

HERA GROUP | Analyst's comments on Q1 2024 financial results

INSTITUTE	COMMENT	EN
BANCA AKROS	<p>"The company's results were basically in line with our estimates. It is worth highlighting that the phase-out of the incentives for energy efficiency projects ("tax ecobonus 110%") negatively contributed to the Q1 2024 Ebitda for ~30m€ (~7% of the Ebitda). Hence, the organic growth more than offset this negative effect. Furthermore, as regards the organic growth, we highlight the increase in the electricity customer base (+0.3m customers vs. Q1 2023, equal to 1.8m in Q1 2024) and the improvement in the networks business also driven by higher WACCs."</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>"1Q 2024 results substantially in line with expectations, with improved net profit performance, Ebitda in line, and NFP higher than expected. On 1Q 2024: Ebitda growth coming from good performance in Networks due to regulatory upgrading especially in Electricity and Water. Positive performance also in Waste. Growth in these two businesses offset the lower contribution of superbonus-related activities by -€30m in 1Q 2024 with the Supply segment falling -5.3% YoY. Higher net profit growth recorded thanks to better performance in D&A (with lower provisioning on customers) and financial operations that is not affected by factoring costs of tax credits."</p>	
INTERMONTE	<p>"A Positive Start to The Year; Q1 2024 results broadly in line with expectations. 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. The group is trading at 6.2x 2024E EV/ Ebitda, a multiple broadly in line with the sector average. OUTPERFORM confirmed. Our target moves to 4.00€ (from 3.80€)."</p>	
KEPLER CHEUVREUX	<p>"The Q1 2024 release was in line with our estimates, thanks to a positive contribution from regulated businesses (mainly in water), which has more than offset the expected slowdown in the energy efficiency services, after the end of the "super-bonus" incentive scheme in Italy. Ebitda at 417 m€ (+2% YOY), in line with our preview. 143m€ in net profit (+11% YOY thanks to lower provisions for bad debts, due to the normalisation of commodity prices and lower gas volumes) was a tad higher than expected, due to lower financial charges. We confirm our Buy rating. The stock is trading at appealing multiples (c. 6x EV/ Ebitda 2024/25E and c. 12x P/E), lower than its historical average (c. 7x EV/ Ebitda and c. 14x P/E)."</p>	
MEDIOBANCA	<p>"Hera reported a flattish Q1 2024 Ebitda, which translated into a high single-digit Net Income growth thanks to lower provisions and an optimization of the financial structure. The growth came from the water and electricity businesses, while the gas business factored-in the slowdown in the energy efficiency business, due to the interruption of Government tax incentives. Net debt increased to c€4.0bn, included c€157m of capex and some WK absorption. Outperform."</p>	