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Belgium / Metal technology **October 1, 2007**

Bekaert

Reinforced Emerging Markets profile

BRIC strategy leads better growth and FCF profile

- Bekaert reinforced its profile of emerging market grower over the past weeks.
- The group bought out its JV partner in Venezuela at a very attractive price. The deal adds 7% to revenues and 10% to EBIT.
- In addition Bekaert set up a JV in India in stainless steel wire and closed or transferred capacity in mature markets such as Australia and the US.
- Combined with the aggressive expansion and market share wins in China, Bekaert is becoming more and more a play on the emerging markets.
- In China, Bekaert is clearly gaining market share in as it is growing much faster than its closest competitors.
- Hence, the growth profile of the group further improves. In addition, Bekaert generates above average margins in the faster growing regions.
- Bekaert has the financial strength to expand fast and aggressive. We expect further capacity expansion in China in the coming months, both in steelcord and steel wire. In addition, management still hopes to close the Russian acquisition before year end.

Undervalued emerging market play

- A combination of a DCF for Bekaert's activity and a DDM for the joint ventures, leads to a fair value for the group of EUR 122 per share.
- The stock price fell back after the recent market turmoil. Valuation is reaching attractive levels. The group offers a FCF yield of 9.3% in 2008 and 11.4% in 2009. On an EV/EBITDA basis, Bekaert trades at 6.3x 2007 and 5.5x 2008.
- At our EUR 122 target price, Bekaert would be trading at 7.2x EBITDA 2008.
- We upgrade to Buy with a price target to EUR 122 per share

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	CFS	Div.	EV/ EBITDA (*)	P/E (*)	Yield (*)
12/03	*1,797*	*236*	*103*	*4.66*	*9.96*	*1.75*	*6.1*	*10.8*	*3.5%*
12/04	*2,173*	*313*	*183*	*8.38*	*13.94*	*2.00*	*5.2*	*7.0*	*3.4%*
12/05	*1,914*	*257*	*149*	*6.91*	*11.87*	*3.00*	*6.8*	*11.4*	*3.8%*
12/06	*2,010*	*268*	*148*	*6.88*	*12.29*	*2.50*	*7.4*	*13.8*	*2.6%*
12/07e	2,101	287	141	7.03	13.02	2.85	6.3	13.4	3.0%
12/08e	2,339	327	153	7.68	14.33	3.25	5.5	12.2	3.5%
12/09e	2,421	351	173	8.68	15.52	3.50	4.8	10.8	3.7%

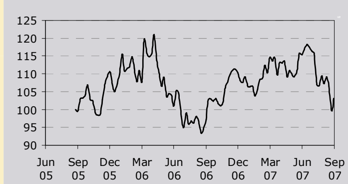
(*) 2003-2006 figures of EV, P/E and Yield are based on end F.Y. price

Buy

Price:	EUR 94.01 (28/09/07)
Target price:	122.00
Risk:	Medium
Reuters:	BERTt.BR
Bloomberg:	BEKB BB
Shares number (m):	19.88
Market cap. (m):	1,869
Net debt 12/07e (m):	452
Net debt/equity 12/07e:	40%
H/L 1 year:	113.40 - 76.50
1 year price perf.:	22.7%
Diff. with DJ Euro Stoxx	8.4%
Volume (sh./day):	56,477
Free Float	56%
Family shareholders	44%

Company description:
Bekaert seeks sustainable profitable growth based on its two core competences : advanced metal transformation & advanced materials and coatings.

Bekaert relative to DJ Euro Stoxx (28/09/07)



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Accelerating growth via emerging market investments

Strategy improves growth profile,

With the buyout of its JV partner in Venezuela, the opening of incremental capacity in China and the set up of a JV in India in stainless steel wire, Bekaert underpinned over the past weeks once more its strategy of investing its FCF in area's where the underlying market is growing faster.

In the meantime production capacity in mature countries is downscaled. Bekaert recently announced that it will close its steel cord plant in Australia (estimated capacity 10,000 tons) and will supply the Australian market from its low cost steelcord plants located within Asia. At the end of 2006, Bekaert closed down a 40,000 tons steelcord plant in the US. The production capacity is integrated into other Bekaert facilities, mainly China but also other steelcord plant in the US.

As a result, Bekaert is becoming more and more a play on the emerging markets. Including its equity consolidated companies, Latin America and Asia combined represent more than 50% of total revenues. We estimate that given the higher profitability, these emerging regions contribute 60% to profits.

The group's strategy results in an accelerating organic growth, mainly driven by China, which is expected to represent 16% of consolidated revenues at the end of 2007. Bekaert is clearly gaining market share as it is growing much faster than its closest competitors. Bekaert's steelcord revenues in China grew by 54% in 2006. Xingda's posted in 2006 a revenue growth of 7.6% and Shougang of 3.4%.

During H1'07, Bekaert further increased its market share. Bekaert posted an impressive revenue growth of 53%. Xingda's revenues grew by 8.5%, and Shougang recorded only a 1% revenue growth in its steelcord division.

Overall Bekaert recorded an organic revenue growth of 6% in H1. We expect that organically revenues should increase by 5% in 2007 and by 4.5% in 2008.

In addition, we believe that Bekaert generates above average margins in the faster growing regions. In 2006, EBIT margins of the Latin American business, consolidated via the equity method, reached 12.7% compared to 7.3% for the Bekaert consolidated business. The acquired activities in Venezuela generate double digit EBIT margins.

Based on peer reporting, we believe that Bekaert's activity in China also generates double digit margins. Xingda, the n°2 after Bekaert in China, reported a 16% EBIT margin in H1'07. Xingda however operates 1 big plant in China and seems to struggle to sell its incremental capacity since utilization rate amounted to 80%. Bekaert's capacity is split over 3 plants. A much smaller player like Shougang generated EBIT margins of 12.6% in H1'07.

Bekaert will be providing half products in China to Shougang, which implies that Bekaert has clearly a cost advantage compared to competition. As a result, we believe that Bekaert is very well positioned in China. The group has the financial strengths to expand fast and aggressive, while its worldwide leadership in steelcord provides cost leadership as well. In addition, the linked up with Shougang via its 19% equity stake, give Bekaert more insight in the Chinese market and could be the precursor of a consolidation in the Chinese steelcord market.

… leads to higher cash conversion …

Besides higher growth, Bekaert is benefiting from an increasing cash generation from the fast growing emerging regions. One of the weak points in the Bekaert investment case has always been that the strong growth in associates' profits was not translated in FCF growth at Bekaert since payout ratio at the associates over the past years fluctuated between 40% and 50%.

In 2005, dividend from associates amounted to EUR 43.6m or 77% of the annual profits or EUR 2 per Bekaert share. In 2006, dividend from associates amounted to EUR 35.2m or 69% of their profits.

Given the very low debt level at the associates (USD 5m for Bekaert's part) and the change of ownership at Bekaert's joint venture partner (ArcelorMittal in stead of Arcelor), we believe that payout will be at higher level than we have seen in the past years. We pencilled in a payout ratio of 75% for the next 2 years.

Due to the buy-out of its JV partner in Venezuela, profit contribution and dividend received from associates will decline in 2008, but will be offset by the full consolidation of the Venezuelan activity.

Exhibit 1 Bekaert associates

Associates	2003	2004	2005	2006	2007	2008e	2009e
Equity value Bekaert part	201	220	238	238	268	258	269
Net profit Bekaert part	36.9	56.7	56.9	51.0	46.0	42.4	43.3
Dividend to Bekaert	18.6	22.8	43.6	35.2	36.8	31.8	32.4
Payout ratio	50%	40%	77%	69%	80%	75%	75%

Source: Petercam estimates

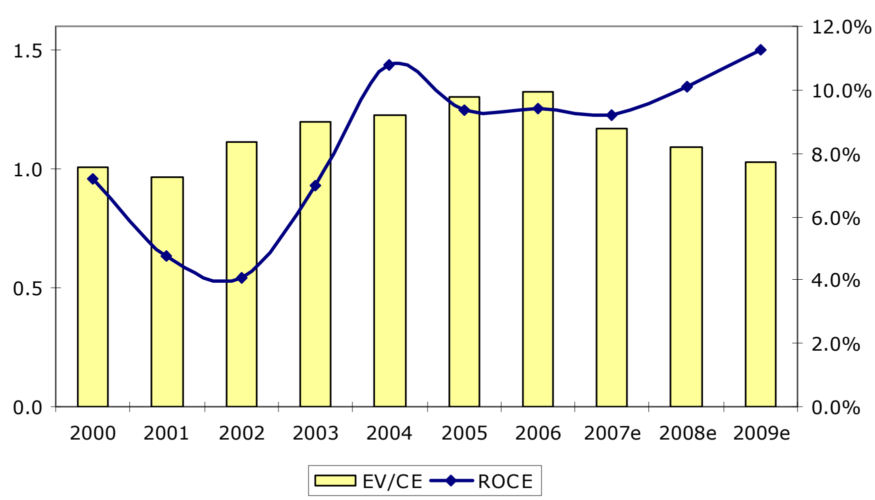
… and creates shareholder value

Given its strong cash conversion, Bekaert added a second leg in its investing strategy: buying back its own share and optimizing its balance sheet.

Bekaert's management has found the right mix between investing its profitable steelcord products and returning cash to shareholders. The group bought back and cancelled 8% of the outstanding shares over the past 6 months. In addition, underlying dividend was raised by 25% last year. The group targets a payout ratio of 40% for the coming years.

Despite the expansion in BRIC countries, the potential Russian acquisition and the share buy back, net debt to EBITDA ratio will only reach 1.6x at the end of 2007, leaving room for further expansion. It is clear that the group has a substantial war chest for potential acquisitions if for instance the Chinese steelcord market would consolidate or if capacity expansion is needed in countries such as India where tire radialization is still non-existing.

Exhibit 2 Shareholder value creation: ROIC – WACC positive since 2003



Source: Petercam estimates

Besides improving its cash conversion, management has been able to bring Bekaert's ROCE above the group's cost of capital over the past 4 years. Of course the group benefited from the strong cycle, but management's strategy of downscaling product lines in area's where growth is not existing and profitability is under pressure, while speeding up the investments in regions (China, Russia) where demand for their products is still growing strongly and in high margin products (Steelcord) in which the group is world leader, has a positive impact on the group's ROCE.

The strong FCF generation, share buy backs and dividend flow to shareholders brings down capital employed of the company. As a result, even with limited margin improvement, Bekaert should be able to generate a ROCE above its WACC in the coming years.

The significant increase of dividends paid by Bekaert's joint ventures is the next step in the group's shareholder value creation as this should unlock the value of these assets. At the end of 2006, book value of the joint ventures amounted to EUR 238m, while ROE reached 21.4% and ROCE amounted to 15%. It is clear that the market value of those assets is substantially above the bookvalue.

Valuation

Given the importance of Bekaert's associates, we believe Bekaert needs to be valued in two parts. We made dividend discount model to value the joint ventures since Bekaert has only access to the cash it receives via dividends paid by these companies. For the 100% consolidated business, we made a DCF.

- Associates: We arrive at an equity value of EUR 648m or EUR 33 per Bekaert share. Our dividend discount model is based on a 75% payout ratio and a WACC of 9%. We stripped out the recently acquired Venezuelan business, which will be fully consolidated from 2008 onwards. On a multiple basis, our associate valuation represents an EV/EBITDA of 8x 2007e.
- 100% consolidated business: For our DCF valuation we take the following assumptions into account:
  - CAGR of revenues between 2007 and 2018 of 2.2%
  - CAGR of EBIT of only 1.2%. From 2010 onwards we pencil in an EBIT margin of 8.2%, which is in the middle of the group's target range.
  - Capex of EUR 180m in 2007, falling back towards EUR 170m in 2008 and EUR 100m afterwards. This is above the group's maintenance capex of EUR 90m.
  - Working capital requirements representing 22% of revenues
  - WACC of 8%
  - Terminal growth of 1%.

This scenario leads to an equity value for the group of EUR 2.4bn. Due to the recent share buy backs, the number of shares outstanding declined to 19.8m, implying a target price of EUR 122 per share.

Bekaert further increases at a very attractive price its exposure to emerging markets where growth for its traditional wire products is significantly higher than in the mature Western markets. Combined with the aggressive expansion and market share wins in China, Bekaert is becoming more and more a play on the emerging markets. Hence, the growth profile of the group further improves. In addition, Bekaert generates above average margins in the faster growing regions.

The stock price fell back after the recent market turmoil. Valuation becomes very attractive. Bekaert is trading at 11.5x EPS 2008 and EV/EBITDA 2008 stands only at 5x, while the group offers a FCF Yield of 10.3%.

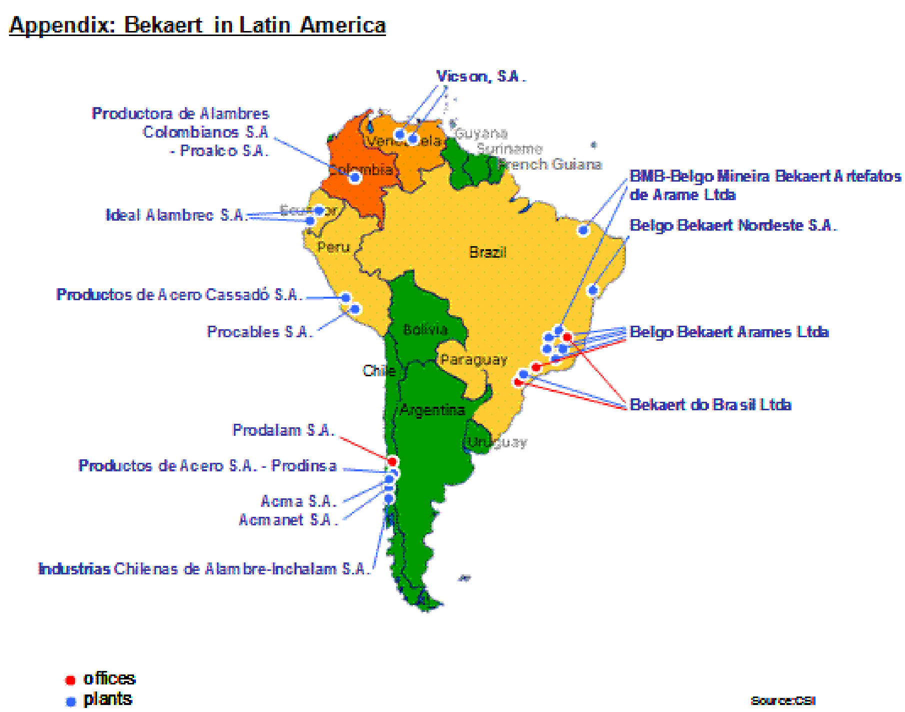
We upgrade Bekaert to Buy with a target price of EUR 122 per share.

Expansion in Latin America at an attractive price

Bekaert is active in several countries in Latin America in joint venture together with local industrial families (Chili) or steel companies such as ArcelorMittal in Brazil and Sivensa in Venezuela.

At the end of September 2007 Bekaert surprised the market with the announcement that it bought out its joint venture partner Sivensa in Venezuela and Colombia. We applaud this transaction from a financial and strategic point of view. Bekaert further increases at a very attractive price its exposure to emerging markets where demand for its products is significantly higher than in the mature Western markets. In addition, the group get immediate access to the FCF generated by Venezuelan business in stead of a dividend flow. Furthermore, we expect Bekaert to roll out more of its products that are not yet marketed in Venezuela and Colombia.

Exhibit 3 Bekaert in Latin America



Source: Bekaert

Full ownership in Venezuela at attractive price

A diversified wire company …

Bekaert announced that it has signed an agreement with Siderurgica Venezolana Sivensa for the acquisition of 50% of the shares in Vicson, in which Bekaert had already a 50% stake. As a result, for the first time, Bekaert gets full ownership in one of its Latam activities.

Vicson is Venezuela's main manufacturer of wire and wire products, and has achieved an important position as supplier of external markets, such as US, Central America and the Caribbean. Approximately 20% of its production is exported.

Vicson manufactures wire products such as rope wire (used for bridges), nails, barbed wire, staples, galvanised wire, meshes, etc used for industrial, offshore, construction and agricultural applications. Vicson has a production capacity of more than 100,000 metric tons per year, offers more the 30 varieties of products for many sectors of the national economy and is supplier to more than 800 clients.

In 1996, Vicson and Ideal Alambrec of Ecuador, which is another joint venture partner of Bekaert, joined a Colombian wire producer to form the company Proalco. Due to the acquisition of Vicson, Bekaert also acquires Vicson's 75% in Proalco. Combined with the 12.5% share that Bekaert holds through its joint venture in Ecuador, Bekaert becomes 87.5% shareholder of Proalco, which has a capacity of 40,000 metric tons per year. The plant has a modern galvanizing line, several lines for barbed wire, nails and interlinking meshes.

...With nice growth, nice margins, ...

Sivensa's fillings learn that Vicson is performing strongly. In its last fiscal year ended on September 30, 2006, Vicson reported a revenue growth of 16% driven by demand in the Venezuelan market especially in the construction and manufacturing sectors. EBITDA amounted to USD 20.5m, implying an EBITDA margin of 14.4%. EBIT amounted to EUR 14.6m, indicating an EBIT margin of 10.2%. We estimate that the activities in Venezuela generate an EBIT margin of 12.5% in line with the average of Bekaert's associates, while the business in Colombia is less profitable. During the term October-December 2006, Vicson reported a 52% revenue growth driven by demand from the agricultural and construction sectors. Given the very strong last quarter, we believe that over calendar year 2006, Vicson's EBIT margins should have further improved.

Exhibit 4 Vicson financials

in USD	Sep-05	Sep-06	H1'07	2007
Sales	123	143	99	200
yoy		16%	34%	
EBITDA	14.0	20.5		29.1
	11.4%	14.4%		14.5%
EBIT	9.8	14.6		23.1
	8.0%	10.2%		11.5%

Source: Sivensa reporting / Petercam estimates

2007 started strongly for Vicson. In H1 of this year, the company reported a 32% revenue growth to USD 99m driven by strong domestic demand in agricultural and construction sectors as well as growth in Colombia.

Bekaert indicates FY revenues should amount to USD 200m, split between USD 135m for Venezuelan activities and USD 65m for Colombian activities. We expect that despite high raw material and energy prices, the strong top line growth will translate into higher margins. We pencil in EBITDA margins of 15% and EBIT margin of 11.5%. We assume consolidation from 2008 onwards in our model. As a result, the acquisition should add 7% incremental revenues and 10% incremental operating profit to Bekaert. Since Vicson will no longer be consolidated via the equity method, profit contribution from associates will decline by EUR 3.8m. All in all, we estimate that the deal is earnings enhancing by 5%.

... Acquired at an attractive price

We believe that Sivensa wanted to quit the steel wire business in line with its business strategy to concentrate on the hot briquetted iron and steel businesses, in which the company has steadily grown in recent years.

As a result, Bekaert was able to buy its JV partner out at a very attractive price. Total purchase price amounts to USD 35.5m or EUR 25.4m on a debt free basis. This implies that Bekaert is paying only 6x earnings and less than 4x EBITDA.

Vicson contributed in 2006 EUR 3.8m to Bekaert's results via equity consolidation and generated a ROE of 19.7% in 2006.

China in your hands

Bekaert continues to invest a big part of its FCF to expand its steelcord capacity in China. The group increased its steel cord capacity from 125,000 tonnes in 2005 to 200,000 tonnes at the end of 2006 and is market leader with an estimated market share of slightly above 30%.

Bekaert is clearly gaining market share as its growing much faster than its closest competitors. Bekaert will continue to increase its capacity in China and intends to invest another EUR 100m in 2007, which is expected to result in 250,000 tons capacity at the end of the year. In addition, the group just opened a new plant which will be partly used to supply half products to Shougang, the n°4 steelcord player in China in which Bekaert has a 18.9% equity stake.

Next step in China seems to expansion of the product mix towards wire products that Bekaert already offers in the other parts of the world. Bekaert targets to keep capex at a high level in 2008. We expect that the group will again invest approximately EUR 100m in China next year. As a result, China is expected to remain the growth driver of the group in the coming years. At the end of 2007, we expect that China will already represent 16% of the group's consolidated revenues.

Market drivers

In 2006 China became by far world's largest steelcord market. The market growth is driven by a super cocktail of fast development of its road infrastructure and logistics, increase of number of vehicles, tire radialization and steep increase in export of Chinese tires.

In 2005 the road mileage up to Grade 2 reached 320,000 km, of which 41 000 km expressway. Between 2006 and 2010, another 24,000 km expressway will be built. Total future network of expressways in the next 15 to 20 years is estimated at 85,000 km.

Exhibit 5 The building of road networks in China

The building of road networks in China

Unit: 10,000km

Type of road	2002	2003	2004	2005	Growth
Expressway	2.51	2.97	3.43	4.10	63.2%
Grade 1 road	2.75	2.99	3.35	3.84	39.7%
Grade 2 road	19.71	21.19	23.17	24.64	25.0%
Grade 3 road	31.51	32.48	33.53	34.47	9.4%
Grade 4 road	81.80	84.24	88.10	92.13	12.6%
No grade road	38.23	37.11	35.48	33.88	-11.4%
Total	176.52	180.98	187.07	193.05	9.4%

Source: Bekaert presentation November 2006

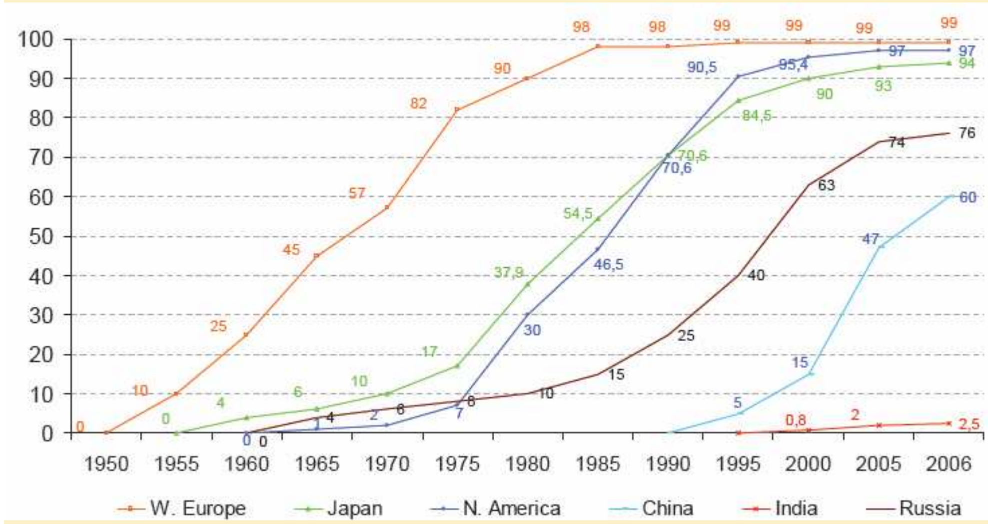
The Chinese auto market recorded a 21% annual growth over the past 5 years and is now world's 3rd largest automotive market. Demand for transportation linked to China's GDP growth combined with the rapidly expanding road network is expected to lead to an annual growth of the automotive market of 9% over the next 5 years.

According to the Chinese National Bureau of Statistics, China's automobile output was up by 27.6% in 2006 and total tire output rose by 11.4% to 189m units, of which radial steel reinforced tire represented 121m, up by 21% yoy. In 2010, the total production in China will reach 320 million tires. As a result of the increasing domestic demand for automotive tires and the cost advantages in manufacturing, China has since 2003 became the third ranked producer in terms of volume of tires made, after the US and Japan.

It seems just a question on time before China becomes the worlds largest tire producer. China is becoming a major tire production base. Almost all major tire manufacturers have been setting up production sites in China with the exception of Continental. Out of the top 10 world players, 9 have production facilities in China spread over 15 plants. In total there are 57 tire producers in China which the local players getting strong footprint, especially in the Truck segment.

Tire manufacturers are more and more exporting out of China. Half of the passenger tires made in China are exported. In 2006, China's tire exports were up by 16.5% to 81.6m. Mainly the US is targeted as export zone both for Truck and Passenger tires. Bekaert's key competitor Xingda expects that China's tire export will grow by 18% annually up to 2010.

Exhibit 6 Tire radialization around the world



Source: Bekaert

The development of the road network does also lead to a rapid increase of the penetration of steel reinforced tires. In 2006, tire radialization for passenger cars amounted to 60% in China compared to 99% in the Western world. Within the truck segment, in which Bekaert generates the majority of its revenues, tire radialization stands only at 45%. The truck tire market plays an important role in the overall demand for steelcord due to faster replacement rate and the larger volume of steelcord required for manufacturing a truck tire as compared to passenger car tire. The China Rubber Industry Association expects that penetration of steel reinforced tires increases to 80%-90% in 2010.

Bekaert is leading player with growing market share

The combination of high economic growth, fast development of road infrastructure and logistics, increase of number of vehicles, tire radialization and export of tires, makes China the place to be for tire manufacturers and steel cord producers.

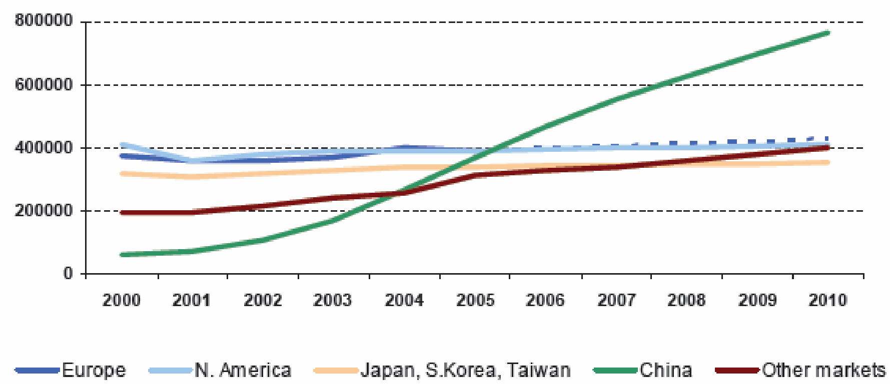
On top of this, the market for independent steel cord manufactures increases as most tire producers in China are not integrated such as Bridgestone and Michelin which made the bulk of the steelcord themselves. As such market share gains of the Chinese tire manufacturers and the increasing market share of in China-made tires globally is good news for the independent steel cord producers such as Bekaert and Xingda.

In 2006, China became clearly world's largest steel cord market. During its analyst Day in November 2006, Bekaert expected that the steelcord market in China would further grow towards 750,000 tonnes in 2010. As market growth in 2007 proves again to be stronger than expected, we would not be surprised if the steel cord market in 2010 would be closer to 1,000,000 tons.

Bekaert increased its steelcord capacity from 125,000 tonnes in 2005 to 200,000 tonnes during 2006, which was 20,000 tonnes more than initially announced. Bekaert clearly wants to remain the key driver of the Chinese capacity growth and indicated that it will further invest to expand its capacity. The group will invest another EUR 100m in China in 2007.

We expect that the group will step up its capacity over the 3 existing plants by 50,000 tonnes towards the end of the year. Given the expected growth of the market, this will likely not be the end of the group's capacity expansion plans in China. If the market indeed grows towards 1m tons in 2010, we believe that Bekaert will at least maintain its market share and as such the group could end up with 350,000 ton steelcord capacity at the end of this decade.

Exhibit 7 China became largest steelcord market



Source: Bekaert presentation November 2006

Bekaert and Xingda, quoted in Hong Kong, are by far the largest independent steelcord producers in China with a combined market share over 55%. Korean company KISS has approximately 70,000 tons installed steelcord capacity. Shougang, the n° 4 in China and also quoted in Hong Kong, is significantly smaller with a capacity of 30,000 tonnes. Other players are Tokusen, Hyosung and Tokyo Rope.

Bekaert is clearly gaining market share as it is growing much faster than its closest competitors. The aggressive expansion program enabled Bekaert to win back market share. In Q4'06, Bekaert regained its n°1 position in the Chinese market with an estimated market share of slightly over 30%.

In 2006 Bekaert's capacity expansion resulted into a revenue increase of 54% despite lower pricing levels. Xingda's tire cord volume increased by 19% in 2006 to 167,000 tonnes and revenue grew by 7.6%, indicating that its price level was down by approximately 11%. Shougang recorded only a volume growth of 3.4% in 2006, which resulted in a revenue decline of 4.4% given the lower selling prices.

During H1'07, Bekaert further increased its market share. Bekaert posted an impressive revenue growth of 53%. Xingda's revenues grew by 8.5%, with volumes up by 20%, driven by a 31% growth in low margin passenger car tires. In the high margin truck tire segment, Xingda's volumes were up by 15%. Given the lack of incremental capacity, Shougang recorded only a 1% revenue growth in its steelcord division in H1, of which volumes represented +2.3%.

Besides the fact that Xingda is growing at a slower pace than Bekaert, the group seems to struggle to sell its incremental capacity. Xingda increased its production capacity by 12% since the end of 2006 to 218,000 tons, but sold volumes in truck tire cord were flat compared to the second half of 2006 and even down in passenger tires segment. Xingda reached a utilization rate of 80% in H1. Given its strong revenue and volume growth, we believe that Bekaert's utilization rate is significantly higher.

Exhibit 8 Revenue growth Bekaert, Xingda and Shougang

	2005	H1'06	2006	H1'07
Bekaert	39%	38%	54%	53%
Xingda	40%	6%	7%	8%
Shougang	55%	2%	-4%	1%

Source: Bekaert presentation November 2006

All players plan to add incremental capacity in the coming years in order to cope with the expected market growth. Xingda reiterated its intention to increase production capacity by 30,000 to 40,000 tons per year in the coming 4 years. The group also announced that it will improve its quality control. At the end of 2007, Xingda is expected to have an installed capacity of 238,000 tons compared to 250,000 tons expected for Bekaert. Shougang targets an increase of 30,000 tons to 60,000 tons.

Consolidation in pipeline?

Besides expanding its steelcord capacity, Bekaert is significantly increasing its production capacity for half products, where the group has a clear competitive advantage. The company will sell a part of the new installed capacity to Shougang.

In September 2006, Bekaert acquired an 18.85% stake in Shougang Concord Century Holdings, listed on the Hong Kong Stock Exchange. Bekaert subscribed to 250 million new shares, which represented an investment of EUR 16.5m. In the meantime, market value of the stake doubled towards EUR 32m.

With the acquisition of its stake in Shougang, Bekaert continues its strategy of investing its FCF in steel cord. Shougang is the number 4 in the Chinese steel cord market with a capacity of 30,000 tonnes. Shougang intends to increase its capacity towards the end of 2007 to 60,000 tonnes and to 80,000 tonnes in 2008. Bekaert will supply half products such as brass coated wires to support the expansion. In addition, Bekaert will market Shougang’s steelcord in markets outside China, while both parties intend to create synergies in purchasing area. In addition, Bekaert will be present in the Board of Shougang.

We believe that Bekaert took a smart decision to enter the capital of one of its key competitors. We would not be surprised that Bekaert’s aggressive expansion could lead to a consolidation in the Chinese steelcord market. Despite the bright outlook for steelcord producers, we do not expect new entrants in the market given the high entry barriers of the industry and the lengthy supplier approval process required by tire manufacturers.

The approval process is complicated and lengthy. The process generally includes lab tests, road tests and pilot applications etc. The approval process may take 6 to 18 months by tire manufacturers in China, while multinational tire manufacturers can take up to 2 to 3 years to complete the approval process. In addition, in order to maintain consistency of product quality, tire manufacturers will normally only source steelcord from a limited number of approved suppliers. Bekaert is know for its high quality products, which is a clear advantage in this industry.

Russia & India, the wild cards

Time to monetize the Russian letter of intent

Besides expanding its capacity in China and increasing its direct exposure in Latin America, Bekaert is eager to enter the Russian market.

In February 2006, Bekaert announced that it opened talks on exclusive cooperation with Uralkord, located in Magnitogorsk (1,700 km, east of Moscow). Uralkord has one of the most competitive steelcord production platforms in Russia and supplies around 25% of the Russian market.

Given the increasing importance of the steel industry and market demand for advanced wire products, the group wants to strengthen its position in Russia and have its own production capacity. Bekaert has been in Russia for years and has built up an extensive customer portfolio, but has no local production facilities. Bekaert supplies the Russian market mainly out of its plants in Central Europe.

Uralkord has a steel cord capacity of 15,000 to 20,000 tons. We estimate that a take-over could add approximately EUR 20m to the revenue line or 1% of total group revenues. We believe that capacity will be increased significantly in the coming years in order to cope with market growth and in order to optimise the size of the plant.

We believe that Bekaert would make a strategic important move at a reasonable price. First of all, Bekaert further invests in regions where the market for their key product is still growing strongly. Based on the growth potential in tire manufacturing for both passenger cars and trucks, demand for steel cord products in Russia is increasing in excess of 10%. The market is driven by demand from Russian tire manufacturers and by Bekaert's international steel cord customers that are expanding their tire production capacity in Russia (Michelin for example). The Russian market is far from mature as market share of steel reinforced tires amounts only to approximately 76%. This compares with to 99% for the West European and the US market and 60% for the Chinese market.

Secondly, Russia could become strategically important for the group's raw material supply as important steel and wire rod producer. This could become strategically very important given the consolidation at the supplier side.

In December 2006, Bekaert signed a letter of intent to acquire Uralkord for an EV of EUR 47m. Today, a final agreement is still pending as due diligence takes longer than expected. At the analyst meeting after H1 results management hoped to close the deal before the end of 2007. If Bekaert would not be able to close the Uralkord deal, we expect that the group would move to Russia or one of the neighbouring countries to set up a greenfield investment.

India: Stainless steel, the first master card?

Bekaert has also a steelcord plant in India, which is a market where tire radialization is almost non–existing. The group's capacity currently amounts only to 10,000 tonnes, but Bekaert is ready to expand capacity in India if market moves towards steel reinforced tires. As always, government funded road infrastructure investments are key leading indicator for the steelcord market development. For the moment, it does not seem that India is becoming a tire manufacturing country. In addition, we believe if the market moves to radialized tires, India will be supplied by Chinese tires.

In September 2007, Bekaert signed a strategic cooperation agreement with the Indian steel company Mukand. Both partners will set up a 50/50 joint venture and invest EUR 18m in a new factory to be built in Maharashtra for the production of stainless steel wires.

Mukand is a leading producer of alloy and stainless steel long products in India is a supplier of Bekaert and will provide the new plant with wire rod. Bekaert has been active in India for some time, mainly in production of tire cord.

Stainless steel wires products are used in components for the automotive industry and all sorts of other industrial applications. The new plant will come on stream in January 2009. Targeted revenues are EUR 40m.

The deal with Mukand shows that Bekaert is ready to roll out its production platform in India when market opportunities arise. Bekaert is linking up with a world leading player in stainless steel, which could lead to new opportunities in other segments.

Underleveraged despite share buy back and 'BRIC' expansion

Despite the historical high capex linked to the capacity step up in China, Bekaert's balance sheet is under-leveraged. Net debt amounted to EUR 378m at the end of 2006, representing a net debt to EBITDA ratio of 1.4x and a gearing ratio of 34%, significantly below the group's 50% gearing target.

In order to releverage its balance sheet, the group decided at the end of 2006 to launch a sizeable share buy back. At year end 2006, Bekaert bought back and cancelled 636,656 shares or 3% of the outstanding capital. In February 2007, the company repurchased and cancelled 546,779 shares or another 2.6% of its outstanding shares. At its AGM in May 2007, Bekaert stated that it repurchased another 563,881m shares. So over the past 9 months, Bekaert repurchased 1.74m shares or 8% of the capital. Of this amount, 1.1m was acquired in 2007 or 5.3% of the number of shares outstanding. Currently the group's total number of share amounts to 19.8m. The AGM renewed the group's mandate to buy back shares.

We revised our capex forecast upwards as the group seems to continue to use its FCF to expand capacity in an aggressive way, mainly in BRIC countries. We expect a peak capex of EUR 180m or 8.6% of revenues in 2007, slightly declining to EUR 170m in 2008. For 2009, we pencilled in capex of EUR 120m, which is still significantly ahead of the group's maintenance capex level. Bekaert states that its maintenance capex level amounts to approximately EUR 90m.

Exhibit 9 Capex evolution

	1999	2000	2001	2002	2003	2004	2005	2006	2007e	2008e	2009e
Capex	100	113	167	85	118	173	152	161	180	170	120
in % of sales	5.7%	6.4%	9.3%	4.6%	-6.6%	-8.0%	-7.9%	-8.0%	-8.6%	-7.3%	-3.7%

Source: Petercam estimates

We expect Bekaert to generate a cash flow from operations of EUR 238m in 2007 and EUR 271m in 2008, representing respectively 12.7% and 13.6% of revenues. In our model, we expect that working capital to sales ratio will remain at today's level, resulting in a working capital requirement of EUR 23m in 2007 and EUR 26m in 2008. Higher working capital requirements are clearly the backside of the expansion in BRIC countries.

Nevertheless, Bekaert's balance leaves room for further expansion via acquisitions or capacity expansions. Despite the 'BRIC' expansion and share buy backs, net debt to EBITDA ratio and gearing ratio will fall back in 2008 to respectively 1.4x and of 40%, still clearly below the group's gearing target of 50%.

H1: Strong operating results, strong FCF

Bekaert posted strong operating results in H1. Despite high energy, high raw material prices and a 20% increase in its R&D expenses, the group expands EBIT margin to 8.1% from 7.5% last year. This implies that the strong revenue in China is profitable and improving overall margins.

While Bekaert's consolidated business is performing strongly, associates had a weaker than expected H1. However, we believe that the weaker than expected P&L contribution is offset by the important dividend flow out of the associates. This resulted into a high cash conversion and an increase of CF from operations of 35%.

Organic revenue translated into margins expansion.

Revenues grew by 5.5% to EUR 1,065m. Organically revenues were up by 6%. Key driver was once more China with revenues up in H1 by 53%. Also Wire Europe performed well with revenues up by 15% and Building products benefited from the mild winter in Europe and posted a 13% revenue growth. Outside China, Steel Cord disappointed with a revenue drop of 9% impacted by forex, price erosion and the closing of a US plant.

Gross profit increased by 8% to EUR 214m. Despite high raw material and energy prices, gross margin improved to 20.1% up from 19.6% last year. The improvement was driven by a better product mix, increasing importance of high growth regions such as China and stringent cost control.

Other operating expenses were up by 4% to EUR 128m. However excluding the 20% step up in R&D expenses to EUR 30.6m, SG&A remained flat yoy. This leads to an EBIT increase of 14% to EUR 86.5m, implying an operating margin of 8.1% compared to 7.5% last year and in the middle of the group’s 7% to 9% LT target.

Exhibit 10 H1 results

	H1'06	H1'07
Revenues	1,009	1,065
EBITDA	132.4	144.4
Depreciations	56.5	58.0
EBIT	76.0	86.4
Financial result	(13.6)	(16.7)
Other non-operating income & exp	1.3	(0.1)
Associates	27.8	23.4
Taxes	(15.5)	(14.9)
Minorities	(0.5)	(5.8)
Net profit	75.5	72.6
Net adjusted earnings	75.5	72.6
avg n° of shares outstanding	21.5	20.2
EPS in EUR	3.50	3.60

Source: Bekaert / Petercam estimates

Financial charges went up from EUR 13.6m to EUR 16.7m reflecting the higher net debt position. Tax rate on the other hand declined from 24% to 21%, partly helped by tax incentives.

The equity consolidated companies, mostly Latin America, posted a profit decline of 16% to EUR 23.4m. Besides a negative forex impact, operations in Chile witnessed a tough H1 due to Asian imports. Bekaert indicates that outside Chile, margins remain strong but that export out of Latam becomes less easy given the USD weakening. On the other hand, dividend from the associates, which is the only cash that Bekaert receives from its JV’s, were up from EUR 13.2m to EUR 27m.

Minorities came in at EUR -5.8m vs EUR -1.5m expected. This is almost due to the recovery of the Turkish operations. Net profit came in at EUR 72.6m.

High cash conversion fund capex & share buy back

Bekaert's CF from operations grew by 35% in H1 to EUR 85.8m, underpinned by a EUR 27m dividend inflow from the associated companies compared to EUR 13.2m in H1'06 Cash taxes amounted to only EUR 8.3m, significantly below the P&L taxes. Working capital led to a cash outflow of EUR 52m and amounted to 22.4% of revenues. The increase in WCR is mainly linked to the fast growth of Chinese operations.

Bekaert continues to increase its capacity in China and invested during H1 EUR 73m of which EUR 50m in China. Besides the aggressive capacity increase is China, Bekaert continued its share repurchase program, which started in Q4'06. During H1, the group bought back 1.1m of shares (5.3% of the outstanding capital) for a total amount of EUR 107m.

This resulted in a net debt at the end of H1 of EUR 493m compared to EUR 378m at the end of 2006. Gearing ratio amounted to 47%, slightly below the targeted 50% and interest cover reached 5.4x.

Profit & Loss (EUR m)	**12/03**	**12/04**	**12/05**	**12/06**	**12/07e**	**12/08e**	**12/09e**
Revenues	**1,797.0**	**2,173.2**	**1,914.3**	**2,009.6**	**2,100.9**	**2,339.0**	**2,421.4**
(Y/Y - %)	*-4%*	*21%*	*-12%*	*5%*	*5%*	*11%*	*4%*
Gross profit	372.5	490.8	392.1	394.9	422.4	480.0	506.6
Selling expenses	-111.5	-111.7	-92.4	-96.7	-95.5	-102.2	-105.9
R & D expenses	-35.9	-53.9	-45.0	-49.6	-55.8	-57.3	-56.8
General & administ. expenses	-100.6	-108.9	-100.4	-95.3	-94.7	-104.6	-106.9
Other expenses	-12.6	-31.3	-18.0	-7.4	-9.1	-20.8	-22.4
EBITDA	**235.7**	**313.5**	**257.4**	**267.7**	**287.4**	**327.1**	**350.6**
EBITA	118.8	192.1	150.0	151.4	167.4	195.1	214.6
(Ebita margin - %)	*6.6%*	*8.8%*	*7.8%*	*7.5%*	*8.0%*	*8.3%*	*8.9%*
Amortization	-10.4	-10.2	-13.7	0.0	0.0	0.0	0.0
Impairment	-	-	-	-	-	-	-
EBIT	111.8	185.1	136.3	145.9	167.4	195.1	214.6
Net Financial Result	-43.0	-30.6	-26.9	-25.1	-32.1	-36.1	-30.0
(of which Net interest charges)	-18.1	-16.4	-19.7	-23.2	-32.1	-34.6	-30.0
(of which Other)	-24.8	-14.2	-7.2	-1.9	0.0	0.0	0.0
Pre-tax result	68.8	154.5	121.0	114.2	135.4	159.0	184.6
Taxes	-8.2	-28.1	-30.3	-18.1	-30.6	-38.2	-44.3
Except. / Discont. operations	0.0	0.0	-	-	-	-	-
Associates	36.9	56.8	56.9	51.0	46.0	42.4	43.3
Minorities	-7.5	-12.4	-12.0	-4.8	-10.0	-10.5	-11.0
Net declared earnings	86.7	167.6	189.9	142.3	140.8	152.7	172.6
Net adjusted earnings	**102.9**	**183.4**	**149.4**	**147.8**	**140.8**	**152.7**	**172.6**

Cash Flow (EUR m)	**12/03**	**12/04**	**12/05**	**12/06**	**12/07e**	**12/08e**	**12/09e**
EBIT	111.8	185.1	136.3	145.9	167.4	195.1	214.6
Depreciation	116.9	121.4	107.5	116.2	120.0	132.0	136.0
Amortization	7.0	7.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	13.7	0.0	0.0	0.0	0.0
Changes in provision	-28.6	-7.5	-15.3	0.0	0.0	0.0	0.0
Changes in working capital	13.0	-107.2	-2.0	-31.9	-22.6	-26.4	-10.2
Others	0.4	8.8	-5.5	-8.4	-4.0	0.0	0.0
Operational Cash Flow	**220.4**	**207.5**	**234.6**	**221.8**	**260.9**	**300.7**	**340.4**
Tax expenses	-18.5	-32.9	-25.5	-16.8	-27.5	-34.3	-39.9
Dividends from associates	18.9	22.8	43.6	35.2	36.8	31.8	32.4
Net interest charges	-18.2	-16.0	-14.8	-22.0	-32.1	-34.6	-30.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	**202.6**	**181.4**	**237.9**	**218.1**	**238.1**	**263.6**	**303.0**
CAPEX	-118.1	-172.9	-151.6	-161.3	-180.0	-170.0	-120.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-33.9	-16.7	-21.2	-42.7	-2.5	-25.4	0.0
Divestments	17.4	6.6	93.0	11.4	4.9	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	**-134.7**	**-182.9**	**-79.9**	**-192.6**	**-177.7**	**-195.4**	**-120.0**
Dividend payment	-44.9	-45.3	-52.2	-74.1	-52.4	-56.6	-64.6
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	0.0	1.2	-35.2	-52.8	-107.0	0.0	0.0
Others	-28.9	-2.0	12.0	0.0	0.0	0.0	0.0
CF from financing activities	**-73.8**	**-46.0**	**-75.4**	**-127.0**	**-159.3**	**-56.6**	**-64.6**
Changes in consolidation scope	-	-	-	-	-	-	-
Exchange rate impact	-3.2	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/cash change	**-9.1**	**-47.5**	**82.7**	**-101.5**	**-98.9**	**11.6**	**118.4**
FCF to Enterprise	102.3	34.7	150.1	133.4	174.8	210.7	250.4
FCF to Equity	292.6	241.4	147.8	121.3	148.1	173.6	213.0

Notes 2000 figures restated from US GAAP to IAS, As from 2005 estimates exclude Fencing

Balance Sheet (EUR m)	12/03	12/04	12/05	12/06	12/07e	12/08e	12/09e
Tangible fixed assets	757.6	791.6	799.8	824.2	920.0	983.5	947.1
Intangible fixed assets	119.5	118.4	125.4	134.5	132.0	132.0	132.0
(of which Goodwill)	70.9	76.0	79.9	77.0	76.0	76.0	76.0
(of which Other intang. assets)	48.5	42.4	45.5	57.5	56.0	56.0	56.0
Financial fixed assets	278.7	316.5	268.2	309.2	312.4	302.0	312.8
Total fixed assets	1,155.7	1,226.6	1,193.4	1,267.8	1,364.4	1,417.5	1,391.9
Working capital	366.8	474.0	453.9	401.1	423.6	450.0	460.2
Capital invested	**1,522.5**	**1,700.6**	**1,647.3**	**1,725.6**	**1,788.1**	**1,867.6**	**1,852.1**
Total Equity	822.3	958.5	1,130.3	1,121.3	1,119.6	1,215.7	1,323.7
Equity	779.0	909.7	1,079.2	1,072.5	1,070.8	1,166.8	1,274.8
Minorities & preferred	43.3	48.8	51.1	48.9	48.9	48.9	48.9
Provisions & deferred taxes	292.4	286.7	242.3	222.8	212.5	207.5	202.5
Net financial debt	407.9	455.4	271.7	377.6	451.8	440.2	321.8
Capital employed	**1,522.5**	**1,700.6**	**1,647.3**	**1,725.6**	**1,788.1**	**1,867.6**	**1,852.1**
Total assets	1,925.8	2,189.3	2,231.7	2,163.0	2,327.6	2,432.2	2,436.4

EV and CE details (EUR m)	12/03	12/04	12/05	12/06	12/07e	12/08e	12/09e
Market cap.	**1,114.6**	**1,285.1**	**1,699.8**	**1,983.7**	**1,868.6**	**1,868.6**	**1,868.6**
+ Net financial debt	407.9	455.4	271.7	377.6	451.8	440.2	321.8
(of which LT debt)	312.3	-	-	-	-	-	-
(of which ST debt)	176.6	-	-	-	-	-	-
(of which Cash position)	81.1	-	-	-	-	-	-
+ Provisions (pension)	171.4	172.0	138.9	135.6	130.0	125.0	120.0
+ Minorities (MV)	43.3	48.8	51.1	48.9	48.9	53.9	48.9
- Peripheral assets (MV)	-289.4	-326.1	-402.8	-571.7	-679.1	-679.1	-679.1
+ Others	-	-	-	-	-	-	-
Enterprise Value	**1,447.8**	**1,635.2**	**1,758.7**	**1,974.0**	**1,820.1**	**1,808.5**	**1,680.2**
Equity (group share)	**779.0**	**909.7**	**1,079.2**	**1,072.5**	**1,070.8**	**1,166.8**	**1,274.8**
+ Net financial debt	407.9	455.4	271.7	377.6	451.8	440.2	321.8
+ Provisions (pension)	171.4	172.0	138.9	135.6	130.0	125.0	120.0
+ Minorities	43.3	48.8	51.1	48.9	48.9	48.9	48.9
- Peripheral assets	-214.1	-226.1	-242.2	-239.4	-270.1	-259.7	-270.5
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	**1,187.5**	**1,359.9**	**1,298.7**	**1,395.1**	**1,431.3**	**1,521.2**	**1,495.0**
+ Accumulated goodwill amortiz.	57.3	57.3	57.3	57.3	57.3	57.3	57.3
CE (for ROCE grossed gdwll)	**1,244.8**	**1,417.2**	**1,356.0**	**1,452.4**	**1,488.6**	**1,578.5**	**1,552.3**

Notes 2000 figures restated from US GAAP to IAS, As from 2005 estimates exclude Fencing

Per Common Share (EUR)	12/03	12/04	12/05	12/06	12/07e	12/08e	12/09e
Adjusted EPS (*)	**4.66**	**8.38**	**6.91**	**6.88**	**7.03**	**7.68**	**8.68**
Adjusted EPS (fully diluted)	4.60	8.21	6.88	6.88	7.03	7.68	8.68
Declared EPS	-	-	-	-	-	-	-
CFS	9.96	13.94	11.87	12.29	13.02	14.33	15.52
FCF (to Equity)	13.26	11.04	6.83	5.64	7.39	8.73	10.72
Dividend	1.75	2.00	3.00	2.50	2.85	3.25	3.50
Book Value	35.29	41.59	49.89	49.90	53.43	58.70	64.14
Shares (m)							
At the end of F.Y.	22.070	21.874	21.530	20.947	19.877	19.877	19.877
Average number	22.070	21.874	21.633	21.492	20.039	19.877	19.877
Fully diluted Average number	22.440	22.410	21.708	21.597	20.367	20.367	20.367

(*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/03	12/04	12/05	12/06	12/07e	12/08e	12/09e
Valuation analysis							
P/E	10.8	7.0	11.4	13.8	13.4	12.2	10.8
P/CF	5.1	4.2	6.6	7.7	7.2	6.6	6.1
P/BV	1.4	1.4	1.6	1.9	1.8	1.6	1.5
EV/Sales	0.8	0.8	0.9	1.0	0.9	0.8	0.7
EV/EBITDA	6.1	5.2	6.8	7.4	6.3	5.5	4.8
EV/EBITA	12.2	8.5	11.7	13.0	10.9	9.3	7.8
EV/EBIT	12.9	8.8	12.9	13.5	10.9	9.3	7.8
EV/CE	1.2	1.2	1.4	1.4	1.3	1.2	1.1
EV/CE (grossed goodwill)	1.2	1.2	1.3	1.4	1.2	1.1	1.1
EV/FCF (1)	14.2	47.2	11.7	14.8	10.4	8.6	6.7
FCF yield (2)	26.3%	18.8%	8.7%	6.1%	7.9%	9.3%	11.4%
Dividend yield	3.5%	3.4%	3.8%	2.6%	3.0%	3.5%	3.7%
Financial ratios							
Interest cover	3.5	7.0	5.1	5.8	5.2	5.4	7.2
Net Debt/EBITDA	1.7	1.5	1.1	1.4	1.6	1.3	0.9
Net Debt/Equity	49.6%	47.5%	24.0%	33.7%	40.4%	36.2%	24.3%
Net Debt/FCF (2)	1.4	1.9	1.8	3.1	3.1	2.5	1.5
Capital turnover	1.4	1.5	1.5	1.4	1.5	1.5	1.6
ROCE pre-tax	9.9%	14.4%	12.9%	11.7%	12.4%	13.8%	15.4%
ROCE post-tax	8.0%	11.9%	12.4%	11.2%	11.9%	13.3%	14.8%
ROCE pre-tax (grossed goodwill)	8.7%	12.7%	9.7%	9.8%	9.6%	10.5%	11.7%
ROCE post-tax (grossed gdwll)	7.0%	10.5%	9.3%	9.4%	9.2%	10.1%	11.2%
ROE	13.4%	21.8%	13.8%	13.8%	13.2%	13.1%	13.5%
Working capital (in % of sales)	20.4%	21.8%	23.7%	20.0%	20.2%	19.2%	19.0%
Payout	44.6%	26.1%	43.4%	36.3%	40.6%	42.3%	40.3%
Margin analysis and tax rate							
Gross margin	20.7%	22.6%	20.5%	19.7%	20.1%	20.5%	20.9%
EBITDA margin	13.1%	14.4%	13.4%	13.3%	13.7%	14.0%	14.5%
EBITA margin	6.6%	8.8%	7.8%	7.5%	8.0%	8.3%	8.9%
Adjusted profit margin	5.7%	8.4%	7.8%	7.4%	6.7%	6.5%	7.1%
Tax rate	10.3%	17.0%	24.6%	15.9%	22.6%	24.0%	24.0%
Growth analysis							
Sales	-4%	21%	-12%	5%	5%	11%	4%
EBITDA	12%	33%	-18%	4%	7%	14%	7%
EBITA	58%	62%	-22%	1%	11%	17%	10%
Adjusted profit	94%	78%	-19%	-1%	-5%	8%	13%
Adjusted EPS	94%	80%	-18%	0%	2%	9%	13%
Dividend	4%	14%	50%	-17%	14%	14%	8%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

Notes -

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Céline Donnet	Real Estate	+32.2.229.63.97
Ton Gietman	Financials	+31.20.573.54.63
Kris Kippers	Industrials	+32.2.229.65.95
Paul Linssen	Food/Construction/Staffing	+31.20.573.54.67
Gert Potvlieghe	Media/Shipping	+32.2.229.66.59
Luuk van Beek	IT Services/Engineering	+31.20.573.54.71
Jan Van den Bossche, CFA	Life Sciences/Chemicals	+32.2.229.66.82
Pieter van der Meijden	Real Estate	+31.20.573.54.06
Stephan van Weeren	Real Estate	+31.20.573.54.22
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Senior Advisor

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Sales

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Isabelle Brasseur	+32.2.229.66.12
Kris De Backer	+32.2.229.64.76
Rob de Jong	+1.212.521.67.23
Mathieu De Sutter, CFA	+1.212.521.67.13
Sebastien Füki	+32.2.229.64.35
Xavier Gossaert	+32.2.229.63.27
Marc Kennis	+31.20.573.54.16
Geoffrey Leloux	+31.20.573.55.06
Thomas Marchandise	+32.2.229.66.91
Jurgen Smits van Oyen	+31.20.573.55.03
Jean-Marc Temple	+32.2.229.65.72
Simon Vlaminck	+1.212.521.67.35

Sales Trading

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Elles de Jong	+31.20.573.55.07
Hans de Jonge	+31.20.573.54.04
Veronique De Schoemaecker	+32.2.229.66.20
Bert Lesterhuis	+31.20.573.54.09
Stéphane Logist	+32.2.229.66.18
Michel Mol	+31.20.573.54.03
Richard Schulein	+31.20.573.54.11
Amaury Steyaert	+32.2.229.65.50

Investment rating system : *Petercam's ratings are based on the estimated performance relative to the market. The market is represented by the DJ EURO STOXX index, which is a broad European index representative for the European, Euro region, equity market. The total return required for a given rating depends on the risk profile relative to this market. This risk profile is represented by the Beta, as estimated by the analyst. Low risk stocks have an estimated Beta below or equal to 0.9, Medium risk stocks have a Beta between 0.9 and 1.3 and High risk stocks have a Beta equal to or above 1.3. The required relative performance for a given rating is indicated below. The price targets given and the expected relative performances are always based on a 12 month time horizon.*

	SELL	REDUCE	HOLD	ADD	BUY
High Beta > 1.3	RP<-15%	-15%≤RP<-6%	-6%≤RP<+6%	+6%≤RP<+15%	RP≥15%
Medium 0.9 < Beta ≤ 1.3	RP<-10%	-10%≤RP<-4%	-4%≤RP<+4%	+4%≤RP<+10%	RP≥10%
Low Beta ≤ 0.9	RP<-6%	-6%≤RP<-2%	-2%≤RP<+2%	+2%≤RP<+6%	RP≥6%

RP : Relative Performance against DJ EURO STOXX.

Rating distribution and remuneration policy:
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