BUZZI

OUTPERFORM

Sector: Industrials

Price: Eu33.66 - **Target: Eu45.80**

Guidance Confirmed, Downside Risk Now Off the Radar

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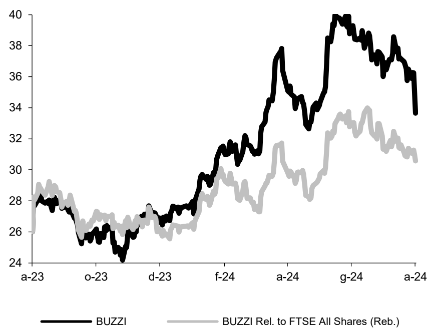
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	1.7%	1.8%	2.3%

BUZZI - 12M Performance



Stock Data			
Reuters code:			BZU.MI
Bloomberg code:			BZU IM
Performance	**1M**	**3M**	**12M**
Absolute	-6.6%	-1.4%	29.4%
Relative	-2.3%	3.5%	19.2%
12M (H/L)			39.98/24.18
3M Average Volume (th):			305.44

Shareholder Data	
No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	6,484
Total Mkt Cap (Eu mn):	6,484
Mkt Float - Ord (Eu mn):	2,798
Mkt Float (in %):	43.2%
Main Shareholder:	
Presa+Fimedi	53.0%

Balance Sheet Data	
Book Value (Eu mn):	6,318
BVPS (Eu):	31.00
P/BV:	1.1
Net Financial Position (Eu mn):	1,273
Enterprise Value (Eu mn):	4,038

2Q24 results were in line with market expectations, continuing the sequential improvement in sales trends in all geographical markets other than Ukraine, and once again highlighting resilience in Italy, USA and Mexico, while Central Europe remained the weak point. Although confirmation of guidance for flat EBITDA YoY was expected, we note that management has abandoned the caution of previous statements and is now "very confident" of achieving this target, which in our view leaves some leeway for positive surprises on the release of 3Q sales in November.

- **2Q24 in line: strong results in Italy and US, persisting weakness in Central/Eastern Europe.** Cement volumes were down 5.8% YoY in 2Q (bad weather in US and Italy, weak residential demand in Central and Eastern Europe), but as pricing generally remained favourable across all geographical areas, sales were only down 2.9% to Eu1,159mn. In terms of quarterly profitability, EBITDA was in line with our expectations (Eu548mn vs. Eu549mn exp.), but the geographical mix was different: Italy and the United States once again stood out from the crowd, with margin increases of about 3pp thanks to pricing and lower costs (vs. only marginal increases expected), while in Central/Eastern Europe fairly flat sales prices and worse fixed cost absorption led to a significant margin reduction (by 4pp in Germany). Finally, good cash generation continued, with net cash of Eu898mn, above our estimate (Eu840mn) thanks to better FCF generation despite ~Eu70mn higher CapEx YoY.
- **2024 guidance confirmed, but downside risk no longer mentioned.** While the outlook is quantitively unchanged, with the company aiming to match last year's recurring EBITDA, we note a change in the tone of management's comments, with a "prevalence of downside risks" to the targets announced with FY results no longer mentioned, and the CEO statement indicating he is "very confident" of achieving the target. In our view, this may leave some scope for positive surprises with the release of 3Q sales in November. For the full year, volumes are expected to decrease 2% YoY, thus implying a 2H increase of approximately 4%. The start of 2H saw a trend improvement in Italy as the weather improved and a decrease in the YoY gap in Central/Eastern Europe due to the easier comparison base, while the US trend showed continuity with 2Q, but no improvement yet.
- **Estimates:** at this stage we are only fine-tuning our numbers (lower sales, but higher margins, inclusion of buyback cash-out), confirming our expectations for recurring EBITDA of Eu1,233mn, less than 1% below the 2023 figure.
- **OUTPERFORM confirmed; target still €45.8:** the macro backdrop remains a clear cause of uncertainty, but the improvement in top line trends becoming visible and a pricing environment that remains healthy make us confident the company will at least meet its 2024 EBITDA target. Moreover, cash generation and the balance sheet remain strong and could enable the company to pursue external growth opportunities, improve shareholder returns or accelerate the decarbonisation process. The stock is trading at very attractive multiples (3.3x EV/EBITDA and 7.3x P/E 2024); at target it would trade at 5.2x and 9.9x respectively, still below historical averages.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,996	4,318	4,276	4,422	4,547
EBITDA Adj (Eu mn)	893	1,238	1,233	1,262	1,285
Net Profit Adj (Eu mn)	567	887	889	913	920
EPS New Adj (Eu)	2.941	4.604	4.613	4.742	4.776
EPS Old Adj (Eu)	2.941	4.604	4.536	4.659	4.671
DPS (Eu)	0.450	0.600	0.650	0.700	0.750
EV/EBITDA Adj	3.1	2.8	3.3	2.8	2.3
EV/EBIT Adj	4.3	3.5	4.2	3.6	3.0
P/E Adj	11.4	7.3	7.3	7.1	7.0
Div. Yield	1.3%	1.8%	1.9%	2.1%	2.2%
Net Debt/EBITDA Adj	-0.3	-0.6	-1.0	-1.4	-1.9

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- 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.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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