

**Company results**

11 May 2011

**Buy** (maintained)

 Price (11/05/11)  
 €79.20

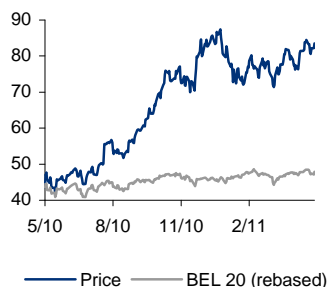
 Target price (12-mth)  
 €97.00 (previously €98.00)

 Forecast total return  
 24.6%

**Industrial Goods & Services**
**Belgium**
**Bloomberg: BEKB.BB**
**Reuters: BEKB.BR**
**Share data**

Avg daily volume (3-mth)	169,334
Free float (%)	60.9
Market cap (€m)	4,742.9
Net debt (1F, €m)	578
Enterprise value (1F, €m)	5,558
Dividend yield (1F, %)	2.1

Source: Company data, ING estimates

**Share price performance**


Source: ING

# Bekaert

## Strong start to the year

**Bekaert reported a better-than-expected 1Q sales increase of 32%. Still, the shares dropped 5% on, in our view, exaggerated outlook concerns. We fine-tune our estimates and lower our TP from €98 to €97, but keep the company as a Benelux top pick.**

Bekaert reported an impressive 1Q11 sales growth of 32% to €918m. The growth was c.8% above consensus and 6% above our expectations and was primarily driven by organic growth (28%). In addition, the growth was driven by all geographies. Asia Pacific sales were up 46%, beating consensus estimates by 4%, but undershooting our forecast by 3%. Sales in the other regions increased by 22-26%, which implies roughly a 10% beat on our and consensus estimates.

Bekaert's shares dropped c.5% yesterday, most likely on Bekaert's comments of a slowdown in demand at the end of 1Q in Asia Pacific and increasing difficulty in passing on higher raw material prices. We understand that the slowdown was mostly related to Chinese distribution centres slowing down tyre purchases in anticipation of lower rubber prices. Given, however, the continued strength in underlying demand, this seems mostly a temporary issue. Also, in view of the current flat to slightly decline global steel prices, we see little further issues here, as there are no further price increases to pass on.

Bekaert's outlook reads cautious, as always. The company reiterated it anticipates more moderate and irregular growth (mainly in China). After sales growth of 54% in Asia Pacific in 2010, and another 46% in 1Q, we can live with this. We currently expect FY11 sales growth of 17% in Asia Pacific. Also, the statement mentioned increased competitive capacities in China and the adequate price adjustments to maintain market share should not come as a surprise: it has been well flagged that Xingda entered the sawing wire market in early 2011 with prices c.10-20% below Bekaert's. As such, we currently expect a hefty 360bp REBIT margin decline in Asia Pacific in FY11 (in spite of the guidance for a strong performance in 1H11). All in all, we fine-tune our estimates and cut 2011-12F normalised EPS by 1% to €6.98 and €7.60, respectively. Our estimates take into account the negative translation effect from the current euro strength. Our new estimates seem c.2-3% above Bloomberg consensus. Our TP declines from €98.0 to €97.0, as we target 7.5x 2012F EV/EBITDA (adjusted for JV's). We maintain our BUY rating as we like Bekaert for its market leadership position, broad geographical coverage with a strong presence in emerging markets, growing portfolio of product innovations and strong balance sheet.

**Forecasts and ratios**

Year end Dec (€m)	2008	2009	2010	2011F	2012F
Revenues	2,663	2,438	3,262	3,665	3,912
Normalised EBITDA	496	410	753	801	843
Normalised net profit	258	176	396	414	450
Normalised EPS (€)	4.36	2.98	6.68	6.98	7.60
Normalised PER (x)	18.2	26.6	11.9	11.3	10.4
EV/normalised EBITDA (x)	11.3	13.3	7.4	6.8	6.1
FCF yield (%)	n/a	6.1	2.5	4.7	7.2
Dividend yield (%)	1.2	1.2	2.1	2.3	2.4
Price/book (x)	4.2	3.7	2.9	2.5	2.1
Normalised ROE (%)	23.1	14.6	27.3	23.3	21.3

Source: Company data, ING estimates

**Filip De Pauw**

 Brussels +32 2 547 6097  
 filip.de.pauw@ing.be

## 1Q sales by segment

Fig 1 Bekaert 1Q11 sales by segment (€m)

€m	1Q10	4Q10	1Q11 INGF Consensus	1Q11 Actual	1Q11 Actual	% YoY	% Actual vs Cons
EMEA	244	269	270	273	307	25.8%	12.5%
North America	141	154	154	160	176	24.8%	10.0%
Latin America	67	78	75	75	82	22.4%	9.3%
Asia Pacific	242	360	363	339	353	45.9%	4.1%
<b>Consolidated sales</b>	<b>694</b>	<b>861</b>	<b>862</b>	<b>846</b>	<b>918</b>	<b>32.3%</b>	<b>8.5%</b>
Combined sales	953	1,162	1,156	1,139	1,233	29.4%	8.3%

Source: Company data, ING estimates

### EMEA

Bekaert reported a 26% increase in EMEA sales, driven by strong demand and passed-on raw materials price increases. The company's manufacturing platforms hence operated at high capacity utilisation, both in Western and in Central Europe, which bodes well for margins.

### North America

Bekaert reported a 25% increase in North America sales, and likewise to EMEA, growth was underpinned by strong volumes and passed-on higher raw materials prices. Compared with a relatively weak first quarter in 2010, the sales growth reflected increased economic activity in most sectors and still positive currency effects.

### Latin America

Revenues were up 22% in Latin America due to increased market demand in Brazil, Venezuela and Peru. Bekaert added that it successfully defended its market position in Brazil by adjusting its selling prices downward in 2010 to compensate for the effect of the strong Real.

### Asia Pacific

Notwithstanding a slowdown in demand at the end of the first quarter in China, and increasing difficulty in passing on raw materials price increases in general, Bekaert realised 46% sales growth in Asia Pacific. The robust growth was supported by a high utilisation of increased capacities in China, India and Indonesia, combined with a further changing product mix and favourable currency movements.

## Change in estimates

Fig 2 Bekaert: change in estimates (€m)

	2009	2010	2011F old	2011F new	% ch	% YoY	2012F old	2012F new	% ch	% YoY
EMEA	828	1,066	1,108	1,206	9%	13%	1,137	1,238	9%	3%
North America	473	637	655	667	2%	5%	678	691	2%	4%
Latin America	327	311	326	336	3%	8%	343	352	3%	5%
Asia Pacific	810	1,248	1,506	1,456	-3%	17%	1,681	1,631	-3%	12%
<b>Consolidated sales</b>	<b>2,438</b>	<b>3,262</b>	<b>3,596</b>	<b>3,665</b>	<b>2%</b>	<b>12%</b>	<b>3,839</b>	<b>3,912</b>	<b>2%</b>	<b>7%</b>
EMEA	1	95	94	109	15%	14%	97	111	15%	3%
<i>REBIT margin</i>	<i>0.1%</i>	<i>8.9%</i>	<i>8.5%</i>	<i>9.0%</i>			<i>8.5%</i>	<i>9.0%</i>		
North America	-5	34	39	40	2%	18%	47	48	2%	21%
<i>REBIT margin</i>	<i>-1.1%</i>	<i>5.3%</i>	<i>6.0%</i>	<i>6.0%</i>			<i>7.0%</i>	<i>7.0%</i>		
Latin America	28	26	29	30	3%	17%	34	35	3%	17%
<i>REBIT margin</i>	<i>8.6%</i>	<i>8.3%</i>	<i>9.0%</i>	<i>9.0%</i>			<i>10.0%</i>	<i>10.0%</i>		
Asia Pacific	288	470	519	497	-4%	6%	548	525	-4%	6%
<i>REBIT margin</i>	<i>35.6%</i>	<i>37.7%</i>	<i>34.5%</i>	<i>34.1%</i>			<i>32.6%</i>	<i>32.2%</i>		
Other	-55	-63	-65	-65	0%		-67	-67	0%	
<b>REBIT</b>	<b>257</b>	<b>562</b>	<b>617</b>	<b>611</b>	<b>-1%</b>	<b>9%</b>	<b>660</b>	<b>653</b>	<b>-1%</b>	<b>7%</b>
<i>REBIT margin</i>	<i>10.5%</i>	<i>17.2%</i>	<i>17.2%</i>	<i>16.7%</i>			<i>17.2%</i>	<i>16.7%</i>		
Non-recurring	-25	-28	-25	-25	0%		-25	-25	0%	
<b>EBIT</b>	<b>232</b>	<b>534</b>	<b>592</b>	<b>586</b>	<b>-1%</b>	<b>10%</b>	<b>635</b>	<b>628</b>	<b>-1%</b>	<b>7%</b>
EBIT margin	9.5%	16.4%	16.5%	16.0%			16.5%	16.1%		
Net financing charges	-66	-32	-50	-50	0%		-33	-33	0%	
Taxes	-34	-140	-157	-155	-1%		-181	-179	-1%	
Share in the JV's	38	36	39	40	3%		43	44	3%	
Minorities	-19	-31	-33	-32	-1%		-36	-35	-1%	
<b>Net profit</b>	<b>152</b>	<b>368</b>	<b>392</b>	<b>389</b>	<b>-1%</b>	<b>6%</b>	<b>428</b>	<b>425</b>	<b>-1%</b>	<b>9%</b>
<b>Normalised net profit</b>	<b>176</b>	<b>396</b>	<b>417</b>	<b>414</b>	<b>-1%</b>		<b>453</b>	<b>450</b>	<b>-1%</b>	
<b>EPS (€)</b>	<b>2.56</b>	<b>6.20</b>	<b>6.61</b>	<b>6.56</b>	<b>-1%</b>		<b>7.23</b>	<b>7.17</b>	<b>-1%</b>	
<b>Normalised EPS (€)</b>	<b>2.98</b>	<b>6.68</b>	<b>7.03</b>	<b>6.98</b>	<b>-1%</b>	<b>5%</b>	<b>7.65</b>	<b>7.60</b>	<b>-1%</b>	<b>9%</b>

Source: Company data, ING estimates

## Valuation

Fig 3 Bekaert valuation (€m)

	Normalised EBITDA 2012F	Valuation metric	Target multiple (x)	Fair value
Group EV	843	EV/EBITDA	7.5 x	6,325
- Net debt				-578
- Minority interest (market value)				-432
- LT pension liabilities				-151
+ Associates (market value)				566
= Equity value				5,730
No. of shares (m)				59.2
<b>Equity value/share (€)</b>				<b>97</b>

Source: Company data, ING estimates

## Risk factors

A significant increase in competition in tyre cord could impact margins faster than we anticipate. The latter seems unlikely given the current oligopolistic market situation and high entry barriers. Going forward, substitution for polysilicon and increased competition in sawing wire could become more important risks. Xingda has entered the market in 2011 and, in view of the high margins, smaller players are likely to follow. Financial and technology barriers remain high in the short term, however.

## Financials

Year end Dec (€m)	2005	2006	2007	2008	2009	2010	2011F	2012F
<b>Income statement</b>								
Revenues	1,914	2,010	2,174	2,663	2,438	3,262	3,665	3,912
Cost of goods sold	(1,522)	(1,615)	(1,740)	(2,061)	(1,904)	(2,358)	(2,706)	(2,903)
<b>Gross profit</b>	<b>392</b>	<b>395</b>	<b>434</b>	<b>602</b>	<b>534</b>	<b>904</b>	<b>959</b>	<b>1,009</b>
Operating costs	(135)	(133)	(135)	(190)	(149)	(179)	(183)	(190)
<b>EBITDA</b>	<b>257</b>	<b>262</b>	<b>299</b>	<b>412</b>	<b>385</b>	<b>725</b>	<b>776</b>	<b>818</b>
Depreciation & amortisation	(121)	(116)	(124)	(202)	(153)	(191)	(190)	(190)
Impairments	0	0	0	0	0	0	0	0
<b>EBIT</b>	<b>136</b>	<b>146</b>	<b>175</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>586</b>	<b>628</b>
Net interest	(15)	(31)	(41)	(49)	(66)	(32)	(50)	(33)
Associates	57	51	47	56	38	36	40	44
Other pre-tax items	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>178</b>	<b>166</b>	<b>181</b>	<b>217</b>	<b>204</b>	<b>538</b>	<b>576</b>	<b>639</b>
Tax	(30)	(18)	(19)	(26)	(34)	(140)	(155)	(179)
Minorities	(12)	(5)	(9)	(18)	(19)	(31)	(32)	(35)
Other post-tax items	54	0	0	0	0	0	0	0
<b>Net profit</b>	<b>190</b>	<b>143</b>	<b>153</b>	<b>174</b>	<b>152</b>	<b>368</b>	<b>389</b>	<b>425</b>
<b>Normalised EBITDA</b>	<b>289</b>	<b>279</b>	<b>310</b>	<b>496</b>	<b>410</b>	<b>753</b>	<b>801</b>	<b>843</b>
<b>Normalised EBIT</b>	<b>168</b>	<b>163</b>	<b>186</b>	<b>294</b>	<b>257</b>	<b>562</b>	<b>611</b>	<b>653</b>
<b>Normalised net profit</b>	<b>168</b>	<b>160</b>	<b>165</b>	<b>258</b>	<b>176</b>	<b>396</b>	<b>414</b>	<b>450</b>
<b>Balance sheet</b>								
Tangible fixed assets	1,038	1,062	1,133	1,271	1,346	1,539	1,599	1,609
Intangible fixed assets	125	134	122	111	105	131	131	131
Other non-current assets	84	110	80	27	84	96	96	96
Cash & equivalents	223	81	73	118	276	443	289	363
Other current assets	769	833	904	1,140	1,018	1,464	1,623	1,720
<b>Total assets</b>	<b>2,239</b>	<b>2,220</b>	<b>2,313</b>	<b>2,667</b>	<b>2,830</b>	<b>3,673</b>	<b>3,738</b>	<b>3,918</b>
Short-term debt	246	218	253	503	151	320	320	320
Other current liabilities	321	377	388	478	484	719	762	787
Long-term debt	288	274	322	288	598	700	400	200
Other long-term liabilities	274	242	203	226	223	236	236	236
<b>Total liabilities</b>	<b>1,129</b>	<b>1,111</b>	<b>1,166</b>	<b>1,495</b>	<b>1,456</b>	<b>1,977</b>	<b>1,719</b>	<b>1,545</b>
Total equity	1,109	1,109	1,147	1,172	1,374	1,697	2,019	2,373
<b>Total liabilities &amp; equity</b>	<b>2,238</b>	<b>2,220</b>	<b>2,313</b>	<b>2,667</b>	<b>2,830</b>	<b>3,673</b>	<b>3,738</b>	<b>3,917</b>
Capital employed	1,643	1,601	1,722	1,964	2,123	2,717	2,740	2,894
Net working capital	569	593	644	793	640	1,004	1,120	1,192
Net debt (cash)	311	411	502	673	474	578	432	158
<b>Cash flow</b>								
Cash flow EBITDA	312	301	333	425	401	779	816	862
Change in working capital	(32)	(32)	(42)	(162)	196	(277)	(116)	(71)
Other non-cash items	(76)	(59)	(45)	(13)	(68)	(3)	(40)	(44)
<b>Operating cash flow</b>	<b>204</b>	<b>209</b>	<b>246</b>	<b>250</b>	<b>529</b>	<b>499</b>	<b>660</b>	<b>747</b>
Cash interest paid	(15)	(22)	(31)	(32)	(39)	(43)	(50)	(33)
Cash taxes paid	(26)	(17)	(25)	(28)	(31)	(113)	(155)	(179)
<b>Net cash from operating activities</b>	<b>164</b>	<b>171</b>	<b>191</b>	<b>191</b>	<b>458</b>	<b>342</b>	<b>454</b>	<b>536</b>
Capex	(152)	(161)	(200)	(251)	(167)	(248)	(250)	(200)
Net acquisitions	65	(43)	(11)	(44)	(4)	(17)	0	0
Other net investing cash flows	50	47	58	51	43	54	40	44
<b>Cash from investing activities</b>	<b>(36)</b>	<b>(157)</b>	<b>(152)</b>	<b>(243)</b>	<b>(127)</b>	<b>(211)</b>	<b>(210)</b>	<b>(156)</b>
Increase (decrease) in equity	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	165	(46)	210		
Dividends & minority distribution	(52)	(74)	(57)	(62)	(51)	(119)	(99)	(107)
Other financing cash flow	(4)	(17)	25	(4)	(204)	32	0	1
<b>Cash from financing activities</b>	<b>(56)</b>	<b>(91)</b>	<b>(32)</b>	<b>98</b>	<b>(301)</b>	<b>124</b>	<b>(99)</b>	<b>(106)</b>
Forex & discontinued operations	3	(2)	(1)	0.8	(13)	5		
<b>Net change in cash &amp; equivalents</b>	<b>75</b>	<b>(80)</b>	<b>6</b>	<b>47</b>	<b>16</b>	<b>261</b>	<b>146</b>	<b>274</b>
FCF	27	31	22	(29)	331	138	254	369

Normalised earnings (eg, EBITDA, EBIT, net income and other sector-specific line items) are in the opinion of the analyst the best representation of a company's underlying and sustainable earnings derived from its regular operating activities.

Source: Company data, ING estimates

## Valuation, ratios and metrics

Year end Dec	2005	2006	2007	2008	2009	2010F	2011F	2012F
<b>Performance &amp; returns</b>								
Revenue growth (%)	n/a	5.0	8.2	22.5	-8.5	33.8	12.4	6.7
Normalised EBITDA growth (%)	n/a	-3.5	11.2	59.8	-17.4	83.8	6.3	5.3
Normalised EBIT growth (%)	n/a	-3.0	14.3	57.9	-12.7	118.9	8.7	6.9
Normalised EPS growth (%)	n/a	-4.1	10.4	59.2	-31.6	124.0	4.6	8.8
Gross margin (%)	20.5	19.7	20.0	22.6	21.9	27.7	26.2	25.8
Normalised EBITDA margin (%)	15.1	13.9	14.3	18.6	16.8	23.1	21.9	21.6
Normalised EBIT margin (%)	8.8	8.1	8.6	11.0	10.5	17.2	16.7	16.7
Reported net margin (%)	9.9	7.1	7.0	6.5	6.2	11.3	10.6	10.9
Reported ROE (%)	n/a	13.5	14.2	15.6	12.6	25.4	21.9	20.1
Normalised ROA (%)	n/a	7.3	8.2	11.8	9.3	17.3	16.5	17.1
ROAIC (%)	n/a	6.9	7.9	8.9	8.9	15.9	14.5	14.7
ROACE (%)	n/a	10.0	11.2	16.0	12.6	23.2	22.4	23.2
ROACE - WACC (%)	n/a	2.0	2.9	7.3	4.0	14.7	13.9	14.7
<b>Leverage &amp; solvency</b>								
Working capital as % of sales	29.7	29.5	29.6	29.8	26.3	30.8	30.6	30.5
Net debt (cash)/EBITDA (x)	1.2	1.6	1.7	1.6	1.2	0.80	0.56	0.19
Net debt (cash)/equity (%)	28.0	37.1	43.8	57.4	34.5	34.1	21.4	6.7
EBITDA net interest coverage (x)	17.1	8.5	7.3	8.4	5.9	22.4	15.5	24.8
Current ratio (x)	1.7	1.5	1.5	1.3	2.0	1.8	1.8	1.9
Dividend cover (cash flow) (x)	1.2	1.1	0.84	0.03	6.8	1.8	3.1	4.1
<b>Valuation</b>								
EV/revenue (x)	2.8	2.7	2.5	2.1	2.2	1.7	1.5	1.3
EV/normalised EBITDA (x)	18.2	19.2	17.4	11.3	13.3	7.4	6.8	6.1
EV/normalised EBIT (x)	31.4	32.8	29.1	19.0	21.2	9.9	8.9	7.9
EV/capital employed (x)	3.2	3.3	3.1	2.9	2.6	2.0	2.0	1.8
EV/invested capital (x)	2.7	2.9	2.8	2.6	2.3	1.9	1.8	1.6
Normalised PER (x)	30.6	31.9	28.9	18.2	26.6	11.9	11.3	10.4
Price/book (x)	4.8	4.7	4.3	4.2	3.7	2.9	2.5	2.1
Dividend yield (%)	1.3	1.1	1.2	1.2	1.2	2.1	2.3	2.4
FCF yield (%)	0.52	0.59	0.40	n/a	6.1	2.5	4.7	7.2
<b>Per share data</b>								
Reported EPS (€)	2.93	2.22	2.54	2.94	2.56	6.20	6.56	7.17
Normalised EPS (€)	2.59	2.48	2.74	4.36	2.98	6.68	6.98	7.60
Dividend per share (€)	1.00	0.83	0.92	0.93	0.98	1.67	1.80	1.90
Equity FCFPS (€)	0.19	0.14	(0.15)	(1.02)	4.93	1.60	3.45	5.66
BV/share (€)	16.38	16.87	18.46	19.05	21.59	26.90	32.28	38.19

Source: Company data, ING estimates

## Company profile

Bekaert is a global market leader in drawn steel wire products, such a steel cord for tyre reinforcement and sawing wire that is used to cut polysilicon ingots into wafers, for the PV market. The company has customers in 120 countries, production assets in all continents and employs over 25,000 people. Bekaert generated combined sales of €3.3bn in 2009.

# Disclosures Appendix

## ANALYST CERTIFICATION

The analyst(s) who prepared this report hereby certifies that the views expressed in this report accurately reflect his/her personal views about the subject securities or issuers and no part of his/her compensation was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this report.

## IMPORTANT DISCLOSURES

For disclosures on companies other than the subject companies of this report visit our disclosures page at <http://research.ing.com> or write to The Compliance Department, ING Financial Markets LLC, 1325 Avenue of the Americas, New York, USA, 10019.

### US regulatory disclosures

- The following subject company/ies of this report are or have been a client of ING Financial Markets LLC or an affiliate within the last 12 months and have received investment banking services: Bekaert.

**Valuation & risks:** For details of the methodologies used to determine our price targets and risks related to the achievement of these targets refer to main body of report and/or the most recent company report at <http://research.ing.com>.

### European regulatory disclosures

- The following subject company/ies of this report are or have been party to an investment banking agreement with one or more members of ING Group over the last 12 months: Bekaert.

The *remuneration of research analysts* is not tied to specific investment banking transactions performed by ING Group although it is based in part on overall revenues, to which investment banking contribute.

**Financial interests:** One of more members of ING Group may hold financial interests in the companies covered in this report other than those disclosed above.

**Securities prices:** Prices are taken as of the previous day's close on the home market unless otherwise stated.

**Job titles.** The functional job title of the person/s responsible for the recommendations contained in this report is equity research analyst unless otherwise stated. Corporate titles may differ from functional job titles.

**Conflicts of interest policy.** ING manages conflicts of interest arising as a result of the preparation and publication of research through its use of internal databases, notifications by the relevant employees and Chinese walls as monitored by ING Compliance. For further details see our research policies page at <http://research.ing.com>.

## FOREIGN AFFILIATES DISCLOSURES

Each ING legal entity which produces research is a subsidiary, branch or affiliate of ING Bank N.V. See back page for the addresses and primary securities regulator for each of these entities.

## RATING DISTRIBUTION (as of end 1Q11)

	Equity coverage	Investment Banking clients*
Buy	48%	58%
Hold	45%	49%
Sell	7%	37%
	<b>100%</b>	

\* Percentage of companies in each rating category that are Investment Banking clients of ING Financial Markets LLC or an affiliate.

## RATING DEFINITIONS

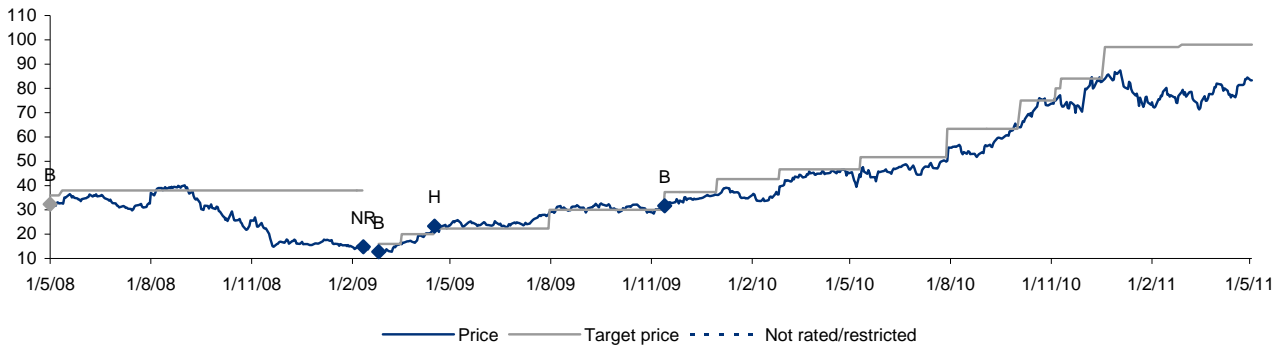
**Buy:** Forecast 12-mth absolute total return greater than +15%

**Hold:** Forecast 12-mth absolute total return of +15% to -5%

**Sell:** Forecast 12-mth absolute total return less than -5%

Total return: forecast share price appreciation to target price plus forecast annual dividend. Price volatility and our preference for not changing recommendations too frequently means forecast returns may fall outside of the above ranges at times.

PRICE & RATINGS HISTORY TO 03/05/11: BEKAERT (BEKB.BR)



B = Buy; H = Hold; S = Sell; NR = Not Rated; R = Restricted

Chart shows ING coverage: current analyst may or may not have covered the stock for the entire period shown  
Where ING coverage is longer than three years, chart shows recommendation current at start of the share price history

Source: ING



<b>AMSTERDAM</b> Tel: 31 20 563 8417	<b>BRUSSELS</b> Tel: 32 2 547 7534	<b>LONDON</b> Tel: 44 20 7767 1000	<b>NEW YORK</b> Tel: 1 646 424 6000	<b>SINGAPORE</b> Tel: 65 6535 3688
<b>Bratislava</b> Tel: 421 2 5934 6111	<b>Geneva</b> Tel: 41 22 593 8050	<b>Manila</b> Tel: 63 2 479 8888	<b>Prague</b> Tel: 420 2 5747 3111	<b>Taipei</b> Tel: 886 2 2734 7600
<b>Bucharest</b> Tel: 40 21 222 1600	<b>Hong Kong</b> Tel: 852 2848 8488	<b>Mexico City</b> Tel: 52 55 5258 2000	<b>Sao Paulo</b> Tel: 55 11 4504 6000	<b>Tokyo</b> Tel: 81 3 5210 0100
<b>Budapest</b> Tel: 36 1 235 8800	<b>Istanbul</b> Tel: 90 212 367 7011	<b>Milan</b> Tel: 39 02 89629 3610	<b>Seoul</b> Tel: 82 2 317 1800	<b>Warsaw</b> Tel: 48 22 820 5018
<b>Buenos Aires</b> Tel: 54 11 4310 4700	<b>Kiev</b> Tel: 380 44 230 3030	<b>Moscow</b> Tel: 7 495 755 5400	<b>Shanghai</b> Tel: 86 21 6841 3355	
<b>Dublin</b> Tel: 353 1 638 4000	<b>Madrid</b> Tel: 34 91 789 8880	<b>Paris</b> Tel: 33 1 56 39 32 84	<b>Sofia</b> Tel: 359 2 917 6400	

**Research offices:** legal entity/address/primary securities regulator

<b>Amsterdam</b>	ING Bank N.V., Foppingadreef 7, Amsterdam, Netherlands, 1102BD. <i>Netherlands Authority for the Financial Markets</i>
<b>Bratislava</b>	ING Bank N.V., pobočka zahraničnej banky, Jesenskeho 4/C, 811 02 Bratislava, Slovak Republic. <i>National Bank of Slovakia</i>
<b>Brussels</b>	ING Belgium S.A./N.V., Avenue Marnix 24, Brussels, Belgium, B-1000. <i>Financial Services and Market Authority (FSMA)</i>
<b>Bucharest</b>	ING Bank N.V. Amsterdam - Bucharest Branch, 11-13 Kiseleff Avenue, 011342, Bucharest 1, Romania. <i>Romanian National Securities Commission</i>
<b>Budapest</b>	ING Bank N.V. Hungary Branch, Dozsa Gyorgy ut 84B, H - 1068 Budapest, Hungary. <i>Hungarian Financial Supervisory Authority</i>
<b>Istanbul</b>	ING Bank A.S., ING Bank Headquarters, Eski Buyukdere Cad, Ayazaga Koyyolu No:6, Maslak 34398, Istanbul, Turkey. <i>Capital Markets Board</i>
<b>Kiev</b>	ING Bank Ukraine JSC, 30-a, Spaska Street, Kiev, Ukraine, 04070. <i>Ukrainian Securities and Stock Commission</i>
<b>London</b>	ING Bank N.V. London Branch, 60 London Wall, London EC2M 5TQ, United Kingdom. <i>Authorised by the Dutch Central Bank</i>
<b>Manila</b>	ING Bank N.V. Manila Branch, 20/F Tower One, Ayala Triangle, Ayala Avenue, 1226 Makati City, Philippines. <i>Philippine Securities and Exchange Commission</i>
<b>Milan</b>	ING Bank N.V. Milano, Via Paleocapa, 5, Milano, Italy, 20121. <i>Commissione Nazionale per le Società e la Borsa</i>
<b>Mexico City</b>	ING Grupo Financiero (México) SA de CV, Bosque de Alisos 45-B, Piso 4, Bosques de las Lomas, 05120, Mexico City, Mexico. <i>Comision Nacional Bancaria y de Valores</i>
<b>Moscow</b>	ING BANK (EURASIA) ZAO, 36, Krasnoproletarskaya ulitsa, 127473 Moscow, Russia. <i>Federal Financial Markets Service</i>
<b>Mumbai</b>	ING Vysya Bank Limited, Plot C-12, Block-G, 7th Floor, Bandra Kurla Complex, Bandra (E), Mumbai-400 051, India. <i>Securities and Exchange Board of India</i>
<b>New York</b>	ING Financial Markets LLC, 1325 Avenue of the Americas, New York, United States, 10019. <i>Securities and Exchange Commission</i>
<b>Prague</b>	ING Bank N.V. Prague Branch, Nadrazni 25, 150 00 Prague 5, Czech Republic. <i>Czech National Bank</i>
<b>Singapore</b>	ING Bank N.V. Singapore Branch, 19/F Republic Plaza, 9 Raffles Place, #19-02, Singapore, 048619. <i>Monetary Authority of Singapore</i>
<b>Sofia</b>	ING Bank N.V. Sofia Branch, 49B Bulgaria Blvd, Sofia 1404 Bulgaria. <i>Financial Supervision Commission</i>
<b>Warsaw</b>	ING Securities S.A., Plac Trzech Krzyzy, 10/14, Warsaw, Poland, 00-499. <i>Polish Financial Supervision Authority</i>

**Disclaimer**

This report has been prepared on behalf of ING (being for this purpose the wholesale and investment banking business of ING Bank NV and certain of its subsidiary companies) solely for the information of its clients. ING forms part of ING Group (being for this purpose ING Groep NV and its subsidiary and affiliated companies). It is not investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, ING makes no representation that it is accurate or complete. The information contained herein is subject to change without notice. ING Group and any of its officers, employees, related and discretionary accounts may, to the extent not disclosed above and to the extent permitted by law, have long or short positions or may otherwise be interested in any transactions or investments (including derivatives) referred to in this report. In addition, ING Group may provide banking, insurance or asset management services for, or solicit such business from, any company referred to in this report. Neither ING Group nor any of its officers or employees accepts any liability for any direct or consequential loss arising from any use of this report or its contents. Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any investments referred to herein may fluctuate and/or be affected by changes in exchange rates. Past performance is not indicative of future results. Investors should make their own investigations and investment decisions without relying on this report. Only investors with sufficient knowledge and experience in financial matters to evaluate the merits and risks should consider an investment in any issuer or market discussed herein and other persons should not take any action on the basis of this report. This report is issued: 1) in the United Kingdom only to persons described in Articles 19, 47 and 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 and is not intended to be distributed, directly or indirectly, to any other class of persons (including private investors); 2) in Italy only to persons described in Article No. 31 of Consob Regulation No. 11522/98. Clients should contact analysts at, and execute transactions through, an ING entity in their home jurisdiction unless governing law permits otherwise. ING Bank N.V. London Branch is authorised by the Dutch Central Bank. It is incorporated in the Netherlands and its London Branch is registered in the UK (number BR000341) at 60 London Wall, London EC2M 5TQ. ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, has accepted responsibility for the distribution of this report in the United States under applicable requirements. ING Vysya Bank Ltd is responsible for the distribution of this report in India.