

Bekaert

BERTL.BR / BEKB.BB

Engineering & Machinery
Belgium

Current price € 69.60
Target price € 74.00
Market cap € 1,498m
Free float 59%

	EPS (€)	P/E
FY04	6.54	7.7
FY05E	5.75	12.1
FY06E	5.99	11.6

Third quarter trading update

Bekaert this morning released its third quarter trading update. 9M05 consolidated sales increased by 11% y/y to € 1,440m while combined sales were up by 14% y/y. Consolidated sales over 3Q05 were € 469.4m, up by 8.2% on 3Q04, excluding fencing. Consolidated sales' growth over 9M05 was for 10% organic and 2% from the net movement in acquisitions and divestments, offset by adverse currency movements of 1%.

Over 3Q05, advanced wire products', advanced materials' and advanced coatings' consolidated sales growth was resp. 4.2%, 9.4% and 10.0%. In 3Q, Bekaert recorded a strong performance in advanced wire products but there is a definite slowing of demand in various markets in Europe and North America. In Latin America market demand remains stable. Only in Asia, and in China in particular, Bekaert realised accelerated growth. Bekaert also performed strongly in advanced materials. Besides organic growth, activities were also strengthened by the recent acquisitions. Sales growth in advanced coatings remained limited. It was mainly the strongly project-driven activities in industrial coatings that underperformed. In specialised films, window film experienced strong growth.

Bekaert remained very short on the outlook expecting sales to continue to grow in 4Q. However, the company expects the weakening of the European and North American markets to continue.

Outperform

Rating Unchanged

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