

Ciba Investor Seeks More Time to Weigh BASF's Bid

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By Antonio Ligi*

Bestinver Gestion, the biggest shareholder in Ciba Holding AG, asked Swiss authorities to extend the deadline for BASF SE's 3.45 billion-franc (\$3.1 billion) bid because it may undervalue the Swiss dye maker.

The offer will likely expire Oct. 28, seven days before Ciba is scheduled to report earnings that may show "a substantial improvement," according to a letter sent to the Swiss Takeover Board by Bestinver, a copy of which was obtained by Bloomberg News. The Madrid-based investment company held 11.06 percent of Ciba as of Sept. 29.

BASF's offer of 50 francs a share, which was accepted by Ciba's board, fails to reflect the drop in prices of oil derivatives, the Swiss company's main raw materials, Bestinver said in the letter. Basel-based Ciba has a value of between 80.4 francs and 87.5 francs, based on discounted cash-flow analysis using company forecasts, Bestinver said.

"Selling prices have increased about 6 percent, I guess, but that is just a short-term improvement in the current environment," said Helvea analyst Martin Flueckiger. "If the takeover doesn't succeed, the share price of Ciba would fall to 20 francs in the current environment."

Bestinver said Ciba shareholders need more information because some analysts estimate the company's value at 33.5 francs to 37.9 francs and the discrepancy hasn't been explained. Ciba declined 52 centimes, or 1.1 percent, to 45.68 francs in Zurich.

The Swiss company will add plastics, coatings and water-treatment products to BASF's range of specialized chemicals. Chief Executive Officer Juergen Hambrecht has shifted BASF toward businesses which are less tied to economic swings.

Best Option

Ciba's management has said 2008 sales in local currencies will increase, according to Bestinver, with selling price rises starting to improve. All products would see price increases, some in excess of 20 percent, Ciba said on May 30.

BASF remains confident at least 66.7 percent of the shares will be tendered in time, spokesman Michael Grabicki said. He declined to make further comments.

"The board backs the management, but for the decision it had also to take into account the extreme uncertainties and volatility of the market and the coming structural changes in the chemical industry," said Ciba spokesman Dominik Marbet. "In that contest, it compared the offer of BASF with a stand alone strategy and reached that decision."