

CEMENTIR

Sector: Industrials

OUTPERFORM

Price: Eu9.80 - Target: Eu13.90

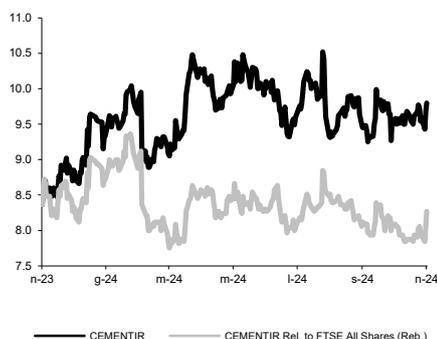
Positive Momentum Heading into 2025

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

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 13.50 to 13.90		
	2024E	2025E	2026E
Chg in Adj EPS	0.7%	4.1%	5.2%

CEMENTIR - 12M Performance



Stock Data

Reuters code:	CEMI.MI		
Bloomberg code:	CEM IM		
Performance	1M	3M	12M
Absolute	3.0%	5.3%	17.2%
Relative	2.3%	-3.2%	-1.1%
12M (H/L)	10.52/8.48		
3M Average Volume (th):	39.07		

Shareholder Data

No. of Ord shares (mn):	159
Total no. of shares (mn):	159
Mkt Cap Ord (Eu mn):	1,559
Total Mkt Cap (Eu mn):	1,559
Mkt Float - Ord (Eu mn):	445
Mkt Float (in %):	28.6%
Main Shareholder:	
F. Gaetano Caltagirone	66.0%

Balance Sheet Data

Book Value (Eu mn):	1,656
BVPS (Eu):	9.93
P/BV:	1.0
Net Financial Position (Eu mn):	268
Enterprise Value (Eu mn):	1,337

■ **Results broadly in line with estimates:** Cementir reported results that were broadly in line with our estimates and consensus, showing a QoQ improvement as all geographical areas posted better turnover growth rates than in 2Q, with the exception of North America. Sales came to Eu423.9mn, 2.7% above our estimate due mainly to better-than-expected performances in Turkey and Belgium. In 3Q24 cement and clinker sales volumes increased by 1.2% YoY to 2.9 million tons, driven by the strong performance in Turkey and other geographical areas except Belgium and China. At the same time, pricing remained largely unchanged across the board. As for profitability, adj. EBITDA stood at Eu107.2mn, in line with our Eu108.0mn estimate and down ~5% YoY, broadly in line with the 1H trend. Finally, cash generation remained solid in the quarter, with net cash at the end of September amounting to Eu79.9mn, up from Eu55.4mn as of end of June. This was short of our Eu95mn estimate, due entirely to the acquisition of an additional 25.4% stake in Sinai White Portland Cement from Vicat for an outlay of ~Eu30mn (Cementir now controls 96.5% of this company). Net of this transaction, net cash would have been even better, confirming the healthy momentum.

■ **Supportive outlook for 4Q and 2025:** 2024 guidance was confirmed, targeting revenues of ~Eu1.7bn, EBITDA (Non-GAAP, adjusted) of Eu385mn and net cash of Eu300mn at constant scope after Eu135mn of CapEx. However, during the results presentation management stated that 4Q is expected around the same level as last year, implying Eu390mn-Eu400mn of EBITDA for the full year, some 2.5% above guidance and consensus estimates. Moreover, preliminary messages on 2025 are quite supportive, as management expects volumes to pick up, especially in Denmark (rising volumes for the Fehmarn tunnel project) and Egypt (resumption of the second production line), which, combined with cost savings deriving from the investments for the kiln upgrade in Belgium in particular, should support a YoY EBITDA improvement of Eu20-30mn. The only markets expected to remain sluggish are France (drop-off in infrastructure investments following the Olympics) and China (weak residential).

■ **Estimates:** we are upgrading our 2024 estimates to account for a 4Q broadly aligned with last year, driving an increase in EBITDA from Eu389mn to Eu394mn. As for 2025, we now assume a Eu20mn EBITDA improvement (to Eu414mn), in the low end of the range indicated by management, resulting in a 1.6% increase vs. our previous forecast. As for net cash, we include the disbursement of Eu30mn for the acquisition of an additional 25.4% stake in Sinai White Portland Cement, which CEM now controls at 96.5%. On the other hand, this leads to a significant reduction in minorities on the P&L and leads us to increase 2025 and 2026 EPS by 4.6% on average.

■ **OUTPERFORM confirmed; target from Eu13.50 to Eu13.90.** We remain positive on CEM on the back of solid results delivery and an outlook that remains bright for the short-to-medium term. According to our estimates, over the next 3 years the company will generate average annual FCF of ~Eu200mn, leaving it with approx. Eu600mn of net cash in 2026, or ~40% of the current market cap. Valuing the company at its historical multiple of 4.5x EV/EBITDA (10Y), our TP increases from Eu13.50 to Eu13.90.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,723	1,694	1,657	1,730	1,821
EBITDA Adj (Eu mn)	317	400	405	414	433
Net Profit Adj (Eu mn)	149	193	199	204	217
EPS New Adj (Eu)	0.934	1.211	1.248	1.279	1.363
EPS Old Adj (Eu)	0.934	1.211	1.239	1.230	1.295
DPS (Eu)	0.220	0.280	0.279	0.288	0.307
EV/EBITDA Adj	3.1	2.6	3.3	2.8	2.3
EV/EBIT Adj	5.3	4.0	5.0	4.3	3.5
P/E Adj	10.5	8.1	7.9	7.7	7.2
Div. Yield	2.2%	2.9%	2.8%	2.9%	3.1%
Net Debt/EBITDA Adj	-0.3	-0.5	-0.7	-1.1	-1.4

DISCLAIMER (for more details go to [DISCLAIMER](#))

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

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 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.

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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

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

As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
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 (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Aquafil, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambientthesis), IEG, IndelB, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharamantra, Relatech, Reply, Revo Insurance, Reway, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, SyS-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Bifre S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Coffe, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, DHH, Digital Bros, Digital Magics, Digitouch, Doxee, Edilziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Masi Agricola, Matca Fintec, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Ollidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Relatech, Reti, Sciuker Frames, SC Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevic, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, WIIT, Zest.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short
-----------	---	------------

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available