

EQUITY RESEARCH

ABITARE IN
RESULTS REVIEW
 Press release
BUY**TP 8.5€**

Up/Downside: 59%

Confirmed acceleration in results

The Group's 9-month results come as no surprise, with a very sharp improvement in earnings confirmed (pre-tax margin of over 25%) and a very significant reduction in net debt. The outlook is unchanged despite the current environment.

Yesterday, Abitare IN provided an update on its business for the first 9 months, marked by the acceleration in deliveries and the Cadolini operation. Over the period, the Group recorded consolidated revenues of €99.6m, down 4% on the same period last year, but only because of the negative change in the percentage of completion of construction work due to the major deliveries in progress (impact of -€117m). Sales for the period totalled €198.9m, compared with just €19m last year, reflecting customer billings for the ongoing delivery of the Milano City Village, Palazzo Naviglio and Trilogy Towers programmes, in addition to the sale of the Cadolini development. As expected, results have again improved significantly, with pre-tax profit of €25.3m, giving a margin of 25.4% compared with 9.3% last year, a level of profitability in line with our expectations and the Group's standards. It should also be remembered that the Cadolini deal was concluded on the basis of an exchange of shares rather than assets, as initially planned, which implies a different accounting treatment. Pre-tax profit should therefore have been even higher, at €33.7m. In the end, net profit came in at €22.9m, compared with €5.7m last year. As expected, this marked improvement in results also had a very favourable impact on the Group's financial structure, given the large number of customer receipts and the favourable change in working capital. At the end of June, the Group's net debt stood at just €44.9m, compared with €154m in September 2022. This favourable position has enabled the Group to propose a dividend of €0.38 per share, giving a yield of 7%, and also to launch a major share buyback programme (more than 42,000 shares have already been bought back in the first 12 days of the plan), an important sign of management's confidence in the Group's prospects, despite the unfavourable context for the sector.

In terms of outlook, the end of the financial year will be marked by continued deliveries on its 3 major programmes, albeit with a slight delay for 5 flats at Trilogy Towers due to a fire (delay to Q1 2024). Despite the current economic climate, the Group intends to continue marketing new developments, again using micro-campaigns to optimise selling prices. For the time being, the Group is not experiencing any problems at all in selling its homes, a sign of the relevance of its positioning in a market that is still very much in demand. Convinced that the Group is undervalued, we are maintaining our Buy rating and our OC of €8.5, with our estimates for each programme unchanged.

Key data

Price (€)	5.4
Industry	Construction
Ticker	ABT-IT
Shares Out (m)	26.141
Market Cap (m €)	140.1
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	1.07	1.23	1.47
Change vs previous estimates (%)	-18.26	25.51	21.30

Performance (%)	1D	1M	YTD
Price Perf	0.0	1.1	-6.6
Rel FTSE Italy	0.1	-1.6	-21.7



TP ICAP Midcap Estimates	09/22	09/23e	09/24e	09/25e	Valuation Ratio	09/23e	09/24e	09/25e
Sales (m €)	122.2	170.0	194.4	219.3	EV/Sales	na	0.4	0.0
Current Op Inc (m €)	14.4	43.0	49.8	59.6	EV/EBITDA	na	1.5	0.2
Current op. Margin (%)	11.8	25.3	25.6	27.2	EV/EBIT	na	1.5	0.2
EPS (€)	0.30	1.07	1.23	1.47	PE	5.0	4.4	3.7
DPS (€)	0.00	0.38	0.00	0.00				
Yield (%)	0.0	7.0	0.0	0.0				
FCF (m €)	-54.3	280.3	-91.0	67.4				

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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	170.0	194.4	219.3
Changes (%)	64.0	70.8	-2.1	39.1	14.4	12.8
Gross profit	52.3	72.8	105.3	130.0	144.4	179.3
% of Sales	71.6	58.3	86.1	76.5	74.3	81.8
EBITDA	8.8	17.8	15.5	44.2	51.0	60.9
% of Sales	12.0	14.3	12.7	26.0	26.2	27.8
Current operating profit	8.1	16.9	14.4	43.0	49.8	59.6
% of Sales	11.1	13.5	11.8	25.3	25.6	27.2
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	8.1	16.9	14.4	43.0	49.8	59.6
Net financial result	3.1	-0.2	-3.1	-2.7	-3.4	-4.3
Income Tax	-2.0	-4.5	-3.3	-11.9	-13.7	-16.3
Tax rate (%)	18.1	27.2	29.5	29.5	29.5	29.5
Net profit, group share	9.2	12.2	7.9	28.4	32.7	39.0
EPS	0.36	0.47	0.30	1.07	1.23	1.47
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	31.1	154.6	126.0
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	136.4	221.3	304.6	52.8	176.5	148.1
Shareholders equity group	58.3	72.8	96.0	114.4	147.1	186.1
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	-154.1	-63.1	-130.5
Other liabilities	5.9	7.3	11.0	11.0	11.0	11.0
Liabilities	136.4	221.3	304.6	52.8	176.5	148.1
Net debt excl. IFRS 16	26.1	75.1	116.2	-154.1	-63.1	-130.5
Gearing net	0.4	1.0	1.2	-1.3	-0.4	-0.7
Leverage	3.0	4.2	7.5	-3.5	-1.2	-2.1
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	29.6	34.0	40.3
Δ WCR	-5.0	-61.2	-64.3	252.2	-123.5	28.6
Operating cash flow	3.0	-45.5	-49.9	281.8	-89.5	68.9
Net capex	-1.1	-2.9	-4.4	-1.5	-1.5	-1.5
FCF	1.9	-48.4	-54.3	280.3	-91.0	67.4
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	-10.0	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	270.3	-91.0	67.4
ROA (%)	4.5%	4.7%	2.1%	7.2%	7.6%	7.5%
ROE (%)	15.7%	16.7%	8.2%	24.8%	22.2%	21.0%
ROCE (%)	12.4%	14.8%	8.8%	na	76.7%	138.7%

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Analyst certifications

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This Report may mention evaluation methods defined as follows:

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.

Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Abitare In

History of investment rating and target price – Abitare In



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	66%
Hold	17%	42%
Sell	3%	25%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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