

Bekaert

Indy - Industrial, Diversified / Belgium

Target Price EUR 30.00

Expected performance (12 mth) -2.6%

HOLD EUR 30.81 (Closing price 11-Nov-11)

Company results

Earnings momentum continues to deteriorate

14 November 2011

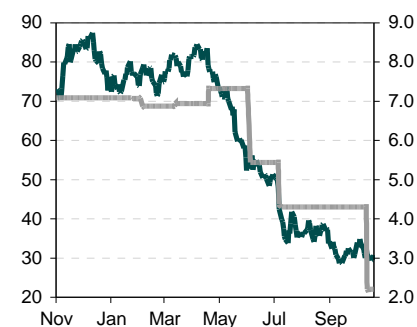
Analyst: Maarten Bakker
 ABN AMRO Bank N.V.
 Tel: +31 20 343 54 12
 Email: maarten.bakker@nl.abnamro.com

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. 2012



Source: FactSet, ABN Amro Equity Research

Market capitalisation (EUR m)	1,844.8
No. of shares (m)	59.9
Free float	62.0%
1/3/12 mth perf. (%)	1.0/(20.7)/(57.5)
High/low 52 weeks (EUR)	87.43/28.62
Next results due	
Price/book value (x)	1.1
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

Bekaert's 3Q11 sales trading update was better than feared, but it is hard to draw any conclusions regarding the pressure on profitability. The update made clear that the trend in sawing wire remained negative throughout 3Q11 and will continue to be so in 4Q11. This means that the full impact still needs to become visible in 2012. We believe that Bekaert's cautious outlook was already reflected in our forecast that EPS falls from EUR 6.21 in FY10 to EUR 3.44 in FY11 (EUR 2.45 in 1H11 and EUR 1.20 in 2H11) and EUR 2.26 in FY12 (the latter stands 13% below the Bloomberg consensus of EUR 2.60). We believe that the risk to our forecasts is skewed to the downside in the current turbulent environment. Trading at a 2012 P/E valuation of 13.7x, we believe that there could also be downside risks to the share price in the short term. In view of the longer term growth potential and strong balance sheet, we rate the stock HOLD.

Review 3Q11 sales trading update

3Q11 consolidated sales declined by 6% q-o-q (+3% volume, +4% raw materials, -8% mix, -4% fx and -1% consolidation) to EUR 816m. This beat our forecast of EUR 755m due to a less adverse performance for the Asia Pacific division. The other three platforms performed in line with expectations.

The Asia Pacific division reported a decline in sales from EUR 353m (+46% y-o-y) in 1Q11 to EUR 286m (-8% y-o-y) in 2Q11 to EUR 254m (-24% y-o-y) in 3Q11 (although better than the EUR 195m forecast by us). Continued growth in India and Indonesia was offset by the decline of the Chinese sawing wire business that started mid May. Demand for sawing wire has come under

Year to December	2009	2010	2011e	2012e	2013e
Sales (EUR m)	2,437.3	3,262.5	3,331.7	3,119.2	3,340.9
EBITDA (EUR m)	385.7	725.3	585.3	455.7	494.7
Net profit excl. extr. & amort. (EUR m)	165.4	385.7	217.0	135.0	172.6
Net profit (EUR m)	151.8	367.6	217.0	135.0	172.6
EBITDA margin (%)	15.8	22.2	17.6	14.6	14.8
ROCE (incl. goodwill) (%)	9.9	18.6	10.3	6.3	7.6
Net gearing (%)	36.9	35.9	36.4	24.0	16.0
EPS before extr. & amort. (EUR)	2.79	6.51	3.62	2.26	2.88
EPS (EUR)	2.56	6.21	3.62	2.26	2.88
DPS (EUR)	0.98	1.67	1.28	0.79	1.01
% change sales	(8.5)	33.9	2.1	(6.4)	7.1
% change EPS (excl. extr. & amort.)	(21.3)	133.0	(44.3)	(37.8)	27.8
EV/Sales	0.98	1.69	0.66	0.64	0.57
EV/EBITDA	6.2	7.6	3.8	4.4	3.8
P/E (excl. extr. & amort.)	9.0	8.2	8.5	13.7	10.7
P/E	9.8	8.7	8.5	13.7	10.7
PE/growth (excl. extr.)	22.9	0.2	0.4	nmf	nmf
Free cash flow yield (%)	18.4	1.2	(0.5)	13.8	7.7

Quarterly sales (EUR m)

	1Q10	2Q10	3Q10	4Q10	FY2010	1Q11	2Q11	3Q11	4Q11E	FY2011E	FY2012E
Consolidated sales:											
EMEA	244	282	271	269	1,066	307	307	293	289	1,196	1,172
North America	141	172	170	155	638	176	178	172	141	667	605
Latin America	67	77	89	78	311	82	91	97	86	356	367
Asia Pacific	242	310	336	360	1,248	353	286	254	220	1,113	1,015
Total	694	841	866	861	3,262	918	862	816	736	3,332	3,159
% chg.	17.2%	38.4%	39.9%	39.3%	33.9%	32.3%	2.5%	-5.8%	-14.6%	2.1%	-5.2%
Organic	23.9%	34.4%	33.9%	33.6%	31.5%	28.3%	9.5%	-0.3%	13.9%	3.4%	-3.8%
foreign exchange	-6.7%	1.4%	4.2%	4.8%	1.0%	3.3%	-6.5%	-4.1%	1.9%	-1.6%	0.0%
consolidation	0.0%	2.6%	1.9%	1.1%	1.4%	0.7%	-1.3%	-0.7%	2.3%	0.2%	-1.4%
EMEA % chg.	16.0%	41.2%	36.9%	22.6%	28.8%	25.8%	8.9%	8.1%	7.6%	12.2%	-2.0%
North America % chg.	-0.6%	41.4%	60.4%	48.7%	34.7%	24.8%	3.5%	1.2%	-8.9%	4.6%	-9.2%
Latin America % chg.	-16.9%	-2.9%	2.3%	-3.1%	-5.0%	22.4%	18.2%	9.0%	10.4%	14.5%	3.0%
Asia Pacific % chg.	51.9%	49.6%	47.4%	67.7%	54.2%	45.9%	-7.7%	-24.4%	-39.0%	-10.8%	-8.8%
Combined sales:											
EMEA	243	280	269	265	1,057	305	303	289	289	1,186	1,163
North America	139	171	169	152	631	174	175	171	140	660	599
Latin America	329	398	420	381	1,528	401	413	422	399	1,635	1,684
Asia Pacific	242	311	337	364	1,254	353	288	256	221	1,118	1,020
Total	953	1,160	1,195	1,162	4,470	1,233	1,179	1,138	1,049	4,599	4,465
EMEA % chg.	16.2%	41.5%	36.5%	21.0%	28.4%	25.5%	8.2%	7.4%	9.1%	12.2%	-2.0%
North America % chg.	-0.1%	42.4%	61.0%	45.2%	34.5%	25.2%	2.3%	1.2%	-8.0%	4.6%	-9.2%
Latin America % chg.	17.5%	32.9%	28.8%	14.9%	23.5%	21.9%	3.8%	0.5%	4.7%	7.0%	3.0%
Asia Pacific % chg.	51.1%	48.9%	47.2%	68.5%	54.1%	45.9%	-7.4%	-24.0%	-39.3%	-10.8%	-8.8%
Total % chg.	20.9%	40.4%	39.4%	33.3%	33.7%	29.4%	1.6%	-4.8%	-9.7%	2.9%	-2.9%

Source: company data and ABN AMRO estimates

pressure from reduced solar panel production (caused mainly by subsidy reductions in Europe). At the same time, many rivals have brought on steam capacity to produce sawing wire. Bekaert has always said that it will defend its market share as much as possible through prices. It seems as if Bekaert was quite successful at defending its market share (volumes were said to be roughly equal to the preceding quarter). But, we believe that this was achieved at the expense of a severe drop sawing wire prices. Bekaert noted that substantial manufacturing overcapacity (we believe that it exceeds current demand by a factor 2x to 3x) and persistent low demand drove prices down by more than 50% toward the end of 3Q11. And the company expects further price pressure in the months ahead. In other words, the 3Q11 sales do not fully reflect the sawing wire woes, and the earnings run rate will continue to deteriorate in 4Q11. Unfortunately, we remain in the dark about the development of profitability until the release of the FY results on 24 February (and even then, the 2H11 earnings do not provide a clear picture of the earnings run rate at the end of 2011 as an indication of what to expect for 2012). Bekaert let us know that tyre cord volumes were reasonably stable. But, pricing pressure and cost inflation have put pressure on margins for this segment as well.

The qualitative outlook statement confirmed the aforementioned challenges for the Asia Pacific division. Bekaert also cautions in general for the usual seasonal effects at year-end, a growing impact from the global financial turbulence and it anticipates growing uncertainty and margin pressure in line with global expectations. It remains confident that the strong balance sheet (we estimate 0.9x net debt/EBITDA end 2011), broad geographical coverage and extensive product portfolio position it well to weather these turbulent times well.

We believe that the aforementioned challenges were already reflected in our forecasts. In fact, fine tuning has resulted in a small (2-5%) increase of our EPS forecasts (see table below). We forecast EPS to fall from EUR 6.21 in FY10 to EUR 3.44 in FY11 (EUR 2.45 in 1H11 and EUR 1.20 in 2H11) and EUR 2.26 in FY12. Our forecast for FY12 is 13% below the Bloomberg consensus of

EUR 2.60. Note that our forecasts are surrounded by significant forecast risks, which seems skewed to the downside in a recessionary environment. We refer to the table on the following page for the detail behind our forecasts.

Old versus new forecasts (EUR m)

	2011			2012			2013		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	3,263	3,332	2%	3,173	3,119	-2%	3,392	3,341	-2%
EBITE margin	354 10.8%	373 11.2%	5%	233 7.3%	240 7.7%	3%	264 7.8%	279 8.3%	6%
EPS (EUR)	3.44	3.62	5%	2.20	2.26	2%	2.73	2.88	5%

Source: ABN AMRO

P&L Bekaert (EUR m)

	2009	1H10	2H10	2010	1H11	2H11E	2011E	2012E	2013E
EMEA	827	526	540	1,066	614	582	1,196	1,136	1,205
North America	473	313	325	638	354	313	667	605	635
Latin America	327	144	167	311	173	183	356	367	392
Asia Pacific	809	552	696	1,248	639	474	1,113	1,011	1,108
Consolidated sales	2,437	1,535	1,727	3,262	1,780	1,552	3,332	3,119	3,341
% chg.	-8.5%	27.9%	39.6%	33.9%	15.9%	-10.2%	2.1%	-6.4%	7.1%
organic	-16.9%	29.2%	33.7%	31.5%	7.0%	6.8%	6.9%	-1.4%	7.9%
fx	2.5%	-2.6%	4.5%	1.0%	-2.1%	-1.1%	-1.6%	0.0%	0.0%
consolidation	5.9%	1.3%	1.5%	1.4%	-0.4%	0.8%	0.2%	-1.4%	0.0%
EBITDAE	410	368	386	754	353	249	602	471	510
margin	16.8%	24.0%	22.3%	23.1%	19.8%	16.1%	18.1%	15.1%	15.3%
% chg.	-17.3%	141.8%	49.5%	83.7%	-4.0%	-35.4%	-20.1%	-21.8%	8.3%
EBITE EMEA	2	54	41	95	54	42	96	74	94
margin	0.2%	10.3%	7.7%	8.9%	8.8%	7.2%	8.0%	6.5%	7.8%
% chg	-97.6%	nmf	85.8%	5722.9%	0.0%	0.9%	0.4%	-22.8%	27.2%
EBITE North America	(5)	21	13	34	28	20	48	44	49
margin	-1.1%	6.7%	4.0%	5.3%	7.9%	6.4%	7.2%	7.2%	7.7%
% chg	-120.2%	nmf	nmf	nmf	33.3%	52.7%	40.8%	-9.2%	12.3%
EBITE Latin America	28	14	12	26	16	16	32	30	35
margin	8.4%	9.7%	7.1%	8.3%	9.2%	8.6%	8.9%	8.2%	9.0%
% chg	75.0%	66.7%	-37.7%	-5.9%	14.3%	31.6%	22.3%	-5.1%	17.4%
EBITE Asia Pacific	288	206	265	471	185	91	276	156	159
margin	35.6%	37.3%	38.0%	37.7%	29.0%	19.3%	24.8%	15.5%	14.4%
% chg	15.6%	60.9%	65.6%	63.5%	-10.2%	-65.5%	-41.3%	-43.4%	2.0%
Other	(55)	(33)	(31)	(64)	(41)	(38)	(79)	(64)	(59)
Total EBITE	257	262	300	562	242	130	373	240	279
margin	10.5%	17.1%	17.4%	17.2%	13.6%	8.4%	11.2%	7.7%	8.3%
% chg.	-12.7%	205.2%	75.8%	119.1%	-7.5%	-56.6%	-33.7%	-35.6%	16.0%
Non-recurring items	(25)	(19)	(10)	(28)	(11)	(6)	(17)	(15)	(15)
EBIT	232	243	291	534	232	124	356	225	264
Net financial charges	(66)	(16)	(17)	(32)	(35)	(31)	(66)	(57)	(46)
EBT	167	228	274	502	197	93	290	168	217
Taxes	(34)	(51)	(88)	(139)	(54)	(28)	(81)	(49)	(63)
as % of EBT	20.4%	22.5%	32.2%	27.8%	27.2%	29.8%	28.0%	29.0%	29.0%
Share in results joint ventures	38	19	17	36	14	14	28	28	34
Result discontinued operations	0	0	0	0	0	0	0	0	0
Minority interests	(19)	(14)	(17)	(31)	(13)	(7)	(20)	(13)	(16)
Net profit continuing operations	152	181	187	368	144	73	217	135	173
% chg.	-12.8%	309.6%	73.5%	142.2%	-20.3%	-61.1%	-41.0%	-37.8%	27.8%
EPS basic (EUR)	2.56	3.05	3.15	6.21	2.45	1.21	3.62	2.26	2.88
% chg.	-12.9%	308.3%	73.4%	142.1%	-19.7%	-61.5%	-41.6%	-37.8%	27.8%
DPS (EUR)	0.98	0.67		1.67	0.67		1.28	0.79	1.01
pay out	38.4%	21.9%		27.2%	27.8%		35.2%	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	3,331.7	3,119.2	3,340.9
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)	(615.0)	(619.9)	(646.1)
Other operating costs										
EBITDA	255.6	257.4	262.2	298.6	412.2	385.7	725.3	585.3	455.7	494.7
Depreciation	(107.6)	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(173.0)	(229.6)	(230.7)	(231.2)
EBITA	148.0	150.0	151.4	178.9	246.3	245.8	552.3	355.7	225.0	263.5
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	355.7	225.0	263.5
Net financials	(20.5)	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(32.4)	(65.5)	(57.2)	(46.2)
Profit Before Taxes (PBT)	118.5	121.0	114.9	133.6	161.2	166.6	501.9	290.2	167.8	217.3
Taxes	(18.4)	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(139.5)	(81.3)	(48.7)	(63.0)
Income from associates	53.5	56.9	51.0	47.1	56.1	37.8	36.1	28.2	28.4	34.3
Minorities	(12.3)	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(30.9)	(20.2)	(12.5)	(16.0)
Net profit before extraordinary	141.3	135.7	142.8	152.9	174.1	151.8	367.6	217.0	135.0	172.6
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	217.0	135.0	172.6
% change in Sales	(3.1)	9.9	5.0	8.2	22.5	(8.5)	33.9	2.1	(6.4)	7.1
% change in EBITDA	6.9	0.7	1.8	13.9	38.0	(6.4)	88.1	(19.3)	(22.1)	8.5
% change in EBITA	32.4	1.3	1.0	18.1	37.7	(0.2)	124.7	(35.6)	(36.7)	17.1
% change in PBT	72.1	2.1	(5.0)	16.3	20.7	3.3	201.3	(42.2)	(42.2)	29.5
% change in Net profit before extraordinary	63.0	(3.9)	5.2	7.1	13.9	(12.8)	142.2	(41.0)	(37.8)	27.8

Cash Flow Statement (EUR m)	2004	2005	2006	2007	2008	2009	2010	2011e	2012e	2013e
EBITDA	255.6	257.4	262.2	298.6	412.2	385.7	725.3	585.3	455.7	494.7
Change in provisions excluding tax provisions	(0.6)	(15.4)	(12.3)	(8.9)	26.2	(44.5)	1.7	21.0	0.0	0.0
Change in net working capital	(112.6)	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(276.9)	(223.1)	142.2	(19.1)
Gross operating cash flow	142.4	209.8	217.9	247.8	276.0	536.8	450.1	383.2	597.9	475.6
Taxes paid	(32.9)	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.3)	(81.3)	(48.7)	(63.0)
Capex	(172.9)	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(249.1)	(248.2)	(238.1)	(224.1)
Free cash flow	(63.3)	32.7	39.8	23.1	(2.6)	331.9	87.7	53.8	311.2	188.5
Net interest received	(16.0)	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(43.5)	(62.3)	(57.2)	(46.2)
Other	75.5	96.6	(25.4)	42.1	24.2	172.3	16.6	24.9	23.4	27.9
Acquisitions	(16.9)	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(29.9)	(48.0)	0.0	0.0
Divestments	0.1	86.5	0.0	4.2	0.7	(0.5)	12.6	80.0	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)	(76.4)	(47.3)
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	51.4	(201.0)	(123.0)
Change in cash & cash equivalents	2.7	123.8	(141.5)	(7.9)	45.1	157.5	167.1	0.0	0.0	0.0

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	123.8	125.5	128.0
Net tangible fixed assets	791.6	799.8	824.2	917.6	1,070.7	1,127.7	1,295.1	1,281.0	1,286.7	1,277.1
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	591.4	528.1	547.3
Trade debtors	385.2	354.2	398.9	437.7	483.2	479.6	774.3	818.1	731.8	747.2
Other debtors	44.9	63.4	63.7	73.1	125.3	171.2	182.4	240.0	218.8	236.7
Cash & securities	98.9	222.7	81.2	73.2	118.3	275.8	442.9	442.9	442.9	442.9
Total Assets	2,189.3	2,239.3	2,219.8	2,312.6	2,667.2	2,829.5	3,673.1	3,837.0	3,673.4	3,718.9
Shareholder's equity	909.7	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,610.7	1,727.8	1,786.5	1,911.8
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	98.1	105.6	115.2
Provisions	373.0	357.5	331.4	298.8	373.4	329.9	379.9	400.9	400.9	400.9
Long-term interest bearing debt	242.3	288.3	274.4	322.5	288.1	598.1	700.5	751.9	550.9	427.9
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	321.5	292.5	313.3
Other non-interest bearing liabilities	52.7	52.0	59.3	60.0	76.4	129.4	234.2	216.4	216.8	229.4
Total Liabilities & Capital	2,189.3	2,239.3	2,219.8	2,312.6	2,667.2	2,829.5	3,673.1	3,837.0	3,673.4	3,718.9
Enterprise Value (EV)	1,330.5	1,503.0	1,827.0	1,829.4	1,317.4	2,377.1	5,516.2	2,197.4	2,004.0	1,890.6
Net debt/(Net cash)	455.4	311.2	411.2	502.2	672.9	473.7	577.9	629.3	428.3	305.3
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	2,480.4	2,517.1	2,458.9
Cumulative goodwill (as of 1991)	131.3	85.3	82.2	75.2	74.6	76.6	77.5	67.5	67.5	67.5
Capital Employed (avg.)	1,332.4	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,071.4	2,407.9	2,449.6	2,391.4
Net working capital	545.9	526.6	544.3	604.6	788.8	632.7	888.5	1,111.6	969.4	988.5
Discounted value of leases	26.3	36.6	32.2	28.6	28.9	28.9	43.9	46.9	50.3	53.5
Adjusted equity	1,041.0	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,688.2	1,795.3	1,854.0	1,979.3

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	39.95	92.11	36.69	33.46	31.57
Net debt less FFA plus minorities	2.64	0.57	1.77	4.16	7.87	4.21	5.41	6.47	3.24	1.35
Sales	26.49	29.50	31.17	36.16	45.01	41.16	55.06	55.64	52.09	55.79
EBITDA	3.89	3.97	4.07	4.97	6.97	6.51	12.24	9.77	7.61	8.26
EBITA	2.25	2.31	2.35	2.98	4.16	4.15	9.32	5.94	3.76	4.40
EBIT	2.11	2.10	2.26	2.90	3.56	3.92	9.02	5.94	3.76	4.40
Net profit before extr. & amort. (EUR)	2.29	2.30	2.30	2.61	3.55	2.79	6.51	3.62	2.26	2.88
Net profit before extraordinary (EUR)	2.15	2.09	2.21	2.54	2.94	2.56	6.21	3.62	2.26	2.88
Cash Flow (EUR)	3.92	3.96	4.02	4.61	6.35	5.15	9.43	7.46	6.11	6.74
Gross Dividend (EUR)	0.67	1.00	0.83	0.92	0.93	0.98	1.67	1.28	0.79	1.01
Book value (EUR)	13.86	16.37	16.87	18.46	19.05	21.59	26.90	28.85	29.83	31.92
Adjusted equity	15.86	17.69	18.18	19.72	20.31	22.88	28.19	29.98	30.96	33.05
Free Cash Flow	(0.96)	0.50	0.62	0.38	(0.04)	5.60	1.48	0.90	5.20	3.15
% change in EPS before extr. & amort.	74.88	0.76	(0.11)	13.68	35.68	(21.26)	133.05	(44.34)	(37.76)	27.81

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	8.5	13.7	10.7
P/CF (x)	4.3	5.5	6.8	7.1	4.6	4.9	5.7	4.1	5.0	4.6
P/Book (x)	1.4	1.6	1.9	1.7	0.8	1.7	3.2	1.1	1.0	1.0
Dividend yield (%)	4.0	4.6	3.0	2.8	3.2	3.9	3.1	4.1	2.6	3.3
Free cash flow yield (%)	(7.2)	0.4	0.9	(0.5)	(2.5)	18.4	1.2	(0.5)	13.8	7.7
EV/Sales (x)	0.8	0.8	0.9	0.8	0.5	1.0	1.7	0.7	0.6	0.6
EV/EBITDA (x)	5.2	5.8	7.0	6.1	3.2	6.2	7.6	3.8	4.4	3.8
EV/EBITA (x)	9.0	10.0	12.1	10.2	5.3	9.7	10.0	6.2	8.9	7.2
EV/EBIT (x)	9.6	11.0	12.5	10.5	6.3	10.2	10.3	6.2	8.9	7.2
EV/Capital Employed (x)	1.0	1.1	1.3	1.2	0.7	1.3	2.7	0.9	0.8	0.8
EV/CE (incl. goodwill) (x)	0.9	1.0	1.2	1.1	0.7	1.2	2.6	0.9	0.8	0.8
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	28.62		
Share price : Average (EUR)	16.71	21.72	27.39	32.73	29.42	25.11	53.68	30.81	30.81	30.81
Share price : Year end (EUR)	19.58	26.32	31.57	30.67	16.11	36.17	85.90	30.81	30.81	30.81

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	1.3	1.2	1.4
Sales/Fixed assets (x)	2.2	2.4	2.4	2.4	2.5	2.2	2.5	2.6	2.4	2.6
Sales/Net working capital (x)	3.2	3.6	3.7	3.6	3.4	3.9	3.7	3.0	3.2	3.4
Inventories/Sales (days)	87.9	66.4	67.0	64.7	70.0	53.7	56.8	64.8	61.8	59.8
Trade debtors/Sales (days)	80.7	67.5	72.5	73.5	66.2	71.8	86.6	89.6	85.6	81.6
Trade creditors/Sales (days)	52.6	35.7	41.4	38.9	34.8	37.0	38.2	35.2	34.2	34.2
CAPEX/Depreciation (%)	160.7	141.1	145.7	166.9	151.3	124.3	144.0	108.1	103.2	96.9
Equity/Total assets (%)	41.6	47.2	47.8	47.5	42.4	45.4	43.8	45.0	48.6	51.4
Net debt/Equity (%)	50.1	29.4	38.8	45.7	59.5	36.9	35.9	36.4	24.0	16.0
Interest cover (x)	6.3	4.8	5.5	5.2	5.4	4.0	9.5	5.1	3.5	4.9
Dividend payout (%)	29.1	43.2	35.3	34.8	26.4	35.3	25.9	35.2	35.0	35.0
ROCE (average) (%)	9.4	8.0	8.9	10.0	11.7	10.3	19.3	10.6	6.5	7.8
ROCE (incl. goodwill) (average) (%)	8.6	7.4	8.4	9.5	11.2	9.9	18.6	10.3	6.3	7.6

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	165.8	157.9	166.3
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	17.7	11.4	13.1
Gross margin (%)										
EBITDA margin (%)	14.7	13.4	13.0	13.7	15.5	15.8	22.2	17.6	14.6	14.8
Operating margin (%)	8.0	7.1	7.3	8.0	7.9	9.5	16.4	10.7	7.2	7.9
Net margin (%)	6.3	5.5	5.1	5.5	6.4	6.0	11.7	6.3	3.8	4.6
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	30.81

ABN AMRO Bank N.V. adopted a Research Policy for the purpose of ensuring that research produced by its analysts is impartial, independent, fair, clear and not misleading. In particular the Policy identifies policies intended to promote the integrity of research including those designed to ensure the identification and avoidance, management or disclosure of conflicts of interest in connection with the production of research, including information barriers.

Consequently ABN AMRO Bank N.V. discloses the following:

ABN AMRO Bank NV or its affiliates expects to receive or intends to seek compensation for investment banking services from the issuer in the next 3 months. ABN AMRO Bank NV or its affiliates is a market maker facilitator or liquidity provider in the financial instruments issued by the issuer.

Analyst certification

The persons named as the authors of this research report certify that:

1. all of the views expressed in the research report accurately reflect the personal views of the authors about the subject financial instruments and issuers; and
2. no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research report.

Maarten Bakker - Equity Research Analyst

Analysts' compensation is determined based upon activities and services intended to benefit the clients of ABN AMRO Bank N.V. and its affiliates. Like all ABN AMRO Bank N.V. and affiliate employees, analysts receive compensation that is impacted by overall ABN AMRO Bank N.V. profitability, which includes revenues from other business units.

ABN AMRO Bank N.V. and affiliates equity research ratings distribution (primary covered stocks)

Category	ABN AMRO Rating	Definition	% companies under coverage with this rating	% companies for which ABN AMRO has provided Investment Banking services
BUY	BUY	The stock belongs to the favourites of the local ABN AMRO Bank N.V. universe. Expected performance: > +15%	49%	62%
HOLD	HOLD	The stock does not belong to the current favourites. The investment case is not appealing for the time being. However, it's worth to keep the stock. Expected performance: > +5%, < +20%	39%	38%
	REDUCE	The stock belongs to the less attractive ones within the ABN AMRO Bank N.V. loc. universe. While the outlook is uncertain, the stock does not deserve an outright Sell. Expected performance: > -5%, < +10%	10%	0%
SELL	SELL	The investment case is definitively negative. Investors should sell the stock at any conditions. Expected performance: negative	2%	0%

14 November 2011

ABN AMRO Bank N.V. Primary Equity Research Coverage: 98

Historical equity recommendations and target price for Bekaert (EUR)



History of Target Prices

Date	Recommendation	Target Price
11/4/2011	HOLD	EUR 28.00
7/29/2011	HOLD	EUR 59.00
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

ABN AMRO Bank

Gustav Mahlerlaan 10 (visiting address)
P.O. Box 283
1000 EA Amsterdam
The Netherlands
Tel: +31 20 628 9393

Each research analyst primarily responsible for the content of this research report certifies that with respect to each security or issuer that the analyst covered in this report: 1) all of the expressed views accurately reflect his or her personal views about those securities or issuers, and 2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views contained in this report.

Production of the document

ABN AMRO Bank N.V., with registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, Netherlands ("**ABN AMRO**"), is responsible for the production and the dissemination of this document, which has been prepared by the individual(s) working for ABN AMRO or any of its affiliates and whose respective identity is disclosed in this document (the "**persons involved**") (together the "**producers of the document**"). This document can be distributed by an affiliate of ABN AMRO Bank N.V. that is not registered as a U.S. broker-dealer to major U.S. institutional investors only.

No public offer or financial promotion

This document does not constitute an offer or solicitation for the sale, purchase or subscription of any financial instrument in any jurisdiction. It is not directed to, or intended for distribution to, any person or entity who is a citizen or resident of or incorporated or located in any jurisdiction where such distribution would be contrary to local law or regulation and/or where ABN AMRO would infringe any registration or licensing requirement within such jurisdiction. This document has been provided to you for your personal use only and should not be communicated to any other person without the prior written consent of ABN AMRO. Should you have received this document by mistake, please delete or destroy it, and notify the sender immediately.

Sources and disclosure

ABN AMRO believes that the information and/or the interpretations, estimates and/or opinions regarding the financial instrument(s) and/or issuer(s) to which this document relates (respectively, the "**financial instrument(s) concerned**" and/or the "**issuer(s) concerned**") are based on reliable sources. ABN AMRO makes no representations as to the accuracy or completeness of those sources and, in any case, the recipients of this document should not exclusively rely on it before making an investment decision. The interpretations, estimates and/or opinions reflect the judgement of ABN AMRO on the date of this document and are subject to changes without notice.

No investment advice

The information contained herein does not constitute investment advice nor any other advice of whatever nature (including advice on the tax consequences that might result from making any particular investment decision). Investments in the financial instrument(s) to which this document relates may involve significant risks, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any financial instrument(s) concerned may fluctuate and/or be affected by external factors such as exchange rates fluctuations. Past performance is not indicative of future results. This document is intended for general circulation and does not take into account the recipient's particular financial knowledge and experience, investment objectives and financial situation or needs, and is not intended as a personal recommendation to invest in the financial instrument(s) concerned. Before making an investment decision on the basis of this document, an investor should consider whether such investment is suitable in light of, amongst others, its particular financial knowledge and experience, investment objectives and financial situation and, if necessary, should seek appropriate professional advice. Neither ABN AMRO nor any of its group companies (including any subsidiary, affiliate or holding company), directors, officers and employees shall in any way be liable or responsible (whether directly or indirectly) for any costs, claims, damages, liabilities and other expenses, including any consequential loss, arising from any use of this document, except in the event of wilful misconduct or gross negligence on their part.

Supervision

ABN AMRO Bank NV has a full Banking License from the Dutch Central Bank (DNB) and is supervised by the Authority Financial Markets (AFM) and the DNB

Copyright

This document contains information, text, images, logos, and/or other material that is protected by copyrights, database rights, trademarks, or other proprietary rights. It may not be reproduced, distributed, published or used in any way by any person for any purpose without the prior written consent of ABN AMRO or in the case of third party materials, the owner of that content.