

# Bekaert

Indy - Industrial, Diversified / Belgium

**Target Price EUR 24.00**

**Expected performance (12 mth) -0.0%**

**REDUCE EUR 24.01 (Closing price 07-Mar-12)**

Company results

## Short-term risks overshadow longer-term upside

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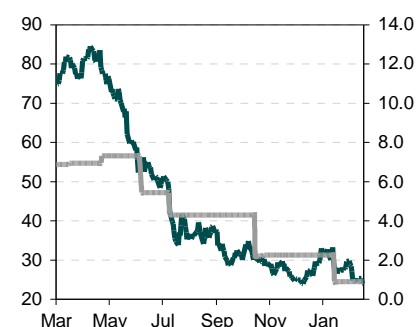
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### Opinion on qualitative criteria

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. 2012



Source: FactSet, ABN Amro Equity Research

Market capitalisation (EUR m)	1,437.8
No. of shares (m)	59.9
Free float	62.0%
1/3/12 mth perf. (%)	(12.7)/(17.3)/(69.3)
High/low 52 weeks (EUR)	84.49/23.95
Next results due	9 May 2012
Price/book value (x)	0.9
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

Bekaert's FY11 results were below expectation, caused this time by a disappointing performance for the mature EMEA and North America divisions in 2H11 (while the downturn for Asia Pacific was in line with forecasts). The company furthermore gave a cautious outlook that suggests to us that things may first even get worse in the mature markets and China (from 2H12 onwards, the recently announced cost measures – targeted at EUR 100m – could start to bring relief). The event made us further slash our forecast of EPS (excluding the after-tax impact of non-recurring items) by 61% to EUR 0.84 for FY12, by 28% to EUR 1.79 for FY13 and by 23% to EUR 2.28 for FY14 (our 2014 forecast is based on an EBITE margin of 7.2%, which is at the lower end of the range of 7-9% that Bekaert targets to achieve again from 2014).

We remain cautious towards an investment in the Bekaert stock, as we believe that short-term risks continue to overshadow the longer-term upside for the time being. The main short-term risks are more earnings disappointments in 2012 and the stretched 2012/2013 valuation of 37.3/13.4x P/E. We do see the longer-term upside from a recovery in earnings, which reduces the P/E multiple to a more acceptable 10.5x by 2014 and makes us estimate a DCF valuation of EUR 33/share and a returns-based valuation (where EV/CE = ROCE/WACC) of EUR 27/34 on 2013/2014 forecasts. However, we do not yet expect the longer-term upside to be unlocked as long as the short-term uncertainties/risks seem to prevail. As we expect the Bekaert stock to be at best dead money for the time being, we stick to our REDUCE rating and (unchanged) price target of EUR 24.

Year to December	2010	2011	2012e	2013e	2014e
Sales (EUR m)	3,262.5	3,340.0	3,319.8	3,481.1	3,669.8
EBITDA (EUR m)	725.3	477.0	287.8	413.2	445.2
Net profit excl. extr. & amort. (EUR m)	385.7	199.0	(6.6)	97.0	125.9
Net profit (EUR m)	367.6	193.0	(46.6)	97.0	125.9
EBITDA margin (%)	22.2	14.3	8.7	11.9	12.1
ROCE (incl. goodwill) (%)	18.6	7.9	5.4	6.3	7.3
Net gearing (%)	35.9	51.9	50.4	38.0	28.9
EPS before extr. & amort. (EUR)	6.51	3.38	(0.11)	1.62	2.10
EPS (EUR)	6.21	3.27	(0.78)	1.62	2.10
DPS (EUR)	1.67	1.17	0.50	0.57	0.73
% change sales	33.9	2.4	(0.6)	4.9	5.4
% change EPS (excl. extr. & amort.)	133.0	(48.1)	ns	ns	29.8
EV/Sales	1.72	0.70	0.67	0.59	0.53
EV/EBITDA	7.7	4.9	7.7	5.0	4.4
P/E (excl. extr. & amort.)	8.2	16.2	nmf	14.8	11.4
P/E	8.7	16.7	nmf	14.8	11.4
PE/growth (excl. extr.)	0.2	1.2	nmf	nmf	0.0
Free cash flow yield (%)	1.2	(6.6)	8.9	13.7	10.6

## Review FY11 results

Bekaert's FY11 results were below expectation, with EBITE of EUR 281m (-50%) compared to our forecast of EUR 326m. While the downturn for the Asia Pacific division was in line with expectations (EBITE -52% to EUR 224m vs EUR 230m forecast), the shortfall was due to disappointing results for the mature EMEA division (EBITE -31% to EUR 66m vs EUR 88m forecast) and North America division (EBITE -6% to EUR 32m vs EUR 48m forecast).

### 2H11 / FY2011 results (EUR m)

	2H10 realised	1H11 realised	2H11 realised	Y-o-y chg.	2H11E estimated	Realised vs estimated	2010 realised	2011 realised	Y-o-y chg.
EMEA	540	614	555	2.8%	561	-1.1%	1,066	1,169	9.7%
North America	325	354	311	-4.2%	313	-0.6%	638	665	4.3%
Latin America	167	173	199	19.2%	181	9.6%	311	372	19.6%
Asia Pacific	696	639	495	-28.9%	431	15.0%	1,248	1,134	-9.1%
<b>Consolidated sales</b>	<b>1,727</b>	<b>1,780</b>	<b>1,560</b>	<b>-9.7%</b>	<b>1,486</b>	<b>5.0%</b>	<b>3,262</b>	<b>3,340</b>	<b>2.4%</b>
Combined sales (incl. 100% JVs)	2,357	2,412	2,187	-7.2%	2,123	3.0%	4,470	4,599	2.9%
<b>EBITDAE</b>	<b>386</b>	<b>353</b>	<b>136</b>	<b>-64.7%</b>	<b>202</b>	<b>-32.8%</b>	<b>754</b>	<b>489</b>	<b>-35.1%</b>
margin	22.3%	19.8%	8.7%		13.6%		23.1%	14.6%	
EBITE EMEA	41	54	12	-71.0%	34	-64.8%	95	66	-30.8%
margin	7.7%	8.8%	2.2%		6.1%		8.9%	5.6%	
EBITE North America	13	28	4	-69.5%	20	-80.0%	34	32	-6.2%
margin	4.0%	7.9%	1.3%		6.4%		5.3%	4.8%	
EBITE Latin America	12	16	19	59.4%	16	22.2%	26	35	35.0%
margin	7.1%	9.2%	9.5%		8.6%		8.3%	9.4%	
EBITE Asia Pacific	265	185	39	-85.3%	45	-12.4%	471	224	-52.4%
margin	38.0%	29.0%	7.9%		10.3%		37.7%	19.8%	
Other	(31)	(41)	(35)	15.5%	(31)	14.6%	(64)	(76)	19.5%
<b>Total EBITE</b>	<b>300</b>	<b>242</b>	<b>39</b>	<b>-87.1%</b>	<b>83</b>	<b>-53.6%</b>	<b>562</b>	<b>281</b>	<b>-50.0%</b>
margin	17.4%	13.6%	2.5%		5.6%		17.2%	8.4%	
Non-recurring items	(10)	(11)	(1)	-84.6%	(13)	-89.0%	(28)	(12)	-57.5%
<b>EBIT</b>	<b>291</b>	<b>232</b>	<b>37</b>	<b>-87.2%</b>	<b>70</b>	<b>-46.8%</b>	<b>534</b>	<b>269</b>	<b>-49.7%</b>
Net financial charges	(17)	(35)	17	-199.9%	(36)	-147.0%	(32)	(18)	-44.4%
<b>EBT</b>	<b>274</b>	<b>197</b>	<b>54</b>	<b>-80.3%</b>	<b>34</b>	<b>57.4%</b>	<b>502</b>	<b>251</b>	<b>-50.0%</b>
Taxes	(88)	(54)	(14)	-83.6%	(11)	28.6%	(139)	(68)	-51.2%
as % of EBT	32.2%	27.2%	26.9%		32.9%		27.8%	27.1%	
Share in results joint ventures	17	14	11	-37.2%	14	-22.8%	36	25	-30.7%
Result discontinued operations	0	0	0	nmf	0	nmf	0	0	nmf
Minority interests	(17)	(13)	(2)	-90.3%	(12)	-86.5%	(31)	(15)	-51.4%
<b>Net profit</b>	<b>187</b>	<b>144</b>	<b>49</b>	<b>-73.9%</b>	<b>25</b>	<b>93.7%</b>	<b>368</b>	<b>193</b>	<b>-47.5%</b>
<b>EPS basic (EUR)</b>	<b>3.15</b>	<b>2.45</b>	<b>0.83</b>	<b>-73.8%</b>	<b>0.42</b>	<b>96.8%</b>	<b>6.21</b>	<b>3.27</b>	<b>-47.2%</b>

Source: company data and ABN AMRO estimates

The EMEA EBITE fell from EUR 54m (8.8% margin) in 1H11 to EUR 12m (2.2% margin) in 2H11, which reflects the fall in the Belgian sawing wire and stainless steel wire activities (many European wafering customers went out of business due to the competition from Asian players), inventory effects (a FIFO gain of EUR 15m in 1H11 versus a loss of EUR 10m in 2H11), start-up costs in Russia and Slovakia and seasonality (Q4 always slower). Hence, we do not regard the 2H11 results as entirely representative as a run rate. The fall in North America EBITE fell from EUR 28m (7.9% margin) in 1H11 to EUR 4m (1.3%

margin) in 2H11 was blamed on lower capacity utilisation (year-end shutdowns for maintenance activities and extended year-end holiday closures at customers' sites) and negative inventory effects.

Asia Pacific EBITE fell from EUR 185m (29.0% margin) in 1H11 to EUR 39m (7.9% margin) in 2H11. This is largely to blame on the well-known collapse of the sawing wire business in China, which must have turned loss-making (from making an EBIT margin of >60% in 2010). Since May of 2011, the business suffered from volume erosion and particularly from ferocious competitive pressure on prices (-50%). As the conditions continued to deteriorate month after month, the impact still needs to become fully visible in 2012 (but should be well known by now). Bekaert's management gave a clear overview of what has happened to the sawing wire landscape. It made no secret of the fact that, while sawing wire demand is still there, price levels and margins will never come back (there is at the moment three times more sawing wire production capacity than is needed, which will take many years of growth to be absorbed). Furthermore, management pointed out that the Chinese market for truck tire cord has matured rapidly. There is thus a risk of overcapacity looming for this segment as well, all the more as producers of sawing wire could convert capacity to produce tyre cord (many sawing wire makers are originally tyre cord producers). The Chinese market has clearly become a highly competitive landscape (in December, Bekaert has taken measures to right size its sawing wire manufacturing footprint). The activities in India and Indonesia (c. 15% of divisional revenue), on the other hand, have achieved strong growth.

Bekaert's outlook for 2012 was rather bleak, as it expects mature markets to remain weak and more pressure on top-line growth in China (although the prospects for LatAm and South East Asia were said to be solid). The company furthermore confirmed that the recently announced cost measures should contribute from 2H11 and restore its long-term profitability (7-9% EBIT margin) by 2014 (however, we had hoped that the company would have provided more detail as to how it expects to achieve the eyed savings of EUR 100m).

The table below shows the changes to our earnings forecasts. Note that a further downgrade to our EBITE forecasts has been offset by the fact that we now have included in our model the consolidation of activities in Latin America. At the end of last year, Bekaert announced the restructuring of the shareholding of the JV operations in Chile, Peru and Canada. As Bekaert becomes a 52% shareholder in the partnership, it will consolidate some EUR 300m sales and EUR 24m EBIT (previously accounted for by using the equity method). With an increased reading for minority interests at the bottom of the P&L, the impact of the agreement on EPS is neutral. We forecast that the EBITE margin will not recover to the long-term target of 7-9% until 2014 (our forecast of 7.2% is at the lower end of the range). The table below shows that we have further slashed our forecast of EPS (excluding the after-tax impact of non-recurring items) by 61% to EUR 0.84 for FY12, by 28% to EUR 1.79 for FY13 and by 23% to EUR 2.28 for FY14. We refer to the table on the following page for the detail behind our new forecasts.

Old versus new forecasts (EUR m)

	2012			2013			2014		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	2,905	<b>3,320</b>	14%	3,080	<b>3,481</b>	13%	3,254.7	<b>3,670</b>	13%
EBITE margin	180 6.2%	<b>170</b> <b>5.1%</b>	-6%	231 7.5%	<b>233</b> <b>6.7%</b>	1%	255 7.8%	<b>265</b> <b>7.2%</b>	4%
EPS excl. after-tax non-recurring (EUR)	1.65	<b>0.64</b>	-61%	2.49	<b>1.79</b>	-28%	2.96	<b>2.28</b>	-23%
EPS (EUR)	0.23	<b>(0.78)</b>	-443%	2.31	<b>1.62</b>	-30%	2.78	<b>2.10</b>	-24%

Source: ABN AMRO

## P&amp;L Bekaert (EUR m)

	2010	1H11	2H11	2011	1H12E	2H12E	2012E	2013E	2014E
EMEA	1,066	614	555	1,169	528	524	1,052	1,094	1,138
North America	638	354	311	665	312	311	623	654	674
Latin America	311	173	199	372	332	355	687	728	757
Asia Pacific	1,248	639	495	1,134	458	499	958	1,004	1,101
<b>Consolidated sales</b>	<b>3,262</b>	<b>1,780</b>	<b>1,560</b>	<b>3,340</b>	<b>1,630</b>	<b>1,690</b>	<b>3,320</b>	<b>3,481</b>	<b>3,670</b>
% chg.	33.9%	15.9%	-9.7%	2.4%	-8.4%	8.3%	-0.6%	4.9%	5.4%
organic	31.5%	7.0%	5.4%	6.1%	0.0%	-9.7%	-4.5%	5.6%	5.6%
fx	1.0%	-2.1%	-0.8%	-1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
consolidation	1.4%	-0.4%	-1.4%	-0.9%	0.0%	16.3%	7.6%	0.0%	0.0%
<b>EBITDAE</b>	<b>754</b>	<b>353</b>	<b>136</b>	<b>489</b>	<b>165</b>	<b>243</b>	<b>408</b>	<b>428</b>	<b>460</b>
margin	23.1%	19.8%	8.7%	14.6%	10.1%	14.4%	12.3%	12.3%	12.5%
% chg.	83.7%	-4.0%	-64.7%	-35.1%	-53.4%	78.7%	-16.6%	5.0%	7.5%
EBITE EMEA	95	54	12	66	24	37	61	82	91
margin	8.9%	8.8%	2.2%	5.6%	4.6%	7.0%	5.8%	7.5%	8.0%
% chg	5722.9%	0.0%	-71.0%	-30.8%	-55.0%	206.1%	-7.5%	34.5%	10.9%
EBITE North America	34	28	4	32	12	18	30	38	44
margin	5.3%	7.9%	1.3%	4.8%	3.8%	5.8%	4.8%	5.8%	6.5%
% chg	nmf	33.3%	-69.5%	-6.2%	-57.7%	351.6%	-6.5%	26.9%	15.4%
EBITE Latin America	26	16	19	35	32	33	65	68	68
margin	8.3%	9.2%	9.5%	9.4%	9.6%	9.4%	9.5%	9.3%	9.0%
% chg	-5.9%	14.3%	59.4%	35.0%	99.0%	75.9%	86.4%	3.8%	0.6%
EBITE Asia Pacific	471	185	39	224	30	40	70	91	107
margin	37.7%	29.0%	7.9%	19.8%	6.5%	8.0%	7.3%	9.1%	9.7%
% chg	63.5%	-10.2%	-85.3%	-52.4%	-83.9%	2.9%	-68.8%	30.1%	17.6%
Other	(64)	(41)	(35)	(76)	(32)	(24)	(57)	(46)	(45)
<b>Total EBITE</b>	<b>562</b>	<b>242</b>	<b>39</b>	<b>281</b>	<b>66</b>	<b>104</b>	<b>170</b>	<b>233</b>	<b>265</b>
margin	17.2%	13.6%	2.5%	8.4%	4.0%	6.2%	5.1%	6.7%	7.2%
% chg.	119.1%	-7.5%	-87.1%	-50.0%	-73.0%	169.2%	-39.7%	37.2%	13.9%
Non-recurring items	(28)	(11)	(1)	(12)	(106)	(14)	(120)	(15)	(15)
<b>EBIT</b>	<b>534</b>	<b>232</b>	<b>37</b>	<b>269</b>	<b>(40)</b>	<b>90</b>	<b>50</b>	<b>218</b>	<b>250</b>
Net financial charges	(32)	(35)	17	(18)	(36)	(38)	(74)	(67)	(59)
<b>EBT</b>	<b>502</b>	<b>197</b>	<b>54</b>	<b>251</b>	<b>(76)</b>	<b>52</b>	<b>(24)</b>	<b>151</b>	<b>191</b>
Taxes	(139)	(54)	(14)	(68)	(3)	(11)	(14)	(44)	(55)
as % of EBT	27.8%	27.2%	26.9%	27.1%	-4.0%	20.7%	-57.2%	29.0%	29.0%
Share in results joint ventures	36	14	11	25	5	6	12	13	14
Result discontinued operations	0	0	0	0	0	0	0	0	0
Minority interests	(31)	(13)	(2)	(15)	(9)	(11)	(20)	(23)	(24)
<b>Net profit continuing operations</b>	<b>368</b>	<b>144</b>	<b>49</b>	<b>193</b>	<b>(83)</b>	<b>37</b>	<b>(47)</b>	<b>97</b>	<b>126</b>
% chg.	142.2%	-20.3%	-73.9%	-47.5%	-157.8%	-24.4%	-124.1%	nmf	29.8%
<b>EPS basic (EUR)</b>	<b>6.21</b>	<b>2.45</b>	<b>0.83</b>	<b>3.27</b>	<b>(1.40)</b>	<b>0.61</b>	<b>(0.78)</b>	<b>1.62</b>	<b>2.10</b>
% chg.	142.1%	-19.7%	-73.8%	-47.2%	-157.2%	-25.8%	-123.7%	nmf	29.8%
<b>Net profit excl. non-recurring</b>	<b>388</b>	<b>152</b>	<b>50</b>	<b>202</b>	<b>27</b>	<b>48</b>	<b>39</b>	<b>108</b>	<b>137</b>
% chg.	126.4%	7.9%	-48.4%	-48.0%	-151.1%	15.7%	-80.9%	178.7%	26.9%
<b>EPS excl. non-recurring (EUR)</b>	<b>6.55</b>	<b>2.58</b>	<b>0.84</b>	<b>3.42</b>	<b>0.45</b>	<b>0.80</b>	<b>0.64</b>	<b>1.79</b>	<b>2.28</b>
% chg.	126.3%	1395.3%	1010.2%	-47.7%	370.7%	627.9%	-81.2%	178.7%	26.9%
<b>DPS (EUR)</b>	<b>1.67</b>			<b>1.17</b>			<b>0.50</b>	<b>0.57</b>	<b>0.73</b>
pay out	27.2%			36.4%			-64.4%	35.0%	35.0%

Source: company data and ABN AMRO estimates

P & L Statement (EUR m) Year to December	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
Net sales	1,914.3	2,009.6	2,173.6	2,662.4	2,437.3	3,262.5	3,340.0	3,319.8	3,481.1	3,669.8
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel costs	(449.9)	(462.0)	(472.6)	(524.2)	(499.1)	(596.9)	(677.8)	(629.8)	(653.2)	(678.2)
Other operating costs										
<b>EBITDA</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>477.0</b>	<b>287.8</b>	<b>413.2</b>	<b>445.2</b>
Depreciation	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(173.0)	(202.0)	(198.2)	(195.5)	(195.2)
<b>EBITA</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>275.0</b>	<b>89.6</b>	<b>217.7</b>	<b>250.0</b>
Reported provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	(13.7)	(5.5)	(4.3)	(35.8)	(13.6)	(18.0)	(6.0)	(40.0)	0.0	0.0
EBIT	136.3	145.9	174.6	210.5	232.2	534.3	269.0	49.6	217.7	250.0
Net financials	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(32.4)	(18.0)	(73.8)	(66.8)	(58.7)
<b>Profit Before Taxes (PBT)</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>251.0</b>	<b>(24.2)</b>	<b>150.9</b>	<b>191.3</b>
Taxes	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(139.5)	(68.0)	(13.9)	(43.8)	(55.5)
Income from associates	56.9	51.0	47.1	56.1	37.8	36.1	25.0	11.5	12.8	14.4
Minorities	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(30.9)	(15.0)	(20.0)	(23.0)	(24.3)
<b>Net profit before extraordinary</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>193.0</b>	<b>(46.6)</b>	<b>97.0</b>	<b>125.9</b>
Extraordinary items	54.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net reported profit	189.9	142.8	152.9	174.1	151.8	367.6	193.0	(46.6)	97.0	125.9
% change in Sales	9.9	5.0	8.2	22.5	(8.5)	33.9	2.4	(0.6)	4.9	5.4
% change in EBITDA	0.7	1.8	13.9	38.0	(6.4)	88.1	(34.2)	(39.7)	43.6	7.8
% change in EBITA	1.3	1.0	18.1	37.7	(0.2)	124.7	(50.2)	(67.4)	143.0	14.8
% change in PBT	2.1	(5.0)	16.3	20.7	3.3	201.3	(50.0)	ns	ns	26.8
% change in Net profit before extraordinary	(3.9)	5.2	7.1	13.9	(12.8)	142.2	(47.5)	ns	ns	29.8

Cash Flow Statement (EUR m)	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
<b>EBITDA</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>477.0</b>	<b>287.8</b>	<b>413.2</b>	<b>445.2</b>
Change in provisions excluding tax provisions	(15.4)	(12.3)	(8.9)	26.2	(44.5)	1.7	(23.0)	0.0	0.0	0.0
Change in net working capital	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(276.9)	(200.0)	81.9	85.8	4.1
Gross operating cash flow	209.8	217.9	247.8	276.0	536.8	450.1	254.0	369.6	499.0	449.4
Taxes paid	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.3)	(129.0)	(13.9)	(43.8)	(55.5)
Capex	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(249.1)	(278.0)	(153.8)	(191.2)	(182.7)
<b>Free cash flow</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>(153.0)</b>	<b>201.9</b>	<b>264.1</b>	<b>211.2</b>
Net interest received	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(43.5)	(59.0)	(73.8)	(66.8)	(58.7)
Other	96.6	(25.4)	42.1	24.2	172.3	16.6	284.1	25.5	3.6	4.7
Acquisitions	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(29.9)	(18.0)	0.0	0.0	0.0
Divestments	86.5	0.0	4.2	0.7	(0.5)	12.6	101.0	0.0	0.0	0.0
Share issues/buybacks	(24.3)	(56.1)	(111.0)	(19.7)	(0.5)	(57.7)	0.0	0.0	0.0	0.0
Dividend (adj. stock dividend)	(52.2)	(74.1)	(57.2)	(62.2)	(50.6)	(118.5)	(163.0)	(70.2)	(30.0)	(33.9)
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	20.6	39.1	136.4	180.4	(252.5)	299.8	242.0	(83.5)	(170.9)	(123.1)
<b>Change in cash &amp; cash equivalents</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>234.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Balance Sheet (EUR m)	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
Net intangible fixed assets	125.4	134.5	122.0	111.5	105.0	131.1	104.0	104.6	105.6	107.4
Net tangible fixed assets	799.8	824.2	917.6	1,070.7	1,127.7	1,295.1	1,434.0	1,349.1	1,343.7	1,329.4
Financials fixed assets (FFA)	325.5	348.6	303.4	247.7	311.7	339.6	398.0	363.0	363.0	363.0
Inventories	348.3	368.8	385.4	510.5	358.4	507.7	578.0	556.3	554.7	584.8
Trade debtors	354.2	398.9	437.7	483.2	479.6	774.3	828.0	777.5	739.0	718.7
Other debtors	63.4	63.7	73.1	125.3	171.2	182.4	151.0	183.6	176.1	195.3
Cash & securities	222.7	81.2	73.2	118.3	275.8	442.9	677.0	677.0	677.0	677.0
<b>Total Assets</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>4,170.0</b>	<b>4,011.1</b>	<b>3,959.2</b>	<b>3,975.6</b>
Shareholder's equity	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,610.7	1,694.0	1,577.3	1,644.3	1,736.2
Other equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	51.1	48.9	48.4	41.8	88.7	86.0	73.0	85.0	98.8	113.3
Provisions	357.5	331.4	298.8	373.4	329.9	379.9	351.0	351.0	351.0	351.0
Long-term interest bearing debt	288.3	274.4	322.5	288.1	598.1	700.5	908.0	824.5	653.6	530.5
Short-term interest bearing debt	245.6	218.0	253.0	503.1	151.4	320.3	648.0	648.0	648.0	648.0
Trade creditors	187.4	227.8	231.7	253.8	247.1	341.7	291.0	307.4	341.4	359.9
Other non-interest bearing liabilities	52.0	59.3	60.0	76.4	129.4	234.2	205.0	217.9	222.1	236.6
<b>Total Liabilities &amp; Capital</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>4,170.0</b>	<b>4,011.1</b>	<b>3,959.2</b>	<b>3,975.6</b>
Enterprise Value (EV)	1,503.0	1,827.0	1,829.4	1,317.4	2,392.2	5,598.7	2,345.1	2,227.2	2,070.0	1,961.4
Net debt/(Net cash)	311.2	411.2	502.2	672.9	473.7	577.9	879.0	795.5	624.6	501.5
Capital Employed incl. goodwill (avg.)	1,515.7	1,517.1	1,610.5	1,850.3	1,969.4	2,148.5	2,529.2	2,598.3	2,472.6	2,421.8
Cumulative goodwill (as of 1991)	85.3	82.2	75.2	74.6	76.6	77.5	40.4	40.4	40.4	40.4
Capital Employed (avg.)	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,071.4	2,470.3	2,557.9	2,432.2	2,381.4
Net working capital	526.6	544.3	604.6	788.8	632.7	888.5	1,061.0	992.1	906.3	902.2
Discounted value of leases	36.6	32.2	28.6	28.9	28.9	43.9	49.0	51.1	53.8	56.3
Adjusted equity	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,688.2	1,734.4	1,617.6	1,684.7	1,776.6

<b>Per Share Data (EUR)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>
Avg. no. of shares (m)	64.9	64.5	60.1	59.2	59.2	59.2	58.9	60.0	60.0	60.0
Eoy. no. of shares (m)	64.6	62.8	59.5	59.4	59.5	59.9	60.0	60.0	60.0	60.0
Avg. no. of shares fully diluted (m)	65.1	64.8	60.5	59.4	59.4	59.6	59.3	60.4	60.4	60.4
Enterprise Value (EV)	23.27	29.07	30.75	22.20	40.20	93.49	39.10	37.13	34.51	32.70
Net debt less FFA plus minorities	0.57	1.77	4.16	7.87	4.21	5.41	9.24	8.63	6.01	4.20
Sales	29.50	31.17	36.16	45.01	41.16	55.06	56.67	55.35	58.04	61.19
EBITDA	3.97	4.07	4.97	6.97	6.51	12.24	8.09	4.80	6.89	7.42
EBITA	2.31	2.35	2.98	4.16	4.15	9.32	4.67	1.49	3.63	4.17
EBIT	2.10	2.26	2.90	3.56	3.92	9.02	4.56	0.83	3.63	4.17
Net profit before extr. & amort. (EUR)	2.30	2.30	2.61	3.55	2.79	6.51	3.38	(0.11)	1.62	2.10
Net profit before extraordinary (EUR)	2.09	2.21	2.54	2.94	2.56	6.21	3.27	(0.78)	1.62	2.10
Cash Flow (EUR)	3.96	4.02	4.61	6.35	5.15	9.43	6.80	3.19	4.88	5.35
Gross Dividend (EUR)	1.00	0.83	0.92	0.93	0.98	1.67	1.17	0.50	0.57	0.73
Book value (EUR)	16.37	16.87	18.46	19.05	21.59	26.90	28.24	26.30	27.42	28.95
Adjusted equity	17.69	18.18	19.72	20.31	22.88	28.19	28.92	26.97	28.09	29.62
Free Cash Flow	0.50	0.62	0.38	(0.04)	5.60	1.48	(2.60)	3.37	4.40	3.52
% change in EPS before extr. & amort.	0.76	(0.11)	13.68	35.68	(21.26)	133.05	(48.13)	ns	ns	29.80

<b>Valuation</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>
P/E (excl. extr. & amort.)	9.4	11.9	12.5	8.3	9.0	8.2	16.2	nmf	14.8	11.4
P/CF (x)	5.5	6.8	7.1	4.6	4.9	5.7	8.1	7.5	4.9	4.5
P/Book (x)	1.6	1.9	1.7	0.8	1.7	3.2	0.9	0.9	0.9	0.8
Dividend yield (%)	4.6	3.0	2.8	3.2	3.9	3.1	2.1	2.1	2.4	3.1
Free cash flow yield (%)	0.4	0.9	(0.5)	(2.5)	18.4	1.2	(6.6)	8.9	13.7	10.6
EV/Sales (x)	0.8	0.9	0.8	0.5	1.0	1.7	0.7	0.7	0.6	0.5
EV/EBITDA (x)	5.8	7.0	6.1	3.2	6.2	7.7	4.9	7.7	5.0	4.4
EV/EBITA (x)	10.0	12.1	10.2	5.3	9.7	10.1	8.5	24.9	9.5	7.8
EV/EBIT (x)	11.0	12.5	10.5	6.3	10.3	10.5	8.7	44.9	9.5	7.8
EV/Capital Employed (x)	1.1	1.3	1.2	0.7	1.3	2.7	0.9	0.9	0.9	0.8
EV/CE (incl. goodwill) (x)	1.0	1.2	1.1	0.7	1.2	2.6	0.9	0.9	0.8	0.8
Share price : High (EUR)	26.32	33.20	37.80	40.11	36.35	86.69	87.43	33.27		
Share price : Low (EUR)	18.47	23.12	28.15	14.82	12.62	33.67	23.95	24.00		
Share price : Average (EUR)	21.72	27.39	32.73	29.42	25.11	53.68	54.78	24.01	24.01	24.01
Share price : Year end (EUR)	26.32	31.57	30.67	16.11	36.17	85.90	24.79	24.01	24.01	24.01

<b>Capital Efficiency/Solvability</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>
Sales/CE (incl. goodwill)	1.3	1.3	1.3	1.4	1.2	1.5	1.3	1.3	1.4	1.5
Sales/Fixed assets (x)	2.4	2.4	2.4	2.5	2.2	2.5	2.3	2.5	2.6	2.8
Sales/Net working capital (x)	3.6	3.7	3.6	3.4	3.9	3.7	3.1	3.3	3.8	4.1
Inventories/Sales (days)	66.4	67.0	64.7	70.0	53.7	56.8	63.2	61.2	58.2	58.2
Trade debtors/Sales (days)	67.5	72.5	73.5	66.2	71.8	86.6	90.5	85.5	77.5	71.5
Trade creditors/Sales (days)	35.7	41.4	38.9	34.8	37.0	38.2	31.8	33.8	35.8	35.8
CAPEX/Depreciation (%)	141.1	145.7	166.9	151.3	124.3	144.0	137.6	77.6	97.8	93.6
Equity/Total assets (%)	47.2	47.8	47.5	42.4	45.4	43.8	40.6	39.3	41.5	43.7
Net debt/Equity (%)	29.4	38.8	45.7	59.5	36.9	35.9	51.9	50.4	38.0	28.9
Interest cover (x)	4.8	5.5	5.2	5.4	4.0	9.5	3.9	1.2	3.0	3.8
Dividend payout (%)	43.2	35.3	34.8	26.4	35.3	25.9	35.3	(456.0)	35.0	35.0
ROCE (average) (%)	8.0	8.9	10.0	11.7	10.3	19.3	8.1	5.5	6.4	7.5
ROCE (incl. goodwill) (average) (%)	7.4	8.4	9.5	11.2	9.9	18.6	7.9	5.4	6.3	7.3

<b>Operating Efficiency &amp; Profitability ratios</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>
Sales per FTE employee ('000s)	178.9	169.2	155.4	165.3	139.0	163.2	150.8	165.4	171.4	178.4
Wage costs per FTE employee ('000s)	42.0	38.9	33.8	32.5	28.5	29.9	30.6	31.4	32.2	33.0
EBIT per FTE employee ('000s)	12.7	12.3	12.5	13.1	13.2	26.7	12.1	2.5	10.7	12.1
Gross margin (%)										
EBITDA margin (%)	13.4	13.0	13.7	15.5	15.8	22.2	14.3	8.7	11.9	12.1
Operating margin (%)	7.1	7.3	8.0	7.9	9.5	16.4	8.1	1.5	6.3	6.8
Net margin (%)	5.5	5.1	5.5	6.4	6.0	11.7	5.7	0.1	3.1	3.7
Tax rate (%)	25.0	16.0	14.3	15.8	20.4	27.8	27.1	(57.2)	29.0	29.0

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Bekaert	BEKB.BR	24.01

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Maarten Bakker - Equity Research Analyst

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8 March 2012

ABN AMRO Bank N.V. Primary Equity Research Coverage: 102

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



## History of Target Prices

Date	Recommendation	Target Price
1/4/2012	HOLD	EUR 24.00
11/14/2011	HOLD	EUR 30.00
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
2/2/2012	REDUCE	EUR 24.00
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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