ING EQUITY RESEARCH

Change in recommendation
9 March 2015

Bekaert

Risk-reward attractive

Buy (previously Hold)

Price (06/03/15)
€26.33

Target price (12-mth)
€30.00 (previously €29.00)

Forecast total return
17.4%

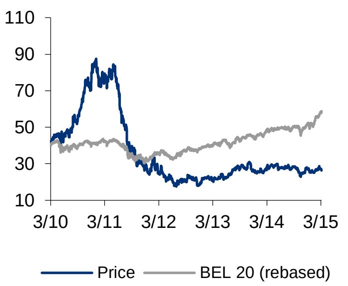
Industrial Goods & Services
Belgium
Bloomberg: BEKB BB
Reuters: BEKB.BR

Share data

Avg daily volume (3-mth)	125,445
Free float (%)	60.9
Market cap (€m)	1,516.3
Net debt (1F, €m)	965
Enterprise value (1F, €m)	2,507
Dividend yield (1F, %)	3.4

Source: Company data, ING estimates

Share price performance



Source: ING

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At the current share price, risk-reward on Bekaert has become attractive, in our view. The negative is that we and consensus need to revise down estimates (INGF -10% on 2016F REBIT) to factor in more caution on Asia Pac (30% of REBIT) given the (in our view less likely) risk that margins have not yet bottomed out. The positives are: (1) record results in EMEA (50% of REBIT), which bodes well for a potential a macro improvement; (2) Latam (10% of REBIT) bottoming out; (3) a clear tailwind from acquisitions and the stronger USD in 2015F; (4) an attractive valuation on 2015-16F despite lower estimates; and (5) a 7% EBIT margin target by 2017, not factored in by us or consensus. We upgrade to BUY with a €30 TP (up from €29).

2H14 below forecast. 2H14 REBIT of €63m (3.9% margin) was below expectations, entirely due to Asia Pac, where REBIT basically halved as China tyre cord suffered from destocking by clients following import tariffs on Chinese car tyres in the US. Latam recovered HoH (1H14 was impacted by cheap Chinese imports) and EMEA again reported record margins and reaped the fruits of many years of restructuring. For 2014, this resulted in stable REBIT of €164m (margin 5.1%).

2015-16F REBIT cut by 16-10%, but still good growth momentum. We now expect €194-224m REBIT over 2015-16F (5.2-5.8% margin). The cut on 2015F factors in guidance for the weak 4Q14 China trading conditions to persist in 1Q15 and some further price pressure on China tyre cord. We believe our 2015F estimate of €30m REBIT growth is achievable as the consolidation of Pirelli tyre cord and Arrium adds c.€25m, and the US dollar appreciation adds c.€13m (rule of thumb: 1% appreciation has €1.0m impact on REBIT). More downside risk on Asia Pac cannot be excluded but is less likely in our view, since: (1) client destocking is temporary by nature; (2) smaller Chinese tyre cord competitors are already producing close to breakeven at EBITDA level, suggesting limited room to cut prices much further; and (3) Bekaert has announced cost efficiency actions.

Further upside if 7% EBIT margin target is reached in three years. In the short term, margins should benefit from the Pirelli consolidation (c.€300m in sales, c.9% EBIT margin) and further cost reductions (mainly on SG&A). In the medium term, management aims to increase margins via manufacturing excellence, complexity reductions, portfolio optimisation and footprint optimisation. We agree that these are the right step to take, but given the lack of details, we pencil in a 6.6% REBIT margin by 2017F.

Valuation attractive. At a 2016F PER of 12.4x, Bekaert is trading at a record 22% discount to the Stoxx 600 Industrial Goods & Services, with a sustainable 3.2% dividend yield. Our TP reflects 14.0x PER and 6.5x EV/EBITDA 2016F, in line with the historical averages.

Forecasts and ratios

Year end Dec (€m)	2013	2014	2015F	2016F	2017F
Revenues	3,186	3,216	3,731	3,845	3,959
Normalised EBITDA	326	336	379	409	447
Normalised net profit	53	80	97	122	155
Normalised EPS (€)	0.91	1.39	1.69	2.12	2.70
Normalised PER (x)	28.9	18.9	15.6	12.4	9.8
EV/normalised EBITDA (x)	7.3	6.7	6.6	6.0	5.3
Dividend yield (%)	3.2	3.2	3.4	3.6	3.8

Source: Company data, ING estimates

Summary of 2H14

Fig 1 2H14 and 2014 key numbers (€m)

	1H13	2H13	2013	1H14	2H14	2014
Sales	**1,649**	**1,537**	**3,186**	**1,609**	**1,607**	**3,216**
Sales growth (%)	*-7.6*	*-8.3*	*-7.9*	*-2.4*	*4.6*	*0.9*
of which organic (%)			*-3.3*	*3.3*	*2.3*	*2.4*
of which forex (%)			*-5.5*	*-5.8*	*1.0*	*-2.3*
of which scope (%)			*0.9*	*0.1*	*1.6*	*0.9*
REBIT	**91**	**75**	**166**	**101**	**63**	**164**
REBIT growth (%)	*6.9*	*133.6*	*41.6*	*11.2*	*-15.9*	*-0.9*
REBIT margin (%)	*5.5*	*4.9*	*5.2*	*6.3*	*3.9*	*5.1*
Non-recurring	(2)	(26)	(29)	17	(10)	7
EBIT	**89**	**49**	**137**	**118**	**53**	**171**
EBIT margin (%)	*5.4*	*3.2*	*4.3*	*7.3*	*3.3*	*5.3*
Net financing charges	(41)	(42)	(84)	(27)	(40)	(67)
Taxes	(30)	(18)	(48)	(23)	(20)	(42)
Share in the JVs	17	13	30	12	13	25
Minorities	(9)	(3)	(11)	(2)	2	0
Net profit	26	(2)	25	78	9	87
Normalised net profit	**28**	**25**	**53**	**62**	**19**	**80**
Norm net profit growth (%)				*117.2*	*-25.1*	*50.9*
Reported EPS (€)	0.45	(0.03)	0.42	1.34	0.15	1.51
Normalised EPS (€)	**0.48**	**0.42**	**0.91**	**1.06**	**0.32**	**1.39**
DPS (€)			**0.85**			**0.85**
Net debt	**770**	**574**	**574**	**673**	**853**	**853**
Regional sales						
EMEA	532	508	1,040	555	509	1,064
North America	295	253	548	281	274	555
Latin America	352	293	645	295	336	631
Asia Pacific	470	483	953	478	488	966
Regional sales growth (%)						
EMEA				4.3	0.2	*2.3*
North America				-4.7	8.3	*1.3*
Latin America				-16.2	14.7	*-2.2*
Asia Pacific				1.7	1.0	*1.4*
Regional REBIT						
EMEA	46	42	88	64	51	114
North America	13	6	19	14	6	20
Latin America	28	16	44	11	15	26
Asia Pacific	39	38	77	43	20	63
Other	(35)	(27)	(62)	(31)	(29)	(60)
Regional REBIT margin (%)						
EMEA	*8.6*	*8.3*	*8.5*	*11.5*	*10.0*	*10.8*
North America	*4.4*	*2.4*	*3.5*	*5.1*	*2.1*	*3.6*
Latin America	*8.0*	*5.5*	*6.8*	*3.9*	*4.4*	*4.1*
Asia Pacific	*8.3*	*7.9*	*8.1*	*8.9*	*4.2*	*6.5*

Source: Company data

Group P&L

- 2H14 sales went up 4.6% to €1,607m, driven by organic growth (+2.6%), forex (+1%) and scope (1.6%). 2014 sales went up 0.9% to €3,216m as 2.8% organic sales growth and 0.9% growth via scope changes were partly offset by forex (-2.3%).
- 2H14 REBIT declined 15.9% to €63m (3.9% margin), entirely due to lower margins in Asia Pac in 4Q14 and partly mitigated by higher margins in EMEA. 2014 REBIT came in flat at €164m, implying a 5.1% margin.

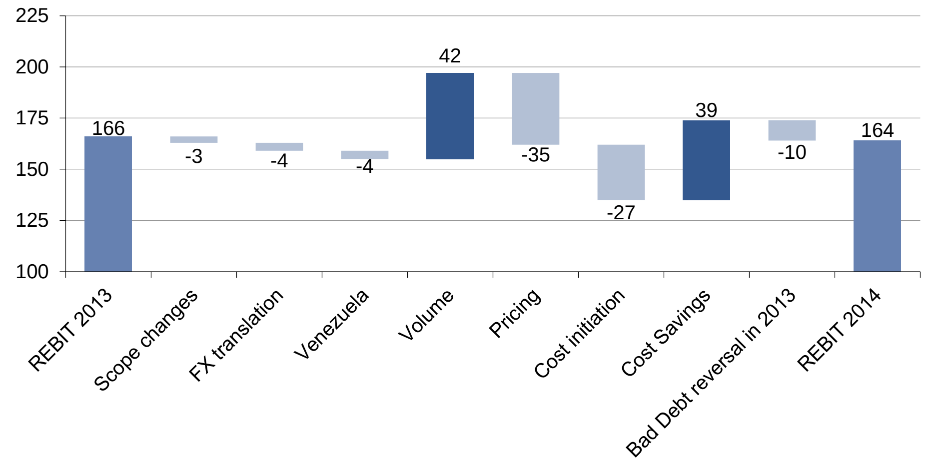
Fig 2 Group REBIT evolution (€m)

	2007	2008	2009	2010	2011	2012	2013	2014
REBIT	186	294	257	562	281	117	166	164
REBIT margin (%)	8.6	11.0	10.5	17.2	8.4	3.4	5.2	5.1

Source: Company data

- Figure 3 shows the REBIT bridge from 2013 to 2014 and clearly indicates that there was a material positive impact from volumes (+€42m), but that cost savings (€39m) were not sufficient to compensate for cost inflation (-€27m) and price pressure (-€35).

Fig 3 2014 REBIT bridge (€m)



Source: Company data

- 2H14 EBIT went up 8% to €53m due to lower non-recurring items (-€26m in 2H13 vs -€10m in 2H14). 2014 EBIT went up 25% to €171m.

- Consequently, net profit (for the group) came in at €9m, up from a €2m loss in 2H13. For 2014, net profit was €87m.

Cash flow

- Net debt (company definition) went up from €673m at end-1H14 to €853m at end-2H14 mainly because of the acquisition of three of the five plants from Pirelli (c.€100m), as well as ongoing share buybacks (c.€64m).

- DPS was kept stable at €0.85.

2H14 segments

EMEA

- 2H14 sales remained flat YoY at €509m as a small positive effect from price/mix was offset by forex. Sales in 4Q14 declined 2% YoY due to difficult volume comparables. For 2014, sales went up 2% due to a solid volume increase (in automotive markets in particular), partly mitigated by scope and forex.

- Despite flat sales in 2H14, REBIT increased 21% YoY to €51m, implying a 10.0% margin. 2014 REBIT improved 30% to €114m and implies a record 10.8% margin. This outcome is the result of years of restructuring (in our view), which have led to a good product mix and high capacity utilisation. EMEA is now the largest contributor to group REBIT (c.50%).

Fig 4 EMEA REBIT (€m)

	2008	2009	2010	2011	2012	2013	2014
REBIT	68	1	95	66	63	88	114
REBIT margin (%)	5.8	0.1	8.9	5.7	6.0	8.5	10.8

Source: Company data

North America

- 2H14 sales went up 8.3% to €274m due to solid volumes and forex support but were slightly offset by price/mix. 2014 sales rose 1.3% to €555m due to higher volumes, offset by price/mix. Improved demand came mainly from automotive markets, whereas demand from industrial, construction and agriculture markets declined.
- 2H14 REBIT was flat at €6.0m, which implied a very low 2.1% margin. For 2014, REBIT was also broadly flat at €20m, which implies a lowest-of-the-group 3.6% margin. Profitability continued to be impacted by low capacity utilisation, price pressure from cheap Asian imports and a fire in the Rome (Georgia) plant in 4Q14. North America continues to contribute the least to group REBIT (c.10%).

Fig 5 North America REBIT (€m)

	2008	2009	2010	2011	2012	2013	2014
REBIT	25	-5	34	32	30	19	20
REBIT margin (%)	4.1	-1.1	5.3	4.8	4.6	3.5	3.6

Source: Company data

Latam

- 2H14 sales went up 15% to €336m via a better price/mix (partly due to passed on raw material price inflation) and positive scope effects. Therefore, the 16% decline in 1H14 (due to cheap Asian imports and reduced public spending) was mostly compensated for, and overall 2014 sales dropped 2% to €631m. Excluding the scope effect and Venezuela, volumes were flat in 2014.
- 2H14 REBIT came in broadly flat YoY at €15m (4.4% margin), recovering from the trough €11m (3.9% margin) of 1H14. Overall, the 2014 margin of 4.1% was depressed due to cheap Asian imports and economic headwinds related to lower commodity prices. Similar to North America, Latam now accounts for c.10% of group REBIT.

Fig 6 Latam REBIT (€m)

	2008	2009	2010	2011	2012	2013	2014
REBIT	16	28	26	35	64	44	26
REBIT margin (%)	9.1	8.6	8.3	9.4	7.9	6.8	4.1

Source: Company data

Asia Pac

2H14 sales rose 1% to €488m as volume growth and forex support compensated for negative price/mix effects. Volumes fell, however, in 4Q14 due to a slowdown in Chinese tyre markets following announced US import tariffs. Bekaert kept its prices flat in 4Q and consequently lost market share in truck tyres. For 2014, sales rose 1%. This was the case for both the China tyre cord activities (c.50% of sales in the region) and the other activities in the region (also c.50% of sales). In other activities, India tyre cord showed good growth. Further, Bekaert maintained its leadership position in the growing Chinese solar market. However, the recently acquired entities in South East Asia continued to disappoint.

2H14 REBIT almost halved to €20m (4.2% margin) due to the weak 4Q14 China tyre cord activities and the losses in South East Asia. For 2014, REBIT was €63m (6.5% margin), accounting for c.30% of group REBIT.

Fig 7 Asia Pac REBIT (€m)

	2008	2009	2010	2011	2012	2013	2014
REBIT	250	288	470	224	37	77	63
REBIT margin (%)	35.1	35.6	37.7	19.8	3.9	8.1	6.5

Source: Company data

Outlook

Group

Bekaert expects the low run-rate of 4Q14, driven particularly by the downturn in Asia, to continue in 1Q15. However, the company also expects a positive impact from currency movements as of 1Q15 (rule of thumb: a 1% appreciation of the USD vs the EUR adds c.€1m to REBIT) and anticipates improved demand over the remainder of the year.

Given the economic environment and the company's current performance, Bekaert is undertaking a set of actions to drive value creation over time. In addition, the recently acquired tyre cord and ropes businesses will be important contributors to its strategy of improving the product portfolio and financial performance.

EMEA

Bekaert anticipates continued solid demand and performance in most European markets. Europe will become an even bigger contributor to the group's consolidated figures as a result of the integration of the steel cord entities acquired from Pirelli in Romania, Italy and Turkey.

North America

Bekaert anticipates a slight improvement in most markets in 2015 but does not project a major turnaround in profitability due to persistent price pressure and increased transportation expenses, as well as partial volume losses caused by the fire in Rome.

Latam

Bekaert anticipates a relatively stable demand for its consolidated businesses in 1Q15. The integration of the steel cord entity acquired from Pirelli in Brazil will be added to Bekaert's financial statements as of 1 January 2015.

Asia Pac

Bekaert projects continued difficult market conditions in China in 1Q15. The company is implementing actions to improve the cost efficiency of operations and to turn around the underperformance of the Malaysian businesses.

New key estimates

Fig 8 New key estimates (€m)

	2014	2015F	2016F	2017F
Sales	**3,216**	**3,731**	**3,845**	**3,959**
Sales growth (%)	*0.9*	*16.0*	*3.0*	*3.0*
of which organic (%)	*2.4*	*-1.9*	*2.7*	*3.0*
of which forex (%)	*-2.3*	*7.6*	*0.0*	*0.0*
of which scope (%)	*0.9*	*10.3*	*0.4*	*0.0*
REBIT	**164**	**194**	**224**	**262**
REBIT growth (%)	*-0.9*	*18.3*	*15.2*	*17.0*
REBIT margin (%)	*5.1*	*5.2*	*5.8*	*6.6*
Non-recurring	7	-10	-10	-10
EBIT	**171**	**184**	**214**	**252**
EBIT margin (%)	*5.3*	*4.9*	*5.6*	*6.4*
Net financing charges	(67)	(73)	(73)	(73)
Taxes	(42)	(45)	(49)	(54)
Share in the JVs	25	24	25	26
Minorities	0	(4)	(5)	(5)
Net profit	87	87	112	146
Normalised net profit	**80**	**97**	**122**	**156**
Norm net profit growth (%)	*50.9*	*21.0*	*25.7*	*27.8*
Reported EPS (€)	1.51	1.51	1.95	2.54
Normalised EPS (€)	**1.39**	**1.69**	**2.12**	**2.71**
DPS (€)	**0.85**	**0.90**	**0.95**	**1.00**
Net debt	**853**	**965**	**908**	**819**
Regional sales				
EMEA	1,064	1,241	1,266	1,291
North America	555	603	621	639
Latin America	631	768	791	815
Asia Pacific	966	1,120	1,167	1,214
Regional sales growth (%)				
EMEA	*2.3*	*16.6*	*2.0*	*2.0*
North America	*1.3*	*8.6*	*3.0*	*3.0*
Latin America	*-2.2*	*21.7*	*3.0*	*3.0*
Asia Pacific	*1.4*	*15.9*	*4.3*	*4.0*
Regional REBIT				
EMEA	114	131	134	137
North America	20	22	30	39
Latin America	26	40	50	61
Asia Pacific	63	63	72	90
Other	(60)	(61)	(62)	(64)
Regional REBIT margin (%)				
EMEA	*10.8*	*10.6*	*10.6*	*10.6*
North America	*3.6*	*3.7*	*4.9*	*6.0*
Latin America	*4.1*	*5.2*	*6.4*	*7.5*
Asia Pacific	*6.5*	*5.6*	*6.2*	*7.4*

Source: Company data, ING estimates

Valuation

Historically, there has been relatively good correlation between Bekaert's 1-year-forward PER multiple and the Stoxx 600 Industrial Goods & Services multiple, as shown in Figure 9.

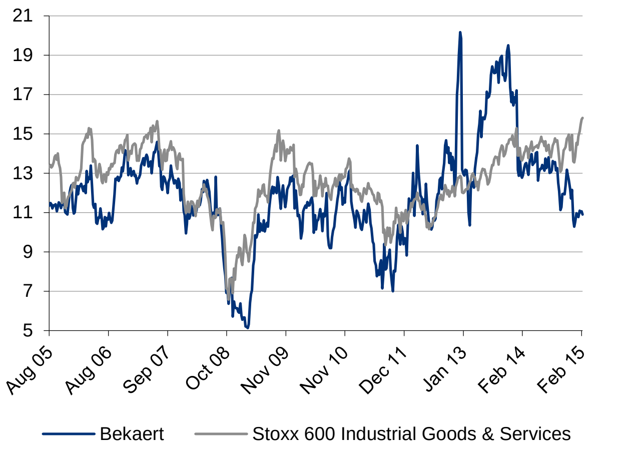
Figure 10 shows that since 4Q14 Bekaert has been trading at a historically high 30% discount versus the sector on Bloomberg consensus estimates. In other words, despite participating in the sector/stock market re-rating, Bekaert is actually de-rating.

We expect consensus EPS estimates to drop over the next few days. On our estimates, which we consider realistic and achievable, the discount amounts to 22%. This still offers an interesting entry level, in our view.

We add that the 3.2% dividend yield is solid and sustainable, in our view.

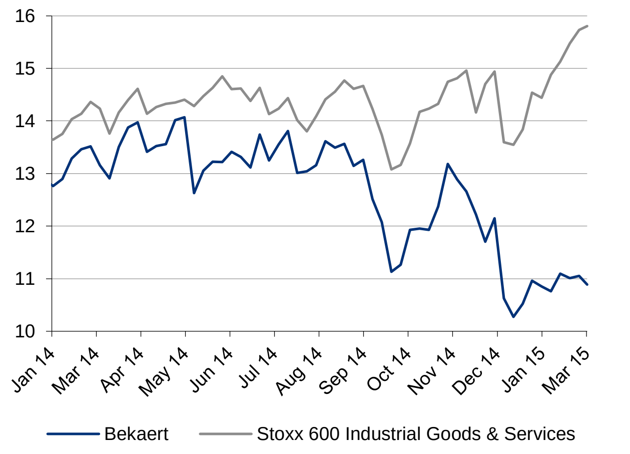
Our TP reflects 14.0x PER and 6.5x EV/EBITDA 2016F, in line with the historical averages.

Fig 9 1-year-forward PER



Source: Bloomberg

Fig 10 1-year-forward PER



Source: Bloomberg

Risks

The key downside risks include further declines in Asia Pac margins. This cannot be excluded, but seems less likely in our view, since: (1) the current client destocking in China tyre cord is temporary by nature; (2) smaller Chinese tyre cord competitors are already producing close to breakeven at the EBITDA level, suggesting limited room to cut prices much further; and (3) Bekaert has announced cost efficiency actions. A further downside risk would be USD depreciation versus the EUR.

Financials

Year end Dec (€m)	2010	2011	2012	2013	2014	2015F	2016F	2017F
Income statement								
Revenues	3,262	3,340	3,461	3,186	3,216	3,731	3,845	3,959
Cost of goods sold	(2,358)	(2,689)	(2,982)	(2,703)	(2,730)	(3,160)	(3,249)	(3,338)
Gross profit	**904**	**651**	**479**	**482**	**486**	**571**	**596**	**622**
Operating costs	(179)	(154)	(205)	(185)	(143)	(201)	(197)	(184)
EBITDA	**725**	**497**	**274**	**297**	**342**	**369**	**399**	**437**
Depreciation & amortisation	(191)	(228)	(324)	(160)	(171)	(185)	(185)	(185)
Impairments	0	0	0	0	0	0	0	0
EBIT	**534**	**269**	**(50)**	**137**	**171**	**184**	**214**	**252**
Net interest	(32)	(19)	(83)	(84)	(67)	(73)	(73)	(73)
Associates	36	25	10	30	25	24	25	25
Other pre-tax items	0	0	0	0	0	0	0	0
Pre-tax profit	**538**	**276**	**(123)**	**84**	**130**	**136**	**166**	**204**
Tax	(140)	(68)	(68)	(48)	(42)	(45)	(49)	(54)
Minorities	(31)	(15)	(6)	(11)	(0.4)	(4)	(5)	(5)
Other post-tax items	0	0	0	0	0	0	0	0
Net profit	**368**	**193**	**(197)**	**25**	**87**	**87**	**112**	**145**
Normalised EBITDA	**735**	**482**	**331**	**326**	**336**	**379**	**409**	**447**
Normalised EBIT	**562**	**281**	**117**	**166**	**164**	**194**	**224**	**262**
Normalised net profit	**396**	**206**	**(30)**	**53**	**80**	**97**	**122**	**155**
Balance sheet								
Tangible fixed assets	1,539	1,692	1,545	1,395	1,589	1,713	1,713	1,713
Intangible fixed assets	131	104	99	87	117	117	117	117
Other non-current assets	96	105	102	126	146	146	146	146
Cash & equivalents	443	676	457	402	473	387	444	532
Other current assets	1,464	1,593	1,464	1,370	1,634	1,648	1,689	1,731
Total assets	**3,673**	**4,169**	**3,668**	**3,380**	**3,958**	**4,010**	**4,108**	**4,239**
Short-term debt	320	648	343	322	442	442	442	442
Other current liabilities	719	616	611	650	745	728	739	750
Long-term debt	700	908	850	688	910	910	910	910
Other long-term liabilities	236	230	260	217	295	295	295	295
Total liabilities	**1,977**	**2,403**	**2,064**	**1,877**	**2,392**	**2,374**	**2,385**	**2,396**
Total equity	1,697	1,766	1,604	1,504	1,566	1,636	1,723	1,842
Total liabilities & equity	**3,673**	**4,169**	**3,668**	**3,380**	**3,958**	**4,010**	**4,108**	**4,239**
Capital employed	2,717	3,322	2,796	2,514	2,918	2,988	3,074	3,194
Net working capital	1,004	1,204	1,082	867	1,064	1,095	1,126	1,156
Net debt (cash)	578	880	735	608	879	965	908	819
Cash flow								
Cash flow EBITDA	725	497	274	297	342	369	399	437
Change in working capital	(277)	(200)	227	78	(55)	(31)	(30)	(30)
Other non-cash items	7	(62)	(3)	(18)	(55)	0	0	0
Operating cash flow	**456**	**235**	**498**	**357**	**233**	**338**	**369**	**407**
Cash interest paid	(43)	(59)	(78)	(65)	(56)	(66)	(73)	(73)
Cash taxes paid	(113)	(129)	(59)	(52)	(46)	(45)	(49)	(54)
Net cash from operating activities	**299**	**47**	**361**	**240**	**131**	**228**	**247**	**280**
Capex	(248)	(278)	(127)	(97)	(176)	(160)	(160)	(160)
Net acquisitions	(17)	83	31	7	(110)	(125)	0	0
Other net investing cash flows	54	9	15	18	37	21	22	23
Cash from investing activities	**(211)**	**(185)**	**(81)**	**(72)**	**(250)**	**(264)**	**(138)**	**(137)**
Increase (decrease) in equity	(58)	0.7	0	(15)	0	0	0	0
Increase (decrease) in debt								
Dividends & minority distribution	(119)	(163)	(46)	(58)	(66)	(49)	(52)	(55)
Other financing cash flow	0	242	(148)	(53)	282	0	0	0
Cash from financing activities	**(176)**	**79**	**(194)**	**(127)**	**216**	**(49)**	**(52)**	**(55)**
Forex & discontinued operations	5	15	(27)	(2)				
Net change in cash & equivalents	**(83)**	**(44)**	**58**	**40**	**97**	**(85)**	**57**	**89**
FCF	95	(172)	312	209	11	133	159	193

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	2010	2011	2012	2013	2014	2015F	2016F	2017F
Performance & returns								
Revenue growth (%)	33.8	2.4	3.6	-7.9	0.95	16.0	n/a	3.0
Normalised EBITDA growth (%)	84.5	-34.4	-31.2	-1.7	3.1	13.1	n/a	9.3
Normalised EBIT growth (%)	118.9	-50.0	-58.4	41.6	-0.91	18.3	n/a	17.0
Normalised EPS growth (%)	124.0	-47.8	n/a	n/a	53.3	21.0	n/a	27.2
Gross margin (%)	27.7	19.5	13.8	15.1	15.1	15.3	15.5	15.7
Normalised EBITDA margin (%)	22.5	14.4	9.6	10.2	10.4	10.2	10.6	11.3
Normalised EBIT margin (%)	17.2	8.4	3.4	5.2	5.1	5.2	5.8	6.6
Reported net margin (%)	11.3	5.8	-5.7	0.77	2.7	2.3	2.9	3.7
Reported ROE (%)	25.4	11.7	-12.6	1.8	6.4	6.2	7.6	9.2
Normalised ROA (%)	17.3	7.2	3.0	4.7	4.5	4.9	5.5	6.3
ROAIC (%)	15.9	4.3	-3.3	3.0	4.2	4.3	4.9	5.8
ROACE (%)	23.2	9.3	3.8	6.2	6.1	6.6	7.4	8.4
ROACE - WACC (%)	15.2	1.3	-4.2	-1.3	-1.4	-0.91	-0.11	0.86
Leverage & solvency								
Working capital as % of sales	30.8	36.0	31.3	27.2	33.1	29.4	29.3	29.2
Net debt (cash)/EBITDA (x)	0.80	1.8	2.7	2.0	2.6	2.6	2.3	1.9
Net debt (cash)/equity (%)	34.1	49.8	45.9	40.4	56.1	59.0	52.7	44.5
EBITDA net interest coverage (x)	22.4	26.8	3.3	3.6	5.1	5.1	5.5	6.0
Current ratio (x)	1.8	1.8	2.0	1.8	1.8	1.7	1.8	1.9
Dividend cover (cash flow) (x)	1.4	n/a	6.1	3.5	0.32	2.4	2.7	3.2
Valuation								
EV/revenue (x)	0.68	0.74	0.74	0.75	0.70	0.67	0.64	0.60
EV/normalised EBITDA (x)	3.0	5.1	7.7	7.3	6.7	6.6	6.0	5.3
EV/normalised EBIT (x)	3.9	8.8	21.9	14.4	13.7	12.9	10.9	9.0
EV/capital employed (x)	0.82	0.75	0.92	0.95	0.77	0.84	0.80	0.74
EV/invested capital (x)	0.75	0.70	0.84	0.87	0.70	0.76	0.73	0.68
Normalised PER (x)	3.9	7.5	n/a	28.9	18.9	15.6	12.4	9.8
Price/book (x)	0.98	0.93	1.1	1.1	1.1	1.1	1.00	0.92
Dividend yield (%)	6.3	4.4	3.2	3.2	3.2	3.4	3.6	3.8
FCF yield (%)	4.3	n/a	12.1	8.8	0.47	5.3	6.5	8.2
Per share data								
Reported EPS (€)	6.20	3.27	(3.33)	0.42	1.51	1.51	1.95	2.53
Normalised EPS (€)	6.68	3.49	(0.50)	0.91	1.39	1.69	2.12	2.70
Dividend per share (€)	1.67	1.17	0.85	0.85	0.85	0.90	0.95	1.00
Equity FCFPS (€)	0.87	(3.92)	3.96	2.45	(0.78)	1.18	1.51	2.09
BV/share (€)	26.90	28.24	24.08	23.01	23.73	24.94	26.45	28.52

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%.

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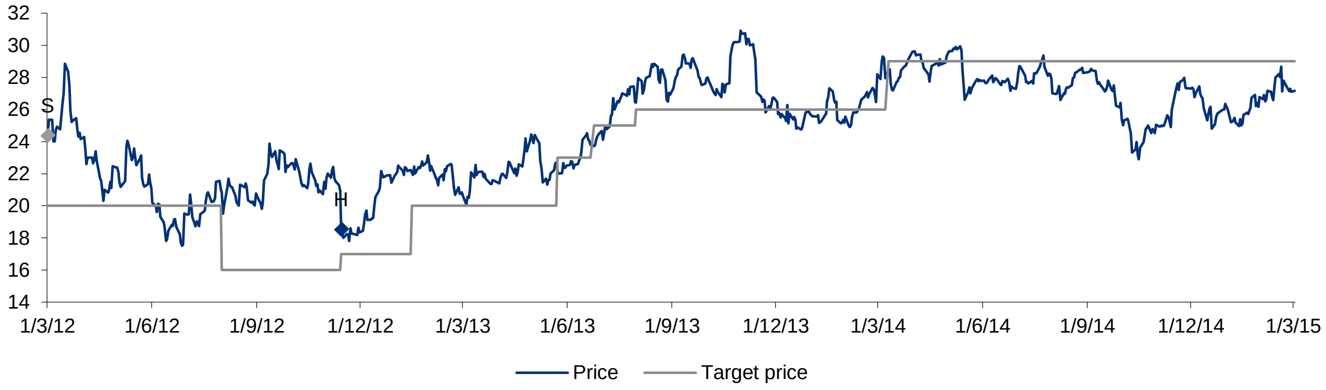

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