



INNOVATEC S.p.A.

Company Presentation 1H22
3° NEXT GEMS CONFERENCE 2022

TOWARDS A CLEANER FUTURE, TOGETHER

INNOVATEC GROUP

18 October 2022



Raffaele Vanni

*Head of Investor
Relations*



Elio Catania

Chairman



Roberto Maggio

CEO



Federico Malgarini

Head of Financial Planning

TODAY'S SPEAKERS



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✓ **INDUSTRY AND INNOVATEC OVERVIEW**

- BP 2022-24 AND 1H22 OVERVIEW
- 1H22 ACHIEVEMENTS AND FINANCIAL RESULTS
- OUTLOOK
- INNOVATEC STOCK & IR COMMITMENTS





INNOVATEC GROUP

WHO WE ARE

CLEANTECH INDUSTRY



ENVIRONMENT & CIRCULAR ECONOMY



TRADITIONAL ENVIRONMENTAL SERVICES

- Collection
- Selection
- Recovery of Materials
- Disposal

CIRCULAR ECONOMY SERVICES

- Recycling
- Energy recovery
- EPR driven services



The Italian leading operator providing **360-degree services** in circularity and sustainability



STRENGTHENING THE GROUP ASSET BASE THROUGH M&A MAINTAINING A SINGLE, COMPANY WIDE INTEGRATED STRATEGY

EE & RENEWABLES



B2B

- Energy efficiency EPC
- PV plants
- Smart vertical technologies

B2C

- HouseVerde (“HV”)
- Energy communities

PA

- Kyoto fund
- Energy communities



We have an impact in **helping other companies improve circularity** in their products and processes

INNOVATION & CONSULTANCY SERVICES

END TO END INTEGRATION



EU ENERGY TRANSITION TARGETS

LANDFILL WASTE DISPOSAL TARGET



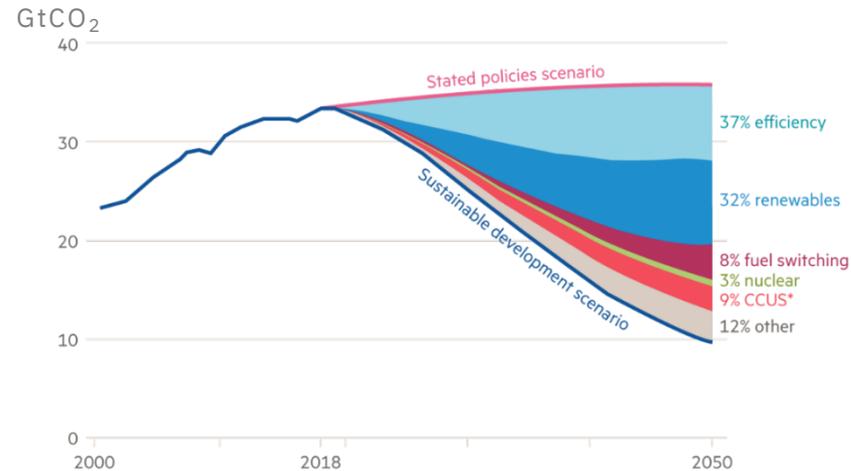
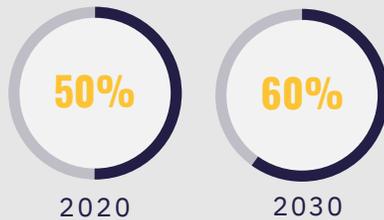
TARGETED EMISSIONS REDUCTION*



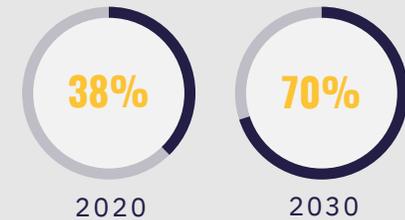
RES INSTALLED CAPACITY



RECYCLED WASTE



ELECTRICITY GENERATION FROM RES



CIRCULAR ECONOMY TO MAXIMIZE THE RE-USE OF RESOURCES

STRONG EXPANSION IN EE

UNPRECEDENTED GROWTH IN RENEWABLES

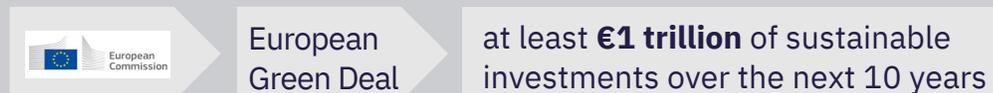
Source: European Commission

*Reduction of GHGs emissions vs 1990 baseline



WE ARE IN AN ATTRACTIVE BUSINESS

EU INVESTMENTS



ITALIAN GOVERNMENT INVESTMENTS



4 ACCESSIBLE MARKETS FOR INNOVATEC:

1

SUPERBONUS 110%

Deduction for interventions dedicated to households' insulation and energy saving

2

ENERGY TRANSITION

Funding for innovative projects ("Progetti Faro), promotion of innovative power plants, biomethane, Green Ports

3

ENERGY COMMUNITIES

Funding for the development of renewable energies in energy communities

4

AGRO-PV

Funding for the development of PV plants in agriculture and farming

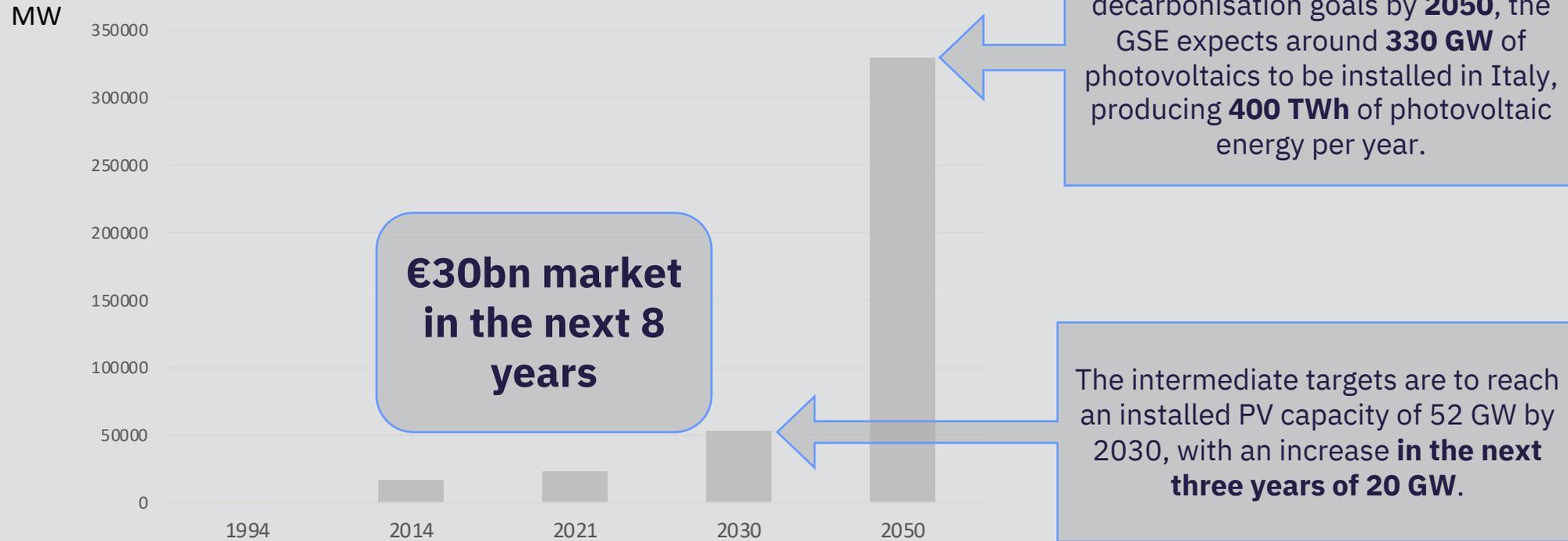
INNOVATEC CAN INTERCEPT RELEVANT FUNDS FOR BUSINESS DEVELOPMENTS





AN OPPORTUNITY: PV

A NEW BU: PHOTOVOLTAIC



The **PNRR aims to achieve a 30% share of renewable energy.**

AN UNIQUE OPPORTUNITY

Innovatec acquired a 29.58% stake in the Listed EGM company ESI S.p.A. leading player in PV installations with its own dedicated structure in the installation of photovoltaic systems. **Innovatec is always there to seize the next opportunity in a quickly and efficient way**

PNRR PV Incentives: €2.6bn

A NEW PV BUSINESS UNIT

BUSINESS PARTNERSHIP WITH LISTED EGM ESI SPA



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BP 22-24: INVESTMENTS FOR GROWTH

2024 TARGETS vs 2021



REVENUES UP TO €405M (+€167M)



EBITDA : €55,3M (+€22M)

EBIT : €38.3M (+€28M)



CAPEX M&A: €59M

+125 HR



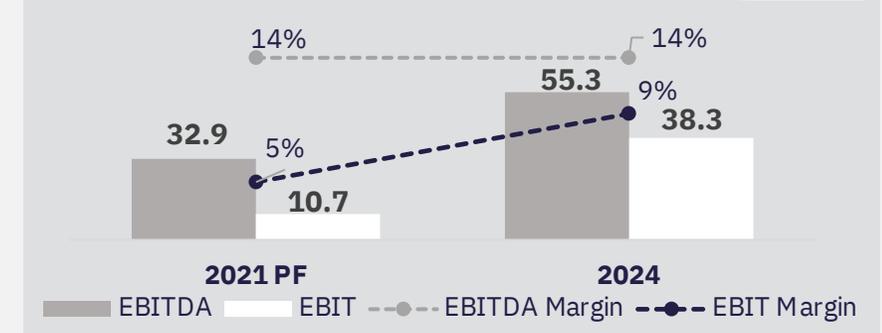
**2024 POSITIVE NFP: €31M
(2021: €-10M)**



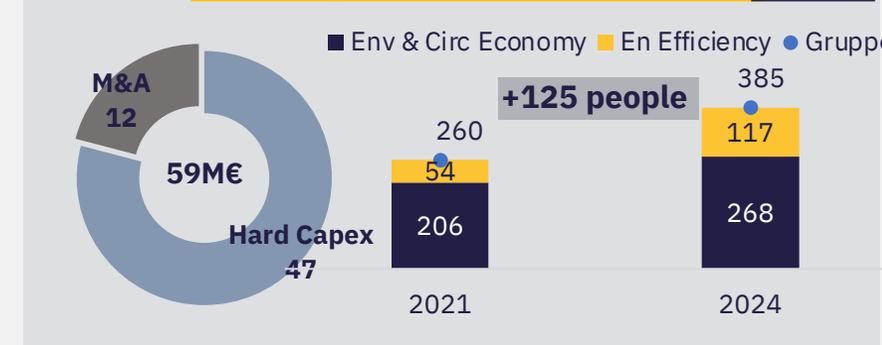
REVENUES (€M)



EBITDA & EBIT (€M)



Capex M&A and HR





1H22 STRONG PERFORMANCE IN ALL KEY INDICATORS

REVENUES €163M (+55%)
EBITDA €22.4M (+47%)
EBIT €14.1M (+174%)
NET INCOME €8.5M (+156%)

M&A: €7.4M
CAPEX: €8.7M
HR count: +64



Execution of the growth strategy in line with the BP22-24 trends
Prompt reaction to new scenarios
Timely **M&A deals**
Asset based **consolidation**



Business verticalization continues
Significant **strengthening of core business portfolio** achieved through **attractive M&A deals** that open up in the regulatory context (   and new PV Bu)
Successful investment in **human capital** to fuel the EE business



TARGET on EBIT margin already reached (9% vs 5%)

Bottom line more than doubled

TIMELY EXECUTION OF CLEAR STRATEGIC PATH, BOTH IN ORGANIC GROWTH AND IN M&A





ESG TARGET ACHIEVED IN 2021

ESG – AT THE CORE OF INNOVATEC'S PURPOSE



SUSTAINABILITY COMMITTEE SET UP IN 2021



+ 9 GWH

OF ENERGY (100% RENEWABLE) PRODUCED BY PV AND BIOGAS PLANTS FED INTO THE NATIONAL GRID



- 15%

REDUCTION OF TOTAL EMISSIONS vs 2020 (-28% vs 2019)



48%

OF THE FLOWS COMING OUT OF THE PLANTS RE-INTRODUCED INTO THE PRODUCTION CYCLE AS NEW MATERIALS OR ENERGY RECOVERY



31.5%

OF WASTE DESTINED FOR RECOVERY IS RECYCLED



124k tons

PAPER AND CARDBOARD, WOODEN PALLETS AND REGENERATED JUTE SACKS AS NEW RAW MATERIALS.



28%

REDUCTION OF WATER WITHDRAWALS IN THE LAST 2 YEARS



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2022 COMPANY ACHIEVEMENTS

1H22
Rev: €160 M
EBITDA: €22.4 M
EBIT%: 9%



1H21PF
Rev.: €105 M
EBITDA: €15.2 M
EBIT%: 5%

BUSINESS PLAN
2022-2024

4.2M CAPITAL INCREASE reserved to
QUALIFIED INV. FUNDS
€1.755 p share

cobat
INCREASE MAJORITY STAKE UP TO 76%

S.E.A.
RAEE TREATMENT PLANT
90% ACQUISITION

HOUSE VERDE
ripensare il modo di abitare
€61M
ECOBONUS 110%
REVENUES EQUALLING
FY21

greenet
STRENGTHENING SALES NETWORK.
140 PARTNERS
INTEGRATION
EE RENEWABLES OFFERS

NEW PV Business unit
'24 €100m Target
29.58% ACQUISITION

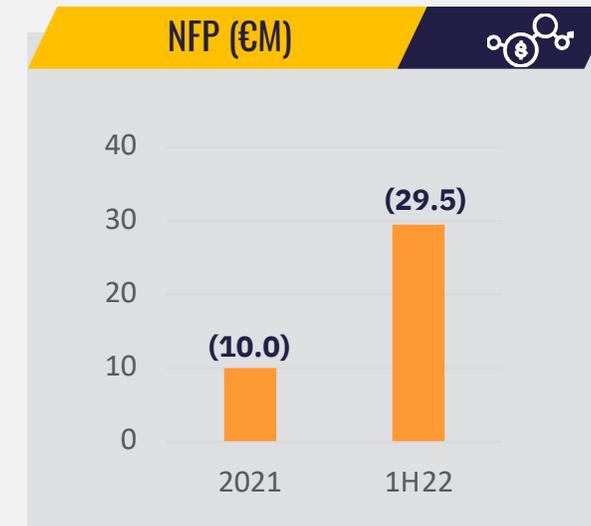
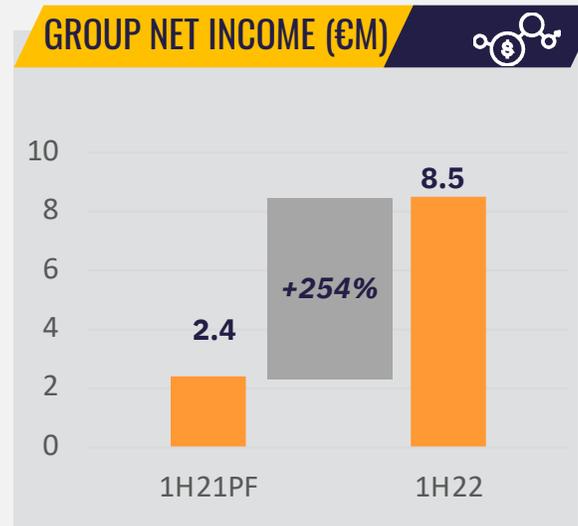
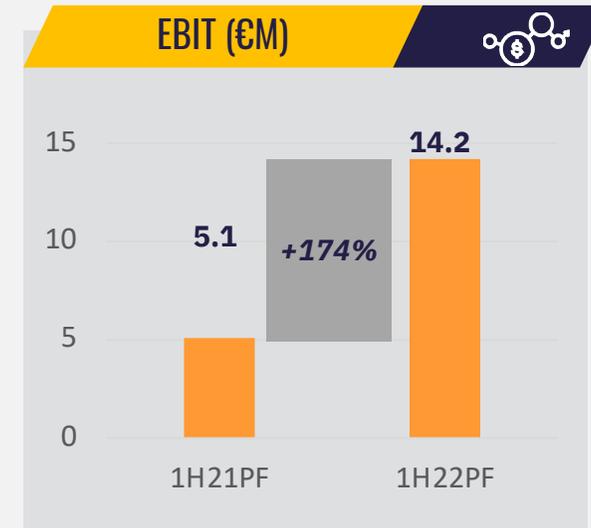
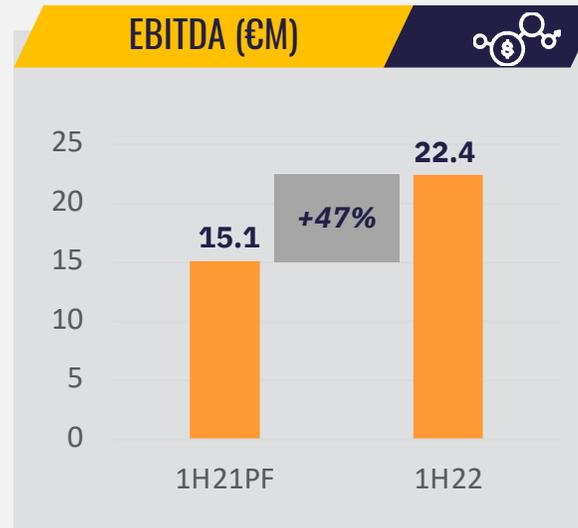
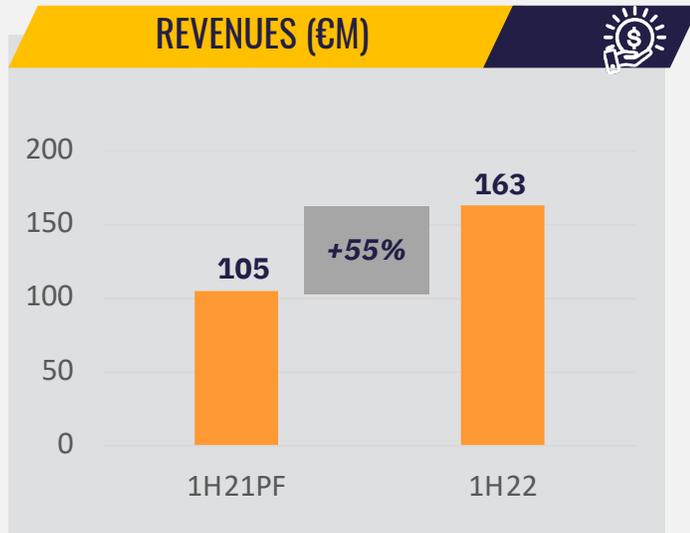
FRISBI
ENERGY RESELLING
30% ACQUISITION

ALWAYS THERE TO SEIZE THE NEXT OPPORTUNITY

ACHIEVEMENTS



1H22 AT A GLANCE



* PF figures include COBAT results

A SOUND SET OF RESULTS





1H22 KEY BUSINESS HIGHLIGHTS



Energy Efficiency (“EE”) continues to demonstrate the ability to leverage on national legislation in building a contrywide partnerships’ network dedicated to **HOUSE VERDE**



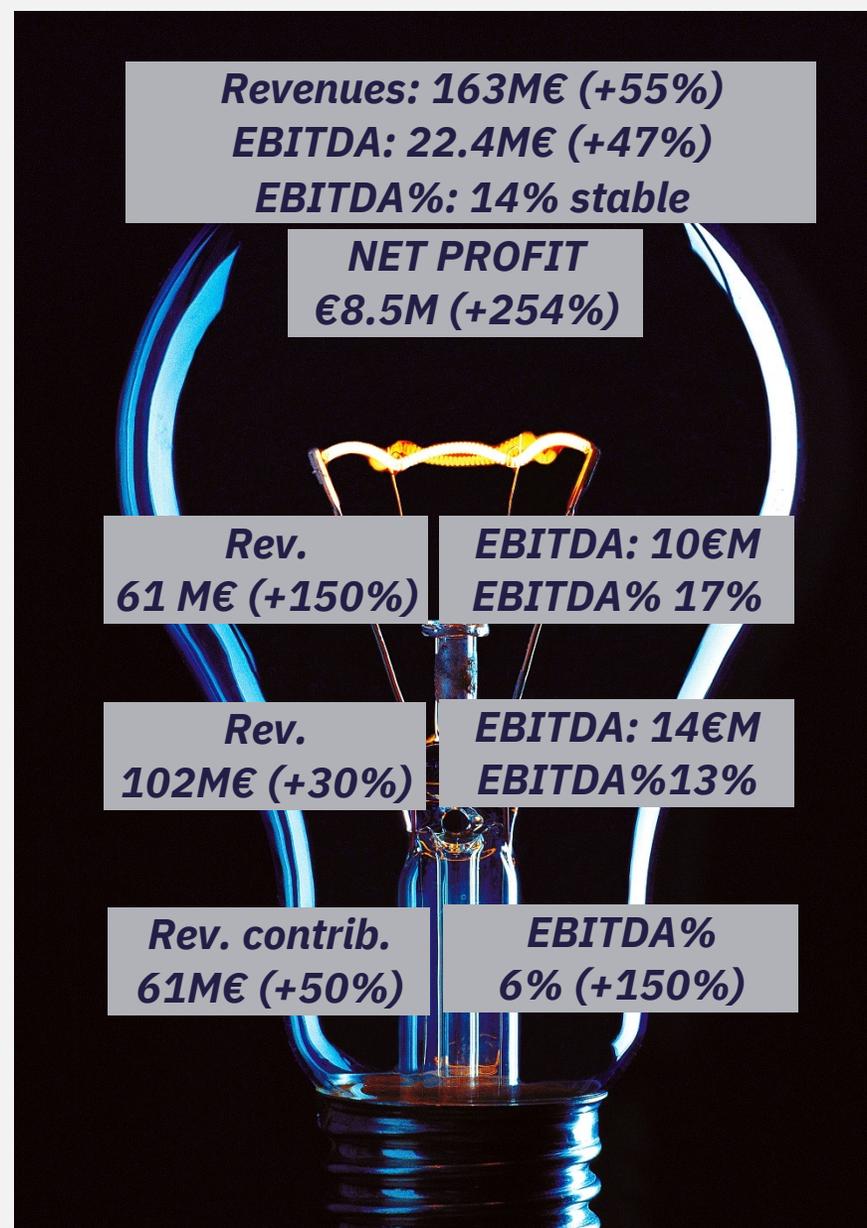
Environmental and Circularity (“EC”) core activity consolidates its strategic positioning combined with 1H22 higher volumes and prices



Strategical M&As (**cobat** & **S.E.A.**) have proven to be a powerful instrument to ramp up operations and profit from economies of scale. **COBAT 1H22 contribution €61M (+50%)**



Surfing industry momentum with the set up of a **new BU** dedicate to **PV plants** targeting €100M revenues by 2024, to be reached also through specific **agreements** (i.e. **Coldiretti**) and M&A (**ESI Spa** and **frisbi**)



WHAT 1H22 HAS TOLD US?



1H22 KEY FIGURES P&L (1/2)

MEuro	1H22	% on Revenues	1H21PF	% on Revenues
1 Environment & Circular Economy	102,0	63%	79,9	76%
Energy Efficiency	61,0	37%	24,6	23%
Others	0,0		0,7	
Revenues	163,0		105,2	
Environment & Circular Economy	13,6	14%	11,1	14%
Energy Efficiency	10,1	17%	5,0	20%
Others	(1,3)		(0,9)	
2 EBITDA	22,4		15,2	
Margin	14%		14%	
Environment & Circular Economy	6,1	6%	1,4	2%
Energy Efficiency	9,9	16%	4,8	19%
Others	(1,9)		(1,1)	
3 EBIT	14,1		5,1	
Margin	9%		5%	

KEY FIGURES

€163M Revenues (+55%)

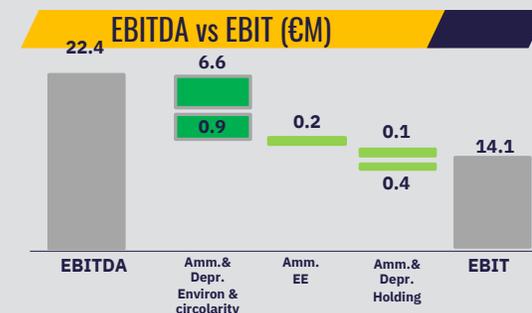
- ✓ **Solid performance** displayed by **Energy Efficiency** thanks to **HOUSE VERDE** (contributing €61M)
- ✓ Organic growth in **Environmental & Circular** business thanks to volumes and prices (1H22 revenues: €41M vs 1H21 38M). Disposal activities volumes decreased as forecasted while price increased in the period. Cobat 1H22 contributed €61M vs 1H21 €41M

€22.4M EBITDA (+47%), EBITDA margin stable at 14%

- ✓ **Environmental & Circular** business confirmed 14% EBITDA margin. The core activity margin (30%) was partially diluted by the increased Cobat weight contribution on revenues (Cobat EBITDA%: 6% +150%)
- ✓ **Energy Efficiency** business EBITDA margin at 17% (1H21: 20%) due to pressure on price materials.

€14.1M EBIT (+171%), EBIT margin increased to 9%

- ✓ Due to the increased weight of the **Energy Efficiency** which is a less capital intensive business supported by lower depreciations and provisions due to decreasing disposal activities, thus reducing the distance between EBITDA and EBIT



1H22 FIGURES SHOW STRONG PERFORMANCE AND THE EFFECTIVENESS OF OUR BUSINESS MODEL



1H22 KEY FIGURES P&L 2/2

<i>MEuro</i>	1H22	% on Revenues	1H21PF	% on Revenues
EBIT	14,1		5,1	
Financial Income	1,2	1%	0,5	0%
Financial expenses	(1,5)	-1%	(0,6)	-1%
Net Financial Expenses	(0,3)	0%	(0,1)	0%
Adj's on financial assets/liabilities	(0,2)	0%	0,1	0%
Pre-tax Profit	13,5	8%	5,1	5%
Taxes	(4,3)	-3%	(2,0)	-2%
Third party	(0,7)	0%	(0,7)	-1%
Group Net Profit	8,5	5%	2,4	2%

1

Financial Income 1,2 1% 0,5 0%
 Financial expenses (1,5) -1% (0,6) -1%
 Net Financial Expenses (0,3) 0% (0,1) 0%

2

Adj's on financial assets/liabilities (0,2) 0% 0,1 0%

3

Pre-tax Profit 13,5 8% 5,1 5%
 Taxes (4,3) -3% (2,0) -2%
 Third party (0,7) 0% (0,7) -1%
 Group Net Profit 8,5 5% 2,4 2%

KEY FIGURES

1

€0.3M Net Financial expenses

- ✓ **Increase Financial income** due to Ecobonus 100% tax credit settings
- ✓ **Increase Financial expenses** due to increase of financial indebtness

2

Adj's on financial assets/liabilities €-0.2M

- ✓ Recognition of impairment losses on financial assets of €0.2 million, mainly attributable to the adjustment of the values of securities in the portfolio and the valuation at equity of associates and joint ventures.

3

3x Group Net Result

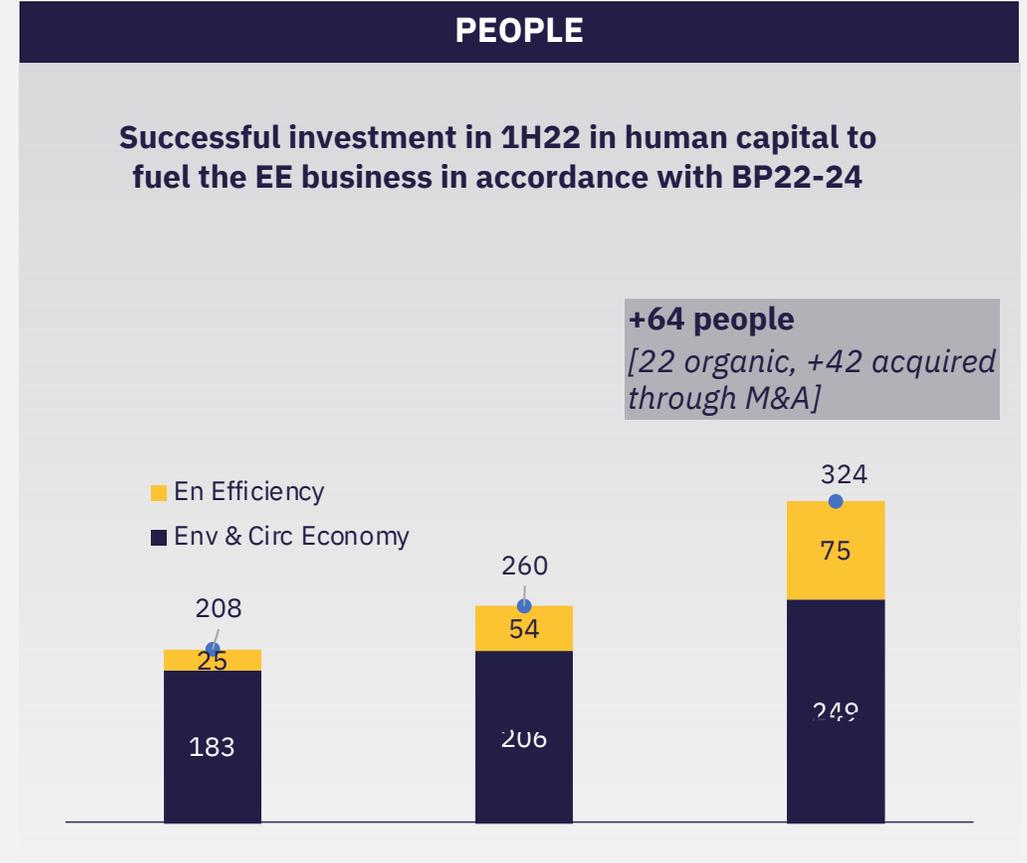
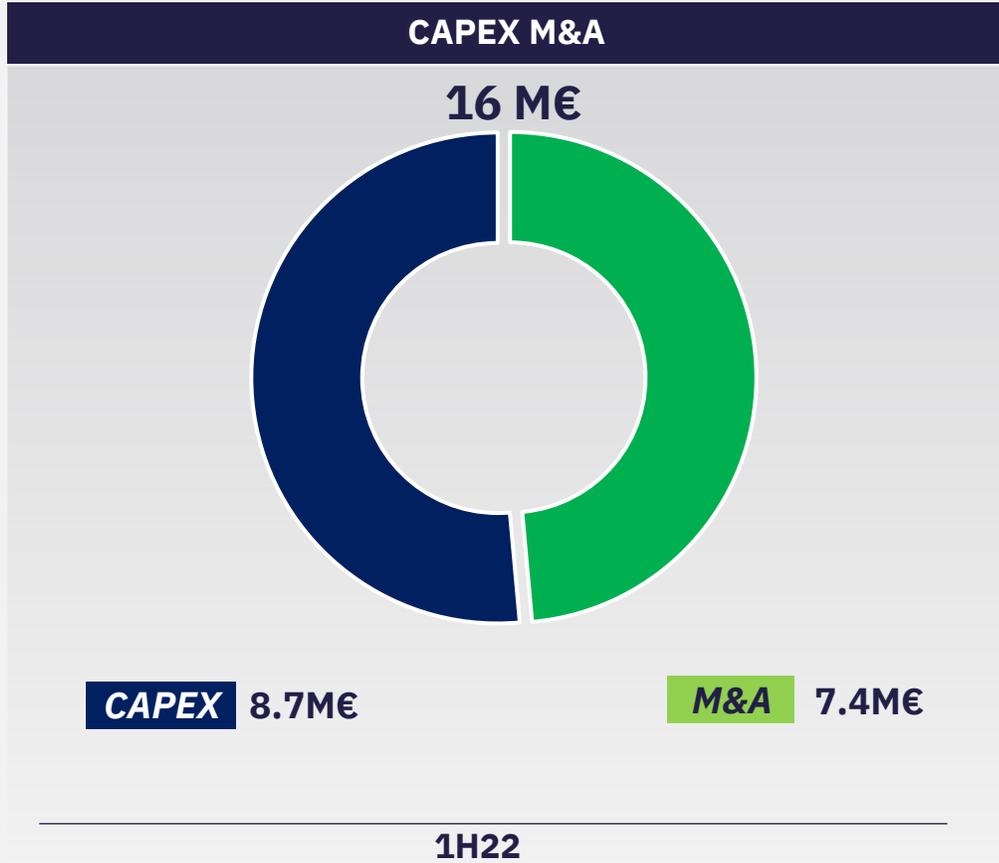
- ✓ The increase on revenues and margins as well as an efficient fiscal strategy (tax rate 32% vs 39%) has allowed the Group to multiply its operational improvement through the bottom line
1H22: €8.5 M vs 1H21: €2.4M

1H22 FIGURES SHOW AN EFFICIENT FINANCIAL AND FISCAL STRATEGY AND 3X GROUP NET RESULTS





1H22 CAPEX & PEOPLE



INVESTMENTS AND RECRUITMENT TO STRENGTHEN and DEEPEN OUR FOOTPRINT ARE UNDER WAY

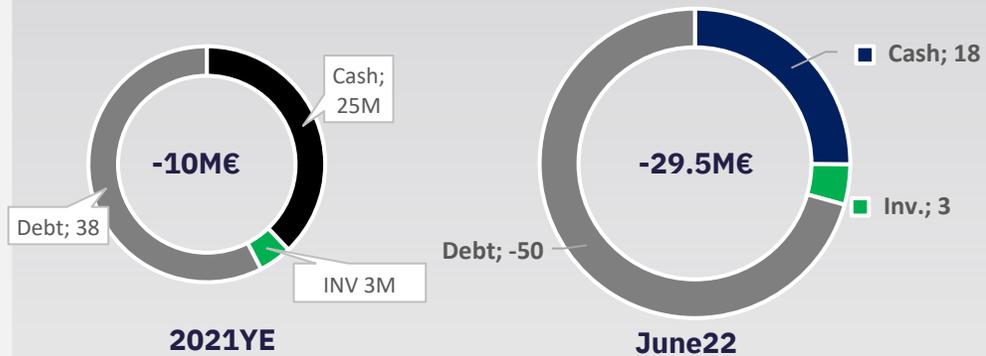




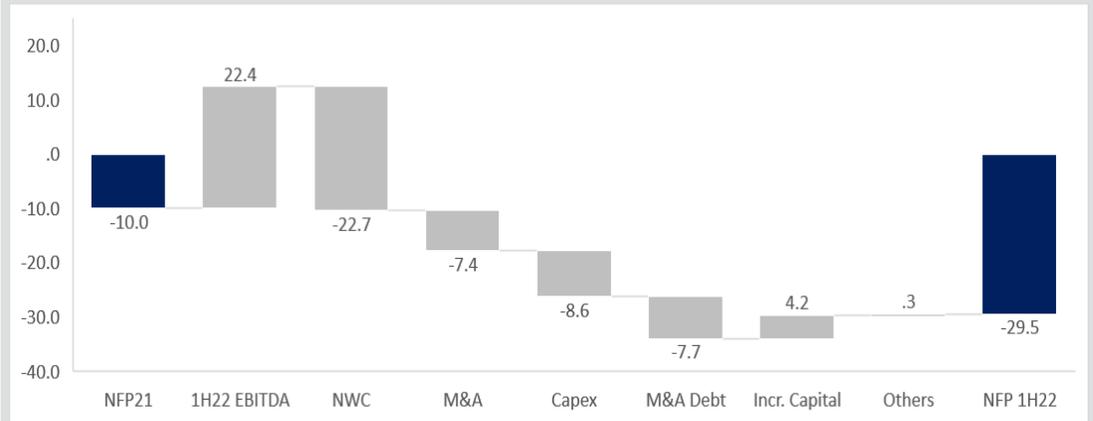
NFP and CASH FLOW

1H22 NFP CASH FLOW

NET FINANCIAL POSITION



CUMULATED CASH FLOW (€M)



Net Debt up to €29.5M vs. €10M as of Dec21 mainly due to higher Capex and M&A as well as to the lengthening of the time required to settle ecobonus 110% tax credits

NFP INCREASE UP TO €29.5M



1H22 BS

1

2

3

4

5

MEuro	FY20	FY21	1H22	Δ	Δ%
Intangible Assets	29,6	42,9	44,5	1,6	4%
Tangible Assets	27,4	30,9	43,5	12,6	41%
Investments	1,2	1,4	1,2	(0,2)	-16%
Other Financial Assets	2,3	2,3	2,1	(0,2)	-7%
Fixed Assets	60,5	77,5	91,3	13,9	18%
Receivables	16,2	43,3	49,1	5,8	13%
Inventories	0,8	3,9	3,4	(0,5)	-12%
Payables	(15,3)	(44,6)	(59,4)	(14,9)	33%
Other Assets (Liabilities)	(5,0)	9,8	37,3	27,6	281%
Net Working Capital <12m	(3,3)	12,4	30,5	18,1	146%
Net Working Capital >12m	(7,9)	(6,0)	(5,0)	1,0	-16%
Provisions	(40,8)	(43,2)	(45,0)	(1,8)	4%
Net Invested Capital	8,4	40,7	71,8	31,0	76%
Cash	15,1	25,0	17,9	(7,0)	-28%
Other Financial Assets (Liabilities)	(4,4)	(35,0)	(47,4)	(12,4)	36%
NFP	10,7	(10,0)	(29,5)	(19,4)	194%
Group Net Equity	17,2	25,4	38,0	12,6	50%
Third Parties Equity	2,0	5,3	4,3	(1,0)	-20%
Total Sources	8,4	40,7	71,8	31,0	76%

KEY FIGURES

1

€91.3 M FIXED ASSETS

During 1H22 the Group deployed its Capex plan by continuing to invest in its environmental operations, mainly treatment plants and landfills (€9M). '22 acquisitions contributed €10M of additional Capex.

2

NWC BALANCE INCREASE

Due to lengthening of the time required to settle ecobonus 110% ("HouseVerde") tax credits (€45M) **€30.5 M NWC <12m**

3

UNCHANGED LONG TERM LIABILITIES

Considering the provisions allocated during 1H22 and long term liabilities being paid, the overall long term indebtedness hasn't materially changed

€71.8 M Net Invested Capital (+€31 M vs FY21)

4

NFP INCREASE

The cash generation and €4.2M ABB capital increase, were completely offset by Capex (€9M), M&A (€15M, including the related consolidated debt of €8M) and NWC increase **(€29.5 M) NFP**

5

GROUP NET EQUITY AT €38 M

1H22 BS SHOWS A GROUP THAT HAS REACHED NEW SIZE AND POTENTIALITIES





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2H22 FOCUS AREAS

- **Monitor HouseVerde ecobonus 110% regulatory and financial evolution**
- **General climate may reduce the production output in some client sector**
- **Pressure on energy costs may boost demand moving forward to seize the next opportunity on renewables** and the funding framework of the Italian Recovery Plan (“PNRR”)
- **Always open up to enticing M&A opportunities** in both environment and energy sectors, which the Group is ready to seize

OUR FINANCIALS AND ECONOMICS REMAIN UNALTERED





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ANALYST COVERAGE



INTESA SANPAOLO

- Youness N. El Alaoui
- Alberto Francese

3.4 euro
(last update as of 3 August 2022)

BUY

MIDCAP – TP ICAP

- Filippo Migliorisi

3.0 euro
(last update as of 3 August 2022)

BUY

VALUE TRACK

- Valentina Romitelli
- Marco Greco
- Filippo Mazzoleni

2.60 euro in 12m – 3.60 euro in 2y
(last update as of 20 September 2022)

STRONG UPSIDE POTENTIAL



INNOVATEC STOCK



Strong outperformance continuing amid lower traded volumes in Q3 2022.



Intense IR activity: a total of **50 institutional investors met** in 2022 YTD



Fulfilled commitment to have three **analysts covering the stock**



Confirmed objective to be **listed on the STAR** segment of **Euronext Milan** over the Plan's period

STOCK DATA – INNOVATEC SPA		SHAREHOLDERS DATA	
Listing Market	Euronext Growth Milan	no. of Ordinary Shares (M)	95.4
ISIN	IT0005412298	Free Float	55%
BIT	INC	Major Shareholder (Colucci Family)	45%
Price per Share (as of 5 Oct. 2022) - €	1.82	Mkt Cap (€M) (@ €1.83 as of 5 Oct. 2022)	175
Mobile average 50 days		Free-Float Mkt Cap (€M)	96.0
Avg daily volumes Q1 2022	2,259,778		
Avg daily volumes Q2 2022	709,533		
Avg daily volumes Q3 2022	422,545		



STOCK & SHAREHOLDING DATA



Source: Elaborations on Borsa Italiana data @ 5 October 2022



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