Company results
11 March 2014

Bekaert

Company is back, share price is ahead

Hold (maintained)

Price (10/03/14)
€28.48

Target price (12-mth)
€29.00 (previously €26.00)

Forecast total return
5.0%

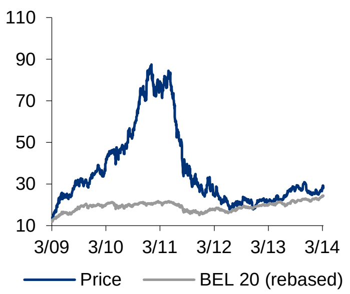
Industrial Goods & Services
Belgium
Bloomberg: BEKB BB
Reuters: BEKB.BR

Share data

Avg daily volume (3-mth)	92,777
Free float (%)	60.9
Market cap (€m)	1,666.4
Net debt (1F, €m)	858
Enterprise value (1F, €m)	2,754
Dividend yield (1F, %)	3.2

Source: Company data, ING estimates

Share price performance



Source: ING

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2H13 showed volume growth, underlying margin improvement and strong cash flow generation. In addition, we expect growth to be accelerated via the (likely) acquisition of Pirelli's steel cord activities. However, we believe further growth and margin improvement is priced in. We increase our TP from €26 to €29, maintain our HOLD recommendation and wait for a better entry point.

4% beat on 2H13 underlying REBIT. 4Q13 sales declined 6% YoY, mainly due to forex headwinds (-8%) and price/mix effects (-5%), but came in 3% above our forecast due to stronger volumes (+7%). Volumes were underpinned by a good Latam performance (after a 3Q13 setback), Asian market share gains (Bekaert had previously announced it would focus on regaining market share in Chinese tire cord) and strong EMEA tire cord demand. 2H13 REBIT increased 129% YoY to €75m, but included an €8m reversal of bad debt provisions. Excluding the latter, 2H13 was 4% above our forecast. Consequently, 2013 REBIT increased from €117m (3.4% margin) in 2012 to €166m (5.2% margin), thereby demonstrating the effectiveness of cost savings. Bottom line, Bekaert returned to profitability, with €0.42 EPS (up from -€3.33 in 2012). The Board has proposed a stable €0.85 gross divided.

Net debt declined more than expected, from €700m at end-2012 to €574m at end-2013, which translated to safe leverage of 1.9x. The decline was driven mostly by a €105m reduction in working capital, mainly via lower (Chinese) accounts receivable. We consider this evolution to be sustainable.

Growth to be accelerated via acquisition of Pirelli's steel cord activities, along with a long-term supply agreement. This transaction strengthens Bekaert's global market leadership position in steel cord and is guided to add c.€300m to sales (c.9%). We understand the company paid 5-6x EV/EBITDA (EV of €255m), subject to closing. As such, this seems to be an attractive multiple. In addition, Bekaert is buying higher-margin assets at a multiple below its own multiple.

We maintain our HOLD. We revise our 2014/15F REBIT by 0%/5% to €194m and €231m, taking into account the growth acceleration in 4Q13, the consolidation of Cimaf Cabos in Brazil and Ideal Holding in Costa Rica as of 2Q14F and the consolidation of the Pirelli assets as of 4Q14F. These positives are mitigated by the assumption of further price pressure in China (as we expect Bekaert to continue to compete on price to regain tire cord market share). Our assumptions imply a 2013-15F CAGR of 18% and a 2015F REBIT margin of 6.2% (below the 7.0% needed for ROIC>WACC). We argue that growth/better margins are priced in at 7.7x 2014F EV/REBITDA and 6.6x 2015F (versus 6.5x-7.0x mid-cycle – the basis for our target price).

Forecasts and ratios

Year end Dec (€m)	2012	2013	2014F	2015F	2016F
Revenues	3,461	3,186	3,347	3,721	3,883
Normalised EBITDA	331	326	358	406	436
Normalised net profit	(30)	53	95	115	139
Normalised EPS (€)	(0.50)	0.91	1.62	1.96	2.37
Normalised PER (x)	n/a	31.3	17.6	14.5	12.0
EV/normalised EBITDA (x)	8.2	7.8	7.7	6.7	6.1
FCF yield (%)	11.5	8.2	2.6	3.8	5.3
Dividend yield (%)	3.0	3.0	3.2	3.2	3.3
Price/book (x)	1.2	1.2	1.2	1.1	1.0
Normalised ROE (%)	-1.9	3.8	6.9	7.9	9.0

Source: Company data, ING estimates

SEE THE DISCLOSURES APPENDIX FOR IMPORTANT DISCLOSURES & ANALYST CERTIFICATION

2H13 and 2013 highlights

4% underlying REBIT beat in 2H13

Fig 1 P&L highlights (€m)

	1H12	2H12	2012	1H13	2H13	2013	2014F	2015F	2016F
EMEA	557	487	1,044	532	508	1,040	1,113	1,287	1,326
North America	351	308	659	295	253	548	543	564	602
Latin America	397	415	812	352	293	645	703	810	842
Asia Pacific	478	467	945	470	483	953	988	1,060	1,113
Sales	**1,784**	**1,677**	**3,460**	**1,649**	**1,537**	**3,186**	**3,347**	**3,721**	**3,883**
% ch	**0.2**	**7.5**	**3.6**	**-7.6**	**-8.3**	**-7.9**	**5.1**	**11.2**	**4.3**
of which organic (%)			-10.8	-5.7	-0.7	-3.3	3.1	3.8	3.8
of which forex (%)			4.9	-3.1	-8.1	-5.5	-1.9	0.1	0.6
of which divestments/acquisitions (%)			9.6	1.3	0.5	0.9	3.9	7.2	0.0
EMEA	36	27	63	46	42	88	103	120	127
North America	21	9	30	13	6	19	26	30	36
Latin America	29	35	64	28	16	44	49	59	67
Asia Pacific	35	2	37	39	38	77	74	82	91
Other	(36)	(41)	(77)	(35)	(27)	(62)	(58)	(60)	(60)
REBIT	**85**	**32**	**117**	**91**	**75**	**166**	**194**	**231**	**261**
EMEA (%)	6.5	5.5	6.0	8.6	8.3	8.5	9.3	9.3	9.6
North America (%)	6.0	2.9	4.6	4.4	2.4	3.5	4.8	5.3	6.0
Latin America (%)	7.3	8.4	7.9	8.0	5.5	6.8	7.0	7.3	8.0
Asia Pacific (%)	7.3	0.4	3.9	8.3	7.9	8.1	7.5	7.7	8.2
REBIT margin (%)	**4.8**	**1.9**	**3.4**	**5.5**	**4.9**	**5.2**	**5.8**	**6.2**	**6.7**
Non-recurring	(81)	(86)	(167)	(2)	(26)	(29)	(15)	(15)	(15)
EBIT	**4**	**(54)**	**(50)**	**89**	**49**	**137**	**179**	**216**	**246**
EBIT margin (%)	0.2	-3.2	-1.4	5.4	3.2	4.3	5.3	5.8	6.3
Net financing charges	(53)	(30)	(83)	(41)	(42)	(84)	(61)	(73)	(73)
Taxes	(27)	(40)	(68)	(30)	(18)	(48)	(55)	(60)	(65)
Share in JVs	6	4	10	17	13	30	30	32	33
Minorities	(8)	2	(6)	(9)	(3)	(11)	(13)	(15)	(18)
Net profit	(80)	(117)	(197)	26	(2)	25	80	100	124
Normalised net profit	**1**	**(31)**	**(30)**	**28**	**25**	**53**	**95**	**115**	**139**
% ch							**78.0**	**21.0**	**20.8**
Reported EPS (€)	(1.35)	(1.99)	(3.33)	0.45	(0.03)	0.42	1.36	1.70	2.11
Normalised EPS (€)	**0.02**	**(0.53)**	**(0.50)**	**0.48**	**0.42**	**0.91**	**1.62**	**1.96**	**2.37**
DPS (€)			**0.85**			**0.85**	**0.90**	**0.90**	**0.95**

Source: Company data, ING estimates

2013 sales declined 7.9% YoY, but volumes improved throughout the year, increasing by 1.0% YoY

2013 sales declined 7.9% YoY to €3.2bn. Organic sales declined 3.3%. Volumes were actually up 1%, which seems to be a solid performance in adverse macro conditions. More importantly, volumes improved strongly by 6.7% in 4Q13, which bodes well for 1Q14F, in our view. The latter was driven by a good Latam performance (after a 3Q13 setback), Asian market share gains (Bekaert had previously announced it would focus on regaining market share in Chinese tire cord) and strong EMEA tire cord demand. However, volumes were overcompensated by a -4.3% price/mix effect, which was linked to lower wire rod prices and some negative mix effect in Chinese tire cord (lower prices in order to regain some market share). Exchange rate effects were at -5.5%, of which -3.2% came from Venezuela. We do not expect a further negative material impact from Venezuela in 2014F, as the remaining size is quite limited as a percentage of sales (c.1%).

2013 REBIT increased 42% in a competitive market, mainly due to a cost reduction programme

REBIT increased 42% YoY to €166m. This implied a 180bp margin improvement to 5.2%, in spite of a very competitive market and the integration of newly acquired businesses in Asia (which weigh on profitability now).

The improvement was driven by:

1) a €35m net cost reduction (a €50m cost reduction programme mitigated by €15m in cost inflation)
2) a €24m structural decrease in D&A after the write-down of the sawing wire assets in 2012
3) a €12m reversal of bad debt provisions in China (provision was taken in 2012, which means a €24m YoY improvement on balance)
4) a -€16m impact from Venezuela
5) a -€18m net impact from pricing (the pricing effect was -€50m, but compensated by a €32m decrease in operating costs)

In addition, 2013 REBIT was impacted by -€15m in FIFO effects.

2013 ROIC of 5.3% remains clearly below WACC

Non-recurring items were unsurprisingly much less negative than in 2012 and were at -€29m. This reflected the closure of a (loss-making) plant in Canada, increased reserves for potential environmental liabilities and impairments in stainless steel activities in India. We expect non-recurring items to return to c.-€15m in 2014F. The non-recurring items translated to 2013 EBIT of €137m, or pre-tax ROIC of 5.3%. The latter remains clearly below WACC.

Net financing charges were broadly stable YoY. Lower interest costs, due to lower average debt levels, were compensated by higher expenses related to forex movements.

The tax rate remains high for now, as profits are generated in countries where they cannot be offset by losses in other countries.

The share in the JVs tripled YoY to €30m, due to strong volume growth and cost reduction in Brazil.

At the bottom line, Bekaert returned to profitability in 2013

Bottom line, Bekaert returned to profitability, with €0.42 EPS (up from -€3.33 in 2012), upon which management proposes a stable €0.85 gross divided.

EMEA

Gradual volume improvement throughout 2013

2013 sales remained broadly flat YoY at €1,040m, but clearly improved throughout the year, with sales increasing 2.4% in 3Q and 6.4% in 4Q. There was a strong 8.7% volume improvement in 4Q (on admittedly easy comps). Growth was mainly driven by automotive demand (tire cord and other steel wire applications) and construction (dramix).

EMEA is now the most valuable region within the group, with an 8.5% REBIT margin and 15.3% ROIC

2013 REBIT improved 39.7% YoY to €88m (the margin was up 250bp to 8.5%), predominantly driven by cost savings. This translated to pre-tax ROIC of 15.3%, which implies, in our view, that EMEA is now the most valuable region within the group, with the highest added-value portfolio ready to benefit from a cyclical recovery.

North America

2013 sales declined 16.8% YoY due to volumes (-13.8%)

2013 sales declined 16.8% YoY to €548m, mainly related to a 13.8% volume drop, due to issues flagged by Bekaert throughout the year: low demand in domestic industrial markets, investment delays in the energy and construction markets and increased competition from Asian imports. The forex impact was -3.1%.

2013 REBIT fell 36.7% YoY, as cost savings could not compensate for a top-line decline

2013 REBIT fell 36.7% YoY to €19m (the margin decreased 110bp to 3.5%), as cost savings were unable to compensate for the top-line decline. Pre-tax ROIC declined to a disappointing 4.3%. Bekaert is taking action to restore profitability, as the company believes in the potential of its platforms. Its plant in Surrey was closed, as it is located very close to a seaport, which makes it (too) vulnerable for cheap imports. Bekaert also intends to invest in a more competitive bead wire plant to compete with the new Kiswire plant. In addition, the company invests in higher added-value products, such as steel ropes for the US oil sector.

Latam

2013 sales declined 20.6% YoY, mostly related to forex

2013 sales declined 20.6% YoY to €645m, mostly related to a decline of the Venezuelan currency (-13.6%) and other currencies (-3.6%). Volumes increased 5% YoY, but this was more than compensated by negative mix effects (-3.8%) and lower wire rod prices (-4.7%), as Bekaert started to import cheaper wire rod from Asia (to remain competitive), but also passed on this price effect to clients.

2013 REBIT fell €20m, or 31.3% YoY, of which -€16m was due to Venezuela

2013 REBIT fell €20m, or 31.3% YoY, to €44m (the margin was down 110bp to 6.8%), of which -€16m was due to Venezuela. ROIC fell sharply YoY, but remained above the group level of 13.3%.

Asia Pacific

2013 sales increased slightly YoY, as higher volumes were compensated by negative price/mix effects

2013 sales increased slightly YoY (+0.8%) to €953m via higher volumes (+7.9%), due to increased demand in the Chinese tire sector and a broadened product portfolio, and via the integration of Southern Wire (+4.2%). This was mitigated by price/mix effects (-8.6%) and forex (-2.7%). The negative price/mix effects were mostly due to Bekaert's efforts to regain market share in tire cord via price competition (-6.3%). We understand the company's market share in China is now c.25% versus c.30% for Xingda. Given the importance of size (advantages of scale and scope), we believe Bekaert will continue its efforts to regain market share.

Excluding a bad debt reversal, the REBIT margin increased 140bp to 6.8%

2013 REBIT increased 108% YoY to €77m (a 420bp margin improvement to 8.1%) following the restructuring of the sawing wire activities, the implementation of cost savings and the bad debt reversal (-€12m in 2012 versus +€12m in 2013, of which €4m came in 1H13 and €8m in 2H13). Excluding the bad debt reversal, the REBIT margin increased 140bp to 6.8%. Bekaert has stated that the integration of the Southern Wire activities is taking more time than anticipated, which continues to weigh on profitability. Pre-tax ROIC of the region was at a low 6.7%. In our view, the 2013 events demonstrate that, due to overcapacity/strong competition in China, operating leverage could be lower than previously thought going forward in case of a global economic uplift.

Net debt declined more than expected

Net debt declined more than expected, from €700m at end-2012 to €574m at end-2013 (Bekaert definition), which translated to safe leverage of 1.9x. This decline was mostly driven by a €105m reduction in working capital, mainly via lower (Chinese) accounts receivable. We consider this evolution to be sustainable.

Growth acceleration via Pirelli

Bekaert has reached an agreement with Pirelli to acquire the latter's steel cord activities, subject to closing conditions. As part of the transaction, the two companies will enter into a long-term (10-year) agreement for Bekaert to supply tire cord to Pirelli. We understand that, during the first three years, 100% of the volumes are guaranteed for Bekaert (c.150kt). Afterwards, the percentage will decline gradually.

We assume that Pirelli is divesting these assets because: (1) it wants to focus cash on its core activities (tires); and (2) it realised that the activities are more standardised than before, which makes scale more important.

Strengthening of the global leadership position

For Bekaert the positives seem to be: (1) strengthening of its global leadership position from c.30% to c.35%; (2) sales growth of c.€300m, or c.9% of the group; (3) the ability to increase deliveries to Pirelli, which has growth ambitions of its own; (4) portfolio improvement, as Bekaert has hinted that the Pirelli assets have margins that are at least in line with its own tire cord activities (we estimate a 9% REBIT margin): and (5) Bekaert is also acquiring Pirelli's technical development team, which should provide more insight into the tire-making process and be beneficial for Bekaert in terms of own product development.

Pirelli's assets are located in EMEA (60-65%), Latam (20-25%) and Asia Pacific (12.5-17.5%). We assume consolidation as of 4Q13.

Attractive multiple

We understand Bekaert paid 5-6x EV/EBITDA (EV of €255m). As such, this seems to be an attractive multiple. In addition, Bekaert is buying higher-margin assets at a multiple below its own multiple.

Similar deals could still follow

Should we expect further similar deals? Michelin is the only remaining big captive tire producer. Since the company has stated in the past that it wants to master all steps in the tire production process, a deals seems less likely. At the same time, recent investments in tire cord were rather limited, in our view. As such, we do not exclude Michelin outsourcing tire cord production going forward in case of emerging market expansion. We believe a deal with Bekaert for European assets seems likely, in view of potential competition issues.

Outlook

We expect 5.1% 2014F sales growth, of which 3.1% would be organic growth

We expect 5.1% 2014F sales growth, of which 4.7% would be due to volumes. In addition, we expect 3.9% growth from acquisition and consolidation: (1) the Latam consolidation was guided at c.€50m in sales pa, and we assume consolidation as of 2Q14F; and (2) the Pirelli assets are guided at c.€300m in sales pa, and we assume consolidation as of 4Q14F. We expect sales growth to be mitigated by pricing (-1.6%), as Bekaert will continue to compete on tire cord prices in China (3% price pressure on c.€600m in sales) and forex (-1.9%).

We expect 2014F REBIT up 16.8% via cost reductions, no more negative FIFO and acquisitions

We expect 2014F REBIT to increase €28m, or 16.8% YoY, to €194m (a 60bp margin increase to 5.8%), mainly driven by:

1) a €15m net cost reduction (a €30m cost reduction programme, mitigated by €15m in cost inflation)

2) a €9m volume impact (3.8% volume growth at a 7% margin)

3) a -€18m net pricing impact in China (3% price pressure on c.€600m of Chinese tire cord sales)

4) a -€4m forex impact

5) €15m from the absence of FIFO effects

6) €2m from the closure of Bekaert's Canada plant

7) €9m from acquisition and consolidation (Pirelli €300m sales pa for one quarter at a 9% margin and Latam €50m sales pa for three quarters at a 5% margin)

Figure 2 provides an overview of the changes in our key estimates. Refer to Figure 1 for more details.

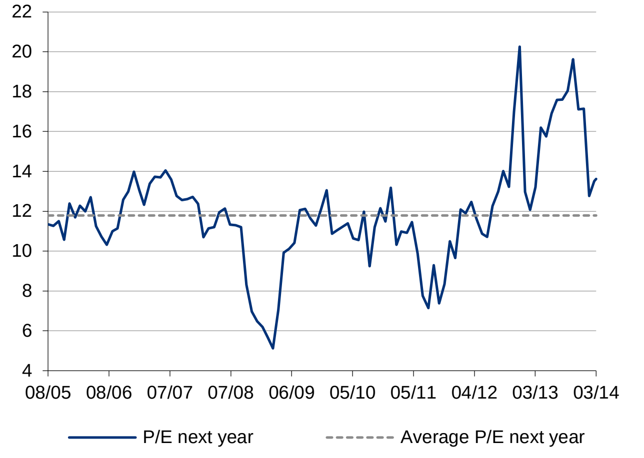
Fig 2 Changes in key ING estimates (€m)

	2014F			2015F		
	Before update	After update	%chg	Before update	After update	%chg
Consolidated sales	3,210	3,347	4.3	3,348	3,721	11.1
REBIT	194	194	-0.1	221	231	4.6
Adjusted EPS (€)	1.66	1.62	-2.5	2.08	1.96	-5.8

Source: ING estimates

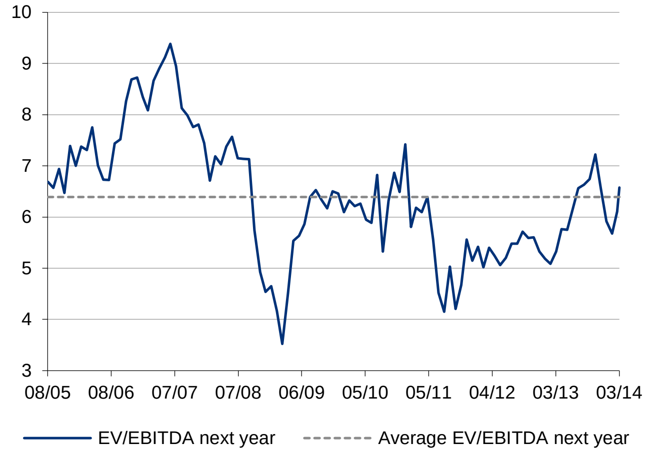
Growth forecasts priced in

Fig 3 PER next year (x)



Source: Bloomberg

Fig 4 EV/EBITDA next year (x)



Source: Bloomberg

We believe growth/better margins are priced in at 7.7x 2014F EV/REBITDA and 6.6x 2015F (versus 6.5-7.0x mid-cycle).

Risks

Upside: (1) Some of the numerous smaller Chinese competitors in tire cord and sawing wire effectively filing for bankruptcy, as this would imply the removal of capacity; (2) investments in US energy markets showing earlier-than-expected returns; (3) a hockey-stick European economic recovery, mainly in automotive and construction, instead of a gradual recovery; (4) underestimating GDP growth in Latam; and (5) a weakening of the euro (translation effect).

Downside: (1) more 'volume over margin' strategies among Chinese competitors; (2) worsening macro conditions in emerging markets in general; (3) nationalisation of the Venezuelan assets; and (4) further euro strengthening.

Financials

Year end Dec (€m)	2009	2010	2011	2012	2013	2014F	2015F	2016F
Income statement								
Revenues	2,438	3,262	3,340	3,461	3,186	3,347	3,721	3,883
Cost of goods sold	(1,904)	(2,358)	(2,689)	(2,982)	(2,703)	(2,828)	(3,126)	(3,242)
Gross profit	**534**	**904**	**651**	**479**	**482**	**519**	**595**	**641**
Operating costs	(149)	(179)	(154)	(205)	(185)	(176)	(204)	(219)
EBITDA	**385**	**725**	**497**	**274**	**297**	**343**	**391**	**421**
Depreciation & amortisation	(153)	(191)	(228)	(324)	(160)	(164)	(175)	(175)
Impairments	0	0	0	0	0	0	0	0
EBIT	**232**	**534**	**269**	**(50)**	**137**	**179**	**216**	**246**
Net interest	(66)	(32)	(19)	(83)	(84)	(61)	(73)	(73)
Associates	38	36	25	10	30	30	32	33
Other pre-tax items	0	0	0	0	0	0	0	0
Pre-tax profit	**204**	**538**	**276**	**(123)**	**84**	**148**	**175**	**207**
Tax	(34)	(140)	(68)	(68)	(48)	(55)	(60)	(65)
Minorities	(19)	(31)	(15)	(6)	(11)	(13)	(15)	(18)
Other post-tax items	0	0	0	0	0	0	0	0
Net profit	**152**	**368**	**193**	**(197)**	**25**	**80**	**100**	**124**
Normalised EBITDA	**398**	**735**	**482**	**331**	**326**	**358**	**406**	**436**
Normalised EBIT	**257**	**562**	**281**	**117**	**166**	**194**	**231**	**261**
Normalised net profit	**176**	**396**	**206**	**(30)**	**53**	**95**	**115**	**139**
Balance sheet								
Tangible fixed assets	1,346	1,539	1,692	1,545	1,395	1,636	1,657	1,690
Intangible fixed assets	105	131	104	99	87	87	87	87
Other non-current assets	84	96	105	102	126	126	126	126
Cash & equivalents	276	443	676	457	402	152	147	180
Other current assets	1,018	1,464	1,593	1,464	1,370	1,442	1,553	1,610
Total assets	**2,830**	**3,673**	**4,169**	**3,668**	**3,380**	**3,444**	**3,572**	**3,694**
Short-term debt	151	320	648	343	322	322	322	322
Other current liabilities	484	719	616	611	650	656	705	722
Long-term debt	598	700	908	850	688	688	688	688
Other long-term liabilities	223	236	230	260	217	217	217	217
Total liabilities	**1,456**	**1,977**	**2,403**	**2,064**	**1,877**	**1,882**	**1,932**	**1,949**
Total equity	1,374	1,697	1,766	1,604	1,504	1,562	1,640	1,745
Total liabilities & equity	**2,830**	**3,673**	**4,169**	**3,668**	**3,380**	**3,444**	**3,572**	**3,694**
Capital employed	2,123	2,717	3,322	2,796	2,514	2,572	2,650	2,755
Net working capital	640	1,004	1,204	1,082	867	934	995	1,035
Net debt (cash)	474	578	880	735	608	858	863	830
Cash flow								
Cash flow EBITDA	385	725	497	274	297	343	391	421
Change in working capital	196	(277)	(200)	227	78	(67)	(62)	(40)
Other non-cash items	(52)	7	(62)	(3)	(18)	0	0	0
Operating cash flow	**529**	**456**	**235**	**498**	**357**	**276**	**330**	**382**
Cash interest paid	(39)	(43)	(59)	(78)	(65)	(61)	(73)	(73)
Cash taxes paid	(31)	(113)	(129)	(59)	(52)	(55)	(60)	(65)
Net cash from operating activities	**458**	**299**	**47**	**361**	**240**	**160**	**197**	**244**
Capex	(167)	(248)	(278)	(127)	(97)	(150)	(165)	(175)
Net acquisitions	(4)	(17)	83	31	7	(225)	0	0
Other net investing cash flows	43	54	9	15	18	15	16	17
Cash from investing activities	**(127)**	**(211)**	**(185)**	**(81)**	**(72)**	**(360)**	**(149)**	**(158)**
Increase (decrease) in equity	2	(58)	0.7	0	(15)	0	0	0
Increase (decrease) in debt								
Dividends & minority distribution	(51)	(119)	(163)	(46)	(58)	(50)	(53)	(53)
Other financing cash flow	0	0	242	(148)	(53)	0	0	0
Cash from financing activities	**(49)**	**(176)**	**79**	**(194)**	**(127)**	**(50)**	**(53)**	**(53)**
Forex & discontinued operations	(13)	5	15	(27)	(2)			
Net change in cash & equivalents	**269**	**(83)**	**(44)**	**58**	**40**	**(250)**	**(5)**	**33**
FCF	331	95	(172)	312	209	71	105	142

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	2009	2010	2011	2012	2013	2014F	2015F	2016F
Performance & returns								
Revenue growth (%)	-8.5	33.8	2.4	3.6	-7.9	5.1	11.2	n/a
Normalised EBITDA growth (%)	-12.4	84.5	-34.4	-31.2	-1.7	9.9	13.5	n/a
Normalised EBIT growth (%)	-12.7	118.9	-50.0	-58.4	41.6	16.8	19.3	n/a
Normalised EPS growth (%)	-31.6	124.0	-47.8	n/a	n/a	78.0	21.0	n/a
Gross margin (%)	21.9	27.7	19.5	13.8	15.1	15.5	16.0	16.5
Normalised EBITDA margin (%)	16.3	22.5	14.4	9.6	10.2	10.7	10.9	11.2
Normalised EBIT margin (%)	10.5	17.2	8.4	3.4	5.2	5.8	6.2	6.7
Reported net margin (%)	6.2	11.3	5.8	-5.7	0.77	2.4	2.7	3.2
Reported ROE (%)	12.6	25.4	11.7	-12.6	1.8	5.8	6.9	8.0
Normalised ROA (%)	9.3	17.3	7.2	3.0	4.7	5.7	6.6	7.2
ROAIC (%)	8.9	15.9	4.3	-3.3	3.0	4.5	5.5	6.2
ROACE (%)	12.6	23.2	9.3	3.8	6.2	7.6	8.9	9.7
ROACE - WACC (%)	4.6	15.2	1.3	-4.2	-1.3	0.12	1.4	2.2
Leverage & solvency								
Working capital as % of sales	26.3	30.8	36.0	31.3	27.2	27.9	26.8	26.7
Net debt (cash)/EBITDA (x)	1.2	0.80	1.8	2.7	2.0	2.5	2.2	2.0
Net debt (cash)/equity (%)	34.5	34.1	49.8	45.9	40.4	54.9	52.6	47.6
EBITDA net interest coverage (x)	5.9	22.4	26.8	3.3	3.6	5.6	5.4	5.8
Current ratio (x)	2.0	1.8	1.8	2.0	1.8	1.6	1.7	1.7
Dividend cover (cash flow) (x)	6.8	1.4	n/a	6.1	3.5	1.2	1.6	2.3
Valuation								
EV/revenue (x)	0.92	0.73	0.79	0.79	0.80	0.82	0.73	0.69
EV/normalised EBITDA (x)	5.6	3.2	5.5	8.2	7.8	7.7	6.7	6.1
EV/normalised EBIT (x)	8.7	4.2	9.3	23.2	15.3	14.2	11.8	10.2
EV/capital employed (x)	1.1	0.87	0.79	0.97	1.0	1.1	1.0	0.97
EV/invested capital (x)	0.96	0.80	0.74	0.89	0.93	0.99	0.95	0.90
Normalised PER (x)	9.6	4.3	8.2	n/a	31.3	17.6	14.5	12.0
Price/book (x)	1.3	1.1	1.0	1.2	1.2	1.2	1.1	1.0
Dividend yield (%)	3.4	5.9	4.1	3.0	3.0	3.2	3.2	3.3
FCF yield (%)	14.7	4.0	n/a	11.5	8.2	2.6	3.8	5.3
Per share data								
Reported EPS (€)	2.56	6.20	3.27	(3.33)	0.42	1.36	1.70	2.11
Normalised EPS (€)	2.98	6.68	3.49	(0.50)	0.91	1.62	1.96	2.37
Dividend per share (€)	0.98	1.67	1.17	0.85	0.85	0.90	0.90	0.95
Equity FCFPS (€)	4.93	0.87	(3.92)	3.96	2.45	0.17	0.54	1.18
BV/share (€)	21.59	26.90	28.24	24.08	23.01	24.00	25.32	27.13

Source: Company data, ING estimates

Company profile

Bekaert is the market leader in advanced solutions based on metal transformation and coatings, and the world's largest independent manufacturer of drawn steel wire products. The company operates in four main geographic segments, with Asia Pacific contributing the most to EBITDA in 2012 (45%), while Latin America contributed 26%, EMEA 18% and North America 11%.

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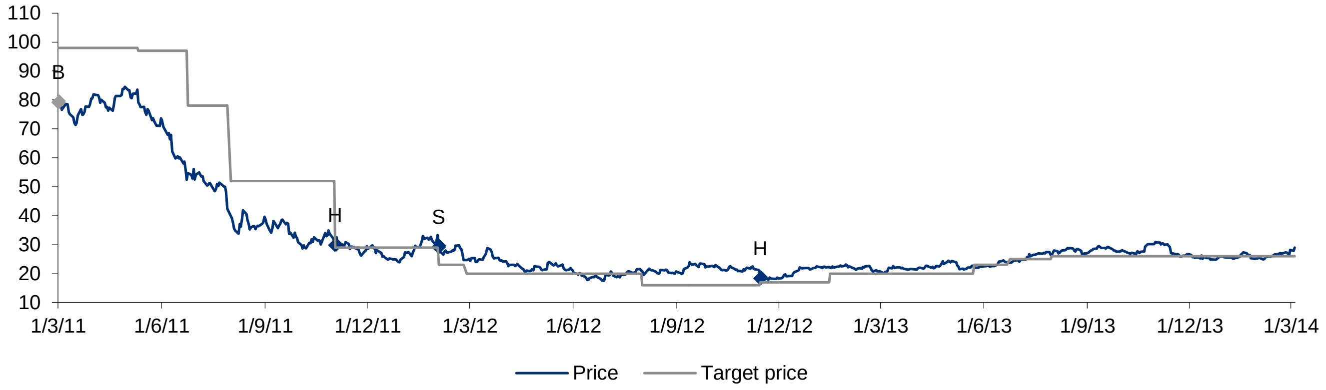

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