

Revenga Smart Solutions 1H23: in line with IPO expectations

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Revenga Smart Solutions has published its 1H23 results, which have been in line with the figures reported in the Incorporation Information Document.


Key highlights of the results: 1) Sales figure dropped -10.8% to EUR 14.7 million (39% international) as a result of a slower pace in the execution of certain projects in the backlog (Algeria, Turkey, Egypt, Quito and Spain. 2) Adjusted EBITDA improved +9.5% to EUR 1.7 million (adjustment of EUR 94,500 of IPO expenses before 30 June). It should be noted that the margin improved 2.2 p.p. to 11.8% as a result of the company's strategy aimed at being more selective when submitting bids. 3) Net debt has remained stable, in line with what was reported in the incorporation to the BME Growth. 4) The order backlog reached EUR 95.1 million, a figure similar to the EUR 103 million reported at the 2022 year-end. It should be noted that the pipeline increased to EUR 293 million, which is higher than our estimates of EUR 264.5 million for the current year, a fact that confirms the excellent situation of the sectors in which the company is currently operating.

R&T (Rail & Terminals): sales decreased by -9.5% to EUR 10.4 million (70.2% of group sales) as a result of the slowdown in projects in Algeria, Egypt and Turkey, as well as in Spain following the regional government elections. In 2H23, delays in the formation of a government in Spain will also have a negative impact. EBITDA in 1H23 amounted to EUR 1.4 million (-1.7% compared to 1H22), which improved the EBITDA margin by 1.1 p.p. to 13.7%. The order backlog at the end of 1H23 amounted to EUR 65.4 million (-9.5% compared to 1H22) as a result of the cancellation of a project with ADIF amounting to EUR 8.2 million, for which the company has filed a claim for potential compensation ranging from EUR 0.45/0.50 million. Pipeline increased to EUR 232.9 million compared to EUR 220.4 million at the 2022 year-end, anticipating positive growth.

ITS (Intelligent Transport Systems): sales decreased by -14.8% to EUR 4.2 million (29.8% of group sales), primarily as a result of the stoppage of the Quito metro L1 project caused by the change of government. EBITDA in 1H23 amounted to EUR 0.3 million (+129.5%), which reflected a strong improvement in profitability by 4.7 p.p. to 7.5%. This margin increase is produced when compared to a 1H22 negatively affected by the Malaga-Estepona-Guadiaro tunnels project. The order backlog at the end of 1S33 amounted to EUR 29.7 million (-3.4% compared to 1H22) and the pipeline increased significantly to EUR 60.1 million compared to EUR 44.1 million at the 2022 year-end, which reflects the excellent situation of the sector.

Conclusion: these results are in line with forecasts and should not have an impact on the share price. **OVERWEIGHT (4.05 EUR/share).**

Key figures:

|  | | Overweight | | |
|---|--------|-------------|-------------|---------------|
| (EUR million) | | 1H23 | 1H22 | Var % |
| Total revenues | | 14.7 | 16.5 | -10.8% |
| R&T | | 10.4 | 11.5 | -9.5% |
| ITS | | 4.2 | 4.9 | -14.8% |
| Other | | 0.1 | 0.0 | 124.1% |
| Adjusted EBITDA | | 1.7 | 1.6 | 9.5% |
| | Margin | 11.7% | 10.7% | -1.0 pp |
| R&T | | 1.4 | 1.5 | -1.7% |
| | Margin | 13.7% | 12.6% | -1.1 pp |
| ITS | | 0.3 | 0.1 | 129.5% |
| | Margin | 7.5% | 2.8% | -4.7 pp |
| Net profit | | 0.1 | 0.2 | -51.4% |

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