

1Q14 results
19 May 2014

Hold (maintained)

Price (19/05/14)
€27.10

Target price (12-mth)
€29.00 (maintained)

Forecast total return
10.3%

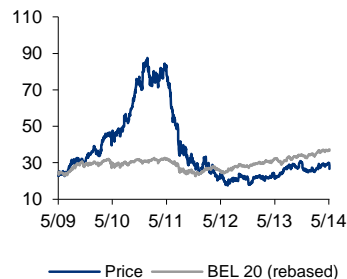
Industrial Goods & Services
Belgium
Bloomberg: BEKB BB
Reuters: BEKB.BR

Share data

Avg daily volume (3-mth)	80,407
Free float (%)	60.9
Market cap (€m)	1,585.9
Net debt (1F, €m)	846
Enterprise value (1F, €m)	2,664
Dividend yield (1F, %)	3.3

Source: Company data, ING estimates

Share price performance



Source: ING

Bekaert

Currencies offset strong volumes

We lower our 2014F and 2015F REBIT by 2% and 3%, respectively, to €190m and €223m post the 1Q14 results, as strong volume growth was offset by currencies. We keep our HOLD rating and €29.0 target price unchanged. Our 2014F estimates seem in line with consensus (we expect a 16% CAGR, incorporating the Pirelli acquisition as of 4Q14F), and valuation seems fair at a 2015F PER of 14.2x and EV/EBITDA of 6.6x.

1Q14 strong volume growth offset by currencies. 1Q14 consolidates sales declined 2% to €781m and came in 2%/1% below our and consensus estimates (company compiled). Bekaert benefited from strong volume growth (+4%) driven by higher demand in Europe and Asia, but this was more than offset by currency movements (-6%) in Latin America, North America and Asia. The combined sales declined 4.9%, as the Brazilian real added to the negative currency effect. In line with normal seasonality, net debt increased to €640m from €574m at year-end 2013, due to an increase in working capital. YoY, net debt was €105m lower.

We tweak our 2014F and 2015F REBIT down 1% and 2% to €192m and €226m, respectively. As such we forecast €26m, or 16%, REBIT growth in 2014F, driven by cost savings (c.€30m), higher volumes (c.€9m), absence of negative FIFO effects (c.€15m) and M&A (c.€9m, assuming Pirelli is consolidated as of 4Q14F), and mitigated by cost inflation (c.-€15m), negative currency effects (c.-€9m) and the absence of bad debt reversals (c.-€12m). We assume our estimate is in line with consensus.

Valuation seems fair on 2015F estimates, as the shares trade at 14.2x PER and 6.6x EV/EBITDA adjusted for pensions (versus 6.5-7.0x mid-cycle – the basis for our target price).

Upside risks include an acceleration in volume growth and a weakening of the euro versus key currencies in North America, Latam and Asia Pac. **Downside risks** include increased price competition from Chinese tyre cord peers, a nationalisation of the Venezuelan assets and a further strengthening of the euro.

Forecasts and ratios

Year end Dec (€m)	2012	2013	2014F	2015F	2016F
Revenues	3,461	3,186	3,309	3,688	3,834
Normalised EBITDA	331	326	356	401	428
Normalised net profit	(30)	53	95	112	134
Normalised EPS (€)	(0.50)	0.91	1.63	1.91	2.29
Normalised PER (x)	n/a	29.8	16.6	14.2	11.8
EV/normalised EBITDA (x)	8.0	7.5	7.5	6.6	6.0
FCF yield (%)	11.8	8.5	3.2	3.9	5.5
Dividend yield (%)	3.1	3.1	3.3	3.3	3.5
Price/book (x)	1.1	1.2	1.1	1.1	1.0
Normalised ROE (%)	-1.9	3.8	6.9	7.8	8.8

Source: Company data, ING estimates

Filip De Pauw
Brussels +32 2 557 1692
filip.de.pauw@ing.be

1Q14 results

Highlights

1Q14 consolidated sales came in at €782m (-2% YoY), below our and consensus estimates of €801.4m and €790m, respectively, as growth in EMEA (+6%) and the Asia Pacific (+5%) regions were more than offset by lower revenue earned in North America (-5%) and Latin America (-20%). The decline in revenue was mainly explained by adverse currency effects.

Organic growth for the quarter was 4.2%, driven by a strong increase in volumes, and reflected growth in demand in Europe and Asia. The exchange rate impact was -5.9%, while the net effect of acquisitions and divestments was -0.4%.

Fig 1 Bekaert 1Q14 highlights (€m)

	1Q13	1Q14F	1Q14	%ch YoY	Consensus
Consolidated sales	798.0	801.4	782.0	-2.0	790.0
EMEA	260.0	270.4	275.0	5.8	270.0
North America	146.0	140.2	139.0	-4.8	142.0
Latin America	176.0	161.9	141.0	-19.9	149.0
Asia Pacific	216.0	229.0	226.0	4.6	229.0

Source: Company data, company compiled consensus, ING estimates

Segmental performance

EMEA

Beating our and consensus estimates of c.€270m, EMEA reported revenue of €275m (+6% YoY), driven by continued volume growth (+11%) for tyre cord and other steel wire products serving the automotive markets in Europe. Growth was also seen in other markets, such as the oil and gas sector. The price/mix effect has slightly offset volume growth (-3%). Total revenues for the region in 1Q14 marked the highest level in two years.

North America

Sales for the quarter came in at €139m, down 5% YoY, just below our and consensus estimates. The decline was explained by continued low demand from domestic industrial markets coupled with unfavourable currency movements (-5%). The price/mix effect was neutral, as a 3% positive mix effect was offset by lower wire rod prices (-3%).

The positive on North America is that trading conditions do not seem to be getting worse anymore, even if sales to the agricultural sector were negatively impacted by the very adverse weather conditions during the first quarter. We do not exclude that some sales during the first quarter were postponed to the second quarter of 2014.

By the end of 1Q14, all production of steel wire was stopped in Surrey, Canada, while the Canadian wire rope activities continued to achieve strong sales.

Latin America

Bekaert reported €141m of revenue in Latin America (below our and consensus estimates), down 20% YoY primarily due to negative currency effects (-17%) via the Venezuelan bolivar and the transaction effect of other currency movements, such as the Chilean peso (-27%). The impact of the devaluation of the Brazilian real (-22% YoY), offset growth of the Brazilian joint ventures. Bekaert managed to maintain its solid market share, but saw weaker demand due to a slowdown in mining and infrastructure activities (volumes -8%). The price/mix effect was positive (+5%), as a 9% mix effect was only partially offset by lower wire rod prices (-4%).

Management believes results will continue to be affected by the situation in Venezuela, which resulted in a forced shutdown of factories due to a shortage of raw materials.

Asia Pacific

Sales increased 5% YoY to €226m in 1Q14, driven by significant volume growth (7%) and a 3% price/mix effect (+6% mix offset, partially offset by a 3% decline in wire rod prices). Volume growth was supported by regained market share in the Chinese tyre sector, strong sales growth in the Southeast Asian and Indian automotive markets and higher demand in sawing wire. Given the ongoing market share growth in Chinese tyre cord, we should not exclude competitors, such as Xingda, trying to regain some market in 2Q14 and beyond by further price competition and/or competition via longer payment terms.

The FX impact for the quarter was -4%.

Other industrial steel wire markets continued to see low demand, particularly in Southeast Asia.

Net debt

Reported net debt increased to €640m at the end of March 2014, from €574m at the end of 2013, due to an increase in working capital, in line with seasonal effects.

Other developments

- The company closed its expansion transactions in Costa Rica and Brazil at the end of April. Bekaert now holds a majority stake of 73% in a steel wire business in Costa Rica and is partnered with ArcelorMittal (27%).
- Bekaert took full ownership in the former steel rope joint venture in Brazil (renamed Bekaert Cimaf Cabos). The integration of financial records will be as of 1 May 2014.
- At the end of 1Q14, Bekaert's recent acquisition in Texas, commenced operations catering to the oil sector.

Outlook

Bekaert did not quantify guidance for 2014, but stated that it expects currency movements to continue to impact results in 2Q14.

Bekaert sees solid demand in Europe and stated that it will continue to defend and grow its strong positions in China. A continued slowdown is expected in Latin America, in line with the GDP trend for the region, while no major changes are expected in North America.

Changes in estimates

Fig 2 Changes in key estimates (€m)

	2014F			2015F		
	Pre-update	Post-update	%ch	Pre-update	Post-update	%ch
Consolidated sales	3,347	3,309	-1.1	3,721	3,688	-0.9
REBIT	194	192	-0.8	231	226	-2.3
Adj. EPS (€)	1.62	1.63	0.6	1.96	1.91	-2.6

Source: ING estimates

New key estimates

Fig 3 Bekaert: New ING estimates (€m)

	2013	2014F	2015F	2016F
EMEA	1,040	1,137	1,306	1,339
North America	548	542	564	581
Latin America	645	641	748	778
Asia Pacific	953	988	1,069	1,135
Sales	3,186	3,309	3,688	3,834
% ch YoY	-7.9	3.9	11.4	4.0
of which organic (%)	-3.3	4.5	3.5	3.6
of which forex (%)	-5.5	-4.1	0.4	0.3
of which divestments/acquisitions (%)	0.9	3.5	7.5	0.0
EMEA	88	107	124	129
North America	19	24	26	31
Latin America	44	40	48	58
Asia Pacific	77	83	91	100
Other	(62)	(62)	(64)	(65)
REBIT	166	192	226	253
EMEA (%)	8.5	9.4	9.5	9.6
North America (%)	3.5	4.4	4.6	5.3
Latin America (%)	6.8	6.2	6.4	7.5
Asia Pacific (%)	8.1	8.4	8.5	8.8
REBIT margin (%)	5.2	5.8	6.1	6.6
Non-recurring	(29)	(15)	(15)	(15)
EBIT	137	177	211	238
EBIT margin (%)	4.3	5.4	5.7	6.2
Net financing charges	(84)	(61)	(73)	(73)
Taxes	(48)	(50)	(55)	(60)
Share in the JV's	30	27	28	29
Minorities	(11)	(13)	(14)	(15)
Net profit	25	80	97	119
Normalised net profit	53	95	112	134
% change YoY		79.0	17.2	20.0
Reported EPS (€)	0.42	1.37	1.65	2.03
Normalised EPS (€)	0.91	1.63	1.91	2.29
DPS (€)	0.85	0.90	0.90	0.95

Source: Company data, ING estimates

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	3,309	3,688	3,834
Cost of goods sold	(1,904)	(2,358)	(2,689)	(2,982)	(2,703)	(2,792)	(3,098)	(3,201)
Gross profit	534	904	651	479	482	517	590	633
Operating costs	(149)	(179)	(154)	(205)	(185)	(176)	(204)	(219)
EBITDA	385	725	497	274	297	341	386	413
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	177	211	238
Net interest	(66)	(32)	(19)	(83)	(84)	(61)	(73)	(73)
Associates	38	36	25	10	30	27	28	29
Other pre-tax items	0	0	0	0	0	0	0	0
Pre-tax profit	204	538	276	(123)	84	143	166	194
Tax	(34)	(140)	(68)	(68)	(48)	(50)	(55)	(60)
Minorities	(19)	(31)	(15)	(6)	(11)	(13)	(14)	(15)
Other post-tax items	0	0	0	0	0	0	0	0
Net profit	152	368	193	(197)	25	80	97	119
Normalised EBITDA	398	735	482	331	326	356	401	428
Normalised EBIT	257	562	281	117	166	192	226	253
Normalised net profit	176	396	206	(30)	53	95	112	134
Balance sheet								
Tangible fixed assets	1,346	1,539	1,692	1,545	1,395	1,633	1,651	1,679
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	164	155	186
Other current assets	1,018	1,464	1,593	1,464	1,370	1,429	1,542	1,593
Total assets	2,830	3,673	4,169	3,668	3,380	3,439	3,561	3,672
Short-term debt	151	320	648	343	322	322	322	322
Other current liabilities	484	719	616	611	650	652	702	717
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	1,879	1,929	1,944
Total equity	1,374	1,697	1,766	1,604	1,504	1,561	1,633	1,728
Total liabilities & equity	2,830	3,673	4,169	3,668	3,380	3,439	3,561	3,672
Capital employed	2,123	2,717	3,322	2,796	2,514	2,571	2,643	2,738
Net working capital	640	1,004	1,204	1,082	867	924	987	1,023
Net debt (cash)	474	578	880	735	608	846	855	824
Cash flow								
Cash flow EBITDA	385	725	497	274	297	341	386	413
Change in working capital	196	(277)	(200)	227	78	(57)	(63)	(36)
Other non-cash items	(52)	7	(62)	(3)	(18)	0	0	0
Operating cash flow	529	456	235	498	357	284	323	378
Cash interest paid	(39)	(43)	(59)	(78)	(65)	(61)	(73)	(73)
Cash taxes paid	(31)	(113)	(129)	(59)	(52)	(50)	(55)	(60)
Net cash from operating activities	458	299	47	361	240	173	195	245
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	14	14	14
Cash from investing activities	(127)	(211)	(185)	(81)	(72)	(362)	(151)	(161)
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	(238)	(9)	31
FCF	331	95	(172)	312	209	84	103	143

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	3.9	11.4	n/a
Normalised EBITDA growth (%)	-12.4	84.5	-34.4	-31.2	-1.7	9.4	12.5	n/a
Normalised EBIT growth (%)	-12.7	118.9	-50.0	-58.4	41.6	15.9	17.4	n/a
Normalised EPS growth (%)	-31.6	124.0	-47.8	n/a	n/a	79.0	17.2	n/a
Gross margin (%)	21.9	27.7	19.5	13.8	15.1	15.6	16.0	16.5
Normalised EBITDA margin (%)	16.3	22.5	14.4	9.6	10.2	10.8	10.9	11.2
Normalised EBIT margin (%)	10.5	17.2	8.4	3.4	5.2	5.8	6.1	6.6
Reported net margin (%)	6.2	11.3	5.8	-5.7	0.77	2.4	2.6	3.1
Reported ROE (%)	12.6	25.4	11.7	-12.6	1.8	5.8	6.7	7.8
Normalised ROA (%)	9.3	17.3	7.2	3.0	4.7	5.6	6.5	7.0
ROAIC (%)	8.9	15.9	4.3	-3.3	3.0	4.6	5.5	6.1
ROACE (%)	12.6	23.2	9.3	3.8	6.2	7.6	8.7	9.4
ROACE - WACC (%)	4.6	15.2	1.3	-4.2	-1.3	0.06	1.2	1.9
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	54.2	52.4	47.7
EBITDA net interest coverage (x)	5.9	22.4	26.8	3.3	3.6	5.6	5.3	5.7
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	1.5	1.6	2.3
Valuation								
EV/revenue (x)	0.89	0.70	0.76	0.76	0.77	0.81	0.72	0.67
EV/normalised EBITDA (x)	5.4	3.1	5.3	8.0	7.5	7.5	6.6	6.0
EV/normalised EBIT (x)	8.4	4.1	9.1	22.5	14.8	13.9	11.7	10.2
EV/capital employed (x)	1.0	0.84	0.77	0.94	0.98	1.0	1.0	0.94
EV/invested capital (x)	0.92	0.77	0.72	0.86	0.90	0.96	0.93	0.87
Normalised PER (x)	9.1	4.1	7.8	n/a	29.8	16.6	14.2	11.8
Price/book (x)	1.3	1.0	0.96	1.1	1.2	1.1	1.1	1.0
Dividend yield (%)	3.6	6.2	4.3	3.1	3.1	3.3	3.3	3.5
FCF yield (%)	15.3	4.2	n/a	11.8	8.5	3.2	3.9	5.5
Per share data								
Reported EPS (€)	2.56	6.20	3.27	(3.33)	0.42	1.37	1.65	2.03
Normalised EPS (€)	2.98	6.68	3.49	(0.50)	0.91	1.63	1.91	2.29
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	0.40	0.51	1.19
BV/share (€)	21.59	26.90	28.24	24.08	23.01	23.98	25.21	26.84

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 EMEA contributing the most to REBIT in 2013 (39%), while Asia Pacific contributed 34%, Latin America 19% and North America 8%.

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

- One or more members of ING Group holds 1% or more of the equity shares (as at the end of the month preceding this publication) in the following subject company/ies of this report: Bekaert NV
- 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 NV

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 equity company report at <http://research.ing.com>.

Research analyst(s): The research analyst(s) for this report may not be registered/qualified as a research analyst with the NYSE and/or NASD. The research analyst(s) for this report may not be an associated person of ING Financial Markets LLC and therefore may not be subject to Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by the research analyst's account.

European regulatory disclosures

- One or more members of ING Group holds 1% or more of the equity shares (as at the end of the month preceding this publication) in the following subject company/ies of this report: Bekaert NV
- One or more members of ING Group has lead managed or co-lead managed a public offering of the securities of the following subject company/ies of this report in the last 12 months: Bekaert NV
- 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 NV

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 or 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>.

Other disclosures

Target prices, where included, are based on reasonable assumptions supported by objective data. Unless otherwise stated, neither historic share price performance data nor ING projections on potential share price performance reflect the impact of commissions, fees and charges. Past performance is not indicative of future results. Forecasts are not a reliable indicator of future performance.

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 1Q14)

	Equity coverage	Investment Banking clients*
Buy	49%	53%
Hold	40%	54%
Sell	11%	63%
	100%	

* 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 05/05/14: 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

AMSTERDAM Tel: 31 20 563 8758	BRUSSELS Tel: 32 2 547 7534	LONDON Tel: 44 20 7767 1000	NEW YORK Tel: 1 646 424 6000	SINGAPORE Tel: 65 6535 3688
Bratislava Tel: 421 2 5934 6111	Frankfurt Tel: 49 69 75936 519	Madrid Tel: 34 91 789 8880	Paris Tel: 33 1 56 39 32 84	Sofia Tel: 359 2 917 6400
Bucharest Tel: 40 21 222 1600	Geneva Tel: 41 22 592 3079	Manila Tel: 63 2 479 8888	Prague Tel: 420 257 474 111	Taipei Tel: 886 2 8729 7600
Budapest Tel: 36 1 235 8800	Hong Kong Tel: 852 2848 8488	Mexico City Tel: 52 55 5258 2000	Sao Paulo Tel: 55 11 4504 6000	Tokyo Tel: 81 3 3217 0301
Buenos Aires Tel: 54 11 4310 4700	Istanbul Tel: 90 212 329 0752	Milan Tel: 39 02 89629 3610	Seoul Tel: 82 2 317 1800	Warsaw Tel: 48 22 820 5018
Dublin Tel: 353 1 638 4000	Kiev Tel: 380 44 230 3030	Moscow Tel: 7 495 755 5400	Shanghai Tel: 86 21 2020 2000	

Research offices: legal entity/address/primary securities regulator

Amsterdam	ING Bank N.V., Foppingadreef 7, Amsterdam, Netherlands, 1102BD. <i>Netherlands Authority for the Financial Markets</i>
Brussels	ING Belgium S.A./N.V., Avenue Marix 24, Brussels, Belgium, B-1000. <i>Financial Services and Market Authority (FSMA)</i>
Bucharest	ING Bank N.V. Amsterdam - Bucharest Branch, 48 Lancu de Hunedoara Bd., 011745, Bucharest 1, Romania. <i>Financial Supervisory Authority</i>
Budapest	ING Bank N.V. Hungary Branch, Dozsa Gyorgy ut 84B, H - 1068 Budapest, Hungary. <i>National Bank of Hungary</i>
Istanbul	ING Bank A.S., ING Bank Headquarters, Resitpasa Mahallesi Eski Buyukdere Cad. No: 8, 34467 Sariyer, Istanbul, Turkey. <i>Capital Markets Board</i>
London	ING Bank N.V. London Branch, 60 London Wall, London EC2M 5TQ, United Kingdom. <i>Authorised by the Dutch Central Bank</i>
Manila	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>
Milan	ING Bank N.V. Milano, Via Arce, 49, Milano, Italy, 20125. <i>Commissione Nazionale per le Società e la Borsa</i>
Moscow	ING BANK (EURASIA) ZAO, 36, Krasnoproletarskaya ulitsa, 127473 Moscow, Russia. <i>Federal Financial Markets Service</i>
Mumbai	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>
New York	ING Financial Markets LLC, 1325 Avenue of the Americas, New York, United States, 10019. <i>Securities and Exchange Commission</i>
Singapore	ING Bank N.V. Singapore Branch, 19/F Republic Plaza, 9 Raffles Place, #19-02, Singapore, 048619. <i>Monetary Authority of Singapore</i>
Warsaw	ING Securities S.A, Ul. Pulawska 2, Warsaw, Poland, 02-566. <i>Polish Financial Supervision Authority</i>

Disclaimer

This report has been prepared on behalf of ING (being for this purpose the commercial 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. Clients should contact analysts at, and execute transactions through, an ING entity in their home jurisdiction unless governing law permits otherwise. Additional information is available on request. **Country-specific disclosures: EEA:** This report constitutes "investment research" for the purposes of the Markets in Financial Instruments Directive and as such contains an objective or independent explanation of the matters contained herein. Any recommendations contained in this report must not be relied on as investment advice based on the recipient's personal circumstances. If further clarification is required on words or phrases used in this report, the recipient is recommended to seek independent legal or financial advice. **Hong Kong:** This report is distributed in Hong Kong by ING Bank N.V., Hong Kong Branch which is licensed by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). This document does not constitute a solicitation or an offer of securities or an invitation to the public within the meaning of the SFO. This report is to be circulated only to "professional investors" as defined in the SFO. **India:** Any recipient of this report wanting additional information or to effect any transaction in Indian securities or financial instruments mentioned herein must do so by contacting a representative of ING Vysya Bank Limited ("ING Vysya") which is responsible for distribution of this report in India. ING Vysya is an affiliated company of ING. ING Vysya does not accept liability for any direct or consequential loss arising from any use of information provided in this report. **Italy:** This report is issued in Italy only to persons described in Article No. 31 of Consob Regulation No. 11522/98. **Singapore:** This document is provided in Singapore by or through ING Bank N.V., Singapore Branch and is provided only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289. If you are an accredited investor or expert investor, please be informed that in ING's dealings with you, ING is relying on the following exemptions to the Financial Advisers Act, Cap. 110 ("FAA"): (1) the exemption in Regulation 33 of the Financial Advisers Regulations ("FAR"), which exempts ING from complying with Section 25 of the FAA on disclosure of product information to clients; (2) the exemption set out in Regulation 34 of the FAR, which exempts ING from complying with Section 27 of the FAA on recommendations; and (3) the exemption set out in Regulation 35 of the FAR, which exempts ING from complying with Section 36 of the FAA on disclosure of certain interests in securities. **United Kingdom:** This report is issued in the United Kingdom by ING Bank N.V., London Branch 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). **United States:** Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements. The distribution of this report in other jurisdictions may be restricted by law or regulation and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.