

**Bekaert**

Belgium/General Industrials

Analysers

**Hold**

Recommendation unchanged

**Share price: EUR 21.44**

closing price as of 07/05/2012

**Target price: EUR 25.00**

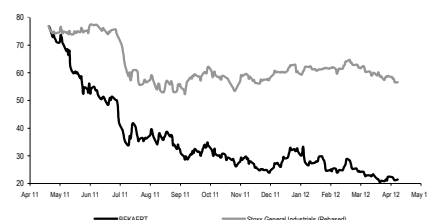
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

<b>Market capitalisation (EURm)</b>	1,286
Current N° of shares (m)	60
<b>Free float</b>	61%
Daily avg. no. trad. sh. 12 mth	315,687
Daily avg. trad. vol. 12 mth (m)	12
Price high 12 mth (EUR)	83.54
Price low 12 mth (EUR)	20.31
Abs. perf. 1 mth	-6.78%
Abs. perf. 3 mth	-22.04%
Abs. perf. 12 mth	-73.90%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	3,340	3,367	3,527
EBITDA (m)	477	242	392
EBITDA margin	14.3%	7.2%	11.1%
EBIT (m)	268	37	191
EBIT margin	8.0%	1.1%	5.4%
Net Profit (adj.)(m)	202	86	111
ROCE	7.1%	4.6%	5.0%
Net debt/(cash) (m)	860	935	965
Net Debt/Equity	0.5	0.6	0.6
Debt/EBITDA	1.8	3.9	2.5
Int. cover(EBITDA/Fin. int)	7.2	3.0	4.9
EV/Sales	0.7	0.7	0.6
EV/EBITDA	4.9	9.2	5.7
EV/EBITDA (adj.)	4.9	5.9	5.7
EV/EBIT	8.7	60.6	11.7
P/E (adj.)	7.4	14.9	11.6
P/BV	0.9	0.8	0.8
OpFCF yield	10.5%	8.5%	12.2%
Dividend yield	5.5%	5.5%	5.6%
EPS (adj.)	3.36	1.44	1.85
BVPS	28.24	26.71	27.03
DPS	1.17	1.17	1.20



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

## Analyst(s):

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**We anticipate a very weak 1Q12 trading update**

**The facts:** Bekaert will release its 1Q12 trading update on Wednesday 8<sup>th</sup> of May, before market.

**Our analysis:** We anticipate a very weak quarter, with 1Q12 consolidated sales down 12% to EUR 802m, despite the boost of the Latin American contribution (sales up 98% y-o-y), driven by the change in the consolidations scope of the Chilean, Peruvian or Canadian operations. The regions the most exposed to sawing wire activities (Asia & EMEA) are expected to show the most significant drop in sales y-o-y, while US sales are expected to have been significantly impacted by the disposal of the Speciality Films activities that took place at the end of 3Q11. Combined sales (consolidated sales + sales of associates) are expected to be down more than 14% on 1Q11.

Sales (EURm)	1Q11	2Q11	3Q11	4Q11	FY11	1Q12e
<b>EMEA</b>	<b>307</b>	<b>307</b>	<b>293</b>	<b>262</b>	<b>1,169</b>	<b>275</b>
% change	25.8%	8.9%	8.1%	-2.5%	9.7%	-10.4%
<b>North America</b>	<b>176</b>	<b>178</b>	<b>172</b>	<b>139</b>	<b>665</b>	<b>150</b>
% change	24.8%	3.5%	1.2%	-10.3%	4.2%	-14.8%
<b>Latin America</b>	<b>82</b>	<b>91</b>	<b>97</b>	<b>102</b>	<b>372</b>	<b>162</b>
% change	22.4%	18.2%	9.0%	30.8%	19.6%	97.6%
<b>Asia</b>	<b>353</b>	<b>286</b>	<b>254</b>	<b>241</b>	<b>1,134</b>	<b>220</b>
% change	45.9%	-7.7%	-24.4%	-33.0%	-9.1%	-37.7%
<b>Consolidated sales</b>	<b>918</b>	<b>862</b>	<b>816</b>	<b>744</b>	<b>3,340</b>	<b>807</b>
% change	32.3%	2.5%	-5.8%	-13.7%	2.4%	-12.1%
<b>EMEA</b>	<b>305</b>	<b>303</b>	<b>289</b>	<b>259</b>	<b>1,156</b>	<b>272</b>
% change	25.5%	8.2%	7.4%	-2.3%	9.4%	-10.8%
<b>North America</b>	<b>174</b>	<b>175</b>	<b>171</b>	<b>137</b>	<b>657</b>	<b>148</b>
% change	25.2%	2.3%	1.2%	-9.9%	4.1%	-14.9%
<b>Latin America</b>	<b>401</b>	<b>413</b>	<b>422</b>	<b>409</b>	<b>1,645</b>	<b>418</b>
% change	21.9%	3.8%	0.5%	7.3%	7.7%	4.2%
<b>Asia</b>	<b>353</b>	<b>288</b>	<b>256</b>	<b>244</b>	<b>1,141</b>	<b>220</b>
% change	45.9%	-7.4%	-24.0%	-33.0%	-9.0%	-37.7%
<b>Combined sales</b>	<b>1,233</b>	<b>1,179</b>	<b>1,138</b>	<b>1,049</b>	<b>4,599</b>	<b>1,058</b>
% change	29.4%	-1.3%	-4.8%	-9.7%	2.9%	-14.2%

Sources : Bekaert / Bank Degroof estimates

We hope Bekaert will provide an update on the restructuring program, with a more clear time table, as well as an update on the associated costs. So far EUR 100m costs were guided. But more is to come in order to achieve the target EBIT margins in the 7-9% range at cruise speed. We currently include EUR 35m costs in our model.

**Conclusion & Action:** We do not anticipate seeing real improvement in margin before next year. We still believe it is too early to turn positive on this share. **HOLD**