

eVISO

Sector: Utilities

BUY

Price: Eu5.74 - Target: Eu6.80

Ready to embrace new challenges

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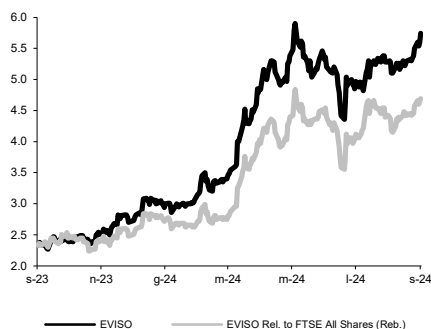
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 6.30 to 6.80		
	2025E	2026E	2027E
Chg in Adj EPS	-4.4%	0.3%	

Next Event

1Q KPI Out: November 13th

eVISO - 12M Performance



Stock Data

Reuters code:	EVISO.MI		
Bloomberg code:	EVISO IM		
Performance	1M	3M	12M
Absolute	8.7%	7.9%	146.4%
Relative	6.5%	5.5%	124.1%
12M (H/L)	5.90/2.27		
3M Average Volume (th):	23.44		

Shareholder Data

No. of Ord shares (mn):	25
Total no. of shares (mn):	25
Mkt Cap Ord (Eu mn):	142
Total Mkt Cap (Eu mn):	142
Mkt Float - Ord (Eu mn):	28
Mkt Float (in %):	20.0%
Main Shareholder:	
O Caminho S.r.l.	52.7%

Balance Sheet Data

Book Value (Eu mn):	22
BVPS (Eu):	0.88
P/BV:	6.5
Net Financial Position (Eu mn):	12
Enterprise Value (Eu mn):	130

- **Continuously improving profitability...** the gross margin has reached Eu18mn, +166% YoY (+1.8% vs our expectation for the half year); the main contributors to this outcome are B2B clientele and B2B2C resellers in the power segment. EBITDA was Eu11mn (vs Eu2mn in FY22-23), perfectly in line with our expectations. On the one hand, this outcome is the consequence of a reduction of operating costs by -5% YoY, thanks to the reduction of costs for purchasing energy and associated services, although personnel costs have risen +39%.
- **... on an extremely solid capital position.** The NFP was positive at Eu11.5mn (vs Eu9mn expected), compared to an NFP of Eu5.4mn as at 30 March 2024. This figure was helped by an improvement in working capital but hindered by: i) a reduction of security deposits; ii) VAT credit; iii) an increase in buybacks; and iv) investment in owned property. eVISO has proposed a dividend of 0.045 euro per share, equating to a payout ratio of circa 22%.
- **Next steps...** as usual, management has not provided quantitative guidance for the next financial period, and has merely provided guidelines on activities on which eVISO will focus in the next months: i) investments in proprietary platforms; ii) launch of new products (e.g. eVISO.giro) and services, and expansion in channels that are currently of little significance or are not part of the gross margin (direct B2C clients); iii) launch of the internationalisation project for SmartMele; iv) resource allocation for capital, working hours and talent.
- **Changes to estimates.** We have revised FY24-25 and FY25-26 estimates, slightly increasing volumes of power and gas delivered. We expect eVISO to reach 1.5 TWh in the power segment and over 10 million Smc of gas in FY24-25. We expect a +14% CAGR for the gross margin in 25-27. We are raising labour and commercial costs to support the growth of volumes, which, together with the increase in D&A for FY24-25, means a slight hit to FY24-25 EPS (-4.4%).
- **BUY confirmed, new target price Eu6.80 (previous Eu6.30).** The results achieved in 2023-2024 indicate a real change of pace for the company, proof of the effective scalability of the eVISO business model, enabling management of a growing number of users on unchanged costs. The strong growth is also testimony to the effectiveness of the beefed-up commercial network, with a strategy for expansion that will continue for the years to come. These factors, together with the capacity for cash generation, will remain a significant competitive advantage. Our target price, the outcome of a DCF model, rises from Eu6.30 to Eu6.80 following the rollover by one year of the valuation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	225	224	325	382	401
EBITDA Adj (Eu mn)	2	11	16	20	21
Net Profit Adj (Eu mn)	-1	5	9	12	12
EPS New Adj (Eu)	-0.050	0.198	0.349	0.470	0.502
EPS Old Adj (Eu)	-0.050	0.218	0.365	0.469	
DPS (Eu)	0.000	0.045	0.045	0.045	0.045
EV/EBITDA Adj	23.0	11.8	7.9	5.9	5.0
EV/EBIT Adj	nm	15.4	10.0	7.0	5.9
P/E Adj	nm	29.0	16.4	12.2	11.4
Div. Yield	0.0%	0.8%	0.8%	0.8%	0.8%
Net Debt/EBITDA Adj	-4.2	-1.0	-0.9	-1.3	-1.8

EVISO – Key Figures						
Profit & Loss (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	208	225	224	325	382	401
EBITDA	5	2	11	16	20	21
EBIT	3	-0	8	13	17	18
Financial Income (charges)	-0	-0	-1	-1	-0	-0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	3	-1	7	12	16	17
Taxes	-4	-1	-2	-4	-5	-5
Tax rate	143.0%	-77.7%	30.2%	29.0%	29.0%	29.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-1	-1	5	9	12	12
EBITDA Adj	5	2	11	16	20	21
EBIT Adj	3	-0	8	13	17	18
Net Profit Adj	-1	-1	5	9	12	12
Per Share Data (Eu)	2022A	2023A	2024A	2025E	2026E	2027E
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	-0.045	-0.050	0.198	0.349	0.470	0.502
EPS Adj f.d	-0.043	-0.050	0.198	0.349	0.470	0.502
BVPS f.d	0.741	0.686	0.884	1.216	1.687	2.189
Dividend per Share ORD	0.016	0.000	0.045	0.045	0.045	0.045
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	-35.5%	0.0%	22.7%	12.9%	9.6%	9.0%
Cash Flow (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Gross Cash Flow	1	2	8	12	15	15
Change in NWC	8	2	4	-5	-1	-0
Capital Expenditure	-4	-5	-5	-3	-3	-3
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	6	-1	8	3	11	12
Acquisitions, Divestments & Other Items	-0	2	-5	0	0	0
Dividends	-0	0	0	-0	-0	-0
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	5	1	3	3	10	12
Balance Sheet (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Total Fixed Assets	19	20	23	23	23	25
Net Working Capital	-8	-11	-15	-10	-9	-9
Long term Liabilities	-1	-1	2	2	3	3
Net Capital Employed	10	8	10	15	17	17
Net Cash (Debt)	8	9	12	15	25	37
Group Equity	18	17	22	30	42	54
Minorities	0	0	0	0	0	0
Net Equity	18	17	22	30	42	54
Enterprise Value (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Average Mkt Cap	60	59	142	142	142	142
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	8	9	12	15	25	37
Enterprise Value	52	50	130	127	117	105
Ratios (%)	2022A	2023A	2024A	2025E	2026E	2027E
EBITDA Adj Margin	2.4%	1.0%	4.9%	4.9%	5.2%	5.2%
EBIT Adj Margin	1.4%	nm	3.8%	3.9%	4.4%	4.4%
Gearing - Debt/Equity	-44.6%	-53.2%	-52.8%	-48.5%	-60.2%	-68.1%
Interest Cover on EBIT	11.3	nm	15.9	23.8	41.8	44.6
Net Debt/EBITDA Adj	-1.6	-4.2	-1.0	-0.9	-1.3	-1.8
ROACE*	20.8%	-1.6%	93.0%	98.3%	104.5%	105.5%
ROE*	-5.6%	-7.1%	25.2%	33.2%	32.4%	25.9%
EV/CE	3.9	5.5	14.3	9.9	7.3	6.2
EV/Sales	0.3	0.2	0.6	0.4	0.3	0.3
EV/EBITDA Adj	10.4	23.0	11.8	7.9	5.9	5.0
EV/EBIT Adj	18.1	nm	15.4	10.0	7.0	5.9
Free Cash Flow Yield	3.9%	-0.8%	5.6%	2.4%	7.7%	8.6%
Growth Rates (%)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	174.9%	8.1%	-0.3%	44.8%	17.8%	4.9%
EBITDA Adj	48.7%	-56.7%	409.3%	45.4%	23.8%	5.3%
EBIT Adj	27.7%	nm	nm	49.5%	32.3%	6.5%
Net Profit Adj	nm	nm	nm	76.2%	34.8%	6.7%
EPS Adj	nm	nm	nm	76.2%	34.8%	6.7%
DPS	13.1%	nm	nm	0.0%	0.0%	0.0%

*Excluding extraordinary items Source: Intermonte SIM estimates

Change in estimates

Following results, we have fine-tuned our estimates for 2024-2025 and 2025-2026, slightly increasing volumes of power and gas delivered. In particular, we think that eVISO could reach 1.5Twh in the power segment and over 10M Smc in the gas segment in FY24-25. High but realistic growth projections, considering, on the one hand, the pipeline already communicated and, on the other, new projects in progress and new accords signed, such as the commercial agreement with the Banca di Cherasco announced at the start of September. The estimates on the gas segment are cautious as they currently do not include expansion in the reseller channel.

Considering the strengthening of the sales force (in progress or expected) in order to achieve ever higher volumes and new channels, we are raising personnel and commercial costs more generally for the coming years.

The increase in personnel costs, together with a slight increase in 24-25 D&A (+3.5%), which is not contemplated for subsequent years (indeed, in 24-25, the amortization of some listing costs will end), leads to a slight negative impact on FY24-25 EPS (-4.4%).

eVISO – Change in estimates

(Eu mn)	2025 Old	2025 E New	% chg	2026 Old	2026 E New	% chg	2027 E New
Net revenues	323.8	324.6	0.3%	378.4	382.3	1.0%	400.9
Others	0.6	0.6	0.0%	0.6	0.6	0.0%	0.6
Value of production	324.4	325.2	0.3%	379.0	382.9	1.0%	401.5
Gross Margin	24.9	25.1	0.6%	30.0	30.6	1.9%	32.3
Personnel costs	-4.4	-4.6	2.8%	-5.3	-5.5	2.8%	-6.3
Other Items	-4.2	-4.5	8.0%	-4.9	-5.4	8.8%	-5.2
EBITDA reported	16.3	16.0	-1.9%	19.8	19.8	-0.1%	20.8
<i>EBITDA margin</i>	5.0%	4.9%	-2.1%	5.2%	5.2%	-1.1%	5.2%
D&A	-3.2	-3.3	3.5%	-3.1	-3.1	-2.1%	-3.0
<i>on VoP</i>	1.0%	1.0%	3.2%	0.8%	0.8%	-3.1%	0.8%
Writedowns/Provision	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
<i>on VoP</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT reported	13.1	12.7	-3.2%	16.7	16.7	0.3%	17.8
<i>EBIT margin</i>	4.0%	3.9%	-3.5%	4.4%	4.4%	-0.8%	4.4%
Pretax	12.7	12.1	-4.4%	16.3	16.3	0.3%	17.4
Taxes	-3.7	-3.5	-4.4%	-4.7	-4.7	0.3%	-5.1
<i>tax rate</i>	-29%	-29%	0.0%	-29%	-29%	0.0%	-29%
Minorities	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Net income	9.0	8.6	-4.4%	11.6	11.6	0.3%	12.4

Source: Websim Corporate estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	EVISO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	6.80	Previous Target (Eu):	6.30
Current Price (Eu):	5.74	Previous Price (Eu):	5.04
Date of report:	27/09/2024	Date of last report:	17/06/2024

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- 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.

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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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BUY:	23.97 %
OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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

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Emittente	%	Long/Short

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