

BekaertIndy - Industrial, Diversified /
Belgium

HOLD, TP EUR 30.00

Market capitalisation (EUR m)	1,498.9
No. of shares (m)	60.1
Free float	61.9%
1/3/12 mth perf. (%)	(3.6)/(4.8)/(11.6)
High/low 52 weeks (EUR)	28.68/22.90
Next results due	
Price/book value (x)	1.1
Volatility (ß) (5yrs/)	
Reuters symbol	BEKB.BR
Bloomberg symbol	BEKB BB

Website www.bekaert.com**Bekaert – Encouraging 1H15 may spark share price momentum****Event: 1H15 results****Impact: Positive****Conclusion:**

Following a rather soft start of the year, Bekaert had already hinted at the 1Q15 update that it expected to see an improvement in 2Q15, which was indeed delivered by the company with somewhat better-than-expected 1H15 results. And although the outlook is as usual rather non-concrete, we perceive the tone of voice to be confident in spite of challenges in some markets (subdued oil & gas markets and softening economic conditions in LatAM). We consider it comforting that Bekaert sees finally a stabilisation of the Chinese tyre cord market at the level of 2Q15. And the outlook hints that improving earnings momentum can be expected in 2H15 on the back of increasing integration benefits from recent acquisitions, the restart of the fire damaged plant in the US and self-help optimisation benefits. With that said, our gut feeling tells us tentatively that the solid 1H15 results and outlook could raise investors' confidence in the Bekaert stock, which could be in vogue again after having been a long-time laggard and not played in the QE/TINA equities re-rating.

We estimate that the -3% organic revenue decline reported for 1H15 (-3% volumes, -4% raw materials pass through, +4% product/price mix), implies an improvement from -4% in 1Q15 and -1.7% in 2Q15 (mainly owing to an acceleration for EMEA from 0% in 1Q15 and +5% in 2Q15). Fuelled by a star performance of the EMEA division, 1H15 REBIT increased by 12% to EUR 112m (margin -30bps to 5.9%), which slightly our forecast of EUR 104m and the company-collected consensus of EUR 108m (range: (EUR 96-122m). The results were still under pressure for the North America and Asia Pacific divisions, but they seem to turn the corner in 2H15.

Details:*** Organic revenue growth trend in 1Q15 and 2Q15 implied by 1H15:**

- EMEA: 0% in 1Q15 and +5% in 2Q15
- North America: -8% in 1Q15 and -8% in 2Q15
- Latin America: +3% in 1Q15 and +3% in 2Q15
- Asia Pacific: **-11% in 1Q15 and -8% in 2Q15**
- Group total: **-4% in 1Q15 and -2% in 2Q15**

*** Breakdown 1H15 REBIT vs ABN AMRO and company-collected consensus:**

- EMEA: +25% to EUR 80m vs EUR 73m ABN AMRO and EUR 72m cons.
- North America: -14% to EUR 12m vs EUR 16m ABN AMRO and EUR 13m cons.
- Latin America: +100% to EUR 22m vs EUR 16m ABN AMRO and EUR 22m cons.
- Asia Pacific: **-30% to EUR 30m vs EUR 29m ABN AMRO and EUR 31m cons.**
- Other: **EUR (33)m vs EUR (30)m ABN AMRO and EUR (30)m cons.**

* Bekaert hosts an **analyst meeting** at 14h00 CET, which can be followed through a conference call (dial in numbers will be provided after registration on the company website)

Year to December	2015e	2016e	2017e
Sales (EUR m)	3,694	3,919	4,076
EBITDA (EUR m)	346	394	434
EBITA (EUR m)	180	228	267
Net profit (EUR m)	90	122	152
EPS (EUR)	1.50	2.03	2.52
DPS (EUR)	0.85	0.85	0.88
P/E	16.6	12.3	9.9
EV/EBITDA	7.2	6.3	5.7
P/BV	1.1	1.0	1.0
ROE (%)	6.4	8.3	9.6

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