

Bekaert

Indy - Industrial, Diversified / Belgium

Target Price EUR 19.00

Expected performance (12 mth) -9.3%

REDUCE EUR 20.96 (Closing price 13-Nov-12)

Company results

Gloomy outlook prompts downgrade to REDUCE

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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. 2013



Source: FactSet, ABN Amro Equity Research

Market capitalisation (EUR m)	1,256.8
No. of shares (m)	60.0
Free float	61.7%
1/3/12 mth perf. (%)	(1.6)/1.7/(32.0)
High/low 52 weeks (EUR)	33.27/17.51
Next results due	27 February 2013
Price/book value (x)	0.9
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

Gloomy outlook seen shifting investors' focus back on downside risks

While the 3Q12 sales numbers were in line with expectations, Bekaert gave an outright gloomy outlook. It led us to cut our forecasts for EPS excluding non-recurring items by 327% to -/€-0.64 for FY12, by 20% to EUR 1.39 for FY13 and by 10% to EUR 2.09 for FY14. Our forecasts assume that the eyed savings of EUR 100m will be fully realised in 2014. However, should markets remain challenging, there is a risk that the savings will not be entirely sticky. In other words, the risks to our earnings forecasts could very well still be on the downside.

Rating cut from HOLD to REDUCE

After the ferocious sawing wire related sell down in 2011, the Bekaert share price seemed to have stabilised at levels around EUR 20. However, this implied fairly generous valuation multiples, which reflected investors longer-term expectations of a strong earnings recovery on the back of the EUR 100m cost savings plan. The gloomy outlook given at the 3Q12 trading update has cast a heavy shadow over these longer-term hopes and is seen shifting investors' focus on the downside risks. We expect the stock to remain weak in the coming months and would not be surprised to see the share price fall below the lows of around EUR 18 seen last summer. On our reduced earnings forecasts for 2013/2014 (which are still prone to downside risk), the stock (at a share price of EUR 19) still trades at a generous valuation of 18.3/9.9x P/E, compared to the 10-year historic average of 11x P/E. As we see the risks to the share price skewed to the downside in the coming months, we cut our rating from HOLD to REDUCE.

Year to December	2010	2011	2012e	2013e	2014e
Sales (EUR m)	3,262.5	3,340.0	3,440.5	3,633.0	3,836.9
EBITDA (EUR m)	725.3	475.7	198.1	386.7	454.2
Net profit excl. extr. & amort. (EUR m)	385.6	199.1	(142.7)	62.2	114.8
Net profit (EUR m)	367.6	192.6	(188.7)	62.2	114.8
EBITDA margin (%)	22.2	14.2	5.8	10.6	11.8
ROCE (incl. goodwill) (%)	18.6	7.9	(0.7)	5.3	7.4
Net gearing (%)	35.9	51.9	64.2	53.3	41.6
EPS before extr. & amort. (EUR)	6.51	3.38	(2.38)	1.04	1.91
EPS (EUR)	6.21	3.27	(3.15)	1.04	1.91
DPS (EUR)	1.67	1.17	0.50	0.36	0.67
% change sales	33.9	2.4	3.0	5.6	5.6
% change EPS (excl. extr. & amort.)	133.0	(48.1)	ns	ns	84.5
EV/Sales	1.72	0.70	0.63	0.57	0.51
EV/EBITDA	7.7	4.9	11.0	5.3	4.3
P/E (excl. extr. & amort.)	8.2	16.2	nfm	20.2	10.9
P/E	8.7	16.8	nfm	20.2	10.9
PE/growth (excl. extr.)	0.2	1.3	nfm	nfm	0.0
Free cash flow yield (%)	1.4	(6.5)	4.0	13.3	11.9

3Q12 sales broadly in line, but ...

The 3Q12 sales numbers were in line with expectations. *Consolidated* sales increased by 6% y-o-y to EUR 864m (-9.2% organic, +6.9% FX, +8.2% consolidation), which was slightly below our forecast of EUR 891m but matched the consensus of EUR 869m. *Combined* sales (including 100% JVs) declined by 3% y-o-y to EUR 1,106m (-6.4% organic, +15.9% FX, -11.9% consolidation), which matched our forecast of EUR 1,117m and the consensus of EUR 1,104m.

Quarterly sales (EUR m)

	1Q11	2Q11	3Q11	4Q11	FY2011	1Q12	2Q12	3Q12	4Q12E	FY2012E	FY2013E
Consolidated sales:											
EMEA	307	307	293	262	1,169	290	267	253	230	1,040	1,071
North America	176	178	172	139	665	176	175	166	140	657	683
Latin America	82	91	97	102	372	197	200	212	195	804	844
Asia Pacific	353	286	254	241	1,134	232	246	234	227	939	1,050
Total	918	862	816	744	3,340	895	888	865	793	3,441	3,649
EMEA % chg.	25.8%	8.9%	8.1%	-2.6%	9.7%	-5.5%	-13.0%	-13.7%	-12.1%	-11.0%	3.0%
North America % chg.	24.8%	3.5%	1.2%	-9.9%	4.4%	0.0%	-1.7%	-3.5%	0.4%	-1.3%	4.0%
Latin America % chg.	22.4%	18.2%	9.0%	30.3%	19.5%	140.2%	119.8%	118.6%	92.1%	116.4%	5.0%
Asia Pacific % chg.	45.9%	-7.7%	-24.4%	-33.0%	-9.1%	-34.3%	-14.0%	-7.9%	-5.8%	-17.2%	11.8%
Total % chg.	32.3%	2.5%	-5.8%	-13.6%	2.4%	-2.5%	3.0%	6.0%	6.5%	3.0%	6.0%
Combined sales:											
EMEA	305	303	289	259	1,156	289	266	252	222	1,029	1,060
North America	174	175	171	137	657	176	175	166	132	649	675
Latin America	401	413	422	409	1,645	423	420	442	426	1,711	1,796
Asia Pacific	353	288	256	244	1,141	247	259	245	236	987	1,103
Total	1,233	1,179	1,138	1,049	4,599	1,135	1,120	1,105	1,015	4,375	4,634
EMEA % chg.	25.5%	8.2%	7.4%	-2.3%	9.4%	-5.2%	-12.2%	-12.8%	-14.3%	-11.0%	3.0%
North America % chg.	25.2%	2.3%	1.2%	-9.9%	4.1%	1.1%	0.0%	-2.9%	-3.9%	-1.3%	4.0%
Latin America % chg.	21.9%	3.8%	0.5%	7.3%	7.7%	5.5%	1.7%	4.7%	4.1%	4.0%	5.0%
Asia Pacific % chg.	45.9%	-7.4%	-24.0%	-33.0%	-9.0%	-30.0%	-10.1%	-4.3%	-3.3%	-13.5%	11.8%
Total % chg.	29.4%	1.6%	-4.8%	-9.7%	2.9%	-7.9%	-5.0%	-2.9%	-3.2%	-4.9%	5.9%

Source: company data and ABN AMRO estimates

EMEA (-13% to EUR 252m vs EUR 261m expected) was said to have achieved stable volumes, but the division suffered from an unfavourable product mix caused by a slowdown in automotive and sawing wire. North America (-3% to EUR 166m vs EUR 169m expected) was said to have suffered from a continued difficult economic environment in the US. Latin America (+5% to EUR 442m vs EUR 435m expected) was said to have delivered a strong performance in Peru and Venezuela. However, Bekaert warns that the operations in Venezuela have recently suffered from a lack of wire rod supplies, which has led to activity losses and to a temporary production shutdown in the first weeks of October 2012. Asia Pacific (-4% to EUR 245m vs EUR 253m expected) was said to have suffered from the sawing wire collapse and the other businesses (mainly tyre cord) operated in a highly competitive environment. We see a risk that the profitability on the tyre cord operations could come under further pressure from intensifying pricing pressure and lower utilisation rates, as was clearly visible in the 1H12 results of peers Xingda and Shougang.

... worsened outlook across the board

Usually Bekaert's (qualitative) outlook statements are rather vague. This time, however, there was no doubt that the company gave an outright gloomy view for the coming months. Bekaert foresees for the coming months "declining business activity in most industries and highly competitive market conditions in all regions". More specifically, the company also cautions for "sustained price pressure in Asia and a continued unfavourable product mix in EMEA ... in Venezuela there are currency related uncertainties and a steady supply of raw materials can not always be ensured". While Bekaert's quarterly sales updates usually provide limited insights into profitability, these comments clearly do not bode well. It was also a negative surprise that the company expects that the deteriorating sawing wire business will lead to additional bad debt provisions

and impairments with an estimated impact of EUR 100m in 2H12. Note that these expenses come on top of the earlier communicated one-off charges of EUR 50m related the EUR 100m restructuring plan (the full impact thereof is expected to be visible in 2014, when Bekaert expect to reach back at the bottom end of the targeted EBITE margin range of 7%-9%). There was no further update with respect to this restructuring plan (we expect the company to provide more details at the release of the FY12 results on 27 February).

EPS estimates for 2012 and beyond slashed further

The table below shows that we have further cut our estimates for 2012 and 2013 in particular. We cut our EBITE forecast by 15% to EUR 148m for FY12, which implies a decline from EUR 85m (4.8% margin) in 1H12 to EUR 63m (3.8% margin) in 2H12. Given that the second half of the year is always slower for seasonal reasons and considering the gloomy outlook, we believe that the risk to our FY12 forecasts is still to the downside. We assume that half of the eyed cost savings of EUR 100m will be realised in FY13 (skewed to the latter half) and drive a recovery of EBITE to EUR 213m (this forecast has been lowered by 11%). For FY14, we forecast a further recovery of EBITE to EUR 266m (lowered by 5%), which represents a margin of 6.9% (slightly below the company's target of 7-9%). These expectations have led us to cut our forecasts for EPS excluding non-recurring items by 327% to -/€0.64 for FY12, by 20% to EUR 1.39 for FY13 and by 10% to EUR 2.09 for FY14 (we refer to the table on the following page for the detail behind our forecasts). Note that these forecasts assume some recovery of end-markets in the coming years. Should this not be the case, there is a risk that the eyed savings will not be entirely sticky.

Old versus new forecasts (EUR m)

	2012			2013			2014		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	3,543	3,441	-3%	3,748	3,633	-3%	3,950.6	3,837	-3%
EBITE margin	173 4.9%	148 4.3%	-15%	239 6.4%	213 5.9%	-11%	280 7.1%	266 6.9%	-5%
EPS excl. after-tax non-recurring (EUR)	0.28	(0.64)	-327%	1.73	1.39	-20%	2.32	2.09	-10%
EPS (EUR)	(1.03)	(3.15)	nmf	1.38	1.04	-25%	2.15	1.91	-11%

Source: ABN AMRO

P&L Bekaert (EUR m)

	2010	1H11	2H11	2011	1H12	2H12E	2012E	2013E	2014E
EMEA	1,066	614	555	1,169	557	483	1,040	1,071	1,114
North America	638	354	311	665	351	306	657	683	704
Latin America	311	173	199	372	397	407	804	836	870
Asia Pacific	1,248	639	495	1,134	478	461	939	1,042	1,149
Consolidated sales	3,262	1,780	1,560	3,340	1,783	1,658	3,441	3,633	3,837
% chg.	33.9%	15.9%	-9.7%	2.4%	0.2%	6.3%	3.0%	5.6%	5.6%
organic	31.5%	7.0%	5.4%	6.1%	-12.4%	0.8%	-6.2%	4.9%	5.8%
fx	1.0%	-2.1%	-0.8%	-1.4%	4.7%	-2.0%	1.6%	0.0%	0.0%
consolidation	1.4%	-0.4%	-1.4%	-0.9%	7.9%	16.4%	11.9%	1.4%	0.0%
EBITDAE	753	353	135	488	242	165	407	417	469
margin	23.1%	19.8%	8.7%	14.6%	13.6%	10.0%	11.8%	11.5%	12.2%
% chg.	83.7%	-4.0%	-65.0%	-35.2%	-31.4%	22.0%	-16.6%	2.4%	12.6%
EBITE EMEA	95	54	12	66	36	21	57	70	90
margin	8.9%	8.8%	2.1%	5.6%	6.5%	4.4%	5.5%	6.5%	8.1%
% chg	5722.9%	0.0%	-71.4%	-30.9%	-33.3%	79.2%	-13.1%	21.7%	29.6%
EBITE North America	34	28	4	32	21	12	33	40	49
margin	5.3%	7.9%	1.2%	4.8%	6.0%	3.9%	5.0%	5.9%	7.0%
% chg	nmf	33.3%	-70.9%	-6.7%	-25.0%	210.6%	3.3%	22.7%	22.2%
EBITE Latin America	26	16	19	35	29	27	56	62	68
margin	8.3%	9.2%	9.6%	9.4%	7.3%	6.7%	7.0%	7.4%	7.8%
% chg	-5.9%	14.3%	59.4%	35.0%	81.3%	43.6%	60.8%	9.9%	9.6%
EBITE Asia Pacific	471	185	39	224	35	30	65	91	105
margin	37.7%	29.0%	7.9%	19.7%	7.3%	6.5%	6.9%	8.7%	9.1%
% chg	63.5%	-10.2%	-85.3%	-52.4%	-81.1%	-23.4%	-71.0%	40.1%	15.5%
Other	(64)	(41)	(35)	(76)	(36)	(27)	(63)	(50)	(47)
Total EBITE	562	242	39	281	85	63	148	213	266
margin	17.2%	13.6%	2.5%	8.4%	4.8%	3.8%	4.3%	5.9%	6.9%
% chg.	119.1%	-7.5%	-87.2%	-50.1%	-64.9%	63.0%	-47.4%	43.9%	24.8%
Non-recurring items	(28)	(11)	(2)	(12)	(81)	(128)	(209)	(30)	(15)
EBIT	534	232	37	268	4	(65)	(61)	183	251
Net financial charges	(32)	(35)	16	(19)	(53)	(39)	(92)	(78)	(70)
EBT	502	197	53	250	(49)	(105)	(153)	105	181
Taxes	(139)	(54)	(15)	(68)	(27)	(0)	(28)	(31)	(52)
as % of EBT	27.8%	27.2%	27.7%	27.3%	-56.5%	-0.3%	-18.2%	29.0%	29.0%
Share in results joint ventures	36	14	11	25	6	7	13	14	15
Result discontinued operations	0	0	0	0	0	0	0	0	0
Minority interests	(31)	(13)	(1)	(15)	(8)	(12)	(20)	(26)	(29)
Net profit continuing operations	368	144	48	193	(79)	(110)	(189)	62	115
% chg.	142.2%	-20.3%	-74.1%	-47.6%	-154.4%	-327.8%	-197.9%	nmf	84.5%
EPS basic (EUR)	6.21	2.45	0.82	3.27	(1.32)	(1.84)	(3.15)	1.04	1.91
% chg.	142.1%	-19.7%	-74.0%	-47.3%	-154.0%	-323.9%	-196.2%	nmf	84.5%
Net profit excl. non-recurring	388	152	50	202	(20)	(18)	(38)	84	125
% chg.	126.4%	7.9%	-48.0%	-48.0%	-201.0%	-299.3%	-118.9%	nmf	50.2%
EPS excl. non-recurring (EUR)	6.55	2.58	0.84	3.42	(0.34)	(0.30)	(0.64)	1.39	2.09
% chg.	126.3%	1395.3%	1052.1%	-47.7%	454.5%	353.1%	-118.6%	nmf	50.2%
DPS (EUR)	1.67			1.17			0.50	0.36	0.67
pay out	27.2%			36.4%			-15.9%	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	3,440.5	3,633.0	3,836.9
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Personnel costs	(449.9)	(462.0)	(472.6)	(524.2)	(499.1)	(596.9)	(618.6)	(616.1)	(640.0)	(664.9)
Other operating costs										
EBITDA	257.4	262.2	298.6	412.2	385.7	725.3	475.7	198.1	386.7	454.2
Depreciation	(107.4)	(110.7)	(119.7)	(165.9)	(139.8)	(173.0)	(200.8)	(213.2)	(203.9)	(203.7)
EBITA	150.0	151.4	178.9	246.3	245.8	552.2	274.9	(15.2)	182.8	250.5
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)	(6.5)	(46.0)	0.0	0.0
EBIT	136.3	145.9	174.6	210.5	232.2	534.3	268.4	(61.2)	182.8	250.5
Net financials	(15.3)	(31.0)	(41.0)	(49.2)	(65.6)	(32.4)	(18.5)	(92.2)	(77.6)	(69.9)
Profit Before Taxes (PBT)	121.0	114.9	133.6	161.2	166.6	501.9	249.9	(153.3)	105.2	180.6
Taxes	(30.3)	(18.4)	(19.1)	(25.5)	(33.9)	(139.5)	(68.1)	(27.8)	(30.5)	(52.4)
Income from associates	56.9	51.0	47.1	56.1	37.8	36.1	25.4	12.5	13.7	15.3
Minorities	(12.0)	(4.8)	(8.7)	(17.7)	(18.6)	(30.9)	(14.6)	(20.0)	(26.2)	(28.7)
Net profit before extraordinary	135.7	142.8	152.9	174.1	151.8	367.6	192.6	(188.7)	62.2	114.8
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	192.6	(188.7)	62.2	114.8
% change in Sales	9.9	5.0	8.2	22.5	(8.5)	33.9	2.4	3.0	5.6	5.6
% change in EBITDA	0.7	1.8	13.9	38.0	(6.4)	88.1	(34.4)	(58.4)	95.2	17.4
% change in EBITA	1.3	1.0	18.1	37.7	(0.2)	124.7	(50.2)	ns	ns	37.0
% change in PBT	2.1	(5.0)	16.3	20.7	3.3	201.3	(50.2)	ns	ns	71.7
% change in Net profit before extraordinary	(3.9)	5.2	7.1	13.9	(12.8)	142.2	(47.6)	ns	ns	84.5

Cash Flow Statement (EUR m)	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
EBITDA	257.4	262.2	298.6	412.2	385.7	725.3	475.7	198.1	386.7	454.2
Change in provisions excluding tax provisions	(15.4)	(12.3)	(8.9)	26.2	(44.5)	1.8	(22.7)	0.0	0.0	0.0
Change in net working capital	(32.3)	(31.9)	(41.9)	(162.4)	195.6	(276.9)	(199.8)	149.6	87.7	8.3
Gross operating cash flow	209.8	217.9	247.8	276.0	536.8	450.1	253.2	347.6	474.4	462.4
Taxes paid	(25.5)	(16.8)	(24.9)	(27.5)	(31.1)	(113.3)	(129.3)	(27.8)	(30.5)	(52.4)
Capex	(151.6)	(161.3)	(199.8)	(251.1)	(173.8)	(249.1)	(277.7)	(189.2)	(199.5)	(190.3)
Free cash flow	32.7	39.8	23.1	(2.6)	331.9	87.7	(153.7)	130.6	244.4	219.7
Net interest received	(14.8)	(22.0)	(30.8)	(31.5)	(39.2)	(43.5)	(59.0)	(80.4)	(77.6)	(69.9)
Other	96.6	(25.4)	42.1	24.2	172.3	16.6	283.4	25.0	3.2	3.8
Acquisitions	(21.2)	(42.7)	(14.7)	(44.2)	(3.4)	(29.9)	(17.9)	(47.0)	0.0	0.0
Divestments	86.5	0.0	4.2	0.7	(0.5)	12.6	101.3	0.0	0.0	0.0
Share issues/buybacks	(24.3)	(56.1)	(111.0)	(19.7)	(0.5)	(57.7)	0.7	0.0	0.0	0.0
Dividend (adj. stock dividend)	(52.2)	(74.1)	(57.2)	(62.2)	(50.6)	(118.5)	(163.1)	(70.2)	(30.0)	(21.8)
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	241.8	42.0	(140.0)	(131.9)
Change in cash & cash equivalents	123.8	(141.5)	(7.9)	45.1	157.5	167.1	233.5	0.0	0.0	0.0

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	103.5	123.4	125.3	127.9
Net tangible fixed assets	799.8	824.2	917.6	1,070.7	1,127.7	1,295.1	1,433.6	1,381.3	1,375.0	1,359.1
Financials fixed assets (FFA)	325.5	348.6	303.4	247.7	311.7	339.6	398.4	362.9	362.9	362.9
Inventories	348.3	368.8	385.4	510.5	358.4	507.7	577.9	519.9	519.2	548.3
Trade debtors	354.2	398.9	437.7	483.2	479.6	774.3	828.3	768.4	731.8	709.8
Other debtors	63.4	63.7	73.1	125.3	171.2	182.4	150.9	190.2	185.1	207.4
Cash & securities	222.7	81.2	73.2	118.3	275.8	442.9	676.5	676.5	676.5	676.5
Total Assets	2,239.3	2,219.8	2,312.6	2,667.2	2,829.5	3,673.1	4,169.1	4,022.6	3,975.7	3,991.8
Shareholder's equity	1,057.5	1,060.1	1,098.2	1,130.6	1,284.8	1,610.7	1,693.9	1,435.1	1,467.3	1,560.3
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	72.5	84.5	100.2	117.5
Provisions	357.5	331.4	298.8	373.4	329.9	379.9	351.6	351.6	351.6	351.6
Long-term interest bearing debt	288.3	274.4	322.5	288.1	598.1	700.5	907.6	949.6	809.6	677.7
Short-term interest bearing debt	245.6	218.0	253.0	503.1	151.4	320.3	648.5	648.5	648.5	648.5
Trade creditors	187.4	227.8	231.7	253.8	247.1	341.7	290.6	327.7	365.9	386.4
Other non-interest bearing liabilities	52.0	59.3	60.0	76.4	129.4	234.2	204.4	225.7	232.6	249.8
Total Liabilities & Capital	2,239.3	2,219.8	2,312.6	2,667.2	2,829.5	3,673.1	4,169.1	4,022.6	3,975.7	3,991.8
Enterprise Value (EV)	1,532.5	1,856.1	1,853.4	1,337.8	2,406.8	5,606.6	2,353.3	2,177.6	2,053.3	1,938.6
Net debt/(Net cash)	311.2	411.2	502.2	672.9	473.7	577.9	879.6	921.6	781.6	649.7
Capital Employed incl. goodwill (avg.)	1,515.7	1,517.1	1,610.5	1,850.3	1,969.4	2,148.5	2,522.5	2,577.2	2,442.3	2,387.5
Cumulative goodwill (as of 1991)	85.3	82.2	75.2	74.6	76.6	77.5	40.4	49.8	49.8	49.8
Capital Employed (avg.)	1,407.4	1,433.3	1,531.8	1,775.5	1,893.9	2,071.4	2,463.6	2,532.1	2,392.5	2,337.7
Net working capital	526.6	544.3	604.6	788.8	632.7	888.5	1,062.1	925.2	837.5	829.3
Discounted value of leases	36.6	32.2	28.6	28.9	28.9	43.9	35.7	37.9	40.0	41.9
Adjusted equity	1,142.9	1,142.3	1,173.3	1,205.2	1,361.4	1,688.2	1,734.2	1,484.8	1,517.0	1,610.1

Per Share Data (EUR)	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
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)	23.73	29.54	31.15	22.54	40.45	93.62	39.24	36.31	34.23	32.32
Net debt less FFA plus minorities	0.57	1.77	4.16	7.87	4.21	5.41	9.23	10.73	8.65	6.74
Sales	29.50	31.17	36.16	45.01	41.16	55.06	56.67	57.36	60.57	63.97
EBITDA	3.97	4.07	4.97	6.97	6.51	12.24	8.07	3.30	6.45	7.57
EBITA	2.31	2.35	2.98	4.16	4.15	9.32	4.66	(0.25)	3.05	4.18
EBIT	2.10	2.26	2.90	3.56	3.92	9.02	4.55	(1.02)	3.05	4.18
Net profit before extr. & amort. (EUR)	2.30	2.30	2.61	3.55	2.79	6.51	3.38	(2.38)	1.04	1.91
Net profit before extraordinary (EUR)	2.09	2.21	2.54	2.94	2.56	6.21	3.27	(3.15)	1.04	1.91
Cash Flow (EUR)	3.96	4.02	4.61	6.35	5.15	9.43	6.79	1.18	4.44	5.31
Gross Dividend (EUR)	1.00	0.83	0.92	0.93	0.98	1.67	1.17	0.50	0.36	0.67
Book value (EUR)	16.37	16.87	18.46	19.05	21.59	26.90	28.24	23.93	24.46	26.02
Adjusted equity	17.69	18.18	19.72	20.31	22.88	28.19	28.92	24.76	25.29	26.85
Free Cash Flow	0.50	0.62	0.38	(0.04)	5.60	1.48	(2.61)	2.18	4.07	3.66
% change in EPS before extr. & amort.	0.76	(0.11)	13.68	35.68	(21.26)	133.02	(48.09)	ns	ns	84.54
Valuation	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
P/E (excl. extr. & amort.)	9.4	11.9	12.5	8.3	9.0	8.2	16.2	nmf	20.2	10.9
P/CF (x)	5.5	6.8	7.1	4.6	4.9	5.7	8.1	17.8	4.7	3.9
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	2.4	1.7	3.2
Free cash flow yield (%)	1.3	1.0	(0.4)	(2.0)	19.6	1.4	(6.5)	4.0	13.3	11.9
EV/Sales (x)	0.8	0.9	0.9	0.5	1.0	1.7	0.7	0.6	0.6	0.5
EV/EBITDA (x)	6.0	7.1	6.2	3.2	6.2	7.7	4.9	11.0	5.3	4.3
EV/EBITA (x)	10.2	12.3	10.4	5.4	9.8	10.2	8.6	nmf	11.2	7.7
EV/EBIT (x)	11.2	12.7	10.6	6.4	10.4	10.5	8.8	nmf	11.2	7.7
EV/Capital Employed (x)	1.1	1.3	1.2	0.8	1.3	2.7	1.0	0.9	0.9	0.8
EV/CE (incl. goodwill) (x)	1.0	1.2	1.2	0.7	1.2	2.6	0.9	0.8	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	17.51		
Share price : Average (EUR)	21.72	27.39	32.73	29.42	25.11	53.68	54.78	20.96	20.96	20.96
Share price : Year end (EUR)	26.32	31.57	30.67	16.11	36.17	85.90	24.79	20.96	20.96	20.96
Capital Efficiency/Solvability	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
Sales/CE (incl. goodwill)	1.3	1.3	1.3	1.4	1.2	1.5	1.3	1.3	1.5	1.6
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	3.7	4.3	4.6
Inventories/Sales (days)	66.4	67.0	64.7	70.0	53.7	56.8	63.2	55.2	52.2	52.2
Trade debtors/Sales (days)	67.5	72.5	73.5	66.2	71.8	86.6	90.5	81.5	73.5	67.5
Trade creditors/Sales (days)	35.7	41.4	38.9	34.8	37.0	38.2	31.8	34.8	36.8	36.8
CAPEX/Depreciation (%)	141.1	145.7	166.9	151.3	124.3	144.0	138.3	88.7	97.9	93.5
Equity/Total assets (%)	47.2	47.8	47.5	42.4	45.4	43.8	40.6	35.7	36.9	39.1
Net debt/Equity (%)	29.4	38.8	45.7	59.5	36.9	35.9	51.9	64.2	53.3	41.6
Interest cover (x)	4.8	5.5	5.2	5.4	4.0	9.5	3.9	(0.1)	2.2	3.3
Dividend payout (%)	43.2	35.3	34.8	26.4	35.3	25.9	35.2	(21.0)	35.0	35.0
ROCE (average) (%)	8.0	8.9	10.0	11.7	10.3	19.3	8.1	(0.7)	5.4	7.6
ROCE (incl. goodwill) (average) (%)	7.4	8.4	9.5	11.2	9.9	18.6	7.9	(0.7)	5.3	7.4
Operating Efficiency & Profitability ratios	2005	2006	2007	2008	2009	2010	2011	2012e	2013e	2014e
Sales per FTE employee ('000s)	178.9	169.2	155.4	165.3	139.0	163.2	150.8	159.9	166.6	173.6
Wage costs per FTE employee ('000s)	42.0	38.9	33.8	32.5	28.5	29.9	27.9	28.6	29.3	30.1
EBIT per FTE employee ('000s)	12.7	12.3	12.5	13.1	13.2	26.7	12.1	(2.8)	8.4	11.3
Gross margin (%)										
EBITDA margin (%)	13.4	13.0	13.7	15.5	15.8	22.2	14.2	5.8	10.6	11.8
Operating margin (%)	7.1	7.3	8.0	7.9	9.5	16.4	8.0	(1.8)	5.0	6.5
Net margin (%)	5.5	5.1	5.5	6.4	6.0	11.7	5.6	(3.9)	2.1	3.3
Tax rate (%)	25.0	16.0	14.3	15.8	20.4	27.8	27.3	(18.2)	29.0	29.0

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Issuer	Ticker	Price (EUR)
Bekaert	BEKB.BR	20.96

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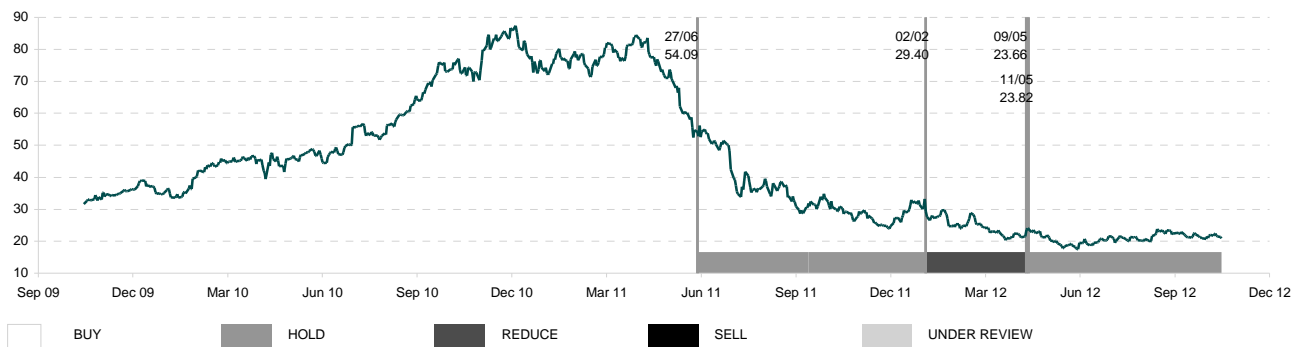
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14 November 2012

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Historical equity recommendations and target price for Bekaert (EUR)



History of Target Prices

Date	Recommendation	Target Price
11/10/2012	HOLD	EUR 25.00
11/9/2012	HOLD	EUR 24.00
7/30/2012	HOLD	EUR 25.00
5/11/2012	HOLD	EUR 28.00
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

History of Recommendations

Date	Recommendation	Target Price
5/11/2012	HOLD	EUR 28.00
5/9/2012	UNDER REVIEW	EUR 24.00
2/2/2012	REDUCE	EUR 24.00
6/27/2011	HOLD	EUR 60.00

Source: ABN AMRO Bank Equity Research, FactSet

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