

**Bekaert**

BERTI.BR / BEKB BB

Engineering & Machinery  
Belgium

Current price	€ 83.70
Target price	€ 85.00
Market cap	€ 1,802m
Free float	57%

	EPS (€)	P/E
FY05E	5.85	14.3
FY06E	6.24	13.4
FY07E	6.37	13.1

**Trading update on Friday**

Friday, before market opens, Bekaert will report its fourth quarter trading update. FY 05 results will be published later on 16 March. In its third quarter trading update, Bekaert stated that sales would continue to grow in 4Q05 but expects the weakening of the European and North American markets to continue. On the other hand, growth at steel cord China would continue now that the capacity expansion has been completed and at full use. The evolution in the US\$ exchange rate also favoured Bekaert. We count on consolidated sales over 2005 of € 1,882.7m. This implies about € 442.3m in 4Q05, in-line with Bekaert's guidance. Growth in the last quarter in Advanced Wire Products, Advanced Materials and Advanced Coatings is projected at respectively 3.7%, 9.2% and 11.2% y/y.

Bekaert yesterday confirmed it wants to strengthen its position in Russia and targets own production platforms. Bekaert currently already supplies Russia with steel cord, steel fibres for reinforcing concrete and other advanced wire products from Bekaert plants in Central Europe. As such the company has opened talks on exclusive corporation with steel cord producer Uralkord, management company Kordinvest and engineering company TTMP. According to Bekaert, Uralkord is one of the most competitive steel cord production platforms in Russia today and supplies around one fourth of the Russian market. Both parties are keen to reach an agreement in the course of the coming months. In addition, Bekaert will look at the possibility of finding a local supply of wire rod. It was known for quite some time that Bekaert was actively looking at the Russian market and we highly welcome the further progress made.

[Back to contents](#)[wouter.vanderhaeghen@kbcsecurities.be](mailto:wouter.vanderhaeghen@kbcsecurities.be)

+32 2 417 29 62

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Rating Unchanged