

ECOMEMBRANE

Earnings Review

BUY ord. (Unchanged)Target: **€ 10.50** (Unchanged)

Risk: High

STOCKDATA		ORD		
Price (as of 27 Sep 2024)		5.4		
Bloomberg Code		ECMB IM		
Market Cap (€ mn)		23		
Free Float		41%		
Shares Out (mn)		4.3		
52 week Range		€ 5.0 - 8.6		
Daily Volume		1,042		
Performance (%)	1M	3M	1Y	
Absolute	-4.5	-5.3	-32.3	
Rel to FTSE Italia All-Share	-6.9	-9.2	-45.2	
MAIN METRICS		2023	2024E	2025E
SALES Adj		15.3	20.5	34.9
EBITDA Adj		2.0	2.8	7.2
EBIT Adj		1.0	1.5	5.8
NET INCOME Adj		0.6	1.0	3.9
EPS Adj - €c		27.4	23.6	90.7
DPS Ord - €c		5.6	1.8	17.5
MULTIPLES		2023	2024E	2025E
P/E ord Adj		27.7x	22.6x	5.9x
EV/EBITDA Adj		13.5x	6.9x	2.5x
EV/EBIT Adj		27.9x	12.9x	3.1x
REMUNERATION		2023	2024E	2025E
Div. Yield ord (A)		0.7%	0.3%	3.3%
FCF Yield Adj		-10.0%	-1.5%	10.7%
INDEBTEDNESS		2023	2024E	2025E
NFP Adj		5.8	5.2	7.6
D/Ebitda Adj		n.m.	n.m.	n.m.

PRICE ORD LAST 365 DAYS

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WEAK OPERATING PERFORMANCE IN THE 1H BUT OULOOK REMAINS POSITIVE.

1H results came out in line with expectations, with a strong rebound in total revenues (+30% YoY) but a weak operating performance (Ebitda €-1.35mn) mainly due to the seasonality effect expected through 2024. Despite the weak 1H24, the outlook remains positive, with ECMB looking to achieve a recovery in the gas orders during the 2H and with the first contract signed in the solar segment (€2.1mn) expected to contribute in the last months of the year. At the end of July visibility in revenues and orders reaches €18mn vs €20mn estimated for the FY. We have not applied relevant changes to profit expectations confirming the BUY rating and the target of €10.5ps.

■ Seasonality affecting results.

1H24 results came out in line with expectations, with a strong rebound in total revenues (+30% YoY) but a weak operating performance (€-1.35mn in Ebitda) mainly due to the strong seasonality effect expected in 2024. More in details 1H24:

- Total Revenues of €6.38mn (+30% YoY) vs €6.5mn expected;
- Ebitda of €-1.35mn (€-0.40mn in 1H23) vs €-1.2mn expected;
- Net Income of €-1.94mn (€-0.96mn in 1H23) vs €-1.9mn expected;
- NFP of €-3.83mn (€-5.78mn at YE23) vs €3.60mn expected.

We believe the main drivers of the results can be summarized in:

1. **the significant recovery in sales (+30% YoY)**, mainly thanks to the organic growth in the core business (ca. €0.6mn with a rebound in the gas storage activities), as well as thanks to the M&A, with around €0.9 coming from the acquisition of Splash in the US.
2. **the lower profitability mainly due to the fixed costs increase YoY.** This mainly follows the change in incentives implemented by the Government in the past months, which caused the postponement of project implementation in the 2H of 2024. This adds up to the effect of the acquisition of SBS in the new solar segment, whose revenues contribution is expected only in the last quarter of the year. **These effects were expected, with 1H24 figures almost in line with expectations.**
3. **the decrease in the net cash position**, mainly as a consequence of the acquisition of SBS Solar and with net working capital improving by around €0.2nm vs the end of 2023.

■ Outlook remains positive. First contract in the solar segment.

We believe the 1H24 press release includes some positive indications:

1. **the outlook for the FY remains positive**, with Ecomembrane being confident for a rebound of the business volumes during the second part of the year (fuelled by the implementation of the biomethane projects). **More in details, ECMB is reporting a combined not audited revenues and order backlog of €14.7mn in the gas storage containment. By adding up also the contribution of Splash (ca. €1.1mn) and the new solar business (ca. €2.1mn) the total in the 7 months reaches €18-19mn of sales vs €20mn expected for the FY24.**
2. **the new solar business (SBS Solar) is growing well**, with ECMB announcing an agreement with Romea Srl (Bluenergy- Gas Group) for the sale of rights to develop, build and operate a solar plant for ca. 10 MW. The potential contribution is in the region of €2.1mn, with closing expected by the end of 2024. As we understand, this first part of the projects has mainly to do with "Projects and Engineering" and comes at a much higher margin vs the more traditional EPC activity.

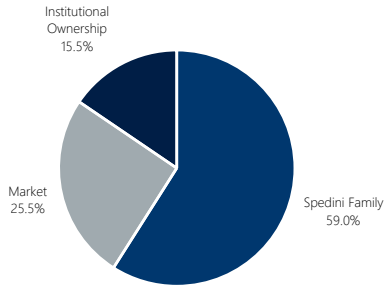
■ Confirming estimates and positive view.

Despite the weak operating performance during the 1H24, we have not applied significant changes to our profit expectations for the year. In light of the indications above and the order backlog, **we believe our €2.8mn Ebitda estimate for the FY has a good degree of visibility.** We also believe that the rump up of the biomethane projects in the next months, the stronger expected growth in the solar segment as well as the contribution of the new projects in the batteries and hydrogen segments, confirm the expectation of a strong growth expected also in 2025. As a consequence of the above, **we have also confirmed our BUY rating and the target of € 10.5ps**, which offers an upside of 96% on current prices and which implies a valuation of 11.6x PE and 8.6x EV/EBITDA as measured in 2025 (vs 18.7x PE and 11.8x EV/EBITDA of the average capital goods in Europe).

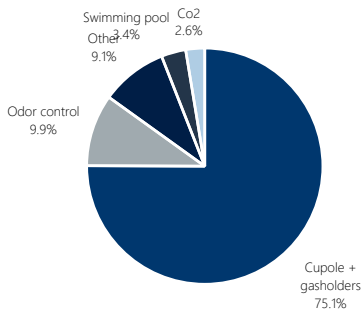
MAIN FIGURES - EURmn	2021	2022	2023	2024E	2025E	2026E
SALES Adj	11.7	14.2	15.3	20.5	34.9	42.2
Growth	11.5%	21.3%	7.6%	33.8%	70.1%	21.2%
EBITDA Adj	2.4	3.2	2.0	2.8	7.2	8.8
Growth	60.1%	33.9%	-36.7%	36.0%	160.0%	21.7%
EBIT Adj	1.9	2.5	1.0	1.5	5.8	7.2
Growth	58.8%	33.3%	-61.0%	51.2%	286.8%	24.7%
PBT Adj	1.8	2.5	1.0	1.6	5.9	7.3
Growth	61.9%	38.2%	-61.9%	61.2%	276.4%	23.5%
Net Income Adj	1.5	1.8	0.6	1.0	3.9	4.5
Growth	74.9%	20.9%	-65.6%	67.9%	283.8%	15.1%
MARGIN - %	2021	2022	2023	2024E	2025E	2026E
EBITDA Adj Margin	20.5%	22.6%	13.3%	13.5%	20.7%	20.8%
Ebit Adj margin	16.2%	17.8%	6.4%	7.3%	16.6%	17.0%
Pbt Adj margin	15.7%	17.9%	6.3%	7.6%	16.9%	17.2%
Net Income Adj margin	12.4%	12.4%	3.9%	5.0%	11.2%	10.6%
SHARE DATA	2021	2022	2023	2024E	2025E	2026E
EPS Adj - €c	-	-	27.4	23.6	90.7	104
Growth	n.a.	n.a.	n.a.	-13.6%	283.8%	15.1%
DPS ord(A) - €c	-	-	5.6	1.8	17.5	23.3
BVPS	-	-	3.5	3.5	4.1	4.7
VARIOUS	2021	2022	2023	2024E	2025E	2026E
Capital Employed	4.5	4.2	9.9	11.9	14.0	14.6
FCF	1.2	0.4	-3.5	-0.3	2.5	4.9
CAPEX	0.5	2.5	2.5	0.8	1.0	1.5
Working capital	1.4	1.9	4.3	6.6	8.9	9.2
Trading Working capital	3.2	3.6	5.6	8.1	11.3	12.0
INDEBTNESS	2021	2022	2023	2024E	2025E	2026E
Nfp Adj	-0.9	-1.0	5.8	5.2	7.6	11.7
D/E Adj	0.28	0.38	n.m.	n.m.	n.m.	n.m.
Debt / EBITDA Adj	0.4x	0.3x	n.m.	n.m.	n.m.	n.m.
Interest Coverage	42.2x	n.m.	45.4x	n.m.	n.m.	n.m.
MARKET RATIOS	2021	2022	2023	2024E	2025E	2026E
P/E Ord Adj	-	-	27.7x	22.6x	5.9x	5.1x
PBV	-	-	2.3x	1.5x	1.3x	1.1x
EV FIGURES	2021	2022	2023	2024E	2025E	2026E
EV/Sales	n.a.	n.a.	1.8x	0.9x	0.5x	0.3x
EV/EBITDA Adj	n.a.	n.a.	13.5x	6.9x	2.5x	1.7x
EV/EBIT Adj	n.a.	n.a.	27.9x	12.9x	3.1x	2.0x
EV/CE	n.a.	n.a.	2.8x	1.6x	1.3x	1.0x
REMUNERATION	2021	2022	2023	2024E	2025E	2026E
Div. Yield ord	n.a.	n.a.	0.7%	0.3%	3.3%	4.4%
FCF Yield Adj	-	-	-10.0%	-1.5%	10.7%	21.2%
Roce Adj	31.5%	42.3%	10.2%	9.9%	32.3%	36.5%

Source: Company data and Equita SIM estimates

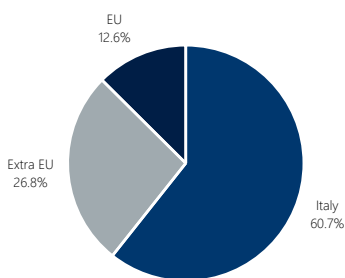
SHAREHOLDERS



SALES SPLIT



GEOGRAPHIES (SALES)



BUSINESS DESCRIPTION

Ecomembrane is a specialized producer of PVC-coated membrane covers and technical systems, used in the fields of gasholders, biogas plants, digesters and odor control systems as well as in the upcoming future applications of the Co2 storage/capture and the Hydrogen industry. After having expanded its market presence in the last decade, with a 3.1x sales growth since 2011 and a more recent +30% Cagr in the period 2019-22, Ecomembrane is facing the new opportunity of the energy market transformation.

Market drivers

The underlying clean gas market, in fact, is expected to expand significantly in the next years, thanks to the international net-zero/environmental policies, the replacement cycle of old assets, the penetration of new technologies and the market concentration (as indicated by the European Biogas Association and US DOE departments, the EU Biogas/Biomethan market is forecasted at 1.9x-2.4x rate through 2030; the US Renewables Natural Gas – RNG - markets at 2.4x through 2030; the CO2/CCS/storage at >10x through 2030/2050). In this contest, Ecomembrane produces a “key strategic” component (from 7%-10% of the capex costs of biogas/biomethan projects), for which the company is able to provide “tailor-made” premium quality solutions

STRENGTHS / OPPORTUNITIES

- Consolidated historical presence in the clean biogas market with International presence and production facilities both in Europe and US.
- Full control of the value chain.
- Wide range of products: gasholders, odour control, swimming pools, Co2, hydrogen
- Relevant technological footprint, with continued development of new products.
- High profitability and very strong balance sheet.
- Resiliency of business model proved also through the COVID-19 years.
- Recently upgraded capacity available from the 2h of 2023
- Short route to market, and constant price revision protects against inflation
- The regulatory requirements on both Energy transition and circular economy (EUGreen Deal), as well as the needs to increase security of supply and energy independence (Repower Eu)
- Rapidly consolidating market, with “Funds”, “Utilities” and “Specialized operators” opening up to a higher share of wallet and services.
- Refurbishment cycle, in the next 2-3 years.
- New technology requirements in the fields of Carbon Capture, Battery storage and Hydrogen.
- M&A opportunities to consolidate presence.
- Investment in production capacity expansion and efficiency will help to boost profitability.
- Potential interest from bigger groups may rise speculative appeal on the group in the coming years

WEAKNESSES /THREATS

- Limited size in a highly fragmented market.
- Significant expansion capacity investments realized in 2022 will require an ad-hoc set up of the new facilities in the coming months.
- Business model remains linked to Government/regulatory push for investments in alternative energy sources.
- Eventual regulatory intervention to reduce incentives measure to the industry may dilute growth opportunities.
- Consolidation of the client base in the sector may lead to higher competition on contracts and tenders for biogas plant construction.
- Authorization issue on client’s projects, may dilute growth opportunities in the coming years.
- Logistics issue and raw material unavailability may potentially delay projects execution
- Rapid growth in coming years will require personnel expansion and phase up of plant and persons
- Business model will have to be tested for the significant expected increase of dimension (profitability).

1H24 AFFECTED BY THE STRONG SEASONALITY

1H24 results came out in line with expectations, with a strong rebound in total revenues (+30% YoY) but a weak operating performance (€-1.35mn in Ebitda) mainly due to the seasonality effect expected through 2024. This is the consequence of both the postponement of projects after the modifications of incentives mechanisms occurred in the past months and the effect of the acquisition of SBS Solar, which will start contributing only during the second part of the year. As a consequence of both elements, fixed costs have significantly risen in the first part of the year, with the contribution of the new contracts only expected to arrive through the 1H of the year.

More in details, during the 1H24 Ecomembrane reported:

- **Total Revenues of €6.38mn (+30% YoY)** vs €6.5mn expected;
- **Gross profit of €2.73mn (+1% YoY)** vs €2.70mn expected;
- **Ebitda of €-1.35mn (€-0.40mn in 1H23)** vs €-1.2mn expected;
- **Net Income of €-1.94mn (€-0.96mn in 1H23)** vs €-1.9mn expected;
- **NFP of €-3.83mn (€-5.78mn at YE23)** vs €3.60mn expected.

A summary of the reported results and a comparison with our expectations is provided in the following table.

ECOMEMBRANE - 6M 24 - Results					
	6M-23	EXPECTED		REPORTED	
		6M-24E	YoY gr. %	6M-24E	YoY gr. %
Sales - €mn	4.35	6.00	38%	5.88	35%
Other sales - €mn	0.56	0.50	-11%	0.50	-11%
Revenues - €mn	4.91	6.50	32%	6.38	30%
<i>Seasonality</i>	31%	33%	-	32%	-
Gross profit - €mn	2.70	2.70	0%	2.73	1%
<i>Margin</i>	62%	45%	-	46%	-
Ebitda - €mn	-0.41	-1.20	nm	-1.35	nm
<i>Margin</i>	0%	nm	-	n.a.	-
Ebit - €mn	-0.91	-1.80	nm	-1.93	nm
<i>Margin</i>	0%	nm	-	n.a.	-
Net income - €mn	-0.96	-1.90	nm	-1.94	nm
<i>Margin</i>	0%	nm	-	n.a.	-
NFP - €mn	-5.78	-3.60	-38%	-3.83	-34%

Source: Equita SIM estimates and Company data

We believe the main drivers of the reported results are:

1. **the significant recovery in sales (+30% YoY)**, mainly thanks to the organic growth registered in the core business (ca. €0.6mn with the first signals of rebound in the gas storage activities), as well as thanks to the contribution of M&A, with around €0.9 coming from the acquisition of Splash in the US.
2. **the lower profitability mainly due to the fixed costs increase YoY.** As explained in the past months, the Government has changed the incentive system at the end of 2023, introducing a much higher remuneration for the Biogas plants (around +30%) with the possibility for investors to withdraw from the already attributed incentives, to present back again projects at the latest auction, at the higher incentive. This had the negative effect of postponing projects to the 2H of 2024 at a higher implied remuneration. Furthermore, Ecomembrane has finalized the acquisition of SBS Solar in the past months, allowing for the entrance in the new solar segment. Both elements have the effect of increasing the seasonality during 2024, with fixed costs already weighting in the 1H but the contribution to sales only expected to arrive in the second part of the year. **This effect was expected, with 1H24 figures almost in line with expectations.**
3. **the decrease in the net cash position**, mainly as a consequence of the acquisition of SBS Solar and with net working capital actually improving by around €0.2nm vs the end of 2023.

The P&L and BS reports for the 1H24 are summarized in the following tables.

ECOMEMBRANE - 1H24 P&L

Profit and loss account (Figures in Euro/000)	30.06.2024	%	30.06.2023	%	Variation	%
	(*)	(*)	(*)	(*)		
Revenue from sales and services	5,880	100.0%	4,353	100.0%	1,527	35.1%
Change to inventories of products in progress, semi-finished and finished products	105	1.8%	306	7.0%	(201)	(65.6%)
Increases in fixed assets for internal work	206	3.5%	210	4.8%	(4)	(2.1%)
Other revenue and proceeds	188	3.2%	44	1.0%	145	331.8%
Value of production	6,379	108.5%	4,912	112.9%	1,467	29.9%
Raw, ancillary and consumable materials and goods	(2,620)	(44.6%)	(1,926)	(44.2%)	(694)	36.0%
Service costs	(2,449)	(41.6%)	(1,584)	(36.4%)	(865)	54.6%
Leased assets	(493)	(8.4%)	(319)	(7.3%)	(174)	54.6%
Variation to inventories of raw, subsidiary materials, consumables and goods	328	5.6%	19	0.4%	309	1624.5%
Personnel costs	(2,428)	(41.3%)	(1,439)	(33.1%)	(989)	68.7%
Sundry operating expenses	(65)	(1.1%)	(69)	(1.6%)	4	(5.7%)
EBITDA **	(1,347)	(22.9%)	(406)	(9.3%)	(941)	231.7%
Amortisation of Intangible assets	(332)	(5.6%)	(315)	(7.2%)	(17)	5.5%
Depreciation of Tangible assets	(207)	(3.5%)	(140)	(3.2%)	(67)	48.2%
Provisions for risks	(40)	(0.7%)	(51)	(1.2%)	10	(20.6%)
Receivables written down	(7)	(0.1%)	-	-	(7)	-
EBIT ***	(1,934)	(32.9%)	(911)	(20.9%)	(1,023)	112.2%
Financial result	(98)	(1.7%)	(18)	(0.4%)	(80)	457.0%
EBT	(2,032)	(34.6%)	(929)	(21.3%)	(1,103)	118.7%
Income tax	18	0.3%	(28)	(0.6%)	46	(165.7%)
Result for the year	(2,014)	(34.2%)	(957)	(22.0%)	(1,057)	110.5%
Profit (loss) for the period attributable to the Group	(1,943)					
Profit (loss) for the period attributable to non-controlling interests	(71)					

Source: 1H24 press release

ECOMEMBRANE - 1H24 BS

Balance Sheet (Figures in Euro/000)	30.06.2024	%	31.12.2023	%	Variation	%
	(*)	(*)	(*)	(*)		
Intangible fixed assets	3,815	42.5%	3,761	41.3%	54	1.4%
Tangible fixed assets	1,870	20.8%	1,842	20.2%	28	1.5%
Financial fixed assets	116	1.3%	111	1.2%	5	4.1%
Fixed Assets**	5,801	64.6%	5,714	62.7%	87	1.5%
Inventories	4,651	51.8%	4,011	44.0%	640	16.0%
Trade receivables	3,702	41.2%	5,974	65.6%	(2,272)	(38.0%)
Trade payables	(2,238)	(24.9%)	(4,394)	(48.2%)	2,156	(49.1%)
Commercial Current Assets	6,116	68.1%	5,591	61.4%	525	9.4%
Other current assets	274	3.0%	160	1.8%	114	71.0%
Other current liabilities	(3,252)	(36.2%)	(2,043)	(22.4%)	(1,209)	59.2%
Net tax receivables and payables	1,190	13.3%	583	6.4%	607	104.1%
Net accruals and deferrals	(255)	(2.8%)	(24)	(0.3%)	(231)	962.0%
Net Current Assets***	4,073	45.4%	4,268	46.9%	(194)	(4.6%)
Provision for risks and charges	(399)	(4.4%)	(426)	(4.7%)	27	(6.4%)
Severance Indemnity Fund	(497)	(5.5%)	(449)	(4.9%)	(48)	10.6%
Net Invested Capital (Uses)****	8,978	100.0%	9,107	100.0%	(128)	(1.4%)
Payables to banks	1,864	20.8%	1,550	17.0%	314	20.3%
Payables to other lenders	507	5.7%	151	1.7%	356	
Cash and cash equivalents	(6,206)	(69.1%)	(7,476)	(82.1%)	1,270	(17.0%)
Net Financial Debt*****	(3,834)	(42.7%)	(5,776)	-63.4%	1,941	(33.6%)
Share capital	1,427	15.9%	1,427	15.7%	-	-
Reserves and retained earnings	13,156	146.5%	12,038	132.2%	1,118	9.3%
Consolidation reserve	243		243	2.7%		
Profit (loss) attributable to the Group	(1,943)	(21.6%)	1,175	12.9%	(3,118)	(265.4%)
Profit (loss) attributable to non-controlling interests	(71)		-		(71)	-
Shareholders' Equity (Own funds)	12,812	142.7%	14,883	163.4%	(2,071)	(13.9%)
Total Sources	8,978	100.0%	9,107	100.0%	(130)	(1.4%)

Source: 1H24 press release

MAIN INDICATIONS FROM THE PRESS RELEASE

Although the overall profitability of the group was weak during the 1H24, we believe a series of positive messages emerged from the indications of the press release:

- the outlook for the FY remains positive**, with Ecomembrane being confident for a rebound of the business volumes during the second part of the year fuelled by the implementation of the biomethane projects after the stabilization of the regulatory framework and the increase in the incentive allowances. As indicated, ECMB has a robust pipeline of projects and it is engaged in negotiations with key industry players for the supply of gas storage plants, including discussions for framework contracts covering multiple facilities.

More in details, ECMB is indicating a combined not audited revenues and order backlog of around €14.7mn in the core business of gas storage containment. By adding up also the expected contribution of Splash (at around €1.1mn) as well as the expected contribution of the new solar business (for which the group has recently signed an agreement providing visibility for around €2.1mn revenues) the total in the 7 months reaches around €18mn of sales vs €20mn expected for the FY24.
- the new solar business (SBS Solar) is growing well**, with ECMB announcing an agreement with Romea Srl (Bluenergy- Gas Group) for the sale of rights to develop, build and operate a solar plants for ca. 10 MW capacity in the Lombardy region. The consideration for the sale of the projects rights is in the region of €2.1mn with closing expected by the end of 2024. While we were expecting a good contribution of the solar business already in 2024 (considering Terna indication of a strong rebound of installations since the beginning of the year), we understand this first part of the projects has mainly to do with "Projects and Engineering", which comes at a much higher profitability vs the more traditional EPC activity. This will help to compensate the lower expected contribution of the gas storage activities.

NO MAIN CHANGES TO PROFIT EXPECTATIONS. POSITIVE VIEW IS CONFIRMED

Despite the weak operating performance during the 1H24, we have not applied significant changes to our profit expectation for the year. Although the core gas business is registering delays due to the change in the incentive mechanisms of the past months, the solar business is compensating, with an acceleration in the contract closure at a higher implied profitability. **At current stage, we believe our €2.8mn Ebitda estimate for the FY has a good degree of visibility.**

As a consequence of the above, **we have decided to confirm our positive view (BUY) and the target of € 10.5ps**, which offers an upside of 96% on current prices and which implies a valuation of 11.6x PE and 8.6x EV/EBITDA as measured in 2025 (vs 18.7x PE and 11.8x EV/EBITDA of the average capital goods in Europe).

A summary of ECMB valuation is provided in the following table.

EV/EBITDA VALUATION						
References & Sensitivity	Valuation	Sensitivity Analysis				
2025E Ebitda - €mn	7.2	7.2	7.2	7.2	7.2	7.2
Assumed discount (dimension, liquidity, delivery)	-30%	-40%	-35%	-30%	-25%	-20%
2025E Ev/Ebitda Multiple - x	6.6 x	5.7 x	6.2 x	6.6 x	7.1 x	7.6 x
ENTERPRISE VALUE - €mn	47.9	41.1	44.5	47.9	51.4	54.8
Net cash end 2025 - €mn	7.6	7.6	7.6	7.6	7.6	7.6
Financial assets - €mn	0.1	0.1	0.1	0.1	0.1	0.1
Minorities - €mn	-4.4	-4.4	-4.4	-4.4	-4.4	-4.4
Provisions/Pensions - €mn	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
EQUITY VALUE - €mn	49.5	42.6	46.0	49.5	52.9	56.3
Shares Fully diluted	4.3	4.3	4.3	4.3	4.3	4.3
Dcf to YE 2024 discount factor	0.9	0.9	0.9	0.9	0.9	0.9
TARGET PRICE - € ps	10.5	9.0	9.8	10.5	11.2	11.9

Source: Equita SIM estimates

We believe ECOMEMBRANE:

1. **Has a very well consolidated presence in the market thanks to:**
 - a. **a well-known brand**, in the field of biogas plant and with continuous requests for the development of strategic partnerships from leading industry players;
 - b. **an already well-established international presence** with more than 1,000 plants already installed through the world through a truly international distribution network, and 2 production facilities in Italy and US
 - c. **a full control of the value chain**, with presence across the whole spectrum of activities from the engineering/projecting phase (with the possibility to develop tailor made solutions) up to the post-sales services. This ensure Ecomembrane a significant competitive advantage as a one-stop-shop provider of products and solutions for tailor made requests and mission-critical technologies.
 - d. **no main exposure to single clients or raw material provider**, which is particularly helpful in the market of the last few years with strong inflationary trends and constrains on the logistics and components;

2. **Shows attractive growth rates going forward.** We estimate Ecomembrane to be able to achieve around 30%/+40% CAGR in Sales, Ebitda and Net Income through 2027. We believe this is compatible with:
 - a. **The underlying growth of the industry described above**, which is expected to more than double in the coming years.
 - b. **The new business lines of special projects in the fields of CCS and hydrogen** which is significantly increasing the average value of contracts in the range of 2x/4x.
 - c. **a wide range of addressable markets** including Agricultural, Industrial WasteWater Treatment Plants (WWTPs), Organic waste treatment, Landfills, Methane, Co2, Hydrogen, Swimming pool, Odor systems and other;
 - d. **an additional growth opportunity from the development of the new EPC solar activities** through SBS SOLAR.

3. **Maintains a strong balance sheet**, with a net cash position providing the opportunity to exploit all the market potentials both through organic growth and through external acquisitions.

PEERS COMPARISON AND MARKET PERFORMANCE

At current prices, ECMB trades at a significant discount vs. peers. More in details the group trades a 60%/70% discount on PE and EV/EBITDA as measured in 2025. The summary of main reference peers as well as the average valuation of the capital goods in the SXXP index is provided in the following table.

PEER VALUATION TABLE														
Ticker	Mkt Cap		PE			EV / EBITDA			DVD YIELD			D/EBITDA		
	Price	€mn	2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Cambi Asa	13.8	188	10.0 x	14.2 x	14.2 x	7.6 x	8.2 x	7.9 x	0.0%	0.0%	0.0%	cash	cash	cash
Fluidra Sa	23.6	4,534	22.0 x	23.3 x	19.5 x	13.1 x	12.5 x	11.1 x	2.5%	2.4%	2.7%	2.7 x	2.4 x	1.9 x
Industrie De N	9.4	1,898	8.5 x	17.0 x	14.3 x	10.9 x	11.2 x	9.9 x	1.3%	1.2%	1.2%	cash	cash	cash
Sergeferrari Group	5.4	66	13.8 x	nm	9.0 x	5.4 x	5.2 x	4.0 x	2.2%	1.0%	2.8%	3.3 x	3.0 x	2.2 x
Interpump Group	41.8	4,551	16.2 x	17.5 x	16.0 x	9.4 x	9.6 x	8.7 x	0.8%	0.8%	0.8%	1.0 x	0.6 x	0.2 x
Pentair Plc	97.0	14,359	25.9 x	22.9 x	20.2 x	19.7 x	17.0 x	15.2 x	0.8%	0.9%	0.9%	2.0 x	1.3 x	0.8 x
Indutrade Ab	312.8	10,115	39.8 x	35.6 x	31.4 x	21.4 x	21.1 x	19.2 x	0.9%	1.0%	1.1%	1.4 x	1.2 x	0.7 x
Vat Group Ag	429.4	13,687	67.6 x	57.6 x	39.9 x	48.4 x	41.0 x	29.1 x	1.4%	1.5%	1.8%	0.2 x	0.2 x	0.0 x
Sulzer Ag	138.6	5,045	20.8 x	17.8 x	15.8 x	11.7 x	10.1 x	8.9 x	2.7%	2.9%	3.0%	1.2 x	0.5 x	0.0 x
Ksb Se & Co. Kgaa	630.0	1,070	7.2 x	7.6 x	6.7 x	4.2 x	4.3 x	3.7 x	4.2%	4.2%	4.9%	0.7 x	1.0 x	0.8 x
Selected capital goods	-	-	23.2 x	23.7 x	18.7 x	15.2 x	14.0 x	11.8 x	1.7%	1.6%	1.9%	1.3 x	1.1 x	0.6 x
SXXP capital goods	-	-	25.6 x	23.3 x	20.7 x	13.9 x	12.6 x	11.0 x	1.7%	1.8%	2.0%	0.6 x	0.3 x	cash
Ecomembrane	5.4	23	49.5 x	22.6 x	5.9 x	11.9 x	8.6 x	3.4 x	-2.4%	-1.1%	-1.8%	cash	cash	cash
Discount/(Premium)	-	-	114%	-5%	-68%	-21%	-32%	-71%	-240%	-166%	-192%	nm	nm	nm

Source: Equita SIM estimates and Factset consensus data

In the following table we also report the market performance of the group in the last 365 days

ECOMEMBRANE SHARE PRICE – LAST 365 DAYS



Source: Factset prices

STATEMENT OF RISKS FOR ECOMEMBRANE S.P.A.

The primary elements that could negatively impact ECOMEMBRANE stock include:

- Relevant deterioration of the regulatory environment with reduced incentive commitment to the penetration of Biogas/Biomethan/Hydrogen.
- Relevant deterioration of the Interest rate/Inflationary environment putting at risk investment commitment from clients.
- Unforeseeable rump up of capex costs or delays in projects implementation.
- Eventual rapid increase of competition or demand/supply disruption.
- Deterioration of the access to financing sources

P&L - €mn	2021	2022	2023	2024E	2025E	2026E
SALES Rep	11.7	14.2	15.3	20.5	34.9	42.2
Growth	11.5%	21.3%	7.6%	33.8%	70.1%	21.2%
EBITDA Rep	2.4	3.2	2.0	2.8	7.2	8.8
Growth	60.1%	33.9%	-36.7%	36.0%	160.0%	21.7%
Margin	20.5%	22.6%	13.3%	13.5%	20.7%	20.8%
Depr. & Amort	-0.3	-0.5	-1.0	-1.1	-1.2	-1.3
Other Provisions & Write D	-0.2	-0.2	-0.1	-0.2	-0.3	-0.3
D&A	-0.5	-0.7	-1.1	-1.3	-1.4	-1.6
EBIT Rep	1.9	2.5	1.0	1.5	5.8	7.2
Growth	58.8%	33.3%	-61.0%	51.2%	286.8%	24.7%
Margin	16.2%	17.8%	6.4%	7.3%	16.6%	17.0%
Net Interest Charges	-0.1	0.0	0.0	0.1	0.1	0.1
Equity & Financials	0.0	0.0	0.0	0.0	0.0	0.0
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Financial Expenses	-0.1	0.0	0.0	0.1	0.1	0.1
PBT Rep	1.8	2.5	1.5	1.6	5.9	7.3
Growth	61.9%	38.2%	-39.5%	1.5%	276.4%	23.5%
Income Taxes	-0.4	-0.8	-0.4	-0.4	-1.6	-2.0
Tax rate	-21.0%	-30.9%	-23.6%	-28.0%	-28.0%	-28.0%
Minority Interest	0.0	0.0	0.0	-0.1	-0.3	-0.7
Net Income Rep	1.5	1.8	1.2	1.0	3.9	4.5
Growth	74.9%	20.9%	-33.2%	-13.6%	283.8%	15.1%
Margin	12.4%	12.4%	7.7%	5.0%	11.2%	10.6%
Net Income Adj	1.5	1.8	0.6	1.0	3.9	4.5
Growth	74.9%	20.9%	-65.6%	67.9%	283.8%	15.1%
Margin	12.4%	12.4%	3.9%	5.0%	11.2%	10.6%
CF Statement	2021	2022	2023	2024E	2025E	2026E
FFO	2.0	2.4	2.3	2.4	5.7	6.8
Chg. in Working Capital	0.0	-0.5	-2.4	-2.3	-2.3	-0.3
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
NCF from Operations	2.0	1.9	0.0	0.1	3.4	6.5
CAPEX	-0.5	-2.5	-2.5	-0.8	-1.0	-1.5
Financial Investments	-0.2	0.0	0.2	0.0	0.0	0.0
Other chg in investments	0.0	2.8	-1.8	0.0	0.0	0.0
NCF from Investments	-0.8	0.3	-4.1	-0.8	-1.0	-1.5
Dividends paid	-1.0	-0.5	-0.7	-0.2	-0.1	-0.8
Capital Increases	0.0	0.0	11.0	0.0	0.0	0.0
Other changes in financing	0.0	-1.7	0.7	0.4	0.1	-0.1
CHG IN NFP	0.3	-0.1	6.8	-0.6	2.4	4.1

Source: Company data and Equita SIM estimates

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BUY	ETR >= 10%	ETR >= 15%	ETR >= 20%
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Date	Rec.	Target Price	Risk.	Comment
March 8, 2024	Buy	10.50	High	change in stock rating system

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