

# BUZZI-UNICEM

Sector: Industrials

## OUTPERFORM

Price: Eu22.62 - Target: Eu26.20

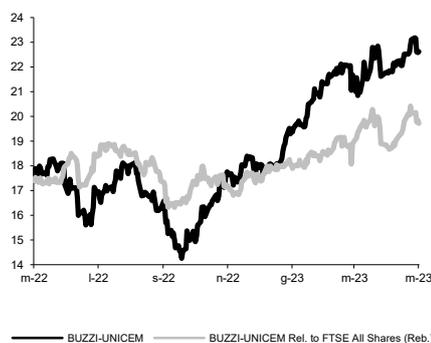
### Prices Drive Strong Start to the Year Despite Weak Volumes

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#### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	1.0%	1.0%	1.0%

#### BUZZI-UNICEM - 12M Performance



#### Stock Data

Reuters code:	BZU.MI
Bloomberg code:	BZU IM

Performance	1M	3M	12M
Absolute	4.0%	6.1%	30.1%
Relative	5.0%	6.1%	15.5%
12M (H/L)	23.18/14.26		
3M Average Volume (th):	441.49		

#### Shareholder Data

No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	4,357
Total Mkt Cap (Eu mn):	4,357
Mkt Float - Ord (Eu mn):	2,082
Mkt Float (in %):	47.8%
Main Shareholder:	
Presa+Fimedi	52.2%

#### Balance Sheet Data

Book Value (Eu mn):	5,364
BVPS (Eu):	27.85
P/BV:	0.8
Net Financial Position (Eu mn):	753
Enterprise Value (Eu mn):	2,851

■ **Strong 1Q23 as expected.** Revenues in 1Q23 came in at €956mn, up 19.5% and 2.1% higher than our estimate of €936mn (consensus was €940mn). The increase, as anticipated, came primarily from the carry-over of price increases realized during 2022. Indeed, the company reported cement and ready-mix volumes down 8.8% and 12.2% respectively following the generalized slowdown of the construction sector. FX had a positive impact of +3.5%. The net cash position remained largely stable at €279mn (vs €288mn as at the end of 2022), as expected. By geography:

- **Italy:** sales up 24.7%, with negative volumes. Selling prices closed the first quarter without remarkable changes, clearly benefiting from the carry-over of price hikes in 2022;
- **US:** up 24.2%; cement volumes showed a modest contraction, penalized by unfavourable weather conditions at the start of the year and by the tough comparison base; as regard pricing, the company was able to introduce a further improvement at the beginning of the year; FX was +5.4%;
- **Germany:** up 11.2%; volumes showed a rather negative trend due to weaker demand and unfavourable weather vs 1Q22; prices raised significantly in January;
- **Luxembourg/Netherlands:** up 3.7%; volumes declined sharply due to unfavourable weather and weak demand, with prices growing significantly;
- **Eastern Europe:** up 21.9%, with volumes down and prices up across all geographies, except Russia, where volumes were slightly higher;
- **Mexico:** up 45.2%, with positive volumes and prices, and FX 18.7%;
- **Brazil:** up 23.1%, with stable volumes and positive prices, FX +6.1%.

■ **2023 guidance confirmed.** In the US, the company expects demand to continue to benefit from infrastructure, with a clear contraction in residential. In Europe, they expect demand to continue to be penalized by the slowdown in residential activity, despite the positive trend in the infrastructure segment, and benefit from price increases realized in 2022 and carried over. Management confirmed the previously released guidance, with EBITDA achieved last year seen “easily” matchable in 2023.

■ **OUTPERFORM, TP €26.2 confirmed.** 1Q23 in line with our expectations for declining volumes and robust pricing, the latter benefiting from the significant increases realized last year. However, we also highlight that in Germany and the US the company signalled further price hikes in 2023, despite contraction of volumes. Clearly, the macro backdrop remains a cause of uncertainty, but even assuming the decline in volume in 1Q continues into 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. The stock is trading at 2.8x NTM EV/EBITDA and 7.6x NTM PE; at target it would trade at 3.8x and 9.2x respectively, still below historical averages.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	3,446	3,996	4,040	4,164	4,248
EBITDA Adj (Eu mn)	796	892	890	928	968
Net Profit Adj (Eu mn)	542	582	552	590	631
EPS New Adj (Eu)	2.812	3.019	2.865	3.063	3.275
EPS Old Adj (Eu)	2.812	3.019	2.836	3.033	3.243
DPS (Eu)	0.400	0.450	0.500	0.550	0.600
EV/EBITDA Adj	3.9	2.6	3.2	2.7	2.2
EV/EBIT Adj	5.7	3.7	4.6	3.8	3.0
P/E Adj	8.0	7.5	7.9	7.4	6.9
Div. Yield	1.8%	2.0%	2.2%	2.4%	2.7%
Net Debt/EBITDA Adj	-0.3	-0.3	-0.8	-1.2	-1.5