

## Bekaert

### Momentum improvement

#### The bad

- Bekaert provided a weak Q1 trading update with sales coming in at EUR 799m (-11%) against EUR 845m expected.
- Volumes were down 2.8%, prices were down an estimated 5% and currency was down 3.2%, mainly due to Venezuela.
- Nevertheless, earnings are lagging indicators and some positive signs can be witnessed.

#### The good

- In the US, we feel Bekaert is having a more difficult time compared to other industrials but the situation at least seems to stabilize.
- In China, Bekaert indicated a prudent trend towards price stabilization but has not been able to push price increases on the back of lower wire rod prices. However, stable prices with lower input prices could be positive for short term margins and some first signs of wire rod price increases appear. We anticipate H1 Chinese REBIT of EUR 37m, versus EUR 2m in H2 2012.
- In Latam, we expect the underlying business to remain healthy, although the Venezuelan inflation accounting will have a negative earnings impact of some EUR 12m.
- Europe will remain difficult but we expect a gradual recovery from low levels. Michelin seems to have called the bottom in European tire.

#### The valuation

- Bekaert targets a 7% REBIT margin long term but indicates it will not reach this in 2014 with current economic conditions. We expect 4.6% this year, 6.2% in 2014 and 7.0% in 2015.
- On these estimates, the shares trade at 9.7x EV/EBIT 2014. The ROCE of 6.3% and 7.5% 13-14 remains below cost of capital, which, with shares trading at an EV/CE of 0.84 and an estimated WACC of around 8.5%, is still insufficient.
- However, as Bekaert can show further progress towards the 7.0% REBIT margin target in the coming quarters/years we believe downside has become limited and benchmark under weightings can be reduced. We upgrade from Hold to ADD and our TP to EUR 27.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/EBITDA (*)	P/E (*)	FCF Yield (*)	Div. Yield (*)
12/09	2,438	385	151	2.53	0.98	6.8	14.3	14.3%	2.7%
12/10	3,262	728	367	6.13	1.67	8.0	14.0	-0.3%	1.9%
12/11	3,340	480	193	3.26	1.17	5.1	7.6	-5.2%	4.7%
12/12	3,461	275	-76.9	-1.30	0.85	7.7	nm	24.9%	3.9%
12/13e	3,303	304	36.3	0.61	0.85	7.2	38.0	5.4%	3.7%
12/14e	3,399	385	105	1.77	0.85	5.4	13.1	10.9%	3.7%
12/15e	3,519	420	130	2.20	0.85	4.7	10.6	11.0%	3.7%

(\*) 2009-2012 figures of EV, P/E and Yield are based on end F.Y. price

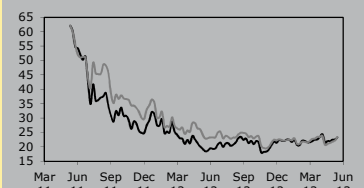
#### Add (vs. Hold)

Price:	EUR 23.27
	(13/06/13)
Target price:	27.00
Risk:	High
Reuters:	BERTt.BR
Bloomberg:	BEKB BB
Shares number (m):	59.88
Market cap. (m):	1,394
Net debt 12/13e (m):	711
Net debt/EBITDA 12/13e:	2.34
H/L 1 year:	24.45 - 17.51
1 year price perf.:	30.7%
Diff. with Euro Stoxx :	5.4%
Volume (sh./day):	118,809
Free Float	62%
Family shareholders	38%

#### Company description:

Bekaert is a technological 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 23,000 people and serves customers in 120 countries.

Bekaert + relative to Euro Stoxx (grey)



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## Main earnings assumptions

### Sales

#### Wire rod price increases coming up?

Our 2013 sales forecast anticipates a sales decline of 4.6%, from -10.8% in Q1 as we expect a modest volume recovery and a fading negative price impact due to a better yoy comparison.

While Q1 still showed -10.8%, we expect -6% in Q2, -2% in Q3 and +1.2% in Q4. We expect yoy volume growth to become positive again in H2, while the main price declines should be behind us.

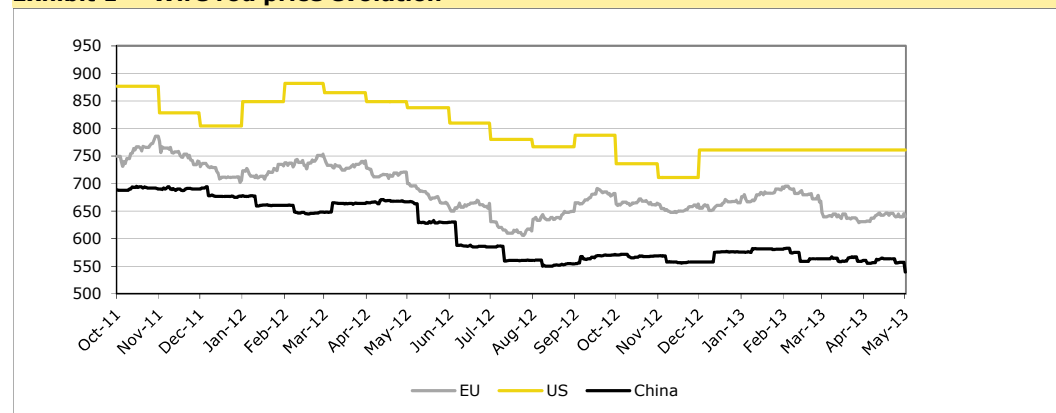
A large part of Bekaert's sales are related to the price evolution of wire rod (raw material) and price evolutions are translated to sales with a 1 to 2 quarter delay.

In China, Bekaert indicated a prudent trend towards price stabilization but has not been able to push price increases on the back of lower wire rod prices. In exhibit 1, we show the raw material price evolution for Bekaert for its main geographical regions and it is clear that the recent decline in wire rod prices in China does not allow for immediate price increases. As a result, customers are difficult to be convinced of higher prices and price levels are stabilizing rather than improving.

Reduced wire rod prices could spell a weaker business outlook. However, it seems that excess capacity in wire rod is higher than excess capacity in tire cord and as such it does not necessarily indicate a lack of demand.

Wire rod price declines can even be positive for short term margins if selling prices can be maintained. The behaviour of Xingda, the other large player in the Chinese tire cord market, is therefore crucial. The latest indications seem to show a quite rational behaviour.

**Exhibit 1 Wire rod price evolution**



Source: SBB

#### General economic conditions still subdued but sequential improvement

Although the sequential yoy improvement will be obvious, given the comparison base, business momentum is not showing a rapid pick-up.

In the US, Bekaert does not see a recovery yet. The market remains very difficult with very low prices from Korean Kiswire in beadwire and a slowdown in energy cable reinforcement business. However, it seems that April showed some improvement.

The Chinese economy remains a question mark with a lot of uncertainty on the direction of the economic recovery. Sawing wire is not the issue as it is a dead business anyway (capacity 2x demand) but also in tire cord China is witnessing excess capacity. This still makes it difficult to raise prices.

The Latin American business is today the strongest performing region for Bekaert. Especially Peru and Ecuador are strong and underlying business in Venezuela is also doing fine, despite the currency issues.

Europe remains difficult but Michelin seems to indicate that tire volumes have seen the bottom. Tire numbers to be published by Goodyear and Michelin will be important leading indicators for Bekaert.

<b>Exhibit 2 Michelin ytd tire volumes</b>				
<b>Heavy Truck</b>	<b>Europe</b>	<b>NA</b>	<b>Brazil</b>	<b>China</b>
April				
OEM	+9	-13	+16	
Replacement	+14	+1	+10	
April ytd				
OEM	0	-13	+26	
Replacement	+8	-1	+6	
<b>Passenger &amp; light truck</b>	<b>Europe</b>	<b>NA</b>	<b>Brazil</b>	<b>China</b>
April				
OEM	+3	+14	+28	+14
Replacement	+5	-3	+21	+11
April ytd				
OEM	-6	+4	+13	+14
Replacement	-6	-2	+11	+11

Source: Michelin

<b>Exhibit 3 Sequential sales evolution</b>				
<b>Region</b>	<b>2013 Q1</b>	<b>2013 Q2</b>	<b>2013 Q3</b>	<b>2013 Q4</b>
EMEA	260.0	246.8	249.2	237.7
yoy	-10.4%	-7.5%	-1.5%	1.5%
volume	-6.0%	-2.5%	1.5%	1.5%
price	-5.9%	-5.0%	-3.0%	0.0%
acq/div	0.0%	0.0%	0.0%	0.0%
forex	1.5%	0.0%	0.0%	0.0%
North America	146.0	158.6	161.4	143.5
yoy	-17.1%	-9.3%	-2.8%	0.8%
volume	-8.5%	-4.0%	1.0%	1.0%
price	-8.0%	-4.0%	0.0%	0.0%
acq/div	0.0%	0.0%	0.0%	0.0%
forex	-0.6%	-1.3%	-3.8%	-0.2%
Latam	176.0	180.8	192.2	189.3
yoy	-10.7%	-9.5%	-9.3%	-6.9%
volume	4.0%	5.0%	5.0%	5.0%
price	-0.3%	1.0%	1.0%	1.0%
acq/div	0.0%	0.0%	0.0%	0.0%
forex	-14.4%	-15.5%	-15.3%	-12.9%
Asia Pacific	216.0	247.0	246.1	252.3
yoy	-6.9%	0.4%	5.2%	8.2%
volume	0.0%	3.0%	5.0%	5.0%
price	0.0%	0.0%	0.0%	0.0%
acq/div	0.0%	0.0%	0.0%	0.0%
forex	0.0%	0.0%	0.0%	0.0%
<b>Group</b>	<b>797.9</b>	<b>833.1</b>	<b>848.9</b>	<b>822.8</b>
yoy	-10.8%	-6.1%	-1.9%	1.2%
volume	-2.7%	0.4%	3.2%	3.3%
price	-6.1%	-3.5%	-0.6%	1.1%
acq/div	0.6%	0.6%	0.6%	0.6%
forex	-2.6%	-3.7%	-5.0%	-3.8%

Source: Petercam estimates

## Margin

### Still weak margin but also with sequential improvement

With Q1 sales down 11%, and a large part from price impact and volume, H1 margin should remain weak.

This year, Bekaert will also face the negative impact from Venezuelan inflation accounting with a negative EBIT impact of an estimated EUR 12m hitting the Latam region. Underlying business, should however do well.

The main margin upside should come from China. In H2 2012, REBIT margin amounted to 0.4% or barely EUR 2.0m. This did, however, include EUR 14m bad debt provision and start-up costs of some EUR 10m. On top of this, Bekaert impaired its sawing wire equipment, which will reduce the Chinese depreciation charges by about EUR 25m annually or EUR 12.5m in H1. Excluding these items, H1 2013 China REBIT starting base is EUR 38.5m. We have EUR 37m in H1 on the back of lower prices and volumes in H1 on the one hand but also some short term support from lower wire rod prices on the other hand (no tire cord price increase).

The truck tire cord business is one of the main value drivers for Bekaert's Chinese business and improving volumes on this front should be supportive for margins.

We expect Europe and US margins to remain weak this year. The US suffers from low prices after the entry of Kiswire in the US beadwire business, but in Europe we expect more pronounced margin recovery in the coming quarters.

Cost savings should amount to EUR 100m from 2014 onwards, of which EUR 70m already in 2013 (EUR 20m in 2012). We estimate about 50% of these savings will flow to the bottom line, the balance being compensated by cost inflation. We expect to see the most important impact in Europe. Bekaert is monitoring the implementation process very closely.

Exhibit 4													
in EUR m	2009	2010	2011	2012	2013 Q1	2013Q2	2013 H1	2013 Q3	2013 Q4	2013 H2	2013e	2014e	2015e
Combined Revenue	3,340.8	4,464.5	4,600.8	4,387.1	1,034.9	1,064.4	2,099.4	1,094.2	1,070.8	2,165.0	4,264.3	4,398.0	4,563.1
y/y	-16.7%	33.6%	3.1%	-4.6%	-8.8%	-4.9%	-6.9%	-1.0%	4.2%	1.5%	-2.8%	3.1%	3.8%
Associates	903.0	1,202.3	1,259.4	911.5	237.0	231.3	468.3	245.3	247.9	493.2	961.5	999.4	1,044.6
Revenues	2,437.8	3,262.2	3,340.0	3,460.6	797.9	833.1	1,631.1	848.9	822.8	1,671.8	3,302.8	3,398.6	3,518.6
EMEA	827.9	1,065.7	1,170.0	1,044.0	260.0	246.8	506.8	249.2	237.7	486.9	993.7	1,008.6	1,023.7
y/y		28.7%	9.8%	-10.8%							-4.8%	1.5%	1.5%
North America	473.4	637.3	665.2	659.1	146.0	158.6	304.5	161.4	143.5	304.9	609.4	614.6	626.9
y/y			4.4%	-0.9%							-7.5%	0.8%	2.0%
Latin America	326.6	310.9	372.1	812.2	176.0	180.8	356.8	192.2	189.3	381.5	738.4	761.4	788.0
y/y			19.7%	118.3%							-9.1%	3.1%	3.5%
Asia Pacific	809.8	1,248.3	1,134.0	945.3	216.0	247.0	462.9	246.1	252.3	498.4	961.4	1,014.0	1,080.0
y/y			-9.2%	-16.6%							1.7%	5.5%	6.5%
EBITDA	384.7	728.0	480.0	274.8			138.8			165.1	303.9	384.9	420.1
margin	15.8%	22.3%	14.4%	7.9%			8.5%			9.9%	9.2%	11.3%	11.9%
<b>REBIT</b>	<b>256.5</b>	<b>562.2</b>	<b>281.0</b>	<b>117.8</b>			<b>64.8</b>			<b>86.1</b>	<b>150.9</b>	<b>209.9</b>	<b>245.1</b>
margin	10.5%	17.2%	8.4%	3.4%			4.0%			5.2%	4.6%	6.2%	7.0%
EMEA	1.0	95.0	66.0	63.0			25.3			31.6	57.0	76.4	84.4
margin	0.1%	8.9%	5.6%	6.0%			5.0%			6.5%	5.7%	7.6%	8.2%
North America	-5.0	34.0	32.0	30.0			8.8			12.2	21.0	35.3	39.2
margin	-1.1%	5.3%	4.8%	4.6%			2.9%			4.0%	3.5%	5.7%	6.2%
Latin America	28.0	26.0	35.0	64.0			28.5			32.4	61.0	66.7	73.0
margin	8.6%	8.4%	9.4%	7.9%			8.0%			8.5%	8.3%	8.8%	9.3%
Asia Pacific	288.0	470.0	224.0	37.0			37.0			44.9	81.9	96.5	113.6
margin	35.6%	37.7%	19.8%	3.9%			8.0%			9.0%	8.5%	9.5%	10.5%
Other	-55.0	-63.0	-76.0	-76.0			-35.0			-35.0	-70.0	-70.0	-70.0
non-recurring	-25.1	-28.2	-12.0	-167.0			-20.0			-15.0	-35.0	-15.0	-15.0
EBIT	<b>231.4</b>	<b>534.0</b>	<b>269.0</b>	<b>-49.2</b>			<b>44.8</b>			<b>71.1</b>	<b>115.9</b>	<b>194.9</b>	<b>230.1</b>
margin	9.5%	16.4%	8.1%	-1.4%			2.7%			4.3%	3.5%	5.7%	6.5%
Net financial charg	-65.5	-32.4	-18.5	-82.0			-29.0			-30.9	-59.9	-56.9	-56.9
PBT	165.9	501.6	250.5	-131.2			15.8			40.2	56.0	138.0	173.2
taxes	-33.9	-139.9	-68.1	-67.7			-7.1			-16.1	-23.2	-38.6	-48.5
tax rate	20.4%	27.9%	27.2%	-51.6%			45.0%			40.0%	41.4%	28.0%	28.0%
Associates	37.8	36.0	25.4	10.4			7.0			7.5	14.5	17.5	17.5
Minorities	-18.6	-30.9	-14.6	-6.4			-5.5			-5.5	-11.0	-12.0	-12.0
<b>Net profit</b>	<b>151.3</b>	<b>366.8</b>	<b>193.1</b>	<b>-195.0</b>			<b>10.2</b>			<b>26.1</b>	<b>36.3</b>	<b>104.9</b>	<b>130.2</b>
EPS	2.53	6.13	3.26	-1.30							0.61	1.77	2.20
y/y	-27.7%	142.4%	-46.8%								-147.2%	188.9%	24.2%

Source: Petercam estimates

## Valuation

We expect reference REBIT margin to improve from 3.4% in 2012 to 4.3% 2013, 6.0% 2014 and to reach the 7.0% objective in 2015.

On these assumptions, Bekaert will obtain a ROCE that, as from 2015, will pass the implied required market return. Our 2015 assumptions are based on a gradual economic recovery in the coming years.

**Exhibit 5 Valuation tables**

	2010	2011	2012	2013e	2014e	2015e
EV/EBITDA	2.8	4.8	7.6	6.8	5.1	4.4
EV/EBIT	3.8	8.6	-42.5	17.8	10.1	8.1
PER	3.7	7.0	-16.5	35.0	12.1	9.8
DPS	1.67	1.17	0.85	0.85	0.85	0.85
gross yield	7.3%	5.1%	3.7%	3.7%	3.7%	3.7%
ND/EBITDA	0.79	1.83	2.68	2.34	1.59	1.21

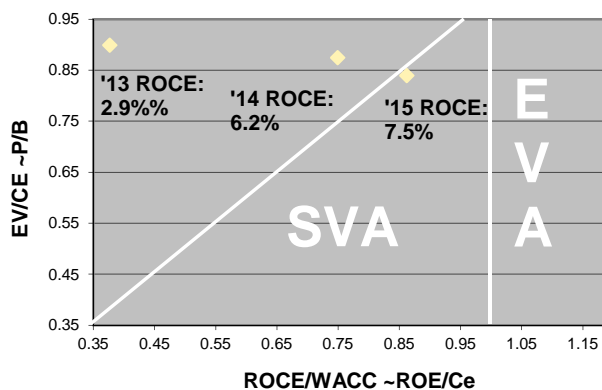
Source: Petercam

**Exhibit 6 EV/CE vs. ROCE/WACC**

	2013e	2014e	2015e
ROCE/WACC	0.37	0.73	0.85
EV/CE	0.87	0.84	0.80
EBIT margin	4.57%	6.18%	6.97%
ROCE	2.9%	6.3%	7.5%
WACC	8.0%	8.5%	8.9%
ROCE-WACC	-5.0%	-2.3%	-1.4%

Source: Petercam

**Exhibit 7 EV/CE vs. ROCE/WACC**



Source: Petercam

<b>Profit &amp; Loss (EUR m)</b>	<b>12/09</b>	<b>12/10</b>	<b>12/11</b>	<b>12/12</b>	<b>12/13e</b>	<b>12/14e</b>	<b>12/15e</b>
<b>Revenues</b>	<b>2,437.8</b>	<b>3,262.2</b>	<b>3,340.0</b>	<b>3,460.6</b>	<b>3,302.8</b>	<b>3,398.6</b>	<b>3,518.6</b>
(Y/Y - %)	-8%	34%	2%	4%	-5%	3%	4%
Gross profit	534.5	903.9	651.5	478.8	489.3	542.1	577.4
Selling expenses	-105.4	-128.9	-148.9	-157.8	-145.0	-140.0	-140.0
R & D expenses	-63.4	-79.3	-90.2	-69.4	-65.0	-65.0	-65.0
General & administ. expenses	-110.6	-135.8	-134.4	-134.4	-125.0	-125.0	-125.0
Other expenses	-9.6	-9.7	1.5	-48.4	-28.4	-7.2	-7.2
<b>EBITDA</b>	<b>384.7</b>	<b>728.0</b>	<b>480.0</b>	<b>274.8</b>	<b>303.9</b>	<b>384.9</b>	<b>420.1</b>
EBITA	256.5	562.2	281.0	117.8	150.9	209.9	245.1
(Ebita margin - %)	10.5%	17.2%	8.4%	3.4%	4.6%	6.2%	7.0%
Amortization	-14.1	-16.2	-10.5	-118.0	-10.0	-10.0	-10.0
Impairment	-	-	-	-	-	-	-
EBIT	231.4	534.0	269.0	-49.2	115.9	194.9	230.1
Net Financial Result	-56.6	-50.1	-65.8	-79.1	-59.9	-56.9	-56.9
(of which Net interest charges)	-56.6	-50.1	-65.8	-79.1	-59.9	-56.9	-56.9
(of which Other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	165.9	501.6	250.5	-131.2	56.0	138.0	173.2
Taxes	-33.9	-139.9	-68.1	-67.7	-23.2	-38.6	-48.5
Except. / Discont. operations	-	-	-	-	-	-	-
Associates	37.8	36.0	25.4	10.4	14.5	17.5	17.5
Minorities	-18.6	-30.9	-14.6	-6.4	-11.0	-12.0	-12.0
Net declared earnings	151.3	366.8	193.1	-195.0	36.3	104.9	130.2
<b>Net adjusted earnings</b>	<b>151.3</b>	<b>366.8</b>	<b>193.1</b>	<b>-76.9</b>	<b>36.3</b>	<b>104.9</b>	<b>130.2</b>
<b>Cash Flow (EUR m)</b>	<b>12/09</b>	<b>12/10</b>	<b>12/11</b>	<b>12/12</b>	<b>12/13e</b>	<b>12/14e</b>	<b>12/15e</b>
EBIT	231.4	534.0	269.0	-49.2	115.9	194.9	230.1
Depreciation	153.3	194.0	211.0	324.0	188.0	190.0	190.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	14.1	16.2	10.5	63.0	0.0	0.0	0.0
Changes in provision	0.0	0.0	0.0	-58.5	0.0	0.0	0.0
Changes in working capital	152.7	-274.0	-199.7	226.8	-12.9	-13.0	-25.5
Others	-43.0	6.0	31.7	-1.8	-18.3	-7.2	-9.0
<b>Operational Cash Flow</b>	<b>508.5</b>	<b>476.1</b>	<b>322.5</b>	<b>504.2</b>	<b>272.7</b>	<b>364.8</b>	<b>385.6</b>
Tax expenses	-31.1	-113.3	-129.3	-59.2	-23.2	-38.6	-48.5
Dividends from associates	41.1	40.4	7.5	6.5	9.1	11.0	11.0
Net interest charges	-39.2	-43.5	-59.0	-77.8	-59.9	-56.9	-56.9
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from operating activities</b>	<b>479.3</b>	<b>359.7</b>	<b>141.7</b>	<b>373.8</b>	<b>198.7</b>	<b>280.2</b>	<b>291.2</b>
CAPEX	-167.7	-247.6	-277.6	-127.3	-125.0	-130.0	-135.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-3.3	-29.7	-17.9	0.0	0.0	0.0	0.0
Divestments	0.0	26.7	101.3	31.5	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from investing activities</b>	<b>-171.0</b>	<b>-250.6</b>	<b>-194.3</b>	<b>-95.8</b>	<b>-125.0</b>	<b>-130.0</b>	<b>-135.0</b>
Dividend payment	-50.6	-118.5	-163.1	-46.1	-49.4	-49.4	-49.4
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	0.0	-57.7	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CF from financing activities</b>	<b>-50.6</b>	<b>-176.2</b>	<b>-163.1</b>	<b>-46.1</b>	<b>-49.4</b>	<b>-49.4</b>	<b>-49.4</b>
Changes in consolidation scope	-	-	-	-	-	-	-
Exchange rate impact	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net debt/cash change</b>	<b>257.7</b>	<b>-67.1</b>	<b>-215.6</b>	<b>231.8</b>	<b>24.3</b>	<b>100.8</b>	<b>106.8</b>
FCF to Enterprise	378.6	138.9	110.5	458.0	156.8	245.8	256.6
FCF to Equity	308.3	-17.9	-77.8	321.1	73.7	150.2	151.2
<b>Notes</b>	-	-	-	-	-	-	-

<b>Balance Sheet (EUR m)</b>	<b>12/09</b>	<b>12/10</b>	<b>12/11</b>	<b>12/12</b>	<b>12/13e</b>	<b>12/14e</b>	<b>12/15e</b>
<b>Fixed assets</b>	<b>1,535.5</b>	<b>1,765.9</b>	<b>1,900.0</b>	<b>1,746.6</b>	<b>1,715.0</b>	<b>1,663.7</b>	<b>1,626.0</b>
Tangible fixed assets	1,127.7	1,295.1	1,433.6	1,377.5	1,349.1	1,291.8	1,247.6
Goodwill	54.3	58.1	20.9	16.9	16.9	16.9	16.9
Other intang. assets	50.7	73.1	82.6	82.3	82.3	82.3	82.3
Financial fixed assets	302.8	339.6	362.9	0.0	266.7	272.6	279.1
Other fixed assets	-	-	-	-	-	-	-
<b>Current assets</b>	<b>1,294.0</b>	<b>1,907.3</b>	<b>2,269.1</b>	<b>1,921.1</b>	<b>1,989.0</b>	<b>2,110.2</b>	<b>2,250.5</b>
Inventories	358.4	507.7	577.9	567.7	578.1	587.0	604.4
Trade receivables	479.6	774.3	828.3	589.1	616.7	626.1	644.6
Other current assets	103.1	182.4	150.9	307.2	313.1	315.0	317.4
Cash & Equivalents	344.0	442.9	676.5	457.1	481.1	582.1	684.1
Discontinued assets	8.9	0.0	35.5	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>2,829.5</b>	<b>3,673.1</b>	<b>4,169.1</b>	<b>3,667.7</b>	<b>3,704.0</b>	<b>3,773.8</b>	<b>3,876.5</b>
<b>Total Equity</b>	<b>1,373.6</b>	<b>1,696.6</b>	<b>1,766.4</b>	<b>1,603.7</b>	<b>1,590.6</b>	<b>1,646.1</b>	<b>1,726.9</b>
Equity	1,284.8	1,610.7	1,693.9	1,422.1	1,409.0	1,464.5	1,545.3
Minorities & preferred	88.7	86.0	72.5	181.6	181.6	181.6	181.6
Provisions	217.7	226.9	220.0	254.6	254.6	254.6	254.6
Provisions for pensions	135.6	150.9	161.3	180.2	180.2	180.2	180.2
Deferred taxes	52.7	41.7	26.7	32.0	32.0	32.0	32.0
Other provisions	29.4	34.3	32.0	42.4	42.4	42.4	42.4
Other LT liabilities	5.1	9.5	10.4	5.6	5.6	5.6	5.6
LT interest bearing debt	598.1	700.5	907.6	850.1	850.1	850.1	850.1
<b>Current liabilities</b>	<b>635.0</b>	<b>1,039.6</b>	<b>1,264.7</b>	<b>953.8</b>	<b>1,003.2</b>	<b>1,017.6</b>	<b>1,039.4</b>
ST interest bearing debt	151.4	320.3	648.5	342.5	342.5	342.5	342.5
Accounts payables	247.1	341.7	290.6	321.8	346.9	352.2	362.6
Other ST liabilities	234.2	377.7	312.9	289.5	313.8	322.9	334.3
Discontinued liabilities	2.3	0.0	12.7	0.0	0.0	0.0	0.0
<b>Total liabilities</b>	<b>2,829.5</b>	<b>3,673.1</b>	<b>4,169.1</b>	<b>3,667.7</b>	<b>3,704.0</b>	<b>3,773.8</b>	<b>3,876.5</b>
<b>EV and CE details (EUR m)</b>	<b>12/09</b>	<b>12/10</b>	<b>12/11</b>	<b>12/12</b>	<b>12/13e</b>	<b>12/14e</b>	<b>12/15e</b>
<b>Market cap.</b>	<b>2,163.0</b>	<b>5,137.4</b>	<b>1,482.3</b>	<b>1,291.9</b>	<b>1,374.3</b>	<b>1,374.3</b>	<b>1,374.3</b>
+ Net financial debt	405.6	577.9	879.6	735.5	711.5	610.5	508.5
(of which LT debt)	598.1	700.5	907.6	850.1	850.1	850.1	850.1
(of which ST debt)	151.4	320.3	648.5	342.5	342.5	342.5	342.5
(of which Cash position)	344.0	442.9	676.5	457.1	481.1	582.1	684.1
+ Provisions (pension)	135.6	150.9	161.3	180.2	180.2	180.2	180.2
+ Minorities (MV)	46.8	86.0	72.5	72.5	72.5	72.5	72.5
- Peripheral assets (MV)	-153.6	-164.3	-164.3	-164.3	-164.3	-164.3	-164.3
+ Others	-	-	-	-	-	-	-
<b>Enterprise Value</b>	<b>2,597.4</b>	<b>5,787.8</b>	<b>2,431.4</b>	<b>2,115.8</b>	<b>2,174.2</b>	<b>2,073.2</b>	<b>1,971.2</b>
<b>Equity (group share)</b>	<b>1,284.8</b>	<b>1,610.7</b>	<b>1,693.9</b>	<b>1,422.1</b>	<b>1,409.0</b>	<b>1,464.5</b>	<b>1,545.3</b>
+ Net financial debt	405.6	577.9	879.6	735.5	711.5	610.5	508.5
+ Provisions (pension)	135.6	150.9	161.3	180.2	180.2	180.2	180.2
+ Minorities	88.7	86.0	72.5	181.6	181.6	181.6	181.6
- Peripheral assets	-218.6	-243.8	-258.3	-167.6	-164.4	-170.4	-176.8
+ Others	-	-	-	-	-	-	-
<b>Capital employed (for ROCE)</b>	<b>1,696.2</b>	<b>2,181.6</b>	<b>2,549.0</b>	<b>2,351.8</b>	<b>2,317.9</b>	<b>2,266.4</b>	<b>2,238.8</b>
+ Accumulated goodwill amortiz.	-54.3	-58.1	-20.9	-16.9	-16.9	-16.9	-16.9
<b>CE (for ROCE grossed gdwll)</b>	<b>1,641.9</b>	<b>2,123.5</b>	<b>2,528.1</b>	<b>2,334.9</b>	<b>2,301.0</b>	<b>2,249.5</b>	<b>2,221.8</b>
<b>Notes</b>	-	-	-	-	-	-	-

Per Common Share (EUR)	12/09	12/10	12/11	12/12	12/13e	12/14e	12/15e
<b>Adjusted EPS (*)</b>	<b>2.53</b>	<b>6.13</b>	<b>3.26</b>	<b>-1.30</b>	<b>0.61</b>	<b>1.77</b>	<b>2.20</b>
Adjusted EPS (fully diluted)	2.53	6.13	3.26	-1.30	0.61	1.77	2.20
Declared EPS	-	-	-	-	-	-	-
CFS	5.09	9.38	6.82	4.17	3.79	4.98	5.40
FCF (to Equity)	5.15	-0.30	-1.31	5.42	1.24	2.54	2.55
Dividend	0.98	1.67	1.17	0.85	0.85	0.85	0.85
Book Value	21.48	26.93	28.59	24.00	23.78	24.72	26.08
<b>Shares (m)</b>							
At the end of F.Y.	59.807	59.807	59.807	59.058	59.058	59.058	59.058
Average number	59.807	59.807	59.250	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	12/09	12/10	12/11	12/12	12/13e	12/14e	12/15e
<b>Valuation analysis</b>							
P/E	14.3	14.0	7.6	nm	38.0	13.1	10.6
P/CF	7.1	9.2	3.6	5.2	6.1	4.7	4.3
P/BV	1.7	3.2	0.9	0.9	1.0	0.9	0.9
EV/Sales	1.1	1.8	0.7	0.6	0.7	0.6	0.6
EV/EBITDA	6.8	8.0	5.1	7.7	7.2	5.4	4.7
EV/EBITA	10.1	10.3	8.7	18.0	14.4	9.9	8.0
EV/EBIT	11.2	10.8	9.0	-43.0	18.8	10.6	8.6
EV/CE	1.5	2.7	1.0	0.9	0.9	0.9	0.9
EV/CE (grossed goodwill)	1.6	2.7	1.0	0.9	0.9	0.9	0.9
EV/FCF (1)	6.9	41.7	22.0	4.6	13.9	8.4	7.7
FCF yield (2)	14.3%	-0.3%	-5.2%	24.9%	5.4%	10.9%	11.0%
Dividend yield	2.7%	1.9%	4.7%	3.9%	3.7%	3.7%	3.7%
<b>Financial ratios</b>							
Interest cover	4.1	10.7	4.1	-0.6	1.9	3.4	4.0
Net Debt/EBITDA	1.1	0.8	1.8	2.7	2.3	1.6	1.2
Net Debt/Equity	29.5%	34.1%	49.8%	45.9%	44.7%	37.1%	29.4%
Net Debt/FCF (2)	1.3	-32.4	-11.3	2.3	9.7	4.1	3.4
Capital turnover	1.4	1.5	1.3	1.5	1.4	1.5	1.6
ROCE pre-tax	15.1%	25.8%	11.0%	-2.1%	5.0%	8.6%	10.3%
ROCE post-tax	12.4%	19.1%	8.1%	-1.5%	3.0%	6.2%	7.5%
ROCE pre-tax (grossed goodwill)	12.0%	18.6%	8.0%	-1.5%	2.9%	6.2%	7.4%
ROCE post-tax (grossed gdwll)	12.4%	19.1%	8.1%	-1.5%	3.0%	6.2%	7.5%
ROE	11.8%	22.8%	11.4%	-5.4%	2.6%	7.2%	8.4%
Working capital (in % of sales)	24.2%	28.8%	33.4%	24.1%	25.7%	25.3%	25.2%
Payout	38.7%	27.2%	35.8%	-65.5%	138.7%	48.0%	38.7%
<b>Margin analysis and tax rate</b>							
Gross margin	21.9%	27.7%	19.5%	13.8%	14.8%	16.0%	16.4%
EBITDA margin	15.8%	22.3%	14.4%	7.9%	9.2%	11.3%	11.9%
EBITA margin	10.5%	17.2%	8.4%	3.4%	4.6%	6.2%	7.0%
Adjusted profit margin	6.2%	11.2%	5.8%	-2.2%	1.1%	3.1%	3.7%
Tax rate	20.4%	27.9%	27.2%	-51.6%	41.4%	28.0%	28.0%
<b>Growth analysis</b>							
Sales	-8%	34%	2%	4%	-5%	3%	4%
EBITDA	-7%	89%	-34%	-43%	11%	27%	9%
EBITA	-13%	119%	-50%	-58%	28%	39%	17%
Adjusted profit	-28%	142%	-47%	-chg	+chg	189%	24%
Adjusted EPS	-28%	142%	-47%	-chg	+chg	189%	24%
Dividend	5%	70%	-30%	-27%	0%	0%	0%

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

Notes -



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