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COMAL	*Italy*	*Euronext Growth Milan*	Energy & Renewables
Rating: BUY *(unch.)*	**Target Price: € 4,00** *(prev € 5,35)*	**Update**	**Risk: Medium**

Stock performance	1M	3M	6M	1Y
bsolute	-13,54%	-7,12%	-9,09%	6,01%
to FTSE Italia Growth	-9,38%	-3,86%	5,16%	25,44%
to Euronext STAR Milan	-13,03%	1,45%	10,25%	37,60%
to FTSE All-Share	-10,79%	-7,83%	3,95%	25,00%
to EUROSTOXX	-12,53%	-5,75%	0,49%	22,57%
to MSCI World Index	-7,78%	-1,83%	9,43%	27,91%

Stocks performance vs FTSE Italia Growth

Stock Data	
Price	€ 3,00
Target price	€ 4,00
Upside/(Downside) potential	33,4%
Bloomberg Code	CML IM EQUITY
Market Cap (€m)	€ 34,50
EV (€m)	€ 40,79
Free Float	30,49%
Share Outstanding	11.500.000
52-week high	€ 4,35
52-week low	€ 2,45
Average daily volumes (3m)	25.500

1H22A Results

Photovoltaics remains at the center of the energy transition and sustainable development, and Comal, Italy's leading player in the construction of large-scale plants, confirms the growth trend outlined by management. The Company generated revenues of € 22.95 million, compared to € 6.05 million in 1H21A, while the value of production, which also includes contract work in progress, amounted to € 38.40 million, showing the expansion due to the multiple contracts acquired in the period. EBITDA for the period amounted to € 2.16 million, up 20.5% compared to the figure as of June 30, 2021, but a decline is denoted in margins, which fell from 10.5% in 1H21A to 5.6% in 1H22A. Net Income was also positive, amounting to € 0.85 million (+8.7% vs 1H21A).

Key Financials (*€ m*)	FY21A	FY22E	FY23E	FY24E
evenues	37,2	45,0	68,0	81,0
'oP	42,1	60,0	80,0	92,0
BITDA	3,4	3,6	5,0	6,1
BIT	2,2	2,8	3,8	4,8
let Profit	1,2	1,6	2,0	2,6
EBITDA margin	8,1%	6,0%	6,2%	6,6%
EBIT margin	5,2%	4,7%	4,7%	5,2%
Net Profit margin	2,8%	2,7%	2,5%	2,8%

Estimates Update

We modify our estimates for the current year and for the coming years. We estimate FY22E production value of € 60.00 million and EBITDA of € 3.60 million, corresponding to a margin of 6.0%. For subsequent years, we expect value of production to increase to € 105.00 million (CAGR 21A-25E: 25.66%) in FY25E, with EBITDA of € 7.60 million (EBITDA margin of 7.2%), up from € 3.39 million in FY21A (EBITDA margin of 8.1%). Significant increases in terms of sales, due to both recently acquired orders and increased operations in the production of tracker devices, although the same increases are also not seen in margins, which were penalized by issues related to the macroeconomic scenario, material shortage and price increases.

Main Ratios	FY21A	FY22E	FY23E	FY24E
EV/EBITDA (x)	12,0	11,3	8,2	6,7
V/EBIT (x)	18,6	14,6	10,7	8,5
/E (x)	29,7	21,6	17,3	13,3

Valuation Update

We have conducted the valuation of Comal equity value based on the DCF methodology and market multiples of a comparable companies sample. The DCF method (which in the calculation of the WACC includes for prudential purposes a specific risk of 2.5%) provides an equity value of € 61.7 million. The equity value of Comal using market multiples is equal to € 30.3 million. The result is an average equity value of € 46.0 million. The target price is € 4.00 (prev. € 5,35), BUY rating and MEDIUM risk.

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1. Economics & Financials

Table 1 – Economics & Financials

INCOME STATEMENT (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Revenues	20,94	37,23	45,00	68,00	81,00	97,00
Work In Progress	9,92	3,89	14,00	11,00	10,00	7,00
Other Revenues	0,13	1,00	1,00	1,00	1,00	1,00
Value of Production	**30,99**	**42,12**	**60,00**	**80,00**	**92,00**	**105,00**
COGS	12,04	18,05	29,60	40,00	45,30	51,50
Services	11,58	14,09	17,40	24,00	27,30	31,00
Use of assets owned by others	0,58	0,59	0,80	0,90	1,00	1,10
Employees	3,30	5,65	8,00	9,40	11,50	12,90
Other Operating Expenses	0,39	0,35	0,60	0,70	0,80	0,90
EBITDA Adj.	**3,10**	**3,39**	**3,60**	**5,00**	**6,10**	**7,60**
EBITDA Adj. Margin	*10,0%*	*8,1%*	*6,0%*	*6,2%*	*6,6%*	*7,2%*
Extraordinary Items	0,00	0,00	0,00	0,00	0,00	0,00
EBITDA	**3,10**	**3,39**	**3,60**	**5,00**	**6,10**	**7,60**
EBITDA Margin	*10,0%*	*8,1%*	*6,0%*	*6,2%*	*6,6%*	*7,2%*
D&A	0,74	1,20	0,80	1,20	1,30	1,60
EBIT	**2,36**	**2,19**	**2,80**	**3,80**	**4,80**	**6,00**
EBIT Margin	*7,6%*	*5,2%*	*4,7%*	*4,7%*	*5,2%*	*5,7%*
Financial Management	(0,35)	(0,44)	(0,50)	(0,60)	(0,70)	(0,80)
EBT	**2,01**	**1,75**	**2,30**	**3,20**	**4,10**	**5,20**
Taxes	0,85	0,59	0,70	1,20	1,50	1,70
Net Income	**1,16**	**1,16**	**1,60**	**2,00**	**2,60**	**3,50**

BALANCE SHEET (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
Fixed Assets	**7,47**	**11,11**	**11,50**	**11,70**	**12,00**	**12,20**
Account receivable	8,38	10,25	20,00	25,40	29,00	33,50
Work in Progress	16,11	21,84	26,00	33,00	39,00	47,00
Account payable	15,60	23,06	28,00	38,40	45,20	54,00
Operating Working Capital	**8,89**	**9,04**	**18,00**	**20,00**	**22,80**	**26,50**
Other receivable	1,39	1,03	1,20	1,40	1,60	1,80
Other payable	1,59	1,50	2,00	2,40	3,00	3,80
Net Working Capital	**8,69**	**8,57**	**17,20**	**19,00**	**21,40**	**24,50**
Severance Indemnities & Other Provisi	0,66	1,03	1,00	1,10	1,20	1,30
NET INVESTED CAPITAL	**15,49**	**18,64**	**27,70**	**29,60**	**32,20**	**35,40**
Share Capital	0,23	0,23	0,23	0,23	0,23	1,23
Reserves	9,80	10,96	12,12	13,72	15,72	18,32
Net Income	1,16	1,16	1,60	2,00	2,60	3,50
Equity	**11,19**	**12,35**	**13,95**	**15,95**	**18,55**	**23,05**
Cash & Cash Equivalent	6,15	9,29	9,25	8,65	7,85	8,35
Short Term Debt to Bank	2,16	4,20	3,00	2,80	2,50	2,20
M/L Term Debt to Bank	4,07	9,67	20,00	19,50	19,00	18,50
Net Financial Position	**0,09**	**4,58**	**13,75**	**13,65**	**13,65**	**12,35**
Other financial debt	4,22	1,72	0,00	0,00	0,00	0,00
NFP Adjusted	**4,30**	**6,29**	**13,75**	**13,65**	**13,65**	**12,35**
SOURCES	**15,49**	**18,64**	**27,70**	**29,60**	**32,20**	**35,40**

CASH FLOW (€/mln)	FY20A	FY21A	FY22E	FY23E	FY24E	FY25E
EBIT	2,36	2,19	2,80	3,80	4,80	6,00
Taxes	0,85	0,59	0,70	1,20	1,50	1,70
NOPAT	**1,52**	**1,60**	**2,10**	**2,60**	**3,30**	**4,30**
D&A	0,74	1,20	0,80	1,20	1,30	1,60
Change in receivable	(1,53)	(1,87)	(9,75)	(5,40)	(3,60)	(4,50)
Change in inventories	(10,57)	(5,74)	(4,16)	(7,00)	(6,00)	(8,00)
Change in payable	7,97	7,46	4,94	10,40	6,80	8,80
Change in others	(0,97)	(2,23)	(1,39)	0,20	0,40	0,60
Change in NWC	*(5,10)*	*(2,38)*	*(10,35)*	*(1,80)*	*(2,40)*	*(3,10)*
Change in provisions	0,01	0,37	(0,03)	0,10	0,10	0,10
OPERATING CASH FLOW	**(2,83)**	**0,79**	**(7,48)**	**2,10**	**2,30**	**2,90**
Capex	(2,3)	(4,8)	(1,2)	(1,4)	(1,6)	(1,8)
FREE CASH FLOW	**(5,15)**	**(4,05)**	**(8,67)**	**0,70**	**0,70**	**1,10**
Financial Management	(0,35)	(0,44)	(0,50)	(0,60)	(0,70)	(0,80)
Change in Debt to Bank	3,34	7,63	9,14	(0,70)	(0,80)	(0,80)
Change in Equity	8,01	0,00	0,00	0,00	0,00	1,00
FREE CASH FLOW TO EQUITY	**5,85**	**3,14**	**(0,04)**	**(0,60)**	**(0,80)**	**0,50**

Source: Comal & Integrae SIM estimates

1.1 1H22A Results

Tab 2 – 1H22A vs 1H21A results

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H22A	**38,44**	**2,16**	**5,6%**	**1,64**	**0,85**	**17,4**
1H21A	17,00	1,79	10,5%	1,35	0,78	4,58*
Change	*126,1%*	*20,5%*	*-4,9%*	*22,1%*	*8,7%*	*N.A*

Source: Integrae SIM

Through a press release, Alfredo Balletti, CEO of the Company, commenting on the half-yearly results, stated: "*We are satisfied with the growth achieved in this semester, mainly as a result of the start of new orders for the construction of new plants in Mazara del Vallo, Viterbo, Montalto di Castro, Latina, and Sassari. We are also pleased to have consolidated the partnership with Enel, the main Italian energy operator, with whom we concluded in January 2022 an agreement for the new tracker production line within the Alessandro Volta plant in Montalto di Castro. Also with Enel, a few weeks ago and therefore outside the perimeter of the half-yearly, we have concluded a further agreement for the construction of photovoltaic systems up to a maximum total power of 287 MW for a maximum amount of € 98 million. In addition, pursues the Group's commitment to investing by increasing its technological endowments, focusing in particular on Research & Development, both internally and by joining broader projects such as that in participation in the innovative start-up Move to Zero in collaboration with the Bio-Medical Campus University of Rome. For the future we are optimistic, given the growth in demand for energy plants from renewable sources and being a market leader thanks to our continuous investments, we aim to play an increasingly leading role*".

The photovoltaic sector is a driving factor in the energy transition and sustainable development worldwide, and precisely in this perspective Comal, the main Italian player in the construction of large-scale plants, confirms the growth trend outlined by management. During the first half of 2022, the Company generated sales revenues of € 22.95 million, compared to € 6.05 million in 1H21A; these revenues only concern the definitively completed and tested orders, while the value of production, which also includes the work in progress on order, amounts to € 38.40 million (+126.1% vs € 17.00 million in 1H21A) and shows the strong expansion of Comal in consideration of the multiple orders acquired during the period. All revenues are generated in Italy, 98.0% from the photovoltaic sector and 2.0% from conventional energy activities.

EBITDA for the period amounted to € 2.16 million, 20.5% up compared to the figure of 30 June 2021, but shows a decrease in marginality, which went from 10.5% in 1H21A to 5.6% recorded in the first six months of 2022. The Company, in fact, was affected by the shortage of materials and the consequent general increase in prices, and this impacted the timing of the closing of orders and the reduction in marginality on them.

EBIT, after amortization and depreciation of € 0.51 million, amounted to € 1.64 million, an increase of 22.1% compared to € 1.35 million recorded in the first half of 2021. The EBIT margin is equal to 4.3%. Net Income was also positive, rising from € 0.78 million in 1H21A to € 0.85 million in 1H22A (+8.7%).

In terms of the Balance Sheet, there is a worsening in the NFP, which as of 30 June 2022 reached an amount equal to € 17.40 million (debt) compared to € 2.40 million recorded in 1H21A as of 31 June 2022 is equal to € 17.40 million compared to € 4.50 million as of 31 December 2021. The increase in financial debt is attributable to the new credit lines opened in the first year-half to fund the work in progress for the construction of the new orders acquired and the production of trackers in the new Montalto di Castro factory; with the increase in the size of contracts and orders, which reach considerable amounts, also increases the financial commitment required to ensure its execution. To fund the plant dedicated to the construction of trackers, as well as to optimize the supply of raw materials, a € 7.00 million mini bond was issued, in line with the Company's strategy to support projects for energy transition and sustainable development.

With regard to the acquisition of new orders, Comal has implemented its order book, which includes the contractual value of the projects awarded or for which binding project contracts have been stipulated. As a demonstration of the Company's leadership in the Italian market, in fact, the order book amounts, as of 20 September 2022, to approximately € 280.00 million, following the signing of important contracts with leading Italian energy operators. In particular, Comal:

- on 21 February 2022, finalized a new contract with an energy investor with a value of over € 5.70 million, for the construction of two 7 MWp ground systems;
- on 22 March 2022, concluded an agreement for € 5.60 million for the construction, in the province of Viterbo, of three plants of over 20 MWp, and the supply of the related trackers;
- on 5 May 2022, the Company announced that it had signed a new contract with a well-known energy investor, worth € 30.40 million, for the construction, according to the EPC-M formula, of a ground-based photovoltaic plant with a power of 41.4 MWp in Montalto di Castro. The agreement, which includes the construction of the High Voltage substation, provides for the completion of the works for the first half of 2023;
- on 18 May 2022, Comal announced the conclusion of new contracts with Italian energy investors for a total amount of € 11.50 million. These contracts concern the construction, in the provinces of Viterbo, Latina, and Sassari, of four ground photovoltaic plants for a total capacity of 28 MWp;
- on 16 June 2022, the Company signed the last contract of the semester, which provides for the complete construction (Balance of Plant) of a 166 MWp ground photovoltaic plant, which will be ready by March 2024. The significant amount of the contract, of over € 24.00 million, is justified by the fact that the one built will be the largest plant in Italy.

Furthermore, on 17 February 2022, Comal entered into an agreement with Enel, with which it undertook to make an investment to contribute to the construction of a new tracker factory in the area of the Montalto di Castro plant, made available by Enel itself. The new factory, which will generate annual tracker volumes of up to 1.5 GW, will facilitate the extension of the national renewable energy supply chain, producing technologically innovative devices that will help generate an increasingly important percentage of turnover.

Finally, on 7 September 2022, the Company announced the completion, through the subsidiary BC Renewable Energy Scarl, of a framework agreement with ENEL Green Power SpA, concerning the construction of photovoltaic plants up to a total power of 287 MW. The maximum amount of the contract is € 95.00 million to which is added the cost of € 3.20 million for the optional O&M service, valid for three years on the entire national territory.

1.2 FY22E – FY24E Estimates

Table 3 – Estimates Updates FY22E - FY25E

€/mln	FY22E	FY23E	FY24E	FY25E
VoP				
New	**60,0**	**80,0**	**92,0**	**105,0**
Old	51,0	63,0	71,0	0,0
Change	*17,6%*	*27,0%*	*29,6%*	*N.A*
EBITDA				
New	**3,6**	**5,0**	**6,1**	**7,6**
Old	4,6	6,3	7,8	0,0
Change	*-21,7%*	*-20,6%*	*-21,8%*	*N.A*
EBITDA %				
New	**6,0%**	**6,2%**	**6,6%**	**7,2%**
Old	9,0%	10,0%	11,0%	0,0%
Change	*-3,0%*	*-3,8%*	*-4,4%*	*N.A*
EBIT				
New	**2,8**	**3,8**	**4,8**	**6,0**
Old	3,4	5,0	6,5	0,0
Change	*-16,4%*	*-24,0%*	*-25,6%*	*N.A*
Net Income				
New	**1,6**	**2,0**	**2,6**	**3,5**
Old	2,2	3,3	4,3	0,0
Change	*-25,6%*	*-39,4%*	*-39,5%*	*N.A*
NFP				
New	**13,7**	**13,6**	**13,6**	**12,3**
Old	3,3	1,6	(1,0)	0,0
Change	*N.A*	*N.A*	*N.A*	*N.A*
NFP Adj.				
New	**13,7**	**13,6**	**13,6**	**12,3**
Old	4,5	2,4	(0,6)	0,0
Change	*N.A*	*N.A*	*N.A*	*N.A*

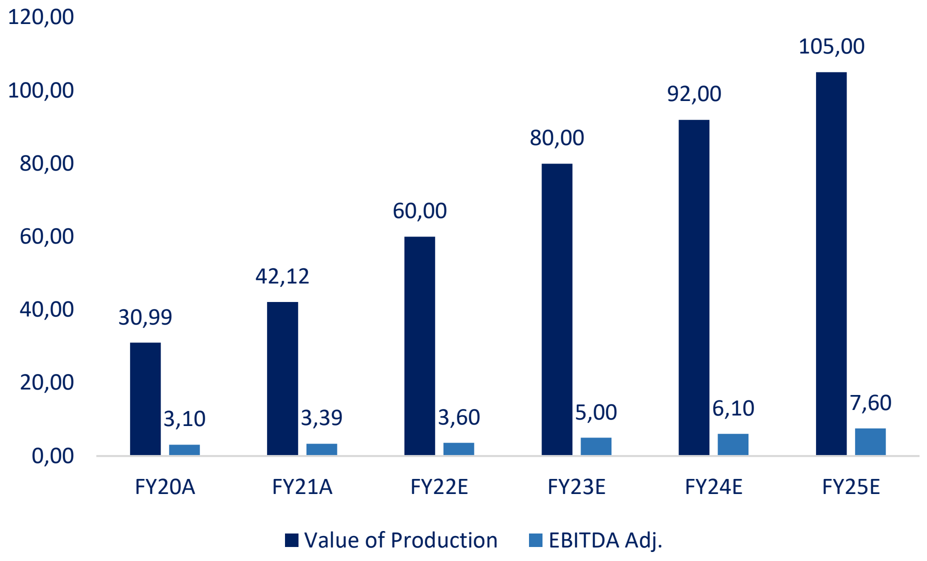
Source: Integrae SIM

In light of the results published in the half-yearly report for 1H22A, we modify our previous estimates both for the current year and for the coming years.

In particular, we estimate the FY22E value of production equal to € 60.00 million and EBITDA of € 3.60 million, corresponding to a marginality of 6.0%. For subsequent years, we expect the value of production to increase up to € 105.00 million (CAGR 21A-25E: 25.66%) in FY25E, with EBITDA of € 7.60 million (corresponding to an EBITDA margin of 7.2%), up from € 3.39 million in FY21A (corresponding to an EBITDA margin of 8.1%).

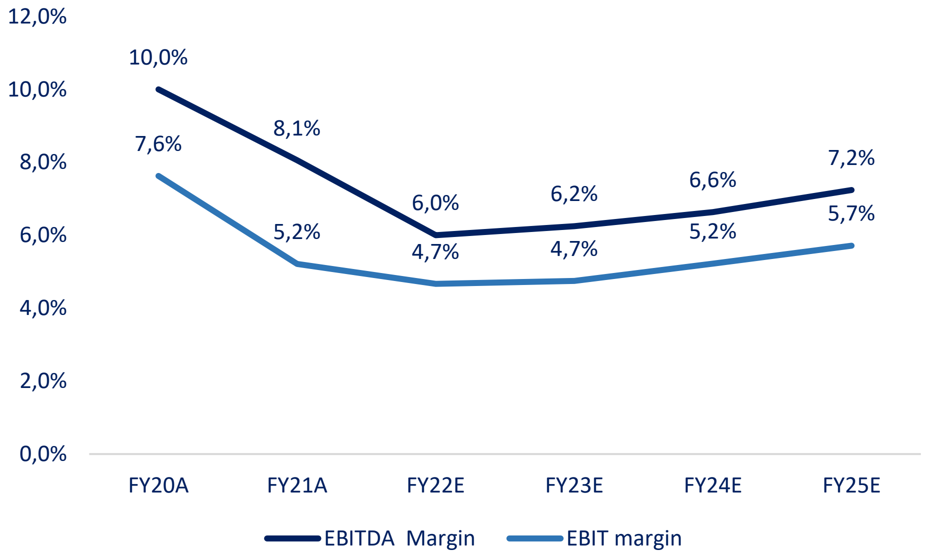
We, therefore, expect significant increases in terms of turnover, due both to the recent orders acquired and to greater operations in the production of tracker devices; the same increases are not also found in marginality, penalized, among other things, by problems related to the macroeconomic scenario, the shortage of materials and the general increase in prices. In terms of the Balance Sheet, we expect the NFP to worsen compared to previous fiscal years due to the need to fund working capital and plant construction activities. We estimate an NFP value in the FY25E of € 12.35 million.

Chart 1 – VoP and EBITDA FY20A - FY25E (€/mln)



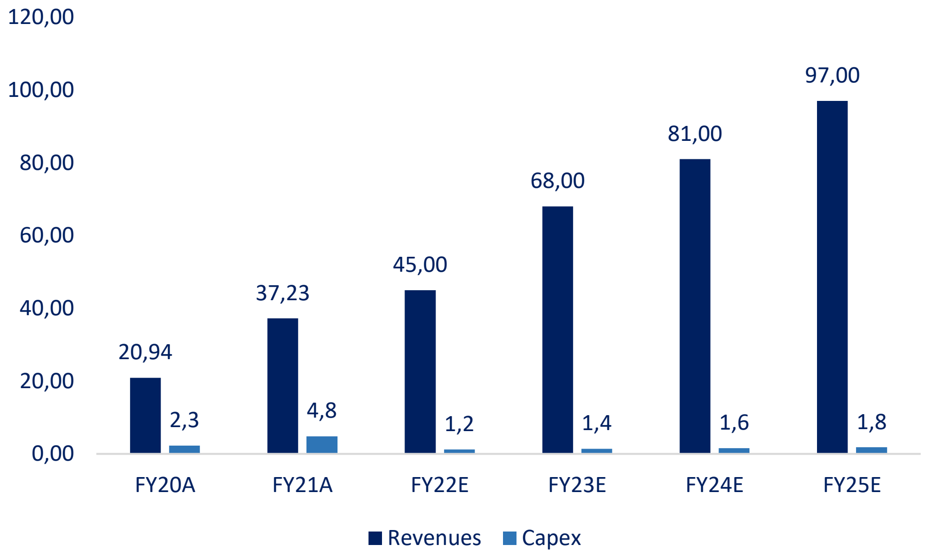
Source: Integrae SIM

Chart 2 – Margin FY20A - FY25E



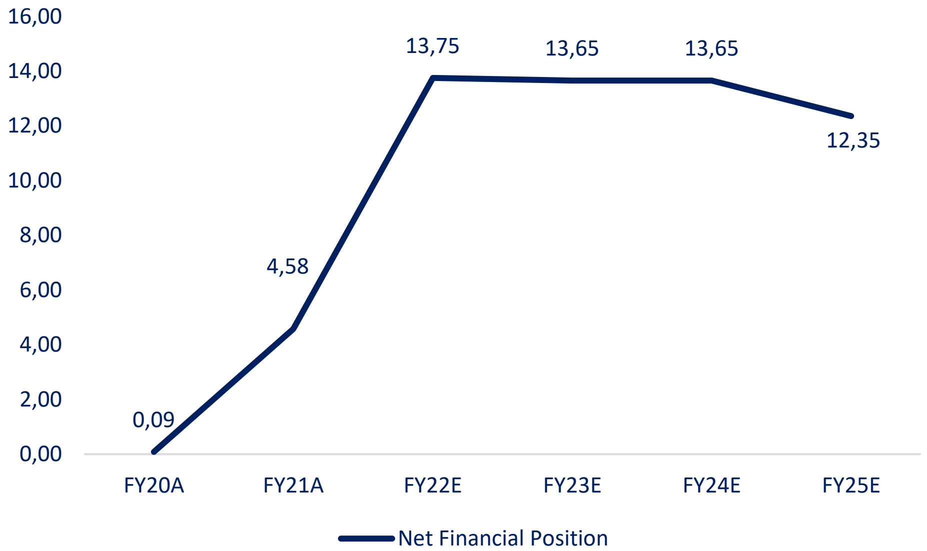
Source: Integrae SIM

Chart 3 – Capex FY20A - FY25E (€/mln)



Source: Integrae SIM

Chart 4 – NFP FY20A - FY25E (€/mln)



Source: Integrae SIM

2. Valuation

We have conducted the valuation of COMAL equity value based on the DCF methodology and market multiples of a comparable companies sample.

2.1 DCF Method

Table 4 – WACC

WACC			5,03%
Risk Free Rate	2,18%	α (specific risk)	2,50%
Market Premium	9,08%	Beta Adjusted	0,5
D/E (average)	122,22%	Beta Relevered	1,0
Ke	9,41%	Kd	2,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 5.03%.

Table 5 – DCF Valuation

DCF Equity Value		61,7
FCFO actualized	-1,9	-3%
TV actualized DCF	69,9	103%
Enterprise Value	**68,0**	100%
NFP (FY21A)	6,3	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumptions, the result is an **equity value of € 61.7 million**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		3,5%	4,0%	4,5%	5,0%	5,5%	6,0%	6,5%
Growth Rate (g)	2,5%	286,7	185,5	134,2	103,2	82,5	67,6	56,5
	2,0%	190,4	137,8	106,0	84,8	69,6	58,2	49,3
	1,5%	141,5	109,0	87,2	71,6	59,9	50,8	43,6
	1,0%	112,0	89,7	73,7	61,7	52,4	44,9	38,9
	0,5%	92,2	75,8	63,6	54,0	46,4	40,1	34,9
	0,0%	78,0	65,4	55,6	47,8	41,4	36,1	31,6
	-0,5%	67,4	57,3	49,3	42,8	37,3	32,7	28,8

Source: Integrae SIM

2.2 Market multiples

Our panel is made up of companies operating in the same sector as COMAL. These companies are the same ones used for the calculation of Beta for the DCF method. The Panel is composed of:

Table 7 – Market Multiples

Company Name	EV/EBITDA (x)			EV/EBIT (x)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
ESI SpA	7,4	6,0	4,7	8,8	7,0	5,3
Iberdrola SA	9,3	8,6	8,1	15,6	14,3	13,3
Iniziative Bresciane S.p.A.	9,1	7,8	7,3	18,5	16,1	13,4
Renergetica SpA	10,8	10,1	9,2	12,3	11,3	10,0
Peer median	**9,2**	**8,2**	**7,7**	**14,0**	**12,8**	**11,6**

Source: Infinancials

Table 8 – Market Multiples Valuation

€/mln	FY22E	FY23E	FY24E
Enterprise Value (EV)			
EV/EBITDA	33,1	41,0	46,7
EV/EBIT	39,2	48,7	55,9
Equity Value			
EV/EBITDA	19,3	27,3	32,9
EV/EBIT	25,4	35,0	42,2
Average	**22,4**	**31,1**	**37,5**

Source: Integrae SIM

The equity value of COMAL using the market multiples EV/ EBITDA and EV/EBIT is equal to € 30.3 million**.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	46,0
Equity Value DCF (€/mln)	61,7
Equity Value multiples (€/mln)	30,3
Target Price (€)	**4,00**

Source: Integrae SIM

The result is an average equity value of € 46.0 million. **The target price is, therefore, € 4.00 (prev. € 5.35). We confirm BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	12,8x	9,2x	7,5x
EV/EBIT	16,4x	12,1x	9,6x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY22E	FY23E	FY24E
EV/EBITDA	11,3x	8,2x	6,7x
EV/EBIT	14,6x	10,7x	8,5x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

Analyst/s certification

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Date	Price	Recommendation	Target Price	Risk	Comment
20/04/2022	3,30	Buy	5,35	Medium	Initiation Of Coverage
06/05/2022	3,85	Buy	5,35	Medium	Flash Note
20/05/2022	3,84	Buy	5,35	Medium	Flash Note
17/06/2022	3,75	Buy	5,35	Medium	Flash Note
03/08/2022	3,28	Buy	5,35	Medium	Flash Note
07/09/2022	3,38	Buy	5,35	Medium	Flash Note

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

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