

Accumulate

Recommendation unchanged

Share price: EUR 35.99

closing price as of 06/11/2017

Target price: EUR 35.00

Target Price unchanged

Upside/Downside Potential -2.8%

Reuters/Bloomberg BTBN.AS/BATEN NA

Market capitalisation (EURm) 87

Current N° of shares (m) 2

Free float 9%

Daily avg. no. trad. sh. 12 mth 0

Daily avg. trad. vol. 12 mth (m) 42.36

Price high/low 12 months 24.00 / 35.99

Abs Perfs 1/3/12 mths (%) 5.93/26.17/48.78

Key financials (EUR)

	12/16	12/17e	12/18e
Sales (m)	146	166	174
EBITDA (m)	7	10	12
EBITDA margin	5.1%	6.3%	6.6%
EBIT (m)	5	7	8
EBIT margin	3.6%	4.1%	4.8%
Net Profit (adj.)(m)	4	8	8
ROCE	9.3%	14.1%	17.0%
Net debt/(cash) (m)	2	0	(4)
Net Debt/Equity	0.1	0.0	-0.1
Debt/EBITDA	0.3	0.0	-0.3
Int. cover(EBITDA/Fin. int)	531.6	23.7	58.1
EV/Sales	0.4	0.5	0.5
EV/EBITDA	8.7	8.3	7.2
EV/EBITDA (adj.)	8.4	7.1	6.2
EV/EBIT	12.3	12.8	9.9
P/E (adj.)	14.0	11.4	10.2
P/BV	1.6	2.1	1.9
OpFCF yield	5.6%	5.1%	8.0%
Dividend yield	2.5%	3.6%	3.9%
EPS (adj.)	1.85	3.15	3.52
BVPS	16.32	17.40	18.65
DPS	0.90	1.29	1.42

Continued growth in Q3

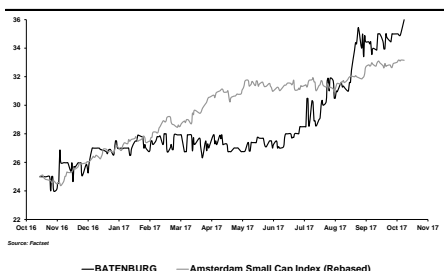
The facts: Batenburg published its qualitative Q3 trading update. Without being more specific, both revenues and results were above last year's level, which is in line with expectations. Management stated that the outlook for the second half is positive and that the order portfolio remains at a good level. Due to seasonality, results in 2H17 will be somewhat below the reported level in 1H17.

Our analysis: Organic revenue growth has continued in the third quarter without any specific details. All market segments except for oil & gas have shown a positive development. Within horticulture, Batenburg has expanded into Asia after a long start-up period. Within non-building related Installation, management commented that service and maintenance, which should deliver recurring revenues, has also increased.

Operating result was higher in the period after the jump of 97% to EUR 6.5m in 1H17. We think that Industrial Automation and Non-building related Installation will have shown higher margins, while Trade is expected to show lower margins for the year after a flat margin in 1H17.

Batenburg commented that the markets in which it is active are developing positively, except for the oil & gas segment. Due to seasonality, management expects revenues and results in 2H17 to be below 1H17. Our current estimates assume 14% revenue growth and a 200bps higher underlying EBITDA margin.

Conclusion & Action: Batenburg's qualitative Q3 trading update showed continued organic revenue growth and higher operating profit without being more specific. Management is positive about its outlook for the remainder of 2017 but again stated that due to seasonality results in 2H17 will be somewhat below the level in 1H17. Our investment case remains intact: Batenburg benefits from better market conditions and the change in business mix towards the better performing segments Industry and Infrastructure. Batenburg is valued at an EV/EBITDA 2018 of only 6.2 which reflects a premium of only 10% to its historical valuation while the company is in much better shape compared to a view years ago. A higher premium to its historical valuation is justified and offers further upside. We maintain our Accumulate rating.



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