



Investment Research

Reduce

Recommendation unchanged

Share price: EUR 26.47

closing price as of 30/07/2013

Target price: EUR 24.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Daily avg. no. trad. sh. 12 mth	1,948,850
Daily avg. trad. vol. 12 mth (m)	5,208.84
Price high 12 mth (EUR)	27.44
Price low 12 mth (EUR)	17.82
Abs. perf. 1 mth	8.3%
Abs. perf. 3 mth	8.3%
Abs. perf. 12 mth	22.8%
Market capitalisation (EURm)	1,589
Current N° of shares (m)	60
Free float	61%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	3,460	3,289	3,433
EBITDA (m)	275	303	359
EBITDA margin	7.9%	9.2%	10.5%
EBIT (m)	(49)	138	193
EBIT margin	nm	4.2%	5.6%
Net Profit (adj.)(m)	(73)	62	91
ROCE	0.7%	4.5%	5.5%
Net debt/(cash) (m)	700	712	662
Net Debt Equity	0.4	0.4	0.4
Net Debt/EBITDA	2.5	2.4	1.8
Int. cover(EBITDA/Fin.int)	3.5	4.7	5.6
EV/Sales	0.6	0.8	0.7
EV/EBITDA	8.1	8.4	6.9
EV/EBITDA (adj.)	6.4	7.8	6.9
EV/EBIT	nm	18.4	12.9
P/E (adj.)	nm	25.6	17.5
P/BV	0.9	1.1	1.1
OpFCF yield	22.3%	2.8%	6.7%
Dividend yield	3.2%	3.2%	3.2%
EPS (adj.)	(1.22)	1.03	1.52
BVPS	23.70	23.43	23.86
DPS	0.85	0.85	0.85



Shareholders: Bekaert Fam. & Rel. 39%;

For company description please see summary table footnote

Better than expected 1H13, but price pressures emerge again

The facts: Bekaert released better than anticipated 1H13. The positive surprise was mainly driven by the impact of restructuring measures in EMEA. Other regions performed roughly in line with expectations. It is also interesting to note that the rebound realised in Asia Pacific was also nearly exclusively due to the savings plans set up by Bekaert last year.

Management was rather cautious for 2H13, mainly due to significant risk of renewing price pressures in the Chinese tire cord markets that might significantly affect the 2H13 performance.

We have lifted our Recurring EBIT forecast for FY13-14 by 13% and 7% respectively on the back of these better than assumed 1H13 performances. However we did not change our TP of EUR 24 nor our rating, which stays at Reduce because we still believe that at current share price the market seems to have already fully discounted the successful turnaround of Bekaert, without any discount for the delivery risk.

1H13 results analysis

As anticipated there were signs of improvements in some markets or regions in 2Q13. The main good surprise of the 1H13 reporting was the stronger than expected performance realised in **EMEA**, which came with a Rebit EUR 20m above expectations. Sales were down 4.5% y-o-y in 1H13 due to a weak start (1Q13 sales were down 10% of which 75% was due to a volume effect). Hence, activity was more robust in 2Q13, with organic growth of about 2.0% to 2.5% with volume growing again. Hence, for the 1H13 as a whole, we estimate that the rebound of Rebit was mainly driven by the costs savings. Note that extra savings for an amount of EUR 25m were achieved in 1H13 at the group level (on the top of the EUR 20m realised in 2H12). Since EMEA and Asia Pacific were the first regions to have been restructured by Bekaert last year, we believe that the bulk of these EUR 25m were realised in these regions. Rebit margin rebound to a pre-crisis level (8.7%) versus 6.4% in 1H12. Gross RoCE stood at 7.6% from 5.0% in 1H12.

As anticipated, there was no real improvement in **North America** during the second quarter. Let us recall that the performance was particularly weak in 1Q13, with sales dropping 17% y-o-y on low demand in tire replacement markets (which was already observed in previous quarters); from investment delays in energy cable market (another key and historically profitable business for Bekaert) and from the intensified competition from low costs Asian materials. There was no significant rebound in 2Q13 in markets where Bekaert operates. Sales were still down by 15% y-o-y, with no real improvement on volume side (down by about 13% vs. -15% in 1Q13). Bead wire activity continued to be impacted by the strong price competition from Kiswire and by the slowdown in the energy cable reinforcement market. Rebit dropped by 38% to EUR 13m, which was slightly better than assumed, helped by some savings; Rebit margin stood at 4.3% (was 6.1% in 1H12) and gross RoCE at 5.0%, driven by low capacity utilisation. Bekaert does not anticipate any significant improvement in 2H13.

Excluding the changes in consolidation accounting in Venezuela, which had a negative impact on sales of EUR 48m and of EUR 6.0m on Rebit (in line with company guidance), the performance in **Latin America** was quite strong. Excluding Venezuela, sales were stable, although volumes were up by 7%. The imports of cheap wire rod from China drove sales price pressures. This combined with a weaker

product mix compensated the volume growth at the top line level. However, the access to 5% cheaper raw materials allowed Bekaert to maintain an even slightly increase its Rebit margin to 7.9% vs. 7.2% in 1H12. RoCE stands at 7.6% against 6.9% in 1H12. Note that the performance in Venezuela was also good in local currency, with strong volume sold (10%+) in this country.

Bekaert : key figures (EUR m)	1H12	2H12	2012	1H13 A	% chg	1H13e Degroof	1H13e CSS
Combined sales	2,255	2,132	4,387	2,139	-5.1%	2,107	2,122
Consolidated sales	1,783	1,678	3,461	1,649	-7.5%	1,625	1,656
-EMEA	557	476	1,033	532	-4.5%	510	na
-North America	351	321	672	295	-16.0%	300	na
-Latine America	397	412	809	352	-11.3%	360	na
-Asia Pacific	478	446	924	470	-1.7%	455	na
Rebit	85	33	118	91	6.9%	68	73
Margin	4.8%	2.0%	3.4%	5.5%		4.2%	4.4%
-EMEA	36	27	63	46	27.8%	26	na
-North America	21	9	30	13	-38.1%	9	na
-Latin America	29	35	64	28	-3.4%	27	na
-Asia Pacific	35	2	37	39	11.4%	38	na
-Corporate	-36	-40	-76	-35	-2.4%	-33	na
Operating result	4	-54	-49	89	nr	48	53
Margin	0.2%	-3.2%	-1.4%	5.4%		3.0%	3.2%
Financial result	-53	-37	-89	-41		-35	-34
Result before tax	-49	-90	-139	48	nr	13	19
Income tax	-27	-11	-38	-30		-6	
Tax rate	56.5%	11.7%	27.4%	62.5%		41%	
Results of associates	6	7	13	17		6	
Discontinued operations	0	0	0	0		0	
Consolidated profit	-70	-94	-164	35	nr	14	
Minority interest	8	8	16	9		6	
Group's share in net result	-79	-110	-189	26	nr	8	8
EPS (EUR)	-1.31	-1.83	-3.14	0.45	nr	0.13	0.13

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : Inquiry Financial Europe (5 participating brokers 25/07/2013)

In **Asia Pacific**, 1H13 sales declined by 1.7%, with organic growth down 7.3% y-o-y versus -12% in 1Q13. This means that there was a solid improvement during 2Q13, driven by higher volume sold. The inclusion of the Malaysian acquisition (7% impact on the consolidated sales) and the higher volume (+4% in 1H13 – 0% in 1Q13 and +9% in 2Q13) more than offset the lower selling prices due to the cheaper wire rod (3%) and the negative price mix (-9%).

Like in EMEA, the rebound of Rebit (EUR 39m, +11% y-o-y) and margin (by 1.0% to 8.4%) versus last year is quite exclusively due to the positive impact of the restructuring measures. We recall that the sawing wire activity was loss making last year (we estimate by about EUR 50-60m in FY12) and this activity has been closed. RoCE stands at 7.6% vs. 6.9% in 1H12.

Globally, **consolidated Rebit** came out at EUR 91m (margin to sales of 5.5%), more or less 25% above forecasts. There was no detailed consensus, but we guess that the above than anticipated performance is due to EMEA. Note also that there was also bad provisions reversal for about EUR 3m related to the sawing wire in Asia in the EUR 91m.

EBIT was also largely above estimates, not only due to the higher Rebit, but also because non-recurring charges came in much lower than anticipated (EUR -2.3m vs. EUR -20m forecasted). Bekaert still guides for non-recurring charges of about EUR 30m this year. It is our understanding that the bulk (2/3) is related to EMEA (mainly a cash outflow related to finalisation of the restructuring plan in Belgium).

The contribution of the **associates** was much better than anticipated as well, although it should be noted that EUR 6m are tax one-offs adjustments in Brazil. Even before the one-offs the performance in Brazil remains very sound, supported by strong markets and positive impact of the devaluation of the Real.

Cash flow generation was a bit lower than assumed, with net financial debt as of June 30, 2013 at EUR 770m (from EUR 700m on 31/12/2012), while we had assumed EUR 750m. Note that the CapEx was quite low in 1H13 (EUR 32m vs. EUR 65m expected and a FY13 CapEx budget in the EUR 120-130m range). The latter was confirmed by Bekaert, hence 2H13 CapEx will be high (~EUR 90m). The balance sheet is quite strong, with net debt/equity ratio at 49% and net debt on EBITDA at 2.2x.

Cautious guidance for 2H13 & earnings revisions

Management provided a cautious outlook for 2H13: beyond the seasonal pattern of Bekaert's activities (2H is traditionally lower than 1H, mainly in Europe and in North America), management highlighted the risk associated to an increasing competitive environment in Asia.

The increasing competition in tire cord is coming not only from small players (like Baosteel, which is a new comer with a capacity of 50kt) but also from Xingda. The latter managed to run at fully capacity in 2Q13, and took the opportunity of Bekaert's attempt to increase the price in 2Q13 to gain market share. Moreover, Xingda has a new capacity of 50kt in Shandong that might also start in 2H13. Bekaert seems determined to regain its market share and we understood that there is a significant risk of price pressure in tire cord in the coming months that might of course significantly affect the performance of the key region in 2H13.

We have lifted our Recurring EBIT forecast for FY13-14 by 13% and 7% respectively on the back of these better than assumed 1H13 performances. Details can be found in the table below.

Bekaert: estimates review (in EUR m)	2012	2013e		2014e		2015e		2016e	
		old	new	old	new	old	new	old	new
Sales	3,460	3,243	3,289	3,385	3,433	3,496	3,545	3,628	3,677
% change			1.4%		1.4%		1.4%		1.4%
Rebit	117.8	148.4	167.8	195.4	208.5	228.9	236.0	253.3	257.5
margin (%)	3.4%	4.6%	5.1%	5.8%	6.1%	6.5%	6.7%	7.0%	7.0%
% change			13.0%		6.7%		3.1%		1.7%
-EMEA¹	63.0	53.9	75.8	61.6	77.5	69.5	79.5	74.0	81.2
% change			40.5%		25.7%		14.4%		9.7%
-North America	30.0	19.8	20.0	26.8	26.8	32.7	32.7	35.7	35.7
% change			1.1%		0.0%		0.0%		0.0%
-Latin America	64.0	58.3	59.7	64.0	64.0	67.5	67.5	70.1	70.1
% change			2.4%		0.0%		0.0%		0.0%
-Asia Pacific	37.0	81.5	77.3	103.0	100.2	114.3	111.4	129.5	126.5
% change			-5.0%		-2.7%		-2.5%		-2.3%
- Corporate	-76.2	-65.0	-65.0	-60.0	-60.0	-55.0	-55.0	-56.1	-56.1
% change			0.0%		0.0%		0.0%		0.0%
EBIT	-49	113	138	180	193	214	221	238	242
margin (%)	-1.4%	3.5%	4.2%	5.3%	5.6%	6.1%	6.2%	6.6%	6.59%
Financial results	-82	-69	-70	-69	-69	-66	-66	-62	-62
Associates	10	10	23	12	18	14	21	18	24
Net result (group)	-195	26	40	69	80	104	111	124	129
% change	<i>nr</i>		56.3%		15.7%		7.0%		3.7%
Net current result (group)	-73	51	62	80	91	115	122	135	140
% change	<i>nr</i>		21.0%		13.5%		6.4%		3.4%
Adj. EPS (in EUR)	-1.22	0.85	1.03	1.34	1.52	1.92	2.04	2.25	2.33
% change	<i>nr</i>		21.0%		13.5%		6.4%		3.4%

Sources : Bekaert / Bank Degroof estimates

Valuation update

The adjustments in the scenario have limited impact on our DCF implied Target price, which now stands at EUR 24.10 vs. EUR 23.7 with our previous scenario.

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	-	2030	CAGR
Net Sales	2,437.0	3,263.0	3,340.2	3,460.0	3,289.2	3,432.7	3,544.7	3,677.3	3,826.2	3,989.3	4,169.0	4,357.8	-	6,357.8	3.4%
% change	-8.5%	33.9%	2.4%	3.6%	-4.9%	4.4%	3.3%	3.7%	4.1%	4.3%	4.5%	4.5%	-	3.4%	
EBITDA	387.0	725.7	476.8	274.8	302.8	359.5	388.5	410.5	433.7	450.0	465.4	482.8	-	595.7	1.2%
% margin	15.9%	22.2%	14.3%	7.9%	9.2%	10.5%	11.0%	11.2%	11.3%	11.3%	11.2%	11.1%	-	9.4%	
% change	-6.2%	87.5%	-34.3%	-42.4%	10.2%	18.7%	8.1%	5.6%	5.6%	3.8%	3.4%	3.7%	-	0.6%	
Depreciation & other non-cash	154.8	191.4	208.4	324.1	165.0	166.0	167.5	168.0	168.0	167.0	163.0	161.0	-	155.0	
% sales	6.4%	5.9%	6.2%	9.4%	5.0%	4.8%	4.7%	4.6%	4.4%	4.2%	3.9%	3.7%	-	2.4%	
EBITA	232.2	534.3	268.4	-49.3	137.8	193.5	221.0	242.5	265.7	283.0	302.4	321.8	-	440.7	2.6%
% margin	9.5%	16.4%	8.0%	-1.4%	4.2%	5.6%	6.2%	6.6%	6.9%	7.1%	7.3%	7.4%	-	6.9%	
% change	10.3%	130.1%	-49.8%	-118.4%	-379.5%	40.4%	14.3%	9.7%	9.6%	6.5%	6.9%	6.4%	-	0.4%	
Taxes	-62.7	-144.3	-72.5	13.3	-37.2	-52.2	-59.7	-65.5	-71.7	-76.4	-81.6	-86.9	-	-119.0	
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%	27.0%	-	27.0%	
NOPLAT	169.5	390.0	196.0	-36.0	100.6	141.2	161.4	177.0	193.9	206.6	220.7	234.9	-	321.7	2.6%
Depreciation & other provisions	154.8	191.4	208.4	324.1	165.0	166.0	167.5	168.0	168.0	167.0	163.0	161.0	-	155.0	
% sales	6.4%	5.9%	6.2%	9.4%	5.0%	4.8%	4.7%	4.6%	4.4%	4.2%	3.9%	3.7%	-	2.4%	
Gross Operating Cash Flow	324.3	581.5	404.4	288.1	265.6	307.2	328.9	345.0	361.9	373.6	383.7	395.9	-	476.7	
Capex	-155.3	-319.7	-276.0	-81.2	-140.3	-125.0	-127.5	-132.5	-140.0	-145.0	-155.0	-160.0	-	-155.0	
% sales	6.4%	9.8%	8.3%	2.3%	4.3%	3.6%	3.6%	3.6%	3.7%	3.6%	3.7%	3.7%	-	2.4%	
Change in Net Working Capital	195.6	-276.9	-175.3	117.9	-30.1	-27.7	-16.7	-12.5	-24.8	-47.3	-52.1	-54.8	-	-60.9	
Cash Flow to be discounted	364.6	-15.1	-46.9	324.8	95.21	154.57	184.69	200.04	197.17	181.32	176.65	181.17	-	260.78	

DCF EVALUATION (EUR m)															
WACC					10.42%	10.42%	10.42%	10.42%	10.42%	10.42%	10.42%	10.42%	-	10.42%	
Discount Rate factor					0.96	0.87	0.79	0.71	0.64	0.58	0.53	0.48	-	0.18	
Discounted Cash Flow					91.3	134.2	145.3	142.4	127.2	105.9	93.4	86.8	-	46.3	
Cumulated DCF					91.3	225.6	370.8	513.3	640.4	746.3	839.8	926.5	-	1,535.4	

WACC & DCF ANALYSIS					
Cost of Equity (Ke or COE)	13.01%	Cumulated DCF	1,535.4	- Net Financial Debt	(700.2)
Cost of Debt (gross)	6.0%			+ Associates	234.9
Debt tax rate	27%	Perpetual Growth Rate (g)	0.0%	+ Financial assets	50.7
Cost of Debt net (Kd or COD)	4.38%	Normalised Annual CF	321.7	- Pension underfunding & other	(178.8)
		Terminal Value @ 12/2030	3,086.6	- Minorities (estimated value)	(210.5)
Target gearing (D/(D+E)) or % Kd	30%	Disc. Rate of Terminal Value	0.18		
% Ke	70%	Discounted Terminal Value	548.1	Equity Market Value (EUR m)	1,279.6
Normative Tax Rate	27.0%			Number of shares (m)	60.0
WACC	10.42%	Enterprise Value (EUR m)	2,083.5	Implies 12 mth TP	24.10

Source: Bank Degroof

Conclusion & Action: We maintain our view on the share: at current price, the market seems to have already fully discounted the successful turnaround of Bekaert, without any discount for the delivery risk.

We recall that even if we assume that Bekaert will hit its targeted EBIT margin of 7% in FY14 (which seems unachievable at current market conditions), the share trades at a high forward P/E multiple of 14x. We recall that during the period 2003-2008, i.e. after the beginning of the massive investment program in China, but before the sawing wire bubble, the share traded at an average forward P/E of 11.3x.

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Bekaert: Summary tables

PROFIT & LOSS (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Sales	2,437	3,263	3,340	3,460	3,289	3,433
Cost of Sales & Operating Costs	-2,050	-2,537	-2,863	-3,185	-2,986	-3,073
Non Recurrent Expenses/Income	0.0	0.0	0.0	-73.1	-20.0	0.0
EBITDA	387	726	477	275	303	359
EBITDA (adj.)*	387	726	477	348	323	359
Depreciation	-155	-191	-208	-230	-165	-166
EBITA	232	534	268	44.7	138	193
EBITA (adj)*	232	534	268	118	158	193
Amortisations and Write Downs	0.0	0.0	0.0	-94.0	0.0	0.0
EBIT	232	534	268	-49.3	138	193
EBIT (adj.)*	232	534	268	23.8	158	193
Net Financial Interest	-56.7	-50.1	-65.8	-79.1	-64.5	-64.2
Other Financials	-8.9	17.7	47.3	-2.9	-5.0	-5.0
Associates	37.8	36.1	25.4	10.4	23.3	18.4
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	204	538	275	-121	91.6	143
Tax	-33.9	-139	-68.1	-67.7	-37.5	-46.6
<i>Tax rate</i>	<i>16.6%</i>	<i>25.9%</i>	<i>24.7%</i>	<i>n.m.</i>	<i>41.0%</i>	<i>32.7%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-18.6	-30.9	-14.6	-6.4	-14.0	-16.0
Net Profit (reported)	152	368	193	-195	40.1	80.0
Net Profit (adj.)	170	389	202	-73.0	62.0	91.0
CASH FLOW (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Cash Flow from Operations before change in NWC	283	594	398	321	214	258
Change in Net Working Capital	196	-277	-175	118	-30.1	-27.7
Cash Flow from Operations	478	317	223	439	184	231
Capex	-164	-320	-276	-146	-140	-125
Net Financial Investments	0.0	0.0	0.0	64.8	0.0	0.0
Free Cash Flow	314	-2.7	-53.2	358	44.0	106
Dividends	-60.5	-63.7	-109	-76.7	-55.7	-55.7
Other (incl. Capital Increase & share buy backs)	0.5	-27.4	-175	-121	0.0	0.0
Change in Net Debt	254	-93.9	-337	160	-11.7	49.9
NOPLAT	163	374	188	16.7	110	135
BALANCE SHEET & OTHER ITEMS (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Tangible Assets	1,128	1,295	1,406	1,346	1,321	1,280
Net Intangible Assets (incl. Goodwill)	105	131	131	131	131	131
Net Financial Assets & Other	259	276	338	255	255	255
Total Fixed Assets	1,492	1,702	1,875	1,732	1,707	1,666
Inventories	358	508	578	568	559	575
Trade receivables	480	774	828	752	765	790
Other current assets	174	182	182	119	119	119
Cash (-)	-325	-507	-706	-498	-486	-536
Total Current Assets	1,338	1,971	2,294	1,936	1,929	2,019
Total Assets	2,830	3,673	4,169	3,668	3,636	3,685
Shareholders Equity	1,285	1,611	1,694	1,422	1,406	1,432
Minority	88.7	86.0	72.5	182	191	202
Total Equity	1,374	1,697	1,766	1,604	1,597	1,634
Long term interest bearing debt	603	710	918	856	856	856
Provisions	325	370	341	397	397	397
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	928	1,080	1,259	1,252	1,252	1,252
Short term interest bearing debt	151	320	648	343	343	343
Trade payables	247	342	291	322	296	309
Other current liabilities	129	234	204	147	147	147
Total Current Liabilities	528	896	1,143	812	786	799
Total Liabilities and Shareholders' Equity	2,830	3,673	4,169	3,668	3,636	3,685
Net Capital Employed	2,128	2,590	2,968	2,701	2,706	2,693
Net Working Capital	591	940	1,116	998	1,028	1,056
GROWTH & MARGINS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
<i>Sales growth</i>	<i>-8.5%</i>	<i>33.9%</i>	<i>2.4%</i>	<i>3.6%</i>	<i>-4.9%</i>	<i>4.4%</i>
EBITDA (adj.)* growth	-6.2%	87.5%	-34.3%	-27.0%	-7.2%	11.4%
<i>EBITA (adj.)* growth</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-49.8%</i>	<i>-56.1%</i>	<i>33.9%</i>	<i>22.6%</i>
<i>EBIT (adj.)* growth</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-49.8%</i>	<i>-91.1%</i>	<i>562.4%</i>	<i>22.6%</i>

Bekaert: Summary tables

GROWTH & MARGINS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Profit growth	-28.1%	128.4%	-48.1%	n.m.	n.m.	46.9%
EPS adj. growth	-28.3%	126.6%	-48.1%	n.m.	n.m.	46.9%
DPS adj. growth	5.0%	69.5%	-29.6%	-27.4%	0.0%	0.0%
EBITDA (adj)* margin	15.9%	22.2%	14.3%	10.1%	9.8%	10.5%
EBITA (adj)* margin	9.5%	16.4%	8.0%	3.4%	4.8%	5.6%
EBIT (adj)* margin	9.5%	16.4%	8.0%	0.7%	4.8%	5.6%
RATIOS	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Net Debt/Equity	0.3	0.3	0.5	0.4	0.4	0.4
Net Debt/EBITDA	1.1	0.7	1.8	2.5	2.4	1.8
Interest cover (EBITDA/Fin.interest)	6.8	14.5	7.2	3.5	4.7	5.6
Capex/D&A	106.1%	167.0%	132.4%	45.0%	85.0%	75.3%
Capex/Sales	6.7%	9.8%	8.3%	4.2%	4.3%	3.6%
NWC/Sales	24.2%	28.8%	33.4%	28.8%	31.3%	30.8%
ROE (average)	14.1%	26.9%	12.2%	-4.7%	4.4%	6.4%
ROCE (adj.)	8.9%	15.8%	7.1%	0.7%	4.5%	5.5%
WACC	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%
ROCE (adj.)/WACC	0.9	1.5	0.7	0.1	0.4	0.5
PER SHARE DATA (EUR)***	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Average diluted number of shares	59.5	60.0	60.0	60.0	60.0	60.0
EPS (reported)	2.55	6.13	3.21	-3.25	0.67	1.33
EPS (adj.)	2.86	6.48	3.36	-1.22	1.03	1.52
BVPS	21.59	26.86	28.24	23.70	23.43	23.86
DPS	0.98	1.66	1.17	0.85	0.85	0.85
VALUATION	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
EV/Sales	1.1	1.8	0.7	0.6	0.8	0.7
EV/EBITDA	6.9	8.0	5.1	8.1	8.4	6.9
EV/EBITDA (adj.)*	6.9	8.0	5.1	6.4	7.8	6.9
EV/EBITA	11.5	10.8	9.0	49.9	18.4	12.9
EV/EBITA (adj.)*	11.5	10.8	9.0	18.9	16.0	12.9
EV/EBIT	11.5	10.8	9.0	n.m.	18.4	12.9
EV/EBIT (adj.)*	11.5	10.8	9.0	93.7	16.0	12.9
P/E (adj.)	12.6	13.2	7.4	n.m.	25.6	17.5
P/BV	1.7	3.2	0.9	0.9	1.1	1.1
Total Yield Ratio	3.0%	2.1%	5.2%	3.5%	3.5%	3.5%
EV/CE	1.5	2.4	0.9	0.9	1.0	1.0
OpFCF yield	14.6%	-0.1%	-3.6%	22.3%	2.8%	6.7%
OpFCF/EV	11.7%	0.0%	-2.2%	13.1%	1.7%	4.2%
Payout ratio	38.4%	27.1%	36.4%	-26.2%	127%	63.7%
Dividend yield (gross)	2.7%	1.9%	4.7%	3.2%	3.2%	3.2%
EV AND MKT CAP (EURm)	12/2009	12/2010	12/2011	12/2012	12/2013e	12/2014e
Price** (EUR)	36.17	85.90	24.79	21.88	26.47	26.47
Outstanding number of shares for main stock	59.5	60.0	60.0	60.0	60.0	60.0
Total Market Cap	2,152	5,152	1,487	1,313	1,589	1,589
Net Debt	429	523	860	700	712	662
<i>o/w Cash & Marketable Securities (-)</i>	<i>-325</i>	<i>-507</i>	<i>-706</i>	<i>-498</i>	<i>-486</i>	<i>-536</i>
<i>o/w Gross Debt (+)</i>	<i>755</i>	<i>1,030</i>	<i>1,566</i>	<i>1,198</i>	<i>1,198</i>	<i>1,198</i>
Other EV components	98	98	81	219	231	240
Enterprise Value (EV adj.)	2,679	5,773	2,428	2,232	2,532	2,490

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 almost 80% of the "combined" sales.

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

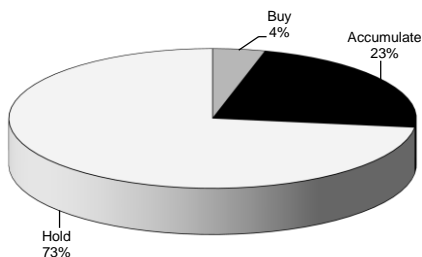
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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.

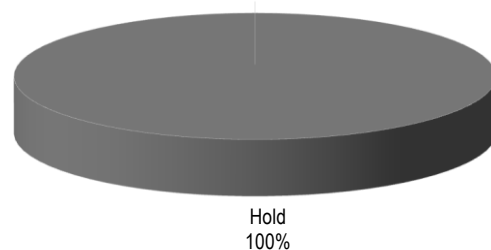
Meaning of each recommendation or rating:

- **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.
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- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
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Bank Degroof Ratings Breakdown



Bank Degroof Ratings Breakdown for companies with conflicts of interest

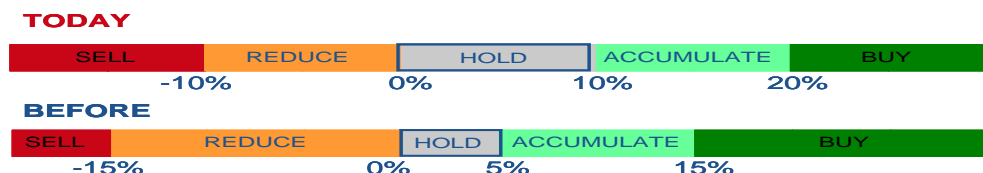


History of ESN Recommendation System

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
30-Jul-13	Reduce	24.00	26.47
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
03-Feb-12	Hold	28.00	27.64
15-Dec-11	Hold	30.00	25.98
04-Nov-11	Accumulate	36.00	30.74
01-Aug-11	Accumulate	50.00	39.88
15-Jul-11	Accumulate	69.00	50.23

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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Fountain

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