

**Bekaert**

BERTI.BR / BEKB.BB

Engineering  
Belgium

Current price € 47.75  
Target price € 52.00  
Market cap € 1,054m  
Free float 59%

	EPS*(€)	P/E
FY03E	4.80	9.94
FY04E	4.29	11.14
FY05E	4.91	9.73

\*Adjusted for goodwill and exceptionals

**Newspaper names interested parties**

Belgian newspaper "De Standaard" reported yesterday that Lazard has short listed three potential buyers (Belgian-Canadian, Dutch & Anglo-Saxon parties) for "Bekaert Fencing" and would be about to decide whether to open parallel or exclusive talks on the sale. The newspaper mentioned "Sagard Private Equity Partners" (sponsored by GBL (Albert Frère) & Power Corporation du Canada (Desmarais family)) and former Citygroup private equity fund "CVC Europe" as in the running. Best chances are said to go to CVC Europe. Management of 'Bekaert Fencing' would participate in the operation. Bekaert earlier confirmed to investigate the future of the fencing business but all options still remains open.

As a reminder, Bekaert Fencing generated sales of € 382.9m in 2003 (21.3% of consolidated sales) with an EBITDA at € 43.7m. In 2004, the unit is expected to generate further cost savings (of about € 5 to 7m) but is also confronted with higher raw material prices. We estimate the unit could fetch around € 225m (or more). Although that a disposal of 'Bekaert Fencing' could be an important move for Bekaert to structurally lift RoIC above the WACC throughout the cycle, our final opinion on the deal obviously will depend on the sale price. Price target for Bekaert confirmed at € 52 per share.

**Outperform**

Rating unchanged

[Back to contents](#)

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