

# ABP Nocivelli

Sponsored Research

Italy | Materials, Construction &amp; Infrastructure



Analysar

26 September 2023

## Buy

Recommendation unchanged

Share price: EUR 3.76

closing price as of 25/09/2023

Target price: EUR 5.70

Target Price unchanged

Upside/Downside Potential 51.6%

Reuters/Bloomberg

ABP.MI/ABP IM

Market capitalisation (EURm) 114

Current N° of shares (m) 30

Free float 11%

Daily avg. no. trad. sh. 12 mth (k) 6

Daily avg. trad. vol. 12 mth (k) 67.23

Price high/low 12 months 3.92 / 3.36

Abs Perfs 1/3/12 mths (%) 0.53/2.17/0.80

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 0.7

EV/EBITDA 5.8 5.1 4.4

EV/EBITDA (adj.) 5.8 5.1 4.4

EV/EBIT 6.5 5.7 4.9

P/E (adj.) 12.6 12.0 11.6

P/BV 2.2 1.8 1.6

OpFCF yield 6.8% 3.3% 8.1%

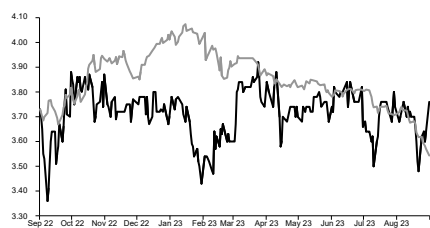
Dividend yield 1.3% 1.3% 1.3%

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)

## Analyst(s)

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## FY 22/23 pre: we expect solid results

The facts: ABP is due to report its FY 22/23 results today.

Our analysis: we summarise our estimates below.

	FY 2022/23e	FY 2021/22a	Y/Y
Sales	84.0	51.7	62.6%
Value of production	87.0	58.6	48.4%
EBITDA	14.4	13.9	3.5%
EBITDA Margin	16.6%	23.8%	-7.2pp
EBIT	12.8	12.4	3.9%
EBIT Margin	14.8%	21.1%	-6.3pp
Net profit	9.7	9.6	1.2%
Net debt (cash)	(42.5)	(39.7)	7.1%

Revenue growth ought to be boosted (as it was in H1 22/23) by energy and gas prices, which for the company are a pass-through item within its service contracts.

Thus, we expect the FY EBITDA to grow by c. 3.5% to over EUR 14m, in line with the expected profitability of the contract portfolio. We highlight that the contraction in the EBITDA margin is merely due to the peculiar revenue dynamic in FY 21/22, when energy prices passed on to ABP's customers were significantly lower.

We expect the net cash position to reach EUR 42.5m, slightly worse on a sequential basis (EUR 45.2m as at 31 Dec 2023) due to higher NWC absorption linked to construction works. For FY 22/23, we forecast an operating free cash flow of ~EUR 8m (with a cash conversion of c. 55% of FY EBITDA).

**Conclusion & Action:** we expect a solid set of results. We argue that prospects are still favourable for ABP in both service and construction, as it enjoys long visibility on its backlog (worth EUR 300m over the next three years). Recommendation and target confirmed.