

Bekaert

BERTI.BR / BEKB BB

Engineering & Machinery
Belgium

Current price € 62.85
Target price € 68.00
Market cap € 1,375m
Free float 59%

	EPS (€)	P/E
FY04E	6.45	9.7
FY05E	5.53	11.4
FY06E	6.45	9.8

Estimates and target upped on excellent

Outperform
Rating Unchanged

Yesterday, Bekaert reported impressive 4Q04 sales figures. Consolidated sales increased by 20.9% to € 2,173m, exceeding expectations. In the 4Q04, sales amounted to € 538m, up by 28% y-o-y. So, following sales growth acceleration in 3Q04 compared to 1H04, further acceleration was recorded in 4Q04. In absolute numbers, sales over 4Q04 equalled sales over 3Q04, which is quite unusual taking into account the more traditional pattern of de-stocking at clients and seasonal shutdowns at Bekaert plants in late December. Over the year, about half of the growth was volume driven.

We adjusted our scenario ahead of publication of the full year results on 17 March and increased our target price from € 65 to € 68 per share. Our 04, 05, 06 adjusted EPS estimates have been upped from € 6.06, € 5.32 and € 6.21 to € 6.45, € 5.53 and € 6.45. We confirm our rating at outperform, based upon the potential for a re-rating and reduction of excess cash in the short term. We will publish a more detailed flash note ahead of the final results.