

23 December 2011

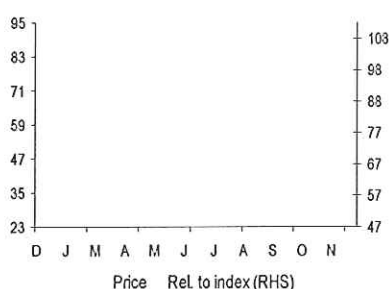
BEKAERT

Consolidating activities in Latin America

GENERAL INDUSTRIES
BELGIUM

CURRENT PRICE € 25.13
TARGET PRICE € 35.00

HOLD
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEKB.BB
Reuters BEKB.BR

www.bekaert.com

Market Cap € 1,504.9m
Shares outst. 59.9m
Volume (daily) € 6,999,395
Free float 62.0%

Next corporate event

Results FY11: 24 February 2012

(€ m)	2010	2011E	2012E
Sales	3,262.5	3,279.3	3,152.1
REBITDA	724.7	526.3	462.8
Net earnings	367.6	183.0	139.3
Adj. EPS (€)	6.52	3.29	2.55
P/E (x)	3.9	7.6	9.9
EV/REBITDA	2.9	4.3	4.5
FCF Yield	0.0%	-3.7%	18.5%
Dividend yield	6.6%	6.6%	6.6%

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Yesterday, after market, Bekaert announced to have signed an agreement with its Chilean partners to restructure the shareholding of their joint venture operations in Chile, Peru and Canada. As a result, Bekaert becomes the principal shareholder (52%) in the partnership and will consolidate the results of all respective entities as from 2012 (vs. currently equity consolidated).

The transaction will be executed through an exchange of shares which will result in Inchalam (Industrias Chilenas de Alambre) increasing its shareholding in Prodac from 40% to 72% and Bekaert increasing its participation in Inchalam to 52%.

As a result of the above share swap, Bekaert will be able to consolidate its joint venture operations in Chile, Peru and Canada. Simulated on the basis of the 2010 and 2011 financial statements, the impact on Bekaert's results is estimated at an increase of consolidated sales by approximately € 300m p.a. and increase in EBIT in-line with Bekaert's long-term profitability guidance (7-9%).

Conclusion:

While the overall impact is estimated to be EPS neutral, consolidating the joint venture operations in Chile, Peru and Canada should increase visibility. However, sales and EBIT will be inflated given significant minority interest (48%).