


Neutral

Recommendation unchanged

Share price: EUR 26.16

closing price as of 08/05/2015

Target price: EUR 26.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,572
Current N° of shares (m)	60
Free float	59%
Daily avg. no. trad. sh. 12 mth	75,165
Daily avg. trad. vol. 12 mth (m)	1,955
Price high 12 mth (EUR)	29.93
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	2.61%
Abs. perf. 3 mth	-3.70%
Abs. perf. 12 mth	-12.50%

Key financials (EUR)	12/14	12/15e	12/16e
Sales (m)	3,216	3,698	3,934
EBITDA (m)	342	359	386
EBITDA margin	10.6%	9.7%	9.8%
EBIT (m)	171	174	201
EBIT margin	5.3%	4.7%	5.1%
Net Profit (adj.)(m)	75	76	104
ROCE	4.2%	4.5%	5.1%
Net debt/(cash) (m)	853	877	865
Net Debt/Equity	0.5	0.6	0.5
Debt/EBITDA	2.5	2.4	2.2
Int. cover(EBITDA/Fin. int)	5.4	5.1	5.4
EV/Sales	0.8	0.7	0.7
EV/EBITDA	7.6	7.2	6.7
EV/EBITDA (adj.)	7.7	7.1	6.6
EV/EBIT	15.1	14.9	12.9
P/E (adj.)	21.2	20.7	15.2
P/BV	1.2	1.1	1.1
OpFCF yield	-10.4%	2.0%	4.5%
Dividend yield	3.2%	3.4%	3.6%
EPS (adj.)	1.24	1.26	1.73
BVPS	22.74	23.01	23.69
DPS	0.85	0.90	0.95



Shareholders: Bekaert Fam. & Rel. 41%;

Analyst(s):

 Bernard Hanssens, Bank Degroof
 bernard.hanssens@degroof.be

+32 (0) 2 287 9689

1Q15 trading update preview

The facts: Bekaert will release its 1Q15 trading update on May 13th, before market. The AGM will take place the same day at 10:30am CET.

Our analysis: Bekaert will mainly provide the sales figures per region as well as some qualitative comments.

We expect Bekaert to report 1Q15 consolidated sales of EUR 883m, up 13% y-o-y and up 11% sequentially. This figure includes the first consolidation of Pirelli tire cord activities in Romania, Italy and in Brazil from 01/01/2015, in Turkey from 01/02/2015 and in China as from 01/03/2015 on.

Sales (EURm)	1Q14	2Q14	1H14	3Q14	4Q14	FY14	1Q15 A	1Q15e	1Q15e CSS
EMEA	275	280	555	264	245	1,064	321	321	322
% change	5.8%	2.9%	4.3%	1.9%	-1.6%	2.3%	16.9%	16.9%	17.1%
North America	139	142	281	140	134	555	157	157	155
% change	-4.8%	-4.7%	-4.7%	8.5%	8.1%	1.3%	12.7%	12.7%	11.5%
Latin America	141	154	295	163	173	631	166	166	172
% change	-19.9%	-12.5%	-16.2%	13.2%	16.1%	-2.2%	18.0%	18.0%	22.0%
Asia Pacific	226	252	478	247	241	966	239	239	243
% change	4.6%	-0.8%	1.7%	2.5%	-0.4%	1.4%	5.7%	5.7%	7.5%
Consolidated sales	781	828	1,609	814	793	3,216	883	883	896
% change	-2.1%	-2.7%	-2.4%	5.3%	3.8%	0.9%	13.1%	13.1%	14.7%

Sources : Bekaert / Bank Degroof estimates / CSS = consensus computed by Bekaert (22/04/2015)

In **EMEA**, we anticipate a 16.9% increase y-o-y of the 1Q15 consolidated sales, boosted by the inclusion of Pirelli assets in the perimeter scope. Beyond this element, we rely on a 1% organic growth. On a like-for-like basis we anticipate lower volume (-1%) on a thought comparable (1Q14 was very strong in tire cord). 1Q15 figures of tire manufacturers are showing some volume slowdown during the quarter, particularly in the truck tyres segment.

We expect **North American** 1Q15 consolidated sales to be up by 12.7%, boosted by the stronger USD and CAD (on a weighted average base, there were up 20.2% y-o-y). Because of the fire that damaged part of the bead wire factory in Rome (Georgia), of the pass on of lower wire rod prices and of some import price pressures, we assume a 7.3% organic sales decrease in 1Q15.

For **Latin America**, the FX impact was still strong in 1Q15, but this year there are tailwinds. On a weighted average base, we estimate the positive FX effect on sales at +9.5%. We anticipate a 1.5% organic sales decline, essentially driven by the pass on of lower wire rod prices. The inclusion of the Pirelli plant in Brazil should add ca. 10% to the sales. Hence, sales should be up 18% versus 1Q14.

In **Asia Pacific**, we anticipate that the poor market conditions that prevailed in 3Q-4Q14 (i.e. weak local demand in tire cord, weak exports and competitive price pressures in a context of huge over-capacity in the tire cord sector) persisted in 1Q15. We anticipate the organic sales to be down 8.5% y-o-y, driven by lower volumes, less supportive price/mix and by lower wire rod prices. FX tailwinds should more than compensate these negatives trends. On balance, we expect the 1Q15 sales in Asia Pacific to be up 5.7% in euro terms.

We are somewhat more conservative than the consensus, for both Latin America and Asia-Pacific and in line for EMEA and North America.

Conclusion & Action: 1Q15 sales were boosted by the FX tailwinds and by the integration of the Pirelli tire cord assets. Important in this reporting will be the management comments regarding the evolution of the Chinese tire cord market in 2Q and regarding the trend of the demand (confirmation of the demand revival) and of the import pressures in both Latin and North Americas.