

Fortis Bank Nederland

Bekaert

Indy - Industrial, Diversified / Belgium

Target Price EUR 75.00

Expected performance (12 mth) 1.7%

HOLD (Downgrade from BUY) EUR 73.76 (Closing price 11-May-09)

Change in recommendation

Downgraded to HOLD

12 May 2009

Analyst: Maarten Bakker

Fortis Bank (Nederland) N.V.

Tel: +31 20 527 23 32

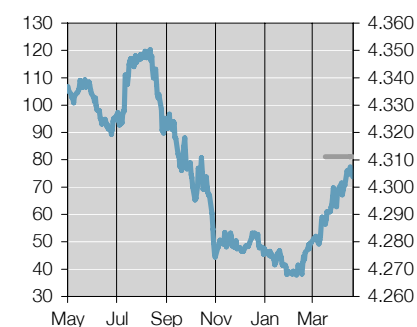
Email: maarten.bakker@nl.fortis.com

Opinion on qualitative criteria

| | |
|-------------------------|-----------------|
| Accounting | IFRS 01/01/2004 |
| Quality of track record | High |
| Solvency | High |
| Currency risk | High |
| Risk of asset write-off | Neutral |

Share price performance/EPS revision (EUR)

Price Fortis EPS est. 2009



Source: FactSet, Fortis Equity Research

| | |
|-------------------------------|------------------|
| Market capitalisation (EUR m) | 1,459.3 |
| No. of shares (m) | 19.8 |
| Free float | 61.4% |
| 1/3/12 mth perf. (%) | 20.9/66.2/(24.8) |
| High/low 52 weeks (EUR) | 120.32/37.88 |
| Next results due | 13 May 2009 |
| Price/book value (x) | 1.3 |
| Volatility (β) (5yrs/) | |
| Reuters symbol | BEKB.BR |
| Bloomberg symbol | BEKB BB |
| Website | www.bekaert.com |

No catalysts to unlock further upside – HOLD

With a little help from a beta rally in equities, the Bekaert stock staged a 30% performance since we initiated coverage on 7 April (and it recovered by 95% from the low of end-February). Bekaert's 2010 valuation has re-rated to 10.5x P/E, 4.3x EV/EBITDA and 7.9x EV/EBIT, which narrowed the discount to the historic 10-year average valuation to only 16%. As the stock has reached at our target price of EUR 75, we downgrade our recommendation from BUY to HOLD. We adopt a wait-and-see approach in the face of uncertainty about the development of short-term earnings. With an (unchanged) EPS forecast for 2009 that is 33% below consensus, we perceive a risk of disappointment. At current share price levels, we consider the longer-term attractions of the investment case (emerging markets footprint) balanced out by the short-term risks.

Preview 1Q09 sales trading update (due 13 May)

This note also contains a preview to the sales trading update of 13 May. A presentation at the recent Capital Markets Event showed an indication of 1Q09 consolidated sales in a range of EUR 575-600m. Although management noted that the slide merely served as an illustration of the challenges faced by Bekaert (it was said to be no guidance), we would be surprised if the actual outcome would not be consistent with it. We consider the indicated 2-7% *q-o-q* decline a resilient top-line performance (-3% to +1% on 1Q08). Note that the update only discloses sales numbers and thereby fails to give important insight with respect to the impact of current trading conditions on earnings (in other words, there remains uncertainty about to the impact of operational leverage).

| Year to December | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---------|---------|---------|---------|---------|
| Sales (EUR m) | 2,173.6 | 2,662.4 | 2,446.6 | 2,590.7 | 2,715.3 |
| EBITDA (EUR m) | 298.6 | 412.2 | 290.8 | 353.8 | 408.9 |
| Net profit excl. extr. & amort. (EUR m) | 157.2 | 219.1 | 85.3 | 139.4 | 187.9 |
| Net profit (EUR m) | 152.9 | 174.1 | 85.3 | 139.4 | 187.9 |
| EBITDA margin (%) | 13.7 | 15.5 | 11.9 | 13.7 | 15.1 |
| ROCE (incl. goodwill) (%) | 9.5 | 11.6 | 5.2 | 7.7 | 9.3 |
| Net gearing (%) | 45.7 | 59.5 | 43.2 | 38.1 | 30.2 |
| EPS before extr. & amort. (EUR) | 7.84 | 11.11 | 4.31 | 7.04 | 9.50 |
| EPS (EUR) | 7.63 | 8.83 | 4.31 | 7.04 | 9.50 |
| DPS (EUR) | 2.76 | 2.80 | 1.72 | 2.82 | 3.80 |
| % change sales | 8.2 | 22.5 | (8.1) | 5.9 | 4.8 |
| % change EPS (excl. extr. & amort.) | 13.7 | 41.6 | (61.2) | 63.4 | 34.8 |
| EV/Sales | 0.87 | 0.51 | 0.65 | 0.61 | 0.56 |
| EV/EBITDA | 6.4 | 3.3 | 5.5 | 4.5 | 3.7 |
| P/E (excl. extr. & amort.) | 12.5 | 7.9 | 17.1 | 10.5 | 7.8 |
| P/E | 12.9 | 10.0 | 17.1 | 10.5 | 7.8 |
| PE/growth (excl. extr.) | 1.2 | 0.5 | nmf | nmf | 0.2 |
| Free cash flow yield (%) | (0.5) | (2.5) | 13.5 | 2.6 | 6.2 |

No catalysts to unlock further upside – HOLD

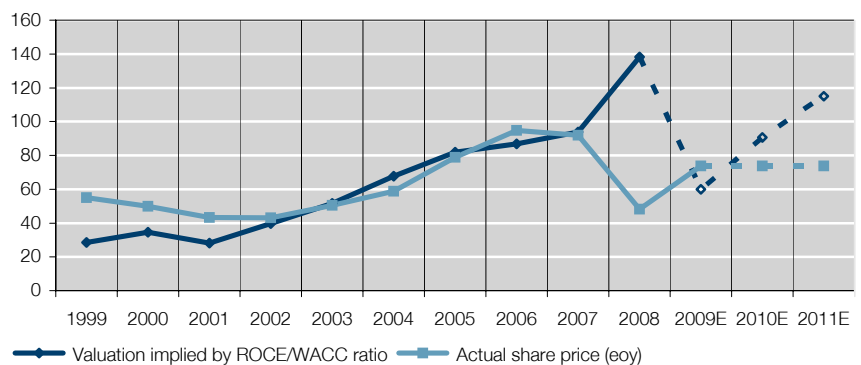
With a little help from a beta rally in equities in recent weeks, the Bekaert stock staged a 30% performance since we initiated coverage of the company on 7 April (and it recovered by 95% from the low of end-February). As the share price has reached at our price target of EUR 75, the time has come to reconsider our BUY recommendation.

We see further upside potential to a trough-the-cycle valuation of EUR 100/shr ...

On the one hand, we see further upside potential to the fundamental valuation on a through-the-cycle view. As a key attraction of the investment case, we highlight the broad spread of Bekaert's operations across many parts of the world and many different industries. This puts the company in an attractive position to take advantage of recovery spots in the economy the moment they arise. A key differentiating factor is the fact that Bekaert generates 70% of *combined* sales from emerging countries (mainly Latin America and Asia). While exports from emerging countries suffer from the economic slowdown in developed countries, it are the domestic developments that continue to thrive remarkably well, as was recently confirmed by Bekaert at the capital market event of 17 April. We expect the emerging markets footprint to make Bekaert's earnings more resilient in the short term, and we expect it to drive a continued growth outperformance in the long run. We also highlight Bekaert's healthy balance sheet (end-2009 net debt/EBITDA of 1.6x and gearing of 43%), which should enable the company to weather the current downturn and still make anti-cyclical investments in long-term growth opportunities.

A DCF valuation based on conservative assumptions (2009-2018 CAGR EBIT of 0.3% and 0% terminal growth) indicates a through-the-cycle valuation for the Bekaert stock of EUR 100 (including a valuation of EUR 28 per share for the joint ventures, based on a dividend discount model). A returns-based valuation (where the EV/CE is consistent with ROCE/WACC) on 2010 numbers indicates a fair value of EUR 91 (the chart below shows the historically close link between the outcome of this valuation approach and actual share price development).

Development Bekaert's valuation implied by ROCE/WACC ratio versus actual eoy share price (EUR)



Source: Fortis Bank Nederland

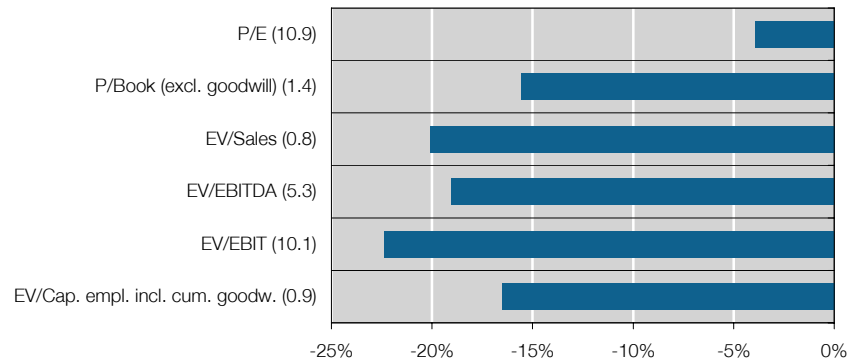
... however, we question whether the market will be prepared to defy risks to short-term earnings and already price the longer-term potential

On the other hand, however, we question whether the market will be willing to defy the uncertainty about the short-term earnings development and already price the Bekaert stock on its longer-term normalised earnings potential. We perceive a risk that the downturn in short-term earnings may be larger than is currently anticipated by the consensus (our 2009 EPS forecast of EUR 4.31 is 33% below consensus). Short-term earnings may thereby not yet convincingly support the aforementioned attractions of the investment case.

Discount of 2010 valuation multiples to 10-year historic average narrowed to only 16%

Bekaert's valuation multiples have been re-rated to 10.5x P/E, 4.3x EV/EBITDA¹ and 7.9x EV/EBIT on our forecasts for 2010 (which are in line with the consensus). The chart below shows that the valuation discount has narrowed to some 16% to the historic 10-year average. Given the short-term uncertainties about earnings, we consider these multiples more or less fair.

Discount 2010 multiples to average 1999-2008 valuation



Source: Fortis Bank Nederland

Downgraded to HOLD, as we adopt a wait-and-see mode

Following the recent re-rating, we adopt a wait-and-see mode downgrade our recommendation from BUY to HOLD. We see no short-term catalysts to unlock further upside, while there may be a risk that disappointment about short-term earnings triggers profit taking.

Preview 1Q09 trading update (due 13 May)

The 1Q09 sales trading update lacks important insight into the impact of operational leverage on earnings

Bekaert is due to release a trading update for 1Q09 on 13 May. As is the tradition with quarterly trading updates, only the sales performance is disclosed. As such, the update does not provide important insight with respect to the impact of current trading conditions on earnings (in other words, there remains uncertainty related to the impact of operational leverage).

We note that Bekaert has changed the segmentation of its accounting from this year onwards². The new breakdown differentiates between EMEA, North America, Latin America and Asia-Pacific, and also the profit numbers will be disclosed on a half-year and full-year basis. The 1Q09 update will disclose the development of *consolidated* sales and *combined* sales (the latter includes 100% of sales at joint ventures and associates consolidated by the equity method).

A slide at the recent Capital Markets Event showed an indication of 1Q09 sales

Although it was said to merely serve as an illustration of the challenges faced by Bekaert, we would be surprised if the actual outcome would not be consistent with it

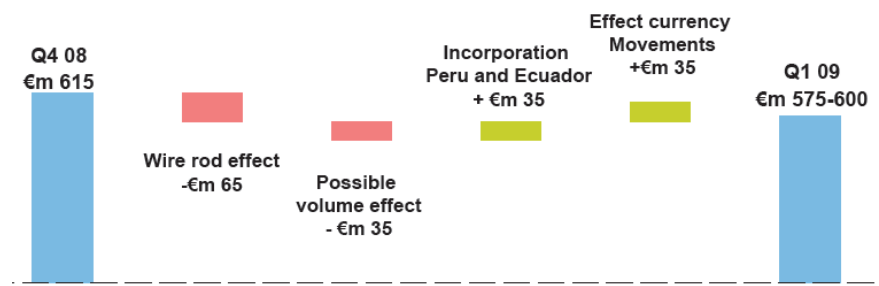
A slide at the recent Capital Markets Event showed an indication of 1Q09 sales – although it was meant to merely serve as an illustration of the challenges by Bekaert, we would be surprised if the actual outcome would not be consistent with it. At the Capital Market Event 2009 on 17 April, Bekaert management confirmed that the business environment had deteriorated strongly since 4Q08 and that there is no visibility at the moment (on a positive note, the environment for Bekaert's operations in Asia and Latin America was said to be relatively resilient). Management discussed a slide (see chart below) with a consideration of the challenges faced by Bekaert in 1Q09. Management noted that the slide only served as an illustration, as opposed to guidance for 1Q09. However, we

¹ Our calculation of EV includes the estimated market value of Bekaert's JVs and associates.

² The previous breakdown (based on Advanced wire products, Advanced materials and Advanced coatings) was rather meaningless, as the Advanced wire products segment accounted for about 90% of sales)

would be surprised if 1Q09 *consolidated* sales would not be consistent with the range of EUR 575-600m shown in the slide.

“What to consider when comparing 1Q09 with 4Q08”



Source: Bekaert presentation Capital Market Event 2009 (17 April)

Suggested 1Q09 *consolidated* sales of EUR 575-600m surprised us positively

While it seemed as if management showed the slide out of caution, we were actually positively surprised about impact of the suggested considerations. 1Q09 consolidated sales in a range of EUR 575-600m implies only a modest 2-7% decline on 4Q08 and a change of -3% to +1% in 1Q08. The pressure on sales that stems from lower volumes and the pass through of lower wire rod prices (they declined by 25% in 1Q09) is partly compensated by positive currency effects and the consolidation of the newly formed Ideal Holding³. We were surprised about suggested *q-o-q* volume effect (EUR 35m, or 5-6%), which looks resilient in view of the further deterioration of economic conditions in 1Q09.

Again, the 1Q09 sales trading update provides limited insight into profitability (note that profitability will likely have suffered somewhat from negative inventory value adjustments, which had a negative impact of c. EUR 10m on EBIT in 2H08, or c. 70bps margin impact).

³ In October 2008, Bekaert agreed with its Ecuadorean partner (the Kohn family) to merge their wire operations covering four northern countries of Latin America: Venezuela (100% owned by Bekaert), Colombia (87.5% owned by Bekaert and 12.5% by the partner), Ecuador (50/50 joint venture between Bekaert and the partner) and Peru (previously a 39.9% investment held 50/50 by Bekaert and the partner). Bekaert holds 80% of the shares in the newly established holding company. The financial implication of the merger is a shift of c. EUR 140m of revenue from equity-consolidated joint ventures (those in Ecuador and Peru) to Bekaert's *consolidated* revenue line (representing 5.3% of 2008 revenue).

| P & L Statement (EUR m) Year to December | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 1,863.5 | 1,797.0 | 1,741.9 | 1,914.3 | 2,009.6 | 2,173.6 | 2,662.4 | 2,446.6 | 2,590.7 | 2,715.3 |
| Other income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Personnel costs | (548.7) | (506.9) | (450.3) | (449.9) | (462.0) | (472.6) | (507.7) | (509.2) | (529.3) | (548.8) |
| Other operating costs | | | | | | | | | | |
| EBITDA | 225.8 | 239.1 | 255.6 | 257.4 | 262.2 | 298.6 | 412.2 | 290.8 | 353.8 | 408.9 |
| Depreciation | (149.4) | (127.3) | (107.6) | (107.4) | (110.7) | (119.7) | (156.7) | (165.6) | (165.4) | (167.0) |
| EBITA | 76.3 | 111.8 | 148.0 | 150.0 | 151.4 | 178.9 | 255.4 | 125.2 | 188.4 | 242.0 |
| Reported provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation | (12.1) | 0.0 | (9.0) | (13.7) | (5.5) | (4.3) | (45.0) | 0.0 | 0.0 | 0.0 |
| EBIT | 64.2 | 111.8 | 139.0 | 136.3 | 145.9 | 174.6 | 210.5 | 125.2 | 188.4 | 242.0 |
| Net financials | (130.1) | (43.0) | (20.5) | (15.3) | (31.0) | (41.0) | (49.2) | (46.2) | (40.3) | (37.9) |
| Profit Before Taxes (PBT) | (65.9) | 68.8 | 118.5 | 121.0 | 114.9 | 133.6 | 161.2 | 78.9 | 148.1 | 204.1 |
| Taxes | 7.2 | (8.2) | (18.4) | (30.3) | (18.4) | (19.1) | (25.5) | (14.2) | (29.6) | (44.9) |
| Income from associates | 19.1 | 33.5 | 53.5 | 56.9 | 51.0 | 47.1 | 56.1 | 31.1 | 38.1 | 52.0 |
| Minorities | (6.7) | (7.5) | (12.3) | (12.0) | (4.8) | (8.7) | (17.7) | (10.5) | (17.2) | (23.2) |
| Net profit before extraordinary | (46.3) | 86.7 | 141.3 | 135.7 | 142.8 | 152.9 | 174.1 | 85.3 | 139.4 | 187.9 |
| Extraordinary items | 0.0 | 0.0 | 26.3 | 54.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net reported profit | (46.3) | 86.7 | 167.6 | 189.9 | 142.8 | 152.9 | 174.1 | 85.3 | 139.4 | 187.9 |
| % change in Sales | 3.8 | (3.6) | (3.1) | 9.9 | 5.0 | 8.2 | 22.5 | (8.1) | 5.9 | 4.8 |
| % change in EBITDA | 8.8 | 5.9 | 6.9 | 0.7 | 1.8 | 13.9 | 38.0 | (29.4) | 21.7 | 15.6 |
| % change in EBITA | 22.5 | 46.5 | 32.4 | 1.3 | 1.0 | 18.1 | 42.8 | (51.0) | 50.5 | 28.4 |
| % change in PBT | ns | ns | 72.1 | 2.1 | (5.0) | 16.3 | 20.7 | (51.1) | 87.7 | 37.8 |
| % change in Net profit before extraordinary | ns | ns | 63.0 | (3.9) | 5.2 | 7.1 | 13.9 | (51.0) | 63.4 | 34.8 |

| Cash Flow Statement (EUR m) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|--------------|--------------|---------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA | 225.8 | 239.1 | 255.6 | 257.4 | 262.2 | 298.6 | 412.2 | 290.8 | 353.8 | 408.9 |
| Change in provisions excluding tax provisions | 5.3 | (31.2) | (0.6) | (15.4) | (12.3) | (8.9) | 26.2 | 0.0 | 0.0 | 0.0 |
| Change in net working capital | 39.5 | (18.6) | (112.6) | (32.3) | (31.9) | (41.9) | (162.4) | 119.7 | (57.7) | (28.3) |
| Gross operating cash flow | 270.5 | 189.3 | 142.4 | 209.8 | 217.9 | 247.8 | 276.0 | 410.5 | 296.1 | 380.6 |
| Taxes paid | (13.1) | (18.5) | (32.9) | (25.5) | (16.8) | (24.9) | (27.5) | (14.2) | (29.6) | (44.9) |
| Capex | (84.9) | (118.1) | (172.9) | (151.6) | (161.3) | (199.8) | (251.0) | (160.5) | (196.2) | (214.7) |
| Free cash flow | 172.5 | 52.7 | (63.3) | 32.7 | 39.8 | 23.1 | (2.5) | 235.8 | 70.3 | 121.0 |
| Net interest received | (26.7) | (18.2) | (16.0) | (14.8) | (22.0) | (30.8) | (31.5) | (38.4) | (32.5) | (30.1) |
| Other | 19.7 | 17.2 | 75.5 | 96.6 | (25.4) | 42.1 | 24.2 | 29.3 | 15.8 | 24.5 |
| Acquisitions | (5.5) | (33.9) | (16.9) | (21.2) | (42.7) | (14.7) | (44.2) | 0.0 | 0.0 | 0.0 |
| Divestments | 3.1 | 5.7 | 0.1 | 86.5 | 0.0 | 4.2 | 0.7 | 0.0 | 0.0 | 0.0 |
| Share issues/buybacks | 0.0 | (2.2) | (8.8) | (24.3) | (56.1) | (111.0) | (19.7) | 0.0 | 0.0 | 0.0 |
| Dividend (adj. stock dividend) | (43.1) | (44.9) | (45.3) | (52.2) | (74.1) | (57.2) | (62.2) | (55.4) | (34.1) | (55.7) |
| Extraordinary items (after tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in interest-bearing debt | (120.9) | 32.5 | 77.4 | 20.6 | 39.1 | 136.4 | 180.4 | (171.3) | (19.5) | (59.6) |
| Change in cash & cash equivalents | (0.9) | 8.8 | 2.7 | 123.8 | (141.5) | (7.9) | 45.1 | 0.0 | 0.0 | 0.0 |

| Balance Sheet (EUR m) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net intangible fixed assets | 127.1 | 119.5 | 118.4 | 125.4 | 134.5 | 122.0 | 111.5 | 107.7 | 104.5 | 102.0 |
| Net tangible fixed assets | 777.6 | 757.6 | 791.6 | 799.8 | 824.2 | 917.6 | 1,070.7 | 1,069.3 | 1,103.2 | 1,153.5 |
| Financials fixed assets (FFA) | 269.9 | 303.7 | 331.1 | 325.5 | 348.6 | 303.4 | 247.7 | 232.8 | 240.4 | 250.8 |
| Inventories | 311.8 | 322.6 | 419.3 | 348.3 | 368.8 | 385.4 | 510.5 | 435.7 | 468.5 | 491.0 |
| Trade debtors | 311.4 | 307.7 | 385.2 | 354.2 | 398.9 | 437.7 | 483.2 | 435.7 | 468.5 | 491.0 |
| Other debtors | 52.1 | 45.5 | 44.9 | 63.4 | 63.7 | 73.1 | 125.3 | 106.3 | 123.6 | 121.6 |
| Cash & securities | 72.2 | 81.1 | 98.9 | 222.7 | 81.2 | 73.2 | 118.3 | 118.3 | 118.3 | 118.3 |
| Total Assets | 1,922.1 | 1,937.6 | 2,189.3 | 2,239.3 | 2,219.8 | 2,312.6 | 2,667.2 | 2,505.8 | 2,627.0 | 2,728.3 |
| Shareholder's equity | 758.4 | 790.8 | 909.7 | 1,057.5 | 1,060.1 | 1,098.2 | 1,130.6 | 1,160.5 | 1,265.7 | 1,397.9 |
| Other equity | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minorities | 44.3 | 43.3 | 48.8 | 51.1 | 48.9 | 48.4 | 41.8 | 48.1 | 58.4 | 72.3 |
| Provisions | 413.9 | 361.5 | 373.0 | 357.5 | 331.4 | 298.8 | 373.4 | 373.4 | 373.4 | 373.4 |
| Long-term interest bearing debt | 324.3 | 312.3 | 242.3 | 288.3 | 274.4 | 322.5 | 288.1 | 116.8 | 97.3 | 37.7 |
| Short-term interest bearing debt | 146.7 | 176.6 | 312.0 | 245.6 | 218.0 | 253.0 | 503.1 | 503.1 | 503.1 | 503.1 |
| Trade creditors | 184.9 | 191.4 | 250.8 | 187.4 | 227.8 | 231.7 | 253.8 | 234.6 | 255.5 | 267.8 |
| Other non-interest bearing liabilities | 49.5 | 61.6 | 52.7 | 52.0 | 59.3 | 60.0 | 76.4 | 69.3 | 73.5 | 76.0 |
| Total Liabilities & Capital | 1,922.1 | 1,937.6 | 2,189.3 | 2,239.3 | 2,219.8 | 2,312.6 | 2,667.2 | 2,505.8 | 2,627.0 | 2,728.3 |
| Enterprise Value (EV) | 1,225.1 | 1,220.3 | 1,330.5 | 1,525.9 | 1,863.3 | 1,897.6 | 1,365.7 | 1,586.3 | 1,577.1 | 1,531.4 |
| Net debt/(Net cash) | 398.8 | 407.9 | 455.4 | 311.2 | 411.2 | 502.2 | 672.9 | 501.6 | 482.1 | 422.5 |
| Capital Employed incl. goodwill (avg.) | 1,529.7 | 1,383.0 | 1,458.6 | 1,515.7 | 1,517.1 | 1,610.5 | 1,852.6 | 1,963.0 | 1,947.0 | 2,031.8 |
| Cumulative goodwill (as of 1991) | 113.0 | 121.1 | 131.3 | 85.3 | 82.2 | 75.2 | 75.2 | 75.2 | 75.2 | 75.2 |
| Capital Employed (avg.) | 1,410.5 | 1,266.0 | 1,332.4 | 1,407.4 | 1,433.3 | 1,531.8 | 1,777.4 | 1,887.9 | 1,871.9 | 1,956.7 |
| Net working capital | 440.9 | 422.9 | 545.9 | 526.6 | 544.3 | 604.6 | 788.8 | 673.8 | 731.5 | 759.8 |
| Discounted value of leases | | 29.6 | 26.3 | 36.6 | 32.2 | 28.6 | 32.8 | 34.8 | 37.2 | 39.8 |
| Adjusted equity | 871.4 | 911.9 | 1,041.0 | 1,142.9 | 1,142.3 | 1,173.3 | 1,205.7 | 1,235.6 | 1,340.9 | 1,473.1 |

| Per Share Data (EUR) | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|--|--------|-------|--------|-------|--------|--------|--------|---------|--------|--------|
| Avg. no. of shares (m) | 22.1 | 22.1 | 21.9 | 21.6 | 21.5 | 20.0 | 19.7 | 19.8 | 19.8 | 19.8 |
| Eoy. no. of shares (m) | 22.1 | 22.1 | 21.9 | 21.5 | 20.9 | 19.8 | 19.8 | 19.8 | 19.8 | 19.8 |
| Avg. no. of shares fully diluted (m) | 22.2 | 22.1 | 22.0 | 21.7 | 21.6 | 20.2 | 19.8 | 19.9 | 19.9 | 19.9 |
| Enterprise Value (EV) | 55.38 | 55.29 | 60.83 | 70.87 | 88.95 | 95.69 | 69.03 | 80.18 | 79.72 | 77.41 |
| Net debt less FFA plus minorities | 7.83 | 6.68 | 7.92 | 1.71 | 5.32 | 12.47 | 23.60 | 16.02 | 15.17 | 12.33 |
| Sales | 84.13 | 81.27 | 79.46 | 88.49 | 93.51 | 108.47 | 135.02 | 123.67 | 130.95 | 137.25 |
| EBITDA | 10.19 | 10.81 | 11.66 | 11.90 | 12.20 | 14.90 | 20.90 | 14.70 | 17.88 | 20.67 |
| EBITA | 3.45 | 5.06 | 6.75 | 6.93 | 7.05 | 8.93 | 12.95 | 6.33 | 9.52 | 12.23 |
| EBIT | 2.90 | 5.06 | 6.34 | 6.30 | 6.79 | 8.71 | 10.67 | 6.33 | 9.52 | 12.23 |
| Net profit before extr. & amort. (EUR) | (1.54) | 3.92 | 6.86 | 6.91 | 6.90 | 7.84 | 11.11 | 4.31 | 7.04 | 9.50 |
| Net profit before extraordinary (EUR) | (2.09) | 3.92 | 6.44 | 6.27 | 6.64 | 7.63 | 8.83 | 4.31 | 7.04 | 9.50 |
| Cash Flow (EUR) | 5.20 | 9.68 | 11.76 | 11.87 | 12.05 | 13.82 | 19.06 | 12.68 | 15.40 | 17.94 |
| Gross Dividend (EUR) | 1.68 | 1.75 | 2.00 | 3.00 | 2.50 | 2.76 | 2.80 | 1.72 | 2.82 | 3.80 |
| Book value (EUR) | 34.28 | 35.83 | 41.59 | 49.12 | 50.61 | 55.38 | 57.15 | 58.66 | 63.98 | 70.66 |
| Adjusted equity | 39.39 | 41.32 | 47.59 | 53.08 | 54.54 | 59.17 | 60.95 | 62.46 | 67.78 | 74.46 |
| Free Cash Flow | 7.79 | 2.38 | (2.89) | 1.51 | 1.85 | 1.15 | (0.13) | 11.92 | 3.56 | 6.12 |
| % change in EPS before extr. & amort. | ns | ns | 74.88 | 0.76 | (0.11) | 13.68 | 41.63 | (61.19) | 63.41 | 34.84 |

| Valuation | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|------------------------------|-------|-------|-------|-------|-------|--------|--------|-------|-------|-------|
| P/E (excl. extr. & amort.) | nmf | 10.6 | 7.3 | 9.4 | 11.9 | 12.5 | 7.9 | 17.1 | 10.5 | 7.8 |
| P/CF (x) | 8.5 | 4.3 | 4.3 | 5.5 | 6.8 | 7.1 | 4.6 | 5.8 | 4.8 | 4.1 |
| P/Book (x) | 1.3 | 1.4 | 1.4 | 1.6 | 1.9 | 1.7 | 0.8 | 1.3 | 1.2 | 1.0 |
| Dividend yield (%) | 3.8 | 4.2 | 4.0 | 4.6 | 3.0 | 2.8 | 3.2 | 2.3 | 3.8 | 5.2 |
| Free cash flow yield (%) | 14.6 | 2.2 | (7.2) | 0.4 | 0.9 | (0.5) | (2.5) | 13.5 | 2.6 | 6.2 |
| EV/Sales (x) | 0.7 | 0.7 | 0.8 | 0.8 | 0.9 | 0.9 | 0.5 | 0.6 | 0.6 | 0.6 |
| EV/EBITDA (x) | 5.4 | 5.1 | 5.2 | 5.9 | 7.1 | 6.4 | 3.3 | 5.5 | 4.5 | 3.7 |
| EV/EBITA (x) | 16.0 | 10.9 | 9.0 | 10.2 | 12.3 | 10.6 | 5.3 | 12.7 | 8.4 | 6.3 |
| EV/EBIT (x) | 19.1 | 10.9 | 9.6 | 11.2 | 12.8 | 10.9 | 6.5 | 12.7 | 8.4 | 6.3 |
| EV/Capital Employed (x) | 0.9 | 1.0 | 1.0 | 1.1 | 1.3 | 1.2 | 0.8 | 0.8 | 0.8 | 0.8 |
| EV/CE (incl. goodwill) (x) | 0.8 | 0.9 | 0.9 | 1.0 | 1.2 | 1.2 | 0.7 | 0.8 | 0.8 | 0.8 |
| Share price : High (EUR) | 50.90 | 50.70 | 59.75 | 78.95 | 99.60 | 113.40 | 120.32 | 77.33 | | |
| Share price : Low (EUR) | 35.76 | 31.00 | 43.50 | 55.40 | 69.35 | 84.46 | 44.47 | 37.88 | | |
| Share price : Average (EUR) | 44.32 | 41.40 | 50.13 | 65.17 | 82.18 | 98.18 | 88.25 | 73.76 | 73.76 | 73.76 |
| Share price : Year end (EUR) | 43.15 | 50.50 | 58.75 | 78.95 | 94.70 | 92.00 | 48.32 | 73.76 | 73.76 | 73.76 |

| Capital Efficiency/Solvability | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|-------------------------------------|---------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales/CE (incl. goodwill) | 1.2 | 1.3 | 1.2 | 1.3 | 1.3 | 1.3 | 1.4 | 1.2 | 1.3 | 1.3 |
| Sales/Fixed assets (x) | 2.4 | 2.4 | 2.2 | 2.4 | 2.4 | 2.4 | 2.5 | 2.3 | 2.3 | 2.4 |
| Sales/Net working capital (x) | 4.2 | 4.2 | 3.2 | 3.6 | 3.7 | 3.6 | 3.4 | 3.6 | 3.5 | 3.6 |
| Inventories/Sales (days) | 61.1 | 65.5 | 87.9 | 66.4 | 67.0 | 64.7 | 70.0 | 65.0 | 66.0 | 66.0 |
| Trade debtors/Sales (days) | 61.0 | 62.5 | 80.7 | 67.5 | 72.5 | 73.5 | 66.2 | 65.0 | 66.0 | 66.0 |
| Trade creditors/Sales (days) | 36.2 | 38.9 | 52.6 | 35.7 | 41.4 | 38.9 | 34.8 | 35.0 | 36.0 | 36.0 |
| CAPEX/Depreciation (%) | 56.8 | 92.8 | 160.7 | 141.1 | 145.7 | 166.9 | 160.2 | 96.9 | 118.6 | 128.6 |
| Equity/Total assets (%) | 39.5 | 40.8 | 41.6 | 47.2 | 47.8 | 47.5 | 42.4 | 46.3 | 48.2 | 51.2 |
| Net debt/Equity (%) | 52.6 | 51.6 | 50.1 | 29.4 | 38.8 | 45.7 | 59.5 | 43.2 | 38.1 | 30.2 |
| Interest cover (x) | 2.4 | 3.2 | 6.3 | 4.8 | 5.5 | 5.2 | 5.6 | 3.0 | 5.1 | 7.0 |
| Dividend payout (%) | (108.8) | 44.6 | 29.1 | 43.2 | 35.3 | 34.8 | 25.3 | 40.0 | 40.0 | 40.0 |
| ROCE (average) (%) | 4.8 | 7.8 | 9.4 | 8.0 | 8.9 | 10.0 | 12.1 | 5.4 | 8.1 | 9.6 |
| ROCE (incl. goodwill) (average) (%) | 4.4 | 7.1 | 8.6 | 7.4 | 8.4 | 9.5 | 11.6 | 5.2 | 7.7 | 9.3 |

| Operating Efficiency & Profitability ratios | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009e | 2010e | 2011e |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales per FTE employee ('000s) | 181.7 | 168.9 | 161.4 | 178.9 | 169.2 | 155.4 | 181.6 | 170.6 | 178.1 | 184.6 |
| Wage costs per FTE employee ('000s) | 53.5 | 47.6 | 41.7 | 42.0 | 38.9 | 33.8 | 34.6 | 35.5 | 36.4 | 37.3 |
| EBIT per FTE employee ('000s) | 6.3 | 10.5 | 12.9 | 12.7 | 12.3 | 12.5 | 14.4 | 8.7 | 13.0 | 16.4 |
| Gross margin (%) | | | | | | | | | | |
| EBITDA margin (%) | 12.1 | 13.3 | 14.7 | 13.4 | 13.0 | 13.7 | 15.5 | 11.9 | 13.7 | 15.1 |
| Operating margin (%) | 3.4 | 6.2 | 8.0 | 7.1 | 7.3 | 8.0 | 7.9 | 5.1 | 7.3 | 8.9 |
| Net margin (%) | (2.5) | 3.4 | 6.3 | 5.5 | 5.1 | 5.5 | 6.8 | 2.6 | 4.6 | 5.9 |
| Tax rate (%) | 11.0 | 11.9 | 15.5 | 25.0 | 16.0 | 14.3 | 15.8 | 18.0 | 20.0 | 22.0 |

Important disclosures

| Issuer | Ticker | Price (EUR) |
|---------|---------|-------------|
| Bekaert | BEKB.BR | 73.76 |

Fortis Bank (Nederland) N.V. adopted a Research Policy for the purpose of ensuring that research produced by its analysts is impartial, independent, fair, clear and not misleading. In particular the Policy identifies policies intended to promote the integrity of research including those designed to ensure the identification and avoidance, management or disclosure of conflicts of interest in connection with the production of research, including information barriers.

Analyst certification

The persons named as the authors of this research report certify that:

1. all of the views expressed in the research report accurately reflect the personal views of the authors about the subject financial instruments and issuers; and
2. no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research report.

Maarten Bakker - Equity Research Analyst

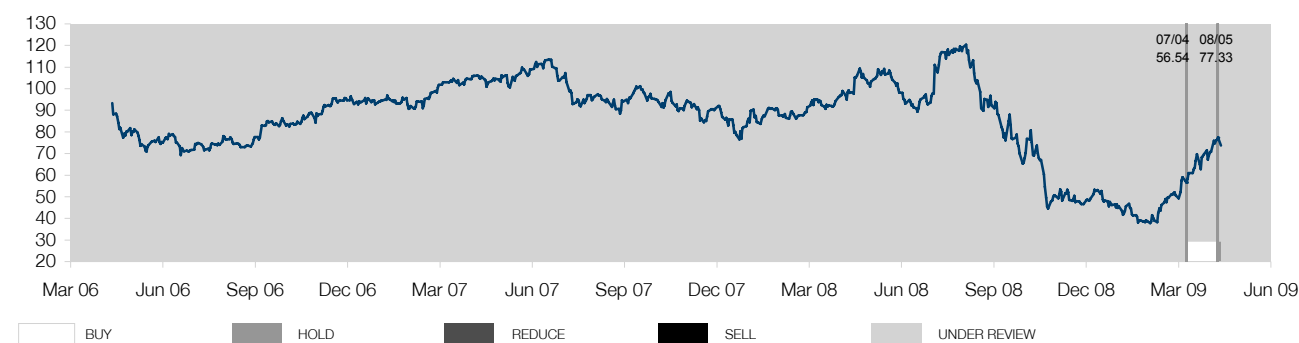
Analysts' compensation is determined based upon activities and services intended to benefit the clients of Fortis Bank (Nederland) N.V. and its affiliates. Like all Fortis (Nederland) N.V. and affiliate employees, analysts receive compensation that is impacted by overall Fortis Bank (Nederland) N.V. profitability, which includes revenues business units.

Fortis Bank (Nederland) N.V. and affiliates equity research ratings distribution (primary covered stocks)

| Category | Fortis Rating | Definition | % companies under coverage with this rating | % companies for which Fortis has provided Investment Banking services |
|----------|---------------|--|---|---|
| BUY | BUY | The stock belongs to the favourites of the local Fortis Bank (Nederland) N.V. univer Expected performance: > +15% | 44% | 33% |
| HOLD | HOLD | The stock does not belong to the current favourites. The investment case is not appealing for the time being. However, it's worth to keep the stock. Expected performance: > +5%, < +20% | 42% | 50% |
| | REDUCE | The stock belongs to the less attractive ones within the Fortis Bank (Nederland) N.V. universe. While the outlook is uncertain, the stock does not deserve an outright Sell. Expected performance: > -5%, < +10% | 10% | 17% |
| SELL | SELL | The investment case is definitively negative. Investors should sell the stock at any conditions. Expected performance: negative | 4% | 0% |

12 May 2009

Fortis Bank (Nederland) N.V. Primary Equity Research Coverage: 78

Historical equity recommendations and target price for Bekaert (EUR)**History of Target Prices**

| Date | Recommendation | Target Price |
|----------|----------------|--------------|
| 7/4/2009 | BUY | EUR 75.00 |

History of Recommendations

| Date | Recommendation | Target Price |
|----------|----------------|--------------|
| 8/5/2009 | HOLD | EUR 75.00 |
| 7/4/2009 | BUY | EUR 75.00 |

Source: Fortis Equity Research, FactSet

Fortis Bank (Nederland) N.V.

Rokin 55 (visiting address)
P.O. Box 243
1000 AE Amsterdam
The Netherlands
Tel: +31 20 527 91 11

Each research analyst primarily responsible for the content of this research report certifies that with respect to each security or issuer that the analyst covered in this report: 1) all of the expressed views accurately reflect his or her personal views about those securities or issuers, and 2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views contained in this report.

Production of the document

Fortis Bank (Nederland) N.V., with registered office at Blaak 555, 3011 GB Rotterdam, Netherlands ("**Fortis**"), is responsible for the production and the dissemination of this document, which has been prepared by the individual(s) working for Fortis or any of its affiliates and whose respective identity is disclosed in this document (the "**persons involved**") (together the "**producers of the document**"). This document can be distributed (i) by an affiliate of Fortis Bank (Nederland) N.V. that is not registered as a U.S. broker-dealer to major U.S. institutional investors only.

No public offer or financial promotion

This document does not constitute an offer or solicitation for the sale, purchase or subscription of any financial instrument in any jurisdiction. It is not directed to, or intended for distribution to, any person or entity who is a citizen or resident of or incorporated or located in any jurisdiction where such distribution would be contrary to local law or regulation and/or where Fortis would infringe any registration or licensing requirement within such jurisdiction. This document has been provided to you for your personal use only and should not be communicated to any other person without the prior written consent of Fortis. Should you have received this document by mistake, please delete or destroy it, and notify the sender immediately.

Sources and disclosure

Fortis believes that the information and/or the interpretations, estimates and/or opinions regarding the financial instrument(s) and/or issuer(s) to which this document relates (respectively, the "**financial instrument(s) concerned**" and/or the "**issuer(s) concerned**") are based on reliable sources. Fortis makes no representations as to the accuracy or completeness of those sources and, in any case, the recipients of this document should not exclusively rely on it before making an investment decision. The interpretations, estimates and/or opinions reflect the judgement of Fortis on the date of this document and are subject to changes without notice. This document has not been disclosed to the issuer(s) concerned prior to its dissemination by Fortis.

No investment advice

The information contained herein does not constitute investment advice nor any other advice of whatever nature (including advice on the tax consequences that might result from making any particular investment decision). Investments in the financial instrument(s) to which this document relates may involve significant risks, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. The value of, or income from, any financial instrument(s) concerned may fluctuate and/or be affected by external factors such as exchange rates fluctuations. Past performance is not indicative of future results. This document is intended for general circulation and does not take into account the recipient's particular financial knowledge and experience, investment objectives and financial situation or needs, and is not intended as a personal recommendation to invest in the financial instrument(s) concerned. Before making an investment decision on the basis of this document, an investor should consider whether such investment is suitable in light of, amongst others, its particular financial knowledge and experience, investment objectives and financial situation and, if necessary, should seek appropriate professional advice. Neither Fortis nor any of its group companies (including any subsidiary, affiliate or holding company), directors, officers and employees shall in any way be liable or responsible (whether directly or indirectly) for any costs, claims, damages, liabilities and other expenses, including any consequential loss, arising from any use of this document, except in the event of wilful misconduct or gross negligence on their part.

Supervision

Fortis Bank (Nederland) N.V. has a full banking License from the Dutch National Bank (DNB) and is overseen, as all Dutch banks, by the Autoriteit Financiële Markten (Authority Financial Markets, AFM) and DNB

Copyright

This document contains information, text, images, logos, and/or other material that is protected by copyrights, database rights, trademarks, or other proprietary rights. It may not be reproduced, distributed, published or used in any way by any person for any purpose without the prior written consent of Fortis or in the case of third party materials, the owner of that content.

To check the occurrence of possible (conflicts of) interests please send an email to: equities.nl@nl.fortis.com