



Altarea

Retail - Property / France

Gradual recovery starting in 2025?

Initiation cov. - 05/05/2025

The initiation of coverage allows us to encompass the majority of the French residential development market, including companies such as Nexity, Icade, Bouygues, Vinci, and Eiffage. Additionally, we monitor some non-covered entities like Kaufman & Broad and Bassac. This also enhances our coverage of the retail property sector in France, including Mercialis, Klépierre, URW, Hammerson, and Wereldhave, with the latter two pursuing exit strategies.

Altarea began over 30 years ago as an entrepreneurial venture. In France, it manages retail assets exceeding €2.1bn (group share) and generates €2.5bn annually from real estate development, primarily residential.

The target for 2028-29 is to restore FFO to the €300m level achieved in 2019, up from €127m recorded in 2024. To achieve this, Altarea aims to enhance its economic performance in residential development and significantly leverage contributions from its new ventures: solar farms, data centres, and logistics.

The retail property buffer

Altarea's €2bn in assets (Group share), including Tier 1 shopping centres in France, closely align with its market cap of €2.5bn. These assets, under French REIT status, ensure consistent EBITDA. Additionally, Altarea manages approximately €3bn in assets for third parties, including asset management, minorities, and associates in JVs.

The 450,000 sqm owned by Altarea (Group share) represents a significant value reservoir, surpassing our estimated consolidated net debt (Group share). These assets provide a competitive advantage over less capitalised residential development peers.

The challenge of the French residential turnaround

In 2019, the Development division contributed two-thirds to the consolidated FFO of €300m. By 2024, this contribution declined to €47m out of a consolidated €127m, mainly due to a downturn in Residential Development. In response to market adjustments over the past two years, Altarea has swiftly adapted, aligning its offerings with market demands.

We anticipate the Residential market will remain risky in 2025 (refer to French Mortgages and our Nexity coverage). However, Altarea manages the skills to potentially outperform and increase market share. Nonetheless, we do not expect a return to the division's historically high contribution levels (2019) in the near future.

New businesses and cash dividend

Altarea has utilised cash from asset disposals and reduced working capital in Residential development to accelerate growth in three new sectors: data centres, logistics, and solar farms. The group anticipates a significant, though unspecified, contribution to FFO in the coming years. We recognise the potential for capital gains but question their sustainability or merely strict recurring contribution.

A sustainable high-level cash dividend, such as €8-10 per share, depends on the



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Reduce

Upside: -5.61%

Target Price (6 months)	€ 96.1
Share Price	€ 102
Market Cap. €M	2,324
Price Momentum	NEGATIVE
Extremes 12 Months	82.7 ▶ 110
Sustainability score	4.2 /10
Credit Risk	B →
Bloomberg	ALTA FP Equity
Reuters	IMAF.PA


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PERF	1w	1m	3m	12m
Altarea	0.16%	0.79%	0.99%	22.5
Real Estate	2.13%	7.46%	1.99%	9.16
STOXX 600	3.07%	-0.09%	-0.57%	6.60

Last updated: 05/05/2025	12/24A	12/25E	12/26E	12/27E
Adjusted P/E (x)	15.5	16.6	16.1	17.6
Dividend yield (%)	8.75	7.86	4.91	4.91
EV/EBITDA(R) (x)	18.6	18.5	19.8	18.6
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](#)

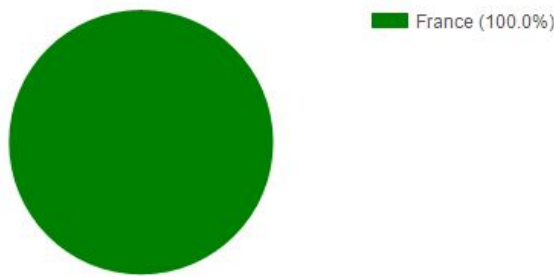
rapid success of these new ventures. In the short term, we believe a proposed dividend of €8 at the 2026 AGM would exceed strictly recurring FFO for the third consecutive year.

A bit too early?

We are focusing on short-term indicators for the group's two core businesses. In French Residential, we expect a gradual market recovery, with 2025 remaining uncertain. The second challenge is managing consolidated financial expenses by the decade's end, influenced by long-term interest rate fluctuations.

These challenges are common among Property companies and Developers in our coverage. Altarea appears to understand these issues and is well-prepared to address them. Altarea benefits from an entrepreneurial management style that provides agility. High-quality retail assets, combined with an intermediate size that allows for flexibility, are two key advantages. However, these are insufficient for adopting a positive opinion immediately.

Sales by Geography



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

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

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

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 95.1	75%	● Klépierre
DCF	€ 99.0	25%	● Icade
TARGET PRICE	€ 96.1	100%	● Nexity
			● Mercialis

[NAV/SOTP Calculation](#)

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

Capital employed after depreciation	€M	7,515	7,542	7,592
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Profits & Risks Ratios

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

Reference P/E (benchmark)	x	15.5	16.6	16.1
Free cash flow yield	%	7.57	5.81	4.25
P/Book	x	1.18	1.37	1.44
Dividend yield	%	8.75	7.86	4.91

EV Calculation

Market cap	€M	2,001	2,298	2,397
+ Provisions	€M	0.00	0.00	0.00
+ Unrecognised actuarial 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	5,224	5,387
EV/EBITDA(R)	x	18.6	18.5	19.8
EV/Sales	x	1.68	1.75	1.78

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