

# GREENTHESIS

Sector: Utilities

# TENDER

Price: Eu2.20 – Target: Eu2.30

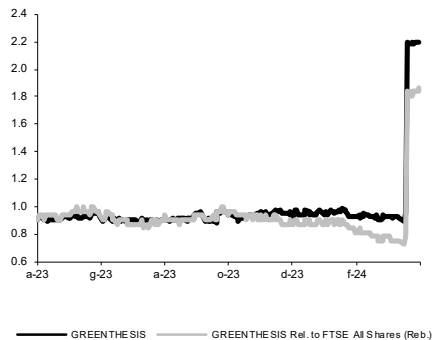
## Mandatory Public Tender Offer at Eu2.30ps

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### Stock Rating

<b>Rating:</b>	from BUY to TENDER		
<b>Target Price (Eu):</b>	from 1.50 to 2.30		
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Chg in Adj EPS</b>	10.0%	3.1%	3.0%

### GREENTHESIS - 12M Performance



### Stock Data

Reuters code:	GTH.MI
Bloomberg code:	GTH IM

Performance	1M	3M	12M
Absolute	136.6%	130.6%	139.1%
Relative	138.1%	121.1%	121.0%
12M (H/L)		2.20/0.88	
3M Average Volume (th):		107.97	

### Shareholder Data

No. of Ord shares (mn):	155
Total no. of shares (mn):	155
Mkt Cap Ord (Eu mn):	341
Total Mkt Cap (Eu mn):	341
Mkt Float - Ord (Eu mn):	39
Mkt Float (in %):	11.3%
Main Shareholder:	
Planesys SpA (ex Greenthesi SpA)	85.8%

### Balance Sheet Data

Book Value (Eu mn):	53
BVPS (Eu):	0.34
P/BV:	6.5
Net Financial Position (Eu mn):	-112
Enterprise Value (Eu mn):	511

■ **Mandatory Public Tender Offer at Eu2.30ps.** On 5 April Planesys, Greenthesi's main shareholder, and PATRIZIA, a mid-market strategy European infrastructure fund, announced that they had signed binding agreements for the purchase and sale of a minority stake in Greenthesi. Specifically, the transaction involves: i) PATRIZIA purchasing a 28.33% stake in Greenthesi capital (net of treasury shares) from Planesys at a price of Eu2.25 per share, cum dividend, with the overall stakes held in Greenthesi, corresponding to c.88.33% of the share capital (net of treasury shares) transferred to a NewCo at the same time; ii) upon completion of the above transaction, the NewCo will promote a public tender offer (PTO) on the remaining Greenthesi shares; iii) following successful completion of the PTO, the NewCo will be merged into Greenthesi, or, if the offer fails to reach the de-listing threshold, Greenthesi will be directly merged into the NewCo. Following the transaction, the share capital of the NewCo will be 60% owned by Planesys and 40% by PATRIZIA. The deal values Greenthesi's equity at c.Eu340mn. The price per share of the PTO will be Eu2.30 (plus interest), cum dividend.

■ **FY23 results.** On 10 April, Greenthesi announced 2023 results and the new 2024-28 business plan. 2023 closed with revenues of Eu173.4mn (vs. Eu171.7mn in 2022, exp. Eu190.1mn), EBITDA of Eu41.5mn, adj. EBITDA of Eu41.8mn (vs. Eu39.8mn in 2022, exp. Eu44.0mn), net profit of Eu15.8mn, adj. group net profit of Eu16.2mn (vs. Eu16.1mn in 2022, exp. Eu17.5mn) and net debt of Eu85.1mn (vs. Eu75.5mn in 2022, exp. Eu85.0mn). The company proposed a dividend of Eu0.02986ps (ex-div. date 3 June), up 60% YoY.

■ **New 2024-2028 Industrial Plan:** the new plan confirmed the three drivers of dimensional growth, technological innovation, and integration of the various businesses. At the end of the plan, Greenthesi foresees reaching a Production Value of Eu270mn, an average gross margin of 22-24% over the five-year plan period, and a final net profit margin of c.10% on average. Investments in the period, foreseen at over Eu120mn, will be focused on the development of specific new initiatives aimed largely at the Circular Economy. As for 2024 guidance, Greenthesi expects revenues to come to around Eu250mn and an EBITDA margin of 22%-24%, partly thanks to the contribution of the acquisitions completed in recent months.

■ **Updated estimates and valuation.** We are updating our projections, primarily to include the contribution of the two companies acquired in December and January. In detail: we are raising our 2024/25 revenue projections by 12/8%, while at operating level we are lifting our 2024/25 EBITDA projections by 14/10%. As for the valuation, we are moving our target price to Eu2.30ps, in line with the mandatory PTO price.

■ **Investment case.** Our recommendation goes from Buy to TENDER. On our updated projections, at the PTO price the stock would trade at a 2024 EV/EBITDA multiple of 9.2x, gradually declining to 8.2x in 2026 and 7.2x in 2028. On P/E, the stock would trade at 15.8x in 2024-25, declining to 14.8x in 2028.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	172	173	248	253	259
EBITDA Adj (Eu mn)	40	42	57	59	61
Net Profit Adj (Eu mn)	16	16	23	22	23
EPS New Adj (Eu)	0.104	0.104	0.145	0.145	0.150
EPS Old Adj (Eu)	0.104	0.113	0.132	0.141	
DPS (Eu)	0.019	0.030	0.036	0.043	0.052
EV/EBITDA Adj	7.0	6.9	8.9	8.4	7.9
EV/EBIT Adj	10.1	10.2	14.0	13.5	13.0
P/E Adj	21.2	21.1	15.1	15.2	14.7
Div. Yield	0.9%	1.4%	1.6%	2.0%	2.3%
Net Debt/EBITDA Adj	1.9	2.0	2.0	1.6	1.3

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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.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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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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Emitente	%	Long/Short
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