

Bekaert

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Preview 9M07 update: sales up 6.2% y/y**Accumulate**
Rating Unchanged**Engineering & Machinery
Belgium**

Friday, before market, Bekaert will release its 9M07 trading update.

Current price	€ 91.21
Target price	€ 110.00
Market cap	€ 1,813m
Free float	54%

We expect the group to report 9M07 consolidated sales of € 1.6bn, up by 6.2% y/y. Consolidated 3Q07 sales are forecasted at € 532m, up by 7.5%, of which € 446m by the advanced wire products, € 50m by the advanced materials and € 36m by the advanced coatings.

	EPS (€)	P/E
FY06	7.22	11.4
FY07E	7.33	12.4
FY08E	7.26	12.6

Key growth driver will remain volume growth at Steel Cord China, where capacity will be further increased from approximately 200k tonnes p.a. at year-start to approximately 240/250k tonnes by the end of this year. In Latin America, the joint ventures and associates are suffering from adverse currency movements and increased competition from Asian imports translating into sustained pressure on prices.

For the full year, we now bank on a net result of € 139.3m, down from € 142.3 in 2006. However, the adjusted EPS07 is expected to increase slightly from € 7.22 to € 7.33 driven by the share buy-back programme.

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+32 2 429 37 30