

GREENTHESIS

BUY

Sector: Utilities

Price: Eu0.92 - Target: Eu1.50

FY22 Results Confirm Robust Growth Potential

Paolo Citi +39-02-77115.430

paolo.citi@intermonte.it

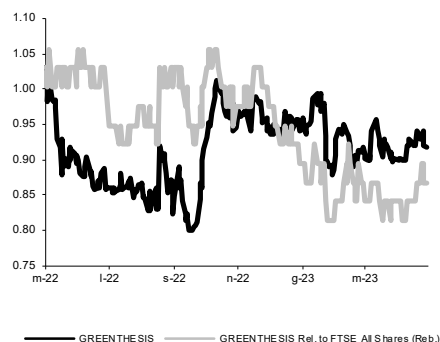
Stock Rating

Rating: from OUTPERFORM to BUY

Target Price (Eu): from 1.35 to 1.50

	2023E	2024E	2025E
Chg in Adj EPS	17.7%	26.7%	25.0%

GREENTHESIS - 12M Performance



Stock Data

Reuters code: GTH.MI

Bloomberg code: GTH IM

Performance	1M	3M	12M
Absolute	1.8%	4.6%	6.5%
Relative	3.6%	8.0%	-0.3%
12M (H/L)		1.04/0.80	
3M Average Volume (th):		23.83	

Shareholder Data

No. of Ord shares (mn):	155
Total no. of shares (mn):	155
Mkt Cap Ord (Eu mn):	142
Total Mkt Cap (Eu mn):	142
Mkt Float - Ord (Eu mn):	16
Mkt Float (in %):	11.3%
Main Shareholder:	
Planesys SpA (ex Greenthesi SpA)	85.8%

Balance Sheet Data

Book Value (Eu mn):	40
BVPS (Eu):	0.26
P/BV:	3.6
Net Financial Position (Eu mn):	-85
Enterprise Value (Eu mn):	291

■ **FY22 results.** Greenthesi reported its full-year results on 6 April, which highlighted solid top line growth coupled with strengthening margins. In detail: consolidated revenues came in at Eu171.7mn, up +10% YoY. By business line: sales from Disposal, Recovery and Treatment grew 13% YoY, reaching Eu125.3mn; Environmental Remediation was basically flat YoY, closing at Eu21.9mn; Energy Production was up 80%, closing at Eu15.0mn, while Engineering and Construction was down 93% YoY, closing at Eu0.8mn. At operating level, EBITDA closed at Eu41.3mn, up 60% YoY, adj. EBITDA at Eu39.8mn, up 29% YoY (vs. exp. Eu36.4mn), with the adj. EBITDA margin at 23.4% vs. 19.8% in 2021. Going down to the P&L, net profit closed at Eu18.6mn, up 87% YoY, and adj. net profit at Eu17.5mn, up 25% YoY. Group net income closed at Eu17.3mn, up 79% YoY, and adj. Group net income closed at Eu16.1mn, up 18% YoY. Adj. Group net income margin reached 9.4%, up from 8.7% in 2021. Moving to the balance sheet, net debt closed at Eu75.5mn (vs. Eu69.3mn at YE21, vs. exp. Eu80.1mn). The BoD proposed the distribution of a DPS of Eu0.01885ps (ex-div. date 5 June).

■ **New 2023-2027 Strategic Plan: strategic guidelines and financial targets.** In addition to FY22 results, the company unveiled its new 2023-27 strategic plan. The new plan confirms as its basis the three drivers of dimensional growth, technological innovation, and integration of the various businesses. The plan aims at attainment of the following objectives: i) further revenue growth to reach Eu250mn by the end of the plan, with a higher incidence of revenues from the reuse and recycling of materials; ii) consolidation of average gross operational margin at around 22%-24%; iii) positioning for average net profit margin of 10%; iv) investments foreseen above c.Eu100mn over the plan period; v) confirmation of the increased 2022 dividend pay-out target; vi) strengthening of the ESG rating. Regarding 2023 guidance, the company has set targets for turnover of around Eu200mn and P&L trends capable of confirming the current level of overall profitability in the various business units.

■ **Updated estimates and valuation.** Following better-than-expected FY22 results and solid indications for 2023 and subsequent years, we are revising our forecasts upward. On the top line, we are raising our 2023-24 revenue projections by 4%-17%, while at operating level we are lifting our 2023-24 EBITDA projections by 22%-31%. This reflects higher volume and price assumptions in Waste Recovery and Environmental Remediation as well as higher CapEx/M&A projections, in line with the company's robust investment plan objectives. As for the valuation, we are increasing our target price from Eu1.35ps to Eu1.50ps, still based on a mix of DCF and market multiples.

■ **Investment case. BUY from Outperform.** FY22 results were above our expectations and confirmed the Group's robust growth potential. We confirm our positive view on the stock, increasing our recommendation to BUY from Outperform, reflecting the relevant upside on our new updated target price. We continue to believe Greenthesi has a solid competitive positioning in a growing sector and robust value creation potential thanks to its advanced technological know-how in both waste treatment and environmental remediation.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	156	172	190	221	235
EBITDA Adj (Eu mn)	31	40	44	50	54
Net Profit Adj (Eu mn)	14	16	17	21	22
EPS New Adj (Eu)	0.088	0.104	0.113	0.132	0.141
EPS Old Adj (Eu)	0.090	0.088	0.096	0.104	0.112
DPS (Eu)	0.010	0.019	0.023	0.027	0.033
EV/EBITDA Adj	8.4	7.2	6.6	5.7	5.1
EV/EBIT Adj	13.6	10.3	9.7	8.4	7.6
P/E Adj	10.4	8.8	8.1	6.9	6.5
Div. Yield	1.1%	2.1%	2.5%	3.0%	3.5%
Net Debt/EBITDA Adj	2.2	1.9	1.9	1.7	1.3

DISCLAIMER (for more details go to [DISCLAIMER](#))
IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIB30 Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2023 Intermonte's Research Department covered 119 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	20.83 %
OUTPERFORM:	51.67 %
NEUTRAL:	25.83 %
UNDERPERFORM	01.67 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (49 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte SIM is acting as Global Coordinator in the proposed Unidata's capital increase with an agreement with the company for the publication of an equity research regarding the company and the transaction.

Intermonte is acting as financial advisor to SAES Getters in relation to the partial voluntary tender offer on saving shares and mandatory conversion of saving shares into ordinary shares proposed by the company.

Intermonte is also acting as Listing Agent in the proposed Unidata's Translisting. Intermonte will receive fees from the company for its activity as Global Coordinator and Listing Agent.

Within the last year, Intermonte SIM managed or co-managed/is managing or is co-managing an Institutional Offering and/or managed or co-managed/is managing or is co-managing an offering with firm commitment underwriting of the securities of the following Companies: Civitanavi Systems, GPI.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Maire Tecnimont, Tinexta, Unidata and WIT.

Intermonte SIM is acting as counterparty to WIT Fin S.r.l. in connection with call and put options having WIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Anima Holding, Aquafil, Avio, Azimut Holding, Banca Ifis, Banca Sistema, Cellulafine, Civitanavi Systems, Cyberoo, Cy4gate, DeA Capital, Datrix, ElEn, Eles, Elica, Emak, Esprinet, Expert AI, Fimit - Fondo Alpha, Fine Foods, Gefran, Go Internet, GPI, Greenthesis (formerly Ambientthesis), Gruppo Fos, GVS, IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Luve, Matica Fintec, Notorious Pictures, Next Re SIIQ, Omer, Pharamnutra, Reevo, Relatech, Reply, Revo Insurance, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Seco, Servizi Italia, Sesa, Seri Industrial, Somec, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.P.A., B&C Speakers, Cleanbnb, Comer Industries, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Finanza.Tech, First Capital, Fope, FOS, Franchi Umberto Marmi, Giglio Group, Go Internet, GPI, Iervolino & Lady Bacardi Entertainment, Intercos, Intred, Iscc Fintech, Lindbergh, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Nho, Notorious Pictures, Orsero Group, Osai Automation System, Racing Force Group, Relatech, Reti, Salcef Group, Sciuker Frames, Sebino, Solid World Group, Spindox Digital Soul, Supplymecapital, Tamburi, Tesmec, The Italian Sea Group, Tinexta, Tps Group, Trendevince, Tribuo, Ulisse Biomed, Vantea Smart, WIT.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

© Copyright 2023 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available