

INITIATION OF COVERAGE



Fair Value: €1.90

Kevin TEMPESTINI
+39.02.83424007
ktempestini@ktepartners.com

Mauro IACCINO
+39.02.83424008
miaccino@ktepartners.com

Federica FIORENZA
+39.02.83424008
ffiorenza@ktepartners.com

Francesco PERROTTA
+39.02.83424008
fperrotta@ktepartners.com

Relative Performance Chart YTD



Market Data:

Current Price (€)	1.33
Fair Value (€)	1.90
Market Cap (€mn)	34.40
52 Wk High (€)	1.79
52 Wk Low (€)	1.11
Free Float (%)	20.8
Avg. Daily Trading 90d	4809
Price Change 1w (%)	-2.21
Price Change 1m (%)	4.33
Price Change YTD (%)	-9.86
EV/EBITDA 2020E	6.62
EV/EBITDA 2021E	5.05
P/E 2020E	11.55
P/E 2021E	8.24

Let The Wind Blow, Let The Sun Shine

Company Profile. PLC SpA is a leading operator in the Italian renewable energy market, offering EPC (Engineering Procurement and Construction), BOT (Built, Operate and Transfer) and O&M (Operation and Maintenance) services focusing on wind farms and solar plants. The Group aims to become an international Independent Service Provider (ISP).

A Structured Player in the Renewable Market. With more than 20 years of experience, PLC has become one of the main reference services providers in the Italian renewable energy sector. In latest years, the group has pursued a strategy based on: i) strengthening O&M business thus enhancing its business visibility with recurring revenues; ii) minimizing BOT business cash absorption by selling projects before the construction phase; and iii) diversifying its revenue stream by entering new geographical and technology end-markets.

Towards an International and Multi-Technology ISP. Following its strategy, PLC has recently finalized two M&As: Monsson - a European O&M services provider - and Schmack - a company active in the biogas and biomethane market. Thanks to the acquisition of Monsson, the O&M business unit more than doubled its top line in FY19, accounting for 67% of total revenue. On the other hand, the acquisition of Schmack allowed PLC to enter the biogas and biomethane market which is expected to experience significant growth (according to the “Gas for Climate” study, the biomethane supply will increase from 20TWh in 2020 to 370TWh by 2030).

Interesting Market Opportunities. In the next years opportunities for PLC could also arise from: i) a domestic and international environment strongly interested in green issues. The Green New Deal, signed on January 2020 by the EU Parliament, aims at transforming the European zone into the first climate-neutral area by 2050. Renewables are expected to play a significant role in this process. In Italy new installation of renewable plants are supported by incentive schemes (FER1 Decree) and the Government is considering to streamline the authorization process (“Decreto Semplificazioni 2020” Draft); ii) increasing demand for maintenance services on new installations and on already installed plants, requiring for revamping and repowering (according to Wind Europe, in Italy ca. 40% of the installed wind farm is between 10-15years and need extraordinary maintenance); iii) a growing demand for renewable natural gas (RNG) and other advanced biofuels to replace fossil fuels in the transport sector.

Financial Forecast. We expect revenue to grow at a CAGR2019A-2023E of 20.1%, reaching €94.9mn in FY23 with a more stable and recurring revenues coming from the O&M business. On the profitability side, we expect both EPC-BOT and O&M business to strongly contribute to EBITDA margin growth and stabilization. EBITDA margin is expected to progressively increase to 12.4% in FY23. With regard to the bottom line, we expect net income to go from €3.0mn in FY20 to €6.2mn in FY23 with a margin in the range of 5-6.5% over the period. We forecast NFP to gradually improve, going from €7.3mn in FY20 to a net cash position of €1.5mn in FY23.

Valuation. Our valuation - based on DCF and market multiples methods - yields a fair value of €1.90ps or an equity value of €49.3mn, implying a 43% upside on the current price.

€ Million	Total Revenues	EBITDA	EBITDA Margin	EBIT	Net Profit	Net Margin	EPS
2017A	32.6	9.3	28.6%	8.8	7.1	21.8%	0.3
2018A	49.9	7.3	14.7%	6.7	4.9	9.9%	0.2
2019A	45.6	0.4	0.9%	-1.6	-2.5	-5.4%	-0.1
2020E	63.2	6.4	10.1%	4.4	3.0	4.7%	0.1
2021E	79.5	8.4	10.6%	6.1	4.2	5.3%	0.2
2022E	87.0	10.2	11.7%	7.4	5.1	5.9%	0.2
2023E	94.9	11.7	12.4%	9.0	6.2	6.6%	0.2

Source: Company Data, KT&Partners' Elaborations

PLC - Key Figures

	Current price (€)	Fair Value (€)		Sector		Free Float (%)	
	1.33	1.90		Renewable Energy		20.8	
Per Share Data							
	2017A	2018A	2019A	2020E	2021E	2022E	2023E
Total shares outstanding (mn)	25.96	25.96	25.96	25.96	25.96	25.96	25.96
EPS	0.27	0.19	0.09	0.11	0.16	0.20	0.24
Dividend per share (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend pay out ratio (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Profit and Loss (EUR million)							
Revenues	32.6	49.9	45.6	63.2	79.5	87.0	94.9
EBITDA	9.3	7.3	0.4	6.4	8.4	10.2	11.7
EBIT	8.8	6.7	1.6	4.4	6.1	7.4	9.0
EBT	8.5	6.4	2.2	4.2	5.9	7.2	8.8
Taxes	(1.3)	(1.5)	(0.2)	(1.2)	(1.7)	(2.1)	(2.5)
Tax rate	16%	24%	-10%	29%	29%	29%	29%
Net Income attributable to the Group	7.1	4.9	2.5	3.0	4.2	5.1	6.2
Balance Sheet (EUR million)							
Total fixed assets	16.2	26.3	28.6	30.0	30.7	31.0	31.2
Net Working Capital (NWC)	1.9	(1.5)	5.7	8.0	12.4	14.6	16.8
Provisions	(0.9)	(1.2)	(1.6)	(3.0)	(4.6)	(6.4)	(8.4)
Total Net capital employed	19.4	31.6	32.7	35.0	40.5	41.1	41.7
Net financial position/(Cash)	1.3	7.3	8.0	7.3	8.6	4.2	(1.5)
Total Shareholder's Equity	18.2	24.4	24.7	27.7	31.9	37.0	43.2
Cash Flow (EUR million)							
Net operating cash flow	-	5.8	0.2	5.1	6.6	8.0	9.1
Change in NWC	-	3.4	(7.2)	(2.3)	(4.4)	(2.2)	(2.2)
Capital expenditure	-	(22.0)	4.4	(3.0)	(5.0)	(3.0)	(3.0)
Other cash items/Uses of funds	-	4.4	0.4	1.3	1.7	1.8	1.9
Free cash flow	-	(8.4)	(2.1)	1.2	(1.1)	4.6	5.8
Enterprise Value (EUR million)							
Market Cap	4.7	45.4	41.0	34.4	34.4	34.4	34.4
Minorities	-	0	0	0	0	0	0
Net financial position/(Cash)	1.3	7.3	8.0	7.3	8.6	4.2	(1.5)
Enterprise value	n.a.	n.a.	49	42	43	39	33
Ratios (%)							
EBITDA margin	28.6%	14.7%	0.9%	10.1%	10.6%	11.7%	12.4%
EBIT margin	26.9%	13.4%	-3.4%	7.0%	7.7%	8.5%	9.5%
Gearing - Debt/equity	6.9%	29.9%	32.4%	26.5%	27.0%	11.3%	-3.5%
Interest cover on EBIT	2487.2%	3.5%	-32.1%	4.8%	3.5%	2.8%	2.3%
NFP/EBITDA	0.1x	1.0x	20.0x	1.1x	1.0x	0.4x	-0.1x
ROCE	45.1%	21.2%	-4.8%	12.6%	15.1%	18.0%	21.5%
ROE	39.2%	20.3%	-10.0%	10.8%	13.1%	13.8%	14.4%
EV/Sales	1.3x	0.8x	0.9x	0.7x	0.5x	0.5x	0.4x
EV/EBITDA	4.5x	5.8x	n.m.	6.6x	5.1x	4.2x	3.6x
P/E	0.7x	9.2x	-16.7x	11.5x	8.2x	6.7x	5.5x
Free cash flow yield	0.00	-0.17	-0.04	0.02	-0.02	0.09	0.12
Growth Rates (%)							
Sales	n.a.	n.m.	-8.6%	38.5%	25.8%	9.4%	9.0%
EBITDA	n.a.	n.m.	-94.5%	1505.0%	31.0%	21.0%	15.5%
EBIT	n.a.	n.m.	-123.4%	-381.4%	38.2%	21.6%	21.3%
Net Income	n.a.	n.m.	-133.5%	-225.4%	40.1%	22.3%	21.9%

Source: Company Data, KT&Partners' Elaborations

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Investment Case

Low Risk Business Profile. Through its 20+ years of activity the company has developed a solid revenue model. PLC born as electrical infrastructure installer and now, also thanks to Monsoon and Schmack M&As, increased revenue visibility by strengthening O&M division (62% of 2020E revenues). Furthermore, as opposite as to the other renewable players, PLC enjoys lower business and financial risk since it does not act as an asset owner. Indeed, thanks to a low cash absorption, the group shows a 2019 NFP of €8.0mn, mainly related to last M&As. The company minimizes BOT risk by acquiring already started projects for a low financial amount, developing and selling them before the construction phase also usually signing an EPC contract.

Multi-technological Operator. PLC enjoys a synergic business model that goes from project development to operation and maintenance, passing through plant construction. Operating throughout the value chain allows the company to exploit revenues for the entire plant life. Further synergies come from PLC's multi-technological offer. Indeed, the company can exploit cross-selling opportunities, being active in the main renewable energy sources: solar, wind, hydroelectric and, following the Schmack acquisition, PLC also entered the promising biogas market.

A Reliable Partner. PLC's outstanding track record and its financial soundness proved by its 20+ years of activity make the Group a reliable partner in the renewable energy market. This track record includes more than 125MW of BOT activities in the last five years (150MW+ including the projects sold to Enel Green Power this year) and 250+ activities in the EPC business. Looking at the the other business unit, PLC conducted O&M activities on more than 2GW plants and farm in Italy.

O&M Recurring Revenues. The company is strengthening revenues visibility by increasing the contribution from O&M multi-year contracts. The Monsson acquisition is one of the steps in this direction. Indeed, in 2019, PLC - also thanks to the M&A - boosted O&M revenues by more than doubling 2018 results, reaching €30.7mn (from €13.9mn in the previous year). Furthermore, at the beginning of 2020, the Group further increased the contribution from O&M by acquiring the biogas company Schmack, which in 2019 registered around €4mn of O&M revenues.

Market Opportunities. The renewable energy market shows huge opportunities, also boosted by renewable sources-oriented legislation: the EU solar market is expected to grow at a CAGR 2019-2023 of 14%, followed by the wind market with an expected CAGR 2019-2023 of 8%. Looking at Italy, the solar market is expected to grow at 9% CAGR over the period 2020-2024, whereas wind cumulative capacity is projected to reach 15GW by 2023 from 10.2GW in 2018.

Entering New Markets. PLC is broadening its offer by entering both new technologies - such as biogas through the acquisition of Schmack - and new countries - such as Scandinavian countries, Germany, Poland, Greece, UK, and Ireland, thanks to the Monsson M&A. Opening to new markets will allow the company to exploit new opportunities abroad and to leverage on cross-selling activities with its current and future clients. Indeed, many of the renewable operators that are PLC's clients are active in more than one renewable source field.

Experienced Management. PLC is run by a highly qualified top management team which boasts long-term experience in the energy/renewable energy industry. Francesco Esposito and Michele Scoppio, respectively the Chairman (and founder) and CEO of PLC, have together enjoyed more than 50 years in the renewable energy field. Furthermore, PLC's management has successfully completed several extraordinary operations, such as the IPO reverse merger and the integration of acquired companies (among others Monsson and Schmack).

Company Overview

PLC S.p.A.

PLC S.p.A., with its 20+ years of activity, is a leading operator in the Italian **renewable energy market**, offering both **construction** and **maintenance** services for plants. The Group is now pursuing a growth strategy with the aim to become a **specialized international ISP** (Independent Service Provider).

Born as an installer of electrical infrastructure, over the years PLC has capitalized on its experience by building an **integrated business model** which exploits meaningful synergies between the different phases of the renewable energy value chain. PLC's offer - mainly focused on wind and solar power plants and electrical power infrastructure - goes from Build, Operate & Transfer (BOT) to Operation & Maintenance (O&M), passing through Engineering, Procurement and Construction (EPC).

Over the 2015-2019 period PLC has been involved, as general contractor, in the engineering, procurement and construction activities of Balance of Plant of more than 200 MW wind park projects including civil and electrical infrastructures; (126 MW of which have been built under the "BOT - Build Operate" and Transfer formula); more than new 95 MW are expected to start the construction with the same formula in 2020-2021.

During its history PLC was also engaged in the construction of more than 180 HV/MV substation, 35 MV/LV electrical installation activities on main cabin, 44 Switchgears and Switchboards activities.

Historically, since the publication of the first FER decree in 2012, PLC has been awarded between 15% and 25% of the MW available for the construction of high voltage electrical infrastructures. In the Italian market the TSO Terna and Enel are key clients for PLC.

As evidence of the high synergies between the activities carried out by the Group, historically PLC also provided **O&M activities for 90% of EPC-BOT projects**. Furthermore, the high quality and promptness of services guaranteed the company a **95% retention rate on its O&M clients**, reaching today more than 2GW of plants under maintenance.

M&A Activities

Besides growing organically, in the last two years the Group has realized **two important M&As** which bring to the Group: a) a strengthened O&M business; b) greater international market penetration; and c) an enriched offering in terms of technology.

Monsson Operation Ltd.

At the end of 2018, PLC acquired control (51%) of Monsson Operation Ltd. - an ISP headquartered in Ireland - and in 2019 acquired the remaining stake. In 2018, Monsson registered revenues of €7.6mn with an EBITDA of €0.7mn and has been bought by PLC for a total consideration of ca. €6.1mn (€3.3mn for the 51% and €2.8mn for the 49%).

Monsson operates as an **O&M services provider** for both wind and solar plants in **20+ countries** (mainly in Europe). The objectives of the acquisition were twofold: a) to strengthen the recurring component of revenues coming from O&M activities; and b) to increase the share of revenues abroad (e.g. Germany, Poland and Scandinavia), allowing penetration of new international markets.

Monsson's Geographical Presence



Source: Company Profile

Schmack Biogas S.r.l.

Already active in the wind and PV sectors, in January 2020 PLC entered the **biogas** and **biomethane** market by acquiring a majority stake (51%) in Schmack Biogas S.r.l. for a total consideration of €1.5mn.

Based in Italy, Schmack Biogas S.r.l. - a Viessman Group company - is a leading player in the design, construction and maintenance of biogas and biomethane plants. In FY18, Schmack recorded €6.7mn of revenues and an NFP of €0.7mn.

The transaction is fully in line with PLC's growth plan to become an international ISP with multi-technology expertise in renewable and decarbonized energy sources. The Group could benefit from the significant growth which the biogas and biomethane markets are expected to experience over the coming years. Indeed, renewable natural gas (RNG) and other **advanced biofuels are becoming of "central importance" to replace fossil fuels in the transport sector**. Their adoption has recently been supported by Italian regulations (the 2018 Biomethane Decree) and European regulations (the Renewable Energy Directive, The European Green Deal). According to the "Gas for Climate" study, the biomethane supply could increase from 20TWh in 2020 to 370TWh or 35bcm (billion cubic meters) by 2030.¹

IPO - Reverse Merger

In 2017, PLC listed on the MTA of the Borsa Italiana stock exchange following the reverse merger with Industria e Innovazione (INDI). At that time, INDI was a real estate company in a distressed status and subject to a restructuring agreement. The reverse merger took place through a €43mn capital increase "in kind" reserved to PLC Group S.p.A. which conferred 100% of PLC System S.r.l. and PLC Service S.r.l. **PLC's management showed strong capabilities in executing INDI's rescue plan and industrial turnaround**, refocusing the company's business on the renewable energy sector.

¹ Source: "Gas Decarbonisation Pathways 2020-2050", April 2020, 8

Group's History

1996 - Foundation of PLC System, a small electrical infrastructure installer

PLC was born from an idea of Francesco Esposito (PLC's current Chairman) who leveraged the experience acquired by working for several years with leading players in the electrical energy market. In 1996, Francesco Esposito established PLC System in Casandrino (Naples). At that time, the company was involved in **electrical installations with a focus on high and very high voltage systems.**

2000 - Approaching the renewable market

The turning point for the company came at the end of 1990s. In those years, the renewable energy market spread out in Italy following the introduction of the first form of incentives issued by *Gestione dei Servizi Energetici* (GSE). PLC seized this opportunity, becoming a reference player for the **installation of electrical power infrastructure for renewable energy sources (RES) plants**, also thanks to collaboration with IVPC and Schneider Electric.

2005 - A key player in the "turnkey" installation of BoPs for the PV market

Starting from 2005, PLC has become a key player in the **turnkey installation of Balance of Plants (BoPs)² for the PV market.** In that period, the PV market was boosted by the interministerial decrees of July 2005 and February 2006.

2006 - Foundation of PLC Service to enter the O&M market

In 2006, **PLC Service** was founded with the aim of starting to provide **O&M services and to guarantee high levels of production performance by plants.**

2010 - Starting to operate as an EPC contractor

In 2010, PLC started operating as an **EPC contractor.**

2014-2016 - Management, organization and ownership transition

In 2012, PLC Service launched a new **turnkey maintenance service of BoPs with a very high level of reliability**, becoming one of the main players for BoPs maintenance.

In 2014, PLC appointed a new management team. The company also started a reorganizational process which led to the adoption of a **group structure** in 2016. In the same year, the Group: i) opened its equity to third parties, selling a stake to qualified investors; and ii) established PLC Service Wind to offer O&M services in the wind industry.

2017 - Listing through a reverse merger

The year 2017 saw another important step in the Group's history. In December, PLC **listed on the MTA** of Borsa Italiana thanks to a reverse merger with Industria e Innovazione SpA (INDI).

2018 - Towards an international ISP: acquisition of 51% of Monsson

In November 2018, PLC acquired a **51% stake in Monsson Operation Ltd. Ireland** with the aim to **establish itself as a specialized international ISP.**

2019 - Took control of 100% of Monsson

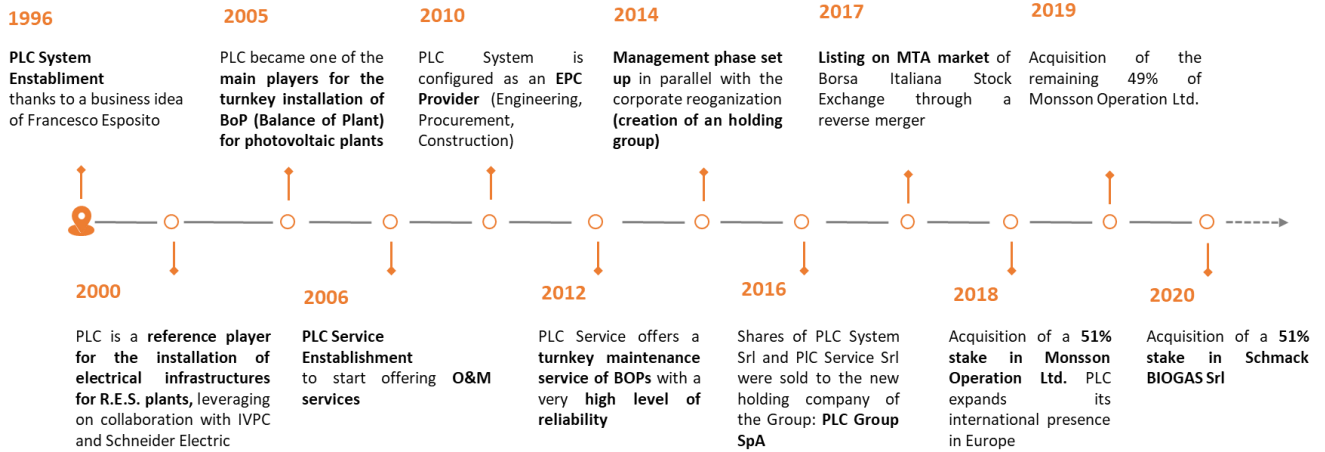
In May 2019, PLC increased its stake in Monsson to 100% following the early exercise of put options owned by Monsson's shareholders which were paid in shares of PLC SpA.

2019 to date - Entering the biogas and biomethane markets

In August 2019, PLC announced the signing of an agreement for the acquisition of a 51% stake in Schmack Biogas Srl which was definitively finalized in January 2020. Thanks to this acquisition, PLC entered the **biogas and biomethane markets** in Italy and abroad.

² Balance of Plants refers to all the supporting components and auxiliary systems of a power plant needed to deliver the energy, other than the generating unit itself: i.e. inverters.

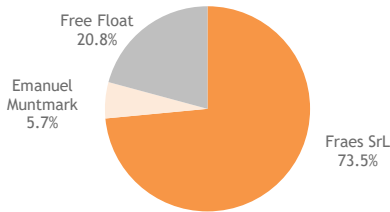
Key Milestones



Source: Company Presentation and Website

Ownership and Group Structure

Shareholders



Source: Company Data

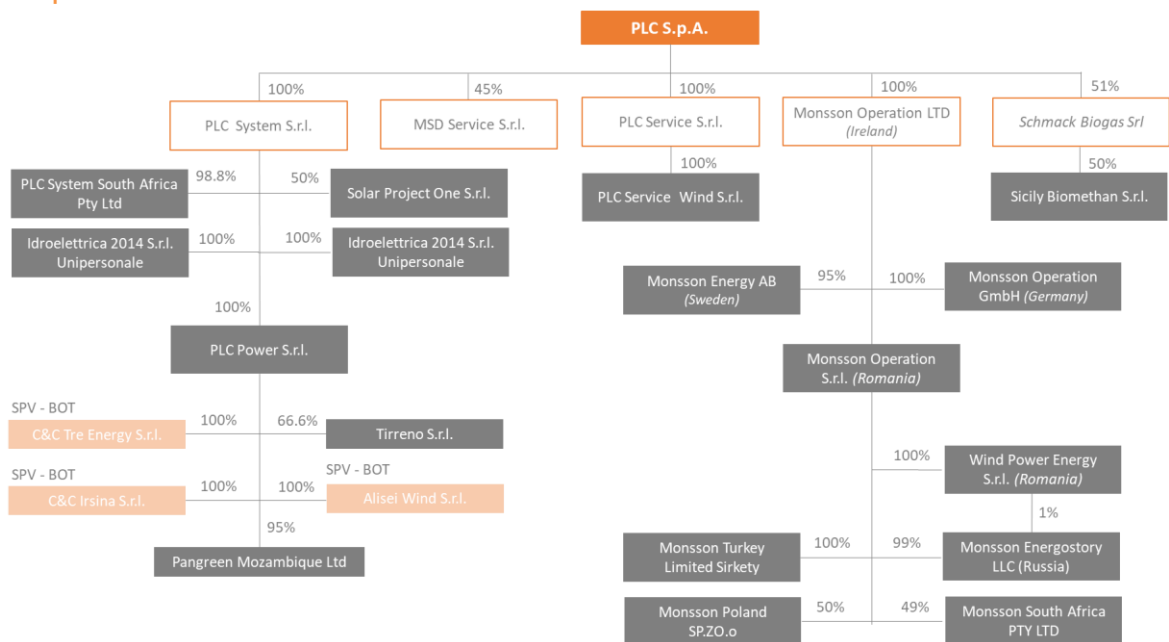
Fraes Srl, owned by the family of Francesco Esposito (PLC's founder), is the main shareholder with a stake of 73.5%. Muntmark Emanuel - previously the largest shareholder of the Monsson Group - holds a 5.7% stake, whereas the remaining 20.8% is held by the market.

Headquartered in Milan, PLC SpA is the holding company of the Group owning:

- 100% of PLC System Srl, involved in EPC-BOT activities building electricity infrastructure and power generation plants. BOT activities - up to now addressed only at wind farms - are carried out through ad hoc SPVs with the aim to sell them to IPP, utilities, industrial players, electricity consumers and financial investors. Recently, PLC System established the newco Tirreno Srl, controlled at 66.6%, with the aim to expand the BOT formula to the PV market;
- 100% of PLC Service Srl, involved in O&M services which range from ordinary, extraordinary and predictive maintenance to spare parts services;
- 100% of Monsson Operation Ltd. Headquartered in Ireland, Monsson Operation controls several companies active in asset management and O&M services based in Germany, Romania, Sweden, Poland, Turkey and South Africa;
- 51% of Schmack Biogas Srl, an Italian company active in the design, development, construction and maintenance of biogas and biomethane plants;
- 45% of MSD Service Srl, a recently established business unit active in the renewable energy service market.

In addition to Monsson, PLC is present abroad also through PLC System South Africa (100% owned), PLC System Montenegro (100% owned) and Pangreen Mozambique Ltd (95% controlled).

Group Structure



■ Company achieving legality rating three stars

Source: Company Data

Management Team

PLC is run by a highly qualified top management team which boasts long-term experience in the energy/renewable energy industry.

Francesco Esposito (Founder and Chairman)

Founder of PLC System in 1996, Francesco Esposito has been PLC's Chairman since 2016. Previously, he worked at ITI Italia Srl, Impresa Caccavale Srl, ICEM SpA and SNIT SpA, all of them partners of leading players in the electrical energy market. Francesco Esposito holds an Electrical Engineering Diploma.

Michele Scoppio (CEO)

PLC's CEO since 2018, he joined the Group in 2014 as Chief Operating Officer (COO) of PLC System S.r.l. He has 17 years of experience in the renewable energy sector. To date, he has managed the engineering, implementation, financing, construction and operation of approximately 1,000MW of renewable energy plants (over 25 production plants) in the wind and PV sector and to a lesser extent in the hydroelectric sector. Previously, he worked at:

- Renexia S.p.A. (2012-2014) as COO;
- Toto Costruzioni S.p.A. (2009-2011) as Director of the Renewable Energy Business Unit;
- Iberdrola Renovables Italia SpA (2008-2009) as Italy Country Manager;
- Alerion Energie Rinnovabili S.r.l. (2007-2008) where he was in charge of the development and construction of renewable power plants;
- EOS Windenergy S.r.l. (2003-2006) as Project Manager.

A graduate in Electrical Engineering, Michele Scoppio is also a BoD member of Monsson Operation Ltd. and MSD Service Srl.

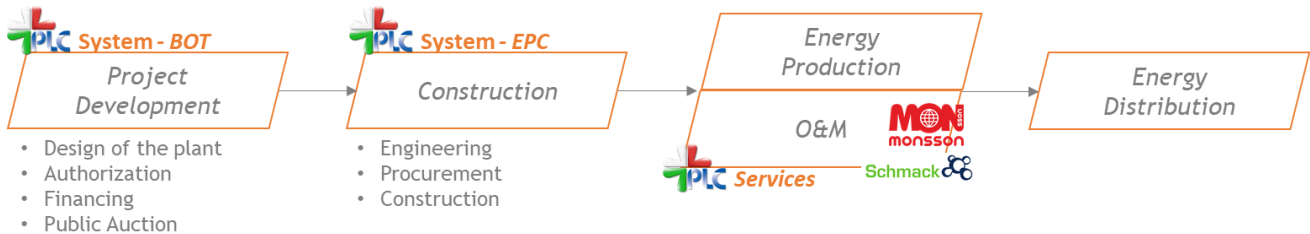
Cecilia Mastelli (CFO)

Cecilia Mastelli has been PLC's CFO since June 2016. Previously, she worked as Director of Financial Reporting and Consolidation at Industria e Innovazione S.p.A. (INDI). At INDI she was also involved in the definition and structuring of extraordinary transactions, restructuring plans, M&As and Project Financing. A graduate in Economics from the Bocconi University, Cecilia Mastelli immediately joined EY, where she worked for almost 9 years, achieving the role of Audit Manager.

Business Model

PLC focuses on construction and maintenance of renewable energy production plants and electrical power infrastructure, positioning itself at the beginning of the energy value chain. The chain can be split into: i) project development; ii) plant construction; iii) energy production and plant maintenance; and iv) energy distribution.

Energy Value Chain



Source: KT&Partners' Elaboration

The Group operates through two business units, each of which is run by different subsidiaries: a) PLC System for the project development (BOT) and construction (EPC); b) PLC Service and Monsson for the O&M.

It is worth noticing that the recent acquisition of Schmack Biogas S.r.l. - active in the design, construction and maintenance of biogas and biomethane plants - will allow PLC to: a) enter new end markets which show room for growth; and b) enhance the offering of both EPC-BOT and O&M business units.

BOT & EPC

Build, Operate and Transfer (BOT)

Thanks to 20+ years of experience in the renewable energy field, PLC has been able to integrate its value chain with the BOT business, exploiting profitable capital gains linked to the phase preceding construction of a plant.

The first phase of the value chain - project development - is covered by BOT activity. The project development of the plant is carried out by acquiring - through an SPV - projects that may be either not authorized or already authorized. In the first case, the company carries out all the activity necessary to bring the project to authorization, otherwise, in the latter case, PLC only seeks a final investor who is interested in financing the project. The project could either be financed through debt or directly through the sale of the SPV. In the latter case, investors are usually attracted by the economic returns granted from the energy plant (around 10%). To balance business risk and profitability, PLC usually prefers to sell the SPV before the construction phase. The first phase could include participation in a public auction with the aim of benefitting from the public incentive scheme associated with renewable energy production.

PLC completed five BOT projects for a total of 126MW, selling them to different investors throughout the 2015-2019 period.

In the last few months, the Group has completed the sale of two plants to Enel Green Power Italia and has entered preliminary contracts for the sale of another SPV (C&C Tre Energy Srl) to EDPR.

BOT Projects

BOT - Projects	SPV	Energy Source	MW	Description
Burgentia	Burgentia Energia Srl	Wind	18.0	
Tricarico	C&C Lucania Srl	Wind	54.4	
Butera	Energia Pulita Srl	Wind	16.0	
Forleto	Parco Eolico Forleto Nuovo	Wind	12.0	80% Sold in 2018 for EUR52mn and the 18% Sold in 2019 for EUR6mn
Tolve	C&C Tolve; Serra Energie	Wind	25.2	
5 Completed Projects			125.6	
Castelvetero	C&C Castelvetero Srl	Wind	13.2	Sale of stake owned (67%) of Castelvetero and 100% of Baselice
Baselice	C&C Uno Energy Srl	Wind	36.0	
Casalbore, Ariano Irpino, Montecalvo Irpino	C&C Tre Energy Srl	Wind	28.2	Sale of 100%
Palazzo San Gervasio	Alisei Wind Srl	Wind	16.0	To be sold before or after an eventual public auction
Idroelettrica	Idroelettrica 2014 Srl	Hydro	0.3	To be sold - to a small player
Agrigento	Tirreno Srl	Solar	15.0	To be authorized

Source: Company Data

Engineering Procurement Construction (EPC)

EPC activities mainly involve construction of BoP, i.e. components and systems other than the generating unit. PLC carries out this activity both on plants coming from BOT projects and on third parties' plants. The company operates either as a general contractor - managing all the construction activities and subcontracting some of them - or as designer, supplier and constructor of some specific parts of the plant, mainly the electrical substation.

Among the main EPC activities, the Group has been engaged in 179 HW/MV activities, 35 MV/LV activities and in 44 Switchgears and Switchboards projects. PLC System also operates as a general contractor for PV power plants and wind farms.

The upcoming EPC scheduled projects are related to: i) EPC activities that began in 2019; ii) the two wind farms sold to Enel; and iii) the wind farm preliminarily sold to EDPR.

EPC Projects

EPC - Main Activities	Energy Source	# of activities	Status	Description
HV/MV	Various	179	Completed	- Electrical Substation Design, supply and erection - Supply, Assembly and test of several components - Supply of Protection, Scada and power factor correction Systems
MV/LV	Various	35	Completed	- Electrical installations on main cabin - Updating of electrical plant, transformer systems and protections - Design and installation of distribution cabin
Switchgears and Switchboards	Various	44	Completed	- Industrial automation switchboards, MV Switchgear - Control, protection, SCADA & metering panels
EPC - Projects	Energy Source	MW	Status	Description
EPC Contractors - BoP	Wind	143	Completed	
EPC Contractors - BoP	Photovoltaic	135	Completed	
2019 backlog	Various		Backlog	
Turnkey Enel (from BOT)	Wind	49	Backlog	
Turnkey EDPR (from BOT)	Wind	28	Backlog	
EPC - Bompietro, Gangi (PA) Shelter - Terna RFI	Wind	28	Backlog	2 contracts for Electrical and electromechanical substation work
Pipeline	Various	n.a.	Pipeline	EUR20mn of offer already made

Source: Company Data

Operation & Maintenance (O&M)

The Group completes its offer with the O&M services, providing 24-hour monitoring to guarantee the highest performance level. PLC Service is engaged in full-service maintenance activity managing ordinary, extraordinary and predictive service and supplying spare parts.

O&M activities are carried out on more than 2GW in Italy thanks to the Group's service package - which meets various customer needs - composed of:

- O&M. Full service on both wind and PV plants, O&M on electrical substations, switchgear and switchboard and preventive maintenance;
- Inverter Division;
- Other services. Spare parts management, innovative troubleshooting and diagnostics on MV cable lines and management of dispatching orders received by local TSO.

Inventories management represents one of PLC's competitive advantages, being the key to offering a responsive service, especially on spare parts supplies.

The synergies of the PLC business model strongly emerged when looking at PLC's services KPIs. Indeed, according to the management, more than 90% of projects carried out by PLC System continue to be served by PLC Service with its O&M activities. Indeed, after an EPC project, the company acts for two years - according to the law - as O&M provider and the contract is usually renewed for other three years. The high quality of the services, combined with promptness thanks to optimal inventories management, guarantees the company a **95% retention rate** on PLC Service clients.

The O&M business had a boost in the period 2018-2019 thanks to the acquisition of Monsson, a company focused on asset management and O&M services for both wind and PV plants. The acquisition is allowing PLC to pursue internationalization - Monsson operates in 20+ European countries - and to increase the incidence of recurring revenues, since O&M activities are based on multi-year contracts.

Renewable Market Overview

Global Renewable Market

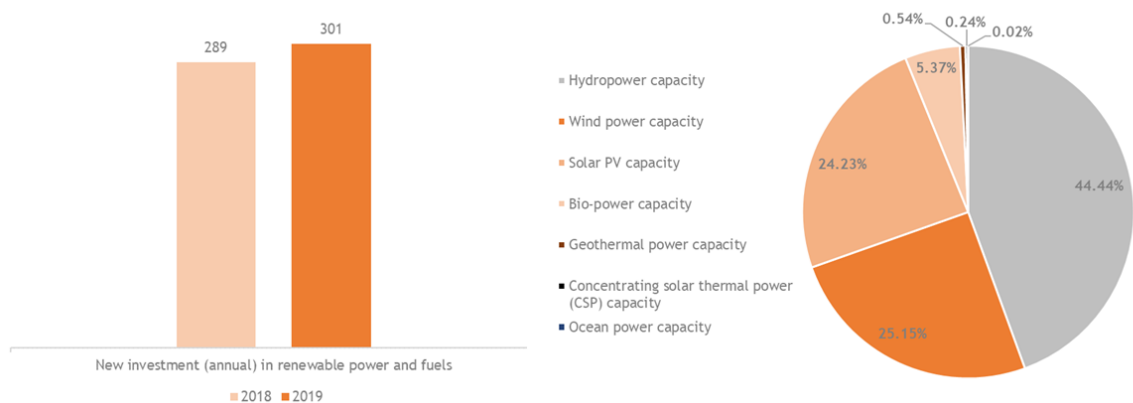
Capacity in 2018:
2.588GW

In 2019, the overall renewable power capacity grew by 8.4%YoY, reaching **2.588GW**, providing **27.3%** of global electricity generation. The main source is represented by hydropower plants, accounting for 58% of renewable energy produced (+1.6% vs 2018 capacity). The wind power (+10.2% vs 2018 capacity) and solar PV (+24.2% vs 2018 capacity) accounted for 22% and 10% of total capacity, respectively.

Investment in 2019 increased by 4.2% to \$301bn, thanks to higher spending on small-scale solar PV plants and the cost-efficiency of renewable sources.

Investments in Renewables Energy and Fuels (\$bn)

Renewable Installed Capacity by Technology (%)



Source: Renewables 2020 Global Status Report - REN21 - 2020

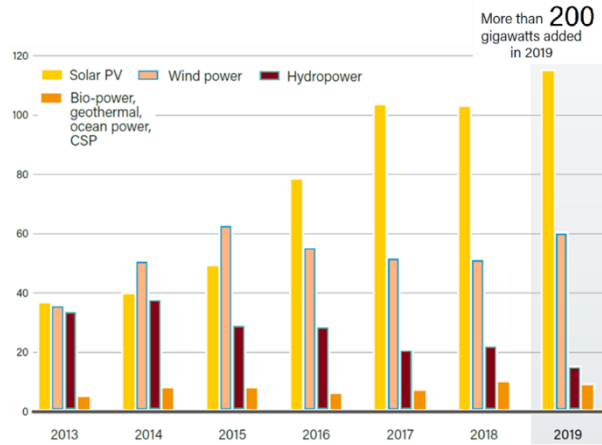
2018-2019 Renewable Installed Capacity by Technologies (GW)

Power		2018	2019	Growth
Renewable power capacity (including hydropower)	GW	2,378	2,588	8.8%
Hydropower capacity	GW	1,132	1,150	1.6%
Renewable power capacity (not including hydropower)	GW	1,246	1,437	15.3%
Wind power capacity	GW	591	651	10.2%
Solar PV capacity	GW	505	627	24.2%
Bio-power capacity	GW	130	139	6.9%
Geothermal power capacity	GW	13.3	13.9	4.5%
Concentrating solar thermal power (CSP) capacity	GW	5.5	6.2	12.7%
Ocean power capacity	GW	0.5	0.5	0.0%

Source: Renewables 2020 Global Status Report - REN21 - 2020

Data about the additional capacity generated in 2019 remarkably reflect the rising path of the solar PV and wind power technologies, which together represent 87% of the installed capacity (57% with 115GW and 30% with 60GW, respectively), while the hydropower share reached 11% (16GW).

Annual Additions of Renewable Power Capacity - by Technology



Source: Renewables 2020 Global Status Report - REN21 - 2020

Solar PV - Cumulative Capacity to 627GW and +115GW Annual Additions

The total capacity of solar PV confirmed the rising path of the last ten years, reaching 627GW (+22.4% vs 2018) with more than 115GW additional capacity in 2019.

In 2019, solar PV was confirmed as the fastest growing energy technology and most competitive for electricity generation with applications in several markets including residential, commercial and utilities projects.

Solar PV significantly contributed to electricity generation in several countries and in 2019 the installed capacity accounted for 2.8% of the annual global electricity generated. Solar PV represents a significant source within the electricity market in countries like Italy (8.6%), Greece (8.3%) and Germany (8.2%).

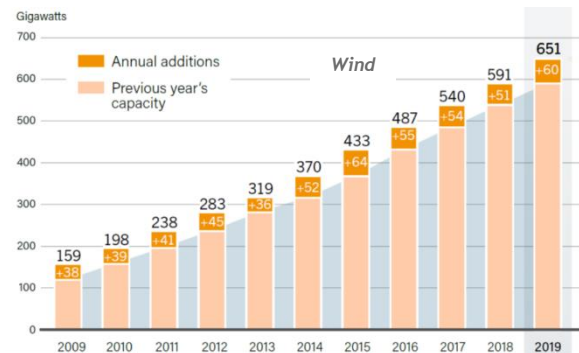
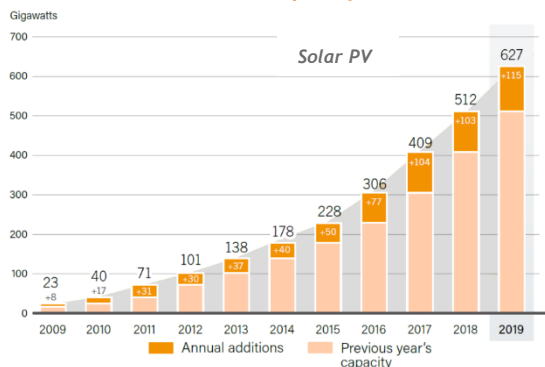
Wind Power - 5.9% of Global Electricity with 651W (+10% vs 2018)

Wind became the first technology in terms of cost-competitiveness, and this has been the main driver of growth over the last few years. In 2019, wind power capacity accounted for 5.9% of the global electricity generated with 651GW installed, up by +10% compared to 2018 (591GW).

During 2019, 60GW have been added to the capacity, of which 54GW are onshore and the rest offshore, growing by 19% with respect to 2018.

In 2019, Asia represented the largest market with 50% (+292GW) in terms of added capacity, followed by Europe 24% and North America 16%.

Solar PV and Wind - Global Capacity and Annual Additions - 2008 to 2019



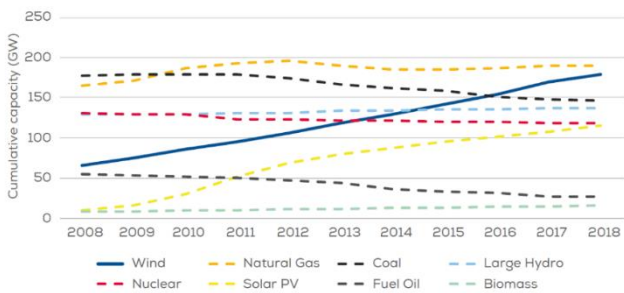
Source: Renewables 2020 Global Status Report - REN21 - 2020

European Renewable Market

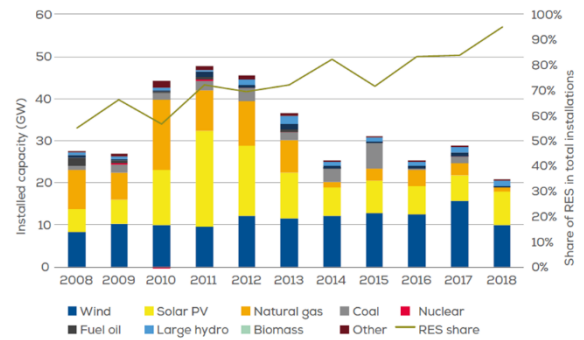
Since 2010, the main part of newly installed capacity in the EU has come from renewable technologies. These are improving their cost-competitiveness and thanks to support by government policies are expanding their energy share. In 2018, renewables, with 19.8GW of new capacity installed, accounted for 95% of the EU new power generation (20.7GW), while natural gas and coal new installations reached a record low with 0.9GW of additional installation.

Particularly, the installed capacity of solar PV and wind power have increased steadily since 2010, representing 39% and 49%, respectively, of the new installations in 2018.

EU - Total Power Generation Capacity - 2008 to 2018 (GW)



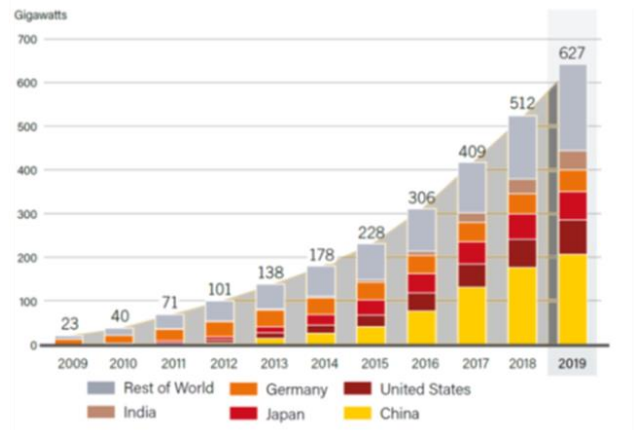
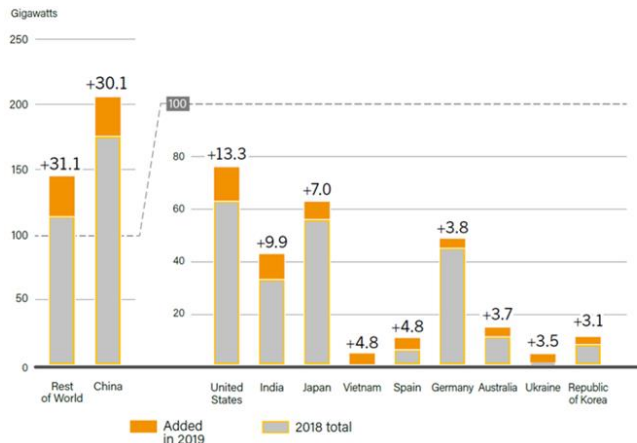
EU - Annual Installed Capacity - 2008 to 2018 (GW)



Source: Wind Energy in Europe in 2018 - Wind Europe

Solar PV. In 2019, Europe - with nearly 20.4GW of new installations - was the second region in terms of solar PV additional capacity and in terms of total installed capacity (131.7GW). Most countries moved beyond government FITs, thanks to significant increases in electricity demand, solar technology cost-competitiveness, and growing interest for self-consumption (combined with digital technologies and storage). In addition, during 2019, bilateral PPAs (Power Purchase Agreements) continued to grow. By early 2020, the operating and planned capacity related to PPAs was about 8.4GW, with the largest portion of it in Spain (4.4GW). Regarding member countries, Germany remains the largest market with a total capacity of 49GW (+3.8GW vs 2019), followed by Italy with ca. 20GW and the UK with 13.4GW (+0.3GW vs 2019). Notably, Spain ranks first in 2019 for additional capacity with 4.8GW, reaching a total installed capacity of 9.9GW.

EU - Solar PV - Top Countries for Capacity Added and Global Capacity, by Country and Region, 2019 (GW)



Source: Renewables 2020 Global Status Report - REN21 - 2020

Wind Power. Europe achieved 205GW capacity in 2019, with an additional 15.4GW (15.2GW net of decommissioning and 13.2GW considering EU-28) of wind power installed capacity, up by 27% from the previous year (11.7GW were onshore installations and 3.6GW offshore).

EU - Gross Annual Wind Power Installations - 2008 to 2018 (GW)



Source: Wind Energy in Europe in 2019 - Wind Europe

Germany remains the main country in terms of installed capacity with 2.2GW installations in 2019, although reducing its investments. On the other hand, Spain (+2.3GW) and Sweden (+1.5GW) increased their wind power significantly. France remained stable with 1.3GW of newly installed farms, whereas the UK principally increased the offshore capacity (+ 1.7GW) which represents half of 2019 offshore installations.

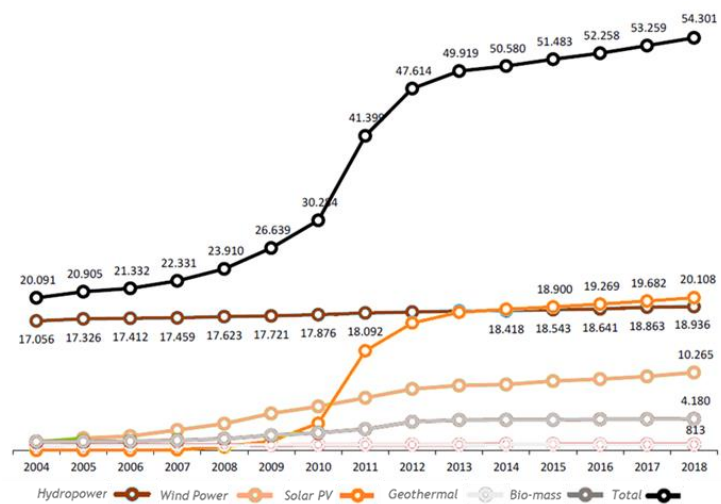
In terms of investments, new wind farm projects (11.5GW) have been financed with less investment (€19bn, down by 24%YoY) thanks to cost reduction over the value chain and increasing competition. Regarding individual countries, Spain generated €2.8bn of investment followed by France (€2.4bn) and the UK and Sweden (€2.3bn each).

Italian Renewable Market

Over the last few years, renewable energy has played a significant role as a source for electricity generation, maintaining a share between 36% and 40% over the period 2013-2018. In 2018, renewables represented the first source in terms of electricity production at ca. 40%.

The installed capacity of renewable plants grew at a 7% CAGR2004-2018, going from 20GW in 2004 to 54.3GW and 835,000 installed plants in 2018. Over the 2004-2018 period, the installed capacity of the hydroelectric segment remained almost stable, whereas solar PV and wind power have recorded the highest growth thanks to the adoption of incentive schemes. At the end of 2018, solar PV and wind power together accounted for 56% of the total installed capacity.

2004-2018 Total Installed Capacity of Renewable Energy



Source: GSE - Statistic Report 2018

In 2018, the total installed capacity grew by 2% (+1GW) with respect to 2017. This was mainly the result of the added capacity of wind power and solar PV technologies of +499MW and +425MW, respectively. There were 48,000 additional plants, of which more than 90% are attributable to solar PV and wind power, confirming their substantial contribution to energy generation and growth.

Final consumption of energy produced by renewable sources accounted for 17.8% in 2018 (251TW), reaching in advance the 2020 target for renewable energy of 17%. The 30% target for 2030 set by the National Energy Strategy is also expected to be achieved, thanks to the New Renewable Decree and the significant amount of investment expected in next few years.

Solar PV - 822K Solar PV Plants With 20GW Cumulative Installed Capacity

In 2018, the installed capacity of solar PV plants reached 20.1GW, representing 37% of total Italian renewable energy capacity. There are 822,301 operational plants, of which 37% have between 20KW and 1MW of capacity. With 22.6GW, the solar PV segment accounted for almost 20% of total electricity produced by renewable sources in 2018.

2018 Key Figures of Italian PV Market

Number of Solar PV plant 822.3K <small>+6.2% vs 2017</small>	Installed Capacity 20.1GW <small>+2.2% vs 2017</small>	Production 2018 22.6GW <small>19% of Electricity</small>
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Source: GSE - Statistic Report - 2018

About 48,000 (+9.8%YoY) additional plants were installed in 2018 with an additional capacity of 0.440GW. From 2013 onward, the increasing trend in the number and capacity of plants installed per year started to slow, mainly due to the end of support by the Italian “Conto Energia”.

2008-2018 Solar PV: Number of Plants and Capacity Installed (MW)



Source: GSE - Statistic Report 2018

Wind Power - 5,423 Plants With a Cumulative Installed Capacity of 10.2GW

At the end of 2018, the installed capacity of wind power plants reached 10.2GW, representing 19% of total Italian renewable energy capacity. There are 5,423 operational plants, of which 86% have more than 10MW of capacity. Production during the year reached 17.7GW, accounting for almost 15.5% of total electricity produced by renewable sources.

2018 Key Figures of Italian Wind Power Market

Number of Wind Power plant 5,423 <small>+1.1% vs 2017</small>	Installed Capacity 10.2GW <small>+5.1% vs 2017</small>	Production 2018 17.7GW <small>15% of Electricity</small>
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Source: GSE - Statistic Report 2018

During 2018, the number of plants increased by 1.1%, adding 0.499GW of capacity to the total (+5.1%YoY). Over the last few years, the installed capacity has grown at a slower pace due to the installation of an increasing number of plants with a capacity lower than 1MW.

Solar PV - Number and Capacity Installed - 2008 to 2018 in MW



Source: GSE - Statistic Report 2018

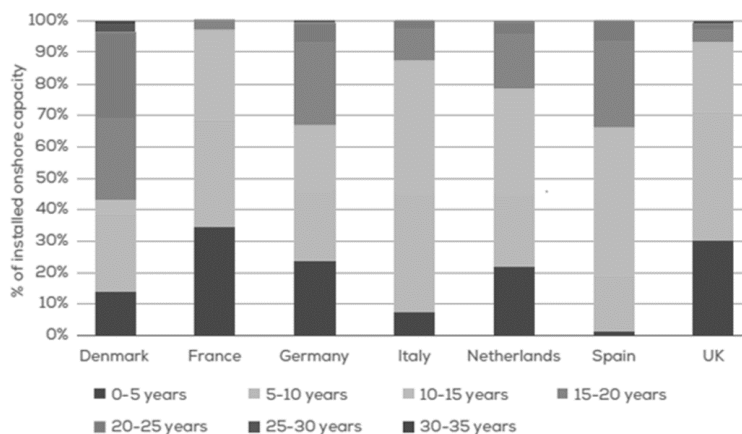
O&M Market Overview

O&M services, including all those activities related to the operational management and maintenance of PV and wind plants, generally represent 20%-25% of the total cost of a project.

The increasing number of solar photovoltaic and wind systems represents a high potentiality for companies that deal with O&M in Italy and abroad. In detail, business opportunities for the O&M market should come from:

- new photovoltaic and wind plants expected to be installed over the next few years. In Italy, new installations are being supported by incentive schemes like the one recently introduced by the FER1 Decree;
- plants already installed but that have not been properly engineered or rely on low quality equipment and thus require adequate monitoring and maintenance;
- the renegotiation of expiring contracts;
- the need to improve efficiency and to extend plants' life through extraordinary maintenance services (i.e. revamping and repowering). According to Wind Europe, most of the repowering activities are taken after 15 years of wind farm operation allowing for lifetime extension up to 30 years. In the next 10 years, there will be a considerable number of wind farms that will require repowering or will reach the end of their life. As of August 2019, the installed onshore fleet that was over 15 years old accounted for 33% of the total in Germany and Spain and 57% in Denmark. In Italy, ca. 40% of the installed wind farms are between 10 and 15 years old.

Distribution of Age of the Onshore Wind Fleet



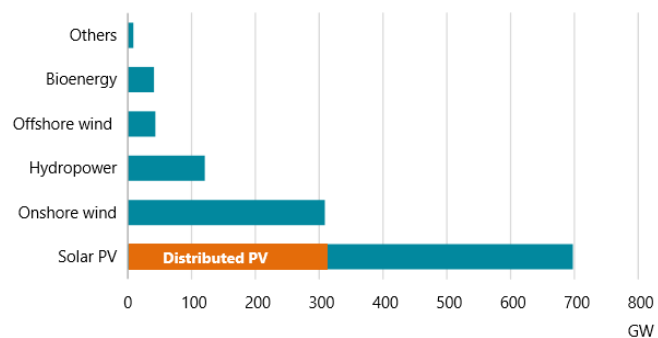
Source: Wind Energy in Europe Outlook 2023 - Wind Europe

Renewable Market Outlook

Global Outlook

According to IEA, the global renewable power capacity is expected to expand by 50% (+1200GW) between 2019 and 2024, driven by solar PV. Solar PV accounts for almost 60% of the expected growth (+700GW), whereas onshore wind will increase by +300GW, threefold its current capacity. Wind and solar PV costs are expected to continue to decline rapidly, improving their cost-competitiveness versus new coal and natural gas plants. The quick expansion of the renewable energy market will require €90tn of investments over the forecasted period.

Renewable Capacity Growth Between 2019 and 2024 by Technology



Source: IEA - Renewables 2019

Europe Outlook

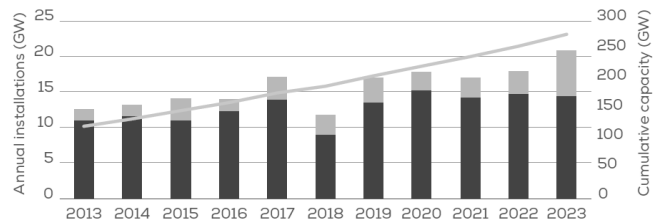
Renewable energy should account for more than 35% of power generation by the end of 2020. Coal generation will be outpaced by natural gas generation. Nuclear generation, instead, will continue to fall, as Philippsburg plant (Germany) has already been decommissioned and Fessenheim (France) and Olkiluoto (Finland) will be closed by 2020 and 2021, respectively.

European climate initiatives are accelerating. The Paris Agreement forces parties to review their action every five years. On December 2019, the EU Commission revised the EU 2030 targets from the current goal of -40% emissions up to -50% or -55%. In achieving these goals, the **European Green Deal** will require a transformation of the whole European economy. In particular, the **power sector** should accelerate the dismissal of coal sources and the development of renewable infrastructure. Regarding developments of the technology mix in the power sector, solar PV and wind technologies are expected to play a significant role in achieving European objectives.

Wind Outlook. The ANEV scenario for 2023, which takes into account the pipeline projects and ongoing legislation in EU, range from the low scenario with 254GW installed by 2023 to 299GW installed under the high scenario. Germany will remain the leader with 68-77GW installed, followed by Spain with 30-35GW. The offshore wind will account for 13% of capacity.

Forecasted developments, following the central scenario, expect an increase of 90GW over the next five years (+16.8GW in 2019, +17.7GW in 2020, +17GW in 2021, +17.9 in 2022 and +20.8GW in 2023). This would give Europe 277 GW of installed capacity by 2023 (medium scenario).

EU - Gross Annual and Cumulative Installations (Medium Scenario)



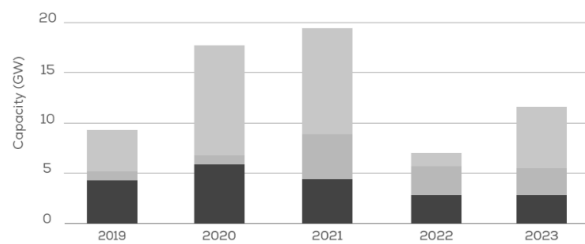
Offshore	1.5	1.5	3.0	1.6	3.2	2.7	3.4	2.5	2.8	3.2	6.3
Onshore	11.0	11.6	10.9	12.3	13.9	9.0	13.4	15.2	14.2	14.7	14.5
Cumulative	122	136	148	162	178	189	207	223	240	257	277

■ Onshore ■ Offshore — Cumulative

Source: ANEV - Wind Energy Outlook 2023 - Wind Europe

Following the ANEV projections of auctions to be held over the next years until 2023, below are reported the auctions already planned by different countries within the EU.

Planned Auctions until 2023



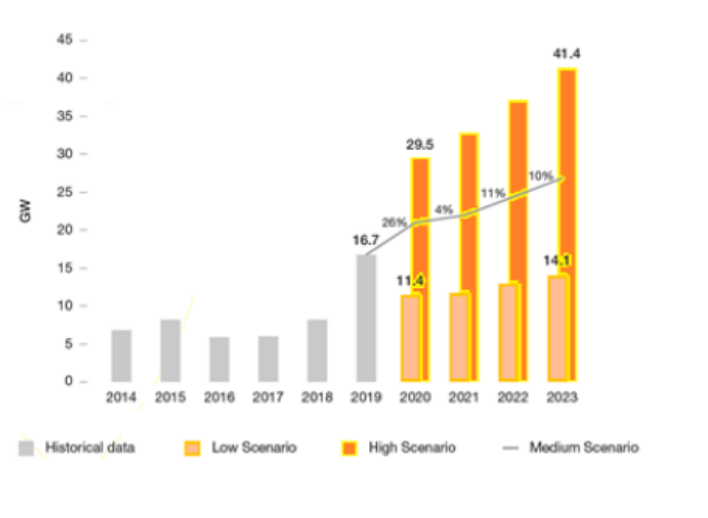
Technology-neutral	4.1	10.9	10.5	1.2	6.0
Offshore	0.8	1.0	4.4	2.9	2.7
Onshore	4.3	5.9	4.5	2.9	2.9

■ Onshore ■ Offshore ■ Technology-neutral

Source: ANEV - Wind Energy Outlook 2023 - Wind Europe

Solar Outlook. Forecasts for the period 2019-2023 foresee an additional capacity growth by 2020 of 21GW followed by 21.9GW in 2021, 24.3GW in 2022 and a record of 26.8GW for 2023. Thus by 2023 the total capacity installed is expected to reach 226GW (medium scenario). The main drivers of this expected growth are cost-competitiveness and preference for the technology as the main solution in different countries because of its versatile and flexible characteristics. Over the period, the solar market is expected to experience a constant two-digit growth, with the exception of 2020-2021 when a 4% growth rate is expected as several countries will meet their targets for 2020. However, fast recovery of the growth rate is expected thanks to the set of new targets established by the EU Members' National Energy Plan for 2030. In general, total installed capacity by 2023 is expected to range from 180GW of under the low scenario to 277GW under the high scenario.

EU - Annual Solar PV - Additional Capacity Outlook until 2023



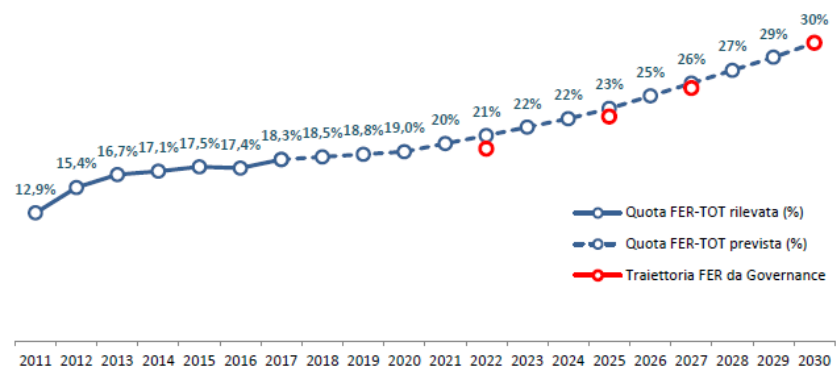
Source: EU Solar Market Outlook 2019-2023 - Solar Power Europe

Italian Outlook

Italy's National Energy Strategy 2017 set out measures to achieve sustainable growth and environmental targets by 2030 that are in line with the plan within the EU Energy Roadmap 2050. The strategy envisages measures which will contribute to a low-carbon economy and to fighting climate change.

The national strategy expects the country to reach 111Mtep of energy consumption by 2030, of which 33Mtep (30%) will be covered by renewable sources.

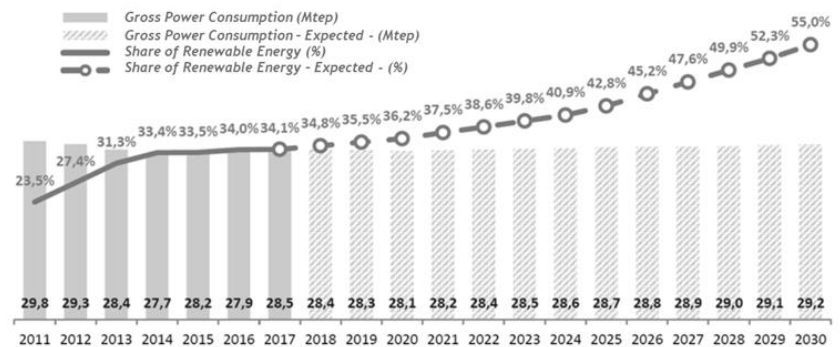
Italy - Renewable Share Growth Path of Renewable Resources



Source: National Integrated Plan for Energy and Climate

Renewable resources will contribute by 2030: a) 55% of the electrical energy consumption; b) 33.9% of the thermal sector; and c) 22% of the electrical transportation sector consumption.

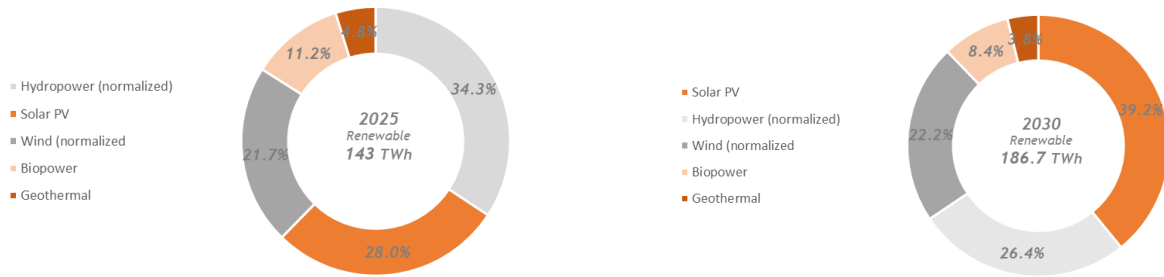
Italy - Growth Path of Power Consumption



Source: National Integrated Plan for Energy and Climate

Solar PV is projected to account for 28% of energy consumption (40TWh) by 2025 and 39% (73TWh) in 2030, while wind technology is expected to account for 21.6% (31TWh) by 2025 and 22.2% (41.5TWh) by 2030.

Italy - 2025 and 2030 Power Sector Production by Technology



Source: National Integrated Plan for Energy and Climate

The Italian solar market is expected to grow at 9% CAGR over the period 2020-2024, adding 11GW (medium scenario) to the actual installed capacity. New installation capacity growth from 2020 to 2024 will range between 4GW (low scenario) and 18GW (high scenario). Wind cumulative capacity is projected to reach 15GW by 2023, with Italy being one of four countries in Europe (with Sweden, Turkey and the Netherlands) to have more than 10GW installed. Onshore new installations are expected to be 5GW over the period 2019-2023, while offshore new installations will reach 30MW.

The New Italian Renewable Decree

In line with the Paris Climate Agreement (PCA) signed by the Italian government and 195 other countries on April 22, 2016, **the European Parliament has adopted clear objectives to fight climate change**. A set of measures to be adopted by each member country was ratified with a particular focus, among others, on CO₂ emission cuts, promotion of energy production from a mix of renewable sources, and energy efficiency.

The Italian government launched the **National Energy Strategy** (“*Strategia Energetica Nazionale*”) in 2017 and issued the **New Renewables Decree (NRD)** as part of an integrated political action **to achieve the objectives set out in the PCA and by the European Parliament**.

After over one year of delay, the NRD - the so-called FER1 - **has been effective since August 2019**.

The NRD is expected to promote and control the production of electricity from renewable sources. The main aim is to incentivize the production of electricity through an incentive price mechanism awarded to the participating projects.

Eligible technologies under the FER1 Decree are: a) wind (onshore only); b) solar PV; c) hydro (running water and reservoir/basin); and d) sewage gases.

The FER1 Decree allows participating projects to access incentives through a reverse auction system for plants with a capacity over 1 MWp. The scheme will apply until the end of 2021 and will provide new incentives of about Euro 1 billion per year.

There are seven rounds to access the incentives:

1. September 30, 2019
2. January 31, 2020
3. May 31, 2020
4. September 30, 2020
5. January 31, 2021
6. May 31, 2021
7. September 30, 2021

Plants who won the auction must complete the construction works and start operations within the deadlines of 24 months for onshore wind, 19 months for PV plants and 31 months for hydro and sewage gases. Deadlines start running as of the publication of the ranking.

The government expects that FER1 will allow for the construction of new plants with a total capacity of about 8,000MW with investments estimated to be in the region of €10 billion.

The results of the first GSE auction were published on January 31, 2020. For the third consecutive time during the last three GSE auctions, one of the PLC Group's wind farms qualified. The plant, located in Castelvetero (BN), with a capacity of 16MW, was sold to Enel Green Power at the end of May.

In the second GSE auction - its results were published on May 28, 2020 - C&C Tre Energy was classified in a useful position to request the feed-in tariff. PLC has signed a preliminary agreement with EDP Renewables Italia Holding S.r.l. for the sale and the construction of the plant. Finalization of the sale is expected within 90 days.

Historical Financials

PLC's business model is characterized by some peaks in its financials throughout the years on both revenues and EBITDA due to the cyclicity of BOT business. Indeed, BOT results are registered only at the sale of the SPV and the capital gain directly impacts both revenues and EBITDA of the year.

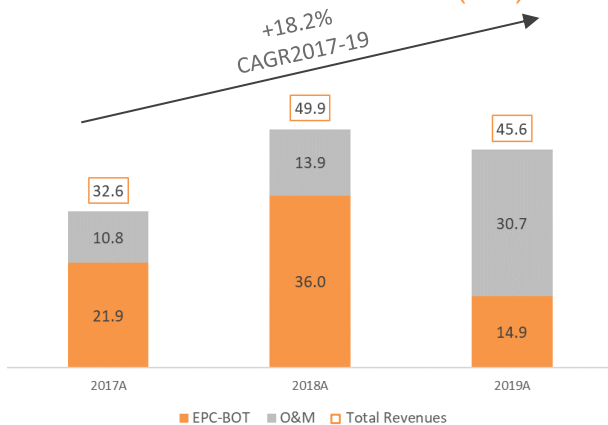
It is worth noticing that FY19 financial results were strongly penalized by a sharp slowdown in the EPC-BOT business unit following the delay in the publication of the FER1 Decree, which caused the temporary postponement of some projects. It is expected that this negative effect can reasonably be recovered during FY20 also thanks to opportunities introduced by the decree itself.

Revenues Break Down and Profitability Analysis

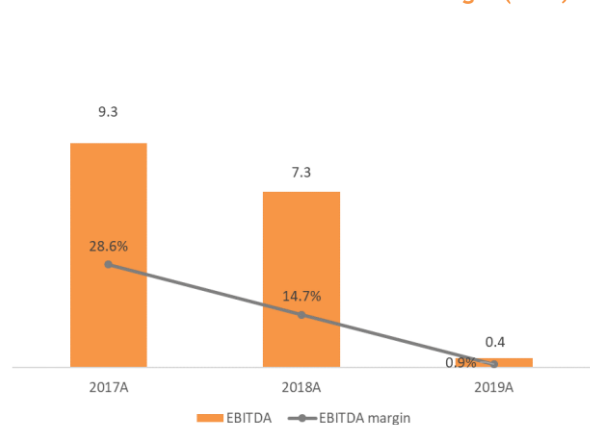
Over the 2017-2019 period, PLC grew at a CAGR of 18.2%, reaching €45.6mn of total revenues in FY19. The remarkable performance recorded by the O&M business unit in FY19 (+120.5%YoY) partially offset the drop (-58.5%YoY) registered by the EPC-BOT division. Since 2017, the O&M business unit has experienced the highest growth (+68.9% CAGR2017-2019), accounting for 67% of FY19 total revenues.

After peaking at 28.6% in FY17 (+12.7ppYoY), EBITDA margin significantly decreased mainly due to the lower incidence of BOT activities characterized by higher profitability. PLC closed FY19 with an EBITDA of €0.4mn.

2017-2019 Total Revenues Breakdown (€mn)



2017-2019 EBITDA and EBITDA margin (€mn, %)



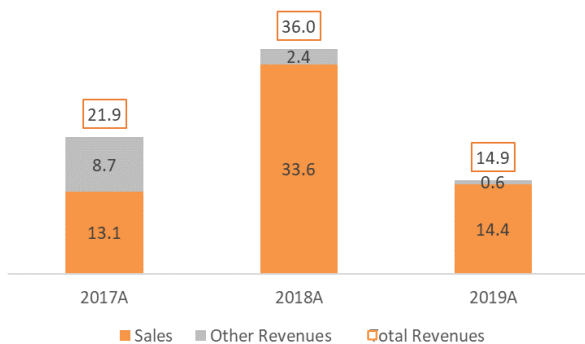
Source: Company Data

EPC-BOT Business Unit (€14.9mn in FY19)

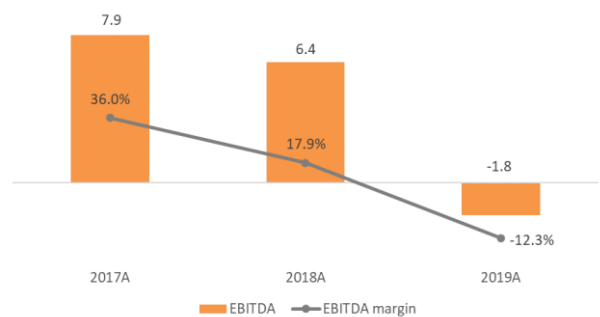
Total revenues of the EPC-BOT division more than halved in FY19, accounting for 34% of total revenues. As mentioned above, this was the result of some shifted projects scheduled in the 1H19, due to the late release of the new decree on renewable resources (initially expected in 2H18 and officially published at the beginning of August 2019). Poor top line performance was also reflected in negative margins. Indeed, projects carried out during the 2H19 - like the one with Terna Rete (€5.4mn) - were not sufficient to cope with the negative impact on margins recorded during the 1H19, leading to a FY19 EBITDA of -€1.8mn.

Revenues of the EPC-BOT business unit can be split into: i) sales from EPC activities; and ii) other revenue including the contribution of BOT activities. We note that in FY18 sales from EPC activities more than doubled with respect to the previous years, coming in at €33.6mn (+155.3%YoY). This was mainly the result of the completion of EPC projects already acquired in 2017. On the other hand, the contribution from BOT activities went from €8.7mn in FY17 to 2.4mn in FY18. The contribution of BOT activities in FY17 was the result of capital gains realized with the disposal of: i) a 100% stake in Burgentia Energia Srl and Energia Pulita Srl for a consideration of €6.8mn; and ii) an 80% stake in Tolve Windfarm Holding Srl for €1.1mn.

2017-2019 EPC-BOT Revenues Breakdown (€mn)



2017-2019 EPC-BOT EBITDA and EBITDA Margin (€mn, %)



Source: Company Data

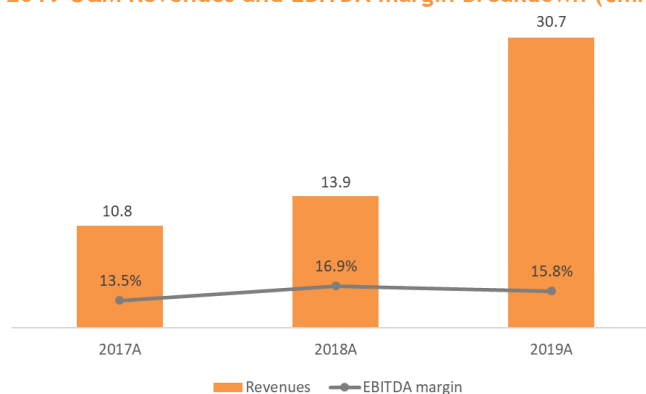
O&M Business Unit (€30.7mn in FY19)

The O&M business unit more than doubled its top line in FY19, benefitting from the full consolidation of Monsson. Monsson’s contribution to the Group’s revenues was €15.5mn, allowing PLC to consolidate its position within the domestic and foreign O&M market.

Total revenues went from €10.8mn in FY17 to €30.7mn in FY19, growing at a 68.9% CAGR. Business growth over the period has been driven by: i) the high reliability of the services provided; ii) the strengthening of the commercial workforce; iii) the offer of new services to customers able to facilitate and simplify the operation of facilities, such as asset services management and energy management; and iv) the positive contribution coming from the recently acquired Monsson. These drivers of growth fully meet the strategy to set the Group as a pan-European ISP.

Following business unit expansion, EBITDA increased at a +81.8% CAGR2017-2019, standing at €4.8mn in FY19. The FY19 EBITDA margin came in at 15.8%, down by 1.2ppYoY mainly due to a higher incidence of personnel costs following the integration of Monsson.

2017-2019 O&M Revenues and EBITDA margin Breakdown (€mn, %)



Source: Company Data

Income Statement 2017A-2019A

€ thousand	FY17A	FY18A	FY19A
EPC - BOT	21.9	36.0	14.9
O&M	10.8	13.9	30.7
Total Revenues	32.6	49.9	45.6
Growth %	1.9%	52.9%	-8.6%
Products and Raw materials	(6.3)	(15.2)	(9.1)
Gross Profit	26.3	34.7	36.5
Gross Margin	80.6%	69.5%	80.1%
Cost of Services	(8.7)	(16.0)	(17.7)
Personnel Expenses	(7.0)	(9.4)	(15.6)
Other Operating Expenses	(1.3)	(1.9)	(2.8)
EBITDA	9.3	7.3	0.4
EBITDA margin	28.6%	14.7%	0.9%
D&A and Provisions	(0.6)	(0.6)	(2.0)
EBIT	8.8	6.7	(1.6)
EBIT margin	26.9%	13.4%	-3.4%
Financial Income and Expenses	(0.2)	(0.2)	(0.5)
Income (Charges) from shareholdings	(0.1)	(0.0)	(0.1)
Profit (Loss) from discontinued operations	(0.0)	-	-
EBT	8.5	6.4	(2.2)
Taxes	(1.3)	(1.5)	(0.2)
Tax Rate	15.8%	23.7%	-9.9%
Net Income	7.1	4.9	(2.4)
Net margin	21.9%	9.9%	-5.2%
Minorities	-	(0.0)	(0.0)
Net Income attributable to the Group	7.1	4.9	(2.5)
Total net margin after minorities	21.8%	9.9%	-5.4%
EPS	0.28	0.19	(0.09)

Source: Company Data

Capital Structure Analysis

Looking at the balance sheet, we note that net capital employed increased from €19.4mn in FY17 to €32.7mn in FY19 mainly as a result of: i) the

acquisition of Monsson; and ii) the acquisition of the five projects related to wind farms (C&C and Alisei Operations) carried out in 2018.

The decrease in FY19 assets held for sale is mainly related to the sale of the remaining stake of 18% in Tolve Windfarm Holding Srl (€6.0mn).

NFP went from €1.3mn in FY17 to €8.0mn in FY19 - with a FY19 debt to equity ratio of 0.3x - mostly due to the acquisitions finalized during the period (i.e. the acquisition of five BOT projects and Monsson Operation Ltd.).

Balance Sheet 2017A-2019A

€ thousand	FY17A	FY18A	FY19A
Tangibles and Intangibles (incl. Goodwill)	8.5	23.9	25.7
Financial Assets	4.5	0.4	0.4
Other LT Assets	3.3	2.0	2.6
Fixed Assets	16.2	26.3	28.6
Trade receivables	11.8	18.3	19.3
Inventory	4.1	3.6	3.4
Contract Assets	1.3	3.3	4.6
Trade Payables	(9.2)	(15.8)	(14.1)
Contract Liabilities	(2.8)	(0.5)	(0.3)
Trade Working Capital	5.2	8.9	13.0
Other assets and liabilities	(3.3)	(10.4)	(7.3)
Net Working Capital	1.9	(1.5)	5.7
Other Provisions	(0.9)	(1.2)	(1.6)
Assets held for sale	2.2	8.1	-
Net Capital Employed	19.4	31.6	32.7
Total shareholders' equity	18.2	24.4	24.7
Short-term debt / Cash (-)	(2.0)	(1.5)	1.0
Long-term liabilities	1.1	6.7	7.0
Liabilities held for sale	2.2	2.0	-
Net Financial Position	1.3	7.3	8.0
Sources	19.4	31.6	32.7

Source: Company Data

Group's Strategy

PLC aims to become an international ISP, with multi-technology expertise in renewable and decarbonized energy sources. PLC pursues a sustainable model of growth which is based on the following main strategic drivers:

- **Exploiting EPC-BOT synergies.** The company forecasts to: i) finalize two BOT projects per year in the next three years; ii) realize electrical infrastructure linked to BOT projects already sold or that will be finalized; and iii) exploit EPC opportunities deriving from the Italian auctions set up by the New Renewables Decree which has become effective since August 2019;
- **Scaling O&M to boost growth.** The Group aims at increasing the contribution coming from the O&M business unit, enhancing its financial robustness with recurring revenues. PLC's management expects that some opportunities could also arise from the fact that a large proportion of the wind and PV plants already installed in Italy and Europe are coming to the end of their O&M service agreements with other contractors or the end of their lifecycle, thus requiring extraordinary maintenance service to increase their efficiency;
- **International activities.** PLC will continue to be focused on its growth abroad by engaging in strategic partnerships or M&A operations. This will allow the Group to add new skills, services and clients to its portfolio, reinforcing its international role/presence;
- **Entering/enhancing new renewable segments.** PLC is currently covering interesting end markets (wind, PV and, in a residual way, the hydroelectric market). Recently, the Group entered the biogas and biomethane markets with the aim of seizing the growth that these sectors will experience thanks to the increasing adoption of renewable natural gas and other advanced biofuels in the transport industry;
- **Enhancing its offer with new technologies.** PLC will invest in advanced technologies in order to innovate and provide cutting-edge services.

Relevant Events in 2020

January 2020

On January 16, 2020, PLC finalized the acquisition of a 51% stake in Schmack Biogas S.r.l., a company based in Bolzano operating in the design, development, construction and maintenance of biogas plants.

C&C Castelvetero S.r.l., one of PLC's wind farms located in Castelvetero (BN) with a capacity of 16MW, was classified as useful in the first GSE auction.

February 2020

PLC signed a contract for the sale of 100% of C&C Tre Energy S.r.l. for the execution of the "Casalbore Project" - a wind farm with a capacity of 28.8MW - in favor of EDP Renewables Italia Holding S.r.l. The agreement also provides that the subsidiary PLC System S.r.l. will remain in charge of the EPC contract for the realization of the BoP for the Casalbore project and the subsidiary PLC Service S.r.l. will remain in charge of the full service contract for the O&M services of the plant's civil and electrical works.

May 2020

On May 26, 2020, PLC finalized the sale to Enel Green Power Italia S.r.l. of 100% of C&C Castelvetero S.r.l. and C&C Uno Energy S.r.l. in relation to two wind farm projects with a total capacity of 49.2MW. The transaction also provides PLC with the EPC contract for the construction of the BoP for these two wind farms for a total amount of approximately €13.8mn. The full service contract with PLC Service S.r.l. for O&M services will be formalized before the commissioning of the wind farms.

C&C Tre Energy was classified in a useful position to request the feed-in tariff in the second GSE auction. This event is relevant for the finalization of the sale to EDP Renewables Italia Holding S.r.l., and the closing is expected to be completed within 90 days of the publication of the ranking for the incentive tariff.

June 2020

On June 2, 2020, Monsson obtained a contract for approximately €2.5mn for the installation of 15 wind turbines in Sweden.

Deconstructing Forecast

Our financial projections over the 2020-2023 period take into consideration PLC's business model and strategy. No impact from future M&A is considered in our forecast.

Starting from the top line, we forecast revenue growing at a CAGR 2019A-2023E of 20.1%, reaching €94.9mn at the end of the period. We made our assumptions on revenues following PLC's two business lines:

- **EPC-BOT.** We constructed our forecast starting from PLC's backlog and from the current regulatory framework:
 - For the BOT business, we took into account the sale of two projects to EGP and the preliminary sale of a project to EDPR in 2020. From 2021, we foresee for each year the sale of projects for ca. 50MWh.
 - Looking at the EPC division, we considered both activities related to the BOT projects already sold - such as the EGP projects that are worth €13.8mn between 2020 and 2021 - and related to third-party plants deriving from large investments related to FER1. Furthermore, this business line is boosted by the Schmack acquisition: the Group is expected to expand its offer introducing biogas constructions, exploiting its relationship with its main clients as well and benefitting from synergies and cross-selling activities.
- **O&M:** The Monsson acquisition in 2019 gave a boost to the business line which more than doubled to €30.4mn of revenues. In 2020, the growth is mainly associated with the integration of Schmack and the obtainment of new contracts in Italy (such as a contract for the revamping of 4 PV plants in Sicily) and Europe (such as new contracts obtained by Monsson for the installation of wind turbines in Sweden and Kazakhstan). In subsequent years we expect double-digit growth driven both by market growth and PLC's synergic business model (+14.6% CAGR2019A-2023E).

On the profitability side, we expect both EPC-BOT and O&M business to strongly contribute to EBITDA margin growth and stabilization. Thus 2020 profitability is influenced: a) negatively by COVID-19 related slowdowns; and b) positively by the sale of projects to EGP and the expected sale of a BOT to EDPR. In the forthcoming years, EBITDA margin is expected to gradually increase, reaching 12.4% in FY23.

With regard to the bottom line, we expect net income to go from €3.0mn in FY20 to €6.2mn in FY23 with a margin in the range of ca. 5-6.5% over the period.

Income Statement 2017A-2023E

€ thousand	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
EPC - BOT	21.9	36.0	14.9	24.0	34.1	38.0	42.0
O&M	10.8	13.9	30.7	39.2	45.3	49.0	52.9
Total Revenues	32.6	49.9	45.6	63.2	79.5	87.0	94.9
Growth %	1.9%	52.9%	-8.6%	38.5%	25.8%	9.4%	9.0%
Products and Raw materials	(6.3)	(15.2)	(9.1)	(14.7)	(18.1)	(19.4)	(21.2)
Gross Profit	26.3	34.7	36.5	48.5	61.4	67.6	73.6
Gross Margin	80.6%	69.5%	80.1%	76.7%	77.3%	77.7%	77.6%
Cost of Services	(8.7)	(16.0)	(17.7)	(21.5)	(27.1)	(29.3)	(31.6)
Personnel Expenses	(7.0)	(9.4)	(15.6)	(17.7)	(22.6)	(24.4)	(26.2)
Other Operating Expenses	(1.3)	(1.9)	(2.8)	(2.9)	(3.4)	(3.7)	(4.1)
EBITDA	9.3	7.3	0.4	6.4	8.4	10.2	11.7
EBITDA margin	28.6%	14.7%	0.9%	10.1%	10.6%	11.7%	12.4%
D&A and Provisions	(0.6)	(0.6)	(2.0)	(2.0)	(2.3)	(2.7)	(2.7)
EBIT	8.8	6.7	(1.6)	4.4	6.1	7.4	9.0
EBIT margin	26.9%	13.4%	-3.4%	7.0%	7.7%	8.5%	9.5%
Financial Income and Expenses	(0.2)	(0.2)	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)
Income (Charges) from shareholdings	(0.1)	(0.0)	(0.1)	-	-	-	-
Profit (Loss) from discontinued operations	(0.0)	-	-	-	-	-	-
EBT	8.5	6.4	(2.2)	4.2	5.9	7.2	8.8
Taxes	(1.3)	(1.5)	(0.2)	(1.2)	(1.7)	(2.1)	(2.5)
Tax Rate	15.8%	23.7%	-9.9%	29.0%	29.0%	29.0%	29.0%
Net Income	7.1	4.9	(2.4)	3.0	4.2	5.1	6.2
Net margin	21.9%	9.9%	-5.2%	4.7%	5.3%	5.9%	6.6%
Minorities	-	(0.0)	(0.0)	-	-	-	-
Net Income attributable to the Group	7.1	4.9	(2.5)	3.0	4.2	5.1	6.2
Total net margin after minorities	21.8%	9.9%	-5.4%	4.7%	5.3%	5.9%	6.6%
EPS	0.28	0.19	(0.09)	0.11	0.16	0.20	0.24

Source: Company Data and KT&Partners' Elaborations

Looking at the balance sheet, net working capital is expected to increase basically in line with business growth, with an incidence on total revenues between 13% and 18% over the forecasted period.

Capex is expected to be ca. €3mn per year, factoring in investments to penetrate interesting new end-markets as well as in new technologies to innovate and provide cutting-edge services.

We expect that low NWC requirements coupled with stable CAPEX investments will allow the net financial position to improve, going from €7.3mn in FY20 to a net cash position of €1.5mn in FY23.

Balance Sheet 2017A-2023E

€ thousand	FY17A	FY18A	FY19A	FY20E	FY21E	FY22E	FY23E
Tangibles and Intangibles (incl. Goodwill)	8.5	23.9	25.7	26.7	27.4	27.7	27.9
Financial Assets	4.5	0.4	0.4	0.4	0.4	0.4	0.4
Other LT Assets	3.3	2.0	2.6	2.9	2.9	2.9	2.9
Fixed Assets	16.2	26.3	28.6	30.0	30.7	31.0	31.2
Trade receivables	11.8	18.3	19.3	25.5	32.6	35.8	38.9
Inventory	4.1	3.6	3.4	5.3	6.5	7.0	7.4
Contract Assets	1.3	3.3	4.6	4.1	5.0	5.6	5.7
Trade Payables	(9.2)	(15.8)	(14.1)	(19.3)	(24.1)	(26.0)	(27.3)
Contract Liabilities	(2.8)	(0.5)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)
Trade Working Capital	5.2	8.9	13.0	15.2	19.6	21.9	24.1
Other assets and liabilities	(3.3)	(10.4)	(7.3)	(7.3)	(7.3)	(7.3)	(7.3)
Net Working Capital	1.9	(1.5)	5.7	8.0	12.4	14.6	16.8
Other Provisions	(0.9)	(1.2)	(1.6)	(3.0)	(4.6)	(6.4)	(8.4)
Assets held for sale	2.2	8.1	-	-	2.0	2.0	2.0
Net Capital Employed	19.4	31.6	32.7	35.0	40.5	41.1	41.7
Total shareholders' equity	18.2	24.4	24.7	27.7	31.9	37.0	43.2
Short-term debt / Cash (-)	(2.0)	(1.5)	1.0	0.3	1.6	(2.9)	(8.5)
Long-term liabilities	1.1	6.7	7.0	7.0	7.0	7.0	7.0
Liabilities held for sale	2.2	2.0	-	-	-	-	-
Net Financial Position	1.3	7.3	8.0	7.3	8.6	4.2	(1.5)
Sources	19.4	31.6	32.7	35.0	40.5	41.1	41.7

Source: Company Data and KT&Partners' Elaborations

Cash Flow 2018A-2023E

€ thousand	FY18	FY19A	FY20E	FY21E	FY22E	FY23E
EBITDA	7.3	0.4	6.4	8.4	10.2	11.7
Income Taxes	(1.5)	(0.2)	(1.2)	(1.7)	(2.1)	(2.5)
Change in NWC	3.4	(7.2)	(2.3)	(4.4)	(2.2)	(2.2)
Change in provision for employee	0.3	0.3	1.3	1.7	1.8	1.9
Operating Cash Flow	9.6	(6.7)	4.2	3.9	7.6	8.9
CAPEX	(16.0)	(3.6)	(3.0)	(3.0)	(3.0)	(3.0)
Investments in financial assets	4.0	0.1	-	-	-	-
Investments in LT assets	1.4	(0.6)	(0.4)	-	-	-
Investments in Assets held for sale	(5.9)	8.1	-	(2.0)	-	-
FCF	(7.0)	(2.8)	0.9	(1.1)	4.6	5.9
Net financial income/(expenses)	(0.2)	(0.5)	(0.2)	(0.2)	(0.2)	(0.2)
Extraordinary Items	(0.0)	(0.1)	-	-	-	-
Change in Total Shareholders' Equity	1.3	2.7	-	-	(0.0)	0.0
Dividend Paid	-	-	-	-	-	-
Change in NFP	(6.0)	(0.7)	0.7	(1.3)	4.4	5.7
Beginning NFP	1.3	7.3	8.0	7.3	8.6	4.2
Final NFP	7.3	8.0	7.3	8.6	4.2	(1.5)

Source: Company Data and KT&Partners' Elaborations

Valuation

Following the projections of PLC's future financials, we carried out the valuations of the company by applying the DCF and market multiples methods. Our fair value is the result of:

- **EV/EBITDA and P/E multiples** method which returns a share price of €1.88;
- **DCF analysis** - based on a **WACC** of 10.0% and 1.5% perpetual growth - which returns a share price of €1.92.

The average of the two methods yields a fair value of €1.90ps or an equity value of €49.3mn.

Valuation Recap

	Equity Value €mn	Value per share €
DCF	49.89	1.92
Multiples	48.69	1.88
Average	49.29	1.90

Source: KT&Partners' Elaborations

Peer Comparison

In order to define PLC's peer sample, we carried out an in-depth analysis of listed companies active in the renewable energy market which provide EPC and/or O&M services. In selecting potential peers, we consider PLC's offering, business model, growth and profitability profile. It is worth noticing that to date PLC's key competitors have largely been private players, whereas the majority of public companies are in most cases also plant-owners and electricity producers.

For peer analysis, we built a sample of seven companies which includes:

- **Innovatec SpA (INC-IT)**: listed on the Borsa Italiana stock exchange with a market capitalization of ca. €64mn. INC-IT engages in the provision of management services and the maintenance of renewable energy production facilities. It operates through the following business units: Energy Efficiency, System Integrator, Building Automation, and Operations and Maintenance. The System Integrator business unit builds turnkey plants to produce energy from renewable sources. The Operations and Maintenance business unit assists companies and investors in the operation of plants for the generation of energy from renewable sources. In FY19, INC-IT reached €43mn of revenues.
- **Renergetica SpA (REN-IT)**: listed on the Borsa Italiana stock exchange with a market capitalization of ca. €32mn. REN-IT engages in the design of engineering solutions for the renewable energy sector. It specializes in the development of renewable energy plants, hybrid power generation systems, and hybrid grids. In FY18, REN-IT reached €8mn of revenues.
- **Eolus Vind AB Class B (EOLU.B-SE)**: listed on the Stockholm Stock Exchange with a market capitalization of ca. €314mn. EOLU.B-SE engages in the development, establishment, and operation of wind

turbines for electricity generation. In FY19, the company reached €194mn of revenues. It operates through the following segments:

- The Planning segment (98.8%) involves the design and optimization of the layout of proposed wind parks, studying potential network access, wind measurement and wind data analysis;
 - The Electricity Generation segment (0.9%) covers the production and sale of renewable electricity from the company's facilities;
 - The Operation and Management segment (0.3%) focuses on offering package services for the operation and management of constructed wind power plants.
- **Monadelphous Group Limited (MIND-AU):** listed on the Australian Securities Exchange with a market capitalization of ca. €634mn. MIND-AU is a holding company, which engages in the provision of construction, maintenance, and industrial services to the resources, energy, and infrastructure sectors. It operates through the Engineering Construction, Maintenance and Industrial Services divisions. In FY19, the company reached €926mn of revenues.
 - **Primoris Services Corporation (PRIM):** listed on the NASDAQ Stock Exchange with a market capitalization of ca. €753mn. PRIM is a holding company which engages in the provision of construction, fabrication, maintenance, replacement, and engineering services. It operates through the following segments: Power, Pipeline, Utilities, Transmission, and Civil. In FY19, the company reached €2.8bn of revenues. The Power, Utilities and Transmission segments accounted for 23.5%, 28.5% and 16% of total revenues, respectively.
 - **Quanta Services, Inc. (PWR-US):** listed on the New York Stock Exchange with a market capitalization of ca. €4.8bn. PWR-US engages in the provision of specialty contracting services, offering infrastructure solutions to the electric power, oil and gas, and communication industries. It also focuses on the design, installation, upgrade, repair, and maintenance of infrastructure within each of the industries it serves. In FY19, the company reached €10.8bn of revenues. The Electric Power Infrastructure Services segment accounted for 58.8% of FY19 total revenues.
 - **Windlab Ltd. (WIND-AU):** listed on the Australian Securities Exchange with a market capitalization of ca. €42mn. WIND-AU is a renewable energy wind development company which engages in the development of wind energy applications. It operates through the following business segments: Asset Management, Developments, and Other. It participates in wind generation projects and the asset management of operating wind farms. In FY19, the company reached €3mn of revenues.

We also compared the peers' historical growth rates and marginalities with PLC's historical financials. By looking at revenue growth, PLC outperformed its comps by ca. 5%, growing at the higher pace of 18.3% CAGR2017-2019. With the exception of FY19, PLC also showed a higher EBITDA margin (28.6% vs 13.9% in FY17 and 14.7% vs 13.6% in FY18).

Peer Comparison - Revenue (€mn) and Revenue CAGR (%)

Company Name	Sales				CAGR17-19	Sales			CAGR 2019-22
	2017	2018	2019	2020		2020	2021	2022	
Innovatec SpA	41	30	43	2.7%	n.a.	n.a.	n.a.	n.a.	
Reenergetica SpA	2	5	8	n.m.	11	14	15	23.7%	
Eolus Vind AB Class B	111	136	194	32.3%	182	373	229	5.7%	
Monadelphous Group Limited	861	1,127	926	3.7%	962	1,009	1,106	6.1%	
Primoris Services Corporation	2,110	2,492	2,775	14.7%	2,883	2,924	n.a.	n.a.	
Quanta Services, Inc.	8,393	9,469	10,822	13.6%	10,286	10,847	11,214	1.2%	
Windlab Ltd.	16	2	3	-60.0%	n.a.	n.a.	n.a.	n.a.	
Peers Average	1,648	1,894	2,110	13.2%	2,864	3,033	3,141	14.2%	
PLC SpA	33	50	46	18.3%	63	79	87	24.0%	

Source: FactSet

Peer Comparison - EBITDA margin, EBIT Margin and Net Margin

Company Name	EBITDA Margin						EBIT Margin						Net Margin					
	2017	2018	2019	2020	2021	2022	2017	2018	2019	2020	2021	2022	2017	2018	2019	2020	2021	2022
Innovatec SpA	0.4%	35.3%	34.8%	n.a.	n.a.	n.a.	neg	25.3%	29.9%	n.a.	n.a.	n.a.	7.9%	55.8%	11.8%	n.a.	n.a.	n.a.
Reenergetica SpA	5.2%	10.1%	52.1%	46.9%	48.6%	48.9%	2.7%	neg	53.4%	39.5%	43.4%	40.2%	6.1%	18.6%	21.4%	30.5%	32.2%	35.8%
Eolus Vind AB Class B	5.4%	15.0%	7.0%	15.8%	9.2%	8.4%	4.0%	14.4%	6.7%	15.5%	9.0%	14.8%	2.4%	14.2%	6.5%	12.5%	6.8%	5.9%
Monadelphous Group Limited	7.4%	6.4%	6.1%	5.7%	6.4%	7.0%	5.9%	5.4%	4.7%	3.9%	4.7%	4.3%	4.6%	4.1%	3.4%	2.6%	3.2%	3.8%
Primoris Services Corporation	7.3%	7.6%	7.3%	5.8%	6.4%	n.a.	4.5%	4.9%	4.5%	3.3%	3.8%	n.a.	3.0%	2.6%	2.7%	1.9%	2.3%	n.a.
Quanta Services, Inc.	6.8%	7.5%	7.1%	7.8%	8.5%	9.2%	4.6%	5.2%	4.8%	4.8%	5.7%	5.5%	3.3%	2.6%	3.3%	3.0%	3.7%	4.2%
Windlab Ltd.	64.5%	neg	neg	n.a.	n.a.	n.a.	63.9%	neg	neg	n.a.	n.a.	n.a.	41.1%	neg	neg	n.a.	n.a.	n.a.
Peers Average	13.9%	13.6%	19.1%	16.4%	15.8%	18.4%	14.3%	11.0%	17.4%	13.4%	13.3%	16.2%	9.8%	16.3%	8.2%	10.1%	9.7%	12.4%
PLC SpA	28.6%	14.7%	0.9%	10.1%	10.6%	11.7%	26.9%	13.4%	neg	7.0%	7.7%	8.5%	21.8%	9.9%	neg	4.7%	5.3%	5.9%

Source: FactSet

Market Multiple Valuation

Following our peer analysis, we proceeded with the definition of market multiples of the peer group, focusing on 2020, 2021, and 2022 data.

Peers Comparison - Market Multiples 2020-2022

Company Name	Exchange	Market Cap	EV/SALES 2020	EV/SALES 2021	EV/SALES 2022	EV/EBITDA 2020	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBIT 2020	EV/EBIT 2021	EV/EBIT 2022	P/E 2020	P/E 2021	P/E 2022
Innovatec SpA	Milan	64	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Renergetica SpA	Milan	32	3.8x	2.9x	2.7x	8.1x	6.0x	5.6x	9.6x	6.8x	6.8x	9.8x	7.2x	6.0x
Eolus Vind AB Class B	OMXStockholm	314	1.5x	0.8x	1.2x	9.8x	8.2x	14.7x	10.0x	8.3x	8.3x	13.9x	12.3x	23.4x
Monadelphous Group Limited	ASX	634	0.6x	0.6x	0.5x	10.7x	9.0x	7.6x	15.5x	12.3x	12.3x	26.7x	19.7x	15.5x
Primoris Services Corporation	NASDAQ	753	0.4x	0.4x	n.a.	7.2x	6.5x	n.a.	12.6x	10.9x	10.9x	14.0x	10.9x	n.a.
Quanta Services, Inc.	NYSE	4,765	0.6x	0.6x	0.6x	7.7x	6.7x	6.0x	12.4x	10.0x	10.0x	12.3x	10.2x	9.0x
Windlab Ltd.	ASX	42	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average peer group		944	1.4x	1.1x	1.3x	8.7x	7.3x	8.5x	12.0x	9.7x	9.7x	15.4x	12.1x	13.5x
Median peer group		314	0.6x	0.6x	0.9x	8.1x	6.7x	6.8x	12.4x	10.0x	10.0x	13.9x	10.9x	12.2x
PLC SpA	Milan	34	0.7x	0.5x	0.5x	6.6x	5.1x	4.2x	9.6x	7.0x	5.7x	11.5x	8.2x	6.7x

Source: FactSet, KT&Partners' Elaborations

We based our evaluation upon 2020, 2021 and 2022 EV/EBITDA and P/E multiples, and our estimates of PLC's EBITDA and net income for 2020, 2021 and 2022. Our valuation also includes a 15% liquidity/size discount.

EV/EBITDA Multiple Valuation P/E Multiple Valuation

Multiple Valuation (€mn)	2020E	2021E	2022E
EV/EBITDA Comps	8.7x	7.3x	8.5x
PLC SpA EBITDA	6.4	8.4	10.2
Enterprise value	55.8	61.2	85.8
PLC SpA FY19 Net Debt	8.0	8.0	8.0
Equity Value	47.8	53.2	77.8
Average Equity Value		59.6	
Liquidity Discount		15%	
Equity Value Post-Discout		50.6	
Number of shares (mn)		26	
Value per Share €		1.95	

Source: FactSet, KT&Partners' Elaborations

Multiple Valuation (€mn)	2020E	2021E	2022E
P/E Comps	15.4x	12.1x	13.5x
PLC SpA Net Income	3.0	4.2	5.1
Equity Value	45.7	50.3	68.9
Average Equity Value		55.0	
Liquidity Discount		15%	
Equity Value Post-Discout		46.7	
Number of shares (thousand)		26	
Value per Share €		1.80	

DCF Model

We have also conducted our valuation using a four-year DCF model, based on 12.3% cost of equity, 3% cost of debt and a target capital structure with 30% debt.³ The cost of equity is a function of the risk-free rate of 1.3% (Italian 10y BTP), 5.81% equity risk premium (Damodaran for a mature market - June 2020) and a premium for size and liquidity of 3.5%. We, therefore, obtained 10.0% WACC.

We discounted 2020E-2023E annual cash flows and considered a terminal growth rate of 1.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

DCF Valuation

€ thousand	2020E	2021E	2022E	2023E
EBIT	4.4	6.1	7.4	9.0
Taxes	(1.3)	(1.8)	(2.1)	(2.6)
D&A	2.0	2.3	2.7	2.7
Change in Net Working Capital	(2.3)	(4.4)	(2.2)	(2.2)
Change in Funds	1.3	1.7	1.8	1.9
Net Operating Cash Flow	4.2	3.9	7.6	8.8
Net Capex	(3.0)	(5.0)	(3.0)	(3.0)
FCFO	1.2	(1.1)	4.6	5.8
g	1.5%			
Wacc	10.0%			
FCFO (discounted)	1.1	(1.0)	3.6	4.2
Discounted Cumulated FCFO	7.9			
TV	69.7			
TV (discounted)	49.9			
Enterprise Value	57.9			
NFP FY2019A	8.0			
Equity Value	49.9			
Current number of shares (mn)	26.0			
Value per share (€)	1.92			

Source: FactSet, KT&Partners' Elaborations

DCF Sensitivity Analysis

€ thousand	Terminal growth Rate	WACC				
		10.5%	10.3%	10.0%	9.8%	9.5%
	1.0%	43.6	45.2	46.9	48.7	50.5
	1.3%	44.9	46.6	48.3	50.2	52.2
	1.5%	46.3	48.0	49.9	51.9	54.0
	1.8%	47.7	49.6	51.5	53.6	55.8
	2.0%	49.2	51.2	53.3	55.5	57.8

Source: FactSet, KT&Partners' Elaborations

³ Source: Damodaran for Engineering & Construction and Electrical Equipment sectors.

Appendix

Glossary

BoP: Balance of Plant. All the supporting components and auxiliary systems of a power plant needed to deliver the energy, other than the generating unit itself

BOT: Built, Operate and Transfer

FER 1 Decree: the New Renewables Decree introduced by the Italian Government that will grant new incentives to renewable energy sources

EPC: Engineering, Procurement and Construction

IPP: Independent Power Producer

ISP: Independent Service Provider

HV/MV/LV: High Voltage/ Medium Voltage/ Low Voltage

O&M: Operation and Maintenance

PV: Photovoltaic

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KT&PARTNERS

Via della Posta, 10 - Piazza Affari, 20123 Milano - Italy
Tel: +39.02.83424007 Fax: +39.02.83424011
segreteria@ktepartners.com

