

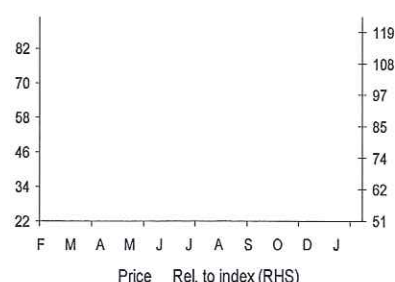
2 February 2012

## BEKAERT

## Announcing major restructuring program

 GENERAL INDUSTRIES  
 BELGIUM

 CURRENT PRICE € 33.27  
 TARGET PRICE € 35.00

 HOLD  
 RATING UNCHANGED


Source: Thomson Reuters Datastream

 Bloomberg BEKB.BB  
 Reuters BEKB.BR

www.bekaert.com

 Market Cap € 1,992.4m  
 Shares outst. 59.9m  
 Volume (daily) € 9,105,054  
 Free float 62.0%

Next corporate event

Results FY11: 24 February 2012

(€ m)	2011E	2012E	2013E
Sales	3,279.3	3,152.1	3,270.7
REBITDA	526.3	462.8	489.4
Net earnings	183.0	139.3	153.5
Adj. EPS (€)	3.29	2.55	2.79
P/E (x)	10.1	13.0	11.9
EV/REBITDA	5.2	5.5	5.0
FCF Yield	-2.8%	14.0%	11.3%
Dividend yield	5.0%	5.0%	5.0%

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Bekaert this morning announced a major global restructuring program aimed at reducing its overall global cost structure by about €100m p.a. in the forthcoming years.

The realignment program consists of two lines of actions:

- 1.) Addressing changed market environment, including measures and plans to adjust Bekaert's global sawing wire operations, including production, technology and engineering. Also included is the intended realignment of stainless steel wire activities in Belgium.
- 2.) Optimize the efficiency and synergy potential within the organization, targeting significant global cost savings.

Bekaert already started in December with the restructuring of its Chinese sawing wire activities, which in total will lead to a reduction of 1,250 jobs.

In Belgium, the proposed measures include intentions to downsize certain activities in Aalter, Zwevegem, Deerlijk and Ingelmunster. Approximately 600 jobs would be affected in Belgium on a total of about 2,700.

Bekaert intends to stop all sawing wire activities in Aalter. The production activities of bead wire and half products would be gradually integrated in other entities of the Group. Bekaert intends to keep the advanced cords end-products in Aalter. The decision to rightsize its global sawing wire footprint will also affect the technology centre in Deerlijk and engineering plant in Ingelmunster. Finally, Bekaert intends to limit manufacturing activities of the Belgian stainless steel wire platform in Zwevegem to products with high added value.

Bekaert will provide more details in a conference call this morning at 10:00.

**Conclusion:**

Despite last year's strong increase in newly connected capacity from 16.6 GW in 2010 to an estimated 27.7 GW (EPIA estimate), driven by strong demand from Germany (7.5 GW) and Italy (9.0 GW), the PV market has collapsed. While we estimate demand for sawing wire to have increased from about 80 to 90kt in 2010 to 125 to 140kt last year, there has been a significant build-up of excess capacity (global sawing wire capacity estimated region 200 to 250kt). Bekaert's market share in sawing wire is estimated at about 30 to 35%. Sawing wire prices are estimated to have dropped by over 60% last year.

Bekaert surprises with a very severe restructuring program, tackling excess capacity in sawing wire as well as targeting to significantly reduce the overall cost base by €100m p.a. in the forthcoming years. Awaiting more details (i.e. restructuring costs), we stick to our hold recommendation with €35 price target.