

Bekaert

Valuation remains undemanding

Strong results – strong earnings upgrade

- Bekaert released a strong set of FY 2009 results. We initially indicated that we would increase our earnings estimates by about 20%.
- We finally upgrade our 2010 and 2011 EBITDA estimates by 22% each and 2012 by 18%.
- In 2010 and 2011, Bekaert will benefit from the gradual further increase in capacity. Total group capacity will be increased from 625k currently to 700k by the end of 2010, with China increasing from 350k to 400k ton.
- As a result, group capex will increase from EUR 166m in 2009 to EUR 175 – 200m, of which about 80% geared towards growth markets.
- We maintain our growth in China also in 2012, but as the company will increase the percentage of non-tire-cord products, we expect the Chinese margins to decline gradually. Despite Bekaert's extremely strong market position, we believe it's reasonable to assume that Chinese tire cord margins cannot remain at these levels forever.

Valuation still undemanding

- Despite the recent stock price performance, but thanks to the earnings upgrade, valuation remains undemanding.
- At our target price of EUR 145, the shares trade at 9.2x EV/EBIT 2011 and 5.9x EV/EBITDA.
- Although there will eventually be a downside risk to Chinese margins, we expect this to be compensated by:
 1. Topline growth in China thanks to growth in truck tire radialisation, growth of passenger cars and growth of new products;
 2. Growth from the outsourcing trend by tire manufacturers as highlighted by recent comments from Michelin and Goodyear and the acquisition of the Bridgestone plants;
 3. General growth from growth markets, which represent 70% of sales;
 4. A gradual recovery of mature markets.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/ EBITDA (*)	P/E (*)	FCF Yield (*)	Div. Yield (*)
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	7.1	12.1	8.5%	3.0%
12/08	2,662	411	209	10.62	2.80	3.6	4.6	11.8%	5.8%
12/09	2,438	385	152	7.72	2.80	6.2	14.1	14.5%	2.6%
12/10e	2,610	473	192	9.74	2.94	5.6	12.9	5.4%	2.3%
12/11e	2,743	489	198	10.06	3.05	5.1	12.5	8.0%	2.4%
12/12e	2,852	490	200	10.17	3.05	4.8	12.3	8.5%	2.4%

(*) 2006-2009 figures of EV, P/E and Yield are based on end F.Y. price

Buy

Price:	EUR 125.60
	(04/03/10)
Target price:	145.00
Risk:	Medium
Reuters:	BERTt.BR
Bloomberg:	BEKB BB
Shares number (m):	19.67
Market cap. (m):	2,471
Net debt 12/09 (m):	406
Net debt/equity 12/09:	30%
H/L 1 year:	126.60 - 38.26
1 year price perf.:	203%
Diff. with DJ Euro Stoxx	156%
Volume (sh./day):	66,179
Free Float	61%
Family shareholders	39%

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 (4/03/10)



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Exhibit 1 Earnings breakdown and estimates											
in EUR m	2008	2009	2010 Q1e	2010 Q2e	2010 H1e	2010 Q3e	2010 Q4e	2010 H2e	2010e	2011e	2012e
Combined Revenues	4,010.5	3,340.8	834.3	926.6	1,760.9	965.0	956.1	1,921.1	3,682.1	3,875.7	4,049.7
y/y	17.3%	-16.7%	5.8%	12.1%	9.1%	12.6%	10.0%	11.3%	10.2%	5.3%	4.5%
Associates	1,345.7	903.0	261.3	267.3	528.6	272.1	271.8	543.9	1,072.4	1,132.9	1,197.7
Revenues	2,661.8	2,437.8	573.0	659.3	1,232.3	692.9	684.4	1,377.3	2,609.6	2,742.8	2,852.0
yoy	22.5%	-8.4%	-3.3%	8.4%	2.6%	11.9%	10.7%	11.3%	7.0%	5.1%	4.0%
volume		-10.4%	10.8%	10.3%	10.5%	8.8%	6.0%	7.4%	8.9%	2.9%	2.0%
price		-6.8%	-7.3%	0.1%	-3.5%	2.6%	2.1%	2.4%	-0.5%	2.0%	2.0%
acq/div		5.4%	0.0%	2.5%	1.2%	2.4%	2.4%	2.4%	1.8%	0.6%	0.0%
forex		3.4%	-6.8%	-4.4%	-5.6%	-1.9%	0.1%	-0.9%	-3.2%	-0.4%	0.0%
EMEA	1,167.8	827.9	210.3	218.9	429.2	225.2	242.1	467.3	896.5	943.6	981.4
North America	605.2	473.4	125.2	126.0	251.2	117.3	116.5	233.8	485.0	504.4	524.6
Latin America	176.6	326.6	56.0	66.0	121.9	73.3	67.9	141.2	263.2	260.2	268.0
Asia Pacific	712.9	809.8	181.5	248.4	429.9	277.2	257.8	535.0	964.9	1,034.6	1,078.0
Gross Profit	601.2	534.5			303.3			330.5	633.6	625.1	627.4
gross margin	22.6%	21.9%			24.6%			24.0%	24.3%	22.8%	22.0%
EBITDA	411.5	385.3			226.0			247.0	473.0	489.0	490.4
margin	15.5%	15.8%			18.3%			17.9%	18.1%	17.8%	17.2%
REBIT	293.6	257.1			155.0			170.0	325.0	336.0	331.4
margin	11.0%	10.5%			12.6%			12.3%	12.5%	12.3%	11.6%
non-recurring	-83.7	-25.1			-14.0			-11.0	-25.0	-25.0	-25.0
EBIT	210.0	232.0			141.0			159.0	300.0	311.0	306.4
margin	7.9%	9.5%			11.4%			11.5%	11.5%	11.3%	10.7%
EMEA	-8.7	-19.5							25.0	24.0	26.0
margin	-0.7%	-2.4%							2.8%	2.5%	2.6%
North America	25.2	-7.7							-3.0	5.0	5.0
margin	4.2%	-1.6%							-0.6%	1.0%	1.0%
Latin America	15.5	26.5							31.0	30.0	30.0
margin	8.8%	8.1%							11.8%	11.5%	11.2%
Asia Pacific	244.1	287.9							310.0	315.0	308.4
margin	34.2%	35.6%							32.1%	30.4%	28.6%
Other	-65.4	-55.5							-60.0	-60.0	-60.0
Net financial charges	-49.3	-65.5			-32.8			-32.9	-65.7	-65.7	-56.7
PBT	160.7	166.4			108.2			126.1	234.3	245.3	249.7
taxes	-25.5	-33.9			-27.0			-31.5	-58.6	-61.3	-62.4
tax rate	15.9%	20.3%			25.0%			25.0%	25.0%	25.0%	25.0%
Associates	56.1	37.8			17.4			20.4	37.8	37.8	37.8
Minoritiess	-17.7	-18.6							-22.0	-24.0	-25.0
Net profit	173.6	151.8			88.6			103.0	191.6	197.8	200.1
EPS	10.62	7.72							9.74	10.06	10.17
y/y	39.2%	-27.3%							26.2%	3.2%	1.2%
Ratio's									2010e	2011e	2012e
EV/EBITDA									5.6	5.1	4.8
EV/EBIT									8.8	8.1	7.7
PER									13.0	12.6	12.4
DPS									2.94	3.05	3.05
gross yield									2.3%	2.4%	2.4%

Source: Petercam estimates

Profit & Loss (EUR m)	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
Revenues	2,009.6	2,173.6	2,661.8	2,437.8	2,609.6	2,742.8	2,852.0
(Y/Y - %)	5%	8%	22%	-8%	7%	5%	4%
Gross profit	394.9	433.9	601.5	534.5	633.6	625.1	627.4
Selling expenses	-96.7	-98.2	-121.8	-105.4	-105.0	-107.0	-110.1
R & D expenses	-49.6	-56.7	-68.5	-63.4	-65.8	-68.9	-70.0
General & administ. expenses	-95.3	-96.6	-113.6	-110.6	-109.0	-112.0	-115.0
Other expenses	-1.9	-7.8	-51.5	-9.0	-42.8	-14.9	-14.9
EBITDA	267.7	298.6	411.5	385.3	473.0	489.0	490.4
EBITA	162.7	186.3	293.6	257.1	325.0	336.0	331.4
(Ebita margin - %)	8.1%	8.6%	11.0%	10.5%	12.5%	12.3%	11.6%
Amortization	-5.5	0.0	-35.7	-14.1	-11.0	-11.0	-11.0
Impairment	-	-	-	-	-	-	-
EBIT	145.9	174.6	210.0	232.0	300.0	311.0	306.4
Net Financial Result	-25.1	-32.5	-41.4	-56.6	-65.7	-65.7	-56.7
(of which Net interest charges)	-23.2	-32.5	-41.4	-56.6	-65.7	-65.7	-56.7
(of which Other)	-1.9	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	114.2	133.7	160.7	166.4	234.3	245.3	249.7
Taxes	-18.1	-19.1	-25.5	-33.9	-58.6	-61.3	-62.4
Except. / Discont. operations	-	-	-	-	-	-	-
Associates	51.0	47.1	56.1	37.8	37.8	37.8	37.8
Minorities	-4.8	-8.7	-17.7	-18.6	-22.0	-24.0	-25.0
Net declared earnings	142.3	152.9	173.6	151.8	191.6	197.8	200.1
Net adjusted earnings	147.8	152.9	209.3	151.8	191.6	197.8	200.1
Cash Flow (EUR m)	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
EBIT	145.9	174.6	210.0	232.0	300.0	311.0	306.4
Depreciation	116.2	124.0	166.5	153.3	173.0	178.0	184.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	5.5	0.0	35.7	14.1	11.0	11.0	11.0
Changes in provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in working capital	-31.9	-41.9	-162.4	152.7	-58.7	-11.8	-9.0
Others	-8.4	-1.5	0.0	-43.0	56.3	-6.0	-4.9
Operational Cash Flow	227.3	255.2	254.9	509.1	481.6	482.2	487.5
Tax expenses	-16.8	-24.9	-31.1	-31.1	-58.6	-61.3	-62.4
Dividends from associates	35.2	54.7	46.1	41.1	30.3	31.4	31.4
Net interest charges	-22.0	-30.8	-41.4	-39.2	-65.7	-65.7	-56.7
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	223.6	254.2	232.0	479.9	387.6	386.6	399.8
CAPEX	-161.3	-199.8	-251.0	-167.7	-185.0	-190.0	-190.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-42.7	-14.7	-44.2	-3.3	-70.0	0.0	0.0
Divestments	11.4	8.0	6.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	-192.6	-206.6	-289.2	-171.0	-255.0	-190.0	-190.0
Dividend payment	-74.1	-57.2	-62.2	-50.6	-55.1	-57.8	-60.0
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	-52.8	-111.0	-19.7	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from financing activities	-127.0	-168.2	-81.9	-50.6	-55.1	-57.8	-60.0
Changes in consolidation scope	-	-	0.0	-	-	-	-
Exchange rate impact	0.0	0.0	-0.7	0.0	0.0	0.0	0.0
Net debt/cash change	-96.0	-120.6	-139.1	258.2	77.5	138.8	149.8
FCF to Enterprise	-	-	-	-	-	-	-
FCF to Equity	121.3	155.3	112.0	308.8	132.6	196.6	209.8
Notes	-	-	-	-	-	-	-

Balance Sheet (EUR m)	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
Fixed assets	-	1,335.5	1,408.7	1,535.5	1,479.0	1,478.2	1,474.2
Tangible fixed assets	-	917.6	1,070.7	1,127.7	1,036.2	1,028.9	1,018.5
Goodwill	-	70.1	59.1	54.3	54.3	54.3	54.3
Other intang. assets	-	51.9	52.3	50.7	50.7	50.7	50.7
Financial fixed assets	-	295.9	226.6	302.8	337.8	344.2	350.6
Other fixed assets	-	-	-	-	-	-	-
Current assets	-	977.1	1,258.5	1,294.0	1,468.9	1,626.9	1,805.0
Inventories	-	385.4	510.5	358.4	406.0	417.7	457.1
Trade receivables	-	437.7	483.2	479.6	487.2	493.2	487.6
Other current assets	-	73.1	125.3	103.1	153.7	159.0	163.4
Cash & Equivalents	-	73.2	118.3	344.0	422.0	557.0	697.0
Discontinued assets	-	7.6	21.1	8.9	0.0	0.0	0.0
Total assets	-	2,312.6	2,667.2	2,829.5	2,947.9	3,105.0	3,279.2
Total Equity	-	1,146.6	1,172.3	1,373.6	1,510.1	1,650.1	1,790.2
Equity	-	1,098.2	1,130.6	1,284.8	1,421.3	1,561.3	1,701.4
Minorities & preferred	-	48.4	41.8	88.7	88.7	88.7	88.7
Provisions	-	201.0	214.9	217.7	217.7	217.7	217.7
Provisions for pensions	-	120.8	143.4	135.6	135.6	135.6	135.6
Deferred taxes	-	55.0	39.3	52.7	52.7	52.7	52.7
Other provisions	-	25.2	32.2	29.4	29.4	29.4	29.4
Other LT liabilities	-	2.1	10.7	5.1	5.1	5.1	5.1
LT interest bearing debt	-	322.5	288.1	598.1	598.1	598.1	598.1
Current liabilities	-	640.5	981.1	635.0	616.8	634.0	668.0
ST interest bearing debt	-	253.0	503.1	151.4	151.4	151.4	151.4
Accounts payables	-	231.7	253.8	247.1	243.6	249.5	274.3
Other ST liabilities	-	152.9	219.5	234.2	221.8	233.1	242.4
Discontinued liabilities	-	2.9	4.7	2.3	0.0	0.0	0.0
Total liabilities	-	2,312.6	2,667.2	2,829.5	2,947.9	3,105.0	3,279.2
EV and CE details (EUR m)	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
Market cap.	1,983.7	1,824.5	950.5	2,134.2	2,470.6	2,470.6	2,470.6
+ Net financial debt	-	502.2	672.9	405.6	317.1	178.4	28.6
(of which LT debt)	-	322.5	288.1	598.1	598.1	598.1	598.1
(of which ST debt)	-	253.0	503.1	151.4	151.4	151.4	151.4
(of which Cash position)	-	73.2	118.3	344.0	422.0	557.0	697.0
+ Provisions (pension)	135.6	120.8	143.4	135.6	135.6	135.6	135.6
+ Minorities (MV)	48.9	48.4	46.8	46.8	46.8	46.8	46.8
- Peripheral assets (MV)	-571.7	-362.6	-338.0	-338.0	-338.0	-338.0	-338.0
+ Others	-	-	-	-	-	-	-
Enterprise Value	1,974.0	2,133.3	1,475.5	2,384.1	2,632.0	2,493.3	2,343.5
Equity (group share)	-	1,098.2	1,130.6	1,284.8	1,421.3	1,561.3	1,701.4
+ Net financial debt	-	502.2	672.9	405.6	317.1	178.4	28.6
+ Provisions (pension)	-	120.8	143.4	135.6	135.6	135.6	135.6
+ Minorities	-	48.4	41.8	88.7	88.7	88.7	88.7
- Peripheral assets	-239.4	-220.2	-199.9	-218.6	-253.5	-260.0	-266.4
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	1,395.1	1,549.3	1,788.7	1,696.2	1,709.3	1,704.1	1,688.0
+ Accumulated goodwill amortiz.	-	57.3	57.3	57.3	57.3	57.3	57.3
CE (for ROCE grossed gdwl)	1,452.4	1,606.7	1,846.1	1,753.5	1,766.6	1,761.4	1,745.3
Notes	-	-	-	-	-	-	-

Per Common Share (EUR)	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
Adjusted EPS (*)	6.88	7.63	10.62	7.72	9.74	10.06	10.17
Adjusted EPS (fully diluted)	6.88	7.63	10.62	7.72	9.74	10.06	10.17
Declared EPS	-	-	-	-	-	-	-
CFS	12.29	13.82	20.84	15.51	18.53	19.11	19.53
FCF (to Equity)	5.64	7.75	5.68	15.70	6.74	9.99	10.66
Dividend	2.50	2.76	2.80	2.80	2.94	3.05	3.05
Book Value	49.90	54.80	57.36	65.32	72.26	79.38	86.50
Shares (m)							
At the end of F.Y.	20.947	19.831	19.670	19.670	19.670	19.670	19.670
Average number	21.492	20.039	19.710	19.670	19.670	19.670	19.670
Fully diluted Average number	21.597	20.367	20.026	19.986	19.986	19.986	19.986

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

Ratios	12/06	12/07	12/08	12/09	12/10e	12/11e	12/12e
Valuation analysis							
P/E	13.8	12.1	4.6	14.1	12.9	12.5	12.3
P/CF	7.7	6.7	2.3	7.0	6.8	6.6	6.4
P/BV	1.9	1.7	0.8	1.7	1.7	1.6	1.5
EV/Sales	1.0	1.0	0.6	1.0	1.0	0.9	0.8
EV/EBITDA	7.4	7.1	3.6	6.2	5.6	5.1	4.8
EV/EBITA	12.1	11.4	5.0	9.3	8.1	7.4	7.1
EV/EBIT	13.5	12.2	7.0	10.3	8.8	8.0	7.6
EV/CE	1.4	1.4	0.8	1.4	1.5	1.5	1.4
EV/CE (grossed goodwill)	1.4	1.3	0.8	1.4	1.5	1.4	1.3
EV/FCF (1)	-	-	-	-	-	-	-
FCF yield (2)	6.1%	8.5%	11.8%	14.5%	5.4%	8.0%	8.5%
Dividend yield	2.6%	3.0%	5.8%	2.6%	2.3%	2.4%	2.4%
Financial ratios							
Interest cover	5.8	5.4	5.1	4.1	4.6	4.7	5.4
Net Debt/EBITDA	-	1.7	1.6	1.1	0.7	0.4	0.1
Net Debt/Equity	-	43.8%	57.4%	29.5%	21.0%	10.8%	1.6%
Net Debt/FCF (2)	-	3.2	6.0	1.3	2.4	0.9	0.1
Capital turnover	1.4	1.4	1.5	1.4	1.5	1.6	1.7
ROCE pre-tax	11.7%	12.0%	16.4%	15.2%	19.0%	19.7%	19.6%
ROCE post-tax	11.2%	11.6%	15.9%	14.7%	18.4%	19.1%	19.0%
ROCE pre-tax (grossed goodwill)	9.8%	10.3%	13.8%	12.1%	14.3%	14.8%	14.7%
ROCE post-tax (grossed gdwill)	9.4%	9.9%	13.4%	11.7%	13.8%	14.3%	14.2%
ROE	13.8%	13.9%	18.5%	11.8%	13.5%	12.7%	11.8%
Working capital (in % of sales)	-	27.2%	27.8%	24.2%	24.9%	24.1%	23.5%
Payout	36.3%	36.2%	26.4%	36.3%	30.2%	30.3%	30.0%
Margin analysis and tax rate							
Gross margin	19.7%	20.0%	22.6%	21.9%	24.3%	22.8%	22.0%
EBITDA margin	13.3%	13.7%	15.5%	15.8%	18.1%	17.8%	17.2%
EBITA margin	8.1%	8.6%	11.0%	10.5%	12.5%	12.3%	11.6%
Adjusted profit margin	7.4%	7.0%	7.9%	6.2%	7.3%	7.2%	7.0%
Tax rate	15.9%	14.3%	15.9%	20.3%	25.0%	25.0%	25.0%
Growth analysis							
Sales	5%	8%	22%	-8%	7%	5%	4%
EBITDA	4%	12%	38%	-6%	23%	3%	0%
EBITA	9%	15%	58%	-12%	26%	3%	-1%
Adjusted profit	-1%	3%	37%	-27%	26%	3%	1%
Adjusted EPS	0%	11%	39%	-27%	26%	3%	1%
Dividend	-17%	10%	1%	0%	5%	4%	0%

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

Notes -

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	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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