


**Neutral**

Recommendation unchanged

**Share price: EUR 25.04**

closing price as of 30/07/2015

**Target price: EUR 28.00**

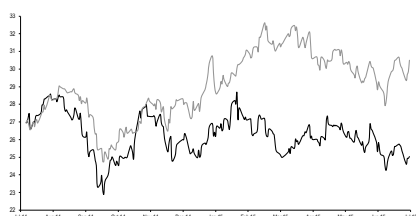
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

<b>Market capitalisation (EURm)</b>	1,505
Current N° of shares (m)	60
<b>Free float</b>	59%
Daily avg. no. trad. sh. 12 mth	69,623
Daily avg. trad. vol. 12 mth (m)	1,734
Price high 12 mth (EUR)	28.68
Price low 12 mth (EUR)	22.90
Abs. perf. 1 mth	-1.09%
Abs. perf. 3 mth	-3.73%
Abs. perf. 12 mth	-11.19%

Key financials (EUR)	12/14	12/15e	12/16e
Sales (m)	3,216	3,756	4,014
EBITDA (m)	342	359	395
EBITDA margin	10.6%	9.6%	9.8%
EBIT (m)	171	174	210
EBIT margin	5.3%	4.6%	5.2%
Net Profit (adj.)(m)	75	76	109
ROCE	4.2%	4.4%	5.3%
Net debt/(cash) (m)	853	966	883
Net Debt/Equity	0.5	0.6	0.5
Debt/EBITDA	2.5	2.7	2.2
Int. cover(EBITDA/Fin. int)	5.4	5.0	5.5
EV/Sales	0.8	0.7	0.6
EV/EBITDA	7.6	7.3	6.4
EV/EBITDA (adj.)	7.7	7.2	6.4
EV/EBIT	15.1	15.1	12.1
P/E (adj.)	21.2	19.7	13.8
P/BV	1.2	1.1	1.1
OpFCF yield	-10.4%	-3.8%	9.4%
Dividend yield	3.4%	3.6%	3.8%
EPS (adj.)	1.24	1.27	1.81
BVPS	22.74	23.02	23.78
DPS	0.85	0.90	0.95



Shareholders: Bekaert Fam. &amp; Rel. 41%;

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**1H15 Rebit slightly ahead of expectations.**

**The facts:** This morning, Bekaert came with 1H15 slightly better than assumed. The cash flow generation was also slightly better than assumed, with net debt as of 30/06/2015 at EUR 1,023m versus EUR 1.094m expected by us and EUR 1,059 by the consensus.

**Our analysis:** Sales came in in line at EUR 1,897m, up 18% yoy. FX adds 11% to the growth and the acquisitions 10%. Hence, the organic growth was -3%, driven by lower volume sold in North America and in Asia Pacific. The better mix (+4%) was fully compensated by the pass on of lower wire rod prices.

Bekaert : key figures (EUR m)	1H14	2H14	2014	1H15 A	% chg	1H15e	DIF.	1H15e CSS
<b>Consolidated sales</b>	<b>1,609</b>	<b>1,607</b>	<b>3,216</b>	<b>1,897</b>	<b>18%</b>	<b>1,935</b>	<b>-2%</b>	<b>1,894</b>
<b>EBITDA</b>	<b>190</b>	<b>152</b>	<b>342</b>	<b>213</b>	<b>12%</b>	<b>199</b>	<b>7%</b>	<b>198</b>
Margin	11.8%	9.5%	10.6%	11.2%		10.3%		10.5%
<b>Rebit</b>	<b>101</b>	<b>63</b>	<b>164</b>	<b>112</b>	<b>11%</b>	<b>106</b>	<b>6%</b>	<b>108</b>
Margin	6.3%	3.9%	5.1%	5.9%		5.5%		5.7%
-EMEA	64	50	114	80	25%	74	8%	72
-North America	14	6	20	12	-14%	15	-19%	13
-Latin America	11	15	26	22	100%	21	3%	22
-Asia Pacific	43	20	63	30	-30%	25	18%	31
-Corporate	-31	-28	-59	-32	4%	-30	7%	-30
<b>Operating result</b>	<b>118</b>	<b>53</b>	<b>171</b>	<b>110</b>	<b>-7%</b>	<b>103</b>	<b>6%</b>	<b>104</b>
Margin	7.3%	3.3%	5.3%	5.8%		5.3%		5.5%
<b>Group's share in net result</b>	<b>78</b>	<b>1</b>	<b>80</b>	<b>52</b>	<b>-33%</b>	<b>52</b>	<b>0%</b>	<b>51</b>
EPS (EUR)	1.30	0.02	1.32	0.94		0.87		0.85
<b>Net financial debt</b>	<b>673</b>	<b>853</b>	<b>853</b>	<b>1,023</b>		<b>1,094</b>		<b>1,059</b>

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : computed by Bekaert (8 participating brokers 18/06/2015)

**Rebit** came in at EUR 112m, up 11% and ahead of our and consensus estimates. EMEA and Asia Pacific came with Rebit ahead of our expectations. It seems that we overestimated the impact of the drop in wire rod price by 10% sequentially in 2Q15. The Latin American performance was in line while the North American operations did a lower than expected performance in 1H15, with a Rebit at EUR 12m.

The **Outlook** remains cautious. Bekaert expects continued strong demand from automotive and construction markets in EMEA and North America for the rest of the year. However, Bekaert perceives subdued demand in oil and gas markets worldwide. The tire cord market in China is expected to remain stable at the level of the second quarter (hence the bottoming out of this market is confirmed, which we view as good news). All in all, Bekaert expects to see more benefits from recent acquisitions and investments come into effect in 2H15. These benefits will partially offset the normal seasonality impact.

**Conclusion & Action:** Somewhat better than assumed 1H15 results and cash flow. The bottoming out of the Chinese steel cord market is confirmed, which is good news. As usual, management is cautious in its guidance. We will slightly review upwards our estimates, following this set of results. We expect a positive reaction of the share price today.