



4 November 2011

## Investment Research

### Accumulate

Recommendation unchanged

**Share price: EUR 32.58**

closing price as of 03/11/2011

**Target price: EUR 36.00**

from Target Price: EUR **50.00**

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Daily avg. no. trad. sh. 12 mth	288,916
Daily avg. trad. vol. 12 mth (m)	18.18
Price high 12 mth (EUR)	87.43
Price low 12 mth (EUR)	28.62
Abs. perf. 1 mth	9.2%
Abs. perf. 3 mth	-13.0%
Abs. perf. 12 mth	-55.8%

Market capitalisation (EURm)	1,954
Current N° of shares (m)	60
Free float	61%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	3,263	3,218	3,095
EBITDA (m)	725	490	398
EBITDA margin	22.2%	15.2%	12.9%
EBIT (m)	534	327	238
EBIT margin	16.4%	10.2%	7.7%
Net Profit (adj.)(m)	389	208	164
ROCE	16.2%	9.0%	6.6%
Net debt/(cash) (m)	523	638	593
Net Debt Equity	0.3	0.4	0.3
Net Debt/EBITDA	0.7	1.3	1.5
Int. cover(EBITDA/Fin.int)	14.5	9.4	7.6
EV/Sales	1.7	0.7	0.8
EV/EBITDA	7.5	4.8	5.8
EV/EBITDA (adj.)	7.5	4.8	5.8
EV/EBIT	10.2	7.2	9.8
P/E (adj.)	13.2	9.4	11.9
P/BV	3.2	1.1	1.1
OpFCF yield	4.4%	4.9%	14.3%
Dividend yield	5.1%	5.1%	5.1%
EPS (adj.)	6.48	3.47	2.73
BVPS	26.86	28.48	29.17
DPS	1.66	1.66	1.66

## 3Q11 trading update preview; scenario update and TP cut to EUR 36

**The facts:** Bekaert will release its 3Q11 trading update on November 10, before market.

We take to opportunity of this preview to communicate on our adjusted scenario. It includes more conservative assumptions on sawing wire due to deterioration of the solar cell activities and to the poor outlook for the coming quarters. We also included more prudent assumptions for North America and Europe due to the worsening of the macro-economic context in 2H11 and weaker prospects for 2012.

As a result, we have cut our FY11-14 net adjusted profits by 17%, 36%, 30% and 26%, respectively. The bulk of these revisions come from lower assumptions in Asia Pacific, and more specifically in sawing wire. Based on this new scenario our DCF model now points to a new TP of EUR 36 (was EUR 50). Our rating remains at Accumulate, although we have to admit that the visibility is very low.

**Our analysis:** As customary the company will only disclose its sales (consolidated and combined) and will not communicate on the margins.

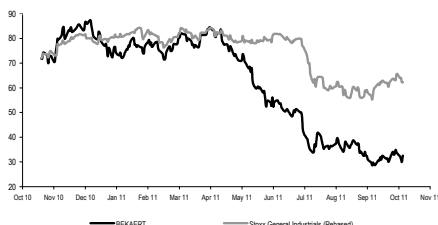
Sales (EURm)	1Q10	2Q10	3Q10	4Q10	FY10	1Q11	2Q11	3Q11e
<b>EMEA<sup>1</sup></b>	<b>244</b>	<b>282</b>	<b>271</b>	<b>269</b>	<b>1,066</b>	<b>307</b>	<b>307</b>	<b>285</b>
% change	16.0%	41.2%	36.9%	22.8%	28.9%	25.8%	8.9%	5.2%
<b>North America</b>	<b>141</b>	<b>172</b>	<b>170</b>	<b>155</b>	<b>638</b>	<b>176</b>	<b>178</b>	<b>175</b>
% change	-0.6%	42.0%	60.4%	47.6%	34.6%	24.8%	3.5%	2.9%
<b>Latin America</b>	<b>67</b>	<b>77</b>	<b>89</b>	<b>78</b>	<b>311</b>	<b>82</b>	<b>91</b>	<b>93</b>
% change	-16.9%	-3.0%	2.3%	-2.5%	-4.9%	22.4%	18.2%	4.5%
<b>Asia</b>	<b>242</b>	<b>310</b>	<b>336</b>	<b>360</b>	<b>1,248</b>	<b>353</b>	<b>286</b>	<b>215</b>
% change	51.9%	49.3%	47.4%	68.2%	54.3%	45.9%	-7.7%	-36.0%
<b>Consolidated sales</b>	<b>694</b>	<b>841</b>	<b>866</b>	<b>862</b>	<b>3,263</b>	<b>918</b>	<b>862</b>	<b>768</b>
% change	17.2%	38.3%	39.9%	39.5%	33.9%	32.3%	2.5%	-11.3%
<b>EMEA<sup>1</sup></b>	<b>243</b>	<b>280</b>	<b>269</b>	<b>265</b>	<b>1,057</b>	<b>305</b>	<b>303</b>	<b>298</b>
% change	16.3%	41.4%	36.5%	21.0%	28.4%	25.5%	8.2%	10.8%
<b>North America</b>	<b>139</b>	<b>171</b>	<b>169</b>	<b>152</b>	<b>631</b>	<b>174</b>	<b>175</b>	<b>179</b>
% change	0.0%	42.5%	61.0%	44.8%	34.5%	25.2%	2.3%	5.9%
<b>Latin America</b>	<b>329</b>	<b>398</b>	<b>420</b>	<b>381</b>	<b>1,528</b>	<b>401</b>	<b>413</b>	<b>450</b>
% change	17.5%	33.1%	28.8%	14.8%	23.5%	21.9%	3.8%	7.1%
<b>Asia</b>	<b>242</b>	<b>311</b>	<b>337</b>	<b>364</b>	<b>1,254</b>	<b>353</b>	<b>288</b>	<b>219</b>
% change	51.3%	48.8%	47.2%	68.5%	54.1%	45.9%	-7.4%	-35.0%
<b>Combined sales</b>	<b>953</b>	<b>1,160</b>	<b>1,195</b>	<b>1,162</b>	<b>4,470</b>	<b>1,233</b>	<b>1,179</b>	<b>1,146</b>
% change	20.9%	40.4%	39.4%	33.3%	33.7%	29.4%	-1.3%	-4.1%

Sources : Bekaert / Bank Degroof estimates

<sup>1</sup> EMEA= Europe, the Middle East and Africa

We expect the sales in Asia Pacific to further deteriorate primary due to lower sales prices in sawing wire driven by the headwinds in solar cells and to a lesser extent to a deterioration of the truck market (tyre cord) in China. All in all we bank on 3Q11 Asia Pacific sales to be down 35% y-o-y and 33% sequentially. For the other regions, we have assumed lower sequential growths in mature regions and lower FX impact for Latin America.

3Q11 consolidated sales are forecasted at EUR 768m, down 36% y-o-y and down 11% on 2Q11. Combined sales (consolidated sales + sales of associates) are expected to stand at EUR 1,146m, down 4.1% y-o-y and down 2.8% on 2Q11.



Shareholders: Bekaert Fam. & Rel. 39%;

For company description please see summary table footnote

As mentioned above, we have further trimmed down our scenario to discount more cautious forecasts for both Europe and North America due to the deterioration of the macro-economic contexts for 2H11 and FY12. However, the main source of concern is the constant deterioration of the solar poly-silicon market since April, with spot price now down to a seven years-low at USD 35/t, with very weak 3Q11 results of main players and poor guidance for 4Q11. On top of that, although there are some delayed ramp-ups of some plants and some capacity shutdowns, it seems ever more likely that the oversupply will persist in 2012 as production curtailment is not yet sufficient. In this context, ongoing price war may persist in both poly-silicon and in sawing wire, where Bekaert is facing increasing competition. Bekaert had clearly indicated that it will defend its market position in China by reducing its sale prices if needed. Since the sawing wire activity remains profitable even after the price collapse of the recent months, we see little reasons to believe that competition pressures will ease in the coming quarters. This underpinned another significant cut of our estimates for FY11-14 in Bekaert's sawing wire activity, which is mainly located in China. 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>	3,433	<b>3,218</b>	3,571	<b>3,095</b>	3,774	<b>3,352</b>	3,972	<b>3,533</b>
% change		-6.3%		-13.3%		-11.2%		-11.1%
<b>Rebit</b>	399.7	<b>334.3</b>	400.0	<b>260.3</b>	435.0	<b>300.6</b>	445.9	<b>325.9</b>
margin (%)	11.6%	10.4%	11.2%	8.4%	11.5%	9.0%	11.2%	9.2%
% change		-16.4%		-34.9%		-30.9%		-26.9%
-EMEA <sup>1</sup>	100.1	<b>95.6</b>	103.6	<b>80.3</b>	105.3	<b>84.9</b>	100.8	<b>88.2</b>
% change		-4.5%		-22.5%		-19.4%		-12.5%
-North America	40.0	<b>43.2</b>	43.5	<b>35.2</b>	45.0	<b>39.0</b>	43.6	<b>40.6</b>
% change		8.1%		-19.0%		-13.3%		-6.9%
-Latin America	30.0	<b>29.3</b>	31.2	<b>30.4</b>	33.3	<b>32.4</b>	35.7	<b>34.1</b>
% change		-2.6%		-2.6%		-2.6%		-4.5%
-Asia Pacific	301.6	<b>238.2</b>	289.7	<b>182.3</b>	320.8	<b>213.6</b>	336.6	<b>233.7</b>
% change		-21.0%		-37.1%		-33.4%		-30.6%
-Corporate	-72.0	<b>-72.0</b>	-68.0	<b>-68.0</b>	-69.4	<b>-69.4</b>	-70.7	<b>-70.7</b>
% change		0.0%		0.0%		0.0%		0.0%
<b>EBIT</b>	383	<b>327</b>	378	<b>238</b>	413	<b>279</b>	424	<b>304</b>
margin (%)	11.1%	10.2%	10.6%	7.7%	10.9%	8.3%	10.7%	8.6%
<b>Financial results</b>	-64	<b>-62</b>	-64	<b>-61</b>	-60	<b>-59</b>	-57	<b>-58</b>
Associates	29	<b>29</b>	33	<b>33</b>	38	<b>39</b>	45	<b>46</b>
<b>Net result (group)</b>	238	<b>203</b>	237	<b>147</b>	266	<b>180</b>	278	<b>202</b>
% change		-14.9%		-37.9%		-32.2%		-27.4%
<b>Net current result (group)</b>	251	<b>208</b>	254	<b>164</b>	283	<b>197</b>	294	<b>218</b>
% change		-17.1%		-35.5%		-30.4%		-25.9%
<b>Adj. EPS (in EUR)</b>	4.19	<b>3.47</b>	4.23	<b>2.73</b>	4.71	<b>3.28</b>	4.91	<b>3.64</b>
% change		-17.1%		-35.5%		-30.4%		-25.9%

Sources : Bekaert / Bank Degroof estimates

<sup>1</sup> EMEA= Europe, the Middle East and Africa

**Conclusion & Action:** We fixed the new TP at EUR 36 (from EUR 50) consistently with the new DCF fair value, based on our adjusted scenario.

Our rating remains 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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<b>Bekaert</b>								
<b>Key figures (EUR m)</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011e</b>	<b>2012e</b>	<b>2013e</b>	<b>2014e</b>	<b>2015e</b>
<b>Combined sales</b>	<b>4,010.0</b>	<b>3,343.0</b>	<b>4,470.0</b>	<b>4,531.4</b>	<b>4,475.1</b>	<b>4,802.1</b>	<b>5,056.9</b>	<b>5,324.1</b>
<b>Consolidated sales</b>	<b>2,662.4</b>	<b>2,437.0</b>	<b>3,263.0</b>	<b>3,217.7</b>	<b>3,095.3</b>	<b>3,351.8</b>	<b>3,532.9</b>	<b>3,722.2</b>
-EMEA <sup>1</sup>	1,167.8	827.0	1,066.0	1,155.7	1,097.1	1,175.3	1,221.6	1,242.1
-North America	605.1	474.0	638.0	654.6	614.3	624.2	634.3	644.5
-Latin America	176.6	327.0	311.0	348.3	362.3	376.7	388.0	403.6
-Asia Pacific	712.9	809.0	1,248.0	1,059.1	1,021.6	1,175.5	1,289.0	1,432.0
<b>EBITDA</b>	<b>412.4</b>	<b>387.0</b>	<b>724.7</b>	<b>490.3</b>	<b>398.3</b>	<b>436.6</b>	<b>460.9</b>	<b>490.3</b>
<i>Margin</i>	15.5%	15.9%	22.2%	15.2%	12.9%	13.0%	13.0%	13.2%
<b>-EMEA<sup>1</sup></b>	<b>111.2</b>	<b>47.0</b>	<b>144.0</b>	<b>137.6</b>	<b>122.3</b>	<b>124.9</b>	<b>126.2</b>	<b>124.7</b>
<i>Margin</i>	9.5%	5.7%	13.5%	11.9%	11.1%	10.6%	10.3%	10.0%
<b>-North America</b>	<b>41.2</b>	<b>13.0</b>	<b>50.0</b>	<b>59.2</b>	<b>48.2</b>	<b>50.0</b>	<b>50.6</b>	<b>49.4</b>
<i>Margin</i>	6.8%	2.7%	7.8%	9.0%	7.9%	8.0%	8.0%	7.7%
<b>-Latin America</b>	<b>19.5</b>	<b>36.0</b>	<b>38.0</b>	<b>39.3</b>	<b>40.4</b>	<b>42.4</b>	<b>44.1</b>	<b>47.5</b>
<i>Margin</i>	11.0%	11.0%	12.2%	11.3%	11.2%	11.3%	11.4%	11.8%
<b>-Asia Pacific</b>	<b>305.1</b>	<b>350.0</b>	<b>560.0</b>	<b>316.2</b>	<b>255.3</b>	<b>288.6</b>	<b>310.7</b>	<b>340.8</b>
<i>Margin</i>	42.8%	43.3%	44.9%	29.9%	25.0%	24.6%	24.1%	23.8%
<b>-Corporate</b>	<b>-64.6</b>	<b>-59.0</b>	<b>-67.3</b>	<b>-62.0</b>	<b>-68.0</b>	<b>-69.4</b>	<b>-70.7</b>	<b>-72.2</b>
<b>Rebit</b>	<b>294.2</b>	<b>256.8</b>	<b>562.5</b>	<b>334.3</b>	<b>260.3</b>	<b>300.6</b>	<b>325.9</b>	<b>354.3</b>
<i>Margin</i>	11.1%	10.5%	17.2%	10.4%	8.4%	9.0%	9.2%	9.5%
<b>-EMEA<sup>1</sup></b>	<b>67.8</b>	<b>2.0</b>	<b>95.0</b>	<b>95.6</b>	<b>80.3</b>	<b>84.9</b>	<b>88.2</b>	<b>88.7</b>
<i>Margin</i>	5.8%	0.2%	8.9%	8.3%	7.3%	7.2%	7.2%	7.1%
<b>-North America</b>	<b>24.6</b>	<b>-5.0</b>	<b>34.0</b>	<b>43.2</b>	<b>35.2</b>	<b>39.0</b>	<b>40.6</b>	<b>40.4</b>
<i>Margin</i>	4.1%	-1.1%	5.3%	6.6%	5.7%	6.3%	6.4%	6.3%
<b>-Latin America</b>	<b>15.7</b>	<b>28.0</b>	<b>26.0</b>	<b>29.3</b>	<b>30.4</b>	<b>32.4</b>	<b>34.1</b>	<b>35.5</b>
<i>Margin</i>	8.9%	8.6%	8.4%	8.4%	8.4%	8.6%	8.8%	8.8%
<b>-Asia Pacific</b>	<b>249.1</b>	<b>288.0</b>	<b>471.0</b>	<b>238.2</b>	<b>182.3</b>	<b>213.6</b>	<b>233.7</b>	<b>261.8</b>
<i>Margin</i>	34.9%	35.6%	37.7%	22.5%	17.8%	18.2%	18.1%	18.3%
<b>-Corporate</b>	<b>-63.0</b>	<b>-56.2</b>	<b>-63.5</b>	<b>-72.0</b>	<b>-68.0</b>	<b>-69.4</b>	<b>-70.7</b>	<b>-72.2</b>
<b>Operating result</b>	<b>210.5</b>	<b>232.2</b>	<b>534.3</b>	<b>327.3</b>	<b>238.3</b>	<b>278.6</b>	<b>303.9</b>	<b>332.3</b>
<i>Margin</i>	7.9%	9.5%	16.4%	10.2%	7.7%	8.3%	8.6%	8.9%
-EMEA <sup>1</sup>	-8.7	-19.0	87.0	83.6	70.3	74.9	78.2	78.7
-North America	25.1	-8.0	32.0	40.2	30.2	34.0	35.6	35.4
-Latin America	15.5	26.0	14.0	29.3	30.4	32.4	34.1	35.5
-Asia Pacific	244.1	288.0	467.0	236.2	175.3	206.6	226.7	254.8
-Corporate	-65.5	-54.8	-65.7	-62.0	-68.0	-69.4	-70.7	-72.2
Financial result	-49.2	-65.6	-32.4	-61.9	-60.7	-58.5	-57.8	-57.7
<b>Current result before tax</b>	<b>161.2</b>	<b>166.6</b>	<b>501.9</b>	<b>265.4</b>	<b>177.6</b>	<b>220.0</b>	<b>246.1</b>	<b>274.6</b>
Income tax	-25.5	-33.9	-139.5	-74.3	-50.6	-63.8	-73.8	-82.4
<i>Tax rate</i>	15.8%	20.4%	27.8%	28.0%	28.5%	29.0%	30.0%	30.0%
Results of associates	56.1	37.8	36.1	28.9	32.6	39.2	46.3	54.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Consolidated profit</b>	<b>191.8</b>	<b>170.4</b>	<b>398.5</b>	<b>219.9</b>	<b>159.6</b>	<b>195.4</b>	<b>218.5</b>	<b>246.2</b>
Minority interest	17.7	18.6	30.9	17.0	12.4	15.1	16.9	19.1
<b>Group's share in net result</b>	<b>174.1</b>	<b>151.8</b>	<b>367.7</b>	<b>202.9</b>	<b>147.3</b>	<b>180.3</b>	<b>201.6</b>	<b>227.1</b>
<b>Group's net current result</b>	<b>236.9</b>	<b>236.9</b>	<b>170.2</b>	<b>388.8</b>	<b>208.1</b>	<b>163.8</b>	<b>196.8</b>	<b>218.1</b>
EPS (EUR)	2.93	2.55	6.13	3.38	2.46	3.01	3.36	3.79
EPS Adj. (EUR)	3.99	2.86	6.48	3.47	2.73	3.28	3.64	4.06

Sources : Bekaert / Bank Degroof estimates

<sup>1</sup> EMEA= Europe, the Middle East and Africa

**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>3,218</b>	<b>3,095</b>	<b>3,352</b>
Cost of Sales & Operating Costs	-2,250	-2,050	-2,538	-2,727	-2,697	-2,915
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>490</b>	<b>398</b>	<b>437</b>
<b>EBITDA (adj.)*</b>	<b>412</b>	<b>387</b>	<b>725</b>	<b>490</b>	<b>398</b>	<b>437</b>
Depreciation	-202	-155	-190	-163	-160	-158
<b>EBITA</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>327</b>	<b>238</b>	<b>279</b>
<b>EBITA (adj)*</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>327</b>	<b>238</b>	<b>279</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>327</b>	<b>238</b>	<b>279</b>
<b>EBIT (adj.)*</b>	<b>210</b>	<b>232</b>	<b>534</b>	<b>327</b>	<b>238</b>	<b>279</b>
Net Financial Interest	-41.4	-56.7	-50.1	-51.9	-52.7	-52.5
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	39.2
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>294</b>	<b>210</b>	<b>259</b>
Tax	-25.5	-33.9	-139	-74.3	-50.6	-63.8
<i>Tax rate</i>	<i>11.7%</i>	<i>16.6%</i>	<i>25.9%</i>	<i>25.3%</i>	<i>24.1%</i>	<i>24.6%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-17.7	-18.6	-30.9	-17.0	-12.4	-15.1
<b>Net Profit (reported)</b>	<b>174</b>	<b>152</b>	<b>368</b>	<b>203</b>	<b>147</b>	<b>180</b>
<b>Net Profit (adj.)</b>	<b>237</b>	<b>170</b>	<b>389</b>	<b>208</b>	<b>164</b>	<b>197</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	377	313	346
Change in Net Working Capital	-162	196	-277	-192	56.6	-43.0
<b>Cash Flow from Operations</b>	<b>221</b>	<b>478</b>	<b>316</b>	<b>185</b>	<b>370</b>	<b>303</b>
Capex	-244	-164	-320	-190	-216	-225
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>-5.6</b>	<b>153</b>	<b>77.6</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>-114</b>	<b>44</b>	<b>-31</b>
NOPLAT	147	163	374	229	167	195
<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	1,342	1,399	1,466
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>1,730</b>	<b>1,786</b>	<b>1,853</b>
Net Working Capital	819	636	888	1,081	1,024	1,067
<b>Net Capital Invested</b>	<b>2,219</b>	<b>2,128</b>	<b>2,590</b>	<b>2,810</b>	<b>2,810</b>	<b>2,920</b>
<b>Group Shareholders Equity</b>	<b>1,172</b>	<b>1,374</b>	<b>1,697</b>	<b>1,802</b>	<b>1,846</b>	<b>1,925</b>
<i>o/w own Shareholders Equity</i>	<i>1,131</i>	<i>1,285</i>	<i>1,611</i>	<i>1,708</i>	<i>1,749</i>	<i>1,822</i>
<b>Net Debt</b>	<b>684</b>	<b>429</b>	<b>523</b>	<b>638</b>	<b>593</b>	<b>625</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>2,810</b>	<b>2,810</b>	<b>2,920</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>-1.4%</i>	<i>-3.8%</i>	<i>8.3%</i>
<b>EBITDA (adj.)* growth</b>	<b>19.9%</b>	<b>-6.2%</b>	<b>87.3%</b>	<b>-32.3%</b>	<b>-18.8%</b>	<b>9.6%</b>
<i>EBITA (adj.)* growth</i>	<i>20.5%</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-38.7%</i>	<i>-27.2%</i>	<i>16.9%</i>
<i>EBIT (adj.)* growth</i>	<i>20.5%</i>	<i>10.3%</i>	<i>130.1%</i>	<i>-38.7%</i>	<i>-27.2%</i>	<i>16.9%</i>
<i>Net Profit growth</i>	<i>46.8%</i>	<i>-28.1%</i>	<i>128.4%</i>	<i>-46.5%</i>	<i>-21.3%</i>	<i>20.1%</i>
<b>EPS adj. growth</b>	<b>46.0%</b>	<b>-28.3%</b>	<b>126.6%</b>	<b>-46.5%</b>	<b>-21.3%</b>	<b>20.1%</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>-0.1%</i>
<b>EBITDA margin</b>	<b>15.5%</b>	<b>15.9%</b>	<b>22.2%</b>	<b>15.2%</b>	<b>12.9%</b>	<b>13.0%</b>
<i>EBITDA (adj.)* margin</i>	<i>15.5%</i>	<i>15.9%</i>	<i>22.2%</i>	<i>15.2%</i>	<i>12.9%</i>	<i>13.0%</i>
<i>EBITA margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>10.2%</i>	<i>7.7%</i>	<i>8.3%</i>
<i>EBITA (adj.)* margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>10.2%</i>	<i>7.7%</i>	<i>8.3%</i>
<i>EBIT margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>10.2%</i>	<i>7.7%</i>	<i>8.3%</i>
<i>EBIT (adj.)* margin</i>	<i>7.9%</i>	<i>9.5%</i>	<i>16.4%</i>	<i>10.2%</i>	<i>7.7%</i>	<i>8.3%</i>

## 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	0.3	0.3
Net Debt/EBITDA	1.7	1.1	0.7	1.3	1.5	1.4
Interest cover (EBITDA/Fin.interest)	10.0	6.8	14.5	9.4	7.6	8.3
Capex/D&A	120.7%	106.1%	167.9%	116.8%	135.3%	142.4%
Capex/Sales	9.1%	6.7%	9.8%	5.9%	7.0%	6.7%
NWC/Sales	30.8%	26.1%	27.2%	33.6%	33.1%	31.8%
ROE (average)	21.3%	14.1%	26.9%	12.5%	9.5%	11.0%
ROCE (adj.)	7.4%	8.7%	16.2%	9.0%	6.6%	7.4%
WACC	10.2%	10.2%	10.2%	10.2%	10.2%	10.2%
ROCE (adj.)/WACC	0.7	0.9	1.6	0.9	0.6	0.7
<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	3.38	2.46	3.01
EPS (adj.)	3.99	2.86	6.48	3.47	2.73	3.28
BVPS	19.05	21.59	26.86	28.48	29.17	30.38
DPS	0.93	0.98	1.66	1.66	1.66	1.66
<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	0.7	0.8	0.7
EV/EBITDA	3.7	6.4	7.5	4.8	5.8	5.4
<b>EV/EBITDA (adj.)*</b>	<b>3.7</b>	<b>6.4</b>	<b>7.5</b>	<b>4.8</b>	<b>5.8</b>	<b>5.4</b>
EV/EBITA	7.3	10.6	10.2	7.2	9.8	8.5
<b>EV/EBITA (adj.)*</b>	<b>7.3</b>	<b>10.6</b>	<b>10.2</b>	<b>7.2</b>	<b>9.8</b>	<b>8.5</b>
EV/EBIT	7.3	10.6	10.2	7.2	9.8	8.5
<b>EV/EBIT (adj.)*</b>	<b>7.3</b>	<b>10.6</b>	<b>10.2</b>	<b>7.2</b>	<b>9.8</b>	<b>8.5</b>
<b>P/E (adj.)</b>	<b>4.0</b>	<b>12.6</b>	<b>13.2</b>	<b>9.4</b>	<b>11.9</b>	<b>9.9</b>
P/BV	0.8	1.7	3.2	1.1	1.1	1.1
Total Yield Ratio	8.4%	3.0%	5.6%	5.6%	5.6%	5.6%
EV/CE	0.8	1.3	2.4	0.9	0.9	0.9
OpFCF yield	13.7%	18.0%	4.4%	4.9%	14.3%	10.9%
OpFCF/EV	8.6%	15.8%	4.1%	4.0%	12.0%	9.0%
Payout ratio	31.8%	38.4%	27.1%	49.1%	67.6%	55.2%
Dividend yield (gross)	5.8%	2.7%	5.1%	5.1%	5.1%	5.1%
<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	32.6	32.6	32.6
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>1,954</b>	<b>1,954</b>	<b>1,954</b>
<b>Net Debt</b>	<b>684</b>	<b>429</b>	<b>523</b>	<b>638</b>	<b>593</b>	<b>625</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-118</i>	<i>-325</i>	<i>-507</i>	<i>-392</i>	<i>-437</i>	<i>-406</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>-113</b>	<b>-124</b>	<b>-222</b>	<b>-220</b>	<b>-219</b>	<b>-218</b>
<b>Enterprise Value (EV adj.)</b>	<b>1,527</b>	<b>2,458</b>	<b>5,453</b>	<b>2,372</b>	<b>2,328</b>	<b>2,361</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**.

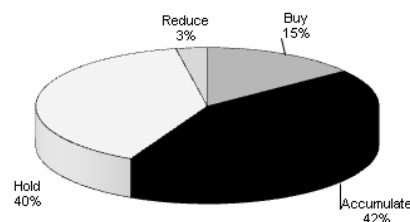
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

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

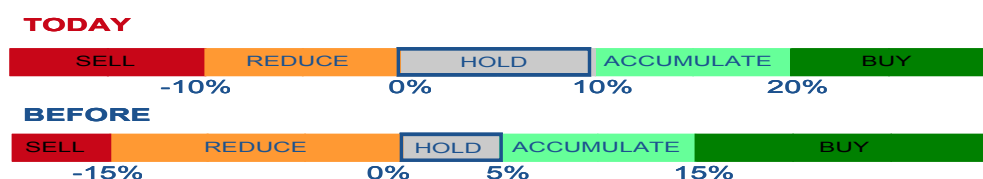


### History of ESN Recommendation System

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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Fabrice Faccenda	+32 2 287 91 81
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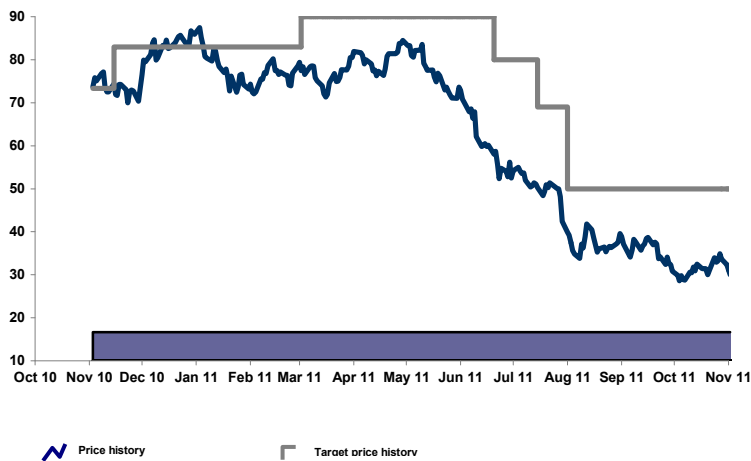
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Bernard Hanssens	+32 2 287 96 89
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Marc Leemans, CFA	+32 2 287 93 61

**Recommendation history for BEKAERT**

Date	Recommendation	Target price	Price at change date
04-Nov-11	Accumulate	36.00	32.58
01-Aug-11	Accumulate	50.00	39.88
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

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)



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