

Bekaert

Belgium/General Industrials

Analysier

**Accumulate**

Recommendation unchanged

Share price: EUR 181.40

closing price as of 20/09/2010

Target price: EUR 190.00

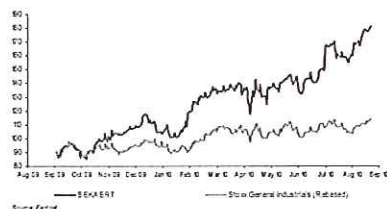
Target Price unchanged

Reuters/Bloomberg

BEKB BR/BEKB BB

Market capitalisation (EURm)	3,609
Current N° of shares (m)	20
Free float	61%
Daily avg. no. trad. sh. 12 mth	54,916
Daily avg. trad. vol. 12 mth (m)	7
Price high 12 mth (EUR)	181.40
Price low 12 mth (EUR)	85.22
Abs. perf. 1 mth	14.12%
Abs. perf. 3 mth	25.54%
Abs. perf. 12 mth	88.39%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	2,437	2,947	3,175
EBITDA (m)	387	615	625
EBITDA margin	15.9%	20.9%	19.7%
EBIT (m)	232	455	463
EBIT margin	9.5%	15.4%	14.6%
Net Profit (adj.)(m)	170	343	350
ROCE	8.7%	14.9%	14.5%
Net debt/(cash) (m)	429	423	275
Net Debt/Equity	0.3	0.3	0.1
Debt/EBITDA	1.1	0.7	0.4
Int. cover(EBITDA/Fin. int)	6.8	16.0	21.7
EV/Sales	1.0	1.3	1.2
EV/EBITDA	6.4	6.4	6.1
EV/EBITDA (adj.)	6.4	6.4	6.1
EV/EBIT	10.7	8.7	8.2
P/E (adj.)	12.6	10.5	10.3
P/BV	1.7	2.3	2.0
OpFCF yield	18.0%	5.6%	10.4%
Dividend yield	1.6%	2.7%	2.9%
EPS (adj.)	8.58	17.22	17.57
BVPS	64.78	77.52	88.78
DPS	2.94	4.94	5.20

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Bekaert will expand its wire activity in China

The facts: This morning, Bekaert announced it signed an agreement for the acquisition of 75% of the shares of the spring wire and overhead conductor business of Xinyu Iron & Steel Co., Ltd in Xinyu, Jiangxi Province.

The transaction, with a purchase value of CNY 161.2m (~EUR 18m), is subject to regulatory approvals and is expected to close by year-end 2010.

Our analysis: Since months the company indicated its will to expand its presence in the Chinese wire market after years of intensive expansion of its steel cord platform in this country (which of course remains a priority).

The acquired activities encompass two production plants of spring wire in Xinyu. The product portfolio includes spring wires for the automotive, motorcycle, and engineering sectors that will expand Bekaert's existing product portfolio. A new manufacturing site will be built in Xinyu where the acquired activities will be concentrated to increase manufacturing capacity and technological capabilities.

Xinyu Iron & Steel Co., Ltd also operates a plant of wire for the overhead conductor business that serves the utilities sector. The latter shows strong growth potential driven by the high number of investments in energy transmission and data communication networks in China.

Conclusion & Action Interesting although quite small investment that fits with Bekaert's strategy to expand this products portfolio in the fast growing Chinese market. We stick to our positive stance on the share.