



Cementir Holding

Cement & Aggregates / Italy

Fine-tuning the model prior to H1 results

White knight with green armour - 27/07/2020

Change in EPS

2020 : € 0.45 vs 0.56	-19.7%
2021 : € 0.56 vs 0.61	-8.65%

Our EPS is negatively impacted by the lower activity level and margin assumptions. COVID-19 has had a more widespread impact since we last updated our model, resulting in this sharp degradation of the EPS.

Region-wise for 2020, we expect Denmark will continue to remain resilient but Norway may see a sharp drop in demand due to its oil-dependent economy. Egypt and China should show positive growth, while Belgium/France and Malayasia, which were the most impacted by prolonged lockdowns, should see significant top-line and margin declines this year (for Belgium/France: sales -14% and EBITDA -22% vs our previous estimates). Turkey might be affected by unfavourable FX and, hence, may see a negative EBITDA this year too. Given that the US is still undergoing partial lockdowns, we have taken a conservative stance on this region (sales -8% and EBITDA -15% vs our previous estimates). Lastly, we have reduced EBITDA for Italy, which mainly accounts for the corporate level activities, to €-3.7m, because of the one-off announced during Q1 and possible restructuring expenses.

For now, we have left the top-line growth and EBITDA margin improvement unchanged for 2021, but the lowered 2020 base has impacted the 2021 figures in absolute terms.

Change in DCF

€ 10.1 vs 11.1	-9.22%
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A further decline in the top line and a reduction in the EBITDA margin have resulted in a decline of €1.03 in the DCF.



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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 : 51.1%

Target Price (6 months) € 8.87

Share Price € 5.87

Market Cap. €M 934

Price Momentum **STRONG**

Extremes 12Months 4.25 ▶ 6.81

Bloomberg CEM IM Equity

Reuters CEMI.MI

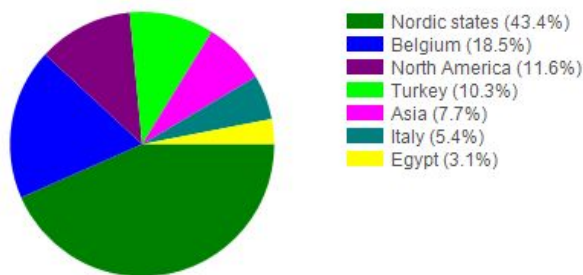

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PERF	1w	1m	3m	12m
Cementir Holding	-3.93%	-7.27%	9.29%	-9.17%
Building Prod. & Materials	0.56%	9.51%	30.0%	2.22%
SXXR Index	-1.43%	3.03%	12.4%	-4.07%

Last updated: 27/07/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	11.3	13.1	10.5	8.98
Dividend yield (%)	2.29	2.39	2.39	2.39
EV/EBITDA(R) (x)	5.06	5.35	4.60	4.05
Adjusted EPS (€)	0.54	0.45	0.56	0.65
Growth in EPS (%)	-22.5	-17.3	24.7	16.6
Dividend (€)	0.14	0.14	0.14	0.14
Sales (€M)	1,212	1,173	1,228	1,264
EBITDA/R margin (%)	21.8	19.7	21.1	22.0
Attributable net profit (€M)	82.3	71.5	89.2	104
ROE (after tax) (%)	8.06	6.63	7.80	8.57
Gearing (%)	23.7	19.3	14.3	8.98

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

Sales by Geography



Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	1,212	1,173	1,228
Change in sales	%	1.31	-3.17	4.64
Change in staff costs	%	4.86	-2.70	6.27
EBITDA	€M	264	231	259
EBITDA(R) margin	%	21.8	19.7	21.1
Depreciation	€M	-88.0	-87.3	-91.3
Underlying operating profit	€M	156	124	147
Operating profit (EBIT)	€M	152	124	147
Net financial expense	€M	-25.4	-21.4	-18.4
of which related to pensions	€M		-0.08	-0.08
Exceptional items & other	€M			
Corporate tax	€M	-37.5	-25.7	-32.1
Equity associates	€M	0.31	0.19	0.22
Minority interests	€M	-6.86	-5.86	-7.30
Adjusted attributable net profit	€M	86.5	71.5	89.2
NOPAT	€M	109	87.3	103

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	264	231	259
Change in WCR	€M	12.4	0.75	-5.90
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-32.4	-25.7	-32.1
Exceptional items	€M			
Other operating cash flows	€M	-19.9	-29.9	-29.9
Total operating cash flows	€M	224	176	191
Capital expenditure	€M	-63.3	-78.0	-105
Total investment flows	€M	-57.1	-83.0	-105
Net interest expense	€M	-25.4	-21.4	-18.4
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	-55.4	-55.6
Change in cash position	€M	98.3	37.7	30.3
Free cash flow (pre div.)	€M	135	76.6	67.5

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	0.45	0.56
Restated NAV per share	€			
Net dividend per share	€	0.14	0.14	0.14

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 10.1	35%	■ Buzzi
NAV/SOTP per share	€ 9.25	20%	■ Heidelbergcement
EV/Ebitda	€ 9.46	20%	■ LafargeHolcim
P/E	€ 7.72	10%	■ Vicat
Dividend Yield	€ 4.99	10%	
P/Book	€ 6.34	5%	
TARGET PRICE	€ 8.87	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	860	869	878
Financial fixed assets	€M	94.5	95.4	96.4
WCR	€M	54.3	53.6	59.5
Other assets	€M	90.9	91.8	92.7
Total assets (net of short term liab.)	€M	1,665	1,677	1,696
Ordinary shareholders' equity	€M	1,045	1,113	1,174
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	190	145
Total liab. and shareholders' equity	€M	1,665	1,677	1,696

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	1,573	1,584	1,601

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	8.06	6.63	7.80
ROCE	%	6.96	5.51	6.43
Gearing (at book value)	%	23.7	19.3	14.3
Adj. Net debt/EBITDA(R)	x	0.91	0.82	0.56
Interest cover (x)	x	6.14	5.83	8.02

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	11.3	13.1	10.5
Free cash flow yield	%	13.9	8.21	7.23
P/Book	x	0.93	0.84	0.80
Dividend yield	%	2.29	2.39	2.39

EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	974	934	934
+ 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	240	190	145
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	94.5	95.4	96.4
+ Minority interests (fair value)	€M	137	138	140
= EV	€M	1,335	1,236	1,191
EV/EBITDA(R)	x	5.06	5.35	4.60
EV/Sales	x	1.10	1.05	0.97

Analyst : Sejal Varshney, Changes to Forecasts : 27/07/2020.