Altarea

Retail - Property / France

Remarkable cash generation in H1 26

Earnings/sales releases - 29/07/2026

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Reduce	**Upside: -2.54%**
Target Price (6 months)	€ 95.7
Share Price	€ 98.2
Market Cap. €M	2,337
Price Momentum	**GOOD**
Extremes 12 Months	90.2 ▶ 119
Sustainability score	4.3 /10
Credit Risk	B
Bloomberg	ALTA FP Equity
Reuters	IMAF.PA

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PERF	1w	1m	3m	12m
Altarea	0.82%	-1.21%	-5.44%	4.01
Real Estate	3.35%	2.84%	6.62%	8.88
STOXX 600	0.58%	1.73%	6.65%	17.9

Last updated: 05/05/2025	12/24A	12/25E	12/26E	12/27E
Adjusted P/E (x)	15.5	16.7	15.5	16.9
Dividend yield (%)	8.75	7.80	5.09	5.09
EV/EBITDA(R) (x)	18.6	18.5	19.5	18.3
Adjusted EPS (€)	5.91	6.14	6.34	5.80
Growth in EPS (%)	18.8	4.03	3.22	-8.55
Dividend (€)	8.00	8.00	5.00	5.00
Sales (€M)	2,915	2,982	3,032	3,107
EBITDA/R margin (%)	9.15	10.2	10.4	9.65
Attributable net profit (€M)	6.10	70.5	61.8	82.5
ROE (after tax) (%)	0.35	4.17	3.70	5.02
Gearing (%)	121	123	128	136

Company Valuation - Company Financials

The repositioning of the Residential Development business, initiated two years ago, has started to show more visible results in H1 26, resulting in a substantial increase in FFO.

Fact

- Booking volumes for the first half are up 3%, suggesting erosion in Q2 26 following a 14% increase in Q1 26.
- We are seeing a loss of momentum in the individual buyer segment, just as other residential developers are. However, due to the volatility of bookings, an analysis based on a single quarter is not always meaningful.
- Retail Property rents are up 0.8% on a like-for-like basis.
- This results in an 18% increase in consolidated EBITDA. FFO rose by 39% to €87m.
- FY 26 guidance remains unchanged, targeting a “substantial increase in FFO.” The specific target figure in euros is not disclosed at this stage.

Analysis

Residential Development: much better

In an end market that remains challenging, the in-depth work Altarea has undertaken over the past two years has begun to bear fruit: this is reflected in a doubling of EBITDA in H1 26, rising from €24m to €49m. This is the primary driver behind the improvement in consolidated FFO; effects in other segments largely offset one another. Although this half-year period benefited from a one-off positive impact related to photovoltaic operations, the underlying improvement in the residential segment is now robust enough to inspire confidence.

This performance is truly remarkable given the persistently gloomy end-market environment. Nevertheless, management anticipates continued improvement in both margins and absolute contribution (€m) over the coming half-year periods. This should pave the way for further consolidated FFO growth in 2027.

We view the end market as remaining structurally vulnerable—a situation that primarily affects Nexity (covered, Sell), whose market leadership leaves it more exposed. By prioritizing margins through a more focused supply strategy, Altarea has adopted the right approach at the right time.

The product offering currently being brought to market has been tailored over the past two years to align perfectly with market parameters—such as unit size, budget, and monthly repayments. Should interest rates or mortgage conditions tighten further in France over the coming half-years, this would likely impact the division’s profit growth trajectory; however, this would occur against a backdrop of margins that have already returned to comfortable levels. In a nutshell, this scenario would likely be less painful than the market correction that took place between 2022 and 2026.

There is therefore an improvement in the risk profile across Altarea’s entire scope of operations, given that Residential Development had previously been the primary source of risk.

Efforts continue

Development work on data centers is ongoing. No firm milestones have been announced at this stage. The medium-term FFO target remains €300m, with 2026 set to be a pivotal year in this journey, driven by improvements in the Residential Development segment.

Altarea achieved a new success in the first half of 2026 by winning the tender for 17,000 sqm of the 20-year Milano Metro Rail concession; this will strengthen Altarea's Transit division while demonstrating its genuine expertise in this field.

The 6,100 sqm property at 185 Rue Saint-Honoré in Paris has now been leased to the law firm Ashurst. Located in the heart of the CBD, this building commands a high valuation in current market conditions. In our view, a tactical disposal of this asset could—as others have done in recent years (e.g., Gecina)—reduce refinancing needs in 2027-28 and thereby extend the effectiveness of debt hedging, while slightly limiting the impact on FFO.

For the time being, Altarea continues to develop projects it has been managing for several years, such as the Bollène logistics project. This therefore results in a rapid depletion of this segment's backlog. The Austerlitz project—representing an investment of €250m—is about to launch, with leasing efforts already underway. This complex is scheduled to open in the second half of 2027.

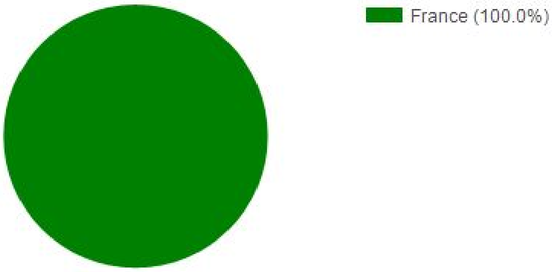
Regarding the rest of the tertiary business, we are not seeing a clear market rebound. Overall, the contribution from the tertiary segment is currently at a low point, with a near-zero EBITDA contribution this half-year; however, it is poised to become a positive contributor in the future should the market recover. In that case, it could generate very substantial profit leverage, though not in 2026 or 2027, in our view. Perhaps not even in 2028.

Impact

We will raise our estimates. They are now supported by evidence of a rebound in the contribution from Residential Development, even though the end market remains very fragile. Cash generation has risen sharply and rests on a more solid foundation than it did last year. Regarding EPS, the primary remaining and imminent risk is the impact on FFO of the €0.85bn refinancing due by 2028. This is an issue shared by the entire Property segment.

As of the end of June 2026, Altarea reports an NAV of €100 per share; the stock price currently stands at €97, having reached €130 during H1 26. It has now returned to a more reasonable level, closer to our target price, potentially paving the way for an entry point depending on macroeconomic developments over the coming half-years. In an environment where volatility appears to be returning to US credit spreads (see BBB), interest rates remain a key factor to monitor for optimizing an entry point into Altarea. But today, the fundamental risk conditions surrounding Altarea are much better than they were a year or two ago.

Sales by Geography



Valuation Summary

Benchmarks	Value	Weight
NAV/SOTP per share	€ 95.1	75%
DCF	€ 97.5	25%
TARGET PRICE	€ 95.7	100%

NAV/SOTP Calculation

Largest comparables

- Klépierre
- Icade
- Nexity
- Mercialys

Consolidated P&L Accounts

		12/24A	12/25E	12/26E
Sales	€M	2,915	2,982	3,032
Change in sales	%	1.69	2.28	1.67
Change in staff costs	%	-1.78	4.00	4.00
EBITDA	€M	263	283	272
EBITDA(R) margin	**%**	**9.01**	**9.49**	**8.99**
Depreciation	€M	-23.7	-50.0	-50.0
Underlying operating profit	€M	239	233	222
Operating profit (EBIT)	**€M**	**200**	**233**	**222**
Net financial expense	€M	-134	-55.0	-60.0
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M			
Corporate tax	€M	10.9	-44.5	-40.6
Equity associates	€M	9.20	7.00	10.0
Minority interests	€M	-80.0	-70.0	-70.0
Adjusted attributable net profit	**€M**	**127**	**140**	**150**
NOPAT	€M	156	182	177

Cashflow Statement

		12/24A	12/25E	12/26E
EBITDA	€M	263	283	272
Change in WCR	€M	114	0.00	0.00
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-10.9	-44.5	-40.6
Exceptional items	€M	83.5	0.00	0.00
Other operating cash flows	€M			
Total operating cash flows	€M	449	238	232
Capital expenditure	€M	-163	-50.0	-70.0
Total investment flows	€M	-163	-50.0	-70.0
Net interest expense	€M	-134	-55.0	-60.0
Dividends (parent company)	€M	-166	-175	-183
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	92.5	93.3	97.3
Total financial flows	€M	-144	-157	-165
Change in cash position	€M	141	-38.4	-73.5
Free cash flow (pre div.)	**€M**	**152**	**133**	**102**

Per Share Data

		12/24A	12/25E	12/26E
No. of shares net of treas. stock (year...	Mio	21.9	22.6	23.5
Number of diluted shares (average)	Mio	21.5	22.8	23.7
Benchmark EPS	**€**	**5.91**	**6.14**	**6.34**
Restated NAV per share	€	107	108	108
Net dividend per share	**€**	**8.00**	**8.00**	**5.00**

Balance Sheet

		12/24A	12/25E	12/26E
Goodwill	€M	359	359	359
Total intangible	€M	359	359	359
Tangible fixed assets	€M	4,295	4,315	4,355
Financial fixed assets	€M	400	407	417
WCR	€M	2,461	2,461	2,461
Other assets	€M	55.3	55.3	55.3
Total assets (net of short term liab.)	€M	7,570	7,597	7,647
Ordinary shareholders' equity	**€M**	**1,694**	**1,683**	**1,659**
Quasi Equity & Preferred	€M			
Minority interests	€M	1,245	1,245	1,245
Provisions for pensions	€M	0.00	0.00	0.00
Other provisions for risks and liabilities	€M			
Total provisions for risks and liabilities	€M	0.00	0.00	0.00
Tax liabilities	€M	-41.8	-41.8	-41.8
Other liabilities	€M	2,623	2,623	2,623
Net debt (cash)	**€M**	**2,050**	**2,088**	**2,162**
Total liab. and shareholders' equity	€M	7,570	7,597	7,647

Capital Employed

		12/24A	12/25E	12/26E
Capital employed after depreciation	€M	7,515	7,542	7,592

Profits & Risks Ratios

		12/24A	12/25E	12/26E
ROE (after tax)	**%**	**0.35**	**4.17**	**3.70**
ROCE	%	2.08	2.41	2.33
Gearing (at book value)	**%**	**121**	**123**	**128**
Adj. Net debt/EBITDA(R)	x	7.81	7.38	7.93
Interest cover (x)	x	1.78	4.24	3.71

Valuation Ratios

		12/24A	12/25E	12/26E
Reference P/E (benchmark)	**x**	**15.5**	**16.7**	**15.5**
Free cash flow yield	%	7.57	5.77	4.40
P/Book	x	1.18	1.38	1.39
Dividend yield	**%**	**8.75**	**7.80**	**5.09**

EV Calculation

		12/24A	12/25E	12/26E
Market cap	€M	2,001	2,315	2,312
+ Provisions	€M	0.00	0.00	0.00
+ Unrecognised acturial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	2,050	2,088	2,162
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	400	407	417
+ Minority interests (fair value)	€M	1,245	1,245	1,245
= EV	€M	4,896	5,242	5,302
EV/EBITDA(R)	**x**	**18.6**	**18.5**	**19.5**
EV/Sales	x	1.68	1.76	1.75

Analyst : Christian Auzanneau, Changes to Forecasts : 05/05/2025.