

AMBIENTHESIS

Sector: Utilities

OUTPERFORM

Price: Eu1.16 - Target: Eu1.35

Highly Value Accretive Integration with Greenthesi

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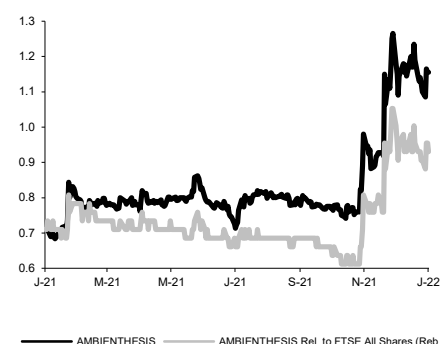
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	From 0.90 to 1.35		
	2021E	2022E	2023E
Chg in Adj EPS	118.7%	84.2%	85.8%

AMBIENTHESIS - 12M Performance



Stock Data

Reuters code:	ATH.MI		
Bloomberg code:	ATH IM		
Performance	1M	3M	12M
Absolute	-2.1%	49.6%	62.7%
Relative	-6.9%	46.7%	40.7%
12M (H/L)	1.26/0.68		
3M Average Volume (th):	368.50		

Shareholder Data

No. of Ord shares (mn):	155
Total no. of shares (mn):	155
Mkt Cap Ord (Eu mn):	179
Total Mkt Cap (Eu mn):	179
Mkt Float - Ord (Eu mn):	20
Mkt Float (in %):	11.3%
Main Shareholder:	
Greenthesi SpA	85.8%

Balance Sheet Data

Book Value (Eu mn):	26
BVPS (Eu):	0.17
P/BV:	6.9
Net Financial Position (Eu mn):	-54
Enterprise Value (Eu mn):	298

- Transaction with Greenthesi: concentration in Ambientthesis of all the activities in the environmental sector.** On 15th November, the BoDs of ATH and its controlling shareholder GTH signed an investment agreement relating to the integration of all GTH's operational activities in the environment business into ATH, released through a contribution in kind with exclusion of option rights. The transaction led to the issue of 62,500,000 ordinary ATH shares to serve the transfer, corresponding to roughly 40.3% of the ATH post-issue share capital. The transferred business has been valued at Eu75.0mn (equity value) and the parties involved in the transaction valued the new ATH shares issued to serve the transfer at Eu1.20ps.
- Strategic rationale.** The transaction enables the rationalization of the group structure thanks to the concentration of all waste management activities in a single listed group. Secondly, it enables the expansion and diversification of operational sectors into more value-additive activities in the environmental services business (waste-to-energy, urban and special waste disposal, green energy production). Finally, it will bring about a major increase in the group's size and profitability.
- Strategic GTH assets contributed in kind to ATH:** 1) ownership and management of the Dalmine (BG) WTE plant; 2) management of and multi-material recycling from the urban waste cycle in the Valle D'Aosta region until 2036; 3) ownership and management of the Veneto regional waste disposal site; 4) the Borgo Montello (LT) post-closure landfill; 5) authorisation for the construction and management of a plant in Latina province to process organic waste for the purpose of producing liquified biomethane. In 2020, the contributed business generated revenues of Eu62.7mn and EBITDA of Eu19.7mn (31.4% margin).
- Updated estimates and valuation.** Firstly, considering the company perimeter before integration, we are raising our forecasts from 2021 onwards thanks to enhanced visibility on the environmental remediation business. Secondly, we are updating our forecasts from 2021 to include the effect of the transaction with GTH. 2021/2022 forecast sales for the new perimeter are seen at Eu166mn/Eu175mn, up +54.4%/+47.3% from previous estimates and rising to Eu184mn in 2023. For 2021, we expect additional EBITDA of Eu22.3mn from the contributed business, rising to Eu23.2mn in 2023. All in all, the impact on EPS is +84.2% for 2022 and +85.8% for 2023. We forecast a significant increase in net debt from 2021 to 2023 (Eu52.5mn as at YE21 and Eu54.3mn/Eu54.5mn as at YE22/YE23). Regarding the valuation, we are raising our TP to Eu1.35 from Eu0.90, still based on a mix of DCF and market multiples.
- Investment case.** The company has a solid competitive positioning and value creation potential thanks to its advanced technological know-how in both Waste treatment and Environmental Remediation businesses. Additionally, the recently announced integration with GTH will significantly enhance profitability going forward. The expected significant increase in company size will make it the principal independent listed pure player in Italy specialised in integrated management of environmental services. We reaffirm our positive view on the stock.

Key Figures & Ratios	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	87	85	166	175	184
EBITDA Adj (Eu mn)	7	7	32	33	35
Net Profit Adj (Eu mn)	5	3	14	14	15
EPS New Adj (Eu)	0.052	0.035	0.090	0.088	0.096
EPS Old Adj (Eu)	0.052	0.035	0.041	0.048	0.052
DPS (Eu)	0.011	0.008	0.037	0.036	0.039
EV/EBITDA Adj	13.9	20.0	7.6	8.9	8.5
EV/EBIT Adj	21.4	27.5	35.3	nm	
P/E Adj	22.0	33.0	12.8	13.1	12.1
Div. Yield	0.9%	0.7%	3.2%	3.1%	3.4%
Net Debt/EBITDA Adj	0.3	1.9	1.6	1.6	1.6

AMBIENTHESIS – Key Figures						
Profit & Loss (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	82	87	85	166	175	184
EBITDA	6	7	7	32	33	35
EBIT	3	5	4	20	20	21
Financial Income (charges)	-1	-1	-1	-2	-2	-2
Associates & Others	1	2	2	2	2	2
Pre-tax Profit	3	6	4	20	19	21
Taxes	-0	-2	-1	-5	-5	-6
Tax rate	5.7%	26.1%	24.6%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	-0	-0	-0	-0	-0	-0
Net Profit	3	4	3	14	14	15
EBITDA Adj	6	7	7	32	33	35
EBIT Adj	3	5	5	7	7	
Net Profit Adj	4	5	3	14	14	15
Per Share Data (Eu)	2018A	2019A	2020A	2021E	2022E	2023E
Total Shares Outstanding (mn) - Average	93	93	93	155	155	155
Total Shares Outstanding (mn) - Year End	93	93	93	155	155	155
EPS f.d	0.034	0.047	0.033	0.090	0.088	0.096
EPS Adj f.d	0.046	0.052	0.035	0.090	0.088	0.096
BVPS f.d	0.484	0.524	0.544	0.117	0.167	0.226
Dividend per Share ORD	0.008	0.011	0.008	0.037	0.036	0.039
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	23.4%	22.3%	24.3%	41.2%	41.2%	41.2%
Cash Flow (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Gross Cash Flow	5	7	6	26	28	29
Change in NWC	-1	-1	-3	1	0	0
Capital Expenditure	-2	-5	-7	-28	-24	-24
Other Cash Items	-0	0	0	3	0	0
Free Cash Flow (FCF)	2	1	-3	2	4	5
Acquisitions, Divestments & Other Items	0	-3	-7	-42	-0	-0
Dividends	-0	-1	-1	-1	-6	-5
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	2	-3	-10	-40	-2	-0
Balance Sheet (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Total Fixed Assets	48	54	64	197	207	218
Net Working Capital	-4	-3	-7	-12	-13	-13
Long term Liabilities	0	0	6	-112	-112	-112
Net Capital Employed	44	51	63	72	82	92
Net Cash (Debt)	1	-2	-12	-52	-54	-55
Group Equity	45	49	51	20	28	38
Minorities	0	0	1	2	2	3
Net Equity	45	49	50	18	26	35
Enterprise Value (Eu mn)	2018A	2019A	2020A	2021E	2022E	2023E
Average Mkt Cap	35	37	56	126	179	179
Adjustments (Associate & Minorities)	-64	-64	-64	-64	-64	-64
Net Cash (Debt)	1	-2	-12	-52	-54	-55
Enterprise Value	98	103	133	242	298	298
Ratios (%)	2018A	2019A	2020A	2021E	2022E	2023E
EBITDA Adj Margin	6.7%	8.5%	7.8%	19.3%	19.1%	19.1%
EBIT Adj Margin	4.0%	5.5%	5.7%	4.1%	4.2%	
Gearing - Debt/Equity	-1.9%	3.8%	24.2%	nm	193.5%	144.7%
Interest Cover on EBIT	6.4	7.6	3.8	10.6	9.1	9.6
Net Debt/EBITDA Adj	-0.2	0.3	1.9	1.6	1.6	1.6
ROACE*	7.5%	10.1%	6.5%	29.8%	25.7%	24.6%
ROE*	9.8%	10.4%	6.5%	40.9%	62.1%	48.7%
EV/CE	2.2	2.2	2.3	3.6	3.9	3.4
EV/Sales	1.2	1.2	1.6	1.5	1.7	1.6
EV/EBITDA Adj	17.8	13.9	20.0	7.6	8.9	8.5
EV/EBIT Adj	29.6	21.4	27.5	35.3	nm	
Free Cash Flow Yield	0.8%	0.6%	-1.1%	0.9%	1.7%	2.2%
Growth Rates (%)	2018A	2019A	2020A	2021E	2022E	2023E
Sales	39.0%	5.5%	-1.3%	94.3%	5.5%	4.7%
EBITDA Adj	254.1%	34.2%	-10.2%	382.6%	4.5%	5.0%
EBIT Adj	nm	44.7%	0.9%	41.8%	7.6%	
Net Profit Adj	nm	37.7%	-30.1%	360.0%	-2.6%	8.8%
EPS Adj	2093.1%	14.3%	-33.3%	158.5%	-2.6%	8.8%
DPS	nm	31.3%	-23.8%	365.6%	-2.6%	8.8%

*Excluding extraordinary items

Source: Intermonte SIM estimates

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Ambienthesis in Brief

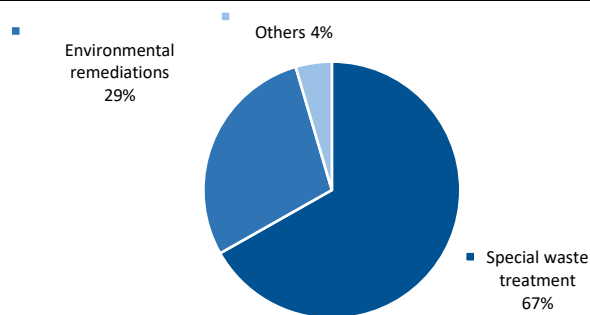
Company description

Ambienthesis specialises in remediation and industrial waste activities and in high value-added environmental services (waste-to-energy, urban and special waste disposal, green energy production). Its headquarters are at Segrate (MI) and it has been listed on MTA segment of Italian Stock Exchange since 1997.

Strengths/Opportunities

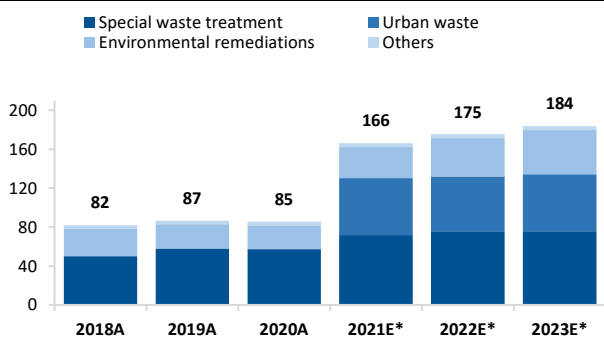
- Technological know-how and varied plant assets
- Differentiation of the service offering
- Solid balance sheet
- Geographical expansion and product diversification
- Expansion and regulation of the circular economy
- Innovation and investment in more advanced technologies

Ambienthesis: Revenue Breakdown (%) by Segment (2020A)



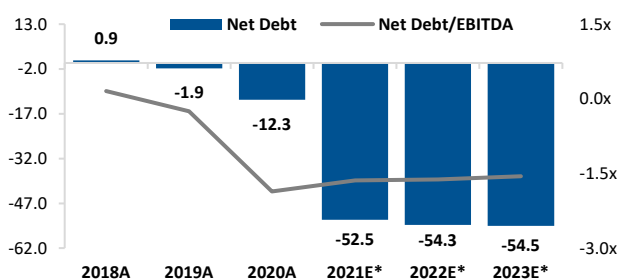
Source: Company Data & Intermonte SIM

Ambienthesis: Revenue Breakdown Evolution by Segment (Eu mn)



Source: Company Data & Intermonte SIM Estimates. *Post transaction

Ambienthesis: Net Debt (Eu mn) and Net Debt/EBITDA (x)



Source: Company Data & Intermonte SIM Estimates. *Post transaction

Management

CEO: Damiano Belli
Chairman: Giovanni Bozzetti
CFO: Vincenzo Cimini

Next BoD renewal: Spring, 2022
BoD independent members: 3/7
Women on BoD: 3/7

Shareholders*

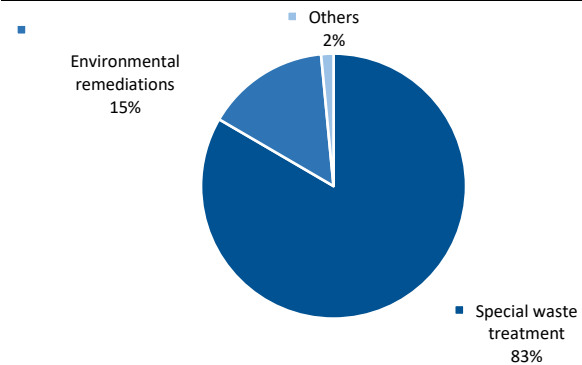
Greenthesis SpA	85.8%
Market	11.3%
Treasury Shares	2.9%

*Post transaction

Weaknesses/Threats

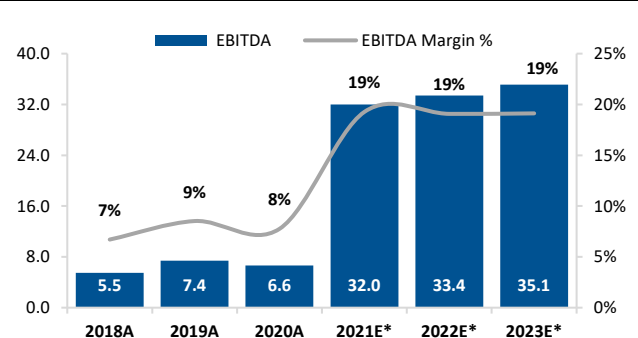
- Competition in the environmental remediation segment
- Limited bargaining power with larger clients
- Volatility of the environmental remediation business
- M&A execution: potential delays in integrating acquired companies
- Demand for more advanced technological skills

Ambienthesis: EBITDA Breakdown by Segment (2020A)



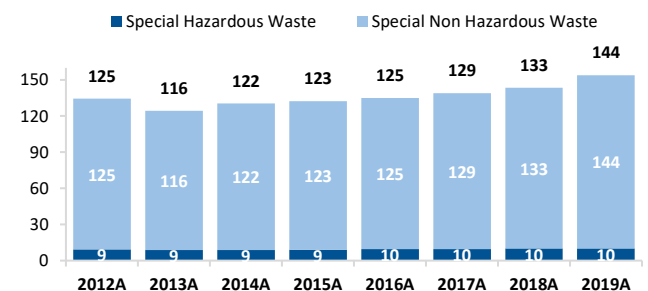
Source: Company Data & Intermonte SIM

Ambienthesis: EBITDA (Eu mn) and Margin (%) Evolution



Source: Company Data & Intermonte SIM Estimates. *Post transaction

Ambienthesis: Special Waste Output in Italy (mn tons)



Source: Intermonte SIM Estimates

Deal Terms at a Glance

Transaction with Greenthesi: concentration in Ambienthesi of all the activities in the environmental sector. On 15th November, the BoDs of ATH and its controlling shareholder GTH signed an investment agreement relating to the integration of all GTH's operational activities in the environment business into ATH, released through a contribution in kind with exclusion of option rights. The transaction led to the issue of 62,500,000 ordinary ATH shares to serve the transfer, corresponding to roughly 40.3% of the ATH post-issue share capital. The transferred business has been valued at Eu75.0mn (equity value) and the parties involved in the transaction valued the new ATH shares issued to serve the transfer at Eu1.20ps.

Strategic rationale. The transaction enables the rationalization of the group structure thanks to the concentration of all waste management activities in a single listed group. Secondly, it enables the expansion and diversification of operational sectors into more value-additive activities in the environmental services business (waste-to-energy, urban and special waste disposal, green energy production). Finally, it will bring about a major increase in the group's size and profitability.

Strategic GTH assets contributed in kind to ATH: 1) ownership and management of the Dalmine (BG) WTE plant; 2) management of and multi-material recycling from the urban waste cycle in the Valle D'Aosta region until 2036; 3) ownership and management of the Veneto regional waste disposal site; 4) the Borgo Montello (LT) post-closure landfill; 5) authorisation for the construction and management of a plant in Latina province to process organic waste for the purpose of producing liquified biomethane. In 2020, the contributed business generated revenues of Eu62.7mn and EBITDA of Eu19.7mn (31.4% margin).

Contributed business financials: historical and 2021-2023 projections. In 2020, the contributed business generated revenues of Eu62.7mn, up +15.2% YoY and EBITDA closed at Eu19.7mn with a 31.4% margin and up 7.2% YoY. We expect FY21 revenues of the contributed business to come to Eu73.5mn, up +17.3% YoY. For the subsequent years, we are projecting substantial turnover growth and the 2024 top line is foreseen growing by 5.3% to Eu77.4mn thanks in part to the contribution of Rifuture, whose revenue stream will start from 2024. EBITDA is expected to close at Eu22.3mn in 2021 with a 30.4% margin, then steadily increase in the following years, reaching Eu27.5mn in 2025 with a 34.9% margin. Above the EBIT line, we assume rising depreciations, write-downs, and provisions (from Eu9.4mn to Eu11.2mn) reflecting the high level of investments.

Contributed business - Income Statement Projections:

(Eu mn)	2019	2020	2021E	2022E	2023E	2024E	2025E
Total revenues	54.4	62.7	73.5	71.2	73.5	77.4	78.7
Operating costs	-29.5	-34.5	-42.3	-39.5	-40.5	-40.8	-40.5
Value added	24.9	28.1	31.2	31.7	33.0	36.6	38.2
Labor costs	-6.5	-8.4	-8.8	-9.3	-9.8	-10.2	-10.8
EBITDA	18.4	19.7	22.3	22.4	23.2	26.4	27.5
% EBITDA margin	33.8%	31.4%	30.4%	31.5%	31.6%	34.1%	34.9%
Depr. Prov's. and Write-downs	-11.2	-7.4	-7.7	-9.4	-9.4	-11.2	-11.2
EBIT	7.1	12.3	14.6	13.1	13.9	15.2	16.3
% EBIT Margin	13.1%	19.7%	19.9%	18.3%	18.9%	19.6%	20.7%

Source: Company data & Intermonte SIM Estimates

Preliminary corporate reorganization. In connection with the transaction, a preliminary corporate reorganization of GTH and certain subsidiaries (including the Gea and Rea spin-offs) has been completed in order to rationalize their respective financial structures before their contribution to ATH (cancellation/set-off of financial receivables of the operating companies towards GTH and its affiliates/subsidiaries not included in the Contributed Business and exclusion of assets and liabilities not pertaining to the GTH environmental services activity).

Real estate transactions. In connection with the Transaction: 1) Aimeri Immobiliare, a wholly owned subsidiary of Rea Dalmine purchased from Plurifinance, several functional real estate assets previously rented by companies belonging to the contributed business and ATH. 2) the contributed business includes a preliminary binding agreement entered into by GTH and Plurifinance for the transfer by the latter of the functional real estate asset currently used as the head offices of the GTH and ATH groups. Both the contributed business and ATH will benefit from the internalization of the rents of the aforementioned properties, which are included in the transaction perimeter (book value ~Eu20mn).

Combined entity: 2020 pro-forma income statement and balance sheet. The transfer of all operational activities in the environment business from GTH to ATH will drive a significant increase in the size and profitability of the new company as reflected in the pro-forma number. The integration will also be EPS-accretive, without the need for any cash outlay and/or increased debt. Based on proforma consolidated figures as at 31st December 2020, the group emerging from the integration generated revenues of Eu134.6mn (vs. Eu85.5mn of ATH standalone) after including the impact of real estate transactions and other rectifications mainly related to preliminary corporate reorganization. The Capital Increase column includes

the effects of the share capital increase. The EBITDA of the new company grew from Eu6.6mn (ATH standalone) to Eu26.5mn for the new company, with profitability more than doubling. Finally, at bottom line, net income of the new company amounted to Eu10.2mn after booking Eu9.8mn in depreciation, provisions, and write-downs, reflecting the high level of investments of the contributed business.

Ambienthesis: Pro-forma Income statement

2020A	Ambienthesis	Contributed Business	Real Estate Transactions	Other Rectifications	Capital Increase	Ambienthesis Pro-forma
Total Revenues	85.5	62.7	0.1	-13.6	0.0	134.6
EBITDA	6.6	19.7	0.2	-0.1	0.0	26.5
Adj. EBITDA	6.9	20.9	0.2	-0.1	0.0	27.9
% Adj. EBITDA margin	8.0%	33.4%	n.m.	n.m.	n.m.	20.7%
Depr. Prov's. and Write-downs	-2.9	-7.4	0.4	0.0	0.0	-9.8
EBIT	3.7	12.3	0.6	-0.1	0.0	16.6
Adj. EBIT	3.8	14.1	0.6	-0.1	0.0	18.4
% Adj. EBIT margin	0.0	0.2	n.m.	n.m.	n.m.	0.1
Net Financial Charges	-1.0	-1.7	-0.6	0.0	0.0	-3.2
Other Charges and Income	1.5	0.0	0.0	0.0	0.0	1.5
Net Operating Margin	4.3	10.6	0.0	-0.1	0.0	14.9
Taxes	-1.0	-3.3	0.0	0.0	0.0	-4.3
Tax Rate %	24%	31%	n.m.	n.m.	n.m.	29%
Net Income	3.2	7.4	0.0	-0.1	0.0	10.6
Minorities	-0.1	-0.3	0.0	0.0	0.0	-0.4
Group Net Income	3.1	7.1	0.0	-0.1	0.0	10.2
Adj. Group Net Income	3.1	8.0	0.0	-0.1	0.0	12.6

Source: Company data & Intermonte SIM

On the balance sheet, first of all we highlight the significant increase in debt, which grew from Eu12.3mn for ATH standalone to Eu60.6mn for the new company, mainly due to the transfer of debt from the contributed business (Eu26.1mn) and as a result of the real estate transactions (Eu20.8mn). Group shareholders' equity in the new entity has shrunk significantly, from Eu49.9mn for ATH standalone to Eu4.8mn, mainly due to the negative net equity for Eu44.9mn from the contributed business. This is due to the preliminary corporate reorganization of GTH and of some of its subsidiaries, carried out in connection with the transaction, in order to rationalize their respective financial structures before their contribution to ATH.

Ambienthesis: Pro-Forma Balance Sheet

2020A (Eu mn)	Ambienthesis	Contributed Business	Real Estate Transactions	Other Rectifications	Capital Increase	Ambienthesis Pro-forma
Fixed assets	64.4	112.7	20.8	-0.4	0.0	197.5
Net working capital	-0.3	-127.7	0.0	1.6	0.0	-126.4
Gross invested capital	64.1	-15.0	20.8	1.2	0.0	71.1
Net invested capital	62.8	-17.8	20.8	1.2	0.0	66.9
Share capital	48.2	0.0	0.0	0.0	32.5	80.7
Reserves and net Income	1.7	-44.9	0.1	-0.3	-32.5	-75.9
Group shareholders' equity	49.9	-44.9	0.1	-0.3	0.0	4.8
Minority interests	0.5	1.0	0.0	0.0	0.0	1.5
Net financial debt	12.3	26.1	20.8	1.4	0.0	60.6
Total cover	62.8	-17.8	20.8	1.2	0.0	66.9

Source: Company data & Intermonte SIM

Updated estimates and valuation. Firstly, considering the company perimeter before integration, we are raising our forecasts from 2021 onwards thanks to enhanced visibility on the environmental remediation business. Secondly, we are updating our forecasts from 2021 to include the effect of the transaction with GTH. 2021/2022 forecast sales for the new perimeter are seen at Eu166mn/Eu175mn, up +54.4%/+47.3% from previous estimates and rising to Eu184mn in 2023. For 2021, we expect additional EBITDA of Eu22.3mn from the contributed business, rising to Eu23.2mn in 2023. All in all, the impact on EPS is +84.2% for 2022 and +85.8% for 2023. We forecast a significant increase in net debt from 2021 to 2023 (Eu52.5mn as at YE21 and Eu54.3mn/Eu54.5mn as at YE22/YE23). Regarding the valuation, we are raising our TP to Eu1.35 from Eu0.90, still based on a mix of DCF and market multiples.

Investment case. The company has a solid competitive positioning and value creation potential thanks to its advanced technological know-how in both Waste treatment and Environmental Remediation businesses. Additionally, the recently announced integration with GTH will significantly enhance profitability going forward. The expected significant increase in company size will make it the principal independent listed pure player in Italy specialised in integrated management of environmental services. In conclusion, we reaffirm our positive view on the stock.

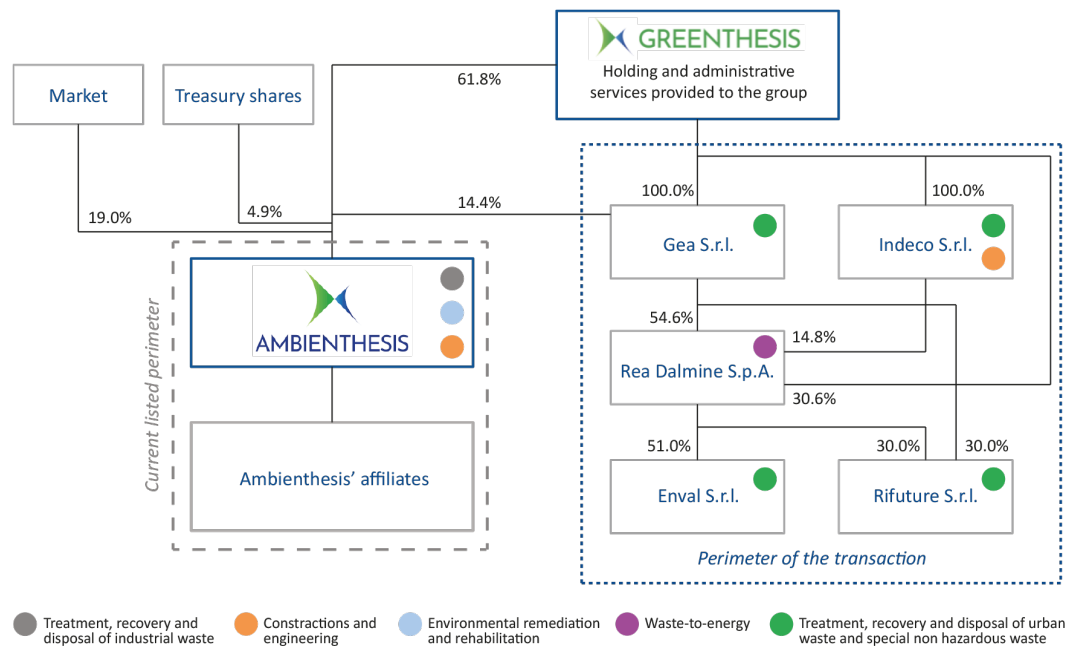
Rationalization of Greenthesis Group Structure: Concentration in Ambienthesis of All Environmental Sector Activities

Concentration in Ambienthesis of all activities in the environmental sector.

On 15th November, the BoDs of ATH and its controlling shareholder GTH signed an investment agreement relating to the integration of all GTH's operational activities in the environment business into ATH, released through a contribution in kind with exclusion of option rights.

The transaction aims to create **Italy's leading independent listed operator specialising in integrated management of environmental service** and led to the issuing of 62,500,000 ordinary ATH shares to serve the transfer, corresponding to roughly 40.3% of the ATH post-issue share capital. The contributed business has been valued at Eu75.0mn (equity value) and the parties involved in the transaction agreed that the new ATH shares to be issued against the contribution are valued at Eu1.20ps.

Greenthesis – Overview of the Group Structure



Source: Company data & Intemonte SIM

Main assets contributed in kind to Ambienthesis

The operation involves the direct transfer to ATH, by means of contribution in kind, of the following GTH assets:

- Ownership and management of the **Dalmine (BG) waste-to-energy plant (WTE)**, a highly technological proprietary plant, recognized for its national strategic relevance, which is among the most advanced and efficient WTE plants in Italy (activity managed by Rea Dalmine).
- Integrated management of and multi-material recycling from the **entire urban waste cycle in the Valle D'Aosta** region until 2036 (activity managed by Enval, a 51%-owned subsidiary of Rea Dalmine).
- Ownership and management of the **Veneto regional waste disposal site**, dedicated to processing waste mainly of household origin and non-hazardous special waste (expiry of current licence in 2029) and of the related plants for capturing biogas and treating liquid waste, located in the municipality of S. Urbano, in Padova province (activity managed by Gea).
- Ownership of the area and exploitation of waste disposal pits following closure of the Latina landfill (Borgo Montello), where a **plant for electricity generation from biogas** is already installed, and the construction of a plant for the production of **liquified biomethane with a connected photovoltaic complex** is underway (activity managed by Indeco).
- **Authorisation for the construction and management of a plant in Latina province to process organic waste** (annual volume 80k tons) for the **purpose of producing liquified biomethane and quality compost** (activity managed by Rifuture, which is 30%-owned by Rea Dalmine. and 30% by Gea).

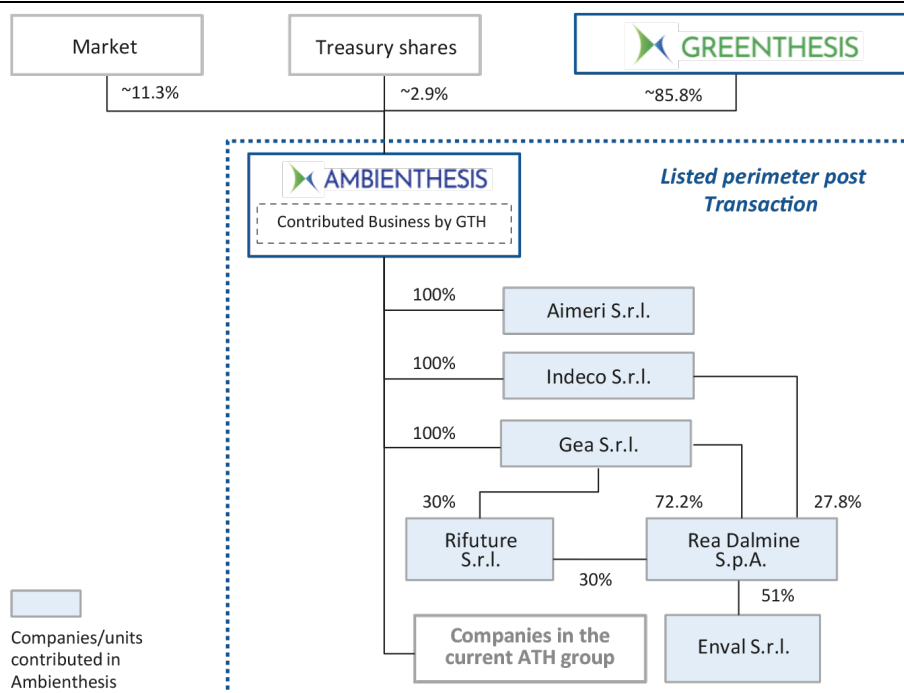
Capital increase reserved for Greenthesi

On **20 December 2021**, the extraordinary meeting of ATH shareholders approved the **capital increase** with the exclusion of the option right to be released through the contribution in kind of the business unit including all the operational activities in the environmental sector pertaining to GTH. In detail:

- ATH has approved a capital increase for an amount equal to **Eu75mn**, of which Eu32.5mn to be allocated to capital and Eu42.5mn to the share premium, with the issuing of 62.5mn ordinary shares with the same characteristics as those already in circulation at the issue date and corresponding to ~ 40.3% of the share capital of ATH after the capital increase.
- The share capital increase, reserved for GTH, is to be released by means of the contribution in kind of the business unit by 31 December 2021. The contribution value of the transferred business unit to ATH was agreed on the basis of a valuation of 100% of the economic capital of these assets (Equity Value Eu75.0mn).

The parties involved in the transaction agreed that the new ATH shares to be issued against the contribution be valued at Eu1.20ps, with an overall valuation of ATH pre-money, referring to the share capital of the company net of treasury shares, of approximately Eu105.8mn.

Ambienthesis – Overview of the Group Structure post Transaction

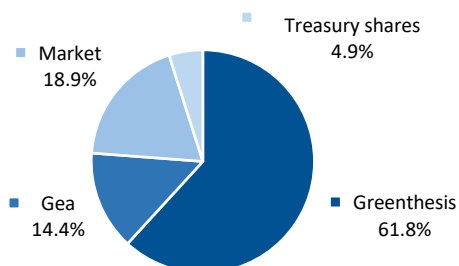


Source: Company data & Intermonte SIM

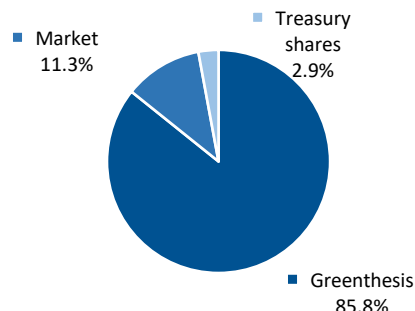
New Ambienthesis shareholding structure

Following completion of this transaction, the composition of the ATH shareholding will be as follows: **Greenthesi** will remain the controlling shareholder with ~85.8% of share capital; treasury shares ~2.9%; market ~11.3%.

Ambienthesis: Shareholding Structure before the Integration



Ambienthesis: Shareholding Structure after the Integration



Source: Company data & Intermonte SIM

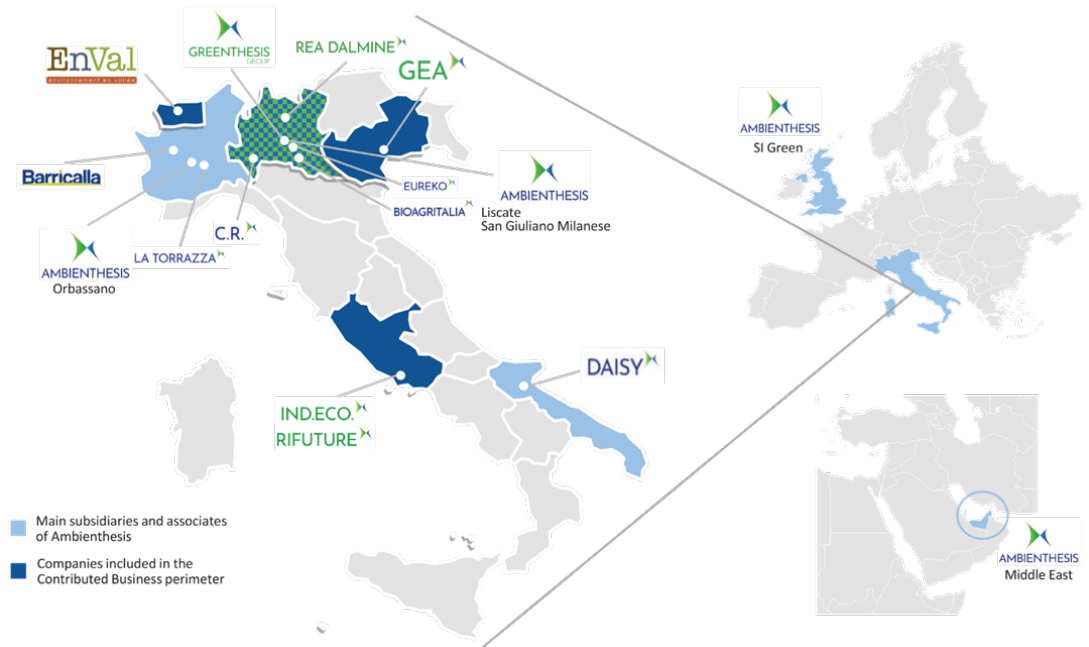
Source: Company Data & Intermonte SIM

Moreover, after the transaction, GTH may consider its options for expanding the ATH float with the aim of increasing the stock's liquidity as well as fulfilling, if possible, the criteria for admission of ATH to the Euronext STAR segment of the Milan stock exchange.

Geographic footprint post-transaction

The chart below shows the geographic footprint of ATH after the integration of all of GTH group's operational activities in the environmental business.

Ambienthesis: Geographic Footprint Post Transaction



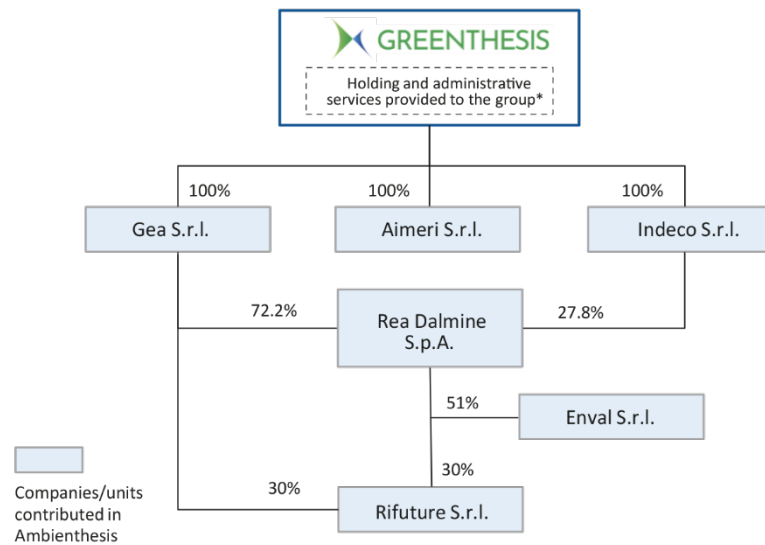
Source: Company Data & Intermonte SIM

Contributed Business: Details of Assets and Liabilities

The following GTH assets will be contributed in kind to ATH:

- 100% stake in **Gea** (disposal of urban waste and non-hazardous special waste and utilisation of landfill biogas to generate electricity; collection and treatment of leachate)
- 100% stake in **Indeco** (value enhancement of the post-closure landfill through an electricity production plant fuelled by landfill biogas)
- 100% stake in **Aimeri** (company in liquidation) and the related fund for loss provisions
- 100% stake in **Rea Dalmine** (management of the recently revamped proprietary WTE plant in Dalmine)
- 51% stake in **Enval** (founded in 2019 to manage the integrated cycle of urban waste produced in the Aosta Valley)
- 60% stake in **Rifuture** (founded in 2020 to build and manage a new treatment plant for organic and green waste)

Greenthesi – Overview of the Main Legal Entities of the Contributed Business



Source: Company data & Intermonte SIM

Ambienthesis: The Main Highlights of the Contributed Business

Company/Business Units	Location	Post transaction stake*	Business description	Main financials (2020A)
Rea Dalmine	Dalmine (Bergamo)	100%	Management of the recently revamped proprietary WTE plant in Dalmine	Revenues: Eu25.3mn EBITDA: Eu7.7mn Net results: Eu3.7mn
Gea	Sant'Urbano (Padova)	100%	- Disposal of urban waste and non-hazardous special waste and utilisation of landfill biogas to generate electricity; - Collection and treatment of leachate	Revenues: Eu21.1mn EBITDA: Eu10.7mn Net results: Eu7.4mn
Indeco	Borgo Montello (Latina)	100%	Value enhancement of the post-closure landfill through an electricity production plant fuelled by landfill biogas	Revenues: Eu0.4mn EBITDA: Eu-1.7mn Net results: Eu-1.1mn
Enval	Aosta (Aosta Valley)	51%	Founded in 2019 to manage the integrated cycle of urban waste produced in the Aosta Valley	Revenues: Eu8.1mn EBITDA: Eu0.8mn Net results: Eu0.5mn
Rifuture	Cisterna di Latina (Latina)	60%	Founded in 2020 to build and manage a new treatment plant for organic and green waste	Revenues expected to start from 2024
Greenthesi Group - General&Administrative services business units	Segrate (Milan)	n.a.**	- Business unit which manages administrative services on behalf of the contributed companies	n.m.

Source: Company Data & Intermonte SIM

In addition, the following liabilities will be contributed in kind to ATH:

- Financial debt owed by GTH to Indeco for ~Eu16.6mn
- Financial debt owed by GTH to Rea Dalmine for ~Eu3.0mn
- GTH bank debt for ~Eu3.0mn

Lastly, the preliminary binding agreement between GTH and Plurifinance regarding the transfer by the latter of its leasing contract connected to the real estate transaction for the headquarters of the GTH and ATH group.

Preliminary corporate reorganization of Greenthesi and certain subsidiaries

In connection with the transaction, a preliminary corporate reorganization of GTH and certain subsidiaries (including the Gea and Rea spin-offs) has been completed in order to rationalize their respective financial structures before their contribution to ATH (cancellation/set-off of financial receivables of the operating companies towards GTH and its affiliates/subsidiaries not included in the Contributed Business and exclusion of assets and liabilities not pertaining to the GTH environmental services activity).

Partial spin-off of GEA to GTH

On 4 October 2021, the extraordinary meeting of Gea shareholders approved the project for the partial spin-off of Gea in favour of GTH, which provides for:

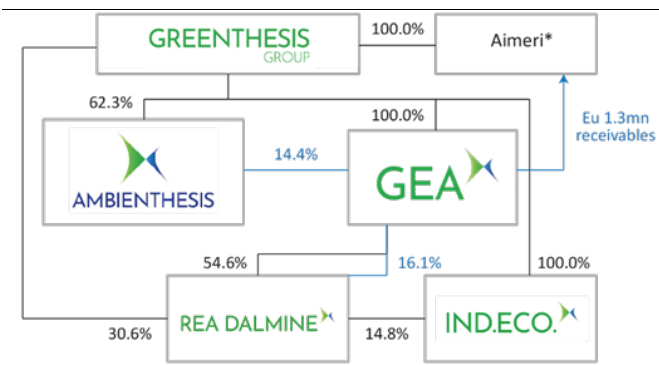
- The waiver by GTH of credits due to Aimeri (in liquidation) together with the credits it will receive following the partial spin-off of Gea
- A 14.1% stake in ATH
- A 16.1% stake in Rea Dalmine
- Reserves for impairment losses on investments and reserve for deferred taxes

Partial Spin-Off of Gea to GTH: Key Book Value Figures

Assets and liabilities spun-off to GTH	Book value at 1H21 (Eu mn)
14.5% stake in ATH	26.4
16.08% stake in Rea Dalmine	16.8
Others	-8.3
Total assets and liabilities spun-off	34.9

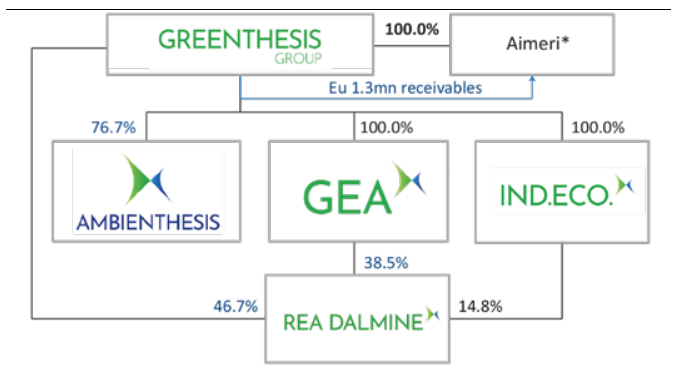
Source: Company data & Intermonte SIM

GTH Structure before the Partial Spin-off of Gea



Source: Company data & Intermonte SIM

GTH Structure after the Partial Spin-off of Gea



Source: Company Data & Intermonte SIM

Partial spin-off of Rea to GTH

The partial and asymmetrical spin-off of Rea requires GTH to proportionally reduce its stake in Rea to the point of cancelling it for the benefit of the other shareholders (Gea and Indeco), which will hold the entire capital of the company. In addition, the partial and asymmetrical spin-off provides for the assignment in favour of GTH of:

- Financial and trade receivables owed to GTH;
- Financial receivables / trade payables owed to Alfa Alfa
- Trade receivables owed to Plurifinance
- Trade receivables owed to Noy Vallesina Engineering (which is in liquidation)
- Trade receivables owed to Aimeri (which is in liquidation)
- Payables owed to Noy Ambiente
- Equity investment in Noy Ambiente and Puglia Multi Servizi
- Partial offsetting of net receivables owed to GTH by Alfa Alfa and the current GTH debt owed to Alfa Alfa

Partial spin-off of Rea to GTH: key book value figures

Assets and liabilities spun-off to GTH	Book value at 1H21 (Eu mn)
Financial receivables owed to GTH	9.5
Trade receivables owed to GTH	1.7
Financial receivables owed to Alfa Alfa	2.1
100% stake in Noy Ambiente	13.0
Financial payables owed to Noy Ambiente	-3.2
Others	0.7
Total assets and liabilities spun-off	23.9

Source: Company data & Intermonte SIM

Furthermore, the Rea spin-off plan also provides for the creation of a NewCo wholly owned by GTH:

- Ownership of the Palazzo Visconti real estate complex
- Reserves for deferred taxes (Palazzo Visconti)

NewCo Visconti Real Estate: key book value figures

Assets and liabilities spun-off to NewCo Visconti Real Estate	Book value at 1H21 (Eu mn)
Palazzo Visconti real estate complex	30.1
Reserves for deferred taxes: Palazzo Visconti	-1.4
Others	0.2
Total assets and liabilities spun-off	28.9

Source: Company data & Intermonte SIM

Real estate transactions

In connection with the Transaction:

- Aimeri Immobiliare, a wholly owned subsidiary of Rea Dalmine, purchased from Plurifinance several functional real estate assets previously rented by companies belonging to the contributed business and ATH.
- the contributed business includes a preliminary binding agreement entered into by GTH and Plurifinance for the transfer by the latter of the functional real estate asset currently used as the head offices of the GTH and ATH groups.

Both the contributed business and ATH will benefit from the internalization of the rents of the aforementioned properties, which are included in the transaction perimeter (book value ~Eu20mn).

Contributed Business: Financials

FY2020 results. In 2020, the contributed business generated revenues of Eu62.7mn, up +15.2% YoY. In terms of companies included in the contributed business: revenues from Rea (40.4% of total sales as of YE20) were down 13.7% YoY and closed at Eu25.3mn. Elsewhere, revenues from Gea (33.7% of total sales as of YE20) and Enval (12.9% of total sales as of YE20) came in at Eu21.1mn and Eu8.1mn respectively. EBITDA of the contributed business closed at Eu19.7mn with a 31.4% margin and up 7.2% YoY. We note that Gea EBITDA increased by Eu3.8mn to Eu10.7mn, with a 50.8% margin (vs. 35.1% as of YE19), thanks to excellent cost control. The bottom line reached Eu7.4mn, an improvement of Eu4.7mn vs. FY20, thanks to lower depreciations, provisions, and write-downs (Eu7.4mn as of YE20 vs. Eu11.2mn as of YE19).

1H21 results. Total revenues amounted to Eu36.9mn and came from the transport, disposal and storage of waste for Eu24.1mn, power generation for Eu4.1mn, and the remainder from other services. In terms of companies: 1) Rea sales grew by 2.1% to Eu15.1mn; 2) Gea sales amounted to Eu10.3mn, up +1.9% YoY; and 3) the Enval top line was down 6.3% YoY. EBITDA closed at Eu10.8mn with a 29.3% margin. Net income was positive at Eu4.3mn after Eu3.7mn in depreciation, provisions, and write-downs.

Contributed business: Income statement:

(Eu mn)	2019A	2020A	1H21A
Total revenues	54.4	62.7	36.9
Operating costs	-29.5	-34.5	-22.1
Value added	24.9	28.1	14.8
Labor costs	-6.5	-8.4	-4.0
EBITDA	18.4	19.7	10.8
Adj. EBITDA	18.90	20.90	12.61
% Adj. EBITDA margin	34.7%	33.4%	34.2%
Depr. Prov's. and Write-downs	-11.2	-7.4	-3.7
EBIT	7.1	12.3	7.1
Adj. EBIT	7.9	14.1	8.9
% Adj. EBIT margin	14.5%	22.4%	24.0%
Net Financial Charges	-1.5	-1.7	-0.9
Other Charges and Income	0.3	0.0	0.1
Net Operating Margin	5.9	10.6	6.3
Taxes	-3.2	-3.3	-1.9
Tax Rate %	54.0%	30.8%	30.8%
Net Income	2.7	7.4	4.3
Minorities	0.0	-0.3	-0.1
Group Net Income	2.7	7.1	4.3
Adj. Group Net Income	3.2	8.0	5.5

Source: Company data & Intermonte SIM Estimates

Balance sheet. Group shareholders' equity was negative to the tune of Eu44.9mn as at YE20 and Eu41.3mn as at the end of 1H21. This effect was due to the above mentioned preliminary corporate reorganization of GTH and of some of its subsidiaries, carried out in connection with the transaction, in order to rationalize their respective financial structures before their contribution to ATH. We recap the corporate reorganization envisages: 1) the cancellation/set-off of financial receivables of the operating companies owed to GTH and its affiliates/subsidiaries not included in the contributed business (e.g. financial receivables owed to GTH with a book value as at 1H21 of Eu9.5mn); 2) the exclusion of assets and liabilities not pertaining to GTH environmental services activities, such as the real estate property of Palazzo Visconti (Eu28.9mn book value as at 1H21); 3) the exclusion from the contributed business of the 14.4% stake that Gea held in ATH before the transaction (Eu26.4mn book value as at 1H21) and the 16.1% stake that Gea held in Rea Dalmine before the transaction (Eu16.8mn book value as at 1H21). For more detail on the assets and liabilities spun-off to GTH see the paragraphs on the spin-offs of Gea, Rea and the real estate transaction. Net debt closed at Eu48.7mn, up Eu0.4mn from the corresponding figure as at YE20.

Contributed business: Balance Sheet

(Eu mn)	2020A	1H21
Fixed assets	133.5	133.1
Net working capital	-126.3	-121.8
Gross invested capital	7.2	11.3
Severance provision	-2.8	-2.8
Net invested capital	4.4	8.4
Group shareholders' equity	-44.9	-41.3
Minority interests	1.0	1.1
Net financial debt	48.3	48.7
Total cover	4.4	8.4

Source: Company data & Intermonte SIM

Contributed Business: Projections

Contributed business: 2021-25 projections. Our 2021-2025 revenue growth estimates are based on analysis and assessment of the strategic plans for the contributed business: 1) organic growth through enhancing and supplementing plants; 2) quest for efficiency through constant performance improvements in each segment and in the activities of companies, reorganisation of operational activities and cost centres; 3) innovation and research into the best available technologies; and 4) a high level of investments. For 2021, we assume +17.3% YoY top-line growth and for the following years we project substantial growth. The 2024 top-line is foreseen growing by 5.3% YoY to Eu77.4mn, taking into account the contribution of Rifuture, whose revenue stream will start from that year. Finally, in 2025, revenues are expected to grow at +1.8% YoY, closing at Eu78.7mn. EBITDA is forecast to increase by 13.2% in 2021 with a 30.4% margin, then further increase in the following years, reaching Eu27.5mn in 2025 with a 34.9% margin. Below EBITDA, we assume rising depreciations, write-downs, and provisions (from Eu9.4mn to Eu11.2mn) reflecting the high level of investments.

Contributed business - Income Statement Projections:

(Eu mn)	2019	2020	2021E	2022E	2023E	2024E	2025E
Total revenues	54.4	62.7	73.5	71.2	73.5	77.4	78.7
Operating costs	-29.5	-34.5	-42.3	-39.5	-40.5	-40.8	-40.5
Value added	24.9	28.1	31.2	31.7	33.0	36.6	38.2
Labor costs	-6.5	-8.4	-8.8	-9.3	-9.8	-10.2	-10.8
EBITDA	18.4	19.7	22.3	22.4	23.2	26.4	27.5
% EBITDA margin	33.8%	31.4%	30.4%	31.5%	31.6%	34.1%	34.9%
Depr. Prov's. and Write-downs	-11.2	-7.4	-7.7	-9.4	-9.4	-11.2	-11.2
EBIT	7.1	12.3	14.6	13.1	13.9	15.2	16.3
% EBIT Margin	13.1%	19.7%	19.9%	18.3%	18.9%	19.6%	20.7%

Source: Company data & Intermonte SIM Estimates

More specifically, our 2021-2025 forecasts are based on the following assumptions:

- **The contribution of Rea Dalmine**, the company which manages the waste-to-energy plant at Dalmine (BG), a proprietary plant that is one of the most advanced and efficient at national level. Over the 2015-2020 period, ~Eu10mn was invested for a complete revamp of the **WTE plant**, with the related revenues stream starting from 2021. In addition, in 2019 Rea Dalmine signed an **agreement with A2A Calore e Servizi** for the construction of a district heating project using the energy produced by the WTE plant with the cogeneration of thermal energy. From the signing of this agreement, we expect ~Eu2.0mn in additional revenues from 2022 to 2025 and an increase in profitability thanks to a better business mix. The 2021 top line is foreseen growing by 30.0% YoY to reach Eu32.9mn. The EBITDA margin is foreseen rising to 35.4% in 2021 (from 30.3% in 2020) and then further increasing to 40.0% in 2025. We expect Eu4.0mn in CapEx in 2021.
- **The contribution of Gea**, the GTH group company that manages the Veneto regional landfill (expiry of current licence in 2029) dedicated to the disposal of mainly urban waste and non-hazardous special waste and the related plants used to produce electricity through the utilisation of the landfill biogas and for the collection and treatment of leachate. The 2021 top line is seen down by 5.5% YoY to Eu19.9mn with a 39.0% margin. For 2025, we expect revenues of Eu20.7mn with a 38% margin.
- **The contribution of Indeco**, the company which owns the property and manages the post closure landfill at Borgo Montello (Latina). New investments have been made to improve the Borgo Montello site (related to new projects for biomethane and photovoltaic plants); these are expected to be completed in 2021, therefore the related revenues will start from 2022. We expect EBITDA to be at breakeven starting from 2023. In terms of investments, 2021 CapEX amounted to ~Eu7.0mn.
- **The contribution of Enval**, the company founded in 2019 and responsible for integrated management and multi-material recycling of the entire urban waste cycle in the Valle D'Aosta region until 2036 (activity managed by Enval, a 51%-owned subsidiary of Rea Dalmine). For 2021, we assume revenues of Eu8.6mn with 6.2% YoY growth and a 9.3% margin. For the subsequent years we expect growing EBITDA thanks to decreasing costs. 2025 EBITDA is seen at Eu2.7mn with a 30.0% margin. In 2021, the company invested ~Eu11.0mn for the design and construction of the plant for biological treatment of refuse as well as structural adaptation works at the Brissogne regional centre (Aosta Valley).
- **The contribution of Rifuture**, founded in 2020 and authorized to build and manage a new treatment plant for organic and green waste in the province of Latina. The construction of the plant is expected to be completed between 2022 and 2023 (total capEx ~Eu31.0mn). The waste treatment activity is expected to start in 2024 with the objective of reaching full operating capacity in 2026. For 2025 we expect revenues of Eu5.0mn with EBITDA of Eu1.9mn (37.0% margin).

CapEx. We expect significant investments from 2021 to 2023 (Eu20.7mn on average per year) for the following main items: 1) investment at Rea (Eu4.0mn in 2021); 2) construction of the biomethane and photovoltaic plant at Indeco (Eu7.0mn CapEx in 2021); 3) design and construction of the biological waste treatment plant at Enval, as well as the structural adaptation works at the Brissogne regional center (Eu11.0mn CapEx in 2021); 4) construction of the new treatment plant for organic and green waste to be located in the province of Latina for Rifuture. Construction of the plant is expected to be completed between 2022 and 2023 and waste treatment activity is expected to start in 2024 with the objective of reaching full operating capacity in 2026. For 2022-2023, total investments of Eu30mn are expected for Rifuture. Overall, for the subsequent years we expect capital investments by the contributed business to moderate and we forecast average CapEx for the contributed business of Eu3.6/3.1mn in 2024-2025, or 4.7% and 3.9% of sales respectively.

Ambienthesis: Post Deal Pro-forma Financials

Combined entity: 2020 pro-forma P&L. The transfer of all operational activities in the environment business from GTH to ATH will drive a significant increase in the size and profitability of the new company as reflected in the pro-forma number. The integration will also be EPS-accretive, without the need for any cash outlay and/ or increased debt. Based on proforma consolidated figures as at 31st December 2020, the group emerging from the integration generated revenues of Eu134.6mn (vs. Eu85.5mn of ATH standalone) after including the impact of real estate transactions and other rectifications mainly related to preliminary corporate reorganization. The Capital Increase column includes the effects of the share capital increase. The EBITDA of the new company grew from Eu6.6mn (ATH standalone) to Eu26.5mn for the new company, with profitability more than doubling. Finally, at bottom line, net income of the new company amounted to Eu10.6mn after booking Eu9.8mn in depreciation, provisions, and write-downs, reflecting the high level of investments of the contributed business.

Ambienthesis: Pro-forma Income statement:

2020A	Ambienthesis	Contributed Business	Real Estate Transactions	Other Rectifications	Capital Increase	Ambienthesis Pro-forma
Total Revenues	85.5	62.7	0.1	-13.6	0.0	134.6
Total Operating Costs	-71.8	-34.5	0.1	13.6	0.0	-92.7
Value Added	13.6	28.1	0.2	-0.1	0.0	41.9
Labor Cost	-7.0	-8.4	0.0	0.0	0.0	-15.4
EBITDA	6.6	19.7	0.2	-0.1	0.0	26.5
% EBITDA Margin	7.8%	31.4%	n.m.	n.m.	n.m.	19.7%
Adj. EBITDA	6.9	20.9	0.2	-0.1	0.0	27.9
% Adj. EBITDA margin	8.0%	33.4%	n.m.	n.m.	n.m.	20.7%
Depr. Prov's. and Write-downs	-2.9	-7.4	0.4	0.0	0.0	-9.8
EBIT	3.7	12.3	0.6	-0.1	0.0	16.6
% EBIT Margin	0.0	0.2	n.m.	n.m.	n.m.	0.1
Adj. EBIT	3.8	14.1	0.6	-0.1	0.0	18.4
% Adj. EBIT margin	0.0	0.2	n.m.	n.m.	n.m.	0.1
Net Financial Charges	-1.0	-1.7	-0.6	0.0	0.0	-3.2
Other Charges and Income	1.5	0.0	0.0	0.0	0.0	1.5
Net Operating Margin	4.3	10.6	0.0	-0.1	0.0	14.9
Taxes	-1.0	-3.3	0.0	0.0	0.0	-4.3
Tax Rate %	24%	31%	n.m.	n.m.	n.m.	29%
Net Income	3.2	7.4	0.0	-0.1	0.0	10.6
Minorities	-0.1	-0.3	0.0	0.0	0.0	-0.4
Group Net Income	3.1	7.1	0.0	-0.1	0.0	10.2
Adj. Group Net Income	3.1	8.0	0.0	-0.1	0.0	12.6

Source: Company data & Intermonte SIM Estimates

Balance sheet. On the balance sheet, first of all we highlight the significant increase in debt, which grew from Eu12.3mn for ATH standalone to Eu60.6mn for the new company, mainly due to the transfer of debt from the contributed business (Eu26.1mn) and as a result of the real estate transactions (Eu20.8mn). Group shareholders' equity in the new entity has shrunk significantly, from Eu49.9mn for ATH standalone to Eu4.8mn, mainly due to the negative net equity for Eu44.9mn from the contributed business. As already explained, this is due to the preliminary corporate reorganization of GTH and of some of its subsidiaries, carried out in connection with the transaction, in order to rationalize their respective financial structures before their contribution to ATH.

Ambienthesis: Pro-Forma Balance Sheet

2020A (Eu mn)	Ambienthesis	Contributed Business	Real Estate Transactions	Other Rectifications	Capital Increase	Ambienthesis Pro-forma
Fixed assets	64.4	112.7	20.8	-0.4	0.0	197.5
Net working capital	-0.3	-127.7	0.0	1.6	0.0	-126.4
Gross invested capital	64.1	-15.0	20.8	1.2	0.0	71.1
Severance provision	-1.3	-2.8	0.0	0.0	0.0	-4.1
Net invested capital	62.8	-17.8	20.8	1.2	0.0	66.9
Share capital	48.2	0.0	0.0	0.0	32.5	80.7
Reserves and net Income	1.7	-44.9	0.1	-0.3	-32.5	-75.9
Group shareholders' equity	49.9	-44.9	0.1	-0.3	0.0	4.8
Minority interests	0.5	1.0	0.0	0.0	0.0	1.5
Net financial debt	12.3	26.1	20.8	1.4	0.0	60.6
Total cover	62.8	-17.8	20.8	1.2	0.0	66.9

Source: Company data & Intermonte SIM

Ambienthesis: Updated estimates

ATH old perimeter: raising our estimates. Firstly, we are raising our forecasts from 2021 onwards thanks to enhanced visibility on the environmental remediation business. In addition, the NRRP allocates Eu59.3mn with the aim of promoting a sustainable green revolution: considering ATH experience, offering and target market, we believe the company could benefit directly and indirectly from the flurry of green investments. Some positive news flow is expected in the coming months. All in all, we are raising our 2021 top-line forecasts by 2.2% to Eu108mn and our EBITDA estimates by 3.8% to Eu9.7mn, assuming a 9.0% margin, up 14bps on our previous estimates. For the following years, the increase in estimates is more marked: we are raising our 2022/2023 top-line forecasts by 11.0% and 13.9% and consequently we are raising our EBITDA estimates by 14.5% and 18.7% (up 28bps/38bps from previous figures). As a result, we are revising EPS upwards by 6.6% for 2021 and by 23.1%/29.2% for 2022/2023.

Ambienthesis: Change to Estimates (Old Perimeter)

(Eu mn)	Old			New			Chg.		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Total Revenues	105	107	110	108	119	125	2.2%	11.0%	13.9%
EBITDA	9.3	9.6	10.0	9.7	11.0	11.9	3.8%	14.5%	18.7%
% EBITDA Margin	8.9%	9.0%	9.1%	9.0%	9.2%	9.5%	14 bps	28 bps	38 bps
Adj. Net Income	3.8	4.4	4.8	4.1	5.5	6.2	6.6%	23.1%	29.2%
Adj. EPS	0.041	0.048	0.052	0.044	0.059	0.067	6.6%	23.1%	29.2%
Net invested capital	59.8	61.0	61.7	59.5	59.6	60.4	-0.4%	-2.3%	-2.1%
Equity	53.7	56.3	58.8	54.0	57.5	61.5	0.5%	2.3%	4.5%
Net debt	-6.1	-4.7	-2.9	-5.5	-2.1	1.1	-8.5%	-56%	nm

Source: Intermonte SIM Estimates

ATH: new perimeter of the Group structure post transaction. Secondly, we are updating our forecasts from 2021 onwards to include the contribution from the transaction with GTH. 2021/2022 sales are now seen at Eu166mn/Eu175mn, up +54.4%/+47.3% on previous estimates and rising to Eu184mn in 2023. For 2021, we expect additional EBITDA of Eu22.3mn from the contributed business, rising to Eu23.2mn in 2023. The impact on EPS is 105.2%/+49.6% for 2021/2022 and +43.8% for 2023. We forecast a significant increase in net debt from 2021 to 2023 (Eu52.5mn as at YE21 and Eu54.3mn/Eu54.5mn as at YE22/YE23).

Ambienthesis: Change to Estimates (Old Perimeter):

(Eu mn)	Old			New			Chg.		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Total Revenues	108	119	125	166	175	184	54.4%	47.3%	46.7%
EBITDA	9.7	11.0	11.9	32.0	33.4	35.1	230.3%	203.9%	195.7%
% EBITDA Margin	9.0%	9.2%	9.5%	19.3%	19.1%	19.1%	1026 bps	983 bps	963 bps
Adj. Net Income	4.1	5.5	6.2	14.0	13.7	14.9	243.6%	150.5%	140.7%
Adj. EPS	0.044	0.059	0.067	0.090	0.088	0.096	105.2%	49.6%	43.8%
Net invested capital	59.5	59.6	60.4	72.3	82.3	92.2	21.4%	38.0%	52.7%
Equity	54.0	57.5	61.5	19.8	28.0	37.7	-63.4%	-51.3%	-38.8%
Net debt	-5.5	-2.1	1.1	-52.5	-54.3	-54.5	nm	nm	nm

Source: Company data & Intermonte SIM Estimates

Valuation

In terms of the valuation, we have updated our target price for the new ATH to Eu1.35ps, still based on a mix of DCF (Eu1.43ps) and market multiples, and a peer comparison (Eu1.29ps). In this section we provide details of our two valuation methodologies.

DCF model

The basic assumptions included in our DCF model are as follows: a) a risk-free rate of 2.0%; b) a 5.0% equity premium; c) beta of 0.97; d) cost of debt at 2.00%; and e) 6.85% cost of equity. These assumptions provide a weighted average cost of capital (WACC) of 5.25%. We also assume a terminal growth rate of 1.25%. Based on these assumptions, we estimate an enterprise valuation (EV) of Eu332.7mn. We then subtract the net financial debt as at YE21E, other liabilities (provisions for risks and charges, at 90% of the BV) and the minorities (12.0x 2022E P/E), and add financial assets (including the assets held for sale, the Casei Gerola property complex, at 90% of the BV), obtaining an equity valuation of Eu216.0mn, corresponding to Eu1.43ps.

Ambienthesis: DCF Model

(Eu mn)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBITA	19.9	21.4	22.9	24.0	24.5	24.6	24.7	24.9	18.1
Taxes on EBITA	-5.4	-5.8	-6.2	-6.5	-6.6	-6.6	-6.7	-6.7	-4.9
Depreciation/amortisation	13.6	13.7	15.6	15.7	15.9	15.9	15.9	15.9	14.6
Capex - acquisitions	-24.0	-24.0	-8.6	-8.1	-8.1	-8.1	-8.1	-8.1	-7.5
Operating cash flow	4.1	5.3	23.7	25.1	25.7	25.7	25.9	26.0	20.4
NOPAT	14.5	15.6	16.7	17.5	17.9	17.9	18.1	18.2	13.2
NPV 2021-26	123.7								NOPAT 2030
TV 2027	209.0								13.2
EV	332.7								
Net debt	-52.5	YE21E							
Financial assets	39.0	including the asset held for sale							
Other liabilities	-98.4	risks and charges provisions							
Minorities	-4.8	12.0x 2022E P/E							
Equity Value	216.0								
Equity Value per share	1.43								

Source: Intermonte SIM Estimates

The following table shows our sensitivity analysis giving the equity values at different values of WACC and terminal growth rates.

Ambienthesis: DCF Sensitivity

Growth rate	0.75%				1.25%	1.75%			
Wacc	4.75%	5.25%	5.75%	4.75%	5.25%	5.75%	4.75%	5.25%	5.75%
NPV 2021-26	126.8	123.7	120.7	126.8	123.7	120.7	126.8	123.7	120.7
TV 2027	218.1	185.8	160.2	249.3	209.0	178.0	290.8	238.8	200.3
EV	344.9	309.5	281.0	376.1	332.7	298.8	417.6	362.5	321.0
Net debt	-52.5	-52.5	-52.5	-52.5	-52.5	-52.5	-52.5	-52.5	-52.5
Financials	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
Other liabilities	-98.4	-98.4	-98.4	-98.4	-98.4	-98.4	-98.4	-98.4	-98.4
Minorities	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8	-4.8
Equity Value	228.3	192.8	164.3	259.4	216.0	182.1	301.0	245.9	204.3
per share	1.51	1.28	1.09	1.72	1.43	1.21	2.00	1.63	1.36

Source: Intermonte SIM Estimates

Market multiples (Peer comparison)

The limitations of this valuation approach mainly lie in the difficulty of selecting an appropriate peer group, as no company matches the Group business profile. In the waste segment and environmental remediation, ATH is the only listed pure Waste sector play on the Italian Market; its largest competitors are subsidiaries of local utilities A2A, Hera, Iren and Acea, which operate in the waste segment.

These four companies are currently trading at average 2022E EV/EBITDA of 6.8x, EV/EBIT of 14.0x and P/E of 12.3x. On 2023E numbers, the multiples are as follows: 6.6x, 13.6x and 11.7x respectively.

Italian Local Utilities: Market Multiples at Current Prices

Stock	EV/EBITDA			EV/EBIT			P/E		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
A2A	7.5	7.3	7.1	15.7	15.9	15.3	13.8	13.5	12.5
Hera	7.0	6.7	6.4	13.6	12.7	12.1	15.2	14.0	13.5
Acea	6.3	6.5	6.4	12.6	13.3	13.5	10.4	10.4	10.3
Iren	7.1	6.9	6.5	15.1	14.1	13.7	12.9	11.3	10.4
Median	7.0	6.8	6.6	14.3	14.0	13.6	13.1	12.3	11.7

Source: Intermonte SIM Estimates

In the table below we highlight the multiples at our target prices for the four different stocks. The 2022E average EV/EBITDA is 7.9x, declining to 7.6x in 2023E; EV/EBIT of 16.4x and 15.7x respectively, and P/E of 16.2x and 15.2x.

Italian Local Utilities: Market Multiples at Intermonte Targets

Stock	EV/EBITDA			EV/EBIT			P/E		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
A2A	9.0	8.8	8.4	18.9	18.9	18.2	18.6	18.1	16.7
Hera	8.1	7.8	7.4	15.7	14.7	14.0	18.9	17.4	16.7
Acea	7.4	7.4	7.2	15.3	15.3	15.2	14.4	13.8	13.4
Iren	8.0	7.8	7.3	17.1	15.9	15.4	16.6	14.6	13.4
Median	8.2	7.9	7.6	17.0	16.4	15.7	17.6	16.2	15.2

Source: Intermonte SIM Estimates

For our market multiples valuation of Ambientthesis, we have taken the median of the multiples for the four companies in the sample. The comparison with the peer group yields a valuation range of Eu191.5-197.4mn, with a mean valuation of Eu194.4mn, corresponding to Eu1.29ps.

Ambientthesis: Peer Group Comparison

(Eu mn)	2021E	2022E	2023E	Avg. 22-23
EV/EBITDA multiple valuation				
Ambientthesis EBITDA		33.4	35.1	
EV/EBITDA peer group		7.9x	7.6x	
fair EV based on multiples		264.7	266.1	
Net (debt) cash	-52.5	-54.3	-54.5	
Financials	39.0	39.0	39.0	
Other liabilities	-98.4	-98.4	-98.4	
Minorities	-4.8	-4.8	-4.8	
Fair Equity value on multiples		146.3	147.4	146.9
NOSH (mn)		150.7	150.7	
Fair share price		0.97	0.98	0.97
EV/EBIT multiple valuation				
Ambientthesis EBIT		19.9	21.4	
EV/EBIT peer group		16.4x	15.7x	
fair EV based on multiples		324.7	337.2	
Fair Equity value on multiples		206.2	218.5	212.4
NOSH (mn)		150.7	150.7	
Fair share price		1.37	1.45	1.41
P/E multiple valuation				
Ambientthesis Adj. Net Profit		13.7	14.9	
P/E peer group		16.2x	15.2x	
Fair Equity value on multiples		222.0	226.2	224.1
NOSH (mn)		150.7	150.7	
Fair share price		1.47	1.50	1.49
Mean result		191.5	197.4	194.4
Mean result per share		1.27	1.31	1.29

Source: Intermonte SIM Estimates

Financials

Ambienthesis: Income Statement

(Eu mn)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Special waste treatment	40.1	50.1	57.9	57.2	71.8	75.7	75.9	76.0	76.2
Urban waste				0.0	58.5	56.2	58.5	62.4	63.7
Environmental remediations	14.3	27.9	25.1	24.5	32.0	39.5	45.4	45.5	45.6
Engineering and construction	3.1	2.2	1.4	1.2	1.3	1.3	1.3	1.3	1.3
Other revenues	1.5	1.8	2.2	2.5	2.5	2.5	2.5	2.5	2.5
Total Revenues	59.0	82.1	86.6	85.5	166.0	175.2	183.6	187.7	189.4
Total Operating Costs	-51.0	-70.0	-72.3	-71.8	-126.9	-134.5	-141.0	-141.5	-141.9
Value Added	8.0	12.1	14.3	13.6	39.1	40.7	42.6	46.2	47.4
Labor Cost	-6.5	-6.6	-6.9	-7.0	-7.2	-7.3	-7.5	-7.6	-7.7
EBITDA	1.6	5.5	7.4	6.6	32.0	33.4	35.1	38.5	39.7
Adj. EBITDA	2.6	6.3	7.8	6.9	32.0	33.4	35.1	38.5	39.7
% Adj. EBITDA Margin	4.4%	7.7%	9.0%	8.0%	19.3%	19.1%	19.1%	20.5%	21.0%
Special waste treatment	0.9	4.1	6.9	5.5	7.5	8.3	8.7	9.0	9.0
Urban waste					22.3	22.4	23.2	26.4	27.5
Environmental remediations	0.6	1.3	0.7	1.0	2.0	2.6	3.0	3.1	3.1
Others	0.1	0.1	-0.2	0.1	0.1	0.1	0.1	0.1	0.1
Depr. Prov's. and Write-downs	-4.1	-2.2	-2.6	-2.9	-11.8	-13.6	-13.7	-15.6	-15.7
EBIT	-2.5	3.3	4.8	3.7	20.2	19.9	21.4	22.9	24.0
% EBIT Margin	-4.3%	4.0%	5.5%	4.3%	12.1%	11.3%	11.7%	12.2%	12.7%
Net Financial Charges	-0.5	-0.5	-0.6	-1.0	-1.9	-2.2	-2.2	-2.0	-1.4
Other Charges and Income	0.6	0.6	1.9	1.5	1.5	1.6	1.8	1.9	2.0
Net Operating Margin	-2.4	3.4	6.0	4.2	19.8	19.3	21.0	22.8	24.6
Taxes	-0.2	-0.2	-1.6	-1.0	-5.3	-5.2	-5.7	-6.2	-6.6
Adj. Tax Rate %	-8.4%	5.7%	26.1%	24.6%	27.0%	27.0%	27.0%	27.0%	27.0%
Net Income	-2.6	3.2	4.5	3.2	14.4	14.1	15.3	16.7	18.0
Results from discontinued op.	0	0	0	0	0	0	0	0	0
Minorities	0.1	0.1	0.1	0.1	0.4	0.4	0.4	0.5	0.5
Group Net Income	-2.7	3.2	4.4	3.0	14.0	13.7	14.9	16.2	17.5
Adj. Net Income	0.2	4.3	4.9	3.2	14.0	13.7	14.9	16.2	17.5

Source: Company data & Intermonte SIM Estimates

Ambienthesis: Balance Sheet

(Eu mn)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Fixed assets	48.8	48.4	54.2	64.4	196.9	207.3	217.6	210.6	203.0
Net working capital	-4.5	-3.1	-2.4	0.2	-120.5	-120.9	-121.4	-120.4	-120.0
Gross inv. capital	44.4	45.3	51.9	64.6	76.4	86.4	96.3	90.2	83.0
Severance provision	-1.0	-0.9	-1.0	-1.3	-4.1	-4.1	-4.1	-4.1	-4.1
Net invested capital	43.4	44.3	50.9	63.3	72.3	82.3	92.2	86.1	78.9
Group sharehold. equity	41.7	44.8	48.6	50.5	18.1	25.9	35.1	45.2	56.2
Minority interests	0.4	0.4	0.4	0.5	1.7	2.1	2.5	3.0	3.5
Net financial position	-1.4	0.9	-1.9	-12.3	-52.5	-54.3	-54.5	-37.9	-19.2
Total cover	43.4	44.3	50.9	63.3	72.3	82.3	92.2	86.1	78.9

Source: Company data & Intermonte SIM Estimates

Ambienthesis: Cash Flow Statement

(Eu mn)	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E
Net fin position beg of year	0.8	-1.4	0.9	-1.9	-12.3	-52.5	-54.3	-54.5	-37.9
Net income	-2.6	3.2	4.5	3.2	14.4	14.1	15.3	16.7	18.0
Depreciation	2.7	2.2	2.6	2.9	11.8	13.6	13.7	15.6	15.7
Cash flow from operations	0.1	5.4	7.1	6.1	26.3	27.6	29.0	32.3	33.7
Change in working capital	-10.4	-1.5	-0.7	-2.3	3.5	0.4	0.4	-0.9	-0.4
Operating cash flow	-10.4	4.0	6.4	3.9	29.8	28.0	29.4	31.4	33.3
Investments	-2.9	-2.0	-5.0	-6.5	-27.5	-24.0	-24.0	-8.6	-8.1
Free cash flow	-13.3	2.0	1.4	-2.7	2.3	4.0	5.4	22.8	25.2
Dividends	0.0	0.0	-0.7	-0.9	-0.7	-5.6	-5.5	-5.9	-6.5
Other movements	11.1	0.2	-3.4	-6.9	-41.7	-0.2	-0.2	-0.2	0.0
Cash flow	-2.2	2.2	-2.7	-10.5	-40.2	-1.8	-0.2	16.6	18.7
Net fin position end of year	-1.4	0.9	-1.9	-12.3	-52.5	-54.3	-54.5	-37.9	-19.2

Source: Company data & Intermonte SIM Estimates

Appendix I - Description of the main contributed assets

Rea Dalmine

Rea Dalmine is the Greenthesi group¹ company that manages the **Waste-to-energy (WTE) plant at Dalmine, a proprietary facility that is a complex technological plant of national strategic interest.**

In 2019, Rea Dalmine signed an agreement with A2A Calore e Servizi for the construction of a district heating project using the energy produced by the WTE plant with the cogeneration of thermal energy.

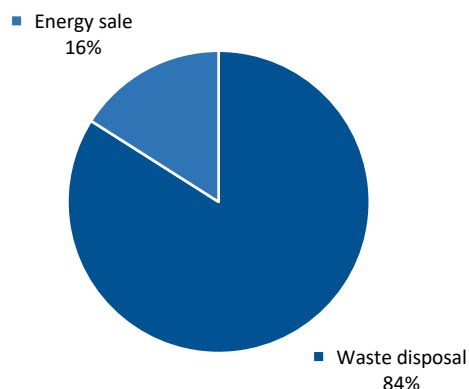
Over the 2015-2020 period, ~Eu10mn was invested for a complete revamp of the WTE plant. As a result, the facility had a residual useful life as at 31 December 2020 of 17 years for the electronic and electrical plant and of 36 years for the civil works. The plant is currently one of the most advanced and efficient at national level and had a guaranteed useful life of 20 years as of 31 December 2020².

Rea Dalmine also holds a 51% stake in Enval, a company that manages, under concession, the integrated urban waste management service for the Valle d'Aosta region m³.

Selected operating information:

- Annual capacity: ~150k tons
- Produced energy: ~100 k Mw/h per year
- Average produced thermal energy: ~90 k MW/h per year
- Waste pit capacity: ~4.8mn m³

Rea Dalmine: Revenue Breakdown (2020A)



Source: Company data & Intermonte SIM

Rea Dalmine: P&L Highlights

(Eu mn)	2018A	2019A	2020A	1H20A	1H21A
Revenues	25.5	29.3	25.3	14.8	15.1
Growth (%)	8.8%	15.1%	-13.7%	-	2.1%
EBITDA	9.1	11.5	7.7	n.a.	6.8
Margin (%)	35.8%	39.1%	30.3%	-	45.1%
EBIT	3.6	5.7	4.3	7.7	5.3
Margin (%)	14.1%	19.3%	17.2%	52.1%	34.7%
Net income	1.5	3.2	3.7	7.1	n.a.
Margin (%)	6.0%	10.9%	14.7%	47.6%	-

Source: Company data & Intermonte SIM

¹ The company's shareholders, following the execution of the preliminary corporate reorganization, are Gea (72.2%) and Indeco (27.8%)

² Independent expert valuation

Gea

Gea, wholly owned by Greenthesi and in operation since 1990, manages (i) the **Veneto regional landfill**, located at Sant'Urbano (PD), **dedicated to the disposal of mainly urban waste and non-hazardous special waste**; and (ii) **the related plants used to generate electricity** through utilisation of landfill biogas and to **collect and treat leachate**.

On arrival at the Gea landfill, waste is checked and analyzed by specialized technicians before being compacted and stored in impermeable lots. The waste management site has a **dedicated plant for the purification of leachate**, aimed at removing potential pollutants.

In 1997, Gea built a national grid-connected power generation plant fuelled by biogas from the landfill. Since 2001, Gea has also managed the waste transportation activity related to the landfill, specialized in industrial waste, located at Barricalla³ (Collegno near Turin), and has been granted the right to manage this transportation activity for 48 months starting from 1st July 2019. The company also manages the following post closure landfills: Villanova del Ghebbo (RO), Ramon di Loria (TV), San Martino di Venezzè (RO), and Verretto (PV).

As of 31 December 2020, 28 people were employed by the company.

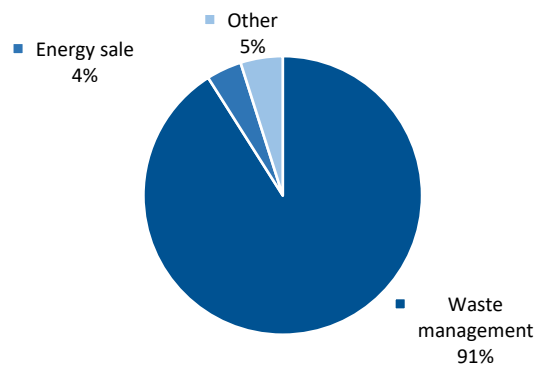
Selected operating information for the landfill located at Sant'Urbano (PD):

- Gross Area: ~550k sqm
- Authorized volume: ~3.75mn m³
- Total annual authorized capacity: ~156k tons
- Expected residual duration: until 2029

Selected operating information for the biogas plant:

- Average annual output: ~6mn KWh, sufficient to cover the annual energy needs of ~6k inhabitants.

Gea: Revenues Breakdown (2020A)



Source: Company data & Intermonte SIM

Gea: P&L Highlights

(Eu mn)	2018A	2019A	2020A	1H20A	1H21A
Revenues	19.1	19.7	21.1	10.1	10.3
Growth (%)	0.9%	3.3%	6.7%	-	1.9%
EBITDA	7.2	6.9	10.7	n.a.	4.5
Margin (%)	37.8%	35.1%	50.8%	-	43.3%
EBIT	5.5	4.7	9.7	4.6	4.0
Margin (%)	29.0%	23.7%	46.0%	45.2%	38.5%
Net income	2.9	2.7	7.4	4.5	n.a.
Margin (%)	15.1%	13.8%	35.1%	44.1%	-

Source: Company data & Intermonte SIM

³ The Barricalla landfill is owned by Barricalla SpA in which Ambienthesis owns a 35% stake, while the remainder is held by Sereco Piemonte SpA (35%) and Finpiemonte Partecipazioni SpA (30%)

Indeco

Indeco, wholly owned by Greenthesi, owns the property and manages the **post closure landfill at Borgo Montello (Latina)**. The landfill, closed since February 2020, was specialized in disposal of non-hazardous urban waste from cities in the province of Latina.

To improve the Borgo Montello site:

- an electricity **generation plant powered by biogas** extracted from the landfill reservoirs was installed, with nominal production capacity of ~2 MWh;
- a **liquefied biomethane production plant** is under construction which will utilise biogas from the landfill;
- the construction of a **photovoltaic plant** (for nominal production of ~1 MW) is planned, which will enable the reduction of operating costs related to biomethane production thanks to self-production of electricity.

The investments related to the new projects (biomethane and photovoltaic plants) are expected to be completed in 2021 and the related revenues will start from 2022.

As of 31 December 2020, 15 people were employed by the company.

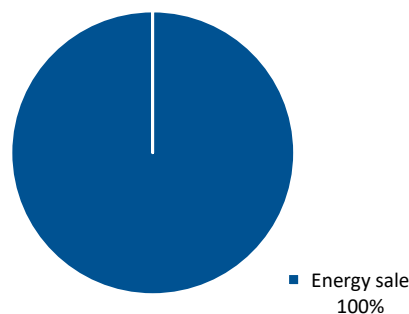
Selected operating information for the Borgo Montello site (Latina):

- Gross area: ~750k sqm
- Landfill area: ~300 k sqm
- Overall waste management: ~4.8mn m³

Selected operating information for biogas plant:

- Expected production capacity: ~500 sm³/h

Indeco S.r.l.: Revenue Breakdown (2020A)



Source: Company data & Intermonte SIM

Indeco: P&L Highlights

(Eu mn)	2018A	2019A	2020A	1H20A	1H21A
Revenues	0.9	0.4	0.4	0.2	0.3
Growth (%)	n.m	n.m	n.m	-	27.7%
EBITDA	-0.7	-1.2	-1.7	n.a.	-0.4
Margin (%)	n.m	n.m	n.m	-	n.m
EBIT	-1.2	-1.6	-2.1	-1.4	-0.5
Margin (%)	n.m	n.m	n.m	n.m	n.m
Net income	-0.6	-0.8	-1.1	-1.4	n.a.
Margin (%)	n.m	n.m	n.m	n.m	-

Source: Company data & Intermonte SIM

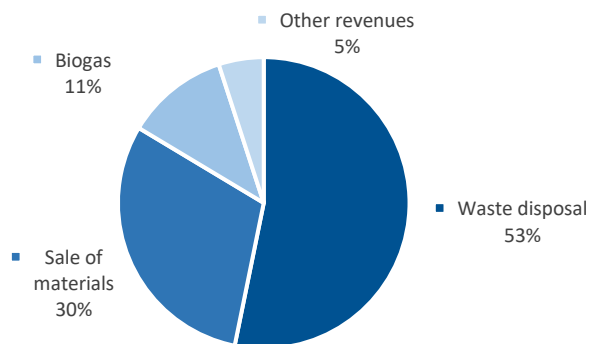
Enval

Enval is a Greenthesi group company established in 2019 and active in the **integrated management and multi-material recovery process for the entire urban waste cycle in the Valle d'Aosta region**. Enval is 51% owned by Rea Dalmine, with the remaining stakes held by Fratelli Ronc S.r.l. (active in the construction of hydroelectric and hydraulic plants) for 45% and Cesaro Mac Import S.r.l. (active in the sale of waste treatment machinery and the design of integrated plants) for 4%.

The business is managed under a concession agreement with a residual duration of 15 years (until 2036). Enval has developed and launched a circular economy project that will enable the Valle d'Aosta region to be self-sufficient in the urban waste management sector. Through the development of a new plant for waste treatment, Enval aims to maximize the recycling of waste while reducing the amount of waste disposed in its landfill.

As of 21st December 2020, 26 people were employed by the company.

Enval: Revenue Breakdown (2020A):



Source: Company data & Intermonte SIM

Enval: P&L Highlights

(Eu mn)	2020A	1H20A	1H21A
Revenues	8.1	4.3	4.1
Growth (%)	n.m.	-	-6.3%
EBITDA	0.8	n.a.	0.2
Margin (%)	10.2%	-	4.8%
EBIT	0.8	1.3	0.1
Margin (%)	9.5%	31.0%	3.3%
Net income	0.5	1.3	n.a.
Margin (%)	6.7%	31.0%	-

Source: Company data & Intermonte SIM

Rifuture

Established in 2020, **Rifuture** is the Greenthesi group⁴ company that **has been authorized to build and manage a new treatment plant** in the province of Latina **for organic and green waste** . In particular, the company was authorized by the Lazio region to treat up to 80 thousand tons per year, with the aim of **producing liquefied biomethane and quality compost for agricultural purposes**.

Construction of the plant is expected to be completed between 2022 and 2023. The waste treatment activity is expected to start in 2024 with the objective of reaching full operating capacity in 2026.

Aimeri

Aimeri is the Greenthesi group company that manages the post-closure phases of the proprietary landfills located at Alba (CN), Bene Vagienna (CN), Cellarengo (AT), Roasio (VC) and Salmour (CN). By the end of 2026, all the post closure phases will be terminated.

As of 31st December 2020, 2 people were employed by the company.

Aimeri: P&L Highlights:

(Eu mn)	2019A	2020A	1H21A
Revenues	0.0	0.0	0.0
Growth (%)	-	n.m.	n.m.
EBITDA	-0.6	-0.4	-0.1
Margin (%)	neg.	neg.	neg.
EBIT	-0.6	-0.4	-0.1
Margin (%)	neg.	neg.	neg.
Net income	-0.7	-0.4	-0.1
Margin (%)	neg.	neg.	neg.

Source: Company data & Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	AMBIENTHESIS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	1.35	Previous Target (Eu):	0.90
Current Price (Eu):	1.16	Previous Price (Eu):	0.79
Date of report:	21/01/2022	Date of last report:	30/09/2021

⁴ Rifuture is owned by Rea Dalmine (30%), Gea (30%), and the remaining 40% by Società Tecnologie Innovative Srl (active in the production of electronic devices)

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P/IB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2021 Intermonte's Research Department covered 120 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	16,95 %
OUTPERFORM:	53,39 %
NEUTRAL:	25,42 %
UNDERPERFORM	04,24 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (53 in total) is as follows:

BUY:	30,19 %
OUTPERFORM:	49,06 %
NEUTRAL:	20,75 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Emittente	%	Long/Short
AEDES NEW	3,7	LONG
COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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