



Accumulate

Recommendation unchanged

Share price: EUR 76.46

closing price as of 01/12/2010

Target price: EUR 83.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	4,573
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	183,774
Daily avg. trad. vol. 12 mth (m)	9
Price high 12 mth (EUR)	77.12
Price low 12 mth (EUR)	33.67
Abs. perf. 1 mth	3.63%
Abs. perf. 3 mth	36.17%
Abs. perf. 12 mth	117.63%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	2,437	3,169	3,423
EBITDA (m)	387	642	678
EBITDA margin	15.9%	20.3%	19.8%
EBIT (m)	232	482	516
EBIT margin	9.5%	15.2%	15.1%
Net Profit (adj.)(m)	170	362	370
ROCE	8.7%	15.2%	15.5%
Net debt/(cash) (m)	429	488	335
Net Debt/Equity	0.3	0.3	0.2
Debt/EBITDA	1.1	0.8	0.5
Int. cover(EBITDA/Fin. int)	6.8	15.6	20.0
EV/Sales	1.0	1.6	1.4
EV/EBITDA	6.0	7.8	7.2
EV/EBITDA (adj.)	6.0	7.8	7.2
EV/EBIT	10.1	10.4	9.5
P/E (adj.)	12.6	12.6	12.4
P/BV	1.7	2.9	2.5
OpFCF yield	18.0%	3.4%	8.6%
Dividend yield	1.3%	2.2%	2.3%
EPS (adj.)	2.86	6.04	6.19
BVPS	21.59	26.11	30.19
DPS	0.98	1.65	1.73

Bekaert to issue 8-year bonds in Euro

The facts: Yesterday evening, Bekaert announced that it will issue bond for a minimum total amount of EUR 100m in the form of a public offering in Belgium and Luxembourg.

Our analysis: The key features of the bond are :

- Unsubordinated bond available in denominations of EUR 1000
- Offer period: From 3/12/2010 at 09:00 am CET until 21/12/2010 at 04:00 pm CET (subject to early termination).
- Issue date 23/12/2010
- Yearly coupon of 4.5% gross payable annually as from 23 December 2011
- Issue price: 100% (institutional investors) 101.875% (retail investors)
- Repayment: the 23/12/2018 at 100%

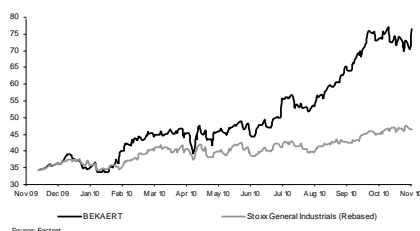
The net proceeds of these bonds will be used to refinance the existing bank indebtedness and to fund important capex in emerging markets. Bekaert aims to achieve an optimal balance between short-term and long-term debt, as well as between bank financing and financing through the capital markets.

In the table below, we provide Bekaert's main credit metrics.

Bekaert: credit metrics	2009	2010e	2011e	2012e
Net fin. Debt / (net fin. Debt + equity)	0.2x	0.2x	0.2x	0.1x
Net Fin. Debt / Recurring EBITDA	1.0x	0.7x	0.5x	0.2x
Recurring EBITDA / net interest charges	7.3x	16.2x	20.7x	37.7x

Sources: Bekaert; Bank Degroof estimates

Conclusion & Action: Despite the impressive share price trend over the recent months we maintain our positive stance on the share and our target price at EUR 83. At this target Bekaert would be traded at a multiple of 13.4x, which is not excessive given the positive momentum of key geographical markets where Bekaert operates like Asia and Latin America (which accounted for ca. 75% of 1H10 Rebit before overheads).



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