



FLASH NOTE

OUTPERFORM

Current Share Price (€): 6.90

Target Price (€): 15.00

RES – 1Y Performance



Source: S&P Capital IQ - Note: 22/02/2024=100

Company data

ISIN number	IT0005543613
Bloomberg code	RES IM
Reuters code	RES.MI
Industry	Environment
Stock market	Euronext Growth Milan
Share Price (€)	6.90
Date of Price	21/02/2025
Shares Outstanding (m)	10.7
Market Cap (€m)	73.8
Market Float (%)	16.4%
Daily Volume	1,390
Avg Daily Volume YTD	6,446
Target Price (€)	15.00
Upside (%)	117%
Recommendation	OUTPERFORM
Shares Outstanding including PAS (m)	12.7
Target Price 2025 with PAS conversion dilution (€)	12.6

Share price performance

	1M	3M	6M	1Y
RES - Absolute (%)	-13%	-31%	16%	40%
FTSE Italia Growth Index (%)	1%	2%	-2%	-4%
1Y Range H/L (€)			12.40	4.30
YTD Change (€) / %			-2.60	-27%

Source: S&P Capital IQ

Note: Shares Outstanding net of price adjustment shares (PAS)

Analysts

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RES locks in €20m yearly revenues with Shell, easing risk and moving to the next grade: chemical recycling

Over €20m recurring revenues for chemical recycling plant

RES announced a long-term agreement with Shell for the sale of the entire output of pyrolysis oil, ca. 15kton per year, to be produced in the chemical recycling plant starting in H1 2026, generating annual revenues of €20m at full capacity. The agreement also includes an option for Shell to purchase additional volumes from a potential second plant that RES may develop in the future.

Trading update: odd value drop

RES market price LTM has recorded a rally mood since mid-September, legible in view of a well-financed industrial innovation project, addressed to the blooming chemical plastic recycling market. Then a reverse trend has brought the share price down to the €6-7 region. Nothing had changed in the RES perspective picture, rather we are seeing relevance in facts like additional funding contribution for a hydrogen project initiative, accompanied by regular progress of facilities and plant realization. The Shell agreement establishes a long-term continuity for the chemical recycling project, together with a substantial inherent risk reduction, suggesting to reaffirm our value area and the underlying analysis and approach.

Target Price €15.00 per share and OUTPERFORM rating confirmed

The agreement with Shell supports our view of the circularity market where demand is largely over supply, driving huge investments. The estimated revenue contribution would exceed our projections for the years after 2025. Therefore, the significance of our value area continues to support the OUTPERFORM rating and target price at €15.00 per share, 117% upside on current share price. With RES currently trading at 9.4x 2025E EV/EBIT vs 11.3x peers, we see an attractive entry opportunity.

KEY FINANCIALS AND ESTIMATES - €m	2021PF	2022PF	2023A	2024E	2025E	2026E	2027E
Revenues	16.1	17.9	20.7	29.6	32.3	40.5	47.8
YoY %	-	11.1%	15.4%	43.2%	9.1%	25.6%	17.8%
EBITDA	3.1	2.9	4.4	11.1	12.3	15.7	18.7
Margin	19.5%	16.0%	21.1%	37.5%	38.2%	38.7%	39.1%
EBIT	2.2	1.7	3.1	8.3	8.7	11.9	14.7
Net Income	1.5	1.4	2.0	5.7	6.0	8.3	10.3

KEY RATIOS AND MULTIPLES	2021PF	2022PF	2023A	2024E	2025E	2026E	2027E
Net (Debt) Cash	(2.5)	(2.9)	(1.6)	(1.1)	1.6	10.7	21.0
ROE	72%	82%	25%	34%	27%	28%	26%
ROS (EBIT/Revenues)	14%	10%	15%	28%	27%	29%	31%
ROIC (NOPAT/Invested Capital)	42%	31%	14%	29%	27%	37%	46%
EV/EBITDA	-	-	11.1x	7.4x	6.6x	5.2x	4.4x
EV/EBIT	-	-	15.5x	9.9x	9.4x	6.9x	5.6x

Source: Company data 2022PF-23, EnVent Research 2024-27E

Notes: 2021-22PF showing effect of Collection BU spin-off since year begin; 2022PF also assumes the consolidation of some subsidiaries since beginning of the year

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Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

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NOT RATED: no rating or target price assigned.

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The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 21/02/2025 h. 6.00pm

Date and time of Distribution: 24/02/2025 h. 6.25pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
23/05/2023	OUTPERFORM	5.61	4.60
22/06/2023	OUTPERFORM	5.61	4.55
16/10/2023	OUTPERFORM	5.60	4.32
23/04/2024	OUTPERFORM	8.00	6.00
21/10/2024	OUTPERFORM	15.00	11.90
24/02/2025	OUTPERFORM	15.00	6.90

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* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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