

eVISO

Sector: Utilities

BUY

Price: Eu5.04 - Target: Eu6.30

eVISO Introduces Multiple Voting

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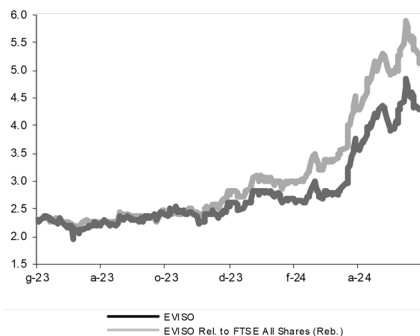
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

KPI Out in August

eVISO - 12M Performance



Stock Data

Reuters code: EVISO.MI
Bloomberg code: EVISO IM

Performance	1M	3M	12M
Absolute	2.0%	49.6%	119.1%
Relative	8.8%	52.6%	102.9%
12M (H/L)	5.90/2.00		
3M Average Volume (th):	57.76		

Shareholder Data

No. of Ord shares (mn):	25
Total no. of shares (mn):	25
Mkt Cap Ord (Eu mn):	124
Total Mkt Cap (Eu mn):	124
Mkt Float - Ord (Eu mn):	25
Mkt Float (in %):	20.2%
Main Shareholder:	
O Caminho S.r.l.	52.8%

Balance Sheet Data

Book Value (Eu mn):	22
BVPS (Eu):	0.90
P/BV:	5.6
Net Financial Position (Eu mn):	9
Enterprise Value (Eu mn):	115

■ **eVISO opens door to multiple voting:** on 4 June 2024 eVISO convened an Extraordinary Shareholders' Meeting for 20 June (1st convocation) and 21 June (2nd convocation), with the agenda including a proposal to introduce multiple voting rights. The proposal concerns the possibility for the Company to issue shares, that have the same rights as current ordinary shares with the exception of voting rights: the shares in question will be recognised 10 votes for each share held. If the General Meeting approves this proposal, shareholders may request the conversion of part of their ordinary shares into shares with multiple voting rights, obtaining up to a limit of 15 for every 100 ordinary shares held. To be eligible for the conversion right, shareholders must submit a request to the Company no later than 15 September 2024, demonstrating continuous ownership of the shares from the date of the meeting approving the statutory amendments until September 1st, 2024, and subject to the actual ownership of the shares on the effective conversion date.

■ **A brief historical outline...** in Italy multiple voting rights were first introduced in 2014. This was the first step to overturning the "one-share-one-vote" principle with a view to making the domestic market more competitive. One limiting aspect was the multiplication factor (1:2 for extra voting rights and 1:3 for multiple voting rights). This competitive disadvantage embedded in Italian law has led to the "migration" of important industrial companies, who have decided to move their registered office or to list directly on foreign markets in order to take advantage of the wider margins recognised by their greater statutory independence. On 27 February 2024, the Italian Parliament definitively approved Bill S.674-B (better known as "DDL Capitali", or the Capital Markets Bill), containing numerous interventions aimed at promoting the modernisation of the Italian regulatory framework and removing some obstacles to companies' efforts to raise capital. In particular, art. 13 of the Capital Markets Bill amends art. 2351, paragraph 4, of the Italian Civil Code, increasing from 3 to 10 the maximum number of votes that each multiple voting share can grant to its holder. In the EGM market only 14 companies adopted multiple voting rights prior to the Capital Markets Bill. eVISO is a first mover in this area, as the first Italian company to introduce 1:10 multiple voting rights following the Bill's approval.

■ **Why introduce multiple voting rights?** The aim of introducing this new category of shares was to encourage the growth of Italian SMEs, ensuring continuity in corporate governance and encouraging the use of equity as a driver to accelerate business growth. Management believes that multiple voting shares can be a tool to incentivize and "reward" those shareholders who choose to maintain their investment in eVISO over time. In our view, multiple voting shares serve as a 'governance stabilizer' during periods of rapid growth, creating opportunities for greater flexibility in the use of equity to implement strategic growth plans, while ensuring the continuity of the Business Model, which is the value creation formula underlying the company's success. We therefore believe this tool can give to eVISO a stronger grip on the company with a view to future expansion, even potentially including cross-border deals.

This news has a negligible impact on our estimates and our valuation of the company. Pending the release of KPIs for the period to 30th June, which will be published on 29th August, and could have further positive surprises in store on margins and/or cash generation, our view on eVISO is unchanged: BUY, target price confirmed at €6.30 per share.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	208	225	227	324	378
EBITDA Adj (Eu mn)	5	2	11	16	20
Net Profit Adj (Eu mn)	-1	-1	5	9	12
EPS New Adj (Eu)	-0.043	-0.050	0.218	0.365	0.469
EPS Old Adj (Eu)	-0.043	-0.050	0.218	0.365	0.469
DPS (Eu)	0.016	0.000	0.000	0.000	0.000
EV/EBITDA Adj	10.4	23.0	10.4	6.5	4.7
EV/EBIT Adj	18.1	nm	14.4	8.1	5.6
P/E Adj	nm	nm	23.1	13.8	10.7
Div. Yield	0.3%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-1.6	-4.2	-0.8	-1.1	-1.5

EVISO – Key Figures						
Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	76	208	225	227	324	378
EBITDA	3	5	2	11	16	20
EBIT	2	3	-0	8	13	17
Financial Income (charges)	-0	-0	-0	-0	-0	-0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	2	3	-1	8	13	16
Taxes	-0	-4	-1	-2	-4	-5
Tax rate	24.0%	143.0%	-77.7%	29.0%	29.0%	29.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	1	-1	-1	5	9	12
EBITDA Adj	3	5	2	11	16	20
EBIT Adj	2	3	-0	8	13	17
Net Profit Adj	1	-1	-1	5	9	12
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	25	25	25	25	25	25
Total Shares Outstanding (mn) - Year End	25	25	25	25	25	25
EPS f.d	0.056	-0.045	-0.050	0.218	0.365	0.469
EPS Adj f.d	0.052	-0.043	-0.050	0.218	0.365	0.469
BVPS f.d	0.804	0.741	0.686	0.904	1.269	1.738
Dividend per Share ORD	0.014	0.016	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	25.4%	-35.5%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	2	1	2	8	12	15
Change in NWC	-0	8	2	-2	-0	-0
Capital Expenditure	-3	-4	-5	-4	-3	-3
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	-1	6	-1	2	9	12
Acquisitions, Divestments & Other Items	-4	-0	2	-2	0	0
Dividends	-0	-0	0	0	0	0
Equity Financing/Buy-back	8	0	0	0	0	0
Change in Net Financial Position	3	5	1	0	9	12
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	18	19	20	21	21	21
Net Working Capital	-1	-8	-11	-8	-8	-8
Long term Liabilities	-0	-1	-1	1	1	1
Net Capital Employed	17	10	8	13	13	13
Net Cash (Debt)	3	8	9	9	19	30
Group Equity	20	18	17	22	31	43
Minorities	0	0	0	0	0	0
Net Equity	20	18	17	22	31	43
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	60	60	59	124	124	124
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	3	8	9	9	19	30
Enterprise Value	57	52	50	115	106	94
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	4.4%	2.4%	1.0%	4.9%	5.0%	5.2%
EBIT Adj Margin	3.0%	1.4%	nm	3.5%	4.0%	4.4%
Gearing - Debt/Equity	-15.2%	-44.6%	-53.2%	-41.2%	-59.3%	-70.7%
Interest Cover on EBIT	6.1	11.3	nm	19.9	32.7	41.7
Net Debt/EBITDA Adj	-0.9	-1.6	-4.2	-0.8	-1.1	-1.5
ROACE*	21.9%	20.8%	-1.6%	75.8%	101.2%	131.9%
ROE*	11.3%	-5.6%	-7.1%	27.4%	33.6%	31.2%
EV/CE	5.8	3.9	5.5	11.0	8.2	7.4
EV/Sales	0.8	0.3	0.2	0.5	0.3	0.2
EV/EBITDA Adj	17.1	10.4	23.0	10.4	6.5	4.7
EV/EBIT Adj	25.5	18.1	nm	14.4	8.1	5.6
Free Cash Flow Yield	-0.5%	4.5%	-0.9%	1.5%	7.5%	9.4%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	58.3%	174.9%	8.1%	1.0%	42.6%	16.8%
EBITDA Adj	31.3%	48.7%	-56.7%	411.9%	47.4%	21.6%
EBIT Adj	22.0%	27.7%	nm	nm	64.1%	27.7%
Net Profit Adj	-4.2%	nm	nm	nm	67.5%	28.5%
EPS Adj	-22.0%	nm	nm	nm	67.5%	28.5%
DPS	nm	13.1%	nm			

*Excluding extraordinary items Source: Intermonte SIM estimates

Withdrawal rights and other amendments to Articles of Association. By virtue of the amendments to the articles of association that will probably be approved by the shareholders' meeting, shareholders who oppose the changes or are absent will be granted withdrawal rights. In this respect, the Board of Directors has set the liquidation value of the shares, in the event of withdrawal, at €3.82 per share. Eligible shareholders may exercise withdrawal rights, in whole or in part, within fifteen days of the registration of the resolution of the Shareholders' Meeting on the Companies Register. Furthermore, the Board of Directors has decided to condition the statutory amendments related to the introduction of multiple voting shares on the non-exercise of the right of withdrawal by the Company's shareholders for a number of shares with an aggregate liquidation value to be paid by the Company equal to or exceeding 2 million Euros. The Board of Directors has also decided to propose to the Extraordinary Shareholders' Meeting the amendment of Articles 17, 22 and 29 of the Articles of Association. The amendments to articles 17 and 22 aim to comply with the new art. 135-undecies.1 of the Consolidated Finance Law (TUF), allowing that those who have the right to vote may do so only by Designated Proxy. The amendment of article 29 grants the Chairman the casting vote in the event of a tie in the Board's voting.

Incentive plan. In order to ensure full alignment between the interests of management and those of the Company's shareholders, the Board of Directors has also approved an incentive plan dedicated to management. This is a medium-term remuneration and incentive system designed to create a strong link between the remuneration of senior management and value creation for shareholders, supporting the retention of the Company's key personnel. The Plan provides for the free allocation to beneficiaries of a maximum of 500,000 options, which entitle them to subscribe up to 500,000 ordinary shares. The options may be exercised in the period from 1st January 2027 to 30th June 2027, at a subscription price of €4 per share. 8 beneficiaries have currently been identified, for a total allocation of 245,000 options. Treasury shares already in eVISO's portfolio will be allocated to serve this plan: as at 7th June 2024 the Company held 634,496 treasury shares, more than enough to cover the options that can currently be assigned.

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	EVISO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	6.30	Previous Target (Eu):	6.30
Current Price (Eu):	5.04	Previous Price (Eu):	4.36
Date of report:	17/06/2024	Date of last report:	18/04/2024

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 31 March 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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