

Bekaert

Valuation overdiscounting margin risk

Strong 2010 results and strong start of the year

- Bekaert this year released excellent FY 2010 results and excellent Q1 2011 sales numbers. To the occasion of both releases, we did upgrade our earnings estimates.
- However, despite this strong showing, Bekaert is down 20% ytd. As such, the shares have become even less expensive and are now trading at barely 10.1x 2011 earnings and 7.2x EV/EBIT.

Outlook slightly more prudent but growth remains

- The weak share price performance is mainly due to somewhat more prudent comments after Q1, combined with general uncertainty on the slowing economic growth in China and the automotive sector.
- In its Q1 trading update Bekaert added the following comment to its traditionally prudent outlook statement: "Bekaert implements timely and appropriate measures, including adequate price adjustments, to maintain its strong market position in China. Bekaert also expects that the translation effect of currency movements will turn negative as a result of the stronger euro."
- The currency impact was largely known and the comment on the price adjustments was already given after the FY results. Indeed, in our report on sawing wire of March this year, we indicated that Xingda was coming to the market with prices about 17% below Bekaert's. We stated that we expected Bekaert to reduce prices (while maintaining a premium), with negative margin impact, but compensated at the topline to maintain nominal EBIT growth.
- In this report, we show that if Bekaert reduces prices by 30% in the coming years, its sawing wire margin drops from and estimated 65% to 53% but Asian REBIT will continue to grow.
- We also believe that Bekaert's market share is closer to 50% than it is to 70%, indicating that sawing wire is already relatively competitive.

Valuation is over discounting sawing wire margin risk

- We believe that earnings growth will be lower in the coming 3 years, as sawing wire prices will come down. Sawing wire represents an estimated 47% of 2010 REBIT. However, a +6% EPS CAGR remains very attractive and as such, we reiterate our BUY rating.

Year end	Sales (m)	EBITDA (m)	Adj. profit (m)	EPS	Div.	EV/EBITDA (*)	P/E (*)	FCF Yield (*)	Div. Yield (*)
12/07	2,174	299	153	2.29	0.92	7.8	13.4	7.7%	3.0%
12/08	2,662	411	209	3.50	0.93	3.6	4.6	11.6%	5.8%
12/09	2,438	385	151	2.53	0.98	6.2	14.3	14.3%	2.7%
12/10	3,262	728	367	6.13	1.68	7.7	14.0	-0.3%	2.0%
12/11e	3,727	784	397	6.69	1.90	5.6	10.1	6.1%	2.8%
12/12e	3,979	818	417	7.04	2.00	5.0	9.6	9.1%	2.9%
12/13e	4,254	846	436	7.35	2.10	4.6	9.2	7.7%	3.1%

(*) 2007-2010 figures of EV, P/E and Yield are based on end F.Y. price

Buy

Price: EUR 67.90
(06/06/11)

Target price: 100.00
Risk: Medium

Reuters: BERTt.BR
Bloomberg: BEKB BB

Shares number (m): 59.88
Market cap. (m): 4,066
Net debt 12/10 (m): 578
Net debt/equity 12/10: 34%

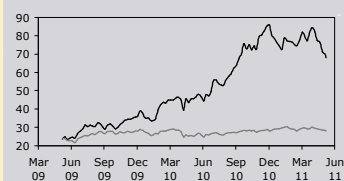
H/L 1 year: 87.43 - 44.42
1 year price perf.: 48.7%
Diff. with Euro Stoxx : 37.0%
Volume (sh./day): 185,896

Free Float: 62%
Family shareholders: 38%

Company description:

Bekaert is a global leader in advanced metal transformation & advanced materials and coatings. It is a worldwide market leader in tire cord and different wire products such as sawing wire. It has a high emerging market exposure.

Bekaert + relative to Euro Stoxx (grey)



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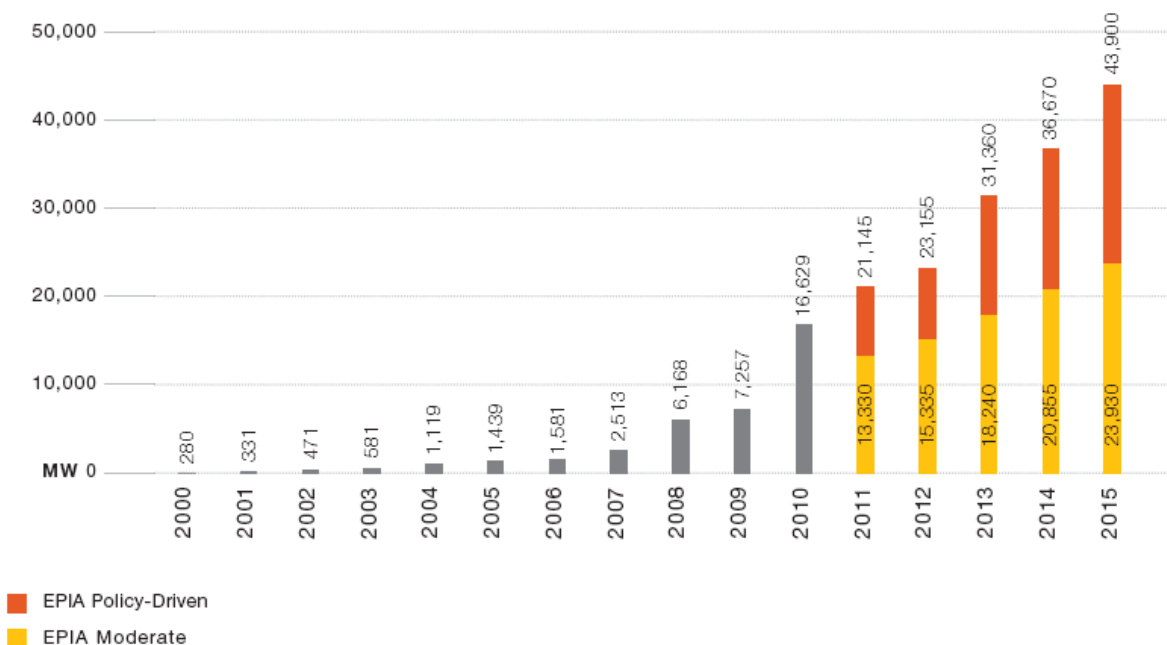
Sawing wire: Risk or opportunity!?

Despite the strong results published for FY 2010 and Q1 2011, Bekaert has a weak share price performance since the start of the year. To both occasions we have upgraded our EPS estimates and also consensus estimates have further increased. While at the start of the year we expected FY 2010 EPS to reach EUR 6.11, we now are at EUR 6.60.

With the price/earnings ratio primarily determined by growth and risk, it is clear that the market anticipates lower growth in the coming years with a higher risk profile. As we highlighted in our report on sawing wire from March this year, Bekaert has indeed benefited from both favourable market conditions and its favourable market position.

Bekaert has been developing sawing wires for more than two decades and as such, had a first mover advantage with the take-off of the production of solar cells for the Photovoltaic industry. As can be seen from the graph below, the Photovoltaic industry really boomed in 2010.

Exhibit 1 Global annual market scenario – Moderate and Policy Driven

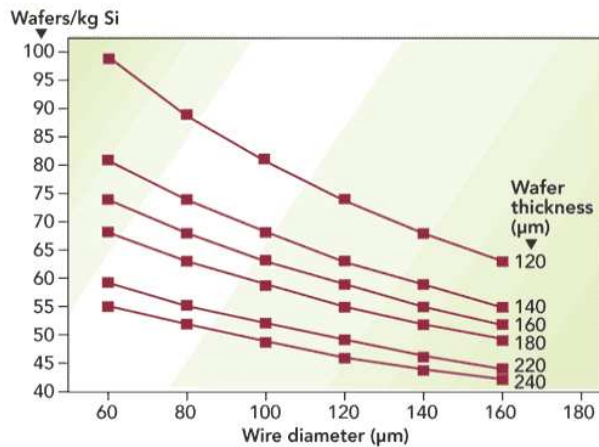


Source: EPIA

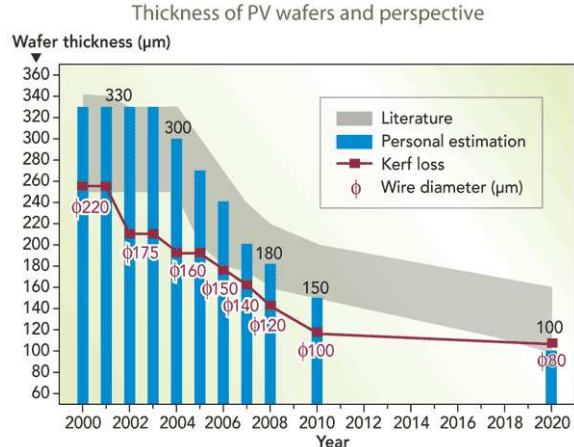
With its first mover advantage, Bekaert benefited from this boom in 2010. However, in contrast to some indications, we do not believe Bekaert is really dominating the market. We do indeed estimate its market share to be above 50% but with already a long list of competitors. Indeed, every company capable of making tire cord can potentially make sawing wire. The wires used for sawing wire are drawn to 110 -120µm, the current standard for sawing wire, i.e. much thinner than the 150µm being used for tire cord. Bekaert is currently even the only one able to draw wires as thin as 80µm. A thinner wire significantly reduces the production cost of solar cells as much more wafers can be sliced out of the same size silicon ingot. However, clients moving to thinner wires, depend on the cost of poly-silicon, which is currently very cheap.

Bekaert’s 80µm capabilities, as such, do not offer a competitive advantage in the short term due to low poly-silicon prices, giving less incentive for wafer producers to reduce waste. As a result, Bekaert will not be able to increase pricing power.

Exhibit 2 Yield of PV wafer production (wafers/kg silicon) Exhibit 3 Thickness of PV wafers and perspective



Source: KUKA Systems



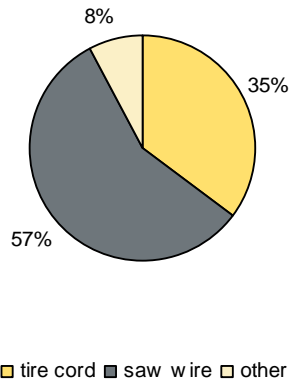
Source: KUKA Systems

Bekaert's sensitivity to sawing wire prices

The pricing in the sawing wire market is therefore very important as well as Bekaert's sensitivity to a reduction of sawing wire prices.

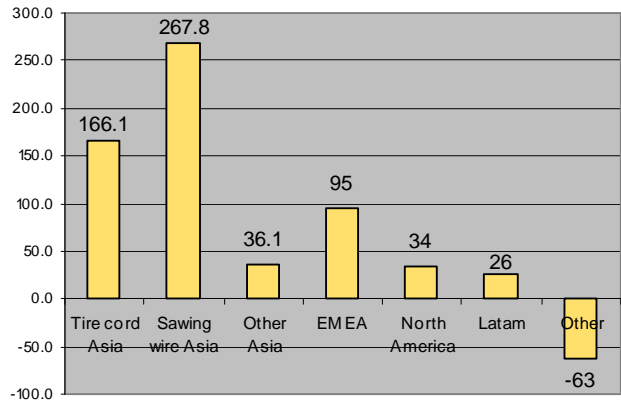
We estimated Bekaert's 2010 sawing wire EBIT margins around 65% in China. With an estimated margin of tire cord of 27% and the other Asian business at 17%, we assume that the Asian sawing wire EBIT amounted to EUR 267.8m in 2010, i.e. almost 48% of group EBIT (see also Exhibit 7).

Exhibit 4 Estimated Asian EBIT breakdown



Source: Petercam estimates

Exhibit 5 Group EBIT breakdown 2010e



Source: Petercam estimates

In our March report, we already indicated that Xingda was launching its sawing wire product this year with prices an estimated 17% below Bekaert. In our recent meetings with Xingda, management confirms that they need 5% lower prices compared to Bekaert to compensate for somewhat lower quality. This means, higher risk for their wires to break, which implies a higher production cost for the wafer manufacturer.

Xingda targets a sawing wire sales capacity of 4,000t this year, to move up to 10k next year.

Apart from Xingda, also other tire cord manufacturers are on or are coming to the market. Some well known competitors are Tokyo Rope, KisWire, Tokusen, etc.

Last week, Hubei Fuxing indicated that it would add 3,000t of capacity in 2011 and also Hengxing indicated that it starts with 5,000ton in 2011 to move to 15,000ton towards year end.

To this occasion, Hengxing indicated that it had secured additional sales of its sawing wire for solar cells for two new contracts requiring a total of about 1,200-1,300 tonnes of wire. Hengxing also estimated that the two contracts could generate revenues of RMB 119.74-136.59m (\$18.4-21m), equal to more than 6% of the company's total revenues in 2010. This would imply a price level of around RMB 99.8k to RMB 105k. This is actually not that much below the assumed average price level of Bekaert at RMB 106k (assuming industry standard of 110-120 µm).

This would support our view that Xingda is indeed entering the market at around prices 17% below Bekaert's price level but that other operators are currently only about 5 to 10% less expensive. We believe that Bekaert can partially justify higher prices thanks to its proven solution, its better quality and reliability and its capacity to deliver the required quantities to customers.

Starting from the sales level of sawing wire in China (sawing wire estimated to represent 33% of Bekaert's Asian sales) and using an average price level of RMB 106k in 2010, we estimate Bekaert produced 34.6kton sawing wire in 2010.

EPIA estimates that the total 2010 Photovoltaic market reached 16.6GW in 2010. If we now, as a rule of thumb, estimate that 1GW of solar cell capacity requires 4,000ton of sawing wire, this would imply that Bekaert's market share in 2010 reached about 52%. (see Exhibit 6)

A market share of slightly above 50% is very significant, of course, but it also shows that competition is already there.

Keeping market share above 50%

With the huge long term potential of the PV market, there is room for more than 1 player. But given the important growth potential, Bekaert has clearly indicated it wants to defend its market share. Although the price levels indicated above by Hengxing are not that far below the assumed levels of Bekaert, we expect Bekaert to react in a smart, targeted and controlled way to Xingda's price investment.

Exhibit 6 Sawing wire market share and margin evolution				
Sawing Wire China	2010	2011	2012	2013
EPIA PV ann. market est. (GW)	16.629	21.145	23.155	31.360
impl. ton saw wire (4,000t/1GW)	66,516	84,580	92,620	125,440
Bekaert avg saw wire ton	34,615	42,500	49,500	63,000
yoy		22.8%	16.5%	27.3%
Bekaert market share (4,000t rule)	52.0%	50.2%	53.4%	50.2%
Bekaert YE sawing wire ton	40,000	45,000	54,000	72,000
saw wire price RMB	106,000.0	94,000.0	86,000.0	76,000.0
yoy		-11.3%	-8.5%	-11.6%
saw wire price EUR	11,900.5	10,553.3	9,655.1	8,532.4
Saw wire sales	411.9	448.5	477.9	537.5
yoy		8.9%	6.6%	12.5%
COGS	-37.1	-45.5	-53.0	-69.3
% of tonnage	0.11%	0.11%	0.11%	0.11%
GP	374.9	403.0	424.9	468.2
GM	91%	90%	89%	87%
Opex	-107.1	-128.9	-147.6	-185.2
% of sales	26.0%	28.7%	30.9%	34.5%
% of avg tonnage	0.309%	0.303%	0.298%	0.294%
fix costs in sawing wire (20%)	-21.4	-21.4	-21.4	-21.4
var costs in sawing wire (80%)	-85.7	-107.4	-126.2	-163.8
% of tonnage	0.2475%	0.2528%	0.2550%	0.2600%
EBIT	267.8	274.1	277.3	283.0
EBIT margin	65.0%	61.1%	58.0%	52.7%
yoy		2.38%	1.14%	2.08%

Source: Petercam estimates

In our model (see exhibit 6), we have assumed that Bekaert will reduce prices by about 30% in the next 3 years to keep its market share above 50%. The above shown market shares depend on the correctness of our 4,000k sawing wire rule of thumb for each GW of solar capacity, but the simulation shows that despite such important price investments the sawing wire REBIT margin will only drop from 65% estimated in 2010 to 53% estimated in 2013.

To make this sensitivity analysis, we have linked our COGS to tonnage growth as we did for variable opex. This seems a prudent assumption, certainly as we assume variable opex at 80% of total opex.

Nominal Asian EBIT growth despite anticipated drop in sawing wire margin

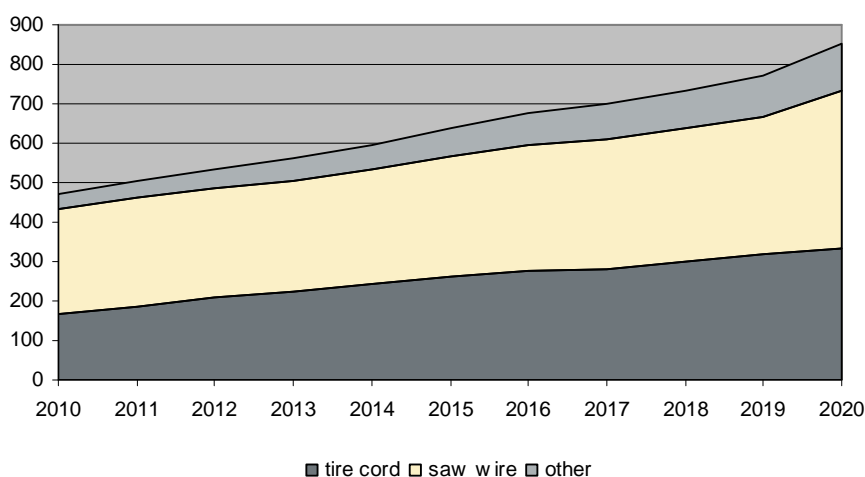
Although the pricing level indicated by Henxing is not that far from Bekaert's price level, we expect Bekaert to react to Xingda's lower prices to defend its market share above 50%. These price reductions will reduce the sawing wire EBIT margin and reduce the Asian growth potential in the coming years. Also beyond 2013, we expect a further reduction of sawing wire margins and Asian margins in general. However, thanks to strong topline growth in China, nominal EBIT should continue to grow at an estimated CAGR of 6% between now and 2020. We have taken 2020 as the final year for our margin analysis, as between 2015 and 2020, China will significantly accelerate its solar cell investments. In 2020, we anticipate the sawing wire margin to be down to 28%.

Exhibit 7 Chinese REBIT and margin evolution

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Asia sales	1,248.3	1,466.8	1,623.7	1,812.3	2,027.0	2,268.0	2,538.7	2,805.1	3,092.3	3,383.7	3,708.8	11.5%
tire cord	624.1	767.7	857.5	943.3	1,037.6	1,141.4	1,255.5	1,343.4	1,437.4	1,509.3	1,584.8	9.8%
saw wire	411.9	448.5	477.9	537.5	618.2	710.9	817.5	940.2	1,081.2	1,243.4	1,429.9	13.3%
other	212.2	250.6	288.2	331.4	371.2	415.8	465.7	521.5	573.7	631.1	694.2	12.6%
Asia growth	54.1%	17.5%	10.7%	11.6%	11.8%	11.9%	11.9%	10.5%	10.2%	9.4%	9.6%	
tire cord		23%	12%	10%	10%	10%	10%	7%	7%	5%	5%	
saw wire		9%	7%	12%	15%	15%	15%	15%	15%	15%	15%	
other		18%	15%	15%	12%	12%	12%	12%	10%	10%	10%	
Asia margins	37.7%	34.4%	33.0%	31.0%	29.5%	28.2%	26.6%	24.9%	23.8%	22.8%	23.0%	
tire cord	26.6%	24.4%	24.4%	23.5%	23.5%	23.0%	22.0%	21.0%	21.0%	21.0%	21.0%	
saw wire	65.0%	61.1%	58.0%	52.7%	47.0%	43.0%	39.0%	35.0%	31.0%	28.0%	28.0%	
other	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
Asia REBIT	470.0	504.2	535.5	561.0	597.5	638.9	674.2	699.8	734.6	772.4	851.2	6.1%
yoy		7.3%	6.2%	4.8%	6.5%	6.9%	5.5%	3.8%	5.0%	5.1%	10.2%	
tire cord	166.1	187.5	209.2	221.7	243.8	262.5	276.2	282.1	301.9	317.0	332.8	7.2%
saw wire	267.8	274.1	277.3	283.0	290.5	305.7	318.8	329.1	335.2	348.1	400.4	4.1%
other	36.1	42.6	49.0	56.3	63.1	70.7	79.2	88.7	97.5	107.3	118.0	12.6%

Source: Petercam estimates

Exhibit 8 Asian REBIT evolution



Source: Petercam estimates

Earnings growth and valuation

The margin erosion we anticipate in sawing wire in the coming years does, of course, put a certain cap on earnings growth.

However, despite this erosion, we still anticipate nice earnings growth in Asia and overall we expect group earnings to grow at a CAGR of +6% in the coming 3 years.

Exhibit 1 shows that EPIA is still undecided on the PV market outlook for 2011. In its moderate scenario it expects a decline and in its policy driven scenario the market could grow from 16.6GW to 21.1GW. Digitimes Research estimates that, spurred on by emerging PV markets like India, Canada, Asia and the US, the global PV market will reach 21.5GW.

The short term risk factor would be government incentive programs being reduced in light of reducing government deficits in Europe (the largest market) and the US. A combination of short term reduced demand with increasing sawing wire supply would have a more pronounced negative impact on margins.

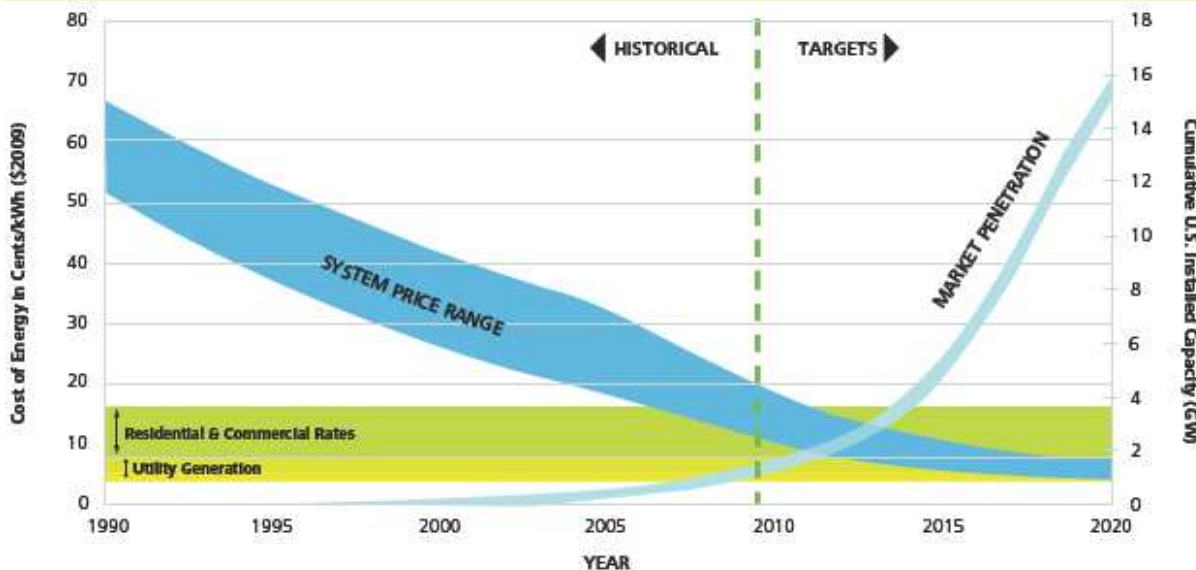
On the other hand, in the mid and longer term, the Japanese nuclear disaster will have a negative impact on nuclear energy development, which combined with a gradual move towards grid parity in the coming years, should boost solar energy in the long term.

The impact of the Japanese nuclear disaster has already been highlighted by Germany's decision to close 8 nuclear plants this year and to close all its nuclear plants by 2022.

At almost the same time the Chinese government launched a new plan to introduce a FIT scheme to meet its goal of having 20GW of solar power installed by 2020, of which 5GW is to be installed by 2015. Given the country's current pace of growth, the EPIA even expects China to easily exceed its 2020 target, fuelled by government support and a well-established manufacturing base. And indeed, some government advisors have in the meantime suggested the Chinese government should double its targets.

For these reasons, we base our estimates on EPIA's Policy driven scenario, as shown in Exhibit 1.

Exhibit 9 Projected PV Solar Market Penetration. Falling PV system prices will spur up a sharp increase in demand from 2010 to 2020



Source: U.S. Department of Energy. Solar Energy Industry Forecast (2008)

Despite the increased short term risk due to the significance of sawing wire for Bekaert group earnings, but thanks to the above mentioned long term growth

prospects, we believe Bekaert is undervalued today and valuation actually anticipates a significant Asian earnings drop.

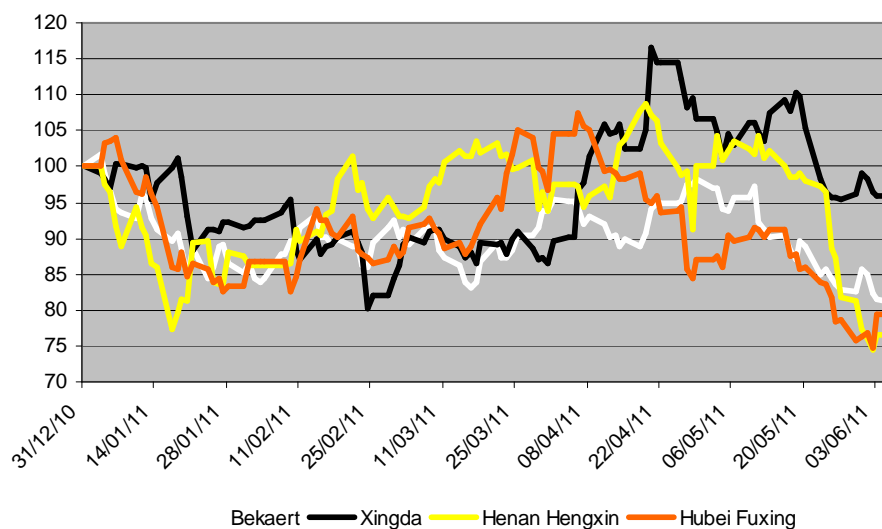
The shares trade at only 10.1x 2010 earnings and 7.2x EV/EBIT. This is clearly undemanding for a global industrial player with high emerging market exposure and very strong market positions. Hence, we reiterate our BUY rating with a target price of EUR 100.

Exhibit 10 Valuation ratio's at current stock price

At EUR 67.9	2010	2011e	2012e	2013e
EV/EBITDA	6.2	5.6	5.0	4.6
EV/EBIT	8.4	7.2	6.5	6.0
PER	11.1	10.1	9.6	9.2
DPS	1.68	1.90	2.00	2.10
gross yield	2.5%	2.8%	2.9%	3.1%

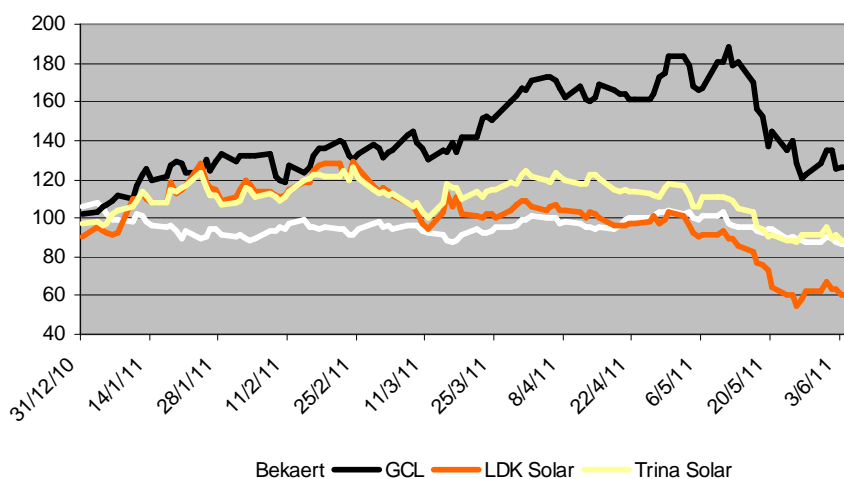
Source: Petercam estimates

Exhibit 11 YTD stock price evolution sawing wire producers vs. Bekaert



Source: Bloomberg

Exhibit 12 YTD stock price evolution sawing wire customers vs. Bekaert



Source: Bloomberg

Profit & Loss (EUR m)	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
Revenues	2,173.6	2,661.8	2,437.8	3,262.2	3,727.0	3,979.0	4,253.6
(Y/Y - %)	8%	22%	-8%	34%	14%	7%	7%
Gross profit	433.9	601.5	534.5	903.9	997.1	1,044.7	1,116.8
Selling expenses	-98.2	-121.8	-105.4	-128.9	-147.0	-147.5	-147.5
R & D expenses	-56.7	-68.5	-63.4	-79.3	-85.3	-82.5	-82.5
General & administ. expenses	-96.6	-113.6	-110.6	-135.8	-133.0	-138.0	-138.0
Other expenses	-7.8	-51.5	-9.6	-9.7	-14.7	-14.0	-14.0
EBITDA	298.6	411.5	384.7	728.0	784.1	817.5	846.0
EBITA	186.3	293.6	256.5	562.2	631.1	655.5	674.0
(Ebita margin - %)	8.6%	11.0%	10.5%	17.2%	16.9%	16.5%	15.8%
Amortization	0.0	-35.7	-14.1	-16.2	-12.0	-13.0	-13.0
Impairment	-	-	-	-	-	-	-
EBIT	174.6	210.0	231.4	534.0	605.1	631.5	650.0
Net Financial Result	-32.5	-41.4	-56.6	-50.1	-60.7	-56.7	-54.9
(of which Net interest charges)	-32.5	-41.4	-56.6	-50.1	-60.7	-56.7	-54.9
(of which Other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax result	133.7	160.7	165.9	501.6	544.4	574.8	595.1
Taxes	-19.1	-25.5	-33.9	-139.9	-152.4	-160.9	-166.6
Except. / Discont. operations	-	-	-	-	-	-	-
Associates	47.1	56.1	37.8	36.0	35.7	35.2	37.2
Minorities	-8.7	-17.7	-18.6	-30.9	-31.0	-32.0	-30.0
Net declared earnings	152.9	173.6	151.3	366.8	396.7	417.0	435.7
Net adjusted earnings	152.9	209.3	151.3	366.8	396.7	417.0	435.7
Cash Flow (EUR m)	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
EBIT	174.6	210.0	231.4	534.0	605.1	631.5	650.0
Depreciation	124.0	166.5	153.3	194.0	179.0	186.0	196.0
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	35.7	14.1	16.2	12.0	13.0	13.0
Changes in provision	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in working capital	-41.9	-162.4	152.7	-274.0	-144.2	-0.8	-74.9
Others	-1.5	0.0	-43.0	6.0	28.0	-11.3	-12.4
Operational Cash Flow	255.2	254.9	508.5	476.1	679.9	818.3	771.8
Tax expenses	-24.9	-31.1	-31.1	-113.3	-152.4	-160.9	-166.6
Dividends from associates	54.7	46.1	41.1	40.4	29.6	29.2	30.9
Net interest charges	-30.8	-41.4	-39.2	-43.5	-60.7	-56.7	-54.9
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	254.2	232.0	479.3	359.7	496.4	629.9	581.1
CAPEX	-199.8	-251.0	-167.7	-247.6	-250.0	-260.0	-270.0
Investments in intangibles	-	-	-	-	-	-	-
Acquisitions	-14.7	-44.2	-3.3	-29.7	0.0	0.0	0.0
Divestments	8.0	6.0	0.0	26.7	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	-206.6	-289.2	-171.0	-250.6	-250.0	-260.0	-270.0
Dividend payment	-57.2	-62.2	-50.6	-118.5	-100.7	-113.4	-119.4
Minor. & pref. dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity financing	-111.0	-19.7	0.0	-57.7	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	-168.2	-81.9	-50.6	-176.2	-100.7	-113.4	-119.4
Changes in consolidation scope	-	0.0	-	-	-	-	-
Exchange rate impact	0.0	-0.7	0.0	0.0	0.0	0.0	0.0
Net debt/cash change	-120.6	-139.1	257.7	-67.1	145.7	256.5	191.7
FCF to Enterprise	-	-	-	-	-	-	-
FCF to Equity	155.3	112.0	308.3	-17.9	246.4	369.9	311.1
Notes	-	-	-	-	-	-	-

Balance Sheet (EUR m)	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
Fixed assets	1,335.5	1,408.7	1,535.5	1,765.9	1,680.2	1,738.3	1,800.0
Tangible fixed assets	917.6	1,070.7	1,127.7	1,295.1	1,198.2	1,250.3	1,305.7
Goodwill	70.1	59.1	54.3	58.1	58.1	58.1	58.1
Other intang. assets	51.9	52.3	50.7	73.1	73.1	73.1	73.1
Financial fixed assets	295.9	226.6	302.8	339.6	350.8	356.8	363.1
Other fixed assets	-	-	-	-	-	-	-
Current assets	977.1	1,258.5	1,294.0	1,907.3	2,185.6	2,474.9	2,775.0
Inventories	385.4	510.5	358.4	507.7	560.9	602.9	644.5
Trade receivables	437.7	483.2	479.6	774.3	822.7	803.9	859.4
Other current assets	73.1	125.3	103.1	182.4	213.0	223.1	234.1
Cash & Equivalents	73.2	118.3	344.0	442.9	588.9	844.9	1,036.9
Discontinued assets	7.6	21.1	8.9	0.0	0.0	0.0	0.0
Total assets	2,312.6	2,667.2	2,829.5	3,673.1	3,865.8	4,213.2	4,575.0
Total Equity	1,146.6	1,172.3	1,373.6	1,696.6	1,992.6	2,296.2	2,612.5
Equity	1,098.2	1,130.6	1,284.8	1,610.7	1,906.7	2,210.3	2,526.5
Minorities & preferred	48.4	41.8	88.7	86.0	86.0	86.0	86.0
Provisions	201.0	214.9	217.7	226.9	226.9	226.9	226.9
Provisions for pensions	120.8	143.4	135.6	150.9	150.9	150.9	150.9
Deferred taxes	55.0	39.3	52.7	41.7	41.7	41.7	41.7
Other provisions	25.2	32.2	29.4	34.3	34.3	34.3	34.3
Other LT liabilities	2.1	10.7	5.1	9.5	9.5	9.5	9.5
LT interest bearing debt	322.5	288.1	598.1	700.5	700.5	700.5	700.5
Current liabilities	640.5	981.1	635.0	1,039.6	936.3	980.1	1,025.6
ST interest bearing debt	253.0	503.1	151.4	320.3	320.3	320.3	320.3
Accounts payables	231.7	253.8	247.1	341.7	299.2	321.6	343.8
Other ST liabilities	152.9	219.5	234.2	377.7	316.8	338.2	361.6
Discontinued liabilities	2.9	4.7	2.3	0.0	0.0	0.0	0.0
Total liabilities	2,312.6	2,667.2	2,829.5	3,673.1	3,865.8	4,213.2	4,575.0
EV and CE details (EUR m)	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
Market cap.	2,025.1	963.3	2,163.0	5,137.4	4,060.9	4,060.9	4,060.9
+ Net financial debt	502.2	672.9	405.6	577.9	421.5	165.1	-26.6
(of which LT debt)	322.5	288.1	598.1	700.5	700.5	700.5	700.5
(of which ST debt)	253.0	503.1	151.4	320.3	320.3	320.3	320.3
(of which Cash position)	73.2	118.3	344.0	442.9	588.9	844.9	1,036.9
+ Provisions (pension)	120.8	143.4	135.6	150.9	150.9	150.9	150.9
+ Minorities (MV)	48.4	46.8	46.8	86.0	86.0	86.0	86.0
- Peripheral assets (MV)	-380.6	-356.0	-356.0	-366.8	-366.8	-366.8	-366.8
+ Others	-	-	-	-	-	-	-
Enterprise Value	2,316.0	1,470.3	2,394.9	5,585.4	4,352.5	4,096.0	3,904.3
Equity (group share)	1,098.2	1,130.6	1,284.8	1,610.7	1,906.7	2,210.3	2,526.5
+ Net financial debt	502.2	672.9	405.6	577.9	421.5	165.1	-26.6
+ Provisions (pension)	120.8	143.4	135.6	150.9	150.9	150.9	150.9
+ Minorities	48.4	41.8	88.7	86.0	86.0	86.0	86.0
- Peripheral assets	-220.2	-199.9	-218.6	-243.8	-255.0	-261.0	-267.3
+ Others	-	-	-	-	-	-	-
Capital employed (for ROCE)	1,549.3	1,788.7	1,696.2	2,181.6	2,310.0	2,351.2	2,469.4
+ Accumulated goodwill amortiz.	57.3	57.3	57.3	57.3	57.3	57.3	57.3
CE (for ROCE grossed gdwl)	1,606.7	1,846.1	1,753.5	2,238.9	2,367.4	2,408.5	2,526.8
Notes	-						

Per Common Share (EUR)	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
Adjusted EPS (*)	2.29	3.50	2.53	6.13	6.69	7.04	7.35
Adjusted EPS (fully diluted)	2.29	3.50	2.53	6.13	6.69	7.04	7.35
Declared EPS	-	-	-	-	-	-	-
CFS	4.15	6.87	5.09	9.38	9.72	10.18	10.66
FCF (to Equity)	2.33	1.87	5.15	-0.30	4.16	6.24	5.25
Dividend	0.92	0.93	0.98	1.68	1.90	2.00	2.10
Book Value	16.46	18.90	21.48	26.93	32.18	37.30	42.64
Shares (m)							
At the end of F.Y.	66.037	59.807	59.807	59.807	59.807	59.807	59.807
Average number	66.730	59.807	59.807	59.807	59.250	59.250	59.250
Fully diluted Average number	67.774	60.670	60.670	60.670	60.670	60.670	60.670

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

Ratios	12/07	12/08	12/09	12/10	12/11e	12/12e	12/13e
Valuation analysis							
P/E	13.4	4.6	14.3	14.0	10.1	9.6	9.2
P/CF	7.4	2.3	7.1	9.2	7.0	6.7	6.4
P/BV	1.9	0.9	1.7	3.2	2.1	1.8	1.6
EV/Sales	1.1	0.6	1.0	1.7	1.2	1.0	0.9
EV/EBITDA	7.8	3.6	6.2	7.7	5.6	5.0	4.6
EV/EBITA	12.4	5.0	9.3	9.9	6.9	6.2	5.8
EV/EBIT	13.3	7.0	10.3	10.5	7.2	6.5	6.0
EV/CE	1.5	0.8	1.4	2.6	1.9	1.7	1.6
EV/CE (grossed goodwill)	1.4	0.8	1.4	2.5	1.8	1.7	1.5
EV/FCF (1)	-	-	-	-	-	-	-
FCF yield (2)	7.7%	11.6%	14.3%	-0.3%	6.1%	9.1%	7.7%
Dividend yield	3.0%	5.8%	2.7%	2.0%	2.8%	2.9%	3.1%
Financial ratios							
Interest cover	5.4	5.1	4.1	10.7	10.0	11.1	11.8
Net Debt/EBITDA	1.7	1.6	1.1	0.8	0.5	0.2	0.0
Net Debt/Equity	43.8%	57.4%	29.5%	34.1%	21.2%	7.2%	-1.0%
Net Debt/FCF (2)	3.2	6.0	1.3	-32.4	1.7	0.4	-0.1
Capital turnover	1.4	1.5	1.4	1.5	1.6	1.7	1.7
ROCE pre-tax	12.0%	16.4%	15.1%	25.8%	27.3%	27.9%	27.3%
ROCE post-tax	11.6%	15.9%	14.6%	25.1%	26.7%	27.2%	26.7%
ROCE pre-tax (grossed goodwill)	10.3%	13.8%	12.0%	18.6%	19.7%	20.1%	19.7%
ROCE post-tax (grossed gdwill)	9.9%	13.4%	11.6%	18.1%	19.2%	19.6%	19.2%
ROE	13.9%	18.5%	11.8%	22.8%	20.8%	18.9%	17.2%
Working capital (in % of sales)	27.2%	27.8%	24.2%	28.8%	29.1%	27.3%	27.3%
Payout	40.1%	26.7%	38.7%	27.5%	28.3%	28.4%	28.5%
Margin analysis and tax rate							
Gross margin	20.0%	22.6%	21.9%	27.7%	26.8%	26.3%	26.3%
EBITDA margin	13.7%	15.5%	15.8%	22.3%	21.0%	20.5%	19.9%
EBITA margin	8.6%	11.0%	10.5%	17.2%	16.9%	16.5%	15.8%
Adjusted profit margin	7.0%	7.9%	6.2%	11.2%	10.6%	10.5%	10.2%
Tax rate	14.3%	15.9%	20.4%	27.9%	28.0%	28.0%	28.0%
Growth analysis							
Sales	8%	22%	-8%	34%	14%	7%	7%
EBITDA	12%	38%	-7%	89%	8%	4%	3%
EBITA	15%	58%	-13%	119%	12%	4%	3%
Adjusted profit	3%	37%	-28%	142%	8%	5%	4%
Adjusted EPS	11%	53%	-28%	142%	9%	5%	4%
Dividend	10%	1%	5%	72%	13%	5%	5%

(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%

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