

Company Update

Reason: Company results (post view)

5 November 2024

Buy

Recommendation unchanged

Share price: EUR 1.54

closing price as of 04/11/2024

Target price: EUR 2.30

from Target Price: EUR 2.20

Upside/Downside Potential 49.4%

Reuters/Bloomberg

PLC.MI/PLC IM

Market capitalisation (EURm) 40

Current N° of shares (m) 26

Free float 26%

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

Daily avg. trad. vol. 12 mth (k) 6.46

Price high/low 12 months 1.91 / 1.28

Abs Perfs 1/3/12 mths (%) -4.94/1.32/16.67

Key financials (EUR) 12/23 12/24e 12/25e

Sales (m) 67 83 81

EBITDA (m) 4 6 8

EBITDA margin 5.4% 7.2% 9.3%

EBIT (m) 2 4 6

EBIT margin 3.1% 5.1% 7.1%

Net Profit (adj.)(m) 1 3 4

ROCE 21.0% 25.4% 28.6%

Net debt/(cash) (m) (1) (5) (6)

Net Debt/Equity -0.1 -0.3 -0.3

Net Debt/EBITDA -0.4 -0.9 -0.8

Int. cover(EBITDA/Fin.int) 8.1 12.0 21.6

EV/Sales 0.6 0.4 0.4

EV/EBITDA 11.8 6.0 4.7

EV/EBITDA (adj.) 7.5 4.5 3.8

EV/EBIT 20.5 8.6 6.2

P/E (adj.) 36.9 14.8 9.9

P/BV 3.5 2.0 1.8

OpFCF yield 7.3% 10.1% 5.6%

Dividend yield 0.0% 4.5% 4.9%

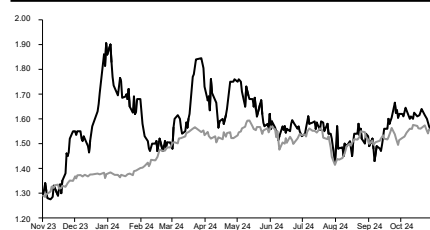
EPS (adj.) 0.05 0.10 0.16

BVPS 0.49 0.76 0.84

DPS 0.00 0.07 0.08

Shareholders

Fraes 74%;



Source: FactSet

PLC FTSE Italy All Share (Rebased)

Analyst(s)

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EBITDA expected to reach the top end of the guidance

PLC reported significantly better than expected H1 24 results on 30 September 2024. The Services business was boosted by a spot activity above the historical average. While the Construction business reported significantly better than expected profitability, thanks to the end of the problems that occurred in 2022 and to an improvement in the margin on new contracts. PLC's solid backlog testifies to the resilient, underlying trends of investments in the renewables market and in the electric grid, which are expected to continue into the next few years. We have increased our FY 2024 EBITDA estimate by 34%. We fine-tuned our target price to EUR 2.3/sh (+5%).

- ✓ **H1 24 results.** H1 24 revenues beat our expectations. The Services business benefitted from exceptionally high volumes of non-recurring revamping activities. These projects increased both the top-line and the EBITDA but drove a slight dilution in the EBITDA margin (from 20% to 18%). On the contrary, the recovery in profitability was clear in the Construction business (margin of ~14%, vs. ~8% in H1 23), as the issues occurred in 2022 were “definitively overcome” and the margin on the new contracts are above the historical average. The only contract in place in the Trading business expired at the end of FY 23. As such, the management has decided to wind up the MSD Service subsidiary. At the bottom line, we note a bit higher than expected capital gain from the disposal of Schmack Biogas (EUR 5.9m). Likewise, the cash-in was ~EUR 7.8m (~EUR 1m better than our estimates) and explains the surprise at the net cash level. As we assumed, the net cash position increased only by EUR 1.8m due to the normalisation of NWC and the distribution of EUR 1.8m in dividends.
- ✓ **Outlook.** PLC's management confirmed the FY 24 EBITDA guidance of EUR 4/6m, with a slight upgrade as they expect **EBITDA to reach the top end of the range**. The guidance is in line with the FY 23/27 business plan even with a smaller scope of consolidation than the original one. As at 30 June 2024, PLC had a backlog of EUR 65m in the Construction business (~1.8x book-to-bill ratio) and EUR 34m in the Services business, as well as ~EUR 100m of “commercial pipeline”.
- ✓ **Estimates revision.** We have adjusted our estimates following the release of the H1 24 results. We have increased 2024/25 revenues and EBITDA to consider an exceptionally high volume of non-recurring revamping activities and the significantly improved margin of the Construction business. Optically, the expected growth in the Services business will be lower in 2026/27 due to a normalisation of spot projects volumes. We increased expected holding cost due to the centralisation of some functions.
- ✓ **Investment case and valuation.** We have fine-tuned our target price to **EUR 2.3/sh (+5% vs. the previous EUR 2.2/sh)** to factor in the faster-than-expected growth and the higher cash-in from the disposal of Schmack, partially offset by a more conservative long-term EBITDA margin of 9% (vs. the previous 10%). We also added to our model a transitional period of 3 years between 2027 (the last year with detailed estimates) and the normalised year. At target price the stock would be trading at 8x 2025 EV/EBITDA and 15X 2025 P/E.

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Company description

PLC is one of the leading EPC and maintenance operators in the Italian electrical infrastructure and renewable energy markets, with a specific focus on solar and wind energy plants and electricity substations. Based in Acerra (Naples) with operating offices in Puglia, Lazio, Sicily and Sardinia, PLC operates at all levels of the renewable energy value chain, namely:

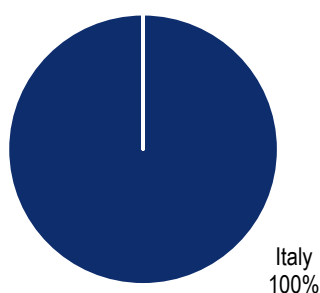
- ✓ **Construction:** PLC designs and builds turnkey electrical substations and renewable power plants under the EPC formula (Engineering, procurement and construction). It also develops solar and wind fields and sells them to qualified investors under the BOT formula (Build Operate Transfer);
- ✓ **Services:** PLC provides a wide range of specialised O&M (Operations and Maintenance) services, including maintenance of high- and medium-voltage power interconnections, photovoltaic plants and wind turbines, as well as the revamping of photovoltaic systems and power interconnections;

As part of the 2023-2027 strategy, PLC refocused its activities in Italy and in core businesses. To realise this strategy the company disposed the subsidiaries Schmack Biogas, Monsson and Idroelettrica 2014. Furthermore, the management has decided to wind up the MSD Service subsidiary.

The **top managers** are Mr. Francesco Esposito (chairman) and Mr. Andrea Orlando (CEO, in charge as of 9 May 2024).

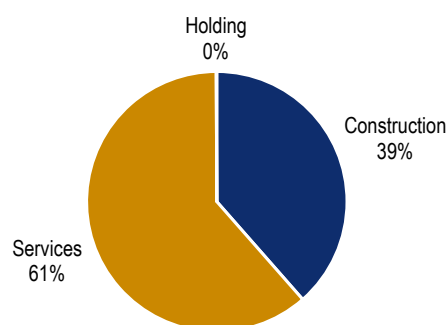
The **shareholding structure** is as follows: Fraes Srl 73.5% (holding company owned by Chiara Esposito, who is also member of the BoD of PLC, and Ms. Annamaria Scognamiglio). A shareholder pact underwritten by some minority shareholders on 16 June 2023 locks another 11.1% of the share capital. Free float 15.4%.

Revenue breakdown by geography (H1 24)



Source: Banca Akros on company data

Revenue breakdown by activity (H1 24)



Source: Banca Akros on company data

SWOT Analysis

Strengths / Opportunities

- ✓ Leading position in the Italian renewables market
- ✓ High retention rate in O&M services
- ✓ Large funds and political commitment to energy transition
- ✓ Highly fragmented market with consolidation opportunities

Weaknesses / Threats

- ✓ 100% concentration on the Italian market
- ✓ Scarcity of skilled personnel in the market
- ✓ Delays and uncertainty in bureaucratic authorisation for BOT projects
- ✓ Supply chain disruptions

H1 2024 results

H1 2024 results

EUR m	H1 24A	H1 23pf	Δ% Y/Y	H1 24E
Total sales	44.2	28.9	53%	37.1
o/w Construction	17.0	16.0	6.0%	16.7
o/w Services	27.1	10.1	168%	20.4
EBITDA	4.1	0.9	363%	2.8
As a % of sales	9.3%	3.1%		7.6%
EBIT	3.2	0.1	nm	1.8
As a % of sales	7.3%	0.5%		4.9%
Net profit	9.7	-1.7	nm	6.6
Net financial debt	8.4	-1.6	nm	6.1

Source: Company data, Banca Akros estimates

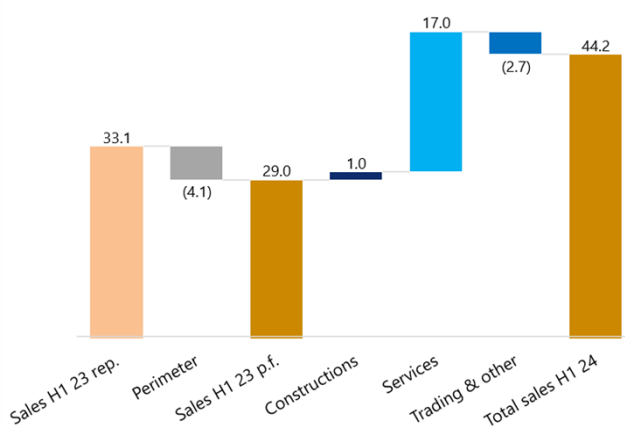
H1 23 data were rebased to exclude Schmack Biogas (active in both the Construction and Services segments) from the scope of consolidation. The Schmack Biogas perimeter was discontinued as of FY 2023. The effect on revenues and EBITDA is shown in the waterfall charts below (EUR 4.1m lower revenues and EUR 0.2m higher EBITDA for H1 23 data).

The company also noted that the only existing contract in the trading business expired at the end of FY23. Management has therefore decided to wind up the subsidiary MSD Services, in line with the objective of refocusing on the core businesses.

PLC's results showed a strong recovery on a like-for-like basis. In particular, the constructions business overcome the issues that affected results starting from FY 22, mainly due to the supply chain disruptions, which led to higher prices and longer lead time and, in turn, slowed down the execution of some projects significantly. Furthermore, the construction activity benefitted from the execution of new contracts with a profitability higher than in the past. As a result, the EBITDA margin of this business rose to 13.6% (vs. 7.9% in H1 23pf). The Services segment benefitted from some non-recurring revamping activities which increased both the top-line and the EBITDA but drove a slight dilution in the EBITDA margin (from 20.2% to 17.9%).

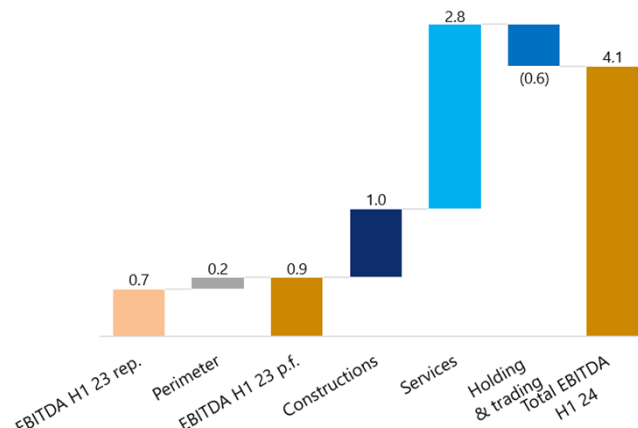
As a result, the H1 24 EBITDA was better than expected coming out at EUR 4.1m vs. from EUR 0.9m in H1 23pf (EUR 0.7m on a reported basis).

H1 24: revenue bridge



Source: Company data

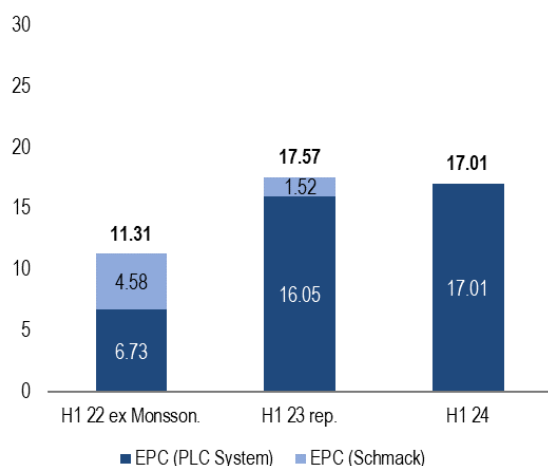
H1 24: EBITDA bridge



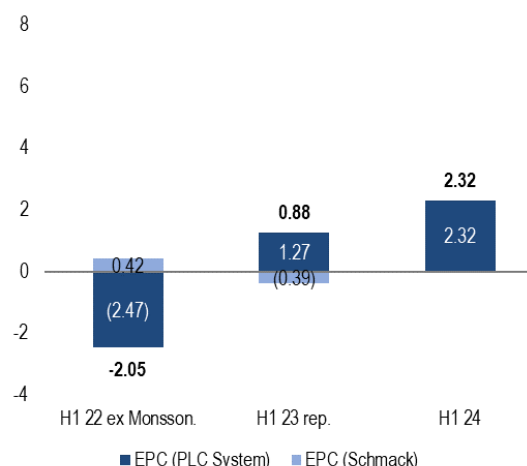
Source: Company data

The **Construction business** overcome the issues that affected results starting from FY 22 and benefitted from the execution of new contracts with a profitability higher than in the past, improving significantly on a Y/Y basis. Revenues increased by 6% Y/Y organically and EBITDA almost doubled. EBITDA margin rose to 13.6% from 7.9% in H1 23 pf, thanks to the new, more profitable, orders received since H2 22, which are progressing as scheduled in terms of margins and timing. At the end of H1 24 the backlog of the Construction division was EUR ~65m, providing good visibility for the second part of FY 24 and FY 25. We highlight that H1 24 EBITDA was negatively impacted by the write-off of a EUR 0.81m receivable.

The impact of the discontinuation of the Schmack Biogas scope was slightly positive at the EBITDA level (~EUR 0.4m).

Construction: revenue trend (EURm)


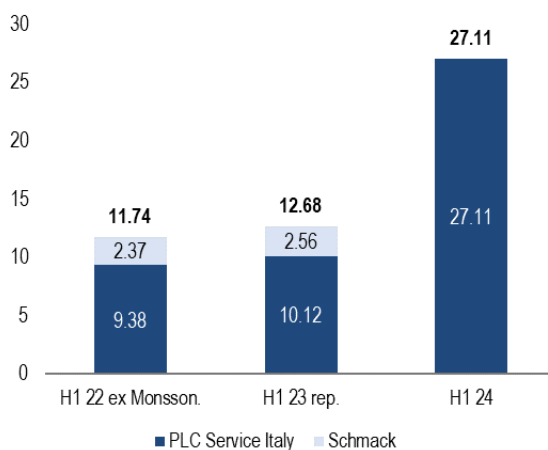
Source: Company data

Construction: EBITDA trend (EURm)


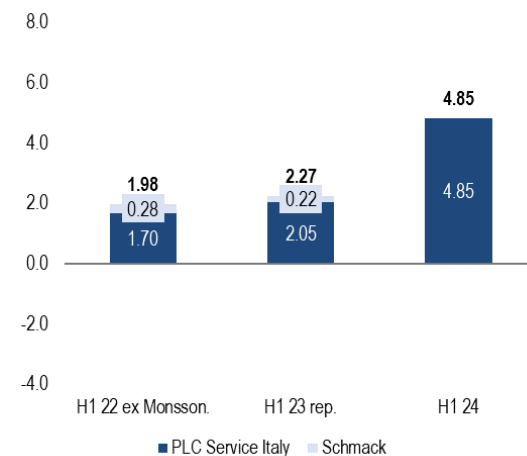
Source: Company data

The **Services segment** more than doubled Y/Y and posted a ~18% EBITDA margin. This result has been impacted by exceptionally high volume of non-recurring revamping activities, which increased both the top-line and the EBITDA but drove a slight dilution in the profitability.

The impact of Schmack was slightly negative in absolute terms (~EUR 0.2m) but was positive on the EBITDA margin level, since the biogas division delivered ~8.5% EBITDA margin in H1 23.

Services: revenue trend (EURm)


Source: Company data

Services: EBITDA trend (EURm)


Source: Company data

At last, the only active contract of the **Trading** subsidiary (MSD Service) expired at the end of 2023, and management has decided to discontinue this non-core business. We note that this activity has always been considered marginal in the last few years, with EBITDA roughly at break-even.

The net **Holding costs** rose by ~EUR 0.6m (~+24% Y/Y). This increase is mainly related to non-recurring items.

Net cash

The net cash reached EUR 3m at the end of H1 24 from EUR 1.3m at the end of FY 23. We note that the NWC absorbed ~EUR 3m, normalising from the level reached at the end of 2023 which was particularly low due to downpayments related to the start of new projects. We also note that the net cash included ~EUR 7.8m cashed-in from the disposal of Schmack Biogas and EUR 1.8m dividend payments.

We also note that the gross debt is gradually declining at the holding company level and is being concentrated at the subsidiary level, i.e. closer to the cash-generating units.

The net debt includes lease liabilities of EUR 1.12m (vs. EUR 0.88m as at 31 Dec 2023).

Outlook

PLC's management **confirmed the FY 24 EBITDA guidance of EUR 4/6m, with a slight upgrade** as they expect **EBITDA to reach the top end of the range**. The guidance is in line with the FY 23/27 business plan even with a smaller scope of consolidation than the original one.

Indeed, despite the uncertain legislative environment concerning the authorization process for the development of new renewables generation plants in Italy, PLC group is performing well in both the Construction and the Services segment, as testified to by the solid order intake and by the H1 24 results. As at 30 June 2024, **PLC had a backlog of EUR 65m in the Construction business and EUR 34m in the Services business**, as well as ~EUR 100m of "commercial pipeline".

FER2 published in June 24, FERX draft under discussion

In June 2024, the Ministry for Environment and Energy Security (“MASE”) published the second decree on Renewable energy sources (“FER 2”), concerning the subsidy schemes for innovative or with high costs renewable energy sources, which were previously excluded from “FER 1”, namely offshore wind, biogas, solar thermal, floating solar and geothermal energy.

The total new capacity to be auctioned is ~4.6 GW, of which 3.8 GW is offshore wind, 150 MW is biogas and biomass, 50 MW is inland floating solar and 200 MW is offshore floating solar and wave energy.

Meanwhile the approval of FER 2 decree, GSE went on with the periodic auction under the FER 1 scheme.

Italian renewable capacity: auctions' results

MW	date	New capacity	Total capacity	Assigned	Coverage
First auction	Oct-19	730	730	588	80.5%
Second auction	Feb-20	730	872	522	59.9%
Third auction	Jun-20	990	1,341	434	32.4%
Fourth auction	Oct-20	990	1,882	466	24.8%
Fifth auction	Feb-21	1,045	2,461	298	12.1%
Sixth auction	Jun-21	1,170	3,316	821	24.8%
Seventh auction	Oct-21	2,330	4,825	1,470	30.5%
Eighth auction	Jan-22	0	3,355	444	13.2%
Ninth auction	Jun-22	0	2,857	520	18.2%
Tenth auction	Oct-22	0	2,321	144	6.2%
Eleventh auction	Jan-23	0	2,149	422	19.7%
Twelfth auction	Jun-23	0	1,731	103	6.0%
Thirteenth auction	Jan-24	0	1,628	1,041	63.9%
Fourteenth auction	Jun-24	0	689	296	43.0%
Fifteenth auction	Oct-24	0	534	434	81.3%
Total		7,985		7,885	
Not assigned		100			

Source: Banca Akros on GSE data

After a long streak of disappointing results, the last three auction assigned almost all the tendered capacity. We note that, the decree 57/2023, which provides for the **indexation of the subsidised tariff to inflation**, came into force for the first time in January 2024. The first indexation factored in the cumulated inflation recorded since 1 August 2019.

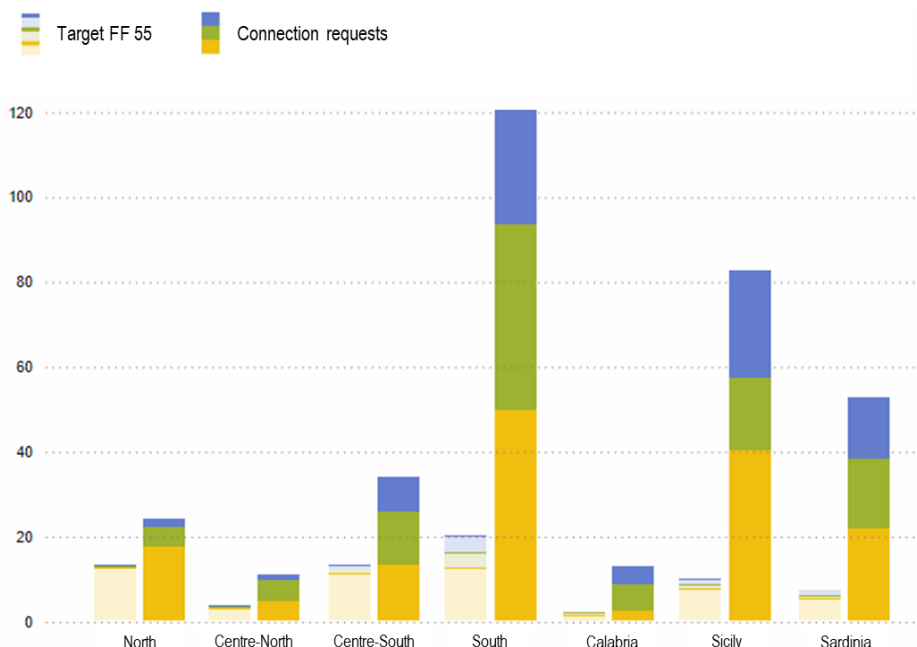
On 7 August 2023, the Ministry for Environment and Energy Security (“MASE”) launched a public consultation on a draft of the next incentive scheme, called “FERX”. The new scheme will cover all renewable sources and entails a new parameter, based on the “**avoided CO₂**” as computed by GSE on a life-time basis with respect to the equivalent greenhouse gases that would have been produced by an equivalent generation from fossil sources.

On 7 October 2024, the MASE published a revised draft of “FERX” called “Temporary FERX”, which introduces a transition period until December 2025. Until that date, the GSE will conduct auctions to allocate up to 14.65 GW of incentivised new capacity, including 10 GW of solar capacity and 4 GW of wind capacity.

Starting from 2023 there was a strong acceleration in the installation of new solar generation plants. ~5.2 GW of solar capacity was added in FY 23, followed by a further acceleration in the 9M 24 (+4.9 GW of solar capacity installed, +37% Y/Y). However, the improvement was mainly driven by small-scale plants, as the 110% *Superbonus* tax framework boosted residential renovation works.

Based on the dedicated dashboard available on Terna’s website, we note the **sharp amount of “active” requests of connection to the grid, equal to ~344 GW** as at 30 September 2024. Terna noted that, although a connection request does not guarantee the effective construction of a plant, Southern Italy is clearly the preferred location, with over 80% of filed requests, including a large share of utility-scale plants. Furthermore, requests are nearly 5 times higher than the amount necessary to reach the Fit-for-55 targets.

Connection requests to the grid as at 30 September 2024 (GW)



Source: Terna’s website

FY 24/27 estimates

We have adjusted our estimates following the disclose of H1 24 results and the update on FY 24 guidance. Based on the management statements, we expect PLC to reach the highest range of the business plan EBITDA targets, thanks to the stronger-than-expected performance of the Construction business and to exceptionally high volumes in the Services business.

The growth appears “optically” lower, mainly in the Services business since we assumed revamping volumes to gradually normalise starting from 2025, leaving 2027 expected revenues basically unchanged (~-1% vs. previous estimate). We have assumed a reduction of the expected profitability in services due to the lower operating leverage. This reduction is expected to be offset by the improved margin of the construction business, thanks to the reduced competition in the market, which is leading to a significant improvement in contract quality. Finally, we have increased holding cost to EUR 6.5m in the FY 2024 and to ~EUR 5.5 m/year going forward to consider the extra-cost related to disposal of Schmack and the centralisation of some functions.

We have included in our net cash position the better-than-expected cash inflow from the sale of Schmack, assuming the earn-out payments of EUR 0.7m in 2024 and EUR 0.3m in 2027.

We expect the underlying trends of investments in the renewables market and in the electric grid to continue in the next few years, thus leaving room for PLC to grow at a double-digit CAGR.

We are also keeping to our cautious stance on the long-term, as we project FY 27 EBITDA ~30% below the company’s mid-point guidance. Nevertheless, visibility on the short-medium term has definitely improved, thanks to the consistent order intake and the strict focus on the group’s core products and services.

PLC: FY 24/27E Banca Akros estimates

EUR m	FY 2023	2024			2025			2026			2027		
		New	Old	Y/Y	New	Old	Y/Y	New	Old	Y/Y	New	Old	Y/Y
Total sales	66.7	83.2	68.6	24.8%	80.9	78.8	-2.7%	89.5	89.0	10.6%	99.2	100.6	10.9%
o/w Construction	37.4	39.9	40.8	6.6%	45.7	46.9	14.5%	52.6	54.0	15.0%	60.4	62.1	15.0%
o/w Services	24.1	43.2	27.7	79.2%	35.2	31.9	-18.5%	37.0	35.1	5.0%	38.8	38.6	5.0%
EBITDA	3.6	6.0	4.5	66.1%	7.5	7.4	25.7%	9.1	9.4	20.2%	10.1	10.9	11.6%
as a % of sales	5.4%	7.2%	6.5%		9.3%	9.4%		10.1%	10.6%		10.2%	10.8%	
EBIT	2.1	4.2	2.5	101.2%	5.7	5.4	36.7%	7.3	7.4	26.5%	7.3	8.9	0.7%
as a % of sales	3.1%	5.1%	3.6%		7.1%	6.8%		8.1%	8.3%		7.4%	8.8%	
Pre-tax profit	-0.4	10.4	7.0	nm	5.4	5.0	-48.3%	7.1	7.3	31.0%	7.3	9.1	2.8%
Net profit	0.8	8.9	5.2	nm	4.0	3.7	-54.6%	5.3	5.5	31.0%	5.5	6.8	2.8%
Net debt (Cash)	-1.3	-5.5	-4.8		-5.8	-3.9		-8.0	-6.9		-11.3	-9.2	

Source: Company data and Banca Akros estimates

We note that two bank loans (accounting for EUR 2.4m out of EUR 7.8m gross debt) include the following covenants.

Covenants on bank loans

Loan	Borrower	Issued	Due date	Residual amount as at 31 December 2023 (EURm)	Covenants (on consolidated data)
BNL	PLC Service	Jul-2018	Jul-2029	0.869	Net debt/EBITDA<3x Net debt/equity<3.5x
BNL	PLC SpA	Jan-2019	Jan-2025	1.562	Net debt/EBITDA<2x Net debt/equity<1.5x

Source: company data

The covenants are breached only if both parameters are not met at the same time. We do not expect any breach of covenants in the near future.

Valuation update

We value PLC with a DCF model. Our main assumptions are still conservatives (cost of equity = WACC: 10%; D/E: 0; g: 1.5%), furthermore we have reduced the terminal EBITDA margin from 10% to 9% to consider higher holding costs and the end of some government incentives.

We added to our model a transitional period of 3 years between 2027 (the last year with detailed estimates) and 2030 (the “normalised” year).

As a result, **we slightly upgrade our target price to EUR 2.3/sh (+5% vs. the previous EUR 2.2/sh).**

We stress that, despite the prudent view on the business plan, the prospects remain solid. **Given the healthy upside (>40%), we confirm our Buy recommendation.**

PLC: Free Cash Flow projection (EUR m)

EUR m	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Norm. Year
Net sales	83	81	90	99	106	110	113	114
% y/y	25%	-2.7%	11%	11%	6.6%	4.0%	2.5%	1.5%
EBITDA	6.0	7.5	9.1	10.1	10.5	10.5	10.5	10.3
Margin	7.2%	9.3%	10.1%	10.2%	9.9%	9.6%	9.3%	9.0%
EBITA	4.2	5.7	7.3	7.3	7.8	8.1	8.2	8.2
Margin	5.1%	7.1%	8.1%	7.4%	7.4%	7.4%	7.2%	7.1%
Taxes	-0.6	-1.4	-1.8	-1.8	-2.0	-2.0	-2.0	-2.0
NOPLAT	3.6	4.3	5.4	5.5	5.9	6.1	6.1	6.1
D&A	1.8	1.8	1.8	2.8	2.6	2.5	2.3	2.2
Operating Cash flow	5.4	6.1	7.2	8.3	8.5	8.5	8.4	8.3
Capex	-2.5	-2.0	-2.2	-2.0	-2.1	-2.1	-2.2	-2.2
As % sales	3.0%	2.5%	2.5%	2.0%	2.0%	1.9%	1.9%	1.9%
Δ Net Working Capital	-4.2	-1.6	-0.7	-1.3	-0.3	-0.2	-0.1	0.0
FOCF	-1.2	2.5	4.3	5.0	6.1	6.2	6.2	6.1

Source: Banca Akros estimates

PLC: DCF assumptions

Perpetual Growth Rate	1.5%
WACC	10.0%

Source: Banca Akros estimates

PLC: DCF Analysis

	EUR m
NPV of OFCFs (2024-2030)	23.0
NPV of Terminal Value	37.6
Enterprise Value	60.6
Financial assets	2.7
Net Financial Position as of 31/12/2023	1.3
Dividends paid	-1.8
Funds & other	-3.1
Equity Value	59.6
Number of shares (m)	26.0
Equity Value/share	2.30

Source: Banca Akros estimates

PLC: Summary tables

PROFIT & LOSS (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Sales	75.1	60.4	66.7	83.2	80.9	89.5
Cost of Sales & Operating Costs	-67.4	-66.5	-61.0	-75.2	-71.4	-78.3
Non Recurrent Expenses/Income	0.0	0.0	-2.1	-2.0	-1.9	-2.1
EBITDA	7.7	-6.1	3.6	6.0	7.5	9.1
EBITDA (adj.)*	7.7	-6.1	5.7	8.0	9.5	11.2
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	7.7	-6.1	3.6	6.0	7.5	9.1
EBITA (adj.)*	7.7	-6.1	5.7	8.0	9.5	11.2
Amortisations and Write Downs	-2.8	-6.9	-1.5	-1.8	-1.8	-1.8
EBIT	4.9	-13.0	2.1	4.2	5.7	7.3
EBIT (adj.)*	4.9	-13.0	4.2	6.2	7.7	9.4
Net Financial Interest	-0.9	-0.1	-0.4	-0.5	-0.4	-0.2
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	-2.1	6.7	0.0	0.0
Earnings Before Tax (EBT)	3.9	-13.1	-0.4	10.4	5.4	7.1
Tax	-1.0	0.7	1.2	-1.5	-1.3	-1.8
<i>Tax rate</i>	<i>25.7%</i>	<i>5.5%</i>	<i>n.m.</i>	<i>14.4%</i>	<i>25.0%</i>	<i>25.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	-3.5	0.0	0.0	0.0	0.0
Net Profit (reported)	2.9	-15.9	0.8	8.9	4.0	5.3
Net Profit (adj.)	2.9	-13.0	1.2	2.7	4.0	5.3
CASH FLOW (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Cash Flow from Operations before change in NWC	5.7	-5.5	2.3	10.7	5.8	7.1
Change in Net Working Capital	-5.2	10.6	4.5	-4.2	-1.6	-0.7
Cash Flow from Operations	0.6	5.2	6.8	6.5	4.2	6.4
Capex	-1.4	-1.7	-3.6	-2.5	-2.0	-2.2
Net Financial Investments	0.0	0.0	3.6	8.3	0.0	0.0
Free Cash Flow	-0.9	3.5	6.8	12.4	2.2	4.2
Dividends	0.0	0.0	0.0	-1.8	-1.9	-2.1
Other (incl. Capital Increase & share buy backs)	-1.0	5.6	-0.8	-0.4	-0.0	-0.1
Change in Net Financial Debt	-1.9	9.0	6.1	10.2	0.3	1.9
NOPLAT	3.6	-9.5	3.0	4.5	5.6	9.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Tangible Assets	8.5	7.7	6.5	7.2	7.5	7.9
Net Intangible Assets (incl. Goodwill)	14.7	11.0	11.3	9.6	9.6	9.6
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	23.2	18.8	17.8	16.9	17.1	17.5
Inventories	4.5	4.4	6.2	7.8	7.5	8.3
Trade receivables	36.3	20.2	19.2	25.6	26.6	30.7
Other current assets	4.0	12.7	28.0	29.9	23.4	18.8
Cash (-)	-10.7	-8.4	-10.0	-12.2	-12.4	-13.9
Total Current Assets	55.5	45.8	63.4	75.5	69.9	71.7
Total Assets	78.7	64.6	81.2	92.4	87.1	89.2
Shareholders Equity	28.4	13.5	12.6	19.7	21.8	25.0
Minority	0.0	-0.0	0.0	0.0	0.0	0.0
Total Equity	28.4	13.5	12.6	19.7	21.8	25.0
Long term interest bearing debt	8.5	6.1	3.5	2.7	2.7	2.4
Provisions	2.8	2.5	2.4	2.6	2.7	2.7
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.0	1.0	0.7	0.9	0.9	1.0
Total Long Term Liabilities	12.3	9.6	6.7	6.2	6.2	6.1
Short term interest bearing debt	5.1	5.2	5.1	4.0	3.9	3.5
Trade payables	25.8	21.0	22.9	28.5	27.7	30.7
Other current liabilities	7.1	15.3	33.9	33.9	27.3	24.0
Total Current Liabilities	38.0	41.5	61.9	66.4	59.0	58.1
Total Liabilities and Shareholders' Equity	78.7	64.6	81.2	92.4	87.1	89.2
Net Capital Employed	35.0	20.0	14.5	17.7	19.6	20.7
Net Working Capital	11.8	1.2	-3.3	0.9	2.5	3.2
GROWTH & MARGINS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
<i>Sales growth</i>	<i>14.6%</i>	<i>-19.6%</i>	<i>10.4%</i>	<i>24.8%</i>	<i>-2.7%</i>	<i>10.6%</i>
EBITDA (adj.)* growth	126.9%	n.m.	n.m.	40.3%	18.7%	18.3%
EBITA (adj.)* growth	126.9%	n.m.	n.m.	40.3%	18.7%	18.3%
EBIT (adj.)* growth	614.6%	n.m.	n.m.	48.5%	24.1%	22.6%

PLC: Summary tables

GROWTH & MARGINS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Profit growth	n.m.	n.m.	n.m.	125.1%	49.7%	31.0%
EPS adj. growth	n.m.	n.m.	n.m.	125.1%	49.7%	31.0%
DPS adj. growth				n.m.	7.1%	6.7%
EBITDA (adj)* margin	10.2%	n.m.	8.5%	9.6%	11.7%	12.5%
EBITA (adj)* margin	10.2%	-10.2%	8.5%	9.6%	11.7%	12.5%
EBIT (adj)* margin	6.5%	n.m.	6.2%	7.4%	9.5%	10.5%
RATIOS	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Net Debt/Equity	0.1	0.2	-0.1	-0.3	-0.3	-0.3
Net Debt/EBITDA	0.4	-0.5	-0.4	-0.9	-0.8	-0.9
Interest cover (EBITDA/Fin.interest)	8.2	n.m.	8.1	12.0	21.6	45.3
Capex/D&A	50.1%	24.8%	232.9%	138.6%	112.4%	124.3%
Capex/Sales	1.9%	2.8%	5.3%	3.0%	2.5%	2.5%
NWC/Sales	15.8%	2.0%	-5.0%	1.0%	3.0%	3.5%
ROE (average)	10.8%	-62.3%	9.2%	16.7%	19.5%	22.6%
ROCE (adj.)	10.2%	-47.5%	21.0%	25.4%	28.6%	45.3%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	1.0	-4.8	2.1	2.5	2.9	4.5
PER SHARE DATA (EUR)***	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Average diluted number of shares	26.0	26.0	26.0	26.0	26.0	26.0
EPS (reported)	0.11	-0.61	0.03	0.34	0.16	0.20
EPS (adj.)	0.11	-0.50	0.05	0.10	0.16	0.20
BVPS	1.09	0.52	0.49	0.76	0.84	0.96
DPS	0.00	0.00	0.00	0.07	0.08	0.08
VALUATION	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
EV/Sales	0.8	0.7	0.6	0.4	0.4	0.4
EV/EBITDA	7.5	n.m.	11.8	6.0	4.7	3.7
EV/EBITDA (adj.)*	7.5	n.m.	7.5	4.5	3.8	3.0
EV/EBITA	7.5	-7.3	11.8	6.0	4.7	3.7
EV/EBITA (adj.)*	7.5	-7.3	7.5	4.5	3.8	3.0
EV/EBIT	11.8	n.m.	20.5	8.6	6.2	4.6
EV/EBIT (adj.)*	11.8	n.m.	10.3	5.8	4.7	3.6
P/E (adj.)	18.8	n.m.	36.9	14.8	9.9	7.5
P/BV	1.9	3.1	3.5	2.0	1.8	1.6
Total Yield Ratio	0.0%	0.0%	0.0%	4.5%	4.9%	5.2%
EV/CE	1.6	2.2	2.9	2.0	1.8	1.6
OpFCF yield	-1.6%	8.3%	7.3%	10.1%	5.6%	10.4%
OpFCF/EV	-1.5%	7.7%	7.6%	11.3%	6.2%	12.4%
Payout ratio	0.0%	0.0%	0.0%	20.4%	48.1%	39.2%
Dividend yield (gross)	0.0%	0.0%	0.0%	4.5%	4.9%	5.2%
EV AND MKT CAP (EURm)	12/2021	12/2022	12/2023	12/2024e	12/2025e	12/2026e
Price** (EUR)	2.08	1.60	1.71	1.54	1.54	1.54
Outstanding number of shares for main stock	26.0	26.0	26.0	26.0	26.0	26.0
Total Market Cap	54.0	41.5	44.3	40.0	40.0	40.0
Gross Financial Debt (+)	13.5	11.3	8.7	6.7	6.6	5.8
Cash & Marketable Securities (-)	-10.7	-8.4	-10.0	-12.2	-12.4	-13.9
Net Financial Debt	2.8	2.9	-1.3	-5.5	-5.8	-8.0
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	2.8	2.9	-1.3	-5.5	-5.8	-8.0
Other EV components	0.7	0.4	-0.3	1.5	1.6	1.6
Enterprise Value (EV adj.)	57.5	44.9	42.7	36.0	35.8	33.6

Source: Company, Banca Akros 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: Energy/Renewable Energy Equipment

Company Description: PLC is one of the leading operators in the Italian renewable energy market. It has a specific focus on solar and wind energy. Following the acquisition of Monsson, the group's international exposure has strengthened given its European customer base. In 2020, the group has increased its business diversification by entering the biogas and bio-methane market (through Schmack Biogas). The management's strategy will play a crucial role in making the company less dependent on the construction business and therefore to stabilise the financial performances by expanding the portion of recurring business (O&M), also through some selective M&A.

European Coverage of the Members of ESN 1/2

Automobiles & Parts	Mem(*)	Saffio	BAK	Advini	CIC	Chargeurs	CIC
Brembo	BAK	Smcp	CIC	Bondulle	CIC	Clasquin	IAC
CieAutomotive	GVC	SwatchGroup	CIC	Campani	BAK	Cnh Industrial	BAK
Ferrari	BAK	Technogym	BAK	Carlsberg As-B	CIC	Corticeira Amorim	CBI
Forvia	CIC	Trigano	CIC	Danone	CIC	Ctt	CBI
Gestamp	GVC	Ubisoft	CIC	Diageo	CIC	Danielli	BAK
Landi Renzo	BAK	Energy	Mem(*)	Ebro Foods	GVC	Dassault Aviation	CIC
Michelin	CIC	Arveve Group	CIC	FluorMichon	CIC	Datalogic	BAK
Opmobility	CIC	Eni	BAK	Heineken	CIC	De Nora	BAK
Pinelli & C.	BAK	Galp Energia	CBI	Italian Wine Brands	BAK	Desa	GVC
Renault	CIC	Gas Plus	BAK	Lanson-Bcc	BAK	Edenred	CIC
Sogefi	BAK	Git	CIC	Laurent Perrier	CIC	Ecnor	GVC
Stelantis	BAK	Maire	BAK	Ldc	CIC	Elis	CIC
Valeo	CIC	Maurel Et Prom	CIC	Lindt & Sprüngli	CIC	Enav	BAK
Banks	Mem(*)	Pic	BAK	Nestle	CIC	Enogia	CIC
Banco Sabadell	GVC	Repsol	GVC	Orsero	BAK	Exel Industries	CIC
Banco Santander	GVC	Rubis	CIC	PernodRicard	CIC	Fincantieri	BAK
Bankinter	GVC	Salpem	BAK	Remy Coitreau	CIC	Getlink	CIC
Bbva	GVC	Techhip Energies	CIC	Viscofan	GVC	Global Dominion	GVC
Bnp Paribas	CIC	Tecnias Reunidas	GVC	Wanken	CIC	Haulotte Group	CIC
Calxobank	GVC	Tenaris	BAK	Healthcare	Mem(*)	Interpump	BAK
Credem	BAK	Totalenergies	CIC	Amplifon	BAK	Legrand	CIC
Credit AgricoleSa	CIC	Vallourec	CIC	Atrys Health	GVC	Leonardo	BAK
Intesa Sanpaolo	BAK	Virdian	CIC	Blomerleux	CIC	Lisi	CIC
Societe Generale	CIC	Fin. Serv. Holdings	Mem(*)	Diasorin	BAK	Logista	GVC
Unicaja Banco	GVC	Cir	BAK	B.En.	BAK	Magis	BAK
Baslo Resources	Mem(*)	Corp.Financiera Alba	GVC	EssilorLuxottica	CIC	Manitou	CIC
Acerinox	GVC	Eurazeo	CIC	Eurofins	CIC	Nbi Bearings Europe	GVC
Altri	CBI	First Capital	BAK	Fine Foods	BAK	Nexans	CIC
Arceormittal	GVC	Gbl	CIC	Genfit	CIC	Nicolas Correa	GVC
Ence	GVC	Peugeot Invest	CIC	Guerbet	CIC	Osai	BAK
Savannah Resources	CBI	Tip Tamburi Investment Partners	BAK	Imd	BAK	Prosegur	GVC
The Navigator Company	CBI	Wendel	CIC	Ipsen	CIC	Prosegur Cash	GVC
Tubacex	GVC	Fin. Serv. Industrials	Mem(*)	Prim Sa	GVC	Prysmian	BAK
Chemicals	Mem(*)	Dovalve	BAK	Recordati	BAK	Rexel	CIC
Air Liquide	CIC	Euronext	CIC	Sanofi	CIC	Safran	CIC
Arkema	CIC	Moltiply	BAK	Sartorius Stedim	CIC	Saicef	BAK
Cons.Products & Svcs	Mem(*)	Nexi	BAK	Vetoquinol	CIC	Schneider Electric Se	CIC
Abeo	CIC	Tinexta	BAK	Vrbac	CIC	Sgs	CIC
Beneteau	CIC	Financial Services Banks	Mem(*)	Vytrus Biotech	GVC	Talgo	GVC
De Longhi	BAK	Amundi	CIC	Industrial Goods & Services	Mem(*)	Teleperformance	CIC
Dexelance	BAK	Anima	BAK	Abb Ltd	CIC	Thales	CIC
Fila	BAK	Azimut	BAK	Airbus Se	CIC	Tikehau Capital	CIC
Geox	BAK	Banca Generali	BAK	Aia	BAK	Verifia	CIC
Givaudan	CIC	Banca Ifis	BAK	Aistom	CIC	Vidrala	GVC
Groupe Seb	CIC	Banca Mediolanum	BAK	Antin Infrastructure	CIC	Zignago Vetro	BAK
Hermes Intl.	CIC	Banca Sistema	BAK	Applus	GVC	Insurance	Mem(*)
Interparfums	CIC	Bff Bank	BAK	Arteche	GVC	Axa	CIC
Kaufman & Broad	IAC	Dws	CIC	Avio	BAK	Catalana Occidente	GVC
Kering	CIC	FincoBank	BAK	Blesse	BAK	Coface	CIC
L'Oreal	CIC	Generaffinace	BAK	Bollere	CIC	Generali	BAK
Lvmh	CIC	IlimityBank	BAK	Bureau Veritas	CIC	Linea Directa Asesuradora	GVC
Maisons Du Monde	CIC	Mediobanca	BAK	Caf	GVC	Mapfre	GVC
Ovs	BAK	PosteItaliane	BAK	Catenon	GVC	Revo Insurance	BAK
Piaggio	BAK	Food & Beverage	Mem(*)	Cellinex Telecom	GVC	Materials, Construction	Mem(*)
Richemont	CIC	Ab Inbev	CIC	Cembre	BAK	Abp Noelvelli	BAK

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European Coverage of the Members of ESN 2/2

Acs	GVC	Marr	BAK	I Grandi Viaggi	BAK
Aena	GVC	Sonae	CBI	Ibersol	CBI
Ariston Holding	BAK	Unilever	CIC	Int. Airlines Group	GVC
Buzzi	BAK	Winfarm	CIC	Lottomatica Group	BAK
Cementir	BAK	Real Estate	Mem(*)	Melia Hotels International	GVC
Cementos Molins	GVC	Igd	BAK	Nh Hotel Group	GVC
Ciehp Estructuras	GVC	Inmobiliaria Colonial	GVC	Pluxee	CIC
Crh	CIC	Inversa Prime	GVC	Scily By Car	BAK
Eliffage	CIC	Kesios Socimi	GVC	Sodexo	CIC
Fcc	GVC	Lar España	GVC	Utilities	Mem(*)
Ferrovial	GVC	Merlin Properties	GVC	AZA	BAK
Fluidra	GVC	Realla	GVC	Acciona	GVC
Groupe Adp	CIC	Retail	Mem(*)	Acciona Energia	GVC
Groupe Populair	CIC	Aramis Group	CIC	Acea	BAK
Heidelberg Materials	CIC	Burberry	CIC	Audax	GVC
Holcim	CIC	Fnac Darty	CIC	Derichebourg	CIC
Icop	BAK	Inditex	GVC	Edp	CBI
Imerys	CIC	Unieuro	BAK	Enagas	GVC
Mota Engil	CBI	Technology	Mem(*)	Encavis Ag	CIC
Obrascon Huarte Lain	GVC	Agile Content	GVC	Endesa	GVC
Sacyr	GVC	Almawave	BAK	Enel	BAK
Saint-Gobain	CIC	Alten	CIC	Engie	CIC
Sergferri Group	CIC	Amadeus	GVC	Erg	BAK
Sika	CIC	Atos	CIC	Greenvolt	CBI
Spie	CIC	Axway Software	CIC	Hera	BAK
Tarkett	CIC	Capgemini	CIC	Holaluz	GVC
Thermador Groupe	CIC	Dassault Systemes	CIC	Iberdrola	GVC
Vicat	CIC	Digital Value	BAK	Iren	BAK
Vinci	CIC	Gigas Hosting	GVC	Italgas	BAK
Webuild	BAK	Gpi	BAK	Naturgy	GVC
Media	Mem(*)	Indra Sistemas	GVC	Nooon	CIC
Arnoldo Mondadori Editore	BAK	Ibertis	GVC	Redeia	GVC
Atresmedia	GVC	Neuroones	CIC	Ren	CBI
Believe	CIC	Ovhcloud	CIC	Seche Environnement	CIC
Deezer	CIC	Sopra Steria Group	CIC	Solaria	GVC
Digital Bros	BAK	Spindox	BAK	Veolia	CIC
Fill Up Media	CIC	Semiconductronics	BAK	Volitalia	CIC
GI Events	CIC	Tech noprobe	BAK		
Il Sole 24 Ore	BAK	Tier 1 Technology	GVC		
Ipsos	CIC	Vogo	CIC		
Jcdcaux	CIC	Worldline	CIC		
Lagardere	CIC	Telecommunications	Mem(*)		
M 6	CIC	Bouygues	CIC		
M logroup	GVC	Nos	CBI		
Nrj Group	CIC	Orange	CIC		
Prisa	GVC	Parlem Telecom	GVC		
Publicis	CIC	Telefonica	GVC		
Tf1	CIC	Unidata	BAK		
Universal Music Group	CIC	Travel & Leisure	Mem(*)		
Vivendi	CIC	Accor	CIC		
Vocento	GVC	Compagnie Des Alpes	CIC		
P.Care, Drug & Grocery St.	Mem(*)	Edreams Odigeo	GVC		
Bic	CIC	Elior	CIC		
Carrefour	CIC	Fdj	CIC		
Casino	CIC	Groupe Partouche	IAC		
Jeronimo Martins	CBI	Hunyuers	CIC		

28 October 2024

LEGEND:	BAK: Banca Akros	CIC: CIC Market Solutions	CBI: Caixa-Banco de Investimento	GVC: GVC Gaesco Valores
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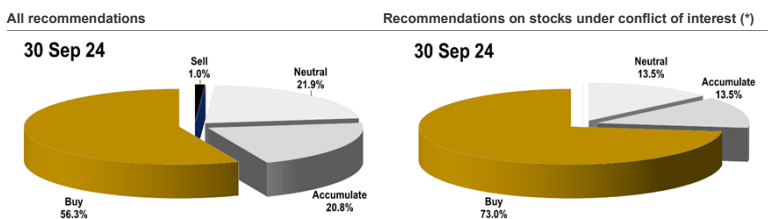
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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

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Percentage of recommendations by the 30 September 2024



(*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 39.8% of all issuers covered

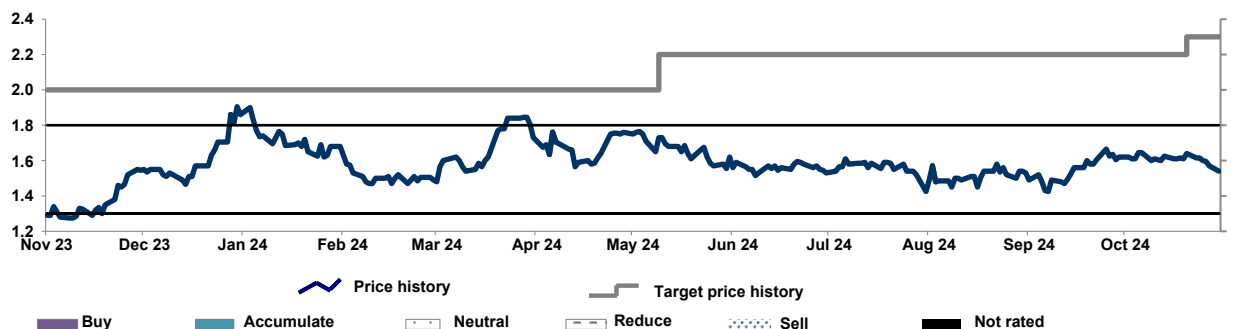
Recommendation history for PLC

Date	Recommendation	Target price	Price at change date
25-Oct-24	Buy	2.30	1.64
14-May-24	Buy	2.20	1.73
08-Feb-23	Buy	2.00	1.48
19-Oct-22	Neutral	1.60	1.47
29-Sep-22	Buy	0.00	1.50

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

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Andrea Belloli (since 01/12/2018)



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
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown

Recommendation	Nr. of stocks covered	%
Buy	51	53%
Accumulate	21	22%
Neutral	23	24%
Reduce	0	0%
Sell	1	1%

of which Sponsored Research

Recommendation	Nr. of stocks covered	%
Buy	18	67%
Accumulate	2	7%
Neutral	7	26%
Reduce	0	0%
Sell	0	0%

ESN Ratings Breakdown

Recommendation	Nr. of stocks covered	%
Buy	225	65%
Accumulate	30	9%
Neutral	85	25%
Reduce	0	0%
Sell	4	1%

of which Sponsored Research

Recommendation	Nr. of stocks covered	%
Buy	34	77%
Accumulate	2	5%
Neutral	8	18%
Reduce	0	0%
Sell	0	0%

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

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