

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

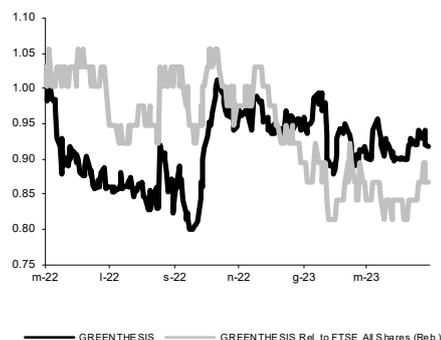
Stock Rating

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