

# MAIRE TECNIMONT

Sector: Energy

# OUTPERFORM

Price: Eu4.37 - Target: Eu5.30

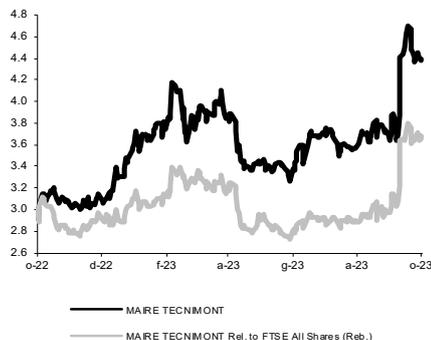
## Results Beat Expectations, Guidance Improved

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.4%	-0.3%	-0.2%

### 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	20.1%	18.0%	45.7%
Relative	22.4%	23.6%	25.6%
12M (H/L)	4.69/2.89		
3M Average Volume (th):	719.82		

### Shareholder Data

No. of Ord shares (mn):	329
Total no. of shares (mn):	329
Mkt Cap Ord (Eu mn):	1,437
Total Mkt Cap (Eu mn):	1,437
Mkt Float - Ord (Eu mn):	704
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:	2.5
Net Financial Position (Eu mn):	116
Enterprise Value (Eu mn):	1,321

■ **3Q23 results.** Maire's 3Q23 results beat our expectations, showing further improvements in revenues, margins and net financial position. In detail: revenues closed at Eu1,123mn (+25% YoY, +11% QoQ, vs. exp. Eu1,050mn), EBITDA at Eu75mn (+38% YoY, +19% QoQ, vs. exp. Eu68mn) and net income at Eu31mn (+62% YoY, +16% QoQ, in line). Operating margins benefitted from higher Revenues and better profitability, while the bottom line was slightly penalised by higher net financial charges and minorities. At divisional level, the Integr. E&C Solutions division reported adj. EBITDA of Eu56mn (+17% YoY, +13% QoQ, vs. exp. Eu54mn) with an EBITDA margin of 5.3%, while the Sust. Tech. Solutions division reported Eu19mn (+189% YoY, +41% QoQ, vs. exp. Eu13mn) with an EBITDA margin of 26.0%. On the balance sheet, the net financial position (pre-IFRS16) closed cash positive at Eu-124mn (vs. exp. Eu-118mn) from Eu-105mn as at end-June.

■ **Backlog almost doubled.** 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. Taking into account the record US\$8.7bn Hail and Ghasha contract, announced at the beginning of October, the total order intake reached Eu8.5bn in the quarter. The backlog almost doubled, reaching Eu16.8bn, from Eu9.0bn at the end of June.

■ **2023 guidance improved.** Thanks to the robust results recorded in the quarter, Maire has raised its 2023 guidance. Revenues are now seen in the top end of the Eu3.8-4.2bn range, while in terms of margins, profitability is projected to increase compared to the 6.3% recorded in 9M23. The YE23 net cash position is expected to improve substantially compared to the end of September, thanks also to the advance payment on the Hail and Ghasha contract. During the call Maire's top management guided for the YE23 net cash position potentially to be in the Eu200-250mn range, with further improvements expected in the coming years.

■ **Estimates and valuation.** Following 3Q23 results, we are fine-tuning our FY23 projections (slightly higher revenues and EBITDA, offset by slightly raised net financial charges and minorities), while leaving estimates for the following years substantially unchanged. We remind that we updated our projections three weeks ago to factor in the award of the Hail and Ghasha Development Project. For 2024 we are projecting revenues of Eu5.1bn and EBITDA of Eu329mn, 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 confirm our target price of Eu5.30ps.

■ **Action on the stock.** We upgraded the stock to OUTPERFORM at the beginning of March after the release 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	4,195	5,082	5,700
EBITDA Adj (Eu mn)	174	209	269	333	381
Net Profit Adj (Eu mn)	83	90	120	151	183
EPS New Adj (Eu)	0.254	0.274	0.366	0.459	0.557
EPS Old Adj (Eu)	0.254	0.274	0.364	0.460	0.558
DPS (Eu)	0.183	0.124	0.174	0.220	0.265
EV/EBITDA Adj	6.4	5.0	4.9	3.9	3.4
EV/EBIT Adj	8.6	6.6	6.1	4.7	4.0
P/E Adj	17.2	16.0	12.0	9.5	7.8
Div. Yield	4.2%	2.8%	4.0%	5.0%	6.1%
Net Debt/EBITDA Adj	0.7	0.2	-0.4	-0.4	-0.4