Cementir Holding

Cement & Aggregates / Italy

Q3 24: Volumes appear to have passed the trough

Earnings/sales releases - 12/11/2024

Cementir Holding's 9M results showed positive volume growth, driven by strong demand in Turkey, which offset the decline in some other regions. Sales and EBITDA declined due to lower volumes in some regions and a negative one-off impact. The company secured an EU grant for a CCS project in Denmark to reduce CO emissions. Based on these positive results, we have raised our FY24 EBITDA estimates and maintain a positive outlook on the stock.

Fact

- Revenue: €1,235.6m (vs €1,295.6m in 9M 23)
- EBITDA: €296.0m (vs €326.2m in 9M 23)
- PBT: €210.4m (vs €241.3m in 9M 23)
- Outlook for the full year reiterated

Analysis

Cementir Holding's 9M results were marked by an operational improvement as volumes showed positive momentum in the Q3. Cement and clinker volumes rose by 1.2%, ready-mix concrete (RMC) volumes increased by 5.7% and aggregates grew by 2.6%. This growth was largely fuelled by robust demand in Turkey and other regions, except Belgium and China. Adverse weather, delays in infrastructure projects and a broader slowdown in construction activity weighed on the European performance, with the exception of Denmark where cement volumes increased thanks to the contribution of the undersea tunnel Fehmarn Belt. On the whole, the volume trends remained positive, with sales up by 0.8%. However, EBITDA fell by 9.7%, largely due to a \in 6m one-off related to the sale of land and machinery in 2023. Excluding this non-recurring income, EBITDA would have dropped by 4.6%.

Sales and EBITDA declined in the first nine months, due to lower volumes in some regions and the impact of the 45.5% devaluation of the Turkish lira and the 44.3% devaluation of the Egyptian pound, which partially offset the positive operational results from Turkey and Egypt. The cost of raw materials decreased by 12.6%, driven by lower volumes and a favourable foreign exchange impact from currency devaluations. However, the company may still face wage inflation, as personnel costs rose by 4.4% despite a modest increase in the number of employees (+0.7%).

Overall, the company's performance showed signs of an improvement, with stable pricing across all markets. The pricing mechanism in Turkey, which allows for weekly adjustments to counter inflation, has proven effective. Year-over-year volume growth is now positive, with regions such as Turkey, the USA and Malaysia showing a recovery. However, the European market remains challenged, particularly in Belgium and France, where the recovery is slow. China also continues to struggle, with volumes still being impacted by the real estate crisis. On a positive note, the other regions are expected to improve in the coming



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Company Page

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Buy	Upside: 44.0%
Target Price (6 months)	€ 15.2
Share Price	€ 10.5
Market Cap. €M	1,674
Price Momentum	STRONG
Extremes 12 Months	8.25 ▶ 10.5
Sustainability score	3.5 /10
Credit Risk	BBB 🤿
Bloomberg	CEM IM Equity
Reuters	CEMI.MI



Download Full Analysis

PERF	1 w	1m	3m	12m
Cementir Holding	11.6%	10.6%	12.4%	27.2
Building Prod. & Materials	6.57%	8.10%	16.4%	49.2
STOXX 600	0.62%	-1.84%	2.64%	15.6
Last updated: 12/11/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	6.04	8.93	8.88	8.66
Dividend yield (%)	3.57	2.66	2.66	2.66
EV/EBITDA(R) (x)	2.69	3.71	3.38	3.07
Adjusted EPS (€)	1.30	1.18	1.18	1.21
Growth in EPS (%)	21.6	-9.13	0.48	2.58
Dividend (€)	0.28	0.28	0.28	0.28
Sales (€M)	1,694	1,667	1,761	1,851
EBITDA/R margin (%)	24.3	23.6	22.8	22.3
Attributable net profit (€M)	202	183	184	189
ROE (after tax) (%)	14.0	11.8	11.0	10.5
Gearing (%)	-10.4	-15.9	-19.7	-23.5
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Company Valuation - Company Financials



quarters. As a result, the company has maintained its guidance, projecting revenues of €1.7bn and EBITDA of €385m, with net cash and capex at €300m and €135m, respectively.

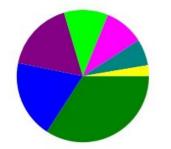
Carbon capture

The project has been selected to receive a non-refundable grant of EUR 220 million from the EU Innovation Fund to support the development of one of Europe's first fully onshore carbon capture and storage (CCS) systems. This initiative, 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 2029. The CCS facility aims to reduce CO emissions by approximately 1.5 million tons annually. Onshore CCS is expected to be more cost -effective in terms of opex compared to offshore solutions. The total project cost is estimated at EUR 500–530 million, which would be primarily funded by Air Liquide, whereas Cementir's portion of the capital expenditure is expected to be around €90 million, allocated as €30 million per year starting in 2027. 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

In light of the company's positive results, we have raised our FY24 EBITDA estimates by 2.3%, improving the margin by 100 bps. Volumes are expected to improve across most markets, with pricing remaining stable. While the construction sector still faces challenges, with weak volumes in some European countries and China, we maintain our BUY recommendation on the stock.

Sales by Geography



Nordic states (34.1%) Belgium (19.1%) Turkey (17.2%) Italy (10.8%) North America (9.7%) Asia (6.4%) Egypt (2.7%)

Valuation Summary

Benchmarks	Value	Weight
DCF	€ 15.6	35%
NAV/SOTP per share	€11.9	20%
EV/Ebitda	€20.9	20%
P/E	€ 14.1	10%
Dividend Yield	€ 8.82	10%
P/Book	€ 16.4	5%
TARGET PRICE	€ 15.2	100%

Largest comparables

HolcimHeidelberg MaterialsBuzzi

Vicat

NAV/SOTP Calculation

Goodwill €M 405 409 413 Total intangible €M 593 599 665 Tangible fixed assets €M 732 739 747 Financial fixed assets €M 94.1 95.1 96.0 WCR €M 0.81 24.0 44.9 Other assets €M 72.3 72.3 72.3 72.3 Total assets (net of short term liab.) €M 1,600 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 2.1 60.1 61.4 Tax liabilities €M 0.25	Balance Sheet		12/23A	12/24E	12/25E
Tangible fixed assets €M 732 739 747 Financial fixed assets €M 94.1 95.1 96.0 WCR €M 0.81 24.0 44.9 Other assets €M 72.3 72.3 72.3 Total assets (net of short term liab.) €M 1,670 1,709 1,746 Ordinary shareholders' equity €M 1,503 1,606 1,741 Quasi Equity & Prefered €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 0.25 0.25 0.25 Nother liabilities €M 0.25 <	Goodwill	€M	405	409	413
Financial fixed assets €M 94.1 95.1 96.0 WCR €M 0.81 24.0 44.9 Other assets €M 72.3 72.3 72.3 Total assets (net of short term liab.) €M 1,600 1,709 1,746 Ordinary shareholders' equity €M 1,606 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 28.5 0.25 0.25 0.25 Net debt (cash) €M 0.25 0.25 0.25 0.25 0.25 Net debt (cash) €M 1.600 1.709 1.746 Capital employed after depreciation €M 1.59 1.636 1.673 Profits & Risks Ratios 11.7 11.7 11.7 Role date/te Br/DA(R) x	Total intangible	€M	593	599	605
WCR €M 0.81 24.0 44.9 Other assets €M 72.3 72.3 72.3 72.3 Total assets (net of short term liab.) €M 1,670 1,709 1,746 Ordinary shareholders' equity €M 1,503 1,666 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 28.3 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 184 184 184 Other liabilities €M -218 -292 -394 Total liab. and shareholders' equity €M 1,670 1,709 1,746 Capital employed after depreciation €M 1,597 1,636 1,673 Profits & Risks Ratios S 11.7 11.7 11.7 11.7 Rofe rate	Tangible fixed assets	€M	732	739	747
Other assets €M 72.3 72.3 72.3 Total assets (net of short term liab.) €M 1,670 1,709 1,746 Ordinary shareholders' equity €M 1,503 1,606 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 52.1 60.1 61.4 Tax liabilities €M 0.25 0.25 0.25 0.25 Net debt (cash) €M -218 -292 -394 Total liab. and shareholders' equity €M 1,670 1,709 1,746 Capital employed after depreciation €M 1,597 1,636 1,673 Profits & Risks Ratios 11.7 11.7 11.7 11.7 Roce (after tax) % 14.0 11.8 11.0 ROCE % 1	Financial fixed assets	€M	94.1	95.1	96.0
Total assets (net of short term liab.) €M 1,670 1,709 1,746 Ordinary shareholders' equity €M 1,503 1,606 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 28.4 160.1 61.4 Tax liabilities €M 0.25 0.26 0.26 0.26 0.26<	WCR	€M	0.81	24.0	44.9
Ordinary shareholders' equity €M 1,503 1,606 1,741 Quasi Equity & Preferred €M 148 151 154 Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 52.1 60.1 61.4 Tax liabilities €M 0.25 0.25 0.25 0.25 Not debt (cash) €M -218 -292 -394 Total liab. and shareholders' equity €M 1,670 1,709 1,746 Capital Employed 1.670 1,709 1,746 Capital employed after depreciation €M 1,597 1,636 1,673 Profits & Risks Ratios 11.1 11.7 11.7 RoCe (after tax) % 14.0 11.8 11.0 ROCE % 13.1 11.7 11.7 Garing (at book value) % 17.0 <t< td=""><td>Other assets</td><td>€M</td><td>72.3</td><td>72.3</td><td>72.3</td></t<>	Other assets	€M	72.3	72.3	72.3
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Provisions for pensions €M 22.8 30.8 32.1 Other provisions for risks and liabilities €M 29.3 29.3 29.3 Total provisions for risks and liabilities €M 52.1 60.1 61.4 Tax liabilities €M 184 184 184 Other liabilities €M 0.25 0.25 0.25 Net debt (cash) €M -218 -292 -394 Total liab. and shareholders' equity €M 1,670 1,709 1,746 Capital Employed 1,636 1,673 Profits & Risks Ratios 11.8 11.0 ROCE % 13.1 11.7 11.7 Gearing (at book value) % -0.40 -0.59 -0.83 Interest cover (x) x -24.0 -45.4 -88.0 Valuation Ratios 3.57 2.66 2.66 EV Calculation × 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 <	Quasi Equity & Preferred	€M			
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Tax liabilities €M 184 184 184 184 Other liabilities €M 0.25 0.25 0.25 Net debt (cash) €M -218 -292 -394 Total liab. and shareholders' equity €M 1,670 1,709 1,746 Capital Employed 1,597 1,636 1,673 Profits & Risks Ratios 11.8 11.0 ROE (after tax) % 14.0 11.8 11.7 ROE (after tax) % 10.4 -15.9 -19.7 Adj. Net debt/EBITDA(R) x -0.40 -0.59 -0.83 Interest cover (x) x -24.0 -45.4 -88.0 Valuation Ratios 8.93 8.88 Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 1.92 1.636 <td>Other provisions for risks and liabilities</td> <td>€M</td> <td>29.3</td> <td>29.3</td> <td>29.3</td>	Other provisions for risks and liabilities	€M	29.3	29.3	29.3
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Gearing (at book value)%-10.4-15.9-19.7Adj. Net debt/EBITDA(R)x-0.40-0.59-0.83Interest cover (x)x-24.0-45.4-88.0Valuation RatiosReference P/E (benchmark)x6.048.938.88Free cash flow yield%17.09.0211.3P/Bookx0.811.020.94Dividend yield%3.572.662.66EV CalculationMarket cap€M1,2191,6361,636+ Provisions€M52.160.161.4+ Unrecognised acturial losses/(gains)€M0.000.000.00+ Net debt at year end€M-395-4771-575+ Leases debt equivalent€M177179180- Financial fixed assets (fair value)€M94.195.196.0+ Minority interests (fair value)€M1,1071,4601,361EV/EBITDA(R)x2.693.713.38	ROE (after tax)	%	14.0	11.8	11.0
Adj. Net debt/EBITDA(R) x -0.40 -0.59 -0.83 Interest cover (x) x -24.0 -45.4 -88.0 Valuation Ratios x 6.04 8.93 8.88 Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation % 3.57 2.66 2.66 EV Calculation % 3.57 2.66 1.636 + Provisions €M 1,219 1,636 1,636 + Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -4771 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x <td< td=""><td>ROCE</td><td>%</td><td>13.1</td><td>11.7</td><td>11.7</td></td<>	ROCE	%	13.1	11.7	11.7
Interest cover (x) x -24.0 -45.4 -88.0 Valuation Ratios Reference P/E (benchmark) x 6.04 8.93 8.88 Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation Market cap €M 1,219 1,636 1,636 * Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 * Net debt at year end €M -395 -471 -575 * Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 * Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Gearing (at book value)	%	-10.4	-15.9	-19.7
Valuation Ratios Reference P/E (benchmark) x 6.04 8.93 8.88 Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation % 3.57 2.66 1.636 + Provisions €M 1,219 1,636 1,636 + Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Adj. Net debt/EBITDA(R)	х	-0.40	-0.59	-0.83
Reference P/E (benchmark) x 6.04 8.93 8.88 Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation % 3.57 2.66 1.636 + Provisions €M 1,219 1,636 1,636 + Vorecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361	Interest cover (x)	х	-24.0	-45.4	-88.0
Free cash flow yield % 17.0 9.02 11.3 P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation 1,219 1,636 1,636 + Provisions €M 1,219 1,636 1,636 + Vinecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Valuation Ratios				
P/Book x 0.81 1.02 0.94 Dividend yield % 3.57 2.66 2.66 EV Calculation EV Calculation 1,219 1,636 1,636 Market cap €M 1,219 1,636 1,636 + Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Reference P/E (benchmark)	x	6.04	8.93	8.88
Dividend yield % 3.57 2.66 2.66 EV Calculation	Free cash flow yield	%	17.0	9.02	11.3
EV Calculation Market cap €M 1,219 1,636 1,636 + Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	P/Book	х	0.81	1.02	0.94
Market cap $\in M$ 1,219 1,636 1,636 + Provisions $\in M$ 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) $\in M$ 0.00 0.00 0.00 + Net debt at year end $\in M$ -395 -471 -575 + Leases debt equivalent $\in M$ 177 179 180 - Financial fixed assets (fair value) $\in M$ 94.1 95.1 96.0 + Minority interests (fair value) $\in M$ 148 151 154 = EV $\in M$ 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Dividend yield	%	3.57	2.66	2.66
+ Provisions €M 52.1 60.1 61.4 + Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	EV Calculation				
+ Unrecognised acturial losses/(gains) €M 0.00 0.00 0.00 + Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	Market cap	€M	1,219	1,636	1,636
+ Net debt at year end €M -395 -471 -575 + Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	+ Provisions	€M	52.1	60.1	61.4
+ Leases debt equivalent €M 177 179 180 - Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	+ Unrecognised acturial losses/(gains)	€M	0.00	0.00	0.00
- Financial fixed assets (fair value) €M 94.1 95.1 96.0 + Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	+ Net debt at year end	€M	-395	-471	-575
+ Minority interests (fair value) €M 148 151 154 = EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	+ Leases debt equivalent	€M	177	179	180
= EV €M 1,107 1,460 1,361 EV/EBITDA(R) x 2.69 3.71 3.38	- Financial fixed assets (fair value)	€M	94.1	95.1	96.0
EV/EBITDA(R) x 2.69 3.71 3.38	+ Minority interests (fair value)	€M	148	151	154
	= EV	€M	1,107	1,460	1,361
EV/Sales x 0.65 0.88 0.77	EV/EBITDA(R)	x	2.69	3.71	3.38
	EV/Sales	х	0.65	0.88	0.77

Analyst : Loco Douza, Changes to Forecasts : 12/11/2024.

Consolidated P&L Accounts		12/23A	12/24E	12/255
Sales	€M	1,694	1,667	1,76′
Change in sales	%	-1.67	-1.61	5.6
Change in staff costs	%	2.49	6.06	2.3
EBITDA	€M	411	393	40
EBITDA(R) margin	%	24.3	23.6	22.
Depreciation	€M	-115	-118	-11
Underlying operating profit	€M	279	254	25
Operating profit (EBIT)	€M	279	254	25
Net financial expense	€M	11.6	5.15	2.0
of which related to pensions	€M		-0.43	-0.8
Exceptional items & other	€M			
Corporate tax	€M	-75.2	-62.5	-62.
Equity associates	€M	0.77	1.00	1.0
Minority interests	€M	-14.1	-13.9	-14.
Adjusted attributable net profit	€M	202	183	18
NOPAT	€M	210	191	19
Cashflow Statement				
EBITDA	€M	411	393	40
Change in WCR	€M	-13.4	-23.1	-20.
Actual div. received from equity holdi	€M	0.11	0.00	0.0
Paid taxes	€M	-61.3	-62.5	-62
Exceptional items	€M			
Other operating cash flows	€M	-34.5	-30.0	-40
Total operating cash flows	€M	302	277	27
Capital expenditure	€M	-107	-135	-96
Total investment flows	€M	-91.8	-165	-13
Net interest expense	€M	11.6	5.15	2.0
Dividends (parent company)	€M	-37.5	-43.5	-43
Dividends to minorities interests	€M	-215	0.00	0.0
New shareholders' equity	€M			
Total financial flows	€M	-356	-68.1	-0.6
Change in cash position	€M	-159	44.3	14
Free cash flow (pre div.)	€M	207	148	18
Per Share Data				
No. of shares net of treas. stock (year	Mio	156	156	15
Number of diluted shares (average)	Mio	156	156	15
Benchmark EPS	€	1.30	1.18	1.1
Restated NAV per share	€			
Net dividend per share	€	0.28	0.28	0.2

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