

Bekaert

BEKB.BR / BEKB.BB

Engineering & Machinery
Belgium

Current price	€ 109.00
Target price	€ 115.00
Market cap	€ 2,144m
Free float	61%

	EPS (€)	P/E
FY07	8.05	12.2
FY08E	8.27	13.2
FY09E	8.42	12.9

To build a new steelcord plant in Chongqing

Friday, Bekaert announced the construction of a new steelcord plant in Chongqing, by a 50/50 joint-venture with Ansteel. This new steelcord plant will become Bekaert's fourth steelcord plant in China. Bekaert is currently expanding its tirecord production capacity in China to around 300k tonnes p.a. with three production facilities in respectively Weihai, Jiangyin and Shenyang. Bekaert and Ansteel are to invest around € 150m in the new facility, which will happen in several phases, depending on market development. The first phase will enter production early 2009 and will involve capital expenditure of around € 40m. Capacity will be around 30k to 40k tonnes p.a. to start with and could be expanded depending on market demand. In a further stage, Ansteel and Bekaert could also start the on-site production of half products. As we indicated in our recent update of 16 May, the growth of the Chinese steelcord market is exceeding all expectations and Bekaert is responding by stepping-up its capacity expansions. By early next year, Bekaert could have capacity of around 330k to 340k tonnes p.a. operational. Capital expenditures this year will exceed € 200m and are currently estimated around € 220m to € 230m. We highly welcome this new move by Bekaert and maintain our positive stance on the company.

Accumulate

Rating Unchanged

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