

**COMPANY UPDATE**

## MYTILINEOS Energy & Metals

### More than just a deal, more than 10% growth; top pick

**Stellar delivery, bulletproof growth, and more catalysts ahead...** – Over the past two years Mytilineos has reported impressive results, leveraging synergies arising from the vertically integrated model. Following outstanding delivery to the ambitious FY'23 EBITDA target of €1bn (+23% yoy), we still see ample room for growth, now estimating FY'24 EBITDA of €1.14bn (+13% yoy) and a 3-year EBITDA CAGR of 10%, driven by a step-up in Renewables and solid growth Metals. Moreover, we view the value-accretive deal with PPC as the first catalyst to drive the stock higher (considering the -3% YTD performance) to be followed by the Q1'24 results on 25<sup>th</sup> April (we expect 9% growth in Q1'24 EBITDA to €246m) and the AGM on 4<sup>th</sup> June, when mgmt will provide guidance that will likely point to another record year.

**Why the deal with PPC is not “just another deal” ...** – Mytilineos signed a cooperation framework agreement to develop and subsequently sell to PPC a 2GW solar portfolio in Italy, Romania, Bulgaria, and Croatia over the next 3 years for €2bn. With an implied valuation of €1mn/MW, we argue that this is a value-accretive deal for Mytilineos, as it secures high returns on the under-consideration projects (>30%), provides improved visibility on the cash flow generation capacity of M Renewables until 2027 and, most importantly, potentially paves the way for more similar deals, considering Mytil's 11.8GW portfolio, which could extend cash flow visibility to 2030.

**... how in-house electricity sourcing changed the way we look at Metals...** – We anticipate Metals to emerge as a pillar of growth alongside RES, following the shift to in-house electricity sourcing in 2024. From a top line perspective, demand remains strong with Mytil having hedged aluminum prices until Q1'25 and benefiting from the rebounding premia. On the cost side, the deal with Imerys provides higher operating leverage, while the energy cost profile has improved, considering Protergia's efficient energy management through PPAs with 3<sup>rd</sup> parties and the increased frequency of zero-level prices. We thus expect a rerating of this segment's EBITDA to >€300m from 2025 onwards.

**... and what the integrated electricity business brings to the table...** – We anticipate another year of strong performance for the integrated energy segment, penciling in a c50% yoy boost to generation output, reflecting higher utilization of the new CCGT and easy comps due to maintenance. Meanwhile electricity supply benefits from the termination of the regulatory interventions and a higher mkt share (c20%). Lastly, we naturally expect a decline in natural gas supply on low-margin capacity expansion, but this will be more than offset by robust growth in other segments.

**Raising PT, reiterating as top pick** – Reflecting the impact of the PPC deal and the shifting dynamics across the segments, we have raised our 2024-26e EBITDA 4-6%, now envisaging 13% growth in FY'24 and 9% in FY'25. We therefore raise our PT to €48.4 reiterating Mytil as one our top picks in Greece. Our PT places the stock at 7.4x 1yr fwd EV/EBITDA, namely small premium vs the blended peer group, which is justified in our view by the Group's superior growth profile and the rising tilt to segments that justify higher multiples (RES 35% of EBITDA in 2026e).

| Estimates          |       |       |       |       |       |
|--------------------|-------|-------|-------|-------|-------|
| FY to end Dec (€m) | 2022  | 2023  | 2024e | 2025e | 2026e |
| Revenues           | 6,306 | 5,492 | 6,258 | 6,879 | 7,239 |
| EBITDA adj.        | 822   | 1,014 | 1,144 | 1,250 | 1,339 |
| Net Profit adj.    | 465   | 623   | 689   | 755   | 809   |
| EPS adj. (€)       | 3.25  | 4.36  | 4.83  | 5.29  | 5.66  |
| DPS (gross) (€)    | 1.21  | 1.50  | 1.74  | 1.91  | 2.05  |

| Valuation             |       |       |       |       |       |
|-----------------------|-------|-------|-------|-------|-------|
|                       | 2022  | 2023  | 2024e | 2025e | 2026e |
| P/E adj.              | 4.8x  | 7.1x  | 7.4x  | 6.7x  | 6.3x  |
| EV/EBITDA             | 3.7x  | 6.3x  | 6.4x  | 5.9x  | 5.6x  |
| EBIT/Interest expense | 9.2x  | 8.1x  | 9.1x  | 10.2x | 11.2x |
| Dividend yield        | 7.7%  | 4.9%  | 4.9%  | 5.4%  | 5.8%  |
| ROE                   | 20.9% | 23.4% | 21.9% | 20.6% | 19.2% |

Source: Eurobank Equities Research

|                           |                |
|---------------------------|----------------|
| <b>Recommendation</b>     | <b>BUY</b>     |
| <b>Target Price</b>       | <b>€ 48.40</b> |
| <b>Prior Target Price</b> | <b>€ 45.20</b> |
| Closing Price (12/04)     | €35.56         |
| Market Cap (mn)           | €5,081.2       |

|                       |       |
|-----------------------|-------|
| Expected Return       | 36.1% |
| Expected Dividend     | 4.9%  |
| Expected Total Return | 41.0% |

### Mytilineos Share Price



### Stock Data

|                                  |          |
|----------------------------------|----------|
| Reuters RIC                      | MYTr.AT  |
| Bloomberg Code                   | MYTIL GA |
| 52 Week High (adj.)              | €39.50   |
| 52 Week Low (adj.)               | €25.24   |
| Abs. performance (1m)            | 0.9%     |
| Abs. performance (YTD)           | -3.1%    |
| Number of shares (fully diluted) | €142.9   |
| Avg Trading Volume (qrt)         | €7,086K  |
| Est. 3yr EPS CAGR                | 9.0%     |
| Free Float                       | 72.4%    |

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See Appendix for Analyst Certification and important disclosures

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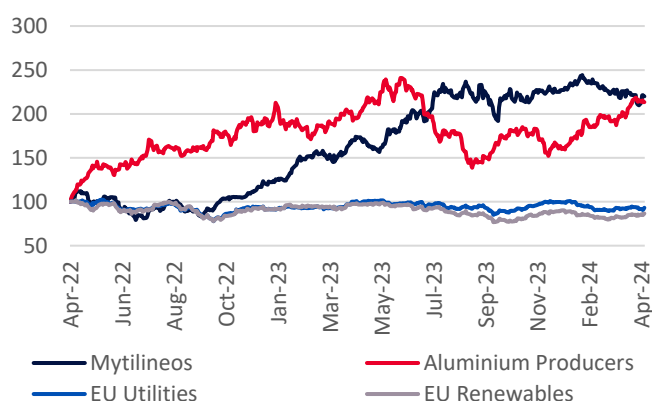
Polling ends on April 26<sup>th</sup> – vote here



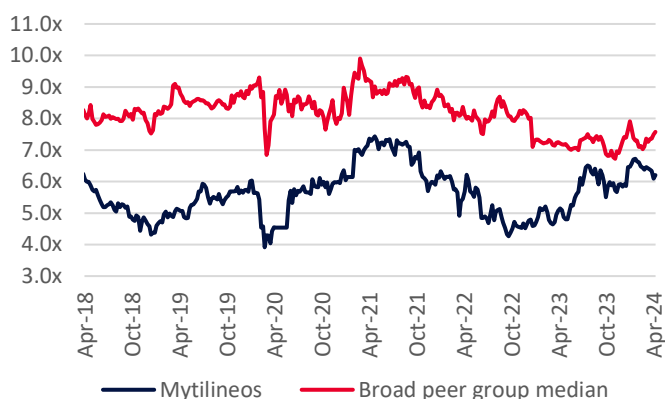
**II RESEARCH**  
2024 GREECE RESEARCH  
POLLING DATES: 7 APR - 26 APR 2024

Mytilineos's share price has underperformed the broad peer group in recent months, resulting in the widening of the relative valuation gap to 15%

Mytilineos vs peers – 2-year performance (rebased)



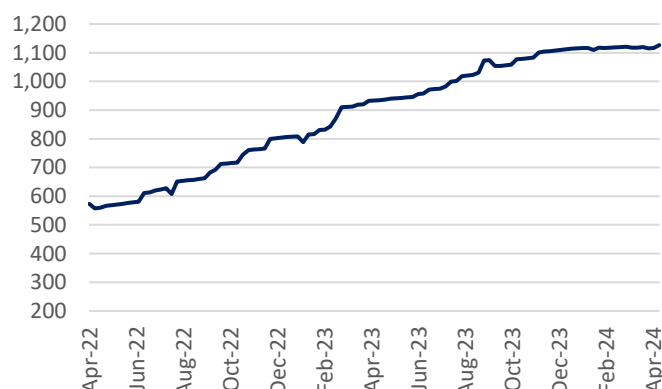
Mytilineos vs Broad peer group – 1yr forward EV/EBITDA



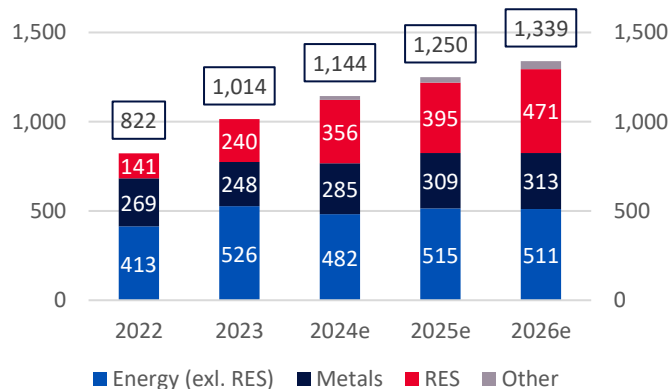
Source: Eurobank Equities Research, Bloomberg.

Market consensus has seen sequential upgrades, with more likely to come following the deal with PPC; Our estimates suggest a 3-yr EBITDA CAGR of 10% fueled by RES and Metals

Evolution of expectations for Mytilineos's 1yr fwd EBITDA (in €mn)



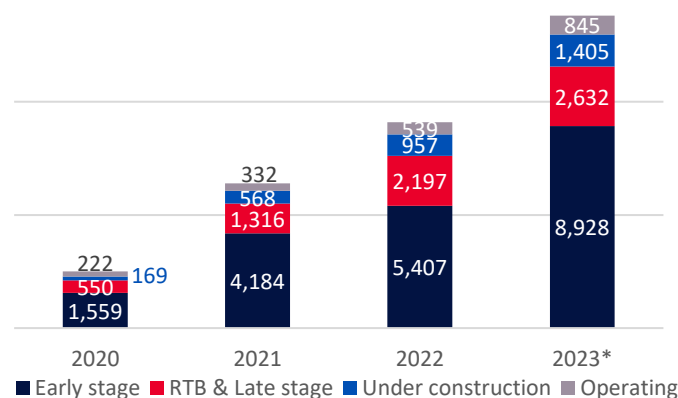
Mytilineos EBITDA by segment and group total (in €mn)



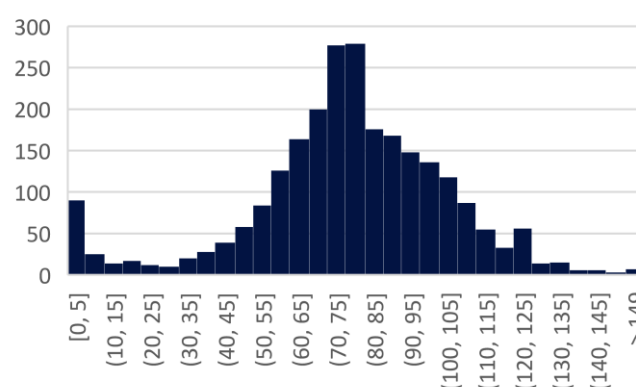
Source: Eurobank Equities Research, Bloomberg.

The deal with PPC enhances RES EBITDA visibility and paves the way for similar deals through Mytil's 11.8GW pipeline. As for Metals, the transition to the era of in-house electricity sourcing reduces electricity costs, with Mytil capitalizing on the increased frequency of zero prices

Evolution of Mytilineos' mature RES portfolio (in MW)



Histogram of hourly DAM prices in Greece YTD (in €/MWh)



Source: Eurobank Equities Research, Enx Group. \*Includes the portfolio that will be disposed to PPC

*The deal with PPC provides greater EBITDA visibility (up to mid-2027e), secures high returns (>30%) and paves the way for more similar deals to come*

## Strategic partnership with PPC: High-return monetization

Mytilineos and PPC announced last week the signing of a cooperation framework agreement for a 2GW solar portfolio in Italy, Romania, Bulgaria, and Croatia. Under this agreement, Mytilineos will be responsible for developing and constructing the projects, while PPC will acquire the projects upon their completion. The total consideration of the deal has been set at €2bn and will be implemented over the next three years.

Specifically, the agreement includes c90 projects owned by Mytilineos in Italy (503MW), Romania (516MW), Bulgaria (500MW) and Croatia (445MW) which are at various stages of development. We outline these below based on Mytilineos's near-term pipeline breakdown:

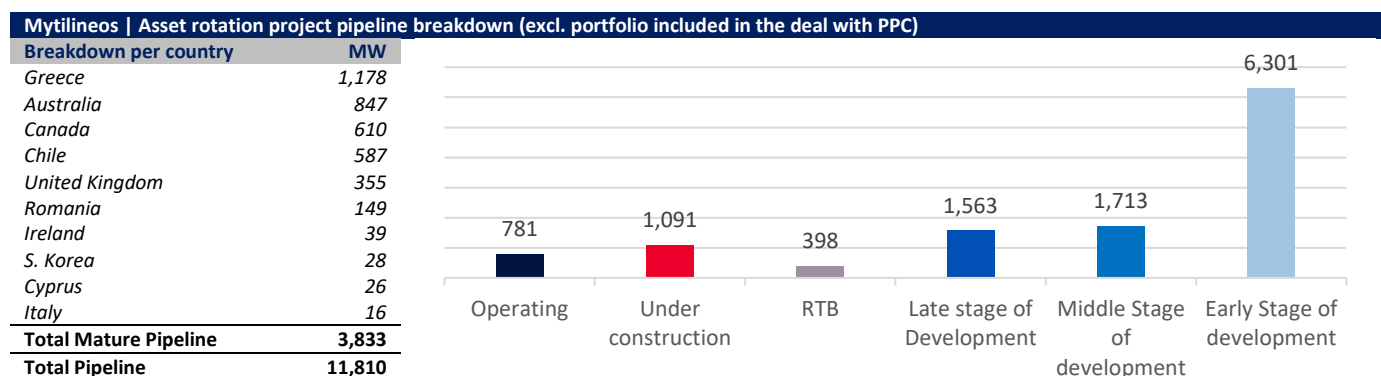
| Mytilineos   RES deal portfolio per country breakdown |              |                    |            |                           |                            |              |
|---|--------------|--------------------|------------|---------------------------|----------------------------|--------------|
| (in MW)   | In operation | Under construction | RTB        | Late stage of development | Early stage of development | Total        |
| Italy   | -            | 158                | 252        | 93                        | -                          | <b>503</b>   |
| Romania   | 64           | 156                | 291        | 5                         | -                          | <b>516</b>   |
| Bulgaria  | -            | -                  | 30         | -                         | 470                        | <b>500</b>   |
| Croatia   | -            | -                  | -          | -                         | 445                        | <b>445</b>   |
| <b>Total</b>  | <b>64</b>    | <b>314</b>         | <b>573</b> | <b>98</b>                 | <b>915</b>                 | <b>1,964</b> |

Source: Eurobank Equities research, Mytilineos FY'23 presentation

We argue that this is a value-accretive deal for Mytilineos as it enhances visibility into the profitability of the Asset Rotation Model over the next three years, an aspect that has been somewhat opaque for investors due to the nature of the business. By applying a conservative development cost estimate of c€700 mn/MW, this translates to a total profitability in excess of €600mn, which is c2.5x the M Renewables FY'23 EBITDA and c4x the FY'23 EBITDA of the Asset Rotation Model, based on our estimates. Such a substantial increase in profitability not only underscores the financial benefits of the deal but also highlights its strategic value in reinforcing Mytilineos' position in the renewable energy sector.

From our perspective, the risk for Mytil is limited and mainly pertains to implementation, e.g. development costs potentially exceeding initial estimates, timeline slippages that are inherent in RES projects, and the risk associated with replenishing the project portfolio. Nonetheless, we note that Mytilineos has a solid track record of delivering RES projects on time and within budget, reflecting its extensive experience in EPC and project development over the years.

Excluding the under-consideration projects, Mytilineos currently boasts a pipeline of c11.8 GW at various stages of development, further underpinning the Asset Rotation Model's prospects, especially when considering that the capacity sold in FY'23 amounted to c650MW, namely c2% of the total pipeline. Given the substantial size of Mytilineos's RES pipeline, we believe that **the deal with PPC is not likely to be the last of its kind** and that **deals involving large under development portfolios** such as the ones in Canada (1.4GW), Australia (c850MW) and Chile (c600MW) **may follow soon**, which would significantly enhance the **visibility of RES cash flows through the end of the decade**.



Source: Eurobank Equities Research, Company

## Estimates Revision

*Reflecting the impact of the deal with PPC, we raise our 2024-26e EBITDA estimates by 4-6%, with our FY'26e EBITDA rising to €1.34bn, which suggests a c10% 3-year CAGR*

We have updated our estimates for Mytilineos, mainly reflecting the effect of the deal with PPC, as well as lower energy prices and the shifting dynamics across the Group's main segments. In short:

- The deal with PPC translates to a 15-16% lift to our RES EBITDA estimates, as we incorporate accelerated project development and reshaped profitability profile over 2024-26e, envisaging FY'24e EBITDA at €356mn (+48% yoy) and >€450m by 2026e. This is partly offset by other Energy related activities, for which we trim our top line estimates reflecting faster than anticipated de-escalation of energy prices resulting in 10-12% lower revenue projections over 2024-26e. On the profit front, the lower energy prices filter through to weaker spark spreads in electricity generation, driving down our EBITDA forecast for this sub-division by 12-22% in 2024-26e. In similar vein, the lower natural gas prices weigh on our forecasts for natural gas supply profitability by 15-21%, considering the segment's limited capacity for margin expansion. On the other hand, we now expect electricity supply to perform better, incorporating 6%/3% higher EBITDA estimates in the respective sub-division over 2024/25e. As for power projects, we expect them to maintain the strong momentum displayed in FY'23, thus raising our segmental 2024-26e EBITDA 24-36%.
- In the Metals segment, we have lifted our 2024/25e revenue by 5-7%, incorporating higher aluminum prices and local premia. On the cost side, we embed lower electricity prices, reflecting improved energy management, the increased frequency of zero-level electricity prices in the Day Ahead Market as well as the established Green PPAs with third parties. We thus raise our Metals EBITDA by 9/10% in 2024-2025 and 27% in 2026 (EBITDA CAGR of 8%).

The changing dynamics within Mytilineos' various segments do not alter our profitability estimates for the Group. As such, the deal with PPC is effectively the driver of the 4-6% EBITDA uplift in our estimates, shaping our FY'26e EBITDA to €1.34bn, this indicating a 10% 3-year CAGR for the group. We raise our CapEx estimates accordingly to reflect the development of the under-consideration projects, with our net debt estimates naturally increasing by 19-29%, but with Net Debt/EBITDA still <2.0x.

| Mytilineos   Estimates per segment     |               |              |              |                    |              |              |             |             |             |
|--|---------------|--------------|--------------|--------------------|--------------|--------------|-------------|-------------|-------------|
| EUR mn                                 | New estimates |              |              | Previous estimates |              |              | % change    |             |             |
|  | 2024e         | 2025e        | 2026e        | 2024e              | 2025e        | 2026e        | 2024e       | 2025e       | 2026e       |
| <b>Metals Revenue</b>                  | <b>776</b>    | <b>876</b>   | <b>862</b>   | <b>815</b>         | <b>836</b>   | <b>805</b>   | <b>-5%</b>  | <b>5%</b>   | <b>7%</b>   |
| <b>Energy Revenue</b>                  | <b>5,187</b>  | <b>5,622</b> | <b>5,886</b> | <b>5,821</b>       | <b>6,280</b> | <b>6,688</b> | <b>-11%</b> | <b>-10%</b> | <b>-12%</b> |
| M Renewables                           | 1,512         | 1,709        | 2,066        | 1,706              | 1,982        | 2,332        | -11%        | -14%        | -11%        |
| M Generation & Management              | 718           | 824          | 853          | 908                | 1,055        | 1,164        | -21%        | -22%        | -27%        |
| M Energy Customers Solutions           | 1,136         | 1,129        | 1,135        | 1,086              | 1,294        | 1,398        | 5%          | -13%        | -19%        |
| M Integrated Supply and Trading        | 1,004         | 1,074        | 964          | 1,462              | 1,225        | 1,099        | -31%        | -12%        | -12%        |
| M Power Projects                       | 817           | 886          | 868          | 658                | 724          | 695          | 24%         | 22%         | 25%         |
| <b>METKA &amp; Concessions Revenue</b> | <b>296</b>    | <b>382</b>   | <b>491</b>   | <b>341</b>         | <b>435</b>   | <b>520</b>   | <b>-13%</b> | <b>-12%</b> | <b>-6%</b>  |
| <b>Group Revenue</b>                   | <b>6,258</b>  | <b>6,879</b> | <b>7,239</b> | <b>8,127</b>       | <b>8,012</b> | <b>8,459</b> | <b>-23%</b> | <b>-14%</b> | <b>-14%</b> |
| <b>Metals EBITDA</b>                   | <b>285</b>    | <b>309</b>   | <b>313</b>   | <b>262</b>         | <b>282</b>   | <b>245</b>   | <b>9%</b>   | <b>10%</b>  | <b>28%</b>  |
| <b>Energy EBITDA</b>                   | <b>838</b>    | <b>909</b>   | <b>982</b>   | <b>805</b>         | <b>886</b>   | <b>973</b>   | <b>4%</b>   | <b>3%</b>   | <b>1%</b>   |
| M Renewables                           | 356           | 395          | 471          | 306                | 342          | 407          | 16%         | 15%         | 16%         |
| M Generation & Management              | 160           | 186          | 194          | 181                | 225          | 250          | -12%        | -17%        | -22%        |
| M Energy Customers Solutions           | 101           | 105          | 108          | 95                 | 102          | 107          | 6%          | 3%          | 0%          |
| M Integrated Supply and Trading        | 119           | 113          | 106          | 141                | 130          | 133          | -15%        | -13%        | -21%        |
| M Power Projects                       | 102           | 111          | 104          | 82                 | 87           | 76           | 24%         | 27%         | 36%         |
| <b>METKA &amp; Concessions EBITDA</b>  | <b>36</b>     | <b>46</b>    | <b>59</b>    | <b>36</b>          | <b>43</b>    | <b>52</b>    | <b>0%</b>   | <b>6%</b>   | <b>14%</b>  |
| Other                                  | -15           | -15          | -15          | -5                 | -5           | -5           |             |             |             |
| <b>Group EBITDA</b>                    | <b>1,144</b>  | <b>1,250</b> | <b>1,339</b> | <b>1,098</b>       | <b>1,207</b> | <b>1,265</b> | <b>4%</b>   | <b>4%</b>   | <b>6%</b>   |
| <b>Group Net Profit</b>                | <b>689</b>    | <b>755</b>   | <b>809</b>   | <b>664</b>         | <b>736</b>   | <b>764</b>   | <b>4%</b>   | <b>3%</b>   | <b>6%</b>   |
| <b>Group Net Debt*</b>                 | <b>2,144</b>  | <b>2,223</b> | <b>2,380</b> | <b>1,802</b>       | <b>1,699</b> | <b>1,844</b> | <b>19%</b>  | <b>31%</b>  | <b>29%</b>  |
| <b>Capex</b>                           | <b>805</b>    | <b>862</b>   | <b>877</b>   | <b>709</b>         | <b>642</b>   | <b>670</b>   | <b>13%</b>  | <b>34%</b>  | <b>31%</b>  |

Source: Eurobank Equities Research, \*Including financial leases and non-recourse debt

## Valuation: Higher visibility on RES cash flows lifts our PT to €48.4

*New PT to €48.4 from €45.2, mainly driven by the enhanced project returns and improved visibility on the Asset Rotation Model for the next 3 years*

Incorporating our updated estimates for each segment and rolling our valuation forward to April 2025, we come up with a 12m fwd fair value of €6.5bn corresponding to a new PT of €48.4/share, up from €45.2 previously, thus reiterating our Buy rating on the stock and keeping it in our top picks. The increase in our PT mainly reflects the impact of the new deal with PPC that enhances project returns while also providing improved visibility on the cash flow generation capacity of M Renewables. Our price target implies a 1-year fwd EV/EBITDA of 7.4x, which places Mytilineos at a small premium vs its broad peer group, which is justified in our view, considering the double-digit profit growth algorithm through to 2026e.

| Mytilineos   SOTP Valuation                       |              |                |   |
|---|--------------|----------------|---|
| EURm  | EV           | 2024 EV/EBITDA | Comment   |
| <b>Metals</b>                                     | <b>2,207</b> | <b>7.7x</b>    | Peer Group avg at 7.0x; Alcoa at 8.9x           |
| <b>Energy</b>                                     | <b>6,448</b> | <b>7.7x</b>    |   |
| - of which M Renewables                           | 3,032        | 8.5x           | Renewables peer group at c10x                   |
| - of which Gen, Supply & NG Trading               | 2,903        | 7.6x           | Integrated electricity suppliers median at 7.4x |
| - of which M Power Projects                       | 513          | 5.0x           |   |
| <b>METKA and M Concessions</b>                    | <b>92</b>    | <b>5.0x</b>    |   |
| <b>Other</b>                                      | <b>-60</b>   | <b>4.0x</b>    |   |
| <b>Group EV</b>                                   | <b>8,687</b> |                |   |
| - Financial net debt                              | -1,893       |                |   |
| - Other claims (non-controlling int., associates) | -88          |                |   |
| <b>Equity value</b>                               | <b>6,705</b> |                |   |

12m equity value per share, ex div 48.4 €

Source: Eurobank Equities Research

Below we present the sensitivity of our PT to changes in key top-line and cost components. On revenue, our sensitivity analysis indicates that each 50 \$/Ton change in Aluminum prices translates to a c1% change in our PT and a €5/MWh change in SMP drives a c5% change in our PT. On the cost side, we estimate that each €5/Ton change in Co2 cost translates to a c1% change in our PT, while flexing TTF by €5/MWh results in a c3% variation in our PT.

| Valuation   PT Sensitivity to Electricity price & Aluminum price (€/share) |             |      |      |      |      |      |
|--|-------------|------|------|------|------|------|
| Aluminum (\$/tn)   | SMP (€/MWh) |      |      |      |      |      |
|  |             | -10  | -5   | Base | +5   | +10  |
|  | +100        | 43.8 | 46.9 | 50   | 53.1 | 56.3 |
|  | +50         | 43.0 | 46.1 | 49.2 | 52.3 | 55.5 |
|  | Base        | 42.2 | 45.3 | 48.4 | 51.5 | 54.7 |
|  | -50         | 41.4 | 44.5 | 47.6 | 50.7 | 53.9 |
|  | -100        | 40.6 | 43.7 | 46.8 | 49.9 | 53.1 |

Source: Eurobank Equities Research

| Valuation   PT Sensitivity to changes in CO2 price & Gas price (€/share) |                           |      |      |      |      |      |
|--|---------------------------|------|------|------|------|------|
| TTF (€/MWh)  | CO2 emissions Cost (€/tn) |      |      |      |      |      |
|  |                           | +10  | +5   | Base | -5   | -10  |
|  | -10                       | 50.8 | 51.4 | 52.1 | 52.8 | 53.5 |
|  | -5                        | 48.9 | 49.6 | 50.3 | 51.0 | 51.6 |
|  | Base                      | 47   | 47.7 | 48.4 | 49.1 | 49.8 |
|  | +5                        | 45.2 | 45.9 | 46.6 | 47.3 | 47.9 |
|  | +10                       | 43.3 | 44   | 44.7 | 45.4 | 46.1 |

Source: Eurobank Equities Research

## Q1'24 results preview: Off to a solid start

Mytilineos is scheduled to release its Q1'24 results on 25<sup>th</sup> April, before the opening of the trading session. We anticipate the Group to start the year on the front foot, estimating Q1'24 EBITDA at €246mn, +9% yoy despite the c17% drop in revenue (at €1.1bn), with performance set to be robust at both its main segments.

In more detail, we expect the Energy division to report Q1'24 revenue of €886mn (-20% yoy), affected by the 49% drop in wholesale electricity prices yoy. That said, we calculate a c19% growth in this segment's EBITDA to €178mn, stemming from the successful implementation of the Asset Rotation model, the increased electricity production output and the enhanced performance of Mytilineos's electricity supply segment.

In Metals, we have penciled in a 14% revenue decline yoy at €194mn due to lower aluminum prices. However, offsetting this will be the reduced blended electricity cost following the transition from the previous corporate PPA to electricity sourcing from the group's own "Protergia". As such, we expect a 11% decline in this segment's EBITDA, which will however translate in to a 1.1ppt accretion in the respective margin (to c34%). In absolute terms, we see Metals EBITDA shaping at €66mn, with the 11% yoy reduction also exacerbated by the tough comparative.

As far as the group's bottom line is concerned, we expect the 9% EBITDA growth to translate into c5% growth in net income at €150mn, accounting for higher financial expenses, but resulting on c3pps higher net profit margin than Q1'23.

| Mytilineos   Q1 2024 Results Preview |              |              |             |
|--------------------------------------|--------------|--------------|-------------|
| EUR mn                               | Q1'23        | Q1'24e       | YoY%        |
| Energy                               | 1,112        | 886          | -20%        |
| Metals                               | 225          | 194          | -14%        |
| Other                                | 21           | 23           | 10%         |
| <b>Group Revenue</b>                 | <b>1,358</b> | <b>1,103</b> | <b>-19%</b> |
| Energy                               | 150          | 178          | 19%         |
| Metals                               | 74           | 66           | -11%        |
| Other                                | 1            | 2            |             |
| <b>Group EBITDA</b>                  | <b>225</b>   | <b>246</b>   | <b>9%</b>   |
| <i>Group EBITDA Margin</i>           | 17%          | 22%          |             |
| <b>Group Net Income</b>              | <b>143</b>   | <b>150</b>   | <b>5%</b>   |
| <i>Group Net income Margin</i>       | 10.5%        | 13.6%        |             |
| Source: Eurobank Equities Research   |              |              |             |



## Group Financial Statements

| EURmn                               |               |                |                |                |                |
|-------------------------------------|---------------|----------------|----------------|----------------|----------------|
| P&L                                 | 2022          | 2023           | 2024e          | 2025e          | 2026e          |
| Sales                               | 6,306.5       | 5,491.7        | 6,258.4        | 6,878.9        | 7,238.8        |
| Gross Profit                        | 1,053.6       | 1,094.5        | 1,383.2        | 1,517.7        | 1,623.6        |
| <b>EBITDA - adjusted</b>            | <b>822.2</b>  | <b>1,013.6</b> | <b>1,143.9</b> | <b>1,249.8</b> | <b>1,339.0</b> |
| change                              | 129.3%        | 23.3%          | 12.9%          | 9.3%           | 7.1%           |
| EBITDA margin                       | 13.0%         | 18.5%          | 18.3%          | 18.2%          | 18.5%          |
| <b>EBIT - adjusted</b>              | <b>733.0</b>  | <b>900.2</b>   | <b>1,008.5</b> | <b>1,090.9</b> | <b>1,155.0</b> |
| Financial income (expense)          | 84.3          | 122.3          | 117.6          | 112.2          | 108.6          |
| Exceptionals/other income           | -182.9        | -236.4         | -227.0         | -219.4         | -211.7         |
| PBT - reported                      | 634.3         | 786.1          | 899.2          | 983.7          | 1,052.0        |
| Income tax                          | 132.7         | 160.4          | 197.8          | 216.4          | 231.4          |
| Non-controlling interest            | 34.1          | 2.5            | 11.9           | 11.8           | 11.4           |
| <b>Net profit - reported</b>        | <b>464.8</b>  | <b>623.1</b>   | <b>689.5</b>   | <b>755.5</b>   | <b>809.2</b>   |
| <b>EPS - adjusted (EUR)</b>         | <b>3.25</b>   | <b>4.36</b>    | <b>4.83</b>    | <b>5.29</b>    | <b>5.66</b>    |
| <b>DPS (EUR)</b>                    | <b>1.21</b>   | <b>1.50</b>    | <b>1.74</b>    | <b>1.91</b>    | <b>2.05</b>    |
| Group Cash Flow Statement           |               |                |                |                |                |
| EBITDA                              | 822.2         | 1,013.6        | 1,143.9        | 1,249.8        | 1,339.0        |
| Change in Working Capital           | 152.8         | -630.8         | -76.7          | 99.5           | -15.1          |
| Net Interest                        | -31.7         | -106.5         | -103.8         | -101.6         | -97.5          |
| Tax                                 | -42.9         | -160.4         | -197.8         | -216.4         | -231.4         |
| Other                               | -7.3          | 43.8           | 0.0            | 0.0            | 0.0            |
| <b>Operating Cash Flow</b>          | <b>893.1</b>  | <b>159.8</b>   | <b>765.5</b>   | <b>1,031.2</b> | <b>995.0</b>   |
| Capex                               | -715.7        | -1,054         | -804.6         | -862.4         | -876.8         |
| Other investing                     | 1.1           | 4.9            | 0.0            | 0.0            | 0.0            |
| <b>Net Investing Cash Flow</b>      | <b>-714.6</b> | <b>-1,049</b>  | <b>-804.6</b>  | <b>-862.4</b>  | <b>-876.8</b>  |
| Dividends                           | -70.1         | -167.4         | -207.5         | -241.3         | -264.4         |
| Other                               | -21.2         | -119.8         | -4.4           | -6.8           | -10.8          |
| <b>Net Debt (cash)</b>              | <b>716.1</b>  | <b>1,892.9</b> | <b>2,143.9</b> | <b>2,223.3</b> | <b>2,380.4</b> |
| <b>Free Cash Flow (adj.)</b>        | <b>178.5</b>  | <b>-889.6</b>  | <b>-39.1</b>   | <b>168.8</b>   | <b>118.2</b>   |
| Group Balance Sheet                 |               |                |                |                |                |
| Tangible Assets                     | 1,686         | 1,984          | 2,644          | 3,330          | 3,983          |
| Intangible Assets                   | 461           | 662            | 670            | 688            | 728            |
| Other non-current Assets            | 333           | 608            | 608            | 608            | 608            |
| <b>Non-current Assets</b>           | <b>2,480</b>  | <b>3,253</b>   | <b>3,923</b>   | <b>4,626</b>   | <b>5,319</b>   |
| Inventories                         | 840           | 1,335          | 1,334          | 1,260          | 1,253          |
| Trade Receivables                   | 1,451         | 1,557          | 1,627          | 1,720          | 1,810          |
| Other receivables                   | 1,070         | 1,144          | 1,260          | 1,378          | 1,446          |
| Cash & Equivalents                  | 1,060         | 920            | 1,048          | 1,152          | 1,213          |
| <b>Current Assets</b>               | <b>4,422</b>  | <b>4,956</b>   | <b>5,269</b>   | <b>5,509</b>   | <b>5,722</b>   |
| <b>Total Assets</b>                 | <b>6,902</b>  | <b>8,210</b>   | <b>9,192</b>   | <b>10,135</b>  | <b>11,040</b>  |
| Shareholder funds                   | 2,130         | 2,576          | 3,058          | 3,572          | 4,117          |
| Non-controlling interest            | 91            | 91             | 91             | 91             | 91             |
| <b>Total Equity</b>                 | <b>2,221</b>  | <b>2,667</b>   | <b>3,149</b>   | <b>3,663</b>   | <b>4,208</b>   |
| Long-term debt                      | 1,547         | 2,012          | 1,512          | 1,512          | 1,012          |
| Other long-term liabilities         | 408           | 633            | 636            | 686            | 683            |
| <b>Long Term Liabilities</b>        | <b>1,955</b>  | <b>2,645</b>   | <b>2,148</b>   | <b>2,199</b>   | <b>1,695</b>   |
| Short-term debt                     | 166           | 618            | 1,507          | 1,650          | 2,378          |
| Trade Payables                      | 1,331         | 1,185          | 1,252          | 1,376          | 1,448          |
| Other current liabilities           | 1,230         | 1,095          | 1,136          | 1,247          | 1,312          |
| <b>Short Term Liabilities</b>       | <b>2,726</b>  | <b>2,897</b>   | <b>3,894</b>   | <b>4,274</b>   | <b>5,138</b>   |
| <b>Total Equity and Liabilities</b> | <b>6,902</b>  | <b>8,210</b>   | <b>9,192</b>   | <b>10,135</b>  | <b>11,040</b>  |
| Key Financial Ratios                |               |                |                |                |                |
| P/E                                 | 4.8x          | 7.1x           | 7.4x           | 6.7x           | 6.3x           |
| P/BV                                | 4.7x          | 6.8x           | 7.1x           | 6.5x           | 6.1x           |
| EV/EBITDA                           | 3.7x          | 6.3x           | 6.4x           | 5.9x           | 5.6x           |
| EBIT/Interest expense               | 9.2x          | 8.1x           | 9.1x           | 10.2x          | 11.2x          |
| Net Debt (cash)/EBITDA              | 0.9x          | 1.9x           | 1.9x           | 1.8x           | 1.8x           |
| Dividend Yield                      | 7.7%          | 4.9%           | 4.9%           | 5.4%           | 5.8%           |
| ROE                                 | 20.9%         | 23.4%          | 21.9%          | 20.6%          | 19.2%          |
| Free Cash Flow yield                | 21.6%         | 19.1%          | 16.0%          | 15.2%          | 14.4%          |
| Payout Ratio                        | 36.0%         | 33.3%          | 35.0%          | 35.0%          | 35.0%          |

Source: Eurobank Equities Research

## Company description

Mytilineos is an industrial group with activities spanning from Metals, being Europe's largest vertically integrated alumina and aluminium producer and the second largest bauxite producer in Greece, to Power production & Gas trading, managing a portfolio in excess of 1,200 MW (c.20% market share of conventional electricity production). The Group is also active in Renewables, holding an extensive Global portfolio of c12GW, while also undertaking EPC Power projects worldwide.

## Risks and sensitivities

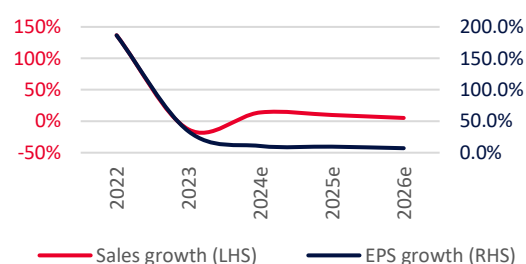
▪ **Regulatory** – The Greek Energy Market, to which Metals and Energy are exposed to is highly regulated, and as such depends on political decisions as well as legal and regulatory framework directives. Any developments within this context may affect the group's operational performance as well as the value of its energy assets.

▪ **Metals** – Metals segment is faced with risks that stem from fluctuations in the price of the LME, alumina and aluminium premia as well as the EUR/USD exchange rate. The business unit's operational performance is also influenced by raw material costs, such as bauxite, metallurgic coke and soda, as well as freight costs.

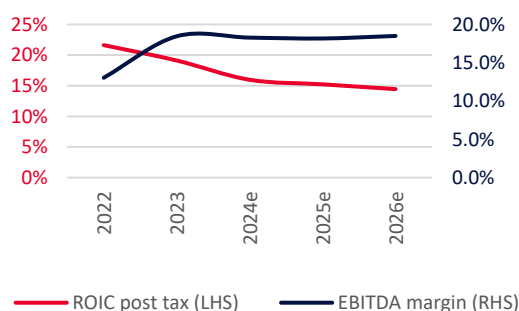
▪ **Renewables** – Being active in development of RES globally, Mytilineos is constantly seeking new projects to replenish backlog, even during periods when new tenders might be limited due to macroeconomic or geopolitical factors and the temptation to bid for projects than might be margin dilutive increases.

▪ **Sensitivities** – The group is highly dependent on global commodity prices, mainly aluminium and natural gas. We estimate that each 100 \$/Ton change in LME translates to a 2% change in Group EBITDA while each 10 €/MWh change in natural gas cost translates to a 8% change in Group EBITDA.

## Sales and EPS growth



## Profitability and returns



**Eurobank Equities Investment Firm S.A.**

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This report has been written by Nikos Athanasoulas, CFA (Equity Analyst).

**Analyst Compensation:**

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**12-month Rating History of Mytilineos Group**

| Date       | Rating | Stock price | Target price |
|------------|--------|-------------|--------------|
| 15/04/2024 | Buy    | € 35.56     | € 48.40      |
| 22/01/2024 | Buy    | € 38.34     | € 45.20      |
| 16/01/2024 | Buy    | € 38.40     | € 45.20      |
| 11/09/2023 | Buy    | € 35.16     | € 40.30      |
| 17/07/2023 | Buy    | € 32.82     | € 40.30      |

**Eurobank Equities Investment Firm S.A. Rating System:**

| Stock Ratings | Coverage Universe |             | Investment Banking Clients |       | Other Material Investment Services Clients (MISC) - as of 15th Apr 2024 |       |
|---------------|-------------------|-------------|----------------------------|-------|---|-------|
|               | Count             | Total       | Count                      | Total | Count   | Total |
| Buy           | 21                | 68%         | 3                          | 14%   | 10  | 48%   |
| Hold          | 2                 | 6%          | 0                          | 0%    | 1   | 50%   |
| Sell          | 0                 | 0%          | 0                          | 0%    | 0   | 0%    |
| Restricted    | 1                 | 3%          | 0                          | 0%    | 1   | 100%  |
| Under Review  | 2                 | 6%          | 1                          | 50%   | 2   | 100%  |
| Not Rated     | 5                 | 16%         | 2                          | 40%   | 3   | 60%   |
| <b>Total</b>  | <b>31</b>         | <b>100%</b> |                            |       |   |       |

**Coverage Universe:** A summary of historic ratings for our coverage universe in the last 12 months is available [here](#).

**Analyst Stock Ratings:**

|               |   |
|---------------|---|
| Buy:          | Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock. |
| Hold:         | We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.  |
| Sell:         | Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.   |
| Restricted:   | Under Eurobank Group policy and / or regulations which do not allow ratings   |
| Under Review: | Our estimates, target price and recommendation are currently under review   |
| Not Rated:    | Refers to Sponsored Research reports  |