

ABITARE IN

Sector: Consumers

OUTPERFORM

Price: Eu4.20 - Target: Eu7.00

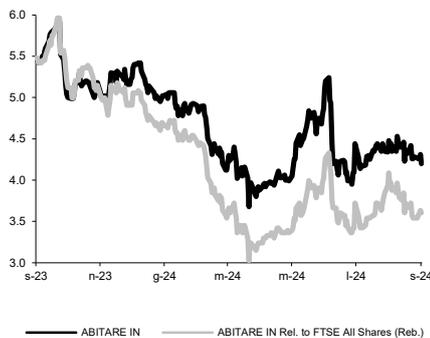
ABT 3Q Steady, But Permitting Issues Persist

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 7.10 to 7.00		
	2024E	2025E	2026E
Chg in Adj EPS	-39.6%	-6.8%	-2.3%

ABITARE IN - 12M Performance



Stock Data

 Reuters code: ABIT.MI
 Bloomberg code: ABT IM

Performance	1M	3M	12M
Absolute	-6.3%	-17.6%	-23.4%
Relative	-12.8%	-13.1%	-40.5%
12M (H/L)	5.92/3.68		
3M Average Volume (th):	31.20		

Shareholder Data

No. of Ord shares (mn):	27
Total no. of shares (mn):	27
Mkt Cap Ord (Eu mn):	111
Total Mkt Cap (Eu mn):	111
Mkt Float - Ord (Eu mn):	47
Mkt Float (in %):	42.1%
Main Shareholder:	
Gozzini Luigi Francesco	22.6%

Balance Sheet Data

Book Value (Eu mn):	102
BVPS (Eu):	3.97
P/BV:	1.1
Net Financial Position (Eu mn):	-72
Enterprise Value (Eu mn):	183

■ **3Q slightly better but of little significance.** 3Q results followed on from those in previous quarters, i.e., a slowdown of activity due to the impossibility of commencing new developments given the hold-ups on granting permits that are afflicting the real estate property development market in Milan. Turnover was Eu16.7mn, down 20.4% YoY, while EBT rose to Eu2.8mn from Eu2.0mn last year thanks mainly to lower financial charges. Net debt up Eu16mn QoQ, mainly on payment of tax and progress on projects. In our view, quarterly results at present are of little relevance, with focus remaining on resolution of current bureaucratic impasse.

■ **Authorizations stalemate not solved yet.** As for the market outlook, there have been no significant changes since the last report, as the company is still waiting for a solution to the urban planning and construction freeze in the Municipality of Milan, which is impacting the entire sector. This freeze has resulted in delays to the issuing of permits, forcing ABT to halt marketing on certain new projects due to uncertainty over timelines. The situation is becoming increasingly critical and could potentially escalate to a national issue, raising management hopes that pressure to find a solution will increase, although the timeline remains unclear. Meanwhile, demand for housing in Milan continues to rise, fuelled by new regulations on 'green homes' that make older properties less appealing. In this context, there is a growing need for new homes, particularly for middle and lower income families—a segment the company is well able to serve through its offering. In light of the stalemate that is affecting the company's core business, the focus on the development of other alternative business lines is confirmed, in particular servicing activities for other operators in the sector, expansion on the Rome market, and renovation of existing buildings, aiming for a faster construction and marketing phase, as well as a smaller environmental impact.

■ **Estimates.** In light of the unchanged market scenario, we revise our estimates to include a final quarter along the lines of the previous ones, prompting us to estimate total turnover of Eu75mn for 2024, down 35% YoY. With regard to the following years, we are not making any significant changes at the moment, fully aware that visibility remains rather limited at present and that much will depend on the resolution of the current bureaucratic impasse.

■ **OUTPERFORM; target Eu7.0.** Despite the existing short-term uncertainty on red tape, with the timing of a solution still up in the air, we believe that in the longer term ABT has everything in place for significant growth thanks to a robust pipeline, new business segments (servicing, property development in the Rome market) and a core market (Milan) where a significant structural gap exists between the number of new houses being built and the level of demand. In addition, mortgages becoming cheaper for customers and a reduction of construction costs may amount to a positive catalyst going forward. We slightly trim our TP to Eu7.0.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	122	116	75	144	159
EBITDA Adj (Eu mn)	23	35	17	35	40
Net Profit Adj (Eu mn)	13	25	7	19	23
EPS New Adj (Eu)	0.494	0.953	0.275	0.728	0.876
EPS Old Adj (Eu)	0.494	0.953	0.456	0.781	0.897
DPS (Eu)	0.000	0.420	0.078	0.214	0.259
EV/EBITDA Adj	12.1	5.2	11.0	4.7	5.1
EV/EBIT Adj	13.0	5.6	12.3	5.1	5.4
P/E Adj	8.5	4.4	15.3	5.8	4.8
Div. Yield	0.0%	10.0%	1.9%	5.1%	6.2%
Net Debt/EBITDA Adj	5.0	1.1	4.3	1.5	2.2

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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- OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
- NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
- UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
- SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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