



4 May 2012

## Bekaert (EUR 21.24 - Hold): Q1 Trading Update

### Preview

Period	Q1 2012 trading update
Date/Time	Wednesday May 9, before market
Recommendation	Hold
Target price	25

in EUR m	Q1 2011a	Q1 2012e	Yoy
<b>Consolidated sales</b>	<b>918</b>	<b>813</b>	-11.4%
EMEA	307	281	-8.5%
North America	176	146	-16.9%
Latin America	82	161	96.2%
Asia Pacific	353	225	-36.2%
<b>Combined sales (incl ass.)</b>	<b>1,233</b>	<b>1,123</b>	<b>-8.9%</b>
EMEA	305	279	-8.6%
North America	174	143	-17.6%
Latin America	401	475	18.3%
Asia Pacific	353	226	-35.9%

Analyst Meeting	No
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### Key items

1. On Wednesday 9<sup>th</sup> May 2012 before market Bekaert will release its Q1 trading update. We expect a year on year decline in revenues (-11.4%) mainly due to the implosion of the sawing wire market since the end of H1.
2. On a regional basis, EMEA revenues are expected to fall with 8.5% as Q1 2011 was still a strong quarter for the solar. Compared to the seasonally lower Q4 2011 we anticipate a small pickup. North America will suffer from the sale of Specialty Film to Saint-Gobain finalized at the end of Q3 2011. Sequentially, the performance should be rather stable. In Asia-Pacific, the effects of the collapse in the sawing market will be most important and we thus expect a significant year on year decline of around 36.2%. Latin-America will show a strong growth (+96.2%) compared to last year as it benefited from the change in the consolidation scope (Chile, Peru and Canada). The like-for-like performance is also expected to show positive growth.
3. Although this is only a trading update, we would appreciate additional comments on the progress of the restructuring announcement from early February. The company already indicated that the impact in 2012 would be around EUR 100, 1/3 in cash and 2/3 non cash. We hope to receive more information on the timing and impact of the measures.
4. Considering the difficult environment, both in terms of pricing and volumes, we have adjusted our assumptions going forward. As such we lowered our full year revenue



expectation to EUR 3.4bn (from EUR 3.5bn) and EUR 3.5bn (from EUR 3.7bn) in 2012 and 2013 respectively. This results in respective EBIT anticipations of EUR 73m (margin 2.2%) and EUR 221m (margin 6.3%). Remember that the medium term guidance is for EBIT of 7-9%.

## Conclusion

With the implementation of the restructuring measures and the need for Bekaert to adapt to a challenging environment we believe that 2012 and 2013 must definitely be considered as transition years. Considering the lack of visibility, we think valuation offers limited upside even considering the strong stock price correction. On our new estimates, the shares trade on 2012 EV/EBITA of 11.6x and 2013 EV/EBITA of 9.2x. Therefore, we keep our Hold recommendation and target price of EUR 25.