

Bekaert

Belgium/General Industrials

Analysers



Accumulate

Recommendation unchanged

Share price: EUR 73.93

closing price as of 24/02/2011

Target price: EUR 83.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	4,350
Current N° of shares (m)	59
Free float	61%
Daily avg. no. trad. sh. 12 mth	204,848
Daily avg. trad. vol. 12 mth (m)	12
Price high 12 mth (EUR)	87.43
Price low 12 mth (EUR)	36.33
Abs. perf. 1 mth	2.10%
Abs. perf. 3 mth	1.80%
Abs. perf. 12 mth	103.57%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	2,437	3,193	3,449
EBITDA (m)	387	660	710
EBITDA margin	15.9%	20.7%	20.6%
EBIT (m)	232	500	548
EBIT margin	9.5%	15.6%	15.9%
Net Profit (adj.)(m)	170	377	404
ROCE	8.7%	15.7%	16.2%
Net debt/(cash) (m)	429	477	321
Net Debt/Equity	0.3	0.3	0.2
Debt/EBITDA	1.1	0.7	0.5
Int. cover(EBITDA/Fin. int)	6.8	16.2	21.6
EV/Sales	1.0	1.7	1.4
EV/EBITDA	6.1	8.4	6.6
EV/EBITDA (adj.)	6.1	8.4	6.6
EV/EBIT	10.1	11.1	8.5
P/E (adj.)	12.6	13.4	10.8
P/BV	1.7	3.2	2.3
OpFCF yield	18.0%	3.9%	9.0%
Dividend yield	1.3%	2.2%	2.3%
EPS (adj.)	2.86	6.40	6.86
BVPS	21.59	26.79	31.54
DPS	0.98	1.65	1.73

Once again; Bekaert beats expectations

The facts: This morning Bekaert came with stronger than expected 2H/FY10 results. Guidance is for a sustained strong performance in 1H11.

Our analysis: At EUR 3,262m the FY10 consolidated sales came in slightly above our expectations and management guidance of last November. Strong volume drove an organic growth of 31.5%. The net acquisitions/divestments added 1.4% to the growth and the FX 1.0% (the impact of the Venezuelan bolivar near fully offset the general positive movement of other currencies).

Recurring EBIT (Rebit) beats expectations at EUR 562m, with margin in Asia further improved in 2H10 versus 1H10. Performances realised in the Americas came in slightly short of expectations. EMEA Rebit is in line and in Asia significantly above forecasts.

Bekaert : key figures (EUR m)	1H09	2H09	2009	1H10	2H10	2010 A	% change	FY10e Degroof	% dif.	FY10e consensus
Consolidated sales	1,200.0	1,237.3	2,437.3	1,535.0	1,728.0	3,263.0	33.9%	3,192.56	2.2%	3,174.0
-EMEA ¹	410.0	417.0	827.0	526.0	540.0	1,066.0	28.9%	1,060.74	0.5%	1,057.0
-North America	263.0	211.0	474.0	313.0	325.0	638.0	34.6%	639.44	-0.2%	628.0
-Latine America	160.0	167.0	327.0	144.0	167.0	311.0	-4.9%	304.93	2.0%	309.0
-Asia Pacific	367.0	442.3	809.3	552.0	696.0	1,248.0	54.2%	1,187.45	5.1%	1,180.0
Rebit	85.8	170.9	256.8	262.0	300.0	562.0	118.9%	524.51	7.1%	524.0
Margin	7.2%	13.8%	10.5%	17.1%	17.4%	17.2%		16.4%		16.5%
-EMEA ¹	-21.0	23.0	2.0	54.0	41.0	95.0	nr	94.49	0.5%	
-North America	-5.0	0.0	-5.0	21.0	13.0	34.0	nr	40.22	-15.5%	
-Latine America	9.0	19.0	28.0	14.0	12.0	26.0	-7.1%	30.49	-14.7%	
-Asia Pacific	128.0	160.0	288.0	206.0	265.0	471.0	63.5%	421.30	11.8%	
-Corporate	-25.2	-31.1	-56.2	-33.0	-31.0	-64.0	13.8%	-62.00	3.2%	
Operating result	78.7	153.5	232.2	243.5	290.8	534.3	130.1%	499.51	7.0%	197.0
Margin	6.6%	12.4%	9.5%	15.9%	18.9%	16.4%		15.6%		
Financial result	-30.5	-35.1	-65.6	-15.6	-16.8	-32.4		-50.80		-41.0
Current result before tax	48.2	118.4	166.6	227.9	274.0	501.9	201.3%	448.71	11.9%	
Income tax	-13.3	-20.6	-33.9	-51.3	-88.1	-139.5		-105.90		-114.0
Tax rate	27.5%	17.4%	20.4%	22.5%	32.2%	27.8%		23.6%		
Results of associates	17.4	20.3	37.8	18.8	17.3	36.1	-4.5%	41.20		40.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0		0.00		
Consolidated profit	52.4	118.1	170.4	195.3	203.2	398.5	133.8%	384.02	3.8%	383.0
Minority interest	8.2	10.5	18.6	14.3	11.7	30.9		26.00		29.0
Group's share in net result	44.2	107.6	151.8	181.0	191.5	367.6	142.2%	358.02	2.7%	354.0
EPS (EUR)	0.74	1.81	2.55	3.08	3.25	6.25		6.08		2.7%

Sources : Bekaert / Bank Degroof estimates

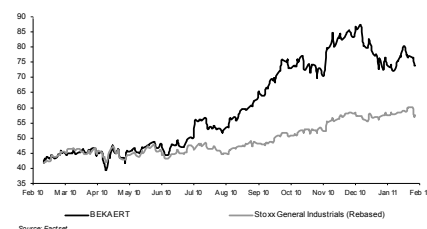
¹ EMEA= Europe, the Middle East and Africa

Financial results were boosted by one-off FX gains, while tax rate increased more than assumed at 27.8%. Guidance for FY11 is for a similar tax rate (we have 27%). This increasing tax rate is due to the expired tax holiday in China and to updated assumptions on tax positions.

Cash flow generation was lower than assumed (net financial debt at EUR 522m). This is nearly entirely due to higher capex than assumed (EUR 248m against EUR 211m forecasted).

Bekaert remains confident of sustained strong performance in 1H11.

Conclusion & Action: Strong set of results. We will review our short term scenario after the analyst meeting of this afternoon (02:00 pm CET). Meanwhile, we stick to our accumulate rating and EUR 83 target price.



Analyst(s):

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