

BUZZI

Sector: Industrials

OUTPERFORM

Price: Eu43.66 - Target: Eu52.00

Sequential Improvement in 4Q Sets Stage for Growth in 2025

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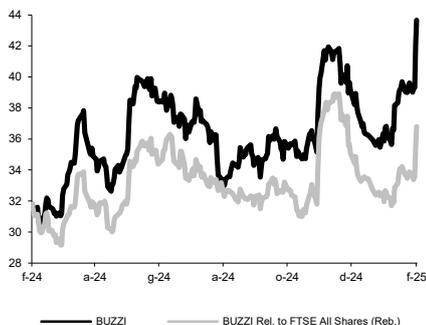
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 45.80 to 52.00		
	2024E	2025E	2026E
Chg in Adj EPS	1.3%	2.4%	1.8%

Next Event

 Results Out March 28th

BUZZI - 12M Performance



Stock Data

Reuters code:	BZU.MI
Bloomberg code:	BZU IM

Performance	1M	3M	12M
Absolute	21.8%	9.3%	37.3%
Relative	16.0%	0.5%	18.6%
12M (H/L)	43.66/30.36		
3M Average Volume (th):	430.19		

Shareholder Data

No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	8,410
Total Mkt Cap (Eu mn):	8,410
Mkt Float - Ord (Eu mn):	3,630
Mkt Float (in %):	43.2%
Main Shareholder:	
Presa+Fimedi	53.0%

Balance Sheet Data

Book Value (Eu mn):	7,094
BVPS (Eu):	34.67
P/BV:	1.3
Net Financial Position (Eu mn):	1,317
Enterprise Value (Eu mn):	5,640

- Turnover above estimates on the back of stronger US and Eastern Europe.** The company posted preliminary results that were above our / consensus expectations, with volume dynamics improving in almost all geographies in the fourth quarter. Compared to our estimates, the positive surprise was due to better performance in the US and Eastern Europe, while Italy was in line with expectations and Germany and Brazil were below expectations. The result is 4Q turnover of Eu1,129mn, 3% above our forecast for Eu1,095mn. The net cash position was Eu755.5mn, broadly in line with our estimate and down around Eu245mn QoQ, mainly due to the outlay for the acquisition of the stake in Cimento Nacional, only partly offset by the proceeds from the disposal of the Ukrainian assets and the usual strong cash generation in 4Q.
- Profitability indicated above estimates as well.** Similarly, the preliminary indication on profitability for the year was also higher than expected as the company expects recurring EBITDA of approximately Eu1,270 million by the end of the year, with an implicit margin of 29.4%, up 0.7 pp YoY, while we expected 29.0% (Eu1,241 million in absolute terms, broadly in line with consensus). This should mean that EBITDA on a like-for-like basis was slightly above last year's level, while the company was indicating EBITDA close to last year, but no higher. Once more, this confirms the usual cautious approach by management when releasing outlook for the year.
- Estimates lifted.** We are raising our '25/'26 estimates to take account of a higher baseline and a slightly different geographic mix, mainly due to a higher contribution from the US (also due to a more favorable EURUSD, which went to 1.04 from 1.08) and Eastern Europe, while we have lowered our expectations for the Mexican business to take account of the potential effects on the country's economy of a trade war with the US. Please note that the latter impacts the numbers below EBIT as a non-consolidated company. Overall, we thus increase our EPS estimate by 2.1% on average for '25/'26.
- 2025 outlook to be provided in March, we expect the usual caution.** 2025 outlook will be provided at the full results presentation scheduled for March 28th. Knowing the typical approach by management, we would expect the outlook to be cautious on certain points, with a view to becoming more positive during the year as visibility on results rises. After the changes in estimates illustrated above, for 2025 we expect revenue growth of 9.9% YoY, which would become c. 4.3% on a like-for-like basis due to low single-digit growth of volumes and prices, and a positive impact from ForEx due to appreciation of the USD.
- OUTPERFORM; target up to Eu52.0.** We maintain our positive view on the stock, raising our target price to Eu52.0 from Eu45.8 as a result of higher estimates and the rolling of our valuation, now moved to 2025/2026. We believe that the stock remains attractive on fundamentals despite the recent strong performance, and that thanks to volumes that may have bottomed out in central Europe and pricing that remains healthy, in the short-medium term the upside potential for estimates prevails. We also do not see major risks from a potential trade war, as in our opinion lower revenues in Mexico would be more than offset by higher revenues in the US. Capital allocation and corporate action in the US likely to be the key focus of FY results.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,996	4,318	4,313	4,741	4,864
EBITDA Adj (Eu mn)	893	1,238	1,270	1,376	1,402
Net Profit Adj (Eu mn)	567	887	901	960	968
EPS New Adj (Eu)	2.941	4.604	4.676	4.982	5.023
EPS Old Adj (Eu)	2.941	4.604	4.617	4.866	4.933
DPS (Eu)	0.450	0.600	0.650	0.700	0.750
EV/EBITDA Adj	3.1	2.8	3.6	4.1	3.6
EV/EBIT Adj	4.3	3.5	4.6	5.2	4.7
P/E Adj	14.8	9.5	9.3	8.8	8.7
Div. Yield	1.0%	1.4%	1.5%	1.6%	1.7%
Net Debt/EBITDA Adj	-0.3	-0.6	-0.6	-1.0	-1.4

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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 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 MIDEX 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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- 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:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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