

# ABITARE IN

Sector: Consumers

# OUTPERFORM

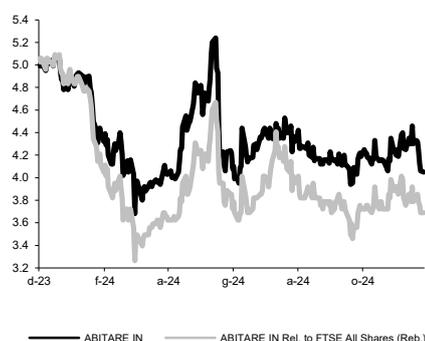
Price: Eu4.05 - Target: Eu7.00

## Results in Line Pending Cuts to Red Tape

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Stock Rating		
Rating:	Unchanged	
Target Price (Eu):	Unchanged	
	2025E	2026E
Chg in Adj EPS	-1.1%	-0.9%

### ABITARE IN - 12M Performance



Stock Data			
Reuters code:	ABIT.MI		
Bloomberg code:	ABT IM		
Performance	1M	3M	12M
Absolute	-4.3%	-4.3%	-21.2%
Relative	-5.9%	-2.5%	-31.8%
12M (H/L)	5.24/3.68		
3M Average Volume (th):	13.37		

Shareholder Data	
No. of Ord shares (mn):	27
Total no. of shares (mn):	27
Mkt Cap Ord (Eu mn):	107
Total Mkt Cap (Eu mn):	107
Mkt Float - Ord (Eu mn):	45
Mkt Float (in %):	42.1%
Main Shareholder:	
Gozzini Luigi Francesco	22.6%

Balance Sheet Data	
Book Value (Eu mn):	107
BVPS (Eu):	4.18
P/BV:	1.0
Net Financial Position (Eu mn):	-89
Enterprise Value (Eu mn):	205

- 4Q results close to our estimates.** As expected, the company's 4Q24 results (fiscal year ended 30 September) showed continuation with previous quarters, still penalised by the red tape tying up project authorisation in Milan. 4Q results did show YoY growth, however, as the slowdown had already started before the end of last year. Total turnover was €22.5mn, slightly below the €23.0mn estimate but up 35% YoY thanks to progress on ongoing works. Earnings before taxes reached €4.0mn, a significant improvement from the €0.1mn loss in the previous year and higher than the €3.4mn forecast. Net profit was €2.7mn, nearly double the previous year's figure, although this strong growth fell short of expectations due to a higher tax rate. Meanwhile, net debt as at year-end was €89mn, exceeding the forecast of €72mn on a combination of higher tax payments, share buybacks, advance payments for new areas, and progress on worksites.
- Bureaucratic impasse nearing its end?** The Chamber of Deputies gave unequivocal approval to the Salva Milano initiative, a legislative proposal aimed at addressing uncertainties in urban planning regulations. If the Senate gives its approval in early 2025, the initiative will become law, introducing measures to simplify processes and solidify the principle of authentic interpretation. This would validate and secure the Municipality of Milan's fast-track procedures, such as the Certified Work Commencement Notice, which bypass the need for detailed implementation plans. The legislation's approval is viewed as a potentially significant development for the market, particularly for stakeholders who have long sought a stable regulatory framework to streamline operations. A green light from the Senate would thus clear the way for projects to move forward with fewer bureaucratic obstacles, aligning with the expectations of both the Municipality of Milan and private sector operators.
- Estimates.** Pending potential developments on "Save Milan", we currently make only minor adjustments to estimates, fully aware that visibility is still rather limited and that much will depend on the resolution of the current bureaucratic deadlock.
- Outperform, TP 7.0.** In the short term, the focus will likely remain on potential approval of "Save Milan", which is key for AbitareIn to start new property developments that have been partly commercialised but on which building work has been hamstrung by red tape. According to our estimates, approval of the "Save Milan" could kick start work on c.600 apartments for total turnover of c.Eu300mn. 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 sizeable structural gap exists between supply (the number of new houses being built) and demand. In addition, mortgages are becoming cheaper for customers and a reduction of construction costs may be a positive catalyst going forward. We leave our TP unchanged at Eu7.0.

Key Figures & Ratios	2022A	2023A	2024A	2025E	2026E
Sales (Eu mn)	122	116	75	144	159
EBITDA Adj (Eu mn)	23	35	17	34	39
Net Profit Adj (Eu mn)	13	25	6	19	23
EPS New Adj (Eu)	0.494	0.953	0.226	0.720	0.869
EPS Old Adj (Eu)	0.494	0.953	0.275	0.728	0.876
DPS (Eu)	0.000	0.420	0.000	0.212	0.256
EV/EBITDA Adj	12.1	5.2	12.0	5.3	5.5
EV/EBIT Adj	13.0	5.6	13.3	5.7	5.9
P/E Adj	8.2	4.2	18.0	5.6	4.7
Div. Yield	0.0%	10.4%	0.0%	5.2%	6.3%
Net Debt/EBITDA Adj	5.0	1.1	5.2	2.1	2.8

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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: 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&P500 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.

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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

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As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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