


Hold

Recommendation unchanged

Share price: EUR 27.14

closing price as of 25/02/2015

Target price: EUR 27.50

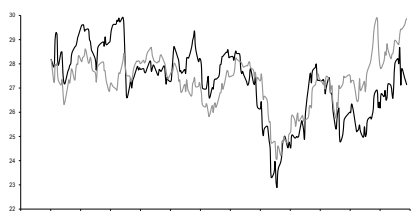
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,631
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	93,519
Daily avg. trad. vol. 12 mth (m)	2,535
Price high 12 mth (EUR)	29.93
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	1.59%
Abs. perf. 3 mth	-3.00%
Abs. perf. 12 mth	-0.42%

Key financials (EUR)	12/13	12/14e	12/15e
Sales (m)	3,186	3,216	3,860
EBITDA (m)	297	342	414
EBITDA margin	9.3%	10.6%	10.7%
EBIT (m)	137	171	222
EBIT margin	4.3%	5.3%	5.7%
Net Profit (adj.)(m)	45	85	123
ROCE	4.3%	4.4%	5.7%
Net debt/(cash) (m)	574	847	939
Net Debt/Equity	0.4	0.6	0.6
Debt/EBITDA	1.9	2.5	2.3
EV/Sales	0.7	0.8	0.7
EV/EBITDA	7.5	7.4	6.5
EV/EBITDA (adj.)	7.4	7.6	6.4
EV/EBIT	16.2	14.8	12.1
P/E (adj.)	34.0	18.7	13.3
P/BV	1.1	1.2	1.1
OpFCF yield	12.6%	-13.7%	-2.2%
Dividend yield	3.1%	3.1%	3.3%
EPS (adj.)	0.76	1.41	2.04
BVPS	22.41	22.91	23.96
DPS	0.85	0.85	0.90



Shareholders: Bekaert Fam. & Rel. 39%;

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Results and cash generations are in line, FY15 guidance cautious, with no improvement expected in Asia Pacific in 1Q15.

The facts: This morning Bekaert released its FY14 results. After the warning of last week, the main unknown figures were the Rebit and its breakdown per region as well as the cash generations. Both came in roughly in line with our estimates (no consensus), with Rebit at EUR 164m (EUR 163m expected) and net financial debt at EUR 853m vs. EUR 849m forecasted

Our analysis: EMEA performed somewhat better than assumed with a Rebit of EUR 114m vs. EUR 111m forecasted. North and Latin Americas came out with FY14 Rebit slightly short of expectations at EUR 20m and EUR 26m, versus EUR 23m and EUR 26m expected. The main issue is of course Asia Pacific, with a FY14 Rebit of 63m, down 18.2% y-o-y. The set back of the Chinese tire cord market in 4Q14 had a more pronounced effect than expected on the profitability of the 2H14, which is nearly divided by two versus 2H13.

Bekaert : key figures (EUR m)	1H13	2H13	2013	1H14	2H14 A	2014A	2014e
Consolidated sales	1,649	1,537	3,186	1,609	1,607	3,216	3,216
EBITDA	172	125	297	190	151	342	342
Margin	10.4%	8.2%	9.3%	11.8%	9.4%	10.6%	10.6%
Rebit	91	75	166	101	63	164	163
Margin	5.5%	4.9%	5.2%	6.3%	3.9%	5.1%	5.1%
-EMEA	46	42	88	64	50	114	111
-North America	13	6	19	14	6	20	23
-Latin America	28	16	44	11	15	26	24
-Asia Pacific	39	38	77	43	20	63	69
-Corporate	-35	-27	-62	-31	-28	-59	-64
Operating result	89	49	137	118	53	171	171
Margin	5.4%	3.2%	4.3%	7.3%	3.3%	5.3%	5.3%
Financial result	-41	-42	-84	-27	-40	-67	-55
Result before tax	48	6	54	91	14	104	116
Income tax	-30	-18	-48	-23	-19	-42	-40
Tax rate	62.5%	nr	89.2%	25.2%	144%	41%	34%
Results of associates	17	13	30	12	13	25	22
Discontinued operations	0	0	0	0	0	0	0
Consolidated profit	35	1	36	80	7	88	99
Minority interest	9	3	11	2	-2	0	8
Group's share in net result	26	-2	25	78	9	87	91
EPS (EUR)	0.44	-0.03	0.41	1.30	0.20	1.51	1.51

Sources : Bekaert / Bank Degroof estimates

FY15 guidance: Bekaert expects the low running rate of 4Q14, driven particularly by a downturn in Asia, to continue in the 1Q15. However, Bekaert does expect a positive FX impact as of the 1Q15 and anticipate an improving demand in the balance of the year.

Conclusion & Action: No big surprises after the warning of last week. The price erosion on the Asian tire cord market will continue to weigh on the performance in early 2015. In this context, it will be difficult for Bekaert to meet rapidly its Rebit margin target of 7%. We see limited upside from the current stock price level, unless management announces another cost cutting program.

Ahead of the analysts meeting of this afternoon, we stick to our Hold rating and EUR 27.5 TP.