



Befimmo (Hold - EUR 50.72): Looking at the Blue tower?

Preview

Period	FY '12
Date/Time	21/2/2013 after closing
Recommendation	Hold
Target price	EUR 51.8

in mEUR	31/12/'11	31/12/'12e	% Ch
Net rental result	124.62	128.92	3.5%
EBITDA	102.58	109.88	7.1%
Net current result	68.87	74.92	8.8%
Recurring CF/share (undiluted; 17.58m shares)	4.10	4.26	3.9%
Recurring CF/share (dilluted; 19.66m shares)	3.95	3.81	-3.6%
NAV/share	57.17	57.59	0.7%

Conference call	Thursday 21/2 after closing
Analyst Meeting	Thursday 21/2 after closing

Key items

- Q3 recap: rental income came in at EUR 96.7m vs. our EUR 95.7m expected. Bottom line arrived 2.9% higher than our expectations at EUR 57.8m or EUR 3.30/share (vs. our EUR 56.2m).
- In October, Befimmo purchased the remaining shares (10%) of Fedimmo that it did not own yet. Befimmo financed this acquisition for 50% by additional debt and the other half by creating 593,901 new shares (that have been used to partly pay the Belgian state).
- FY '12e: We expect the net current result to arrive at EUR 4.26 vs. guidance at EUR 4.05/share. The beat is explained by the deals on i) the property management contract (EUR 0.06/share ii) the acquisition of the Fedimmo shares (EUR 0.03/share) iii) the increase of rental income thanks to inflation iv) higher non-recurring revenues recorded for the coordination work in the WTC III building and lower overheads than last year
- We would be glad with news on i) the refinancings: a tranche of EUR 370m by 2014 (28.7% of total debt) ii) the Noord building: we expect the Flemish government to leave as of 2017 iii) Blue tower – is Befimmo bidding for the tower? This is a 24k sqm tower at the Avenue Louise in Brussels housing high profile tenants (e.g. Bain and company).

Conclusion

- We would not be surprised if Befimmo reshuffles its dividend policy (intermediary + final) for next year and just pay a final dividend after the publication of year-end figures. This would be logic when looking at the timing of the dividend pay out at peers.
- Our main triggers to upgrade the stock are: i) the terms of the next property investment ii) further earnings/share growth iii) positive like-for-like evolution of the portfolio value and rental income. Befimmo '12 earnings trade at 12.7x and similar to Cofinimmo's. An additional EUR 0.86/share dividend should be approved by the OGM in April. The overall dividend of EUR 3.45 offers a dividend yield of 6.8% vs. a dividend of 5.1% at Gecina currently.