



# CFA Institute

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## CFA Institute Research Challenge

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# CENERGY HOLDINGS S.A. (CENER.AT – CENER.BR)

Date: 02/08/2024

GICS Sector: Industrials

Current Price: €7.25 (as of 02/08/2024)

Industry: Investment Holding Companies

Target Price: € 8.04 (10.96% Upside)

Listed: Athens Stock Exchange (ASE)

Recommendation: BUY

Euronext Brussels Exchange (BSE)

## Investment Summary

| RECOMMENDATION           | BUY          |
|--------------------------|--------------|
| Date                     | 2/8/2024     |
| Close Price              | 7.25 €       |
| Target Price (1-2 years) | 8.04-13.47€  |
| Upside                   | 10.96-85.78% |
| Market Cap (in millions) | 1,379        |
| 52w High                 | 7.58         |
| 52w Low                  | 3.03         |
| Beta (5y Monthly)        | 0.95         |
| Free Float (000s)        | 35,450       |

## A Brief Overview

Cenergy Holdings SA is a holding company that is cross-listed in the Belgium and Athens stock exchanges, investing in leading industrial firms in high-growth areas such as energy transfer, renewables, and data transmission. Its portfolio includes Corinth Pipeworks (CPW), specializing in steel pipe manufacturing and Hellenic Cables Group (HC), a top European cable producer.

## Investment Case

We issue a BUY recommendation for Cenergy Holdings with a one-year & two-year target price of 8.04€, 13.47€, presenting a 10.96%, 85.78% upside potential on the closing price of 7.25€ on 8<sup>th</sup> February of 2024. We don't foresee a dividend yield as the company has only paid dividends once, € 0.05 on 21/06/2023, and has not scheduled future payouts. The target price is based on a Discounted Cash Flow method (DCF) and supported by the Residual Income Model (RIM) and the Comparable Companies Multiples method with 50%/30%/20% weights respectively. For all valuation methods, a Sum-of-the-Parts (SOTP) valuation approach was implemented regarding Cenergy Holdings' 2 subsidiaries. We expect an EPS CAGR of 24% 2023-2030 (Figure 1) based on: 1) Achieving Tier 1 Supplier burgeoning revenues from projects 2) Product portfolio targeting high growth paced industries enhancing profitability 3) Seizing the renewable energy transition, ensuring long-term growth.

## Revenues Growth by Achieving Tier 1 Supplier

Elevating its status to a Tier 1 supplier enhances Cenergy's competitiveness, attracting lucrative projects that, in turn, drive increased backlogs and revenues while at the same time, diversifying its income sources. Consequently, backlogs exceeded € 3 bn in September 2023, a 20% increase from June of last year, a trend that will likely persist in the future; while our analysis deemed that Revenues would increase at a CAGR of 11.44% with 60% of them coming from projects (Figure 2).

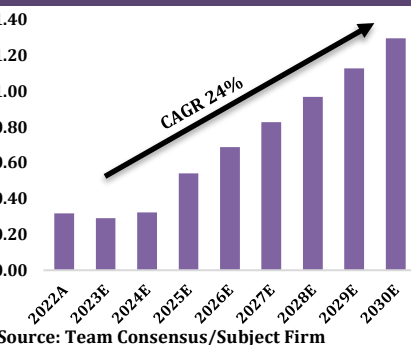
## Favorable Products Mixture Fuels Enhanced Profitability

Cenergy Holdings strategically positions itself by focusing on high-growth industries. Through the expansion of Corinth's plant, the company will double its production of offshore cables, which return a staggering 18% operating margin and are estimated to expand at a 10-year CAGR of 10.15%. Additionally, Cenergy plans to expand its production to Carbon Capture and Storage (CSS) and Hydrogen transportation pipes, which are expected to grow at a 10-year CAGR of 5.65% and offer enhanced margins. This shift in products' mixture results in both gross and operating margins improving by 143 and 224 basis points respectively during our forecasted period.

## Seizing the Renewable Energy Transition

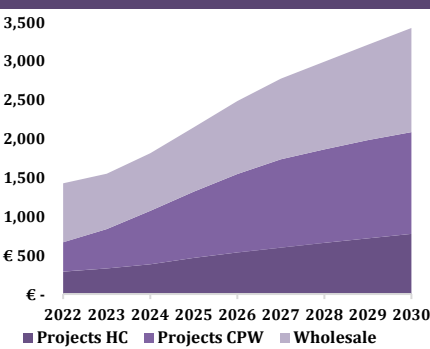
Cenergy Holdings is ready to capitalize on the increased investments aimed at green energy and the subsequent increased demand they will bring. According to IRENA renewables are set to comprise 35% of total electricity consumption by 2035 and more than \$ 170 bn were invested in onshore and offshore windfarms in 2022 where the company's products find extensive use. Noteworthy, 50.37% of Revenues are derived from EU Taxonomy-aligned operations, and as a result, the expected growth of renewables is highly correlated with the company's products demand and its long-term growth.

Figure 1: EPS



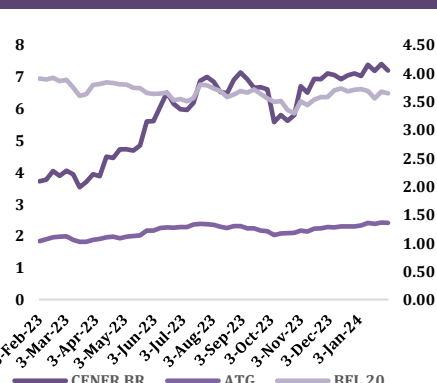
Source: Team Consensus/Subject Firm

Figure 2: Cenergy Holdings Segmentation of Revenues (ms €)



Source: Team Consensus/Subject Firm

Figure 3: Cenergy Holdings Relative Share Price Performance

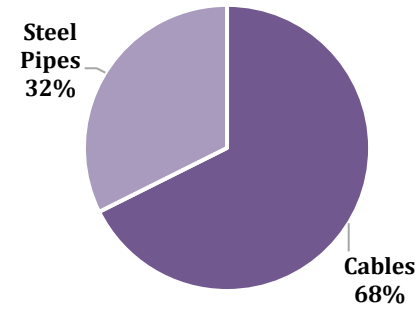


Source: Refinitiv

| Key Financials      | 2022  | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E |
|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenues ( m €)     | 1,426 | 1,550 | 1,812 | 2,118 | 2,431 | 2,704 | 2,921 | 3,124 | 3,309 |
| Revenues Growth (%) |       | 9%    | 17%   | 17%   | 15%   | 11%   | 8%    | 7%    | 6%    |
| EPS (€)             | 0.32  | 0.29  | 0.32  | 0.54  | 0.69  | 0.83  | 0.97  | 1.13  | 1.3   |
| EBITDA Margin (%)   | 9%    | 11%   | 10%   | 10%   | 11%   | 11%   | 12%   | 12%   | 13%   |
| NI (%)              | 4%    | 4%    | 3%    | 5%    | 5%    | 6%    | 6%    | 7%    | 7%    |
| ROE (%)             | 20%   | 15%   | 14%   | 20%   | 21%   | 20%   | 19%   | 19%   | 18%   |
| ROIC (%)            | 11%   | 13%   | 13%   | 14%   | 15%   | 15%   | 16%   | 17%   | 18%   |
| P/E                 | 9.51  | 24.41 | 22.46 | 13.42 | 10.54 | 8.76  | 7.49  | 6.43  | 5.59  |

## BUSINESS DESCRIPTION

Figure 4: Revenues by Business Segment



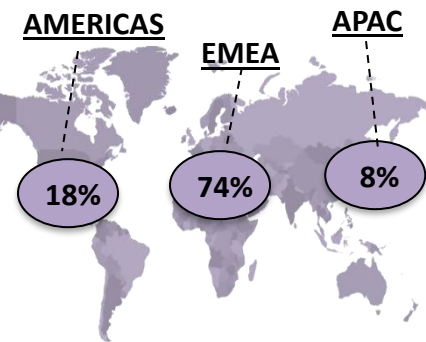
Source: Subject Firm

Cenergy Holdings was established in 2016, as Hellenic Cables (HC) and Corinth Pipeworks (CPW), two companies under the Viohalco Group, merged to create a group focused on global energy transformation. The two companies hold expertise in manufacturing specialized products and providing turnkey solutions to their customers, being in business from 1950 and 1969 respectively. With a presence on all continents, the group is a supplier of major players in the booming renewable energy industry, such as Orsted, Energinet, and Subsea7.

### Business Segments and Geographical Reach

The cables segment amounts to 68% of the total revenue, with steel pipes closing the gap yearly and accounting for 32% (Figure 4). A highly extroverted business model with the two subsidiaries' activities spreading across the globe, with Hellenic Cables and Corinth Pipeworks' international revenues accounting for 56% and 91.52% respectively of their total sales. Leading to Cenergy Holdings revenues breakdown consisting of 31% in Greece, 42% in Europe, 18% in the Americas, 8% in Asia & Oceania, and 1% in Africa (Figure 5).

Figure 5: Revenues by Geography



Source: Subject Firm

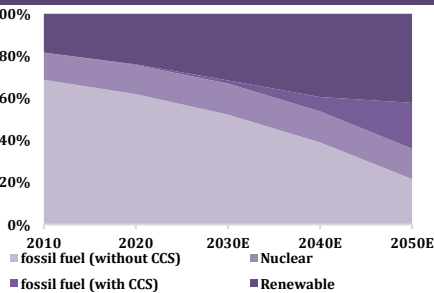
### Products and Services

**Hellenic Cables** activity can be broken down into three operating segments, energy projects, power and telecom, and raw materials. The energy projects comprise the production and installation of high and extra-high-voltage land and submarine cables, with a high degree of customization, that are used in grid connections and offshore/onshore wind farms. The power and telecom comprise the wholesale sector, with key products being standardized and ranging from low-voltage energy transmission cables and overhead conductors to telecommunication, data transmission, and optical fiber cables. Finally, raw materials comprise sales of copper and aluminum wires that are used in the manufacture of cables by buyers.

**Corinth Pipeworks** main source of income is providing steel pipes to the petrochemical industry to transport liquid and gas fuel. With the focus on a greener future, more than 90 percent of the total production is used for gas transmission projects, while the company is ready to catch the train of the hydrogen transmission and the "carbon capture & storage". The secondary source is the manufacturing of steel hollow structural sections that are used in the construction industry.

## INDUSTRY OVERVIEW & COMPETITIVE POSITIONING

Figure 6: Renewable and CCS technology portion of forecasted electricity mix



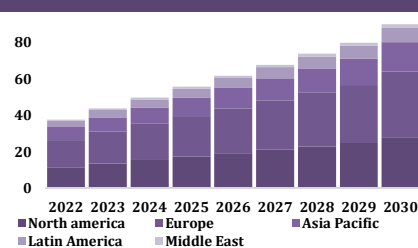
Source: World Energy Org

Since the Industrial Revolution, energy has been the foundation of a constantly changing society, but throughout all these years the supply of energy has also been transformed. The world is currently in a transient state as global warming poses a threat to the future viability of the planet, meaning that until 2050 the mix of the energy supply should lean more toward renewable sources and less toward carbon-emitting sources (Figure 6). This will lead to the need for further infrastructure in the segment of energy transportation, making the position of Cenergy Holdings crucial.

### Demand Drivers

We expect high growth in both the cables and steel tubes industries which is driven by 4 key factors: 1) The rising market of Offshore Wind farms, 2) The repowering and electrification need, 3) The fact that natural gas is considered to be a transient form of energy towards a zero emissions state at end of 2050, 4) Carbon Capture and Storage and transportation of Hydrogen. We are confident that Cenergy Holdings will capitalize on this favorable macro-environment.

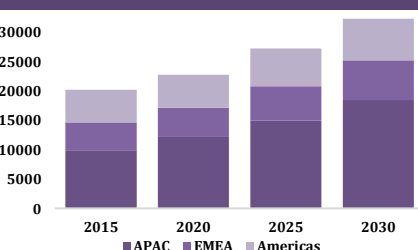
Figure 7: Offshore Wind Farms Markets Forecast by region (in billion \$)



Source: Market Research

**The rising market of Offshore Wind farms:** As offshore wind farms are capable of producing more energy due to their bigger size and consistent high-speed wind, while their counterpart, onshore wind farms, face a negative predisposition by the population, more and more companies turn to offshore. The market, despite the many challenges, is expected to have a CAGR of 11.5% (Figure 7) with many grants by the EU and USA being directed to these companies. This will lead to extended and continuous demand for submarine inter-array and export cables where Cenergy Holdings holds a respective position.

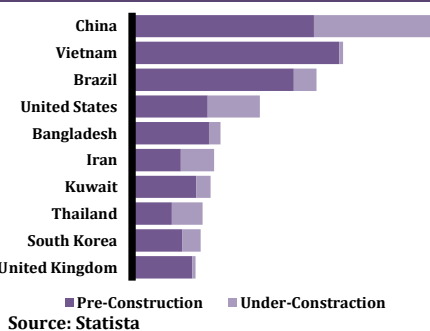
Figure 8: Electricity Consumption Forecast per region (in TWh/y)



Source: Statista

**The repowering and electrification need:** The wind farm industry has been around for 40 years resulting in many of them being outdated and in need of "repowering" (outdated infrastructure is being renewed with state-of-the-art), and thus replacing them will further increase the demand for onshore cables. Also, electricity consumption is expected to grow 25% by 2030 (Figure 8), due to population growth, changes in way of living, and the proliferation of energy-intensive telecommunication infrastructure. Supporting the higher demand and being aligned with environmental policies requires the electrification of a state (substitution of primary energy sources by electricity), leading to the need to have an extended electricity transmission system connected to the grid.

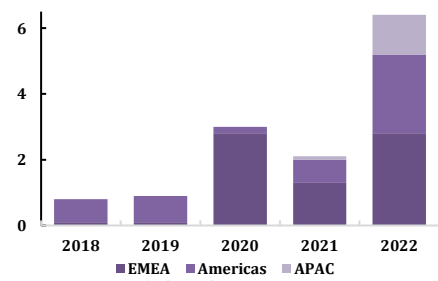
Figure 9: Global gas power capacity in development by country 2022 (in GW)



**Natural gas as a vehicle for transcending to a zero emissions state:** The electricity production by burning natural gas is significantly less damaging to the environment with only half CO2 emissions and a fraction of air pollutants compared to coal burning. Consequently, with the Renewable Energy sector still facing challenges with electricity storage and distribution, natural gas-burning power plants are being constructed (Figure 9), meaning that the oil and gas industry will have to further invest in the transportation and storage of natural gas to cover the electricity demand.

**Carbon Capture and Storage and Transportation of Hydrogen:** The CC&S is an innovative technology where the CO2 emissions from industries burning fossil fuels are captured and then transported and stored deep underground. This solution will be crucial in tackling the increasing amount of CO2 in the atmosphere, with investments in the rising (Figure 10). Despite this, the catalyst for achieving a greener world is underlying in the use of hydrogen produced from Renewable Energy Sources. Hence, both of the new technologies require an extended pipeline system to transport CO2 and hydrogen accordingly.

Figure 10: Global investment in Carbon Capture Technology by Region (in billion\$)



### Supply Drivers

**Orientation in technology:** In both industries, there is a constant need for innovation to stay on par with the rapidly growing Renewable Energy Sources (RES) industry, with some examples being 66kv inter-array cables and steel pipes for hydrogen and CC&S. Also, each energy project has a variety of constraints and challenges, resulting in the manufacturing of specialized products for each project. Hence, with low standardization of products and evolving technologies, companies relocate resources from production to R&D thus not maximizing their potential supply.

**Limitations of increasing the world production capacity:** Companies in the wires and cables industry, have accumulated significant size of backlogs spanning the next 5 years. This outlines the necessity for further expansion of plants to alleviate the stress on the production line. However, establishing sufficient infrastructure requires both time and capital. Adding to the problem, **the entry of new companies** into the market is **unfavorable** as large amounts of investment combined with a high level of expertise and proven know-how are required. (Figure 12) On the other hand, the steel pipes segment faces excess capacity production, putting companies in a position to adapt quickly to changing demand and market fluctuations, while **the entry of new players** is also low-medium in this saturated market. (Appendix 1: Porter's 5 forces)

In conclusion, we expect that the demand for infrastructure both in the cable and the steel pipes industry will keep increasing rapidly as more investments are flowing toward a zero-emissions future. While on the other side, the supply in the cables industry will be outpaced leading to the formation of backlogs (Figure 11), but the supply in the steel pipes industry will meet the future demand.

### Competitive Position

Cenergy Holdings' key strategy is to capitalize on the opportunity by switching its focus to supplying the immature market of RES. Reinforcing this plan, the Greek economy rebounded securing the investment grade, with the financial institutes upgrade soon to follow, meaning that lower cost of debt will improve the companies' efficiency and competitive positioning. While also, the group has laid strong foundations in the markets of operation. More specifically, the group has built a global sales network with long-lasting relations with customers, who comprise of big oil and gas companies, and energy transmission and production companies. Adding to this, the two subsidiaries are established as Tier 1 suppliers, having a track record of major projects in over 70 countries. Finally, the group can potentially benefit from future synergies as CPW plans to manufacture the foundations for offshore floating wind farms.

### Operating Segment Comparable Analysis

However, to better analyze the position of Cenergy Holdings in the market we created two distinct peer groups regarding its two subsidiaries (Figure 13). The first group consists of Hellenic Cables with its closest competitors being Prysmian, NKT A/S, and Nexans while the second group consists of Corinth Pipeworks with its closest competition being Tenaris and Vallourec.

### Market Dynamics and Strategic Planning

**Wires and Cables group:** Hellenic Cables operates in a \$215.8 billion market, which is expected to grow at 8.5% CAGR in the next 8 years (Figure 14). The industry is characterized by low concentration, making it **highly competitive** (Appendix 1: Porter's 5 forces) with companies having to differentiate and innovate to improve their market share. Adding to the competitive environment, the market is highly globalized with players being awarded projects worldwide.

Figure 11: Supply and Demand of cables (in 000km)

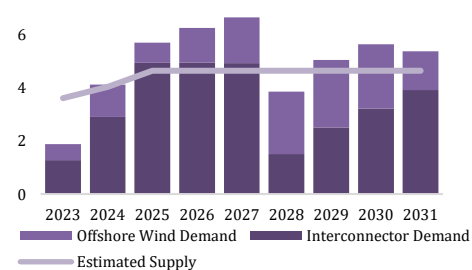
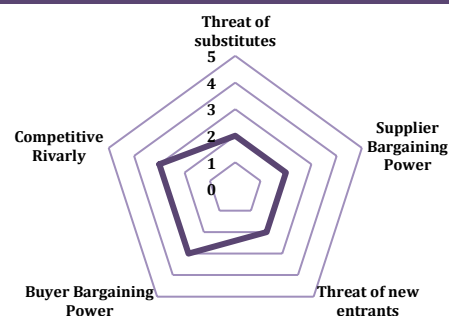


Figure 12: Cenergy Holdings Porter's 5 forces



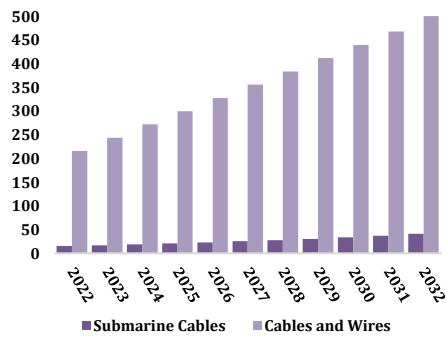
Source: Team Consensus

Figure 13: Comparable Groups

| Wires and Cables group   |
|--------------------------|
| -Hellenic Cables (HC)    |
| -Prysmian SPA (PRY)      |
| -NKT A/S (NKT)           |
| -Nexans SA (NEXS)        |
| Steel Pipes group        |
| -Corinth Pipeworks (CPW) |
| -Tenaris SA (TN)         |
| -Vallourec SA (VLLP)     |

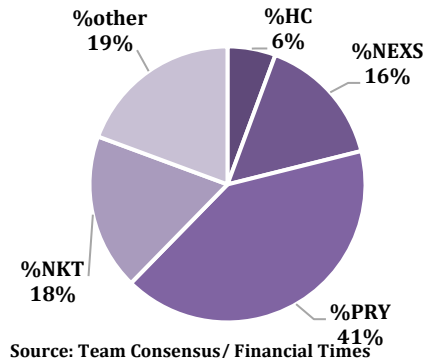
Source: Team Consensus

Figure 14: Cables and Wires Industry, and Submarine cables Industry Forecasts (in billion\$)



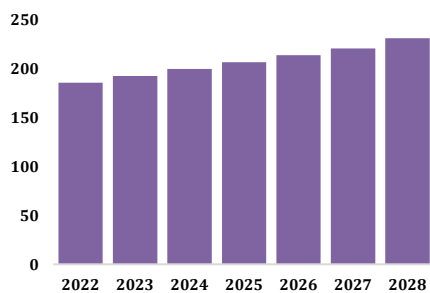
Source: GMI/ Pressedents

Figure 15: Submarine Cables Industry Market Share (%)



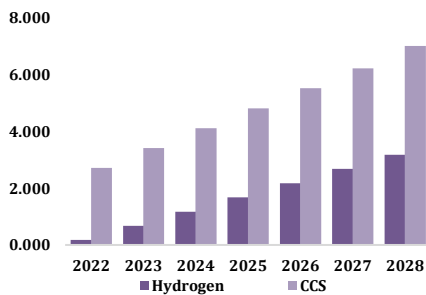
Source: Team Consensus/ Financial Times

Figure 16: Steel Pipes Industry, Forecasts (in billion \$)



Source: Grandview Research

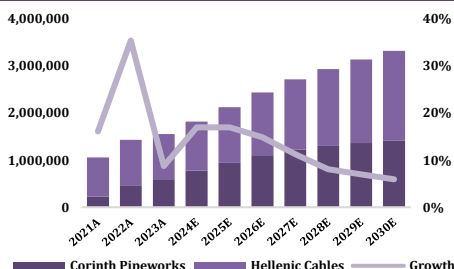
Figure 17: CC&S Industry, and Hydrogen Industry Forecasts (in billion\$)



Source: Markets & Markets

## FINANCIAL ANALYSIS

Figure 18: Revenues Projection (in 000s €) and Growth



Source: Team Consensus/Subject Firm

However, in the past 2 years, the rising demand for cable solutions has **lowered the bargaining power of buyers** and allowed for higher profit margins and looser competition in acquiring projects, meaning that the pie has been opened wide to smaller players.

**Hellenic Cables position:** In the past Hellenic Cables faced two main challenges in competing with the big global players, the significantly lower production capacity, and the poorer portfolio of solutions. This factor has led to the acquisition of Fulgor in (2011), a strategic move to enter the emerging market of submarine cables. In 2022, the value of the sub-market has reached \$15.6 billion and is expected to grow at a CAGR of 10.15% over the next 10 years (Figure 14). However, the sub-market is heavily concentrated with 3 companies accounting for 75% of the market (Figure 15). Despite this, Hellenic Cables has been established holding more than 50% of inter-array cables and more than 25% of export cables. Moreover, the company's products are deemed necessary with **no substitutes in the short term**, but with the **bargaining power of suppliers being high** and thus limiting its' potential. Finally, to address the lower capacity the company has announced further expansion plans to double its production of submarine cables by (2025).

**Close Peer Analysis:** The main factor differentiating Hellenic Cables, Prysmian, NKT A/S, and Nexans from the industry is their focus on energy projects. In 2023, revenue streams from energy projects were at an all-time high, with Hellenic Cables making €329m, Prysmian €2.403m, NKT A/S €1068m, and Nexans €901m. Despite this, future revenues are expected to be higher as companies' backlog growth is strong having reached €2.1b for Hellenic Cables, €10b for Prysmian, NKT A/S €11b, and €3.2b for Nexans. Consequently, with the demand high, companies will have to improve their efficiency to capitalize on the trend, with Hellenic Cables having the highest ROIC at 14.41%, and NKT A/S, Prysmian, and Nexans following at 11.68%, 10.7% and 9.71% respectively. (Appendix 4: Competition Ratios Analysis)

**Steel Pipes group:** Corinth Pipeworks operates in a \$ 99.88 billion market, which is expected to grow at 3.9% CAGR in the next 10 years (Figure 16). The global market is **highly competitive**, with the mix consisting mainly of small players who operate mostly locally and a lower number of big players having a global reach. In recent years, excessive investments have been made to increase the production of steel pipes in the USA and the Middle East, leading to excess capacity. Adding to this, the demand for these products is highly correlated with the commodity prices of oil and gas, as low prices render projects unprofitable. This leads to **medium buyer's bargaining power** as companies compete pricewise to secure the customer and phase out the excess capacity. While on the other side, the **bargaining power of suppliers is medium-low** as there is a surplus of mined steel. So, differentiation and expansion in new technologies are deemed necessary to survive in such a dynamic industry.

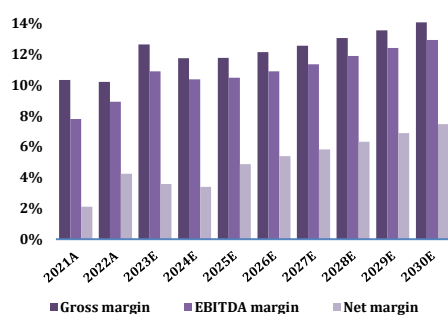
**Corinth Pipeworks position:** The company mainly focuses on projects regarding natural gas transportation, but the mix of revenues will be shifted in the next 10 years as the company plans to enter the hydrogen transportation market and expand to the CC&S market. Firstly, the hydrogen transportation and storage market is valued at \$0.174 billion but it is expected to reach a value of \$3.2 billion by 2028 (Figure 17). CPW is eligible to enter the market as it is the first manufacturer to produce steel pipes capable of transporting 100% hydrogen, under the SNAM project in Italy. (hydrogen has since been mixed with other gases to avoid corrosion). Secondly, the Carbon Capture & Storage market is valued at \$2.4 billion, and it is expected to reach a value of \$7 billion by 2028 (Figure 17). CPW holds the expertise to produce CO2 transmission pipelines and is ready to apply this technology on a large scale.

**Close Peer Analysis:** Corinth Pipeworks product portfolio and geographical reach minimize the number of close public listed competitors, bringing them down to Tenaris and Vallourec. There is a big difference in scale, as of 2022, with Tenaris and Vallourec producing €11.2 billion and €4.7 billion sales, compared to CPW's €461 m sales. Both Tenaris and Vallourec are also looking into entering the hydrogen and CCS market, having spent a total of €46.3 m and €45 m respectively on R&D. Despite the difference in dynamics, Corinth Pipeworks is in a position to scale up as the immature markets keep raising their demand for steel pipe solutions.

## Revenues

The company's prospects were analyzed separately for Hellenic Cables and Corinth Pipeworks (Figure 18). Both entities are generating revenues through wholesale and by completing projects. Wholesales were forecasted by market surveys related to Fiber Optics (Global Market Insights), Power Cables (Grant View Research), Telecoms (Grant View Research), and Steel Tubes for oil and gas (Future Market Insights and Grant View Research), which align with the business model of the subject company. Additionally, Statista predicts a 5.65% growth in the carbon capture and storage (CCS) and hydrogen sectors, indicating anticipated advancements in these industries. The current backlogs were used to estimate the revenues over time by

Figure 19: Margins (%)



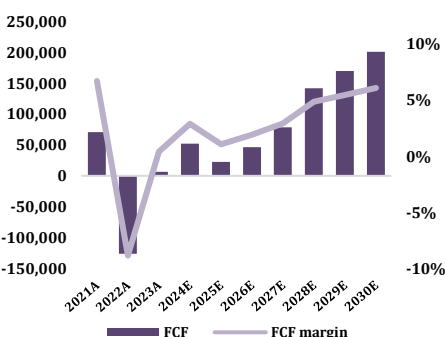
Source: Team Consensus/Subject Firm

Figure 20: Adjusted EBITDA target



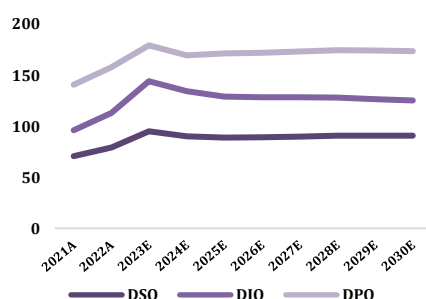
Source: Subject Firm

Figure 21: Future Cash Flows



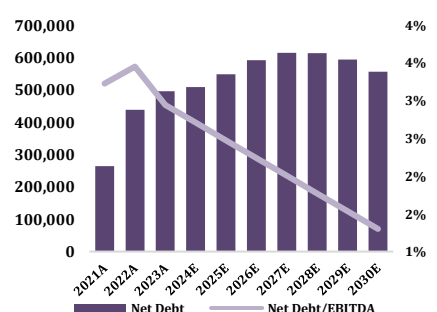
Source: Team Consensus/Subject Firm

Figure 22: Projected Days Outstanding



Source: Team Consensus/Subject Firm

Figure 23: Net Debt (in 000s €) and Net Debt/EBITDA



Source: Team Consensus/Subject Firm

gradually spreading them over 2024-2030 along with the company's guidance. Moreover, Hellenic Cables has reached its maximum capacity, thus a slower rate of 4.35% is considered for 2024 until the later expansion is completed (expansion of the plant in Corinth and the purchase of Petzetakis' old plant in Thiva). Ultimately, the revenues are fading off towards the market surveys' estimations resulting in a 7-year CAGR of 11.44% for Cenergy Holdings. The above result arises from the fact that we have 7-year CAGRs for HC and CPW, which amount to 10.27% and 13.12%, respectively.

### From Costs to Margins

For the forecasted period it is observed that **COGS**, as a percentage of sales, are decreasing from 88% in 2024 to 86% in 2030 for Cenergy Holdings. This improvement can be attributed to two forces. First, CPW is not expected to improve **Gross margin** in the following 7-year span, as they do not intend to expand their production nor spend more on **Capex**. Their business plan is to maintain the current property with no drastic fluctuations and with changes solely depending on the corresponding demand, which is currently rising. However, guided by the company's projections, the **Gross margin** for 2023 (**11.28%**) is expected to be unsustainable and would revert to the five-year historical average (**8.49%**). On the other hand, HC is constantly trying to expand its business through new plants and products, mainly due to higher demands. Hellenic Cables' production facility situated in Corinth is expected to double the capacity for submarine cables, starting by 2025. Submarine cable's **Operating margin** is approximately 18%, thus by taking that into account the margins are gradually increasing to a weighted average of submarine cable's contribution to the total production and the latest margins of 2023, which were notably larger. With this expansion, the product mix is intended to change, leading to the execution of more projects involving submarine cables. Considering that projects generate higher profitability than wholesales, we anticipate an increase in margins. There is an expectation of a modest increase in both **Operating** and **EBITDA margins** for CPW in the upcoming years, driven by a reduction in the **SG&A / Sales** from **2.47%** in 2024 to **1.88%** in 2030. Consequently, Cenergy Holdings is projected to attain **Gross** and **EBITDA margins** of **14.05%** and **12.92%**, respectively, by the year 2030 (Figure 19).

### a-EBITDA

Cenergy Holdings defines a-EBITDA as EBITDA adjusted to exclude metal price lag, impairment/reversal of impairment of fixed, intangible assets and investment property, impairment/reversal of impairment of investments, gains/losses from sales of fixed assets, intangible assets, investment property and investments, exceptional litigation fees and fines, and other exceptional or unusual items. The company predicts that in 2023, the a-EBITDA will range between €190 and €200m, a fact that is supported by our analysis (Figure 20). Simultaneously, we project EBITDA to hover just above €427m in 2030, accompanied by an average EBITDA margin of 11.46% for the forecast period.

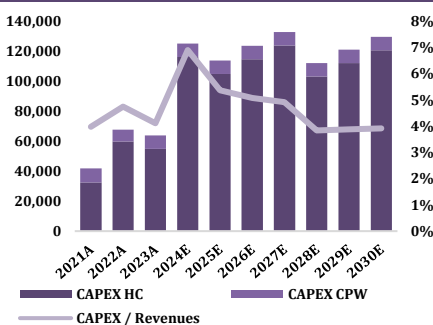
### Cash Flows

Cenergy experienced a negative FCF of €126m in year 2022 due to high requirements of working capital in order to meet the uprising demand. These needs are expected to remain at similar levels without drastic changes, as the company suggests that it can meet the high demand until further expansions in the capacity. The major investments in the period 2024-2025 would lead to a V-shaped recovery (Figure 21) of the FCF and later gradually increase with a target for 2030 of 6.07% FCF margin. That could be justified by the stable or slightly upward trend of Days Sales Outstanding and Days Payable Outstanding (91 and 173 days, respectively, in 2030). Consequently, the increase in revenues does not impact DSO significantly, while it slightly increases DPO, resulting in a gradual rise in FCF (Figure 22). Last but not least, Cenergy Holdings intends to distribute dividends in the coming years, although there is no specific timetable. Cenergy paid dividends of €0.05 per share for the fiscal year 2022 on June 21, 2023.

### Debt

The leverage ratio (Net Debt to EBITDA) is currently at 2.94 (TTM) following a downturn, while the company intends to decrease it by less than a value of 2 by 2030 (Figure 23). A similar downward trend will also be followed by the D/E ratio, as it will decrease from 2.08 in 2023 to 0.49 in 2030. Separate APRs were calculated for each debt category, and a forecast was made by gradually decreasing EURIBOR to 2% from 2024 to 2030 (Appendix 11: EURIBOR & APRs). The interest rate curve assumptions are based on the ECB's insights to remain at similar levels until 2024 before lowering them. Even in high volatile periods, the company managed in the past to maintain the spreads to prior levels, hence a similar rate is applied for the estimation period. Finance costs were computed followed by the assumptions mentioned, respectively. The company is planning to rollover its short-term loans. According to today's data, the

Figure 24: Capex per SBU (in 000s €) and total Capex/Revenues (%)



Source: Team Consensus/Subject Firm

interest rate on these loans consists of Euribor (approximately 3%) and a margin (approximately 2.5%).

### Capex

For both Hellenic Cables and Corinth Pipeworks (CPW), future capital expenditure plans have been outlined. Hellenic Cables anticipates an additional €189m investment over the next five years, with an average annual expenditure of €122,3m, in addition to maintenance spending. This projected maintenance is forecasted as a percentage of sales. A significant portion of this investment, around €40m, is designated for reconstructing the Petzetakis' factory in Thiva, enhancing production capabilities. On the other hand, CPW adopts a more conservative approach, with capital expenditure estimated at €8m to €9m for maintaining existing facilities, reflecting the company's focus on operational efficiency and infrastructure upkeep. These investment strategies are pivotal in fortifying the companies' positions and fostering future growth and competitiveness in their respective markets. (Figure 24).

### R&D

According to the company's guidance, Hellenic Cables is expected to spend €7 to €8m annually on R&D in the coming years. These investments will primarily focus on submarine cables finding use in offshore wind farms. On the other hand, Corinth Pipeworks will allocate approximately €1m per year to R&D during the same period.

## VALUATION

Figure 25: Valuation Summary

| Summary Table           | Min           | Max            |
|-------------------------|---------------|----------------|
| 52 week range           | € 3.42        | € 7.65         |
| MCDCF                   | € 9.40        | € 11.44        |
| GBM                     | € 9.26        | € 10.18        |
| DCF (50%)               | € 6.36        | € 12.09        |
| RIM (30%)               | € 6.28        | € 10.99        |
| RV (20%)                | € 7.34        | € 10.58        |
| <b>Weighted Average</b> | <b>€ 6.53</b> | <b>€ 11.46</b> |

Source: Team Consensus

### Valuation Summary

From the 52-week range price could be perceived as a high growth as of year over year. The analysis is based on a **Discounted Cash Flow Model** and through scenario analysis a share range price of [6.36€,12.09€] is obtained. Even in the worst-case scenario, the subject firm is able to mitigate its risk with limited impact close to its current share price. The valuation is supported by the **Residual Income Model**, through the balance sheet assumptions stated within a price range of [6.28€, 10.99€]. Further **Relative Valuation** is performed resulting in a range of [7.34€, 10.58€]. Moreover, the valuation weights used were **50%,30% and 20%**, respectively (Figure 25). Hard to maintain residual income, perpetually a lower weight is applied, and the gap is filled from the relative valuation. Additionally, a change in the weights of the models used will not influence the terminal recommendation. Subsequently to stress test the assumptions used a **Monte-Carlo Simulation** and a **Geometrical Brownian Motion** are applied, approving the recommendation once again. The Dividend Discount Model was not used due to concerns about the sustainability of recent dividends, though the company has available Free Cash Flow to support future dividends. Conclusively, it is expected an upside potential of **10.96%** and **85.78%** respectively for the 1- and 2-year target. (Figure 26)

Figure 26: Forward Targets and Fair Value

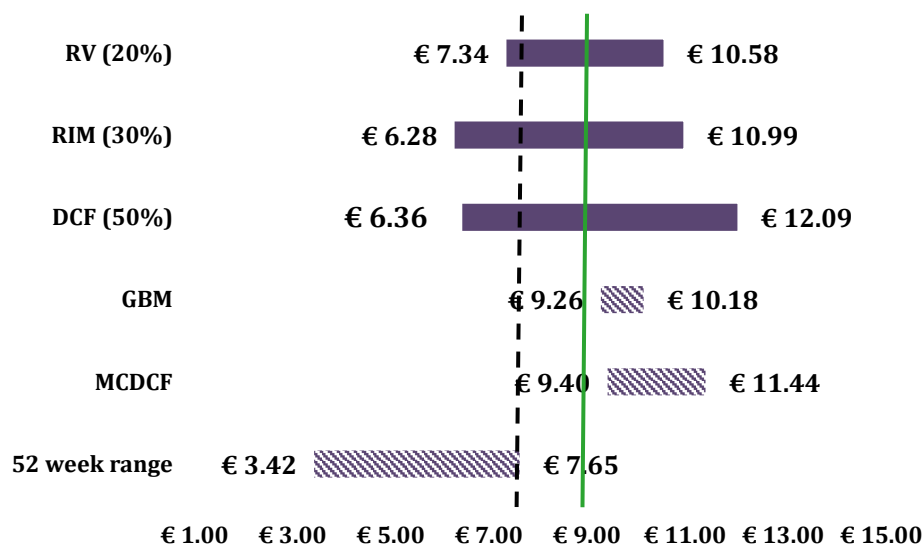
| Target Price      | 2024          | 2025          |
|-------------------|---------------|---------------|
| Close Pirce       | € 7.25        | € 7.25        |
| Current P/E       | € 24.92       | € 24.92       |
| Forward P/E       | € 22.46       | € 13.41       |
| Target            | € 8.04        | € 13.47       |
| Upside Potential  | <b>10.96%</b> | <b>85.78%</b> |
| <b>Fair Value</b> | <b>24.07%</b> | <b>€ 9.00</b> |

Source: Team Consensus

Figure 27: WACC Assumptions

| Wacc Inputs                |              |
|----------------------------|--------------|
| Inputs                     | Values       |
| Risk Free % (Rf)           | 2.30-3.13    |
| Beta                       | 0.84-0.97    |
| Equity Risk Premium (ERP)  | 5.60%-5.91%  |
| Country Risk Premium (CRP) | 1.86%        |
| Cost of Equity (CoE)       | 9.50-9.95%   |
| Cost of Debt (CoD)         | 4.73-6.02%   |
| Tax %                      | 21.35%       |
| Debt to Equity (D/E)       | 0.58         |
| <b>WACC (Bull)</b>         | <b>7.46%</b> |
| <b>WACC (Base)</b>         | <b>8.13%</b> |
| <b>WACC (Bear)</b>         | <b>8.79%</b> |

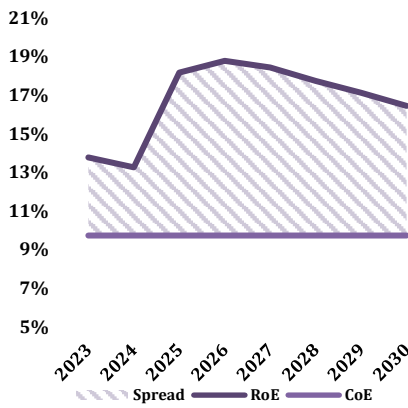
Source: Team Consensus



### WACC

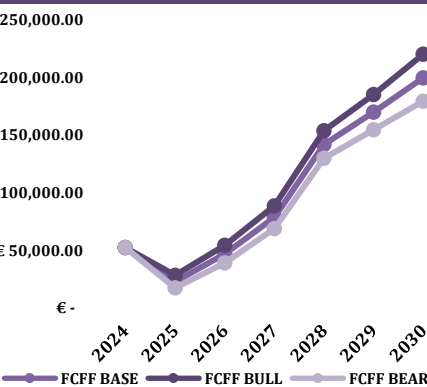
All the figures (Figure 27) were derived from a weighted average based on revenues in the respective regions where the firm conducts its business, with the latest available data. To compute the **Risk-Free %**, each weight was applied for the corresponding T-Bonds and adjusted for the inflation difference, net of EU, as well as for the **Default Spreads** (Appendix 10: Cost of Capital), [2.3%-3.13%]. To account for the ESG compliance, ESG Beta was applied through Vasicek's Model (Vasicek 1973), with a target beta of ETF pools with at least 3 years

Figure 28: RoE-CoE



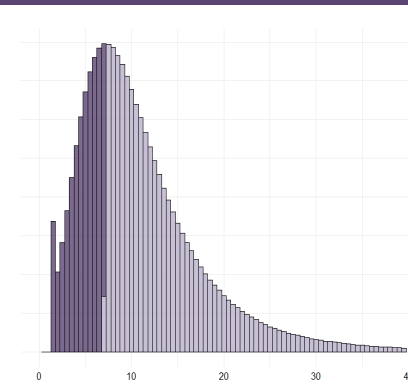
Source: Team Consensus

Figure 29: FCFF Scenarios



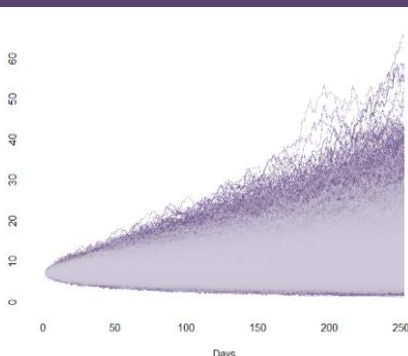
Source: Team Consensus

Figure 30: Monte Carlo Simulation



Source: Team Consensus

Figure 31: Geometric Brownian Motion



Source: Team Consensus

of historical monthly data [mean: 0.83, sd: 0.04]. **Equity Risk Premium (ERP)** and **Country Risk Premium (CRP)** were both calculated through Damodaran's Methodology, while for ERP, further surveys Historical ERP, Fernandez Survey ERP were accounted for. Thus, derived a **Cost of Equity (CoE)** and a **Cost of Debt (CoD)** of **[9.5%-9.95%]**, **[4.73-6.02%]**, respectively. Additionally, a D/E of 0.58 was used through market values and a marginal tax % target of 21.35%. For the base case scenario, a **WACC** of 8.13% was used for the forecasted period.

### Terminal Growth

Since 2000, the terminal value is calculated for each business separately based on an average of the Producer Price Index of the major components (Copper, Aluminum, Steel Tubes) in non-volatile periods. The company to offset the price risks, trades in future and signs contracts to secure any fluctuations. Therefore, the company's future growth rate is anticipated to be proportional to the corresponding **PPI of 2.00%**. Assuming that the company might not be able 0.00-2.00%

### Discounted Cash Flow

In evaluating Hellenic Cables (HC) and Corinth's Pipeworks (CPW), various valuation methods were employed. The Discounted Cash Flow (DCF) model, using Free Cash Flow to the Firm (FCFF), yielded a fair value price of **8.61€** over a 7-year horizon ([Appendix 12.1: Base Case DCF](#)). Notably, the firm is able to generate enough cash to support its current price of **7.25€**. Even in max capacity conditions and expansions occurring at the same time, the firm is able to hold its FCFF positive and after the year 2025 to sustainably enlarge them.

### Residual Income Model

The **Residual Income Model (RIM)**, based on pro-forma assumptions, suggested a price of **8.08€** ([Appendix 12.2: Base Case RIM](#)). The firm is also able to sustain each residual income, from 2023-2025 until the issues mentioned are resolved the firm would shrink its **RoE-CoE** spread ([Figure 28](#)) to **4.05%** and **3.53%** for the years 2023 and 2024, while a bounce back for the period of 2025-2030 is estimated with an average over **8.06%**. That could be supported by the constant will of the company to keep its business up to the demand standards.

### Relative Valuation

**Relative Valuation**, utilizing P/E regressed to 1/ROIC of the peer group, confirmed an investment case recommendation with a price of **8.15€**. The 1/ROIC was found to have a high positive correlation with the P/E, resulting in a sufficient R and adjusted R squared of 0.75, and 0.56, respectively ([Appendix 12.3: Relative Valuation](#))

### Scenario Analysis

In conducting a **Bull** and **Bear** case scenario analysis applied to all our valuation models to assess the validity of assumptions ([Figure 29](#)), Cenergy Holdings envisions in the **bull** case scenario, aligning with the company's guidance, expanding its business through Corinth and Thiva plants to cater to heightened demand and doubling submarine cable production, yielding greater margins and wholesale opportunities by 2025. With Cenergy's dependence on demand drivers, the company aims to capitalize on emerging industries and trends, investing in research and development, particularly targeting the CCS & Hydrogen sector over the next decade. Conversely, the **bear** case scenario materializes in operational delays in firm expansions and a failure to keep pace with the market's upward potential, leading to a decline in value to its terminal value. Consequently, the **bull** case scenario yields a valuation of €11.46, while the **bear** case scenario forecasts a price of €6.53. Accompanying these scenarios, the Weighted Average Cost of Capital (WACC) has been considered: in the bull case, with ESG Compliance and a lower beta of 0.84, along with an upgrade from credit agencies, the WACC is 7.46%, whereas in the bear case, with a beta of 0.97, the WACC increases to 8.79%, reflecting varying market conditions and risk profiles.

### Monte Carlo DCF

Performed a 10 m iteration Monte Carlo simulation by changing the DCF inputs from the bear to the bull case scenario assumptions, plus an additional +/-10% to capture a more robust result. ([Figure 30](#)) Our analysis concluded a median target price of 9.40€, with prices falling under 02/08/2023 adjusted close of 7.25€ roughly 66.91% of the times simulated, while the extreme results were winsorized in a level of 1% for each tail and setting it equal to the highest and lowest price respectively. The analysis performed aligns with the buy recommendation as the distribution falls to prices over 7.25€. ([Appendix 13: Sensitivity Analysis](#))

### Monte Carlo Price Path

Using solely historical daily log returns from 2016 to 2024, we obtained one m 252-trading day price paths. The resulting 12-month target price ([Figure 31](#)) suggests a 72.39% of reaching the estimates. ([Appendix 12: Sensitivity Analysis](#))

## INVESTMENT RISKS

Figure 32: Risks and Mitigation Matrix

| Operational Risks            |  | Mitigation  |  |
|------------------------------|--|---|--|
| Labor Environment            |  | Better Working Environment  |  |
| Max Capacity Risk            |  | Capex<br>Specialised Maintenance Teams  |  |
| Technological Innovation     |  | Extensive R&D   |  |
| ESG & Compliance             |  | ESG Policies, Goals and Measures  |  |
| Market Risks                 |  | Mitigation  |  |
| Energy & Raw material Prices |  | Not energy Intensive<br>Diverse Suppliers<br>PPAs                                 |  |
| Country Risk                 |  | Vast Geographical Segmentation<br>Production Sites in EU countries                |  |
| High Interest Rates          |  | Interest rates swaps  |  |
| Volatility                   |  | Lower VaR and ES  |  |
| Political Risks              |  | Mitigation  |  |
| Trade Barriers Risk          |  | Regulations Monitoring<br>Diversified Portfolio<br>Vast Geographical Segmentation |  |
| Government Funding           |  | Diverse Products Portfolio  |  |

Source: Team Consensus

Cenergy Holdings not having itself any production operations, customers, suppliers, or personnel (besides employees for administrative tasks), all risks affecting it mostly stem from its subsidiaries and their operations, suppliers, customers, and workforce. In more detail:

### Operational Risks

**OR1: Labor Environment (Probability: Moderate - Impact: Moderate)** After the 2-year recession caused by the quarantine period, high economic growth is present in SE Europe, resulting in a pickup in labor demand and an abrupt fall of unemployment. Additionally, competition from other sectors in the local communities further obstruct the acquisition of capable blue-collar workers. **Valuation Impact:** Even if the operating margin lowers to 4.92% CAGR, due to the increased labor cost, the valuation impact is just a 5.52% drop. **Mitigation:** Cenergy Holdings invests heavily in retention and a better working environment to lesser the turnover rate and attract key talent.

**OR2: Execution Risk Resulting from Close to Max Capacity (Probability: Moderate - Impact: Moderate)** Cenergy Holdings' both Subsidiaries face increased volumes of orders resulting in a near full capacity for HC and a high-capacity utilization from CPW. As a result, there could be a future bottleneck resulting in a lag of realization of revenues from backlogs and/or an increased likelihood of equipment breakdown. **Valuation Impact:** We have incorporated this possibility in our bear valuation scenario by increasing the lag of realization of revenues from backlogs. **Mitigation:** Cenergy Holdings plans to invest €80 m over a 2-year horizon for the expansion of HC's plant in Corinth which will double production capacity of submarine cables, and specialized maintenance teams are in place.

**OR3: Technological Innovation (Probability: Low - Impact: Moderate)** Cenergy Holdings supplies technologically intensive and developing sectors such as renewable energy, hydrogen, and CCS; not sufficiently and efficiently investing in the appropriate infrastructure may affect future financial results. **Valuation Impact:** A 10% decrease in CAPEX has an impact of 10.23% in the final price. **Mitigation:** All companies invest strongly in R&D, €7-8 m and €1 m yearly for HC and CPW respectively, while most of them host specialized R&D departments that cooperate with international research centers and scientific bodies.

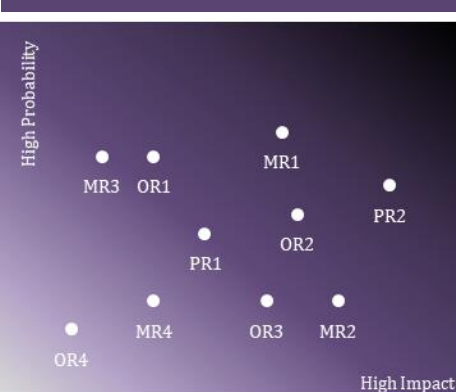
**OR4: ESG and Compliance Risk (Probability: Low - Impact: Low)** The company has assessed the impact of climate-related risks and law and policy compliance to determine the potential impact on both business continuity and reputational balance. **Valuation Impact:** Tweaking the company's betas according to its' ESG compliance 6.14% increase in the price point is achieved. **Mitigation:** The company has set rules and goals regarding major environmental concerns. Additionally, all subsidiaries have the appropriate policies and measures in place to ensure the retention of the company's reputation.

### Market Risks

**MR1: Energy and Raw Materials Prices Resulting from Geopolitical Tension (Probability: Moderate - Impact: Moderate)** The ongoing war in Ukraine and the continuation of the conflict in the Middle East are 2 factors that drive energy, metal, and raw material prices higher. Not finding them in adequate amounts and at competitive prices, can affect the company's ability to produce quality products on timely basis. **Valuation Impact:** Cenergy Holdings tries to hedge the impact of prices of raw materials but if the effort is not as successful the long-term value of the company will suffer. A 0.45% decrease in the terminal growth will result at a 7.87% lower price point. **Mitigation:** For energy prices, HC and CPW are not classified as energy intensive sectors having under 3% energy costs as a percent of total production costs. As for raw materials, a diverse supplier list, agreements with key vendors and options contracts are used to mitigate the risk.

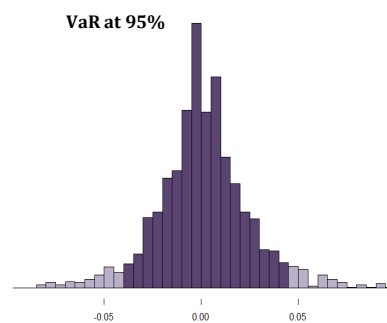
**MR2: Country Risk (Probability: Low - Impact: High)** Cenergy Holdings has manufacturing plants in 3 countries; Greece, Bulgaria and Romania and is commercially present worldwide. Instability in countries where the company is present may jeopardize products and cash flows both upstream and downstream **Valuation Impact:** The impact of the countries' risk where Cenergy Holdings and its subsidiaries are present is already accounted in WACC and sensitivity analysis has taken place showing that if WACC increases to 9.45% the impact on valuation will be a 21.55% decrease. **Mitigation:** The company has vastly diversified its production, supply chain and customers geographically. On top of that, all 3 countries where production takes place are in the EU resulting in a low to zero political risk and limiting uncertainty.

Figure 33: Risk Heat Map



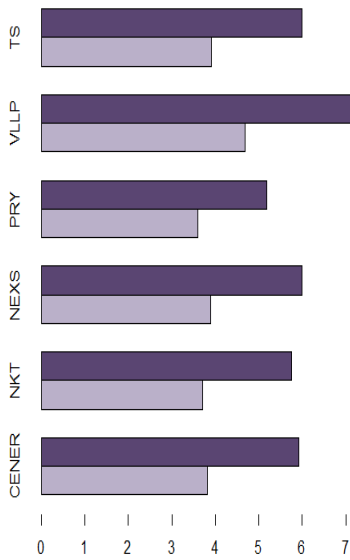
Source: Team Consensus

Figure 34: Historical VaR (all time monthly available data)



Source: Team Consensus/Refinitiv

Figure 35: VaR and ES of peers (all time monthly available data)



Source: Team Consensus/Refinitiv

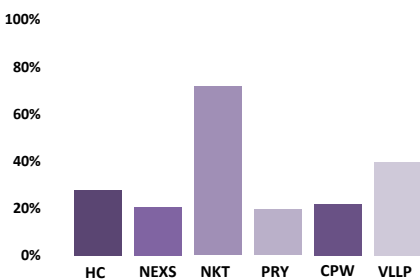
Figure 36: Cenergy Holdings & Subsidiaries ESG Scores

| PILLAR             | HC | CPW | CENERGY HOLDINGS |
|--------------------|----|-----|------------------|
| Environmental      | B- | B   | B-               |
| Social             | B- | B-  | B-               |
| Governance         | C+ | C+  | C+               |
| Controversies      | A+ | A+  | A+               |
| Combined ESG Score | B- | B-  | B-               |

Source: Team Consensus

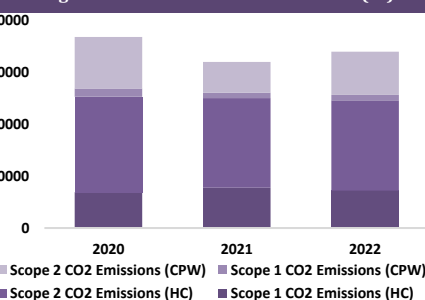
## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

Figure 37: Share of Renewable Energy (per Peer)



Source: Team Consensus/Subject Firm/Refinitiv

Figure 38: Carbon Dioxide Emissions (tn)



Source: Team Consensus/Subject Firm

**MR3: High Interest Rate Risk (Probability: Moderate - Impact: Low)** Monetary tightening has resulted in a surge in interest rates and increased financing annual costs for the company while also exposing it to a rate of volatility. If interest rates do not deescalate as expected high finance costs and volatility can affect future cash flows. **Valuation Impact:** Our analysis deemed that an adverse change of the Euribor has minimal impact, while an increase of 25 basis points in interest rates of variable-rate financial liabilities would have a negative effect of € 0.7 m after tax in the Consolidated Profit / Loss statement of 2022. **Mitigation:** Cenergy Holdings as of Q2 of 2022 uses interest rate swaps to offset the impact of variable rate loans and efforts are being made to switch to higher percentage of fixed assets instruments.

**MR4: Volatility (Probability: Low - Impact: Moderate)** 2022 was a turbulent year for the stock markets around the world as suggested by an increased VIX and Euro Stoxx Volatility Index. **Valuation Impact:** Our value-at-risk analysis finds that Cenergy Holdings investors experience less than the average downside risk of its peers, with 95% of returns exceeding -3.81% based on all time historic data vs -3.96% peers' average (Figure 34). **Mitigation:** A low VaR (-3.81%) and Expected Shortfall (-5.92%) make CH's share appealing to investors (Figure 35).

### Political Risks

**PR1: Trade Barriers Risk (Probability: Moderate - Impact: Moderate)** Cenergy Holdings, being present worldwide as part of its extroverted strategy, faces the risk of decreased revenues if trade barriers from the countries where it has operations will be imposed. An example of this is the Inflation Reduction Act in 2022 imposed by the US, which heavily favors North American Companies. **Valuation Impact:** A possible increase of the tax rate at 23.49% results in a 6.30% decrease in price. **Mitigation:** Proactive monitoring of global regulations, portfolio diversification and diverse geographical segmentation minimize the risk of disruption caused by the aforementioned risk.

**PR2: Government Funding (Probability: Moderate - Impact: High)** As the company operates as a key supplier for renewable energy projects, shrinking governments budget allocated towards energy transition and green energy applications may affect the demand of HC's and CPW's products. **Valuation Impact:** Our analysis shows that Cenergy Holdings' price is very sensitive to revenues change. A drop of revenues' CAGR from 11.44% to 9.33% results at a 25.58% lower final price **Mitigation:** Cenergy Holdings offers a diverse products portfolio both with applications in renewable energy and in more traditional sectors like the transportation of electricity, the petrochemical industry, and the constructions industry, thus mitigating this threat at some level.

Our ESG analysis showed that both Hellenic Cables and Corinth Pipeworks, slightly outperform their respective industries, resulting in a Combined ESG Score of **B-** for Cenergy Holdings (Figure 36).

### Environmental

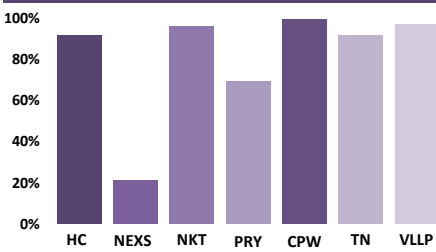
Cenergy Our analysis resulted at a B- rating for Cenergy Holdings with its 2 main subsidiaries, Hellenic Cables, and Corinth Pipeworks, scoring B- and B respectively.

Cenergy Holdings addresses environmental sustainability with a multifaceted strategy. The company has instituted robust environmental policies, showcasing a steadfast commitment to responsible corporate conduct. In material sourcing and supply chain operations, Cenergy Holdings prioritizes sustainability. Suppliers undergo third-party audits by EcoVadis, affirming adherence to stringent environmental standards. Regarding Emissions Reduction the company aligns its targets with the EU's goal of limiting global warming to 1.5 °C and net zero targets by 2050 (Figure 38). Waste management is the area Cenergy Holdings excels at, with close to 100% of hazardous waste successfully retrieved and more than 90% of all waste being recycled (Figure 39). All its subsidiaries hold triple certification—ISO, ISO 50001, and ISO 14064, indicative of the company's dedication to environmental standards (Figure 41). Lastly, Cenergy Holdings' products contribute significantly to the circular economy, with them being highly recyclable and having an extensive life cycle. Opportunities for improvement reside in more transparency related to energy and water consumption targets, water management and scope 3, NOX and SOX emissions along with further efforts to increase renewable energy use in the company's day to day operations.

### Social

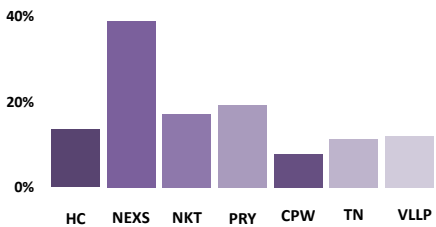
Cenergy Holdings prioritizes social responsibility across its operations which results in an above-industry average Social rating at B-, with both its Subsidiaries scoring B- as well.

Figure 39: Total Waste Recycled & Recovered (per Peer)



Source: Team Consensus/Subject Firm/Refinitiv

Figure 40: Women in Workforce (per Peer)



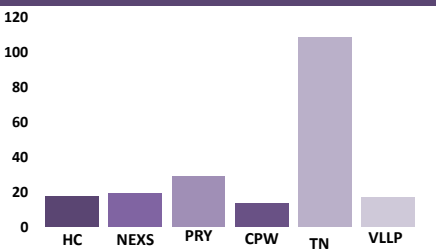
Source: Team Consensus/Subject Firm/Refinitiv

Figure 41: ISO Certifications Table

| ISO Certifications |   |
|--------------------|---|
| ISO 14001          | Environmental Management                            |
| ISO 50001          | Energy Management                                   |
| ISO 14064          | Greenhouse Gas Emissions Quantification & Reporting |
| ISO 45001          | Health & Safety Management                          |

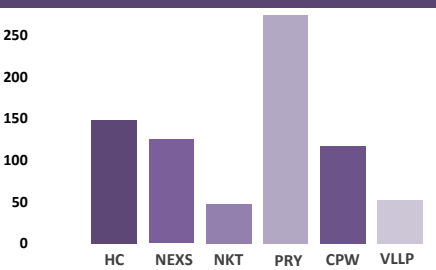
Source: Team Consensus/Subject Firm

Figure 42: Average Training Hours (per Peer)



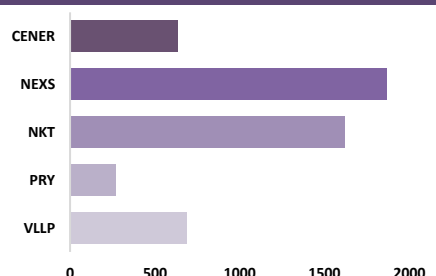
Source: Team Consensus/Subject Firm/Refinitiv

Figure 43: Severity Rate (Lost Working Days/mil Working Hours per Peer)



Source: Team Consensus/Subject Firm/Refinitiv

Figure 44: Senior Executive Remuneration Adjusted to Revenues (per Peer)



Source: Team Consensus/Subject Firm/Refinitiv

Cenergy Holdings has all necessary workforce and human rights policies in place, to ensure the wellbeing of its personnel. Simultaneously, the company upholds a robust commitment to human rights, including the protection of freedom of association and the prevention of forced and child labor. The company strives on maintaining high ethical standards, through the implementation of policies governing fair competition, anti-bribery, corruption, and business and with the use of tools and systems, including a whistleblower mechanism, to uphold ethical standards and encourage the reporting of any concerns. The company also prioritizes stringent measures to ensure customer health and safety, along with a steadfast commitment to safeguarding data privacy. Cenergy Holdings allocates significant resources to health and safety initiatives, with a noteworthy investment of €3.4 m in 2022. All its subsidiaries hold the ISO 45001 certification (Figure 41), and the company is in the middle of a 5-year program to enhance health and safety practices. In terms of diversity and inclusion, positive trends in women's representation are evident in both the workforce and senior management (Figure 40). The company is dedicated to the development of its employees offering around 15 hours of training per employee (Figure 42) and investing in training programs that focus on equity, diversity, inclusion, and anti-bribery with the goal of achieving 100% completion of these programs across all personnel in 2023. Additionally, Cenergy Holdings actively supports local communities through donations, partnerships with NGOs and volunteering initiatives, underscoring the company's dedication to community welfare. Improvement on the company's social rating can come from specific targets on diversity and opportunity, a further increase in the representation of women in the workforce along with much needed systematic work on the Health and Safety area as the severity rate metric indicates (Figure 43).

## Governance

The Governance score of Cenergy Holdings as a result of our analysis is C+, in line with the industry average governance score for both subsidiaries. The company operates under the 2020 Belgian Corporate Code and the provisions of the applicable Greek Capital Market laws and regulations, due to its dual listing primarily in the Belgian Stock Exchange and secondarily in the Athens Stock Exchange.

**Board of Directors:** Cenergy Holdings implements a one-tier governance structure. The board comprises 10 multinational members, 80% of them are non-executive members, 30% are independent members and the representation of women on the board is just 30%. Most of the board members have either an industry specific, or a strong financial background. Cenergy Holdings discloses all pertinent information about board members and board meetings. The average board tenure is around 6 years and board members are annually re-elected by the Shareholder's meeting. The establishment of a clear succession plan, an enhanced representation of women on the board and the improvement of the audit committee's independence are all things that could contribute positively to the governance framework.

**Remuneration:** The remuneration committee comprises 4 members with only half of them being independent and meets at least semiannually. A remuneration report is disclosed on the financial statements, but it lacks transparency on executive compensation beyond the CEO. CEO's compensation for 2022 stands at 5.7 times the full-time employee salary and constitutes 63% of all compensation allocated to executives (Figure 44). An absence of variable and share remuneration for the Board and executives is notable, as it hinders the alignment of interests.

**Shareholders' Structure:** Cenergy Holdings' shareholder structure is defined by a total of 190,162,681 shares, each without nominal value and carrying one voting right per share. The company imposes no restrictions on voting rights. Notably, the parent company, Viohalco SA, emerges as the principal investor, holding a substantial 79.78% of the total shares. Crucially, any amendment to the company's Articles of Association requires a majority presence or representation of the share capital, coupled with approval from a qualified 75% of the votes cast. Given Viohalco's ownership majority, it holds the capability to unilaterally effect changes to the Articles of Association, underlining its influential position in shaping the company's governance and strategic direction.

## Controversies

Cenergy Holdings is presently devoid of controversies. The company is not under the scope of media regarding any environmental, social or governance related issues. Meaning that there are no current legal disputes and fines.

## APPENDIX MAP

|  |  |   |
|--|--|---|
| <p><u><a href="#">1. Porter's 5 Forces</a></u></p> <p><u><a href="#">2. SWOT analysis</a></u></p> <p><u><a href="#">3. Competition Overview</a></u></p> <p><u><a href="#">4. Competition Ratios Analysis</a></u></p> <p><u><a href="#">5. Pro forma Assumptions</a></u></p> <p><u><a href="#">6. Dupont's Analysis</a></u></p> | <p><u><a href="#">7.1 Base Case Income Statement</a></u></p> <p><u><a href="#">7.2 Base Case Balance Sheet</a></u></p> <p><u><a href="#">7.3 Base Case Cash Flow Statement</a></u></p> <p><u><a href="#">8. Enviromental, Social and, Governance</a></u></p> <p><u><a href="#">9. Financial Analysis</a></u></p> <p><u><a href="#">10. Cost of Capital</a></u></p> | <p><u><a href="#">11. Euribor &amp; APR</a></u></p> <p><u><a href="#">12.1 Base Case DCF</a></u></p> <p><u><a href="#">12.2 Base Case RIM</a></u></p> <p><u><a href="#">12.3. Relative Valuation</a></u></p> <p><u><a href="#">13. Sensitivity Analysis</a></u></p> <p><u><a href="#">14. Credit-Scores</a></u></p> |
|--|--|---|

## APPENDIX 1: Porter's 5 Forces

### Threat of new entrants (2/5)

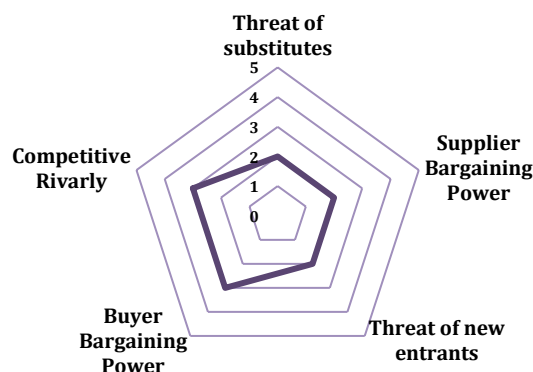
- **Hellenic Cables (2):** High capital and expertise requirements, but the high growth in demand for energy projects has intrigued new players to enter the market. With medium legal barriers as suppliers must follow regulations, such as the European Construction Products Regulation
- **Corinth Pipeworks (2):** High capital and expertise requirements in a saturated market, with low-medium legal barriers of entry concerning pollution. While the high growth in demand for CC&S and Hydrogen transportation solutions may be a contributing factor of entry.

### Threat of Substitutes (2/5)

- **Hellenic Cables (3):** No real substitutes for Company's cables in the short term, with the high threat of falling behind innovation-wise in the long term due to lower R&D expenses.
- **Corinth Pipeworks (1):** No substitutes for transporting oil and gas, with the threat of gas and oil substitution being extremely low in the foreseeable future.

### Competitive Rivalry (4/5)

- **Hellenic Cables (4):** High market concentration in the wholesale global market, but a low number of companies providing turnkey solutions on energy projects. While, large global companies have been established in the market, with high production capacity and market cap. Also, strong competitive price pressure on products with specific industrial standards. With High Industry Growth, the Wires and Cables industry is expected to grow at 8.5% CAGR by 2032, intensifying the competition as companies try to aggressively improve their market share.
- **Corinth Pipeworks (3):** Medium Market Concentration with the mix consisting of mainly small players who operate mostly locally and a lower number of big players having a global reach. While, large global companies have been established in the market, with high production capacity and market cap. With medium industry growth, the Steel Pipes industry is expected to grow at 3.9% CAGR by 2032, intensifying the competition with companies investing more to be able to protect their market share. Finally, the market is very price sensitive, with companies competing intensely on price minimizing the profit margins.



### Bargaining Power of Buyers (2/5)

- **Hellenic Cables (1):** Low price sensitivity, even when commodity prices had peaked the demand for products did not slow down. With low product dispensability and a highly diversified customer portfolio minimizing the buyers' bargaining power.
- **Corinth Pipeworks (3):** High Price sensitivity, linked to the price of oil and gas. More specifically, when prices soared, the demand plummeted with firms competing intensely on price. However low-medium product dispensability and a highly diversified customer portfolio minimize the buyers' bargaining power.

### Bargaining Power of Suppliers (3/5)

- **Hellenic Cables (4):** Low specialization of supplies, mainly copper and aluminum, minimizing the supplier power. However, in the highly price-setting environment, especially in the copper market, mining companies reduce the supply to drive the prices higher. While also switching between suppliers can be a timely and costing procedure. Finally, the company is highly dependent on the suppliers, further enhancing their bargaining position.
- **Corinth Pipeworks (2):** Low specialization of supplies, mainly steel, minimizing the supplier power. While surpluses in the global supply of steel further reduce the suppliers bargaining power. However high switching cost of suppliers and the necessity of steel for the company's business have the reverse effect on the bargaining power of suppliers.

## APPENDIX 2: SWOT

### Strengths

- Renewable Energy Growth, will contribute to the rising demand for the group's services and products.
- New technologies in the steel pipes sector, namely CCS and hydrogen transportation pipes, can future-proof the activities of the company.
- Funding programs and new policies, making the ground conducive for companies operating in the RES sphere.
- Potential synergies between the subsidiaries, as CPW examines the manufacturing of the foundation for floating wind farms.

### Weaknesses

- Commodity price fluctuations, can lead to higher costs that need to be covered through capex.
- Shortage of blue-collar workers, can hinder the group's ability to execute its investments
- Potential delays in large projects and defective products, can lead to penalties and slower recognition of revenues
- Anti-dumping restrictions, can reduce the group's reach in global markets.

### Opportunities

- Tier 1 supplier, meaning that the group is eligible to sign contracts for major projects.
- Geographically diverse portfolio with projects in over 70 countries, limiting the group exposure to region risks.
- Factories located near ports, amplifying the logistics and transportation costs.
- Vertical Integration of the production line, reducing exogenous risks and allowing for higher levels of quality control.

### Threats

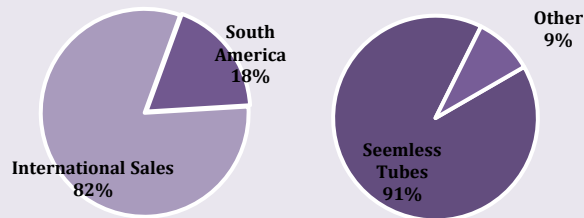
- The low production capacity compared to the competition, with Prysmian having 106 plants, Nexans 23 plants, and Tenaris 60 plants.
- High dependency on market conditions, economy fluctuations may affect the performance of the company.
- High exposure to loans with floating rates restricts the ability of the company to function in times of high interest rate

## SWOT

## APPENDIX 3: Competition Overview

| Business Description   | Geographical Segments | Operating Segments |
|--|-----------------------|--------------------|
| <p><b>Prysmian</b> is headquartered in Italy, offering a comprehensive range of cables tailored for various applications, including power transmission, distribution, and grid accessories. Its primary business sectors are Energy Projects, Industry &amp; Solutions, and Power &amp; Telecom. The group has a global presence with revenues and employees in many countries, while in 2022 the total revenues reached €16.1billion, and the total employees were 29857. The group is listed in the Milan Stock Exchange and holds a Market Cap of €11.2billion.</p>   |                       |                    |
| <p><b>NKT AS</b> is a Denmark-based company specializing in providing comprehensive AC/DC cable solutions within the energy sector. Its primary business segments are Energy Projects and Power Cables. The group has a global presence with the majority of revenues coming from Europe, as in 2022 the total revenues reached €1.9b with €1.6b coming from Europe (excl. Denmark). While the company has 4062 employees. The group is listed in the OMX Nordic Exchange Copenhagen A/S and holds a Market Cap of €3.52billion.</p>   |                       |                    |
| <p><b>Nexans SA</b>, headquartered in France, offers a wide range of copper and fiber-optic cables and cabling systems. Its primary business sectors are Energy Projects, Industry &amp; Solutions, and Power &amp; Telecom. The group has a global presence with revenues and employees in many countries, while in 2022 the total revenues reached €8.4billion, and the total employees were 27932. The group is listed in the Euronext Paris and holds a Market Cap of €3.75billion.</p>  |                       |                    |
| <p><b>Tenaris S.A.</b> is a multinational holding company and is a prominent steel producer with manufacturing facilities spanning across Mexico, Argentina, Colombia, the United States, and Guatemala. Their main activities include the manufacturing of seamless and welded steel tubular products, used in the oil and gas, and construction industry. The group has a global presence with revenues and employees in many countries, while in 2022 the total revenues reached €8.4billion, and the total employees were 25292. The group is listed in the Milan Stock Exchange and holds a Market Cap of € 17.74billion.</p> |                       |                    |

**Vallourec SA**, headquartered in France, specializes in manufacturing seamless and welded steel tube products catering to diverse industrial applications. The group's main activity is manufacturing seamless steel tubes, utilized in the oil and gas sector, the power generation market, and in industries like automotive, petrochemical, and construction. The group has a global presence with revenues and employees in many countries, while in 2022 the total revenues reached €4.9billion, and the total employees were 16000. The group is listed in the Euronext Paris and holds a Market Cap of € 2.7billion.



## APPENDIX 4: Competition Ratios Analysis

|                                       | Cables Peer Group |          |       |        | Steel Pipes Peer Group |         |           |  |
|---------------------------------------|-------------------|----------|-------|--------|------------------------|---------|-----------|--|
|                                       | Hellenic Cables   | Prysmian | NKT   | Nexans | CPW                    | Tenaris | Vallourec |  |
| <b>Profitability Ratios</b>           |                   |          |       |        |                        |         |           |  |
| Gross Profit Margin - %               | 11.1%             | 31.6%    | 28.1% | 11.9%  | 6.1%                   | 39.9%   | 19.2%     |  |
| EBITDA Margin - %                     | 10.08%            | 7.7%     | 8.3%  | 7.2%   | 10.08%                 | 31.3%   | 14.3%     |  |
| Operating Margin - %                  | 8.38%             | 5.5%     | 4.2%  | 5.0%   | 51.86%                 | 26.1%   | 8.5%      |  |
| Return on Equity - %                  | 23.92%            | 15.5%    | 4.7%  | 4.1%   | 5.43%                  | 19.7%   | 5.0%      |  |
| Return on Assets - %                  | 4.34%             | 4.1%     | 2.1%  | 8.9%   | 1.42%                  | 15.9%   | 0.6%      |  |
| <b>Solvency Ratios</b>                |                   |          |       |        |                        |         |           |  |
| Total Debt Percentage of Total Assets | 40.68%            | 24.0%    | 7.1%  | 20.6%  | 24.65%                 | 4.8%    | 34.6%     |  |
| Total Debt Percentage of Total Equity | 242%              | 81.3%    | 17.1% | 78.9%  | 112%                   | 6.0%    | 91.0%     |  |
| <b>Liquidity Ratios</b>               |                   |          |       |        |                        |         |           |  |
| Current Ratio                         | 0.89              | 1.21     | 1.03  | 1.07   | 0.95                   | 3.04    | 2.05      |  |
| Quick Ratio                           | 0.39              | 0.81     | 0.78  | 0.69   | 0.24                   | 1.61    | 1.17      |  |
| Working Capital to Total Assets       | 0.12              | 0.09     | 0.02  | 0.04   | 0.33                   | 0.32    | 0.26      |  |

## APPENDIX 5: Pro-Forma Assumptions

**Revenues:** Forecasted separately for each subsidiary and further broke down into wholesales and projects. **HC Wholesales:** Set a growth target for 2030 in order to fade off to **5.5%**. **5.5%** was derived through market surveys related to Fiber Optics (Global Market Insights), Power Cables (Grant View Research), Telecoms (Grant View Research) resulting in a target 10-year CAGR of 8.5%. An average of the aforementioned 8.5% and 2.5%, (2.5% stands for the PPI change in non-volatile period for HC, source: FRED adjusted to the inflation difference). **CPW Wholesales:** In similar manners with a target of **3.61%**. The steel tubes sector for oil and gas is projected to grow steadily at 3.78% (Future Market Insights and Grant View Research), while the hydrogen and CCS sectors show higher growth potential at 5.65% and 14.00% respectively (Statista). However, due to a transition towards hydrogen transportation pipes and the scarcity of CCS projects, an overall growth cap of 5.65% CAGR is imposed. An average of the aforementioned 5.65% and 1.57% (1.57% stands for the PPI change in non-volatile period for CPW, source: FRED adjusted to the inflation difference). **HC Projects:** Backlogs of €2,307m were linearly spread out for the forecasted period (2023-2027) and then fading to the **5.5%** target. **CPW Projects:** Backlogs of €1,193m were linearly spread out for the forecasted period (2023-2025) and then fading to the **3.61%** target. **HC capacity:** Due to max capacity over the 2022-2023 period, a similar slower rate of 4.35% is applied for 2024 as well, while included new capacity from the planned expansions after 2024-2025. **CH:** A final 7-year CAGR of 11.44% is derived from the aforementioned modifications. **Gross Margins:** Forecasted separately for each subsidiary based on their future investments, and new product mixtures. **HC:** Accounted for the new mixture products, double submarine cables through plant expansions, resulting in a 2030 target of **18.17%**. **CPW:** Guided by the company's projections, the gross margins of 2023 (11.28%) are not going to be sustainable, not further investment in the forecasted period, revert to the 5-year historical mean of **8.49%**. **CH:** Resulting in a 2030 target of **14.05%**. **SG&A:** Forecasted through new product portfolio and broke down the OpEx and forecasted each item separately. **HC:** Including the change in products mixture, with a target for 2030 of **14.93%**. **CPW:** Broke down the relevant expenses, as not further investment, constant amounts were held the same for the forecasted period and other expenses forecasted as a 5-year historical average of SG&A / Revenues, resulting in a target of **6.61%**. **CH:** Resulting in a 2030 target of **11.39%**. **Finance Costs:** Calculated each APR for each type of loan separately for each subsidiary and consolidated them into a weighted average APR for Cenergy Holdings and through the debt assumptions principles to pay were obtained. **Debt/Net Debt:** Company's Guidance of long-term Net Debt/ EBITDA reaching 2.7 in the following year with an intend for further reduction. Assumed Net Debt/EBITDA for 2030 of 1.3 due to the increased EBITDA. Debt follows suit reaching Debt/ Equity of 0.56 from 2.08 due to increased Equity. **Tax %:** Equilibrating to the weighted average of the marginal tax rates (2028 target) of **21.35%**. **Working Capital:** Broke down the working capital items separately for each subsidiary and computed as a historical average per Revenues\COGS, as those items are already adjusted to the new capacity. **CapEx:** Through company guidance for each subsidiary. **CPW:** €8-9m (5-year average) in order to maintain the current facilities. **HC:** €189m to be spent in the next 5 years due to the following expansions in top of the maintenance, which was forecasted through CapEx/Sales. **D&A:** as a historical average of D&A / (Beginning PP&E + Beginning Intangibles).

## APPENDIX 6: Du Pont's Analysis

| Inputs               | in (000s) € | 2022A     | 2023E     | 2024E     | 2025E     | 2026E     | 2027E     | 2028E     | 2029E     | 2030E     |
|----------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Income           |             | 60,421    | 55,319    | 61,380    | 102,771   | 130,801   | 157,405   | 184,165   | 214,417   | 246,480   |
| Revenue              |             | 1,426,008 | 1,550,021 | 1,811,639 | 2,118,099 | 2,431,431 | 2,704,048 | 2,920,808 | 3,124,212 | 3,308,757 |
| Total assets         |             | 1,698,748 | 2,004,064 | 1,981,490 | 2,264,708 | 2,581,137 | 2,879,507 | 3,149,068 | 3,415,798 | 3,692,457 |
| Common equity        |             | 341,592   | 401,611   | 462,991   | 565,762   | 696,564   | 853,968   | 1,038,133 | 1,252,550 | 1,499,031 |
| Outputs              |             | 2022A     | 2023E     | 2024E     | 2025E     | 2026E     | 2027E     | 2028E     | 2029E     | 2030E     |
| Net margin           |             | 4.24%     | 3.57%     | 3.39%     | 4.85%     | 5.38%     | 5.82%     | 6.31%     | 6.86%     | 7.45%     |
| Total asset turnover |             | 98.19%    | 83.72%    | 90.91%    | 99.76%    | 100.35%   | 99.04%    | 96.90%    | 95.18%    | 93.10%    |
| Equity multiplier    |             | 469.18%   | 498.22%   | 460.97%   | 412.75%   | 383.88%   | 352.18%   | 318.62%   | 286.59%   | 258.33%   |
| ROE                  |             | 19.52%    | 14.89%    | 14.20%    | 19.98%    | 20.72%    | 20.30%    | 19.47%    | 18.72%    | 17.92%    |

In the initial stages, commencing from the year 2025, the predominant factor influencing the gradual augmentation of Return on Equity is the elevation of Net Margin. This upswing can be attributed to heightened demand for the company's products, substantial backlogs, the expansion of the Hellenic Cables facility in Corinth, and the procurement of a new production site. Additionally, spanning the period from 2022 to 2024, the enterprise has observed a noteworthy escalation in its borrowing activities, consequently bolstering ROE. Post-2025, Cenergy Holdings systematically diminishes its debt burden, a maneuver that does not adversely impact ROE, as the company adeptly fulfills various requirements through internal financial channels.

## APPENDIX 7.1: Base Case Income Statement

| In (000s) €                          | 2021             | 2022               | 2023TTM            | 2024E              | 2025E              | 2026E              | 2027E              | 2028E              | 2029E              | 2030E              |
|--------------------------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Revenues</b>                      | <b>1,054,204</b> | <b>1,426,008</b>   | <b>1,550,021</b>   | <b>1,811,639</b>   | <b>2,118,099</b>   | <b>2,431,431</b>   | <b>2,704,048</b>   | <b>2,920,808</b>   | <b>3,124,212</b>   | <b>3,308,757</b>   |
| Cables                               | 824,291          | 964,388            | 957,594            | 1,039,143          | 1,176,672          | 1,331,433          | 1,478,508          | 1,624,706          | 1,766,563          | 1,900,412          |
| Pipes                                | 229,913          | 461,620            | 592,427            | 772,496            | 941,428            | 1,099,998          | 1,225,540          | 1,296,103          | 1,357,648          | 1,408,344          |
| <b>Cost of Sales</b>                 | <b>(945,531)</b> | <b>(1,280,695)</b> | <b>(1,354,438)</b> | <b>(1,599,027)</b> | <b>(1,869,432)</b> | <b>(2,136,909)</b> | <b>(2,365,324)</b> | <b>(2,540,444)</b> | <b>(2,701,489)</b> | <b>(2,843,878)</b> |
| Cables                               | (731,770)        | (847,513)          | (828,825)          | (892,126)          | (1,007,944)        | (1,130,315)        | (1,243,848)        | (1,354,398)        | (1,459,122)        | (1,555,120)        |
| Pipes                                | (213,761)        | (433,182)          | (525,613)          | (706,901)          | (861,488)          | (1,006,593)        | (1,121,476)        | (1,186,047)        | (1,242,367)        | (1,288,758)        |
| <b>Gross Profit</b>                  | <b>108,673</b>   | <b>145,313</b>     | <b>195,583</b>     | <b>212,612</b>     | <b>248,667</b>     | <b>294,522</b>     | <b>338,724</b>     | <b>380,364</b>     | <b>422,723</b>     | <b>464,879</b>     |
| Cables                               | 92,521           | 116,875            | 128,769            | 147,017            | 168,728            | 201,118            | 234,659            | 270,308            | 307,441            | 345,292            |
| Pipes                                | 16,152           | 28,438             | 66,813             | 65,595             | 79,939             | 93,404             | 104,064            | 110,056            | 115,282            | 119,587            |
| <b>SG&amp;A</b>                      | <b>(51,030)</b>  | <b>(44,953)</b>    | <b>(53,742)</b>    | <b>(52,719)</b>    | <b>(59,162)</b>    | <b>(66,042)</b>    | <b>(72,284)</b>    | <b>(77,851)</b>    | <b>(83,171)</b>    | <b>(88,104)</b>    |
| Cables                               | (26,096)         | (29,226)           | (27,983)           | (33,668)           | (38,124)           | (43,138)           | (47,904)           | (52,640)           | (57,237)           | (61,573)           |
| Pipes                                | (23,033)         | (13,795)           | (22,835)           | (19,051)           | (21,038)           | (22,903)           | (24,380)           | (25,210)           | (25,934)           | (26,531)           |
| <b>Operating Profit</b>              | <b>57,643</b>    | <b>100,360</b>     | <b>141,841</b>     | <b>159,893</b>     | <b>189,505</b>     | <b>228,480</b>     | <b>266,440</b>     | <b>302,513</b>     | <b>339,552</b>     | <b>376,774</b>     |
| Cables                               | 66,425           | 87,649             | 100,786            | 113,349            | 130,604            | 157,980            | 186,756            | 217,667            | 250,204            | 283,718            |
| Pipes                                | (6,881)          | 14,643             | 43,978             | 46,544             | 58,901             | 70,501             | 79,684             | 84,846             | 89,348             | 93,056             |
| Other                                | (1,901)          | (1,932)            | (2,923)            | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Finance Income</b>                | <b>264</b>       | <b>431</b>         | <b>719</b>         | <b>893</b>         | <b>650</b>         | <b>683</b>         | <b>721</b>         | <b>733</b>         | <b>718</b>         | <b>680</b>         |
| <b>Finance Costs</b>                 | <b>(29,249)</b>  | <b>(36,893)</b>    | <b>(68,522)</b>    | <b>(84,115)</b>    | <b>(61,216)</b>    | <b>(64,329)</b>    | <b>(67,919)</b>    | <b>(69,088)</b>    | <b>(67,648)</b>    | <b>(64,065)</b>    |
| Dividends                            | -                | -                  | (9,509)            | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Share of profit of equity investees  | 1,855            | 6,059              | 4,268              | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Profits Before Tax</b>            | <b>30,513</b>    | <b>69,957</b>      | <b>68,797</b>      | <b>76,670</b>      | <b>128,938</b>     | <b>164,834</b>     | <b>199,242</b>     | <b>234,158</b>     | <b>272,622</b>     | <b>313,389</b>     |
| <b>Income Tax</b>                    | <b>(8,434)</b>   | <b>(9,536)</b>     | <b>(13,478)</b>    | <b>(15,290)</b>    | <b>(26,167)</b>    | <b>(34,032)</b>    | <b>(41,837)</b>    | <b>(49,993)</b>    | <b>(58,205)</b>    | <b>(66,909)</b>    |
| <b>Profit / (Loss) of the period</b> | <b>22,079</b>    | <b>60,421</b>      | <b>55,319</b>      | <b>61,380</b>      | <b>102,771</b>     | <b>130,801</b>     | <b>157,405</b>     | <b>184,165</b>     | <b>214,417</b>     | <b>246,480</b>     |
| Non-controlling interests            | 1                | 3                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Net Income</b>                    | <b>22,078</b>    | <b>60,418</b>      | <b>55,319</b>      | <b>61,380</b>      | <b>102,771</b>     | <b>130,801</b>     | <b>157,405</b>     | <b>184,165</b>     | <b>214,417</b>     | <b>246,480</b>     |
| <b>Number of shares</b>              | <b>190,172</b>   | <b>190,177</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     | <b>190,163</b>     |
| <b>Earnings per share</b>            | <b>0.1161</b>    | <b>0.3177</b>      | <b>0.2909</b>      | <b>0.3228</b>      | <b>0.5404</b>      | <b>0.6878</b>      | <b>0.8277</b>      | <b>0.9685</b>      | <b>1.1275</b>      | <b>1.2962</b>      |

## APPENDIX 7.2: Base Case Balance Sheet

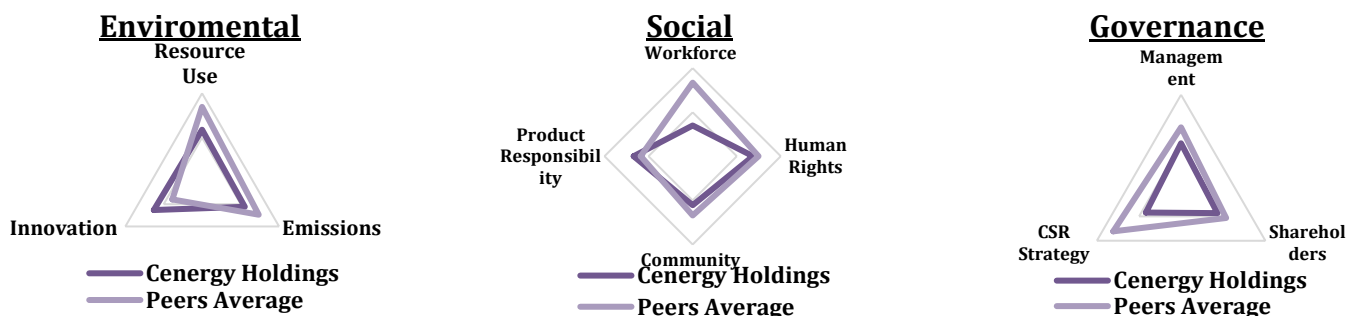
| In (000s) €                          | 2021             | 2022             | 2023TTM          | 2024E            | 2025E            | 2026E            | 2027E            | 2028E            | 2029E            | 2030E            |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>ASSETS</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Property, plant & equipment          | 476,458          | 526,156          | 561,026          | 658,803          | 739,501          | 825,430          | 915,743          | 979,953          | 1,049,560        | 1,124,006        |
| Right of use assets                  | 3,469            | 3,764            | 7,715            | 8,402            | 9,566            | 10,686           | 11,555           | 12,127           | 12,971           | 13,738           |
| Intangible assets                    | 31,254           | 31,957           | 34,115           | 39,977           | 44,832           | 50,000           | 55,423           | 59,297           | 63,513           | 68,022           |
| Equity - accounted investees         | 36,431           | 40,959           | 37,288           | 37,288           | 37,288           | 37,288           | 37,288           | 37,288           | 37,288           | 37,288           |
| Other Assets                         | 12,152           | 17,748           | 17,640           | 17,640           | 17,640           | 17,640           | 17,640           | 17,640           | 17,640           | 17,640           |
| <b>Total non-current assets</b>      | <b>559,764</b>   | <b>620,584</b>   | <b>657,783</b>   | <b>762,110</b>   | <b>848,827</b>   | <b>941,044</b>   | <b>1,037,649</b> | <b>1,106,305</b> | <b>1,180,973</b> | <b>1,260,693</b> |
| Inventories                          | 284,025          | 507,545          | 561,037          | 614,530          | 707,243          | 795,624          | 866,490          | 915,412          | 957,247          | 990,652          |
| Trade and other receivables          | 132,040          | 192,769          | 198,756          | 232,302          | 271,599          | 311,777          | 346,734          | 374,529          | 400,610          | 424,274          |
| Contract assets                      | 98,217           | 195,481          | 219,514          | 243,547          | 281,942          | 320,431          | 352,778          | 377,190          | 399,321          | 418,528          |
| Cash and cash equivalents            | 129,606          | 167,160          | 345,355          | 107,383          | 133,479          | 190,644          | 254,239          | 354,014          | 456,029          | 576,691          |
| Other current assets                 | 2,297            | 15,209           | 21,618           | 21,618           | 21,618           | 21,618           | 21,618           | 21,618           | 21,618           | 21,618           |
| <b>Total current assets</b>          | <b>646,185</b>   | <b>1,078,164</b> | <b>1,346,280</b> | <b>1,219,380</b> | <b>1,415,881</b> | <b>1,640,093</b> | <b>1,841,858</b> | <b>2,042,762</b> | <b>2,234,825</b> | <b>2,431,763</b> |
| <b>Total assets</b>                  | <b>1,205,949</b> | <b>1,698,748</b> | <b>2,004,064</b> | <b>1,981,490</b> | <b>2,264,708</b> | <b>2,581,137</b> | <b>2,879,507</b> | <b>3,149,068</b> | <b>3,415,798</b> | <b>3,692,457</b> |
| <b>EQUITY</b>                        |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Share capital                        | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          | 117,892          |
| Share premium                        | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           | 58,600           |
| Reserves                             | 33,059           | 37,839           | 42,539           | 42,539           | 42,539           | 42,539           | 42,539           | 42,539           | 42,539           | 42,539           |
| Retained earnings                    | 67,956           | 127,261          | 182,580          | 243,960          | 346,731          | 477,533          | 634,937          | 819,102          | 1,033,519        | 1,280,000        |
| <b>Equity attributable</b>           | <b>277,507</b>   | <b>341,592</b>   | <b>401,611</b>   | <b>462,991</b>   | <b>565,762</b>   | <b>696,564</b>   | <b>853,968</b>   | <b>1,038,133</b> | <b>1,252,550</b> | <b>1,499,031</b> |
| Non controlling interest             | 35               | 38               | 35               | 36               | 36               | 36               | 36               | 36               | 36               | 36               |
| <b>Total equity</b>                  | <b>277,542</b>   | <b>341,630</b>   | <b>401,646</b>   | <b>463,027</b>   | <b>565,798</b>   | <b>696,600</b>   | <b>854,004</b>   | <b>1,038,169</b> | <b>1,252,586</b> | <b>1,499,067</b> |
| <b>LIABILITIES</b>                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Loans and borrowings                 | 174,941          | 127,161          | 316,359          | 246,093          | 265,807          | 288,783          | 302,520          | 305,290          | 298,011          | 286,038          |
| Lease liabilities                    | 2,080            | 2,233            | 5,305            | 6,060            | 6,922            | 7,757            | 8,418            | 8,867            | 9,484            | 10,044           |
| Grants                               | 15,804           | 15,648           | 15,313           | 15,313           | 15,313           | 15,313           | 15,313           | 15,313           | 15,313           | 15,313           |
| Deferred tax liabilities             | 38,382           | 35,318           | 39,055           | 39,055           | 39,055           | 39,055           | 39,055           | 39,055           | 39,055           | 39,055           |
| Other non-current liabilities        | 12,811           | 12,780           | 12,981           | 12,981           | 12,981           | 12,981           | 12,981           | 12,981           | 12,981           | 12,981           |
| <b>Total non-current liabilities</b> | <b>244,018</b>   | <b>193,140</b>   | <b>389,013</b>   | <b>319,502</b>   | <b>340,078</b>   | <b>363,889</b>   | <b>378,287</b>   | <b>381,506</b>   | <b>374,844</b>   | <b>363,432</b>   |
| Loans and borrowings                 | 215,699          | 474,749          | 510,326          | 369,378          | 398,968          | 433,453          | 454,073          | 458,230          | 447,304          | 429,334          |
| Lease liabilities                    | 1,216            | 1,224            | 2,072            | 2,342            | 2,645            | 2,928            | 3,138            | 3,260            | 3,487            | 3,693            |
| Trade and other payables             | 422,622          | 549,283          | 557,112          | 685,814          | 801,789          | 916,508          | 1,014,475        | 1,089,583        | 1,158,654        | 1,219,724        |
| Contract liabilities                 | 26,009           | 108,780          | 113,604          | 125,760          | 139,763          | 152,092          | 159,863          | 162,652          | 163,255          | 161,541          |
| Other current liabilities            | 18,846           | 29,940           | 30,289           | 15,667           | 15,667           | 15,667           | 15,667           | 15,667           | 15,667           | 15,667           |
| <b>Total current liabilities</b>     | <b>684,392</b>   | <b>1,163,976</b> | <b>1,213,403</b> | <b>1,198,960</b> | <b>1,358,832</b> | <b>1,520,649</b> | <b>1,647,215</b> | <b>1,729,393</b> | <b>1,788,368</b> | <b>1,829,959</b> |
| <b>Total liabilities</b>             | <b>928,410</b>   | <b>1,357,116</b> | <b>1,602,416</b> | <b>1,518,463</b> | <b>1,698,910</b> | <b>1,884,538</b> | <b>2,025,503</b> | <b>2,110,898</b> | <b>2,163,212</b> | <b>2,193,390</b> |
| <b>Total equity and liabilities</b>  | <b>1,205,949</b> | <b>1,698,748</b> | <b>2,004,064</b> | <b>1,981,490</b> | <b>2,264,708</b> | <b>2,581,137</b> | <b>2,879,507</b> | <b>3,149,068</b> | <b>3,415,798</b> | <b>3,692,457</b> |

## APPENDIX 7.3: Base Case Cash Flow Statement

| In (000s) €   | 2021            | 2022             | 2023TTM          | 2024E            | 2025E            | 2026E            | 2027E            | 2028E            | 2029E            | 2030E            |
|---|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Profit / (Loss) of the period</b>                      | <b>22,079</b>   | <b>60,421</b>    | <b>55,319</b>    | <b>61,380</b>    | <b>102,771</b>   | <b>130,801</b>   | <b>157,405</b>   | <b>184,165</b>   | <b>214,417</b>   | <b>246,480</b>   |
| <b>Plus / less adjustments for:</b>                       |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Depreciation  | 22,612          | 24,261           | 23,481           | 24,545           | 28,978           | 32,698           | 36,694           | 40,932           | 44,038           | 47,411           |
| Amortization  | 3,821           | 4,123            | 3,259            | 3,245            | 3,270            | 3,250            | 3,246            | 3,241            | 3,250            | 3,251            |
| Share of profit of equity-accounted investees, net of tax | (1,855)         | (6,059)          | (4,268)          | -                | -                | -                | -                | -                | -                | -                |
| <b>Change in WC and other non-cash current items</b>      | <b>65,857</b>   | <b>(180,004)</b> | <b>(30,369)</b>  | <b>15,163</b>    | <b>(40,427)</b>  | <b>(39,999)</b>  | <b>(32,432)</b>  | <b>(23,232)</b>  | <b>(20,374)</b>  | <b>(16,921)</b>  |
| Receivables   | (19,168)        | (60,729)         | (5,987)          | (33,547)         | (39,297)         | (40,178)         | (34,957)         | (27,795)         | (26,082)         | (23,664)         |
| Payables  | 173,530         | 126,661          | 7,829            | 128,702          | 115,975          | 114,719          | 97,966           | 75,108           | 69,071           | 61,070           |
| Inventories   | (70,833)        | (223,520)        | (53,492)         | (53,492)         | (92,714)         | (88,381)         | (70,865)         | (48,922)         | (41,835)         | (33,406)         |
| Contract Assets   | (33,342)        | (97,264)         | (24,033)         | (24,033)         | (38,395)         | (38,489)         | (32,347)         | (24,412)         | (22,131)         | (19,207)         |
| Contract Liabilities                                      | (4,187)         | 82,771           | 4,824            | 12,156           | 14,003           | 12,329           | 7,771            | 2,789            | 603              | (1,714)          |
| Other current items                                       | 19,857          | (7,923)          | 40,490           | (14,622)         | -                | -                | -                | -                | -                | -                |
| <b>Cash Flow from operating activities</b>                | <b>112,514</b>  | <b>(97,258)</b>  | <b>47,423</b>    | <b>104,334</b>   | <b>94,592</b>    | <b>126,750</b>   | <b>164,912</b>   | <b>205,106</b>   | <b>241,332</b>   | <b>280,222</b>   |
| Acquisitions of tangible and intangible assets            | (45,289)        | (70,614)         | (67,139)         | (132,117)        | (118,965)        | (128,164)        | (136,545)        | (112,830)        | (121,956)        | (130,383)        |
| Other investing Cash Flows                                | 1,574           | (260)            | (37,114)         | -                | -                | -                | -                | -                | -                | -                |
| <b>Cash Flow from investing activities</b>                | <b>(43,715)</b> | <b>(70,874)</b>  | <b>(104,253)</b> | <b>(132,117)</b> | <b>(118,965)</b> | <b>(128,164)</b> | <b>(136,545)</b> | <b>(112,830)</b> | <b>(121,956)</b> | <b>(130,383)</b> |
| Proceeds from new borrowings                              | 89,315          | 245,631          | 343,199          | 115,951          | 67,987           | 78,913           | 47,456           | 30,957           | 23,387           | 39,305           |
| Principle Paid  | (109,851)       | (39,832)         | (103,992)        | (326,141)        | (17,519)         | (20,334)         | (12,228)         | (23,458)         | (40,748)         | (68,483)         |
| Other financing Cash Flows                                | -               | -                | (10,512)         | -                | -                | -                | -                | -                | -                | -                |
| <b>Cash Flow from Financing activities</b>                | <b>(20,536)</b> | <b>205,799</b>   | <b>228,695</b>   | <b>(210,189)</b> | <b>50,469</b>    | <b>58,579</b>    | <b>35,228</b>    | <b>7,499</b>     | <b>(17,361)</b>  | <b>(29,177)</b>  |
| Net (decrease) / increase in cash and cash equivalents    | 48,263          | 37,667           | 171,865          | (237,972)        | 26,096           | 57,165           | 63,595           | 99,775           | 102,015          | 120,661          |
| <b>Cash and cash equivalents at 01 January</b>            | <b>81,035</b>   | <b>129,606</b>   | <b>167,160</b>   | <b>345,355</b>   | <b>107,383</b>   | <b>133,479</b>   | <b>190,644</b>   | <b>254,239</b>   | <b>354,014</b>   | <b>456,029</b>   |
| Effect of movement in exchange rates on cash held         | 308             | (113)            | (744)            | -                | -                | -                | -                | -                | -                | -                |
| <b>Cash and cash equivalents at 31 December</b>           | <b>129,606</b>  | <b>167,160</b>   | <b>345,355</b>   | <b>107,383</b>   | <b>133,479</b>   | <b>190,644</b>   | <b>254,239</b>   | <b>354,014</b>   | <b>456,029</b>   | <b>576,691</b>   |

## APPENDIX 8: Environmental, Social and Governance

The ESG Score for Cenergy Holdings was determined by implementing Refinitiv's ESG scoring methodology, with a holistic approach regarding its subsidiaries—Hellenic Cables and Corinth Pipeworks. The analysis involved the assessment of over 200 individual metrics, forming the foundation for the three key pillars of analysis: Environmental, Social, and Governance. Subsidiaries received percentile scores for each metric, reflecting their performance relative to industry peers. Category and pillar scores for the 2 companies were derived based on relative performance. The Combined ESG score for Cenergy Holdings was calculated as a weighted score of its subsidiaries, aligned with their revenue contributions.



| ESG Categories |                        | CH | HC | CPW | PRY | NKT | NEXS | TN | VLLP   | ESG Valuation Scoring Scale |    |   |
|----------------|------------------------|----|----|-----|-----|-----|------|----|--------|-----------------------------|----|---|
| <b>E</b>       | Recourse Use           | B  | B- | B   | A   | A   | A+   | A- | A+     | 0.0000                      | D- | D: Minimum Compliance with ESG Criteria |
|                | Emissions              | B- | B- | B-  | B+  | B   | A-   | A+ | A+     | 0.0833                      | D  |   |
|                | Innovation             | B  | B- | A-  | C+  | C+  | A-   | C- | C-     | 0.1666                      | D+ |   |
| <b>S</b>       | Workforce              | C  | C  | C-  | A   | B   | A    | A+ | A      | 0.2500                      | C- | C: Weak Compliance with ESG Criteria    |
|                | Human Rights           | B+ | B+ | B+  | A+  | A+  | A+   | B+ | B+     | 0.3333                      | C  |   |
|                | Community              | B- | B- | B-  | A   | B-  | B-   | A+ | B+     | 0.4166                      | C+ |   |
|                | Product Responsibility | B+ | B  | B+  | B-  | B-  | B+   | A  | B      | 0.5000                      | B- |   |
| <b>G</b>       | Management             | B- | B- | C+  | A+  | C-  | A    | D+ | B+     | 0.5833                      | B  | B: Medium Compliance with ESG Criteria  |
|                | Shareholders           | C+ | C+ | C+  | A   | C+  | B-   | D+ | D+     | 0.6666                      | B+ |   |
|                | CSR Strategy           | C+ | C+ | C+  | A   | B+  | A+   | A+ | A+     | 0.7500                      | A- |   |
| <b>C</b>       | ESG Controversies      | A+ | A+ | A+  | D   | B+  | B+   | B+ | A+     | 0.8333                      | A  | A: Strong Compliance with ESG Criteria  |
| <b>Overall</b> | B-                     | B- | B- | C+  | B-  | B+  | B    | A- | 0.9167 | A+                          |    |   |

## APPENDIX 9: Financial Analysis

| Cenergy Holdings - Key Financials    | 2020A          | 2021A            | 2022A            | 2023E            | 2024E            | 2025E            | 2026E            | 2027E            | 2028E            | 2029E            | 2030E            |
|--------------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenue</b>                       | <b>908,417</b> | <b>1,054,204</b> | <b>1,426,008</b> | <b>1,550,021</b> | <b>1,811,639</b> | <b>2,118,099</b> | <b>2,431,431</b> | <b>2,704,048</b> | <b>2,920,808</b> | <b>3,124,212</b> | <b>3,308,757</b> |
| Revenue HC                           | 599,858        | 824,291          | 964,388          | 957,594          | 1,039,143        | 1,176,672        | 1,331,433        | 1,478,508        | 1,624,706        | 1,766,563        | 1,900,412        |
| Revenue CPW                          | 308,559        | 229,913          | 461,620          | 592,427          | 772,496          | 941,428          | 1,099,998        | 1,225,540        | 1,296,103        | 1,357,648        | 1,408,344        |
| EPS                                  | 0.13           | 0.12             | 0.32             | 0.29             | 0.32             | 0.54             | 0.69             | 0.83             | 0.97             | 1.13             | 1.30             |
| <b>PROFITABILITY RATIOS</b>          |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Gross margin</b>                  | <b>11.39%</b>  | <b>10.31%</b>    | <b>10.19%</b>    | <b>12.62%</b>    | <b>11.74%</b>    | <b>11.74%</b>    | <b>12.11%</b>    | <b>12.53%</b>    | <b>13.02%</b>    | <b>13.53%</b>    | <b>14.05%</b>    |
| Gross margin HC                      | 13.27%         | 11.22%           | 12.12%           | 13.45%           | 14.15%           | 14.34%           | 15.11%           | 15.87%           | 16.64%           | 17.40%           | 18.17%           |
| Gross margin CPW                     | 7.74%          | 7.03%            | 6.16%            | 11.28%           | 8.49%            | 8.49%            | 8.49%            | 8.49%            | 8.49%            | 8.49%            | 8.49%            |
| <b>EBITDA margin</b>                 | <b>9.79%</b>   | <b>7.78%</b>     | <b>8.91%</b>     | <b>10.88%</b>    | <b>10.36%</b>    | <b>10.47%</b>    | <b>10.88%</b>    | <b>11.33%</b>    | <b>11.87%</b>    | <b>12.38%</b>    | <b>12.92%</b>    |
| EBITDA margin HC                     | 11.42%         | 9.75%            | 10.72%           | 12.29%           | 12.68%           | 13.04%           | 13.86%           | 14.70%           | 15.54%           | 16.31%           | 17.10%           |
| EBITDA margin CPW                    | 6.60%          | 0.68%            | 5.06%            | 8.94%            | 7.23%            | 7.25%            | 7.26%            | 7.26%            | 7.27%            | 7.27%            | 7.27%            |
| <b>EBIT margin</b>                   | <b>7.29%</b>   | <b>5.47%</b>     | <b>7.04%</b>     | <b>9.15%</b>     | <b>8.83%</b>     | <b>8.95%</b>     | <b>9.40%</b>     | <b>9.85%</b>     | <b>10.36%</b>    | <b>10.87%</b>    | <b>11.39%</b>    |
| EBIT margin HC                       | 9.35%          | 8.06%            | 9.09%            | 10.52%           | 10.91%           | 11.10%           | 11.87%           | 12.63%           | 13.40%           | 14.16%           | 14.93%           |
| EBIT margin CPW                      | 3.88%          | -2.99%           | 3.17%            | 7.42%            | 6.03%            | 6.26%            | 6.41%            | 6.50%            | 6.55%            | 6.58%            | 6.61%            |
| Net margin                           | 2.73%          | 2.09%            | 4.24%            | 3.57%            | 3.39%            | 4.85%            | 5.38%            | 5.82%            | 6.31%            | 6.86%            | 7.45%            |
| ROE                                  | 10.19%         | 8.30%            | 19.52%           | 14.89%           | 14.20%           | 19.98%           | 20.72%           | 20.30%           | 19.47%           | 18.72%           | 17.92%           |
| ROIC                                 | 7.91%          | 7.70%            | 11.12%           | 12.81%           | 13.07%           | 13.65%           | 14.63%           | 15.39%           | 16.30%           | 17.18%           | 17.94%           |
| <b>LEVERAGE AND LIQUIDITY RATIOS</b> |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Net Debt / EBITDA                    | 3.72           | 3.22             | 3.45             | 2.94             | 2.71             | 2.47             | 2.24             | 2.00             | 1.77             | 1.53             | 1.30             |
| D/E                                  | 1.62           | 1.42             | 1.77             | 2.08             | 1.35             | 1.19             | 1.05             | 0.90             | 0.75             | 0.61             | 0.49             |
| Current ratio                        | 0.91           | 0.94             | 0.93             | 1.11             | 1.02             | 1.04             | 1.08             | 1.12             | 1.18             | 1.25             | 1.33             |
| <b>OPERATIONAL FIGURES</b>           |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Days sales outstanding               | 82             | 71               | 79               | 95               | 90               | 89               | 89               | 90               | 91               | 91               | 91               |
| Days inventory outstanding           | 100            | 96               | 113              | 144              | 134              | 129              | 128              | 128              | 128              | 127              | 125              |
| Days payable outstanding             | 122            | 140              | 158              | 179              | 169              | 171              | 172              | 173              | 174              | 174              | 173              |
| Net working capital                  | 112,142        | 65,818           | 237,746          | 308,591          | 278,805          | 319,232          | 359,231          | 391,663          | 414,895          | 435,269          | 452,190          |
| Capex                                | 62,177         | 41,881           | 67,537           | 63,641           | 124,812          | 113,530          | 123,340          | 132,663          | 111,931          | 120,923          | 129,408          |

## APPENDIX 10: Cost of Capital

| Bull    |       |
|---------|-------|
| Minimum | 7.06% |
| Mean    | 7.46% |
| Maximum | 7.87% |

| Base    |       |
|---------|-------|
| Minimum | 7.75% |
| Mean    | 8.13% |
| Maximum | 8.51% |

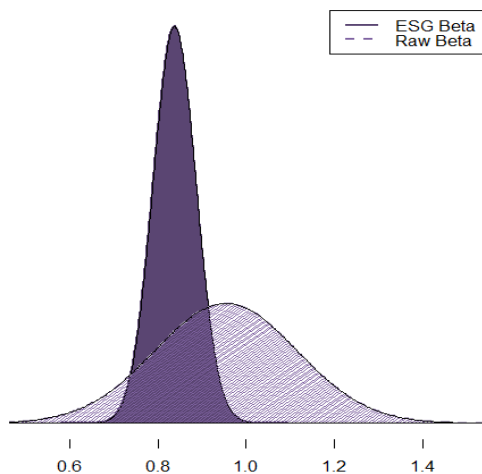
| Bear    |       |
|---------|-------|
| Minimum | 8.44% |
| Mean    | 8.79% |
| Maximum | 9.14% |

- ✓ ·ESG Compliance
- ✓ ·Further upgrade from credit agencies

- ✗ ·ESG Compliance
- ✗ ·Further upgrade from credit agencies

| Risk-Free (12/31/2023)   | 10Y A-Tbond  | Weights        | CDS Spread   | Default Spread | Rf1          | Rf2          | CRP          |
|--------------------------|--------------|----------------|--------------|----------------|--------------|--------------|--------------|
| Greece                   | 3.22%        | 30.55%         | 0.88%        | 2.73%          | 2.34%        | 0.49%        | 3.80%        |
| Belgium                  | 2.78%        | 1.59%          | 0.00%        | 0.65%          | 2.78%        | 2.13%        | 0.88%        |
| Germany                  | 2.15%        | 10.56%         | 0.00%        | 0.00%          | 2.15%        | 2.15%        | 0.00%        |
| Romania                  | 6.26%        | 3.55%          | 1.90%        | 2.39%          | 4.36%        | 3.87%        | 3.33%        |
| United Kingdom           | 3.88%        | 9.81%          | 0.00%        | 0.64%          | 3.88%        | 3.24%        | 0.91%        |
| Other EU Countries       | 3.13%        | 14.22%         | 0.35%        | 1.03%          | 2.77%        | 2.09%        | 1.39%        |
| Other European Countries | 3.37%        | 2.64%          | 0.12%        | 0.51%          | 3.25%        | 2.86%        | 0.72%        |
| Asia                     | 3.50%        | 7.70%          | 0.54%        | 1.21%          | 2.96%        | 2.29%        | 1.71%        |
| Americas                 | 4.70%        | 18.43%         | 0.26%        | 0.32%          | 4.44%        | 4.38%        | 0.46%        |
| Africa                   | 18.17%       | 0.56%          | 7.35%        | 5.97%          | 10.82%       | 12.20%       | 8.38%        |
| Oceania                  | 4.67%        | 0.40%          | 0.00%        | 0.00%          | 4.67%        | 4.67%        | 0.00%        |
| <b>Weighted Average</b>  | <b>3.65%</b> | <b>100.00%</b> | <b>0.52%</b> | <b>1.34%</b>   | <b>3.13%</b> | <b>2.31%</b> | <b>1.86%</b> |

| Spreads relative to ICR    |          | ICR:2.54  |         |
|----------------------------|----------|-----------|---------|
| >                          | ≤ to     | Rating is | Spreads |
| -100000                    | 0.199999 | D2/D      | 20.00%  |
| 0.2                        | 0.649999 | C2/C      | 17.50%  |
| 0.65                       | 0.799999 | Ca2/CC    | 15.78%  |
| 0.8                        | 1.249999 | Caa/CCC   | 11.57%  |
| 1.25                       | 1.499999 | B3/B-     | 7.37%   |
| 1.5                        | 1.749999 | B2/B      | 5.26%   |
| 1.75                       | 1.999999 | B1/B+     | 4.55%   |
| 2                          | 2.249999 | Ba2/BB    | 3.13%   |
| 2.25                       | 2.499999 | Ba1/BB+   | 2.42%   |
| 2.5                        | 2.999999 | Baa2/BBB  | 2.00%   |
| 3                          | 4.249999 | A3/A-     | 1.62%   |
| 4.25                       | 5.499999 | A2/A      | 1.42%   |
| 5.5                        | 6.499999 | A1/A+     | 1.23%   |
| 6.5                        | 8.499999 | Aa2/AA    | 0.85%   |
| 8.5                        | 100000   | Aaa/AAA   | 0.69%   |
| Cost of Debt ICR           |          |           | 4.73%   |
| Cost of Debt Bonds & Loans |          |           | 6.02%   |
| Average                    |          |           | 5.38%   |



| Bull                | CRP to Rf | CRP to MERP |
|---------------------|-----------|-------------|
| Historical ERP, Rf1 | 8.68%     | 8.41%       |
| Implied ERP, Rf2    | 8.94%     | 8.67%       |

| Base                | CRP to Rf | CRP to MERP |
|---------------------|-----------|-------------|
| Historical ERP, Rf1 | 9.67%     | 9.50%       |
| Implied ERP, Rf2    | 9.95%     | 9.78%       |

| Bear                | CRP to Rf | CRP to MERP |
|---------------------|-----------|-------------|
| Historical ERP, Rf1 | 10.65%    | 10.59%      |
| Implied ERP, Rf2    | 10.95%    | 10.89%      |

Applied Vasicek's Bayesian Beta

$$\frac{\tau_{OLS}}{\tau_{OLS} + \tau_{ESG}} \beta_{OLS} + \frac{\tau_{ESG}}{\tau_{OLS} + \tau_{ESG}} \beta_{ESG}$$

Taus (τ) correspond to the weights of each beta, the higher the precision in each method the higher the weight. The pull of ESG indexes used were ETFs with more than 3 years of available data in contrast to S&P500. **(ETF pool: ESG.TO, INSPXE.L, ESE.DE, 2635.T, 399110.KS, EFIV.K, S5SG.DE, UBU5.DE, and SNPE.K)** The subject firm and its peers trade with lower betas compared to market beta (1).

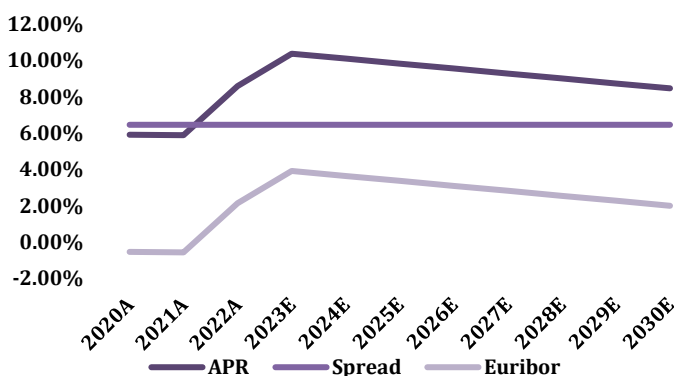
Moreover, a correlation pattern was observed of the firm examined and its peers that have relatively lower betas than its market indexes.

In contrast of the raw betas the standard deviation of 0.16 was reduced to 0.04 and observed a beta from 0.95 to 0.84.

All data observed were all time monthly available.

## APPENDIX 11: EURIBOR & APRs

To calculate the Annual Percentage Rates (APRs) for each type of loan for the two subsidiaries, we utilize the Euribor, corresponding spreads, and administrative fees. The spreads were calculated through the current loans of the firm and subtracting the EURIBOR 3 month % once for the minimum and once for the maximum rate possible at the period when the loan was obtained. On top of that the firm guides that the spreads were stable during the high interest % period. The shorter the duration of a loan, the lower the spreads, while the borrower's credit worthiness influences spreads and fees – lower credit worthiness leads to higher spreads and fees.



| HELLENIC CABLES APR         |       |
|-----------------------------|-------|
| Factoring                   | 8.64% |
| Short-term Debt Assumptions | 9.99% |
| Long-term Debt Assumptions  | 7.10% |
| Current Debt (Long-term)    | 8.60% |
| Current Debt (Bond-Loans)   | 9.82% |

| CORINTH PIPEWORKS APR         |        |
|-------------------------------|--------|
| Factoring                     | 13.85% |
| Current Debt Assumptions      | 22.28% |
| Non-current Debt Assumptions  | 6.28%  |
| Bond related Debt (Long-term) | 10.05% |

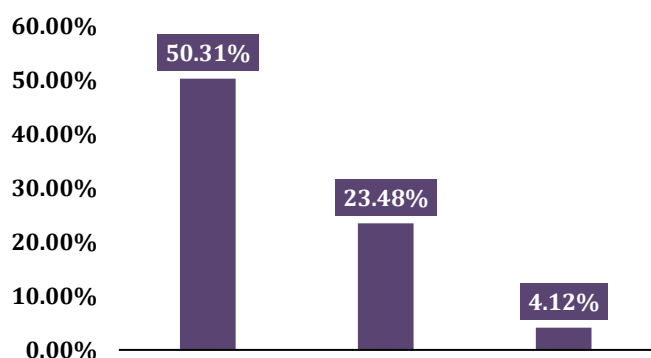
The Euribor experienced negative values in 2020 and 2021, primarily influenced by a notably low inflation rate. Presently, the Euribor stands at its highest level in recent years (3.91%) due to the European Central Bank's restrictive monetary policy, implemented to counteract inflation. Starting in 2025, the ECB will initiate a gradual reduction in interest rates, leading to a stepwise decline in the Euribor, ultimately reaching 2% by 2030. Slightly different targets such as 1 or 3% barely affects the suggested price, with no qualitative differences.

## APPENDIX 12.1: Base Case Discounted Cash Flow

| In (000s) €        | 2024E       | 2025E       | 2026E       | 2027E       | 2028E       | 2029E       | 2030E       |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues           | 1,811,639   | 2,118,099   | 2,431,431   | 2,704,048   | 2,920,808   | 3,124,212   | 3,308,757   |
| Cogs               | (1,599,027) | (1,869,432) | (2,136,909) | (2,365,324) | (2,540,444) | (2,701,489) | (2,843,878) |
| Gross Profit       | 212,612     | 248,667     | 294,522     | 338,724     | 380,364     | 422,723     | 464,879     |
| Operating margin   | 8.83%       | 8.95%       | 9.40%       | 9.85%       | 10.36%      | 10.87%      | 11.39%      |
| EBIT               | 159,893     | 189,505     | 228,480     | 266,440     | 302,513     | 339,552     | 376,774     |
| Effective tax rate | 19.94%      | 20.29%      | 20.65%      | 21.00%      | 21.35%      | 21.35%      | 21.35%      |
| Nopat              | 128,006     | 151,045.65  | 181,307     | 210,492.20  | 237,926     | 267,057.47  | 296,333     |
| (+)/(-) Change NWC | 29,785      | (40,427)    | (39,999)    | (32,432)    | (23,232)    | (20,374)    | (16,921)    |
| (+) D&A            | 27,790      | 32,248      | 35,948      | 39,940      | 44,173      | 47,288      | 50,662      |
| (-) CAPEX          | (124,812)   | (113,530)   | (123,340)   | (132,663)   | (111,931)   | (120,923)   | (129,408)   |
| (=) FCFF           | 60,769      | 29,337      | 53,916      | 85,337      | 146,937     | 173,049     | 200,667     |
| WACC               | 8.13%       | 8.13%       | 8.13%       | 8.13%       | 8.13%       | 8.13%       | 8.13%       |
| PV of FCFF         | 56,200      | 25,091      | 42,646      | 62,424      | 99,403      | 108,266     | 116,105     |

| Sensitivity analysis |       | Terminal Value |        |         |       |
|----------------------|-------|----------------|--------|---------|-------|
| WACC                 | €     | 8.77           | 0.00%  | 1.00%   | 2.00% |
|                      | 8.79% | € 6.98         | € 7.86 | € 9.01  |       |
|                      | 8.13% | € 7.70         | € 8.77 | € 10.18 |       |
|                      | 7.46% | € 8.56         | € 9.86 | € 11.64 |       |

| Target Price              |               |
|---------------------------|---------------|
| SUM of PV FCFF            | 510,198       |
| PV of Terminal Value (1%) | 1,645,630     |
| Enterprise Value          | 2,155,829     |
| (+) Cash                  | 345,355       |
| (-) Debt                  | (834,062)     |
| (-) Minorities            | (38)          |
| (=) Equity Value          | 1,667,161     |
| No. Shares                | 190,162,681   |
| (=) Price per Share       | <b>8.77 €</b> |



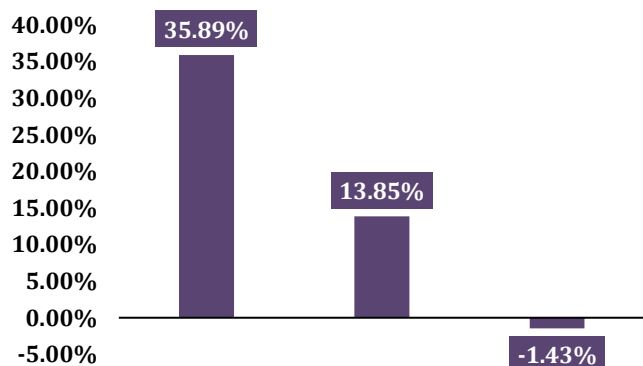
| DCF             | Sensitivity Table |               |               |
|-----------------|-------------------|---------------|---------------|
| Terminal Growth | 1.50%             | 1.00%         | 0.50%         |
| WACC            | 7.46%             | 8.13%         | 8.79%         |
| Stock Price     | <b>10.67 €</b>    | <b>8.77 €</b> | <b>7.39 €</b> |
| Upside          | <b>50.31%</b>     | <b>23.48%</b> | <b>4.12%</b>  |

## APPENDIX 12.2: Base Case Residual Income Model

| In (000s) €                         | 2023E   | 2024E   | 2025E   | 2026E   | 2027E   | 2028E     | 2029E     | 2030E     |
|-------------------------------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|
| Net Income                          |         | 61,380  | 102,771 | 130,801 | 157,405 | 184,165   | 214,417   | 246,480   |
| Book Value of Equity                | 401,646 | 463,027 | 565,798 | 696,600 | 854,004 | 1,038,169 | 1,252,586 | 1,499,067 |
| Cost of Equity                      | 9.72%   | 9.72%   | 9.72%   | 9.72%   | 9.72%   | 9.72%     | 9.72%     | 9.72%     |
| Book Value of Equity* Cost of equit | 39,051  | 45,018  | 55,011  | 67,728  | 83,032  | 100,937   | 121,784   | 145,749   |
| RoE-CoE                             | 4.05%   | 3.53%   | 8.44%   | 9.06%   | 8.71%   | 8.02%     | 7.40%     | 6.72%     |
| Abnormal Earnings                   |         | 22,329  | 57,752  | 75,791  | 89,677  | 101,133   | 113,480   | 124,696   |
| PV of abnormal earnings             |         | 20,351  | 47,971  | 57,376  | 61,872  | 63,594    | 65,034    | 65,130    |

| Sensitivity analysis |        | Terminal Value |        |         |       |
|----------------------|--------|----------------|--------|---------|-------|
| CoE                  | €      | 8.08           | 0.00%  | 1.00%   | 2.00% |
|                      | 10.77% | € 6.85         | € 7.17 | € 7.56  |       |
|                      | 9.72%  | € 7.64         | € 8.08 | € 8.64  |       |
|                      | 8.68%  | € 8.64         | € 9.27 | € 10.09 |       |

| Target Price               |               |
|----------------------------|---------------|
| Sum of PV Abnormal Earning | 381,327       |
| Terminal Value (1%)        | 1,443,861     |
| Equity Value               | 1,537,112     |
| No Shares                  | 190,162,681   |
| Value Per Share            | <b>8.08 €</b> |



| RIM             | Sensitivity Table |               |               |
|-----------------|-------------------|---------------|---------------|
| Terminal Growth | 1.50%             | 1.00%         | 0.50%         |
| CoE             | 8.68%             | 9.72%         | 10.77%        |
| Stock Price     | <b>9.65 €</b>     | <b>8.08 €</b> | <b>7.00 €</b> |
| Upside          | <b>35.89%</b>     | <b>13.85%</b> | <b>-1.43%</b> |

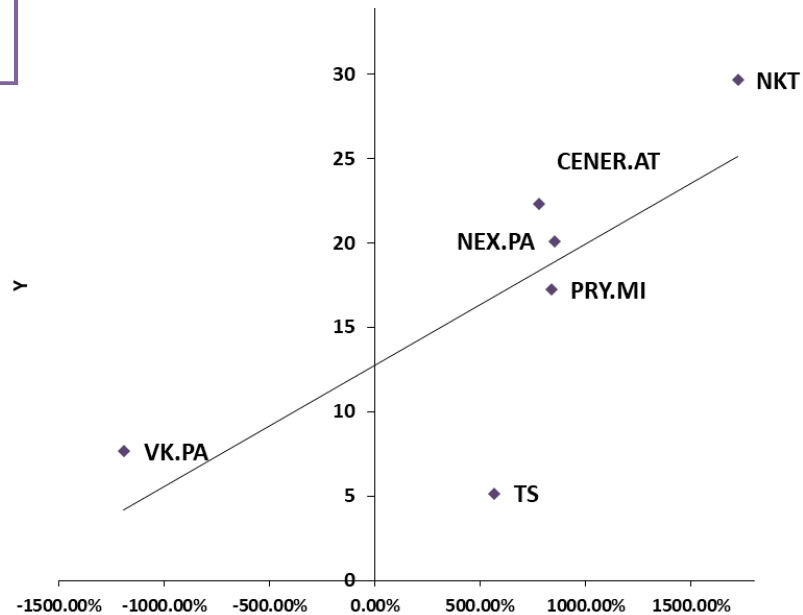
## APPENDIX 12.3: Relative Valuation

| PEERS             | P/E           | 1/ROIC    |
|-------------------|---------------|-----------|
| CENER.AT          | 22.33         | 780.64%   |
| NKT               | 29.65         | 1724.14%  |
| NEX.PA            | 20.11         | 854.70%   |
| PRY.MI            | 17.22         | 840.34%   |
| VK.PA             | 7.64          | -1190.48% |
| TS                | 5.16          | 564.97%   |
| Implied P/E       | € 18.63       |           |
| ROIC 2024e        | 13.65%        |           |
| EPS 2025e         | € 0.54        |           |
| Share Price 2025e | € 9.85        |           |
| CoE               | 9.96%         |           |
| Fair Value        | € <b>8.15</b> |           |

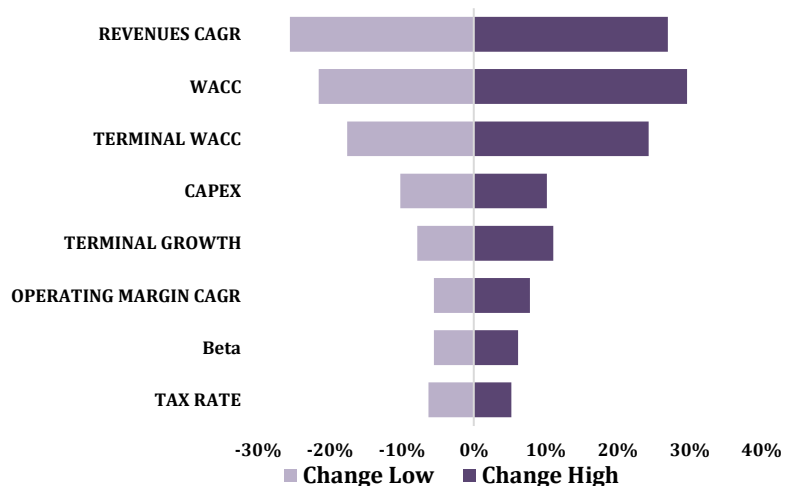
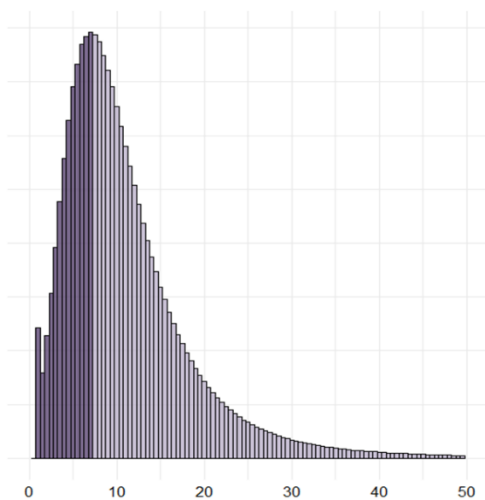
The plot indicated the demonstrated case, as well. Cenergy compared to its peers fall to a nearly fair value price. Through, the summary output it is a observed an adjusted R-squared of 55.95%, while the intercept and the inversed ROIC had a statistical significance of 5 and 10%, respectively. Further sensitivity analysis was conducted through the intervals of the variables resulting in a range of price of [7.34€, 10.58€]. Due to the lack of a large data set the relative valuation method was weighted only by 10% in the recommendation.

| Sensitivity Analysis |   |             |                |
|----------------------|---|-------------|----------------|
| Intercept            |   | 11.81       | 13.68          |
| 1 / ROIC             |   | 0.63        | 0.81           |
| P/E                  | € | 16.42       | € 19.58        |
| Share Price 2025e    | € | 8.87        | € 10.58        |
| Fair Value           | € | <b>7.34</b> | € <b>10.58</b> |

The peers selected were selected through their operational and regional segment. Looked specifically for firms that are specialized in the field of transferring renewable energy either through cables or steel pipes. The offshore business stood a major factor as well, as in such projects are appreciated greater margins. It was avoided to use the ordinary multiples approach by extracting the mean and the median, due to the fact that the pool selected has to do with mature firms. Moreover, noticed a correlation pattern between P/E ratio and the inverse of ROIC. Thus, by regressing the corresponding firms by the following metrics, we managed to offset the scale difference between the size of the pool firms.



## APPENDIX 13: Sensitivity Analysis



| Tornado Chart         | Low    | High    | Change Low | Change High | Stock Low | Stock High |
|-----------------------|--------|---------|------------|-------------|-----------|------------|
| TAX RATE              | 23.49% | 19.22%  | -6.30%     | 5.24%       | € 8.22    | € 9.23     |
| Beta                  | 0.97   | 0.83    | -5.52%     | 6.14%       | € 8.29    | € 9.31     |
| OPERATING MARGIN CAGR | 4.92%  | 6.19%   | -5.52%     | 7.82%       | € 8.29    | € 9.46     |
| TERMINAL GROWTH       | 0.45%  | 1.65%   | -7.87%     | 11.07%      | € 8.08    | € 9.74     |
| CAPEX                 | 10.00% | -10.00% | -10.23%    | 10.17%      | € 7.87    | € 9.66     |
| TERMINAL WACC         | 9.45%  | 6.61%   | -17.62%    | 24.29%      | € 7.22    | € 10.90    |
| WACC                  | 9.45%  | 6.61%   | -21.55%    | 29.67%      | € 6.88    | € 11.37    |
| REVENUES CAGR         | 9.33%  | 13.70%  | -25.58%    | 26.98%      | € 6.53    | € 11.14    |

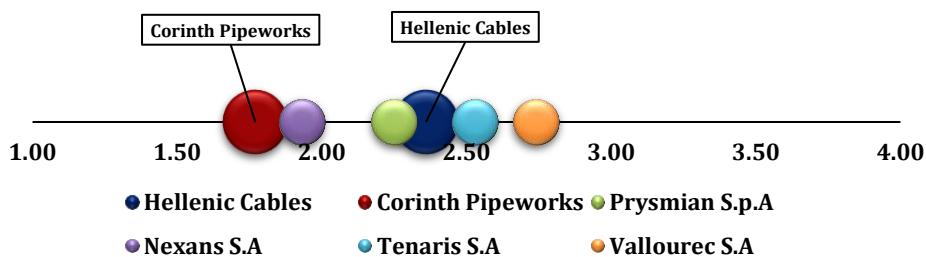
Tested all inputs for the DCF model used, the ones related to the investment risks and the ones that are such sensitive that can change the BUY recommendation, plotted them in a Tornado Chart for better illustration. Later, held the most sensitive inputs and applied a Monte Carlo Simulation of 10 million iterations and winsorized at 1% level. Overvalued\Undervalued refers to the break-even point of closed price 02/08/2023 of 7.25€, resulting in a 66.91% undervaluation percentage. The change in each variable regards to the bull-bear case scenarios plus and additional +/-10% to catch impacts outside from the assumptions. Further tested the recommendation through Geometrical Brownian Motion with all time daily data, resulting in an undervaluation of 72.39%

| Monte Carlo DCF |            |
|-----------------|------------|
| Median          | 9.40 €     |
| Mean            | 11.44 €    |
| SD              | 8.26       |
| Q25             | 6.13 €     |
| Q75             | 14.15 €    |
| Overvalued      | 33.09%     |
| Undervalued     | 66.91%     |
| Iterations      | 10,000,000 |

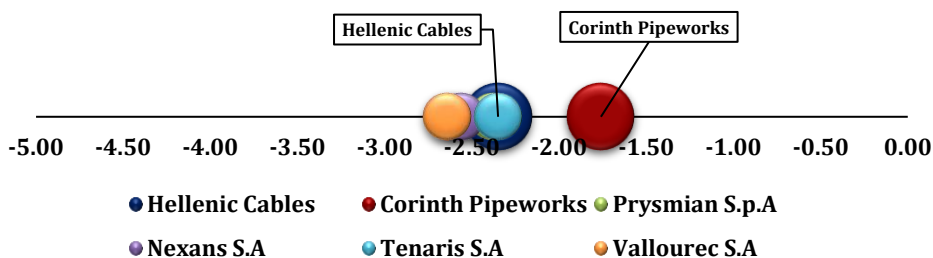
| Brownian Motion Path |               |
|----------------------|---------------|
| Median               | 9.26 €        |
| Mean                 | 10.18 €       |
| SD                   | 4.60          |
| Q25                  | 6.93 €        |
| Q75                  | 12.42 €       |
| Overvalued           | 27.61%        |
| Undervalued          | 72.39%        |
| Iterations - Days    | 100,000 - 252 |

## APPENDIX 14: Credit-Scores

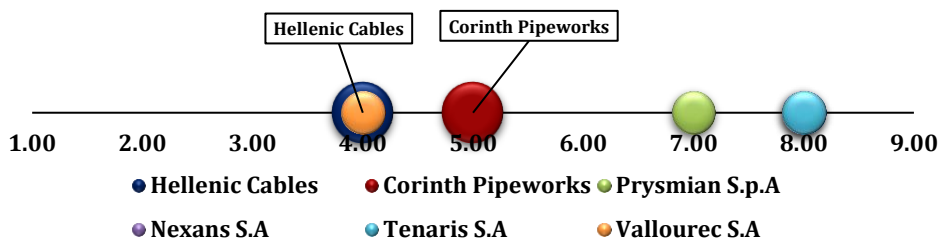
| Z-Scores          |      |
|-------------------|------|
| Hellenic Cables   | 2.36 |
| Corinth Pipeworks | 1.77 |
| Prysmian S.p.A    | 2.25 |
| Nexans S.A        | 1.93 |
| Tenaris S.A       | 2.53 |
| Vallourec S.A     | 2.74 |



| M-Scores          |       |
|-------------------|-------|
| Hellenic Cables   | -2.35 |
| Corinth Pipeworks | -1.76 |
| Prysmian S.p.A    | -2.38 |
| Nexans S.A        | -2.56 |
| Tenaris S.A       | -2.35 |
| Vallourec S.A     | -2.64 |



| F-Scores          |      |
|-------------------|------|
| Hellenic Cables   | 4.00 |
| Corinth Pipeworks | 5.00 |
| Prysmian S.p.A    | 7.00 |
| Nexans S.A        | 8.00 |
| Tenaris S.A       | 8.00 |
| Vallourec S.A     | 4.00 |



In assessing the financial health of Hellenic Cables and Corinth Pipeworks (CPW), several key indicators were analyzed. Hellenic Cables, despite a lower **F-Score of 4**, displayed stability in its **Z-Score of 2.36**, placing it in the **Grey Zone**, indicative of comparable performance to its peers. The company faced challenges in asset utilization, as evidenced by a decrease in the asset turnover ratio and lower return on assets (ROA) in 2022 compared to 2021. However, a significant increase in assets by 31.14% suggests potential for future growth, albeit with underutilized PP&E and inventories. Additionally, negative cash flow from operations and a decrease in liquidity ratio raise concerns regarding current liabilities. Nonetheless, the **M-Score of -2.35** aligns with industry peers, indicating relative stability. Conversely, CPW exhibited more concerning financial indicators, with an **F-Score of 5** and a **Z-Score of 1.77**, placing it in the **Distress Zone**. Negative cash flow from operations, decreased liquidity ratio, and lower gross margin in 2022 compared to the previous year highlight financial challenges. Although CPW's **M-Score of -1.76** is slightly better than Hellenic Cables', it remains negative, suggesting ongoing financial strain. In summary, while Hellenic Cables faces challenges, its stability aligns with peers, whereas CPW's financial distress warrants closer scrutiny. Despite the challenges faced by both Hellenic Cables and Corinth Pipeworks (CPW), there is room for optimism. Hellenic Cables' ability to turn its Free Cash Flow to Firm (FCFF) positive indicates a potential turnaround, coupled with expectations for continued high growth rates. This positive momentum suggests the company is taking steps towards improving its financial health and positioning itself for future success. With a focus on strategic initiatives and prudent financial management, both companies have the opportunity to navigate challenges and emerge stronger in the market.