

HERA GROUP | Analyst's comments on FY 2023 financial results

INSTITUTE	COMMENT	EN
BANCA AKROS	<p>"The company's results were good and slightly higher than expected at the adjusted Ebitda level. As regards the 2023 results, a stronger than expected performance in the electricity business more than offset a weaker gas segment. Dividend is consistent with what was announced last January when presenting the Business Plan to 2027 in which Hera is targeting further Ebitda growth, from 1,295 to 1,650 m€, a >7% Cagr in EPS and steady leverage. The results were good and further growth is expected in the next few years. Recommendation and target confirmed."</p>	
BANCA INTESA SANPAOLO	<p>"Hera's FY2023 results didn't bring major surprises, coming in line with our consensus assumptions, despite some differences in few items (provisions, tax rate). We see messages provided by management on the outlook (with particular attention to energy supply operations) and working capital evolution as supportive and reassuring. While we plan to marginally fine-tune our estimates, we believe there is limited room for the consensus to move. We confirm our positive stance on the stock due to Hera's low-risk profile, balance sheet flexibility/headroom, earnings' visibility and growth expectations in energy supply."</p>	
EQUITA SIM	<p>"Results broadly in line with expectations for Hera, with strong operational growth (+15.4% Ebitda and +16.5% Profit) and significant debt reduction thanks to working capital recovery. In our view, the catalyst for the results is the significant contraction of Group debt, with working capital performance also showing positive signs in the first quarter of the year and with the possibility therefore to sustain investments, M&A and dividends. Hera trades at 11.1x PE and 5.9x EV/Ebitda on 2026E with a yield of 4.7% and a Debt/Ebitda of 2.7x."</p>	
INTERMONTE	<p>"We continue to believe that the Group is well placed to benefit from its leadership in the Waste business, further growth in its retail customer base and a strategy built around the concepts of resilience and environmental and digital transition. Moreover, regaining its usual financial flexibility (1.5 bn€ firepower for further market expansion) enables Hera to continue to seize opportunities for growth in its core markets, which are still highly fragmented. We are marginally increasing our 2024-2026 estimates (average EPS +4%) on the back of stronger results at the Electricity division. The Group is trading at 5.9x 2024E EV/Ebitda, a multiple broadly in line with the sector average. Outperform confirmed; Target price at €3.80 (from €3.60)."</p>	
KEPLER CHEUVREUX	<p>"Hera recorded strong results in 2023, a record year, almost in line with preliminary figures and our forecast, apart from net profit, due to c. 50 m€ higher provisions, which were related to generic risks for the future. We think this is a positive sign, as we assume management has saved something for a rainy day. We welcome this positive set of results for 2023 and the visibility as to the growth for 2024 onwards. We confirm our Buy rating and target price €3.90. The stock is trading at appealing multiples (6x EV/Ebitda 2024/25E and c. 11x P/E), lower than its historical average (c. 7x EV/Ebitda and c. 15x P/E)."</p>	
MEDIOBANCA	<p>"2023 Adj. Ebitda was solid & in line with our expectations, being up +15%, showing solid growth in waste (mainly due to treatment business) and electricity supply (thanks to contract re-negotiation and normalization in margins & new safeguarded clients). Growth at bottom line was at +17%, although lower than expectations on higher provisions. Net Debt/Ebitda at <2.6x is solid as well. We update our model to include the final '23 numbers, with a negligible impact on our forecasts. Therefore, we maintain our €4.30/share and Target Price unchanged. Outperform."</p>	