


**Hold**

Recommendation unchanged

**Share price: EUR 28.68**

closing price as of 18/02/2015

**Target price: EUR 27.50**

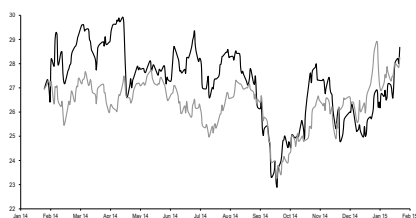
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,724
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	159,188
Daily avg. trad. vol. 12 mth (m)	4,571
Price high 12 mth (EUR)	29.93
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	11.79%
Abs. perf. 3 mth	4.75%
Abs. perf. 12 mth	6.52%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	3,186	3,195	3,823
EBITDA (m)	297	334	409
EBITDA margin	9.3%	10.4%	10.7%
EBIT (m)	137	176	222
EBIT margin	4.3%	5.5%	5.8%
Net Profit (adj.)(m)	45	89	123
ROCE	4.3%	4.6%	5.7%
Net debt/(cash) (m)	574	842	943
Net Debt/Equity	0.4	0.5	0.6
Debt/EBITDA	1.9	2.5	2.3
Int. cover(EBITDA/Fin. int)	4.7	6.3	7.5
EV/Sales	0.7	0.8	0.7
EV/EBITDA	7.5	7.6	6.8
EV/EBITDA (adj.)	7.4	7.7	6.7
EV/EBIT	16.2	14.4	12.5
P/E (adj.)	34.0	17.9	14.0
P/BV	1.1	1.1	1.2
OpFCF yield	12.6%	-13.4%	-2.6%
Dividend yield	3.0%	3.0%	3.1%
EPS (adj.)	0.76	1.47	2.04
BVPS	22.41	22.94	24.00



Shareholders: Bekaert Fam. &amp; Rel. 39%;

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**Bekaert warned the market on too high expectations regarding FY14**

**The facts:** In a press release disclosed this morning, Bekaert mentions that recent analyst updates ahead of publication of the FY14 results to be released on Friday 27 of February seem to point to a strong 4Q14.

Bekaert repeats that in 3Q14 sales update it was cautious on the 4Q14 performance as it was anticipated that the market situation for tire cord activities in China would deteriorate.

**Our analysis:** The company highlighted what we mentioned in our analyser of December 19. At that time Bekaert provided some details on the Chinese tire cord market in 4Q14, following the profit warning disclosed by Shougang (103 HK).

Bekaert confirmed that there is a strong setback of tire cord demand in China since early November, driven by both the domestic demand and the export markets. The company also mentioned that this trend mainly affected the trucks segment, which is the most important segment for Bekaert. Hence, the 4Q14 performance of the Asia Pacific segment is in trouble again and we guess 1Q15 might also be weak. The pressure might be intensified by the recent US anti-dumping measures against imports of passenger and light trucks tires from China. This might further increase the pressure on the Chinese tire market and, by extension, on the tire cord market.

Ahead of the reporting of next week, management guides for the following financial indicators for FY14:

- Consolidated sales of EUR 3,216m
- Consolidated EBITDA of 342m
- Consolidated EBIT of 171m
- EPS of 1.51

We are somewhat slightly below in EBITDA and EPS but somewhat too high in EBIT. We will adjust our estimates accordingly.

**Conclusion & Action:** We are not too far from the figures provided by management regarding FY14. Hence our downward adjustments will be rather minor. We stick to our HOLD rating and EUR 27.5 TP.