

Morning Note

29 July 2003

Bekaert

BERTt.BR / BEKB BB

Current order book below level -12m

Neutral

(Rating unchanged)

Belgium

Current price: € 44.25

Target price: € 45.00

Market cap: € 987m

Free Float 60 %

	EPS* (€)	P/E
FY02	-1.55	-
FY03E	4.34	10.19
FY04E	4.90	9.04

* Adjusted for goodwill & exceptionals

Yesterday, Bekaert held its analyst meeting. Some comments:

The "interest income & expenses" charges increased from €14.9m to €18.34m while a decline could be expected due to the lower net debt at year start and the \$ evolution (about 70% of outstanding debts is in \$). The rationale about this is that "interest charges" declined to about €10-11m with the balance to be explained by pension fund provisions ("non-cash"). In 2H03, we should count on a similar pension fund provision.

The "other operating income & expenses" at €-9.5m can be explained by a \$6m "capital gain" on Unisolar, offset by an impairment on the "Handling" division of €5.8m, €6m translation differences on dividends and "other charges" at €2.8m.

Bekaert gave indication that the **current order book is below last year's level** (no figures released, but could be between -5 to -15%). Taking into account the lower order book and given the \$, some prudence might be in place.

Following the 1H03 results, we changed our estimates to a "reported" EPS 03 of €3.53 (revised from €3.85 per share) and "recurring" EPS 03 of €4.34 (increased from €4.13 per share). Rating and target price confirmed at "neutral" and €45 per share.

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