

BEKAERT

Preview 1Q20

GENERAL INDUSTRIES
BELGIUM

CURRENT PRICE € 20.38
TARGET PRICE € 25.00

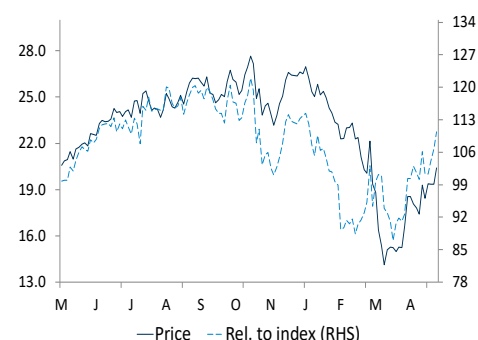
HOLD
RATING UNCHANGED

We forecast a 9.4% revenue drop to be announced in the upcoming 1Q trading update, taking into account the significant exposure to China (hit first by the COVID-19 outbreak) & the cyclical automotive & building industries. Given the very limited visibility, we stick to our Hold rating ahead of the 1Q trading update.

Bekaert will issue a 1Q trading update on Wednesday 13 May before market. We remind that Bekaert issued a COVID-19 related statement at the end of March, which highlighted that Bekaert had temporarily shut down a number of plants, while also working hours have been reduced. Bekaert commented at the end of March it was impossible to quantify the impact of the COVID-19 crisis on the 2020 financial performance but it stated that demand evolutions and plant shutdowns will significantly impact results in the first half of the year.

Taking into account the significant exposure to China, the region impacted first by COVID-19, as well as to the cyclical automotive industry, we forecast a significant drop in 1Q sales (-9.4% to € 991m). Divisional overview :
Rubber Reinforcement: we forecast 1Q sales to drop by 14% to € 432m
Steel Wire solutions: we forecast 1Q sales to drop by 5% to € 357m
Specialty Businesses: 1Q sales are forecast to decline by 5% to € 92m
BBRG: we forecast 1Q sales to decline by 6% to € 110m

We remind that Bekaert typically does not issue profitability numbers on its first quarter performance. In light of the developments of the past weeks and months, we have decided to further reduce our FY20 underlying EBIT forecasts from € 210m to € 178m. Our new forecast represents a 27% drop over the 2019 underlying EBIT figure of € 242m.



Source: Thomson Reuters Datastream

Bloomberg	BEKB BB
Reuters	BEKB.BR
www.bekaert.com	
Market Cap	€ 1,231.1m
Shares outst.	60.4m
Volume (daily)	€ 1,861,087
Free float	58.8%

Next corporate event
General Assembly 19: 13 May 2020

€ m	2019	2020E	2021E
Sales	4,322.5	3,813.9	4,201.4
REBITDA	468.0	393.7	482.0
Net earnings	41.3	96.7	168.5
Adj. EPS (€)	1.60	1.63	2.63
P/E (x)	15.0	12.5	7.7
EV/REBITDA	5.8	6.1	4.9
FCF yield	25.2%	13.8%	7.3%
Dividend yield	2.9%	3.4%	3.9%

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