



Accumulate

Recommendation unchanged

Share price: EUR 83.54

closing price as of 10/05/2011

Target price: EUR 90.00

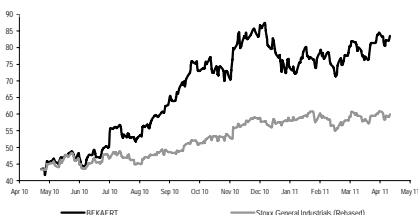
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	5,003
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	201,429
Daily avg. trad. vol. 12 mth (m)	13
Price high 12 mth (EUR)	87.43
Price low 12 mth (EUR)	41.70
Abs. perf. 1 mth	4.40%
Abs. perf. 3 mth	8.85%
Abs. perf. 12 mth	87.31%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	3,263	3,643	3,929
EBITDA (m)	725	766	798
EBITDA margin	22.2%	21.0%	20.3%
EBIT (m)	534	603	638
EBIT margin	16.4%	16.6%	16.2%
Net Profit (adj.)(m)	389	421	447
ROCE	16.2%	16.5%	16.4%
Net debt/(cash) (m)	523	440	267
Net Debt/Equity	0.3	0.2	0.1
Debt/EBITDA	0.7	0.6	0.3
Int. cover(EBITDA/Fin. int)	14.5	19.3	30.1
EV/Sales	1.7	1.5	1.3
EV/EBITDA	7.6	6.9	6.5
EV/EBITDA (adj.)	7.6	6.9	6.5
EV/EBIT	10.3	8.8	8.1
P/E (adj.)	13.2	11.9	11.2
P/BV	3.2	2.6	2.2
OpFCF yield	4.4%	7.0%	8.9%
Dividend yield	2.0%	2.1%	2.2%
EPS (adj.)	6.49	7.03	7.46
BVPS	26.90	31.88	37.22
DPS	1.66	1.73	1.83



Stronger than anticipated 1Q11, but still cautious message for 2H11 due to signs of slowdown.

The facts: Bekaert confirmed the strong start of the year. Global message remains buoyant for 1H11 but still cautious for 2H11 as "Bekaert anticipates more moderate and irregular growth perspectives as a result of measures to contain inflation in several countries and of increased competitive capacities taking effect, particularly in China".

Our analysis: Strong demand in all segments and improving product mix drove an organic growth of 28% of the consolidated sales, of which 3.3% are due to positive FX impacts, and 0.7% is related to the net effect of acquisition/divestment.

Sales (EURm)	FY09	1Q10	2Q10	3Q10	4Q10	FY10	1Q11 A	1Q11 e	dif. %	1Q11 Consensus
EMEA ¹	827.0	244.0	282.0	271.0	269.0	1,066.0	307.0	264.7	16.0%	273.0
% change	-29.2%	16.0%	41.2%	36.9%	22.8%	28.9%	25.8%	8.5%		11.9%
North America	474.0	141.0	172.0	170.0	155.0	638.0	176.0	152.3	15.6%	160.0
% change	-21.7%	-0.6%	42.0%	60.4%	47.6%	34.6%	24.8%	8.0%		13.5%
Latin America	327.0	67.0	77.0	89.0	78.0	311.0	82.0	72.0	13.8%	75.0
% change	85.2%	-16.9%	-3.0%	2.3%	-2.5%	-4.9%	22.4%	7.5%		11.9%
Asia	809.3	242.0	310.0	336.0	360.0	1,248.0	353.0	343.6	2.7%	339.0
% change	13.5%	51.9%	49.3%	47.4%	68.0%	54.2%	45.9%	42.0%		40.1%
Consolidated sales	2,437.3	694.0	841.0	866.0	862.0	3,263.0	918.0	832.7	10.2%	847.0
% change	-8.5%	17.2%	38.3%	39.9%	39.4%	33.9%	32.3%	20.0%		22.0%
EMEA ¹	823.0	243.0	280.0	269.0	265.0	1,057.0	305.0	263.0	16.0%	272.0
% change	-28.8%	16.3%	41.4%	36.5%	21.0%	28.4%	25.5%	8.2%		11.9%
North America	469.0	139.0	171.0	169.0	152.0	631.0	174.0	149.0	16.8%	159.0
% change	-21.9%	0.0%	42.5%	61.0%	44.8%	34.5%	25.2%	7.2%		14.4%
Latin America	1,237.0	329.0	398.0	420.0	381.0	1,528.0	401.0	353.7	13.4%	368.0
% change	-18.9%	17.5%	33.1%	28.8%	14.8%	23.5%	21.9%	7.5%		11.9%
Asia	814.3	242.0	311.0	337.0	364.0	1,254.0	353.0	348.0	1.4%	340.0
% change	11.9%	51.3%	48.8%	47.2%	68.3%	54.0%	45.9%	43.8%		40.5%
Combined sales	3,343.3	953.0	1,160.0	1,195.0	1,162.0	4,470.0	1,233.0	1,113.7	10.7%	1,139.0
% change	-16.6%	20.9%	40.4%	39.4%	33.2%	33.7%	29.4%	16.9%		19.5%

"**Mature markets**" continued their rebound, with sales up by about 25% y-o-y in both EMEA and in North America. Growth was driven by higher sales prices (passing-on of higher raw material costs) and strong volume.

Performance in **Latin America** was the good news of this reporting, with sales up 22% for both consolidated and combined sales, driven by increasing demand in Brazil, Venezuela and Peru.

Sales in **Asia** were more in line with expectations at EUR 353m (up 42%). The robust growth was supported by a high utilisation of increased capacities (China, India & Indonesia), combined with a further changing product mix and favourable FX movements.

Interesting to notice that Bekaert mentioned **a slowdown in demand in Chinese automotive market** at the end of the quarter combined with an increasing difficulty in passing on raw materials price increases in general. In Energy-related, Bekaert warns about an **increased competitive capacities coming on stream**.

Conclusion & Action: Strong 1Q11, but Bekaert confirms that 2H might be more difficult (slowdown in some markets and increasing competition). This prevents to be over-optimistic. We will keep our estimates broadly unchanged. We maintain our positive view on the company. At our EUR 90 Target Price Bekaert would be traded at 13x the 2011-2012 earnings and at 7.6x the EBITDA2011-12, which is not excessive given geographies where Bekaert operates.

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