

Bekaert: Sale of non-core activity generates c.€10m capital gain

After market close yesterday, Bekaert announced the sale of its Specialty Film activities to Saint-Gobain for an EV of c.€80m. The transaction is subject to customary closing conditions and is expected to close in the course of 2011. The reason given for the sale is the fact that the Specialty Film activities (development, manufacture and distribution of window films for automotive, architectural, photovoltaic and other coating applications) are not core business for Bekaert, while synergies within Bekaert have proven to be limited over time. We understand that the Specialty Film activities generated c.€8m in EBIT in 2010 (c.3% of sales and c.8% EBIT margin). Hence, the activities were sold at 10x EV/EBIT, which seems a fair multiple. In addition, Bekaert generates a capital gain of c.€10m. We consider this news as a small positive, but do not expect a material impact on the share price today.

Price: €36.2. Last published: target price: €52; recommendation: BUY

Filip De Pauw, Brussels +32 2 547 60 97