21 September 2020

Initiation of coverage

Atenor

Building the future

Hold (initiating coverage)

Price (17/09/20)
€59.20

Target price (12-mth)
€60.80

Forecast total return
2.7%

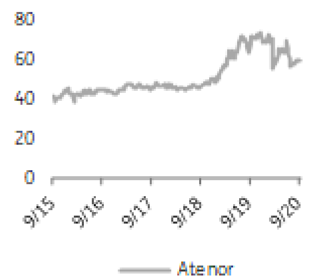
Real Estate
Belgium
Bloomberg: ATEB BB
Reuters: ATEO.BR

Share data

Avg daily volume (3-mth)	5,232
Free float (%)	62.3
Market cap (€m)	416.7
Net debt (1F, €m)	597.6
Enterprise value (1F, €m)	1,014.3
Dividend yield (1F, %)	4.1

Source: Company data, ING estimates

Absolute share price performance



Source: SIX

Atenor is a Belgian property developer with a focus on large office projects. Management has a strong track record and ambitious IRR target higher than 15%. Our estimates point to a 27.2% 2020-22F operating revenue CAGR and 20.2% EPS CAGR. However, given the higher leverage vs peers, the likely slowdown due to Covid-19 and 51% premium to book value (developers peers' median at 44%) we initiate our coverage with a HOLD rating and a €60.8 target price. Positive news on authorisations and project disposals might provide the right visibility to drive the stock upward.

Atenor is a real estate developer specialised in large complex office projects (71% of its portfolio). Belgium is an important market for the group (c.30% of the portfolio) that has accelerated its geographical diversification since 2017. Excellent management track record, solid relations with local authorities, understanding of complex permitting processes and longstanding partnerships with European institutions are its salient traits.

Ambitious but achievable IRR, with some risk. Atenor targets a 15% IRR with a gross margin of at least €400/sqm (extending to €800/sqm for certain projects). We believe these ambitions are achievable, with our estimates pointing to a 2020-22F CAGR of 27.2% for revenue and 31.8% for the net result. However, we highlight: (1) the debt level attached: 1.89x net debt/equity ratio (after the recent capital hike) that is expected to rise to 2.15x in 2020, high compared to peers; (2) a degree of uncertainty about delivery timing, which might lead to swings in the results. Typical for a developer but amplified by the Covid-19 crisis, which might slow down the authorisation process for building permits; and (3) exposure to the office segment, which is facing the double impact from the Covid-19 economic crisis and increased working from home.

Fair multiples. The price to book value shows a 51% premium vs developers peer group median at 44%, capturing Atenor's larger pipeline and ambitions. Developers in our analysis trade at a 2020F PER of 24.9x and EV/EBIT of 25.8x. Atenor is trading at a respective 10.1x and 18.5x. We believe that Atenor's lower earnings multiples price in some uncertainty around the evolution of projects. Given the higher leverage, the likely slowdown due to Covid-19 and the premium to book value we initiate the coverage with a **HOLD** rating and a €60.8 target price. To value Atenor we use an SOTP valuation that includes €36.6 NAV and €24.2 NPV of the value creation up to 2026F.

Atenor: Key financials and metrics

Year-end December	2018	2019	2020F	2021F	2022F
Gross margin (%)	74	70	77	76	88
EBITDA margin (%)	45	50	44	48	52
EBIT margin (%)	46	49	43	47	52
EPS adj. (€)	6.48	7.08	5.88	10.03	12.29
PER (x)	7.2	9.2	10.1	5.9	4.8
DPS (€)	2.20	2.31	2.42	2.54	2.66
Dividend yield (%)	4.7	3.6	4.1	4.3	4.5
Net earnings margin (%)	35.3	35.2	30.6	36.2	39.2

Source: Company data, ING estimates

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Investment summary

Atenor is a real estate developer specialised in large complex office projects. It has three major strengths: (1) unrivalled relationships with the local authorities of cities; (2) understanding of complex permitting processes; and (3) consolidated relationships with European institutions, for which Atenor has developed all the main buildings in the centre of Brussels.

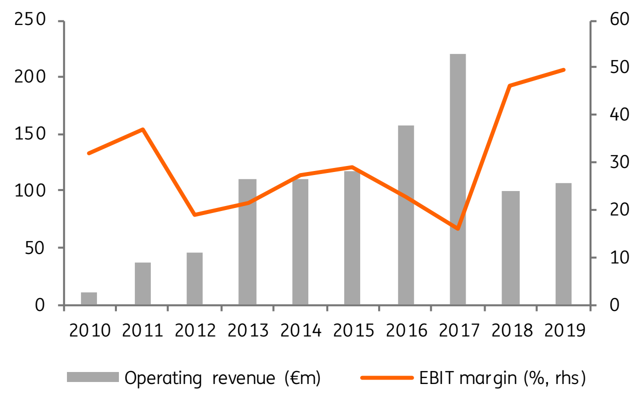
The group targets a 15% IRR with a gross margin of at least €400/sqm (extending to €800/sqm for certain projects). We believe these ambitions are achievable but we highlight the high debt level attached and a degree of uncertainty about the delivery timing, which might lead to swings in the results.

On PER and EV/EBIT, Atenor looks cheaper than peers. However, given the higher leverage, the likely slowdown due to Covid-19 and its premium to book value (51% premium vs the developers peer group median at 44%), we initiate our coverage with a **HOLD** rating and a €60.8 target price.

The group is active across the entire real estate development process from identifying and acquiring locations, obtaining building permits, development of a project and its sale, but has no direct involvement in the construction phase. Atenor has a strong track record in large scale projects with a focus on offices (71% of its portfolio). Geographical diversification accelerated from 2017 and the group now has projects in Luxemburg, Paris, Düsseldorf, Warsaw, Lisbon, Den Haag in addition to Brussels. Entry into a new market is driven by the economic growth prospective of the region as well as the probability of obtaining building permits rapidly. This is key to reducing the duration of each **project, from an average of 6 years (reported in 2016) to 4.5 years (expected at the end of 2021/22).**

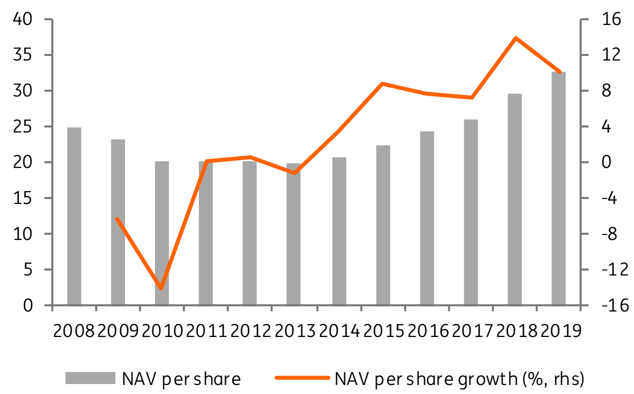
Relationships and a constant dialogue with the local authorities of cities expressing the willingness to develop their cities are particularly important for Atenor, especially major large scale projects with complex urban planning.

Fig 1 Operating revenue and EBIT margin comparison



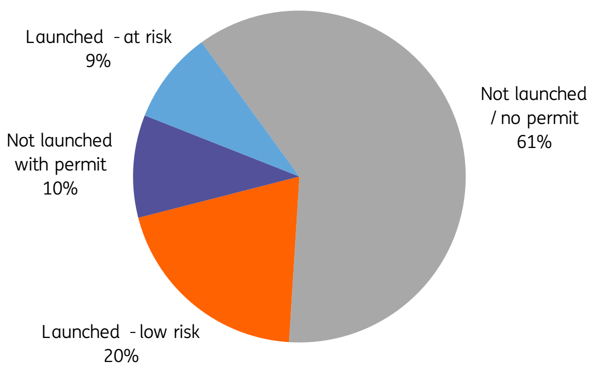
Source: Company data

Fig 2 NAV per share evolution



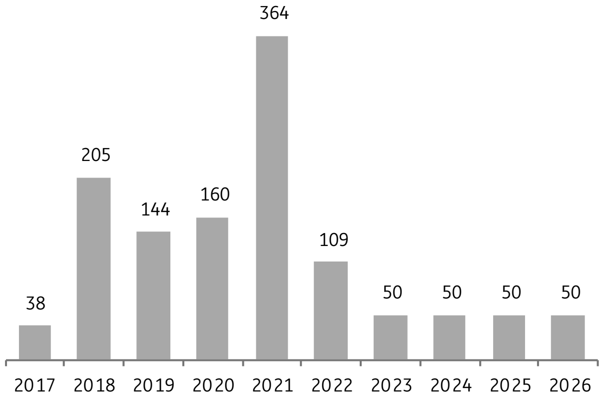
Source: Company data

Fig 3 Diversification by stage of development



Source: Company data

Fig 4 Evolution of sqm under development (000sqm)



Source: Company data

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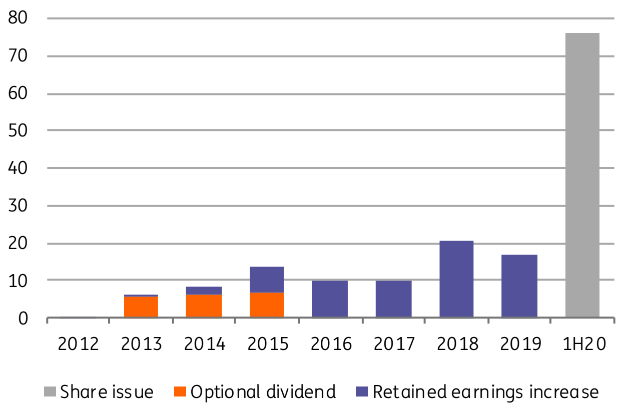
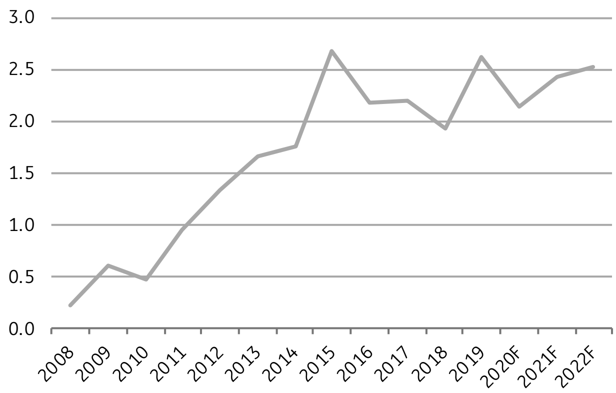
While Atenor has no covenants on its debt, the group has established an internal 'safety' rule that targets to keep the value of equity and long-term debt (permanent capital) higher than the value of lands acquired.

Fig 5 Equity increase and retained earnings (€m)



Source: Company data

Fig 6 Net debt/equity ratio 2008-22F for Atenor (x)



Source: Company data, ING estimates

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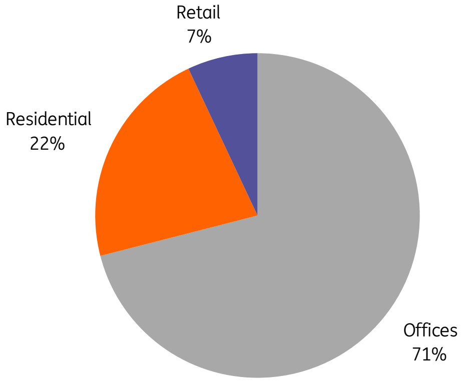
Company presentation

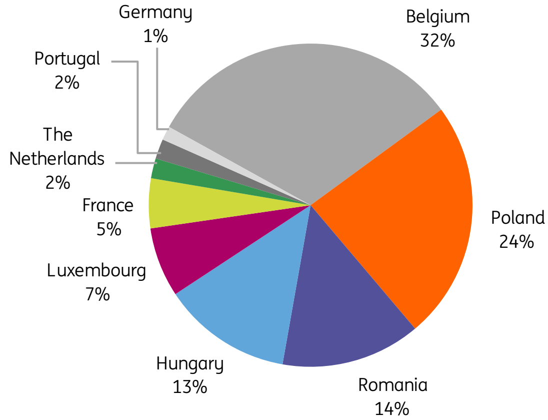
Atenor is an urban real estate developer active since 1991. The group invests in large scale pieces of land for property projects with a focus on the office (71% of its portfolio) and residential segments (22%). The group is active across the entire real estate development process from identifying and acquiring locations to development and sale, but has no direct involvement in the construction phase.

Fig 7 Portfolio split by function on the area



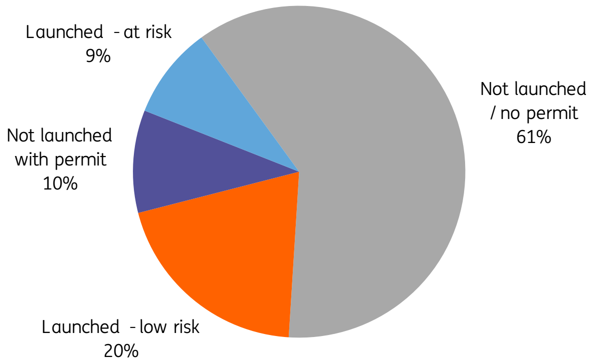
As at 30 June 2020
Source: Company data

Fig 8 Portfolio split by country on the area



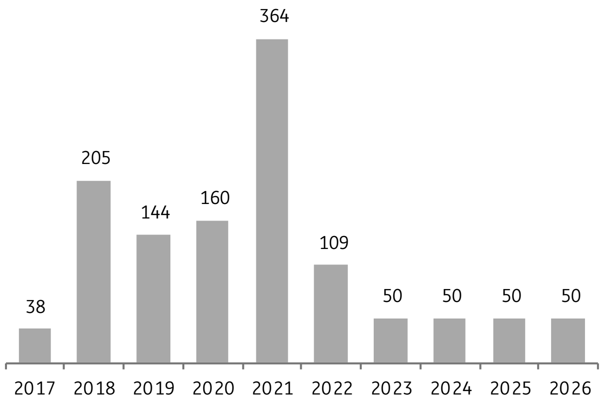
As at 30 June 2020
Source: Company data

Fig 9 Diversification by stage of development



Source: Company data

Fig 10 Evolution of sqm under development (k sqm)



Source: Company data

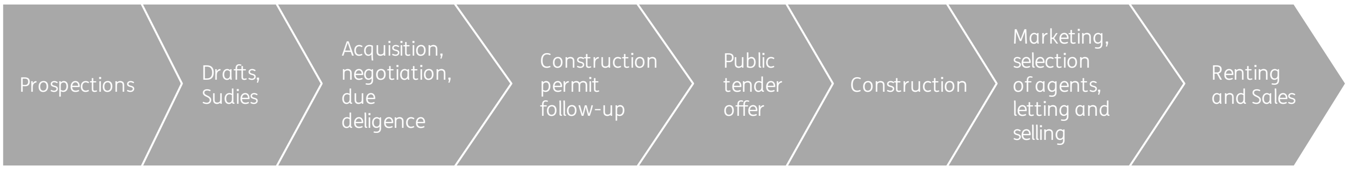
Geographical expansion accelerated since 2017

Historically, the group's activity focused on the Brussels office segment, especially in the European District. Atenor entered the Luxemburg area in 1991. In 2008, just before the financial crisis, Atenor expanded its activity into Budapest and Bucharest. Geographical diversification has accelerated from the 2017-22 business plan, with new projects in Paris (2017), Düsseldorf (2018), Warsaw (2018) and, more recently, Lisbon (2019) and Den Haag (2020).

Economic growth of the region and fast building permits are a key factor for Atenor

Entry into a new market is mainly driven by the economic growth prospective of the region as well as the possibility of obtaining building permits rapidly. This is key to reduce the duration of each project, from an average of 6 years (reported in 2016) to 4.5 years (expected at the end of 2021/22). Relationships and a constant dialogue with the local authorities of cities (politicians, administration and advisors) expressing the willingness to develop their cities, are particularly important especially for major largescale projects with complex urban planning.

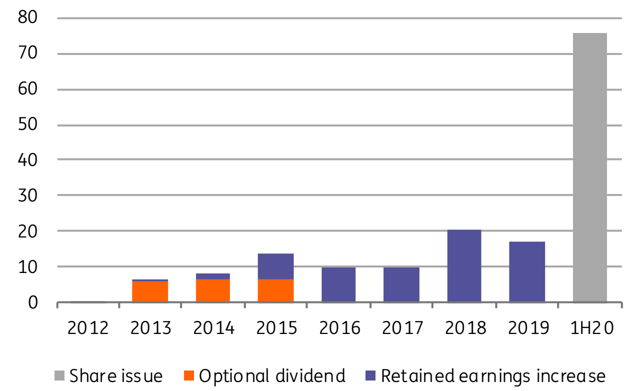
Fig 11 Project stages



Source: Company data: dd

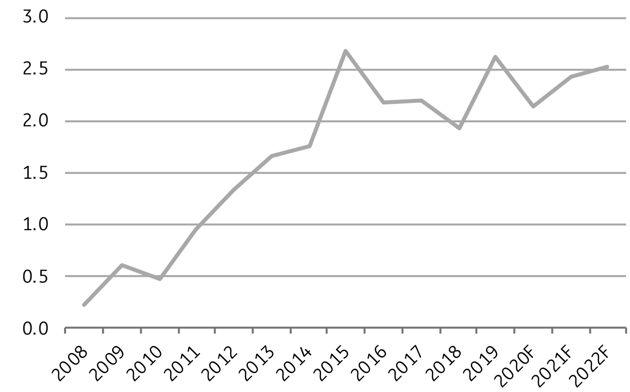
Atenor's activity typically starts with the scouting for an interesting location, be it greenfield or brownfield (with obsolete buildings to be demolished). Once the analysis and due diligence is done, Atenor buys the land and will immediately focus on the permissioning and authorisation phase. This is usually the longest phase in the entire development cycle. It takes from 6 months to 2-3 years, depending on the city and the complexity of the project. As soon as the construction works begin, Atenor starts the sale phase. All the projects in its portfolio are intended to be sold. Construction works last on average 20/25 months but can reach 40 months, for the biggest or most complex projects.

Fig 12 Equity increase and retained earnings (€m)



Source: Company data

Fig 13 Net debt/equity ratio 2008-22F for Atenor (x)



Source: Company data

Capital hike is an exception rather than the rule for Atenor

Atenor has shown it is able to successfully navigate the past financial crisis with no major financing problems, dealing with delayed commercialisation of certain projects. The group uses its permanent capital (equity + LTD) to acquire the land and finance the construction phase. Construction can typically be financed by a sales or pre-sales agreement. The €77.5m capital hike recently finalised can be considered more an exception rather than the rule for Atenor, as no capital hikes have taken place over the past 10 years and retaining earnings represents the established major source of financing (beyond debt). Optional dividends were used during 2013, 2014 and 2015 and stopped in subsequent years. We believe the company should reconsider this option going forward to further strengthen the financial structure, considering its high net debt/ equity of 1.89x (debt to asset ratio of 56x vs developer peers in our analysis at 41x).

A rich pipeline of high IRR projects

29 development projects currently in Atenor's portfolio

The portfolio of projects under development grew rapidly from 18 in 2017 (equal to 600,000sqm) to the current 29, for a total area of 1,270,000sqm under development and already developed. The highest level in the company's history.

This portfolio enlargement guarantees a healthy diversification from a geographical standpoint as well as from a temporal standpoint: each project is at a different stage of the development cycle, thus spreading the typical development risks over the years. The main economic indicators common to each project are:

- An IRR of at least 15%

- A gross margin of at least €400 per sqm (extending to €800 per sqm for certain projects).
- An ROE higher than 15% (in line with the average reported by projects over the past five years).

Atenor applies more stringent assumptions to office projects

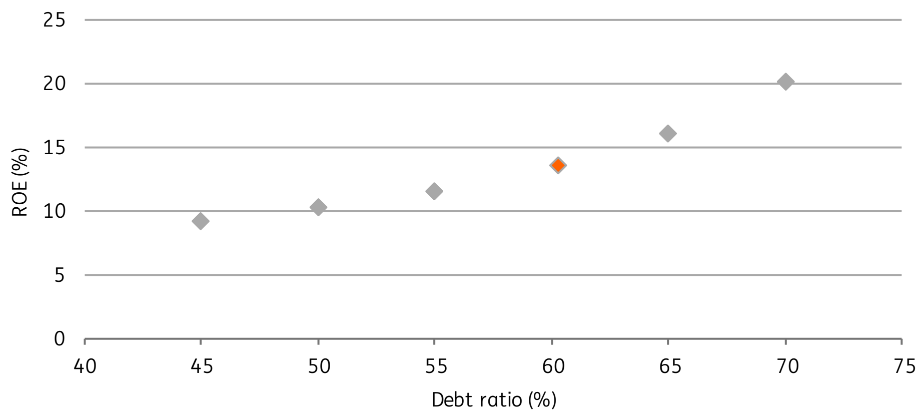
These are very ambitious targets but we stress the strong management track record in achieving (and several times beating) these metrics, the very disciplined approach over risk control, the strong relationships with authorities (crucial to obtaining building permits) and the efficient sale process that starts as soon as the development phase begins. We stress also the importance of debt load towards a high ROE performance (see Figures 14 and 15). We start from our 2020F estimates that point to a debt ratio of 60% and a ROE of 13.5%. It is clear that leveraging the financial structure up to a 70% debt ratio would see ROE top at 20%. On the other hand, deleveraging to a 45% debt ratio, ROE would stand at 9%.

Fig 14 ROE sensitivity analysis to change in debt ratio

	Change in debt ratio (%)					
	-15	-10	-5	ING 2020F	+5	+10
Debt ratio (%)	45.0	50.0	55.0	60.3	65.0	70.0
Total Assets (€m)	992	992	992	992	992	992
Net Debt re-calc (€m)	446	496	546	598	645	694
Adj. net result attributed to SH (€m)	40	39	38	37	37	36
Adj. total equity to SH re-calc (€m)	429	379	328	276	228	177
ROE based on 2020F ending (%)	9.2	10.2	11.6	13.5	16.0	20.2

*Debt ratio calculated by dividing net debt by total assets
Source: ING estimates

Fig 15 ROE sensitivity analysis to change in debt ratio



Source: ING estimates

Well consolidated relationships with European Commission and Belgian public administration

An important point in favour of Atenor is the established relationship with the European Commission, one of several historical counterparts for Atenor. Figure 16 shows that Atenor built some of the main buildings that are currently owned by the European Commission and European Parliament in the centre of Brussels. Relationships with Belgian public administrations are also well established, with 54,000sqm rented/sold space over recent years (40,000sqm related to Upsite projects and 14,000sqm in Mons).

Fig 16 Atenor's projects built in the European Quarter

Source: Company data

Project authorisation delays might lead to result postponements

The Covid-19 lockdown had a negligible impact on the overall delivery timeframe. A few projects reported momentary stoppages due to building site closures but management is confident that delays will be easily recovered. However, discussions with local authorities related to permit approvals have slowed due to administrative delays. Atenor typically sells projects before their completions but having received all the proper projects authorisations is an essential prerequisite for including sales proceeds in the results. As a consequence, some projects results might be postponed from 2020 to 2021 and from 2021 to 2022.

Project highlights

Fig 17 Project highlights

	Sector	Project	Covid-19 update	Start of works	End of works
Belgium					
The One	**Residential, office and retail**	**European District, Brussels.** A flagship project for Atenor. In 2005, Atenor purchased the Crowne Plaza Brussels Europa hotel and neighbouring land plot in order to develop a large mixed property complex with 29.5k sqm of offices and 10k sqm of residential units. The ONE was sold in 2018 to DEKA Immobilien and Atenor retained the commercialisation of the building. The office portion is entirely rented to the European Commission and 100% of residential units were sold in 2017 and 2018.	18-year usufruct agreement signed with the European Commission	Aug-15	1Q19
Realex (90% Atenor - 10% Kingslex)	**Office and retail**	**European District, Brussels.** Project involves the construction of a building of 114m height and total floor area of c.44.7k sqm of office and retail.	Permit application amended in August 2020 to include recommendations of the impact study (completed in February 2020). 24k sqm of conference centre will be added.	2021	2024
City Dox	**Residential**	**Canal area, Anderlecht.** Project involves 150k sqm of new buildings, including more than 900 residential units, senior housing (already sold), shops, integrated business services (IBS), a service residence, a school and spaces for productive activities.	Construction and marketing of phase 2 (includes 181 residential units) resumed after lockdown. 97% of apartments have been sold. Phase 3 initial permit application for 171 residential units is under valuation. The architectural competition for the creation of a school and residential complex (phase 4) is in progress.	2016	2025
Victor (50% Atenor - 50% BPI)	**Offices, residential and retail**	**Opposite the South Station (Gare du Midi), Brussels.** Project involves 94k sqm of offices, retail and residential units. It fits the "living station" concept. Standing in the immediate vicinity of the biggest station in the country, the aim of Victor is to favour collective mobility, replacing intensive use of the car in the urban environment.	Project reworked to fit into the main lines of the "Midi" PAD project. It should be subject to a public enquiry soon, permissions are currently under discussion.	1H22	1H26
CCN (33% Atenor - 33% Axa - 33% AG RE)	**Offices, residential and retail**	**Schaerbeek and St Josse districts, next to the Gare du Nord station.** Project involves the development of 130k sqm of offices, shops and residential units in a district that recently began a significant transformation.	Permit application should be submitted before the end of 2020.	2022	2026
Beaulieu	**Offices**	**Avenue Beaulieu, Auderghem**. Buildings date from 1993 and are currently occupied by the European Commission (with c.€6m annual rent) up to 31 December 2020. The area involves 24.5k sqm of obsolete offices that need substantial renovation once the lease expires.	Atenor is studying a major renovation of these buildings and expects to submit the permit application by the end of 2020. Renovations should start in 2021 and last three years.	2023	2024
De Molens (50% Atenor - 50% 3D RE)	**Residential and retail**	**Deinze.** Development of a mixed residential and retail project of 32k sqm.	Application for a build permit was filed in April 2020. Delivery of the final authorisation is expected in 4Q20.	2H20	2024
Les Berges De L'Argentine (80% Atenor - 20% immobilier du Cerf)	**Residential, office and retail**	**La Hulpe.** Development of a mixed project of 30k sqm of residential and office space.	Works are regular as well as the application/ authorisation status.	2H17	2H24
Le Nysdam	**Offices**	**La Hulpe.** Development of a business park of 15.6k sqm.	Building has been finished and already has a 100% occupancy rate. Atenor to sell this asset as soon as market conditions improve.		
Au Fil des Grands Prés	**Residential, office and retail**	**Mons.** Development of a new sustainable district including homes, offices and shops of 78k sqm. Project is divided into two phases. Phase one started in 2015 with the construction of 266 residential units, all sold. Phase two includes the development of 350 residential units and over 14k sqm of offices and local shops.	11.5k sqm of offices already sold at the beginning of 2020 (in future state of completion). The last office building was sold in June.	1Q15	2024
Luxembourg					
Twist	**Residential, office and retail**	**Belval.** Project involves development of mixed-use building of 15k sqm including offices, housing and retail units.	Permit to build the area expected to be obtained before the end of 2020.	3Q20	2023
Square 42	**Offices and retail**	**Belval.** Development of a mixed-use building composed of 20.35k sqm of offices and 1.25k sqm of retail space.	Permit application will be filed in 3Q20 as originally expected.	2021	2026
BuzzCity	**Offices and retail**	**Leudelange.** Project involves the development of an office complex of 16.8k sqm.	Project sold in future state of completion in December 2018 and is generating results that are proportional to the progression of the works. Marketing of the office building is in progress.	2Q19	1H21
Lankelz (50% Atenor - 50% Tracol Immo)	**Residential, office and community facilities**	**Belval.** Project sees mixed development of 12k sqm of offices, 10.4k sqm of retails, 38.9k sqm of residential units and 6,550 sqm of quality public areas and infrastructures including a sports hall and a sports museum.	Project studies have progressed regularly, and the permit application will be filled by the end of 2020. Final authorisation is expected for 2021.	2021	2026

Fig 17 Project highlights

	Sector	Project	Covid-19 update	Start of works	End of works
Netherlands					
Verheeskade (50% Atenor – 50% TBMB)		**The Hague.** This project includes the demolition of the existing obsolete buildings, and the construction of approximately 58k sqm of residential area with a retail space at the ground floor.	Launch of the works potentially in 1Q21 followed by construction and commercialization ended and delivered in 4Q24.	1Q21	4Q24
Paris					
Com'Unity 1 (99% Atenor - 1% HRO)	**Offices**	**Bezons (Paris).** This project was the first for Atenor in Paris. It involved the development of 33.8k sqm of office space very close to La Defence area.	Construction works restarted after a few weeks stoppage that will not affect the delivery date expected for 3Q21. Management expects to reach good occupancy and sell entirely the project.	3Q18	2021
U-Man	**Office and retail**	**Bezons (Paris).** Project aims to develop 23.15k sqm of offices including 2.3k sqm of floor area devoted to service.		2023	2027
Lisbon					
Wellbe	**Office and retail**	Development of a mixed office and shops area of 30k sqm.	Authorisation is expected to be granted at the end of 2020, enabling the marketing phase to start. Beginning of works is expected for Q121	2021	2022
Düsseldorf					
Am Wehrhahn	**Residential and retail**	Project involves the renovation of a supermarket, and a building of 33 residential units and parking spaces of 4.5k sqm in total.	The lease for the supermarket has been completed. Construction works started in April (with a few weeks delay) and should last 21 months. Atenor targets sale the entire project once works are finished.	1Q20	2021
Heindrichstrasse	**Offices**	In the university district, this project involves the construction of an office building of c.14k sqm for which permissions are already obtained.	Launch of the works potentially in 1Q22 and delivery is forecast in 4Q23.	1Q22	4Q23
Warsaw					
University Business Centre	**Offices**	This project will develop 56.8k sqm of offices.	Works confirmed to start in 2021. In the meantime, the two buildings are generating an annual lease income of €2.7m.	2021	2024
Fort 7	**Offices and retail**	This project will develop a mixed office and retail area of 250k sqm.	Discussions with the local authority related to the master plan reported delays due to the health crisis. However, studies on the development of a hotel and of the office have progressed	2021	2029
Budapest					
Vaci Greens	**Offices**	The first project developed by Atenor in Budapest. A long project with 6 office buildings totalling 120k sqm. The first 5 buildings have been successfully sold and presold, while the remaining building was delivered in June 2020.	Works for last two buildings (E and F) are to finish during 2Q20 and 3Q20 with no delays. Building E will be delivered in 3Q20 and has already been sold. Pre-lease rate is 40% for this building. Building F is 70% pre-leased and is on sale.	2Q15	2023
Arena Business Campus	**Offices and retail**	Project in centre of Budapest involves the construction of four office buildings and commercial space of 80k sqm.	Construction of first building completed in April as expected. It is already 15% pre-leased and negotiations are underway for remaining part. Works for the second building have started.	4Q18	1H23
Roseville	**Offices and retail**	Project to develop an office building of 16k sqm.	Permit expected to be obtained before end-2020 and works expected to start in December 2020.	1H20	1H22
Bakerstreet	**Offices and retail**	Project to develop 19k sqm of office and retail space.	Building permit expected by the end of 2020.	4Q20	3Q22
Bucharest					
Hermes Business Campus	**Offices**	A mixed office and retail project of 75.2k sqm. Atenor has already completed the development phase and has successfully leased all three buildings.	Buildings refinanced for €80m in August. Negotiations were in place to sell the complex to an international investor, but discussions slowed due to Covid-19. The buildings are generating a yearly rental income of €10.3m.		
Dacia 1	**Offices and retail**	Project will develop 16.3k sqm of office space.	Works to be finished in 3Q21. Building is 100% pre-leased and is on sale.	4Q18	3Q21
@Expo	**Offices and retail**	Project will develop 54.7k sqm of office space in 2 phases.	Works started in February 2020. A first pre-lease phase has been successfully concluded for 20% of the portion under construction.	1Q20	2Q22
Up-Site Bucharest	**Residential and retail**	Project will develop two glass towers of 29.3k sqm of residential units and 1.95k sqm of retail space.	Construction permit obtained in June 2020. Works will not commence until the pre-sale rate is judged satisfactory.	2Q20	1H23

Source: Company data

Fig 18 The One project in Brussels

Source: Company data

Fig 19 City Dox project in Brussels

Source: Company data

Fig 20 Com'Unity project in Paris

Source: Company data

Fig 21 Arena Business Campus in Budapest - Hungary

Source: Company data

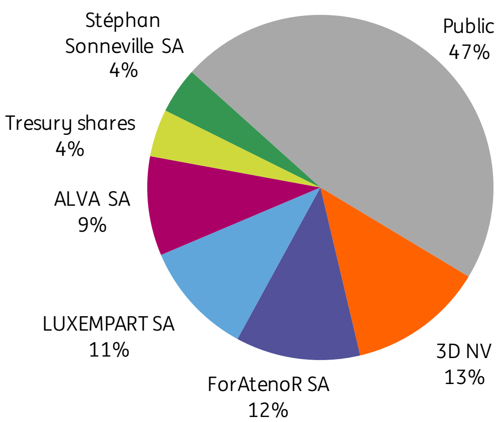
Shareholders and management team

Atenor has a very stable shareholders' structure, represented by Belgian and Luxemburg investment companies and family offices. This stability is expressed through mutual commitments in a shareholders' agreement signed in November 2006 (initially signed in 1997 and renewed every five years), that has been updated in 2016 for an additional five-year period, tacitly renewable for two successive five-year periods.

The executive team is particularly solid. Stéphan Sonneville SA has been CEO since 2005 and a Board Member since 1995. Sidney D. Bens has been CFO since 1997, and three other members of the Executive Committee joined in 2000, 2001 and 2010, respectively. A long-standing team.

Owned shares represent 4% of the capital and are entirely devoted to a stock option plan for employees and some of Atenor's service providers.

Fig 22 Shareholders' structure



As at 17 September 2019
Source: Company data

Financials and estimates

Targets and estimates

Atenor has applied IFRS 15 (revenue from ordinary operations from Contracts with Customers) since January 2018. The core principle is that *"an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services".*

It means that when Atenor signs the sale of a building under construction, the related revenue recognition takes into account the percentage of completion of that building. As a consequence, results are spread over the development period, with smaller percentages in the first years. Hence for an efficient scheduling of a project, it is very important to maintain a consistent flow of projects and results.

To model Atenor we create a detailed timeline for each project, with assumptions regarding the development length, the cadence of sales, IRR and price per sqm, according to the best information provided by the company. We highlight that the average size of the projects in Atenor's pocket is considerable and any delay or postponement in the sale process can lead to significant fluctuations in our estimates. This volatility is very common for a developer and the absence of covenants combined with the possibility to issue short-term, medium- and long-term debt will give Atenor the highest flexibility to manage these swings.

2020 net results seen at the same level of 2019

Atenor's 2020 guidance is the following: "On the basis of the transactions already concluded, Atenor's annual result should amount to at least €20m. Based on contacts in progress, with a view to market and sell projects in portfolio, the 2020 annual result should be comparable to that for 2019. This trend will, where appropriate, be confirmed through our communications over the coming months, as soon as the factors not yet taken into account at this stage have been definitively endorsed."

All in all, Atenor is guiding for an annual result comparable to 2019 results (€38m), if all ongoing transactions are finalized.

Fig 23 Atenor: P&L forecast (€m)

	2019	2020F	2021F	2022F	2020F-22F CAGR (%)
Property rental income	15.6	16.6	15.9	17.2	3.4
Turnover	91.6	104.8	178.9	203.6	30.5
Operating Revenue	**107.2**	**121.5**	**194.9**	**220.8**	**27.2**
YoY change (%)	7.5	13.3	60.4	13.3	
Total property costs	(99.4)	(104.6)	(138.2)	(142.2)	12.7
Operating profit / EBITDA	53.1	53.4	93.2	115.2	29.4
EBITDA margin (%)	49.6	44.0	47.9	52.1	
Operational result (EBIT)	52.9	52.6	92.3	114.2	29.2
EBIT margin (%)	49.3	43.3	47.4	51.7	
Net financial result (ex-fair value changes)	(9.3)	(9.4)	(12.0)	(15.7)	19.1
YoY change (%)	8.1	1.2	27.3	31.2	
Result before taxes	42.9	42.5	80.3	98.5	31.9
YoY change (%)	15.5	-1.0	88.9	22.6	
Total taxes	(5.3)	(5.5)	(9.9)	(12.1)	31.6
Result of the year	**37.8**	**37.2**	**70.6**	**86.5**	**31.8**
YoY change (%)	7.4	-1.5	89.7	22.6	

Source: Company data, ING estimates

Looking at 2020F, we expect revenue to total €121.5m, up 13.3% YoY. Our estimates include a slowdown in the sales process due to Covid-19, with some projects results shifting from 2020 to 2021 and from 2021 to 2022. Focusing on 2020, our estimates are driven by: (1) the forward sale of apartments of the following residential projects: City Dox, The One, Au Fil des Grands Prés, La Sucrerie and Upsite; (2) the sale of the following office projects: City Dox, Vaci Greens and BuzzCity; and (3) the lease revenue from the Hermès Business Campus, University Business Center and the Nysdam buildings.

2021 should be a strong year with a top line up 60.4% YoY to €194.9m thanks to plenty of projects that will start yielding results: spacing from Realex in Brussels, to De Molens residential and retail project in the Flanders region, Les Berges de L'argentine residential and office space in La Hulpe (close to Brussels), Square 42 project in Luxemburg, Am Wehrhah project in Dusseldorf, Roseville and Bakerstreet in Budapest.

2020F operating result (EBIT) is expected to be reasonably stable at €52.6m influenced by the sale of the various residential and office projects mentioned. For 2019-22F, we expect a 29.2% CAGR at operating level.

Below the operating performance we look for €9.4m net financial result (+1.2% YoY), that will gradually increase to €15.7m in 2022F. Taxes are expected to be in the region of 12%, a stable level compared to 2019. All in all, we look for €37.2m net profit in 2020F, up to €70.6m in 2021F and €86.5m in 2022F with a 31.8% three-year CAGR.

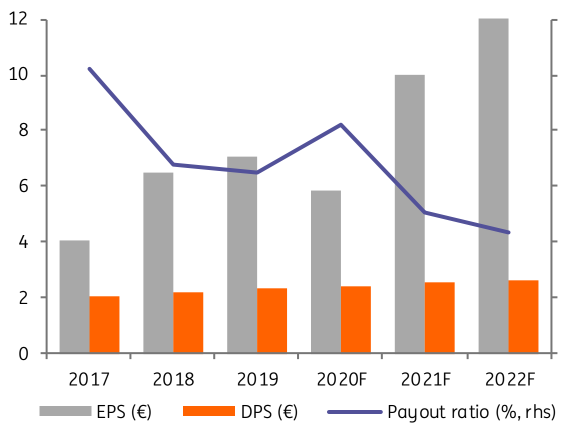
Fig 24 Atenor: EPS, DPS, Dividend yields and payout ratio

	2019	2020F	2021F	2022F	2020F-22F CAGR (%)
EPS (€)	7.08	5.88	10.03	12.29	20.2
DPS (€)	2.31	2.42	2.54	2.66	4.8
Dividend yield (%)	3.6	4.1	4.3	4.5	
Payout ratio (%)	32.6	41.2	25.3	21.6	

Source: Company data, ING estimates

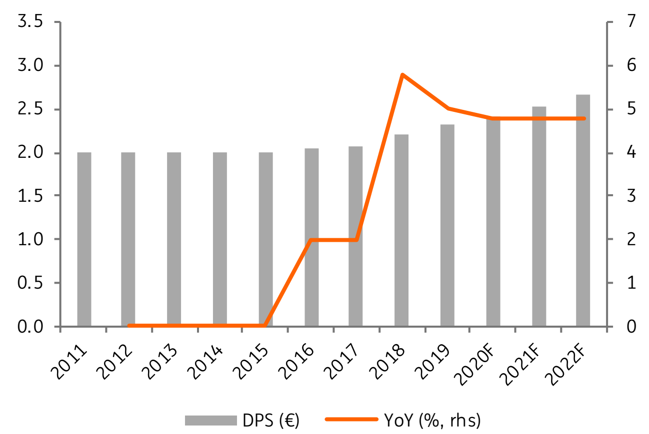
Atenor's dividend policy targets a recurring dividend and yearly growth (no guidance in terms of payout). For 2020 the group targets a dividend of €2.42 (up 4.8% vs €2.31 reported in 2019). Our 2020F estimates are in line with management indications and we expect a cautious growth in the absolute dividend level amount for subsequent years at €2.54 for 2021F and €2.66 for 2022F. We do not look for any payout ratio increase because we feel that Atenor has a prudent approach to the dividend policy, retaining resources to sustain its equity base as it has always done in the past.

Fig 25 2017-22F EPS, DPS and payout ratio



Source: Company data, ING estimates

Fig 26 2011-22F DPS evolution



Source: Company data, ING estimates

Focus on leverage

While Atenor has no covenants on its debt, the group has established an internal 'safety' rule that targets to keep the value of equity and long-term debt (permanent capital) higher than the value of lands acquired. Looking at 2019 results, Atenor reported a permanent capital of €552m (of which €187m equity) vs €450m land value. In 1H20 equity is at €260.3m.

To gain an idea of debt covenants for peers, the covenants for Immobel's EMTN programme 2019 are shown below.

Gearing ratio: If Adjusted gearing ratio* is more than 0.75 to 1 on any reference date the original rate of interest will increase by 1% per annum for the interest period until any subsequent period where the ratio is more than 0.75 to 1. If it is lower, then no change will be there to the interest rate.

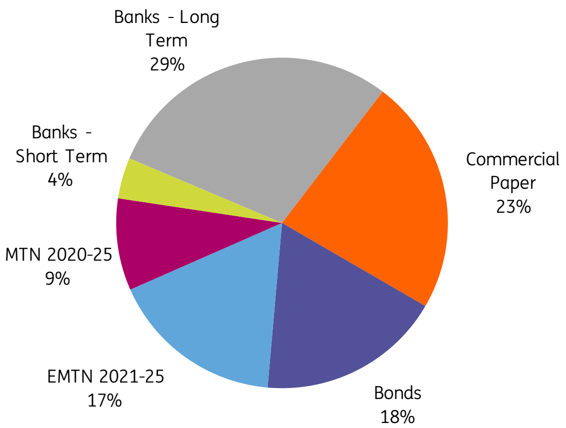
Consolidate equity to be equal or higher than €250m on any reference date.

Inventories/net financial debt ratio on any reference date should be higher than 1.

** Net Financial Debt to the sum of Consolidated Equity and Net Financial Debt*

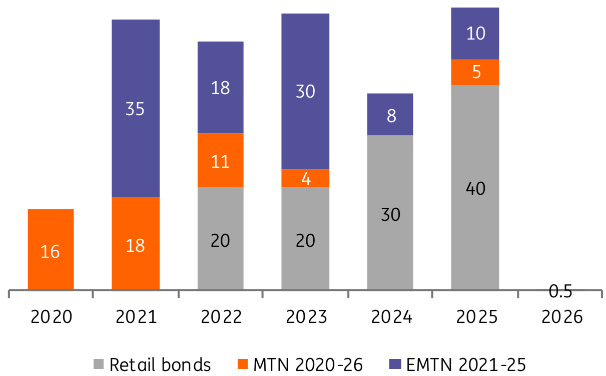
Gross debt of €600m at the end of 1H20 has a balanced mix of commercial papers, bond (two retail bonds issued in April 2019 of 4 and 6 years), MTN (Medium Term Note), EMTN (Euro Medium Term Note) debt as well as long-term bank debt. Weighted average cost of debt is 2.24% in 1H20 (vs 2.37% in 2019). Maturities are spread over 2020 and 2025 in a balanced manner. As done with the debt issued since 2010, Atenor aims to repay the yearly maturities with the proceeds from asset disposals.

Fig 27 Consolidated debt position



As at 30 June 2020
Source: Company data

Fig 28 Debt maturities (€m)



As at 30 June 2020
Source: Company data

Debt metrics have been reinforced with a €77.5m capital hike in June 2020 that took gearing (net debt/equity) down to 1.89x vs 2.15x estimated at end-2020, 2.44x in 2021 and 2.52x in 2022. The capital increase will further sustain the acquisition of urban development projects located in complementary regions where the group is present.

Still on the balance sheet, we highlight that buildings held for sale are classified under "Inventories" that quantify the projects in the portfolio and in the course of development. This item amounted to €666m in 1H20F (+€58m vs FY19) and is expected to move in line with the development works. Main changes in this value are related to the following projects currently ongoing: (1) Vaci Greens, Arena Business Campus (Budapest), Com'Unity (Bezons), @Expo, Dacia, UP-site Bucharest and City Dox (Brussels); and (2) the apartment of Dox, Au Fil des Grands Prés, La Sucrerie projects and the presold BuzzCity and Vaci Greens E office buildings.

Fig 29 2019-22F Balance sheet (€m)

	2019	2020F	2021F	2022F
Total fixed assets	118.7	111.7	112.6	113.5
Inventories	*608.0*	*753.0*	*1,009.3*	*1,272.3*
Curr. trade and other receivables	*54.1*	*85.7*	*87.4*	*89.1*
Cash and cash equivalents	*43.7*	*3.8*	*1.3*	*2.2*
Total current assets	*719.3*	*880.1*	*1,136.3*	*1,402.6*
Total assets	**838.0**	**991.8**	**1,248.9**	**1,516.2**
Total equity	187.0	278.1	330.2	397.4
Total long-term liabilities	423.8	384.8	589.8	789.8
Total short-term liabilities	227.1	328.9	328.9	328.9
Total Equity and Liabilities	**838.0**	**991.8**	**1,248.9**	**1,516.2**
Net debt	**490.1**	**597.6**	**804.5**	**1003.0**
Debt ratio (net debt/assets) (%)	58.5	60.3	64.4	66.2
Net debt/equity (net debt/equity) (x)	2.62	2.15	2.44	2.52
Inventories/net debt (x)	1.24	1.26	1.25	1.27
WC/operating revenue (x)	4.59	4.54	4.14	4.86

Source: Company data, ING estimates

Fig 30 2019-22F Cash flow

	2019	2020F	2021F	2022F
Cash and cash equl. start of year	106.6	43.7	3.8	1.3
Cash from operating activities	(138.6)	(156.2)	(173.7)	(160.6)
Cash from investment activities	3.8	(3.8)	(1.8)	(1.9)
Cash from financial activities	74.1	147.8	173.0	163.5
Cash and cash equl. end of year	43.7	3.8	1.3	2.2

Source: Company data, ING estimates

Main points of attention related to Atenor's cash flow are: (1) cash from operating activities is negative as the company is currently financing the developments ongoing. Many projects are planning to start in 2020F-22F but majority of the sales takes place after 2022. Where the cashflow from operations turn positive. (2) Cash flow from financing is the other side of the coin. During 2020F-22F the investment funding is through new debt, and we estimate the amount in order to reach a nearly neutral CF at the end of each period.

1H20 results

Fig 31 Atenor: Key financials 1H20 vs 1H19 (€m)

	1H19	1H20	YoY (%)
Revenue from ordinary activities	31.9	54.5	71.1
Other operating revenue	8.1	27.8	241.4
Operating results	13.2	27.7	110.0
Financial charges	(5.6)	(5.3)	-6.0
Taxes	(1.5)	(3.0)	106.9
Net result	6.3	19.6	211.6
EPS (€)	1.18	3.69	212.7
Cons. Shareholders' equity	157.7	260.3	65.1
Inventories - buildings held for sale	522.4	665.9	27.5
Net debt	411.4	491.7	19.5

Source: Company data

Overall Atenor reported a good set of results, with few projects regularly sold despite the Covid-19 slow down.

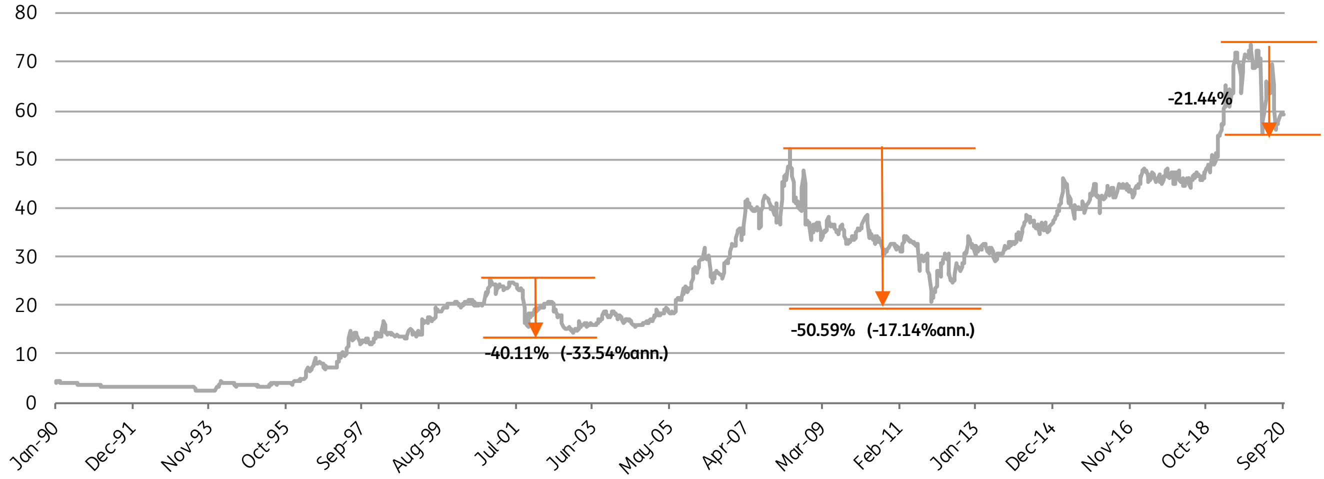
- **Revenue** totalled €54.5m (+71.1% vs 1H19) driven by: (1) residential projects sale (of City Dox, The One, Au Fil des Grands Prés, La Sucrerie) for a total of €12.6m; (2) sales in future state of completion for BuzzCity project, Vaci Greens E project (a total of €31.9m); and (3) lease revenue on the Hermes Business Campus (HBC), University Business Center (UBC) and Nysdam buildings for a total of €7.7m. The line "Other operating revenue" totalled €27.8m on the back of: (1) the disposal of the shareholding in The One Office SA, following the signing by the European Commission of the usufruct agreement on the building (€20.1m); (2) the usufruct receivables on the Beaulieu building (€3.5m) as well as the reinvoicing of service charges and other costs of the leased buildings (for €2.7m).

- **Operating result** was at €27.7m (vs €13.2m in 1H19) on the back of: (1) residential project disposal (€2.9m contribution); (2) €8.6m results related to BuzzCity and Vaci Greens E project; (3) €5.5m rental revenue net of charges of the HBC, UBC and Nysdam buildings; and (4) €14.5m net result relating to the disposal of The One Office.
- **Financial charges** were at €5.3m in 1H20 -6.0% YoY, and the **average cost of debt** was at 2.24% down vs 2.37% reported at 2019. **Taxes** were at €3.0m (up 106.9% vs €1.5m in 1H19) and **net profit** was at €19.6m (+211.6% vs €6.3 reported in 1H19).
- **Net debt** totalled €492m, stable vs €490m reported at the end of 2019. Net Debt/ Equity ratio was down to 1.89x vs 2.64x at the end of 2019, on the back of €76.0m net proceed of the capital increase.

Valuation

Significant drops in the share price can be seen as a result of the past three financial crises. In 2001-03, the share lost c.40% of its value. In the 2008-12 financial crisis c.50% of its share value was lost and in the recent Covid-19 crisis a loss of c.20% has been recorded.

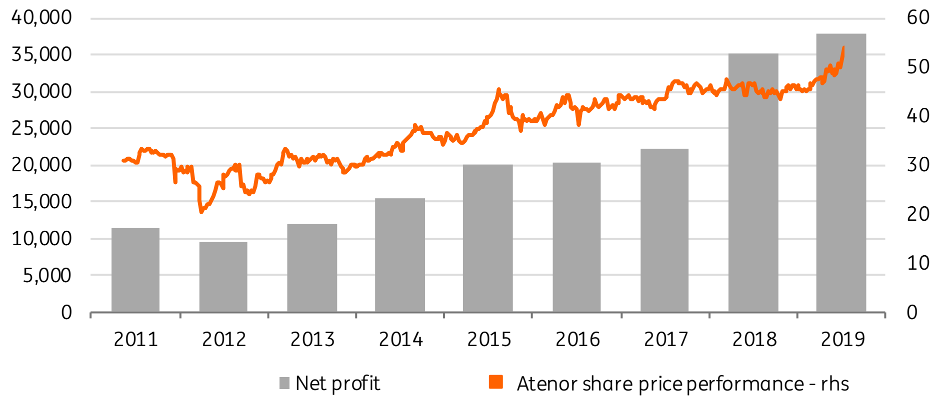
Fig 32 Stock price performance; focus on the last three financial crises



Source: Bloomberg

Since 2011, net profit has shown a constant increase in performance and the price evolution has a good correlation.

Fig 33 Stock price performance and net profit evolution

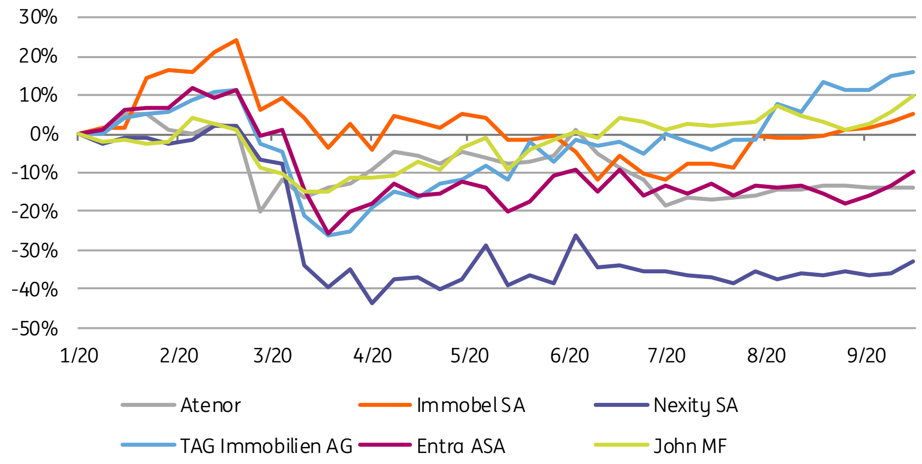


Source: Company data, Refinitiv

To finish our analysis, we point out that Atenor has underperformed 1% over the last month vs the peer group and underperformed 12% over the last 3 months. We feel that the capital hike and a heavy debt structure weighed on the company's performance.

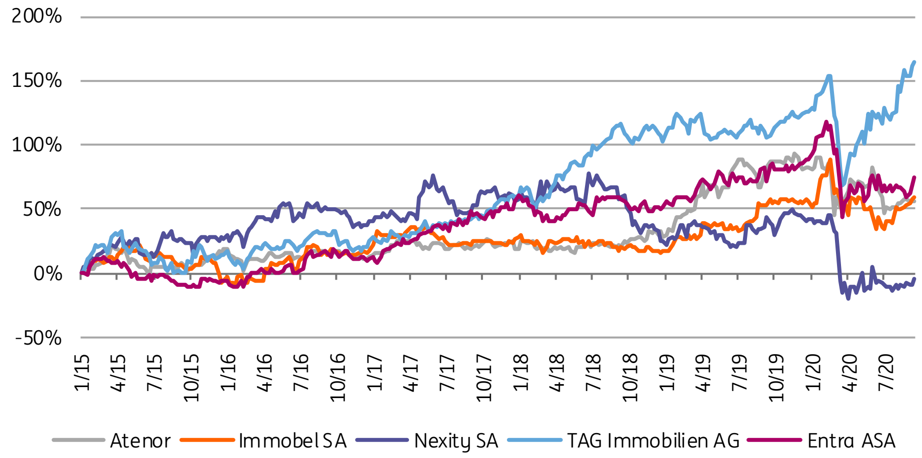
Atenor's share price has dropped 14% to €59.20 since January (c.€69) this year, however the peer group, on average, only fell 2%. Immobel, Atenor's closest peer, dropped in value with the Covid-19 crisis, however, is up 5% in comparison since January. Atenor's price has yet to recover since June.

Fig 34 YTD share performance vs peers



Source: Refinitiv

Fig 35 Last five years share performance vs peers



Source: Refinitiv

Multiples analysis

Immobel is a Belgian group specialised in metropolitan projects and develops mixed real estate with a focus on the residential sector. The group operates Belgium, France, Grand Duchy of Luxembourg, Germany, Poland, Spain.

Nexity, is France's leading group, with business operations in all areas of real estate development and services: spacing from residential real estate to commercial real estate, real estate services to individuals and companies, distribution networks and client relations, major urban projects.

John Mattson owns, develops, manages, and leases commercial and residential properties in Sweden.

Tag Immobilien acquires, develops and manages residential real estate in the metropolitan areas of Hamburg and Berlin, in the Salzgitter and Thuringia/Saxony regions, as well as in North Rhine-Westphalia. Has a presence in Poland as well.

Entra owns, develops, and manages properties in Norway with a focus on offices.

Fig 36 Main peers of Atenor (portfolio as at 2019)

	Atenor (€)	Immobel (€)	Nexity (€)	John M F (SEK)	TAG Immobilien (€)	Entra (NOK)
Recommendation	HOLD	Not Rated	Not Rated	Not Rated	Not Rated	Not Rated
Current Price	€59.20	€69.00	€30.08	SEK158.00	€26.06	NOK132.70
Market Cap (€)	417	690	1,688	512	3,818	2,255
Sub-Industry	Real estate owner & developer	Real estate services	Real estate owner & developer	Real estate owner & developer	Real estate owner & developer	Real estate services
Country	Belgium	Belgium	France	Sweden	Germany	Norway
Business	74% offices 19% residential 7% retail	26% offices 74% residential	81% residential 19% commercial	91% residential 9% commercial*	100% residential	c.100% offices
Geography	34% Belgium 24% Poland 14% Romania 14% Hungary 7% Luxembourg 5% France 2% Germany-Netherlands	53% Belgium 23% Luxembourg 9% France 7% Germany 4% Poland 4% Germany	100% France	100% Sweden	100% Germany	100% Norway
Sites	29	25	c.15,000 units	2,251 units*, c.1,000 units development	84,510 units*, c.5,400 secured developments	89
Countries	8	6	1	1	1	1
Development portfolio (000sqm)	1,200	1,200		171* managed	5,094* managed	1,106* managed 122 development
2019 NAV per share (€)	32.72	48.51	31.12	8.39	16.01	11.56
2019 EV (€)	836	1,088	4,285	632	5,614	4,258

*Denotes the current portfolio only considered, not the development portfolio; share prices as of close 17 September 2020

Source: Company data, Refinitiv

Fig 37 Valuation comparison

	PER (x)			Dividend yield (%)			EV/EBIT (x)			Premium/(discount) to book value		
	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Immobel	17.9	9.2	5.9	3.6	4.4	4.9	22.7	14.1	9.1	44.4	31.6	12.1
Nexity	19.8	11.0	9.0	6.6	7.7	8.2	14.3	12.1	8.6	-14.1	-12.6	-18.8
John M F	51.9	48.5	44.3	n/a	n/a	n/a	56.0	48.9	45.1	72.1	61.7	50.5
TAG Immobilien	13.9	14.9	14.5	3.4	3.5	3.7	12.9	15.4	17.7	46.0	36.0	28.8
Entra	20.8	20.0	17.9	3.6	3.7	4.0	23.0	23.2	21.2	2.2	-0.6	-4.0
Mean	**24.9**	**20.7**	**18.3**	**4.3**	**4.8**	**5.2**	**25.8**	**22.7**	**20.3**	**30.1**	**23.2**	**13.7**
Median	**19.8**	**14.9**	**14.5**	**3.6**	**4.1**	**4.4**	**22.7**	**15.4**	**17.7**	**44.4**	**31.6**	**12.1**
Atenor	10.1	5.9	4.8	4.1	4.3	4.5	18.5	13.2	12.4	51.3	27.1	5.4

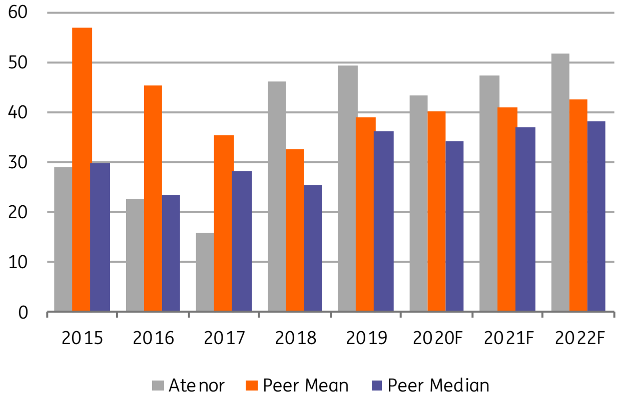
Share prices as of close 17 September 2020

Source: Company data, Refinitiv, ING estimates

Atenor is of a smaller dimension compared to companies in our analysis, which are mainly focused on the residential market. Being exposed to more than our country means that Atenor is closer to Immobel, the main Belgian player with a higher market cap (c.€690m). The two companies are also of a similar size if looking at the portfolio of projects currently ongoing (29 for Atenor and 26 for Immobel, equal to c.1.2k sqm of area to be developed), however, Immobel is highly focused on residential projects, while Atenor is focused on offices.

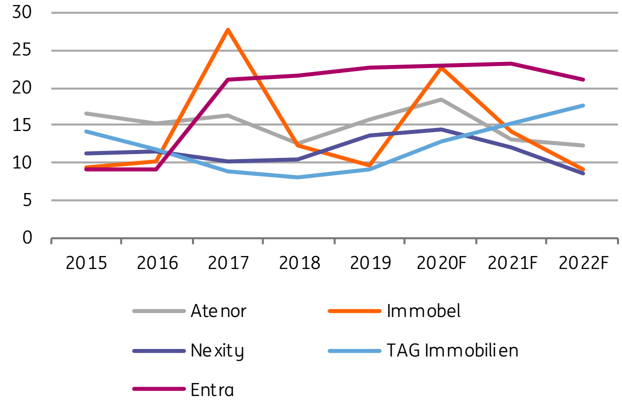
- On PER, Atenor looks cheap. Trading at 10x 2020F PER vs 25x peer average and 18x for Immobel.
- Price to Book value is 51x vs the peer group median at 44x.
- On 2020F EV/EBIT, Atenor trades at 18.5x, lower vs the median value of 22.7x of the peer group. The company becomes cheaper in 2021F and 2022F. Our EBIT analysis (Figure 38), shows that margins for Atenor have improved strongly since 2018 on the back of larger project sizes and entry into new geographies. Since 2018, Atenor's profitability has been persistently higher than the peer group median and average and should continue to outperform peers also looking at 2020F and 2021F.

Fig 38 2015-22F EBIT margin comparison (%)



Source: Company data, Refinitiv , ING estimates

Fig 39 2015-22F EV/EBIT comparison (x)



Source: Company data, Refinitiv , ING estimates

- 2020F dividend yield is at 4.1% vs the peer group average at 4.3%. The payout ratio for 2020F is at 41% for Atenor, compared with 80% on average reported by peers, however, Immobel's payout is also relatively lower at only 64%.

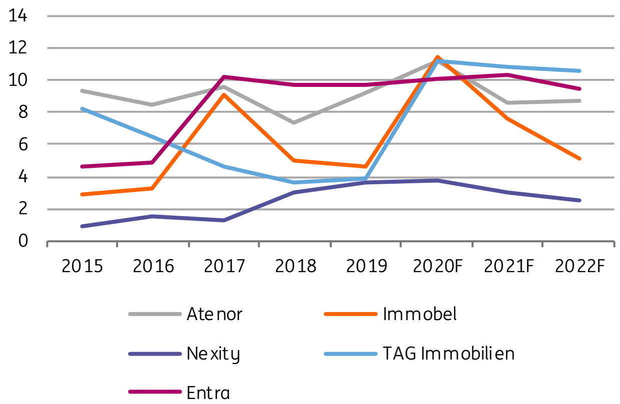
Fig 40 Valuation comparison

	ROE (%)	EPS growth (%)			Net debt/equity ratio (x)			Net debt to asset ratio (%)			Dividend payout (%)		
	2020F-22F	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F	2020F	2021F	2022F
Immobel	17.8	-67.0	94.1	57.8	1.54	1.72	1.82	50.3	56.3	59.6	64.0	40.8	28.4
Nexity	6.1	-47.6	79.6	22.5	0.98	0.97	0.86	20.7	20.5	18.3	131.6	84.9	74.0
John M F	6.2	-42.7	6.9	9.5	1.16	1.18	1.18	53.4	53.9	54.0	n/a	n/a	n/a
TAG Immobilien	8.7	-38.6	-6.7	3.2	1.10	1.12	1.14	45.8	46.5	47.4	47.1	52.8	53.4
Entra	6.1	-60.6	4.4	11.8	0.91	0.94	0.94	40.3	41.6	41.3	75.6	74.5	70.9
Mean	**9.0**	**-51.3**	**35.7**	**20.9**	**1.14**	**1.19**	**1.19**	**42.1**	**43.8**	**44.1**	**79.6**	**63.2**	**56.7**
Median	**6.2**	**-47.6**	**6.9**	**11.8**	**1.10**	**1.12**	**1.14**	**45.8**	**46.5**	**47.4**	**69.8**	**63.7**	**62.1**
Atenor	19.0	-17.0	70.7	22.6	2.15	2.44	2.52	60.3	64.4	66.2	41.2	25.3	21.6

Share prices as of close 17 September 2020
Source: Company data, Refinitiv, ING estimates

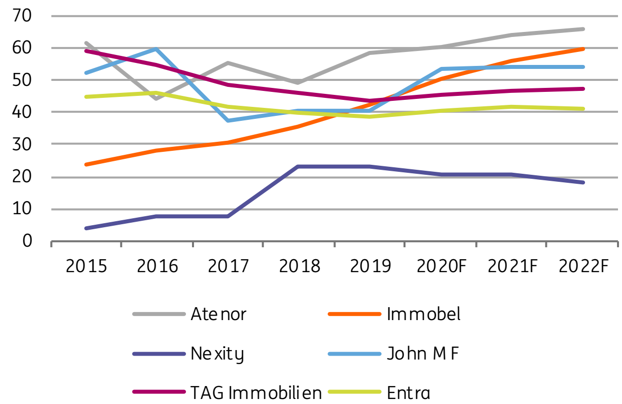
We point out that Atenor's 2020F debt ratio is 60x and is expected to rise to 64x in 2021F. This is a high level compared to peers in our analysis that have a bigger size compared to Atenor. While we appreciate the related higher ROE, we would feel more comfortable with a lower debt-load under the current Covid-19 circumstances and uncertain environment.

Fig 41 2015-22F net debt/EBITDA comparison (x)



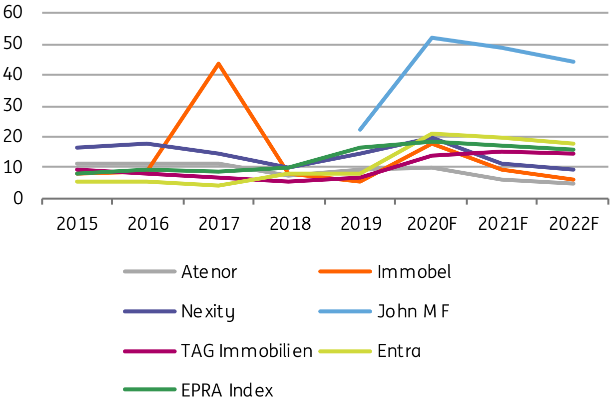
Source: Company data, Refinitiv , ING estimates

Fig 42 2015-22F debt ratio comparison (x)



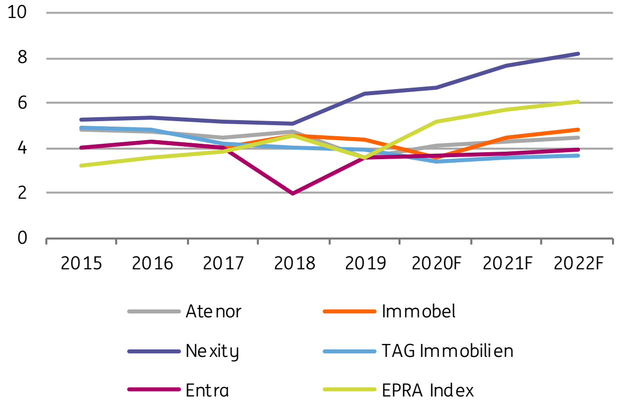
Source: Company data, Refinitiv , ING estimates

Fig 43 PER comparison (x)



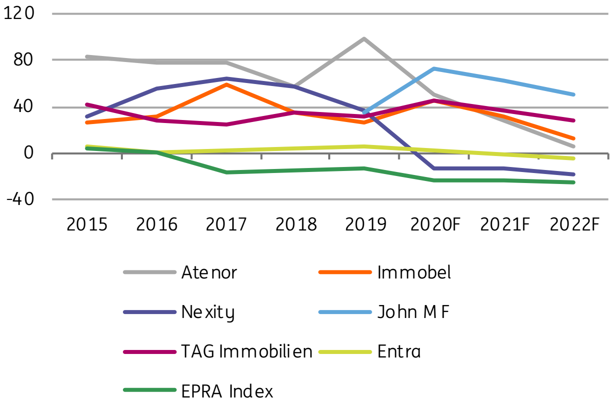
Source: Company data, Refinitiv , ING estimates

Fig 44 Dividend yield comparison (%)



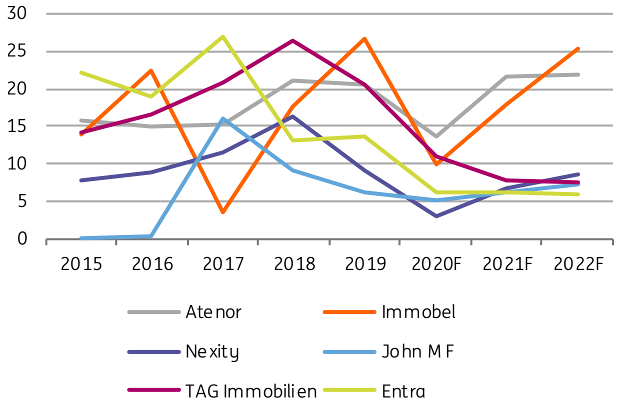
* John Mattson Fastighetsforetag not included
Source: Company data, Refinitiv , ING estimates

Fig 45 Premium/(discount) to NAV comparison (%)



Source: Company data, Refinitiv , ING estimates

Fig 46 ROE comparison (%)



Source: Company data, Refinitiv , ING estimates

SOTP valuation

To value Atenor we use a SOTP valuation that includes €36.6 NAV (60.2% weight) and €24.2 NPV of the value creation up to 2026 (39.8% weight). SOTP valuation is at €60.8 per share. WACC is at 6.0% with target gearing at 50% together with a debt premium of 2.0%.

Fig 47 WACC details

WACC (%)	**6.0**
Cost of Equity (%)	10.2
Cost of Debt (%)	1.8
Equity beta	1.7
Risk Free Rate (%)	1.1
Market Risk Premium (%)	5.5
Debt Premium (%)	2.0

Source: ING

Direct operating results are made up of operating income, total property costs, operational costs excluded of portfolio result, JV/associates and minorities, and taxation. These elements make up the total return for the SOTP valuation. Operating income includes both operating revenue and other operating income. Total property costs includes raw material and consumables used, changes in inventories of finished goods and WIP, employee expenses and other operating expenses.

With a CAGR of 27.2%, for the period of 2020F-22F, operating revenue is estimated based on the growth plan and geographic expansion of Atenor, together with the sales estimates for each project with their timeline and margins. The rental income received also is included in the operating revenue, which is estimated based on past results.

Raw material and consumables used and WIP is assumed based on the percentage of cost estimates for projects. Changes in inventories of finished goods and WIP is based on the amount that is sold in the period. With a CAGR of 27.9%, for the period 2020F-22F the Inventories are assumed to grow to €1.3bn at the end of 2022F. Net Debt to asset ratio is assumed to grow from 58.5% in 2019 to 66.2% in 2022F.

NAV value for the SOTP valuation is calculated on the total equity divided by the number of shares outstanding for the half year.

Fig 48 SOTP valuation (€m)

	2019	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Direct operating result	47	47	83	102	129	135	106	125
Total return	47	47	83	102	129	135	106	125
Capital employed	674	873	1,132	1,398	1,538	1,370	1,191	1,282
NAV	184	276	328	395	486	584	656	749
ROIC (%)	8.0	6.0	8.2	8.1	8.8	9.3	8.3	10.1
WACC (%)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
ROIC-WACC (%)	2.0	0.0	2.2	2.1	2.8	3.2	2.2	4.1
EOY No. of shares (m)	5.6	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Discount factor	0.0	0.5	1.5	2.5	3.5	4.5	5.5	6.5
PV per share (€)	3.5	1.9	4.9	5.5	6.7	5.9	2.6	3.3
Value creation	13.6	0.1	25.1	28.9	43.1	44.4	26.6	52.3
Value creation per share (€)	2.4	0.0	3.6	4.1	6.1	6.3	3.8	7.4
Discount factor	0.0	0.5	1.5	2.5	3.5	4.5	5.5	6.5
PV per share (€)	2.4	0.0	3.3	3.5	5.0	4.8	2.7	5.1
NPV value creation 2H20-2024 (€)	24.2							
1H20 NAV per share (€)	36.6							
Fair value per share (€)	**60.8**							

Source: ING estimates

Risks to our investment case

Upside risks

- Fast authorisation permits.
- Obsolescence of the existing offices accelerated by Covid-19 and increased working from home, might lead to new opportunities for renewals or restructuring of the interior spaces.

Downside risks

- A second round of Covid-19 can result in further slowdown in the authorisation process and longer development duration. As a consequence, results expectations might be postponed over the years.
- Rising interest rates: in the current low interest rate environment, costs of funding are low. If interest rates were to rise, financing for projects becomes more costly. Moreover, the ability to acquire a mortgage becomes harder which negatively impacts demand and prices of residential projects.
- Large projects can span a number of years. Typical problems include difficult forecasting, unforeseen design issues, adverse weather and subcontractor failures.
- Risk of oversupply. The value of the development projects depends on expected sale price, a balance between demand and supply is important.
- Atenor is highly exposed to the office market which is which is facing the double impact from Covid-19 economic crisis and increased working from home.

Atenor: Financials

Year-end December	2015	2016	2017	2018	2019	2020F	2021F	2022F
Profit and loss (€m)								
Turnover	108	141	210	86	92	105	179	204
Property rental income	9	15	11	14	16	17	16	17
Operating Income	129	166	229	141	153	158	231	257
Total property costs	(93)	(130)	(195)	(96)	(99)	(105)	(138)	(142)
Operating profit (EBITDA)	36	36	34	45	53	53	93	115
EBITDA margin (%)	31	23	16	45	50	44	48	52
Operational result (EBIT)	34	35	35	46	53	53	92	114
EBIT margin (%)	29	23	16	46	49	43	47	52
Result before taxes	28	26	25	37	43	43	80	98
Result of the year	20	20	22	35	38	37	70	86
Net result attributed to Shareholders	20	20	22	35	38	37	71	87
Per share data (€)								
Average shares outstanding (m)	5.6	5.6	5.6	5.6	5.6	7.0	7.0	7.0
EPS	3.59	3.73	4.07	6.48	7.08	5.88	10.03	12.29
DPS	2.00	2.04	2.08	2.20	2.31	2.42	2.54	2.66
IFRS NAV per share	22.5	24.3	26.1	29.7	32.7	39.1	46.6	56.1
Balance sheet (€m)								
Property, plant and equipment	1	0	0	1	3	4	4	4
Investments consolidated by the equity method	15	21	20	15	60	60	60	60
Total fixed assets	552	686	593	671	838	992	1,249	1,516
Inventories	344	429	444	459	608	753	1,009	1,272
Cash and cash equivalents	8	103	23	42	44	4	1	2
Total assets	552	686	593	671	838	992	1,249	1,516
Minority interests	0	3	3	3	3	3	2	2
Total equity	127	139	150	170	187	278	330	397
Non-current interest-bearing borrowings	190	226	199	293	365	359	564	764
Total long-term liabilities	205	245	214	298	424	385	590	790
Current interest-bearing debts	172	224	178	147	175	271	271	271
Total short-term liabilities	220	301	230	203	227	329	329	329
Total liabilities	425	547	444	500	651	714	919	1,119
Total Equity and Liabilities	552	686	593	671	838	992	1,249	1,516
Debt ratio (%)	61	44	55	49	58	60	64	66
Gearing ratio (%)	2.68	2.19	2.20	1.94	2.62	2.15	2.44	2.52
Net debt	339	305	329	330	490	598	805	1,003
Cash flow statement (€m)								
Net result	20	20	22	35	38	37	71	87
Net variation on working capital	(136)	35	(31)	(65)	(154)	(193)	(259)	(265)
Cash from operating activities	(103)	62	0	(61)	(139)	(156)	(174)	(161)
Cash from investment activities	(12)	10	0	58	4	(4)	(2)	(2)
Cash from financial activities	70	49	(95)	66	74	148	173	163
Net cash variation	(44)	121	(95)	63	(61)	(12)	(2)	1
Ending cash balance	23	145	23	42	44	4	1	2
Key multiples								
Gross margin (%)	56	44	36	74	70	77	76	88
EBITDA margin (%)	31	23	16	45	50	44	48	52
EBIT margin (%)	29	23	16	46	49	43	47	52
EPS adj. (€)	3.59	3.73	4.07	6.48	7.08	5.88	10.03	12.29
PER (x)	11.5	11.6	11.4	7.2	9.2	10.1	5.9	4.8
IFRS NAV per share (€)	22.5	24.3	26.1	29.7	32.7	39.1	46.6	56.1
P/IFRS NAV (%)	1.83	1.78	1.78	1.57	1.98	1.51	1.27	1.05
DPS (€)	2.00	2.04	2.08	2.20	2.31	2.42	2.54	2.66
Dividend yield (%)	4.8	4.7	4.5	4.7	3.6	4.1	4.3	4.5
Gearing ratio (%)	2.68	2.19	2.20	1.94	2.62	2.15	2.44	2.52
RoE (%)	15.7	14.9	15.1	21.0	20.5	13.5	21.5	21.9
Net earnings margin (%)	17.1	13.0	10.1	35.3	35.2	30.6	36.2	39.2

Share prices as of close 17 September 2020 used for calculation of key multiples
Source: Company data, ING estimates

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