Company Update

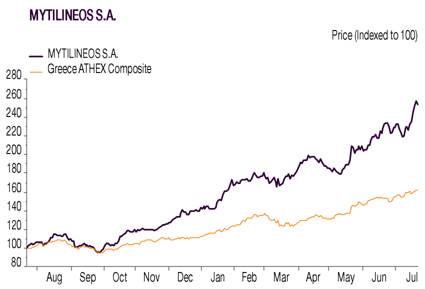
Recommendation

Rating	BUY
from	*Buy*
Target Price	€ 45.90
from	€ 30.80
Share Price	€ 36.90
price date	31/07/2023
Upside/Downside	*24.1%*
Bloomberg ticker	MYTIL GA
Reuters ticker	MYTr.AT

Statistics

Mkt Cap (m)	€ 5,144
Shares out (m)	142.9
Free float	70.2%
Daily avg shares (th) | 12mths	380.5
Price high | 12mths	€ 36.96
Price low | 12mths	€ 13.33
ABS. PERF. | YtD	+79%
ABS. PERF. | 12mths	+161%
ABS. PERF. | 3mths	+39%
ABS. PERF. | 1mth	+13%

Graph | indexed vs. sector | 12mths



Source: FactSet

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Citius, Altius, Fortius; a continued Success Story

Investment case | Following a surprisingly strong 2022 and a robust 1H23, and leveraging on a) the energy megatrends (RES development and operation, energy storage), b) the opportunities emerging from the transitional use of Natural Gas (Thermal plants construction for own portfolio and for third parties, LNG supply and trading), c) the synergies between the Energy and Metals segments and d) the proven excellent managerial qualities, Mytilineos appears capable to not only sustain the recently upgraded profitability (EBITDA in 2022 c. 3x up compared to 2021), but to drive it further up to new, unprecedented levels in the foreseeable future.

RES investment in Canada | In May, Mytilineos entered into a SPA for the purchase of a portfolio of 5 solar projects located in Alberta, Canada, from Westbridge Renewable Energy Corp, a utility-scale solar PV development Company, with anticipated aggregate capacity of 1.4 GW upon commercial operation. The project is expected to absorb capex of CAD$ 1.7bn or EUR 1.16bn over the 2023-27 period. According to our estimates, the positive impact from the 30% tax credit is EUR 1.85/share, while the whole project is expected to create additional value of EUR .4/share (based on conservative estimates of PPA at EUR 58/MWh, cost of debt at 5.5% and 85% EBITDA margin).

Valuation | We value Mytilineos through a combination of 2023-24e average EV/EBITDA multiples valuation, and a two-stage DCF (50% weight each). Our target 2023-24e EV/EBITDA average multiple of 6.7x returns a fair value of EUR 46.4 per share. Our DCF model – which incorporates an explicit set of forecasts for the period up to 2026e, after which we assign a terminal value growth of 1.0% and a WACC of 8.0% (from 9% previously, to account for the respective drop of the sovereign debt premium) - returns a fair value of EUR 45.3 per share. After applying a 50/50 weight to the aforementioned appraised equity values, **we derive a TP of EUR 45.90/share** (from EUR 30.8/share previously) and hence we reiterate the **Buy rating**, which implies a total upside potential of 24%.

Forecast Revisions | Supported by a strong start in 1H23 and driven by the faster than previously anticipated execution of RES projects (in Greece and abroad, for own portfolio and 3rd parties), the solid LNG trading business, the increased market shares on improved margins in the electricity supply business and the expected commercial commissioning of the new Thermal plant in 2H23e, we have upgraded our previous EBITDA and Net profit estimate for 2023e by 7% and 10% respectively to EUR 973m/575m. In a more aggressive manner, driven by the accelerated execution of the huge RES pipeline, we have raised our 2024-26e EBITDA forecasts by ~20% in average, expecting a 2022-26e CAGR of 13%. Against this background, we assume increased dividend for FY23 to EUR 1.41/share (from EUR 1.24/share a year ago.

FCF & net debt | We have raised our previous capex estimates on more aggressive RES projects execution worldwide to EUR 900-950m p.a. in 2023-26e. Looking into 2023e, assuming increased capex needs of EUR 830m and WC movement of 177m which will more than offset the strong expected operating profitability, we end up with negative FCF of 410m, with group net debt shaping at EUR 1.4bn (Net Debt/EBITDA 1.4x) from EUR 0.7bn at the end of 2021. In 2024-26e, accounting for the stronger expected operating profitability, lower capex needs and WC normalization, FCF generation is expected to turn positive to EUR 260 in average, with Net Debt hovering around EUR 1,500-1,600 (or 1.3x the expected EBITDA).

Forecasts	2021	2022f	2023f	2024f	2025f	2026f
Revenues	2,664.1	6,306.0	5,744.0	6,190.2	6,423.2	5,814.3
EBITDA	358.5	823.0	973.1	1,114.0	1,221.6	1,260.7
EBITDA adj.	358.5	823.0	973.1	1,114.0	1,221.6	1,260.7
Net profit	162.2	466.0	574.6	670.5	753.1	782.0
Net profit adj.	162.2	466.0	574.6	670.5	753.1	782.0
EPS adj.	1.13	3.26	4.02	4.69	5.27	5.47
DPS	0.40	1.20	1.41	1.64	1.84	1.92
Valuation Ratios	2021	2022	2023f	2024f	2025f	2026f
P/E adj.	13.3	6.2	9.2	7.9	7.0	6.8
EV/EBITDA adj.	5.8	4.3	6.2	6.5	6.0	5.9
FCF yield	-7.7%	5.6%	-9.7%	2.8%	2.5%	3.3%
Dividend yield	2.6%	5.6%	3.8%	4.4%	5.0%	5.2%
Net Debt/EBITDA adj.	2.2	0.9	1.4	1.3	1.3	1.3

Source: the Company, Optima bank research

Investment Thesis

With a modern, simpler, more comprehensible business structure (Energy & Metals) and the formation of two new 100% owned subsidiaries, which will focus in concessions and infrastructure (also PPP) projects mainly in Greece, with a geographic (in more than 30 countries), business (Metallurgy, -being the largest integrated Aluminium company in Europe-, Energy generation, supply and Trading, construction/concessions), and Technological diversification (RES, storage, thermal-mainly natural gas), strong financial position and proven excellent managerial qualities, Mytilineos appears capable to benefit a) from the energy megatrends (RES development and operation, energy storage) which gain momentum also in the US and Canada, b) the opportunities emerging from the transitional use of Natural Gas (Thermal plants construction for own portfolio and for third parties, LNG supply and trading) and c) from the "greener" output of its Metallurgy business, gradually increasing the use of recycled Aluminium in the product mix (already 25% of total) and leveraging on the synergies with Energy segment with the switch to Protergia for the electricity needs, which in turn can lift the Group's profitability to new, unprecedented levels.

Positive catalysts/Upside Risks

Our estimates offer some room for possible upgrades subject to the:

- Faster execution of RES targets in Greece and abroad; recall that the ambitious EU decarbonization targets (FIT-55 strategic targets call for 55% lower CO_2 emissions by 2030 and net zero by 2050) and the recently updated the Greek national energy and climate plan (ESEK) calls for total RES capacity of 24GW and 61GW by 2030 and 2050 respectively from c10GW currently and 8GW storage by 2030.
- IRA framework (i.e. inflation reduction act, an initiative introduced by the Biden administration, which according to market estimates is expected to boost renewable investment to c. $90bn p.a. in 2022-31e), and also the Canadian Clean Technology Investment Tax Credit, could attract additional investments
- According to press reports, EU seeks from metals producers (including MYTILINEOS) to produce the necessary metals (namely germanium and gallium) which are key inputs for the production of chips, following a drop of exports from China. Gallium is found in trace amounts in zinc ores and in bauxite, and gallium metal is produced when processing bauxite to make aluminium, and note that MYTILINEOS is among the very few producers of both zinc and bauxite in Europe, and could possibly have exploitable quantities of Germanium and Gallium in its mines). It is also noted that aluminium recently entered the critical raw materials act (CRMA) of the EU, along with gallium. During the 1H23 Results conference call, the management was confident that it could deliver all European gallium needs, with the necessary capex estimated at double-digit EUR million, and expecting the first deliveries within two years.
- Lower PV panel costs could offer higher margins on the Renewables business.
- Mytilineos is expecting strong cash injections over the next few years, aided by an EU initiative which motivates high-emitting industries such as the Aluminium industry to lower their CO_2 emissions
- Potential acquisition of a Metals company in Europe: during the 1H23 results, the management said that it is close to the conclusion of an acquisition in Europe, with the announcements expected next month.
- The expected commercial commencement of the new Thermal plant of 826MW in 1Q23 (currently in hot commissioning) will not only offer the Group increased electricity output this year and >4TWh p.a. from 2024e onwards, but also on increased spark spreads due to its high efficiency rate (~63%).
- The recovery of the domestic construction/concessions sector on healthy margins (i.e. 10% EBITDA margin)
- Material expectation that Mytilineos will also benefit from cheap financing from the Recovery and Resilience Facility (RRF) to the Greek economy which is expected to exceed the EUR 30bn (>15% of country's current GDP) over the course of the next few years, as the "Green Transition" is one of the Facility's main pillars.

Risks & sensitivity

We believe Mytilineos' geographic and business differentiation largely mitigates the increased business risk of the energy and metals sectors, hence we perceive that the company has a medium risk profile.

In more detail, among Mytilineos' key downside investment risks across its business sector are the following:

- Metallurgy: high LME aluminium and alumina price volatility is the major downside risks (note that Aluminium of Greece is the only vertically integrated bauxite, alumina and aluminium producer in South-Eastern Europe, which significantly reduces risks as well as logistic costs); in this context, the Group is actively hedging against price risk by using financial derivative instruments, while targets to lower energy costs, with introduction of RES in the electricity supply and the increase of recycled alumiunium in the product mix (note that the contribution of recycled aluminium has already accounted for ¼ of total in 2021, while AOG targets to lower all aluminium related CO2 emissions by 75% by 2030).

- Renewables: Regulatory risk (e.g. the significant delays of RES licensing, limited free grid space to secure connection terms etc), timely execution of backlog (also due to the logistic disruption and the consequent delays on PV deliveries), time inconsistency between the FID for the development of RES projects and the secure of long-term tariffs (either through RES auction or PPAs). In this context, the Group holds long-term relationships with its suppliers.

- Entrance of new players in the Thermal Generation market threatens Mytilineos' market shares

- Regulatory risk of the (already heavily regulated) Electricity generation and supply markets: In a response to the energy crisis, the Greek government implements already from July a compensation mechanism on each electricity generation technology according to its input cost, regardless of the day-ahead market price of the energy exchange. In our view, the increased efficiency of Mytilineos' thermal plants (c.60% in average) and its ability to source Natural Gas or LNG at considerable discounts compared to the TTF, secure a) the priority of its output in the day-ahead market as implies the merit order principal and b) hefty margins on increased visibility. Additionally, the very fact of the recent government intervention which applies certain profitability margins in the electricity generation business reduces the potential repetition of any "extra" or "one-off" "solidarity tax" on the so called windfall profits of the energy companies.

2Q/1H23 Results Review: | solid quarter, on track to meet the annual EBITDA guidance of EUR 1bn for 2023e

Mytilineos reported in 2Q23 group turnover of EUR 1.158m (+4.1% YoY), EBITDA of EUR 213m (+30.9% YoY, 10% above Optima and 11% above consensus), and net income of EUR 125m (+26.5% YoY, 14.2% above Optima and 14.7% above consensus. In 1H23 terms, Mytilineos reported sales of EUR 2,516m (+16.8% y-o-y), EBITDA of EUR 438m) and Net Income of EUR 268m (+52% y-o-y). Net Debt stood at EUR 1,109m, up by EUR c400m YtD. In our view following the 1H23 results, the annual guidance of EUR 1bn for 2023 is feasible.

Conference call key takeaways: a) Management said that the groups EBITDA will comfortably exceed EUR 1bn for 2023, b) Thermal generation in 2H23 will perform much better c) expects cash flow to significantly improve in 2H23, with flattish WC needs compared to 1H23 c) Mytilineos marketable bonds already trade close to IG peers (mid swaps +80bps), d) will continue repurchasing own shares e) is confident that it could cover all gallium demand for the EU, first deliveries could commence in two years, adding that too early to define financial benefit from gallium sales f) Management said that it will announce an acquisition in the metals sector next month g) targets for an even stronger year in 2024

Table 1: 2Q23 Group Key P&L Results

EUR m	2Q22	2Q23a	*Y-o-Y change*	*Optima*	*Actual vs. Optima*	Consensus	*Actual vs. Consensus*	1H22	1H23a	*Y-o-Y change*
Turnover	1,112.5	1,158.0	*4.1%*	1,220.0	*-5.1%*	1,100.0	*5.3%*	2,154.0	2,516.0	*16.8%*
Energy EBITDA	84.1	153.0	*81.9%*	130.0	*17.7%*	128.8	*18.8%*	163.0	303.0	*72.0%*
Metals EBITDA	82.4	62	-24.8%	64.2	-3.4%	63	-2%	137	136	1.0%
Group EBITDA	162.7	213.0	*30.9%*	194.2	*9.7%*	191.8	*11%*	293.0	438.0	*43.0%*
Net income	98.8	125.0	*26.5%*	109.5	*14.2%*	109.0	*14.7%*	166.0	268.0	*52.0%*

Source: Optima bank Research, Mytilineos

Below is an analysis per division for 1H23:

- Energy: The unit registered sizeable revenue (+22% y-o-y to EUR 1,994m) and EBITDA (+72% YoY to EUR 303m), benefited from the steady profitability growth of the Energy Sector, and in particular from the Renewable Energy Sources (RES) activity (which more than doubled, i.e. +117% compared to H1 2022), contributing the largest share (29%) of the Energy sector EBITDA. Additionally the supply of electricity and natural gas, played a key role in the increased EBITDA, as a result of the continuous internationalization of the Company's operations. Note that in the domestic market, the presence of MYTILINEOS in electricity supply continued to grow steadily, with the completion of the acquisition of WATT+VOLT, which in turn resulted in a market share approaching 13%. With respect to Renewables, total capacity of the operational and mature Global portfolio is ~4.9 GW, while including projects in Early and Middle stages of development, with a capacity of c. 8.5 GW, MYTILINEOS' global portfolio exceeds the 13 GW, representing a total increase of ~4.2GW (or ~46%) during 1H23. Finally, thermal generation during 1H23 negatively affected by scheduled maintenance, consequently thermal generation in 2H23 is expected significantly stronger, also aided by the new, highly efficient CCGT power plant which is currently in the late stage of commissioning, and is expected to start commercial operation in 2H23.
- Metallurgy: Following the record high pricing environment during 1H22 (LME 3M in 1H22 at $ 3,080/tn), the average Aluninium's price (LME 3M) normalized by 23.3% y-o-y in 1H23 to $ 2,362/tn. Consequently Aluminum billet premia also showed a small decline in 2Q23 compared to 1Q23, moving below the $600/tn mark, remaining however at healthy levels. Despite the weaker pricing environment in 1H23, Mytilineos reported Metals sales up by 5% y-o-y to 480m, and EBITDA marginally down by 1% to EUR 136m in 1H23, supported by its hedging policy,
- Construction/concessions): Regarding the construction activity, segmental EBITDA contribution in 1H23 amounted to EUR 7m compared to EUR 5m in 1H22. At the end of the first half of 2023, the backlog of infrastructure projects in progress exceeds EUR 550 million, while including projects that are in an advanced stage of contracting, it exceeds EUR 900m. The prospects for the construction industry in Greece are particularly positive, especially for concession and PPP projects, in which the Infrastructure Sector aspires to play a leading role.

Outlook-Segments Overview

Energy BU

The main pillar and key growth driver of the group, which consists of the a) Renewables BU (RES development in Greece and abroad, Asset Rotation model, and Generation), b) thermal generation, c) Electricity supply, d) Lng & Natural Gas Trading & Supply, and e) the energy-related EPC projects BU. In our numbers, the Energy segment is expected to generate >75% of the Group EBITDA by 2026 (from 67% in 2022).

Table 2: Energy division key assumptions and EBITDA per sub-division

EUR million	2023e	2024e	2025e	2026e
Sales	**4,628**	**5,133**	**5,293**	**5,392**
YoY	11.9%	10.9%	3.1%	1.9%
Sales Old	4746.2	4701.8	4600.9	4601.9
Change	-2.5%	9.2%	15.1%	17.2%
EBITDA	**689.0**	**817.7**	**914.9**	**953.5**
YoY	39.8%	18.7%	11.9%	4.2%
EBITDA Old	615.7	648.2	720.5	721.5
Change	11.9%	26.2%	27.0%	32.2%

Source: Optima Bank Research

Table 3: Detailed Energy division key assumptions and EBITDA per sub-division

	2023e	2024e	2025e	2026e
M Renewables (RSD & Generation)				
Sales (EUR m)	1041.0	1174.5	1220.3	1354.1
EBITDA (EUR m)	234.1	278.4	317.4	359.0
M Energy Generation & Mgt (Thermal Production)				
Volumes (GWh)	5,171	7,759	8,505	8,505
Sales	766	1,083	1,105	1,065
Realized clean spark spread (EUR/MWh)	43.2	42.7	45.3	44.7
Load factor	36.0%	50.0%	55.0%	55.0%
EBITDA (EUR m)	185.8	255.8	299.3	293.7
M Energy Customer Solutions (Electricity Supply - Protergia)				
Sales (EUR m)	1051.4	1215.5	1274.5	1247.3
Sales volume (000 MWh)	6.1	6.9	7.7	7.8
Market share	13.0%	16.3%	19.0%	19.5%
Retail margin (EUR/MWh)	10.7	11.2	11.6	11.5
EBITDA (EUR m)	64.9	77.0	89.3	89.5
M Integrated Supply & Trading (Natural Gas Supply)				
Sales	1292.0	1159.9	1171.5	1183.2
Volumes (TW)	28.7	29.0	29.3	29.6
Supply margin (EUR/MWh)	4.4	4.4	4.4	4.4
EBITDA	126.3	127.6	128.9	130.2
M Power Projects (Energy-related SES)				
Sales (EUR m)	478.3	500.2	521.7	543.0
EBITDA (EUR m)	77.9	79.0	80.0	81.1

Source: Optima Bank Research

M Renewables: Maturing ~6.5GW pipeline and Asset Rotation Model, drive segmental profitability to the next level

M Renewables focuses on RES and storage projects worldwide, including projects which it implements as an EPC contractor for 3rd parties. Capitalising on its significant Solar EPC capabilities, M Renewables is implementing a project development platform for Solar PV & Energy Storage projects, aims to develop, construct and potentially monetise internally developed projects. MYTILINEOS' global RES pipeline, comprising projects at different stages of development with total capacity of 13.3 GW, of which:

- 618 MW in operation
- >1.5 GW under construction
- c.2.7 GW in mature stage of development, i.e. projects in either RTB or soon-RTB stage and
- >6 GW in less mature stage of development (of which c.4 GW abroad).
- Additionally, MYTILINEOS owns 1.1 GW of Greek energy storage projects, currently at middle and early stage of development.

Based on the above, accounting for Mytilineos' RES sales at various maturity stages to the tune of 500-600MW p.a. in 2023-26e, coupled with the own domestic and international capacity of c. 1GW and annual additions of c. 300MW p.a. in 2024-26, we see segmental EBITDA at EUR 200m for 2023e (mainly driven by the Asset Rotation Model, platform projects which are expected to contribute c.90% of total RES EBITDA, while the remainder EUR 25m should be generated by RES generation and third parties EPC). Looking ahead, driven by a) the maturing Asset Rotation), projects on good margins (>20%) and b) the ramp-up of RES installed capacity to the tune of 100MW p.a., we expect RES EBITDA further up to 260-330m in 2024-26e.

In a separate note, recall that back in May MYTILINEOS announced that it has entered into an SPA for the purchase of a portfolio of 5 solar projects located in Alberta, Canada, from Westbridge Renewable Energy Corp, a utility-scale solar PV development Company, with anticipated aggregate capacity of 1.4 GW upon commercial operation. The project is expected to absorb capex of CAD$ 1.7bn or EUR 1.16bn over the 2023-27 period. It is noted that Canada recently announced the Clean Technology Investment Tax Credit and Clean Electricity Investment Tax Credit which may provide a refundable tax credit of up to 30% on the eligible capex of certain energy generation projects produced from renewable sources to support the Green Transition in all Canadian provinces. The capex investment for the Projects includes this 30% tax credit from the Canadian government (up to CAD$ 430m based on the estimated eligible capex of the projects). According to our estimates, the Canada project, assuming PPA at EUR 58/MWh, cost of debt at 5.5% and 85% EBITDA margin, is valued at EUR 491m or EUR 3.4/share, half of which deriving from the special tax incentive.

M Energy Generation & Mgt (Thermal Production)

MYTILINEOS, operating c.2 GW of installed thermal (commercially operating), is also holding the first position among the independent power suppliers commanding c.13% of the domestic market (which should easily extend close to 18-20% following the Watt & Volt acquisition and the switch of AoG's electricity contract to Protergia from 2024 onwards), having been established as the largest vertically integrated electricity and natural gas company, reaching the critical size to benefit from full liberation of the domestic electricity and natural gas market. Additionally, in 2H23e is now expected the commercial commissioning of the new state of the art 826 MW Combine Cycle Natural Gas Fired (CCGT) plant, which should leverage on its increased operational efficiency (c63%) to drive electricity generation >8TWh in 2024 (close to 20% of total domestic production) on higher spark spreads and consequently segmental EBITDA profitability higher to the tune of EUR >260m From 2024 onwards. For the scope of our analysis, we have factored in spark spreads of EUR ~45/MWh on the assumption of TTF gas prices of EUR ~50/MWh, while performing sensitivities, spark spreads widen (ceteris paribus) by EUR 10/MWh per EUR 50/MWh higher TTF gas price. Turning to profitability, following a relatively weak 1H23e, we expect segmental EBITDA of EUR 186m for 2023e, driven by the commercial commissioning of the new Thermal plant in 2H23e and the increased demand in 3Q23e and further up to EUR 256-300m in 2024-26e.

M Energy customer solutions (mainly retail electricity business)

Mytilineos, is by far the leading independent power supplier in Greece, commanding c.13% of the domestic market following the Watt & Volt acquisition (which could extend close to 18-20% with the switch of AoG's electricity contract to Protergia from 2024 onwards). Following a turbulent 2021-22e with the increased volatility of the electricity prices and the various state regulations, we now expect that the electricity business will offer healthy margins over the 2023-26e period, which coupled with the market share gains, could lift Mytilineos segmental profitability to EUR >80m over the same period.

M Integrated Supply & Trading (Natural Gas Supply)

Mytilineos is also very active in LNG supply, a very critical business following the Ukrainian war, capitalising on its long standing relationships with suppliers which allowed him to reap the benefits from the decrease of the pipeline gas imports in Greece and the neighboring countries in favour of LNG (according to the national Natural Gas grid operator DESFA, LNG imports in 2022 were up by 54% YoY and by an additional 7.9% in 1H23, while pipeline gas imports dropped by 9.3% YoY to 48.1TWh in 2022 and by a sharp 45.9% in 1H23). In our numbers, we expect gas sales (mainly LNG) to the tune of 30TW in 2023-26e, which on c.10% margin should generate EBITDA of EUR 126-130m p.a. over the same period. Note that MYTILINEOS is the biggest NG importer in Greece while it accounts for >50% of Greek LNG imports, having secured regasification station slots for the next few years

M Power Projects (Energy-related SES)

Sustainable Engineering Solutions Business Unit (SES BU), in addition to the construction of thermal power plants and selected infrastructure projects it traditionally carries out, also focuses on the dynamic development of projects that promote the Energy Transition and Sustainability. Indicatively, regarding Waste-to Energy projects, MYTILINEOS identifies significant development prospects in the field of environmental solutions and is actively involved in discussions to undertake similar projects. At the end of 9M 2022, the signed backlog came in at EUR 1.1bn, while accounting for the projects in an advanced stage of development, total pipeline reaches EUR 1.9bn, 53% of which refers to UK projects.

Based on a) the accumulated backlog of EUR 1.1bn and total projects pipeline of EUR 1.9bn, b) assuming average execution of 25-30% p.a. and c) penciling in a rather conservative 13-13.5% EBITDA margin on SES projects, we see segmental sales and EBITDA at EUR 478m and EUR

Metals BU

Driven by a combination of supply-demand imbalances, limited capacity, geopolitical implications and increased energy costs, the positive aluminium and alumina pricing environment from 4Q21 onwards, gained momentum in 2022, resulting in a sharp increase in prices, (Aluminium 3M LME and the Alumina Price Index (API) recorded a 9% and 10% y-o-y increase in 2022 respectively. Following the decline in prices witnessed in 2H22, aluminum billet premia now revert to the historical normalized levels (for the scope of our analysis we expect to remain at $ <700 over the 2023-26e period), partly due to the reduced European aluminum output (excluding Russia, Europe is a deeply deficit Aluminium market). In this backdrop, Mytilineos has taken advantage of the record-high prices recorded in 1H22, with of its output already hedged until early 2024e, while in the cost front remains among the lowest cost producers globally, with a secured electricity contract at low tariff until 2023-end, and also exploiting opportunities of bottoming electricity prices during low-demand hours through Protergia's access in the day–ahead market.

Chart 1: Aluminium spot LME price

Source: Optima bank Research, Factset

Chart 2: Alumina API price ($/MT)

Source: Optima bank, Factset

Starting with the Alumina segment, we have penciled in output stable at 870Ktons for 2022-26e, of which 500ktons will sold for third parties at an average realized price of $ 372/ton (c. EUR 390/ton), assuming Alumina API reference hover around $ 340-350/ton over the same period, from an average of $c362/ton in 2022. Regarding costs, we expect the gradual retreat of the natural gas and electricity prices to be largely offset by the increasing CO_2 emissions costs. That Said, we see segmental EBITDA to average EUR 43-49m in the 2023-26e period.

In the aluminium division, the retreat of LME prices at around $2,300/ton in 1H23 against an average LME price of $ c2,716/ton in 2022 should not be an immediate concern for Mytilineos due to a hedging policy that has locked prices well above current levels. Regarding production volumes, we assume production stable at 250kmt over the 2022-26 period, of which 65kmt recycled aluminium. On the cost front, downside risks are largely addressed by the fixed contract (which expires by the end of the current year, and Mytilineos has already expressed its intention to cover electricity needs of Aluminium of Greece through Protergia's supply arm, which will raise market share in domestic supply to c. 20%), while the CO2 emission costs are to some extent mitigated by the increasing contribution of recycled aluminium in the product mix. All in, we see Aluminium EBITDA to shape at EUR 226m in 2023e and further up to EUR 228m in 2025-26e.

Table 4: Alumina/aluminium division key forecasts

	2023e	2024e	2025e	2026e
Key assumptions				
Oil price (USD/bbl)	75.0	70.0	70.0	70.0
EUR/USD exchange rate	1.10	1.10	1.10	1.10
LME 3m aluminium price (USD/ton)	2,10	2,810	2,810	2,810
Billet duty premium (USD/ton)	720	720	740	760
Natural gas price (EUR/MWh)	44.4	40.7	32.6	29.3
Electricity tariff (EUR/MWh, including	50.1	46.1	47.3	46.8
Alumina				
Third Party Sales volume (000 tons)	501	501	501	501
Average realized price (USD/ton)	375	365	372	372
Average cash cost (USD/ton)	265	204	208	242
Average cash margin (USD/ton)	110	162	164	130
Alumina EBITDA (EUR m)	43	49	48	44
Aluminium				
Sales volume (000 tons)	206.5	206.5	206.5	206.5
Average price (USD/ton)	3,307	3,330	3,350	3,370
Average cash cost (USD/ton)	2,013	2,029	2,053	2,009
Average cash margin (USD/ton)	1294	1301	1297	1361
Aluminium EBITDA (EUR m)	226	223	227	228

Source: Optima bank research

Getting it altogether, we expect the Metallurgy division to contribute EUR 270m of group EBITDA in 2023 (a 6.5% downgrade vs. our previous estimate of EUR 288m) and 271-275m in 2024-26e (a 3-5% upgrade), accounting for less than 1/3 of group in 2023e (from 44% in 2021) and down to <¼ by 2026e onwards

Table 5: Metallurgy Turnover and EBITDA forecasts for the period 2021-2026

EUR million	2023e	2024e	2025e	2026e
Sales New	965.6	806.8	817.4	821.7
Sales Old	852.3	823.1	824.1	826.9
Change	13.3%	-2.0%	-0.8%	-0.6%
YoY	9.7%	-16.4%	1.3%	0.5%
EBITDA New	269.1	271.3	275.4	271.3
EBITDA Old	287.7	264.0	261.4	262.3
Change	-6.5%	2.8%	5.4%	3.4%
YoY	7.8%	0.8%	1.5%	-1.5%

Source: Optima bank research

In a separate note, it is reminded that in July, according to Financial Times, EU asks from metals producers (including MYTILINEOS) to produce the necessary metals which are key inputs for the production of chips, following a drop of exports from China. As per the same press report, the EU sources 71% of its gallium and 45% of germanium from China, but there are only a handful of companies outside of China capable of producing the high-purity metals used in chip making, solar photovoltaic cells and optic fibers. Gallium is found in trace amounts in zinc ores and in bauxite, and gallium metal is produced when processing bauxite to make aluminium, while Germanium ores are rare and most germanium is a by-product of zinc production and from coal fly ash (note that MYTILINEOS is among the very few producers of bauxite in Europe, and could possibly have exploitable quantities of Gallium in its mines). It is also noted that aluminium recently entered the critical raw materials act (CRMA) of the EU, along with gallium. In this context, note that MYTILINEOS already invests in the installation of pilot plants for the development of research in the utilization of bauxite residues, participating in European programs of efficient green technologies for the production of useful products and materials, as well as in the development of technology for the extraction of rare earths (scandium). Following the above, and although potential economic benefits for the Company haven't crystallized yet, we do see some significant upside for the Group's performance in the medium term.

Construction/Concessions

Finally, following the prolonged Greek crisis and the negative impact on the domestic construction sector on backlogs and margins, the prospects for the construction industry in Greece appear particularly positive, especially for concession and PPP projects, in which the infrastructure sector aspires to play a leading role. In this context, supported by the backlog of infrastructure projects in progress which exceeds EUR 550m in 1H23, (while including projects that are in an advanced stage of contracting, it exceeds EUR 900m), we have significantly raised our segmental EBITDA estimates to EUR 15m this year and up to EUR 30-36m by 2026e.

GROUP FORECASTS: Earnings gain further momentum in 2H23; new highs from 2024 onwards

We expect profitability to accelerate in the remainder of the year, driven by the a) the expected commencement of commercial operation of the new 826MW CCGT (already in hot commissioning), b) the maturing RES projects both in Greece and worldwide, for own portfolio and Asset Rotation, projects, c) the significant contribution from LNG trading, which we expect that due to geopolitical risks, will remain a solid business for the foreseeable future d) the rationalization of the electricity supply market and the increasing market shares for Mytilineos, e) the further recovery of the M Power Projects business and f) the solid performance of the Metallurgy, on good margins (secured by the hedging activity, the limited supply in the EU and also controlled opex courtesy of the low-cost electricity contract and the increasing contribution of the recycled Aluminium in the product mix). That said, the major profitability uplift witnessed in 2022 is expected to further expand in 2023, and will prove the new normal for the Group.

In more detail, we now forecast 2023e group sales to drop by 17.6% y-o-y to EUR 5.74bn, as the inflated energy prices witnessed in 2022 have normalized this year, before they increase by 4-9% in 2024-25e, mainly driven by the Thermal Generation and Renewables sub-segments. Turning to profitability, however, we estimate that group EBITDA will keep expanding, posting an increase of 18.2% y-o-y in 2023e to EUR 973m (a 6.5% upgrade compared to our previous estimate of EUR 913m) and another 13.9% y-o-y in 2024e to EUR 1,114m a 20% upgrade, mainly driven by the Renewables sub-segment). Based on our estimates, the new Energy sector is seen generating 2023e/2024e EBITDA of EUR 689m/EUR 818m, accounting for >2/3 of total, while on the contrary, Metals contribution is expected to contract to <30% of total (from 44% in 2021)

Going down the P&L, accounting for depreciation of EUR 136/148m and Net Financial Expenses of EUR 101/107m in 2023-24 and assuming effective tax rate at 22%, we derive bottom line profits of EUR 575/671m respectively (a 9.7%/28.1% upgrade vs. our previous numbers), and when applying a 35% payout ratio (in line with management guidance), we see DPS further up to EUR 1.4-1.6 in 2023-24e. Finally, we expect MYTILINEOS to generate negative FCF in 2023e of EUR 410m due to the huge investment programme (EUR 980m capex in 2023) and increased

WC needs of EUR 177m, driving net debt up to EUR 1.4bn (or 1.4x in relative Net Debt/EBITDA terms). Looking ahead, the stronger profitability in 2024-26 and the WC normalization, is expected to offset the high capex needs, allowing Mytilineos to generate positive FCF of EUR 260m in average over the same period, which in turn should a) allow the company to remunerate its shareholders with dividend distributions of EUR 200-260m p.a., while at the same time b) lower Net Debt to ~1.3x in NET DEBT/EBITDA terms.

Table 6: Forecasts revisions-Sales (new corporate structure)

EUR million	2022a	2023e	2024e	2025e	2026e
Metals Sales New	915.0	965.6	806.8	817.4	821.7
Metals Sales Old	915.0	887.3	858.1	859.1	860.1
New vs. old (%)	0.0%	8.8%	-6.0%	-4.9%	-4.5%
M Energy Sales New	4,135.4	4,628.4	5,133.3	5,293.4	5,392.2
M Energy Sales Old	4,133.7	4,746.2	4,701.8	4,600.9	4,601.9
New vs. old (%)	0%	-2%	9%	15%	17%
METKA and M Concessions Sales New	116.0	150.0	250.0	312.5	359.4
METKA and M Concessions Sales Old	116.0	100.0	150.0	200.0	201.0
New vs. old (%)	0%	50%	67%	56%	79%
Group Sales New	5,166.4	5,744.0	6,190.2	6,423.2	6,573.3
Group sales Old	5,164.7	5,733.5	5,709.9	5,660.0	5,663.0
New vs. old (%)	0%	0%	8%	13%	16%

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Table 7: Forecasts revisions-EBITDA (new corporate structure)

	2022a	2023e	2024e	2025e	2026e
Metals EBITDA New	270.0	269.1	271.3	275.4	271.3
Metals EBITDA Old		287.7	264.0	261.4	262.4
New vs. old (%)		-6.5%	2.8%	5.4%	3.4%
M Energy EBITDA New	555.0	689.0	817.7	914.9	953.5
M Energy EBITDA Old		615.7	648.2	720.5	721.5
New vs. old (%)		11.9%	26.2%	27.0%	32.2%
METKA and M Concessions EBITDA New	13	15	25	31.3	35.9
METKA and M Concessions EBITDA Old		10	15.0	20.0	21.0
New vs. old (%)		50.0%	66.7%	56.3%	71.1%
Group EBITDA New	823.0	973.1	1114.0	1221.6	1260.7
Group EBITDA Old		913.4	927.2	1001.9	1004.9
New vs. old (%)		6.5%	20.1%	21.9%	25.5%

Source: the Company, Optima bank research

Table 8: Group p&l Forecasts revisions

EUR million	2022a	2023e	2024e	2025e	2026e
Sales	6,307	5,744	6,190	6,423	6,573
Sales Old	-	6,970	5,952	5,894	5,814
Change	-	-17.6%	4.0%	9.0%	13.1%
YoY	136.8%	-8.9%	7.8%	3.8%	2.3%
EBITDA	823.0	973.1	1114.0	1221.6	1260.7
EBITDA Old	-	913.4	927.2	1001.9	1021.5
Change	-	6.5%	20.1%	21.9%	23.4%
YoY	129.7%	18.2%	14.5%	9.7%	3.2%
Net Income	465.9	574.6	670.5	753.1	782.0
YoY	187.3%	23.3%	16.7%	12.3%	3.8%
Net Income Old	-	523.8	523.6	573.9	582.5
Change	-	9.7%	28.1%	31.2%	34.2%

Source: the Company, Optima bank research

Table 9: Group key Cash flow & BS items

Cash Flow Statement (€ m)	2022	2023f	2024f	2025f	2026f
EBIT (reported)	734.1	839.1	967.8	1,072.4	1,108.4
Depreciation	99.3	136.2	148.4	151.4	154.5
Provisions / Other	20.0	2.6	2.7	2.7	2.7
Taxes Paid	(42.9)	(226.5)	(36.7)	(179.7)	(203.9)
(Inc) / Dec in Net Working Capital	109.9	(177.3)	37.1	32.8	30.9
Cash Flow from Operations	888.7	574.1	1,119.2	1,079.5	1,092.6
Capex, net	(724.8)	(985.0)	(860.0)	(840.0)	(810.0)
Free Cash Flow to Firm	178.5	(410.9)	259.2	239.5	282.6
Net Debt / (Cash)	(712.0)	(1,396.7)	(1,459.7)	(1,568.6)	(1,676.2)
Net Debt / EBITDA adj.	0.9x	1.4x	1.3x	1.3x	1.3x
DPS	1.24	1.41	1.64	1.84	1.92

Source: the Company, Optima bank research

VALUATION: Target price implies 24% upside, driven by EBITDA uplift and lower country risk premium

We value Mytilineos through a combination of 2023-24e average EV/EBITDA multiples valuation, and a two-stage DCF (50% weight each). Our target 2023-24e EV/EBITDA average multiple of 6.7x returns a fair value of EUR 46.4 per share, which implies 25% upside potential. Our DCF model – which incorporates an explicit set of forecasts for the period up to 2026e, after which we assign a terminal value growth of 1.0% and a WACC of 8.0% - returns a fair value of EUR 45.30 per share (23% upside).

DCF model: TP of EUR 45.3/share offers 23% upside compared to current levels, based on 1% LT growth and 8% WACC

In our 2-stage DCF model, we form an explicit set of forecasts for the period up to 2026e, after which we assign a terminal value growth of 1.0%. We have lower our WACC to 8.0% (from 9% previously), which we believe captures well domestic political/macro risks (note that the Greek government bond yield spread dropped by c90bps in 1H23), the group's size as well as its regional exposure. Our WACC assumption is based on sector beta of 1.0, a risk-free rate of 3.7% (Greek 10-year Bond yield) and an equity risk premium of 7.7% that in our view reflects country-specific risks adequately.

Table 10 | DCF model

EUR million	2023e	2024e	2025e	2026e	LT
NOPLAT	827.1	810.8	893.1	947.0	956.5
Depreciation	136.2	148.4	151.4	154.5	154.5
Gross cash flow	963.3	959.1	1044.5	1101.5	1110.9
Capex	985.0	860.0	840.0	810.0	500.0
Decrease (increase) in OWC	-177.3	37.1	32.8	30.9	20.0
FCFF	-199.0	136.2	237.3	322.4	630.9
Discounted FCFF	-191.5	121.4	195.9	246.5	446.8
Sum of PV (2022e-2026e)	372.3				
Terminal value	6,408.3				
Net debt (2022a)	712.0				
Minorities and other liabilities	91.0				
Other assets (including Canada)	490.3				
Shareholders' value	6,467.8				
DCF value per share	45.3				

Source: Optima bank research

DCF sensitivity analysis

Finally, our sensitivity analysis to the DCF valuation, based on WACC and long-term growth, shows that for every 50bps delta in our 8.0% WACC assumption there is a EUR 6.8/share sensitivity (c20%) in our DCF-based appraised value, and for every 50bps delta in our 0.5% long-term growth assumption the sensitivity stands at EUR 3.3/share (c10%).

Table 11 | DCF model sensitivities

	Discount Rate (WACC)			
	45.3	7.0%	8.0%	9.0%
	0.5%	50.5	41.9	35.4
LT growth	1.0%	55.1	45.2	37.9
	1.5%	60.5	49.0	40.7

Multiples valuation yields an appraised equity value of EUR 46.4 per share, which implies 25% upside potential

Applying an average 2023-24e EV/EBITDA of 6.7x (with explicit multiples, applied to each BU accordingly), yields an appraised equity value of EUR 46.4 per share (from EUR 30.2/share previously), which implies 26% upside potential.

Table 12 | EV/EBITDA Multiples model

EUR million	2022e	2023	2022-23e avg.	applied multiple	implied EV
Metals	269	271	270	6.0	1,621
Energy	689	818	753	7.5	5,626
- ow Renewables	234	278	256	9.5	2,435
- ow Thermal Generation	186	256	221	6.5	1,435
-ow electricity Supply	65	77	71	6.5	461
- ow Natural Gas Supply	126	128	127	6.5	825
-ow power projects	78	79	78	6.0	471
METKA/concessions	15	25	20	5.0	100
Group Implied EV	7348				
Group net Debt 2022e	712				
Minorities and others	91				
Equity Value	6636				
Value per share	**46.4**				

Source: Optima bank research

After applying a 50/50 weight to the aforementioned appraised equity values, we derive a TP of EUR 45.90/share (from EUR 30.80 previously), which implies a total upside potential of 24% from current price levels. Hence, we reiterate our Buy rating on the stock.

Table 15: Mytilineos DCF and EV/EBITDA based valuation

Valuation method	Assumptions	Target Price	Weight	Target price
DCF	WACC 8%, LTG 1%	45.3	50%	22.6
EV/EBITDA	Avg Multiple 6.7x	46.4	50%	23.2
Value/share				45.9
Upside/(Downside) %				24.1%

Source: Optima bank research

SUMMARY TABLES

Mytilineos Group

Profit & Loss	2022	2023f	2024f	2025f	2026f
Revenues	**6,307.4**	**5,744.0**	**6,190.2**	**6,423.2**	**5,814.3**
YoY	*236.8%*	*91.1%*	*107.8%*	*103.8%*	*90.5%*
COGS	5,342.0	4,712.5	5,013.5	5,135.9	4,484.9
Gross profit	**965.4**	**1,031.5**	**1,176.7**	**1,287.3**	**1,329.4**
Administrative, selling & other ex	309.5	58.3	62.7	65.7	68.7
EBITDA	**823.3**	**973.1**	**1,114.0**	**1,221.6**	**1,260.7**
YoY	*229.6%*	*118.2%*	*114.5%*	*109.7%*	*103.2%*
EBITDA Margin	*13.1%*	*16.9%*	*18.0%*	*19.0%*	*21.7%*
D&A	89.2	134.1	146.2	149.3	152.3
EBIT	**734.1**	**839.1**	**967.8**	**1,072.4**	**1,108.4**
YoY	*263.5%*	*114.3%*	*115.3%*	*110.8%*	*103.4%*
Net Financial Inc / (Exp.), associa	98.6	101.1	106.9	105.6	104.6
EBT	**635.4**	**738.0**	**860.9**	**966.8**	**1,003.8**
Tax	132.7	162.4	189.4	212.7	220.8
effective tax rate (%)	*21%*	*22%*	*22%*	*22%*	*22%*
Net Profit After Tax	**502.8**	**575.6**	**671.5**	**754.1**	**783.0**
Discontinued Operations	(2.8)	0.0	0.0	0.0	0.0
Minorities	34.1	1.0	1.0	1.0	1.0
EAT	**465.9**	**574.6**	**670.5**	**753.1**	**782.0**
YoY	*287.3%*	*123.3%*	*116.7%*	*112.3%*	*103.8%*
Dividends	**(163.1)**	**(201.1)**	**(234.7)**	**(263.6)**	**(273.6)**

Per Share Data	2022	2023f	2024f	2025f	2026f
EPS	**3.26**	**4.02**	**4.69**	**5.27**	**5.47**
YoY	*187.3%*	*23.3%*	*16.7%*	*12.3%*	*3.8%*
DPS	1.24	1.41	1.64	1.84	1.92
BVPS	14.91	17.79	21.09	24.72	28.36
FCFS	1.25	-2.88	1.80	1.65	1.96

Price & Mkt Cap	2022	2023f	2024f	2025f	2026f
Total Market Cap	2,900.7	5,278.4	5,278.4	5,278.4	5,278.4
Share price **	**20.30**	**36.94**	**36.94**	**36.94**	**36.94**
Total Shares out (m)	142.9	142.9	142.9	142.9	142.9

Valuation	2022	2023f	2024f	2025f	2026f
P / E (x)	6.2x	9.2x	7.9x	7.0x	6.8x
P / BV (x)	1.4x	2.1x	1.8x	1.5x	1.3x
EV / Sales (x)	0.6x	1.0x	1.1x	1.1x	1.0x
EV / EBITDA (x)	4.3x	6.2x	6.5x	6.0x	5.9x
FCF yield (FCFE/mkt cap)	5.6%	-9.7%	2.8%	2.5%	3.3%
FCF/EV (FCFF/EV)	4.6%	-8.5%	2.1%	1.8%	2.4%
Payout ratio	35.0%	35.0%	35.0%	35.0%	35.0%
Div. Yield (%) (gross)	5.6%	3.8%	4.4%	5.0%	5.2%

Ratios	2022	2023f	2024f	2025f	2026f
ROE	21.0%	21.8%	21.6%	20.8%	18.9%
ROIC	15.7%	17.1%	17.6%	17.4%	16.2%
Net Debt / Equity	32.1%	52.6%	46.3%	42.5%	39.3%
Net Debt / EBITDA adj.	0.86x	1.43x	1.29x	1.26x	1.29x
Interest Cover. (EBITDA/Fin.inter.	10.9x	9.6x	10.4x	11.6x	12.1x
Capex / Sales	11.3%	16.1%	12.9%	12.1%	11.4%
OWC/Sales	15.2%	19.0%	17.2%	16.4%	15.9%

Balance Sheet	2022	2023f	2024f	2025f	2026f
Net Tangible Assets	1,686.4	2,541.2	3,258.8	3,953.4	4,614.9
Net Intangible Assets (incl. Goodwill)	460.6	454.6	448.6	442.6	436.6
Right of use assets	59.2	47.6	47.6	47.6	47.6
Net Financial Assets & Other	274.1	125.0	125.0	125.0	125.0
Total Fixed Assets	**2,480.4**	**3,168.4**	**3,880.1**	**4,568.7**	**5,224.2**
Inventories	840.4	1,040.4	1,030.4	1,020.4	1,010.4
Trade & other receivables	1,451.2	1,461.2	1,471.2	1,481.2	1,491.2
Other Current Assets	1,070.5	985.8	995.8	1,005.8	1,015.8
Cash & Equivalents	1,059.9	98.6	32.4	(87.3)	(190.9)
Total Current Assets	**4,421.9**	**3,586.0**	**3,529.9**	**3,420.1**	**3,326.5**
Total Assets	**6,902.3**	**6,754.4**	**7,409.9**	**7,988.8**	**8,550.7**
Long Term Debt	1,547.1	1,280.4	1,280.4	1,280.4	1,280.4
Lease liabilities	54.8	43.4	43.4	43.4	43.4
Deferred tax liabilities	246.1	220.5	226.5	232.5	238.5
Pension provisions	8.0	8.5	9.0	9.5	10.0
Other LT Liabililities	98.8	171.3	184.3	193.0	199.8
Total Long Term Liabilities	**1,954.8**	**1,724.1**	**1,743.6**	**1,758.8**	**1,772.1**
Short Term Debt	165.7	74.9	74.9	74.9	74.9
Short-term lease liabilities	8.396	0	0	0	0
Trade & other payables	2,262.0	2,282.0	2,302.0	2,322.0	2,342.0
Other Current Liabilities	290.4	38.8	183.4	206.7	214.8
Total Current Liabilities	**2,726.5**	**2,395.7**	**2,560.3**	**2,603.6**	**2,631.7**
Liabilities	**4,681.3**	**4,119.8**	**4,303.9**	**4,362.4**	**4,403.9**
Shareholders Equity	2,130.0	2,542.6	3,013.0	3,532.4	4,051.8
Minorities	91.0	92.0	93.0	94.0	95.0
Total Equity	**2,221.1**	**2,634.6**	**3,106.0**	**3,626.4**	**4,146.8**
Total Liabilities & Equity	**6,902.3**	**6,754.4**	**7,409.9**	**7,988.8**	**8,550.7**

Cash Flow Statement (€ m)	2022	2023f	2024f	2025f	2026f
EBIT (reported)	**734.1**	**839.1**	**967.8**	**1,072.4**	**1,108.4**
Depreciation	99.3	136.2	148.4	151.4	154.5
Provisions / Other	20.0	2.6	2.7	2.7	2.7
Taxes Paid	(42.9)	(226.5)	(38.8)	(183.4)	(206.7)
(Inc) / Dec in Net Working Capital	109.9	(177.3)	37.1	32.8	30.9
Net Interest Payments	(31.7)	0.0	0.0	0.0	0.0
Cash Flow from Operations	**888.7**	**574.1**	**1,117.1**	**1,075.8**	**1,089.8**
Capex, net	(724.8)	(985.0)	(860.0)	(840.0)	(810.0)
Net Financial Investments	14.7	0.0	0.0	0.0	0.0
Cash Flow from Investments	**(710.2)**	**(985.0)**	**(860.0)**	**(840.0)**	**(810.0)**
Free Cash Flow to Firm	**178.5**	**(410.9)**	**257.1**	**235.8**	**279.8**
Dividends Paid/Capital return	(70.1)	(163.1)	(201.1)	(234.7)	(263.6)
Net change in loans	357.4	(357.4)	0.0	0.0	0.0
Share buy backs	10.6	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Cash Flow from Financing	**298.0**	**(520.5)**	**(201.1)**	**(234.7)**	**(263.6)**
Net Cash Flow	**476.5**	**(931.4)**	**56.0**	**1.1**	**16.2**
FX	1.0	2.0	3.0	4.0	5.0
Net increase/decrease in cash	**459.3**	**(1,032.5)**	**(50.9)**	**(104.5)**	**(88.4)**

Other Items	2022	2023f	2024f	2025f	2026f
NOPLAT	**543.3**	**777.1**	**760.8**	**843.1**	**872.0**
Net Debt / (Cash)	**(712.0)**	**(1,387.1)**	**(1,438.0)**	**(1,542.4)**	**(1,630.8)**
Enterprise Value (EV adj.)	**3,533**	**5,994**	**7,227**	**7,343**	**7,448**

Source: the Company, Optima bank research

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

Company Description: Mytilineos is a diversified industrial Group active in mining, EPS and Power &Gas. In the mining business is active mainly through Aluminium of Greece, the largest integrated aluminium company in SE Europe. Mytilineos is also one of the major domestic players in the energy sector, active in both electricity supply (2nd player and 1st IPP) and thermal generation, operating 4 thermal plants of c.2,000MW capacity. Mytilineos is also drastically increasing its presence in the renewables sector, both in Greece and abroad, with a total protfolio of c 8GW at various stages, aiming to develop both for own peration and also through its BOT (Build, Operate, Transfer) platform.

DISCLOSURE APPENDIX

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The analysts mentioned above who prepared this report have the below mentioned financial interests in the companies covered in this report…none…

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Optima bank Research Department Rating Distribution | Data current as of 28/07/2023

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

	Buy > 10%	Neutral -5% to +10%	Sell < -5%	Under Review Suspended	Restricted
Total Coverage	65%	15%	0%	20%	0%
% of companies that are IB clients	0%	0%	0%	0%	0%
Industrials | Diversified Industrials	100%	0%	0%	0%	0%
% of companies that are IB clients	0%	0%	0%	0%	0%

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8. On July 31, 2019, Motor Oil's Cyprus based wholly owned subsidiary under the legal name IREON INVESTMENTS LTD completed the acquisition of 97.08% stake in the share capital of Optima bank S.A. (former Investment Bank of Greece S.A.), 94.52% stake in the share capital of CPB Asset Management A.E.D.A.K. and 100% stake in the share capital of Laiki Factors and Forfaiters S.A.
9. Following the sale and transferring of shares from IREON INVESTMENTS LTD to numerous third parties in multiple dates since the initial acquisition, and Optima bank's subsequent EUR 80m share capital increase, in which IREON INVESTMENTS did not participate, the participation of IREON INVESTMENTS LTD in OPTIMA BANK S.A. as of January 19, 2021 was reduced to a percentage lower than 15%.

Recommendation History | MYTILINEOS

Date	Recommendation	TP	CP (at report date)
11-Dec-17	Buy	EUR 13.20	EUR 8.75
20-Mar-20	Under Review	Under Review	EUR 5.75
23-Jan-23	Buy	EUR 30.8	EUR 22.66
24-Jul-23	Buy	EUR 44.9	EUR 36.00

Risks to our forecasts and valuation

High LME aluminium and alumina price volatility

Regulatory risk (e.g. the significant delays of RES licensing, limited free grid space to secure connection terms etc)

Timely execution of backlog

Potential repetition of any "extra" or "one-off" "solidarity tax" on the so called windfall profits of the energy companies

Additional Disclosures

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