

**Bekaert**

BERTt.BR / BEKB BB

Engineering & Machinery  
Belgium

Current price € 94.45  
Target price € 95.00  
Market cap € 2,034m  
Free float 57%

	EPS (€)	P/E
FY06E	6.48	14.6
FY07E	6.82	13.9
FY08E	7.27	13.0

**Trading update**

Bekaert this morning released its 4Q trading update. The FY consolidated sales are reported at € 2,010m, up 5% y/y, ahead of our estimate of € 1,994m. The sales increase was 1% from organic growth and 4% from the net movement in acquisition and divestments. Sales of advanced wire products, advanced materials and advanced coatings increased by 5%, 11% and 3% y/y to € 1,724m, € 156m and € 136m. Sales of advanced wire products in 4Q were 9% up y/y, while Q4 sales of advanced materials were flat y/y and 4Q advanced coatings' sales declined by 6%. Bekaert's refrained from giving an outlook for 2007 but indicated its willingness to respond proactively to the rising demand from the BRIC countries. 2006 sales of wire Latin America increased by 7% y/y, indicating a slowdown in Q4 as the 9M increased by 12% y/y. Hence, Bekaert indicated it is facing increased competition in Latin America from Asian imports and hence sustained pressure on prices. Bekaert will report FY06 results on Friday 16 March, before market.

In addition Bekaert announced it has purchased # 557k shares at an average price of € 90.17 per share and subsequently cancelled end 2006. At the start of 2007, the new number of outstanding shares is # 20,946,779. We increase our target price from € 92 to € 95 per share. Estimates will be revised upwards, taking into account these share cancellations.

**Accumulate**

Rating Unchanged