14 Jul 2025
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Cement & Aggregates
Italy

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Cementir Holding

A niche strategy in a heavy industry

Opinion	**Buy**
Upside (%)	36.2
Price (€)	15.64
Target Price (€)	21.3
Bloomberg Code	CEM IM
Market Cap (€M)	2,489
Enterprise Value (€M)	2,123

Momentum	STRONG
Sustainability	4/10
Credit Risk	BBB

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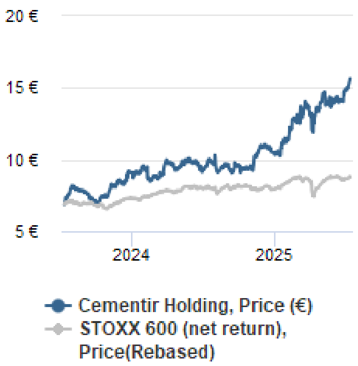

Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

PROS

- Cementir remains a global leader in white cement, a niche segment with resilient demand, especially in architectural and infrastructure applications. It controls around 20% of the market, offering stable margins
- A strong track record on asset optimisation with key profit centres in Denmark (white cement), the US, Turkey (grey cement and largest in volume) and Belgium
- The family-controlled company maintains financial discipline and a long-term industrial vision, including on greening up capex

CONS

- The white cement market is limited in size, making growth dependent on successful expansion or efficiency gains in grey cement operations, notably in Denmark and Belgium
- The family-controlled structure limits the free float and strategic flexibility, reducing the stock's appeal for some institutional investors
- Turkey, one of the key production and demand markets for Cementir, brings with it geopolitical opportunities and thus risks

KEY DATA	12/23A	12/24A	12/25E	12/26E	12/27E
Adjusted P/E (x)	**6.04**	**7.63**	**11.8**	**11.0**	**11.0**
Dividend yield (%)	*3.57*	*2.83*	*1.79*	*1.79*	*1.79*
EV/EBITDA(R) (x)	2.69	3.23	5.12	4.61	4.07
Adjusted EPS (€)	**1.30**	**1.30**	**1.32**	**1.42**	**1.42**
Growth in EPS (%)	*21.6*	*0.00*	*1.85*	*7.81*	*-0.27*
Dividend (€)	0.28	0.28	0.28	0.28	0.28
Sales (€M)	1,694	1,687	1,749	1,840	1,985
EBITDA/R margin (%)	*24.3*	*24.1*	*23.7*	*23.4*	*22.7*
Attributable net profit (€M)	202	202	205	222	221
ROE (after tax) (%)	**14.0**	**12.5**	**11.5**	**11.5**	**10.5**
Gearing (%)	*-10.4*	*-14.8*	*-18.9*	*-23.4*	*-28.0*

Cementir Holding (Buy)

Detailed financials at the end of this report

Key Ratios

Key Ratios		12/24A	12/25E	12/26E	12/27E
Adjusted P/E	x	7.63	11.8	11.0	11.0
EV/EBITDA	x	3.23	5.12	4.61	4.07
P/Book	x	0.90	1.32	1.20	1.11
Dividend yield	%	2.83	1.79	1.79	1.79
Free Cash Flow Yield	%	15.1	8.11	8.96	9.49
ROE (after tax)	%	12.5	11.5	11.5	10.5
ROCE	%	11.4	11.2	11.3	11.4
Net debt/EBITDA	x	-0.58	-0.78	-1.07	-1.36

Consolidated P&L

Consolidated P&L		12/24A	12/25E	12/26E	12/27E
Sales	€M	1,687	1,749	1,840	1,985
EBITDA	€M	407	415	431	451
Underlying operating profit	€M	262	264	273	280
Operating profit (EBIT)	€M	262	264	273	280
Net financial expenses	€M	21.7	25.5	27.6	27.6
Pre-tax profit before exceptional items	€M	284	290	300	308
Corporate tax	€M	-70.4	-71.9	-75.8	-83.0
Attributable net profit	€M	202	205	222	221
Adjusted attributable net profit	€M	202	205	222	221

Cashflow Statement

Cashflow Statement		12/24A	12/25E	12/26E	12/27E
Total operating cash flows	€M	338	270	289	317
Capital expenditure	€M	-128	-98.0	-99.0	-114
Total investment flows	€M	-109	-138	-139	-154
Dividends (parent company)	€M	-58.2	-43.5	-43.5	-43.5
New shareholders' equity	€M				
Total financial flows	€M	-373	23.3	5.75	15.7
Change in net debt position	€M	-65.3	115	136	149
Free cash flow (pre div.)	€M	232	197	218	231

Balance Sheet

Balance Sheet		12/24A	12/25E	12/26E	12/27E
Goodwill	€M	448	453	457	462
Total intangible	€M	643	649	656	662
Tangible fixed assets	€M	813	821	830	838
Right-of-use	€M	177	179	180	182
WCR	€M	-23.8	9.31	35.4	46.5
Total assets (net of short term liabilities)	€M	1,819	1,860	1,903	1,933
Ordinary shareholders' equity (group share)	€M	1,717	1,844	2,023	2,200
Provisions for pensions	€M	25.9	52.1	50.0	47.9
Net debt / (cash)	€M	-290	-405	-542	-690
Total liabilities and shareholders' equity	€M	1,819	1,860	1,903	1,933
Gross Cash	€M	500	655	812	990

Per Share Data

Per Share Data		12/24A	12/25E	12/26E	12/27E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**1.30**	**1.32**	**1.42**	**1.42**
Net dividend per share	**€**	**0.28**	**0.28**	**0.28**	**0.28**
Free cash flow per share	€	1.49	1.27	1.40	1.48
Book value per share	€	11.0	11.9	13.0	14.1
Number of diluted shares (average)	**Mio**	**156**	**156**	**156**	**156**

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Businesses & Trends

Introduction

Cementir, a global cement player with Italian roots, is the kingpin in white cement (with a 20% market share excluding “off”-white cement). The company has substantial exposure to the European markets but diversifies with its presence in the Mediterranean, North America and Asia. The company strives to develop strong local market share in grey cement and a noteworthy global market share in white cement.

Like its French peer Vicat, Cementir is a family-driven business that has maintained a solid balance sheet throughout its volatile industrial cycle, with its net debt/EBITDA consistently below 3x. It stands unique as it dodged costly acquisitions during the top of the cycle (2007-08) and, ergo, avoided the need for fresh-but-dilutive capital at the bottom of the cycle (2008-09).

Cementir believes in fair-priced acquisitions which have strategical location and well maintained assets. Its past deals helped it to develop a white cement franchise with strong and recurrent cash flows (mainly linked to the renovation market) which could be the cash cow to a careful expansion in the bigger but more cyclical grey cement market. Yet, with the current focus on sustainability and digitalisation, we evaluate the likelihood of its inorganic growth as low.

Operations

Cementir has operations in 18 countries across five continents. In addition to white cement, it is involved in grey cement, ready mix, aggregates and the processing of urban and industrial waste.

What makes Cementir unusual is its exposure to the consolidated and more lucrative white cement business (20% global market share, excluding “off-white” and lower quality Asian products). White cement provides a great white space opportunity as it trades at twice the price of grey cement (local comparison) and accounts for about 1% of grey cement volumes. Given its higher unit value in comparison to white cement, it can be more easily transported, opening the company’s gates to global markets. This has in turn made Cementir the leader of traded flow, with export sales representing about 25% of total exported volumes globally. Furthermore, its local presence with a sales force and/or controlled logistic networks in about 20 key target markets enhances its exports. The group aims to export 50% of the white cement produced by 2020, which is an ambitious but achievable target in our opinion.

White cement relies on scarce yet extra-pure limestone, accompanied with sand, gypsum and alu silicates. These hardly exist in certain countries such as Brazil, Australia and parts of Africa. The chemical composition of the limestone used in white cement is such that the burning process requires a higher temperature and eats up roughly 50% more energy as compared to grey cement.

Waste management as part of the cement value chain

For a decade, Cementir has been strategically including waste management in its value chain. In 2009, Cementir entered the Turkish waste management business through the acquisition of Sureko AS and reinforced its presence through the acquisition of Recydia in 2011 (waste management and renewables business). It was then complemented by the acquisition of NWM Holdings (UK) which collects, treats, recycles and disposes of waste. Since Cementir has no cement plants in the UK, we believe that the goal is to use this waste as fuel in the Denmark kilns to reduce energy consumption (as waste has higher calorific value than traditional fuels) and leave a greener footprint because the wastes would have been incinerated otherwise as well. Cementir's waste business's standalone profitability might seem low but it enables the group to address environmental issues significantly.

Contrarian strategy?
Cementir has grown from a medium-sized Italian "single-country" and "single-product" operator into a fully-fledged multinational company, without any increase in share capital, thanks to surplus operating cash flow generation.

In 2001, the Cementir Group embarked on its geographic diversification process, by acquiring Cimentas in Turkey. This was followed by a product diversification through the acquisition of Aalborg Portland in 2004, a white cement manufacturer.

However, the most radical transformation of the Cementir Group portfolio came between 2016 and 2018. It acquired the cement and concrete business of Sacci SpA (2016), expanded its international presence by acquiring CCB (2016), sold off all Italian assets in 2018 (with only the central headquarter and some trading businesses remaining in Italy) and, lastly, acquired a majority shareholding in Lehigh White Cement Company (LWCC) in the US (2018) – making Cementir a leader in this promising niche market with a market share of ~20%.

The company is now present in several regions across five continents. The idea is to be exposed to both emerging markets, which offer strong but volatile growth, and developed markets, which have slower but more consistent growth. The company's operations span six key regions: the Nordic & Baltic, Belgium, North America, Türkiye, Egypt and Asia Pacific. The production facilities are vertically integrated for aggregates, cement and concrete in Denmark, Belgium and Türkiye. Denmark holds a prominent position in both grey and white cement and concrete, while Sweden and Norway lead in the concrete sector. Türkiye's operations focus on industrial waste management. Meanwhile, the activities in North America, Egypt and Asia Pacific are exclusively dedicated to white cement production.

Industry analysis
<u>Expected growth higher for white cement</u>

There is an ongoing commercial push to "create and grow the market" for white cement while the market for grey cement is demand-led. White cement is a more profitable premium business. While grey cement is a standardised €200bn market with around 2bnt of production per year excluding China, white cement is a €4bn niche market with only about 20mt of production per year.

The growth in the white cement market is expected to be higher than that of grey cement over the medium term because:

- there is a cannibalisation effect of grey cement by white cement due to the added functionalities/applications it offers;
- cement usually represents less than 5% of total construction costs and white cement is only twice the price of grey cement, thus demand is inelastic to prices;
- white cement can replace grey cement in practically every application;
- there are virtually unlimited applications for white cement: pre-stressed concrete façades, paving blocks, artificial stone, Glass-Fibre Reinforced Concrete (GRC) façades, Ultra-High Performance Concrete (UHPC), dry mix mortars and Ready Mix Concrete (RMC);
- a defining feature of white cement is the possibility of producing coloured ready-mix or dry admixtures by mixing it with pigments.

Main differences between white and grey cement

White cement

- Special / «Niche» product
- Consumption mainly driven by renovation and restructuring or specific applications in residential/commercial.
- High purity limestone needed: scarce raw materials
- Commercial push to «create and grow the market»
- Mid-high value, small quantities
- Consistency, whiteness, brand and technical after-sale service matter
- Driven by tailored needs of more «sophisticated customers»
- «Export led» product with global market reach:
  - Production only in 41 countries worldwide
  - Distribution costs relevant but it is still economically viable long distance tranportation

Grey cement

- «Commodity» like
- Consumption mainly driven by infrastructure & residential/commercial
- Widespread presence of basic raw materials
- Pulled by the market demand
- Low value, high volumes
- Driven by international and local «standards»
- Mainly «Local for local» product: less than 5% volumes traded
  - Price levels cannot justify and cover for logistic costs for long distances
  - It can be produced almost everywhere

INDUSTRY TRENDS

Global warming

With the increase in global temperatures, the demand for sustainable yet affordable materials is increasing. The manufacturing of cement is responsible for approximately 5% of global CO2 emissions. Thus, this industry is one of several where emission reductions will be key to significantly lowering global emissions. However, the decarbonisation levers are limited. The first lever employed by companies is switching fuel to use waste as an alternative fuel, which allows them to mitigate CO2 emissions during the fuel combustion stage. The second lever is the reduction of clinker, as its production is the most energy-intensive step in the cement manufacturing process, resulting in substantial CO2 emissions. To put things into perspective, of the CO2 emitted by the cement industry, around one-third results from the combustion of fuels, while about two-thirds comes from the calcination process used to produce clinker. Even though alternatives for clinker are being explored, they remain limited; the most commonly used alternatives are fly ash and blast furnace slag. These alternatives can offer different mechanical properties compared to clinker and require adjustments in the construction process and additional certifications, making them more costly. Moreover, regulations play a crucial role, and the cement industry is massive and well-established, making it difficult to change production processes radically. Due to these challenges, carbon capture is an important technology for the cement industry to reduce CO2 emissions significantly.

Alternative fuels

In order to decrease the environmental impact of the industry, improve the competitiveness of cement companies, and provide a viable and convenient end-of-life option for waste and industrial by-products, the use of alternative fuels is evolving.

CO2 taxation

This mechanism allows industrial companies to pollute, provided they hold allowances. There are two types of allowances: free and auctioned. However, these allowances are set to decrease at a faster pace in the coming years to achieve the targets outlined in the “Fit for 55” proposal. Indeed, a new reform established by the EU raises the linear reduction factor from 2.2% to 4.3% from 2024 to 2027, and to 4.4% from 2028 to 2030. Furthermore, the reform includes two one-off ‘rebasings’ of the cap, reducing it by 90 million allowances in 2024 and an additional 27 million in 2026. As the increased climate ambition within the EU may heighten the risk of carbon leakage, the Council and Parliament agreed on a phase-in plan for the Carbon Border Adjustment Mechanism (CBAM) to price imported goods based on their embedded emissions. Starting in 2026, the CBAM will be gradually implemented as the free carbon allowances are progressively phased out to zero by 2034. As the allowances decrease, the carbon price is expected to increase in the coming years. Thus, companies that have not been able to significantly reduce or capture most of their emissions will incur substantial costs to continue their operational activities.

Cementir’s actions

The company’s decarbonization plan aims to accelerate sustainability efforts with a target to reduce CO2 emissions by 36% in grey cement and 19% in white cement by 2030, relative to the 2020 levels. The company has allocated “green capex” to be invested in sustainability initiatives focused on four key areas:

- Alternative Fuels and Renewable Raw Materials: Increasing the use of alternative fuels (>70% for grey cement), reducing clinker ratios through materials like calcined clay and fly ash, and incorporating green power and lower-carbon fuels.
- Low Carbon Cements: Launching eco-friendly products such as FUTURECEM®, Aalborg Extreme™, and Aalborg Excel™ with reduced clinker content and enhanced performance.

- Operating Efficiencies and Circular Economy: Upgrading kilns to reduce heat consumption, increasing alternative fuel use, recovering heat for electricity generation, recycling waste materials and implementing Carbon Capture and Storage (CCS) in Denmark by 2030.
- Digitization of Key Processes: Implementing green transportation (hybrid trucks), optimizing logistics, adopting eProcurement and using predictive maintenance.
  These initiatives are designed to support a more sustainable value chain while advancing the company's decarbonization goals

Urbanisation

The number of people living in cities increases by 50 million every year, and this figure continues to grow. By 2050, an estimated six billion people — or two-thirds of the world's population — will live in cities. This growth in urbanisation will drive the demand for durable yet affordable workplaces and homes, which will in turn increase the demand for cement.

Divisional Breakdown Of Revenues

	Sector	12/24A	12/25E	12/26E	12/27E	Change 25E/24		Change 26E/25E	
						€M	of % total	€M	of % total
Total sales		**1,687**	**1,749**	**1,840**	**1,985**	**62↑**	**100%**	**91↑**	**100%**
Nordic & Baltic	Cement & Aggregates	623	626	653	749	3↑	5%	27↑	30%
North America (US)	Cement & Aggregates	183	188	194	204	5↑	8%	6↑	7%
Belgium/France	Cement & Aggregates	335	344	361	383	9↑	15%	17↑	19%
Turkey	Cement & Aggregates	352	385	404	408	33↑	53%	19↑	21%
Egypt	Cement & Aggregates	46.3	47.9	60.8	64.5	2↑	3%	13↑	14%
Asia Pacific (China & Malaysia)	Cement & Aggregates	105	103	103	104	-2↓	-3%	0↑	0%
Holding & Services	Holding Companies	149	158	162	167	9↑	15%	4↑	4%
Other		-105	-101	-97.1	-93.2	4↑	6%	4↑	4%

Key Exposures

	Revenues	Costs	Equity
Australian $	3.0%	3.0%	3.0%
Dollar	10.0%	10.0%	10.0%
Emerging currencies	23.0%	23.0%	23.0%
Long-term global warming	0.0%	15.0%	15.0%
Oil price (Brent $/bl)	0.0%	12.0%	12.0%
Power price (MWh in €)	0.0%	8.0%	8.0%

Sales By Geography

Nordic states	35.8%
Of which Denmark	28.2%
Turkey	22.0%
Belgium	19.6%
North America	10.8%
Italy	9.0%
Asia	5.9%
Egypt	2.7%

We address exposures (eg. how much of the turnover is exposed to the $) rather than sensitivities (say, how much a 5% move in the $ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.
Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in $ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling
In addition, subjects are frequently intertwined. A $ exposure may encompass all revenues in $ pegged currencies and an emerging currency exposure is likely to include $ pegged currencies as well.
Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

Cementir is remunerative because it is a specialist in a niche business too small for mega players to invest in. Scarce raw materials command higher prices and, as a result, white cement can be exported, which is unusual for construction material commodities. While part of the higher realisation prices is absorbed in higher energy costs, the business is intrinsically a better FCF generator than the grey variety. The company appears to have been nimble in expanding by acquisition, expanding its network (and thus its logistics efficiency), to have been careful about capital spending and good at running a mid-sized operation. The obvious limit is that with already 20% of the market, growing more rapidly than the market is likely to entail declining ROCEs.

A business model somewhat similar to Sika's and Imerys'
Sika's ad-mixtures added to concrete represent less than 1% of the value of the final product, but give added functionalities such as accelerated curing of concrete which can lead to cost savings. Similarly, Imerys's speciality minerals represent a small cost in its customers' final products (between 0.5% and 7%) but are strongly value-added with low substitution risk.

Knowing that cement typically represents less than 5% of the construction costs and that white cement has much more functionalities/applications than grey cement, one can focus on the intrinsic positives of white cement, keeping aside its cost.
Cementir is vertically well integrated in the grey cement sector. For white cement, it is clear that suppliers have a stronger bargaining power, which explains why the focus of Cementir has been on integrating vertically in this sector.

Even if white cement is principally a B2B business, the bargaining power of customers is low. Price sensitivity of white cement is low and switching cost is high. The number of customers is high, while the size of each customers' order is rather low.

Cement does not see new entrants due to capital intensity and regulations (tougher on emissions). For white cement, this is compounded by a B2B-only profile. White cement tends to be sold to dry mix manufacturers which have very high specification standards and significant quality and consistency requirements. Once a supplier qualifies, it is then expensive for the customer to switch to another supplier, making it a rare option.

Grey cement business model
Grey cement is capital intensive, local and relies a lot on the good control of local markets, most notably through the good positioning of ready-mix units. Vertical integration is thus essential but limited to countries where Cementir has a grey cement exposure.

As the markets for cement are local, location and diversification are key to value creation. A presence near a developing city is a necessity. Indeed, urban markets are a strength, especially in view of the growing urbanisation trend in developing countries. Cementir has a significant local market share in each country that it is active in. For instance, Cementir owns the sole operating cement plant of Denmark. So the market share is pretty high, as the only competition is from the imports.

In other countries, such as Turkey, the market share is low (<5%), but the plants are located where competitive pressure is lesser than usual (see figure below). So the local market share with a 100km radius is expected by AlphaValue to be several dozen percentage points higher when it cannot be considered as a local quasi-monopoly.

In Belgium, the company has a grey cement capacity of around 2.3mt, serving both the Belgian and French markets.

Expedient businesses
The other construction materials and services business, which consists mainly of ready-mix concrete, has a very low margin. However, it is of strategic importance because the ready-mix concrete business acts as a distribution channel for cement and aggregates products, with the end goal of increasing the sales volume of the other two divisions which have significant margins.

Controlled leverage through the cycle to catch opportunities
Cementir's leverage has remained below 3x through the cycle. This is quite commendable and raises hopes for future capital allocation. We see a parallel with Vicat's indebtedness, which makes us believe that family-driven businesses are unwilling to take risks and this is positive in such a capital intensive and cyclical industry.

As for capital allocation, in slowly growing industries, M&A is key in a fragmented market. Even though Cementir has set its eyes on digitalisation and sustainability, the possibility of M&A activities cannot be discarded. We presume that Cementir's next phase could be to expand further in the grey cement market in order to dilute its exposure to Turkey in terms of cement capacity and to increase the global reach of the company.

Divisional EBITDA/R

	12/24A	12/25E	12/26E	12/27E	Change 25E/24		Change 26E/25E	
					€M	of % total	€M	of % total
Total	407	415	431	451	8↑	100%	16↑	100%
Nordic & Baltic	174	180	187	191	6↑	75%	7↑	44%
North America (US)	24.8	27.9	30.0	32.6	3↑	39%	2↑	13%
Belgium/France	93.9	96.9	108	115	3↑	38%	11↑	69%
Turkey	87.1	73.1	64.7	65.3	-14↓	-175%	-8↓	-53%
Egypt	16.9	12.9	15.8	20.6	-4↓	-50%	3↑	18%
Asia Pacific (China & Malaysia)	21.2	21.1	22.5	24.5	0↓	-1%	1↑	9%
Holding & Services	-10.3	3.00	3.00	3.00	13↑	166%	0↑	0%
Other/cancellations								

Divisional EBITDA/R margin

	12/24A	12/25E	12/26E	12/27E
Total	**24.1%**	**23.7%**	**23.4%**	**22.7%**
Nordic & Baltic	27.9%	28.7%	28.6%	25.5%
North America (US)	13.6%	14.8%	15.5%	16.0%
Belgium/France	28.0%	28.2%	30.0%	30.0%
Turkey	24.8%	19.0%	16.0%	16.0%
Egypt	36.5%	27.0%	26.0%	32.0%
Asia Pacific (China & Malaysia)	20.3%	20.6%	21.9%	23.5%
Holding & Services	-6.92%	1.90%	1.85%	1.80%

Valuation

Our DCF model is built on conservative expectations based on moderate sales and EBITDA growth of 1% apiece in the out-years and, for capex, our expectations are in line with the company's guidance to which we apply a 2% out-year growth reaching €125m in 2034.

SOTP valuation

Our SOTP/NAV is replacement-cost-based on a geographical basis and product basis. We have used multiples of €170 per ton of cement capacity for grey cement in developed markets (Denmark and Belgium), a low multiple of €100 per ton of cement capacity for Turkey's grey cement plants due to the difficult business environment in which the division is evolving.

Concerning white cement, we have used multiples of €100 for Malaysia, €120 for China, €150 for Egypt, as well as €250 for Denmark and the US.

Peers valuation

We have applied neither a premium nor a discount for most multiples, despite the stronger business model than the average cement company (premium) owing to the low free float (discount).

Note that Lafarge bought Orascom in 2007 at 11.6x EBITDA, HeidelbergCement bought Hanson in 2007 at 12.8x EBITDA, Holcim acquired Cemex's Australian assets in 2009 for 6.6× 2009 EBITDA, Camargo swallowed Cimpor for 8.7x EV/EBITDA in 2012 and CRH bought LafargeHolcim's assets for 8.7x EBITDA pre-synergies and 7.7x EBITDA post-synergies.

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		19.7	26%	35%
NAV/SOTP per share		22.1	42%	20%
EV/Ebitda	*Peers*	28.8	84%	20%
P/E	*Peers*	19.1	22%	10%
Dividend Yield	*Peers*	8.40	-46%	10%
P/Book	*Peers*	29.0	85%	5%
Target Price		**21.3**	**36%**	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	13.9	9.67	2.32	3.33
Cementir Holding's ratios	11.3	4.83	1.25	1.79
Premium	0.00%	0.00%	0.00%	0.00%
Default comparison based valuation (€)	**19.1**	**28.8**	**29.0**	**8.40**
Holcim	17.7	12.3	4.32	5.31
Heidelberg Materials	13.7	9.12	1.78	1.80
Buzzi	8.56	6.02	1.81	1.36
Vicat	8.95	5.56	0.99	3.13

DCF Valuation Per Share

WACC	%	9.53	Avg net debt (cash) at book value	€M	-474
PV of cashflow FY1-FY11	€M	1,369	Provisions	€M	82.2
FY11CF	€M	258	Unrecognised actuarial losses (gains)	€M	0.00
Normalised long-term growth"g"	%	2.00	Financial assets at market price	€M	128
Sustainability "g"	%	1.70	Minorities interests (fair value)	€M	142
Terminal value	€M	3,294	Equity value	€M	3,071
PV terminal value	€M	1,325	Number of shares	Mio	156
PV terminal value in % of total value	*%*	*49.2*	**Implied equity value per share**	**€**	**19.7**
Total PV	€M	2,694	Sustainability impact on DCF	%	-1.69

Assessing The Cost Of Capital

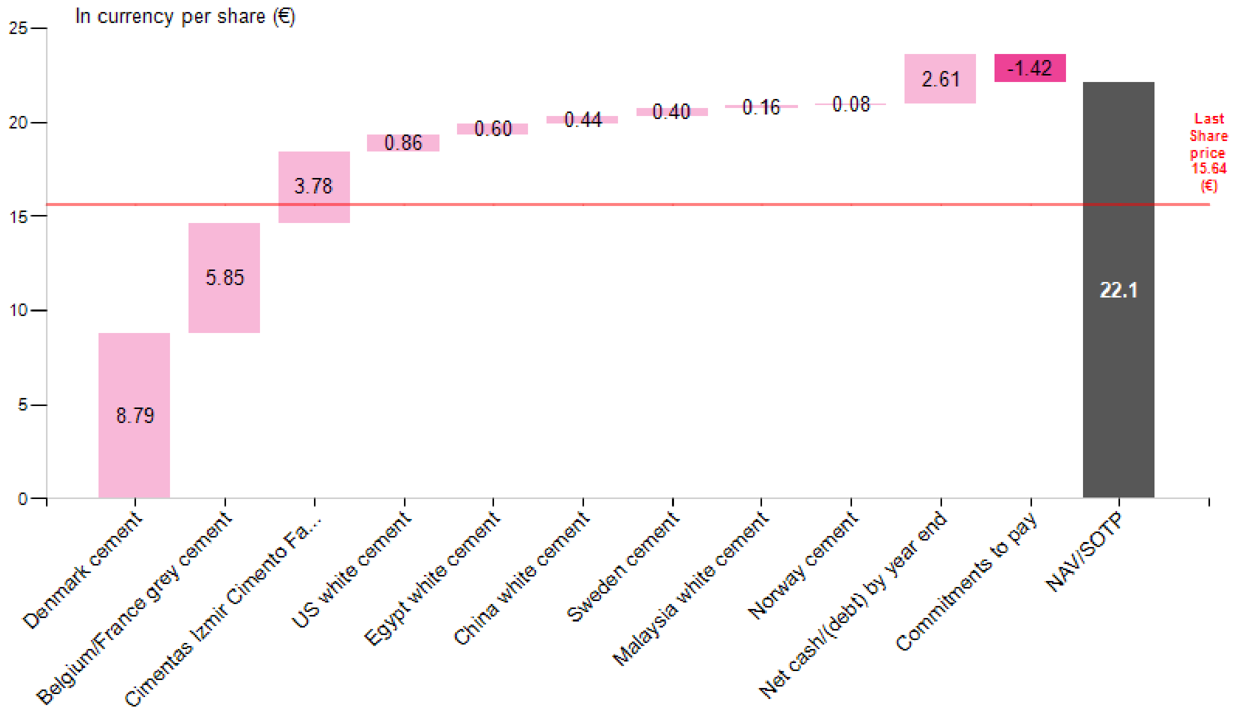
Synthetic default risk free rate	%	3.50	Company debt spread	bp	275
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	6.25
Tax advantage of debt finance (normalised)	%	25.0	**Company beta (leveraged)**	**x**	**1.06**
Average debt maturity	Year	5	Company gearing at market value	%	-16.7
Sector asset beta	x	1.21	Company market gearing	%	-20.0
Debt beta	x	0.55	**Required return on geared equity**	**%**	**8.78**
Market capitalisation	€M	2,432	Cost of debt	%	4.69
Net debt (cash) at book value	€M	-405	**Cost of ungeared equity**	**%**	**9.53**
Net debt (cash) at market value	€M	-405	WACC	%	9.53

DCF Calculation

		12/24A	12/25E	12/26E	12/27E	Growth	12/28E	12/35E
Sales	€M	1,687	1,749	1,840	1,985	**1.00%**	2,005	2,150
EBITDA	€M	407	415	431	451	**1.00%**	456	489
EBITDA Margin	*%*	*24.1*	*23.7*	*23.4*	*22.7*		*22.7*	*22.7*
Change in WCR	€M	5.26	-33.1	-26.0	-11.2	**2.00%**	-11.4	-13.1
Total operating cash flows (pre tax)	€M	408	342	365	400		444	476
Corporate tax	€M	-70.4	-71.9	-75.8	-83.0	**2.00%**	-84.6	-97.2
Net tax shield	**€M**	**5.43**	**6.38**	**6.89**	**6.89**	**2.00%**	**7.03**	**8.07**
Capital expenditure	€M	-128	-98.0	-99.0	-114	**2.00%**	-116	-134
Capex/Sales	*%*	*-7.57*	*-5.60*	*-5.38*	*-5.74*		*-5.80*	*-6.21*
Pre financing costs FCF (for DCF purposes)	€M	216	178	197	210		251	253
Various add backs (incl. R&D, etc.) for DCF purposes	€M		-24.0	-27.0	-30.0		-33.0	
Free cash flow adjusted	**€M**	**216**	**154**	**170**	**180**		**218**	**253**
Discounted free cash flows	**€M**	**216**	**154**	**155**	**150**		**166**	**102**
Invested capital	€	1,736	1,787	1,831	1,860		1,864	2,056

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€M)	Stake valuation (€M)	In currency per share (€)	% of gross assets
Denmark cement	100%	DCF		1,367	1,367	8.79	41.9%
Belgium/France grey ...	100%	DCF		910	910	5.85	27.9%
Cimentas Izmir Cime...	96.7%	- Listed -		608	588	3.78	18.0%
US white cement	63.0%	DCF		212	134	0.86	4.10%
Egypt white cement	71.1%	DCF		132	93.9	0.60	2.88%
China white cement	100%	DCF		69.0	69.0	0.44	2.12%
Sweden cement	100%	DCF		62.0	62.0	0.40	1.90%
Malaysia white cement	70.0%	DCF		35.0	24.5	0.16	0.75%
Norway cement	100%	DCF		12.0	12.0	0.08	0.37%
Other							
Total gross assets					**3,260**	**21.0**	**100%**
Net cash/(debt) by year end					405	2.61	12.4%
Commitments to pay					-222	-1.42	-6.80%
Commitments received							
NAV/SOTP					3,443	22.1	106%
Number of shares net of treasury shares - year end (Mio)					**156**		
NAV/SOTP per share (€)					**22.1**		
Current discount to NAV/SOTP (%)					**29.4**		



Debt

No capital increase since at least 1999

Since 1999, Cementir has not increased its capital/number of shares. Indeed, it uses its operating/free cash flow or raises debt for its industrial investments and M&A activities.

In the foreseeable future, the risk of a dilutive capital increase for per share metrics is low. Furthermore, no convertible bonds have been issued by the company, which excludes the risk of any dilution.

Maturity and nature of the debt

The debt is almost entirely composed by bank borrowings. The company does not disclose a precise maturity table, but the average maturity is clearly below five years.

Covenants

The financial covenants to be complied with are the net debt/EBITDA ratio and the EBITDA/net financial expenses ratio, the trigger points of which are undisclosed by the company.

Detailed financials at the end of this report

Funding - Liquidity

		12/24A	12/25E	12/26E	12/27E
EBITDA	€M	407	415	431	451
Funds from operations (FFO)	€M	339	330	345	358
Ordinary shareholders' equity	**€M**	**1,717**	**1,844**	**2,023**	**2,200**
Gross debt	€M	210	250	270	300
+ Gross Cash	€M	500	655	812	990
= Net debt / (cash)	**€M**	**-290**	**-405**	**-542**	**-690**
Gearing (at book value)	%	-14.8	-18.9	-23.4	-28.0
Equity/Total asset (%)	%	94.4	99.2	106	114
Adj. Net debt/EBITDA(R)	*x*	*-0.58*	*-0.78*	*-1.07*	*-1.36*
Adjusted Gross Debt/EBITDA(R)	*x*	*0.65*	*0.80*	*0.81*	*0.84*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*14.3*	*15.3*	*14.8*	*14.7*
Ebit cover	*x*	*-47.7*	*-9.83*	*-9.31*	*-9.60*
FFO/Gross Debt	*%*	*118*	*99.2*	*98.5*	*94.6*
FFO/Net debt	*%*	*-117*	*-81.3*	*-63.6*	*-51.8*
FCF/Adj. gross debt (%)	*%*	*59.0*	*59.4*	*62.2*	*61.1*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*12.2*	*10.7*	*11.4*	*12.2*
"Cash" FCF/ST debt	*x*	*3.59*	*2.48*	*2.44*	*2.32*

Worth Knowing

Main shareholder

The main shareholder of Cementir Holding is Francesco Gaetano Caltagirone. He was born in Rome on 2 March 1943. After studying engineering, he relaunched the family construction business, then extended its activities to the fields of cement and media, giving rise to one of the largest Italian business groups, which now has five listed companies, major strategic holdings and a growing international presence. He is Chairman of Caltagirone SpA, Caltagirone Editore SpA, Il Messaggero SpA and Il Gazzettino SpA.

A family-driven business

In 1992, Francesco Gaetano Caltagirone took over Cementir Holding through a public auction and, since 1996, his son Francesco Caltagirone Jr has overseen the group as its CEO and Chairman of the board, and made it truly international. While Francesco Gaetano Caltagirone is considered to be a successful Italian (net worth $2.1bn), Francesco Caltagirone Jr has gained a reputation as a dynamic CEO.

With Francesco Gaetano Caltagirone as the majority shareholder, his son as the CEO and Chairman, and the presence of five family members on the board of directors, Cementir is certainly a family-driven business. Dynamic external growth along with strong cash flow generation point to a family-type long-term philosophy and commitment to the business.

Dividend policy

From a medium-sized Italian ‘one trick pony’ profile, Cementir has evolved into a multinational, thanks to well-timed focused investments. This growth has been made possible because of a systematic and well-planned capital allocation. It maintains a payout ratio of 20% while allocating most of its profits towards strategic investments, which is unusual for a cement company expected to pay out mature cash flows.

Float

Cementir has a free float of 22.8%, with 71.25% shares held by the Caltagirone family (65.9% by Francesco Gaetano Caltagirone and 5.35% by his son Francesco Caltagirone Jr). This low free float has enabled the company to stick to its expansion strategy. Obviously, it leaves considerable headroom for a dilutive equity raising should Cementir go for a big fish. The question may be raised anytime if Cementir chooses to grow beyond white cement.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Caltagirone Francesco Gaetano	65.9%	65.9%	0.00%
Francesco Caltagirone Jr.	5.35%	5.35%	0.00%
Caltagirone Alessandro	1.98%	1.98%	0.00%
Caltagirone Azzurra	1.44%	1.44%	0.00%
Dimensional Fund Advisors LP	1.36%	1.36%	0.00%
Norges Bank Investment Management	1.21%	1.21%	0.00%
Apparent free float			**22.8%**

Sustainability

The Building materials and products sector scores low on the sustainability front (average score of 6/10), primarily because of: 1/ a low environment score as this industry is one of the largest polluters, contributing 5% to global emissions, and 2/ a significant number of companies in this sector are family owned, a factor which has a significant influence on the composition of the board, voting rights and the executive role of the chairman of the board. Cementir Holding's low independent directors rate (score: 3/10), lack of geographic diversity at the board level (score: 3/10) along with high emissions (score: 3/10) are the key reasons for its low sustainability score of 3.5.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	**4/10**	25%
Board geographic diversity	**3/10**	20%
Chairman vs. Executive split	✖	5%
Environment		
CO² Emission	**3/10**	25%
Water withdrawal	**2/10**	10%
Social		
Wage dispersion trend	**7/10**	5%
Job satisfaction	**10/10**	5%
Internal communication	**10/10**	5%
Sustainability score	**3.8/10**	100%

Governance & Management

The AlphaValue governance rating result is not satisfactory with a score of 6.3 (below industry average of 7.5), which is driven mainly by the directors' low independence rate of 25%. This is significantly below the 33% rate claimed by the company, mainly due to the fact that we consider a director not to be independent if he has stayed in the BoD for more than seven years. Additionally, the CEO is a board member (independent management and control are usually positive for shareholders). However, on the positive side, Cementir Holding has a good board feminisation rate of 50% and straightforward clean by-laws.

Governance score

Company (Sector)	Independent board
6.5 (7.5)	No

Parameters	Company	Sector	Score	Weight
Number of board members	8	10	8/10	5.0%
Board feminization (%)	50	38	10/10	5.0%
Board domestic density (%)	87	72	3/10	10.0%
Average age of board's members	55	60	8/10	5.0%
Type of company : Mid cap, controlled			7/10	10.0%
Independent directors rate	37	57	4/10	20.0%
One share, one vote			✓	10.0%
Chairman vs. Executive split			✗	0.0%
Chairman not ex executive			✗	5.0%
Full disclosure on mgt pay			✗	5.0%
Disclosure of performance anchor for bonus trigger			✓	5.0%
Compensation committee reporting to board of directors			✓	5.0%
Straightforward, clean by-laws			✓	15.0%
Governance score			**6.5/10**	**100.0%**

Management

Name		Function	Birth date	Date in	Date out	Compensation, in k€ (year) Cash	Equity linked
Francesco CALTAGIRONE	M	CEO	1968	1996		6,277 (2023)	(2023)
Roberto MARAZZA	M	CFO		2023			
Paolo ZUGARO	M	COO		2017		(2023)	(2023)

Board of Directors

Name			Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Francesco CALTAGIRONE	M		✗	President/Chairman of th...	2023	1968	1995		6,277 (2023)	68,978 (2023)
Alessandro CALTAGIRONE	M		✗	Member	2023	1969	2006		11.0 (2023)	(2023)
Azzurra CALTAGIRONE	F		✗	Member	2023	1973	2006		11.0 (2023)	(2023)
Saverio CALTAGIRONE	M		✗	Member	2023	1971	2003		10.0 (2023)	(2023)
Fabio CORSICO	M		✗	Member	2023	1973	2008		271 (2023)	(2023)
Adriana LAMBERTO FLORISTAN	F		✓	Member		1973	2023		40.0 (2023)	(2023)
Benedetta NAVARRA	F		✓	Member		1967	2023		41.0 (2023)	(2023)
Annalisa PESCATORI	F		✓	Member		1964	2023		41.0 (2023)	(2023)

Environment

Sustainability at its core in this decade

Tightened regulations by policymakers meant to reduce carbon emissions pose a big challenge over the next few years for cement companies as it puts a lid on the growth opportunities that have come along with various stimuli announced by governments worldwide. The cement industry is expected to be heavily impacted by the increasing carbon certificate prices and reducing carbon allowance in Phase IV (2021-30) of the EU Emission Trading System (ETS) which allows companies to trade excess emission rights freely. These will drastically increase the production cost. The cement industry is a capital-intensive industry with low price elasticity. Hence, cost-cutting and efficiency will be key drivers for profitability, while revolving around sustainability.

The higher the emissions = greater the scope for an improvement

A few players have already reduced their carbon footprints significantly, leading them to a carbon level of <600kg CO_2/t of cementitious material. Heidelberg Materials leads the race with emissions of 534kg/t in 2023, while Cementir Holding reported emissions of 655kg/t in the same year. Cementir, however, has set ambitious targets to reduce its emissions by 14% by 2025 and 36% by 2030, relative to their 2020 levels. To achieve these goals, the company has unveiled its Industrial Plan 2024-2026, which focuses on increasing the use of alternative fuels, launching low-carbon products like FUTURECEM®, upgrading kilns, implementing Carbon Capture and Storage (CCS) in Denmark by 2030, and digitizing processes to optimize logistics and maintenance. These initiatives aim to create a more sustainable and efficient value chain while driving the company's decarbonization efforts

We appreciate this effort and, hence, in our environment scoring system, we score the companies based on their efforts and progress, rather than just considering sector thematics. Cementir Holding currently has a low score but, given its strong balance sheet (net cash position from 2023 onwards), it is possible for Cementir Holding to boost its capex, accelerate emission reduction and offset its additional carbon-related costs by lower financial expenses, thus improving its score and, consequently, our DCF value which has a sustainability component.

Arbitrage opportunity from Turkey

Beyond the assumptions that we have already made, there is a possibility of imports from Turkey too. In 2021, the European Commission announced the much-anticipated Carbon Border Adjustment Mechanism (CBAM), which is aimed at curtailing carbon leakage. However, CBAM will be in a transitional phase from 2023 to 2025 and will become fully operational only by 2026. So, until then, Cementir Holding will be able to capitalise on its Izmir plant in Turkey, which has a capacity of 2.6mt, with only about 0.7mt exported up to now. So, if we consider that just 1mt of cement per annum will be exported from Turkey to the EU until 2025, and the additional cost of transportation is estimated at €20/t, it will lower our estimated carbon cost by €100m to €360m over 2022-30. This estimated carbon cost is far below the one that we calculated using the group's guidance of 600,000t worth of carbon rights needed to be bought from 2022 onwards. While the group has a more sophisticated model in place with the active management of the rights integrated in the model, the difference of €100m is too big for us to ignore.

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO^2 Emission	3/10	4/10	30%
Water withdrawal	2/10	4/10	30%
Energy	4/10	5/10	25%
Waste	5/10	5/10	15%
Environmental score	**3.3**		**100%**

Company (Sector)

3.3 (4.3)

Environmental metrics

	Company						Sector
	2020	2021	2022	2023	2024	2025	2023
Energy (GJ) per €m in capital employed	28,896	29,963	24,260	23,801			4,547
			2.3	2.7	2.8	3.3	4.5
CO^2 tons per €m in capital employed	5,872	6,141	4,841	4,765			324
Tons waste generated per €m in capital employed	344	154	100	39			28
Cubic meter water withdrawal per €m in capital employed	5,963	6,935	5,726	6,884			1,322

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
dormakaba		8/10	866,599	64,621	734,830	34,074
Saint-Gobain		5/10	142,572,038	8,827,350	42,650,587	1,179,009
Holcim		4/10	420,000,000	80,000,000	98,000,000	2,100,000
CRH		4/10	180,720,000	31,000,000	109,700,000	2,200,000
Geberit		8/10	2,280,240	121,014	850,178	60,613
Sika		9/10	4,623,000	265,000	1,002,421	151,560
Imerys		3/10	24,090,412	1,898,000	50,477,000	96,232
Heidelberg Materials		4/10	329,775,000	65,700,000	58,200,000	476,500
Buzzi		4/10	99,604,000	18,858,000	7,349,000	153,200
Forbo		6/10	350,000	33,840	975	28,057
Cementir Holding		3/10	38,005,771	7,608,519	10,993,000	62,710
Vicat		4/10	87,278,800	18,700,000	7,000,000	
Belimo		10/10	35,068	766	10,120	1

Social

Overall, Cementir Holding has an average social score but it is worth mentioning that it has a favourable wage dispersion trend, which means that the company is putting in sufficient efforts to keep the wage disparity of the top management with the rest of the workforce low.

Social score

Company (Sector)

6.7 (7.0)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	6/10	15%
Average wage trend	7/10	30%
Share of added value taken up by staff cost	3/10	20%
Share of added value taken up by taxes	7/10	15%
Wage dispersion trend	7/10	20%
Pension bonus (0 or 1)	0	
Quantitative score	**6.1/10**	**100%**

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	4/10	25%
Human resources development	9/10	35%
Pay	10/10	20%
Job satisfaction	10/10	10%
Internal communication	10/10	10%
Qualitative score	**8.2/10**	**100%**

AlphaValue analysts tick boxes on essential components of the social/HR corporate life.
Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes ✔ / No ✘	Weight
Accidents at work		**25%**
Set targets for work safety on all group sites?	✔	10.0%
Are accidents at work declining?	✘	15.0%
Human resources development		**35%**
Are competences required to meet medium term targets identified?	✔	3.5%
Is there a medium term (2 to 5 years) recruitment plan?	✔	3.5%
Is there a training strategy tuned to the company objectives?	✔	3.5%
Are employees trained for tomorrow's objectives?	✔	3.5%
Can all employees have access to training?	✔	3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?	✘	3.5%
Have key competences stayed?	✔	3.5%
Are managers given managerial objectives?	✔	3.5%
If yes, are managerial results a deciding factor when assessing compensation level?	✔	3.5%
Is mobility encouraged between operating units of the group?	✔	3.5%
Pay		**20%**
Is there a compensation committee?	✔	6.0%
Is employees' performance combining group AND individual performance?	✔	14.0%
Job satisfaction		**10%**
Is there a measure of job satisfaction?	✔	3.3%
Can anyone participate ?	✔	3.4%
Are there action plans to prop up employees' morale?	✔	3.3%
Internal communication		**10%**
Are strategy and objectives made available to every employee?	✔	10.0%
Qualitative score	**8.2/10**	**100.0%**

Staff & Pension matters

Workforce

The group follows a performance-based policy in which it encourages a high-performance culture and rewards people based on their performance. The company also developed the concept of the Cementir Academy to develop and update skills, integrate know-hows and preserve as well as spread knowledge in the organisation.

Pension ratio

The company's pension ratio lies at about 3%, whereas the industry average lies at about 7%, underlining that the risk is more controlled at Cementir.

PBO/EV

The PBO/EV ratio of the company lies at about 3%, whereas the industry average lies at about 19%. This underlines the fact that the company's valuation is less sensitive to actuarial assumptions than its cement peers.

Detailed financials at the end of this report

Summary Of Pension Risks		12/24A	12/25E	12/26E	12/27E
Pension ratio	%	**3.09**	**2.75**	**2.41**	**2.13**
Ordinary shareholders' equity	€M	1,717	1,844	2,023	2,200
Total benefits provisions	**€M**	**54.8**	**52.1**	**50.0**	**47.9**
of which funded pensions	*€M*	*54.8*	*52.1*	*50.0*	*47.9*
of which unfunded pensions	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
of which benefits / health care	*€M*		*0.00*	*0.00*	*0.00*
Unrecognised actuarial (gains)/losses	€M	0.00	0.00	0.00	0.00

Geographic Breakdown Of Pension Liabilities		12/24A	12/25E	12/26E	12/27E
US exposure	%				
UK exposure	%				
Euro exposure	%	100	100	100	
Nordic countries	%				
Switzerland	%				
Other	%				
Total	%	100	100	100	0.00

Recent updates

02/07/2025 Opinion change, due to market moves, from Add to Buy

26/06/2025

Cementir earns global sustainability spotlight

Significant news

It's not every day that a cement company makes it onto a list of the world's most sustainable businesses. But that's exactly what Cementir Holding has done. Named among the World's Most Sustainable Companies 2025 by TIME and Statista, Cementir ranks as the only cement group from our coverage to receive this global recognition — an achievement that carries both symbolic and strategic weight in a sector under intense scrutiny for its carbon footprint.

Analysis

The TIME ranking evaluated over 5,000 global firms across 20+ sustainability metrics, using a multi-step methodology that included hard exclusions (fossil fuels, deforestation, environmental violations), third-party ESG ratings (CDP, MSCI, SBTi, etc.), and quality of sustainability disclosures (GRI, TCFD, SASB, etc.). For Cementir to pass through this filter while competing against consumer, tech, and industrial giants is a notable endorsement of the company's genuine progress in decarbonisation and transparency — not just green rhetoric.

What Makes Cementir Different?

The group has consistently outpaced the cement sector in aligning operations with a low-carbon future. In 2024, grey cement CO_2 emissions fell to 632 kg/ton — one of the lowest in the industry — while white cement, a niche yet high-margin product, stood at 859 kg/ton. Over the past five years, Cementir has cut Scope 1 emissions by 12%, driven by clinker substitution (down to 77%), alternative fuels (up to 34%), and investments in efficiency and electrification.

The flagship project remains ACCSION, a carbon capture and storage (CCS) initiative at the Aalborg plant in Denmark, set to capture 1.5 million tonnes of CO_2 per year by 2030. Backed by a €220 million EU Innovation Fund grant, the project combines proprietary cryogenic technology with long-term sequestration infrastructure — marking it as one of Europe's largest onshore CCS developments. Cementir is investing ~€90 million of its own capital and has already updated its 2030 emission targets to reflect its ambition.

But Cementir's green story doesn't come at the expense of fundamentals. Despite margin pressure in Q1 2025 from FX and one-off comps (e.g. Egypt's 2024 currency gain), the company continues to deliver EBITDA margins above 24%, maintain a robust net cash position of €290 million, and allocate capital strategically across its Nordic, Turkish, and export-driven platforms. The white cement segment — accounting for ~20% of global high-grade market share — gives the group pricing power, export resilience, and differentiated visibility within the building materials space.

Impact

While Cementir's inclusion in TIME's global sustainability ranking is not a financial catalyst in itself, it holds meaningful reputational and strategic value. For many ESG-focused or sustainability-screened portfolios, cement producers are typically excluded due to high carbon intensity. Cementir's presence on this list challenges that narrative, offering a rare example of a company in a traditionally hard-to-abate sector that aligns with leading sustainability frameworks while maintaining robust profitability and capital discipline. This distinction may help unlock incremental demand from generalist and sustainability-driven investors.

18/06/2025

A niche strategy in a heavy industry

Latest

We have updated our valuation for Cementir, moving from a simple volume-based model to one based on DCF per geographic unit, which gives a more disciplined picture of how each part of the business performs. This includes listed subsidiaries like Çimentaş and separates countries like Norway and Sweden, as shown in the 2024 report. With a new enterprise value of €3.36bn and a NAV-based target price of €21.6, we take a fresh look at the full investment story.

Analysis

Introduction

Cementir Holding isn't just in the business of making cement—it's in the business of doing it differently. Based in Rome but operating across five continents, the company has built a global presence by focusing on a niche most overlooked: white cement. With a 20% share of the global market (excluding lower-grade variants), Cementir has turned a specialist product into a strategic asset. But behind the pale façade lies a story of financial caution, disciplined expansion, and a long-term strategy that has helped the group stay profitable while others chased scale and sometimes stumbled.

Where many peers burned cash during the last cycle's acquisition frenzy, Cementir held its ground. Family-led and conservatively financed, the group avoided overpriced deals during the 2007–08 peak and consequently skipped the dilution ritual in the 2009 trough. Today, it sits on a net cash pile of €290m, targeting ~€700m by 2027—cash that may eventually fuel new expansion, but only at the right price.

Unlike vertically integrated giants focused on pure scale, Cementir blends geographic diversity with product specialisation, stretching across 18 countries on five continents. Its industrial footprint spans six key regions: the Nordic & Baltic, Belgium, Turkey, North America, Egypt, and Asia Pacific. Each region is run by local management, reflecting domestic market dynamics and regulatory realities. Denmark is the group’s innovation hub, while Turkey anchors its grey cement and industrial waste operations.

Operations

At first glance, cement might seem like a basic, boring material—but Cementir has built a global business by betting on something very different: white cement. Unlike the standard grey version used in sidewalks and driveways, white cement is a high-end product used in sleek modern buildings, designer façades, and ultra-strong concrete. It sells for nearly twice the price of grey cement, and because it’s lighter, purer, and easier to transport, Cementir has turned it into a global export business. Today, the company moves its product across borders using a network of logistics and local sales teams spanning more than 20 countries—accounting for roughly a quarter of all white cement trade worldwide.

But Cementir isn’t just playing in luxury. Its more conventional grey cement operations are anchored in Turkey, Belgium, and Denmark, where the company runs vertically integrated hubs—producing not just cement, but also the sand, gravel, and ready-mix concrete that go with it. This integrated setup helps lower costs and boost margins, while also giving Cementir room to innovate in recycling and waste management—turning industrial by-products into fuel and materials as part of its push for a greener footprint.

The thing worth noticing is Cementir’s unusually high level of transparency. According to the management, it stems from its small free float (25–27%), which has historically limited interest from large institutional investors. To counterbalance this, the company adopted a culture of maximum disclosure, reinforced by its listing on the star segment of the Milan Stock Exchange, which mandates rigorous reporting standards. Internally, Cementir is structured by regions, each with its own local CEO responsible for P&L, while strategic decisions, capital allocation and treasury are all managed centrally. As a counterpoint to its lean corporate office, the group maintains strong local management and operational autonomy.

In early 2025, Cementir undertook a binding agreement, subject to regulatory clearance, to sell its Kars plant in northeastern Turkey for €51 million—an impressive price for a small, remote site contributing less than 2% of group capacity. But the decision wasn’t driven by size; it reflected a deliberate shift in focus. Kars operated independently, far from Cementir’s core network and export routes. Stepping away from it allowed the company to concentrate on its more strategic hubs in İzmir, Elazığ, and Edirne—locations better integrated into logistics corridors and closer to regions like Syria and Ukraine, where long-term reconstruction demand may eventually emerge.

This portfolio adjustment also draws attention to the growing importance of Cementir’s Turkish business. The group owns 97.3% of Çimentaş İzmir, a listed company currently valued at around €900 million—nearly 40% of Cementir’s market capitalisation. While part of that valuation reflects limited market float and elevated trading multiples, it highlights how central Turkey has become to the group’s equity story. It also invites a broader reflection: if the market already values the Turkish platform so highly, certainly Cementir's white cement leadership, European operations, and solid financial position remain underappreciated.

Waste potential

Cement production typically relies on burning fossil fuels at high temperatures, which makes it one of the more carbon-intensive industries. Cementir has taken a gradual but deliberate step to change that. Over the past ten years, the company has invested in waste management—not as a separate business, but as part of how it produces cement. In Turkey, through a subsidiary called Recydia, Cementir collects and processes industrial waste as fuel in the company's kilns.

This approach helps lower carbon emissions and reduce dependence on traditional fuels like coal or natural gas. The company is actively investing to expand the use of alternative fuels, aiming to reach 48% of alternatives by 2030. In Belgium, Cementir has recently completed a major investment to boost the use of alternative fuels to 70%.

It is already making a difference in countries like Turkey, where waste-derived fuels now provide a meaningful share of the energy needed for production. These efforts aren't designed to deliver big profits on their own—but they support Cementir's wider aim of producing cement more responsibly, especially as environmental regulations tighten across Europe and beyond.

The Carbon Clock is Ticking

Cementir knows the rules of the game are changing. In Europe, the "Fit for 55" plan—a major climate initiative—means companies must cut emissions faster and more deeply than ever before. For a cement producer, that's not a suggestion; it's a requirement. Cementir has started adjusting accordingly. In its 2025–2027 plan, the company raised its growth targets and committed more resources to sustainability, including around €53 million earmarked for green investments.

The most ambitious of these is in Denmark, where Cementir is developing a carbon capture and storage (CCS) facility at its Aalborg plant. The idea is simple: trap CO_2 before it enters the atmosphere and store it underground. Backed by a €220 million grant from the EU Innovation Fund and developed with industrial gas company Air Liquide, the project aims to cut 1.5 million tonnes of emissions per year by 2030. Cementir expects to invest about €90 million into the project, though it's still in discussions with Danish authorities about support for operating costs in the years ahead.

Valuation

Our DCF model is built on conservative expectations based on moderate sales and EBITDA growth of 1% apiece in the out-years and, for capex, our expectations are in line with the company's guidance to which we apply a 2% out-year growth reaching €125m in 2034.

SOTP valuation

We initially valued Cementir based on a volume-driven SOTP approach. However, we've now refined our methodology, shifting to a DCF-based NAV model that capitalises on the group's detailed information. In this revision, we integrated both consolidated and listed subsidiaries, notably incorporating Cementir's 97.3% stake in Çimentaş — a publicly traded Turkish cement group — as well as its indirect exposure to CimBeton. Regional segments were also disentangled where needed: Norway and Sweden, for instance, were modelled separately to reflect their distinct operational profiles as disclosed in the 2024 annual report. This granular bottom-up recalibration yields a total enterprise value of €3.36 billion and supports a revised target share price of €21.1. Given the company's disciplined capital deployment, resilient margins, and under-recognised upside from strategically located emerging market assets, we believe Cementir remains structurally undervalued by the market.

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€M)	Stake valuation (€M)	In currency per share (€)	% of gross assets
Denmark cement	100%	DCF		1,367	1,367	8.79	42.0%
Belgium/France grey ...	100%	DCF		910	910	5.85	28.0%
Cimentas Izmir Cime...	96.7%	- Listed -		602	582	3.74	17.9%
US white cement	63.0%	DCF		212	134	0.86	4.11%
Egypt white cement	71.1%	DCF		132	93.9	0.60	2.88%
China white cement	100%	DCF		69.0	69.0	0.44	2.12%
Sweden cement	100%	DCF		62.0	62.0	0.40	1.91%
Malaysia white cement	70.0%	DCF		35.0	24.5	0.16	0.75%
Norway cement	100%	DCF		12.0	12.0	0.08	0.37%
Other							
Total gross assets					**3,254**	**20.9**	**100%**
Net cash/(debt) by year end					405	2.61	12.5%
Commitments to pay					-222	-1.42	-6.81%
Commitments received							
NAV/SOTP					3,437	22.1	106%
Number of shares net of treasury shares - year end (Mio)					**156**		
NAV/SOTP per share (€)					**22.1**		
Current discount to NAV/SOTP (%)					**36.0**		

Please remember that the NAV approach is one of the five methods onboarded by AlphaValue to assess target prices. At pixel time, the target price for Cementir is €19.9, a +41% progress on the earlier metrics.

Summary

Benchmarks		Current multiples	Weight	Values (€)	Upside
DCF (Edit and simulate)			35%	19.8	40%
NAV/SOTP per share			20%	22.1	56%
EV/Ebitda	Peers	4.3 x	20%	24.3	72%
P/E	Peers	10.3 x	10%	17.1	21%
Dividend Yield	Peers	2.0%	10%	9.71	-31%
P/Book	Peers	1.1 x	5%	21.0	49%
Target Price			**100%**	**19.9**	**41%**

18/06/2025

A niche strategy in a heavy industry

Change in Opinion		Buy vs Add
Change in Target Price	€ 19.9 vs 17.9	+11.0%
Change in NAV	€ 22.1 vs 12.3	+79.9%

We have updated our NAV valuation. For more details, please refer to the latest Cementir update.

30/05/2025

Reassessing Cementir's Turkish Positioning

Significant news

Cementir sold its small Kars plant in northeastern Turkey for €51m (13x EBITDA). It is a minor move, representing less than 2% of group revenue and EBITDA. With just 0.6Mt capacity (vs. 5.4Mt in Turkey), Kars was a non-core, stand-alone asset outside Cementir's integrated operations in western and central Turkey. However, the disposal aligns with Cementir's strategy to streamline its footprint, free up capital, and focus on higher-growth, vertically integrated regions.

Analysis

The €51m disposal of the Kars plant may appear minor at first glance — with the asset contributing just €3.9m in 2024 EBITDA and ~€27m in revenue — but strategically, it sharpens Cementir's positioning in Turkey. Kars was a remote, stand-alone facility in the northeast, lacking the integration and export logistics that define the rest of Cementir's Turkish footprint. Its removal from the portfolio reflects a clear intent: consolidate around the western and southeastern hubs, where synergies across cement, ready-mix, and aggregates are maximised, and where geopolitical proximity to Syria and Ukraine opens long-term optionality.

From a valuation perspective, the rest of Cementir's Turkish operations appear to be an important component of the group's overall equity story. The company's 97.3% stake in Çimentaş İzmir Çimento, which is currently valued at approximately €900m, accounts for close to 39% of Cementir's total market capitalisation (€2.26bn). Çimentaş also holds a 50.3% stake in CimBeton, a listed ready-mix concrete company with a market cap of around €85.5m. While the limited free float (~25%) may contribute to elevated trading multiples (Çimentaş currently trades at 32.9x trailing PE), the listing provides a reference point for estimating the value of Cementir's Turkish footprint. Given this, the relatively high share of group valuation attributable to Turkey may suggest that other parts of the portfolio — including Cementir's white cement leadership, European operations, and net cash position — are not yet fully reflected in the market price.

Cementir's Turkish capacity (excluding Kars) sits at ~4.8mt, with plant locations aligned to likely reconstruction corridors. The Edirne asset is well-placed for

Ukraine, while Izmir and Elazığ serve as potential springboards into Syria and broader Levant markets. Even modest volume flows (0.5mt incremental, or ~10% of capacity) could deliver outsized bottom-line impact given Turkey's structurally low utilisation and high operating leverage. With local peers such as OYAK and Limak concentrated in the same regions, Cementir is well positioned to compete — but also uniquely placed as a multinational operator with access to group-wide balance sheet discipline and export relationships.

Impact

While the Kars disposal has no material impact on Cementir's near-term financials — contributing less than 2% of EBITDA — it reinforces management's disciplined geographic strategy as Cementir quietly de-risks its footprint while preparing for upside.

09/05/2025

Cementir delivers stable Q1 amid margin pressure

Earnings/sales releases

Cementir Holding's first quarter of 2025 did not deliver any grand surprises – positive or negative. However, a flat EBITDA hid contrasting Baltic gains and a bout of Turkish weakness, as well as the usual FX complexities. Cash flow resilience must be saluted.

Fact

- Revenue: €368.1m (vs €368.3m in Q1 2024)
- EBITDA: €66.4m (vs €66.5m in Q1 2024)
- Profit before tax (PBT): €30.3m (vs €58.7m in Q1 2024)
- Outlook for the full year reiterated

Analysis

In Q1 2025, Cementir reported flat revenue of €368.1 million (€368.3 million, down just 0.1%). If you exclude the impact of high inflation in Turkey, adjusted (Non-GAAP) revenue actually grew by 0.9% to €370.5 million. Management said this result was achieved despite "a modest reduction in cement sales volumes," thanks to higher prices and solid demand in places like Malaysia and Denmark. If exchange rates had stayed the same as last year, revenue would have been up 4.1%.

Cementir's EBITDA for Q1 2025 was also flat at €66.4 million, with the margin holding steady at 18.0%. This stability came from good cost control—especially on raw materials and energy—even though salaries went up. If we look at the adjusted (Non-GAAP) figures, EBITDA was slightly higher at €69.7 million (+0.5%).

Profitability took a hit further down the income statement. EBIT dropped by 9.0% to €31.1 million, mainly because of higher depreciation and amortisation costs. The bigger issue was the sharp fall in profit before tax, which fell to

€30.3 million—down 48.4% from €58.7 million last year. This was mostly because Cementir did not benefit from the same foreign exchange gains it saw in 2024, especially in Egypt, where last year's results had been boosted by a one-time windfall from a 53% currency devaluation.

In terms of volumes, Cementir sold 6.2% less cement and clinker in Q1 2025, mainly because of export restrictions hitting the Turkish business and weaker demand in several markets. On the other hand, ready-mixed concrete (RMC) volumes rose by 2.1%, thanks to infrastructure projects in Northern Europe and strong export activity in Malaysia. Aggregates volumes stayed about the same as last year, with growth in Turkey and Denmark making up for lower sales in Sweden.

Performance across regions was mixed. The Nordic & Baltic area was the strongest, with EBITDA growing by 24.3% compared to last year. Denmark led the way—grey cement sales were stable, aggregates rose by 12%, and EBITDA grew by 20.2%, helped by "savings made on purchase costs and on fuel and electricity consumption." Norway started to bounce back from a tough 2024, and Sweden saw a boost from major construction projects that began last year and are still ongoing.

In contrast, performance in Belgium and France was weaker—EBITDA fell by 7.8% as cement sales dropped 8% and demand in France stayed soft, pushing revenue down by 5.1%. The decline was due to sluggish residential construction, harsh winter weather that temporarily shut down plants, and ongoing price pressure from competitors.

In the U.S., revenue slipped 3% and EBITDA dropped 18.8%, mainly because of severe winter storms in Texas, Florida, and Pennsylvania that disrupted projects and gas supplies.

Turkey's revenue increased by 5.7%, but EBITDA fell 14.3% as higher input costs and a weak lira erased gains from volume growth and pricing. Egypt and China also saw profitability decline—Egypt suffered from a weaker sales mix and rising costs, while China continued to struggle with low prices and high inventory (EBITDA -49.7%). Malaysia, however, was a bright spot: EBITDA rose 22.5%, thanks to strong export demand, better cost control, and a favourable comparison with last year's shipment timing.

Despite the drop in earnings, Cementir's financial position remains solid. The company ended Q1 2025 with a net cash position of €143.2 million, a significant improvement from €76.6 million a year earlier, even after distributing dividends and making strategic investments. Over the quarter, Cementir invested €31.6 million, including €30 million to increase its ownership in its Egyptian subsidiary—a move aimed at reinforcing its position in a market with long-term potential despite current volatility. It also spent €18 million to acquire a ready-mixed concrete business in Denmark, supporting growth in one of its most stable and profitable regions.

Impact

Despite the decline in EBIT and profit before tax, the Q1 2025 results were in line with the company's expectations. The company acknowledged geopolitical tensions, currency fluctuations, and interest rate uncertainty. Even so, management maintained that no changes to the business plan were needed at this stage.

Cementir has reaffirmed its full-year 2025 guidance, targeting revenue of approximately €1.75 billion, EBITDA of €415 million, and a net cash position of around €410 million by year-end. These targets factor in volume normalisation, inflation-linked price increases, and the effect of the new CO_2 emission tax in Denmark. Reaching guidance would be a positive development.

13/02/2025

FY 24: A cautious outlook despite positive volume trend

Earnings/sales releases

Cementir Holding reported positive FY24 results, exceeding sales and EBITDA projections, driven by positive volume trends. However, currency devaluations in Turkey and Egypt weighed on overall performance and are expected to remain a challenge in 2025. Despite this, the company has upgraded its industrial plan, projecting EBITDA growth in the coming years and aiming for a significant increase in cash by 2027. Additionally, Cementir will continue investing in decarbonisation initiatives to reduce its CO2 footprint.

Fact

- Revenue: €1,686.9m, down 0.4%
- EBITDA: €407.3m, down 0.9%
- Guidance for 2025: Revenue of around €1.75bn, EBITDA around €415m, net cash position at €410m, capex ~€98m.
- Industrial Plan 2025-2027 announced.

Analysis

Cementir Holding has released positive financial results for FY24, with sales 1.1% and EBITDA 3.6% above our projections. These outcomes were due to robust demand in Turkey and other regions, except for Belgium and China. Indeed, we observed a positive volume trend at the group level, with cement volumes up 0.5%, RMC up 7%, and aggregates up 7.1%. This positive volume trend bodes well for future results, which might indicate that the company has passed the trough.

Despite positive volume growth and stable pricing, the company's sales were flat (-0.4%) at €1,686.9 million, mostly because of FX headwinds due to the devaluation of the Turkish and Egyptian lira. EBITDA was slightly down (-0.9%) to €407.3 million, as the positive results in Turkey, Egypt, and Sweden partially offset the lower EBITDA in other regions.

Conservative forecast for 2025

Cementir Holding is entering the current year with a cautious outlook. While Turkey and Egypt might continue to deliver resilience in volume, there is concern about the devaluation of their currencies. This devaluation has a significant negative impact on Cementir's consolidated results, and any positive trends in monetary policy to ease this devaluation will be beneficial for the company.

Regarding guidance, the company expects EBITDA to increase by around €8 million in 2025 and by €50 million over the following two years. In addition to hoping for an easing of currency devaluation in Turkey and Egypt, the company also anticipates a recovery in Denmark and the Asia Pacific region by 2026, along with increased capacity in Egypt.

Cementir has a net cash position of €290 million and expects to reach around €700 million by 2027. The company is accumulating cash that it might use to expand its business. With increased investment in Carbon Capture and Storage (CCS) and higher carbon rights costs, the company expects asset prices to become more affordable in the future for expansion. Currently, these asset prices do not include significant capex requirements for CO2 emission reduction, which is what the company is awaiting before making a move.

Industrial Plan 2025-2027

The group has revised its Industrial Plan, maintaining its core pillars while placing greater emphasis on decarbonisation. The financial targets for revenue have been raised (CAGR of 6.6% compared to 5.7% previously), as well as the outlook for EBITDA (CAGR of 4.8% versus 1.2% previously). The company is focusing on initiatives aimed at reducing carbon emissions, with a cumulative green capital expenditure of €53 million.

Given the lower free allowances and higher carbon rights costs, cement companies will need to invest to reduce their carbon footprint. From our perspective, the two primary strategies to meet the EU's Fit to 55 targets are:

- **Reducing Clinker Content:** Cementir aims to achieve a clinker ratio of 64% for grey cement and 78% for white cement by 2030.
- **Implementing CCS Technologies:** The ACCSION Project, a carbon capture initiative, has been selected to receive a non-refundable grant of €220 million from the EU Innovation Fund. This project, a collaboration between Aalborg Portland (a subsidiary of Cementir Holding) and Air Liquide, will be located at the Aalborg plant in Denmark and is set to become operational by 2030. The CCS facility aims to reduce CO_2 emissions by approximately 1.5 million tons annually. Most of the Capex will be covered by the EU grant, with Air Liquide covering part of it. Cementir's portion is expected to be around €90 million, in the three years 2027-2029.

CCS technology can significantly increase energy requirements and related opex. Therefore, the company is also in discussions with the Danish Carbon

Fund to potentially secure coverage for the opex of this technology over a 20-year period.

Impact

Following these results, we have updated our model upwards and maintain our positive recommendation. Our target price has been increased by 7%, supported by an increase in our EPS forecasts for 2024 (+0.07€), 2025 (+0.08€), and a higher DCF-derived valuation (+2.36€).

13/02/2025

Solid position in a niche market

Change in EPS	2024 : € 1.25 vs 1.18	+5.68%
	2025 : € 1.27 vs 1.18	+6.81%

We have incorporated the better-than-expected FY24 results into our model, with the EBITDA exceeding our forecasts, mainly due to higher-than-anticipated volumes. This positive volume trend bodes well for future results, as the company's EBITDA guidance for 2025 is also ahead of our forecasts. We believe Turkey’s strong volume momentum could support growth in the coming years, although the key challenge remains the depreciation of the Turkish lira, which should gradually ease over time.

Change in Target Price	€ 17.4 vs 16.3	+7.02%
Change in DCF	€ 19.0 vs 16.6	+14.2%

We have increased our EBITDA forecasts for the coming years, reflecting the company's better-than-expected volume trends. Additionally, we have adjusted our model to incorporate the company's capex guidance, which is lower than our previous assumptions, leading to higher FCF.

17/01/2025

Cementir speaks excellent turkish, too

Latest

AlphaValue is closely monitoring Turkey’s impact on Cementir Holding, which accounts for a significant portion of the company’s valuation and earnings growth. With Turkey’s cement market flooded with excess capacity, Cementir’s strategic assets, including Çimentas İzmir, position the company well to capitalise on reconstruction demand from Syria and Ukraine. Despite risks such as competition and political uncertainty, Cementir’s growth potential in Turkey, driven by historical export opportunities and regional reconstruction efforts, could significantly boost its near-term prospects.

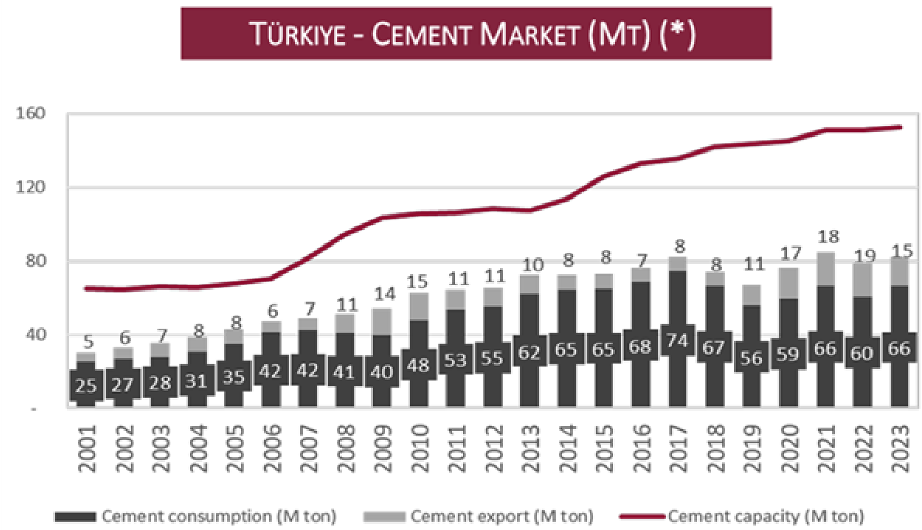
Analysis

AlphaValue has no coverage of Turkish equities but keeps a keen eye on this regional power. We anticipate the end of the Ukraine war to have positive developments for the Turkish industry at large. Then Syria suddenly popped up on the screen as a reconstruction market with a likely strong impact on Turkey, its neighbour.

Cementir, known for its white cement domination but somewhat less identified with Turkey. It happens that its listed Turkish grey cement unit is worth at pixel time €1bn or c. 2/3rd of Cementir's market cap.

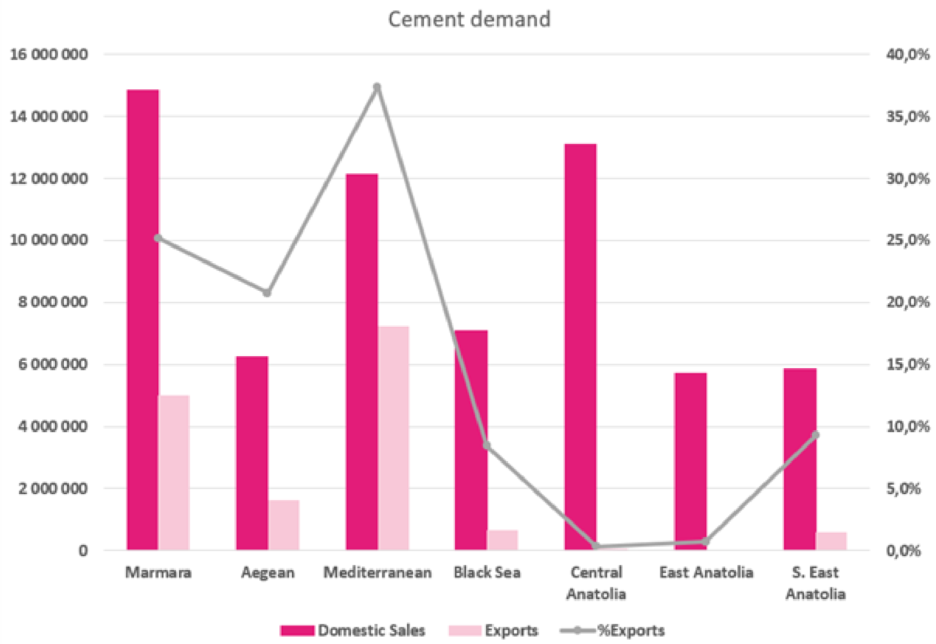
Simply put, Turkey accounts for 2/3rd of the valuation, 43% of the assets, c. 20% of sales, impacted by devaluation of TRY, and about 60% of expected 2025 earnings growth as per AlphaValue forecasts. Indeed, among the markets in which the company operates, we believe Turkey will be a key driver of growth, and AlphaValue's strong conviction is that investors should pay attention. All the more so because Cementir's float is tiny at 25% or so.

The Turkish cement market is singular in that it offers strong growth but is swamped by excess capacity.



Source: Cementir

Why capacity continues to grow year after year is hard to decipher. One explanation could be that cement assets are expensive but also safe real industrial assets that will always find a market to cover cash costs. Turkey has a breed of successful family entrepreneurs possibly recycling excess cash from other businesses. One other dimension is that 20% to 25% of Turkish cement is shipped at low cost to distant markets. Italy's cement industry (where incidentally Cementir retains NO assets) was a victim of these cheap imports.

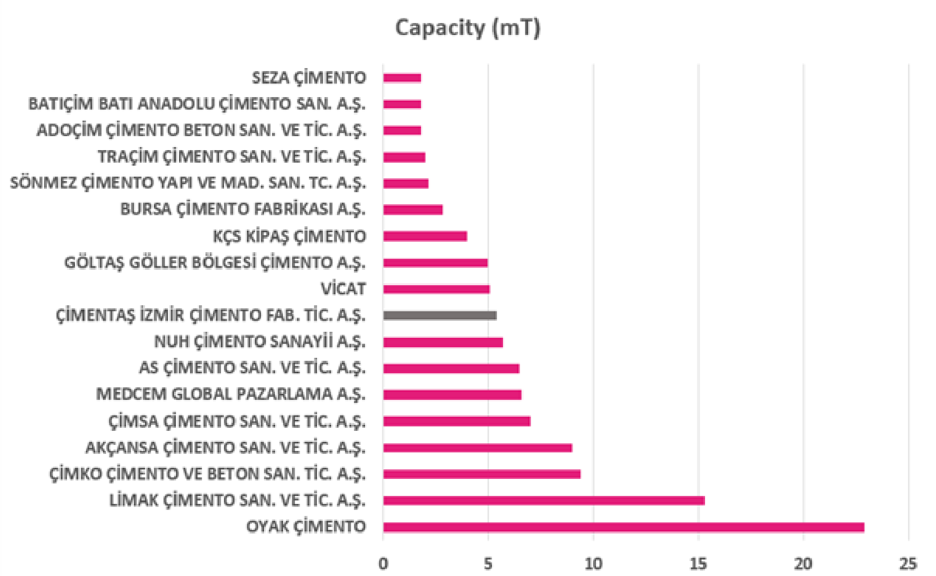


Source: TCMA (Turkish Cement Manufacturers' Association)

Most of the cement is shipped from the Marmara, Aegean, and Mediterranean regions. Consequently, companies operating in these areas are the primary beneficiaries of exports.

Turkish cement

The main players in this critical market, with a population of 87 million and a GDP of $1.1 trillion, are as follows, with Cimentas Izmir being the prime Cementir asset



Source: TCMA (Turkish Cement Manufacturers' Association)

The cement market in the country appears highly fragmented, with numerous small players. However, two companies stand out: OYAK ÇİMENTO and LİMAK ÇİMENTO, which together account for 33% of the country's total capacity. While both companies have well-positioned assets across the country, OYAK holds a stronger position. In addition to sharing key regions with Limak—such as Marmara, Aegean (northwest) and Southeast Anatolia—OYAK also operates in the Black Sea region in the south and the Mediterranean in the north. As a result, alongside being located in areas affected by the recent earthquakes, these two groups, particularly OYAK, may benefit more than others from cement exports.

Cementir's current Turkish assets

Cementir owns 97.3% of ÇİMENTAŞ İZMİR ÇİMENTO, a listed company with a current €1bn market cap. ÇİMENTAŞ İZMİR ÇİMENTO also holds 50.3% of listed CIMBETON HAZIR BETON, a ready-mix business with a much smaller market cap (€130m).

Obviously, market valuations are skewed by the scarcity of available shares. But that goes both ways. So far so happy as the current PE is a stretched one at 27.8x for the main business. AlphaValue relies on the listed value of ÇİMENTAŞ İZMİR ÇİMENTO when it comes to assessing Cementir's NAV which contributes a lot to the upside potential on Cementir.

ÇİMENTAŞ İZMİR ÇİMENTO's industrial set up is attractive on the face of it with 2 plants on the western board (Izmir and Edirne) of Turkey matching the strong western demand and export markets. They should benefit from the reconstruction of Eastern Ukraine. Another 2 plants are well located near the eastern border with the southeastern one a near perfect location to serve the Syrian market. It may be a lucky strike as was already the case of the reconstruction after the deadly earthquake that destroyed the region back in February 2023. The second eastern plant is presumably too distant from Syria to truck cement there at an acceptable price.

Of course, Cementir's competitors in Turkey will not be sleeping. Of course, Syria may well turn out to be forever poor and unable to rebuild its housing inventory in a decent way. Of course, the new government might shift back to religious priorities and kill growth. But Syria and most likely Ukraine should boost Turkish exports of cement. Of note, only Lafarge/Holcim had significant cement capacity (excluding government owned) in Syria embroiled in a scandal for accepting business from Daesh. As the case is ongoing in western courts, it may not be ready to pick up the domestic opportunity.

Turkish producers already supplied around 1mt/year to Syria despite the turmoil in the country. If Cementir can ship cement from Turkey to Syria it can just as well freight more to South Lebanon and Gaza (when ports are rebuilt if ever).

Scenario modelling

Here are back of the envelope figures for a rosy scenario

Syria: prior to the civil war, Syria was producing c.5mt a year. The housing stock has been destroyed by 20%. S&P Global has assumed that demand for the rebuilding process would be 60mt over 10 years. Assuming Cementir

Holding captures 5% would add 0.3mt to its Turkish plants. With utilisation rates at approximately 60% on average in Turkey, we believe the company could serve this demand without needing to expand its capacity.
Reconstruction may cost $250 to $400bn

Ukraine: the country's pre-war peak consumption was 10.6mt per year. We assumed that annual demand would be pre-war consumption +50%, totalling c.16mt a year. With the 8 currently operating plants in Ukraine having a combined capacity of 13mt, this leaves a shortfall of around 3mt that would need to be imported—assuming these plants operate at 100% capacity. If Cementir Holding captures 5% of this gap, it would add at least 0.15mt to its Turkish plants.
Reconstruction may cost c.$500bn

A back of the envelope computation is that 0.5mt exta demand could reach the Cementir Turkish assets or around 10% of their capacity. That sounds small but extra volumes have a dispropotional impact on the bottom line.

Impact

We do not change our forecast for now as the above review is very speculative indeed. There is little benefit for cementir shareholders to try and buy into ÇİMENTAŞ İZMİR. There is a big benefit however to see a degree of market price (due to small float) for those most important assets. Cementir has a big life beyond white cement.

15/01/2025
Update

Change in NAV € 14.7 vs 11.9 +22.9%

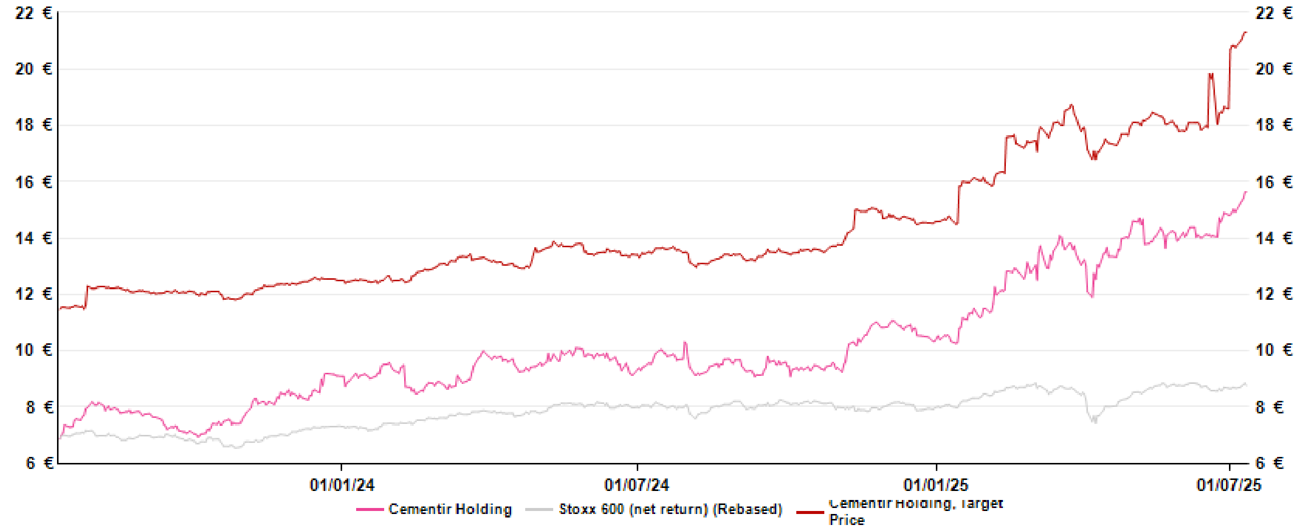
We have revised our valuation method for the company's Turkish asset, shifting from a multiple based on cement capacity to the market value of the asset, as it is publicly listed under the name Çimentas Izmir. Cementir Holding owns 96.7% of Çimentas Izmir, which now accounts for 44% of its NAV.

Change in Target Price € 15.8 vs 14.5 +8.48%

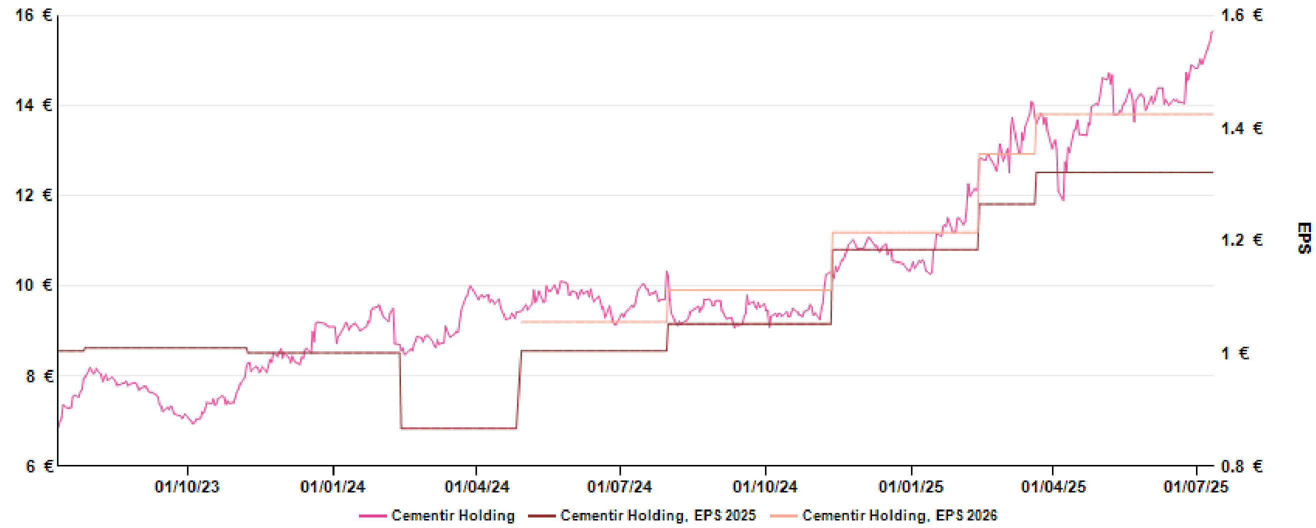
Change in DCF € 16.9 vs 14.9 +13.1%

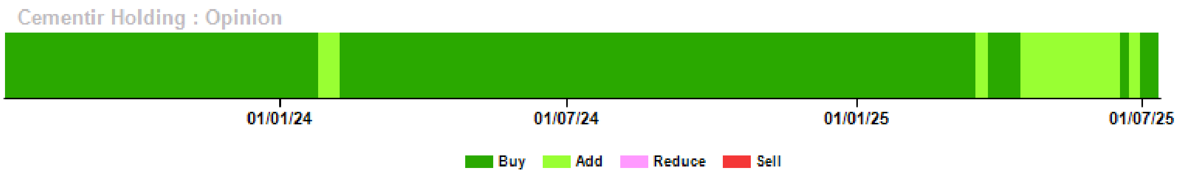
We have lowered our long-term expectations for green capex for Cementir Holding, as its CCS project with Air Liquide has been selected for a grant by the EU Innovation Fund. We believe this CO_2 reduction investment could enable the company to gradually decrease its green investment requirement over time.

Stock Price and Target Price

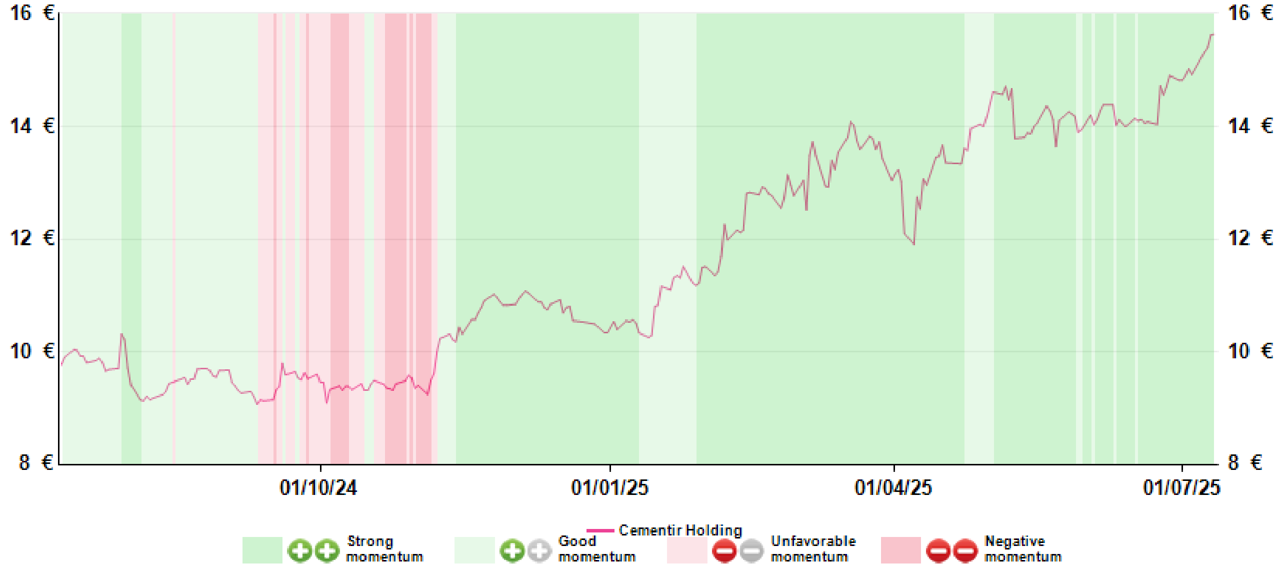


Earnings Per Share & Opinion





Momentum



Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.
For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.
The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

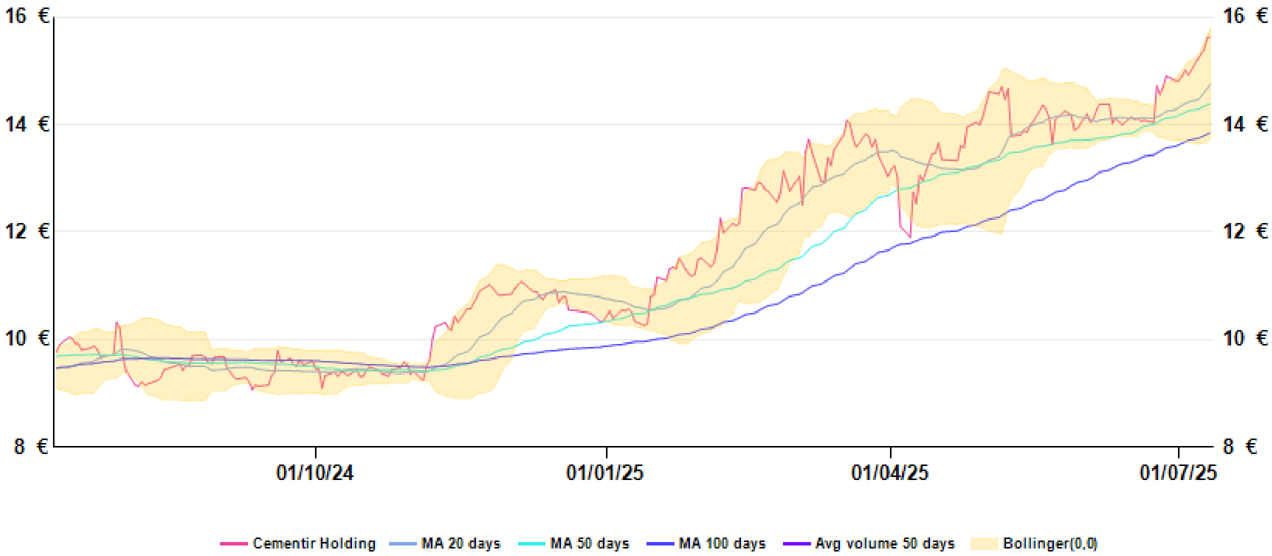
: Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

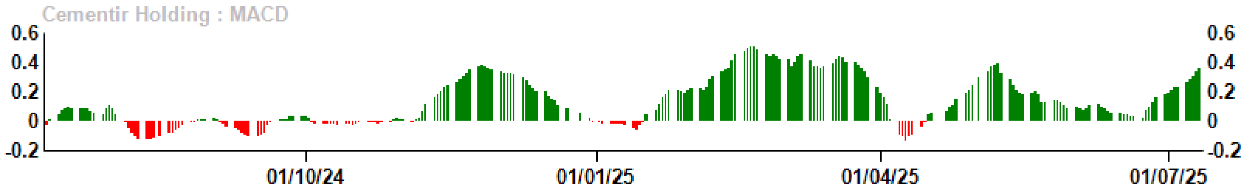
: Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

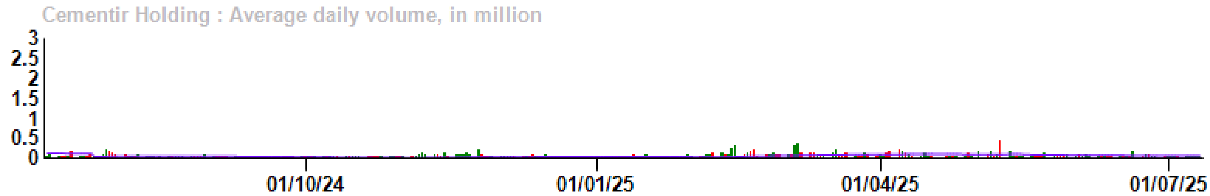
: Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

: Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

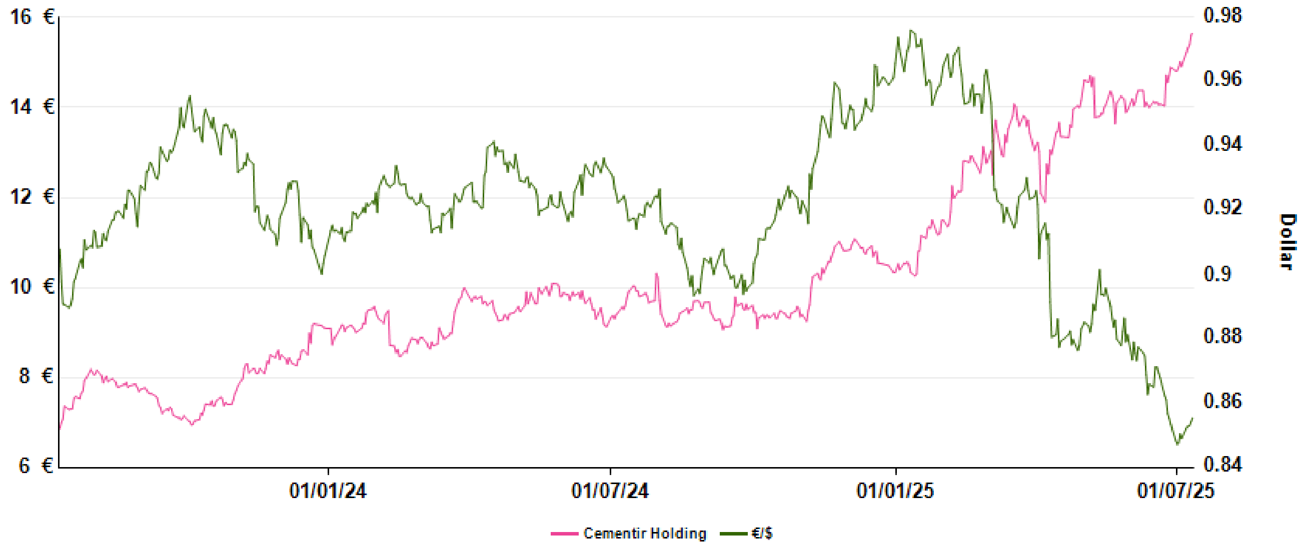
Moving Average MACD & Volume



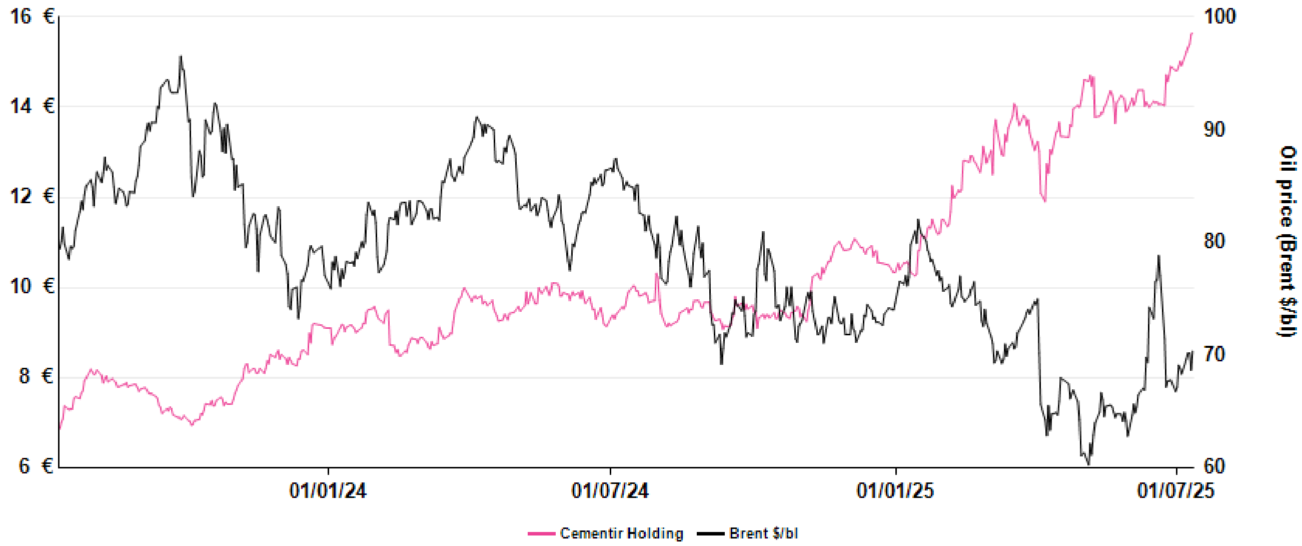




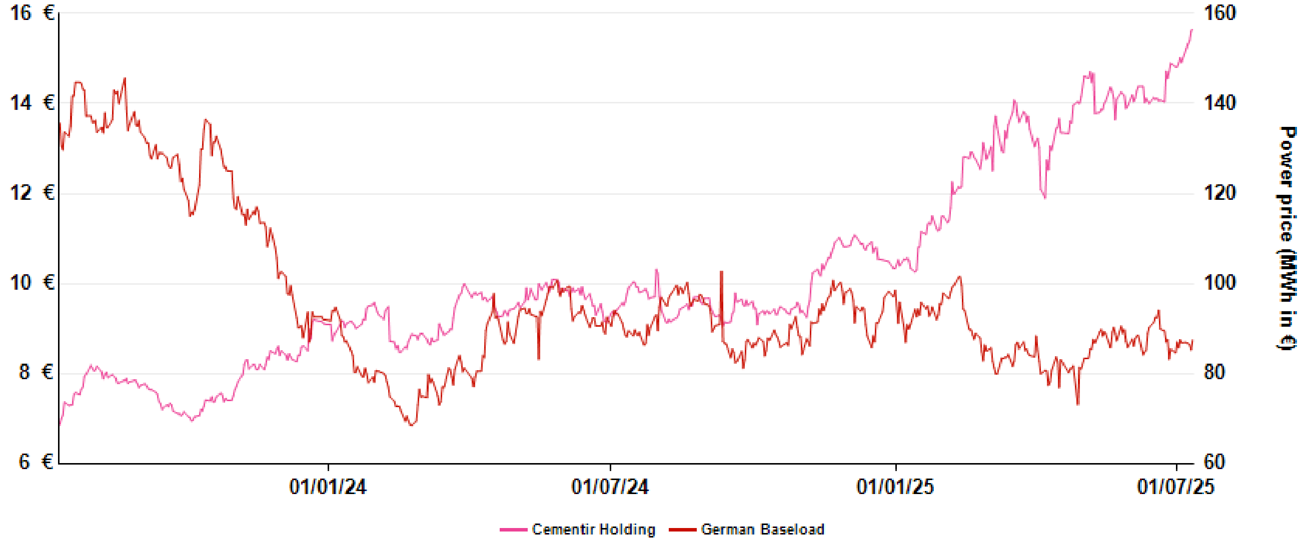
€/$ sensitivity



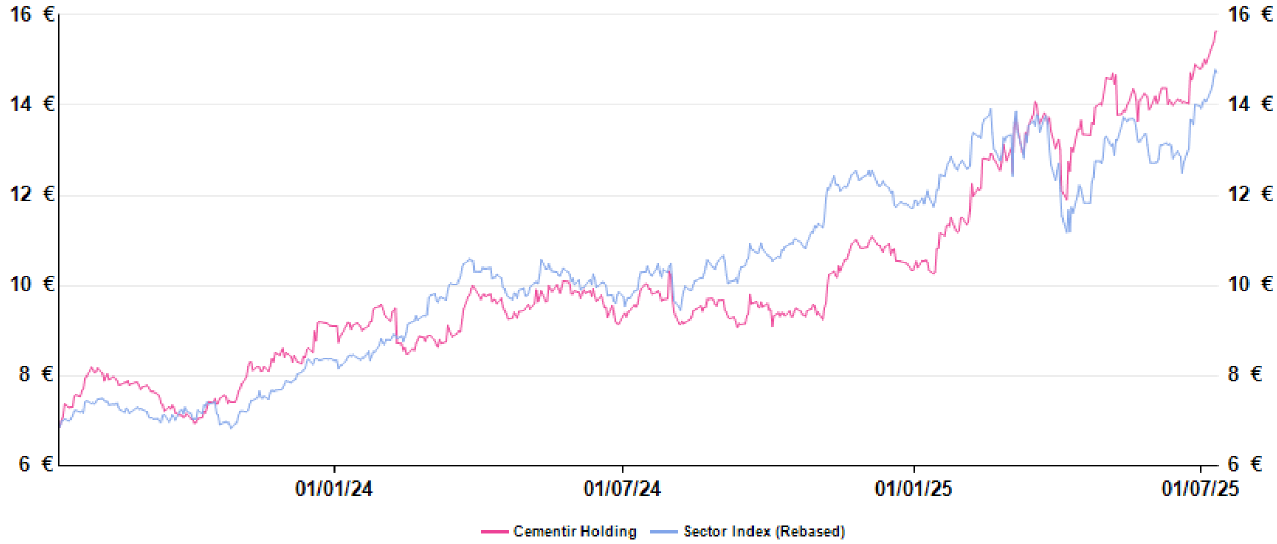
Brent $/bl sensitivity



German Baseload sensitivity



Sector Building Prod. & Materials



Detailed Financials

Valuation Key Data

Valuation Key Data		12/24A	12/25E	12/26E	12/27E
Adjusted P/E	**x**	**7.63**	**11.8**	**11.0**	**11.0**
Reported P/E	x	7.63	11.8	11.0	11.0
EV/EBITDA(R)	**x**	**3.23**	**5.12**	**4.61**	**4.07**
EV/EBIT	x	5.03	8.04	7.28	6.55
EV/Sales	x	0.78	1.21	1.08	0.93
P/Book	**x**	**0.90**	**1.32**	**1.20**	**1.11**
Dividend yield	**%**	**2.83**	**1.79**	**1.79**	**1.79**
Free cash flow yield	*%*	*15.1*	*8.11*	*8.96*	*9.49*
Average stock price	€	9.90	15.6	15.6	15.6

Consolidated P&L

		12/24A	12/25E	12/26E	12/27E
Sales	€M	1,687	1,749	1,840	1,985
Sales growth	%	*-0.44*	*3.70*	*5.21*	*7.87*
Sales per employee	€th	*560*	*580*	*599*	*633*
Net CO2 emissions / cementitious	kg/ton	626	626	626	626
Millions tons of cement & clinker capacity	MTon	13.1	13.1	13.1	13.1
Purchases and external costs (incl. IT)	€M	-1,064	-1,114	-1,174	-1,174
Staff costs	€M	-215	-220	-235	-245
Operating lease payments	€M				
Cost of sales/COGS (indicative)	€M	-1,091	-1,142	-1,198	-1,295
EBITDA	€M	407	415	431	451
EBITDA(R)	€M	407	415	431	451
EBITDA(R) margin	%	*24.1*	*23.7*	*23.4*	*22.7*
EBITDA(R) per employee	€th	*135*	*138*	*140*	*144*
Depreciation	€M	-159	-125	-132	-142
Depreciations/Sales	%	*9.44*	*7.16*	*7.16*	*7.16*
Amortisation	€M	16.8	-22.4	-23.5	-25.4
of which amortisation of concession intangibles	€M	*15.5*	*-20.8*	*-22.0*	*-23.8*
Additions to provisions	€M	-2.80	-2.90	-3.05	-3.29
Underlying operating profit	€M	262	264	273	280
Underlying operating margin	%	*15.5*	*15.1*	*14.8*	*14.1*
Other income/expense (cash)	€M				
Impairment charges/goodwill amortisation	€M	-0.08	0.00	0.00	0.00
Operating profit (EBIT)	€M	262	264	273	280
Interest expenses	€M	-22.5	-26.4	-28.5	-28.5
of which effectively paid cash interest expenses	€M	*5.94*	*-26.4*	*-28.5*	*-28.5*
Financial income	€M	27.6	32.4	35.0	35.0
Other financial income (expense)	€M	16.6	19.5	21.0	21.0
Net financial expenses	€M	21.7	25.5	27.6	27.6
of which related to pensions	€M		*-1.37*	*-1.74*	*-1.66*
Pre-tax profit before exceptional items	€M	284	290	300	308
Exceptional items and other (before taxes)	€M				
Current tax	€M	-77.9	-79.6	-83.9	-91.8
Deferred tax	€M	7.47	7.63	8.04	8.80
Corporate tax	€M	-70.4	-71.9	-75.8	-83.0
Tax rate	%	*24.8*	*24.8*	*25.2*	*26.9*
Net margin	%	*12.6*	*12.4*	*12.2*	*11.3*
Equity associates	€M	1.15	1.00	1.00	1.00
Actual dividends received from equity holdings	€M	*0.59*	*0.00*	*0.00*	*0.00*
Minority interests	€M	-12.8	-13.3	-3.98	-5.08
Actual dividends paid out to minorities	€M	*-214*			
Income from discontinued operations	€M	0.00	0.00	0.00	0.00
Attributable net profit	€M	202	205	222	221
Impairment charges/goodwill amortisation	€M	0.08	0.00	0.00	0.00
Other adjustments	€M				
Adjusted attributable net profit	€M	202	205	222	221
Fully diluted adjusted attr. net profit	€M	202	205	222	221
NOPAT	€M	198	200	207	213

Cashflow Statement

		12/24A	12/25E	12/26E	12/27E
EBITDA	€M	407	415	431	451
Change in WCR	€M	5.26	-33.1	-26.0	-11.2
of which (increases)/decr. in receivables	*€M*	*-22.6*	*-21.3*	*-25.9*	*-24.7*
of which (increases)/decr. in inventories	*€M*	*0.10*	*-27.9*	*-23.6*	*-23.7*
of which increases/(decr.) in payables	*€M*	*42.0*	*13.4*	*19.6*	*31.1*
of which increases/(decr.) in other curr. liab.	*€M*	*-14.3*	*2.65*	*3.87*	*6.15*
Actual dividends received from equity holdings	€M	0.59	0.00	0.00	0.00
Paid taxes	€M	-65.1	-71.9	-75.8	-83.0
Exceptional items	€M				
Other operating cash flows	€M	-10.1	-40.0	-40.0	-40.0
Total operating cash flows	€M	338	270	289	317
Capital expenditure	€M	-128	-98.0	-99.0	-114
Capex as a % of depreciation & amort.	*%*	*89.6*	*66.3*	*63.7*	*68.0*
Net investments in shares	€M	-18.0			
Other investment flows	€M	36.3	-40.0	-40.0	-40.0
Total investment flows	€M	-109	-138	-139	-154
Net interest expense	€M	21.7	25.5	27.6	27.6
of which cash interest expense	*€M*	*5.94*	*26.9*	*29.3*	*29.2*
Dividends (parent company)	€M	-58.2	-43.5	-43.5	-43.5
Dividends to minorities interests	€M	-214	0.00	0.00	0.00
New shareholders' equity	€M				
of which (acquisition) release of treasury shares	*€M*				
Change in gross debt	€M	-76.0	40.0	20.0	30.0
Other financial flows	€M	-30.0			
Total financial flows	€M	-373	23.3	5.75	15.7
Change in scope of consolidation, exchange rates & other	€M	2.83			
Change in cash position	€M	-141	155	156	179
Change in net debt position	€M	-65.3	115	136	149
Free cash flow (pre div.)	€M	232	197	218	231
Operating cash flow (clean)	€M	338	270	289	317
Reinvestment rate (capex/tangible fixed assets)	*%*	*15.7*	*11.9*	*11.9*	*13.6*

ALPHAVALUE CORPORATE SERVICES

Balance Sheet

Balance Sheet		12/24A	12/25E	12/26E	12/27E
Goodwill	€M	448	453	457	462
Other intangible assets	€M	195	197	199	200
Total intangible	€M	643	649	656	662
Tangible fixed assets	€M	813	821	830	838
Right-of-use	€M	177	179	180	182
Financial fixed assets (part of group strategy)	€M	127	128	130	131
Other financial assets (investment purpose mainly)	€M	0.91	0.48	0.48	0.48
of which available for sale	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€M	-23.8	9.31	35.4	46.5
of which trade & receivables (+)	*€M*	*182*	*203*	*229*	*254*
of which inventories (+)	*€M*	*228*	*256*	*280*	*303*
of which payables (+)	*€M*	*362*	*376*	*395*	*426*
of which other current liabilities (+)	*€M*	*71.6*	*74.3*	*78.2*	*84.3*
Other current assets	€M	81.8	72.3	72.3	72.3
of which tax assets (+)	*€M*	*55.0*	*51.5*	*51.5*	*51.5*
Total assets (net of short term liabilities)	€M	1,819	1,860	1,903	1,933
Ordinary shareholders' equity (group share)	€M	1,717	1,844	2,023	2,200
Minority interests	€M	139	142	145	148
Provisions for pensions	€M	25.9	52.1	50.0	47.9
Other provisions for risks and liabilities	€M	30.1	30.1	30.1	30.1
Deferred tax liabilities	€M	197	197	197	197
Other liabilities	€M	0.24	0.24	0.24	0.24
Net debt / (cash)	€M	-290	-405	-542	-690
Total liabilities and shareholders' equity	€M	1,819	1,860	1,903	1,933
Gross Cash	€M	500	655	812	990
Average net debt / (cash)	€M	-254	-348	-474	-616
Adjusted net debt	€M	-234	-323	-461	-612

EV Calculations

EV Calculations		12/24A	12/25E	12/26E	12/27E
EV/EBITDA(R)	**x**	**3.23**	**5.12**	**4.61**	**4.07**
EV/EBIT	**x**	**5.03**	**8.04**	**7.28**	**6.55**
EV/Sales	**x**	**0.78**	**1.21**	**1.08**	**0.93**
EV/Invested capital	x	0.76	1.19	1.09	0.99
Market cap	€M	1,539	2,432	2,432	2,432
+ Provisions (including pensions)	€M	56.0	82.2	80.1	78.0
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€M	-467	-584	-722	-873
+ Right-of-use (from 2019)/Leases debt equivalent	€M	177	179	180	182
- Financial fixed assets (fair value) & Others	€M	127	128	130	131
+ Minority interests (fair value)	€M	139	142	145	148
= Enterprise Value	**€M**	**1,317**	**2,123**	**1,986**	**1,837**

Per Share Data

		12/24A	12/25E	12/26E	12/27E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**1.30**	**1.32**	**1.42**	**1.42**
Growth in EPS	*%*	*0.00*	*1.85*	*7.81*	*-0.27*
Reported EPS	€	1.30	1.32	1.42	1.42
Net dividend per share	**€**	**0.28**	**0.28**	**0.28**	**0.28**
Free cash flow per share	€	1.49	1.27	1.40	1.48
Operating cash flow per share	€	2.17	1.73	1.86	2.04
Book value per share	€	11.0	11.9	13.0	14.1
Number of ordinary shares	**Mio**	**159**	**159**	**159**	**159**
Number of equivalent ordinary shares (year end)	Mio	159	159	159	159
Number of shares market cap.	Mio	159	159	159	159
Treasury stock (year end)	Mio	3.60	3.60	3.60	3.60
Number of shares net of treasury stock (year end)	Mio	156	156	156	156
Number of common shares (average)	**Mio**	**156**	**156**	**156**	**156**
Conversion of debt instruments into equity	Mio				
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio				
Other commitments to issue new shares	Mio				
Increase in shares outstanding (average)	Mio	0.00	0.00	0.00	0.00
Number of diluted shares (average)	**Mio**	**156**	**156**	**156**	**156**
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	1.30	1.32	1.42	1.42
EPS before goodwill amortisation (non-diluted)	€	1.30	1.32	1.42	1.42
Payout ratio	**%**	**21.6**	**21.2**	**19.7**	**19.7**
Capital payout ratio (div +share buy back/net income)	**%**	**21.6**	**21.2**	**19.7**	

Funding - Liquidity

		12/24A	12/25E	12/26E	12/27E
EBITDA	€M	407	415	431	451
Funds from operations (FFO)	€M	339	330	345	358
Ordinary shareholders' equity	**€M**	**1,717**	**1,844**	**2,023**	**2,200**
Gross debt	€M	210	250	270	300
o/w Less than 1 year - Gross debt	€M	60.0	80.0	90.0	100
o/w 1 to 5 year - Gross debt	€M	90.0	110	120	130
o/w Beyond 5 years - Gross debt	€M	60.0	60.0	60.0	70.0
+ Gross Cash	€M	500	655	812	990
= Net debt / (cash)	**€M**	**-290**	**-405**	**-542**	**-690**
Bank borrowings	€M	150	150	150	150
Other financing	€M	60.0	100	120	150
Gearing (at book value)	%	-14.8	-18.9	-23.4	-28.0
Equity/Total asset (%)	%	94.4	99.2	106	114
Adj. Net debt/EBITDA(R)	*x*	*-0.58*	*-0.78*	*-1.07*	*-1.36*
Adjusted Gross Debt/EBITDA(R)	*x*	*0.65*	*0.80*	*0.81*	*0.84*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*14.3*	*15.3*	*14.8*	*14.7*
Ebit cover	*x*	*-47.7*	*-9.83*	*-9.31*	*-9.60*
FFO/Gross Debt	*%*	*118*	*99.2*	*98.5*	*94.6*
FFO/Net debt	*%*	*-117*	*-81.3*	*-63.6*	*-51.8*
FCF/Adj. gross debt (%)	*%*	*59.0*	*59.4*	*62.2*	*61.1*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*12.2*	*10.7*	*11.4*	*12.2*
"Cash" FCF/ST debt	*x*	*3.59*	*2.48*	*2.44*	*2.32*

ROE Analysis (Dupont's Breakdown)

		12/24A	12/25E	12/26E	12/27E
Tax burden (Net income/pretax pre excp income)	x	0.71	0.71	0.74	0.72
EBIT margin (EBIT/sales)	%	15.5	15.1	14.8	14.1
Assets rotation (Sales/Avg assets)	%	96.7	95.1	97.8	104
Financial leverage (Avg assets /Avg equity)	x	1.08	1.03	0.97	0.91
ROE	**%**	**12.5**	**11.5**	**11.5**	**10.5**
ROA	%	19.5	17.9	17.9	18.1

Shareholder's Equity Review (Group Share)

		12/24A	12/25E	12/26E	12/27E
Y-1 shareholders' equity	€M	1,503	1,717	1,844	2,023
+ Net profit of year	€M	202	205	222	221
- Dividends (parent cy)	€M	-58.2	-43.5	-43.5	-43.5
+ Additions to equity	€M	0.00	0.00	0.00	0.00
o/w reduction (addition) to treasury shares	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
- Unrecognised actuarial gains/(losses)	€M	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€M	70.5	-35.0	1.28	-0.17
= Year end shareholders' equity	**€M**	**1,717**	**1,844**	**2,023**	**2,200**

Staffing Analytics

		12/24A	12/25E	12/26E	12/27E
Sales per staff	€th	560	580	599	633
Staff costs per employee	€th	-71.4	-73.1	-76.5	-78.0
Change in staff costs	*%*	*5.94*	*2.41*	*6.75*	*3.96*
Change in unit cost of staff	*%*	*6.99*	*2.42*	*4.66*	*1.92*
Staff costs/(EBITDA+Staff costs)	*%*	*34.6*	*34.7*	*35.3*	*35.1*
Average workforce	**unit**	**3,015**	**3,015**	**3,075**	**3,136**
Europe	unit	0.00	0.00	0.00	0.00
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	3,015	3,015	3,075	3,136
Total staff costs	**€M**	**-215**	**-220**	**-235**	**-245**
Wages and salaries	€M	-215	-220	-235	-245
of which social security contributions	*€M*	*-30.2*	*-32.7*	*-34.9*	*-36.3*
Pension related costs	€M		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/24A	12/25E	12/26E	12/27E
Total sales	**€M**	**1,687**	**1,749**	**1,840**	**1,985**
Nordic & Baltic	€M	623	626	653	749
North America (US)	€M	183	188	194	204
Belgium/France	€M	335	344	361	383
Turkey	€M	352	385	404	408
Egypt	€M	46.3	47.9	60.8	64.5
Asia Pacific (China & Malaysia)	€M	105	103	103	104
Holding & Services	€M	149	158	162	167
Other	€M	-105	-101	-97.1	-93.2

Divisional Breakdown Of Earnings

		12/24A	12/25E	12/26E	12/27E
EBITDA/R Analysis					
Nordic & Baltic	€M	174	180	187	191
North America (US)	€M	24.8	27.9	30.0	32.6
Belgium/France	€M	93.9	96.9	108	115
Turkey	€M	87.1	73.1	64.7	65.3
Egypt	€M	16.9	12.9	15.8	20.6
Asia Pacific (China & Malaysia)	€M	21.2	21.1	22.5	24.5
Holding & Services	€M	-10.3	3.00	3.00	3.00
Other/cancellations	€M				
Total	**€M**	**407**	**415**	**431**	**451**
EBITDA/R margin	%	24.1	23.7	23.4	22.7

Revenue Breakdown By Country

		12/24A	12/25E	12/26E	12/27E
Nordic states	%	35.8	35.8		
o/w Denmark	%	28.2	28.2		
North America	%	10.8	10.8		
Belgium	%	19.6	19.6		
Turkey	%	22.0	22.0		
Egypt	%	2.74	2.74		
Asia	%	5.86	5.86		
Italy	%	9.00	9.00		
Other	%	-5.78	-5.78		

ROCE

		12/24A	12/25E	12/26E	12/27E
ROCE (NOPAT+lease exp.(1-tax))/(net) cap employed adjusted*	*%*	*11.4*	*11.2*	*11.3*	*11.4*
CFROIC	*%*	*13.4*	*11.0*	*11.9*	*12.4*
Goodwill	€M	448	453	457	462
Accumulated goodwill amortisation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
All intangible assets	€M	195	197	199	200
Accumulated intangible amortisation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Capitalised R&D	€M	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	€M	177	179	180	182
Other fixed assets	€M	813	821	830	838
Accumulated depreciation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€M	-23.8	9.31	35.4	46.5
Other assets	€M	127	128	130	131
Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	**€M**	**1,736**	**1,787**	**1,831**	**1,860**
Capital employed before depreciation	€M	1,736	1,787	1,831	1,860

Divisional Breakdown Of Capital Employed

		12/24A	12/25E	12/26E	12/27E
Nordic & Baltic	€M				
North America (US)	€M				
Belgium/France	€M				
Turkey	€M				
Egypt	€M				
Asia Pacific (China & Malaysia)	€M				
Holding & Services	€M				
Other	€M	1,736	1,787	1,831	1,860
Total capital employed	**€M**	**1,736**	**1,787**	**1,831**	**1,860**

Pension Risks

Summary Of Pension Risks

Summary Of Pension Risks		12/24A	12/25E	12/26E	12/27E
Pension ratio	**%**	**3.09**	**2.75**	**2.41**	**2.13**
Ordinary shareholders' equity	€M	1,717	1,844	2,023	2,200
Total benefits provisions	**€M**	**54.8**	**52.1**	**50.0**	**47.9**
of which funded pensions	*€M*	*54.8*	*52.1*	*50.0*	*47.9*
of which unfunded pensions	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
of which benefits / health care	*€M*		*0.00*	*0.00*	*0.00*
Unrecognised actuarial (gains)/losses	€M	0.00	0.00	0.00	0.00
Company discount rate	*%*	*3.00*	*3.00*	*3.00*	
Normalised recomputed discount rate	%		2.50		
Company future salary increase	*%*	*3.31*	*3.31*	*3.31*	
Normalised recomputed future salary increase	%		4.00		
Company expected rate of return on plan assets	*%*	*2.70*	*2.70*	*2.70*	
Normalised recomputed expd rate of return on plan assets	%		3.50		
Funded : Impact of actuarial assumptions	**€M**		**13.4**		
Unfunded : Impact of actuarial assumptions	**€M**		**0.00**		

Geographic Breakdown Of Pension Liabilities

Geographic Breakdown Of Pension Liabilities		12/24A	12/25E	12/26E	12/27E
US exposure	%				
UK exposure	%				
Euro exposure	%	100	100	100	
Nordic countries	%				
Switzerland	%				
Other	%				
Total	%	100	100	100	0.00

Balance Sheet Implications

Balance Sheet Implications		12/24A	12/25E	12/26E	12/27E
Funded status surplus / (deficit)	€M	-54.8	-69.5	-66.6	-63.8
Unfunded status surplus / (deficit)	€M	0.00	0.00	0.00	0.00
Total surplus / (deficit)	€M	-54.8	-69.5	-66.6	-63.8
Total unrecognised actuarial (gains)/losses	**€M**	**0.00**	**0.00**	**0.00**	**0.00**
Provision (B/S) on funded pension	€M	54.8	52.1	50.0	47.9
Provision (B/S) on unfunded pension	€M	0.00	0.00	0.00	0.00
Other benefits (health care) provision	€M		0.00	0.00	0.00
Total benefit provisions	**€M**	**54.8**	**52.1**	**50.0**	**47.9**

P&L Implications

P&L Implications		12/24A	12/25E	12/26E	12/27E
Funded obligations periodic costs	€M	0.00	-1.37	-1.74	-1.66
Unfunded obligations periodic costs	€M	0.00	0.00	0.00	0.00
Total periodic costs	**€M**	**0.00**	**-1.37**	**-1.74**	**-1.66**
of which incl. in labour costs	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
of which incl. in interest expenses	*€M*	*0.00*	*-1.37*	*-1.74*	*-1.66*

Funded Obligations

		12/24A	12/25E	12/26E	12/27E
Balance beginning of period	**€M**	**54.8**	**54.8**	**69.5**	**71.3**
Current service cost	€M		0.00	0.00	0.00
Interest expense	€M		1.37	1.74	1.78
Employees' contributions	€M				
Impact of change in actuarial assumptions	€M		13.4	0.00	0.00
of which impact of change in discount rate	*€M*		*5.60*		
of which impact of change in salary increase	*€M*		*7.80*		
Changes to scope of consolidation	**€M**				
Currency translation effects	€M				
Pension payments	€M				
Other	€M				
Year end obligation	**€M**	**54.8**	**69.5**	**71.3**	**73.0**

Plan Assets

		12/24A	12/25E	12/26E	12/27E
Value at beginning	**€M**		**0.00**	**0.00**	**4.64**
Company expected return on plan assets	€M		0.00	0.00	0.13
Actuarial gain /(loss)	€M		0.00	0.00	0.04
Employer's contribution	€M	0.00	0.00	4.64	4.44
Employees' contributions	€M	0.00	0.00	0.00	0.00
Changes to scope of consolidation	€M				
Currency translation effects	€M				
Pension payments	€M	0.00	0.00	0.00	0.00
Other	€M				
Value end of period	**€M**	**0.00**	**0.00**	**4.64**	**9.24**
Actual and normalised future return on plan assets	€M	0.00	0.00	0.00	0.16

Unfunded Obligations

		12/24A	12/25E	12/26E	12/27E
Balance beginning of period	**€M**	**0.00**	**0.00**	**0.00**	**0.00**
Current service cost	€M		0.00	0.00	0.00
Interest expense	€M		0.00	0.00	0.00
Employees' contributions	€M				
Impact of change in actuarial assumptions	€M		0.00	0.00	0.00
of which Impact of change in discount rate	*€M*		*0.00*		
of which Impact of change in salary increase	*€M*		*0.00*		
Changes to scope of consolidation	€M				
Currency translation effects	€M				
Pension payments	€M				
Other	€M				
Year end obligation	**€M**	**0.00**	**0.00**	**0.00**	**0.00**

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a **"value"** approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency,** all underlying figures are accessible, and **consistency,** same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' instrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%