Cenergy Holdings | Industrials

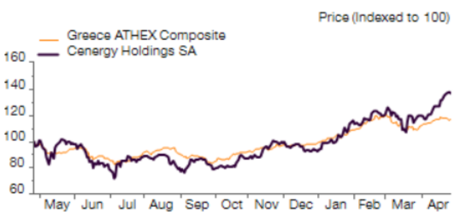
Thursday, 27 April 2023

Update Report

Recommendation	
Rating	**BUY**
from	*Unchanged*
Target Price	**€ 6.20**
from	*€ 4.50*
Share Price	€ 4.45
Price date	26/4/2023
Upside/Downside	*40%*
Bloomberg ticker	CENER GA
Reuters ticker	CENERr.AT

Statistics	
Mkt Cap (m)	€ 846.2
Shares out (m)	190.16
Free float	79.2%
Daily avg shares (m) | 12mths	155.6
Price high | 12mths	€ 4.49
Price low | 12mths	€ 2.35
ABS. PERF. | YtD	45.8%
ABS. PERF. | 12mths	36.9%
ABS. PERF. | 3mths	25.7%
ABS. PERF. | 1mth	19.1%

Graph | indexed vs. ASE index | 12M



Source: FactSet

Research department

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Unleashing Pure, Green Energy

Investment case | During the last two "tough" years Cenergy unveiled its strong qualities, as it managed not only to successfully accommodate the challenges emerged during the pandemic, but prepared the ground for its faster growth in the coming years: a) with the jump of its secured backlog to >EUR 2bn in 2022-end, 4x higher compared to two year ago, b) the doubling of its cables (the most profitable business of the group, with EBITDA margins of >20%) production capacity by 2024-end, as the existing plant operates at high utilization rates and c) the solid recovery of the pipes segment, following the unfreeze of several Gas & Hydrogen projects, which is expected to further pick-up in the coming years. That said, Cenergy is in our view well positioned to reap the benefits of a major long-term capex cycle driven by offshore wind farms, submarine interconnections, and Natural Gas (Hydrogen ready) pipe networks. Finally, the +46% ytd stock rally, paves the way for the inclusion in ATHEX's Large Cap index in the upcoming rebalancing in May, which in our view will attract additional interest from international investors, increase its marketability and unlock hidden value.

Earnings Update | Following a strong 2022, group EBITDA advancing by 31% to EUR 137m, we believe that the strong earnings momentum will accelerate in 2023-24e, driven by cables (energy projects offer >20% margin) and to lesser extent by the pipes segment, (the strong recovery for CPW witnessed in 2H22 is expected to be the case in the coming years), driving group EBITDA just below 200m by 2024e (CAGR of +18% vs. previous estimate of +3%) and Net Profits Turning up to 200m by 2025e (CAGR of +28% vs. previous estimate of +6%).

DPS, FCF & Net Debt | We have raised our previous capex assumptions to reflect the cables investment to EUR 85-90m in 2023-24. Accounting also for increased opcf (mainly driven by increased profitability) and some WC release in 2023e, we see net debt easing to EUR 350m/330m in 2023/24 respectively, at a comfortable >2.0x Net Debt/EBITDA (from 3.2x in 2022). Finally, following the positive surprise with the EUR 0.05 DPS for 2022, we expect Cenergy to gradually increase its payouts to >EUR 0.10/share by 2024e, driven by higher profitability.

Valuation | We continue valuing Cenergy based on a sum-of-the parts exercise of its two separate divisions using 2-stage DCF models, assuming 1% terminal growth and 8.8% WACC, which returns a EUR 6.2/share TP (40% upside compared to current levels). The majority of the value is derived from the cables division (EUR 5.1/share, and EUR 1.1/share from CPW). The implied FY23e EV/EBITDA of 8.5x implies 10% discount to peers (and a 3% discount to the Group's 2016-22 average of 9x) is justified in our view, when accounting for the Company's growth prospects.

Future Catalysts | For the scope of this report, we have not incorporated any upside potential from future investments (partnership with Ørsted for the establishment of a submarine cable factory in the US, a potential investment in Almyros for the construction of off-shore wind turbines), which could further rerate the stock compared to the hefty upside implied by our Target Price.

Forecasts	2020	2021	2022	2023f	2024f	2025f
Revenues	908.4	1,054.2	1,426.0	1,595.1	1,710.9	1,875.4
EBITDA	90.3	85.2	133.6	178.2	192.3	224.3
EBITDA adj.	101.8	104.4	136.8	180.2	194.3	226.3
Net profit	24.8	22.1	60.4	90.6	101.0	125.2
EPS	0.13	0.12	0.32	0.48	0.53	0.66
DPS	0.00	0.00	0.00	0.05	0.08	0.13
Valuation Ratios	**2020**	**2021**	**2022**	**2023f**	**2024f**	**2025f**
P/E adj.	13.3x	38.2x	14.0x	9.3x	8.4x	6.7x
EV/EBITDA adj.	6.1x	10.3x	9.1x	6.4x	5.8x	4.8x
P/BV	1.3x	3.0x	2.5x	2.0x	1.7x	1.4x
DY	0.0%	0.0%	0.0%	1.1%	1.8%	2.9%
Net Debt/EBITDA	3.2	2.5	3.2	2.0	1.7	1.2

Source: the Company, Optima bank research

Cables segment

Submarine cables market key growth driver;

Hellenic Cables was undoubtedly the major growth driver for the Group during the recent years, favoured by the energy megatrends (namely interconnections and inter-array cables for offshore wind parks), further supported by the demand for low & medium voltage and telecom cables. Benefited by a combination of increased demand and limited supply (as 3-4 players compete in the inter-array cables market), HC secured several contracts during the past months (note that these are not included in the EUR 2bn group backlog announced for 2022), among which we pinpoint the following:

- a 286km total cables length (200km of which submarine) contract (jointly with Jan de Nul) for an offshore wind park in Denmark awarded by RWE
- a 185km total cables length contract for an offshore wind park in Nordseecluster
- a 170km total cables length for the electrical interconnections of Lavrio-Serifos and Serifos-Milos awarded by IPTO
- a 30 Km 110 kV High Voltage submarine cables contract, awarded by the Croatian Transmission System Operator (HOPS) to replace outdated cable lines in the Adriatic Sea
- a 260 km of 66 kV XLPE-insulated subsea inter-array cables contract for two offshore wind projects in the United States awarded by Orsted
- two "turnkey" projects for the design, supply, and installation of 400 kV cables connecting Larimna to Aliveri on Evia Island and of 150 kV underground cable systems for the undergrounding of the 150 kV aerial transmission lines in the Northern Peloponnese, awarded by IPTO
- a massive contract to supply the inter-array cables for the Norfolk Offshore Wind Zone, of 850km total length, with the cable production expected to take place from 2025 to 2028 (note that the new capacity addition will be completed by 2024-end)

Looking ahead, the more ambitious decarbonization targets and the need for a faster energy transition towards renewables on a global scale seems to gain momentum (note that the EU's Fit for 55 initiative commits the member states to cut greenhouse-gas emissions by at least 55% in 2030 compared with 1990 levels; in a similar manner, the recently adopted IRA (inflation reduction act) by the Biden administration, is expected to boost renewable investment to c. $90bn p.a. in 2022-31e). That said, HC has in our view ample room for further growth in for the foreseeable future, especially in the inter-array market, a market with increasing demand and limited supply.

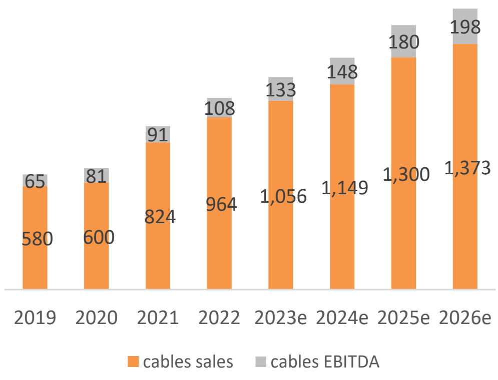
Cables segment announces capacity additions by 2024-end to respond to increased demand

In this context, and given a) the high order backlog of EUR 1.35bn by 2022-end, b) the high utilization rates on which the cables segment operates and c) the growing demand for offshore cables, the company announced an investment program of c. EUR 80m over a two-year horizon, to sizeably expand the subsea cables plant in Corinth, Greece, doubling production capacity, providing additional storage space and extensively upgrading the plant's port facilities.

Hellenic Cables key P&L estimates

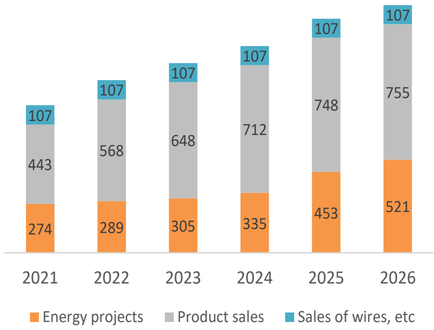
Following the above, we have raised our previous segmental Revenue and EBITDA estimates by c.12% in average for 2023-25e. In more detail, we expect the increased backlog of EUR 1.35bn as of 2022-end to drive sales up by 9.5% and 8.8% in 2023e and 2024e to EUR 1,06bn and EUR 1.15bn respectively, and further up by 13.1% to EUR 1.3bn (assisted by the completion of the new cables production line by 2024-end). Regarding profitability, we see EBITDA margins gradually improving from 11% in 2022 to mid-12% this year and further up to 14% by 2025e on better product mix (the new capacity addition focuses on energy projects with margins of >20%). Consequently, we now see EBITDA advancing at a 2022-25e CAGR of 18.5%, to EUR 133m/148m/180m in 2023/24/25e respectively.

Graph 1 | cables revenue evolution



Source: Company data, Optima bank Research

Graph 2 | cables revenue breakdown



Source: Company data, Optima bank Research

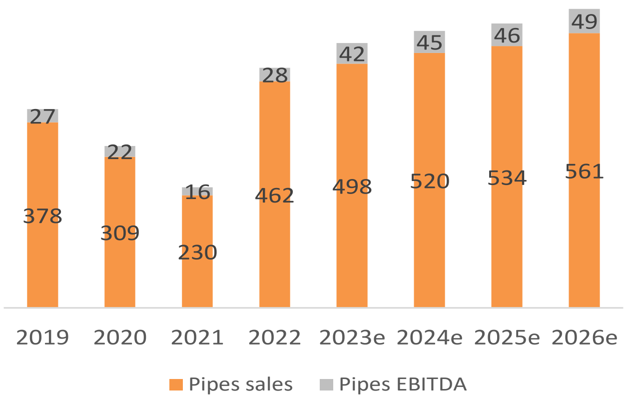
Steel Pipes segment

Acceleration of Natural Gas projects drives performance & profitability

Corinth Pipeworks (CPW) is a leading manufacturer of steel pipes and hollow sections for the energy and construction sectors, and is considered a Tier 1 pipe manufacturer and leader in energy transition technologies, such as hydrogen and Carbon Capture & Storage (CCS) pipelines. Following a two-year period of unprecedented disruption in the energy markets, 2022 proved a turnaround year for the steel pipes segment, driven by the launch of several Natural Gas projects which were frozen during the pandemic (the significant recovery in 2022 of the energy market and a series of important projects assigned, resulted in a historical high backlog of EUR 670m by the end of the year). In this sense, CPW now enjoys a much stronger market position, and is expected to further benefit from various large scale investment opportunities in in different geographies.

Turning to estimates, we see Pipes Turnover advancing on a healthy 5% CAGR in 2022-25e, on better margins of >8%. That said, we have factored in segmental Revenues of EUR 500m in 2023 and of EUR 520m/534m in 2024-25e, and EBITDA of EUR 42-46m over the same period (from EUR 28 in 2022).

Graph 3 | Pipes revenue evolution



Source: Company data, Optima bank Research

Cenergy Group Forecasts

Bringing it altogether, we anticipate the a) increased demand for cables projects b) the increased backlog of EUR 2bn in 2022 end and c) the recovered demand for Gas Projects to strong international domestic and shipping/aviation demand to fully approach the pre-Covid-19 levels in 2023. Additionally, we expect the new capacity additions from 4Q24e to further accelerate group performance and profitability, as the cables projects enjoy hefty margins of >20%.

To sum up, we see group Sales up by 11.9% y-o-y to EUR 1.595m in 2023e (a 23.2% upgrade) mainly driven by cables, by 30.4% to EUR 1.71bn in 2024e (30.4% upwards revision) and further up to EUR 1.88bn by 2025e (a massive 38.2% upgrade, also assisted by the increased production capacity). With regards to adjusted EBITDA, after a jump by 31% y-o-y to EUR 137m in 2022, we expect it to soar by 31.7% in the current year to EUR 178m (a 32.5% upgrade), higher by 7.8% y-o-y to EUR 194m in 2024e (38.4% upwards revision) and further up by 16.5% to EUR 226m by 2025e (up by 54% compared to our previous estimates, also driven by the capacity additions).

Table 1 | Group P&L Forecast Revisions (EUR m)

EUR million	2022	2023e	2024e	2025e
Sales New	**1,426.0**	**1,595.1**	**1,710.9**	**1,875.4**
Sales Old	1,426.0	1,295.1	1,312.5	1,357.4
Change	-	23.2%	30.4%	38.2%
EBITDA New	**133.6**	**178.2**	**192.3**	**224.3**
EBITDA Old	133.6	134.5	138.9	145.8
Change	-	32.5%	38.4%	53.9%
Net Income New	**60.4**	90.6	101.0	125.2
Net Income Old	60.4	62.9	66.2	71.5
Change	-	44.1%	52.6%	75.2%

Source: Optima bank Research

Further down the P&L, we pencil in (higher by c4-6m p.a. vs. previously) depreciation charges of EUR 30-36m and financial expenses of EUR ~30m in average over 2023-25 to account for the capacity additions and the increased interest rates. All in all, we have upgraded our previous 2023 adj. net income estimate by 44.1% to EUR 90.6m (+50% y-o-y) and by 52.6% for 2024e to EUR 101m (11.5% y-o-y). In 2025e, fully operational new product line in the cables segment is expected to drive net profits further up by 23.9% y-o-y to EUR 125.2m (a 75.2% upgrade), exhibiting a 3-year CAGR (adj.) of c.27%.

Regarding FCF, accounting a) for increased capex needs (driven by the cables investment) of EUR 85-90m in 2023-24 which will be more than offset by the b) strong opcf (mainly driven by increased profitability and some WC release in 2023e), we expect positive free cash flow generation of EUR 52.5m in average over the same period. Consequently, we see net debt easing to EUR 350/330m in 2023/24 respectively, at a comfortable >2.0x Net Debt/EBITDA (from 3.2x in 2022).

Finally, with respect to dividends following the positive surprise with the EUR 0.05 DPS for 2022, we expect Cenergy to gradually increase its payouts to >EUR 0.10/share by 2024e, driven by higher profitability (DY at 1.8-2.9%).

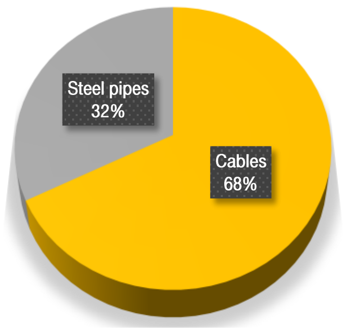
Table 2 | Cash Flow & Net Debt Estimates (EUR m)

Cash Flow Statement (€ m)	2022	2023f	2024f	2025f
EBIT (reported)	**106.4**	**149.0**	**160.0**	**189.1**
(Inc) / Dec in Net Working Capital	(213.7)	24.2	(5.2)	(16.4)
Cash Flow from Operations	**(97.3)**	**180.0**	**160.6**	**174.6**
Capex, net	(72.1)	(84.0)	(90.4)	(67.6)
Net Interest Payments	(36.5)	(32.2)	(29.9)	(28.0)
Free Cash Flow to Equity	**(204.6)**	**64.3**	**40.8**	**79.5**
Dividends Paid/Capital return	0.0	(9.6)	(15.5)	(24.7)
Cash Flow from Financing	**242.3**	**(268.2)**	**(46.9)**	**(52.6)**
Net Cash Flow	**37.7**	**(204.0)**	**(6.1)**	**27.0**
Net Debt / (Cash)	438.2	352.0	328.1	274.6

Source: Optima bank Research

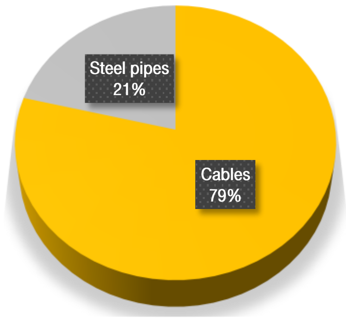
Cenergy key graphs

Graph 4 | 2022 revenue split by division division



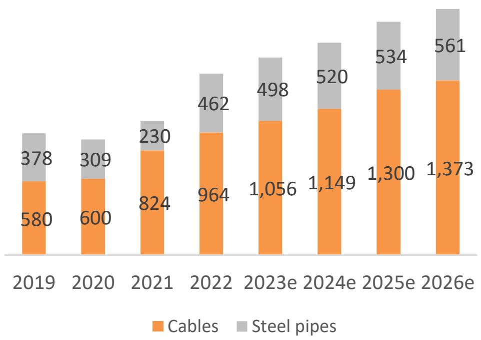
Source: Company data

Graph 5 | 2022 adj. EBITDA by



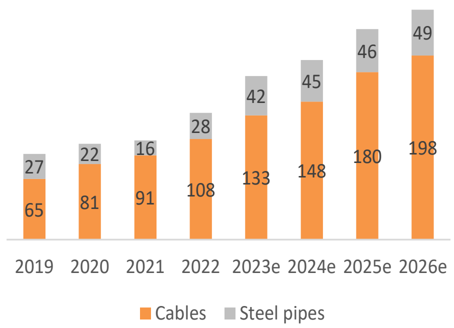
Source: Company data

Graph 6 | Group Sales evolution (EUR m)



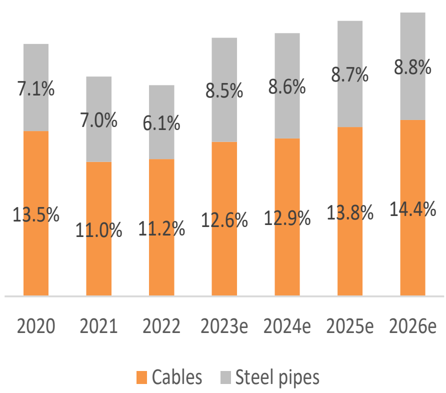
Source: Company data Optima bank Research

Graph 7 | Group Adj. EBITDA evolution (EUR m)



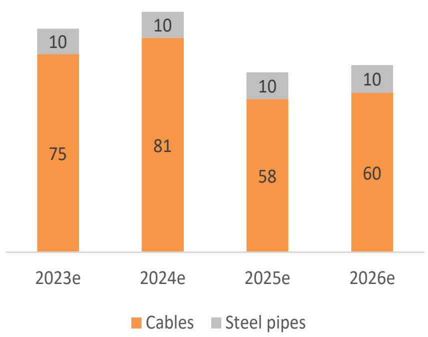
Source: Company data Optima bank Research

Graph 8 | EBITDA as % on Sales



Source: Company data Optima bank Research

Graph 9 | Capex evolution (EUR m)



Source: Company data Optima bank Research

Valuation – New TP offers a hefty 40% upside from current levels

Hellenic Cables valuation

We value Cenergy's cables division using a 2-stage DCF model, based on our explicit forecasts for the next 4 years (up to FY26), a WACC of 8.8% (vs. 7.4% previously to account for the increased interest rates) and long-term growth of 1% (from 1.5% previously), yielding an equity value of EUR 970m or EUR 5.1/share in Cenergy's SOTP valuation.

Table 3 | DCF model

EUR million	2023e	2024e	2025e	2026e
NOPLAT	91.3	100.7	123.3	134.5
Depreciation	16.3	18.3	21.1	23.7
Gross cash flow	107.6	119.0	144.4	158.2
Change in OWC	-9.0	-9.1	-14.3	-7.4
Capex	74.5	80.7	57.5	60.0
FCFF	24.0	29.2	72.6	90.8
Discounted FCFF	22.1	24.7	56.5	64.9
Sum of PV (2022e-2026e)	168.2			
Terminal value	1,091.5			
Other non-operating assets	5.8			
Enterprise Value	1,265			
Net debt	335.0			
Minorities and other net liabilities	6.6			
Equity value	969.9			

Source: Optima bank research

CPW DCF valuation

We value Cenergy's steel pipes division using a 2-stage DCF model, based on our explicit forecasts up to FY26, a WACC of 8.9% (vs. 7.8% previously to account for the increased interest rates) and long-term growth of 1% (from 1.5% previously), yielding an equity value of EUR 210m which accounts for of EUR 1.10 per share in Cenergy's SOTP valuation.

Table 4 | DCF model

EUR million	2023e	2024e	2025e	2026e
NOPLAT	24.7	23.9	24.0	30.6
Depreciation	8.5	8.8	9.2	9.5
Gross cash flow	33.2	32.7	33.1	40.2
Change in OWC	-4.7	3.9	-2.1	-4.2
Capex	9.5	9.8	10.1	10.3
FCFF	19.0	26.8	20.9	25.6
Discounted FCFF	17.5	22.6	16.2	18.3
Sum of PV (2022e-2026e)	74.6			
Terminal value	228.9			
Other non-operating assets	12.2			
Enterprise Value	316			
Net debt	104.0			
Minorities and other liabilities	3.0			
Equity value	208.7			

Source: Optima bank research

Cenergy Group SOTP valuation

We value Cenergy using a sum-of-the parts exercise, based on its two separate divisions. We use two different, 2-stage DCF models to value each division. As shown from the below table, the majority of the value is derived from the cables segment, for which we estimate an EV of EUR 1.3bn resulting in an equity value of EUR 970m (or EUR 5.1/share, from EUR 4.0/share previously). The steel pipes division is valued at an EV of EUR 315m resulting in an equity value of EUR 210m (or EUR 1.10/share, from EUR 0.50/share previously).

Table 5 | Sum-of-the part Valuation

	Equity value	Per share
Cables division	970	5.10
CPW	210	1.10
Total	1,180	6.20
Number of shares		190.16
Current price		4.45
Upside(downside)		40.4%

Source: Optima bank research

The implied by our SOTP valuation FY22e EV/EBITDA of 10.5x implies a small premium to peers, justified in our view, when accounting for the Company's growth prospects, and a 6% discount compared to the Group's 2016-22 historical average of 9.0x.

Table 6 | Peer Group multiples

	Country	Mkt Cap (EUR m)	Median EV/EBITDA 23f	Median EV/EBITDA 24f
Companies				
NKT	Sweden	1,864	8.7 x	6.7 x
Nexans	France	3,482	5.9 x	5.4 x
Prysmian	Italy	11,152	8.1 x	7.9 x
Weighted average			7.7 x	7.2 x
Cenergy*			8.5 x	7.8 x
vs. peers			10.0%	7.1%

*Source: Optima bank research, Capital IQ (price date 26/04/2023), * based on our TP*

SUMMARY TABLES

Cenergy Holdings

Profit & Loss	2021	2022	2023f	2024f	2025f
Revenues	**1,054.2**	**1,426.0**	**1,595.1**	**1,710.9**	**1,875.4**
YoY	*16.1%*	*35.3%*	*11.9%*	*7.3%*	*9.6%*
COGS	(945.5)	(1,280.7)	(1,370.2)	(1,470.0)	(1,600.0)
Gross Profit	**108.7**	**145.3**	**224.9**	**240.9**	**275.4**
Gross Profit Margin	*10.3%*	*10.2%*	*14.1%*	*14.1%*	*14.7%*
SGA	(39.6)	(44.7)	(47.2)	(49.1)	(51.6)
Other Inc / (Exp)	16.1	33.0	0.5	0.5	0.5
EBITDA	**85.2**	**133.6**	**178.2**	**192.3**	**224.3**
YoY	*-5.6%*	*56.8%*	*33.3%*	*7.9%*	*16.6%*
EBITDA (Adj.)	**104.4**	**136.8**	**180.2**	**194.3**	**226.3**
YoY	*2.6%*	*31.0%*	*31.7%*	*7.8%*	*16.5%*
EBITDA Margin (adj.)	*9.9%*	*9.6%*	*11.3%*	*11.4%*	*12.1%*
D&A (excl. impairments)	(25.7)	(27.2)	(30.0)	(33.2)	(36.1)
EBIT	**59.5**	**106.4**	**149.0**	**160.0**	**189.1**
YoY	*-10.1%*	*78.9%*	*40.0%*	*7.3%*	*18.2%*
Net Financial Inc / (Exp.)	(29.0)	(36.5)	(32.2)	(29.9)	(28.0)
Financial income	*0.3*	*0.4*	*0.3*	*0.3*	*0.0*
Financial expenses	*(29.2)*	*(36.9)*	*(32.5)*	*(30.2)*	*(28.0)*
o/w other & FX gains / (losses)	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Equity method Inv. Inc / (Exp)	0.0	0.0	1.0	1.0	1.0
EBT	**30.5**	**70.0**	**117.8**	**131.1**	**162.1**
Tax	(8.4)	(9.5)	(27.1)	(30.1)	(36.9)
effective tax rate (%)	*28%*	*14%*	*23%*	*23%*	*23%*
Net Profit After Tax	**22.1**	**60.4**	**90.6**	**101.0**	**125.2**
Minorities	0.0	0.0	0.0	0.0	0.0
EAT	**22.1**	**60.4**	**90.6**	**101.0**	**125.2**
YoY	*-11.0%*	*173.7%*	*50.0%*	*11.5%*	*23.9%*
Total comprehensive net inco	**22.7**	**64.1**	**90.6**	**101.0**	**125.2**
Dividends/capital return	**0.0**	**0.0**	**9.6**	**15.5**	**24.7**

Balance Sheet	2021	2022	2023f	2024f	2025f
Net Tangible Assets	476.5	526.2	554.1	614.7	649.7
Net Intangible Assets (incl. Goodwill)	31.3	32.0	30.1	30.0	29.7
Right of Use Assets	3.5	3.8	3.8	3.8	3.8
Net Financial Assets & Other	48.6	58.7	54.4	54.9	55.4
Total Fixed Assets	**559.8**	**620.6**	**642.3**	**703.3**	**738.5**
Inventories	284.0	507.5	356.6	369.4	400.6
Trade & other receivables	132.0	192.8	216.0	233.7	260.6
Contract assets	98.4	195.5	126.4	136.9	153.2
Other current assets	2.13	15.195	15.195	15.195	15.195
Cash & Equivalents	129.6	167.2	(3.8)	(9.9)	17.1
Total Current Assets	**646.2**	**1,078.2**	**710.4**	**745.4**	**846.6**
Total Assets	**1,205.9**	**1,698.7**	**1,352.7**	**1,448.6**	**1,585.1**
Long Term Debt	174.9	127.2	71.7	45.2	23.5
LT Lease liabilities	2.1	2.2	2.2	2.2	2.2
Deferred tax liabilities	38.4	35.3	43.3	47.9	52.5
Grants	15.8	15.6	14.8	13.9	13.1
Pension provisions	2.9	2.9	2.9	2.9	2.9
Other LT Liabililities	9.9	9.9	9.9	9.9	9.9
Total Long Term Liabilities	**244.0**	**193.1**	**144.8**	**122.1**	**104.1**
Short Term Debt	215.7	474.7	273.0	269.5	264.7
ST Lease liabilities	1.2	1.2	1.2	1.2	1.2
Trade & other payables	436.0	564.2	423.8	454.2	503.3
Contract liabilities	26.0	108.8	77.4	83.7	93.3
Other Current Liabilities	5.4	15.0	12.9	12.9	12.9
Total Current Liabilities	**684.4**	**1,164.0**	**788.3**	**821.5**	**875.4**
Total Liabilities	**928.4**	**1,357.1**	**933.1**	**943.6**	**979.5**
Shareholders Equity	277.5	341.6	419.5	505.0	605.5
Minorities	0.0	0.0	0.0	0.0	0.0
Total Equity	**277.5**	**341.6**	**419.5**	**505.1**	**605.6**
Total Liabilities & Equity	**1,206.0**	**1,698.7**	**1,352.7**	**1,448.6**	**1,585.1**

Per Share Data	2021	2022	2023f	2024f	2025f
EPS (basic)	**0.116**	**0.318**	**0.477**	**0.531**	**0.658**
YoY	*-11.0%*	*173.7%*	*50.0%*	*11.5%*	*23.9%*
EPS (basic and diluted)	**0.116**	**0.318**	**0.477**	**0.531**	**0.658**
YoY	*-11.0%*	*173.7%*	*50.0%*	*11.5%*	*23.9%*
DPS	0.00	0.00	0.05	0.08	0.13
BVPS	1.46	1.80	2.21	2.66	3.18

Price & Mkt Cap	2021	2022	2023f	2024f	2025f
Total Market Cap	846.2	846.2	846.2	846.2	846.2
Share price **	**4.45**	**4.45**	**4.45**	**4.45**	**4.45**
Total Shares out (m)	190.2	190.2	190.2	190.2	190.2
Adj. Shares out (m)	190.2	190.2	190.2	190.2	190.2

Valuation	2021	2022	2023f	2024f	2025f
P / E (x)	38.3x	14.0x	9.3x	8.4x	6.8x
P / BV (x)	3.0x	2.5x	2.0x	1.7x	1.4x
EV / Sales (x)	1.0x	0.9x	0.7x	0.7x	0.6x
EV / EBITDA (x)	12.6x	9.3x	6.5x	5.9x	4.8x
EV / EBITDA adj. (x)	10.3x	9.1x	6.4x	5.9x	4.8x
FCF yield (FCFE/mkt cap)	4.7%	-24.2%	7.6%	4.8%	9.4%
FCF/EV (FCFF/EV)	3.7%	-16.4%	5.6%	3.6%	7.3%
Payout ratio	0.0%	0.0%	10.6%	15.4%	19.7%
Div. Yield (%) (gross)	0.0%	0.0%	1.1%	1.8%	2.9%

Cash Flow Statement (€ m)	2021	2022	2023f	2024f	2025f
EBIT (reported)	**59.5**	**106.4**	**149.0**	**160.0**	**189.1**
Depreciation	25.7	27.2	30.0	33.2	36.1
Provisions / Other	(1.4)	(6.0)	(1.8)	(1.8)	(1.8)
Taxes Paid	(1.0)	(11.2)	(21.3)	(25.5)	(32.3)
(Inc) / Dec in Net Working Capital	29.7	(213.7)	24.2	(5.2)	(16.4)
Cash Flow from Operations	**112.5**	**(97.3)**	**180.0**	**160.6**	**174.6**
Capex, net	(43.8)	(72.1)	(84.0)	(90.4)	(67.6)
Net Financial Investments	0.1	1.2	0.5	0.5	0.5
Cash Flow from Investments	**(43.7)**	**(70.9)**	**(83.5)**	**(90.0)**	**(67.1)**
Free Cash Flow to Firm	**68.8**	**(168.1)**	**96.5**	**70.7**	**107.5**
Net Interest Payments	(29.0)	(36.5)	(32.2)	(29.9)	(28.0)
Free Cash Flow to Equity	**39.8**	**(204.6)**	**64.3**	**40.8**	**79.5**
Dividends Paid/Capital return	0.0	0.0	(9.6)	(15.5)	(24.7)
Net change in loans	(15.6)	211.3	(257.2)	(30.0)	(26.5)
Share buy backs	0.0	0.0	0.0	0.0	0.0
Other	24.0	31.0	(1.4)	(1.4)	(1.4)
Cash Flow from Financing	**8.4**	**242.3**	**(268.2)**	**(46.9)**	**(52.6)**
Net Cash Flow	**48.3**	**37.7**	**(204.0)**	**(6.1)**	**27.0**
FX	0.0	0.0	0.0	0.0	0.0
Net increase/decrease in cash	**48.3**	**37.7**	**(204.0)**	**(6.1)**	**27.0**
	43.7	70.9	83.5		

Ratios	2021	2022	2023f	2024f	2025f
ROE (avg)	8.3%	19.5%	23.8%	21.9%	22.5%
ROIC (avg)	10.1%	12.3%	14.4%	14.8%	16.3%
Net Debt / Equity	95.2%	128.3%	83.9%	65.0%	45.3%
Net Debt / EBITDA adj.	2.5x	3.2x	2.0x	1.7x	1.2x
Interest Cover. (EBITDA adj./Fin	3.6x	3.7x	5.5x	6.4x	8.1x
Capex / Sales	4.2%	5.1%	5.3%	5.3%	3.6%
OWC/Sales	7.7%	18.6%	15.5%	15.0%	14.7%

Other Items	2021	2022	2023f	2024f	2025f
Capital Employed	**583.2**	**818.3**	**826.5**	**894.9**	**950.1**
NOPLAT	**60.4**	**85.9**	**118.5**	**127.1**	**149.9**
Net Debt / (Cash)	**264.3**	**438.2**	**352.0**	**328.1**	**274.6**
o/w gross debt (ex leases)	390.6	601.9	344.7	314.7	288.2
o/w lease liabilities	3.3	3.5	3.5	3.5	3.5
o/w cash	129.6	167.2	(3.8)	(9.9)	17.1
Enterprise Value (EV adj.)	**1,076**	**1,248**	**1,157**	**1,138**	**1,084**

Source: the Company, Optima bank research

** Price (ATHEX): Fiscal year end at historical years & Current price for current and forecast years*

Company Description: Founded in 2016, Cenergy Holdings is a leading industrial group active in the production of cables and steel pipes, with a focus on value added products for the energy market. Cenergy's customer base includes some of the largest energy groups in the world. In recent years the group invested heavily in the production of submarine power cables becoming one of the main global players in this high growth sector. In the steel pipe segment, the company is looking to exploit opportunities in the promising activities of hydrogen transportation and carbon capture storage (CCS).

DISCLOSURE APPENDIX

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Optima bank Research Department Rating Distribution | Data current as of 26/04/2023

Recommendation System is **Absolute**: Each stock is rated on the basis of a total return, measured by the upside over a **12 month time horizon**

	Buy > 10%	Neutral -5% to +10%	Sell < -5%	Under Review Suspended	Restricted
Total Coverage	67%	19%	0%	14%	0%
% of companies that are IB clients	0%	0%	0%	0%	0%
Industrials | Electrical Components	100%	0%	0%	0%	0%
% of companies that are IB clients	0%	0%	0%	0%	0%

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1. As of the date mentioned on the first page of this report, Optima bank (or any of its affiliated companies) owns 5% or more of a class of common equity securities in the following companies mentioned in this report: None

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9. Following the sale and transferring of shares from IREON INVESTMENTS LTD to numerous third parties in multiple dates since the initial acquisition, and Optima bank's subsequent EUR 80m share capital increase, in which IREON INVESTMENTS did not participate, the participation of IREON INVESTMENTS LTD in OPTIMA BANK S.A. as of January 19, 2021 was reduced to a percentage lower than 15%.

Recommendation History (12month time horizon) | Cenergy

Date	Recommendation	TP	CP (at report date)
13-Dec-21	Buy	EUR 4.50	EUR 3.00

Risks to our forecasts and valuation

Slower than expected growth in offshore wind (e.g. due to supply chain problems and protests citing environmental reasons) combined with new capacity added from key competitors in submarine cables could mitigate current favourable supply-demand conditions.

New technologies that the company may not be able to provide on time.

Import duties (despite recent lifting in the US) could make exports to key countries uncompetitive.

Inability to pass higher raw material costs to customers or mismatched hedging.

Claims due to delays in the implementation of projects or damage claims within the guarantee period (usually 5 years).

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