

Maintained

Hold

Price (13/11/13) €29.15

Maintained

Target price (12m) €26.00

Forecast total return -7.9%

Market cap €1,709.5m

Bloomberg BEKB BB

**Bekaert: 3Q13 sales -11% YoY**

**Conclusion:** Third quarter sales declined 11% YoY, undershooting our (-5%) and consensus (-3% to -4%) expectations, as the improved 2Q13 volume trend was not confirmed. Consistent with earlier guidance, the outlook for the rest of the year looks cautious. The update confirms our view that, in the short-term, the share price has risen too much in recent periods.

3Q13 highlights (€m)

	3Q12	4Q12	1Q13	2Q13	3Q13F	3Q13A	% YoY
EMEA	253	234	260	272	258	259	2.4%
North America	166	142	146	149	140	129	-22.3%
Latam	212	203	176	176	181	144	-32.1%
Asia Pac	234	233	216	254	240	241	3.0%
<b>Consolidated sales</b>	<b>865</b>	<b>812</b>	<b>798</b>	<b>851</b>	<b>819</b>	<b>773</b>	<b>-10.6%</b>

Source: Company data, ING estimates

**3Q13 sales declined 11% YoY** to €773m. At first look, volumes were flat YoY (vs. -3% in 1Q and +4% in 2Q13), the price/mix effect was consistent QoQ at -5%, forex was -5% (vs. -3% in 1H13) due to the negative translation effect from the US\$ and the M&A effect was flat QoQ at +1%.

**Regions:** EMEA (+2%) and Asia Pac (+3%) were in line with our expectations, yet North America (-22% vs INGF -16%) and Latam (-32% vs INGF -15%) came in below expectations. For North America, the group reiterated investment delays in Energy & Construction, fierce competition from Asian imports and negative forex. The company will cease its operations in Canada. In Latam, the decline is mainly forex related. Excluding the latter sales were down 2.5% YoY (higher volumes, but lower pricing, due to passed on lower wire rod prices).

**Net debt came in below our expectations** at €730m, down from €770 mid-2013. No explanation was given in the press release, but we assume this is mainly thanks for further working capital release.

**The outlook statement reads consistent but cautious:** In addition to 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. Bekaert will continue to defend and grow its strong market positions in Asia Pacific. The Group does not yet perceive consistent signs of a global economic recovery in its markets. Currency movements are expected to cause an unfavorable translation impact also in the last quarter of the year.

No investor call is scheduled.

Filip De Pauw, Brussels +32 2 557 1692