

UPDATE

EQUITY RESEARCH

Altea Green Power

ISIM
INTEGRÆ

Euronext Growth Milan | Energy & Renewable | Italy

Production 09/10/2024, h. 18:30

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Rating

BUY

unchanged

Target Price

€ 14,30

prev. unchanged

Risk



Medium

Upside potential

100,6%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 7,13
Target price	€ 14,30
Upside/(Downside) potential	100,6%
Ticker	AGP IM
Market Cap (€/mln)	€ 123,44
Enterprise Value (€/mln)	€ 127,80
Free Float	30,7%
Share Outstanding	17.313.006
52-week high	€ 9,86
52-week low	€ 4,06
Average daily volumes (3 months)	34.074

Key Financials (€m)	FY23A	FY24E	FY25E	FY26E
Revenues	16,54	30,00	45,00	53,00
VoP	17,33	31,00	46,20	54,40
EBITDA	7,26	18,15	27,50	33,20
EBIT	7,10	17,85	27,15	32,80
Net Profit	4,91	12,15	18,60	22,55
EBITDA Margin	41,9%	58,5%	59,5%	61,0%
EBIT Margin	41,0%	57,6%	58,8%	60,3%
Net Profit Margin	28,3%	39,2%	40,3%	41,5%

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Stock performance	1M	3M	6M	1Y
Absolute	6,58	7,22	8,10	4,96
to FTSE Italia Growth	7.878,22	8.090,09	8.140,22	8.096,67
to Euronext STAR Milan	45.060,04	48.062,82	47.834,77	41.372,50
to FTSE All-Share	35.381,74	36.281,46	36.527,45	29.649,13
to EUROSTOXX	4.738,06	4.969,83	5.046,05	4.144,43
to MSCI World Index	2.735,22	2.819,60	2.676,34	2.245,62

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	17,6x	7,0x	4,6x	3,8x
EV/EBIT	18,0x	7,2x	4,7x	3,9x
P/E	25,2x	10,2x	6,6x	5,5x

1H24A Results

In the half-yearly report as of June 30, 2024, the Company reported sales revenues of € 14.42 million and a production value of € 14.53 million, marking a growth of 44.5% compared to the same period in 2023, € 10.05 million. The growth in business activities is clearly reflected in EBITDA, which reached € 8.20 million in 1H24A, representing an increase of 58.7% compared to € 5.17 million in the same period last year, with an EBITDA margin of 56.4% (up from 51.4% in 2023). EBIT also improved, standing at € 8.04 million after depreciation and amortization of € 0.16 million, marking an increase of 58.2% compared to € 5.08 million in the first half of 2023. Consequently, the EBIT Margin rose from 50.6% in 2023 to 55.4% in 1H24A. In line with this trend, Net Income reached € 5.32 million, compared to € 3.46 million recorded in 1H23A.

Estimates Update

In light of the results published in the 2024 half-year report, we confirm our estimates for both the current year and the coming years, making slight adjustments. Specifically, we confirm the FY24E production value at € 31.00 million, while revising the EBITDA estimate to € 18.15 million, corresponding to a margin of 58.5%. For the following years, we expect the production value to increase to € 54.40 million (CAGR 23A-26E: 46.4%) in FY26E, with EBITDA reaching € 33.20 million (EBITDA margin of 61.0%), up from € 7.26 million in FY23A (EBITDA margin of 41.9%). On the balance sheet side, we expect the NFP to reach a cash-positive value of € 42.54 million in FY26E, which the Company will use to accelerate the development of its owned photovoltaic plants and the production and sale of electricity.

Valuation Update

We conducted our valuation of the equity value of Altea Green Power based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 278.8 million. Using market multiples, the equity value of Altea Green Power is € 216.4 million. **The results give an average equity value of € 247.6 million. The target price is € 14.30 (prev. € 14.30). We confirm a BUY rating and MEDIUM risk.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	16,03	16,54	30,00	45,00	53,00
Other revenues	0,72	0,79	1,00	1,20	1,40
Value of Production	16,75	17,33	31,00	46,20	54,40
COGS	0,79	0,49	0,75	1,00	1,10
Services	7,19	7,14	7,60	12,55	14,50
Use of asset owned by others	0,07	0,05	0,20	0,25	0,30
Employees	1,16	1,49	2,80	3,25	3,50
Other operating expenses	1,39	0,90	1,50	1,65	1,80
EBITDA	6,15	7,26	18,15	27,50	33,20
<i>EBITDA Margin</i>	<i>36,7%</i>	<i>41,9%</i>	<i>58,5%</i>	<i>59,5%</i>	<i>61,0%</i>
D&A	0,09	0,15	0,30	0,35	0,40
EBIT	6,06	7,10	17,85	27,15	32,80
<i>EBIT Margin</i>	<i>36,2%</i>	<i>41,0%</i>	<i>57,6%</i>	<i>58,8%</i>	<i>60,3%</i>
Financial management	(0,06)	(0,23)	(0,40)	(0,40)	(0,40)
EBT	6,00	6,87	17,45	26,75	32,40
Taxes	1,83	1,95	5,30	8,15	9,85
Other Items	0,01	(0,01)	0,00	0,00	0,00
Net Income	4,18	4,91	12,15	18,60	22,55
CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	0,82	2,57	3,50	6,60	16,20
Account receivable	4,01	0,74	4,60	6,80	7,80
WiP under contracts	15,07	28,60	45,00	78,00	100,00
Account payable	8,29	10,80	19,00	56,20	89,50
Operating Working Capital	10,79	18,53	30,60	28,60	18,30
Other receivable	3,30	5,80	4,70	5,40	6,00
Other payable	3,41	5,03	7,60	10,60	11,60
Net Working Capital	10,67	19,31	27,70	23,40	12,70
Severance Indemnities & Other Provisions	0,05	0,07	0,60	0,65	0,70
NET INVESTED CAPITAL	11,45	21,80	30,60	29,35	28,20
Share Capital	0,83	0,87	0,87	0,87	0,87
Reserves	6,56	11,66	16,58	28,73	47,33
Net Income	4,17	4,92	12,15	18,60	22,55
Equity	11,55	17,44	29,59	48,19	70,74
Cash & Cash Equivalent	1,66	0,50	4,59	23,14	45,54
Short Term Debt to Bank	0,34	1,93	2,50	1,80	1,00
M/L Term Debt to Bank	1,21	2,93	3,10	2,50	2,00
Net Financial Position	(0,11)	4,36	1,01	(18,84)	(42,54)
SOURCES	11,45	21,80	30,60	29,35	28,20

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	7,10	17,85	27,15	32,80
Taxes	1,95	5,30	8,15	9,85
NOPAT	5,15	12,55	19,00	22,95
D&A	0,15	0,30	0,35	0,40
Change in NWC	(8,64)	(8,39)	4,30	10,70
Change in receivable	3,27	(3,86)	(2,20)	(1,00)
Change in WiP under contracts	(13,53)	(16,40)	(33,00)	(22,00)
Change in payable	2,51	8,20	37,20	33,30
Change in others	(0,89)	3,68	2,30	0,40
Change in provisions	0,02	0,53	0,05	0,05
Operating Cash Flow	(3,31)	4,99	23,70	34,10
Capex	(1,89)	(1,23)	(3,45)	(10,00)
Free Cash Flow	(5,20)	3,75	20,25	24,10
Financial Management	(0,23)	(0,40)	(0,40)	(0,40)
Change in financial debt	3,31	0,74	(1,30)	(1,30)
Change in equity	0,97	0,00	0,00	(0,00)
Free Cash Flow to Equity	(1,16)	4,09	18,55	22,40

Source: Altea Green Power and Integrae SIM estimates

Company Overview

Altea Green Power A.G.P S.p.A. (“AGP” o “Altea”), founded in 2008 by Giovanni Di Pascale (CEO), is a Company offering services in the acquisition of suitable sites, design, construction, maintenance, and management of photovoltaic and wind power plants, development of BESS projects, cogeneration systems, and interventions aimed at improving energy efficiency. The Company, headquartered in Rivoli (TO), has been operating in the energy market for over a decade and has managed, in just a few years since its listing, to expand its business both in terms of activities, initiating the development of BESS, and geographically, by entering the United States.

Altea Green Power’s business model is based on the creation of an investment vehicle in collaboration with major industry operators and infrastructure funds, aimed at consolidating Co-Development activities. This includes identifying suitable sites and managing the necessary permitting processes to make projects “shovel-ready,” which are then built and managed by third parties. Moreover, Altea is rapidly consolidating its position in the market for energy storage systems (BESS), which are crucial for stabilizing energy grids from renewable sources. To date, it holds a significant pipeline under development both in Italy and the United States, and the activity of IPP (Independent Power Production) is also being launched, with a projected 90 MW of photovoltaic plants to be realized by 2028.

1H24A Results

TABLE 2 – 1H24A VS 1H23A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H24A	14,53	8,20	56,4%	8,04	5,32	1,33
1H23A	10,05	5,17	51,4%	5,08	3,46	4,36*
Change	44,5%	58,7%	5,0%	58,2%	53,7%	n/a

Source: Integrae SIM

*NFP as of 31/12/2023

In a press release, Giovanni Di Pascale, founder and CEO of Altea Green Power, commenting on the first half of 2024 results, stated: *“We are very pleased with this first half of 2024 and the results achieved, which confirm sustained double-digit growth in economic indicators and a profitability margin approaching 60.0%. The efforts and ongoing commitment of our team have helped us remain highly competitive and confirm, once again, the solidity of our business model. Looking ahead, we are confident that we will soon finalize new collaborations, already under discussion, particularly in the United States, where we will be able to seize significant opportunities. The positive trend that has accompanied our business for some time has been a crucial lever in driving us toward the transition to the regulated market, STAR segment, in the near future.”*

In the first half of 2024, Altea Green Power continued its development in strategic business sectors, focusing particularly on the expansion of the co-development division, the Group’s core business, and the development of BESS projects, which have recently driven the growth in revenue and profitability. In the half-yearly report as of June 30, 2024, the Company reported sales revenues of € 14.42 million and a production value of € 14.53 million, marking a growth of 44.5% compared to the same period in 2023, € 10.05 million. This increase was primarily driven by the closing of a co-development contract for nine BESS Storage plants in Italy, signed with a North American investment fund. The agreement resulted in the sale of subsidiaries Green BESS Srl and Blue BESS Srl, for a total value of € 5.70 million.

Also in the BESS market, the Company continued the permitting procedures related to the contract signed in July 2022 with Aer Soléir, an Irish company, for the co-development of projects with a total capacity of 510 MW, valued at over € 40.00 million. In the U.S., through its subsidiary Altea Green Power US Corp, which holds 25.0% of BESS Power Corp, the Company expects to reach a project pipeline of between 1.5 and 2 GW within the next 4-5 years. The first project, called Lund Storage and with a capacity of approximately 0.5 GW, is already in an advanced stage of development, with a preliminary interconnection agreement signed with the Texas grid operator, ERCOT.

Overall, thanks to the commercial agreements secured in the first half of 2024, the Group has an order backlog exceeding € 150.00 million and a pipeline of new projects with a total capacity of over 3 GW.

The growth in business activities is clearly reflected in EBITDA, which reached € 8.20 million in the first six months of 2024, representing an increase of 58.7% compared to € 5.17 million in the same period last year, with an EBITDA margin of 56.4% (up from 51.4% in 2023). This improvement is largely due to the stronger focus on the BESS Storage sector, which offers higher margins compared to wind and photovoltaic energy. However, activities in both sectors remain significant, with total installed capacity exceeding 45 GW in the first half of 2024, including over 33 GW from photovoltaic and around 12 GW from wind energy.

EBIT also improved, standing at € 8.04 million after depreciation and amortization of € 0.16 million, marking an increase of 58.2% compared to € 5.08 million in the first half of 2023. Consequently, the EBIT Margin rose from 50.6% in 2023 to 55.4% in the most recent semester. In line with this trend, Net Income reached € 5.32 million, compared to € 3.46 million recorded in 1H23A.

On the balance sheet side, the NFP improved, decreasing from € 4.36 million as of December 31, 2023, to € 1.33 million as of June 30, 2024, primarily due to higher cash reserves resulting from the sale of Green BESS Srl and Blue BESS Srl. Additionally, the Group optimized cash generation through effective management of working capital, reaching in the first half the cash level initially forecasted for the entire year.

The results achieved in the first half of 2024 confirm the success of the strategies implemented by the Group, demonstrating how the efforts made with a long-term vision are delivering excellent outcomes. In particular, the targeted focus on the Storage segment has allowed Altea Green Power to consolidate its leadership position, creating a significant competitive edge both in terms of financial and economic results, as well as through the acquisition of highly specialized know-how. As evidence of this, on March 21, 2024, the Group signed an important co-development contract for 9 BESS plants in Italy, with a total value exceeding € 68.00 million, including a potential success fee of up to € 15.00 million, of which € 5.70 million comes from the sale of development rights for Green and Blue BESS, as mentioned earlier. The continued growth and expansion of the BESS project pipeline (already 500 MW more than initially projected in the recent 2024-2028 Industrial Plan) not only further strengthen the Group's market position but also set the stage for sustainable, long-term growth.

Lastly, it is worth noting the initiation of the translisting process, aimed at the Company's listing on the regulated Euronext Milan market, and potentially on the STAR segment, which is dedicated to enhancing SMEs with excellent characteristics. Management believes this transition will bring the Group significant benefits, including enhanced growth support, improved credit standing, increased international visibility, and stronger demand from both domestic and international institutional investors.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E - FY26E

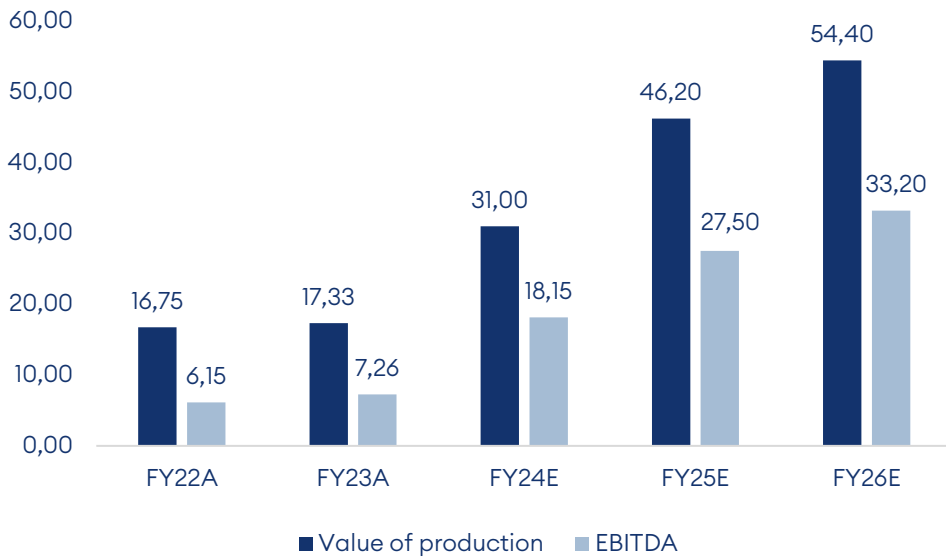
€/mln	FY24E	FY25E	FY26E
Value of production			
New	31,0	46,2	54,4
Old	31,0	46,2	54,4
Change	0,0%	0,0%	0,0%
EBITDA			
New	18,2	27,5	33,2
Old	18,8	28,2	33,8
Change	-3,2%	-2,5%	-1,6%
EBITDA margin			
New	58,5%	59,5%	61,0%
Old	60,5%	61,0%	62,0%
Change	-1,9%	-1,5%	-1,0%
EBIT			
New	17,9	27,2	32,8
Old	18,5	27,9	33,4
Change	-3,3%	-2,5%	-1,6%
Net Income			
New	12,2	18,6	22,6
Old	12,8	19,3	23,0
Change	-4,7%	-3,4%	-2,0%
Net financial position			
New	1,0	(18,8)	(42,5)
Old	(2,1)	(19,9)	(45,1)
Change	n/a	n/a	n/a

Source: Integrae SIM

In light of the results published in the 2024 half-year report, we confirm our estimates for both the current year and the coming years, making slight adjustments to certain items to reflect the outcomes of the first half.

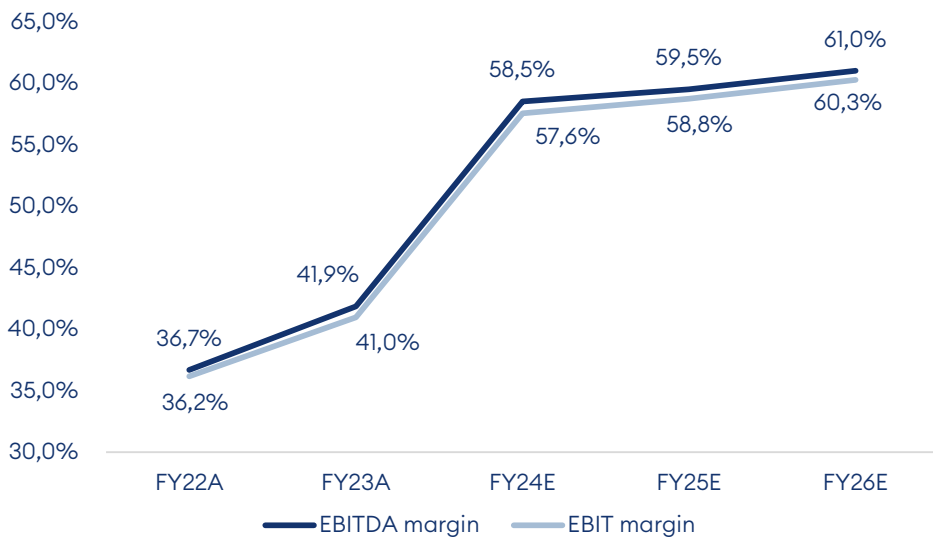
Specifically, we confirm the FY24E production value at € 31.00 million, while revising the EBITDA estimate to € 18.15 million, corresponding to a margin of 58.5%. For the following years, we expect the production value to increase to € 54.40 million (CAGR 23A-26E: 46.4%) in FY26E, with EBITDA reaching € 33.20 million (EBITDA margin of 61.0%), up from € 7.26 million in FY23A (EBITDA margin of 41.9%). On the balance sheet side, we expect the NFP to reach a cash-positive value of € 42.54 million in FY26E, which the Company will use to accelerate the development of its owned photovoltaic plants and the production and sale of electricity.

CHART 1 - VOP AND EBITDA FY22A - FY26E



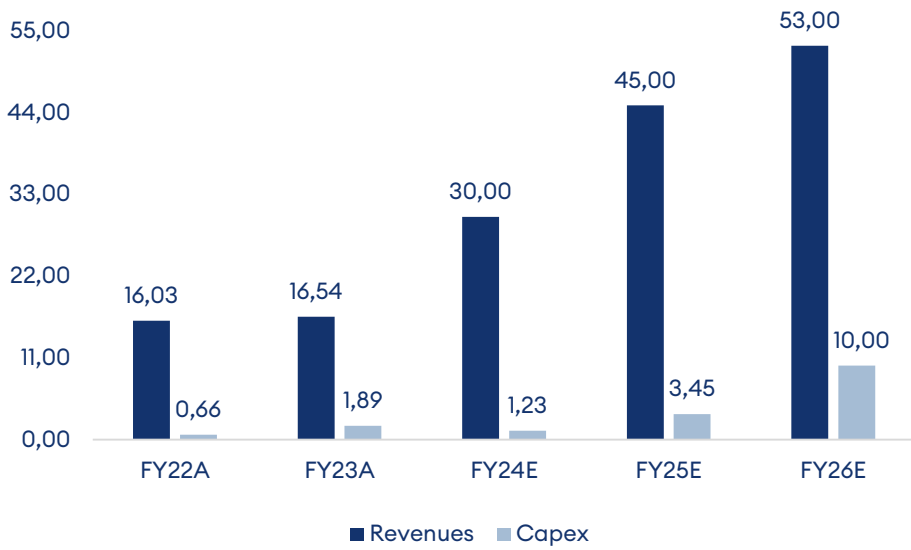
Source: Integrae SIM

CHART 2 - MARGIN FY22A - FY26E



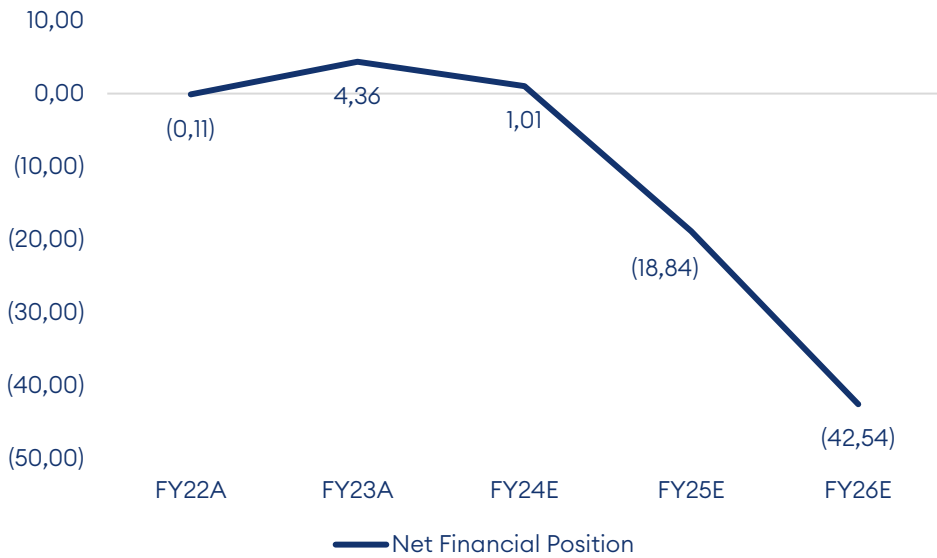
Source: Integrae SIM

CHART 3 – CAPEX FY22A - FY26E



Source: Integrae SIM

CHART 4 – NFP FY22A - FY26E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of Altea Green Power based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC				7,4%
D/E 17,6%	Risk Free Rate 2,7%	β Adjusted 0,6	α (specific risk) 2,5%	
K_d 5,5%	Market Premium 6,8%	β Relevered 0,4	K_e 8,1%	

Source: Integrae SIM

We included a specific risk of 2.5%. The result is therefore a WACC of 7,4%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO Actualized	44,40	15,7%
TV Actualized DCF	238,74	84,3%
Enterprise Value	283,14	100,0%
NFP (FY23A)	4,36	
Equity Value	278,79	

Source: Integrae SIM

With the above data, the result is an **equity value of € 278,79 mln.**

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		5,9%	6,4%	6,9%	7,4%	7,9%	8,4%	8,9%
	3,0%	537,4	460,8	403,6	359,5	324,2	295,6	271,7
	2,5%	465,1	407,4	362,7	327,1	298,1	274,0	253,7
	2,0%	411,1	366,0	330,0	300,7	276,4	255,9	238,3
	1,5%	369,3	333,0	303,4	278,8	258,0	240,3	225,0
	1,0%	336,0	306,1	281,2	260,2	242,3	226,9	213,4
	0,5%	308,8	283,7	262,5	244,4	228,7	215,1	203,1
	0,0%	286,2	264,8	246,5	230,7	216,9	204,7	194,0

Source: Integrae SIM

Market multiples

Our panel is made up of companies operating in the same sector as Altea Green Power. These companies are the same used to calculate Beta for the DCF method. The panel is made up of:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Comal SpA	5,0x	4,0x	n/a	5,8x	4,6x	n/a	n/a	n/a	n/a
ESI SpA	6,0x	3,5x	n/a	7,0x	4,3x	n/a	13,5x	6,5x	n/a
Acea SpA	5,9x	5,5x	5,4x	12,5x	12,0x	11,0x	11,1x	11,0x	10,1x
Iniziative Bresciane SpA	8,5x	8,1x	n/a	22,4x	22,6x	n/a	10,4x	10,6x	n/a
Peer median	6,0x	4,8x	5,4x	9,8x	8,3x	11,0x	11,1x	10,6x	10,1x

Source: Infincials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	108,2	130,6	178,9
EV/EBIT	174,0	225,4	360,8
P/E	135,1	197,2	228,1
Equity Value			
EV/EBITDA	107,1	149,5	221,4
EV/EBIT	173,0	244,2	403,3
P/E	135,1	197,2	228,1
Average	140,1	196,8	312,4

Source: Integrae SIM

Using EV/EBITDA, EV/EBIT and P/E market multiples, **the equity value is approximately € 216,43 mln.**

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	247,6
Equity Value DCF (€/mln)	278,8
Equity Value Multiples (€/mln)	216,4
Target Price (€)	14,30

Source: Integrae SIM

The results give an average equity value of approximately € 247,6 million. **The target price is therefore € 14.30 (prev. € € 14,30). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	34,7x	13,9x	9,2x	7,6x
EV/EBIT	35,5x	14,1x	9,3x	7,7x
P/E	50,5x	20,4x	13,3x	11,0x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	17,6x	7,0x	4,6x	3,8x
EV/EBIT	18,0x	7,2x	4,7x	3,9x
P/E	25,2x	10,2x	6,6x	5,5x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
16/10/2023	5,38	Buy	6,75	Medium	Update
06/11/2023	4,50	Buy	6,75	Medium	Breaking News
22/01/2024	9,00	Buy	14,00	Medium	Update
25/03/2024	7,86	Buy	14,00	Medium	Breaking News
08/04/2024	7,85	Buy	14,30	Medium	Update
09/05/2024	8,30	Buy	14,30	Medium	Breaking News
04/07/2024	6,92	Buy	14,30	Medium	Breaking News
27/07/2024	7,30	Buy	14,30	Medium	Breaking News

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Upside Potential (for different risk categories)			
Rating	Low Risk	Medium Risk	High Risk
BUY	Upside \geq 7.5%	Upside \geq 10.0%	Upside \geq 15.0%
HOLD	-5.0% < Upside < 7.5%	-5.0% < Upside < 10%	0% < Upside < 15.0%
SELL	Upside \leq -5.0%	Upside \leq -5.0%	Upside \leq 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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