



01.02.10

BEKAERT

Acquisition of two Bridgestone tire cord plants

ENGINEERING & MACHINERY
BELGIUM

CURRENT PRICE € 105.30
TARGET PRICE € 120.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg BEKB.BB
Reuters BEKB.BR
www.bekaert.com

Market Cap € 2,083.2m
Shares outst. 19.8m
Volume (daily) € 7,161,956
Free float 61.4%

Next corporate event

Bekaert this morning announced the acquisition of two Bridgestone tire cord plants and a multi-year supply agreement. The deal involves the acquisition of BMI, Sardinia (Italy) and BSSH, Huizhou (Huangdon Province, China). Both plants have a combined capacity of approximately 40kt p.a. with the Chinese plant being brand new and suitable for further capacity expansions. The transaction has an enterprise value of approximately € 70m, is subject to customary closing conditions and is expected to close in the 2Q10.

Conclusion:

We highly welcome this transaction as it is to further strengthen Bekaert's relationship with Bridgestone. In addition, this deal is in-line with the industry move from captive to non-captive capacity and specialisation.

Ahead of fine-tuning our scenario, our target price is increased to € 120 per share (€ 100) as we see a supportive earnings momentum on continued growth in emerging markets combined with recovery potential in the mature markets.