

Maintained

Hold

Price (18/02/15)	€28.68
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Maintained

Target price (12m)	€29.00
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Forecast total return	4.3%
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Market cap	€1,678.1m
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Bloomberg	BEKB BB
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## Bekaert: 2014 EPS c.12% below Bloomberg consensus

**Event:** Early publication of key 2014 financials

**Outcome:** Negative

**Conclusion:** Bekaert reported a 2014 EBIT of €171m and EPS of €1.51, which seems 7% and 12% below Bloomberg consensus respectively. We add that Bekaert typically has non-recurring elements in its numbers, which are not reported this morning, and which might change the picture somewhat on an underlying basis. The reported numbers come in below expectations as tire cord activities in China deteriorated more than anticipated towards year end. With the shares up 11% in the last month, driven in our view by an increased appetite of investors toward European (cyclical) stocks, we expect a clear negative share price reaction today (mid to high-single digit percentage). At yesterday's close, Bekaert trades at 19x 2014 EPS. The main element that could support the shares is the, in our view, low likelihood of a lowered dividend.

### Highlights:

- Bekaert reported four numbers this morning for 2014: €3,216m sales (€3,242m consensus), €342m EBITDA (€336m consensus), €171m EBIT (€183m consensus) and €1.51 EPS (€1.72 consensus).
- Bekaert management judged that recent analyst updates seemed to point to a strong end of the year, whereas tire cord activities in China deteriorated towards year end 2014. The latter was cautioned for at the 3Q14 update and was reinforced by the profit warning of a competitor (Shougang Concord), yet clearly the impacted was underestimated by consensus.

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