



Full Company Report

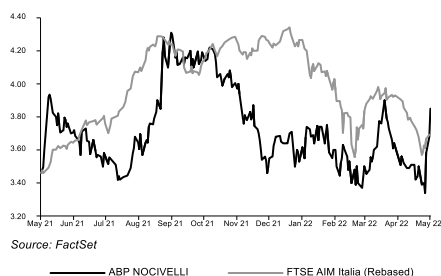
Reason: Initiation of coverage

18 May 2022

Buy			
<i>Initiating Coverage</i>			
Share price: EUR	3.85		
<i>closing price as of 17/05/2022</i>			
Target price: EUR	5.70		
Upside/Downside Potential 48.1%			
<i>Reuters/Bloomberg</i>		ABP.MI/ABP.IM	
Market capitalisation (EURm)	117		
Current N° of shares (m)	30		
Free float	11%		
Daily avg. no. trad. sh. 12 mth (k)	16		
Daily avg. trad. vol. 12 mth (k)	11.42		
Price high/low 12 months	4.31 / 3.34		
Abs Perfs 1/3/12 mths (%)	5.77/6.94/11.27		
Key financials (EUR)	06/21	06/22e	06/23e
Sales (m)	64	65	87
EBITDA (m)	12	14	14
EBITDA margin	19.2%	21.2%	16.6%
EBIT (m)	11	13	13
EBIT margin	17.5%	19.5%	15.3%
Net Profit (adj.)(m)	9	10	10
ROCE	64.2%	68.8%	58.2%
Net debt/(cash) (m)	(32)	(40)	(47)
Net Debt Equity	-0.7	-0.7	-0.7
Net Debt/EBITDA	-2.6	-2.9	-3.2
Int. cover(EBITDA/Fin.int)	76.6	86.1	90.1
EV/Sales	1.2	1.2	0.8
EV/EBITDA	6.5	5.6	4.9
EV/EBITDA (adj.)	6.5	5.6	4.9
EV/EBIT	7.1	6.1	5.3
P/E (adj.)	12.9	12.3	11.7
P/BV	2.5	2.2	1.8
OpFCF yield	3.5%	7.7%	5.7%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.28	0.31	0.33
BVPS	1.45	1.76	2.09
DPS	0.00	0.00	0.00

Shareholders

Bruno Nocivelli 58%; Laura Salvatore 27%; Nicola Turra 4%; Alessandra Perego 0.89%;



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Visibility on resilient EBITDA at undemanding multiples

Azienda Bresciana Petroli (ABP) Nocivelli specialises in supplying public administrations with energy services. ABP levers on a solid know-how gained over the last 60 years that also includes the promotion of PPP projects involving the building of hospitals and the supply of energy and facility management services. In addition to a very resilient, highly profitable portfolio of contracts (worth EUR 600m over the next ten years), the group is ready to tap into the strong opportunities arising from the PNRR (National Recovery and Resilience Plan) projects, particularly those focused on the enhancement of the healthcare assistance and the energy-efficient renovation of public buildings. We initiate our coverage with a EUR 5.7/sh target price and a Buy recommendation.

- ✓ ABP's business is mainly based on **medium or long-term energy supply agreements with public administrations**, whereas the trade of petroleum products is deemed residual. This business bears very low counterparty risk and is hedged well against inflation since the fees ABP receives from the energy supply agreements are periodically adjusted based on ARERA's (the Italian regulator on energy, networks and grids) tariffs.
- ✓ ABP usually accesses supply agreements via **public tenders**, for which it often bids as part of a consortium. Despite the predetermined duration of contracts, the group boasts a very high retention rate. Indeed, public bodies are allowed to extend expiring contracts provided the private supplier agrees to supply additional energy services or implement additional direct investments in the managed building, while granting additional cuts in energy consumption.
- ✓ **ABP also engages in PPPs (Public-Private Partnerships), particularly in privately-promoted initiatives**, in which it usually takes on the design and construction of utility systems. Though these activities are usually poorly profitable, they are the "bridgehead" to the directly-linked service agreements, which yield sound profits on a stable, long-term basis.
- ✓ As regards the opportunities unlocked by the **PNRR resources**, we name the "**Green revolution mission**", which includes renovation works to improve the energy performance of state-owned real estate. The "**Healthcare**" mission includes a range of interventions to strengthen and enhance the local healthcare system: 1) the "Case della comunità" (town surgeries) project, with expected investments worth EUR 2bn in 2022/26; 2) the "Ospedali di comunità" (community hospitals) project, with another EUR 1bn; 3) the "Technological update of hospitals" ought to draw EUR 1.6bn in investments. We argue that **service contracts** stemming from these new facilities may represent another sound opportunity for ABP.
- ✓ **We initiate our coverage with a target price of EUR 5.7/sh and a Buy recommendation.** We highlight that our current estimates only include the current portfolio of contracts, which yields a very resilient EBITDA of ~EUR 13/14m p.a., with an average operating cash conversion rate above 90% (50% at the equity free cash flow level). The financial impacts of a couple of PPP initiatives and public tenders are still not included in our estimates, nor in ABP's backlog. **In this respect our valuation is based on prudent assumptions but some potential upside has not been factored in.**



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Investment Case

Azienda Bresciana Petroli (ABP) Nocivelli specialises in energy services, mainly with public administrations.

Founded in 1963 in Castegnato (Brescia), ABP's original core business included the trade of petroleum products and lubricants and, in particular, the distribution of heating oil. In 1988, the company started diversifying its operations by focusing on the realisation of utility systems in buildings (particularly technological, mechanical and electrical systems) and in the construction of civil and industrial buildings.

ABP also started expanding into the adjacent sector of facility management, as well as into the public works industry. In particular, the company focused on the healthcare sector and the building of hospitals, thus gaining a strong knowledge in the design, construction, management and maintenance of heating, cooling and electrical systems.

In order to take advantage of the regulatory developments in Italy, ABP has gradually shifted its focus to the proposal and execution of projects with a "PPP" scheme (Public-Private Partnership). The PPP scheme allows forms of cooperation between the private and public sector. In particular, thanks to a more flexible structure than traditional tenders, these initiatives may cover the entire lifecycle of new infrastructures, from the design and construction to the "downstream" management of the related services on a long-term basis.

In particular, we note that ABP has taken part in two major PPPs in the Brescia province that involved the renovation and expansion of the Brescia hospital "Spedali Civili". This focus on "PPPs" has enabled the company to gain significant know-how in the sector and a competitive edge on its competitors. Moreover, ABP - thanks to the management of services related the hospital - has acquired 10/15 year-long (or even longer) contracts, which implies a steady cashflow.

As of 2009, ABP has also managed to win public tenders involving the supply of energy services to public administrations in the Abruzzo, Piedmont, Lombardy and Sicily regions, thus securing medium- and long-term agreements, which currently account for the majority of the group's revenues, while yielding a sound and stable stream of profits.

Thanks to its extremely resilient business, ABP has gone through the Covid-19 crisis without suffering significant losses. By contrast, the national post-Covid recovery plan (PNRR) is unlocking promising opportunities to enhance the company's business. In particular, we note that the investments in the healthcare sector to improve and expand the coverage of proximity healthcare assistance, as well as the energy-efficient renovations of public buildings (particularly hospitals and schools) needed to improve the energy performance, ought to lead to a cut in energy consumption and CO₂ emissions.

Moreover, we note that:

- ✓ ABP is involved in two new large PPP projects (along with Salc, founded by Claudio Salini), i.e. a new hospital with 540 beds in Terni worth EUR 240m and a new hospital in Turin.
- ✓ an ABP-led consortium has bid for some Consip's public tenders in the facility management segment. However, the signing of the contracts is still pending.
- ✓ on 13 May 2022, the company announced that the previously announced 3-year backlog (worth EUR 245m) until 2024, **was part of a larger EUR 600m backlog over the next 10 years (2022/31). The expected revenues beyond 2024 are entirely owed to concessions (including those linked to PPP projects), which also give very high visibility on the EBITDA profile.**

We initiate our coverage with a target price of EUR 5.7/sh and a Buy recommendation. We highlight that our current estimates **only include the current portfolio of contracts, which yields a very resilient EBITDA of ~EUR 13/14m p.a.**, with an average **operating cash conversion rate above 90%** (50% at the equity free cash flow level). The financial impacts of the abovementioned PPP initiatives as well as new public tenders **are not included in our estimates yet, nor in ABP's backlog**. In this respect our valuation is based on prudent assumptions and there is some potential upside not factored in.

SWOT Analysis

Strengths

- ✓ **Thirty-years' experience:** significant competitive edge in the facility management services to public administrations;
- ✓ **Integrated and flexible offer of services:** small enough to customise services and to meet demand untapped by larger operators;
- ✓ **Ability to partner with competitors:** key to propose large PPP projects;
- ✓ **Solid financial structure:** sound net cash position to be used in direct investments in PPP vehicles;
- ✓ **Long-term, low-risk, inflation-hedged contracts:** contracts with the PA falling under publicly-awarded tenders and agreements with periodical adjustment of energy carriers;

Weaknesses

- ✓ **Small size** compared with competitors;
- ✓ **Country risk:** operations only in Italy, subject to the national frameworks and political choices;

Opportunities

- ✓ **Growth in the PPP market, backed by solid cash availability:** possibility to invest directly in the SPV managing the PPPs thanks to the solid net cash availability;
- ✓ **Need to modernise the national health infrastructure:** old and energy-inefficient buildings needing upgrades to reduce the energy consumption
- ✓ **Need for allocation of PNRR funds:** huge funds earmarked to strengthen the territorial healthcare system and to renovate state-owned buildings (offices, schools, dwellings) to improve their energy performance

Threats

- ✓ **Increase in the country risk**
- ✓ **Possible entry of new international or bigger Italian competitors.**

Company description

History

Azienda Bresciana Petroli (ABP) Nocivelli has been operating in the province of Brescia (Lombardy) since 1963. The company was involved in the trade of oil products and lubricants and, in particular, in the distribution of oil for heating.

In 1988, the company decided to enter new businesses to diversify its activity; the move was mainly driven by the switch to natural gas in heating systems. The company specialised in the realisation of technological, mechanical and electrical systems, in the construction of civil and industrial buildings and in facility management.

The company further expanded its activity into the public works sector and, in particular, into the healthcare and hospital sector. The Italian healthcare system is characterised by old structures that need massive technological and structural updates. In this scenario, ABP has ample opportunities and its addressable market is very promising.

ABP has strengthened its role in the healthcare and hospital sector by winning major projects both from a financial and size standpoint.

In 2000, the company won the concession for the construction and management of a section of the Brescia hospital ("Spedali Civili di Brescia") with a project financing contract it promoted. This award marked ABP's entry into the public concession market in the hospital field. The project involved the restructuring and extension of two existing wings of the hospital for a total of 20,000 sqm of new space. The project was assigned to a special purpose vehicle (Catalyst Brescia S.r.l.).

In 2009, the company strengthened its presence in the healthcare and hospital sector in Italy by winning the contract for the concession of the technological service for the hospitals of four Italian regions (Abruzzo, Marche, Tuscany and Umbria) tendered by Consip (the state-owned central purchasing body). Moreover, in 2011, ABP won a new contract tendered by Consip to supply hospitals and public administrations in another four Italian regions (Piemonte, Val d'Aosta, Liguria and Sicily) with energy services.

Between 2010 and 2015, the company successfully promoted a new PPP initiative to expand Brescia's Spedali Civili. The works involved the construction of ~90K sqm in new areas, with 600 beds for patients' recovery and new surgeries. The concession is still in force and is being managed by an ad-hoc SPV, which has contracted maintenance services out to ABP.

ABP purchased "Run Power Plants" in 2016, a company involved in the design, construction, supply, installation and maintenance of LED lighting. This business is consistent with services offered by the company, which increasingly include interventions and renovations aimed at improving the energy performance of the managed buildings.

In 2021, the company joined Borsa Italiana's Euronext Growth market by floating ~3.5m newly-issued shares (~11% of its share capital) and raising ~EUR 11m.

Top management

Bruno Nocivelli – Chairman: he was one of the group’s directors from 1970 to 2020, initially the Commercial Director for the trade and distribution of petroleum products. He has been Chairman of the Board of Directors since 2020, during which he has taken the opportunity to widen contracts to new business lines. He is also on the BoD of some of the group holdings, such as Catalyst Brescia Srl, Tecnoenergia Nord Srl, Tecnoenergia Sud Srl, Futura Brescia Srl, and Cosmo Srl (of which he is Chairman).

Nicola Turra – CEO: before becoming Chief Executive Officer, he was technical director and project manager of maintenance services. He was responsible for the drafting of traditional contracts and the management of contracts in project financing, thanks to which the company entered the public administration sector and, specifically, the healthcare-hospital area, in which it has specialised. He is also managing Director of the subsidiary Run Power Plants Srl.

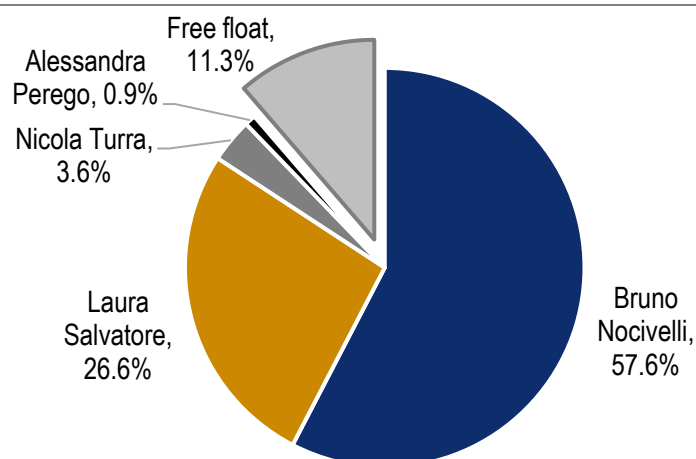
Alessandra Perego – General Council: she is Head of Legal Affairs Department. Her office runs and supports corporate legal affairs, legal risks, negotiations, settlement of labour disputes, handling of Italian litigation, and updating sector regulations. She is a member of the BoD and also a member of the board of directors of the subsidiary Run Power Plants Srl.

Laura Salvatore – Technical Director: during her career she has carried out numerous assignments, including for public tenders, relating to territorial planning, urban and building recovery, urban planning, architectural restoration, renovation, new constructions, interior architecture, design and fittings. She is a member of the BoD. She is also the Chairman of the subsidiary Run Power Plants S.r.l.

Francesco Landriscina – Independent Director: he has held and holds numerous positions as statutory auditor or chairman of boards of auditors in many companies. He regularly carries out consultancy in the corporate, contract, tax and tax litigation fields, also collaborating with law firms.

Shareholder structure

Shareholder structure (as at 31 December 2021)



Source: company data

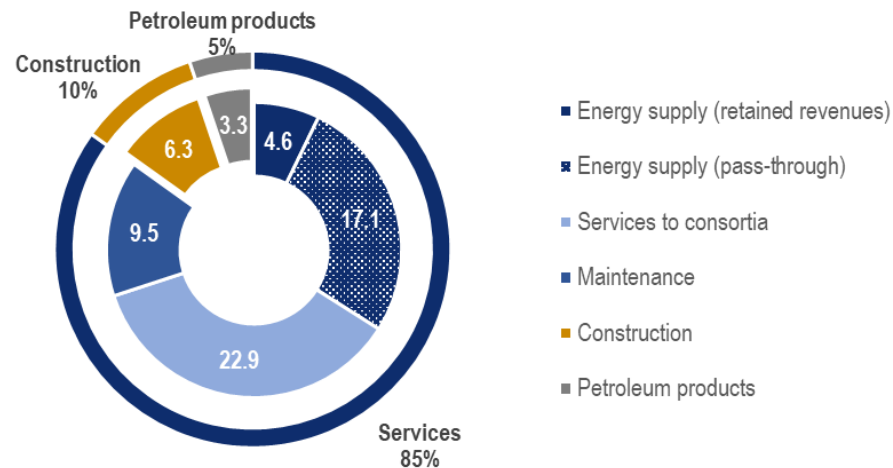
At the end of December 2021, Bruno Nocivelli, Laura Salvatore, Nicola Turra and Alessandra Perego still owned the stake they had before the IPO (17.6m, 8.1m, 1.1m and 0.3m shares respectively). Their stakes were diluted by the IPO, as 3.45m new shares were floated.

No changes have been recorded since then.

Business units

ABP operates through three business units: Services, Construction and Petroleum products.

Total revenue breakdown by business unit (EURm and %, FY 2020/21)



Source: company data

Services

The company provides technological and facility management services focused on energy and heating solutions, including:

- ✓ **Energy:** ABP supplies its customers with goods and services aimed at maintaining the “comfort conditions” of buildings, while focusing on the optimised use of resources and the reduction in polluting emissions;
- ✓ **Heat management:** ABP manages the entire cycle of technological systems, spanning energy supply, ordinary maintenance, day-by-day management and upgrades in compliance with the safety and energy-efficiency law;
- ✓ **Facility management:** ABP designs, implements and manages all the ancillary functions that companies, hospitals or public entities need to run their infrastructure, accommodation and workplaces to support their core activity.

Construction

ABP is specialised in the construction and management of public and private buildings, particularly hospitals. The group mainly makes:

- ✓ **Civil and industrial utility systems,** including traditional and innovative systems, such as electrical, thermomechanical and sanitary systems, as well as heating and ventilation systems. The company also designs and makes trigeneration plants, i.e. cogeneration plants that generate electricity and useful heat at the same time.
- ✓ **Building works,** including the renovation and expansion of hospitals, as well as civil and industrial buildings.

Petroleum products

ABP still manages this residual activity, which used to be its core business. The company stores and sells petroleum products for heating and traction.

Although its revenues are set to decline progressively, as more recent, innovative and efficient ways to generate heat come onto the market, this business unit yields sound revenues with very low commercial risks. Indeed, customer loyalty is very high and deliveries are paid immediately.

Business model

Public tenders

Public administrations traditionally select their suppliers via a public tender. The procedure is launched by the public administration itself, which defines the subject matter of the tender thoroughly. The call for tenders and the terms of the contract are not negotiable and usually involve a single activity (for instance design, construction, funding, management or others).

The **public administration backs all the funding needed, takes on the main risks and pays the execution costs**. The tender winner only takes on operating risks. The timeframe of a contract usually ranges between 2 to 9 years.

ABP has structured its organisation in order to manage the entire bidding phase.

The general manager and the group's "Tender Department" select the most overall beneficial bids. The Tender Department then checks whether ABP meets the requirements set out in the call for tenders.

The Technical Office considers whether to bid on a stand-alone basis or jointly with other partners in a consortium. Then the Technical Office, along with the Tender Office and the Legal Office, set up ABP's offer.

The offers are usually selected by an ad-hoc commission within the contracting body which selects the most overall beneficial offer in a cost/benefit balance, based on two ratings (technical and economical). The contract is awarded in a "non-effective" way, while the contracting body certifies whether the winning company or consortium fulfils all legal requirements. After that, the public body signs the contract and the agreement comes in force

The timeframe of a public tender is variable and usually long, from a few months to years. The main reason for the delay is that the contracting body is required to issue different calls for tenders for each single activity.

Public-private partnerships (PPP)

In PPPs, public bodies and private companies cooperate to fund, design, build and manage public infrastructure or public services with a long-term view. Indeed, the private company's interest is aligned to the public administrations' through a long-term agreement, in which the promoter builds and operates a facility as efficiently as possible, while the revenue stream is usually guaranteed by a steady fee or royalties.

Unlike traditional tenders, PPPs may also be sponsored by private companies. As such, they may be either privately-promoted or publicly-promoted.

A publicly-promoted PPP is usually based on an economic and financial feasibility plan, which also defines the allocation of risks between the public body and the private entities. The public administration may also resort to "selective tenders", i.e. a kind of tender in which bidding companies are pre-emptively selected based on given requirements. The procedure is rather similar to the public tender, but the subject matter of the agreement can be negotiated.

A privately-promoted PPP allows companies to submit new projects to design, build and manage public goods or services that are not included in the 3-year public works plan or other long-term investment planning tools that are periodically reviewed and approved by public administrations. As of 2020, Italian law allows privately-promoted PPPs to tender for projects that a public administration had already scheduled.

In this framework, the company or consortium submits the feasibility study to the public body. If it is approved, the project is included in the investment plan. Then, the contracting body issues the call for tenders using a process similar to a traditional public tender. **The promoter**

is given a pre-emption right on the award of the project. As such, should the promoter not win the tender, they may amend their plan to meet the winner's conditions and thus win the contract.

Another strength is the shorter timeframe, as **the contract is usually awarded within one year after the project is submitted.**

ABP has structured its organisation in order to manage the entire bidding phase, with a specific focus on PPPs in the healthcare sector.

The general manager and the group's Tender Department design a proposal based on the need of the local communities and the publicly-approved investment plans. The projects are usually focused on hospitals and other healthcare facilities, particularly the oldest ones or those which need functional or law-compliant renovations.

The general manager considers whether to bid on a stand-alone basis or jointly with other partners in a consortium. The Technical Office, along with the Tender Office and the Legal Office, set up the legal and financial terms of ABP's offer.

Given the more cooperative nature of a PPP initiative, the general manager and the Technical Office negotiate with the public administration during the entire process as the project is meant to be customised in order to meet the public body's needs.

The call for tenders is then published and the process is similar to public tenders.

Clients

Most of the company's clients (accounting for 90% of revenues in FY 2019/20) are public entities, whereas private customers are marginal. In particular, the company's clients include:

- ✓ Public entities (municipalities and provinces)
- ✓ Public hospitals and nursing homes
- ✓ Private hospitals and nursing homes
- ✓ Private companies.

The company's track record shows that the counterparty risk, particularly for PPPs, is much lower when dealing with public administrations compared to private entities.

Moreover, ABP provides public hospitals and other entities with energy, fuel and general facility management services, which are billed periodically (usually monthly).

Contracts

ABP mainly deals with public administrations through two main instruments: the “**traditional**” **public tender**, and the **PPP**.

Given the typical size of the projects that ABP usually bids for, ranging from dozens to hundreds of millions of euros, the group usually bids as a part of a temporary consortium, ATI or RTI (respectively Associazione Temporanea d’Imprese or Raggruppamento Temporaneo d’Imprese). The entity is usually a “consortium-like joint-stock company” (società consortile), i.e. a consortium that operates with a mutualistic goal for the aggregated companies’ sake and benefits from limited liability.

As regards PPPs, the bidding companies usually have a stake in an SPV (usually a joint stock company) that is proportional to the expected contribution to the project. The SPV gathers all revenues from the project and is responsible for the execution of the work.

ABP currently holds stakes in the following vehicles:

- ✓ 24% in **Catalyst Brescia srl**: the SPV was awarded a PPP project in 2002 for the renovation, expansion and management of the newly-built areas of Brescia hospital (“Spedali Civili”). The initial investment was ~EUR 35m, whereas the 19-year service concession has been yielding ~EUR 4/4.5m in revenues p.a.
- ✓ 8% in **Futura srl**: the SPV won a further concession involving the supply of services to Spedali Civili in Brescia.
- ✓ 48% in **Cosmo Scarl**: the consortium-like joint-stock company was established with A2A Calore e Servizi (an A2A subsidiary engaged in facility management services and in the management of district heating) to manage part of the services under the contract signed by Futura Srl;
- ✓ 34% in **Tecnoenergia Nord Scarl**: the consortium-like joint-stock company won a public tender to supply public administration buildings with energy services in Northern Italy (Aosta Valley, Piedmont and Liguria) in 2011.
- ✓ 34% in **Tecnoenergia Sud Scarl**: the consortium-like joint-stock company won a public tender to supply public administration buildings with energy services in Sicily in 2011. The contracts expired in 2019.

Furthermore, ABP managed a concession through Tecnosanità Scarl for 9 years, which was awarded the contract to supply energy services to ASL2 in the Abruzzo Region. The contract expired in 2019 and the consortium was disbanded at the end of 2021.

We also note that ABP directly manages an undisclosed portfolio of smaller energy supply, maintenance and service agreements as a single provider.

Certifications

ABP Nocivelli is “**SOA certified**”, i.e. it is legally allowed to bid for public tenders as it fulfils a set of requirements that are checked every five years. This classification system, which is compulsory for a company to bid for public contracts above EUR 150K, establishes the thresholds that limit the maximum amount a company can bid and can be awarded in a public tender.

In particular, the company has the following certifications:

- ✓ “General construction”
 - **OG 11 “Technological systems”, class VIII:** supply, installation, management and maintenance of technological systems, **without a budget cap**;
 - **OG 1 “Civil and industrial construction”, class V:** building, maintenance and renovation of any kind of civilian buildings (including residential buildings, schools, offices, railway and underground stations, etc.), **up to EUR 5.2m.**
- ✓ “Specialised work”
 - **OS 28 “Heating and cooling systems”, class VIII:** supply, installation, maintenance and renovation of heating and cooling systems, including accessory work, within buildings that fall under the “general construction” (OG) classification, **without a budget cap**;
 - **OS 30 “Electrical, phone, radio and TV systems”, class VIII:** supply, installation, maintenance and renovation of any electrical and telecommunication system within buildings that fall under the “general construction” (OG) classification, **without a budget cap**;
 - **OS 3 “Plumbing systems, kitchens and laundries”, class VI: up to EUR 10.3m.**

The company is also compliant with:

- ✓ **ISO 9001:2015 certification** concerning the quality management system, which is required for any SOA class above II (above EUR 516K).
- ✓ **F-GAS certification**, a certification required by the EU for all companies that deal with cooling, ventilation and heating systems that contain fluorinated greenhouse gases;
- ✓ **UNI CEI 11352:2014**, which certifies the standards required to operate energy supply services as well as the purchase of energy carriers.
- ✓ **OHSAS 18001:2007**, concerning the adoption of health and safety protection systems in workplaces;
- ✓ **ISO 14001:2015**, concerning the environmental management system;
- ✓ **SA 8000:2014**, which covers some items linked to corporate social responsibility, such as respect for human and labour rights as well as for health and safety systems in workplaces.
- ✓ **CEL (“Certificati di lavori di buona esecuzione”)**, which is released by the public administration that launches a tender. It certifies proper execution of works. CELs are required to obtain a SOA certification.

Markets

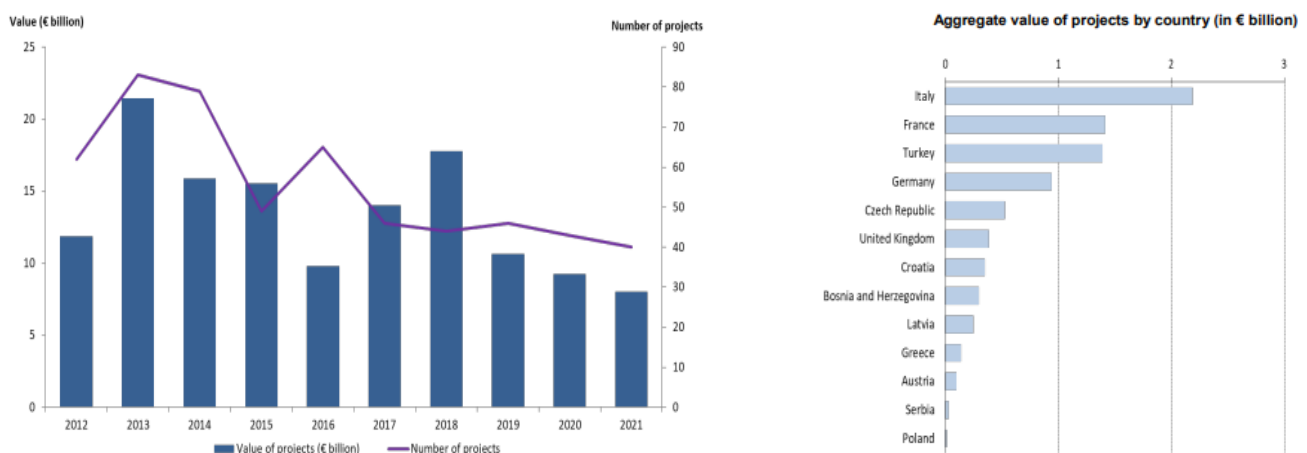
The Italian PPP market at a glance

The term “PPP” is typically used to describe a long-term contractual arrangement for the provision of a public asset and related services in exchange for performance-based payments linked to the asset’s availability and/or use and the delivery of the related services.

Eurostat’s definition of a PPP requires that a government entity be the direct source of most of the revenues that the partner is entitled to receive under the contract, whether the demand for or use of the asset originates from the government entity itself (e.g. a hospital paid for by a government entity on an availability basis) or from users (e.g. a road builder, paid by a government entity on a demand (shadow toll) basis).

We note that there is a strong incentive to implement PPPs by public administrations since PPP investments are usually treated as “off-balance” deficit, thus allowing them to avoid the strict requirements set at the national and EU level on public spending management.

European PPP market by value and number of projects (2012-2021) and country breakdown (2021)



Source: EPEC’s Review of the European PPP market in 2021

The European PPP market has had a negative trend in the last 10 years, characterised by a reduction in the value and in the number of projects above EUR 10m. However, Italy was the first market in 2021 with around EUR 2.2bn in value, rebounding sharply compared with 2020 (EUR 473m).

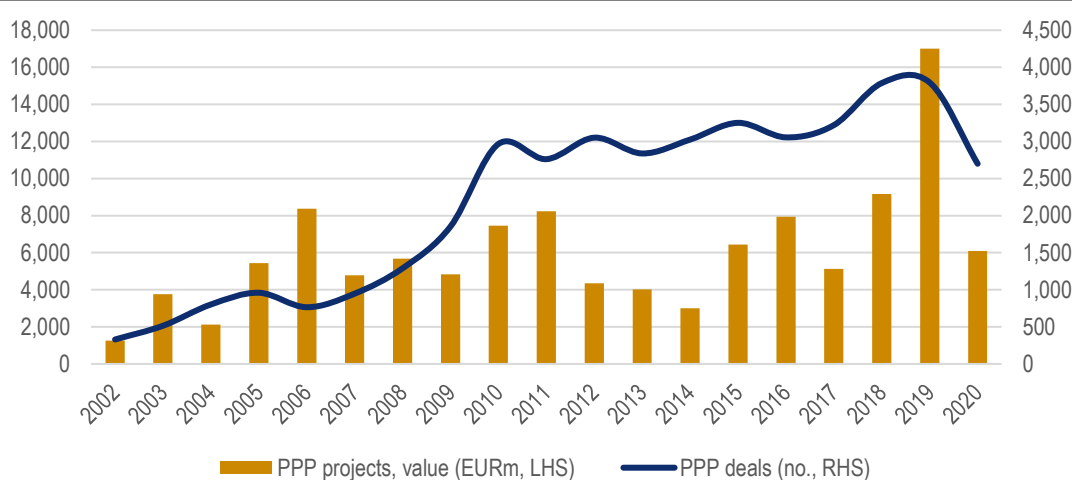
PPP initiatives in Italy

The Italian PPP market has grown strongly over the last few years as nearly 42,000 public tenders worth ~EUR 115bn have been launched since 2002, with an average value per deal of EUR 3.5m. The number of projects has increased by a CAGR of 12.4% since 2002.

In particular, the Italian PPP market picked up significantly in 2018/19, with deals increasing by 20% in number and 67% in value compared with 2016/17.

This positive trend was temporarily halted by the Covid-19 pandemic, due to the stop on most public and private activities in H1 2020. However, public expenditure, particularly for investments, is set to increase sharply thanks to the EU-backed plans (see the following paragraph), which are mainly aimed at enhancing the public healthcare systems and accelerate the ecological transition.

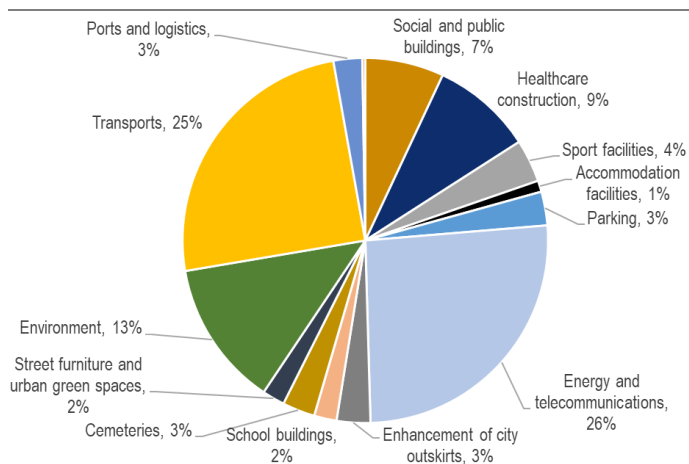
Italian PPP market (deal number and value, 2002/20)



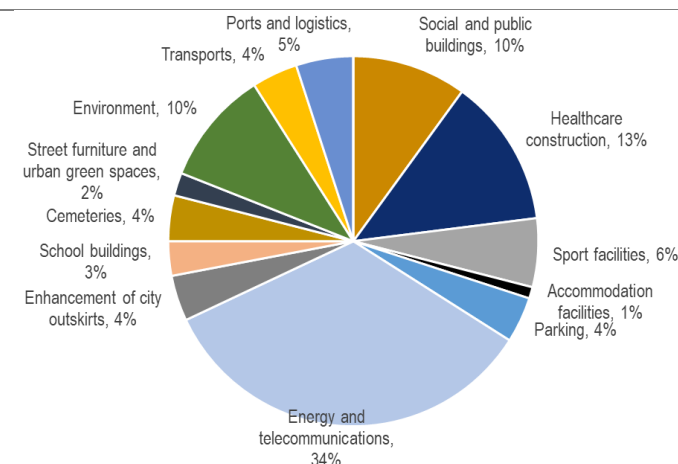
Source: IFEL and Cresme research on Osservatorio Opere pubbliche CRESME and infopp.it data

The following charts show the breakdowns by sectors of PPP public tenders for the period 2002-2018. We highlight that ABP Nocivelli primarily operates in the Social and public buildings, healthcare construction, sport facilities, accommodation facilities, parking and energy and telecommunications sectors, which cover nearly half of the PPP value yearly (or 70% excluding “big deals”, i.e. largest projects that mainly involve large infrastructures such as railways, motorways, etc.).

Italian PPP market value by sector (total)



Italian PPP market value by sector (excluding big deals)



Source: IFEL and Cresme research on Osservatorio Opere pubbliche CRESME and infopp.it data

As regards the type of PPP project, we highlight that over the last few years (2015/19) services concessions have increased in weight, as they accounted for ~82% of the total tenders and for ~69% of the awarded value.

Moreover, public administrations have been increasingly resorting to PPPs, as testified by the rising amount of public works being awarded to private partners (just over 30% in 2015/19, vs. ~22% in 2002/19).

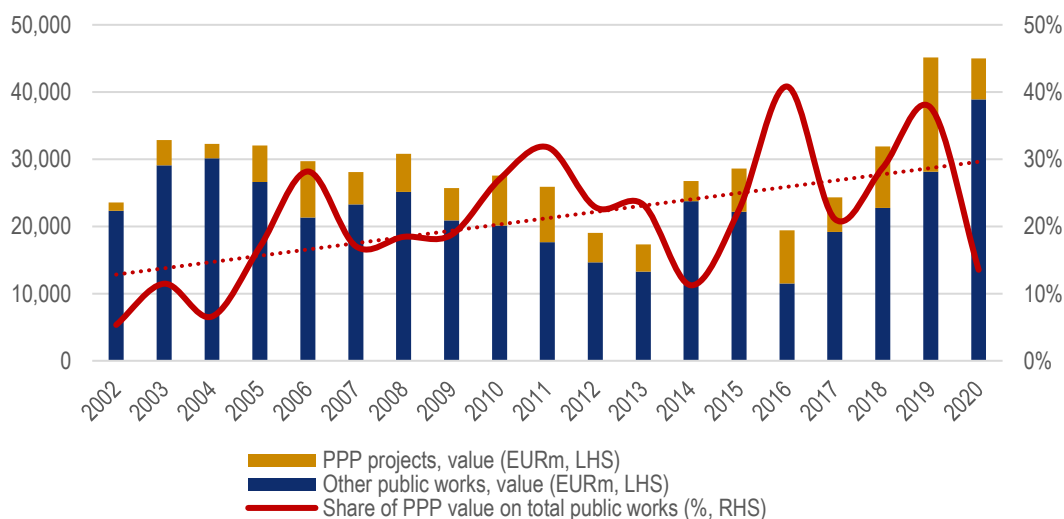
PPP projects: deal number and value by type of concession

PPP projects				
	No. of deals	%	Value of deals (EURm)	%
2002-2019				
Service concessions	28,761	73%	47,362	43%
Works concessions	6,529	17%	51,936	48%
Other PPP tenders	3,885	10%	9,696	9%
total	39,175		108,994	
as a % of total public works	9.6%		21.8%	
2015-2019				
Service concessions	14,046	82%	31,557	69%
Works concessions	1,701	10%	10,611	23%
Other PPP tenders	1,360	8%	3,502	8%
total	17,107		45,670	
as a % of total public works	17.0%		30.6%	

Source: IFEL and Cresme research on Osservatorio Opere pubbliche CRESME and infopp.it data

Indeed, PPPs have outpaced the general public works growth over the last two decades, with a 9.2% CAGR, compared with 3.1% for traditional tenders.

Italian PPP market vs. general public works (deal value, 2002/20)



Source: IFEL and Cresme research on Osservatorio Opere pubbliche CRESME and infopp.it data

PNRR and investments in the Healthcare System

The Italian government has earmarked ~EUR 75bn (~EUR 90bn including additional funding) for in the “ecological transition” and “healthcare” missions combined, or 39% of the total PNRR (National Recovery and Resilience Plan) resources over the 2021/26 timeframe.

Italian PNRR funds for “Green revolution and ecological transition” and “Healthcare” (EURbn)

		PNRR	ReactEU	Other funds	Total funds	Details
Mission 2: Green revolution and ecological transition						
M2C3	Energy efficiency and renovation of buildings	15.36	0.32	6.56	22.24	
3.1	Energy efficiency of state-owned real estate	1.21				195 schools (EUR 800m) 48 courthouses (EUR 410m)
3.2	Energy efficiency of public and private residential buildings	13.95				
3.2.1	110% Ecobonus and Sismabonus	13.95			~18(*)	>100k dwellings
Total M2		59.47	1.31	9.16	69.94	
Mission 6: Healthcare						
M6C1	Proximity networks, intermediate structures and telemedicine for local healthcare	7.00	1.50	0.50	9.00	
1.1	Case della comunità	2.00				1,288 buildings
1.2	Home Care & Tele-medicine	4.00				
1.3	Ospedali di comunità	1.00				381 small hospitals
M6C2	Innovation, research and digitalisation of the National Healthcare service	8.63	0.21	2.39	11.23	
2.1	Technological/digital update	7.36				
2.1.2	Structural work on hospitals	1.64				Anti-seismic interventions in 116 hospitals
Total M6		15.63	1.71	2.89	20.23	

Source: Italian PNRR documents, press sources (*) total funds according to press sources

In particular, we highlight that the **Green revolution mission** (No.2) includes ~EUR 22bn for energy-efficient renovation of buildings, mainly to fund the 110% Superbonus tax credit. Though public administrations can ask for these subsidies (which are designed to subsidise the renovation of residential buildings), funds are being drawn almost entirely by private householders.

Renovation works are also planned to improve the energy performance of **state-owned real estate**, which we argue is much closer to Nocivelli’s core business. EUR 800m in investments has been earmarked to improve at least 195 school buildings and another EUR 410m to renovate at least 48 courts of law.

The **Healthcare mission** (No.6) includes a range of interventions to strengthen and enhance local healthcare systems by tapping into the knowledge gained during the Covid-19 pandemic. The “**Case della comunità**” (town surgeries) project is aimed at building a network of one-stop centres offering general health services, with a specific focus on the treatment of chronic diseases. As such, it is expected to absorb part of the existing social services and the network of general practitioners. 1,288 “houses” (including newly built and transformed structures) are expected to be completed between 2022 and 2026, with investments worth EUR 2bn.

Another EUR 1bn is to be poured into the “**Ospedali di comunità**” (community hospitals) project, i.e. 381 small hospitals (with an average of 20 beds and in any case less than 40 beds) designed to provide people with routine surgery and short-term hospitalisation, thus easing the pressure on Accident&Emergency departments or other recovery structures.

Finally, the **“Technological update of hospitals”** investment item includes works to update real estate and technological equipment (particularly anti-seismic interventions: worth EUR 1.64bn).

According to research by IRES Piemonte (“Theoretical building and maintenance costs of hospitals”, 2018) on standard costs, hospital construction works in a stricter sense (i.e. buildings and integrated, embedded systems) are worth between ~EUR 220K/300K per bed depending on the complexity of the hospital, averaging at ~EUR 270K, of which ~20/30% for technological hubs and systems. In addition, higher-level healthcare technological equipment accounts for another ~EUR 80/100K per bed, whereas other equipment and facilities account for EUR 20/30K.

Community hospitals seems to be far less complex than ordinary hospitals, based on an average investment of ~EUR 130K per bed, or ~EUR 2.6m per building. As regards town surgeries, the unitary investment is even lower (~EUR 1.5m) as it is probably affected by the lower incidence of newly built structures.

Therefore, **we estimate that the potential target market for ABP, triggered by the PNRR, could be worth ~20% of the total investments in the healthcare area** (projects 1 and 3 in mission 6MC1), i.e. **~EUR 1.0bn**.

Furthermore, we understand that facility management services, as well as supply and maintenance agreements, are usually the most profitable part of a construction project.

In particular, the IRES Piemonte research estimates that economically affordable annual costs for maintenance can be as high as 2.5/3% of the construction costs. Nomisma’s estimates (see the table below) implicitly point to annual costs in the range of 5/7% of the initial investments for the whole facility management services. As such, **the PNRR investments may drive an additional service market worth up to EUR 1.5bn**, bearing in mind that multi-service agreements usually span 6 to 9 years.

We finally note that, according to research published by Nomisma and Rekeep in July 2021, the PNRR projects ought to be boosted in order to enable the proximity healthcare network to reach reasonable territorial coverage. Their estimates are detailed below.

Nomisma/Rekeep analysis on PNRR proximity healthcare plans

			Further additions to be planned (Nomisma/Rekeep)	
	Operating as at July 2021	Planned in PNRR (investment)	No. of buildings (investment)	Criteria
Town surgeries	489	1,288 (EUR 2.0bn)	1,233 (EUR 1.4bn)	1 every 20,000 inhabitants
Community hospitals	163 (~3,260 beds)	381 (7,620 beds) (EUR 1.0bn)	661 (13,220 beds) (EUR 1.3bn)	1 every 50,000 inhabitants
Total investments		EUR 3.0bn	EUR 2.7bn	77% on decommissioned/ unusable real estate 23% on newly built structures
Facility management services			EUR 193m (~77K per town surgery) EUR 160m (~155K per community hospital)	

Source: Nomisma/Rekeep “Missione Salute – verso una sanità territoriale: un piano di investimenti in strutture”

Notably, Nomisma’s research highlights that no town surgeries were operating in Lombardy (Nocivelli’s reference region) before February 2022, compared with 216 planned by the end of 2026.

Energy supply to the Public Administration

Since 2001, the Italian Ministry of Economy and Finance has adopted measures to streamline public administration purchases. All levels of public administration have been provided with a variety of tools, including tenders, simplified tenders, e-procurement platforms and framework agreements.

In particular, the Ministry has made the state-owned **Consip** as the central purchasing body. Consip currently purchases goods and services worth ~EUR 16.6bn per year (2020), almost double over the last four years. The “overseen purchases” (i.e. the theoretical value of purchases covered by Consip’s tools) exceed EUR 51bn, i.e. almost half of the goods and services purchased by the whole Italian state.

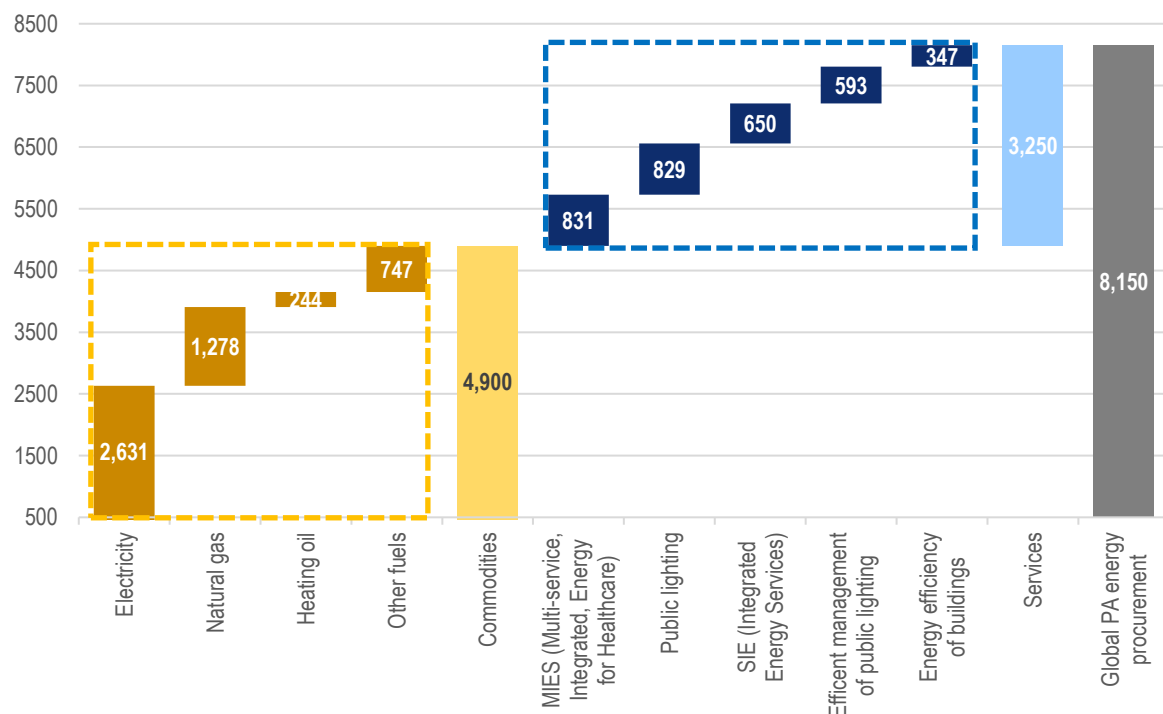
Over the last few years, **energy procurement** has increasingly come under scrutiny by the public administration as the efficient use of resources is key to cutting costs and to achieving the demanding decarbonisation targets set by the EU and the national plans (“**Fit for 55**” and **National Integrated Plan for Energy and Climate – PNIEC**).

Public tenders for energy efficiency

Over the last few years, the increase in energy performance and the efficient use of resources have increasingly been drawing public administrations’ attention, which have set new tender requirements that are specifically aimed at improving energy performance, with a rewarding scheme correlated to the actual energy savings. Thus, the boost from the ecological transition measures has opened new windows of opportunities.

According to a Consip and Ministry of Economy and Finance’s joint research, public administrations purchase **~EUR 8bn in energy commodities and services p.a.**

Public administration’s energy procurement: commodities and services (EURm, FY 2019)



Source: Consip, Ministry of Economy and Finance

Many national-level tenders in the **services area** are organised by Consip, which has been implementing new frameworks following a nation-wide streamlining programme. In particular, service supply agreements are being designed based on an **Energy Performance Contract (EPC)** model, which, besides the core energy supply services, requires a range of “energy management” tools, including:

- 1) Design of energy-efficiency upgrade of plants, systems and buildings;
- 2) Commitment to carry out interventions with a measurable reduction in energy consumption (in tonnes of oil equivalent – TOE or kWh);
- 3) Release of an Energy performance certification (APE);
- 4) Management system of energy carriers.

The **SIE** (Integrated Energy Service) tender has gone through four successive phases, SIE 4 being the latest, launched in 2015 and with the first lots awarded in 2020. **Annual payments under the SIE framework are worth ~EUR 650m.**

The range of services include four areas:

- 1) **Electricity:** supply of electricity; management and maintenance of cooling systems;
- 2) **Energy:** supply of thermal carriers; management and maintenance of heating systems;
- 3) **Energy management:** energy performance certification; energy-efficient renovation of buildings; control and management systems;
- 4) **Management and support services:** call centres, information systems, planning and control services;

SIE 4 has set increasingly ambitious targets, as shown in the following table.

Energy service tenders: targets and results

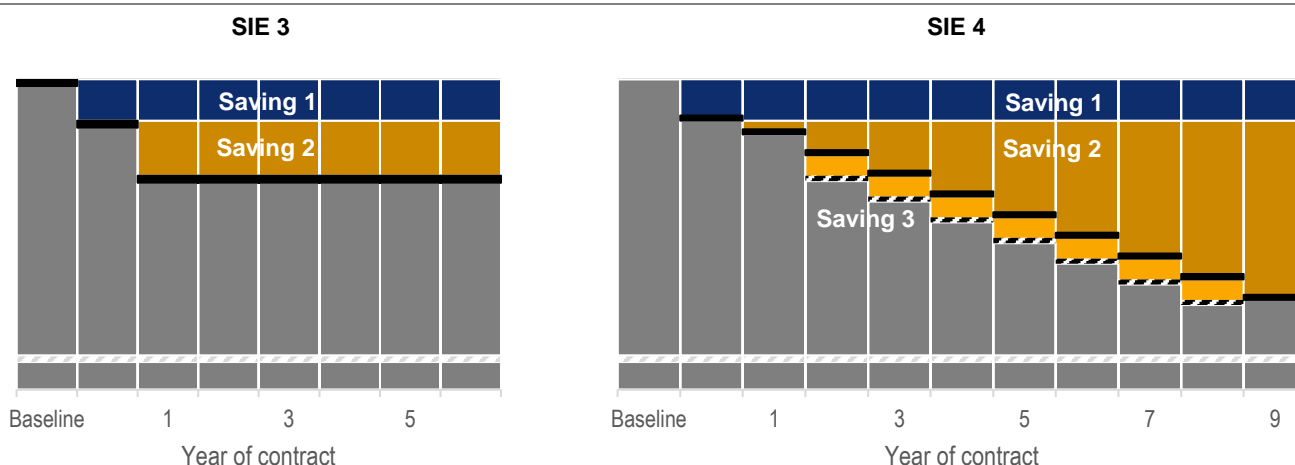
	SIE 1	SIE 2 Agreements signed Contracts expiring	SIE 3 Agreements in force Contracts effective	SIE 4 12 lots awarded (out of 16)
Object	na	<ul style="list-style-type: none"> ✓Energy service ✓Energy management ✓Maintenance of cooling systems 	<ul style="list-style-type: none"> ✓Energy service ✓Electricity supply ✓Energy management systems ✓Maintenance of cooling systems 	<ul style="list-style-type: none"> ✓Total building energy ✓Energy services ✓Electricity supply ✓Energy management systems ✓Maintenance of cooling systems
Energy efficiency targets	✓>5 TOE every EUR 10m in thermal carrier purchases	✓>300 TOE every EUR 10m in thermal carrier purchases	<ul style="list-style-type: none"> ✓-25% in thermal consumption ✓-20% in electricity consumption ✓10% “shared saving” (energy savings-linked decline in fee) 	<ul style="list-style-type: none"> ✓-25% in thermal consumption ✓-20% in electricity consumption ✓30% and 21% “shared saving” in thermal and electricity consumption respectively ✓25% sharing of further efficiency realised ✓Commitment to renovate buildings under 9-year contracts ✓Green electricity supply
Interventions (# and description)	887 <ul style="list-style-type: none"> ✓Fuel, power unit replacement ✓Cogeneration plants 	1,938 <ul style="list-style-type: none"> ✓Interventions on systems (thermostatic valves, pipe insulation, remote control) 	1,754 <ul style="list-style-type: none"> ✓Building renovation: ✓Thermal cladding ✓Window replacement 	na, ongoing
Thermal reduction	13.8K TOE	64.5K TOE	190K TOE	na, ongoing
Lower emission	40.8K tCO ₂	160K tCO ₂	471K tCO ₂	na, ongoing

Source: Consip, Ministry of Economy and Finance data

We note that the SIE 4 contracts have a longer duration (9 years compared with the usual 6-year duration), as they now provide for the renovation of buildings. Moreover, under the EPC contracts, the supplier is granted an **agreed fee** while a “**sharing saving scheme**” grants the contracting public bodies joint participation in the actual energy savings.

As a result, at the end of the contract, the public administration will have paid less for energy thanks to the joint participation in savings and will be returned a renovated building, which is expected to be structurally less energy-consuming.

SIE tenders: savings scheme vs. baseline (historical purchase)



Source: Consip, Ministry of Economy and Finance

Saving 1: lower unitary purchasing price thanks to Consip’s public tender

Saving 2: linear (SIE 3) or progressive (SIE 4) joint-participation to savings

Saving 3: sharing of additional savings

Another significant tender is **MIES (Multiservice Integrated Energy for Healthcare)**, a package of services designed for the healthcare system, which draws ~EUR 830m p.a. in purchases by the public administration.

Energy service for the Healthcare system tenders: targets and results

	MTS Agreements signed Contracts expiring	MIES 1 Agreements signed Contracts effective	MIES 2 8 lots awarded (out of 16)
Object	<ul style="list-style-type: none"> ✓Hospitals and buildings with extra-hospital purposes ✓Technological services 	<ul style="list-style-type: none"> ✓Hospitals and buildings with extra-hospital purposes ✓Energy service ✓Technological services with efficiency plans ✓Technological and building services 	<ul style="list-style-type: none"> ✓Hospitals and buildings with extra-hospital purposes ✓Energy service (H24 and variable timing) ✓Technological services with efficiency plans ✓Technological and building services ✓Energy management system
Energy efficiency targets	na	✓-28% in thermal consumption	<ul style="list-style-type: none"> ✓-32% in thermal consumption ✓lower TOE consumption for electricity
Interventions (# and description)	na	331 ✓Power from renewable sources (solar thermal collectors, photovoltaic plants, heat pumps)	na, ongoing
Thermal reduction	na	190K TOE	na, ongoing
Lower emission	na	471K tCO ₂	na, ongoing

Source: Consip, Ministry of Economy and Finance data

Financials

ABP's focus on **long-term supply agreements with public administrations** has enabled the group to reach a steady revenue stream with sound profitability and cash generation. Furthermore, these energy services are commonly treated as operating costs within public administrations, thus being paid for on a regular basis and carrying **almost negligible counterparty risk**.

We refer to the "value of production" as the key driver for the company's turnover, since the construction business is characterised by the work-in-progress accounting principle as it usually covers many years, whereas its reversal effect (such as in 2016/17) may cause non-meaningful spikes in sales.

2014/21 overview

We show the last years' P&L trend below.

P&L: 2015/21 overview

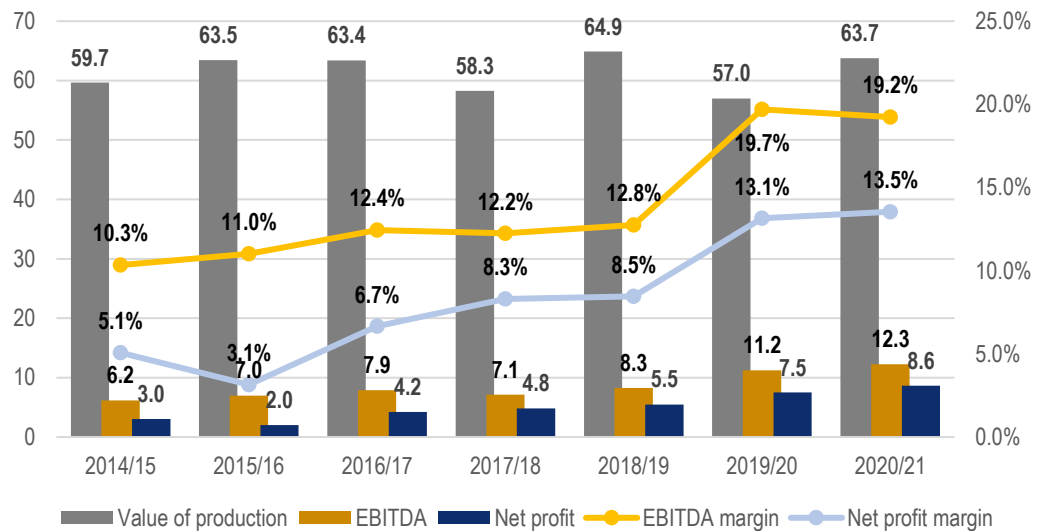
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20*	2020/21**	CAGR 15/21
Sales	59.1	58.3	108.2	57.4	60.0	60.6	60.5	0.4%
o/w petroleum products	5.6	3.8	4.2	4.5	5.1	3.8	3.3	-8.4%
o/w energy supply	18.7	19.1	18.2	18.7	19.7	16.6	21.6	2.4%
o/w plants construction	3.0	1.8	53.6	0.3	1.3	7.7	3.1	0.5%
o/w services to consortia	30.7	32.4	29.7	30.4	30.7	25.3	22.9	-4.8%
o/w maintenance	1.0	1.2	2.5	3.5	3.3	7.2	9.5	44.5%
Change in inventories and WIP	0.6	5.2	(44.8)	0.9	4.9	(3.7)	3.2	nm
Value of production	59.7	63.5	63.4	58.3	64.9	57.0	63.7	1.1%
Input costs	(15.2)	(16.9)	(17.1)	(14.5)	(17.3)	(12.3)	(12.6)	-3.1%
G&A	(33.4)	(37.1)	(36.1)	(34.2)	(37.4)	(31.0)	(31.8)	-0.8%
Personnel costs	(4.5)	(4.2)	(4.4)	(5.3)	(5.5)	(5.9)	(6.8)	7.1%
Other income/expenses	(0.4)	1.7	2.1	2.9	3.6	3.4	(0.2)	
EBITDA	6.2	7.0	7.9	7.1	8.3	11.2	12.3	12.1%
<i>EBITDA margin</i>	<i>10.3%</i>	<i>11.0%</i>	<i>12.4%</i>	<i>12.2%</i>	<i>12.8%</i>	<i>19.7%</i>	<i>19.2%</i>	
D&A	(1.0)	(3.2)	(1.2)	(1.3)	(0.9)	(1.1)	(1.1)	1.0%
EBIT	5.2	3.8	6.6	5.8	7.3	10.2	11.2	13.8%
<i>EBIT Margin</i>	<i>8.6%</i>	<i>6.0%</i>	<i>10.5%</i>	<i>10.0%</i>	<i>11.3%</i>	<i>17.8%</i>	<i>17.5%</i>	
Net financial income/(expenses)	(0.6)	(0.0)	(0.4)	0.8	0.3	0.2	0.4	
PBT	4.6	3.8	6.3	6.6	7.7	10.3	11.6	16.8%
Taxes	(1.6)	(1.8)	(2.0)	(1.8)	(2.2)	(2.8)	(2.9)	
<i>Tax rate</i>	<i>34.0%</i>	<i>47.4%</i>	<i>32.6%</i>	<i>26.8%</i>	<i>28.4%</i>	<i>27.5%</i>	<i>25.4%</i>	
Net income	3.0	2.0	4.2	4.8	5.5	7.5	8.6	19.1%

Source: company data.

(*) 2020 data on a pro-forma basis, after the spin-off of Immobiliare Nocivelli (effective as of 29 October 2020). The impact on the P&L was negligible, with almost no changes in EBITDA (~EUR 20K less, after ~EUR 180K in lower non-operating revenues and EUR ~EUR 160K in lower non-operating costs).

(**) Data as of 2018/19 include the consolidation of Run Power Plants.

P&L main lines: trend 2015/21

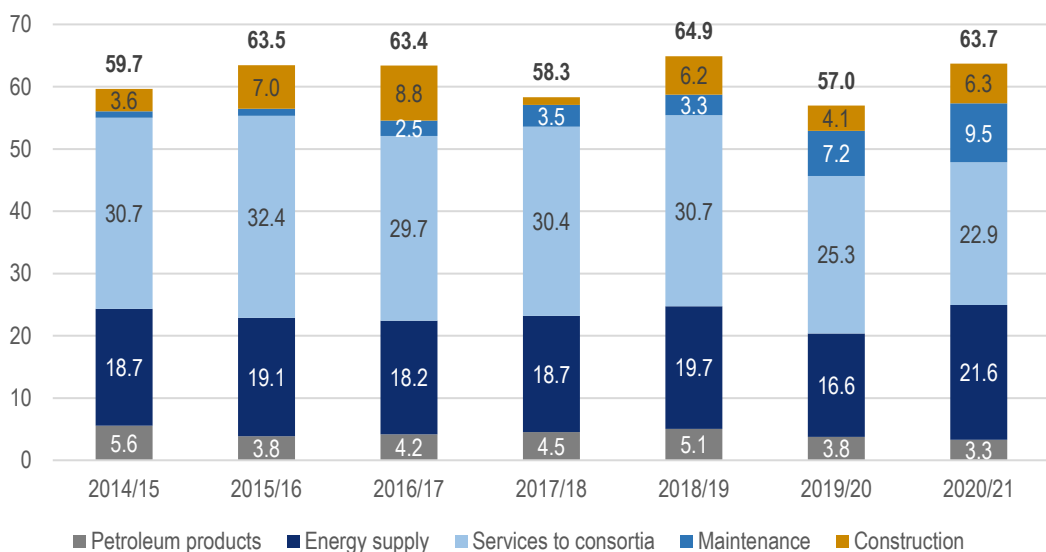


Source: Banca Akros, company data

The value of production has remained broadly stable over the last few years, though we note that significant shifts among different sources of revenues have occurred:

- ✓ **Petroleum products** have declined in the last two years, mainly due to lower consumption and falling prices; in any case, this business unit is deemed residual by the group itself;
- ✓ **Plant construction** fluctuates following the acquisition of new building contracts and the completion of heating, cooling and electrical systems;
- ✓ **Maintenance** services have significantly increased and now account for ~15% of the value of production.
- ✓ **Energy supply** and **services to consortia** are items that are directly linked to the public tenders managed by ABP along with its partners.

Value of production: trend 2015/21

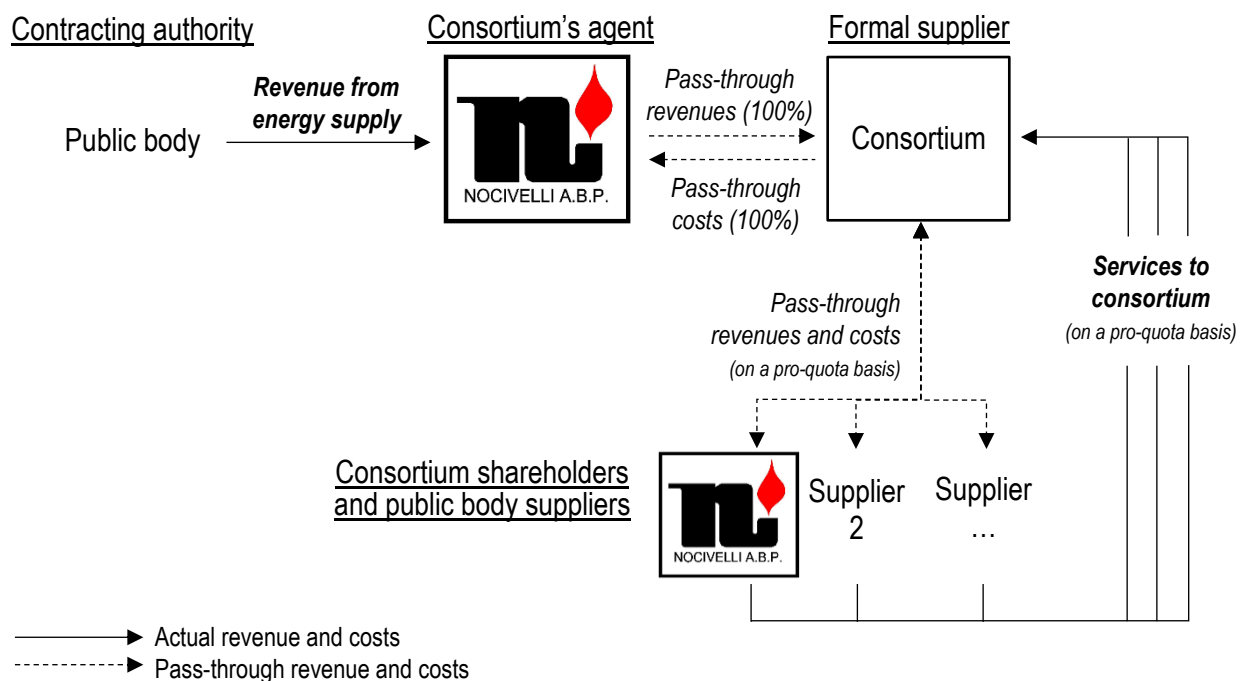


Source: Banca Akros, company data

In particular, most of the “**energy supply**” revenues are actually a pass-through item (EUR 17.1m out of EUR 21.6m); indeed, ABP acts as the “agent” of temporary consortia (i.e. ABP is the legal entity that deals with the public administration directly) in a couple of agreements. As such, it invoices the public body for the energy services and then passes the revenues entirely on to the consortium, which is the legal entity that groups the partners and coordinates their operations for that specific contract. On the other hand, each partner invoices the consortium for the share of services they had provided. When ABP invoices the consortia for services as a supplier (not as an agent), on a pro-quota basis, it books “actual” revenues, which are shown as **services to consortia**.

This particular accounting system, given that **consortia cannot be consolidated** (thus avoiding the “double accounting” of revenues) “inflates” revenues and costs. **Therefore, despite a neutral impact on EBITDA, the margin on the value of production is structurally diluted.**

Revenue and cost flows: “consortium model”



Source: Banca Akros, company data

As regards the **revenue trend**, we note that services to consortia declined due to the gradual expiry of contracts signed by the consortium-like companies Tecnoenergia Sud and Tecnosanità and, to a lesser extent, by Tecnoenergia Nord.

Tecnoenergia Nord Scarl

Agreement: Consip tender “SIE 2” – Lot no. 1 – Piedmont

EURm	2014	2015	2016	2017	2018	2019	2020
Sales	33.66	30.37	33.91	34.71	34.80	31.36	31.20
Δ% Y/Y	11.0%	-9.8%	11.7%	2.4%	0.3%	-9.9%	-0.5%

Source: Tecnoenergia Nord data from Cerved

Tecnoenergia Sud Scarl

Agreement: Consip tender “SIE 2” – Lot no. 11 – Sicily

EURm	2014	2015	2016	2017	2018	2019	2020
Sales	9.22	8.37	7.50	8.09	6.68	5.94	0.04
Δ% Y/Y	-15.8%	-9.1%	-10.4%	7.8%	-17.4%	-11.1%	-99.4%
o/w for pass-through costs	4.53	4.10	3.67	3.98	3.27	2.96	0.04

Source: Tecnoenergia Sud data from Cerved

Tecnosanità Scarl (disbanded in December 2021)

Agreement: Consip tender “Healthcare 2006” – Lots no. 5/6 – ASL 2 Lanciano-Vasto-Chieti

EURm	2014	2015	2016	2017	2018	2019	2020
Sales	11.68	12.94	9.23	7.76	6.84	5.77	0.01
Δ% Y/Y	-0.8%	10.8%	-28.7%	-16.0%	-11.9%	-15.6%	-100.0%

Source: Tecnosanità data from Cerved

We finally note that ABP adopts Italian GAAP. Therefore, the increase in work-in-progress revenues due to multi-annual construction projects are booked at their actual cost, without adding any profit margins. Profits are booked entirely at completion as they can be valued precisely based on the final invoiced prices.

As regards **operating costs**, input and G&A costs include the abovementioned pass-through revenues: as such, the decline is mainly linked to the gradual expiry of consortium contracts (as explained before about revenues).

We highlight that the improvement in the EBITDA margin recorded in the last two years is mainly due to a few factors:

- ✓ The **decrease in pass-through revenues and costs**, which dilute the EBITDA margin structurally;
- ✓ The **acquisition of new maintenance and energy supply contracts directly managed** by ABP or by consortia in which ABP does not act as consortium agent;
- ✓ Effective **cost control**.

The current **cost inflation**, which has been impacting fuel prices, **is efficiently managed by ABP** thanks to **long-term supply contracts**. Moreover, the **periodic fees** it gets from the energy supply agreements are adjusted periodically based on ARERA's (the Italian regulator on energy, networks and grids) tariffs.

As regards construction contracts, we understand that the company is able to renegotiate terms and conditions to account for the spike in materials prices, or to postpone the less profitable projects.

All in all, ABP's cost structure and revenue indexation is likely to yield stable operating profits even in the current tough context.

Among interest income and expenses, we note that ABP cashes in ~EUR 350/400K p.a. in dividends from **Catalyst Brescia**, the SPV which was awarded a PPP project in 2002 for the renovation, expansion and management of the newly built areas of Brescia hospital (“Spedali Civili”). Unlike the aforementioned consortia, this vehicle is entitled to the annual rents paid by the hospital, retains all revenues, pays for all the related costs and distributes annual dividends.

Balance sheet, cash flow and financial position

Among ABP's main assets, we note that **intangibles** include the investments made on third parties' tangible assets and capitalised expenses linked to multi-annual contracts, booked in compliance with Italian GAAP.

Balance sheet: 2014/21 overview

	2015	2016	2017	2018	2019	2020*	2021
Intangible fixed assets	3.12	11.33	2.58	1.51	0.80	0.89	4.23
Net tangible assets	0.36	0.43	0.74	0.93	1.52	0.97	0.96
Financial assets	2.96	3.15	3.34	3.37	2.68	2.38	1.74
Fixed assets	6.44	14.90	6.66	5.80	5.00	4.24	6.93
Net working capital (NWC)	5.15	4.29	17.85	20.15	15.53	6.33	7.76
Severance indemnity fund	(1.02)	(1.14)	(1.30)	(1.43)	(1.54)	(1.70)	(1.84)
Other risk and provision funds	(0.02)	(0.04)	(0.24)	(0.25)	(0.34)	(0.24)	(0.22)
NET CAPITAL EMPLOYED	10.54	18.01	22.98	24.28	18.64	8.63	12.63
Shareholders' equity	9.55	11.55	18.59	23.04	27.89	24.64	44.17
Cash and marketable securities	(4.86)	(2.15)	(3.47)	(5.05)	(16.15)	(19.21)	(32.97)
Financial short-term debt	2.92	5.60	5.42	4.40	3.41	1.77	1.12
Financial l/m term debt	2.94	3.01	2.44	1.89	3.49	1.43	0.31
Net financial debt (cash)	1.00	6.47	4.39	1.24	(9.25)	(16.01)	(31.54)
NET INVESTED CAPITAL	10.54	18.01	22.98	24.28	18.64	8.63	12.63

Source: Banca Akros on company data

(*) 2020 data on a pro-forma basis, after the spin-off of Immobiliare Nocivelli.

Financial assets include the book value of stakes in associates and JVs, namely:

Description		Stake (%)	Book value (EURk)	Equity value as at 30 June 2021
Associates		-	376.0	720.1
Catalyst Brescia	SPV for construction and management of new areas of Spedali Civili (Brescia)	24.0%	290.3	568.3
Cosmo	Consortium for maintenance activities in Spedali Civili	48.0%	48.0	114.1
Tecnoenergia Nord	Consortium for management of Consip tender SIE 2 – Lot 1 Piedmont	34.3%	34.3	34.3
Tecnoenergia Sud	Consortium for management of Consip tender SIE 2 – Lot 11 Sicily	34.3%	3.4	3.4
Other investments		-	752.5	-
Futura	SPV for construction and management new areas of Spedali Civili (Brescia)	8%	712.0	-
Other	BCC Brescia, BP Crema, Esco Ville Venete, CET, Brenta Alta	-	40.5	-

Source: company data

The **net working capital** swings are mainly due to the work-in-progress item, which usually piles up on a multi-annual basis.

The **financial cycle** of trade receivables and payables has been stable over the last few years, with average DSO and DPO (excluding down-payments) standing at ~70 and ~160 days. As regards the stock of operating credits with consortia, which better gauges the cycle of the energy service business, we note that DSO has constantly stood at ~20 days, consistently with the monthly payments from public administrations.

We also note that when ABP provides services to public administrations it benefits from the **"split payment scheme"**, i.e. an exceptional VAT framework that allows the supplier not to add VAT in its invoice, since the public administration pays it directly. As such, the company structurally generates a VAT credit on its purchases (included in other activities in the NWC), which we estimate to be in the range of 12/14%, or ~EUR 5/6m p.a.

We finally note that in order for ABP to reorganise its structure before the IPO it spun off its real estate portfolio on 29 October 2020. As a result, ABP disposed of ~EUR 6.4m in current real estate assets. The newly created company, Immobiliare Nocivelli (fully owned by Bruno Nocivelli and Laura Salvatore) exited ABP's scope of consolidation in FY 2020/21.

which was transferred to the newly created Immobiliare Nocivelli and exited ABP group's scope of consolidation. Consequently, ABP's disposed of Nocivelli also generated EUR 2.7m in net cash and EUR 10.2m in equity.

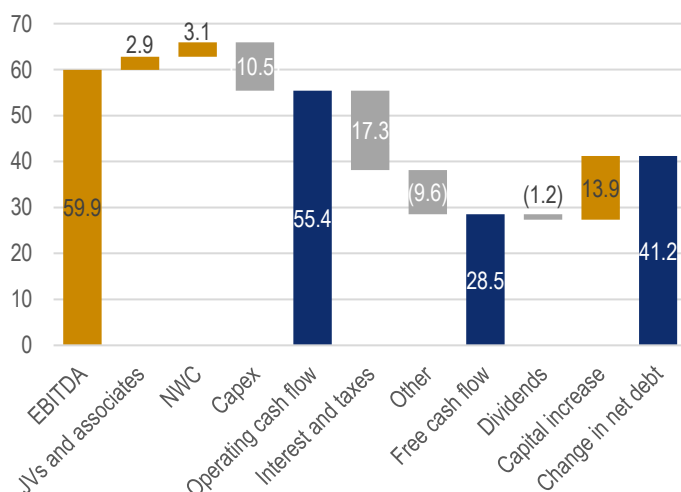
Cash generation: 2014/21 overview

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
EBITDA	6.17	7.00	7.88	7.14	8.27	11.22	12.26
+ income from JVs and associates	0.19	0.23	0.17	1.02	0.34	0.40	0.50
-/+ change in NWC	5.73	0.86	(13.56)	(2.30)	4.62	9.20	(1.43)
- capex	(2.01)	(10.88)	7.08	(0.36)	0.18	(0.89)	(3.61)
- interest and taxes	(2.33)	(2.06)	(2.59)	(2.02)	(2.20)	(3.05)	(3.05)
- other	0.91	(0.61)	0.28	(0.13)	(0.52)	(7.15)	(2.35)
Free cash flow	8.66	(5.47)	(0.75)	3.35	10.70	9.73	2.32
As a % of VoP	14.5%	-8.6%	-1.2%	5.7%	16.5%	17.1%	3.6%
- Dividends	0.00	0.00	0.00	(0.20)	(0.21)	(0.50)	(0.30)
- Capital increase	0.00	0.00	2.83	0.00	0.00	0.00	11.04
Change in net debt	8.66	(5.47)	2.08	3.15	10.49	9.23	13.06

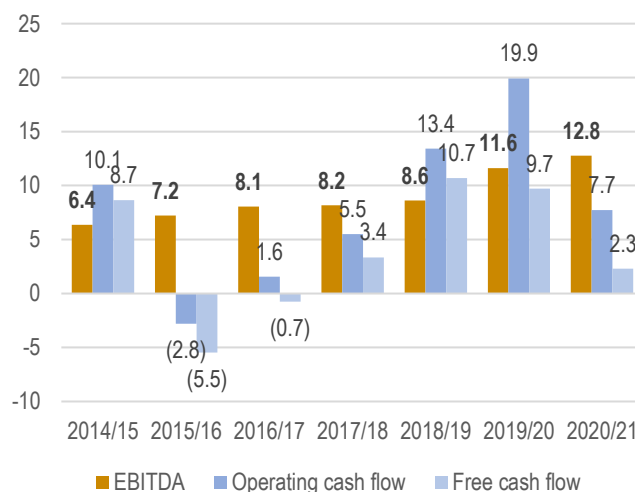
Source: Banca Akros on company data

We provide an overview of the cumulative cash flows in order to normalise the sharp variations due to the start or the completion of multi-annual building contracts.

Cash flow: cumulated generation 2015/21 (EURm)



Cash flow: yearly cash generation 2015/21 (EURm)



Source: Banca Akros, company data

Operating profitability has been the main source of cash, whereas NWC requirements and investments absorbed only 12% of EBITDA in the period. Among interest and taxes, we note that interest and financial expenses accounted for ~EUR 2.2m. Most of them were concentrated in the earlier years, when ABP had higher leverage to cover the work-in-progress inventories. "Other" is mostly related to the spin-off of Immobiliare Nocivelli.

All in all, **ABP posted a cumulated operating cash conversion rate of ~92%** of EBITDA (48% at the free cash flow level, after taxes and other items). Taking into account the marginal cash-out due to dividends and the IPO-linked capital increase, the net debt position for ABP improved by ~EUR 41m in the 2015/21 timeframe, thus reaching EUR 31.5m net cash.

H1 2021/22 results

We summarise the main lines of the H1 2021/22 results, ending 31 December 2021.

	H1 19/20	H2 19/20	H1 20/21	H2 20/21	H1 21/22	Δ% Y/Y
Sales	25.1	35.5	29.0	31.5	23.8	-18.1%
o/w petroleum products			1.7	1.6	1.7	0.8%
o/w energy supply			10.3	11.4	8.6	-16.4%
o/w plants construction			2.0	1.1	1.1	-46.5%
o/w services to consortia			10.3	12.7	9.1	-11.3%
o/w maintenance			4.7	4.8	3.3	-30.4%
Change in inventories and WIP	1.6	(5.3)	0.3	3.0	3.2	
Value of production	26.7	30.3	29.3	34.5	27.0	-7.7%
Input costs	(6.5)	(5.8)	(6.2)	(6.4)	(6.0)	-2.9%
G&A	(14.1)	(16.8)	(14.1)	(17.7)	(13.2)	-6.5%
Personnel costs	(2.8)	(3.1)	(3.3)	(3.5)	(2.5)	-22.4%
Other income/expenses	1.9	1.4	(0.1)	(0.1)	1.9	
EBITDA	5.2	6.1	5.5	6.7	7.1	28.5%
<i>EBITDA margin</i>	19.3%	20.0%	18.9%	19.5%	26.3%	7.4pp
EBIT	4.7	5.4	5.1	6.0	6.3	23.2%
<i>EBIT Margin</i>	17.6%	18.0%	17.5%	17.5%	23.4%	5.9pp
PBT	4.9	5.4	5.4	6.1	6.6	21.8%
Net income	3.0	2.0	4.2	4.8	5.5	29.9%

Source: company data

Revenues were slightly affected by a seasonal effect as ABP invoices its customers for the service periodically, while a balance based on actual consumption is only established at the end of the second half.

The decline in sales was mainly due to the expiry of some contracts, namely the agreement to manage plant operations with hospitals in ASL 2 Lanciano-Vasto-Chieti (in the Abruzzo Region) and the energy supply agreements with Fondazione Ordine Mauriziano, the Asti Province, the City of Milan and the City of Venaria Reale. Nevertheless, the increase in work-in-progress partially offset the sales fall at the value of production level, thus ending H1 2021/22 at -7.7% Y/Y.

Among costs, the strong decline in personnel costs is also linked to contract expiration since the served public administrations in Abruzzo hires the workforce proceeds to conduct the contracted service.

H1 21/22 EBITDA benefitted from the EUR 2.5m non-recurring profit linked to an agreement with the SPV Futura srl under which ABP provided consultancy services for a real estate deal. Despite the significant decline in the top-line, the “adjusted” EBITDA margin stood at 17%.

The net cash position improved further to EUR 35.4m in H1 21/22 (vs. EUR 31.5m at the end of FY 20/21). Gross debt was EUR 0.9m.

Outlook. The group’s 3-year backlog was EUR 245m (vs. EUR 240m at the end of FY 20/21), which roughly implies ~EUR 80/82m in revenues p.a. As a reminder, the FY 21/22 revenues are expected to be significantly lower than expected at the IPO (~EUR 60/65m, vs. the original target of ~EUR 86m) due to some delays in the awarding of contracts following some public tenders. **Nevertheless, the expected FY 21/22 EBITDA is still seen around EUR 13m.** On 13 May 2022, the company announced that **the 3-year EUR 245m backlog was part of a EUR 600m backlog over the next 10 years (2022/31)**. The expected revenues beyond 2024 are entirely owed to concessions (including those linked to PPP projects), which gives very high visibility on the EBITDA profile.

Estimates

ABP's business is characterised by medium- or long-term agreements which provide high-visibility on revenue and margins. The group's backlog (~EUR 600m at the end of December 2021), is computed on ten-year basis and only includes contracts and tenders that the company has already won.

Therefore, we argue that the main risks are:

- ✓ **Delays in the awarding of contracts:** in traditional tenders, a variable delay may occur between the winning of a tender lot and the signing of the linked contracts; the delay usually increases as the complexity of the tender increases, due to the number of public entities involved and the number of different activities to be contracted.
- ✓ **Unfavourable outcome of bids:** contracts from tenders last a predetermined timespan. As such, the sustainability of revenues and profits relies on the company's ability to compete in new tenders.

However, the latter threat is mitigated significantly by ABP's higher retention rate as **the legal framework** (legislative decree 115/2008, annex 2, point 6) **allows public administrations to extend energy service contracts**. In particular, the original duration (between 1 and 10 years) can be extended at the public bodies' discretion, provided that the private supplier agrees to supply additional energy services or implement additional direct investments in the managed building (namely the renovation of the utility systems or of the majority of the building enclosure in order to improve its energy performance). The renewed contracts usually include additional energy efficiency targets and provide for additional sharing mechanisms of savings in favour of the public body. Indeed, **ABP has pursued this strategy and is able to renew contracts for 5 to 10 years beyond the original expiring date, thereby reaching a very stable and predictable revenue stream.**

Furthermore, we highlight that **we have not included any additional revenues from PPP projects**, although we believe ABP is likely to invest in new initiatives in the coming years. Indeed, the solid net cash position enables ABP to contribute sizeably to the funding of SPVs, particularly in light of the numerous public-private partnerships to be implemented in order to pour the PNRR resources into actual projects and initiatives. ABP is involved in at least two large hospital projects, i.e.

- ✓ **a new hospital with 540 beds in Terni worth EUR 240m**, together with Salc (founded by Claudio Salini);
- ✓ **a new hospital in Turin.**

In 2014, the company also submitted a PPP project along with Maltauro/ICS worth ~EUR 250m to build a new hospital in Chieti, which was blocked by the Abruzzo regional administrative court in November 2021. The partners have appealed against the decision and the final ruling is still pending.

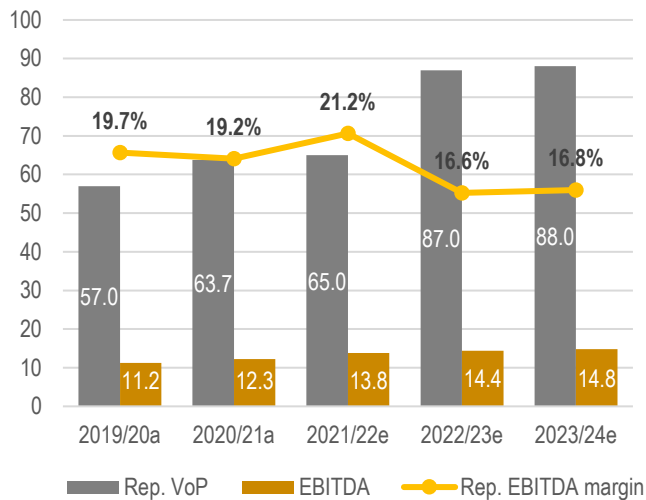
Our FY 21/22 estimates are based on a substantially unaltered perimeter compared with the previous year.

As of FY 22/23, we expect the current backlog to underpin revenue growth. Since most of the additional turnover is linked to construction activities (mainly in the healthcare sector), we expect the EBITDA to remain broadly stable in absolute value, with a physiological dilution of the EBITDA margin. Indeed, we forecast stable profitability for the ongoing energy service contracts, whereas construction works will be booked under the work-in-progress accounting; no margins will be booked before the completion as the progressively-recorded revenue will only cover the actual costs. **As of 2025, the current foreseen annual EBITDA of EUR 13/14m is derived from the EUR 600m backlog over the next 10 years (2022/31)**, as it is mostly owed to long-term concessions (including those linked to PPP projects), which gives very high visibility on the EBITDA profile.

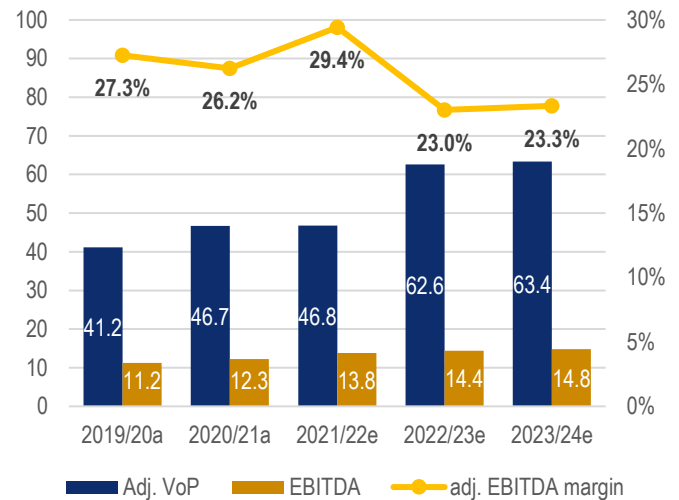


The charts below show our value of production (VoP) and EBITDA margin estimates on a reported and adjusted basis. We have obtained the “adjusted” VoP and EBITDA margin by excluding pass-through revenues (which are invoiced by ABP as the agent of the consortia and are entirely passed on to them), which dilute the profitability margin structurally.

Revenue and EBITDA 22/24e estimates: “reported” figures



Revenue and EBITDA 22/24e estimates: “adjusted” figures



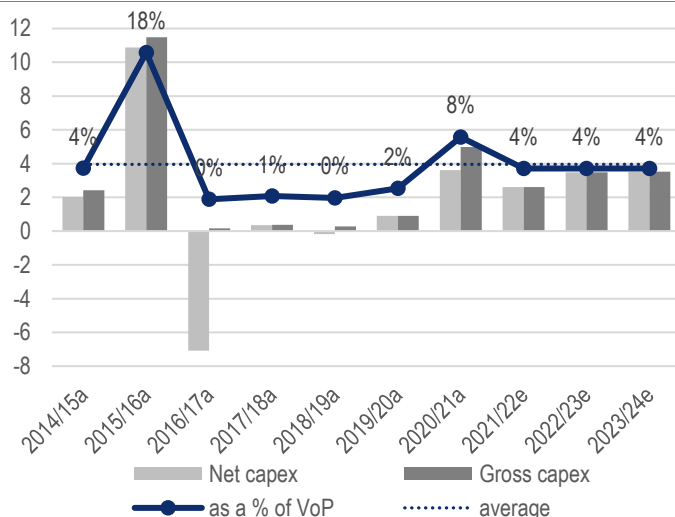
Source: Banca Akros, company data

We have projected a stable stream of investments of ~4% of the annual value of production, in line with the 2015/21 average. However, we highlight that the capex profile is not steady, since it is usually linked to the renewal or extension of single energy service contracts.

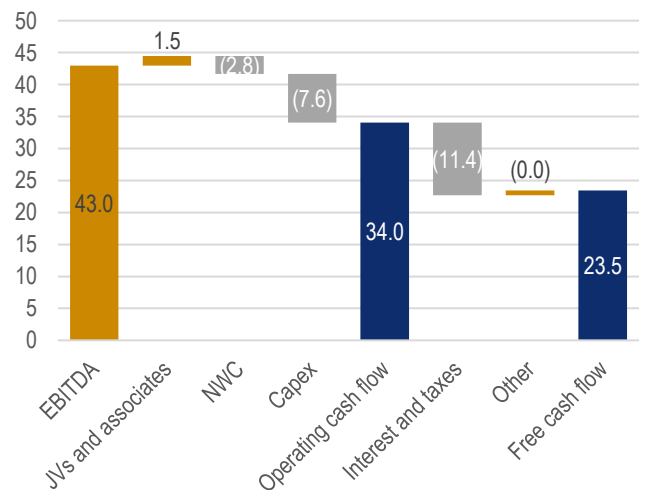
We have inferred an operating cash conversion rate of ~79%, lower than the 2015/21 average (92%) mainly due to the higher NWC absorption (linked to the execution of construction contracts). Nevertheless, we expect the free cash flow to reach ~55% of the cumulated EBITDA (48% in 2015/21) thanks to the lower financial charges and the absence of non-operating transactions (cash flow in 2020/21 was impacted by the deconsolidation of real estate assets, which were transferred to Immobiliare Nocivelli).

All in all, the net cash position for ABP ought to improve by ~EUR 23m in the next three years, thus reaching EUR 55m net cash in FY 2023/24.

Gross and net capex: 2015/24e (EURm and % of VoP)



Cumulated cash flow 22/24e (EURm)



Source: Banca Akros, company data

P&L: 2019/21 data and 2022/24 estimates

	2018/19a	2019/20a	2020/21a	2021/22e	2022/23e	2023/24e	CAGR 21/24
Sales	60.0	60.6	60.5	65.0	87.0	88.0	13.3%
Value of production	64.9	57.0	63.7	65.0	87.0	88.0	11.3%
Input costs	(17.3)	(12.3)	(12.6)	(12.9)	(17.3)	(17.5)	11.3%
G&A	(37.4)	(30.9)	(31.8)	(34.4)	(46.1)	(46.6)	13.5%
Personnel costs	(5.5)	(5.9)	(6.8)	(6.9)	(9.2)	(9.4)	11.3%
Other income/expenses	3.6	3.3	(0.2)	3.0	0.0	0.0	
EBITDA	8.3	11.2	12.3	13.8	14.4	14.8	6.5%
<i>EBITDA margin</i>	12.8%	19.7%	19.2%	21.2%	16.6%	16.8%	
D&A	(0.9)	(1.1)	(1.1)	(1.1)	(1.1)	(1.1)	0.0%
EBIT	7.3	10.1	11.2	12.7	13.3	13.7	7.0%
<i>EBIT Margin</i>	11.3%	17.8%	17.5%	19.5%	15.3%	15.6%	
Net financial expenses	0.3	0.2	0.4	0.4	0.4	0.4	
PBT	7.7	10.3	11.6	13.1	13.7	14.1	6.8%
Taxes	(2.2)	(2.8)	(2.9)	(3.5)	(3.7)	(3.8)	
<i>Tax rate</i>	28.4%	27.5%	25.4%	27.0%	27.0%	27.0%	
Net profit	5.5	7.5	8.6	9.6	10.0	10.3	6.1%

Source: Banca Akros, company data

Cash flow: 2019/21 data and 2022/24 estimates

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
EBITDA	8.3	11.2	12.3	13.8	14.4	14.8
+ income from JVs and associates	0.3	0.4	0.5	0.5	0.5	0.5
-/+ change in NWC	4.6	9.2	(1.4)	(0.1)	(2.7)	(0.1)
- capex	0.2	(0.9)	(3.6)	(2.2)	(2.6)	(2.9)
- interest and taxes	(2.2)	(3.1)	(3.1)	(3.6)	(3.8)	(3.9)
- other	(0.5)	(7.1)	(2.3)	0.0	0.7	0.0
Free cash flow	10.7	9.7	2.3	8.5	6.6	8.4
<i>As a % of VoP</i>	16.5%	17.1%	3.6%	13.0%	7.6%	9.6%
- Dividends	(0.2)	(0.5)	(0.3)	0.0	0.0	0.0
- Capital increase	0.0	0.0	11.0	0.0	0.0	0.0
Change in net debt	10.5	9.2	13.1	8.5	6.6	8.4

Source: Banca Akros, company data

Valuation

We valued ABP using a DCF model since we argue it better captures the group's highly-predictable revenue and profit. We also provide a multiple comparison based on a cluster of facility management and energy service (ESCO) companies to support our assumptions.

We have set a target price of EUR 5.7/sh based on our DCF model. Given the large implied upside, we initiate our coverage with a Buy recommendation.

DCF model: fair value of EUR 5.7/sh

Along with our analytical estimates spanning 2022/24, we have projected our forecasts for another 3 years under the following assumptions:

- ✓ Revenue growth rate: 1% p.a., based on a stable perimeter of contracts, with a notional value increasing by a normalised inflation rate;
- ✓ EBITDA: based on the average ~EUR 14m EBITDA p.a. we expect the company to reach thanks to the ongoing contracts;
- ✓ Capex: capital expenditures diverge from D&A since we have also included the financial investments in SPVs or consortia (c. 1% of sales).

2022/27e estimates

	19/20a	20/21a	21/22e	22/23e	23/24e	24/25e	25/26e	26/27e	Norm. Year
Net Sales	57.0	63.7	65.0	87.0	88.0	88.9	89.8	90.7	91.6
% change	-12.2%	11.9%	2.0%	33.8%	1.1%	1.0%	1.0%	1.0%	1.0%
EBITDA	11.2	12.3	13.8	14.4	14.8	14.9	15.1	15.2	15.4
% margin	19.7%	19.2%	21.2%	16.6%	16.8%	16.8%	16.8%	16.8%	16.8%
D&A	1.1	1.1	1.1	1.1	1.1	1.3	1.5	1.8	2.2
% sales	1.9%	1.7%	1.7%	1.2%	1.2%	1.4%	1.7%	2.0%	2.4%
EBIT	10.1	11.2	12.7	13.3	13.7	13.6	13.5	13.4	13.2
Taxes (Normative)	(2.8)	(2.8)	(3.4)	(3.6)	(3.7)	(3.7)	(3.7)	(3.6)	(3.6)
Normative Tax Rate	27.5%	25.4%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
NOPLAT	7.4	8.3	9.3	9.7	10.0	10.0	9.9	9.8	9.6
D&A	1.1	1.1	1.1	1.1	1.1	1.3	1.5	1.8	2.2
% sales	1.9%	1.7%	1.7%	1.2%	1.2%	1.4%	1.7%	2.0%	2.4%
Gross Op. Cash Flow	8.4	9.4	10.3	10.8	11.1	11.2	11.4	11.6	11.8
Capex	(0.9)	(5.0)	(2.6)	(3.5)	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)
Change in NWC	9.2	(1.4)	(0.1)	(2.7)	(0.1)	0.1	0.1	0.2	0.0
CF to be discounted	16.7	3.0	7.7	4.7	8.1	8.4	8.5	8.6	8.6

Source: Banca Akros estimates

We have projected a 1% perpetual growth rate. Our WACC discount rate is set at 6.9% (cost of equity equal to 8% and D/E equal to 20%), which we believe is consistent with ABP's low-risk and highly predictable business.

DCF analysis

Perpetual Growth Rate	1.0%
WACC	6.9%
Terminal Value	147.5
Discounting Rate of Terminal Value	0.66
Discounted Terminal Value	97.9
Cumulated DFOCF	45.4
Financial Assets as at 30/06/21	1.7
Enterprise Value (EUR mn)	145.0
Net Financial Debt (EUR mn) as at 30/06/21	31.5
Pension underfunding (EUR mn)	(1.8)
Equity Value (EUR mn)	174.7
Value per share (EUR)	5.74
Price as at 17/05/22 (EUR)	3.85
Upside (downside)	49%

DCF sensitivity (WACC/terminal growth rate)

WACC	Terminal growth rate (g)						
	0.75%	1.00%	1.25%	1.00%	1.75%	2.00%	2.25%
6.75%	7.26	7.27	7.28	7.29	7.31	7.32	7.33
7.25%	6.64	6.65	6.66	6.67	6.68	6.69	6.70
7.75%	6.13	6.14	6.15	6.16	6.17	6.18	6.19
6.50%	5.72	5.72	5.73	5.74	5.75	5.76	5.77
8.75%	5.36	5.37	5.38	5.39	5.39	5.40	5.41
9.25%	5.06	5.07	5.07	5.08	5.09	5.09	5.10
9.75%	4.80	4.81	4.81	4.82	4.82	4.83	4.84

DCF sensitivity (terminal EBITDA margin/terminal growth rate)

g	Terminal EBITDA margin						
	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%
0.25%	4.93	5.19	5.45	5.71	5.97	6.24	6.50
0.50%	4.93	5.20	5.46	5.72	5.98	6.25	6.51
0.75%	4.94	5.20	5.47	5.73	5.99	6.26	6.52
1.00%	4.95	5.21	5.47	5.74	6.00	6.27	6.53
1.25%	4.95	5.22	5.48	5.75	6.01	6.28	6.54
1.50%	4.96	5.22	5.49	5.75	6.02	6.28	6.55
1.75%	4.97	5.23	5.50	5.76	6.03	6.29	6.56

Multiple comparison: fair value of EUR 6.0/sh

We have selected a list of European and US companies that provide facility and energy management services.

It is worth mentioning the facility management companies' average EBITDA margin, which consistently stands in the mid-single-digit area, with the notable exception of Rentokil (which provides law-compliant cleaning and pest control services) and Ameresco (which also manages renewable plants directly). As a reminder, we expect ABP to reach an average EBITDA margin of at least 16%.

By contrast, ABP's trading multiples likely discount the poor liquidity of the stock, as floating shares account for only ~11% of the share capital.

	EBITDA			EBIT			Net Profit		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
ABP Nocivelli	13.8	14.4	14.8	12.7	13.3	13.7	9.6	10.0	10.3
Multiple (average)	9.6	8.8	8.1	14.9	13.3	11.8	16.5	15.0	13.5
Enterprise Value	131.8	126.9	119.6	189.2	177.6	161.8	157.4	150.0	138.6
- Net Debt	40.0	46.6	55.0	40.0	46.6	55.0			
- Pension underfunding	(1.9)	(2.5)	(2.5)	(1.9)	(2.5)	(2.5)			
Financial assets	2.4	3.3	4.1	2.4	3.3	4.1			
- Minorities	0.0	0.0	0.0	0.0	0.0	0.0			
Equity Value	172.3	174.3	176.2	229.7	224.9	218.4	157.4	150.0	138.6
N. of shares	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450
Equity Value per share	5.7	5.7	5.8	7.5	7.4	7.2	5.2	4.9	4.6
Avg. Equity value per share	6.0								

Peer group: key financial indicators

	EBITDA				EBITDA margin			Net income margin		
	2022e	2023e	2024e	EBITDA CAGR 22/24e	2022e	2023e	2024e	2022e	2023e	2024e
Abm Industries	499.0	532.3	546.7	4.7%	6.5%	6.7%	6.6%	4.7%	4.8%	5.0%
Coor Service Mgmt	900.0	952.0	1,005.0	5.7%	7.5%	7.5%	7.5%	4.1%	4.1%	4.3%
Iss A/S	4,538.2	5,138.2	5,597.2	11.1%	6.2%	6.7%	7.0%	3.7%	4.3%	4.6%
Caverion Oyj	147.4	161.4	175.0	9.0%	6.6%	6.9%	7.2%	3.3%	3.8%	4.2%
Mitie Group Plc	209.8	187.3	207.0	-0.7%	5.4%	5.3%	5.6%	4.2%	3.9%	4.3%
Rentokil Initial Plc	749.1	847.6	933.3	11.6%	22.7%	23.0%	23.5%	14.6%	15.1%	15.0%
Emcor Group Inc	660.5	726.8	759.5	7.2%	6.2%	6.5%	6.5%	5.2%	5.6%	5.6%
Ameresco Inc	206.3	225.2	263.3	13.0%	11.1%	14.0%	14.7%	7.8%	10.2%	11.7%

Source: Bloomberg data as at 10 May 2022

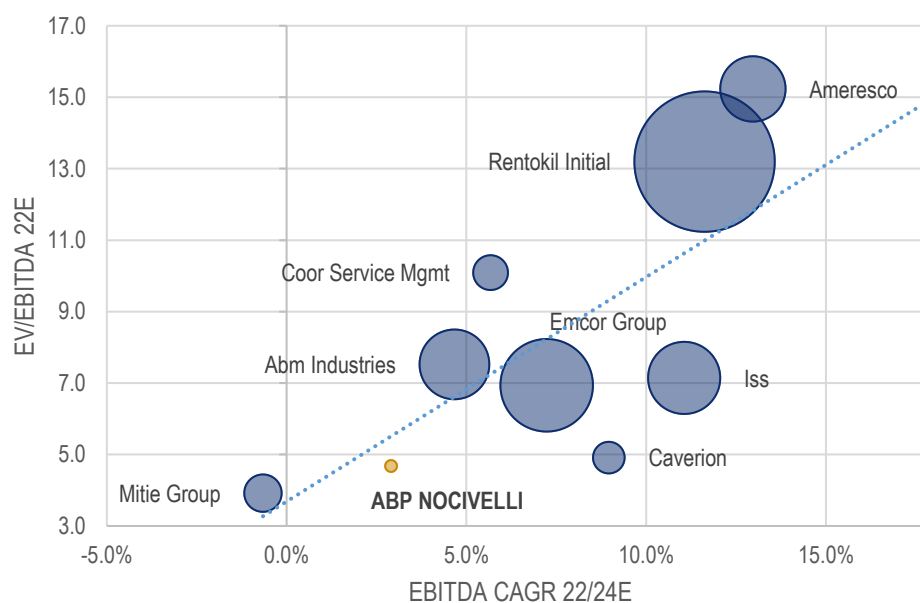


Peer group: multiples

	Mkt Cap (EUR m)	EV/EBITDA			EV/EBIT			P/E		
		2022e	2023e	2024e	2022e	2023e	2024e	2022e	2023e	2024e
Abm Industries	2,886.8	8.0	7.5	7.3	11.5	10.8	10.0	12.7	11.7	11.0
Coor Service Mgmt	757.7	10.7	10.1	9.6	19.4	18.2	16.8	15.4	14.8	14.0
Iss A/S	3,085.1	8.1	7.1	6.6	13.4	11.2	10.0	14.0	11.1	9.4
Caverion Oyj	632.1	5.4	4.9	4.5	10.6	9.0	7.8	11.0	9.2	8.2
Mitie Group Plc	869.1	3.5	3.9	3.5	4.5	5.3	4.6	6.6	8.0	7.1
Rentokil Initial Plc	11,376.9	14.9	13.2	12.0	23.3	20.1	18.7	27.2	24.7	22.9
Emcor Group Inc	5,014.4	7.6	6.9	6.6	9.7	8.6	8.1	13.6	12.1	11.3
Ameresco Inc	2,544.3	16.6	15.2	13.0	23.9	21.1	16.6	27.7	25.1	21.1
Average		9.4	8.6	7.9	14.5	13.0	11.6	16.0	14.6	13.1

Source: Bloomberg data as at 10 May 2022

Value map: EV/EBITDA vs. EBITDA CAGR 2022/24e



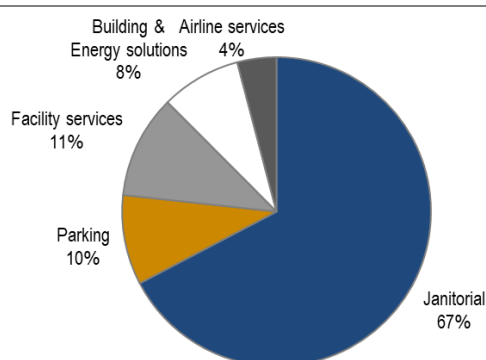
Source: Banca Akros on company data

Appendix: peer companies

ABM Industries

ABM Industries Inc is a US-based facility services contractor for commercial, industrial and institutional buildings. The company mainly provides: 1) janitorial services (cleaning services for commercial buildings, airports, educational institutions, government buildings and health facilities); 2) parking arrangements; 3) facility services (including onsite mechanical engineering and technical services and solutions to improve the useful life and improve the energy performance of facility fixed assets); 4) building & energy solutions (custom energy solutions, electrical, HVAC, lighting, electric vehicle charging station installation and other general maintenance and repair services); and 5) airline services (passenger assistance and catering logistics). From a geographical standpoint, the US accounts for about 95% of revenues.

ABM Industries: sales by segment



Source: Company data

ABM Industries: historical data and consensus forecasts

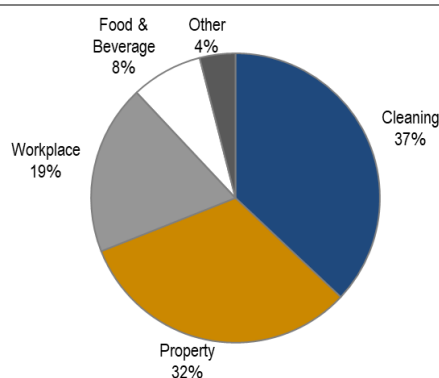
USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	6,229	7,682	7,967	8,306	4%
EBITDA	296	499	532	547	5%
(%)	5%	6%	7%	7%	
EBIT	206	360	384	415	7%
(%)	3%	5%	5%	5%	
Net Income	126	249	270	289	8%
Dividend Yield	1.5	1.5	1.6	16.6	
Net debt	972	939	804	613	-19%
Net Debt/EBITDA	3.3	1.9	1.5	1.1	

Source: Bloomberg

Coor Service

Coor Service Management Holding is a Sweden provider of facility management services. It also offers real estate and strategic consultancy services including solutions for administration, logistics, estate management, technical security, energy optimisation and workspace management. It operates within the following geographic areas: Sweden (50% of 2021 sales), Norway (about 23%), Denmark (21%) and Finland (roughly 6%). Coor's customers include public administrations (28%), industrial (23%), oil & gas (18%), IT & telecom (10%), real estate & construction (8%) and other companies (13%).

Coor Service: sales by segment



Source: Company data

Coor Service: historical data and consensus forecasts

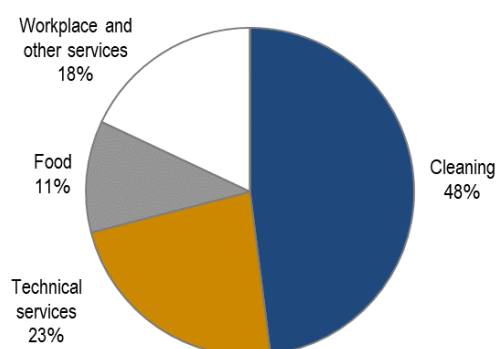
SEK (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	10,104	11,931	12,758	13,341	6%
EBITDA	792	900	952	1,005	6%
(%)	8%	8%	7%	8%	
EBIT	403	495	528	574	8%
(%)	4%	4%	4%	4%	
Net Income	265	523	545	577	5%
Dividend Yield	5.8	6.1	6.3	1.9	
Net debt	1,668	1,506	1,406	1,262	-8%
Net Debt/EBITDA	2.1	1.7	1.5	1.3	

Source: Bloomberg

ISS

ISS A/S is a Danish-based company specialised in the provision of facility management services. It offers its services to customers working in various product sectors, such as business and IT services (34%), industry and manufacturing (12%), public administration (11% of FY 2021 sales), health (13%) and other (30%, including transport and infrastructure, retail and wholesale). The company's line of business includes property services, cleaning, catering, support services and security. ISS provides single service, multi service and integrated basis worldwide. ISS operates in Europe (in detail: UK and Ireland 15% of 2021 sales, Germany 8%, Switzerland about 7%, Spain 6%, Denmark 5%), Asia and Pacific (roughly 6%), USA and Canada (about 8%), and Rest of the World (45%).

ISS: sales by segment



Source: Company data

ISS: historical data and consensus forecasts

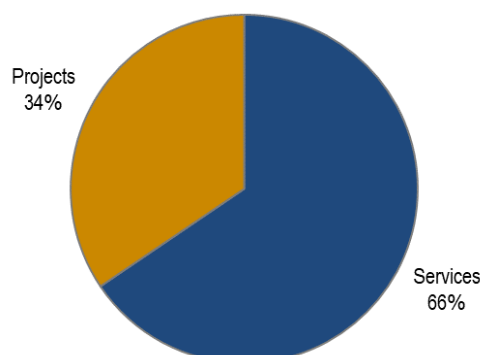
DKK (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	71,363	73,780	76,861	80,191	4%
EBITDA	3,461	4,538	5,138	5,597	11%
(%)	5%	6%	7%	7%	
EBIT	1,701	2,732	3,275	3,684	16%
(%)	2%	4%	4%	5%	
Net Income	615	1,659	2,090	2,405	20%
Dividend Yield	3.9	4.7	5.5	7.5	
Net debt	13,554	12,031	10,428	9,184	-13%
Net Debt/EBITDA	3.9	2.7	2.0	1.6	

Source: Bloomberg

Caverion

Caverion Oyj is a Finnish provider of facility management services. It operates through two main business units: 1) Services, which includes technical maintenance, property management services, solutions based on smart technologies and advisory services; 2) Projects, which focuses on the supply of designing & building technologies for new construction or renovation works. Caverion's customers are Industrial companies (33% of FY 2021 sales), real estate tenants (25%), public administrations (16%), general contractors (14%) and real estate investors and developers (13%). Caverion mainly operates in Northern Europe, which accounts for 59% of FY 2021 sales (Sweden 20%, Finland 19%, Norway 16% and Denmark 4%) and in Central Europe (Germany 17%, Austria 9%).

Caverion: sales by segment



Source: Company data

Caverion: historical data and consensus forecasts

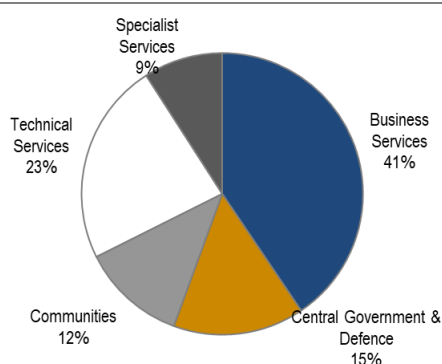
EUR (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,140	2,233	2,327	2,415	4%
EBITDA	114	147	161	175	9%
(%)	5%	7%	7%	7%	
EBIT	44	75	88	101	16%
(%)	2%	3%	4%	4%	
Net Income	25	51	63	73	20%
Dividend Yield	4.4	5.3	5.8	-7.1	
Net debt	141	97	65	16	-59%
Net Debt/EBITDA	1.2	0.7	0.4	0.1	

Source: Bloomberg

Mitie Group

Mitie Group plc is a UK-based facility management services company that operates under the following divisions: 1) Business services (41% of sales), which includes security (30%) and cleaning (11%) services; 2) Central government and defence (15%), a newly-established division that provides government departments and agencies with FM services; 3) Communities (12%), which serves education and healthcare customers; 4) Technical services (23%), which mainly supply private customers with maintenance services (20% of sales) focused on the energy, business services and telecom sectors, along with a marginal "Projects" business units (3%); 5) Specialist services (9%), which groups a range of activities (care & custody, waste and operations in foreign countries). Mitie's customers are both public (57%) and private entities (43%) and are mainly located in the UK (96%).

Mitie Group: sales by segment



Source: Company data

Mitie Group: historical data and consensus forecasts

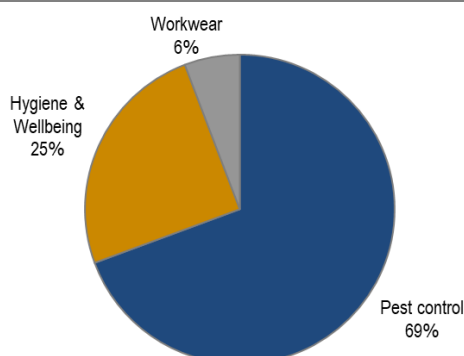
GBP (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,560	3,888	3,540	3,692	-3%
EBITDA	60	210	187	207	-1%
(%)	2%	5%	5%	6%	
EBIT	8	163	139	159	-1%
(%)	0%	4%	4%	4%	
Net Income	-7	116	96	109	-3%
Dividend Yield	2.5	3.3	3.8	-1.3	
Net debt	83	21	-18	-24	
Net Debt/EBITDA	1.4	0.1	-0.1	-0.1	

Source: Bloomberg

Rentokil Initial

Rentokil is a UK-based worldwide provider of facility management services focused on route-based pest control and hygiene services. The company operates three business lines: 1) Pest control, which serves a wide range of commercial customers, mainly from non-food sectors; 2) Hygiene & Wellbeing, i.e. complementary activities to the Pest control business; 3) Workwear, which specialise in the supply and maintenance of protective garments and equipment. The company mainly operates in North America (45%), the UK (10%) and Europe (22%).

Rentokil: sales by segment



Source: Company data

Rentokil: historical data and consensus forecasts

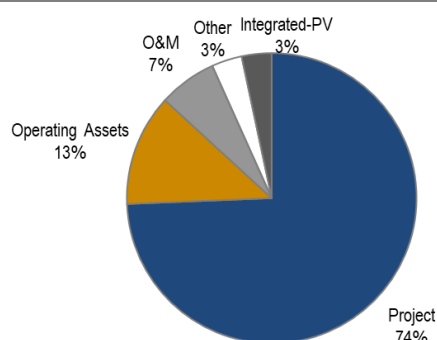
GBP (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	2,957	3,299	3,683	3,972	10%
EBITDA	566	749	848	933	12%
(%)	19%	23%	23%	23%	
EBIT	347	481	557	598	11%
(%)	12%	15%	15%	15%	
Net Income	263	365	426	476	14%
Dividend Yield	1.3	1.4	1.5	-0.9	
Net debt	1,442	1,450	1,319	1,115	-12%
Net Debt/EBITDA	2.5	1.9	1.6	1.2	

Source: Bloomberg

Ameresco

Ameresco is a US-based integrated electric energy corporation. The company supplies a range of energy solutions, serving commercial and industrial customers, federal, state, provincial or local government entities, public housing authorities and universities. Ameresco provides installation services to clients wanting to upgrade and improve the energy efficiency products and services of their building systems. The company operates five business lines: 1) products and service line, 2) energy assets, 3) O&M, 4) Integrated-PV, 5) other services. Ameresco operates through: US Regions (44% of FY 2021 sales), US Federal (32%), Canada (4%), Non-Solar Distributed Generation (11%), and All Other (9%). From a geographical standpoint, it operates through 75 regional offices in the US (about 93% of FY 2021 sales), Canada (4%) and the UK (3%).

Ameresco: sales by segment



Source: Company data

Ameresco: historical data and consensus forecasts

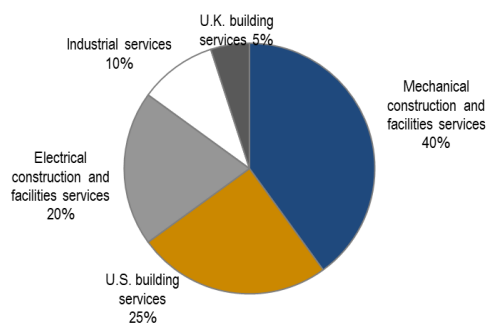
USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	1,216	1,858	1,607	1,786	-2%
EBITDA	151	206	225	263	13%
(%)	12%	11%	14%	15%	
EBIT	95	145	165	209	20%
(%)	8%	8%	10%	12%	
Net Income	70	100	110	131	14%
Dividend Yield	n.a.	n.a.	n.a.	-25.2	
Net debt	466	n.a.	n.a.	n.a.	
Net Debt/EBITDA	3.1				

Source: Bloomberg

Emcor

Emcor is a US-based leader in mechanical and electrical construction, industrial and energy infrastructure, and building services. The company specialises in providing services for the management of facilities, including refineries and petrochemical plants. It performs construction services pursuant to contracts with owners (such as corporations, municipalities and other governmental entities), general contractors, systems suppliers, construction managers, developers, other subcontractors, or tenants of commercial properties. Emcor operates five business lines: 1) mechanical construction and facilities services, 2) electrical construction and facilities services, 3) industrial services, 4) U.S. building services, 5) UK building services. The company mainly operates in North America (95% of FY 2021 sales), and the UK (5%).

Emcor: sales by segment



Source: Company data

Emcor: historical data and consensus forecasts

USD (m)	2021	2022e	2023e	2024e	CAGR 22e-24e
Revenue	9,904	10,682	11,107	11,741	5%
EBITDA	714	661	727	760	7%
(%)	7%	6%	7%	6%	
EBIT	531	550	619	661	10%
(%)	5%	5%	6%	6%	
Net Income	384	397	446	477	10%
Dividend Yield	0.4	0.4	0.4	-8.7	
Net debt	-281	-8	-8	-8	0%
Net Debt/EBITDA	-0.4	0.0	0.0	0.0	

Source: Bloomberg

ABP Nocivelli: Summary tables

PROFIT & LOSS (EURm)	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Sales	64.9	57.0	63.7	65.0	87.0	88.0
Cost of Sales & Operating Costs	-56.6	-45.8	-51.5	-51.2	-72.6	-73.2
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	8.3	11.2	12.3	13.8	14.4	14.8
EBITDA (adj.)*	8.3	11.2	12.3	13.8	14.4	14.8
Depreciation	-0.9	-1.1	-1.1	-1.1	-1.1	-1.1
EBITA	7.3	10.1	11.2	12.7	13.3	13.7
EBITA (adj)*	7.3	10.1	11.2	12.7	13.3	13.7
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	7.3	10.1	11.2	12.7	13.3	13.7
EBIT (adj.)*	7.3	10.1	11.2	12.7	13.3	13.7
Net Financial Interest	-0.2	-0.1	-0.2	-0.2	-0.2	-0.2
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.3	0.4	0.5	0.5	0.5	0.5
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	7.4	10.4	11.5	13.0	13.7	14.1
Tax	-2.2	-2.8	-2.9	-3.5	-3.7	-3.8
<i>Tax rate</i>	<i>29.2%</i>	<i>27.3%</i>	<i>25.6%</i>	<i>27.1%</i>	<i>27.1%</i>	<i>27.1%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	5.3	7.6	8.6	9.5	10.0	10.2
Net Profit (adj.)	5.3	7.5	8.6	9.5	10.0	10.3
CASH FLOW (EURm)	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Cash Flow from Operations before change in NWC	6.2	8.6	9.7	10.6	11.1	11.3
Change in Net Working Capital	4.6	9.2	-1.4	-0.1	-2.7	-0.1
Cash Flow from Operations	10.8	17.8	8.2	10.5	8.4	11.2
Capex	-0.3	-1.1	-4.3	-1.5	-1.7	-2.0
Net Financial Investments	0.4	0.0	0.8	0.0	0.0	0.0
Free Cash Flow	11.0	16.8	4.7	9.0	6.7	9.2
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	-0.3	-10.0	11.6	-0.6	-0.2	-0.8
Change in Net Financial Debt	10.7	6.8	16.3	8.4	6.5	8.4
NOPLAT	5.2	7.4	8.3	9.3	9.7	10.0
BALANCE SHEET & OTHER ITEMS (EURm)	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Net Tangible Assets	1.5	1.0	1.0	1.4	2.0	2.9
Net Intangible Assets (incl. Goodwill)	0.8	0.9	4.2	4.2	4.2	4.2
Net Financial Assets & Other	2.7	2.4	1.7	2.4	3.3	4.1
Total Fixed Assets	5.0	4.2	6.9	8.0	9.5	11.3
Inventories	13.2	2.3	5.5	5.3	7.2	7.2
Trade receivables	12.4	11.4	12.0	12.5	16.7	16.9
Other current assets	7.4	5.5	4.4	4.5	6.1	6.1
Cash (-)	-16.2	-19.2	-33.0	-41.1	-47.5	-55.7
Total Current Assets	49.1	38.3	54.9	63.4	77.4	86.0
Total Assets	54.1	42.6	61.8	71.4	86.9	97.3
Shareholders Equity	27.9	24.6	44.2	53.7	63.8	74.1
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	27.9	24.6	44.2	53.7	63.8	74.1
Long term interest bearing debt	3.5	1.4	0.3	0.2	0.2	0.2
Provisions	1.9	1.9	2.1	2.1	2.8	2.8
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	5.4	3.4	2.4	2.3	3.0	3.0
Short term interest bearing debt	3.4	1.8	1.1	0.8	0.7	0.6
Trade payables	12.9	8.1	10.3	10.6	14.2	14.4
Other current liabilities	4.5	4.7	3.8	3.9	5.2	5.3
Total Current Liabilities	20.8	14.6	15.3	15.4	20.1	20.2
Total Liabilities and Shareholders' Equity	54.1	42.6	61.8	71.4	86.9	97.3
Net Capital Employed	20.5	10.6	14.7	15.8	20.0	21.9
Net Working Capital	15.5	6.3	7.8	7.8	10.5	10.6
GROWTH & MARGINS	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
<i>Sales growth</i>	<i>11.3%</i>	<i>-12.2%</i>	<i>11.9%</i>	<i>2.0%</i>	<i>33.8%</i>	<i>1.1%</i>
EBITDA (adj.)* growth	15.9%	35.7%	9.2%	12.4%	4.7%	2.5%
<i>EBITA (adj.)* growth</i>	<i>25.6%</i>	<i>38.2%</i>	<i>10.2%</i>	<i>13.6%</i>	<i>5.1%</i>	<i>2.7%</i>
<i>EBIT (adj)* growth</i>	<i>25.6%</i>	<i>38.2%</i>	<i>10.2%</i>	<i>13.6%</i>	<i>5.1%</i>	<i>2.7%</i>

ABP Nocivelli: Summary tables

GROWTH & MARGINS	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Net Profit growth	10.1%	41.5%	14.0%	10.8%	5.0%	2.7%
EPS adj. growth	10.1%	41.5%	1.1%	10.8%	5.0%	2.7%
DPS adj. growth						
EBITDA (adj)* margin	12.8%	19.7%	19.2%	21.2%	16.6%	16.8%
EBITA (adj)* margin	11.3%	17.8%	17.5%	19.5%	15.3%	15.6%
EBIT (adj)* margin	11.3%	17.8%	17.5%	19.5%	15.3%	15.6%
RATIOS	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Net Debt/Equity	-0.3	-0.6	-0.7	-0.7	-0.7	-0.7
Net Debt/EBITDA	-1.1	-1.4	-2.6	-2.9	-3.2	-3.7
Interest cover (EBITDA/Fin.interest)	34.2	76.4	76.6	86.1	90.1	92.4
Capex/D&A	28.0%	98.2%	404.5%	139.7%	158.3%	186.2%
Capex/Sales	0.4%	1.9%	6.8%	2.3%	2.0%	2.3%
NWC/Sales	23.9%	11.1%	12.2%	12.0%	12.0%	12.0%
ROE (average)	20.9%	28.7%	25.0%	19.5%	17.0%	14.9%
ROCE (adj.)	29.1%	90.0%	64.2%	68.8%	58.2%	56.2%
WACC	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
ROCE (adj.)/WACC	4.2	13.0	9.3	10.0	8.4	8.1
PER SHARE DATA (EUR)***	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Average diluted number of shares	27.0	27.0	30.5	30.5	30.5	30.5
EPS (reported)	0.19	0.28	0.28	0.31	0.33	0.34
EPS (adj.)	0.20	0.28	0.28	0.31	0.33	0.34
BVPS	1.03	0.91	1.45	1.76	2.09	2.43
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
EV/Sales			1.2	1.2	0.8	0.7
EV/EBITDA			6.5	5.6	4.9	4.2
EV/EBITDA (adj.)*			6.5	5.6	4.9	4.2
EV/EBITA			7.1	6.1	5.3	4.5
EV/EBITA (adj.)*			7.1	6.1	5.3	4.5
EV/EBIT			7.1	6.1	5.3	4.5
EV/EBIT (adj.)*			7.1	6.1	5.3	4.5
P/E (adj.)			12.9	12.3	11.7	11.4
P/BV			2.5	2.2	1.8	1.6
Total Yield Ratio			0.0%	0.0%	0.0%	
EV/CE			6.1	5.7	4.2	3.5
OpFCF yield			3.5%	7.7%	5.7%	7.8%
OpFCF/EV			4.9%	11.7%	9.5%	14.8%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)			0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	06/2019	06/2020	06/2021	06/2022e	06/2023e	06/2024e
Price** (EUR)			3.65	3.85	3.85	3.85
Outstanding number of shares for main stock	27.0	27.0	30.5	30.5	30.5	30.5
Total Market Cap			111.1	117.2	117.2	117.2
Gross Financial Debt (+)	6.9	3.2	1.4	1.1	0.9	0.8
Cash & Marketable Securities (-)	-16.2	-19.2	-33.0	-41.1	-47.5	-55.7
Net Financial Debt	-9.3	-16.0	-31.5	-40.0	-46.6	-55.0
Lease Liabilities (+)						
Net Debt	-9.3	-16.0	-31.5	-40.0	-46.6	-55.0
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)			79.6	77.2	70.6	62.2

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Materials, Construction & Infrastructure/Infrastructure

Company Description: ABP Nocivelli specialises in supplying public administrations with energy services. ABP levers on a solid know-how gained over the last 60 years that also includes the promotion of PPP projects involving the building of hospitals and the supply of energy and facility management services. In addition to a solid, highly profitable portfolio of contracts, the group focus on the enhancement of the healthcare assistance and the energy-efficient renovation of public buildings.

European Coverage of the Members of ESN

Automobiles & Parts	Mem(*)	Kaufman & Broad	IAC	Banca Ifis	BAK	Avio	BAK
Brembo	BAK	Kering	CIC	Banca Mediolanum	BAK	Biesse	BAK
Faurecia	CIC	L'Oreal	CIC	Banca Sistema	BAK	Bollore	CIC
Ferrari	BAK	Lvmh	CIC	Bff Bank	BAK	Bureau Veritas	CIC
Gestamp	GVC	Maisons Du Monde	CIC	Dea Capital	BAK	Caf	GVC
Indelb	BAK	Moncler	BAK	Finecobank	BAK	Catenon	GVC
Michelin	CIC	Monnalisa	BAK	Illimity Bank	BAK	Cellnex Telecom	GVC
Pirelli & C.	BAK	Ovs	BAK	Mediobanca	BAK	Cembre	BAK
Plastic Omnium	CIC	Piaggio	BAK	Poste Italiane	BAK	Clasquin	IAC
Renault	CIC	Richemont	CIC	Rothschild & Co	CIC	Cnh Industrial	BAK
Sogefi	BAK	Safilo	BAK	Food & Beverage	Mem(*)	Corticeira Amorim	CBI
Stellantis	BAK	Salvatore Ferragamo	BAK	Advini	CIC	Ctt	CBI
Valeo	CIC	Smcp	CIC	Bonduelle	CIC	Danieli	BAK
Banks	Mem(*)	Swatch Group	CIC	Campari	BAK	Datalogic	BAK
Banca Mps	BAK	Technogym	BAK	Danone	CIC	Enav	BAK
Banco Sabadell	GVC	Tod'S	BAK	Diageo	CIC	Enogia	CIC
Banco Santander	GVC	Trigano	CIC	Ebro Foods	GVC	Exel Industries	CIC
Bankinter	GVC	Ubisoft	CIC	Enervit	BAK	Fiera Milano	BAK
Bbva	GVC	Energy	Mem(*)	Fleury Michon	CIC	Fincantieri	BAK
Bnp Paribas	CIC	Cgg	CIC	Italian Wine Brands	BAK	Getlink	CIC
Bper	BAK	Ecoslops	CIC	Lanson-Bcc	CIC	Global Dominion	GVC
Caixabank	GVC	Eni	BAK	Laurent Perrier	CIC	Haulotte Group	CIC
Credem	BAK	Galp Energia	CBI	Ldc	CIC	Interpump	BAK
Credit Agricole Sa	CIC	Gas Plus	BAK	Lindt & Sprüngli	CIC	Inwit	BAK
Intesa Sanpaolo	BAK	Gtt	CIC	Nestle	CIC	Leonardo	BAK
Societe Generale	CIC	Maurel Et Prom	CIC	Orsero	BAK	Logista	GVC
Unicaja Banco	GVC	Plc	BAK	Pernod Ricard	CIC	Manitou	CIC
Unicredit	BAK	Repsol	GVC	Remy Cointreau	CIC	Nicolas Correa	GVC
Basic Resources	Mem(*)	Rubis	CIC	Tipiak	CIC	Openjobmetis	BAK
Acerinox	GVC	Saipem	BAK	Vilmorin	CIC	Osai	BAK
Altri	CBI	Technip Energies	CIC	Viscofan	GVC	Prima Industrie	BAK
Arcelormittal	GVC	Technipfmc Plc	CIC	Vranken	CIC	Prosegur	GVC
Ence	GVC	Tecnicas Reunidas	GVC	Healthcare	Mem(*)	Prosegur Cash	GVC
Imerys	CIC	Tenaris	BAK	Abionyx Pharma	CIC	Prysmian	BAK
Neodecortech	BAK	Totalenergies	CIC	Amplifon	BAK	Rai Way	BAK
Semapa	CBI	Vallourec	CIC	Atrys Health	GVC	Rexel	CIC
The Navigator Company	CBI	Fin. Serv. Holdings	Mem(*)	Biomerieux	CIC	Saes	BAK
Tubacex	GVC	Cir	BAK	Crossject	CIC	Salcef	BAK
Chemicals	Mem(*)	Corp. Financiera Alba	GVC	Diasorin	BAK	Talgo	GVC
Air Liquide	CIC	Digital Magics	BAK	El.En.	BAK	Teleperformance	CIC
Arkema	CIC	Eurazeo	CIC	Fermentalg	CIC	Verallia	CIC
Plasticos Compuestos	GVC	Gbl	CIC	Fine Foods	BAK	Vidrala	GVC
Consumer Products & Services	Mem(*)	Peugeot Invest	CIC	Genfit	CIC	Zardoya Otis	GVC
Abeo	CIC	Rallye	CIC	Gpi	BAK	Zignago Vetro	BAK
Beneteau	CIC	Tip Tamburi Investment Partners	BAK	Guerbet	CIC	Insurance	Mem(*)
Brunello Cucinelli	BAK	Wendel	CIC	Korian	CIC	Axa	CIC
Capelli	CIC	Fin. Serv. Industrials	Mem(*)	Oncodesign	CIC	Catalana Occidente	GVC
De Longhi	BAK	Abitare In	BAK	Orpea	CIC	Cattolica Assicurazioni	BAK
Europcar	CIC	Dovalue	BAK	Prim Sa	GVC	Generali	BAK
Fila	BAK	Nexi	BAK	Recordati	BAK	Linea Directa Aseguradora	GVC
Geox	BAK	Tinexta	BAK	Shedir Pharma	BAK	Mapfre	GVC
Givaudan	CIC	Financial Services Banks	Mem(*)	Theraclion	CIC	Net Insurance	BAK
Groupe Seb	CIC	Amundi	CIC	Vetoquinol	CIC	Unipolsai	BAK
Hermes Intl.	CIC	Anima	BAK	Virbac	CIC	Materials, Construction	Mem(*)
Hexaom	CIC	Azimut	BAK	Industrial Goods & Services	Mem(*)	Acs	GVC
Interparfums	CIC	Banca Generali	BAK	Applus	GVC	Aena	GVC

Atlantia	BAK	Real Estate	Mem(*)	I Grandi Viaggi	BAK
Buzzi Unicem	BAK	Almagro Capital	GVC	Ibersol	CBI
Cementir	BAK	Igd	BAK	Int. Airlines Group	GVC
Cementos Molins	GVC	Lar España	GVC	Melia Hotels International	GVC
Clerhp Estructuras	GVC	Merlin Properties	GVC	Nh Hotel Group	GVC
Crh	CIC	Realia	GVC	Pierre Et Vacances	CIC
Eiffage	CIC	Retail	Mem(*)	Sodexo	CIC
Fcc	GVC	Burberry	CIC	Utilities	Mem(*)
Ferrovial	GVC	Fnac Darty	CIC	A2A	BAK
Groupe Adp	CIC	Inditex	GVC	Acciona	GVC
Groupe Poujolat	CIC	Unieuro	BAK	Acea	BAK
Groupe Sfpj S.A.	CIC	Technology	Mem(*)	Albioma	CIC
Heidelberg Cement	CIC	Agile Content	GVC	Alerion Clean Power	BAK
Herige	CIC	Akka Technologies	CIC	Audax	GVC
Holcim	CIC	Almawave	BAK	Derichebourg	CIC
Maire Tecnimont	BAK	Alten	CIC	Edp	CBI
Mota Engil	CBI	Amadeus	GVC	Enagas	GVC
Obrascon Huarte Lain	GVC	Atos	CIC	Encavis Ag	CIC
Sacyr	GVC	Axway Software	CIC	Endesa	GVC
Saint-Gobain	CIC	Capgemini	CIC	Enel	BAK
Sciuker Frames	BAK	Cast	CIC	E-Pango	CIC
Sergeferrari Group	CIC	Esi Group	CIC	Erg	BAK
Spie	CIC	Exprivia	BAK	Falck Renewables	BAK
Tarkett	CIC	Gigas Hosting	GVC	Greenalia	GVC
Thermador Groupe	CIC	Indra Sistemas	GVC	Greenvolt	CBI
Vicat	CIC	Izertis	GVC	Hera	BAK
Vinci	CIC	Lleida.Net	GVC	Holaluz	GVC
Webuild	BAK	Memscap	IAC	Iberdrola	GVC
Media	Mem(*)	Neurones	CIC	Iren	BAK
Arnoldo Mondadori Editore	BAK	Ovhcloud	CIC	Italgas	BAK
Atresmedia	GVC	Reply	BAK	Naturgy	GVC
Cairo Communication	BAK	Sii	CIC	Red Electrica Corporacion	GVC
Digital Bros	BAK	Sopra Steria Group	CIC	Ren	CBI
GI Events	CIC	Stmicroelectronics	BAK	Snam	BAK
Il Sole 24 Ore	BAK	Tier 1 Technology	GVC	Solaria	GVC
Ipsos	CIC	Visiativ	CIC	Terna	BAK
Jcdecaux	CIC	Vogo	CIC	Volitalia	CIC
Lagardere	CIC	Telecommunications	Mem(*)		
M6	CIC	Bouygues	CIC		
Mediaset Espana	GVC	Ekinops	CIC		
Mfe-Mediaforeurope	BAK	Ezentis	GVC		
Miogroup	GVC	Nos	CBI		
Nrj Group	CIC	Orange	CIC		
Publicis	CIC	Telecom Italia	BAK		
Rcs Mediagroup	BAK	Telefonica	GVC		
Tf1	CIC	Tiscali	BAK		
Universal Music Group	CIC	Unidata	BAK		
Vivendi	CIC	Vodafone	BAK		
Personal Care, Drug & Grocery S	Mem(*)	Travel & Leisure	Mem(*)		
Carrefour	CIC	Accor	CIC		
Casino	CIC	Autogrill	BAK		
Jeronimo Martins	CBI	Compagnie Des Alpes	CIC		
Marr	BAK	Edreams Odigeo	GVC		
Sonae	CBI	Elior	CIC		
Unilever	CIC	Fdj	CIC		
Winfarm	CIC	Groupe Partouche	IAC		

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as at 4 February 2022

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Francesco Sala e Gian Marco Gadini (soci AIAF) che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 18 May 2022, ore 09:00 italiane.**

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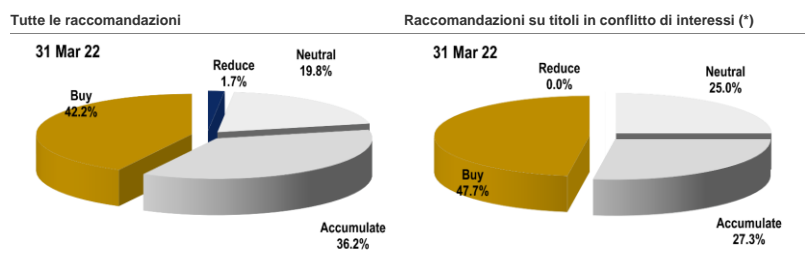
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Percentuale delle raccomandazioni al 31 marzo 2022



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 37.93% del totale degli emittenti oggetto di copertura

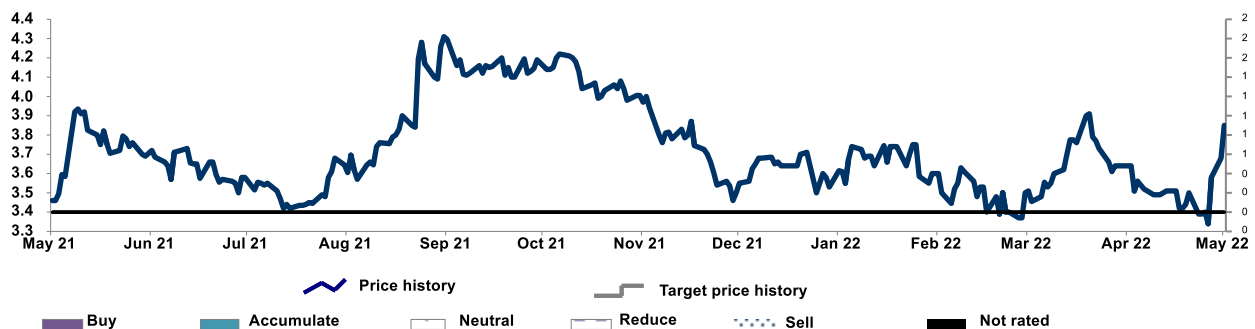
Recommendation history for ABP NOCIVELLI

Date	Recommendation	Target price	Price at change date
18-May-22	Buy	5.70	3.85

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Francesco Sala (since 18/05/2022)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

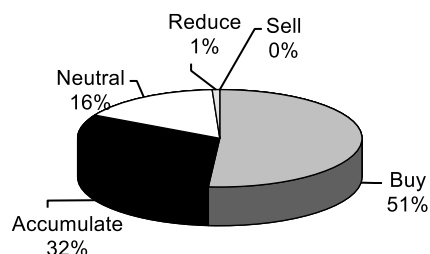
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets.

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: **CET**

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