MAIRE

NEUTRAL

Sector: Energy

Price: Eu7.41 - **Target: Eu7.80**

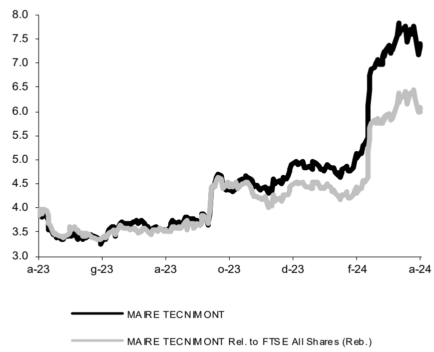
Results Slightly Better, Guidance Confirmed

Paolo Citi +39-02-77115.430
paolo.citi@intermonte.it

Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 7.00 to 7.80		
	2024E	**2025E**	**2026E**
Chg in Adj EPS	9.4%	6.2%	3.7%

Next Event
1H24 results on 31 July

MAIRE TECNIMONT - 12M Performance



Stock Data			
Reuters code:			MTCM.MI
Bloomberg code:			MAIRE IM
Performance	**1M**	**3M**	**12M**
Absolute	2.1%	52.8%	92.9%
Relative	2.4%	40.8%	70.3%
12M (H/L)			7.84/3.27
3M Average Volume (th):			1,205.13

Shareholder Data	
No. of Ord shares (mn):	329
Total no. of shares (mn):	329
Mkt Cap Ord (Eu mn):	2,435
Total Mkt Cap (Eu mn):	2,435
Mkt Float - Ord (Eu mn):	1,193
Mkt Float (in %):	49.0%
Main Shareholder:	
Maire Gestioni	51.0%

Balance Sheet Data	
Book Value (Eu mn):	649
BVPS (Eu):	1.97
P/BV:	3.8
Net Financial Position (Eu mn):	258
Enterprise Value (Eu mn):	2,177

- **1Q24 results.** Maire's 1Q24 results were a touch above our expectations at operating level thanks primarily to higher profitability at the Sustainable Tech. Solutions division. The bottom line was also supported by lower-than-expected net financial charges. Cash flow generation, net financial position and order intake were broadly in line. In detail: 1Q24 revenues closed at Eu1,264mn (+32% YoY, +8% QoQ, vs. exp. Eu1,254mn), EBITDA at Eu82mn (+42% YoY, +5% QoQ, vs. exp. Eu79mn), EBIT at Eu67mn (+46% YoY, +12% QoQ, vs. exp. Eu64mn), and group net income at Eu44mn (+74% YoY, +1% QoQ, vs. exp. Eu36mn). By division, Integrated E&C Solutions reported adj. EBITDA of Eu63mn (+35% YoY, +7% QoQ, in line), with an EBITDA margin of 5.3% (in line), while Sustainable Tech. Solutions reported EBITDA of Eu20mn (+65% YoY, -3% QoQ, vs. exp. Eu17mn), with an EBITDA margin of 25.4% (vs. exp. 23.0%). On the balance sheet, the net financial position (pre-IFRS16) closed cash positive at Eu-352mn (vs. exp. Eu-350mn), a further slight QoQ improvement. CapEx in the quarter amounted to Eu9mn. On the commercial front, order intake reached Eu1,252mn in the quarter (vs. exp. Eu1,280mn), thanks mainly to the US$1.1bn contract acquired in Algeria from Sonatrach for a new petrochemical plant. The backlog closed at Eu15,303mn (vs. exp. Eu15,050mn), up 2% QoQ.
- **2024 guidance confirmed.** Maire confirmed the 2024 guidance issued along with 4Q23 results, with FY24 revenues foreseen in the region of Eu5.7-6.1bn and EBITDA in the Eu360-405mn range, an EBITDA margin of 6.3-6.6%. Looking at the two different divisions, Integrated E&C Solutions revenues are seen at Eu5.4-5.7bn, with an EBITDA margin of 5.3-5.5%, while Sustainable Tech. Solutions are anticipated at Eu0.3-0.4bn, with a margin of 22-25%. The YE24 adj. net financial position is still forecast to be higher than at YE23, after CapEx of Eu140-170mn.
- **Ongoing expansion of NextChem's technology offering.** In the quarter Maire progressed in the implementation of its strategy aimed at expanding the technology offering of the Sustainable Tech. Solutions business unit, including through the acquisition of proven technologies and competences. Binding agreements were signed for the acquisition of 80% of HyDEP, an engineering services company based in Italy with a strong expertise in green hydrogen, and 100% of Germany-based GasConTec, owner of a portfolio of distinctive technologies for the synthesis of several low carbon products which are strategically complementary to NextChem's offering.
- **Estimates and valuation.** Following 1Q24 results, we are slightly increasing our projections for 2024 and the following years, to reflect slightly higher volumes and a higher profitability at the STS division. In terms of the valuation, we are increasing our target price from Eu7.00ps to Eu7.80ps, to reflect our new slightly higher projections and higher target market multiples (6.0x 2024 EV/EBITDA from 5.5x previously).
- **Action on the stock: downgrade from Outperform to NEUTRAL.** Given the limited upside to our updated target price, we move our recommendation to NEUTRAL. Following the very strong share price performance recorded in the last twelve months, with the stock up 89%, we suggest taking a breather.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	3,464	4,260	5,938	6,539	6,746
EBITDA Adj (Eu mn)	209	274	387	441	486
Net Profit Adj (Eu mn)	90	125	187	210	229
EPS New Adj (Eu)	0.274	0.382	0.569	0.639	0.696
EPS Old Adj (Eu)	0.274	0.382	0.520	0.602	0.671
DPS (Eu)	0.124	0.197	0.294	0.368	0.480
EV/EBITDA Adj	5.0	3.8	5.6	4.9	4.3
EV/EBIT Adj	6.6	4.9	7.1	6.2	5.5
P/E Adj	27.1	19.4	13.0	11.6	10.6
Div. Yield	1.7%	2.7%	4.0%	5.0%	6.5%
Net Debt/EBITDA Adj	0.2	-0.8	-0.7	-0.7	-0.7

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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.
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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

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OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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

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Emittente	%	Long/Short

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