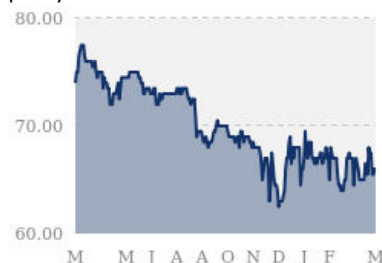


Share price (27/03/24)	
EUR 66.00	
Target valuation range	
EUR 94.00 - 114.00	
Risk	Low
Bloomberg	LXMP:LX
Shares number (m)	20.1
Market cap (m)	EUR 1,329m
Net debt 12/23 (m)	EUR
Net debt/EBITDA 12/24	
1 year price perf.	-10.8%
Diff. with EuroStoxx	-28.6%
Volume (sh/day)	11
L/H 1 year	EUR 60.00 -77.50
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

Impressive FY23 despite lagging share price

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- NAV up 6.5% over FY23 to EUR 115.4 p/s, slightly above our estimate and strong dividend growth of 10% to EUR 2.17
- Net cash of ~EUR 300m in April providing plenty of liquidity to seize opportunities. Recent track record of capital allocation has been positive
- We estimate today's NAV to be EUR 120.2 p/s, implying a discount of 45%. This is the highest level since we initiated on the stock
- Our target valuation range moves to EUR 94 -114 p/s (from EUR 83-101) providing 42-73% upside. That is quite attractive relative to the average 20% upside in our investment company sector

Facts

- Luxempart's NAV at the end of 2023 amounted to EUR 2.3bn or EUR 115.4 p/s. This equates to a YoY increase of 6.5% (FY22: EUR 2.2bn). It was also above our estimate of EUR 112.2 p/s.
- Both activities in the portfolio performed well with Direct Investments (76% of portfolio) up 8.9% and especially Investment Funds (24% of portfolio) with an impressive performance of 11.6%.
- It is especially impressive as several peers in private equity reported only stable NAVs over 2023. Luxempart took another EUR 107m of commitments during the year.
- The Investment Funds segment is still developing with now 24 General Partners spread over 48 active funds. Segment exposure is mostly Buyouts (73%), Venture Capital & Growth equity (18%) and Secondaries (9%). These GPs include niche names in Europe like Armira, Ekkio Capital and Bravo Capital which are historical relationships that have performed very well. The investment finds are also expanding into the US through several household names like Thoma Bravo and Insight Partners.

EUR	12/20a	12/21a	12/22a	12/23a	12/24e	12/25e	12/26e
Share price	49.00	74.50	74.50	66.00	66.00	66.00	66.00
NAV per share	85.11	107.80	108.30	115.43			
NAV	1,709.4	2,166.4	2,182.9	2,324.0	0.0	0.0	0.0
Premium/discount	-42.4%	-30.9%	-31.2%	-42.8%			
10yr average premium	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4	-31.4
Dividend per share	1.60	1.80	1.98	2.17	2.34	2.53	2.73
Dividend growth	+8.1%	+12.5%	+10.0%	+9.6%	+8.0%	+8.0%	+8.0%
Dividend yield	3.3%	2.4%	2.7%	3.3%	3.6%	3.8%	4.1%
LTV	-13.6%	-17.0%	20.6%	7.4%			

Source: Luxempart/Degroof Petercam estimates



Facts continued:

Communication has once again improved, especially on the Investment Funds section with a clear overview of where the team wants to go (key focus on SMID Buyouts), insights on its GPs and so on. The only point of improvement remains on Foyer which represents a significant part of the portfolio (~30%) on which investors have asked for more information including financials ambitions and targets.

Net cash was EUR 173m or EUR 8.6 p/s (7.5% of NAV). This will increase in April with the sale of ESG Elektroniksystem-und-Logistik bringing in another EUR 135m and elevating the net cash position above the EUR 300m threshold (EUR ~15 p/s). Luxempart has been actively deploying this cash position with EUR 370m of investments over 2023.

Recent capital allocation speaks in favour of Luxempart with interesting acquisitions like Evariste (infra & green space management), Kestrel Vision and Coutot-Roehrig (Heir hunting).

The Board will propose a dividend of EUR 2.17 which represents an increase of 9.6% (FY22: EUR 1.98) and in line with our estimate.

Our view: Good BUY-opportunity and plenty of cash for catalysts

With more than EUR 300m of cash available as from April, Luxempart is ready to seize opportunities. Luxempart is in that sweet spot of SME in the Benelux, France and DACH region as shown through acquisitions like Evariste and Coutot-Roehrig.

Also when it comes to the investment funds, performance is quite encouraging. Going forward, Luxempart will continue to put money in this segment of portfolio and will also commit more to US GPs whereas historically Luxempart has worked more with European GPs. Over time, we believe this can become an exclusive network of partners which we believe to be a moat similarly to Brederode and Sofina.

We estimate today's NAV to be EUR 120.2 p/s, implying a discount of 45.1%. That is the highest level since we initiated on Luxempart in 2021. Communication and the portfolio (thanks to the streamlining) have improved considerably since then. Also Luxempart's track record is impressive with an IRR of about 15% over the last 30 years. Hence, the main deterrent at the moment is in our view liquidity. We believe the management is willing to improve on this over time which means that today could actually be a good entry point for investors with a longer time horizon.

Our target valuation range moves to EUR 94-114 from EUR 83-101 before which provides 42-73% upside. That is quite impressive relative the average upside in our investment company coverage of about 20%.



Exhibit 1 NAV 28/03/2024				
Participations	Spot value (€m)	Per share	% of GAV	12m Target
Direct Investments (Listed)	174.8	8.7	8%	223.8
Direct Investments (Private)	1,523.5	75.7	68%	1,706.3
of which Foyer (DPe)	640.2	31.8	29%	697.8
Investment Funds	543.5	27.0	24%	603.3
Gross Asset Value (GAV)	2,241.8	111.4	100%	2,533.5
Net cash	173.0	8.6		173.0
Net Asset Value (NAV)	2,414.8	120.0		2,706.5
per share	120.0			134.5
Share price	65.5			
	Current		Hist. average	Target
Discount	-45%		-30%	-15%
Target range in EUR			94	115

Source: Degroof Petercam estimates



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None.

Rating system & Valuation methods

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Report completion and updates



This report was first disseminated by Degroof Petercam on 29 March 2024 08:42 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, Senior Equity Analyst.

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