

BUZZI

Sector: Industrials

NEUTRAL

Price: Eu45.52 - Target: Eu48.50

Weak 2Q Results in Sight. Moving Estimates Below Guidance

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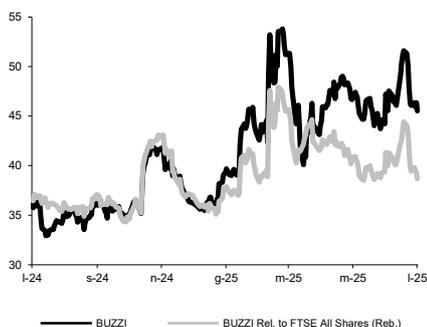
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 50.00 to 48.50		
	2025E	2026E	2027E
Chg in Adj EPS	-4.6%	-4.6%	-4.6%

Next Event

 2Q25 Results Out August 5th

BUZZI - 12M Performance



Stock Data

Reuters code:	BZU.MI
Bloomberg code:	BZU IM

Performance	1M	3M	12M
Absolute	-3.6%	2.2%	24.7%
Relative	-6.5%	-8.3%	7.2%
12M (H/L)	53.80/32.94		
3M Average Volume (th):	416.74		

Shareholder Data

No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	8,768
Total Mkt Cap (Eu mn):	8,768
Mkt Float - Ord (Eu mn):	3,784
Mkt Float (in %):	43.2%
Main Shareholder:	
Pres+aFimedi	53.0%

Balance Sheet Data

Book Value (Eu mn):	7,318
BVPS (Eu):	36.13
P/BV:	1.3
Net Financial Position (Eu mn):	1,238
Enterprise Value (Eu mn):	6,103

■ **USA and Germany to drag margins down in 2Q:** we expect Buzzi's 2Q performance to reflect a mixed picture across its key regions, with US weakness, along with cost inflation in Germany, likely to have burdened group profitability, while the picture remains more positive in Italy and Eastern Europe. In the United States, volumes are expected to have remained under pressure, hit by subdued residential demand. Price increases should have been limited, proving insufficient to fully offset fixed-cost inflation, leading to negative operating leverage. We therefore estimate a decline of c.-7% in US revenues in 2Q, with a more accentuated 14% EBITDA decline due to 3pp margin erosion. In Germany, while we continue to expect some early signs of stabilisation after years of shrinking volumes, input cost increases (mainly energy prices) and limited pricing power (prices should have remained broadly flat QoQ, but down YoY) are expected to have squeezed profitability (we expect a 2.8pp margin contraction). Italy is likely to remain the most stable core region, supported by infrastructure spending. Overall volumes are expected to have fallen due to the deconsolidation of the Fanna plant, but we expect the organic trend to be mildly positive, with pricing holding up, bringing revenues to Eu220mn and EBITDA to Eu105mn, close to last year's level. Finally, we expect positive messages from Eastern Europe, especially Poland, where we again foresee a very solid performance (top line +20%), recovering the soft start to the year in 2024, when price hikes implemented in the region affected volumes, although there was already a rebound in the second part of the year when the company corrected its pricing approach.

■ **Cash generation expected to have remained healthy.** We therefore expect the Group's 2Q revenues to have come to Eu1,203mn, up 3.8% YoY, but down c.1% on a same-scope basis (adjusting for consolidation of Brazilian assets and deconsolidation of Ukrainian plants). 1H profitability expected down YoY for the aforementioned issues (cost inflation, negative volumes), with adj. EBITDA expected at Eu536mn (down 2.2% YoY). Cash generation should have remained healthy, with net cash expected at Eu830mn, up c.Eu70mn QoQ despite the dividend payment and the purchase of the stake into Gulf Cement.

■ **Our estimates remain below consensus:** while our 2025 estimates were already below consensus after the changes made following the release of FY24 results, expectations of a weaker-than-initially-imagined 2Q lead us to revise our estimates further downwards, moving below company guidance, which points to 2025 adjusted EBITDA close to the figure recorded last year (we now estimate adj. EBITDA down 1.3% YoY). Being accustomed to management's typically cautious approach, we would not be surprised if more prudent wording is introduced in guidance or the target is lowered slightly.

■ **NEUTRAL; target from Eu50.0 to Eu48.5.** 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	4,519	4,667	4,816
EBITDA Adj (Eu mn)	1,238	1,272	1,256	1,307	1,376
Net Profit Adj (Eu mn)	887	939	853	875	898
EPS New Adj (Eu)	4.604	4.872	4.426	4.542	4.662
EPS Old Adj (Eu)	4.604	4.872	4.640	4.761	4.885
DPS (Eu)	0.600	0.700	0.750	0.800	0.850
EV/EBITDA Adj	1.9	3.7	4.9	4.3	3.6
EV/EBIT Adj	2.4	4.6	6.4	5.7	5.1
P/E Adj	9.9	9.3	10.3	10.0	9.8
Div. Yield	1.3%	1.5%	1.6%	1.8%	1.9%
Net Debt/EBITDA Adj	-0.6	-0.6	-1.0	-1.4	-1.7

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- 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
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- 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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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;

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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:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
UNDERPERFORM:	00.00%
SELL:	00.00%

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OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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