

# Bekaert

Indy - Industrial, Diversified / Belgium

**Target Price EUR 88.00**

**Expected performance (12 mth) 13.6%**

**BUY EUR 77.48 (Closing price 15-Feb-11)**

[Preview on results](#)

## Preview FY10 results

16 February 2011

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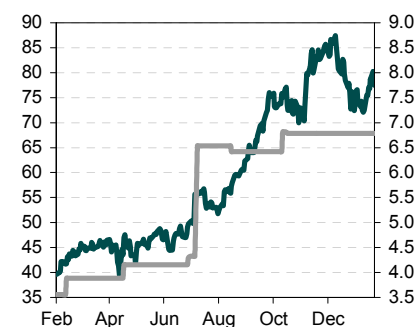
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### Opinion on qualitative criteria

Accounting	IFRS 01/01/2004
Quality of track record	High
Solvency	High
Currency risk	High
Risk of asset write-off	Neutral

### Share price performance/EPS revision (EUR)

Price ABN AMRO EPS est. 2011



Source: FactSet, ABN Amro Equity Research

Market capitalisation (EUR m)	4,610.3
No. of shares (m)	59.5
Free float	62.0%
1/3/12 mth perf. (%)	(1.2)/4.2/128.9
High/low 52 weeks (EUR)	87.43/34.00
Next results due	25 February 2011
Price/book value (x)	2.5
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

Bekaert is due to release its FY10 results on Friday **25 February**. A positive surprise with respect to profitability should not be ruled out.

At the release of its 3Q10 sales trading update, Bekaert cautioned for more tempered sales growth in 4Q10 due to seasonal effects (year-end destocking by customers and holiday periods), negative fx effects and measures towards controlled growth in China. Nonetheless, we expect that profitability has been strong in 2H10 on the back of favourable mix effects. 3Q10 sales were marked by a strong pricing/mix effect of 25%, of which only 9% could be explained by the passing through of higher wire rod prices. The remaining 16% reflected the impact from a shift of the sales mix towards high-value products (like sawing wire), on which margins are relatively high.

For FY10, we are looking for a 107% jump in **group EBITE** to EUR 531.6m (margin +590bps to 16.4%). This implies a modest improvement of EBITE from EUR 262m in 1H10 to EUR 270m. This is a solid performance if one realises that the 1H10 result included a windfall FIFO gain on inventories of EUR 20m (no meaningful gain is anticipated for 2H10, as wire rod prices edged only slightly higher sequentially). Moreover, the second half year result tends to be somewhat lower due to seasonality. We estimate that the (closely watched) operating margin of the Asia Pacific division has held up at a high 34.5% in 2H10 (37.3% in 1H10 and 36.1% in 2H09). FY10 **net profit** is forecast to jump by 138% to EUR 360.9m, or **EPS** of EUR 6.07. Please refer to the table on the previous page for the detail behind our forecasts.

Year to December	2009	2010e	2011e	2012e	2013e
Sales (EUR m)	2,437.3	3,170.3	3,461.3	3,678.4	3,830.4
EBITDA (EUR m)	385.7	706.1	745.6	767.1	732.4
Net profit excl. extr. & amort. (EUR m)	165.4	372.9	401.6	420.6	400.0
Net profit (EUR m)	151.8	360.9	401.6	420.6	400.0
EBITDA margin (%)	15.8	22.3	21.5	20.9	19.1
ROCE (incl. goodwill) (%)	9.9	18.4	17.5	17.0	15.1
Net gearing (%)	36.9	31.4	16.7	4.2	(5.0)
EPS before extr. & amort. (EUR)	2.79	6.27	6.75	7.07	6.72
EPS (EUR)	2.56	6.07	6.75	7.07	6.72
DPS (EUR)	0.98	2.12	2.36	2.47	2.35
% change sales	(8.5)	30.1	9.2	6.3	4.1
% change EPS (excl. extr. & amort.)	(21.3)	124.4	7.7	4.7	(4.9)
EV/Sales	0.95	1.64	1.30	1.17	1.08
EV/EBITDA	6.0	7.3	6.1	5.6	5.6
P/E (excl. extr. & amort.)	9.0	8.6	11.5	11.0	11.5
P/E	9.8	8.9	11.5	11.0	11.5
PE/growth (excl. extr.)	22.9	0.2	0.2	1.4	nmf
Free cash flow yield (%)	18.4	6.6	6.0	7.0	6.9

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We do not expect the company to give a **concrete** outlook. At the analyst meeting (no conference call), we will be keen for comments about Bekaert's CAPEX plans for 2011, as we see growth investments in BRIC countries as a key driver of incremental shareholder value.

**P&L Bekaert (EUR m)**

	2008	1H09	2H09	2009	1H10	2H10E	2010E	2011E	2012E
EMEA	1,168	410	417	827	526	526	1,052	1,102	1,146
North America	605	264	210	473	313	319	632	657	690
Latin America	177	160	167	327	144	164	308	326	342
Asia Pacific	713	367	443	809	552	627	1,179	1,376	1,500
<b>Consolidated sales</b>	<b>2,662</b>	<b>1,200</b>	<b>1,237</b>	<b>2,437</b>	<b>1,535</b>	<b>1,635</b>	<b>3,170</b>	<b>3,461</b>	<b>3,678</b>
% chg.	22.5%	-7.9%	-9.0%	-8.5%	27.9%	32.2%	30.1%	9.2%	6.3%
organic	17.7%	-20.6%	-13.4%	-16.9%	29.2%	28.2%	28.7%	6.8%	6.3%
fx	-1.0%	6.9%	-1.7%	2.5%	-2.6%	1.8%	-0.4%	0.0%	0.0%
consolidation	5.8%	5.8%	6.0%	5.9%	1.3%	2.3%	1.8%	2.4%	0.0%
<b>EBITDAE</b>	<b>496</b>	<b>152</b>	<b>258</b>	<b>410</b>	<b>368</b>	<b>367</b>	<b>735</b>	<b>761</b>	<b>782</b>
margin	18.6%	12.7%	20.9%	16.8%	24.0%	22.5%	23.2%	22.0%	21.3%
% chg.	59.8%	-37.4%	2.0%	-17.3%	141.8%	42.3%	79.2%	3.5%	2.8%
EBITE EMEA	68	(21)	22	2	54	49	103	113	119
margin	5.8%	-5.0%	5.3%	0.2%	10.3%	9.3%	9.8%	10.3%	10.4%
% chg	0.0%	-139.1%	47.4%	-97.6%	nmf	120.7%	6196.4%	10.1%	5.0%
EBITE North America	25	(5)	(0)	(5)	21	21	42	45	51
margin	4.1%	-1.7%	-0.2%	-1.1%	6.7%	6.5%	6.6%	6.9%	7.4%
% chg	0.0%	-121.4%	-113.3%	-120.2%	nmf	nmf	nmf	8.7%	12.6%
EBITE Latin America	16	8	19	28	14	20	34	39	41
margin	8.9%	5.3%	11.4%	8.4%	9.7%	12.1%	11.0%	12.0%	12.0%
% chg	0.0%	-22.2%	287.5%	75.0%	66.7%	3.6%	22.8%	15.6%	5.0%
EBITE Asia Pacific	249	128	160	288	206	216	422	440	450
margin	34.9%	34.9%	36.1%	35.6%	37.3%	34.5%	35.8%	32.0%	30.0%
% chg	0.0%	20.2%	12.1%	15.6%	60.9%	35.1%	46.6%	4.4%	2.2%
Other	(63)	(25)	(30)	(55)	(33)	(36)	(69)	(70)	(73)
<b>Total EBITE</b>	<b>294</b>	<b>86</b>	<b>171</b>	<b>257</b>	<b>262</b>	<b>270</b>	<b>532</b>	<b>568</b>	<b>589</b>
margin	11.1%	7.2%	13.8%	10.5%	17.1%	16.5%	16.8%	16.4%	16.0%
% chg.	57.9%	-47.3%	30.1%	-12.7%	205.2%	57.7%	107.0%	6.9%	3.6%
Non-recurring items	(84)	(7)	(17)	(25)	(19)	(10)	(29)	(15)	(15)
<b>EBIT</b>	<b>210</b>	<b>79</b>	<b>153</b>	<b>232</b>	<b>243</b>	<b>259</b>	<b>503</b>	<b>553</b>	<b>574</b>
Net financial charges	(49)	(31)	(35)	(66)	(16)	(26)	(41)	(38)	(21)
<b>EBT</b>	<b>161</b>	<b>48</b>	<b>118</b>	<b>167</b>	<b>228</b>	<b>234</b>	<b>461</b>	<b>515</b>	<b>552</b>
Taxes	(26)	(13)	(21)	(34)	(51)	(62)	(113)	(129)	(149)
as % of EBT	15.8%	27.5%	17.4%	20.4%	22.5%	26.4%	24.5%	25.0%	27.0%
Share in results joint ventures	56	17	20	38	19	23	41	48	51
Result discontinued operations	0	0	0	0	0	0	0	0	0
Minority interests	(18)	(8)	(10)	(19)	(14)	(15)	(29)	(32)	(34)
<b>Net profit continuing operations</b>	<b>174</b>	<b>44</b>	<b>108</b>	<b>152</b>	<b>181</b>	<b>180</b>	<b>361</b>	<b>402</b>	<b>421</b>
% chg.	13.9%	-65.1%	124.0%	-12.8%	309.6%	67.2%	137.8%	11.3%	4.7%
<b>EPS basic (EUR)</b>	<b>2.94</b>	<b>2.24</b>	<b>1.82</b>	<b>2.56</b>	<b>9.15</b>	<b>3.02</b>	<b>6.07</b>	<b>6.75</b>	<b>7.07</b>
% chg.	15.7%	-65.2%	123.8%	-12.9%	308.3%	66.4%	136.6%	11.3%	4.7%
<b>DPS (EUR)</b>	<b>0.93</b>			<b>0.98</b>	<b>2.00</b>		<b>2.12</b>	<b>2.36</b>	<b>2.47</b>
pay out	31.8%			38.4%	21.9%		35.0%	35.0%	35.0%

Source: company data and ABN AMRO estimates

Quarterly sales (EUR m)

	1Q09	2Q09	3Q09	4Q09	FY2009	1Q10	2Q10	3Q10	4Q10E	FY2010E	FY2011E
<b>Consolidated sales:</b>											
EMEA	210	200	198	219	827	244	282	271	255	1,052	1,102
North America	142	122	106	104	473	141	172	170	149	632	657
Latin America	81	79	87	80	327	67	77	89	75	308	326
Asia Pacific	159	207	228	215	809	242	310	336	291	1,179	1,376
<b>Total</b>	<b>592</b>	<b>608</b>	<b>619</b>	<b>618</b>	<b>2,437</b>	<b>694</b>	<b>841</b>	<b>866</b>	<b>769</b>	<b>3,170</b>	<b>3,461</b>
% chg.	-0.1%	-14.5%	-16.8%	0.6%	-8.5%	17.2%	38.4%	39.9%	24.4%	30.1%	9.2%
Organic	-14.3%	-25.9%	-23.6%	-0.9%	-16.9%	23.9%	34.4%	33.9%	22.4%	28.7%	6.8%
foreign exchange	7.7%	6.2%	1.4%	-5.5%	2.5%	-6.7%	1.4%	4.2%	-0.7%	-0.4%	0.0%
consolidation	6.5%	5.2%	5.5%	6.6%	5.9%	0.0%	2.6%	1.9%	2.6%	1.8%	2.4%
EMEA % chg.	-27.6%	-37.9%	-34.5%	-13.4%	-29.2%	16.0%	41.2%	36.9%	16.2%	27.1%	4.7%
North America % chg.	5.8%	-21.5%	-38.5%	-27.6%	-21.7%	-0.6%	41.4%	60.4%	43.4%	33.5%	4.0%
Latin America % chg.	113.8%	71.3%	77.9%	84.0%	85.3%	-16.9%	-2.9%	2.3%	-7.3%	-6.1%	6.0%
Asia Pacific % chg.	22.1%	10.5%	3.4%	23.2%	13.5%	51.9%	49.6%	47.4%	35.5%	45.7%	16.7%
<b>Combined sales:</b>											
EMEA	209	198	197	219	823	243	280	269	254	1,046	1,096
North America	139	120	105	105	469	139	171	169	147	626	651
Latin America	280	299	326	332	1,237	329	398	420	381	1,528	1,619
Asia Pacific	160	209	229	216	814	242	311	337	296	1,186	1,384
<b>Total</b>	<b>788</b>	<b>826</b>	<b>857</b>	<b>871</b>	<b>3,343</b>	<b>953</b>	<b>1,160</b>	<b>1,195</b>	<b>1,078</b>	<b>4,386</b>	<b>4,751</b>
EMEA % chg.	-27.5%	-38.1%	-34.1%	-12.3%	-28.8%	16.2%	41.5%	36.5%	16.1%	27.1%	4.7%
North America % chg.	4.2%	-21.9%	-38.6%	-26.3%	-21.9%	-0.1%	42.4%	61.0%	40.5%	33.5%	4.0%
Latin America % chg.	-19.5%	-25.7%	-28.0%	3.0%	-18.9%	17.5%	32.9%	28.8%	14.8%	23.5%	6.0%
Asia Pacific % chg.	20.4%	8.6%	1.5%	22.3%	11.9%	51.1%	48.9%	47.2%	37.0%	45.7%	16.7%
Total % chg.	-12.7%	-22.7%	-25.4%	-2.1%	-16.6%	20.9%	40.4%	39.4%	23.7%	31.2%	8.3%

Source: company data and ABN AMRO estimates

P & L Statement (EUR m) Year to December	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
Net sales	1,741.9	1,914.3	2,009.6	2,173.6	2,662.4	2,437.3	3,170.3	3,461.3	3,678.4	3,830.4
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel costs	(450.3)	(449.9)	(462.0)	(472.6)	(524.2)	(499.1)	(542.9)	(568.4)	(591.4)	(612.2)
Other operating costs										
<b>EBITDA</b>	<b>255.6</b>	<b>257.4</b>	<b>262.2</b>	<b>298.6</b>	<b>412.2</b>	<b>385.7</b>	<b>706.1</b>	<b>745.6</b>	<b>767.1</b>	<b>732.4</b>
Depreciation	(107.6)	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(191.5)	(192.5)	(193.5)	(194.6)
<b>EBITA</b>	<b>148.0</b>	<b>150.0</b>	<b>151.4</b>	<b>178.9</b>	<b>246.3</b>	<b>245.8</b>	<b>514.6</b>	<b>553.2</b>	<b>573.6</b>	<b>537.8</b>
Reported provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(9.0)	(13.7)	(5.5)	(4.3)	(35.8)	(13.6)	(12.0)	0.0	0.0	0.0
EBIT	139.0	136.3	145.9	174.6	210.5	232.2	502.6	553.2	573.6	537.8
Net financials	(20.5)	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(41.2)	(38.4)	(21.5)	(3.5)
<b>Profit Before Taxes (PBT)</b>	<b>118.5</b>	<b>121.0</b>	<b>114.9</b>	<b>133.6</b>	<b>161.2</b>	<b>166.6</b>	<b>461.4</b>	<b>514.7</b>	<b>552.1</b>	<b>534.3</b>
Taxes	(18.4)	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(113.0)	(128.7)	(149.1)	(154.9)
Income from associates	53.5	56.9	51.0	47.1	56.1	37.8	41.4	47.6	51.1	52.7
Minorities	(12.3)	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(28.8)	(32.1)	(33.6)	(32.0)
<b>Net profit before extraordinary</b>	<b>141.3</b>	<b>135.7</b>	<b>142.8</b>	<b>152.9</b>	<b>174.1</b>	<b>151.8</b>	<b>360.9</b>	<b>401.6</b>	<b>420.6</b>	<b>400.0</b>
Extraordinary items	26.3	54.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net reported profit	167.6	189.9	142.8	152.9	174.1	151.8	360.9	401.6	420.6	400.0
% change in Sales	(3.1)	9.9	5.0	8.2	22.5	(8.5)	30.1	9.2	6.3	4.1
% change in EBITDA	6.9	0.7	1.8	13.9	38.0	(6.4)	83.1	5.6	2.9	(4.5)
% change in EBITA	32.4	1.3	1.0	18.1	37.7	(0.2)	109.3	7.5	3.7	(6.2)
% change in PBT	72.1	2.1	(5.0)	16.3	20.7	3.3	177.0	11.6	7.3	(3.2)
% change in Net profit before extraordinary	63.0	(3.9)	5.2	7.1	13.9	(12.8)	137.8	11.3	4.7	(4.9)

Cash Flow Statement (EUR m)	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
<b>EBITDA</b>	<b>255.6</b>	<b>257.4</b>	<b>262.2</b>	<b>298.6</b>	<b>412.2</b>	<b>385.7</b>	<b>706.1</b>	<b>745.6</b>	<b>767.1</b>	<b>732.4</b>
Change in provisions excluding tax provisions	(0.6)	(15.4)	(12.3)	(8.9)	26.2	(44.5)	61.2	0.0	0.0	0.0
Change in net working capital	(112.6)	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(185.1)	(90.2)	(59.4)	(41.9)
Gross operating cash flow	142.4	209.8	217.9	247.8	276.0	536.8	582.1	655.5	707.7	690.5
Taxes paid	(32.9)	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.0)	(128.7)	(149.1)	(154.9)
Capex	(172.9)	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(209.1)	(210.4)	(212.8)	(214.0)
<b>Free cash flow</b>	<b>(63.3)</b>	<b>32.7</b>	<b>39.8</b>	<b>23.1</b>	<b>(2.6)</b>	<b>331.9</b>	<b>260.0</b>	<b>316.4</b>	<b>345.8</b>	<b>321.5</b>
Net interest received	(16.0)	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(49.1)	(38.4)	(21.5)	(3.5)
Other	75.5	96.6	(25.4)	42.1	24.2	172.3	(96.6)	34.8	37.7	39.9
Acquisitions	(16.9)	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(80.4)	0.0	0.0	0.0
Divestments	0.1	86.5	0.0	4.2	0.7	(0.5)	0.0	0.0	0.0	0.0
Share issues/buybacks	(8.8)	(24.3)	(56.1)	(111.0)	(19.7)	(0.5)	0.0	0.0	0.0	0.0
Dividend (adj. stock dividend)	(45.3)	(52.2)	(74.1)	(57.2)	(62.2)	(50.6)	(58.3)	(126.3)	(140.6)	(147.2)
Extraordinary items (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in interest-bearing debt	77.4	20.6	39.1	136.4	180.4	(252.5)	(151.4)	(186.5)	(221.4)	(210.6)
<b>Change in cash &amp; cash equivalents</b>	<b>2.7</b>	<b>123.8</b>	<b>(141.5)</b>	<b>(7.9)</b>	<b>45.1</b>	<b>157.5</b>	<b>(175.8)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Balance Sheet (EUR m)	2004	2005	2006	2007	2008	2009	2010e	2011e	2012e	2013e
Net intangible fixed assets	118.4	125.4	134.5	122.0	111.5	105.0	133.3	132.6	132.6	133.0
Net tangible fixed assets	791.6	799.8	824.2	917.6	1,070.7	1,127.7	1,305.1	1,323.6	1,343.0	1,362.0
Financials fixed assets (FFA)	331.1	325.5	348.6	303.4	247.7	311.7	354.2	354.2	354.2	354.2
Inventories	419.3	348.3	368.8	385.4	510.5	358.4	474.9	518.5	551.0	573.8
Trade debtors	385.2	354.2	398.9	437.7	483.2	479.6	623.9	681.1	723.9	753.8
Other debtors	44.9	63.4	63.7	73.1	125.3	171.2	193.9	229.2	257.4	271.2
Cash & securities	98.9	222.7	81.2	73.2	118.3	275.8	100.0	100.0	100.0	100.0
<b>Total Assets</b>	<b>2,189.3</b>	<b>2,239.3</b>	<b>2,219.8</b>	<b>2,312.6</b>	<b>2,667.2</b>	<b>2,829.5</b>	<b>3,185.1</b>	<b>3,339.2</b>	<b>3,462.0</b>	<b>3,547.9</b>
Shareholder's equity	909.7	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,587.4	1,862.7	2,142.7	2,395.6
Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	48.8	51.1	48.9	48.4	41.8	88.7	136.0	155.3	175.5	194.7
Provisions	373.0	357.5	331.4	298.8	373.4	329.9	391.1	391.1	391.1	391.1
Long-term interest bearing debt	242.3	288.3	274.4	322.5	288.1	598.1	446.8	260.3	38.8	(171.8)
Short-term interest bearing debt	312.0	245.6	218.0	253.0	503.1	151.4	151.4	151.4	151.4	151.4
Trade creditors	250.8	187.4	227.8	231.7	253.8	247.1	330.1	360.4	383.0	398.9
Other non-interest bearing liabilities	52.7	52.0	59.3	60.0	76.4	129.4	142.3	158.1	179.5	188.2
<b>Total Liabilities &amp; Capital</b>	<b>2,189.3</b>	<b>2,239.3</b>	<b>2,219.8</b>	<b>2,312.6</b>	<b>2,667.2</b>	<b>2,829.5</b>	<b>3,185.1</b>	<b>3,339.2</b>	<b>3,462.0</b>	<b>3,547.9</b>
Enterprise Value (EV)	1,330.5	1,503.0	1,827.0	1,829.4	1,308.7	2,312.3	5,184.5	4,516.2	4,314.9	4,123.4
Net debt/(Net cash)	455.4	311.2	411.2	502.2	672.9	473.7	498.1	311.6	90.2	(120.5)
Capital Employed incl. goodwill (avg.)	1,458.6	1,515.7	1,517.1	1,610.5	1,850.3	1,969.4	2,116.4	2,369.1	2,464.8	2,537.1
Cumulative goodwill (as of 1991)	131.3	85.3	82.2	75.2	74.6	76.6	96.6	96.6	96.6	96.6
Capital Employed (avg.)	1,332.4	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,029.9	2,272.6	2,368.2	2,440.6
Net working capital	545.9	526.6	544.3	604.6	788.8	632.7	820.1	910.3	969.7	1,011.6
Discounted value of leases	26.3	36.6	32.2	28.6	28.9	28.9	33.3	35.5	37.8	40.1
Adjusted equity	1,041.0	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,684.0	1,959.3	2,239.3	2,492.1

<b>Per Share Data (EUR)</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
Avg. no. of shares (m)	65.8	64.9	64.5	60.1	59.2	59.2	59.5	59.5	59.5	59.5
Eoy. no. of shares (m)	65.6	64.6	62.8	59.5	59.4	59.5	59.5	59.5	59.5	59.5
Avg. no. of shares fully diluted (m)	65.9	65.1	64.8	60.5	59.4	59.4	59.6	59.6	59.6	59.6
Enterprise Value (EV)	20.28	23.27	29.07	30.75	22.05	38.86	87.13	75.90	72.52	69.30
Net debt less FFA plus minorities	2.64	0.57	1.77	4.16	7.87	4.21	4.71	1.89	(1.49)	(4.71)
Sales	26.49	29.50	31.17	36.16	45.01	41.16	53.28	58.17	61.82	64.37
EBITDA	3.89	3.97	4.07	4.97	6.97	6.51	11.87	12.53	12.89	12.31
EBITA	2.25	2.31	2.35	2.98	4.16	4.15	8.65	9.30	9.64	9.04
EBIT	2.11	2.10	2.26	2.90	3.56	3.92	8.45	9.30	9.64	9.04
Net profit before extr. & amort. (EUR)	2.29	2.30	2.30	2.61	3.55	2.79	6.27	6.75	7.07	6.72
Net profit before extraordinary (EUR)	2.15	2.09	2.21	2.54	2.94	2.56	6.07	6.75	7.07	6.72
Cash Flow (EUR)	3.92	3.96	4.02	4.61	6.35	5.15	9.49	9.98	10.32	9.99
Gross Dividend (EUR)	0.67	1.00	0.83	0.92	0.93	0.98	2.12	2.36	2.47	2.35
Book value (EUR)	13.86	16.37	16.87	18.46	19.05	21.59	26.68	31.30	36.01	40.26
Adjusted equity	15.86	17.69	18.18	19.72	20.31	22.88	28.30	32.93	37.63	41.88
Free Cash Flow	(0.96)	0.50	0.62	0.38	(0.04)	5.60	4.37	5.32	5.81	5.40
% change in EPS before extr. & amort.	74.88	0.76	(0.11)	13.68	35.68	(21.26)	124.36	7.70	4.73	(4.89)

<b>Valuation</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
P/E (excl. extr. & amort.)	7.3	9.4	11.9	12.5	8.3	9.0	8.6	11.5	11.0	11.5
P/CF (x)	4.3	5.5	6.8	7.1	4.6	4.9	5.7	7.8	7.5	7.8
P/Book (x)	1.4	1.6	1.9	1.7	0.8	1.7	3.2	2.5	2.2	1.9
Dividend yield (%)	4.0	4.6	3.0	2.8	3.2	3.9	4.0	3.0	3.2	3.0
Free cash flow yield (%)	(7.2)	0.4	0.9	(0.5)	(2.5)	18.4	6.6	6.0	7.0	6.9
EV/Sales (x)	0.8	0.8	0.9	0.8	0.5	0.9	1.6	1.3	1.2	1.1
EV/EBITDA (x)	5.2	5.8	7.0	6.1	3.2	6.0	7.3	6.1	5.6	5.6
EV/EBITA (x)	9.0	10.0	12.1	10.2	5.3	9.4	10.1	8.2	7.5	7.7
EV/EBIT (x)	9.6	11.0	12.5	10.5	6.2	10.0	10.3	8.2	7.5	7.7
EV/Capital Employed (x)	1.0	1.1	1.3	1.2	0.7	1.2	2.6	2.0	1.8	1.7
EV/CE (incl. goodwill) (x)	0.9	1.0	1.2	1.1	0.7	1.2	2.4	1.9	1.8	1.6
Share price : High (EUR)	19.92	26.32	33.20	37.80	40.11	36.35	86.69	87.43		
Share price : Low (EUR)	14.50	18.47	23.12	28.15	14.82	12.62	33.67	72.10		
Share price : Average (EUR)	16.71	21.72	27.39	32.73	29.42	25.11	53.68	77.48	77.48	77.48
Share price : Year end (EUR)	19.58	26.32	31.57	30.67	16.11	36.17	85.90	77.48	77.48	77.48

<b>Capital Efficiency/Solvability</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
Sales/CE (incl. goodwill)	1.2	1.3	1.3	1.3	1.4	1.2	1.5	1.5	1.5	1.5
Sales/Fixed assets (x)	2.2	2.4	2.4	2.4	2.5	2.2	2.4	2.6	2.7	2.8
Sales/Net working capital (x)	3.2	3.6	3.7	3.6	3.4	3.9	3.9	3.8	3.8	3.8
Inventories/Sales (days)	87.9	66.4	67.0	64.7	70.0	53.7	54.7	54.7	54.7	54.7
Trade debtors/Sales (days)	80.7	67.5	72.5	73.5	66.2	71.8	71.8	71.8	71.8	71.8
Trade creditors/Sales (days)	52.6	35.7	41.4	38.9	34.8	37.0	38.0	38.0	38.0	38.0
CAPEX/Depreciation (%)	160.7	141.1	145.7	166.9	151.3	124.3	109.2	109.3	110.0	110.0
Equity/Total assets (%)	41.6	47.2	47.8	47.5	42.4	45.4	49.8	55.8	61.9	67.5
Net debt/Equity (%)	50.1	29.4	38.8	45.7	59.5	36.9	31.4	16.7	4.2	(5.0)
Interest cover (x)	6.3	4.8	5.5	5.2	5.4	4.0	9.2	13.3	23.1	76.9
Dividend payout (%)	29.1	43.2	35.3	34.8	26.4	35.3	33.9	35.0	35.0	35.0
ROCE (average) (%)	9.4	8.0	8.9	10.0	11.7	10.3	19.1	18.3	17.7	15.6
ROCE (incl. goodwill) (average) (%)	8.6	7.4	8.4	9.5	11.2	9.9	18.4	17.5	17.0	15.1

<b>Operating Efficiency &amp; Profitability ratios</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010e</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>
Sales per FTE employee ('000s)	161.4	178.9	169.2	155.4	165.3	139.0	170.3	182.1	190.6	196.5
Wage costs per FTE employee ('000s)	41.7	42.0	38.9	33.8	32.5	28.5	29.2	29.9	30.6	31.4
EBIT per FTE employee ('000s)	12.9	12.7	12.3	12.5	13.1	13.2	27.0	29.1	29.7	27.6
Gross margin (%)										
EBITDA margin (%)	14.7	13.4	13.0	13.7	15.5	15.8	22.3	21.5	20.9	19.1
Operating margin (%)	8.0	7.1	7.3	8.0	7.9	9.5	15.9	16.0	15.6	14.0
Net margin (%)	6.3	5.5	5.1	5.5	6.4	6.0	11.4	11.2	11.0	9.9
Tax rate (%)	15.5	25.0	16.0	14.3	15.8	20.4	24.5	25.0	27.0	29.0

**Important disclosures**

<b>Issuer</b>	<b>Ticker</b>	<b>Price (EUR)</b>
Bekaert	BEKB.BR	77.48

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Maarten Bakker - Equity Research Analyst

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16 February 2011

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Historical equity recommendations and target price for Bekaert (EUR)



History of Target Prices

Date	Recommendation	Target Price
11/10/2010	BUY	EUR 88.00
11/5/2010	BUY	EUR 88.33
8/2/2010	BUY	EUR 83.33
7/26/2010	BUY	EUR 57.67
7/23/2010	BUY	EUR 57.33
6/2/2010	BUY	EUR 55.33
5/12/2010	BUY	EUR 55.00
3/9/2010	BUY	EUR 51.67
1/7/2010	BUY	EUR 44.67
11/17/2009	BUY	EUR 42.33
11/16/2009	BUY	EUR 41.67
8/5/2009	BUY	EUR 37.33
4/7/2009	BUY	EUR 25.00

History of Recommendations

Date	Recommendation	Target Price
8/5/2009	BUY	EUR 37.33
5/8/2009	HOLD	EUR 25.00
4/7/2009	BUY	EUR 25.00

Source: ABN AMRO Bank Equity Research, FactSet

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