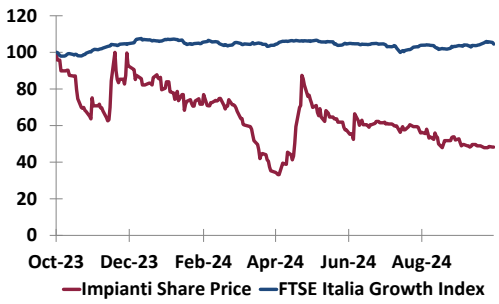
Slight recover, focus on Advanced Air Mobility

OUTPERFORM

Current Share Price (€): 0.28

Target Price (€): 0.70

Impianti – 1Y Performance



Source: S&P Capital IQ - Note: 23/10/2023=100

Company data

ISIN number	IT0005518953
Bloomberg code	MPT IM
Reuters code	MPT.MI
Industry	Technology Distributors
Stock market	Euronext Growth Milan
Share Price (€)	0.28
Date of Price	22/10/2024
Shares Outstanding (m)	7.7
Market Cap (€m)	2.1
Market Float (%)	21.3%
Daily Volume	0
Avg Daily Volume YTD	21,703
Target Price (€)	0.70
Upside (%)	154%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Impianti - Absolute (%)	-7%	-21%	45%	-50%
FTSE Italia Growth Index (%)	1%	0%	0%	5%
1Y Range H/L (€)			0.57	0.19
YTD Change (€) / %			-0.22	-45%

Source: S&P Capital IQ

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Trading update

Despite two peaks in December 2023 and May 2024, Impianti share price fell by 50% over the last 12 months, while the FTSE Italia Growth index hold the line (+5%).

H1 2024: sales YoY improving, profitability lacking behind

Impianti sales in H1 2024 were €4.4m from €3.9m in H1 2023 (+15% YoY). Geographical sales breakdown is in line compared to H1 2023; by division, with System Integration BU overall in line YoY (-4%, noting that in H1 2023 Impianti recovered projects delayed from 2022), sales growth has been driven by the outstanding results of Professional Services BU (+245%), while E-Commerce BU has recorded a slight slowdown (-5%) but with a steady monthly trend, according to management. Total revenues at €14.5m, +14% YoY, in line with sales growth. EBITDA improved but still missing profitability, from €(0.6)m to €(0.2)m, due to services and personnel costs reduction. Period net loss of €0.3m, vs €0.8m in H1 2023. Net debt position at €0.2m as of June 2023, from €0.1m cash as of December 2023. Management disclosed revenues of €5.1m and €8.3m backlog as of August 2024.

Seizing the air mobility market expected growth

Impianti is currently facing a turning point: diversification strategy as hi-tech multi-industry provider is expected to pay off in on the mid-long term, starting from the Advanced Air Mobility (AAM) market, in which Impianti aims to be a first mover. Since 2021, management is working on Defense BUs development, constantly looking for cutting edge drones and antidrones technologies to establish exclusive partnerships; today Impianti offers a full portfolio of AAM products compliant with EU regulations, pre-sale and after sale services, with a dedicated team of 4 professionals. Furthermore, to strengthen its online position, Impianti e-commerce has been redesigned to increase direct sales alongside Amazon, expanding collaboration and AV tools offer with DJI's drones. For the System Integration BU, management expects usual seasonality in H2 as spending or project approval by enterprises and organizations are generally concentrated the second half of the year.

Target price €0.70 and OUTPERFORM rating confirmed

As the repositioning strategy is still ongoing, we prudently review our previous estimates, factoring in H1 2024 performance, costs, capex and working capital dynamics, resulting in profitability breakeven shifts to 2025E. Our updated valuation supports the previous €0.70 target price per share, +154% on current share price, and thus we confirm the OUTPERFORM rating.

KEY FINANCIALS AND ESTIMATES

€m	2022	2023	2024E	2025E	2026E
Sales	**10.0**	**7.5**	**8.7**	**10.1**	**11.6**
Total Revenues	10.4	7.8	9.0	10.4	12.0
EBITDA	**0.1**	**(1.2)**	**(0.3)**	**0.3**	**0.8**
Margin on Sales	*1%*	*-16%*	*-3%*	*3%*	*7%*
EBIT	**(0.1)**	**(1.3)**	**(0.4)**	**0.2**	**0.6**
Net Income (Loss)	**(0.1)**	**(1.3)**	**(0.3)**	**0.1**	**0.4**
Net (Debt) Cash	**0.5**	**0.1**	**(0.6)**	**(0.7)**	**(0.4)**
Equity	**2.2**	**1.2**	**0.9**	**0.9**	**1.4**

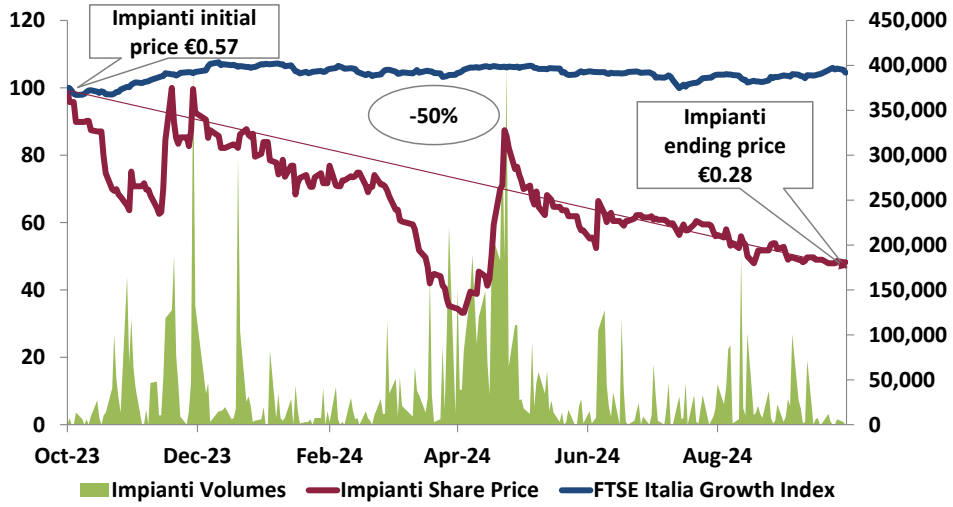
Source: Company data 2022-23A, EnVent Research 2024-26E

Market update

Trading price range €0.57-0.19 per share

-50% for Impianti, vs +5% of the Italia Growth Index

Impianti – 1Y Share price performance and trading volumes



Source: EnVent Research on S&P Capital IQ - Note: 23/10/2023=100

Investment case

Impianti SpA is an Italian long-standing specialist in professional last-generation corporate communication systems and other mission-critical technologies, offering tailor-made solutions, massive installations and post-sale assistance. Reference industries and markets are Unified Collaboration and Communication platforms (UCC), Security/Defense systems and Healthcare for digital innovation. Main prospect customers are Public Administrations and Government Bodies, large corporations, Education system.

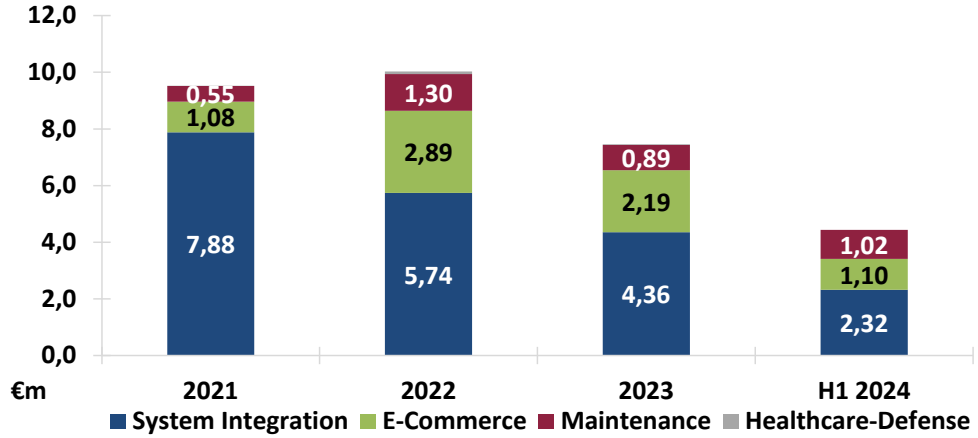
Main services:

- UCC System integration
- Professional Audio/Visual
- Security and Defense technologies
- Pre-sale and after sale assistance
- E-commerce

Mission: Innovation engine

Tech Innovation Engine for Professional Communication Systems and other Mission-critical technologies, addressed to large organizations whose concern for reputation obliges high quality of communication with all stakeholders, and for those feeling urge to have avant-garde tech innovations for effective security and efficient modern workplaces.

Historical sales breakdown 2021 – H1 2024 (€m)



Source: Company data

Drivers

Industry drivers

Leading edge Integrated communication systems: a *must have* spreading across industries and organizations. Integrated high-end collaboration systems are bound to become a global *must have,* not just a *nice to have* limited to certain leading organizations or in a small number of countries. The rise of disruptions brought by global portable devices and social media *free-for-all*, is multiplying chances of spreading comparisons among diverse experiences, which in turn are likely to become challenges to effectiveness of communication and to organizations reputation.

Interactive audio-visual digital technology. Communication is undergoing its digital revolution driven by creativity and power of technologies. Major changes: rise of remote working and *work-from-everywhere*; big data analytics as indispensable knowledge to collect and use relevant information driving intelligence; Artificial Intelligence tools, which will drive the automation of interactions between users.

Challenges to reputation call for action. A digital transformation by-product is ungoverned communication between organizations and their stakeholders. A common awareness about industries and most organizations is that their reputation is carrying risk of being heavily impacted by spreading at high speed of any dissatisfaction or criticism, including deliberated adverse competition, coming from perceptions on their operations and quality of communication. A call for continuing improvement of communication policy and quality.

Quality of communication crucial among stakeholders' communities. Governmental, non-governmental and most other public interest organizations are inherently committed in building reputation and trust with their stakeholders in the widest sense and extension. Unique meeting environments and multiple languages demand advanced conference systems, while facing unusual challenges coming from the easy

ways of spreading of audio and visual communication from the most various sources. Poor quality of large audience meetings would result in an immediate reputation loss. Consequently, there is an increasing need of event and meeting equipment with audio/visual systems whose quality could support effective public relations, efficient discharge of duties and decision-making when involving a wide and busy audience.

Smart city security, mobility and public services need AI driven solutions. Digital control and AI are accelerating evolution trends: unmanned vehicles, security control devices, interactive audio-visuals. Some current civilian uses for unmanned vehicles are search and rescue, crop monitoring, wildlife conservation, aerial photography, environmental research, infrastructure inspection and disaster management. Smart city and territory evolution means involving extensive use of digital devices, for mobility, sport and art venues security, open air unwanted drones, support to rescue operations, as examples. A promising huge market for innovative brands and technology designers and providers.

Digital and visual trend in Education. Flexible schooling trend is the next education model. Flexible schooling delivers more scheduling options for learners and enhances personalization of degree programs. Covid pandemic has been a catalyst for hybrid learning and some new approaches are here to stay. Digital and visual infrastructure is becoming predominant and digital transformation in the education system is set to accelerate over the medium term, delivering more accessible and engaging products thanks to innovations like virtual reality.

Networking and customer portfolio. Building and consolidating relationships is a key success factor in this industry, especially for traditional communication services and for small players/consultants. As a consequence, a skilled, experienced and strongly networked team of professionals is a crucial driver to acquire and retain clients

Company drivers

Core competencies. Over the years Impianti has developed core competencies: tech knowhow and scouting, wide services and products offer integration and business development capabilities. These are key to operate as enabler for businesses going towards the next level of digital collaboration with their stakeholders and those organizations needing cutting edge technology and solutions.

Expertise and premium customers. Impianti has a comprehensive experience with prominent domestic and multinational customers and major government bodies and institutions, leveraging on its key set of certifications. Quality of credentials and size of customers are witnessed by registration in over 100 registers of approved suppliers and the obligation of confidentiality for most public administration projects.

Partnerships with the industry ecosystem. Impianti has established strategic partnerships with ICT developers and technology brands globally in order to support its customers with innovative and integrated solutions and services. Partnerships aim

at providing products and services in different technical areas. Some partnerships are exclusive for the Italian market with no risk of competition. Cutting edge products and exclusive distribution agreements are crucial in order to attract new customers interested in partners' technology, as well as partners are aware that Impianti is the "bridge" to access Italian market.

Widespread relations with Institutions and Public Authorities. Impianti has built over time consolidated relationships with government and local public bodies and entities. The ongoing program of renewal and digitalization of the Italian public administration pushed by NRRP (in Italian: Piano Nazionale di Ripresa e Resilienza), increasing opportunities of tenders to support digital communication projects.

Business mix around innovative technologies. Impianti selling proposition enrichment, adding to portfolio, security defense and healthcare solutions is opening access to fast evolving and growing markets.

Self-commitment for social responsibility. ESG are a core value for Impianti, committed to compliance with international standards and protocols and releasing its annual sustainability report since 2020. In addition, Impianti has undertaken voluntary initiatives such as "Zero Paper" and "No Waste" to reduce its environmental impact. Since 2022, Impianti is a WHP network partner, awarded as a company that promotes health in the workplace and has received a special mention in "Virtuous equality" and the "Sharing to reconcile" award, organized by the Equal Opportunities Committee of Regione Lombardia.

Capital-free business model. Impianti, as most tech consulting companies, is an asset-light business.

Challenges

Technological change. Technology and services are in a continuous change and development. To be forefront and updating skills are crucial tasks in order to not being left behind.

Delays in projects and challenging payment terms. Part of Impianti's business strategy is participation in tenders whose financing may come from governments and/or international institutions. While governments and other institutions' spending is a driver for industry growth, at the same time, limited or insufficient public funding might cause delays in projects, thereby exposing contractors to slow capital turnover or claims in payments.

Competition. Tech sector is quite fragmented and varied. Though Impianti occupies a sort of niche, due to its specific value proposition, its size does not prevent or protect from decision of more traditional or "slower" market players, such as other system integrators, to attack its niche and/or to attract most talented professionals with remuneration offers.

Highly competitive markets. The wider digitalization consulting and solutions industry, despite continuing evolution, is highly populated and competitive. In addition, being a tech scout, when targeting cutting edge and newborn technology, Impianti may encounter competition from larger players.

High rank clients requiring sizeable tech suppliers. Domestic and international players offering generalist IT services across a wide range of technology products and applications may be more attractive for clients requiring integrated solutions.

Global turmoil. While recalling that the entire industry expects long term benefits from the hi-tech visual revolution trend, the recent global geopolitical and logistic challenges have been - and may continue - counteracting towards the growth trend. Examples of challenges coming from the macroeconomic environment are interest rate and foreign exchange fluctuations, uncertainties about inflation, consumer confidence and declines in enterprise spending.

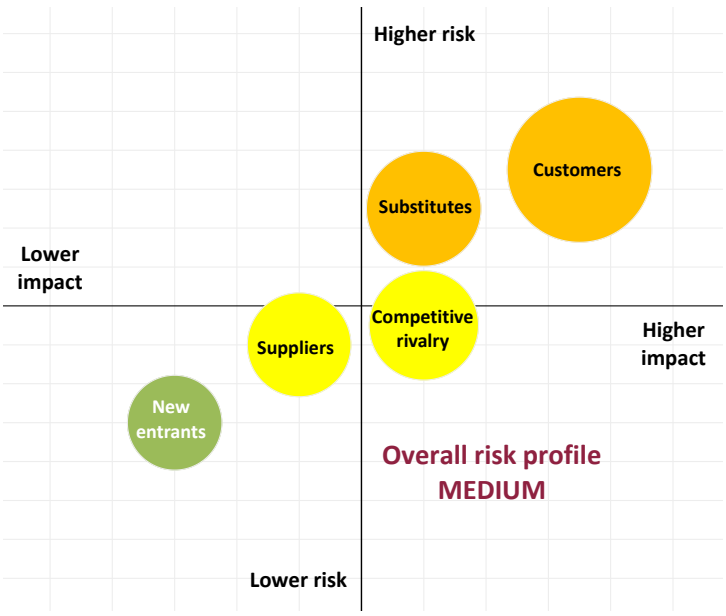
Supplier risk. Impianti purchases most of its products from a limited number of sources. Events like suppliers delaying deliveries or suffering constrains because of shortages of electronic components impacted by global shortages of semiconductor chips, or delayed product shipments could adversely affect operations.

Risk profile: *medium*

Competitive forces

Force	Factors
Customers	• High power • Cross selling as key to retain clients
Substitutes	• Continuous generation of new products/services and technologies • New technologies can squeeze out competitors
Competitive rivalry	• Intense competition, fragmented market • Competition on product/service quality • No dominant player
Suppliers	• Exclusive agreement could limit technologies availability
New entrants	• Entry barriers, represented by technology and certifications • Takes time and skills to build up a loyal customer base

Materiality of risk map



Source: EnVent Research

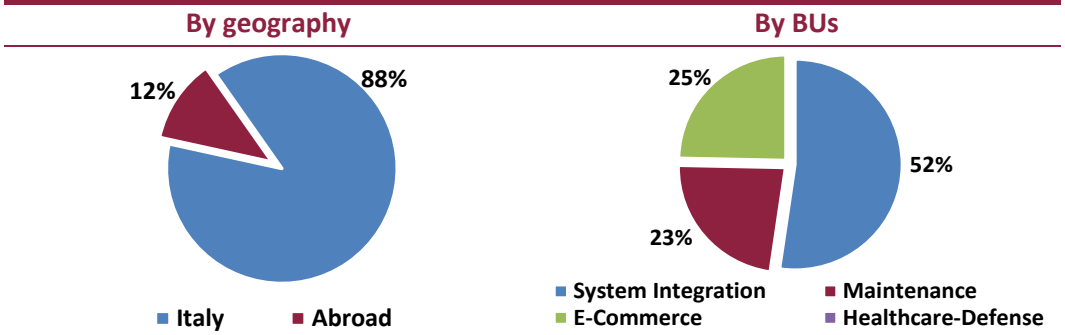
H1 2024 results

Revenues up to €4.4m (+14.8% YoY), breakdown by BUs:

- System Integration: €3.2m (52% of revenues), -3.8% YoY, overall in line with previous year
- E-Commerce: €1.1m (25%), -5.6% YoY, with Amazon France as leading market, followed by Italy, Spain and Germany
- Professional services: €1.0m (23%), +245% YoY, boosted by PAs projects finalization in H1 2024
- Healthcare and Defense: no revenues.

Breakdown by geography in line with previous year, with domestic market still leading.

H1 2024 Sales mix (%)



Source: EnVent Research on Company data

Profit and Loss

€m	H1 2023	H1 2024
Sales	3.9	4.4
Other income	0.1	0.1
Total Revenues	**3.9**	**4.5**
YoY %	*-19.2%*	*14.6%*
Cost of sales	(2.1)	(2.6)
Services	(1.4)	(1.2)
Personnel	(0.9)	(0.8)
Other operating costs	(0.1)	(0.1)
Operating charges	**(4.5)**	**(4.7)**
EBITDA	**(0.6)**	**(0.2)**
Margin	*-15.3%*	*-4.0%*
D&A	(0.2)	(0.1)
EBIT	**(0.8)**	**(0.3)**
Margin	*-21.1%*	*-5.7%*
Interest	(0.0)	(0.0)
Impairment of financial assets	(0.0)	(0.0)
EBT	**(0.8)**	**(0.3)**
Margin	*-21.2%*	*-6.1%*
Income taxes	0.0	0.0
Net Income (Loss)	**(0.8)**	**(0.3)**
Margin	*-20.2%*	*-6.0%*

Source: Company data

Balance Sheet

€m	H1 2023	2023	H1 2024
Inventory	1.0	0.7	0.7
Trade receivables	1.4	1.9	1.7
Trade payables	(1.6)	(1.9)	(1.2)
Trade Working Capital	0.7	0.8	1.1
Other assets (liabilities)	0.5	0.0	(0.2)
Net Working Capital	**1.2**	**0.8**	**0.9**
Intangible assets	0.4	0.4	0.4
Property, plant and equipment	0.2	0.2	0.2
Equity investments and financial assets	0.1	0.1	0.1
Non-current assets	**0.7**	**0.6**	**0.6**
Provisions	**(0.4)**	**(0.4)**	**(0.4)**
Net Invested Capital	**1.5**	**1.0**	**1.1**
Bank debt	0.7	0.4	1.1
Other financial debt	0.0	0.0	0.0
Cash and equivalents	(0.9)	(0.5)	(0.9)
Net Debt (Cash)	**(0.2)**	**(0.1)**	**0.2**
Equity	**1.7**	**1.2**	**0.9**
Sources	**1.5**	**1.0**	**1.1**

Cash Flow

€m	H1 2023	H1 2024
EBIT	**(0.8)**	**(0.3)**
Current taxes	0.0	0.0
D&A	0.2	0.1
Provisions	(0.0)	(0.0)
Cash flow from P&L operations	**(0.6)**	**(0.2)**
Trade Working Capital	(0.1)	(0.3)
Other assets and liabilities	0.4	0.2
Capex	(0.2)	(0.0)
Operating cash flow after WC and capex	**(0.5)**	**(0.3)**
Interest	(0.0)	(0.0)
Impairment of financial assets	(0.0)	(0.0)
Paid-in Capital	0.2	0.0
Equity adjustments	0.0	0.0
Net cash flow	**(0.3)**	**(0.3)**
Net (Debt) Cash - Beginning	0.5	0.1
Net (Debt) Cash - End	0.2	(0.2)
Change in Net (Debt) Cash	**(0.3)**	**(0.3)**

Source: Company data

Ratio analysis

KPIs	H1 2023	H1 2024
ROE	neg.	neg.
ROS (EBIT/Sales)	-21%	-6%
DOI	44	29
DSO	52	55
DPO	64	47
TWC/Sales	10%	12%
Net Debt / EBITDA	0.2x	cash
Net Debt / Equity	cash	0.2x
Net Debt / (Net Debt+Equity)	cash	0.2x
Cash flow from P&L operations / EBITDA	99%	109%
FCF / EBITDA	90%	149%

Note: H1 KPIs calculated on LTM economics

Business update

- July 2024: A-Dealer certification from drones' maker DJI Enterprise
- September 2024: tech partner of a major Italian bank to set up its new Milan headquarter, project worth €0.4m
- September 2024: Impianti released its 2023 Sustainability report

Redesign business strategy: Innovation Engine as a Mission

Turning point: upgrading to key tech partner to ensure sustainable growth

Impianti is now facing a turning point: after a three-decade ICT specialist history, acting as System Integrator of communication technology for office and infrastructures and as Business Developer of vertical solutions for large and complex organizations, management is moving to a step-up. Current achievements with large public administrations, institutions and corporations depict an upgraded profile of hi-tech multi-industry partner, acting as discoverer and promoter of avantgarde technologies from different industries, addressed to large organizations whose concern for reputation and request latest technologies.

In this role, besides usual tech scout and business developer activities, Impianti plays as public opinion enabler, promoting dialogue between institutions and users in both private and public corporations to stimulate technologies adoptions, exploiting its position to seize market opportunities.

Outlook - Core strategy BU: Advanced Air Mobility

Innovation enabler for AAM

This strategy is currently ongoing with Advanced Air Mobility: Impianti is promoting initiatives such as meeting and conference (i.e. the *"Drones: a tool for security and territory"* conference at Italian Deputies Chamber) to drive market awareness on these technologies. Impianti is riding the wave of a market rapidly gaining momentum, reaching €145m in 2023, +23% YoY according to the Osservatorio Droni e Mobilità Advanced Aerial Mobility of Politecnico di Milano, also looking forward to important events Italy will host in next years, such as 2025 Jubilee in Rome and Milano-Cortina Wynter Olympic Games in 2026, in which transport safety and sustainability will be crucial. This is part of a long-term plan, as Impianti over the last 3 years has strengthened its Defense BU, building up a full portfolio of AAM products (C-UAS anti-drones, UAS/UAV drones and radar) compliant with EU regulations for aerial risk and threat prevention, remote inspection and other safety activities in critical locations and events, with full services and a team of 4 specialized professionals able to identify and propose the best solutions for customer needs.

Critical locations safeguards

Market growth expected globally

According to market analysis reports by Frost & Sullivan and MarketsandMarkets, global AAM market is expected to grow up between $38b and $50b by 2030, with currently more than 140 initiatives and projects active worldwide.

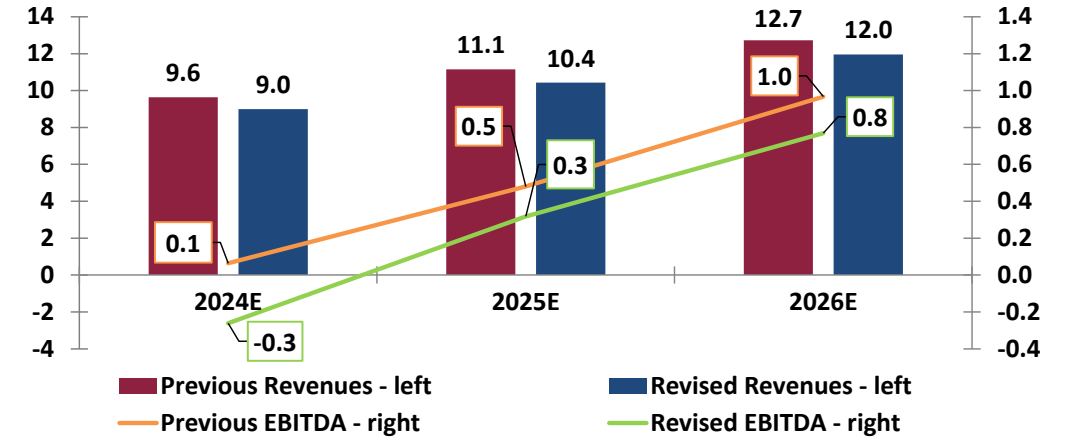
Source: Company press release; data from Politecnico di Milano report refers to the professional Italian market for drone solutions and services, aimed at businesses and public administrations

Estimates revision

As recalled before, Impianti is currently in a repositioning phase; as such our projections have to be conservative, to deal with implementation risk in a challenging scenario. H1 2024 performance implies estimates review, postponing profitability breakeven to 2025 and factoring in current costs, working capital and capex dynamics.

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

	Revised			Previous			Change %		
€m	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Sales	8.7	10.1	11.6	9.3	10.8	12.4	-7%	-7%	-6%
Revenues	9.0	10.4	12.0	9.6	11.1	12.7	-7%	-6%	-6%
EBITDA	(0.3)	0.3	0.8	0.1	0.5	1.0	-511%	-34%	-20%
Margin	*-3%*	*3%*	*6%*	*1%*	*4%*	*8%*			
EBIT	(0.4)	0.2	0.6	(0.1)	0.3	0.8	370%	-51%	-25%
Margin	*-5%*	*1%*	*5%*	*-1%*	*3%*	*6%*			
Net Income (Loss)	(0.3)	0.1	0.4	(0.1)	0.2	0.6	375%	-62%	-30%
Net (Debt) Cash	0.6	0.7	0.4	0.4	0.1	(0.3)			
Net Debt / EBITDA	*2.5x*	*-2.2x*	*-0.5x*	*-5.6x*	*-0.3x*	*0.3x*			

Source: EnVent Research

Financial projections

Profit and Loss

€m	2022	2023	2024E	2025E	2026E
Sales	10.0	7.5	8.7	10.1	11.6
Other income	0.3	0.3	0.3	0.3	0.3
Total Revenues	**10.4**	**7.8**	**9.0**	**10.4**	**12.0**
YoY %	*4.8%*	*-25.1%*	*15.9%*	*16.0%*	*14.7%*
Cost of sales	(5.5)	(4.3)	(5.0)	(5.6)	(6.2)
Services	(2.7)	(2.5)	(2.4)	(2.6)	(3.0)
Personnel	(1.7)	(1.7)	(1.6)	(1.7)	(1.8)
Other operating costs	(0.3)	(0.4)	(0.2)	(0.2)	(0.2)
Operating charges	**(10.2)**	**(9.0)**	**(9.3)**	**(10.1)**	**(11.2)**
EBITDA	**0.1**	**(1.2)**	**(0.3)**	**0.3**	**0.8**
Margin on Sales	*1.4%*	*-16.0%*	*-3.0%*	*3.1%*	*6.6%*
Margin on Total Revenues	*1.3%*	*-15.4%*	*-2.9%*	*3.0%*	*6.4%*
D&A	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
EBIT	**(0.1)**	**(1.3)**	**(0.4)**	**0.2**	**0.6**
Margin	*-0.5%*	*-17.4%*	*-4.6%*	*1.5%*	*5.0%*
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
EBT	**(0.1)**	**(1.4)**	**(0.4)**	**0.1**	**0.6**
Margin	*-1.3%*	*-17.7%*	*-4.7%*	*1.1%*	*4.7%*
Income taxes	0.1	0.1	0.1	(0.0)	(0.2)
Net Income (Loss)	**(0.1)**	**(1.3)**	**(0.3)**	**0.1**	**0.4**
Margin	*-0.5%*	*-16.9%*	*-3.4%*	*0.8%*	*3.4%*

Source: Company data 2022-23, EnVent Research 2024-26E

Balance Sheet

€m	2022	2023	2024E	2025E	2026E
Inventory	1.2	0.7	0.7	0.8	1.0
Trade receivables	2.5	1.9	2.3	2.6	2.9
Trade payables	(3.2)	(1.9)	(1.8)	(2.0)	(2.2)
Trade Working Capital	0.6	0.8	1.3	1.5	1.7
Other assets (liabilities)	0.9	0.0	0.1	0.1	0.1
Net Working Capital	**1.5**	**0.8**	**1.3**	**1.5**	**1.8**
Intangible assets	0.4	0.4	0.3	0.3	0.2
Property, plant and equipment	0.2	0.2	0.2	0.2	0.2
Non-current assets	**0.7**	**0.6**	**0.6**	**0.5**	**0.4**
Provisions	**(0.4)**	**(0.4)**	**(0.4)**	**(0.4)**	**(0.4)**
Net Invested Capital	**1.7**	**1.0**	**1.5**	**1.6**	**1.8**
Net Debt (Cash)	**(0.5)**	**(0.1)**	**0.6**	**0.7**	**0.4**
Equity	**2.2**	**1.2**	**0.9**	**0.9**	**1.4**
Sources	**1.7**	**1.0**	**1.5**	**1.6**	**1.8**

Source: Company data 2022-23, EnVent Research 2024-26E

Cash Flow

€m	2022	2023	2024E	2025E	2026E
EBIT	**(0.1)**	**(1.3)**	**(0.4)**	**0.2**	**0.6**
Current taxes	0.1	0.1	0.1	(0.0)	(0.2)
D&A	0.2	0.2	0.2	0.2	0.2
Provisions	0.1	(0.0)	(0.0)	0.0	0.0
Cash flow from P&L operations	**0.3**	**(1.2)**	**(0.2)**	**0.3**	**0.6**
Trade Working Capital	0.5	(0.1)	(0.5)	(0.2)	(0.2)
Other assets and liabilities	(1.7)	0.8	(0.0)	(0.0)	(0.0)
Capex	0.2	(0.1)	(0.1)	(0.1)	(0.1)
Operating cash flow after WC and capex	**(0.7)**	**(0.6)**	**(0.8)**	**(0.0)**	**0.3**
Interest	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Equity adjustment	(0.8)	0.0	0.0	0.0	0.0
IPO Proceeds	1.8	0.2	0.0	0.0	0.0
Net cash flow	**0.1**	**(0.4)**	**(0.8)**	**(0.1)**	**0.3**
Net Debt (Beginning)	0.4	0.5	0.1	(0.6)	(0.7)
Net Debt (End)	0.5	0.1	(0.6)	(0.7)	(0.4)
Change in Net Debt (Cash)	**0.1**	**(0.4)**	**(0.8)**	**(0.1)**	**0.3**

Source: Company data 2022-23, EnVent Research 2024-26E

Ratio analysis

KPIs	2022	2023	2024E	2025E	2026E
ROE	-2%	-112%	-35%	9%	30%
ROS (EBIT/Sales)	-1%	-18%	-5%	2%	5%
ROIC (NOPAT/Invested Capital)	-2%	-93%	-20%	7%	24%
DOI	45	35	30	30	30
DSO	76	77	80	77	75
DPO	110	77	70	70	70
TWC/Sales	6%	10%	14%	15%	14%
Net Debt /EBITDA	neg	0.1x	-2.5x	2.2x	0.5x
Net Debt/Equity	cash	cash	0.7x	0.7x	0.3x
Net Debt/(Net Debt+Equity)	cash	cash	0.4x	0.4x	0.2x
Cash flow from P&L operations/EBITDA	199%	97%	63%	95%	82%
FCF/EBITDA	neg	50%	neg	-7%	41%

Source: Company data 2022-23, EnVent Research 2024-26E

Valuation

We have updated our Impianti valuation through the DCF analytical methodology.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.0% (last 30 days average. Source: Bloomberg, October 2024)
- Market return: 11.0% (last 30 days average. Source: Bloomberg, October 2024)
- Market risk premium: 8.0%
- Beta: 1.0 (judgmental)
- Cost of equity: 11.0%
- Cost of debt: 6.5%
- Tax rate: 24% (IRES)
- 30% debt/(debt + equity) as target capital structure
- WACC calculated at 9.2%, according to above data, from 9.6%
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a 8% EBITDA margin on gross revenues

DCF Valuation

€m		2023	2024E	2025E	2026E	Perpetuity
Revenues		**7.8**	**9.0**	**10.4**	**12.0**	**12.3**
EBITDA		**(1.2)**	**(0.3)**	**0.3**	**0.8**	**1.0**
Margin		*-15.4%*	*-2.9%*	*3.0%*	*6.4%*	*8.0%*
EBIT		**(1.3)**	**(0.4)**	**0.2**	**0.6**	**0.8**
Margin		*-17.4%*	*-4.6%*	*1.5%*	*5.0%*	*6.4%*
Taxes		0.4	0.1	(0.0)	(0.2)	(0.2)
NOPAT		**(1.0)**	**(0.3)**	**0.1**	**0.4**	**0.6**
D&A		0.2	0.2	0.2	0.2	0.2
Provisions		(0.0)	(0.0)	0.0	0.0	0.0
Cash flow from operations		**(0.8)**	**(0.2)**	**0.3**	**0.6**	**0.8**
Trade Working Capital		(0.1)	(0.5)	(0.2)	(0.2)	(0.1)
Other assets and liabilities		0.8	(0.0)	(0.0)	(0.0)	0.0
Capex		(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Yearly unlevered free cash flow		***(0.3)***	***(0.8)***	***(0.0)***	***0.3***	***0.5***
- H1 unlevered free cash flow			***0.2***			
Free Cash Flow to be discounted			**(0.5)**	**(0.0)**	**0.3**	**0.5**
WACC	9.2%					
Long-term growth (G)	3.0%					
Discounted Cash Flows			**(0.5)**	**(0.0)**	**0.2**	
Sum of Discounted Cash Flows	(0.3)					
Terminal Value						**7.6**
Discounted TV	6.1					
Enterprise Value	**5.8**					
Net Debt as of 30/06/24	(0.2)					
Equity Value	**5.6**					

DCF - Implied multiples	**2023**	**2024E**	**2025E**	**2026E**
EV/Revenues	0.7x	0.6x	0.6x	0.5x
EV/EBITDA	neg	neg	18.1x	7.5x
EV/EBIT	neg	neg	37.7x	9.7x
P/E	neg	neg	67.4x	13.7x

Discount of current market price vs DCF ***-60%***

Current market price - Implied multiples	**2023**	**2024E**	**2025E**	**2026E**
EV/Revenues	0.3x	0.3x	0.2x	0.2x
EV/EBITDA	neg	neg	7.2x	3.0x
EV/EBIT	neg	neg	15.0x	3.8x
P/E	neg	neg	25.5x	5.2x

Source: EnVent Research

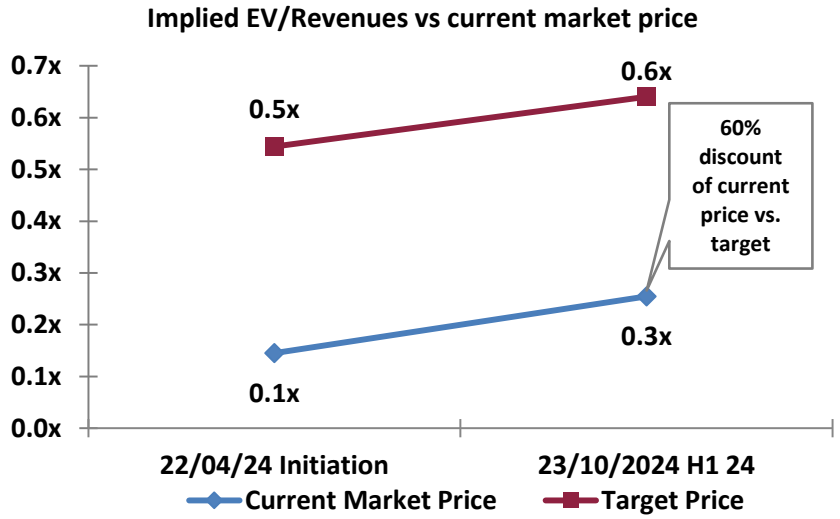
Target Price

Our updated estimates and DCF valuation yield €0.73 per share, overall supporting our previous target price of €0.70, implying an 154% upside on current stock price; we thus confirm the OUTPERFORM rating on the stock.

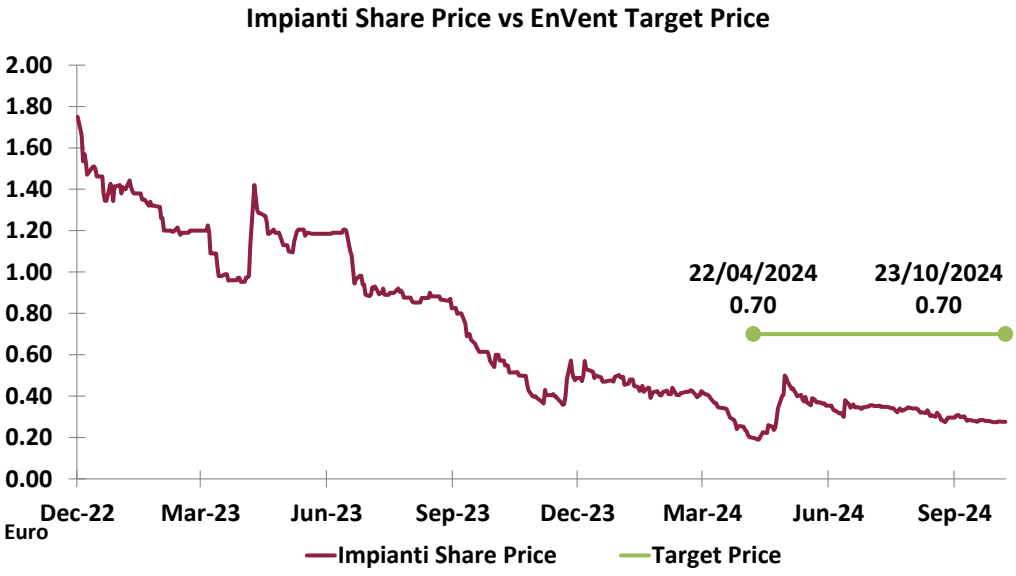
Please refer to important disclosures at the end of this report.

Impianti Price per Share	€
Target Price	**0.70**
Current Share Price (23/10/2024)	0.28
Premium (Discount)	**154%**

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 23/10/2024



Source: EnVent Research on S&P Capital IQ, 23/10/2024

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Date and time of Production: 22/10/2024 h. 7.00pm
Date and time of Distribution: 23/10/2024 h. 6.50pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
22/04/2024	OUTPERFORM	0.70	0.20
23/10/2024	OUTPERFORM	0.70	0.28

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