

# BUZZI

Sector: *Industrials*
**NEUTRAL**

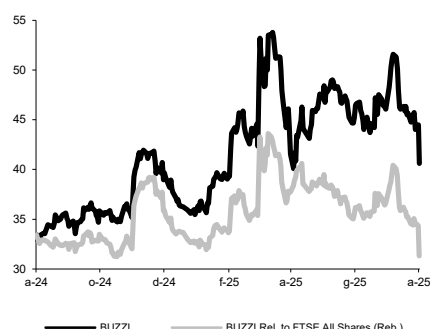
Price: Eu40.62 - Target: Eu46.00

## Guidance Cut Sharper Than Expected. Maintain Neutral

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

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 48.50 to 46.00		
	2025E	2026E	2027E
Chg in Adj EPS	-7.8%	-6.2%	-5.9%

### BUZZI - 12M Performance



Stock Data			
Reuters code:	BZU.MI		
Bloomberg code:	BZU IM		
Performance	1M	3M	12M
Absolute	-11.8%	-13.9%	21.5%
Relative	-14.7%	-19.9%	-8.3%
12M (H/L)	53.80/32.94		
3M Average Volume (th):	435.24		

Shareholder Data	
No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	7,824
Total Mkt Cap (Eu mn):	7,824
Mkt Float - Ord (Eu mn):	3,377
Mkt Float (in %):	43.2%
Main Shareholder:	
Presa+Fimedi	53.0%

Balance Sheet Data	
Book Value (Eu mn):	7,337
BVPS (Eu):	36.18
P/BV:	1.1
Net Financial Position (Eu mn):	1,074
Enterprise Value (Eu mn):	5,367

■ **2Q25 results below expectations.** Buzzi reported results below expectations in terms of profitability and cash generation, highlighting weakness in some of the company's key markets. The USA in particular showed a continued decline in volumes and an increase in fixed costs, as well as the impact of USD depreciation, resulting in -16% YoY for EBITDA (€235mn vs €241mn exp.). By contrast, volumes held up better in Germany and Italy, but declining prices and higher energy costs penalized Germany (EBITDA at €51mn vs €59mn exp., -26% YoY), while higher fixed costs and the disposal of the Fanna plant impacted Italy (adj. EBITDA at €84mn vs €105mn exp., -22% YoY). Overall, the company posted 2Q revenues of €1,215mn, while adj. EBITDA for 1H came to €526mn (vs €536mn exp.), down 4% YoY. A stronger contribution from Eastern Europe helped mitigate the negative results in the main markets. On the bottom line, the result was actually above our expectations (€387mn vs €370mn expected), but the beat is low quality, entirely explained by ForEx effects. Finally, net cash as at the end of the period stood at €691mn, significantly lower than the €830mn expected. Part of this difference is due to the postponement of the cash-in of dividends from Mexico for ~€50mn.

■ **Sharp guidance revision.** While a guidance revision was anticipated, the cut was sharper than expected. Management lowered the adj. EBITDA target from ~€1,272mn to a €1,100-1,200mn range, implying a ~9% reduction at the mid-point. That said, management remains confident that 2H should show some improvement in terms of volumes compared to 1H, though they acknowledge that some of the shortfalls—particularly in the US—will be difficult to fully recover. The main drag in the US remains ForEx, while they are more optimistic on volumes for 2H; they do not expect to increase prices as the focus will remain on keeping the volumes. In Italy, no significant changes are expected in 2H as the environment is stable thanks to the support from infrastructure spending tied to the NRRP. Meanwhile, in Eastern Europe, management remains consistently optimistic, helped by resilient demand. In Brazil, the picture is improving on the demand side, although pricing expectations remain muted, and ForEx remains a watchpoint. Finally, in Mexico, they noted a slowdown in construction investment.

■ **Estimates at the upper end of new guidance.** We have revised our estimates, positioning ourselves at the upper end of the new guidance range (€1.2bn, -4.4% vs previous est.), as we believe the mid-point includes the usual considerable dose of caution that management has consistently shown. The other key change we make to our estimates is an increase in CapEx, now projected at over €500mn annually over the three-year period. We highlight that this estimate does not yet include two major projects—a production upgrade in the US and a CCS initiative in Germany—which could push annual CapEx above €700mn. Introduction of the GCC contribution into our estimates helps mitigate the downward revision.

■ **NEUTRAL; target from Eu48.5 to Eu46.0.** We confirm our NEUTRAL stance on the name as we would expect earnings momentum to remain subdued in the short term. A faster-than-expected roll-out of infrastructure investments in Germany, as well as more accentuated industrial reshoring in the US, could provide opportunities to turn positive on the name again in the future.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	4,318	4,313	4,537	4,715	4,875
EBITDA Adj (Eu mn)	1,238	1,272	1,200	1,278	1,346
Net Profit Adj (Eu mn)	887	939	786	821	845
EPS New Adj (Eu)	4.604	4.872	4.080	4.261	4.386
EPS Old Adj (Eu)	4.604	4.872	4.426	4.542	4.662
DPS (Eu)	0.600	0.700	0.750	0.800	0.850
EV/EBITDA Adj	2.0	3.7	4.5	3.8	3.3
EV/EBIT Adj	2.5	4.7	6.1	5.4	4.7
P/E Adj	8.8	8.3	10.0	9.5	9.3
Div. Yield	1.5%	1.7%	1.8%	2.0%	2.1%
Net Debt/EBITDA Adj	-0.6	-0.6	-0.9	-1.2	-1.5

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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: 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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 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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BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
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 (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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