



Cementir Holding

Cement & Aggregates / Italy

White knight wearing green armour

08/02/2021

Change in Opinion

Buy vs Add

Change in EPS

2020 : € 0.55 vs 0.45	+20.6%
2021 : € 0.64 vs 0.55	+17.2%

Following the group's preliminary FY20 results, we have updated our model to incorporate the better than expected results. Revenue and EBITDA were 4% and 13% above our expectations respectively, resulting in an increase of €0.09 in FY20 EPS 2020.

We have also increased the FY21 top-line and EBITDA by 6.5% and 12.5%, respectively, largely due to the improving Mediterranean market and also based on the Industrial Plan 2020-23 announced by the group.

Change in DCF

€ 11.1 vs 8.77	+26.4%
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Our DCF based value has been positively impacted by the higher earnings forecast, and due to the strong cash generation expected over the medium term (net debt down from €240m in FY19 to €122m in FY20 and we expect the group to have a net cash position from FY22 onwards).



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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 : 23.6%

Target Price (6 months)	€ 9.76
Share Price	€ 7.90
Market Cap. €M	1,257
Price Momentum	STRONG
Extremes 12Months	4.25 ▶ 7.90
Bloomberg	CEM IM Equity
Reuters	CEMI.MI

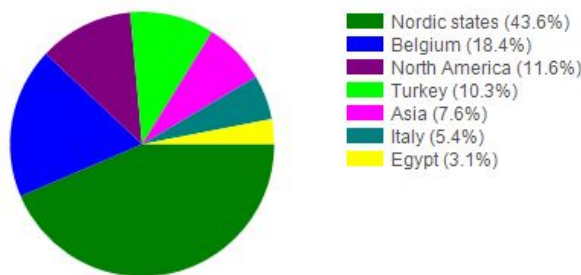

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PERF	1w	1m	3m	12m
Cementir Holding	16.5%	17.2%	43.4%	22.5%
Building Prod. & Materials	3.12%	-1.22%	12.0%	12.9%
SXXR Index	3.48%	0.83%	11.8%	-1.25%

Last updated: 08/02/2021	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	11.3	11.0	12.3	11.0
Dividend yield (%)	2.27	2.34	1.77	1.77
EV/EBITDA(R) (x)	4.86	4.50	4.87	4.29
Adjusted EPS (€)	0.54	0.55	0.64	0.72
Growth in EPS (%)	-22.5	0.38	17.9	11.5
Dividend (€)	0.14	0.14	0.14	0.14
Sales (€M)	1,212	1,225	1,307	1,355
EBITDA/R margin (%)	21.8	21.5	22.0	22.6
Attributable net profit (€M)	82.3	86.8	102	114
ROE (after tax) (%)	8.06	7.80	8.32	8.61
Gearing (%)	23.7	15.3	6.06	-0.86

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Sales by Geography



Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	1,212	1,225	1,307
Change in sales	%	1.31	1.10	6.65
Change in staff costs	%	4.86	-2.38	5.81
EBITDA	€M	264	264	288
EBITDA(R) margin	%	22.8	21.5	22.0
Depreciation	€M	-88.0	-87.6	-91.2
Underlying operating profit	€M	156	157	176
Operating profit (EBIT)	€M	152	157	176
Net financial expense	€M	-25.4	-24.8	-24.8
of which related to pensions	€M		-0.08	-0.08
Exceptional items & other	€M			
Corporate tax	€M	-37.5	-38.3	-40.8
Equity associates	€M	0.31	0.24	0.26
Minority interests	€M	-6.86	-7.11	-8.38
Adjusted attributable net profit	€M	86.5	86.8	102
NOPAT	€M	109	110	124

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	264	264	288
Change in WCR	€M	12.4	0.57	-5.66
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-32.4	-38.3	-40.8
Exceptional items	€M			
Other operating cash flows	€M	-19.9	-10.0	0.00
Total operating cash flows	€M	224	216	241
Capital expenditure	€M	-63.3	-56.0	-96.0
Total investment flows	€M	-57.1	-61.0	-96.0
Net interest expense	€M	-25.4	-24.8	-24.8
Dividends (parent company)	€M	-27.2	-22.3	-22.3
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M			
Total financial flows	€M	-69.1	-68.8	-67.0
Change in cash position	€M	98.3	86.2	78.5
Free cash flow (pre div.)	€M	135	135	121

Per Share Data

		12/19A	12/20E	12/21E
No. of shares net of treas. stock (year...	Mio	159	159	159
Number of diluted shares (average)	Mio	159	159	159
Benchmark EPS	€	0.54	0.55	0.64
Restated NAV per share	€			
Net dividend per share	€	0.14	0.14	0.14

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 11.1	35%	● Vicat
NAV/SOTP per share	€ 9.68	20%	● LafargeHolcim
EV/Ebitda	€ 11.5	20%	● Heidelbergcement
P/E	€ 8.35	10%	● Buzzi
Dividend Yield	€ 3.95	10%	
P/Book	€ 8.21	5%	
TARGET PRICE	€ 9.76	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€M	349	349	349
Total intangible	€M	563	566	568
Tangible fixed assets	€M	758	766	766
Financial fixed assets	€M	94.5	95.4	96.4
WCR	€M	54.3	53.8	59.4
Other assets	€M	90.9	91.8	92.7
Total assets (net of short term liab.)	€M	1,665	1,677	1,687
Ordinary shareholders' equity	€M	1,045	1,182	1,277
Quasi Equity & Preferred	€M			
Minority interests	€M	137	138	140
Provisions for pensions	€M	35.7	25.3	24.6
Other provisions for risks and liabilities	€M	43.3	43.7	44.1
Total provisions for risks and liabilities	€M	79.0	69.0	68.7
Tax liabilities	€M	161	163	165
Other liabilities	€M	3.83	3.87	3.91
Net debt (cash)	€M	240	122	33.2
Total liab. and shareholders' equity	€M	1,665	1,677	1,687

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	1,573	1,584	1,593

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	8.06	7.80	8.32
ROCE	%	7.50	6.95	7.76
Gearing (at book value)	%	23.7	15.3	6.06
Adj. Net debt/EBITDA(R)	x	1.24	0.85	0.47
Interest cover (x)	x	5.49	6.33	7.13

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	11.3	11.0	12.3
Free cash flow yield	%	13.8	14.2	9.60
P/Book	x	0.94	0.81	0.98
Dividend yield	%	2.27	2.34	1.77

EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	981	953	1,257
+ Provisions	€M	79.0	69.0	68.7
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	137	18.5	-70.0
+ Leases debt equivalent	€M	102	103	103
- Financial fixed assets (fair value)	€M	94.5	95.4	96.4
+ Minority interests (fair value)	€M	137	138	140
= EV	€M	1,342	1,187	1,402
EV/EBITDA(R)	x	4.86	4.50	4.87
EV/Sales	x	1.11	0.97	1.07

Analyst : Sejal Varshney, Changes to Forecasts : 08/02/2021.