

Bekaert

BERT1BR / BEKB BB

Engineering & Machinery
Belgium

Current price € 86.85
Target price € 90.00
Market cap € 1,869m
Free float 57%

	EPS (€)	P/E
FY05E	5.98	14.5
FY06E	6.43	13.5
FY07E	6.56	13.2

Strong results + dividend surprise

Bekaert this morning reported strong FY 05 results. In addition, the group announced a combined gross dividend of € 3 per share, consisting of an ordinary dividend of € 2 per share with an exceptional dividend of € 1 per share related to the fencing disposal. Payment date is 17 May. As was already known from the trading update, consolidated sales increased by 10% to € 1,914m while combined sales increased by 14% to € 3,085m. Result from operations landed at € 136.3m vs. € 145.6m expected. However, there was a substantial impact of non-recurring charges (€ 16m at advanced wire products, € 8m at advanced materials and € 7m at advanced coatings). REBIT amounted to € 168m and was better than expected (€ 160.6m). REBIT of advanced wire products was € 187m, which equals to an impressive margin of 11.4%. Advanced material and advanced coatings each contributed € 13 and € 3m to REBIT. Contribution from associates was € 56.9m, in-line with expectations (€ 56.2m). Result from continuing operations amounted to € 135.7m vs. € 141.3m in 2004 and our estimate of € 132.9m. Consolidated net result (after result from discontinued operations) amounted to € 189.9m vs. € 167.6m in 2004 and our estimate of € 187.0m. Bekaert has started 2006 well, but remains very prudent for the outlook. The group is experiencing more intense competition around the world and higher costs for both raw materials and energy. In the mature markets, especially Europe, Bekaert is witnessing a slight weakening of demand for some products. We confirm our outperform recommendation for Bekaert and expect a positive market reaction on these results.

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

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