

## **Bekaert: 3Q11 sales above lowered expectations, outlook remains cautious**

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3Q11 sales were down 6% to €816. This is c.4% above consensus expectations, which had come down significantly in recent weeks. Regionally, sales in EMEA were up 8% to €293m (2% above consensus), up 1% in North America to €172m (1% above consensus), up 9% to €97m in Latam (3% above consensus) and down 24% to €254m in Asia Pacific (9% above consensus). We understand that the 24% decline in Asia was almost entirely driven by price/mix effect (-22%). This suggests that volumes held up somewhat better than anticipated. In the outlook statement, Bekaert warns however for a growing impact on volumes from the financial crisis and mentions that prices for sawing wire fell by more than 50% towards the end of 3Q11. Further price declines in sawing wire are expected in 4Q11.

Net debt is down from €815m at the end of 2Q11, to €763m. This is in our view almost entirely due to the sale of Solar Gard Speciality Films (with proceeds estimated in the €50m to €100m range), which was closed at the end of 3Q11. We understand that the level of working was relatively flat QoQ, at high levels.

We could see some relief in the shares today, but do not expect consensus estimates to be revised up materially, due to the very cautious outlook.

**Price: €29.4. Last published: target price: €29.0; recommendation: HOLD**

**Filip De Pauw, Brussels +32 2 547 60 97**