

Company Note

Abitare In

3Q/9M21 Results

9M21 results again showed a double-digit increase in revenues and profitability yoy despite the progress of works and margins being impacted by bureaucratic delays, particularly in 1H. In our model, we introduce two newly marketed projects, with an overall positive impact on our valuation, although offset by some production postponements.

Increasing results despite the delaying authorisation process

9M21A results again showed a double-digit increase in revenues and profitability vs. the previous year. However, the postponement of the marketing of some initiatives resulted in lower production than the company targets at approximately EUR 8M (already disclosed at the release of 1H21 results). Management updated its guidance for FY21, confirming its EUR 126M revenues target, but cutting by 20% EBT (now seen at EUR 20M).

FY21 revised downwards; pipeline is increasing, with possible rising sales prices

We update our estimates, which are now broadly aligned with the company's guidance with reference to FY21, and we incorporate a further delay in progress of works in some projects. However, we appreciate that the pipeline has increased by 6% vs. June in terms of sqm, and there could be a possible increase in sales prices. Moreover, we now include The Units and Lambrate Twin Palace in our model.

Valuation

We update our DCF model, considering the flows (net of taxes) coming from the projects currently underway and the two projects in the marketing phase (The Units and Lambrate Twin Towers). **We derive a target price of EUR 7.0/share** (from EUR 6.7/share), at a premium of over 10% on current prices, thus we confirm our **ADD rating**.

11 August 2021: 12:11 CET  
Date and time of production

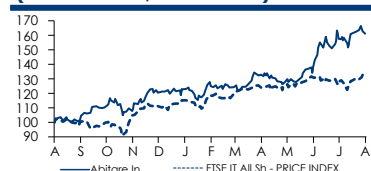
**ADD**

**Target Price: EUR 7.0**  
(from EUR 6.7)

Italy/Real Estate  
Update

MTA-STAR

Price Performance  
(RIC: ABIT.MI, BB: ABT IM)



Abitare In - Key Data

Price date (market close)	10/08/2021
Target price (EUR)	7.0
Target upside (%)	10.24
Market price (EUR)	6.35
Market cap (EUR M)	164.69
52Wk range (EUR)	6.59/3.96

Price performance %	1M	3M	12M
Absolute	1.8	23.5	60.4
Rel. to FTSE IT All Sh	-2.6	16.7	20.0

Y/E Sep (EUR M)	19/20A	20/21E	21/22E
Revenues	73.08	124.2	172.4
EBITDA	8.85	21.58	57.68
EBIT	8.09	20.98	57.11
Net income	9.18	13.82	38.23
EPS (EUR)	0.35	0.53	1.47
Net debt/-cash	26.15	54.20	36.37
Adj P/E (x)	11.9	11.9	4.3
EV/EBITDA (x)	15.3	10.1	3.5
EV/EBIT (x)	16.7	10.4	3.5
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## 3Q/9M21 Results

9M21A results again showed a double-digit increase in revenues and profitability vs. the previous year despite the progress of works and margins being impacted by some delays. Indeed, the prolonging of some permission-granting processes resulted in a postponement of the marketing of some projects and in a lower production than the company targets at approximately EUR 8M (already disclosed at the release of 1H21A results and not regained in 3Q21). The key points of 9M21A results were:

- **Revenues of EUR 90.8M vs. EUR 55.8M in 9M20A**, of which: 1) EUR 40.8M revenues from sales; 2) EUR 39.2M new sites purchased, which offset the lower progress in production at top line; and 3) EUR 10M progress of works. In particular, in 3Q21, the company delivered 90 apartments of Olimpia Garden for EUR 15.8M, purchased EUR 5.3M new sites (EUR 39.2M in the whole 9M21, +90.4% yoy), and recorded a EUR 6.6M increase in inventories for work in progress;
- **Adj. EBT** (if excluding EUR 0.5M costs related to the transiting to STAR, EUR 1M costs for stock grant **was EUR 12.6M (a 13.9% margin)** vs. EUR 8.6M in 9M20A (a 15.3% margin); if applying IFRS15 also on the Olimpia Garden project, adj. EBT was EUR 15.1M;
- **Net income increased by 37.2% yoy to EUR 8M;**
- **Net financial position was EUR 63M vs. EUR 26.1M at YE20**, due to total investments for EUR 73.7M, including EUR 41.6M for the purchase of new sites and EUR 32M for progress of construction sites.

### Abitare In – 3Q/9M21 results

EUR M	3Q20A	3Q21A	yoy %	9M20A	9M21A	yoy %
Revenues from sales	0.0	15.8	NM	0.5	40.8	NM
New sites purchased	15.6	5.3	-65.9	20.6	39.2	90.4
Progress of works	5.9	6.6	12.9	33.9	10.0	-70.4
Other revenues	0.7	0.3	-49.9	0.8	0.7	-3.7
<b>Revenues</b>	<b>22.2</b>	<b>28.0</b>	<b>26.4</b>	<b>55.8</b>	<b>90.8</b>	<b>62.9</b>
<b>EBITDA adj.</b>	<b>1.7</b>	<b>9.6</b>	<b>NM</b>	<b>7.4</b>	<b>13.2</b>	<b>77.3</b>
<b>EBIT adj.</b>	<b>1.0</b>	<b>7.8</b>	<b>NM</b>	<b>5.2</b>	<b>11.0</b>	<b>93.8</b>
<b>EBT Adj. *</b>	<b>3.3</b>	<b>2.9</b>	<b>43.8</b>	<b>8.6</b>	<b>12.6</b>	<b>47.2</b>
<b>Net Income</b>	<b>2.7</b>	<b>4.3</b>	<b>57.7</b>	<b>5.8</b>	<b>8.0</b>	<b>37.2</b>
EBITDA adj. margin %	7.9	34.2		13.3	14.5	
EBIT adj. margin %	4.7	33.2		11.6	13.7	
EBT adj. margin %	14.7	10.5		15.3	13.9	
Net Income margin %	12.2	15.3		10.4	8.8	
<b>Net debt</b>	<b>NM</b>	<b>63</b>		<b>NM</b>	<b>63</b>	

\* Adjusted for EUR 1M costs related to Stock Grant and listing costs for the transition to the MTA Market (EUR 0.5M); NA: not available; NM: not meaningful; A: actual; Source: Company data

## Earnings Outlook

We update our estimates to include a further delay in the progress of works in some projects. The company revised its guidance with reference to FY21:

- **Revenues confirmed at EUR 126M** (broadly in line vs. our previous estimates), thanks to the acceleration in the purchase of new areas, for which the company has already obtained EUR 115M of financing;
- **Adj. EBT of EUR 20M** (vs. EUR 25M announced by the company on 10 December 2020; -19% vs. our previous estimate), due to the general slowdown in obtaining permissions and approvals, which during the current financial year have delayed the launch of marketing and part of the building works.

### Abitare In – Estimates revision FY21E-22E

EUR M	FY21E Old	FY21E New	yoy %	FY22E Old	FY22E New	yoy %
Revenues	124.2	124.2	0.0	183.1	172.4	-5.9
EBITDA	28.0	21.6	-22.9	59.8	57.7	-3.6
Adj. EBITDA*	28.0	23.0	-17.8	59.8	57.7	-3.6
Adj. EBITDA margin (%)	22.6	18.5		32.6	33.5	
EBT	24.7	18.3	-25.9	56.7	54.6	-3.7
Adj. EBT*	24.7	19.7	-20.1	56.7	54.6	-3.7
Adj. EBT margin (%)	19.9	15.9		31.0	31.7	
Net income	17.3	13.8	-20.1	39.7	38.2	-3.7
Net financial debt	50.7	54.2	6.9	37.7	36.4	-3.5

\* Adj. data do not include approx. EUR 1M costs related to Stock Grant and EUR 0.5M listing costs for the transition to the MTA Market; Source: Intesa Sanpaolo Research estimates

For now, the company has not experienced a significant increase in raw material costs that is not factored into our estimates.

Moreover, we believe that any potential rise in costs could be compensated for example by a likely increase in sales prices of projects that are going to be commercialised. In fact, the potential reduction of new residential buildings, coupled with the steady increase in demand not only from households but also, particularly in recent months, from investors, should impact positively on sales prices as already witnessed in the past quarters. According to ISTAT preliminary data, the prices of newly-built homes were up by 3.9% qoq (+1.8% qoq in 4Q20) in Italy.

In terms of the outlook, in 4Q21, the company will continue its activities: 1) marketing the last projects launched (The Units, Lambrate Twin Palace and the second lot of Savona 105), as well as its activities for the development of the new Homizy project in the PRS (Private Rented Sector) in the co-living mode; 2) construction on the projects already started; 3) activities for obtaining the building permits and authorisations for the other projects; and 4) analysis of new areas.

We point out that Abitare In increased its pipeline, which currently comprises 266,000 sqm purchased at an average price of EUR 565/sqm (251,000 at an average price of EUR 530/sqm as of June) and corresponding to over 2,900 std apartments. The order book now includes 602 apartments (629 as of June) net of the 90 apartments of Olimpia Garden project, which were delivered.

### The launch of two new commercial campaigns: The Units and Lambrate Twin Palace

Abitare In is launching the marketing of new projects (we estimate three new projects within 2H21-1H22): Lambrate Twin Palace, in addition to The Units, a small project whose commercialisation began on 18 June. In this regard, we point out that the sale of The Units represents Abitare In's first commercial campaign carried out completely online, without the presence of sales managers. We see this initiative as a test for a further

**Company's guidance updated**

**Increase in production material costs not experienced for now...**

**...and likely to be compensated by an increase in sales prices**

**In 4Q21, marketing, development and construction activities are proceeding**

**The company can leverage on a still increasing pipeline**

improvement in the company's business model, with the potential to improve the effectiveness of commercial campaigns and to reduce costs.

#### Abitare In - The Units key assumptions

<b>Price/sqm (k)</b>	<b>5.7</b>
average sqm	92
Housing units	12
Revenues	6.4
Total costs/sqm (k)	3.5
Gross margin (EUR M)	1.6
EBT (EUR M)	1.5
<b>Net income (EUR M)</b>	<b>1.1</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In - Lambrate Twin Palace key assumptions

<b>Price/sqm (k)</b>	<b>5.0</b>
average sqm	92
Housing units	101
Revenues	46.5
Total costs/sqm (k)	3.5
Gross margin (EUR M)	12.1
EBT (EUR M)	11.5
<b>Net income (EUR M)</b>	<b>8.0</b>

Source: Intesa Sanpaolo Research elaboration

We recall that our price/sqm estimates on the projects already included in our model are based on our elaboration of the residential prices (source: immobiliare.it) at the moment of the commercialisation of each project, in the areas where it is being developed.

#### Abitare In – Somalia key assumptions

Price/sqm (k)	4.1
average sqm	92
Housing units	130
Garage	130
Garage price (k)	26.5
<b>Revenues</b>	<b>52.7</b>
Total costs/sqm (k)	2.8
<b>Gross margin (EUR M)</b>	<b>18.8</b>
<b>EBT (EUR M)</b>	<b>18.2</b>
<b>Net income (EUR M)</b>	<b>12.8</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In – Cadolini key assumptions

Price/sqm (k)	3.7
average sqm	92
Housing units	447
Garage	447
Garage price (k)	26.5
<b>Revenues</b>	<b>176.8</b>
Total costs/sqm (k)	2.7
<b>Gross margin (EUR M)</b>	<b>64.3</b>
<b>EBT (EUR M)</b>	<b>62.2</b>
<b>Net income (EUR M)</b>	<b>43.6</b>

\* including EUR 13M for the disposal of 17% of area to Korian; Source: Intesa Sanpaolo Research elaboration

#### Abitare In – Pogliaghi key assumptions

Price/sqm (k)	4.4
average sqm	92
Housing units	75
<b>Revenues</b>	<b>30</b>
Total costs/sqm (k)	3.2
<b>Gross margin (EUR M)</b>	<b>10.5</b>
<b>EBT (EUR M)</b>	<b>10.2</b>
<b>Net income (EUR M)</b>	<b>7.1</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In - Pecori key assumptions

Price/sqm (k)	3.0
average sqm	92
Housing units	141
<b>Revenues</b>	<b>39</b>
Total costs/sqm (k)	2.0
<b>Gross margin (EUR M)</b>	<b>11.8</b>
<b>EBT (EUR M)</b>	<b>11.3</b>
<b>Net income (EUR M)</b>	<b>7.9</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In - Savona key assumptions

Price/sqm (k)	4.7
average sqm	92
Housing units	220
<b>Revenues</b>	<b>92</b>
Total costs/sqm (k)	4.1
<b>Gross margin (EUR M)</b>	<b>20.9</b>
<b>EBT (EUR M)</b>	<b>19.5</b>
<b>Net income (EUR M)</b>	<b>13.7</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In - Tacito key assumptions

Price/sqm (k)	3.8
average sqm	92
Housing units	212
Garage	212
Garage price (k)	26.5
<b>Revenues</b>	<b>79.7</b>
Total costs/sqm (k)	3.1
<b>Gross margin (EUR M)</b>	<b>19.6</b>
<b>EBT (EUR M)</b>	<b>18.5</b>
<b>Net income (EUR M)</b>	<b>12.9</b>

Source: Intesa Sanpaolo Research elaboration

#### Abitare In – P.ta Naviglio Grande assumptions

<b>Price/sqm (k)</b>	<b>4.6</b>
average sqm	92
Housing units	78
Revenues	32.8
Total costs/sqm (k)	3.5
Gross margin (EUR M)	8.4
EBT (EUR M)	7.9
<b>Net income (EUR M)</b>	<b>5.5</b>

Source: Intesa Sanpaolo Research estimates

## Valuation

We update our DCF model, considering the flows (net of taxes) coming from the projects currently underway and the two projects in the marketing phase (The Units and Lambrate Twin Towers). We incorporate our periodical equity risk premium rate and risk free-rate revision, with a WACC of 7.2%.

### Abitare In - WACC calculation (%)

Gross debt rate	3.0
Tax rate	24.0
Net debt rate	2.3
Beta levered (x)	1.0
Gearing	30.9
Beta re-levered (x)	1.0
Risk-free rate	1.0
Equity risk premium	6.5
Cost of equity	7.8
<b>WACC</b>	<b>7.2</b>

Source: Intesa Sanpaolo Research estimates

We assume a LT flow from new projects at EUR 9.7M, which we consider as a standard project, hypothetically equal to a project of approx. 13,000 sqm built area with 140 std. apartments (sold at EUR 3,800/sqm. We estimate an average flow of around EUR 29.4M in FY21-24E.

### Abitare In – DCF model

EUR M	2021E	2022E	2023E	2024E	LT
Maggiolina	5.1	0.0	0.0	0.0	0.0
Tacito	0.0	0.0	12.9	0.0	0.0
Somalia	0.0	0	12.8	0.0	0.0
Cadolini	0.0	0.0	34.9	8.7	0.0
Pogliaghi	0.0	4.3	2.8	0.0	0.0
Pecori	5.8	2.1	0.0	0.0	0.0
Savona	0.0	1.4	12.3	0.0	0.0
Porta Naviglio Grande	0.0	0.0	0.0	5.5	0.0
The Units	0.0	0.0	1.1	0.0	0.0
Lambrate	0.0	0.0	0.0	8.0	0.0
FCF	10.9	7.8	76.8	22.3	9.7
<b>Discounted FCF</b>	<b>10.9</b>	<b>7.2</b>	<b>66.9</b>	<b>18.1</b>	<b>7.4</b>
WACC (%)	7.2				
TV growth (%)	0.0				
Sum	103				
TV	103				
EV	206				
Net debt	26.1				
Equity	180				
Shares (M)	25.9				
<b>Target price (EUR/share)</b>	<b>7.0</b>				

Source: Intesa Sanpaolo Research estimates

We derive a target price of EUR 7.0/share (from EUR 6.7/sh), at a premium of over 10% on the current prices, thus confirm our **ADD rating**. Two newly marketed projects more than offsets the production postponements which we now introduce into our model. We ran a sensitivity analysis to consider possible scenarios in terms of flows contraction and projects deferral.

### Abitare In – Sensitivity to flows contraction and projects deferral

EUR/share		Flows variation (%)						
		0	-2.5	-5.0	-7.5	-10.0	-12.5	-15.0
Projects deferral (years)	0	7.0	6.8	6.6	6.4	6.2	6.0	5.8
	1	6.7	6.5	6.3	6.1	5.9	5.7	5.5
	2	6.4	6.3	6.1	5.9	5.7	5.5	5.3

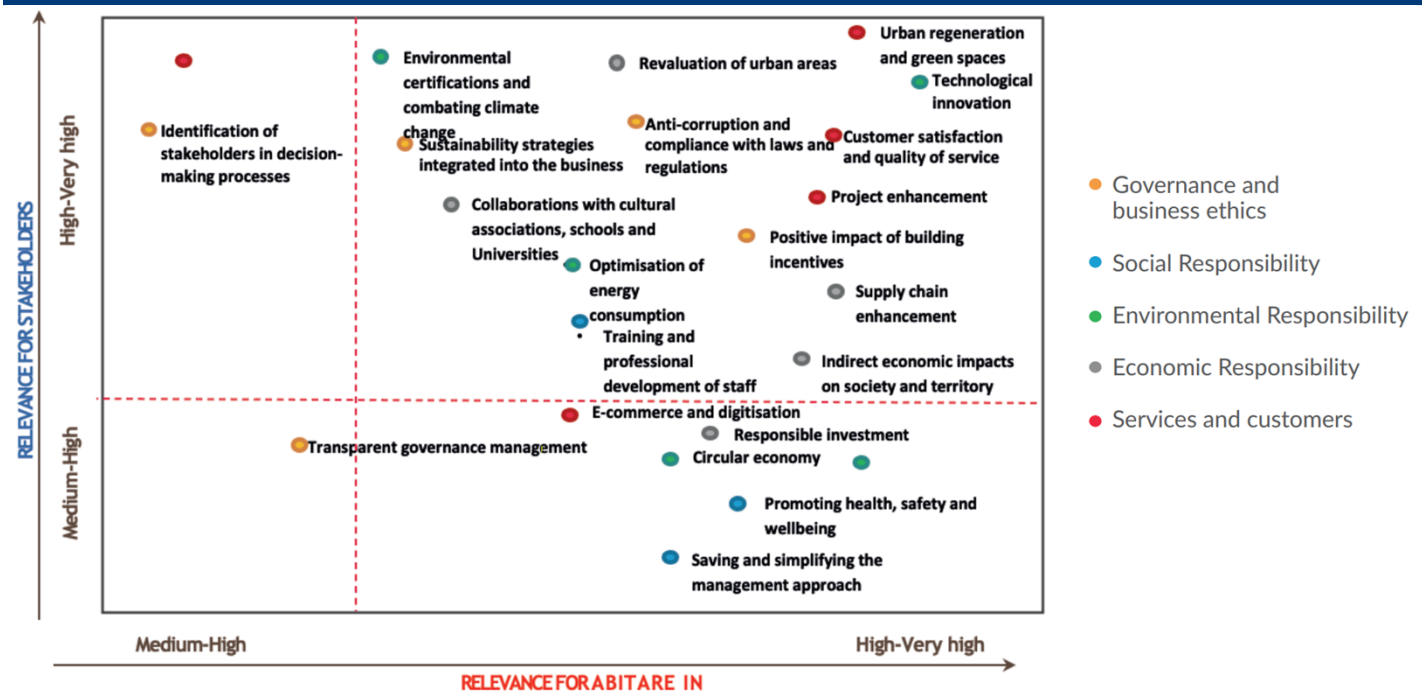
Source: Intesa Sanpaolo Research estimates

In case of a 5% contraction in flows from projects (due to an increase in building costs, reduction of selling prices, increase in financing costs, or a combination of these three items), it would imply a EUR 0.4/share erosion of our EUR 7.0/share target price (a 5.7% contraction). In case of a one-year delay in finalising the existing projects, we estimate a EUR 0.3/share erosion of our EUR 7.0/share TP (a 4.3% contraction).

## ESG Corner

Abitare In published its first Sustainability Report with reference to 2020, in which its main objectives in terms of ESG responsibility are summarised in the materiality matrix below.

### Abitare In – Materiality Matrix



Source: Company data

Abitare In is working to respond concretely to the global challenges defined by the UN 17 Sustainable Development Goals, implementing projects with these goals in mind in the coming years.

### UN Sustainable Development Goals selected by Abitare In

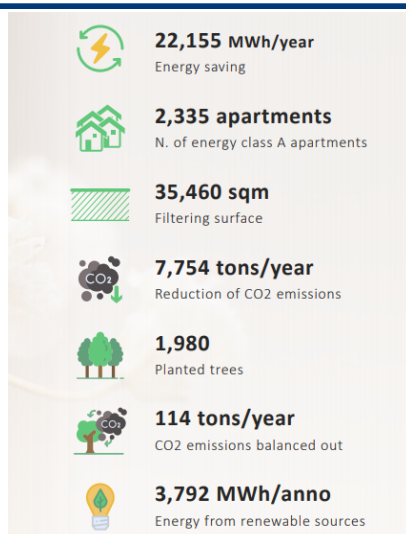


Source: Company data

### Environment

Abitare In carries out sustainable projects that involve the demolition of existing buildings, the conversion of the area and the rebuilding of real estate complexes, with high social consensus and low environmental impact (e.g. high energy standards and green spaces), as outlined in the chart below.

### Abitare In – Environmental bonus of the company's projects\*



\* based on current pipeline; Source: Company data

Digitisation has also always been a central element in AbitareIn's model. The company invests significantly in research and development activities every year (as at 30/09/2020, 4.64% of the VoP), which include the implementation of IT systems dedicated to customer management and to ensure an increasingly involved and dynamic purchasing experience. In this regard, the last project introduced was the first e-commerce platform for online sales of Abitare In's projects, with a 360-degree integration with business processes.

### Social

As at 30 September 2020, Abitare In had 35 employees, o/w 54.3% were women.

#### Abitare In's staff

Employees by job category and gender	As at 30/09/20			As at 30/09/19		
	Women	Men	Total	Women	Men	Total
Executives	0	2	2	0	2	2
Middle Management	1	3	4	1	3	4
Office workers	18	11	28	13	6	19
<b>Total</b>	<b>19</b>	<b>16</b>	<b>35</b>	<b>14</b>	<b>11</b>	<b>25</b>

As at 30/09/2020	Turnover								
	Women				Men				Total
	< 30 years old	30-50 years old	>50 years old	Total women	< 30 years old	30-50 years old	>50 years old	Total men	
Number of employees	3	14	2	19	2	12	2	16	35
Number of new hires	0	4	1	5	1	3	0	4	9
Number resigned	0	2	0	2	0	1	0	1	3

Source: Company data



### Abitare In - Hours of training provided in FY19-20

Hours of training	As at 30/09/20 (h)	As at 30/09/19 (h)
Executives	18	1.3
Middle Management	18	27.3
Office workers	60	45
<b>Total hours of training provided</b>	<b>96</b>	<b>73.6</b>
Hours of training	As at 30/09/20 (h)	As at 30/09/19 (h)
Women	51	60
Men	51	48
<b>Total hours of training provided</b>	<b>102</b>	<b>108</b>

Source: Company data

## Governance

The Board of Directors is made up of six members. The Chairman and CEO is Luigi Francesco Gozzini, and the CEO is Marco Claudio Grillo. There are two female directors and three independent directors.

Abitare In adopted an organisational, management and control model pursuant to Legislative Decree no. 231/2001 (Model 231) and a Code of Ethics.

On 31 May, the shareholders' meeting had approved the 2021-2023 Stock Grant Plan. The shares will be granted in three annual tranches based on three components. In particular, under the terms of Component A (20% of the overall rights for assignment), the entitlement to stock grants is conditioned to: 1) the implementation and approval of ESG reporting for the 2021 financial year, and 2) improvements in the ESG performance in 2022 and 2023, with parameters to be chosen by the BoD following the preparation of the first Sustainability Report.

### Model 231 and Code of Ethics

### 2021-2023 Stock Grant Plan

## Abitare In – Key Data

Rating ADD	Target price (EUR/sh) Ord 7.0	Mkt price (EUR/sh) Ord 6.35	Sector Real Estate	
<b>Values per share (EUR)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
No. ordinary shares (M)	2.57	25.94	25.94	25.94
Total no. of shares (M)	2.57	25.94	25.94	25.94
Market cap (EUR M)	9.71	109.38	164.69	164.69
Adj. EPS	0.25	0.35	0.53	1.47
CFPS	2.7	0.38	0.55	1.5
BVPS	18.5	2.2	2.8	4.3
Dividend ord	0	0	0	0
<b>Income statement (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Revenues	44.57	73.08	124.2	172.4
EBITDA	11.38	8.85	21.58	57.68
EBIT	10.81	8.09	20.98	57.11
Pre-tax income	9.45	11.21	18.31	54.62
Net income	6.37	9.18	13.82	38.23
Adj. net income	6.37	9.18	13.82	38.23
<b>Cash flow (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Net income before minorities	6.4	9.2	13.8	38.2
Depreciation and provisions	0.6	0.8	0.6	0.6
Others/Uses of funds	0	0	0	0
Change in working capital	-28.4	-3.7	-42.0	-20.5
Operating cash flow	-21.5	6.2	-27.6	18.3
Capital expenditure	-1.0	-1.1	-0.5	-0.5
Financial investments	0	0	0	0
Acquisitions and disposals	0	0	0	0
Free cash flow	-22.5	5.2	-28.1	17.8
Dividends	0	0	0	0
Equity changes & Other non-operating items	-0.8	0.7	0	0
Net cash flow	-23.3	5.9	-28.1	17.8
<b>Balance sheet (EUR M)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Net capital employed	79.4	84.5	126.4	146.8
of which associates	0	0	0	0
Net debt/-cash	32.0	26.1	54.2	36.4
Minorities	0	0	0	0
Net equity	47.5	58.3	72.2	110.4
Minorities value	0	0	0	0
Enterprise value	41.7	135.5	218.9	201.1
<b>Stock market ratios (x)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Adj. P/E	15.4	11.9	11.9	4.3
P/CFPS	1.4	11.1	11.4	4.2
P/BVPS	0.20	1.9	2.3	1.5
Payout (%)	0	0	0	0
Dividend yield (% ord)	0	0	0	0
FCF yield (%)	-231.2	4.8	-17.1	10.8
EV/sales	0.94	1.9	1.8	1.2
EV/EBITDA	3.7	15.3	10.1	3.5
EV/EBIT	3.9	16.7	10.4	3.5
EV/CE	0.52	1.6	1.7	1.4
D/EBITDA	2.8	3.0	2.5	0.63
D/EBIT	3.0	3.2	2.6	0.64
<b>Profitability &amp; financial ratios (%)</b>	<b>2018/19A</b>	<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
EBITDA margin	25.5	12.1	17.4	33.5
EBIT margin	24.2	11.1	16.9	33.1
Tax rate	32.6	18.1	32.4	30.0
Net income margin	14.3	12.6	11.1	22.2
ROCE	13.6	9.6	16.6	38.9
ROE	14.4	17.4	21.2	41.9
Interest cover	-590.4	-1.6	29.8	116.9
Debt/equity ratio	67.4	44.8	75.1	32.9
<b>Growth (%)</b>		<b>2019/20A</b>	<b>2020/21E</b>	<b>2021/22E</b>
Sales		64.0	69.9	38.8
EBITDA		-22.2	NM	NM
EBIT		-25.1	NM	NM
Pre-tax income		18.6	63.3	NM
Net income		44.0	50.5	NM
Adj. net income		44.0	50.5	NM

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

Abitare In S.p.A is an Italian real estate player which develops urban building projects in Milan reviving abandoned factories or industrial complexes. The company operates through SPV's, all of which are 100% owned by the holding Abitare In S.p.A. These vehicles are created with the precise objective of following a project from the planning stages to completion. Once the works are finished, the vehicles are closed and the dividends are distributed to the holding company.

### Key data

Mkt price (EUR)	6.35	Free float (%)	42.6
No. of shares	25.94	Major shr	GOZZINI L.
52Wk range (EUR)	6.59/3.96	(%)	23.4
Reuters	ABIT.MI	Bloomberg	ABT IM
<b>Performance (%)</b>	<b>Absolute</b>	<b>Rel. FTSE IT All Sh</b>	
-1M	1.8	-1M	-2.6
-3M	23.5	-3M	16.7
-12M	60.4	-12M	20.0

### Key Risks

#### Company specific risks:

- Uncertainty of project success
- Medium-long term duration of the projects
- Setbacks during the construction phase
- Increase in production costs (e.g. raw materials)

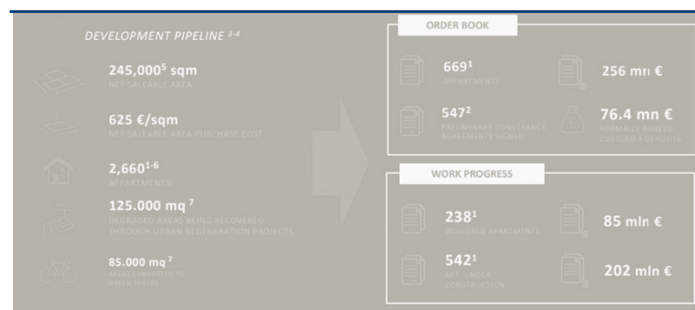
#### Sector generic risks:

- Increase in interest rate
- Weaker than expected demand
- Cyclicity

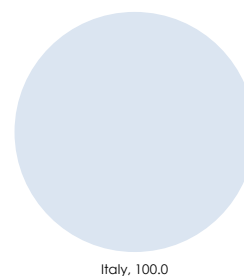
### Estimates vs. consensus

EUR M (Y/E Sep)	2020A	2021E	2021C	2022E	2022C
Sales	73.08	124.2	NM	172.4	NM
EBITDA	8.85	21.58	NM	57.68	NM
EBIT	8.09	20.98	NM	57.11	NM
Pre-tax income	11.21	18.31	NA	54.62	NA
Net income	9.18	13.82	NM	38.23	NM
EPS	0.35	0.53	NM	1.47	NM

### Pipeline as at 22 March 2021



### Sales breakdown by geography (%)



NM: not meaningful; Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 10/08/2021)

## Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies have revenues ranging from EUR 50M-EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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### Equity rating key: (long-term horizon: 12M)

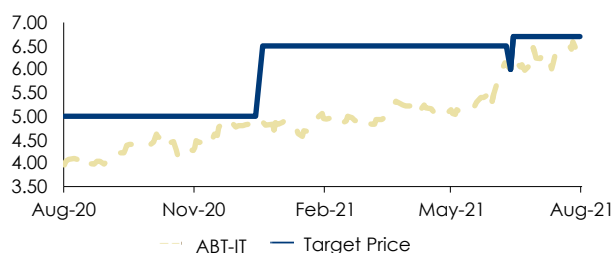
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**Equity Rating Key (long-term horizon: 12M)**

Long-term rating	Definition
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ADD	If the target price is 10%-20% higher than the market price
HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
SELL	If the target price is 20% lower than the market price
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TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a one-year time horizon
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated

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**Target price and market price trend (-1Y)****Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
23-Jun-21	ADD	6.7	6.2
21-Jun-21	BUY	6.0	6.0
28-Dec-20	BUY	6.5	4.9

**Equity rating allocations (long-term horizon: 12M)****Intesa Sanpaolo Research Rating Distribution (at July 2021)**

Number of companies considered: 126	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%) (*)	44	35	21	0	0
of which Intesa Sanpaolo's Clients (%) (**)	82	73	39	0	0

(\*) Last rating refers to rating as at end of the previous quarter; (\*\*) Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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**Equity rating key (short-term horizon: 3M)**

<b>Short-term rating</b>	<b>Definition</b>
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- Intesa Sanpaolo acts as Corporate Broker relative to securities issued by Abitare In

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