



Cementir Holding

Cement & Aggregates / Italy

FY 24: A cautious outlook despite positive volume trend

Earnings/sales releases - 13/02/2025

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



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Buy	Upside: 40.7%
Target Price (6 months)	€ 17.4
Share Price	€ 12.4
Market Cap. €M	1,973
Price Momentum	STRONG
Extremes 12 Months	8.65 ▶ 12.5
Sustainability score	3.8 /10
Credit Risk	BBB →
Bloomberg	CEM IM Equity
Reuters	CEMI.MI

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PERF	1w	1m	3m	12m
Cementir Holding	4.03%	18.5%	19.0%	39.7
Building Prod. & Materials	4.92%	11.7%	6.23%	33.9
STOXX 600	1.71%	7.69%	9.07%	12.4

Last updated: 13/02/2025	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	6.04	7.95	9.80	9.15
Dividend yield (%)	3.57	2.83	2.26	2.26
EV/EBITDA(R) (x)	2.69	3.32	3.95	3.49
Adjusted EPS (€)	1.30	1.25	1.27	1.35
Growth in EPS (%)	21.6	-3.97	1.56	7.07
Dividend (€)	0.28	0.28	0.28	0.28
Sales (€M)	1,694	1,687	1,750	1,839
EBITDA/R margin (%)	24.3	24.1	23.6	23.5
Attributable net profit (€M)	202	194	197	211
ROE (after tax) (%)	14.0	12.4	11.6	11.4
Gearing (%)	-10.4	-16.1	-20.4	-24.8

[Company Valuation](#) - [Company Financials](#)

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:

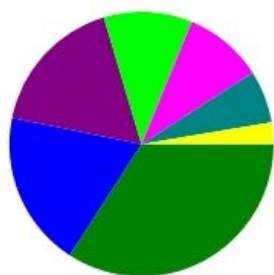
- **Reducing Clinker Content:** Cementir aims to achieve a clinker ratio of 64% for grey cement and 78% for white cement by 2030.
- **Implementing CCS Technologies:** The ACCSION Project, a carbon capture initiative, has been selected to receive a non-refundable grant of €220 million from the EU Innovation 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 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€).

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%)

Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	€M	1,694	1,687	1,750
Change in sales	%	-1.67	-0.44	3.75
Change in staff costs	%	2.49	6.06	2.32
EBITDA	€M	411	407	413
EBITDA(R) margin	%	24.3	24.1	23.6
Depreciation	€M	-115	-119	-115
Underlying operating profit	€M	279	266	270
Operating profit (EBIT)	€M	279	266	270
Net financial expense	€M	11.6	5.15	2.09
of which related to pensions	€M		-0.43	-0.85
Exceptional items & other	€M			
Corporate tax	€M	-75.2	-64.5	-61.5
Equity associates	€M	0.77	1.00	1.00
Minority interests	€M	-14.1	-14.1	-14.6
Adjusted attributable net profit	€M	202	194	197
NOPAT	€M	210	201	204

Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	€M	411	407	413
Change in WCR	€M	-13.4	-23.4	-20.4
Actual div. received from equity holdi...	€M	0.11	0.00	0.00
Paid taxes	€M	-61.3	-64.5	-61.5
Exceptional items	€M			
Other operating cash flows	€M	-34.5	-30.0	-40.0
Total operating cash flows	€M	302	289	291
Capital expenditure	€M	-107	-135	-98.0
Total investment flows	€M	-91.8	-165	-138
Net interest expense	€M	11.6	5.15	2.09
Dividends (parent company)	€M	-37.5	-43.5	-43.5
Dividends to minorities interests	€M	-215	0.00	0.00
New shareholders' equity	€M			
Total financial flows	€M	-356	-68.1	-0.61
Change in cash position	€M	-159	56.2	152
Free cash flow (pre div.)	€M	207	159	195

Per Share Data

		12/23A	12/24E	12/25E
No. of shares net of treas. stock (year...	Mio	156	156	156
Number of diluted shares (average)	Mio	156	156	156
Benchmark EPS	€	1.30	1.25	1.27
Restated NAV per share	€			
Net dividend per share	€	0.28	0.28	0.28

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 19.0	35%	● Buzzi
NAV/SOTP per share	€ 14.0	20%	● Heidelberg Materials
EV/Ebitda	€ 22.8	20%	● Holcim
P/E	€ 16.0	10%	● Vicat
Dividend Yield	€ 9.35	10%	
P/Book	€ 18.1	5%	
TARGET PRICE	€ 17.4	100%	

NAV/SOTP Calculation

Balance Sheet

		12/23A	12/24E	12/25E
Goodwill	€M	405	409	413
Total intangible	€M	593	599	605
Tangible fixed assets	€M	732	739	747
Financial fixed assets	€M	94.1	95.1	96.0
WCR	€M	0.81	24.2	44.6
Other assets	€M	72.3	72.3	72.3
Total assets (net of short term liab.)	€M	1,670	1,709	1,745
Ordinary shareholders' equity	€M	1,503	1,618	1,762
Quasi Equity & Preferred	€M			
Minority interests	€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	184	184	184
Other liabilities	€M	0.25	0.25	0.25
Net debt (cash)	€M	-218	-304	-416
Total liab. and shareholders' equity	€M	1,670	1,709	1,745

Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	€M	1,597	1,636	1,673

Profits & Risks Ratios

		12/23A	12/24E	12/25E
ROE (after tax)	%	14.0	12.4	11.6
ROCE	%	13.1	12.3	12.2
Gearing (at book value)	%	-10.4	-16.1	-20.4
Adj. Net debt/EBITDA(R)	x	-0.40	-0.60	-0.86
Interest cover (x)	x	-24.0	-47.7	-91.8

Valuation Ratios

		12/23A	12/24E	12/25E
Reference P/E (benchmark)	x	6.04	7.95	9.80
Free cash flow yield	%	17.0	10.4	10.1
P/Book	x	0.81	0.95	1.09
Dividend yield	%	3.57	2.83	2.26

EV Calculation

		12/23A	12/24E	12/25E
Market cap	€M	1,219	1,539	1,928
+ Provisions	€M	52.1	60.1	61.4
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-395	-483	-597
+ 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	1,351	1,631
EV/EBITDA(R)	x	2.69	3.32	3.95
EV/Sales	x	0.65	0.80	0.93

Analyst : Loco Douza, Changes to Forecasts : 13/02/2025.