Milan, 31 March 2025

Italian Equity Research – Change in View/FY24 Results

BUZZI

NEUTRAL

Sector: Industrials

Price: Eu46.78 - **Target: Eu50.00**

Taking a Break After the Rally. Downgrade to NEUTRAL

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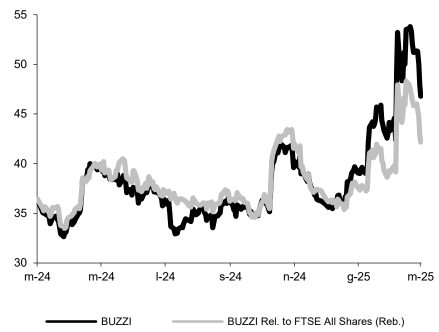
Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 52.00 to 50.00		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-6.9%	-5.3%	

BUZZI - 12M Performance



Stock Data			
Reuters code:			BZU.MI
Bloomberg code:			BZU IM
Performance	**1M**	**3M**	**12M**
Absolute	7.4%	30.2%	28.5%
Relative	7.2%	17.5%	17.6%
12M (H/L)			53.80/32.64
3M Average Volume (th):			562.22

Shareholder Data	
No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	9,011
Total Mkt Cap (Eu mn):	9,011
Mkt Float - Ord (Eu mn):	3,889
Mkt Float (in %):	43.2%
Main Shareholder:	
Presa+Fimedi	53.0%

Balance Sheet Data	
Book Value (Eu mn):	7,357
BVPS (Eu):	36.24
P/BV:	1.3
Net Financial Position (Eu mn):	1,235
Enterprise Value (Eu mn):	6,311

- **2H24 bottom line higher than expected:** revenues and the net cash position were in line with the preliminary results disclosed previously, while 2H24 recurring EBITDA came in slightly ahead of estimates overall (€723mn vs. €721mn), albeit with a regional breakdown that reveals some divergence (stronger-than-anticipated performances in Central Europe and Brazil, weaker results in Italy and the USA). Below the line, net income came in above our estimates (€521mn vs. €482mn) mainly thanks to a much lower tax rate, which more than offset the negative impact of the disposal of the Ukrainian business (release of reserves for currency translation differences for €177.4mn). Meanwhile, DPS of €0.70 exceeds the projected €0.65, even if the yield remains limited (c.1.5%). BoD will propose a €400mn buyback.
- **Outlook even more cautious than expected:** for 2025, the company expects fairly stable volumes across its main geographical markets, while price expectations remain cautiously optimistic, with potential for moderate increases in certain markets, although competitive pressure (in some US states) and weak reference markets in areas such as Central Europe may limit upward adjustments. As for input costs, the company sees inflation on some fixed costs and raw materials, while energy costs in Germany may hinder margins in that area. In light of these trends, the company expects EBITDA to be close to the 2024 figure (€1,272mn). The target for flattish EBITDA was somewhat below our estimates and consensus (8%/6% lower respectively), which included a rebound in volumes in 2025 after years of decline, a rebound that apparently is taking more time than expected to materialise once we factor in indications for a slow start to the year, suggesting the company will find it quite hard to increase volumes in 2025.
- **Estimates down:** while caution on guidance was somewhat expected, the difference to our estimates was too wide not to be considered disappointing. Messages on a soft start to the year, coupled with the expectation for only modest prices increases, is leading us to revise our estimates downwards, cutting volume and margin forecasts due mainly to weaker figures in US and Italy, while broadly confirming expectations for Eastern Europe and Brazil. On a more positive note, we are raising our volumes estimates for Germany (while cutting 2025 margins due to energy prices) on the back of a gradual rebound in infrastructure spending as of late 2025. Overall, we are therefore cutting our 2025 EBITDA estimate by 5.1%, now forecasting just a 2.7% improvement YoY (-3% on a like-for-like basis). Our estimate is therefore 2.7% above guidance.
- **<u>Downgrade to NEUTRAL</u>; target €50.0:** in light of earnings momentum turning negative, short term newsflow expected to remain soft due to the slow start to the year and limited upside following the stock rally (the stock is up 30% YTD and 3x since its 2022 trough), we are taking a tactical break on the stock, downgrading it to NEUTRAL from Outperform. A faster-than-expected roll-out of infrastructure investments in Germany, as well as more accentuated industrial reshoring activity in the US, could provide opportunities to turn positive on the name again. However, slower economic growth due to a trade war, the potential inflation on input prices and rising interest rates represent clear downside risks at this moment. Having kept our valuation approach unchanged, our target price is coming down from €52.0 to €50.0.

Key Figures & Ratios	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**
Sales (Eu mn)	4,318	4,313	4,621	4,767	4,918
EBITDA Adj (Eu mn)	1,238	1,272	1,306	1,359	1,428
Net Profit Adj (Eu mn)	887	939	894	916	939
EPS New Adj (Eu)	4.604	4.872	4.639	4.756	4.876
EPS Old Adj (Eu)	4.604	4.676	4.982	5.023	
DPS (Eu)	0.600	0.700	0.750	0.800	0.850
EV/EBITDA Adj	2.8	3.6	4.8	4.2	3.6
EV/EBIT Adj	3.5	4.6	6.3	5.6	5.0
P/E Adj	10.2	9.6	10.1	9.8	9.6
Div. Yield	1.3%	1.5%	1.6%	1.7%	1.8%
Net Debt/EBITDA Adj	-0.6	-0.6	-0.9	-1.3	-1.7

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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&PMIB40 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.

Explanation of our ratings system:

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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