

Bekaert (Add - EUR 103.5): H1 preview**Preview**

Period	H1 2007
Date/Time	Tuesday July 31 before market opening
Recommendation	Add
Target price	122.0

in EUR	H1'06	H1'07
Revenues (m)	1,009	1,061
EBITDA (m)	132.4	142.0
EBIT (m)	76.0	82.0
Fin result (m)	-13.6	-15.5
Associates	27.8	25.6
Net declared result (m)	75.5	74.0
Net adjusted result (m)	75.5	74.0

Analyst Meeting 2pm in Brussels

Key items

1. We expect organic revenue growth of 5%, which lead to revenue of EUR 1,061m. Despite high raw material and energy prices we expect that operating leverage will lead to gross margin expansion to 20% from 19.6% last year. This leads to an EBIT of EUR 82m, implying a margin of 7.7%. Financial charges are expected to increase to EUR 15.5m as a result of the releveraging of the balance sheet via share buy backs and higher interest rates, partly offset by forex evolution. Given the more difficult export environment in Latam linked to the weakening of the USD, we expect some pressure on profitability of the associates, leading to a 8% lower net profit contribution of EUR 25.6m. This leads to a net adjusted profit of EUR 74m, down 2% yoy. Average nb of shares is down 5%, leading to an EPS growth of 3.5% to EUR 3.63.

2. Guidance: Traditionally Bekaert gives a non quantitative guidance. We do not expect any change in the group's habit. We hope to receive more information on the potential further capacity expansions in China as well as the evolution of the final negotiations in Russia with Uralkord.

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