

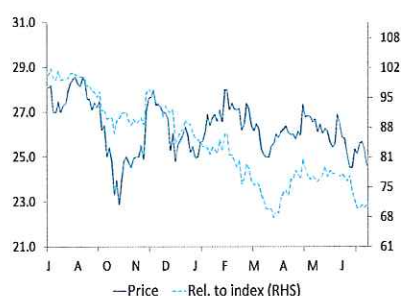
28 July 2015

BEKAERT

Positive impact from acquisitions and fx movements

 GENERAL INDUSTRIES
 BELGIUM

 CURRENT PRICE € 24.60
 TARGET PRICE € 30.00

 ACCUMULATE
 RATING UNCHANGED


Source: Thomson Reuters Datastream

 Bloomberg BEKB.BB
 Reuters BEKB.BR
 www.bekaert.com

 Market Cap € 1,473.2m
 Shares outst. 60.1m
 Volume (daily) € 2,566,565
 Free float 62.0%

Next corporate event

Results 1H15: 31 July 2015

(€ m)	2014	2015E	2016E
Sales	3,215.7	3,619.4	3,718.3
REBITDA	341.9	370.9	376.7
Net earnings	87.2	100.4	113.6
Adj. EPS (€)	1.41	1.85	2.08
P/E (x)	19.2	13.3	11.8
EV/REBITDA	7.9	7.3	7.0
FCF Yield	-1.5%	-1.4%	7.8%
Dividend yield	3.1%	3.5%	4.1%

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Friday, before market, Bekaert will release its 1H15 results. An analysts meeting is scheduled the same day at 14:00 CET.

At publication of the 1Q15 trading update, Bekaert guided for further growth in the second quarter with full effect from the recent acquisitions on top of seasonal effects and favourable currency movements.

We expect Bekaert to report consolidated sales for the first half of € 1,867m, up 16% y/y, driven by favourable currency movements and acquisitions. Company compiled consensus (9 brokers participating) is looking for consolidated sales of € 1,894m.

We expect Bekaert to report consolidated sales for the first half in EMEA, NA, LA and AP of € 638m, € 318m, € 400m and € 511m up respectively 15.0%, 13.2%, 35.6% and 6.9% y/y. In EMEA, a continued solid demand and performance is expected for the second quarter, i.e. for automotive markets, with positive impact from lower crude prices and QE. NA will benefit from favourable currency movements while volumes remain affected by fire at the Rome plant. The plant is expected to be reconstructed this summer but it will take time to regain lost volumes. In LA, modest organic sales growth is expected for the second quarter. The addition of the Pirelli tire cord plant is expected to give a significant boost to revenues as well as margins for the region. Finally, volumes are expected to have picked up in AP on both the market bottoming out as well as acquisitions.

We expect Bekaert to report a 20.9% y/y increase in REBIT to € 122.3m (margin from 6.3% to 6.6%). With this number we are at the high end of company-compiled consensus looking on average for € 108m. REBIT contribution from EMEA, NA, LA and AP is seen at respectively € 73.3m, € 12.7m, € 29.1m and € 35.3m. EBITDA is seen at € 210.5m, up 10.5% y/y.

Bottom line we see a net profit of € 65.0m, down 17.1% y/y. In our scenario, we have pencilled-in a zero impact from non-recurring items while the same period last year had positive one-off items totalling € 16.6m. In addition we see higher financial expenses and somewhat higher taxes.

Conclusion:

We expect Bekaert to report on a relatively solid first half driven by continued strong performance at EMEA, turnaround in LA as well as favourable currency movements and impact from recent acquisitions. Looking to consensus expectations, we see room for Bekaert to surprise positively.