



Altarea

Retail - Property / France

Adequate positioning in a still uncertain end-market

Earnings/sales releases - 29/07/2025

Altarea reported robust profit growth in H1 25. Profits in Residential Development remained stable, despite ongoing market adjustments. The financial reporting tone is clear, with a slightly more positive outlook than in Q1 25.

Fact

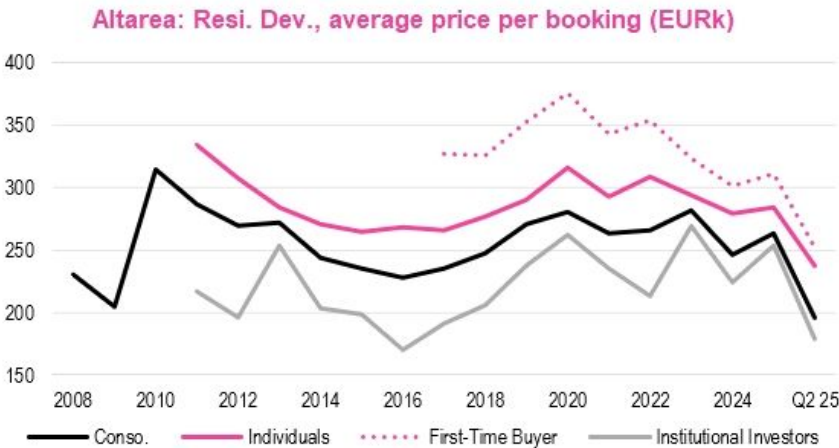
- Revenue decreased by 20%, with a decline in development activity in both residential (-24%) and commercial (-21%) sectors. However, there was an acceleration in organic growth in property retail during Q2 25.
- EBIT increased by 14% year-on-year, with a 3% EBIT margin for residential development and 21% for commercial development.
- Retail property assets performed well in Q2 25, particularly in terms of EBIT, which increased by 7%.
- FFO rose by 7% compared to H1 24. The 2025 guidance (unchanged) anticipates a slight increase in FFO compared to 2024. The dividend per share guidance for 2026 remains unchanged, expected to be stable compared to the dividend paid in 2025.

Analysis

Well positioned in Residential Development

The recovery in bookings was confirmed in H1 25, driven by demand for more compact and less expensive apartments. This trend is evident in the average price evolution over the period (see chart below) and in order volumes, which increased by 23% in Q2 25 (yoy) following a 6% rise in Q1 25.

Quarterly performance remains volatile, largely influenced by orders from institutional investors. While it is important not to overinterpret a single quarter, a positive trend is apparent: Altarea’s offerings align well with market demand. Orders from institutional investors significantly boosted Q2 25 performance without compromising the EBIT margin of this division. This confirms the profit-oriented profile : it is not a battle for volumes aimed at compensating for high fixed costs.



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Reduce	Upside: -5.80%
Target Price (6 months)	€ 96.1
Share Price	€ 102
Market Cap. €M	2,329
Price Momentum	STRONG
Extremes 12 Months	84.1 ▶ 110
Sustainability score	4.4 /10
Credit Risk	B →
Bloomberg	ALTA FP Equity
Reuters	IMAF.PA

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PERF	1w	1m	3m	12m
Altarea	1.80%	2.72%	8.43%	14.0
Real Estate	-1.41%	-3.13%	3.85%	9.38
STOXX 600	0.40%	0.94%	4.89%	7.01

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	7.84	4.90	4.90
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](#)

Older projects are generating slightly negative margins at the EBIT level (AV est.), while new projects are achieving operating margins exceeding 8% (id.). As lower-margin projects phase out, the margin mix for Residential Development is expected to improve rapidly. This improvement is contingent on stable interest rates and Altarea's ability to sustain strong sales volumes.



The sequential improvement in the backlog (+4%) is a positive indicator, particularly as it coincides with an increase in supply rotation speed in H1 25. In summary, Altarea is rebuilding its pipeline faster than it generates revenue. Although this does not yet ensure topline growth in 2026-27, the data indicates that Altarea has positioned itself advantageously, as reflected in its profitability. The year 2026 will serve as a significant benchmark for turnover in €m, such as EBIT, enabling better extrapolation of Altarea's economic performance once the impact of older projects is fully eliminated.



Looking ahead to the coming semesters, we will continue to monitor the proportion of first-time buyers. The overall subsegment is experiencing only modest volume growth (see chart above). Additional measures to support individual buy-to-let investors depend on the adoption of France's 2026 budget, amidst significant constraints.

Our assessment is that Altarea's performance is satisfactory in a still uncertain market. Sales volumes have more than stabilised. The impact of downsizing the offering will affect the topline through 2026, but underlying profitability remains decent at this stage of the cycle.

Read across

In H1 25, Nexity's (covered, Sell) project mix was 70% older projects with low margins and 30% newer projects with higher profitability, resulting in €4m in EBIT from €1.1bn in revenue. In contrast, Altarea's mix was 59% older and 41% newer projects, generating €24m in EBIT from €733m in revenue. This underscores Altarea's agility in redeployment and its alignment with market demands.

Altarea maintains a strong position in the French residential development sector. It is poised to match the operational performance of leading players like Bassac and Kaufman & Broad more swiftly than Nexity. Altarea's above-average agility provides a buffer against market fragility, indicating an improvement in the risk-reward profile.

Retail property

Organic growth in shopping centres accelerated significantly in Q2 25, partly due to negative technical factors in Q1 25, which had weaker performance. After adjusting for indexation, Altarea achieved positive organic growth in Q2 25, with a 4% increase in the average ticket per visitor. Sequentially in Q2 25, Altarea experienced favourable momentum in rental revenue, maintaining a high rental margin of 89%, footfall, and retailer revenue. This momentum supports FFO and supports the 2025 guidance.

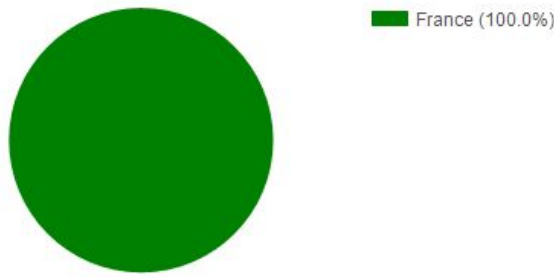
Altarea's portfolio book values have remained stable since December 2024. The team is concentrating on pipeline projects, such as the Austerlitz station in Paris. While monitoring market opportunities, Altarea shows no particular interest in M&A within the current French retail property market.

■ Impact

Our estimates remain unchanged, as they already accounted for the dividend payment in shares, leading to a capital increase of €102m. Altarea is performing well; however, the Residential Development sector remains unstable, particularly due to French political factors and potential long-term interest rate fluctuations.

Therefore, our recommendation remains neutral. Greater stability is needed to consider a positive recommendation.

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	5.80	4.24
P/Book	x	1.18	1.37	1.45
Dividend yield	%	8.75	7.84	4.90

EV Calculation

Market cap	€M	2,001	2,302	2,401
+ 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	5,229	5,392
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.