Milan, 30 July 2025

Italian Equity Research – 2Q25 Results

CEMENTIR

NEUTRAL

Sector: Industrials

Price: Eu13.06 - **Target: Eu15.20**

Temporary Setbacks Cloud 1H, Outlook for 2H Remains Constructive

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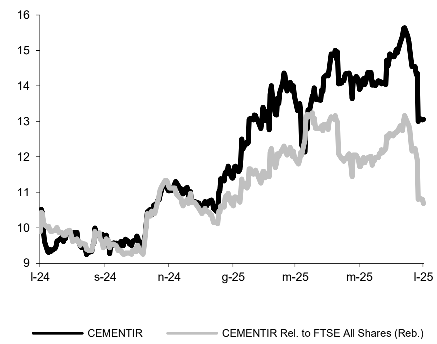
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-0.3%	0.2%	-0.3%

CEMENTIR - 12M Performance



Stock Data			
Reuters code:			CEMI.MI
Bloomberg code:			CEM IM
Performance	**1M**	**3M**	**12M**
Absolute	-12.3%	-8.5%	31.9%
Relative	-16.1%	-17.5%	9.8%
12M (H/L)			15.64/9.25
3M Average Volume (th):			79.63

Shareholder Data	
No. of Ord shares (mn):	159
Total no. of shares (mn):	159
Mkt Cap Ord (Eu mn):	2,078
Total Mkt Cap (Eu mn):	2,078
Mkt Float - Ord (Eu mn):	594
Mkt Float (in %):	28.6%
Main Shareholder:	
F. Gaetano Caltagirone	66.0%

Balance Sheet Data	
Book Value (Eu mn):	1,871
BVPS (Eu):	11.28
P/BV:	1.2
Net Financial Position (Eu mn):	408
Enterprise Value (Eu mn):	1,699

- **2Q results in line.** As expected, 2Q saw a good trend for cement and clinker sales volumes (+5.6% YoY), with the increase being driven by strong sales in Turkey, Denmark, and the USA, while volumes declined in Belgium, Egypt, and APAC. Ready-mixed volumes (+up 1.1%) and aggregates also increased (+9.2%). However, mainly due to the impact of ForEx, revenues totalled €436.5mn (vs €438mn exp.), nearly unchanged from 2Q24 (€436.2mn), with growth in the Nordics and Turkey but declines elsewhere. As for profitability, the impact of ForEx (c. €7mn), extraordinary events (€6mn due to a fire at the alternative fuels feeding system in Belgium and technical issues in restarting the second production line in Egypt), and cost inflation in Turkey (seasonal inflation-related wage dynamics, which led to a retrospective salary adjustment from Jan 1st, 2025: total impact around €4mn) led to adj. EBITDA of €101.8mn, down c.11% from €114.5 million in 2Q24, with decreases in all regions except North America. Finally, cash generation was almost in line with estimates, with net cash as at the end of June of €144mn (vs €149mn expected), slightly up from €143mn as at the end of March following the usual cash generation seasonality.
- **Tackling 1H issues to recover profitability.** During the conference call, management primarily addressed the non-recurring issues that affected 1H results; overcoming these issues is the basis of their optimism for 2H25 and the possibility of achieving the targets set for 2025. As for Egypt, the technical problem related to restarting the second line has been solved and they are confident they will be able to recover the ground lost in 1H, while the issues caused by the fire at the Belgian plant are being worked out and should be resolved by end-August; one-off costs in 2H should be quite limited (c. €1mn). Insurance should cover damages incurred: some €20mn in indemnity may be approved by year-end and booked on the P&L (excluded from guidance because one-offs), while actual collection of the insurance payout is likely to occur in 2026. As for Turkey, the increase in personnel costs should be addressed through increases to selling prices. Taken all together, the measures adopted should enable a recovery in profitability in 2H.
- **Estimates merely fine-tuned**. We are merely fine-tuning our estimates (different geo mix, higher financial charges but lower minorities); these remain broadly aligned to company guidance, which points to ~€1.75bn of revenue, ~€415mn of EBITDA, and a net cash position of ~€410mn, following ~€98mn of CapEx. Company targets and our estimates imply an acceleration in 2H that we consider feasible (albeit challenging) thanks to the recovery of inefficiencies and a potential pick-up in volumes in key regions.
- **NEUTRAL confirmed; target €15.2.** We confirm our NEUTRAL recommendation on the stock as we see earnings momentum as skewed towards the downside in the short term, despite the existence of some upside on our estimates, mainly depending on the end of conflicts and the start of reconstruction in Ukraine and Palestine, areas that could be served by the company's Turkish plants. Having only fine-tuned our estimates, we confirm our target price of €15.2.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,694	1,687	1,701	1,806	1,907
EBITDA Adj (Eu mn)	400	412	414	433	454
Net Profit Adj (Eu mn)	193	205	199	213	225
EPS New Adj (Eu)	1.211	1.288	1.251	1.336	1.415
EPS Old Adj (Eu)	1.211	1.288	1.255	1.333	1.420
DPS (Eu)	0.280	0.280	0.282	0.301	0.318
EV/EBITDA Adj	2.6	3.2	4.1	3.6	3.3
EV/EBIT Adj	4.0	4.9	6.3	5.4	4.9
P/E Adj	10.8	10.1	10.4	9.8	9.2
Div. Yield	2.1%	2.1%	2.2%	2.3%	2.4%
Net Debt/EBITDA Adj	-0.5	-0.7	-1.0	-1.3	-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:	32.84%
OUTPERFORM:	38.81%
NEUTRAL:	28.35%
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 (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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