

**Bekaert**

BERTL.BR / BEKB BB

 Engineering  
 Belgium

Current price	€ 41.80
Target price	€ 45.00
Market cap	€ 932 m
Free float	60%

	EPS*(€)	P/E
FY02	-1.55	-
FY03E	4.41	9.47
FY04E	4.68	8.94

\*Adjusted for goodwill and exceptionals

## Exit from solar cell business: a bitter pill

**Accumulate**

Unchanged

Yesterday, Bekaert announced to have disposed of its 19% interest in Unisolar (+ call option) and 60% in Bekaert ECD Solar Systems to ECD (Energy Conversion Devices) for \$ 6m. In addition, ECD will take over Bekaert's guaranties with respect to liabilities of the joint ventures amounting to approximately \$ 25m. Bekaert maintains the rights to technologies outside the field of photovoltaics and rights limited to build sputtering machines outside the field of triple-junction photovoltaics.

As a reminder, Bekaert ECD Solar Systems was the joint venture set up in 2000 between Bekaert (60%) and United Solar Systems (40%). Bekaert took 19% in United Solar, controlled for 81% by ECD, with the option to increase the stake to 55% by January 2004 (for an additional \$ 12 m), at the latest. The project cost for Bekaert amounted to \$ 72 m (JV funding, new plant and 19% in United Solar). The solar cell business made a negative contribution of € 2.4, 6.1 and 8m in 2000-02. In 2002, Bekaert announced that it would take longer for the business to break even (in 2000, Bekaert hoped for 2003) and they would search for a third partner for additional financing. Finally, Bekaert took a € 84m impairment in 2002, setting the value of the solar cell activities at 0.

Yesterday afternoon, Bekaert still presented the impairment taken on the solar-business as non-cash, the amounts invested over the past 2 years were only a fraction of has been recuperated. The pill has been swallowed but is more bitter than anticipated.