



Investment Research

Reason: Company Results

5 August 2014

## Hold

Recommendation unchanged

**Share price: EUR 26.96**

closing price as of 04/08/2014

**Target price: EUR 29.00**

Target Price unchanged

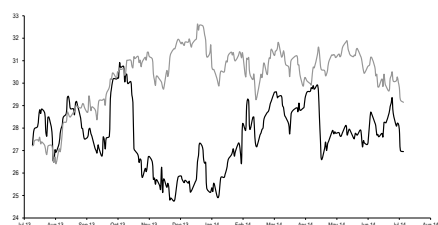
Reuters/Bloomberg

BEKB.BR/BEKB.BB

Daily avg. no. trad. sh. 12 mth	92,628
Daily avg. trad. vol. 12 mth (m)	2,490.32
Price high 12 mth (EUR)	30.91
Price low 12 mth (EUR)	24.75
Abs. perf. 1 mth	-5.9%
Abs. perf. 3 mth	-9.0%
Abs. perf. 12 mth	-3.6%

Market capitalisation (EURm)	1,619
Current N° of shares (m)	60
Free float	61%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	3,186	3,137	3,582
EBITDA (m)	297	328	401
EBITDA margin	9.3%	10.5%	11.2%
EBIT (m)	137	180	214
EBIT margin	4.3%	5.7%	6.0%
Net Profit (adj.)(m)	45	84	120
ROCE	4.3%	4.5%	5.6%
Net debt/(cash) (m)	574	927	891
Net Debt Equity	0.4	0.6	0.6
Net Debt/EBITDA	1.9	2.8	2.2
Int. cover(EBITDA/Fin.int)	4.7	6.1	7.3
EV/Sales	0.7	0.9	0.7
EV/EBITDA	7.6	8.1	6.6
EV/EBITDA (adj.)	7.5	8.3	6.5
EV/EBIT	16.3	14.8	12.4
P/E (adj.)	34.0	19.2	13.5
P/BV	1.1	1.2	1.1
OpFCF yield	12.6%	-18.4%	5.7%
Dividend yield	3.2%	3.2%	3.3%
EPS (adj.)	0.76	1.40	2.00
BVPS	22.41	22.88	23.87
DPS	0.85	0.85	0.90



Shareholders: Bekaert Fam. & Rel. 39%;

For company description please see summary table footnote

## Solid start of the year but 2H14 is more challenging

Bekaert surprised positively with its better than assumed 1H14 results. Performance in EMEA was particularly strong as Bekaert enjoyed favourable market conditions and fully benefited from the past restructurings. Outlook is more mixed, particularly in China where Bekaert is facing an acceleration of price erosion in the tire markets. Another uncertainty is the outcome of the recently launched US anti-dumping investigations that might impact both the Chinese passengers and light truck tires. We keep our neutral stance on the share.

- ✓ Bekaert came in with a better than expected 1H14 Recurring EBIT, thanks to a stronger performance in EMEA on the back of high capacity utilisation rate and strict cost control. The performance of Asia Pacific was also slightly better than assumed with a Rebit ~7% ahead of expectations. North America came in with a performance in line with forecasts while Rebit in Latin America was nearly two times lower than anticipated, on very tough markets conditions.
- ✓ Although the operating performance was better than assumed, the cash generation was in line with our assumptions.
- ✓ Regarding the acquisition of Pirelli's assets, Bekaert received the EU approval for the acquisition of Pirelli's European steel cord activities. Additional merger control procedures are in process in Turkey and Brazil. So far we had assumed the deal completion at the end of 3Q14 and a first consolidation from early 4Q14 on. We now expect the completion at the end of the year. *Ceteris paribus* this delay reduces our FY14 Rebit by EUR 6.4m.
- ✓ Bekaert is cautious on the outlook. This is due to further price erosion in Chinese tire markets. Bekaert also anticipates a moderate slowdown in the European tire market and the impact of the usual seasonal effects in 2H. More positively, Bekaert estimates that its markets in Latin America will bottom out in 2H14.
- ✓ Beyond the impact of the delay in the consolidation of Pirelli's assets, we have adjusted downwards our estimates for Latin America and for Asia Pacific (waiting for more clarity on possible American anti-dumping measures on the Chinese tires). On the positive side, estimates for EMEA have been revised upwards. All in All, FY14 consolidated Rebit was slightly increased to EUR 174m from EUR 172m, while estimates remain broadly unchanged for FY15-16.
- ✓ Asia Pacific remains a source of uncertainty. Bekaert perceives an acceleration of price erosion in the Chinese tire markets, which is not a good omen for the margins. On top of that the Chinese tire market might be hit by new US anti-dumping measures that might be taken against some Chinese passengers and light truck tires. Based on the case calendar published by the Department of Commerce the danger seems not imminent, but FY15 and beyond are at risk.
- ✓ We continue to believe that it will take time for Bekaert to retrieve a consolidated EBIT margin of about 7.0%. In our model, we have assumed that Bekaert will achieve this target only from FY17 onwards. The impact of the revised scenario on our DCF Target Price is rather immaterial.

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



## CONTENTS

KEY TAKEAWAYS OF THE 1H14 REPORTING .....	3
RESULTS ANALYSIS.....	3
<i>EMEA</i> .....	5
<i>North America</i> .....	5
<i>Latin America</i> .....	6
<i>Asia Pacific</i> .....	6
CASH FLOW GENERATION WAS IN LINE WITH EXPECTATION IN 1H14. ....	7
M&A.....	7
<b>OUTLOOK: RATHER CAUTIOUS ON CHINESE TIRE CORDS .....</b>	<b>8</b>
<b>EARNINGS REVISIONS .....</b>	<b>9</b>
SALES & REBIT BREAKDOWN PER END MARKETS.....	10
<b>VALUATION.....</b>	<b>13</b>
DCF VALUATION.....	13
<b>BEKAERT IN A NUTSHELL.....</b>	<b>14</b>
PROFILE:.....	14
SWOT .....	14
STRATEGY.....	15
RISK .....	15
<b>UPCOMING CORPORATE EVENTS CALENDAR .....</b>	<b>15</b>

## 1H14 Rebit 9% ahead of fcasts but the cash flow was in line

### Key takeaways of the 1H14 reporting

- Bekaert released **1H14 current results slightly ahead of expectations**, with a Rebit at EUR 101m vs. EUR 93m expected by us and the consensus.
- **Net profit was boosted by one-offs** for a net total amount of EUR 16.6m.
- The **cash generation was broadly in line** with our estimate, with net financial debt at EUR 673m as of 30/06/2014 vs. EUR 681m expected by us (no-consensus) and with CapEx in line with estimates.
- In July, the **European Commission has approved the acquisition of Pirelli's European steel cord activities** by Bekaert. Additional merger control procedures are in process in Turkey and Brazil.
- The **EU Commission also has approved Bekaert's sales and distribution joint venture with Maccaferri**.
- Bekaert remained **cautious on the outlook** due to further price erosion in Chinese tire markets. Bekaert also anticipates a moderate slowdown in the European tire markets and an impact of the usual seasonal effects in 2H. Bekaert also estimated that its markets in Latin America have bottomed out.

### Results analysis

Bekaert : key figures (EUR m)	1H13	2H13	2013	1H14 A	% chg	1H14e	% dif.	1H14e CSS
<b>Consolidated sales</b>	<b>1,649</b>	<b>1,537</b>	<b>3,186</b>	<b>1,609</b>	<b>-2.4%</b>	<b>1,627</b>	<b>-1.1%</b>	<b>1,626</b>
-EMEA	532	508	1,040	555	4.3%	564	-1.5%	562
-North America	295	253	548	281	-4.7%	282	-0.4%	283
-Latine America	352	293	645	295	-16.2%	298	-1.0%	298
-Asia Pacific	470	483	953	478	1.7%	484	-1.2%	483

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : computed by Bekaert (7 participating brokers 28/07/2014)

Consolidated sales came out only slightly below our and consensus (CSS) estimates.

**Organic growth was 2.6%** y-o-y for the semester. The growth was not linear, as the comparison base was favourable in 1Q14, both in EMEA and in Asia Pacific. Organic growth was up 4.2% in 1Q14, but only 0.9% in 2Q14.

- Volumes were quite strong (+3.9%) with a positive trend during the semester (+3.3% in 1Q14 and +4.4% in 2Q14).
- Wire rod price trend had a 2.9% negative impact on the consolidated sales (-2.5% in 1Q14 and -3.2% in 2Q14).
- Price/mix added 1.7% to sales in 1H14 (+3.4% in 1Q14 but -0.4% in 2Q14).

**Hence, volumes were positively oriented during the semester, with an acceleration in 2Q14 that was partially offset by the pass-on of lower wire rod and by a deterioration of the price/mix in 2Q14.**

The **currencies headwinds** were quite significant (EUR -85m impact on the consolidated sales or -5.1%).

Hence, 1H14 consolidated sales dropped 2.4% y-o-y, taking into account of the small positive impact of the change in the perimeter scope (+0.1%).



Bekaert

**1H14 Recurring EBIT** (Rebit) came out 8% above our and consensus (CSS) estimates at EUR 101m. This represents a margin on sales of 6.3%, up 0.8% y-o-y.

Performance was stronger in EMEA (26% above our estimate) and in Asia Pacific (+5%). North America performed in line with expectation but Latin America came out nearly two times lower than what we had anticipated.

Bekaert : key figures (EUR m)	1H13	2H13	2013	1H14 A	% chg	1H14e	% dif.	1H14e CSS
<b>Consolidated sales</b>	<b>1,649</b>	<b>1,537</b>	<b>3,186</b>	<b>1,609</b>	<b>-2.4%</b>	<b>1,627</b>	<b>-1.1%</b>	<b>1,626</b>
<b>Rebit</b>	<b>91</b>	<b>75</b>	<b>166</b>	<b>101</b>	<b>11.0%</b>	<b>93</b>	<b>8.4%</b>	<b>93</b>
Margin	5.5%	4.9%	5.2%	6.3%		5.7%		5.7%
-EMEA	46	42	88	64	39.1%	51	25.9%	53
-North America	13	6	19	14	7.7%	14	0.0%	13
-Latin America	28	16	44	11	-60.7%	21	-48.4%	19
-Asia Pacific	39	38	77	43	10.3%	41	4.9%	40
-Corporate	-35	-27	-62	-31	-11.5%	-34	-8.8%	-32
<b>Operating result</b>	<b>89</b>	<b>49</b>	<b>137</b>	<b>118</b>	<b>32.8%</b>	<b>90</b>	<b>30.7%</b>	<b>85</b>
Margin	5.4%	3.2%	4.3%	7.3%		5.5%		5.2%
Financial result	-41	-42	-84	-27		-39		-33
<b>Result before tax</b>	<b>48</b>	<b>6</b>	<b>54</b>	<b>91</b>	<b>91.0%</b>	<b>51</b>	<b>77.4%</b>	<b>52</b>
Income tax	-30	-18	-48	-23		-27		-20
Tax rate	62.5%	nr	89.2%	25.2%		52.8%		38.5%
Results of associates	17	13	30	12		9		13
Discontinued operations	0	0	0	0		0		0
<b>Consolidated profit</b>	<b>35</b>	<b>1</b>	<b>36</b>	<b>80</b>	<b>130.0%</b>	<b>33</b>	<b>142.4%</b>	<b>45</b>
Minority interest	9	3	11	2		9		7
<b>Group's share in net result</b>	<b>26</b>	<b>-2</b>	<b>25</b>	<b>78</b>	<b>199.4%</b>	<b>24</b>	<b>224.4%</b>	<b>38</b>
EPS (EUR)	0.44	-0.03	0.41	1.30	nr	0.40		
<b>Net financial debt</b>	<b>770</b>	<b>574</b>	<b>574</b>	<b>673</b>		<b>681</b>		<b>na</b>

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : computed by Bekaert (7 participating brokers 28/07/2014)

The EUR 10m Rebit increase can be broken down into EUR 22m organic increase partially offset by the poor performance in Venezuela (EUR -6m) and by EUR -6m of translation effects.

The **huge non-recurring items** for up to EUR +16.6m includes EUR 11m of badwill on the acquisition deals in Costa Rica and in Brazil; EUR 8m on capital gain on the disposal of real estates; EUR 6m of environmental provision reversals and EUR -8m of impairments (mainly of Malaysian assets) as well as other elements.

Hence **EBIT** was propelled to EUR 118m (up 33% y-o-y), which give a margin to sales of 11.5%.

The **Financial result** was also stronger than anticipated at EUR -27m, on lower interest costs, mainly due to the lower net debt of about EUR 100m. The taxes were also lower than assumed at EUR -23m, mainly thanks to some differed tax.

Finally, the **associates** (Brazilian operations) came in also largely ahead of our estimate. We recall that 1H13 figure was boosted by EUR 6m tax one-offs adjustments. This means that the 1H14 underlying performance was slightly above the level achieved in 1H13, while the Brazilian Real was down in 15-16% versus Euro. This was realised thanks to good demand level and some price increases.

Given the low minority interest (due to the low profitability in Latin America and to the impairment in Malaysia) the **net profit** stood at EUR 78m, i.e. three time the level of 1H13.



## EMEA

EMEA (EUR m)	1H12	2H12	2012	1H13	2H13	2013	1H14
<b>Consolidated sales</b>	<b>557</b>	<b>487</b>	<b>1,044</b>	<b>532</b>	<b>508</b>	<b>1,040</b>	<b>555</b>
% chg	-9.3%	-12.3%	-10.7%	-4.5%	4.2%	-0.4%	4.3%
<b>EBITDA</b>	<b>34</b>	<b>34</b>	<b>68</b>	<b>68</b>	<b>65</b>	<b>133</b>	<b>93</b>
margin (%)	6.1%	7.0%	6.5%	12.8%	12.8%	12.8%	16.8%
<b>REBIT</b>	<b>36</b>	<b>27</b>	<b>63</b>	<b>46</b>	<b>42</b>	<b>88</b>	<b>64</b>
margin (%)	6.5%	5.5%	6.0%	8.6%	8.3%	8.5%	11.5%

Sources : Bekaert

In EMEA volumes were up 7% supported by good demand level but also by a favourable comparison base in 1Q14 (volumes were up 10.5% y-o-y in 1Q14 when they were down 7.6% in 1Q13).

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). It is our understanding that during most of the semester the tire cord activity ran 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).

## North America

North America (EUR m)	1H12	2H12	2012	1H13	2H13	2013	1H14
<b>Consolidated sales</b>	<b>351</b>	<b>308</b>	<b>659</b>	<b>295</b>	<b>253</b>	<b>548</b>	<b>281</b>
% chg	-0.8%	-1.0%	-0.9%	-16.0%	-17.9%	-16.8%	-4.7%
<b>EBITDA</b>	<b>26</b>	<b>13</b>	<b>39</b>	<b>18</b>	<b>4</b>	<b>22</b>	<b>20</b>
margin (%)	7.4%	4.2%	5.9%	6.1%	1.6%	4.0%	7.1%
<b>REBIT</b>	<b>21</b>	<b>9</b>	<b>30</b>	<b>13</b>	<b>6</b>	<b>19</b>	<b>14</b>
margin (%)	6.0%	2.9%	4.6%	4.4%	2.4%	3.5%	5.0%

Sources : Bekaert

In North America the semester started in a minor mode, with volume flat (+0.2%) compared to an already very weak 1Q13. **2Q14 proved to be somewhat more robust** with volume up 3.6%. The organic growth was flat of the semester, due to the pass on of lower wire rod price, only partially offset by the higher volume and positive price/mix. FX had a negative impact of 5.1% that explain the bulk of the sales drop in Euro.

After a still weak 1Q14, the **tyre cord confirmed the demand revival on the back of increasing volumes for trucks 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.



## Latin America

Latin America (EUR m)	1H12	2H12	2012	1H13	2H13	2013	1H14
<b>Consolidated sales</b>	<b>397</b>	<b>415</b>	<b>812</b>	<b>352</b>	<b>293</b>	<b>645</b>	<b>295</b>
% chg	129.5%	108.5%	118.3%	-11.3%	-29.4%	-20.6%	-16.2%
<b>EBITDA</b>	<b>57</b>	<b>43</b>	<b>100</b>	<b>39</b>	<b>25</b>	<b>64</b>	<b>18</b>
margin (%)	14.4%	10.4%	12.3%	11.1%	8.5%	9.9%	6.1%
<b>REBIT</b>	<b>29</b>	<b>35</b>	<b>64</b>	<b>28</b>	<b>16</b>	<b>44</b>	<b>11</b>
margin (%)	7.3%	8.4%	7.9%	8.0%	5.5%	6.8%	3.7%

Sources : Bekaert

As already mentioned, the Latin American operations performed very badly and came with results largely below expectations.

In this region, Bekaert continues to blame the **general economic slowdown**, with applications for **the construction and the mining markets being the most affected** by this trend. Price and volume pressures are only partially offset by lower wire rod prices. During the semester **volumes were down 5.5%**, leading to a very weak organic decline of -7.7% and FX headwinds added -10.5% to the sales versus the same period of last year.

On top of 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 semester, operations in Venezuela recorded a 50% drop in volume. This combined with the depreciation of the currency represented a sales decline of EUR 11m and a Rebit contraction of EUR 6m, i.e. two times our worst case scenario.

Nevertheless, there is one positive element in this reporting: Bekaert now believes that the Latin American operations will progressively bottom out in the second part of the year.

## Asia Pacific

Asia Pacific (EUR m)	1H12	2H12	2012	1H13	2H13	2013	1H14
<b>Consolidated sales</b>	<b>478</b>	<b>467</b>	<b>945</b>	<b>470</b>	<b>483</b>	<b>953</b>	<b>478</b>
% chg	-25.2%	-5.7%	-16.7%	-1.7%	3.4%	0.8%	1.7%
<b>EBITDA</b>	<b>101</b>	<b>71</b>	<b>172</b>	<b>84</b>	<b>69</b>	<b>153</b>	<b>88</b>
margin (%)	21.1%	15.2%	18.2%	17.9%	14.3%	16.1%	18.4%
<b>REBIT</b>	<b>35</b>	<b>2</b>	<b>37</b>	<b>39</b>	<b>38</b>	<b>77</b>	<b>43</b>
margin (%)	7.3%	0.4%	3.9%	8.3%	7.9%	8.1%	9.0%

Sources : Bekaert

The performance recorded in Asia Pacific was slightly better than assumed, with a Rebit of EUR 43m. Operating leverage was quite strong, **boosted by strong volumes sold** (+10% for the semester, of which +7.3% in 1Q14 and +12.4% in 2Q14). The price/mix was also positive (impact of +1.6% on sales), though price pressures were quite strong. Hence, the positive price/mix impact is a mix effect only (more tire cord sales in the mix).

Indeed the **price war continued in tire cord**. Bekaert mentioned price erosion of about 1% per month. Though, Bekaert has recovered the market share lost last year, but at the expenses of some price rebates. This means that the 10% increase in **Rebit was also supported by self-helped measures** (costs control).

The solar cell related activity (sawing wire) also benefited from the revival of volumes. Though, while the solar cell activity seems to have retrieved a high level of activity the overcapacity in sawing wire is still there. This means that prices remain low and the activity only represents a small proportion of the earning recorded in Asia Pacific

Finally, the integration of the recently acquired activities Malaysia takes more time than expected due to fierce competition. This led Bekaert to book in 1H14 some impairments on these assets.

### **Cash flow generation was in line with expectation in 1H14.**

The cash generation was broadly in line with our estimate, with net financial debt at EUR 673m as of 30/06/2014 vs. EUR 681m expected by us (no-consensus), with CapEx at EUR 60m being bang in line with our estimate.

The increase of the net financial debt during the semester (+ EUR 99.3m from YE 2013) was driven by the higher NWC (EUR +142m), as a results of the seasonal hike.

FY14 CapEx is guided at EUR 150m and Net financial Debt at YE 2014 to be in the EUR 650m to EUR 700m range, excluding the acquisition of Pirelli's tire cord assets (EV of EUR 255m).

### **M&A**

Regarding the acquisition of Pirelli's assets, The **European Commission has approved** in July 2014 **the acquisition by Bekaert of Pirelli's steel cord activities in Europe.**

**Additional merger control procedures are in process in Turkey and Brazil.**

- In Turkey, the Pirelli's steel cord facility is next to Bekaert's one, that will offer some synergy opportunities (savings). However, together they represent the sole tire cord capacity in Turkey. Bekaert estimates this is not an obstacle to the acquisition as the tire and the tire cord markets are rather global markets at the scale of Europe.
- In Brazil, there are only three players in tire cord (Michelin and Pirelli for their own needs) and Bekaert.

For these two countries we are not really surprised that additional procedures are on-going. Bekaert remains confident to get the approval for both assets. However the extended procedures might delay the completion of the deals.

So far we had assumed a completion at the end of 3Q14 and a first consolidation from early 4Q14. **We now expect the completion at the end of the year.** *Ceteris paribus* this delay reduces our FY14 Rebit by EUR 6.4m.

There is also a small tire capacity in Yanzhou (China) that represents ca. 10% of the deal. We do not expect any regulatory problems for these assets.

## Outlook: rather cautious on Chinese tire cords

Bekaert remains cautious on the outlook.

- For **EMEA, beyond the usual seasonal earnings pattern** (2H generally weaker on holidays in July-August and usually weak at the end of the year) **Bekaert anticipate a moderate slowdown in the demand in the tire industry** after a very healthy 1H14. This should have a significant impact on the margin (less favourable mix).
- For **North America, the tone is somewhat more supportive** than it was in recent quarters. Bekaert now anticipates the upward trend in the automotive to continue in 2H14, while demand from other end markets are anticipated to stabilise.
- Regarding **Latin America**, FX headwinds should be less painful. **Bekaert believes its markets will bottom out** and anticipates a modest upward trend in 2H14.
- **Asia Pacific is a source of concerns.** Bekaert perceives an **acceleration of price erosion in the Chinese tire markets**. The company mentioned that since the beginning of the semester price erosion is about 2% per month against 1% in 1H14, while wire rod price remains roughly unchanged (was down 3.5% in 1H14). Hence, if this trend persists along the semester the tire cord price might erode by a good 10-12%, which might be difficult to compensate for with cost control measures.

These pressures are generated by an excess of capacity at the moment when **Xingda 100kt new facility will hit the market**.

**On top of that the Chinese tire market might be hit by US anti-dumping measures** that might be taken against some Chinese passenger and light truck tires. Indeed, on July 15, the US Department of Commerce (DOC) announced the initiation of antidumping duty and countervailing duty investigations of imports of certain passenger vehicle and light truck tires from China.

Based on the case calendar published by the Department of Commerce, the DOC preliminary determination is fixed in December 1, 2014 and the final determination in February 17, 2015. Hence, at first glance, the danger seems not imminent but FY15 and beyond are at risk.

Let's just recall that in 2013 the USA has imported up to 50.8 million of tires for a total amount of USD 2.1bn (source the U.S. Census Bureau), predominantly from China. This is to be compared with a tire production in China of about 390.6 million the same year, according to the China Rubber Industry Association. Hence, the USA absorbed the equivalent of 13% of the Chinese production that year, which is not anecdotal.

At this stage it is still difficult to know if safeguard measures will effectively be taken by the USA and what could be the impact on the Chinese market. However, if we refer to the mid-term investment projects of the tire industry in North America, we note that there are significant projects for the big five players (for up to USD 4.75bn) in this region. Hence, there is a clear interest for the US to reduce the import pressures on the local tire market. This does not mean that a compromise cannot be found before applying safeguard measures that generally have negative effects on the trade relations between the two countries.





## Earnings revisions

We have adjusted our short and mid-term scenario on the back of the stronger than expected 1H14, on the cautious guidance provided by Bekaert on 2H14 and the potential risk of US anti-dumping measures.

Moreover, as mentioned above, we now assume the completion of the deal with Pirelli at year-end against at the end of 3Q14. This had a negative impact on our FY14 Rebit estimate of about EUR 6.4m.

Details can be found in the table below. Beyond the impact of the delay in the consolidation of Pirelli's assets, we have adjusted downwards our estimates for Latin America and to a lesser extend for Asia Pacific (waiting for more clarity on possible anti-dumping measures). On the positive side, estimates for EMEA have been revised upwards.

All in All FY14 consolidated Rebit was slightly increased, while estimates remain broadly unchanged for FY15-16.

Bekaert: estimates review (in EUR m)	2013	2014e		2015e		2016e	
	Actual	old	new	old	new	old	new
<b>Sales</b>	<b>3,186</b>	3,228	<b>3,137</b>	3,609	<b>3,582</b>	3,742	<b>3,708</b>
% change			-2.8%		-0.8%		-0.9%
<b>EBITDA</b>	<b>297.0</b>	329.9	<b>328.0</b>	396.3	<b>400.6</b>	433.5	<b>438.1</b>
			-0.6%		1.1%		1.0%
<b>Rebit</b>	<b>165.9</b>	171.8	<b>173.9</b>	220.3	<b>219.6</b>	254.5	<b>251.1</b>
<b>margin (%)</b>	<b>5.2%</b>	5.3%	<b>5.5%</b>	6.1%	<b>6.1%</b>	6.8%	<b>6.8%</b>
% change			1.2%		-0.4%		-1.4%
-EMEA	<b>88.0</b>	97.2	<b>111.0</b>	113.6	<b>134.0</b>	114.6	<b>134.5</b>
% change			14.2%		17.9%		17.4%
-North America (NA)	<b>19.0</b>	22.3	<b>22.3</b>	26.2	<b>26.0</b>	30.0	<b>29.6</b>
% change			0.0%		-0.6%		-1.4%
-Latin America (LA)	<b>44.0</b>	36.2	<b>24.2</b>	48.6	<b>34.3</b>	60.6	<b>46.9</b>
% change			-33.0%		-29.4%		-22.5%
-Asia Pacific (AP)	<b>77.0</b>	82.1	<b>80.3</b>	98.0	<b>90.2</b>	115.4	<b>105.0</b>
% change			-2.1%		-7.9%		-9.0%
- Corporate	<b>-62.1</b>	-66.0	<b>-64.0</b>	-66.0	<b>-65.0</b>	-66.0	<b>-65.0</b>
% change			-3.0%		-1.6%		-1.5%
<b>EBIT</b>	<b>137</b>	160	<b>180</b>	206	<b>214</b>	241	<b>245</b>
margin (%)		5.0%	5.7%	5.7%	6.0%	6.4%	6.6%
<b>Financial results</b>	<b>-84</b>	-79	<b>-56</b>	-74	<b>-55</b>	-59	<b>-54</b>
Associates	<b>30</b>	22	<b>24</b>	25	<b>26</b>	29	<b>29</b>
<b>Net result (group)</b>	<b>25</b>	48	<b>89</b>	100	<b>116</b>	132	<b>141</b>
% change			86.4%		16.0%		6.6%
<b>Net current result (group)</b>	<b>45</b>	56	<b>84</b>	110	<b>120</b>	142	<b>145</b>
% change			49.6%		9.2%		2.0%
<b>Adj. EPS (in EUR)</b>	<b>0.76</b>	0.94	<b>1.40</b>	1.83	<b>2.00</b>	2.37	<b>2.42</b>
% change			49.6%		9.2%		2.0%

Sources : Bekaert / Bank Degroof estimates



Bekaert

## Sales & Rebit breakdown per end markets

Bekaert: EMEA division		2012	2013	2014e	2015e	2016e
<b>Automotive</b>						
Sales	EURm	438	436	456	666	680
% change		-3.8%	-0.5%	4.6%	46.0%	2.0%
<b>Energy &amp; Utilities</b>						
Sales	EURm	157	177	184	188	191
% change		-33.0%	12.9%	4.0%	2.0%	2.0%
<b>Constructions</b>						
Sales	EURm	219	208	212	219	223
% change		-1.3%	-5.1%	2.0%	3.0%	2.0%
<b>Other Industries</b>						
Sales	EURm	230	218	223	229	236
% change		-10.7%	-4.9%	2.0%	3.0%	3.0%
<b>TOTAL EMEA</b>						
Sales	EURm	1,044	1,040	1,075	1,302	1,330
% change		-10.7%	-0.4%	3.4%	21.1%	2.2%
Rebit	EURm	63	88	111	134	135
% change		-4.5%	39.6%	26.2%	20.7%	0.4%
margin		6.0%	8.5%	10.3%	10.3%	10.1%

Sources : Bekaert / Bank Degroof estimates

Bekaert: North America division		2012	2013	2014e	2015e	2016e
<b>Automotive</b>						
Sales	EURm	283	214	219	232	237
% change		3.9%	-24.6%	2.4%	5.8%	2.5%
<b>Energy &amp; Utilities</b>						
Sales	EURm	125	115	114	118	121
% change		4.6%	-8.1%	-0.5%	3.3%	2.5%
<b>Constructions</b>						
Sales	EURm	92	88	83	86	88
% change		6.7%	-5.0%	-5.4%	3.3%	2.5%
<b>Other Industries</b>						
Sales	EURm	158	132	126	130	133
% change		-15.1%	-16.8%	-4.4%	3.3%	2.5%
<b>TOTAL NORTH AMERICA</b>						
Sales	EURm	659	548	542	565	579
% change		-0.9%	-16.8%	-1.1%	4.3%	2.5%
Rebit	EURm	30	19	22	26	30
% change		-6.2%	-36.7%	17.3%	16.7%	13.7%
margin		4.6%	3.5%	4.1%	4.6%	5.1%

Sources : Bekaert / Bank Degroof estimates



Bekaert

<b>Bekaert: Latin America division</b>		<b>2012</b>	<b>2013</b>	<b>2014e</b>	<b>2015e</b>	<b>2016e</b>
<b>Automotive</b>						
<b>Sales</b>	<b>EURm</b>	<b>32</b>	<b>39</b>	<b>35</b>	<b>111</b>	<b>116</b>
% change		-37.6%	19.2%	-10.0%	219.4%	4.0%
<b>Energy &amp; Utilities</b>						
<b>Sales</b>	<b>EURm</b>	<b>89</b>	<b>58</b>	<b>52</b>	<b>54</b>	<b>56</b>
% change		71.5%	-35.0%	-10.0%	3.0%	4.0%
<b>Constructions</b>						
<b>Sales</b>	<b>EURm</b>	<b>365</b>	<b>258</b>	<b>232</b>	<b>245</b>	<b>255</b>
% change		207.0%	-29.4%	-10.0%	5.7%	4.0%
<b>Other Industries</b>						
<b>Sales</b>	<b>EURm</b>	<b>325</b>	<b>290</b>	<b>261</b>	<b>275</b>	<b>286</b>
% change		118.3%	-10.6%	-10.0%	5.4%	4.0%
<b>TOTAL LATIN AMERICA</b>						
<b>Sales</b>	<b>EURm</b>	<b>812</b>	<b>645</b>	<b>581</b>	<b>686</b>	<b>713</b>
% change		118.3%	-20.6%	-10.0%	18.1%	4.0%
<b>Rebit</b>	<b>EURm</b>	<b>64</b>	<b>44</b>	<b>24</b>	<b>34</b>	<b>47</b>
% change		82.9%	-31.2%	-44.9%	41.4%	36.9%
<i>margin</i>		7.9%	6.8%	4.2%	5.0%	6.6%

Sources : Bekaert / Bank Degroof estimates

<b>Bekaert: Asia Pacific division</b>		<b>2012</b>	<b>2013</b>	<b>2014e</b>	<b>2015e</b>	<b>2016e</b>
<b>Automotive</b>						
<b>Sales</b>	<b>EURm</b>	<b>662</b>	<b>629</b>	<b>641</b>	<b>696</b>	<b>727</b>
% change		2.3%	-4.9%	1.9%	8.6%	4.5%
<b>Energy &amp; Utilities</b>						
<b>Sales</b>	<b>EURm</b>	<b>104</b>	<b>105</b>	<b>72</b>	<b>81</b>	<b>87</b>
% change		-69.4%	0.8%	-31.1%	11.4%	7.5%
<b>Constructions</b>						
<b>Sales</b>	<b>EURm</b>	<b>57</b>	<b>86</b>	<b>89</b>	<b>99</b>	<b>106</b>
% change		25.0%	51.3%	3.3%	11.4%	7.5%
<b>Other Industries</b>						
<b>Sales</b>	<b>EURm</b>	<b>123</b>	<b>133</b>	<b>138</b>	<b>154</b>	<b>165</b>
% change		20.4%	8.6%	3.3%	11.4%	7.5%
<b>TOTAL ASIA PACIFIC</b>						
<b>Sales</b>	<b>EURm</b>	<b>945</b>	<b>953</b>	<b>939</b>	<b>1,029</b>	<b>1,085</b>
% change		-16.7%	0.8%	-1.4%	9.5%	5.5%
<b>Rebit</b>	<b>EURm</b>	<b>37</b>	<b>77</b>	<b>80</b>	<b>90</b>	<b>105</b>
% change		-83.5%	108.1%	4.3%	12.3%	16.4%
<i>margin</i>		3.9%	8.1%	8.5%	8.8%	9.7%

Sources : Bekaert / Bank Degroof estimates



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<b>Bekaert: Sales &amp; Rebit breakdown per end markets</b>		<b>2012</b>	<b>2013</b>	<b>2014e</b>	<b>2015e</b>	<b>2016e</b>
<b>Sales</b>	<b>EURm</b>	<b>3,460</b>	<b>3,186</b>	<b>3,137</b>	<b>3,582</b>	<b>3,708</b>
<i>% changes</i>		3.6%	-7.9%	-1.5%	14.2%	3.5%
<b>Automotive</b>	<b>EURm</b>	<b>1,416</b>	<b>1,318</b>	<b>1,351</b>	<b>1,705</b>	<b>1,760</b>
<b>Energy &amp; Utilities</b>	<b>EURm</b>	<b>475</b>	<b>455</b>	<b>423</b>	<b>440</b>	<b>455</b>
<b>Construction</b>	<b>EURm</b>	<b>734</b>	<b>639</b>	<b>616</b>	<b>648</b>	<b>672</b>
<b>Other industries</b>	<b>EURm</b>	<b>835</b>	<b>774</b>	<b>748</b>	<b>788</b>	<b>821</b>
<b>Automotive</b>	<b>%</b>	<b>40.9%</b>	<b>41.4%</b>	<b>43.1%</b>	<b>47.6%</b>	<b>47.5%</b>
<b>Energy &amp; Utilities</b>	<b>%</b>	<b>13.7%</b>	<b>14.3%</b>	<b>13.5%</b>	<b>12.3%</b>	<b>12.3%</b>
<b>Construction</b>	<b>%</b>	<b>21.2%</b>	<b>20.1%</b>	<b>19.6%</b>	<b>18.1%</b>	<b>18.1%</b>
<b>Other industries</b>	<b>%</b>	<b>24.1%</b>	<b>24.3%</b>	<b>23.8%</b>	<b>22.0%</b>	<b>22.1%</b>
<b>Rebit</b>	<b>EURm</b>	<b>118</b>	<b>166</b>	<b>174</b>	<b>220</b>	<b>251</b>
<i>% changes</i>		-58.1%	40.8%	4.8%	26.3%	14.3%
<i>Margin (%)</i>		3.4%	5.2%	5.5%	6.1%	6.8%

Sources : Bekaert / Bank Degroof estimates



Bekaert

## Valuation

### DCF valuation

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	-	2030
<b>Net Sales</b>	<b>2,437.0</b>	<b>3,263.0</b>	<b>3,340.2</b>	<b>3,460.0</b>	<b>3,185.6</b>	<b>3,137.0</b>	<b>3,581.6</b>	<b>3,707.7</b>	<b>3,847.7</b>	<b>4,004.9</b>	<b>4,177.6</b>	<b>4,358.9</b>	-	<b>6,360.6</b>
% change	-8.5%	33.9%	2.4%	3.6%	-7.9%	-1.5%	14.2%	3.5%	3.8%	4.1%	4.3%	4.3%		3.9%
<b>EBITDA</b>	<b>387.0</b>	<b>725.7</b>	<b>476.8</b>	<b>274.8</b>	<b>297.0</b>	<b>328.0</b>	<b>400.6</b>	<b>438.1</b>	<b>459.8</b>	<b>473.7</b>	<b>484.3</b>	<b>493.4</b>	-	<b>633.9</b>
% margin	15.9%	22.2%	14.3%	7.9%	9.3%	10.5%	11.2%	11.8%	11.9%	11.8%	11.6%	11.3%		10.0%
% change	-6.2%	87.5%	-34.3%	-42.4%	8.1%	10.4%	22.1%	9.4%	5.0%	3.0%	2.2%	1.9%		6.9%
<b>Depreciation &amp; other non-cash</b>	<b>154.8</b>	<b>191.4</b>	<b>208.4</b>	<b>324.1</b>	<b>159.7</b>	<b>148.1</b>	<b>187.0</b>	<b>193.0</b>	<b>191.0</b>	<b>189.0</b>	<b>185.0</b>	<b>182.0</b>	-	<b>175.0</b>
% sales	6.4%	5.9%	6.2%	9.4%	5.0%	4.7%	5.2%	5.2%	5.0%	4.7%	4.4%	4.2%		2.8%
<b>EBITA</b>	<b>232.2</b>	<b>534.3</b>	<b>268.4</b>	<b>-49.3</b>	<b>137.3</b>	<b>179.9</b>	<b>213.6</b>	<b>245.1</b>	<b>268.8</b>	<b>284.7</b>	<b>299.3</b>	<b>311.4</b>	-	<b>458.9</b>
% margin	9.5%	16.4%	8.0%	-1.4%	4.3%	5.7%	6.0%	6.6%	7.0%	7.1%	7.2%	7.1%		7.2%
% change	10.3%	130.1%	-49.8%	nr	nr	31.0%	18.7%	14.7%	9.7%	5.9%	5.1%	4.0%		9.0%
<b>Taxes</b>	<b>-62.7</b>	<b>-144.3</b>	<b>-72.5</b>	<b>13.3</b>	<b>-37.1</b>	<b>-48.6</b>	<b>-57.7</b>	<b>-66.2</b>	<b>-72.6</b>	<b>-76.9</b>	<b>-80.8</b>	<b>-84.1</b>	-	<b>-123.9</b>
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%
<b>NOPLAT</b>	<b>169.5</b>	<b>390.0</b>	<b>196.0</b>	<b>-36.0</b>	<b>100.2</b>	<b>131.3</b>	<b>155.9</b>	<b>178.9</b>	<b>196.2</b>	<b>207.9</b>	<b>218.5</b>	<b>227.3</b>	-	<b>335.0</b>
Depreciation & other provisions	154.8	191.4	208.4	324.1	159.7	148.1	187.0	193.0	191.0	189.0	185.0	182.0		175.0
% sales	6.4%	5.9%	6.2%	9.4%	5.0%	4.7%	5.2%	5.2%	5.0%	4.7%	4.4%	4.2%		2.8%
<b>Gross Operating Cash Flow</b>	<b>324.3</b>	<b>581.5</b>	<b>404.4</b>	<b>288.1</b>	<b>259.9</b>	<b>279.4</b>	<b>342.9</b>	<b>371.9</b>	<b>387.2</b>	<b>396.9</b>	<b>403.5</b>	<b>409.3</b>	-	<b>510.0</b>
Capex	-155.3	-319.7	-276.0	-81.2	-110.3	-412.2	-142.5	-152.5	-160.0	-160.0	-170.0	-175.0		-175.0
% sales	6.4%	9.8%	8.3%	2.3%	3.5%	13.1%	4.0%	4.1%	4.2%	4.0%	4.1%	4.0%		2.8%
Change in Net Working Capital	195.6	-276.9	-175.3	117.9	78.5	-120.3	-80.4	-17.4	-27.8	-42.0	-50.4	-57.1		-75.9
<b>Cash Flow to be discounted</b>	<b>364.6</b>	<b>-15.1</b>	<b>-46.9</b>	<b>324.8</b>	<b>228.18</b>	<b>-253.05</b>	<b>120.04</b>	<b>202.03</b>	<b>199.41</b>	<b>194.91</b>	<b>183.13</b>	<b>177.25</b>	-	<b>259.07</b>

DCF EVALUATION (EUR m)														
WACC						8.83%	8.83%	8.83%	8.83%	8.83%	8.83%	8.83%	-	8.83%
Discount Rate factor						0.97	0.89	0.82	0.75	0.69	0.63	0.58	-	0.25
Discounted Cash Flow						-244.5	106.6	164.8	149.5	134.2	115.9	103.1	-	64.6
<b>Cumulated DCF</b>						<b>-244.5</b>	<b>-137.9</b>	<b>26.9</b>	<b>176.3</b>	<b>310.6</b>	<b>426.5</b>	<b>529.5</b>	-	<b>1,297.8</b>

WACC & DCF ANALYSIS					
<b>Cost of Equity (Ke or COE)</b>	<b>10.45%</b>	<b>Cumulated DCF</b>	<b>1,297.8</b>	<b>- Net Financial Debt</b>	<b>(574.0)</b>
Cost of Debt (gross)	5.4%			+ Associates	312.7
Debt tax rate	27%	<b>Perpetual Growth Rate (g)</b>	<b>0.0%</b>	+ Financial assets	53.2
<b>Cost of Debt net (Kd or COD)</b>	<b>3.94%</b>	Normalised Annual CF	335.0	- Pension underfunding & other	(257.7)
		Terminal Value @ 12/2030	3,795.1	- Minorities (estimated value)	(220.8)
Target gearing (D/(D+E)) or % Kd	25%	Disc. Rate of Terminal Value	0.25		
% Ke	75%	<b>Discounted Terminal Value</b>	<b>946.6</b>	<b>Equity Market Value (EUR m)</b>	<b>1,557.7</b>
<b>Normative Tax Rate</b>	<b>27.0%</b>			Number of shares (m)	60.0
<b>WACC</b>	<b>8.8%</b>	<b>Enterprise Value (EUR m)</b>	<b>2,244.4</b>	<b>12 mth Target price</b>	<b>28.68</b>

Source: Bank Degroof

We continue to believe that it will take time for Bekaert to retrieve a consolidated EBIT margin of about 7.0%. In our model, we have assumed that Bekaert will achieve this target only from FY17 onwards. The impact of the revised scenario on our DCF Target Price is rather immaterial.

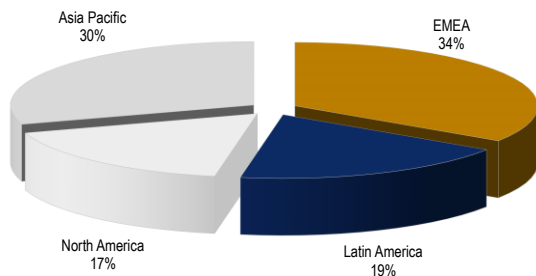


## Bekaert in a nutshell

### Profile:

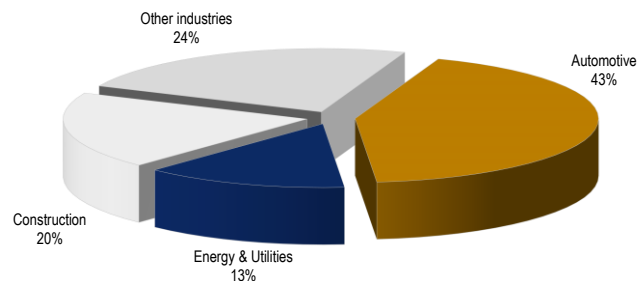
Bekaert is a global market leader in drawn steel wire products and a technological leader in its two core competences: advanced metal transformation and advanced materials and coatings. The group has global market leadership in Dramix® fibers for concrete reinforcement, steel cord for radial tire reinforcement (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 (19% of sales), in EMEA (34% of sales) and in North America (17% of sales). If we add the sales of the associates (mainly Brazilian operations) approximately 70% of sales are generated in growing markets. The automotive sector is the most significant buyer of Bekaert products (43% of sales of which 75% is supplied to the tyres replacement market), followed by the construction markets (20% of sales) and by the energy & utilities-related markets (13% of sales).

2014 consolidated sales geographic breakdown



Source: Bank Degroof estimates

2014 consolidated sales breakdown per end-markets



Source: Bank Degroof estimates

### SWOT

#### Strengths

- Leading market positions in the regions where the group operates
- Technological edge
- Strong exposure towards emerging markets, which account for ca 75% of the sales
- Strong balance sheet and cash flow generation

#### Opportunities

- Upgrade product mix in some regions, like in Latin America
- Expansion in East Asia, in India and in Russia
- Modernisation of the production platforms in North America

#### Weaknesses

- 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

#### Threats

- Currency exposure to Latin and North America as well as in Asia Pacific
- Substitution products for steel cord
- Increased competition in traditional businesses

## 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 has been implemented. The CEO want to shift away from the flexibility of the plants and the autonomy of the plant managers to give more power to the regional staffs and to the businesses platforms, emphasizing clients & markets scale and capacity utilisation, with standardised processes across the group.

## Risk

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

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

- ✓ Raw material price fluctuations;
- ✓ Industry capacity additions
- ✓ 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
13/11/2014	Results	Interim statement	2014Q3
27/02/2015	Results	Full year results	2014FY
13/05/2015	Results	Interim statement	2015Q1
13/05/2015	AGM		FY14
31/07/2015	Results	Interim results	2015H1

Source: Bekaert



## Bekaert: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<b>Sales</b>	<b>3,340</b>	<b>3,460</b>	<b>3,186</b>	<b>3,137</b>	<b>3,582</b>	<b>3,708</b>
Cost of Sales & Operating Costs	-2,863	-3,185	-2,889	-2,809	-3,181	-3,270
Non Recurrent Expenses/Income	0.0	-73.1	-3.0	6.0	-6.0	-6.0
<b>EBITDA</b>	<b>477</b>	<b>275</b>	<b>297</b>	<b>328</b>	<b>401</b>	<b>438</b>
<b>EBITDA (adj.)*</b>	<b>477</b>	<b>348</b>	<b>300</b>	<b>322</b>	<b>407</b>	<b>444</b>
Depreciation	-208	-230	-160	-148	-187	-193
<b>EBITA</b>	<b>268</b>	<b>44.7</b>	<b>137</b>	<b>180</b>	<b>214</b>	<b>245</b>
<b>EBITA (adj.)*</b>	<b>268</b>	<b>118</b>	<b>140</b>	<b>174</b>	<b>220</b>	<b>251</b>
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>268</b>	<b>-49.3</b>	<b>137</b>	<b>180</b>	<b>214</b>	<b>245</b>
<b>EBIT (adj.)*</b>	<b>268</b>	<b>23.8</b>	<b>140</b>	<b>174</b>	<b>220</b>	<b>251</b>
Net Financial Interest	-65.8	-79.1	-63.7	-53.6	-54.9	-54.2
Other Financials	47.3	-2.9	-19.8	-2.0	0.0	0.0
Associates	25.4	10.4	30.2	24.4	25.8	29.1
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>275</b>	<b>-121</b>	<b>84.0</b>	<b>149</b>	<b>184</b>	<b>220</b>
Tax	-68.1	-67.7	-47.9	-52.0	-50.8	-57.2
<i>Tax rate</i>	<i>24.7%</i>	<i>n.m.</i>	<i>57.1%</i>	<i>35.0%</i>	<i>27.5%</i>	<i>26.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-14.6	-6.4	-11.5	-8.0	-18.0	-21.9
<b>Net Profit (reported)</b>	<b>193</b>	<b>-195</b>	<b>24.6</b>	<b>88.7</b>	<b>116</b>	<b>141</b>
<b>Net Profit (adj.)</b>	<b>202</b>	<b>-73.0</b>	<b>45.5</b>	<b>84.3</b>	<b>120</b>	<b>145</b>
<b>CASH FLOW (EURm)</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Cash Flow from Operations before change in NWC	398	321	227	235	316	350
Change in Net Working Capital	-175	118	78.5	-120	-80.4	-17.4
<b>Cash Flow from Operations</b>	<b>223</b>	<b>439</b>	<b>305</b>	<b>115</b>	<b>235</b>	<b>332</b>
Capex	-276	-146	-110	-412	-143	-153
Net Financial Investments	0.0	64.8	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-53.2</b>	<b>358</b>	<b>195</b>	<b>-298</b>	<b>92.6</b>	<b>180</b>
Dividends	-109	-76.7	-55.7	-55.8	-55.8	-59.1
Other (incl. Capital Increase & share buy backs)	-175	-121	-12.8	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>-337</b>	<b>160</b>	<b>126</b>	<b>-353</b>	<b>36.8</b>	<b>121</b>
NOPLAT	188	16.7	98.2	122	154	176
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Net Tangible Assets	1,406	1,346	1,195	1,459	1,415	1,374
Net Intangible Assets (incl. Goodwill)	131	131	131	131	131	131
Net Financial Assets & Other	338	255	245	245	245	245
<b>Total Fixed Assets</b>	<b>1,875</b>	<b>1,732</b>	<b>1,572</b>	<b>1,836</b>	<b>1,792</b>	<b>1,751</b>
Inventories	578	568	539	565	609	630
Trade receivables	828	752	777	784	874	890
Other current assets	182	119	53.3	53.3	53.3	53.3
Cash (-)	-706	-498	-439	-85.4	-122	-243
<b>Total Current Assets</b>	<b>2,294</b>	<b>1,936</b>	<b>1,809</b>	<b>1,488</b>	<b>1,658</b>	<b>1,817</b>
<b>Total Assets</b>	<b>4,169</b>	<b>3,668</b>	<b>3,380</b>	<b>3,324</b>	<b>3,450</b>	<b>3,568</b>
Shareholders Equity	1,694	1,422	1,346	1,374	1,434	1,514
Minority	72.5	182	158	161	174	191
Total Equity	1,766	1,604	1,504	1,535	1,608	1,706
Long term interest bearing debt	918	856	691	691	691	691
Provisions	341	397	359	359	359	359
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Long Term Liabilities</b>	<b>1,259</b>	<b>1,252</b>	<b>1,050</b>	<b>1,050</b>	<b>1,050</b>	<b>1,050</b>
Short term interest bearing debt	648	343	322	322	322	322
Trade payables	291	322	339	251	304	324
Other current liabilities	204	147	166	166	166	166
<b>Total Current Liabilities</b>	<b>1,143</b>	<b>812</b>	<b>827</b>	<b>739</b>	<b>792</b>	<b>812</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4,169</b>	<b>3,668</b>	<b>3,380</b>	<b>3,324</b>	<b>3,450</b>	<b>3,568</b>
<b>Net Capital Employed</b>	<b>2,968</b>	<b>2,701</b>	<b>2,437</b>	<b>2,822</b>	<b>2,857</b>	<b>2,834</b>
<b>Net Working Capital</b>	<b>1,116</b>	<b>998</b>	<b>978</b>	<b>1,098</b>	<b>1,178</b>	<b>1,196</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
<i>Sales growth</i>	<i>2.4%</i>	<i>3.6%</i>	<i>-7.9%</i>	<i>-1.5%</i>	<i>14.2%</i>	<i>3.5%</i>
<b>EBITDA (adj.)* growth</b>	<b>-34.3%</b>	<b>-27.0%</b>	<b>-13.8%</b>	<b>7.3%</b>	<b>26.3%</b>	<b>9.2%</b>
<i>EBITA (adj.)* growth</i>	<i>-49.8%</i>	<i>-56.1%</i>	<i>19.1%</i>	<i>23.9%</i>	<i>26.3%</i>	<i>14.3%</i>
<i>EBIT (adj.)* growth</i>	<i>-49.8%</i>	<i>-91.1%</i>	<i>488.9%</i>	<i>23.9%</i>	<i>26.3%</i>	<i>14.3%</i>



## Bekaert: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Net Profit growth	-48.1%	n.m.	n.m.	85.3%	42.4%	20.9%
EPS adj. growth	-48.1%	n.m.	n.m.	85.3%	42.4%	20.9%
DPS adj. growth	-29.6%	-27.4%	0.0%	0.0%	5.9%	5.0%
EBITDA (adj)* margin	14.3%	10.1%	9.4%	10.3%	11.4%	12.0%
EBITA (adj)* margin	8.0%	3.4%	4.4%	5.5%	6.1%	6.8%
EBIT (adj)* margin	8.0%	0.7%	4.4%	5.5%	6.1%	6.8%
<b>RATIOS</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Net Debt/Equity	0.5	0.4	0.4	0.6	0.6	0.5
Net Debt/EBITDA	1.8	2.5	1.9	2.8	2.2	1.8
Interest cover (EBITDA/Fin.interest)	7.2	3.5	4.7	6.1	7.3	8.1
Capex/D&A	132.4%	45.0%	69.0%	278.4%	76.2%	79.0%
Capex/Sales	8.3%	4.2%	3.5%	13.1%	4.0%	4.1%
NWC/Sales	33.4%	28.8%	30.7%	35.0%	32.9%	32.3%
ROE (average)	12.2%	-4.7%	3.3%	6.2%	8.6%	9.8%
ROCE (adj.)	7.1%	0.7%	4.3%	4.5%	5.6%	6.5%
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%
ROCE (adj.)/WACC	0.8	0.1	0.5	0.5	0.6	0.7
<b>PER SHARE DATA (EUR)***</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Average diluted number of shares	60.0	60.0	60.1	60.1	60.1	60.1
EPS (reported)	3.21	-3.25	0.41	1.48	1.93	2.34
EPS (adj.)	3.36	-1.22	0.76	1.40	2.00	2.42
BVPS	28.24	23.70	22.41	22.88	23.87	25.21
DPS	1.17	0.85	0.85	0.85	0.90	0.95
<b>VALUATION</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
EV/Sales	0.7	0.6	0.7	0.9	0.7	0.7
EV/EBITDA	4.9	7.8	7.6	8.1	6.6	5.8
<b>EV/EBITDA (adj.)*</b>	<b>4.9</b>	<b>6.2</b>	<b>7.5</b>	<b>8.3</b>	<b>6.5</b>	<b>5.7</b>
EV/EBITA	8.8	48.2	16.3	14.8	12.4	10.3
<b>EV/EBITA (adj.)*</b>	<b>8.8</b>	<b>18.3</b>	<b>16.0</b>	<b>15.4</b>	<b>12.0</b>	<b>10.1</b>
EV/EBIT	8.8	n.m.	16.3	14.8	12.4	10.3
<b>EV/EBIT (adj.)*</b>	<b>8.8</b>	<b>90.4</b>	<b>16.0</b>	<b>15.4</b>	<b>12.0</b>	<b>10.1</b>
<b>P/E (adj.)</b>	<b>7.4</b>	<b>n.m.</b>	<b>34.0</b>	<b>19.2</b>	<b>13.5</b>	<b>11.2</b>
P/BV	0.9	0.9	1.1	1.2	1.1	1.1
Total Yield Ratio	5.2%	4.2%	3.4%	3.4%	3.6%	
EV/CE	0.9	0.9	1.0	1.0	1.0	0.9
OpFCF yield	-3.6%	22.3%	12.6%	-18.4%	5.7%	11.1%
OpFCF/EV	-2.3%	13.6%	8.7%	-11.1%	3.5%	7.1%
Payout ratio	36.4%	-26.2%	n.m.	57.6%	46.7%	40.3%
Dividend yield (gross)	4.7%	3.9%	3.2%	3.2%	3.3%	3.5%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2011</b>	<b>12/2012</b>	<b>12/2013</b>	<b>12/2014e</b>	<b>12/2015e</b>	<b>12/2016e</b>
Price** (EUR)	24.79	21.88	25.72	26.96	26.96	26.96
Outstanding number of shares for main stock	60.0	60.0	60.1	60.1	60.1	60.1
<b>Total Market Cap</b>	<b>1,487</b>	<b>1,313</b>	<b>1,545</b>	<b>1,619</b>	<b>1,619</b>	<b>1,619</b>
<b>Net Debt</b>	<b>860</b>	<b>700</b>	<b>574</b>	<b>927</b>	<b>891</b>	<b>770</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-706</i>	<i>-498</i>	<i>-439</i>	<i>-85</i>	<i>-122</i>	<i>-243</i>
<i>o/w Gross Debt (+)</i>	<i>1566</i>	<i>1,198</i>	<i>1,013</i>	<i>1,013</i>	<i>1,013</i>	<i>1,013</i>
<b>Other EV components</b>	<b>4</b>	<b>141</b>	<b>124</b>	<b>123</b>	<b>129</b>	<b>136</b>
<b>Enterprise Value (EV adj.)</b>	<b>2,351</b>	<b>2,154</b>	<b>2,243</b>	<b>2,669</b>	<b>2,639</b>	<b>2,525</b>

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 70% of the "combined" sales.

## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Banca Mps	Bak	Rautaruukki	Poh	Nexans	Cic	Lanson-Bcc	Cic
Airbus Group	Cic	Banco Bradesco	Cbi	Semapa	Cbi	Pkc Group	Poh	Laurent Perrier	Cic
Aviation Latecoere	Cic	Banco Popolare	Bak	Stora Enso	Poh	Rexel	Cic	Ldc	Cic
Bae Systems Plc	Cic	Banco Popular	Bkf	Surteco	Eqb	Schneider Electric Sa	Cic	Lotus Bakeries	Bdg
Carbures Europe Sa	Bkf	Banco Sabadell	Bkf	Talvivaara Mining Co Plc	Poh	Vacon	Poh	Naturex	Cic
Dassault Aviation	Cic	Banco Santander	Bkf	Tubacex	Bkf	Vaisala	Poh	Nutreco	Sns
Finmeccanica	Bak	Bank Of Cyprus	lbg	Upm-Kymmene	Poh	<b>Financial Services</b>	<b>Mem(*)</b>	Olvi	Poh
Lisi	Cic	Bankia	<b>Bkf</b>	<b>Biotechnology</b>	<b>Mem(*)</b>	Ackermans & Van Haaren	Bdg	Parmalat	Bak
Mtu	Eqb	Bankinter	Bkf	4Sc	Eqb	Azimut	Bak	Pernod-Ricard	Cic
Rheinmetall	Eqb	Bbva	Bkf	Bioalliance Pharma	Cic	Banca Generali	Bak	Raisio	Poh
Rolls Royce	Cic	Bcp	Cbi	Cytotools Ag	Eqb	Banca Ifis	Bak	Remy Cointreau	Cic
Safran	Cic	Bes	Cbi	Epigenomics Ag	Eqb	Bb Biotech	Eqb	Sipof	Bdg
Thales	Cic	Bnp Paribas	Cic	Metabolic Explorer	Cic	Binckbank	Sns	Ter Beke	Bdg
Zodiac Aerospace	Cic	Boursorama	Cic	Neovacs	Cic	Bois Sauvage	Bdg	Unilever	Sns
<b>Airlines</b>	<b>Mem(*)</b>	Bper	Bak	Transgene	Cic	Bolsas Y Mercados Espanoles Sa	Bkf	Vidrala	Bkf
Air France Klm	Cic	Bpi	Cbi	Willex	Eqb	Capman	Poh	Vilmorin	Cic
Finnair	Poh	Commerzbank	Eqb	Zeltia	Bkf	Cir	Bak	Viscofan	Bkf
Lufthansa	Eqb	Credem	Bak	<b>Chemicals</b>	<b>Mem(*)</b>	Comdirect	Eqb	Vranken Pommeroy Monopole	Cic
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Credit Agricole Sa	Cic	Air Liquide	Cic	Corp. Financiera Alba	Bkf	Wessanen	Sns
Autoliv	Cic	Creval	Bak	Akzo Nobel	Sns	Deutsche Boerse	Eqb	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>
Bmw	Eqb	Deutsche Bank	Eqb	Basf	Eqb	Deutsche Forfait	Eqb	Ahold	Sns
Brembo	Bak	Eurobank	lbg	Dsm	Sns	Financiere De Tubize	Bdg	Bim	lbg
Continental	Eqb	Garanti Bank	lbg	Evonik	Eqb	Gbl	Bdg	Carrefour	Cic
Daimler Ag	Eqb	Halkbank	lbg	Fuchs Petrolub	Eqb	Gimv	Bdg	Casino Guichard-Perrachon	Cic
Elektrobit Group	Poh	Ing Group	Sns	Henkel	Eqb	Grenkeleasing Ag	Eqb	Colruyt	Bdg
Eiringsklinger	Eqb	Intesa Sanpaolo	Bak	Holland Colours	Sns	Hellenic Exchanges	lbg	Delhaize	Bdg
Faurecia	Cic	Kbc Group	Bdg	K+S Ag	Eqb	Kbc Ancora	Bdg	Dia	Bkf
Fiat	Bak	Mediobanca	Bak	Kemira	Poh	Luxempart	Bdg	Jeronimo Martins	Cbi
Landi Renzo	Bak	National Bank Of Greece	lbg	Lanxess	Eqb	Mlp	Eqb	Kesko	Poh
Leoni	Eqb	Natixis	Cic	Linde	Eqb	Patrizia Ag	Eqb	Marr	Bak
Michelin	Cic	Nordea	Poh	Nanogate Ag	Eqb	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	Metro	Cic
Nokian Tyres	Poh	Piraeus Bank	lbg	Rectical	Bdg	Acomo	Sns	Rallye	Cic
Piaggio	Bak	Postbank	Eqb	Solvay	Bdg	Agrarius Ag	Eqb	Sligro	Sns
Pirelli & C.	Bak	Societe Generale	Cic	Symrise Ag	Eqb	Anheuser-Busch Inbev	Bdg	Sonae	Cbi
Plastic Omnium	Cic	Ubi Banca	Bak	Tessenderlo	Bdg	Atria	Poh		
Plastivaloire	Cic	Unicredit	Bak	Tikkurila	Poh	Baywa	Eqb		
Porsche	Eqb	Yapi Kredi Bank	lbg	Umicore	Bdg	Berentzen	Eqb		
Psa Peugeot Citroen	Cic	<b>Basic Resources</b>	<b>Mem(*)</b>	Wacker Chemie	Eqb	Bonduelle	Cic		
Renault	Cic	Acerinox	Bkf	<b>Electronic &amp; Electrical Equipment</b>	<b>Mem(*)</b>	Campani	Bak		
Sogefi	Bak	Altri	Cbi	Alstom	Cic	Coca Cola Hbc Ag	lbg		
Stern Groep	Sns	Arcelormittal	Bkf	Areva	Cic	Corbion	Sns		
Valeo	Cic	Crown Van Gelder	Sns	Barco	Bdg	Danone	Cic		
Volkswagen	Eqb	Ence	Bkf	Euromicron Ag	Eqb	Ebro Foods	Bkf		
<b>Banks</b>	<b>Mem(*)</b>	Europac	Bkf	Evs	Bdg	Enervit	Bak		
Aareal Bank	Eqb	Metka	lbg	Gemalto	Cic	Fleury Michon	Cic		
Akbank	lbg	Metsä Board	Poh	Ingenico	Cic	Forfarmers	Sns		
Aktia	Poh	Mytilineos	lbg	Jenoptik	Eqb	Greenyard Foods	Bdg		
Alpha Bank	lbg	Nyrstar	Bdg	Kontron	Eqb	Heineken	Sns		
Banca Carige	Bak	Outokumpu	Poh	Legrand	Cic	Hksan	Poh		
Banca Etruria	Bak	Portucel	Cbi	Neways Electronics	Sns	Ktg Agrar	Eqb		

<b>General Industrials</b>	<b>Mem(*)</b>								
2G Energy	EQB	Korian-Medica	CIC	Emak	BAK	Mapfre Sa	BKF	Thermador Groupe	CIC
Aalberts	EQB	Laboratorios Rovi	BKF	Exel Composites	POH	Mediolanum	BAK	Titan Cement	IBG
Accell Group	SNS	Merck	EQB	Faiveley	CIC	Munich Re	EQB	Trevi	BAK
Ahlstrom	SNS	Novartis	CIC	Gea Group	EQB	Sampo	POH	Uponor	POH
Analytik Jena	POH	Oriola-Kd	POH	Gesco	EQB	Talanx Group	EQB	Uzin Utz	EQB
Arcadis	EQB	Orion	POH	Haulotte Group	CIC	Unipol	BAK	Vbh Holding	EQB
Aspo	SNS	Orpea	CIC	Heidelberger Druck	EQB	Unipolsai	BAK	Vicat	CIC
Bekaert	POH	Recordati	BAK	Ima	BAK	Zurich Financial Services	BAK	Vinci	CIC
Evolis	BDG	Rhoen-Klinikum	EQB	Interpump	BAK	<b>Materials, Construction &amp; Infrastructure</b>	<b>Mem(*)</b>	Yit	POH
Frigoglass	CIC	Roche	CIC	Kone	POH	Abertis	BKF	<b>Media</b>	<b>Mem(*)</b>
Huhtamäki	IBG	Sanofi	CIC	Konecranes	POH	Acs	BKF	Ad Pepper	EQB
Kendrion	POH	Sorin	BAK	Krones Ag	EQB	Adp	CIC	Alma Media	POH
Mifa	SNS	Stallergenes	CIC	Kuka	EQB	Astaldi	BAK	Brill	SNS
Nedap	EQB	Ucb	BDG	Man	EQB	Atlantia	BAK	Cofina	CBI
Neopost	SNS	<b>Hotels, Travel &amp; Tourism</b>	<b>Mem(*)</b>	Manitou	CIC	Ballast Nedam	SNS	Editoriale L'Espresso	BAK
Pöyry	CIC	Accor	CIC	Max Automation Ag	EQB	Bilfinger Se	EQB	GI Events	CIC
Prelios	POH	Autogrill	BAK	Metso	POH	Boskalis Westminster	SNS	Havas	CIC
Saf-Holland	BAK	Beneteau	CIC	Outotec	POH	Buzzi Unicem	BAK	Impresa	CBI
Saft	EQB	Compagnie Des Alpes	CIC	Pfeiffer Vacuum	EQB	Caverion	POH	Ipsos	CIC
Siegfried Holding Ag	CIC	Gtech	BAK	Ponssé	POH	Cfe	BDG	Jcdecoux	CIC
Tkh Group	EQB	IGrandi Viaggi	BAK	Prima Industrie	BAK	Ciments Français	CIC	Kinopolis	BDG
Wendel	SNS	Ibersol	CBI	Prysman	BAK	Cramo	POH	Lagardere	CIC
<b>General Retailers</b>	CIC	Intralot	IBG	Reesink	SNS	Deceuninck	BDG	M6-Metropole Television	CIC
Beter Bed Holding	<b>Mem(*)</b>	Melia Hotels International	BKF	Sabaf	BAK	Eiffage	CIC	Mediaset	BAK
D'leteren	SNS	Nh Hotel Group	BKF	Singulus Technologies	EQB	Ellaktor	IBG	Nextradiotv	CIC
Fielmann	BDG	Opap	IBG	Smt Scharf Ag	EQB	Ezentis	BKF	Notorious Pictures	BAK
Folli Follie Group	EQB	Snowworld	SNS	Ten Cate	SNS	Fcc	BKF		
Fourlis Holdings	IBG	Sonae Capital	CBI	Valmet	POH	Ferrovia	BKF		
Inditex	IBG	Trigano	CIC	Vossloh	EQB	Fraport	EQB		
Jumbo	BKF	Tui	EQB	Wärtsilä	POH	Grontmij	SNS		
Macintosh	IBG	Wdf	BAK	Zardoya Otis	BKF	Grupo San Jose	BKF		
Rapala	SNS	<b>Household Goods</b>	<b>Mem(*)</b>	<b>Industrial Transportation</b>	<b>Mem(*)</b>	Heijmans	SNS		
Stockmann	POH	Bic	CIC	Bollore	CIC	Hochtief	EQB		
<b>Healthcare</b>	POH	De Longhi	BAK	Bpost	BDG	Holcim Ltd	CIC		
Ab-Biotics	BAK	Indesit	BAK	Caf	BKF	Imerys	CIC		
Almirall	BKF	Seb Sa	CIC	Ctt	CBI	Italcementi	BAK		
Amplifon	BAK	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Deutsche Post	EQB	Joyou Ag	EQB		
Bayer	BAK	Accsys Technologies	SNS	Hes Beheer	SNS	Lafarge	CIC		
Biomerieux	EQB	Aixtron	EQB	Hhla	EQB	Lemminkäinen	POH		
Biotest	CIC	Ansaldo Sts	BAK	Logwin	EQB	Maire Tecnimont	BAK		
Celesio	EQB	Bauer Ag	EQB	Postnl	SNS	Mota Engil	CBI		
Diasorin	EQB	Biesse	BAK	Tnt Express	SNS	Obrascon Huarte Lain	BKF		
Draegerwerk	BAK	Cargotec Corp	POH	<b>Insurance</b>	<b>Mem(*)</b>	Ramirent	POH		
Espirito Santo Saude	EQB	Cnh Industrial	BAK	Aegon	SNS	RoyalBam Group	SNS		
Faes Farma	CBI	Danieli	BAK	Ageas	BDG	Sacyr	BKF		
Fresenius	BKF	Datalogic	BAK	Allianz	EQB	Saint Gobain	CIC		
Fresenius Medical Care	EQB	Delclima	BAK	Axa	CIC	Salini Impregilo	BAK		
Gerresheimer Ag	EQB	Deutz Ag	EQB	Delta Lloyd	SNS	Sias	BAK		
Grifols Sa	EQB	Dmg Mori Seiki Ag	EQB	Generali	BAK	Sonae Industria	CBI		
	BKF	Duro Felguera	BKF	Hannover Re	EQB	Srv	POH		

<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Banimmo	BDG	Ict Automatisering	SNS	Jazztel	BKF
Eni	BAK	Befimmo	BDG	Indra Sistemas	BKF	Kpn Telecom	SNS
Galp Energia	CBI	Beni Stabili	BAK	Novabase	CBI	Mobistar	BDG
Gas Plus	BAK	Citycon	POH	Ordina	SNS	Numericable	CIC
Hellenic Petroleum	IBG	Cofinimmo	BDG	Psi	EQB	Orange	CIC
Maurel Et Prom	CIC	Corio	BDG	Realdolmen	BDG	Ote	IBG
Motor Oil	IBG	Deutsche Euroshop	EQB	Reply	BAK	Ses	CIC
Neste Oil	POH	Home Invest Belgium	BDG	Rib Software	EQB	Telecom Italia	BAK
Petrobras	CBI	Igd	BAK	Seven Principles Ag	EQB	Telefonica	BKF
Qgep	CBI	Interinvest Offices & Warehouses	BDG	Tie Kinetix	SNS	Telenet Group	BDG
Repsol	BKF	Leasinvest Real Estate	BDG	Tieto	POH	Teliasoona	POH
Total	CIC	Montea	BDG	Tomtom	SNS	Tiscali	BAK
<b>Oil Services</b>	<b>Mem(*)</b>	Realia	BKF	Wincor Nixdorf	EQB	Turkcell	IBG
Bourbon	CIC	Retail Estates	BDG	<b>Support Services</b>	<b>Mem(*)</b>	United Internet	EQB
Cgg	CIC	Sponda	POH	Batenburg	SNS	Vodafone	BAK
Fugro	SNS	Technopolis	POH	Brunel	SNS	Zon Optimus	CBI
Saipem	BAK	Unibail-Rodamco	BDG	Bureau Veritas S.A.	CIC	<b>Utilities</b>	<b>Mem(*)</b>
Technip	CIC	Vastned Retail	BDG	Dpa	SNS	A2A	BAK
Tecnicas Reunidas	BKF	Vastned Retail Belgium	BDG	Edenred	CIC	Acciona	BKF
Tenaris	BAK	Vib Vermoegen	EQB	Ei Towers	BAK	Acea	BAK
Vallourec	CIC	Wdp	BDG	Fiera Milano	BAK	Albioma	CIC
Vopak	SNS	Wereldhave Belgium	BDG	Imtech	SNS	Direct Energie	CIC
<b>Personal Goods</b>	<b>Mem(*)</b>	<b>Renewable Energy</b>	<b>Mem(*)</b>	Lassila & Tikanoja	POH	E.On	EQB
Adidas	EQB	Daldrup & Soehne	EQB	Randstad	SNS	Edp	CBI
Alder Modemaerkte	EQB	Deutsche Biogas	EQB	Usg People	SNS	Edp Renováveis	CBI
Amer Sports	POH	Enel Green Power	BAK	<b>Technology Hardware &amp; Equipment</b>	<b>Mem(*)</b>	Elia	BDG
Basic Net	BAK	Gamesa	BKF	Alcatel-Lucent	CIC	Enagas	BKF
Beiersdorf	EQB	<b>Software &amp; Computer Services</b>	<b>Mem(*)</b>	Asm International	SNS	Endesa	BKF
Christian Dior	CIC	Affecto	POH	Asml	SNS	Enel	BAK
Geox	BAK	Akka Technologies	CIC	Besi	SNS	Falck Renewables	BAK
Gerry Weber	EQB	Alten	CIC	Ericsson	POH	Fluxys Belgium	BDG
Hermes Intl.	CIC	Altran	CIC	Gigaset	EQB	Fortum	POH
Hugo Boss	EQB	Amadeus	BKF	Nokia	POH	Gas Natural Fenosa	BKF
Interparfums	CIC	Atos	CIC	Okmetic	POH	Hera	BAK
Kering	CIC	Basware	POH	Roodmicrotec	SNS	Iberdrola	BKF
Luxottica	BAK	Bull	CIC	Slm Solutions	EQB	Iren	BAK
Lvmh	CIC	Cenit	EQB	Stmicroelectronics	BAK	Public Power Corp	IBG
Marimekko	POH	Comptel	POH	Suess Microtec	EQB	Red Electrica De Espana	BKF
Puma	EQB	Digia	POH	Teleste	POH	Ren	CBI
Richemont	CIC	Docdata	SNS	<b>Telecommunications</b>	<b>Mem(*)</b>	Rwe	EQB
Safilo	BAK	Ekinops	CIC	Acotel	BAK	Snam	BAK
Salvatore Ferragamo	BAK	Engineering	BAK	Belgacom	BDG	Terna	BAK
Sarantis	IBG	Esi Group	CIC	Bouygues	CIC		
Swatch Group	CIC	Exact Holding Nv	SNS	Deutsche Telekom	EQB		
Tod'S	BAK	Exprivia	BAK	Drillisch	EQB		
Zucchi	BAK	F-Secure	POH	Elisa	POH		
<b>Real Estate</b>	<b>Mem(*)</b>	Gameloft	CIC	Eutelsat Communications Sa	CIC		
Aedifica	BDG	Gft Technologies	EQB	Freenet	EQB		
Ascencio	BDG	Guillemot Corporation	CIC	Gowex	BKF		
Atenor	BDG	I:Fao Ag	EQB	Iliad	CIC		

LEGEND: BAK: Banca Akros; BDG: Bank Degroof; BKF: Beka Finance; CIC: CM CIC Securities; CBI: Caixa-Banca de Investimento; EQB: Equinet bank; IBG: Investment Bank of Greece; POH: Pohjola Bank; SNS: SNS Securities  
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(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

## 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**.

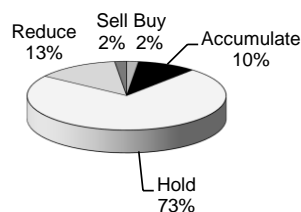
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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.

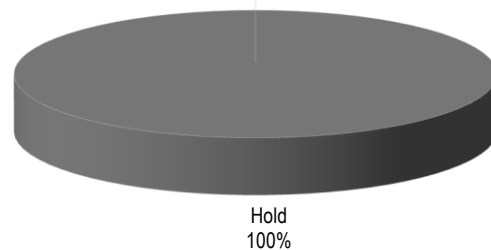
### Meaning of each recommendation or rating:

- **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.
- **Reduce:** the stock is expected to generate total return of **0% to -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 partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

### Bank Degroef Ratings Breakdown



### Bank Degroef Ratings Breakdown for companies with conflicts of interest

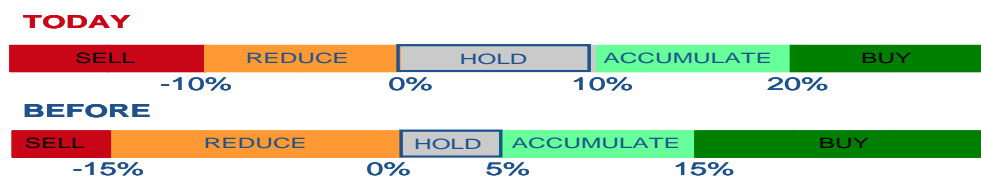


### History of ESN Recommendation System

**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
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
03-Feb-12	Hold	28.00	27.64
15-Dec-11	Hold	30.00	25.98

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)



### Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, Connect Group, D'Ieteren, Eckert-Ziegler, Elia, Gimv, Greenyard Foods, Home Invest Belgium, Kinopolis, Leasinvest Real Estate, Luxempart, Montea, Realco, Resilux, Roularta, Sapec, Ter Beke, Van de Velde and Vastned Retail Belgium.

### Bank Degroof holds a significant stake in:

Fountain.

### Bank Degroof board members and employees hold mandates in the following listed companies:

Aedifica, Atenor Group, Barco, Brederode, Cofinimmo, D'Ieteren, Elia, Floridienne, Sapec, Sipef, Ter Beke and Zetes.

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