

Company Note

MID CORPORATE

Agatos

FY21 Results and New Business Plan

Following FY21 results, which saw a strong increase in the top line but also a net loss topping EUR 13.2M caused by non-recurring items, Agatos presented a new BP, which significantly lowers the previous targets for 2022 but also increases the EBITDA margin from 2023 onwards due to a different business mix. In this scenario, the recent share price and volumes hike add speculative appeal.

**FY21 results**

In 2021, revenues were EUR 15.1M, nearly 5 times the 2020 level, surpassing our estimates, while EBITDA was slightly positive. Still, the operating loss reached EUR 6.9M, being penalised by EUR 4.9M of provisions to cover the extra costs of the Marcallo project and the net result was negative for EUR 13.2M, hit by a capital loss of EUR 5.6M related to the disposal of the mini wind activities. Net debt was down to EUR 8.5M (vs. EUR 11.1M in 2020) and net equity turned negative for EUR 1.4M (vs. +EUR 10.4M in FY20).

**New business plan**

Agatos revised its business plan (now arriving to 2026), with deep changes to the targets of its three business lines (Biomethane, Photovoltaic and Energy Efficiency) to incorporate a different market scenario (strong price volatility of materials and constraints on the supply chain) and difficulties in financing large and complex biomethane projects. The top line is forecast to report a CAGR of >40% in 2022-26 and an EBITDA margin growing to >20%. Still, revenues are expected at EUR 15.6M in 2022, significantly below the previous business plan (EUR 38.8M) due to the delays in new BIOSIP projects, with an EBITDA at breakeven (vs. EUR +3.9M) due to higher production costs. Our new estimates are more conservative than the business plan but incorporate strong improvements in 2023-24.

**Valuation**

The price increase of the past few weeks (+40% since the beginning of May) has reduced the upside potential despite our **target price increase to EUR 1.53/share from EUR 1.37/share. We confirm our BUY rating.**

20 June 2022: 12:38 CET

Date and time of production

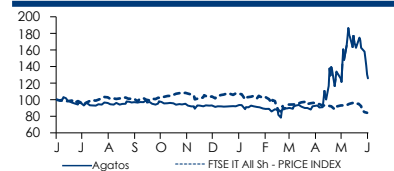
**BUY**

**Target Price: EUR 1.53**  
(from EUR 1.37)

Italy/Energy  
Results

**EGM (ex-AIM)**

Price Performance  
(RIC: AGA.MI, BB: AGA IM)



**Agatos - Key Data**

Price date (market close)	17/06/2022
Target price (EUR)	1.53
Target upside (%)	24.39
Market price (EUR)	1.23
Market cap (EUR M)	14.93
52Wk range (EUR)	1.82/0.77

Price performance %	1M	3M	12M
Absolute	3.4	39.6	25.8
Rel. to FTSE IT All Sh	15.1	54.6	48.8

Y/E Dec (EUR M)	FY21A	FY22E	FY23E
Revenues	15.13	15.10	30.00
EBITDA	0.22	-0.17	5.54
EBIT	-6.92	-1.42	4.20
Net income	-13.17	-1.90	2.89
EPS (EUR)	-0.63	-0.16	0.24
Net debt/-cash	8.46	12.82	11.31
Adj P/E (x)	Neg.	Neg.	5.2
EV/EBITDA (x)	87.8	NM	3.9
EV/EBIT (x)	Neg.	Neg.	5.1
Div ord yield (%)	0	0	0

Source: Company data, FactSet and Intesa Sanpaolo Research estimates

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## FY21 Results and New Business Plan

### FY21 results

Agatos reported FY21 results below our expectations, also due to higher than expected provisions. The key points of results were:

- Value of production at EUR 15.1M, above our estimates:** In FY21, revenues reached EUR 15.1M, 23% above our estimates, thanks to the BIOSIP project in Marcallo, now at around 70% (55% at Dec-21), and the acceleration of the general contractor activities related to the Superbonus 110%. Revenues were also above the target of the business plan (EUR 12.5M). 2H21 saw the value of production growing to EUR 10.4M from EUR 1.5M in 2H20;
- Positive EBITDA:** EBITDA was positive for EUR 0.2M in FY21, with a strong improvement in the second half of the year when the EBITDA margin reached 4.2% mostly thanks to the sale of Agatos' 20% stake in Trino photovoltaic project at Dec-21 for EUR 3.2M;
- EBIT hit by provisions:** Agatos reported an operating loss of EUR 6.9M in FY21 because the company posted EUR 4.9M of provisions to cover the extra costs of the Marcallo project as included in the settlement agreement with Sorgenia. We recall that the extra plant costs, quantified at EUR 9M including commissioning, in addition to the original EUR 15.9M, will be distributed 55% for Agatos and 45% for Sorgenia. Agatos will finance only EUR 2.0M of extra costs and paid "in kind" (sale to Sorgenia of the 25% stake in the SPV Green Power Marcallese S.r.l. and the shareholder loan of Agatos in the same SPV for a total consideration of EUR 3.0M) with a capital gain of EUR 0.6M;
- Negative net result:** Below the operating line, the company reported a capital loss of EUR 5.6M related to the disposal of the mini wind activities announced in Sept-21. Therefore, the net result attributable was negative for EUR 13.2M, with the 2H20 reporting a net loss of EUR 6.3M, which was significantly worse than our estimate. We recall that the law 15/55 conversion of the Decree 228/21 ("decreto Milleproroghe") provides that, for net losses generated during 2020 and 2021, the term within which the loss must be reduced to less than one-third established, is postponed to the fifth subsequent financial year. Therefore, Agatos is not obliged to increase its capital even if net equity was negative for EUR 1.4M at Dec-21;
- Net debt above expectations:** Net debt was down to EUR 8.5M, including EUR 2.0M of credits vs. "GP Marcallese", which is the SPV for Agatos' BIOSIP project in Marcallo, vs. EUR 11.1M at Dec-20 and EUR 10.4M at June-21. We also highlight the sharp increase in trade working capital (59% of sales vs. 14% in 2020) due to the inventories related to the work in progress at Marcallo (EUR 13.2M).

**Strong sales in 2H21**

**EUR 6.9M EBIT loss due to the provisions for the extra costs of Marcallo**

**Negative net result penalized by the capital losses on the disposal of mini wind activities**

### Agatos – 2H21 and 2021 results

EUR M	2H20A	2H21A	2H yoy %	FY20A	FY21E	FY21A	A/E %	yoy %
Revenues	1.5	10.4	593.6	3.2	12.3	15.1	22.7	372.8
EBITDA	-0.5	0.4	NM	-0.7	0.0	0.2	NM	NM
Margin (%)	-35.4	4.2		-22.9	0.0	1.5		
EBIT	-2.0	-5.9	NM	-3.0	-1.2	-6.9	NM	NM
Margin (%)	-134.9	-56.6		-92.3	-9.7	-45.7		
Net result attr.	-2.3	-6.3	NM	-3.8	-6.2	-13.2	NM	NM
Net debt/-cash	11.1	8.5	-213.5	11.1	6.8	8.5	24.4	-23.5

NM: not meaningful; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research

## New Business Plan

Agatos revised its business plan (now arriving to 2026), which points to revenues of around EUR 15.6M in 2022, significantly below the previous business plan (EUR 38.8M) due to the delays on new BIOSIP projects, with an EBITDA at breakeven (vs. +EUR 3.9M) due to higher production costs. In the coming years, revenues should grow rapidly topping EUR 88.3M in 2026 with an EBITDA margin above 22% thanks to a different product mix, more focused on Photovoltaic and Efficiency Energy segments. In detail, 2023 should see the doubling of the top line with an EBITDA margin above 27% which should remain broadly stable in 2024-26.

**Business plan strongly revised...**

### Agatos – New business plan

EUR M	2022	2023	2024	2025	2026
<b>Value of production</b>	<b>15.6</b>	<b>33.3</b>	<b>47.6</b>	<b>66.2</b>	<b>88.3</b>
o/w Photovoltaic	3.7	13.0	21.9	31.8	43.3
o/w Biomethane	4.5	5.7	10.9	16.5	20.3
o/w Energy Efficiency	7.2	14.7	15.2	17.9	24.7
<b>EBITDA</b>	<b>-0.1</b>	<b>9.2</b>	<b>11.4</b>	<b>15.4</b>	<b>19.8</b>
<b>% margin</b>	<b>-0.4</b>	<b>27.5</b>	<b>23.9</b>	<b>23.3</b>	<b>22.5</b>
Net equity	-2.8	1.9	6.7	12.7	21.0
Net debt/-cash	14.5	10.8	7.9	4.7	-1.1
Net debt/EBITDA	NM	1.2	0.7	0.3	-0.1

Source: Intesa Sanpaolo Research elaboration on Company data

### Agatos – Old business plan

EUR M	2022	2023	2024	2025
<b>Value of production</b>	<b>38.8</b>	<b>47.8</b>	<b>62.0</b>	<b>64.5</b>
o/w Photovoltaic	2.8	4.6	5.9	7.0
o/w Biomethane	22.0	30.9	41.3	41.8
o/w Energy Efficiency	14.0	12.3	14.9	15.7
<b>EBITDA</b>	<b>3.9</b>	<b>5.4</b>	<b>6.8</b>	<b>7.0</b>
<b>% margin</b>	<b>9.9</b>	<b>11.3</b>	<b>11.0</b>	<b>10.8</b>
Net equity	12.7	13.9	15.1	16.8
Net debt/-cash	6.7	4.5	2.9	1.0
Net debt/EBITDA	1.7	0.8	0.4	0.1

Source: Intesa Sanpaolo Research elaboration on Company data

The new business plan significantly changed Agatos' strategy reducing the exposure to EPC activities (mostly Biomethane) while increasing Photovoltaic (strongly) and Energy Efficiency businesses (to a lesser extent). This different product mix implies a much lower revenues growth but a sharp improvement in the EBITDA margin from 2023 onwards as the photovoltaic business deserves a higher margin. In detail:

**...with a different business mix**

- **Biomethane business**, which is mostly EPC, has been reduced in light of the financial need for orders of increasing complexity and also in view of a longer period of reorganisation of supply chains of various materials, commodities and equipment at the European and global level. Overall, the company aims to transfer the authorisation of the project already in place in order to reduce its financial exposure and to minimise risks associated with the EPC activities on raw material and procurement costs. The plan targets cumulated revenues up to 2026 of EUR 58M (vs. EUR 230M expected before up to 2025);
- **Photovoltaic business** is expected to grow by over 5GW per year with a goal of adding over 50GW by 2030, which should translate into >EUR 110M targeted cumulated revenues up to 2026. According to the company, the segment is very attractive given Agatos' proven expertise in developing and authorising photovoltaic projects. Agatos expects to generate a consistent and lasting pipeline of projects, and to decide opportunistically on the sale of semi-developed

projects (land and connection to the network insured) for about 430MW or fully authorised for about 470MW;

- **Energy Efficiency business** is largely based on the efficiency measures linked to the so-called "Superbonus 110%" and the other Eco-bonuses, which should also be supported by the "Next Energy EU" funds. The plan targets cumulated revenues up to 2026 of nearly EUR 80M (of which EUR 17M already contractualised) with a strong acceleration in 2023 despite the current difficulties and further legislative interventions which would change the "tax bonus" sector. Still, the energy efficiency sector should continue to grow driven by the need to counter, through efficiency measures, the extraordinary increase in energy costs.

#### Agatos – % change vs. the previous business plan

% change	2022	2023	2024	2025
<b>Value of production</b>	<b>-59.7</b>	<b>-30.3</b>	<b>-23.2</b>	<b>2.5</b>
o/w Photovoltaic	34.4	183.0	271.9	351.4
o/w Biomethane	-79.4	-81.7	-73.5	-60.4
o/w Energy Efficiency	-48.6	19.3	2.4	13.4
<b>EBITDA</b>	<b>NM</b>	<b>69.0</b>	<b>67.1</b>	<b>122.2</b>
Net equity	NM	-86.5	-55.9	-24.2
Net debt/-cash	116.3	141.9	170.0	383.7

NM: not meaningful; Source: Intesa Sanpaolo Research elaboration on Company data

The new business plan includes cumulated investments for around EUR 4.6M (vs. EUR 3.5M of the previous plan) in addition to the development costs already included in the working capital (EUR 4.1M). Moreover, the company aims to distribute cumulated dividends for EUR 8M in 2024-26. For these reasons, the expected net debt has been significantly increased even if Agatos plans to turn to net cash in 2026. To support its business plan Agatos estimates a financial need of around EUR 3M this year, which should be covered by new credit lines and/or a rights issue.

**Higher financial needs to be covered by new credit line and/or a new rights issue**

## Earnings Outlook

Following FY21 results and the presentation of a new business plan, which deeply changes the company's strategy and forecasts, we revised out 2022-23E estimates and added 2024E.

The business plan envisages revenues of around EUR 15.6M in 2022, substantially stable vs. 2021, due to the conclusion of the BIOSIP project of Marcallo and the delays to new biomethane projects, partially offset by growing revenues stemming from the energy efficiency demand driven by the "Superbonus 110%". In our view, this target should be substantially reached. Our EBITDA projection is also broadly in line with the business plan while we expect a negative net result close to EUR 1.9M. Net debt should decline to EUR 12.8M at Dec-22.

2023E should see sales nearly doubling due to the construction of the second BIOSIP plant and a sharp acceleration in energy efficiency projects, as the "Superbonus 110%" could soften or disappear in 2024, therefore accelerating the buildings' energy upgrade. The EBITDA margin should increase to 18.5% thanks to the different product mix, efficiencies, economies of scale and operational leverage and the bottom line should turn positive for EUR 2.9M.

In 2024E, we expect a further increase in revenues mostly due to new photovoltaic projects with a stable EBITDA margin. Net result should reach EUR 4.6M and we expect Agatos to distribute a DPS of EUR 0.04 corresponding to a dividend yield of 2.7% at the current market price.

**2022E: stable top line a still a negative net result**

**2023E: strong top line and EBITDA margin acceleration**

**2024E: photovoltaic business should be the main driver**

### Agatos – New vs. old estimates

EUR M, %	2022E		2022E New/Old %	2023E		2023E New/Old %	2023E New	2024E New
	Old	New		Old	New			
Value of production	35.9	15.1	-57.9	44.4	30.0	-32.4	44.0	
EBITDA	3.2	-0.2	NM	4.3	5.5	28.2	7.9	
Margin (%)	8.8	-1.1		9.7	18.5		18.0	
EBIT	2.6	-1.4	NM	3.7	4.2	13.3	6.5	
Margin (%)	7.1	-9.4		8.4	14.0		14.7	
Net result attr.	1.7	-1.9	NM	2.8	2.9	2.5	4.6	
Net debt/-cash	6.7	12.8	92.4	6.2	11.3	83.1	8.1	

NM: not meaningful; E: estimates; Source: Intesa Sanpaolo Research

Overall, our new estimates are below the business plan, in particular at the EBITDA level. In the past seven years, Agatos never reached a margin >20% (the top was 7.3% in 2017) and we believe there could be the risk of delays in completing the authorisation process and difficulties in finalising new financing, which could jeopardize the top-line and margin targets.

### Agatos - Our 2022-24E estimates compared with Agatos business plan

EUR M	Our estimates			Business plan			% change		
	2022E	2023E	2024E	2022T	2023T	2024T	2022E	2023E	2024E
Revenues	15.1	30.0	44.0	15.6	33.3	47.6	-3.3	-9.9	-7.5
EBITDA	-0.2	5.5	7.9	-0.1	9.2	11.4	NM	-39.5	-30.4
% margin	-1.1	18.5	18.0	-0.4	27.5	23.9			
Net debt	12.8	11.3	8.1	14.5	10.8	7.9	-11.6	4.8	2.5

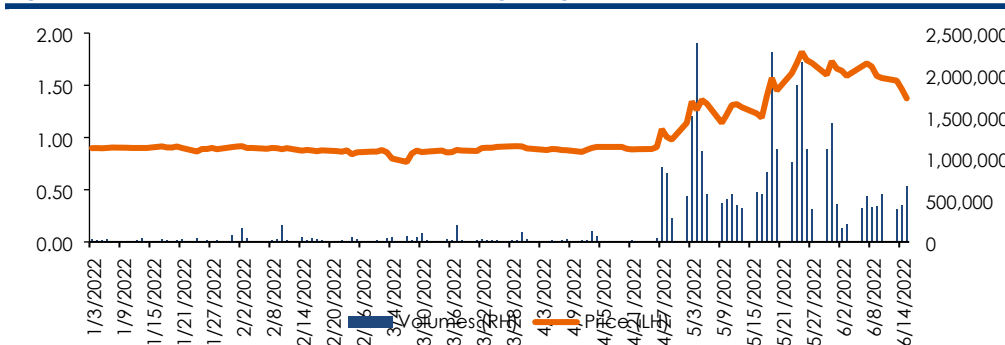
NM: not meaningful; T: targets; E: estimates; Source: Company data and Intesa Sanpaolo Research

## Valuation

Since end-April Agatos' share price has moved from EUR 0.9 to a high of EUR 1.82 on 25 May, declining since then to the current price with average daily volumes of 0.77M shares compared with EUR 0.03M shares in the first four months of the year. Overall, >27.7M shares were traded in less than two months corresponding to 2.3x the total outstanding shares. This rapid and sharp price increase (our target price was surpassed), accompanied by a strong increase in volumes, lacks fundamental reason in our view, even considering the approval on 2 May, of the Decree that has introduced specific measures to enhance the production of renewable energy from biomethane and to simplify the authorisation procedures, which clearly increased the attractiveness of companies operating in the sector. We acknowledge that it is adding speculative appeal to Agatos, which could be an attractive prey for a large player considering its proprietary patented technology, called BIOSIP, to produce biomethane from urban waste and from civil sewage sludge (Agatos already signed 4 contracts for >EUR 80M cumulated sales).

**Speculative appeal in the past few weeks drove Agatos share price above our previous target**

### Agatos – Share price and volumes since the beginning of the year



Source: FactSet

This said, based on our new estimates and new parameters utilised for the DCF (we increased the risk-free rate to 2.5% and market risk premium to 6.5%), **we set a new target price at EUR 1.53/share** (from EUR 1.37/share), after applying a 20% liquidity discount for the listing on the Euronext Growth market, which points to a more limited potential upside, but still **confirming our BUY rating**.

**New target price at EUR 1.53/share, BUY rating**

### DCF valuation

Our DCF model (before the 20% discount) gives a fair value of EUR 1.92/share (from EUR 1.80/share).

Our model incorporates the following assumptions:

- A risk-free rate of 2.5%;
- A market risk premium of 6.5%;
- A leveraged beta of 1.24 (1.0 unleveraged);
- A debt spread of 4%;
- A sustainable debt/equity ratio of 25/75;
- A terminal growth rate of 0.5%.

We calculated a WACC of 9.2%.

**Agatos – WACC and embedded DCF assumptions**

WACC assumptions	%	Embedded DCF assumptions	%
Risk Free rate (10Y BTP bench.)	2.5	Revenue CAGR 2022-2030	16.9
Debt spread (%)	4.0	EBIT margin 2021	NM
Cost of debt [net] (%)	4.9	Target EBIT margin at terminal value	8.5
Market risk premium (%)	6.5	Depr. on sales (avg 2022-2030)	3.8
Beta (x)	1.24	Capex on sales (avg 2022-2030)	3.1
Cost of equity (%)	10.6		
Weight of Debt	25		
Weight of Equity	75		
<b>WACC</b>	<b>9.2</b>		

NM: not meaningful; Source: Intesa Sanpaolo Research estimates

**Agatos – DCF valuation**

	EUR M	% weighting	Per share (EUR)
Sum of PV 2020-28 FCF	16.84	53	1.39
Terminal value	15.12	47	1.25
<b>Total Enterprise value</b>	<b>31.97</b>	<b>100</b>	<b>2.63</b>
- Minorities	-0.05		0.00
- Pension Provision	-0.19		-0.02
- Net debt (+ cash)	-8.46		-0.70
<b>Total Equity value</b>	<b>23.28</b>		<b>1.92</b>
Fully diluted number of shares (m)	12.14		
<b>Fair value per share (EUR)</b>	<b>1.92</b>		
Discount (20%)	-0.38		
<b>Target price</b>	<b>1.53</b>		

Source: Intesa Sanpaolo Research estimates

Our DCF valuation implies an EV/EBITDA of 2.8x at terminal value.

At our target price, Agatos would trade at 5.4x EV/EBITDA and 6.5x P/E in 2023E.

**Agatos - Implicit multiples based at our EUR 1.53/sh target price**

X	2022E	2023E	2024E
P/E	NM	6.5	4.0
EV/EBITDA	NM	5.4	3.4
EV/EBIT	NM	7.1	4.1
EV/Sales	2.08	1.00	0.61
P/BV	NM	NM	4.4
EV/ Capital employed	2.2	2.0	1.7

NM: not meaningful; Source: Intesa Sanpaolo Research estimates

## Agatos – Key Data

Rating	Target price (EUR/sh)		Mkt price (EUR/sh)			Sector
BUY	Ord 1.53		Ord 1.23			Energy
<b>Values per share (EUR)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
No. ordinary shares (M)	9.28	12.14	12.14	12.14	12.14	12.14
Total no. of shares (M)	9.28	12.14	12.14	12.14	12.14	12.14
Market cap (EUR M)	11.74	14.38	11.22	14.93	14.93	14.93
Adj. EPS	-0.18	-0.29	-0.63	-0.16	0.24	0.38
CFPS	-0.29	0.23	-0.71	-0.26	0.22	0.36
BVPS	1.2	0.86	-0.12	-0.26	-0.05	0.29
Dividend ord	0	0	0	0	0	0.04
<b>Income statement (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Revenues	6.62	3.20	15.13	15.10	30.00	44.00
EBITDA	0.25	-0.73	0.22	-0.17	5.54	7.92
EBIT	-1.37	-2.95	-6.92	-1.42	4.20	6.49
Pre-tax income	-2.91	-4.04	-13.13	-2.16	3.54	5.96
Net income	-2.35	-3.80	-13.17	-1.90	2.89	4.62
Adj. net income	-1.67	-3.47	-7.63	-1.90	2.89	4.62
<b>Cash flow (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Net income before minorities	-2.4	-4.0	-13.6	-2.0	3.2	5.1
Depreciation and provisions	1.6	2.2	7.1	1.3	1.3	1.4
Others/Uses of funds	-2.4	0.9	5.5	-10.8	-1.2	-0.8
Change in working capital	0.3	0.4	-8.5	8.1	0.0	-0.4
Operating cash flow	-2.7	-0.0	-8.6	-3.2	2.7	4.4
Capital expenditure	-0.0	-0.1	-0.3	-1.2	-1.2	-1.2
Financial investments	0	0	0	0	0	0
Acquisitions and disposals	3.2	0	3.9	0	0	0
Free cash flow	0.5	-0.1	-5.0	-4.4	1.5	3.2
Dividends	0	0	0	0	0	0
Equity changes & Non-op items	0.7	2.7	7.6	0	0	0
Net cash flow	1.2	2.6	2.6	-4.4	1.5	3.2
<b>Balance sheet (EUR M)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Net capital employed	25.7	22.5	7.1	9.5	10.9	12.3
of which associates	0	0	0	0	0	0
Net debt/-cash	13.6	11.1	8.5	12.8	11.3	8.1
Minorities	0.8	0.9	0.0	-0.1	0.2	0.6
Net equity	11.3	10.5	-1.4	-3.2	-0.6	3.6
Minorities value	0	0	0	0	0	0
Enterprise value	26.2	26.7	19.3	28.2	21.4	25.7
<b>Stock market ratios (x)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Adj. P/E	Neg.	Neg.	Neg.	Neg.	5.2	3.2
P/CFPS	Neg.	5.2	Neg.	Neg.	5.5	3.4
P/BVPS	1.0	1.4	Neg.	Neg.	Neg.	4.2
Payout (%)	0	0	0	0	0	11
Dividend yield (% ord)	0	0	0	0	0	3.3
FCF yield (%)	4.0	-0.9	-44.9	-29.2	10.1	21.4
EV/sales	4.0	8.3	1.3	1.9	0.71	0.58
EV/EBITDA	NM	Neg.	87.8	NM	3.9	3.2
EV/EBIT	Neg.	Neg.	Neg.	Neg.	5.1	4.0
EV/CE	1.0	1.2	2.7	3.0	2.0	2.1
D/EBITDA	54.3	Neg.	38.4	Neg.	2.0	1.0
D/EBIT	Neg.	Neg.	Neg.	Neg.	2.7	1.3
<b>Profitability &amp; financial ratios (%)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
EBITDA margin	3.8	-22.9	1.5	-1.1	18.5	18.0
EBIT margin	-20.7	-92.3	-45.7	-9.4	14.0	14.7
Tax rate	17.1	NM	NM	5.0	10.0	15.0
Net income margin	-35.5	-118.6	-87.0	-12.6	9.6	10.5
ROCE	-5.3	-13.1	-98.1	-14.9	38.6	52.6
ROE	-19.5	-34.9	-291.1	81.9	-152.0	311.2
Interest cover	-1.6	-3.9	-10.3	-1.9	6.3	12.2
Debt/equity ratio	113.2	96.8	NM	NM	NM	192.6
<b>Growth (%)</b>		<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Sales		-51.6	NM	-0.2	98.7	46.7
EBITDA		NM	NM	NM	NM	42.9
EBIT		NM	NM	79.5	NM	54.3
Pre-tax income		-38.9	NM	83.6	NM	68.2
Net income		-61.4	NM	85.6	NM	60.2
Adj. net income		NM	NM	75.1	NM	60.2

NM: not meaningful; NA: not available; Neg.: negative; A: actual; E: estimates; Source: Company data and Intesa Sanpaolo Research



## Company Snapshot

### Company Description

Agatos is a holding company, which engages in the provision of energy efficiency solutions. After two years of transition, which saw significant changes in the shareholder structure and the issue of new shares, the company is readdressing its activities towards three business lines: 1) the exploitation of its innovative and patented biomass-to-gas processes, 2) energy efficiency projects, exploiting the opportunity offered by the 110% Ecobonus, and 3) the development of EPC photovoltaic projects.

### Key data

Mkt price (EUR)	1.23	Free float (%)	66.3
No. of shares	12.14	Major shr	Mr. Rinaldi
52Wk range (EUR)	1.82/0.77	(%)	19.1
Reuters	AGA.MI	Bloomberg	AGA IM
<b>Performance (%)</b>	<b>Absolute</b>	<b>Rel. FTSE IT All Sh</b>	
-1M	3.4	-1M	15.1
-3M	39.6	-3M	54.6
-12M	25.8	-12M	48.8

### Key Risks

#### Company specific risks:

- Difficulties in financing new projects
- Execution risk in the new projects
- Limited size compared to main Italian peers
- Possible write down of goodwill and participations

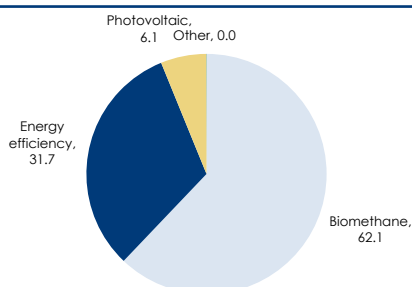
#### Sector generic risks:

- Possible changes in the regulatory framework
- Risks on contractual guarantees
- New projects could be postponed (external risk)

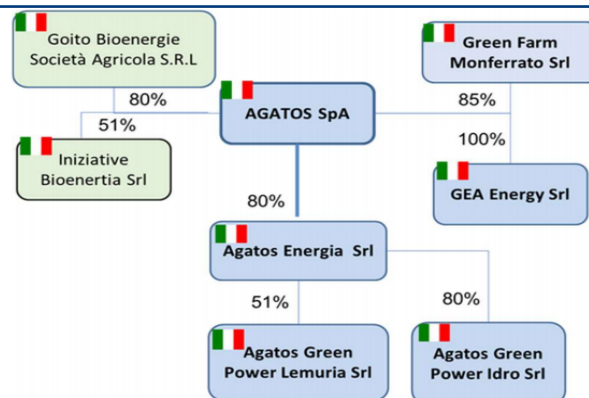
### Estimates vs. consensus

EUR M (Y/E Dec)	2021A	2022E	2023E	2024E
Sales	15.13	15.10	30.00	44.00
EBITDA	0.22	-0.17	5.54	7.92
EBIT	-6.92	-1.42	4.20	6.49
Pre-tax income	-13.13	-2.16	3.54	5.96
Net income	-13.17	-1.90	2.89	4.62
EPS	-0.63	-0.16	0.24	0.38

### Sales breakdown by product (%)



### Agatos structure



Source: Company data, Intesa Sanpaolo Research estimates and FactSet consensus data (priced at market close of 17/06/2022)

## Our Mid Corporate Definition

Italy is characterised by a large number of non-listed and listed micro, small and medium-sized companies. Looking at the revenues of these Italian companies, around 5,000 companies eligible for listing have revenues below EUR 1,500M based on Intesa Sanpaolo elaborations. We define these companies as 'Mid Corporate'. Looking more specifically at Italian listed companies, we include in our Mid Corporate segment all STAR companies and those with a market capitalisation below EUR 1Bn.

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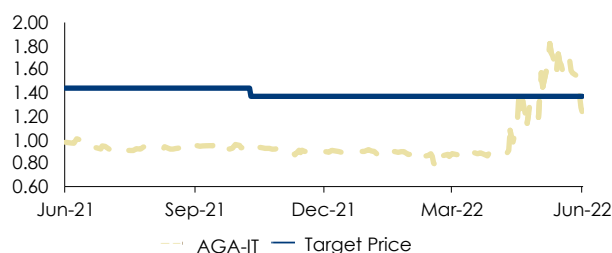
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HOLD	If the target price is 10% below or 10% above the market price
REDUCE	If the target price is 10%-20% lower than the market price
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**Target price and market price trend (-1Y)****Historical recommendations and target price trend (-1Y)**

Date	Rating	TP (EUR)	Mkt Price (EUR)
26-Oct-21	BUY	1.37	0.96

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Number of companies considered: 130	BUY	ADD	HOLD	REDUCE	SELL
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of which Intesa Sanpaolo's Clients (%)**	83	66	56	0	0

\* Last rating refers to rating as at end of the previous quarter; \*\* Companies on behalf of whom Intesa Sanpaolo and the other companies of the Intesa Sanpaolo Group have provided corporate and investment banking services in the last 12 months; percentage of clients in each rating category

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