

# Benelux Equity Daily

- Wednesday, 09 May 2012

## Bekaert

Indy - Industrial, Diversified / Belgium  
 UNDER REVIEW, TP EUR 24.00

Market capitalisation (EUR m)	1,291.6
No. of shares (m)	60.0
Free float	61.7%
1/3/12 mth perf. (%)	(6.4)/(23.1)/(73.8)
High/low 52 weeks (EUR)	83.54/20.31
Next results due	
Price/book value (x)	0.8
Volatility (β) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB
Website	www.bekaert.com

## Bekaert– Encouraging 1Q12 could mark turning point

Event:: 1Q12 sales trading update

Impact: Positive

### Conclusion:

Bekaert's sales trading update for 1Q12 was better than expected, with an 8% decline in *combined* sales to EUR 1,135m beating our forecast of EUR 1,078m. More importantly, the underlying developments seem to point towards a stabilization for sawing wire in China and suggest that a recession in Europe does not have as strong an impact as feared. The worst seems to over for Bekaert, which could very well mark the turning point for the Bekaert share price. Hence, we put our REDUCE rating under review.

### Details:

Bekaert's 1Q12 trading update consists only of sales numbers and therefore provides limited insight in profitability

\* 1Q12 consolidated sales declined by 2.6% y-o-y to EUR 895m, which beat our forecast of EUR 817m

\* 1Q12 combined sales (including 100% JVs) declined by 7.9% y-o-y (-8.8% organic, -1.1% consolidation and +2.0% FX) to EUR 1,135m, which exceeded our forecast of EUR 1,078m

- EMEA: -5% to EUR 290m (EUR 261m expected)

- North America: +1% to EUR 176m (EUR 153m expected)

- Latin America: +6% to EUR 423 (EUR 417m expected)

- Asia Pacific: -30% to EUR 247m (EUR 247m expected)

- the 5% decline for EMEA is attributable to the drop in sawing wire, while the other activity platforms realized admirable growth of 12% (although growth was said to have slowed down in the automotive OEM sector)

- Latin America achieved record high sales

- although Asia Pacific sales were down 30% y-o-y, it was encouraging to see that they were stable compared to 4Q11 (the performance in China was stable, while continued growth was realized in India and Indonesia)

\* It was positive to notice that **net debt** stabilised at the (high) end-2011 level

\* Regarding the earlier-announced **restructuring programme**, Bekaert now updated the market that agreement has been reached with Belgian labour unions on measures that will be implemented as of end May

- it furthermore noted that the study to identify EUR 100m additional savings is in process and is expected to have an impact from 2013 onwards

\* Bekaert gave no meaningful **outlook**, as it mainly stated that it has limited visibility in most markets

\* No **conference call** is planned

Year to December	2012e	2013e	2014e
Sales (EUR m)	3,393	3,560	3,760
EBITDA (EUR m)	290	420	455
EBITA (EUR m)	92	224	259
Net profit (EUR m)	(46)	99	129
EPS (EUR)	(0.77)	1.65	2.16
DPS (EUR)	0.50	0.58	0.76
P/E	nmf	13.1	10.0
EV/EBITDA	7.5	4.8	4.2
P/BV	0.8	0.8	0.7
ROE (%)	(2.9)	6.0	7.4

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