

# Bekaert

Indy - Industrial, Diversified / Belgium

**Target Price EUR 60.00**

**Expected performance (12 mth) 19.5%**

**HOLD EUR 50.23 (Closing price 15-Jul-11)**

[Preview on results](#)

## Preview: 1H11 results could trigger relief rally

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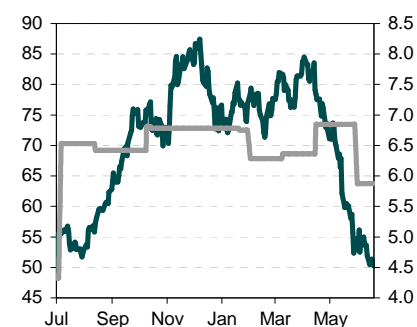
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### Opinion on qualitative criteria

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)	3,008.0
No. of shares (m)	59.9
Free float	62.0%
1/3/12 mth perf. (%)	(17.0)/(35.0)/4.2
High/low 52 weeks (EUR)	87.43/47.00
Next results due	
Price/book value (x)	1.6
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB

Website [www.bekaert.com](http://www.bekaert.com)

Bekaert is due to release 1H11 results on 29 July. The company already reported a strong sales trading update for 1Q11 (group sales up by 32% and even 46% for Asia Pacific). Back then, Bekaert's outlook sounded confident about a sustained strong performance in 1H11, but it also highlighted uncertainties for 2H11. The uncertainties mainly relate to the impact of increasing competition on sawing wire prices and the current overcapacity in solar cell production in China. We believe that these effects gained traction in 2Q11 and should be fully visible in 2H11 (see also our note *Adjusting to new sawing wire reality*, dated 27 June). Therefore, the release of the 1H11 results will be closely monitored for more insights in these issues. Although we acknowledge that Bekaert is known for not being very concrete in its outlook, we still expect that the 1H11 event will show that the situation is not as gloomy as the recent share price drop (>40% ytd) seems to suggest (at the current share price level, the stock attaches no value at all for sawing wire). As such, we expect that the event could trigger a substantial relief rally.

The 1H11 results themselves should be solid. We are looking for a 14% rise in group EBITE to EUR 299.6m (note that the prior-year result included a EUR 20m FIFO windfall gain on inventories). Zooming in on the important Asia Pacific division, we expect a 9% increase in EBITE to EUR 224.8, which represents a y-o-y erosion of the margin by 430bps to 33.0% (for 2H11, we have pencilled in that an erosion of the margin to 28.7% leads to a 34% fall in divisional EBITE). Bottom-line growth is expected to be muted by higher net financial expenses and an increased tax rate (due to the ending of tax holidays in

Year to December	2009	2010	2011e	2012e	2013e
Sales (EUR m)	2,437.3	3,262.5	3,611.5	3,763.6	4,021.4
EBITDA (EUR m)	385.7	725.3	708.8	660.5	687.3
Net profit excl. extr. & amort. (EUR m)	165.4	385.7	351.8	325.5	357.1
Net profit (EUR m)	151.8	367.6	351.8	325.5	357.1
EBITDA margin (%)	15.8	22.2	19.6	17.5	17.1
ROCE (incl. goodwill) (%)	9.9	18.6	15.1	12.8	13.2
Net gearing (%)	36.9	35.9	27.5	14.2	5.3
EPS before extr. & amort. (EUR)	2.79	6.51	5.87	5.44	5.96
EPS (EUR)	2.56	6.21	5.87	5.44	5.96
DPS (EUR)	0.98	1.67	1.76	1.90	2.09
% change sales	(8.5)	33.9	10.7	4.2	6.9
% change EPS (excl. extr. & amort.)	(21.3)	133.0	(9.8)	(7.5)	9.7
EV/Sales	0.95	1.59	0.83	0.74	0.66
EV/EBITDA	6.0	7.1	4.2	4.2	3.8
P/E (excl. extr. & amort.)	9.0	8.2	8.6	9.2	8.4
P/E	9.8	8.7	8.6	9.2	8.4
PE/growth (excl. extr.)	22.9	0.2	0.2	nmf	11.1
Free cash flow yield (%)	18.4	1.2	4.4	9.4	7.9

China). We are looking for a 7.5% increase in net profit to EUR 194.5m, or EUR 3.27 per share. We refer to the table on the following page for the detail behind our forecasts.

<b>P&amp;L Bekaert (EUR m)</b>									
	<b>2009</b>	<b>1H10</b>	<b>2H10</b>	<b>2010</b>	<b>1H11E</b>	<b>2H11E</b>	<b>2011E</b>	<b>2012E</b>	<b>2013E</b>
EMEA	827	526	540	1,066	628	616	1,244	1,319	1,385
North America	473	313	325	638	365	362	727	756	786
Latin America	327	144	167	311	164	184	348	369	388
Asia Pacific	809	552	696	1,248	681	611	1,292	1,320	1,463
<b>Consolidated sales</b>	<b>2,437</b>	<b>1,535</b>	<b>1,727</b>	<b>3,262</b>	<b>1,838</b>	<b>1,773</b>	<b>3,611</b>	<b>3,764</b>	<b>4,021</b>
% chg.	-8.5%	27.9%	39.6%	33.9%	19.8%	2.6%	10.7%	4.2%	6.9%
organic	-16.9%	29.2%	33.7%	31.5%	17.3%	7.4%	12.1%	5.4%	7.2%
fx	2.5%	-2.6%	4.5%	1.0%	1.4%	-1.3%	0.0%	0.0%	0.0%
consolidation	5.9%	1.3%	1.5%	1.4%	1.0%	1.7%	1.4%	0.8%	0.0%
<b>EBITDAE</b>	<b>410</b>	<b>368</b>	<b>386</b>	<b>754</b>	<b>393</b>	<b>330</b>	<b>724</b>	<b>675</b>	<b>702</b>
margin	16.8%	24.0%	22.3%	23.1%	21.4%	18.6%	20.0%	17.9%	17.5%
% chg.	-17.3%	141.8%	49.5%	83.7%	7.0%	-14.4%	-3.9%	-6.7%	4.0%
EBITE EMEA	2	54	41	95	66	56	122	132	138
margin	0.2%	10.3%	7.7%	8.9%	10.5%	9.1%	9.8%	10.0%	10.0%
% chg	-97.6%	nmf	85.8%	5722.9%	22.2%	35.4%	27.9%	8.2%	5.0%
EBITE North America	(5)	21	13	34	26	24	49	53	55
margin	-1.1%	6.7%	4.0%	5.3%	7.1%	6.5%	6.8%	7.0%	7.0%
% chg	-120.2%	nmf	nmf	nmf	23.3%	79.6%	44.9%	7.1%	4.0%
EBITE Latin America	28	14	12	26	16	15	31	35	39
margin	8.4%	9.7%	7.1%	8.3%	9.8%	7.9%	8.8%	9.5%	10.0%
% chg	75.0%	66.7%	-37.7%	-5.9%	14.9%	22.2%	18.3%	14.4%	10.5%
EBITE Asia Pacific	288	206	265	471	225	176	400	324	339
margin	35.6%	37.3%	38.0%	37.7%	33.0%	28.7%	31.0%	24.5%	23.2%
% chg	15.6%	60.9%	65.6%	63.5%	9.1%	-33.7%	-14.9%	-19.1%	4.7%
Other	(55)	(33)	(31)	(64)	(33)	(33)	(66)	(60)	(63)
<b>Total EBITE</b>	<b>257</b>	<b>262</b>	<b>300</b>	<b>562</b>	<b>300</b>	<b>236</b>	<b>536</b>	<b>484</b>	<b>508</b>
margin	10.5%	17.1%	17.4%	17.2%	16.3%	13.3%	14.8%	12.9%	12.6%
% chg.	-12.7%	205.2%	75.8%	119.1%	14.3%	-21.3%	-4.7%	-9.8%	5.1%
Non-recurring items	(25)	(19)	(10)	(28)	(8)	(8)	(15)	(15)	(15)
<b>EBIT</b>	<b>232</b>	<b>243</b>	<b>291</b>	<b>534</b>	<b>292</b>	<b>229</b>	<b>521</b>	<b>469</b>	<b>493</b>
Net financial charges	(66)	(16)	(17)	(32)	(28)	(26)	(54)	(44)	(31)
<b>EBT</b>	<b>167</b>	<b>228</b>	<b>274</b>	<b>502</b>	<b>264</b>	<b>203</b>	<b>467</b>	<b>425</b>	<b>462</b>
Taxes	(34)	(51)	(88)	(139)	(74)	(57)	(131)	(123)	(134)
as % of EBT	20.4%	22.5%	32.2%	27.8%	28.0%	28.0%	28.0%	29.0%	29.0%
Share in results joint ventures	38	19	17	36	20	24	44	51	58
Result discontinued operations	0	0	0	0	0	0	0	0	0
Minority interests	(19)	(14)	(17)	(31)	(16)	(13)	(29)	(27)	(29)
<b>Net profit continuing operations</b>	<b>152</b>	<b>181</b>	<b>187</b>	<b>368</b>	<b>194</b>	<b>157</b>	<b>352</b>	<b>326</b>	<b>357</b>
% chg.	-12.8%	309.6%	73.5%	142.2%	7.5%	-15.7%	-4.3%	-7.5%	9.7%
<b>EPS basic (EUR)</b>	<b>2.56</b>	<b>3.05</b>	<b>3.15</b>	<b>6.21</b>	<b>3.27</b>	<b>2.63</b>	<b>5.87</b>	<b>5.44</b>	<b>5.96</b>
% chg.	-12.9%	308.3%	73.4%	142.1%	7.1%	-16.6%	-5.3%	-7.5%	9.7%
<b>DPS (EUR)</b>	<b>0.98</b>	<b>0.67</b>		<b>1.67</b>	<b>0.65</b>		<b>1.76</b>	<b>1.90</b>	<b>2.09</b>
pay out	38.4%	21.9%		27.2%	20.0%		30.0%	35.0%	35.0%

Source: company data and ABN AMRO estimates

P & L Statement (EUR m) Year to December	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Net sales	1,741.9	1,914.3	2,009.6	2,173.6	2,662.4	2,437.3	3,262.5	3,611.5	3,763.6	4,021.4
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)	(596.9)	(627.0)	(649.2)	(676.3)
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>725.3</b>	<b>708.8</b>	<b>660.5</b>	<b>687.3</b>
Depreciation	(107.6)	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(173.0)	(187.7)	(191.6)	(193.8)
<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>552.3</b>	<b>521.1</b>	<b>468.8</b>	<b>493.5</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)	(18.0)	0.0	0.0	0.0
EBIT	139.0	136.3	145.9	174.6	210.5	232.2	534.3	521.1	468.8	493.5
Net financials	(20.5)	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(32.4)	(53.9)	(44.3)	(31.1)
<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>501.9</b>	<b>467.2</b>	<b>424.6</b>	<b>462.4</b>
Taxes	(18.4)	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(139.5)	(130.8)	(123.1)	(134.1)
Income from associates	53.5	56.9	51.0	47.1	56.1	37.8	36.1	44.3	50.9	58.2
Minorities	(12.3)	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(30.9)	(28.9)	(26.8)	(29.4)
<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>367.6</b>	<b>351.8</b>	<b>325.5</b>	<b>357.1</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	367.6	351.8	325.5	357.1
% change in Sales	(3.1)	9.9	5.0	8.2	22.5	(8.5)	33.9	10.7	4.2	6.9
% change in EBITDA	6.9	0.7	1.8	13.9	38.0	(6.4)	88.1	(2.3)	(6.8)	4.1
% change in EBITA	32.4	1.3	1.0	18.1	37.7	(0.2)	124.7	(5.6)	(10.0)	5.3
% change in PBT	72.1	2.1	(5.0)	16.3	20.7	3.3	201.3	(6.9)	(9.1)	8.9
% change in Net profit before extraordinary	63.0	(3.9)	5.2	7.1	13.9	(12.8)	142.2	(4.3)	(7.5)	9.7

Cash Flow Statement (EUR m)	2004	2005	2006	2007	2008	2009	2010	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>725.3</b>	<b>708.8</b>	<b>660.5</b>	<b>687.3</b>
Change in provisions excluding tax provisions	(0.6)	(15.4)	(12.3)	(8.9)	26.2	(44.5)	1.7	0.0	0.0	0.0
Change in net working capital	(112.6)	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(276.9)	(138.6)	17.5	(70.8)
Gross operating cash flow	142.4	209.8	217.9	247.8	276.0	536.8	450.1	570.2	677.9	616.5
Taxes paid	(32.9)	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.3)	(130.8)	(123.1)	(134.1)
Capex	(172.9)	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(249.1)	(252.4)	(228.1)	(213.2)
<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>87.7</b>	<b>187.0</b>	<b>326.7</b>	<b>269.2</b>
Net interest received	(16.0)	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(43.5)	(53.9)	(44.3)	(31.1)
Other	75.5	96.6	(25.4)	42.1	24.2	172.3	16.6	50.7	40.1	46.4
Acquisitions	(16.9)	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(29.9)	(18.0)	0.0	0.0
Divestments	0.1	86.5	0.0	4.2	0.7	(0.5)	12.6	0.0	0.0	0.0
Share issues/buybacks	(8.8)	(24.3)	(56.1)	(111.0)	(19.7)	(0.5)	(57.7)	0.0	0.0	0.0
Dividend (adj. stock dividend)	(45.3)	(52.2)	(74.1)	(57.2)	(62.2)	(50.6)	(118.5)	(99.8)	(105.5)	(113.9)
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)	299.8	(66.0)	(217.0)	(170.6)
<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>167.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Balance Sheet (EUR m)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Net intangible fixed assets	118.4	125.4	134.5	122.0	111.5	105.0	131.1	135.3	139.6	144.9
Net tangible fixed assets	791.6	799.8	824.2	917.6	1,070.7	1,127.7	1,295.1	1,355.6	1,387.8	1,401.9
Financials fixed assets (FFA)	331.1	325.5	348.6	303.4	247.7	311.7	339.6	339.6	339.6	339.6
Inventories	419.3	348.3	368.8	385.4	510.5	358.4	507.7	581.7	595.9	636.8
Trade debtors	385.2	354.2	398.9	437.7	483.2	479.6	774.3	817.6	810.7	866.3
Other debtors	44.9	63.4	63.7	73.1	125.3	171.2	182.4	229.1	249.4	271.3
Cash & securities	98.9	222.7	81.2	73.2	118.3	275.8	442.9	442.9	442.9	442.9
<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>3,673.1</b>	<b>3,901.8</b>	<b>3,966.1</b>	<b>4,103.8</b>
Shareholder's equity	909.7	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,610.7	1,862.6	2,082.6	2,325.8
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	86.0	103.3	119.4	137.0
Provisions	373.0	357.5	331.4	298.8	373.4	329.9	379.9	379.9	379.9	379.9
Long-term interest bearing debt	242.3	288.3	274.4	322.5	288.1	598.1	700.5	634.4	417.4	246.8
Short-term interest bearing debt	312.0	245.6	218.0	253.0	503.1	151.4	320.3	320.3	320.3	320.3
Trade creditors	250.8	187.4	227.8	231.7	253.8	247.1	341.7	368.3	383.8	410.1
Other non-interest bearing liabilities	52.7	52.0	59.3	60.0	76.4	129.4	234.2	232.9	262.7	283.8
<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>3,673.1</b>	<b>3,901.8</b>	<b>3,966.1</b>	<b>4,103.8</b>
Enterprise Value (EV)	1,330.5	1,503.0	1,827.0	1,829.4	1,317.4	2,324.1	5,184.7	2,999.9	2,798.9	2,645.9
Net debt/(Net cash)	455.4	311.2	411.2	502.2	672.9	473.7	577.9	511.8	294.8	124.2
Capital Employed incl. goodwill (avg.)	1,458.6	1,515.7	1,517.1	1,610.5	1,850.3	1,969.4	2,148.5	2,481.4	2,596.0	2,653.7
Cumulative goodwill (as of 1991)	131.3	85.3	82.2	75.2	74.6	76.6	77.5	77.5	77.5	77.5
Capital Employed (avg.)	1,332.4	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,071.4	2,403.9	2,518.5	2,576.2
Net working capital	545.9	526.6	544.3	604.6	788.8	632.7	888.5	1,027.1	1,009.6	1,080.4
Discounted value of leases	26.3	36.6	32.2	28.6	28.9	28.9	43.9	47.4	50.6	53.6
Adjusted equity	1,041.0	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,688.2	1,940.1	2,160.1	2,403.3

Per Share Data (EUR)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Avg. no. of shares (m)	65.8	64.9	64.5	60.1	59.2	59.2	59.2	59.9	59.9	59.9
Eoy. no. of shares (m)	65.6	64.6	62.8	59.5	59.4	59.5	59.9	59.9	59.9	59.9
Avg. no. of shares fully diluted (m)	65.9	65.1	64.8	60.5	59.4	59.4	59.6	60.2	60.2	60.2
Enterprise Value (EV)	20.28	23.27	29.07	30.75	22.20	39.06	86.58	50.09	46.74	44.18
Net debt less FFA plus minorities	2.64	0.57	1.77	4.16	7.87	4.21	5.41	4.60	1.25	(1.31)
Sales	26.49	29.50	31.17	36.16	45.01	41.16	55.06	60.31	62.85	67.15
EBITDA	3.89	3.97	4.07	4.97	6.97	6.51	12.24	11.84	11.03	11.48
EBITA	2.25	2.31	2.35	2.98	4.16	4.15	9.32	8.70	7.83	8.24
EBIT	2.11	2.10	2.26	2.90	3.56	3.92	9.02	8.70	7.83	8.24
Net profit before extr. & amort. (EUR)	2.29	2.30	2.30	2.61	3.55	2.79	6.51	5.87	5.44	5.96
Net profit before extraordinary (EUR)	2.15	2.09	2.21	2.54	2.94	2.56	6.21	5.87	5.44	5.96
Cash Flow (EUR)	3.92	3.96	4.02	4.61	6.35	5.15	9.43	9.01	8.64	9.20
Gross Dividend (EUR)	0.67	1.00	0.83	0.92	0.93	0.98	1.67	1.76	1.90	2.09
Book value (EUR)	13.86	16.37	16.87	18.46	19.05	21.59	26.90	31.10	34.78	38.84
Adjusted equity	15.86	17.69	18.18	19.72	20.31	22.88	28.19	32.40	36.07	40.13
Free Cash Flow	(0.96)	0.50	0.62	0.38	(0.04)	5.60	1.48	3.12	5.45	4.50
% change in EPS before extr. & amort.	74.88	0.76	(0.11)	13.68	35.68	(21.26)	133.05	(9.76)	(7.46)	9.71

Valuation	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
P/E (excl. extr. & amort.)	7.3	9.4	11.9	12.5	8.3	9.0	8.2	8.6	9.2	8.4
P/CF (x)	4.3	5.5	6.8	7.1	4.6	4.9	5.7	5.6	5.8	5.5
P/Book (x)	1.4	1.6	1.9	1.7	0.8	1.7	3.2	1.6	1.4	1.3
Dividend yield (%)	4.0	4.6	3.0	2.8	3.2	3.9	3.1	3.5	3.8	4.2
Free cash flow yield (%)	(7.2)	0.4	0.9	(0.5)	(2.5)	18.4	1.2	4.4	9.4	7.9
EV/Sales (x)	0.8	0.8	0.9	0.8	0.5	1.0	1.6	0.8	0.7	0.7
EV/EBITDA (x)	5.2	5.8	7.0	6.1	3.2	6.0	7.1	4.2	4.2	3.8
EV/EBITA (x)	9.0	10.0	12.1	10.2	5.3	9.5	9.4	5.8	6.0	5.4
EV/EBIT (x)	9.6	11.0	12.5	10.5	6.3	10.0	9.7	5.8	6.0	5.4
EV/Capital Employed (x)	1.0	1.1	1.3	1.2	0.7	1.2	2.5	1.2	1.1	1.0
EV/CE (incl. goodwill) (x)	0.9	1.0	1.2	1.1	0.7	1.2	2.4	1.2	1.1	1.0
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	50.23		
Share price : Average (EUR)	16.71	21.72	27.39	32.73	29.42	25.11	53.68	50.23	50.23	50.23
Share price : Year end (EUR)	19.58	26.32	31.57	30.67	16.11	36.17	85.90	50.23	50.23	50.23

Capital Efficiency/Solvability	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Sales/CE (incl. goodwill)	1.2	1.3	1.3	1.3	1.4	1.2	1.5	1.5	1.4	1.5
Sales/Fixed assets (x)	2.2	2.4	2.4	2.4	2.5	2.2	2.5	2.7	2.7	2.9
Sales/Net working capital (x)	3.2	3.6	3.7	3.6	3.4	3.9	3.7	3.5	3.7	3.7
Inventories/Sales (days)	87.9	66.4	67.0	64.7	70.0	53.7	56.8	58.8	57.8	57.8
Trade debtors/Sales (days)	80.7	67.5	72.5	73.5	66.2	71.8	86.6	82.6	78.6	78.6
Trade creditors/Sales (days)	52.6	35.7	41.4	38.9	34.8	37.0	38.2	37.2	37.2	37.2
CAPEX/Depreciation (%)	160.7	141.1	145.7	166.9	151.3	124.3	144.0	134.4	119.1	110.0
Equity/Total assets (%)	41.6	47.2	47.8	47.5	42.4	45.4	43.8	47.7	52.5	56.7
Net debt/Equity (%)	50.1	29.4	38.8	45.7	59.5	36.9	35.9	27.5	14.2	5.3
Interest cover (x)	6.3	4.8	5.5	5.2	5.4	4.0	9.5	8.0	8.4	11.4
Dividend payout (%)	29.1	43.2	35.3	34.8	26.4	35.3	25.9	30.0	35.0	35.0
ROCE (average) (%)	9.4	8.0	8.9	10.0	11.7	10.3	19.3	15.6	13.2	13.6
ROCE (incl. goodwill) (average) (%)	8.6	7.4	8.4	9.5	11.2	9.9	18.6	15.1	12.8	13.2

Operating Efficiency & Profitability ratios	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
Sales per FTE employee ('000s)	161.4	178.9	169.2	155.4	165.3	139.0	163.2	176.3	181.9	191.2
Wage costs per FTE employee ('000s)	41.7	42.0	38.9	33.8	32.5	28.5	29.9	30.6	31.4	32.2
EBIT per FTE employee ('000s)	12.9	12.7	12.3	12.5	13.1	13.2	26.7	25.4	22.7	23.5
Gross margin (%)										
EBITDA margin (%)	14.7	13.4	13.0	13.7	15.5	15.8	22.2	19.6	17.5	17.1
Operating margin (%)	8.0	7.1	7.3	8.0	7.9	9.5	16.4	14.4	12.5	12.3
Net margin (%)	6.3	5.5	5.1	5.5	6.4	6.0	11.7	9.3	8.0	8.2
Tax rate (%)	15.5	25.0	16.0	14.3	15.8	20.4	27.8	28.0	29.0	29.0

**Important disclosures**

Issuer	Ticker	Price (EUR)
Bekaert	BEKB.BR	50.23

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Maarten Bakker - Equity Research Analyst

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18 July 2011

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## Historical equity recommendations and target price for Bekaert (EUR)



## History of Target Prices

Date	Recommendation	Target Price
6/27/2011	HOLD	EUR 60.00
2/28/2011	BUY	EUR 93.00
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
6/27/2011	HOLD	EUR 60.00
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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