

8 March 2010

ATENOR

FY09 results – invest now, harvest later

INVESTMENT COMPANIES
BELGIUM

CURRENT PRICE € 38.01
TARGET PRICE € 40.00

ACCUMULATE
RATING UNCHANGED



Source: Thomson Financial Datastream

Bloomberg	ATEB.BB
Reuters	ATEO.BR
www.atenor.be	
Market Cap	€ 190.2m
Shares outst.	5.0m
Volume (daily)	€ 69,768
Free float	40.6%

Next corporate event

General Assembly 09: 23 April 2010

(€ m)	2009E	2010E	2011E
Current Result			
Portf. Result			
Net Profit	9.6	13.1	18.9
Adj. EPS (€)	1.91	2.61	3.76
NAV (€)	24.3	24.3	25.5
P/E (x)	19.9	14.6	10.1
DPS (€)	2.60	2.60	2.60
Dividend yield	6.8%	6.8%	6.8%

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News:

Atenor published FY09 results last Friday. On the actual numbers: i. EPS was € 1.45 vs. € 1.91 KBCS est. with the difference attributable to a lower than expected profitability on Media Garden – which is disappointing – and higher charges for the delays on President. Note that any y/y comparison is irrelevant. ii. The DPS was confirmed stable at 2.60 – yielding nearly 7%.

Our View:

In terms of business development we could distinguish the following items: i. the President project has been delivered and accepted and the balance of payments of c.€ 50m has been received at the end of Feb. We understand management is aiming for a friendly settlement (concerning € 8m+) with the general contractor for the delays suffered. ii. a permit has been received in Romania for the Hermes business campus project and management highlighted it will launch a first phase of 17,000m² speculatively. iii. permits on most of the other projects are anticipated in 2010 (Vaci Green, Brussels Europa, Premium, Port du Bon Dieu). iv. having been flooded with liquidities in 1Q10 (€ 75m bond issue and € 50m reversal of working capital tied up in President), the balance sheet will look exceptionally strong with a net debt / equity of 27% and 5y unsecured company financing. This can only mean that Atenor is actively looking at several new investment opportunities – as was confirmed by the management team.

No earnings outlook was provided but as we highlighted in our preview note 2010 will be another year of subtrend earnings; a rough calculation points to a 2010 EPS of € 1.00 with the challenge to match last year's. However, we are also of the view that the potential of the existing Belgian projects has remained intact despite the crisis – we believe the main risk is related to the timing of profits. We see the confirmation of a stable dividend as a sign of management's confidence in future earnings generation.

Conclusion:

Since the strategic shift towards a pure play developer in 2005 Atenor has outperformed the sector (EPRA Euro) by 135%. Year-to-date the outperformance equates to 5%. Our fundamental long-term positive view remains unchanged, but we also believe that today there is no need to rush into the stock and are rather buyers on the occasional dips. Our Accumulate rating reflects the potential for increasing profit expectations, the solid balance sheet and the attractive shareholder remuneration.