

Morning Note - Eurozone

23 December 2002

Contents

Company	Comment	Recommendation	Price (at close)	Target Price
Bekaert	"Bekaert Fencing"	Accumulate	€ 41.97	€ 48.00
E.ON	Investment plan	Accumulate	€ 41.08	€ 65.00
Solvus	Add-on acquisition	Accumulate	€ 7.50	€ 9.00

Changes in recommendation

Company	From	To
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Changes in EPS forecast

Company	From		To	
	2002E	2003E	2002E	2003E

Key figures

(at close)	Price	DTD	MTD	YTD
AEX	325.2	1.4%	-4.2%	-34.3%
BEL20	1,974.9	0.9%	-4.3%	-26.7%
CAC40	3,082.9	0.9%	-2.2%	-31.5%
DAX30	3,024.2	2.1%	-5.9%	-39.7%
FTSE100	3,889.9	1.3%	-5.0%	-24.9%
EUROSTOXX50	2,439.0	1.4%	-4.1%	-34.0%
STOXX50	2,456.3	1.0%	-5.6%	-32.2%
NECI	2,658.8	-0.2%	-7.5%	-64.0%
DJIA	8,511.9	1.8%	-1.3%	-15.2%
S&P500	895.9	1.3%	-2.0%	-21.7%
NASDAQ Comp	1,363.7	0.7%	-3.9%	-29.9%
EUR/USD	1.03	0.5%	2.4%	14.4%
EUR/GBP	0.64	0.3%	0.7%	3.3%
Bel govt	4.3%	0.0 bp	-0.2 bp	-0.7 bp
French govt	4.2%	0.0 bp	-0.2 bp	-0.7 bp
Neth govt	4.2%	0.0 bp	-0.2 bp	-0.7 bp

Source: KBC Securities

Corporate calendar

	Company	Event
31.12.02	Gal. Lafayette	Payment div. FY02
	PPR	Payment div. FY02
	Philips	Payment div. FY02
	ST Micro	Payment div. FY02
02.01.03	Endesa	Payment div. IN02
07.01.03	Van de Velde	Sales FY02
	Zenitel	Ex. General Meeting
09.01.03	Delhaize	Sales FY02
	Metro	Results FY02
	Solvay	Payment div. IN02
10.01.03	Trigano	Results FY02
11.01.03	Metrovacesa	Payment div. IN02
13.01.03	Océ	Results FY02
	Océ	Analyst Meeting

Bekaert

BERTt.BR / BEKB BB

Engineering
Belgium

Current price € 41.97
Target price € 48.00
Market cap € 936 m
Free float 60%

	EPS*(€)	P/E
FY01	2.38	17.08
FY02E	2.27	18.45
FY03E	4.51	9.31

*Adjusted for goodwill and exceptionals

“Bekaert Fencing”

Bekaert announced that it is setting up its Merchant Products Europe unit as a separate legal structure. The aim is amongst others to enhance the profitability and the cash generation potential of the business. It should result in higher transparency and increased autonomy and flexibility. The new structure will become effective on 1 January and will be called Bekaert Fencing. This restructuring was already announced a few weeks ago.

There was some speculation about the fact whether this meant that MP Europe was up for sale. Bekaert denied this only recently saying that MP is to remain part of the Bekaert strategy (knowing that the Handling unit does not perform well however).

In terms of valuation we stick to what we said after the analyst meeting on 5 December. There seems to be a new wind blowing at Bekaert and investors do not make a mistake by holding on to the stock at the current price levels (gross dividend yield of > 4%). 2003 should be again a more reasonable year in which case we see Bekaert perform well. Questions remain concerning the group's position in solar energy and the profitability of the separate units. China could however underpin further growth in the coming years taking into account the plans to expand the steel cord capacity in the country. We stick to our Accumulate rating and €48 price target.

Accumulate

Unchanged

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E.ON

EONG.DE / EOA GY

Diversified Industr.
Germany

Current price € 41.08
Target price € 65.00
Market cap € 28,427 m
Free float 88%

	EPS*(€)	P/E
FY01	4.08	14.18
FY02E	3.20	12.83
FY03E	4.48	9.17

*Adjusted for goodwill and exceptionals

Investment plan

Excluding important acquisitions E.ON's 2003-2005 investment plan amounts to €14.2bn. The core energy business will invest €8.2bn, of which €2.3bn in financial assets, the chemicals division will invest €2.8bn, and the real estate business will invest €1bn.

Accumulate

Unchanged

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Solvus

GREY.BR / SOLU BB

**Support Services
Belgium**

Current price	€ 7.50
Target price	€ 9.00
Market cap	€ 188 m
Free float	52%

	EPS*(€)	P/E
FY01	2.29	9.49
FY02E	1.00	7.53
FY03E	1.12	6.72

*Adjusted for goodwill and exceptionals

Add-on acquisition

Innotiv, the engineering projects company of the Solvus group, has acquired 'Geotec', a Dutch engineering firm specialised in the fields of construction measurements, distortion measuring and land registry survey measuring and with a turnover of €1.5m. Due to the limited size of the transaction (contribution of 0.1% to group sales), we can leave our estimates unchanged. We stick to our Accumulate rating.

Accumulate

Unchanged

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