

11 March 2014

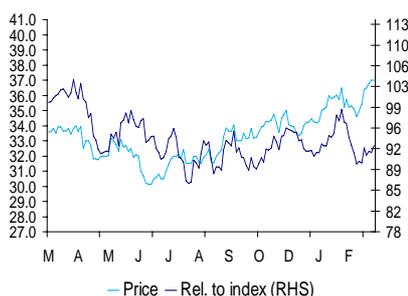
ATENOR

Atenor floats to the top

REAL ESTATE INVESTMENT & SERVICES
BELGIUM

CURRENT PRICE €37.00
TARGET PRICE €40.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Reuters Datastream

Bloomberg	ATEB.BB
Reuters	ATEO.BR
www.atenor.be	
Market Cap	€ 194.3m
Shares outst.	5.3m
Volume (daily)	€ 66,626
Free float	52.7%

Next corporate event

General Assembly 14: 25 April 2014

(€ m)	2013	2014E	2015E
Sales	110.0	80.0	140.0
REBITDA	24.1	23.9	44.6
Net earnings	12.0	13.3	35.3
Adj. EPS (€)	2.29	2.53	6.73
P/E (x)	14.3	14.7	5.5
EV/REBITDA	13.3	8.1	4.4
FCF Yield	-49.4%	7.0%	18.3%
Dividend yield	6.1%	5.4%	5.7%

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Atenor's well-performing projects, maturing development pipeline combined with an increased liquidity and profitability lead to a reduced risk profile. In combination with the good CF generation ahead, we stick to Accumulate and up our TP from €37 to €40.

Portfolio is making good progress:

Yesterday, Atenor hosted an analyst meeting in which management clarified the FY13 results and provided a view on the potential performance of the development pipeline in the upcoming years.

The FY13 results outperformed expectations on three levels: The UPsite apartments' sales kept a high pace, construction works at Trebel evolved very well and the pre-sale of apartments in Namur exceeded expectations.

Going forward, the company's strategy will remain largely unchanged. On the one hand, Atenor intends to respond to the urbanisation via the construction of apartment buildings, while on the other hand, it will keep on developing sustainable, well-located and high-quality offices. Maintaining the current portfolio composition of approx. 50/50 offices/residential, is thereby no goal. However, focus will be on increasing asset and hence capital rotation.

Atenor's portfolio stands at a peak of 12 projects (and the South city hotel). 8 out of 12 are currently in the commercialization phase, while this amount is expected to increase to 11 out of 12 during the year.

Next to UPsite, Trebel and Port Du Bon Dieu, we therefore expect contributions from the office project Air, pre-leased to BDO and located in Luxembourg, and from the residential projects: Au fil des grands prés (Belgium), La Sucrerie (Belgium) and Les Brasseries de Neudorf (Luxemb.). Brussels Europe and Vaci Greens could provide positive surprises.

Management believes that it is attaining a high efficiency, as the current peak pipeline could be executed with the team in place. Hence, overheads are assumed to be diluted, while the freeing up of invested equity in Romania and Hungary, via asset disposals, could trigger financial cost reductions.

We see increased CF generation and reduced risk profile ahead:

We reiterate our positive stance on Atenor for the coming years. The built up development pipeline is starting to pay off. Our updated model therefore reflects EPS growth from €2.29 in FY13 to €2.53 in FY14. However, this should not necessarily translate into an immediate DPS increase. The €2.00 p.s. will definitely find support, but management reiterates its view of a prudence rather than volatility. We therefore believe that the strong expected results in the upcoming years could trigger a steady increase of 0-5% by FY15.

Conclusion: Provided the strong cash generation ahead, we updated our DCF model. This points to a forward fair value of €40.4 p.s. Hence, we increase our TP from €37 to €40 and stick to our Accumulate rating.