

Bekaert

BEKB.BR / BEKB.BB

**Engineering & Machinery
Belgium**

Current price € 92.11
Target price € 110.00
Market cap € 1,831m
Free float 54%

	EPS (€)	P/E
FY06	7.22	11.4
FY07E	7.33	12.6
FY08E	7.26	12.7

Advanced coatings disappoint**Accumulate**
Rating Unchanged

This morning, Bekaert released its 9M07 trading update containing little surprises. Bekaert achieved consolidated 9M07 sales of €1,589m and combined sales of €2,515m, an increase 5.6% and 4.9% respectively. Organic consolidated sales growth was 6.7%, partially offset by 2.0% negative impact from currency movements and further boosted by 0.9% movement in acquisitions and divestments. Q3 consolidated sales amounted to €524m, short of our estimate of €532m. Advanced wire products and advanced materials realised Q3 consolidated sales of €446m and €49m respectively, both perfectly in-line with expectations. The main surprise was in the smaller advanced coatings division, which contributed 'only' €29m to the Q3 sales, €7m short of expectations. While consolidated sales in H1 were still up by 3% y/y, 9M07 sales were down 12.1% y/y highlighting a very weak Q3. Specialised film had a 9M07 sales decline of 11.4%, which was in-line with the H1 performance. With regards to the FY outlook, "Bekaert expects to maintain its revenue growth in 2007". All after all, we believe this is a rather neutral press release, which should not trigger sharp share price fluctuations in neither direction.

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