



Reduce

Recommendation unchanged

Share price: EUR 29.15

closing price as of 13/11/2013

Target price: EUR 28.00

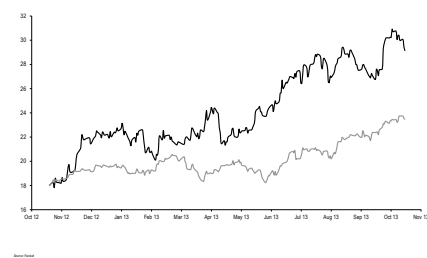
Target Price unchanged

Reuters/Bloomberg

BEKB.BR/BEKB.BB

Market capitalisation (EURm)	1,749
Current N° of shares (m)	60
Free float	61%
Daily avg. no. trad. sh. 12 mth	111,176
Daily avg. trad. vol. 12 mth (m)	3,227
Price high 12 mth (EUR)	30.91
Price low 12 mth (EUR)	17.82
Abs. perf. 1 mth	7.63%
Abs. perf. 3 mth	2.42%
Abs. perf. 12 mth	39.08%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	3,460	3,247	3,408
EBITDA (m)	275	300	357
EBITDA margin	7.9%	9.2%	10.5%
EBIT (m)	(49)	135	191
EBIT margin	nm	4.2%	5.6%
Net Profit (adj.) (m)	(73)	61	90
ROCE	0.7%	4.4%	5.4%
Net debt/(cash) (m)	700	700	657
Net Debt/Equity	0.4	0.4	0.4
Debt/EBITDA	2.5	2.3	1.8
Int. cover.(EBITDA/Fin. int)	3.5	4.7	5.6
EV/Sales	0.6	0.8	0.8
EV/EBITDA	8.0	8.8	7.3
EV/EBITDA (adj.)	6.3	8.2	7.3
EV/EBIT	nm	19.5	13.6
P/E (adj.)	nm	28.8	19.5
P/BV	0.9	1.2	1.2
OpFCF yield	22.3%	3.2%	5.7%
Dividend yield	2.9%	2.9%	2.9%
EPS (adj.)	(1.22)	1.01	1.49
BVPS	23.70	23.42	23.82
DPS	0.85	0.85	0.85



Shareholders: Bekaert Fam. & Rel. 39%;

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3Q13 consolidated sales below expectations on stronger than expects negative FX impacts

The facts: This morning Bekaert reported weaker than expects 3Q13 consolidated sales at EUR 773m, down 10.6% y-o-y, vs. EUR 820-830m expected by our and the consensus.

The lower performance is in our view mainly due to stronger than anticipated negative FX impacts.

Our analysis: By regions, it is interesting to note that volumes sold held quite well in **Asia Pacific** (+10.5% y-o-y in 3Q13), compensated by a -2.4% wire rod impact and a -4.2% price/mix impacts. Bekaert recovered some market shares in 3Q13 without putting too many pressures in its prices, which is good for the margins.

On the contrary, the 3Q13 sales in **Latin America** are showing a significant drop in volume (-2.4% vs. +9.2% in 1H13) and Bekaert believes the trend will be the same in 4Q13.

In **EMEA**, Bekaert confirms the turnaround, with the volume up 1.8% (was +2.3% in 2Q13 and -7.6% in 1Q13) and price/mix up 3.8%, leading to a 3.2% organic growth.

The performance remains very weak in **North America**, with volume down 17.5% y-o-y (was -14.1% in 1H13), driven by harsh competition from low cost Asian products. Bekaert announced the closure of the Canadian plant.

Sales (EURm)	1Q12	2Q12	1H12	3Q12	4Q12	FY12	1Q13	2Q13	1H13	3Q13 A	3Q13e	DIF.	3Q13e CSS
EMEA	290.0	267.0	557.0	253.0	234.0	1,044.0	260.0	272.0	532.0	259.0	256.0	1.2%	
% change	-5.5%	-13.0%	-9.3%	-13.7%	-10.7%	-10.7%	-10.3%	1.9%	-4.5%	2.4%	1.2%		
North America	176.0	175.0	351.0	166.0	142.0	659.0	146.0	149.0	295.0	129.0	144.0	-10.4%	
% change	0.0%	-1.7%	-0.8%	-3.5%	2.1%	-0.9%	-17.0%	-14.9%	-16.0%	-22.3%	-13.3%		
Latin America	197.0	200.0	397.0	212.0	203.0	812.0	176.0	176.0	352.0	144.0	180.0	-20.0%	
% change	140.2%	119.8%	129.5%	118.6%	99.0%	118.3%	-10.7%	-12.0%	-11.3%	-32.1%	-15.1%		
Asia Pacific	232.0	246.0	478.0	234.0	233.0	945.0	216.0	254.0	470.0	241.0	242.0	-0.4%	
% change	-34.3%	-14.0%	-25.2%	-7.9%	-3.3%	-16.7%	-6.9%	3.3%	-1.7%	3.0%	3.4%		
Consolidated sales	895.0	888.0	1,783.0	865.0	812.0	3,460.0	798.0	851.0	1,649.0	773.0	821.0	-5.8%	829.0
% change	-2.5%	3.0%	0.2%	6.0%	9.1%	3.6%	-10.8%	-4.2%	-7.5%	-10.6%	-5.1%		
EMEA	290.0	265.0	555.0	252.0	233.0	1,040.0	259.0	268.0	527.0	257.0	254.0	1.2%	
% change	-4.9%	-12.5%	-8.7%	-12.8%	-10.0%	-10.0%	-10.7%	-7.6%	-5.0%	2.0%	9.0%		
North America	176.0	175.0	351.0	166.0	142.0	659.0	146.0	148.0	294.0	129.0	144.0	-10.4%	
% change	1.1%	0.0%	0.6%	-2.9%	3.6%	0.3%	-17.0%	-15.9%	-16.2%	-22.3%	1.4%		
Latin America	423.0	420.0	843.0	442.1	404.9	1,690.0	404.0	419.0	823.0	364.0	430.0	-15.3%	
% change	5.5%	1.7%	3.6%	4.8%	-1.0%	2.7%	-4.5%	-0.9%	-2.4%	-17.7%	6.2%		
Asia	247.0	259.0	506.0	245.4	246.6	998.0	226.0	269.0	495.0	253.0	253.5	-0.2%	
% change	-30.0%	-10.1%	-21.1%	-4.1%	1.0%	-12.5%	-8.5%	8.9%	-2.2%	3.1%	2.8%		
Combined sales	1,135.0	1,119.0	2,255.0	1,105.5	1,026.5	4,387.0	1,035.0	1,104.0	2,139.0	1,003.0	1,081.5	-7.3%	1,082.0
% change	-7.9%	-5.1%	-6.5%	-2.9%	-2.2%	-4.6%	-8.8%	-2.7%	-5.1%	-9.3%	-2.2%		

Sources : Bekaert / Bank Degroof estimates / CSS= consensus computed by Inquiry Financial Europe

Cash generation is roughly in line with expectation, with net financial debt at EUR 730m as of September 30 and an expected net financial debt of around EUR 700m by year-end, in line with our estimate.

Outlook: No guidance as usual. Bekaert highlighted the usual year-end seasonal effects on volume, especially in EMEA and North America, Bekaert anticipates demand in Latin America to slow down in line with the GDP trend for the region.

Conclusion & Action: Mixed 3Q13 trading update, with no improvement in North America and volume deterioration in Latin America. On the positive side, 3Q13 confirmed the turnaround in EMEA and in Asia Pacific, where Bekaert is recovering some market shares.