

Share price (03/02/23)

EUR 73.50

Target valuation range

EUR 86.00 - 105.00

Risk	Not Selected
Bloomberg	LXMP:LX
Shares number (m)	20.2
Market cap (m)	EUR 1,481.2m
Net debt 12/22 (m)	EUR
Net debt/EBITDA 12/23	
1 year price perf.	-3.9%
Diff. with EuroStoxx	-5.0%
Volume (sh/day)	20
L/H 1 year	EUR 67.50 -79.50
Free Float	24.2%
Foyer Finance	50.4%
Stable Shareholders	16.6%
Sofina Group	6.1%
Treasury Shares	2.7%

Company description

Luxempart is a Luxembourg-based investment company managing a portfolio of >EUR 2bn. Luxempart's portfolio consists of three pillars: a listed portfolio (11%), a private equity portfolio (62%) and investment funds (27%).

Luxempart is a long-term investor with a flexible investment policy.


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Luxempart

Significant investment in leading player in niche market

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Facts

- Luxempart will take a 26% stake in Kestrel Vision (KV), a market leader in the niche market of machine vision-based quality control and inspection solutions for the packaging industry. Luxempart will invest up to EUR 110m.
- The Company is mainly active in the F&B, pharmaceutical and cosmetics sector and more specifically in everything that has to do with containers (e.g. glass bottles, PET bottles, metal cans etc.).
- Through Kestrel Vision's solutions, companies can increase throughput and efficiency. The business is extremely asset-light and invests a significant part in R&D to drive innovation.
- KV has sales of EUR >260m with EBITDA of EUR >40m (>15.3% margin).
- Luxempart will become a partner of Caravelle which together with management is the majority shareholder. There was no selling party. Caravelle is a family-owned investor (Martel family) and has confirmed its long-term partnership with the company.
- Leverage seems manageable (<4x EBITDA DPe) and with Luxempart's input the company can continue with its buy-and-build story. Examples of that is its recent acquisition of Filtec (September 2022). FILTEC's instrumentation is used by over 1,500 leading global beverage companies including Coca-Cola, Pepsi, SABMiller, and ABInBev to perform critical product inspection steps that are essential for the operation of high-speed container packaging lines and the production of high-quality beverages.

Our View

- We believe this to be a very positive addition to the portfolio of Luxempart on multiple fronts. On one hand, Luxempart puts a sizeable part of its net cash position to work at an attractive multiple (DPe 10-14x). A listed peer Antares Vision is trading at similar multiples.
- On the other hand, Luxempart partners up with another long-term minded family.
- More on the next page.

EUR	12/19a	12/20a	12/21a	12/22e	12/23e	12/24e
Share price				73.50	73.50	73.50
NAV per share	78.40	85.11	107.80			
NAV	1,573.9	1,709.4	2,166.4	0.0	0.0	0.0
Premium/discount						
10yr average premium	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4
Dividend per share	1.48	1.60	1.80	1.94	2.10	2.27
Dividend growth	+5.2%	+8.1%	+12.5%	+8.0%	+8.0%	+8.0%
Dividend yield				2.6%	2.9%	3.1%
LTV	-9.3%	-13.6%	-17.0%			

Source: Luxempart/Degroof Petercam estimates

Our view: Entrepreneurial family partnering up with like-minded people

We estimate today's NAV to be EUR 112.1 p/s, implying a discount of ~34% which is quite elevated compared to both the historical average of 30% and our target discount of 15%. As a reminder, we believe Luxempart's discount will decline thanks to its improved communication and transparency and (hopefully) improving liquidity over time. The latter can be achieved through a combination of a secondary listing in Brussels and the increase of free float.

After updating our model, we see room to increase our target valuation range to EUR 86– 105 from (EUR 75-92). Compared to the last closing price, this provides upside of 16-42%). We continue to believe that Luxempart is an excellent opportunity for investors willing to partner up with a stable (family) shareholdership with a long-term vision.

Exhibit 1 NAV 06/02

Participations	Spot value (€m)	Per share	% of GAV	12m Target
Direct Investment (Listed)	228.8	11.4	12%	240.3
Direct Investments (Private)	1,263.1	62.7	65%	1,414.7
of which Foyer (DPe)	584.0	29.0	30%	636.6
Investment Funds	461.7	22.9	24%	512.5
Gross Asset Value (GAV)	1,953.7	96.9	100%	2,167.5
Net cash	305.3	15.1		305.3
Net Asset Value (NAV)	2,259.0	112.1		2,472.8
per share	112.1			122.7
Share price	73.5			
	Current		Hist. average	Target
Discount	-34%		-30%	-15%
Target range in EUR			86	105

Source: Degroof Petercam estimates

Source: Luxempart/Degroof Petercam estimates

Commissioned Research

Degroof Petercam is commissioned by this company to publish research and is paid for this service.

Disclosures

None.

Rating system & Valuation methods

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Report completion and updates

This report was first disseminated by Degroof Petercam on 6 February 2023 09:25 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.

An overview of the research published on this company can be found on our website:
<https://research.degroofpetercam.com/portail/societe/news.php?id=223&type=0>

This report has not been reviewed by the company prior to publication.
The report has been reviewed by Michael Roeg, Senior Equity Analyst.

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