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Benelux Morning Notes

6 January 2014

COMPANY COMMENTS

Arseus: Important milestone in strategic review, divestment of several BUs

Corbion: Consensus expects strong growth into 2014 in Biochemicals

Euronav: significant step towards leading position in VLCC segment

Nyrstar: Executive share acquisition as part of incentive program

Quest for Growth: December NAV update discloses potential €1.16 dividend (14% yield)

MACRO NEWS

UK: Leading the charge

Maintained

Hold

Price (3/01/14)	€2.29
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Maintained

Target price (12m)	€2.10
Forecast total return	-8.3%

Market cap	€372.6m
Bloomberg	NYR BB

Nyrstar: Executive share acquisition as part of incentive program

Nyrstar announced this morning that several members of the Nyrstar Management Committee have acquired Nyrstar shares. We understood that 5 out of the 6 members participated.

The acquisition took place in the framework of the management incentive program known as the Leveraged Employee Stock Ownership Plan (LESOP).

The LESOP is an executive compensation program allowing participants to purchase company shares at a discount of 20%, subject to a holding period of three years. The members of the Nyrstar Management Committee that participated in the LESOP each acquired 500,000 shares, including 50,000 that were acquired via personal contributions.

The acquisition of the shares clearly signals LT share price confidence from the Management Committee members. The size of the incentives seems relatively high in view of EBITDA and FCF generation (or share price performance) of the company in 2013. We could see the shares up again today, although this isn't sure after the 9% share price jump last Friday. We remind investors of medium-term balance sheet concerns (please see our *Short-term relief, long-term concerns note* of 27 November 2013).

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Maintained

Hold

Price (3/01/14)	€3.16
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Maintained

Target price (12m)	€7.80
Forecast total return	-4.4%

Bloomberg	QFG BB
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Quest for Growth: December NAV update discloses potential €1.16 dividend (14% yield)

On Friday after the close, Quest released its portfolio update for 31 December 2013. It disclosed NAV of €10.87/share, up 8.3% from 9M13 NAV of 10.04/share. During the 4th quarter the SXXNFP index posted TSR of 5.47% and the CCMP index posted an 11.1% TSR. Quest is presently trading on a 25% discount to NAV.

More importantly, based on final end of FY13 NAV, Quest is eligible to distribute a €1.16 per share dividend (INGF: 90% pay-out, in line with the minimum level mentioned in Quest's articles of association), or a total cash distribution of €14.9m. Based on the share price of Friday January 3, this implies a 14% gross dividend yield. At the end of December Quest held €4.3m cash and €13m in commercial paper in short term assets to finance the dividend.

We assume the reinstatement of the dividend will lead to further discount narrowing as observed on a historical discount analysis around dividend announcements/payments. We estimate this is driven by Quest's advantageous taxation regime (no withholding tax due on the part of dividend that stems from capital gains) and the present 25% discount to NAV. These elements effectively allow shareholders to crystallize the majority of the discount on the dividend eligible part of the NAV. (€14.9m on total NAV of €125.3m).

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