

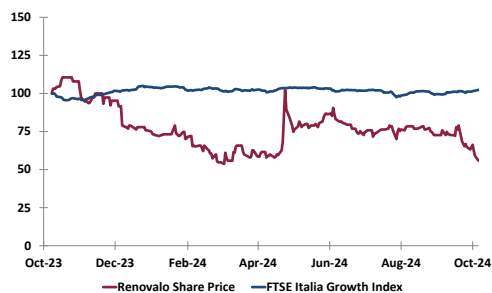


## OUTPERFORM

**Current Share Price (€): 2.12**

**Target Price (€): 5.30**

### Renovalo – 1Y Performance



Source: S&P Capital IQ - Note: 16/10/2023=100

### Company data

ISIN number	IT0005500571
Bloomberg code	RNV IM
Reuters code	RNV.MI
Industry	RE / Building Renovation
Stock market	Euronext Growth Milan
Share Price (€)	2.12
Date of Price	14/10/2024
Shares Outstanding (m)	11.2
Market Cap (€m)	23.7
Market Float (%)	10.71%
Daily Volume	15,900.0
Avg Daily Volume YTD	9,167
Target Price (€)	5.30
Upside (%)	150%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	6M	1Y
Renovalo - Absolute (%)	-26%	-22%	-5%	-44%
FTSE Italia Growth Index (%)	3%	0%	1%	2%
1Y Range H/L (€)	4.20	2.04		
YTD Change (€) / %	-0.84	-28%		

Source: S&P Capital IQ

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## Regulatory headwinds hit turnover and profitability in H1, volumes rebound expected in H2, backlog provides visibility into 2025

### Trading update

In the last three months, the stock price fell 22%, underperforming a stable Italia Growth Index. Since our last update the stock's price hovered in the range €2.12-€3.44.

### “Superbonus” tidal wave hits H1 2024, nearly €15m cash generated YtD, backlog covers full 2025

Total revenues for the first half of 2024 were €12.4m, compared to € 47.7m in H1 2023, heavily affected by the “Superbonus” regulation that benefited operations in 2023. EBITDA was also affected, which was €0.5m in H1, down from €13.1m in H1 2023. Due to the accounting of tax bonuses in accordance with OIC 15 standard, financial income was €2.2m, leading to net income of €1.9m, compared to €9.1m in H1 2023. The net financial position was cash positive for €9.4m compared to €5m cash negative at the end of 2023. Backlog €75.9m as of September 30<sup>th</sup>.

### FY 2024-26E estimates revision: still expected over €30m cumulative cash generation despite lowered revenues and Ebitda, again close to 20% margin in 2025-26E

H1 results were affected by the latest regulatory change in March, which resulted in the renegotiation and delays in execution of all projects in pipeline for 2024. On this premise, assuming only organic growth, we are revising our FY24E estimates downward and taking a cautious approach to our projections for 2025-26. We now expect cumulative revenues over €120m in the period, previously €177m. We project an EBITDA margin over 13% in 2024 and close to 20% in 2025-26. The net cash position is expected to be around €16m in 2024 and to improve sequentially in 2025-26 (to €19-25m, respectively).

### Target Price €5.30 (from €6.00) per share and OUTPERFORM rating confirmed

Our updated valuation suggests an adjustment to target price from €6.00 to €5.30, 150% potential upside on current share price. OUTPERFORM rating confirmed.

CONSOLIDATED KEY FINANCIALS AND ESTIMATES €m	2021A	2022A	2023A	2024E	2025E	2026E
<b>Total Revenues</b>	<b>21.3</b>	<b>47.1</b>	<b>114.6</b>	<b>28.0</b>	<b>47.1</b>	<b>46.2</b>
YoY %	416.1%	121.6%	143.1%	-75.6%	68.2%	-2.0%
<b>EBITDA</b>	<b>5.1</b>	<b>9.7</b>	<b>28.2</b>	<b>3.7</b>	<b>9.0</b>	<b>8.9</b>
Margin	23.8%	20.6%	24.6%	13.2%	19.2%	19.2%
<b>EBIT</b>	<b>4.9</b>	<b>9.4</b>	<b>26.6</b>	<b>3.1</b>	<b>8.3</b>	<b>8.0</b>
<b>Net Income</b>	<b>4.3</b>	<b>6.6</b>	<b>18.0</b>	<b>4.1</b>	<b>5.7</b>	<b>5.5</b>
<b>Trade Working Capital</b>	<b>9.6</b>	<b>13.7</b>	<b>52.6</b>	<b>21.1</b>	<b>24.3</b>	<b>23.8</b>
<b>Net (Debt) Cash</b>	<b>2.1</b>	<b>3.6</b>	<b>(5.0)</b>	<b>16.3</b>	<b>19.1</b>	<b>25.2</b>
<b>Equity</b>	<b>4.4</b>	<b>16.1</b>	<b>33.6</b>	<b>36.7</b>	<b>42.4</b>	<b>47.9</b>

### KEY RATIOS

TWC/Total Revenues	45%	29%	46%	75%	52%	52%
Operating cash flow before capex/EBITDA	94%	-22%	-22%	552%	41%	80%
ROE	97%	41%	54%	11%	13%	11%

Source: Company data 2021-23A, EnVent Research 2024-26E

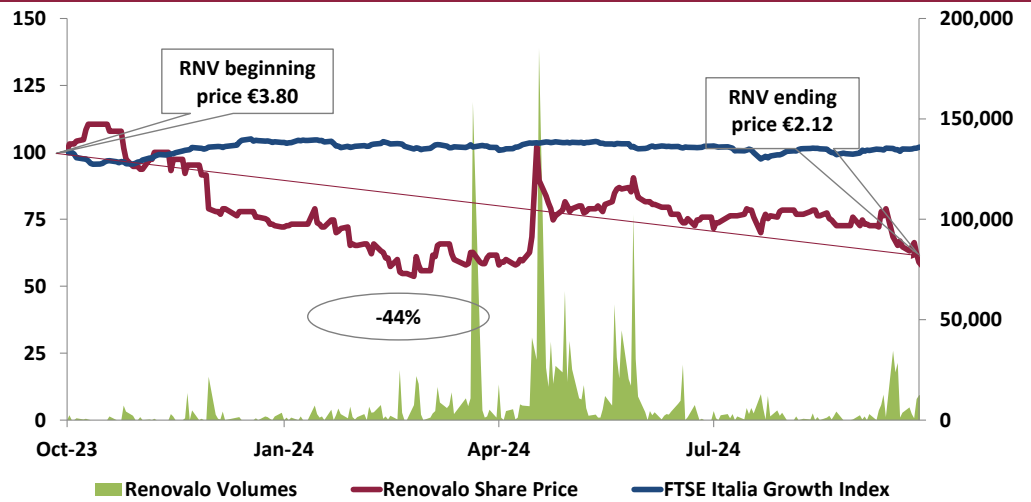
Note 1: 2019A-20A Renovalo S.p.A. unaudited and unconsolidated figures

## Market update

Trading price range €2.04-4.20 per share

-44% for Renovalo share price, vs stable Italia Growth Index

### Renovalo – 1Y Share price performance and trading volumes

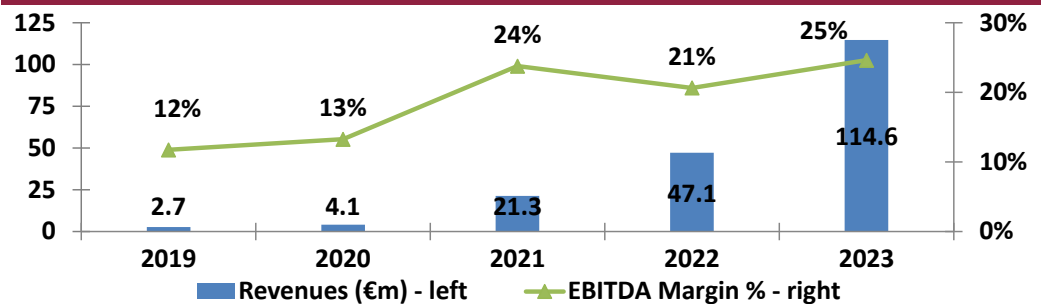


Source: EnVent Research on S&P Capital IQ - Note: 16/10/2023=100

## Investment case

Renovalo, listed on Euronext Growth Milan, operates in the Italian energy efficiency and green building market, primarily in the Rome area. The Group provides comprehensive services and products for urban renewal and building renovation projects. Renovalo supports its customers, typically residential property owners, throughout the entire supply chain, offering sustainable solutions from design and project management to execution and care of administration matters. Additionally, the Company can act as general contractor, outsourcing project execution to subcontractors. Renovalo's M/L term strategic goals include: a) expansion beyond the Rome area; b) extending current business into promising industry niches (silver economy, student accommodation, and hospitality) and diversifying their operations (solutions for photovoltaic plants); c) undertaking real estate development projects, by acquiring disused or abandoned properties for renovation and subsequent sale, potentially through partnerships with institutional investors.

### Historical Revenues and EBITDA



Source: EnVent Research on Company data. Note: 2019-20 unconsolidated figures

### Industry and Company drivers

- Building renovation is flourishing in Italy, driven by tax incentives and by EU M/L run energy efficiency targets.
- Italian real estate industry is seeing the development of new market niches as silver economy and student accommodation, with investors showing interest for sustainability
- Renovalo wide and integrated services portfolio, with a diversified customer base and focus on sustainability issues
- SOA certification
- Skilled workforce and industry expert top managers who are also Company shareholders

### Challenges

- Tax benefits impact and regulatory changes
- Increasing competition
- New market segments: opportunities and risk

### Project portfolio

	Private		PA		Corporate	
	#	€	#	€	#	€
Energy efficiency	42	€39.0m	1	€0.6m	-	-
Structural upgrades	4	€4.1m	1	€4.3m	1	€0.5m
Demolition and restoration	-	-	2	€6.3m	2	€0.9m
Maintenance	37	€17.7m	2	€0.5m	6	€0.7m
Restoration	2	€1.1m	2	€0.3m	-	-
<b>Total</b>	<b>85</b>	<b>€61.9m</b>	<b>8</b>	<b>€11.9m</b>	<b>9</b>	<b>€2.1m</b>

Source: Company data as of 19/09/2024

## H1 2024 results

### Consolidated Profit and Loss

€m	H1 2023	H1 2024
Sales	35.2	7.3
WIP Changes	12.0	5.1
Other income	0.5	0.0
<b>Total Revenues</b>	<b>47.7</b>	<b>12.4</b>
YoY %	168.9%	-73.9%
Materials	(11.2)	(1.2)
Services	(16.9)	(3.6)
Personnel	(5.7)	(5.9)
Other operating costs	(0.8)	(1.3)
Operating costs	(34.5)	(12.0)
<b>EBITDA</b>	<b>13.1</b>	<b>0.5</b>
Margin	27.5%	3.8%
D&A	(0.2)	(0.2)
<b>EBIT</b>	<b>12.9</b>	<b>0.2</b>
Margin	27.1%	1.8%
Financial income/expenses	(0.1)	2.2
<b>EBT</b>	<b>12.8</b>	<b>2.4</b>
Margin	26.8%	19.6%
Income taxes	(3.7)	(0.5)
<b>Net Income (Loss)</b>	<b>9.1</b>	<b>1.9</b>

Source: Company data

### Consolidated Balance Sheet

€m	2023	H1 2024
WIP	1.9	6.9
Trade receivables	77.4	37.8
Trade payables	(26.7)	(9.2)
Trade Working Capital	52.6	35.5
Other assets (liabilities)	(16.5)	(14.7)
<b>Net Working Capital</b>	<b>36.0</b>	<b>20.8</b>
Intangible assets	0.3	0.5
Property, plant and equipment	3.1	3.4
Equity investments and financial assets	0.6	0.9
<b>Non-current assets</b>	<b>4.01</b>	<b>4.75</b>
<b>Provisions</b>	<b>(1.5)</b>	<b>(0.4)</b>
<b>Net Invested Capital</b>	<b>38.6</b>	<b>25.1</b>
<b>Net Debt (Cash)</b>	<b>5.0</b>	<b>(9.4)</b>
<b>Equity</b>	<b>33.6</b>	<b>34.5</b>
<b>Sources</b>	<b>38.6</b>	<b>25.1</b>

### Consolidated Cash Flow

€m	H1 2023	H1 2024
<b>EBIT</b>	<b>12.9</b>	<b>0.2</b>
Current taxes	(3.7)	(0.5)
D&A	0.2	0.2
Provisions	0.1	(1.0)
<b>Cash flow from P&amp;L operations</b>	<b>9.6</b>	<b>(1.1)</b>
Trade Working Capital	(29.3)	17.1
Other assets and liabilities	2.9	(1.8)
<b>Operating cash flow before capex</b>	<b>(16.8)</b>	<b>14.2</b>
Capex	(0.6)	(0.7)
<b>Operating cash flow after working capital and capex</b>	<b>(17.4)</b>	<b>13.4</b>
Interest	(0.1)	2.2
Equity investments and financial assets	(0.0)	(0.2)
Paid-in Capital	0.0	0.0
<b>Net cash flow</b>	<b>(18.0)</b>	<b>14.4</b>
Net (Debt) Cash - Beginning	3.6	(5.0)
Net (Debt) Cash - End	(14.4)	9.4
<b>Change in Net (Debt) Cash</b>	<b>(18.0)</b>	<b>14.4</b>

Source: Company data

### Ratio analysis

	H1 2023	H1 2024
ROE	74%	11%
ROS (EBIT/Total Revenues)	27%	2%
DSO	108	497
DPO	68	221
TWC/Total Revenues	45%	143%
NWC/Total Revenues	38%	83%
Net Debt/EBITDA	0.5x	cash
Net Debt/Equity	0.6x	cash
Net Debt/(Net Debt+Equity)	0.4x	cash
Operating cash flow before capex/EBITDA	-128%	3002%

## Corporate period facts

- Company name change to Renovalo S.p.A
- Establishment of Powerin, subsidiary active in the development and installation of photovoltaic plants

## Business update

### 2024-25 backlog €75m

Renovalo backlog as of September 2024 was €75.9m, which will be executed along 2024-2025.

### Stiltermica acquisition

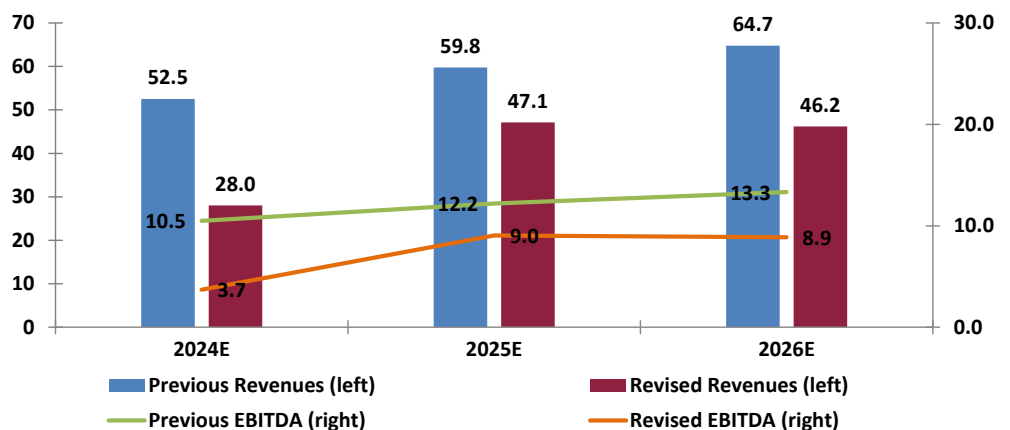
Renovalo in July 2024 announced the acquisition of Stiltermica for €0.6m, company active in the heating systems segment with €0.8m revenues in FY23.

## 2024-2026: estimates revision

After H1 2024 results, affected by regulatory changes in March, and latest disclosed backlog of ca. €76m that grants us visibility for 2024-25, we are revising downward our estimates for the following years. Now we expect cumulative revenues over €120m along 2024-26, vs previous €177m. We also expect reduced profitability in 2024 with EBITDA margin around 13%, then close to 20% in 2025-26.

## Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



€m	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
<b>Revenues</b>	28.0	47.1	46.2	52.5	59.8	64.7	-47%	-21%	-29%
<b>EBITDA</b>	3.7	9.0	8.9	10.5	12.2	13.3	-65%	-26%	-34%
<i>Margin</i>	13%	19%	19%	20%	20%	21%			
<b>EBIT</b>	3.1	8.3	8.0	9.9	11.5	12.5	-69%	-27%	-36%
<i>Margin</i>	11%	18%	17%	19%	19%	19%			
<b>Net Income (Loss)</b>	4.1	5.7	5.5	6.7	7.9	8.7	-38%	-28%	-37%
<b>Net (Debt) Cash</b>	16.3	19.1	25.2	19.5	24.7	32.3	-16%	-23%	-22%

Source: EnVent Research

## Financial projections

### Consolidated Profit and Loss

€m	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Sales + WIP change	2.7	4.0	21.0	47.1	113.8	28.0	47.1	46.2
Other income	0.1	0.1	0.3	0.1	0.8	0.0	0.0	0.0
<b>Total Revenues</b>	<b>2.7</b>	<b>4.1</b>	<b>21.3</b>	<b>47.1</b>	<b>114.6</b>	<b>28.0</b>	<b>47.1</b>	<b>46.2</b>
<i>YoY %</i>	<i>n.a.</i>	<i>51.2%</i>	<i>416.1%</i>	<i>121.6%</i>	<i>143.1%</i>	<i>-75.6%</i>	<i>68.2%</i>	<i>-2.0%</i>
Materials	(1.2)	(1.8)	(2.3)	(7.1)	(22.3)	(4.2)	(7.1)	(6.9)
Services	(0.4)	(0.6)	(9.5)	(21.5)	(50.1)	(8.4)	(18.4)	(18.0)
Personnel	(0.4)	(0.5)	(3.5)	(7.9)	(11.7)	(11.2)	(11.8)	(11.5)
Other operating costs	(0.4)	(0.6)	(0.9)	(0.9)	(2.3)	(0.5)	(0.8)	(0.8)
Operating costs	(2.4)	(3.6)	(16.2)	(37.4)	(86.4)	(24.3)	(38.1)	(37.3)
<b>EBITDA</b>	<b>0.3</b>	<b>0.5</b>	<b>5.1</b>	<b>9.7</b>	<b>28.2</b>	<b>3.7</b>	<b>9.0</b>	<b>8.9</b>
<i>Margin</i>	<i>11.7%</i>	<i>13.3%</i>	<i>23.8%</i>	<i>20.6%</i>	<i>24.6%</i>	<i>13.2%</i>	<i>19.2%</i>	<i>19.2%</i>
D&A	(0.0)	(0.0)	(0.2)	(0.3)	(1.6)	(0.6)	(0.7)	(0.8)
<b>EBIT</b>	<b>0.3</b>	<b>0.5</b>	<b>4.9</b>	<b>9.4</b>	<b>26.6</b>	<b>3.1</b>	<b>8.3</b>	<b>8.0</b>
<i>Margin</i>	<i>10.5%</i>	<i>12.3%</i>	<i>23.0%</i>	<i>20.0%</i>	<i>23.2%</i>	<i>11.1%</i>	<i>17.7%</i>	<i>17.4%</i>
Financial income/expenses	(0.1)	(0.1)	1.2	(0.1)	(1.0)	2.5	(0.3)	(0.3)
<b>EBT</b>	<b>0.2</b>	<b>0.4</b>	<b>6.1</b>	<b>9.3</b>	<b>25.6</b>	<b>5.6</b>	<b>8.0</b>	<b>7.7</b>
<i>Margin</i>	<i>7.8%</i>	<i>10.5%</i>	<i>28.6%</i>	<i>19.8%</i>	<i>22.4%</i>	<i>20.1%</i>	<i>17.0%</i>	<i>16.7%</i>
Income taxes	(0.1)	(0.2)	(1.8)	(2.7)	(7.7)	(1.5)	(2.3)	(2.2)
<b>Net Income (Loss)</b>	<b>0.1</b>	<b>0.2</b>	<b>4.3</b>	<b>6.6</b>	<b>18.0</b>	<b>4.1</b>	<b>5.7</b>	<b>5.5</b>
<i>Margin</i>	<i>3.9%</i>	<i>6.0%</i>	<i>20.1%</i>	<i>14.0%</i>	<i>15.7%</i>	<i>14.8%</i>	<i>12.1%</i>	<i>11.9%</i>

Source: EnVent Research on Company data for 2019-23A - EnVent Research for 2024E-26E

Note 1: 2019A-20A Renovalo S.p.A. unaudited and unconsolidated figures

Note 2: 2021A interest income/expense includes financial net income as to third parties tax debts/credits trading activity

### Consolidated Balance Sheet

€m	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
WIP	0.0	0.0	0.5	12.0	1.9	7.0	11.8	11.5
Trade receivables (incl. tax benefits to be sold to banks)	2.2	3.8	13.5	9.4	77.4	17.4	19.2	18.8
Trade payables	(0.5)	(1.3)	(4.3)	(7.6)	(26.7)	(3.4)	(6.6)	(6.5)
Trade Working Capital	1.7	2.5	9.6	13.7	52.6	21.1	24.3	23.8
Other assets (liabilities)	(0.5)	(1.0)	(9.5)	(4.1)	(16.5)	(4.1)	(4.1)	(4.1)
<b>Net Working Capital</b>	<b>1.2</b>	<b>1.5</b>	<b>0.2</b>	<b>9.6</b>	<b>36.0</b>	<b>16.9</b>	<b>20.2</b>	<b>19.7</b>
Intangible assets	0.0	0.0	0.0	0.1	0.3	0.3	0.3	0.3
Property, plant and equipment	0.1	0.1	2.1	2.9	3.1	3.1	3.0	2.8
Equity investments and financial assets	0.1	0.3	0.2	0.4	0.6	0.6	0.6	0.6
<b>Non-current assets</b>	<b>0.2</b>	<b>0.4</b>	<b>2.4</b>	<b>3.5</b>	<b>4.0</b>	<b>4.0</b>	<b>3.9</b>	<b>3.7</b>
<b>Provisions</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.3)</b>	<b>(0.6)</b>	<b>(1.5)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Net Invested Capital</b>	<b>1.3</b>	<b>1.8</b>	<b>2.3</b>	<b>12.5</b>	<b>38.6</b>	<b>20.4</b>	<b>23.3</b>	<b>22.6</b>
<b>Net Debt (Cash)</b>	<b>1.1</b>	<b>1.3</b>	<b>(2.1)</b>	<b>(3.6)</b>	<b>5.0</b>	<b>(16.3)</b>	<b>(19.1)</b>	<b>(25.2)</b>
<b>Equity</b>	<b>0.2</b>	<b>0.5</b>	<b>4.4</b>	<b>16.1</b>	<b>33.6</b>	<b>36.7</b>	<b>42.4</b>	<b>47.9</b>
<b>Sources</b>	<b>1.3</b>	<b>1.8</b>	<b>2.3</b>	<b>12.5</b>	<b>38.6</b>	<b>20.4</b>	<b>23.3</b>	<b>22.6</b>

Source: Company data for 2019A-23A - EnVent Research for 2024E-26E

Note 1: 2019A-20A Renovalo S.p.A. unaudited and unconsolidated figures

Note 2: 2021A Other assets and liabilities also include third parties tax credits and debts regarding building renovation projects, which the Company could trade in order to exploit potential financial net income (no more after 2021 due to new regulatory framework)

## Consolidated Cash Flow

€m	2020A	2021A	2022A	2023A	2024E	2025E	2026E
<b>EBIT</b>	<b>0.5</b>	<b>4.9</b>	<b>9.4</b>	<b>26.6</b>	<b>3.1</b>	<b>8.3</b>	<b>8.0</b>
Current taxes	(0.2)	(1.8)	(2.7)	(7.7)	(1.5)	(2.3)	(2.2)
D&A	0.0	0.2	0.3	0.5	0.6	0.7	0.8
Provisions	0.0	0.2	0.3	0.9	(0.9)	0.2	(0.0)
<b>Cash flow from P&amp;L operations</b>	<b>0.4</b>	<b>3.4</b>	<b>7.3</b>	<b>20.3</b>	<b>1.3</b>	<b>6.9</b>	<b>6.6</b>
Trade Working Capital	(0.8)	(7.2)	(4.1)	(38.8)	31.5	(3.3)	0.5
Other assets and liabilities	0.4	8.5	(5.3)	12.4	(12.4)	0.0	(0.0)
<b>Operating cash flow before capex</b>	<b>0.1</b>	<b>4.7</b>	<b>(2.1)</b>	<b>(6.2)</b>	<b>20.4</b>	<b>3.7</b>	<b>7.1</b>
Capex	(0.1)	(2.2)	(1.2)	(0.8)	(0.6)	(0.6)	(0.6)
<b>Operating cash flow after working capital and capex</b>	<b>0.0</b>	<b>2.6</b>	<b>(3.3)</b>	<b>(7.0)</b>	<b>19.8</b>	<b>3.1</b>	<b>6.5</b>
Interest	(0.1)	1.2	(0.1)	(1.0)	2.5	(0.3)	(0.3)
Equity investments and financial assets	(0.1)	0.0	(0.2)	(0.2)	0.0	0.0	0.0
Dividends and other equity changes	0.0	(0.3)	0.0	(0.5)	(1.0)	0.0	0.0
<b>Net cash flow</b>	<b>(0.2)</b>	<b>3.4</b>	<b>1.5</b>	<b>(8.7)</b>	<b>21.3</b>	<b>2.7</b>	<b>6.2</b>
(Net Debt)/Cash Beginning	(1.1)	(1.3)	2.1	3.6	(5.0)	16.3	19.1
(Net Debt)/Cash End	(1.3)	2.1	3.6	(5.0)	16.3	19.1	25.2
<b>Change in (Net Debt)/Cash</b>	<b>(0.2)</b>	<b>3.4</b>	<b>1.5</b>	<b>(8.7)</b>	<b>21.3</b>	<b>2.7</b>	<b>6.2</b>

Source: Company data for 2020A-23A - EnVent Research for 2024E-26E

Note 1: 2020A Renovalo S.p.A. unaudited and unconsolidated figures. As a consequence, 2021A figures are a proxy of consolidated cash flow

## Ratio analysis

	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
ROE	46%	51%	97%	41%	54%	11%	13%	11%
ROS (EBIT/Total Revenues)	11%	12%	23%	20%	23%	11%	18%	17%
DSO	272	286	215	86	206	230	150	150
DPO	102	152	106	91	129	90	90	90
TWC/Total Revenues	63%	60%	45%	29%	46%	75%	52%	52%
NWC/Total Revenues	43%	37%	1%	20%	31%	61%	43%	43%
Net Debt/EBITDA	3.4x	2.3x	cash	cash	0.2x	cash	cash	cash
Net Debt/Equity	4.7x	2.7x	cash	cash	0.1x	cash	cash	cash
Net Debt/(Net Debt+Equity)	0.8x	0.7x	cash	cash	0.1x	cash	cash	cash
Operating cash flow before capex/EBITDA	-271%	10%	94%	-22%	-22%	552%	41%	80%
Earnings per Share (€), basic	0.0	0.0	0.4	0.6	1.6	0.4	0.5	0.5

Source: Company data for 2019A-23A - EnVent Research for 2024E-26E

Note 1: 2019A- 2020A Renovalo S.p.A. unaudited and unconsolidated figures

## Valuation

The valuation of Renovalo has been performed through:

- Discounted Cash Flows applied to our 2024-26E financial projections; and
- Market multiples

## Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.0% (last 30 days avg. Source: Bloomberg, October 2024)
- Market return: 11.0% (last 30 days avg. Source: Bloomberg, October 2024)
- Market risk premium: 8.0%
- Beta: 0.8 (on the back of peer market data)
- Cost of equity: 9.0%
- Cost of debt: 5.0%
- Tax rate: 24% IRES
- 20% debt/(debt + equity) as target capital structure
- WACC calculated at 8.0%, according to above data

- Perpetual growth rate after explicit projections: 2%
- Terminal Value: considering: i) the intrinsic nature of Renovalo as a construction company; ii) its value strongly depending on revenues/backlog evolution starting from 2026E; and iii) the intrinsic sector risks regarding the expected long run profitability trends, we estimated terminal value according to a sensitivity analysis as to: a) EBITDA margin in the range 12.5%-17.5%; and b) time horizon between 10 years and perpetuity

### DCF Valuation

€m	2023A	2024E	2025E	2026E	Perpetuity
<b>Revenues</b>	<b>114.6</b>	<b>28.0</b>	<b>47.1</b>	<b>46.2</b>	<b>47.1</b>
<b>EBITDA</b>	<b>28.2</b>	<b>3.7</b>	<b>9.0</b>	<b>8.9</b>	<b>7.1</b>
<i>Margin</i>	24.6%	13.2%	19.2%	19.2%	15.0%
<b>EBIT</b>	<b>26.6</b>	<b>3.1</b>	<b>8.3</b>	<b>8.0</b>	<b>6.6</b>
<i>Margin</i>	23.2%	11.1%	17.7%	17.4%	14.0%
Taxes	(7.7)	(0.9)	(2.4)	(2.3)	(1.9)
<b>NOPAT</b>	<b>19.0</b>	<b>2.2</b>	<b>5.9</b>	<b>5.7</b>	<b>4.7</b>
D&A	1.6	0.6	0.7	0.8	0.5
Provisions	0.9	(0.9)	0.2	(0.0)	0.0
<b>Cash flow from operations</b>	<b>21.4</b>	<b>1.9</b>	<b>6.8</b>	<b>6.5</b>	<b>5.2</b>
Trade Working Capital	(38.8)	31.5	(3.3)	0.5	(0.2)
Capex	(0.8)	(0.6)	(0.6)	(0.6)	(0.5)
Other assets and liabilities	12.4	(12.4)	0.0	(0.0)	0.0
<b>Unlevered free cash flow</b>		<b>6.5</b>	<b>3.0</b>	<b>6.4</b>	<b>4.5</b>
WACC	8.0%				
Long-term growth (G)	2.0%				
<b>Discounted Cash Flows</b>		<b>6.3</b>	<b>2.7</b>	<b>5.3</b>	<b>3.4</b>
Sum of Discounted Cash Flows	14.2				
<b>Terminal Value</b>		<b>15y</b>	<b>10y</b>		<b>74.9</b>
Discounted TV	61.9	35.8	28.1		
<b>Enterprise Value</b>	<b>76.1</b>	<b>50.1</b>	<b>42.4</b>		
Net (Debt) Cash as of 30/06/2024	9.4	9.4	9.4		
Minorities as of 30/06/2024	(0.0)	(0.0)	(0.0)		
<b>Equity Value</b>	<b>85.5</b>	<b>59.4</b>	<b>51.8</b>		
<b>Equity Value per share (€)</b>	<b>7.6</b>	<b>5.3</b>	<b>4.6</b>		

DCF Valuation (€m) - Sensitivity Analysis			Long run EBITDA Margin		
			12.5%	15.0%	17.5%
Long run cash flow - Discounting years	10 years	46.5	51.8	57.0	
	15 years	52.7	59.4	66.2	
	Perpetuity	73.9	85.5	97.1	

Source: EnVent Research

### Market multiples

Selection remarks:

- Listed companies operating in the same target market often run several other businesses and offer additional services to their customers.
- Their sizes can vary significantly, and they can have different geographical footprints.
- The regulatory framework, through tax incentives, benefits some market



segments over others, significantly affecting the financial performance of companies.

- Since we could not find listed peers fully aligned with the Company's business model, size, and geographical reach we identified two distinct clusters:
  - **Cluster 1** - Players with: i) a business similar to Renovalo; and/or ii) more comparable players in the broader facility management services
  - **Cluster 2** - Italian listed companies that take advantage of tax benefits in some way related to energy efficiency and building renovation activities

Some peers may belong to both clusters based on their profile.

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E			
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	
Cluster 1	ABM Industries	0.6x	0.6x	0.6x	9.6x	9.4x	8.8x	12.3x	11.7x	10.9x	14.9x	14.6x	13.3x
	Mears Group	0.5x	0.6x	0.6x	4.0x	4.5x	4.5x	8.2x	10.4x	10.6x	8.7x	11.2x	11.6x
	Sun Frontier Fudousan	1.6x	1.3x	1.2x	6.0x	n.a.	n.a.	6.6x	6.0x	5.5x	6.7x	5.7x	n.a.
	Gabetti Property Solutions	0.5x	0.4x	n.a.	14.0x	6.1x	n.a.	29.8x	8.3x	n.a.	neg	6.1x	n.a.
	EdiliziAcrobatica	0.5x	0.5x	0.4x	3.9x	3.3x	2.7x	6.4x	5.0x	3.8x	9.9x	7.0x	4.2x
	Abitare In	2.7x	1.3x	1.2x	12.7x	5.0x	4.6x	14.1x	5.3x	4.8x	15.1x	4.5x	4.0x
	<b>Mean</b>	<b>1.1x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>8.4x</b>	<b>5.6x</b>	<b>5.1x</b>	<b>12.9x</b>	<b>7.7x</b>	<b>7.1x</b>	<b>11.1x</b>	<b>8.2x</b>	<b>8.3x</b>
<b>Median</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>7.8x</b>	<b>5.0x</b>	<b>4.5x</b>	<b>10.3x</b>	<b>7.1x</b>	<b>5.5x</b>	<b>9.9x</b>	<b>6.5x</b>	<b>7.9x</b>	
Cluster 2	Gabetti Property Solutions	0.5x	0.4x	n.a.	14.0x	6.1x	n.a.	29.8x	8.3x	n.a.	neg	6.1x	n.a.
	Innovatec	0.5x	0.4x	0.4x	3.9x	3.0x	2.5x	7.0x	4.7x	3.6x	8.8x	5.1x	3.6x
	EdiliziAcrobatica	0.5x	0.5x	0.4x	3.9x	3.3x	2.7x	6.4x	5.0x	3.8x	9.9x	7.0x	4.2x
	Sciuker Frames	0.3x	0.3x	n.a.	1.4x	1.3x	n.a.	1.8x	1.7x	n.a.	2.3x	2.3x	n.a.
	Gibus	0.7x	0.7x	0.6x	5.4x	4.3x	3.7x	10.5x	6.9x	5.7x	14.9x	8.7x	6.9x
	Homizy	2.4x	9.9x	n.a.	neg	13.8x	n.a.	neg	24.0x	n.a.	neg	nm	n.a.
	Abitare In	2.7x	1.3x	1.2x	12.7x	5.0x	4.6x	14.1x	5.3x	4.8x	15.1x	4.5x	4.0x
	Nusco	0.5x	0.4x	0.4x	3.7x	3.2x	2.5x	4.1x	3.8x	3.2x	5.4x	4.2x	n.a.
<b>Mean</b>	<b>1.0x</b>	<b>1.8x</b>	<b>0.6x</b>	<b>6.4x</b>	<b>5.0x</b>	<b>3.2x</b>	<b>10.5x</b>	<b>7.5x</b>	<b>4.2x</b>	<b>9.4x</b>	<b>5.4x</b>	<b>4.7x</b>	
<b>Median</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.4x</b>	<b>3.9x</b>	<b>3.8x</b>	<b>2.7x</b>	<b>7.0x</b>	<b>5.1x</b>	<b>3.8x</b>	<b>9.3x</b>	<b>5.1x</b>	<b>4.1x</b>	
<b>Combined Mean</b>	<b>1.0x</b>	<b>1.3x</b>	<b>0.7x</b>	<b>7.3x</b>	<b>5.2x</b>	<b>4.1x</b>	<b>11.6x</b>	<b>7.6x</b>	<b>5.7x</b>	<b>10.1x</b>	<b>6.7x</b>	<b>6.5x</b>	
<b>Combined Median</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.6x</b>	<b>5.4x</b>	<b>4.5x</b>	<b>3.7x</b>	<b>8.2x</b>	<b>5.6x</b>	<b>4.8x</b>	<b>9.9x</b>	<b>6.1x</b>	<b>4.2x</b>	
<b>Renovalo Current Price and Consensus estimates</b>	<b>0.6x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>4.7x</b>	<b>1.9x</b>	<b>2.0x</b>	<b>5.6x</b>	<b>2.1x</b>	<b>2.2x</b>	<b>6.5x</b>	<b>4.7x</b>	<b>4.9x</b>	

Source: EnVent Research on S&P Capital IQ, 14/10/2024

### Multiples application

As a cross-checking methodology, we have applied consensus median multiples on our projected EBITDA, EBIT and net income for 2024 and 2025.

Multiples - Comparables		(€m)		Multiple	EV (€m)	Net (Debt)/ Cash (€m) 30/06/24	Equity Value (€m)
2024E	EBITDA	3.7	Median	5.4x	20.0	9.4	29.4
2025E	EBITDA	9.0	Median	4.5x	40.6	9.4	50.0
2024E	EBIT	3.1	Median	8.2x	25.4	9.4	34.8
2025E	EBIT	8.3	Median	5.6x	46.8	9.4	56.2
2024E	Earnings	4.1	Median	9.9x			40.8
2025E	Earnings	5.7	Median	6.1x			34.7

Source: EnVent Research

## Target Price

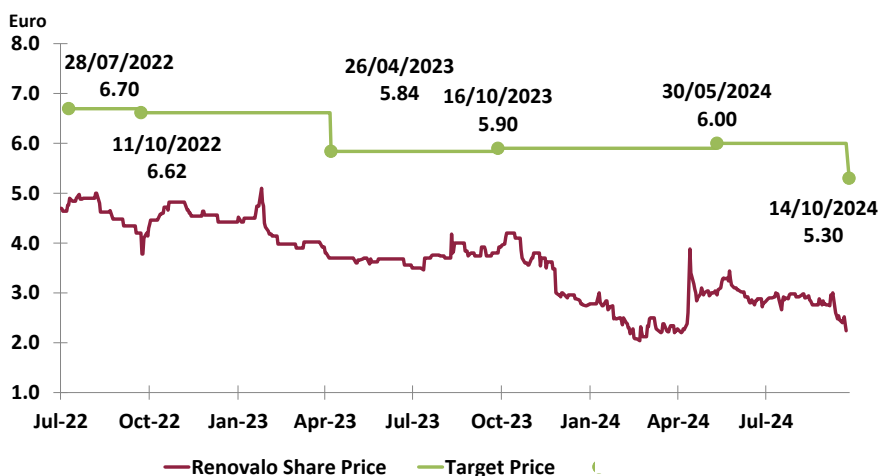
We recall that our 15-year DCF analysis, based on the assumption of long-term operating profitability stabilizing at around a 15% EBITDA margin, remains the most reliable method for evaluating the Company's investment potential. We consider the central value within DCF sensitivity, approximately €59m in equity value, as an appropriate benchmark for assessing the Company's investment case, resulting in target price of €5.30 per share, from €6.00, 150% potential upside on the current stock price. Thus, we confirm the OUTPERFORM rating.

Please refer to important disclosures at the end of this report.

Renovalo Price per share	€
<b>Target Price</b>	5.30
Current Share Price (14/10/2024)	2.12
<b>Premium (Discount)</b>	<b>150%</b>

Source: EnVent Research

Renovalo Share Price vs EnVent Target Price



Source: EnVent Research on S&P Capital IQ, 14/10/2024

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Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks expected to have a downside within the reference market or industry, with a target price more than 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 14/10/2024 h. 6.00pm

Date and time of Distribution: 14/10/2024 h. 6.25pm

#### **DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE**

Date	Recommendation	Target Price (€)	Share Price (€)
28/07/2022	OUTPERFORM	6.70	4.76
11/10/2022	OUTPERFORM	6.62	4.20
26/04/2023	OUTPERFORM	5.84	3.70
16/10/2023	OUTPERFORM	5.90	3.80
30/05/2024	OUTPERFORM	6.00	3.00
14/10/2024	OUTPERFORM	5.30	2.12

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Number of companies covered:	26	OUTPERFORM	NEUTRAL	UNDERPERFORM	SUSPENDED	UNDER REVIEW	NOT RATED
Total Equity Research Coverage %		88%	12%	0%	0%	0%	0%
of which EnVent clients % *		73%	33%	na	na	na	na

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