

**Bekaert (EUR 73.50 - ADD) - Signs of market recovery?****Preview**

Period Q1 sales and combined revenues  
Date/Time Wednesday, May 13, before opening  
Recommendation ADD

<b>in EUR</b>	<b>Q1 08</b>	<b>Q1 09</b>	<b>yoy</b>
Revenues (m)	593	583	-1.6%
Combined revenues (incl associates)	903	829	-8.2%

Analyst Meeting No

**Key items**

1. To the occasion of its Investor Day on April 17, Bekaert already provided the most important items to take into account for Q1 09. Compared to Q4 08 Bekaert expects a negative impact from wire rod prices of EUR 65m, a volume impact of EUR 35m, a positive currency impact of EUR 35 and a consolidation scope impact of EUR 35m. As a result, sales should come in between EUR 575 - 600m compared to EUR 615m in Q4 08 and EUR 593m in Q 08, i.e. a decline by 1.6% on our estimates of EUR 583m. This -1.6% consists of 6% consolidation scope impact, 6% currency impact, -12% price impact and -2% volume impact. Combined sales should decline by 8%, as they do not benefit from the change in consolidation scope (consolidation of Peru and Ecuador).

2. Geographically, we expect a "relatively" good performance from the US, China will have had a difficult Q1 but should show signs of improvement for Q2, while in Europe visibility remains very low according to Bekaert. The combined sales should feel the impact from a very weak Brazilian business in Q1.

3. In terms of outlook, we expect some improvement in Q2 vs. Q1, mainly thanks to China but in terms of profitability the lower wire rod prices will have a negative impact in H1.

**Conclusion**

At 8.1x 2010 EV/EBITA we keep our ADD rating unchanged. The shares have come close to our target price of EUR 75, which we might review after the sales update.