

Bekaert

BEKB.BR / BEKB.BB

Engineering & Machinery
Belgium

Current price € 91.00
Target price € 110.00
Market cap € 1,809m
Free float 63%

	EPS (€)	P/E
FY07E	7.33	12.4
FY08E	7.26	12.5
FY09E	7.49	12.2

Feedback from capital markets event

Friday, Bekaert hosted its annual capital markets event. The event this year took place at the company's Technology Centre (BTC) in Deerlijk (Belgium). Special focus this year was on innovation opportunities. In its business update, Bekaert gave some more information on its investment into a new steelcord plant in Russia and further planned capacity expansions for steel cord China. As a reminder, Bekaert will invest approximately € 97m over the period 2008 to 2013. The investment is planned in three phases with production as from 2010. In the first phase, the plant will have an annual capacity of approximately 15k tonnes of steel cord, processing half products from other Bekaert sites in Europe. In the second stage, Bekaert will start with the production of its own half products in Russia. In a third stage, production capacity could be expanded to approximately 30k tonnes of steel cord p.a. The Russian steel cord market is currently estimated at around 60k tonnes p.a., which is expected to expand to approximately 80k tonnes p.a. by 2010. We highly welcome this investment into a greenfield project as an attractive alternative to the Uralkord acquisition. Bekaert has invested approximately € 100m in steel cord China last year, expanding its production capacity to approximately 250k tonnes at the end of 2007. For 2008, Bekaert intends to maintain its investments at these levels, which implies that its steel cord capacity in China will expand to levels close to 300k tonnes p.a. by the end of the current year. Bekaert will report its FY07 results on 14 March. We confirm our positive stance on Bekaert with a target price of € 110 per share.

Accumulate

Rating Unchanged

[Back to contents](#)

wouter.vanderhaeghen@kbcsecurities.be

+32 2 429 37 30