

# CEMENTIR

Sector: Industrials

# OUTPERFORM

Price: Eu9.95 - Target: Eu13.50

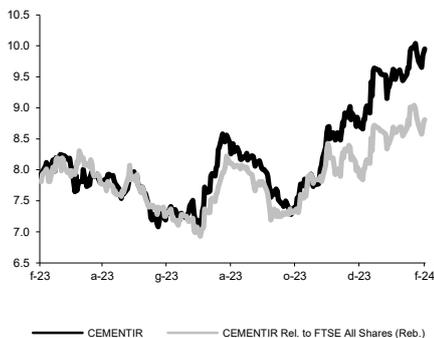
## CEM Beats Guidance, Eyes €2 Billion Revenue by 2026

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-2.2%	-3.4%	-3.6%

### CEMENTIR - 12M Performance



### Stock Data

Reuters code:	CEMI.MI		
Bloomberg code:	CEM IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	4.3%	14.5%	27.4%
Relative	2.7%	5.0%	14.5%
12M (H/L)	10.04/7.05		
3M Average Volume (th):	99.54		

### Shareholder Data

No. of Ord shares (mn):	159
Total no. of shares (mn):	159
Mkt Cap Ord (Eu mn):	1,583
Total Mkt Cap (Eu mn):	1,583
Mkt Float - Ord (Eu mn):	452
Mkt Float (in %):	28.6%
Main Shareholder:	
F. Gaetano Caltagirone	66.0%

### Balance Sheet Data

Book Value (Eu mn):	1,665
BVPS (Eu):	10.00
P/BV:	1.0
Net Financial Position (Eu mn):	344
Enterprise Value (Eu mn):	1,318

■ **FY23 EBITDA and Net Cash above guidance, as expected:** CEM reported FY net revenues of Eu1,694mn, down 1.7% YoY, implying an 8% drop in 4Q, a weaker trend than we expected. Nevertheless, FY EBITDA reached Eu410mn, beating guidance (Eu380mn excluding IAS29 and non-recurring elements) and marginally above consensus and our estimates (Eu409mn and Eu403mn respectively). Furthermore, 4Q saw significant cash generation, even better than expected, with net cash coming to Eu217.6mn (vs Eu208mn est.) improving by some Eu170mn QoQ.

■ **2024 guidance in line with consensus:** in 2024, the company expects Eu1.8bn in revenue, Eu385mn in EBITDA (consensus in line, our estimates slightly more aggressive), and a net cash position of Eu300mn, following Eu135mn of investments, which prioritise sustainability projects (Eu48mn). During the presentation management made it clear that more than half of the YoY decline in EBITDA included in the guidance is to be attributed to Turkey, on which a prudent approach has been taken due to upcoming elections and possible further rate hikes that may impact economic trends. Finally, R&D expenses and staffing levels are expected to remain stable, indicating continued focus on innovation and long-term growth despite macro headwinds.

■ **Ambitious yet cautious targets for 2026:** the company is charting an ambitious yet cautious path for 2026, targeting Eu2bn revenue through moderate volume growth and slightly higher prices. While most regions are expected to flourish, China might remain stable. Profitability faces headwinds, with Eu425mn of EBITDA forecast but a potential dip in margins compared to 2023 due to rising costs and geopolitical fluctuations. Strategic investments remain key with ~Eu80mn annually that will be poured into production, maintenance, safety, and digitalisation, while ~Eu33mn focuses on sustainability. The net cash position is expected at Eu600mn in 2026 thanks to Eu500mn of cumulative FCF and an increasing dividend for shareholders (20-25% payout ratio confirmed).

■ **Estimates only fine-tuned:** the presentation of the business plan left us with the impression that management has adopted varying degrees of caution in plan targets, as usual (mainly linked to the volatility of results in Turkey), which is why we are only fine-tuning compared to our previous estimates, which are 4% higher than 2024 guidance and 3% above for 2026.

■ **OUTPERFORM reaffirmed; target still Eu13.50:** we confirm our positive recommendation on Cementir following the release of preliminary results that confirmed the company's ability to meet or even exceed its targets. The significant net cash position guarantees the company's solidity in times of macroeconomic uncertainty, while providing resources for potential new M&A, an area in which management has an excellent track record, and to accelerate decarbonisation. According to our estimates, over the next 3 years the company will generate FCF of Eu206mn on average, leaving it with approximately Eu700mn of net cash in 2026, or approximately 45% of the current market cap. Valuing the company at its historical multiple of 4.5x EV/EBITDA (10Y), our TP moves is kept at Eu13.50.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,723	1,694	1,758	1,851	1,941
EBITDA Adj (Eu mn)	317	399	401	420	439
Net Profit Adj (Eu mn)	149	184	191	201	212
EPS New Adj (Eu)	0.934	1.157	1.199	1.264	1.330
EPS Old Adj (Eu)	0.934	1.206	1.226	1.308	1.379
DPS (Eu)	0.220	0.272	0.270	0.284	0.299
EV/EBITDA Adj	3.1	2.7	3.3	2.8	2.3
EV/EBIT Adj	5.3	4.1	4.7	4.0	3.3
P/E Adj	10.7	8.6	8.3	7.9	7.5
Div. Yield	2.2%	2.7%	2.7%	2.9%	3.0%
Net Debt/EBITDA Adj	-0.3	-0.5	-0.9	-1.2	-1.6