

ABITARE IN

Sector: Consumers

OUTPERFORM

Price: Eu5.06 - Target: Eu7.80

Results Mixed, but Solid Pipeline to Propel Future Growth

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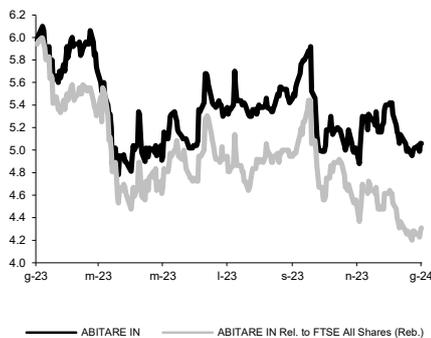
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 8.60 to 7.80		
	2024E	2025E	2026E
Chg in Adj EPS	-32.3%	-28.7%	

Next Event

 1Q24 Results Out February 13th

ABITARE IN - 12M Performance



Stock Data

Reuters code:	ABIT.MI		
Bloomberg code:	ABT IM		
Performance	1M	3M	12M
Absolute	-6.3%	1.4%	-14.8%
Relative	-6.1%	-5.5%	-31.7%
12M (H/L)	6.10/4.78		
3M Average Volume (th):	36.81		

Shareholder Data

No. of Ord shares (mn):	27
Total no. of shares (mn):	27
Mkt Cap Ord (Eu mn):	134
Total Mkt Cap (Eu mn):	134
Mkt Float - Ord (Eu mn):	56
Mkt Float (in %):	41.5%
Main Shareholder:	
Gozzini Luigi Francesco	22.3%

Balance Sheet Data

Book Value (Eu mn):	118
BVPS (Eu):	4.59
P/BV:	1.1
Net Financial Position (Eu mn):	-102
Enterprise Value (Eu mn):	236

■ **EBT below our estimate, but net income slightly better.** The company has reported results for the financial year ending 30/09/2023, with turnover and net debt coming in worse than our forecasts, but net profit beating estimates, benefiting from a lower impact from taxes. Specifically, consolidated revenues were Eu116.3mn vs. Eu156.1mn expected. Revenues from sales came to Eu235.8mn (Eu20.6mn in the year to 30/09/2022), deriving from deeds of sale on residential units handed over to clients and the completion of the via Cadolini transaction, while work in progress amounted to Eu70.9mn (Eu96.6mn in the year to 30/09/2022). In the period, construction work was completed at the Milano City Village, Palazzo Naviglio and Trilogy Towers sites, while works continue at Porta Naviglio Grande, Palazzo Sintesy and Lambrate Twin Palace, as well as on construction preparation at BalduccioDodici, Corte Naviglio and Frigia 7. Despite coming below our expectations, EBT stood at Eu25.1mn (vs. Eu29.7mn exp.), more than doubling on last year. Finally, net profit was Eu24mn vs. Eu22.9mn, benefiting from a lower impact from taxes.

■ **Deleverage continued in 4Q:** net debt as at the end of September amounted to Eu38.5mn, an improvement from Eu44.9mn as at the end of 3Q, but worse than our estimate of Eu18.3mn. We understand that part of the difference was due to further investments for new sites for around Eu5mn in 4Q, coupled to slower commercial campaigns than we expected, consequently leading to lower downpayments from clients. While the debt figure is not as good as our estimate, we highlight that during FY23 the company generated Eu95mn in cash, benefiting from the proceeds from deeds of sale signed for units at Milano City Village, Palazzo Naviglio and Trilogy Towers, and the completion of the via Cadolini transaction.

■ **Sales activity recovering since September:** with regard to potential future developments, since the beginning of September the company has sold apartments for over Eu25mn, with a recovery in sales activity following the decline in the first half of 2023 due mainly to rising interest rates. The order book contains over 455 apartments sold on a preliminary basis, with 354 apartments currently under construction.

■ **Estimates revision:** we are lowering our estimates as we now assume slower development of projects currently in the pipeline, with 2024 expected to see work in progress constituting almost all the top line, with the consequent working capital absorption leading to an increase in net debt from Eu38.5mn to Eu101mn.

■ **OUTPERFORM confirmed; target Eu7.80 from Eu8.60.** We continue to appreciate AbitareIn, as we believe the company's solid pipeline puts it in a good position to take advantage of the development of the residential market in the city of Milan, a market that is suffering a structural lack of new apartments for a growing population. Moreover, the recent decision to enter the Rome residential market, even if only via a pilot project at the moment, coupled to the expansion of its business by providing services to third-party operators could pave the way to more diversified and stable revenue development in future years. We are lowering out TP from Eu8.6 to Eu7.8 as we assume a higher average delivery time for the current pipeline (from 4 years to 5).

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	122	116	165	178	173
EBITDA Adj (Eu mn)	23	35	41	46	44
Net Profit Adj (Eu mn)	13	25	24	26	27
EPS New Adj (Eu)	0.494	0.953	0.886	0.993	1.014
EPS Old Adj (Eu)	0.494	0.908	1.308	1.393	
DPS (Eu)	0.000	0.420	0.262	0.294	0.300
EV/EBITDA Adj	12.1	5.2	5.8	4.8	4.2
EV/EBIT Adj	13.0	5.6	6.1	5.0	4.4
P/E Adj	10.2	5.3	5.7	5.1	5.0
Div. Yield	0.0%	8.3%	5.2%	5.8%	5.9%
Net Debt/EBITDA Adj	5.0	1.1	2.5	1.9	1.2