

## Company Note

# ErreDue

## FY22 Results

ErreDue revenues grew in FY22, but the EBITDA margin was eroded by raw materials' increasing prices and by rightsizing the structure costs (especially labour), in line with the future expected growth. While we still see a long-term potential, the challenge in 2023 should be to sterilise inflationary trends by optimising procurement and increasing selling prices.

### FY22 results

Core revenues reached EUR 12.3M, +11.2% yoy, thanks to a jump in generators' sales, which more than offset lower after-sales contribution. Looking at the gas breakdown, hydrogen-related sales were down, counterbalanced by other gases and products. EBITDA decreased to EUR 4.0M vs. EUR 4.4M in FY21A, with a margin down to 32.1% from 39.3% in FY21A, driven by higher raw material costs, but also due to the minor contribution from after sales services, which boast the highest margin vs. pure generators' sales. Net income came in at EUR 1.7M vs. EUR 2.3M in FY21A. Net cash amounted to EUR 17.4M (vs. EUR 4M at FY21A), mainly thanks to the contribution of IPO proceeds (EUR 15M).

### Outlook and estimates

Looking forward, management indicated for a good start of the year, supported by a backlog of more than EUR 9M at the end of February, after posting positive sales for the first two months. The inflationary effect in 2022, differently from what was expected, was not fully sterilised by procurement activities, and we see a challenge in 2023 on EBITDA. While awaiting to better understand how management will face this challenge, we downwards revise our FY23E-25E EBITDA estimates.

### Valuation

We value ErreDue using DCF and multiples methodologies (2023E EV/sales and EV/EBITDA), obtaining a **target price of EUR 13.0/share**, calculated as the average from each valuation approach, applying a 20% discount to reflect the stock's relatively low capitalisation. We confirm **our BUY rating**.

## Equity

## MID CORPORATE

28 April 2023: 7:21 CET  
Date and time of production

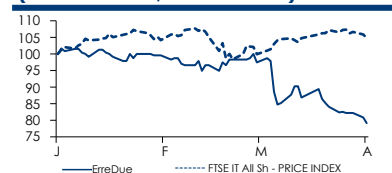
## BUY

**Target Price: EUR 13.0**  
(from EUR 14.3)

Italy/Capital Goods  
Results

### EGM

**Price Performance**  
(RIC: RDUE.MI, BB: RDUE IM)



### ErreDue - Key Data

Price date (market close)	25/04/2023
Target price (EUR)	13.0
Target upside (%)	39.19
Market price (EUR)	9.34
Market cap (EUR M)	58.38
52Wk range (EUR)	NA/NA

Price performance %	1M	3M	12M
Absolute	-18.8	-20.8	NA
Rel. to FTSE IT All Sh	-22.6	-24.5	NA

Y/E Dec (EUR M)	FY22A	FY23E	FY24E
Revenues	13.77	17.05	27.72
EBITDA	3.95	5.94	10.14
EBIT	2.20	4.31	7.18
Net income	1.65	3.30	5.51
EPS (EUR)	0.26	0.53	0.88
Net debt/-cash	-17.40	-11.55	-8.06
Adj P/E (x)	45.0	17.7	10.6
EV/EBITDA (x)	14.4	7.9	5.0
EV/EBIT (x)	25.9	10.9	7.0
Div ord yield (%)	2.3	0.6	1.1

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

### Intesa Sanpaolo Research Dept.

**Davide Rimini** - Research Analyst  
davide.rimini@intesasnpaolo.com

**Alberto Francese** - Research Analyst  
alberto.francese@intesasnpaolo.com

## FY22 Results

Core revenues grew by 11.2% yoy to EUR 12.3M, despite the negative impact due to the geopolitical tension following the war between Russia and Ukraine. In FY21A, revenues from Russia, Ukraine and nearby countries represented around 15% of revenues. In more detail, looking at the kind of contract:

- Generators' sales grew by 34.6% yoy;
- After-sales decreased by 25.8% yoy;
- Sales from generators' rental were broadly stable yoy.

### ErreDue – FY22 revenues by products

EUR M	FY21	FY22A	yoy %
Generators' sales	5.8	7.9	34.6
After sales	3.2	2.4	-25.8
Generators' rent	2.0	2.0	2.9
<b>Core Revenues</b>	<b>11.1</b>	<b>12.3</b>	<b>11.2</b>

Source: Company data

Looking at the gas breakdown, hydrogen-related sales were down by 22.2%, counterbalanced by other gases (+40.8%) and products (+72.2%).

### ErreDue – FY22 revenues by products

EUR M	FY21A	FY22A	yoy %
Nitrogen/Oxygen	4.6	6.5	40.8
Hydrogen	5.6	4.4	-22.2
Other products / Generic Maintenance	0.8	1.4	72.2
<b>Core Revenues</b>	<b>11.1</b>	<b>12.3</b>	<b>11.2</b>

Source: Company data

Looking at costs, raw materials (net of change in raw materials) increased by 34.5%, with an incidence on revenues, which due to inflationary trends deteriorated from 30.7% in FY21 to 37.2% in FY22. Services costs and personnel costs also increased their weighting in revenues, 150bps and 130bps, respectively, preparing for the expected future growth of top line. In particular, in the last 18 months, to cope with the growth, 27 new employees were hired.

### ErreDue – FY22 costs breakdown

EUR M	FY21A	FY22A	yoy %
Raw materials*	3.4	4.6	34.5
Services	1.7	2.1	21.8
Rent	0.0	0.0	-31.1
Personnel	2.5	3.0	17.2
<b>Total costs</b>	<b>7.7</b>	<b>9.7</b>	<b>25.6</b>
<b>Weighting in revenues (%)</b>			
Raw materials	30.7	37.2	
Services	15.6	17.1	
Rent	0.4	0.3	
Personnel	23.0	24.3	

\* Net of change in raw materials; Source: Company data

The EBITDA margin was down to 32.1% from 39.3% in FY21, driven by the abovementioned higher raw material costs, but also due to the minor contribution from after sales services, which boast the highest margin vs. pure generators' sale.

**ErreDue – Key financials**

EUR M	FY21A	FY22A	yoy %
Core revenues	11.1	12.3	11.2
EBITDA	4.4	4.0	-9.1
EBITDA margin %	39.3	32.1	
EBIT	3.1	2.2	-28.5
EBIT margin %	27.8	17.9	
Net income	2.3	1.7	-26.6
Net debt/-cash	-4.0	-17.4	335.0

Source: Company data

EBIT stood at EUR 2.2M vs. EUR 3.1M in FY21, reflecting the dynamics of EBITDA described above, and higher amortisation (around EUR 0.25M, mainly related to the capitalisation of IPO costs), higher depreciation (around EUR 0.1M) and higher credit write-offs (around EUR 0.1M).

Net income came in at EUR 1.7M vs. EUR 2.3M recorded in FY21A (-26.6% yoy), due to the operating performance dynamic and a tax rate of 24.4%, we believe due to the absence of some fiscal positive items that were deemed to be accounted for in the year (e.g. the EUR 0.5M tax credit for the IPO).

The net working capital (NWC) increased from EUR 1.9M to EUR 2.6M, with a weighting on revenues at 21.1%, around 400bps higher than in FY21. The increase of the incidence of NWC is mainly attributable to inventories, which were affected by inflationary trends and by a "safety-stock" approach to grant production on projects due in the first part of 2023.

Capex amounted to EUR 1.4M, of which around 0.4M for a warehouse, EUR 0.7M for plant and machineries, in part internal work related to generators for rent, and EUR 0.2M for industrial and commercial equipment.

Net cash amounted to EUR 17.4M (vs. EUR 4M net cash at FY21A), mainly thanks to the contribution of IPO proceeds (EUR 15M).

## Earnings Outlook

In February 2023, ErreDue announced that it signed a contract for the construction of a 750 mc/h plant of ultra-pure nitrogen, with one of the most important companies in the metallurgy sector, at national and international levels.

Related revenues should be approx. EUR 0.9M, of which 30% in advance payment (as usual), 30% at delivery, which is expected in June/July 2023, while the remaining 40% should be received upon successful testing by the customer.

We regard positively this contract, which reinforces the company's potential to deliver tailor-made solutions also to major companies. This contract is the largest in terms of capacity (and revenues) for an ultra-nitrogen plant built by ErreDue and gives visibility to our forecast for Nitrogen and Oxygen revenues at EUR 7.1M in FY23E.

According to management, in 2023 growth will continue organically, focused on the production of large onsite generators for green hydrogen. ErreDue aims to reinforce its presence on the niche of industrial customers, which intend to produce gas onsite, exploiting the incentives for energy self-sufficiency. At the end of February, the backlog on this niche amounted to EUR 9M.

In 2023, the design and engineering of a new 500KW PEM generator will start, thus allowing to enlarge the products portfolio in the green transition market. A new 16k sqm plant will be opened in 2023, suitable for the production of large machineries and equipment, which will allow to address the needs of solutions, such as power-to-gas, fuel-cell sustainable mobility, synthetic fuel and hard to abate.

Regarding ESG, the company is committed to the "greater society" and to its employees. The processes have started for the certification UNI PdR 125:202 certification (gender parity) and UNI EN ISO 14064-1:2019 (scope 1, 2 and 3 on gas emissions).

### Change in estimates

In light of FY22 results, we see a challenge in 2023 to sterilise inflationary trends through optimising procurement and increasing selling prices. While awaiting to better understand how management will face this challenge, we revise our FY23E-25E estimates by lowering EBITDA margin in all three years.

#### ErreDue – Change in estimates FY23E-25E

EUR M	FY23E old	FY23E new	chg (%)	FY24E old	FY24E new	chg (%)	FY25E old	FY25E new	chg (%)
Revenues	17.0	17.0	0.0	27.7	27.7	0.0	44.1	44.1	0.0
EBITDA	7.0	5.9	-14.9	11.6	10.1	-12.8	18.6	16.4	-11.7
EBITDA margin (%)	41.0	34.8		41.9	36.6		42.1	37.2	
Net income	4.2	3.3	-21.4	6.6	5.5	-16.9	11.8	10.2	-13.9
Net Debt	-7.8	-11.5	47.1	-10.9	-8.1	-26.4	-17.8	-14.0	-21.6

Source: Intesa Sanpaolo Research estimates

## Valuation

We value ErreDue using DCF and multiples-based methodologies (EV/sales and EV/EBITDA). **We derive a target price on ErreDue of EUR 13.0/share** (EUR 14.3/share previously) from the average of the equity values returned by each valuation approach, applying a 20% discount to reflect the stock's relatively low capitalisation. **We confirm our BUY rating.**

**BUY rating; EUR 13/share**

### ErreDue – Target price calculation

	EUR M	EUR/share
DCF-based 2023E-2030E	108.1	17.3
EV/Sales 2023E Multiple	122.6	19.6
EV/EBITDA 2023E Multiple	74.2	11.9
<b>Average</b>	<b>101.7</b>	<b>16.3</b>
Discount (%)	20	20
<b>Target Price</b>	<b>81.3</b>	<b>13.0</b>

Source: Intesa Sanpaolo Research estimates

### ErreDue – Implied multiples @ target price

(x)	2023E	2024E	2025E
EV/Sales	3.8	2.3	1.5
EV/EBITDA	10.9	6.4	3.9
P/E	24.7	14.8	8.0

Source: Intesa Sanpaolo Research estimates

## DCF valuation

In our DCF valuation, we calculate ErreDue's enterprise and equity value range using a three-stage DCF model, according to which: 1) we determine the net present value of the net cash flows over the forecast period (2023E-27E); 2) we run a three-year DCF valuation over the 2028E-30E period, to which we applied declining, though still relatively high, EBITDA growth rates; and 3) we calculate the NPV of the terminal value derived as the average net cash flow beyond the forecast period, assuming a 2% terminal growth rate (g). By running our model, we derive an equity value per share for ErreDue of EUR 17.3/share.

We set our WACC at 12.6% (12.1% previously) on the back of: 1) a 100% equity weighting in the company's total capital sources; 2) a risk-free rate of 4% as per our current equity valuation models (3.5% previously); 3) an equity risk premium equal to 6.5% (as per our equity valuation models), broadly in line with the 20-year average implied in the Euro Stoxx index; and 4) a Beta calculated as the 2-year average for ErreDue's closest peers (NEL Asa, ITM Power PLC, McPhy Energy SA; Source: Bloomberg), amounting to 1.32x.

### ErreDue - WACC calculation (%)

Debt	0.0
Equity	100.0
Tax Rate	23.0
Risk-free Interest rate	4.0
Beta (x, *)	1.32
Market Risk Premium	6.5
<b>WACC</b>	<b>12.6</b>
g	2.0

(\*) 2-year Bloomberg avg. for NEL Asa, ITM Power PLC, McPhy Energy SA; Source: Intesa Sanpaolo Research estimates

### ErreDue – DCF-based EV calculation

EUR M	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	TV
EBITDA	5.9	10.1	16.4	23.7	30.5	33.6	35.2	36.1	
Yearly Growth rate (%)	50	71	62	45	29	10	5	3	
Investments	-9.0	-9.0	-3.5	-4.5	-5.7	-6.3	-6.6	-6.7	
D&A	-1.6	-3.0	-3.2	-3.4	-3.6	-4.0	-4.2	-4.3	
WC change	-1.3	-4.5	-4.4	-4.7	-4.2	-4.6	-4.9	-5.0	
Taxes	-1.0	-1.6	-3.0	-4.7	-6.2	-6.8	-7.1	-7.3	
M&A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net cash flow	-5.3	-4.9	5.5	9.9	14.4	15.9	16.7	17.1	13.7
Cash Flow NPV	-5.3	-4.4	4.4	6.9	9.0	8.8	8.2	7.5	129
Total Cash Flow NPV									
Discounted Terminal Value									
<b>DCF-based Enterprise Value</b>	<b>91.4</b>								

Source: Intesa Sanpaolo Research estimates

## ErreDue – DCF-based equity value calculation

DCF-based valuation	EUR M	FY 23E	FY 24E	FY 25E
ErreDue EV	91.4	Implied EV/sales (x)		
Peripherals	0	5.4	3.3	2.1
-Net debt/+Cash (FY22A)	17.4	Implied EV/EBITDA (x)		
-Minorities/Funds (FY22A)	-0.7	15.4	9.0	5.6
Equity Value	108.1	Implied P/E (x)		
Equity Value (EUR / share)	17.3	65.5	32.8	19.6

Source: Intesa Sanpaolo Research estimates

## Multiples' valuation

We identify some peers operating in the market as hydrogen electrolyzers' manufactures and/or in the hydrogen value chain and suppliers of gas systems for our multiples-based valuation. We set end-2023E as the reference period, although we see ErreDue's growth potential accelerating beyond this year thanks to the capacity increase and consequent electrolyzers' orders' ramp-up.

Adopting 2023E EV/sales (6.2x) and 2023E EV/EBITDA (9.7x) multiples in our valuation, which we think better reflect the value of both the hydrogen-related prospects and the current footprint, we derive an equity value of EUR 19.6/share and EUR 11.9/share for ErreDue, respectively.

## ErreDue – EV/sales valuation

(x)	EV/Sales 2023E	EUR M	FY23E	FY24E	FY25E
ErreDue EV	6.2	105.9	Implied EV/sales		
Peripherals		0.0	6.2	3.8	2.4
-Net debt/+Cash (FY22A)		17.4	Implied EV/EBITDA		
-Minorities/Funds (FY22A)		-0.7	17.8	10.4	6.4
Equity value		122.6	Implied P/E		
Eq. Value (EUR/sh.)		19.6	74.3	37.2	22.3

Source: Intesa Sanpaolo Research estimates

## ErreDue – EV/EBITDA valuation

(x)	EV/EBITDA 2023E	EUR M	FY23E	FY24E	FY25E
ErreDue EV	9.7	57.5	Implied EV/sales		
Peripherals		0.0	3.4	2.1	1.3
-Net debt/+Cash (FY22A)		17.4	Implied EV/EBITDA		
-Minorities/Funds (FY22A)		-0.7	9.7	5.7	3.5
Equity value		74.2	Implied P/E		
Eq. Value (EUR/sh.)		11.9	44.9	22.5	13.5

Source: Intesa Sanpaolo Research estimates

## Peers' multiples comparison – 2023-25 EV/sales, EV/EBITDA and P/E

(x)	Mkt price	Currency	Mkt Cap. (EUR M)	EV/Sales			EV/EBITDA			P/E		
Electrolysers' Manufacturers				2023	2024	2025	2023	2024	2025	2023	2024	2025
ITM Power PLC	0.76	GBP	530	11.5	6.1	3.8	NM	NM	NM	NM	NM	NM
McPhy Energy SA	12.14	EUR	339	9.6	5.1	2.7	NM	NM	NM	NM	NM	NM
NEL ASA	12.32	NOK	1759	11.5	7.4	4.9	NM	NM	NM	NM	NM	NM
Average				10.9	6.2	3.8	NM	NM	NM	NM	NM	NM
Other Hydrogen players												
Ceres Power Holdings plc	3.34	GBP	726	10.3	11.1	8.7	NM	NM	NM	NM	NM	NM
Plug Power Inc.	8.91	USD	4816	3.9	2.7	1.9	NM	32.8	10.4	NM	NM	38.3
FuelCell Energy, Inc.	1.86	USD	687	4.7	3.9	3.1	NM	NM	NM	NM	NM	NM
Doosan Fuel Cell Co., Ltd.	32,150	KRW	1479	3.4	2.4	2.0	33.2	21.6	17.1	70.2	41.7	31.3
Average				5.6	5.0	3.9	NM	NM	NM	NM	NM	NM
Gas Systems' suppliers												
Air Liquide SA	163.28	EUR	85,494	3.2	3.0	2.9	12.4	11.5	10.6	25.2	23.0	20.9
Linde plc	367.06	EUR	164,100	5.6	5.3	5.1	16.7	15.7	14.8	27.5	25.0	22.6
Air Products and Chemicals, Inc.	289.94	USD	58,657	5.4	5.3	4.9	15.3	14.4	13.4	25.5	23.2	21.0
Nippon Sanso Holdings Corporation	2,408	JPY	7,109	1.5	1.4	1.3	7.9	7.2	6.1	14.1	13.1	12.2
Sol S.p.A.	26.05	EUR	2,363	1.9	1.8	1.7	8.2	7.6	7.1	18.6	16.6	15.4
Average				3.5	3.4	3.2	12.1	11.3	10.4	22.2	20.2	18.4

Priced at market close on 25/04/2023 in EUR; NM: not meaningful; NA: not available; Source: FactSet

## ErreDue – Key Data

Rating BUY	Target price (EUR/sh) Ord 13.0		Mkt price (EUR/sh) Ord 9.34		Sector Capital Goods	
Values per share (EUR)	2020A	2021A	2022A	2023E	2024E	2025E
No. ordinary shares (M)	5.00	5.00	6.25	6.25	6.25	6.25
Total no. of shares (M)	5.00	5.00	6.25	6.25	6.25	6.25
Market cap (EUR M)	NA	NA	74.29	58.38	58.38	58.38
Adj. EPS	0.21	0.45	0.26	0.53	0.88	1.63
BVPS	2.1	2.5	4.4	4.9	5.7	7.1
Dividend ord	0.09	0.08	0.27	0.05	0.11	0.18
Income statement (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	8.04	12.32	13.77	17.05	27.72	44.10
EBITDA	2.25	4.35	3.95	5.94	10.14	16.42
EBIT	1.32	3.08	2.20	4.31	7.18	13.24
Pre-tax income	1.31	3.07	2.18	4.28	7.15	13.20
Net income	1.07	2.25	1.65	3.30	5.51	10.17
Adj. net income	1.07	2.25	1.65	3.30	5.51	10.17
Cash flow (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Net income before minorities	1.1	2.3	1.7	3.3	5.5	10.2
Depreciation and provisions	-0.9	-1.3	-1.8	-1.6	-3.0	-3.2
Others/Uses of funds	0.1	1.1	-0.3	-0.7	0	0
Change in working capital	-0.4	0.1	-0.3	-0.8	-2.3	-2.9
Operating cash flow	-0.2	2.1	-0.7	0.2	0.2	4.1
Capital expenditure	-1.1	-1.3	-2.6	-9.0	-9.0	-3.5
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	0	0.3	0	0	0	0
Free cash flow	-1.3	1.1	-3.3	-8.8	-8.7	0.6
Dividends	-0.4	-0.4	-1.7	-0.3	-0.7	-1.1
Equity changes & Non-op items	-0.1	0.1	14.9	0	0	0
Net cash flow	-1.8	0.8	9.9	-9.1	-9.4	-0.5
Balance sheet (EUR M)	2020A	2021A	2022A	2023E	2024E	2025E
Net capital employed	10.0	8.6	10.1	18.8	27.1	30.3
of which associates	0.0	0.0	0.0	0.0	0.0	0.0
Net debt/-cash	-0.7	-4.0	-17.4	-11.5	-8.1	-14.0
Minorities	0	0	0	0	0	0
Net equity	10.7	12.6	27.5	30.5	35.4	44.4
Minorities value	0	0	0	0	0	0
Enterprise value	NA	NA	56.9	46.8	50.3	44.4
Stock market ratios (x)	2020A	2021A	2022A	2023E	2024E	2025E
Adj. P/E	NA	NA	45.0	17.7	10.6	5.7
P/CFPS	NA	NA	21.8	11.8	6.9	4.4
P/BVPS	NA	NA	2.7	1.9	1.7	1.3
Payout (%)	42	18	103	10	12	11
Dividend yield (% ord)	NA	NA	2.3	0.6	1.1	1.9
FCF yield (%)	NA	NA	0.3	-9.5	-4.8	12.0
EV/sales	NA	NA	4.1	2.7	1.8	1.0
EV/EBITDA	NA	NA	14.4	7.9	5.0	2.7
EV/EBIT	NA	NA	25.9	10.9	7.0	3.4
EV/CE	NA	NA	5.6	2.5	1.9	1.5
D/EBITDA	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
D/EBIT	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Profitability & financial ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA margin	28.0	35.3	28.7	34.8	36.6	37.2
EBIT margin	16.4	25.0	16.0	25.3	25.9	30.0
Tax rate	18.3	26.6	24.4	23.0	23.0	23.0
Net income margin	13.3	18.3	12.0	19.3	19.9	23.0
ROCE	13.2	35.9	21.7	22.9	26.5	43.7
ROE	11.9	19.3	8.2	11.4	16.7	25.5
Interest cover	-82.6	-205.3	-146.6	-168.8	-211.3	-311.6
Debt/equity ratio	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Growth (%)	2020A	2021A	2022A	2023E	2024E	2025E
Sales		53.2	11.8	23.8	62.6	59.1
EBITDA		93.3	-9.2	50.3	70.7	61.9
EBIT		NM	-28.6	95.8	66.9	84.3
Pre-tax income		NM	-28.7	96.0	67.1	84.6
Net income		NM	-26.7	99.6	67.1	84.6
Adj. net income		NM	-26.7	99.6	67.1	84.6

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Company Snapshot

### Company Description

ErreDue SpA engages in the research and development, manufacture, and sale of gas generation and engineering products. It offers electrolyzers for on-site generation of clean hydrogen and generators of other technical gases (nitrogen and oxygen) for various industrial applications, laboratory, medical applications and new energy transition applications such as power-to-gas, sustainable mobility (small hydrogen re-fuelling stations) and industrial de-carbonization. The company was founded by Enrico D'Angelo on February 14, 2000 and is headquartered in Livorno, Italy.

### Key Risks

#### Company specific risks:

- Projects' and delivering execution risk;
- Competitive pressure;
- Technological reliability.

#### Sector generic risks:

- Slower adoption of a hydrogen-based economy;
- Inflationary effect affecting projects' profitability.

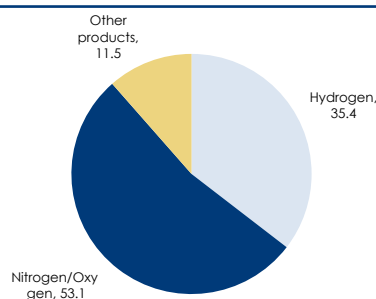
### Key data

Mkt price (EUR)	9.34	Free float (%)	30.0
No. of shares	6.25	Major shr	Green H2
52Wk range (EUR)	NA/NA	(%)	56.0
Reuters	RDUE.MI	Bloomberg	RDUE IM
<b>Performance (%)</b>	<b>Absolute</b>	<b>Rel. FTSE IT All Sh</b>	
-1M	-18.8	-1M	-22.6
-3M	-20.8	-3M	-24.5
-12M	NA	-12M	NA

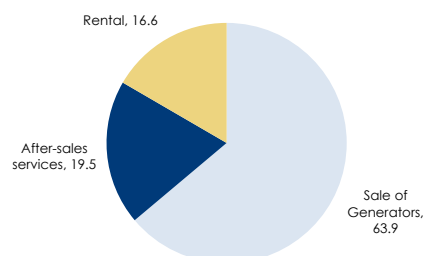
### Estimates vs. consensus

EUR M (Y/E Dec)	2022A	2023E	2023C	2024E	2024C	2025E	2025C
Sales	13.77	17.05	NA	27.72	NA	44.10	NA
EBITDA	3.95	5.94	NA	10.14	NA	16.42	NA
EBIT	2.20	4.31	NA	7.18	NA	13.24	NA
Pre-tax income	2.18	4.28	NA	7.15	NA	13.20	NA
Net income	1.65	3.30	NA	5.51	NA	10.17	NA
EPS	0.26	0.53	NA	0.88	NA	1.63	NA

### Sales breakdown by gas type (%)



### Sales breakdown by source (%)



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 25/04/2023)

## Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies eligible for listing have revenues below EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation around EUR 1Bn.



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#### Equity Rating Key (long-term horizon: 12M)

Long-term rating	Definition
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HOLD	If the target price is in a range 10% below or 10% above the market price.
SELL	If the target price is 10% lower than the market price.
RATING SUSPENDED	The investment rating and target price for this stock have been suspended as there is not a sufficient fundamental basis to determine an investment rating or target price. The previous investment rating and target price, if any, are no longer in effect for this stock.
NO RATING	The company is or may be covered by the Research Department but no rating or target price is assigned either voluntarily or to comply with applicable regulations and/or firm policies in certain circumstances.
TENDER SHARES	We advise investors to tender the shares to the offer.
TARGET PRICE	The market price that the analyst believes the share may reach within a 12M time horizon.
MARKET PRICE	Closing price on the day before the issue date of the report, as indicated on the first page, except where otherwise indicated.
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#### Target price and market price trend (-1Y) – Ordinary shares



#### Historical recommendations and target price trend (-1Y)

Date	Rating	TP (EUR)	Mkt Price (EUR)
12-Jan-23	BUY	14.3	12.0

### Equity rating allocations (long-term horizon: 12M)

#### Intesa Sanpaolo Research Rating Distribution (at April 2023)

Number of companies considered: 131	BUY	ADD	HOLD	REDUCE	SELL
Total Equity Research Coverage relating to last rating (%)*	63	11	21	0	0
of which Intesa Sanpaolo's Clients (%)**	75	45	43	0	0

\* Last rating refers to rating as at end of the previous quarter; \*\* Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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**Intesa Sanpaolo Research Dept.**

<b>Gregorio De Felice - Head of Research</b>	+39 02 8796 2012	gregorio.defelice@intesasnpaolo.com
--	------------------	-------------------------------------

**Equity&Credit Research**

<b>Alberto Cordara</b>	+39 02 4127 8647	alberto.cordara@intesasnpaolo.com
<b>Giampaolo Trasi</b>	+39 02 8794 9803	giampaolo.trasi@intesasnpaolo.com

**Equity Research**

<b>Monica Bosio (Head)</b>	monica.bosio@intesasnpaolo.com
Luca Bacoccoli	luca.bacoccoli@intesasnpaolo.com
Davide Candela	davide.candela@intesasnpaolo.com
Oriana Cardani	oriana.cardani@intesasnpaolo.com
Marco Cristofori	marco.cristofori@intesasnpaolo.com
Antonella Frongillo	antonella.frongillo@intesasnpaolo.com
Manuela Meroni	manuela.meroni@intesasnpaolo.com
Elena Perini	elena.perini@intesasnpaolo.com
Bruno Permutti	bruno.permutti@intesasnpaolo.com

**Corporate Broking Research**

<b>Alberto Francese (Head)</b>	alberto.francese@intesasnpaolo.com
Gabriele Berti	gabriele.beriti@intesasnpaolo.com
Giada Cabrino	giada.cabrino@intesasnpaolo.com
Davide Rimini	davide.rimini@intesasnpaolo.com
Arianna Terazzi	arianna.terazzi@intesasnpaolo.com

**Credit Research**

<b>Maria Grazia Antola (Head)</b>	maria.antola@intesasnpaolo.com
Alessandro Chiodini	alessandro.chiodini@intesasnpaolo.com
Dario Fasani	dario.fasani@intesasnpaolo.com
Melanie Gavin	melanie.gavin@intesasnpaolo.com
Maria Gabriella Tronconi	maria.tronconi@intesasnpaolo.com
Barbara Pizzarelli (Research Support)	barbara.pizzarelli@intesasnpaolo.com

**Technical Analysis**

Corrado Binda	corrado.binda@intesasnpaolo.com
Sergio Mingolla	antonio.mingolla@intesasnpaolo.com

**Clearing & Data Processing**

<b>Anna Whatley (Head)</b>	anna.whatley@intesasnpaolo.com
Stefano Breviglieri	stefano.breviglieri@intesasnpaolo.com
Annita Ricci	annita.ricci@intesasnpaolo.com
Wendy Ruggeri	wendy.ruggeri@intesasnpaolo.com
Elisabetta Bugliesi (IT support)	SSelisabetta.bugliesi@intesasnpaolo.com

**Intesa Sanpaolo – IMI Corporate & Investment Banking Division**

<b>Bernardo Bailo - Head of Global Markets Sales</b>	+39 02 7261 2308	bernardo.bailo@intesasnpaolo.com
--	------------------	----------------------------------

**Equity Sales**

<b>Giorgio Pozzobon</b>	+39 02 7261 5616	giorgio.pozzobon@intesasnpaolo.com
-------------------------	------------------	------------------------------------

**Institutional Sales**

<b>Catherine d'Aragon</b>	+39 02 7261 5929	catherine.daragon@intesasnpaolo.com
Carlo Cavaliere	+39 02 7261 2722	carlo.cavaliere@intesasnpaolo.com
Laurent Kieffer	+44 20 7651 3653	laurent.kieffer@intesasnpaolo.com
Federica Repetto	+39 02 7261 5517	federica.repetto@intesasnpaolo.com
Fabrizio Tito		fabrizio.tito@intesasnpaolo.com
Mark Wilson	+39 02 7261 2758	mark.wilson@intesasnpaolo.com
Paola Parenti (Corporate Broking)	+39 02 7265 6530	paola.parenti@intesasnpaolo.com
Roberta Papeschi (Corporate Broking)	+39 02 7261 6363	roberta.papeschi@intesasnpaolo.com
Francesco Riccardi (Corporate Broking)	+39 02 7261 5966	francesco.riccardi@intesasnpaolo.com
Laura Spinella (Corporate Broking)	+39 02 7261 5782	laura.spinella@intesasnpaolo.com
Alessandro Bevacqua	+39 02 7261 5114	alessandro.bevacqua@intesasnpaolo.com
Lorenzo Pennati (Sales Trading)	+39 02 7261 5647	lorenzo.pennati@intesasnpaolo.com

**Equity Derivatives Institutional Sales**

<b>Emanuele Manini</b>	+39 02 7261 5936	emanuele.manini@intesasnpaolo.com
Enrico Ferrari	+39 02 7261 2806	enrico.ferrari@intesasnpaolo.com
Stefan Gess	+39 02 7261 5927	stefan.gess@intesasnpaolo.com
Edward Lythe	+44 20 7894 2456	edward.lythe@intesasnpaolo.com
Ferdinando Zamprotta	+39 02 7261 5577	ferdinando.zamprotta@intesasnpaolo.com

<b>Gherardo Lenti Capoduri – Head of Market Hub</b>	+39 02 7261 2051	gherardo.lenticapoduri@intesasnpaolo.com
---	------------------	--

**E-commerce Distribution**

Massimiliano Raposio	+39 02 7261 5388	massimiliano.raposio@intesasnpaolo.com
----------------------	------------------	--

**Intesa Sanpaolo IMI Securities Corp.**

<b>Greg Principe (Equity Institutional Sales)</b>	+1 212 326 1233	greg.principe@intesasnpaolo.com
---	-----------------	---------------------------------