CIC
Viscofan	BKF
Vranken Pommery Monopole	CIC
Wessanen	SNS

Food & Drug Retailers	Mem(*)
Ahold	SNS
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Colruyt	BDG
Delhaize	BDG
Dia	BKF
Jeronimo Martins	CBI
Kesko	POH
Marr	BAK
Metro	CIC
Rallye	CIC
Sligro	SNS
Sonae	CBI

General Industrials	Mem(*)
2G Energy	EQB
Accell Group	SNS
Ahlstrom	POH
Arcadis	SNS
Aspo	POH
Bekaert	BDG
Evolis	CIC
Frigoglass	IBG
Huhtamäki	POH
Kendrion	SNS
Martifer	CBI
Mifa	EQB
Nedap	SNS
Neopost	CIC
Pöyry	POH
Prelios	BAK
Saf-Holland	EQB
Saft	CIC
Serge Ferrari Group	CIC
Siegfried Holding Ag	EQB
Wendel	CIC

General Retailers	Mem(*)
Beter Bed Holding	SNS
D'Ieteren	BDG
Fielmann	EQB
Folli Follie Group	IBG
Fourlis Holdings	IBG
Inditex	BKF
Jumbo	IBG
Macintosh	SNS
Rapala	POH
Stockmann	POH

Healthcare	Mem(*)
Ab-Biotics	BKF
Almirall	BKF
Amplifon	BAK
Bayer	EQB
Biomerieux	CIC
Biotest	EQB
Celesio	EQB
Diasorin	BAK
Draegerwerk	EQB
Espirito Santo Saude	CBI
Faes Farma	BKF
Fresenius	EQB
Fresenius Medical Care	EQB
Gerresheimer Ag	EQB
Grifols Sa	BKF
Korian-Medica	CIC
Laboratorios Rovi	BKF
Merck	EQB
Novartis	CIC
Oriola-Kd	POH
Orion	POH
Orpea	CIC
Recordati	BAK
Rhoen-Klinikum	EQB
Roche	CIC
Sanofi	CIC
Sorin	BAK
Stallergènes	CIC
Ucb	BDG

Hotels, Travel & Tourism	Mem(*)
Accor	CIC
Autogrill	BAK
Beneteau	CIC
Gtech	BAK
I Grandi Viaggi	BAK
Ibersol	CBI
Intralot	IBG
Melia Hotels International	BKF
Nh Hotel Group	BKF
Opap	IBG
Snowworld	SNS
Sonae Capital	CBI
Trigano	CIC
Tui	EQB
Wdf	BAK

Household Goods	Mem(*)
De Longhi	BAK
Osram Licht Ag	EQB
Zumtobel Group Ag	EQB

Industrial Engineering	Mem(*)
Accsys Technologies	SNS
Aixtron	EQB
Analytik Jena	EQB
Ansaldo Sts	BAK
Bauer Ag	EQB
Beiersdorf	EQB
Biesse	BAK
Cargotec Corp	POH
Cnh Industrial	BAK
Danieli	BAK
Datalogic	BAK
Delclima	BAK
Deutz Ag	EQB
Dmg Mori Seiki Ag	EQB
Duro Felguera	BKF
Emak	BAK
Exel Composites	POH
Faiveley	CIC
Gea Group	EQB
Gesco	EQB
Haulotte Group	CIC
Heidelberger Druck	EQB
Ima	BAK
Interpump	BAK
Kone	POH
Konecranes	POH
Krones Ag	EQB
Kuka	EQB
Manitou	CIC
Manz Ag	EQB
Max Automation Ag	EQB
Metso	POH
Outotec	POH
Pfeiffer Vacuum	EQB
Ponsse	POH
Prima Industrie	BAK
Prysmian	BAK
Reesink	SNS
Sabaf	BAK
Singulus Technologies	EQB
Smt Scharf Ag	EQB
Valmet	POH
Vossloh	EQB
Wärtsilä	POH
Zardoya Otis	BKF

Industrial Transportation	Mem(*)
Bollore	CIC
Bpost	BDG
Caf	BKF
Ctt	CBI
Deutsche Post	EQB
Hhla	EQB
Logwin	EQB

Insurance	Mem(*)
Aegon	SNS
Ageas	BDG
Allianz	EQB
Axa	CIC
Delta Lloyd	SNS
Generali	BAK
Hannover Re	EQB
Mapfre Sa	BKF
Mediolanum	BAK
Munich Re	EQB
Sampo	POH
Talanx Group	EQB
Unipol	BAK
Unipolsai	BAK

Materials, Construction & Infrastructure	Mem(*)
Abertis	BKF
Acs	BKF
Aeroports De Paris	CIC
Astaldi	BAK
Atlantia	BAK
Ballast Nedam	SNS
Bilfinger Se	EQB
Boskalis Westminster	SNS
Buzzi Unicem	BAK
Caverion	POH
Cfe	BDG
Cramo	POH
Deceuninck	BDG
Eiffage	CIC
Ellaktor	IBG
Ezentis	BKF
Fcc	BKF
Ferrovial	BKF
Fraport	EQB
Grontmij	SNS
Heijmans	SNS
Hochtief	EQB
Holcim Ltd	CIC
Imerys	CIC
Italcementi	BAK
Joyou Ag	EQB
Lafarge	CIC
Lemminkäinen	POH
Maire Tecnimont	BAK
Mota Engil	CBI
Mota Engil Africa	CBI
Obrascon Huarte Lain	BKF
Ramirent	POH
Caverion	POH
Cfe	BDG
Cramo	POH
Deceuninck	BDG
Eiffage	CIC
Ellaktor	IBG
Ezentis	BKF
Fcc	BKF
Ferrovial	BKF
Fraport	EQB
Grontmij	SNS
Heijmans	SNS
Hochtief	EQB
Holcim Ltd	CIC
Imerys	CIC
Italcementi	BAK
Joyou Ag	EQB
Lafarge	CIC
Lemminkäinen	POH
Maire Tecnimont	BAK
Mota Engil	CBI
Mota Engil Africa	CBI
Obrascon Huarte Lain	BKF
Ramirent	POH
Royal Bam Group	SNS
Obrascon Huarte Lain	BKF

Media	**Mem(*)**	Saipem	BAK	Realia	BKF	Visiativ	CIC	Turkcell	IBG
Ad Pepper	EQB	Sbm Offshore	SNS	Retail Estates	BDG	Wincor Nixdorf	EQB	United Internet	EQB
Alma Media	POH	Technip	CIC	Sponda	POH	**Support Services**	**Mem(*)**	Vodafone	BAK
Axel Springer	EQB	Tecnicas Reunidas	BKF	Technopolis	POH	Batenburg	SNS	**Utilities**	**Mem(*)**
Brill	SNS	Tenaris	BAK	Unibail-Rodamco	BDG	Bureau Veritas S.A.	CIC	A2A	BAK
Cofina	CBI	Vallourec	CIC	Vastned Retail	BDG	Dpa	SNS	Acciona	BKF
Editoriale L'Espresso	BAK	Vopak	SNS	Vastned Retail Belgium	BDG	Edenred	CIC	Acea	BAK
Gl Events	CIC	**Personal Goods**	**Mem(*)**	Vib Vermoegen	EQB	Ei Towers	BAK	Albioma	CIC
Havas	CIC	Adidas	EQB	Wdp	BDG	Fiera Milano	BAK	Direct Energie	CIC
Impresa	CBI	Adler Modemaerkte	EQB	Wereldhave Belgium	BDG	Imtech	SNS	E.On	EQB
Ipsos	CIC	Amer Sports	POH	Wereldhave Nv	BDG	Lassila & Tikanoja	POH	Edp	CBI
Jcdecaux	CIC	Basic Net	BAK	**Renewable Energy**	**Mem(*)**	**Technology Hardware & Equipment**	**Mem(*)**	Edp Renováveis	CBI
Kinepolis	BDG	Christian Dior	CIC	Daldrup & Soehne	EQB	Alcatel-Lucent	CIC	Elia	BDG
Lagardere	CIC	Cie Fin. Richemont	CIC	Enel Green Power	BAK	Asm International	SNS	Enagas	BKF
M6-Metropole Television	CIC	Geox	BAK	Gamesa	BKF	Asml	SNS	Endesa	BKF
Mediaset	BAK	Gerry Weber	EQB	**Software & Computer Services**	**Mem(*)**	Besi	SNS	Enel	BAK
Nextradiotv	CIC	Hermes Intl.	CIC	Affecto	POH	Elmos Semiconductor	EQB	Falck Renewables	BAK
Notorious Pictures	BAK	Hugo Boss	EQB	Akka Technologies	CIC	Ericsson	POH	Fluxys Belgium	BDG
Nrj Group	CIC	Interparfums	CIC	Alten	CIC	Gigaset	EQB	Fortum	POH
Publicis	CIC	Kering	CIC	Altran	CIC	Nokia	POH	Gas Natural Fenosa	BKF
Rcs Mediagroup	BAK	Linde	EQB	Amadeus	BKF	Okmetic	POH	Hera	BAK
Reed Elsevier N.V.	SNS	Luxottica	BAK	Atos	CIC	Orad	EQB	Iberdrola	BKF
Sanoma	POH	Lvmh	CIC	Basware	POH	Roodmicrotec	SNS	Iren	BAK
Solocal Group	CIC	Marimekko	POH	Cenit	EQB	Slm Solutions	EQB	Public Power Corp	IBG
Spir Communication	CIC	Moncler	BAK	Comptel	POH	Stmicroelectronics	BAK	Red Electrica De Espana	BKF
Syzygy Ag	EQB	Puma	EQB	Digia	POH	Suess Microtec	EQB	Ren	CBI
Talentum	POH	Safilo	BAK	Docdata	SNS	Teleste	POH	Rwe	EQB
Telegraaf Media Groep	SNS	Salvatore Ferragamo	BAK	Econocom	CIC	**Telecommunications**	**Mem(*)**	Snam	BAK
Teleperformance	CIC	Sarantis	IBG	Ekinops	CIC	Acotel	BAK	Terna	BAK
Tf1	CIC	Swatch Group	CIC	Engineering	BAK	Belgacom	BDG		
Ti Media	BAK	Tod'S	BAK	Esi Group	CIC	Bouygues	CIC		
Ubisoft	CIC	Zucchi	BAK	Exact Holding Nv	SNS	Deutsche Telekom	EQB		
Vivendi	CIC	**Real Estate**	**Mem(*)**	Exprivia	BAK	Drillisch	EQB		
Wolters Kluwer	SNS	Aedifica	BDG	F-Secure	POH	Elisa	POH		
Oil & Gas Producers	**Mem(*)**	Ascencio	BDG	Gameloft	CIC	Eutelsat Communications Sa	CIC		
Eni	BAK	Atenor	BDG	Gft Technologies	EQB	Freenet	EQB		
Galp Energia	CBI	Banimmo	BDG	Guillemot Corporation	CIC	Iliad	CIC		
Gas Plus	BAK	Befimmo	BDG	I:Fao Ag	EQB	Jazztel	BKF		
Hellenic Petroleum	IBG	Beni Stabili	BAK	Ict Automatisering	SNS	Kpn Telecom	SNS		
Maurel Et Prom	CIC	Citycon	POH	Indra Sistemas	BKF	Mobistar	BDG		
Motor Oil	IBG	Cofinimmo	BDG	Novabase	CBI	Nos	CBI		
Neste Oil	POH	Corio	BDG	Ordina	SNS	Numericable-Sfr	CIC		
Petrobras	CBI	Deutsche Euroshop	EQB	Psi	EQB	Orange	CIC		
Qgep	CBI	Grand City Properties	EQB	Reply	BAK	Ote	IBG		
Repsol	BKF	Home Invest Belgium	BDG	Rib Software	EQB	Ses	CIC		
Total	CIC	Igd	BAK	Seven Principles Ag	EQB	Telecom Italia	BAK		
Oil Services	**Mem(*)**	Intervest Offices & Warehouses	BDG	Software Ag	EQB	Telefonica	BKF		
Bourbon	CIC	Klepierre	BDG	Tie Kinetix	SNS	Telenet Group	BDG		
Cgg	CIC	Leasinvest Real Estate	BDG	Tieto	POH	Teliasonera	POH		
Fugro	SNS	Montea	BDG	Tomtom	SNS	Tiscali	BAK		

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The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold**: the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce**: the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a capital operation (take-over bid, SPO, …) where the issuer of the document (a member of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
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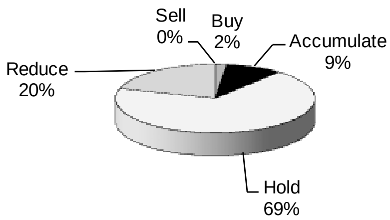
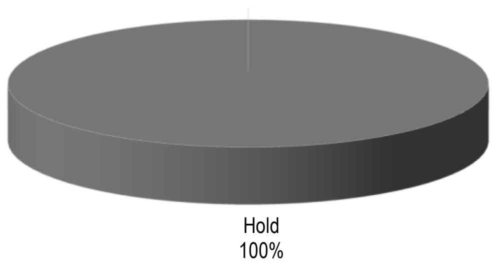
Bank Degroof Ratings Breakdown



Bank Degroof Ratings Breakdown for companies with conflicts of interest

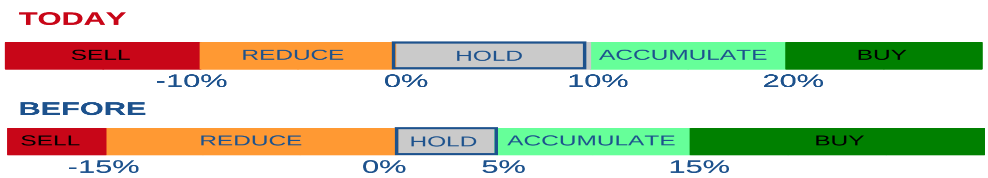


History of ESN Recommendation System

Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since 4 August 2008, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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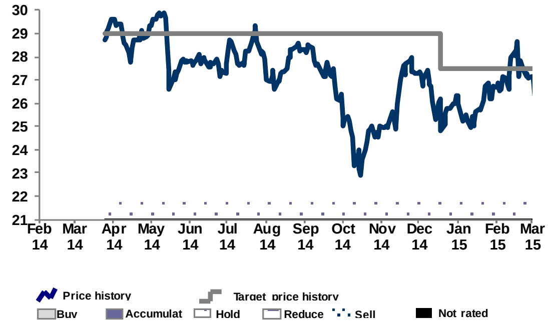
Recommendation history for BEKAERT

Date	Recommendation	Target price	Price at change date
26-Mar-15	Hold	26.00	26.27
19-Dec-14	Hold	27.50	24.81
12-Mar-14	Hold	29.00	27.60
25-Feb-14	Hold	28.00	27.26
12-Nov-13	Reduce	28.00	29.47
31-Jul-13	Reduce	24.00	26.43
11-Jun-13	Reduce	20.00	22.80
06-May-13	Hold	20.00	24.03
14-Nov-12	Hold	24.00	18.56
20-Jul-12	Hold	25.00	20.85

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Bernard Hanssens (since 05/02/1997)



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