



18 November 2014

Investment Research

Hold

Recommendation unchanged

Share price: EUR 27.04

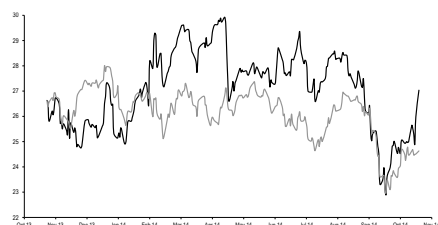
closing price as of 17/11/2014

Target price: EUR 29.00

Target Price unchanged

Reuters/Bloomberg	BEKB.BR/BEKB.BB
Daily avg. no. trad. sh. 12 mth	158,253
Daily avg. trad. vol. 12 mth (m)	4,265.31
Price high 12 mth (EUR)	29.93
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	14.5%
Abs. perf. 3 mth	-1.2%
Abs. perf. 12 mth	0.1%
Market capitalisation (EURm)	1,624
Current N° of shares (m)	60
Free float	61%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	3,186	3,226	3,651
EBITDA (m)	297	334	405
EBITDA margin	9.3%	10.3%	11.1%
EBIT (m)	137	186	218
EBIT margin	4.3%	5.8%	6.0%
Net Profit (adj.)(m)	45	89	121
ROCE	4.3%	5.1%	5.6%
Net debt/(cash) (m)	574	701	936
Net Debt Equity	0.4	0.5	0.6
Net Debt/EBITDA	1.9	2.1	2.3
Int. cover(EBITDA/Fin.int)	4.7	6.3	7.5
EV/Sales	0.7	0.8	0.7
EV/EBITDA	7.6	7.4	6.7
EV/EBITDA (adj.)	7.5	7.5	6.6
EV/EBIT	16.5	13.3	12.4
P/E (adj.)	34.0	18.2	13.5
P/BV	1.1	1.2	1.1
OpFCF yield	12.6%	-4.4%	-11.1%
Dividend yield	3.1%	3.1%	3.3%
EPS (adj.)	0.76	1.48	2.01
BVPS	22.41	22.97	23.99
DPS	0.85	0.85	0.90



Shareholders: Bekaert Fam. & Rel. 39%;

For company description please see summary table footnote

Momentum improved in the Americas

The improving momentum in the Americas was the main noticeable element of the 3Q14 reporting. North American operations showed significant volume pick up in 3Q14 after a subdued first half. In Latin America, while volumes were globally weak again, Bekaert succeeded to pass on higher selling prices on better volume in some countries and on lower import pressures from Asia. This is encouraging because in Latin America ex Brazil Bekaert starts to observe demand revival in its main markets.

EMEA and Asia Pacific performed in line with expectations. Bekaert perceives a weakening industrial demand in China in 4Q14 and continued price erosion in the tire markets. The uncertainty regarding the outcome of the anti-dumping investigations in the USA is also a source of concern.

We welcome the improving momentum in the Americas. Nevertheless we continue to estimate that as long as strong price pressures persist in Asia Pacific it will be difficult for Bekaert to retrieve its 7.0% targeted EBIT margin. After the recent rally, we keep our neutral stance on the share.

Our analysis: 3Q14 consolidated sales stood at EUR 814m, above our (EUR 775m) and consensus (EUR 794m) estimates. Better sales came from the Americas, while EMEA and Asia Pacific regions recorded sales growth in line with expectations.

Globally, the organic growth was up 5.6% in 3Q14, which implies an acceleration after the 2.6% recorded in 1H14. This performance was achieved thanks to higher volume sold (+3.6%) and a positive price/mix effect (+4.4%), the latter being mainly driven by Latin America. The wire rod price trend and FX had negative impacts of 2.5% and 1.8% respectively, whereas acquisitions added 0.8% to the sales growth. Hence, consolidated sales came in up 5.3% at EUR 814m.

Sales (EURm)	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14 A	3Q14e	CSS
EMEA	260	272	259	249	1,040	275	280	264	265	268
% change	-10.3%	1.9%	2.4%	6.3%	-0.4%	5.8%	2.9%	1.9%	2.3%	3.5%
North America	146	149	129	124	548	139	142	140	131	135
% change	-17.0%	-14.9%	-22.3%	-12.7%	-16.8%	-4.8%	-4.7%	8.5%	1.6%	4.7%
Latin America	176	176	144	149	645	141	154	163	134	146
% change	-10.7%	-12.0%	-32.1%	-26.6%	-20.6%	-19.9%	-12.5%	13.2%	-6.9%	1.4%
Asia Pacific	216	254	241	242	953	226	252	247	245	245
% change	-6.9%	3.3%	3.0%	3.9%	0.8%	4.6%	-0.8%	2.5%	1.7%	1.7%
Consolidated sales	798	851	773	764	3,186	781	828	814	775	794
% change	-10.8%	-4.2%	-10.6%	-6.0%	-7.9%	-2.1%	-2.7%	5.3%	0.3%	2.7%
Combined sales	1,036	1,104	1,003	969	4,111	989	1,044	1,029	1,010	na
% change	-8.7%	-2.7%	-9.3%	-5.6%	-6.3%	-4.5%	0.8%	2.6%	0.7%	

Sources : Bekaert / Bank Degroof estimates / CSS = consensus computed by Bekaert (07/11/2014)

EMEA remained in a growing mode in 3Q14, although at a slower pace than in the two previous quarters. This was due to lower demand from the automotive and the construction industries. Organically, sales were up 3.5% y-o-y in 3Q14, after +3.9% in 2Q14 and +8.0% in 1Q14. Volume growth was still strong in 3Q14 (+4.3%), but this was partially compensated by a -0.9% wire rod price effect. The price/mix remained slightly positive (+0.2%). There was no surprise here and the EUR 264m sales recorded in 3Q14 were largely in line with expectations.

Analyst(s): Bernard Hanssens +32 (0) 2 287 9689 bernard.hanssens@degroof.be

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

North American operations performed better than assumed, with sales up 8.5% at EUR 140m. Volume pick up was largely ahead of expectations (+9.6% y-o-y). This was the first nice surprise of the 3Q14 reporting.

Bekaert highlighted the better demand from the automotive and construction markets. The tire cord activity also benefited from lower tires imports from China. We believe this was due to the antidumping duty risk. This provided a support to the local production.

In **Latin America**, sales jumped 13.2% to EUR 163m, largely ahead expectations. This was the second good news of the 3Q14 trading update.

The organic growth was impressive (up 9.3%) as Bekaert succeeded to pass on higher selling prices on better volume in some countries and on lower import pressures from Asia. Globally however, volumes were still under deep pressure (-6.9%; versus -5.5% in 1H14), mainly due to the Venezuelan operations. Outside Venezuela, Bekaert mentioned that volumes showed first signs of revival. The top line growth also benefited from the acquisitions in Costa Rica and Brazil (positive impact of 7.4% versus 3Q13). However, this was nearly fully offset by further negative foreign exchange developments in 3Q14 (-6.9% y-o-y).

In **Asia Pacific**, sales were up 2.5% y-o-y, in line with estimates. This positive trend was supported by good volume growth (+8.8%) and less penalising FX impacts (-0.4%). Hence, there was a fierce price environment in 3Q14 (impact of above -6%).

In tire cords, the competition remained strong across the region and sales prices decrease more rapidly than the wire rod price, we guess. The mix improved somewhat because the sawing wire activity regained some ground. Indeed, it is our understanding that volume revival in sawing wire continued in 3Q14 and now one of the three factories is fully used, while a second one is running at 50%. The activity started to positively contribute to the earnings (although, still modestly) but selling prices remained low due to the still important overcapacity within this industry.

Cash generation was negative in 3Q14, with net financial debt growing to EUR 717m on September 30 from EUR 673m on June 30. The sequential increase was due to higher inventory needs because an important wire rod supplier has a prolonged maintenance shutdown. On top of that Bekaert acquired new shares for EUR 43m during the period and there was a EUR 35m negative FX impact in 3Q14.

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

M&A update: some delay in the acquisition of Pirelli's tire cord assets

Regarding the acquisition of **Pirelli's** steel cords assets, Bekaert received the green lights from the EC and Brazil. The company is still waiting for the approval of the Turkish authorities. The latter announced an extension of the competition review of the proposed deal regarding the factory of Pirelli in Izmit. It seems that there is no formal deadline for this phase II investigation process. The process can takes months. As a result, Bekaert does no longer anticipate a deal closing by year-end.

So far we had assumed an integration of the Pirelli's assets as from 31/12/2014. Hence, there is no impact of these prolonged investigations on our FY14 P&L estimates. At the balance sheet level, we have to postpone the payment to Pirelli in FY15.

Outlook

In **China**, Bekaert perceives a weakening industrial demand and continued price erosion in tire markets. The initiation of the US antidumping investigations on imports of certain passenger vehicle and light truck tires from China was announced in mid-July. It seems that this announcement already weighted on the volume of tires exported from China towards the USA in 3Q14. This is because of the fines retroactivity risks if antidumping measures should be taken. This is set to continue in the coming months. We recall that in October 9, The US Department of Commerce has postponed the preliminary determination of the antidumping duty investigation to January 20, 2015 (instead of December 1, 2014), because of the “extraordinary complexity of the case”. Beyond the tire cord specificity in China, Bekaert anticipates an overall slowdown of demand in the key industrial markets served in Asia Pacific.

Regarding **EMEA**, Bekaert anticipates a moderate slowdown in the European tire markets (already observed in 3Q14, but let's us recall that 1H14 was particularly strong) and an impact of the usual seasonal effects at year-end.

For **North America**, Bekaert projects 4Q14 demand to remain stable in the key sectors and with the usual year-end slowdown.

After having regaining some ground in 3Q14, mainly thanks to the implementation of price increases and acquisitions, Bekaert expects the **Latin America** region to confirm in 4Q14 the upward trend initiated during the summer.

Earnings revisions

We have adjusted our model slightly upwards, post the stronger than anticipated sales recorded in 3Q14. We mainly adjusted our FY14 estimates (primarily in Latin America) and kept our FY15-16 forecasts roughly unchanged. Note that the FY15 will be subjected to adjustments, depending of the timing of the Turkish competition review. We recall that in our model the Pirelli's tire cord assets are integrated as from 01/01/2015.

Bekaert: estimates review (in EUR m)	2013	2014e		2015e		2016e	
	Actual	old	new	old	new	old	new
Sales	3,186	3,137	3,226	3,582	3,651	3,708	3,780
% change			2.8%		1.9%		1.9%
EBITDA	297.0	328.0	333.7	400.6	404.7	438.1	443.2
			1.7%		1.0%		1.2%
Rebit	165.9	173.9	179.6	219.6	222.7	251.1	255.2
margin (%)	5.2%	5.5%	5.6%	6.1%	6.1%	6.8%	6.8%
% change			3.3%		1.4%		1.7%
-EMEA	88.0	111.0	111.0	134.0	133.6	134.5	134.1
% change			0.0%		-0.3%		-0.3%
-North America (NA)	19.0	22.3	23.3	26.0	27.1	29.6	30.9
% change			4.5%		4.3%		4.3%
-Latin America (LA)	44.0	24.2	26.0	34.3	36.7	46.9	50.3
% change			7.2%		7.1%		7.1%
-Asia Pacific (AP)	77.0	80.3	83.3	90.2	90.2	105.0	105.0
% change			3.7%		0.0%		0.0%
- Corporate	-62.1	-64.0	-64.0	-65.0	-65.0	-65.0	-65.0
% change			0.0%		0.0%		0.0%
EBIT	137	180	186	214	218	245	250
margin (%)		5.7%	5.8%	6.0%	6.0%	6.6%	6.6%
Financial results	-84	-56	-55	-55	-54	-54	-55
Associates	30	24	22	26	24	29	27
Net result (group)	25	89	93	116	117	141	142
% change			5.4%		1.2%		0.9%
Net current result (group)	45	84	89	120	121	145	146
% change			5.7%		0.6%		0.4%
Adj. EPS (in EUR)	0.76	1.40	1.48	2.00	2.01	2.41	2.42
% change			5.7%		0.6%		0.4%

Sources : Bekaert / Bank Degroof estimates

DCF valuation

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	-	2030
Net Sales	2,437.0	3,263.0	3,340.2	3,460.0	3,185.6	3,226.1	3,651.0	3,779.6	3,922.4	4,082.8	4,258.9	4,443.7	-	6,487.9
% change	-8.5%	33.9%	2.4%	3.6%	-7.9%	1.3%	13.2%	3.5%	3.8%	4.1%	4.3%	4.3%	-	3.9%
EBITDA	367.0	725.7	476.8	274.8	297.0	333.7	404.7	443.2	461.5	478.7	488.1	491.1	-	634.9
% margin	15.9%	22.2%	14.3%	7.9%	9.3%	10.3%	11.1%	11.7%	11.8%	11.7%	11.5%	11.1%	-	9.8%
% change	-6.2%	87.5%	-34.3%	-42.4%	8.1%	12.3%	21.3%	9.5%	4.1%	3.7%	2.0%	0.6%	-	7.0%
Depreciation & other non-cash	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%	4.6%	5.1%	5.1%	4.9%	4.6%	4.3%	4.1%	-	2.7%
EBITA	232.2	534.3	268.4	-49.3	137.3	185.6	217.7	250.2	270.5	289.7	303.1	309.1	-	459.9
% margin	9.5%	16.4%	8.0%	-1.4%	4.3%	5.8%	6.0%	6.6%	6.9%	7.1%	7.1%	7.0%	-	7.1%
% change	10.3%	130.1%	-49.8%	nr	nr	35.2%	17.3%	14.9%	8.1%	7.1%	4.6%	2.0%	-	9.1%
Taxes	-62.7	-144.3	-72.5	13.3	-37.1	-50.1	-58.8	-67.6	-73.0	-78.2	-81.8	-83.5	-	-124.2
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	100.2	135.5	158.9	182.7	197.5	211.5	221.3	225.6	-	335.7
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%	4.6%	5.1%	5.1%	4.9%	4.6%	4.3%	4.1%	-	2.7%
Gross Operating Cash Flow	324.3	581.5	404.4	288.1	259.9	283.6	345.9	375.7	388.5	400.5	406.3	407.6	-	510.7
Capex	-155.3	-319.7	-276.0	-81.2	-110.3	-202.0	-397.5	-152.5	-160.0	-160.0	-170.0	-175.0	-	-175.0
% sales	6.4%	9.8%	8.3%	2.3%	3.5%	6.3%	10.9%	4.0%	4.1%	3.9%	4.0%	3.9%	-	2.7%
Change in Net Working Capital	195.6	-276.9	-175.3	117.9	78.5	-109.6	-99.4	-13.5	-27.7	-48.2	-44.4	-57.3	-	-76.1
Cash Flow to be discounted	364.6	-15.1	-46.9	324.8	228.18	-27.97	-150.87	209.75	200.82	192.35	191.96	175.41	-	259.65

DCF EVALUATION (EUR m)														
WACC						8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	8.82%	-	8.82%
Discount Rate factor						0.99	0.91	0.84	0.77	0.71	0.65	0.60	-	0.26
Discounted Cash Flow						-27.7	-137.2	175.3	154.2	135.7	124.5	104.5	-	66.4
Cumulated DCF						-27.7	-164.9	10.4	164.6	300.3	424.8	529.3	-	1,313.4

WACC & DCF ANALYSIS					
Cost of Equity (Ke or COE)	10.55%	Cumulated DCF	1,313.4	- Net Financial Debt	(574.0)
Cost of Debt (gross)	5.0%			+ Associates	292.7
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	335.7	- Pension underfunding & other	(257.7)
		Terminal Value @ 12/2030	3,805.5	- Minorities (estimated value)	(220.8)
Target gearing (D/(D+E)) or % Kd	25%	Disc. Rate of Terminal Value	0.26		
% Ke	75%	Discounted Terminal Value	972.9	Equity Market Value (EUR m)	1,579.7
Normative Tax Rate	27.0%			Number of shares (m)	60.0
WACC	8.8%	Enterprise Value (EUR m)	2,286.4	12 mth Target price	29.10

Source: Bank Degroof

The impact of the revised scenario on our DCF Target Price is rather immaterial.

Although 3Q14 showed significant improvement in the North American profitability and more recently some signs indicating that the activity bottoming out in Latin America, 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.

Bekaert: Mid-term scenario

Bekaert								
Key figures (EUR m)	2010	2011	2012	2013	2014e	2015e	2016e	2017e
Combined sales	4,470.0	4,599.1	4,387.0	4,111.0	4,049.4	4,514.7	4,687.0	4,876.0
Consolidated sales	3,263.0	3,340.2	3,460.0	3,185.6	3,226.1	3,651.0	3,779.6	3,922.4
-EMEA	1,066.0	1,169.1	1,044.0	1,039.6	1,072.7	1,298.1	1,326.3	1,352.8
-North America	638.0	665.0	659.0	548.0	556.9	589.8	604.5	619.6
-Latin America	311.0	372.0	812.0	645.0	622.4	734.4	763.8	798.2
-Asia Pacific	1,248.0	1,134.0	945.0	953.0	974.0	1,028.8	1,085.0	1,151.8
EBITDA	725.7	476.8	274.8	297.0	333.7	404.7	443.2	461.5
Margin	22.2%	14.3%	7.9%	9.3%	10.3%	11.1%	11.7%	11.8%
-EMEA¹	144.0	117.0	68.0	133.0	163.0	195.6	199.1	191.1
Margin	13.5%	10.0%	6.5%	12.8%	15.2%	15.1%	15.0%	14.1%
-North America (NA)	50.0	46.0	39.0	22.0	34.3	36.1	39.9	47.4
Margin	7.8%	6.9%	5.9%	4.0%	6.2%	6.1%	6.6%	7.7%
-Latin America (LA)	39.0	47.6	100.0	64.0	36.1	62.7	76.3	90.2
Margin	12.5%	12.8%	12.3%	9.9%	5.8%	8.5%	10.0%	11.3%
-Asia Pacific (AP)	560.0	346.4	172.0	153.0	164.3	175.2	193.0	197.9
Margin	44.9%	30.5%	18.2%	16.1%	16.9%	17.0%	17.8%	17.2%
-Corporate	-67.3	-80.2	-104.2	-75.0	-64.0	-65.0	-65.0	-65.0
Rebit	562.5	280.9	117.8	165.9	179.6	222.7	255.2	285.5
Margin	17.2%	8.4%	3.4%	5.2%	5.6%	6.1%	6.8%	7.3%
-EMEA	95.0	66.0	63.0	88.0	111.0	133.6	134.1	132.1
Margin	8.9%	5.6%	6.0%	8.5%	10.3%	10.3%	10.1%	9.8%
-North America	34.0	32.0	30.0	19.0	23.3	27.1	30.9	38.4
Margin	5.3%	4.8%	4.6%	3.5%	4.2%	4.6%	5.1%	6.2%
-Latin America	26.0	35.0	64.0	44.0	26.0	36.7	50.3	65.2
Margin	8.4%	9.4%	7.9%	6.8%	4.2%	5.0%	6.6%	8.2%
-Asia Pacific	471.0	224.0	37.0	77.0	83.3	90.2	105.0	114.9
Margin	37.7%	19.8%	3.9%	8.1%	8.5%	8.8%	9.7%	10.0%
-Corporate	-63.5	-76.1	-76.2	-62.1	-64.0	-65.0	-65.0	-65.0
Operating result	534.3	268.4	-49.3	137.3	185.6	217.7	250.2	270.5
Margin	16.4%	8.0%	-1.4%	4.3%	5.8%	6.0%	6.6%	6.9%
Financial result	-32.4	-18.5	-82.0	-83.5	-54.7	-54.1	-54.6	-53.1
Current result before tax	501.9	249.9	-131.2	53.7	130.9	163.5	195.6	217.4
Income tax	-139.5	-68.1	-67.7	-47.9	-52.0	-52.3	-58.7	-65.2
Tax rate	27.8%	27.3%	-51.6%	89.2%	39.7%	32.0%	30.0%	30.0%
Results of associates	36.1	25.4	10.4	30.2	22.5	23.7	26.8	30.2
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consolidated profit	398.5	207.2	-188.6	36.1	101.4	134.9	163.8	182.4
Minority interest	30.9	14.6	6.4	11.5	8.0	18.0	21.8	24.3
Group's share in net result	367.7	192.6	-194.9	24.6	93.4	116.9	141.9	158.0
Group's net current result	388.8	201.7	-73.0	45.5	89.0	120.6	145.6	169.0
EPS (EUR)	6.13	3.21	-3.25	0.41	1.55	1.95	2.36	2.63
EPS Adj. (EUR)	6.48	3.36	-1.22	0.76	1.48	2.01	2.42	2.81

Sources : Bekaert / Bank Degroof estimates



Bekaert: Summary tables

PROFIT & LOSS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Sales	3,340	3,460	3,186	3,226	3,651	3,780
Cost of Sales & Operating Costs	-2,863	-3,185	-2,889	-2,892	-3,246	-3,336
Non Recurrent Expenses/Income	0.0	-73.1	-3.0	6.0	-5.0	-5.0
EBITDA	477	275	297	334	405	443
EBITDA (adj.)*	477	348	300	328	410	448
Depreciation	-208	-230	-160	-148	-187	-193
EBITA	268	44.7	137	186	218	250
EBITA (adj)*	268	118	140	180	223	255
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	268	-49.3	137	186	218	250
EBIT (adj.)*	268	23.8	140	180	223	255
Net Financial Interest	-65.8	-79.1	-63.7	-52.7	-54.1	-54.6
Other Financials	47.3	-2.9	-19.8	-2.0	0.0	0.0
Associates	25.4	10.4	30.2	22.5	23.7	26.8
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	275	-121	84.0	153	187	222
Tax	-68.1	-67.7	-47.9	-52.0	-52.3	-58.7
<i>Tax rate</i>	<i>24.7%</i>	<i>n.m.</i>	<i>57.1%</i>	<i>33.9%</i>	<i>27.9%</i>	<i>26.4%</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	-21.8
Net Profit (reported)	193	-195	24.6	93.4	117	142
Net Profit (adj.)	202	-73.0	45.5	89.0	121	146
CASH FLOW (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Cash Flow from Operations before change in NWC	398	321	227	240	317	351
Change in Net Working Capital	-175	118	78.5	-110	-99.4	-13.5
Cash Flow from Operations	223	439	305	131	218	338
Capex	-276	-146	-110	-202	-398	-153
Net Financial Investments	0.0	64.8	0.0	0.0	0.0	0.0
Free Cash Flow	-53.2	358	195	-71.1	-180	185
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
Change in Net Debt	-337	160	126	-127	-235	126
NOPLAT	188	16.7	98.2	126	156	179
BALANCE SHEET & OTHER ITEMS (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Tangible Assets	1,406	1,346	1,195	1,249	1,460	1,419
Net Intangible Assets (incl. Goodwill)	131	131	131	131	131	131
Net Financial Assets & Other	338	255	245	245	245	245
Total Fixed Assets	1,875	1,732	1,572	1,626	1,836	1,796
Inventories	578	568	539	548	621	643
Trade receivables	828	752	777	797	876	888
Other current assets	182	119	53.3	53.3	53.3	53.3
Cash (-)	-706	-498	-439	-312	-76.3	-203
Total Current Assets	2,294	1,936	1,809	1,710	1,627	1,787
Total Assets	4,169	3,668	3,380	3,336	3,463	3,583
Shareholders Equity	1,694	1,422	1,346	1,380	1,441	1,523
Minority	72.5	182	158	161	174	191
Total Equity	1,766	1,604	1,504	1,540	1,615	1,714
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
Total Long Term Liabilities	1,259	1,252	1,050	1,050	1,050	1,050
Short term interest bearing debt	648	343	322	322	322	322
Trade payables	291	322	339	258	310	331
Other current liabilities	204	147	166	166	166	166
Total Current Liabilities	1,143	812	827	746	798	818
Total Liabilities and Shareholders' Equity	4,169	3,668	3,380	3,336	3,463	3,583
Net Capital Employed	2,968	2,701	2,437	2,601	2,910	2,883
Net Working Capital	1,116	998	978	1,087	1,187	1,200
GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
<i>Sales growth</i>	<i>2.4%</i>	<i>3.6%</i>	<i>-7.9%</i>	<i>1.3%</i>	<i>13.2%</i>	<i>3.5%</i>
EBITDA (adj.)* growth	-34.3%	-27.0%	-13.8%	9.2%	25.0%	9.4%
<i>EBITA (adj.)* growth</i>	<i>-49.8%</i>	<i>-56.1%</i>	<i>19.1%</i>	<i>28.0%</i>	<i>24.0%</i>	<i>14.6%</i>
<i>EBIT (adj.)* growth</i>	<i>-49.8%</i>	<i>-91.1%</i>	<i>488.9%</i>	<i>28.0%</i>	<i>24.0%</i>	<i>14.6%</i>

Bekaert: Summary tables

GROWTH & MARGINS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Profit growth	-48.1%	n.m.	n.m.	95.6%	35.5%	20.7%
EPS adj. growth	-48.1%	n.m.	n.m.	95.6%	35.5%	20.7%
DPS adj. growth	-29.6%	-27.4%	0.0%	0.0%	5.9%	5.0%
EBITDA (adj)* margin	14.3%	10.1%	9.4%	10.2%	11.2%	11.9%
EBITA (adj)* margin	8.0%	3.4%	4.4%	5.6%	6.1%	6.8%
EBIT (adj)* margin	8.0%	0.7%	4.4%	5.6%	6.1%	6.8%
RATIOS	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Net Debt/Equity	0.5	0.4	0.4	0.5	0.6	0.5
Net Debt/EBITDA	1.8	2.5	1.9	2.1	2.3	1.8
Interest cover (EBITDA/Fin.interest)	7.2	3.5	4.7	6.3	7.5	8.1
Capex/D&A	132.4%	45.0%	69.0%	136.4%	212.6%	79.0%
Capex/Sales	8.3%	4.2%	3.5%	6.3%	10.9%	4.0%
NWC/Sales	33.4%	28.8%	30.7%	33.7%	32.5%	31.7%
ROE (average)	12.2%	-4.7%	3.3%	6.5%	8.6%	9.8%
ROCE (adj.)	7.1%	0.7%	4.3%	5.1%	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	0.6	0.6	0.7
PER SHARE DATA (EUR)***	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
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	1.55	1.95	2.36
EPS (adj.)	3.36	-1.22	0.76	1.48	2.01	2.42
BVPS	28.24	23.70	22.41	22.97	23.99	25.36
DPS	1.17	0.85	0.85	0.85	0.90	0.95
VALUATION	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
EV/Sales	0.7	0.6	0.7	0.8	0.7	0.7
EV/EBITDA	5.0	7.9	7.6	7.4	6.7	5.8
EV/EBITDA (adj.)*	5.0	6.2	7.5	7.5	6.6	5.8
EV/EBITA	8.8	48.6	16.5	13.3	12.4	10.3
EV/EBITA (adj.)*	8.8	18.5	16.1	13.7	12.2	10.1
EV/EBIT	8.8	n.m.	16.5	13.3	12.4	10.3
EV/EBIT (adj.)*	8.8	91.3	16.1	13.7	12.2	10.1
P/E (adj.)	7.4	n.m.	34.0	18.2	13.5	11.2
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%	-4.4%	-11.1%	11.4%
OpFCF/EV	-2.2%	13.5%	8.6%	-2.9%	-6.6%	7.2%
Payout ratio	36.4%	-26.2%	n.m.	54.7%	46.2%	40.0%
Dividend yield (gross)	4.7%	3.9%	3.1%	3.1%	3.3%	3.5%
EV AND MKT CAP (EURm)	12/2011	12/2012	12/2013	12/2014e	12/2015e	12/2016e
Price** (EUR)	24.79	21.88	25.72	27.04	27.04	27.04
Outstanding number of shares for main stock	60.0	60.0	60.1	60.1	60.1	60.1
Total Market Cap	1,487	1,313	1,545	1,624	1,624	1,624
Net Debt	860	700	574	701	936	810
<i>o/w Cash & Marketable Securities (-)</i>	<i>-706</i>	<i>-498</i>	<i>-439</i>	<i>-312</i>	<i>-76</i>	<i>-203</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>
Other EV components	24	161	144	142	148	155
Enterprise Value (EV adj.)	2,371	2,174	2,263	2,467	2,709	2,589

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.

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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**.

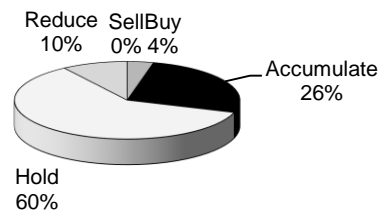
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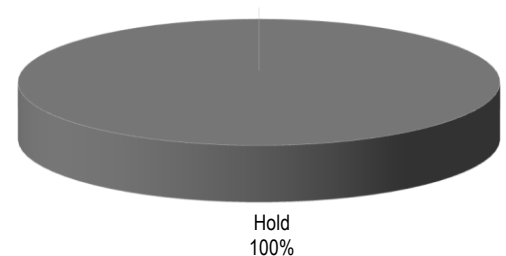
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Bank Degroof Ratings Breakdown



Bank Degroof Ratings Breakdown for companies with conflicts of interest

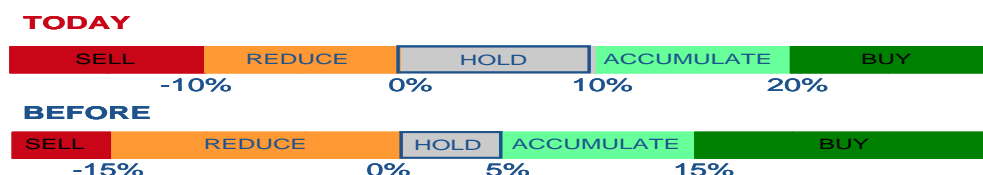


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Since 18 October 2004, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

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

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- Recommendations Total Return Range changed as below:




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Laurent Goethals	+32 2 287 91 85
Pascal Magis	+32 2 287 97 81
Fabian De Smet	+32 2 287 99 16

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Jean-Baptiste Van Ex	+32 2 287 91 27
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Tanguy del Marmol	+32 2 287 96 13
Frederic Lebrun	+32 2 287 96 84
Robin Podevyn	+32 2 287 91 82
Christian Saint-Jean	+32 2 287 97 80

Equity derivatives sales trading

Mohamed Abalhossain	+32 2 287 95 10
Olivier-Pierre Morrot	+32 2 287 96 18

Treasury desk

Alain Strapart	+32 2 287 95 16
Jeroen De Keer	+32 2 287 97 71

Equity research

Jean-Marie Caucheteux	+32 2 287 99 20
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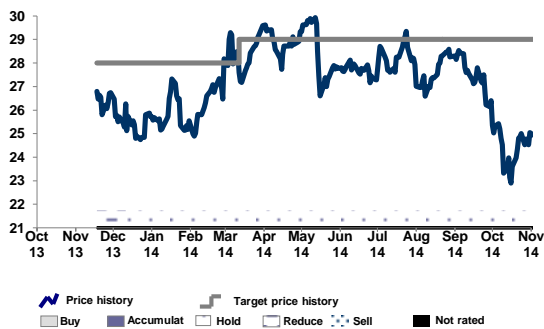
Mail: firstname.lastname@degroof.be

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)



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Members of ESN (European Securities Network LLP)



Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302



Equinet Bank AG
Gräfrstraße 97
60487 Frankfurt am Main
Germany
Phone: +49 69 – 58997 – 410
Fax: +49 69 – 58997 – 299



Bank Degroof
Rue de l'Industrie 44
1040 Brussels
Belgium
Phone: +32 2 287 91 16
Fax: +32 2 231 09 04



Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Tel: +30 210 81 73 383



BEKA Finance
C/ Marques de Villamagna 3
28001 Madrid
Spain
Phone: +34 91 436 7813



Pohjola Bank plc
P.O.Box 308
FI- 00013 Pohjola
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703



Caixa-Banco de Investimento
Rua Barata Salgueiro, nº 33
1269-057 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98



SNS Securities N.V.
Nieuwezijds Voorburgwal 162
P.O.Box 235
1000 AE Amsterdam
The Netherlands
Phone: +31 20 550 8500
Fax: +31 20 626 8064



CM - CIC Securities
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 53 48 80 78
Fax: +33 1 53 48 82 25

