

EQUITY RESEARCH

EVISO SPA RESULTS REVIEW Press release

BUY

TP 3.8€ (vs 3.6€)
Up/Downside: 70%

eVISO Has Laid the Foundations for an Explosive 2023

H1 2023 closed with revenue of €145.4m (+46.7% vs. €99.1m YoY), EBITDA was down to €0.2m (vs. €1.8m YoY), net income amounted to -€1m (vs. €0.6m YoY). Net debt, as previously announced, amounted to €4m (vs -€8.1m) and the number of users rose to 240k (+41% YoY).

Average PUN prices recorded over the reference period amounted to €362.2/MWh, 2x the average of €182/MWh for July-December 2021, which explains why eVISO in turn charged around €425/MWh delivered (vs. €259/MWh YoY). For the record, in the first 3 months of 2023, the average value stood at €157/MWh, a value that had not been seen since September 2021. For this reason, the company officially announced that at the end of February 2023, net debt had already been reduced by €5m, now standing, cash positive, at -€1m.

In this context of volatility and unprecedented prices in the history of the energy market, eVISO's revenue has increased significantly and its WC absorbing approximately €11.6m. In addition, the Italian government imposed a non-deductible tax on additional profits which impacted eVISO for €2.9m; institutional suppliers asked to pay an additional €2.9m as a guarantee on the supply of gas and electricity and, finally, eVISO invested €1.2m in the construction of the new headquarters in Saluzzo. The above reasons lead to a substantial cash absorption in 2022.

eVISO has managed to withstand this environment skilfully, thanks to: the collection of €6.5m in guarantees from its resellers; reducing the energy delivered to the reseller channel by 12% YoY and the energy delivered to the direct channel by 21% YoY; significantly increasing the number of PODs served (+41%) and the number of billings performed (+163% YoY), significantly improving the revenue mix and preparing for a new cycle of growth, which has already been re-launched in the first 3 months of 2023. eVISO estimates it will generate a Gross Margin on reseller customers of €7.47/MWh in 2023 (vs. €2.24 in 2022) and €24.44/MWh on direct customers (vs. €9.91 in 2022). This increase is due to the contractual renewal already in place with reseller and direct customers, so our estimates have been slightly improved for the FY forecast.

Although the company has just come through the worst period in the last two decades for the reseller segment of the energy market, eVISO now has a customer base characterized by a significantly better quality, which will allow margins to increase beyond previous levels, and in addition, the 7,000 sqm building is almost ready in Saluzzo to support the return to growth.

This is a good time to buy, TP of €3.8 (vs. €3.6)!

TP ICAP Midcap Estimates	06/22	06/23e	06/24e	06/25e	Valuation Ratio	06/23e	06/24e	06/25e
Sales (m €)	208.1	259.5	240.3	282.9	EV/Sales	0.2	0.2	0.1
Current Op Inc (m €)	3.2	2.0	4.0	5.8	EV/EBITDA	11.6	7.1	4.7
Current op. Margin (%)	1.5	0.8	1.7	2.0	EV/EBIT	24.6	11.5	7.0
EPS (€)	-0.04	0.03	0.09	0.15	PE	72.7	24.3	15.3
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	5.2	-1.9	2.5	5.8				

Key data

Price (€)	2.2
Industry	Technology Services
Ticker	EVS-IT
Shares Out (m)	24.662
Market Cap (m €)	55.2
Average trading volumes (k shares / day)	6.405

Ownership (%)

O Caminho S.r.l.	52.7
Iscat S.r.l.	13.9
Pandora S.S.	12.2
Arca Fondi SGR	3.0
Free float	21.2

EPS (€)	06/23e	06/24e	06/25e
Estimates	0.03	0.09	0.15
Change vs previous estimates (%)	na	7.97	5.58

Performance (%)	1D	1M	YTD
Price Perf	-3.4	-4.7	-11.8
Rel FTSE Italy	-4.2	-0.7	-19.6



Consensus FactSet - Analysts:na	06/23e	06/24e	06/25e
Sales	245.3	233.6	275.4
EBIT	1.0	3.9	5.6
Net income	-2.0	2.1	3.4

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FINANCIAL DATA

Income Statement	06/20	06/21	06/22	06/23e	06/24e	06/25e
Sales	47.8	75.7	208.1	259.5	240.3	282.9
Changes (%)	12.8	58.3	174.9	24.7	-7.4	17.7
Gross profit	30.3	44.4	43.9	54.3	70.4	92.9
% of Sales	63.3	58.6	21.1	20.9	29.3	32.8
EBITDA	2.4	3.3	5.0	4.2	6.5	8.6
% of Sales	5.0	4.4	2.4	1.6	2.7	3.0
Current operating profit	1.7	2.2	3.2	2.0	4.0	5.8
% of Sales	3.5	2.9	1.5	0.8	1.7	2.0
Non-recurring items	0.0	0.1	0.3	0.5	0.6	0.5
EBIT	1.7	2.1	2.8	1.5	3.5	5.2
Net financial result	0.1	0.4	0.2	0.4	0.3	0.2
Income Tax	0.4	0.4	3.7	0.3	0.9	1.4
Tax rate (%)	25.7	24.6	142.7	27.9	27.9	27.9
Net profit, group share	1.2	1.3	-1.1	0.8	2.3	3.6
EPS	0.05	0.05	na	0.03	0.09	0.15
Financial Statement	06/20	06/21	06/22	06/23e	06/24e	06/25e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	2.8	12.6	14.6	15.1	14.7	14.3
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.1	4.9	4.6	4.6	4.6	4.6
Working capital	-0.6	-0.3	-8.4	-6.2	-6.0	-7.9
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	3.3	17.2	10.8	13.5	13.3	11.0
Shareholders equity group	2.9	19.8	18.3	19.0	21.3	24.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	0.4	0.3	0.6	0.6	0.6	0.6
Net debt	-0.0	-3.0	-8.1	-6.2	-8.7	-14.5
Other liabilities	0.0	0.2	0.1	0.1	0.1	0.1
Liabilities	3.3	17.2	10.8	13.5	13.3	11.0
Net debt excl. IFRS 16	-0.0	-3.0	-8.1	-6.2	-8.7	-14.5
Gearing net	-0.0	-0.2	-0.4	-0.3	-0.4	-0.6
Leverage	-0.0	-0.9	-1.6	-1.5	-1.3	-1.7
Cash flow statement	06/20	06/21	06/22	06/23e	06/24e	06/25e
CF after elimination of net borrowing costs and taxes	1.9	2.7	4.4	3.0	4.8	6.4
Δ WCR	-1.0	-0.0	4.7	-2.2	-0.1	1.8
Operating cash flow	0.8	2.7	9.1	0.8	4.6	8.3
Net capex	-2.1	-3.0	-3.8	-2.7	-2.1	-2.4
FCF	-1.3	-0.3	5.2	-1.9	2.5	5.8
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.9	-0.1	-0.1	0.0	0.0	0.0
Change in borrowings	3.1	0.2	3.3	0.0	0.0	0.0
Dividends paid	0.0	-0.3	-0.4	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.3	7.9	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	2.8	7.8	2.9	0.0	0.0	0.0
ROA (%)	34.8%	7.7%	na	5.6%	17.1%	32.6%
ROE (%)	39.4%	6.7%	na	4.0%	10.7%	14.5%
ROCE (%)	57.0%	11.0%	17.4%	10.5%	19.0%	23.2%

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Analyst certifications

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This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: eVISO SpA

History of investment rating and target price – eVISO SpA



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	84%	64%
Hold	14%	38%
Sell	1%	50%
Under review	1%	0%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

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