

## Analysar

3 April 2023

### Buy

Recommendation unchanged

Share price: EUR 1.51

closing price as of 31/03/2023

Target price: EUR 2.00

Target Price unchanged

Upside/Downside Potential 32.5%

Reuters/Bloomberg

PLC.MI/PLC IM

Market capitalisation (EURm) 39

Current N° of shares (m) 26

Free float 26%

Daily avg. no. trad. sh. 12 mth (k) 25

Daily avg. trad. vol. 12 mth (k) 1.05

Price high/low 12 months 2.50 / 1.37

Abs Perfs 1/3/12 mths (%) 4.14/-5.63/-14.69

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

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 63.6

EV/EBITDA (adj.) 7.5 nm 63.6

EV/EBIT 11.8 nm nm

P/E (adj.) 18.8 nm nm

P/BV 1.9 1.7 1.8

OpFCF yield -1.4% -11.2% -5.3%

Dividend yield 0.0% 0.0% 0.0%

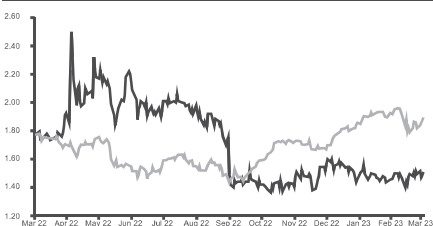
EPS (adj.) 0.11 (0.15) (0.08)

BVPS 1.09 0.94 0.86

DPS 0.00 0.00 0.00

### Shareholders

Fraes 74%;



Source: FactSet

PLC FTSE Italy All Share (Rebased)

### Analyst(s)

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## FY 22 preliminary results: headwinds in construction segment drove further losses; FY 23 targets unaffected

**The facts:** PLC published its preliminary FY 22 results on 31 March. Final results are due to be published on 28 April 2023.

**Our analysis:** PLC's preliminary consolidated data exclude the Monsson group perimeter, since the company signed an agreement to sell it on 8 March 2023. We provide below a simple bridge to compare figures with our forecasts.

EURm	FY 21			FY 22		FY 22	
	old scope	o/w Monsson	new scope	new scope	Monsson (disc.)	old scope*	Akros est.
Total sales	75.1	7.47	67.7	60.0	9.41	69.4	73.6
EBITDA	7.68	-1.99	9.67	-6.5/-7.5	-2.0/-2.5	-8.5/-9.5	-1.9
EBIT	4.88	-2.41	7.30	-14/-15	-2.5/-3.0	-16.5/-18.0	-4.8
Net debt	2.68		2.83	3.50			7.31
Equity (BV)			48.2	39/41			

(\* FY 22 old scope is based on Akros estimates (sum of company-disclosed data on current perimeter and Monsson).

FY 22 results were affected by further headwinds, on top of those already recorded in H1 22. In particular, the company mentioned the high costs of raw materials and components, coupled with longer lead times, longer construction times due to bureaucratic hindrance and some unexpected events. The headwinds affected particularly PLC System, the subsidiary engaged in the construction business. As regards the Service division's activities, PLC said that they continued to grow and posted "positive EBITDA" in FY 22.

At the EBIT level, PLC wrote down the book value of non-core assets and the goodwill of the Monsson group. In this respect, the company said that the closing of the disposal is expected by the end of the first week of April.

All in all, despite the significantly worse-than-expected results, we argue that most of the negative items seem non-monetary, given the substantially stable net debt. We note that, in H1 22, PLC already posted losses at the EBITDA level due to the lower whole-life profitability, whose financial impact spans the life of a given project, while P&L reflects the economic loss entirely upfront. A significant (but undisclosed) release of NWC might also have contributed to stabilise net debt.

**Outlook.** The management reaffirmed the business plan target for FY 23, i.e. EBITDA of EUR 0/1m, as they stated that the negative results were mostly referred to FY 22, while prospects remained unchanged. As regards the Construction activity, they said that the current backlog (~EUR 50m) was in line with the FY 23 targets and perfectly matched the group's core competencies, while their profitability was not expected to diverge from the management's assumptions.

**Conclusion & Action:** although FY 22 results were clearly disappointing, the stable net financial position (which was significantly better than our assumption) implies that the cash absorption was marginal. On top of that, the reiterated FY 23 guidance highlights that the underlying growth prospects on which the 2023/27 business plan is based are unaffected. Finally, the solid equity position gives a significant buffer with respect to the covenants on bank loans (even after the reported net loss, which was not disclosed but it is likely to be in the region of ~EUR 10m at most). Therefore, we confirm our estimates for the time being, pending the publication of the definitive FY 22 release.

## Disclaimer

This research has been prepared by Andrea Devita; Enrico Esposti; Gabriele Gambarova; Matteo Cuconato; Paola Saglietti; Luigi Tramontana; Francesco Sala; Andrea Bonfà; Gian Marco Gadini (members of AIAF); Marcello Renna (ordinary member of SIAT), who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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**This research has been produced and is being distributed as of 03 April 2023 at 8:44 AM CET.**

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Anima Holding-Banca Akros' parent group holds more than 3% or is a member of shareholders pacts

Atlantia-Banca Akros acted as intermediary for the public exchange offer organized in October and November 2022

Autostrade per l'Italia - Gruppo Atlantia-Banca Akros acted as Other Bookrunner of the bond issuance organized in January 2022

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- as Joint Lead Manager of the bond issuance organized in July 2021 and January 2023

- as Other Bookrunner of the bond issuance organized in April 2022

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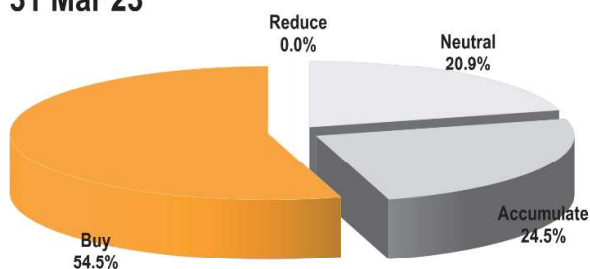
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## Percentage of recommendations by the 31 March 2023

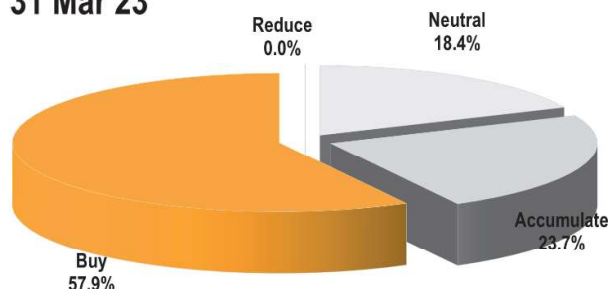
All recommendations

Recommendations on stocks under conflict of interest (\*)

31 Mar 23



31 Mar 23



(\*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 34.55% of all issuers covered

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- **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
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