


Hold

Recommendation unchanged

Share price: EUR 27.07

closing price as of 23/02/2012

Target price: EUR 28.00

Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,623
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	281,897
Daily avg. trad. vol. 12 mth (m)	13
Price high 12 mth (EUR)	84.49
Price low 12 mth (EUR)	23.95
Abs. perf. 1 mth	-16.54%
Abs. perf. 3 mth	-2.89%
Abs. perf. 12 mth	-63.48%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	3,263	3,313	3,379
EBITDA (m)	725	451	301
EBITDA margin	22.2%	13.6%	8.9%
EBIT (m)	534	288	141
EBIT margin	16.4%	8.7%	4.2%
Net Profit (adj.)(m)	389	190	130
ROCE	15.8%	7.4%	3.8%
Net debt/(cash) (m)	523	815	708
Net Debt/Equity	0.3	0.5	0.4
Debt/EBITDA	0.7	1.8	2.4
Int. cover(EBITDA/Fin. int)	14.5	8.4	5.4
EV/Sales	1.7	0.7	0.7
EV/EBITDA	7.8	5.1	7.7
EV/EBITDA (adj.)	7.8	5.1	7.7
EV/EBIT	10.6	8.0	16.5
PIE (adj.)	13.2	7.8	12.5
P/BV	3.2	0.9	1.0
OpFCF yield	4.9%	-1.0%	16.7%
Dividend yield	6.1%	4.1%	4.1%
EPS (adj.)	6.48	3.16	2.17
BVPS	26.86	28.01	28.05
DPS	1.66	1.10	1.10


Weaker than expected FY11 Rebit, but could be worse

The facts: This morning, Bekaert released a weaker than expected FY11 Rebit at EUR 281m versus EUR 308m expected by us.

Our analysis: EMEA and North American operations performed worse than expected in 2H11. This was partially compensated by better performances in Latin America and in Asia Pacific, which was still in the black zone in 2H11, although one could fear Bekaert to be already in loss in the second part of the year given further deterioration in sawing wire.

Thanks to better financial results (capital gain on the disposal of the speciality films), Bekaert realised a better than expected net profit of EUR 193m.

Bekaert : key figures (EUR m)	1H10	2H10	2010	1H11	2H11	2011	% change	FY11e Bk Degroof	FY11e CSS
Consolidated sales	1,535	1,728	3,263	1,780	1,560	3,340	2.4%	3,313	3,278
Rebit	262	300	562	242	39	281	-50.0%	308	309
Margin	17.1%	17.4%	17.2%	13.6%	2.5%	8.4%		9.3%	9.4%
-EMEA	54	41	95	54	12	66	-30.5%	98	
-North America	21	13	34	28	4	32	-5.9%	44	
-Latin America	14	12	26	16	19	35	34.6%	30	
-Asia Pacific	206	265	471	185	39	224	-52.4%	209	
-Corporate	-33	-31	-64	-41	-35	-76	19.7%	-72	
Operating result	243	291	534	232	37	268	-49.8%	288	298
Margin	15.9%	16.8%	16.4%	13.0%	2.3%	8.0%		8.7%	9.1%
Financial result	-16	-17	-32	-35	16	-19		-64	-67
Current result before tax	228	274	502	197	53	250		225	231
Income tax	-51	-88	-139	-54	-15	-68		-63	
Tax rate	22.5%	32.2%	27.8%	27.2%	33.9%	27%		28.0%	
Results of associates	19	17	36	14	11	25		29	
Discontinued operations	0	0	0	0	0	0		0	
Consolidated profit	195	203	399	158	49	207	-48.0%	191	
Minority interest	14	17	31	13	1	15		16	
Group's share in net result	181	187	368	144	48	193	-47.6%	175	172
EPS (EUR)	3.02	3.12	6.14	2.41	0.81	3.21		2.91	2.87

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : Inquiry Estimates (8 participating brokers)

There are not that much restructuring charges / provisions in the 2H11 results. Hence the bulk of the charges related to the restructuring measures announced earlier this months will be booked in the FY12 accounts.

Cash generation was however worse than anticipated, with a net financial debt as of 31 December 2011 at EUR 860m (we have forecasted EUR 815m).

As anticipated the FY11 dividend will be cut to EUR 1.17 (we have assumed EUR 1.10).

Vague guidance as customary, the uncertainty remains very high.

Conclusion & Action: FY11 operating performance was below anticipations, due to weaker than assumed performance in "mature" countries Europe and the USA. Lower cash flow generation due to the slowdown (NWC). FY12 will be revised downwards.

Bad results, but could have been worse (weak visibility). So market may react not so strongly to these figures. We still believe there is too much uncertainty to turn positive on this share.

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