

Bekaert

BERTL.BR / BEKB.BB

Engineering & Machinery
Belgium

Current price € 84.05
Target price € 90.00
Market cap € 1,809m
Free float 57%

	EPS (€)	P/E
FY05E	5.85	14.4
FY06E	6.24	13.5
FY07E	6.37	13.2

Trading update

Bekaert just released its 4Q05 trading update. The company realised consolidated sales of € 1,914m (€ 1,883m expected) and combined sales of € 3,085m, equal to an increase with 10% and 14% respectively. The consolidated sales' increase was 8% from organic growth, 1% from the net movement in acquisitions and divestments and 1% from currency movements. Sales over 4Q05 amounted to € 473.6m. Over the full year, advanced wire products' sales were up 9% to € 1,640m, advanced materials 21% to € 141m and advanced coatings 4% to € 133m. Combined sales of advanced wire products increased by 14% to € 2,750m. Wire Europe and Wire North America were down by 7% and 4%. At the other hand, Wire Latin America, Steel cord China and Steel cord others recorded spectacular growth of 26%, 39% and 15%. As a reminder, Bekaert has increased its steel cord capacity in China to about 120k tonnes p.a. and will increase further by about 50%. For 2006, we expect capacity of about 130k to 140k tonnes in China. We also highly welcomed Bekaert's decision to move on in Russia. Bekaert experienced a strong increase in sales at advanced materials (combined sales up by 21%). In 2005, Bekaert became 100% owner of the combustion technologies buying out Shell. Advanced coatings only realised limited growth. Sales of industrial coatings were down by 4% while specialised films' sales increased by 11%. We confirm our outperform rating and increased our price target to € 90 per share (€ 85). Bekaert will report FY 05 results on 16 March.

Outperform
Rating Unchanged[Back to contents](#)wouter.vanderhaeghen@kbcsecurities.be

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