

Accumulate

Recommendation unchanged

Share price: EUR 39.00

closing price as of 24/04/2018

Target price: EUR 35.00

Target Price unchanged

Upside/Downside Potential -10.3%

Reuters/Bloomberg

BTBN.AS/BATEN NA

Market capitalisation (EURm) 94

Current N° of shares (m) 2

Free float 9%

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

Daily avg. trad. vol. 12 mth (m) 1.56

Price high/low 12 months 26.75 / 39.80

Abs Perfs 1/3/12 mths (%) 4.28/0.00/41.84

Key financials (EUR)

	12/17	12/18e	12/19e
Sales (m)	173	177	185
EBITDA (m)	11	12	14
EBITDA margin	6.3%	6.6%	7.7%
EBIT (m)	7	8	12
EBIT margin	4.1%	4.8%	6.7%
Net Profit (adj.)(m)	6	7	9
ROCE	14.6%	17.1%	21.2%
Net debt/(cash) (m)	0	(4)	(9)
Net Debt/Equity	0.0	-0.1	-0.2
Debt/EBITDA	0.0	-0.3	-0.7
Int. cover(EBITDA/Fin. int)	75.5	(120.8)	(42.8)
EV/Sales	0.5	0.5	0.5
EV/EBITDA	8.2	7.8	5.9
EV/EBITDA (adj.)	7.0	6.7	5.9
EV/EBIT	12.5	10.7	6.8
P/E (adj.)	13.6	12.8	11.0
P/BV	2.1	2.1	1.9
OpFCF yield	4.8%	7.7%	9.5%
Dividend yield	3.1%	3.1%	3.6%
EPS (adj.)	2.69	3.04	3.53
BVPS	17.49	18.79	20.91
DPS	1.20	1.22	1.41

1Q18 trading update confirms positive market trends

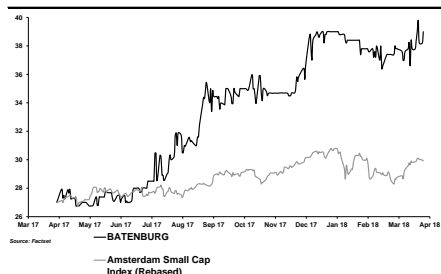
The facts: Batenburg published a qualitative 1Q18 trading update, confirming that market conditions for the company have remained positive, with also Marine & Offshore showing signs of recovery. Both revenues and operating profit were higher in all three divisions despite a slow start of the year. Management reiterated its guidance of higher revenues and operating profit for 2018.

Our analysis: Revenue growth has continued in 1Q18 with management being positive about the good market conditions. In all three divisions, revenues were higher compared to last year. Market demand remains good in Industrial Automation with now also Marine & Offshore showing signs of improvement. Technical Installation picked up very well after a slow start of the year and several larger projects are just starting up, which bodes well for revenue growth in the remainder of 2018. Within Industrial Components (previously Trade), Batenburg has finalised the divestment of DataVision which will have an impact on annual revenues of EUR 4m but according to management not so much on operating profit.

Without being more specific, like in last year's Q1 trading update, operating profit showed an increase in the quarter. For 2018, we expect further margin improvement driven by good revenue growth and efficiency gains.

Based on the good market conditions, the well filled order book and the good order intake, Batenburg is positive for its outlook for 2018. This is despite pressure on purchase prices and pressure on the availability of components and staff. Management reiterated its guidance of higher revenue and operating profit.

Conclusion & Action: Batenburg's 1Q18 trading update confirmed the positive market conditions for the company with growth in revenues and operating profit in all three divisions. Management is also positive about the remainder of 2018 and expects further growth in revenues and operating profit despite the divestment of DataVision (EUR 4m revenues) and despite pressure on purchase prices and the availability of components and staff. Batenburg is valued at an EV/EBITDA 2018 of 6.6 which reflects a premium of only 15% 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 have an Accumulate rating.



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