



Cementir Holding

Cement & Aggregates / Italy

Value in white

11/12/2019

Change in Target Price

€ 9.49 vs 9.11	+4.24%
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We have reviewed our long-term assumptions: we believe that the industrial plan offers some upside to our valuation. Nonetheless, we remain especially cautious in our long-term assumptions especially on the cash generation side of our DCF, meaning that there is more chance of a revision upwards than of a revision downwards.

Change in EPS

2019 : € 0.50 vs 0.48	+4.11%
2020 : € 0.63 vs 0.57	+9.36%

In our opinion, the 300bp EBITDA margin improvement by 2022 as well as the back-ended green capex should drive EPS higher as soon as 2020, compared to our previous assumptions. Cementir remains a strong buy in the capital-intensive cement industry thanks to its clever capital allocation: it now favours internal investment rather than acquisitions, due to the fact that the payback period is about half that of an acquisition. Bottom line, Cementir is truly the king of capital allocation in the cement sector.



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy Upside : 41.4%

Target Price (6 months)	€ 9.49
Share Price	€ 6.71
Market Cap. €M	1,068
Price Momentum	STRONG
Extremes 12Months	4.56 ▶ 6.99
Bloomberg	CEM IM Equity
Reuters	CEMI.MI

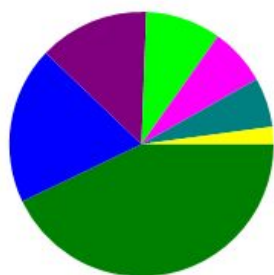

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PERF	1w	1m	3m	12m
Cementir Holding	0.70%	6.83%	5.24%	43.4%
Building Prod. & Materials	2.06%	1.24%	8.50%	37.7%
SXXR Index	1.73%	0.10%	5.23%	23.2%

Last updated: 11/12/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	7.79	13.3	10.7	9.34
Dividend yield (%)	2.56	2.09	2.09	2.09
EV/EBITDA(R) (x)	5.19	5.52	4.84	4.23
Adjusted EPS (€)	0.70	0.50	0.63	0.72
Growth in EPS (%)	8.63	-28.1	24.8	14.4
Dividend (€)	0.14	0.14	0.14	0.14
Sales (€M)	1,196	1,241	1,276	1,311
EBITDA/R margin (%)	19.9	20.7	21.5	22.2
Attributable net profit (€M)	127	80.1	100	114
ROE (after tax) (%)	14.4	7.90	9.24	9.60
Gearing (%)	40.0	24.3	17.7	8.39

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Sales by Geography



Nordic states	(42.9%)
Belgium	(19.2%)
Turkey	(13.5%)
North America	(9.2%)
Asia	(7.0%)
Italy	(6.0%)
Egypt	(2.1%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	1,196	1,241	1,276
Change in sales	%	4.93	3.72	2.82
Change in staff costs	%	0.90	4.77	2.79
EBITDA	€M	239	257	275
EBITDA(R) margin	%	19.9	20.7	21.5
Depreciation	€M	-61.5	-79.5	-81.3
Underlying operating profit	€M	156	152	167
Operating profit (EBIT)	€M	153	153	169
Net financial expense	€M	30.4	-28.5	-17.5
of which related to pensions	€M		-0.06	-0.08
Exceptional items & other	€M			
Corporate tax	€M	-35.9	-32.9	-38.3
Equity associates	€M	1.05	0.00	0.00
Minority interests	€M	-8.47	-11.1	-12.9
Adjusted attributable net profit	€M	112	80.1	100
NOPAT	€M	110	107	118

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	239	257	275
Change in WCR	€M	-3.68	-6.14	-5.75
Actual div. received from equity holdi...	€M	1.23	0.00	0.00
Paid taxes	€M	-42.3	-32.9	-38.3
Exceptional items	€M			
Other operating cash flows	€M	-27.2	-6.00	-30.0
Total operating cash flows	€M	167	212	201
Capital expenditure	€M	-66.6	-71.6	-73.2
Total investment flows	€M	155	-71.6	-73.2
Net interest expense	€M	30.4	-28.5	-17.5
Dividends (parent company)	€M	-21.0	-22.3	-22.3
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M			
Total financial flows	€M	-328	-50.7	-39.7
Change in cash position	€M	-7.86	10.6	87.9
Free cash flow (pre div.)	€M	130	112	110

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Mio	159	159	159
Number of diluted shares (average)	Mio	159	159	159
Benchmark EPS	€	0.70	0.50	0.63
Restated NAV per share	€			
Net dividend per share	€	0.14	0.14	0.14

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 10.8	35%	● Buzzi
NAV/SOTP per share	€ 8.95	20%	■ CRH
EV/Ebitda	€ 10.8	20%	● Heidelbergcement
P/E	€ 8.05	10%	● LafargeHolcim
Dividend Yield	€ 5.72	10%	● Vicat
P/Book	€ 7.94	5%	
TARGET PRICE	€ 9.49	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	354	354	354
Total intangible	€M	577	580	582
Tangible fixed assets	€M	790	797	805
Financial fixed assets	€M	93.8	94.7	95.6
WCR	€M	72.3	78.4	84.1
Other assets	€M	88.0	88.9	89.8
Total assets (net of short term liab.)	€M	1,623	1,641	1,659
Ordinary shareholders' equity	€M	997	1,031	1,133
Quasi Equity & Preferred	€M			
Minority interests	€M	131	133	134
Provisions for pensions	€M	31.8	23.2	23.3
Other provisions for risks and liabilities	€M	43.3	43.8	44.2
Total provisions for risks and liabilities	€M	75.1	67.0	67.5
Tax liabilities	€M	159	161	162
Other liabilities	€M	4.77	4.82	4.86
Net debt (cash)	€M	255	245	157
Total liab. and shareholders' equity	€M	1,623	1,641	1,659

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	1,533	1,550	1,567

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	14.4	7.90	9.24
ROCE	%	7.21	6.89	7.54
Gearing (at book value)	%	40.0	24.3	17.7
Adj. Net debt/EBITDA(R)	x	1.07	0.95	0.57
Interest cover (x)	x	-5.19	5.33	9.61

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	7.79	13.3	10.7
Free cash flow yield	%	15.0	10.5	10.3
P/Book	x	0.87	1.04	0.94
Dividend yield	%	2.56	2.09	2.09

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	869	1,068	1,068
+ Provisions	€M	75.1	67.0	67.5
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	255	245	157
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	93.8	94.7	95.6
+ Minority interests (fair value)	€M	131	133	134
= EV	€M	1,237	1,418	1,331
EV/EBITDA(R)	x	5.19	5.52	4.84
EV/Sales	x	1.03	1.14	1.04

Analyst : Felix Brunotte, Changes to Forecasts : 11/12/2019.