

# Bekaert

20 April 2009

## New segment reporting

Engineering & Machinery

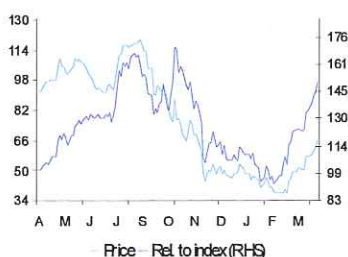
Current price € 69.74

Buy

Belgium

Target price € 70.00

Rating Unchanged



Source: Thomson Financial Datastream

Bloomberg BEKB.BB

Reuters BEKB.BR

[www.bekaert.com](http://www.bekaert.com)

Market Cap € 1,379.6m

Shares outst. 19.8m

Volume (daily) € 6,019,803

Free float 61.4%

Next corporate event

General Assembly 08: 13 May 2009

(€ m)	2008	2009E	2010E
Sales	2,662.4	2,506.8	2,627.9
REBITDA	495.9	362.3	372.2
Net earnings	174.1	108.6	130.3
Adj. EPS (€)	12.02	6.51	7.07
P/E (x)	7.3	10.7	9.9
EV/REBITDA	5.0	5.3	5.0
FCF Yield	-0.5%	10.2%	7.9%
Dividend yield	3.2%	4.0%	4.0%

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Friday, Bekaert hosted its annual capital markets day.

Bekaert will issue its 1Q09 trading update on 13 May. When comparing 1Q09 sales figures with 4Q08, one should take into account the following:

- assuming a decrease of wire rod prices by 25%, a negative impact on sales of around € 65m is to be expected;
- a possible negative volume effect of around € 35m;
- the incorporation of Peru and Ecuador (adding around € 35m);
- positive currency movements (adding around € 35m).

Based upon these elements, Bekaert is guiding towards a 1Q09 sales in the range of € 575m to € 600m. As a reminder, this compares to 1Q08 sales of € 567m and 4Q08 sales of € 615m. For the full year, we are currently forecasting a decline in sales by 5.9% y/y, despite full consolidation of the former associates in Peru and Ecuador.

As from the current year, Bekaert will change its segment reporting. Bekaert currently was reporting in 3 major segments consisting of Advanced wire products (88% of sales), Advanced coatings (8% of sales) and Advanced materials (4% of sales).

Sales of advanced wire products were then split into the following activity platforms: Wire Europe, Wire North America, Wire Latin America, Wire Asia, Building Products, Steel cord China, Steel cord others and Other advanced wire products. Advanced materials sales were split into Fibre technologies and Combustion technologies while Advanced coatings sales were split into Industrial coatings and Specialised films.

The new segment reporting will be based upon the company's presence in the 4 main regions:

- EMEA
- North America
- Latin America
- Asia Pacific.

### Conclusion:

By no doubt, 2009 will be a challenging year for Bekaert given the lower activity levels and wire rod price decreases. However, Bekaert does see some encouraging signs outside its mature markets. Concerning China, Bekaert observes diverging trends from region to region. Coastal provinces and those in the south are hard hit because they are export oriented. However, strong growth is being observed inland. Hence, Bekaert will further accelerate the expansion of the Chongqing plant.