

ATENOR

1H19 Results: Net profit up 11.7%

REAL ESTATE INVESTMENT & SERVICES
BELGIUM

CURRENT PRICE € 68.60
TARGET PRICE € 57.00

HOLD
RATING UNCHANGED

Income statement: Atenor reported an 11.7% increase in consolidated net profit to € 6.3m in the first half of 2019 (HY18: € 5.64m). Over 1H19, Atenor recorded € 31.9m of revenues from ordinary activities (HY18: € 45.68m), driven by the sale of residential apartments, such as The One for a total of € 17.62m, revenues earned from the sale in futures state of completion of the BuzzCity project (€ 4.55m), and lease revenues from projects such as the Hermes Business Campus for a total of € 8.04m. The operating result came in 17.4% higher at € 13.21m, while the net financial result decreased 39.5% to € - 5.54m as a result of higher financial charges as a result of an increase in the group's average net debt. Atenor intends to maintain its dividend policy.

Balance sheet: The net debt position increased 24.6% to € 415.6m. The increase is mainly due to the net increase in Stocks, mainly financed by the bond issue in two tranches of € 60m last April. The assets held for sale rose c. 13.8% to € 522.43m over the first half of the year.

Portfolio update:

The one: All apartments and the two shops of the residential part on the ground floor have been sold. The office part was sold to Deka in December 2018.

City Dox: The construction works relating to phase 2 started recently. The office building's lease rate is currently 64%, while the marketing of the "free" part already has a pre-sale rate of 60%.

Victor: According to the master development plan, the project would be reduced to 91k sqm.

CNN: The project is expected to start in 2021.

Les Berges de L'Argentine: Renovation works on the street-front offices have finished. The second phase (22k sqm housing) has been revised in order to meet the requirements of the municipal council.

Bords de Seine 2: A building permit was obtained in July 2019. The promise to purchase for the plot must be exercised in February 2020.

Am Wehrhahn: The launch of the works is postponed to early 2020 due to the busy construction market. The supermarket lease has been signed.

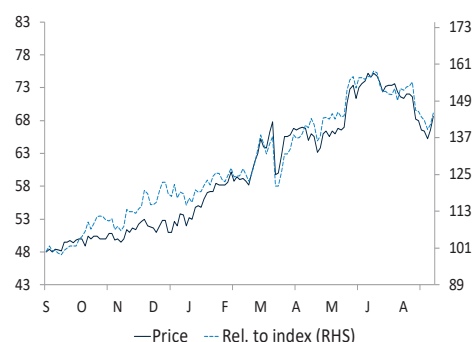
Vaci Greens: After the leasing and sale of the first 4 buildings, Atenor has started the construction and marketing of the last two buildings. The F building is 55% pre-leased. Atenor has reached an agreement for the sale of the 5th building to a Hungarian private fund set up by MEFG Zrt.

Hermes Business Campus: Buildings have been fully leased and contribute c. € 10m lease revenues per year.

Dacia One: The new construction has been leased by virtue of a ten-year lease contract.

Our View & conclusion:

Atenor saw a significant increase in its net debt position. However, with the sale of the 5th Vaci Green building and given the pipeline of upcoming developments and deliveries, we are confident that Atenor will be able to keep its leverage under control. In total Atenor holds 27 projects in their portfolio for a total of 1.2m sqm. We maintain our Hold rating and increase TP from € 56 to € 57.



Source: Thomson Reuters Datastream

Bloomberg ATEB.BB
Reuters ATEO.BR

www.atenor.be

Market Cap	€ 386.3m
Shares outst.	5.8m
Volume (daily)	€ 197,857
Free float	52.0%

Next corporate event

Results 3Q19: 14 November 2019

€ m	2018	2019E	2019E
Sales	85.9	105.6	
REBITDA	44.8	76.6	
Net earnings	35.2	48.6	
Adj. EPS (€)	6.03	8.33	
P/E (x)	8.1	8.2	
EV/REBITDA	13.4	9.6	
FCF yield	0.0%	12.4%	
Dividend yield	4.3%	3.2%	

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