

**Bekaert (EUR 40.81 - ADD) - Testing times****Preview**

Period	2008 sales numbers
Date/Time	Friday, February 20, before opening
Recommendation	Add
Target price	70.00

<b>in EUR</b>	<b>2007 FY</b>	<b>2008 FY</b>	<b>% Ch</b>
Revenues (m)	2,174	2,636	21%
Combined revenues (m)	3,419	3,974	16%
organic growth	8.0%	10.8%	

**Key items**

1. The 21% sales growth expected for the FY and the 16% growth of combined revenues (incl. associates) implies a marked growth deceleration as from Q4. For the first 9 months these growth rates still reached 28.8% and 24% respectively.
2. Our numbers imply a Q4 sales decline of 0.4% and a decline of 5.4% including associates. Bekaert has guided for stable sales in Q4. In Q4 the consolidation scope impact is very limited, while currencies should be favorable thanks to the Brazilian Real and the dollar.
3. Given the economic uncertainty, we do not expect Bekaert to provide a detailed 2009 outlook. The company faced a significant slowdown as from mid-October and we believe that Q1 might even be more difficult than Q4.

**Conclusion**

For 2009 we expect an EBIT margin of 7%, down from an expected 8.9% for 2008. At EUR 41, the shares trade at only 5.9x EV/EBITA 2009, but we believe the earnings risk is still on the downside, given the economic environment. ADD rating maintained.