

## AbitareIn

Rating  
**BUY**

Closing out FY2020 with rising STAR status intact

Target price  
**EUR61.6**

**Catalyst:** Despite taking a hit in H1 from COVID-19 related yard delays and lockdowns, AbitareIn's just-released FY2020 results indicate that the group has successfully closed out the year on an impressive footing. **Highlights:**

- **Booking, a key metric**, is now at EUR225.8m, versus an estimated EUR200m, driven by 586 units ordered (vs. 550 est.). EBT came out at EUR12.4m, beating our EUR11.1m estimate.
- We believe that AbitareIn will continue to make opportunistic purchases in areas subject to renovation. The company's management has already demonstrated its ability to achieve an average cost of the current pipeline of EUR625 sq/m.
- **Conclusions:** we keep our BUY rating, reiterating a EUR61.6 target price.
- **Next triggers:** 22/23 December Shareholders' meeting. Revision of FY21 expected results. Announcement of further areas purchases. Beginning of trading on the STAR segment.

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Closing price  
**EUR47.70**

Market cap  
**EUR123.7m**

Bloomberg  
**ABT:IM**

| Key Financial and ratios | 16/17A | 17/18A | 18/19A | 19/20E | 20/21E | 21/22E |
|--------------------------|--------|--------|--------|--------|--------|--------|
| Booking                  | 54,0   | 146,0  | 190,0  | 225,8  | 310,0  | 44,3   |
| Revenues                 | 9,3    | 49,0   | 44,6   | 41,4   | 141,0  | 182,8  |
| EBT                      | 2,2    | 3,7    | 9,5    | 12,4   | 36,9   | 45,5   |
| Net income               | 1,1    | 2,6    | 6,4    | 9,2    | 25,9   | 32,5   |
| Net margin               | 11,9%  | 5,3%   | 14,3%  | 22,2%  | 18,4%  | 25,8%  |
| EPS                      | 0,43   | 1,01   | 2,51   | 3,55   | 9,99   | 12,53  |
| P/E                      | 75,5   | 31,0   | 12,0   | 13,4   | 4,8    | 3,8    |
| EV/Sales                 | 5,6    | 1,4    | 2,3    | 4,1    | 0,9    | 0,7    |
| EV/EBT                   | 24,2   | 14,1   | 5,5    | 4,2    | 1,4    | 1,1    |

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## AbitareIn: Excellent FY2020 results

### What was reported?

On 24 November AbitareIn released its preliminary FY20 results. Despite the obvious from the H1 lockdown, results were nevertheless impressive and in line with our expectations. AGM will convene on 22 or 23 December to approve the accounts.

In a nutshell:

- **Revenues were EUR73.1m** influenced by the delay of the purchase of two real estate assets for EUR25m and by the general delays due to C-19 emergency.
- **The trends in backlog orders and down payments point to a healthy future.** During the period backlog of units to be delivered soared to 586 vs. 550 expected for a total value of EUR225.8m (vs. EUR200m est.). Down payments were EUR69m (vs EUR57m est.).
- **EBT reached EUR12.4m, vs. our EUR11.1m estimate.** This item was also influenced by: 1) a EUR2.5m hit due to higher C-19 related costs (+0.5m more than AbitareIn had already communicated); 2) extraordinary items for a total positive EUR0.7m which includes a negative EUR4.5m for the accounting treatment of Olimpia Garden, where IFR-15 were not applied, a capital gain for a total EUR3.9m on Homizy fundraising and a mark-to-market on the stake held in Tecma for a further positive EUR1.3m.
- **Net Financial position reached EUR26.1m.** This compares to last year EUR32m, boosted by: 1) EUR20.7m cash-in for the sale of apartment at Maggiolina project; 2) EUR10.2m consequential reduction in mortgages assumed by purchasers; 3) EUR20.2m due to client down payments; 4) EUR4.5m from the Homizy capital increase.

### Milan current market overview

Since our update at the end of September, real estate price increases have stalled somewhat, albeit losing just 0.7% from the relative top reached in July. We'll continue to monitor the market's performance in light of the negative impact of lower rents and their affect on the yield of real estate investments. Should the current low interest rate conditions continue, we expect no major adverse market reaction for AbitareIn.

## Revision of FY21 results and short-term catalysts

**AbitareIn announced that, due to the ongoing impact of C-19, the group will communicate a revision of its FY2021 results outlook in the coming weeks.**

On 26 November AbitareIn communicated that it had closed the purchase of an area in Milan's upmarket Naviglio Grande. The deal was first announced in July 2019. We believe that AbitareIn will continue to make opportunistic purchases in areas suited to its particular brand of renovation efforts.

At its 30 November Shareholder meeting, AbitareIn approved the request to be admitted to the STAR segment of the Italian Stock Exchange. The companies admitted to this segment comply with rule stricter than AIM, among them:

- Greater transparency and higher disclosure requirements.
- Higher trading liquidity (min. 35% free float);
- Corporate Governance in line with international standards.

Although the beginning of trading on the STAR is still to be set, we believe this is a positive move for AbitareIn as it will allow the group to gain more analyst coverage and reach a wider investor audience.

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