

11 August 2011

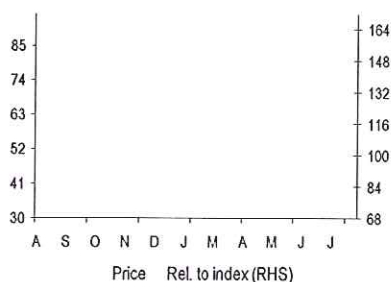
## BEKAERT

### Sale of Specialty Films activities

GENERAL INDUSTRIES  
BELGIUM

CURRENT PRICE € 36.22  
TARGET PRICE € 54.00

**ACCUMULATE**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEKB.BB  
Reuters BEKB.BR

www.bekaert.com

Market Cap € 2,168.7m  
Shares outst. 59.9m  
Volume (daily) € 9,459,305  
Free float 62.0%

Next corporate event

Trading update 3Q11: 10 November 2011

(€ m)	2010	2011E	2012E
Sales	3,262.5	3,472.4	3,655.7
REBITDA	724.7	612.8	614.6
Net earnings	367.6	245.8	241.4
Adj. EPS (€)	6.52	4.42	4.35
P/E (x)	5.6	8.2	8.3
EV/REBITDA	3.8	4.8	4.6
FCF Yield	0.0%	-3.5%	9.3%
Dividend yield	4.6%	4.6%	5.1%

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Yesterday, after market, Bekaert announced the sale of its Specialty Films (BSF) activities to Saint-Gobain Performance Plastics Corporation. The transaction covers the production facilities in San Diego (US), Zulte (Belgium) and Suzhou (China), the operations under development in China and all sales and services centres worldwide.

Bekaert expects the deal to result into a reduction of consolidated net debt of approximately € 80m and a capital gain of approximately € 10m. Since Bekaert has shifted to a segment reporting based upon the four geographical regions the company is present in, visibility on BSFs performance has been reduced significantly. However, Bekaert indicated that BSF accounted for about 3% of consolidated sales in 2010 (hence +/- € 100m) with a profitability level in-line with Bekaert's long-term profitability guidance (7 to 9%).

#### Conclusion:

The acquisition of BSF in 2001 was -together with Unisolar- one of the more expensive in the history of Bekaert. The high expectations for the business (double-digit growth and operating margin of about 15%) were never met and Bekaert had to take impairments on the business in 2004 and 2009. The announced divestment does make sense, given the limited technological synergies. While no precise numbers (selling price, EBIT(DA)) are disclosed, we estimate the transaction to correspond to approximately 10x EV/EBIT, which we regard as decent exit multiples.