CEMENTIR

NEUTRAL

Sector: Industrials

Price: Eu18.14 - **Target: Eu16.30**

4Q Below Expectations, While 2026 Looks Uninspiring

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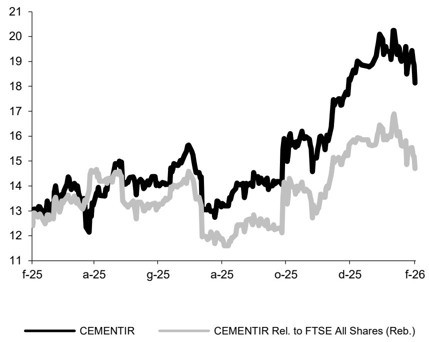
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 16.20 to 16.30
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-13.5%	-5.0%	-7.9%

Next Event
FY25 Results Out March 11th

CEMENTIR - 12M Performance



Stock Data			
Reuters code:			CEMI.MI
Bloomberg code:			CEM IM
Performance	**1M**	**3M**	**12M**
Absolute	-8.8%	15.8%	46.3%
Relative	-9.7%	12.5%	23.2%
12M (H/L)			20.25/12.14
3M Average Volume (th):			152.24

Shareholder Data	
No. of Ord shares (mn):	159
Total no. of shares (mn):	159
Mkt Cap Ord (Eu mn):	2,886
Total Mkt Cap (Eu mn):	2,886
Mkt Float - Ord (Eu mn):	825
Mkt Float (in %):	28.6%
Main Shareholder:	
F. Gaetano Caltagirone	66.0%

Balance Sheet Data	
Book Value (Eu mn):	2,032
BVPS (Eu):	12.30
P/BV:	1.5
Net Financial Position (Eu mn):	590
Enterprise Value (Eu mn):	2,329

- **4Q25 below expectations.** 4Q25 results came in below our estimates as revenues closed at Eu412mn, -5.3% less than forecast. The geographical breakdown was not provided, but from commentary during the conference call we believe the miss may have been caused by harsher weather and further delays accumulated by the Fehmarn Belt tunnel. Non-GAAP EBITDA adjusted for material non-recurring gains (namely Eu19.7mn of insurance reimbursement for the fire at the Belgian plant and Eu36mn of capital gain for the disposal of the Turkish plant at Kars) was below our estimates as well, coming at Eu122mn vs Eu127mn expected. However, net cash was substantially in line (Eu465mn, or 414mn excluding the cash-in for the disposal of the Kars plant), again confirming the company's robust cash generation potential (our estimate was Eu408mn, but this did not yet include the Eu51mn cash-in for the disposal of Kars).
- **Uninspiring 2026 guidance.** In 2026, the company expects Eu1.7bn in revenue, up c.5% YoY on a like-for-like basis thanks to recovering volumes, and pricing that is expected to remain healthy across most regions (between flat and mildly increasing), except in China, where competitive pressure remains. EBITDA is expected to reach between Eu400mn and Eu420mn (below our/cons. estimates at Eu432mn and Eu428mn respectively) implying a flattish YoY trend at the bottom end of the guidance. The net cash position is expected to improve to c.Eu590mn following Eu128mn of investments (of which Eu32mn in sustainability projects). During the conference call, management added that guidance sees EBITDA in Turkey lower than in 2025 (also due to the disposal of Kars), while Egypt should see a significant improvement (EBITDA of more or less Eu18mn) as issues that affected 2025 results should have been finally resolved.
- **Lower-than-expected cash generation in the 3-year business plan.** The updated 3-year business plan includes revenues growing at a 6%/7% CAGR in the period (in line with the previous plan) to reach ~Eu1.95bn thanks to key markets picking up and higher export from Egypt. EBITDA in 2028 is expected at ~Eu460mn (vs our Eu475mn est.), a 4.7% CAGR, slower than top-line growth as margins are expected to revert to the mean (2028 margin expected at 23.6% vs. 24.8% in 2025). However, the biggest difference to our estimates is cash generation, as mounting CapEx (even excluding ACCSION investments in 2027 and 2028) will erode FCF, leading to a net cash position of c.Eu800mn by 2028, vs our Eu905mn estimate (Eu956mn including the disposal of Kars). Dividend payout in the 20%-25% range (confirmed).
- **EPS down by 7.7% on average.** We have cut the EBITDA expectation by 4% on average for the next 3 years, while also decreasing 2028 net cash by c.Eu50mn. Our 2026 EBITDA is positioned in the upper end of the guidance range, while net cash is in line. As for 2028, we are below the company's targets for revenues and EBITDA, while more optimistic on the NFP.
- **Neutral, TP Eu16.3.** In light of results below expectations and ongoing market chatter regarding potential changes to emission regulations, likely to persist until a decision is reached in July, we have the confidence to reiterate our Neutral recommendation. Our target price moves from Eu16.2 to Eu16.3, solely to reflect the rollover of our valuation to 2026

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,694	1,687	1,640	1,697	1,775
EBITDA Adj (Eu mn)	400	412	388	418	436
Net Profit Adj (Eu mn)	193	205	173	201	207
EPS New Adj (Eu)	1.211	1.288	1.086	1.265	1.298
EPS Old Adj (Eu)	1.211	1.288	1.256	1.331	1.410
DPS (Eu)	0.280	0.280	0.299	0.316	0.324
EV/EBITDA Adj	2.6	3.2	4.7	5.6	5.1
EV/EBIT Adj	4.0	4.9	7.5	8.7	8.0
P/E Adj	15.0	14.1	16.7	14.3	14.0
Div. Yield	1.5%	1.5%	1.7%	1.7%	1.8%
Net Debt/EBITDA Adj	-0.5	-0.7	-1.2	-1.4	-1.6

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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 between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 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.
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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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BUY:	32.33%
OUTPERFORM:	37.59%
NEUTRAL:	29.33%
UNDERPERFORM:	00.75%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (72 in total) is as follows:

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OUTPERFORM:	31.94%
NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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