

Company Flash Note

Reason: Company results (post view)

28 February 2024

Buy

Recommendation unchanged

Share price: EUR 19.50

closing price as of 27/02/2024

Target price: EUR 21.50

Target Price unchanged

Upside/Downside Potential 10.3%

Reuters/Bloomberg

CMT.M.SCT/CMO SM

Market capitalisation (EURm) 1,289

Current N° of shares (m) 66

Free float 6%

Daily avg. no. trad. sh. 12 mth (k) 1

Daily avg. trad. vol. 12 mth (k) 0.00

Price high/low 12 months 19.90 / 16.10

Abs Perfs 1/3/12 mths (%) 0.00/7.14/9.55

Key financials (EUR)

	12/22	12/23e	12/24e
Sales (m)	1,268	1,400	1,408
EBITDA (m)	276	334	340
EBITDA margin	21.8%	23.9%	24.1%
EBIT (m)	202	257	261
EBIT margin	15.9%	18.3%	18.6%
Net Profit (adj.)(m)	110	141	144
ROCE	10.2%	12.3%	12.4%
Net debt/(cash) (m)	145	83	27
Net Debt Equity	0.1	0.1	0.0
Net Debt/EBITDA	0.5	0.2	0.1
Int. cover(EBITDA/Fin.int)	10.3	10.4	10.6
EV/Sales	1.0	1.0	0.9
EV/EBITDA	4.7	4.1	3.9
EV/EBITDA (adj.)	4.7	4.1	3.9
EV/EBIT	6.5	5.4	5.0
P/E (adj.)	10.5	9.2	8.9
P/BV	1.1	1.2	1.1
OpFCF yield	7.5%	10.2%	10.4%
Dividend yield	3.5%	4.3%	4.5%
EPS (adj.)	1.67	2.13	2.18
BVPS	15.47	16.83	18.19
DPS	0.68	0.84	0.87

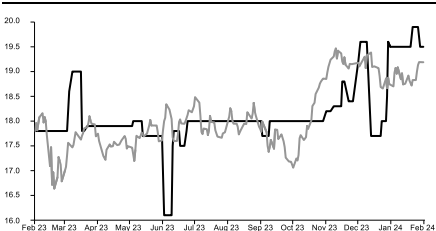
Strong EBITDA growth.

Better-than-expected results, highlighted by strong EBITDA growth (despite the slowdown seen since 2Q23) supported by higher prices, volumes and improvements from efficiency plans. By 2024 CMO expects EBITDA to be stable or with some growth and by 2026 an annual increase of 4%/5%. We maintain our positive view on the stock.

- ✓ **EBITDA** is in line with our estimates (EUR 337m), net profit is 9% higher and net cash of EUR 17m is achieved vs. our estimate of EUR 83m net debt.
- ✓ **Sales** (EUR 1,349m +6%, -13% 4Q23) rose across the board thanks to price and volume increases, although there was some slowdown since 2Q23. In I-f-I terms, the increase is 34% (+32% in 4Q23, 18% in 2022).
- ✓ **Cement sales** (volume) up 6% in 2023 (+3% in 4Q23). Growth in Mexico, Asia, North Africa and Spain. Slowdown in Q4.
- ✓ High volume growth in **concrete** (12% in 2023, 14% in 4Q23). Growth in all geographic areas.
- ✓ **EBITDA** up 22% (EUR 337m, -14% in 4Q23) supported by higher prices and volumes, the impact of efficiency plans and despite a worse exchange rate. EBITDA margin recovered to 25% from 21.8% in 2022.
- ✓ **On a like-for-like basis**, EBITDA (adjusted for FX, hyperinflation and like-for-like) grew 56% due to higher volumes (11%), higher selling prices and variable costs (58%) and higher fixed costs (-11%).
- ✓ **EBITDA I-f-I** (+56%) rose 43% in Europe, 39% in Mexico, 97% in South America and 31% in Asia and North Africa.
- ✓ **Cash conversion**. 64% (51% in 2022) conversion of EBITDA into cash flow (EUR 215m). Positive WC (EUR 33m) from efficiencies. Reduced financial costs, maintenance investments and minimal growth investments.
- ✓ **Free CF, Debt**. Positive free cash flow of EUR 161m, bringing debt from EUR 145m in December 2022 to a net cash of EUR 17m in 2023. 65% of debt is in EUR and 50% of cash in hard currencies. Financing lines of EUR 577m (48% drawn). Reduced maturities in the coming years.
- ✓ **Outlook 2024**. Sales stable or slightly declining. EBITDA stable or low single digit growth due to efficiency and sales prices. Strategic plan targets 23-26. Annual sales growth of 3%/4%, EBITDA growth of 4%/5% and a pay out range of 30%/40%.
- ✓ Significant progress in the main indicators of the "**2030 Sustainability roadmap**" with the objective of reducing emissions by 20% in 2030 and achieving C02 neutral concrete in 2050.
- ✓ **2023 dividend** (EUR 0.92/share, +35%).

Shareholders

Otinix 33%; Noumea 32%; Cartera de inversiones 24%;



Source: FactSet

CEMENTOS MOLINS

IGBM (Rebased)

Analyst(s)

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Cementos Molins: Summary tables

PROFIT & LOSS (EURm)	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Sales	968	1,268	1,400	1,408	1,406	1,429
Cost of Sales & Operating Costs	-726.1	-992.0	-1,065.6	-1,068.3	-1,088.9	-1,117.3
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	242	276	334	340	317	312
EBITDA (adj.)*	242	276	334	340	317	312
Depreciation	-63.9	-77.0	-77.4	-78.1	-79.8	-81.9
Depreciation of Right-of-Use	0	0	0	0	0	0
EBITA	178	199	257	261	237	230
EBITA (adj)*	178	199	257	261	237	230
EBIT	181	202	257	261	237	230
EBIT (adj.)*	181	202	257	261	237	230
Net Financial Interest	-30.2	-26.9	-32.0	-32.2	-23.3	-10.3
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	-2.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	151	175	223	229	214	220
Tax	-46.4	-62.8	-83.5	-84.8	-79.1	-81.2
<i>Tax rate</i>	<i>30.7%</i>	<i>35.9%</i>	<i>37.5%</i>	<i>37.0%</i>	<i>37.0%</i>	<i>37.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	105	112	139	144	135	138
Net Profit (adj.)	102	110	141	144	135	138
CASH FLOW (EURm)	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Cash Flow from Operations before change in NWC	184	191	238	242	233	239
Change in Net Working Capital	12.0	-11.0	-26.8	-8.5	-6.0	1.7
Cash Flow from Operations	196	180	212	234	227	241
Capex	-193.0	-94.0	-80.0	-100.0	-85.0	-85.0
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	2.6	86.4	132	134	142	156
Dividends	-27.0	-39.0	-48.8	-54.4	-53.5	-52.3
Other (incl. Capital Increase & share buy backs)	-78.7	-15.4	-21.0	-23.0	0.0	0.0
Change in Net Financial Debt	-103.1	32.0	61.8	56.2	88.2	103
NOPLAT	126	129	160	165	149	145
BALANCE SHEET & OTHER ITEMS (EURm)	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Net Tangible Assets	776	827	837	865	877	887
Net Intangible Assets (incl. Goodwill)	296	368	361	354	348	341
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	65.2	66.0	66.0	66.0	66.0	66.0
Total Fixed Assets	1,137	1,261	1,264	1,286	1,291	1,294
Inventories	155	195	204	206	205	209
Trade receivables	236	250	318	324	354	368
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash (-)	-206.6	-206.7	-206.7	-206.7	-206.7	-206.7
Total Current Assets	598	651	729	736	766	783
Total Assets	1,734.3	1,912.4	1,993.0	2,021.8	2,057.0	2,077.2
Shareholders Equity	919	1,023	1,113	1,203	1,284	1,370
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	919	1,023	1,113	1,203	1,284	1,370
Long term interest bearing debt	324	314	252	196	107	4.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	123	170	171	167	185	204
Total Long Term Liabilities	447	483	423	363	293	208
Short term interest bearing debt	59.6	37.8	37.8	37.8	37.8	37.8
Trade payables	309	369	420	418	442	461
Other current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	369	407	458	456	480	499
Total Liabilities and Shareholders' Equity	1,734.3	1,912.4	1,993.0	2,021.8	2,057.0	2,077.2
Net Capital Employed	1,218.5	1,336.9	1,366.4	1,396.8	1,407.9	1,409.3
Net Working Capital	81.7	75.9	102.7	111.2	117.2	115.5
GROWTH & MARGINS	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
<i>Sales growth</i>	<i>24.9%</i>	<i>31.1%</i>	<i>10.3%</i>	<i>0.6%</i>	<i>-0.1%</i>	<i>1.7%</i>
EBITDA (adj.)* growth	17.7%	14.4%	20.8%	1.7%	-6.7%	-1.6%
<i>EBITA (adj.)* growth</i>	<i>20.4%</i>	<i>12.2%</i>	<i>28.7%</i>	<i>1.9%</i>	<i>-9.3%</i>	<i>-3.1%</i>
<i>EBIT (adj)*growth</i>	<i>22.4%</i>	<i>11.3%</i>	<i>27.2%</i>	<i>1.9%</i>	<i>-9.3%</i>	<i>-3.1%</i>

Cementos Molins: Summary tables

GROWTH & MARGINS	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Net Profit growth	9.4%	8.1%	27.5%	2.7%	-6.7%	2.7%
EPS adj. growth	9.4%	8.1%	27.5%	2.7%	-6.7%	2.7%
DPS adj. growth	33.3%	21.4%	23.7%	3.9%	-6.7%	2.7%
EBITDA (adj)* margin	25.0%	21.8%	23.9%	24.1%	22.5%	21.8%
EBITA (adj)* margin	18.4%	15.7%	18.3%	18.6%	16.9%	16.1%
EBIT (adj)* margin	18.7%	15.9%	18.3%	18.6%	16.9%	16.1%
RATIOS	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Net Debt/Equity	0.2	0.1	0.1	0.0	0.0	-0.1
Net Debt/EBITDA	0.7	0.5	0.2	0.1	-0.2	-0.5
Interest cover (EBITDA/Fin.interest)	8.0	10.3	10.4	10.6	13.6	30.3
Capex/D&A	319.5%	125.8%	103.4%	128.0%	106.5%	103.7%
Capex/Sales	19.9%	7.4%	5.7%	7.1%	6.0%	5.9%
NWC/Sales	8.4%	6.0%	7.3%	7.9%	8.3%	8.1%
ROE (average)	11.9%	11.4%	13.2%	12.5%	10.8%	10.4%
ROCE (adj.)	10.9%	10.2%	12.3%	12.4%	11.1%	10.8%
WACC	8.3%	8.2%	9.0%	9.0%	9.0%	9.0%
ROCE (adj.)/WACC	1.3	1.2	1.4	1.4	1.2	1.2
PER SHARE DATA (EUR)***	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Average diluted number of shares	66.1	66.1	66.1	66.1	66.1	66.1
EPS (reported)	1.58	1.69	2.10	2.18	2.04	2.09
EPS (adj.)	1.54	1.67	2.13	2.18	2.04	2.09
BVPS	13.90	15.47	16.83	18.19	19.42	20.72
DPS	0.56	0.68	0.84	0.87	0.81	0.84
VALUATION	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
EV/Sales	1.4	1.0	1.0	0.9	0.9	0.8
EV/EBITDA	5.7	4.7	4.1	3.9	3.9	3.6
EV/EBITDA (adj.)*	5.7	4.7	4.1	3.9	3.9	3.6
EV/EBITA	7.8	6.5	5.4	5.0	5.2	4.9
EV/EBITA (adj.)*	7.8	6.5	5.4	5.0	5.2	4.9
EV/EBIT	7.7	6.5	5.4	5.0	5.2	4.9
EV/EBIT (adj.)*	7.7	6.5	5.4	5.0	5.2	4.9
P/E (adj.)	11.9	10.5	9.2	8.9	9.6	9.3
P/BV	1.3	1.1	1.2	1.1	1.0	0.9
Total Yield Ratio	3.2%	3.8%	4.2%	4.2%	4.1%	
EV/CE	1.2	1.0	1.1	1.0	0.9	0.8
OpFCF yield	0.2%	7.5%	10.2%	10.4%	11.0%	12.1%
OpFCF/EV	0.2%	6.6%	9.5%	10.1%	11.5%	13.8%
Payout ratio	35.4%	40.1%	40.0%	40.0%	40.0%	40.0%
Dividend yield (gross)	3.1%	3.5%	4.3%	4.5%	4.2%	4.3%
EV AND MKT CAP (EURm)	12/2021	12/2022	12/2023e	12/2024e	12/2025e	01/2026e
Price** (EUR)	18.30	17.50	19.60	19.50	19.50	19.50
Outstanding number of shares for main stock	66.1	66.1	66.1	66.1	66.1	66.1
Total Market Cap	1,209.9	1,157.0	1,295.9	1,289.3	1,289.3	1,289.3
Gross Financial Debt (+)	383.2	351.3	289.5	233.3	145.1	41.8
Cash & Marketable Securities (-)	-206.6	-206.7	-206.7	-206.7	-206.7	-206.7
Net Financial Debt	176.6	144.6	82.8	26.6	-61.6	-164.9
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	176.6	144.6	82.8	26.6	-61.6	-164.9
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)	1,386.5	1,301.6	1,378.7	1,315.9	1,227.7	1,124.3

Source: Company, GVC Gaesco Valores estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT -/+ Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Materials, Construction & Infrastructure/Cement

Company Description: Cementos Molins is a building materials producer (family owned) present mostly in Spain, Mexico and Argentina.

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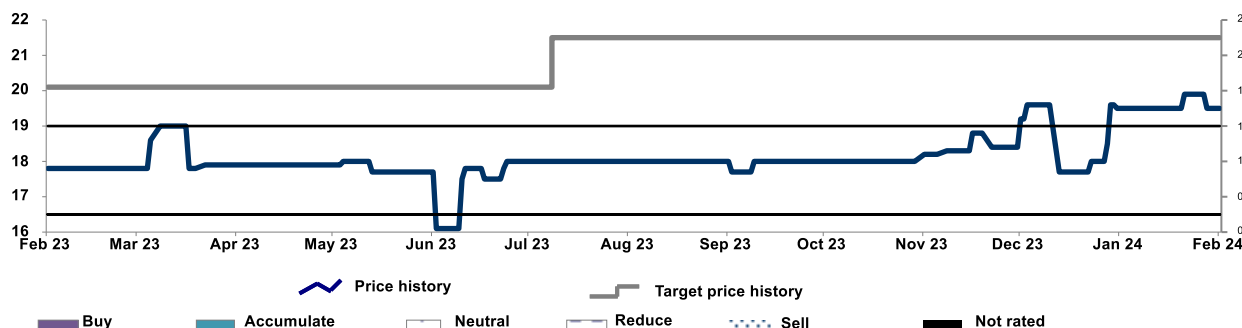
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- has a liquidity contract as outlined by the CNMV's Circular 1/2017 with: Melia Hotels International; Española de Viviendas en Alquiler S.A. (CEVASA); ENCE Energia y Celulosa; Cementos Molins; Desarrollo Especiales de Sistemas de Anclaje, S.A. (DESA).
- has signed a Corporate Brokerage agreement that includes a contractually agreed provision of research services that in return, GVC Gaesco Valores receives a compensation. These reports (sponsored) may/could have been previously shown to the companies: Atrys Health; Audax Renovables; Gigas Hosting; Vytrus Biotech; Nicolás Correa; Prim; Ktesios, Cementos Molins.

Recommendation history for CEMENTOS MOLINS

Date	Recommendation	Target price	Price at change date
03-Aug-23	Buy	21.50	18.00
10-Jan-23	Buy	20.10	17.50
23-Nov-21	Neutral	20.90	18.70
09-Apr-21	Buy	18.10	15.30

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Rafael Fernández de Heredia (since 08/04/2021)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months
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Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

GVC Gaesco Valores, S.V., S.A. Ratings Breakdown

Recommendation	Number of stocks covered	%
Buy	62	77%
Accumulate	8	10%
Neutral	9	11%
Reduce	2	2%
Sell	0	0%

For full ESN Recommendation and Target price history (in the last 12 months), please see ESN Website [Link](#)

Date and time of production: **CET**

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