

Bekaert

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Upgrade to outperform

Outperform

Rating Upgraded

Engineering & Machinery
Belgium

Current price	€ 68.00
Target price	€ 74.00
Market cap	€ 1,464m
Free float	59%

	EPS (€)	P/E
FY04	6.54	7.7
FY05E	5.75	11.8
FY06E	5.99	11.4

Since our downgrade to neutral on 02 August, the evolution in the Bekaert share price was rather flat. However, as Bekaert was very prudent in its guidance at the publication of the half-year result, we believe there are some reasons for more optimism today. Hence we decided to revise our rating from neutral to outperform with a target price of € 74 (€ 68) per share. Main event ahead is publication of the trading update (14 November), which could contain a bullish statement according to our opinion.

As a reminder, Bekaert reported excellent half-year results in August but remained very prudent for the second-half stating "the slowdown in incoming orders due to the weakening of the economic environment and the uncertainty in raw materials' markets present challenges for the second half". As the uncertainties in the raw materials' markets have eased and the order book is back to normal levels, we believe expectations with regards to the 2H05 might be too low. Looking to the main regions, business in China and Latin America remains very strong while the situation in Europe and North America remained rather stable. We are planning the publication of a company update in the near future.