

Company:

**Comal S.p.A.**

Rating:

**Suspended**

Target Price:

Sector:

**Renewable Energy**

## Duferco Solar launches €4.80/share tender offer

**December 12<sup>th</sup>, 2024 at 12:00**

### Virtutis Solaris committed its 23.3% stake to takeover bid

On December 11<sup>th</sup>, 2024, Duferco Solar Projects S.r.l. (hereon "DSP"), a company within the Duferco group and wholly owned by Duferco Italia Holding S.p.A. (hereon "DIH"), announced the signing of a framework agreement with DIH, Virtutis Solaris S.r.l. (here on "VS"), Alba Service S.r.l. and Urania S.r.l. Under this agreement, DSP will launch a voluntary total tender offer at €4.80 per share to acquire up to 12,813,241 ordinary shares of Comal S.p.A., representing all issued ordinary shares except for 280,000 shares already held by Duferco Travi e Profilati S.p.A. The tender offer seeks to delist Comal S.p.A. shares from trading on Euronext Growth Milan.

The offer price reflects a 13.5% premium over Comal's official share price as of December 10<sup>th</sup>, 2024, and higher premiums of 35.3%, 32.6%, 23.2% and 21.8% compared to the weighted average prices over the preceding 12, 6, 3 months and one month, respectively. This valuation equates to an EV/EBITDA multiple of 6.3x based on our FY24E EBITDA, remaining below the current peer group median of 10.1x.

VS, the principal shareholder of Comal S.p.A., has committed to tender all 3,062,857 shares it currently owns, representing 23.3% of the total, to the offer within ten trading days from the start of the acceptance period. Furthermore, it will tender any additional shares acquired by the close of the acceptance period.

### Valuation: Suspended

Following the tender offer, we suspend our recommendation and target price.

Company Profile				
Bloomberg	CML IM			
FactSet	CML-IT			
Stock exchange	Italian Stock Exchange			
Reference Index	FTSE Italia Growth Index			
Market Data				
Price (as of December 11 <sup>th</sup> , 2024)	€ 4.7			
Number of shares (mln)	13.1			
Market cap. (mln)	€ 61.9			
1-Year Performance				
Absolute	40.4%			
Max/Min	4.7/2.9			
(€/mln)	FY23	FY24E	FY25E	FY26E
<b>Value of Production</b>	<b>136.2</b>	<b>181.0</b>	<b>203.2</b>	<b>245.4</b>
<i>yoy (%)</i>	<i>75.1%</i>	<i>32.9%</i>	<i>12.2%</i>	<i>20.8%</i>
<b>EBITDA</b>	<b>10.0</b>	<b>14.7</b>	<b>18.1</b>	<b>22.3</b>
<i>margin (%)</i>	<i>7.4%</i>	<i>8.1%</i>	<i>8.9%</i>	<i>9.1%</i>
<b>EBIT</b>	<b>8.3</b>	<b>12.6</b>	<b>15.1</b>	<b>18.7</b>
<i>margin (%)</i>	<i>6.1%</i>	<i>7.0%</i>	<i>7.4%</i>	<i>7.6%</i>
<b>Net Income</b>	<b>4.1</b>	<b>5.9</b>	<b>7.4</b>	<b>10.0</b>
<i>margin (%)</i>	<i>3.0%</i>	<i>3.3%</i>	<i>3.6%</i>	<i>4.1%</i>
Net Debt (Cash)	30.2	44.0	46.5	45.6
Sh. equity	19.8	30.5	37.9	47.9
CapEx	4.3	5.6	7.9	1.7
<b>FCFs</b>	<b>(7.7)</b>	<b>(15.0)</b>	<b>(3.0)</b>	<b>3.2</b>


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Comal S.p.A.

ID Card

Recommendation

Target Price

Upside

**Suspended**

dic, 12 2024 - 11:22

### Company Overview

Established in 2001 and headquartered in Montalto di Castro (VT), Comal is a leading player in Italy's solar energy systems sector. Specializing in delivering high-power photovoltaic (PV) plants, the

Company employs the EPC-M (Engineering, Procurement, Construction Management) and O&M (Operation & Maintenance) formulas, covering the entire project lifecycle - from design and construction to

installation, testing, commissioning and ongoing maintenance. Recently, Comal expanded its offerings by introducing a new business line focused on supplying solar trackers, leveraging its proprietary

technology previously integrated into the EPC-M offering. Additionally, Comal the company plans to enhance vertical integration by starting in-house manufacturing of PV modules from 2025.

The Company is listed on the Euronext Growth Milan segment of the Italian Stock Exchange and Virtutis Solaris S.r.l., a company owned by Alfredo Balletti (Comal CEO) and Fabio Rubeo (BoD Director and

Investor Relator of Comal), holds a 23.3% stake in the shares. Free Float stands at 54%.

### SWOT Analysis

#### Strengths

- Know-how and proven track record in delivering projects with the EPC-M formula
- A growing portfolio of orders
- Close commercial relationships over the national territory
- Patent for advanced and highly technological tracker device
- Booming underlying market
- Vertical integration

#### Opportunities

- International expansion
- Strengthening O&M by capitalising on revamping needs
- Diversification in other renewable technologies

#### Weaknesses

- Strong exposure to a single country (Italy) and technology (solar PV)
- Rising financing costs
- High exposure to the regulatory framework
- Financial risks arising from the back-end-loaded cash generation profile of the business
- Dependence on capital-intensive bidding process to win new contracts
- Strong competition and reduction of the added value in full EPC contracts

#### Threats

- Regulatory and technological changes
- Impressive growth to be managed
- Difficulties in finding qualified personnel in the areas where the company operates
- Weather-related risks in the EPC-M business

### Main catalysts



Booming reference market incentivised by governments  
Commencing production of Italian-made PV modules effective 2025  
Geographical expansion in UAE

### Main risks



Fragile financial footing characterized by considerable debt burden  
Potential contraction of demand resulting from the development of new technologies or regulatory changes  
Future positive cash flows depend heavily on optimizing working capital, a goal that remains unmet thus far

## Comal S.p.A. ID Card

Recommendation

Target Price

Upside

Suspended

dic, 12 2024 - 11:22

Main financial data					
(€/mln)	FY22	FY23	FY24E	FY25E	FY26E
<b>Value of Production</b>	<b>77.8</b>	<b>136.2</b>	<b>181.0</b>	<b>203.2</b>	<b>245.4</b>
<i>yoy</i>	84.6%	75.1%	32.9%	12.2%	20.8%
<b>Gross Profit</b>	<b>38.6</b>	<b>72.3</b>	<b>93.6</b>	<b>105.9</b>	<b>126.6</b>
<i>Gross margin</i>	49.6%	53.1%	51.7%	52.1%	51.6%
<b>EBITDA</b>	<b>6.9</b>	<b>10.0</b>	<b>14.7</b>	<b>18.1</b>	<b>22.3</b>
<i>EBITDA margin</i>	8.9%	7.4%	8.1%	8.9%	9.1%
<b>EBIT</b>	<b>5.8</b>	<b>8.3</b>	<b>12.6</b>	<b>15.1</b>	<b>18.7</b>
<i>EBIT margin</i>	7.4%	6.1%	7.0%	7.4%	7.6%
<b>EBT</b>	<b>5.2</b>	<b>6.4</b>	<b>9.1</b>	<b>11.3</b>	<b>15.3</b>
<i>Pretax margin</i>	6.7%	4.7%	5.0%	5.6%	6.2%
<b>Net Income</b>	<b>3.4</b>	<b>4.1</b>	<b>5.9</b>	<b>7.4</b>	<b>10.0</b>
<i>Net Profit margin</i>	4.3%	3.0%	3.3%	3.6%	4.1%
<b>Net Financial Position (Cash)</b>	<b>19.2</b>	<b>30.2</b>	<b>44.0</b>	<b>46.5</b>	<b>45.6</b>
Shareholders' equity	15.7	19.8	30.5	37.9	47.9
Net Operating Working Capital	26.6	37.0	57.5	66.4	78.6
CapEx	2.1	4.3	5.6	7.9	1.7
<b>Free Cash Flow</b>	<b>(14.9)</b>	<b>(7.7)</b>	<b>(15.0)</b>	<b>(3.0)</b>	<b>3.2</b>

Activity ratios					
	FY22	FY23	FY24E	FY25E	FY26E
Days of inventory On Hand (DOH)	184	380	302	286	244
Days of Sales Outstanding (DSO)	129	122	125	123	123
Number of days of payables	94	174	139	134	124
Fixed Assets Turnover ratio (FAT)	6.3	9.0	9.7	8.6	11.3

Liquidity ratios					
	FY22	FY23	FY24E	FY25E	FY26E
Current ratio	1.4	1.1	1.4	1.4	1.4
Cash conversion cycle	218	328	288	275	243

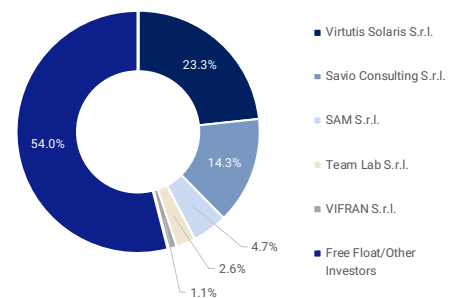
Solvency ratios					
	FY22	FY23	FY24E	FY25E	FY26E
Net Debt (Cash)-to-Equity	1.2x	1.5x	1.4x	1.2x	1.0x
Net Debt (Cash)-to-EBITDA	2.8x	3.0x	3.0x	2.6x	2.0x
Interest Coverage ratio	10.8x	4.3x	3.6x	4.0x	5.5x

Profitability ratios					
	FY22	FY23	FY24E	FY25E	FY26E
Return On Invested Capital (ROIC)	10.6%	10.8%	12.2%	12.9%	14.4%
Return On Capital Employed (ROCE)	3.6%	1.9%	3.1%	3.5%	4.1%

## Company Description

Company Sector	Process Plants, Utilities and Energy Construction
Price (as of December 11 <sup>th</sup> , 2024)	4.7
Number of shares (mln)	13.1
Market Cap (€/mln)	61.9
Reference Index	FTSE Italia Growth Index
Main Shareholders	Virtutis Solaris S.r.l.
Daily Average Volumes	50,777
Sample of comparables	PLC (IT), ESI (IT), Greenergy Renovables (ES), OX2 (SE), Quanta Services (US), Soltec Power Holdings (ES), Nexttracker (US) and Array Technologies (US)

## Shareholder Structure



Data of peers				
Median	FY22	FY23	FY24E	FY25E
Sales growth (yoy)	43.7%	26.9%	23.4%	19.3%
EBITDA margin	9.2%	11.7%	10.3%	10.9%

Multiples of peers		
Median	FY24E	FY25E
EV/EBITDA	10.1x	6.2x

Source: Bloomberg, Facset, Banca Profilo estimates and elaborations

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