

**Bekaert**Indy - Industrial, Diversified /  
Belgium

HOLD, TP EUR 30.00

Market capitalisation (EUR m)	1,561.1
No. of shares (m)	60.1
Free float	61.9%
1/3/12 mth perf. (%)	1.5/(4.6)/(13.1)
High/low 52 weeks (EUR)	29.67/22.90
Next results due	
Price/book value (x)	1.1
Volatility (ß) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB

Website [www.bekaert.com](http://www.bekaert.com)

Year to December	2014e	2015e	2016e
Sales (EUR m)	3,302	3,675	3,840
EBITDA (EUR m)	338	377	420
EBITA (EUR m)	183	222	264
Net profit (EUR m)	113	126	160
EPS (EUR)	1.89	2.10	2.66
DPS (EUR)	0.85	0.85	0.93
P/E	14.4	12.4	9.8
EV/EBITDA	6.5	5.8	5.1
P/BV	1.1	1.1	1.0
ROE (%)	8.1	8.5	10.0

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**Bekaert – Rather bipolar 1Q15 update and outlook****Event: 1Q15 sales trading update****Impact: Positive****Conclusion:**

**Bekaert reported a sales trading update for 1Q15, which typically provide limited insights in the development of underlying profitability. The update reads very much like a mixed bag, both regarding 1Q15 and the outlook, with many divergent developments across both activities and regions. As the issues had been flagged well by the company and earnings expectations seem rather low, we doubt whether the negatives will lead the way in trading and we could actually imagine some relief sentiment in view of the lagging performance of the Bekaert stock lately.**

**Consolidated sales increased by 16% (-4% organic, +10% FX and +10% consolidation) to EUR 904m for 1Q15, which is bang in line with the consensus of EUR 906m and our forecast of EUR 926m. The 4% organic decline breaks down in 0% for EMEA (solid automotive and construction markets offset by lower energy-related markets on the back of subdued investments by the oil & gas sector), -8% North America (reflecting the impact the fire-damaged bead wire plant and pricing pressure from cheap imports), +3% Latin America (0% volumes, +3% product mix) and -11% Asia Pacific (reflecting the (largely known) pressures on tire cord and challenging industrial markets in general, while solar-related markets recovered).**

**The outlook (qualitative) statement reads equally bipolar, with on the one hand positive developments for 2Q15 seen in respect of EMEA (QE impact and automotive), improving economies in Latin America, integration benefits Pirelli tire cord takeover and Q2 seasonal effects(?), while dealing on the other hand with continued competitive pressure in China, a weakening Brazil and continued subdued energy-related markets. We do not see clear indications to expect considerable changes to earnings forecasts.**