

## Growth Strategies On Track

ADD | Fair Value: €2.31 (€2.31) | Current Price: €1.87 | Upside: 23.5%

€ Million	FY17A	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Total Revenue:	32.6	49.9	45.6	65.5	84.4	92.9	100.8	109.4
EBITDA	9.3	7.3	0.4	3.4	8.4	10.0	11.4	12.1
margin	28.6%	14.7%	0.9%	5.2%	10.0%	10.8%	11.3%	11.1%
Net Profit	7.1	4.9	(2.5)	0.1	3.8	4.5	5.4	5.6
margin	21.8%	9.9%	-5.4%	0.2%	4.4%	4.9%	5.3%	5.2%
EPS	0.28	0.19	-0.09	0.00	0.14	0.17	0.21	0.22

Source: Company Data, KT&amp;Partners' Estimates

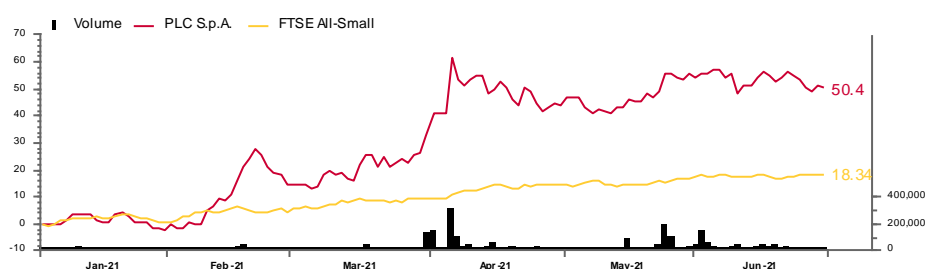
**C&C Tre Energy-EDPR deal closing.** On June 21<sup>st</sup>, PLC closed the deal for the sale of 100% of C&C Tre Energy Srl – concerning a wind project of 28.8MW – to EDP Renewables Italia Holding Srl. With this transaction PLC exceeded 200MW of *turnkey* wind farms developed through BOT business model, positioning as one of the leading players in Italian wind power market. The closed deal highlights the potential of PLC integrated business model, with great revenue synergies coming from the following agreements: i) PLC System Srl will develop the “Balance of Plant” related to the wind farm and the plant substation for €9.35mn with an expected due date in 4Q22; ii) PLC Service Srl will provide O&M full services at €72.5k per year, for a 10-year duration. We note that, following the deal, EDPR also released to PLC the €3.2mn corporate guarantee previously issued.

**Seizing the ecological transition abroad.** In 2Q21 Schmack Biogas Srl – subsidiary of PLC – signed with SCRL Biogaz du Haut Geer (BHG) an agreement to build a new biogas plant in Belgium (Geer) and to renewing an existing one. Schmack activity is expected to start in September 2021 and to be completed within 2Q22. With a consideration of €3.3mn deriving from the deal, Schmack Biogas increases its contribution to the group's revenues, confirming the execution of the company strategy, bringing the company in a leading position in the biogas sector also outside Italy.

**Embracing ESG values with its first Sustainability Report.** Operating in a sector that plays a leading role in fighting climate change, PLC has published its first Sustainability Report to renovate its ongoing commitment and focus on ESG issues. The company main ESG measures are related to: i) Environment's respect and protection, developing safe products that minimize both polluting emissions, waste production and consumption of available natural resources, ii) Human capital and team development through ad hoc training courses and improvement of work-life balance through company welfare plans (e.g. smart working), iii) promotion of equality and gender parity, with access to the same benefits, regardless of contract type. As proof of its commitment, PLC gained several certifications in environmental, renewable energy, and occupational health and safety fields.

**Estimates and valuation confirmed.** We left our estimates and valuation unchanged confirming a fair value of €2.31ps, with an upside on current price of 23.5%. Our estimates are expected to be updated after 1H21 results.

## Relative Performance Chart – Year to Date



## Research Update

July 2, 2021 – 7.00h

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## Market Data:

Main Shareholders			
Fraes Srl			73.5%
Emanuel Muntmark			5.7%
Free Float			20.8%
Mkt Cap (€ mn)			48.5
EV (€ mn)			57.4
Shares out.			26.0
Free Float			20.8%

Market multiples	2020	2021	2022
EV/EBITDA			
PLC SpA	15.7x	6.3x	5.3x
Comps median	12.9x	8.5x	7.7x
Delta	22%	-26%	-31%
P/E			
PLC SpA	n.m.	12.9x	10.7x
Comps median	28.6x	18.2x	16.3x
Delta	n.m.	-29%	-34%

## Stock Data:

52 Wk High (€)	2.04
52 Wk Low (€)	1.03
Avg. Daily Trading 90d	39,609
Price Change 1w (%)	-3.6
Price Change 1m (%)	-1.6
Price Change YTD (%)	50.8

## Key Figures – PLC

	Current price (€)	Fair Value (€)	Sector					Free Float
	1.87	2.31	Renewable Energy					20.80%
Per Share Data	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E
Total shares outstanding (mn)	25.96	25.96	25.96	25.96	25.96	25.96	25.96	25.96
EPS	0.27	0.19	(0.09)	0.01	0.14	0.17	0.21	0.22
Dividend per share (ord)	n.a.	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.	n.a.
Profit and Loss (EUR million)								
Revenues	33	50	46	66	84	93	101	109
EBITDA	9.3	7.3	0.4	3.4	8.4	10.0	11.4	12.1
EBIT	8.8	6.7	(1.6)	0.7	5.6	6.6	7.9	8.2
EBT	8.5	6.4	(2.2)	(0.3)	5.3	6.4	7.6	7.9
Taxes	(1.3)	(1.5)	(0.2)	0.3	(1.5)	(1.8)	(2.2)	(2.3)
Tax rate	0.2	0.2	(0.1)	0.8	0.3	0.3	0.3	0.3
Net Income	7.1	4.9	(2.5)	0.1	3.8	4.5	5.4	5.6
Balance Sheet (EUR million)								
Total fixed assets	16	26	29	25	26	26	26	25
Net Working Capital (NWC)	1.9	(1.5)	5.7	6.7	16.3	18.3	20.7	23.1
Provisions	(0.9)	(1.2)	(1.6)	(2.8)	(4.5)	(6.5)	(8.5)	(10.8)
Total Net capital employed	19.4	31.6	32.7	28.9	37.5	37.7	38.0	37.7
Net financial position/(Cash)	1.3	7.3	8.0	4.1	8.9	4.6	1.8	(0.7)
Total Shareholder's Equity	18.2	24.4	24.7	24.8	28.6	33.1	36.2	38.4
Cash Flow (EUR million)								
Net operating cash flow	-	5.8	0.2	3.2	6.8	8.1	9.1	9.7
Change in NWC	-	3.4	(7.2)	(1.0)	(9.7)	(2.0)	(2.4)	(2.4)
Capital expenditure	-	(22.0)	4.4	0.7	(3.5)	(3.5)	(3.5)	(3.5)
Other cash items/Uses of funds	-	4.4	0.4	1.4	1.8	1.9	2.1	2.3
Free cash flow	-	(8.4)	(2.1)	4.3	(4.6)	4.5	5.3	6.1
Enterprise Value (EUR million)								
Market Cap	n.a.	50	39	32	49	49	49	49
Minorities	-	0.1	0.0	-	(0.1)	(0.1)	(0.1)	(0.1)
Net financial position/(Cash)	1.3	7.3	8.0	4.1	8.9	4.6	1.8	0.7
Enterprise value	n.a.	n.a.	46.7	36.3	57.4	53.1	50.3	47.8
Ratios (%)								
EBITDA margin	29%	15%	1%	5%	10%	11%	11%	11%
EBIT margin	26.9%	13.4%	-3.4%	1.0%	6.6%	7.2%	7.8%	7.5%
Gearing - Debt/equity	6.9%	29.9%	32.4%	16.6%	31.1%	13.8%	5.0%	-1.9%
Interest cover on EBIT	2487.2%	3.5%	-32.1%	143.0%	5.0%	4.2%	3.5%	0.0%
NFP/EBITDA	13.5%	99.3%	2004.0%	121.5%	105.5%	45.7%	15.7%	-6.0%
ROCE	45.1%	21.2%	-4.8%	2.4%	14.8%	17.6%	20.7%	21.8%
ROE	39.2%	20.3%	-10.0%	0.7%	13.1%	13.6%	14.9%	14.7%
EV/Sales	1.63x	1.06x	1.16x	0.81x	0.63x	0.57x	0.53x	0.49x
EV/EBITDA	5.70x	7.26x	n.m.	15.69x	6.29x	5.30x	4.65x	4.39x
P/E	6.82x	9.86x	-19.73x	296.01x	12.93x	10.74x	9.01x	8.61x
Free cash flow yield	0%	-16%	-4%	8%	-9%	8%	10%	11%
Growth Rates (%)								
Sales	n.a.	n.m.	-9%	44%	29%	10%	8%	9%
EBITDA	n.a.	n.m.	n.m.	n.m.	n.m.	18.8%	13.9%	5.9%
EBIT	n.a.	n.m.	n.m.	n.m.	n.m.	19.4%	18.4%	4.5%
Net Income	n.a.	n.m.	n.m.	n.m.	n.m.	20.4%	19.2%	4.7%

Source: Company data, KT&amp;Partners' elaborations

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- HOLD – FOR A FAIR VALUE <15% AND >-15% ON CURRENT PRICE
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