

SAPEC

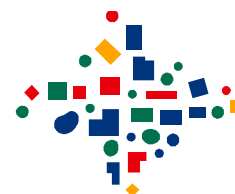
MISCELLANEOUS / BELGIUM

TARGET PRICE EUR 52.00

EXPECTED PERFORMANCE (12MTH) 30.0%

BUY (UPGRADED FROM

EUR 40.00



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MAKING ONE'S WAY IN THE IBERIAN PENINSULA

20 NOVEMBER 2001

ANALYST

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MARKET CAPITALISATION (EUR M)	55.2
NO. OF SHARES (M)	1.4
FREE FLOAT	29.4%
1/3/12 MTH REL. PERF. (%)	3.0/(10.8)/(1.2)
HIGH/LOW 52 WEEKS	49.60/33.00
DAILY VOLUME (AVG.)	515
NEXT RESULTS DUE	MARCH 2002
5 YR EPS GROWTH (A)	-
5 YR EPS GROWTH (E)	-
BOOK VALUE (EUR)	68.12
PRICE/BOOK VALUE (X)	0.6
VOLATILITY (□)	0.6
REUTERS SYMBOL	SAPEBR
BLOOMBERG SYMBOL	SAP BB

□ A SMALL CAP

The Sapec story has not always been easy to follow and to relate. Over the past few years there have been some strong capital gains, and the activity portfolio has been continuously reshaped. It is no wonder that the share price of this very small cap has been lagging when not being erratic. It is particularly unfortunate that Sapec has had to present poor 1H01 results at a time when the climate is hostile to illiquid stocks.

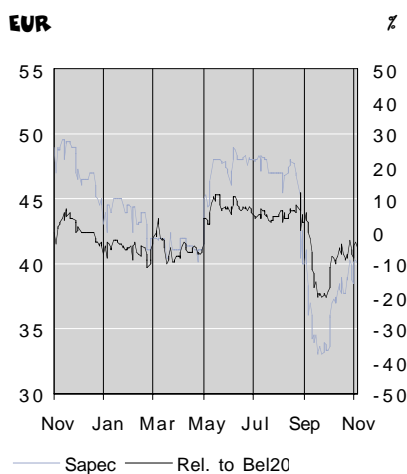
□ STILL A GROWTH STORY

However there are some genuine growth areas in its diversified portfolio. These include nutrient products for niche agricultural markets – this came part of the Sapec portfolio this year – and a brand new waste management project that is to go on stream next year. And more new projects should come from existing and potential cash position. In the meantime, the situation has clarified with a loss-making port terminal in Portugal being disposed of at attractive conditions.

□ BUY

Our rating and target price have been carefully weighted to reflect the pro and the contra. We are well aware that recommending such a small and complicated share may seem irrelevant at the present time; however, we know that there are some investors around, looking for real bargains.

SHARE PRICE PERFORMANCE



SOURCE: THOMSON FINANCIAL DATASTREAM

YEAR TO DEC.	1999	2000	2001E	2002E	2003E
SALES (EUR M)	420.3	401.5	410.6	421.5	432.7
EBITDA (EUR M)	17.9	15.2	15.8	19.7	21.4
NET PROFIT EXCL. EXTR. & AMORT. (EUR M)	5.4	3.5	3.6	5.7	7.6
NET PROFIT (EUR M)	20.4	8.9	13.3	5.0	6.8
EBITDA MARGIN %	4.3	3.8	3.9	4.7	5.0
ROCE (INCL. GOODWILL) %	5.5	3.7	4.4	6.5	7.4
NET GEARING %	78.9	88.7	29.2	24.5	19.2
EPS EXCL. EXTR. & AMORT. (EUR)	3.82	2.47	2.61	4.16	5.48
EPS (EUR)	14.36	6.24	9.62	3.62	4.93
DPS (EUR)	1.41	1.54	1.63	1.73	1.83
% CHANGE SALES	(21.4)	(4.5)	2.3	2.6	2.7
% CHANGE EPS (EXCL. EXTR. & AMORT.)	(6.3)	(35.4)	5.6	59.6	31.7
EV/SALES	0.3	0.4	0.2	0.2	0.2
EV/EBITDA	7.3	9.7	5.3	4.1	3.6
P/E (EXCL. EXTR. & AMORT.)	12.4	18.2	15.4	9.6	7.3
P/E	3.3	7.2	4.2	11.1	8.1
PE/GROWTH (EXCL. EXTR. & AMORT.)	(0.8)	0.5	0.3	-	-

EUROPEAN RESEARCH BY:

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INVESTMENT CASE

TRANSFORMING THE PORTFOLIO

Sapec's main challenge is to transform resources coming from old assets – mainly fertilisers and property – into new growth sources. More than EUR 20m have been invested in agrochemical products over the last two years, and more than EUR 10m in logistics. Many of these investments have still to bear fruit. However chelate-bearing products have substantial development potential in niche agrochemicals.

The Sapec share has not been a strong performer, over the last decade. In our opinion, the main reasons for Sapec lacklustre performance are:

PATCHY TRACK RECORD

- Irregular movements in its current profit figure, and the absence of a track record of growth. Investors like regular growth. The Sapec bottom line has been very shaky, partly due to non-recurrent items. It is hard to spot a clear trend even in the net current profit. This mainly stems from the group's diversified nature. Speaking of results, we should mention the poor 1H01 figures as well as the full year prospects at this stage.

STILL A FERTILISER COMPANY?

- Wrong perception of Sapec being a fertiliser company. Sapec has historically been in the fertiliser business, and this activity even gained importance in the late nineties, following the merger with the main local competitor. Although Sapec quit this activity in 1998, the company's image has remained associated with fertiliser. This is unfortunate, as the fertiliser market has been very difficult over the last two years and does not have a positive image among investors.
- Diversified activity portfolio. This absence of focus tends to make investors uncomfortable: value drivers are difficult to track, and investors and analysts don't like to take the time to cover the whole spectrum.

MIKRO CAP

- Lack of interest for small caps. With a market cap of EUR 56m and a free float of EUR 16m, many will suggest that Sapec is not just a small cap, but a micro cap! This status is a clear handicap in today's stock market environment, where investors' appetite for blue chips has increased tremendously.
- Belgian investors tend to be unfamiliar with agribusiness. Except for the very small Rosier, there is no such company listed on the Belgian stock market. And with the little that is commonly known about agriculture, the sector is seen to be a dull and mature business. This is especially the case in Europe.

AREAS FOR SUSTAINED GROWTH

Having set out what we believe are the reasons for the Sapec share's unconvincing performance, and setting the liquidity issue aside for the moment, we would like to present some good reasons for having a closer look at the company. First, we believe that Sapec is undisputedly undervalued, as shown by our sum-of-the-parts analysis. Moreover, this value is an underassessment, as this valuation approach does not take into account possible intra-group synergies generated by the Sapec management's deep understanding of the Iberian local markets, especially in agrochemicals and logistics. Convincing evidence of the potential here includes the recent – and successful – Sapec development in plant health products in Spain, that was launched from a strong Portuguese base, and the more recent downstream logistics developments in the Spanish food distribution activity, where Sapec – again – made use of its Portuguese experience.

Second, we are anticipating sustained growth at current EPS levels over the next few years. This is expected to be fuelled by the Spanish development of the Agrochemical division, partly on the back of chelate products, and by the impact

of the logistics integration in food distribution. A new waste management project to come on stream next year will also progressively fuel growth. On top of that we should bear in mind that the proceeds from property will be progressively re-invested, adding new sources of growth. This is not integrated into our forecasts.

We should also mention a comfortable dividend yield of more than 4% gross, associated to a 6-7% annual dividend increase.

We therefore believe there is a case for being positive on Sapec, and to accumulate the share as a mid-long term value play investment. Our rating is a Buy, in view of our high SOP valuation, point to a value more than twice the current share price.

Our EUR 52 target price takes a 40% discount on the net asset value as calculated. We believe that this target price reflects Sapec’s small cap nature. Our 40% discount is somewhat higher than the 35% average of listed Belgian holdings. Do not forget, moreover, that Sapec is not exactly a holding, but rather a diversified industrial company that usually does not trade at such a high discount, provided synergies are well identified.

SWOT ANALYSIS

<p>STRENGTHS</p> <ul style="list-style-type: none"> • GOOD UNDERSTANDING OF THE IBERIAN PENINSULA IN GENERAL AND OF THE AGRIBUSINESS IN PARTICULAR • SOUND FINANCIAL POSITION • FLEXIBLE MANAGEMENT, QUICK TO GRASP OPPORTUNITIES • LOW VALUATION MULTIPLES • HIGH DIVIDEND YIELD 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • SHARE NOT LIQUID • WEAK STOCK MARKET PERCEPTION • PATCHY TRACK RECORD • DIVERSIFICATION TENDS TO GIVE AN UNFOCUSED IMAGE • LARGE PART OF BALANCE SHEET IN NON-OPERATING ASSETS (PROPERTY)
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • DEVELOPMENT OF CHELATE-PRODUCTS • WASTE MANAGEMENT IN PORTUGAL • FURTHER LOGISTICS INTEGRATION IN FOOD DISTRIBUTION • EXISTING CASH AND PROPERTY ASSETS TO BE RE-INVESTED IN NEW PROJECTS 	<p>THREATS</p> <ul style="list-style-type: none"> • DISAPPEARING INTEREST FROM INVESTORS AND COVERAGE FROM ANALYSTS • COBEPA MIGHT WISH TO DISPOSE OF ITS STAKE IN SAPEC • CHEMICAL DISTRIBUTION'S MARGIN UNDER ONGOING PRESSURES

SOURCE: FORTIS BANK EQUITY RESEARCH

VALUATION

Valuing Sapec is a somewhat tricky exercise, for two reasons. First, its particular activity mix makes it unfit for peer comparison. Second, its large non-operational property assets call for an adjustment in any multiple-based valuation.

SUM OF THE PARTS

Another possible approach is a sum-of-the-parts valuation, which may be no less appropriate as long as we have a decent view of the value of each activity, with none of them being separately listed. Over and above the reliability issue, the sum-of-the-parts approach has the major drawback of virtually implying a holding discount. And we know that such discounts can be both very large and volatile, thus offering little practical valuation indication for investors. We have nevertheless done the exercise and come up with the following result:

	EUR M	% OF TOTAL	
AGROCHEMICAL	43.62	30.2%	25% DISCOUNT ON PEERS
LOGISTIC	14.88	10.3%	MULTIPLES
CHEMICAL DISTRIBUTION	3.34	2.3%	MULTIPLES
FOOD DISTRIBUTION	6.23	4.3%	MULTIPLES
ENERGY	10.45	7.2%	MULTIPLES
PROPERTY (PORTUGAL)	17.75	12.3%	BOOK VALUE
ZETES (5.75%)	4.73	3.3%	20% DISCOUNT ON BOOK VALUE
THARSIS EXCL ENERGY (66.8%)	21.67	15.0%	BOOK VALUE
NET CASH SAPEC	21.56	14.9%	BOOK VALUE
HOLDING CHARGES	(24.60)		10X ANNUAL AFTER TAX COSTS
		100%	
TOTAL	119.63		
PER SHARE	86.69		
SHARE PRICE	40.00		
DISCOUNT	53.9%		

SOURCE: FORTIS BANK EQUITY RESEARCH

Our value of the five operating divisions is based on the average of the P/E and EV/EBITDA multiples. The enterprise value for each division includes an allocation of the group's debt per division.

For Agrochemical, which represents a third of the total, we have taken Syngenta, Monsanto and Aventis CropScience as peers, given an average EV/EBITDA of 7.3, an EV/EBIT of 11.0 and an EV/Sales of 1.4. Given Sapec's Agrochemical activity's small size, we have applied a 25% discount on the result.

Non-operating property is split between Portugal and Spain, where it is owned through Tharsis. The same goes for net cash, which is partly owned through Tharsis as well to the extent of EUR 17.4m at the end of June 2001.

CLOSE TO THE BOOK VALUE

The sum-of-the-parts valuation compares to a EUR 85.7m book value as at the end of December 2000.

ACTIVITY

First of all, we want to stress again that Sapec is no longer involved in fertilisers. This substantial but now historical activity was disposed of in 1999, in the midst of a crisis for the industry as a whole. The EUR 22.7m proceeds were partly re-invested, mainly in other agrochemical activities and in port handling activities.

20% MARKET SHARE IN PORTUGAL

AGROCHEMICAL

Sapec is active in the formulation, packaging and distribution of phytosanitary products for crop protection. Sapec either distributes products of multinationals such as BASF, DuPont, and Maktheshim Agan, or its own generic products distributed under its own brand name, after a specific formulating and packaging process. Sapec runs factories in Portugal (Setubal) and in Spain (Réus). The company has been pursuing this activity for decades in Portugal, where it is leader with a market share in excess of 20%. This is why the company decided to expand in Spain, using the advantages of its now mature Portuguese business.

EXPANSION IN SPAIN

Spain being seen as a natural market for Sapec's agrochemical activity, the company made a first move at the end of 1999 with the acquisition of **Agrides**, now renamed Sapec Agro. The latter, a small local player, accounted for EUR 6m sales at the time or $\pm 1\%$ of the Spanish market which is about six times larger than the Portuguese market. Agrides brought many products registered or in the process of being registered. The benefits of synergy are realised when products intended for the Spanish market are manufactured in the company's Setubal plant in Portugal. Also, Sapec expects its competitive position in the Iberian Peninsula to be enhanced through offering a wider range of products, and using its increased buying power for raw materials.

Another important move was made in mid-2000 with the acquisition of **Tradecorp** (EUR 12m sales). As a result of both acquisitions, we expect Sapec to derive around 40% of its agrochemical sales from Spain, in 2001, coming from nothing in 1998. Even though we do not expect Sapec to achieve the same market share than in Portugal, the Spanish market offers a significant potential for Sapec, which has less than 5% of this market.

TRADECORP

Tradecorp has enabled Sapec to accelerate its development in the Spanish market. By means of Tradecorp's own registered products, Sapec's Spanish sales force could immediately be better used. In addition, Tradecorp has its own more retail oriented distribution network that complements the Agrides operation.

NEW NICHE PRODUCTS

There is another reason for Sapec acquiring Tradecorp. The company has patented its developments in **chelate**-based micronutrients for plants. This sophisticated activity, still in a start-up phase, explains the relatively high EUR 12.3m paid for Tradecorp. Micronutrients are seen a major growth area for the agrochemical division and even for Sapec as a whole. Where agrochemical products are used to cure diseases in plants, micronutrients provide such plants with the nutritive elements that are lacking in the soil.

Tradecorp is running two factories in Spain. One, located at Sanchidrian, synthesises the EDDHA chelate-bearing molecule. The factory also formulates another chelating agent, the EDTA chemical molecule, bought from large chemical producers, with its own oligoelement formulas. The factory is being upgraded to increase micro-granule blending capacity, which will in turn facilitate transportation and exports.

The other plant, located in Albacete, produces humic and amino acids and other complementary products. The company exports to more than 30 countries.

CHEMICAL SYNTHESIS

Micro-nutrient products realise much higher added-value than fertilisers do, with a price per tonne more than 10 times higher. Its growth is estimated at 6-8% per annum, against 1-2% for fertiliser.

Contrary to the situation in agrochemicals, where the molecule is bought and then formulated, Tradecorp develops its own molecules through chemical synthesis. Tradecorp is more specifically active in chelate products and derivatives, which represent about 60% of the whole micro-nutrient market. Chelate can be seen as a vehicle for transporting nutritive elements such as zinc, iron, potassium, calcium, oligoelements and microelements, into plants with minimal losses. This water soluble product is easily absorbed by plants, and is stable with excellent storage life. It does not react with other salts or pesticides. Tradecorp's capacity is currently limited to 300 tpy, but if commercially successful, this capacity could easily be extended to 1,000 tpy, for an investment of around EUR 2m. It focuses on chelate combination for niche markets as fruit, flowers, vegetables and ornamentals crops.

In this very fragmented market, the main competitors are Ciba (5,000 t) and Akzo (4,500 t). Sapec's proximity to end-users in Portugal and Spain gives the company a competitive advantage, as well as a more tailor-made service, permitted by its more limited size.

Margins in micronutrients are typically 1.5 to 2x larger than for traditional agrochemical products. We expect sales of around EUR 5.5m in 2001, which could more than triplicate by 2005. Part of this impressive expected growth is going to come from sales from new European markets and the American markets.

AGROCHEMICAL KEY FIGURES

EUR M	1998	1999	2000	2001E	2002E	2003E
SALES & SERVICES	20.23	23.25	42.41	49.44	55.75	62.94
OPERATING RESULTS	2.88	2.80	4.59	5.77	6.92	7.89
NET CURRENT RESULT	1.26	1.34	1.88	2.71	3.39	3.95
NET CURRENT CASH FLOW	1.61	1.93	4.09	5.01	5.94	6.75

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

The strong results for the year 2000 are mainly due to the Spanish expansion, which accounted for 47% of total sales. The gross margin in Portugal improved, while Agrides made a positive full year contribution. Tradecorp, consolidated for the last six months, had only a marginal positive result.

The net current profit has been trimmed by a substantial EUR 0.47m increase in the amortisation of goodwill.

Agrochemical is a very profitable activity, with EBIT margins close to 11% in 2000. The new biostimulants and trace elements activity is expected to protect this healthy profitability from structural pressure on margins.

MARKET PRESSURE IN PORTUGAL

This pressure is particularly strong in Portugal for 2001, in the face of the big consolidation moves connected with Aventis being taken over by Bayer. This situation might prove to be an opportunity for Sapec in the longer run; the company could take advantage of this merger to strengthen its own distribution network.

CHEMICAL DISTRIBUTION

Sapec has presented its Chemical Distribution separately for the first time. Previously, it was incorporated with the Agrochemical division. The activity of this division is the storing, packaging and distribution of chemical commodity products to industry in Portugal, especially the glass, paper, ceramics, residue processing and rubber sectors, as well as the pharmaceutical industry. The range of products distributed includes inorganic products such as acids, bases, metals and salts, and organic products such as alcohol, acetone and synthetic rubbers, to specialities such as accelerators, anti-oxidising agents, and products for the environment.

Sapec intends to give this mature division well-needed new room for growth. This might take the form of an acquisition, or of downstream integration, for instance in packaging and/or chemical products formulation. In the meantime, a totally new project is in the pipeline, which the company hopes will bring this division a much-needed new source for growth.

WASTE MANAGEMENT

TURNING UNPROFITABLE GROUND INTO AN AREA FOR INDUSTRIAL WASTE

Sapec is participating in Citri, a joint venture with 100% ACS affiliate Tecmed to run an industrial waste site near Lisbon, for which permission has just been granted. Why such diversification? Firstly, because Sapec is familiar with the chemical products used for the processing of industrial wastes. The company has been distributing these products for years. Secondly, because Sapec has a suitable area in its Setubal Park site that is geologically fit for such waste management. Thirdly, because Sapec has good contacts with prospective clients.

This project represents an investment of around EUR 10m, 35% of which coming from equity finance. As Sapec is selling the piece of ground to Citri for EUR 4m, there will be no net cash outlay on the project – rather the contrary with a net cash-in of EUR 1.5m. Citri is to come on stream next year and should bring a limited positive contribution to the Sapec bottom line.

Considering the demand for industrial waste management in Portugal and Citri's particular location in the industrial suburb of Lisbon, this project is low risk, generating 15%+ return on equity as from 2005, following the completion of some depreciation components.

CHEMICAL DISTRIBUTION KEY FIGURES

EUR M	1998	1999	2000	2001E	2002E	2003E
SALES & SERVICES	17.50	21.20	24.67	28.62	32.05	35.26
OPERATING RESULTS	1.44	1.59	1.36	1.06	1.75	2.04
NET CURRENT RESULT	0.84	0.77	0.82	0.42	0.70	1.00
NET CURRENT CASH FLOW	1.04	1.34	1.17	0.77	1.85	2.15

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

The higher sales figures reflect price increases on the international markets and the effect of a stronger dollar. In volume terms, sales remained stable. However, the current slump and a more concentrated market are putting margins under pressure, leading to declining operating results.

The net current profit is slightly higher, thanks to lower non-cash costs. Cash flow is falling.

BAD 1H01 RESULTS

1H01 results were very weak, partly as a consequence of the concentration in the paper industry, an important client for Chemical Distribution. Although the management expects a better second half-year, the full year results are likely to be sharply down. The waste management project is expected to contribute to the results as from 2003.

LOGISTICS

Sapec is developing its logistics activities at the two very different levels of port handling and land-based storage/distribution for third parties. The smaller airport handling activity in Lisbon was discontinued in 2000.

A SECOND WAREHOUSE

LAND-BASED LOGISTICS

In land-based logistics, Sapec runs a storage activity for consumer products – except food – and industrial products, using two 10,000 m² and 8,000 m² warehouses completed in 1997 and in 2000, near Lisbon. The group provides logistics, warehouse storage, consolidation and deconsolidation, and distribution services on behalf of multinational companies. Sapec also runs a container warehousing and repair activity. This very profitable niche activity is being transplanted into a new site, also next to Lisbon, in order to make room for a possible third warehouse.

Sapec also runs more modest land-based logistical activities in the North of Portugal. It concerns a warehouse and a **railway terminal**. Sapec might further expand into railway terminals (EUR 1.7m sales), depending on a possible change in the legal framework for the Portuguese railway, which is still publicly owned at this point.

MARITIME LOGISTICS

Sapec has been active in the Lisbon and Oporto terminals since 1993, but only as a service provider. During 2000 Sapec participated in the privatisation of three port handling activities in Portuguese locations where it was already present as a service provider. A 25-year concession was granted to partnerships in which Sapec had the following interests:

- 47.5% in the Sotagus container terminal in Lisbon;
- 20.4% in the Leixoes (Oporto) container terminal (TCL);
- 30% in the Lisbon bulk goods and general cargo terminal, handling mainly steel, forest products and fruit.

Following this privatisation process, Sapec expected to be able to implement much-needed measures to increase profitability. This has not been possible for Sotagus, whose loss has widened, mainly because of a poor management structure. Having no firm hand on the company, Sapec was unable to force the needed measures to improve results.

SAPEC MANAGES A POSITIVE EXIT FROM LOSS MAKING ACTIVITY

As a consequence, Sapec announced in October the disposal of its shareholding in the above-mentioned port terminals. If, from an operating point of view the Portuguese port handling privatisation has not proved a success, we cannot say the same on a financial level. Indeed, Sapec managed once again to negotiate an attractive exit: it obtained a minimum cash amount of EUR 10.5m, of which about EUR 5m capital gain net of provisions. This represents a return of close to 100% after about 18 months. Not bad!

In addition to this capital gain, the port terminal disposal will have two other positive accounting impacts. First, the disposed affiliates are no longer consolidated as from January 1st 2001. This means that Sapec's 2001 consolidated results will not suffer from the globally negative impact of these companies. Second, Sotagus' financial debt consolidated at the level of Sapec – EUR 5.3m – will disappear.

Sapec remains nevertheless active in port handling:

- It owns and runs the bulk goods activity at Setubal, where a new investment for liquid bulk is being implemented.
- The 50% affiliate Navipor is running the Setubal container terminal in Portugal. It intends to participate to a privatisation process scheduled before the end of the year.
- Sapec is also active in Cadiz, in order to bring a downstream integration to its Food Distribution division (see further).

A SOLUTION FOR AILING PORT TERMINAL AT YEAR-END

LOGISTICS KEY FIGURES

(EUR M)	1997	1998	1999	2000	2001E	2002E	2003E
SALES & SERVICES	34.93	34.41	35.57	31.58	19.28	20.30	21.10
OPERATING RESULTS	2.01	3.52	2.38	1.51	2.38	2.73	3.20
NET CURRENT RESULT	1.36	2.55	1.41	0.15	1.20	1.10	1.73
NET CURRENT CASH FLOW	2.95	4.26	3.12	2.43	2.45	2.55	2.96

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

ENLARGING LOSS AT SOTAGUS

2000's falling results, coming after declining 1999 figures, were mainly caused by negative results from the post-privatisation port terminals. The first years of operation are expected to be loss making because of high depreciation and financial charges, as well as staff training costs. The Sotagus results have been particularly bad, with an almost twice-larger-than-budgeted EUR 1.2m loss. This was due to delays in completing dock extensions, plus hold-ups in other restructuring measures as well. On the other hand, the Porto terminal did much better than anticipated, with a EUR 0.1m loss instead of EUR 0.6m. Note that the Porto Terminal is equity consolidated, while Sotagus is proportionally consolidated.

2000 results were also somewhat depressed by the low returns on investments in land-based logistics.

The turnaround we anticipate for 2001 is explained by Sotagus no longer being consolidated. Because of higher financial charges, we expect profit to be slightly lower in 2002, before bouncing back the year after.

VOLATILE AND UNPREDICTABLE RESULT PATTERN

FOOD PROCESSING DISTRIBUTION

Sapec imports agricultural raw materials for the animal nutrition, such as cereals, molasses, cereal substitutes and proteins, in Portugal and especially in Spain which accounts for more than 80% of this activity. The strategy pursued in the two countries is different. In Portugal, Sapec is a niche player, while in Spain the company is on an equal footing with the biggest players. Over 2 million tonnes per annum are distributed in Spain, and this amount should remain stable. This is basically a low margin intermediary activity, with some volatility in the results, depending on short term price fluctuations. Volatility was particularly marked at the end of the nineties, with bad 1997 and 1998 results. As a consequence, the company adopted a better reporting process, limiting the range of products it traded in and reducing risk taking. The pattern of the 1999 recovery continued in 2000, but possible growth is limited within the current business model.

LARGE WORKING CAPITAL EXTERNALLY FINANCED

This model implies substantial indebtedness, to finance the high working capital required for the company's distribution activities. When looking at Sapec's apparently high debt, we have to bear in mind that more than 40% is related exclusively to the distribution business. We understand that Sapec does not wish to increase this dedicated debt level any further.

IMPROVED PROFITABILITY THANKS TO DOWNSTREAM LOGISTICS INTEGRATION

However, this does not mean that the distribution business is to remain static. Now that Sapec has reached a large enough size, the company is pursuing a growth strategy based no longer on volume, but on deeper vertical logistical integration. Sapec's Spanish distribution arm Interpec Iberica won a 30-year concession in early 2000 to run port terminal unloading facilities in Cadiz, through its 90% affiliate Interpec Sur (the remaining capital is owned by Interpec Sur's management), where it also runs its own storage facilities. This covers about a third of the division activity. The company also wants to develop its own local sales network for end-user customers.

The aim of this logistics integration is to increase margins significantly and to give the whole division a more stable result pattern. Cadiz represents about 30% of the total Food Processing Distribution activity. Sapec is trying to duplicate the Cadiz move, hopefully in Catalogna, but we understand this is unlikely to

materialise before 2003. In the meantime, a limited EUR 1m investment will be put in to improve packaging of certain food products, like soya. This should have a positive impact on margins as from the end of 2002.

As a result of this logistics integration, sales are likely to remain stable, but we expect logistics margins to almost triple. Sapec intends to invest more in such warehouses. However, we have not taken into account any similar new projects in our result projections for 2002 and 2003. Considering that volumes are not going to increase and assuming margins remain stable, results are expected to remain flat. That is to say until Interpec Iberica announces another logistics project.

FOOD PROCESSING DISTRIBUTION KEY FIGURES

(EUR M)	1997	1998	1999	2000	2001E	2002E	2003E
SALES & SERVICES	322.21	329.23	277.76	305.13	311.23	311.23	311.23
OPERATING RESULTS	1.88	1.09	3.82	5.16	4.26	4.88	5.03
NET CURRENT RESULT	0.77	(0.47)	2.45	2.28	1.06	1.95	2.11
NET CURRENT CASH FLOW	0.67	(0.37)	2.55	2.63	1.33	2.22	2.38

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

FALLING 2001 RESULTS, AWAITING A TURNAROUND IN 2002

1H01 results were negatively impacted by the indirect consequences of the foot and mouth crisis. Also, this debt hungry activity is suffering from higher debt costs. We expect a turnaround in 2002, back to the level of 2000 at net current results level, with structural margin pressure and higher financial costs being offset by the downstream logistic integration (Interpec Sur). The new logistics development, contributing for the first nine months, had a small positive impact on the 2001 results.

MINI HYDRAULIC POWER IN SPAIN

ENERGY

Sapec entered the renewable energy business in 1995. 68% Tharsis-owned Guadalmancha built the first mini hydraulic power plant in Spain, of which Sapec owns 66.8%. An additional 3.6% was acquired in 2000, and the remainder of the capital is owned by BSCH. This is a way for Tharsis to invest its excess cash, which stood at EUR 5m at the end of 2000. The Tharsis partner is a local saving bank, Caja Castilla y la Mancha, who is in a position to give welcome help in obtaining the necessary permits, as well as providing financing capacity.

CASH AND PROPERTY RICH

Note that Tharsis is likely to be even more cash rich in the coming years, following the disposal of its property assets. We understand that Sapec is in favour of Tharsis keeping its cash, instead of distributing it to shareholders. Based on the price paid by Sapec for its additional 3.6% stake, Tharsis is valued at EUR 8.9m, or EUR 6.0m for the Sapec stake.

Guadalmancha owns three mini hydraulic power plants, and managed a fourth one, totalling 6MW installed capacity on the river Mundo in the province of Albacete. They operate for an average of 10 months a year on the canal carrying water from the mountainous regions of the centre to the region of Murcia. Just to give a figure for comparison purposes, the Electrabel total capacity is 20,461 MW. Guadalmancha is a pure electricity generator, selling its production to local distributors under long term contract agreements. On a year-on-year basis, results are sensitive to climatic variations. In the longer run, growth will depend on the new projects that Sapec intends to develop.

With regard to new projects, a major step was made in October 2001 with two acquisitions, for a total consideration of EUR 7m. Guadalmancha acquired 51.3% of Saltesa and 30.2% of Hidronorte. Together, both companies form the so-called Hidronorte Group and are totalling about 60MW installed capacity, either in mini hydraulic power plant running, or in projects to come on stream in

the next few years. Saltesa runs 19.73MW and Hidronorte 41.7MW, of which 32.9MW under construction.

Sapec is the Hidronorte Group's single largest shareholder, of which other shareholders are the management and private investors. Sapec is likely to increase its stakes in the group in the future, following possible capital increases. With the Hidronorte Group, Guadalmancha is entering into other geographic and hydraulic areas. Such a diversification is important regarding drought risk. It is also getting access to still burgeoning wind energy.

ENERGY KEY FIGURES

(EUR M)	1997	1998	1999	2000	2001E	2002E	2003E
SALES & SERVICES	1.02	1.41	2.38	2.01	2.07	2.14	2.20
OPERATING RESULTS	0.20	0.12	1.34	0.92	1.08	1.07	1.10
NET CURRENT RESULT	0.00	0.17	1.02	0.47	0.69	0.79	0.94
NET CURRENT CASH FLOW	0.15	0.50	1.54	1.02	1.19	1.29	1.44

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

The decline in the results stems from a two months shutdown for maintenance and, more importantly, from taxes being paid, as all capacity for tax losses carried forward has been exhausted.

We have included a contribution from the Hidronorte Group, supposed to be equity consolidated, at the level of 'net current result'.

CASH RESERVE

Property is not considered strategic for Sapec. Non-operating real estate assets have been progressively disposed of, and should be seen as a cash reserve. Year 2000 disposals represented EUR 5.7m, including EUR 0.8m capital gains.

Sapec's large property portfolio, located in Portugal and in Spain, has a long history, and consists mainly of plots of land.

	EUR M
SAPEC BAY (PORTUGAL)	13.5
OTHER PORTUGAL	4.2
SPAIN (THARSIS 100%)	4.3
TOTAL	22.0

SOURCE: COMPANY DATA - END OF JUNE 2001

The largest property asset is the so-called Sapec Bay project, with a EUR 13.5m book value. This large land reserve of 1.2 million m² of constructible area out of a total of 1.9m m² total – located 40 km to the South of Lisbon – is about to be developed into an industrial park, and is being sold off patch by patch. Sapec's commitment to this project is limited to providing the land, while a local property developer will construct the necessary road and infrastructure systems. The proceeds will be shared on a 50/50 basis, either using a calculation based on a model lot, or by some other formula. If completed, hopefully in the coming two to three years, we understand that substantial capital gains might be booked, as the market value could be at least twice the book value. A first contract was signed with a view to servicing for plots of 230,000 m². Marketing will commence in 2001. This contract should bring more than EUR 7m income to Sapec.

IN PORTUGAL AND SPAIN

Another important part of Sapec's property portfolio is located in Spain, through Tharsis (66.8% affiliate). It concerns mainly 7,000 ha of forested land, as well as some office buildings in Madrid. The total book value is EUR 4.3m, with a likely market value at least twice as high.

ONE THIRD OF MARKET CAP

Although it is not strategic, non-operating property is a key valuation element with a book value of EUR 22m, or about EUR 18m net of dedicated debts. This represents as much as one third of Sapec's market cap. And this does not take into account possible capital gains.

TIMELY DISPOSALS

OTHER

Saptec sold its two IT services Portuguese affiliates in 1999 and in 2000, booking a combined EUR 7.2m capital gain on the EUR 13.7m proceeds. Prologica, a PC distributor, was sold in mid-1999. Not a bad timing. The company also sold its non-controlling shareholding in the Portuguese joint venture with Cap Gemini, to this partner in March 2000, following the latter exercising a call option. In a full year consolidation, both affiliates contributed around EUR 1.2m to Saptec's net current profit.

Saptec still owns a 5.75% stake in the Belgian company **Zetes**, which specialises in automatic identification technology. This company offers barcode printers and readers across Europe, as well as providing mobile computing for data transmission and processing. Zetes was expected to be brought to the public by the end of 2000. This has not happened because of unfavourable market conditions. Zetes' turnover rose from EUR 50m to EUR 80m in 2000, leading to an EBITA of EUR 5.9m (+11%) and a net profit of EUR 1.2m. Saptec's book value for its stake in Zetes is EUR 5.91m. This gives a total value of EUR 103m for 100% of Zetes. In view of its results and of the present climate for technology shares, we have some doubts about this figure.

RESULTS

ANNUAL RESULTS

(EUR M)	1997	1998	1999	2000
SALES	502.0	534.5	420.3	401.5
EBITDA	16.6	20.2	17.9	15.2
EBIT	11.2	13.0	11.1	9.2
FINANCIAL RESULT	(6.2)	(5.3)	(3.5)	(3.7)
EXTRAORDINARY RESULT	3.8	(1.1)	15.8	6.8
TAXES	4.7	3.0	2.8	4.1
NET PROFIT (GROUP'S SHARE)	7.0	4.3	20.4	8.9
NET CURRENT PROFIT	3.6	5.8	5.4	3.5

SOURCE: FORTIS BANK EQUITY RESEARCH

Sales figures do not represent a very useful benchmark for assessing Sapec's results, as they encompass a mix of activities offering a very different profitability pattern. For instance, Food Distribution accounted for 75% of total 2000 sales, but for only 41% of the net current profit and 23% of the net current cash flow.

IRREGULAR RESULT EVOLUTION

We believe it is better to focus either on EBIT or on the net current profit. The four-year period we present in the above table is not an easy one to analyse, considering the number of changes in the consolidation scope. The main one occurred in 1999 with the disposal of the fertiliser activity, which contributed for EUR 3.6m in the net current profit. Another important change happened in 1999-2000 with the disposal of the two IT subsidiaries. At the same time, Sapec expanded its Agrochemical activities in Spain.

All in all, Sapec has not experienced any growth at current levels over the last three years. Food distribution turned around, from -EUR 0.5m to +EUR 2.3m, but Logistics collapsed from +EUR 2.6m to +EUR 0.2m.

IMPORTANT CAPITAL GAINS

The sales of assets, fertilisers, IT affiliates, properties, translated into substantial capital gains and extraordinary profits in 1999 and 2000.

The table below gives the contribution of each division in the net current result after EUR 0.7m goodwill amortisation, as published by Sapec. The bulk of the goodwill amortisation is related to the Agrochemical distribution division.

(EUR M)	1998	1999	2000
FERTILISERS	3.64	(0.25)	-
AGROCHEMICALS	1.26	1.36	1.88
CHEMICAL DISTRIBUTION	0.84	0.79	0.82
LOGISTICS	2.55	1.41	0.15
FOOD DISTRIBUTION	(0.47)	2.45	2.28
INFORMATION TECHNOLOGY	1.39	1.14	-
ENERGY	0.17	1.02	0.47
OTHER	(3.54)	(2.43)	(2.53)
TOTAL	5.84	5.49	3.07

SOURCE: COMPANY DATA

The 'Other' line weighs particularly heavy on total results. It includes costs for the property portfolio management (\pm EUR 0.5m), Tharsis costs (EUR 0.3m), as well as operating charges at the level of the parent company (EUR 3.6m).

2001 HALF-YEAR RESULTS

(EUR M)	H00	H01	YOY CHANGE
SALES	223.74	222.86	(0.4%)
EBIT	5.50	5.74	4.4%
FINANCIAL RESULTS	(1.83)	(3.43)	87.4%
CURRENT PROFIT	3.67	2.31	(37.1%)
EXTRAORDINARY	5.02	7.44	48.2%
NET PROFIT GROUP'S SHARE	7.37	4.30	(41.7%)

SOURCE: COMPANY DATA

STEEP DETERIORATION OF FINANCIAL RESULTS

Sapac published poor half-year results mid-September, with pre-tax current profits declining by 37%. Much of this decline stems from the sharply deteriorating financial results, mainly on the back of higher bank rates – Belgian banks have made money more expensive – but also due to a mix of a change of accounting rules for currency differences, higher amortisation of goodwill and currency hedging being cut.

SUCCESION OF SETBACKS

However the results disappointed also at EBIT level, showing just a modest 4.5% increase. Almost every activity suffered some kind of setback. There were competitive pressures on Agrochemical following the Bayer/Aventis merger in Portugal, there was consolidation in the paper industry for the Chemicals Distribution division to deal with, there was the foot and mouth disease outbreak for the Food Processing Distribution to handle, and the Sotagus port handling project going deeper in the red was a headache for Logistics. Note that Sotagus' negative impact will have totally vanished in full year results, as it will no longer be consolidated as from January 1st in the annual results.

The situation in terms of the bottom line will be saved by the substantial capital gains on property disposal and on Sotagus – although it should be noted that these capital gains have generated a EUR 2.5m deferred tax burden.

OUTLOOK

PROFIT REBOUND IN 2002

The table below summarises our result estimates of net current profit for 2001, 2002 and 2003. Basically, we are anticipating a limited recovery in 2001 current profit, despite loss-making port terminal Sotagus no longer being consolidated. We expect the 1998-1999 record level to be achieved in 2002. The **Agrochemicals** division is clearly expected to be a major driving force behind the sustained growth we anticipate for the whole group. The commercial success of chelate-based products is a key assumption. **Chemical distribution** is expected to recover, from the weak 2001 year, thanks to the new waste management project. **Logistics** will benefit from recently completed new land-based investments, especially as from 2003. The **Food distribution** turnaround will be fuelled by logistic integration, while we anticipate the difficult to predict traditional trading/distribution activity to have stable results, compared to the bad 2001 level. **Energy**'s contribution is expected to gradually increased – to 10% of the total in 2003 – on the back of the recent Hidronorte investment.

We have not included the use of existing cash and of the proceeds from property disposal in our forecast.

On the other hand, the two main growth sources on which we do count – chelate products and waste management activity – still have a lot to prove and should therefore not be taken for granted at this point.

The table below summarises our net current profit forecasts for each division.

(EUR M)	1998	1999	2000	2001E	2002E	2003E
AGROCHEMICALS	1.26	1.36	1.88	2.83	3.39	3.95
CHEMICAL DISTRIBUTION	0.84	0.79	0.82	0.42	0.70	1.00
LOGISTICS	2.55	1.41	0.15	1.20	1.10	1.73
FOOD DISTRIBUTION	(0.47)	2.45	2.28	1.06	1.95	2.11
ENERGY	0.17	1.02	0.47	0.69	0.79	0.94
DISCONTINUED ACTIVITIES	5.03	0.89	0.00	0.00	0.00	0.00
OTHER	(3.54)	(2.43)	(2.53)	(2.61)	(2.18)	(2.18)
TOTAL	5.84	5.49	3.07	3.60	5.74	7.56

SOURCE: COMPANY DATA, FORTIS BANK EQUITY RESEARCH

BALANCE SHEET

(EUR M)	INC. FOOD DIST.	EXCL. FOOD DIST.	INC. FOOD DIST.	EXCL. FOOD DIST.
	END OF 2000	END OF 2000	END OF 2001	END OF 2001
TOTAL EQUITY	92.5	92.5	101.5	101.5
NET FINANCIAL DEBT	82.0	47.2	29.6	6.4
NET FIN. DEBT/EQUITY	88.7%	51.1%	29.2%	6.3%
NET FIN. DEBT/EBITDA	5.4	4.9	1.9	0.6

SOURCE: FORTIS BANK EQUITY RESEARCH

NET DEBT PARTLY ATTRIBUTABLE TO FOOD DISTRIBUTION

The financial debts included EUR 34.8m directly related to the Food distribution division, as at the end of 2000. The latter works with limited equity, and finances its working capital through debt.

As at the end of 2000, Sapec's cash position was EUR 28m: EUR 14.4m of this as cash surplus, and EUR 6.4m with Tharsis.

EUR 11.7m consolidation goodwill, on the balance sheet, consists of EUR 6m for Tradecorp, and EUR 3.5m for Agrides. Consolidation goodwill is amortised over 20 years, leading to amortisation charges of EUR 0.71m per annum.

SHARP CUT IN NET FINANCIAL DEBT

For the fiscal year ending in December 2001, we forecast a significant net financial debt reduction, thanks to property disposal, thanks to port terminal disposals – proceeds and Sotagus' own debt – and thanks to a contraction in working capital for Food Distribution. As a result, net financial debt excluding Food Distribution should have almost disappeared at the end of this year.

CAPITAL AND SHAREHOLDER STRUCTURE

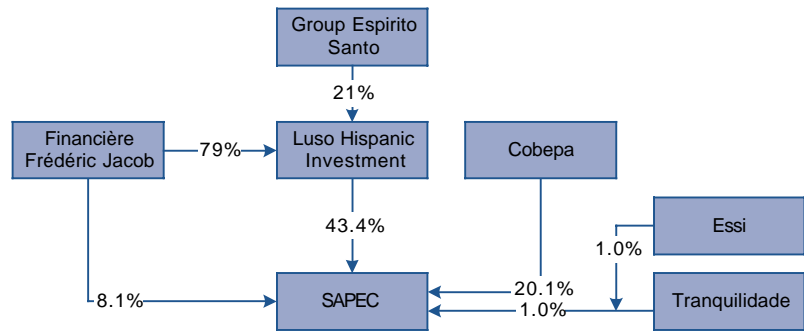
FAMILY CONTROLLED

Sapec is majority controlled by the Velge family, a member of which is the CEO. The second largest shareholder is Cobepa, which acquired a first shareholding, as well as a convertible bond, in 1993. The latter was converted in 1998 at a price of EUR 49.6, leading to a 18.7% shareholding, now 20.1% following the recent own share cancellation. As Cobepa is concentrating its activity on venture capital, we do not believe that it is going to remain a stable shareholder for long.

On the other hand, the group Espirito Santo, has been a long-term historical shareholder of Sapec.

Sapec bought back its own shares for the first time in 2000. 37,217 shares, or 2.6% of the total outstanding shares, were redeemed at an average price of EUR 45, at the June 2001 annual general meeting. Since then, Sapec has acquired additional shares, representing about 1% of the outstanding shares.

SHAREHOLDER STRUCTURE



SOURCE: COMPANY DATA

P&L STATEMENT (EUR M) YEAR TO	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
NET SALES	-	-	455.9	502.0	534.5	420.3	401.5	410.6	421.5	432.7
OTHER INCOME	-	-	3.9	3.9	6.6	6.1	7.8	7.9	8.1	8.4
PERSONNEL COSTS	-	-	(22.8)	(28.4)	(35.0)	(33.2)	(19.4)	(32.9)	(33.7)	(34.6)
OTHER OPERATING COSTS	-	-	(419.2)	(461.8)	(485.8)	(375.3)	(374.7)	(369.9)	(376.2)	(385.1)
EBITDA	-	-	17.7	15.7	20.2	17.9	15.2	15.8	19.7	21.4
DEPRECIATION	-	-	(4.4)	(4.7)	(6.6)	(6.6)	(5.7)	(4.7)	(5.9)	(6.0)
EBITA	-	-	13.3	11.0	13.6	11.3	9.5	11.1	13.7	15.5
REPORTED PROVISIONS	-	-	(1.0)	(0.7)	(0.6)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)
AMORTIZATION	-	-	(0.2)	(0.2)	(0.2)	(0.4)	(0.7)	(0.8)	(0.8)	(0.8)
EBIT	-	-	12.2	10.1	12.8	10.7	8.5	10.1	12.7	14.4
NET FINANCIALS	-	-	(8.0)	(6.2)	(5.3)	(3.5)	(3.7)	(4.4)	(4.1)	(3.1)
PROFIT BEFORE TAXES	-	-	4.1	3.9	7.5	7.2	4.8	5.7	8.6	11.3
TAXES	-	-	(2.7)	(0.9)	(1.6)	(1.7)	(1.7)	(2.3)	(3.3)	(4.2)
INCOME FROM ASSOCIATES	-	-	0.0	0.0	0.0	0.0	(0.0)	0.1	0.3	0.5
MINORITIES	-	-	(0.6)	(0.6)	(0.3)	(0.5)	(0.3)	(0.8)	(0.6)	(0.8)
NET PROFIT BEFORE EXTRAORDINARIES	-	-	0.9	2.5	5.6	5.0	2.8	2.8	5.0	6.8
EXTRAORDINARY ITEMS	-	-	(8.0)	3.6	(1.3)	15.4	6.1	10.4	0.0	0.0
NET REPORTED PROFIT	-	-	(7.1)	6.1	4.3	20.4	8.9	13.3	5.0	6.8
% CHANGE IN SALES	-	-	-	10.1	6.5	(21.4)	(4.5)	2.3	2.6	2.7
% CHANGE IN EBITDA	-	-	-	(11.6)	28.8	(11.1)	(15.3)	4.1	24.3	9.0
% CHANGE IN EBITA	-	-	-	(17.4)	23.2	(16.5)	(15.9)	17.0	23.3	12.6
% CHANGE IN PBT	-	-	-	(5.8)	92.1	(4.4)	(33.1)	19.4	50.1	31.9
% CHANGE IN NET PROFIT EX. EXTR. & AMORT	-	-	-	188.4	128.8	(10.2)	(44.4)	1.5	75.3	36.4

CASH FLOW STATEMENT (EUR M)	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
EBITDA	-	-	17.7	15.7	20.2	17.9	15.2	15.8	19.7	21.4
CHANGE IN PROVISIONS EXCL. TAX PROV.	-	-	4.3	12.2	(4.3)	(8.0)	0.0	0.0	0.0	0.0
CHANGE IN NET WORKING CAPITAL	-	-	7.5	(7.6)	3.2	(18.8)	(10.7)	13.3	(4.4)	(5.3)
GROSS OPERATING CASH FLOW	-	-	29.5	20.2	19.1	(8.8)	4.5	29.1	15.3	16.1
TAXES PAID	-	-	(2.7)	(0.9)	(1.6)	(1.7)	(1.7)	(2.3)	(3.3)	(4.2)
CAPEX	-	-	(6.0)	(21.1)	(17.7)	(9.4)	(26.2)	(13.5)	(7.5)	(10.5)
FREE CASH FLOW	-	-	20.7	(1.7)	(0.1)	(19.8)	(23.4)	13.3	4.5	1.4
NET INTEREST RECEIVED	-	-	(8.0)	(6.2)	(5.3)	(3.5)	(3.7)	(4.4)	(4.1)	(3.1)
OTHER	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ACQUISITIONS	-	-	0.0	0.0	0.0	(14.4)	(11.4)	0.0	0.0	0.0
DIVESTMENTS	-	-	0.0	6.6	4.9	35.1	13.4	37.9	5.7	8.3
SHARE ISSUES/BUYBACKS	-	-	0.0	0.0	4.9	0.0	(2.0)	(2.7)	0.0	0.0
DIVIDEND (ADJ. STOCK DIVIDEND)	-	-	(1.4)	(1.4)	(1.8)	(2.0)	(2.2)	(2.3)	(2.4)	(2.5)
EXTRAORDINARY ITEMS (AFTER TAX)	-	-	0.0	0.0	0.0	0.0	6.1	10.4	0.0	0.0
CHANGE IN INTEREST-BEARING DEBT	-	-	(21.0)	22.9	(2.2)	(12.6)	26.7	(35.0)	(4.0)	(4.0)
CHANGE IN CASH & CASH EQUIVALENTS	-	-	(9.6)	20.2	0.4	(17.3)	3.5	17.2	(0.3)	0.1

BALANCE SHEET (EUR M)	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
INTANGIBLE FIXED ASSETS	-	-	2.8	2.9	2.9	6.5	14.7	14.0	13.2	12.5
NET TANGIBLE FIXED ASSETS	-	-	71.3	91.0	96.1	65.5	84.2	55.2	51.1	47.3
FINANCIAL FIXED ASSETS (FFA)	-	-	3.3	2.3	5.7	11.7	8.4	8.4	8.4	8.4
INVENTORIES	-	-	43.5	60.9	50.2	56.7	73.8	62.8	63.2	64.9
TRADE DEBTORS	-	-	49.7	57.8	57.8	38.9	34.7	33.7	37.9	41.1
OTHER DEBTORS	-	-	7.8	11.8	11.8	24.9	11.6	11.6	11.6	11.6
CASH & SECURITIES	-	-	12.7	14.4	21.5	14.2	28.0	45.4	45.4	45.9
TOTAL ASSETS	-	-	191.0	241.1	246.0	218.3	255.5	231.0	230.8	231.7
SHAREHOLDER'S EQUITY	-	-	54.5	56.4	68.4	80.3	85.7	94.0	96.6	100.9
OTHER EQUITY	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MINORITIES	-	-	10.0	9.8	8.1	7.2	6.8	7.5	8.1	8.9
PROVISIONS	-	-	5.6	17.8	13.5	5.6	5.6	5.8	6.1	6.4
LONG-TERM INTEREST BEARING DEBT	-	-	23.3	16.5	21.8	13.5	28.7	20.0	19.0	18.0
SHORT-TERM INTEREST BEARING DEBT	-	-	51.9	81.6	74.0	69.8	81.3	55.1	52.1	49.1
TRADE CREDITORS	-	-	26.0	44.1	36.9	23.8	25.7	27.3	28.1	28.1
OTHER NON-INTEREST BEARING LIABILITIES	-	-	19.7	23.6	23.3	18.2	21.8	21.3	20.9	20.5
TOTAL LIABILITIES & CAPITAL	-	-	191.0	249.8	246.0	218.3	255.5	231.0	230.8	231.7
ENTERPRISE VALUE (EV)	-	-	113.8	148.5	157.2	131.4	147.2	84.0	80.5	76.7
NET DEBT	-	-	62.5	83.7	74.4	67.1	82.0	29.6	25.6	21.1
CAPITAL EMPLOYED INCL. GOODWILL (AVG.)	-	-	129.4	143.0	157.7	154.6	161.0	150.1	128.3	128.5
CUMULATIVE GOODWILL	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EMPLOYED (AVG.)	-	-	64.7	143.0	157.7	154.6	161.0	150.1	128.3	128.5
NET WORKING CAPITAL	-	-	55.3	62.9	59.7	78.4	72.7	59.4	63.8	69.1
DISCOUNTED VALUE OF LEASES	-	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADJUSTED EQUITY	-	-	54.5	56.4	68.4	80.3	85.7	94.0	96.6	100.9

PER SHARE DATA (EUR.)	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
AVG. NO. OF SHARES (M)	-	-	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
BOY. NO. OF SHARES (M)	-	-	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
BOY. NO. OF SHARES (FULLY DIL.M.)	-	-	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4
ENTERPRISE VALUE (EV)	-	-	86.05	112.29	110.53	92.41	103.51	60.84	58.37	55.62
NET DEBT LESS FFA PLUS MINORITIES	-	-	52.34	68.91	54.01	45.41	56.51	20.84	18.37	15.62
SALES	-	-	344.67	379.53	375.86	295.61	282.36	297.57	305.41	313.57
EBITDA	-	-	13.41	11.85	14.19	12.62	10.68	11.46	14.25	15.52
EBITA	-	-	10.08	8.32	9.53	7.96	6.70	8.07	9.96	11.21
EBIT AFTER AMORTIZATION	-	-	9.21	7.63	9.00	7.53	5.99	7.35	9.19	10.45
NET PROFIT BEFORE EXTR.&AMORT.	-	-	0.78	1.99	4.08	3.82	2.47	2.61	4.16	5.48
NET PROFIT BEFORE EXTRAORDINARIES	-	-	0.64	1.86	3.95	3.55	1.97	2.06	3.62	4.93
CASH FLOW	-	-	4.11	5.52	8.74	8.48	6.46	5.99	8.45	9.79
GROSS DIVIDEND	-	-	1.02	1.09	1.29	1.41	1.54	1.63	1.73	1.83
BOOK VALUE	-	-	41.22	42.65	48.07	56.47	60.28	68.12	70.01	73.11
ADJUSTED EQUITY	-	-	41.22	42.65	48.07	56.47	60.28	68.12	70.01	73.11
FREE CASH FLOW	-	-	15.69	(1.27)	(0.09)	(13.95)	(16.45)	9.65	3.28	1.02
% CHANGE IN EPS BEFORE EXTR.&AMORT.	-	-	-	188.39	112.84	(10.23)	(44.39)	4.62	75.32	36.42

VALUATION	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
P/E (X)	-	-	44.7	19.8	12.6	12.4	18.2	15.4	9.6	7.3
P/CF (X)	-	-	8.5	7.1	5.9	5.6	6.9	6.7	4.7	4.1
P/BOOK	-	-	0.8	1.0	1.2	0.8	0.8	0.6	0.6	0.6
DIVIDEND YIELD (%)	-	-	2.9	2.8	2.5	3.0	3.4	4.1	4.3	4.6
EV/SALES (X)	-	-	0.3	0.3	0.3	0.3	0.4	0.2	0.2	0.2
EV/EBITDA (X)	-	-	6.4	9.5	7.8	7.3	9.7	5.3	4.1	3.6
EV/EBIT (BEFORE AMORTIZATION) (X)	-	-	8.5	13.5	11.6	11.6	15.5	7.5	5.9	5.0
EV/EBIT (AFTER AMORTIZATION) (X)	-	-	9.3	14.7	12.3	12.3	17.3	8.3	6.3	5.3
EV/CAPITAL EMPLOYED (X)	-	-	1.8	1.0	1.0	0.8	0.9	0.6	0.6	0.6
EV/CE (INCL. GOODWILL) (X)	-	-	0.9	1.0	1.0	0.8	0.9	0.6	0.6	0.6
SHARE PRICE - HIGH (EUR.)	-	-	39.4	46.6	61.5	58.5	51.8	-	-	-
SHARE PRICE - LOW (EUR.)	-	-	29.8	33.7	43.5	35.8	38.5	-	-	-
SHARE PRICE - AVERAGE/CURRENT (EUR.)	-	-	34.86	39.30	51.52	47.31	44.84	40.00	40.00	40.00
SHARE PRICE - YEAR END CURRENT (EUR.)	-	-	33.71	43.38	56.52	47.00	47.00	40.00	40.00	40.00

CAPITAL EFFICIENCY/SOLVABILITY	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
SALES/CE (INCL. GOODWILL) (X)	-	-	3.5	3.5	3.4	2.7	2.5	2.7	3.3	3.4
SALES/FIXED ASSETS (X)	-	-	6.4	5.5	5.6	6.4	4.8	7.4	8.3	9.1
SALES/NET WORKING CAPITAL (X)	-	-	8.3	8.0	9.0	5.4	5.5	6.9	6.6	6.3
INVENTORIES/SALES (DAYS)	-	-	34.8	44.3	34.3	49.2	67.1	55.8	54.8	54.8
TRADE DEBTORS/SALES (DAYS)	-	-	39.8	42.0	39.5	33.8	31.6	29.9	32.9	34.7
TRADE CREDITORS/SALES (DAYS)	-	-	20.8	32.0	25.2	20.6	23.3	24.3	24.3	23.7
CAPEX/DEPRECIATION (%)	-	-	136.2	451.4	266.5	141.3	461.3	289.1	126.7	176.5
EQUITY/TOTAL ASSETS (%)	-	-	28.5	22.6	27.8	36.8	33.5	40.7	41.9	43.5
NET DEBT/EQUITY	-	-	114.6	148.3	108.8	86.0	95.7	31.5	26.5	20.9
INTEREST COVER (X)	-	-	1.4	1.4	1.9	2.2	1.7	2.1	2.6	3.6
DIVIDEND PAYOUT (%)	-	-	159.2	58.8	32.6	39.8	78.1	79.1	47.8	37.2
ROCE (AVERAGE,%)	-	-	6.5	5.6	6.5	5.5	3.7	4.4	6.5	7.4
ROCE (INCL. GOODWILL) (AVERAGE,%)	-	-	3.3	5.6	6.5	5.5	3.7	4.4	6.5	7.4

OPER. EFF. & PROFITABILITY RATIOS	1994	1995	1996	1997	1998	1999	2000	2001E	2002E	2003E
SALES PER FTE EMPLOYEE ('000S)	-	-	454.5	380.0	394.4	516.4	467.4	451.3	476.2	494.0
WAGE COSTS PER FTE EMPLOYEE ('000S)	-	-	22.8	21.5	25.8	40.8	22.6	36.8	38.1	39.5
EBIT PER FTE EMPLOYEE ('000S)	-	-	13.3	8.3	10.0	13.9	11.1	12.5	15.5	17.7
GROSS MARGIN (%)	-	-	17.2	17.1	19.6	21.7	15.2	21.5	22.2	22.5
EBITDA MARGIN (%)	-	-	3.9	3.1	3.8	4.3	3.8	3.9	4.7	5.0
OPERATING MARGIN (%)	-	-	2.7	2.0	2.4	2.5	2.1	2.5	3.0	3.3
NET MARGIN (%)	-	-	0.3	0.6	1.1	1.4	0.9	1.0	1.4	1.8
TAX RATE (%)	-	-	65.7	21.8	21.0	23.4	35.7	39.6	38.0	37.3

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