

# CEMENTIR

Sector: Industrials

# OUTPERFORM

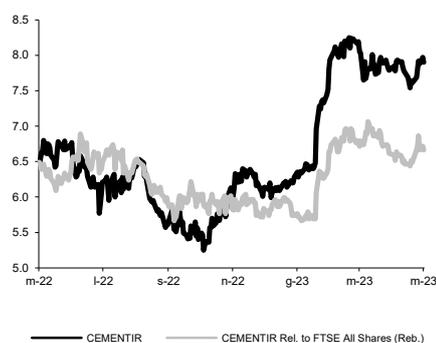
Price: Eu7.90 - Target: Eu10.60

## Strong Start to the Year Led by Pricing

**Mario Coppola +39-02-77115.322**  
 mario.coppola@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.1%	0.1%

### CEMENTIR - 12M Performance



Stock Data			
Reuters code:	CEMI.MI		
Bloomberg code:	CEM IM		
Performance	1M	3M	12M
Absolute	1.4%	-0.4%	21.7%
Relative	0.9%	0.4%	3.2%
12M (H/L)	8.25/5.25		
3M Average Volume (th):	72.07		

Shareholder Data	
No. of Ord shares (mn):	159
Total no. of shares (mn):	159
Mkt Cap Ord (Eu mn):	1,257
Total Mkt Cap (Eu mn):	1,257
Mkt Float - Ord (Eu mn):	372
Mkt Float (in %):	29.6%
Main Shareholder:	
F. Gaetano Caltagirone	65.9%

Balance Sheet Data	
Book Value (Eu mn):	1,657
BVPS (Eu):	10.41
P/BV:	0.8
Net Financial Position (Eu mn):	205
Enterprise Value (Eu mn):	1,131

■ **Strong results in 1Q23, driven by pricing.** The company reported (ex IFRS 29) revenues of €414mn, up 14.2% YoY and in line with our expectations. The increase in revenues was driven by pricing, as Cement, RMC and Aggregates volumes were down 4%, 9.7% and 18.1% respectively. EBITDA was €85.6mn, up 34% YoY and 16% above our estimate, with the margin up from 16.7% in 1Q22 to 20.7% thanks to the positive price/cost spread. EBIT and pre-tax profit were up 71% and 61% YoY, with net debt of €32mn, compared to net cash of €96mn as at the end of 2022. 1Q23 by geography:

- **Nordics & Baltic:** revenues were up 1.3% YoY, with volumes broadly down due to unfavourable weather, slowing demand (especially in residential), and some delays to infrastructure projects. EBITDA increased in Denmark thanks to higher pricing and cost control, but declined in Norway and Sweden due to lower volumes and higher operating costs;
- **Belgium & France:** revenues up 19% YoY, with cement volumes down due to unfavourable weather and slowing construction activity. EBITDA was up 32.8% thanks to tight control of energy costs and higher selling prices;
- **US:** revenues up 2.7%, with lower white cement volumes due to lower residential demand and competitive pressure from imports. EBITDA was down 17.9% due to lower volumes and higher operating costs;
- **Asia Pacific:** revenues were down 4.8% YoY, with diverging price/volume trends in China and Malaysia. EBITDA was down 15%, with China down 31% due to higher costs and lower prices and Malaysia up 19.5% thanks to higher prices and lower variable costs;
- **Turkey:** revenues (non-GAAP) up 82%, with higher volumes as well. EBITDA was €7.8mn (vs €1.6mn in 1Q22), with higher prices offsetting the increase in costs and currency devaluation (-29%);
- **Egypt:** revenues down 12.8% due to the strong devaluation of the local currency (-79%), with white cement volumes declining moderately. EBITDA increased 34% thanks to higher pricing and tight energy cost control.

■ **Guidance confirmed, prices expected to hold.** The company confirmed 2023 guidance (revenues over €1.8bn and EBITDA of €335-345mn). Management expects the volume situation to gradually normalize during the year, as construction markets adapt to the current scenario. The CEO expects prices to hold during the year, with some adjustments expected following the normalization of costs; overall price/cost spread should remain positive as every company becomes more disciplined on cost control, with pricing taking precedence over market share and volumes.

■ **OUTPERFORM, TP €10.6.** 1Q23 confirmed positive trends on pricing and price/cost spread, although some uncertainty regarding demand resilience remains. At target, the stock would trade at 4.5x/3.9x EV/EBITDA and 10.1x/9.0x PE for 2023/24, compared to the current 3.2x/2.8x and 7.6x/6.8x.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,360	1,723	1,804	1,887	1,960
EBITDA Adj (Eu mn)	311	335	339	358	377
Net Profit Adj (Eu mn)	113	149	166	186	208
EPS New Adj (Eu)	0.712	0.936	1.043	1.170	1.307
EPS Old Adj (Eu)	0.712	0.988	1.043	1.170	1.306
DPS (Eu)	0.180	0.220	0.260	0.290	0.320
EV/EBITDA Adj	4.8	3.0	3.3	2.6	2.0
EV/EBIT Adj	7.5	4.9	5.0	3.8	2.8
P/E Adj	11.1	8.4	7.6	6.8	6.0
Div. Yield	2.3%	2.8%	3.3%	3.7%	4.1%
Net Debt/EBITDA Adj	0.1	-0.3	-0.6	-0.9	-1.4