



## Accumulate

Recommendation unchanged

Share price: EUR **36.22**

closing price as of 10/08/2011

Target price: EUR **50.00**

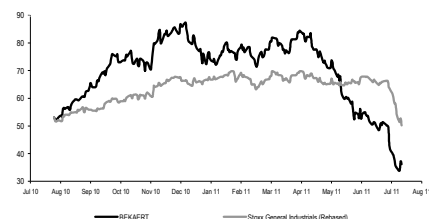
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB BB

Market capitalisation (EURm)	2,172
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	257,552
Daily avg. trad. vol. 12 mth (m)	18
Price high 12 mth (EUR)	87.43
Price low 12 mth (EUR)	33.82
Abs. perf. 1 mth	-30.29%
Abs. perf. 3 mth	-56.65%
Abs. perf. 12 mth	-35.41%

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
Debt/EBITDA	0.7	1.5	1.3
Int. cover(EBITDA/Fin. int)	14.5	10.1	9.6
EV/Sales	1.7	0.8	0.7
EV/EBITDA	7.5	5.0	4.9
EV/EBITDA (adj.)	7.5	5.0	4.9
EV/EBIT	10.2	7.2	7.0
P/E (adj.)	13.2	8.6	8.6
P/BV	3.2	1.2	1.2
OpFCF yield	4.4%	-0.4%	16.6%
Dividend yield	4.6%	4.6%	4.6%
EPS (adj.)	6.48	4.19	4.23
BVPS	26.86	29.08	31.26
DPS	1.66	1.66	1.66



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## Disposal of the Speciality Films activity

**The facts:** Yesterday evening, Bekaert announced the sales of its Speciality Films activity to Saint Gobain Performance Plastics Corp for and EV of about EUR 80m.

The transaction is subject to customary closing conditions. Management expect to close the deal by year-end.

**Our analysis:** This activity was acquired during the second half of the nineties as a matter of diversification, but offered no real synergy with the core business of the group: the advanced metal transformation.

The cash in will help to support the important capex programme (we estimates of about EUR 250m the next few years), mainly in emerging markets

**Conclusion & Action:** *The Speciality Films was a minor activity for Bekaert and had little synergy with the core activity. 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.*