PLC

Sponsored Research

Italy | Alternative Energy

Investment Research

Full Company Report | **Reason: Initiation of coverage** | **28 May 2019**

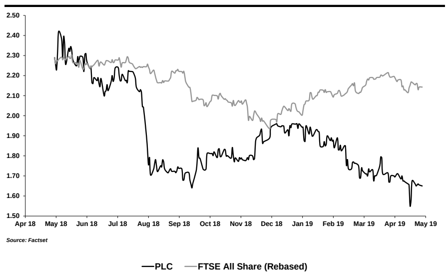
Accumulate	
Initiating Coverage	
Share price: EUR	**1.65**
closing price as of 27/05/2019	
Target price: EUR	**1.95**
Upside/Downside Potential	**18.2%**
Reuters/Bloomberg	PLC.MI/PLC IM

Market capitalisation (EURm)	**40**
Current N° of shares (m)	24
Free float	**21%**
Daily avg. no. trad. sh. 12 mth	5
Daily avg. trad. vol. 12 mth (m)	12.94
Price high/low 12 months	2.42 / 1.55
Abs Perfs 1/3/12 mths (%)	-2.94/-11.91/-29.18

Key financials (EUR)	**12/18**	**12/19e**	**12/20e**
Sales (m)	50	54	65
EBITDA (m)	7	7	9
EBITDA margin	*14.7%*	*13.7%*	*13.9%*
EBIT (m)	7	7	8
EBIT margin	*13.6%*	*12.3%*	*12.6%*
Net Profit (adj.)(m)	5	4	5
ROCE	20.6%	23.7%	25.9%
Net debt/(cash) (m)	7	(1)	(3)
Net Debt Equity	*0.3*	*-0.1*	*-0.1*
Net Debt/EBITDA	1.0	-0.2	-0.3
Int. cover(EBITDA/Fin.int)	31.5	49.3	91.0
EV/Sales	1.1	0.7	0.5
EV/EBITDA	7.2	5.0	4.0
EV/EBITDA (adj.)	7.2	5.0	4.0
EV/EBIT	7.8	5.6	4.4
P/E (adj.)	10.2	9.3	7.5
P/BV	1.9	1.4	1.2
OpFCF yield	*-9.1%*	*7.5%*	*5.3%*
Dividend yield	*5.0%*	*2.4%*	*2.4%*
EPS (adj.)	0.19	0.18	0.22
BVPS	1.01	1.16	1.36
DPS	0.08	0.04	0.04

Shareholders

Fraes 80%;



Analyst(s)
Pietro Gasparri, CIIA, CEFA
pietro.gasparri@bancaakros.it
+39 02 4344 4238
Emanuele Oggioni
emanuele.oggioni@bancaakros.it
+39 0243 444 237

Greater O&M weight favours predictable business

We initiate the coverage on PLC with an Accumulate recommendation and a EUR 1.95 Target Price, which implies a 18% potential upside from the current market price. Our valuation has been obtained as the simple average of a DCF model and a multiple analysis.

- ✓ A top player in services for the renewable energy market. In less than 25 years, PLC has become a top player in the Italian renewable energy market with a leading position in services for wind farms and photovoltaic plants. After the rapid growth on the Italian market, the group is now pursuing an international expansion strategy by leveraging on its industry expertise.
- ✓ Listed by way of a reverse merger. PLC Group has been listed since December 2017 by way of a complex reverse merger which involved a company called Industria e Innovazione S.p.A. (INDI) which, at that time, was a distressed company and subject to a restructuring agreement.
- ✓ The rescue plan has been executed. INDI's rescue plan has been executed successfully and the industrial turnaround has been completed, refocussing the business on the renewable energy sector. PLC was removed from Consob's "blacklist" in August 2018.
- ✓ The acquisition of Monsson is a necessary move. The announced acquisition of the majority stake (51%) in Monsson Operation looks like a necessary move for PLC to: a) provide additional opportunities to support the organic growth; b) diversify the revenue stream by reducing dependence on a mature local market; c) widen the portion of stable and more predictable business (reaching a 50%-50% scenario in terms of revenues already this year compared to 28% in FY 2018); d) enhance the range of services and competences, especially in O&M services for wind farms; and e) propose the company as a specialised ISP.
- ✓ Attractive reference markets, with some challenges. The reference markets continue to present attractive mid-term prospects, supported by a general positive bias towards the production of energy from renewable sources. However, the end of the incentives era, coupled with a declining trend in maintenance costs and a still high level of competition, will create some challenges and make it harder for the less structured players to remain profitable; this might drive further consolidation.
- ✓ FY 2019-2021 estimates. We expect the group to continue its growth path in the coming three years, also thanks to the crucial support from Monsson, which we forecast will develop nicely. We assume the EBITDA margin will stabilise (in the region of 14%) due to a less favourable market (grid parity context) and strong price competition. All in all, we forecast PLC will grow at the following CAGRs: total revenues +10%, EBITDA +9%, net result +5%. The group is expected to reach a net cash position of over EUR 5m in FY 2021.
- ✓ Main risks and negative aspects. The external risks are related to: a) more challenging conditions on the Italian market; b) a rise in interest rates, which put at risk the profitability of the projects built under the prospect of being sold upon completion. As the internal risks we quote: a) the uncertainties over the execution of the BOT strategy and b) the managerial challenges following the acquisition of Monsson due to the multi-country geographic exposure and a more complex group structure, while the main negative aspects are linked to the irregular trend of the company accounts due to the non-recurring nature of the BOT business, the limited free float and the very modest trading volumes.

CONTENTS

Investment Case

We initiate the coverage on PLC with an **Accumulate** recommendation and a **Target Price of EUR 1.95** per share (which implies a potential upside of around 18% from the current market price) obtained by using a DCF model and a peer comparison.

<u>A leading player in services for the Renewable energy market</u>

PLC Group is one of the main players in the Italian renewable energy market with a total turnover close to EUR 50m in FY 2018. It is specialised in the construction and maintenance of electricity production plants from renewable sources as well as in the construction and maintenance of infrastructure networks servicing conventional generation plants. The core business is **engineering, procurement and construction** (EPC) both for third parties and intercompany activities (under BOT - Build, Operate and Transfer formula) and **operation and maintenance** (O&M) for photovoltaic and wind power plants as well as for infrastructure networks.

<u>Listed by way of a reverse merger with Industria e Innovazione (INDI)</u>

The company has been **listed since December 2017 by way of a reverse merger** that involved Industria e Innovazione S.p.A. (INDI), previously Vailog Realty S.p.A, formerly RDM Realty S.p.A., the real estate company spun off from Reno de Medici in 2006. At that time, INDI was a distressed company and subject to a complex restructuring agreement.

<u>The rescue plan has been executed and the industrial turnaround completed…</u>

INDI's rescue plan has been executed successfully and the industrial turnaround completed, thus refocusing the company's business on the renewable energy sector. All the conditions in the restructuring agreement have been met and all the planned actions executed: three capital increases, the restructuring of INDI's financial and non-financial debts, the disposal of INDI's remaining non-strategic assets. The "new INDI", now PLC, is today a profitable energy company based on a solid business model and supported by a healthy balance sheet.

<u>…as certified by Consob, which has removed PLC from its "blacklist"</u>

The restored financial stability has been certified by the Italian market watchdog **(Consob) which removed the company from its "blacklist** (August 2018).

<u>The internationalisation process has begun…</u>

After the rapid growth in Italy (exploiting the booming trend in the domestic renewable energy market perfectly), **the group is now pursuing an internalisation strategy**. The recent **acquisition** (in October 2018) **of the majority stake (51%) in Monsson Operation**, a specialised asset management and O&M services company for wind and solar plants**, was a necessary move for PLC** to: a) provide additional opportunities to support the organic growth; b) diversify the revenue stream by reducing dependence on a mature local market; c) widen the portion of stable and more predictable business; d) enhance the range of services and competences, especially in O&M services for wind farms; e) propose the company as a specialised Integrated Service Provider (ISP).

<u>…as further business diversification and margin stabilisation</u>

The group operations are divided into **2 main business lines which represent PLC's core businesses**: **EPC/BOT activities** (accounting for ~72% of FY 2018 revenues) and **O&M activities** (accounting for ~28% of FY 2018 revenues). More recently (in 2018), the group has bolstered its business diversification by entering the energy trading market (trading green energy) and the photovoltaic market in order to replicate BOT's business model, which is already applied successfully in the wind market. **In the coming few years the acquisition of Monsson will allow the group to better balance the contribution from its core-businesses** (we forecast a 50%-50% scenario in terms of revenues already this year) and to reduce the volatility of the financial results by increasing the portion of recurring business.

A still attractive market, in a more challenging environment

The reference markets continue to present attractive mid-term prospects, supported by a general positive bias towards the production of electricity from renewable sources due to their positive impact in terms of environment safeguard, emissions reduction and climate change mitigation. However, the **gradual end to the incentives era and stricter regulations, coupled with a declining trend in maintenance costs and a still high level of competition, are creating some challenges and making it harder for the less structured players to remain profitable. We expect this external environment to drive further consolidation in the market**. The achievement of economies of scale and scope and the adoption of a more industrialised approach are necessary moves to remain profitable in such a context. PLC's strategy to enlarge its offer of products and services and to present itself as an integrated player look like a winning move because they provide a clear advantage over the smallest and less structured operators.

FY 2018 results were good but below the targets set in the 2017-2019 business plan

In FY 2018, the total turnover jumped to around EUR 50m (+53% Y/Y). Both divisions (EPC and O&M) recorded an increase in revenues **but profitability** (EBITDA EUR 7.3m vs EUR 9.3m in FY 2017 with a 14.7% margin compared to 28.6%) **was primarily affected by a lower incidence of the BOT activity** (EUR 2.6m vs EUR 8.8m). However, by stripping out the impact of BOT operations, both business lines increased their margins in a very competitive market.

These results were below the targets in PLC's business plan (2017-2019), approved in 2017, which envisaged a total turnover of EUR 54.4m and an EBITDA of EUR 9.5m (implying a 17.5% margin). The gap compared to the forecast figures was mainly due to the lower value given to the 18% stake held in Tolve Windfarms Holding and the slowdown in the construction works of some wind farms. However, according to PLC's management, the latter negative impact will be entirely recovered in 2019.

Our assumptions on FY 2019-2021 forecast revenues increase and margin stabilisation

Our projections on FY 2019/2021 assume the group will continue growing in the coming three years, also thanks to the crucial support from Monsson, which we expect to develop nicely (revenues growing at 30.6% CAGR between 2018 and 2021). We assume an EBITDA margin stabilisation (in the region of 14%) due to a less favourable market (grid parity context) and a strong price competition. All in all, we forecast PLC will grow at the following CAGRs: total revenues +10.3%, EBITDA +9.1%, net result +4.9%. The group is expected to reach a net cash position in excess of EUR 5m at the end of FY 2021.

Main risks and negative aspects

We have subdivided the risks into internal and external. **The external risks** are related to:

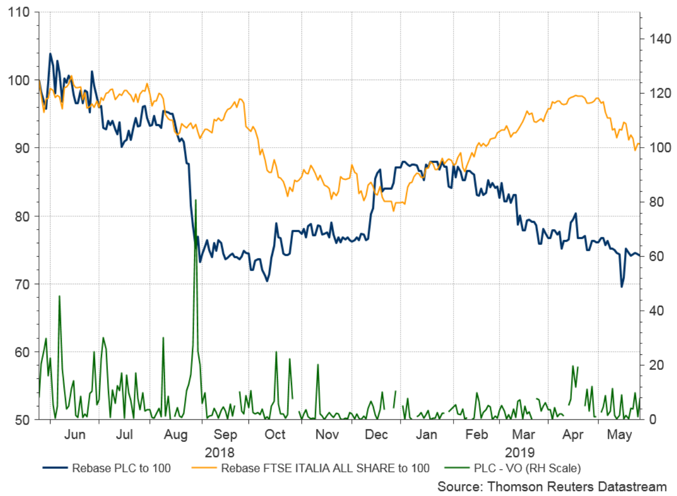
1) the more challenging conditions on the Italian market (main market for the group) caused by: a) a less favorable legal framework due to the likely end of the state subsidies for green energy sources); b) more intense competition due to a still crowded competitive arena which might exacerbate the price war and make the fight in the future auctions for new capacity fiercer;
2) a rise in interest rates, which put at risk the profitability of the projects built under the prospect of being sold upon completion (BOT).

As the **internal risks** we quote the uncertainties over the timing and proper execution of the BOT strategy and the managerial challenges following the acquisition of Monsson due to the multi-country geographic exposure and a more articulated and complex group structure, while the **main negative aspects** are linked to the irregular trend of the company accounts due to the non-recurring nature the BOT business, the limited free float and the very modest trading volumes.

Recent market price performance and stock liquidity

PLC was listed in 2017 by way of a reverse merger with Industria e Innovazione (INDI), a distressed real estate company listed on the Italian market. The company is controlled by Fraes Srl with a 80% stake. The limited free float (around 20% of the shareholder capital) hampers the stock liquidity, which reflects in very low trading volumes (~7,000 shares traded per day on average in the last year but there were also days with no trade). **We believe an increase in the free float is urgent to increase liquidity and the shareholders' base.**

PLC stock market performances (1 Year)



Source: Datastream

SWOT Analysis

Strengths

- Strong positioning in all the markets/segments the group is present in.
- High entry barriers (track record, skilled personnel, established relationships with local authorities, financial institutions, institutional investors, equipment suppliers, power generation companies and other sector operators).
- Positive general bias towards the renewable energy sector due its positive impact on environment safeguards, emission reductions and climate change mitigation.
- Good track record, good reputation and credibility as a reliable counterparty.
- Complete commercial offer and coverage of all the main parts of the value chains.
- Loyal customer base, as witnessed by a high retention rate in O&M services.
- Sound balance sheet with a light asset structure.
- Effective supply-chain management.
- High quality services delivered by an experienced workforce. Services are provided on time and directly on site thanks to geographical proximity to plants. Competences and flexibility to match the most demanding clients' needs.
- Solid industry expertise, market knowledge and management capabilities.

Weakness

- The Italian market (92% of PLC's revenues in FY 2018) is in a mature state.
- Part of the group's revenues and margins are non-recurring and present higher execution risk since they are tied to the BOT strategy (with uncertainties in terms of timing of the asset disposal and estimated financial returns).
- More challenging conditions for the renewable energy operators: 1) declining regulatory support as "market parity" approaches; 2) declining trend in maintenance costs, 3) high competitive pressure from a still crowded competitive arena.
- Clients' difficulties comparing services and understanding the differences among a plethora of companies apparently offering the same products/services
- The EPC business is usually based on large orders, thus causing high dependence on a limited number of customers.
- Delays and temporal shifts are rather common in this type of business making the forecast exercise challenging (postponement of revenue generation and/or reduction in the expected profitability).
- Limited international exposure (but the acquisition of Monsson will help to mitigate this problem in the years to come).
- Limited free float and the very modest trading volumes.

Opportunities

- Successful integration of Monsson with extraction of commercial and operating synergies and reciprocal sharing of knowledge and technical competences.
- Capitalisation of PLC's business models and industry expertise in other countries.
- Highly fragmented markets/segments offer attractive growth and consolidation opportunities.

- Stricter parameters are required to participate in tenders: track record, reputation, financial situation, level of service, etc.
- Margins expansion driven by: a more effective commercial campaign; a higher focus on value added and specialised services on O&M (e.g. asset management and energy management services, maintenance of more complex components such as inverters for solar plants and turbines for wind parks).
- Ageing of current installations, opening interesting opportunities for the specialised O&M providers: a large portion of the current wind and PV plants are ending their warrantee period or the OEM service agreements are due to expire or are reaching the end of their lifecycle.

Threats

- Changes in laws and regulatory uncertainties.
- Execution risks: delays in project implementation due to legislative, environmental or technical issues and in the timely conclusion of the long and complex authorisation processes.
- Delays and/or difficulties in finalising the sale of the parks built under BOT projects whose interest and profitability is also linked to some uncontrollable external conditions (wind conditions, interest rates).
- Limited availability of sites where new winds or solar plants can be built.
- Entry into the market of companies with higher financial resources, technical competences and human skills.
- Competitors enlarging their commercial offer and offering an integrated proposition like PLC.
- Departure of key management figures and difficulty in finding the right replacements in a timely manner.
- Unexpected difficulties in Monsson's integration and further developments.
- The agreement with Enel Green Power related to the disposal of two wind projects (~50 MW) is subject to the obtaining of certain permits and other authorisations provisions by 30 September 2019.
- Managerial challenges following the acquisition of Monsson due to multi-country geographic exposure and a more articulated and complex group structure.

Company Overview

Description

PLC Group (PLC) is **one of the leading operators in the Italian renewable energy market.** It has a **specific focus on solar and wind energy** with total revenues of approximately EUR 50m, mainly generated in Italy (92%). However, following the future full consolidation of Monsson operations, the group's international exposure is expected to increase to more than 20% in FY 2019.

The group, which has been operating for over 20 years (the first company was founded in 1996) in the renewable energy market, **was listed in December 2017 after a reverse merger with Industria e Innovazione S.p.A.** (INDI), previously Vailog Realty S.p.A, formerly RDM Realty S.p.A., the real estate company spun off from Reno de Medici in 2006. At that time, **INDI was a distressed company and subject to a complex restructuring agreement.**

PLC Group builds electricity infrastructures and generation power plants (**EPC** – **Engineering, Procurement and Construction** and **BOT** – **Build, Operate and Transfer**) and provides highly specialised services for the energy market, such as testing, monitoring and maintenance of electricity infrastructures (**O&M** – **Operation & Maintenance**).

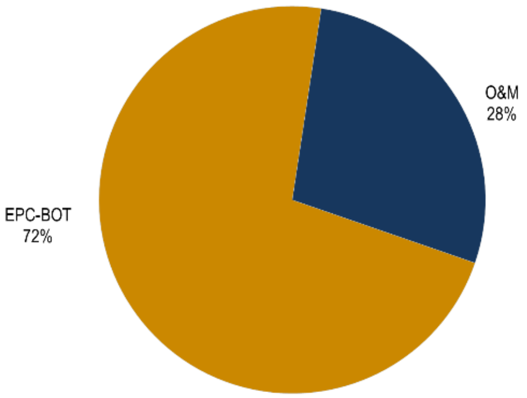
The group operations are divided into **2 main business lines**:

- **EPC - BOT** activities (accounting for ~72% of FY 2018 revenues) carried out through PLC System;
- **O&M** activities (accounting for ~28% of FY 2018 revenues) carried out through PLC Service and Monsson (consolidated only since November 2018).

More recently (in 2018), the group has increased its business diversification by entering the **energy trading market** (trading green energy), thus reducing the weight of the imbalances for plant owners and the **photovoltaic market** in order to replicate the BOT business model, already successfully applied in the wind market.

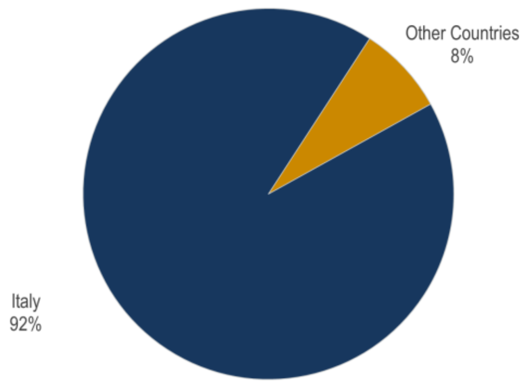
After the rapid growth in Italy (exploiting the booming trend in the domestic renewable energy market), PLC is now pursuing an internalisation strategy with the goal of: a) providing additional opportunities to support the organic growth; b) diversifying the revenue stream by reducing the group's dependence on a mature local market; c) widening the portion of stable and more predictable business; d) enhancing the range of services and competences, especially in O&M services for wind farms; and e) proposing the company as a specialised Integrated Service Provider (ISP).

Current Sales Business Split (FY 2018)



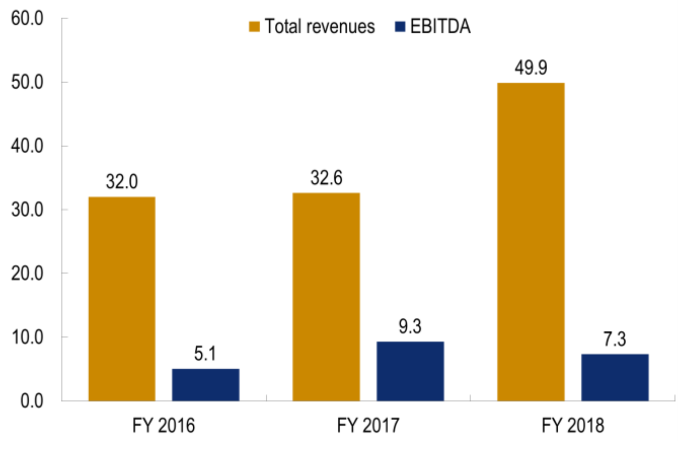
Source: Banca Akros on company data

Current Sales Geographical Split (FY 2018)



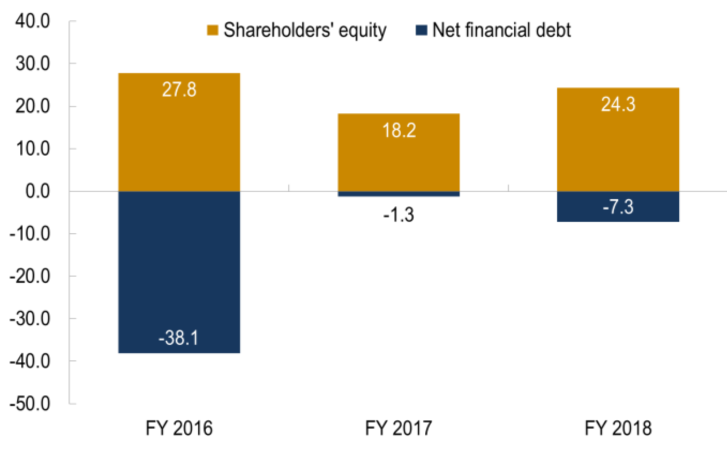
Source: Banca Akros on company data

Revenues and EBITDA trend (FY 2016-2018)



Source: Banca Akros on company data

Equity and Net Financial Position Trend (FY 2016-2018)



Source: Banca Akros on company data

Shareholder structure and board composition

The main shareholder is Fraes with a 79.5% stake. The remaining 20.5% of the capital is free float.

PLC group: Shareholders

Shareholders	Stake
Fraes Srl	*79.5%*
Free float	*20.5%*
Total	*100.0%*

Source: Banca Akros on Consob and company data

The Board is made up of 6 members of which 2 are independent.

Composition of the Board of Directors

Name	Gender	Position	Independent
Francesco Esposito	M	Chairman	No
Michele Scoppio	M	CEO	No
Chiara Esposito	F	Director	No
Luciano Garofano	M	Director	No
Marina D'Artibale	F	Director	Yes
Graziano Gianmichele Visentin	M	Director	Yes

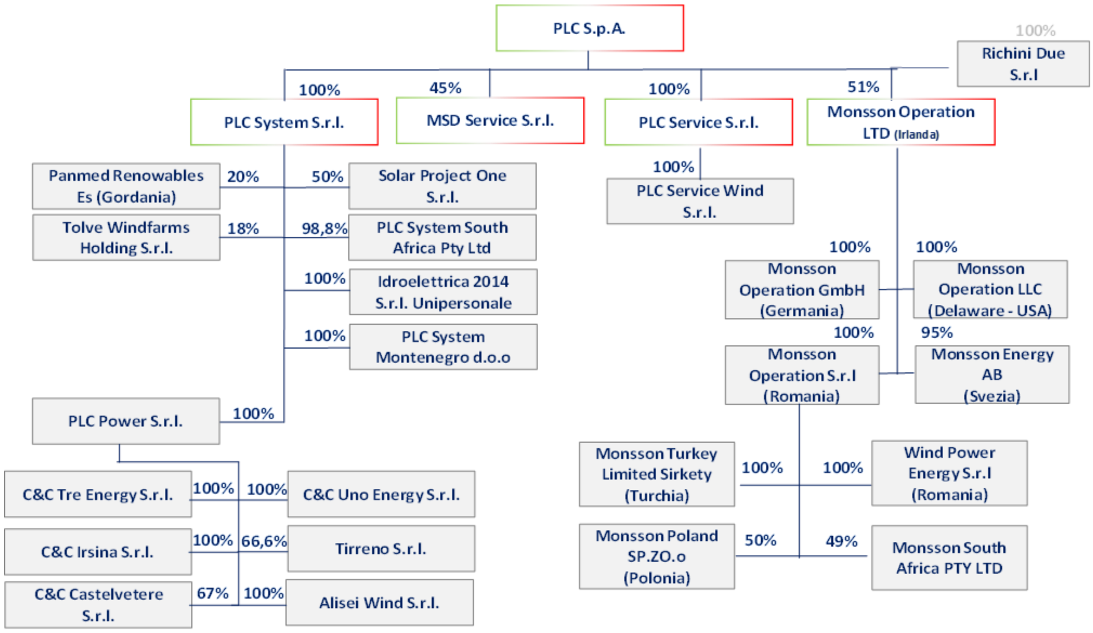
Source: Company data

The company has called an ordinary and extraordinary Shareholders' Meeting for June 25th 2019 to approve the FY 2018 results (ordinary part) and a share capital decrease of EUR 12.1m (extraordinary part) without cancelling any shares; therefore the new share capital will move from EUR 37.1m to EUR 25m. This move, which in our opinion may open the door to a future reserve distribution, is aimed at improving the company's net equity structure.

Group structure

The group's current structure reflects the two core businesses run directly through PLC System and PLC Service and the 51% of the newly acquired Monsson Operation. MSD Service (45%) is a new business unit active mainly in the trading of renewable energy whereas Tirreno Srl is a newco established to develop the BOT strategy also in the solar sector.

PLC group: Structure



Source: Company data

In addition of Monson, the other international operations are executed through PLC System South Africa (100%), PLC System Montenegro (100%) and Panmed Renoiwables (20%). In aggregated terms, their contribution is rather limited (less than EUR 4m) but the full consolidation of Monsson (from FY 2019) will give a significant jump.

PLC group: origin and evolution of the group

Founded in 1996 in Casandrino (close to Naples), initially as a small electrical installer, PLC steadily turned into one of the major players in the Italian renewable energy market and with a growing international presence.

It is a successful growth and business diversification story . Indeed, preliminarily via organic growth and, more recently, with some M&A deals, PLC has turned into an integrated group with a turnover of EUR 50m. It employs around 175 people (but around 385 employees including Monsson) and has a leading position in the wind and photovoltaic markets; it has built, over the years, a profitable business model supported by a remarkable track record, a sound reputation and strong relationships with most of the industry actors.

The next challenge is to replicate the success gained in Italy also abroad and to become one of the most important players in Europe, especially in the O&M market for wind and solar assets. The recent acquisition of Monsson fits this strategy perfectly.

PLC group: main milestones

Source: Company data

- **1996.** PLC was founded in 1996 when Francesco Esposito created PLC System by capitalising on the professional experience he gained in the previous years working for major Italian electricity players. At the beginning, the company was a small electrical installer specialised in high and very high voltage plants.

- **2000.** The key trigger in the company's life was the development of the renewable energy sector in Italy, in the late 1990s, which allowed PLC to become one of the leading operators in the installation of electricity infrastructures for the renewable energy production plants, also thanks to the cooperation with IVPC and Schneider Electric.

- **2005.** Photovoltaic systems came onto the market and PLC managed to seize this opportunity, thus establishing itself as one of the main players in the "turnkey" installation of BOP (Balance of Plant) for this type of plants.

- **2006.** PLC Service was founded. This is another important step in the history of the group. The new unit's core business was preliminary based on testing high voltage equipment, thermography and global services applied to high, medium and low-voltage sub-stations with a focus on the protection field.

- **2010.** PLC started to approach the market as an EPC (Engineering, Procurement and Construction) operator.

- **2012.** PLC Service launched a very reliable (up to 99%) turnkey maintenance service on the Italian market for "Balance of Plant". In the same year, the group started an internationalisation process from South Africa, where today's PLC system controls PLC South Africa Ltd, which is active in the construction and management of energy plants.

The goal is to extend the company's presence to new geographic areas, especially to the Maghreb and sub-Saharan Africa, as well as the Middle East.

- **2013**. PLC System grew in the South African market.

- **2014.** In 2014, after the entry of new professional staff, the corporate model was reorganised. The result was a holding company structure. The adoption of a group organisation and a more "industrialised" approach were other milestones in the company's development path.

- **2016.** The shares of PLC System and PLC Service were sold to the holding company PLC Group S.p.A. and qualified investors bought a stake in the group as a preparatory action for the acquisition of INDI and future listing. The same year PLC Service Wind was established.

- **2017.** Creation of PLC Service Inverter, a specialised division of PLC Service, with the goal to internalise some value added activities (inverter maintenance) and to develop the northern Italian market from the Bologna headquarters. In December 2017, PLC Group SA was listed by way of a reverse merger with INDI.

- **2018.** Further group diversification: 1) entry into the renewable energy trading market through a newco (MSD Service) in partnership with another operator (SunCity Energy Srl) and some experts, and; 2) entry into the photovoltaic market in Sicily in partnership with another operator (IDEA Srl). In July INDI changed its name to PLC S.p.A. In October, PLC acquired a majority stake in Monsson (51%), a leading ISP operating in 25 countries worldwide with approximately 200 employees and focussed on asset management and full O&M services for wind farms and photovoltaic plants.

The listing by way of a reverse merger with INDI

PLC was listed in 2017 by way of a reverse merger with Industria e Innovazione (INDI), a distressed real estate company listed on the Italian market. Some details on INDI's history are provided in APPENDIX II of this report.

At the time of the acquisition INDI was subject to a restructuring agreement (approved by INDI's shareholders in June 2017) with some banks and creditors in compliance with Art. 182-bis of the Italian bankruptcy law. Indeed, the substantial losses incurred in previous years had caused application of Art. 2447 of the Italian Civil Code due to the reduction of the share capital below the legal limit.

The restructuring agreement was based on the implementation of a complex financial plan which foresaw three capital increases and the restructuring of INDI's financial and non-financial indebtedness, also through the disposal of some of INDI's non-strategic assets.

1. **Capital increase "in kind**" of **EUR 43m** (issue of 530,209,618 new shares valued at EUR 0.0811 per share) reserved for PLC S.p.A. which conferred 100% to PLC System and PLC Service.
2. **Capital increase in cash** of **EUR 3.04m** (issue of 37,486,120 new shares). The new shares were offered to INDI's shareholders as an option at the ratio of 8 new ordinary shares for every 5 shares held, at a price of EUR 0.0811.
3. **Capital increase through conversion of debt** into capital of **EUR 0.748m** (issue of 9,223,181 new shares at a price of EUR 0.0811 per share). This capital increase was reserved for Nelke and Generali Pan Europe as compensation for their credit. This capital increase had to be realised in two steps (EUR 0.73m by 17 November 2017 and EUR 18k by June 2020).

INDI's rescue plan was successful executed (all conditions and actions included in the restructuring agreement were satisfied and implemented) and the industrial turnaround was completed, thereby refocussing the company business on the renewable energy sector.

Timetable of INDI's restructuring plan (2017-2018)

	EUR m	Date	Status
Approval of the debt restructuring plan by INDI		5 April 2017	√
Approval of the debt restructuring plan by the Milan Court		8 June 2017	√
Approval of the corporate actions by INDI Extraordinary Shareholders meeting		29 June 2017	√
Capital increase in kind reserved to PLC	43.00	17 Nov 2017	√
Capital increase through conversion of debts (1° tranche)	0.73	6 Dec 2017	√
Capital increase in cash	3.04	6 Feb 2018	√
Disposal of 17.84% shareholding in Mediapason	1.72	11 Dec 2018	√
Capital increase through conversion of debts (2° tranche)	0.02	8 Feb 2019	√

Source: Banca Akros elaboration on company information

In July 2018, INDI changed its name to PLC S.p.A. and the outstanding shares were regrouped at a 1:25 ratio (one new share with no nominal value for every 25 old shares with no nominal value).

The Reference Markets

Products/Services

PLC's business model is primarily focussed on the production of renewable electricity and is based on **two main business lines**.

1) **EPC – BOT.** The group (through PLC System) is a general contractor in the construction of renewable energy power plants and their related electricity infrastructures; it does the **Engineering, Procurement and Construction (EPC)**. In 2014, the company started utilising the know-how it had developed in making electricity power plants using renewable sources for third parties to make its own plants under the BOP (Balance of Plant) formula. This was done to enlarge the perimeter of activity and to generate additional income from their future disposal, thus mixing the turnkey plants offer with a BOT **(Build, Operate and Transfer)** strategy. These plants are owned through Special Purpose Vehicles (SPVs), the aim being to sell them after commissioning and activation. This activity, though not recurring and risky, is complementary to the EPC business (it allows the company to extract value from its EPC technical skills and sector knowledge by dealing directly with the final investors, institutional investors and/or industrial operators) and it plays a critical role in supporting the group's overall revenues and margins.

   The EPC – BOT business is based on short-and-medium-term contracts, usually associated with high value contracts. In particular, the expected duration of a BOT project is around 3 years. The potential customers are power generation companies, institutional investors and industrial players interested in acquiring and managing industrial power plants (> 1MW) producing green energy.

2) **O&M.** The second core business is run directly through PLC Service and PLC Service Wind and indirectly by Monsson Operation (since November 2018). This activity is related to **Operation and Maintenance** (O&M) **services** provided to third parties as well as to the group's proprietary plants and are offered to wind farms, solar parks, High, Medium and Low voltage (HV, MV, LV) electrical substations, switchgears & switchboards. The activity basically consists of monitoring plants to ensure maximum efficiency and full maintenance services (ordinary, extraordinary ad predictive maintenance, spare parts). The range of services provided is very wide and differs depending on the type of customer. The plants are monitored 24 hours a day from a specific control room. Customers are informed about the performance of their plants on a monthly basis by way of detailed reports. Since 2016, the O&M activities have been extended to the wind turbines segment and wind farms by way of a separate legal entity (Wind Service Plc).

   The O&M business is provided to all types of industrial plants for the production of energy from renewable sources. It is based on a large number of contracts (often sold together with the EPC service) and is offered to both PLC's own plants (captive business) and to plants owned by third parties.

From a strategic standpoint, the two core business are interrelated and synergic because the plants developed by the group are sold with O&M contracts, which are usually renewed by the new plant owners .

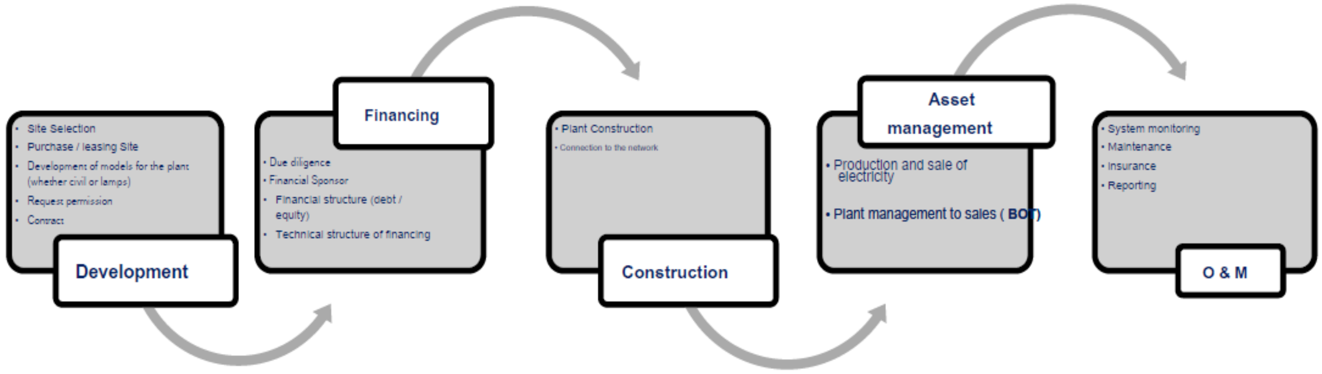
More recently (in 2018), the group enlarged its business diversification by entering:

3) the **energy trading market** (trading green energy) through MSD Service Srl (45% owned by PLC), a partnership with an experienced operator (SunCity Energy Srl 40%, recently acquired by A2A) and some investors (Mario Stucchi 7.5%, Antonio Carrano 7.5%). The company has begun managing the dispatching contract for the Anagni photovoltaic plant and has signed its first electricity sales contract (effective since 1st January 2019), with Burgentia Energia, owned by Arpinge fund. The contract offers an innovative solution and is based on profit sharing in order to reduce the weight of the imbalances for plant owners;

4) the **photovoltaic market,** in order to replicate the BOT business model, already successfully applied in the wind market. A newco (Tirreno Srl) has been established (66.6% PLC Power and 33.4% IDEA Srl) to develop a photovoltaic power plant with a nominal power of 15 MWp to be built in Sicily. The authorisation process is expected to be completed in 2019 in order to start the search for potential investors.

The group's main activities are briefly summarised in the chart below.

PLC group: main activities



Source: Company data

- **Development of the production.** This is the first, and most critical, phase because it consists of a feasibility study of any new initiative. It involves the following key activities:
  - ✓ selection of the site;
  - ✓ measurement of the available renewable resource through anemometers and solarimeters;
  - ✓ acquisition of the site through preliminary purchase contracts, subject to obtaining all authorisations and permits;
  - ✓ design and engineering of models of the plant;
  - ✓ permission applications for plan construction;
  - ✓ contracts.
- **Identification of the financial resources.** This is another key step in any initiative because it affects the profitability of the project. The ability to identify the right financial mix makes a project more or less convenient from a financial standpoint. It is related to:
  - ✓ selection of potential lenders;
  - ✓ due diligence of the potential lenders;
  - ✓ choice of the most appropriate financial structure (optimal debt/equity ratio);
  - ✓ identification of the most appropriate technical structure for the financing (e.g. project finance vs. leasing).
- **Construction of the plant.** This is the group's historical activity and where PLC has considerable experience. It can be offered to both third parties and SPVs. The group usually contracts out parts of the construction work (mainly civil works, earthworks and steelworks). The activities carried out in this phase are:
  - ✓ construction of the plant;
  - ✓ network connection.

- **Asset management.** This is a complementary activity to the previous ones (development, financing and construction) because it allows the company to consolidate the knowledge of the customer's needs. It includes:
  - ✓ production and sale of electricity;
  - ✓ management of the plant during the construction phases until it is sold;
  - ✓ management of the sale of the renewable plants.

- **Supply of operation and maintenance services.** These services started , historically, as a consequence of the requirements dictated by the warranty obligations linked to the construction contracts (two-year responsibility from the delivery). These types of services are highly customable, depending on the customer needs. They can be summarised as follows:
  - ✓ plant monitoring to ensure efficiency;
  - ✓ ordinary, extraordinary and predictive maintenance;
  - ✓ performance guarantees with insurance coverage (e.g. performance bonds to guarantee predefined performance levels, technical availability for wind turbines, performance ratio for photovoltaic plants, electricity losses for distribution and transformation plants);
  - ✓ reporting of the plant performances.

To describe the group's commercial offer better we have provided, in the table below, a detailed description of the services offered to customers that splits the analysis into its two core businesses.

PLC Group: Core businesses

EPC – BOT (PLC System)	O&M (PLC Service)
▪ Engineering and construction of turnkey balance of plant and integrated systems for renewables plants (FER) ▪ Full/Partial management service of renewable plants ▪ Engineering and construction of turnkey electric infrastructures for High Voltage plants (substations, temporary and final substations High/Medium Voltage 420-245-170-132kV, transformers, etc.) ▪ Production of transformer and interconnection stations ▪ Production of electric panels and equipping electric Shelters ▪ Installation of Low Voltage overhead and cable distribution networks ▪ Integrated analysis and optimisation of energy consumption ▪ Turnkey production of conventional and alternative power stations ▪ Integrated management of substations, BOP electricity, electricity cabins and conduits	▪ Performance guarantees (PR and technical availability) ▪ Performance analysis ▪ Remote control ▪ Innovative systems for breakdown and diagnostics on Medium Voltage cables ▪ Implementation of order dispatches ▪ Spare parts management (main components and consumables) ▪ Preventive, Corrective and Scheduled maintenance ▪ Substitute and extraordinary maintenance ▪ O&M Medium and Low Voltage cabins and ▪ O&M High Voltage/Medium Voltage electrical substations and technological plants ▪ O&M full service wind farms ▪ O&M full service solar plants ▪ Thermography services

Source: Company information

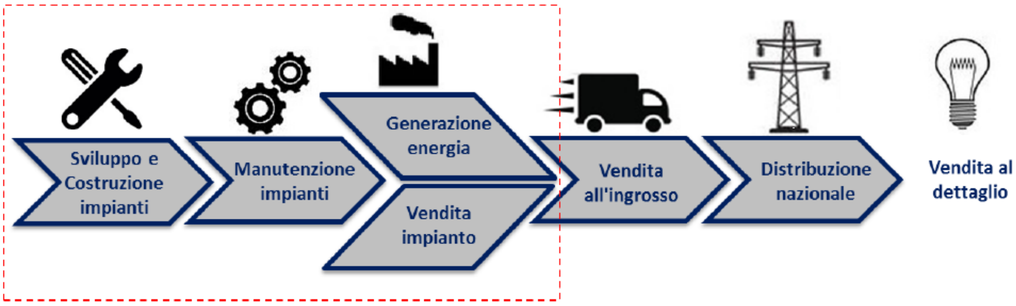
Value chain analysis and type of customers

From a strategic standpoint, PLC System and PLC Service are positioned at the beginning (upstream) of the energy business value chain and are involved in:

- development and construction of power plants;
- maintenance services for solar parks and wind farms;
- energy generation;
- future disposal of production plants.

All these activities are specifically addressed to the green energy market.

Energy business: value chain



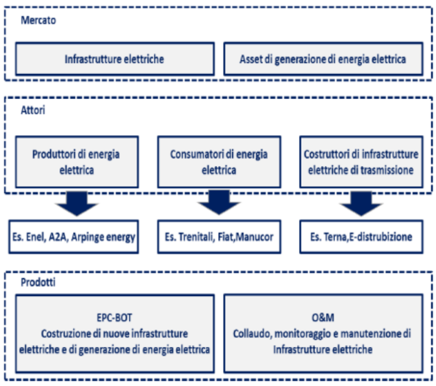
Source: Company Prospectus 2017

PLC's markets can be divided into two large macro categories: a) electricity infrastructures and b) electricity generation.

The **electricity infrastructure market** consists of all those areas that are related to the national transmission and the distribution grid, such as connecting stations, sorting, processing, booths, overhead lines and cables. PLC has been active in this field for years as a service provider and as a system integrator. The main customers, who in some cases are also PLC's partners, are Terna, ENEL, Siemens, ABB, Schneider and some utilities. Customers can be segmented into electricity distributers and electricity network managers and, large general contractors, utilities and industrial customers.

The **power generation market**, on the other hand, consists in the construction of works and plants for the production of electricity from different sources. To this aim, PLC operates as a turnkey supplier for both third parties and the SPVs (captive business). In particular, the latter business is developed for investors in the renewable energy sector who don't want to get involved in some of the value chain activities such as the engineering, the authorisation process and the plant construction. In this case the main customers are: independent power producers (IPP), utilities, industrial players, electricity consumers, investment and pension funds.

Markets, operators and product: a snapshot



Source: Company Prospectus 2017

Industry Overview

PLC operates in the renewables energy industry and has a focus on the wind and solar segments.

Renewables energy can be generated from 6 main sources.

Renewable Energy Sector: main sources

- Energy from renewable and waste fuels
- Wind energy
- Hydroelectric energy
- Geothermal energy
- Photovoltaic energy
- Energy produced from tides and waves

Source: Company information

This industry is highly regulated and is characterised by a predefined level of revenues and a significant initial investment. The critical elements are: a) the length and complexity of the authorisation processes; b) the difficulties in financing the projects, especially in a "market parity" context; and c) the significant legislative issues and regulatory uncertainties. In particular, the significant reduction in government incentives (especially in the solar field but more recently also wind and bioenergy) along with the "cap" on the installed capacity in a given period of time, have caused a decline in operators/investors profitability and, consequently, made it more difficult to plan the investments. In the last few years the industry has reacted to a less favourable investment environment by increasing plant efficiency and lowering production costs. However, despite the cuts in public spending and the reduction in government subsidies in almost all European countries, the mid-term outlook remains quite favourable both in terms of the amount of expected new investments and of further technological improvements. This will be driven by the greater attention to environmental protection and climate change, to be primarily pursued through a drastic reduction in the use of fossils.

The international renewables energy market

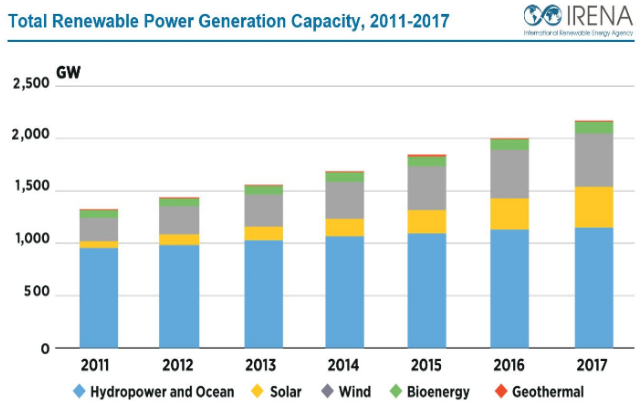
The market has grown constantly over the last few years and reached an overall generation capacity of 2,351 GW worldwide in 2018. This growing trend is expected to persist.

The latest available statistics (source IRENA) show a steady increase in the annual installed capacity with 171 incremental GW installed in 2018 (+7.9% Y/Y, in line with the recent years' trend of 8%-9% annual capacity growth). Hydro accounted for the largest share (50%) of the total with an installed capacity of 1,172 GW (excluding pure pumped storage capacity). Wind and solar energy accounted for most of the remaining with a capacity of 564 GW and 486 GW respectively. Other renewables included 115 GW of bioenergy, 13 GW of geothermal energy and 500 MW of marine energy (tide, wave and ocean energy).

Renewable capacity growth continued to be driven mostly by new solar and wind energy plants, which together accounted for 84% of all new capacity installed in 2018.

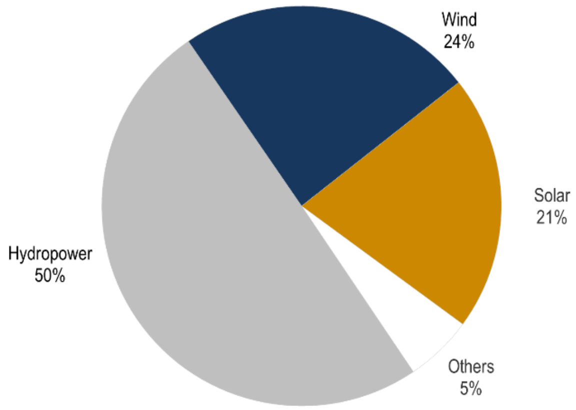
In terms of macro regions, Asia accounted for 61% of the new capacity in 2018, i.e. 44% of global installed capacity. Europe ranked second behind Asia in terms of growth capacity with an increase of 24 GW (+4.6% Y/Y) compared to an increase of 19 GW (+5.4%) in North America. Strong capacity growth was recorded in Africa (3.6 GW, +8.4%), in Eurasia (+4.1 GW, +4.3%) and in Oceania (+4.8 GW, +17.7%).

Annual renewable capacity installed worldwide (GWh)



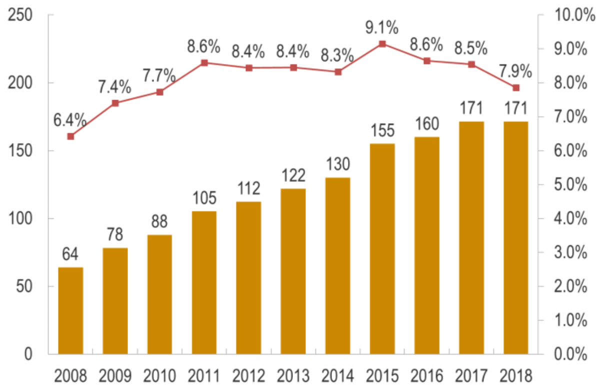
Source: IRENA (2018) Renewable Energy Statistics 2017

Renewable capacity by source (2018)



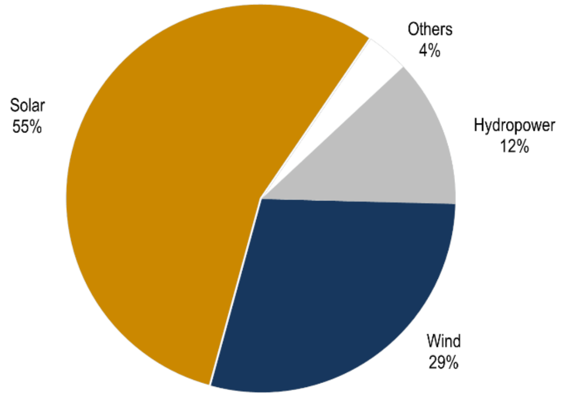
Source: IRENA (2019) Renewable Energy Statistics 2018

Incremental renewable capacity installed worldwide (GWh)



Source: IRENA (2019) Renewable Energy Statistics 2018

World incremental net capacity by source (2018)



Source: IRENA (2019) Renewable Energy Statistics 2018

Renewable generation capacity at regional level

	Capacity GW	Global Share	Change GW (Y/Y)	Growth
North America	366	*16%*	+19.0	*+5.4%*
Central America & Caribbean	15	*1%*	+0.8	*+5.5%*
South America	211	*9%*	+9.4	*+9.4%*
Europe	536	*23%*	+24.0	*+4.6%*
Eurasia	100	*4%*	+4.1	*+4.3%*
Middle East	20	*1%*	+1.3	*+7.1%*
Africa	46	*2%*	+3.6	*+8.4%*
Asia	1,024	*44%*	+105.0	*+11.4%*
Oceania	32	*1%*	+4.8	*+17.7%*

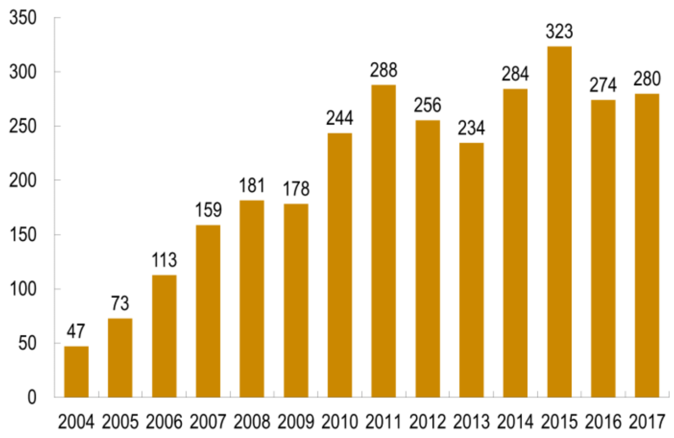
Source: Source: IRENA (2019) Renewable Energy Statistics 2018

The impressive expansion of installed capacity was supported by very large investments. Indeed, around USD 2.9 trillion has been invested globally in the renewable energy sector since 2004 (implying a CAGR above 12% in the 2004-2017 period). The reduction reported in 2016-2017 in the overall amount of global investments compared to the all-time high of

USD 323bn reached in 2015, was due to a general decline in costs and prices, particularly in solar. Those reductions meant that developers were able to install more megawatts year on year for the same amount of money

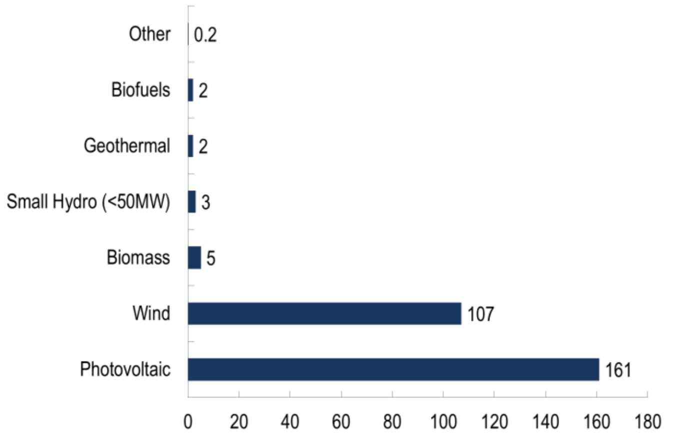
The analysis of the investments by type of renewable energy source highlights that a large majority of the investments (96%) are split between the solar (USD 161bn or 58% of the total) and the wind sectors (USD 107bn, 38% of the total).

Global investments in renewable energy sector (USD bn)



Source: UNEP data, Bloomberg New Energy Finance

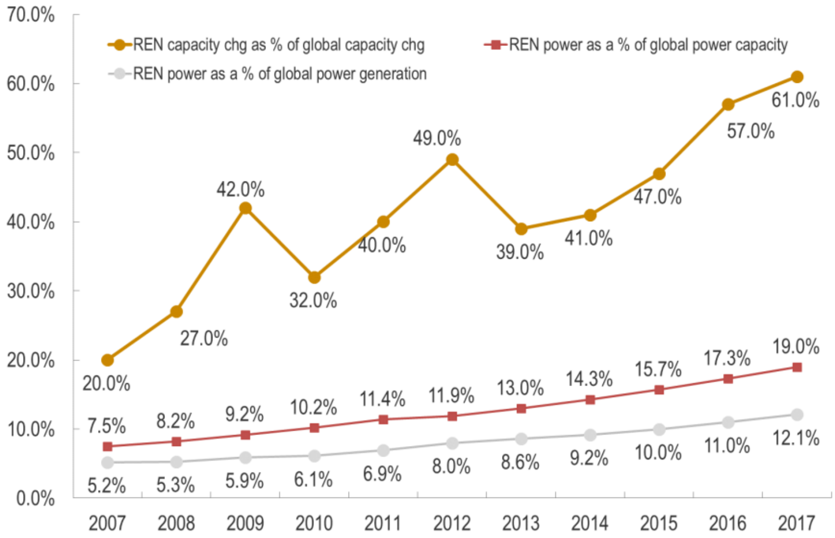
World investments in renewable energy in 2017 (USD bn)



Source: UNEP data, Bloomberg New Energy Finance

The rising importance of renewable energy in the global electricity generation mix is confirmed by the percentage of net new generating capacity added each year, which has increased massively over the years from just under 20% in 2007 to 61% in 2017, excluding large hydro. Despite this spectacular growth, the share of total electricity produced by renewables sources is still only a small share of world electricity.

Renewable power generation and capacity as a share of global power (2007-2017)



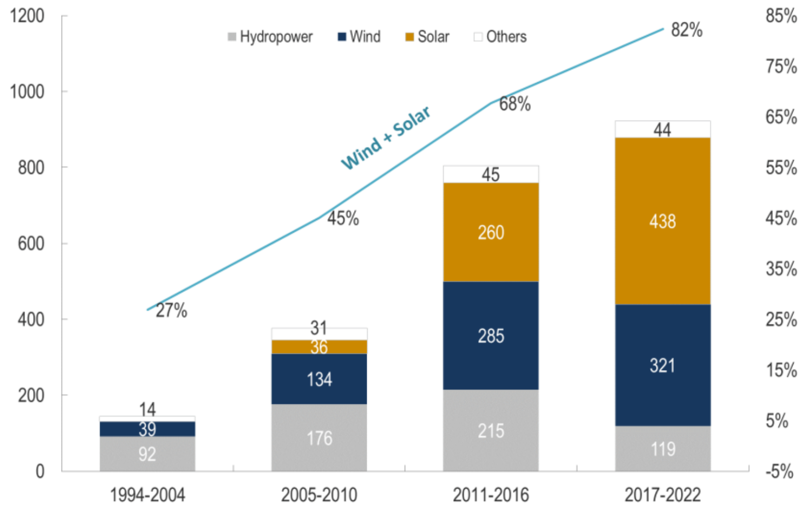
Source: UNEP data, Bloomberg New Energy Finance

Global renewables energy: Outlook

Electricity markets are undergoing a deep transformation with higher demand driven by the digital economy, electric vehicles and other technological change.

According to IEA (International Energy Agency), between 2017 and 2022 global renewable electricity capacity should increase by over 920 GW (+43%) with solar expected to deliver the largest annual capacity growth. Wind and solar together will represent more than 80% of global renewable capacity growth by 2022.

Renewable Electricity capacity growth by technology until 2022



Source: Renewables 2017, IEA

By widening the analysis to the medium-long term, we note that in the IEA' latest World Energy Outlook energy demand is projected to grow by more than 25% to 2040, requiring investments of more than USD 2 trillion a year in new energy supply.

The IEA is optimistic about the growth of renewable energy in the coming decades, forecasting solar will grow from 2% to 10% of total power generation by 2040, while hydro will contribute 15% of total power by the same date. Meanwhile, wind farms will grow from 4% to 12% within 22 years, overtaking nuclear and becoming Europe's largest power source before 2030.

This green growth means renewables and coal will essentially swap places in the electricity generation mix by 2040, with the share of coal forecast to fall from 40% today to just a quarter by 2040. In contrast, renewables are set to grow from 25% today to 40% by 2040.

In particular, the increasing competitiveness of solar photovoltaics means its installed capacity will exceed that of wind energy before 2025, that of hydroelectric power around 2030 and that of coal before 2040.

The same positive trend is forecast by Bloomberg in its New Energy Outlook (NEO) 2018, which sees USD 11.5 trillion being invested globally in new power generation capacity between 2018 and 2050, with USD 8.4 trillion of that going to wind and solar. By 2050, wind and solar technology are expected to provide almost 50% of total electricity globally with hydro, nuclear and other renewables taking total zero-carbon electricity up to 71%. The cost of an average PV plant is seen to fall by 71% by 2050. Wind energy is getting cheaper too, and might drop by 58% by 2050.

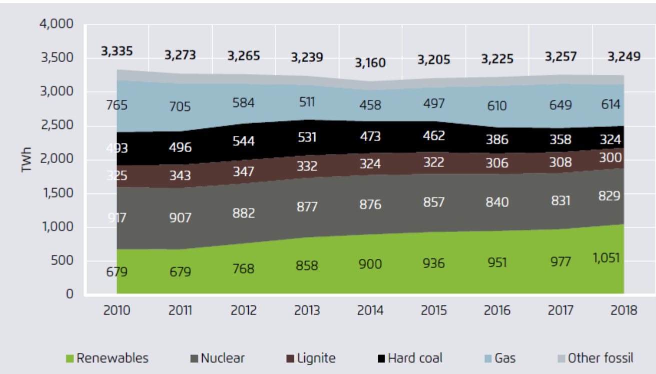
The European renewables energy market

Electrification of the economy is expected to increase electricity consumption. The EU's "Long Term Strategy 2050" released in November 2018 suggests electricity consumption will rise by 18% by 2030.

In 2018, renewables generated over 1,000 TWh, i.e. more than 32% of European electricity according to a Sandbag and Agora Energiewende analysis. Wind had the largest share in the renewables mix, contributing 12% to European electricity. Solar contributed 4% less than biomass and 1/3 of wind generation.

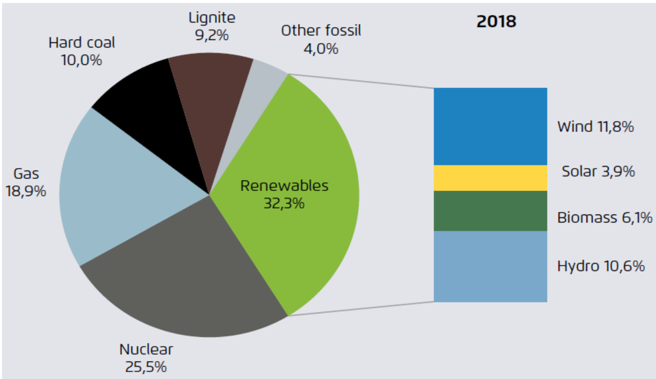
EU renewables installed capacity reached 540 GW. In terms of new capacity installations, Germany led the European group with 8.5 GW, followed by the UK with 5.3 GW and France with 2.7 GW (Italy around 1 GW).

EU-28 electricity generation



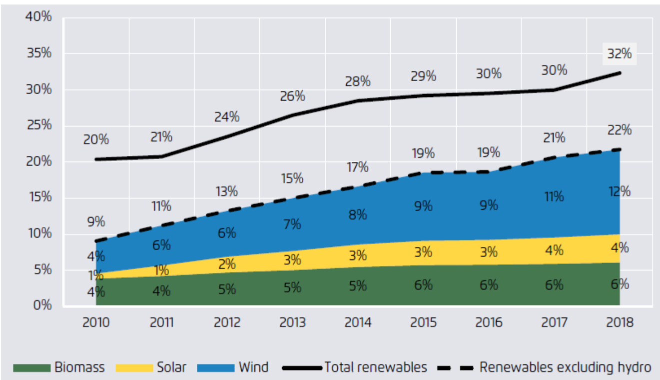
Source: Agora, Sandbag & EUROSTAT – The European Power Sector 2018

Generation mix 2018



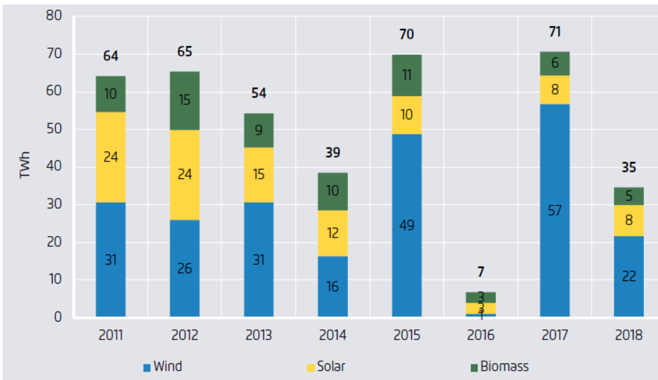
Source: Agora, Sandbag & EUROSTAT – The European Power Sector 2018

EU-28 renewables shares % of electricity production



Source: Agora, Sandbag - The European Power Sector 2018

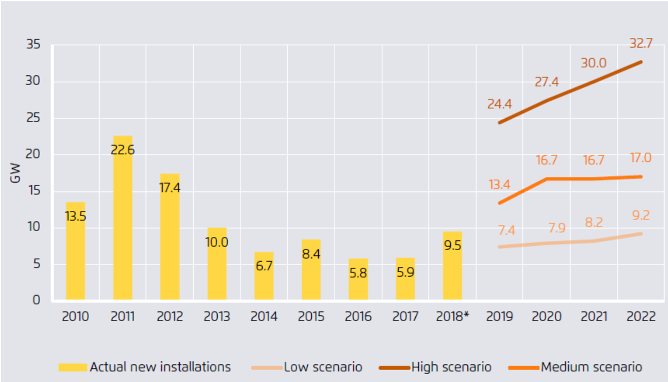
EU-28 annual mix renewable energy generation



Source: Agora, Sandbag & EUROSTAT – The European Power Sector 2018

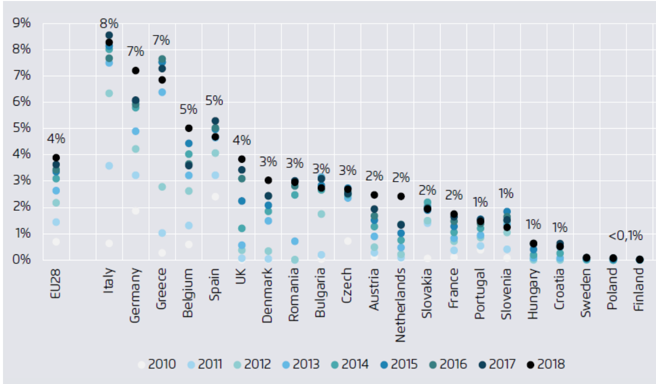
Although, in aggregated terms, solar generation only accounted for 4% of the EU production mix, the new photovoltaic installations increased by more than 60% Y/Y to 9.5 GW and could triple to 30 GW by 2022, according to the latest SolarPower Europe estimates, depending on national development plans (France 45 GW by 2030, Italy 50 GW by 2030, Spain 77 GW by 2030). Italy had the highest proportion with 8% of its electricity coming from solar, followed by Germany and Greece (around 7%).

Annual new solar PV installations (actual & forecasts)



Source: Solar Power Europe 2018

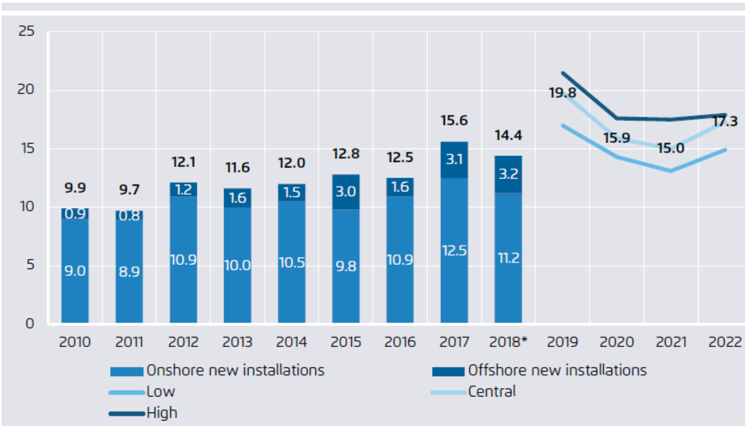
Solar as % on national energy production



Source: Agora, Sandbag & EUROSTAT – The European Power Sector 2018

Wind generation increased by 6% (+22 TWh) in 2018. 14 GW came from new installed capacity, of which 90% in only 3 countries: Germany, UK and France. Based on the WindEurope scenario to 2022, the situation for wind investments is expected to remain favourable also in the coming few years (17.4 GW per year over the next 5 years, +87 GW of new installed capacity, to reach 258 GW by 2022, most of which is located in Germany Spain and the UK.

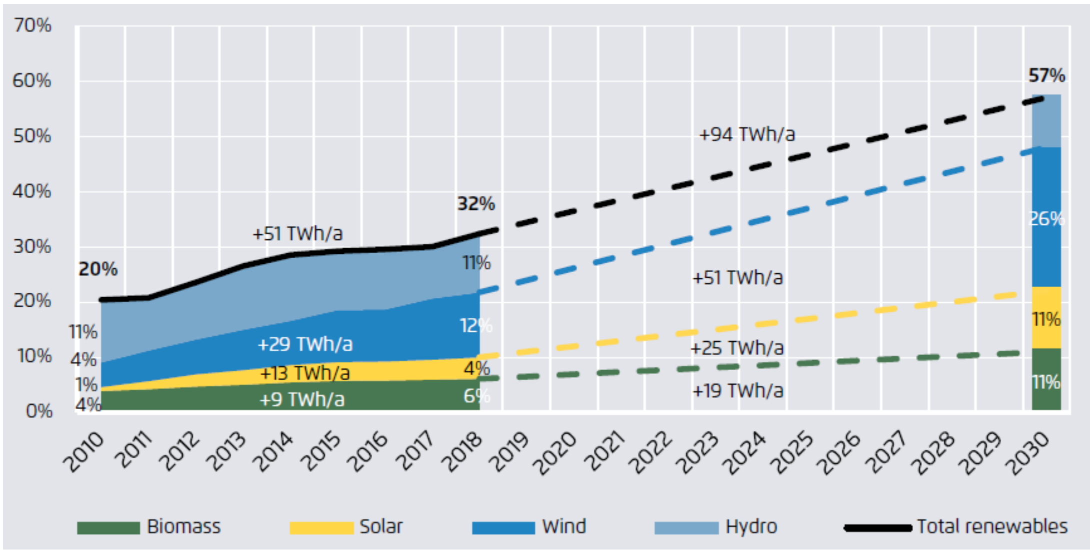
Europe's annual new wind installations



Source: WindEurope

The EU Commission released its "Long Term Strategy" in November 2018 to decarbonise the European economy. According to the EU 2030 goals, renewable electricity must rise to 57% from the 32% of the energy mix in 2018. Therefore, wind is expected to more than double from 12% in 2018 to 26% in 2030 while solar should almost triple from 4% to 11%. Biomass should double as well (from 6% to 11%) assuming hydro generation remains unchanged. To achieve these targets renewables must grow by 94 TWh/year from 2018 to 2030 (compared to 51 TWh/year in the 2010-2018 period). In terms of installed capacity, the EU "Long Term Strategy" envisages wind capacity of 350 GW (from 183 GW in 2018) and 320 GW from solar (from 117 GW in 2018).

2030 projection of renewable energy share according to EUR Long Term Strategy

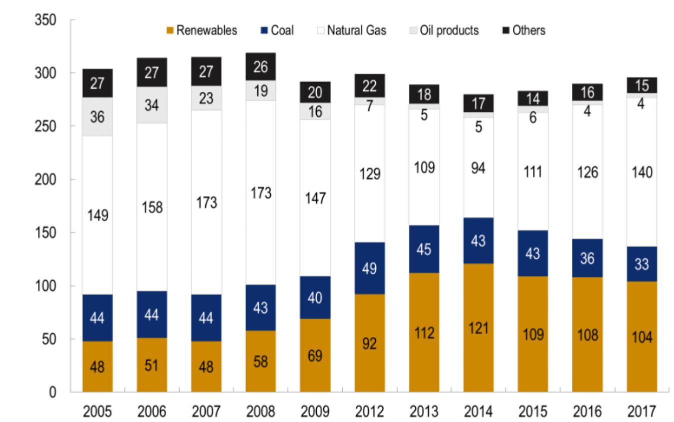


Source: Agora, Sandbag & EUROSTAT - The European Power Sector 2018

The Italian renewables energy market

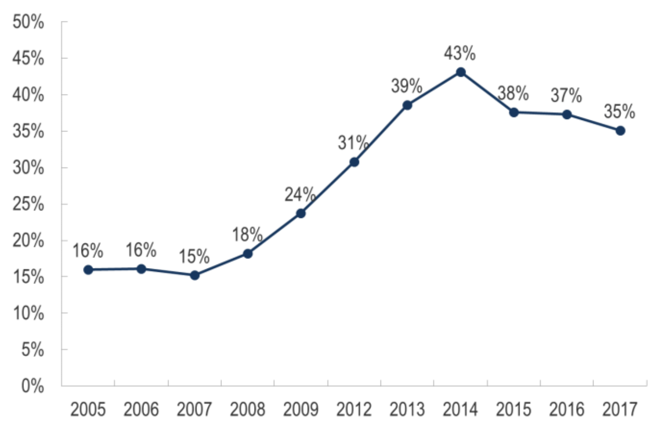
Over the last few years Italy has invested heavily in the renewable energy sector, as witnessed by the gradual increase in the electricity produced from renewable sources from around 48M TWh in 2005 (16% of total production) to 104 TWh in 2017 (35.1% of total production) driven, in particular, by the impressive rise in solar and wind energy production. In 2017, the production from renewable sources fell 3.8% Y/Y (-4.1 TWh) due to the fall in hydro (-14.7%), which was only partially offset by solar (+10.3%) while the other renewable sources were almost flat. However, the covered 18.3% of the energy consumptions exceeding for the fourth year in a row the 17% threshold set by the EU Directive 2009/28 for Italy

Production of electric energy (MW h) in Italy (2005-2017)



Source: GSE – Rapporto Statistico 2017

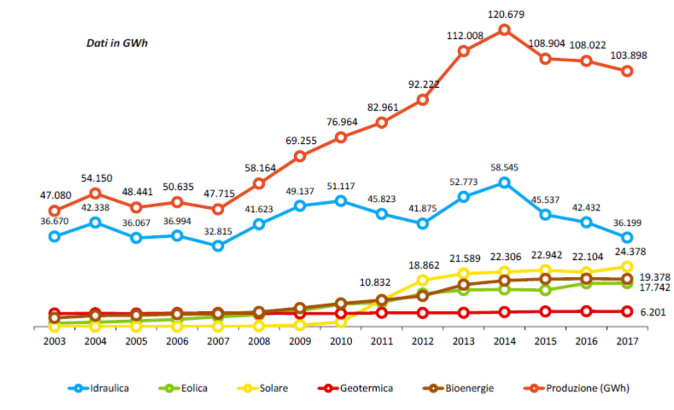
Production from Renewables (%) vs Total Production



Source: GSE – Rapporto Statistico 2017

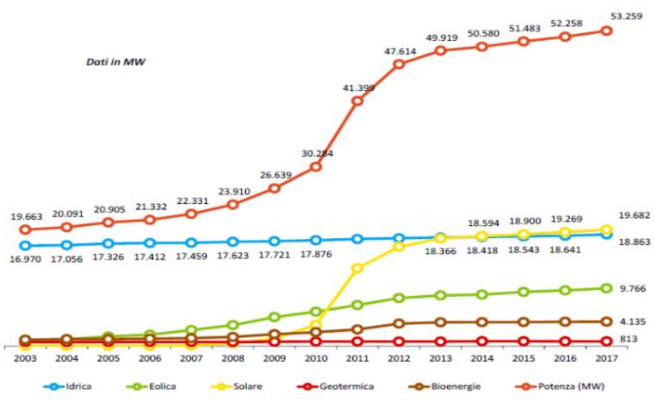
The installed capacity from renewable plants in Italy in 2017 reached 53,259 MW (+1.9% Y/Y or +1,000 MW) from 786,808 plants, 98,6% of which were by photovoltaic plants. In the period 2005-2017, the installed capacity grew at a compounded growth rate close to 7%. From the early 1900s, electricity generation in Italy from renewable sources mainly came from hydroelectric plants. Over recently, the installed capacity of these plants has remained more or less constant (an average increase of +0.7% per year) while the other renewable sources have grown considerably thanks to the various incentive schemes to support their development. While in 2000 the capacity of hydroelectric plants accounted for around 91% of total installed capacity from renewable sources, it is now only 35%, due to the exponential growth of bioenergy and wind and solar power. The breakdown of installed capacity in 2017 by source shows the leading role played by solar and wind plants, around 55% of the total.

Annual Production from Renewables sourcess (MW)



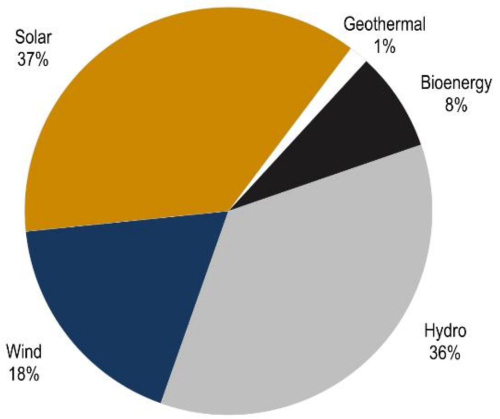
Source: GSE – Rapporto Statistico 2017

Annual Installed Capacity of Renewables sources (MW)



Source: GSE – Rapporto Statistico 2017

Renewables energy installed capacity by source (2017)

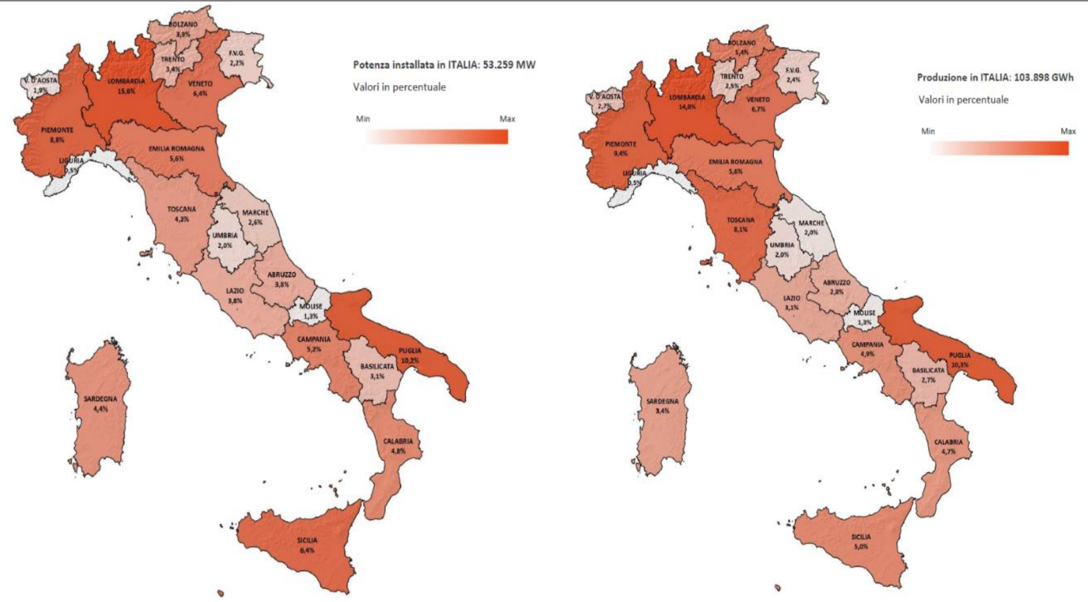


Source: GSE – Rapporto Statistico 2017

In 2017, the highest concentration of renewable plants was in Lombardy (+15.6% of the total) followed by Puglia (10.2%) and Piemonte (8.8%). Lombardy ranked first also in terms of production from renewable sources with 15,344 GWh, 14.8% of the total.

The distribution of production by macro-areas sees the northern regions with almost 50%, southern regions and islands with 35% and the Centre regions with the remaining 15%.

Renewables energy plants - geographic distribution (2017) based on number of plants and installed capacity (MW)

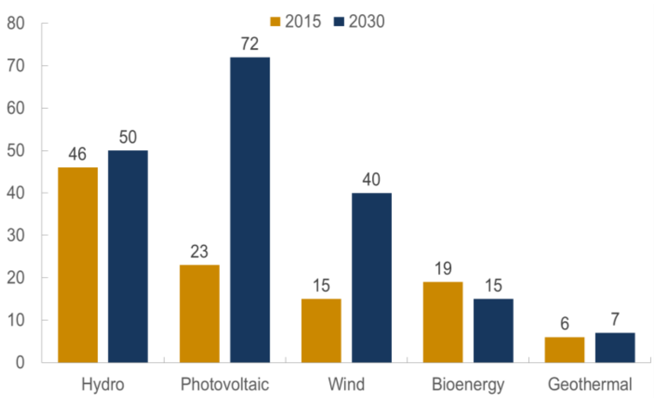


GSE – Rapporto Statistico 2017

Looking to the future, renewable energy must be boosted further: indeed, the new National Energy Strategy plan presented in November 2017 identifies renewables sources as a central element for sustainable development of Italy, setting more ambitious growth targets up to 2030 than those currently proposed at the EU level. In particular, renewables are expected to increase their contribution to 70% from the 2015 levels, driven mainly by solar (3x) and wind (2.5x) while hydro and geothermal are seen pretty stable and biomass decreasing slightly.

Overall, Italy needs around 36 GW of the additional renewable capacity to reach the 2030 goals, thus almost twice the 2017 level. More specifically, photovoltaic is expected to reach 72 TWh from 23 TWh in 2015, while wind is forecast at 40 TWh from 15 Twh in 2015. EUR 60bn in new investments is expected, thus EUR 4.5bn a year versus EUR 1.6bn in 2017.

Evolution of Italian renewables in comparison with the SEN 2030 goals



Source: Energy & Strategy Group (Politecnico di Milano) - Renewable Energy Report 2018

According to the Renewable Energy Report 2017 published by the Milan Polytechnic, around 4.4 GW of new installations is planned in the period 2017-2020, of which 2.3 GW (52%) for photovoltaic plants, 1.6 GW (36%) for wind plants and 320 MW (7%) for hydroelectric plants, while the other renewable sources are expected to develop an additional 200 MW.

New capacity installations expected in 2017-2020

Source	MW	% on total
Photovoltaic	2,300	*52.0%*
Wind	1,600	*36.2%*
Hydroelectric	320	*7.2%*
Biomass	130	*2.9%*
Geothermal	50	*1.1%*
Other	20	*0.5%*
Total	**4,420**	***100%***

Source: Renewable Energy Report 2017

However, in addition to the data on the electricity production from renewable sources, it is interesting to notice that the investments forecast to revamp and repower the current parks range from EUR 2.2bn (worst case scenario) to EUR 5.5bn (best case scenario) assuming interventions of 5.8 GW and 9 GW respectively over the 2017-2025 period. These activities are more related to PLC's core businesses (EPC and O&M).

New capacity installations expected in 2017-2025 (EUR m)

Source	Best Case	Worst Case
Photovoltaic	369	194
Wind	4,940	1,960
Hydroelectric	140	70
Total	**5,449**	**2,224**

Source: Renewable Energy Report 2017

The Italian Photovoltaic Market

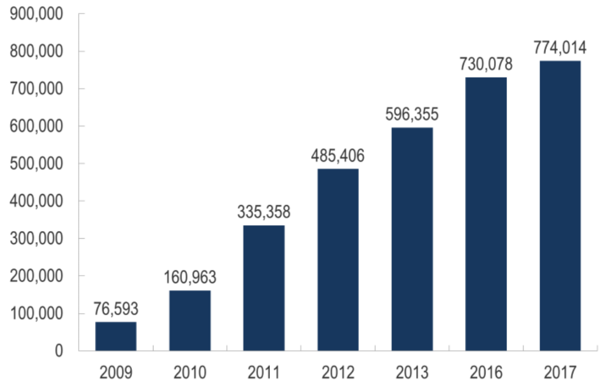
In 2017, there were 744,014 photovoltaic installations in Italy (with an installed capacity of around 19,500 MW (or 37% of the capacity of the whole renewable source installation park). Compared to the previous year, in 2017 there was a 2.1% increase in installed capacity (+414 MW) and a 6% increase in the number of photovoltaic installations (+44,000 units). From 2008 to 2011, the number of photovoltaic installations more than doubled. At the end of 2012, there were over 480,000 installations in Italy, and these had increased to almost 648,196 at the end of 2014. Since 2013, when the Feed-in tariff ceased, growth rates have been significantly less steady.

The production of electricity from solar photovoltaic installations reached 24,378 GWh (+10.3% Y/Y), 52% of which was generated by the industrial sector, 21% from the third sector, 14% from the residential sector and the remaining 13% from the agricultural sector.

More than 90% of the solar plants are residential installations (P<20 kW) which are connected to the grid in low tension. The average size of the plants was 25.4 kW.

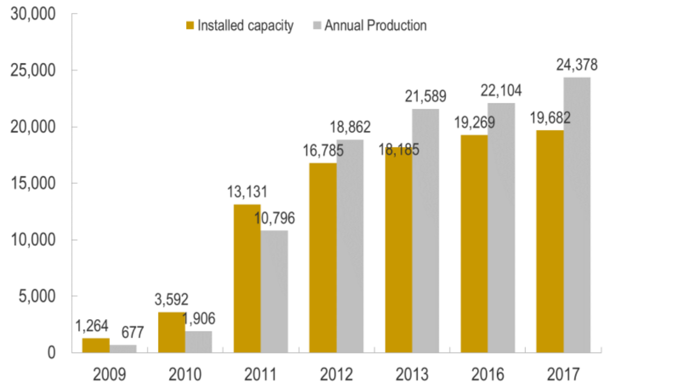
The market value of the new installations was EUR 661m. The residential market absorbed about 60% (EUR 414m) of the total investments with an average cost of EUR 2,000 per kW. However, the cost of the largest plants fell below EUR 1m per MW.

Italian PV mkt: number of PV plants (2009-2017)



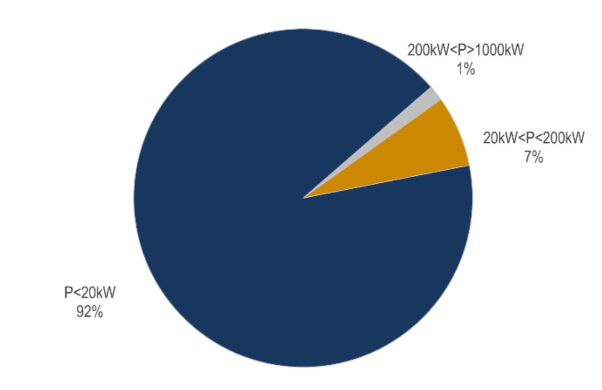
Source: GSE - rapporto statistico Solare Fotovoltaico 2017

Italian PV mkt: installed capacity vs production MW (2009-2017)



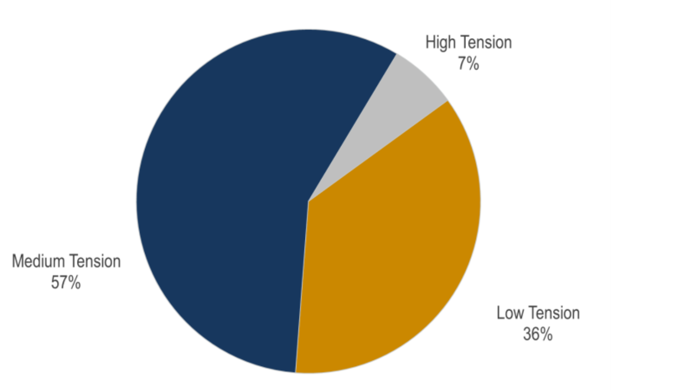
Source: GSE - rapporto statistico Solare Fotovoltaico 2017

Italian PV mkt: distribution by power (MW)



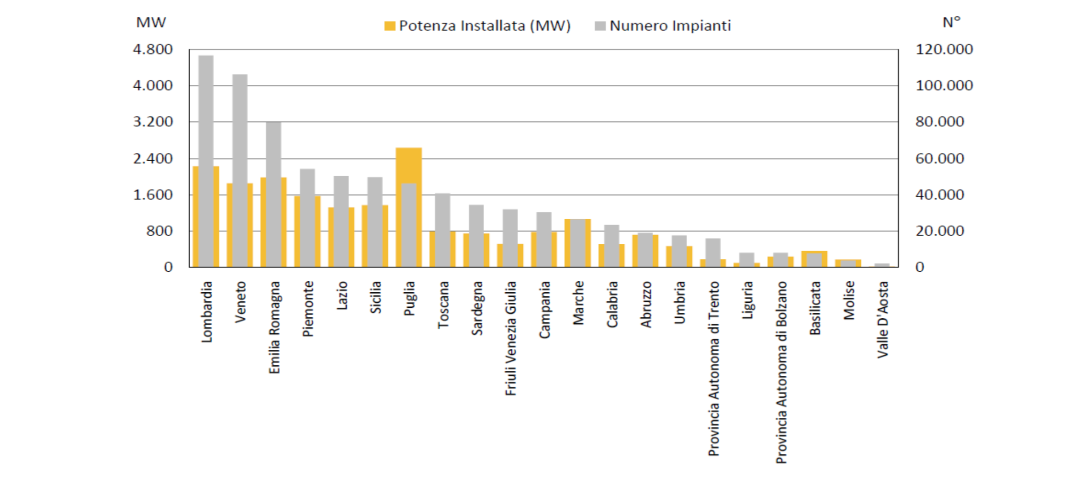
Source: GSE - rapporto statistico Solare Fotovoltaico 2017

Italian PV mkt: PV plants by connection tension (MW)



Source: GSE - rapporto statistico Solare Fotovoltaico 2017

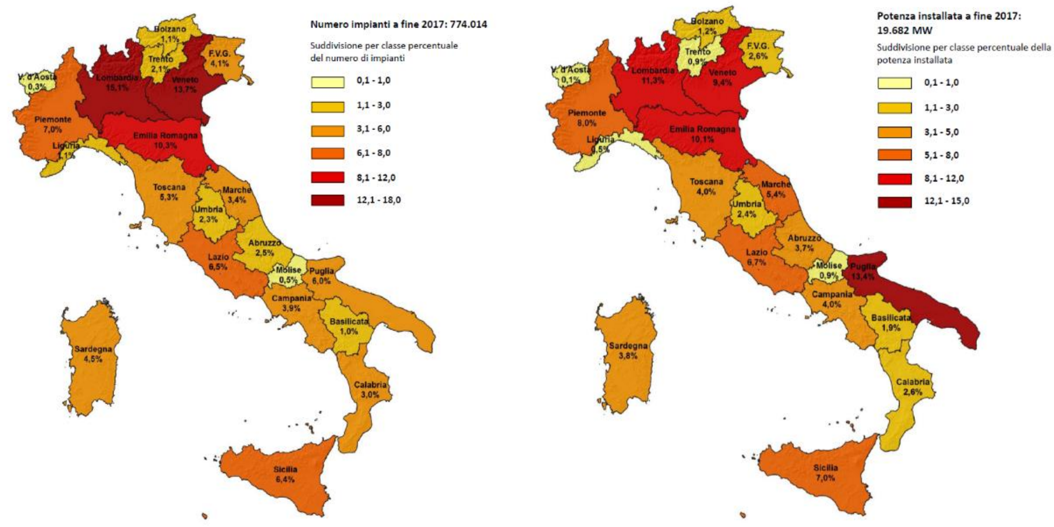
Distribution of plants and installed capacity in Italy in 2017 (MW)



Source: GSE - rapporto statistico Solare Fotovoltaico 2017

At the regional level, 44% of installed capacity is in the north, 37% in the south and the islands and 19% in central Italy. With 2,623 MW, the region of Puglia has the highest installed capacity, equal to 13.4% of the national total, followed at a distance by Lombardy with 2,178 MW (11.3%). With regard to the number of installations, at the regional level, 55% of the installations are located in the north, 28% in southern Italy and the islands and, lastly, 17% in the central regions. The region with the highest number of installations is Lombardy, 116,644 (equal to 15.1% of the national total), followed by Veneto with 106,211 (13.7%).

Photovoltaic plants geographic distribution (2017) based on number of plants and installed capacity (MW)



Source: GSE - rapporto statistico Solare Fotovoltaico 2017

Good opportunities arise also in terms of O&M considering that the average age of the photovoltaic parks is between 8 and 10 years and without maintenance work there would be a loss of capacity in the region of 5 GW, i.e. 25% of the current installed capacity.

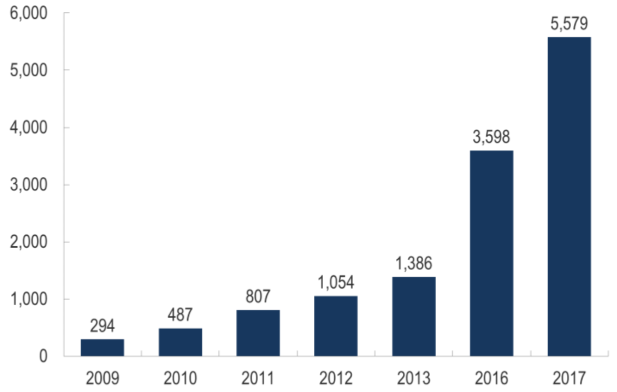
The Italian Wind Market

There were 5,579 installations in Italy at the end of 2017, with an installed capacity of 9,765 MW (+356 MW or +3.8% Y/Y). Most of the wind power installations, 93%, are small (less than 1 MW), while 89% of the installed capacity (8,655 MW) is generated by 287 wind farms with a capacity higher than 10 MW.

From 2000 to 2017, there was a huge growth in wind farms in Italy, especially during the past few years. At the end of 2000, there were 55 wind farms with a power of 363 MW and wind power only provided 2% of the power from renewable sources in Italy. In 2017, with an installed capacity of 9,765 MW, 17% of the total power produced by all renewable source installations was generated by wind farms.

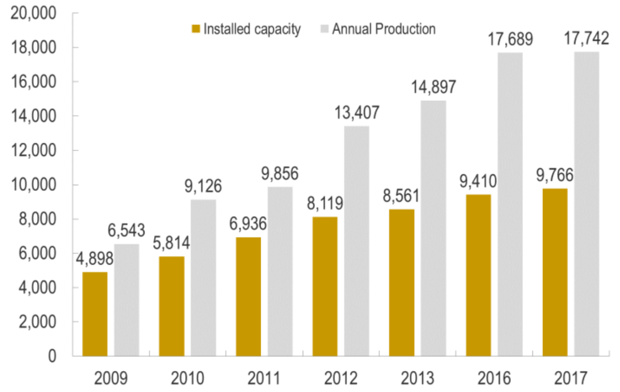
Electricity production from wind power increased over tenfold from 2003 to 2017, going from 1,458 GWh to 17,742 GWh. However, in 2017 there was a pause with growth limited to 0.3% versus the previous year. In 2017, the contribution from wind power to total electricity production 6.1%.

Italian Wind mkt: number of wind plants (2009-2017)



Source: GSE - rapporto statistico 2017

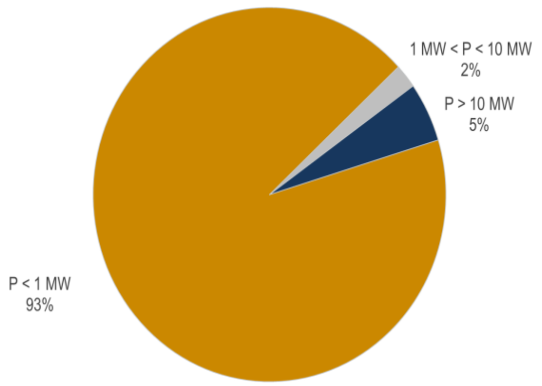
Italian Wind mkt: installed capacity (2009-2017)



Source: GSE - rapporto statistico 2017

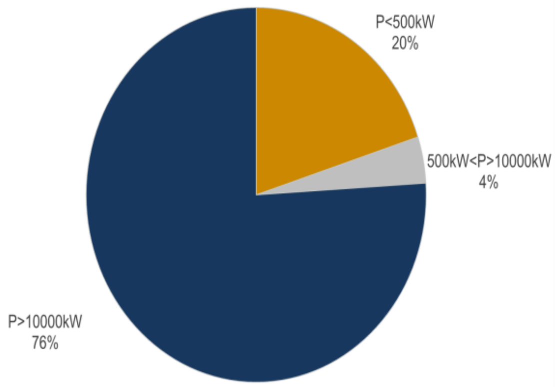
Total investments in wind plants in 2017 was EUR 534m, mostly (54% or EUR 280m) addressed to plants with a power of over 5 MW. The cost per kW ranged between EUR 1,849 for the smallest plants to EUR 1,300 for the largest plants.

Wind market: breakdown by size of the plants



Source: GSE - rapporto statistico 2017

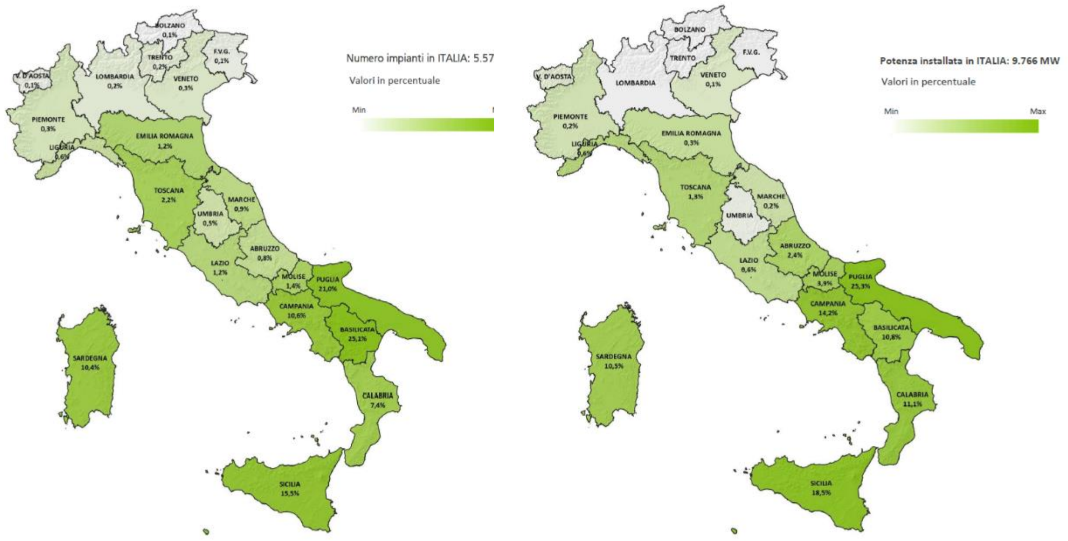
Wind market: breakdown by value



Source: Company data on www.energystrategy.it figures

Due to the geographic characteristics of Italy, 96.8% of Italian installed capacity and 92.2% of the installations are located in the regions in southern Italy and the islands, where the wind and the mountainous terrain make the location of wind farms ideal. The region with the highest installed capacity is Puglia (2,473 MW, 25.3% of the national total), followed by Sicily and Campania, respectively with installed capacities of 1,810 MW (18.5%) and 1,390 MW (14.2%).

Wind plants: geographic distribution (2017) based on number of plants and installed capacity (MW)



GSE – Rapporto Statistico 2017

According to ANEV (Associazione Nazionale Energia del Vento), wind power capacity is expected to increase to 17,150 MW by 2030 (+85%) with new installations located mainly in the southern regions.

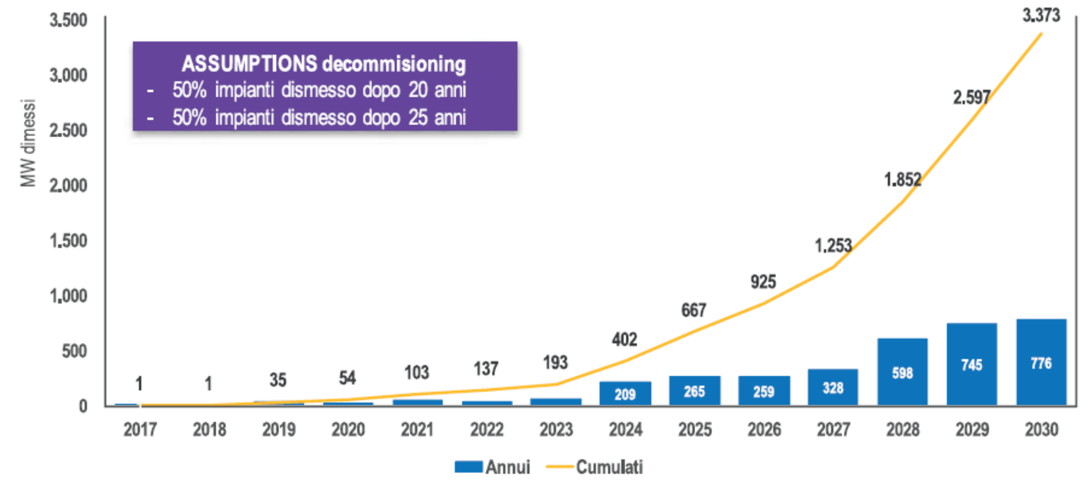
Wind plants: additional capacity expected by 2030

Region	MW
Puglia	2,750
Sicilia	2,000
Campania	2,000
Calabria	1,750
Sardinia	2,000
Basilicata	1,250
Molise	750
Abruzzo	700
Tuscany	500
Liguria	250
Lazio	750
Piedmont	250
Emilia-Romagna	250
Other	1,000
Off-shore	950
Total	**17,150**

Source: ANEV

However, according to ANEV's calculations, the Italian wind park is gradually getting old. The average age of the wind park is currently about 8 years but it will be of over 21 years old by 2030. Wind farms are usually decommissioned after 20-25 years, assuming no revamping or maintenance work. The impact of the progressive decommissioning will be a potential loss of more than 3,300 MW by 2030.

Wind capacity at risk of decommissioning



Source: ANEV

The O&M market for wind and solar plants

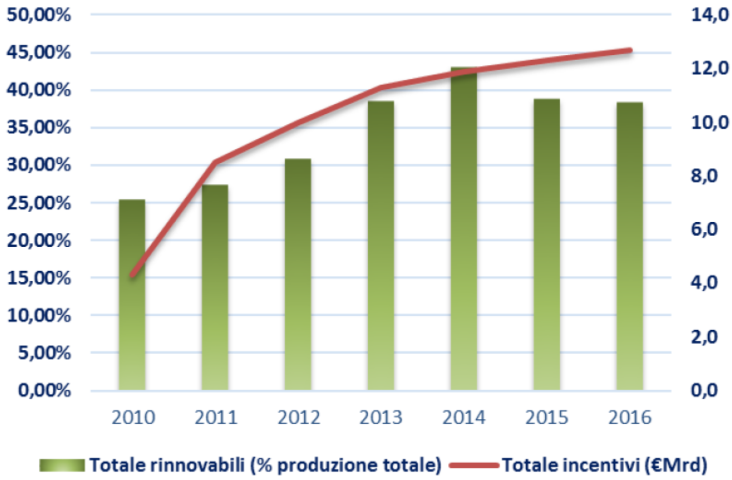
The O&M services, covering the expected life of a plant, are one of the most important elements at the basis of any investment decision and represent 20%-25% of the total costs of the project.

The Italian O&M market for wind and solar assets has developed greatly, especially in the last ten years, driven by some major catalysts: ever higher installed capacity, an ageing park of plants, not always supported by an adequate level of quality controls and/or management activities, and higher demand for interventions to improve the operating performances and to extend the asset's life.

More specifically, in the last few years, the Italian renewable energy market has experienced huge growth, fostered by supportive legislation that introduced a series of incentives. This favourable investment environment has led to an installed capacity of over 30,000 MW (considering only wind and solar installations) and spurred many companies (retailers, corporates, other operators) to exploit this opportunity quickly by building or buying renewable assets.

However, this asset proliferation has sometimes happened without an in-depth preliminary analysis on the project and the quality of the modules/components. Therefore, today, some plants do not have suitable safety levels or lack adequate monitoring and management activities, which might put their efficiency at risk and compromise the related return on investments. Moreover, a large part of the current wind and PV plants are coming to the end of their warrantee period or their OEM service agreements or are reaching the end of their lifecycle. Lastly, the need to improve efficiency and to extend the asset's life are increasing requests for extraordinary maintenance services such as revamping and repowering.

Electricity (%) produced from renewable sources related to incentives (EUR bn)



Source: Company data on ENEA, GSE and AEEG figures

Mid-Term outlook

The development of the renewable energy market has led to the growth of the EPC and O&M services, which underpin PLC Group's business model.

The mid-term outlook for the integrated EPC and O&M players is expected to remain positive in the next few years, although the external landscape is more uncertain and challenging.

Main positive catalysts:

a) the political commitment (by national governments and international organisations) towards general themes like environment protection, emissions reduction, operating efficiency, that support the renewable energy industry, as proved, in Italy, by the National Energy Strategy's latest direction and the government's focus on green energies (see Decreto Trivelle);

b) the increase in renewable energy capacity with new plants expected to come to the market. In Italy, GSE might ban new auctions for wind and solar plants up to 4,800 MW, i.e. approx. EUR 35bn of new investments; additional capacity might involve geothermal and hydro plants;

c) the need for more O&M services from the existing plants. A new investment wave is expected in maintenance services, component upgrades or life extension programmes. However, these positive aspects might be partially offset by:

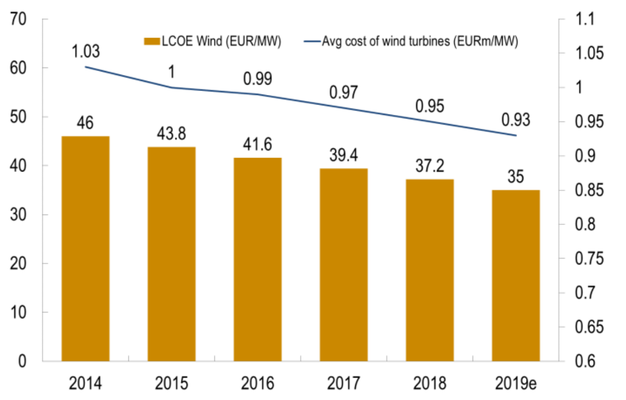
Main negative aspects:

a) a less favourable regulatory environment. The achievement of market parity status could accelerate or signal the end of the subsidies era;

b) the declining trend in maintenance costs (which are reflected in lower margins for the operators). According to some industry experts, in 2019 maintenance costs for wind plants will come down by 22.1% and by 63.3% for solar plants, compared to their historical peaks;

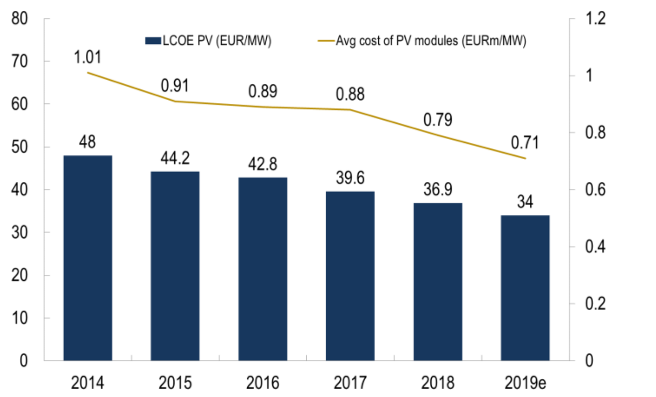
c) increased competition, especially in terms of pricing.

LCOE (*) wind (EUR / MW) vs avg. cost of wind turbines



Source: Company elaboration on ENEL data

LCOE (*) photovoltaic (EUR / MW) vs avg. cost of solar modules



Company elaboration on EEL data

LCOE (*) = Levelized Cost of Electricity

The regulatory framework

To conclude the analysis of the Italian energy market, we provide some information on the legal framework with a specific focus on renewable sources. The Italian market is a "free market". The electricity sector was liberalised in 1999 with the "Bersani Decree" (legislative decree N. 79 - 16 March 1999) following ratification of EU Directive N. 96/92. A big boost to the development of the renewable energy market came in 1999 by the introduction of the so called "green certificates" issued by GSE (Gestore dei Servizi Energetici). Other key milestones include the legislative decree issued on 6 July 2012 which set the rules for the "tender procedure" for the construction of photovoltaic plants and the legislative decree issued on 23 June 2016 regulating the incentives for the other renewable sources except photovoltaic.

The ten-year National Energy Strategy 2017 (SEN) plan set the goals and the management tools to reach them in accordance with the targets set by Union Energy.

In particular, the interventions expected for wind, photovoltaic and hydroelectric sources can be summarised briefly as follows:

- **Wind**: promotion of new plants and repowering of the existing plants to be obtained through simplification of the authorisation process.
- **Photovoltaic**: introduction of long-term contracts to be allocated through a competitive bidding process, for large and centralised plants; self-consumption for small plants.
- **Hydroelectric**: revision of the current legislation related to tender mechanisms in order to select new projects and boost new investments.

To date, Italy has already reached its 2020 renewable targets with a renewable penetration of 17.5% of total energy consumption in 2015 versus a 17% target to be achieved by 2020. The target of a 28% share by 2030 looks ambitious but is feasible.

Competitive Environment

PLC Groups' operating segments are included in the renewable energy market. All segments are characterised by a high level of fragmentation and heterogeneous players, in terms of size, business models, geographic presence and specialisation. Therefore, PLC competes against both large national and international groups and mid and small companies focussed on specific segments or sub-segments of the market.

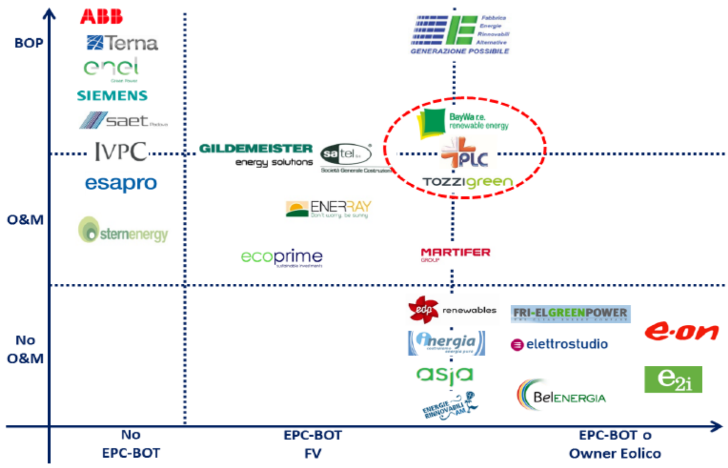
A high number of actors presents, in our view, both positive and negative implications. On the positive side, the limited presence of clear leaders means there is room for the most healthy and structured players to act as aggregators. However, on the negative side: 1) the market is extremely competitive, especially in terms of pricing; 2) it is not easy to compare the products and services offered by a high number of potential providers.

In the last few years the market has experienced rapid consolidation with some players disappearing or being acquired since the proliferation in the early 2000s. According to an analysis by the Milan Polytechnic there were approx. 915 companies operating in the renewable energy market in 2015. In the period 2008-2012 that number increased by a 7.5% CAGR. However, in the period 2012-2015 the market contracted by a 14.2% CAGR, taking the total CAGR to -2.4% over the entire period (2008-2015). We expect this consolidation to continue also in the coming years due a more challenging environment characterised by decreasing regulatory support (lower subsidies or cancellation of the incentive schemes), continuous price pressure on the O&M services and technological investments.

The achievement of economies of scale and scope and the adoption of a more industrialised approach are necessary to remain profitable in a more challenging market. In this context, PLC's strategy to widen the products and services offered and to propose itself as an integrated player looks like a winning move because it provides a clear advantage over the smallest and niche operators. Indeed, PLC System and PLC Service are among the major players in their respective market segments.

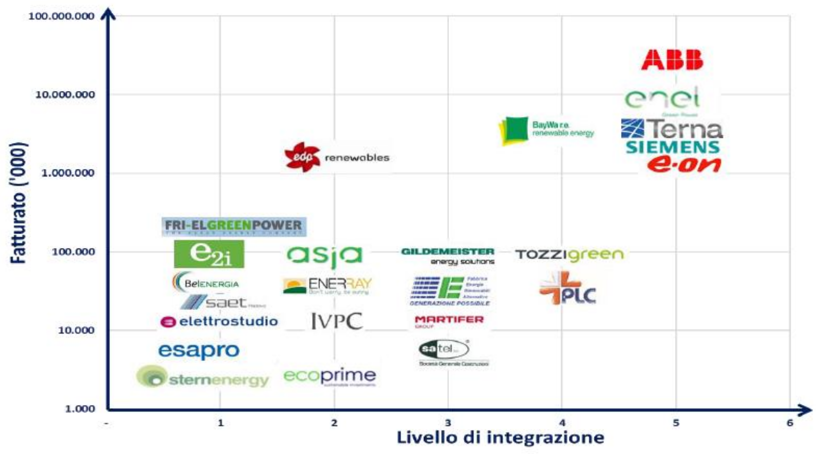
PLC's most direct competitors are BayWa.re (a division of the German industrial conglomerate BayWa) and TozziGreen (an Italian non-listed company) which, like PLC, do not only operate in the same segments as the value chain (as seen in the first matrix), construction of plants and maintenance services, but also present a similar commercial offer and level of integration (as shown in the second matrix).

Competitive environment (Renewable Energy market): analysis by segment



Source: Company Prospectus 2017

Competitive environment (Renewable Energy market): analysis by revenues and level of integration



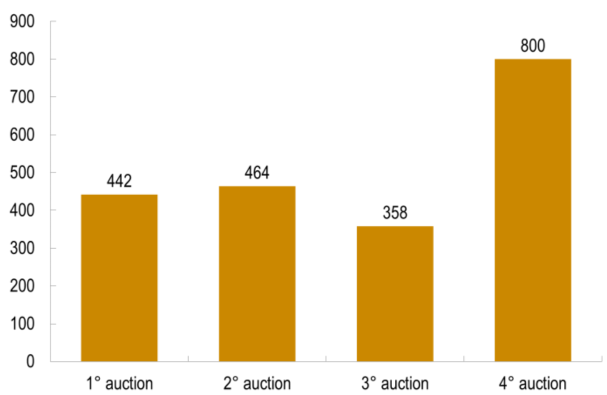
Source: Company Prospectus 2017

Awarding of contracts & PLC's track record

PLC's revenues come from the acquisition of orders. Most of the contracts are obtained from competitive offers or tenders. A sound balance sheet along with a good reputation, a proved track record, technical expertise and skilled engineers are a clear competitive edge for PLC when participating in the tenders, as witnessed by the high percentage of tenders won.

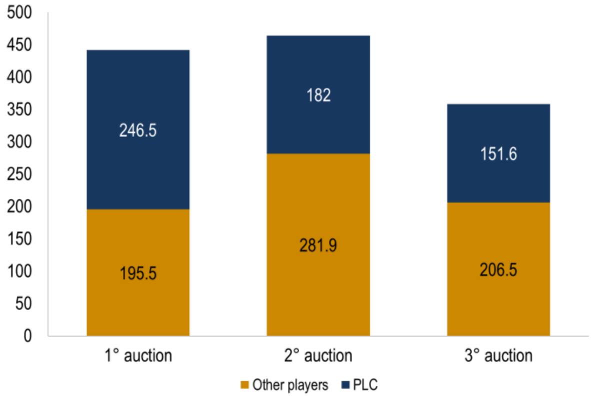
In the awarding or renewing of the O&M contracts PLC can count on an efficient customer service delivered by an experienced workforce and a technological advanced remote-control system. Services are provided promptly and directly on site thanks to the geographical proximity to plants. The high retention rate testifies to the PLC's competitively in that specific market segment.

Italy: wind auctions (P>1MW)



Source: Company data

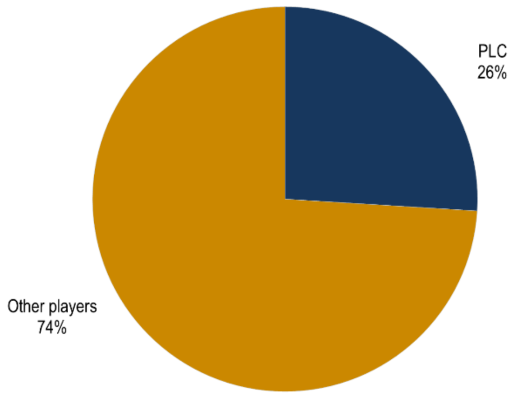
Italy: wind capacity (MW) awarded by PLC (first 3 auctions)



Source: Company data

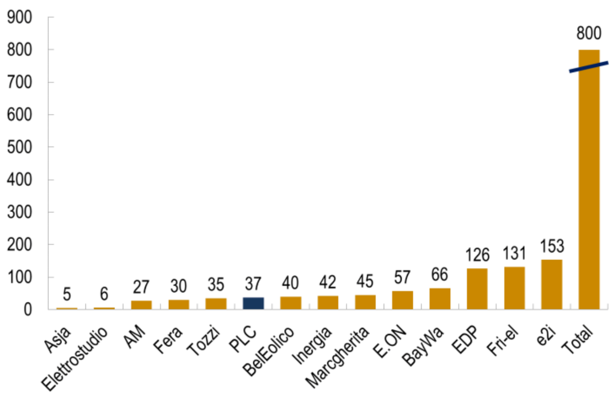
In particular, between the third and the fourth auction, 130 MW were assigned to PLC, i.e. around EUR 170m of potential investments.

EPC – BOT: third Italian wind auction (2014)



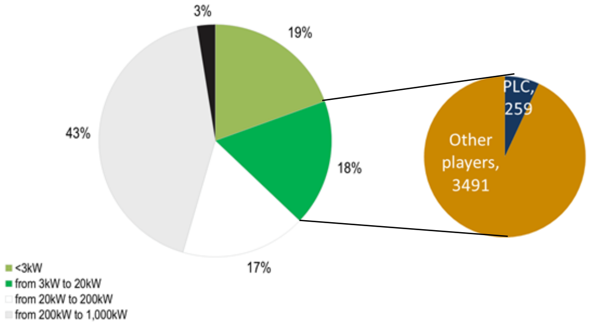
Source: Company data

EPC – BOT: fourth Italian wind auction (2016) - MW



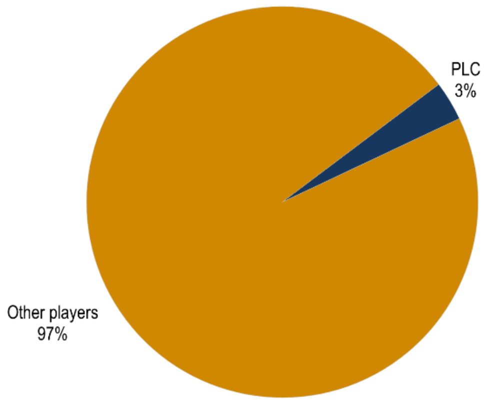
Source: Company data

Italy - O&M Photovoltaic: installed capacity (2016) kW



Source: Company data

Italy - O&M Wind: installed capacity (2016) MW



Source: Company data

Acquisition of Monsson

The mature status of the domestic market has made PLC's management team look at other countries to diversify the business, to provide additional growth opportunities and to widen the portion of stable and more predictable businesses.

In October 2018, PLC disclosed it had acquired the majority stake (51%) in Monsson Operation Ltd. Ireland, an independent service provider (ISP) with its operating headquarters based in Constanta (Romania). Monsson, by way of its controlled companies, provides a full range of asset management and O&M services for wind and solar plants in 25 countries worldwide with around 200 employees (half of which are engineers and technicians). Moreover, Monsson is a pioneer and the market leader in private renewable energy dispatching and remote monitoring in south-eastern Europe and established the first GWO (Global Wind Organisation) training centre in south-eastern Europe. In particular, Monsson has gained strong expertise and market share in O&M services for wind turbines, making it one of the leading players in some European countries.

PLC bought Monsson for EUR 3.3m, to be paid in tranches the first of which (EUR 1.5m) was paid on November 30th 2018 while the last will be paid by July 31st 2020. The parties also agreed to an earn-out mechanism (based on predefined levels of EBITDA to be reached in 2018 and in 2019, respectively), some put & call options and a lock-up period.

The agreement further provides for a two-year shareholder loan of EUR 3.6m to help Monsson reach the targets in the 2018-2020 business plan and the repurchase by the sellers of the building located in Costanta (Romania), currently owned by Monsson, for EUR 2.05m.

In FY 2018, Monsson generated revenues of EUR 7.6m and an EBITDA of EUR 0.7m

This acquisition is strategic and, in our view, presents significant industrial rationale because of the perfect fit between the two business models and technical know-how in the renewable energy sector. It will allow PLC to:

- speed up the group's growth by backing the contribution provided by organic growth;
- strengthen its international footprint;
- increase the exposure to a more stable and recurring part of the business (O&M services). Based on our assessment, more than 85% of Monsson's turnover can be considered recurring business;
- complement and enhance the technical skills (especially in the wind O&M while PLC is more exposed to PV O&M services) and the availability of experienced professionals and technicians inside the group, thus leaving room for the extraction of some commercial and operating synergies.

Moreover, we expect PLC's financial support and the progressive integration of the two groups to facilitate reaching the targets set in Monsson's business plan, based on a stand-alone scenario; thus creating a win-win situation.

Monsson: overview

Founded in 2007 to provide asset management, maintenance and services to Monsson Group's proprietary assets, the company has grown rapidly by diversifying its customer base (currently working with more than 200 customers, represented by power generation companies, equipment manufacturers and other O&M) and its range of activities (installation, maintenance, services, dispatch and remote monitoring, training) and by undertaking aggressive international expansion (9 local offices and operations in 25 countries; key markets are Romania, Germany, Poland, Sweden and South Africa).

The management team is gradually transforming the company into an integrated ISP in wind farm O&M and as a preferred service provider able to offer a full set of specialised and bespoke services through a high skilled workforce. The company looks well positioned to capture the great value potentially generable with the O&M business by an ageing wind fleet. Indeed, it has been estimated that around 1/3 of the wind turbines at the global level are coming to the end of the OEM service agreements and the company is now entering into long-term O&M contracts with specialised ISPs.

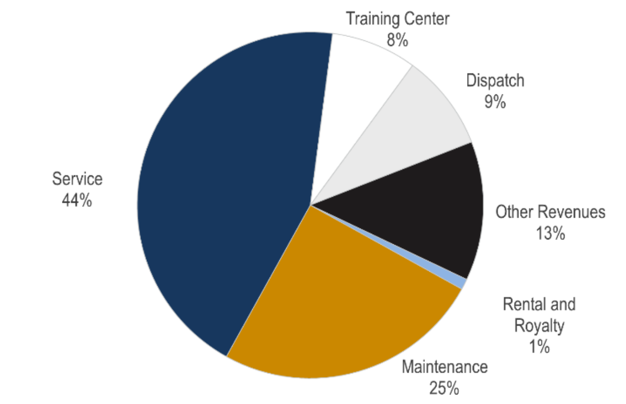
Monsson's business model is based on the following activities run by 5 divisions:

a) design & development of wind and PV plants; installation, operation, maintenance services, technical assistance and inspections, procurement of spare parts and consumables, repowering. Monsson is one of the leading European wind farm developers with over 2,400 MW installed so far and with projects for more than 5,000 MW in the pipeline in the next 5 years;

b) private dispatching & remote monitoring, owning and managing the largest private RES dispatch and remote monitoring centre in south-eastern Europe with ~1,000 MW under dispatch in 2018 (75% market share in private dispatching)

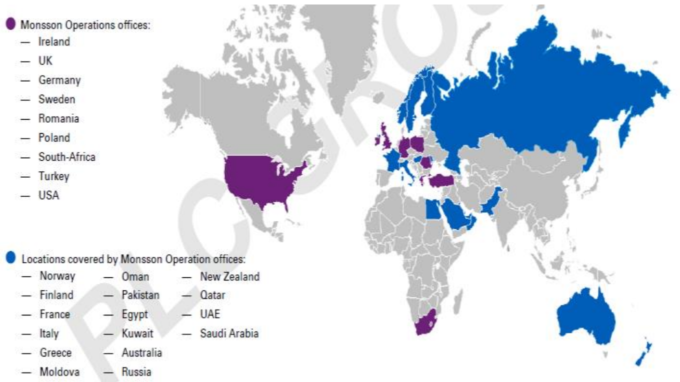
c) training service (Renewable Energy School of Skills) with more than 1,000 wind technicians from clients trained so far

Monsson: revenues breakdown (FY 2017)



Source: Company data

Monsson: global presence



Source: Company data

PLC's strategy

The management is strongly committed to continuing the group's expansion and defining a clear strategy, and some actions to pursue this goal to strengthen the competitive position of the group in Italy and diversify the geographical presence due to the more challenging prospects of the domestic market. In particular, the management's main targets can be summaries as follows:

1) increase in market share in the O&M segment by leveraging on: a) the new market opportunities offered by the acquisition of Monsson; b) more effective commercial efforts (also by bolstering the sales team); c) the widening of the product range with a focus on value-added services like the asset management and the energy management services, the maintenance of critical components such as the inverters and wind turbines; d) the quality of the customer service (as witnessed by the high retention rate which, according to PLC's top management, is in excess of 90%);
2) development of further BOT initiatives whose proceeds, although volatile and more difficult to forecast, are a key part of the current business model;
3) consolidation of the market share in the EPC segment in Italy and entry into countries characterised by a high level of energy consumption and needing a wide number of energy infrastructures;
4) extraction of all possible commercial and industrial synergies with Monsson and support Monsson's aggressive expansion plan.

The external growth, to be pursued also through technical and commercial partnerships, cooperation agreements and selective M&A deals, will be an additional card to strengthen the group's current activities and/or to enter into complementary sectors. This strategy looks consistent with the goal to: a) further differentiate the operations outside the mature domestic market or with more attracting segments; b) be perceived more and more as an integrated service provider and one of the main market consolidators. However, we believe that in the short term the group will focus on integrating and further developing Monsson.

Financials

Accounting features

- ✓ PLC is a services company, thus it has an asset light structure.
- ✓ The historical figures of the new entity are strongly affected by the implementation of the restructuring measures (capital increases and disposals of non-core assets) and therefore are not too indicative of the previous industrial performances.
- ✓ Income is a function of: a) new acquired orders (EPC), b) some recurring services (O&M) and c) the successful implementation of the more opportunistic BOT business.
- ✓ Part of the activities have a “recurring nature” (O&M) while others (EPC and BOT) are less predictable because they are related to the company’s ability to win competitive offers or tenders and to perform all the planned activities by the deadlines set in the budgets. Therefore, delays and time shifts are rather common in this type of business, making the forecast exercise challenging. In particular, the income from the BOT business is even more uncertain in terms of timing and profitability because it is related to the successful future disposal of plants built internally.
- ✓ The BOT projected sales cause a leap in earnings in the year it is finalised.
- ✓ The PLC’s whole market, in aggregated terms, is growing at single digits with pressure on prices due to its fragmented structure. The margin growth is linked to actions primarily aimed at increasing the number of customers, improving the specialised services and achieving internal efficiencies.
- ✓ The profitability of the O&M business is expected to slightly increase despite the negative trend in maintenance costs due the company’s strategy to increase the number of specialised services, such as maintenance of the inverters for PV systems, maintenance of turbines for wind farm, asset management services, etc.
- ✓ The very low amount of A&D (on average below 2% of revenues) along with the substantial absence of net financial charges/income and other non-operating items means the EBITDA is almost the same as the EBIT and the pre-tax result.
- ✓ The limited Capex (EUR 2/3m <5% of revenues) means the changes in the Capital Employed is linked, primarily, to the NWC requirements.
- ✓ The company is going to consolidate the acquired firm Monsson Operation for 12 months in FY 2019 (2 months in FY 2018); we estimate that this will add EUR 14m in revenues and EUR 1.7m in EBITDA.
- ✓ The company has not disclosed any dividend policy. We are assuming that PLC will pay dividends on the basis of a 20% pay-out ratio.

Recent Financials (FY 2016-2017)

The analysis of PLC Group starts with the FY 2016-2017 figures following the finalisation of the reverse merger with INDI in 2016. For the sake of completeness, we provide some historical figures on PLC Group before INDI's integration in Appendix III of this report.

In the first two years of the new group the total turnover was almost flat, in the region of EUR 33m, but with a different contribution from the company businesses. In particular, in FY 2017, the BOT activities contributed around EUR 8m (mainly thanks to the capital gains realised with the disposals of Burgentia Energia Srl and Energia Pulita Srl of EUR 6.9m and the sale of an 80% stake in Tolve Windfarm Holding Srl for EUR 1.1m -) while the more recurrent activities (EPC – O&M) declined overall by almost 20%.

The operating profitability was largely impacted by the capital gains from the asset disposals of the BOT business. The EBITDA grew by 84% to EUR 9.3m with a 28.5% margin, while the EBIT reached EUR 8.8m (+141%). The net result was positive at EUR 7.1m (vs EUR 1.3m in FY 2016).

PLC Group: Profit & Loss analysis

EUR ml	FY 2016	FY 2017	*Chg. Y/Y*
Revenues	29.7	23.8	*-19.9%*
Other revenues	2.3	8.8	*286.8%*
Total turnover	**32.0**	**32.6**	***1.9%***
EBITDA	5.1	9.3	*83.9%*
Margin on total turnover	*15.8%*	*28.6%*	
EBIT	3.6	8.8	*140.8%*
Margin on total turnover	*11.4%*	*26.9%*	
Net Result	1.3	7.1	*469.8%*

Source: Banca Akros on company data

When analysing the revenue trend and the industrial profitability by business unit more in depth we notice that the picture is quite mixed with the BOT and O&M activities (+36%) more than offsetting the reductions recorded by the EPC business (-40%). Net of the decisive contribution from the extraordinary income, the operating profitability of the EPC and O&M businesses showed the effects of the price pressure caused by a mature and competitive market.

PLC Group: breakdown by Business Unit - EPC & BOT

EUR ml	FY 2016	FY 2017	Chg. Y/Y
Revenues	21.9	13.1	*-39.9%*
Other revenues	2.2	8.7	*304.7%*
Total turnover	**24.0**	**21.9**	***-9.0%***
EBITDA	3.6	7.9	*116.7%*
Margin on total turnover	*15.1%*	*36.0%*	
EBIT	2.3	7.6	*222.4%*
Margin on total turnover	*9.8%*	*34.6%*	
Net Result	0.4	6.3	*1590.1%*

Source: Banca Akros on company data

PLC Group: breakdown by Business Unit – O&M

EUR ml	FY 2016	FY 2017	Chg
Revenues	7.9	10.7	*35.8%*
Other revenues	0.1	0.1	*-45.7%*
Total turnover	**8.0**	**10.7**	***34.6%***
EBITDA	1.4	1.4	*0.8%*
Margin on total turnover	*18.0%*	*13.5%*	
EBIT	1.3	1.2	*-7.5%*
Margin on total turnover	*16.2%*	*11.1%*	
Net Result	0.9	0.8	*-4.9%*

Source: Banca Akros on company data

When we examine the balance sheet we notice that the relevant changes were due to the change in the group's scope of consolidation following the merger with INDI and the effects of the Burgentia and TWH disposals. The net capital employed dropped to EUR 19.4m from EUR 66.1, covered by shareholder's equity of EUR 18.2m and a net debt of EUR 1.3m (vs EUR 38.1m). In particular, the effect of the asset disposal led to a decrease in the debts of over EUR 35m, while the shareholder's equity dropped to EUR 18.2m after paying EUR 17.2m in dividends.

PLC Group: Balance Sheet analysis

EUR m	FY 2016	FY 2017	Chg. Y/Y
Fixed assets	8.3	16.2	*95.4%*
Net working capital (NWC)	58.5	4.1	*-93.0%*
Total risk funds	(0.8)	(0.9)	*14.9%*
Net Capital Employed	**66.1**	**19.4**	***-70.6%***
Shareholders' equity	27.8	18.2	*-34.6%*
Minorities' equity	0.2	0.0	*-100.0%*
Net financial debt (cash)	38.1	1.3	*-96.7%*
Total Funds	**66.1**	**19.4**	***-70.6%***

Source: Banca Akros on company data

FY 2018 results

In FY 2018, the total turnover jumped to around EUR 50m, practically double compared to the previous year, boosted by the strong performance of the EPC business (EUR 33.6m or 71% of total sales) due to the completion of the orders already acquired in 2017. The O&M business grew to EUR 13.7m or 29% of total sales. The other revenues, amounting to EUR 2.6m, include the calculation of the fair value of the 18% stake held in Tolve Windfarm Holding, subsequently sold in execution of the investment contract signed with ACE Renewable Holding S.A.

The EBITDA was EUR 7.3m, compared to EUR 9.3m in 2017, thus the margin was halved (14.7% vs 28.6%), affected by a lower incidence of the BOT activity. However, we point out that the EPC projects recorded good profitability (with an average margin of around 23%) while the O&M segment was able to post a margin increase (EBITDA margin close to 17%) despite the increased competition on the market.

PLC Group: Profit & Loss analysis

EUR ml	FY 2017	FY 2018	*Chg. Y/Y*
Revenues	23.8	47.3	*98.3%*
Other revenues	8.8	2.6	*-70.1%*
Total turnover	**32.6**	**49.9**	***52.9%***
EBITDA	9.3	7.3	*-21.5%*
Margin on total turnover	*28.6%*	*14.7%*	
EBIT	8.8	6.8	*-22.8%*
Margin on total turnover	*26.9%*	*13.6%*	
Net Result	7.1	5.0	*-30.2%*

Source: Banca Akros on company data

PLC Group: breakdown by Business Unit - EPC & BOT

EUR ml	FY 2017	FY 2018	Chg. Y/Y
Revenues	13.1	33.6	*155.3%*
Other revenues	8.7	2.4	*-72.3%*
Total turnover	**21.9**	**36.0**	***64.5%***
EBITDA	7.9	6.4	*-18.4%*
Margin on total turnover	*36.0%*	*17.9%*	
EBIT	7.6	6.2	*-18.0%*
Margin on total turnover	*34.6%*	*17.2%*	
Net Result	6.3	4.8	*-23.2%*

Source: Banca Akros on company data

PLC Group: breakdown by Business Unit – O&M

EUR ml	FY 2017	FY 2018	Chg. Y/Y
Revenues	10.7	13.7	*28.2%*
Other revenues	0.1	0.2	*236.5%*
Total turnover	**10.7**	**13.9**	***29.4%***
EBITDA	1.4	2.4	*62.5%*
Margin on total turnover	*13.5%*	*16.9%*	
EBIT	1.2	2.0	*69.6%*
Margin on total turnover	*11.1%*	*14.6%*	
Net Result	0.8	1.6	*95.8%*

Source: Banca Akros on company data

The net financial position increased by around EUR 6m (to EUR 7.3m from EUR 1.3m in 2017) due to the significant investments made during the year (i.e. the acquisition of 5 wind farms, and acquisition of a 51% stake in Monsson), the inclusion of Monsson's net financial debt (approximately EUR 2.6m) and the payment of EUR 2m as an extraordinary dividend. It should be noted that the EUR 3m capital increase was entirely allocated to repay the debt to Fraes (which was opened to guarantee the capital increase).

PLC Group: Balance Sheet analysis

EUR m	FY 2017	FY 2018	Chg. Y/Y
Fixed assets	16.2	25.3	*55.8%*
Net working capital (NWC)	4.1	7.6	*86.1%*
Total risk funds	(0.9)	(1.2)	*38.4%*
Net Capital Employed	**19.4**	**31.7**	***63.0%***
Shareholders' equity	18.2	24.3	*33.7%*
Minorities' equity	0.0	0.1	*n.m.*
Net financial debt (cash)	1.3	7.3	*478.6%*
Total Funds	**19.4**	**31.7**	***63.0%***

Source: Banca Akros on company data

We note that the FY 2018 results were below the business plan (2017-2019) target approved in 2017, which envisaged a total turnover of EUR 54.4m (of which operating revenues of EUR 48m and other revenues of EUR 6.4m) and an EBITDA of EUR 9.5m, implying a 17.5% margin. The gap compared to what was forecast was mainly due to:

- the lower value given to the 18% stake held in Tolve Windfarms Holding, due to higher required investments and some extra costs;
- the slowdown in the construction works of Castelvetere, Baselice and Casalbore wind farms due to the delay in the publication of the FER law on renewable sources. According to PLC's management this negative impact will be entirely recovered in 2019.

PLC Group: FY 2018 results comparison with business plan estimates (2017-2019)

EUR m	Business Plan	FY 2018	*Diff. %*
Revenues	48.0	47.3	*-1.6%*
Other revenues	6.4	2.6	*-58.6%*
Total turnover	**54.4**	**49.9**	***-8.3%***
EBITDA	9.5	7.3	*-22.9%*
Margin on total turnover	*17.4%*	*14.7%*	

Source: Banca Akros on company data

Forecast financials (FY 2019e – FY 2021e)

Our estimates are based only on an organic growth scenario and current order backlog. They are calculated before the application of the IFRS 16 principle.

As far as the current year is concerned, the 2017-2019 business plan estimates a total turnover of EUR 53.7m (of which EUR 51.6m operating revenues and other revenues of EUR 2.1m). The management is confident the company can reach this sales target while the profitability is expected to be lower than the current level due to a different business mix (increased percentage of the O&M weight, also as a consequence of the consolidation of Monsson).

The visibility on PLC's growth profile has increased recently, due to some large contracts and plant disposals, which we summarise briefly here below.

In April, PLC entered into an agreement with Enel Green Power for the sale of 67% of the share capital of C&C Castelvetere Srl and 100% of the share capital of C&C Uno Energy S.r.l. with reference to two wind projects: Castelvetere (13.2 MW) and Baselice (36 MW). The completion of both sale and purchase transactions is subject to the obtaining of certain permits and other authorisation provisions, including the failure to obtain variants to the project layout, by the deadline of 30 September 2019. If the foregoing sales are completed, the total value of the transaction will exceed EUR 4m, to be booked in FY 2019. As part of the transaction, the EPC contract for the construction of the Castelvetere and Baselice wind farms will remain in the hands of PLC System, for a total amount of approximately EUR 13.5m. PLC Service will manage the full service contract for the operation and maintenance services of the civil and electrical works for 2 years, renewable for the following 3 years.

In the same month, PLC System completed the sale of the stake in Tolve Windfarms Holding S.r.l. to Ace Renewable Holding S.A (controlled by Ardian) and sold the remaining 18% stake for EUR 6m. The total value of this transaction, which includes all the investments needed to build the three wind farms, for a total power of 37.2 MW ,was of EUR 58m. PLC Service will continue to offer to the project companies (Serra Energie Srl, C&C Tolve S.r.l and Parco Eolico Forleto Nuovo 2 S.r.l.), O&M and asset management services for 20 years.

Still in April, Monsson signed a contract with AvtoKran, a Russian company specialised in the supply of lifting services with industrial cranes, for the installation of 30 wind turbines at the Adygeea wind farm in Russia. The works will start in the second quarter of 2019. The contract, for a total value of EUR 3.3m, also includes an option for the installation of a further 30 wind turbines for an additional fee of roughly EUR 3m.

In March, PLC Service Wind signed three procurement contracts with Enpower for the maintenance activities and guarantee availability of wind farms in Sicily for a total of 61MW.

In February, Monsson signed a contract for the installation of 15 wind turbines at the Erstrask wind farm in Sweden. The activities will start in the second quarter of 2019. The installation contract, worth over EUR 3m, consists of lifting services, installation of wind turbines including the assembly of tower sections and electrical wiring work.

We provide analytical estimates for the two main divisions (EPC/BOT and O&M) both at sales and EBITDA levels.

We expect the group to continue its growth path in the coming three years. In particular, we forecast the sales progression will be driven by the O&M division (+33.9% CAGR in the 2018-2021 period) while the other division (EPC) is expected to slightly decline (-3.1% CAGR over the next three years) due to a less favourable market, which should adapt to the end of the incentives era. Indeed, the O&M business unit will benefit not only from full consolidation and from the future development of Monsson activities (+30.6% CAGR between 2018 and 2021) but also from the organic growth of the Italian activities (+5.8% CAGR over the same period) thanks to a steady increase in market share, achieved possible by the high reliability of the services provided as well as the strengthening of the commercial structure and the offer of new services to customers, which can facilitate and simplify the operation of the plants, such as asset management and energy management.

A stable contribution (between EUR 2m and EUR 4m per annum) should come from the asset disposals linked to the BOT projects.

As far as the operating profitability is concerned, we assume margin stabilisation in the said period with an EBITDA margin of 14.2% at the end FY 2021 compared to 14.7% at the end of FY 2018, but steadily recovering from the lower level (13.7%) expected this year. In absolute terms, the EBITDA should reach EUR 9.5m in FY 2021, growing at an 9.1% CAGR while EBIT is expected to reach EUR 8.6m in FY 2021 (+8.1% CAGR). Net profit is seen to stand at EUR 5.7 m in FY 2021 compared to EUR 5.0m in FY 2018 (+4.9% CAGR)

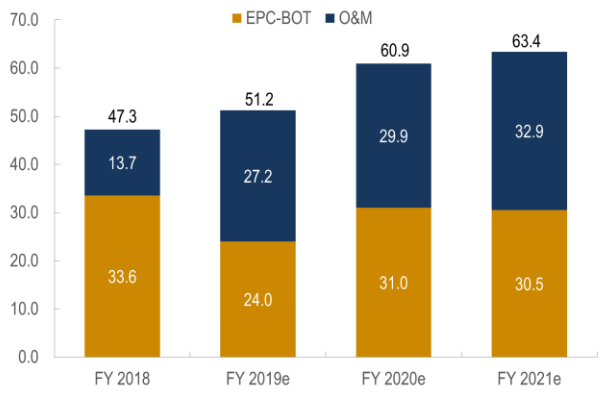
More specifically, for the current year we forecast sales slightly in excess of EUR 54m (+8.6% Y/Y) driven by increases of the O&M business, which will benefit from the full consolidation of Monsson (12 months). The latter is expected to add EUR 14m in terms of sales and EUR 1.7m in terms of EBITDA. The BOT activities should generate approximately EUR 3.0m, mainly from the sales of wind projects to ENEL Green Power (we prudentially assume that the remaining part of the EUR 4m deal will be cash-in in 2020).

PLC: estimates (FY 2018a – FY 2021e)

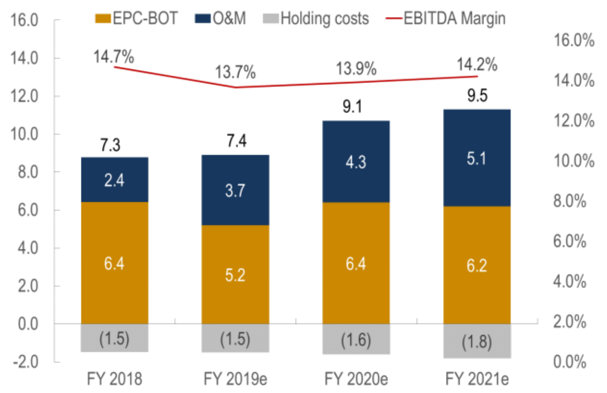
	FY 2018a	FY 2019e	FY 2020e	FY 2021e	CAGR 18-21e
Revenues	47.3	51.2	60.9	63.4	*10.3%*
o/w EPC-BOT	33.6	24.0	31.0	30.5	*-3.1%*
o/w O&M	13.7	27.2	29.9	32.9	*33.9%*
Other Revenues	2.6	3.0	4.5	3.5	*10.0%*
Total Turnover	**49.9**	**54.2**	**65.4**	**66.9**	***10.3%***
EBITDA	**7.3**	**7.4**	**9.1**	**9.5**	***9.1%***
o/w EPC-BOT	6.4	5.2	6.4	6.2	*-1.2%*
o/w O&M	2.4	3.7	4.3	5.1	*29.4%*
o/w Other & centralised costs	(1.5)	(1.5)	(1.6)	(1.8)	*7.2%*
EBITDA Margin	14.7%	13.7%	13.9%	14.2%	
EBIT	**6.8**	**6.7**	**8.3**	**8.6**	***8.1%***
EBIT Margin	*13.6%*	*12.3%*	*12.6%*	*12.8%*	
Pre-tax	6.5	6.5	8.2	8.6	*9.5%*
Net Result	**5.0**	**4.6**	**5.6**	**5.7**	***4.9%***
Net Financial Position (before IFRS 16)	**7.3**	**(1.5)**	**(2.6)**	**(5.3)**	***-190.2%***

Source: company data (for historical figures) and Banca Akros estimates

Revenues evolution: breakdown by main ASAs



EBITDA evolution: breakdown by main ASAs



Source: company data (for historical figures) and Banca Akros estimates

We point out that the profitability of the EPC-BOT business relies on the share of sale projects, which benefit from the participation exemption tax regime. The O&M's operating margins are more stable and will benefit from scale economies. The Monsson consolidation is going to slightly reduce the profitability of the O&M business. Prudentially we do not include any potential synergy, which should improve the operating margins.

By assuming limited and stable Capex (EUR 2/3m per annum), a moderate absorption of NWC and assuming a 20% pay-out ratio, the net cash position should improve quickly to reach EUR 5.3m in FY 2021e with Free Cash Flow generation in the region of EUR 4m per year, normalised by the project disposals (even though they are part of the PLC's core business).

PLC: Cash Flow analysis

Sector	FY 2018a	FY 2019e	FY 2020e	FY 2021e
Net Profit (reported)	5.0	4.6	5.6	5.7
Non-cash items	0.5	1.0	1.2	1.4
Cash Flow from Operations	**5.5**	**5.6**	**6.8**	**7.2**
Change in Net Working Capital	4.6	(0.7)	(1.7)	(0.2)
Capex	(14.4)	(2.0)	(3.0)	(3.0)
Operating Free Cash Flow (OpFCF)	**(4.3)**	**3.0**	**2.1**	**4.0**
Acquisitions, financial investments	0.0	0.0	0.0	0.0
Disposals, financial divestments	0.0	6.8	0.0	0.0
Dividends	(2.0)	(1.0)	(1.0)	(1.1)
Others (including Cap. increase, change in cons.)	0.2	(0.0)	(0.1)	(0.1)
Free Cash Flow	**(6.0)**	**8.8**	**1.1**	**2.8**

Source: company data (for historical figures) and Banca Akros estimates

Valuation

Our valuation of PLC has been obtained on the basis of a conservative **DCF model** (WACC: 11%; g: 0.5%) and a **peer group comparison**. **The two methods provide a valuation of around EUR 1.95 per share,** which incorporates an arbitrary discount to factor in the execution risk related to the EPC/BOT business and the poor stock liquidity.

DCF Valuation

Our DCF model for PLC in a stand-alone scenario is based on a 3-year set of analytical estimates. We believe this time horizon is consistent with the current company visibility on the evolution of the BOT projects, which represent the more volatile and uncertain part of the company business model.

We have set a **11% WACC**, which corresponds to the Cost of Equity (KE), taking into consideration our forecast that points to a net cash position at the end of 2019 and the structural capability of the company to generate cash in absence of acquisitions. The KE has been obtained by applying a **Market Risk Premium** of **5.0%** and a **Risk Free Rate** of **3.5%,** in line with ESN standards, and a **Company Risk Factor** (Beta) of **1.5x,** calculated using the Stern & Stuart methodology adopted by ESN, which is based on a fundamental approach (i.e. assessing business risk, company risk and financial risk) that takes into account the less predictable nature of the EPC-BOT business, small size of the company and the limited trade volumes. Lastly, we are assuming a **0.5% terminal growth rate. In the terminal year** we have assumed an EBITDA margin in the region of 14%, Capex=D&A; neutral NWC and 27% tax rate.

In the following pages we provide our detailed estimates on Free Cash Flow and a sensitivity to WACC and “g” changes.

PLC: WACC calculation

Company Risk Factor (Beta)	1.5x
Market Risk Premium	*5.0%*
Risk Free Rate	*3.5%*
Cost of Equity	***11.0%***
D/(D+E) - target	*0.0%*
E/(D+E) - target	*100.0%*
WACC	***11.0%***

Source: Banca Akros estimates

PLC: DCF Model (EUR m)

CASH FLOW (EUR m)	FY 2019e	FY 2020e	FY 2021e	TY
Revenues	54.2	65.4	66.9	67.2
EBITDA	7.4	9.1	9.5	9.4
% margin	*13.7%*	*13.9%*	*14.2%*	*14.0%*
EBITA	6.7	8.3	8.6	8.5
Taxes	(1.8)	(2.2)	(2.3)	(2.3)
Normative tax rate	*27.0%*	*27.0%*	*27.0%*	*27.0%*
NOPLAT	4.9	6.0	6.2	6.2
Depreciation & other provisions	0.7	0.8	0.9	0.9
Gross Operating Cash Flow	5.6	6.9	7.2	7.1
Capex	(2.0)	(3.0)	(3.0)	(0.9)
Change in Net Working Capital	(0.7)	(1.7)	(0.2)	0.0
Cash Flow to be discounted	3.0	2.2	4.0	6.2

Source: Banca Akros estimates

PLC: DCF Analysis

Cumulated Cash Flows (Present Value) EUR m	12.0
Perpetual Growth Rate (g)	0.5
Normalised Annual Cash Flow (EUR m)	6.2
Terminal Value (EUR m)	59.3
Discounted Terminal Value (EUR m)	41.1
Financial Assets (EUR m)	2.4
Enterprise Value (EUR m)	55.5
Net Debt (2018) (EUR m)	(7.3)
Minorities (EUR m)	(0.1)
Pension provisions (EUR m)	(1.2)
Equity Market Value (EUR m)	46.8
Number of shares (m)	24.0
Fair Value per share (EUR)	**1.95**
Current Price (EUR)	1.65
Potential upside	*18.2%*

Source: Banca Akros estimates

PLC Fair Value: sensitivity to WACC & g

	Perpetual growth rate (g)						
WACC	***-1.0%***	***-0.5%***	***0.0%***	***0.5%***	***1.0%***	***1.5%***	***2.0%***
9.50%	1.99	2.10	2.22	**2.35**	2.50	2.67	2.86
10.00%	1.88	1.98	2.09	**2.21**	2.34	2.48	2.65
10.50%	1.78	1.87	1.97	**2.07**	2.19	2.32	2.47
11.00%	**1.69**	**1.77**	**1.86**	**1.95**	**2.06**	**2.17**	**2.30**
11.50%	1.60	1.68	1.76	**1.84**	1.94	2.04	2.16
12.00%	1.52	1.59	1.66	**1.74**	1.83	1.92	2.03
12.50%	1.45	1.51	1.58	**1.65**	1.73	1.82	1.91

Source: Banca Akros estimates

PLC Fair Value: sensitivity to WACC & Terminal EBITDA margin

	Normalised EBITDA Margin						
WACC	***12.5%***	***13.0%***	***13.5%***	***14.0%***	***14.5%***	***15.0%***	***15.5%***
9.50%	2.24	2.28	2.32	**2.35**	2.39	2.43	2.46
10.00%	2.10	2.14	2.17	**2.21**	2.24	2.27	2.31
10.50%	1.98	2.01	2.04	**2.07**	2.10	2.14	2.17
11.00%	**1.86**	**1.89**	**1.92**	**1.95**	**1.98**	**2.01**	**2.04**
11.50%	1.76	1.79	1.81	**1.84**	1.87	1.90	1.93
12.00%	1.66	1.69	1.72	**1.74**	1.77	1.80	1.82
12.50%	1.58	1.60	1.63	**1.65**	1.68	1.70	1.73

Source: Banca Akros estimates

Peer comparison

PLC has a peculiar business model that is focussed on EPC, O&M and BOT and that is not involved in the production and sale of energy. We could not find any listed companies with exactly the same business focus and strategy. The renewable energy market is large and extremely fragmented. First we looked at companies providing EPC/BOT and O&M services. This segment has plenty of companies, most of them with only domestic exposure, and usually a small size. Practically none of them is listed. Therefore, we were forced to look at other types of peer companies: components suppliers (Siemens Gamesa, Vestas, Nordex), which manage some of PLC's businesses within their integrated strategies. A detailed profile of these companies has been reported in Appendix I.

The average of the EV/Sales and EV/EBITDA market multiples is around EUR 1.95 per share, after applying an arbitrary 30% discount to factor in the execution risk related to the EPC/BOT business and the poor stock liquidity. We have not consider the EV/EBIT and the P/E multiples because they are too distortive.

Peer companies: Table 1

	Net Debt/ EBITDA 2018	*Sales growth*			*EBITDA margin*			*Net Profit margin*		
		2018a	*2019e*	*2020e*	*2018a*	*2019e*	*2020e*	*2018a*	*2019e*	*2020e*
Siemens Gamesa Renewable	-0.6	*-16.9%*	*13.8%*	*5.5%*	*9.4%*	*11.4%*	*11.7%*	*0.8%*	*5.3%*	*5.8%*
Vestas Wind Systems	-2.2	*1.8%*	*14.6%*	*4.8%*	*13.6%*	*13.1%*	*14.2%*	*6.7%*	*6.7%*	*7.6%*
Nordex	0.3	*-20.1%*	*30.5%*	*7.2%*	*4.3%*	*4.4%*	*6.5%*	*-3.4%*	*-0.6%*	*1.3%*
Average	**0.4**	***-11.7%***	***19.6%***	***5.8%***	***9.1%***	***9.6%***	***10.8%***	***1.4%***	***3.8%***	***4.9%***

Source: Banca Akros, ESN estimates and Bloomberg consensus data

Peer companies: Table 2

	EV/Sales 2019e	EV/Sales 2020e	EV/EBITDA 2019e	EV/EBITDA 2020e	EV/EBIT 2019e	EV/EBIT 2020e	P/E 2019e	P/E 2020e
Siemens Gamesa Renewable	1.0	0.9	8.9	8.0	14.7	10.9	15.3	14.8
Vestas Wind Systems	1.1	1.1	8.6	7.5	11.9	10.0	16.0	16.1
Nordex	0.5	0.4	11.0	6.9	51.3	15.6	27.7	18.9
Median	**1.0**	**0.9**	**8.9**	**7.5**	**14.7**	**10.9**	**16.0**	**16.1**

Source: Banca Akros, ESN estimates and Bloomberg consensus data

For the sake of completeness, we note that **Falck Renewables** is currently trading at EV/EBITDA of 9.5x and 8.7x respectively on FY 2019 and FY 2020. Falck is a renewable utility (more liquid as it is listed in the STAR segment), with more than 1GW generation and it's also active in service business similar to PLC's.

Sum-up table: Peer multiples (FY 2019e – FY 2020e)

EUR m	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
	2019e	2020e	2019e	2020e	2019e	2020e	2019e	2020e
PLC Banca Akros estimates	54.2	65.4	7.4	9.1	6.7	8.3	4.6	5.6
Peer companies. (median)	**1.0**	**0.9**	**8.9**	**7.5**	**14.7**	**10.9**	**16.0**	**16.1**
Discount (30%)	0.7	0.7	6.2	5.3	10.3	7.7	11.2	11.3
Enterprise Value	**38.7**	**43.1**	**46.1**	**48.1**	**68.3**	**63.2**		
+ Net cash (Net debt)	1.5	2.6	1.5	2.6	1.5	2.6		
- Pension Provisions	(1.2)	(1.3)	(1.2)	(1.3)	(1.2)	(1.3)		
+ Financial assets	2.4	2.4	2.4	2.4	2.4	2.4		
- Minorities	(0.3)	(0.4)	(0.3)	(0.4)	(0.3)	(0.3)		
Equity Value	**41.1**	**46.3**	**48.5**	**51.3**	**70.7**	**66.5**	**73.3**	**89.6**
N of shares (m)	24,005	24,005	24,005	24,005	24,005	24,005	24,005	24,005
Equity Value per Share (avg.)	**1.7**	**1.9**	**2.0**	**2.1**	**2.9**	**2.8**	**3.1**	**3.7**

Source: Banca Akros estimates

Multiples of recent M&A deals (not included in our valuation)

We found two transactions for companies similar to PLC in Europe in the last few years. The acquirer was a renewable utility in one case and a wind turbine producer in the other.

In October 2018, the listed Italian power production company Falck Renewables completed the acquisition of a 51% stake in Energy Team, a leading provider focused on energy consumption monitoring and flexibility management services in the electricity markets in Italy. Energy Team posted EUR 13.5m sales and EUR 4.4m EBITDA (with a very high EBITDA margin of 32%) in FY 2017. The adjusted multiples based on Energy Team's 2017 figures were as follows: 1.7x EV/Sales, **7.2x EV/EBITDA** and 7.5x EV/EBIT.

In 2016, Vestas bought Availon, an independent German service provider with a total capacity of more than 2.6 GW under service in 2016. Availon's core market is Germany, while the company also has relevant service activities in Austria, Italy, Portugal, Spain, Poland and the United States. Availon's EBITDA margin was some 9% at the time of the deal announcement. The adjusted transaction multiples were roughly **10x the EV/EBITDA**.

The EV/EBITDA multiple implied in the above transaction ranges from 7x to 10x with an average of 8.6x.

Upcoming Corporate Events Calendar

Date	Event Type
25/06/2019	Ordinary Shareholders' meeting approval FY 2018 Annual Report
25/06/2019	Extraordinary Shareholders' meeting approval of share capital reduction
23-27/09/2019	Board of Directors on H1 2019 results

Source: company data

Appendix I

Profile of listed peers

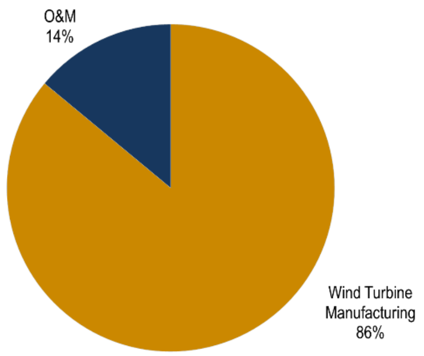
Siemens-Gamesa Renewables Energy (Bloomberg ticker: SGRE SM. Mkt. Cap. EUR ~9.7bn) designs and manufactures renewable energy equipment. The company offers wind turbines, turbine gearboxes, off-grid, and other related equipment (86% of total revenues), and provides maintenance and reconditioning services (14% of total revenues). Siemens Gamesa Renewable Energy serves industrial facility management, automotive industry, and new technology development worldwide.

Siemens-Gamesa Renewables Energy

EUR (m)	2019e	2020e	2021e	CAGR 19-21e
Revenue	10,384	10,954	11,135	*4%*
EBITDA	1,182	1,286	1,351	*7%*
(%)	*11%*	*12%*	*12%*	
EBIT	768	935	960	*12%*
(%)	*7%*	*9%*	*9%*	
Net Income/Net Profit (Losses)	552	631	677	*11%*
Dividend Yield	1.0	1.4	1.6	
Net debt	-618	-1,051	-1,482	
Net Debt/EBITDA	-0.5	-0.8	-1.1	

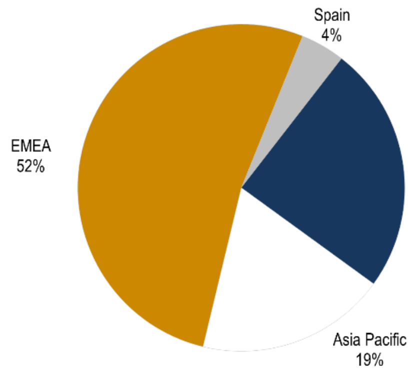
Source: Bloomberg

Sales breakdown by activity



Source: Bloomberg

Sales breakdown by geography

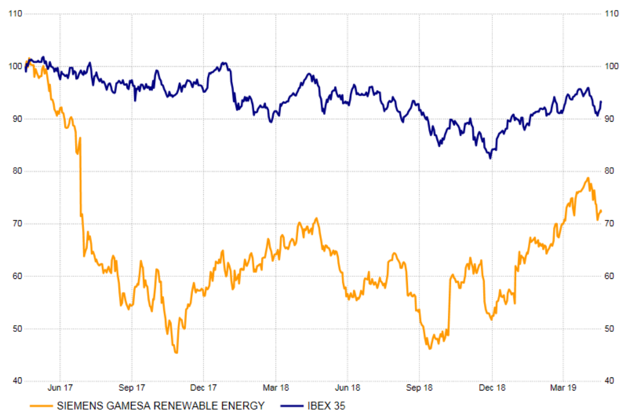


Source: Thomson Reuters

Last price vs. EBITDA

Source: Bloomberg

SGRE price vs. IBEX 35 Index



Source: Thomson Reuters

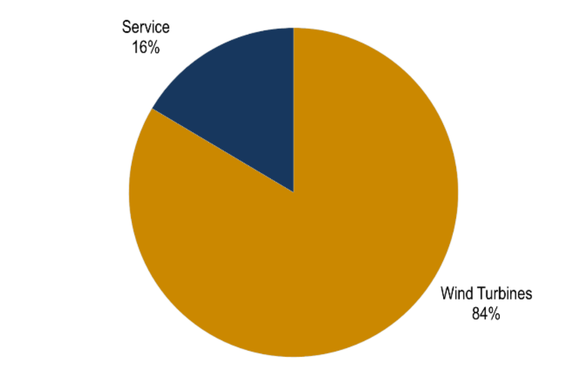
Vestas (Bloomberg ticker: VWS DC – Mkt. Cap. DKK ~110bn). Vestas Wind Systems A/S develops, manufactures, and markets wind turbines that generate electricity. The company also installs the turbines and offers follow-up and maintenance services of the installations (16.5% of revenues). Vestas produces the wind turbines and its components through subsidiaries and associated companies in many countries and operates a worldwide sales and service network.

Vestas

EUR (m)	2019e	2020e	2021e	CAGR 19-21e
Revenue	11,655	12,215	11,804	*1%*
EBITDA	1,527	1,728	1,701	*6%*
(%)	*13%*	*14%*	*14%*	
EBIT	1,042	1,211	1,161	*6%*
(%)	*9%*	*10%*	*10%*	
Net Income/Net Profit (Losses)	779	930	916	*8%*
Dividend Yield	1.5	1.8	1.8	
Net debt	-2,793	-3,110	-3,458	
Net Debt/EBITDA	-1.8	-1.8	-2.0	

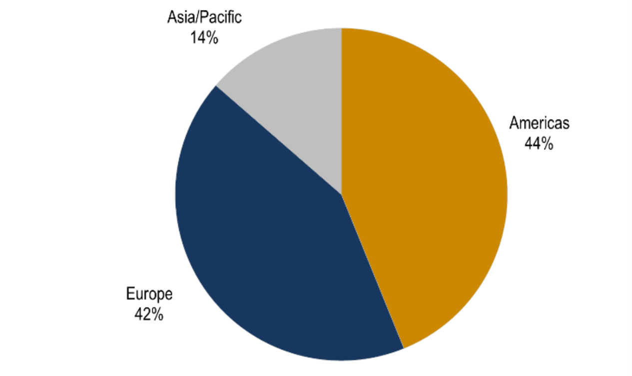
Source: Bloomberg

Sales breakdown by activity



Source: Bloomberg

Sales breakdown by geography

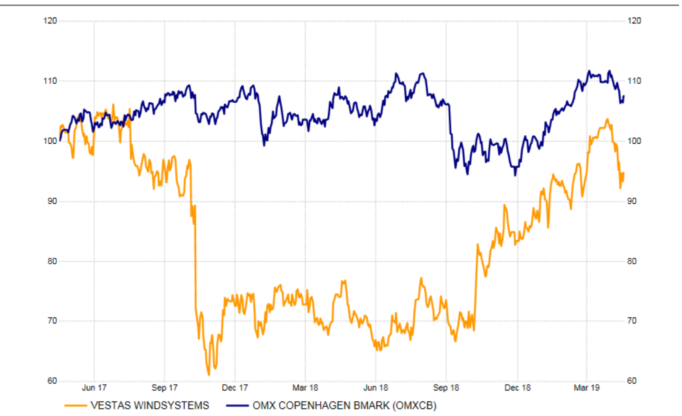


Source: Bloomberg

Last price vs. EBITDA

Source: Bloomberg

VWS price vs. OMX Copenhagen Index



Source: Thomson Reuters

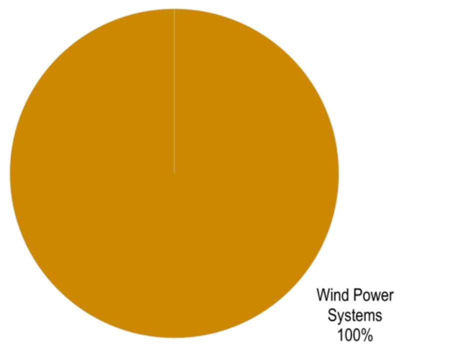
Nordex (Bloomberg ticker: NDX1 GR. Mkt. Cap. EUR ~1.3bn) develops, produces, installs, and maintains electricity-generating wind turbines. The company also designs and produces blades and control systems.

Nordex

EUR (m)	2019e	2020e	2021e	CAGR 19-21e
Revenue	3,209	3,440	3,503	*4%*
EBITDA	140	224	263	*37%*
(%)	*4%*	*7%*	*8%*	
EBIT	30	88	122	*102%*
(%)	*1%*	*3%*	*3%*	
Net Income/Net Profit (Losses)	-19	46	69	*n.m.*
Dividend Yield	0.0	0.3	0.5	
Net debt	92	61	20	
Net Debt/EBITDA	0.7	0.3	0.1	

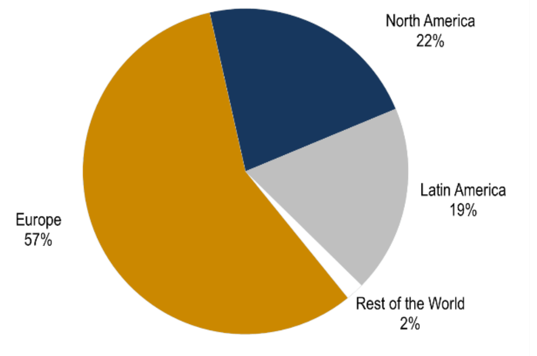
Source: Bloomberg

Sales breakdown by activity



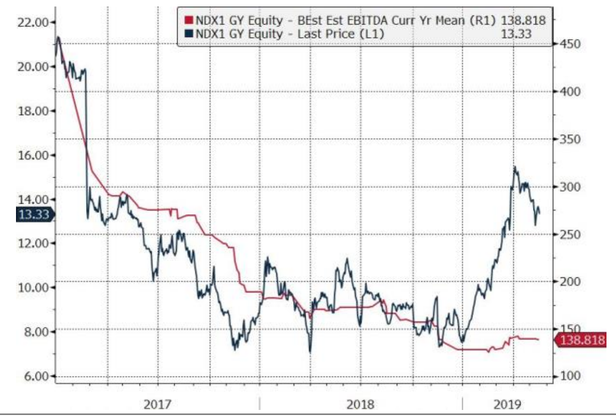
Source: Bloomberg

Sales breakdown by geography



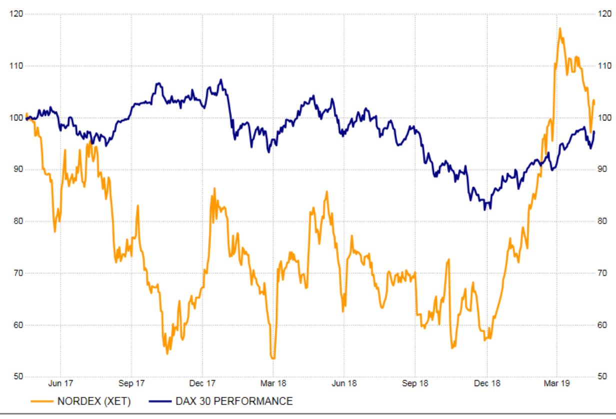
Source: Bloomberg

Last price vs. EBITDA



Source: Bloomberg

NDX1 price vs. DAX30 Index



Source: Thomson Reuters

Appendix II

Industria e Innovazione (INDI): history

Industria e Innovazione (INDI) was founded in 2006 as RDM Realty S.p.A. as partial proportional demerger of Reno de Medici to better valorise the non-core real estate assets of Reno de Medici group. The company was initially listed on the Expandi market of Borsa Italiana. During the 2006-2008 period, RDM Realty S.p.A. made some significant acquisitions and launched some real estate development initiatives.

In January 2008, RDM Realty S.p.A. changed its name to Realty Vailog S.p.A.. In April 2010 the company incorporated, through a reverse merger, Industria e Innovazione, a company active in the energy sector with the aim of diversifying the business, changing its name for the second time into Industria e Innovazione. However, the difficulties experienced in the disposal of the real estate assets made the strategic repositioning of the group low and not effective, causing significant losses and asset write-down, which triggered financial tension.

INDI. Key historical financials

	FY 2014	FY 2015	FY 2016
Total sales	(2.3)	(16.3)	2.0
o/w change in fair value of Real Estate assets	(2.4)	(16.5)	2.0
EBITDA	(5.8)	(19.4)	(0.4)
EBIT	(17.2)	(24.6)	(0.3)
Net Result	(16.4)	(25.4)	(2.4)
Shareholders' equity	7.6	(21.3)	(23.7)
Net financial debt	49.1	46.2	48.8

Source: company data

To restore the financial equilibrium, the management tried to transform INDU into a SIIQ (Real Estate Investment Listed Company) but the failed agreement with the lending institutions on the terms of the debt restructuring together with the shareholders' equity below the threshold of Art. 2446 of the Italian Civil Code, forced the management to seek the intervention of the Milan Courts, pursuant to Art. 161, sixth paragraph of the Italian Bankruptcy law (Legge Fallimentare).

In December 2016, INDI received a binding offer from PLC Group for the acquisition of a majority stake. In April 2017, INDI's BoD approved and signed a debt restructuring agreement which involved some lending institutions and creditors. Part of this agreement implied the execution of a capital increase "in kind" through which PLC Group transferred 100% of the share capital of PLC System and PLC Service to INDI, and that ended up with the listing of PLC group via a reverse merger.

Appendix III

We show the historical P&L figures (FY 2014-2016) of PLC Group to provide some more details on the evolution of the business.

PLC Group. Key historical financials (***)

	FY 2014 (*)	FY 2015 (**)	FY 2016 (**)
Revenues	14.1	26.4	28.7
Other revenues	0.2	6.0	6.8
Total turnover	14.3	32.4	35.5
EBITDA	2.0	6.4	4.8
Margin	*14.0%*	*19.6%*	*13.5%*
EBIT	1.7	5.9	3.4
Margin	*11.6%*	*18.0%*	*9.4%*
Net Result	1.5	4.2	1.3
Shareholders' equity	21.6	26.8	27.9
Net financial debt (cash)	(0.7)	15.0	38.0

Source: company data

(*) According to Italian Gaap
(**) According to IFRS
(***) Net of intercompany

PLC : Summary tables

PROFIT & LOSS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Sales	**32.0**	**32.6**	**49.9**	**54.2**	**65.4**	**66.9**
Cost of Sales & Operating Costs	-27.0	-23.3	-42.6	-46.8	-56.3	-57.4
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**5.1**	**9.3**	**7.3**	**7.4**	**9.1**	**9.5**
EBITDA (adj.)*	**5.1**	**9.3**	**7.3**	**7.4**	**9.1**	**9.5**
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	**5.1**	**9.3**	**7.3**	**7.4**	**9.1**	**9.5**
EBITA (adj)*	**5.1**	**9.3**	**7.3**	**7.4**	**9.1**	**9.5**
Amortisations and Write Downs	-1.4	-0.5	-0.5	-0.7	-0.8	-0.9
EBIT	**3.6**	**8.8**	**6.8**	**6.7**	**8.3**	**8.6**
EBIT (adj.)*	**3.6**	**8.8**	**6.8**	**6.7**	**8.3**	**8.6**
Net Financial Interest	-0.9	-0.2	-0.2	-0.2	-0.1	0.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-0.2	-0.1	0.0	0.0	0.0	0.0
Other Non Recurrent Items	-0.1	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**2.5**	**8.5**	**6.5**	**6.5**	**8.2**	**8.6**
Tax	-1.2	-1.3	-1.5	-1.6	-2.2	-2.3
Tax rate	*49.1%*	*15.8%*	*23.6%*	*25.0%*	*27.0%*	*27.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	-0.3	-0.4	-0.5
Net Profit (reported)	**1.3**	**7.1**	**5.0**	**4.6**	**5.6**	**5.7**
Net Profit (adj.)	**1.8**	**5.9**	**4.6**	**4.3**	**5.3**	**5.5**

CASH FLOW (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Cash Flow from Operations before change in NWC	2.7	7.7	5.5	5.6	6.8	7.2
Change in Net Working Capital	-58.5	54.4	4.6	-0.7	-1.7	-0.2
Cash Flow from Operations	**-55.9**	**62.1**	**10.1**	**5.0**	**5.1**	**7.0**
Capex	-26.7	-2.4	-14.4	-2.0	-3.0	-3.0
Net Financial Investments	0.7	3.4	0.0	6.8	0.0	0.0
Free Cash Flow	**-81.9**	**63.1**	**-4.3**	**9.8**	**2.1**	**4.0**
Dividends	-0.2	-17.2	-2.0	-1.0	-1.0	-1.1
Other (incl. Capital Increase & share buy backs)	9.1	10.0	6.1	0.0	0.1	0.1
Change in Net Debt	**-73.0**	**55.9**	**-0.2**	**8.8**	**1.2**	**2.9**
NOPLAT	3.6	8.8	6.8	6.7	8.3	8.6

BALANCE SHEET & OTHER ITEMS (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Tangible Assets	4.8	3.7	7.5	2.0	4.2	6.2
Net Intangible Assets (incl.Goodwill)	3.5	12.5	17.7	17.7	17.7	17.7
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	**8.3**	**16.2**	**25.3**	**19.7**	**21.9**	**24.0**
Inventories	7.3	4.1	3.6	4.0	4.8	4.9
Trade receivables	14.8	11.8	18.3	19.9	24.0	24.6
Other current assets	61.6	6.7	14.1	15.3	18.4	18.9
Cash (-)	-4.4	-6.4	-6.2	-9.0	-9.6	-11.2
Total Current Assets	**88.1**	**28.9**	**42.3**	**48.2**	**56.8**	**59.5**
Total Assets	**96.5**	**45.2**	**67.6**	**67.9**	**78.7**	**83.5**
Shareholders Equity	27.8	18.2	24.3	27.9	32.5	37.2
Minority	0.2	0.0	0.1	0.3	0.7	1.1
Total Equity	28.0	18.2	24.4	28.3	33.2	38.2
Long term interest bearing debt	2.3	1.1	6.7	3.7	3.5	2.9
Provisions	0.8	0.9	1.2	1.3	1.3	1.3
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	**3.0**	**2.0**	**8.0**	**5.0**	**4.8**	**4.2**
Short term interest bearing debt	40.2	6.5	6.8	3.8	3.5	2.9
Trade payables	9.9	9.2	15.8	17.2	20.8	21.2
Other current liabilities	15.3	9.3	12.6	13.6	16.5	16.8
Total Current Liabilities	**65.4**	**25.0**	**35.1**	**34.6**	**40.7**	**41.0**
Total Liabilities and Shareholders' Equity	**96.5**	**45.2**	**67.6**	**67.9**	**78.7**	**83.5**
Net Capital Employed	**66.8**	**20.3**	**32.9**	**28.0**	**31.9**	**34.2**
Net Working Capital	**58.5**	**4.1**	**7.6**	**8.3**	**10.0**	**10.3**

GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Sales growth	*n.m.*	*1.9%*	*52.9%*	*8.6%*	*20.7%*	*2.3%*
EBITDA (adj.)* growth	***n.m.***	***83.9%***	***-21.5%***	***1.1%***	***23.0%***	***4.4%***
EBITA (adj.) growth*	*n.m.*	*83.7%*	*-21.4%*	*1.1%*	*23.0%*	*4.4%*
*EBIT (adj)*growth*	*n.m.*	*140.8%*	*-22.8%*	*-1.7%*	*24.0%*	*3.6%*

PLC : Summary tables

GROWTH & MARGINS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Profit growth	*n.m.*	*238.3%*	*-23.2%*	*-6.7%*	*24.8%*	*3.4%*
EPS adj. growth		*230.2%*	*-23.2%*	*-6.7%*	*24.8%*	*3.4%*
DPS adj. growth		*11092.1%*	*-88.4%*	*-52.0%*	*0.0%*	*15.7%*
EBITDA (adj) margin*	*15.8%*	*28.6%*	*14.7%*	*13.7%*	*13.9%*	*14.2%*
EBITA (adj) margin*	*15.8%*	*28.5%*	*14.7%*	*13.7%*	*13.9%*	*14.2%*
EBIT (adj) margin*	*11.4%*	*26.9%*	*13.6%*	*12.3%*	*12.6%*	*12.8%*

RATIOS	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Net Debt/Equity	1.4	0.1	0.3	-0.1	-0.1	-0.1
Net Debt/EBITDA	7.5	0.1	1.0	-0.2	-0.3	-0.6
Interest cover (EBITDA/Fin.interest)	5.5	42.7	31.5	49.3	91.0	high
Capex/D&A	1873.0%	431.8%	2632.2%	268.1%	354.6%	317.1%
Capex/Sales	83.5%	7.3%	28.8%	3.7%	4.6%	4.5%
NWC/Sales	182.8%	12.6%	15.3%	15.3%	15.3%	15.3%
ROE (average)	12.6%	25.8%	21.4%	16.3%	17.6%	15.7%
ROCE (adj.)	5.4%	43.1%	20.6%	23.7%	25.9%	25.0%
WACC	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
ROCE (adj.)/WACC	0.5	3.9	1.9	2.2	2.4	2.3

PER SHARE DATA (EUR)***	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Average diluted number of shares	23.4	24.0	24.0	24.0	24.0	24.0
EPS (reported)	0.05	0.30	0.21	0.19	0.23	0.24
EPS (adj.)	0.07	0.25	0.19	0.18	0.22	0.23
BVPS	1.19	0.76	1.01	1.16	1.36	1.55
DPS	0.01	0.72	0.08	0.04	0.04	0.05

VALUATION	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
EV/Sales	2.9	55.9	1.1	0.7	0.5	0.5
EV/EBITDA	18.3	n.m.	7.2	5.0	4.0	3.5
EV/EBITDA (adj.)*	**18.3**	**n.m.**	**7.2**	**5.0**	**4.0**	**3.5**
EV/EBITA	18.3	195.8	7.2	5.0	4.0	3.5
EV/EBITA (adj.)*	**18.3**	**195.8**	**7.2**	**5.0**	**4.0**	**3.5**
EV/EBIT	25.4	n.m.	7.8	5.6	4.4	3.9
EV/EBIT (adj.)*	**25.4**	**n.m.**	**7.8**	**5.6**	**4.4**	**3.9**
P/E (adj.)	**31.3**	**13.1**	**10.2**	**9.3**	**7.5**	**7.2**
P/BV	2.0	4.3	1.9	1.4	1.2	1.1
Total Yield Ratio	31.3%	0.1%	2.4%	2.4%	2.8%	2.9%
EV/CE	1.4	n.m.	1.6	1.3	1.1	1.0
OpFCF yield	-150%	3.3%	-9.1%	7.5%	5.3%	10.0%
OpFCF/EV	-89.3%	3.3%	-8.1%	8.0%	5.8%	11.9%
Payout ratio	12.0%	n.m.	40.2%	21.0%	17.3%	19.3%
Dividend yield (gross)	0.3%	22.0%	5.0%	2.4%	2.4%	2.8%

EV AND MKT CAP (EURm)	12/2016	12/2017	12/2018	12/2019e	12/2020e	12/2021e
Price** (EUR)	2.34	3.25	1.94	1.65	1.65	1.65
Outstanding number of shares for main stock	23.4	562.6	24.0	24.0	24.0	24.0
Total Market Cap	**55**	**1,829**	**47**	**40**	**40**	**40**
Net Debt	**38**	**1**	**7**	**-1**	**-3**	**-5**
o/w Cash & Marketable Securities (-)	*-4*	*-6*	*-6*	*-9*	*-10*	*-11*
o/w Gross Debt (+)	*42*	*8*	*13*	*7*	*7*	*6*
Other EV components	**0**	**-7**	**-1**	**-1**	**-1**	**-1**
Enterprise Value (EV adj.)	**93**	**1,823**	**53**	**37**	**36**	**33**

Source: Company, Banca Akros estimates.

Notes

** Where EBITDA (adj.) or EBITA (adj)= EBITDA (or EBITA) -/+ Non Recurrent Expenses/Income and where EBIT (adj)= EBIT-/+ Non Recurrent Expenses/Income - PPA amortisation*

***Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years*

Sector: Alternative Energy/Renewable Energy Equipment

Company Description: PLC group is one of the reference players in the Italian renewable energy market. It is specialised in the construction and maintenance of electrical energy production plants from renewable sources as well as in the realization and maintenance of infrastructure networks servicing conventional generation plants. The core business is related to engineering, procurement and construction both for third parties and intercompany activities (EPC – BOT, accounting for 72% of group's total revenues in FY 2018) and operation and maintenance (O&M, representing 28% of the total revenues) for photovoltaic and wind power plants as well as for infrastructure networks.

European Coverage of the Members of ESN

Aerospace & Defense	**Mem(*)**
Airbus Se	CIC
Dassault Aviation	CIC
Figeac Aero	CIC
Latecoere	CIC
Leonardo	BAK
Lisi	CIC
Safran	CIC
Thales	CIC
Alternative Energy	**Mem(*)**
Siemens Gamesa Re	GVC
Voltalia	CIC
Automobiles & Parts	**Mem(*)**
Bittium Corporation	OPG
Brembo	BAK
Ferrari	BAK
Fiat Chrysler Automobiles	BAK
Gestamp	GVC
Indelb	BAK
Kamux	OPG
Landi Renzo	BAK
Nokian Tyres	OPG
Piaggio	BAK
Pininfarina	BAK
Sogefi	BAK
Banks	**Mem(*)**
Aktia	OPG
Alpha Bank	IBG
Banca Carige	BAK
Banca Mps	BAK
Banco Sabadell	GVC
Banco Santander	GVC
Bankia	GVC
Bankinter	GVC
Bbva	GVC
Bcp	CBI
Bnp Paribas	CIC
Bper	BAK
Bpi	CBI
Caixabank	GVC
Credem	BAK
Credit Agricole Sa	CIC
Creval	BAK
Eurobank	IBG
Intesa Sanpaolo	BAK
Liberbank	GVC
Mediobanca	BAK
National Bank Of Greece	IBG
Natixis	CIC
Nordea	OPG
Piraeus Bank	IBG
Rothschild & Co	CIC
Societe Generale	CIC
Ubi Banca	BAK
Unicredit	BAK
Basic Resources	**Mem(*)**
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Corticeira Amorim	CBI
Ence	GVC
Metsä Board	OPG
Mytilineos	IBG
Outokumpu	OPG
Semapa	CBI
Ssab	OPG
Stora Enso	OPG
The Navigator Company	CBI
Tubacex	GVC
Upm-Kymmene	OPG
Chemicals	**Mem(*)**
Air Liquide	CIC
Arkema	CIC
Kemira	OPG
Tikkurila	OPG
Electronic & Electrical Equipmei	**Mem(*)**
Rexel	CIC
Financial Services Banks	**Mem(*)**
Amundi	CIC
Anima	BAK
Azimut	BAK
Banca Farmafactoring	BAK
Banca Generali	BAK
Banca Ifis	BAK
Banca Mediolanum	BAK
Banca Sistema	BAK
Dobank	BAK
Finecobank	BAK
Poste Italiane	BAK
Financial Services Holdings	**Mem(*)**
Cir	BAK
Corp. Financiera Alba	GVC
Digital Magics	BAK
Eurazeo	CIC
Ffp	CIC
Rallye	CIC
Tip Tamburi Investment Partners	BAK
Wendel	CIC
Financial Services Industrials	**Mem(*)**
Athex Group	IBG
Bolsas Y Mercados Espanoles	GVC
Capman	OPG
Eq	OPG
Tinexta	BAK
Food & Beverage	**Mem(*)**
Advini	CIC
Altia	OPG
Atria	OPG
Bonduelle	CIC
Campari	BAK
Coca Cola Hbc Ag	IBG
Danone	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Hkscan	OPG
La Doria	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Massimo Zanetti	BAK
Olvi	OPG
Orsero	BAK
Pernod Ricard	CIC
Raisio	OPG
Remy Cointreau	CIC
Tipiak	CIC
Vidrala	GVC
Vilmorin	CIC
Viscofan	GVC
Vranken Pommery Monopole	CIC
Food & Drug Retailers	**Mem(*)**
Carrefour	CIC
Casino Guichard-Perrachon	CIC
Jeronimo Martins	CBI
Kesko	OPG
Marr	BAK
Sonae	CBI
General Industrials	**Mem(*)**
Cembre	BAK
Huhtamäki	OPG
Pöyry	OPG
Sergeferrari Group	CIC
General Retailers	**Mem(*)**
Fnac Darty	CIC
Fourlis Holdings	IBG
Inditex	GVC
Jumbo	IBG
Ovs	BAK
Stockmann	OPG
Tokmanni	OPG
Unieuro	BAK
Healthcare	**Mem(*)**
Ab Biotics	GVC
Amplifon	BAK
Atrys Health	GVC
Biom'Up	CIC
Cellnovo	CIC
Cerenis	CIC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Genfit	CIC
Guerbet	CIC
Korian	CIC
Oncodesign	CIC
Oriola-Kd	OPG
Orion	OPG
Orpea	CIC
Pihlajalinna	OPG
Recordati	BAK
Silmaasema	OPG
Terveystalo	OPG
Household Goods	**Mem(*)**
Abeo	CIC
De Longhi	BAK
Elica	BAK
Fila	BAK
Maisons Du Monde	CIC
Industrial Engineering	**Mem(*)**
Alstom	CIC
Biesse	BAK
Caf	GVC
Cargotec Corp	OPG
Carraro	BAK
Cnh Industrial	BAK
Danieli	BAK
Datalogic	BAK
Emak	BAK
Fincantieri	BAK
Groupe Gorge	CIC
Haulotte Group	CIC
Ima	BAK
Interpump	BAK
Kone	OPG
Konecranes	OPG
Manitou	CIC
Metso Corporation	OPG
Outotec	OPG
Ponsse	OPG
Prima Industrie	BAK
Prysmian	BAK
Talgo	GVC
Valmet	OPG
Wärtsilä	OPG
Zardoya Otis	GVC

Industrial Transportation	**Mem(*)**
Bollore	CIC
Ctt	CBI
Insurance	**Mem(*)**
Axa	CIC
Cattolica Assicurazioni	BAK
Generali	BAK
Mapfre	GVC
Net Insurance	BAK
Sampo	OPG
Unipolsai	BAK
Materials, Construction & Infras	**Mem(*)**
Acs	GVC
Aena	GVC
Astaldi	BAK
Atlantia	BAK
Buzzi Unicem	BAK
Capelli	CIC
Caverion	OPG
Cramo	OPG
Eiffage	CIC
Eltel	OPG
Ezentis	GVC
Fcc	GVC
Ferrovial	GVC
Groupe Adp	CIC
Groupe Poujoulat	CIC
Groupe Sfpi S.A.	CIC
Herige	CIC
Imerys	CIC
Lafargeholcim	CIC
Lehto	OPG
Maire Tecnimont	BAK
Maisons France Confort	CIC
Mota Engil	CBI
Obrascon Huarte Lain	GVC
Ramirent	OPG
Sacyr	GVC
Saint Gobain	CIC
Salini Impregilo	BAK
Sias	BAK
Sonae Industria	CBI
Srv	OPG
Tarkett	CIC
Thermador Groupe	CIC
Titan Cement	IBG
Trevi	BAK
Uponor	OPG
Vicat	CIC
Vinci	CIC
Yit	OPG
Media	**Mem(*)**
Alma Media	OPG
Arnoldo Mondadori Editore	BAK
Atresmedia	GVC
Cairo Communication	BAK
Cofina	CBI
Digital Bros	BAK
Digitouch	BAK
Gedi Gruppo Editoriale	BAK
Gl Events	CIC
Impresa	CBI
Iol	BAK
Ipsos	CIC
Jcdecaux	CIC
Lagardere	CIC
M6-Metropole Television	CIC
Mediaset	BAK
Mediaset Espana	GVC
Nrj Group	CIC
Publicis	CIC
Rcs Mediagroup	BAK
Sanoma	OPG
Solocal Group	CIC
Teleperformance	CIC
Tf1	CIC
Ubisoft	CIC
Vivendi	CIC
Vogo	CIC
Oil & Gas Producers	**Mem(*)**
Ecoslops	CIC
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Hellenic Petroleum	IBG
Maurel Et Prom	CIC
Motor Oil	IBG
Neste Corporation	OPG
Qgep	CBI
Repsol	GVC
Total	CIC
Oil Services	**Mem(*)**
Bourbon	CIC
Cgg	CIC
Gaztransport Et Technigaz	CIC
Rubis	CIC
Saipem	BAK
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Vallourec	CIC
Personal Goods	**Mem(*)**
Basicnet	BAK
Cie Fin. Richemont	CIC
Geox	BAK
Hermes Intl.	CIC
Interparfums	CIC
Kering	CIC
Lvmh	CIC
Marimekko	OPG
Moncler	BAK
Safilo	BAK
Salvatore Ferragamo	BAK
Sarantis	IBG
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Tod'S	BAK
Real Estate	**Mem(*)**
Citycon	OPG
Grivalia	IBG
Igd	BAK
Kojamo	OPG
Lar España	GVC
Merlin Properties	GVC
Realia	GVC
Technopolis	OPG
Software & Computer Services	**Mem(*)**
Agile Content	GVC
Akka Technologies	CIC
Alten	CIC
Altran	CIC
Amadeus	GVC
Assystem	CIC
Atos	CIC
Axway Software	CIC
Basware	OPG
Cast	CIC
Catenon	GVC
Econocom	CIC
Esi Group	CIC
Exprivia	BAK
F-Secure	OPG
Gigas Hosting	GVC
Groupe Open	CIC
Indra Sistemas	GVC
Neurones	CIC
Novabase	CBI
Reply	BAK
Rovio Entertainment	OPG
Sii	CIC
Sopra Steria Group	CIC
Tieto	OPG
Visiativ	CIC
Support Services	**Mem(*)**
Asiakastieto Group	OPG
Bureau Veritas	CIC
Cellnex Telecom	GVC
Edenred	CIC
Enav	BAK
Fiera Milano	BAK
Inwit	BAK
Lassila & Tikanoja	OPG
Openjobmetis	BAK
Rai Way	BAK
Technology Hardware & Equipme	**Mem(*)**
Adeunis	CIC
Ericsson	OPG
Evolis	CIC
Hf Company	CIC
Ingenico	CIC
Nokia	OPG
Osmozis	CIC
Stmicroelectronics	BAK
Teleste	OPG
Telecommunications	**Mem(*)**
Acotel	BAK
Bouygues	CIC
Dna	OPG
Elisa	OPG
Euskaltel	GVC
Iliad	CIC
Masmovil	GVC
Nos	CBI
Orange	CIC
Ote	IBG
Telecom Italia	BAK
Telefonica	GVC
Telia	OPG
Tiscali	BAK
Vodafone	BAK
Travel & Leisure	**Mem(*)**
Accor	CIC
Aegean Airlines	IBG
Autogrill	BAK
Beneteau	CIC
Compagnie Des Alpes	CIC
Elior	CIC
Europcar	CIC
Finnair	OPG
Gamenet	BAK
I Grandi Viaggi	BAK
Ibersol	CBI
Int. Airlines Group	GVC
Intralot	IBG
Melia Hotels International	GVC
Nh Hotel Group	GVC
Opap	IBG
Pierre Et Vacances	CIC
Sg Company	BAK
Sodexo	CIC
Sonae Capital	CBI
Tallink	OPG
Trigano	CIC
Utilities	**Mem(*)**
A2A	BAK
Acciona	GVC
Acea	BAK
Albioma	CIC
Derichebourg	CIC
Edp	CBI
Edp Renováveis	CBI
Enagas	GVC
Endesa	GVC
Enel	BAK
Erg	BAK
Eydap	IBG
Falck Renewables	BAK
Fortum	OPG
Hera	BAK
Iberdrola	GVC
Iren	BAK
Italgas	BAK
Naturgy	GVC
Public Power Corp	IBG
Red Electrica Corporacion	GVC
Ren	CBI
Snam	BAK
Solaria	GVC
Terna	BAK

LEGEND: BAK: Banca Akros; CIC: CM CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Beksa, SV, SA; IBG: Investment Bank of Greece, OPG: OP Corporate Bank:;as of 4th April 2019

List of ESN Analysts (**)

Artur Amaro	CBI	+351 213 89 6822	artur.amaro@caixabi.pt	Ebrahim Homani	CIC	+33 1 53 48 80 94	ebrahim.homani@cmcic.fr
Helena Barbosa	CBI	+351 21 389 6831	helena.barbosa@caixabi.pt	Carlos Jesus	CBI	+351 21 389 6812	carlos.jesus@caixabi.pt
Javier Bernat	GVC	+34 91 436 7816	javier.bernat@gvcgaesco.es	Jean-Christophe Lefèvre-Moulenq	CIC	+33 1 53 48 80 65	jeanchristophe.lefevremoulenq@cmcic.fr
Dimitris Birbos	IBG	+30 210 81 73 392	dbirbos@ibg.gr	João Miguel Lourenço	CBI	+35 121 389 6841	joao.lourenco@caixabi.pt
Agnès Blazy	CIC	+33 1 53 48 80 67	agnes.blazy@cmcic.fr	Konstantinos Manolopoulos	IBG	+30 210 817 3388	kmanolopoulos@ibg.gr
Andrea Bonfà	BAK	+39 02 4344 4269	andrea.bonfa@bancaakros.it	Fanny Meindre, PhD	CIC	+33 1 53 48 80 84	fanny.meindre@cmcic.fr
Jean-Baptiste Bouchet	CIC	+33 1 53 48 80 69	jeanbaptiste.bouchet@cmcic.fr	Emanuele Oggioni	BAK	+39 0243 444 237	emanuele.oggioni@bancaakros.it
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it	Henri Parkkinen	OPG	+358 10 252 4409	henri.parkkinen@op.fi
Nuno Castro	CBI	+351 21 389 68 39	nuno.castro@caixabi.pt	Victor Peiro Pérez	GVC	+34 91 436 7812	victor.peiro@gvcgaesco.es
Niclas Catani	OPG	+358 10 252 8780	niclas.catani@op.fi	Alexandre Plaud	CIC	+33 1 53 48 80 90	alexandre.plaud@cmcic.fr
Pierre Chédeville	CIC	+33 1 53 48 80 97	pierre.chedeville@cmcic.fr	Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cmcic.fr
Emmanuel Chevalier	CIC	+33 1 53 48 80 72	emmanuel.chevalier@cmcic.fr	Matias Rautionmaa	OPG	+358 10 252 4408	matias.rautionmaa@op.fi
Guillermo Kevin Crowley	GVC	91 423 7403	guillermo.crowley@gvcgaesco.es	Eric Ravary	CIC	+33 1 53 48 80 71	eric.ravary@cmcic.fr
David Da Maia	CIC	+33 1 53 48 89 36	david.damaia@cmcic.fr	Iñigo Recio Pascual	GVC	+34 91 436 7814	inigo.recio@gvcgaesco.es
Christian Devismes	CIC	+33 1 53 48 80 85	christian.devismes@cmcic.fr	Jean-Luc Romain	CIC	+33 1 53 48 80 66	jeanluc.romain@cmcic.fr
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it	Vassilis Roumantzis	IBG	+30 2108173394	vroumantzis@ibg.gr
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it	Antti Saari	OPG	+358 10 252 4359	antti.saari@op.fi
Rafael Fernández de Heredia	GVC	+34 91 436 78 08	rafael.fernandezdeheredia@gvcgaesco.es	Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it	Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Eduardo Garcia Arguelles	GVC	+34 914 367 810	eduardo.garciaarguelles@gvcgaesco.es	Kimmo Stenvall	OPG	+358 10 252 4561	kimmo.stenvall@op.fi
Pietro Gasparri, CIIA, CEFA	BAK	+39 02 4344 4238	pietro.gasparri@bancaakros.it	Natalia Svyrou-Svyriadi	IBG	+30 210 81 73 384	nsviriadi@ibg.gr
Alexandre Gérard	CIC	+33 1 53 48 80 93	alexandre.gerard@cmcic.fr	Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it
Marta Gomez Arias	GVC	+91 436 48 17	marta.gomez@gvcgaesco.es	Leena Viljamaa	OPG	+358 10 2522788	leena.viljamaa@op.fi

(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Pietro Gasparri e Emanuele Oggioni (soci AIAF) che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso.

Banca Akros è una banca autorizzata anche alla prestazione di servizi di investimento appartenente al Gruppo Banco BPM (il "Gruppo"), ed è soggetta all'attività di direzione e coordinamento di Banco BPM (la "Capogruppo"). La banca è iscritta all'albo delle Banche al n. 5328 ed è soggetta alla regolamentazione e alla vigilanza di Banca d'Italia e Consob.

La banca ha prodotto il presente documento solo per i propri clienti professionali ai sensi della Direttiva 2016/65/CE, del Regolamento Delegato 2016/598 e dell'Allegato 3 del Regolamento Intermediari Consob (Risoluzione n. 16190).
Esso è prodotto e distribuito dal giorno 21 giugno 2019, ore 08:42 italiane.
Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/598, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto specialista del titolo PLC, quotato sul segmento MTA.**

Gli analisti di Banca Akros, che hanno redatto il presente documento, hanno maturato una significativa esperienza presso Banca Akros e altri intermediari.

Detti analisti e i loro familiari non detengono Strumenti Finanziari emessi dagli Emittenti oggetto di analisi, né svolgono ruoli di amministrazione, direzione o consulenza per gli Emittenti, né gli analisti ricevono bonus, stipendi o altre forme di retribuzione correlate, direttamente o indirettamente, al successo di operazioni di investment banking.

Banca Akros, nell'ultimo anno, non ha pubblicato studi sulla società oggetto di analisi in quanto trattasi di inizio copertura.

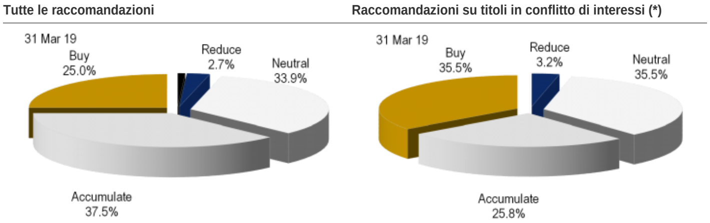
Ai sensi delle disposizioni Consob di attuazione dell'art. 114, comma 8 del D.Lgs 58/98 (TUF) ed in particolare ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/598, Banca Akros rende disponibili ulteriori informazioni sul proprio sito web:
http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx.

Le informazioni e le opinioni contenute in questo documento si basano su fonti ritenute attendibili. La provenienza di dette informazioni e il fatto che si tratti di informazioni già rese note al pubblico è stata oggetto di ogni ragionevole verifica da parte di Banca Akros. Banca Akros tuttavia, nonostante le suddette verifiche, non può garantire in alcun modo né potrà in nessun caso essere ritenuta responsabile qualora le informazioni alla stessa fornite, riprodotte nel presente documento, ovvero sulla base delle quali è stato redatto il presente documento, si rivelino non accurate, complete, veritiere ovvero corrette.

Il documento è fornito a solo scopo informativo; esso non costituisce proposta contrattuale, offerta o sollecitazione all'acquisto e/o alla vendita di strumenti finanziari o, in genere, all'investimento, né costituisce consulenza in materia di investimenti. Banca Akros non fornisce alcuna garanzia di raggiungimento di qualunque previsione e/o stima contenuto nel documento stesso. Inoltre Banca Akros non assume alcuna responsabilità in merito a qualsivoglia conseguenza e/o danno derivante dall'utilizzo del presente documento e/o delle informazioni in esso contenute. Le informazioni o le opinioni ivi contenute possono variare senza alcun conseguente obbligo di comunicazione in capo a Banca Akros, fermi restando eventuali obblighi di legge o regolamentari.

E' vietata la riproduzione e/o la ridistribuzione, in tutto o in parte, direttamente o indirettamente, del presente documento, non espressamente autorizzata.

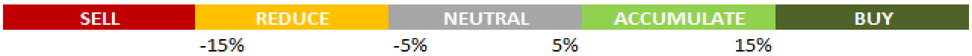
Percentuale delle raccomandazioni al 31 marzo 2019



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 27.68% del totale degli emittenti oggetto di copertura

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

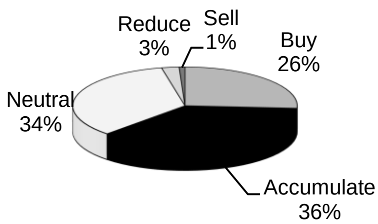
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended**: the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, …) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website Link
Date and time of production: ***28 May 2019 08:42 am CET***
First date and time of dissemination: ***28 May 2019 08:47 am CET***

Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ('ESN'). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ('related investments'). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc. (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website (http://www.esnpartnership.eu/research_and_database_access/insite)

or refer to the local disclaimer of the Members, or contact directly the Memberwww.bancaakros.it regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

www.caixabi.pt regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

www.cmcicms.com regulated by the AMF - Autorité des marchés financiers

www.ibg.gr regulated by the HCMC - Hellenic Capital Market Commission

www.op.fi regulated by the Financial Supervision Authority

www.valores.gvcgaesco.es regulated by CNMV - Comisión Nacional del Mercado de Valores

Members of ESN (European Securities Network LLP)

Banca Akros S.p.A.
Viale Eginardo, 29
20149 MILANO
Italy
Phone: +39 02 43 444 389
Fax: +39 02 43 444 302

GVC Gaesco Beka, SV, SA
C/- Fortuny 17
28010 Madrid
Spain
Phone: +34 91 436 7813

Caixa-Banco de Investimento
Avenida João XXI, 63
1000-300 Lisboa
Portugal
Phone: +351 21 313 73 00
Fax: +351 21 389 68 98

Investment Bank of Greece
32 Aigialeias Str & Paradissou,
151 25 Maroussi,
Greece
Phone: +30 210 81 73 383

CM - CIC Market Solutions
6, avenue de Provence
75441 Paris
Cedex 09
France
Phone: +33 1 53 48 81 93

OP Corporate Bank plc
P.O.Box 308
Teollisuuskatu 1, 00013 Helsinki
Finland
Phone: +358 10 252 011
Fax: +358 10 252 2703