



1 August 2011

## Investment Research

### Accumulate

Recommendation unchanged

**Share price: EUR 42.44**

closing price as of 29/07/2011

**Target price: EUR 50.00**

from Target Price: EUR **69.00**

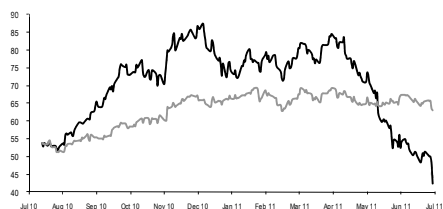
Reuters/Bloomberg

BEKB.BR/BEKB.BB

Daily avg. no. trad. sh. 12 mth	242,346
Daily avg. trad. vol. 12 mth (m)	16.98
Price high 12 mth (EUR)	87.43
Price low 12 mth (EUR)	42.44
Abs. perf. 1 mth	-24.4%
Abs. perf. 3 mth	-49.8%
Abs. perf. 12 mth	-15.4%

Market capitalisation (EURm)	2,545
Current N° of shares (m)	60
Free float	61%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	3,263	3,433	3,571
EBITDA (m)	725	546	538
EBITDA margin	22.2%	15.9%	15.1%
EBIT (m)	534	383	378
EBIT margin	16.4%	11.1%	10.6%
Net Profit (adj.)(m)	389	251	254
ROCE	16.2%	9.8%	9.5%
Net debt/(cash) (m)	523	810	710
Net Debt Equity	0.3	0.4	0.4
Net Debt/EBITDA	0.7	1.5	1.3
Int. cover(EBITDA/Fin.int)	14.5	10.1	9.6
EV/Sales	1.7	0.9	0.8
EV/EBITDA	7.5	5.7	5.6
EV/EBITDA (adj.)	7.5	5.7	5.6
EV/EBIT	10.2	8.1	8.0
P/E (adj.)	13.2	10.1	10.0
P/BV	3.2	1.5	1.4
OpFCF yield	4.4%	-0.3%	14.2%
Dividend yield	3.9%	3.9%	3.9%
EPS (adj.)	6.48	4.19	4.23
BVPS	26.86	29.08	31.26
DPS	1.66	1.66	1.66



Source: FactSet  
Shareholders: Bekaert Fam. & Rel. 39%;

For company description please see summary table footnote

## Model and target price revisions post 1H11 reporting.

### The fact:

- 1H11 results confirmed strong margin pressures in the sawing wire operations that already hurt the group's consolidated margins in 2Q11. Sales and profits in other regions were in line with expectations.
- Guidance is not supportive: management recognised it has no visibility and hence will remain cautious for the short and mid term. Although signs of a slight pick-up in demand in the underlying market have been observed in the recent weeks, competition is growing and Bekaert will continue to defend its market position in China by reducing its sale prices if needed.
- Since the sawing wire activity remains highly profitable even after the price collapse of the recent months, we see little reasons to believe that competition pressures will ease in the coming months/years. With this in mind, we decided to significantly cut our estimates for FY11 and beyond. Details can be found in the table below.

Bekaert: estimates review (in EUR m)	2011		2012		2013		2014	
	old	new	old	new	old	new	old	new
<b>Sales</b>	3,520	<b>3,433</b>	3,665	<b>3,571</b>	3,852	<b>3,774</b>	4,053	<b>3,972</b>
% change		-2.5%		-2.6%		-2.0%		-2.0%
<b>Rebit</b>	524.0	<b>399.7</b>	525.5	<b>400.0</b>	549.0	<b>435.0</b>	565.4	<b>445.9</b>
margin (%)	14.9%	11.6%	14.3%	11.2%	14.3%	11.5%	14.0%	11.2%
% change		-23.7%		-23.9%		-20.8%		-21.1%
-EMEA <sup>1</sup>	100.2	<b>100.1</b>	104.3	<b>103.6</b>	104.6	<b>105.3</b>	96.8	<b>100.8</b>
% change		-0.1%		-0.7%		0.7%		4.2%
-North America	39.4	<b>40.0</b>	42.9	<b>43.5</b>	44.5	<b>45.0</b>	43.9	<b>43.6</b>
% change		1.3%		1.3%		1.3%		-0.7%
-Latin America	29.9	<b>30.0</b>	31.1	<b>31.2</b>	33.3	<b>33.3</b>	35.0	<b>35.7</b>
% change		0.4%		0.4%		-0.1%		2.2%
-Asia Pacific	419.2	<b>301.6</b>	413.2	<b>289.7</b>	434.1	<b>320.8</b>	458.5	<b>336.6</b>
% change		-28.1%		-29.9%		-26.1%		-26.6%
- Corporate	-64.8	<b>-72.0</b>	-66.1	<b>-68.0</b>	-67.4	<b>-69.4</b>	-68.7	<b>-70.7</b>
% change		11.1%		2.9%		2.9%		2.9%
<b>EBIT</b>	504	<b>383</b>	506	<b>378</b>	529	<b>413</b>	545	<b>424</b>
margin (%)	14.3%	11.1%	13.8%	10.6%	13.7%	10.9%	13.5%	10.7%
<b>Financial results</b>	-56	<b>-64</b>	-52	<b>-64</b>	-50	<b>-60</b>	-49	<b>-57</b>
Associates	38	<b>29</b>	43	<b>33</b>	47	<b>38</b>	52	<b>45</b>
<b>Net result (group)</b>	333	<b>238</b>	338	<b>237</b>	357	<b>266</b>	369	<b>278</b>
% change		-28.4%		-29.8%		-25.5%		-24.6%
<b>Net current result (group)</b>	348	<b>251</b>	353	<b>254</b>	372	<b>283</b>	384	<b>294</b>
% change		-27.8%		-28.2%		-24.1%		-23.3%
<b>Adj. EPS (in EUR)</b>	5.80	<b>4.19</b>	5.89	<b>4.23</b>	6.21	<b>4.71</b>	6.39	<b>4.91</b>
% change		-27.8%		-28.2%		-24.1%		-23.2%

Sources : Bekaert / Bank Degroof estimates

- Adjustments are essentially related to the Asia Pacific region and more specifically in China where Bekaert faces increasing competition in its sawing wire activities.
- Management indicated that price reductions were applied in China from the second part of 2Q11. Bekaert did not give details on the size of the price cut, but it can be from 20% to 40%, depending of the clients and the product.

- In order to have an idea of the size of the margin reduction in Asia Pacific (AP), we assumed that given the strong sales growth realised in 1Q11 (sales were up 46% y-o-y in 1Q11 and roughly unchanged versus 4Q10), Bekaert realised in 1Q11 a Rebit margin close to the average margin of FY10 (i.e.  $\pm 37.5\%$  in AP). This represents a Rebit of EUR 129m. Since 1H11 Rebit in AP amounted to EUR 185m in 1H11, the margin realised in 2Q11 can be estimated at about 19%. This means that 2Q11 Rebit margin was cut in two if compared to 1Q11 or the average margin realised in FY10. This is rather spectacular taking into consideration that the price erosion only started in the second part of 2Q11. However, in the press release it is indicated that Bekaert booked in 2Q11 a EUR 21m provisions for bad debts in AP. If we adjust the 2Q11 Rebit for these provisions we obtain a Rebit margin of 26% (and of 32% for 1H11). We have assumed an average sales price for Bekaert's sawing wire down 35% in FY11 (and down 15% in FY12), which result into a 2H11 Rebit margin in AP of 20.4%, without further provision for bad debts.
- We do not believe that Bekaert will have the possibility to recover peak margin level achieved in FY10, on the contrary margin will continue to decline as competition is set to increase.
- Based on this new scenario our DCF model indicates a new fair value of about EUR 50 per share, which is our new Target Price (was EUR 69).

### Valuation based on new scenario

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	-	2030	CAGR
Net Sales	2,437.0	3,263.0	3,433.3	3,571.1	3,773.9	3,972.3	4,205.4	4,455.7	4,729.4	5,011.4	5,300.2	5,561.8	-	8,124.7	4.7%
% change	-8.5%	33.9%	5.2%	4.0%	5.7%	5.3%	5.9%	6.0%	6.1%	6.0%	5.8%	4.9%	-	3.3%	
EBITDA	387.0	724.7	545.7	538.0	571.0	580.9	605.2	632.0	663.0	702.1	727.4	746.5	-	902.6	1.1%
% margin	15.9%	22.2%	15.9%	15.1%	15.1%	14.6%	14.4%	14.2%	14.0%	14.0%	13.7%	13.4%	-	11.1%	
% change	-6.2%	87.3%	-24.7%	-1.4%	6.1%	1.7%	4.2%	4.4%	4.9%	5.9%	3.6%	2.6%	-	-2.3%	
Depreciation & other non-cash	154.8	190.4	163.0	160.0	158.0	157.0	158.0	156.0	157.0	162.0	164.0	169.0	-	210.0	
% sales	6.4%	5.8%	4.7%	4.5%	4.2%	4.0%	3.8%	3.5%	3.3%	3.2%	3.1%	3.0%	-	2.6%	
EBITA	232.2	534.3	382.7	378.0	413.0	423.9	447.2	476.0	506.0	540.1	563.4	577.5	-	692.6	1.3%
% margin	9.5%	16.4%	11.1%	10.6%	10.9%	10.7%	10.6%	10.7%	10.7%	10.8%	10.6%	10.4%	-	8.5%	
% change	10.3%	130.1%	-28.4%	-1.2%	9.3%	2.6%	5.5%	6.5%	6.3%	6.7%	4.3%	2.5%	-	-6.3%	
Taxes	-69.7	-160.3	-114.8	-113.4	-123.9	-127.2	-134.2	-142.8	-151.8	-162.0	-169.0	-173.2	-	-207.8	
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	-	30.0%	
NOPLAT	162.5	374.0	267.9	264.6	289.1	296.8	313.0	333.2	354.2	378.1	394.4	404.2	-	484.8	1.3%
Depreciation & other provisions	154.8	190.4	163.0	160.0	158.0	157.0	158.0	156.0	157.0	162.0	164.0	169.0	-	210.0	
% sales	6.4%	5.8%	4.7%	4.5%	4.2%	4.0%	3.8%	3.5%	3.3%	3.2%	3.1%	3.0%	-	2.6%	
Gross Operating Cash Flow	317.3	564.4	430.9	424.6	447.1	453.8	471.0	489.2	511.2	540.1	558.4	573.2	-	694.8	
Capex	-155.3	-319.7	-260.4	-241.4	-235.0	-240.0	-250.0	-255.0	-255.0	-245.0	-245.0	-245.0	-	-200.0	
% sales	6.4%	9.8%	7.6%	6.8%	6.2%	6.0%	5.9%	5.7%	5.4%	4.9%	4.6%	4.4%	-	2.5%	
Change in Net Working Capital	195.6	-276.9	-333.4	40.3	-29.4	-23.9	-30.4	-30.7	-32.3	-79.2	-81.1	-73.5	-	-65.8	
Cash Flow to be discounted	357.7	-32.1	-162.9	223.5	182.83	189.90	190.68	203.54	224.00	215.89	232.31	254.79	-	429.03	

DCF EVALUATION (EUR m)														
WACC			8.91%	8.91%	8.91%	8.91%	8.91%	8.91%	8.91%	8.91%	8.91%	8.91%	-	8.91%
Discount Rate factor			0.97	0.89	0.81	0.75	0.69	0.63	0.58	0.53	0.49	0.45	-	0.19
Discounted Cash Flow			-157.2	198.0	148.7	141.8	130.8	128.1	129.5	114.6	113.2	114.0	-	81.7
Cumulated DCF			-157.2	40.9	189.6	331.4	462.1	590.3	719.7	834.3	947.5	1,061.4	-	2,227.6

WACC & DCF ANALYSIS					
Cost of Equity (Ke or COE)	11.44%	Cumulated DCF	2,227.6	- Net Financial Debt	(523.4)
Cost of Debt (gross)	5.5%			+ Associates	509.9
Debt tax rate	30%	Perpetual Growth Rate (g)	0.0%	+ Financial assets	46.7
Cost of Debt net (Kd or COD)	3.85%	Normalised Annual CF	484.8	- Pension underfunding & other	(170.2)
		Terminal Value @ 12/2030	5,439.6	- Minorities (estimated value)	(125.1)
Target gearing (D/(D+E)) or % Kd	33%	Disc. Rate of Terminal Value	0.19		
% Ke	67%	Discounted Terminal Value	1,035.5	Equity Market Value (EUR m)	3,001.0
Normative Tax Rate	30.0%			Number of shares (m)	60.0
WACC	8.91%	Enterprise Value (EUR m)	3,263.1	Fair value	50.04

Source: Bank Degroof

**Conclusion & Action:** The poor 1H11 results and the uninspired guidance for the short and mid term led us to significantly cut our estimates for FY11 and beyond. We fixed the new TP at EUR 50 (from EUR 69) consistently with the new fair value given by our DCF model.

Rating stays at "Accumulate" for valuation reasons, however, given the big uncertainty, we do not expect to see real upside potential for the share price before signs of stabilisation of the sawing wire markets become more obvious and sustainable.

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**Bekaert: Summary tables**

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
<b>Sales</b>	<b>2,662</b>	<b>2,437</b>	<b>3,263</b>	<b>3,433</b>	<b>3,571</b>	<b>3,774</b>
Cost of Sales & Operating Costs	-2,250	-2,050	-2,538	-2,888	-3,033	-3,203
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>412</b>	<b>387</b>	<b>725</b>	<b>546</b>	<b>538</b>	<b>571</b>
<b>EBITDA (adj.)*</b>	<b>412</b>	<b>387</b>	<b>725</b>	<b>546</b>	<b>538</b>	<b>571</b>
Depreciation	-202	-155	-190	-163	-160	-158
<b>EBITA</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>383</b>	<b>378</b>	<b>413</b>
<b>EBITA (adj)*</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>383</b>	<b>378</b>	<b>413</b>
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>383</b>	<b>378</b>	<b>413</b>
<b>EBIT (adj.)*</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>383</b>	<b>378</b>	<b>413</b>
Net Financial Interest	-41.4	-56.7	-50.1	-53.8	-55.9	-54.0
Other Financials	-7.8	-8.9	17.7	-10.0	-8.0	-6.0
Associates	56.1	37.8	36.1	28.9	32.6	37.7
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>217</b>	<b>204</b>	<b>538</b>	<b>348</b>	<b>347</b>	<b>391</b>
Tax	-25.5	-33.9	-139	-89.3	-89.5	-102
<i>Tax rate</i>	<i>11.7%</i>	<i>16.6%</i>	<i>25.9%</i>	<i>25.7%</i>	<i>25.8%</i>	<i>26.2%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-17.7	-18.6	-30.9	-20.0	-19.9	-22.3
<b>Net Profit (reported)</b>	<b>174</b>	<b>152</b>	<b>368</b>	<b>238</b>	<b>237</b>	<b>266</b>
<b>Net Profit (adj.)</b>	<b>237</b>	<b>170</b>	<b>389</b>	<b>251</b>	<b>254</b>	<b>283</b>
<b>CASH FLOW (EURm)</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
Cash Flow from Operations before change in NWC	384	283	593	416	411	439
Change in Net Working Capital	-162	196	-277	-333	40.3	-29.4
<b>Cash Flow from Operations</b>	<b>221</b>	<b>478</b>	<b>316</b>	<b>82.3</b>	<b>451</b>	<b>409</b>
Capex	-244	-164	-320	-260	-241	-235
Net Financial Investments	20.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-2.3</b>	<b>314</b>	<b>-3.7</b>	<b>-178</b>	<b>210</b>	<b>174</b>
Dividends	-59.3	-60.5	-63.7	-109	-109	-109
Other (incl. Capital Increase & share buy backs)	-118	0.5	-26.4	0.0	0.0	0.0
<b>Change in Net Debt</b>	<b>-179</b>	<b>254</b>	<b>-94</b>	<b>-287</b>	<b>101</b>	<b>66</b>
NOPLAT	147	163	374	268	265	289
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
Net Tangible Assets	1,071	1,121	1,315	1,412	1,494	1,571
Net Intangible Assets (incl. Goodwill)	111	111	111	111	111	111
Net Financial Assets & Other	218	259	276	276	276	276
<b>Total Fixed Assets</b>	<b>1,400</b>	<b>1,492</b>	<b>1,702</b>	<b>1,800</b>	<b>1,881</b>	<b>1,958</b>
Net Working Capital	819	636	888	1,222	1,181	1,211
<b>Net Capital Invested</b>	<b>2,219</b>	<b>2,128</b>	<b>2,590</b>	<b>3,021</b>	<b>3,062</b>	<b>3,169</b>
<b>Group Shareholders Equity</b>	<b>1,172</b>	<b>1,374</b>	<b>1,697</b>	<b>1,840</b>	<b>1,982</b>	<b>2,154</b>
<i>o/w own Shareholders Equity</i>	<i>1,131</i>	<i>1,285</i>	<i>1,611</i>	<i>1,744</i>	<i>1,875</i>	<i>2,034</i>
<b>Net Debt</b>	<b>684</b>	<b>429</b>	<b>523</b>	<b>810</b>	<b>710</b>	<b>644</b>
Provisions	363	325	370	370	370	370
Other Net Liabilities or Assets	0	0	0	0	0	0
<b>Net Capital Employed</b>	<b>2,219</b>	<b>2,128</b>	<b>2,590</b>	<b>3,021</b>	<b>3,062</b>	<b>3,169</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
<i>Sales growth</i>	<i>22.5%</i>	<i>-8.5%</i>	<i>33.9%</i>	<i>5.2%</i>	<i>4.0%</i>	<i>5.7%</i>
<b>EBITDA (adj.)* growth</b>	<b>19.9%</b>	<b>-6.2%</b>	<b>87.3%</b>	<b>-24.7%</b>	<b>-1.4%</b>	<b>6.1%</b>
<i>EBITA (adj.)* growth</i>	<i>20.5%</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-28.4%</i>	<i>-1.2%</i>	<i>9.3%</i>
<i>EBIT (adj)*growth</i>	<i>20.5%</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-28.4%</i>	<i>-1.2%</i>	<i>9.3%</i>
<i>Net Profit growth</i>	<i>46.8%</i>	<i>-28.1%</i>	<i>128.4%</i>	<i>-35.4%</i>	<i>1.0%</i>	<i>11.3%</i>
<b>EPS adj. growth</b>	<b>46.0%</b>	<b>-28.3%</b>	<b>126.6%</b>	<b>-35.4%</b>	<b>1.0%</b>	<b>11.3%</b>
<i>DPS adj. growth</i>	<i>1.4%</i>	<i>5.0%</i>	<i>69.5%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>5.0%</i>
<b>EBITDA margin</b>	<b>15.5%</b>	<b>15.9%</b>	<b>22.2%</b>	<b>15.9%</b>	<b>15.1%</b>	<b>15.1%</b>
<i>EBITDA (adj)* margin</i>	<i>15.5%</i>	<i>15.9%</i>	<i>22.2%</i>	<i>15.9%</i>	<i>15.1%</i>	<i>15.1%</i>
<i>EBITA margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>11.1%</i>	<i>10.6%</i>	<i>10.9%</i>
<i>EBITA (adj)* margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>11.1%</i>	<i>10.6%</i>	<i>10.9%</i>
<i>EBIT margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>11.1%</i>	<i>10.6%</i>	<i>10.9%</i>
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## Bekaert: Summary tables

<b>RATIOS</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
Net Debt/Equity	0.6	0.3	0.3	0.4	0.4	0.3
Net Debt/EBITDA	1.7	1.1	0.7	1.5	1.3	1.1
Interest cover (EBITDA/Fin.interest)	10.0	6.8	14.5	10.1	9.6	10.6
Capex/D&A	120.7%	106.1%	167.9%	159.8%	150.9%	148.7%
Capex/Sales	9.1%	6.7%	9.8%	7.6%	6.8%	6.2%
NWC/Sales	30.8%	26.1%	27.2%	35.6%	33.1%	32.1%
ROE (average)	21.3%	14.1%	26.9%	15.0%	14.0%	14.5%
ROCE (adj.)	7.4%	8.7%	16.2%	9.8%	9.5%	10.0%
WACC	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
ROCE (adj.)/WACC	0.8	1.0	1.8	1.1	1.1	1.1
<b>PER SHARE DATA (EUR)***</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
Average diluted number of shares	59.4	59.5	60.0	60.0	60.0	60.0
EPS (reported)	2.93	2.55	6.13	3.98	3.96	4.44
EPS (adj.)	3.99	2.86	6.48	4.19	4.23	4.71
BVPS	19.05	21.59	26.86	29.08	31.26	33.91
DPS	0.93	0.98	1.66	1.66	1.66	1.74
<b>VALUATION</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
EV/Sales	0.6	1.0	1.7	0.9	0.8	0.8
EV/EBITDA	3.6	6.2	7.5	5.7	5.6	5.2
<b>EV/EBITDA (adj.)*</b>	<b>3.6</b>	<b>6.2</b>	<b>7.5</b>	<b>5.7</b>	<b>5.6</b>	<b>5.2</b>
EV/EBITA	7.0	10.4	10.2	8.1	8.0	7.2
<b>EV/EBITA (adj.)*</b>	<b>7.0</b>	<b>10.4</b>	<b>10.2</b>	<b>8.1</b>	<b>8.0</b>	<b>7.2</b>
EV/EBIT	7.0	10.4	10.2	8.1	8.0	7.2
<b>EV/EBIT (adj.)*</b>	<b>7.0</b>	<b>10.4</b>	<b>10.2</b>	<b>8.1</b>	<b>8.0</b>	<b>7.2</b>
<b>P/E (adj.)</b>	<b>4.0</b>	<b>12.6</b>	<b>13.2</b>	<b>10.1</b>	<b>10.0</b>	<b>9.0</b>
P/BV	0.8	1.7	3.2	1.5	1.4	1.3
Total Yield Ratio	8.4%	3.0%	4.3%	4.3%	4.3%	4.5%
EV/CE	0.7	1.3	2.3	1.1	1.1	1.0
OpFCF yield	13.7%	18.0%	4.4%	-0.3%	14.2%	12.6%
OpFCF/EV	8.9%	16.2%	4.2%	-0.2%	12.0%	10.8%
Payout ratio	31.8%	38.4%	27.1%	41.8%	42.0%	39.3%
Dividend yield (gross)	5.8%	2.7%	3.9%	3.9%	3.9%	4.1%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2008</b>	<b>12/2009</b>	<b>12/2010</b>	<b>12/2011e</b>	<b>12/2012e</b>	<b>12/2013e</b>
Price** (EUR)	16.1	36.2	85.9	42.4	42.4	42.4
Outstanding number of shares for main stock	59.4	59.5	60.0	60.0	60.0	60.0
<b>Total Market Cap</b>	<b>956</b>	<b>2,152</b>	<b>5,152</b>	<b>2,545</b>	<b>2,545</b>	<b>2,545</b>
<b>Net Debt</b>	<b>684</b>	<b>429</b>	<b>523</b>	<b>810</b>	<b>710</b>	<b>644</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-118</i>	<i>-325</i>	<i>-507</i>	<i>-220</i>	<i>-321</i>	<i>-386</i>
<i>o/w Gross Debt (+)</i>	<i>802</i>	<i>755</i>	<i>1,030</i>	<i>1,030</i>	<i>1,030</i>	<i>1,030</i>
<b>Other EV components</b>	<b>-166</b>	<b>-177</b>	<b>-244</b>	<b>-239</b>	<b>-235</b>	<b>-231</b>
Enterprise Value (EV adj.)	<b>1,473</b>	<b>2,404</b>	<b>5,431</b>	<b>3,116</b>	<b>3,019</b>	<b>2,958</b>

Source: Company, Bank Degroof estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj) or EBIT (adj.)= EBITDA (or EBITA or EBIT) +/- Non Recurrent Expenses/Income

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

\*\*\*EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: General Industrials/Diversified Industrials

Company Description: Bekaert is a company built on two core competences: "advanced metal transformation" and "advanced materials & coatings". Bekaert strives to be a market and technological leader in its niches markets in which it is seeking substantial profitable growth. Bekaert is strongly exposed to BRIC countries and other growing markets, which together represent almost 80% of the "combined" sales.

## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

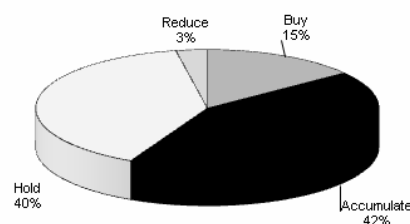
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Bank Degroof Ratings Breakdown

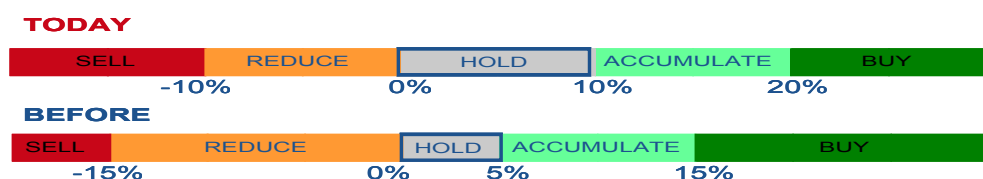


### History of ESN Recommendation System

Since **18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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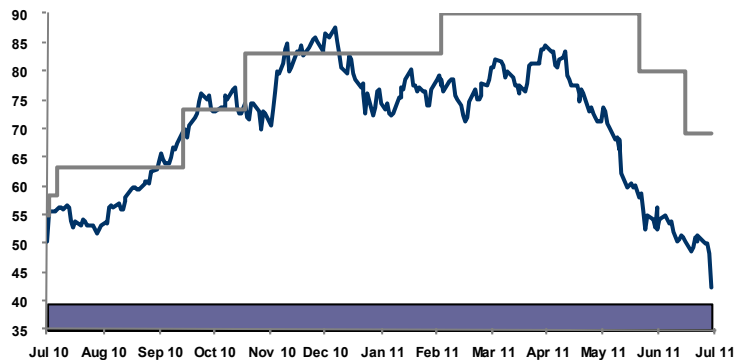
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## Recommendation history for BEKAERT

Date	Recommendation	Target price	Price at change date
01-Aug-11	Accumulate	50.00	42.44
15-Jul-11	Accumulate	69.00	50.23
20-Jun-11	Accumulate	80.00	58.04
10-May-11	Accumulate	90.00	83.54
15-Nov-10	Accumulate	83.00	74.38
11-Oct-10	Accumulate	73.33	69.45
03-Aug-10	Accumulate	63.33	55.93
30-Jul-10	Accumulate	58.33	55.63
28-Jul-10	Accumulate	55.00	49.85
17-May-10	Accumulate	51.67	44.87

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Bernard Hanssens (since 05/02/1997)



### Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, BSB International, D'Ieteren, Duvel, Elia, Fiducial, Floridienne, GIMV, IBt, Intervest Retail, IPTE, I.R.I.S., Kinapolis, Leasinvest, Luxempart, Montea, PinguinLutosa, Realco, Resilux, Roularta, Sapec, Ter Beke, Transics and Van de Velde.

### Bank Degroof holds a significant stake in:

Fountain and Proximedia.

### Bank Degroof board members and employees hold mandates in the following listed companies:

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