

ABP Nocivelli

Sponsored Research

Italy | Materials, Construction & Infrastructure



Analysar

18 October 2022

Buy

Recommendation unchanged

Share price: EUR 3.60

closing price as of 17/10/2022

Target price: EUR 5.70

Target Price unchanged

Upside/Downside Potential 58.3%

Reuters/Bloomberg

ABP.MI/ABP IM

Market capitalisation (EURm) 110

Current N° of shares (m) 30

Free float 11%

Daily avg. no. trad. sh. 12 mth (k) 7

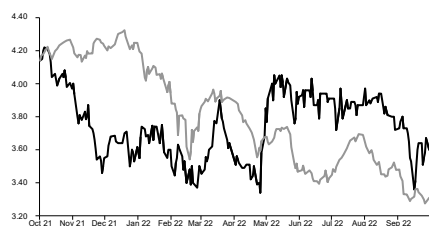
Daily avg. trad. vol. 12 mth (k) 16.27

Price high/low 12 months 4.22 / 3.34

Abs Perfs 1/3/12 mths (%) -3.23/-7.93/-14.08

Key financials (EUR)	06/21	06/22e	06/23e
Sales (m)	64	65	87
EBITDA (m)	12	14	14
EBITDA margin	19.2%	21.2%	16.6%
EBIT (m)	11	13	13
EBIT margin	17.5%	19.5%	15.3%
Net Profit (adj.)(m)	9	10	10
ROCE	64.2%	68.8%	58.2%
Net debt/(cash) (m)	(32)	(40)	(47)
Net Debt/Equity	-0.7	-0.7	-0.7
Debt/EBITDA	-2.6	-2.9	-3.2
Int. cover(EBITDA/Fin. int)	76.6	86.1	90.1
EV/Sales	1.2	1.2	0.7
EV/EBITDA	6.5	5.9	4.4
EV/EBITDA (adj.)	6.5	5.9	4.4
EV/EBIT	7.1	6.3	4.7
P/E (adj.)	12.9	12.7	11.0
P/BV	2.5	2.2	1.7
OpFCF yield	3.5%	7.5%	6.1%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.28	0.31	0.33
BVPS	1.45	1.76	2.09
DPS	0.00	0.00	0.00

Shareholders

Bruno Nocivelli 58%; Laura Salvatore 27%; Nicola Turra 4%;
Alessandra Peregò 0.89%;

Source: FactSet

— ABP NOCIVELLI — FTSE AIM Italia (Rebased)

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Interview with the CEO

The facts: we summarise the key points of a recent interview with ABP's CEO Mr. Turra.

Our analysis: The CEO highlighted the satisfying FY 21/22 results, despite the challenges, especially in terms of higher commodity prices, begun in H1 2022. In particular, he remarked the resiliency of the group's business as an ESCo (energy service company) partner of public administrations.

Indeed, ABP has rapidly started to renegotiate the existing contracts in order to meet the public administrations' needs while keeping its margins, despite the rising prices of fuels and raw materials. We also understand that, within the "framework agreement" signed by ABP, the group can offer public entities better conditions by committing to ad-hoc interventions aimed at improving energy efficiency of buildings and systems. At the same time, the public administrations usually grant extensions on the existing energy service supply contracts, thus increasing the visibility of the group's backlog.

As regards the construction business, the CEO said that the company had performed and was still performing in line with the management's expectations, particularly thanks to the renegotiated contracts, which were adjusted to include the unpredictably high input prices.

Finally, the National Recovery and Resiliency Plan (PNRR) funds ought to give a significant boost to the energy and healthcare sectors, being ABP's core activities. In particular, they will continue to bid in public tenders to renovate hospitals (particularly under the safety, anti-seismic and energy-efficiency standpoints).

Conclusion & Action: the above confirms our positive view on the group's business, which we believe is well poised to ride the current "inflationary wave".