

eVISO

Sector: Utilities

BUY

Price: Eu6.06 - Target: Eu7.30

1Q24/25: A Brilliant Start to the Year

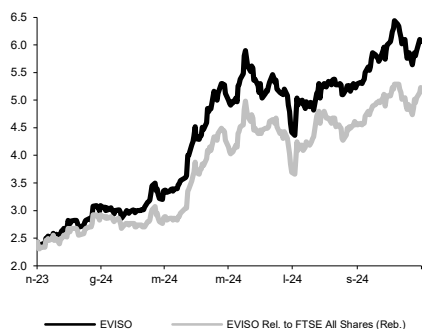
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 6.80 to 7.30		
	2025E	2026E	2027E
Chg in Adj EPS	0.1%	0.3%	0.8%

Next Event

1H KPI Out: February 13th

eVISO - 12M Performance



Stock Data			
Reuters code:	EVIS0.MI		
Bloomberg code:	EVIS0 IM		
Performance	1M	3M	12M
Absolute	1.0%	14.3%	149.4%
Relative	3.0%	9.3%	131.9%
12M (H/L)	6.44/2.36		
3M Average Volume (th):	23.76		

Shareholder Data	
No. of Ord shares (mn):	25
Total no. of shares (mn):	25
Mkt Cap Ord (Eu mn):	149
Total Mkt Cap (Eu mn):	149
Mkt Float - Ord (Eu mn):	30
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:	6.9
Net Financial Position (Eu mn):	12
Enterprise Value (Eu mn):	138

- **Double-digit growth across the board.** Eviso has reported the main KPIs for July – September 2024, with quarterly data once again showing strong growth trends. **Thanks to the strengthening of the commercial network, energy volumes supplied came to 325 Gwh (+50% YoY, +34% QoQ)**, of which 227 Gwh related to the reseller channel (+52% YoY, +39% QoQ) and 96 Gwh to the direct channel (+41% YoY, +23% QoQ). Gas supply was up +79% YoY, a result attributed mainly to direct customers, as resellers only recently entered the company's gas customer portfolio. **As a result, revenues increased significantly to €86mn (+67% YoY, +46% QoQ).**
- **Gross margin growth and solid cash generation:** eVISO reported a gross margin of between €5.1mn and €5.6mn, in line with the previous quarter and up strongly YoY. We note that, in the first half of 2023-2024, before eVISO began publishing quarterly data, the gross margin stood at €8.3mn. **The net financial position was positive to the tune of €11.5mn and flat vs. the position as at 30 June 2024.** This figure was boosted by a €3mn improvement in working capital, but dented by i) a €1.5mn reduction in security deposits ii) a €0.5mn VAT credit iii) €1.2mn from increased buyback activity and iv) €0.2mn of investments in real estate.
- **Latest news from October:** firstly, the signing of the **second gas supply contract with a reseller** for an annual ceiling of 5mn smc, corresponding to estimated turnover of €4mn. The second important news, the agreement signed with Seed Group, a company of the Private Office of Sheikh Saeed bin Ahmed Al Maktoum, **aimed at the global expansion of the Smartmele project, starting from the Gulf countries.** Finally, the Company announced an **upgrade to its IT platform**, which will allow the Company to manage the activities performed by its artificial intelligence infrastructure more quickly and efficiently, in order to significantly increase the number of points served, while maintaining close control over costs.
- **Fine-tuning of estimates and valuation.** Following the reported results we have refined our estimates, nudging EPS upwards by +0.1%, +0.3% and +0.8% for 2025, 2026 and 2027 respectively. We are updating our valuation based on a DCF model, which we believe best reflects the uniqueness of eVISO's features, and which yields a **target price of €7.30 per share.**
- **Investment case.** The factors underpinning our positive opinion of the stock include: i) the increase in energy volumes supplied and the expansion of customer numbers in all channels, thanks to the strengthening of the commercial network; ii) growing competitiveness with a consequent improvement in the gross margin, favoured by the efficiencies introduced by the upgrade of the IT platform; iii) robust cash generation; and finally iv) international expansion of the Smartmele business.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	225	224	330	383	402
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	0.472	0.506
EPS Old Adj (Eu)	-0.050	0.198	0.349	0.470	0.502
DPS (Eu)	0.000	0.045	0.045	0.045	0.045
EV/EBITDA Adj	23.0	12.5	8.4	6.3	5.4
EV/EBIT Adj	nm	18.5	10.6	7.4	6.3
P/E Adj	nm	30.6	17.3	12.8	12.0
Div. Yield	0.0%	0.7%	0.7%	0.7%	0.7%
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	330	383	402
EBITDA	5	2	11	16	20	21
EBIT	3	-0	7	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	18
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	7	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	0.472	0.506
EPS Adj f.d	-0.043	-0.050	0.198	0.349	0.472	0.506
BVPS f.d	0.741	0.686	0.884	1.217	1.689	2.194
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%	9.5%	8.9%
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	-6	-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	11	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	-8
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	149	149	149	149
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	8	9	12	15	25	37
Enterprise Value	52	50	138	135	124	113
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	3.3%	3.8%	4.4%	4.5%
Gearing - Debt/Equity	-44.6%	-53.2%	-52.8%	-48.4%	-60.1%	-68.1%
Interest Cover on EBIT	11.3	nm	14.0	23.8	42.0	44.9
Net Debt/EBITDA Adj	-1.6	-4.2	-1.0	-0.9	-1.3	-1.8
ROACE*	20.8%	-1.6%	82.1%	98.4%	104.7%	106.2%
ROE*	-5.6%	-7.1%	25.2%	33.3%	32.5%	26.1%
EV/CE	3.9	5.5	15.2	10.5	7.8	6.7
EV/Sales	0.3	0.2	0.6	0.4	0.3	0.3
EV/EBITDA Adj	10.4	23.0	12.5	8.4	6.3	5.4
EV/EBIT Adj	18.1	nm	18.5	10.6	7.4	6.3
Free Cash Flow Yield	3.7%	-0.8%	5.3%	2.3%	7.3%	8.2%
Growth Rates (%)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	174.9%	8.1%	-0.3%	47.0%	16.1%	4.9%
EBITDA Adj	48.7%	-56.7%	409.3%	45.5%	23.9%	5.7%
EBIT Adj	27.7%	nm	nm	69.7%	32.5%	7.1%
Net Profit Adj	nm	nm	nm	76.5%	35.0%	7.2%
EPS Adj	nm	nm	nm	76.5%	35.0%	7.2%
DPS	13.1%	nm	nm	0.0%	0.0%	0.0%

*Excluding extraordinary items Source: Intermonte SIM estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	EVISO		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	7.30	Previous Target (Eu):	6.80
Current Price (Eu):	6.06	Previous Price (Eu):	5.74
Date of report:	14/11/2024	Date of last report:	27/09/2024

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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 MIDEX 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 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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