


Hold

Recommendation unchanged

Share price: EUR 21.16

closing price as of 25/02/2013

Target price: EUR 20.00

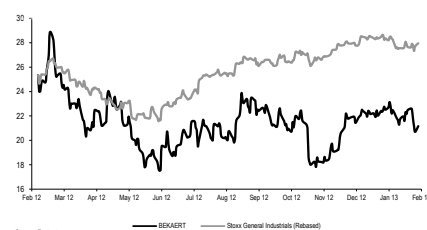
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,269
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	191,704
Daily avg. trad. vol. 12 mth (m)	4
Price high 12 mth (EUR)	28.83
Price low 12 mth (EUR)	17.51
Abs. perf. 1 mth	-6.02%
Abs. perf. 3 mth	15.69%
Abs. perf. 12 mth	-14.40%

Key financials (EUR)	12/11	12/12e	12/13e
Sales (m)	3,340	3,444	3,611
EBITDA (m)	477	314	338
EBITDA margin	14.3%	9.1%	9.3%
EBIT (m)	268	(51)	150
EBIT margin	8.0%	nm	4.1%
Net Profit (adj.)(m)	202	(34)	55
ROCE	7.1%	-0.9%	5.1%
Net debt/(cash) (m)	860	848	870
Net Debt/Equity	0.5	0.6	0.6
Debt/EBITDA	1.8	2.7	2.6
Int. cover(EBITDA/Fin. int)	7.2	3.2	3.7
EV/Sales	0.7	0.7	0.6
EV/EBITDA	5.1	7.2	6.7
EV/EBITDA (adj.)	5.1	6.8	6.2
EV/EBIT	9.1	nm	15.1
P/E (adj.)	7.4	nm	23.0
P/BV	0.9	0.9	0.9
OpFCF yield	-3.6%	6.8%	0.7%
Dividend yield	5.5%	2.2%	2.2%
EPS (adj.)	3.36	(0.57)	0.92
BVPS	28.24	23.58	23.43
DPS	1.17	0.47	0.47



Shareholders: Bekaert Fam. & Rel. 39%;

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FY12 results: very weak operating results. Cash generation better than assumed (and guided).

The facts: This morning Bekaert reported FY12 results below our & consensus estimates. This is however a bit compensated by a better than assumed cash management with net debt at EUR 700m (31/12/2012) vs. EUR 856m expected (guided flat on FY11 – EUR 860m). Dividend at EUR 0.85 (gross) also better than assumed (EUR 0.47).

Our analysis: While top lines came in roughly in line with expectations, the Rebit was significantly below at EUR 118m vs. EUR 149m expected by us and EUR 140m by the street.

Geographically, **EMEA** was in line. We recall that this number is a pro-forma (i.e. they already took into account the benefits of the restructuring measures in the Belgian sawing wire activity). The performance in **North America** was weaker than assumed at EUR 30m. Management blamed that the domestic tire industry was unable to leverage the automotive rebound in the US due to a demand delay in tire replacement, particularly in truck markets, and increased tire imports from Asian countries. Agricultural and construction markets also remained depressed. Performances of the **Latin American** operations were a bit better than assumed. In **Asia**, Rebit stood at EUR 37m, far below our assumptions (was closed to the breakeven point in 2H12). Nevertheless, management claimed that price decreases in tire cord were however largely offset by the impact of the implemented cost savings.

Bekaert : key figures (EUR m)	1H11	2H11	2011	1H12	2H12	2012	% chg	FY12e Degroof	FY12e CSS
Combined sales	2,412	2,187	4,599	2,255	2,132	4,387		4,443	na
Consolidated sales	1,780	1,560	3,340	1,783	1,678	3,461	3.6%	3,438	3,448
Rebit	242	39	281	85	33	118	-58.0%	149	140
Margin	13.6%	2.5%	8.4%	4.8%	2.0%	3.4%		4.3%	4.1%
-EMEA	54	12	66	36	27	63	-4.5%	60	na
-North America	28	4	32	21	9	30	-6.2%	36	na
-Latin America	16	19	35	29	35	64	82.9%	57	na
-Asia Pacific	185	39	224	35	2	37	-83.5%	65	na
-Corporate	-41	-35	-76	-36	-40	-76	-0.2%	-70	
Operating result	232	37	268	4	-54	-49	nr	-49	-37
Margin	13.0%	2.3%	8.0%	0.2%	-3.2%	-1.4%		-1.4%	-0.5%
Group's share in net result	144	48	193	-79	-110	-189	nr	-180	-180
EPS (EUR)	2.41	0.81	3.21	-1.31	-1.83	-3.14	nr	-3.00	-3.00

Sources : Bekaert / Bank Degroof estimates / Consensus (CSS) : Inquiry Finacial Europe (4 participating brokers 26/02/2013)

Net financial debt stands at EUR 700m, with is better than assumed. However part is due to a lower capex (EUR 127m vs. EUR 150m expected). The balance is explained by a lower NWC.

Outlook: Bekaert mentioned that the group is on track with the implementation of its cost reduction programs (for which we get very limited details, so far). The company also highlighted that "continued weak economic environment, the lack of consistent indicators of a global recovery, overcapacity in most markets and the corresponding overall price pressure, will however weigh on profitability".

Conclusion & Action: Mixed bag with below than expected operational performance excluding one offs and cautious guidance as weak economic environment in the area where Bekaert operates are persisting in early 2013.

We still believe it is too early to turn positive on Bekaert. Rating and TP maintained