

Buy

Recommendation unchanged

Share price: EUR **3.80**

closing price as of 29/03/2023

Target price: EUR **5.70**

Target Price unchanged

Upside/Downside Potential **50.0%**

Reuters/Bloomberg

ABP.MI/ABP IM

Market capitalisation (EURm) **116**

Current N° of shares (m) 30

Free float **11%**

Daily avg. no. trad. sh. 12 mth (k) 5

Daily avg. trad. vol. 12 mth (k) 141.08

Price high/low 12 months 4.05 / 3.34

Abs Perfs 1/3/12 mths (%) 7.34/0.53/2.70

Key financials (EUR) 06/22 06/23e 06/24e

Sales (m) 59 87 88

EBITDA (m) 14 14 15

EBITDA margin 23.8% 16.6% 16.8%

EBIT (m) 12 13 13

EBIT margin 21.1% 14.8% 15.0%

Net Profit (adj.)(m) 10 10 10

ROCE 64.1% 46.4% 46.4%

Net debt/(cash) (m) (40) (42) (50)

Net Debt/Equity -0.7 -0.7 -0.7

Debt/EBITDA -2.8 -2.9 -3.3

Int. cover(EBITDA/Fin. int) 82.4 90.1 92.4

EV/Sales 1.4 0.8 0.8

EV/EBITDA 5.8 5.1 4.5

EV/EBITDA (adj.) 5.8 5.1 4.5

EV/EBIT 6.5 5.7 5.0

P/E (adj.) 12.6 12.0 11.7

P/BV 2.2 1.8 1.6

OpFCF yield 6.8% 3.3% 8.0%

Dividend yield 1.3% 1.3% 1.3%

EPS (adj.) 0.31 0.32 0.32

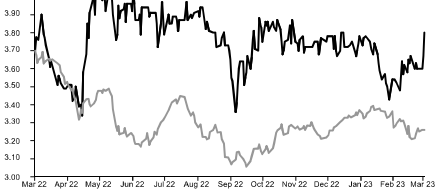
BVPS 1.76 2.08 2.36

DPS 0.05 0.05 0.05

Shareholders

Bruno Nocivelli 58%; Laura Salvatore 27%; Nicola Turra 4%;

Alessandra Perego 0.89%;



Source: FactSet

ABP NOCIVELLI FTSE AIM Italia (Rebased)

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H1 22/23 results: very good release, new additions to the 10-year backlog

The facts: ABP Nocivelli released its H1 22/23 results yesterday.

Our analysis: we summarise the main lines of the release below.

	H1 22/23	H1 21/22	Y/Y
Sales	41.8	23.8	75.7%
Value of production	40.6	27.0	50.3%
EBITDA	9.2	7.1	28.6%
EBITDA Margin	22.5%	26.3%	-3.8pp
EBIT	8.1	6.3	27.9%
EBIT Margin	19.9%	23.4%	-3.5pp
Net profit	5.9	5.0	18.2%
Net debt (cash)	-45.2	-35.4	27.5%

The **value of production** was supported by the construction activity (EUR 5.6m vs. EUR 1.1m in H1 21/22) and the increase in energy service revenue, which benefitted from higher energy prices. ABP successfully managed its fuel sources, leading to an under-proportionate increase in its costs (+60% Y/Y vs. +75% in sales). We note that H1 21/22 EBITDA included ~EUR 2.5m in non-recurring revenue (linked to the disposal of real estate). Net of these effect, **EBITDA** would have almost doubled Y/Y.

The **net cash position** improved by ~EUR 5.5m on a sequential basis to EUR 45.2m (EUR 39.7m as at 30 June 2022). The operating cash generation was above EUR 9m or ~100% of H1 22/23 EBITDA, as the cash outflow for capex (EUR 1.5m) was completely offset by NWC. At the FCFE level, the cash conversion was ~75%. This result is likely to include the positive impact of the completion of construction works, which brings in lower work-in-progress inventories and the actual profit coming from the project.

ABP's 10-year **backlog** increased slightly on a sequential basis (EUR 650m vs. EUR 600m at the end of FY 21/22), testifying to the resiliency and the extremely long visibility on the contract portfolio.

The management is confident that it is ready to tap into the opportunities sparked by "PNRR", while the "worst seems over" in terms of energy volatility (ABP has managed to overcome the energy turmoil successfully). As regards the most relevant PPP projects, particularly the "Molinette" hospital, the CEO said that the government, along with the approval of the new public procurement framework, has appointed ad-hoc commissioners to oversee the most critical PNRR-backed projects, which ought to speed up the tender process and lead to the construction (due to be completed by 2025 at best). ABP, if bid is successful, is going to be an equity partner in the ad-hoc vehicle, will build the hospital systems and will be entitled to a 25-year contract to supply facility management and energy services.

Conclusion & Action: very strong results that testify to the resiliency of ABP's business model and its ability to seize the opportunities arising from the PNRR projects.

Disclaimer

This research has been prepared by Andrea Devita; Enrico Esposti; Gabriele Gambarova; Matteo Cuconato; Paola Saglietti; Luigi Tramontana; Francesco Sala; Andrea Bonfà; Gian Marco Gadini (members of AIAF); Marcello Renna (ordinary member of SIAT), who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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This research has been produced and is being distributed as of 30 March 2023 at 8:45 AM CET.

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Alerion Clean Power-Banca Akros may be involved in extraordinary finance initiatives concerning the company

Almawave-The Bank was acting as Global Coordinator and Joint Bookrunner of the pertinent IPO

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Anima Holding-Banca Akros acted as Joint Bookrunner of the bond issuance (listed in Dublin) organized in April 2021

Anima Holding-Banca Akros' parent group holds more than 3% or is a member of shareholders pacts

Atlantia-Banca Akros acted as intermediary for the public exchange offer organized in October and November 2022

Autostrade per l'Italia - Gruppo Atlantia-Banca Akros acted as Other Bookrunner of the bond issuance organized in January 2022

Banca Ifis-Banca Akros is acting as corporate broker

Banca Sistema-Banca Akros is acting as corporate broker

Banco Bpm-Banca Akros acted:

- as Joint Bookrunner of the bond issuance organized in June 2021, January 2022 and November 2022

- as Joint Lead Manager of the bond issuance organized in July 2021 and January 2023

- as Other Bookrunner of the bond issuance organized in April 2022

- as Joint Bookrunner of the bond issuance organized in February and March 2022 (Issuer's Green, Social and Sustainability Bond Framework: Banco BPM EU750m 5Y Green Covered; ISIN IT0005489932)

Be Shaping the Future - Banca Akros was acting as intermediary for the public exchange offer organized in November and December 2022

Cattolica Assicurazione-Banca Akros acted as intermediary for the public exchange offer organized in October 2021 and for the sell out organized in July 2022

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DEA Capital- Banca Akros is acting as collecting intermediary for the public exchange offer organized in January and February 2023

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Digital Magics-Banca Akros is acting as Nomad

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Eni-Banca Akros is acting as guarantor and placement agent of the bond issuance (sustainability-linked 2023/2028) organized in January 2023

Enervit-Banca Akros is acting as corporate broker

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Falck Renewables- Banca Akros is acting as collecting intermediary for the public exchange offer organized in April-May 2022

Fiera Milano-Banca Akros is a specialist or liquidity provider

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Fine Foods and Pharmaceuticals-Banca Akros is acting as Nomad

Fine Foods and Pharmaceuticals-The Bank was acting as Sponsor in the MTA/Star transition process (12 luglio 2021)

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Generalfinance-Banca Akros supported Generalfinance in the placement of Class A3 Senior Notes in December 2022.

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Industrial Stars of Italy 4-Banca Akros is acting as Nomad

Intesa Sanpaolo-Banca Akros acted as Co-Manager of the bond issuance organized in March 2022, September 2022, February 2023 and March 2023

Italian Wine Brands-Banca Akros is a specialist or liquidity provider

Landi Renzo-Banca Akros provided investment banking services to Landi Renzo on the occasion of the July 2022 capital increase

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Net Insurance-Banca Akros acted as Sponsor for the listing of the shares and warrants on Euronext STAR Milan in June 2022

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Osai-Banca Akros is acting as corporate broker

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Prima Industrie- Banca Akros is acting as intermediary appointed to coordinate the collection of subscriptions for the public exchange offer organized in December 2022, January and February 2023.

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Saipem-Banca Akros was acting as intermediary for the share buyback programme organized in September 2021

Saipem-Banca Akros acted as a Joint Bookrunner of the capital increase organized in June 2022

Saipem-Banco BPM is among the lenders for the "Financial and Capital Strengthening Plan" announced in March 2022

Salcef-Banca Akros acted as Joint Global Coordinator e Joint Bookrunner of the Accelerated Bookbuilding organized in September and October 2021

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Tiscali-Banca Akros assisted Linkem and Linkem Retail as financial advisor issuing a fairness opinion on the Linkem Retail/Tiscali merger exchange ratio

Unicredit-Banca Akros acted as Co-Lead Manager of the bond issuance organized in January 2022 (UniCredit EU 1.75b Snr Pref, ISIN XS2433141947)

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Unidata-Banca Akros was acting as intermediary for the share buyback programme organized in September 2021

Webuild-Banca Akros acted as a CoManager of the issuance organized in January 2021 and January 2022.

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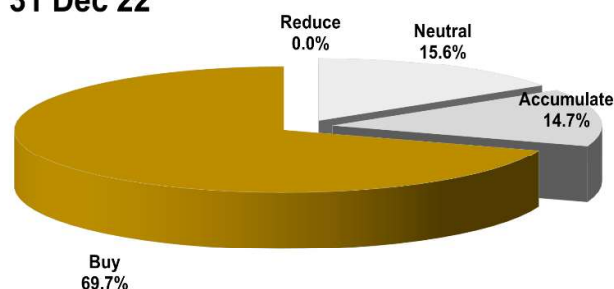
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Percentage of recommendations by the 31 December 2022

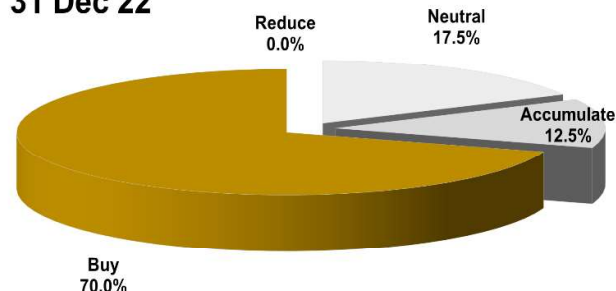
All recommendations

Recommendations on stocks under conflict of interest (*)

31 Dec 22



31 Dec 22



(*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 36.70% of all issuers covered

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