

Bestinver catches the tobacco merger wave

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A welcome offer. Yesterday morning, Imperial Tobacco confirmed its interest in Altadis, much to Bestinver's delight. The French-Spanish tobacco manufacturer's share price skyrocketed following rumblings of a possible takeover bid, rising by over 16% at Thursday's close of trading. Acciona's fund manager's knack of being in the right place at the right time paid off.

Bestinver holds a large stake in the company involved in this fledgling deal, the majority through its Spanish equity fund, with 8% of its assets (€80 million) invested in Altadis. The company has long been one of Bestinver's top five picks, along with Mapfre and Acerinox.

Now, with this possible merger of equals, Bestinver will unwind its position, obtaining juicy capital gains. Over the past five years Altadis' share price has been below €30. The premium being offered by Imperial alone (€45/sh) is 15% higher than the share price at the close of trading on Wednesday (€38.9/sh).

Bestinver will also come out winning, albeit to a slightly lesser extent, thanks to its mixed Spanish fund, which holds a 4% stake (€4 million) in Altadis. And it will also be smiling thanks to the stake it holds through its Spanish equity fund in Logista, a subsidiary of Altadis, which saw its share price climb 16% on Thursday.

Bestinver's knack of uncovering companies which are undervalued on fundamentals or which are under threat of corporate activity has seen Acciona's fund manager involved in recent transactions, such as Aldeasa, where it held a 5% stake, which was eventually acquired by Autogrill and Altadis. So what will be the next deal?