

Bekaert							Add		
<i>Metal technology</i>							<i>Target price : 36.00</i>		
Price	Mark.cap.(m)	eps 16e	eps 17e	Ratios	12/16e	12/17e	Glob. fig. (m)	12/16e	12/17e
EUR 37.09	2,229	2.13	2.60	P/E	17.4	14.3	Sales	3,750	3,881
RIC : BERTt.BR - Bloomberg : BEKB BB				Div. Yield	2.4%	2.4%	EBITA	240	273
				EV/EBITDA	6.7	6.0	Adj.Profit	123	150

Bekaert - Q1 preview

Preview

Period	2016 Q1 trading update
Date/Time	Wednesday, May 11
Recommendation	ADD
Target price	36

<u>in EUR m</u>	<u>2015 Q1</u>	<u>2016 Q1</u>	<u>Yoy</u>	<u>css</u>
Consolidated sales	904	910	0.6%	900
EMEA	313	318	1.5%	312
North America	153	160	4.6%	156
Latin America	195	174	-10.7%	177
Asia Pacific	243	258	6.2%	255
Combined sales (incl. ass.)	1,105	1,085	-1.8%	
EMEA	311	316	1.5%	
North America	153	160	4.6%	
Latin America	392	333	-15.0%	
Asia Pacific	249	276	10.9%	

Analyst Meeting	Yes
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Key items

1. After a strong margin and CF performance in the second half of 2015, the Q1 trading update will offer none, if very little, info on margin development. The margin development is, however, the key performance indicator of the new strategy.
2. Sales will be negatively impacted by the yoy impact from raw material prices, which Bekaert has indicated to amount to about -5% in H1. However, we expect a solid volume performance in China thanks to the favourable comparison base and in Europe from a continued strong automotive segment (40% group sales).
3. We are in-line with consensus for Latam as this is the most difficult to forecast in terms of forex fluctuations. North America will benefit from the ramp-up of capacity of the Rome factory.

Conclusion

We are mainly focused on margin development as we expect 6.5% REBIT margin this year, with a move to the 7% target in 2017. On our estimates, the shares trade at 14x EV/EBIT '16 and 11.7x EV/EBIT '17. This looks like close to a fair multiple. We will review our Investment Case after the Q1 trading update.