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# ECOMEMBRANE

## Company Update

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

Risk: High

STOCKDATA		ORD		
Price (as of 23 Apr 2024)		5.4		
Bloomberg Code		ECMB IM		
Market Cap (€ mn)		23		
Free Float		41%		
Shares Out (mn)		4.3		
52 week Range		-		
Daily Volume		3,145		
Performance (%)	1M	3M	1Y	
Absolute	-9.3	-23.6	na	
Rel to FTSE Italia All-Share	-9.2	-32.5	na	
MAIN METRICS		2023	2024E	2025E
SALES Adj		15.3	21.8	36.9
EBITDA Adj		2.0	2.8	7.2
EBIT Adj		1.0	1.5	5.7
NET INCOME Adj		0.6	1.1	3.9
EPS Adj - €		27.4	24.8	89.9
DPS Ord - €		5.6	9.8	17.5
MULTIPLES		2023	2024E	2025E
P/E ord Adj		27.7x	21.6x	6.0x
EV/EBITDA Adj		13.5x	6.7x	2.4x
EV/EBIT Adj		27.9x	12.6x	3.0x
REMUNERATION		2023	2024E	2025E
Div. Yield ord (A)		0.7%	1.8%	3.3%
FCF Yield Adj		-10.0%	-0.2%	11.8%
INDEBTEDNESS		2023	2024E	2025E
NFP Adj		5.8	5.5	7.8
D/Ebitda Adj		n.m.	n.m.	n.m.

## PRICE ORD LAST 365 DAYS

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## FY23 IMPACTED FROM REGULATORY CHANGES

**FY23 has been weak as expected for Ecomembrane. Operating performance (Ebitda -36.6% YoY) has been penalized by the regulatory revisions in incentives for Biomethane, and by the associated slow-down of investments in the whole sector. 2024 outlook is showing signs of improvement, with some 40%/50% of expected revenues covered by Sales and Order book at the end of 1Q24. We are not applying relevant changes to profit expectations confirming the BUY recommendation with target price of €10.5ps.**

### ■ Weak as expected due to the delays in the biomethane incentives to new plants

FY2023 has been weak for Ecomembrane. Operating performance (Ebitda -36.6% YoY) has been penalized by the regulatory revisions in incentives for Biomethane, and by the associated slow-down of investments in new plants across the whole segment. This element already emerged during the 2H23 and led us to embed some 6-9 months delay in the project execution for the period 2023-26 (see our note "Inflation adjustments to cause project delay" published the 8<sup>th</sup> of March 2023). As a consequence, FY23 results came out almost in line with our revised expectations. More in details:

- **Sales at €15.6mn (+9.2% YoY)** vs €15.8mn expected;
- **Ebitda at €2mn (-36.6% YoY)** vs €1.9mn expected;
- **Net Income at € 1.2mn (-33.2% YoY)** in line with expectations;
- **Nfp at €5.8mn** in line with expectations;
- **Dps at €0.05ps** in line with expectations.

The growth in Revenues (+9.2% YoY) mainly derived from the strong performance of the "Odor Control" division (+144% YoY) as well as the "Cupole + Gasholders" (+4% YoY) and "Services" (+22%) segment, which more than compensated the expected reduction of the "Swimming pool" (-63% YoY) business, which normalized after the very strong 2022 volume growth post COVID.

**Gross Profit growth (+2.5% YoY with 58% gross margin), has been more than compensated by the underlying increase in fixed costs.** During 2023 Ecomembrane has prepared the structure (new facility and increase in personnel) for the rump up of the biomethane market, which has been finally delayed by the change in the underlying regulation and incentives. While the regulatory issues have been solved through a +13% increase in the base tariffs for incentives attribution, the recognition only arrived at the end of 2023, with investors putting projects on "hold", waiting for the higher incentives to become a reality.

### ■ No change in estimates. Outlook is improving

As we recently revised our estimates, we are not applying additional changes to our profit expectations. As commented in the results presentation, the outlook is improving, with ECMB expecting to benefit from the pick-up in orders for the biomethane segment as well as the contribution of the CO2 and HYDROGEN projects. Based on our understanding, **Revenues and Order book in the first months of 2024 are in some cases, +20%/+30% above last year, with good signs from partners on biomethane capex recovery from the 2H23.** At current stage, the visibility (revenues + order book) reaches ca. 40%-50% of revenues at the end of the 1<sup>st</sup> quarter, in the core businesses.

### ■ Confirming target and recommendation

**We are confirming our BUY recommendation and the target price of €10.5ps which implies a valuation of 11.7x P/E and 5.5x EV/EBITDA as measured in 2025. We believe Ecomembrane:**

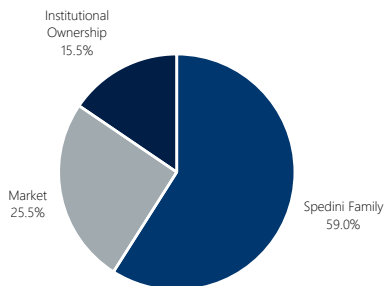
1. **Has a very well consolidated presence in the market.**
2. **Shows attractive growth rates going forward.** We estimate ECMB to achieve ca. +30%/+40% CAGR in Sales, Ebitda and NI through 2027.
3. **Maintains a strong balance sheet,** with a net cash position at the end of 2023 providing the opportunity to exploit all the market potentials.

**The group trades at a 2025E P/E of 6x and 2.4x EV/EBITDA, at discount vs peers in the Capital Goods segment.**

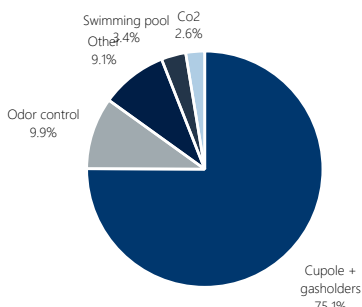
MAIN FIGURES - EURmn	2021	2022	2023	2024E	2025E	2026E
SALES Adj	11.7	14.2	15.3	21.8	36.9	44.3
Growth	11.5%	21.3%	7.6%	42.5%	68.9%	20.1%
EBITDA Adj	2.4	3.2	2.0	2.8	7.2	8.6
Growth	60.1%	33.9%	-36.7%	36.1%	159.7%	19.4%
EBIT Adj	1.9	2.5	1.0	1.5	5.7	7.0
Growth	58.8%	33.3%	-61.0%	48.6%	291.6%	22.0%
PBT Adj	1.8	2.5	1.0	1.5	5.8	7.0
Growth	61.9%	38.2%	-61.9%	58.5%	278.5%	21.1%
Net Income Adj	1.5	1.8	0.6	1.1	3.9	4.5
Growth	74.9%	20.9%	-65.6%	76.3%	262.1%	16.6%
MARGIN - %	2021	2022	2023	2024E	2025E	2026E
EBITDA Adj Margin	20.5%	22.6%	13.3%	12.7%	19.6%	19.5%
Ebit Adj margin	16.2%	17.8%	6.4%	6.7%	15.6%	15.8%
Pbt Adj margin	15.7%	17.9%	6.3%	7.0%	15.8%	15.9%
Net Income Adj margin	12.4%	12.4%	3.9%	4.9%	10.5%	10.2%
SHARE DATA	2021	2022	2023	2024E	2025E	2026E
EPS Adj - €c	-	-	27.4	24.8	89.9	105
Growth	-	-	n.a.	-9.3%	262.1%	16.6%
DPS ord(A) - €c	-	-	5.6	9.8	17.5	23.3
BVPS	-	-	3.5	3.7	4.4	5.1
VARIOUS	2021	2022	2023	2024E	2025E	2026E
Capital Employed	4.5	4.2	9.9	11.3	13.3	13.8
FCF	1.2	0.4	-3.5	0.0	2.7	4.6
CAPEX	0.5	2.5	2.5	0.8	1.0	1.5
Working capital	1.4	1.9	4.3	5.9	8.2	8.5
Trading Working capital	3.2	3.6	5.6	7.6	10.8	11.4
INDEBTNESS	2021	2022	2023	2024E	2025E	2026E
Nfp Adj	-0.9	-1.0	5.8	5.5	7.8	11.6
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	21.6x	6.0x	5.1x
PBV	-	-	2.3x	1.5x	1.2x	1.0x
EV FIGURES	2021	2022	2023	2024E	2025E	2026E
EV/Sales	n.a.	n.a.	1.8x	0.8x	0.5x	0.3x
EV/EBITDA Adj	n.a.	n.a.	13.5x	6.7x	2.4x	1.6x
EV/EBIT Adj	n.a.	n.a.	27.9x	12.6x	3.0x	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	-	-	0.7%	1.8%	3.3%	4.4%
FCF Yield Adj	-	-	-10.0%	-0.2%	11.8%	19.9%
Roce Adj	31.5%	42.3%	10.2%	10.1%	33.9%	37.6%

Source: Company data and Equita SIM estimates

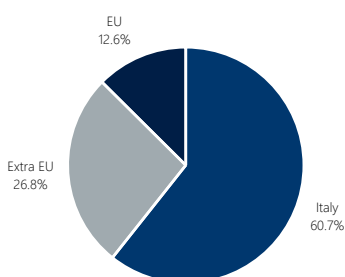
SHAREHOLDERS



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	WEAKNESSES /THREATS
<ul style="list-style-type: none"> <li>- Consolidated historical presence in the clean biogas market with International presence and production facilities both in Europe and US.</li> <li>- Full control of the value chain.</li> <li>- Wide range of products: gasholders, odour control, swimming pools, Co2, hydrogen</li> <li>- Relevant technological footprint, with continued development of new products.</li> <li>- High profitability and very strong balance sheet.</li> <li>- Resiliency of business model proved also through the COVID-19 years.</li> <li>- Recently upgraded capacity available from the 2h of 2023</li> <li>- Short route to market, and constant price revision protects against inflation</li> <li>- 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)</li> <li>- Rapidly consolidating market, with “Funds”, “Utilities” and “Specialized operators” opening up to a higher share of wallet and services.</li> <li>- Refurbishment cycle, in the next 2-3 years.</li> <li>- New technology requirements in the fields of Carbon Capture, Battery storage and Hydrogen.</li> <li>- M&amp;A opportunities to consolidate presence.</li> <li>- Investment in production capacity expansion and efficiency will help to boost profitability.</li> <li>- Potential interest from bigger groups may rise speculative appeal on the group in the coming years</li> </ul>	<ul style="list-style-type: none"> <li>- Limited size in a highly fragmented market.</li> <li>- Significant expansion capacity investments realized in 2022 will require an ad-hoc set up of the new facilities in the coming months.</li> <li>- Business model remains linked to Government/regulatory push for investments in alternative energy sources.</li> <li>- Eventual regulatory intervention to reduce incentives measure to the industry may dilute growth opportunities.</li> <li>- Consolidation of the client base in the sector may lead to higher competition on contracts and tenders for biogas plant construction.</li> <li>- Authorization issue on client’s projects, may dilute growth opportunities in the coming years.</li> <li>- Logistics issue and raw material unavailability may potentially delay projects execution</li> <li>- Rapid growth in coming years will require personnel expansion and phase up of plant and persons</li> <li>- Business model will have to be tested for the significant expected increase of dimension (profitability).</li> </ul>

## A WEAK FY 2023 DUE TO REGULATORY CHANGES IN BIOMETHANE

**With a -36.6% YoY decrease in Ebitda, FY23 has been weak for Ecomembrane. Operating performance has been penalized by the regulatory revisions in incentives for Biomethane,** and by the associated slow-down of investments in new plants across the whole segment. This element already emerged during the 2H of 2023 and led us to reduce profit expectations and to embed some 6-9 months delays in the project execution for the period 2023-26 (see our note "Inflation adjustments to cause project delay" published the 8<sup>th</sup> of March 2023). FY23 results came out almost in line with our revised expectations. More in details:

- **Sales at €15.6mn (+9.2% YoY)** vs €15.8mn expected;
- **Ebitda at €2mn (-36.6% YoY)** vs €1.9mn expected;
- **Net Income at € 1.2mn (-33.2% YoY)** in line with expectations;
- **Nfp at €5.8mn** in line with expectations;
- **Dps at €0.05ps** in line with expectations.

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

FY23 RESULTS						
MAIN METRICS	FY22	EXPECTED		REPORTED		Consensus 1H23
		FY 23	YoY	FY 23	YoY	
Cupole + gasholders	11.05	12.49	4%	11.49	4%	na
Odor control - €mn	0.62	0.78	144%	1.51	144%	na
Co2 - €mn	0.00	0.50	nm	0.40	nm	na
Hydrogen - €mn	0.00	0.00	nm	0.00	nm	na
Swimming pool - €mn	1.41	0.63	-63%	0.51	-63%	na
Other services - €mn	1.15	1.00	32%	1.40	22%	na
<b>Sales - €mn</b>	<b>14.23</b>	<b>15.40</b>	<b>8%</b>	<b>15.31</b>	<b>8%</b>	<b>na</b>
Change in stocks, internal works, M&A	0.08	0.36	336%	0.31	276%	na
<b>Revenues - €mn</b>	<b>14.31</b>	<b>15.76</b>	<b>10.1%</b>	<b>15.63</b>	<b>9.2%</b>	<b>na</b>
<b>Gross profit - €mn</b>	<b>8.67</b>	<b>9.32</b>	<b>7.5%</b>	<b>8.89</b>	<b>2.5%</b>	<b>na</b>
Gross margin (on Sales) - %	60.9%	60.6%	na	58.0%	na	na
<b>Ebitda - €mn</b>	<b>3.22</b>	<b>1.94</b>	<b>na</b>	<b>2.04</b>	<b>-36.6%</b>	<b>na</b>
Ebitda margin (on Sales) - %	22.6%	12.6%	na	13.3%	Na	na
<b>Net Income - €mn</b>	<b>1.76</b>	<b>1.19</b>	<b>na</b>	<b>1.17</b>	<b>-33.2%</b>	<b>na</b>
<b>Net Income Adj - €mn</b>	<b>1.76</b>	<b>0.65</b>	<b>na</b>	<b>0.60</b>	<b>na</b>	<b>na</b>
<b>NFP (YE and current) - €mn</b>	<b>-1.04</b>	<b>5.81</b>	<b>+6.8 €mn</b>	<b>5.78</b>	<b>+6.8 €mn</b>	<b>na</b>

Source: Company data and Equita SIM estimates

The growth in Revenues (+9.2% YoY) mainly derives from the strong performance of the "Odor Control" division (+144% YoY) as well as from the "Cupole + Gasholders" (+4% YoY) and Services (+22%) businesses, which more than compensated the expected reduction of the "Swimming pool" (-63% YoY) segment (which normalized after the very strong 2022 volume growth post COVID).

Ecomembrane registered around 55% of its sales in Italy, around 12% in EU and around 32% in Extra- Eu countries.

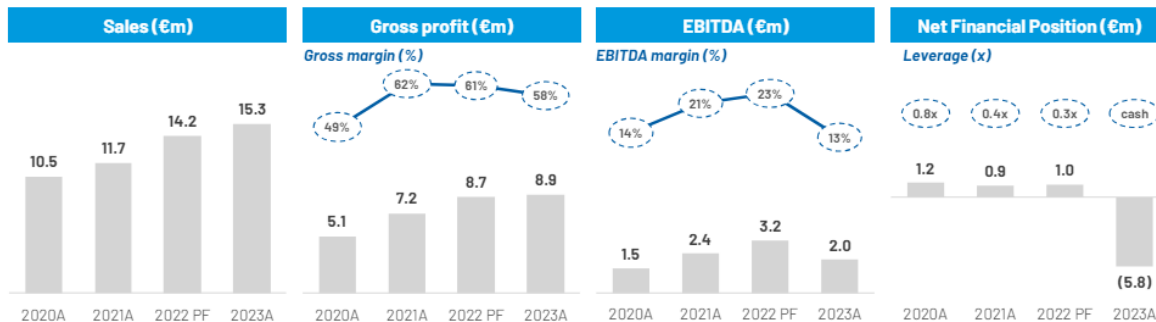
FY23 RESULTS		
GEOGRAPHICAL SPLIT	REPORTED	
	FY 23	%
Italy	8.4	55%
EU	1.9	12%
Extra EU	5.0	32%
<b>Sales - €mn</b>	<b>15.3</b>	<b>100%</b>

Source: Company data

Additional information on the FY23 results as well as a comparison with the historical evolution of the group's main figures, is provided in the following table.

FY2023 PERFORMANCE AND HISTORICAL COMPARISON

FY2023 FINANCIAL PERFORMANCE AFFECTED BY THE NEW STRUCTURE



- €15.3m sales in 2023(+8% vs 2022) even without benefiting from the incentives of the Biomethane Decree and the Inflation Reduction Act in the US
- >80% organic growth, given the contribution of Splash<sup>®</sup> limited to the 4Q23, impacted by seasonality of the pool business
- 55% of 2023 sales realized in Italy, 20% in the US, 12% in the EU and 13% in the rest of the world

- Gross profit in line despite the inflationary environment delta vs. 2022 due to a different product mix (in 2023 significant incidence of revenues from covers characterised by lower margins)
- EBITDA 2023 amounted to €2.0m (vs previous year €3.2m) mainly due to higher overhead costs, in line with the growth in business volume expected in the coming years, as already foreseen in the Budget
- 7 new employees in 2023 with further hirings in the 1024, that brought the total workforce of Ecomembrane to 55, in addition to 20 employees acquired through Splash and a new US sales manager

- FY23 Net Financial Position is cash positive for €5.8m
- Cash and cash equivalents, amounting to €7.5m, are largely higher than bank borrowings, which decreased to €1.6m from €2.5m as of FY22 PF, mainly thanks to the capital raised at IPO

Sources: Group information  
Notes: Margins calculated as % on sales (1) included in the consolidation perimeter only as of October 2<sup>nd</sup>, 2023

Source: Company presentation

■ Profitability has been affected by the increase in fixed costs

As indicated in the tables above, the Gross Profit growth (+2.5% YoY with 58% gross margin), has been fully compensated by the underlying increase in fixed costs. During 2023, in fact, Ecomembrane has prepared the structure for the expected rump up of the biomethane market (new facility and increase in personnel), which has been finally delayed by the change in the underlying regulation and incentives. As described in our notes in the past months, the biomethane segment is expected to expand from around 0.2bcm at the end of 2022 to the original targets of 0.6bcm in 2023 and 2.3 bcm in June 2026, as indicated in the ongoing NRRP program. The long-term perspectives are also interesting, with the expected achievement of 5,7bcm of installed biomethane capacity in 2030, as established in the PNIEC document to the EU.

Despite the indications above, anyway, the short-term trend of the industry through 2023 highlighted a lower rate of development, mainly caused in our view:

- By the uncertainties on the new regulation and the new tenders for incentives recognitions (which started in January 2023);
- The low level of the incentives vs. inflationary cost at global level, with lower than expected projects being fully "in the money" at the recognized contributions

While these problems have been solved by the regulator through an +13% increase in the base tariffs for incentives attribution, the recognition only arrived at the end of 2023, with investors putting projects on "hold" and waiting for the higher incentives to become a reality.

■ Strong balance sheet thanks to the capital increase in IPO

At the end of 2023 Ecomembrane had a €5.8mn cash positive balance sheet (vs the Nfp of €-1.04mn registered at the end of 2022). This mainly derives from the capital increase contribution at the IPO process (€11mn), which allowed Ecomembrane to sustain capex in the year (ca. €1 mn), the acquisition of Splash Superpool in US (ca. \$2.3mn) and the deterioration in working capital (ca. €2mn), mainly caused by the high sales concentration in the last months of the year.

**NO MAIN CHANGES TO PROFIT EXPECTATIONS. OUTLOOK IS IMPROVING**

**We have not applied relevant changes to Ecomembrane profits expectations.** We recently revised our models to account for 6-9 months delays in the projects implementation and at the time being we are not registering additional deterioration.

As indicated by ECMB's management in the FY23 results presentation, the outlook is showing signs of improvements, with a pick-up in order expected in 2H23. More in details Ecomembrane envisages:

1. **a strong wave of biomethane incentives**, with 2 awards expected in May and September leading to recover of investments in capacity in 2024-25;
2. **the full contribution of the new CO2 storage facilities as well as CCS;**
3. **the progressive rump up of the new hydrogen solutions**, with dialogues with major players in the sector and consortium initiatives in the US;
4. **the new SBS-SOLAR acquisition to start contributing** with turn-key projects in the coming months;
5. **the possible contribution of new M&A opportunities**, to enhance geographical presence in strategic areas.

MARKET EXPECTATIONS

**WHAT WE EXPECT FOR THE NEAR FUTURE**



Key growth drivers		Actual tender scenario <sup>(1)</sup>									
<p><b>Strong wave of biomethane incentives</b>                      Different operators awarded in the 1<sup>st</sup> and 2<sup>nd</sup> tender, withdrawn to participate in the 3<sup>rd</sup> one. Two rankings expected in 2024, with important upsides for Ecomembrane business in 2025</p>	Opening	60 gg	2022			2023			2024		
	Closing	60 gg	Date	# Procedure	% contingente annuo	Date	# Procedure	% contingente annuo	Date	# Procedure	% contingente annuo
<p><b>Preferred partner for innovative projects</b>                      Finalizing the Sardinia CO2-based energy storage plant with Energy Dome (which recently raised \$44m for international expansion) and growing opportunities in the Carbon Capture and Storage (CCS) market</p>	Opening	90 gg	30/1/2023	1	100%	14/7/2023	2	75% + contingente residuo procedura n°1	3/6/2024	4	75% + contingente residuo procedura n°3
	Closing	60 gg	29/5/2023			11/12/2023			31/10/2024		
<p><b>Great technological progress</b>                      Granted patent for low-pressure gas hydrogen storage, coupled with constant dialogue with major players in the sector and "consortium initiatives" in US</p>	Opening	80 gg	2022			2023			2024		
	Closing	80 gg				22/12/2023	3	25% + contingente residuo procedura n°2	18/1/2024	5	25% + contingente residuo procedura n°4
<p><b>Expanding Offering in PV Industry</b>                      SBS has outlined a pipeline of projects in Northern Italy in the photovoltaic sector that has attracted the attention of numerous investors; possible synergies with the core business of ECMB</p>	Opening	80 gg	2022			2023			2024		
	Closing	80 gg				20/5/2024			17/4/2025		
<p><b>M&amp;A opportunities</b>                      Constantly monitoring target markets to identify potential acquisitions to enhance geographical presence in strategic areas</p>	Opening	80 gg	2022			2023			2024		
	Closing	80 gg									

**CO2 projects on the way**

Ecomembrane well positioned to benefit from Energy Dome's pipeline in the coming years

ENERGYDOME  
Our world's can't wait.

- With the proceeds from the funding round, Energy Dome aims to expand its already existing pipeline in markets such as **USA, EU, Australia, Chile, Oman, India and other key LDES markets**
- Particular **focus on the US market**, where Ecomembrane's presence becomes **key**, to get the most out of the opportunities from the Inflation Reduction Act (IRA) and the associated Investment Tax Credits available for utility-scale energy storage

Sources: Group information  
 Notes: (1) "Nuovo Decreto Biometano: pubblicare le regole applicative e il bando per la prima procedura competitiva" - Document prepared by Gianni&Origoni law firm

Source: Company presentation

Based on our understanding, **Revenues and Order book in the first months of 2024 are in some cases some +20%/+30% above last year, with good signs from partners on biomethane projects start up in the 2H23. At current stage the visibility (revenues + order book at the end of 1<sup>st</sup> quarter) reaches 40%/50% of expected revenues, in the core businesses.**

## RECOMMENDATION AND TARGET CONFIRMED

In-light-of the considerations above, **we are maintaining our BUY recommendation with a confirmed target price of €10.5ps which implies a valuation of 11.7x PE and 6.4x EV/EBITDA as measured in 2025.**

A summary of Ecomembrane's valuation is provided in the following table.

References & Sensitivity	EV/EBITDA VALUATION					
	Valuation	Sensitivity Analysis				
2025E Ebitda - €mn	7.2	7.2	7.2	7.2	7.2	7.2
2025E Ev/Ebitda Multiple - x	6.8 x	5.8 x	6.3 x	6.8 x	7.3 x	7.8 x
<b>ENTERPRISE VALUE - €mn</b>	<b>49.1</b>	<b>42.0</b>	<b>45.6</b>	<b>49.1</b>	<b>52.6</b>	<b>56.1</b>
Net cash end 2025 - €mn	7.8	7.8	7.8	7.8	7.8	7.8
Financial assets - €mn	0.1	0.1	0.1	0.1	0.1	0.1
Minorities - €mn	-2.7	-2.7	-2.7	-2.7	-2.7	-2.7
Provisions/Pensions - €mn	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
<b>EQUITY VALUE - €mn</b>	<b>52.5</b>	<b>45.5</b>	<b>49.0</b>	<b>52.5</b>	<b>56.0</b>	<b>59.5</b>
Shares fully diluted	4.3	4.3	4.3	4.3	4.3	4.3
Dcf to YE discount factor	0.9	0.9	0.9	0.9	0.9	0.9
<b>TARGET PRICE - € ps</b>	<b>10.5</b>	<b>9.1</b>	<b>9.8</b>	<b>10.5</b>	<b>11.2</b>	<b>11.9</b>

Source: Equita SIM estimates and company data

We believe ECOMEMBRANE:

- Has a very well consolidated presence in the market thanks to:**
  - a well-known brand**, in the field of biogas plant and with continuous requests for the development of strategic partnerships from leading industry players;
  - 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
  - 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.
  - 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;
- 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:
  - The underlying growth of the industry described above**, which is expected to more than double in the coming years.
  - 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.
  - 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;
  - an additional growth opportunity from the development of the new EPC solar activities** through SBS SOLAR.
- Maintains a strong balance sheet**, with a net cash position at the end of 2023 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	Price	Mkt Cap €mn	PE			EV / EBITDA			DVD YIELD			D/EBITDA		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Cambi Asa	14.7	201	10.7 x	15.2 x	15.2 x	8.1 x	8.8 x	8.5 x	0.0%	0.0%	0.0%	cash	cash	cash
Fluidra Sa	19.8	3,796	18.4 x	19.5 x	16.3 x	11.4 x	10.8 x	9.6 x	3.0%	2.7%	3.3%	2.7 x	2.4 x	1.9 x
Industrie De N	12.5	2,511	11.2 x	22.6 x	18.9 x	14.5 x	14.1 x	12.5 x	1.0%	1.2%	1.2%	cash	cash	cash
Sergeferrari Group	6.0	74	15.4 x	21.6 x	8.6 x	5.5 x	5.0 x	3.8 x	2.0%	1.2%	3.6%	3.1 x	2.7 x	1.9 x
Interpump Group	41.4	4,508	16.0 x	16.5 x	15.0 x	9.3 x	9.0 x	8.2 x	0.8%	0.8%	0.9%	1.0 x	0.5 x	0.1 x
Pentair Plc	79.2	12,284	21.1 x	18.8 x	16.7 x	16.4 x	14.3 x	12.7 x	1.0%	1.0%	1.1%	2.0 x	1.3 x	0.8 x
Indutrade Ab	282.8	8,878	36.0 x	28.9 x	26.5 x	19.5 x	18.5 x	17.1 x	1.0%	1.1%	1.2%	1.4 x	1.0 x	0.6 x
Vat Group Ag	456.7	14,097	71.9 x	59.2 x	42.5 x	51.4 x	42.0 x	30.8 x	1.3%	1.4%	1.6%	0.2 x	0.2 x	0.0 x
Sulzer Ag	110.8	3,906	16.6 x	14.3 x	13.4 x	8.9 x	8.2 x	7.5 x	3.4%	3.5%	3.7%	0.5 x	0.5 x	0.2 x
Ksb Se & Co. Kgaa	660.0	1,121	7.6 x	7.9 x	7.0 x	4.3 x	4.3 x	3.8 x	4.0%	4.1%	4.9%	0.7 x	1.0 x	0.8 x
<b>Selected capital goods</b>	-	-	<b>22.5 x</b>	<b>22.4 x</b>	<b>18.0 x</b>	<b>14.9 x</b>	<b>13.5 x</b>	<b>11.4 x</b>	<b>1.7%</b>	<b>1.7%</b>	<b>2.2%</b>	<b>1.3 x</b>	<b>1.0 x</b>	<b>0.6 x</b>
<b>SXXP capital goods</b>	-	-	<b>22.7 x</b>	<b>21.0 x</b>	<b>18.4 x</b>	<b>12.2 x</b>	<b>10.9 x</b>	<b>9.7 x</b>	<b>1.8%</b>	<b>1.9%</b>	<b>2.1%</b>	<b>0.6 x</b>	<b>0.3 x</b>	<b>cash</b>
Ecomembrane	5.8	25	49.5 x	23.2 x	6.4 x	11.9 x	9.1 x	3.6 x	-2.4%	-1.0%	-1.7%	cash	cash	cash
Discount/(Premium)	-	-	-120%	-3%	64%	20%	17%	69%	235%	157%	180%	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
<b>SALES Rep</b>	<b>11.7</b>	<b>14.2</b>	<b>15.3</b>	<b>21.8</b>	<b>36.9</b>	<b>44.3</b>
Growth	11.5%	21.3%	7.6%	42.5%	68.9%	20.1%
<b>EBITDA Rep</b>	<b>2.4</b>	<b>3.2</b>	<b>2.0</b>	<b>2.8</b>	<b>7.2</b>	<b>8.6</b>
Growth	60.1%	33.9%	-36.7%	36.1%	159.7%	19.4%
Margin	20.5%	22.6%	13.3%	12.7%	19.6%	19.5%
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
<b>D&amp;A</b>	<b>-0.5</b>	<b>-0.7</b>	<b>-1.1</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-1.6</b>
<b>EBIT Rep</b>	<b>1.9</b>	<b>2.5</b>	<b>1.0</b>	<b>1.5</b>	<b>5.7</b>	<b>7.0</b>
Growth	58.8%	33.3%	-61.0%	48.6%	291.6%	22.0%
Margin	16.2%	17.8%	6.4%	6.7%	15.6%	15.8%
Net Interest Charges	-0.1	0.0	0.0	0.1	0.1	0.0
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
<b>Financial Expenses</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>PBT Rep</b>	<b>1.8</b>	<b>2.5</b>	<b>1.5</b>	<b>1.5</b>	<b>5.8</b>	<b>7.0</b>
Growth	61.9%	38.2%	-39.5%	-0.2%	278.5%	21.1%
Income Taxes	-0.4	-0.8	-0.4	-0.5	-1.7	-2.1
Tax rate	-21.0%	-30.9%	-23.6%	-30.0%	-30.0%	-30.0%
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.2</b>	<b>-0.4</b>
<b>Net Income Rep</b>	<b>1.5</b>	<b>1.8</b>	<b>1.2</b>	<b>1.1</b>	<b>3.9</b>	<b>4.5</b>
Growth	74.9%	20.9%	-33.2%	-9.3%	262.1%	16.6%
Margin	12.4%	12.4%	7.7%	4.9%	10.5%	10.2%
<b>Net Income Adj</b>	<b>1.5</b>	<b>1.8</b>	<b>0.6</b>	<b>1.1</b>	<b>3.9</b>	<b>4.5</b>
Growth	74.9%	20.9%	-65.6%	76.3%	262.1%	16.6%
Margin	12.4%	12.4%	3.9%	4.9%	10.5%	10.2%
<b>CF Statement</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
FFO	2.0	2.4	2.3	2.4	5.5	6.5
Chg. in Working Capital	0.0	-0.5	-2.4	-1.7	-2.2	-0.3
Other chg. in OCF	0.0	0.0	0.0	0.0	0.0	0.0
<b>NCF from Operations</b>	<b>2.0</b>	<b>1.9</b>	<b>0.0</b>	<b>0.7</b>	<b>3.3</b>	<b>6.2</b>
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
<b>NCF from Investments</b>	<b>-0.8</b>	<b>0.3</b>	<b>-4.1</b>	<b>-0.8</b>	<b>-1.0</b>	<b>-1.5</b>
Dividends paid	-1.0	-0.5	-0.7	-0.2	-0.4	-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	0.1	0.4	-0.2
<b>CHG IN NFP</b>	<b>0.3</b>	<b>-0.1</b>	<b>6.8</b>	<b>-0.3</b>	<b>2.3</b>	<b>3.8</b>

Source: Company data and Equita SIM estimates

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Date	Rec.	Target Price	Risk.	Comment
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