

Exceeding expectations

AVAX's FY23 results highlight the group's progress domestically as the market improved, more than offsetting the weaker international performance at the top-line and EBITDA level. Group revenue and reported, continuing PBT exceeded our forecasts by 13% and 28% at €453.5m and €16.7m, respectively (FY22 revenue and PBT of €402.7m and €18.5m). This is largely attributable to a much stronger than anticipated performance from the construction segment, achieving revenue of €427.8m (Edison forecast: €371.7m), up 14% y-o-y. Our forecasts are under review following the announcement.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/21	592.2	15.7	0.12	0.00	8.0	N/A
12/22	402.7	25.1	0.13	0.07	11.5	4.7
12/23**	453.5	16.7	0.07	0.03	21.7	2.0
12/24e	850.9	61.4	0.32	0.08	4.7	5.3

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **Reported.

FY23 revenue grew 13% to €453.5m y-o-y, exceeding our previous forecast of €402.2m despite continued delays in starting new construction projects awarded during the year, mostly outside of Greece. Growth was primarily attributable to domestic operations, with revenue of €400.3m (FY22: €267.6m) reflecting a pick-up in newly secured projects. This more than offset a reduction in international revenues of 61% to €53.3m. Continuing, reported PBT declined 10.0% to €16.7m despite broadly flat financial expenses, largely due to a 32% decrease in income from associates to €32.4m (associates that form the majority of concession operations are reported in AVAX's accounts at the pre-tax level). Reported, continuing net income declined by 22% to €10.0m, partially attributable to a €1m increase in tax to €6.7m. It is also worth noting that the FY22 €12.9m net income included a €9.4 million extraordinary capital gain from the sale of the company's stake in the Rio Bridge concession, somewhat masking underlying growth in FY23.

Continuing operating cash flow in FY23 remained positive, increasing substantially from €13.1m to €61.3mm, primarily driven by favourable working capital movements, shifting from a €7.3m outflow to a €45.2m inflow. The balance sheet continues to be strengthened year-on-year, with net debt (pre IFRS 16) reduced from €220.4m (at end-FY22) to €182.5m; this yields a current leverage ratio of 3.0x, substantially healthier than the 6.4x at end-FY21. The sale of non-core assets and the increasing income from concessions dividend streams have been key factors in the debt reduction.

As at April 2024, AVAX had record work-in-hand worth €3.3bn (€0.24bn awaiting signature), significantly higher than pre-2023 levels, with much of it due to a resurgence of activity in the domestic construction market in Greece. Private projects and public-private partnerships make up 54% of the backlog. This strongly affirms AVAX's expertise in the Greek construction industry with a recovering market aided by the Greece 2.0 National Recovery Plan, which should stimulate Greek economic growth to 2026. Our forecasts are under review.

Construction and materials

30 April 2024

Price **€1.50**
Market cap **€222m**

Net debt (€m) at 31 December 2023 (excluding lease liabilities) 182.5

Shares in issue 148.3m

Free float 35.6%

Code AVAX

Primary exchange Athens Exchange

Secondary exchange N/A

Share price performance



Business description

AVAX is a Greece-based construction company that operates through three main segments: construction, concessions and real estate & marinas, with a large international footprint. The largest segment, construction, is involved in large-scale private and public works, with unique experience among its peers, in energy infrastructure (LNG terminals and pipelines) and subway construction sectors.

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