

Bekaert

20 February 2009

Announcing firm 4Q sales numbers

Engineering & Machinery

Current price € 38.94

Buy

Belgium

Target price € 70.00

Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg BEKB.BB

Reuters BEKB.BR

www.bekaert.com

Market Cap € 765.9m

Shares outst. 19.7m

Volume (daily) € 2,959,981

Free float 61.4%

Next corporate event

Results FY08: 13 March 2009

(€ m)	2008E	2009E	2010E
Sales	2,585.5	2,352.3	2,465.6
REBITDA	437.5	347.9	353.7
Net earnings	202.4	126.3	139.4
Adj. EPS (€)	11.34	7.32	7.59
P/E (x)	3.4	5.3	5.1
EV/REBITDA	3.0	3.4	3.2
FCF Yield	-0.8%	20.9%	14.4%
Dividend yield	8.3%	8.3%	8.3%

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Bekaert this morning released its fourth quarter trading update. Consolidated and combined sales for the full year amounted to € 2,663m and € 4,010m, an increase of 22.5% and 17.3% respectively.

Growth in consolidated sales was 17.7% from organic growth, largely driven by passed on raw material price increases, and 5.8% from the acquisitions in Vicson (Venezuela) and Proalco (Colombia) while exchange differences tempered growth by 1.0%.

Publication of FY08 results is scheduled for 13 March.

Our View:

Bekaert's fourth quarter sales numbers are a positive surprise. The company was guiding for fourth quarter consolidated sales to be comparable to the last quarter of 2007 (€ 585m). We took a more prudent stance, expecting consolidated fourth quarter sales of € 538.5m, down by 7.5% y/y.

Even in the fourth quarter, Bekaert realised consolidated sales growth of 5.4% y/y to € 616.0m. Contribution of advanced wire products, advanced materials and advanced coatings amounted to € 529m (+5.6%), € 54m (flat) and € 28m (-9.7%) vs. our forecast for € 466.1m, € 50.8m and € 28.5m.

Conclusion:

We expected Bekaert would have difficulties to meet its sales guidance and consider the better than expected sales performance to be a positive surprise. Despite the absence of clear indications on profitability developments, we consider the outlook comments that despite limited short-term visibility, Bekaert does not expect the current slowdown to last on a company-wide scale, also to be fairly confident. Hence we expect a positive share price reaction to today's announcements.