

**Bekaert**

Belgium/General Industrials

Analysers

**Hold**

Recommendation unchanged

**Share price: EUR 24.76**

closing price as of 12/03/2012

**Target price: EUR 25.00**

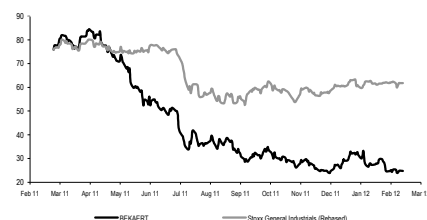
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB BB

Market capitalisation (EURm)	1,485
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	290,868
Daily avg. trad. vol. 12 mth (m)	13
Price high 12 mth (EUR)	84.49
Price low 12 mth (EUR)	23.95
Abs. perf. 1 mth	-9.32%
Abs. perf. 3 mth	-9.25%
Abs. perf. 12 mth	-67.00%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	3,340	3,367	3,527
EBITDA (m)	477	248	402
EBITDA margin	14.3%	7.4%	11.4%
EBIT (m)	268	53	211
EBIT margin	8.0%	1.6%	6.0%
Net Profit (adj.)(m)	202	97	124
ROCE	7.1%	5.0%	5.5%
Net debt/(cash) (m)	860	933	959
Net Debt/Equity	0.5	0.6	0.6
Debt/EBITDA	1.8	3.8	2.4
Int. cover(EBITDA/Fin. int)	7.2	3.1	5.0
EV/Sales	0.7	0.7	0.7
EV/EBITDA	4.9	9.8	6.1
EV/EBITDA (adj.)	4.9	6.3	6.1
EV/EBIT	8.8	46.1	11.6
P/E (adj.)	7.4	15.3	11.9
P/BV	0.9	0.9	0.9
OpFCF yield	10.5%	7.5%	10.9%
Dividend yield	4.7%	4.7%	4.8%
EPS (adj.)	3.36	1.62	2.08
BVPS	28.24	26.89	27.44
DPS	1.17	1.17	1.20



Shareholders: Bekaert Fam. &amp; Rel. 39%;

## Analyst(s):

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**Successful closing of the shareholding transaction in Latin America**

**The facts:** This morning, Bekaert announced the successful closing of the transaction leading to a majority shareholding in their JV in Chile, Peru and Canada.

**Our analysis:** This operation was announced in December 2011. At that time Bekaert signed with its Chilean partners and agreement to restructure the shareholding of their joint-ventures operations in Chile, Peru and Canada. Through this agreement Bekaert became the principal shareholder in the partnership with a stake of 52% and will fully consolidate all the respective entities in its financial statement as from FY12 onwards.

It is worth to mention that this is a share agreement (not a cash transaction) and that the Brazilian operations, which account for ca. two-third of the profit from associates, are not part of the above mentioned shareholders agreement.

Following the agreement, from January 2012 on, the top line will be increased by about EUR 300m (but of course there will be no changes in the so called "combined sales") and the EBIT by about EUR 20-25m. The profits from associates will be cut some EUR 10m and share of minorities will increase by the same amount. On balance the impact on Bekaert's share in the net profit will be immaterial. These adjustments have already been included in our model.

**Conclusion & Action:** This operation, announced in December 2011, is already integrated in our forecasts. The rightsizing of production capacities announced in early February may take some time, particularly in Belgium. Meanwhile, recently published economic indicators in Europe and in China were not supportive.

We still do not anticipate seeing real improvement in margin before next year and still believe it is too early to turn positive on this stock. **HOLD.**