ALTEA GREEN POWER

Initiation of Coverage

EQUITA

ALTEA GREEN POWER

Initiation of Coverage

BUY ord. *(Prev.: n.a)*
Target: **€ 9.70** *(Prev.: n.a)*
Risk: High

STOCKDATA	ORD
Price (as of 21 Feb 2025)	7.0
Bloomberg Code	AGP IM
Market Cap (€ mn)	128
Free Float	38%
Shares Out (mn)	18.2
52 week Range	€ 5.0 - 8.7
Daily Volume	69,768

Performance (%)	1M	3M	1Y
Absolute	15.5	1.0	-12.5
Rel to FTSE Italia All-Share	8.6	-12.1	-26.6

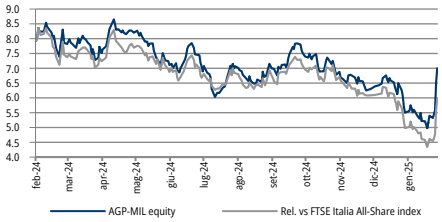
MAIN METRICS	2024	2025E	2026E
SALES Adj	35.4	47.4	49.1
EBITDA Adj	21.9	27.9	28.8
EBIT Adj	21.7	27.9	28.8
NET INCOME Adj	16.1	19.6	20.3
EPS Adj - €c	90.4	108	111
DPS Ord - €c	0.0	0.0	0.0

MULTIPLES	2024	2025E	2026E
P/E ord Adj	7.1x	6.5x	6.3x
EV/EBITDA Adj	5.7x	4.5x	3.1x
EV/EBIT Adj	5.7x	4.5x	3.1x

REMUNERATION	2024	2025E	2026E
Div. Yield ord (A)	0.0%	0.0%	0.0%
FCF Yield Adj	-9.8%	3.9%	14.5%

INDEBTEDNESS	2024	2025E	2026E
NFP Adj	-7.4	-2.5	16.1
D/Ebitda Adj	0.3x	0.1x	n.m.

PRICE ORD LAST 365 DAYS



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MARKET CORNER WITH HIGH MARGINS

We initiate the coverage of Altea Green Power (AGP) with a BUY rating and a target price of €9.7ps (c.a.40% upside) with implied 2025E EV/EBITDA of 6.1x and P/E of 8.9x. AGP is a leading player in renewable energy projects for Battery Storage Systems (BESS) and photovoltaic/wind plants. The company is actively developing a pipeline of approximately 7 GW in Italy and the US. It works in a high-growth, high margins segment as a forerunner, with ongoing developments amounting to over 5.5 GW in Italy and 1.4 GW in the US. The recent MASE approval of a 250 MW BESS project in Piedmont (Rondissone) and a 200 MW BESS project in Basilicata (Genzano di Lucania) for the infrastructure fund Aer Soléir underscore AGP ability to implement large-scale, high-value projects. The company is experiencing strong momentum, as evidenced by AGP's 118% year-over-year increase in revenues for 2024. We estimate AGP to be able to post a 15% CAGR in revenues and 12% in EPS through 2028E, thanks to a positive pipeline of projects and a good backlog at the end of 2024 (€150mn vs revenues 2024 of €35.4mn). We believe AGP has an attractive valuation at 6.5x P/E and EV/EBITDA 4.5x for 2025E, in front of a relevant growth expected in coming years.

■ A key enabler of the renewable energy transition

AGP has achieved substantial growth in the past (revenues 79% CAGR 21-24), **driven by strategic partnerships with global energy leaders such as RPC** (Renewable Power Capital), **Iberdrola, Enlight, and Aer Soléir.** The company is poised to capitalize on the rapidly expanding renewable market, supported by **favourable policies for decarbonization in Europe**. According to sector analyses, **the photovoltaic and wind markets in Italy alone** are expected to double their capacity over the next decade, while **the BESS market is projected to grow at a CAGR of 9.3% by 2030.**

■ We initiate with a BUY rating and a €9.7ps target price

We are initiating the coverage of **Altea Green Power with a BUY recommendation and a target price of €9.7ps, offering a potential upside of ca. 40% on current prices. This valuation reflects implied 2025E EV/EBITDA of 6.1x and a P/E of 8.9x.**
We believe that:

- **The BESS market is emerging as the frontier of renewable energy.** Battery Energy Storage Systems (BESS) are experiencing **rapid growth in Europe**, supported by the increasing penetration of Renewable Energy Source (RES) and the need to stabilize grid imbalances. As a technology that complements solar and wind energy, **BESS is crucial for managing the intermittency of renewables, with further regulatory support provided by the new incentive regulation** in Italy.
- **AGP is strategically positioned to capitalize on this growth** with a backlog of €150mn at the end of 2024 (vs revenues 2024 of €35.4mn) or 2.5 GW of projects under advanced stage of development. **AGP has a consolidated presence in the market**. AGP is experiencing **rapid growth**, with an expected **CAGR of 15% in revenues and 14% in EBITDA through 2028**.
- Starting in 2026, AGP is expected to be in a net cash position, with an estimated NFP of €16.1mn in 2026E and €55.8mn in 2028E, according to our estimates. This outcome will be driven by the completion of milestones on ongoing contracts. **The company does not plan to implement a dividend policy**, as **the cash will be used to fund growth in the Independent Power Producer (IPP) segment, a highly capital-intensive sector**.
- **AGP's share price offers an interesting entry point** with recently improved guidance on better-than-expected market dynamics**.** AGP is trading at **6.5x P/E and EV/EBITDA 4.5x for 2025E**, significantly below its main peer in BESS development (**P/E 17.5x and EV/EBITDA 9.3x in 2025E**). This **discounted valuation** presents a compelling **re-rating opportunity.**

MAIN FIGURES - EURmn	2022	2023	2024	2025E	2026E	2027E
SALES Adj	16.8	16.3	35.4	47.4	49.1	51.2
Growth	n.a.	-3.1%	117.5%	33.9%	3.7%	4.3%
EBITDA Adj	6.2	7.3	21.9	27.9	28.8	30.1
Growth	n.a.	17.4%	202.0%	27.2%	3.2%	4.5%
EBIT Adj	6.1	7.1	21.7	27.9	28.8	29.8
Growth	n.a.	16.6%	206.2%	28.2%	3.2%	3.6%
PBT Adj	6.0	6.9	21.3	27.4	28.3	29.4
Growth	n.a.	14.5%	210.0%	28.8%	3.2%	3.7%
Net Income Adj	4.2	4.9	16.1	19.6	20.3	21.0
Growth	n.a.	18.1%	226.7%	22.2%	3.2%	3.7%

MARGIN - %	2022	2023	2024	2025E	2026E	2027E
EBITDA Adj Margin	36.8%	44.6%	61.9%	58.9%	58.5%	58.7%
Ebit Adj margin	36.3%	43.7%	61.5%	58.9%	58.5%	58.2%
Pbt Adj margin	35.8%	42.2%	60.2%	57.9%	57.6%	57.3%
Net Income Adj margin	24.8%	30.3%	45.4%	41.5%	41.3%	41.0%

SHARE DATA	2022	2023	2024	2025E	2026E	2027E
EPS Adj - €c	24.1	28.4	90.4	108	111	115
Growth	n.a.	18.1%	218.2%	19.1%	3.2%	3.7%
DPS ord(A) - €c	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	0.7	1.0	1.9	3.0	4.1	5.3

VARIOUS	2022	2023	2024	2025E	2026E	2027E
Capital Employed	12.4	11.5	35.0	49.7	51.4	63.7
FCF	-7.3	4.3	-13.3	5.0	18.5	8.8
CAPEX	0.8	0.2	1.0	3.6	7.4	11.2
Working capital	11.2	19.9	42.4	53.5	47.8	49.1

INDEBTNESS	2022	2023	2024	2025E	2026E	2027E
Nfp Adj	-0.9	4.4	-7.4	-2.5	16.1	24.8
D/E Adj	0.07	n.m.	0.21	0.05	n.m.	n.m.
Debt / EBITDA Adj	0.1x	n.m.	0.3x	0.1x	n.m.	n.m.

MARKET RATIOS	2022	2023	2024	2025E	2026E	2027E
P/E Ord Adj	9.0x	24.1x	7.1x	6.5x	6.3x	6.1x
PBV	3.4x	3.7x	3.9x	2.3x	1.7x	1.3x

EV FIGURES	2022	2023	2024	2025E	2026E	2027E
EV/Sales	2.3x	6.6x	3.5x	2.6x	1.8x	1.4x
EV/EBITDA Adj	6.4x	14.9x	5.7x	4.5x	3.1x	2.3x
EV/EBIT Adj	6.4x	15.2x	5.7x	4.5x	3.1x	2.4x
EV/CE	3.2x	9.4x	3.6x	2.5x	1.7x	1.1x

REMUNERATION	2022	2023	2024	2025E	2026E	2027E
Div. Yield ord	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield Adj	36.1%	28.2%	45.9%	36.0%	27.1%	21.9%
Roce Adj	41.5%	44.7%	45.0%	40.7%	40.5%	33.9%

Source: Company data and Equita SIM estimates

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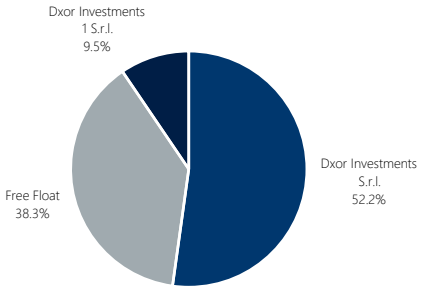
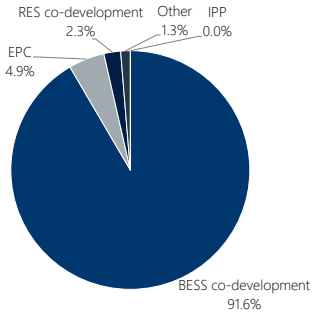
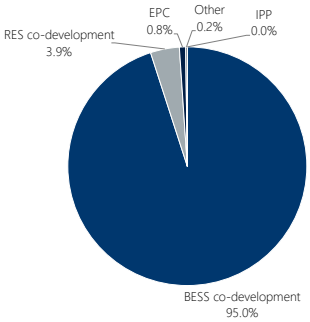
SHAREHOLDERS



REVENUES 2024E



EBITDA 2024E



BUSINESS DESCRIPTION

Altea Green Power (AGP) operates in the renewable energy sector, specializing in the co-development, construction, and management of photovoltaic plants, Battery Energy Storage Systems (BESS), and energy efficiency projects. With headquarters in Rivoli (Turin), Italy, AGP has established a good presence in Italy and the U.S., supported by partnerships with global energy leaders such as infrastructure fund.

■ Business Model

AGP operates through a diversified business model encompassing:

- **Co-development of renewable energy plants, focusing on Storage Solutions, PV and Wind**
- **EPC Services** (Engineering, Procurement, and Construction), offering **turnkey solutions for PV plants**
- **Proprietary Asset ownership**, targeting the operation of company-owned plants to ensure stable cash flow in the medium long term

AGP's current **pipeline includes 7 GW of renewable energy projects globally, including more than 5.5 GW in storage and 1.4 GW under development in the U.S.**

■ Main Strategy Guidelines

AGP's 2024-2028 Strategic Plan outlines:

- A targeted **increase in BESS capacity from 510 MW to 3.8 GW in Italy**
- Expansion in **the U.S. market, focusing on 1.4 GW of storage projects**
- **Investments of €42mn of Capex to scale proprietary PV assets to in the medium long term**
- Strengthening **partnerships to achieve construction approvals for 690 MW of photovoltaic projects by 2026**

HISTORICAL RESULTS (€mn)

	2021	2022	2023	2024
Revenues	6.2	16.7	17.3	35.4
Adj. EBITDA	2.1	6.1	7.3	21.9
Adj. Net Profit	1.2	4.2	4.9	16.1
NFP	-1.0	0.1	-4.4	-7.4

■ Market Drivers

Key factors influencing AGP's performance include:

BESS Market Growth: **Italy's BESS market is projected to grow at a CAGR of 9.3% by 2030, while the U.S. market is set for a 16.3% CAGR by 2029.**
Regulatory Support: Policies like the EU's "Fit-for-55" and **MACSE and Capacity Market in Italy promote renewable integration and storage development.**
Rising Demand for Grid Stability: **The increasing penetration of renewables drives demand for storage solutions.**

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
- Market position: AGP is a player in BESS project development, with a 7 GW pipeline distributed across Italy and the USA (>5.5 GW in Italy, >1.4 GW in the USA). - Financial performance: 2024 revenue 2x vs. 2025 (€35.4mn) and the EBITDA of 202% vs 2023. - Expansion of the BESS market: CAGR of 9.3% in Italy and 16.3% in the USA until 2029, driven by increasing demand for grid stability.	- Dependence on regulatory incentives: The business model is tied to mechanisms like MACSE and Capacity Market, with uncertainties beyond 2025. - Bureaucratic challenges: Complexity and delays in obtaining permits for new projects. - Regulatory risks: Uncertainty around the extension of incentives and the potential impact of less favourable U.S. renewable energy policies.

SUMMARY OF THE INVESTMENT CASE

We are initiating the coverage of Altea Green Power (AGP) with a BUY recommendation and a target price of €9.7ps, which offers and upside of c.a. 40% on current prices, which implies 2025E EV/EBITDA of 6.1x and a P/E of 8.9x.
AGP currently has a market cap of ca. €128mn and a price of c.a. €7.0ps, which suffered a retracement in the past months (from the peaks of €9.3ps of January 2024 down to the current levels), mainly in the reasons of the energy political turmoil of the past months (shifts in international policy, particularly Trump's renewed stance against renewable energy, which increased uncertainty and pressured the sector in US but also in Europe) and **back to 7.0ps thanks to the positive results at the end of 2024** (Sales growth of 118% YoY)**, the recently improved guidance as well as the favourable energy price scenario and volatility**. **We believe the current share price may offer an attractive entry point as we think market dynamics and expected group growth in the coming years** (CAGR of 15% in Revenues and 14% in EBITDA through 2028E), have a reasonable degree of visibility.

AGP is specialized in the development of energy storage systems (BESS) and Renewable Energy Source (RES) plants, including photovoltaic and wind. Currently, 95% of its revenue comes from BESS and RES development. The company serves businesses companies (including utilities, energy service companies (ESCO), RES groups...) as well as specialized funds and private investors.
AGP is mainly present in Italy, and it obtained a **recent approval of 250 MW BESS** project in Rondissone (Piedmont) and a **200 MW BESS project in Genzano di Lucania (Basilicata)** that underscore its capacity to execute large-scale developments. AGP installed also 20 MW of photovoltaic plants. **The company has a pipeline for co-development of 5.5 GW through 2028 (medium/high degree of visibility) in Italy. In the US, where the group is in partnership with Redelfi and Elio Energy, AGP is developing a project of 507 MW that is on market from Q4 2024** (with NBO to receive in 2025) **and has a pipeline of 1.4 GW (Not included in Equita estimates).**

The JV in the US has been founded with Redelfi and Elio Energy which is a US-based company specialized in the development of large-scale solar plant and battery storage projects, Currently, Elio Energy Group has over 2.5 gigawatts (GW) of capacity in active development and an additional 6 GW in pre-development stages.

By 2028, Altea Green Power aims to progressively add power generation activities, becoming also an Independent Power Producer (IPP), generating and selling energy with 30 MW of installed capacity in photovoltaic plants.

Our positive view on AGP is based on:

a. **The underlying BESS market is enjoying favourable opportunities in the coming years, mainly considering that the core business (95% of revenues in 2024 is BESS and RESS co-development)** is in an early-stage market which is expected to boost in light of the increasing energy price volatility, the rapidly higher needs of network balancing (peak/ off-peak prices) and the regulatory requirements which are supporting a significant increase of capacity in Italy and at international level.

b. **Italy is expected to sustain an annual CAGR of installed BESS capacity in the region of 9.3% through 2030 (or additional 64 GW)** as indicated in Terna's scenario for grid development and sustained by the recently approved **MACSE incentives regulation** (an incentive system in Italy aimed at promoting the deployment of battery storage BESS through auction-based procurement of grid services) and **Capacity Market** (a mechanism designed to ensure the adequacy and reliability of the electricity system by providing financial incentives to power plants and storage systems, such as BESS, for making capacity available during peak demand periods).

c. **US projected CAGR of 16.3% of installed BESS capacity through 2029 thanks to the NREL (National Renewable Laboratory)** with around 100 GW of expected potential development in the next years. However, in Equita estimates the US pipeline is not projected due to the recent uncertainties except for the only project already developed and authorized.

Although the most recent market development has deteriorated in terms of political/social support, with the new TRUMP policies and the EU GREEN DEAL put under discussion, we believe that the RES market is already under development, with scale potential in main EU countries. Now in Italy more than 40% of energy is covered by RES, a "regulated" BESS storage capacity incentive has been already approved and the government aims to develop 71 GWh by 2030 (MACSE and PNIEC decree). **We believe new policies will only be "diluted" in the coming years, with no major impacts over the short-term projects implementation, which remain sustained by current ongoing regulation and market dynamics**.
Within this market framework AGP has already delivered significant results in the past years, moving from €16.8mn revenues and €6.2mn EBITDA, at the end of 2022, up to the €35.4mn revenues and €21.9mn EBITDA at the end of 2024, with more than 2.5 GW projects in finalization stage (at the end of 2024), including one of the most important large utility scale project in Rondissone for 250 MW already authorized and a 200 MW BESS project in Genzano di Lucania (Basilicata).

We expect AGP to be able to reach €61.9mn Revenues and €36.9mn EBITDA in 2028E (CAGR 25-28 of 15% for both) driven by backlog of 2.5 GW at the end of 2024, and a pipeline of 2.4 GW projects with advanced stage of development.

ECONOMICS KPI (€mn)

	2023	2024	2025 E	2026 E	2027 E	2028 E	CAGR 2025-2028
Revenues Reported	16.3	35.4	47.4	49.1	51.2	61.9	15%
EBITDA Adjusted	7.3	21.9	27.9	28.8	30.1	36.9	14%
Net Income adjusted	4.9	16.1	19.6	20.3	21.0	25.5	12%
Net financial position	4.4	-7.4	-2.5	16.1	24.8	55.8	-

Source: Equita SIM estimates

We value AGP with a Sum of The Parts (SOTP) approach, which includes a mix of DCF and multiple valuation for the different businesses in which the group is present (co-development, EPC activities and IPP development). Based on a more conservative P&L estimates development through 2028E (vs company's guidance), we **project an EBITDA of €36.9mn in 2028E vs strategy guideline of €35-42mn** (and compared with the expected €21.9mn at the end of 2024). Although we are giving AGP the benefit of the full backlog implementation, we remain more cautious about the mid-term pipeline development. However, it is worth noting that AGP has recently "improved" its outlook citing a growing market demand.

VALUATION (€mn)

VALUATION	EV	Criterias
CoDev BESS	156.6	DCF using as positive inflows the milestone payments for each contract in the backlog and some of the pipelines (implied EV/EBITDA of 5.7x on 2025E)
CoDev RES	1.5	
IPP	22.1	DCF using a business model plant by plant (implied EV/EBITDA of 10.0x on 2028E)
EPC	4.2	Multiples (c.a. 2025E EV/EBITDA of 6.1x and P/E of 8.9x)
CORE ENTERPRISE VALUE	184.4	
Net financial position of end 2024	-7.4	
EQUITY VALUE	177.0	
Shares (mn)	18.2	
TARGET PRICE- €/sh	9.7	

Source: Equita SIM estimates

AGP currently trades at 6.5x P/E and EV/EBITDA 4.5x for 2025E and it offers an expected CAGR of EBITDA in the region of 15% through 2028E. AGP has a little stock of debt with an NFP of €-7.4mn at the end of 2024 and a strong expected cash generation in the region of €23mn per year from 2025E to 2028E with the normalization of the WIP payments expected to contribute from 2026-27 onwards.

AGP CURRENT MULTIPLES						
	2023	2024	2025E	2026E	2027E	2028E
P/E	24.1x	7.1x	6.5x	6.3x	6.1x	6.1x
EV/EBITDA	6.4x	14.9x	5.7x	4.5x	3.1x	1.8 x
EV/EBIT	6.4x	15.2x	5.7x	4.5x	3.1x	1.8 x
Capex - €mn	-0.2	-1.0	-3.6	-7.4	-11.2	-13.8
FCF yield	36.1%	28.2%	45.9%	36.0%	27.1%	21.9%
Net financial position - €mn	4.4	-7.4	-2.5	16.1	24.8	55.8

Source: Equita SIM estimates

Starting in 2026, AGP is expected to be in a net cash position, with an estimated NFP of €16.1mn in 2026E and over €55mn in 2028E, according to Equita estimates. **This outcome will be driven by the completion of milestones on ongoing contracts, generating significant cash inflows**. Currently, the company does not plan to implement a dividend policy, as the cash will be used to fund growth in the **Independent Power Producer (IPP)** segment, a **highly capital-intensive sector that represents a strategic area for AGP's future development.**

This compares to an average multiple of EPC groups at EU level in the region of 12.0x P/E and 6.2x EV/EBITDA in 2025E, **the multiple of IPP** generators at 13.8x PE and 10.8x EV/EBITDA and the multiple of the **direct competitor in the BESS market** (Redelfi) currently trading at 17.5x P/E and 9.3x EV/EBITDA as measured in 2025E.

SECTOR MULTIPLES									
	P/E			EV/SALES			EV/EBITDA		
RENEWABLES COMPANIES	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Grenergy Renovable	8.1 x	12.4 x	9.2 x	nm	nm	nm	9.1 x	12.5 x	9.9 x
Scatec Asa	22.0 x	27.8 x	26.1 x	nm	nm	nm	25.6 x	24.4 x	20.7 x
Solaria Energia Y	10.9 x	9.7 x	7.6 x	nm	nm	nm	10.8 x	10.1 x	9.2 x
Edp Renovaveis Sa	22.9 x	15.6 x	15.8 x	nm	nm	nm	9.2 x	8.4 x	8.2 x
Renewi Plc	11.8 x	9.1 x	7.8 x	nm	nm	nm	5.5 x	4.9 x	4.5 x
Corp Acciona Energ	8.9 x	16.7 x	17.6 x	nm	nm	nm	7.2 x	8.2 x	7.9 x
Erg Spa	11.8 x	11.2 x	10.5 x	nm	nm	nm	8.3 x	8.0 x	7.7 x
Average	**13.8 x**	**14.6 x**	**13.5 x**	**nm**	**nm**	**nm**	**10.8 x**	**10.9 x**	**9.7 x**
	P/E			EV/SALES			EV/EBITDA		
EPC GROUPS	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Fluor Corp New	15.9 x	14.8 x	13.4 x	0.3 x	0.3 x	-	9.2 x	7.4 x	-
John Wood Group Pl	7.4 x	5.4 x	-	0.3 x	0.3 x	-	3.5 x	3.2 x	-
Maire	12.8 x	11.0 x	9.2 x	0.4 x	0.4 x	0.3 x	6.2 x	5.3 x	4.7 x
Tecnicas Reunidas	10.2 x	8.3 x	9.5 x	0.2 x	0.2 x	0.2 x	3.9 x	3.1 x	3.1 x
Technip Energies	11.6 x	10.6 x	10.2 x	0.3 x	0.2 x	0.1 x	2.9 x	2.1 x	1.2 x
Kbr Inc	14.0 x	11.8 x	10.5 x	1.1 x	0.9 x	-	9.7 x	8.7 x	-
Worley Limited	17.1 x	14.6 x	12.9 x	0.7 x	0.7 x	0.6 x	8.8 x	7.8 x	7.0 x
Saipem Spa	9.2 x	7.0 x	6.2 x	0.3 x	0.3 x	0.2 x	2.7 x	2.1 x	2.0 x
Cadeler As	9.7 x	4.7 x	3.1 x	5.7 x	2.7 x	1.9 x	9.0 x	4.8 x	3.0 x
Average	**12.0 x**	**9.8 x**	**9.4 x**	**1.0 x**	**0.6 x**	**0.6 x**	**6.2 x**	**4.9 x**	**3.5 x**
	P/E			EV/SALES			EV/EBITDA		
COMPARABLE BATTERY	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Altea Green Power	6.0 x	6.1 x	5.6 x	n.a.	n.a.	n.a.	4.1 x	3.4 x	2.9 x
Redelfi S.P.A.	17.5 x	n.a.	n.a.	n.a.	n.a.	n.a.	9.3 x	6.0 x	3.3 x
Average	**11.8 x**	**6.1 x**	**5.6 x**	**n.a.**	**n.a.**	**n.a.**	**6.7 x**	**4.7 x**	**3.1 x**

Source: Equita SIM elaboration on FacSet data

All in all, we believe AGP's investment profile is attractive with:

a. **Good underlying market dynamics,** with Italian BESS market projected to growth at a CAGR of 9.3% through 2028 and US projected to growth at 16.3% CAGR through the same period. Despite the recent political turmoil, we believe the market dynamics are sustained by large, short-term demand and approved regulatory schemes which pose lower risks in the short-term development (3-5 years).
b. **Strong position in the reference market,** with AGP being one of the few large developers in space, a good management team and a large backlog of 2.5 GW at the end of 2024 (pipeline of 2.4 GW projects under development). We believe the decision to become also an IPP player will contribute to the stabilization of cash flows over the mid-term thus making AGP a complete and diversified group in the energy field.

AGP STOCK PERFORMANCE

Source: Factset

SWOT analysis

STRENGTHS	WEAKNESSES
Market position: AGP is a leader in BESS project development, with a 7 GW pipeline distributed across Italy and the USA (>5.5 GW in Italy, >1.4 GW in the USA). **Financial performance**: Revenue growth of 118% in 2024 (€35.4mn) and the EBITDA of 202% vs 2023. **Strategic partnerships**: Collaborations with **global players like RPC, Iberdrola, Enlight, and Aer Soléir** strengthen its development and co-development capabilities. **Management experience**: a team with an average of over 15 years of experience in the renewable energy sector.	**Dependence on regulatory incentives:** The business model is tied to mechanisms like MACSE and Capacity Market, with uncertainties beyond 2025. **Bureaucratic challenges**: Complexity and delays in obtaining permits for new projects. **Limited international presence**: Geographic concentration in Italy and the USA, with untapped potential in other emerging regions. **Risks related to technological costs**: Reliance on lithium batteries and fluctuations in raw material prices.
OPPORTUNITIES	**THREATS**
Expansion of the BESS market: CAGR of 9.3% in Italy and 16.3% in the USA until 2029, driven by increasing demand for grid stability. **Favourable policies**: Initiatives such as the Inflation Reduction Act in the USA and the European Green Deal support renewable energy growth. **Innovation in emerging markets:** Development of emerging technologies like solid-state batteries and seasonal storage systems. **Transition to IPP**: A strategy that balances cash flows and reduces dependence on auction mechanisms.	**Regulatory risks**: Uncertainty around the extension of incentives and the potential impact of less favourable U.S. renewable energy policies. **Increasing competition**: Global players intensify pressure on margins in the renewables and storage sectors. **Potential increase in Flexible technologies in Italy**: Future flexible technologies could reduce the attractiveness of BESS solutions.

ALTEA GREEN POWER: COMPANY OVERVIEW

Altea Green Power is specialized in **the development of energy storage systems (BESS) and construction of renewable energy plants, including photovoltaic and wind. Currently, 95% of its revenue comes from BESS and RES development.** The company serves businesses, funds, and investors, offering end-to-end project development and turnkey solutions to ensure efficient and sustainable energy production. **By 2028, Altea Green Power aims to transition into an Independent Power Producer (IPP), generating and selling energy with 30 MW of installed capacity.**

AGP was founded with the goal of becoming a benchmark in the renewable energy sector both in Italy and abroad. Established in 2008, the company is headquartered in Rivoli (Turin) and has distinguished itself for an innovative and sustainable approach to developing green energy projects.

Altea Green Power began offering EPC services for photovoltaic and wind plants in 2009. In 2017, the company acquired Altea Power, which at the time focused on trading gas and power commodities. However, even then, the co-development of BESS and RES were the company's primary business focus. In 2020, AGP discontinued its trading activities and shifted its focus to energy efficiency.

Throughout its evolution, AGP has built a strong reputation through partnerships with prominent international companies such as RPC (Renewable Power Capital), Iberdrola, Enlight, and Aer Soléir. **This has enabled the company to develop a pipeline, consisting of over 7 GW of potential capacity.**

Among the important milestones in its history, AGP has expanded its activities beyond solar and wind energy **to include energy storage projects both in Italy and the United States,** where it operates through a joint venture for the development of innovative solutions.

The company has shown a **growth with high margins (from 45-50% EBITDA margin in co-development RES to 55-60% EBITDA margin in co-development BESS reported at the end of 2024)**, benefiting from regulatory support and decarbonization trends. Its robust growth is further evidenced by its admission to trading on Euronext's STAR segment.

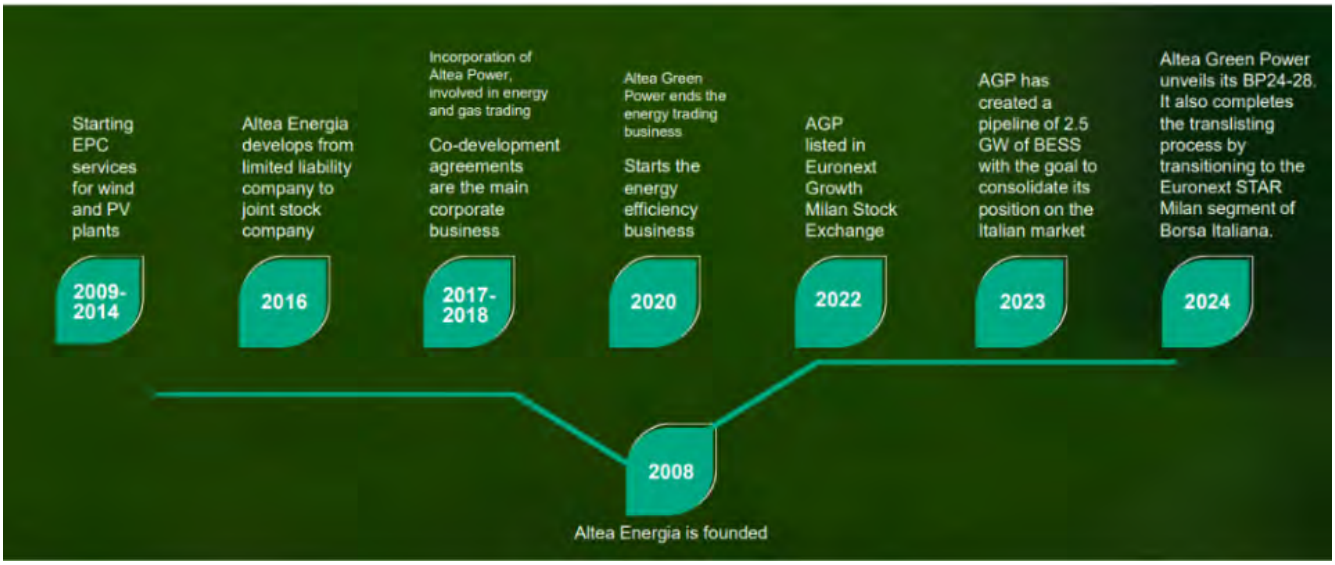
AGP is active in various business areas:

- **CO-DEVELOPMENT of BESS solutions and RES plants (solar, wind, storage):** in partnership with major utility companies. Activities in this business include acquiring suitable sites, applying for connection to the transmission network (RTN), detailed engineering for obtaining permits, and submitting permit applications. This activity contributes **for 95% of revenues in 2024.**

- **EPC and ENERGY EFFICIENCY (EE):** The business model covers the entire lifecycle of building energy plants, offering turnkey solutions to clients. AGP's business involves complete project design, land contracting, procurement of all materials, and physical construction of the plant. This contributes for **5% of revenues in 2024**.

- **ENERGY GENERATION:** Most recently AGP has started to position itself as a small IPP with the goal of construction of solar assets for which the group will maintain full control. **The diversification has the aim to stabilize cash generation and to support financing of additional growth in the coming year**. This activity expected to start contributing from 2027 onwards **with potential 5% impact on revenues in 2028E**.

AGP EVOLUTION THROUGHT THE YEARS



Source: Company presentation

Business model

Altea Green Power follows a structured business model aimed at making renewable energy investments more accessible and efficient for investors. **Their process spans the entire lifecycle of a renewable energy project, from identifying land to securing permits and making the project ready for construction. This model ensures that all the necessary steps are handled in-house, reducing complexity and risk for their partners.**

The process starts with **land scouting**, where Altea Green Power conducts a thorough analysis to identify **suitable locations for renewable energy projects**. They assess potential constraints, such as regulatory, environmental, and technical factors, and carry out due diligence to ensure the viability of the site. This step is crucial because finding the right location is foundational for the success of the project. **They reject more than 150 sites per year out of 200 evaluated.**

Once a location is secured, the next phase is the **preliminary agreement**. AGP works with landowners to negotiate terms and close agreements that allow them to proceed with the project. This stage sets up a **legal framework that guarantees the company the rights to develop the land for renewable energy purposes.**

The third phase involves handling connection requests, which are a critical part of getting the energy produced from the project onto the grid. **AGP manages this process by submitting connection requests to the appropriate grid operators (TERNA, E-distribuzione, etc.)**, following all necessary protocols. These technical and regulatory steps ensure that the project aligns with **grid requirements** and will be able to feed electricity into the system once built.

Next comes **engineering and submitting**. During this stage, Altea Green Power handles the technical side of the project, ensuring that all engineering requirements are met. They prepare all the **necessary documentation for submission to authorities**, including preliminary and final engineering plans. This process is essential to ensuring that the project meets all regulatory standards before moving forward.

Authorization Process

Altea Green Power manages the entire authorization procedure, ensuring that the project complies with all legal and environmental regulations. This phase involves obtaining permits from local and national authorities, ensuring that all necessary approvals are in place before construction can begin. The authorization process varies depending on the type of renewable energy project, such as solar PV, wind, or standalone battery energy storage systems (BESS).

The authorization process for a utility scale standalone BESS includes:

- **Preliminary Studies and Site Selection**
  - Identifying land near substations with available grid capacity.
  - Analysis of land constraints (urbanistic, environmental, technical).
  - Conducting feasibility studies and economic assessments.
  - Preliminary discussions with local authorities.

- **Environmental and Safety Approvals**
  - VIA if required by project size.
  - Fire prevention approval from the Fire Department

- **Grid Connection Authorization**
  - STMG (Soluzione Tecnica Minima Generale) and STMD (Soluzione Tecnica Minima di Dettaglio) issued by Terna
  - Agreement with GSE for energy sales or incentives

- **Autorizzazione Unica (AU)**
  - Submission to the Region or MASE (if strategic importance)
  - Conference of Services involving local government, ARPAL, Terna, and emergency services

AUTHORIZATION PROCESS

Phase	Estimated Duration
Preliminary Studies	12-18 months
Environmental Impact Assessment (VIA) & Conference of Services	12-24 months
Final Authorization & RTB	3-6 months
Total Time to RTB	2.5 - 4 years

Source: Equita SIM elaboration

When Altea Green Power signs a contract with a client, the entire permitting process is structured into **7-8 milestones** each associated with different payment stages. These milestones represent key phases of project development, ensuring transparency and alignment with investor expectations. The total revenues from the process amount to **60-80 k€/MW**, depending on whether the project qualifies for the **MACSE incentive scheme.** The reported price is an estimate based on our assumptions, which consider current market factors. There is no reliable track record to refer to, as the technology is new, and the first small-scale BESS plants are only now being built. Nonetheless, it is important to note that the price does not reflect a market equilibrium driven by supply and demand but rather a broader energy price scenario. Specifically, it is influenced by a peak-off-peak spread that is expected to contract in the medium to long term due to increased renewable penetration, the deployment of flexible technologies, and incentives such as the capacity market.

BESS, in addition to participating in MACSE, **can also take part in the Capacity Market**, a mechanism designed to **ensure grid reliability by compensating resources for their availability during peak demand periods.**

The 250 MW Rondissone (Piedmont) project was sold for €18mn (72 k€/MW no eligible for MACSE). Additionally, the Rondissone project has been divided into 8 milestones and sold to Aer Soler.

The 250MW Rondissone project and the 200 MW BESS project in Genzano di Lucania (Basilicata) have been both sold to Aer Soléir which is an **infrastructure private equity fund** based in Dublin. The fund is backed by a **$250mn commitment** from "**547 Energy"**,a U.S.-based clean energy investor. Aer Soléir is making moves across the EU, with a **130 MW hybrid wind-solar project** in Spain and a growing portfolio in Italy. Right now, the fund is developing **more than 1.0 GW (in addition to AGP's BESS)** of RESS projects in Italy (**817 MW** of onshore wind and **185 MW** of solar PV).

Example of a Contract Type between AGP and a potential client

Phase		Milestone	Value
Sale Purchase Agreement	1	*SPA Closing* - *Land rights granted* - *Connection to National Grid granted*	10%
Development Service Agreement	2	AU Submission - *Preparation of the Project Design for the Authorization filing,* - *Submission to the Authorizing Authority of the Project*	20%
	3	Project Admissibility - *Receiving eligibility on the Project Filed to the Authorizing Authority.*	5%
	4	Benestare Achievement - *Achievement of technical approval from the TSO.*	5%
	5	AU Decree - *Granting of the Autorizzazione Unica*	30%
	6	AU Consolidation (actual status of Genzano di Lucania and Rondissone projects) - *Completion of the challenge period for the Authorization*	20%
	7	Land Contracts Finalization - *Closing of all definitive land contracts*	5%
	8	RTB - *Finalization of all Authorization prescriptions*	5%

Source: Equita SIM elaboration

EXAMPLE OF A BESS STORAGE PLANT

Source: NREL website

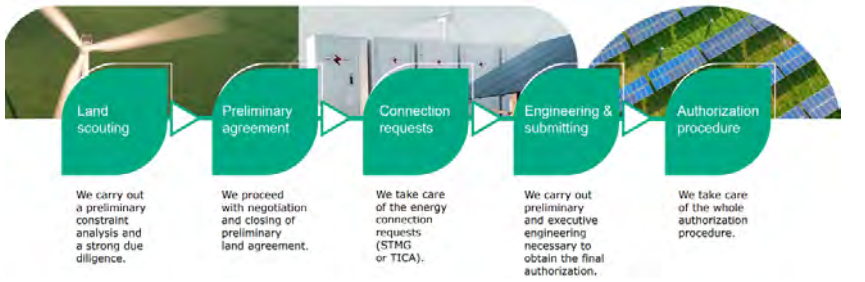
■ Competitive Advantages of AGP's Model

We believe that Altea Green Power's business model is well-positioned in the development of renewable energy projects, thanks to several key strengths:

1. An **integrated approach** that helps investors navigate complex regulatory frameworks, covering authorizations, legal requirements, and incentive schemes efficiently.
2. **Expertise in securing grid connections**, leveraging its first-mover approach and years of proactive scouting to identify the most suitable locations.
3. A **broad and growing network of investors**, including institutional investors, utilities, and independent power producers eager to expand their renewable energy portfolios.
4. A **high-margin, light capex** (only in co-development segment), **business model**, where the company covers the early-stage authorization costs and generates strong returns once projects advance through key milestones.

Through its structured and efficient permitting strategy, Altea Green Power ensures that renewable energy projects reach the **Ready-to-Build (RTB) stage** with minimized risk and optimized timelines.

AGP BUSINESS MODEL



Source: Company presentation

Operative risks

Milestone-based payment structures present inherent financial risks that can impact both cash flow and profitability recognition. One key risk arises from the potential delay in reaching a milestone, which can extend the waiting period before invoicing the client and recognizing the associated revenue. If a milestone is not achieved within the expected timeframe, the project timeline is prolonged, leading to deferred revenue realization and potential liquidity constraints.

Another risk stems from the gap between **invoicing and the actual payment from the client**. This delay creates a working capital challenge, as the company may have already incurred costs but must wait for cash inflows. Moreover, this timing mismatch generates a profit recognition issue: under accounting standards, revenue and profit must be recorded at the time of invoicing, meaning that taxes on the declared profit must be paid before the corresponding cash is received. This can strain liquidity, especially in cases where client payments are significantly delayed, requiring careful financial planning to manage tax obligations and operational cash flow effectively.

Another possible risk is related to **obtaining the necessary authorizations for project milestones**. Regulatory approvals are not guaranteed and may be delayed due to bureaucratic inefficiencies, environmental concerns, or opposition from local communities. A failure to secure timely permits can significantly extend the development timeline, postponing invoicing and revenue recognition.

Even after reaching a milestone and issuing an invoice, there is always a **risk that the client delays payment**. Given the large transaction sizes in this industry, a prolonged delay from a key client can have a major impact on cash flow.

If a company's development pipeline is **concentrated on a limited number of large projects**, any delays, regulatory setbacks, or client defaults on a single project could have a disproportionately large financial impact.

The timing gap between revenue recognition and actual cash collection can create liquidity challenges. Because **taxes are due when revenue is recorded**, the company may have to pay taxes on profits that have not yet been received in cash. If payments from clients are significantly delayed, the company may need to rely on external financing to cover its tax liabilities, increasing financial costs and reducing overall profitability.

The development of energy projects, especially in the renewables sector, requires a good relationship with local communities, regulatory bodies, and other stakeholders. Opposition from residents or environmental groups can lead to delays, increased costs, or even project cancellations. Furthermore, a negative reputation in one project can impact the company's ability to secure permits and approvals for future developments, limiting long-term growth opportunities.

FY2024 results

On 20th February 2025, AGP released its FY2024 results:

P&L (€mn)	2023	2024
Revenues Reported	16.3	35.4
Ebitda Adjusted	7.3	21.9
Ebit Adjusted	7.1	21.7
Net Income adjusted	4.9	16.1

Source: Equita SIM elaboration on Company data

BALANCE SHEET (€mn)	2023	2024
Property Plant & Equipment	1.0	1.9
Working capital	19.9	42.4
Capital Employed	13.1	42.4
Net financial position	4.4	-7.4

Source: Equita SIM elaboration on Company data

CASH FLOW (€mn)	2023	2024
Net Income	4.9	16.1
Change in working capital	-8.7	-22.5
Cash from operations	6.2	-6.4
Capital expenditures	-0.2	-1.0
Cash from investments	-1.9	-6.9
Cash from change in equity	1.0	1.5
Change in net debt	5.2	-11.8

Source: Equita SIM elaboration on Company data

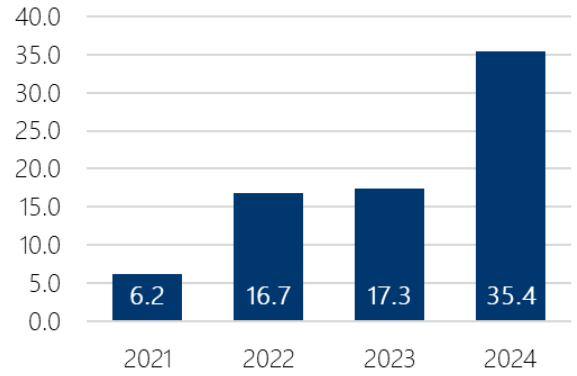
2024FY Revenues at €35.4mn (+118% yoy) **outperformed consensus (€30.6mn)**, supported by the positive performance of the Co-Development BESS division.
As for **profitability**, the **Adjusted EBITDA reached €21.9mn (vs €17.6mn of consensus), a remarkable increase +202% vs 2023.** This improvement stems from higher operating leverage on expanding volumes, coupled with careful cost management. Similarly, **Adjusted EBIT** stood at €21.7mn, reflecting the business with no D&A and confirming the efficiency of the cost structure.
At the bottom line, Net Income rose sharply to €16.1mn (+227% yoy) (vs €12.0mn of consensus). This uptick is attributable to the milestones reached that generated a positive cash-in, as AGP continues to benefit indirectly from incentives tied to investments in "green" technology, as well as disciplined financial expense management.

Turning to the balance sheet, the NFP shifted to €-7.4mn vs €-1mn of the Strategic Plan (and €+6.8mn without considering IFRS16). This difference has been caused by a litigation defeat with the Italian Revenue Agency for c.a. €6.0mn**.** The legal dispute regarded the recognition of the moment when taxable income was generated whether at the time of the work progress report (WIP) or upon the payment of the milestone, as Altea Green Power initially believed. Since July 2024, the company has adjusted its accounting practices. As a result, our estimates until 2028 consider the outcome of this litigation and the different tax payment method required by the tax authorities.

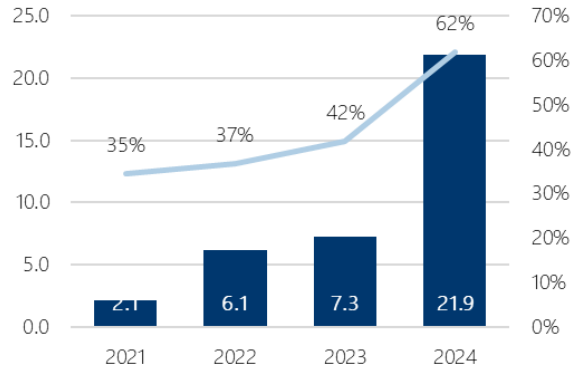
On the **cash flow** side, although net income saw an uptick, **Cash from Operations** turned negative at -€6.4mn, impacted by the jump in working capital requirements. indirectly. This increase is due to an extraordinary expense related to a tax dispute and a slight delay in payments at the end of December 2024. These effects are expected to be reabsorbed over the course of 2025.
Management expects this effect to unwind over the coming quarters, normalizing the Company's cash generation profile.

In summary, FY2024 marks a phase of accelerated growth and consolidation of the company's competitive position, powered by the results of the Co-Development BESS business. While the working capital build has momentarily weighed on cash flow, the good fundamentals—evidenced by revenues and profit momentum—underscore a positive outlook.

HISTORIC REVENUES (€mn)



HISTORIC EBITDA (€mn)



Source: Company presentation

The company experienced a rapid growth, with **revenues rising from €6.2mn in 2021 to €35.4mn in 2024**, reflecting **a 21-24 CAGR of 79%.**
Profitability is also improving, with EBITDA increasing from €6.2mn in 2021 to €2.1mn in 2024. Margins have expanded from 35% to 62%.

■ Feedback from the call and Q1 2025E

During the investors' call, AGP's management appeared confident about the business, highlighting **a good visibility over the next 24–36 months**. This confidence stems from multiple contracts already in place, which ensure clear milestones and related payments**. The company indicated that its backlog is €150mn (for a total capacity of 2.5 GW), of which €99mn is still to paid to AGP**. Additionally, the contracts included in the backlog carry €15mn in success fees on top of the €150mn. These potential additional revenues represent an upside to our figures and are not included in our current estimates.

Management also emphasized their track record in co-development projects, noting that while **they initially planned time to secure ministerial authorization from MASE for the Genzano and Rondissone projects was 36 months, but they achieved approval in just 24 months**. Furthermore, they underlined that the **Genzano project is expected to generate €13mn in revenues over the next 18–24 months, and the Rondissone project is expected to generate another €13mn over the next 15–18 months—both in line with our model forecasts.**

They also announced that they have received 11 letters of intent for the BESS project in Texas, with the expectation of signing a binding offer within 6–12 months. Finally, they reiterated that **the U.S. joint venture with Redelfi** is intended as a test to understand how the American market operates and to explore the possibility of further developing their pipeline, despite changes in the U.S. administration that is less supportive of renewable technologies.

For the Q1 2025, we expect revenues to settle to north of €5.0–5.5mn, lower than the Q1 2024 results, when AGP registered revenues around €9.5–10.0mn and EBITDA margins above 65%. **AGP foresees its EBITDA margin remaining substantially in line with historical levels, between 55% and 60%**, reflecting **Altea Green Power's continued operational efficiency**. **Regarding NFP**, management projects an improvement compared to the end of 2024 (when it was around EUR -€7.4mn), **though it will likely remain in negative territory**. **For Q2 2025, Altea Green Power expects a performance broadly consistent with Q1, with similar revenue and NFP levels**.

A **pronounced uplift in both top-line results and NFP is projected to materialize in Q3 and Q4 2025**, corresponding to the realization of several key milestones. **Margins, meanwhile, are anticipated to stay around 55%–60% for the full year. This quarterly variance is normal within a WIP business model; the timing and completion of projects can cause meaningful fluctuations between quarters.** As a result, **linearizing earnings or cash flow throughout the year is impractical.**

AGP stock price

Altea Green Power's stock price experienced a strong rally from early 2022 to late 2023, peaking above €9.3ps before entering a gradual downturn. The company currently has a market capitalization of approximately €128mn, with its share price at €7.0ps, reflecting a pullback from its January 2024 highs of €9.3ps. This decline has been driven by recent political uncertainties in the renewable sector, despite solid results for 2024 and expected for 2025E and a supportive energy price environment and volatility. At current levels, we see attractive entry point, supported by strong growth prospects and favourable market trends.

AGP STOCK PERFORMANCE

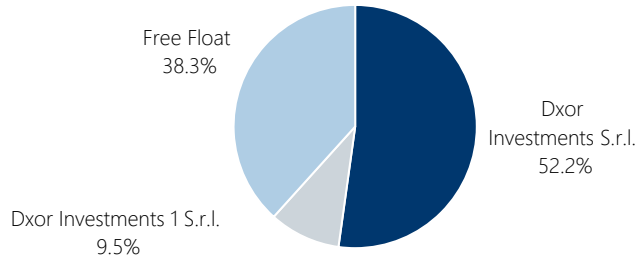
Source: FactSet

Shareholders base and management team

Altea Green Power has 18,235,574 ordinary shares, listed on Euronext Milan, segment STAR Milan. The shareholder structure is composed of Dxor Investments S.r.l., which holds 52.20% of the shares, Dxor Investments 1 S.r.l., a subsidiary of Dxor Investments S.r.l., with 9.49%, and a Free Float of 38.3%.

Giovanni Di Pascale (CEO and founder) owns 100% of Dxor Investments S.r.l., which in turn owns 100% of Dxor Investments 1 S.r.l., making him the majority shareholder. **Mr Di Pascale owns the 61.7% of the shares.**

AGP SHAREHOLDERS



Source: Equita SIM elaboration on company data

Altea Green Power's Board of Directors has recently approved a **€1mn share buyback program**. This amount corresponds to approximately 1% of market cap or 2.5% of the free float, to support stock liquidity. The buyback will be executed **within July 2026** through an independent intermediary. Currently, **the company holds no treasury shares**.

Management Team

Altea Green Power is led by a team of experienced professionals with expertise in the energy sector, finance, and business management.

Giovanni Di Pascale is the founder and **CEO** of Altea Green Power, with experience in the energy sector, he has been instrumental in driving the company's growth. His expertise spans key areas such as EPC services and the complex processes involved in obtaining permits for the construction of renewable energy plants. Under his leadership, Altea Green Power has become a recognized player in the industry.

Salvatore Guarino is currently the **General Manager** of Altea Green Power S.p.A., a role he has held since 2021. He brings with him experience in the energy sector, gained through progressively senior roles in leading companies. His career began in 1990 at ERG Group, where he held positions, such as Financial Analyst, Cost Control Manager and CFO of various group companies, including ISAB Energy, a joint venture focused on energy sector. Between 2005 and 2009, he served as Head of Administration and Taxation for ERG Power & Gas, a sub-holding of the group specializing in Green Energy. Following his tenure at ERG, Salvatore continued to build his professional expertise, holding roles as CFO at Genova High Tech S.p.A., General Manager and Managing Director at FCC Aqualia S.A., and Partner at the consulting network Your Group. He holds a degree in Economics and Business, graduating with honours from the University of Catania.

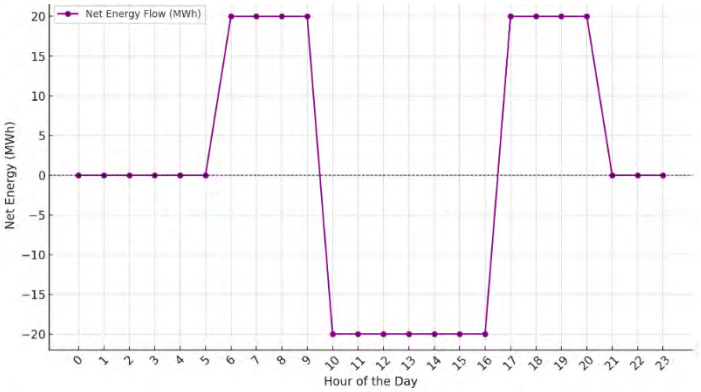
Giancarlo Signorini has experience in finance and administration, holding senior roles in various companies and consulting firms. He is currently the **CFO** of Altea Green Power, a position he has held since May 2023, overseeing financial operations in the energy sector.
Previously, he served as Administrative and Financial Manager at COGGIOLA S.R.L. for over four years, managing administrative and financial functions. Before that, he was Chief Financial Officer (CFO) at IMC Industria Metallurgica Carmagnolese S.p.A., where he was responsible for financial and strategic activities.
Earlier in his career, he worked in audit and financial consulting, serving as Manager and Senior Auditor at EY for over five years and as Auditor at Deloitte for four years.
He obtained a degree from the University of Turin in 2008.

MARKET FRAMEWORK

Italy Bess Market Scenario

The Battery Energy Storage Systems (BESS) market is evolving into a **critical component of the global energy transition**, providing solutions to the **intermittency of renewable sources** such as solar and wind. These systems enable energy storage during peak production periods and distribution during times of higher demand, **stabilizing the grid** and enhancing its resilience.

NET ENERGY FLOW OF ELECTROCHEMICAL STORAGE SYSTEMS OF 20 MWh (6h BATTERY) COMPLEMENTARY TO A PV PLANT



Source: Equita SIM elaboration on terna data

AGP BESS PROJECT IN ITALY

Source: Company presentation

In Italy, the BESS sector is **rapidly growing**, with a **projected annual growth rate of 9.3% by 2030**, driven by **regulatory incentives** and increasing **renewable integration** into the national grid. The strategic objectives outlined in the national energy and climate framework emphasize the **development of storage systems** to complement renewable energy capacity. **By 2030**, it is expected that BESS systems will play a significant role in supporting the **ambitious goals of renewable penetration**, which include achieving **63% of electricity demand covered by renewable sources** under the PNIEC Policy scenario.

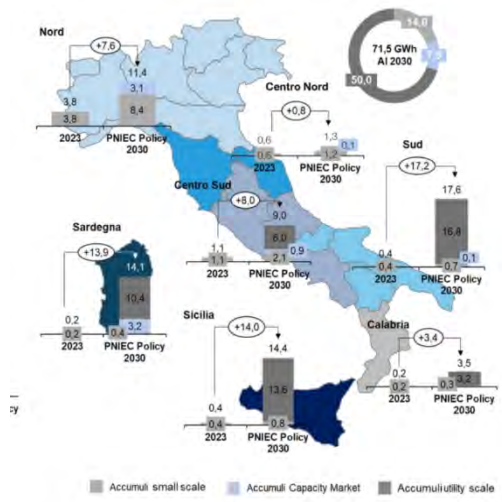
BESS STORAGE MARKET TREND IN ITALY (GWh)

Technology	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pumping	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Small scale	6.0	7.0	8.0	9.0	10.0	11.0	12.0	14.0
Capacity market	0.0	1.0	2.0	3.0	4.0	5.0	6.0	8.0
Utility scale	0.0	6.3	12.5	18.8	25.0	31.3	37.5	50.0
Production - GWh	56.0	64.3	72.5	80.8	89.0	97.3	105.5	122.0

Source: Equita SIM elaboration on Snam-Terna "Documento di descrizione degli scenari 2024 (DDS)

From the chart below, it can be observed that the largest development of BESS will mainly take place in the South in terms of storage capacity (MWh). **Nonetheless, in the North, this technology achieves higher returns due to wider peak-off-peak spreads. On average, in 2023, Terna estimated spreads of 28-30 €/MWh in the North and 12-15 €/MWh in the South.**

PNIEC GOALS: ITALIAN ELECTROCHEMICAL STORAGE BY REGION (ACCUMULI) IN GWh IN ITALY IN '23-'30 (ESCLUDING PUMPING)



Source: Snam-Terna "Documento di descrizione degli scenari 2024 (DDS)"

Capacity Market

The Capacity Market is a key mechanism designed to ensure the long-term reliability of the electricity system. It **provides financial incentives to electricity producers, energy storage systems, and demand-side response units to guarantee their availability during periods of peak demand or unexpected supply shortages**. This system plays a crucial role in maintaining grid stability, especially as renewable energy sources like wind and solar become more dominant.

In Italy, **Terna manages the Capacity Market through competitive auctions where participants commit to making their capacity available when needed**. These auctions are typically held several years in advance (normally 4 years before the year of delivery), allowing for the necessary investments in new infrastructure. **Successful bidders receive a fixed annual payment per MW of committed capacity.** In recent auctions, **payments have ranged around 46,000 €/MW/year for existing capacity and 56,160 €/MW/year for newly authorized capacity.**

The latest **main Capacity Market auction**, held in **February 2025 for 2026**, highlighted the growing role of **electrochemical storage systems (BESS)** in Italy's electricity system. According to the auction results, **60% of the newly assigned capacity (140 MW)** was awarded to **battery storage**, while **30.8%** was allocated to **combined-cycle thermal power plants and 9.2% for RES**.

MACSE

The regulatory framework for battery incentives in Italy, the MACSE (Electric Storage Capacity Procurement Mechanism), must be still defined, but from the consultation papers published on Terna's portal in October 2024.

MACSE is designed to **promote the development of electric storage systems**, which are essential for ensuring **stability and efficiency** in the **Italian energy system**. This mechanism is based on **competitive procurement procedures** where operators participate in **auctions** to secure contracts with specific **supply and performance obligations**.

The structure of MACSE includes a **technical report** that defines the **performance parameters of storage systems**, such as **minimum efficiency** and **charge/discharge durations**, and establishes the **storage capacity needs over time**, updating them **annually** to account for **network developments** and **renewable energy sources**.

The framework applies exclusively to **newly installed storage systems**, which are **not eligible for other incentives** throughout the contract's duration.
The mechanism includes **two main types of auctions**:

1. A **"short-term" auction** for **lithium-ion batteries**, with a **construction period of 2 years** and an **operational period of 15 years**.
2. A **"long-term" auction** for **pumped-storage plants**, with **construction and operational periods of 6 and 30 years**, respectively.

For both auctions, **minimum and maximum capacity requirements** are defined at both **national and regional levels**, based on the grid's needs and the qualified capacity of participating facilities. Selection is determined through a **bid curve** based on the **premium requested by participants**, adjusted using **coefficients** that account for **efficiency and duration**.

Delays or failures in meeting contractual obligations result in **penalties**, calculated based on the **hours of unavailability** and the **reserve premiums**.

A **distinctive feature** of MACSE is its integration with **"time-shifting" contracts**, which will allow operators to **trade storage capacity in energy markets** via a platform managed by the **Italian Energy Market Operator (GME)**. These contracts can have varying durations (**daily, monthly, multi-year**) and are characterized by **technical specifications** such as **efficiency**, **state of charge**, and **usage cycles**.

■ AGP position in the market

Altea Green Power (AGP) is a key player in the Italian BESS market, with a **pipeline of over 5 GW of storage projects (at the end of 2024)**. The company has already secured contracts for **2.2 GW**. A notable milestone is the **authorization of a 250 MW electrochemical storage plant in Piedmont and 200 MW in Basilicata**, showcasing AGP's capability to navigate regulatory complexities efficiently.

From a strategic perspective, the BESS sector offers **substantial economic and operational advantages**. **High EBITDA margins**, such as the **60% reported by AGP**, underline the **profitability of co-developing storage projects**. Moreover, these systems contribute to **financial stability** by mitigating revenue volatility associated with traditional EPC contracts.
Nevertheless, the sector is not without its challenges. **Lengthy regulatory processes**, heightened competition, and **dependency on government incentives** pose risks that require careful management. **AGP's proactive approach**, leveraging its **asset-light business model** and strategic partnerships, positions it as a **resilient and innovative leader** in the BESS landscape.
As outlined in the DDS 2024 and the updated PNIEC, the Italian energy strategy heavily emphasizes the importance of storage solutions to achieve energy security and decarbonization goals.

■ BESS Market Scenario USA

In addition to its domestic initiatives, AGP has laid out plans for significant international expansion, particularly in the United States, where **the BESS market is anticipated to grow at a compound annual growth rate of 16.3% between 2022 and 2029** (according to Berkley University). In collaboration with local partners, AGP targets the development of 1.4 GW of storage projects over the next three years. The company's strategic focus on states like Texas, where the demand for renewable energy storage is high.

Investment opportunities in the U.S. are particularly abundant due to the country's less interconnected and technologically outdated power grid compared to Europe and Italy. The alleged role of the electrical grid in the wildfires that occurred in late 2024 in California—the wealthiest state in the U.S.—highlights the existing infrastructure challenges**.** In contrast, Italy's Terna network is highly efficient, well-integrated, and continuously upgraded, benefiting from a single operator that oversees the entire grid as a monopoly. **Meanwhile, in the U.S., multiple operators manage different grid segments, leading to increased instances of imbalances, not only due to the vast territorial extent but also because of technological limitations.**

The market for Battery Energy Storage Systems (BESS) in the United States is experiencing unprecedented growth, driven by the need to stabilize the electric grid, integrate renewable energy, and meet the increasing demand for large-scale energy storage solutions. According to the **National Renewable Energy Laboratory (NREL)**, the cumulative installed capacity of BESS exceeded **10 GW in 2023** and is projected to surpass **100 GW by 2030**, supported by ongoing technological cost reductions and favourable government policies.

The **Energy Information Administration (EIA)** estimates that, as of 2023, the U.S. market has exceeded 10 GW of installed large-scale storage capacity, with more than 25 GWh of stored energy. This growth has been facilitated by **the decreasing costs of lithium-ion batteries**, the dominant technology, and tax incentives such as the Investment Tax Credit (ITC) introduced by the **Inflation Reduction Act** of 2022.

According to **BloombergNEF**, the capacity of U.S. BESS market is currently estimated to deployed over **110 GW by 2030**, with a **compound annual growth rate (CAGR) of 25-27%** projected for the 2021-2030 period. This growth reflects the expanding applications of energy storage, ranging from residential and commercial use to industrial and utility-scale projects.

Finally, **McKinsey & Company** forecasts that the **global BESS market will reach a value of $120-150 billion by 2030**, with the United States accounting for a significant share due to the rapid expansion of large-scale projects.

FORECASTS ON US BESS MARKET

Description	Forescast	Source
BESS market growth in the United States	**16.3% CAGR** for the U.S. BESS market (2022-2029)	Berkley University
BESS installed capacity in the U.S.	Installed BESS capacity exceeded 10 GW in 2023, projected to **surpass 100 GW by 2030**	National Renewable Energy Laboratory (NREL)
Installed capacity and stored energy for the U.S. market	Over 10 GW of large-scale storage capacity in 2023 with more than **25 GWh of stored energy**	Energy Information Administration (EIA)
Estimated value and growth of the U.S. BESS market	**U.S. BESS market capacity 110 GW by 2030, with a 25-27% CAGR (2021-2030)**	BloombergNEF
Global market projection	Global BESS market expected to **reach $120-$150 billion by 2030**, with the U.S. taking a major share	McKinsey & Company

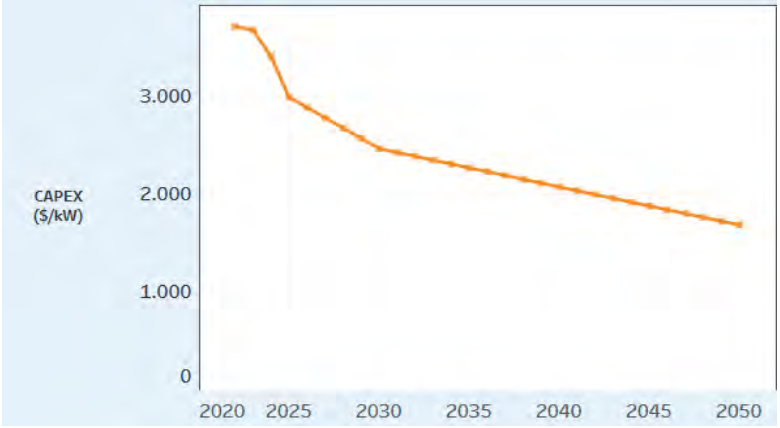
Source: several sources

A prime example is the **Moss Landing Energy Storage Facility** in California, owned by **Vistra Corp**., one of the largest battery storage plants in the world, with a capacity of 1.6 GW and 6 GWh of stored energy. **Similar projects are under development in key states like Texas and Arizona, where the demand for storage is driven by the increasing penetration of solar and wind energy.**

As an additional consideration about the possible development of BESS systems we highlight the following:

1. **Cost Reductions**: The **NREL** reports that the cost of large-scale BESS has dropped by over 70% in the past decade, with further reductions anticipated due to technological advancements and economies of scale.

CAPEX COST IN $/KW FOR UTILITY-SCALE BATTERY STORAGE IN US BETWEEN 2020 AND 2050



Source: Annual Technology Baseline by NREL

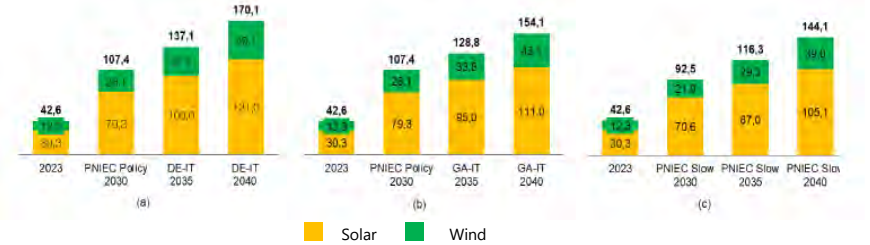
2. **Government Incentives**: The tax credit for energy storage systems introduced under the **Inflation Reduction Act** provides a strong financial incentive for new investments (like Investment Tax Credit, Production Tax Credit, Advanced Manufacturing Production Credit,Clean Electricity Investment Credit, etc.)
3. **Increasing Demand for Grid Flexibility**: The growing share of intermittent renewable energy, such as wind and solar, necessitates storage solutions to ensure grid reliability and stability.

■ RES Market Scenario Italy

The renewable energy sector is poised for a significant transformation as solar and wind power installations experience robust growth, underpinned by ambitious climate targets and supportive policy frameworks (from the end of 2018 Italy installed more than 28 GW of wind and PV or +90%). The latest projections from the DDS 2024 highlight a rapid expansion in installed capacity, **signalling substantial investment opportunities and shifting market dynamics.**

By 2030, under the PNIEC Policy scenario, **solar capacity in Italy is set to skyrocket from 30 GW in 2023 to 70-79 GW, while wind capacity will grow from 12 GW to 22-28 GW**. This expansion is fuelled by mechanisms such as long-term contracts (FERX and FER 2) and streamlined permitting processes for renewable installations. Moreover, as highlighted in the DDS 2024, **the adoption of storage systems and enhanced grid infrastructure is critical to meeting these targets**. **By 2040**, scenarios like **Distributed Energy Italy (DE-IT) and Global Ambition Italy (GA-IT**) **project solar capacity reaching 121 GW and 111 GW, respectively, with wind capacity hitting 49 GW and 43 GW**. This growth reflects a strategic push towards renewable integration to align with EU directives, such as "Fit-for-55" and "RepowerEU."

RES CAPACITY IN THE DISTRIBUTED ENERGY ITALY (A), GLOBAL AMBITION ITALY (B), AND PNIEC SLOW (C) SCENARIOS IN GW



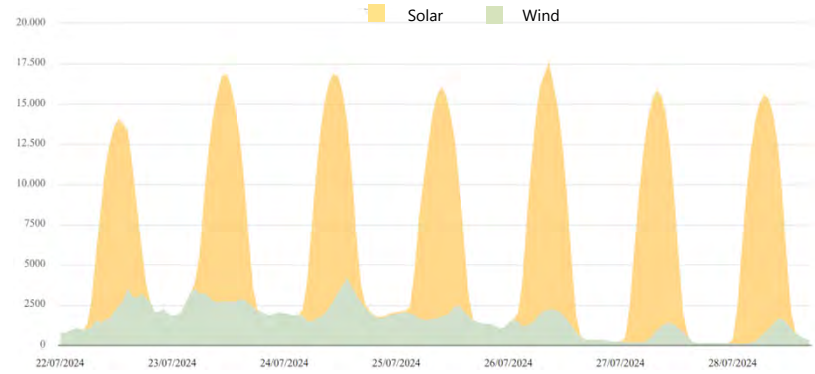
Source: Snam-Terna "Documento di descrizione degli scenari 2024 (DDS)"

Private players, such as Altea Green Power (AGP), are actively capitalizing on this momentum. Since 2009, **Italy's solar installations have grown to 36.4 GW by the end of 2024** (source TERNA database), while **wind capacity has reached 12.9 GW** (source TERNA database). These figures are projected to increase **by 2035, with solar expected to reach 87-100 GW and wind surpassing 29-37 GW.**

The role of storage systems, particularly **BESS, is pivotal in this transition. The DDS 2024 underscores the importance of such technologies to mitigate intermittency issues and ensure grid stability**. Mechanisms like the recently approved MACSE (an incentive system in Italy to prompt the deployment of battery storage BESS through auction-based procurement of grid services), highlighted in the DDS, aim to secure the required storage capacity by 2030, reinforcing Italy's renewable energy strategy. AGP's integration of BESS further enhances the value proposition of renewable energy projects. This technology not only mitigates intermittency issues but also ensures grid stability, a critical factor as renewable penetration increases.

Additionally, the complementary dynamics between solar and wind production, as detailed in the DDS 2024, ensure a more balanced and reliable energy mix. For instance, solar production peaks during summer months, while wind energy output is typically higher in winter. These patterns, when paired with advanced grid management systems, contribute to optimizing renewable energy utilization throughout the year. AGP's focus on hybrid systems combining solar, wind, and storage solutions underscores its competitive edge in a rapidly evolving market.

COMPLEMENTARY NET ELECTRICITY GENERATION IN ITALY FOR SOLAR AND WIND IN WEEK 30 OF 2024 (MWh)



Source: ENTSO-E

The graph shows how wind and solar power are **complementary technologies** because their peak production occurs at different times. **Solar energy** generates the most electricity during the **day** and reaches its maximum output in **summer** when sunlight is strongest. In contrast, **wind power** is more productive at **night** and in **winter**, as stronger winds occur during these periods. This natural alternation helps balance the **variability of renewable energy generation**, ensuring a more stable electricity supply. Combining both technologies enhances **grid reliability**.

Looking ahead, the integration of green hydrogen and biogas production, as outlined in the PNIEC and DDS 2024, is set to further diversify the energy landscape. Investments in electrolysers and carbon capture technologies will enable significant strides towards decarbonization, aligning with Italy's long-term energy goals. The roadmap laid out in the DDS 2024 presents a clear trajectory for achieving the 2050 net-zero targets.

Regulatory risk on AGP business

AGP operates in a dynamic regulatory environment, facing both challenges and opportunities in Italy and the U.S. In Italy, uncertainty around FER-X and MACSE incentives possible delay and the growth of flexible technologies pose risks, counterbalanced by the ambitious PNIEC targets. In the U.S., political volatility may impact the sector, but a strong battery supply chain and the need for grid stabilization provide resilience.

Italy:

- **Potential Impact of Nuclear Energy and Flexible Technologies.** While the potential entry of **nuclear energy in Italy poses a medium/long-term risk**, **its impact will largely depend on the actual capacity installed**. However, the **greater risk lies in the expansion of CCGT and other flexible technologies**, which can modulate energy production and significantly **reduce price spikes during the day**. Although the construction of new CCGT plants is expected to decrease over time, the **primary challenge comes from modulable technologies that compress the price differential between peak and off-peak hours**, potentially undermining the economics of BESS.
- **Short-Term Incentive Mechanisms and Long-Term Uncertainty.** The FER-X decree, valid now only through 2025, introduces **uncertainty for renewable energy investments**, **as future incentives remain undefined**. While the short-term benefits of inflation-linked tariffs and regional bonuses exist, **the competitive nature of auctions and limited visibility beyond 2025 may constrain profitability.** Nonetheless, Italy's broader commitment to its National Integrated Energy and Climate Plan (PNIEC), targeting **63% renewable electricity by 2030, ensures a supportive backdrop for renewable energy deployment.**
- **Challenges in Permit Streamlining**. Bureaucratic delays in **permitting renewable energy projects remain a critical risk.** However, recent regulatory initiatives, including mechanisms like MACSE for energy storage, **signal Italy's intention to address bottlenecks**. As **AGP has demonstrated expertise in navigating complex regulatory environments**, its experience could help mitigate delays in project approvals.
- Regulatory Delays in Energy Storage Development. The successful implementation of the MACSE framework will be key to unlocking the growth of AGP's BESS projects. Delays or policy revisions could slow progress, but AGP's strong pipeline of 5 GW in storage projects and strategic partnerships with global players provide a cushion against regulatory setbacks.

United States:

- **Political Polarization and Policy Reversals.** The U.S. presents regulatory risks due to its polarized political environment. While **the Inflation Reduction Act (IRA) of 2022 has introduced critical incentives for renewable energy and storage projects**, **potential policy reversals under the Trump administration threats these benefits**. However, the risk to BESS specifically is somewhat **mitigated by the strength of the U.S. domestic battery manufacturing industry**. Major players like Tesla, Fluence, and LG Energy Solution anchor a robust supply chain in US. Additionally, the strong economic rationale for **grid stabilization through BESS makes the sector less vulnerable to political fluctuations.**
- **Renewed Focus on Oil Exploration. A renewed push for oil and gas exploration under Trump's "Drill Baby Drill" agenda poses indirect risks for AGP**. This policy could redirect investments and political **focus away from renewables**, creating a **less favourable regulatory and economic environment for renewable energy projects**.

Broader Market Risks:

1. **Erosion of Margins from Competition.** Increasing competition in the renewable energy and storage sectors, particularly in auction-based mechanisms, may compress margins.
2. **Dependency on Regulatory Incentives**. AGP's business model is highly **reliant on favourable regulatory frameworks.** The company must **continue to monitor policy developments closely** and adapt its strategy to align with evolving incentives.

Our view on regulatory risk

Although the most recent market development has deteriorated in terms of political/social support, with the new TRUMP policies and the EU GREEN DEAL put under discussion, we believe that the RES market is already under development, with scale potential in main EU countries. Now in Italy more than 40% of energy is covered by RES, a "regulated" BESS storage capacity incentive has been already approved and the government aims to develop 71 GWh by 2030 (MACSE and PNIEC decree). **We believe new policies will only be "diluted" in the coming years, with no major impacts over the short-term projects implementation, which remain sustained by current ongoing regulation and market dynamics** can mitigate the U.S. risk as that market does not represent its core business, allowing the company to adopt a "wait and see" strategy to identify and seize opportunities in the BESS sector as they arise. Moreover, the U.S. pipeline is not valued in our estimates except for the Lund project which is already under construction.

On a broader level, increasing competition in the renewable energy and storage sectors could compress margins. However, management is aware of the potential margin erosion in the BESS sector and plans to compensate for any future loss of profitability by transitioning to an **Independent Power Producer (IPP)** model, enabling the company to sell energy directly on the electricity market.

AGP STRATEGIC PLAN 2024-2028

In January 2024, AGP unveiled its **Industrial Plan for 2024-2028**, which outlines ambitious targets across multiple strategic pillars:

- **BESS Storage Projects in Italy**

Within an Italian market that is expected to deliver more than 71 GWh of additional capacity through 2030 (CAGR 9.3%), **AGP aims to achieve a 10% market share of storage capacity in the Italian storage sector, increasing its capacity from 510 MW in January 2024 to 3.8 GW by 2028. Recent successes include the approval of a 250 MW BESS project in Rondissone, Piedmont and and a 200 MW BESS project in Genzano di Lucania (Basilicata), both in partnership with Aer Soléir**. The business plan does not currently include managing projects after the authorization is sold to the client; instead, the construction of the battery and the operational management of the plant remain the responsibility of the client.

- **RESS Co-Development Activities**

The company plans to expand its co-development pipeline by adding 690 MW of photovoltaic projects to its existing 440 MW under permitting. Collaborations with key partners, such as RPC, Iberdrola and Aer Soléir, will play a pivotal role.

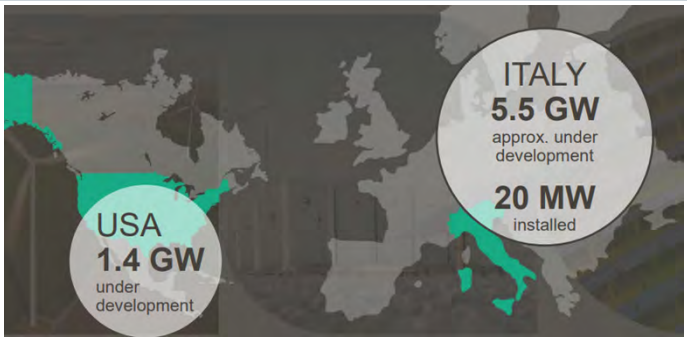
- **Photovoltaic Plant Development**

AGP targets 90 MW of company-owned photovoltaic plants in Italy by 2028, scaling to 150 MW in the medium-to-long term. Initial development (15 MW) will be financed through 30% bank debt and 75% internal resource. The construction of the first plant will take place in the second half of 2025 and it will end in the first half of 2027. AGP is focusing on developing IPP business to **enhance cash flow stability and offset the inherent volatility of its milestone-based model**. Given the nature of the current business, which generates revenue only upon project delivery, **securing long-term, predictable cash flows through asset ownership will provide greater financial resilience.** This strategic shift aims to balance the company's exposure to a complex co-development business payment cycle while ensuring a more sustainable and recurring revenue stream.

- **Expansion in the U.S. Market**

In the United States, AGP's industrial plan includes **the development of a 1.4 GW storage pipeline. This pipeline includes the Lund Storage project in Texas (0.52 GW)**, for which AGP is wating for NBO's presentation through 2025. However, following Donald Trump's election, the situation has become more complex. As a result, our model only values the Lund project in Texas, with no additional pipeline included.

AGP INTERNATIONAL PRESENCE



Source: Company presentation

AGP's diversified project pipeline is a cornerstone of its strategy and allows the company **to mitigate risks associated with market and regulatory volatility** while aligning with long-term trends. **The co-development of photovoltaic, wind, and storage projects in Italy, alongside strategic partnerships, ensures a steady stream of revenue and operational stability.**

INDUSTRIAL KPI of EQUITA ESTIMATES

OPERATION REFERENCES - MW in Delivery	2024	2025E	2026E	2027E	2028E
CoDev BESS - MW	0	0	313	1,419	920
CoDev RES - MW	0	12.6	59.1	200.7	86.4
IPP development – MW (installed and cumulated)	0.0	0.0	0.0	15.0	30.0

Source: Equita SIM estimates

Market Position and Financial Outlook

AGP's growth trajectory is supported by favourable European regulatory frameworks such as the EU Green Deal and REPowerEU initiatives. However, **challenges in Italy, including delays in implementing incentives mechanisms like FERX (see Appendix I) and MACSE** (an incentive system in Italy aimed at promoting the deployment of battery storage BESS through auction-based procurement of grid services) **highlight the need for adaptive strategies**. In contrast, the U.S. market provides a resilient opportunity, particularly in the electrochemical storage sector, despite potential policy headwinds.

The company's financial targets underline its strong performance expectations. **For 2024, AGP reported revenues for €35.4mn (vs €31-34mn on AGP Business Plan) , with an EBITDA margin exceeding 61.2% at €21.9mn (vs €17-19mn on AGP Business Plan) and a net financial position of €-7.4mn (-€6.8mn without IFRS16) vs €-1.0mn on AGP Business Plan;** this difference between the reported results and the BP is caused by a litigation defeat with the Italian Revenue Agency (€6.0mn payment to Italian State)**.** The legal dispute regarded the recognition of the moment when taxable income was generated whether at the time of the work progress report (WIP) or upon the payment of the milestone, as Altea Green Power initially believed. Since July 2024, the company has adjusted its accounting practices. As a result, our estimates until 2028 consider the outcome of this litigation and the different tax payment method required by the tax authorities.

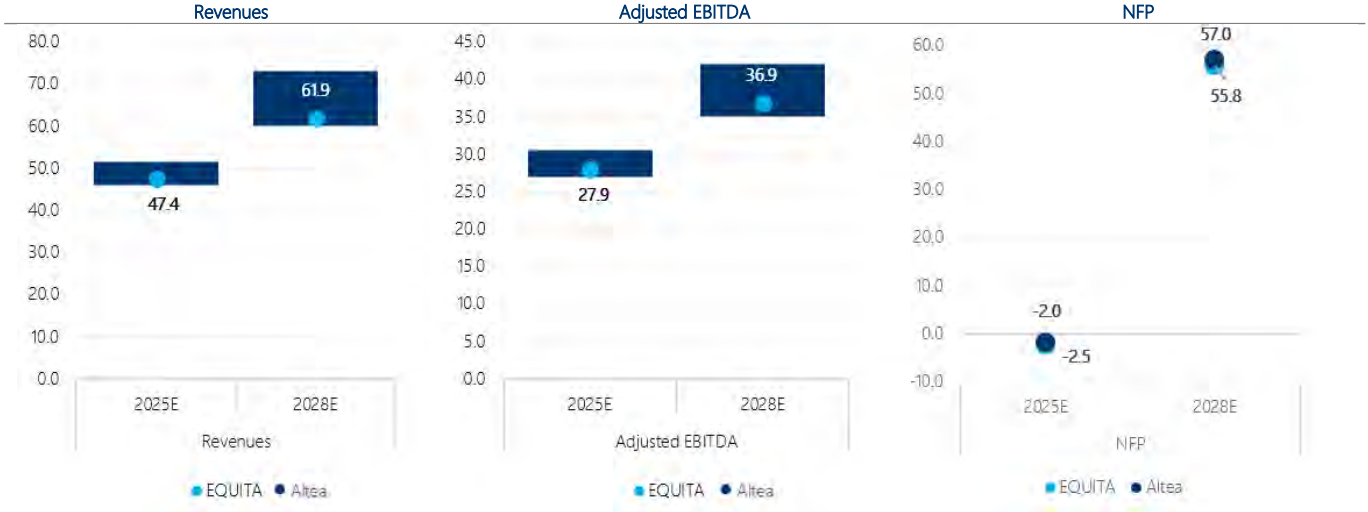
By 2028E, we estimate significant growth with revenues at €61.9mn (vs €60-67mn of BP guidelines) and an EBITDA rising to €36.9mn (vs €35-42mn of BP guidelines).

EQUITA ESTIMATES VS AGP GUIDANCE (€mn)

	Equita estimates 2025	AGP guidance 2025	Equita estimates 2028	AGP guidance 2028
Revenues Reported	47.4	46-51.5	61.9	60-73
EBITDA Adjusted	27.9	27-30.5	36.9	35-42
Net financial position	-2.5	- 2	55.8	57.0

Source Equita SIM estimates and company presentation

EQUITA ESTIMATES VS AGP STRATEGIC PLAN



Source: Equita SIM estimates and Company data

Our estimates are more conservative than AGP Strategic plan 2024-2028 because we are considering **only a portion of the pipeline that AGP could realistically bring to fruition by 2028**, particularly in the co-development segment. We exclude the US pipeline, the earn outs for the time delivery and our EBITDA margin decreases in the estimates through 2028E from 60% to 55%. **More important, we are conservative regarding the IPP development, as it has the potential to generate significantly higher revenues with generally much lower costs.** This is because AGP possesses all the necessary know-how for construction, allowing them to achieve savings on capex. Additionally, **they benefit from the ability to develop the permits internally, rather than purchasing them externally, which enables them to generate margins higher than those we have assumed (200bps on the WACC).**

EXPECTED GROWTH AND ESTIMATES

In line with the scenario described above in the reference markets, we estimate a **significant growth potential for Altea Green Power in the coming years**, mainly driven by the expected growth in the core BESS market as well as in the new IPP activities.

Business plan construction

The business plan outlines the delivery and monetization of MW in the co-development BESS, co-development RES, and IPP Development segments by 2028, providing clear visibility on revenue generation and milestone payments. However, **the value of the business extends beyond the MW scheduled by the end of the Strategic Plan. A good pipeline is already in place, ensuring continued growth beyond 2028.**

In the IPP segment, the **installed capacity expected by 2028 (30 MW) is only an intermediate step in the company's long-term strategy**. **The goal is to reach 150 MW of operating plants in the M/L period.**

This expansion translates directly into financial performance, with Revenues and EBITDA CAGR 2025E-2028E at 15%, demonstrating both rapid growth and good profitability. **EBITDA margins remain consistently above 55% throughout the plan,** a testament to operational efficiency and market positioning. Meanwhile, **the NFP improves significantly, shifting from negative to positive, thanks to the collection of milestone payments on a large portion of the project backlog**. This dynamic not only supports growth but also strengthens cash generation and reduces financial risk.

The cash flow from investments is negative starting from 2025, as the company begins construction of its own power plants to transition into an IPP. This shift marks a strategic evolution in Altea Green Power's business model, ensuring long-term value creation through direct ownership of assets that generate recurring revenues.
At the same time, **working capital is projected to decline, reflecting the capital inflows from project sales**. The **ability to monetize a substantial portion of the development pipeline generates immediate liquidity, further supporting the company's expansion strategy without excessive financial leverage.**

Additionally, the **EPC business is positioned as an ancillary service**, **primarily serving as a marketing tool that facilitates project sales**. While **it is not a core revenue driver, a portion of the pipeline has still been monetized**, contributing to the overall business model and reinforcing the company's competitive positioning in the market.

AGP's economics have been valued considering the **inherent revenue volatility** typical of its business model. While **revenue growth can be clearly appreciated on a yearly basis**, it does not follow a **linear trend across individual quarters**. This is due to the revenue structure, which is primarily **milestone-based**, **meaning that revenues are recognized upon the achievement of predefined contractual targets rather than through a steady inflow.** This approach reflects the nature of the company's development cycle, where projects advance in stages and generate cash inflows accordingly.
The business plan has been structured assuming that the **first 2-3 milestones of each project will primarily cover direct costs related to the specific contract**. This ensures that early-stage cash inflows are sufficient to **de-risk project execution** and provide financial stability while maintaining flexibility for reinvestment.
Despite the milestone-driven revenue model, **management maintains a good visibility** over the company's financial and operational performance. This is largely due to a **solid backlog of already signed contracts**, which provides predictable cash flows and allows for precise business planning. The company's execution strategy, based on a **well-defined milestone framework**, ensures structured revenue realization and limits potential downside risks.

For the **IPP business**, industrial KPIs have been set using a **conservative approach**, leaving **upside potential** for the company. This prudent assumption ensures that even in the long term, Altea Green Power maintains a good risk-return profile. Should operational efficiencies or market conditions improve, the company could **significantly exceed expectations**, further enhancing its long-term value creation.

An IPP operates by selling the electricity generated by its plants primarily through the **spot market** or long-term contracts. This business model ensures **stable and predictable cash flows**, thanks to the well-established knowledge of the technology and the market. The IPP benefits from a **high level of technological maturity** and a **well-defined development and construction process**, reducing uncertainties related to costs and project timelines. The energy produced is sold at market prices, leveraging the stability and predictability of revenues in an already consolidated sector.
This model serves as a **strategic lever to balance a riskier and more innovative business**, such as developing new projects in emerging or less mature markets. While AGP is pioneering opportunities in a promising but still evolving sector, the IPP ensures a solid base of **stable cash flow**, acting as a hedge and risk mitigation tool for the overall business.

The **IPP business model** has been structured using an **assumed electricity price of 80 €/MWh** (as price perceived by the photovoltaic plant), indexed for inflation starting in **2027; the hypothesis is to install 15 MW per year starting from 2027**. The model considers a **30-year asset lifespan**, a **load factor of 15-17%** (approximately **1,500 heq**), **OPEX of around 20 k€/MW**, and **CAPEX of approximately 0.85-1.0mn€/MW**. The capex included in our 2025-28 estimates (€3.6mn in 2025 reaching €13.8mn in 2028) is linked to the development of IPP projects. Under these assumptions, the business model implies an **expected return of c.a. 9%**, though it could be higher, as both the **load factor and energy price assumptions are considered conservative**.

Furthermore, **Altea Green Power has the capability to independently manage the permitting process**, allowing for **significant cost savings** in project development. Additionally, **AGP has the expertise to carry out EPC activities internally**, as **AGP already possesses experience in this area**. While EPC is currently a **marginal part of their business**, they already provide this service to clients for photovoltaic plants.
For all these reasons, we believe that the **potential upside of our estimates is realistic**.

P&L (€mn)

	2023	2024	2025E	2026E	2027E	2028E	CAGR 2025-2028
codev-bess			43.2	44.6	45.7	54.1	
codev-res			0.6	0.5	0.1	0.0	
ipp			0.0	0.0	0.9	2.8	
epc			3.5	4.0	4.5	5.0	
other			0.0	0.0	0.0	0.0	
Revenues Reported	16.3	35.4	47.4	49.1	51.2	61.9	15%
codev-bess			27.2	28.1	28.8	34.1	
codev-res			0.3	0.2	0.1	0.0	
ipp			0.0	0.0	0.8	2.3	
epc			0.4	0.4	0.5	0.5	
other			0.0	0.0	0.0	0.0	
EBITDA Adjusted	7.3	21.9	27.9	28.8	30.1	36.9	14%
Ebit Adjusted	7.1	21.7	27.9	28.8	29.8	36.1	14%
Net Income adjusted	4.9	16.1	19.6	20.3	21.0	25.5	12%

Source: Equita SIM estimates

BALANCE SHEET (€mn)

	2023	2024	2025E	2026E	2027E	2028E	CAGR 2025-2028
Property Plant & Equipment	1.0	1.9	5.4	12.8	23.7	36.7	111%
Working capital	19.9	42.4	53.5	47.8	49.1	30.6	-8%
Capital Employed	13.1	42.4	57.1	58.8	71.1	65.7	12%
Net financial position	4.4	-7.4	-2.5	16.1	24.8	55.8	

Source: Equita SIM estimates

CASH FLOW (€mn)							
	2023	2024	2025E	2026E	2027E	2028E	CAGR 2025-2028
Net Income	4.9	16.1	19.6	20.3	21.0	25.5	12%
Change in working capital	-8.7	-22.5	-11.1	5.6	-1.3	18.5	
Cash from operations	6.2	-6.4	8.5	25.9	20.0	44.8	
Capital expenditures	-0.2	-1.0	-3.6	-7.4	-11.2	-13.8	93%
Cash from investments	-1.9	-6.9	-3.6	-7.4	-11.2	-13.8	19%
Capital increases & other chg in equity	1.0	1.5	0.0	0.0	0.0	0.0	
Cash from change in equity	1.0	1.5	0.0	0.0	0.0	0.0	
Change in NFP	5.2	-11.8	5.0	18.5	8.8	31.0	

Source: Equita SIM estimates

The change in working capital is primarily driven by the payment schedule of the milestones for the various projects. The trend in CAPEX is linked to the construction of IPP plants, with the first plant starting capex in 2025 and achieving COD (Commercial Operating Date) in 2027. The CAPEX for 2026, 2027, and 2028 is solely related to the plants that will enter operation in 2027, 2028, and 2029, respectively.

INDUSTRIAL KPI of EQUITA ESTIMATES					
Operation References - MW in Delivery	2024	2025E	2026E	2027E	2028E
CoDev BESS - MW	0	0	313	1,419	920
CoDev RES - MW	0	12.6	59.1	200.7	86.4
IPP development – MW (cumulated)	0.0	0.0	0.0	15.0	30.0

Source: Equita SIM estimates

A potential investor should not be afraid of 0 MW delivery in 2024 and 2025 because the MW in delivery for each year of the plan, as estimated, generate 60-70% of their revenues in the two years preceding the project's delivery (for instance, the 313 MW envisaged in 2026E generate ca. 60/70% of revenues in 2024 and 2025, and only marginally in 2026E).

We believe our estimates are reasonable as we are considering **only a portion of the pipeline that AGP could realistically bring to fruition by 2028**, particularly in the co-development segment. **More important, we are conservative regarding the IPP portion, as it has the potential to generate significantly higher revenues with generally much lower costs.** This is because AGP possesses all the necessary know-how for construction, allowing them to achieve savings on capex. Additionally, **they benefit from the ability to develop the permits internally, rather than purchasing them externally, which enables them to generate margins higher than those we have assumed (200bps on the WACC).**
We project for AGP:

1. **A CAGR of Revenues in the region of 15% through 2028E,** mainly driven by an expected backlog of €150mn at the end of 2024 with 2.5 GW of capacity project under development. Furthermore, we expect AGP to benefit from a 2.4 GW pipeline of projects which is expected to additionally sustain growth in the mid-term. We also assume AGP to be able to install some 30MW of solar assets by 2028.
2. **A CAGR of EBITDA in the region of 14% through 2028E,** mainly driven by the expansion of the BESS market at around 60% EBITDA margin, decreasing to 55% towards the end of the plan. Furthermore, considering the underlying mechanisms of the SOLAR market, we expect the new IPP projects to contribute with an EBITDA margin of 80% from 2027 onwards.
3. **A CAGR of Net Income in the region of 12%** with AGP expecting to post a positive NFP from 2026 onwards with consequently non relevant interest charges.
4. **A NFP of €-7.4mn at the end of 2024 and cash positive €55.8mn at the end of 2028E** with a significant growth of cash generation at the normalization of the first asset payment (AGP's payment cycle involves milestone payments for projects lasting approximately 4 years. The first two milestones typically occur within the first 10 months from the start of the permitting process, during which the company covers all direct costs related to the individual permit. AGP sells its plants for 60-80 k€/MW).

WE INITIATE WITH A BUY RATING AND A €9.7ps TARGET PRICE

We initiate the coverage of AGP with a target price of €9.7ps, offering an upside of c.a. 40% on current prices. **This valuation implies an implied 2025E EV/EBITDA of 6.1x and a P/E ratio of 8.9x.**

In setting our target price, we have factored in the following elements:

- AGP operates in a **high-growth segment**, driven by global decarbonization policies, particularly **in Europe, creating opportunities in battery storage (BESS) and photovoltaic (PV) projects.**
- The company is a key developer in the energy transition, with **a portion of the project pipeline of approximately 7 GW in Italy and the U.S**., including over 5.0 GW of BESS.
- The company is experiencing rapid growth, with **revenues rising from €6.2mn in 2021 to €35.4mn in 2024, reflecting a 21-24 CAGR of 79%.**
- Profitability is also improving, with **EBITDA increasing from €2.1mn in 2021 to €21.9mn in 2024. Margins have expanded from 35% to 62%.**
- The company has a good balance sheet, with an **expected NFP of €-2.5mn by the end of 2025E, significantly improving compared to previous years and a projected NFP of €+55.8mn by 2028E.**
- **Its targets of revenues of €61.9mn and EBITDA of €36.9mn by 2028E, highlight ambitious expansion plans with a CAGR 25-28 both of 19%.**

VALUATION (€mn)		
VALUATION	EV	Criterias
CoDev BESS	156.6	DCF using as positive inflows the milestone payments for each contract in the backlog and some of the pipelines (implied EV/EBITDA of 5.7x on 2025E)
CoDev RES	1.5	
IPP	22.1	DCF using a business model plant by plant (implied EV/EBITDA of 10.0x on 2028E)
EPC	4.2	Multiples (c.a. 2025E EV/EBITDA of 6.1x and P/E of 8.9x)
CORE ENTERPRISE VALUE	184.4	
Net financial position of end 2024	-7.4	
EQUITY VALUE	177.0	
Shares (mn)	18.2	
TARGET PRICE- €/sh	9.7	

Source: Equita SIM estimates

We have valued Altea Green Power using a **SOTP approach**, breaking down each of the company's core business segments—co-development BESS, co-development RESS, IPP, and EPC—and applying the most appropriate valuation methodology to each.

1. **Co-development BESS and RESS.** For these segments, we performed a DCF analysis that **factors in the milestone payments from the existing backlog plus a portion of the development pipeline expected to generate inflows by 2028**. These inflows reflect contractual progress payments as projects advance through their respective development stages (the WACC has been calculated using a risk-free rate of 350 bps, a market risk premium of 450 bps, a tax rate of 24%, and a beta of 1.2. The capital structure assumes near-zero debt, as the projected debt level for 2025 is close to zero, resulting in a predominantly equity-financed model that reflects the company's current financial position and risk profile. Given all these assumptions, **the resulting WACC is 8.9%**).
2. **IPP (Independent Power Production).** We used a **plant-by-plant DCF model** for the IPP segment, incorporating around **30 MW of capacity already connected to the grid**. Further capacity currently under construction carries a Commercial Operation Date (COD) beyond the near-term plan, thus only partially included. **We have assumed a return on invested capital in the region of 200-250 bps above the WACC** (**the WACC of 6.4%** has been calculated using all the assumption written before but using a debt structure of 50% to optimize the use of capital, with a cost of debt of 550 bps).

3. **EPC.** The EPC business has been evaluated **using sector multiples—specifically EV/EBITDA and EV/Sales—given the availability of suitable comparable companies and the more mature nature of EPC profitability drivers.**

Adding together the valuations of these individual segments, we estimate an Enterprise Value of €184.4mn and an Equity Value of €177.0mn, which implies a Target Price of €9.7ps (upside c.a. 40%).
However, we have also considered some risks, such as AGP's dependence on regulatory incentives, the bureaucratic complexity in obtaining permits, and uncertainties in the evolving U.S. policy landscape.

■ Comparable Market Multiples

Identifying direct peers for AGP is challenging due to its diversified positioning across renewable energy development and totally new business like BESS. **As a reference, we have selected a mix of renewable energy companies and EPC firms.**
More in details:

- **Renewable developers** (EDP Renovaveis, Erg, Solaria, Acciona Energía.) active in the field of power generation from Renewable sources. **The average multiple for the sector is in the region of 13.8x P/E and 10.8x EV/EBITDA as measured in 2025E.**
- **EPC service providers** (Maire, Technip Energies, Saipem, John Wood Group…), as a proxy for the companies active in the engineering construction. **The average multiples for the sector are in the region of 12.0x P/E ad 6.2x EV/EBITDA as measured in 2025E**.
- **Battery energy storage companies** (Redelfi), as a proxy for companies actively engaging in construction of BESS systems in the market. Currently Redelfi trades in the region of 17.5x PE and 9.3x EV/EBITDA as measured in 2025.

A summary of the main reference valuation multiples is included in the following table.

SECTOR MULTIPLES									
	P/E			EV/SALES			EV/EBITDA		
RENEWABLES COMPANIES	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Grenergy Renovable	8.1 x	12.4 x	9.2 x	nm	nm	nm	9.1 x	12.5 x	9.9 x
Scatec Asa	22.0 x	27.8 x	26.1 x	nm	nm	nm	25.6 x	24.4 x	20.7 x
Solaria Energia Y	10.9 x	9.7 x	7.6 x	nm	nm	nm	10.8 x	10.1 x	9.2 x
Edp Renovaveis Sa	22.9 x	15.6 x	15.8 x	nm	nm	nm	9.2 x	8.4 x	8.2 x
Renewi Plc	11.8 x	9.1 x	7.8 x	nm	nm	nm	5.5 x	4.9 x	4.5 x
Corp Acciona Energ	8.9 x	16.7 x	17.6 x	nm	nm	nm	7.2 x	8.2 x	7.9 x
Erg Spa	11.8 x	11.2 x	10.5 x	nm	nm	nm	8.3 x	8.0 x	7.7 x
Average	13.8 x	14.6 x	13.5 x	nm	nm	nm	10.8 x	10.9 x	9.7 x
	P/E			EV/SALES			EV/EBITDA		
EPC GROUPS	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Fluor Corp New	15.9 x	14.8 x	13.4 x	0.3 x	0.3 x	-	9.2 x	7.4 x	-
John Wood Group Pl	7.4 x	5.4 x	-	0.3 x	0.3 x	-	3.5 x	3.2 x	-
Maire	12.8 x	11.0 x	9.2 x	0.4 x	0.4 x	0.3 x	6.2 x	5.3 x	4.7 x
Tecnicas Reunidas	10.2 x	8.3 x	9.5 x	0.2 x	0.2 x	0.2 x	3.9 x	3.1 x	3.1 x
Technip Energies	11.6 x	10.6 x	10.2 x	0.3 x	0.2 x	0.1 x	2.9 x	2.1 x	1.2 x
Kbr Inc	14.0 x	11.8 x	10.5 x	1.1 x	0.9 x	-	9.7 x	8.7 x	-
Worley Limited	17.1 x	14.6 x	12.9 x	0.7 x	0.7 x	0.6 x	8.8 x	7.8 x	7.0 x
Saipem Spa	9.2 x	7.0 x	6.2 x	0.3 x	0.3 x	0.2 x	2.7 x	2.1 x	2.0 x
Cadeler As	9.7 x	4.7 x	3.1 x	5.7 x	2.7 x	1.9 x	9.0 x	4.8 x	3.0 x
Average	12.0 x	9.8 x	9.4 x	1.0 x	0.6 x	0.6 x	6.2 x	4.9 x	3.5 x
	P/E			EV/SALES			EV/EBITDA		
COMPARABLE BATTERY	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Altea Green Power	6.0 x	6.1 x	5.6 x	n.a.	n.a.	n.a.	4.1 x	3.4 x	2.9 x
Redelfi S.P.A.	17.5 x	n.a.	n.a.	n.a.	n.a.	n.a.	9.3 x	6.0 x	3.3 x
Average	11.8 x	6.1 x	5.6 x	n.a.	n.a.	n.a.	6.7 x	4.7 x	3.1 x

Source: Equita SIM elaboration on FacSet data

As you can see from the table above, AGP's valuation is currently at discount vs direct and indirect peers, with P/E of 6.5 and EV/EBITDA 4.5x in 2025E, despite an attractive and reasonably visible growth profile in the coming years.

Given AGP's stronger pipeline, superior financial momentum, and higher expected growth, we see this discount as excessive and expect a re-rating as AGP delivers on its strategic plan.

Sensitivities

SENSITIVITIES ON EV BASED ON WACC FOR BESS CO-DEVELOPMENT AND PERCEIVED PRICE OF PV PLANT

		Perceived price (Pz) of PV plant in €/MWh)						
		65.0	70.0	75.0	80.0	85.0	90.0	95.0
WACC for BESS co-development	11.9%	7.6	7.9	8.3	8.7	9.1	9.5	9.8
	10.9%	7.9	8.2	8.6	9.0	9.4	9.7	10.1
	9.9%	8.2	8.5	8.9	9.3	9.7	10.1	10.4
	8.9%	8.5	8.9	9.3	9.7	10.1	10.4	10.8
	7.9%	9.0	9.3	9.7	10.1	10.5	10.9	11.2
	6.9%	9.5	9.9	10.2	10.6	11.0	11.4	11.8

Source: Equita SIM estimates

The sensitivity analysis has been built by considering the two key parameters of Altea Green Power's current and prospective core businesses. On the one hand, we have used the WACC calculated for the BESS and RES co-development segment, which currently represents 95% of AGP's revenues. This WACC has been determined under a zero-debt capital structure.

On the other hand, the second key parameter used is the perceived price of electricity from AGP's owned photovoltaic plants, which will start operating from 2027. These assets will contribute to diversifying the business by ensuring more stable cash flows over the long term. In the model, an initial price of €80/MWh has been assumed for the first plant, with long-term inflation indexation applied to project the price curve for all future plants. As shown in the table, the EV sensitivity is significantly higher to changes in electricity price than to variations in WACC.

CONCLUSION: BUY RECOMMENDATION

As highlighted in the previous pages, we believe AGP's investment case is attractive considering an underlying market which is expected to post significant growth rates in the coming years, considering the projected increase in RES development and the associated needs of network balancing. Despite potential slowdowns induce by a lower political/social commitment (Us an EU new energy policies) we believe the short-term outlook for the industry is solid, with AGP having all the chances to well deliver its large backlog and pipeline of projects.

Because of the above, we are initiating our coverage with a **BUY recommendation and a target price of €9.7ps.**

We believe that Altea Green Power has:

1. **A strategic positioning in the growing BESS Market.**
   AGP is a leading developer of **Battery Energy Storage Systems (BESS)**, a rapidly expanding sector with a projected **CAGR of 9.3% by 2030 in Italy and 16.3% in the U.S. until 2029**. Favourable regulatory frameworks (MACSE, PNIEC) and rising energy price volatility create **a strong market opportunity** for AGP's business model.

2. **A strong growth and robust pipeline.**
   AGP is experiencing **rapid growth**, with an expected **CAGR of 15% in revenue and 14% in EBITDA through 2028**. A solid **backlog of 2.5 GW (or €150mn)** by the end of 2024 and a **pipeline of 2.4 GW** in advanced development stages provide strong revenue visibility, supported by a **milestone-based payment model** with high operating margins.

3. **High margins and low financial leverage.**
   The company operates with an **EBITDA margin above 55%**, ensuring strong profitability. AGP maintains a **solid financial structure**, expected to further strengthen with significant cash generation from 2025 onwards, enabling sustainable growth without excessive debt reliance.

4. **Attractive valuation vs. peers.**
   AGP is trading at **6.5x P/E and 4.5x EV/EBITDA for 2025**, significantly below its main peer in BESS development (**P/E 17.5x and EV/EBITDA 9.3x in 2025**). This **discounted valuation** presents a compelling **re-rating opportunity**, with a **target price of €9.7ps per share** and a ca. **40% upside** from current levels.

APPENDIX I: FERX FOCUS

The **Transitional FERX Decree**, signed by the minister on December 30th, 2024, introduces a new incentive scheme to support the development of renewable energy in Italy, with a mechanism that will remain valid until the end of 2025. The measure is temporary postponing the definition of a more structured system for the 2026-2028 period. The incentivized capacity has been set at **14.65 GW**, divided among **10 GW of photovoltaic, 4 GW of wind, 0.63 GW of hydroelectric, and 0.02 GW of gas**.

Access to incentives occurs through two main mechanisms. The first is **direct access**, reserved for **small-scale plants up to 1 MW**. The second access mode is based on **competitive auctions**, where operators submit bids with a discount on the strike price, set at **95 €/MWh for photovoltaic and wind power**. The lowest bids are awarded incentives until the available quota is exhausted. Additionally, priority criteria are introduced in the case of equal bids, favoring **plants installed with storage systems and those located in suitable areas ("Aree Idonee")**. An innovative aspect is the **geographic differentiation of incentives for photovoltaics**, with an additional premium of **4 €/MWh for plants in Central Italy and 10 €/MWh for those in Northern Italy**.

The transitional nature of the decree brings both **advantages and challenges**.

1. Among the **positives**, the **95 €/MWh base price for large plant tenders,** acknowledges the **higher construction and financing costs registered in the past years** while he introduction of a **regulated and inflation-indexed remuneration for 20 years** stands out, reducing **price volatility risks** and providing greater **predictability of investment returns**. We estimate that implied returns for operator may be attractive, with IRR in the region of 8-9% (or 200-250 bps above WACC) even in case of awarded prices below 95 €/MW/h (Equita estimate at around 80 €/MWh) over a period of 20 years. The decree also introduces **greater flexibility for repowering**, allowing existing plants to participate in auctions without penalties, provided that their capacity increases by at least **20%**.
2. Another **positive aspect** is the **indirect impact on energy storage investments**, such as **batteries**. A system increasingly based on renewables leads to greater **production variability**, amplifying **price differentials between peak and off-peak hours** (i.e., between high and low demand periods). This creates **new business opportunities for storage operators**, as storage systems will become **crucial for grid stability and energy optimization**. The ability to store energy during **overproduction hours** and sell it during **peak demand** can generate **significant operating margins**, enhancing the profitability of battery investments. Furthermore, the increasing penetration of renewables in Italy's energy mix will further drive the demand for **balancing and storage systems**, making such investments increasingly **strategic for the sector's future**.

However, the decree also presents **significant challenges**.

1. The **limited validity until 2025** reduces long-term **visibility** and creates **uncertainty about future incentive conditions**. Additionally, the new system **introduces higher competition in auctions**, pushing operators to **lower their margins relative to the WACC** to avoid being excluded from incentives. Moreover, an operator submitting bids above **80 €/MWh** can participate in a maximum of **three auctions** before being disqualified, increasing the pressure to **submit more aggressive offers**. The **base auction price** could also be **revised downward by the regulator** depending on market trends, adding further **uncertainty**.
2. Another key factor to consider is the **current market conditions**, characterized by **high energy prices**. This might lead some operators to **prefer selling directly on the market rather than participating in the incentive scheme**, should they anticipate **market prices remaining above the guaranteed FERX levels** in the long run. In this scenario, incentives could become **less attractive** for companies pursuing a strategy of **maximizing value through free-market sales**. However, we believe that the **FERX remains a valuable tool** for **de-risking renewable portfolios**, ensuring **revenue stability** and **protection against price volatility**, even amid **uncertainties related to the evolution of the electricity market.**

APPENDIX II: STORAGE TECHNOLOGIES FOCUS (SOURCE: TERNA, STUDY ON REFERENCE TECHNOLOGIES FOR ENERGY STORAGE, 2023)

Energy storage technologies, specifically **Battery Energy Storage Systems (BESS)**, play a **crucial role in the energy transition** by supporting **renewable energy integration** and enhancing the **flexibility and stability of the electricity grid**. Below an overview of the main technologies, with a focus on the **most mature and widely adopted solutions**.

LI-ION BESS plant

Source: NREL USA BESS plant

■ Lithium-Ion Batteries (Li-ion)

Lithium-Ion Batteries are the **most mature and widely used technology (only technology used by Altea Green Power)**, with a **global installed capacity of approximately 16 GW/35 GWh**, projected to grow to **63 GW by 2026**. They are highly valued for their **energy efficiency, ranging between 80% and 90%**, and their **fast response time**. Thanks to their **modularity**, these batteries are employed across various applications, from **residential to large-scale utility projects**. However, their **lifespan is limited** to about **12–15 years or 4,500–5,000 full charge-discharge cycles**. Over time, **energy capacity decreases due to natural degradation**, making **optimal management crucial** to extending their efficiency and avoiding extreme usage that may accelerate aging.

■ Redox Flow Batteries

Redox Flow Batteries, such as **vanadium-based systems**, are particularly attractive for **large-scale applications requiring long-duration storage**. These systems store energy **chemically in separate tanks**, enabling **independent scalability** of power and storage capacity. Although **more expensive and bulkier** than lithium-ion batteries, redox flow batteries have a **significantly longer lifespan, exceeding 20 years**, with **minimal degradation over time**. Their **efficiency**, though **lower than lithium-ion batteries (65%–80%)**, remains adequate for **utility-scale applications** where **durability and reliability** outweigh the need for rapid response.

Sodium-Sulphur (NaS) Batteries

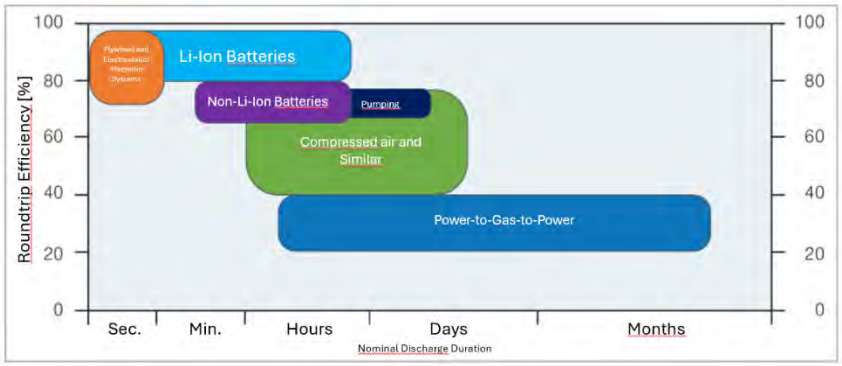
Sodium-Sulphur Batteries operate at **high temperatures, around 300°C**, and offer **high energy density**, making them suitable for applications requiring **long cycles**. With an **efficiency of 70%–80%** and a **significant lifespan**, they are ideal for **utility-scale projects** where **space and infrastructure complexity** are less critical concerns. However, they require **strict thermal management** to maintain **optimal performance**.

Emerging Technologies

Among **emerging technologies**, **solid-state batteries** are attracting considerable attention. These use **solid electrolytes** instead of liquid ones, enhancing both **safety and energy density**. However, they remain in the **commercial development phase** and face **significant challenges** before competing on a large scale with more mature technologies. Another innovative option is the **power-to-gas-to-power system**, which converts **electrical energy into hydrogen via electrolysis** and then reconverts it into electricity. This technology is particularly promising for **seasonal storage**, though it suffers from **low overall efficiency, ranging between 20% and 40%**, due to losses during conversion processes.

Lithium-ion batteries dominate the market due to their **efficiency, versatility, and technological maturity**. For **long-duration applications**, **redox flow and sodium-sulphur batteries** offer **more reliable solutions** over time, but their status is **pre-commercial**. **Emerging technologies**, such as **solid-state batteries** and **power-to-gas systems**, represent the **future** with the potential to overcome current limitations, although **further development is required** for them to become competitive.

STORAGE TECHNOLOGIES BY DURATION AND EFFICIENCY



Source: Terna's elaboration based on WEC data

STATEMENT OF RISKS FOR ALTEA GREEN POWER

The primary factors that could negatively impact the stock include:

- Negative changes in the renewable regulation at EU/Italian/US level;
- Delays in the permitting/authorization process of BESS/RES projects;
- Delays in executing BESS/RES projects;
- Delays in customers milestones payments and NWC dinamycs;
- Introduction of Flexible technologies that erode BESS margins and growth opportunities;
- New entrances of BESS developers;
- Significant increase in interests rates.

P&L - €mn	2022	2023	2024	2025E	2026E	2027E
SALES Rep	16.8	16.3	35.4	47.4	49.1	51.2
Growth	n.a.	-3.1%	117.5%	33.9%	3.7%	4.3%
EBITDA Rep	6.2	7.3	21.9	27.9	28.8	30.1
Growth	n.a.	17.4%	202.0%	27.2%	3.2%	4.5%
Margin	36.8%	44.6%	61.9%	58.9%	58.5%	58.7%
D&A	-0.1	-0.2	-0.2	0.0	0.0	-0.3
EBIT Rep	7.1	7.1	21.7	27.9	28.8	29.8
Growth	n.a.	0.0%	206.2%	28.2%	3.2%	3.6%
Margin	42.3%	43.7%	61.5%	58.9%	58.5%	58.2%
Financial Expenses	-0.1	-0.2	-0.5	-0.5	-0.5	-0.5
PBT Rep	6.0	6.9	21.3	27.4	28.3	29.4
Growth	n.a.	14.5%	210.0%	28.8%	3.2%	3.7%
Income Taxes	-1.8	-2.0	-5.1	-7.8	-8.0	-8.3
Tax rate	30.6%	28.4%	24.1%	28.4%	28.4%	28.4%
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	4.2	4.9	16.1	19.6	20.3	21.0
Growth	n.a.	18.1%	226.7%	22.2%	3.2%	3.7%
Margin	24.8%	30.3%	45.4%	41.5%	41.3%	41.0%
Net Income Adj	4.2	4.9	16.1	19.6	20.3	21.0
Growth	n.a.	18.1%	226.7%	22.2%	3.2%	3.7%
Margin	24.8%	30.3%	45.4%	41.5%	41.3%	41.0%

CF Statement	2022	2023	2024	2025E	2026E	2027E
FFO	4.3	5.1	16.2	19.6	20.3	21.3
Chg. in Working Capital	11.2	8.7	22.5	11.1	-5.6	1.3
Other chg. in OCF	-22.0	-7.6	-45.1	-22.2	11.3	-2.6
NCF from Operations	-6.5	6.2	-6.4	8.5	25.9	20.0
CAPEX	-0.8	-0.2	-1.0	-3.6	-7.4	-11.2
Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Other chg in investments	0.0	-1.7	-5.9	0.0	0.0	0.0
NCF from Investments	-0.8	-1.9	-6.9	-3.6	-7.4	-11.2
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Capital Increases	0.0	0.0	0.0	0.0	0.0	0.0
Other changes in financing	6.4	1.0	1.5	0.0	0.0	0.0
NCF from Financing	6.4	1.0	1.5	0.0	0.0	0.0
CHG IN NFP	-0.9	5.2	-11.8	5.0	18.5	8.8

Source: Company data and Equita SIM estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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Date	Rec.	Target Price	Risk.	Comment
nil				

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