



Cementir Holding

Cement & Aggregates / Italy

White knight wearing green armour

16/03/2021

Change in Opinion

Buy vs Add

Change in EPS

| | |
|-----------------------|--------|
| 2021 : € 0.69 vs 0.64 | +7.48% |
| 2022 : € 0.79 vs 0.72 | +9.73% |

Following the group's full FY20 results, we have updated our model to incorporate the better than expected results. While FY20 EBIT was in-line with our expectations, the EPS was up by €0.10 because of lower taxes and lower net financial expenses.

For FY21 and FY22, we have left our EBITDA and EBIT estimates unchanged, but have lowered the financial expenses due to decreasing debt, and the lowered corporate tax rate to 26%, resulting in an increase in the EPS by €0.05 and €0.07 for FY21 and FY22, respectively.

Change in DCF

| | |
|----------------|--------|
| € 13.6 vs 10.8 | +25.9% |
|----------------|--------|

Our DCF has been positively impacted by the earnings revision. We have assumed the long-term EBITDA margin to remain in the vicinity of 22% from 2022 onwards because we believe that Cementir Holding, like other cement players, will be impacted by increasing carbon prices and other input costs, which will be offset by its digitalisation and sustainability initiatives. We have also reduced the long-term capex forecast based on the company's guidance.



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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 : 27.6%**

| | |
|-------------------------|--------|
| Target Price (6 months) | € 11.0 |
|-------------------------|--------|

| | |
|-------------|--------|
| Share Price | € 8.62 |
|-------------|--------|

| | |
|----------------|-------|
| Market Cap. €M | 1,372 |
|----------------|-------|

| | |
|----------------|---------------|
| Price Momentum | STRONG |
|----------------|---------------|

| | |
|-------------------|-------------|
| Extremes 12Months | 4.25 ▶ 8.66 |
|-------------------|-------------|

| | |
|-----------|---------------|
| Bloomberg | CEM IM Equity |
|-----------|---------------|

| | |
|---------|---------|
| Reuters | CEMI.MI |
|---------|---------|

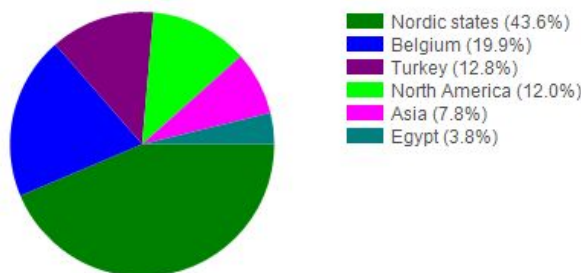

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| PERF | 1w | 1m | 3m | 12m |
|----------------------------|-------|-------|-------|-------|
| Cementir Holding | 4.11% | 0.23% | 28.3% | 86.2% |
| Building Prod. & Materials | 0.59% | 8.14% | 18.5% | 80.8% |
| SXXR Index | 1.44% | 2.45% | 8.10% | 44.3% |

| Last updated: 16/03/2021 | 12/20A | 12/21E | 12/22E | 12/23E |
|------------------------------|--------|--------|--------|--------|
| Adjusted P/E (x) | 9.22 | 12.5 | 11.0 | 10.0 |
| Dividend yield (%) | 2.34 | 1.62 | 1.62 | 1.62 |
| EV/EBITDA(R) (x) | 4.49 | 5.40 | 4.68 | 4.14 |
| Adjusted EPS (€) | 0.65 | 0.69 | 0.79 | 0.86 |
| Growth in EPS (%) | 16.2 | 6.40 | 13.8 | 9.08 |
| Dividend (€) | 0.14 | 0.14 | 0.14 | 0.14 |
| Sales (€M) | 1,225 | 1,311 | 1,389 | 1,464 |
| EBITDA/R margin (%) | 21.5 | 21.5 | 21.8 | 21.9 |
| Attributable net profit (€M) | 102 | 110 | 125 | 137 |
| ROE (after tax) (%) | 9.71 | 9.93 | 10.3 | 10.3 |
| Gearing (%) | 17.1 | 7.48 | -0.14 | -7.20 |

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

Sales by Geography



Consolidated P&L Accounts

| | | 12/20A | 12/21E | 12/22E |
|---|-----------|-------------|-------------|-------------|
| Sales | €M | 1,225 | 1,311 | 1,389 |
| Change in sales | % | 1.07 | 7.06 | 5.89 |
| Change in staff costs | % | 1.91 | 9.42 | 5.81 |
| EBITDA | €M | 264 | 282 | 302 |
| EBITDA(R) margin | % | 21.5 | 21.5 | 21.8 |
| Depreciation | €M | -86.8 | -87.9 | -89.0 |
| Underlying operating profit | €M | 159 | 175 | 194 |
| Operating profit (EBIT) | €M | 157 | 175 | 194 |
| Net financial expense | €M | -15.2 | -15.3 | -11.1 |
| of which related to pensions | €M | | -0.37 | -0.41 |
| Exceptional items & other | €M | | | |
| Corporate tax | €M | -33.2 | -41.6 | -47.6 |
| Equity associates | €M | 0.57 | 0.26 | 0.29 |
| Minority interests | €M | -7.36 | -8.62 | -10.6 |
| Adjusted attributable net profit | €M | 103 | 110 | 125 |
| NOPAT | €M | 112 | 123 | 137 |

Cashflow Statement

| | | 12/20A | 12/21E | 12/22E |
|---|-----------|------------|------------|------------|
| EBITDA | €M | 264 | 282 | 302 |
| Change in WCR | €M | 38.4 | -5.05 | 14.5 |
| Actual div. received from equity holdi... | €M | 0.00 | 0.00 | 0.00 |
| Paid taxes | €M | -37.9 | -41.6 | -47.6 |
| Exceptional items | €M | | | |
| Other operating cash flows | €M | -20.7 | -20.0 | -20.0 |
| Total operating cash flows | €M | 243 | 215 | 249 |
| Capital expenditure | €M | -58.5 | -69.0 | -67.0 |
| Total investment flows | €M | -60.2 | -96.0 | -110 |
| Net interest expense | €M | -15.2 | -15.3 | -11.1 |
| Dividends (parent company) | €M | -30.9 | -22.3 | -22.3 |
| Dividends to minorities interests | €M | 0.00 | 0.00 | 0.00 |
| New shareholders' equity | €M | -4.54 | -11.0 | |
| Total financial flows | €M | -88.8 | -86.6 | -143 |
| Change in cash position | €M | 82.6 | 32.5 | -3.84 |
| Free cash flow (pre div.) | €M | 170 | 131 | 171 |

Per Share Data

| | | 12/20A | 12/21E | 12/22E |
|--|----------|-------------|-------------|-------------|
| No. of shares net of treas. stock (year... | Mio | 159 | 159 | 159 |
| Number of diluted shares (average) | Mio | 159 | 159 | 159 |
| Benchmark EPS | € | 0.65 | 0.69 | 0.79 |
| Restated NAV per share | € | | | |
| Net dividend per share | € | 0.14 | 0.14 | 0.14 |

Valuation Summary

| Benchmarks | Value | Weight | Largest comparables |
|---------------------|---------------|-------------|---------------------|
| DCF | € 13.6 | 35% | ● Buzzi |
| NAV/SOTP per share | € 9.67 | 20% | ● Heidelbergcement |
| EV/Ebitda | € 12.3 | 20% | ● LafargeHolcim |
| P/E | € 10.1 | 10% | ● Vicat |
| Dividend Yield | € 4.38 | 10% | |
| P/Book | € 8.38 | 5% | |
| TARGET PRICE | € 11.0 | 100% | |

NAV/SOTP Calculation

Balance Sheet

| | | 12/20A | 12/21E | 12/22E |
|--|-----------|--------------|--------------|--------------|
| Goodwill | €M | 330 | 330 | 330 |
| Total intangible | €M | 526 | 528 | 530 |
| Tangible fixed assets | €M | 691 | 705 | 719 |
| Financial fixed assets | €M | 83.6 | 84.4 | 85.2 |
| WCR | €M | 20.0 | 25.0 | 10.5 |
| Other assets | €M | 83.0 | 83.0 | 83.0 |
| Total assets (net of short term liab.) | €M | 1,531 | 1,552 | 1,555 |
| Ordinary shareholders' equity | €M | 1,057 | 1,159 | 1,268 |
| Quasi Equity & Preferred | €M | | | |
| Minority interests | €M | 126 | 125 | 124 |
| Provisions for pensions | €M | 36.8 | 28.4 | 29.1 |
| Other provisions for risks and liabilities | €M | 30.4 | 30.4 | 30.4 |
| Total provisions for risks and liabilities | €M | 67.3 | 58.8 | 59.5 |
| Tax liabilities | €M | 155 | 155 | 155 |
| Other liabilities | €M | 2.93 | 2.93 | 2.93 |
| Net debt (cash) | €M | 122 | 51.3 | -54.9 |
| Total liab. and shareholders' equity | €M | 1,531 | 1,552 | 1,555 |

Capital Employed

| | | 12/20A | 12/21E | 12/22E |
|-------------------------------------|----|--------|--------|--------|
| Capital employed after depreciation | €M | 1,447 | 1,469 | 1,471 |

Profits & Risks Ratios

| | | 12/20A | 12/21E | 12/22E |
|--------------------------------|----------|-------------|-------------|--------------|
| ROE (after tax) | % | 9.71 | 9.93 | 10.3 |
| ROCE | % | 7.71 | 8.39 | 9.28 |
| Gearing (at book value) | % | 17.1 | 7.48 | -0.14 |
| Adj. Net debt/EBITDA(R) | x | 0.94 | 0.63 | 0.24 |
| Interest cover (x) | x | 10.4 | 11.7 | 18.2 |

Valuation Ratios

| | | 12/20A | 12/21E | 12/22E |
|----------------------------------|----------|-------------|-------------|-------------|
| Reference P/E (benchmark) | x | 9.22 | 12.5 | 11.0 |
| Free cash flow yield | % | 17.8 | 9.54 | 12.5 |
| P/Book | x | 0.90 | 1.18 | 1.08 |
| Dividend yield | % | 2.34 | 1.62 | 1.62 |

EV Calculation

| | | 12/20A | 12/21E | 12/22E |
|---|----------|-------------|-------------|-------------|
| Market cap | €M | 953 | 1,372 | 1,372 |
| + Provisions | €M | 67.3 | 58.8 | 59.5 |
| + Unrecognised actuarial losses/(gains) | €M | 0.00 | 0.00 | 0.00 |
| + Net debt at year end | €M | -4.78 | -75.7 | -182 |
| + Leases debt equivalent | €M | 127 | 127 | 127 |
| - Financial fixed assets (fair value) | €M | 83.6 | 84.4 | 85.2 |
| + Minority interests (fair value) | €M | 126 | 125 | 124 |
| = EV | €M | 1,185 | 1,522 | 1,415 |
| EV/EBITDA(R) | x | 4.49 | 5.40 | 4.68 |
| EV/Sales | x | 0.97 | 1.16 | 1.02 |

Analyst : Sejal Varshney, Changes to Forecasts : 16/03/2021.