

BEKAERT

Restructures BBRG debt

GENERAL INDUSTRIES
BELGIUM

CURRENT PRICE € 19.10
TARGET PRICE € 28.00

HOLD
RATING UNCHANGED

Bekaert announced this morning it has completed the refinancing of the outstanding BBRG (Bridon-Bekaert Ropes Group) debts as follows :

- 1) A temporary refinancing through a financial covenant-free bridge loan with a group of banks. This bridge loan has a maximum maturity of two years
- 2) The repayment of € 294m to the BBRG lenders' syndicate;
- 3) The release of all related security interests;
- 4) The elimination of the related ring-fenced debt structure

The refinancing was said to lead to significantly lower interest charges on the refinanced BBRG debt (although not precisely disclosed how much). The current debt restructuring and refinancing was said to reduced Bekaert's consolidated net debt by € -33m.

Furthermore, Bekaert commented that the transaction to acquire the 33% equity share of Ontario Teachers in BBRG was approved in all relevant jurisdictions. Completion of the transaction will be completed before the end of October and will involve a cash payment of \$ 8m (new information as previously not disclosed). The magnitude of this amount is broadly in line with our forecasts.

Conclusion

We previously estimated the net debt/EBITDA multiple at BBRG level at approximately 10x, meaning that a refinancing was absolutely necessary. We believe that there is also significant work to do to improve operational performance at BBRG, so by streamlining the number of SKUs. Given the limited visibility overall on potential margin improvement at Bekaert group level, we keep our Hold rating on Bekaert for now.



Source: Thomson Reuters Datastream

Bloomberg BEKB BB
Reuters BEKB.BR

www.bekaert.com

Market Cap	€ 1,153.1m
Shares outst.	60.4m
Volume (daily)	€ 3,084,577
Free float	59.9%

Next corporate event

Trading update 3Q18: 15 November 2018

€ m	2017	2018E	2019E
Sales	4,098.2	4,221.9	4,372.4
REBITDA	498.0	447.6	490.4
Net earnings	184.7	139.9	177.0
Adj. EPS (€)	2.60	2.21	2.66
P/E (x)	16.2	8.6	7.2
EV/REBITDA	7.8	5.5	4.9
FCF yield	-1.3%	9.6%	10.8%
Dividend yield	2.6%	5.8%	5.8%

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