HERA GROUP | Analyst's comments on H1 2024 financial results

INSTITUTE	COMMENT EN
BANCA AKROS	"Hera Q2 2024 results were slightly better than expected. It is worth highlighting that the phase-out of incentives for energy efficiency projects ("tax ecobonus 110%") negatively contributed to the H1 Ebitda for ~51m€; hence, organic growth, ~66m€ in H1 24, more than offset this negative effect. We have fine-tuned our estimates mainly to consider lower than expected financial charges (2024-2026 eps up 2% and 2027 eps up 1%)."
BANCA INTESA SANPAOLO	"1H 2024 Results well in line. 2Q 2024 Ebitda adjusted was up 2% yoy with 1H 2024 results showing a similar trend as organic growth in both regulated and liberalised businesses counterbalanced normalisation of energy efficiency services due to expiry of incentives at YE23. Overall, a good set of results from Hera, coming in line with our estimates and showing solid improvements on the profitability side as expected, with 2024 Ebitda showing some transitional features (replacing one-off gains with structural ones) and yoy growth being more skewed towards the bottom line. We see the downside/upside risks on 2024 consensus as well-balanced, though we would not rule out some moderate upside at the consensus EPS level due to lower financial costs, as broadly guided by management. We confirm our positive stance on the stock."
EQUITA SIM	"Ebitda 1H 2024 adjusted up +2% in line with estimates. Net profit +14% thanks to lower financial operations and Ebitda 1H 2024 up 2% as expected due to negative contribution from Energy supply area (-8%) due to the reduction of "superbonus" incentives (-51m€). Ebitda in Networks area (gas, electricity & water distribution) grew by 11%, thanks to the excellent performance of Water and Electricity distribution, which offset the reduction in District Heating. Waste was also positive, growing by 5% thanks to Treatment and Special waste. The adjusted Ebit rose by 2.8%, while the adjusted Net profit increased by 16% to 218m€, thanks to a significant reduction in financial expenses. The trend of Net debt was positive, substantially stable at 4.063m€. The stock trades with a PE 2025 of 12x and an EV/Ebitda of 6.2x and a yield of 4.5%, which in our view is less attractive than the average sector yield. The D/Ebitda leverage of 2.7x remains at a prudent level."
INTERMONTE	"2Q 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, Hera's financial flexibility (1.5bn€ firepower for further market expansion) enables it to continue to seize opportunities for growth in its core markets, which are still highly fragmented. The Group is trading at 6.1x 2024E EV/Ebitda, a multiple broadly in line with the sector average. Outperform and TP confirmed."
KEPLER CHEUVREUX	"Q2 results were in line for EBITDA (+1% YOY) and better for net profit (+18% YOY) due to lower financial charges. Networks and waste businesses have more than offset the lower contribution from energy efficiency incentives, as expected. Management said that H1 2024 was in line with the business plan and the expectations at the beginning of the year. As usual, management has not provided guidance for the current year. Visibility on net profit growth is high in 2024. Management has guided for lower financial charges in 2024, thanks to far lower utilisation of factoring this year, compared to 2023. We confirm our Buy rating. The stock is trading at appealing multiples (c. 6x EV/EBITDA 2024/25E and c. 11x P/E), lower than its historical average (c. 7x EV/EBITDA and c. 14x P/E)."
MEDIOBANCA	"Solid business model & steady quarterly delivery. At Ebitda, the positive performance was mainly driven by the water & electricity businesses, in line with 1Q 2024. Such growth was more than reflected at bottom line, thanks to the lower provisioning in the period and the optimization of the financial structure. We maintain our estimates and valuation unchanged, confirming our €4.30/share TP, and our Outperform recommendation. We highlight that Hera's BP to '27 targets a remarkable +7% EPS CAGR and we continue to believe that it has a solid business model, exposed to the circular economy thanks to its consolidated position in the waste and water segments. Furthermore, its Balance Sheet gives to Hera options to accelerate on external growth opportunities. The stock currently trades at attractive multiples."