

Benelux First Call

ING sales daily

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BEKAERT (BUY, TP 128.0): Much better than expected 2H09 margins in all geographies

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- 2009 consolidated sales declined as expected by 8.5% to €2,437m (INGF €2,438m, company collected consensus €2,437m).
- 2009 Sales split up: EMEA: €827m (INGF €806m). North America: €474m (INGF €475.4m). Latin America: €327m (INGF €333.9m). Asia Pacific: €809m (INGF €822.5m).
- 2009 REBIT came in substantially above expectations at €257m, which implies a 10.5% margin (INGF €206m or 8.5% margin, company collected consensus €211m or 8.7% margin). 2H09 REBIT margin amounted to an astonishing 13.8% (INGF 9.7%) in a difficult market. Bear in mind that the company guides LT EBIT margin in a range between 7.0% and 9.0%.
- 2009 REBIT (margin) split up: EMEA: €2.0m or 0.2% margin (INGF -€23.0m or -2.9% margin). North America: -€5.0m or -1.1% margin (INGF -€7.0m or -1.5% margin). Latin America: €28m or 8.4% margin (INGF €20m or 6% margin). Asia Pacific: €288m or 35.6% (INGF €271m or 32.9% margin).
- 2009 net profit obviously also came in substantially above expectations at €174m (INGF €112.4m, company collected consensus €124m).
- Net debt declined 37% to €395m (INGF €483.9m, Bloomberg consensus €499.8m).
- Outlook. Bekaert typically does not provide a quantified outlook. The company reiterates that it is confident that its broad geographical coverage with a strong presence in emerging markets, as well as its growing portfolio of product innovations and strong balance sheet, will continue to be of strategic importance.
- Analyst meeting is scheduled at 2:00pm CET.
- Conclusion: very strong set of result. We expect consensus estimates to be revised upwards and expect a positive share price reaction today. Even on our current estimates, we consider valuation compelling at 11.9x 2010F and 10.7x 2011F PER. We put our €128 TP, targeting 13.0x 2011F PER under review.