

ABITARE IN

Sector: Consumers

OUTPERFORM

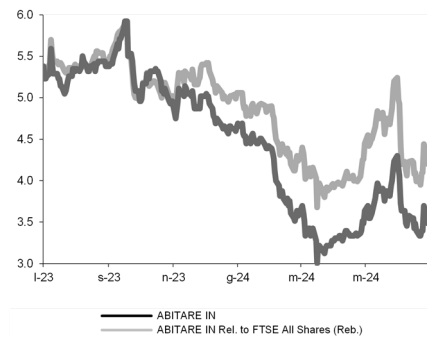
Price: Eu4.18 - Target: Eu7.10

Headwinds in 2Q as Delays Bite. ABT Eyes New Revenue Streams

Carlo Maritano +39-02-77115.358
 carlo.maritano@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 7.30 to 7.10		
	2024E	2025E	2026E
Chg in Adj EPS	-15.7%	-4.2%	-7.1%

ABITARE IN - 12M Performance



Stock Data			
Reuters code:	ABIT.MI		
Bloomberg code:	ABT IM		
Performance	1M	3M	12M
Absolute	-15.9%	6.6%	-22.3%
Relative	-17.3%	4.7%	-43.8%
12M (H/L)	5.92/3.68		
3M Average Volume (th):	51.06		

Shareholder Data	
No. of Ord shares (mn):	27
Total no. of shares (mn):	27
Mkt Cap Ord (Eu mn):	111
Total Mkt Cap (Eu mn):	111
Mkt Float - Ord (Eu mn):	47
Mkt Float (in %):	42.1%
Main Shareholder:	
Gozzini Luigi Francesco	22.6%

Balance Sheet Data	
Book Value (Eu mn):	106
BVPS (Eu):	4.16
P/BV:	1.0
Net Financial Position (Eu mn):	-78
Enterprise Value (Eu mn):	189

■ **2Q results set to show continuity with previous quarters:** following on from 1Q trends, 2Q ended with a contraction in results due to persistent delays in the authorisation phase of new projects in the municipality of Milan, a situation that is delaying the development of the company's important pipeline (2,450 apartments as of 1H24, of which 483 sold on a preliminary basis and 354 under construction). As a matter of fact, consolidated revenues amounted to Eu18.2mn in 2Q, down by 43.6% YoY as a result of: 1) Eu4.1mn in revenues from sales; 2) a Eu2.7mn change in inventory for the purchase of new real estate complexes located in the NoLo district in Milan; 3) Eu8.9mn of work in progress on projects being developed; 4) Eu2.5mn of other revenues. Down the line, profitability was also dented by the delays, with EBT coming to Eu0.3mn, much lower than the Eu21.0mn posted last year, a figure that we point out was inflated by the capital gain realised on the disposal of the Cadolini area. The EBT figure is also negatively affected by a Eu0.5mn write-down on the equity investment in Tecma Solutions. On a more positive note, cash absorption was rather limited in 2Q, with net debt reaching Eu55.4mn at the end of March, up slightly QoQ (Eu49.5mn as at the end of 1Q).

■ **Push on alternative revenue streams to overcome temporary impasse in Milan:** in the current situation, AbitareIn is not only keeping up with marketing and building existing projects, but also venturing into new territories. The company is now offering its development expertise to other real estate players currently working on projects in Milan and Rome. Speaking of Rome, AbitareIn sees promise there and might expand further, with its first project, Bombay Palace, already underway, and the scouting of new areas progressing. Lastly, they're looking towards sustainable development by exploring ways to renovate existing buildings, aiming for a faster construction and marketing phase, as well as a smaller environmental impact.

■ **Estimates.** Visibility on the unblocking of the authorisation situation in the Milan market remains rather limited at the moment, making it clear that 2024 will now represent nothing more than a year of transition for the company, awaiting a return to normality and a resumption of developing the pipeline, a situation that is currently on hold. In light of this, we are lowering our estimates for 2024 to reflect a further extension of development times, only partially reflected in expectations for the following years, when we continue to expect a recovery.

■ **OUTPERFORM; target Eu7.10.** Despite some uncertainty in the short term related to bureaucratic issues, with the timing of a solution still up in the air (the so-called "Salva Milano" decree under discussions by the Government may not solve all the current issues), we believe that in the longer term ABT has everything in place for significant growth thanks to a robust pipeline, new business segments (servicing, property development in the Rome market) and a core market (Milan) where a significant structural gap exists between the number of new houses being built and the level of demand. In addition, mortgages becoming cheaper for customers and a reduction in construction costs may represent a positive catalyst going forward. We are reducing our TP from Eu7.30 to Eu7.10 to reflect the new estimates.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	122	116	92	148	156
EBITDA Adj (Eu mn)	23	35	23	36	39
Net Profit Adj (Eu mn)	13	25	12	21	24
EPS New Adj (Eu)	0.494	0.953	0.456	0.781	0.897
EPS Old Adj (Eu)	0.494	0.953	0.541	0.815	0.965
DPS (Eu)	0.000	0.420	0.133	0.230	0.265
EV/EBITDA Adj	12.1	5.2	8.3	4.7	4.8
EV/EBIT Adj	13.0	5.6	9.0	5.0	5.2
P/E Adj	8.5	4.4	9.2	5.4	4.7
Div. Yield	0.0%	10.1%	3.2%	5.5%	6.3%
Net Debt/EBITDA Adj	5.0	1.1	3.4	1.6	2.0

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- 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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BUY: stock expected to outperform the market by over 25% over a 12 month period;

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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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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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