

UPDATE

EQUITY RESEARCH

ISIM
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Redelfi

Euronext Growth Milan | Green Energy | Italy

Production 10/04/2024, h. 18:30

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Rating

BUY

unchanged

Target Price

€ 11,50

prev. € 11,00

Risk

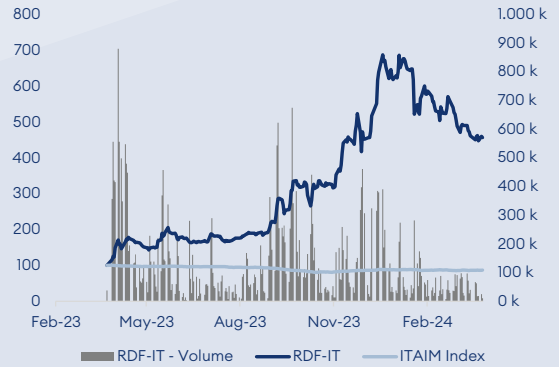


Medium

Upside potential

97,9%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 5,81
Target price	€ 11,50
Upside/(Downside) potential	97,9%
Ticker	RDF IM
Market Cap (€/mln)	€ 49,16
Enterprise Value (€/mln)	€ 53,96
Free Float (% on ordinary shares)	31,2%
Shares Outstanding	8.461.080
52-week high	€ 9,08
52-week low	€ 1,18
Average Daily Volumes (3 months)	96.456

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	10,74	18,10	26,60	34,70
VoP	10,91	18,25	26,75	34,85
EBITDA	5,06	6,65	14,55	24,15
EBIT	4,57	6,25	13,90	23,40
Net Income	3,03	4,05	9,70	16,85
EBITDA Margin	47,0%	36,7%	54,7%	69,6%
EBIT Margin	42,5%	34,5%	52,3%	67,4%
Net Profit Margin	27,8%	22,2%	36,3%	48,4%

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Stock performance	1M	3M	6M	1Y
Absolute	-14,6%	6,9%	104,6%	419,9%
to FTSE Italia Growth	-14,3%	7,0%	110,0%	431,5%
to Euronext STAR Milan	-14,9%	7,6%	95,6%	422,0%
to FTSE All-Share	-22,3%	-5,3%	85,9%	387,9%
to EUROSTOXX	-19,8%	-3,5%	86,6%	396,7%
to MSCI World Index	-17,8%	-1,4%	89,9%	391,7%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	10,7x	8,1x	3,7x	2,2x
EV/EBIT	11,8x	8,6x	3,9x	2,3x
P/E	16,2x	12,1x	5,1x	2,9x

FY23A Results

In the consolidated financial statements for the year ended December 31, 2023, Redelfi reported sales revenues of € 10.74 million, almost tripling the 2022 balance sheet value of € 3.96 million. The value of production came in equal to € 10.91 million, up 141.6% from the total of € 4.51 million for the previous financial year. EBITDA for the period amounted to € 5.06 million, marking a growth of 296.7% compared to the figure as of December 31, 2022, which came in at € 1.68 million. EBIT, after amortization and depreciation of € 0.49 million, amounted to € 4.57 million, up from the FY22A value of € 1.14 million, and with an EBIT margin of 42.5%. Net Income was also positive, amounting to € 3.03 million.

Estimates Update

In light of the results published in the annual report for 2023, and the continuing trend along the lines of the 2023-2026 Business Plan, we can confirm our estimates for both the current year and the following years. In particular, we can confirm our expectation of an FY24E value of production of € 18.25 million, and EBITDA equal to € 6.65 million, corresponding to a margin of 36.7%. In the following years, we expect the value of production to reach € 34.85 million (CAGR FY23A - FY26E: 47.3%) in FY26E, with EBITDA equal to € 24.15 million (corresponding to a margin of 69.6%), up from € 5.06 million in FY23A (corresponding to an EBITDA margin of 47.0%).

Valuation Update

We conducted our evaluation of the equity value of Redelfi based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 95.8 million. Using market multiples, the equity value of Redelfi is € 98.8 million (including a 25.0% discount). **The result is an average equity value of approximately € 97.3 million. The target price is € 11.50, with a BUY rating and MEDIUM risk.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	3,96	10,74	18,10	26,60	34,70
Other Revenues	0,55	0,16	0,15	0,15	0,15
Value of Production	4,51	10,91	18,25	26,75	34,85
COGS	0,00	0,00	0,20	0,20	0,25
Services	1,57	3,84	7,05	7,30	5,60
Use of Asset Owned by Others	0,14	0,21	0,25	0,30	0,35
Employees	0,99	1,45	3,30	3,60	3,70
Other Operating Expenses	0,12	0,35	0,80	0,80	0,80
EBITDA	1,68	5,06	6,65	14,55	24,15
<i>EBITDA Margin</i>	42,5%	47,0%	36,7%	54,7%	69,6%
Extraordinary Items	(0,41)	0,00	0,00	0,00	0,00
EBITDA Adjusted	1,27	5,06	6,65	14,55	24,15
<i>EBITDA Adj. Margin</i>	32,2%	47,0%	36,7%	54,7%	69,6%
D&A	0,55	0,49	0,40	0,65	0,75
EBIT	1,14	4,57	6,25	13,90	23,40
<i>EBIT Margin</i>	28,7%	42,5%	34,5%	52,3%	67,4%
Financial Management	(0,76)	(0,24)	(0,80)	(0,80)	(0,80)
EBT	0,38	4,33	5,45	13,10	22,60
Taxes	0,10	1,30	1,40	3,40	5,75
Net Income	0,27	3,03	4,05	9,70	16,85
Minorities	0,01	0,79	0,00	0,00	0,00

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	8,13	12,41	14,00	15,00	16,10
Account receivable	2,45	0,46	0,55	0,55	0,60
Inventories	0,00	7,29	26,00	38,50	35,50
Account payable	0,47	0,88	1,50	1,50	1,30
Operating Working Capital	1,98	6,87	25,05	37,55	34,80
Other receivable	0,93	0,65	3,50	5,35	1,70
Other payable	0,87	1,08	2,30	4,20	6,45
Net Working Capital	2,04	6,44	26,25	38,70	30,05
Severance Indemnities & Other Provisions	0,31	1,35	0,55	0,70	0,90
NET INVESTED CAPITAL	9,85	17,50	39,70	53,00	45,25
Share Capital	0,42	0,42	0,42	0,42	0,42
Reserves	8,53	9,25	21,75	32,10	43,75
Net Income	0,27	3,03	4,05	9,70	16,85
Equity	9,22	12,70	26,22	42,22	61,02
Cash & Cash Equivalent	1,98	5,00	(0,98)	0,72	25,77
Short Term Financial Debt	0,51	3,06	4,00	3,50	3,00
M/L Term Financial Debt	2,09	6,73	8,50	8,00	7,00
Net Financial Position	0,63	4,80	13,48	10,78	(15,77)
SOURCES	9,85	17,50	39,70	53,00	45,25

CONSOLIDATED CASH FLOW (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
EBIT	1,14	4,57	6,25	13,90	23,40
Taxes	0,10	1,30	1,40	3,40	5,75
NOPAT	1,03	3,27	4,85	10,50	17,65
D&A	0,55	0,49	0,40	0,65	0,75
Change in receivable	(1,81)	(4,40)	(19,81)	(12,45)	8,65
Change in inventories	(2,09)	2,00	(0,10)	0,00	(0,05)
Change in payable	0,24	0,40	0,62	0,00	(0,20)
Change in others	0,00	(7,29)	(18,71)	(12,50)	3,00
Change in NWC	0,04	0,49	(1,63)	0,05	5,90
Change in provisions	0,07	1,04	(0,80)	0,15	0,20
OPERATING CASH FLOW	(0,16)	0,39	(15,36)	(1,15)	27,25
Capex	(3,1)	(4,8)	(2,0)	(1,7)	(1,9)
FREE CASH FLOW	(3,30)	(4,38)	(17,35)	(2,80)	25,40
Financial Management	(0,76)	(0,24)	(0,80)	(0,80)	(0,80)
Change in Debt to Bank	0,42	7,19	2,71	(1,00)	(1,50)
Change in Equity	3,31	0,45	9,47	6,30	1,95
FREE CASH FLOW TO EQUITY	(0,33)	3,02	(5,97)	1,70	25,05

Source: Redelfi and Integrae SIM estimates

Company Overview

Redelfi SpA, the parent company of the industrial group of the same name, was founded in Genoa in 2008, by current President Davide Sommariva and current CEO Raffaele Palomba, and is specialized in the development of innovative and sustainable infrastructure. Redelfi operates in the field of the digital and green transition, through its transversal Green and MarTech business units, with a focus on the Green business oriented to the electricity grid energy and infrastructure market, and particularly the development of standalone Battery Energy Solar System Parks (BESS Parks) in the USA and in Italy. The entire organization is characterized by a highly innovative approach to products and processes, with particular attention paid to Environmental, Sustainability and Governance (ESG) principles, and sustainability in corporate management.

The Group, with a registered office in Milan and operational headquarters in Genoa, has a total workforce of 35 resources, and boasts an important international market presence, thanks to its subsidiaries based in Switzerland and the USA. The basis of the Group's investment decisions is strong expertise in the analysis of market megatrends. Redelfi strength lies in its team of resources with varied and transversal skills, capable of identifying scalable business models, and of managing the life cycle of a company.

FY23A Results

TABLE 2 – FY23A VS FY23E

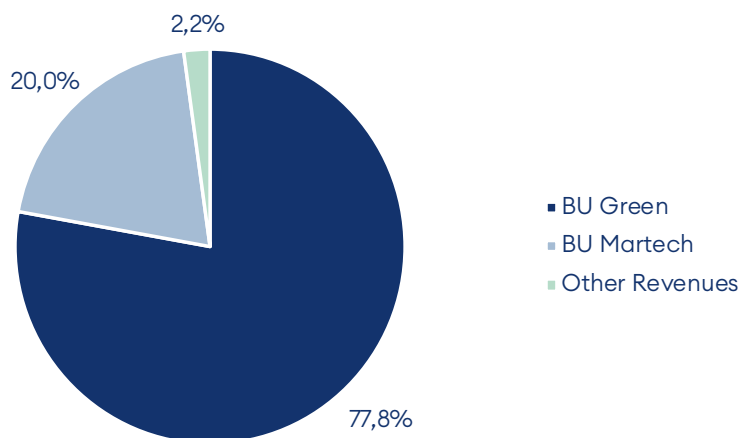
€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	10,91	5,06	47,0%	4,57	3,03	4,80
FY23E	10,35	4,80	47,1%	4,45	2,95	5,83
Change	5,4%	5,3%	0,0%	2,6%	2,7%	n/a

Source: Integrae SIM

In the results press release, Davide Sommariva, President of Redelfi, commented: *“We are very satisfied with the results presented and the growth recorded this last year, which were higher than the estimates published in December 2023. These numbers demonstrate not only the Group’s strong motivation in achieving the targets set in the 2023-2026 Business Plan, but also the strong ambition to consolidate Redelfi’s positioning as a leading operator in the international standalone Battery Energy Storage System market, making the Green business unit increasingly central”.*

In the consolidated financial statements for the year ended December 31, 2023, Redelfi reported sales revenues of € 10.74 million, more than doubling the previous year’s result of € 3.96 million. Likewise, the value of production, equal to € 10.91 million, taking into account other revenues of € 0.16 million, more than doubled (+141.6%) compared to the figure of € 4.51 million recorded in the FY22A statements, and was slightly higher than that estimated in the published 2023-2026 Updated Business Plan.

CHART 1 – VOP BREAKDOWN BY BUSINESS UNIT

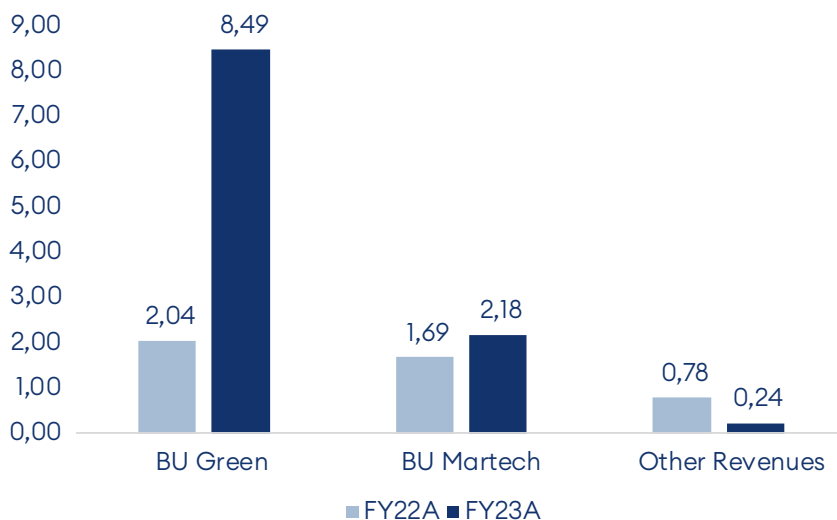


Source: Integrae SIM

As illustrated in the figure, the FY23A consolidated revenues can be broken down as follows:

- The Green business unit generated a turnover of € 8.49 million, compared to € 2.04 million in FY22A. Of this, approximately € 7.30 million is attributable to the change in contract work in progress related to an agreement with a British fund for the sale of 950 MW of BESS plants. The Green business unit, at the core of Redelfi's growth strategy, saw significant growth in both turnover and impact on the Group's value of production, rising from 45.3% in FY22A to 77.8% in FY23A;
- The MarTech business unit continued the positive trend, bringing in € 2.18 million, compared to € 1.69 million total in the last financial year, marking an excellent YoY growth of 29.3%, and an impact on the value of production of 20.0%;
- The other revenues item, totaling € 0.24 million, had a smaller impact than that reported for FY22A (equal to € 0.55 million), which included a tax credit relating to costs incurred for the stock market listing.

CHART 2 - VOP BREAKDOWN BY BU FY22A VS FY23A (€/MLN)



Source: Redelfi

All of the group's business units therefore continued to achieve their objectives, with the support of the subsidiaries in the various regions, particularly in Italy and the USA, which in turn made use of support from sector operators in order to expand on investment opportunities, technical competence, and the group's presence on foreign markets. The Green business unit, in any case, remains the fulcrum of the company strategy, and is the driving force behind the remarkable growth seen during the year just ended, particularly through investments in the development of BESS Parks.

EBITDA for the period came in at € 5.06 million, marking a clear improvement from the value reported for the previous year (+200.1%, € 1.68 million). Margins also improved, with the EBITDA margin reaching 47.0%, confirming the excellent results already achieved in FY22A (with an EBITDA margin of 42.5%) and the excellent performance of the Green business unit, which had the greatest profitability.

The positive trend is also seen in EBIT, which rose from € 1.14 million to € 4.57 million, with an EBIT margin of 42.5%, and in Net Income, totaling € 3.03 million, compared to € 0.27 million for the previous year.

The worsening of the NFP, coming in at € 4.80 million, compared to € 0.63 million in FY22A, is attributable to the bond loan subscribed by Anthilia, and the subsequent investments made during the year to support the development activities of the Green business unit. Nonetheless, the positive results of the core business allowed the figure to remain below the estimated figure of € 5.83 million.

Redelfi's 2023 therefore ended in the best possible way, with better results than expected, and a path already mapped out for the next three years, along the lines of the guidance issued in the Updated Business Plan. Among the various lines of development, we note in particular:

- The project involving Lund Storage, acquired in January 2023 by BESS Power Corp., in turn held by RAL Green Energy Corp., and jointly owned by Redelfi and Altea Green Power, obtained approval for a maximum capacity of 407.55 MW, making it among the biggest BESS projects under development in the State of Texas. Furthermore, in August, BESS Power signed a financing contract with Leyline Renewable Capital LLC for a maximum of \$ 15.00 million, to be allocated to the implementation of the pipeline;
- The subsidiary CerLab signed a framework agreement with the Swiss company Raviero SA for the purchase of authorized projects for the construction and operation of rooftop photovoltaic systems, with a target of 60 MW, to be assigned to the service of Renewable Energy Communities. The passing of the so-called Renewable Energy Communities Decree will certainly accelerate Redelfi's development plans, which include a target of 5 MW in Italy over a three-year period;
- Regarding BESS development in Italy, in October, Redelfi signed a term sheet with Flash Srl, part of WRM Group, for the creation of a joint venture to develop 2.8 GW of BESS projects over a five-year period. Redelfi, with the aim of supporting this ambitious target, completed the purchase of 100.0% of GPA Solution, as anticipated in the note dated November 6, 2023, and subsequently established the investment vehicle Bright Storage Srl, 49.0% owned by Flash Srl.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E - FY26E

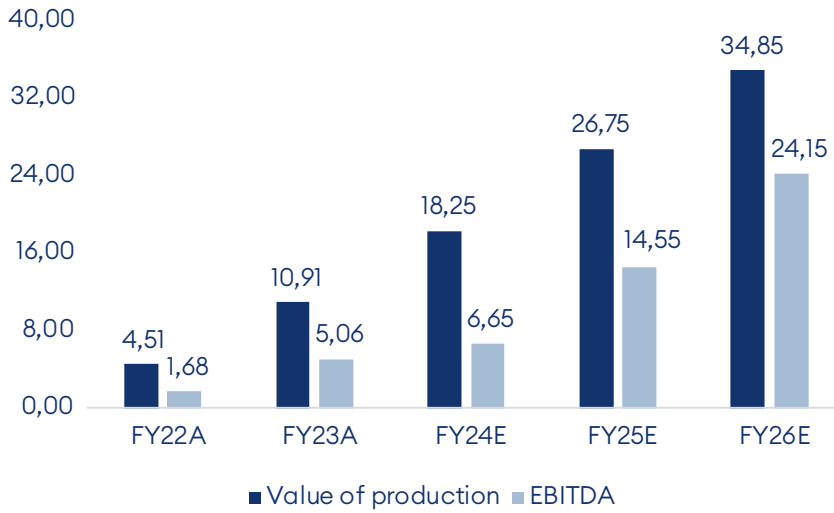
€/mln	FY24E	FY25E	FY26E
Value of production			
New	18,3	26,8	34,9
Old	18,3	26,8	34,9
Change	0,0%	0,0%	0,0%
EBITDA			
New	6,7	14,6	24,2
Old	6,7	14,6	24,2
Change	0,0%	0,0%	0,0%
EBITDA margin			
New	36,7%	54,7%	69,6%
Old	36,7%	54,7%	69,6%
Change	0,0%	0,0%	0,0%
EBIT			
New	6,3	13,9	23,4
Old	6,3	13,9	23,4
Change	0,0%	0,0%	0,0%
Net Income			
New	4,1	9,7	16,9
Old	4,1	9,7	16,9
Change	0,0%	0,0%	0,0%
Net financial position			
New	13,5	10,8	(15,8)
Old	12,5	9,8	(16,8)
Change	n/a	n/a	n/a

Source: Integrae SIM

In light of the results published in the annual report for 2023, and the continuing trend along the lines of the 2023-2026 Business Plan, we can confirm our estimates for both the current year and the following years.

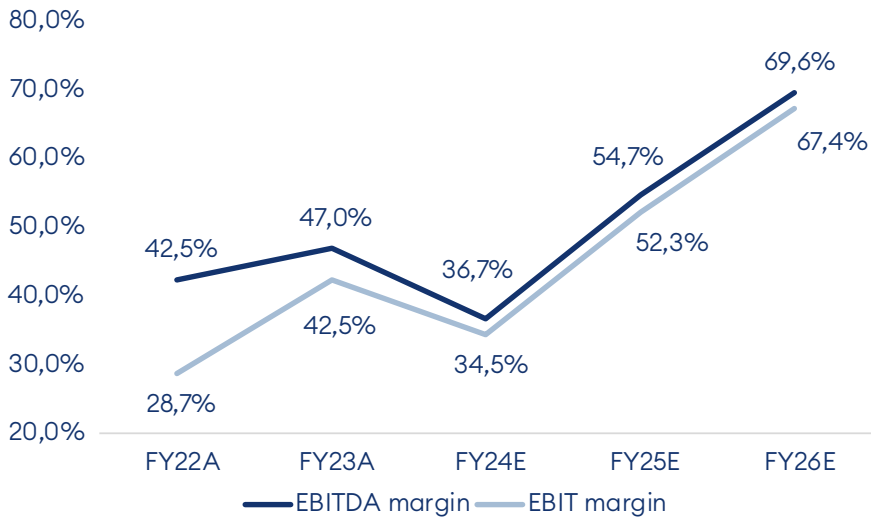
In particular, we can confirm our expectation of an FY24E value of production of € 18.25 million, and EBITDA equal to € 6.65 million, corresponding to a margin of 36.7%. In the following years, we expect the value of production to reach € 34.85 million (CAGR FY23A - FY26E: 47.3%) in FY26E, with EBITDA equal to € 24.15 million (corresponding to a margin of 69.6%), up from € 5.06 million in FY23A (corresponding to an EBITDA margin of 47.0%).

CHART 3 - VOP AND EBITDA FY22A - 26E (€/MLN)



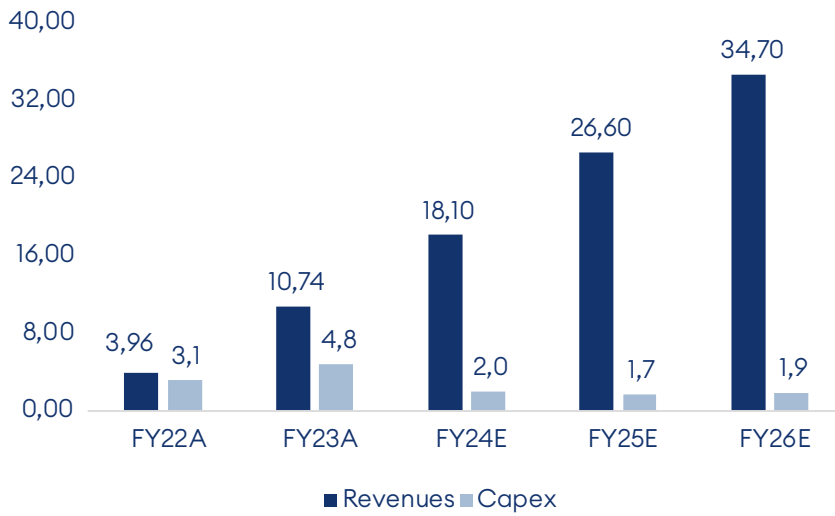
Source: Integrae SIM

CHART 4 - EBITDA & EBIT MARGIN FY22A - 26E



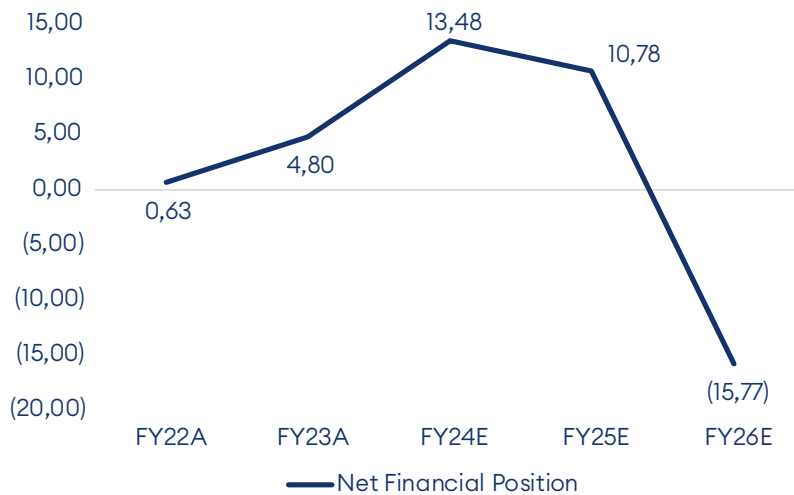
Source: Integrae SIM

CHART 5 – REVENUES & CAPEX FY22A - 26E (€/MLN)



Source: Integrae SIM

CHART 6 – NFP FY22A - 26E (€/MLN)



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of Redelfi based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC			9,76%
D/E 42,9%	Risk Free Rate 3,2%	β Adjusted 0,90	α (specific risk) 2,5%
Kd 4,0%	Market Premium 7,8%	β Relevered 0,85	Ke 12,7%

Source: Integrae SIM

We included a specific risk of 2.5%. The result is therefore a WACC of 9.76%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	(0,23)	(0,2%)
TV actualized DCF	100,83	100,2%
Enterprise Value	100,61	100,0%
NFP (FY23A)	4,80	
Equity Value	95,81	

Source: Integrae SIM

With the above data, the result is an **equity value of € 95.81 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mIn	Growth Rate (g)	WACC						
		8,3%	8,8%	9,3%	9,8%	10,3%	10,8%	11,3%
	3,0%	159,3	143,2	129,7	118,2	108,3	99,7	92,2
	2,5%	145,0	131,3	119,7	109,7	101,0	93,4	86,7
	2,0%	133,0	121,2	111,1	102,3	94,6	87,8	81,7
	1,5%	122,8	112,5	103,6	95,8	88,9	82,8	77,3
	1,0%	114,0	105,0	97,0	90,0	83,8	78,3	73,3
	0,5%	106,3	98,3	91,2	84,9	79,3	74,2	69,6
	0,0%	99,6	92,4	86,0	80,3	75,2	70,5	66,3

Source: Integrae SIM

Market multiples

In order to better capture the group's diversification, we conducted our valuation using the weighted multiples of two different panels:

- The first containing companies belonging to the Green market;
- The second containing companies belonging to the MarTechmarket.

These companies are the same used to calculate Beta for the DCF Method. The panels were made up by:

TABLE 7 – MARKET MULTIPLES GREEN

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Enlight Renewable Energy Ltd	18,1x	12,9x	8,9x	39,4x	23,4x	13,7x	21,0x	11,5x	6,1x
Iniziativa Bresciane SpA	n/a	n/a	n/a	n/a	n/a	n/a	10,0x	n/a	n/a
Ameresco Inc	11,3x	8,9x	7,7x	18,4x	13,8x	11,0x	14,4x	9,9x	6,7x
Terna SpA	10,6x	10,4x	9,7x	16,2x	16,0x	15,2x	15,6x	16,1x	15,4x
Altea Green Power SpA	3,9x	2,6x	2,0x	3,9x	2,6x	2,1x	11,8x	7,8x	n/a
Peer median	10,9x	9,7x	8,3x	17,3x	14,9x	12,3x	14,4x	10,7x	6,7x

Source: Infiniti

TABLE 8 – MARKET MULTIPLES MARTECH

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Relatech SpA	4,6x	3,8x	3,3x	6,4x	5,3x	4,6x	8,2x	6,7x	5,6x
Criteo SA	6,1x	5,7x	5,1x	18,0x	17,0x	16,0x	10,0x	9,5x	9,0x
Agile Content SA	9,5x	7,8x	6,3x	858,5x	62,7x	17,9x	n.m.	n.m.	n/a
Peer median	6,1x	5,7x	5,1x	18,0x	17,0x	16,0x	9,1x	8,1x	7,3x

Source: Infiniti

TABLE 9 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	59,17	123,73	185,86
EV/EBIT	97,50	191,82	285,48
P/E	52,74	95,55	116,18
Enterprise Value post 25,0% discount			
EV/EBITDA	44,38	92,80	139,39
EV/EBIT	73,13	143,87	214,11
P/E	39,55	71,66	87,14
Equity Value			
EV/EBITDA	30,90	82,02	155,17
EV/EBIT	59,65	133,09	229,88
P/E	39,55	71,66	87,14
Average	43,37	95,59	157,40

Source: Integrae SIM

Using EV/EBITDA, EV/EBIT and P/E market multiples, the equity value of Redelfi results to be € 98,78 million.

Equity Value

TABLE 10 – EQUITY VALUE

Equity Value (€/mln)	97,30
Equity Value DCF (€/mln)	95,81
Equity Value Multiples (€/mln)	98,78
Target Price (€)	11,50

Source: Integrae SIM

The results give an average equity value of approximately € 97.30 million. **The target price is therefore € 11.50 (prev. € 11.00). We confirm a BUY rating and MEDIUM risk.**

TABLE 11 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	10,7x	8,1x	3,7x	2,2x
EV/EBIT	11,8x	8,6x	3,9x	2,3x
P/E	16,2x	12,1x	5,1x	2,9x

Source: Integrae SIM

TABLE 12 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	20,2x	15,4x	7,0x	4,2x
EV/EBIT	22,4x	16,3x	7,3x	4,4x
P/E	32,1x	24,0x	10,0x	5,8x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

Analyst/s certification

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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