

# MAIRE TECNIMONT

Sector: Energy

## OUTPERFORM

Price: Eu3.86 – Target: Eu5.30

## US\$8.7bn Contract Awarded by ADNOC in Abu Dhabi

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

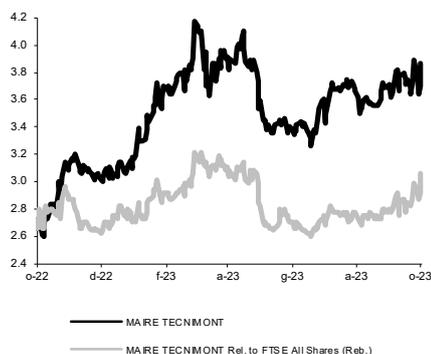
### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 4.70 to 5.30		
	2023E	2024E	2025E
Chg in Adj EPS	1.2%	16.0%	26.1%

### Next Event

3Q23 Results Out 26 October

### MAIRE TECNIMONT - 12M Performance



### Stock Data

Reuters code:	MTCM.MI		
Bloomberg code:	MAIRE IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	4.0%	7.3%	45.2%
Relative	8.4%	10.5%	18.9%
12M (H/L)	4.18/2.59		
3M Average Volume (th):	525.62		

### Shareholder Data

No. of Ord shares (mn):	329
Total no. of shares (mn):	329
Mkt Cap Ord (Eu mn):	1,270
Total Mkt Cap (Eu mn):	1,270
Mkt Float - Ord (Eu mn):	622
Mkt Float (in %):	49.0%
Main Shareholder:	
Maire Gestioni	51.0%

### Balance Sheet Data

Book Value (Eu mn):	571
BVPS (Eu):	1.74
P/BV:	2.2
Net Financial Position (Eu mn):	228
Enterprise Value (Eu mn):	1,042

- US\$8.7bn contract awarded by ADNOC in Abu Dhabi.** Last week Maire Tecnimont announced the signing of a Letter of Award with ADNOC for the onshore processing plant of the Hail and Ghasha Development Project. The overall EPC contract value is approximately USD8.7bn and project completion is expected during 2028. The scope of work includes two gas processing units, three sulphur recovery sections, the associated utilities and offsites as well as export pipelines.
- Order intake dramatically regains momentum after soft 3Q23.** After intense order intake in 2Q23, commercial newsflow was quite poor in 3Q23, with the announcement of just a Eu100mn licensing and proprietary equipment contract for an ammonia/urea complex with Stamicarbon. With the Hail and Ghasha contract announced last week, we project a total FY23 order intake of around US\$12.0bn (Eu11.3bn), a record for Maire, after the US\$3.8bn (Eu3.6bn) awarded in 2022.
- 3Q23 results preview, guidance and outlook.** We are projecting a further improvement in revenues, margins and net financial position in 3Q23, both YoY and QoQ. In terms of guidance, we expect Maire Tecnimont to indicate revenues in the upper part of the Eu3.8-4.2bn range (already considered 'achievable' at the 1H23 results presentation), with the EBITDA margin confirmed in the region of 6-7%. Regarding the YE23 net financial position, we await clarification on advance payments related to the Hail and Ghasha Project (potentially reaching 5% of the value of the contract). Following the award of this huge contract, investors' focus will clearly be on expected revenue and margin trends in the coming quarters. While we do not expect quantitative indications for 2024, for which guidance will be released with 4Q23 results in March, we believe it is realistic to assume a top line in excess of Eu5bn, taking expected backlog developments into account.
- Estimates and valuation.** We are updating our projections to factor in the award of the Hail and Ghasha Development Project. Regarding 2023 projections, we are broadly confirming our P&L numbers, while on the balance sheet we are improving the YE23 net cash position to reflect the impact of the advance payment related to this project. For 2024 we are now projecting revenues of Eu5.1bn and EBITDA of Eu329mn (+12%), assuming a 6.5% margin. For 2025 we are projecting a further increase in revenues to Eu5.7bn and EBITDA of Eu378mn. In terms of the valuation, we are raising our target price to Eu5.30ps from Eu4.70ps previously, now based on a 5.0x 2023-24 EV/EBITDA target.
- Action on the stock.** We upgraded the stock to OUTPERFORM at the beginning of March after the release of 4Q22 results and the new 2023-32 strategic plan, which highlighted very solid 2023 guidance and a robust medium-to-long-term growth strategy. The award of the record US\$8.7bn Hail and Ghasha Development Project in Abu Dhabi significantly enhances visibility on the Group's top line growth potential. Despite the contract's unprecedented size, we believe potential execution risk concerns should be limited, thanks to Maire Tecnimont's extremely solid operational track record in this country. We confirm our positive view on the stock.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	2,865	3,464	4,169	5,069	5,685
EBITDA Adj (Eu mn)	174	209	262	329	378
Net Profit Adj (Eu mn)	83	90	120	151	183
EPS New Adj (Eu)	0.254	0.274	0.364	0.460	0.558
EPS Old Adj (Eu)	0.254	0.274	0.360	0.397	0.443
DPS (Eu)	0.183	0.124	0.165	0.213	0.257
EV/EBITDA Adj	6.4	5.0	4.0	3.1	2.7
EV/EBIT Adj	8.6	6.6	5.0	3.8	3.2
P/E Adj	15.2	14.1	10.6	8.4	6.9
Div. Yield	4.7%	3.2%	4.3%	5.5%	6.6%
Net Debt/EBITDA Adj	0.7	0.2	-0.9	-0.7	-0.7