

BUZZI-UNICEM

Sector: Industrials

OUTPERFORM

Price: Eu36.90 - Target: Eu45.80

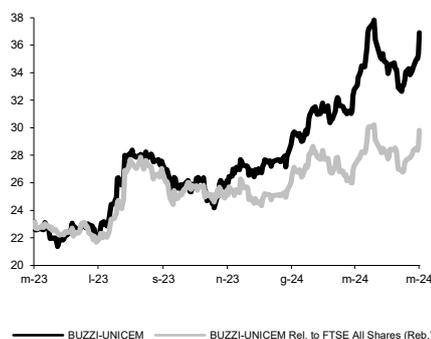
1Q24 Sales in Line. Pricing a Positive Driver Again

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

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.1%	0.1%	0.1%

BUZZI-UNICEM - 12M Performance



Stock Data

Reuters code:	BZU.MI
Bloomberg code:	BZU IM

Performance	1M	3M	12M
Absolute	8.7%	18.3%	59.3%
Relative	7.5%	8.4%	35.5%
12M (H/L)	37.82/21.36		
3M Average Volume (th):	288.27		

Shareholder Data

No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	7,108
Total Mkt Cap (Eu mn):	7,108
Mkt Float - Ord (Eu mn):	3,068
Mkt Float (in %):	43.2%
Main Shareholder:	
Pres+Fimedi	53.0%

Balance Sheet Data

Book Value (Eu mn):	6,380
BVPS (Eu):	31.16
P/BV:	1.2
Net Financial Position (Eu mn):	1,348
Enterprise Value (Eu mn):	4,609

■ **1Q24 sales in line. Pricing a positive driver again.** 1Q24 revenues came in at €894mn, down 6.4% YoY (-4.5% excluding ForEx) and in line with our estimates and consensus. As expected, pricing continued to be a positive driver across almost all geographical markets, while volumes sold in cement (-10.6%) and ready-mix (-11.2%) remained quite weak, penalised by fewer working days (Easter), unfavourable weather conditions and the weakness of the residential construction market. The net financial position was cash positive at €791mn, basically flat vs. YE23 (€798mn), and higher than our Eu730mn estimate. The geographical breakdown was as follows:

- **Italy:** sales down 6.3%, with negative volumes, while selling prices saw an improvement both in cement and ready-mix concrete;
- **US:** sales down 2.1%; cement volumes were down, hit by unfavourable weather conditions at the start of the year and penalised by the tough comparison base; as for pricing, the company was able to introduce a further improvement at the beginning of the year. Excluding ForEx (negative by 0.9%) sales would have been fairly flat (-0.9% YoY);
- **Germany:** down 12.7%; volumes remained rather negative due to weakness in the construction sector, mainly related to the residential market; prices were flat QoQ, but thanks to the carry-over effect were still positive YoY.
- **Luxembourg/Netherlands:** down 23.7%; volumes declined sharply, with prices broadly stable YoY;
- **Eastern Europe:** negative volumes across all countries with the exception of Ukraine (reconstruction activity), pricing still healthy;
- **Mexico:** up 10.6%, cement volumes down, ready-mix up. Prices remained positive in both businesses. Favourable ForEx +8%;
- **Brazil:** down 2.5%, negative volumes, stable pricing (ForEx +3.6%).

■ **2024 guidance confirmed.** The outlook is unchanged compared to 1 month ago, with demand in Italy and the US seen more resilient thanks to infrastructure investments, with some minor improvements expected even in the residential sector. Demand is expected to remain softer in other EU countries, however. In Mexico and Brazil, demand stabilisation followed by gradual recovery remains likely. Management confirmed existing guidance, pointing to consolidation of 2024 EBITDA at 2023 levels.

■ **OUTPERFORM confirmed; target kept at €45.8:** Clearly, the macro backdrop remains a cause of uncertainty, but even assuming volumes continue to remain soft through the year (and bearing in mind that going forward the comparison base will get much easier), the carry-over effect on prices and further additional increases should be enough to comfortably protect profitability. Moreover, cash generation and the balance sheet remain strong and could enable the company to pursue external growth opportunities (in the short term this could involve taking control of the Brazil JV) and improve shareholder returns. Despite the recent strong performance, the stock is still trading at very attractive multiples (3.7x EV/EBITDA and 8.1x P/E 2024); at target it would trade at 5.1x and 10.1x respectively, still below historical averages.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,996	4,318	4,348	4,470	4,564
EBITDA Adj (Eu mn)	893	1,238	1,233	1,261	1,284
Net Profit Adj (Eu mn)	567	887	874	897	900
EPS New Adj (Eu)	2.941	4.604	4.536	4.659	4.671
EPS Old Adj (Eu)	2.941	4.604	4.533	4.656	4.667
DPS (Eu)	0.450	0.600	0.650	0.700	0.750
EV/EBITDA Adj	3.1	2.8	3.7	3.2	2.7
EV/EBIT Adj	4.3	3.5	4.8	4.2	3.6
P/E Adj	12.5	8.0	8.1	7.9	7.9
Div. Yield	1.2%	1.6%	1.8%	1.9%	2.0%
Net Debt/EBITDA Adj	-0.3	-0.6	-1.1	-1.5	-1.9

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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)

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Frequency of research: quarterly.

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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.

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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

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