



Hold

Recommendation unchanged

Share price: EUR 24.29

closing price as of 02/04/2012

Target price: EUR 25.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,457	
Current N° of shares (m)	60	
Free float	61%	
Daily avg. no. trad. sh. 12 mth	299,954	
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	-4.20%	
Abs. perf. 3 mth	-5.69%	
Abs. perf. 12 mth	-70.36%	

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	9.7	6.0
EV/EBITDA (adj.)	4.9	6.3	6.0
EV/EBIT	8.8	45.6	11.5
P/E (adj.)	7.4	15.0	11.7
P/BV	0.9	0.9	0.9
OpFCF yield	10.5%	7.6%	11.1%
Dividend yield	4.8%	4.8%	4.9%
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. & Rel. 39%;

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Finalisation of the disposal of the industrial coatings activities

The facts: Yesterday evening, Bekaert announced the successful closing of the transaction leading to the sale of its Industrial Coatings activities.

Our analysis: In January 27 2012, the company announced it had signed an agreement for the sale of its Industrial Coatings activities to Element Partners, a US-based equity fund. The transaction was subject to customary closing conditions.

Bekaert Industrial Coatings is a total solution provider for rotatable sputter equipment, offering sputter hardware, rotatable targets and sputter electronics for all Physical Vapour Deposition applications. While the business is growing, technological synergies within Bekaert have proven to be limited over time. Element Partners also intends to acquire US-based peer Soleras and merge the business with Bekaert Industrial Coatings.

The Industrial Coatings division accounted for less than 1.5% of Bekaert's consolidated sales in 2011 (~EUR 50m) and had a profitability level in-line with the long-term profitability guidance for the Group (i.e. EBIT margin of 7-9%). The transaction price has not been disclosed but assuming an EBIT of about EUR 4m (EBIT margin of 8%), an EV of EUR 35m would correspond to about 0.7x sales and 8.8x EBIT, in line with the multiples of the company.

Conclusion & Action: Over the last 12 months Bekaert divested its Specialty Films activities, expanded its wire business in China and consolidated the Latin American activities. With the current disposal Bekaert continues to streamline its business. Its impact will however be limited.

We still do not see an improvement of margins before next year and still believe it is too early to turn positive on this stock. Hold.