

# Morning Note - Benelux

10 July 2002

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| Company             | Comment                                  | Recommendation | Price<br>(at close) | Target<br>Price |
|---------------------|--|----------------|---------------------|-----------------|
| <b>Bekaert</b>      | Strategic alliance with Mott Corp.       | Reduce         | € 49.20             | € 50.00         |
| <b>Innogenetics</b> | Results HIV-1 Resistance Assays          | Accumulate     | € 13.18             | € 17.50         |
| <b>IBA</b>          | IBA sells proton therapy system in Korea | Accumulate     | € 8.05              | € n.a.          |

## Change in recommendation

| Company | From   | To         |
|---------|--------|------------|
| IBA     | Reduce | Accumulate |

## Change in EPS forecast

| Company | From  |       | To    |       |
|---------|-------|-------|-------|-------|
|         | 2002E | 2003E | 2002E | 2003E |

## Key figures

| (at close)  | Price   | DTD    | MTD     | YTD     |
|-------------|---------|--------|---------|---------|
| AEX         | 429.3   | -1.1%  | -5.5%   | -22.1%  |
| BEL20       | 2,523.0 | -1.0%  | -5.3%   | -12.1%  |
| CAC40       | 3,819.0 | -1.0%  | -5.0%   | -21.8%  |
| DAX30       | 4,369.8 | -1.6%  | -5.2%   | -24.5%  |
| FTSE100     | 4,542.9 | -1.3%  | -7.7%   | -15.8%  |
| EUROSTOXX50 | 3,113.7 | -1.3%  | -3.0%   | -21.6%  |
| STOXX50     | 3,035.9 | -1.2%  | -4.0%   | -19.9%  |
| NECI        | 154.1   | 0.0%   | 0.0%    | -52.9%  |
| DJIA        | 9,096.1 | -1.9%  | -5.1%   | -16.9%  |
| S&P500      | 952.8   | -2.5%  | -7.3%   | -19.3%  |
| NASDAQ Comp | 1,381.1 | -1.7%  | -10.1%  | -37.0%  |
| EUR/USD     | 0.99    | 0.6%   | 5.2%    | 17.2%   |
| EUR/GBP     | 0.64    | -0.2%  | -0.7%   | 6.7%    |
| Bel govt    | 5.2%    | 0.0 bp | -0.1 bp | -0.3 bp |
| French govt | 5.0%    | 0.0 bp | -0.1 bp | -0.2 bp |
| Neth govt   | 5.1%    | 0.0 bp | -0.1 bp | -0.2 bp |

Source: KBC Securities

## Corporate calendar

|          | Company         | Event           |
|----------|-----------------|-----------------|
| 18.07.02 | Brantano        | Sales 1H        |
| 19.07.02 | CMB             | Results 1H02    |
| 25.07.02 | UCB             | Results 1H02    |
|          | Global Graphics | Results 2Q02    |
| 26.07.02 | ICOS            | Results 2Q02    |
| 29.07.02 | Asm Int.        | Results 2Q      |
|          | Bekaert         | Results 1H02    |
| 30.07.02 | Asm Int.        | Conference Call |
|          | Omega Pharma    | Sales 1H02      |
| 31.07.02 | Tanox Inc.      | Results 2Q02    |
|          | Vedior          | Results 1H02    |

**Bekaert**

BERTt.BR / BEKB BB

Engineering  
Belgium

Current price € 49.20  
Target price € 50.00  
Market cap € 1,097 m  
Free float 60%

|       | EPS (€) | P/E   |
|-------|---------|-------|
| FY01  | 2.38    | 17.08 |
| FY02E | 2.20    | 22.35 |
| FY03E | 5.00    | 9.85  |

**Strategic alliance with Mott Corp.**

Bekaert Advanced Materials ("Fibre Technologies") has announced a strategic alliance with Mott Corp, US in the area of filtration products. The partnership includes sales, distribution and new product development. Mott Corp. "is the world's largest dedicated manufacturer of porous metal powder products filtration and flow control applications". Bekaert says the collaboration will boost (!?) its Advanced Materials sales.

It is difficult to assess the impact of this partnership as we do not have the sales figure in "Fibre Technologies" nor have we any indication as to what this alliance might bring Bekaert in the future. 2001 Sales in Fibre Technologies were stable according to the annual report which in our view is not in accordance with the growth Bekaert is targeting in Advanced Materials. That is perhaps the reason why Bekaert looked for a partnership (to speed up growth in other words).

This week, we downgraded Bekaert to Reduce because the restructuring of the Merchant Products unit is to cost the group € 34m this year which wiped out 45% of the profit outlook for this year. The share price did not move however. The longer term outlook looks more promising based on an expected economic recovery. Bekaert publishes first half results already on 29 July (credit to them) at which occasion we will review our stance on the stock.

**Reduce**  
Unchanged

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**Innogenetics**

INNX.ED / INNX ES

Pharma & biotech  
Belgium

Current price € 13.18  
Target price € 17.50  
Market cap € 334 m  
Free float 65%

|       | EPS (€) | P/E |
|-------|---------|-----|
| FY01  | -0.38   | -   |
| FY02E | -0.43   | -   |
| FY03E | -0.10   | -   |

**Results HIV-1 Resistance Assays**

Findings from the study concluded with the VERSANT HIV-1 Resistant Assays (LiPA) produced comparable results to DNA sequencing in correlating the number of active drugs with viral load drops. Earlier these results triggered a € 2m milestone payment by Bayer.

**Accumulate**  
Unchanged

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**IBA**

IOBAf.BR / IBAB BB

Health  
Belgium

Current price € 8.05  
Target price € n.a.  
Market cap € 196 m  
Free float 52%

|       | EPS (€) | P/E   |
|-------|---------|-------|
| FY01  | 0.46    | 50.95 |
| FY02E | -0.15   | -     |
| FY03E | 0.57    | 14.06 |

**IBA sells proton therapy system in Korea**

**Accumulate**  
Upgraded

IBA has announced that it has signed a contract with the Korean National Cancer Center for the installation and start-up of a Proton Therapy System. The acquired system will initially include a 230 MeV cyclotron and three treatment rooms. The first of these will open in 2005. The price of such a system varies between \$ 25m and \$ 50m.

Although we would have preferred that IBA sell a system in the US, we are, nevertheless, hopeful that the impact this sale will have on the company's 2002 operating result will attract some investor attention. The sale will add at least € 4m to EBITDA. In view of currently depressed share price, we are upgrading to accumulate. We are placing our eps estimates and target price under review.

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