

Maintained

Hold

<b>Price (6/06/13)</b>	<b>€22.33</b>
Previous target price (12m)	€20.00
<b>Target price (12m)</b>	<b>€25.00</b>
<b>Forecast total return</b>	<b>15.7%</b>
Market cap	€1,318.5m
Bloomberg	BEKB BB

## Bekaert

Speakers were CFO Bruno Humblet and IR Jerome Lebecque. Given that we also hosted Bekaert's roadshow in Germany two weeks ago, key take aways/topics discussed are not materially different

- First quarter sales decline of 11% due to low demand in mature markets and more competition/price pressure in Asia Pac. Still, Bekaert flagged a prudent trend towards price stabilisation in Asia Pac already in the first quarter.
- Management remains prudent and says it is not seeing a consistent volume recovery yet, but several clients noted the volume recovery of Michelin and Pirelli in May, as well as the statements from Xingda it is operating at full capacity since March.
- Bekaert announced price increases in China in 2Q13, following higher wire rod (raw material) prices early in the quarter. Since then, wire rod prices declined, so most likely prices increases didn't actually happen, but we assume prices remained at least stable, which still implies a gross margin improvement.
- Cost savings plan is on track (€50m impact in 2013F), but headwind of cost inflation (€15m) and Venezuelan currency (€12m) shouldn't be overlooked.
- We understood from investors that the dividend announcement was seen as a sign of confidence from the company, and that the yield offers downside protection to the shares.

It might be early to become more optimistic, and investors could wait for confirmation before stepping in. But at the same time, downside risk from here seems limited. So from a risk reward perspective, things seem to be turning for the better

**Filip De Pauw, Brussels +32 2 547 60 97**