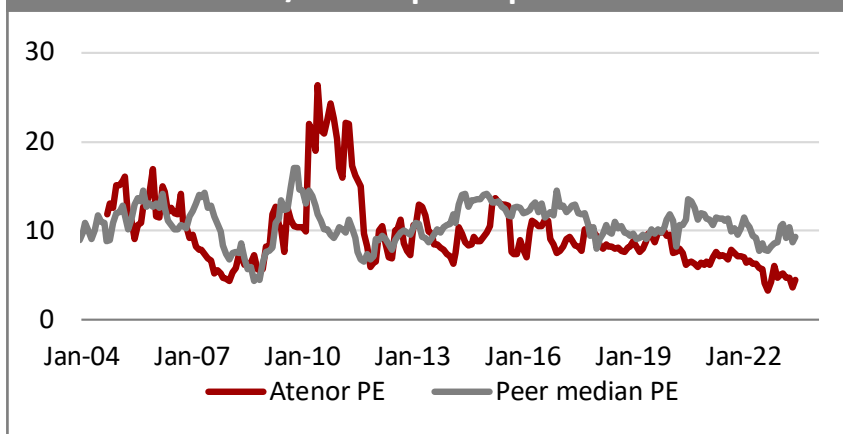




P/E multiple vs peers



| EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|------------------|-------|-------|-------|--------|-------|-------|-------|
| Sales | 145.1 | 151.3 | 178.6 | 54.1 | 205.8 | 343.4 | 371.2 |
| EBIT | 52.9 | 40.2 | 64.2 | 19.5 | 67.1 | 110.8 | 122.9 |
| Net profit | 37.8 | 24.1 | 38.1 | -0.8 | 34.8 | 74.3 | 87.4 |
| EPS (EUR) | 6.71 | 3.43 | 5.41 | -0.12 | 4.69 | 10.00 | 11.76 |
| DPS (EUR) | 2.31 | 2.42 | 2.54 | 2.67 | 2.70 | 2.80 | 2.95 |
| P/E (x) | 9.7 | 17.9 | 10.7 | -434.6 | 5.6 | 2.6 | 2.2 |
| Yield (%) | 3.6 | 4.0 | 4.4 | 5.1 | 10.3 | 10.7 | 11.3 |
| Adj. EV/EBIT (x) | 15.4 | 25.1 | 16.9 | 59.5 | 14.7 | 8.6 | 7.8 |

Source: Merodis, Factset
Pricing date: 30/06/2023

Market review and peer benchmarking

18 July 2023

Key quarterly insights: 2Q23

End of the tunnel not yet in sight, rebound postponed to 2024

The 1Q23 trading update released in mid-May confirmed the ongoing tough market environment and also warned that the rebound was no longer expected for 2H23 but only from 2024 onwards. Even though Atenor was one of the first players in the market to communicate so openly about headwinds, the market reacted rather negatively to the measures the company announced for 2H23. This response includes: (1) the sale of c. 10% (in sqm) of its portfolio at, indeed, suboptimal prices, not excluding potential sales at a loss, and (2) the search for new partnerships on existing portfolio projects. In addition, management sticks to its previously announced intention of a capital increase in September/October. The strengthening of its the capital structure is explained by the recent increase of the company's financial leverage (from a gearing ratio of 2.5x in FY21 to 3.2x in FY22) combined with the ongoing ambitions to carry out its growth plan. The company provided neither earnings nor dividend guidance, which, during previous years, increased at a regular pace of 5% pa (with a stock dividend for 2022 based on an issue price of EUR 20.56, representing a 22.7% discount). We have reduced our 2023e EPS from 9.42 to EUR 4.90 and our DPS from 2.80 to EUR 2.70.

Still on track with the ambitious growth plan

Atenor's portfolio consists of 36 projects totalling 1.3m sqm in 16 large cities of 10 European countries. After impressive growth over the past years that also allowed for risk diversification, Atenor aims to consolidate its presence in these geographical areas. Despite the current difficult environment, Atenor still targets to have a project portfolio of 1.8m sqm on the back of an average development period of 4.5 years (down from 6 years). The company's minimal gross margin target is EUR 300/sqm for residential projects and EUR 600/sqm for offices, which translates to an overall gross margin target of EUR 480/sqm after taking into account a 60%/40% split between office and residential (close to the current situation).

Strong fundamentals not yet reflected in valuation

Atenor trades at a 12M forward P/E of 4.5x based on consensus estimates, implying a 52% discount relative to its peers and at the low end of the historical range of 3.3x to 26.4x (since 2003), which is unjustified in our view given (1) Atenor's track record, (2) its high returns (ROE expected in 2023e of 12.1% vs peer average of 7.1%) and (3) double-digit expected EPS growth (58.3% EPS CAGR 2023-25e outperforming the peer average of 35.1% and also with superior expected EBITDA growth of 37.8% vs peer average of 23.9%). Our fair value estimate of EUR 39.9 (vs EUR 53.3 previously) is based on a sum-of-the-parts valuation of the discounted cash flows expected to be delivered from the projects in portfolio and an estimate of the additional value from new projects (terminal value) using a discount rate of 9.1%. (vs 8.6% previously after taking into account an increase of the risk-free rate).

Dashboard objectives

- ⇒ Follow-up to our coverage of Atenor which was launched in November 2019 (see below)
- ⇒ Tool to keep investors up to date with Atenor's equity story as well as its valuation in a sector context
- ⇒ Update investors on recent company and sector news flow

Corporate calendar of Atenor's upcoming announcements and events

- ⇒ Friday, 1 September 2023: 1H2023 results
- ⇒ Monday, 20 November 2023: 3Q2023 results

Access our recent research reports on Atenor:

- ⇒ ["Portfolio scale-up enhances profit generation and eases risk profile" \(initiation\), 12 November 2019](#)
- ⇒ ["1Q23 market review" \(quarterly dashboard\), 7 April 2023](#)

European real estate developer forced to slow its acceleration phase due to interest rate hiking cycle

Company description

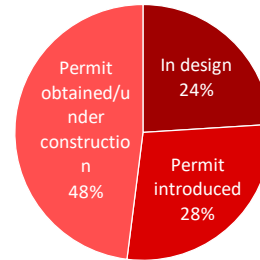
Atenor is a European real estate development company active in the sector's entire value chain, from identifying and acquiring locations to developing and selling them, albeit with no direct involvement in construction.

The company's portfolio includes 36 projects for 1.3m sqm, up from 9 projects in 2009. Atenor's core focus is offices (54%) and, to a lesser extent, residential (40%). Thanks to international business development, Atenor has successfully diversified the exposure to its domestic market, Belgium (23% of portfolio operating income in 2021). The group moved initially towards Central Europe, and, more recently to neighbouring countries, such as France and Germany, but also Portugal and the UK.

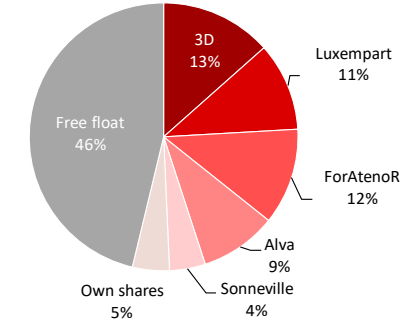
Expansion is moulded on the success in Belgium and focused on capital cities offering attractive growth prospects as well as quicker investment procedures.

We believe Atenor is well-positioned in European office real-estate development to take advantage of the underlying trend, with market demand increasingly shifting to assets requiring much higher technical and quality standards. In addition to higher portfolio rotation and profitability, we believe Atenor's risk profile has improved through its internationalisation strategy thanks to diversification, with synergies from an experienced and stable workforce and management team as well as exposure to countries offering stronger growth prospects and shorter pre-building phases.

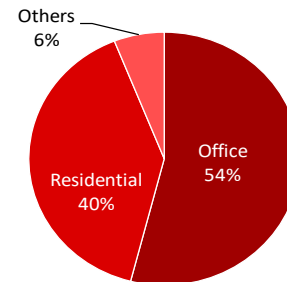
Portfolio development stage (sqm), 2022



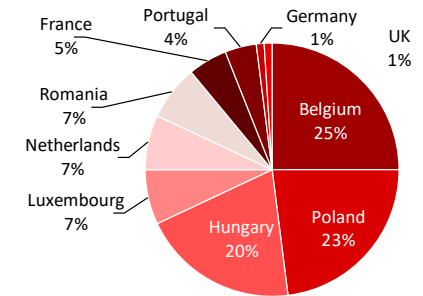
Shareholders, July-2023



Portfolio breakdown (sqm), December-2022



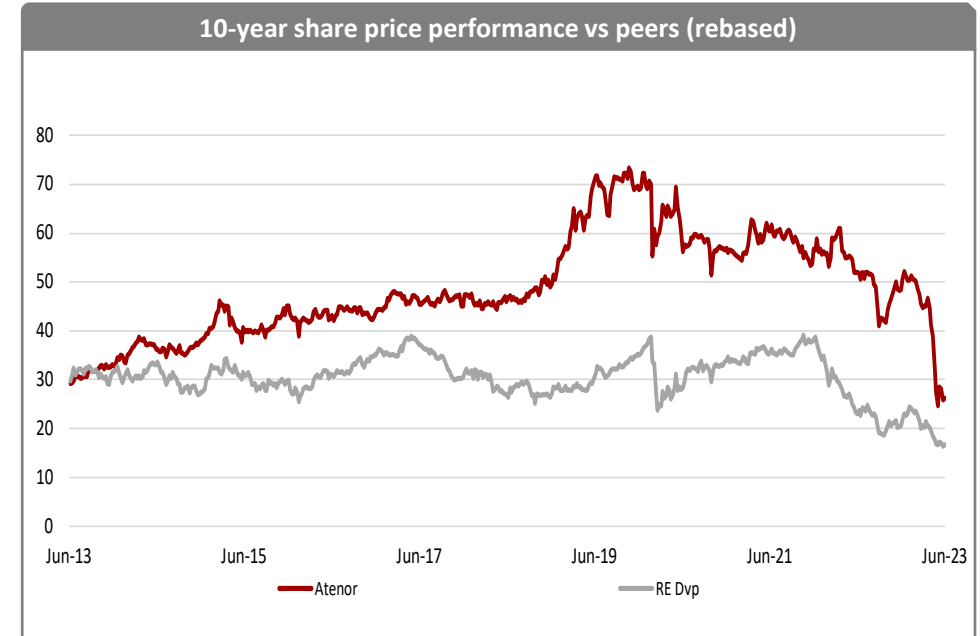
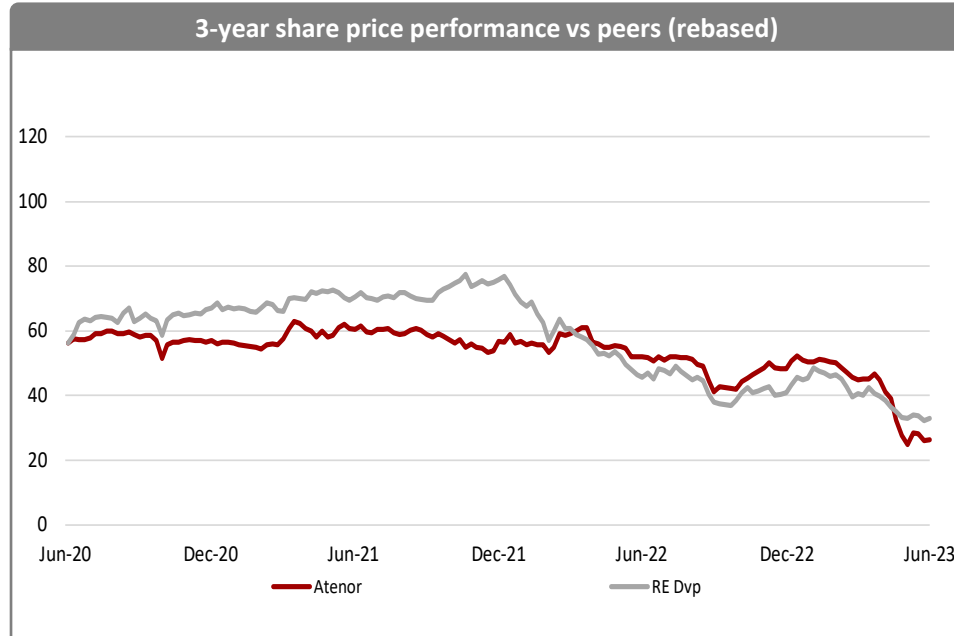
Portfolio location (sqm), 2022



Source: Merodis, Factset

Share price performance

Performing in line with sector peers albeit in a weak market



Source: Merodis, Factset

Analyst Recommendations, Earnings Expectations

Macro headwinds lead to EPS consensus volatility

Consensus view

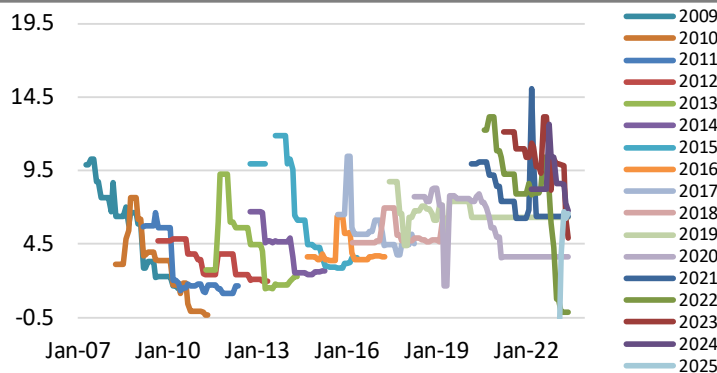
Consensus 2023e EPS estimates have decreased by 50% q-o-q to EUR 4.94 and have dropped by 63% compared to their peak in September 2022 (EUR 13.17), driven by the previously mentioned delay and/or postponement of various projects due to the current market environment.

Consensus currently expects a 2024e EPS of EUR 6.76, reflecting a 36.9% decrease y-o-y, while 2023e earnings estimates are at EUR 4.94 as discussed above, implying an increase y-o-y (vs. a negative EPS of EUR -0.1 in 2022). Our EPS estimate of EUR 10.00 for 2024e implies 113% growth y-o-y versus our 2023e EPS estimate of EUR 4.69. The expected growth is driven by the large project development pipeline totalling 1.3m m² with 36 projects.

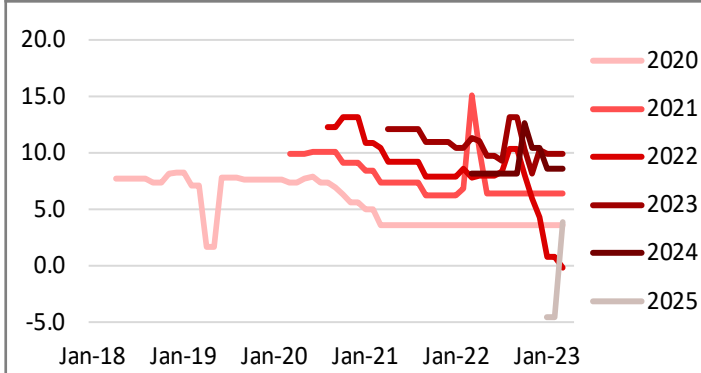
Atenor's share price decreased by 41.5% during 2Q23, underperforming versus its sector peers (-18.7%) as well as versus local mid caps (+4.1%) and the general market (Euro STOXX 600: +0.9%).

According to Factset, three brokers cover the stock: KBC Securities (Overweight, TP EUR 47.00), Degroof Petercam (TP n.a.) and ING (Hold, TP n.a.). The latter however has not published since September 2021.

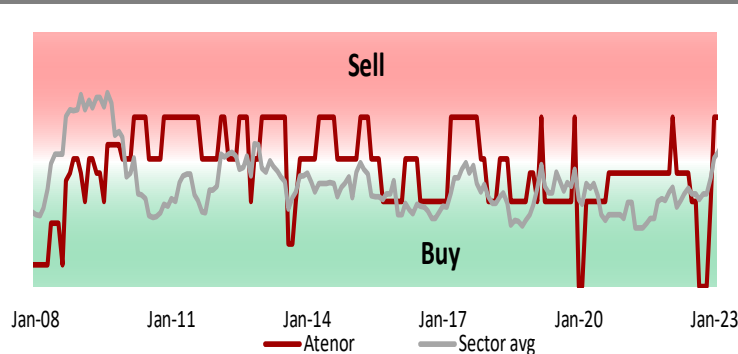
EPS Worms (EUR/share)



Consensus EPS (EUR/share)



Analyst recommendations vs. peer average



Merodis Equity Research estimates vs. consensus (%)

| | 2023e | 2024e | 2025e |
|----------|-------|-------|-------|
| Sales | 43.9 | 53.7 | 64.4 |
| EBIT | -28.0 | 19.1 | 49.0 |
| EPS (€) | -5.0 | 48.0 | 78.9 |
| DPS (€) | 7.4 | 5.8 | 6.0 |
| Net debt | -0.7 | -1.8 | -7.4 |

Source: Merodis, Factset

Sector benchmarking analysis

Benchmarking against peers

| Company | Freefloat (%) | Depr/ | Capex/ | ND/Assets (%) | | | EBITDA margin (%) | | | EBIT margin (%) | | | Net margin (%) | | | ROE (%) | | | 2023-25e CAGR (%) | | |
|---------------------------------|----------------|------------|-----------|---------------|-------------|-------------|-------------------|-------------|-------------|-----------------|-------------|-------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------------|-------------|-------------|
| | 2023e | EBITDA | Sales | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | EPS | EBITDA | Sales |
| Peers | | | | | | | | | | | | | | | | | | | | | |
| Immobel | 41 | 8% | 2% | 51.7 | 51.7 | 51.7 | 14.2 | 16.2 | 17.0 | 13.7 | 15.7 | 15.7 | 7.9 | 9.9 | 10.1 | 6.7 | 9.2 | 10.3 | 39.6 | 34.7 | 23.1 |
| YIT | 55 | 36% | 0% | 23.0 | 23.0 | 23.0 | 3.3 | 4.8 | 5.9 | 2.5 | 3.7 | 4.6 | -0.3 | 1.2 | 2.3 | 2.3 | 5.0 | 6.5 | 67.6 | 36.9 | 2.3 |
| JM | 95 | 5% | 0% | 33.7 | 33.7 | 33.7 | 9.6 | 10.2 | 10.5 | 10.6 | 11.1 | 10.6 | 8.0 | 8.4 | 7.9 | 12.5 | 10.4 | 11.2 | -1.7 | 0.1 | -4.3 |
| PEER AVERAGE | 64 | 16% | 1% | 36.1 | 36.1 | 36.1 | 9.0 | 10.4 | 11.1 | 8.9 | 10.2 | 10.3 | 5.2 | 6.5 | 6.8 | 7.1 | 8.2 | 9.3 | 35.1 | 23.9 | 7.0 |
| PEER MEDIAN | 55 | 8% | 0% | 33.7 | 33.7 | 33.7 | 9.6 | 10.2 | 10.5 | 10.6 | 11.1 | 10.6 | 7.9 | 8.4 | 7.9 | 6.7 | 9.2 | 10.3 | 39.6 | 34.7 | 2.3 |
| Atenor (MERE) | 46 | 1% | 0% | 62.6 | 59.2 | 56.5 | 30.2 | 30.9 | 31.8 | 32.6 | 32.3 | 33.1 | 16.9 | 21.6 | 23.5 | 12.1 | 21.8 | 21.5 | 58.3 | 37.8 | 34.3 |
| % Premium/(discount) vs average | -27 | -92.7 | -57.8 | 73.3 | 63.9 | 56.2 | 234.6 | 197.2 | 185.9 | 265.1 | 217.4 | 222.1 | 226.3 | 232.3 | 246.9 | 70.2 | 166.3 | 130.4 | | | |
| % Premium/(discount) vs median | -16 | -84.3 | 19.6 | 85.9 | 75.9 | 67.6 | 214.6 | 203.3 | 202.6 | 207.8 | 191.9 | 212.3 | 114.4 | 157.7 | 198.3 | 82.3 | 136.1 | 108.0 | | | |
| CEE exposure | | | | | | | | | | | | | | | | | | | | | |
| CA Immobilien | 36 | 1% | 1% | | | | 79.0 | 79.8 | 87.7 | 54.3 | 55.9 | 92.1 | -1.6 | 15.2 | 67.3 | 4.3 | 4.5 | 4.3 | 0.1 | 10.0 | 4.4 |
| Immo Finanz | 23 | | 1% | | | | 56.7 | 54.0 | | -14.9 | 41.0 | | -8.3 | 34.4 | | 5.4 | 4.9 | | | | |
| Atrium Real Estate | #VALUE! | 3% | 0% | | | | | | | | | | | | | | | | | | |
| Echo Polska | | | | | | | | | | | | | | | | | | | | | |
| Nepi Rockcastle | 100 | 0% | 0% | 38.3 | 38.3 | 38.3 | 96.5 | 96.4 | 95.6 | 100.4 | 92.5 | 93.0 | 78.9 | 74.2 | 71.2 | | | | 3.3 | 6.8 | 7.3 |
| Globalworth | 15 | 0% | 0% | | | | | | | 89.4 | | | 51.5 | | | | | | | | |
| PEER AVERAGE | #VALUE! | 1% | 0% | 38.3 | 38.3 | 38.3 | 77.4 | 76.8 | 91.7 | 57.3 | 63.1 | 92.5 | 30.1 | 41.3 | 69.3 | 4.8 | 4.7 | 4.3 | 1.7 | 8.4 | 5.8 |
| PEER MEDIAN | #VALUE! | 1% | 0% | 38.3 | 38.3 | 38.3 | 79.0 | 79.8 | 91.7 | 71.8 | 55.9 | 92.5 | 24.9 | 34.4 | 69.3 | 4.8 | 4.7 | 4.3 | 1.7 | 8.4 | 5.8 |
| Others | | | | | | | | | | | | | | | | | | | | | |
| Nexity | 92 | 25% | 1% | 18.3 | 18.3 | 18.3 | 11.0 | 11.4 | 11.6 | 7.0 | 7.4 | 7.6 | 3.4 | 3.7 | 3.9 | 7.8 | 8.3 | 8.8 | 7.9 | 4.3 | 1.9 |
| Kaufman & Broad | 60 | | 1% | -0.4 | -0.4 | -0.4 | 8.9 | 8.7 | 9.0 | 8.2 | 7.9 | 8.2 | 4.4 | 4.2 | 4.5 | 25.7 | 22.1 | 23.0 | -0.3 | -0.3 | -0.6 |
| SRV Yhtiot | 100 | | 0% | 10.6 | 10.6 | 10.6 | 1.8 | 3.1 | 4.0 | 1.0 | 2.3 | 3.2 | -0.1 | 1.0 | 1.9 | -1.7 | 4.8 | 10.1 | | 66.2 | 13.0 |
| Helical | 86 | 1% | 0% | 19.3 | 19.3 | 19.3 | 57.1 | 56.6 | 64.7 | 80.7 | 83.5 | | 47.1 | 53.1 | 34.3 | | | | -3.1 | 17.4 | 10.2 |
| PEER AVERAGE | 84 | 13% | 1% | 12.0 | 12.0 | 12.0 | 19.7 | 19.9 | 22.3 | 24.2 | 25.3 | 6.3 | 13.7 | 15.5 | 11.1 | 10.6 | 11.7 | 14.0 | 1.5 | 21.9 | 6.1 |
| PEER MEDIAN | 89 | 13% | 1% | 14.4 | 14.4 | 14.4 | 10.0 | 10.1 | 10.3 | 7.6 | 7.7 | 7.6 | 3.9 | 4.0 | 4.2 | 7.8 | 8.3 | 10.1 | -0.3 | 10.9 | 6.1 |

Source: Merodis, Factset

Sector valuation summary

Multiple-based valuation

| | Company | Listing country | Price (local) | MCap (local m) | P/E | | | EV/Sales | | | EV/EBITDA | | | EV/EBIT | | | P/B | | | DYield | | |
|---------------------|---------------------------------|-----------------|---------------|----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|
| | | | | | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e | 2023e | 2024e | 2025e |
| Peers | Immobel | BELGIUM | 34.80 | 347 | 9.4 | 5.8 | 4.8 | 2.5 | 2.0 | 1.5 | 17.4 | 12.1 | 8.7 | 18.0 | 12.5 | 9.4 | 0.6 | 0.5 | 0.5 | 9.1 | 9.5 | 10.1 |
| | YIT | FINLAND | 2.14 | 448 | 24.6 | 11.8 | 8.8 | 0.5 | 0.5 | 0.4 | 15.8 | 10.0 | 7.2 | 21.0 | 12.7 | 9.3 | 0.6 | 0.6 | 0.6 | 4.7 | 5.3 | 6.7 |
| | JM | SWEDEN | 143.70 | 9,269 | 9.0 | 10.4 | 9.3 | 1.2 | 1.3 | 1.3 | 12.1 | 12.3 | 11.9 | 11.0 | 11.3 | 11.8 | 1.1 | 1.1 | 1.0 | 6.9 | 7.0 | 7.7 |
| | PEER AVERAGE | | | | 14.4 | 9.3 | 7.6 | 1.4 | 1.2 | 1.1 | 15.1 | 11.5 | 9.3 | 16.7 | 12.2 | 10.2 | 0.7 | 0.7 | 0.7 | 6.9 | 7.3 | 8.2 |
| | PEER MEDIAN | | | | 9.4 | 10.4 | 8.8 | 1.2 | 1.3 | 1.3 | 15.8 | 12.1 | 8.7 | 18.0 | 12.5 | 9.4 | 0.6 | 0.6 | 0.6 | 6.9 | 7.0 | 7.7 |
| | Atenor (MERE) | BELGIUM | 26.20 | 176 | 5.6 | 2.6 | 2.2 | 4.8 | 2.8 | 2.6 | 15.8 | 9.0 | 8.1 | 14.7 | 8.6 | 7.8 | 0.7 | 0.6 | 0.5 | 10.3 | 10.7 | 11.3 |
| | % Premium/(discount) vs average | | | | -61.1 | -71.9 | -70.9 | 246.1 | 125.8 | 144.2 | 5.0 | -21.5 | -13.1 | -11.8 | -29.3 | -23.8 | -11.7 | -20.7 | -30.3 | 49.5 | 46.9 | 38.1 |
| | % Premium/(discount) vs median | | | | -40.5 | -74.9 | -74.6 | 312.2 | 122.2 | 104.6 | 0.5 | -25.7 | -7.0 | -18.4 | -31.2 | -17.7 | 12.5 | -1.3 | -14.1 | 50.0 | 53.6 | 47.1 |
| CEE exposure | CA Immobilien | AUSTRIA | 26.55 | 2,621 | 18.9 | 18.8 | 18.9 | 21.0 | 20.4 | 21.9 | 26.6 | 25.6 | 25.0 | 38.8 | 36.5 | 23.8 | 0.8 | 0.9 | 0.8 | 3.6 | 3.7 | 4.0 |
| | Immo Finanz | AUSTRIA | 17.00 | 2,346 | 18.6 | 13.4 | | 10.4 | 9.9 | | 18.4 | 18.3 | | | 24.2 | | 0.7 | 0.7 | | 2.6 | 2.9 | |
| | Atrium Real Estate | AUSTRIA | | | | | | | | | | | | | | | | | | | | |
| | Echo Polska | SOUTH AFRICA | 12.36 | | | | | | | | | | | | | | | | | | | |
| | Nepi Rockcastle | SOUTH AFRICA | 110.47 | 67,055 | 9.7 | 9.3 | 9.1 | 12.5 | 11.9 | 11.1 | 12.9 | 12.3 | 11.6 | 12.4 | 12.9 | 11.9 | 0.9 | | | 9.7 | 10.2 | 10.6 |
| | Globalworth | UNITED KINGDOM | 3.03 | 671 | | | | | | | | | | | | | | | | | | |
| | PEER AVERAGE | | | | 15.8 | 13.9 | 14.0 | 14.6 | 14.1 | 16.5 | 19.3 | 18.8 | 18.3 | 25.6 | 24.5 | 17.9 | 0.8 | 0.8 | 0.8 | 5.3 | 5.6 | 7.3 |
| | PEER MEDIAN | | | | 18.6 | 13.4 | 14.0 | 12.5 | 11.9 | 16.5 | 18.4 | 18.3 | 18.3 | 25.6 | 24.2 | 17.9 | 0.8 | 0.8 | 0.8 | 3.6 | 3.7 | 7.3 |
| Others | Nexity | FRANCE | 18.50 | 1,027 | 6.6 | 6.2 | 5.7 | 0.6 | 0.5 | 0.5 | 5.1 | 4.8 | 4.3 | 8.0 | 7.4 | 6.6 | 0.5 | 0.5 | 0.5 | 13.5 | 13.0 | 12.8 |
| | Kaufman & Broad | FRANCE | 27.10 | 572 | 8.5 | 9.4 | 8.6 | 0.4 | 0.4 | 0.4 | 4.2 | 4.7 | 4.3 | 4.6 | 5.1 | 4.7 | 2.1 | 2.0 | 1.9 | 8.8 | 8.5 | 8.8 |
| | SRV Yhtiot | FINLAND | 3.77 | 64 | | 10.3 | 4.5 | 0.2 | 0.2 | 0.2 | 12.1 | 6.6 | 4.8 | 22.6 | 8.8 | 5.9 | 0.5 | 0.5 | 0.4 | 0.0 | 3.4 | 6.4 |
| | Helical | UNITED KINGDOM | 2.60 | 320 | 25.8 | 26.2 | 27.5 | 16.0 | 17.8 | 15.2 | 28.0 | 31.4 | 23.4 | 19.8 | 21.3 | | | | | 4.5 | 4.8 | 5.1 |
| | PEER AVERAGE | | | | 13.7 | 13.0 | 11.6 | 4.3 | 4.7 | 4.1 | 12.4 | 11.9 | 9.2 | 13.8 | 10.6 | 5.8 | 1.0 | 1.0 | 0.9 | 6.7 | 7.4 | 8.3 |
| PEER MEDIAN | | | | 8.5 | 9.8 | 7.1 | 0.5 | 0.5 | 0.4 | 8.6 | 5.7 | 4.6 | 13.9 | 8.1 | 5.9 | 0.5 | 0.5 | 0.5 | 6.7 | 6.6 | 7.6 | |

Source: Merodis, Factset

Valuation relative to the sector

At a valuation discount to peers on P/E and slightly below on DY

Valuation

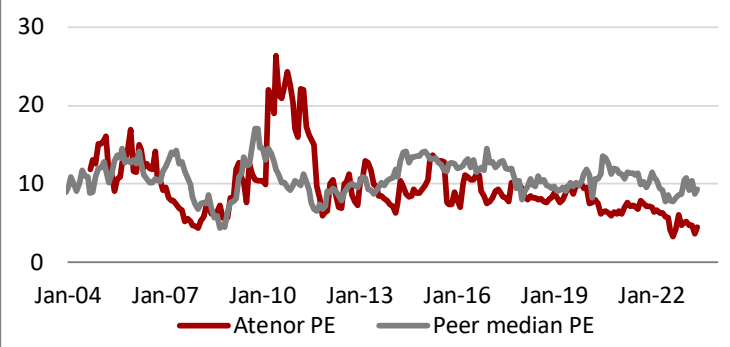
At 4.5x 12M forward P/E, Atenor is trading 52% below the sector peers median. Over the long term, the stock has traded on average 7.9% below the sector median, while it traded on average at a 44.6% discount over the past 12 months.

Atenor has traded at a (wide) historical 12M forward P/E range of between 3.3x and 26.4x, which compares to the sector's range of 4.4x to 17.1x. At its current level, the stock is thus trading at the low end of its historical range, despite the strong expected growth to be delivered by the large portfolio (1.3m sqm) which is well above historical levels (0.6m sqm back in 2017). Nevertheless, the market conditions (supply/demand, pricing, etc.) have changed with the interest rate cycle, putting downward pressure on the share price and hence valuation multiples.

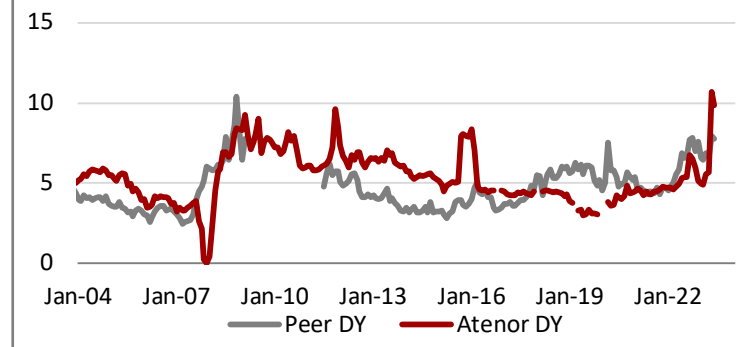
The dividend yield offered by an investment in Atenor is 9.8%, which is above the sector median (7.8%) and above Atenor's LT average of 5.3%. The company's payout ratio has been reined in due to the company's portfolio expansion, as explained further.

Our fair value estimate (EUR 39.9 from EUR 53.3) is based on a forecast of the cashflows delivered by the projects in Atenor's portfolio, which we discount at our estimated cost of equity of 9.1%. In addition we calculate a terminal value corresponding to a normalised number of additional sqm of potential new projects. This leads to a fair value estimate of EUR 39.9 per share. The cost of equity is based on a normalised risk premium of 7.5%, using a beta of 0.95 and a long-term risk-free rate of 2.0%.

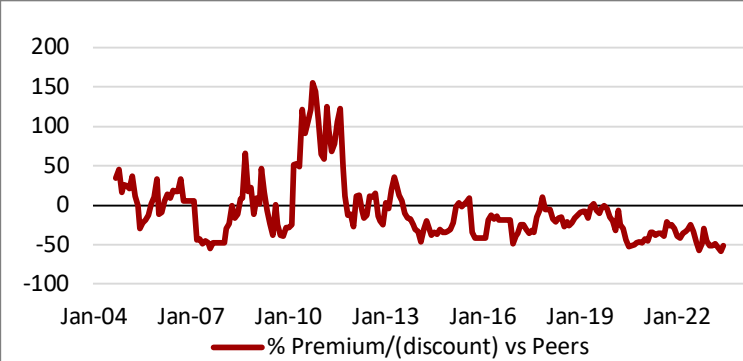
P/E ratio vs. Sector



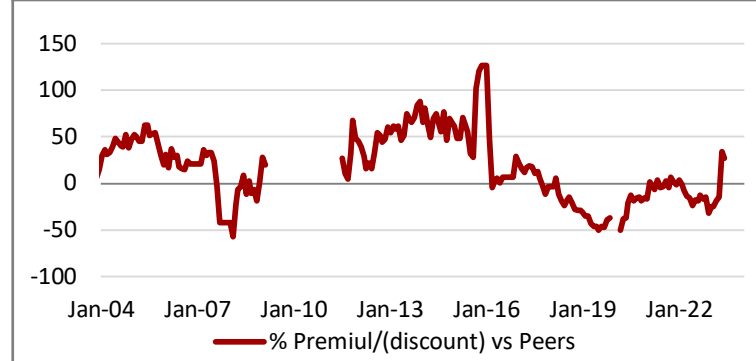
Div Yield vs. sector



P/E premium/(discount) vs. Sector



Div Yield (premium)/discount vs. sector



Source: Merodis, Factset

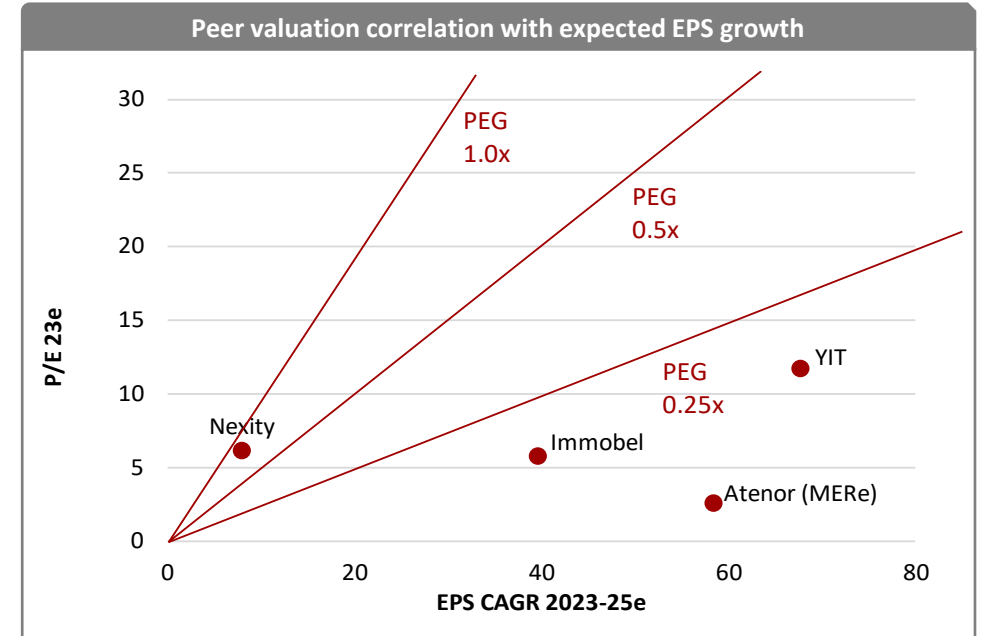
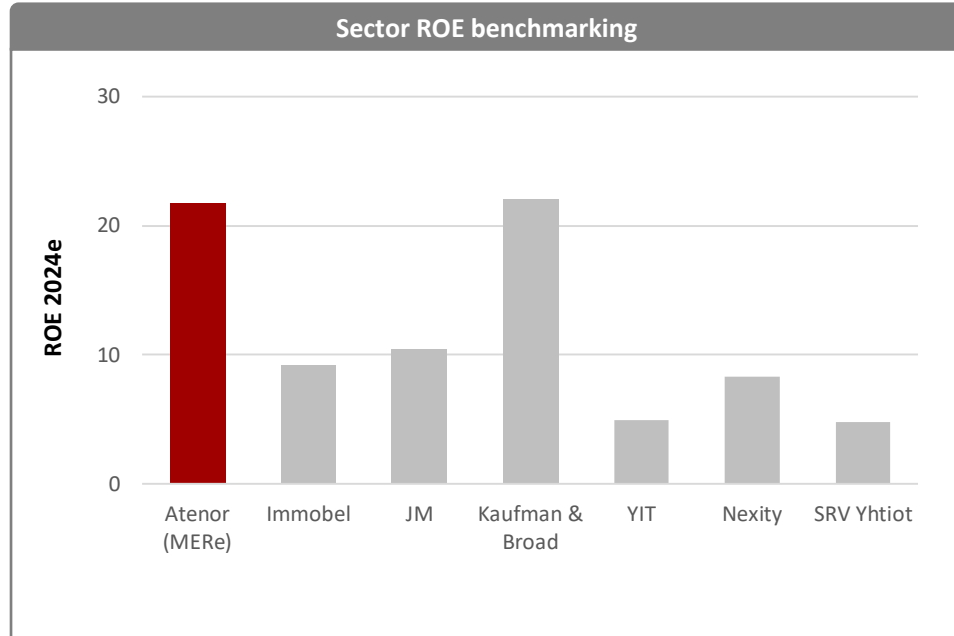
Atenor updated Sum-of-the-parts

| Sum Of The Parts | (EUR m) |
|----------------------------------|----------------|
| NPV of capital gains | 453.1 |
| NPV of goodwill for new projects | 795.5 |
| NPV of corporate costs | -85.0 |
| Net debt | -867.2 |
| Total | 296.4 |
| per share (EUR) | 39.9 |

Source: Merodis, Factset

Valuation drivers

Valuation in line based on EPS growth



Source: Merodis, Factset

Consensus payout expectations

Payout below peers driven by investment cycle

Dividend payout

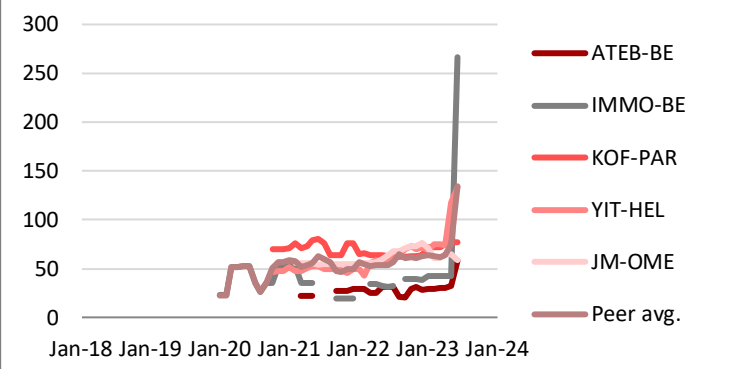
In 2023, Atenor paid out a dividend of EUR 2.67 per share on 2022 results, which represents 5% growth y-o-y. Given the narrowly negative EPS in 2022, this also implies a negative payout ratio. For 2021, the company paid a dividend of EUR 2.54, up 5% y-o-y, implying a payout ratio of 47%.

For 2023, Atenor's payout ratio is estimated to be 57.8%, compared to an expected payout ratio of 133.8% for its sector peers.

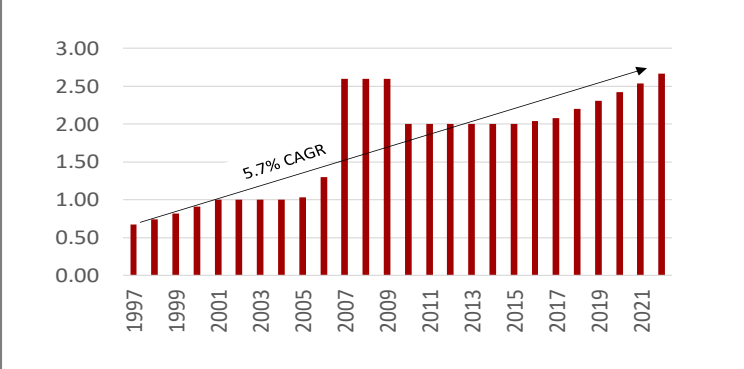
The dividend policy (stable growing dividend with a variable payout) allows the company to provide shareholders with a growing and, at worst, a stable dividend, while improving its financing capacity (and balance sheet leverage) to grow organically and to reach its target ROE in excess of 15%. The company has paid a dividend every single year without interruption since at least 1997, offering 5.7% compound growth since.

We expect 3.4% DPS CAGR (2022-25e CAGR), with a lower expected payout ratio. The company's payout ratio has been reined in due to investments into portfolio expansion, with an acceleration since 2016, moving from 18 projects under development in 2017 to 36 currently with 1.3m sqm. This large ramp up was financed by own funds, debt and new equity. The impact of this expansion is also an easing the company's risk profile through higher portfolio rotation and profitability as well as diversification (36 projects in the portfolio at various stages of the real-estate development cycle and in different European countries).

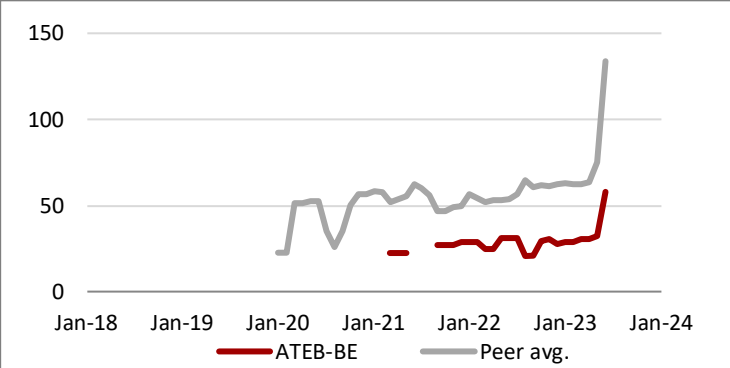
2023 expected payout, Sector



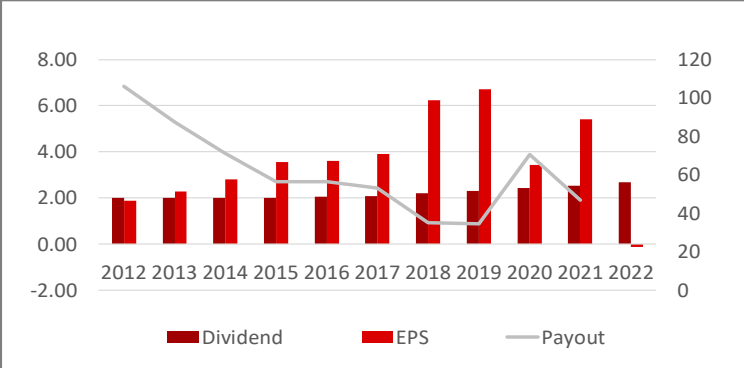
DPS growth



2023 expected payout vs. Peers



Payout ratio



Source: Merodis, Factset

Leverage expectations

Leverage is higher than peers, also due to the investment cycle

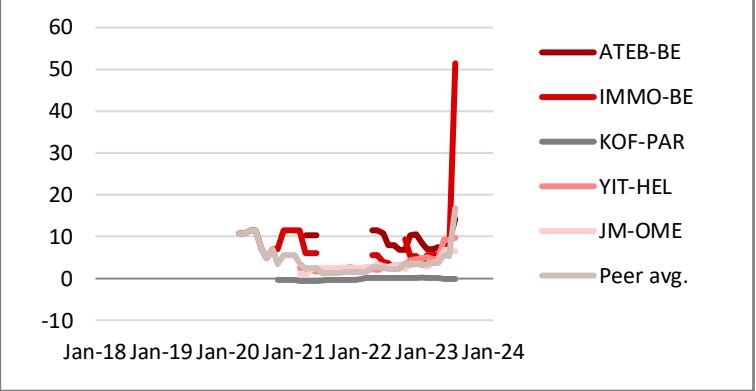
Balance sheet

Atenor's balance sheet may appear leveraged, with net debt of EUR 868m in 2022, which compares to its equity of EUR 271m, but less so compared to the value of assets on its balance sheet: EUR 962m (this includes the acquisition value of land and property as well as the development value linked to construction). The net debt includes gross debt of EUR 893m and cash of EUR 25m.

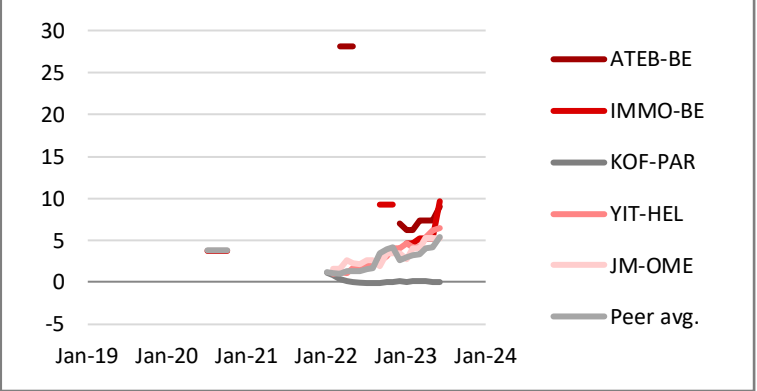
Although projects, more precisely in the construction phase, are financed by debt, the acquisition of land is typically financed by equity (and/or long-term debt) while acquisition values are lower than the invested capital. For 2022, invested capital reached EUR 733m (of which EUR 274m in equity) compared to acquisition values of EUR 669m.

Atenor's financial debt originates from multiple sources and consists of long- and short-term instruments. At the long end, Atenor has EMTNs (up until 2027) totalling EUR 68m, including two green EMTNs of EUR 12.5m in total. In October 2020, Atenor issued two retail bonds: (1) with 4 years duration for EUR 35m and (2) 6 years for EUR 65m. These retail bonds come on top of previous issues (2019-23 EUR 20m, 1.709%; 2019-25 EUR 40m, 2.114%; 2018-24 EUR 30m, 3.152%). In addition, Atenor has a EUR 21m MTN program and a commercial paper program of which c. EUR 150m has been drawn. On top of that, Atenor has bank financing of close to EUR 303m. In April 2022, the company issued a 4-year green bond of EUR 55m (on top of two previous issues in March 2021: a EUR 25m 4-year bond and a EUR 75m 6-year bond).

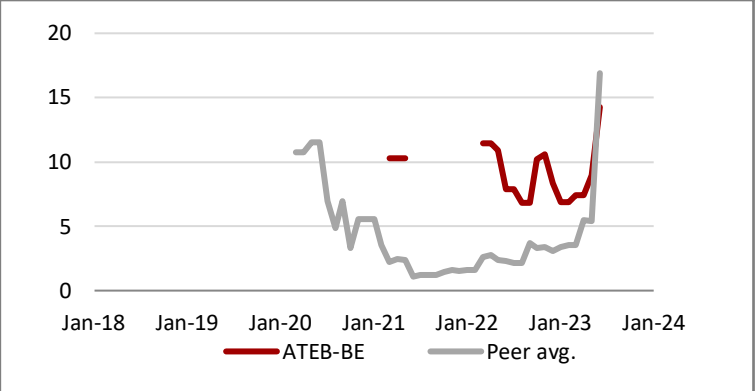
2023 NFD/EBITDA, sector



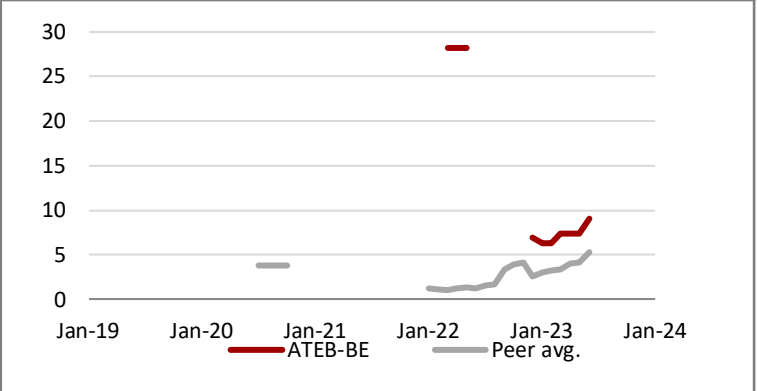
2024 NFD/EBITDA, sector



2023 NFD/EBITDA vs. Peers

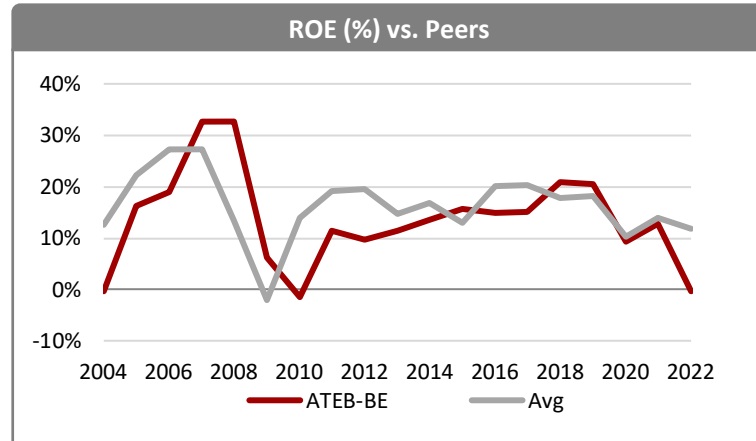
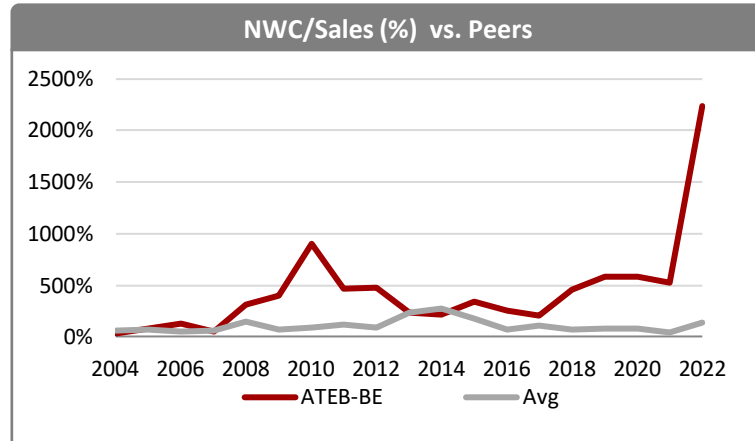
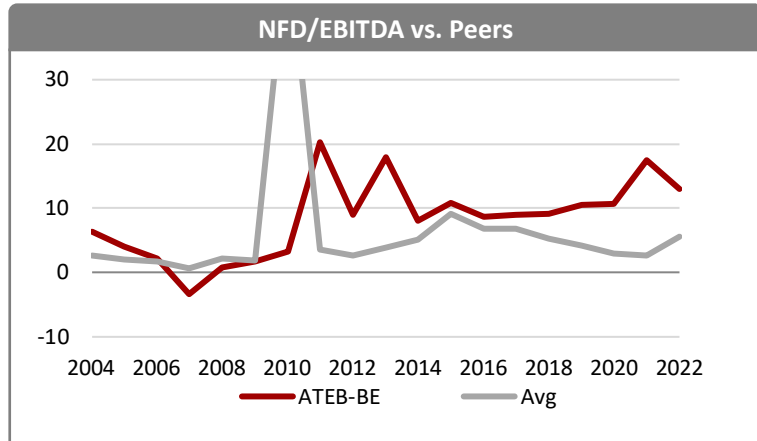
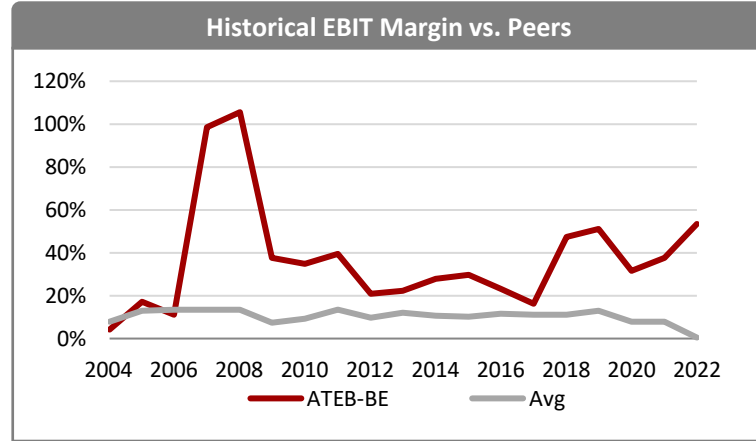
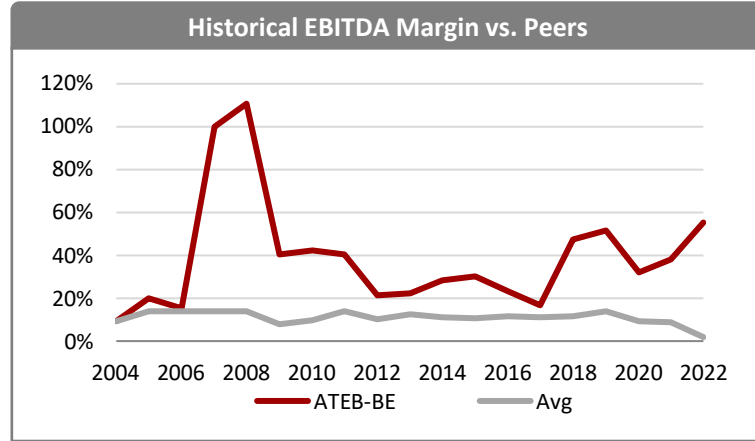
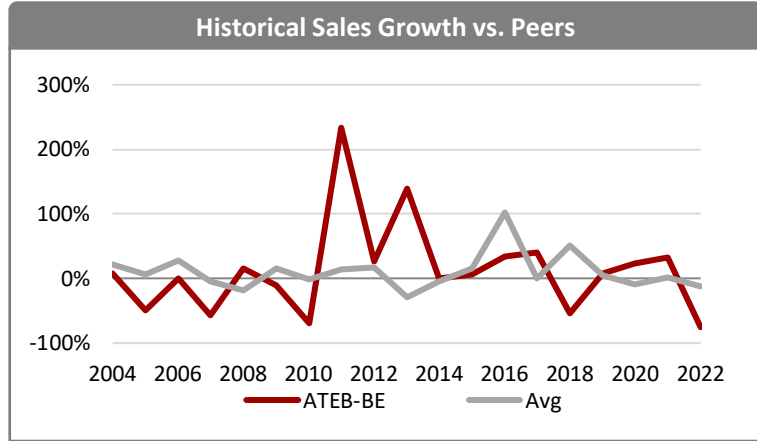


2024 NFD/EBITDA vs. Peers



Source: Merodis, Factset

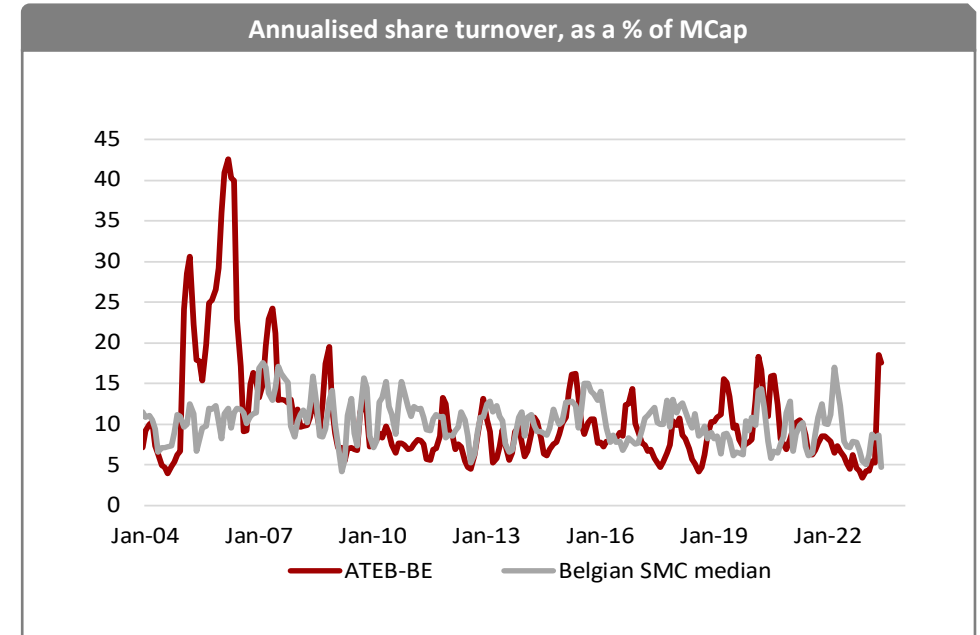
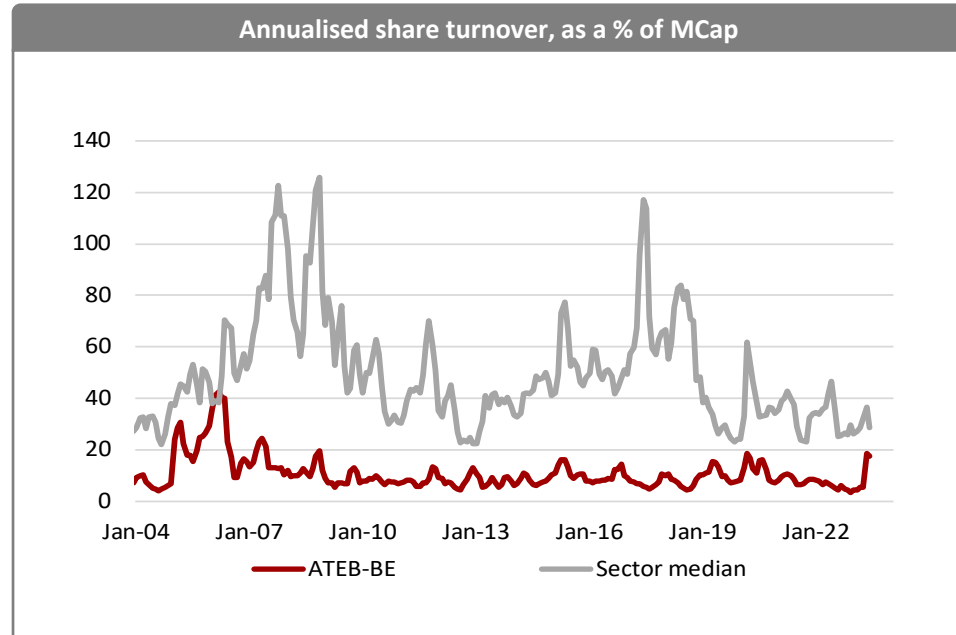
Historical P&L, CF and Balance Sheet Performance



Source: Merodis, Factset

Share liquidity

Still quite weak relative to sector peers and in line versus Belgian SMCs



Source: Merodis, Factset

Financial summary

Enterprise Value (€m): 1,159
Market Cap. (€m): 366
Free-float M/Cap (€m): 169

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e | CAGR | CAGR |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|
| Consolidated P&L (€m) | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| Sales | 48 | 25 | 44 | 47 | 110 | 116 | 124 | 160 | 222 | 135 | 145 | 151 | 179 | 54 | 206 | 343 | 371 | 1.0 | 34.3 |
| EBITDA | 14 | 5 | 14 | 8 | 24 | 32 | 36 | 36 | 34 | 45 | 53 | 41 | 65 | 15 | 62 | 106 | 118 | 0.7 | 37.8 |
| EBIT | 13 | 3 | 14 | 9 | 24 | 30 | 34 | 35 | 35 | 46 | 53 | 40 | 64 | 19 | 67 | 111 | 123 | 3.7 | 35.4 |
| Pretax profit | 11 | -1 | 10 | 5 | 18 | 23 | 28 | 26 | 25 | 37 | 43 | 29 | 50 | 0 | 41 | 85 | 98 | -26.4 | 54.6 |
| Net profit | 7 | -2 | 11 | 9 | 12 | 15 | 20 | 20 | 22 | 35 | 38 | 24 | 38 | -1 | 35 | 74 | 87 | na | 58.3 |
| Cash Flow (€m) | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| Op. results | -5 | -5 | 3 | 17 | 27 | 28 | 33 | 39 | 5 | 20 | 29 | 65 | 6 | -17 | -68 | -45 | na | 65.7 | |
| WCR | 13 | 7 | 0 | 1 | -2 | -1 | 0 | 35 | -31 | -2 | 2 | 1 | -5 | 2 | -17 | -9 | -8 | -14.1 | -31.2 |
| Gros Op CF | 8 | 2 | 5 | 4 | 15 | 27 | 28 | 68 | 7 | 4 | 18 | 29 | 60 | 8 | -34 | -77 | -54 | -0.2 | 25.9 |
| Capex | -14 | -10 | -30 | -1 | -2 | -16 | -17 | -9 | -1 | -17 | -43 | -56 | -13 | -21 | -21 | -21 | -21 | -0.3 | 0.0 |
| FCF | -6 | -8 | -24 | 2 | 13 | 11 | 11 | 59 | 6 | 3 | 1 | -14 | 4 | -6 | -55 | -98 | -75 | -0.5 | 16.6 |
| Net disp./(acq.) | 7 | 60 | 6 | 1 | 0 | 1 | 14 | 20 | 1 | 58 | 22 | 0 | 72 | 17 | 92 | 187 | 176 | 8.1 | 38.8 |
| Dividends paid | -13 | -63 | -10 | -10 | -11 | -7 | -2 | -20 | -21 | -11 | -12 | -12 | -16 | -17 | -19 | -20 | -21 | 2.4 | 5.2 |
| Equity issue | | | | | | | | | | | | | | | | | | | |
| Others | 22 | 67 | 14 | 91 | -62 | 52 | 0 | 69 | -143 | 14 | -72 | 49 | -35 | -62 | 8 | 0 | 0 | na | na |
| Net Debt (incr./decr.) | 10 | 106 | -13 | 85 | -60 | 58 | 23 | 128 | -156 | 63 | -61 | 22 | 24 | -67 | 25 | 68 | 80 | na | 78.1 |
| Balance Sheet (€m) | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| WC | 145 | 101 | 173 | 221 | 258 | 289 | 431 | 421 | 455 | 476 | 656 | 778 | 936 | 946 | 1047 | 1096 | 1141 | 16.9 | 4.4 |
| Capital Employed | 189 | 139 | 187 | 236 | 274 | 356 | 481 | 467 | 481 | 515 | 757 | 852 | 1039 | 1083 | 1213 | 1290 | 1360 | 15.7 | 5.9 |
| Cash & Equivalent | 2 | 3 | 2 | 2 | 6 | 8 | 103 | 23 | 42 | 44 | 31 | 91 | 25 | 25 | 25 | 25 | 25 | 21.3 | 0.0 |
| Gross Debt | 87 | 123 | 125 | 231 | 214 | 267 | 363 | 450 | 377 | 440 | 540 | 657 | 835 | 893 | 862 | 862 | 862 | 21.4 | -1.8 |
| Equity | 118 | 101 | 98 | 99 | 105 | 113 | 127 | 137 | 147 | 167 | 184 | 259 | 299 | 271 | 287 | 341 | 407 | 7.2 | 19.1 |
| Balance sheet total | 240 | 270 | 278 | 395 | 377 | 449 | 552 | 686 | 593 | 671 | 838 | 1058 | 1230 | 1275 | 1385 | 1412 | 1481 | 15.0 | 3.4 |
| Growth (%) | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| Sales | -49 | -48 | 75 | 7 | 135 | 6 | 6 | 29 | 39 | -39 | 8 | 4 | 18 | -70 | 280 | 67 | 8 | | |
| EBITDA | -68 | -66 | 202 | -41 | 189 | 34 | 13 | -2 | -4 | 31 | 19 | -23 | 59 | -77 | 315 | 70 | 11 | | |
| EBIT | -68 | -72 | 288 | -35 | 172 | 27 | 12 | 4 | 0 | 30 | 15 | -24 | 60 | -70 | 245 | 65 | 11 | | |
| Net profit | -82 | na | na | -16 | 27 | 27 | 30 | 2 | 8 | 59 | 7 | -36 | 58 | na | na | na | 113 | 18 | |
| FCF | na | na | na | na | 485 | -18 | -3 | 445 | -89 | -56 | -80 | na | na | na | na | na | na | | |
| NWC | 16 | -30 | 71 | 28 | 17 | 12 | 49 | -2 | 8 | 5 | 38 | 19 | 20 | 1 | 11 | 5 | 4 | | |
| Capital Employed | 22 | -26 | 34 | 26 | 16 | 30 | 35 | -3 | 3 | 7 | 47 | 12 | 22 | 4 | 12 | 6 | 5 | | |
| Shareholder Equity | 0 | 13 | 3 | 42 | -5 | 19 | 23 | 24 | -14 | 13 | 25 | 26 | 16 | 4 | 9 | 2 | 5 | | |
| Financial Ratios | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| Gross margin (%) | 61 | 38 | -21 | -11 | 15 | 41 | 9 | 36 | 31 | -8 | -22 | -56 | -102 | -187 | -24 | -2 | -1 | | |
| EBITDA margin (%) | 29 | 19 | 32 | 18 | 22 | 28 | 29 | 22 | 15 | 33 | 37 | 27 | 36 | 28 | 30 | 31 | 32 | | |
| EBIT margin (%) | 26 | 14 | 31 | 19 | 22 | 26 | 28 | 22 | 16 | 34 | 36 | 27 | 36 | 36 | 33 | 32 | 33 | | |
| Net margin (%) | 15 | -6 | 26 | 20 | 11 | 13 | 16 | 13 | 10 | 26 | 26 | 16 | 21 | -2 | 17 | 22 | 24 | | |
| Opex/Sales (%) | 71 | 81 | 68 | 82 | 78 | 72 | 71 | 78 | 85 | 67 | 63 | 73 | 64 | 72 | 70 | 69 | 68 | | |
| Depreciation/Sales (%) | 3 | 5 | 2 | -1 | 0 | 2 | 2 | 0 | 0 | -1 | 0 | 1 | 1 | -8 | -2 | -1 | -1 | | |
| Depreciation/EBITDA (%) | 9 | 26 | 5 | -5 | 1 | 6 | 6 | 1 | -3 | 0 | 2 | 2 | 2 | -30 | -8 | -5 | -4 | | |
| Tax rate (%) | -33 | 14 | 17 | 87 | -34 | -34 | -28 | -21 | -10 | -5 | -12 | -17 | -24 | -403 | -15 | -13 | -10 | | |
| Capex/Sales (%) | 29 | 40 | 67 | 3 | 2 | 13 | 14 | 6 | 0 | 1 | 12 | 28 | 31 | 24 | 10 | 6 | 6 | | |
| FCF/Sales (%) | -12 | -31 | -55 | 5 | 12 | 10 | 9 | 37 | 3 | 2 | 0 | -9 | 2 | -10 | -27 | -29 | -20 | | |
| WCR/Sales (%) | 27 | 28 | 0 | 2 | -1 | -1 | 0 | 22 | -14 | -1 | -2 | 0 | -3 | 4 | -8 | -3 | -2 | | |
| WCR/Sales (%) | 303 | 403 | 395 | 470 | 234 | 248 | 349 | 264 | 205 | 354 | 453 | 514 | 524 | 1749 | 509 | 319 | 307 | | |
| LTV (%) | 61 | 52 | 50 | 66 | 67 | 75 | 91 | 72 | 73 | 74 | 79 | 72 | 75 | 80 | 79 | 77 | 75 | | |
| Gearing (%) | 72 | 119 | 124 | 232 | 203 | 231 | 280 | 254 | 241 | 238 | 269 | 242 | 249 | 320 | 302 | 245 | 206 | | |
| Net Debt/Total assets (%) | 35 | 44 | 44 | 58 | 56 | 58 | 64 | 51 | 60 | 59 | 59 | 59 | 60 | 68 | 63 | 59 | 56 | | |
| ROCE post-tax (%) | 4 | 3 | 8 | 7 | 6 | 6 | 5 | 6 | 7 | 8 | 6 | 4 | 5 | -5 | 5 | 8 | 8 | | |
| ROE (%) | 6 | -2 | 11 | 10 | 11 | 14 | 16 | 15 | 15 | 21 | 21 | 9 | 13 | 0 | 12 | 22 | 21 | | |
| Dividend Payout (%) | 179 | -630 | 89 | 106 | 106 | 87 | 71 | 56 | 56 | 53 | 35 | 34 | 71 | 47 | -2229 | 58 | 28 | 25 | |
| Valuation | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| Market Capitalisation (€m) | 185 | 179 | 159 | 150 | 172 | 206 | 243 | 254 | 272 | 275 | 365 | 431 | 409 | 366 | 195 | 195 | 195 | 5.9 | 0.0 |
| + Net Financial Debt (€) | 85 | 120 | 122 | 229 | 212 | 261 | 355 | 347 | 354 | 398 | 496 | 627 | 744 | 868 | 868 | 836 | 836 | 21.4 | -1.8 |
| + Restated Min. + others (€m) | -1 | -1 | -1 | 1 | 0 | 2 | 2 | 2 | 7 | 12 | 5 | 10 | 15 | 13 | 8 | 7 | 6 | na | -4.7 |
| - Associates & Inv. (€m) | 15 | 9 | 8 | 10 | 10 | 15 | 15 | 21 | 20 | 15 | 60 | 64 | 79 | 83 | 83 | 83 | 83 | 15.6 | 0.0 |
| = Enterprise Value (€m) | 254 | 288 | 271 | 369 | 375 | 453 | 585 | 588 | 618 | 664 | 812 | 1009 | 1087 | 1159 | 954 | 954 | 954 | 13.5 | -1.6 |
| Assoc. NFD (gr. share) (€m) | | | | | | | | | | | | | | | | | | | |
| EV/Sales (x) | 5.3 | 11.5 | 6.2 | 7.9 | 3.4 | 0.9 | 4.7 | 3.7 | 2.8 | 4.9 | 5.6 | 6.7 | 6.1 | 21.4 | 4.8 | 2.8 | 2.6 | | |
| EV/EBITDA (x) | 18.4 | 61.3 | 19.1 | 44.4 | 15.6 | 14.0 | 16.1 | 16.4 | 18.0 | 14.8 | 15.3 | 24.6 | 16.7 | 77.3 | 15.8 | 9.0 | 8.1 | | |
| EV/EBIT (x) | 20.3 | 82.8 | 20.1 | 42.2 | 15.7 | 14.9 | 17.2 | 16.6 | 17.5 | 14.4 | 15.4 | 25.1 | 16.9 | 59.5 | 14.7 | 8.6 | 7.8 | | |
| EV/FCF (x) | -42.9 | -37.5 | -11.3 | 160.7 | 27.9 | 40.9 | na | 10.0 | 97.6 | 236.5 | 145.7 | -72.8 | 269.1 | -208.0 | -17.9 | -9.7 | -12.7 | | |
| EV/Capital Employed (x) | 1.3 | 2.1 | 1.5 | 1.6 | 1.4 | 1.3 | 1.2 | 1.3 | 1.3 | 1.3 | 1.1 | 1.2 | 1.0 | 1.1 | 0.8 | 0.7 | 0.7 | | |
| P/E (x) | 25.3 | -111.7 | 14.1 | 15.8 | 14.3 | 13.4 | 12.2 | 12.5 | 12.3 | 7.8 | 10 | 17.9 | 10.7 | -434.6 | 5.6 | 2.6 | 2.2 | | |
| P/BWPS (x) | 1.6 | 1.8 | 1.6 | 1.5 | 1.6 | 1.8 | 1.9 | 1.9 | 1.9 | 1.6 | 2.0 | 1.5 | 1.4 | 1.4 | 0.7 | 0.6 | 0.5 | | |
| FCF/yield (%) | -3.2 | -4.3 | -15.2 | 1.5 | 7.8 | 5.4 | 4.4 | 23.2 | 2.3 | 1.0 | 0.2 | -3.2 | 1.0 | -1.5 | -28.3 | -50.5 | -38.4 | | |
| Per share data | | | | | | | | | | | | | | | | | | 09-22 | 23-25e |
| # of shares | 5.04 | 5.04 | 5.04 | 5.04 | 5.25 | 5.46 | 5.63 | 5.63 | 5.63 | 5.63 | 5.63 | 7.04 | 7.04 | 7.04 | 7.43 | 7.43 | 7.43 | 2.8 | 0.0 |
| # of avg sh. (FD, ex-treas.) | 5.04 | 5.04 | 5.04 | 5.04 | 5.15 | 5.35 | 5.54 | 5.63 | 5.63 | 5.63 | 6.33 | 7.04 | 7.04 | 7.23 | 7.43 | 7.43 | 7.43 | 2.8 | 1.3 |
| Share price | 36.70 | 35.44 | 31.47 | 29.80 | 32.79 | 37.69 | 43.10 | 45.08 | 48.30 | 48.80 | 64.89 | 61.25 | 58.10 | 52.05 | 26.20 | 26.20 | 26.20 | 3.0 | 0.0 |
| EPS | 1.45 | -0.32 | 2.24 | 1.88 | 2.29 | 2.81 | 3.54 | 3.62 | 3.92 | 6.25 | 6.71 | 3.43 | 5.41 | -0.12 | 4.69 | 10.00 | 11.76 | na | 58.3 |
| EPS FD | 1.45 | -0.32 | 2.24 | 1.88 | 2.29 | 2.81 | 3.54 | 3.62 | 3.92 | 6.25 | 6.71 | 3.43 | 5.41 | -0.12 | 4.69 | 10.00 | 11.76 | na | 58.3 |
| BVPS | 23.4 | 20.1 | 19.5 | 19.6 | 20.4 | 21.1 | 22.9 | 24.3 | 26.1 | 29.7 | 32.7 | 40.8 | 42.4 | 38.6 | 39.7 | 45.9 | 54.8 | 4.3 | 17.5 |
| DPS | 2.60 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.04 | 2.08 | 2.20 | 2.31 | 2.42 | 2.54 | 2.67 | 2.70 | 2.80 | 2.95 | 0.2 | 4.5 |

Source: Company data, Merodis Equity Research

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