

Bekaert

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Engineering & Machinery
Belgium

Current price € 83.70
Target price € 87.00
Market cap € 1,802m
Free float 57%

	EPS (€)	P/E
FY05	6.97	9.4
FY06E	6.46	12.9
FY07E	6.55	12.8

Trading Update

Bekaert this morning reported its Q3 trading update, containing little surprises. Consolidated sales over the quarter landed at € 495m (+ 5.5% y/y) vs. our estimate of € 490m. Bekaert recorded consolidated sales over 9M06 of € 1,505m and combined sales of € 2,398m, up 4% and 5% y/y. The rise in consolidated sales breaks into 3% from net movements in acquisitions and divestments and 1% from the impact of currency movements. Combined 9M06 sales of advanced wire products were up by 6% y/y. Combined sales of steel cord China were up by 43%, supported by the capacity expansion. Next week, Bekaert will host analysts and investors at its Chinese steel cord plants. Combined sales of Wire North America decreased by 3%. Bekaert noted a distinct weakening of the most important industry sectors, in which the company is active. In Europe, Bekaert was faced with increased competition and pressure on prices. The company recorded weak demand for steel cord products. Combined 9M06 sales of steel cord others declined by 5% y/y. Combined 9M06 sales of advanced materials increased 15% y/y while advanced coatings increased 5% y/y. Bekaert was very short on the outlook, stating: "Despite continued weakening on its European and North American markets, Bekaert confirms sales growth for 2006." Bekaert also announced Group Executive Vice President Georges Brys has decided to quit Bekaert. The industrial coatings activity platform will be added under the responsibility of Dominique Neerinck, Chief Technology Officer, who will become a member of the Bekaert Group Executive.

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