

12 May 2009

## BEKAERT

### 1Q09 trading update

ENGINEERING & MACHINERY  
BELGIUM

CURRENT PRICE € 73.77  
TARGET PRICE € 80.00

**ACCUMULATE**  
RATING DOWNGRADED



Source: Thomson Financial Datastream

Bloomberg BEKB.BB  
Reuters BEKB.BR

www.bekaert.com

Market Cap € 1,459.3m  
Shares outst. 19.8m  
Volume (daily) € 6,672,324  
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	11.3	10.4
EV/REBITDA	5.0	5.5	5.2
FCF Yield	-0.5%	9.6%	7.5%
Dividend yield	3.2%	3.8%	3.8%

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Wednesday, before market, Bekaert will publish its 1Q09 trading update. At the capital markets event on 17 April, Bekaert already gave some insights. Compared to 1Q08 consolidated sales of € 593m and 4Q08 sales of € 615m, Bekaert was guiding for 1Q09 consolidated sales in the range of € 575m to € 600m. In our scenario, we are banking on 1Q09 sales of € 591.3m.

Compared to 4Q08, sales for the quarter will be impacted by:

- Wire rod price decrease of 25% (negative impact on sales of about € 65m);
- Possible volume effect (negative impact of about € 35m);
- Incorporation of Peru and Ecuador (positive impact of about € 35m);
- Positive currency movements (impact estimated around € 35m).

Investors should note that Bekaert will use a new segmentation as from 1Q09. In the past Bekaert's primary segmentation consisted of the business segments Advanced wire products, Advanced materials and Advanced coatings.

In addition sales data was given for the activity platforms Wire Europe, Wire North America, Wire Latin America, Wire Asia, Building products, Steel cord China, Steel cord others, Other advanced wire products, Stainless, Fiber technologies, Combustion technologies, Composites, Industrial coatings and Specialised films. In addition, Bekaert had a secondary segmentation by region: Europe, North America, Latin America, Asia and Other regions.

The new segmentation will be based upon a geographical segmentation, consisting of EMEA, North America, Latin America and Asia – Pacific.

#### Conclusion:

Given the qualitative comments made at the capital markets event, the 1Q09 trading update should not bring major surprises. By no doubt, 2009 will be challenging, especially when comparing to last year. Given the recent spike in the share price, we have decided to cut our rating from Buy to Accumulate with target price of € 80 per share (€ 70).