

Benelux First Call

ING sales daily

01/02/10

BEKAERT (BUY, TP 128.0): acquisition and long-term supply agreement with Bridgestone

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- Bekaert announced this morning the acquisition of two Bridgestone tire cord plants (BMI in Italy and Huizhou in China).
- As part of the transaction, Bekaert and Bridgestone also entered into a long-term supply agreement of tire cord to Bridgestone.
- The transaction, with an enterprise value of c. €70m, is subject to customary closing conditions and is expected to close in 2Q10.
- Our view: at first look, the news seem positive for multiple reason: 1) the acquisition strengthens Bekaert's already world leading position in the tire cord market 2) The long-term supply agreement further enhances Bekaert's status as an important external supplier of tire cord to Bridgestone.
- Bekaert currently trades at 10.7x 2011F Adj. PER. Our €128 TP is based on fair mid-cycle multiple of 13.0x 2011F Adj. EPS.