

Closing share Price (30/08/2022)

EUR 72.50

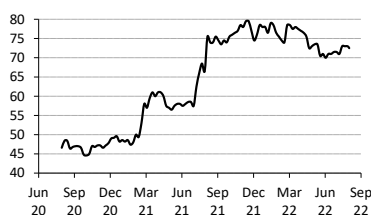
Target valuation range

EUR 81.00 - 99.00

Risk	Low
Reuters	LUX.LU
Bloomberg	LXMP LX
Shares number (m)	20.15
Market cap. (m)	1,461
NAV 31/08/2022	104.80
(Discount)/Premium	-30.8%
1 year price perf.	6.6%
Diff. with Euro Stoxx	23.1%
Volume (sh./day)	1,252
H/L 1 year	79.50 - 70.00
Free Float	24.2%
Foyer Finance	50.4%
Sofina Group	6.1%
Stable Shareholders	16.6%
Treasury Shares	2.7%

Company description

Luxempart is a Luxembourg based investment holding company with more than 25 years of existence. Luxempart invests in several European countries, mainly in the DACH region, Luxembourg, Belgium, France and Northern-Italy.



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Luxempart

Putting the money where their mouth is

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Acquires a stake in Nexus, leading supplier of software for Healthcare sector

Nexus AG, a German small cap (market cap ~EUR 800m) and one of the leading European suppliers of software solutions in the healthcare sector, announced a capital increase through the issuance of 1.45m shares. This transaction will increase the share capital by around 9.17% to 17,264,695 outstanding shares.

The buyer of the shares is Luxempart which will acquire all 1.45m shares at a price of EUR 50 p/s. Nexus plans to use the proceeds to finance further growth. For Luxempart, this constitutes a EUR 72.5m investment (=50*1.45) for which they will receive a ~8.4% stake in the company. Nexus plans to use the proceeds to finance further growth.

Investment that fits perfectly within Luxempart's strategy

For Luxempart, this constitutes a EUR 72.5m investment (=50*1.45) while also providing them with an ~8.4% stake in the company. This transaction fits well within Luxempart's investment strategy as the company primarily looks for small cap companies in the Benelux & DACH region. Both Nexus & Luxempart have confirmed their intention of Luxempart being an anchor shareholder for the company. Other large shareholders are Brown Capital and Fidelity, both with a ~10% stake as well. As mentioned in the press release: "The company has achieved a strong profitable growth track record over the last 20 years with a sales CAGR of 16% driven by a mix of organic growth and continuous bolt-on acquisitions."

Putting cash position to work

As we published in our report of August 29, Luxempart disposes of a significant net cash position (~20% of NAV, >EUR 400m). Management had already stated that they were not planning on staying on the side lines in the current environment.

In our report we also highlighted that, as multiples in listed markets have come down more than in private ones, Luxempart might be on the lookout for new listed companies to add to its portfolio.

EUR	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
End FY Price	50.50	53.00	49.00	74.50	-	-	-
End FY NAV	70.09	78.40	85.11	107.80	-	-	-
End FY Discount	-27.9%	-32.4%	-42.4%	-30.9%	-	-	-
EPS	3.44	10.31	7.80	24.81	-	-	-
Cash EPS	-	-	-	-	-	-	-
Div.	1.41	1.48	1.60	1.80	1.94	2.10	2.27
Y/Y	5.0%	5.2%	8.1%	12.5%	8.0%	8.0%	8.0%
Payout	40.9%	14.4%	20.5%	-	-	-	-
Yield	2.9%	2.8%	3.3%	2.4%	2.7%	2.9%	3.1%

Facts continued:

Nexus will immediately become the largest listed line in Luxempart's portfolio (39% of listed portfolio & ~4% of total portfolio i.e. GAV). This is once again in line with previous guidance of management which had stated its ambition to streamline its listed portfolio by increasing the concentration of the portfolio on a smaller number of investments. This also allows them to take larger stakes in companies that potentially can offer them a board seat.

Our view: Anchor shareholder in decade-long compounder

Luxempart is immediately putting their money where their mouth is with a transaction that fits perfectly within their investment strategy. With this one investment, Luxempart immediately puts about 17.5% of its net cash to use, bringing the net cash position down to about 15.9% of the NAV.

We expect additional investments in the next 12 months as management will put its cash position to work.

A remarkable side note is that another Benelux investment company, namely Quest for Growth, is also a shareholder of Nexus AG, albeit with a smaller position (54k shares).

We reiterate our valuation range of EUR 81 to EUR 99 p/s which still offers 11.7% to 36.6% of upside.

Exhibit 1 NAV Luxempart				
Participations	Spot value (€m)	Per share	% of GAV	12m Target
Direct Investment (Listed)	111.5	5.5	7%	117.1
Direct Investments (Private)	1,163.6	57.7	68%	1,303.2
of which Foyer (DPe)	513.0	25.5	30%	559.2
Investment Funds	439.1	21.8	26%	487.4
Gross Asset Value (GAV)	1,714.2	85.1	100%	1,907.7
Net cash	433.1	21.5		433.1
Net Asset Value (NAV)	2,147.3	106.6		2,340.8
per share	106.6			116.2
Share price	73.0			
	Current	Hist. average	Target	
Discount	-31%	-30%	-15%	
Target range in EUR		81	99	

Source: Degroof Petercam estimates

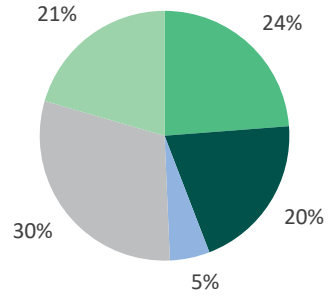
Share details Luxempart

Share Price	72.50
NAV	104.8
Prem/(Disc)	-30.8%
Target	-15%
Dividend	1.80
Yield	2.5%
Target range	EUR 81-99

Last updated

31/08/2022

NAV distribution

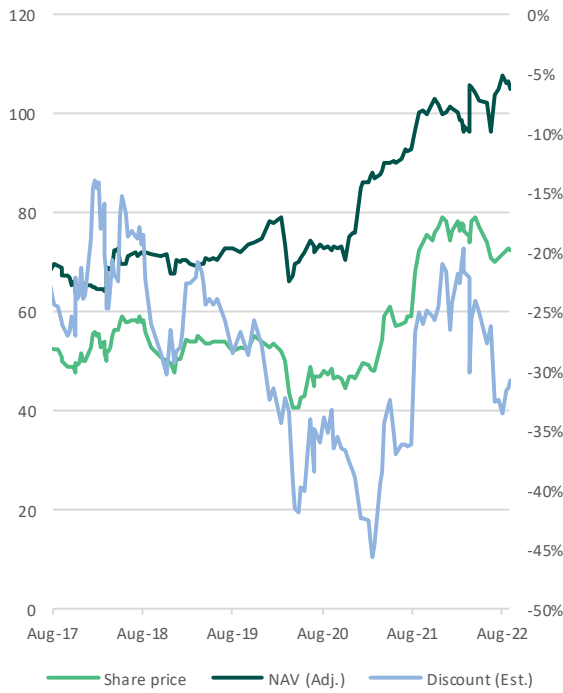


Historic discount average

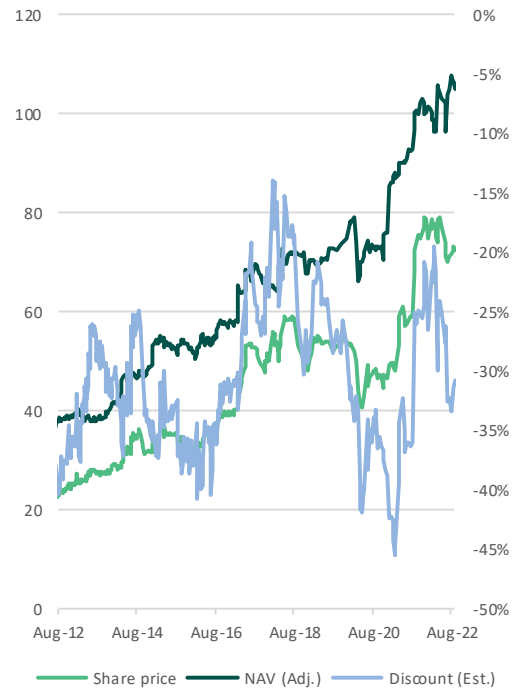
5Y average	-27.6%
10Y average	-31.5%

■ Foyer ■ Funds ■ Listed ■ Other Private ■ Cash

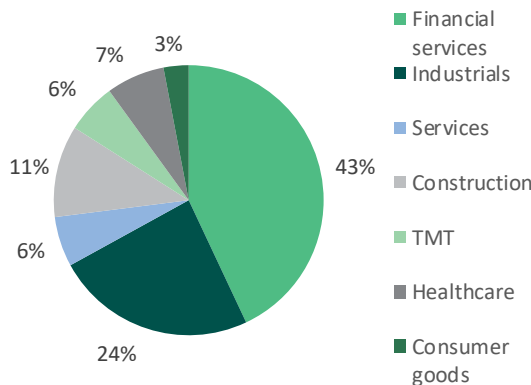
5Y Share Price / NAV / Discount evolution



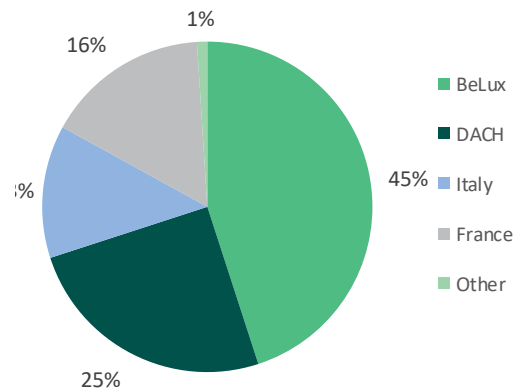
10Y Share Price / NAV / Discount evolution



Sector distribution direct investments



Geographical distribution direct investments



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Report completion and updates

This report was first disseminated by Degroof Petercam on 31 August 2022 08:39 CET

Valuations are continuously reviewed by the analyst and will be updated and/or refreshed regularly. The rationale behind a change in target valuation will be explained in such a refresher/update.

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This report has not been reviewed by the company prior to publication.

The report has been reviewed by Vivien Maquet, Equity Analyst.

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