

Bekaert

Belgium/General Industrials

Analysers



Hold

Recommendation unchanged

Share price: EUR 20.49

closing price as of 26/07/2012

Target price: EUR 25.00

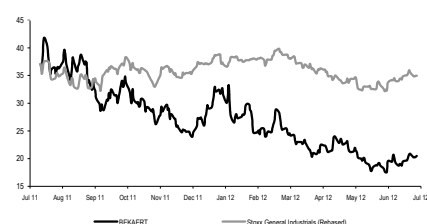
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB BB

Market capitalisation (EURm)	1,229
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	299,943
Daily avg. trad. vol. 12 mth (m)	8
Price high 12 mth (EUR)	49.99
Price low 12 mth (EUR)	17.51
Abs. perf. 1 mth	15.80%
Abs. perf. 3 mth	-3.03%
Abs. perf. 12 mth	-59.11%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	3,340	3,495	3,634
EBITDA (m)	477	340	401
EBITDA margin	14.3%	9.7%	11.0%
EBIT (m)	268	86	186
EBIT margin	8.0%	2.4%	5.1%
Net Profit (adj.)(m)	202	53	110
ROCE	7.1%	4.0%	5.7%
Net debt/(cash) (m)	860	917	927
Net Debt/Equity	0.5	0.5	0.5
Debt/EBITDA	1.8	2.7	2.3
Int. cover(EBITDA/Fin. int)	7.2	4.3	5.0
EV/Sales	0.7	0.6	0.6
EV/EBITDA	4.9	6.3	5.4
EV/EBITDA (adj.)	4.9	5.3	5.0
EV/EBIT	8.7	25.0	11.7
P/E (adj.)	7.4	23.3	11.1
P/BV	0.9	0.8	0.8
OpFCF yield	10.5%	10.4%	14.4%
Dividend yield	5.7%	5.7%	5.9%
EPS (adj.)	3.36	0.88	1.84
BVPS	28.24	26.57	26.56
DPS	1.17	1.17	1.20



Shareholders: Bekaert Fam. & Rel. 39%;

Analyst(s):

Bernard Hanssens, Bank Degroof
 bernard.hanssens@degroof.be
 +32 (0) 2 287 9689

1H12 Rebit in line with expectations

The facts: This morning Bekaert released 1H12 recurring EBIT (Rebit) in line with our and consensus estimates. Cautious outlook for 2H12 given the weak visibility in main markets.

Our analysis: 1H12 Rebit stood at EUR 85m, slightly above our and consensus estimates at EUR 81m and EUR 82m, respectively. Per region, the performance was better than anticipated in EMEA but below forecast in other regions, mainly in Latin America and in Asia. Non recurring elements came in at EUR 81m (vs. EUR 90m expected by us). This number was made of EUR 73m of costs and provisions in Belgium, EUR 18m of costs and provisions in China and EUR 23m of other costs, compensated by EUR 33m of capital gain on assets sales in the USA, in Belgium and other countries.

Bekaert : key figures (EUR m)	1H11	2H11	2011	1H12 A	% chg	1H12e Degroof	1H12e CSS
Combined sales	2,412	2,187	4,599	2,255	-6.5%	2,320	2,272
Consolidated sales	1,780	1,560	3,340	1,783	0.2%	1,824	1,794
-EMEA	614	555	1,169	557	-9.3%	585	na
-North America	354	311	665	351	-0.8%	357	na
-Latin America	173	199	372	397	129.5%	397	na
-Asia Pacific	639	495	1,134	478	-25.2%	485	na
EBITDA	342	135	477	132	-61.5%	132	na
Margin	19.2%	8.6%	14.3%	7.4%		7.2%	
Rebit	242	39	281	85	-64.9%	81	82
Margin	13.6%	2.5%	8.4%	4.8%		4.5%	4.6%
-EMEA	54	12	66	36	-33.3%	14	na
-North America	28	4	32	21	-25.0%	25	na
-Latin America	16	19	35	29	81.3%	38	na
-Asia Pacific	185	39	224	35	-81.1%	44	na
-Corporate	-41	-35	-76	-36	-12.2%	-40	
Operating result	232	37	268	4	nr	-9	-9
Margin	13.0%	2.3%	8.0%	0.2%		-0.5%	-0.5%
Financial result	-35	16	-19	-53		-43	
Current result before tax	197	53	250	-49	nr	-52	
Income tax	-54	-15	-68	-27		-8	
Tax rate	27.2%	27.7%	27.3%	nr		nr	
Results of associates	14	11	25	6		11	
Discontinued operations	0	0	0	0		0	
Consolidated profit	158	49	207	-70	nr	-49	
Minority interest	13	1	15	8		10	
Group's share in net result	144	48	193	-78	nr	-59	-48
EPS (EUR)	2.41	0.81	3.21	-1.33	nr	-0.98	-0.80

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : Inquiry Finacial Europe (7 participating brokers 25/07/2012)

The net financial debt stabilised at 865m on June 30, 2012.

No real fresh news on the detail study to identify measures to reduce the global cost structure by EUR 100m. Study is in process on a global scale. Implementation has started, mainly in China, and the full impact on results is expected by 2014. The related non-recurring costs will be booked as soon as defined in 2012 or in the first half of 2013.

Conclusion & Action: Weak although reassuring 1H12, given the lack of visibility. We still do not see rapid improvement of the economic situation in Bekaert's main markets and do not anticipate a real improvement in margin before next year. We still believe it is too early to turn positive on this share. Hence our HOLD rating.