

Benelux First Call

ING sales daily

11 May 2011

BEKAERT: Another very strong quarter

1Q11 consolidated sales came in 8.5% above consensus at €918m (+32.3% YoY). Acquisitions accounted for a 0.7% contribution and currency movements added 3.3%. 1Q combined sales increased 8.3% to €1,233m, 8.3% above consensus.

The beat on consensus was driven by all segments. Asia Pac sales increased 46% (4% above consensus), EMEA sales went up 26% (13% above), North America increased 25% (10% above) and Latam went up 22% (9% above).

The outlook was not quantified (as expected) but reads less dramatic than the previous one: the company reiterates that it anticipates more moderate and irregular growth perspectives as a result of measures to contain inflation in several countries and of increased competitive capacities taking effect, particularly in China. They added that 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. Bekaert nonetheless remains confident of sustained strong performance in the first half of 2011, and considers its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations and strong balance sheet, to be of continued strategic importance

Conclusion: strong set of 1Q sales. We expect consensus FY11 EPS estimates to be revised up (mid single digit) and expect a positive share price reaction. No investor call scheduled.

Bekaert key numbers (€m)

€m	1Q10	4Q10	1Q11 INGF	1Q11 Consensus	1Q11 Actual	% YoY	% Actual vs. Cons.
EMEA	244	269	270	273	307	25.8%	12.5%
North America	141	154	154	160	176	24.8%	10.0%
Latin America	67	78	75	75	82	22.4%	9.3%
Asia Pac	242	360	363	339	353	45.9%	4.1%
Consolidated sales	694	861	862	846	918	32.3%	8.5%
Combined sales	953	1,162	1,156	1,139	1,233	29.4%	8.3%

Source: Company data, ING estimates

Price: 83.5. Last published: target price: 98.0; recommendation: BUY

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