Bekaert

A lack of short term triggers

Sawing wire bonanza is over

- The sawing wire market collapsed on the back of huge overcapacity. Bekaert progressively lost its grip on a segment it once dominated. At its peak, sawing wire represented ½ of EBIT with margins above 60%. Excluding for this sawing wire contribution, Bekaert would have reported margins in the middle of its medium term guidance of 7-9%.
- Still, we do not believe the market is entirely dead but the road to a more balanced situation will be long. For the market to restore, a significant amount of capacity needs to be taken out to allow prices to move up again. Before this happens, the situation is likely to deteriorate further. Bekaert indicated that in Q1 2012, prices dropped another 8% sequentially.

Pressure on tire cord under control

- The 2011 reporting highlighted pressures on the Chinese tire cord segment. Indeed margins fell in the tire cord in China as a consequence of decline prices and volumes in the truck market. These must not be exaggerated. Indeed, China is maturing but this was anticipated by Bekaert. Note that even if demand growth is slowing in China, the country continues to offer potential.
- The focus on growing countries will help compensate for the lower growth in China. India and Russia are key for the company's future as they offer a good combination of high GDP growth prospects and radialisation potential.

Valuation offering limited upside

- The stock price has found a bottom around EUR 20 but we clearly lack triggers to become more positive on the stock.
- Bekaert is trading at rather demanding multiples. EV/EBITDA of 6.2x and 5.3x in respectively 2012 and 2013. On P/B, it does not look more attractive at 0.79x compared to a historic level of 1.0x. Our DCF provides some upside as it points towards a value of EUR 29.1 per share. Using an equally weighted average of these 3 methods we obtain a target price of EUR 25. Hold recommendation confirmed.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/ EBITDA (*)	P/E (*)	FCF Yield (*)	Div. Yield (*)
12/08	*2,662*	*411*	*209*	*3.50*	*0.93*	*4.2*	*4.6*	*11.6%*	*5.8%*
12/09	*2,438*	*385*	*151*	*2.53*	*0.98*	*6.9*	*14.3*	*14.3%*	*2.7%*
12/10	*3,262*	*728*	*367*	*6.13*	*1.68*	*8.0*	*14.0*	*-0.3%*	*2.0%*
12/11	*3,340*	*480*	*193*	*3.26*	*0.98*	*5.2*	*7.6*	*-7.7%*	*4.0%*
12/12e	3,428	346	5.2	0.09	0.98	6.3	nm	10.1%	4.9%
12/13e	3,530	393	95.5	1.61	0.98	5.4	12.5	13.2%	4.9%
12/14e	3,644	458	147	2.48	0.98	4.4	8.1	16.4%	4.9%

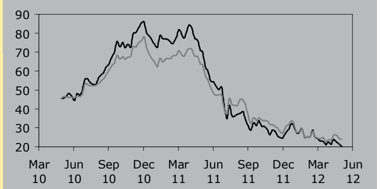
(*) 2008-2011 figures of EV, P/E and Yield are based on end F.Y. price

Hold

Price:	EUR 20.18 (01/06/12)
Target price:	25.00
Risk:	High
Reuters:	BERTt.BR
Bloomberg:	BEKB BB
Shares number (m):	59.88
Market cap. (m):	1,209
Net debt 12/11 (m):	880
Net debt/EBITDA 12/11	1.83
H/L 1 year:	70.78 - 20.18
1 year price perf.:	-72.3%
Diff. with Euro Stoxx :	-47.0%
Volume (sh./day):	328,627
Free Float	62%
Family shareholders	38%

Company description:
Bekaert is a global technological and market leader in advanced solutions based on metal transformation and coatings, and the world's largest independent manufacturer of drawn steel wire products. Bekaert employs 28 000 people worldwide and serves customers in 120 countries.

Bekaert + relative to Euro Stoxx (grey)



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Investment case

Over the past two years Bekaert has received a lot of attention from the market. The company first came into the limelight when it revealed its strong position in the growing sawing wire market. Unfortunately, by the time people started to grasp the importance of this product for Bekaert, the industry collapsed on the back of slowing demand growth and overcapacity. The latter was the consequence of elevated returns offered by sawing wire which attracted plenty of new entrants. So Bekaert lost grip on a segment it once dominated. The stock price rapidly fell as the market realised that the sawing wire bubble burst.

In 2010, at its peak, sawing wire represented around half of 2010's EBIT with margins above 60%. Excluding for this extraordinary sawing wire contribution, Bekaert would have reported an EBIT margin in the middle of its long term guidance of 7-9%, a level that is not reached today.

From the current market perspective, these levels of margins will not be reached anymore as they were due to a unique combination of elements: surging demand, limited capacity and a leading position of Bekaert. Still, we do not believe the market is entirely dead but the road to a more balanced situation will be long. A significant amount of capacity needs to be taken out. Bekaert already adjusted its capacity by reorganising its operations in China but other players need to do the same or disappear. About 20-30% of the capacity would need to be removed in the short term in order to have a more balanced situation.

The 2011 reporting highlighted pressures on the Chinese tire cord segment. These must not be exaggerated. Indeed, China is maturing but this was anticipated by Bekaert. The focus on other growth countries (in terms of GDP & radialisation potential) will help compensate for the lower growth in China. Fast growing countries like India and Russia are key for the company's future as they offer a good combination of high GDP growth prospects and radialisation potential. Note that even if demand growth is slowing in China, the country continues to offer potential.

The planned restructuring will enable Bekaert to adapt to the changing market environment, after a period of rapid growth. On top of the restructuring of its Chinese and Belgian sawing wire operations, the company wants to reduce its cost base with an additional EUR 100m per year by 2014. Likely the lump sum will have to come from efficiency improvements and optimisation efforts, which seems challenging. The first effects will be felt in the course of 2013 and the full impact only in 2014.

We expect the stock price to have found a bottom around EUR 20 and already discount a lot of bad news. This being said, we clearly lag triggers to become more positive on the stock. Furthermore, we await more visibility on the restructuring measures and the cost saving program. We imagine additional pressure on the stock price as index funds adjust their positions when the company exits the EuroStoxx 600 on the 18th June.

From a valuation perspective, Bekaert is trading at demanding multiples. EV/EBITDA of 6.4x and 5.5x, and EV/EBITA 11.9x and 9.5x in respectively 2012 and 2013. On P/B, it does not look more attractive at 0.79x compared to a historic level of 1.0x. As return on equity will have difficulties to exceed cost of capital we expect P/B to remain below 1.0x. Our DCF provides some upside as it points towards a value of EUR 29.1 per share. Using an equally weighted average of these 3 methods we obtain a target price of EUR 25. This represents an upside of 19% compared to the current level. Therefore we keep our Hold recommendation.

Sawing wire, really dead?

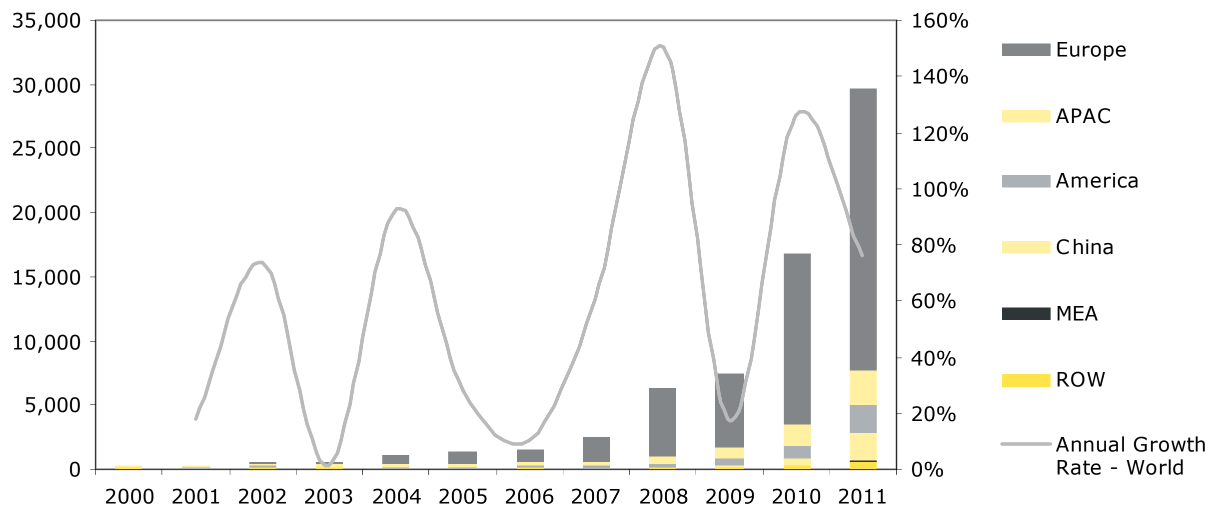
Sawing wire, which has been in Bekaert's product offering since the early 1990s, is used to cut poly silicon ingots into wafers used on photovoltaic panels. Demand is therefore mainly a function of the need in photovoltaic panels

During the past one and a half year, a lot was said about sawing wire. In the current chapter, we summarize the evolution and sketch the prospects of this market segment.

The photovoltaic rollercoaster

Photovoltaic demand evolved exponentially since the start of 2000 with a CAGR of 57% for the world and over 70% in Europe. The boom really started in Europe in 2004 when demand grew around 250% compared to the previous year. Between 2004 and 2011 annual demand was multiplied by 22, going from 1,002MW to 21,939MW. Europe has grown faster than any other region in the world, and Europe accounts for the predominant share of the global PV market (75% of new capacity added in 2011). Within Europe, the most important countries are Italy and Germany, accounting for over 60% of growth.

Exhibit 1 Evolution of global annual installations 2000-2011 (MW)



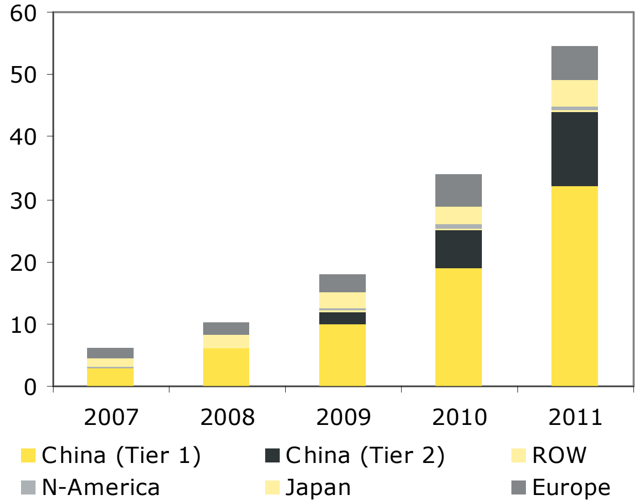
Source: EPIA

Interesting is that even in 2011, the global market grew by 76% and over 60% in Europe while some industry participants expected a drop in Europe. This being said, considering the macro environment and the cut of incentives, the recently achieved growth rates will be difficult to maintain in Europe.

In the short term, the slowdown in Europe will not be compensated by growth in other areas of the world. However, large untapped countries like the US, Japan and China have been growing very fast over the last couple of years (e.g. China grew 323% in 2011 and America 127%) but from a relatively low base. As such, they are not at a stage yet to take over from Europe. Nevertheless, they might drive the PV market in the coming years like the old continent did over the last ten years.

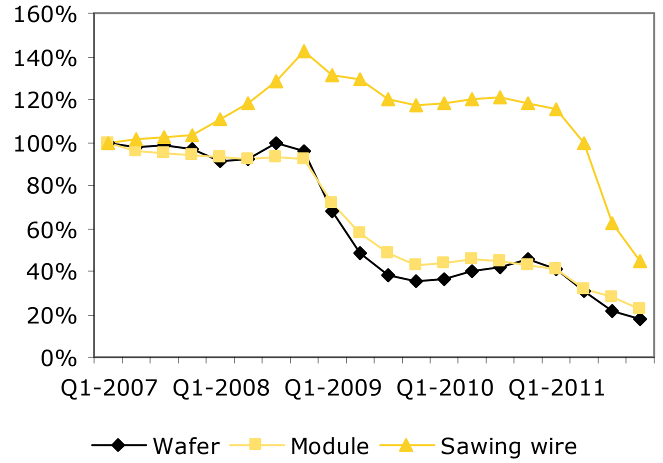
On the other hand, following years of stunning growth in demand – supported by government incentives – the industry added significant amount of capacity as illustrated by the wafer capacity evolution. While capacity evolution remained rather stable in Europe, growth was strongest in China. Therefore, the industry reached oversupply in 2011.

Exhibit 2 Evolution of wafer capacities (GW)



Source: GTM Research, Bekaert

Exhibit 3 Price evolution



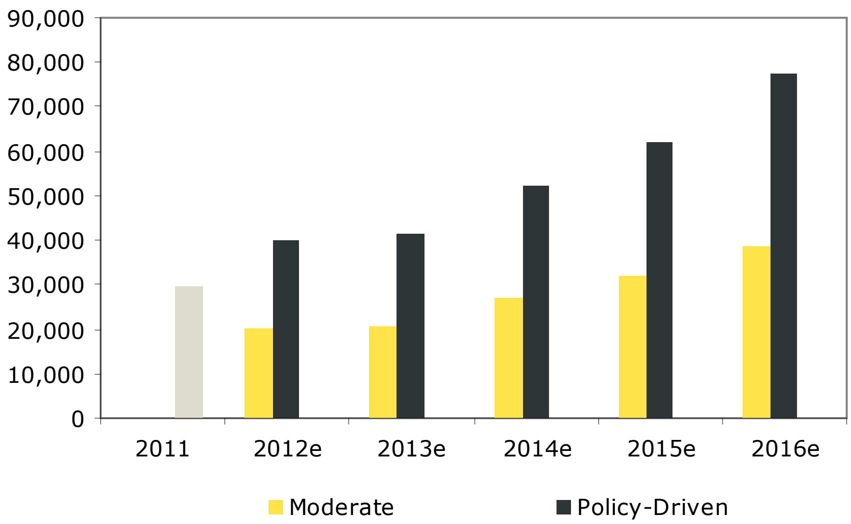
Source: Bekaert

Consequently, prices for wafers and PV modules came under severe pressure. Between 2007 and the end of 2011 prices fell nearly 80%, with most of the drop happening after 2009.

After the brutal collapse of the photovoltaic market, it remains unclear what policymakers will do. Remember that the EU countries still need to invest massively in renewable energies to meet the 20-20-20 target (20% CO2 reduction from 1990 and 20% green energy by 2020). The impact of supportive measures is determinant to the future of the industry.

The European Photovoltaic Industry Association (EPIA) studied two cases for PV demand: a Moderate scenario assuming no reinforcement of the current support mechanisms or a limitation of existing schemes, and a Policy-Driven scenario where PV is considered by policy makers as a major power source in the coming years.

Exhibit 4 EPIA scenario comparison



Source: EPIA, Petercam

The outcome of these two scenarios is radically different. In the Moderate scenario it would take until 2015 before demand exceeds 2011 levels again. In the Policy-Driven scenario this could already be the case in 2012 and so by 2015 the current sawing wire capacity could be fully used. So far into 2012, demand remained relatively strong and therefore the moderate scenario might be too pessimistic.

Demand was for 6.9 GW in Q1, meaning close to 28GW annualized, this is stable compared to 2011.

Sawing wire: from zero to hero and back

History of sawing wire

Sawing wire has been in Bekaert's product mix since the early nineties. It was initially used to cut sapphire for the semi-conductor industry. Anticipating the increasing demand for photovoltaic purposes, Bekaert invested in China (first by transforming tire cord plants and later – once a sufficient scale was reached - by building dedicated plants).

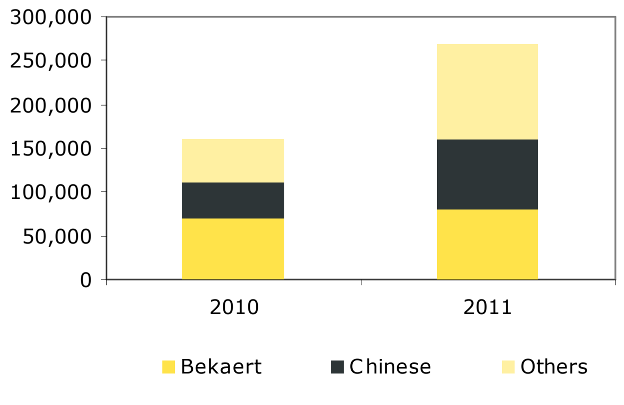
Prior to 2004/2005, sawing wire grew at a regular pace and offered margins moderately above average group level. Bekaert benefited from a technological edge and the first mover advantage. In 2004, the "golden era" started with demand increasing exponentially driven by an increasing awareness of the need for alternative energy sources and the introduction of the first incentive schemes. Nevertheless it is only in 2008 that it became significant for Bekaert (see below).

This period was characterised by increasing volumes and prices as supply could not meet up with demand. A position very much appreciated by Bekaert, the market leader at that time.

Increasing poly-silicon prices triggered a need for reducing waste and optimizing the ingot slicing. This created demand for ever thinner wire diameters. With its technological know-how Bekaert managed to address this demand and achieved premium pricing compared to the market, resulting in higher margins than competitors.

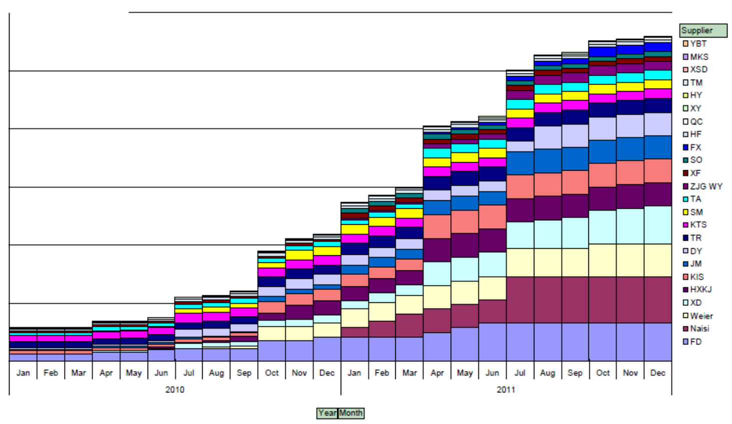
Due to the interesting prospects and the high margin (relative to tire cord for example), the sawing market gained attention. Progressively an important number of new entrants penetrated the market. These were sawing wire start-ups and tire cord manufacturers. As such, sawing wire capacity also exploded, nearly doubling between 2010 and 2011. It was especially in China that the additional capacity was added, as can be illustrated by the graph below. Unfortunately demand, due to the cut in incentives, did not follow this fast capacity expansion. While in 2010 the industry managed to achieve historic returns with an average capacity utilisation of 60%, it collapsed in 2011 when utilisation rates fell below 40%.

Exhibit 5 Sawing wire global capacity



Source: GTM Research, Bekaert

Exhibit 6 Chinese capacity build-up



Source: Bekaert

It is this overcapacity in sawing wire that killed the market by initiating a fierce competition, with prices falling nearly 2/3 between 2010 and 2011. The drop was significant but lower than the fall in wafer and module prices. We believe that this can be explained by the low share (<5%) of sawing wire in the cost structure of an installed PV panel.

Sawing wire the most important driver of margin expansion

Information on the sawing wire segment at Bekaert is relatively scarce. It was only in 2011/2012 when the market collapsed that Bekaert provided more information on this product.

To start we have assumed that all the 'Energy & Utilities' revenues in Asia-Pacific are from sawing wire and with some reversed engineering we have reconciled the following table:

Exhibit 7 EBIT comparison

	2007	2008	2009	2010	2011
Sawing wire volumes (tonnes)	4,877	12,417	16,758	33,193	45,800
Sawing wire prices (EUR/t)	11,567	14,281	13,601	13,601	7,480
Sawing wire revenues	56	177	228	451	343
EBIT	**6**	**95**	**127**	**281**	**121**
EBIT margin	11%	54%	56%	62%	35%

Source: Bekaert, EPIA, Petercam

According to its 2011 annual report Xingda sold 3.9k tonnes of sawing wire for total revenues of RMB 215m, implying a price of RMB 55k per tonne (EUR 6.8k). On average in 2011 we expect Bekaert to have achieved a premium of 10% compared to Xingda (20% at the start of the year moving to 0% at the end of the year). With the current depressed situation in the sawing wire market, we do not believe that Bekaert is able to get premium pricing anymore.

From our table above we can see that the importance of sawing wire in Asia has been increasing over the years and margins continuously improving. Sawing wire peaked in 2010 with an estimated EBIT of EUR 281m, representing more than 50% of the group's consolidated 2010 EBIT. Excluding this exceptional contribution of sawing wire from the 2010 results reduces the EBIT margin from 16.4% to 8.0%, which is precisely in the middle of Bekaert's medium term guidance of 7-9% EBIT margin. Today, sawing wire is running break-even or slightly negative on EBIT while remaining cash generative.

Is sawing wire really dead?

The prospects for sawing wire will depend on volumes and capacity reduction which will allow for prices to improve again. Conservatively we have assumed a further sequential drop of price of 25% in 2012 and a stabilization thereafter as capacity is still not materially adjusting. Furthermore, we used a cost structure of 80% variable and 20% fixed.

In the Moderate scenario of EPIA we expect Asian sawing wire operations to remain break even at around EBIT. We have assumed a stable market share of 1/3 as of 2012 (43% in 2011) and a cost inflation of 2% each year.

Exhibit 8 EBIT comparison

	2012	2013	2014	2015	2016
Sawing wire volumes (tonnes)	25,458	25,899	33,755	40,181	45,000
Sawing wire prices (EUR/t)	5,236	5,236	5,236	5,236	5,236
Sawing wire revenues	133	136	177	210	236
EBIT	**-6**	**-6**	**2**	**9**	**14**
EBIT margin	-4%	-4%	1%	4%	6%

Source: EPIA, Petercam

Nevertheless, if volumes evolve according to EPIA's more bullish scenario (Policy Driven) then we could see EBIT returning to around EBIT 25m per year and margins to the medium term group guidance.

Exhibit 9 EBIT comparison

	2013	2014	2015	2016
EBIT (moderate)	**-6**	**2**	**9**	**14**
EBIT margin	-4%	1%	4%	6%
EBIT (policy driven)	**24**	**27**	**26**	**25**
EBIT margin	9%	9%	9%	9%

Source: EPIA, Petercam

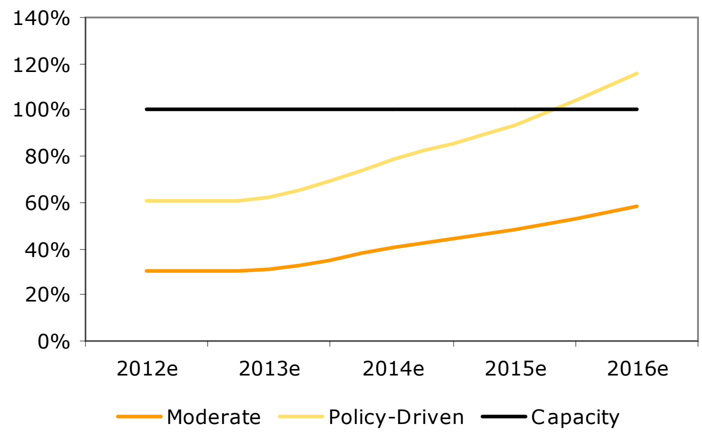
Sawing wire competition suffering as well

Bekaert enjoyed a solid market position in sawing wire controlling nearly half of the industry capacity and probably more in terms of market share. However, with the boom of new entrants Bekaert's market share declined to 30% in 2011.

The competition is two folded. On the one hand, there are the tire cord producers who diversified into sawing wire (Xingda, KisWire or Huyosung) as the process to make sawing wire is relatively comparable to tire cord. On the other hand, you have a bunch of pure sawing producers that were created to take profit of the booming market. The most important producers are Naisi and Fundant. The latter has been founded by former Bekaert employees.

Unfortunately this will only happen if capacity is removed from the market. The graph below shows that the current sawing wire capacity is more than sufficient to cope with both volume scenarios in the coming 3-4 years. Only in the most optimistic scenario, capacity utilisation would return to more acceptable levels by 2015 as we think that utilisation rates of 80% need to be achieved to return to a more balance situation.

Exhibit 10 Capacity utilisation



Source: EPIA, Petercam

By reorganising its operations in China (from 3 plants to 1 plant) and by mothballing another production line we know that Bekaert removed a significant amount of capacity. Although this is a step in the good direction, other participants would have to do the same. If Bekaert cut its capacity by 1/3 or around 25kt, this is only ¼ of the needed 100kt capacity reduction.

At this stage it is still unclear what the other participant's strategy is. We are not aware of any additional capacity closures or consolidation moves. As long as nothing happens we believe prices will continue to be under pressure, pushing players further to the edge.

Nevertheless, if capacity was removed we clearly see potential for prices to increase and this could have a quite significant impact on remaining players. For example, should sawing prices be 10% higher than in our assumption (see above), EBIT could be EUR 20-30m higher in both scenarios.

Despite the limited visibility, we think diversified players like Bekaert are better positioned to withstand these tough market conditions as other business can absorb the underperformance of the sawing wire.

Still, before capacity is reduced, the situation is likely to deteriorate further. Bekaert indicated that in Q1 2012, prices dropped another 8% compared to Q4 2011. According to market sources, Xingda is pushing prices down in order to get the weakest players out of the market and favour consolidation.

This will be a lengthy process of which the pace will depend how long the conditions remains depressed.

To conclude, given the above we do not think the sawing wire market is really dead but the golden era is over. This good period was linked to a unique *combination of circumstances that will not materialize again: increasing demand and limited capacity.*

We are looking for capacity removal and policy changes to become more positive on solar sawing wire.

How resilient is the tire cord market?

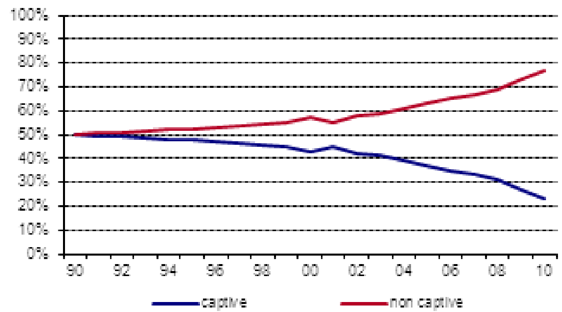
The full year 2011 results highlighted that next to the difficulties in the sawing wire market Bekaert also suffered from pressure in the Chinese truck tire segment.

Dominant player in the tire cord

Bekaert has a tire cord capacity of 0.8mt out of a total market of 3.2mt. Nearly 1 on 4 tires in the world is equipped with Bekaert cord. Around 25% of this capacity is owned by tire manufacturers themselves (captive) and so Bekaert has around 1/3 of the 'free' market.

The externalisation of tire cord manufacturing to specialised players like Bekaert has been a driver for demand as shown in the graph below. The evolution is slow and erratic but we notice acceleration since 2008 as tire manufacturers see this as an option to reduce costs. Bridgestone and Michelin for example are still partially integrated while Goodyear has outsourced everything. The total externalisation of the remaining captive capacity could provide an additional boost to the market, as it equals 25% of the capacity.

Exhibit 11 Tire cord captive vs non captive capacity



Source: Bekaert

Bekaert has 0.5mt capacity in China and 0.3mt in the rest of the word (mainly Europe). The total Chinese market has a capacity of 1.5m. So together with Xingda (0.5mt), Bekaert has 65% of the market. As such, the Chinese market is the most important one for Bekaert.

In China, around 90% of the sales are made to Chinese tire manufacturers. The remaining 10% are done to majors like Bridgestone, Michelin or Goodyear. This being said we understand that Bridgestone is the most important customer in tire cord for Bekaert.

China maturing, India and Russia will take over

Growth for tire cord is essentially linked to two factors: GDP growth and radialisation. Radialisation, which means reinforcing rubber tires with steel cord, improves the durability and quality of the tires. The need for radial tires only comes when a countries' road infrastructure is good enough.

Bekaert – like for all its products – targets value added products and therefore focuses on truck and bus tires, which represent 65-70% of volumes (vs 30-35% for passenger cars). In China, the balance is more skewed towards trucks and buses (80%).

We estimate the Western markets are quite stable and disciplined, however returning lower margins than in China for example. This being said, margins are now starting to converge to some degree. In 2011, the Chinese truck tire market came under pressure (in terms of volumes and prices) with the general economic slow down and hurt margins. We believe margins fell from around 25% in 2010 to around 11% in 2011. This fast deterioration of margins is linked to pricing pressure and cost inflation. For the future we expect Bekaert to be able to keep them stable at the current levels.

Exhibit 12 EBIT margin evolution

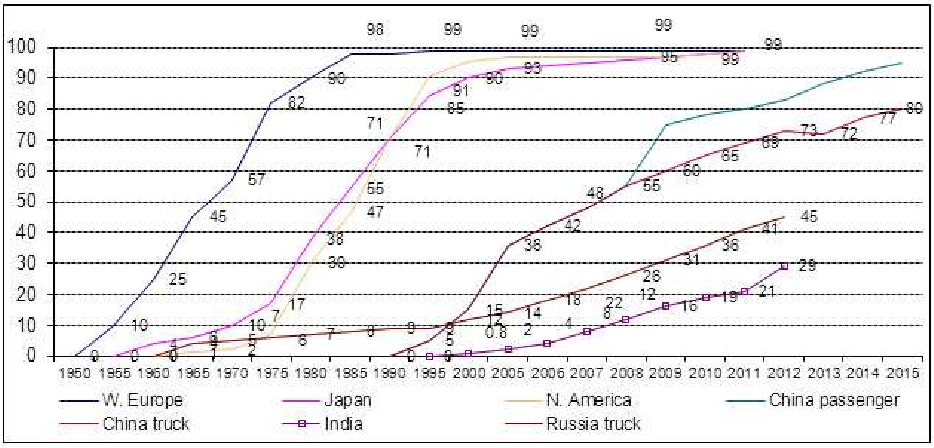
	2009	2010	2011
Tire cord sales China (EURm)	505	627	651
Trucks & Buses	404	502	456
Cars	101	125	195
Tire cord volumes China (tonnes)	360,541	409,354	412,369
Trucks & Buses	277,361	316,152	277,593
Cars	83,180	93,203	134,776
Tire cord prices China (EUR/t)			
Trucks & Buses	1,456	1,587	1,641
Cars	1,213	1,345	1,449
Tire cord EBIT China (EURm)	**165**	**158**	**69**
EBIT margin	33%	25%	11%

Source: Bekaert, Petercam

Demand growth is expected to slowdown in China as the level of radialisation is already high and GDP growth slows. Xindga's annual report mentions a radialisation level of close to 87% at 2011.

As such, we think the tire cord has probably had its best time in China. Bekaert is therefore looking at diversifying away from China. A particular interest is paid to India, which offers both interesting potential in terms of radialisation of tire and GDP growth.

Exhibit 13 Degree of radialisation



Source: Bekaert

Radialisation of tires for heavy vehicles is gaining momentum in India. According to a report by ICRA, the Indian truck and bus sector is at a 'structural inflexion point' as far as radial tires are concerned. This sector currently has a radialisation level still way below the world's average of 68%. In fact, in terms of radialisation India is now where China was at the beginning of the 2000s which offers interesting prospects.

Bekaert has correctly anticipated this trend as it started to build a presence in India since the early 2000 and we understand that it's Bekaert's intention to further expand this presence in 2012. A major share of the EUR 100m growth capex planned for 2012 will therefore go to the expansion of the tire cord business in India. At this moment in time, Bekaert is the sole local tire cord provider in India. We have assumed this strong position results in a market share of 50%.

Exhibit 14 Contribution to the P&L of Tire Cord in India

	2011	2012	2013	2014	2015
Tire cord (in t)	51,713	78,865	103,887	143,363	197,841
Bekaert @ 50% market share	25,856	39,432	51,943	71,682	98,921
Price (EUR/t)	1,750	1,750	1,750	1,750	1,750
Revenues	45.25	69.01	90.90	125.44	173.11
EBIT	**13.6**	**20.7**	**27.3**	**37.6**	**51.9**
% margin	30%	30%	30%	30%	30%

Source: Petercam

Russia is also a region where Bekaert is building up its presence as confirmed by the expansion of its plant in Lipetsk in September last year. The low levels of radialisation combined with emerging market potential GDP growth makes this another interesting region.

Bekaert enjoys a relatively strong position in the tire cord market with an estimated market share of around 25%. As highlighted previously, we think that China is maturing with elevated radialisation levels. However, this will be compensated by gaining momentum in India and Russia, regions offering a good combination of radialisation potential and GDP growth.

Threats from sawing wire producers?

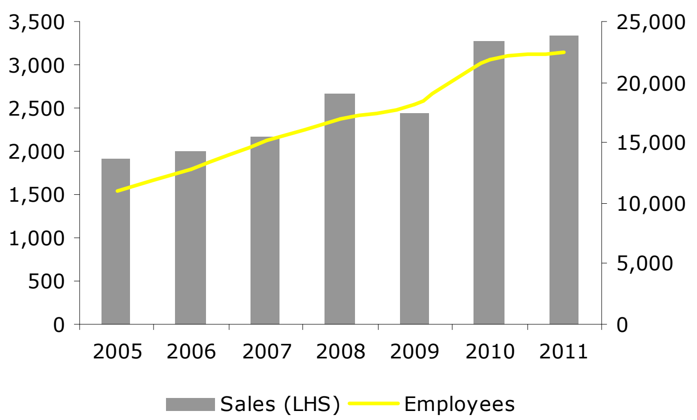
We do not see the transformation of sawing wire capacity into tire cord as a major threat to the tire cord market. Sawing wire players are already struggling to survive and we wonder how they could finance additional capex. Additionally, relationships with tire manufacturers are lengthy to build. Even if financing could be found and players get approved by tire manufacturers this could takes years before materializing. At this point in time, the threat is not material we believe. Bekaert confirms that it is not aware of any pure player trying to switch.

The industry also counts a number of tire cord manufacturers with sawing wire capacity. Bekaert and Xingda are the most important ones, followed by Kiswire and Hyosung. Technically they could switch their sawing wire capacity to tire cord. We understand that Bekaert and Xingda are not doing it as they remain committed to the sawing wire market. Even if Kiswire or Hyosung would do it, the impact would be relatively limited considering their small presence in sawing wire (around 5-10kt each).

Adjusting to a cha(lle)nging reality

Quite brutally, Bekaert had to adjust to a changing environment. The last couple of years were characterised by a rapid development of the company, in terms of sales and employees which nearly doubled since 2005.

Exhibit 15 Sales and FTE evolution



Source: Bekaert

Collapse of the sawing wire market

First the company needs to adjust to the collapse of the sawing wire market. Actions were already taken at the end of 2011, with the reorganisation of the sites and the mothballing of 1 line in China. This resulted in a capacity adjustment, the lay off of 1,250 persons and an impairment of EUR 5.4m.

Early 2012, Bekaert also announced the restructuring of some sites in Belgium:

- In Aalter (bead wire, fine cord and sawing wire) the sawing wire activity has been shutdown and the size of the site significantly reduced. Machines and equipments will be impaired to zero;
- In Deerlijk, the global R&D center, all work on next generation sawing wires was stopped;
- In Ingelmunster, the global engineering centre, also stopped efforts on sawing wire;
- In Zwevegem (wire production, stainless) the stainless steel business is being phased out as part of the restructuring;

The exact impact of these measures is not confirmed but we believe the total related restructuring charge should be at least EUR 100m, of which EUR 30-35m in cash (related to redundancies) and EUR 65-70m in asset impairments.

In accordance with its auditors, Bekaert amortised its sawing wire assets over a 4 year period. As such, all of these assets will be off the books by the end of 2013 whatever happens. This being said, after the significant impairment in Belgium (putting machine values to zero) and China, we do not believe the potential for additional impairments is elevated. Even if it would happen, the size would be relatively limited.

There is now a bit more visibility on the 609 persons affected in Belgium. After a dialogue with the unions, 246 will be laid off, 161 will leave voluntarily and 113 will go on early retirement. Nevertheless, the persons leaving voluntarily will obtain the same benefits as those who are laid off. As such we expect this procedure to have a total cost of around EUR 20m. The annual saving will likely be somewhat lower than that.

More adjustments to come

On top of these measures, Bekaert is looking at the opportunity to reduce its cost structure by another EUR 100m. This will be a combination of process improvement and efficiency gains, and further cost reductions. As highlighted above, the company's headcount nearly doubled over the last 5 years. As the company is not in the same mode anymore, we think there might be further adjustments.

Therefore we have included EUR 35m of supplementary cash restructuring charges in 2013. Assuming this cost equals the annual savings, this means EUR 65m still needs to be found from reorganisation of the business. This looks like a quite substantial amount.

Protecting the crown jewels

It is cynical that former Bekaert employees, who created Fundant, contributed to the collapse of the sawing wire market. Nevertheless, it is not the first time that we read about Western companies being short-circuited by partner or employees.

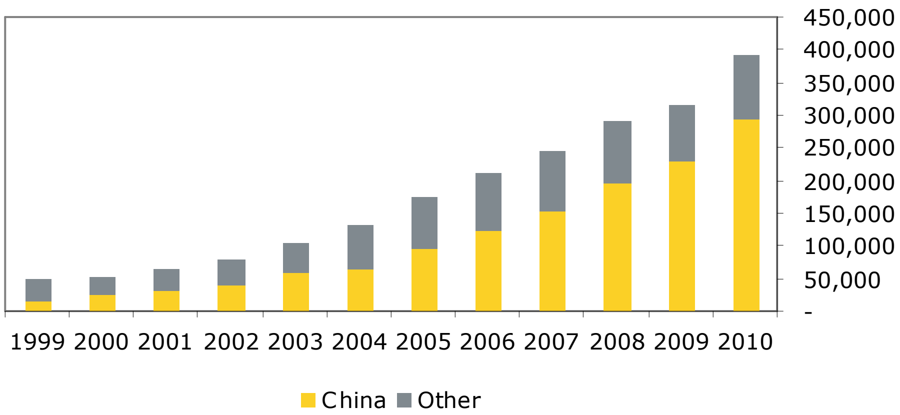
Protecting technologies, products or brands is not easy in China. Patents are regularly infringed without consequences. The only way to protect your assets is by limiting the access to crucial information. Bekaert is now developing critical components in Belgium and then transferring them to China. Furthermore, world wide it is impossible for employees to download documents belonging to the company. This being said, where possible (i.e where infringements can be fought back), Bekaert continues to patent its know-how.

Anyway, we believe that Fundant only participated to the collapse of the market which would have happened in any case. The sawing wire technology already existed in other regions (e.g Japan). So, in this case, it was not really about the specific know-how but rather about building a position in China. Bekaert understood more rapidly than the others the need to build a strong presence in China and this was the key factor of its (short lived) success.

We believe that protecting technology is taken seriously at Bekaert. The company will protect its assets to the limits of what is possible and makes sense. However, in some regions of the world intellectual property is not respected, yet.

The increasing numbers of patent applications in China, especially from Chinese companies, might indicate a change in attitude.

Exhibit 16 Numbers of patents filed in China



Source: WIPO

Geographic diversification & product development

Product development to drive future growth

Product development is of crucial importance for Bekaert and this is why important R&D budgets are allocated each year. Despite the troubled times, Bekaert will continue to invest around EUR 70m yearly in product development.

The definition of new products also includes new specification of existing products. Bekaert is continuously looking at ways to improve existing products or share knowledge of one segment with others. Furthermore, the approach is also often customer driven, meaning that Bekaert responds to the request of a client. This enables Bekaert to limit the financial risk related to product development.

To give an idea of the importance of innovation at Bekaert, around 50% of the revenues generated in 2011 are coming from products that did not exist 10 years ago.

ASEAN countries offer cross fertilisation potential

Geographic diversification is a driver for group growth. As already explained above the focus lies on India and Russia for tire cord. More generally, Bekaert believes in the prospects offers by ASEAN countries. Usually, Bekaert enters the market with a single product to build a presence and name awareness, and in a second stage expand its product offering.

In Latin-America geographic expansion potential is rather limited as Bekaert is already well represented. The potential lies more in the up-scaling of the product mix as the needs evolve. However, we do not expect this to improve margins significantly.

Financial stability management

Bekaert guided for net debt to remain rather stable in 2012 compared to 2011 despite the inclusion in the consolidation scope of the Chilean and Peruvian operations (+EUR 40 net debt).

The challenge for Bekaert will be to absorb this with increased cash flow and stricter working capital management after the inflation of 2011.

Remember that Bekaert's debt is not restricted by covenants and essentially organised around LT bond debt. However, in 2011 there was an important increase of short term bank debt as Bekaert needs to increasingly finance its Chinese clients. From a commercial point of view this is needed at the risk of definitively loosing the clients. At this stage no clients have defaulted on their repayments.

No major repayments need to be make in 2012, except the EUR 150m bond but this was anticipated when the company raised EUR 400m at the end of 2011.

Exhibit 17 Financial position and LT guidance

	2011	2012e	2013e	LT guidance
net debt / ebitda	1.8	2.3	1.9	<2.0
net debt / equity	49%	50%	46%	<50%
equity / total assets	42%	42%	42%	>40%

Source: Bekaert, Petercam

Bekaert's financial position remains acceptable and fully compliant with the company's long term guidance but the situation may not deteriorate further.

Valuation

Peers

The number of listed peers is rather limited for Bekaert. It is therefore difficult to establish a relevant peer group. In the table below, we have presented a peer group for which relevant information is available. The group consists of comparables (Xingda), Solar cell manufacturers, Steel producers and Tire manufacturers.

Exhibit 18 Peer multiple comparison

	EV/EBITDA 2012	**EV/EBITDA 2013**	**EV/EBIT 2012**	**EV/EBIT 2013**
Sawing wire & Tire cord peers				
Xingda International Holdings Ltd.	3.4	2.9	4.8	4.0
Average	**3.4**	**2.9**	**4.8**	**4.0**
Tire manufacturers				
Michelin	3.3	3.1	4.8	4.5
Bridgestone Corp.	3.9	3.4	6.3	5.7
Goodyear Tire & Rubber Co.	2.8	2.6	4.5	3.9
Pirelli & C. S.p.A.	4.6	3.8	6.0	5.0
Continental AG	4.2	3.7	6.5	5.6
Average	**3.8**	**3.3**	**5.6**	**4.9**
Solar cells				
SMA Solar Technology AG	3.3	3.3	5.3	5.1
SolarWorld AG	7.0	7.5	29.6	38.8
Meyer Burger Technology AG	11.8	3.4		13.0
LDK Solar Co. Ltd. ADS	26.9	13.2		219.5
Suntech Power Holdings Co. Ltd. ADS		16.9		
Average	**12.3**	**8.9**	**17.4**	**69.1**
Steel manufacturers				
ArcelorMittal SA	4.6	3.7	9.3	6.5
Nippon Steel Corp.	5.7	4.6	17.7	11.4
POSCO	7.0	6.2	11.3	9.5
JFE Holdings Inc.	6.7	6.0	18.0	13.4
Tata Steel Ltd.	5.5	5.0	8.3	7.3
United States Steel Corp.	4.7	3.5	9.1	6.5
Gerdau SA COSG Pref	6.7	5.4	11.0	7.8
Severstal JSC	4.8	4.3	6.5	5.9
Nucor Corp.	7.1	4.9	10.4	6.2
EVRAZ PLC	4.9	4.4	8.2	7.2
ThyssenKrupp AG	6.0	3.7	21.9	7.0
AK Steel Holding Corp.	4.7	3.9	10.1	6.8
Average	**5.7**	**4.6**	**11.8**	**8.0**
Average	**6.3**	**4.9**	**9.9**	**21.5**
Bekaert (Pcam)	**6.2**	**5.4**	**11.6**	**7.9**

Source: Factset, Petercam

Looking at the multiples we warrant a higher multiple for Bekaert than for Xingda based on a more diversified product mix and better geographic spread. This being said, we see that Bekaert already trades at demanding multiples both in absolute and relative terms. It is difficult to find upside on those grounds, especially considering the average is pulled up by the solar cell manufacturers. So with Bekaert trading exactly in line with the average multiple, our peer multiple derives target price is EUR 21.1.

DCF

Exhibit 19 DCF

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues	3,428.1	3,530.0	3,644.1	3,735.2	3,828.6	3,905.1	3,983.2	4,043.0	4,103.6	4,165.2	4,206.8
EBIT	87.5	197.8	245.0	261.5	306.3	331.9	358.5	343.7	287.3	291.6	294.5
margin	*3%*	*6%*	*7%*	*7%*	*8%*	*9%*	*9%*	*9%*	*7%*	*7%*	*7%*
NOPLAT	63.0	142.4	176.4	188.3	220.5	239.0	258.1	247.4	206.8	209.9	212.0
Depreciations	272.0	208.0	208.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
WCR	25.6	-7.0	-25.8	2.3	-28.0	-23.0	-23.4	-17.9	-18.2	-18.5	-12.5
CAPEX	-180.0	-150.0	-150.0	-154.5	-159.1	-163.9	-168.8	-173.9	-179.1	-184.5	-190.0
FCF	180.6	193.4	208.6	236.1	233.4	252.1	265.9	255.6	209.5	207.0	209.5
DFCF	**173.6**	**171.6**	**171.0**	**178.7**	**163.1**	**162.8**	**158.5**	**140.7**	**106.5**	**97.2**	**90.9**

NPV horizon period :	1,614.5	Residual value :		2,560.0
NPV residual value :	1,110.2	Discounted residual value :		1,110.2
Net cash (debt) :	-879.6			
Minorities	-72.5			
Peripherals	26.7	Bèta	1.25	
Provisions	-161.3	Risk free rate	4.0%	
Bekaert ex Associates	**1,638.1**	Risk premium	5.0%	
Associates	103.1	Corpo spread	3.5%	
Equity value	1,741.2	Cost equity	10.3%	
# shares	59.8	Cost of debt	5.4%	
per share	**29.1**	WACC	8.3%	

Source: EPIA

For the DCF we used a WACC of 8.3%, a 10 year horizon period and NOPLAT/WACC to determine the residual value. We assumed EBIT margins to evolve around the medium term guidance of 7-9% in the considered period.

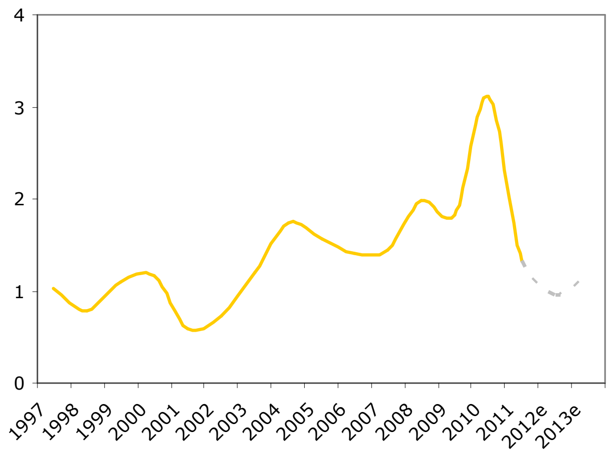
Furthermore, we valued the Associates (essentially the joint venture with ArcelorMittal in Brazil) using a dividend discount model with a discount rate of 13%.

On this basis, our DCF points towards an equity value per share of EUR 29.1, offering 45% upside to current stock price.

P/B

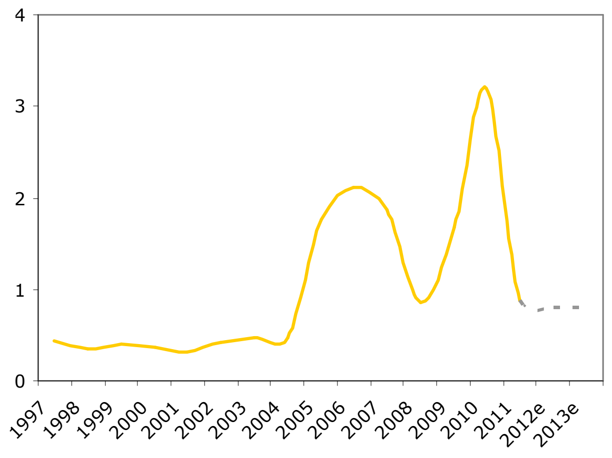
Bekaert trades at 0.8x P/B 2012 which is below its historic average of 1.0x over the last 15 years. This latter was however favourably impacted by spike which happened with the sawing wire boom. Prior this up-cycle Bekaert used to trade at around 0.5x P/B.

Exhibit 20 ROCE/WACC



Source: Petercam, Factset

Exhibit 21 Price to Book evolution



Source: Petercam, Factset

As the sawing wire bubble burst and we expect ROE to return to more normalized levels we do not expect P/B to move significantly from current levels. Current valuation therefore seems fair. Bekaert will have to show that without sawing wire it can structurally bring return on equity above cost of equity to get P/B above 1. In our current assumptions we do not expect this to materialize in the coming 2 years. Using a P/B of 1, Bekaert's target price is EUR 26.4.

Target Price

Using the equally weighted average of the methods above we obtain a target price of EUR 25, virtually unchanged from our current level.

Profit & Loss (EUR m)	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
Revenues	**2,661.8**	**2,437.8**	**3,262.2**	**3,339.9**	**3,428.1**	**3,530.0**	**3,644.1**
(Y/Y - %)	*22%*	*-8%*	*34%*	*2%*	*3%*	*3%*	*3%*
Gross profit	601.5	534.5	903.9	651.4	538.2	600.1	663.2
Selling expenses	-121.8	-105.4	-128.9	-148.9	-145.2	-155.0	-165.0
R & D expenses	-68.5	-63.4	-79.3	-90.2	-80.0	-86.0	-86.0
General & administ. expenses	-113.6	-110.6	-135.8	-134.4	-135.0	-140.0	-145.0
Other expenses	-51.5	-9.6	-9.7	1.5	-34.0	-25.0	-7.2
EBITDA	**411.5**	**384.7**	**728.0**	**480.0**	**346.0**	**392.8**	**458.0**
EBITA	293.6	256.5	562.2	281.0	179.0	219.8	265.0
(Ebita margin - %)	*11.0%*	*10.5%*	*17.2%*	*8.4%*	*5.2%*	*6.2%*	*7.3%*
Amortization	-35.7	-14.1	-16.2	-10.5	-70.0	-10.0	-10.0
Impairment	-	-	-	-	-	-	-
EBIT	210.0	231.4	534.0	269.0	74.0	184.8	250.0
Net Financial Result	-41.4	-56.6	-50.1	-65.8	-73.7	-61.9	-56.9
(of which Net interest charges)	-41.4	-56.6	-50.1	-65.8	-73.7	-61.9	-56.9
(of which Other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	160.7	165.9	501.6	250.5	0.3	122.9	193.1
Taxes	-25.5	-33.9	-139.9	-68.1	-0.1	-34.4	-54.1
Except. / Discont. operations	-	-	-	-	-	-	-
Associates	56.1	37.8	36.0	25.4	15.0	18.0	20.0
Minorities	-17.7	-18.6	-30.9	-14.6	-10.0	-11.0	-12.0
Net declared earnings	173.6	151.3	366.8	193.1	5.2	95.5	147.0
Net adjusted earnings	**209.3**	**151.3**	**366.8**	**193.1**	**5.2**	**95.5**	**147.0**

Cash Flow (EUR m)	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
EBIT	210.0	231.4	534.0	269.0	74.0	184.8	250.0
Depreciation	166.5	153.3	194.0	211.0	272.0	208.0	208.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	35.7	14.1	16.2	10.5	0.0	10.0	10.0
Changes in provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in working capital	-162.4	152.7	-274.0	-199.7	23.0	-23.2	-19.4
Others	0.0	-43.0	6.0	-4.7	-5.3	11.5	-6.3
Operational Cash Flow	**254.9**	**508.5**	**476.1**	**286.1**	**363.7**	**391.2**	**442.3**
Tax expenses	-31.1	-31.1	-113.3	-129.3	-0.1	-34.4	-54.1
Dividends from associates	46.1	41.1	40.4	7.5	12.5	14.9	16.6
Net interest charges	-41.4	-39.2	-43.5	-59.0	-73.7	-61.9	-56.9
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	**232.0**	**479.3**	**359.7**	**105.4**	**302.4**	**309.8**	**348.0**
CAPEX	-251.0	-167.7	-247.6	-277.6	-180.0	-150.0	-150.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-44.2	-3.3	-29.7	-17.9	0.0	0.0	0.0
Divestments	6.0	0.0	26.7	101.3	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	**-289.2**	**-171.0**	**-250.6**	**-194.3**	**-180.0**	**-150.0**	**-150.0**
Dividend payment	-62.2	-50.6	-118.5	-163.1	-58.6	-58.6	-5,861.1
Minor. & pref. dividends	0.0	-	-	-	-	-	-
Equity financing	-19.7	0.0	-57.7	0.0	0.0	0.0	0.0
Others	0.0	-	-	-	-	-	-
CF from financing activities	**-81.9**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in consolidation scope	0.0	-	-	-	-	-	-
Exchange rate impact	-0.7	-	-	-	-	-	-
Net debt/cash change	**-139.1**	**-**	**-**	**-**	**-**	**-**	**-**
FCF to Enterprise	-	-	-	-	-	-	-
FCF to Equity	112.0	308.3	-17.9	-114.1	122.4	159.8	198.0

Notes -

Balance Sheet (EUR m)	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
Fixed assets	**1,408.7**	**1,535.5**	**1,765.9**	**1,900.0**	**1,916.2**	**1,849.4**	**-3,963.8**
Tangible fixed assets	1,070.7	1,127.7	1,295.1	1,433.6	1,449.5	1,379.6	-4,437.0
Goodwill	59.1	54.3	58.1	20.9	20.9	20.9	20.9
Other intang. assets	52.3	50.7	73.1	82.6	82.6	82.6	82.6
Financial fixed assets	226.6	302.8	339.6	362.9	363.1	366.2	369.6
Other fixed assets	-	-	-	-	-	-	-
Current assets	**1,258.5**	**1,294.0**	**1,907.3**	**2,269.1**	**2,382.7**	**2,476.0**	**2,592.2**
Inventories	510.5	358.4	507.7	577.9	625.5	634.1	645.2
Trade receivables	483.2	479.6	774.3	828.3	831.3	842.9	857.5
Other current assets	125.3	103.1	182.4	150.9	225.4	229.5	234.1
Cash & Equivalents	118.3	344.0	442.9	676.5	700.5	769.5	855.5
Discontinued assets	21.1	8.9	0.0	35.5	0.0	0.0	0.0
Total assets	**2,667.2**	**2,829.5**	**3,673.1**	**4,169.1**	**4,298.9**	**4,325.4**	**-1,371.6**
Total Equity	**1,172.3**	**1,373.6**	**1,696.6**	**1,766.4**	**1,805.5**	**1,842.4**	**-3,871.7**
Equity	1,130.6	1,284.8	1,610.7	1,693.9	1,640.5	1,677.4	-4,036.7
Minorities & preferred	41.8	88.7	86.0	72.5	165.0	165.0	165.0
Provisions	214.9	217.7	226.9	220.0	220.0	220.0	220.0
Provisions for pensions	143.4	135.6	150.9	161.3	161.3	161.3	161.3
Deferred taxes	39.3	52.7	41.7	26.7	26.7	26.7	26.7
Other provisions	32.2	29.4	34.3	32.0	32.0	32.0	32.0
Other LT liabilities	10.7	5.1	9.5	10.4	10.4	10.4	10.4
LT interest bearing debt	288.1	598.1	700.5	907.6	907.6	907.6	907.6
Current liabilities	**981.1**	**635.0**	**1,039.6**	**1,264.7**	**1,355.5**	**1,345.1**	**1,362.2**
ST interest bearing debt	503.1	151.4	320.3	648.5	648.5	648.5	648.5
Accounts payables	253.8	247.1	341.7	290.6	364.2	361.2	367.5
Other ST liabilities	219.5	234.2	377.7	312.9	342.8	335.4	346.2
Discontinued liabilities	4.7	2.3	0.0	12.7	0.0	0.0	0.0
Total liabilities	**2,667.2**	**2,829.5**	**3,673.1**	**4,169.1**	**4,298.9**	**4,325.4**	**-1,371.6**

EV and CE details (EUR m)	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
Market cap.	**963.3**	**2,163.0**	**5,137.4**	**1,482.3**	**1,207.2**	**1,207.2**	**1,207.2**
+ Net financial debt	672.9	405.6	577.9	879.6	855.6	786.6	700.6
(of which LT debt)	288.1	598.1	700.5	907.6	907.6	907.6	907.6
(of which ST debt)	503.1	151.4	320.3	648.5	648.5	648.5	648.5
(of which Cash position)	118.3	344.0	442.9	676.5	700.5	769.5	855.5
+ Provisions (pension)	143.4	135.6	150.9	161.3	161.3	161.3	161.3
+ Minorities (MV)	46.8	46.8	86.0	72.5	72.5	72.5	72.5
- Peripheral assets (MV)	-112.7	-112.7	-123.5	-123.5	-123.5	-123.5	-123.5
+ Others	-	-	-	-	-	-	-
Enterprise Value	**1,713.6**	**2,638.2**	**5,828.7**	**2,472.2**	**2,173.1**	**2,104.1**	**2,018.1**
Equity (group share)	**1,130.6**	**1,284.8**	**1,610.7**	**1,693.9**	**1,640.5**	**1,677.4**	**-4,036.7**
+ Net financial debt	672.9	405.6	577.9	879.6	855.6	786.6	700.6
+ Provisions (pension)	143.4	135.6	150.9	161.3	161.3	161.3	161.3
+ Minorities	41.8	88.7	86.0	72.5	165.0	165.0	165.0
- Peripheral assets	-199.9	-218.6	-243.8	-258.3	-258.5	-261.6	-265.0
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	**1,788.7**	**1,696.2**	**2,181.6**	**2,549.0**	**2,563.8**	**2,528.6**	**-3,274.9**
+ Accumulated goodwill amortiz.	57.3	57.3	57.3	57.3	57.3	57.3	57.3
CE (for ROCE grossed gdwll)	**1,846.1**	**1,753.5**	**2,238.9**	**2,606.3**	**2,621.1**	**2,585.9**	**-3,217.5**

Notes -

Per Common Share (EUR)	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
Adjusted EPS (*)	**3.50**	**2.53**	**6.13**	**3.26**	**0.09**	**1.61**	**2.48**
Adjusted EPS (fully diluted)	3.50	2.53	6.13	3.26	0.09	1.61	2.48
Declared EPS	-	-	-	-	-	-	-
CFS	6.87	5.09	9.38	6.82	4.68	5.12	5.99
FCF (to Equity)	1.87	5.15	-0.30	-1.93	2.07	2.70	3.34
Dividend	0.93	0.98	1.68	0.98	0.98	0.98	0.98
Book Value	18.90	21.48	26.93	28.59	27.69	28.31	-68.13
Shares (m)							
At the end of F.Y.	59.807	59.807	59.807	59.807	59.807	59.807	59.807
Average number	59.807	59.807	59.807	59.250	59.250	59.250	59.250
Fully diluted Average number	60.670	60.670	60.670	60.670	60.670	60.670	60.670

(*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/08	12/09	12/10	12/11	12/12e	12/13e	12/14e
Valuation analysis							
P/E	4.6	14.3	14.0	7.6	nm	12.5	8.1
P/CF	2.3	7.1	9.2	3.6	4.3	3.9	3.4
P/BV	0.9	1.7	3.2	0.9	0.7	0.7	nm
EV/Sales	0.6	1.1	1.8	0.7	0.6	0.6	0.6
EV/EBITDA	4.2	6.9	8.0	5.2	6.3	5.4	4.4
EV/EBITA	5.8	10.3	10.4	8.8	12.1	9.6	7.6
EV/EBIT	8.2	11.4	10.9	9.2	29.4	11.4	8.1
EV/CE	1.0	1.6	2.7	1.0	0.8	0.8	-0.6
EV/CE (grossed goodwill)	0.9	1.5	2.6	0.9	0.8	0.8	-0.6
EV/FCF (1)	-	-	-	-	-	-	-
FCF yield (2)	11.6%	14.3%	-0.3%	-7.7%	10.1%	13.2%	16.4%
Dividend yield	5.8%	2.7%	2.0%	4.0%	4.9%	4.9%	4.9%
Financial ratios							
Interest cover	5.1	4.1	10.7	4.1	1.0	3.0	4.4
Net Debt/EBITDA	1.6	1.1	0.8	1.8	2.5	2.0	1.5
Net Debt/Equity	57.4%	29.5%	34.1%	49.8%	47.4%	42.7%	-18.1%
Net Debt/FCF (2)	6.0	1.3	-32.4	-7.7	7.0	4.9	3.5
Capital turnover	1.5	1.4	1.5	1.3	1.3	1.4	-1.1
ROCE pre-tax	16.4%	15.1%	25.8%	11.0%	7.0%	8.7%	-8.1%
ROCE post-tax	15.9%	14.6%	25.1%	10.8%	6.8%	8.5%	-8.2%
ROCE pre-tax (grossed goodwill)	13.8%	12.0%	18.6%	8.0%	5.0%	6.3%	-5.8%
ROCE post-tax (grossed gdwll)	13.4%	11.6%	18.1%	7.8%	4.9%	6.1%	-5.9%
ROE	18.5%	11.8%	22.8%	11.4%	0.3%	5.7%	-3.6%
Working capital (in % of sales)	27.8%	24.2%	28.8%	33.4%	31.9%	31.6%	31.2%
Payout	26.7%	38.7%	27.5%	30.1%	1117.1%	60.8%	39.5%
Margin analysis and tax rate							
Gross margin	22.6%	21.9%	27.7%	19.5%	15.7%	17.0%	18.2%
EBITDA margin	15.5%	15.8%	22.3%	14.4%	10.1%	11.1%	12.6%
EBITA margin	11.0%	10.5%	17.2%	8.4%	5.2%	6.2%	7.3%
Adjusted profit margin	7.9%	6.2%	11.2%	5.8%	0.2%	2.7%	4.0%
Tax rate	15.9%	20.4%	27.9%	27.2%	28.0%	28.0%	28.0%
Growth analysis							
Sales	22%	-8%	34%	2%	3%	3%	3%
EBITDA	38%	-7%	89%	-34%	-28%	14%	17%
EBITA	58%	-13%	119%	-50%	-36%	23%	21%
Adjusted profit	37%	-28%	142%	-47%	-97%	1737%	54%
Adjusted EPS	53%	-28%	142%	-47%	-97%	1737%	54%
Dividend	1%	5%	72%	-42%	0%	0%	0%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

Notes -

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***Investment rating system**: The Petercam stock ratings are based on the estimated performance relative to the Petercam Benelux coverage universe. The total return required for a given rating depends on the risk profile relative to this universe. This risk profile is represented by the Beta, as estimated by the analyst. Low risk stocks have an estimated Beta below or equal to 0.9, Medium risk stocks have a Beta between 0.9 and 1.3 and High risk stocks have a Beta equal to or above 1.3. The required relative performance for a given rating is indicated below. The price targets given and the expected relative performance are always based on a 12 month time horizon.*

	SELL	REDUCE	HOLD	ADD	BUY
High Beta > 1.3	RP<-15%	-15%≤RP<-6%	-6%≤RP<+6%	+6%≤RP<+15%	RP≥15%
Medium 0.9 < Beta ≤ 1.3	RP<-10%	-10%≤RP<-4%	-4%≤RP<+4%	+4%≤RP<+10%	RP≥10%
Low Beta ≤ 0.9	RP<-6%	-6%≤RP<-2%	-2%≤RP<+2%	+2%≤RP<+6%	RP≥6%

RP : Relative Performance against Petercam coverage universe

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