PLC

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Italy | Energy

Investment Research

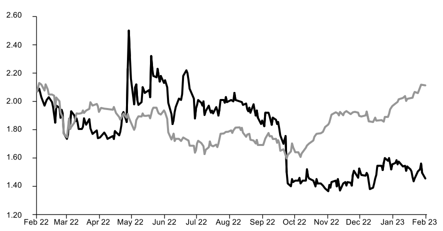
Company Update | **Reason: Estimates revision** | *8 February 2023*

Buy	
from Neutral	
Share price: EUR	**1.47**
closing price as of 07/02/2023	
Target price: EUR	**2.00**
from Target Price: EUR	*1.60*
Upside/Downside Potential	**36.5%**
Reuters/Bloomberg	PLC.MI/PLC IM
Market capitalisation (EURm)	**38**
Current N° of shares (m)	26
Free float	**26%**
Daily avg. no. trad. sh. 12 mth (k)	27
Daily avg. trad. vol. 12 mth (k)	15.72
Price high/low 12 months	2.50 / 1.37
Abs Perfs 1/3/12 mths (%)	-5.79/7.33/-29.23

Key financials (EUR)	**12/21**	**12/22e**	**12/23e**
Sales (m)	75	74	77
EBITDA (m)	8	(2)	1
EBITDA margin	*10.2%*	*nm*	*1.0%*
EBIT (m)	5	(5)	(2)
EBIT margin	*6.5%*	*nm*	*nm*
Net Profit (adj.)(m)	3	(4)	(2)
ROCE	10.2%	-9.8%	-4.4%
Net debt/(cash) (m)	3	7	9
Net Debt Equity	*0.1*	*0.3*	*0.4*
Net Debt/EBITDA	0.3	-3.8	12.0
Int. cover(EBITDA/Fin.int)	8.2	(4.8)	1.1
EV/Sales	0.8	0.7	0.6
EV/EBITDA	7.5	nm	62.1
EV/EBITDA (adj.)	7.5	nm	62.1
EV/EBIT	11.8	nm	nm
P/E (adj.)	18.8	nm	nm
P/BV	1.9	1.7	1.7
OpFCF yield	*-1.4%*	*-11.2%*	*-5.5%*
Dividend yield	*0.0%*	*0.0%*	*0.0%*
EPS (adj.)	0.11	(0.15)	(0.08)
BVPS	1.09	0.94	0.86
DPS	0.00	0.00	0.00

Shareholders

Fraes 74%;



Source: FactSet

Analyst(s)

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Good opportunities ahead after a tough year

On 23 December 2022, PLC released its new business plan to 2027. After the exceptional headwinds reported in H1 22, the company is now rejigging its business mix in order to tap into the opportunities of the "Renewable wave", while limiting the execution risk and levering its skills in a very tight supply market. Despite our prudent stance on targets, we argue that the underlying trends are strong enough to support double-digit revenue growth until 2027, with reasonable visibility. As such, we have upgraded our recommendation to Buy (from Neutral) and our TP to EUR 2.0/sh (from EUR 1.6).

- ✓ The new business plan is based on **three pillars**: 1) **organic growth**, particularly in the utility-scale photovoltaic plants, in medium-tension electric substations and in the biogas segment; 2) **streamlining and enhancement of the operating structure**, with operating leverage supporting the recovery of profitability; 3) **technical investments** (capex) in inventories and innovation (cutting-edge solutions for the Service business). **The company targets EUR 140/150m in revenues (~+14% CAGR) and an EBITDA margin of 8/10% in 2027.**
- ✓ **The business environment is extremely supportive.** Market demand remains strong, thanks to the recently approved public incentive schemes and the urgent need to decrease fossil fuel dependency at the national and European level. It is worth noting that the delayed approval of the incentive schemes has severely affected the development of renewables in Italy over the last few years. By contrast, the current, much more favourable stance of lawmakers and governments is clearly beneficial.
- ✓ Business development at PLC seems sound as well. The company explained that ~80% of the 2023 revenue target was already covered by backlog at the end of 2022. Furthermore, we assume PLC has already saturated its capacity for 2023, since the contracts announced in November/December 2022 are due to be completed by Q1/Q2 2024. **Therefore, visibility on the company targets is relatively high for – at least – the next two years.**
- ✓ Since most of the recovery is back-ended, we have extended our forecast period to 2027, keeping a reasonable discount on the exit point. Indeed, **we expect the underlying trends in the renewable market to continue in the next few years, thus leaving room for PLC to grow at a double-digit CAGR**. Nevertheless, given the low visibility on the Construction business, we have projected 2027 revenues and EBITDA ~10/15% below the company's mid-point guidance respectively.
- ✓ **Our DCF model** is still based on conservative assumptions (WACC: 10%; g: 0.5%) and, after our estimates revision, **points to EUR 2.0 per share, which we set as our new target price (vs. the previous EUR 1.6/sh).** We stress that, despite the prudent view on the business plan and the stable valuation parameters, the prospects remain solid. **Given the healthy upside (>30%), we have moved our recommendation from Neutral to Buy.**

Produced by:

Banca Akros
GRUPPO BANCO BPM

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Macro scenario

The outlook on the renewable sector remains extremely strong. The investments planned at the European and Italian level are expected to boost renewable energy capacity for years to come, in light of the ambitious decarbonisation targets envisaged by the “Fit for 55” plan to 2030 and the net-zero target by 2050.

Ecological transition: the MITE Strategic agenda

On 29 October 2021, the Ministry for Ecological Transition (“MITE”) presented its Strategic agenda to ratchet up the installation of renewable capacity, in the light of the new, challenging targets set by the EU’s “**Fit for 55**” plan.

Firstly, GSE auctioned the whole 3.3 GW available capacity in February 2022 and has already planned further calls for tenders, should the ongoing auction leave some unassigned capacity.

Italian renewable capacity: auction results

MW	date	New capacity	Total capacity	Assigned	Coverage
First auction	Oct-19	730	730	588	*80.5%*
Second auction	Feb-20	730	872	522	*59.8%*
Third auction	Jun-20	990	1,341	434	*32.4%*
Fourth auction	Oct-20	990	1,882	466	*24.7%*
Fifth auction	Feb-21	1,045	2,461	298	*12.1%*
Sixth auction	Jun-21	1,170	3,316	821	*24.7%*
Seventh auction	Oct-21	2,330	4,825	1,470	*30.5%*
Eighth auction	Jan-22	0	3,355	444	*13.2%*
Ninth auction	Jun-22	0	2,857	520	*18.2%*
Tenth auction	Oct-22	0	2,337	ongoing	
Total		**7,985**		**4,630**	
Not assigned		**3,355**			

Source: Banca Akros on GSE data

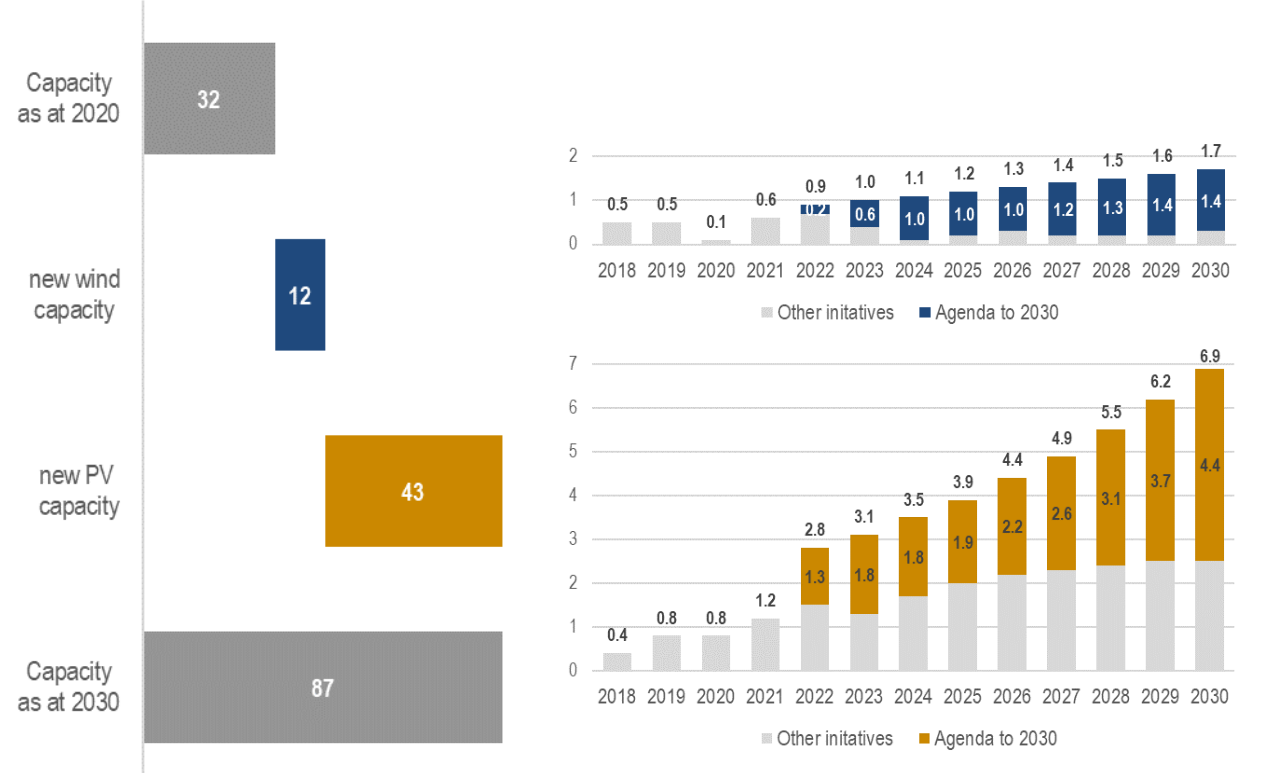
Furthermore, the MITE launched a new mechanism for capacity auctions, based on three pillars:

- ✓ **Stability and efficiency**: the auctions will be planned on a 5-year basis, in order to increase visibility on the government’s policy, and will be held continuously, with at least three calls for tenders per year;
- ✓ **Bureaucracy streamlining**: the registry for small plants (<1 MW) will be abolished, while the guarantees on larger plants will be simplified;
- ✓ **Innovation**: new incentives will focus on self-consumption and storage.

In the first phase, new auctions will be launched under the current, extended framework (“FER 1”), while the new planning tools will come into force gradually and will be backed by the resources earmarked in the National Recovery and Resiliency Plan (“PNRR”).

The backbone of MITE’s Agenda will be wind and solar power, as shown in the chart below.

Strategic agenda to 2030: non-programmable renewable sources



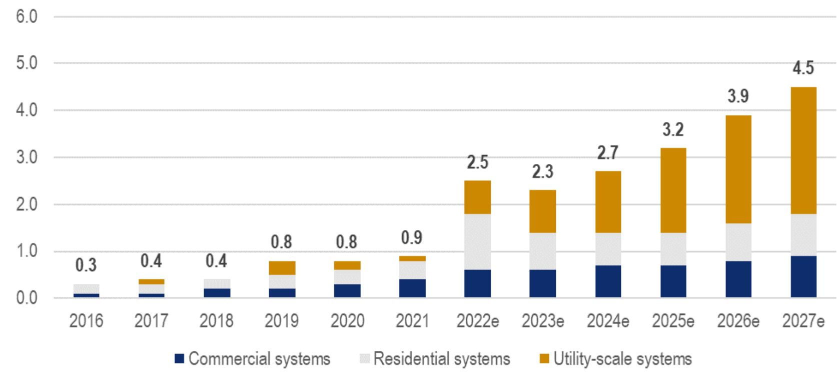
Source: MITE strategic agenda

Furthermore, we note that an additional 3 GW in programmable renewable capacity is expected to be installed by 2030. Nearly **1.5 GW will come from biogas plants**.

Construction

Photovoltaic is expected to account for almost 80% of the additional renewable capacity in Italy by 2030. In particular, “utility-scale” PV (usually larger than 1 MW/10 MW) will have the lion’s share, growing two-to-threefold from nearly 19 GW to over 61 GW. On top of that, “distributed” rooftop plants will increase from 3 GW to 15 GW.

PV capacity: additions to 2027 by segment (GW)



Source: EIA 2022 Renewables report

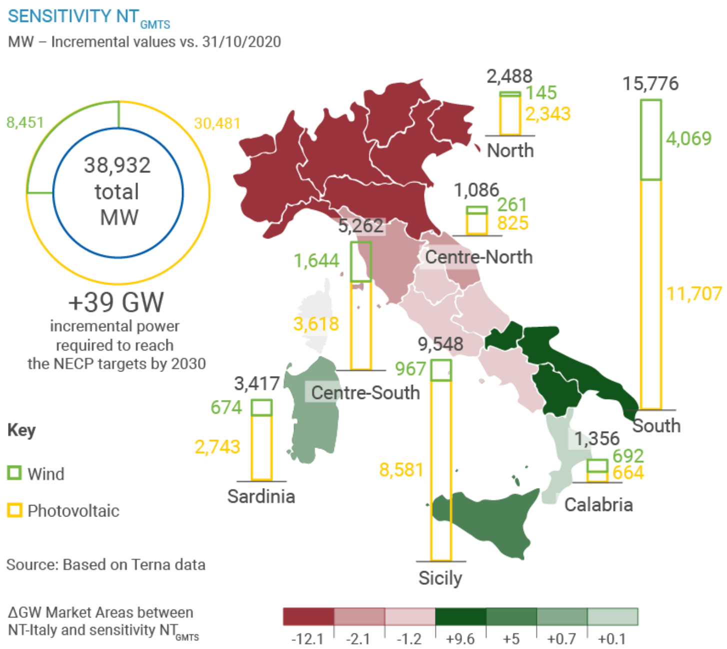
We argue that there is **a lot of room to grow in the utility-scale segment**, since most of the recent additions (2021/22) were due to residential systems, which have been boosted by the "Superbonus" framework and other public schemes to support energy-efficient renovations. Indeed, at the end of Q3 2022, plants with less than 1 MW capacity accounted for 78% of the total PV capacity (18.9 GW out of 24.2 GW).

As regards the new **wind capacity** targets, although plans are less ambitious, annual installations are expected to double compared with 2021 levels (less than 1 GW), thus targeting ~6 GW in new capacity by 2027, almost entirely onshore.

Region-wise, an analysis by Terna shows that **installations in northern Italy are lagging behind the updated plan's targets to 2030** (harmonised with the "Fit for 55" targets), whereas southern Italy already boasts 15 GW excess capacity compared with the actual needs. As such, northern Italy needs to catch up rapidly (~12 GW entirely PV to be installed by 2030), while Terna will invest ~EUR 18bn to build interconnections over the next few years.

We argue that this regional imbalance is a huge opportunity, which PLC is targeting by widening its geographic focus on central and northern Italy.

Italy: current capacity compared with "New-trend Italy" plan



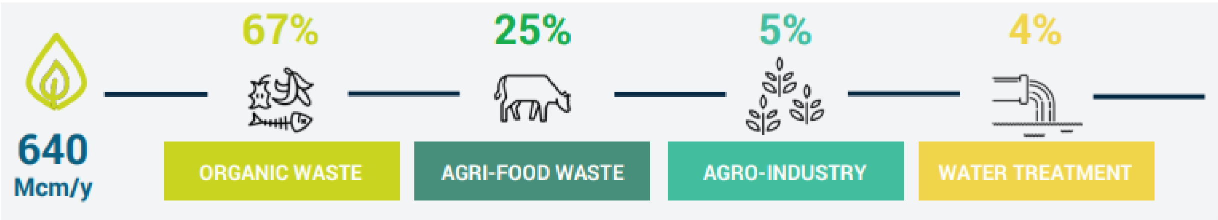
Source: Terna's national electricity transmission grid development plan

Biogas and biomethane

Italy is the second largest producer of biogas in the EU, with more than 20,000 operating plants and a production of over 2bn cm. Nevertheless, there is still a large, untapped potential, particularly for refined biomethane, to be pumped into the gas network. Indeed, according to Italgas, biomethane could make up for as much as 20/30% of the EU's gas needs, while it barely covers 5% of the current demand.

As regards Italy, biogas may account for up to 10% of the gas needs (~8/10bn cm), while the current **production potential is ~640MScm** from 81 plants. However, the **actual production output is only ~220 Mcm** (Assogasmetano's 2021 report), **since only 27 plants are operating**.

Italy: potential biomethane production by source



Source: Italgas 2021/27 Strategic Plan

The long-awaited incentive scheme for biomethane was passed on 15 September 2022 by the MITE and came into force on 27 October. **The decree includes the allocation of EUR 1.73bn in the PNRR** and provides for non-repayable grants worth 40% of the plant production cost. The subsidised tariffs were set at EUR 110/115 per MWh (for agricultural plants with production above or below 100 Scm/h respectively) and EUR 62/MWh (for organic waste plants of any size) for a 15-year period.

The total capacity to be auctioned is 257k Scm/h, of which 67k in 2022 and 95k each in 2023 and 2024.

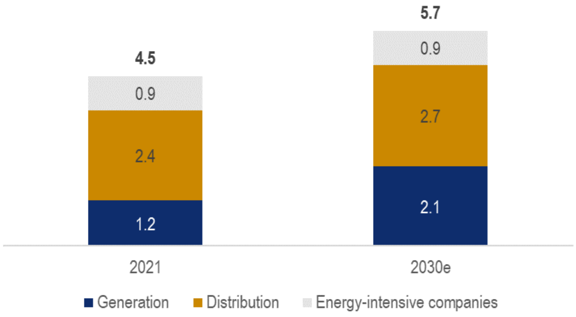
The National biogas consortium estimates that Italy **produces ~130 Mcm of biomethane from organic waste**, while the pipeline unlocked by the government decree will enable national production to reach **300 Mcm by 2025** (thanks to 50 new or repowered plants) and 1 Bcm by 2030.

Furthermore, the Consortium claims that agricultural biogas, which is currently produced by 1,700 plants with an overall capacity of 1,014 MW, **has a potential of ~4Bcm by 2026 and ~6.5 Bcm by 2030.**

Electric infrastructure

Along with the expected expansion of the renewable capacity, the need for grid connections will increase steadily. PLC estimates high-tension connections will increase by **3% CAGR** by 2030, or more than 1.2k new connections, mostly concentrated in the generation segment (+6%), i.e. PLC's main target market.

Electric infrastructure: No. of connections



Source: PLC business plan 2023/27

Service

The O&M business is an increasingly attractive market as the windfarm fleet grows old. Indeed, upkeep activities are crucial to keeping turbines up and running, particularly towards the end of their useful life, i.e. 20/25 years.

At the European level, 14 GW (~6% of current capacity) of the existing fleet have already been running for more than 20 years, while another 29 GW will reach the same threshold over the next five years. By 2030, 78 GW (17% of the projected ~450 GW capacity) is estimated to be more than 20 years old.

As regards **Italy**, the slow development of wind technology and the need to ramp up additional capacity **emphasise the ageing trend**.

According to ANEV (National association of wind energy producers), **the Italian wind fleet was 9 years old on average in 2019 and is expected to be 21 years old in 2030**. Moreover, over 3 GW of capacity (~30% of the current capacity) could be decommissioned or repowered as it would have reached the 25-year threshold.

The above implies a constant, extremely fast-growing market as the 20+ year-old turbines may grow at over 20% CAGR until 2030 while overall wind capacity is expected to grow at a 7% CAGR.

2023/27 Business plan

We briefly discuss the three pillars the business plan is based on.

Organic growth

PLC is rejigging its business mix in order to address and tap into the opportunities unlocked by the current environment.

The group will focus on the **Construction** business, which has suffered heavily from the temporary supply chain disruption and from cost inflation during 2022. In particular, PLC is targeting:

- ✓ Growth in the **electric infrastructure** business, also thanks to the switch towards lower tension substations (from 150 kV to 36 kV) as a growing number of small-size generation plants are being linked into the national grid. PLC has already developed a commercial solution, which ought to benefit from a higher degree of standardisation.
- ✓ Relaunch of the **construction of photovoltaic plants**: over the last few years, PLC has paid a great deal of attention to the wind sector, although windfarms have a high incidence of "civil works" (which PLC usually has to contract out). PV is much closer to the group's core business and will enable it to better lever its competitive edge. Furthermore, we understand that PLC is targeting small- and mid-sized plants, which better fit its financial structure. The management forecast to install 50 MW in PV capacity p.a. in 2027, whereas the broader market is expected to reach 4/5 GW p.a. up to 2030 (with a CAGR of 14% in the 2021/30 timeframe).
- ✓ Further expansion in the **biogas and biomethane segment**. The group forecasts further development of Schmack, the subsidiary acquired in early-2020 and which has been experiencing strong growth since H2 2021, both in Italy and abroad.

The **Service** business proved much more resilient in 2022, except for the Erection&Installation activity in the wind segment (which was severely impacted by supply chain issues). PLC will lever its contract portfolio and skills to further increase its O&M activity, including that in the wind segment. A turnaround of foreign operations is also envisaged.

Geography-wise, PLC now aims to expand in northern and central Italy, starting from its strong competitive position in southern Italy. Unlike the previous business plan, **expansion abroad is no longer envisaged**. We understand that, until 2020, PLC had sought business opportunities in foreign markets in order to mitigate the severe slowdown in the Italian renewable energy market, which was mainly due to the delayed approval of the subsidy schemes (the well-known "FER" decrees).

Nowadays, the PNRR funds, along with the energy crisis stemming from the geopolitical tensions between Europe and Russia, have unlocked unprecedented investment plans and, in general, more favourable political support for the development of renewables in Italy.

Streamlining and enhancement of operating structure

The main actions include:

- ✓ New hirings and improvement in **human capital**. The lack of skilled personnel (particularly technicians and engineers) is among the main issues at the market level. PLC already boasts a specialised workforce, which in any case has to be bolstered in order to accomplish the business plan's growth path.
- ✓ **Efficiency of operating processes** and **streamlining of corporate structure**. PLC will reorganise its business areas and operating subsidiaries. In 2022, PLC already carved out PLC Service Wind (from PLC Service), a company specialised in wind O&M, and PLC Power (from PLC System), focused on greenfield and brownfield BOT ("Build Operate Transfer") projects. 100% of both companies was transferred to the parent company PLC. Further reorganisation is envisaged as the group will dispose of non-core companies.

Technical investments

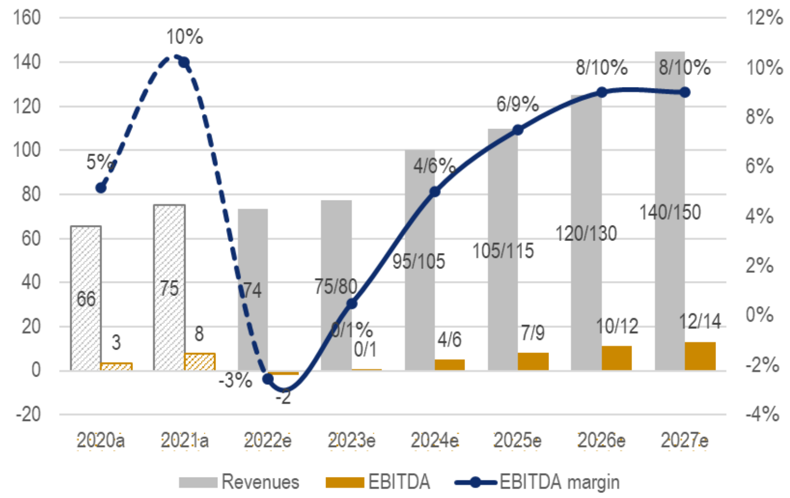
PLC plans to pour a cumulative ~EUR 20m into technical investments over the 2023/27 timeframe, including:

- ✓ **Technology platform and know-how**: the group is setting up a new "hub" in northern Italy to expand its construction activity and another one in Sicily to improve its maintenance business; furthermore, the group will increase its stockpile of spare parts and tools;
- ✓ **Innovation**: PLC will continue to invest in cutting-edge solutions (such as augmented reality, AI for predictive maintenance) to improve the efficiency and the profitability of its operations. In this respect, PLC created the "**New Projects**" division in 2021;
- ✓ **Projects development**: the group will invest in the early-stage development of greenfield renewable projects to drive future EPC and O&M activities. Therefore, we understand that the BOT business will remain marginal.

Financial targets

We summarise the main financial targets in the charts below.

Business plan 2022/27: revenue and profitability targets



Source: company data

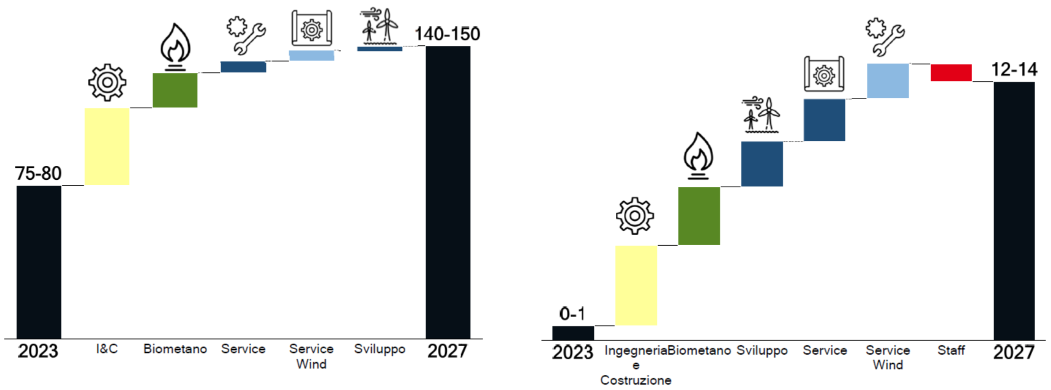
As a reminder, 2021 results were boosted at the EBITDA level by the capital gain on the EDPR disposal, whereas in 2022 they suffered from the companies' temporary difficulties in the Construction segment and in the E&I activities within the Service area.

PLC targets above 14% CAGR revenue growth over the 2023/27 timeframe. We estimate that Construction will fuel ~50% of revenue growth, as the group is expected to overcome the difficulties in wind construction (which affected 2022 performance) and relaunch its PV production.

Biomethane will be the second largest contributor. We estimate that O&M activities (under the "Service" and the "Service wind" labels) will grow single digit over the plan timeframe, thus continuing their regular growth path since no significant setback has affected operations in the last few years.

Likewise, the most relevant contributors to EBITDA will be construction and biomethane. As regards Service, we argue that the positive contribution is mainly linked to higher operating leverage and, to a lesser extent, the reorganisation of the Service activity abroad.

Business plan 2022/27: contribution by business line



Source: company data

However, the rebound in EBITDA is expected to be still quite mild in 2023, since the group will face upfront expenses and reorganisation costs as it prepares to reach the following years' targets. By contrast, operating leverage ought to support profitability thereafter, as the incidence of fixed costs on the top-line is expected to drop by 10pp in 2027 vs. 2023.

Operating cash generation is expected to be negative in 2023/24, due to the technical capex and the higher inventories, thus pushing net debt up in the first few years of the plan, before falling back to less than 2x EBITDA. The company also expects to distribute ~EUR 6m in dividends over the plan timeframe (likely as of 2024).

Estimates revision

We highlight that the business environment remains extremely supportive. Market demand is strong, thanks to the recently approved public incentive schemes and the urgent need to decrease fossil fuel dependency at the national and European level. It is worth noting that the delayed approval of the incentive schemes has severely affected the development of renewables in Italy over the last few years. By contrast, the current, much more favourable stance, of lawmakers and governments is clearly beneficial.

The business development at PLC seems sound as well. The company explained that **~80% of the 2023 revenue target was already covered by backlog** at the end of 2022. Furthermore, we assume PLC has already saturated its capacity for 2023, since the contracts announced in November/December 2022 are due to be completed by Q1/Q2 2024. **Therefore, visibility on the company targets is relatively high for – at least – the next two years.**

PLC: estimates review summary

	2023e			2024e			2025e		
	New	Old	Δ%	New	Old	Δ%	New	Old	Δ%
Total revenues	77.0	84.1	*-8.5%*	89.3	92.5	*-3.5%*	101.8	95.6	*6.5%*
EBITDA	0.8	4.1	*-80.9%*	4.5	6.4	*-29.5%*	7.4	8.1	*-8.6%*
margin	*1.0%*	*4.8%*	*-3.8pp*	*5.1%*	*6.9%*	*-1.9pp*	*7.2%*	*8.4%*	*-1.2pp*
EBIT	(2.1)	1.2	*nm*	1.6	3.5	*-53.9%*	4.5	5.2	*-13.4%*
margin	*-2.8%*	*1.4%*	*-4.2pp*	*1.8%*	*3.8%*	*-2.0pp*	*4.4%*	*5.4%*	*-1.0pp*
Net profit	(2.1)	0.4	*nm*	0.5	2.1	*-75.5%*	2.7	3.3	*-20.5%*
Net debt (cash)	9.3	5.3	*76.1%*	9.2	2.9	*217%*	7.3	(2.0)	*nm*

Source: Banca Akros estimates

After the H1 2022 release, we revised our estimates to perform a "stress test"; we cut revenue growth, assumed a prudent recovery in EBITDA and a temporary increase in leverage. In light of the 2023/27 business plan, we note that our revenue estimates were broadly in line with the management's new targets for 2023/24, and much more conservative thereafter. As regards EBITDA, our forecast was a bit too optimistic, particularly as regards the timing of the rebound.

Since most of the recovery is back-ended, we have extended our forecast period to 2027, keeping a reasonable discount on the exit point. Indeed, **we expect the underlying trends in the renewable market to continue in the next few years, thus leaving room for PLC to grow at a double-digit CAGR**. Nevertheless, given the low visibility on the Construction business, we have projected 2027 revenues and EBITDA ~10/15% below the company's mid-point guidance respectively.

We have included the company's forecast of EUR 20m in "technical investments", split into ~EUR 5m in additional inventories and ~EUR 15m in capex at a stable ratio of EUR 3/3.5m p.a. As a result, we see the net debt rising to EUR 9m in 2023, with progressive deleveraging as of 2024.

We have set a pay-out ratio between 50 and 75%, which we argue fits PLC's target of EUR 6m in cumulated dividends until 2027.

PLC: new 2023/27 estimates

	FY 2021a	FY 2022e	Δ% Y/Y	FY 2023e	Δ% Y/Y	FY 2024e	Δ% Y/Y	FY 2025e	Δ% Y/Y	FY 2026e	Δ% Y/Y	FY 2027e	Δ% Y/Y
Total revenues	75.1	73.6	*-2.0%*	77.0	*4.6%*	89.3	*16.0%*	101.8	*14.0%*	113.7	*11.7%*	127.2	*11.8%*
EBITDA	7.7	(1.9)	*nm*	0.8	*-141%*	4.5	*482%*	7.4	*63.1%*	9.4	*27.5%*	10.9	*15.7%*
margin	*10.2%*	*-2.6%*		*1.0%*		*5.1%*		*7.2%*		*8.3%*		*8.5%*	
EBIT	4.9	(4.8)	*nm*	(2.1)	*-56%*	1.6	*nm*	4.5	*176%*	6.5	*45.4%*	8.0	*22.7%*
margin	*6.5%*	*-6.5%*		*-2.8%*		*1.8%*		*4.4%*		*5.7%*		*6.3%*	
Net financial charges	(0.9)	(0.4)		(0.7)		(0.9)		(0.9)		(0.7)		(0.5)	
Pre-tax profit	3.9	(5.2)	*nm*	(2.9)	*-45%*	0.7	*nm*	3.5	*415%*	5.8	*62.7%*	7.5	*29.4%*
Taxes	(1.0)	1.3		0.7		(0.2)		(0.9)		(1.4)		(1.9)	
Net profit	2.9	(3.9)	*nm*	(2.1)	*-45%*	0.5	*-124%*	2.7	*415%*	4.3	*62.7%*	5.6	*29.4%*
NWC	11.7	13.7		13.1		13.1		13.6		14.4		15.8	
Capex	1.4	1.7		3.5		3.6		3.1		2.8		2.5	
Net debt (cash)	2.7	7.3	*nm*	9.3	*nm*	9.2	*-0.7%*	7.3	*-21.2%*	5.0	*-30.7%*	3.5	*-29.7%*

Source: Banca Akros estimates

We note that two bank loans (accounting for EUR 4.5m out of EUR 10.8m gross debt) include the following covenants.

Covenants on bank loans

Loan	Borrower	Issued	Due date	Residual amount as at 30 June 2022 (EURm)	Covenants (on consolidated data)
BNL	PLC Service	Jul-2018	Jul-2029	1.08	Net debt/EBITDA<3x Net debt/equity<3.5x
BNL	PLC SpA	Jan-2019	Jan-2024	3.43	Net debt/EBITDA<2x Net debt/equity<1.5x

Source: company data

The covenants will be breached only if both parameters are not met at the same time. Although PLC is likely to miss the net debt/EBITDA ratio in 2022 and 2023, the solvency requirements are expected to remain healthy over the entire business plan timeframe, as we expect net debt/equity to peak at ~0.5x in 2023.

Valuation

Our DCF model is still based on conservative assumptions (cost of equity = WACC: 10%; D/E: 0; g: 0.5%) and, after our estimates revision, **points to EUR 2.0 per share, which we have set as our new target price** (vs. the previous EUR 1.6/sh).

We stress that, despite the prudent view on the business plan and the unchanged financial parameters, the prospects remain solid. **Given the healthy upside (>30%), we have moved our recommendation from Neutral to Buy.**

CASH FLOW (EUR m)	2020a	2021a	2022e	2023e	2024e	2025e	2026e	2027e	TY
Net Sales	65.5	75.1	73.6	77.0	89.3	101.8	113.7	127.2	129.1
% change	*43.7%*	*14.6%*	*-2.0%*	*4.6%*	*16.0%*	*14.0%*	*11.7%*	*11.8%*	*1.5%*
EBITDA	3.4	7.7	-1.9	0.8	4.5	7.4	9.4	10.9	11.0
% margin	*5.2%*	*10.2%*	*-2.6%*	*1.0%*	*5.1%*	*7.2%*	*8.3%*	*8.5%*	*8.5%*
D&A	2.7	2.8	2.9	2.9	2.9	2.9	2.9	2.9	3.0
% sales	*4.1%*	*3.7%*	*3.9%*	*3.8%*	*3.2%*	*2.8%*	*2.6%*	*2.3%*	*2.3%*
EBITA	0.7	4.9	(4.8)	(2.1)	1.6	4.5	6.5	8.0	8.0
Taxes	(0.2)	(1.3)	1.2	0.5	(0.4)	(1.1)	(1.6)	(2.0)	(2.0)
Normative tax rate	*27.0%*	*25.7%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
NOPLAT	**0.5**	**3.6**	**(3.6)**	**(1.6)**	**1.2**	**3.4**	**4.9**	**6.0**	**6.0**
D&A	2.7	2.8	2.9	2.9	2.9	2.9	2.9	2.9	3.0
Gross OCF	**3.2**	**6.4**	**(0.7)**	**1.3**	**4.1**	**6.3**	**7.8**	**8.9**	**9.0**
Capex	(3.6)	(1.4)	(1.7)	(3.5)	(3.6)	(3.1)	(2.8)	(2.5)	(3.0)
Change in NWC	(1.0)	(5.1)	(2.0)	0.6	0.0	(0.5)	(0.8)	(1.5)	0.0
CF to be discounted	**(1.3)**	**(0.0)**	**(4.3)**	**(1.5)**	**0.6**	**2.7**	**4.2**	**4.9**	**6.0**

Source: Banca Akros estimates

PLC: DCF Analysis

Cumulated DCF	10.9
Perpetual Growth Rate (g)	*0.5%*
Normalised Annual CF	6.0
Terminal Value (EUR m)	71.7
Disc. Rate of Terminal Value	0.63
Discounted Terminal Value	44.9
Financial assets	2.1
Enterprise Value (EUR m)	**57.9**
Net Financial Debt (EUR m, 2021)	(2.7)
Minorities (estimated value)	0.0
Pension provisions	(3.8)
Equity Market Value (EUR m)	**51.4**
Number of shares (m)	26.0
Fair Value per share (EUR)	**1.98**
Price (EUR) as at 07/02/23	1.47
Potential upside (downside)	*34.7%*

Source: Banca Akros estimates

Our usual multiple-based valuation is not meaningful, as it takes into account EBITDA and net income, with the latter expected to be negative in FY 22 and FY 23. In any case, a multiple-based valuation would be significantly depressed, given the recovery path the company is undertaking, which ought to bring profitability back to PLC's historical standards as of 2026/2027.

We provide below the current market multiples of our peer panel.

Peer Group Valuation

	Market Cap (m)	*EV/Sales*			*EV/EBITDA*			*P/E*		
		2022E	*2023E*	*2024E*	*2022E*	*2023E*	*2024E*	*2022E*	*2023E*	*2024E*
ABO WIND AG	793.0	4.3	3.8	3.4	21.7	19.2	17.4	39.9	33.9	30.0
EOLUS VIND AB	251.1	1.0	1.2	0.9	17.7	6.3	4.6	158.2	9.1	6.8
ENERGIEKONTOR	1,091.0	7.3	5.1	5.1	15.2	12.3	11.8	29.1	21.9	21.4
COMAL SPA	31.9	1.1	0.8	0.6	14.2	10.3	8.4	n.a.	n.a.	n.a.
Average		**3.0**	**2.4**	**2.2**	**17.2**	**18.7**	**11.3**	**75.8**	**21.6**	**38.3**
Average (ex Comal)		**1.4**	**1.3**	**1.2**	**16.4**	**12.3**	**11.8**	**39.9**	**21.9**	**25.7**

Source: Bloomberg consensus as at 1 February2022

PLC: Summary tables

PROFIT & LOSS (EURm)	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Sales	**65.5**	**75.1**	**73.6**	**77.0**	**89.3**	**102**
Cost of Sales & Operating Costs	-62.2	-67.4	-75.5	-76.2	-84.8	-94.4
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**3.4**	**7.7**	**-1.9**	**0.8**	**4.5**	**7.4**
EBITDA (adj.)*	**3.4**	**7.7**	**-1.9**	**0.8**	**4.5**	**7.4**
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	**3.4**	**7.7**	**-1.9**	**0.8**	**4.5**	**7.4**
EBITA (adj)*	**3.4**	**7.7**	**-1.9**	**0.8**	**4.5**	**7.4**
Amortisations and Write Downs	-2.7	-2.8	-2.9	-2.9	-2.9	-2.9
EBIT	**0.7**	**4.9**	**-4.8**	**-2.1**	**1.6**	**4.5**
EBIT (adj.)*	**0.7**	**4.9**	**-4.8**	**-2.1**	**1.6**	**4.5**
Net Financial Interest	-1.0	-0.9	-0.4	-0.7	-0.9	-0.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	-0.1	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	**-0.3**	**3.9**	**-5.2**	**-2.9**	**0.7**	**3.5**
Tax	0.3	-1.0	1.3	0.7	-0.2	-0.9
Tax rate	*81.0%*	*25.7%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.1	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	**-0.0**	**2.9**	**-3.9**	**-2.1**	**0.5**	**2.7**
Net Profit (adj.)	**-0.2**	**2.9**	**-3.8**	**-2.1**	**0.5**	**2.6**

CASH FLOW (EURm)	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Cash Flow from Operations before change in NWC	2.6	5.7	-1.0	0.8	3.4	5.6
Change in Net Working Capital	-1.0	-5.1	-2.0	0.6	0.0	-0.5
Cash Flow from Operations	**1.7**	**0.7**	**-3.0**	**1.4**	**3.4**	**5.0**
Capex	-3.6	-1.4	-1.7	-3.5	-3.6	-3.1
Net Financial Investments	4.3	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	**2.5**	**-0.7**	**-4.7**	**-2.1**	**-0.2**	**2.0**
Dividends	0.0	0.0	0.0	0.0	0.0	-0.3
Other (incl. Capital Increase & share buy backs)	-1.0	-1.0	-0.0	-0.1	-0.2	-0.2
Change in Net Financial Debt	**1.4**	**-1.8**	**-4.7**	**-2.2**	**-0.4**	**1.5**
NOPLAT	0.5	3.6	-3.5	-1.6	1.2	3.3

BALANCE SHEET & OTHER ITEMS (EURm)	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Net Tangible Assets	8.9	8.5	7.3	7.9	8.5	8.7
Net Intangible Assets (incl.Goodwill)	16.2	14.7	14.7	14.7	14.7	14.7
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	**25.1**	**23.2**	**22.0**	**22.5**	**23.2**	**23.4**
Inventories	4.3	4.5	6.6	6.9	8.0	9.2
Trade receivables	28.2	36.3	35.6	36.4	39.3	44.8
Other current assets	3.3	3.9	3.8	4.3	6.7	7.3
Cash (-)	-10.3	-10.8	-8.8	-8.1	-8.1	-8.7
Total Current Assets	**46.1**	**55.5**	**54.8**	**55.7**	**62.1**	**70.0**
Total Assets	**71.2**	**78.7**	**76.7**	**78.2**	**85.3**	**93.4**
Shareholders Equity	24.9	28.4	24.5	22.3	22.9	25.3
Minority	-0.1	0.0	0.0	0.0	0.0	0.0
Total Equity	**24.8**	**28.4**	**24.5**	**22.3**	**22.9**	**25.3**
Long term interest bearing debt	9.3	8.5	10.1	10.9	10.9	10.0
Provisions	2.6	2.8	2.9	2.9	3.0	3.1
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	1.0	1.0	1.0	1.2	1.3
Total Long Term Liabilities	**12.1**	**12.3**	**13.9**	**14.8**	**15.0**	**14.4**
Short term interest bearing debt	5.1	5.1	6.0	6.5	6.5	6.0
Trade payables	20.8	25.8	25.3	26.5	30.7	35.0
Other current liabilities	8.3	7.1	7.0	8.1	10.2	12.7
Total Current Liabilities	**34.3**	**38.0**	**38.3**	**41.0**	**47.4**	**53.7**
Total Liabilities and Shareholders' Equity	**71.2**	**78.7**	**76.7**	**78.2**	**85.3**	**93.4**
Net Capital Employed	**31.7**	**34.9**	**35.6**	**35.6**	**36.3**	**36.9**
Net Working Capital	**6.7**	**11.7**	**13.7**	**13.1**	**13.1**	**13.6**

GROWTH & MARGINS	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Sales growth	*43.7%*	*14.6%*	*-2.0%*	*4.6%*	*16.0%*	*14.0%*
EBITDA (adj.)* growth	***748.1%***	***126.9%***	***n.m.***	***n.m.***	***482.4%***	***63.1%***
EBITA (adj.) growth*	*748.1%*	*126.9%*	*n.m.*	*n.m.*	*482.4%*	*63.1%*
*EBIT (adj)*growth*	*n.m.*	*614.6%*	*n.m.*	*n.m.*	*n.m.*	*176.2%*

PLC: Summary tables

GROWTH & MARGINS	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Net Profit growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*415.1%*
EPS adj. growth	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*415.1%*
DPS adj. growth	*n.m.*					*n.m.*
EBITDA (adj) margin*	*5.2%*	*10.2%*	*n.m.*	*1.0%*	*5.1%*	*7.2%*
EBITA (adj) margin*	*5.2%*	*10.2%*	*-2.6%*	*1.0%*	*5.1%*	*7.2%*
EBIT (adj) margin*	*1.0%*	*6.5%*	*n.m.*	*n.m.*	*1.8%*	*4.4%*

RATIOS	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Net Debt/Equity	0.2	0.1	0.3	0.4	0.4	0.3
Net Debt/EBITDA	1.2	0.3	-3.8	12.0	2.0	1.0
Interest cover (EBITDA/Fin.interest)	3.5	8.2	n.m.	1.1	4.9	8.0
Capex/D&A	131.5%	50.1%	58.6%	119.4%	123.2%	105.3%
Capex/Sales	5.4%	1.9%	2.3%	4.5%	4.0%	3.0%
NWC/Sales	10.2%	15.6%	18.6%	17.0%	14.6%	13.3%
ROE (average)	-0.8%	10.8%	-14.4%	-8.9%	2.2%	10.8%
ROCE (adj.)	1.6%	10.2%	-9.8%	-4.4%	3.3%	8.8%
WACC	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
ROCE (adj.)/WACC	0.2	1.0	-1.0	-0.4	0.3	0.9

PER SHARE DATA (EUR)***	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Average diluted number of shares	26.0	26.0	26.0	26.0	26.0	26.0
EPS (reported)	0.00	0.11	-0.15	-0.08	0.02	0.10
EPS (adj.)	-0.01	0.11	-0.15	-0.08	0.02	0.10
BVPS	0.96	1.09	0.94	0.86	0.88	0.97
DPS	0.00	0.00	0.00	0.00	0.00	0.01

VALUATION	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
EV/Sales	0.6	0.8	0.7	0.6	0.5	0.5
EV/EBITDA	10.7	7.5	n.m.	62.1	10.7	6.3
EV/EBITDA (adj.)*	**10.7**	**7.5**	**n.m.**	**62.1**	**10.7**	**6.3**
EV/EBITA	10.7	7.5	-26.1	62.1	10.7	6.3
EV/EBITA (adj.)*	**10.7**	**7.5**	**-26.1**	**62.1**	**10.7**	**6.3**
EV/EBIT	52.8	11.8	n.m.	n.m.	29.7	10.3
EV/EBIT (adj.)*	**52.8**	**11.8**	**n.m.**	**n.m.**	**29.7**	**10.3**
P/E (adj.)	**n.m.**	**18.8**	**n.m.**	**n.m.**	**n.m.**	**14.7**
P/BV	1.3	1.9	1.7	1.7	1.7	1.5
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.7%	
EV/CE	1.1	1.6	1.4	1.4	1.3	1.3
OpFCF yield	-5.8%	-1.4%	-11.2%	-5.5%	-0.4%	5.2%
OpFCF/EV	-5.2%	-1.3%	-9.4%	-4.3%	-0.3%	4.3%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	9.7%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%

EV AND MKT CAP (EURm)	12/2020	12/2021	12/2022e	12/2023e	12/2024e	12/2025e
Price** (EUR)	1.24	2.08	1.60	1.47	1.47	1.47
Outstanding number of shares for main stock	26.0	26.0	26.0	26.0	26.0	26.0
Total Market Cap	**32.2**	**54.0**	**41.5**	**38.0**	**38.0**	**38.0**
Gross Financial Debt (+)	14.4	13.5	16.1	17.4	17.3	16.0
Cash & Marketable Securities (-)	-10.3	-10.8	-8.8	-8.1	-8.1	-8.7
Net Financial Debt	**4.1**	**2.7**	**7.3**	**9.3**	**9.2**	**7.3**
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	**4.1**	**2.7**	**7.3**	**9.3**	**9.2**	**7.3**
Other EV components	**-0.2**	**0.7**	**0.8**	**0.8**	**0.9**	**0.9**
Enterprise Value (EV adj.)	**36.1**	**57.4**	**49.6**	**48.1**	**48.1**	**46.2**

Source: Company, Banca Akros estimates.

Notes

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

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

****EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.*

Sector: Energy/Renewable Energy Equipment

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

European Coverage of the Members of ESN

Automobiles & Parts	**Mem(*)**
Brembo	BAK
Cie Automotive	GVC
Faurecia	CIC
Ferrari	BAK
Gestamp	GVC
Indelb	BAK
Landi Renzo	BAK
Michelin	CIC
Pirelli & C.	BAK
Plastic Omnium	CIC
Renault	CIC
Sogefi	BAK
Stellantis	BAK
Valeo	CIC
Banks	**Mem(*)**
Banca Mps	BAK
Banco Sabadell	GVC
Banco Santander	GVC
Bankinter	GVC
Bbva	GVC
Bnp Paribas	CIC
Bper	BAK
Caixabank	GVC
Credem	BAK
Credit Agricole Sa	CIC
Intesa Sanpaolo	BAK
Societe Generale	CIC
Unicaja Banco	GVC
Unicredit	BAK
Basic Resources	**Mem(*)**
Acerinox	GVC
Altri	CBI
Arcelormittal	GVC
Ence	GVC
Neodecortech	BAK
Semapa	CBI
The Navigator Company	CBI
Tubacex	GVC
Chemicals	**Mem(*)**
Air Liquide	CIC
Arkema	CIC
Plasticos Compuestos	GVC
Consumer Products & Services	**Mem(*)**
Abeo	CIC
Beneteau	CIC
Capelli	CIC
De Longhi	BAK
Fila	BAK
Givaudan	CIC
Groupe Seb	CIC
Hermes Intl.	CIC
Hexaom	CIC
Interparfums	CIC
Kaufman & Broad	IAC
Kering	CIC
L'Oreal	CIC
Lvmh	CIC
Maisons Du Monde	CIC
Monnalisa	BAK
Ovs	BAK
Piaggio	BAK
Richemont	CIC
Smcp	CIC
Swatch Group	CIC
Technogym	BAK
Trigano	CIC
Ubisoft	CIC
Energy	**Mem(*)**
Cgg	CIC
Ecoslops	CIC
Eni	BAK
Galp Energia	CBI
Gas Plus	BAK
Gtt	CIC
Maurel Et Prom	CIC
Neoen	CIC
Plc	BAK
Repsol	GVC
Rubis	CIC
Saipem	BAK
Technip Energies	CIC
Technipfmc Plc	CIC
Tecnicas Reunidas	GVC
Tenaris	BAK
Totalenergies	CIC
Vallourec	CIC
Fin. Serv. Holdings	**Mem(*)**
Cir	BAK
Corp. Financiera Alba	GVC
Digital Magics	BAK
Eurazeo	CIC
Gbl	CIC
Peugeot Invest	CIC
Rallye	CIC
Tip Tamburi Investment Partners	BAK
Wendel	CIC
Fin. Serv. Industrials	**Mem(*)**
Dovalue	BAK
Nexi	BAK
Tinexta	BAK
Financial Services Banks	**Mem(*)**
Amundi	CIC
Anima	BAK
Azimut	BAK
Banca Generali	BAK
Banca Ifis	BAK
Banca Mediolanum	BAK
Banca Sistema	BAK
Bff Bank	BAK
Dea Capital	BAK
Dws	CIC
Finecobank	BAK
Generalfinance	BAK
Illimity Bank	BAK
Mediobanca	BAK
Poste Italiane	BAK
Rothschild & Co	CIC
Food & Beverage	**Mem(*)**
Ab Inbev	CIC
Advini	CIC
Bonduelle	CIC
Campari	BAK
Carlsberg As-B	CIC
Danone	CIC
Diageo	CIC
Ebro Foods	GVC
Enervit	BAK
Fleury Michon	CIC
Heineken	CIC
Italian Wine Brands	BAK
Lanson-Bcc	CIC
Laurent Perrier	CIC
Ldc	CIC
Lindt & Sprüngli	CIC
Nestle	CIC
Orsero	BAK
Pernod Ricard	CIC
Remy Cointreau	CIC
Tipiak	CIC
Vilmorin	CIC
Viscofan	GVC
Vranken	CIC
Healthcare	**Mem(*)**
Abionyx Pharma	CIC
Amplifon	BAK
Atrys Health	GVC
Biomerieux	CIC
Crossject	CIC
Diasorin	BAK
El.En.	BAK
Fermentalg	CIC
Fine Foods	BAK
Genfit	CIC
Gpi	BAK
Guerbet	CIC
Ipsen	CIC
Korian	CIC
Oncodesign	CIC
Orpea	CIC
Prim Sa	GVC
Recordati	BAK
Theraclion	CIC
Vetoquinol	CIC
Virbac	CIC
Vytrus Biotech	GVC
Industrial Goods & Services	**Mem(*)**
Alstom	CIC
Antin Infrastructure	CIC
Applus	GVC
Arteche	GVC
Avio	BAK
Biesse	BAK
Bollore	CIC
Bureau Veritas	CIC
Caf	GVC
Catenon	GVC
Cellnex Telecom	GVC
Cembre	BAK
Chargeurs	CIC
Clasquin	IAC
Cnh Industrial	BAK
Corticeira Amorim	CBI
Ctt	CBI
Danieli	BAK
Datalogic	BAK
Enav	BAK
Enogia	CIC
Exel Industries	CIC
Fiera Milano	BAK
Fincantieri	BAK
Getlink	CIC
Global Dominion	GVC
Haulotte Group	CIC
Interpump	BAK
Inwit	BAK
Legrand	CIC
Leonardo	BAK
Logista	GVC
Manitou	CIC
Nbi Bearings Europe	GVC
Nexans	CIC
Nicolas Correa	GVC
Openjobmetis	BAK
Osai	BAK
Prima Industrie	BAK
Prosegur	GVC
Prosegur Cash	GVC
Prysmian	BAK
Rai Way	BAK
Rexel	CIC
Saes	BAK
Salcef	BAK
Schneider Electric Se	CIC
Somfy	CIC
Talgo	GVC
Teleperformance	CIC
Verallia	CIC
Vidrala	GVC
Zignago Vetro	BAK
Insurance	**Mem(*)**
Axa	CIC
Catalana Occidente	GVC
Generali	BAK

Linea Directa Aseguradora	GVC
Mapfre	GVC
Net Insurance	BAK
Unipolsai	BAK

Materials, Construction	**Mem(*)**
Abp Nocivelli	BAK
Acs	GVC
Aena	GVC
Atlantia	BAK
Buzzi Unicem	BAK
Cementir	BAK
Cementos Molins	GVC
Crh	CIC
Eiffage	CIC
Fcc	GVC
Ferrovial	GVC
Groupe Adp	CIC
Groupe Poujoulat	CIC
Groupe Sfpi S.A.	CIC
Heidelberg Cement	CIC
Herige	CIC
Holcim	CIC
Imerys	CIC
Maire Tecnimont	BAK
Mota Engil	CBI
Obrascon Huarte Lain	GVC
Sacyr	GVC
Saint-Gobain	CIC
Sergeferrari Group	CIC
Sika	CIC
Spie	CIC
Tarkett	CIC
Thermador Groupe	CIC
Vicat	CIC
Vinci	CIC
Webuild	BAK

Media	**Mem(*)**
Arnoldo Mondadori Editore	BAK
Atresmedia	GVC
Believe	CIC
Cairo Communication	BAK
Digital Bros	BAK
Fill Up Media	CIC
Gl Events	CIC
Il Sole 24 Ore	BAK
Ipsos	CIC
Jcdecaux	CIC
Lagardere	CIC
M6	CIC
Mediaset Espana	GVC
Mfe-Mediaforeurope	BAK
Miogroup	GVC
Nrj Group	CIC
Prisa	GVC
Publicis	CIC
Rcs Mediagroup	BAK
Tf1	CIC
Universal Music Group	CIC
Vivendi	CIC
Vocento	GVC

Personal Care, Drug & Grocery S	**Mem(*)**
Carrefour	CIC
Casino	CIC
Jeronimo Martins	CBI
Marr	BAK
Sonae	CBI
Unilever	CIC
Winfarm	CIC

Real Estate	**Mem(*)**
Igd	BAK
Inmobiliaria Colonial	GVC
Inversa Prime	GVC
Lar España	GVC
Merlin Properties	GVC
Realia	GVC

Retail	**Mem(*)**
Aramis Group	CIC
Burberry	CIC
Fnac Darty	CIC
Inditex	GVC
Unieuro	BAK

Technology	**Mem(*)**
Agile Content	GVC
Akka Technologies	CIC
Almawave	BAK
Alten	CIC
Amadeus	GVC
Atos	CIC
Axway Software	CIC
Capgemini	CIC
Cast	CIC
Dassault Systemes	CIC
Digital Value	BAK
Esi Group	CIC
Exprivia	BAK
Gigas Hosting	GVC
Indra Sistemas	GVC
Izertis	GVC
Lleida.Net	GVC
Memscap	IAC
Neurones	CIC
Ovhcloud	CIC
Reply	BAK
Sii	CIC
Sopra Steria Group	CIC
Spindox	BAK
Stmicroelectronics	BAK
Tier1 Technology	GVC
Visiativ	CIC
Vogo	CIC

Telecommunications	**Mem(*)**
Bouygues	CIC
Ekinops	CIC
Nos	CBI
Orange	CIC
Parlem Telecom	GVC
Telecom Italia	BAK
Telefonica	GVC
Tiscali	BAK
Unidata	BAK
Vodafone	BAK

Travel & Leisure	**Mem(*)**
Accor	CIC
Autogrill	BAK
Compagnie Des Alpes	CIC
Edreams Odigeo	GVC
Elior	CIC
Fdj	CIC
Groupe Partouche	IAC
Hunyvers	CIC
I Grandi Viaggi	BAK
Ibersol	CBI
Int. Airlines Group	GVC
Melia Hotels International	GVC
Nh Hotel Group	GVC
Pierre Et Vacances	CIC
Sodexo	CIC

Utilities	**Mem(*)**
A2A	BAK
Acciona	GVC
Acea	BAK
Albioma	CIC
Alerion Clean Power	BAK
Audax	GVC
Derichebourg	CIC
Edf	CIC
Edp	CBI
Enagas	GVC
Encavis Ag	CIC
Endesa	GVC
Enel	BAK
Engie	CIC
E-Pango	CIC
Erg	BAK
Greenvolt	CBI
Hera	BAK
Holaluz	GVC
Iberdrola	GVC
Iren	BAK
Italgas	BAK
Naturgy	GVC
Opdenergy	GVC
Redeia	GVC
Ren	CBI
Seche Environnement	CIC
Snam	BAK
Solaria	GVC
Solarprofit	GVC
Terna	BAK
Veolia	CIC
Voltalia	CIC

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores — as at 15 December 2022

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

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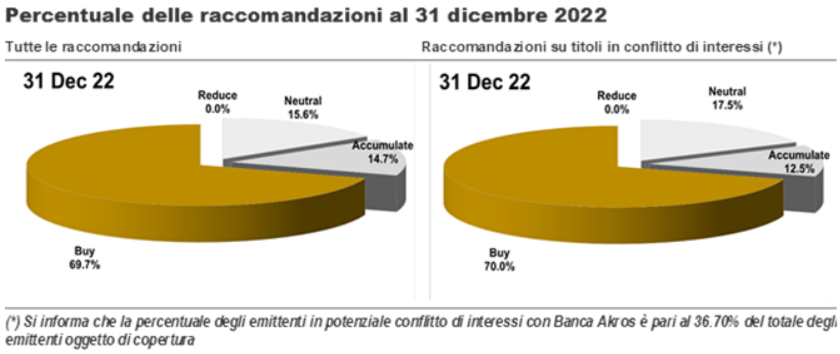
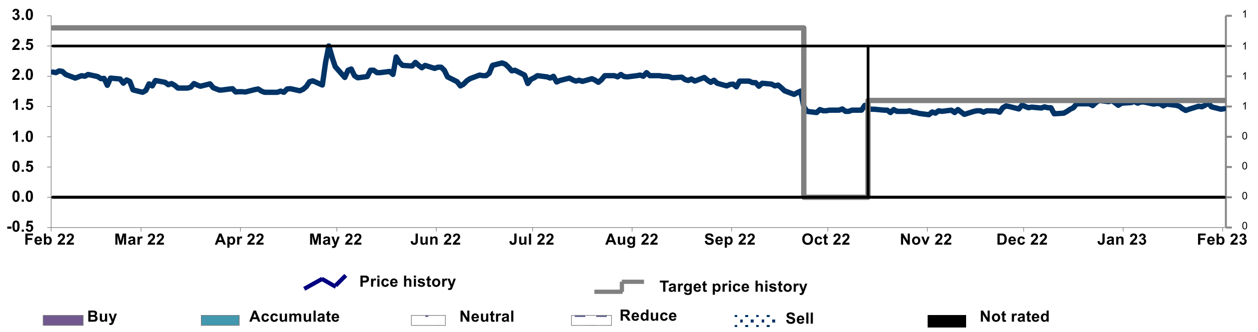


Recommendation history for PLC

Date	Recommendation	Target price	Price at change date
19-Oct-22	Neutral	1.60	1.47
29-Sep-22	Buy	0.00	1.50
11-Oct-21	Buy	2.80	2.30
24-May-21	Buy	2.30	1.85
07-Jul-20	Buy	1.90	1.35
31-Mar-20	Rating Suspended	0.00	1.24

Source: Factset & ESN, price data adjusted for stock splits.
This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.
Current analyst: Gian Marco Gadini (since 01/12/2018)



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The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.

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

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

Meaning of each recommendation or rating:

- **Buy**: the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral**: the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce**: the stock is expected to generate total return of **-5% to -15%** during the next 12 months
- **Sell**: the stock is expected to generate total return **under -15%** during the next 12 months
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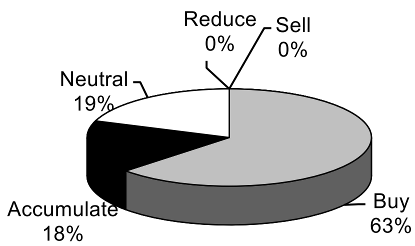
Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



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