

14 May 2014

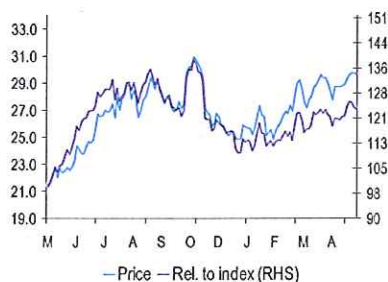
## BEKAERT

### Solid volume growth in EMEA and AP

GENERAL INDUSTRIES  
BELGIUM

CURRENT PRICE € 29.67  
TARGET PRICE € 30.00

**ACCUMULATE**  
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg BEKB BB  
Reuters BEKB.BR

[www.bekaert.com](http://www.bekaert.com)

Market Cap € 1,776.5m  
Shares outst. 60.1m  
Volume (daily) € 2,865,742  
Free float 62.0%

Next corporate event

Payment dividend FY13: 21 May 2014

(€ m)	2013	2014E	2015E
Sales	3,185.6	3,304.3	3,537.4
REBITDA	297.0	328.3	382.8
Net earnings	24.6	64.1	101.7
Adj. EPS (€)	0.78	1.23	1.88
P/E (x)	31.7	24.1	15.8
EV/REBITDA	7.5	8.5	7.2
FCF Yield	13.3%	1.6%	3.9%
Dividend yield	3.4%	3.4%	3.4%

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Bekaert this morning released its 1Q14 trading update. The company will host its AGM later today at 10:30 CET in Kortrijk.

Bekaert reported consolidated sales of € 782m, down 2.1% y/y. We were looking for € 777m, company compiled consensus was looking for € 788m. Organic growth was a solid 4.2%, offset by adverse currency movements (-5.9%) and the net effect of acquisitions/divestments (-0.4%). The organic growth breaks down into 3.3% volume growth, -2.5% from pricing through lower raw material prices and 3.4% favourable price mix.

Consolidated sales in EMEA, NA, LA and AP are reported at € 275m, € 139m, € 141m and € 226m vs. our forecast for € 265m, € 135m, € 145m and € 132m and company compiled consensus looking for € 271m, € 141m, € 149m and € 227m.

Consolidated sales in EMEA were up 6% y/y and about 8% organically, recording very strong volume growth of 11.5%. This was driven by continued strong volume growth for products serving the automotive sector but also other markets such as oil and gas. Consolidated sales in North America were down 5%, as a result of unfavourable currency movements. Sales were flat y/y organically. Continued low demand from domestic industrial markets kept volumes stable y/y. Consolidated sales in Latin America were down sharp by 20%, mainly reflecting adverse currency movements. Sales declined by about 3% organically with volumes down 8% reflecting slowdown in demand. While Bekaert maintained its market share, it saw demand contract i.e. for mining and infrastructure markets. Consolidated sales in Asia Pacific were up 5% y/y. Organic growth was a strong 9.5% reflecting solid volumes (+7.3%) and improved price mix (+5.7%), partially offset by pricing through lower raw material prices (-3.1%).

Net financial debt increased from € 574m at the end of December to € 640m at the end of March, in line with expectations and the normal seasonal pattern in working capital.

With regards to the outlook, Bekaert expects sustained solid demand in Europe and will continue to defend and grow its market position in China. The company does not expect major changes in the North American markets and anticipates a continued slowdown in Latin America. Currency movements are expected to also negatively impact 2Q14.

#### Conclusion:

Bekaert released a trading update in line with expectations. The company recorded solid volume growth in Europe and Asia Pacific while North America remained steady at low levels. Latin America is currently the most challenging market for Bekaert. No changes to our rating or target price.