

10 November 2015

BEKAERT

Positive trends expected to confirm in Q3

 GENERAL INDUSTRIES
 BELGIUM

 CURRENT PRICE € 26.84
 TARGET PRICE € 30.00

ACCUMULATE
 RATING UNCHANGED


Source: Thomson Reuters Datastream

Bloomberg	BEKB.BB
Reuters	BEKB.BR
www.bekaert.com	
Market Cap	€ 1,607.3m
Shares outst.	60.1m
Volume (daily)	€ 3,104,283
Free float	62.0%

Next corporate event

Trading update 3Q15: 13 November 2015

(€ m)	2014	2015E	2016E
Sales	3,215.7	3,674.8	3,776.5
REBITDA	341.9	397.7	417.7
Net earnings	87.2	92.1	109.5
Adj. EPS (€)	1.41	1.67	2.00
P/E (x)	19.2	16.0	13.4
EV/REBITDA	7.9	7.2	6.6
FCF Yield	-1.5%	-1.6%	8.7%
Dividend yield	3.1%	3.2%	3.7%

Wouter Vanderhaeghen

+32 2 429 37 30

wouter.vanderhaeghen@kbcsecurities.be

Friday, before market, Bekaert will release its 3Q15 trading update.

At publication of 1H15 results, Bekaert stated to expect continued strong demand for automotive and construction in EMEA and NA for the balance of the year while perceiving subdued demand in oil and gas worldwide. The Company expected the higher run rate in the Chinese tire markets of Q2 to continue but also anticipated continued price erosion. Bekaert was more prudent on Latin America where the economic conditions are weakening. The Company expected more benefits from recent acquisitions and investments to come into effect in H2, partially offsetting the normal seasonal impact.

We expect Bekaert to report a 12.9% y/y increase in consolidated sales to € 919.0m. Sales for the quarter from EMEA, NA, LA and AP are seen at € 315m, € 158m, € 198m and € 248m, up respectively 19.3%, 12.9%, 21.5% and 0.4% y/y. Company compiled consensus (8 brokers participating) is looking for € 943m with a high of € 986m and low of € 893m.

Conclusion:

We expect the Company to release a relatively upbeat trading update confirming the higher run rate in the Chinese tire cord market from Q2 in Q3. In addition we look forward to an update re. the restart of the Rome plant (USA) and the extent to which Bekaert is able to regain lost volumes.