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MIDCAP

EQUITY RESEARCH

# ALTEA GREEN POWER

INITIATION OF COVERAGE

**BUY**

**TP 11.5€**

**Up/Downside: 117%**

## The Dawn of a New Sun

**We are initiating coverage of Altea Green Power, the Italian market leader in the co-development of storage, photovoltaic and wind power projects, with a BUY recommendation and a TP of 11.5€. The company boasts an order book of over 150 m€ , an EBITDA margin of around 55% and a 2024-2028 plan to quintuple the Group's EBIT. We believe that Altea Green Power represents an investment opportunity in the megatrend of energy transition.**

### A unique business model

Altea Green Power (henceforth "AGP") stands out for its agile co-development model covering all stages from site selection to permit management. The first company in Italy to focus on this high value-added phase, AGP is responding to growing demand, particularly for storage projects. With a backlog of €120m for these projects alone, AGP is a key partner for investment funds and major utilities. This flexible model is now evolving into a hybrid model, gradually integrating asset ownership to diversify revenues and guarantee greater recurrence.

### A hidden gem in an exponentially growing market

Energy production accounts for 43% of global CO2 emissions, a figure that is set to reach zero by 2100 according to the ETS scenario. BloombergNEF estimates that by 2050, global renewable energy capacity could reach 17.2 TW, compared with 4.1 TW today. In Italy, renewable energies already cover 42.1% of national consumption, with hydroelectricity the main contributor (16.9%), followed by photovoltaics, which is expected to grow strongly (CAGR 2024-2030 of 14.1%). Storage, with a CAGR of 21.9% between 2023 and 2030, will be essential for managing infrastructure overloads.

### Moderate valuation

The company closed 1H 2024 with a net debt of 1.3 m€ and a market capitalization of 112 m€ , for an EV/EBIT LTM multiple of 6.9x at 2024. LTM P/E is currently estimated at 9.8x for 2024, and 4.4x by 2028, with no capital raising. Current ROCE is 28.2%. Our valuation, based on a DCF with a WACC of 9.3% and an EV/EBIT and EV/EBITDA multiple analysis, yields a TP of €11.5, offering upside potential of around >100% from the current price, justifying our initiation with a BUY rating.

| Key data | |
|---|---|
| Price (€) | 5.3 |
| Industry | Energy |
| Ticker | AGP-IT |
| Shares Out (m) | 18.236 |
| Market Cap (m €) | 96.6 |
| Average trading volumes (k shares / day) | 400.200 |
| Next event | 20/02/2025 - FY24 |

Source: FactSet

| Ownership (%) | |
|---|---|
| Dxor Investments Srl | 52.2 |
| Dxor Investments 1 Srl | 9.5 |
| Free float | 38.3 |

Source: TPICAP Midcap estimates

| EPS (€) | 12/24e | 12/25e | 12/26e |
|---|---|---|---|
| Estimates | 0.65 | 1.01 | 1.23 |
| Change vs previous estimates (%) | na | na | na |

Source: TPICAP Midcap estimates

| Performance (%) | 1D | 1M | YTD |
|---|---|---|---|
| Price Perf | -1.7 | -20.5 | -17.4 |
| Rel FTSE Italy | -1.4 | -26.4 | -23.5 |


Source: FactSet

| TP ICAP Midcap Estimates | 12/23 | 12/24e | 12/25e | 12/26e |
|---|---|---|---|---|
| Sales (m €) | 17.3 | 31.1 | 46.6 | 53.6 |
| Current Op Inc (m €) | 7.1 | 16.8 | 26.4 | 31.3 |
| Current op. Margin (%) | 41.0 | 54.2 | 56.7 | 58.4 |
| EPS (€) | 0.27 | 0.65 | 1.01 | 1.23 |
| DPS (€) | 0.00 | 0.00 | 0.00 | 0.00 |
| Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| FCF (m €) | -3.9 | -1.1 | 3.9 | 25.3 |

| Valuation Ratio | 12/24e | 12/25e | 12/26e |
|---|---|---|---|
| EV/Sales | 3.2 | 2.1 | 1.3 |
| EV/EBITDA | 5.9 | 3.6 | 2.3 |
| EV/EBIT | 6.0 | 3.7 | 2.3 |
| PE | 8.2 | 5.2 | 4.3 |

Source: TPICAP Midcap

| Consensus FactSet - Analysts:3 | 12/24e | 12/25e | 12/26e |
|---|---|---|---|
| Sales | 30.3 | 43.9 | 51.6 |
| EBIT | 18.1 | 26.7 | 32.0 |
| Net income | 12.3 | 18.3 | 21.9 |

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## Description

Altea Green Power is a company active in the renewable energy sector, specializing in the co-development of photovoltaic, wind, and energy storage projects. Founded in 2008, it initially offered EPC (Engineering, Procurement, and Construction) services and has gradually expanded its offerings, entering the co-development of large projects and collaborating with national and international operators. The company manages all development stages, from site selection and obtaining permits to design and potentially construction and management of facilities. With a strong commercial portfolio that covers over 9.4 times the revenue of the last fiscal year, Altea aims to grow internationally, as evidenced by the joint venture launched in the United States. Its strategy focuses on co-development, which represents over 95% of projected revenues, positioning it as a key player in the renewable energy market.

## SWOT Analysis

### Strengths

- Track record and bureaucratic know how in Photovoltaic, Wind and BESS authorization processes.
- Asset light balance sheet and flexible organizational structure (30 FTE)
- Solid reputation with European Investors and local Utilities
- Massive backlog in three booming markets (BESS, PV and Wind)

### Weaknesses

- Absence of proprietary plants gives limited visibility on recurring revenues after the booming period.
- Limited geographical diversification of Revenues.
- No controle on bureaucratic authorization process, which may impact on time and feasibility

### Opportunities

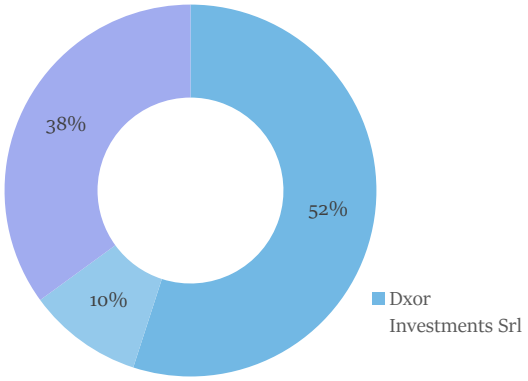
- Development in the USA
- BESS market is booming and Altea is weel positioned in this segment.
- Start developing some projects internally, to support the long-term view on the stock.
- Optimization of working capital management by anticipating payment receipt timelines as much as possible.

### Threats

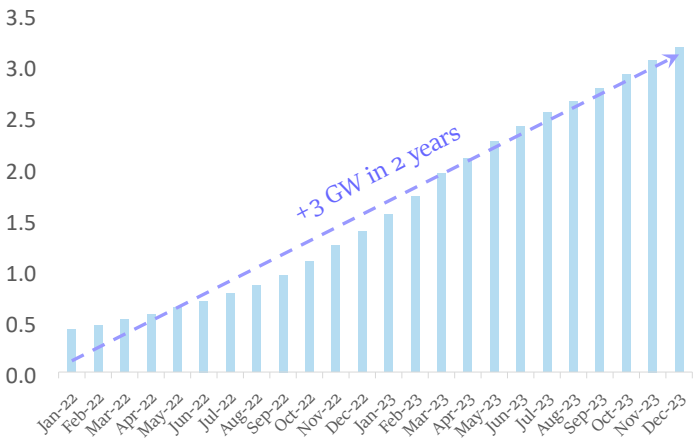
- The declining trend in electricity costs on the market gradually makes electricity production less profitable, reducing investments.
- Changes to laws and regulations that could make the authorization process more complex or restrictive.
- Increase in competition from other companies offering similar services.

# Overview

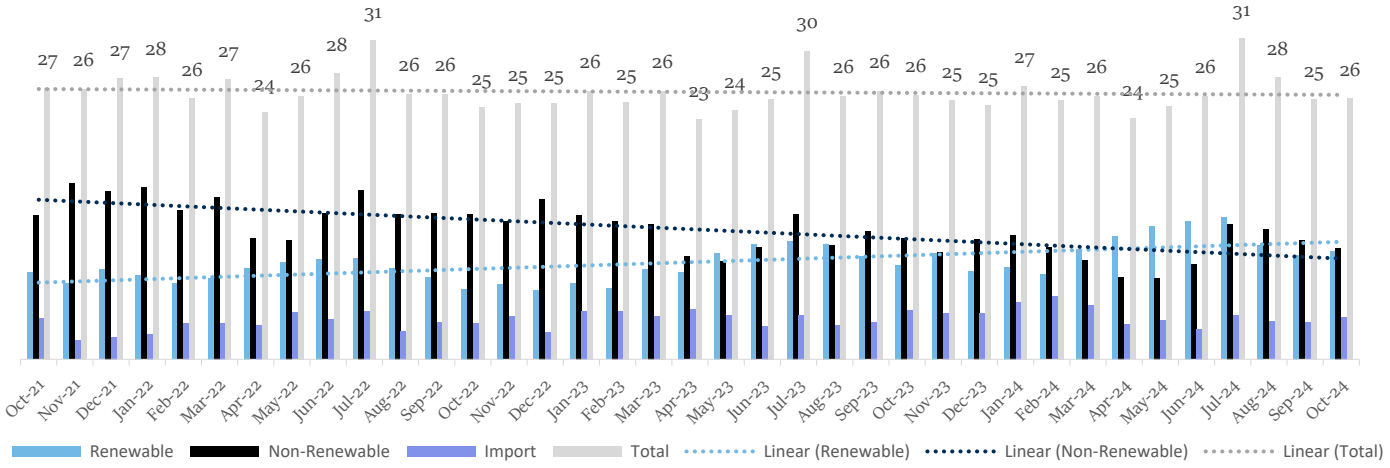
## Shareholder structure



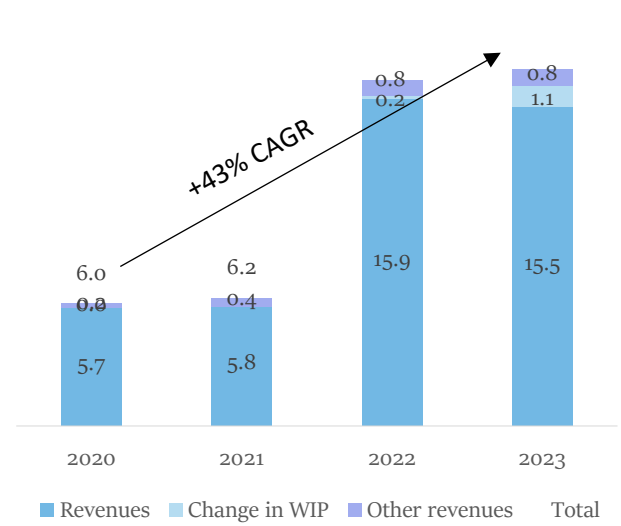

## Cumulative energy storage capacity in Italy



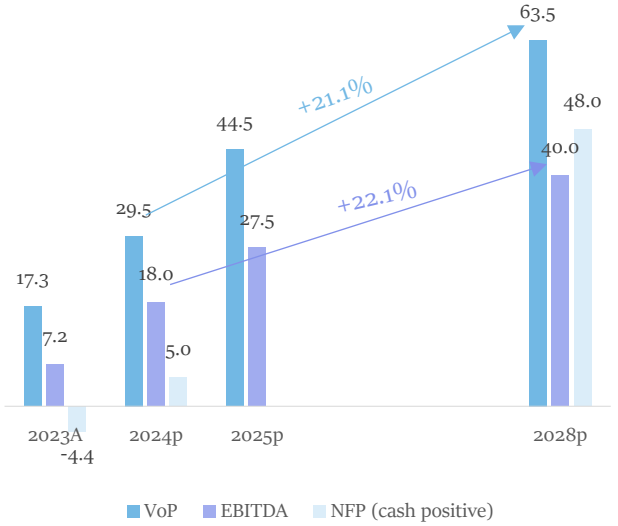

## Monthly energy consumption in Italy by source (January 2021 - June 2024)




## Sales growth (2020 A - 2023 A)




## Business Plan KPIs (2023 A - 2028 E)



## Company history

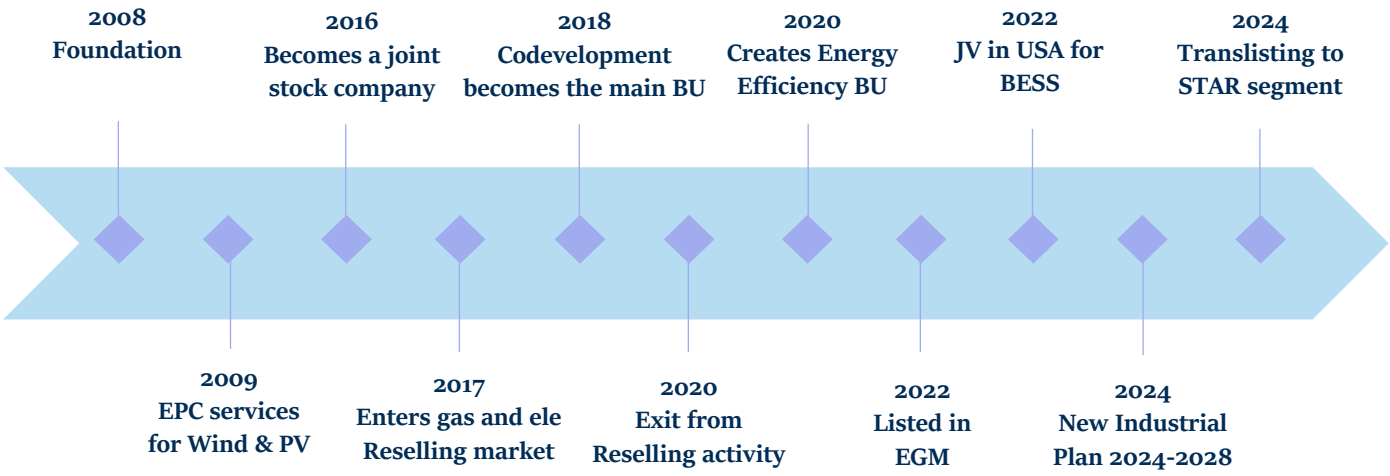
Founded in 2008 in Rivoli (Turin) by CEO Giovanni Di Pascale, Altea Green Power began by offering turnkey EPC (Engineering, Procurement, and Construction) services for small solar plants, before expanding its offering in subsequent years to also include small wind turbines. In 2017, with the aim of diversifying its activities, the company created Altea Power, a division dedicated to electricity and gas trading, a division that was discontinued in 2020 as it was deemed non-strategic for the company's development.

2018 marked a significant turning point for AGP: it was the year the company entered the co-development sector, focusing on identifying suitable sites for large-scale renewable energy projects, managing all the authorization procedures and allowing these projects to be subsequently built and managed by third parties, without necessarily having to manage the construction and maintenance phase of the projects themselves. This strategic decision has enabled AGP to considerably broaden its expertise and market presence, becoming over the years a reference player for major national and international operators wishing to become producers in the Italian energy market. Finally, in recent years, the company has become a leader in the co-development of large-scale energy storage projects (BESS), aimed at both stabilizing the grid and storing the energy produced.

In December 2022, AGP launched a joint venture (JV) for the development of stand-alone battery energy storage systems in the USA, creating RAL Green Energy Corporation in partnership with Redelfi. This JV is equally owned by the two entities (50% each). In early 2023, a commercial partnership led to the creation of BESS Corporation, a US company focused on co-development activities in Texas and Arizona, further underlining the company's strategic focus on structuring a hub in the USA.

Although the divisions dedicated to EPC and Energy Efficiency are part of the company's offering, much of the growth forecast in the

**Company history from foundation to translisting in the STAR segment**




Source: Bloomberg NEF, Politecnico Energy & Strategy and TP ICAP Midcap

2024-2028 Strategic Plan will be generated by the co-development business, on which the company has focused in recent years. In January 2024, the company published its industrial plan for the 2024-2028 period, with a sales target for 2028 of between 60 m€ and 73 m€ (compared with 31 m€ expected at the end of 2024), EBITDA of 35 m€ - 42m€ (compared with 17 m€ expected at the end of 2024), with an EBITDA margin in excess of 50% (compared with an EBITDA margin expected of around 55% in 2024), and finally cumulative cash generation over the next four years of around 56 m€ . This with net cash expected to be negative at 5 m€ at the end of 2024, but expected to be neutral at the end of 2025, reaching 54.5 m€ in 2028, despite a planned investment of 43 m€ for the construction of company-owned facilities during the reference period.

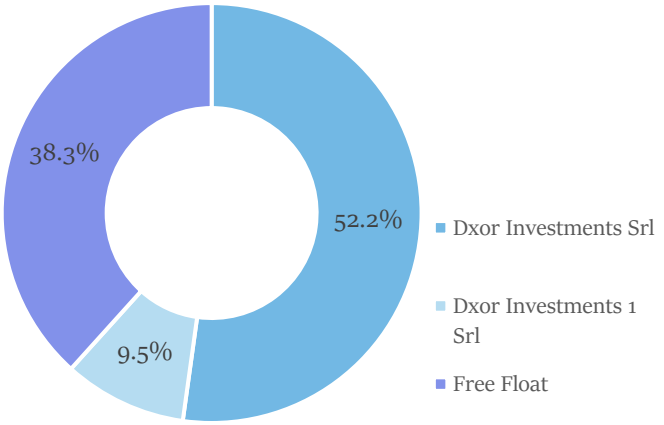
To date, cash flows still to be collected for orders in hand amount to 133.6 m€ , with world-class customers such as: Aer Soler (BESS projects for 41.7 m€ ), RPC (BESS projects for 61.2 m€ ), RP Global (PV projects for 11.1 m€ ), Iberdrola (Wind/PV projects for 10 m€ ), A2A (PV projects for 5 m€ ) and Enlight (PV projects for 3.1 m€ ). These contracted projects are sufficient to cover our growth forecasts for the next three years. At the same time, the company is pursuing authorization processes, mainly for energy storage projects worth 2.9 GW, representing around 160 m€ , the contracting of which would be sufficient to cover the entire business plan.

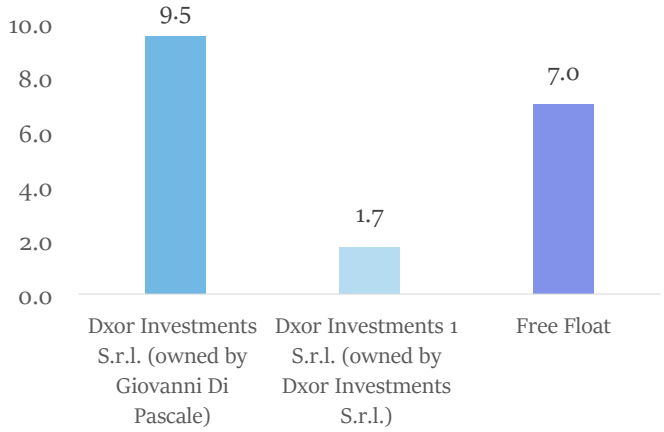
## Shareholders and Management

The majority of shares are held by founder and CEO Giovanni Di Pascale, who currently owns 100% of Dixor Investments, which in turn owns 100% of Dxor Investments 1 Srl. For this reason, the CEO currently holds 65% of AGP shares. The remaining 35% are held by the market.

At the end of December 2024, 1.86 m€ Warrants (out of the 4.2 m€ issued at the time of the IPO) were outstanding, leading the company to issue 0.93 m shares, with an exercise price of €1.6. In this way, the company raised around 1.5 m€ and the total number of shares outstanding rose from 17.3 m to around 18.2 m.

### Ownership




Source: Altea Green Power and TP ICAP Midcap

### Top Management

Source: Altea Green Power and TP ICAP

**Giovanni Di Pascale - Chairman and CEO**

- Accounting diploma from Instituto Frejus in Bardonecchia

- Founder of Altea Green Power in 2009, starting with electricity and gas trading, before diversifying into photovoltaic and wind power installations.

- In 2018, he is refocusing the company's activities on co-development.

**Salvatore Guarino - General Manager and Investor Relations**

- Degree in Economics from the University of Catania.

- After initial experience in financial accounting, he held various CFO positions in several companies in the Utilities sector, including ERG S.p.A.

- In 2021, he joins AGP as Managing Director and also joins the Board of Directors of the US joint ventures Bess Corp. and RAL Corp.

**Giancarlo Signorini - Chief Financial Officer**

- Degree in economics from the University of Turin.

- He began his career in accountancy consulting, becoming a manager at EY.

- He subsequently held the position of CFO at IMC S.p.A. and Coggiola S.R.L.

- He joined AGP in May 2023 and took up the position of CFO in October 2023

## AGP's Unique Approach: Towards a Hybrid Business Model

AGP is a company specialized in the co-development of renewable energy projects, operating along the entire value chain: from the selection of suitable sites to the management of permits, including the design, construction, maintenance and management of photovoltaic, wind and energy storage systems (BESS). Thanks to its consolidated experience in the sector, AGP has established itself as a leader in the emerging energy storage market in Italy, winning significant orders, worth over 120 m€ , from leading European operators, such as the Irish infrastructure funds Air Soléir and the English Renewable Power Capital (RPC), or the multyutilities Iberdrola and A2A.

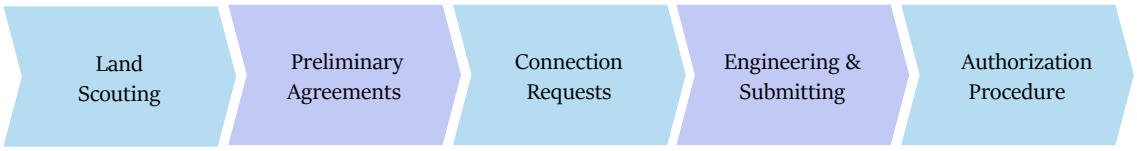
As a co-developer, AGP adopts a business model that does not require significant investment in infrastructure (CapEx) or operating costs (OpEx). The company focuses on high value-added activities such as site identification, feasibility studies and design, drawing on a network of experienced professionals. More than 95% of AGP's revenues, and almost all of the strategic growth planned for the coming years, come from co-development activities. This segment includes finding suitable sites, managing the necessary permits and preparing projects for the construction phase of storage systems, photovoltaic installations and also wind farms. This agile structure enables us to optimize resources and respond rapidly to market needs

A further advantage is our in-depth knowledge of the regulations and administrative processes involved in obtaining permits, guaranteeing speed and precision in execution. AGP is recognized as a reliable partner not only for the management of authorization processes, but also for technical and feasibility studies, distinguishing itself as co-developer and, where appropriate, EPC contractor.

In recent years, AGP has broadened its scope to include the development of large-scale energy storage facilities, now at the heart of the company's order book and a pillar of its future growth. These storage systems are designed to optimize connection to the national power grid, respond efficiently to peaks in demand and improve power system stability.

On November 12, 2024, the company announced that it had completed, in just 24 months, the authorization route for a 250 MW BESS storage facility (with Aer Soleir as partner) to be built in Piedmont, in the municipality of Rondissone. This project alone has a value of around 18 m€ and will enable the company to collect around 17 m€ over the next 18-24 months.

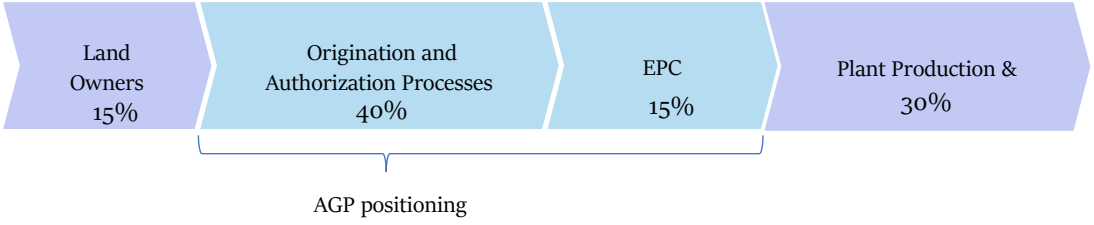
**Procedure for obtaining authorization to build a site**




The co-development activity mainly takes place in 5 phases:

a) The land search phase, during which the company carries out a due diligence that begins with an analysis of feasibility, land morphology, solar or wind irradiation levels in the area, and proximity to the area's primary transformer substations; b) Then, the signing of a preliminary agreement with the landowner; c) Subsequently, in accordance with regulations that may vary from region to region, the company proceeds with the application to connect to the primary transformer substation (TICA); d) The company takes care of all the upstream engineering required to obtain construction permits; e) Finally, still in compliance with regional regulations, the company takes care of obtaining all the permits required for the actual construction of the plant (Storage, Photovoltaic or Wind), from the Environmental Impact Assessment (EIA) to the specific national or local permits (AU). Once AU approval has been obtained, the project is generally authorized to go ahead. The whole procedure can take between 24 and 48 months on average.

In the reference sector, the value chain is concentrated on the Origination and Authorization processes, in which AGP specializes (around 40% of project value). Plant construction represents around 30% of project value, EPC around 15-20%, and landowners retain around 10-15% of project value




Source: Altea Green Power and TP ICAP Midcap

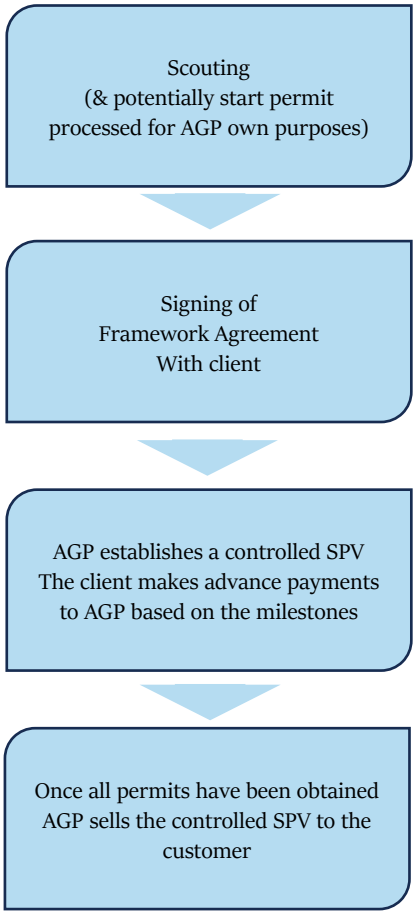
site/region, in order to diversify the risk associated with the necessary administrative processes. In exchange, investment funds or utilities promise periodic payments aligned with the achievement of certain authorization milestones.

A tailor-made contract is signed with the customer for each production site, and at the same time, each project is linked to a functional SPV (Special Purpose Vehicle) for the co-development activity. The creation of SPVs is optimal for separating the economic value of each individual project and for speeding up authorization processes. In SPVs, after the initial phases, all administrative rights and authorizations required for the construction of the renewable energy project (be it a photovoltaic, wind or energy storage facility) are pooled.

Operationally, the service can be provided as follows: the customer asks AGP to set up an SPV for the project (which will then be owned by AGP itself). In this scenario, depending on the agreed progress of work, the customer will make advance payments to AGP, which will use these funds to finance the SPV as shareholder financing. This will provide the SPV with the resources it needs to cover operating costs and pursue its planned activities. AGP may issue additional invoices if specific contractual targets are met. At the end of the contract, once the authorization process has been completed and the "Ready to Build" phase has been reached, the SPV will be transferred to the customer.

This management structure makes it possible to precisely track all costs, which are broken down by project, thus facilitating the distribution of expenses.

**Procedure for obtaining authorization to build a site**




Source: Altea Green Power and TP ICAP Midcap

From 2025 onwards, however, the situation will gradually change, as AGP begins to invest in proprietary photovoltaic installations in Italy. This represents a genuine change of business model for the company, which aims to become an integrated player in the energy sector. This new balance will inevitably have an impact on the balance sheet, which will become heavier due to the acquisition of new assets. However, it will offer greater visibility and recurrence of revenues, although this will be accompanied by a reduction in margins, given the more significant investments required

In doing so, AGP aims to orient its business model towards a hybrid one, closer to that of large energy companies such as Voltalia and Solaria. Voltalia, for example, has adopted an integrated business model covering the entire value chain, from project development and design through construction to energy production and plant operation. This enables the company to leverage synergies arising from its in-depth knowledge of the local area and customers, while benefiting from the economies of scale generated and thus reducing costs. However, unlike Voltalia, AGP will adopt a leaner model, which will nonetheless enable it to generate recurring revenues gradually.

**Voltalia's business model - Complete value chain integration**


Source: Voltalia and TP ICAP Midcap

**Strengths**

AGP adopts an agile, flexible approach that enables it to reap the benefits of the IPP model, without the heavy financial burdens associated with it. The main advantages are

**1) Flexibility and recourse to external financing** to fund the construction of its own facilities without having to bear the full cost of the capital required.

**2) Ownership of productive assets**, which will generate recurring revenues from energy sales.

**3) Diversification of revenue sources**, by combining project sales with asset ownership, which should also reduce the risks associated with fluctuations in the market for ready-to-build projects.

**4) Vertical but partial integration, remaining agile** while gaining control over strategic assets.

**Main Risks**

**1) Competition from more structured IPPs** such as Voltalia, Neoen and others with experience in building and managing large-scale facilities. If AGP wishes to enter this sector, it will have to develop skills that it has not yet fully internalized.

**2)The need for financing to develop the IPP business line**. If the cash generated by co-development projects is not sufficient, capital increases or new debt will be required, as well as partnerships with investment funds to co-invest in facilities.

**3)Increased exposure to market cycles**, because although selling ready-to-build projects guarantees a quick payout, owning plants means being tied to energy prices and economic fluctuations in the sector. This can be an advantage when prices are high, but a risk when prices fall.

**4)Risk of strategic dispersion**, if AGP does not maintain a clear direction and tries to do too many things at once (developer, IPP, services), risking losing its focus and not optimizing its model.

## Business Case: The Rondissone BESS Project

To provide a better understanding of AGP's business and operating model, we have chosen to include a significant example of an energy storage project. This example aims to illustrate a complex activity, due to its interaction with administrative and authorization procedures.

The project in question is part of an agreement signed between AGP and Aer Soléir towards the end of 2022, which provides for the construction of three facilities: two in Puglia and one in Rondissone, in the Piedmont region. The latter will be built close to an electrical transformer station and will have an input and output capacity of 250 MW. The project has a total value of over €18m.

The customer in this case is Aer Soléir, a Dublin-based Irish company specializing in the development, construction and management of multi-technology renewable energy projects, with a particular focus on large-scale wind, solar and energy storage projects. The company has secured a $250 million financing commitment from 547 Energy, an investment platform of Quantum Energy Partners, a U.S.-based private equity provider to the global energy industry since 1998, with over $17 billion in assets under management. Both 547 Energy and Quantum Energy Partners are headquartered in Houston, Texas.

As mentioned above, the "Rondissone" project involves the construction of a 250 MW, 4-hour BESS (Battery Energy Storage System) with a total capacity of 1 GWh. This installation will play a crucial role in balancing and stabilizing the national power grid, by being positioned at the strategic Rondissone node in Piedmont, the arrival point of the "RONDISSONE-ALBERTVILLE" power line, which links Italy and France with a capacity of 2 GW.

**Project Rondissone rendering**

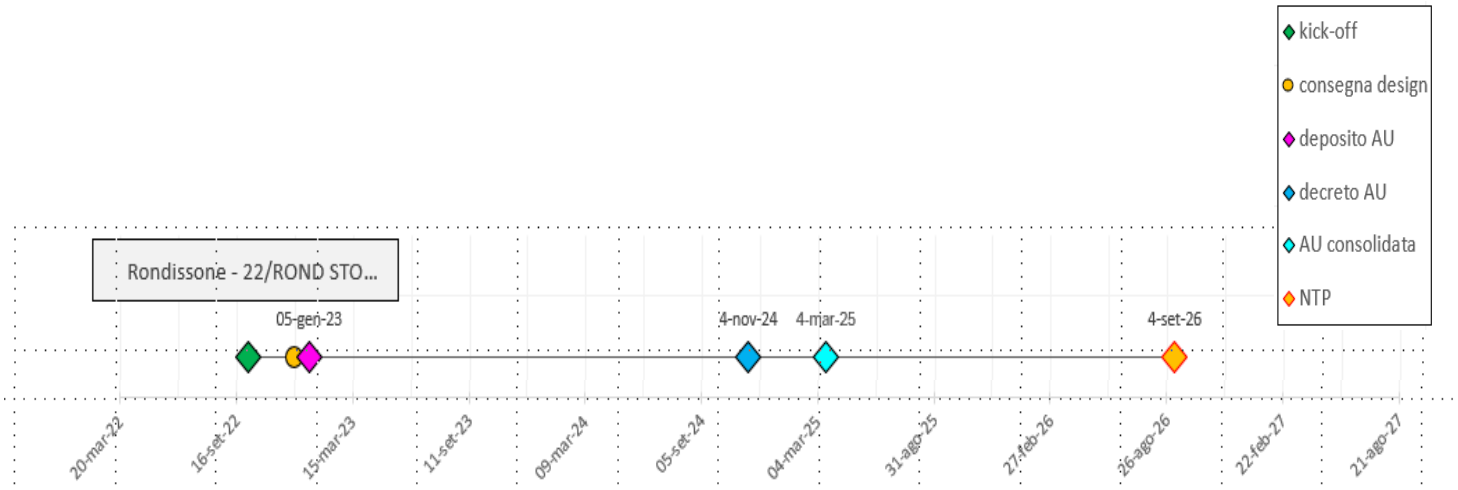

Source: Altea Green Power

The application for a "Single Authorization" (in accordance with article 1 of Legislative Decree 7/2002) was submitted to the Ministry of the Environment and Energy Safety on January 5, 2023, and was approved on April 11, 2024. The plant will be located near the Terna power station in Rondissone, adjacent to the A4 Turin-Trieste freeway.

Under the Rondissone Project DSA (Development Service Agreement), the following milestones have been defined, with proportional amounts paid upon completion of each milestone:

- **Milestone 1:** Kick-off of the project and signature of the preliminary land purchase agreement;
- **Milestone 2:** STMG (Solution Technique Minimale Générale) at the end of 2022, a key milestone corresponding to the operator's approval of the connection to the power grid;
- **Milestone 3:** Submission of the "Single Authorization" application (in accordance with article 1 of Decree-Law 7/2002) to the Ministry of the Environment and Energy Security, January 5, 2023;
- **Milestone 4:** Approval of the application by MASE (Ministère de l'Environnement et de la Sécurité Énergétique), November 4, 2024;
- **Milestone 5:** Consolidation of the Single Authorization scheduled for March 4, 2025;
- **Milestone 6:** Notice to Proceed scheduled for September 4, 2026, although this date may be brought forward in view of the project's rapid progress, as this milestone is associated with the largest payment of the entire project.

**Project roadmap with milestones**




Source: Altea Green Power

AGP played a key role in this project, handling the development, managing the approval procedures and coordinating with the institutions involved. Thanks to its expertise in the renewable energies and storage systems sector, AGP helped to obtain MASE approval in less than 24 months, whereas this type of procedure usually takes between 3 and 4 years.

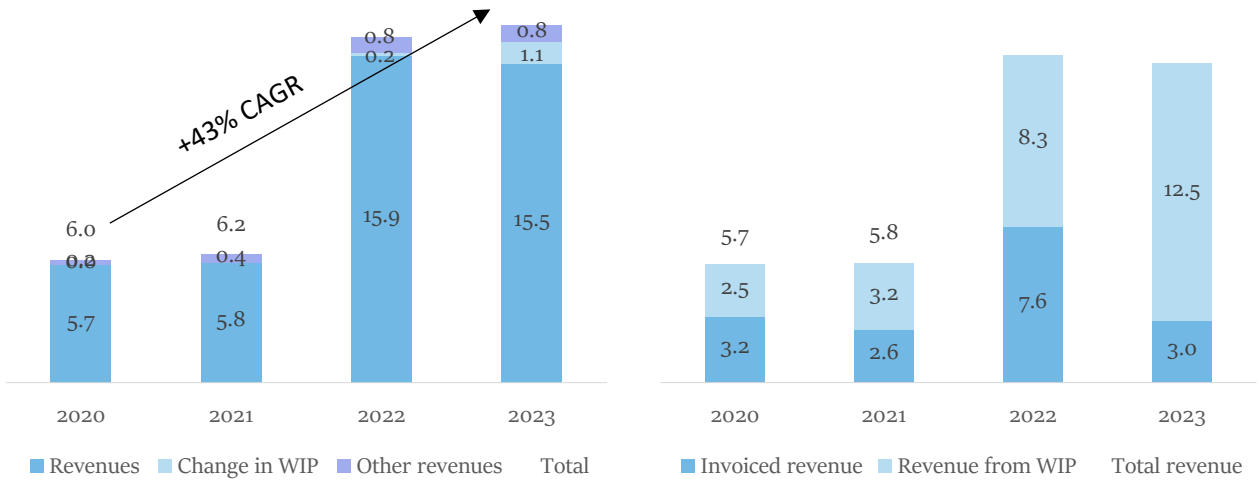
As a rule, the company collects around 30-35% of the contract when the first stages of the project are reached, while the remaining 65% is collected during the final phases. In this case, the project should generate around €17m in cash flow over the next 18 to 24 months. In the event of problems encountered during the authorization process, which could result in a delay or risk of interruption to the project, the company claims to have a portfolio of "back-up" sites and projects for use in such situations.

## Historical Financial Analysis

Since 2020, the Group's production value has increased considerably, recording a CAGR of 43%. The company does not publish data on the breakdown of sales between co-development, energy efficiency and EPC activities, but we estimate that over 90% of sales are related to co-development, and that future growth will be driven primarily by this activity.

An analysis of the revenue mix shows that, in 2023, around 80% of revenues related to work in progress on signed contracts (compared with 52% in the previous year). This is due to the fact that the company operates under contract with its customers, and recognizes revenues based on the progress of work, which is invoiced only once specific contractual milestones have been reached. At the same time, on the assets side of the balance sheet in recent years, we have seen an increase in WIP (Work in Progress) inventory, under the heading 'invoices to be issued', and on the liabilities side, due to the receipt of advance payments from customers when milestones are reached, an increase in the heading 'customer advances'.

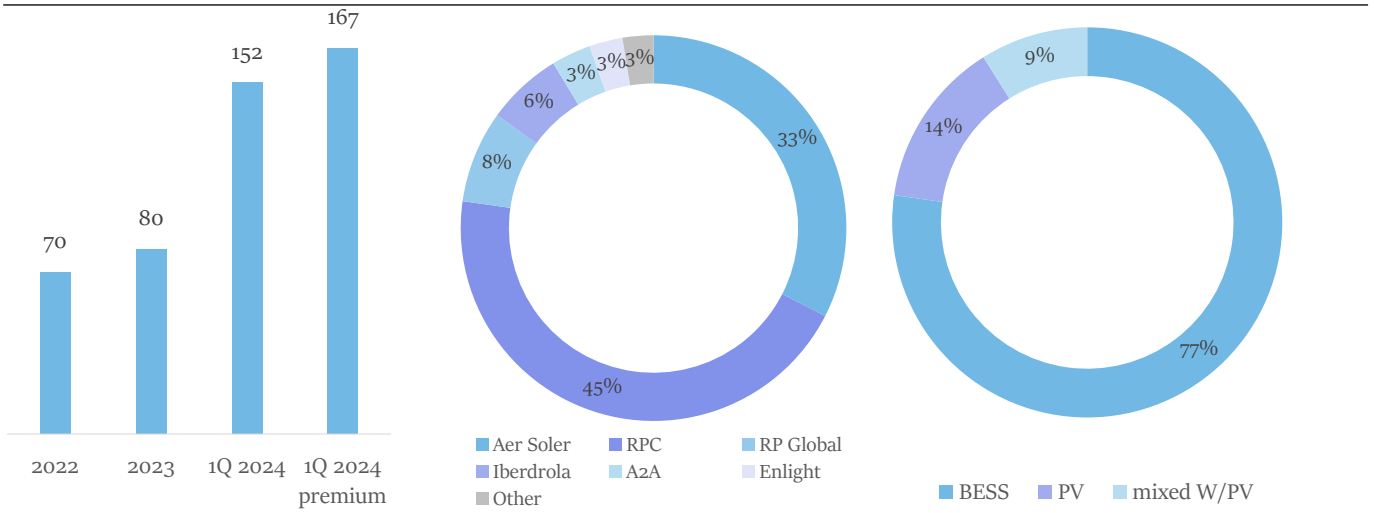
**Composition Historical sales 2020 A - 2023 A**




Source: Altea Green Power and TP ICAP Midcap

At the end of March 2024, the company's backlog, linked to contracts signed with major customers, stood at 152 m€ (+15 m€ potential), an amount more than 8.8 times greater than the value of 2023 production. For this reason, the company has presented a 2024-2028 business plan in which it aims to maintain a CAGR of around 21% from 2024 to 2028. Despite the significant growth rate expected, the backlog signed at the end of March (including the 15 m€ premium) would already cover the revenues expected up to the end of 2027. 77% of the backlog is linked to two contracts signed respectively with Air Soler and RPC for BESS energy storage activities. The remainder of the backlog relates mainly to photovoltaic and, to a lesser extent, wind power generation projects.

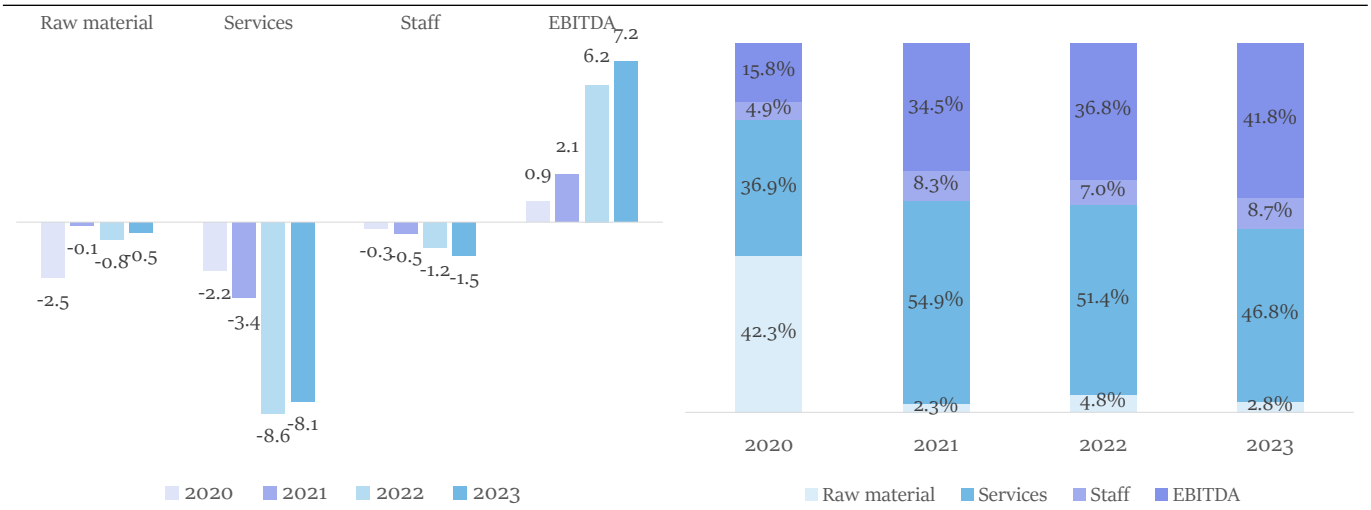
**Backlog trends and composition by customer and sector 2022- 1Q 2024**




Souce: Altea Green Power and TP ICAP Midcap

An analysis of AGP's cost mix clearly shows that the company has succeeded in significantly increasing its profitability in recent years, from a 15.8% EBITDA margin in 2020 to a 41.8% margin in 2023. The decline in the impact of raw material costs highlights the company's concentration in recent years on co-development activity, and less and less on the supply and sale of physical infrastructure. Personnel costs remain contained in relation to production value, underlining the company's lean operating structure. Costs for services and other expenses remain the main cost category for AGP, and are mainly linked to co-development consulting (30%) and STMG connection requests and costs (15%).

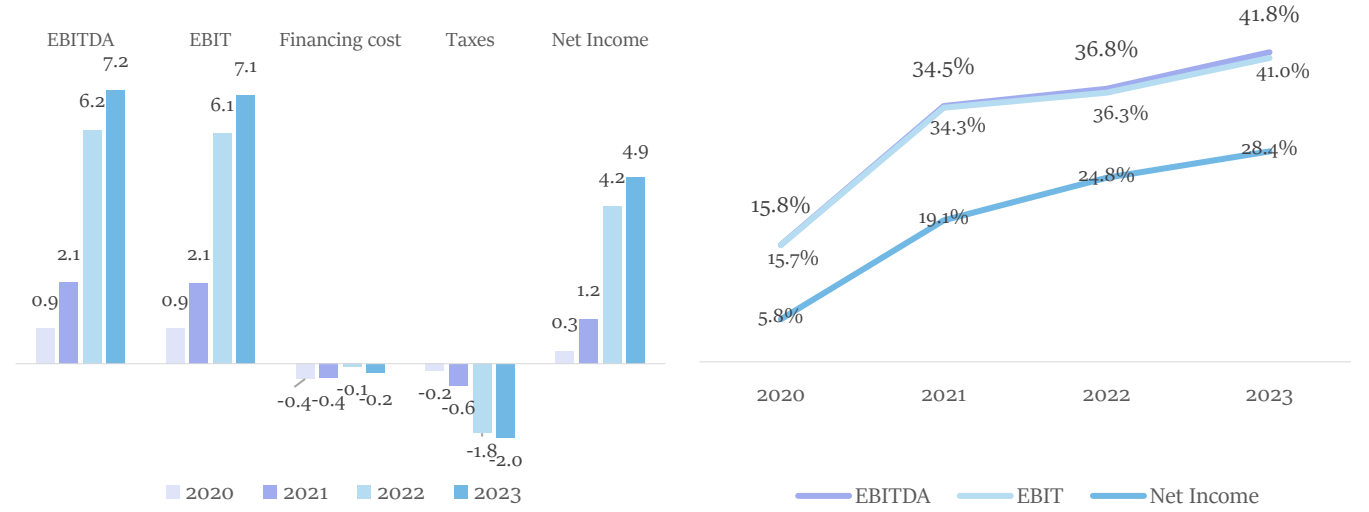
**Cost trend and structure 2020 A- 2023 A**




Source: Altea Green Power and TP ICAP Midcap

The company is asset-light, which is why the difference in value between EBITDA and EBIT is extremely small. The EBITDA margin has risen steadily to reach a record level of 41.8% in 2023, thanks to strong sales growth and contained cost increases. In its 2024-2028 business plan, the company expects to maintain an EBITDA margin in excess of 50%, while maintaining a significantly positive cash position net of debt.

**Development and structure of EBITDA, EBIT and net margin 2020 - 2023**




Source: Altea Green Power and TP ICAP Midcap

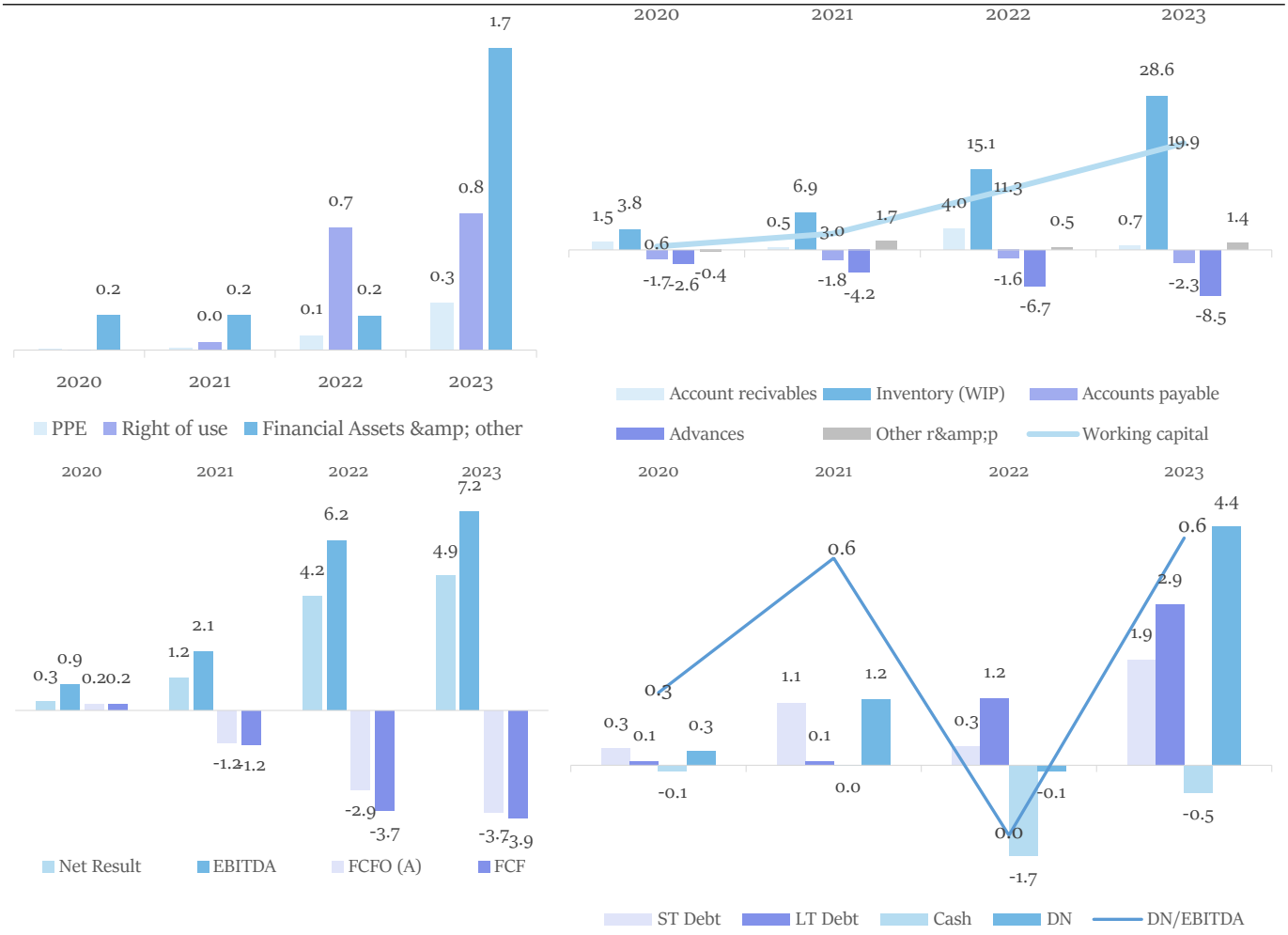
An analysis of the balance sheet dynamics shows that the company is 'Asset Light', and that in 2023, without taking into account financial fixed assets, assets amounted to around 1.1 m€ , mainly comprising rights of use. Financial assets are more substantial and depend mainly on the company's holdings in the United States (Altea Green Power US, 100% controlled, owns 50% of RAL Green Energy Corp, which in turn owns 50% of BESS Power Corp), where, with its partners (mainly Elio Group LLC), AGP aims to achieve an energy storage pipeline of between 1.5 and 2GW over 5 years.

The dynamics of working capital are much more significant, and depend mainly on the growth of work-in-progress on order (WIP), linked to potential future projects for photovoltaic, wind and energy storage installations under development at the end of the year. Projects are quantified using the percentage-of-completion method, including the contractual margin allocated. In accordance with IFRS 15, sales revenue is recognized only when the performance obligation is fulfilled. As the only performance obligation recognized under IFRS 15 in sales contracts is the authorization to build the facility (generally obtained at the end of the process), prior to the liquidation of this obligation, the work performed is recorded under "Work in progress on order", and payments received are classified as advances.

Over the past two years, inventory growth has been substantial, in line with the growth of the commercial pipeline, while advances have increased less proportionately, effectively resulting in an absorption of cash. The stock market listing and the conversion of certain warrants have enabled AGP to add around 6.6 m€ to its cash position over the past two years. At the same time, EBITDA has risen from 2.1 m€ in 2021 to 7.2 m€ in 2023. Despite this, the company's net debt has increased, reaching 0.6x of EBITDA value, or around 4.4 m€ . This absorption is almost entirely attributable to working capital dynamics and inventory growth (WIP), which still prevent the company, at this stage of pure expansion, from generating operating cash flow.

In the 2024-2028 plan, the company aims not only to start investing in property projects for a cumulative amount of around 42 m€ , but also to generate cumulative cash flow of over 50 m€ over the next few years, bringing net cash (liquid assets) to 48 m€ at the end of 2028.

**Balance sheet trend 2020 A- 2023 A**




Source: Altea Green Power and TP ICAP Midcap

## A stock destabilized by the Trump effect

With 279 electoral votes, on November 6, 2024, Donald Trump was elected 47e President of the United States, becoming the first in modern history to serve two non-consecutive terms. His victory had a significant impact on the markets, leading to an immediate fall in the stock market sector linked to renewable energies: ETFs replicating companies in the renewable energy sector lost more than -7% in just a few days (source: Milano Finanza).

Energy and climate were among the most divisive issues of the election campaign. Trump described climate change as "one of the biggest scams of all time". His program, Agenda 47, calls for the removal of incentives for renewable energies, a drastic reduction in environmental regulations and a return to fossil fuels. In addition, he has announced the withdrawal of the United States from the Paris Agreement, criticized the European Green Deal and promised new tariffs on Chinese and European imports, targeting key sectors such as electric cars and batteries.

The future of the Inflation Reduction Act (IRA) is one of the key points on his agenda. This law, passed by the Biden administration in 2022 with a budget of $370 billion, represents the largest clean energy investment plan in U.S. history. Trump has repeatedly threatened to dismantle it, but its complete repeal remains uncertain, as Republican states are among the main beneficiaries of the subsidies.

Altea Green Power shares have performed spectacularly on the stock market: since the IPO in February 2022, the company has more than quadrupled in value, with a performance of +360%. In recent weeks, however, the share price has been strongly influenced by geopolitical events. After peaking at €9.8/share in January 2024, the stock began to suffer as early as May 2024. Throughout the US election campaign, it fluctuated around an average of around €7.0/share, due to the uncertainty surrounding the outcome of the race for the White House. However, the most difficult period was yet to come: indeed, since the announcement of Trump's victory on November 6, 2024, the stock fell -7% in a single day, before continuing its descent, which accelerated on January 20, 2025, the day of the 47e President of the United States' inauguration. On that day, the stock lost almost -20% in just three days, to stabilize at around 5.5€ /share, recording a total loss of around -50% of its value in less than a year.

For companies like AGP, the new administration does indeed represent a risk, as it could slow investment in renewable energies in

**AGP share price performance since the IPO**

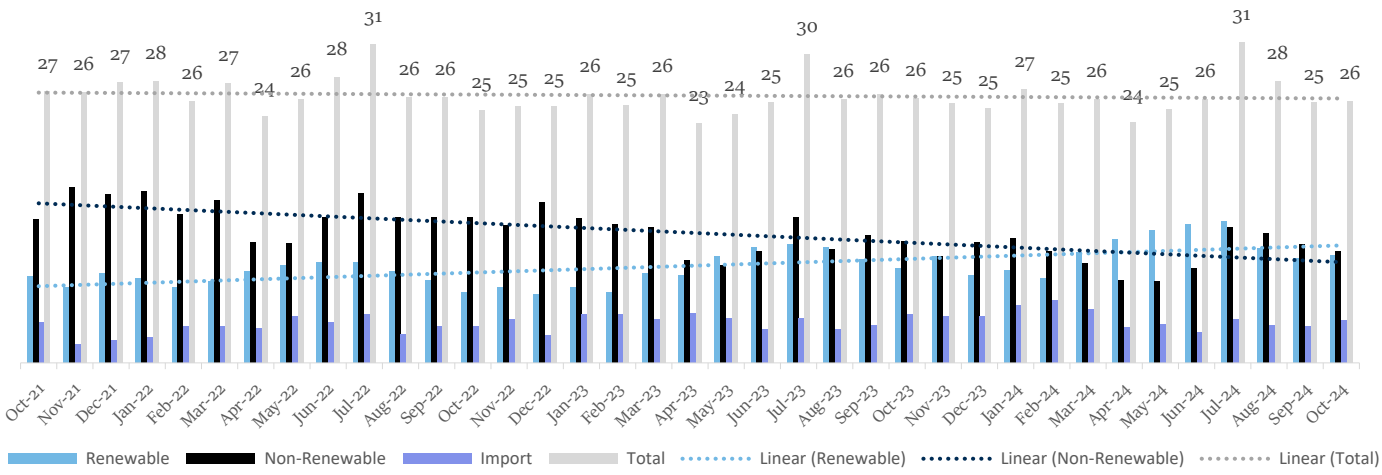

Source: Factset

the US and increase regulatory uncertainty. However, to date, the company's exposure to the US market remains very limited, with the only presence being the 25%-owned joint venture. What's more, energy transition remains a global trend, and a possible reduction in US support could redirect investment to more stable markets, such as Europe and Asia. Although the short term may be complex for renewable energies, their economic competitiveness and the global momentum in favor of decarbonization could mitigate the impact of the new US administration's measures

# The unstoppable rise of renewable energies in Italy

In Italy, over the past three years, monthly energy demand has remained stable at around 26.1 TWh. Historically, July is the most energy-intensive month due to the intensive use of air conditioners and cooling systems, with an average consumption of 30.8 TWh over the last three years. April, on the other hand, is the least demanding, with an average consumption of 23.7 TWh. Power generation from renewable sources relative to demand has gradually increased, rising from an average of 35.7% in 2021 to 42.1% of demand over the last 12 months. Production from non-renewable sources relative to demand has gradually decreased, from an average of 51% in 2021 to 41.3% over the past 12 months. In Q2 2024, Italy succeeded in keeping renewable energy production above 50% of demand, thanks to significant hydroelectric and photovoltaic production.

**Monthly energy consumption in Italy by source (January 2021 - June 2024)**

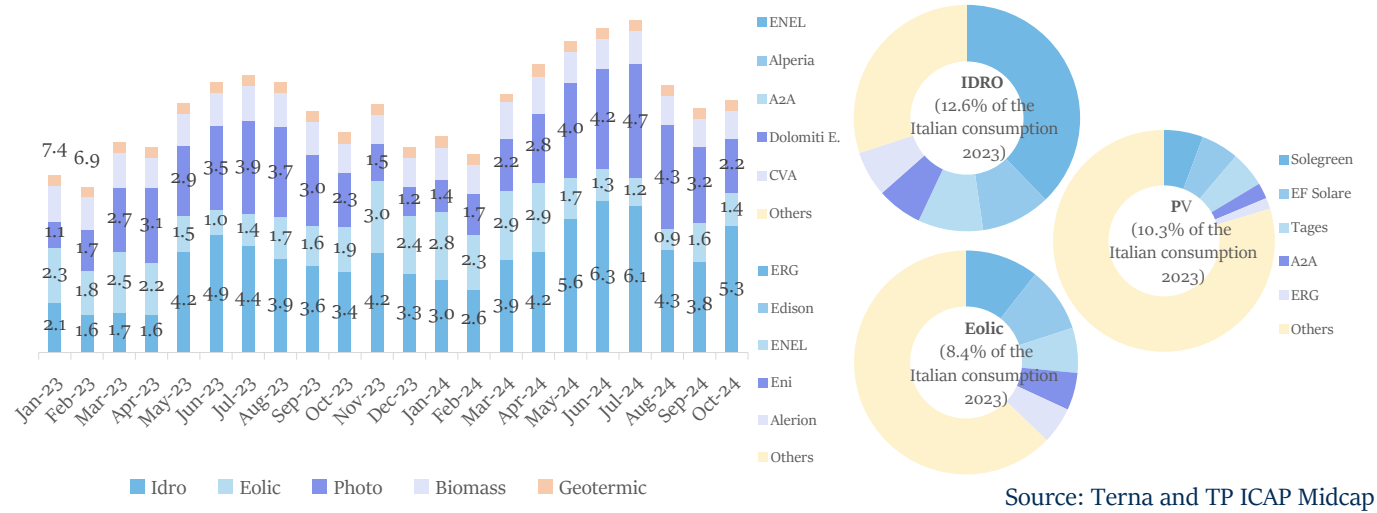



Source: Terna and TP ICAP Midcap

The National Integrated Energy and Climate Plan (PNEIC), promulgated in January 2020, set Italy's production target at 30% of the national mix in renewable energies. A closer look at Italian renewable energy production over the last 12 months (November 2023 - October 2024) reveals that the main source was hydroelectricity, accounting for 16.9% of national production. This is followed by photovoltaics at 10.8%, wind power at 7.8%, biomass at 5% and geothermal power at 1.7%

A detailed analysis of the markets for the three main sources of renewable energy (hydroelectricity, photovoltaics and wind power) reveals that: hydroelectric production is concentrated among the top 5 operators, who generate 70% of hydroelectric power (ENEL with 37.8%, followed by Alperia with 9.9%, A2A with 9.3%, Dolomiti Energia and C.V.A. with 6.5% each). Photovoltaic generation is the most diversified source, with the top 5 operators holding just 20.3% of the market share (Solegreen at 5.7%, EF Solare at 5.5%, Tages at 5.2%, A2A at 2.3% and ERG at 1.6%). Finally, the top 5 wind power producers hold 37.2% of the market (ERG at 10.6%, Edison at 9.4%, ENEL at 6.5%, Eni at 5.4% and Alerion at 5.3%).

**Renewable energy production in Italy by source (January 2023 - June 2024)**



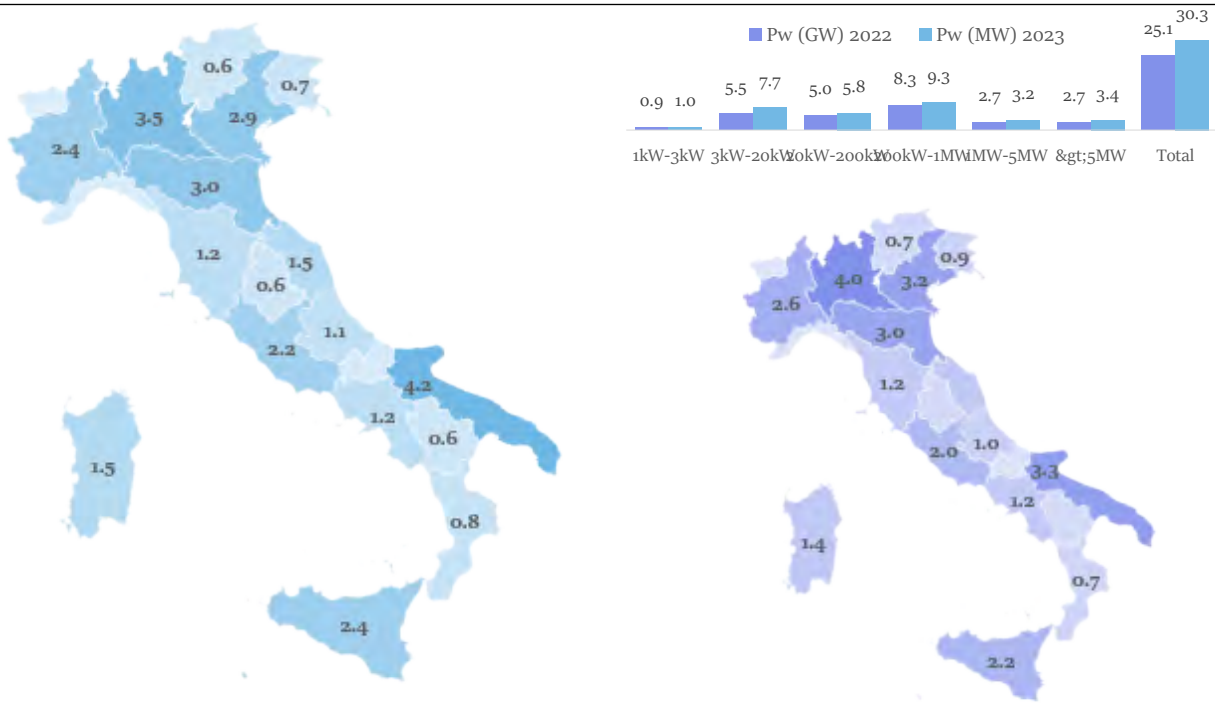

Source: Terna and TP ICAP Midcap

# Photovoltaics in Italy

Looking at electricity production by region, Puglia leads the way, with production of 4.2 TWh in 2023 (compared with 3.5 TWh for Lombardy). This is followed by Emilia-Romagna (3 TWh) and Veneto (2.9 TWh). In terms of photovoltaic capacity installed by region by the end of 2023, Lombardy is in first place with 4 GW (+28.5% on the previous year), followed by Puglia with 3.3 GW (+8.5%), Veneto with 3.2 GW (+27.1%) and Emilia-Romagna with 3 GW (+20.6%)

Photovoltaic energy generated 10.3% of national energy in 2023, but it is estimated that it could gradually become the main source of renewable energy in Italy over the coming years. In 2023 alone, 371,000 new installations were completed (+76.7% on the 210,000 installed in 2022), bringing the total to 1.6 million and installed capacity to 30.3 GW (+21% on the previous year). A breakdown of installed capacity by plant size shows that, to date, the majority of capacity comes from plants in the 200 kW to 1 MW range, although by 2023, power generated by plants in the 3 kW to 20 kW range will have risen considerably (+40%) thanks to tax incentives for renovation work, which were halted by the Italian government in 2024

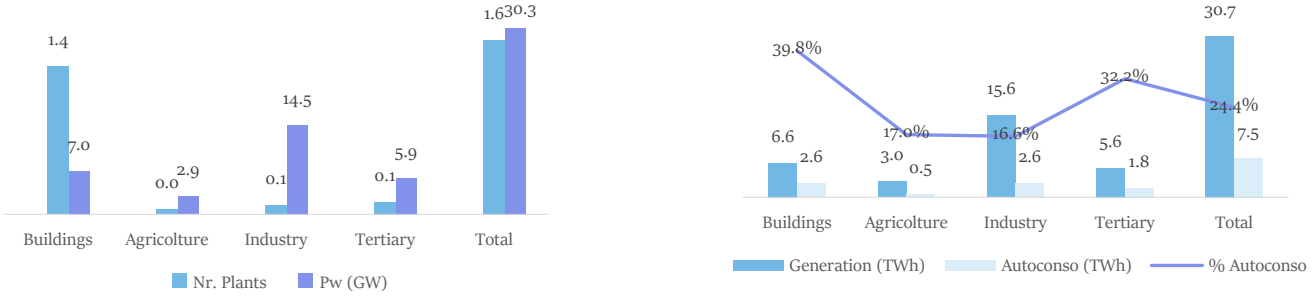
**Installed capacity by region in Italy (GW) and energy production (TWh)**




Souce: GSE and TP ICAP Midcap

When analyzed sector by sector, in Italy 85% of installations belong to the residential sector, even though these represent only 23% of the national installed capacity. Nevertheless, the residential sector remains the most efficient, accounting for 40% of self-consumed production. Finally, it should be pointed out that, in terms of installed capacity, the industrial segment accounts for 48% of total installed capacity, but only 16.5% of the energy produced by industrial plants is self-consumed. However, this figure is negatively impacted by industries dedicated to the production of energy for resale; otherwise, this percentage would reach 45.4%, thus overtaking the residential sector in terms of self-consumption efficiency.

**Number of plants, installed capacity and efficiency by macrosector.**




Source: GSE and TP ICAP Midcap

## Market outlook for photovoltaics and wind power

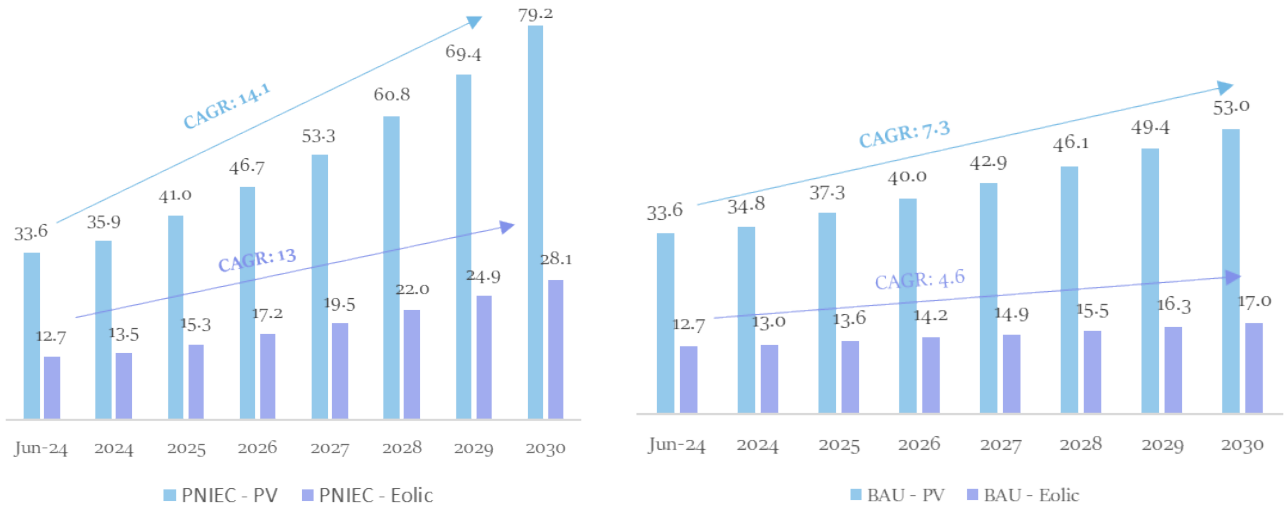
Taking into account the CO2 emission reduction targets set out in the European Fit for 55 plan (55% reduction in CO2 emissions by 2030), Italy aims to achieve a dependence on renewable energy production of at least 65%. According to end-2023 data, Italy would need to install around 65 GW of additional capacity to achieve this target. Terna, in its report for the first half of 2024, pointed out that the renewable energy development projects presented by private investors are particularly encouraging in relation to the targets set. In particular, as of June 30, 2024, applications for connection to the national grid (NTG) exceeded 341 GW (44% photovoltaic, 31% onshore wind and 25% offshore wind). If only 20% of these applications are deemed compliant, and the respective installations completed, Italy would reach its target in terms of installed capacity.

In addition, Terna has presented an investment plan for the period 2023-2032 worth over €30 billion to support the country's energy transition. Around €11 billion will be devoted to the "hyper grid" infrastructure, which will integrate direct current (HVDC) connection technologies. Five new lines will be created to integrate renewable energies: €4.7 billion for the Milano-Montalto line (Lombardy-Lazio); €0.3 billion for the Central Link (Tuscany-Ombria); €2.4 billion for the Adriatic backbone (Emilia-Romagna-Puglia); €1.4 billion for the Sardinian backbone (Sardinia-Lazio) and €4.1 billion for the Ionian backbone (Lazio-Sicily).

Taking into account the 5.8 GW of renewable capacity activated in 2023 (compared with 2.1 GW in 2022) and the 46.3 GW of installed wind and photovoltaic capacity at June 30, 2024 (33.6 GW photovoltaic and 12.7 GW wind), the path to the 2030 installed capacity target remains challenging (around 107.3 GW according to the PNIEC 2023-2030 target, i.e. around 9.4 GW of annual installations as of June this year, including 7 GW in photovoltaics and 2.4 GW in wind). According to the Politecnico di Milano's latest report on renewable energies 2024, delays in the approval of incentive decrees are slowing down large-scale installations in particular, which is why a more cautious scenario has been drawn up. According to this scenario, Italy could fail to meet its installation targets and reach a cumulative installed capacity of around 70 GW, i.e. 53% below the targets set by the PNIEC. This second scenario would result in a growth in installed photovoltaic capacity of 3 GW per year and 0.7 GW in wind power, with a compound annual growth rate (CAGR) of 7.3% for photovoltaics and 4.6% for wind power between 2023 and 2030.

Installations below 20 kW accounted for over 95% of new photovoltaic installations in 2023, particularly supported by the Superbonus, which ended in 2024.

**Expected growth in the Italian photovoltaic and wind power markets in the PNIEC and BAU scenarios**




Source: Terna, Politecnico Energy & Strategy and TP ICAP Midcap

# Energy storage in Italy: an opportunity not to be missed

According to GSE's latest solar photovoltaic report, by the end of 2023 Italy had around 537,000 storage systems installed (compared with 238,000 the previous year), with a total rated capacity of 3.4 GW (compared with 1.4 GW in 2022). Installed storage capacity at the end of 2023 is particularly concentrated in Lombardy (19% of the total), Veneto (13.3%) and Emilia-Romagna (10.3%), which together account for 42.6% of total installed capacity.

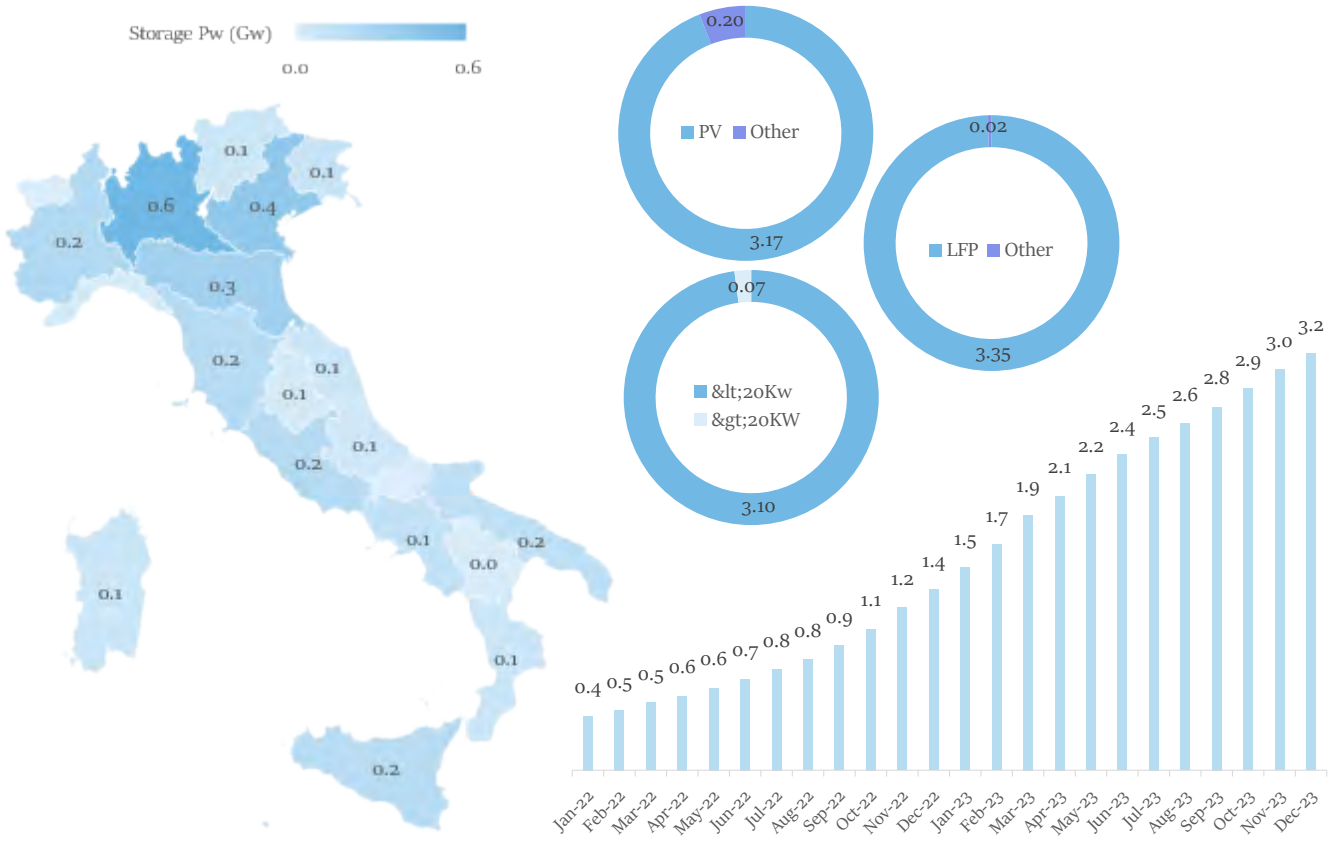
Given that around 94% of installed storage capacity in Italy is associated with photovoltaic installations, the ratio between installed storage capacity dedicated to these photovoltaic installations and total installed photovoltaic capacity is around 10.3%.

As far as battery types are concerned, 99.7% of the batteries currently in use in Italy are of the Lithium-Fer-Phosphate (LFP) type, making it the most widely used technology for energy storage. If we analyze the installed storage capacity associated with photovoltaic installations, 98% of this capacity is dedicated to installations with a power rating of less than 20 kW.

For this reason, it is safe to say that by the end of 2023, large-scale photovoltaic power plants (>20 kW) will hardly be equipped with storage systems in terms of capacity.

An analysis of the data for installed capacity in storage systems on a monthly basis shows that this is a market that has been developing rapidly since the beginning of 2022. Indeed, in January 2022, only 0.4 GW of storage systems were installed, i.e. around one eighth of the capacity of systems associated with photovoltaic installations recorded in December 2023 (3.2 GW).

**Storage systems installed in Italy by region, type, battery, installation size and cumulative storage capacity**



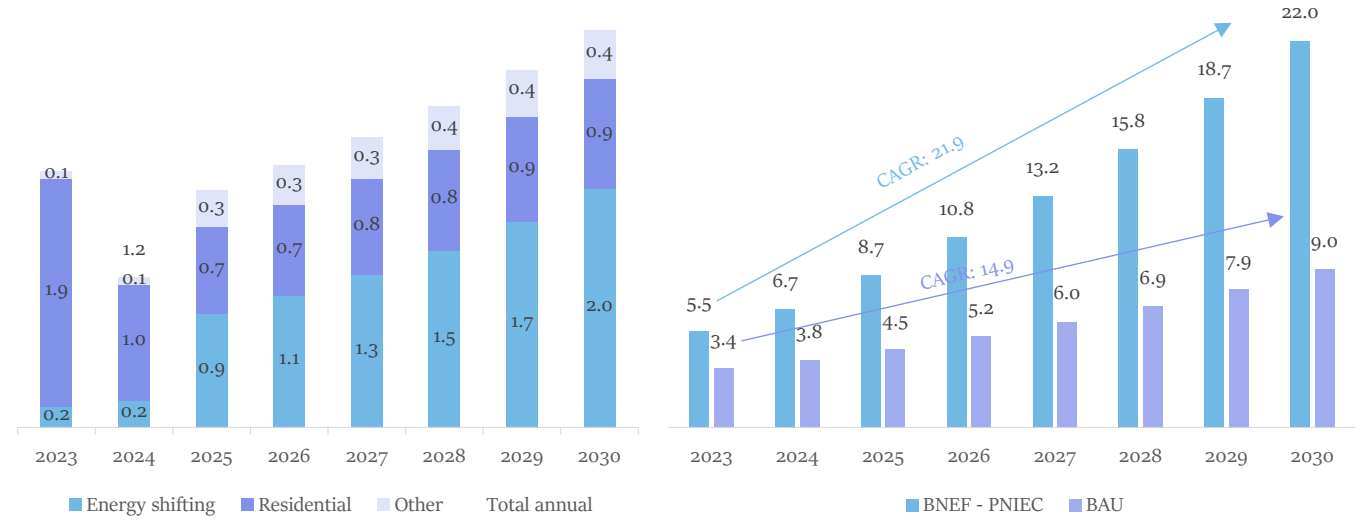

Source: GSE, Terna and TP ICAP Midcap

In 2023, the installation of photovoltaic power plants in Italy saw significant growth, with a particular push towards small-scale installations, favored by the On-Site Exchange (SSP) and Dedicated Purchase (RID) mechanisms. SSP enables producers to offset energy injected into the grid with that withdrawn, generating an annual economic adjustment, while RID offers the possibility of selling electrical energy to the GSE at market prices. These tools have supported the expansion of small photovoltaic power plants, making it advantageous for many producers to inject surplus energy into the grid, relegating the need to install (particularly costly) storage systems to the background.

However, with the uncertainty surrounding the renewal of the SSP beyond 2024, due to its impact on the sustainability of the power system, storage is emerging as the safest solution for the future. Storage systems maximize self-consumption of the energy produced, reducing dependence on constant energy exchanges with the grid. This improves not only energy independence, but also economic viability, in a country where a large proportion of energy is produced in southern Italy, while it is mainly consumed in the north, and in an increasingly complex and evolving regulatory framework. What's more, the prices of these solutions are falling steadily, making them increasingly affordable for both small-scale installations and utility-scale projects.

Thus, the PNIEC also provides for the installation of new energy storage infrastructures, with the aim of reaching an installed capacity of around 22 GW by 2030. Bearing in mind that at the end of 2023, according to BloombergNEF estimates, Italy had 3.4 GW of installed capacity (in line with Terna data), the storage market is expected to grow over the next 7 years at a compound annual growth rate (CAGR) of 21.9%, significantly faster than that expected for photovoltaic installations. According to a more conservative estimate by Politecnico di Milano, installed capacity could reach around 5.6 GW (or 6.1 GWh) over the next 7 years, with an expected CAGR of 14.9%. This growth will be driven primarily by the energy transition and large-scale projects, with significant short-term support from the residential segment and small-scale installations.

**Prospects for the Italian storage market and projected growth in the PNIEC and BAU scenarios**




Source: Bloomberg NEF, Politecnico Energy & Strategy and TP ICAP Midcap

## An ambitious business plan: driving growth and maximizing profitability

As part of our forward-looking financial analysis, we based ourselves primarily on the company's 2024-2028 business plan, updated to November 2024, in which the company defined three main objectives:

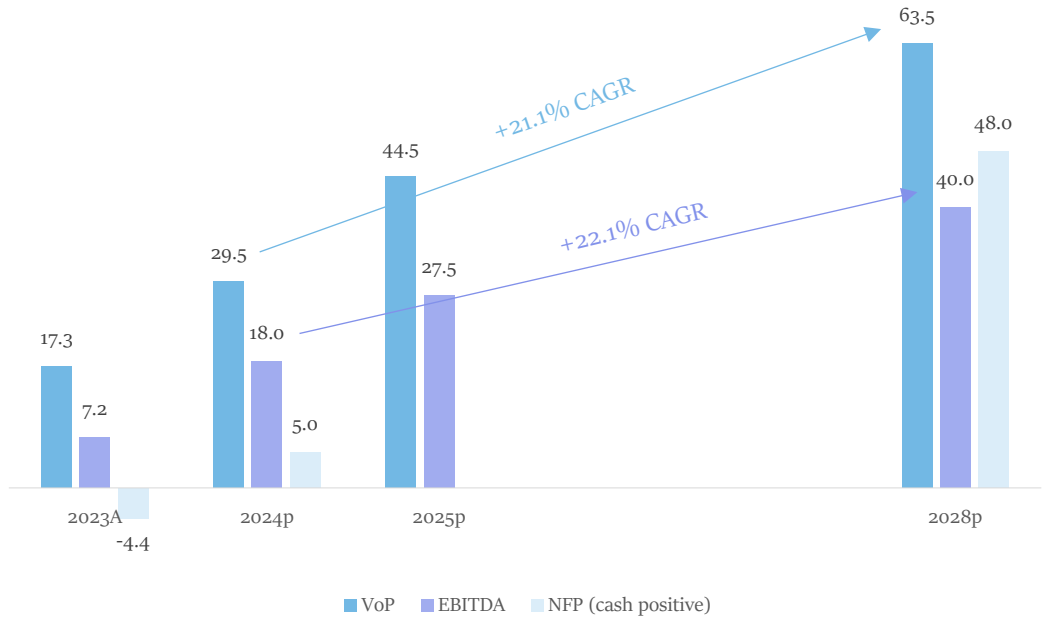
- Consolidate its position in the market for energy storage project development in Italy, with a market share of at least 10%;
- Transform AGP from a co-development expert into a builder and maintainer of proprietary facilities, with the aim of reaching a project pipeline of 90 MW over the next 5 years and, in the long term, up to 250 MW;
- Expand the U.S. division, in both storage and solar power generation, by setting up new joint ventures in which AGP aims to obtain a majority stake.

When the Plan was published, the company set out its forecasts for 2024 and its objectives for 2028. In particular, the company expects to achieve sales of between 28 m€ and 31 m€ in 2024 (compared with 17.3 m€ the previous year), and then, thanks to a compound annual growth rate (CAGR) of 21% from 2024 to 2028, to achieve sales of between 60 m€ and 67 m€ in 2028. In terms of EBITDA, forecasts for 2024 vary between 17 m€ and 19 m€ (compared with 7.2 m€ the previous year), for an EBITDA margin of around 60%, which the company believes it can keep 50% by 2028, with a forecast for absolute EBITDA of between 37 m€ and 43 m .€

While the company has never historically needed to invest in capex, thanks to its "asset light" business model, AGP has set itself the target of investing around 42 m€ over the next 5 years to finance the construction of proprietary projects, as part of the transition to a hybrid business model. We estimate that most of these investments will take place from 2026 onwards.

Finally, despite an estimated cumulative investment of over 42 m€ , the company aims to achieve a net financial position (positive cash flow) of over 48 m€ , up sharply on the guidance of 5 m€ for 2024. These are undeniably ambitious targets, but they are largely already covered by a substantial order intake. The corporate backlog of signed contracts at the end of March 2024 stood at 152.1 m€ (+15 m€ of potential premium), and would already be able to cover the value of cumulative production, including the growth expected under the plan, through to 2027.

**Business plan KPIs**




Source: Altea Green Power and TP ICAP Midcap

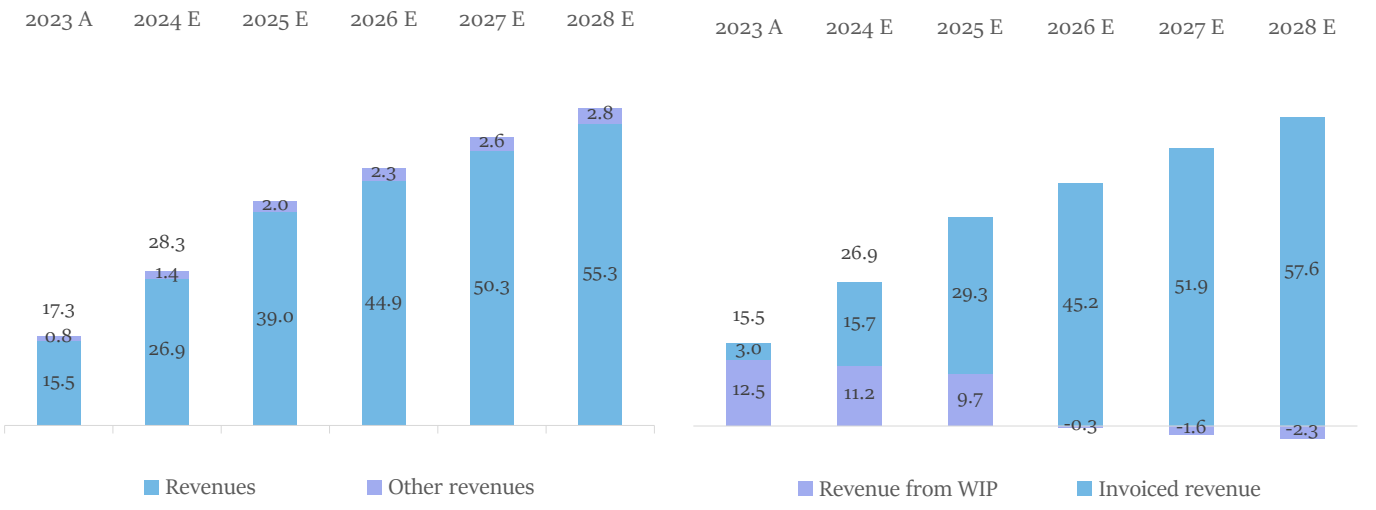
## Financial Analysis 2023-2028

Our prospective financial analysis is based on the company's business plan and the confidence intervals provided by the company. It highlights a third, more cautious scenario, in which the company could maintain an average annual growth rate (CAGR) of 19.7% for production value and 21.7% for EBITDA over the 2024-2028 period, thanks to a particularly favorable market context, notably in the energy storage sector.

In 2023, the company recorded a 3.3% increase in production value. However, an analysis of the composition of this value reveals that around 72% of it has not yet been invoiced, resulting in a significant increase in work-in-progress (WIP). This is due to the fact that, according to the company's accounting dynamics, projects are only invoiced once connection authorization has been obtained, which generally marks the transfer of the project. Given that AGP has received the majority of orders between late 2022 and early 2024, we expect the first significant billings to take place from the second half of 2024, with notable growth in 2025, when we estimate that over 75% of revenues will actually be billed.

We also anticipate that in 2025, order collection could slow down, and that obtaining connection approvals for ongoing projects will increase the percentage of invoiced revenues, exceeding 100% in 2026. In 2026, we envisage a reduction in the absolute amount of WIPs, which would have a slight negative impact on production value. We do not foresee an abrupt drop in WIPs, as we believe that permitting processes could gradually slow down, leading to growth in WIPs, even in a context of potentially weaker order intake. Finally, in 2026, AGP will start investing in its first owned photovoltaic projects, which should start generating revenues for the company from 2028 onwards, with an estimated impact on production value of between 4% and 5%.

**Revenue breakdown 2023A - 2028E**

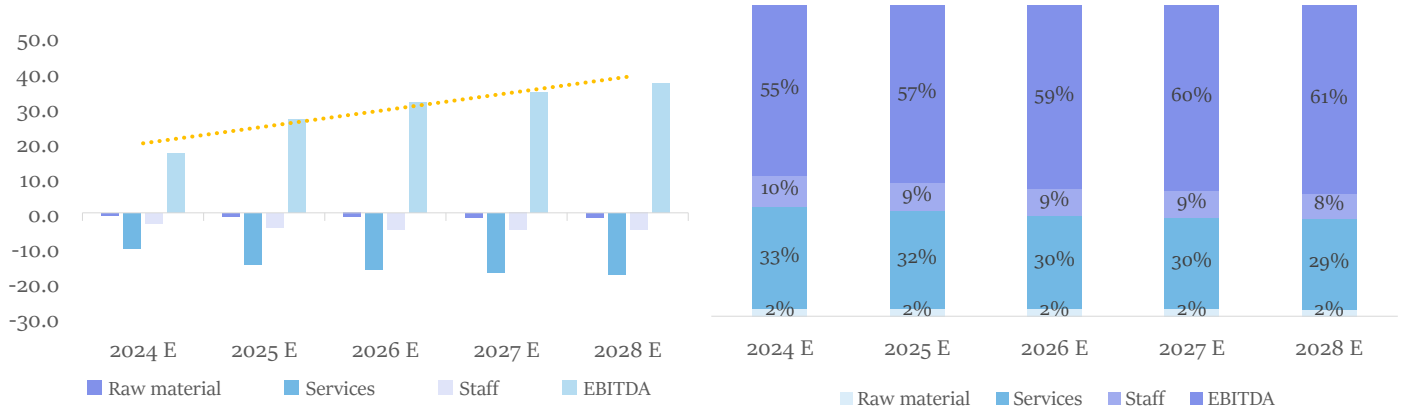



Source: Altea Green Power and TP ICAP Midcap

Looking at the cost section, a fairly stable trend is forecast. Raw materials will continue to have a marginal impact on production value, accounting for around 2% of the total. This is consistent with the nature of AGP's business, which does not require the use of large quantities of raw materials or special materials, enabling us to maintain a gross margin virtually equivalent to the value of production.

The dynamics of service and personnel costs are different. Although both are rising in absolute terms, to around 17.5 m€ and 5 m€ respectively, their percentage impact on production value is set to decline. Service costs should fall from 33% to 29%, while personnel costs should drop from 10% to 8%. This reduction will be made possible by effective exploitation of the scalability of the business model, contributing to a gradual improvement in EBITDA margin.

**Cost structure forecasts for the period 2024E-2028E**



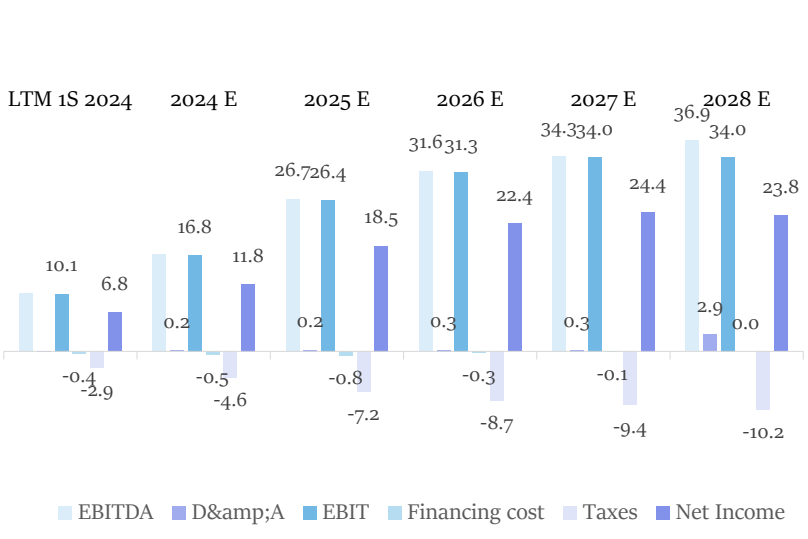

Source: Altea Green Power and TP ICAP Midcap

An analysis of the bottom line forecasts steady growth in margins, with a more marked acceleration from 2026 onwards. This coincides with the start of significant capex investments for the construction of proprietary photovoltaic facilities. By 2028, we will see an increase in the EBITDA margin from the 54.7% forecast in 2024 to 60.7%, supported mainly by the aforementioned optimization of COGS.

At the same time, however, the EBIT margin, after reaching around 59% between 2026 and 2027, will fall slightly to 56% in 2028. This decrease, although still 10 points higher than the 46% in 2024, will be attributable to the gradual increase in depreciation and amortization. The latter will rise from 0.2 m€ in 2024 to around 3 m€ in 2028, due to the development of property facilities, estimated to generate up to 90 MW by 2028. Lastly, the cost of financing should gradually decrease until it is eliminated, in line with the company's objective of becoming cash positive by 2028.

Based on these estimates, net income should double between 2024 and 2028, with a CAGR of 20%, consistent with the EBIT margin trend.

**Estimated net income and margins 2024E-2028E**



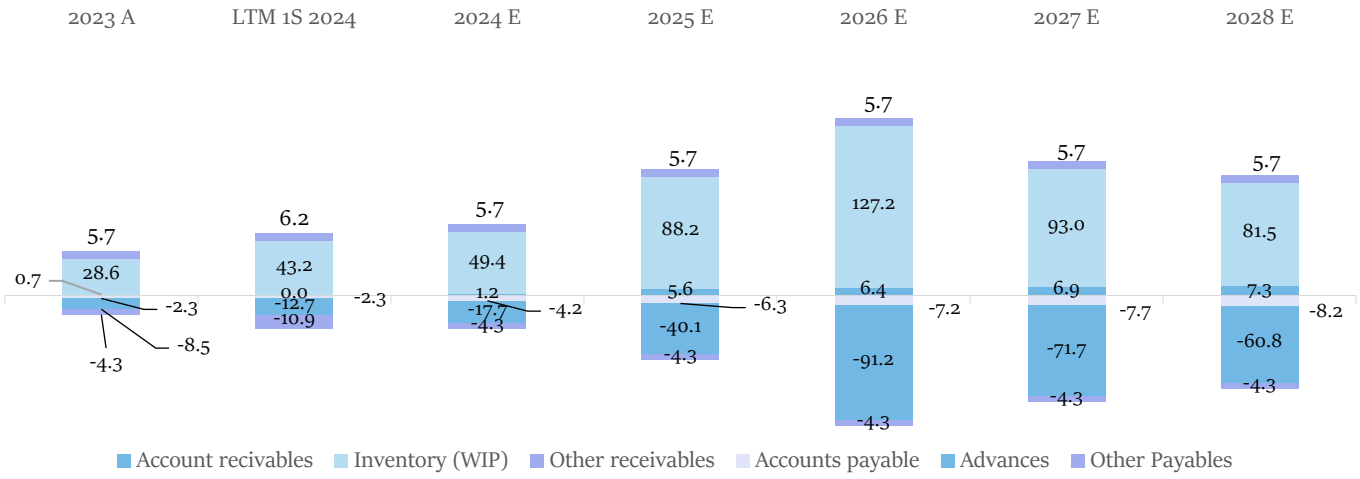


Source: Altea Green Power and TP ICAP Midcap

Until 2025, we estimate that the company will continue to accumulate a significant volume of work-in-progress (WIP), with a large proportion of production (VoP) still linked to these projects. Although the company continues to develop new projects, much of its activity is concentrated on those already launched, but not yet completed. Revenues from these works-in-progress increase initially, but in the longer term, up to 2026, there are fluctuations in WIP revenues, due to the need to finalize projects and billing lead times.

From 2026 onwards, the company plans to further monetize the WIP, i.e. to start turning a greater portion of work already in progress into revenue, with the aim of streamlining working capital. This means that, while continuing to manage new projects, AGP will become more efficient at generating revenue from existing projects, reducing the amount of resources tied up in work not yet invoiced. This approach will improve the company's liquidity without reducing its commitment to new projects.
In 2027 and 2028, a significant increase in invoiced revenues is forecast, with exceptional peaks compared with previous years, thanks to the increased monetization of work in progress. This period represents the time when the company will be able to capitalize on the work already done, realizing a positive impact on the balance sheet, with more efficient management of working capital, resulting in positive cash generation.

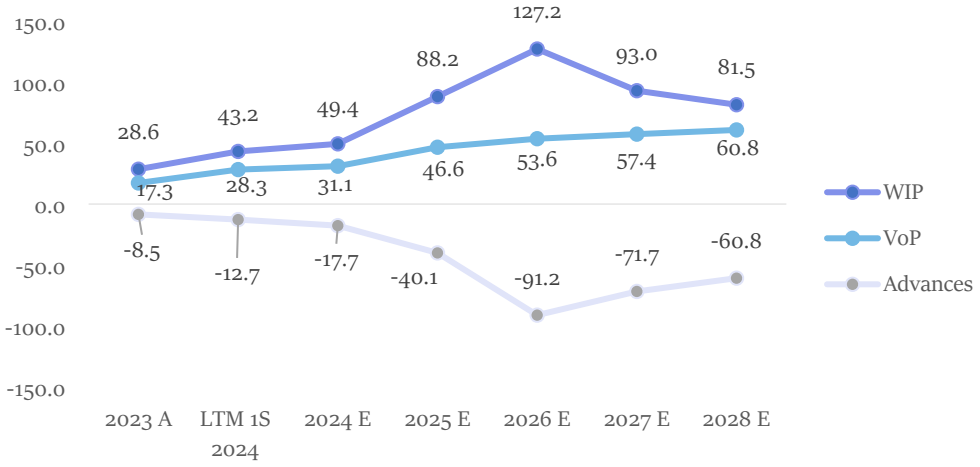
**Expected dynamics and distribution of working capital 2023 A - 2028 E**




Source: Altea Green Power and TP ICAP Midcap

As already highlighted, AGP has accumulated a backlog of over 130 m€ to date. We expect the company to reach a work-in-progress (WIP) peak of €127m in 2026, before stabilizing in subsequent years due to a slowdown in the acquisition of new orders and a normalization of the cash flows collected at each milestone. At the same time, we anticipate a similar trend for advances from customers, who are required to pay an agreed share on reaching major project milestones. These advances, like WIPs, are expected to peak in 2026, and then start to decline the following year, in line with the completion of projects, mainly those related to BESS with RPC and Aer Soléir.

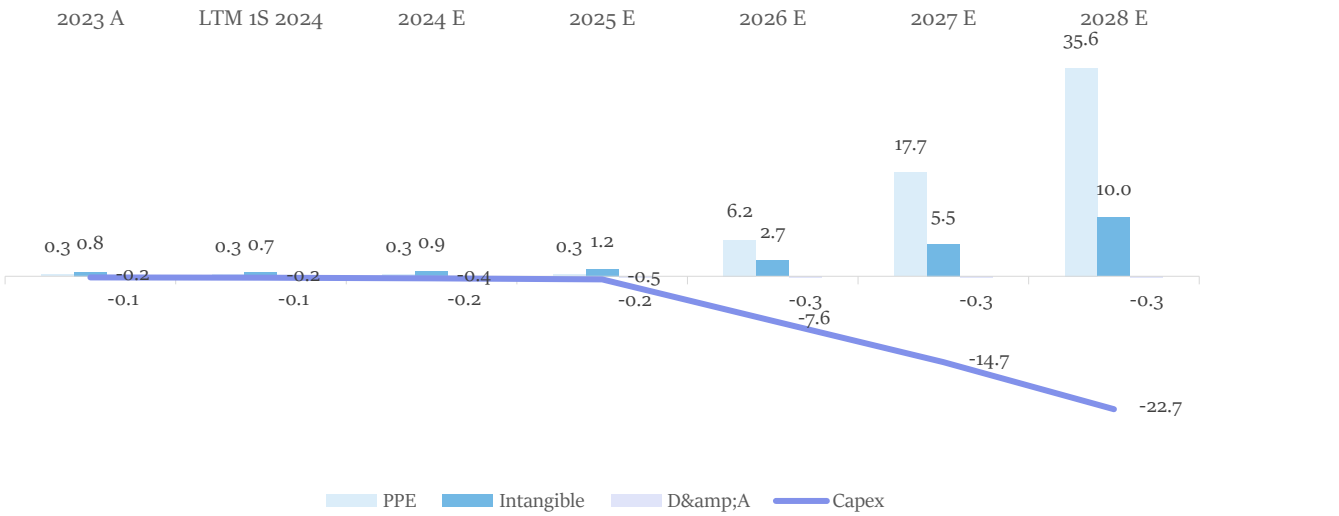
**Expected WIP trends and customer advances relative to production value**




Source: Altea Green Power and TP ICAP Midcap

In terms of capital expenditure, the company has invested just over 1.5 m€ in Capex since 2021. This is due to the fact that AGP's business model enables it to be an "asset light" company, not itself building the production sites for the projects it handles, but acting as an external project manager. However, following an initial refocusing of the business, the company has declared its intention to start investing, from 2025 onwards, in the construction of proprietary photovoltaic power plants, which should reach a capacity of around 30 MW by the end of 2028, and then increase to 90 MW over the following two years. To achieve this, an investment of around 43 m€ is required, divided into increasing tranches over the last three years of the industrial plan.

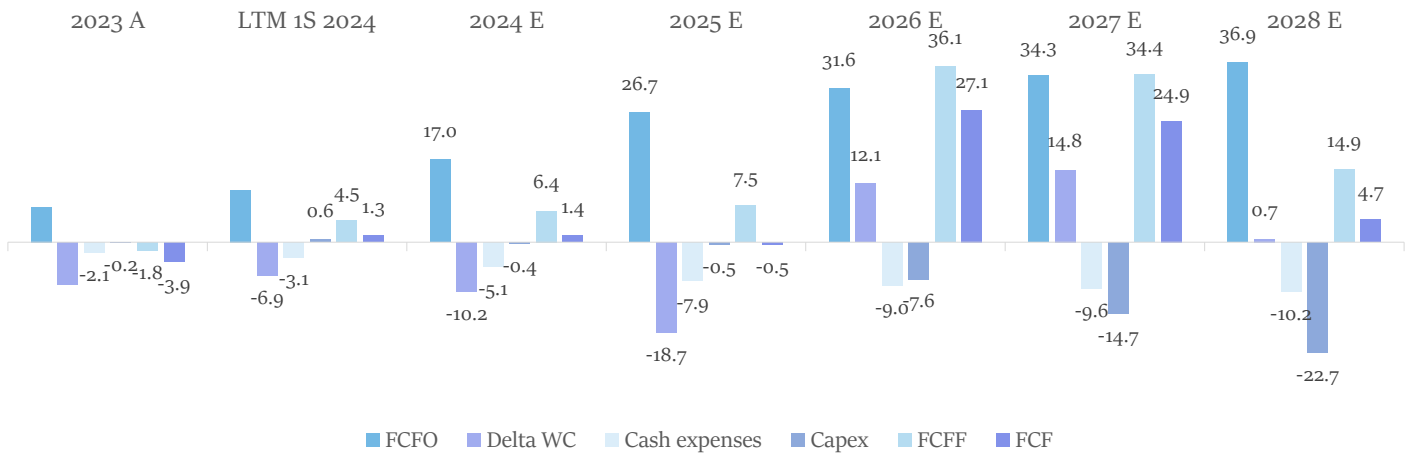
**Expected trend in WIP and customer deposits relative to production value**




Source: Altea Green Power and TP ICAP Midcap

Over the past few months, AGP has published an update of its Industrial Plan, originally published at the beginning of 2024, confirming the good performance of current projects and the maintenance of key indicators. Based on this information, we believe that AGP will succeed in significantly increasing cash flow generation over the 2024-2028 period. This will be made possible by the completion of major BESS projects, particularly by 2026, and by improvements in working capital in subsequent years. In addition, we expect the company to become FCF positive as early as 2026, with the completion of the first projects, enabling it to invest in the construction of its own photovoltaic facilities. The company also indicates that surplus cash could be returned to shareholders through a dividend policy, while contributing to ancillary projects in the storage field.

**Expected cash flow generation factors 2023 A - 2028 E**



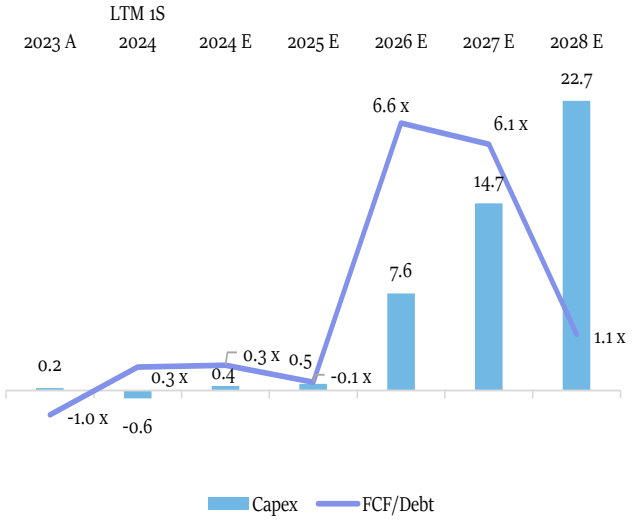

Source: Altea Green Power and TP ICAP Midcap

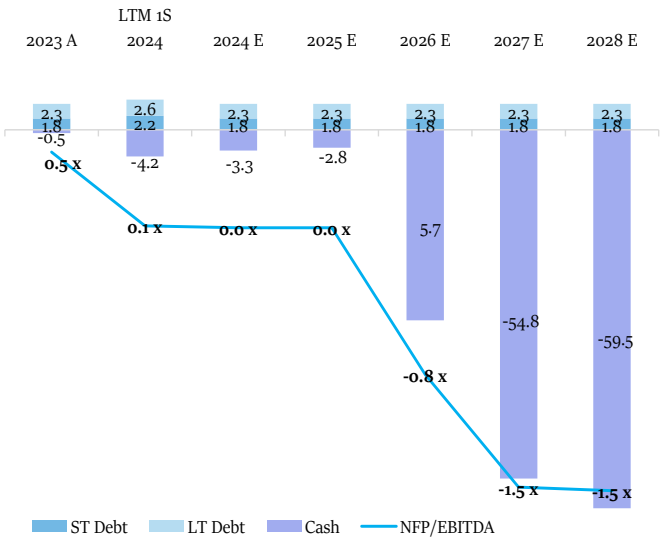
Given that we expect some volatility in the company's ability to convert EBITDA into cash flow, we are maintaining our net debt forecast for 2028 in line with the company's business plan, at 'around -55 m€ (compared with the company's -57 m€). At the end of 2024, we expect a slightly negative cash position of -0.8 m€ , which is likely to persist into 2025 as well, due to the volume of projects in progress, which increases WCR

However, we expect cash conversion to accelerate from 2026 onwards: the achievement of major milestones in key projects should encourage more efficient management of working capital. According to our estimates, this will enable AGP to achieve a conversion rate of 86% by 2026 and 73% by 2027. This improvement will generate significant cash flow, sufficient to finance investments in the construction of proprietary photovoltaic power plants and allocate up to 43 m€ in capex over the last three years of the industrial plan. We also believe that the NFP/EBITDA ratio, positive at 0.5x in 2023 and currently close to zero, could continue to reduce steadily, reaching around -1.5x by 2027/2028.

In addition, we expect the company to maintain a prudent approach to debt utilization, in line with its policy. We estimate a total debt of 4m€ in 2028, slightly higher than the 3m€ indicated as a target by AGP. With this configuration, the company would have more than 50m€ in cash in 2028. Taking into account an estimated cost of around 0.5 m€ per MW of photovoltaic capacity, this availability would enable the company to double its photovoltaic ownership in the medium term, while maintaining a reserve margin for possible M&A operations.

**Cash conversion and liquidity indices**




Source: Altea Green Power and TP ICAP Midcap

## Company valuation

To estimate the intrinsic value of Altea Green Power S.p.A., the discounted cash flow (DCF) method was applied, with a weighting of 70%. In support of this main approach, a secondary relative valuation model was also used, with a weighting of 30%. The relative valuation is based on a comparison with eleven market peers, mainly European, using the EV/EBITDA (with a weighting of 15%) and EV/EBIT (with a weighting of 15%) multiples.

This valuation does not take into account any future mergers and acquisitions, nor the growth that could result from new projects or premiums on projects carried out by AGP, but is based exclusively on expected organic growth.

The company operates in a sector that places heavy demands on net working capital. Consequently, the evolution and control of the latter are of the utmost importance. Any variation or deviation from estimates could influence future forecasts and alter the valuation outlook.

**DCF**

To develop the following DCF model, the following assumptions were made:

- EBITDA margin assumed to decrease from 2028, due to the start of energy sales from more capital-intensive proprietary photovoltaic power plants.
- Investment in maintenance and depreciation (D&A) will gradually increase from 2028 onwards for the above-mentioned reason.
- Net working capital peaks at 104.6% of sales (VoP) in 2025, declining from 2026 and normalizing from 2028, reaching 10% of VoP in 2033.
- Assumed corporate tax rate of 27.9%.

Discount rate

- Risk-free rate of 3.5% (10-year Italian BTP, average of values over the past six months).
- Equity Risk Premium of 6.8% (Damodaran site).
- Specific Risk Premium of 1%.
- Leveraged Beta of 0.7x.
- Long-term growth rate (g) of 1%.
- Cost of equity of 9.1% for equity representing 100%.
- Cost of debt of 2.9%, with debt representing 0% (cash positive).
- A WACC value of 9.1%.

**Beta calculation**

| Peers | Peers | Beta 3YR | ;V (B€ | Equity Value(B€) | Gearing | Tax | Beta Unlevered |
|---|---|---|---|---|---|---|---|
| esigm-MIL | ESI S.p.A. | 0.40 | 0.01 | 0.01 | 12% | 28% | 0.39 |
| RDF-MIL | Redelfi S.p.A. | 0.47 | 0.05 | 0.04 | 13% | 28% | 0.45 |
| ERG-MIL | ERG S.p.A. | 0.56 | 5.02 | 2.93 | 42% | 28% | 0.50 |
| AB9-DE | ABO Energy GmbH & Co. KGaA | 0.31 | 0.61 | 0.34 | 45% | 25% | 0.28 |
| SLR-ES | Nexans SA | 0.86 | 2.03 | 0.97 | 52% | 25% | 0.76 |
| VLTSA-PAR | Eolus Vind AB | 0.62 | 2.91 | 0.96 | 67% | 20% | 0.55 |
| EDPR-LIS | Wartsila Oyj Abp | 1.65 | 19.73 | 9.48 | 52% | 18% | 1.51 |
| GRE-MCE | Grenergy Renovables S.A | 0.88 | 2.00 | 1.09 | 46% | 18% | 0.81 |
| EOLU.B-SE | Eolus Vind AB Class B | 1.09 | 0.27 | 0.11 | 60% | 118% | 0.64 |
| **AGP-MIL** | **Altea Green Power** | | | | 13% | 28% | 0.70 |

Source:TP ICAP Midcap, FactSet

## DCF

| DCF Valuation (€M) | 2023A | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 17.3 | 31.1 | 46.6 | 53.6 | 57.4 | 60.8 | 64.0 | 67.0 | 69.6 | 71.8 | 73.6 |
| *% YoY* | *3.3%* | *79.4%* | *50.0%* | *15.0%* | *7.0%* | *6.0%* | *5.3%* | *4.6%* | *3.9%* | *3.2%* | *2.5%* |
| EBITDA | 7.2 | 17.0 | 26.7 | 31.6 | 34.3 | 36.9 | 37.5 | 37.8 | 37.8 | 37.4 | 36.8 |
| *% margin* | *41.8%* | *54.7%* | *57.2%* | *59.0%* | *59.7%* | *60.7%* | *58.6%* | *56.4%* | *54.3%* | *52.1%* | *50.0%* |
| Depreciation & Amortisation | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 2.2 | 4.2 | 6.4 | 8.7 | 11.0 |
| *% of Sales* | *0.8%* | *0.5%* | *0.5%* | *0.5%* | *0.5%* | *0.5%* | *3.4%* | *6.3%* | *9.2%* | *12.1%* | *15.0%* |
| EBIT | 7.1 | 16.8 | 26.4 | 31.3 | 34.0 | 36.6 | 35.3 | 33.6 | 31.4 | 28.8 | 25.8 |
| *EBIT Margin* | *41.0%* | *54.2%* | *56.7%* | *58.5%* | *59.2%* | *60.2%* | *55.2%* | *50.1%* | *45.1%* | *40.0%* | *35.0%* |
| Taxes | (2.0) | (4.6) | (7.2) | (8.7) | (9.4) | (10.2) | (9.9) | (9.4) | (8.8) | (8.0) | (7.2) |
| *Marginal tax rate* | *-27.5%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* | *-27.9%* |
| **NOPAT** | **5.2** | **12.3** | **19.3** | **22.7** | **24.5** | **26.4** | **25.5** | **24.2** | **22.6** | **20.7** | **18.6** |
| D&A | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 2.2 | 4.2 | 6.4 | 8.7 | 11.0 |
| Capital Expenditures | (0.2) | (0.4) | (0.5) | (7.6) | (14.7) | (22.7) | (21.0) | (19.0) | (16.7) | (14.0) | (11.0) |
| *% of Sales* | *1.1%* | *1.1%* | *1.1%* | *14.2%* | *25.5%* | *37.3%* | *32.9%* | *28.4%* | *23.9%* | *19.5%* | *15.0%* |
| NWC | 19.9 | 32.6 | 46.9 | 36.7 | 21.8 | 21.2 | 19.8 | 18.0 | 16.0 | 13.6 | 11.0 |
| *% of Sales* | *114.9%* | *104.9%* | *100.6%* | *68.4%* | *38.1%* | *34.8%* | *30.8%* | *26.9%* | *22.9%* | *19.0%* | *15.0%* |
| Increase (decrease) in NWC | (8.6) | (12.7) | (14.3) | 10.2 | 14.8 | 0.7 | 2.1 | 1.7 | 2.1 | 2.3 | 2.6 |
| *% of Sales* | *-49.7%* | *-40.8%* | *-30.7%* | *19.1%* | *25.8%* | *1.1%* | *3.3%* | *2.6%* | *3.0%* | *3.3%* | *3.5%* |
| **FCF** | **-3.5** | **-0.6** | **4.7** | **25.6** | **25.0** | **4.7** | **8.7** | **11.2** | **14.4** | **17.8** | **21.2** |
| WACC | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Discount Period | 1.1 | 0.1 | 0.9 | 1.9 | 2.9 | 3.9 | 4.9 | 5.9 | 6.9 | 7.9 | 8.9 |
| Discount Factor | 0.9 | 1.0 | 0.9 | 0.8 | 0.8 | 0.7 | 0.6 | 0.6 | 0.5 | 0.5 | 0.4 |
| **Present Value of Free Cash Flow** | **-3.2** | **-0.6** | **4.3** | **21.5** | **19.1** | **3.3** | **5.5** | **6.5** | **7.7** | **8.6** | **9.4** |

Source:TP ICAP Midcap, FactSet

## Rating Summary

| Terminal Value Calculation: | |
|---|---|
| Perpetuity Growth Rate | **2.0%** |
| Terminal Year Free Cash Flow | 21.15 |
| Terminal Value | 284.75 |
| *TV as a % of EV* | *60%* |
| *Terminal EBIT Multiple* | *11.1 x* |
| *Terminal FCF Multiple* | *13.5 x* |
| Discount Factor | 44% |
| **NPV of Terminal Value** | **126.10** |
| Cumulative NPV of Free Cash Flow | 85.3 |
| NPV of Terminal Value | 126.1 |
| **Enterprise Value** | **211.43** |
| Less : Bridge | 1.33 |
| **Equity Value** | **210.10** |
| Shares Outstanding (fully diluted) | 18.24 |
| **Price Per Share** | **11.5** |
| **Potential upside** | **115.8%** |

| WACC CALCULATION | |
|---|---|
| Risk-free rate (BTP 6 Months) | 3.5% |
| Specific risk premium | 2.0% |
| Beta | 0.6 x |
| Equity premium | 6.8% |
| **Cost of equity** | **9.6%** |

| | |
|---|---|
| Interest rate | 4.0% |
| Tax rate | 27.9% |
| **Cost of debt (after tax)** | **2.9%** |

| | |
|---|---|
| % equity | 100.0% |
| % debt | 0.0% |
| **WACC** | **9.6%** |

Source:TP ICAP Midcap, FactSet

## Sensitivity analysis of valuation by varying WACC and g

| Price (€) | | WACC | | | | |
|---|---|---|---|---|---|---|
| | | 8.6% | 9.1% | **9.6%** | 10.1% | 10.6% |
| Perpetuity growth rate | 0.5% | 11.7 | 11.0 | 10.3 | 9.7 | 9.1 |
| | 1.0% | 12.2 | 11.4 | 10.7 | 10.0 | 9.4 |
| | 1.5% | 12.8 | 11.9 | 11.1 | 10.3 | 9.7 |
| | **2.0%** | 13.4 | 12.4 | **11.5** | 10.7 | 10.1 |
| | 2.5% | 14.2 | 13.0 | 12.0 | 11.2 | 10.4 |

Source:TP ICAP Midcap, FactSet

# Relative Valuation

## Description and logo of competitors

ESI S.p.A. specializes in engineering services for the renewable energies market. The company offers design and analysis services (technical analyses, simulations, prototyping and model testing), installation services for photovoltaic systems, wind farms, off-grid and mini-grid power plants, hybrid power plants and storage technologies. All sales are generated in Italy.

Redelfi S.p.A. specializes in the implementation of technological solutions linked to the digital and ecological transition. The Group's activities are organized around three areas: 1) Energy transition: installation of infrastructure for renewable energies (solar, wind and hydroelectric), solar farms, mini hydroelectric plants, battery storage parks, etc.; 2) Technology marketing: development of tools for digital marketing and advertising; 3) Green technology: development of digital solutions for environmental projects.

ERG SpA produces and distributes electricity from renewable sources through three segments: Wind, Solar and Thermoelectric. It operates wind farms in Europe, photovoltaic power plants in Italy and uses natural gas-fired combined-cycle technology for steam generation. Founded in 1938 by Edoardo Guida Garrone, the company is headquartered in Genoa, Italy.

ABO Energy GmbH & Co. KGaA specializes in the development and construction of wind and solar farms, as well as battery and hydrogen projects. The company offers project development and implementation services, including site assessment, planning, engineering, permitting and financing, through to construction, grid connection, operational management and maintenance. Founded in 1996 by Matthias Bockholt and Jochen Ahn, the company is headquartered in Wiesbaden, Germany.

Solaria Energía y Medio Ambiente SA specializes in solar energy. It installs and repairs solar, thermal and photovoltaic energy systems, wind power and other types of renewable energy. The company was founded on November 27, 2002 and is based in Madrid, Spain.

Voltalia produces and develops renewable energies, including wind power, hydroelectricity, biomass and solar power. It also offers carbon trading services. Its activities are divided into two segments: Energy Sales and Services. Founded in 2005 by Robert Dardanne and Xavier Dejardins, the company is headquartered in Paris, France.

Eolus Vind AB specializes in the development, installation and management of wind turbines for power generation. It operates through three segments: Planning (design and optimization of wind farms), Power Generation (production and sale of renewable energy) and Operations and Management (wind farm management services). Founded in 1990 by Bengt Simmingskold, the company is based in Hässleholm, Sweden.

EDP Renováveis SA is a specialist in renewable energies, involved in the development, construction and operation of wind and solar farms. With an international presence, it generates electricity from renewable sources in Europe, North America and Brazil. In Europe, it is active in several countries, including Spain, Portugal, France and Italy. Founded on December 4, 2007, the company is headquartered in Madrid, Spain.

Northland Power, Inc. specializes in the production of electricity from renewable sources such as wind, solar and low-emission natural gas. The company operates in several segments: Offshore Wind (Gemini, Nordsee One and Deutsche Bucht projects), Onshore Renewable (solar and wind projects such as Grand Bend and Cochrane), Efficient Natural Gas (North Battleford and Thorold projects), Utility (management of the EBSA project in Colombia) and Other (energy marketing revenues, management and administrative expenses). Founded in 1987 by James C. Temerty, the company is based in Toronto, Canada.

Relative valuation via the EV/EBITDA multiple leads to a value of 10.1 € /share, with growth potential of 90%. The relative valuation via the EV/EBIT multiple leads to a value of 13.1 € /share, with an appreciation potential of 140%. Both relative valuations are influenced by the significant potential inflow of cash from 2026 onwards, coinciding with the completion of major projects. For this reason, each has been weighted at 15%. It should be stressed that a 20% discount has been applied to the median multiple, as Italy (the country in which AGP operates) is considered a riskier country compared to the USA, Germany, France, Sweden, Finland and Canada, where most comparable companies operate. In addition, we also take into account AGP's relatively small size compared with the other companies selected, most of which have a capitalization in excess of one billion euros

The relative valuation therefore leads to a target price of 11.5 € /share. This methodology has been developed to support the DCF method, which has been given a 70% weighting in the calculation of the final target price.

### Summary of relative valuation

| Company Name | Ticker | Country | Market Value (M€) | | EV/EBITDA | | | EV/EBIT | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Equity | EV | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E |
| **ESI S.p.A.** | esigm-MIL | Italy | 13 | 14 | 6.5 x | 4.8 x | 3.0 x | 8.1 x | 5.6 x | 3.4 x |
| **Redelfi S.p.A.** | RDF-MIL | Italy | 43 | 49 | 17.4 x | 9.8 x | 6.5 x | 18.9 x | 10.4 x | 6.8 x |
| **ERG S.p.A.** | ERG-MIL | Italy | 2,915 | 5,056 | 9.4 x | 8.4 x | 8.0 x | 17.6 x | 15.0 x | 14.6 x |
| **ABO Energy GmbH & Co. KGaA** | AB9-DE | Germany | 355 | 629 | 10.6 x | 8.6 x | 7.2 x | 15.2 x | 11.3 x | 9.2 x |
| **Solaria Energia y Medio Ambiente, S.A.** | SLR-ES | Spain | 938 | 1,990 | 10.5 x | 9.2 x | 7.5 x | 13.1 x | 11.6 x | 9.8 x |
| **Voltalia SA** | VLTSA-PAR | France | 900 | 2,844 | 13.9 x | 10.2 x | 8.7 x | 30.6 x | 20.1 x | 17.0 x |
| **EDP Renovaveis SA** | EDPR-LIS | Spain | 9,156 | 19,618 | 12.3 x | 9.6 x | 8.7 x | 22.8 x | 16.9 x | 14.8 x |
| **Grenergy SA** | GRE-MCE | Spain | 984 | 1,929 | 15.1 x | 8.1 x | 7.7 x | 18.1 x | 9.0 x | 10.4 x |
| **Eolus Vind AB** | EOLU.B-SE | Sweden | 108 | 266 | 7.8 x | 5.5 x | 8.1 x | 7.5 x | 5.6 x | 8.4 x |
| Mean | | | | | 11.4 x | 8.3 x | 7.4 x | 16.7 x | 11.8 x | 10.7 x |
| **Median** | | | | | **10.6 x** | **8.4 x** | **8.1 x** | **16.5 x** | **11.0 x** | **9.9 x** |
| Harmonic Mean | | | | | 10.5 x | 7.8 x | 6.7 x | 14.0 x | 9.9 x | 8.6 x |

| EV/EBITDA | 2024E | 2025E | 2026E |
|---|---|---|---|
| EBITDA reported | 17.0 | 26.7 | 31.6 |
| Multiple | 10.6 x | 8.4 x | 8.1 x |
| Multiple at -20% discount | 8.5 x | 6.7 x | 6.5 x |
| Enterprise Value | 144.4 | 180.0 | 204.6 |
| Bridge | 1.6 | 2.1 | (25.1) |
| Equity | 142.8 | 177.9 | 229.6 |
| Diluted Nosh | 18.2 | 18.2 | 18.2 |
| Price/share | 7.8 | 9.8 | 12.6 |
| *% upside (downside)* | *39.1%* | *73.3%* | *123.7%* |

| EV/EBIT | 2024E | 2025E | 2026E |
|---|---|---|---|
| EBIT | 16.8 | 26.4 | 31.3 |
| Multiple | 16.5 x | 11.0 x | 9.9 x |
| Multiple at -20% discount | 13.2 x | 8.8 x | 7.9 x |
| Enterprise Value | 222.9 | 232.5 | 247.1 |
| Bridge | 1.6 | 2.1 | (25.1) |
| Equity | 221.3 | 230.4 | 272.1 |
| Diluted Nosh | 18.2 | 18.2 | 18.2 |
| Price/share | 12.1 | 12.6 | 14.9 |
| *% upside (downside)* | *115.5%* | *124.4%* | *165.0%* |

Source:TP ICAP Midcap, FactSet

In conclusion, our valuation based 70% on DCF and 30% on multiples leads to an intrinsic share value of 11.5 € /share, with a growth potential of 117%.

### Résultat final de l'évaluation de l'action

| Method | Price / share | Coefficient |
|---|---|---|
| Discounted FCF | 11.5 | 70% |
| EV / EBITDA | 10.1 | 15% |
| EV / EBIT | 13.1 | 15% |

| Target Price | Upside (Downside) |
|---|---|
| € 11.5 | 117% |

Source:TP ICAP Midcap

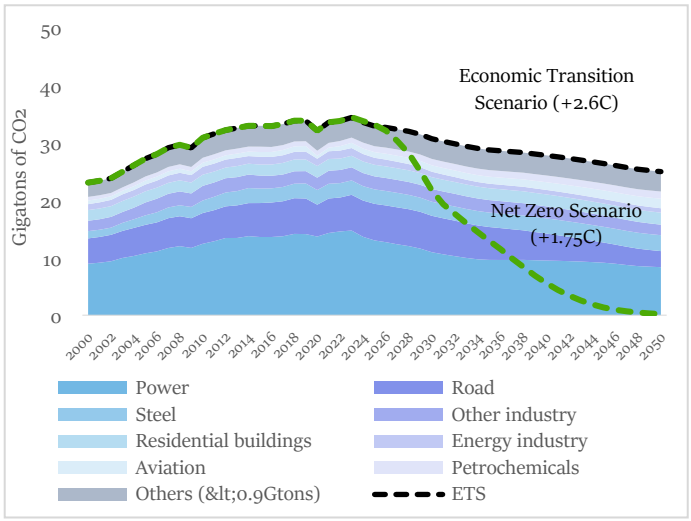
# Appendix 1: Global CO2 emissions and economic transition scenario

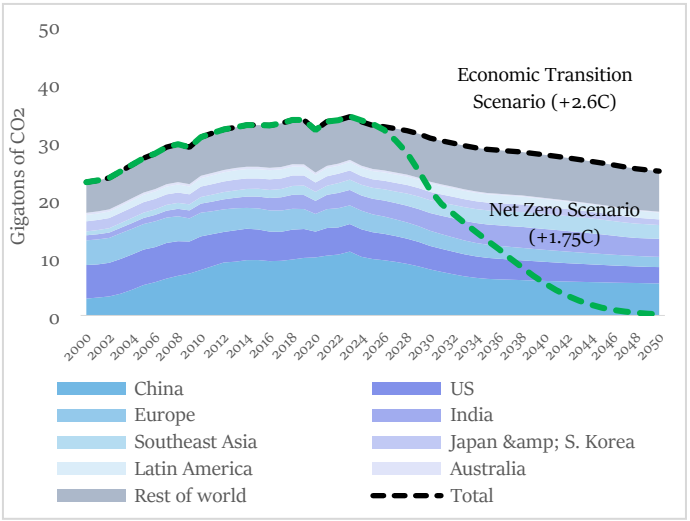
Energy production is responsible for 43% of annual global CO2 emissions (14.7 out of 34.3 billion tonnes of CO2 emitted in 2023), followed by road transport (around 18%), steel production (around 7%) and residential buildings (around 6%). In order to achieve carbon neutrality as quickly as possible, two main scenarios are defined: the economic transition scenario (more realistic) and the zero net emissions scenario. The former would lead to an increase in global temperature of 2.6 degrees Celsius, which is the scenario we take as a reference in this study, while the latter would lead to an increase of 1.75 degrees Celsius.

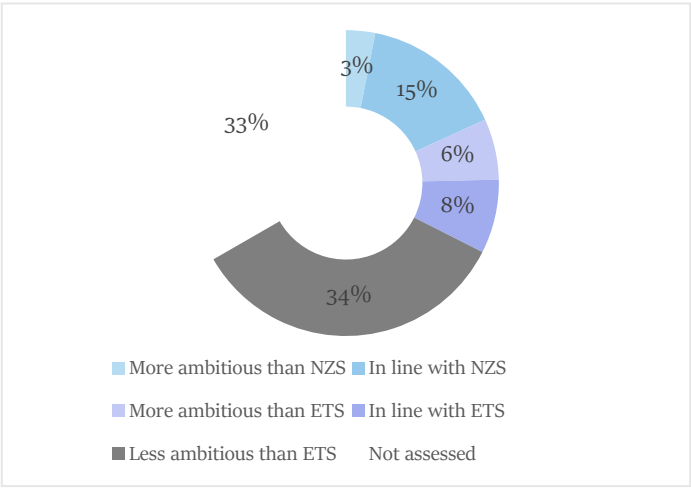
The main cause of CO2 emissions to date comes from Asian countries, which collectively emit 50% of the world's CO2. In China alone, around 32% of global CO2 is emitted each year, followed by the USA with 14%, Europe with 9% and India with 8%. In the years to come, global cooperation will be crucial, with a particular effort on the part of Asian countries. The main areas for action will be renewable electric power generation, followed by road transport.

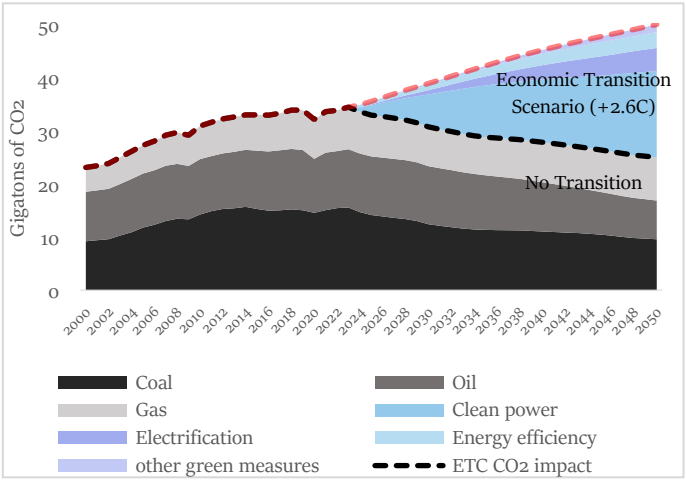
According to a survey conducted by BloombergNEF, only the countries responsible for around 17% of global emissions consider themselves aligned with or more ambitious than the Net Zero scenario; for 14% of global emissions, on the other hand, the Economic Transition Scenario (ETS) is deemed achievable, or even surpassable; for 34% of global emissions, the ETS is already too ambitious; the countries responsible for the remaining 33% of global emissions have not taken a clear position on the matter. We therefore consider that, for the time being, the ETS is more realistic than the Net Zero scenario on a global scale, although it remains difficult to achieve.

**Historical and projected global CO2 emissions by sector and country in the Economic Transition Scenario (ETS) (2000-2050)**




Source: BloombergNEF and TP ICAP Midcap

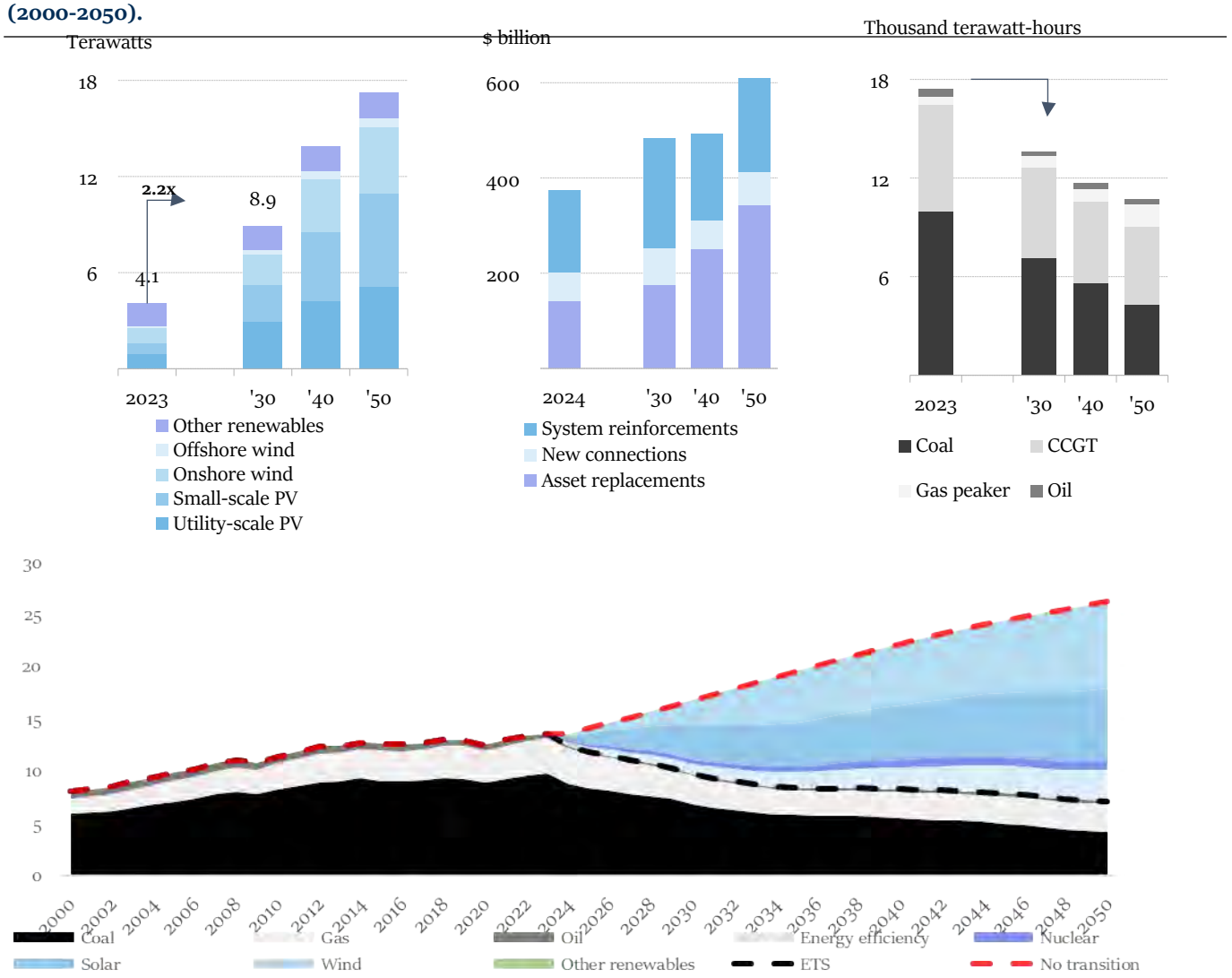
# Appendix 2: Energy production worldwide

A closer look at energy production reveals an exponential increase in installed capacity over the next few years, mainly in photovoltaics, followed by wind power. According to BloombergNEF forecasts, by 2030, global installed capacity could more than double that of 2023, in just 7 years. Specifically, according to BloombergNEF, worldwide installed capacity of small and large photovoltaic systems will rise from 0.7TW and 0.9TW respectively in 2023 to 2.3TW (3.4x) and 2.9TW (3.1x) in 2030; installed wind power capacity (both offshore and onshore) will increase from 1TW in 2023 to 2.2TW in 2030 (2.1x). This major increase in energy production from renewable sources will be accompanied by considerable investment in the global power system, reaching 483 billion euros in 2030 (+29.5% on 2024).

Major investments to support renewable energy production will gradually reduce global dependence on fossil fuels. BloombergNEF estimates that, according to the economic transition scenario, CO2 emissions caused by the use of fossil sources in electricity generation (mainly coal and gas) could be halved by 2050, despite an increase of around 70% in global electricity consumption, mainly thanks to renewable energies (solar, photovoltaic and storage).

CO2 emissions from coal-fired power generation are set to fall by 57% over the next 27 years, while those from gas are set to fall by 22%, underlining the fact that gas remains the most important fossil fuel of least concern.

**Installed power generation capacity, investments and $CO_2$ emissions worldwide in the Economic Transition Scenario (2000-2050).**




Source: BloombergNEF and TP ICAP Midcap

# Appendix 3: The future of energy storage, a promising market with exceptional margins

The growth of the energy storage market is crucial to managing the energy system efficiently and making the most of energy production from renewable sources, which are intermittent by nature. Storage makes it possible to conserve excess energy and release it when needed, improving the reliability of the energy system. In addition, energy storage stabilizes the power grid by balancing supply and demand, reducing fluctuations, minimizing wastage and making energy available when demand is high or production is low.

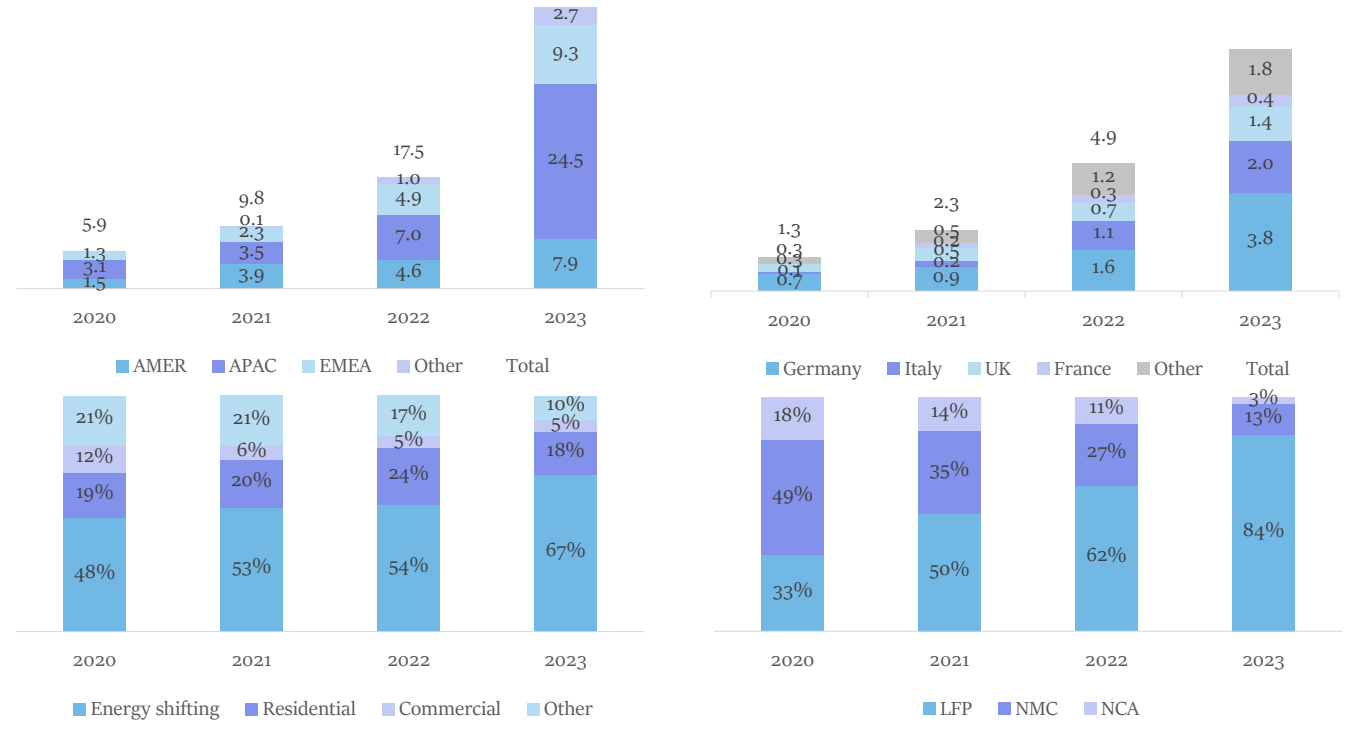
Despite its importance, installed energy storage capacity is still limited due to a number of factors. High technology costs, particularly for lithium batteries, have been a major obstacle, although prices are gradually coming down. Technological barriers, such as the lifespan and efficiency of current storage solutions, required (and in part still require) further development. In addition, existing energy infrastructures are often not suited to large-scale integration of storage, requiring significant investment to upgrade them. Energy regulations and policies have also hampered the development of the sector, due to a lack of financial incentives and favorable regulatory frameworks. Competition with subsidized traditional energy resources and low awareness of the value of storage among policymakers and the general public have also contributed to its slow uptake, as have the long lead times involved in planning, building and commissioning storage systems.

At the same time, 2023 marked a turning point for the sector, with growth in global installed capacity reaching 44.4 GW, an increase of 153% on 2022. The APAC region drove this growth in 2023, with an increase in installed capacity of 250%, followed by Europe at 90% and finally America at 70%.

In 2023, the majority of energy storage capacity is dedicated to energy shifting, representing 67% of the total. This represents a significant increase on previous years. Residential applications make up 18% of the total in 2023, while commercial applications account for 5%, a slight decline on previous years.

In terms of battery types in circulation, recent years have seen a gradual transition towards LFP (Lithium Iron Phosphate) batteries, which have grown from a market share of 33% in 2020 to around 84% in 2023, at the expense of NMC (Nickel-Manganese-Cobalt) and NCA (Nickel-Cobalt-Aluminium) batteries, which cumulatively have fallen from 67% in 2020 to 16% in 2023. Compared with other battery types, LFPs: cost less, last longer, offer greater thermal stability, and have a lower energy density. This makes them an ideal solution for storage systems, where available space is generally not a constraint. According to a BloombergNEF study, sodium batteries could grow from 0% today to 12% by 2030.

**Installed capacity worldwide and in Europe, main uses and battery types**




Source: BloombergNEF and TP ICAP Midcap

# FINANCIAL DATA

| Income Statement | 12/21 | 12/22 | 12/23 | 12/24e | 12/25e | 12/26e |
|---|---|---|---|---|---|---|
| Sales | 6.2 | 16.8 | 17.3 | 31.1 | 46.6 | 53.6 |
| Changes (%) | 4.5 | 169.9 | 3.3 | 79.4 | 50.0 | 15.0 |
| Gross profit | 6.1 | 16.0 | 16.8 | 30.4 | 45.6 | 52.4 |
| % of Sales | 97.7 | 95.2 | 97.2 | 97.7 | 97.7 | 97.7 |
| **EBITDA** | **2.1** | **6.2** | **7.2** | **17.0** | **26.7** | **31.6** |
| % of Sales | 34.5 | 36.8 | 41.8 | 54.7 | 57.2 | 58.9 |
| **Current operating profit** | **2.1** | **6.1** | **7.1** | **16.8** | **26.4** | **31.3** |
| % of Sales | 34.3 | 36.3 | 41.0 | 54.2 | 56.7 | 58.4 |
| Non-recurring items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 2.1 | 6.1 | 7.1 | 16.8 | 26.4 | 31.3 |
| Net financial result | -0.4 | -0.1 | -0.2 | -0.5 | -0.8 | -0.3 |
| Income Tax | -0.6 | -1.8 | -2.0 | -4.6 | -7.2 | -8.7 |
| Tax rate (%) | -32.6 | -30.6 | -28.4 | -27.9 | -27.9 | -27.9 |
| **Net profit, group share** | **1.2** | **4.2** | **4.9** | **11.8** | **18.5** | **22.4** |
| EPS | 0.07 | 0.23 | 0.27 | 0.65 | 1.01 | 1.23 |

| Financial Statement | 12/21 | 12/22 | 12/23 | 12/24e | 12/25e | 12/26e |
|---|---|---|---|---|---|---|
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tangible and intangible assets | 0.0 | 0.1 | 0.3 | 0.3 | 0.3 | 6.2 |
| Right of Use | 0.0 | 0.7 | 0.8 | 0.9 | 1.2 | 2.7 |
| Financial assets | 0.2 | 0.0 | 1.5 | 1.5 | 1.5 | 1.5 |
| Working capital | 3.0 | 11.3 | 19.9 | 32.6 | 46.9 | 36.7 |
| Other Assets | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |
| Assets | 3.3 | 12.2 | 22.6 | 35.5 | 50.1 | 47.2 |
| Shareholders equity group | 2.0 | 11.6 | 17.4 | 30.6 | 49.1 | 71.5 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| LT & ST provisions and others | 0.1 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Net debt | 1.2 | -0.1 | 4.4 | 4.1 | 0.2 | -25.1 |
| Other liabilities | 0.1 | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| Liabilities | 3.3 | 12.2 | 22.6 | 35.5 | 50.1 | 47.2 |
| Net debt excl. IFRS 16 | 1.2 | -0.8 | 3.6 | 3.3 | -0.6 | -25.8 |
| Gearing net | 0.6 | -0.0 | 0.2 | 0.1 | 0.0 | -0.4 |
| Leverage | 0.6 | -0.0 | 0.6 | 0.2 | 0.0 | -0.8 |

| Cash flow statement | 12/21 | 12/22 | 12/23 | 12/24e | 12/25e | 12/26e |
|---|---|---|---|---|---|---|
| CF after elimination of net borrowing costs and taxes | 1.9 | 6.1 | 5.1 | 11.9 | 18.7 | 22.6 |
| ΔWCR | -3.0 | -9.0 | -8.8 | -12.7 | -14.3 | 10.2 |
| Operating cash flow | -1.2 | -2.9 | -3.7 | -0.8 | 4.4 | 32.9 |
| Net capex | -0.1 | -0.8 | -0.2 | -0.4 | -0.5 | -7.6 |
| FCF | -1.2 | -3.7 | -3.9 | -1.1 | 3.9 | 25.3 |
| Acquisitions/Disposals of subsidiaries | 0.0 | -0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in borrowings | 0.8 | -0.3 | 3.2 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Repayment of leasing debt | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity Transaction | 0.1 | 5.6 | 1.0 | 1.4 | 0.0 | 0.0 |
| Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Change in net cash over the year | -0.1 | 1.7 | -1.2 | 0.3 | 3.9 | 25.3 |
| | | | | | | |
| ROA (%) | 36.1% | 34.0% | 21.8% | 33.1% | 36.9% | 47.4% |
| ROE (%) | 60.1% | 36.1% | 28.2% | 38.4% | 37.7% | 31.3% |
| ROCE (%) | 60.1% | 36.1% | 28.2% | 38.4% | 37.7% | 31.3% |

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Altea Green Power

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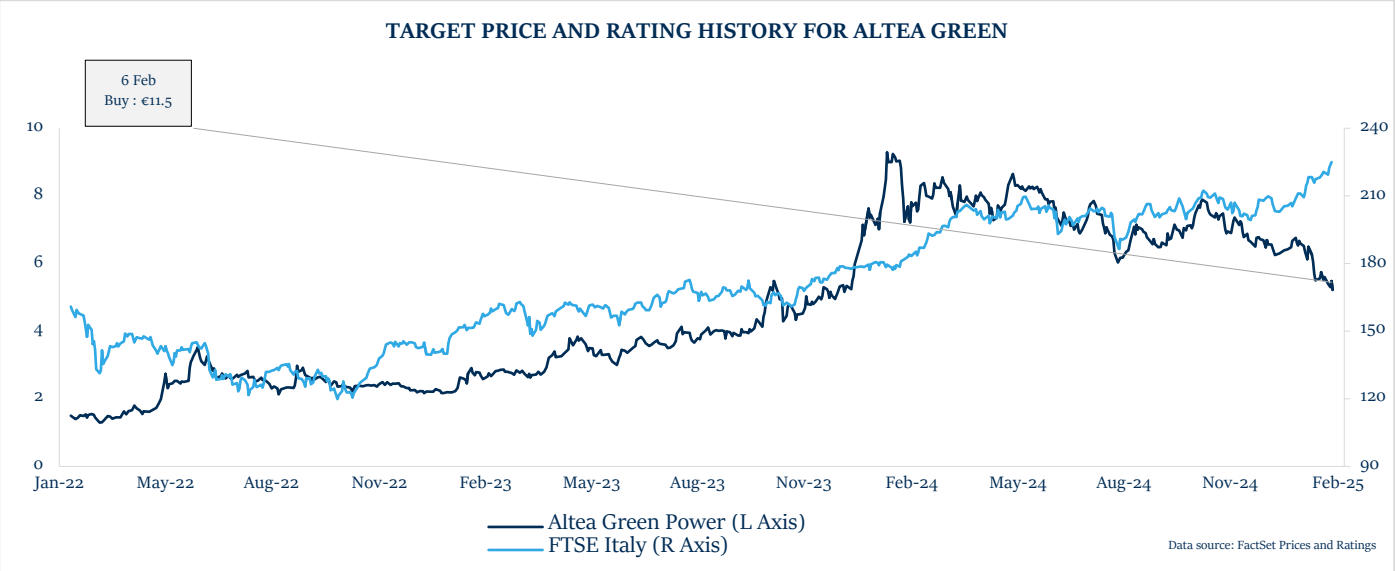


## Historical recommendations and target price (-1Y)

| Date | Analyst | Old Target Price | New Target Price | Closing Price | Old Recommendation | New Recommendation |
|---|---|---|---|---|---|---|
| 06 Feb 25 - 08:14:34 | Alessio Olmi | € 0.00 | € 11.50 | € 5.30 | | |

## Distribution of Investment Ratings

| Rating | Recommendation Universe* | Portion of these provided with investment banking services** |
|---|---|---|
| Buy | 80% | 63% |
| Hold | 15% | 72% |
| Sell | 3% | 20% |
| Under review | 2% | 100% |

Midcap employs a rating system based on the following:
Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.
Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

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