

8 December 2015

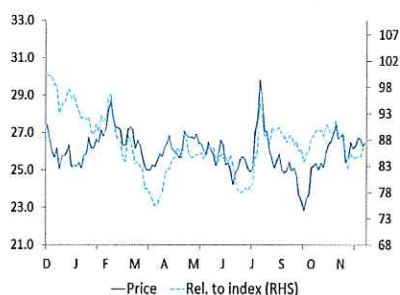
BEKAERT

Merging Bekaert Rope Group with Bridon

GENERAL INDUSTRIES
BELGIUM

CURRENT PRICE € 26.46
TARGET PRICE € 30.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEKB.BB
Reuters BEKB.BR
www.bekaert.com
Market Cap € 1,584.6m
Shares outst. 60.1m
Volume (daily) € 3,047,296
Free float 62.0%

Next corporate event

Results FY15: 26 February 2016

(€ 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	15.8	13.2
EV/REBITDA	7.9	7.1	6.6
FCF Yield	-1.5%	-1.7%	8.8%
Dividend yield	3.1%	3.2%	3.8%

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Bekaert yesterday announced to have reached an agreement with Ontario Teacher's Pension Plan, current owner of Bridon, to establish "Bridon Bekaert Ropes Group", a new joint venture where Bekaert will hold a 67% stake and Ontario Teacher's Pension Plan 33%.

The new combination will have annual revenues of about € 600m with Bekaert contributing its ropes and advanced cords business in Latin America, Canada and Australia while Bidon holds strong positions in Europe and the USA. Mr. Bruno Humblet, currently CFO of Bekaert, has been appointed CEO of the new combination.

Prior to the transaction, Bekaert has increased its stake in the Bekaert Rope Group from 65% to 100%, acquiring the 35% interest held by Matco Cables SpA. The transaction merging Bekaert Rope Group and Bridon into Bridon Bekaert Ropes Group with Bekaert holding 67% and Ontario Teacher's Pension Plan will have an overall cash-neutral impact on Bekaert.

Our view:

We welcome the announced transaction as it will allow Bekaert to pursue significant growth in the ropes and advanced cords business also opening up potential cost and commercial synergies. The transaction will add about € 350m in annual sales with Bekaert fully consolidating Bridon Bekaert Ropes Group with 33% minorities. No additional details have been disclosed at this stage. A conference call has been scheduled later today at 10:30 CET.