

13 May 2009

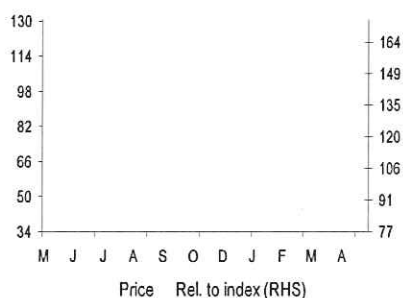
BEKAERT

Organic sales decline of 14.3%

ENGINEERING & MACHINERY
BELGIUM

CURRENT PRICE € 71.00
TARGET PRICE € 80.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg	BEKB.BB
Reuters	BEKB.BR
www.bekaert.com	
Market Cap	€ 1,404.6m
Shares outst.	19.8m
Volume (daily)	€ 6,443,387
Free float	61.4%

Next corporate event

Results 1H09: 31 July 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	10.9	10.0
EV/REBITDA	5.0	5.3	5.1
FCF Yield	-0.5%	10.0%	7.8%
Dividend yield	3.2%	3.9%	3.9%

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Bekaert this morning released its 1Q09 trading update, which did not contain major surprises. Consolidated sales for the quarter amounted to € 592.1m, in-line with expectations (€ 591.3m) and unchanged from the same period last year (€ 592.6m). Weak market demand in EMEA and North America drove an organic sales decline of 14.3%. This was fully offset by the integration of Prodac (Peru) and Ideal Alambrec (Ecuador) in Latin America, adding 6.5%, and the positive impact of currency movements, which contributed 7.7%.

Combined sales decreased by 12.7% y/y with an organic decline of 15.0% partially offset by favourable exchange differences of 2.3%.

As a reminder, Bekaert has changed its reporting towards a new segmentation based upon the regions in which it is operating. Combined sales in EMEA, North America, Latin America and Asia Pacific are reported at € 209.1m (-28% y/y), € 139.2m (+4% y/y), € 279.9m (-19% y/y) and € 160.2m (+20% y/y).

In EMEA, overall weak demand resulted into a sharp decline in sales (-28% y/y) across all activity platforms. In North America, sales increased by 4% helped by a strong dollar and thanks to a favourable product mix. Revenues in Latin America declined by 19% due to a decline in market demand and a strong negative currency impact in Brazil. Sales in Asia Pacific increased by 20% reflecting stable nominal sales and positive exchange differences.

Conclusion:

First quarter sales are perfectly in-line with expectations, both nominally and qualitative. In addition, the company sticks to its outlook statement. While visibility is extremely limited, the company does not expect the current activity slowdown to persist on a company-wide scale.