

Share price (14/09/23)

EUR 69.50

Target valuation range

EUR 83.00 - 101.00

Risk	Low
Bloomberg	LXMP:LX
Shares number (m)	20.1
Market cap (m)	EUR 1,398m
Net debt 12/22 (m)	EUR
Net debt/EBITDA 12/23	
1 year price perf.	-4.1%
Diff. with EuroStoxx	-19.8%
Volume (sh/day)	12
L/H 1 year	EUR 66.00 -79.00
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.



**Analyst:**

**Joren Van Aken**

Equity Analyst

+32 2 662 8883

[j.vanaken@degroofpetercam.com](mailto:j.vanaken@degroofpetercam.com)

## Luxempart

### Solid H1 performance with resilient pipeline

*This report is considered as a marketing communication. It has been commissioned and paid for by Luxempart and has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and is also not subject to any prohibition on dealing ahead of the dissemination of investment research.*

#### Facts

- Luxempart's H1 NAV came in at EUR 2.2bn or EUR 110.7 p/s. That is an increase of 2.3% over the first six months of the year (FY22: EUR 108) and in line with our estimate of EUR 112.
- The weighted average EBITDA of the portfolio (listed+unlisted) increased by 8%. Valuation-wise, the private lines are conservatively valued at 8.4x EBITDA (vs. 9.9x at the end of FY22).
- The company was active in H1 with EUR 183m being invested in 2 new lines and 3 existing lines. That is in stark contrast with some of Luxempart's peers which had a very muted H1 in terms of dealflow.
- Luxempart still has a healthy pipeline going into H2 and stated that they are "finalizing new investments in the second half of the year, both in new companies and to support our existing portfolio companies in their development and acquisition strategies."
- Also on the divestment side, Luxempart was active with divestments in 3 listed portfolio companies and an ongoing divestment in a 4<sup>th</sup> one.
- Even the Investment Funds segment remained active with EUR 61m of capital calls (H1 22: EUR 32m). The firm has about EUR 117m of commitments outstanding, mostly in Buyout (51%) and Secondary Funds (40%). Also performance was good at +6.5%. At the closing, Luxempart had received updated H1 NAVs for 82% of the funds. Today, this is 100% with no significant impact on the valuations.
- Luxempart still has plenty of liquidity to deploy. The firm has a net cash position of EUR 233m (including other assets & liabilities) or about 12% of the portfolio. Pro-forma the post-closing divestments of Süss Microtec (EUR 19.7m) and SNP (EUR 25.5m), the net cash will be ~EUR 278m or about EUR 14 p/s. Including other assets & liabilities (e.g. tax assets), this pool goes up to ~EUR 300m. Luxempart also took a credit line of EUR 50m which remains undrawn.

EUR	12/19a	12/20a	12/21a	12/22a	12/23e	12/24e	12/25e
Share price	53.00	49.00	74.50	74.50	69.50	69.50	69.50
NAV per share	78.40	85.11	107.80	108.30			
NAV	1,573.9	1,709.4	2,166.4	2,182.9	0.0	0.0	0.0
Premium/discount	-32.4%	-42.4%	-30.9%	-31.2%			
10yr average premium	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4
Dividend per share	1.48	1.60	1.80	1.98	2.16	2.33	2.52
Dividend growth	+5.2%	+8.1%	+12.5%	+10.0%	+9.0%	+8.0%	+8.0%
Dividend yield	2.8%	3.3%	2.4%	2.7%	3.1%	3.4%	3.6%
LTV	-9.3%	-13.6%	-17.0%	20.6%			

Source: Luxempart/Degroof Petercam estimates

## Our view: Healthy pipeline when others are struggling

Luxempart actually had a very resilient first half of the year. Both on the investment and divestment side, the firm was active whereas activity at some peers was very much muted. The firm still has plenty of liquidity available to pursue its healthy pipeline. This cash is partially the result of the streamlining of the portfolio which started in 2020. Going forward, we do expect that net cash will become fully invested and that Luxempart will go to a cash neutral state. This is similar to Brederode's strategy. Having some credit lines available will come in handy then.

We estimate today's NAV to be EUR 108 p/s, implying a discount of 36%. This remains elevated and is above the long-term average of ~30%. Given the strong track record, we believe a justified discount would be more in the 15-30% range. Our valuation range gets adjusted slightly to EUR 83-101 (vs. EUR 88-107) before. This provides an upside of 19-45%. This remains attractive vs. the average upside in our coverage of about 20%. 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.

<b>Exhibit 1 NAV</b>				
<b>Participations</b>	<b>Spot value (€m)</b>	<b>Per share</b>	<b>% of GAV</b>	<b>12m Target</b>
<b>Direct Investments (Listed)</b>	156.4	7.8	8%	170.5
<b>Direct Investments (Private)</b>	1,269.1	62.9	68%	1,421.4
of which Foyer (DPe)	555.7	27.5	30%	605.8
<b>Investment Funds</b>	449.3	22.3	24%	498.7
<b>Gross Asset Value (GAV)</b>	<b>1,874.8</b>	<b>92.9</b>	<b>100%</b>	<b>2,090.6</b>
Net cash	301.8	15.0		301.8
<b>Net Asset Value (NAV)</b>	<b>2,176.6</b>	<b>107.9</b>		<b>2,392.4</b>
per share	107.9			118.6
<b>Share price</b>	69.5			
	<b>Current</b>		<b>Hist. average</b>	<b>Target</b>
<b>Discount</b>	-36%		-30%	-15%
<b>Target range in EUR</b>			<b>83</b>	<b>101</b>

Source: Degroof Petercam estimates

## Appendix

As we have done every year, we updated the trading data for the Luxempart stock exchange. In our initiating report of August 02 2021, we said: *“We therefore conclude that the LuxSE is not the optimal stock exchange to be listed on, especially if it is the only listing. In our view, it would therefore be beneficial for both the share price and discount of Luxempart to go for a secondary listing on the Brussels stock exchange (like Brederode) or the Amsterdam stock exchange. When looking at investment companies specifically, Brussels is a European hotspot to consider as it currently enjoys 9 listed investment companies. Moreover, Belgian retail investors which are keen on these securities could be enticed to invest as well.”* The comment was checked for H1 of 2022 in the report of 29 August 2022. The results then showed that the liquidity situation on the Luxembourg Stock Exchange (LuxSE) was actually worsening. The same exercise was done again for H1 2023.

The results are again similar and clearly show that firms with a dual listing actually achieve more than 99% of their traded volumes on the secondary listing rather than on the Luxembourg stock exchange.

<b>Exhibit 2</b>			
<b>Avg daily shares traded H1 2022</b>	<b>Liquid listing</b>	<b>Luxembourg listing</b>	<b>LuxSE as % of Liquid listing</b>
Aperam	320,771	5	0.00%
Arcelormittal	5,974,904	88	0.00%
Brederode	8,646	159	1.84%
RTL Group	90,548	9	0.01%
SES	899,172	437	0.05%
Luxempart		1,125	
<b>Average</b>			0.38%

  

<b>Avg daily shares traded H1 2023</b>	<b>Liquid listing</b>	<b>Luxembourg listing</b>	<b>LuxSE as % of Liquid listing</b>
Aperam	213,064	18	0.01%
Arcelormittal	3,096,465	8	0.00%
Brederode	4,538	134	2.94%
RTL Group	88,657	23	0.03%
SES	775,731	685	0.09%
Luxempart		532	
<b>Average</b>			0.61%

Source: Degroof Petercam estimates

We therefore remain convinced that a secondary listing could also be beneficial for Luxempart over time if this were to be combined with an increase in liquidity/free float. For example, once the net cash position is fully invested, Luxempart could issue a capital increase whereby Foyer would waive its subscription rights and let itself dilute. We have no indication today that this would be in the cards but we believe it is something the firm and its Board should consider over time.

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

### About Degroof Petercam

This report has been prepared by Bank Degroof Petercam SA/NV ("Degroof Petercam").

Degroof Petercam is a financial institution authorised by and under the prudential supervision of, as a credit institution, the National Bank of Belgium and under the supervision of the Financial Services and Markets Authority. It has its registered office at 44, rue de l'Industrie, 1040 Brussels and is registered with the crossroads bank for enterprises under number 0403.212.172.

### No investment research

This report is considered as a marketing communication. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

### Not approved by the competent regulator

This report is not subject to any statutory prior approval requirement by a competent supervisory authority. As a result, this report has not been, and will not be submitted for approval to any competent supervisory authority.

### Content of the report

This report has been prepared by the sell-side research team of Degroof Petercam. All opinions, views, estimates and projections included herein reflect the personal views of the author on the subject company and related securities as of the date of this report. This report does not necessarily reflect the views of Degroof Petercam as institution and is subject to change without notice. The analyst(s) claim(s) furthermore not to have any meaningful financial interest in any of the aforementioned companies, not to be conflicted and not to have accepted any inducement from any person with a material interest in the subject company of the report at hand. The remuneration of the analysts is subject to the remuneration policy of Degroof Petercam and can be consulted [here](#).

The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness.

### Validity of the report

Any information, opinion or estimate contained in the present report is, regardless of source, given in good faith and may only be valid as of the date on which this report is published and is subject to change. The value of any investment may also fluctuate as a result of market changes. Degroof Petercam is not obliged to inform the recipients of this report of any change to such opinions or estimates.

### Not for retail clients

This report is meant exclusively for professional clients or eligible counterparties (as defined in the Markets in Financial Instruments Directive 2014/65/EU) and is not intended for retail clients use.

### Review by the subject company of this report

Degroof Petercam reserves the right to submit a draft of the research report (excluding – where relevant - the target valuation range/fair value and the recommendation) for review to the subject company with the sole purpose of correcting any inadvertent material factual inaccuracies.

### Conflict of interest

It should be noted that Degroof Petercam and the subject company have entered into an agreement relating to the production of this report. Degroof Petercam has received a remuneration from the subject company for the drafting and dissemination of this report.. This remuneration is (i) a fixed fee which has been agreed between the subject company and Degroof Petercam prior to the drafting and publication of this report and (ii) under no circumstances positively or negatively influenced by the content of this report.

Due to the broad activities of the group to which Degroof Petercam belongs, it may occur that Degroof Petercam or any of its affiliates:

- holds positions or effect transactions in the securities of the company mentioned herein or any member of its group;
- performs or seeks to perform investment banking services for such companies (such as corporate finance advice services);
- acts as a market maker or a liquidity provider for the securities of the company mentioned herein;
- performs any other services it is legally entitled to provide;
- hold a mandate in the subject company;
- hold a significant stake in the subject company.

In this regard, Degroof Petercam is required to have arrangements in place to identify, prevent and manage conflicts of interest between itself and clients and between different clients. Degroof Petercam operates in accordance with a conflicts of interest policy under which Degroof Petercam has identified those situations in which there may be a conflict of interest and, in each case, the steps taken to manage that conflict. Degroof Petercam has taken reasonable care to ensure that objectivity of this research report and the independence of the author are ensured



and it has put in place several arrangements (such as internal policies and procedures) in order to manage potential conflicts of interests. Degroof Petercam has for example implemented a remuneration policy, a personal account dealing procedure and several organizational measures such as Chinese Walls which are designated to prevent against the wrongful disclosure and use of confidential and sensitive information. Where the arrangements under our conflicts of interest policy are not sufficient to manage a particular conflict, Degroof Petercam will inform the relevant client of the nature of the conflict so that the client can make a well-informed decision. Next to the aforementioned arrangements, Degroof Petercam has also implemented the internal arrangements required by article 37(1) of the Commission Delegated Regulation 2017/565.

**No offer**

This report does not constitute and should not be construed as, an offer or solicitation for the sale, purchase or subscription of any financial instrument. Any offer or entry into any transaction requires Degroof Petercam's subsequent formal agreement which may be subject to internal approvals and execution of binding transaction documents.

**No investment advice**

The information contained in this report should not be regarded as personalized and should not be considered as a recommendation of investment advice. Recipients should not construe the content of this report as legal, tax, accounting or investment advice or personal recommendation. Accordingly Degroof Petercam is under no obligation to, and shall not, determine the suitability for the recipient of any potential transaction described herein. Recipients should seek advice to their advisors in order to determine the merits, terms, conditions and risks of any potential transaction that may be described herein.

**Forward looking statements**

This report may contain forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the actual results, condition, performance, prospects, growth or opportunities to differ materially from those expressed in, or suggested by, these forward-looking statements. Forward-looking statements are not guarantees of future performance and there is no guarantee that any of the estimates or projections will be achieved. Actual results may vary from the projections and such variation may be material.

**Past & simulated past performance**

Any past or simulated past performance including back-testing, modelling or scenario analysis contained herein is no indication as to future performance. No representation is made as to the accuracy of the assumptions made within, or completeness of, any modelling, scenario analysis or back-testing.

**Valuation method**

Our target valuation is generally based on a combination of valuation methods including DCF, SOTP, peer group comparison, historical ratio analysis and others. The outcome of these valuation methods is sensitive to both external factors (e.g. interest rates and market valuations) and assumptions we make (e.g. on sales growth, profitability, or valuation discounts). Be aware that even small changes in these elements can lead to large changes in target valuation. More information on the valuation method used for this company can be found in the reports published on <https://research.degroofpetercam.com/portail/societe/news.php?id=223&type=45>

**No liability**

Degroof Petercam accepts no liability whatsoever for any direct or consequential loss or damage arising from any use of this report or its content. This report does not purport to give an exhaustive description of the financial instrument and of the issuer of the financial instrument it relates to. Although all reasonable care has been taken to ensure that the information in this report is accurate, neither Degroof Petercam, nor any of its affiliated companies, directors, advisors or employees can be held liable for any incorrect, incomplete or missing information, or for any direct or indirect damage, losses, costs, claims, liabilities or other expenses which would result from the use of, or reliance on, this report, except in case of willful misconduct or gross negligence. The information contained in this report has not been independently verified by any independent third party.

**Distribution restriction**

The present report is exclusively intended to professional clients and eligible counterparties, to the exclusion of retail clients. It may not be copied, reproduced, marketed or distributed in whole or in part for any purpose whatsoever without the prior written consent of Degroof Petercam.

The present report may not be taken or transmitted or distributed, directly or indirectly, outside of the EEA (but for the United Kingdom).

## Report completion and updates

This report was first disseminated by Degroof Petercam on 15 September 2023 08:37 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 Kris Kippers, Equity Analyst.



# Degroof Petercam Global Markets

www.degroofpetercam.com

Nijverheidsstraat / Rue de l'Industrie 44 – 1040 Brussels

De Entrée 238 A 7<sup>th</sup> floor – 1101 EE Amsterdam

**Benoît Mortelmans** +32 2 662 82 93

## Equity Research / Analysts

<b>Fernand de Boer</b>	Retail/Food & Beverages	+31 20 573 5417
<b>Kris Kippers</b>	Consumer Goods/Holdings	+32 2 287 9259
Amal Aboulkhouatem	Real Estate	+32 2 662 8653
Frank Claassen	Industrials	+31 20 573 5409
Inna Maslova	Real Estate	+32 2 662 8644
Vincent Koppmair	Real Estate	+32 2 287 9673
Laura Roba	ESG/Medtech	+32 2 287 9276
Michael Roeg	Technology	+31 20 573 5422
David Seynnaeve, PhD	Biotech/Healthcare	+32 2 287 9771
Joren Van Aken	Holdings/Misc.	+32 2 662 8883
Luuk van Beek	Engineering/IT/Greentech	+31 20 573 5471
Christel De Clerck	Support & Editing	+32 2 662 8302

## Corporate Brokerage & Syndication

<b>Gert Potvlieghe</b>		+32 2 662 8289
Raymond de Wolff		+31 20 573 5414
Magali Moonen		+32 2 662 8457
Tineke Hosselaer	Corporate access	+32 2 662 8290
Charlotte Mertens	Corporate access	+31 20 573 5416

## Sales

<b>Anthony della Faille</b>	+32 2 662 8724
<b>Laurent Pierret</b>	+32 2 662 8654

## Equity Sales

<b>Simon Vlamincx</b>	+32 2 662 8291
<b>Damien Fontaine</b>	+32 2 662 8287
Assia Adanouj	+32 2 662 8768
Piethein Leune	+31 20 573 5436
Jeroen Van Genuchten	+31 20 573 5428
Beatrice Leysens - Assistant	+32 2 662 8262

## Sales Trading

<b>Veronique De Schoemaeker</b>	+32 2 662 8280
Pieter De Moerloose	+32 2 662 8870
Fabrice Faccenda	+32 2 662 8986
Frédéric Lebrun	+32 2 287 9190

## Fixed Income Sales

<b>An-Sofie Meirsschaut</b>	+32 2 662 8665
Olivier Gigounon	+32 2 287 9184
Lieven Krikilion	+32 2 287 9559

## Derivatives

<b>Karim Marrakchi</b>	+32 2 662 8940
Thierry De Wispelaere	+32 2 662 8674