BUZZI

OUTPERFORM

Sector: Industrials

Price: Eu37.46 - **Target: Eu45.80**

Positive Results Overall. Cash Generation Remains a Clear Positive

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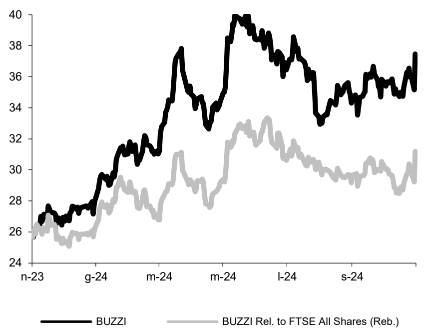
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-0.2%	0.0%	0.0%

BUZZI - 12M Performance



Stock Data			
Reuters code:			BZU.MI
Bloomberg code:			BZU IM
Performance	**1M**	**3M**	**12M**
Absolute	4.5%	12.0%	43.9%
Relative	2.2%	2.5%	24.2%
12M (H/L)			39.98/25.66
3M Average Volume (th):			213.56

Shareholder Data	
No. of Ord shares (mn):	193
Total no. of shares (mn):	193
Mkt Cap Ord (Eu mn):	7,216
Total Mkt Cap (Eu mn):	7,216
Mkt Float - Ord (Eu mn):	3,114
Mkt Float (in %):	43.2%
Main Shareholder:	
Presa+Fimedi	53.0%

Balance Sheet Data	
Book Value (Eu mn):	6,257
BVPS (Eu):	30.84
P/BV:	1.2
Net Financial Position (Eu mn):	762
Enterprise Value (Eu mn):	5,206

- **Sequential improvement in volumes, cash generation remains robust:** Buzzi published a trading update that featured a top line that was in line with our estimates and consensus, with another gradual sequential improvement in volumes, which nevertheless remained weak and below last year's level due mainly to Central Europe continuing to drag results due to low residential construction activity, while volumes in Italy and USA are yet to rebound. Elsewhere, volumes trends were positive in Czech Republic (infrastructure investments) and Poland, where a correction of the commercial strategy, involving a modest price cut, drove a rebound. Overall, cement sales were down 3.5% YoY in 3Q, a sequential trend improvement compared to 2Q and 1Q, which were down -5.8% and -10.6% respectively. On a positive note, however, pricing remained healthy across the board, with Italy even implementing some upward adjustments during 3Q, so profitability should have remained robust. The overall impact of declining sales and rising prices is turnover of Eu1,131mn, down 1.9% YoY. Finally, cash generation was slightly better than consensus (we were a touch more aggressive), with net cash closing at Eu1,001mn, up QoQ from Eu898mn at the end of June, confirming the sound trajectory of recent years and in our view leaving room to increase shareholder remuneration or pursue further external growth, even after recently-finalised deals that will absorb ~Eu360mn in 4Q.
- **No change in outlook, our estimates are aligned**: management believes that it is reasonable to assume that, in the latter part of the year, operational and economic management will continue in line with the trends observed so far. For FY24, the company therefore expects recurring EBITDA to be similar to, but no higher than, the record levels posted in 2023, net of changes in the consolidation scope. This comes as no surprise, as both our estimates and consensus point to a YoY decline in recurring EBITDA at constant scope (we estimate a 1% decline YoY, while consensus should incorporate a ~-2% decline). We are therefore confirming our estimates, with only minor adjustments to reflect quarterly results. As for 2025, no comments were made, but a price spread that remains healthy and the price hike implemented in Italy should bode well for another satisfactory year.
- **OUTPERFORM confirmed; target still Eu45.8:** as expected, the 3Q trading update did not spring any major surprises. Nevertheless, in our view the continuation of strong cash generation and the confirmation of 2024 guidance are positive elements that should help the stock revert to more generous valuations. We also believe that the company's recent moves (acquisition of the remaining stake in Brazil, disposal of Ukraine) should simplify investors' understanding of the company's numbers, making assets contribution more evident. The stock is trading at very attractive multiples (3.5x EV/EBITDA and 7.7x P/E 2025); at target it would trade at 4.7x and 9.4x respectively, still below historical averages.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,996	4,318	4,279	4,670	4,797
EBITDA Adj (Eu mn)	893	1,238	1,241	1,336	1,361
Net Profit Adj (Eu mn)	567	887	889	937	950
EPS New Adj (Eu)	2.941	4.604	4.617	4.864	4.931
EPS Old Adj (Eu)	2.941	4.604	4.624	4.864	4.931
DPS (Eu)	0.450	0.600	0.650	0.700	0.750
EV/EBITDA Adj	3.1	2.8	4.2	3.5	3.0
EV/EBIT Adj	4.3	3.5	5.3	4.5	3.9
P/E Adj	12.7	8.1	8.1	7.7	7.6
Div. Yield	1.2%	1.6%	1.7%	1.9%	2.0%
Net Debt/EBITDA Adj	-0.3	-0.6	-0.6	-1.0	-1.4

Intermonte

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.
Frequency of research: quarterly.
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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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