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Belgium / Metal technology

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Bekaert

Product innovation: additional leg in growth profile

- Bekaert is able to translate sizeable capex and R&D efforts into accelerating top line growth, higher margins and increasing ROCE.
- Despite the difficult macro economic environment, the group is showing strong volume growth driven by its exposure to emerging markets, where the penetration of its products in rapidly increasing.
- On top on this, Bekaert's investments in R&D are paying off and result in new products that enlarge the group's footprint towards growing sectors such as submarine and energy transmission, green energy, mining, telecommunication, and the oil and gas industry.
- The group posted extremely strong H1 results, with revenues up by 20% organically and with EBIT and EPS up respectively 68% and 92%.
- Bekaert expects to maintain a solid top line growth for the balance of the year. We expect a 14% organic revenue growth for the FY and an EBIT and EPS increase of respectively 45% and 50%.
- In H1, Emerging Markets made up 57% of revenues and we estimate 65% of profits. With the buyout of its JV partner in Venezuela and in Turkey, high capex in China, the JV with Ansteel in China, greenfield investments in Russia, Indonesia and in India, Bekaert underpinned over the past months once more its emerging markets profile.
- We estimate that the announced investments in these regions will add EUR 280m to revenues in the next 4 years or 12% of consolidated revenues. In our view, Bekaert tries to copy its success in Brazil into China, but with Ansteel as JV partner in stead of ArcelorMittal.
- Despite all investments, net debt to EBITDA is expected to decline to 1.3x at the end of 2008, leaving room for further expansion.
- We believe that Bekaert will continue to benefit from its unique positioning in growth markets, while ongoing investments in R&D are starting to pay off and add a new leg to the group's growth profile.
- Valuation remains very attractive. Bekaert is trading at 8x EPS 2008 and EV/EBITDA 2008 stands only at 4.2x.
- We reiterate our Buy rating and target price of EUR 147 per share, which implies 6.9x EBITDA 2008 and 5.9x EBITDA 2009.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/ EBITDA (*)	P/E (*)	FCF Yield (*)	Div. Yield (*)
12/04	*2,173*	*317*	*183*	*8.38*	*2.00*	*5.2*	*7.0*	*18.8%*	*3.4%*
12/05	*1,914*	*257*	*149*	*6.91*	*3.00*	*6.8*	*11.4*	*8.7%*	*3.8%*
12/06	*2,010*	*268*	*148*	*6.88*	*2.50*	*7.4*	*13.8*	*6.1%*	*2.6%*
12/07	*2,174*	*299*	*153*	*7.63*	*2.76*	*5.6*	*12.1*	*8.5%*	*3.0%*
12/08e	2,525	408	225	11.43	3.50	4.2	8.0	10.0%	3.8%
12/09e	2,680	451	242	12.32	3.75	3.5	7.4	15.4%	4.1%
12/10e	2,801	479	268	13.63	4.00	2.9	6.7	17.9%	4.4%

(*) 2004-2007 figures of EV, P/E and Yield are based on end F.Y. price

Buy

Price:	EUR 91.00
	(29/09/08)
Target price:	147.00
Risk:	Medium
Reuters:	BERTt.BR
Bloomberg:	BEKB BB
Shares number (m):	19.67
Market cap. (m):	1,790
Net debt 12/08e (m):	535
Net debt/equity 12/08e:	42%
H/L 1 year:	120.32 - 76.54
1 year price perf.:	-3.2%
Diff. with DJ Euro Stoxx	30.3%
Volume (sh./day):	61,328
Free Float	58%
Family shareholders	39%
Barclays PLC	3%

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 (29/09/08)

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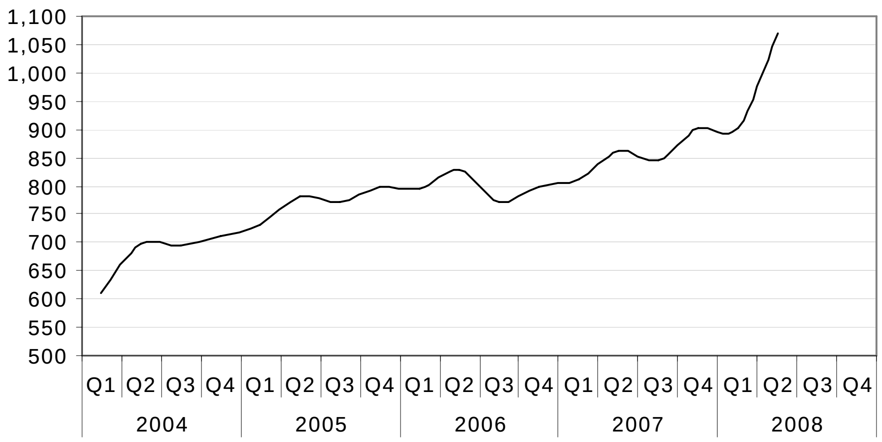
Accelerating growth via BRIC investments and product innovation

Aggressive investments in BRIC countries

Bekaert's organic revenue growth clearly accelerated over the past years. Thanks to the group's improved geographical mix, growth has become less volatile and more structural. In the 90's, Bekaert posted an average organic revenue growth of 2.5% with high volatility depending on the economic cycle in US and in Europe. Over the past 5 years, average organic revenue growth improved to 9%.

Exhibit 1 Total combined quarterly sales evolution since 2004 (in EUR m)

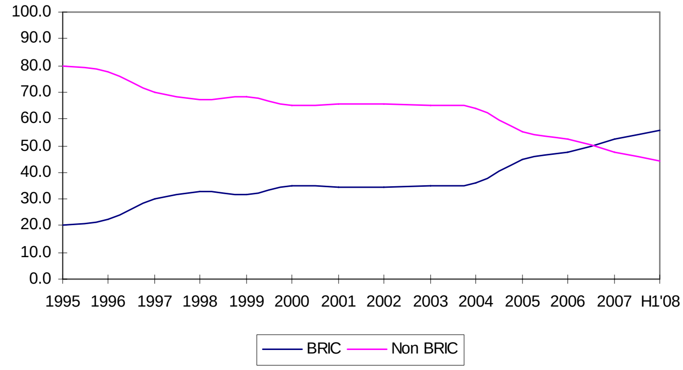


Source: Bekaert

In H1, revenues were up by an impressive 20% implying a 26.5% organic revenues growth in Q2. Price hikes, volumes increase and ongoing product mix improvements each accounted for 1/3rd of the revenue growth. Including equity consolidated companies, BRIC countries represent 57% of revenues and given the higher profitability in these regions, we estimate that these regions make up approximately to 65% of profits.

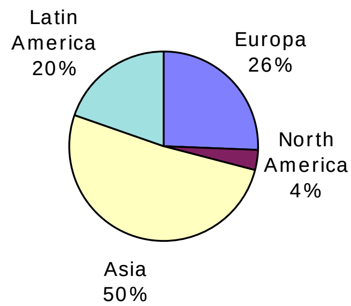
Bekaert's growth profile improved significantly thanks to its aggressive expansion in Asia and to a lesser extent in Latin America and Eastern Europe. Over the past years, Bekaert invested its free cash flows aggressively in markets where it has leadership such as steel cord and in regions where underlying demand for its products in growing fast such as China and Latin America.

Exhibit 2 BRIC countries in % of total revenues



Source: Bekaert / Petercam

Exhibit 3 Capex per region 2007



Source: Bekaert annual report

Emerging Markets will remain the key growth driver of the group in the coming years and their weight in the group's profit will grow further. With the buyout of its JV partner in Venezuela and in Turkey, ongoing high capex level in China and the JV with Ansteel, greenfield investments in Russia, Indonesia and in India, Bekaert underpinned over the past months once more its emerging markets strategy.

Also in 2007, Bekaert invested heavily in these regions. The group increased its capex level (including capex at equity consolidated companies) by 24% last year of which 70% was invested in Asia and in Latin America. Out of the consolidated capex of EUR 200m in 2007, Asia represented EUR 126m or 64%. Also in 2006, half of Bekaert's capex budget was spent in Asia, while 20% of total capex was located in Latin America. The bulk of the investments in Europe are located in Eastern Europe.

At its H1 results, Bekaert announced additional investments in order to cope with demand. The total capex budget is raised to EUR 250m for 2008. Amongst other projects, Bekaert will further increase its tire cord capacity in China to 325 000 tons.

We estimate that the already announced capacity expansions and greenfield investments in these regions will add EUR 280m to revenues in the next 4 years or 12.8% of consolidated revenues in 2007.

Exhibit 4 Recently announced investments and expected revenue impact

Acquisitions			Investment	Revenue impact
Sep-07	Venezuela & Colombia	Buy out JV	EUR 25.4m	EUR 140m
Feb-08	Turkey	Buy out JV	EUR 40.3m	EUR 65m

Timing			Capex	Revenue impact
2008	China	Steelcord & Wire	EUR 100m	EUR 75m
2009	India	JV with Mukand	EUR 18m	EUR 30m
2008 - 2012	India	Wire for automotive & offshore	EUR 15m	EUR 20m
2008 - 2010	Indonesia	Dramix plant	EUR 22m	EUR 35m
2008 - 2013	Russia	Greenfield Steelcord plant	EUR 97m	EUR 45m
2009 -2011	China	4th Steelcord plant in JV with Ansteel	EUR 75m	EUR 55m

Source: Bekaert & Petercam estimates

In the meantime Bekaert continues to adapt its capacity in mature countries. Bekaert closed down its steel cord joint venture in Australia (estimated capacity 10,000 tons) and will from 2008 onwards supply the Australian market from its low cost steel cord plants located in Asia. Also Wire activities in Belgium, the UK and France have been moved towards Eastern Europe or closed. 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.

Growth driver of the past years has been Bekaert's steel cord activity in China, which accounted already for 20% of consolidated revenues at H1'08. Bekaert is clearly gaining market share as it is growing much faster than its closest competitors. In H1, Bekaert's revenues in China grew by 85% in local currencies compared to 42% for Xingda, the n°2 in the market, and 46% for Shougang.

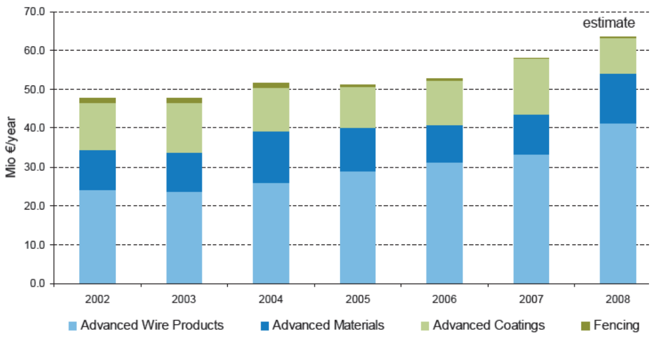
Increasing R&D leads to product innovation,…

Besides its geographical expansion, Bekaert has stepped up its R&D budget significantly over the past years from mid EUR 40m level to EUR 65m expected in 2008. The group will have more than 400 FTE's in the R&D division at the end of 2008, of which 100 located in China and over 300 in Belgium. Bekaert's R&D is focused on its 2 key competences: Metal transformation and Coating technologies

The main surprise in the results of the first half came from the growth realized via product innovation that contributed for 1/3rd to the 20% organic revenue growth.

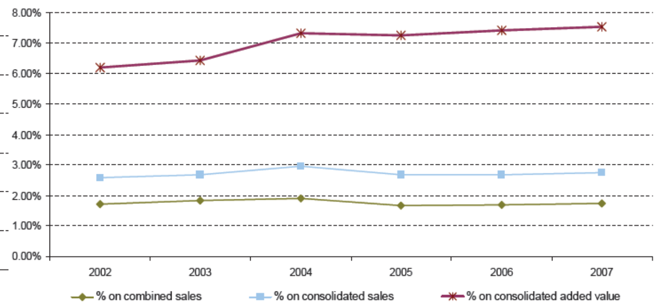
The upgrade of the product mix is even resulting in revenue growth acceleration in mature markets such as Europe and the US. Ongoing investments in R&D have allowed Bekaert to enlarge its footprint towards growing sectors such as submarine and energy transmission, green energy (mainly solar), mining, telecommunication, and the oil and gas industry. Examples in Advanced Wire Products are cable armouring wires, flat and profiled wire for flexible pipes, hoisting cables and cords, sawing wire for solar cells and tire cord for off-the-road heavy equipment.

Exhibit 5 Evolution R&D spend



Source: Bekaert presentation February 2008

Exhibit 6 R&D spend in % of revenues



Source: Bekaert presentation February 2008

The group showed at its analyst day earlier this year that has an interesting pipeline of new products that recently came to the market. The group expects that these products will become a structural growth driver in the coming years, all the more Bekaert is building up production capacity for these products in emerging countries, which should create an incremental leverage on growth and profitability.

Examples of the product innovation are:

- Fibers for diesel particulate filters: introduced in 2007. This system, developed by a German company, reduces diesel engine emissions and eliminates filter maintenance. Instead of the usual ceramic material, the manufacturer opted for a filter medium made of sintered metal fibers which Bekaert produces in Belgium and China. In the course of 2007, Bekaert announced an investment of EUR 18m in expansion of its fiber production capacity in Belgium.
- Flat and profiled wires: Bekaert's flat and profiled wires, which already record EUR 100m in revenues, are for example used to reinforce flexible pipes through which oil and gas are brought to the surface from offshore fields. Bekaert is main supplier to the major players in this industry with a market share over 50%. Technip, one of Bekaert's major customers for flexible pipes for the offshore market is investing in Asia. Bekaert will produce some of the wire needed for this project in India. Bekaert had several break-troughs' in 2007 in specialized wire products for the automotive industry.
- Steel reinforced Thermoplastic: product that was born out the steel cord technology and used to reinforce plastic products such as pipes (applied in oil and gas exploration wells – passed all field tests and start in 2008 its commercial life), bumpers (approval obtained – first type going in serial production in 2010)

… and to margin improvement,

Besides an improved growth profile, the increasing weight of Emerging Markets has a positive impact on margins. We believe that Bekaert generates above average margins in the faster growing regions. In 2007, EBIT margins of the Latin American business, consolidated via the equity method, reached 11.3% compared to 8% for the Bekaert consolidated business. The acquired activities in Venezuela generated 10.1% EBIT margins last year.

Based on peer reporting, we believe that Bekaert's activity in China also generates double digit operating margins. Xingda reported an EBIT margin of 17% in H1'08. Xingda however operates 1 big plant in China, which should imply higher economies of scale but higher transport costs. Bekaert's capacity is split over 3 plants. A much smaller player like Shougang generated EBIT margins of 14.3% in H1'08.

Given Bekaert's high market share in the high margin truck steel cord market, its premium pricing and high utilization rate, we believe that its margins in China are clearly above the group's average despite high depreciation charges. Bekaert finances its capex program in China out of the local cash flow, implying that cash conversion in China is strong.

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 steel cord provides cost leadership. In addition, the link up with Shougang via its 13.3% equity stake, give Bekaert more insight in the Chinese market and could be the precursor of a consolidation in the Chinese steel cord market.

... while management optimizes on cash conversion

Besides faster growth and higher margins, Bekaert is benefiting from an increasing cash generation from the fast growing emerging regions. The only cash Bekaert receives from its equity consolidated companies are the dividends. Until 2004, one of the weak points in the Bekaert investment case was that the strong growth in associates' profits was not translated in FCF growth at Bekaert. 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 2.08 per Bekaert share. In 2006, dividend from associates amounted to EUR 35.2m or 69% of their profits. Another positive surprise was recorded in 2007. Bekaert received EUR 54.7m dividends or EUR 2.76 per share, implying a pay-out ratio of 116%. This was partly driven by a dividend settlement linked to the buy out of its JV partner in Venezuela.

Given the very low debt level at the associates and the change of ownership at Bekaert's joint venture partner (ArcelorMittal in stead of Arcelor), we believe that payout will remain high in the coming years. We pencilled in a pay-out ratio of 80% for coming years.

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

Exhibit 7 Associates results and dividends in EUR m

Associates	2003	2004	2005	2006	2007	H1'08	2008e	2009e	2010e
Equity value Bekaert part	201	220	238	238	216	226	234	247	261
Net profit Bekaert part	36.9	56.7	56.9	51.0	47.1	35.7	61.2	66.3	70.7
Dividend to Bekaert	18.6	22.8	43.6	35.2	54.7	28.5	48.9	53.0	56.6
Payout ratio	50%	40%	77%	69%	116%	80%	80%	80%	80%
ROE	18.4%	25.8%	23.9%	21.4%	21.9%		26.2%	26.8%	27.1%

Source: Petercam estimates

Given its strong cash conversion and under-geared balance sheet, Bekaert added a second leg to its investing strategy: buying back its own share.

Bekaert's management has found the right mix between investing in emerging regions and returning cash to shareholders. The group started a substantial share buy back in Q4'06 and bought back and cancelled 8% of the outstanding shares at the end of in 2007.

So far in, 2008, Bekaert continued and repurchased and cancelled 161,000 shares or 0.8% of the outstanding shares. On top of this, dividend was raised by 25% in 2006 and by 10.4% in 2007. The group targets a payout ratio of 40% for the coming years.

Despite the historical high capex and the share buy backs, net debt to EBITDA ratio stood only 1.5x at the end of 2007, leaving room for further expansion. Gearing amounted to 39%, still significantly below the target of 50%. Despite another year of EUR 250m capex, share buy backs and buy out of JV partners, balance sheet will remain under-geared. We expect that net debt to EBITDA will amount to 1.3x at the end of 2008 and gearing is expected to reach 42%. Without further important expansion plans or share buy backs, leverage would drop substantially.

It is clear that the group has a substantial war chest for potential acquisitions if for instance the Chinese steel cord market would consolidate or if capacity aggressive expansion is needed in countries such as India where tire radialization is still non-existing.

Exhibit 8 Return to shareholders

EUR m	2003	2004	2005	2006	2007	2008e	2009e	2010e
Dividend	45	45	52	74	57	55	69	74
Share buy back	2	10	35	55	111	11	0	0
Total return to shareholders	47	55	87	129	168	66	69	74
in % of market cap	4.2%	4.3%	5.1%	6.3%	9.2%	3.5%	3.6%	3.9%

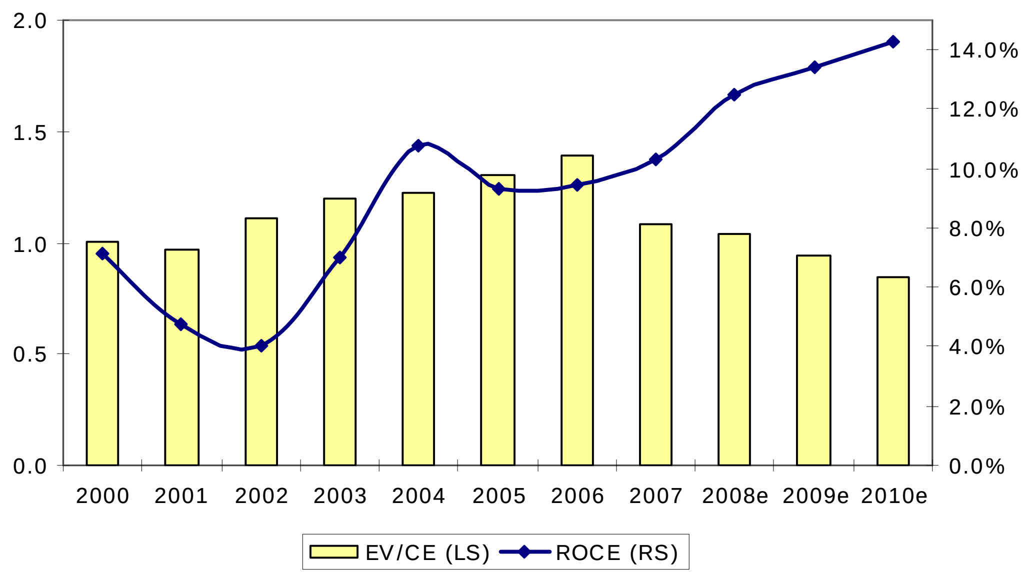
Source: Petercam estimates

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 where demand for their products is still growing strongly and in high margin products in which the group is world leader, has a positive impact on the group's ROCE.

The strong FCF generation underpinned by the dividend received from associates brought capital employed down, while both operating margins improved structurally and asset turnover improved.

The significant step up of dividends paid by Bekaert's associates is the next step in the group's shareholder value creation as this should unlock the value of these assets. At the end of 2007, book value of the joint ventures amounted to EUR 216m, while ROE reached 21.9% and ROCE amounted to 14%. It is clear that the market value of those assets is substantially above their bookvalue.

Exhibit 9 Shareholder value creation: ROIC – WACC positive since 2003



Source: Petercam estimates

Valuation

Given the importance of Bekaert's joint ventures which are consolidated via the equity method, we believe Bekaert needs to be valued in two parts. At the end of 2007, book value of the joint ventures amounted to EUR 216m, while ROE reached 21.9% and ROCE amounted to 14%. It is clear that the market value of those assets, which contributed EUR 54.7m dividends in 2007 to Bekaert, is substantially above their bookvalue.

We made a 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: Due to the increased top line and margin assumptions, our equity value went up to EUR 726m or EUR 40.7 per Bekaert share. Our dividend discount model is based on a 80% payout ratio of profits. We increased our WACC from 9.5% to 10.5% reflecting the increased interest rate environment and use a nominal growth rate after 2010 of 3%.

  On a multiple basis, our valuation implies an EV/EBITDA of 6.8x '08e and 11.9x earnings. It also would imply a dividend yield of 6.7% in 2008. Given the positioning (JV with ArcelorMittal in Brazil with very high market shares) and ongoing growth, our valuation seems certainly not aggressive.

- 100% consolidated business: Our DCF leads to an equity value of the 100% consolidated business of EUR 2.1bn or EUR 106 per share. This would imply that Bekaert would be trading at 6.1x EBITDA 2008 and only 5.5x EBITDA 2009. For our DCF valuation we take the following assumptions into account:
  - CAGR of revenues between 2007 and 2018 of 3.1% compared to 2.6% previously.
  - CAGR of EBIT of only 2%. From 2011 onwards we pencil in gradual EBIT margin erosion back to 9%, which is at the top end the group's LT target range of 7% to 9%, which has become too conservative given the change in product mix and the higher weight of high margin countries.
  - We lifted capex assumption in order to support the growth. Capex is raised to EUR 250m in 2008, and to EUR 150m for 2009 and 2010. After 2010, we pencilled in EUR 125m which is above the group's maintenance capex of EUR 90m.
  - Working capital requirements representing 24% of revenues, above the group's guidance of 22%
  - WACC of 8.2%
  - NOPLAT/WACC to determine residual value, implying that after 2018, incremental investments will no create additional economic value.

This leads to a valuation for the group of EUR 2.9bn. Due to the recent share buy backs, the number of shares outstanding declined to 19.7m, leading to implying a target price of EUR 147 per share.

Valuation is attractive. Bekaert is trading at 8x EPS 2008 and EV/EBITDA 2008 stands only at 4.2x.

At our EUR 147 target price, The group would be trading at 12x earnings and 6.9x EBITDA 2008 and 5.9x EBITDA 2009.

Exhibit 10 DCF & DDM on associates

DCF	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues	2,525	2,680	2,801	2,871	2,943	3,016	3,092	3,169	3,248	3,329	3,412
yoy		6.1%	4.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
EBIT	253	287	307	299	291	284	278	285	292	300	307
margin	10.0%	10.7%	11.0%	10.4%	9.9%	9.4%	9.0%	9.0%	9.0%	9.0%	9.0%
Taxes	-53	-63	-69	-69	-67	-68	-67	-71	-73	-75	-77
tax rate	20.9%	21.9%	22.3%	23.0%	23.0%	24.0%	24.0%	25.0%	25.0%	25.0%	25.0%
NOPLAT	**200**	**224**	**239**	**230**	**224**	**216**	**211**	**214**	**219**	**225**	**230**
Depreciations	156	164	172	165	158	152	146	140	135	129	125
WCR	-124.6	-47.4	-37.2	-18.0	-18.5	-18.9	-19.4	-19.9	-20.4	-20.9	-21.4
CAPEX	250	150	150	125	125	125	125	125	125	125	125
DFCF	**-17**	**163**	**176**	**184**	**161**	**139**	**122**	**111**	**102**	**94**	**88**

NPV horizon period :	1,324	
NPV residual value :	1,173	
net cash (debt) :	-448	
Minorities	-33	
Peripherals	33	
Provisions	-114	12m forward
Bekaert ex ass	**1,934**	2,093
Associates	**726**	801
Equity value	**2,660**	**2,894**
		19.7
		147.1

Equity part	81%
net debt part	19%
Bèta	1.0
risk free rate	5.0%
risk premium	4.0%
corpo spread	2.0%
cost equity	9.0%
cost of debt	4.9%
WACC	**8.2%**

Noplat / Wacc	2,799
Discounted :	1,173

Associates	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net profit	61	66	71	73	75	77	80	84	87	90	94
yoy		8.4%	6.7%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Dividend	49	53	57	58	60	62	64	67	70	72	75
payout	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	0.0%
Div discounted	44	44	42	39	37	34	32	30	29	27	25

NPV horizon period :	383	residual value :	1,017
NPV residual value :	342	Discounted residual value :	342
Equity value associates	**726**	continuing growth rate :	3.0%

Bèta	1.1
risk free rate	6.0%
risk premium	4.0%
WACC	**10.4%**

Implied valuation	2008	2009	2010
Div yield	6.7%	7.3%	7.8%
PE	11.9	10.9	10.3
P/BV	3.10	2.94	2.78
ROE	26.2%	26.8%	27.1%
EV/EBITDA	6.8	6.3	5.9

Source: Petercam estimates

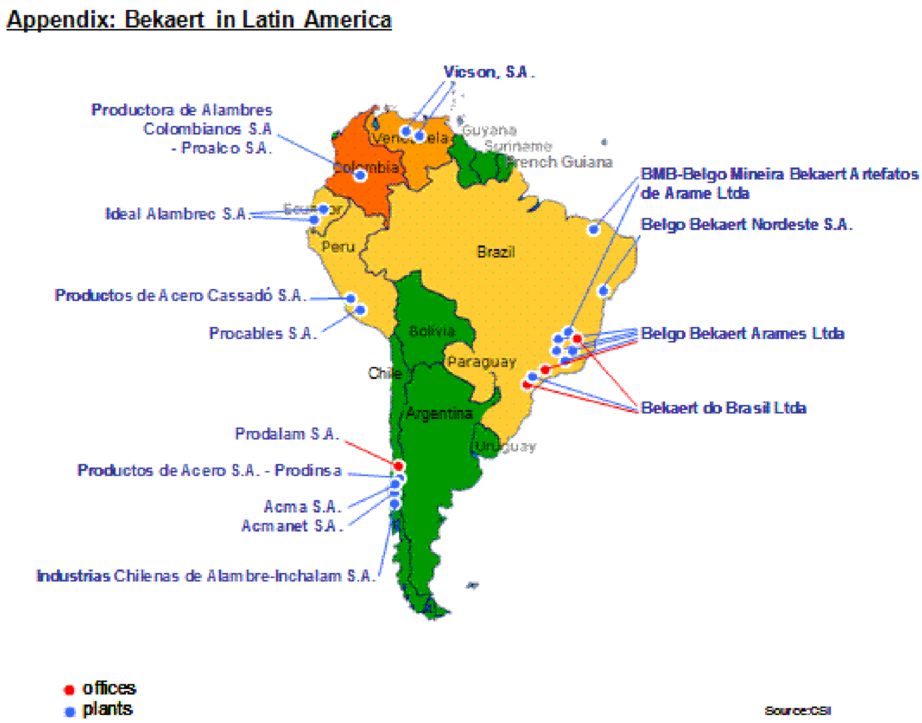
Buying out JV in LatAm and Turkey

Full ownership in Venezuela at very 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 gets 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 11 Bekaert in Latin America



Source: Bekaert

A diversified wire company

Bekaert announced that it has signed an agreement with 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 10% 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 57,000 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 filings learn that Vicson is performing strongly. Over the past years, profits have been growing at more than 15% per year, driven by strong demand especially in the construction and manufacturing sectors.

In 2006, EBITDA margins amounted to 14.5%, while EBIT margin reached 10.2%. In the fiscal year ended in September 2007, Vicson reported 37% revenue growth and a 35% EBIT increase to USD 19.8m. 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.

Exhibit 12 Vicson financials

in USD	Sep-05	Sep-06	Sep-07
Sales	123	143	195
yoy		16%	37%
EBIT	9.8	14.6	19.8
margin	8.0%	10.2%	10.1%
yoy		49%	35%
net profit	4.2	9.0	12.2

Source: Sivensa reporting / Petercam estimates

Bekaert indicated 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 14% and EBIT margin of 10.5%.

Acquired at an attractive price

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 paid only 5.8x 2007 earnings and less than 4x EBITDA.

Vicson contributed in 2007 EUR 5.4m to Bekaert's results via equity consolidation and generated a ROE of 25% in 2007.

Full ownership in Turkey

In February 2008, Bekaert bought out its JV partner Sabanci Holding and acquired 50% in Beksa in Turkey. As a result Bekaert takes full ownership of Beksa, in which it already has a 50% stake. The purchase price amounts to EUR 40,3m.

Beksa, located in Izmit, manufactures steel cord products and Dramix metal fibers for concrete reinforcement, which are 2 of Bekaert's most profitable product group's. Beksa employs about 330 people and recorded EUR 65m sales in 2007.

Beksa will be further developed both as a key supplier to the growing domestic tire market and as an export base.

Bekaert was already consolidating Beksa for 100%. As a result the transaction has no impact on revenues and EBIT level. Bottom line net result will be impacted by financial charges linked to the acquisition and the minority line which will decline significantly. All in all, we estimate that the acquisition will be neutral to slightly positive in 2008.

The new markets: India, Russia & Indonesia

India: Finally waking up?

Bekaert is active in India since 1992 in steel cord. However tire radialization in the Indian market is almost non–existing. As a result, the group's production capacity remains limited to 10,000 tonnes compared to 250,000 tonnes in China at the end of 2007. However Bekaert is ready to expand its capacity if the 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 major tire manufacturing country. In addition, we believe that if the market moves to radialized tires, India will be supplied by Chinese tires.

Bekaert however starts to roll out its other products in India and is investing EUR 33m in total in 2 new initiatives:

- 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.

  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 30m.

  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.

- At its Analyst day in February 2008, Bekaert announced it will invest EUR 15m in a wire production platform that should be able to support growth for Wire products in Asia. The plant will produce flat and profiled wires for the local automotive (spring wire, wire for wiper systems etc..) and for the offshore industry (wire for flexible pipes). The group expects revenues to build up gradually to EUR 20m in 2012 or 1% incremental revenues on group level.

  Bekaert wants to benefit from the strong growth in the off-shore industry in South-East Asia and supply players like Technip, a major customer of Bekaert, which is investing heavily in the production of flexible pipes.

  The Indian automotive industry has grown with more than 15% per year and the penetration rate of passenger cars is only at 7 cars per 1000 people. The Automotive Mission Plan 2006-2016 aims at doubling the contribution of the automotive sector in GDP (from 5 to 10%) with a special emphasis on export of small cars. By 2016 India wants to become the world's seventh largest car producer. The auto component industry growth is directly linked to the growth of automobile industry. Finished parts made of flat and shaped wires such as flat springs for window systems are currently imported by Bekaert in India but will increasingly be made locally. Other flat and shaped wires, commonly used in Europe and the US, are not yet used in India

Russia: Greenfield instead of acquisition

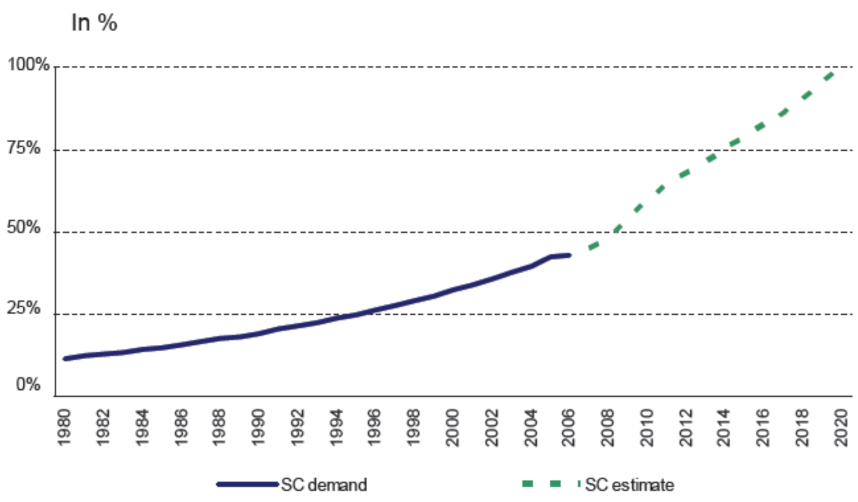
In January 2008, Bekaert announced it will invest in a new steel cord production plant in the Lipetsk Special Economic Zone in Russia. This investment of more than EUR 97m will take place in phases over the period 2008–2013. The first phase, 15,000 tonnes capacity implying a EUR 20m investment, is scheduled to enter production in 2010. The semi product will start production in 2011, while the capacity of the finished product will be doubled to 30,000 tonnes towards 2013. We expect that this investment will add EUR 20m to revenues in 2010 or 1% of revenues, going up to EUR 45m in 2013.

Bekaert already has a portfolio of customers in Russia for steel cord products for tire reinforcement, steel fibers for concrete reinforcement and other specialized wire products. Bekaert's Russian customers are currently being supplied by its plants in Central Europe.

Bekaert points out that there is strong growth potential in the Russian market driven by continuing investments in new automotive plants and heavy truck manufacturing (Volvo, Scania doing feasibility study) and broadening customer base (NKS, Conti, Nokian, Belshina, Amtel, Sibur, Ukraine, Matador, etc.). In addition, a local player Silur stopped its steel cord activities.

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

Exhibit 13 Russian steel cord market



Source: Bekaert presentation February 2008

The size of the Russian market is currently estimated at 60,000 tonnes. Bekaert expects the market to grow to 80,000 tonnes in 2010.

Bekaert is not only entering Russia for the growth potential of the market. 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.

Bekaert is already studying the Russian market for several years and tried to buy Uralkord, the leading player in the market. In February 2006, Bekaert announced that it opened talks with Uralkord, which as a steel cord capacity of 15,000 to 20,000 tons. In December 2006, Bekaert signed a letter of intent to acquire Uralkord for an EV of EUR 47m. At the end of 2007, Bekaert ended negotiations since its acquisition criteria could not be met. The Russian expansion has been delayed but we applaud the financial discipline of the group.

Indonesia: Wire opportunities

Bekaert invested in 2007 in coated wire products in Indonesia. Management believe that Indonesia is a well placed as export base in Southeast Asia and announced at its Analyst Day in February 2008 that it will invest EUR 22m in additional galvanizing capacity and that it will set up a plant for Dramix (steel fibres for concrete reinforcement). In total 40,000 tonnes will be added, gradually built up to 2010. Bekaert expects that this will add EUR 35m to revenues or 1.6% of consolidated revenues.

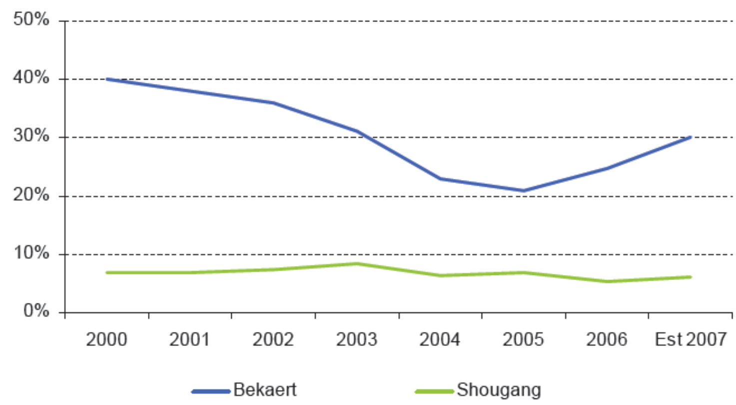
China: the new home market

The key growth driver of Bekaert in the past years has been it success in China. The company increased its steel cord capacity from 125,000 tonnes in 2005 to 200,000 tonnes at the end of 2006 and 250,000 tonnes at the end of 2007. At the end of H1, Bekaert had an installed steel cord capacity of 300,000 tonnes. The number of employees in China has grown from 150 in 2000 to 5,275 at the end of 2007. This implies that including joint ventures, 1 out of 3 employees is Chinese.

Next step in China seems the expansion of the product mix towards wire products that Bekaert already offers in the other parts of the world. Combined with the further expansion in steel cord, China is expected to remain the growth driver of the group in the coming years. At the end of H1, China already represented 20% of the group's consolidated revenues.

In steel cord, Bekaert is clearly gaining market share again as its growing much faster than its closest competitors. We estimated that Bekaert is market leader with an estimated market share of approximately 35%. Bekaert will continue to increase its capacity in China and intends to invest another EUR 150m in 2008, which is expected to result in 325,000 tons capacity at the end of the year.

Exhibit 14 Steel cord market shares in China



Source: Bekaert presentation February 2008

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:

  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. The ongoing investments in roads and bridges in China will further stimulate road transportation and as such demand for steel reinforced tires.

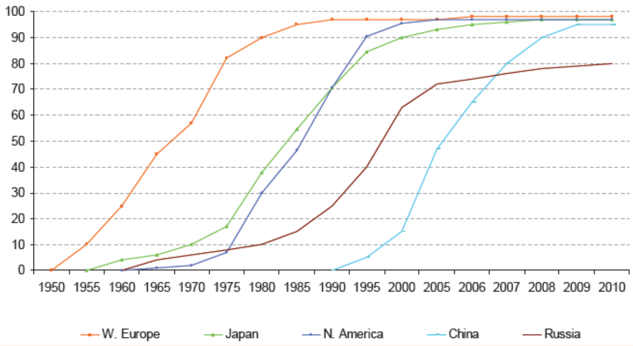
- <u>increase of number of vehicles</u>

  The ongoing strong demand for automobiles is one of the major drivers behind the rapidly growing tire industry. According to the Chinese National Bureau of Statistics, China's automobile output was up by 25% in 2007 and China is now the second largest customer and third largest producer of automobiles globally. In 2007, China produced nearly 9 million vehicles in 2007. Demand for transportation linked to China's GDP growth combined with the rapidly expanding road network should lead to further substantial increase of the automotive market in the coming years.

- <u>fast increasing penetration of steel reinforced of tires</u>

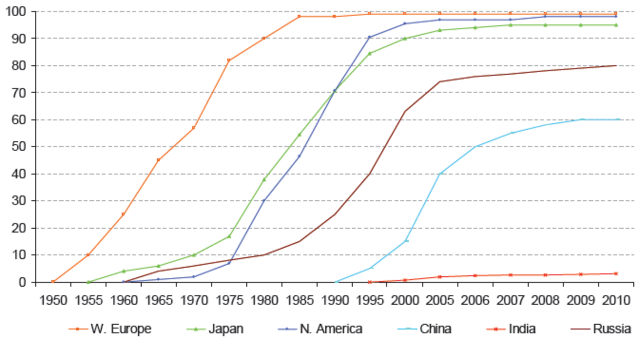
  The development of the road network does also lead to a rapid increase of the penetration of steel reinforced tires. Xingda reported that tire radialization for passenger cars in China amounted at the end of 2007 to 70% compared to 99% in the Western world. Within the truck segment, in which Bekaert generates the majority of its revenues, tire radialization stands only slightly above 50%. 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.

Exhibit 15 Penetration steel reinforced passenger tires



Source: Bekaert presentation February 2008

Exhibit 16 Penetration steel reinforced truck and buss tires



Source: Bekaert presentation February 2008

- <u>China becoming world's tire production base</u>

  According to the China Rubber Industry Association, total tire output rose in '07 by 18% to 330m units, of which radial steel reinforced tire represented 230m, up by 28% yoy. Tire manufacturers are more and more exporting out of China. In '07, 141m tires have been exported out of China, representing a yoy growth of 27%. This implies that 43% of the Chinese tire production is exported mainly to the US.

  It seems just a question on time before China becomes the world's largest tire producer and export base. More and more worldwide tire giants are setting up production facilities in China and the tire industry in China has been undergoing consolidation. 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.

  Such phenomena have directly benefited upstream manufacturers in the tire production chain, in favour of particularly large independent manufacturers. We estimate that 65% of tire plants buy steel cord needs in the open market compared to 50% a few years ago. As such, the addressable market for independent players like Xingda, Shougang and Bekaert increased significantly. Most tire producers in China are not integrated such as Bridgestone and Michelin which makes the bulk of the steel cord 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.

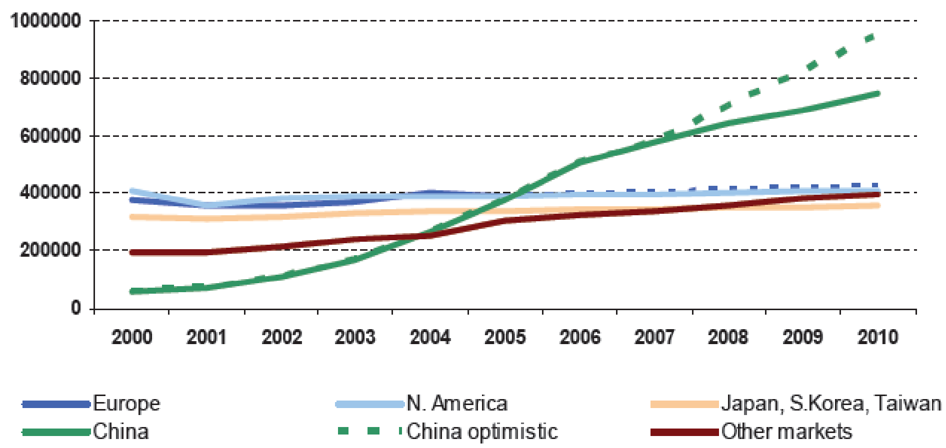
Bekaert is leading player with growing market share

According to the forecasts of the China Rubber Industry Association and other authoritative organizations, the demand for radial tire cords in China will exceed 800,000 tonnes in 2008, an increase of over 25% when compared with 2007.

This is even faster than Bekaert's most optimistic scenario. During its analyst Day in November 2006, Bekaert expected that the steelcord market in China would further grow towards 750,000 tonnes in 2010. During the analyst day in February 2008, Bekaert added to this base scenario a second and more optimistic scenario leading to a market of almost 1 million tonnes in 2010. It seems that this optimistic scenario becomes reality.

Besides demand for steel reinforced tires for cars, trucks and busses, the 'Off the road' radial tire, used on road construction and mining vehicles, is becoming an additional growth engine for steel cord producers. Bekaert was the first independent steel cord manufacturer to supply Chinese tire plants with steel cord for off the road tires.

Exhibit 17 China became largest steelcord market



Source: Bekaert presentation February 2008

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. At the end of June, Bekaert had an installed steel cord production capacity of 300,000 tonnes. The group announced it will further step up its capacity over the 3 existing plants by 25,000 tonnes towards the end of the year.

In June 2008, Bekaert and Ansteel, a leader in the Chinese steel industry announced they will to set up a 50/50 joint venture. Ansteel and Bekaert will invest a total of EUR 150m in the construction of a new steel cord plant to be built in the Shuangqiao District within the Chongqing Municipality. This investment will, in line with market development, take place in phases. The first phase is scheduled to enter production in 2009 and involves a capital investment of EUR 40m.

Since capacity in exiting plants is coming close to the optimal size, it should not come as a surprise that Bekaert starts a 4th plant to supply the Chinese steel cord market. The new plant will be located in South-West China, a region where Bekaert is not yet active. In addition, it seems that a large customer (Double Coin) of Bekaert is investing in the same industrial park with a targeted capacity of 40m tyres a year in 2010. The region is also well-know for its automotive production base.

Bekaert does not give details on the expected output, but we estimate based on the investments that capacity will gradually build up to 40,000 tonnes at the end of 2009 and 80,000 tonnes in 2010. This should translate into incremental revenues (for Bekaert's 50% part) of EUR 30m in 2009 (+1% on total revenues) and EUR 55m in 2010 (+2% on total revenues).

Exhibit 18 Revenue growth Bekaert, Xingda and Shougang

	2005	H1'06	2006	H1'07	H2'07	H1'08
Bekaert	39%	38%	54%	53%	47%	85%
Xingda	40%	6%	7%	8%	12%	42%
Shougang	55%	2%	-4%	1%	21%	46%

Source: company reports

Bekaert and Xingda, quoted in Hong Kong, are by far the largest independent steelcord producers in China with a combined market share over 55%. At the end of H1, Xingda had an installed production capacity of 284,000 tons. 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 40,000 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 approximately 35%.

In '06 Bekaert's capacity expansion resulted into a revenue increase of 54% despite lower pricing levels. Xingda's tire cord volume increased by 19% in '06 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 '06, which resulted in a revenue decline of 4.4% given the lower selling prices.

In 2007, Bekaert further increased its market share. Bekaert posted an impressive revenue growth of 52% in local currency compared to a 10.5% revenue growth at Xingda and a 10.9% revenue growth at Shougang. Xingda's volumes were up by 20.8%, driven by growth in the high margin truck tire segment. In the low margin passenger car tires, Xingda's volumes increased by 8%. Xingda states that due to fierce market competition and the unfavourable product mix change, the overall average selling price fell 8.2% year-on-year. Given the lack of incremental capacity, Shougang recorded only a 8% volume growth in 2007.

All players plan to add incremental capacity in the coming years in order to cope with the expected market growth. Xingda will speed up expansion targeting to increase the annual production capacity by 40,000 to 50,000 tonnes a year in each of the next 3 years. Helped by the supply of half products by Bekaert, Shougang will have 45,000 to 50,000 tons of capacity at YE, growing to 60,000 tons in 2009.

Joint venture with Ansteel

On May 26 2008 Bekaert singed a memorandum of understanding outlining the terms for a strong cooperation between Ansteel and Bekaert. The memorandum creates the framework for a close partnership between the two groups in the future. Both companies will explore strategic cooperation projects in order to capture the growing demand for advanced wire rod products on the Chinese market. The combination of a local Chinese upstream player and Bekaert's technological knowledge should ensure a strong platform for growth.

In June 2008, Bekaert and Ansteel, a leader in the Chinese steel industry announced they will to set up a 50/50 joint venture. The joint venture is a first step in the realization of the strategic partnership. Ansteel and Bekaert will invest a total of EUR 150m in the construction of a new steel cord plant to be built in the Shuangqiao District within the Chongqing Municipality. This investment will, in line with market development, take place in phases. The first phase is scheduled to enter production in 2009 and involves a capital investment of EUR 40m.

We expect in the coming months more joint ventures for the roll out of other wire products.

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 this new 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. Due to some capital increases, Bekaert’s stake is diluted to 13.3%.

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 and will increase its capacity to 60,000 tonnes in 2009. Bekaert is supplying half products such as brass coated wires to support the expansion. In addition, Bekaert is marketing Shougang’s steelcord in markets outside China, while both parties intend to create synergies in purchasing area. In addition, Bekaert is 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 this move 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. 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 known for its high quality products, which is a clear advantage in this industry.

H1 results: Beating all expectations

Organic revenue growth accelerates to 26.5% in Q2!

Revenues in H1 increased by 22% to EUR 1,303m. Organically revenues were up by an impressive 20% in H1, beating all expectations. The acquisition of the remaining 50% in Venezuela and Colombia added 7.6% to revenues, while exchange rates had a negative effect of 5.3%. This implies that Bekaert recorded an astonishing 26.5% organic revenues growth in Q2, accelerating from 13.5% recorded in Q1. In Q2, emerging markets made up 57% of combined revenues.

Bekaert states that organic revenue growth was driven for 1/3rd by price hikes, 1/3rd volume increase and 1/3rd by ongoing product mix improvements. Volumes growth is mainly driven by the group's emerging markets exposure, while the upgrade of the product mix is also resulting in revenue growth acceleration in Europe and the US. Ongoing investments in R&D have allowed Bekaert to enlarge its footprint towards growing sectors such as submarine and energy transmission, green energy (mainly solar), mining, telecommunication, and the oil and gas industry. Examples in Advanced Wire Products are cable armouring wires, flat and profiled wire for flexible pipes, hoisting cables and cords, sawing wire for solar cells and tire cord for off-the-road heavy equipment.

- Advanced Wire products: Consolidated revenues were up by 27% to EUR 1,138m, helped by the acquisition of Vicson. We estimate organically revenues were up by 18%. Key driver for this outperformance was once more China which posted a revenue growth of not less than 80.5%, implying a revenue acceleration towards 85% in Q2. Tire cord capacity reached 300,000 tonnes compared to 275,000 tonnes at the end of Q1. In addition, selling prices were increased significantly, while the product mix improved thanks to a strong growth in high margin products such as 'Off the road' tires. Another driver of the growth acceleration is the larger than expected part of the steel cord capacity is already sold to non-tire manufacturers. As such Bekaert is entering new markets where penetration of its products is low.

Exhibit 19 Revenue evolution Advanced Wire Products

	Q1	Q2	HY
Wire Europe	6%	25%	16%
Wire North America	-1%	18%	9%
Wire Latin America	18%	31%	25%
Wire Asia	25%	102%	63%
Building Products	16%	20%	18%
Steel Cord China	76%	85%	81%
Steel Cord Others	-7.4%	-2.0%	-5%
Other	-22%	-21%	-22%

Source: Petercam estimates

Besides the ongoing stellar performance in China, every other business unit within Advanced Wire Products outperformed on expectations and witnessed revenue acceleration in Q2. Wire Asia posted a strong 102% revenue growth driven by capacity expansion in Indonesia, while Building Products grew by 20% benefitting from the infrastructure boom such as the Middle East and Asia.

The Wire division in Europe does not show any signs of slowdown with revenues up by 25% driven by strong volumes growth in Eastern Europe. For the forth quarter in a row, Wire US surprised positively posting a revenue growth of 18% in Q2 despite the USD weakening. This performance is driven by strong demand for offshore products, the impact of the improving product mix and increasing exports. Revenue of Steel cord outside China declined by 2%, driven by capacity closures and weak underlying demand in mature markets.

Wire Latin America, of which the largest part is consolidated via the equity method, posted a revenue growth of 31%. Bekaert states that Chile recorded better sales, while those in Brazil continued to show sustained growth driven by higher volumes and higher selling prices reflecting the immediate pass-through of price increases of raw material.

- Advanced materials: Revenues were stable at EUR 101m. Sales of stainless were down due to a volume decline and reduced nickel-based wire rod prices. The activity decrease in some Belgian fibre technologies plants was more than offset by a further dynamic expansion of the diesel particulate filter media supplied by the Suzhou plant in China. Sales growth of combustion technologies can be attributed to the project-related paper and coating drying systems. Bekaert achieved higher capacity utilization in composites.
- Advanced Coatings: Revenues were down by 4% to EUR 61m due to difficult market conditions in industrial coatings. Specialized films performed strongly (+14%), reflecting firm growth in Asia and expanding industrial applications, but all growth was offset by negative forex impact.

Top line growth translated into margin expansion

The combination of high organic revenue growth and the group's traditional strong cost control has resulted into an impressive margin expansion.

Gross profit increased by 44% to EUR 308m compared to our forecast of EUR 248m. This implies a gross margin of 23.6% against 20.8% expected and 20.1% recorded during H1'07. Gross margin expansion was driven by a better geographical mix (higher margins in emerging regions), improved product mix, very high capacity utilization and the ability to pass on the raw material price increase. The impact of inventory revaluation was limited since overall inventories were low due to strong demand.

SG&A reached EUR 145m compared to EUR 143m expected. This leads to an EBITA growth of 80% to EUR 163m compared to our forecast of EUR 115m and a consensus estimate of EUR 108m.

Non recurring costs amounted to EUR 17.5m vs EUR 10m expected. Bekaert took restructuring provision for capacity reductions in steel cord in Belgium, increased provision for potential environmental liabilities and impaired some goodwill. This results into an EBIT growth of 68% to EUR 145m, which is not less than 38% ahead of our forecasts and 47% ahead of consensus. EBITA margin reached 12.5% and EBIT margin stood at 11.2%.

Financial charges were lower than expected at EUR -17m vs EUR -21m expected driven by good FCF generation. Non-operating financial expenses came in at EUR - 5m where we were going for a zero impact. This is mainly explained by the difference between the official and the market exchange rate in Venezuela. Tax rate remained at 21%, benefiting from tax incentives in emerging markets.

The equity consolidated companies, mostly Latin America, posted a profit of EUR 35.7m compared to EUR 21.4m expected again driven by the cocktail of pricing power, strong local demand and improving product mix. Despite the transfer of Venezuela and Columbia to the consolidated perimeter, this represented a growth rate of 53% versus H1'07.

This leads to a net profit of EUR 126m compared to EUR 82.8m forecasted and a consensus estimate of EUR 80.8m. Excluding goodwill impairment, net adjusted profit was up by 85% to EUR 134m or EUR 6.81 per share.

Forecasts 2008 and 2009 raised by 30%

Bekaert remains confident for the second half of the year. Despite the continuing difficult economic environment in the mature Western markets, Bekaert expects, thanks to its strategic positioning in the emerging markets, to maintain a solid top line growth for the balance of the year. Demand seems to remain strong and the group announced another round of price hikes, in order to offset the ongoing price inflation of wire rod. Just like in H1, the group's key challenges remain increasing prices without destructing demand.

Bekaert also announced additional investments in order to cope with demand. The total capex budget is raised to EUR 250m in 2008. Amongst other projects, Bekaert will further increase its tire cord capacity in China to 325 000 tons.

Thanks to its market leadership, the group is able to pass through the ongoing increase of wire rod prices. However price hikes represented only 1/3 of the group's 20% organic revenue growth in H1. The balance was made up by strong demand, a direct result of the group's strategic positioning towards emerging regions, as well as to the ongoing upgrades of its product mix towards end markets that show structural growth such as offshore, oil & gas and clean energy. The latter should become a structural growth driver in the coming years, all the more Bekaert is building up production capacity for these products in emerging countries, which should create an incremental leverage on growth and profitability.

Exhibit 20 Increased estimates

Forecasts	08e old	08e new	change	09e old	09e new	change
Revenues	2,400	2,525	5.2%	2,533	2,680	5.8%
EBIT	206	253	23%	222	287	29%
Adjusted net profit	173	225	30%	186	242	30%

Source: Petercam estimates

After the H1 results, we raised our FY forecasts significantly. We lifted our revenue forecast by 5.2% for 2008 and by 5.8% for 2009. This implies an organic revenue growth of 14% in 2008, slowing down to 6.6% in 2009, due to the absence of further price hikes.

Key growth driver remains China, representing 20% of consolidated revenues. We raised our FY revenue forecast by 10% in China to EUR 555m, implying a yoy sales growth of 53%. This is based on a production capacity of 325,000 tons compared to 300,000 tons. Bekaert will continue to take market share as it can add capacity faster than most of its competitors. Besides Bekaert's strong balance sheet and its scale, a key competitive advantage is the in-house development and production of its production lines. In addition, for the first time in years, selling prices are rising in China. On top of this, Bekaert has started an aggressive roll out of other products as well. The joint venture with Ansteel will likely accelerate this process.

We also lifted growth assumptions for other divisions, reflecting price increases, changing product mix and better than anticipated volumes. Nevertheless, we pencilled in a slowdown in Europe and in the US in H2 and in 2009, both in Wire and in steel cord.

The improving product mix and the higher profitability in Emerging Markets lead to a flow through of the top line growth into margins, despite the raw material inflation. We lift our gross margin forecast for 2008 from 20.4% to 22.4%.

Bekaert will continue to support growth by another rise of its R&D budget by 15% to EUR 65m. Combined with the further step of administrative functions in emerging regions, we expect a rise in SG&A of 17% to EUR 291m. For the Full year we expect non-recurring charges of EUR 23m, ahead of the normal run rate of EUR 10m to EUR 15m. This should lead to an EBIT growth in 2008 of 45% to EUR 253m, implying a margin of 10% compared to 8.6% in our previous model.

As a result, our EBIT forecast is lifted by 23%. Declining restructuring costs in combination with ongoing improvement of product and geographical mix should lead to EBIT margin expansion to 10.7% in 2009. We also increased our profit contribution from associates by 30% to EUR 61m for 2008.

This results in an increase of our net profit forecast by 30% to EUR 225m, implying a yoy growth of 47%. This equals an EPS of EUR 11.43 per share.

Despite the historical high capex of EUR 250m, including the first investments for the 4th Chinese steel cord plant, share buy backs for EUR 16m and the acquisition of the minorities in Turkey, we expect that Bekaert's net debt to EBITDA ration will decline towards 1.3x at the end of 2008.

Profit & Loss (EUR m)	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
Revenues	**2,173.2**	**1,914.3**	**2,009.6**	**2,173.6**	**2,525.4**	**2,680.2**	**2,800.8**
(Y/Y - %)	*21%*	*-12%*	*5%*	*8%*	*16%*	*6%*	*5%*
Gross profit	490.8	392.1	394.9	433.9	566.3	609.3	644.0
Selling expenses	-111.7	-92.4	-96.7	-98.2	-117.1	-124.0	-130.1
R & D expenses	-53.9	-45.0	-49.6	-56.7	-65.3	-68.4	-71.7
General & administ. expenses	-108.9	-100.4	-95.3	-96.6	-108.5	-113.9	-118.6
Other expenses	-22.2	-4.3	-1.9	-7.8	-12.9	-15.9	-16.4
EBITDA	**316.7**	**257.4**	**267.7**	**298.6**	**408.5**	**450.8**	**479.1**
EBITA	189.4	150.0	151.4	174.6	252.6	287.1	307.2
(Ebita margin - %)	*8.7%*	*7.8%*	*7.5%*	*8.0%*	*10.0%*	*10.7%*	*11.0%*
Amortization	-9.0	-13.7	-5.5	0.0	-10.0	0.0	0.0
Impairment	-	-	-	-	-	-	-
EBIT	185.1	136.3	145.9	174.6	252.6	287.1	307.2
Net Financial Result	-30.6	-26.9	-25.1	-32.5	-34.7	-38.2	-28.8
(of which Net interest charges)	-16.4	-19.7	-23.2	-32.5	-34.7	-38.2	-28.8
(of which Other)	-14.2	-7.2	-1.9	0.0	0.0	0.0	0.0
Pre-tax result	154.5	121.0	114.2	133.7	207.6	238.9	268.4
Taxes	-28.1	-30.3	-18.1	-19.1	-43.3	-52.3	-59.9
Except. / Discont. operations	0.0	-	-	-	-	-	-
Associates	56.8	56.9	51.0	47.1	61.2	66.3	70.7
Minorities	-12.4	-12.0	-4.8	-8.7	-10.1	-10.6	-11.2
Net declared earnings	167.6	189.9	142.3	152.9	215.4	242.3	268.1
Net adjusted earnings	**183.4**	**149.4**	**147.8**	**152.9**	**225.4**	**242.3**	**268.1**

Cash Flow (EUR m)	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
EBIT	185.1	136.3	145.9	174.6	252.6	287.1	307.2
Depreciation	121.4	107.5	116.2	124.0	155.9	163.7	171.9
Amortization	7.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	13.7	5.5	0.0	10.0	0.0	0.0
Changes in provision	-7.5	-15.3	0.0	0.0	0.0	0.0	0.0
Changes in working capital	-107.2	-2.0	-31.9	-41.9	-124.6	-47.4	-37.2
Others	8.8	-5.5	-8.4	-1.5	5.0	0.0	0.0
Operational Cash Flow	**207.5**	**234.6**	**227.3**	**255.2**	**298.9**	**403.4**	**441.9**
Tax expenses	-32.9	-25.5	-16.8	-24.9	-43.3	-52.3	-59.9
Dividends from associates	22.8	43.6	35.2	54.7	48.9	53.0	56.6
Net interest charges	-16.0	-14.8	-22.0	-30.8	-34.7	-38.2	-28.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	**181.4**	**237.9**	**223.6**	**254.2**	**269.9**	**366.0**	**409.9**
CAPEX	-172.9	-151.6	-161.3	-199.8	-250.0	-150.0	-150.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-16.7	-21.2	-42.7	-14.7	-41.3	0.0	0.0
Divestments	6.6	93.0	11.4	8.0	5.7	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	**-182.9**	**-79.9**	**-192.6**	**-206.6**	**-285.6**	**-150.0**	**-150.0**
Dividend payment	-45.3	-52.2	-74.1	-57.2	-54.7	-68.8	-73.8
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	1.2	-35.2	-52.8	-111.0	-11.2	0.0	0.0
Others	-2.0	12.0	0.0	0.0	0.0	0.0	0.0
CF from financing activities	**-46.0**	**-75.4**	**-127.0**	**-168.2**	**-65.9**	**-68.8**	**-73.8**
Changes in consolidation scope	-	-	-	-	-	-	-
Exchange rate impact	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/cash change	**-47.5**	**82.7**	**-96.0**	**-120.6**	**-81.7**	**147.1**	**186.1**
FCF to Enterprise	34.7	150.1	133.4	157.8	203.9	313.4	352.9
FCF to Equity	241.4	147.8	121.3	155.3	179.9	276.0	320.9

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

Balance Sheet (EUR m)	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
Tangible fixed assets	791.6	799.8	824.2	917.6	1,012.2	977.8	933.8
Intangible fixed assets	118.4	125.4	134.5	122.0	109.3	109.3	109.3
(of which Goodwill)	76.0	79.9	77.0	70.1	62.6	62.6	62.6
(of which Other intang. assets)	42.4	45.5	57.5	51.9	46.6	46.6	46.6
Financial fixed assets	316.5	268.2	309.2	246.4	266.8	280.1	294.2
Total fixed assets	1,226.6	1,193.4	1,267.8	1,286.0	1,388.3	1,367.2	1,337.2
Working capital	474.0	453.9	401.1	511.6	636.2	683.6	720.8
Capital employed	**1,700.6**	**1,647.3**	**1,725.6**	**1,797.7**	**2,024.5**	**2,050.8**	**2,058.0**
Total Equity	958.5	1,130.3	1,121.3	1,146.6	1,287.2	1,460.6	1,655.0
Equity	909.7	1,079.2	1,072.5	1,098.2	1,258.8	1,432.2	1,626.6
Minorities & preferred	48.8	51.1	48.9	48.4	28.4	28.4	28.4
Provisions & deferred taxes	286.7	242.3	222.8	201.0	201.1	201.1	201.1
Net financial debt	455.4	271.7	377.6	448.1	535.1	388.0	200.8
Capital invested	**1,700.6**	**1,647.3**	**1,725.6**	**1,797.7**	**2,024.5**	**2,050.8**	**2,058.0**
Total assets	2,189.3	2,231.7	2,163.0	2,309.7	2,567.1	2,605.6	2,625.9

EV and CE details (EUR m)	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
Market cap.	**1,285.1**	**1,699.8**	**1,983.7**	**1,824.5**	**1,790.0**	**1,790.0**	**1,790.0**
+ Net financial debt	455.4	271.7	377.6	448.1	535.1	388.0	200.8
(of which LT debt)	-	-	-	-	-	-	-
(of which ST debt)	-	-	-	-	-	-	-
(of which Cash position)	-	-	-	-	-	-	-
+ Provisions (pension)	172.0	138.9	135.6	120.8	113.6	113.6	113.6
+ Minorities (MV)	48.8	51.1	48.9	48.4	33.4	33.4	33.4
- Peripheral assets (MV)	-326.1	-402.8	-571.7	-759.7	-762.4	-762.4	-762.4
+ Others	-	-	-	-	-	-	-
Enterprise Value	**1,635.2**	**1,758.7**	**1,974.0**	**1,682.0**	**1,709.7**	**1,562.5**	**1,375.4**
Equity (group share)	**909.7**	**1,079.2**	**1,072.5**	**1,098.2**	**1,258.8**	**1,432.2**	**1,626.6**
+ Net financial debt	455.4	271.7	377.6	448.1	535.1	388.0	200.8
+ Provisions (pension)	172.0	138.9	135.6	120.8	113.6	113.6	113.6
+ Minorities	48.8	51.1	48.9	48.4	28.4	28.4	28.4
- Peripheral assets	-226.1	-242.2	-239.4	-220.2	-248.0	-261.2	-275.4
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	**1,359.9**	**1,298.7**	**1,395.1**	**1,495.2**	**1,687.9**	**1,701.0**	**1,694.1**
+ Accumulated goodwill amortiz.	57.3	57.3	57.3	57.3	57.3	57.3	57.3
CE (for ROCE grossed gdwll)	**1,417.2**	**1,356.0**	**1,452.4**	**1,552.6**	**1,745.3**	**1,758.3**	**1,751.4**

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

Per Common Share (EUR)	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
Adjusted EPS (*)	**8.38**	**6.91**	**6.88**	**7.63**	**11.43**	**12.32**	**13.63**
Adjusted EPS (fully diluted)	8.21	6.88	6.88	7.63	11.43	12.32	13.63
Declared EPS	-	-	-	-	-	-	-
CFS	13.94	11.87	12.29	13.82	19.34	20.64	22.37
FCF (to Equity)	11.04	6.83	5.64	7.75	9.13	14.03	16.31
Dividend	2.00	3.00	2.50	2.76	3.50	3.75	4.00
Book Value	41.59	49.89	49.90	54.80	63.86	72.81	82.69
Shares (m)							
At the end of F.Y.	21.874	21.530	20.947	19.831	19.670	19.670	19.670
Average number	21.874	21.633	21.492	20.039	19.710	19.670	19.670
Fully diluted Average number	22.410	21.708	21.597	20.367	20.026	19.986	19.986

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

Ratios	12/04	12/05	12/06	12/07	12/08e	12/09e	12/10e
Valuation analysis							
P/E	7.0	11.4	13.8	12.1	8.0	7.4	6.7
P/CF	4.2	6.6	7.7	6.7	4.7	4.4	4.1
P/BV	1.4	1.6	1.9	1.7	1.4	1.2	1.1
EV/Sales	0.8	0.9	1.0	0.8	0.7	0.6	0.5
EV/EBITDA	5.2	6.8	7.4	5.6	4.2	3.5	2.9
EV/EBITA	8.6	11.7	13.0	9.6	6.8	5.4	4.5
EV/EBIT	8.8	12.9	13.5	9.6	6.8	5.4	4.5
EV/CE	1.2	1.4	1.4	1.1	1.0	0.9	0.8
EV/CE (grossed goodwill)	1.2	1.3	1.4	1.1	1.0	0.9	0.8
EV/FCF (1)	47.2	11.7	14.8	10.7	8.4	5.0	3.9
FCF yield (2)	18.8%	8.7%	6.1%	8.5%	10.0%	15.4%	17.9%
Dividend yield	3.4%	3.8%	2.6%	3.0%	3.8%	4.1%	4.4%
Financial ratios							
Interest cover	7.0	5.1	5.8	5.4	7.3	7.5	10.7
Net Debt/EBITDA	1.4	1.1	1.4	1.5	1.3	0.9	0.4
Net Debt/Equity	47.5%	24.0%	33.7%	39.1%	41.6%	26.6%	12.1%
Net Debt/FCF (2)	1.9	1.8	3.1	2.9	3.0	1.4	0.6
Capital turnover	1.5	1.5	1.4	1.5	1.5	1.6	1.7
ROCE pre-tax	14.4%	12.9%	11.7%	12.5%	16.3%	17.8%	19.0%
ROCE post-tax	11.9%	12.4%	11.2%	12.0%	15.8%	17.2%	18.4%
ROCE pre-tax (grossed goodwill)	12.7%	9.7%	9.8%	10.7%	12.9%	13.9%	14.8%
ROCE post-tax (grossed gdwll)	10.5%	9.3%	9.4%	10.3%	12.5%	13.4%	14.3%
ROE	21.8%	13.8%	13.8%	13.9%	17.9%	16.9%	16.5%
Working capital (in % of sales)	21.8%	23.7%	20.0%	23.5%	25.2%	25.5%	25.7%
Payout	26.1%	43.4%	36.3%	36.2%	30.6%	30.4%	29.3%
Margin analysis and tax rate							
Gross margin	22.6%	20.5%	19.7%	20.0%	22.4%	22.7%	23.0%
EBITDA margin	14.6%	13.4%	13.3%	13.7%	16.2%	16.8%	17.1%
EBITA margin	8.7%	7.8%	7.5%	8.0%	10.0%	10.7%	11.0%
Adjusted profit margin	8.4%	7.8%	7.4%	7.0%	8.9%	9.0%	9.6%
Tax rate	17.0%	24.6%	15.9%	14.3%	20.9%	21.9%	22.3%
Growth analysis							
Sales	21%	-12%	5%	8%	16%	6%	5%
EBITDA	34%	-19%	4%	12%	37%	10%	6%
EBITA	59%	-21%	1%	15%	45%	14%	7%
Adjusted profit	78%	-19%	-1%	3%	47%	8%	11%
Adjusted EPS	80%	-18%	0%	11%	50%	8%	11%
Dividend	14%	50%	-17%	10%	27%	7%	7%

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

Notes -

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Investment rating system*: The Petercam stock ratings are based on the estimated performance relative to the Petercam Benelux coverage universe. The total return required for a given rating depends on the risk profile relative to this universe. 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 performance 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 Petercam coverage universe

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