

EQUITY RESEARCH

ABITARE IN RESULTS REVIEW Press release

BUY
TP 8.5€
Up/Downside: 42%

Deliveries Underway

The group has begun FY 2023 by generating 25% growth in Q1 with a significantly improved EBITDA margin. A much stronger acceleration is still expected for the rest of the year with the numerous deliveries planned (€180m for 3 projects), which is already underway as planned in Q1.

Yesterday, Abitare IN reported on its Q1 activity (October-December 2022). Over the period, the group recorded volumes of €44.4m, up 25% vs. last year, which is not representative of the strong growth expected for the year. For the record, a quarterly analysis is of little interest given the nature of the group's activity. On the other hand, the important point to highlight in this publication is that, as expected, the group has started delivering on the Milano City Village and Palazzo Naviglio projects, initially planned for FY 2022 (€16.4m). Over the course of the year, the group should complete the delivery of 420 flats for a total of €180m on the two projects mentioned above, and on Trilogy Towers from H2 onwards. These deliveries should enable the group to post a clear improvement in profitability vs. last year, with project margins being recognised upon delivery. In Q1, the group's EBITDA margin has already risen sharply vs. last year, to 10.8% vs. 4.5% at end December 2021. The prospect of these numerous deliveries, but also of the conclusion of the sale of Via Cadolini during the year (sale price of €72m to another developer after completion of the land development that was acquired in 2018 for €15m - included in our current estimates for FY 2024), should enable the group to rapidly reduce its debt, with net debt remaining temporarily high (€143.7m at end-December vs. €116m at end-September).

Overall, this publication does not change our forecast for the group. We still consider that its impressive pipeline for the coming years is undervalued. Therefore, we are reiterating both our Buy rating and TP of €8.5.

Key data

Price (€)	6.0
Industry	Construction
Ticker	ABT-IT
Shares Out (m)	26.141
Market Cap (m €)	156.8
Average trading volumes (k shares / day)	70.680

Ownership (%)

Luigi Francesco Gozzini	22.7
Marco Claudio Grillo	18.0
Gaudenzio Roveda	9.7
Kairos Partners SGR	4.8
Free float	44.9

EPS (€)

	09/23e	09/24e	09/25e
Estimates	1.30	2.56	1.06
Change vs previous estimates (%)	0.00	0.00	0.00

Performance (%)

	1D	1M	YTD
Price Perf	0.3	-0.3	4.5
Rel FTSE Italy	0.1	-5.5	-8.6



TP ICAP Midcap Estimates	09/22	09/23e	09/24e	09/25e	Valuation Ratio	09/23e	09/24e	09/25e
Sales (m €)	122.2	209.2	264.4	189.3	EV/Sales	0.9	0.7	0.7
Current Op Inc (m €)	14.4	54.1	104.8	44.6	EV/EBITDA	3.3	1.9	2.9
Current op. Margin (%)	11.8	25.9	39.6	23.6	EV/EBIT	3.4	1.9	3.0
EPS (€)	0.30	1.30	2.56	1.06	PE	4.6	2.3	5.7
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-54.3	88.6	-12.8	65.4				

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FINANCIAL DATA

Income Statement	09/20	09/21	09/22	09/23e	09/24e	09/25e
Sales	73.1	124.8	122.2	209.2	264.4	189.3
Changes (%)	64.0	70.8	-2.1	71.2	26.4	-28.4
Gross profit	52.3	72.8	105.3	169.2	224.4	149.3
% of Sales	71.6	58.3	86.1	80.9	84.9	78.9
EBITDA	8.8	17.8	15.5	55.3	106.0	45.9
% of Sales	12.0	14.3	12.7	26.5	40.1	24.3
Current operating profit	8.1	16.9	14.4	54.1	104.8	44.6
% of Sales	11.1	13.5	11.8	25.9	39.6	23.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.1	16.9	14.4	54.1	104.8	44.6
Net financial result	3.1	-0.2	-3.1	-3.8	-5.4	-3.4
Income Tax	-2.0	-4.5	-3.3	-16.4	-32.4	-13.4
Tax rate (%)	18.1	27.2	29.5	32.6	32.6	32.6
Net profit, group share	9.2	12.2	7.9	33.9	67.0	27.8
EPS	0.36	0.47	0.30	1.30	2.56	1.06
Financial Statement	09/20	09/21	09/22	09/23e	09/24e	09/25e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	7.7	10.7	13.9	14.2	14.5	14.6
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	3.2	5.5	7.4	7.4	7.4	7.4
Working capital	125.5	205.1	283.3	228.3	307.9	270.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	136.4	221.3	304.6	250.0	329.7	292.1
Shareholders equity group	58.3	72.8	96.0	129.9	196.9	224.7
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	46.0	66.1	81.5	81.5	81.5	81.5
Net debt	26.1	75.1	116.2	27.6	40.4	-25.1
Other liabilities	5.9	7.3	11.0	11.0	11.0	11.0
Liabilities	136.4	221.3	304.6	250.0	329.7	292.1
Net debt excl. IFRS 16	26.1	75.1	116.2	27.6	40.4	-25.1
Gearing net	0.4	1.0	1.2	0.2	0.2	-0.1
Leverage	3.0	4.2	7.5	0.5	0.4	-0.5
Cash flow statement	09/20	09/21	09/22	09/23e	09/24e	09/25e
CF after elimination of net borrowing costs and taxes	8.0	15.7	14.4	35.1	68.2	29.1
Δ WCR	-5.0	-61.2	-64.3	55.0	-79.5	37.8
Operating cash flow	3.0	-45.5	-49.9	90.1	-11.3	66.9
Net capex	-1.1	-2.9	-4.4	-1.5	-1.5	-1.5
FCF	1.9	-48.4	-54.3	88.6	-12.8	65.4
Free Cash Flow excl IFRS 16	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions/Disposals of subsidiaries	0.0	-1.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	7.3	27.4	59.9	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	4.4	0.0	13.2	0.0	0.0	0.0
Others	0.2	0.3	-0.1	0.0	0.0	0.0
Change in net cash over the year	13.8	-21.7	18.6	88.6	-12.8	65.4
ROA (%)	4.5%	4.7%	2.1%	7.9%	13.1%	4.8%
ROE (%)	15.7%	16.7%	8.2%	26.1%	34.0%	12.4%
ROCE (%)	6.5%	7.7%	4.6%	23.2%	29.8%	15.0%

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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History of investment rating and target price – Abitare In



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Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	85%	63%
Hold	13%	42%
Sell	1%	50%
Under review	1%	100%

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