

ABITARE IN

Sector: Consumers

OUTPERFORM

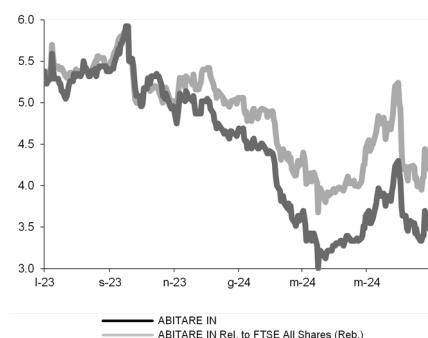
Price: Eu4.18 - Target: Eu7.10

Headwinds in 2Q as Delays Bite. ABT Eyes New Revenue Streams

Carlo Maritano +39-02-77115.358
carlo.maritano@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 7.30 to 7.10		
	2024E	2025E	2026E
Chg in Adj EPS	-15.7%	-4.2%	-7.1%

ABITARE IN - 12M Performance



Stock Data			
Reuters code:	ABIT.MI		
Bloomberg code:	ABT IM		
Performance	1M	3M	12M
Absolute	-15.9%	6.6%	-22.3%
Relative	-17.3%	4.7%	-43.8%
12M (H/L)	5.92/3.68		
3M Average Volume (th):	51.06		

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):	106
BVPS (Eu):	4.16
P/BV:	1.0
Net Financial Position (Eu mn):	-78
Enterprise Value (Eu mn):	189

■ **2Q results set to show continuity with previous quarters:** following on from 1Q trends, 2Q ended with a contraction in results due to persistent delays in the authorisation phase of new projects in the municipality of Milan, a situation that is delaying the development of the company's important pipeline (2,450 apartments as of 1H24, of which 483 sold on a preliminary basis and 354 under construction). As a matter of fact, consolidated revenues amounted to Eu18.2mn in 2Q, down by 43.6% YoY as a result of: 1) Eu4.1mn in revenues from sales; 2) a Eu2.7mn change in inventory for the purchase of new real estate complexes located in the NoLo district in Milan; 3) Eu8.9mn of work in progress on projects being developed; 4) Eu2.5mn of other revenues. Down the line, profitability was also dented by the delays, with EBT coming to Eu0.3mn, much lower than the Eu21.0mn posted last year, a figure that we point out was inflated by the capital gain realised on the disposal of the Cadolini area. The EBT figure is also negatively affected by a Eu0.5mn write-down on the equity investment in Tecma Solutions. On a more positive note, cash absorption was rather limited in 2Q, with net debt reaching Eu55.4mn at the end of March, up slightly QoQ (Eu49.5mn as at the end of 1Q).

■ **Push on alternative revenue streams to overcome temporary impasse in Milan:** in the current situation, AbitareIn is not only keeping up with marketing and building existing projects, but also venturing into new territories. The company is now offering its development expertise to other real estate players currently working on projects in Milan and Rome. Speaking of Rome, AbitareIn sees promise there and might expand further, with its first project, Bombay Palace, already underway, and the scouting of new areas progressing. Lastly, they're looking towards sustainable development by exploring ways to renovate existing buildings, aiming for a faster construction and marketing phase, as well as a smaller environmental impact.

■ **Estimates.** Visibility on the unblocking of the authorisation situation in the Milan market remains rather limited at the moment, making it clear that 2024 will now represent nothing more than a year of transition for the company, awaiting a return to normality and a resumption of developing the pipeline, a situation that is currently on hold. In light of this, we are lowering our estimates for 2024 to reflect a further extension of development times, only partially reflected in expectations for the following years, when we continue to expect a recovery.

■ **OUTPERFORM; target Eu7.10.** Despite some uncertainty in the short term related to bureaucratic issues, with the timing of a solution still up in the air (the so-called "Salva Milano" decree under discussions by the Government may not solve all the current issues), 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 in construction costs may represent a positive catalyst going forward. We are reducing our TP from Eu7.30 to Eu7.10 to reflect the new estimates.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	122	116	92	148	156
EBITDA Adj (Eu mn)	23	35	23	36	39
Net Profit Adj (Eu mn)	13	25	12	21	24
EPS New Adj (Eu)	0.494	0.953	0.456	0.781	0.897
EPS Old Adj (Eu)	0.494	0.953	0.541	0.815	0.965
DPS (Eu)	0.000	0.420	0.133	0.230	0.265
EV/EBITDA Adj	12.1	5.2	8.3	4.7	4.8
EV/EBIT Adj	13.0	5.6	9.0	5.0	5.2
P/E Adj	8.5	4.4	9.2	5.4	4.7
Div. Yield	0.0%	10.1%	3.2%	5.5%	6.3%
Net Debt/EBITDA Adj	5.0	1.1	3.4	1.6	2.0

DISCLAIMER (for more details go to [DISCLAIMER](#))**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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.

Reports on all companies listed on the S&PMB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 June 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, ELEn, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luvè, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharamnutra, Reevo, Relatech, Reply, Revo Insurance, Reway, Sababa Security, Saes Getters, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMBI, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.p.A., B&C Speakers, Cleanbnb, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Ediliziaacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Intercos, Intred, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, Solid World Group, Spindox Digital Soul, Tamburi, Tesmec, Tinexta, Tps Group, Trendevce, Ulisse Biomed, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available