

**Bekaert (UR) - Cutting dividend and reducing Senior Management salary (EUR 15.66 / TP UR)****Facts: Cutting dividend proposal from EUR 0.70 to EUR 0.35**

- After a good start of 2020 with encouraging results, Bekaert projects - as announced in the press release of 26 March 2020 - a significant impact of the Covid-19 pandemic in the second quarter of 2020. In this context, and as part of other actions to mitigate as far as possible the impact of the pandemic on the financial position of the Group, the Board of Directors of Bekaert has decided to propose to the AGM of 13 May 2020 to pay a dividend of EUR 0.35, half the initially announced EUR 0.70, and to postpone the payment from 18 May 2020 to 20 November 2020. The dividend decision was not taken lightly but the Board felt it appropriate as part of all other measures taken to precautionary protect the Group in the present uncertain environment.
- In line with the salary reduction implemented for the Executive and Senior Management, the Board proposes to also reduce the Board fees for 2020 by 10%. The Chairman and the members of the Board take this decision as an act of solidarity in these challenging times.
- The Board has evaluated multiple scenarios to stress-test the impact of the Covid-19 pandemic on the Group's liquidity position. Even under extreme assumptions, these scenarios indicate a positive cash position. The actions taken in 2019 to deleverage net debt and spread the debt maturity have strengthened Bekaert's financial position significantly.

**Our View: All stakeholders take their share**

So far, Bekaert was one of the exceptions in terms of dividend payment, certainly in view of the economic uncertainty, especially in sectors such as automotive, Construction and oil & gas.

With the dividend proposal cut by 50% and management and Board members also taking a pay reduction, all stakeholders are taking part.

Positively, Bekaert states that even in extreme assumptions the company maintains a positive cash position. As such, liquidity does not seem to be an issue.

**Investment Conclusion: Rating and target price under review**

We are remodeling our estimates preliminary, which is a difficult task for 2020. However, companies should not be valued based on 2020 estimates. At current stock price levels, Bekaert trades at 20%+ FCF yields based on more normalized earnings levels. For now we put our rating and target price under review but believe a lot is discounted at current share price levels.