



Full Company Report

Reason: Initiation of coverage

9 September 2021

Buy

Initiating Coverage

Share price: EUR 4.98

closing price as of 08/09/2021

Target price: EUR 6.40

Upside/Downside Potential 28.5%

Reuters/Bloomberg

NDT.MI/NDT IM

Market capitalisation (EURm) 67

Current N° of shares (m) 13

Free float 38%

Daily avg. no. trad. sh. 12 mth (k) 18

Daily avg. trad. vol. 12 mth (k) 574.96

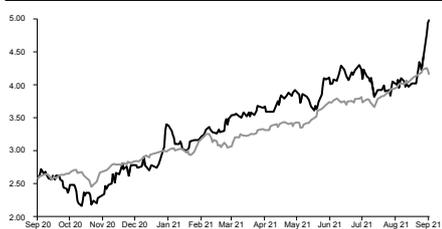
Price high/low 12 months 4.98 / 2.16

Abs Perfs 1/3/12 mths (%) 23.27/24.19/93.02

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	134	149	160
EBITDA (m)	15	19	21
EBITDA margin	10.9%	12.9%	13.1%
EBIT (m)	5	10	11
EBIT margin	4.1%	6.7%	6.8%
Net Profit (adj.)(m)	4	6	7
ROCE	3.6%	6.2%	6.7%
Net debt/(cash) (m)	40	41	35
Net Debt Equity	0.6	0.6	0.5
Net Debt/EBITDA	2.7	2.1	1.7
Int. cover(EBITDA/Fin.int)	10.3	12.0	13.1
EV/Sales	0.6	0.8	0.7
EV/EBITDA	5.8	6.0	5.2
EV/EBITDA (adj.)	5.8	6.0	5.2
EV/EBIT	15.3	11.4	10.0
P/E (adj.)	10.2	10.5	10.0
P/BV	0.6	1.0	0.9
OpFCF yield	11.5%	-3.3%	9.3%
Dividend yield	1.8%	2.8%	2.8%
EPS (adj.)	0.28	0.47	0.50
BVPS	4.60	4.99	5.35
DPS	0.09	0.14	0.14

Shareholders

Valentini Family 62%;



Source: FactSet

NEODECORTECH FTSE Italy STAR (Rebased)

Analyst(s)

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Firing on all cylinders

NDT group is a European top player in the design and manufacturing niche of decorative surfaces (mostly paper, but also plastics) for the interior design and flooring industries. It is a 100% “made in Italy” producer. The group is made up of 3 companies, 100% owned, identified as the 3 business units of the group: Neodecortech – printing, impregnation and lamination unit; Cartiere di Guarcino – paper mill; Bio Energia Guarcino - energy plant, which supplies all the energy requirements for the paper mill. The business model showed resiliency even in FY 20, when revenues were down only 3.9% Y/Y and EBITDA stood at 11.4% (vs. 12% in FY 19). H1 21 results were impressive and this paves the way for an exceptionally strong year.

- ✓ H1 21 results picked up and the already strong trend experienced in H2 20 was amplified. Sales growth was impressive as was profitability despite the negative impact from the cost of raw materials. Moreover, new orders are above past averages, and July and August confirmed the H1 21 growth trend.
- ✓ There are 2 main drivers for NDT group business: the demand from furniture manufacturers and from flooring solutions producers, which, in turn, are highly dependent on single countries' GDP, private wealth, real estate sector development, the need to renovate interiors of buildings, interior design trends, possible government benefits related to home renovations. The demand is also driven by recyclable and renewable products.
- ✓ The western European wood-based panel and surface market, NDT group's core market, is expected to grow low-to-mid-single digits in the 2020 – 2025 timeframe.
- ✓ We estimate NDT group will post FY 20 - FY 23E sales CAGR of 9.5% with an 18% EBITDA CAGR. The EBITDA margin should move from 11.4% in FY 20 to 14.3% in FY 23E. We expect free cash flow generation to continue to be strong (FCF/EBITDA 50% on average in the coming years, including conservative margin projections) and a strong deleverage.
- ✓ We have assessed NDT's fair value using a DCF model (WACC 8.6%, g=1%) and obtain a EUR 6.8/sh; including the hypothesis of a full exercise of warrants, our target price becomes EUR 6.4/sh, which we adopt as a floor valuation. We note that NDT trades at a roughly 25% discount vs. its main European peers. At our fair value, it would trade at a discount on EV/EBITDA, at a very small premium on EV/EBIT and at a large discount on P/E. We also point out that at our fair value the stock would trade at 1.4x, 1.3x its book value for FY 21E and FY 22E.
- ✓ We outline that the sector's current attractiveness is witnessed by the latest and important takeover of one of NDT's main peers: **Ahlstrom-Munksjo**. This company was taken over by a private equity consortium and delisted in June 2021 @ an implied 8.4x EV/EBITDA 20 and 7.2x EV/EBITDA 21E; 22x P/E 20, 18.4x P/E 21E.



CONTENTS

Firing on all cylinders	3
Company Profile	5
The company's milestones	19
NDT warrants	19
The Shareholders	19
The Board of Directors	20
The industry	21
The competitive environment	26
The management team	29
Financials	30
The company's starting point, strategy and future developments	38
FY 21E – FY 23E estimates	39
Valuation	42
The group of closest peers	43
Recent transactions in the sector	46
ESG Focus	47



Firing on all cylinders

NDT group is a European top player in the design and manufacturing niche of decorative surfaces (mostly paper, but also plastics) for the interior design and flooring industries. It is a 100% “made in Italy” producer. The group is made up of 3 companies, 100% owned, identified as the 3 business units of the group: Neodecortech – printing, impregnation and lamination unit; Cartiere di Guarcino – paper mill; Bio Energia Guarcino - energy plant, which supplies all the energy requirements for the paper mill.

The business model showed resiliency even in FY 20, when revenues were down only 3.9% Y/Y and EBITDA stood at 11.4% (vs. 12% in FY 19).

There are 2 main drivers for NDT group business: the demand from furniture manufacturers and from flooring solutions producers, which, in turn, are highly dependent on:

- single countries’ GDP growth,
- private wealth,
- real estate sector development (both commercial and residential),
- the need to renovate interiors of buildings, including replacement of solid wood, veneer and plastic foils,
- interior design trends,
- possible government benefits related to building/home renovations,
- the demand is also driven by recyclable, renewable and biodegradable product qualities,
- along the entire value chain, product efficiency and product versatility to enable a great variety of designs and superior properties of end product surfaces are important factors that distinguish the various players. NDT group has superior positioning from this point of view.

The sector and NDT competitive advantages:

The sector in which NDT group operates has high entry barriers and is highly competitive. Despite its small size vs. its main competitors, NDT group has several competitive advantages:

- it has a consolidated position in its reference market, built in more than 70 years,
- the business model is vertically integrated, thus granting cost synergies, cost efficiencies and cross selling,
- it has a very wide range of products whose quality is above the sector average,
- it has built real partnerships with its customers: from the customer’s involvement in the engineering process to the creation of bespoke solutions, leveraging on NDT’s large product differentiation. This is an entry barrier for competitors and a competitive advantage that differentiates NDT’s offer from the more standardised offer of many other players,
- plant capacity utilisation, along with the new products, is already pushing profitability higher, and it can be further exploited (see NDT new investments).

We outline that it is a family owned business, but the company is run by external managers with considerable experience in the sector.

The wood-based panel and surface demand is expected to increase by low to mid-single digits in the 2020 – 2025 timeframe, in western Europe, where NDT group is mostly exposed.

In February 2021, the group presented the guidelines of its 2021-2023 business plan. The plan is based on the fundamentals of sustainability, one of the pillars on which the company bases its development.



Main pillars of the 2021-2023 plan:

- the group intends to consolidate its positioning in the traditional lines: decorative paper, printed decorative paper, printed plastic films (PPF) and impregnated paper,
- it will develop the new product lines, such as laminates, EOS (anti-fingerprint surface finish) and PPLF (plastic laminated film will be used for flooring and even for vertical walls),
- there will be a 50% capex increase vs. the 2019-2021 period (or approx. EUR 30m additional capex), 37% of which is to launch new products and processes, 33% to increase productivity (renovating machines) and 29% to consolidate production and operating capacity. **Capex will be fully self-financed thanks to cash generation.**

Our estimates:

On the back of an exceptionally strong H1 21 and on the still high demand expected for the following years, especially from the furniture sector, we estimate NDT group will post FY 20 - FY 23E sales CAGR of 9.5% and 18% EBITDA CAGR. The EBITDA margin should move from 11.4% for FY 20 to 14.3% for FY 23E. We expect free cash flow generation to continue to be strong (FCF/EBITDA 50% on average in the coming years, including conservative margin projections) and a strong deleverage.

H1 21 results picked up and the already strong trend experienced in H2 20 was amplified. Sales growth was impressive as was profitability despite the negative impact from the cost of raw materials. Sales grew 51.2% Y/Y in H1 21 and 24.2% vs. H1 19. EBITDA margin moved to 11.9% in H1 21 vs. 10.3% in H1 20 and 10.6% in H1 19. Growth was spread throughout every geography. Net debt was flat vs. YE20 and down from EUR 48m of H1 20.

New orders are above past averages, and July and August are confirming the H1 21 growth trend.

In light of these exceptional results, our FY 21E estimates are extremely prudent. However, we point out that H2 21 will have a very tough comparison base, H1 21 growth was exceptionally strong and the raw materials cost trend remains a question mark. As such, growth normalisation is even desirable.

We have assessed NDT's fair value using a DCF model (WACC 8.6%, $g=1\%$) and obtain a EUR 6.8/sh. In the hypothesis of a full warrant exercise, our fair value would become EUR 6.4/sh, implying a 6.4% dilution. We adopt this floor valuation as a target price.

We note that NDT trades at a roughly 25% discount vs. its main European peers. At our fair value of EUR 6.8/sh, it would trade at a discount on EV/EBITDA, at a very small premium on EV/EBIT (high D&A amount) and at a large discount on P/E. We also point out that at our fair value the stock would trade at 1.4x, 1.3x its book value for FY 21E and FY 22E.

We outline that the sector's current attractiveness is witnessed by the latest and important takeover of one of NDT's main peers: Ahlstrom-Muqsjo. This company was taken over by a private equity consortium and delisted in June 2021 @ an implied 8.4x EV/EBITDA 20 and 7.2x EV/EBITDA 21E; 22x P/E 20, 18.4x P/E 21E.

Company Profile

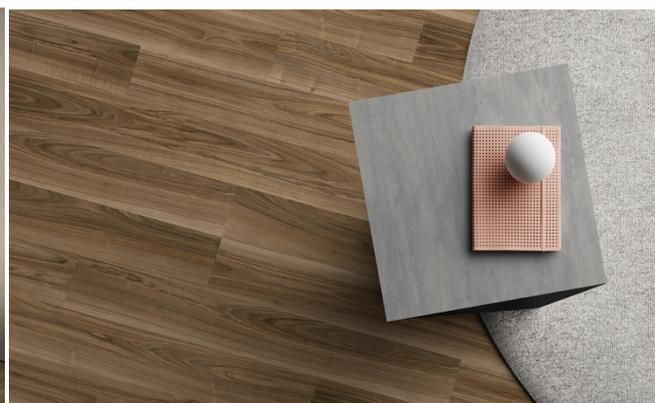
Neodecortech's mission is to "provide the interior design industry with high-end products enriched by a distinctive Italian flair". Neodecortech is a 100% 'made in Italy' company comprising three entities, different but integrated in the same production chain. Among the group's main customers, there are big Italian and international players active in the flooring, and panel production sectors. Exports account for 67% of NDT's sales, excluding the energy business.

Interior design project



Source: company

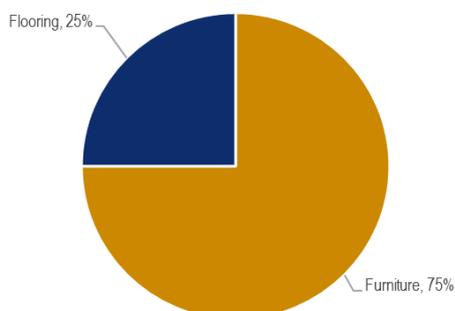
Flooring



Source: company

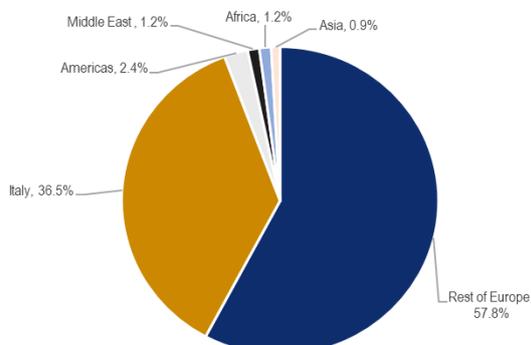
End users

End users by industry



Source: company data 2020

End users – geo mix



Source: company data 2020

The business model

Neodecortech is one of the main European players in its sector. It provides a large and coordinated range of products in the décor paper sector for the furniture industry, for laminate and for flooring (on paper and on vinyl flooring) as well as for interior design applications.

In detail, with the brands Confalonieri and Texte, the group is one of the main European players in the design and production of paper decorated surfaces, used in interior design and flooring. With the brand Plana, the group designs and produces decorated surfaces on plastic supports.

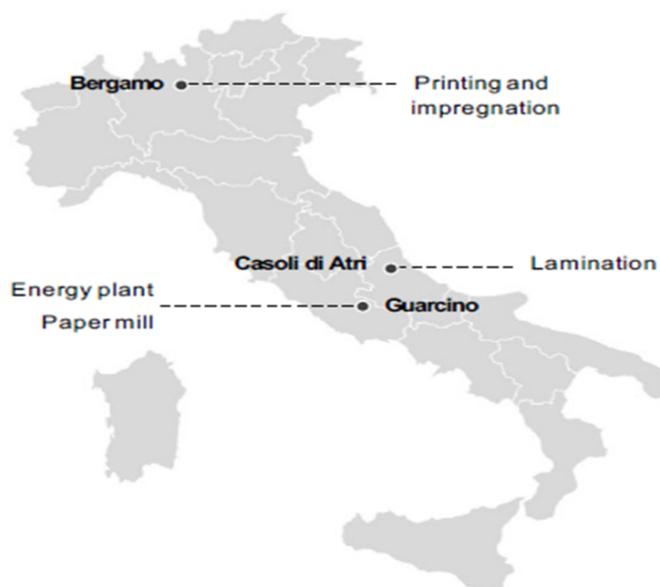
As far as décor paper is concerned, the group covers all the steps in the production process from the raw material procurement and management to paper finishing and impregnation, to the end-product and end-of-line logistics management. As far as the plastic printed films (Plana) are concerned, the production process goes from printing to potential further processing, including embossing, lacquering and lamination.

The group is made up of 3 companies, 100% owned, identified as the 3 business units of the group:

- Neodecortech (43% of FY 20 sales) – printing, impregnation and lamination unit;
- Cartiere di Guarcino (32% of FY 20 sales) – paper mill;
- Bio Energia Guarcino - BEG (25% of FY 20 revenues) - energy plant, which supplies all the energy requirements for the paper mill.

Neodecortech's headquarters are based in Filago (BG) as are the printing and impregnation plants, while the lamination plant is in Casoli d'Atri (TE); Cartiere di Guarcino and BEG are based in Guarcino (FR).

Production plant locations – 100% Made in Italy

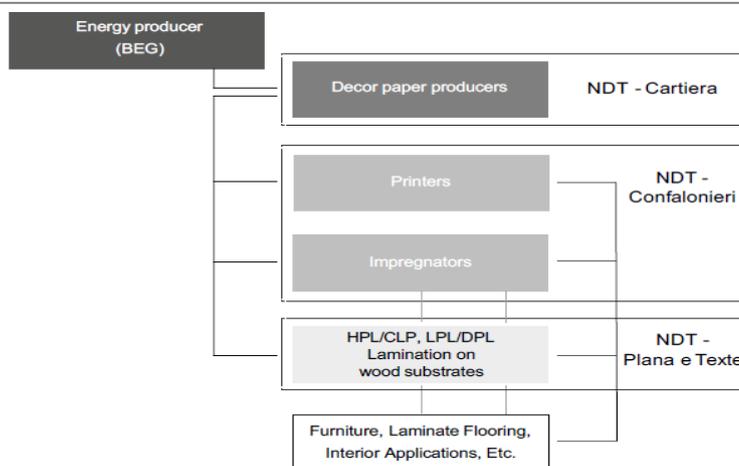


Source: company

This structure allows the group to exploit its cross-selling capacity and to save energy costs (electricity and steam).

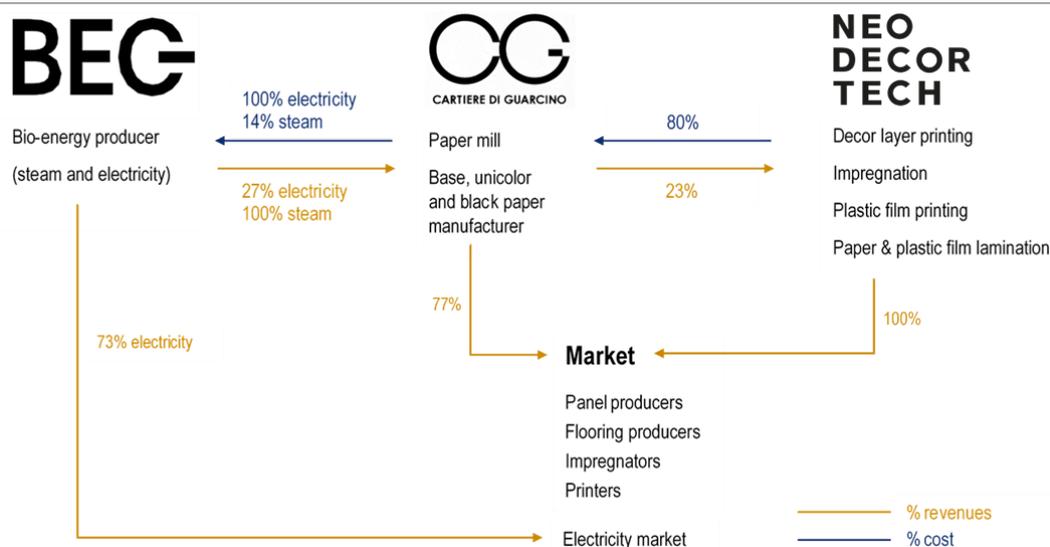


The business model



Source: company

Intercompany flows – 2020



Source: company data

The product families

Thanks to the continuous research on creativity, the group has a superior market offer, developed through ~ 900 décor models that imitate various natural materials such as wood and stone, surfaces like concrete and metal and even fabric-inspired textures and abstract geometries. The products are divided into 7 families:

Product range 1.



Décor Papers

Semi-finished products used for High and Low Pressure Laminates and flooring divided into three main product types: base papers, unicolours and backing papers.



Decorative printed papers

Produced in woodgrain, stone and fancy designs, our décor papers become the surfaces used in the furniture and flooring industries.



Finish Foils

Our Finish foils meet the need for surfacing materials offering an authentic look, texture realism and affordable manufacturing costs.



Melamine Films

Melamine films are decorative papers impregnated with thermoplastic resins that convert into strong and durable surfaces for the furniture and flooring industries.

Source: company

Product range 2.



PPF & PPLF for LVT

Printed plastic films that offer the same high resemblance to natural materials as Decorative papers, despite being produced on a plastic substrate. They are employed in the production of high performance flooring materials (LVT) and vertical surfaces materials (LVT) and vertical surfaces.



Laminates

Decorative Laminates are surfacing materials produced in continuity with décor papers, which cover a broad spectrum of applications thanks to their resistance, flexibility and superb appearance.



EOS_{TP}

A thin unicolor or printed plastic film of PVC or PET subsequently lacquered. It has good mechanical properties and resistance to abrasion, aging, chemical agents and attack of fungi and bacteria. It is water repellent and particularly resistant to fire, thanks to its high ignition temperatures and low flame propagation.

EOS_{LAMINATO}

Thanks to a specific technology, the acrylic surface of Thin Top EOS LAMINATO acquires extraordinary properties such as: anti fingerprint, high scratch resistance, light fastness, no bacterial proliferation, high resistance to solvents and chemical reagents.

Source: company

We outline that EOS is a newly launched line that comprises innovative and super-matt anti-fingerprint products for the high-end surfaces market.

Interior design project



Source: company

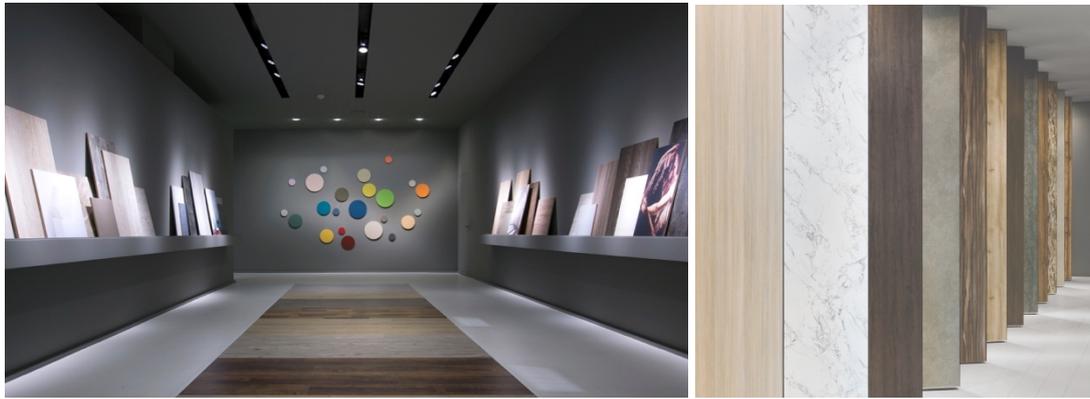
As we can see from the photo above, the company's products are all-round furniture and décor items, including flooring, for home, non-residential spaces (hotels) and also for office.

The products by brand

Confalonieri

Confalonieri makes printed decorative papers, printed and melamine-impregnated papers and finish-foils mainly for the furniture, laminate flooring and camper/caravan segments.

Neodecortech Showroom



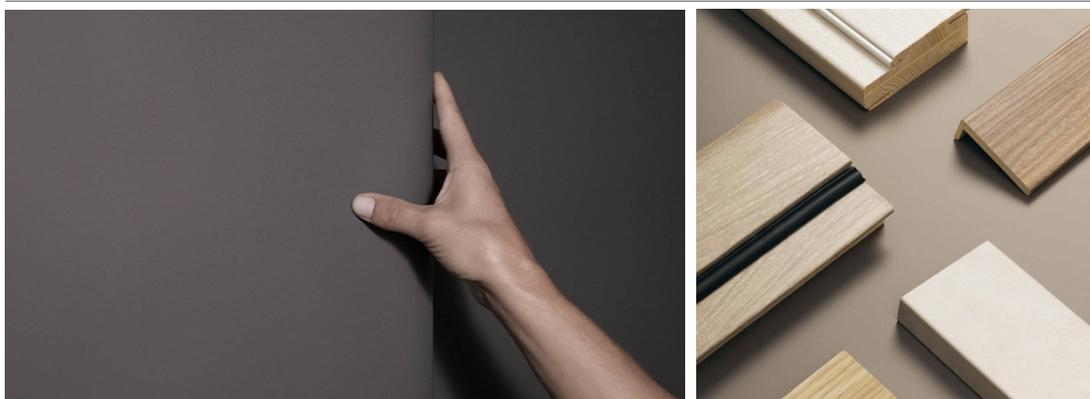
Source: company

- **Printed decorative papers (“DEC”)**: used in the production of low-pressure melamine chipboards, finish foils, edge bandings, high pressure laminates and flooring. These papers reproduce images of wood, marble, granite, fancies and unicolours from the engraving of cylinders and rotogravure printing.
- **Melamine-impregnated papers (“MEL”)**: these are decorative papers impregnated with melamine or melamine-urea and are used by the furniture industry. The range includes products suitable for laminating chipboards or MDF as well as for the production of laminates HPL (high pressure laminates) and CPL (continuous pressure laminates), this last one like Texte.
- **Finish papers**: impregnated decorative papers (with opportunely modified acrylic and ureic resins) and pre-impregnated papers, which undergo a further treatment, lacquering, or they are prepared to be varnished. Finish-foils paper with a high level of flexibility, edge bandings and pre-impregnated papers are part of this category.

Texte

CPL paper-based laminates made for coverings, doors, surfaces and furniture (Microtop, Thin Top, EOS Laminato).

Texte laminates



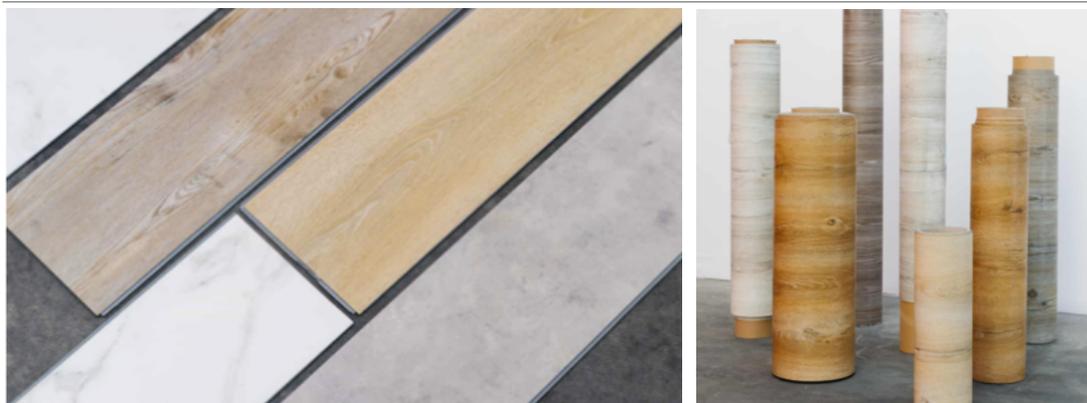
Source: company

- **EOS Laminato anti fingerprint** is obtained by laminating a special acrylic film with various layers of Kraft impregnated paper as a support depending on the required thickness. Thanks to a specific curing technology, the acrylic surface of EOS laminate has extraordinary properties, such as anti-fingerprint, scratch high resistance, light fastness, no bacterial proliferation, high resistance to solvents and chemical reagents. EOS laminato is a Phenol-Free product.
- **Microtop products**, used to coat a lot of profiles, are obtained by laminating a layer of decorative paper, which is impregnated with particular thermo-plastic resins combined with a support layer. These laminates have very good properties of form and some of them are suitable for the small radius curvature of the surface they are due to cover.
- **Thin Tops** (standard and post formable CPL plastic laminate): these are obtained by laminating decorative paper with several layers of Phenol-free supports; the decorative paper is then impregnated with amino-plastic resins. The Thin Tops can be antistatic and antibacterial.
- **Laminex**: CPL laminate, specific for edging melamine-laminated panels.
- **Cover Lac**: CPL laminate specific for edging and lacquering chipboards and MDF.

Plana - LVT floors

PET thermoplastic films and printed and laminated PVC thermoplastic films. These last ones offer a wide range of solutions with infinite aesthetic potential for LVT floors, which are the fastest growing products in the flooring industry and the world of interior design.

Plana: PPLF



Source: company's website

- **PPF – Plastic printed PVC films** are obtained from a thin printed film that can be coupled with several types of substrates (chipboard, MDF, regenerated PVC, WPC, SPC). PVC is protected with UV coatings and has good mechanical properties and resistance against abrasion, wear, ageing, chemical agents and fungus and bacterium attack. It is water-repellent and fire-resistant. It has a wide range of décors (woodgrains, fancy designs, stones, etc.). It is formaldehyde emission free and water-based inks are used for printing. It is extremely flexible and has a good resistance to acids; it is easy to clean. This product is typically used for vertical surfaces and for flooring products. PVC flooring is largely used in public areas such as hospitals, schools, offices and stores. It is also widely used in private homes.
- **PPLF PVC – Plastic printed laminated films**. This is a thin printed film coupled with a transparent vinyl layer (wear layer) subsequently embossed and lacquered. The high coupling resistance is guaranteed by a special working process to avoid



alterations to the physical characteristics of the layers. It has good mechanical properties and is resistant to wear, abrasion, aging, chemical agents as well as fungi and bacteria. It is water repellent and particularly resistant to fire. It has a wide range of décors (woodgrains, fancy designs, stones, etc.). It is formaldehyde emission free; water-based inks are used for printing. It is extremely flexible and has good resistance to acids; it is easy to clean. This product is typically used for the production of vinyl floors (LVT) and accessories like skirtings. PVC floors are widely used in public buildings, hospitals, schools, offices, department stores as well as in private homes.

- **EOS TP PVC** The product is made of a thin unicolour or printed plastic film in PVC (recyclable waste of PVC), subsequently lacquered. This material has good mechanical properties and is resistant to abrasion, aging, chemical agents, fungi and bacteria. It is water repellent and particularly resistant to fire. The special lacquering gives it a particular matt, soft-touch and anti-fingerprint effect. It is formaldehyde emission free. Production waste is delivered to suppliers to be recycled. It is typically used for the furniture and interior design industries, where a particular matt, soft-touch, and anti-fingerprint effect is required.
- **EOS TP PET** This product is made of a thin unicolour or printed plastic film, in PET, subsequently lacquered. This material has good mechanical properties and is resistant to abrasion, aging, chemical agents, fungi and bacteria. It is water repellent and particularly resistant to fire. The special lacquering gives it a particular matt, soft-touch and anti-fingerprint effect. It is formaldehyde emission free and based on recycled PET. It is typically used for the furniture and interior design industries, where a particular matt, soft-touch, and anti-fingerprint effect is required.

The company has invested heavily in new products and product improvements

NDT recent investments in products

	Brand	Investment	Innovation	Customer value	Profitable Growth	New product
Acquisition of a branch from Corbetta (2018) (paper base laminates business)	TEXTE	Eur 2.5 mn*	✓	✓	✓	LAMINATES
Embossing line (2020)	PLANA	Eur 2.5 mn	✓	✓	✓	PPLF
Lacquering line (2020)	PLANA	Eur 1.5 mn	✓	✓	✓	EOS _{TP}
Revamping Lamination line (2020)	TEXTE	Eur 1.4 mn	✓	✓	✓	EOS _{LAMINATO}
New Lamination line (2021)	TEXTE	Eur 1.5 mn	✓	✓	✓	LAMINATES

Source: company

Sales (est. 2020)	% on NTD and CDG sales net of intercompany sales
EOS, PPF, PPLF	4.7%
Laminates	6.5%
Total	11%

Source: Banca Akros estimates

The group has invested ~ EUR 9.5m in new products, product and process improvements in 3 years. According to our estimates, in the 2018-2021E timeframe the laminates business could double its revenues.



In July 2021, NDT announced that when the fourth lamination line for Texte products in Casoli d'Atri plant started operating they had signed a non-exclusive commercial agreement with Surforma, a company that makes melamine panels and high-pressure laminates. The NDT group will tap into the commercial network of Surforma, especially in Europe and North America. 4 production lines for laminates will be available for both companies, with a production capacity of 13m sqm and a wide range of laminated products. Surforma has closed its plant in Horn (D).

Sales and profitability by BU (gross of intercompany items)

Neodecortech				Cartiere di Guarcino				Bio Energia Guarcino			
EUR m	FY 19	FY 20	Y/Y Chg.	EUR m	FY 19	FY 20	Y/Y Chg.	EUR m	FY 19	FY 20	Y/Y Chg.
Sales	56.5	55.2	-2.3%	Sales	61.3	54.4	-11.2%	Sales	31.7	33.9	7.0%
EBITDA	5.4	4.9	-10.0%	EBITDA	5.9	5.9	-1.2%	EBITDA	4.6	4.0	-12.7%
margin	9.6%	8.9%		margin	9.7%	10.8%		margin	14.5%	11.8%	
EBIT	2.6	1.5	-40.6%	EBIT	2.9	2.7	-6.1%	EBIT	1.9	1.6	-15.3%
margin	4.6%	2.8%		margin	4.7%	5.0%		margin	5.9%	4.7%	
Net income	4.0	3.6	-10.2%	Net income	1.8	2.2	20.1%	Net income	0.7	0.9	28.9%

Source: company data

Cartiere di Guarcino (32% of the group's revenues and ~ 40% of the group's EBITDA; 10.8% EBITDA margin in FY 20)

Cartiere di Guarcino is the group's paper mill: it was established in 1990 in Guarcino, where it is currently located and occupies an area of 144,000 sqm (of which 21,000 sqm indoor). It has a production capacity of 50,000 tonnes/year of paper. In 2019 it produced 36,546 tonnes of paper. The company's heritage lies in the production of décor paper for high and low pressure lamination and flooring. It has 165 employees. The product range includes:

- Uicolour: this product is characterised by its low gloss level, low porosity and high degree of opacity. Uicolours can then be transformed into HP and LP panels. The main characteristic is their colour uniformity.
- Print Base Papers: smooth papers that are intended to be impregnated through thermosetting resins and subsequently transformed into HP and LP laminate panels. They are an excellent substitute for wood and marble surfaces as both wood and marble effects can be reproduced on them.
- Backer Papers, Underlay, Kraft: backer papers are used as a layer for the underside of laminate flooring. Underlay paper was developed as a support to be placed on the particle board. Kraft paper are used as a backing for flooring laminates.

Cartiere di Guarcino sales breakdown

CDG products	% on gross CDG sales
Unicolor paper	45%
Print base paper	39%
Backer papers, Underlay, Kraft	16%

Source: company data

The end products are semi-finished products which will be processed further (i.e. impregnation process with melamine resins).

A highly qualified team provides the highest possible level of customer satisfaction through the technical customer service (TCS), moreover an R&D department was established.

The end customers include Neodecortech, to whom CDG sells 23% of its production and external panel and flooring producers, impregnators and printers.

Cartiere di Guarcino



Source: company

Neodecortech: (43% of the group's revenues and ~ 33% of the group's EBITDA; 8.9% EBITDA margin in FY 20).

Founded in 1947, Neodecortech is the head company of the group. It is specialised in paper printing, pvc printing, impregnation and lamination that are sold under the brand names Confalonieri, Plana and Texte. The production plant in Filago (Bergamo), where the company's headquarters are located, is specialised in printing and impregnation while the production plant in Casoli d'Atri is specialised in lamination. The production plant in Filago is roughly 97,000 sqm (o/w ~ 38,000 indoor) and has a production capacity of 12,000 tonnes/year. It has 181 employees. The production plant in Casoli di Atri (TE) is 18,000 sqm (o/w 6,000 indoor), it has 29 employees.

In 2019, NDT produced 2,947 tonnes of impregnated paper (~ 3,154 tonnes in 2018), 6,456 tonnes of printed paper (~ 6,500 tonnes in 2018), 3.2m sqm of laminated (2.5m in 2018).

Bio Energia Guarcino (BEG): (25% of the group's revenues and ~ 27% of the group's EBITDA; 11.8% EBITDA margin in FY 20).

In order to get the energy and steam necessary for the paper mill to work, in 2010 the group built a cogeneration plant to produce electricity and thermal energy. The plant has a 20MWh and 9 tonne steam/h installed capacity based on 3 motor generators (diesel engines from ships and naval vessels that have been adapted by the manufacturer in order to generate electricity and heat). The plant uses (since 2015) alternative fuel sources from animal fats (bioliquids produced in the national supply chain) and its CO2 emission is in line with the Kyoto Protocol.

Steam: the power plant, connected thermally to the paper mill in Guarcino, can produce about 15% of the paper mill's needs at more competitive prices than those for steam generated by methane gas acquired from third parties.

Energy: the plant provides 100% of the paper mill's energy requirements and allows about EUR 5m/year savings in the mill's sourcing costs thanks to the use of a private distribution system called Simple Production and Consumption System. This is a very important competitive advantage given that BEG is independent of national energy sources and can continue production even if third-party supplies fall short. Out of 20MWh installed capacity, BEG supplies 7MWh to the paper mill in Guarcino; the remaining is sold to the national electricity network. Moreover, BEG benefits from specific government benefits, whose amount is pegged to the energy price. Government benefits amounted to EUR 20m in 2017, EUR 24m in 2018 and EUR 24m in 2019. GSE (Gestore Servizi Energetici, the national

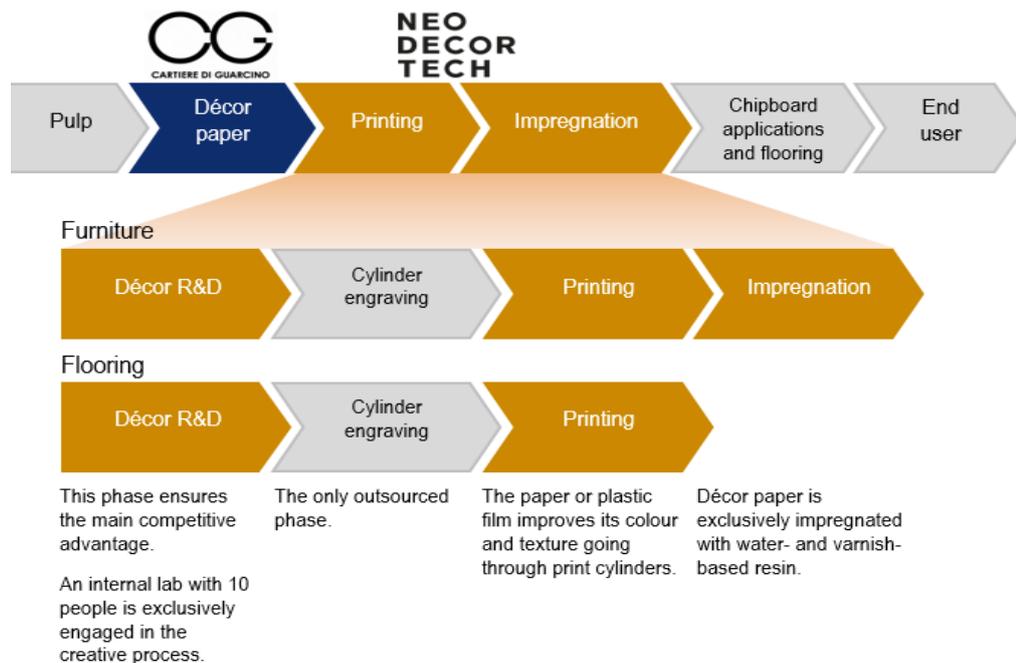
energy authority) is BEG's biggest client, followed by EUR 5.3m in revenues from the second largest client and EUR 2.2m in revenues from CDG in 2019.

BEG has 2 employees and 7 employees from CDG working directly for BEG.

We point out that the total reconstruction value of the group plants is EUR 249m (vs. net book value of EUR 77m in FY 20).

The value chain

The value chain



Source: company

- 1 The LAB – another strength of NDT's business model: both for paper and plastic films, the preliminary design of decorations is required. An internal team of designers is involved in the creativity and research process. This is an important step in the production process and gives NDT a strong competitive advantage thanks to the large number of designs available (900 décors, one of the biggest ranges in the market) and, above all, to the possibility to work directly with customers to ensure that their needs are satisfied. Designs reproduce natural wood, stone, fabrics.
- 2 Printer cylinder engraving: this is the only outsourced activity. NDT has close relationships with 2 highly skilled engravers (one in Italy and one in Germany). Cylinder engraving takes around 1 month and is based on NDT's proprietary designs; it costs on average EUR 15,000/20,000. If a customer asks for a specific design, NDT proceeds with the engraving once the customer has confirmed it will go on with the production. If NDT proposes the designs to the market, it carries out engraving only if at least one customer has asked for that design to be included in the offer range.
- 3 Printed-paper production is made to order, on a weekly basis planning. Almost 60% of receivables is assured and NTD and CDG have 2 separate insurance companies (though they very often share the same customers). The lead time is normally 4-5 weeks but, at the moment, is 8 weeks. Made-to-order production allows tight control of inventories. NDT has 5 rotogravure printing machines (used, in 2021, at 80% of their production capacity), 2 laboratory rotogravure printing machines and 6 laboratory digital printers. Furthermore, CDG's production is based on orders, based on monthly production cycles. The lead time is, at the moment, 16-18 weeks. CDG's continuous cycle machines are used now at 90% of their production capacity.



- 4 Impregnation (unicolour or printed paper stack). The stock level is, in any case, based on single customer's needs. Even the impregnation process is made to order and there isn't any leftover. The group has 3 impregnation machines (used at 80% of their production capacity) and 1 laboratory impregnation machine.
- 5 Plastic printed films: the production process is as described above except that the thermoplastic film is not impregnated but can be laminated (on request). Even in this case, there is no stock management.

The group's customers

One of NTD group's main competitive advantages is the strong relationship it has built with its customers over the years. This translates into real partnerships: from the customer's involvement in the engineering process to the creation of bespoke solutions, leveraging on NDT's large product differentiation. This is an entry barrier for competitors and a competitive advantage that differentiates NDT's offer from the more standardised one of many other players. Moreover, NTD group's integrated business model makes the cross-selling of its products easy.

The group shares the sales budget with its main customers. Prices are based on production batches whose framework agreements can be revised not necessarily batch by batch.

The sales model is based on area managers, sales agents and distributors. Foreign sales are managed by internal area managers and agents in some areas where direct presence is required.

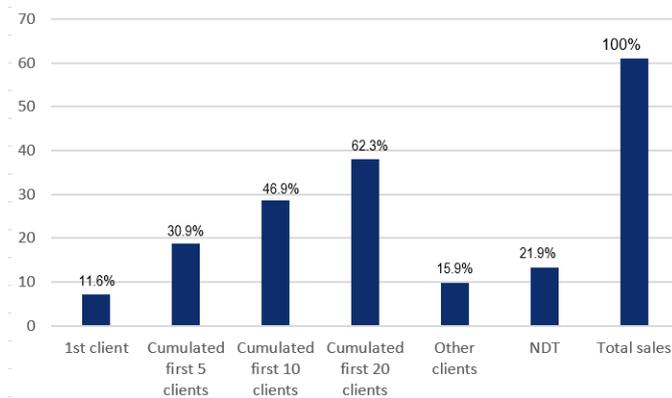
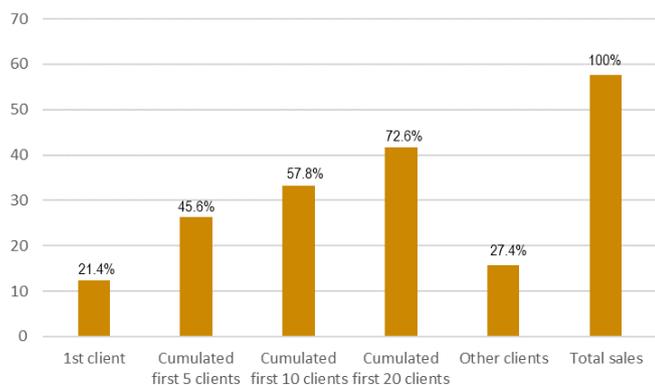
NDT's end customers are big flooring and furniture producers, as such NDT's client basis is rather concentrated. NDT's dependence on big customers could be seen as a weakness, especially for CDG whose customers could push for more favorable prices. That said, product quality and availability help reduce this risk. Moreover, the company is exploring new product ranges such as Velvet paper and food packaging paper to help differentiate the customer base and the range of products.



The first 20 customers generated 66% of the group (NDT+CDG) revenues; the first 10 clients have more than 10-year relationship with NDT. In detail:

Sales by customers NDT

Sales by customers CDG



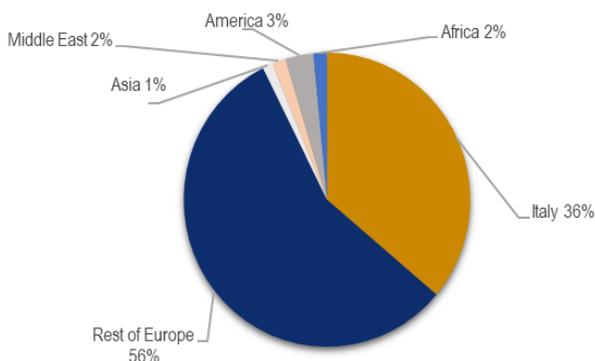
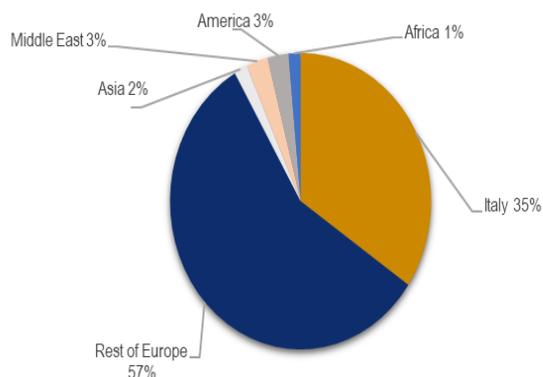
Source: company data 2019

Source: company data 2019

Geo mix evolution -

Geo-mix 2019 (ex-BEG)

Geo-mix 2020 (ex-BEG)

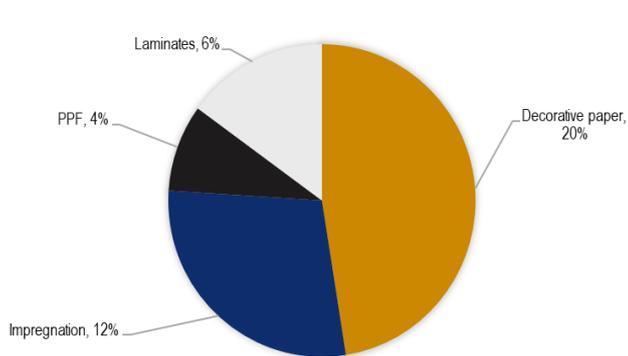


Source: company data

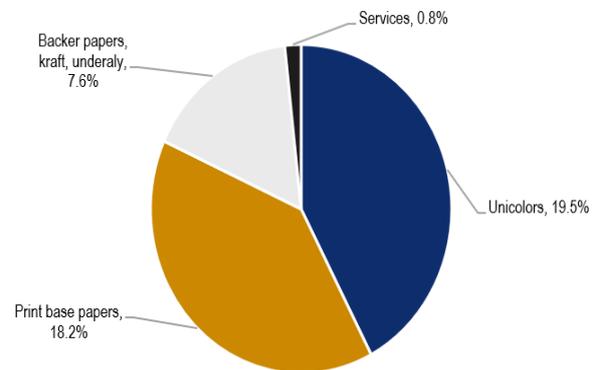
Source: company data

The exposure to Europe and Italy is predominant with increasing revenues from Italy (up 2% Y/Y in FY 20). The American region grew 12.5% Y/Y in FY 20. We do not expect the geo mix to change substantially over the coming years, with Europe making up ~ 92% / 95% of total group revenues.

A highly recognized product mix could drive exceptional growth in the coming years, fruit of the group investments in innovation.

NDT – 2019 - revenues by product (% on total group revenues) CDG – 2019 - revenues by product (% on total group revenues)


Source: company data



Source: company data

We estimate that the cluster of growing products' incidence on sales (including EOS, PPF, PPLF and laminates) could move from 10% in 2019 to 15% of total group sales in FY 21E. This percentage could reach 21% of total group sales in FY 23E. We underline that all these new products have an higher unitary margin (in terms of EUR cents per square meter).



The company's milestones

The company's milestones

1947	• Constitution of Confalonieri
1960	• Confalonieri focuses on decorative papers for laminates and finished panels
1990	• Constitution of Cartiere di Guarcino
1999	• Set up of a second machine at Cartiere di Guarcino
2003	• Acquisition of Confalonieri and Cartiere di Guarcino by Finanziaria Valentini
2006	• Constitution of Bio Energia Guarcino
2010	• Confalonieri's showroom renewal
2015	• Confalonieri starts printing LVT and inaugurates its new internal studio for décor implementation
2017	• Group reorganization and Initial Public Offering (IPO), listed on the AIM
2020	• Admission to trading of Neodecortech S.p.A. ordinary shares and warrants on the MTA
2021	• Admission to trading on the STAR Italian Stock Exchange

Source: company data

We point out that the group entered the LVT business in 2016 and opened its internal studio for décor implementation after renovating its showroom in 2010. This was in the wake of the strategy to be closer and closer to its customers and to enlarge the product offering following the new market trend, especially the successful and growing LVT segment.

The company was listed on the AIM segment of the Italian stock exchange on 26 September 2017 @ EUR 4/sh.

It then moved to the MTA segment on 25 May 2020, along with its warrants.

Since 15 March 2021, NDT IM has been traded on the STAR segment.

NDT warrants

NDT group has ~ 13m 2018-2021 warrants, which could bring EUR 13m fresh capital to the group. 4 warrants give the holder the right to buy 1 NDT share @ EUR 4.

The warrants will expire on 27 December 2021. The potential dilution in case all the warrants are exercised is 20%.

This would be a wonderful chance for NDT, which has already declared that the capex of 2021 – 2023 plan will be completely self-financed.

With EUR 13m capital increase, we see interesting business opportunities, such as, if the relative market is mature enough, the purchase of digital printers or even potential M&A, ahead, clearly, of the resources already allocated for the 2021-2023 plan.

The Shareholders

The main shareholder, with 61.6% of NDT, is Finanziaria Valentini, a holding company fully-owned by the Valentini family through 3 trusts.

The group has 0.9% treasury shares.

NDT has ~ 38% free float.



The Board of Directors

Riccardo Bruno – Chairman, Independent Director

Luigi Cognigni – Director and CEO

Massimo Giorgilli – Executive Director

Luca Peli – Director

Paolo Pietrogrande – Independent Director

Laura Calini - Independent Director

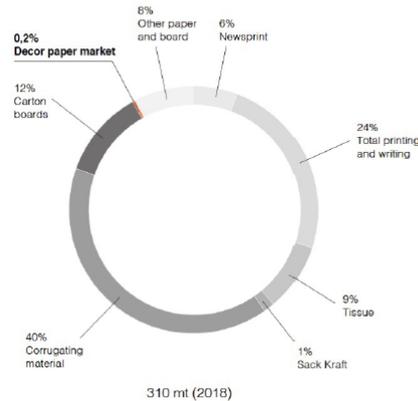
Paola Carrara - Independent Director

The industry

The group sector is part the broad paper and paperboard industry (310m tonnes of paper produced in 2018). The décor paper market is a niche, accounting for only 0.2% of the broad industry. According to Assocarta, the broad Italian paper market posted EUR 22bn in sales in 2020; after an 11% drop Y/Y in 2020 and a flat 2019 it recovered slightly in Q1 21 (+0.9%) and Q2 21E is expected to have performed better than Q1 21.

Total paper and paperboard market

TOTAL PAPER AND PAPERBOARD MARKET

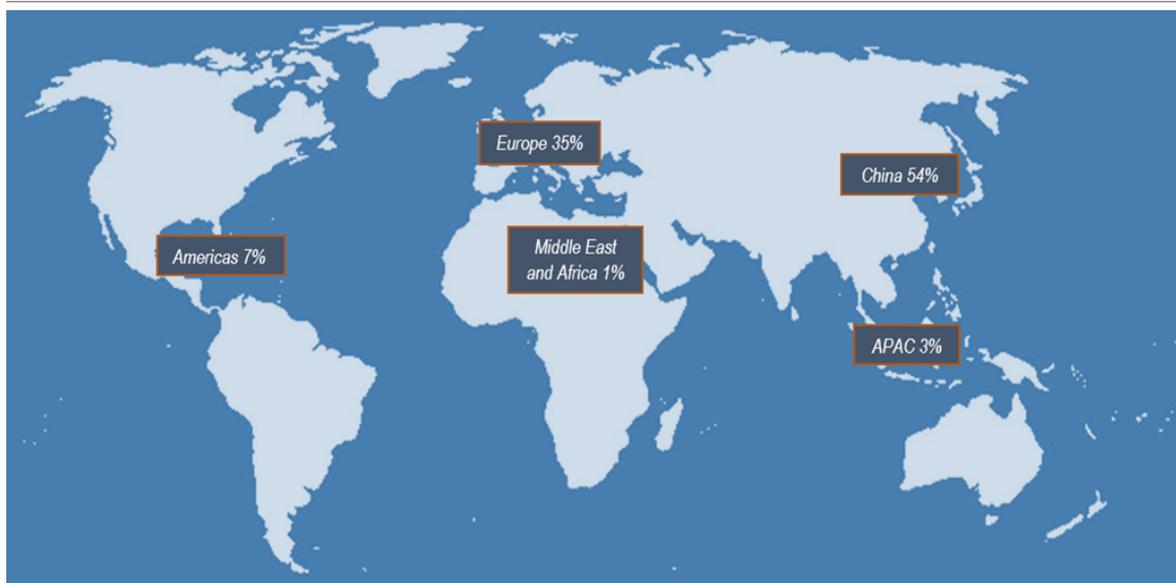


Source: company

Neodecortech is thus part of a highly specialised **paper niche** that satisfies the demand from the panel and surfacing industries. According to a major industry player, the world décor paper market is expected to grow at a 2% 2018-2023 volume CAGR (8 / 10% in 2021; 2 / 3% per year in 2022 and 2023) in the best-case scenario, reaching a demand of 835,000 tonnes in 2023, without China, from 717,000 tonnes in 2020.

Including China, the demand for décor paper rose from 717,000 tonnes to 1,552,000 tonnes in 2020, or roughly 800,000 tonnes (+2.5%) by China alone. Domestic production mainly meets the local Chinese décor paper demand. Overall, Chinese production is lower quality than the European market standards and Chinese exports mainly go to other Asian countries. European players' exports to China are limited to high quality décor papers and for special applications, with low volumes; the Chinese market is not easy to access due to prices (higher prices and quality of European producers) and import duties. However, it is a fast-growing market (according to Poyry and Ahlstrom-Munksjö management estimates, the Chinese décor paper demand 2008-2018 CAGR was 21%).

Décor paper demand - 2020



Source: Banca Akros on company data

NDT is also present in the printed and laminated PVC and PET thermoplastic films niche (both produced from recycled materials), which offer a wide range of solutions with infinite aesthetic potential for LVT floors, the fastest growing products in the flooring industry, and the world of interior design. NDT also produces printed plastic film in PVC and in PET (EOS lines), typically used for the furniture and interior design industries, where a particular matt, soft-touch, and anti-fingerprint effect is required.

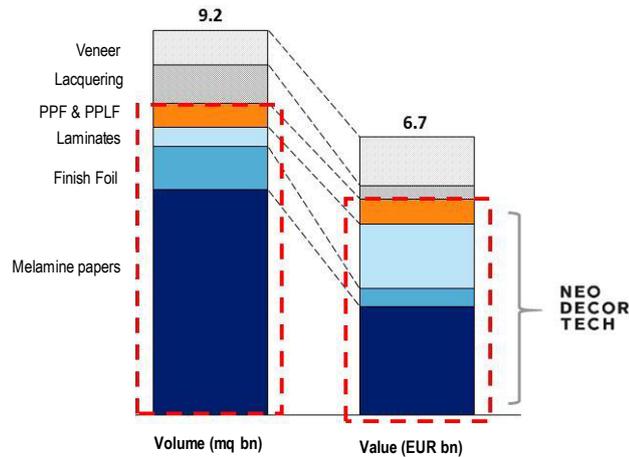
There are 2 main drivers for NDT: the demand from furniture manufacturers and from flooring solutions producers, which, in turn, are highly dependent on:

- single countries' GDP,
- private wealth,
- real estate sector development (both commercial and residential),
- the need to renovate interiors of buildings, including replacement of solid wood, veneer and plastic foils,
- interior design trends,
- possible government benefits related to building/home renovations,
- the demand is also driven by recyclable, renewable and biodegradable product qualities,
- along the entire value chain, product efficiency and product versatility to enable a great variety of designs and superior properties of final product surface are important factors that distinguish the various players. NDT has superior positioning from this point of view.

Here below is the European (including Turkey) and American surface coating market size and value estimates for 2018 and the proportion of the market in which NDT operates. We note that NDT operates in the melamine papers, finish foils, laminates and PPF&PPLF sub sectors, which account for ~ 80% of the overall surface coating market (both by volume and value). Europe accounted for EUR 3.8bn of the surface coating market (EUR 2.6bn western Europe; EUR 1.2bn eastern Europe); the American market accounted for EUR 1.4bn (EUR 0.9bn North America; EUR 0.5bn South America). As a reminder, NDT has ~ 93% exposure to Europe and 3% to the American market.



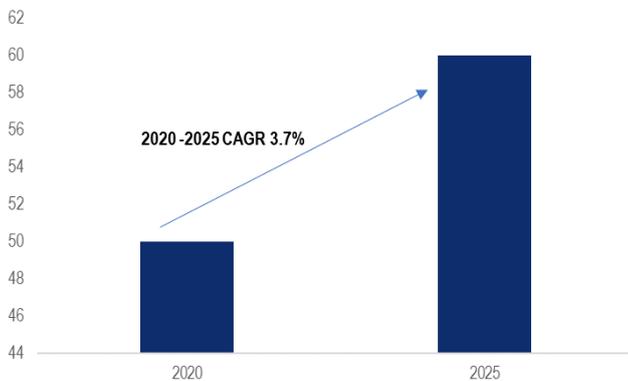
Surface coating market estimates



Source: company on Poyry data

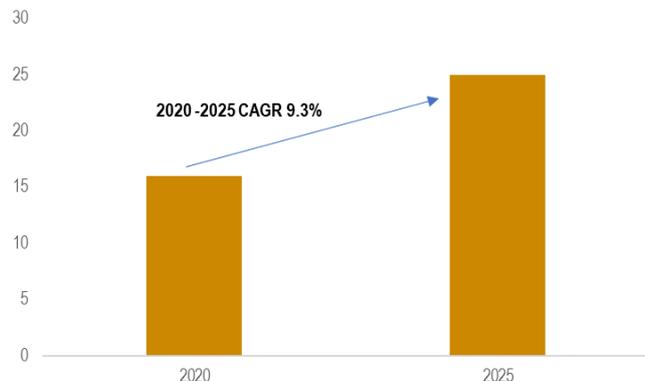
The size of the global wood-based panel market (a broad end market for NDT) reached ~ EUR 50bn in 2020; China accounted almost half of it and Europe almost 1/4. This market is expected to grow at 3.7% CAGR to 2025. The size of the surfaces (paper and non-paper) global market was EUR 16bn in 2020; China accounted for ~ 40% of it and Europe for ~ 30%. This market is expected to grow at ~ 9% CAGR to 2025. These markets are expected to grow overall low-to-mid single digits in western Europe in the 2020-2025 timeframe.

Global wood-based panel market (EUR bn)



Source: Banca Akros on company data

Surfaces global market (paper and non-paper) (EUR bn)

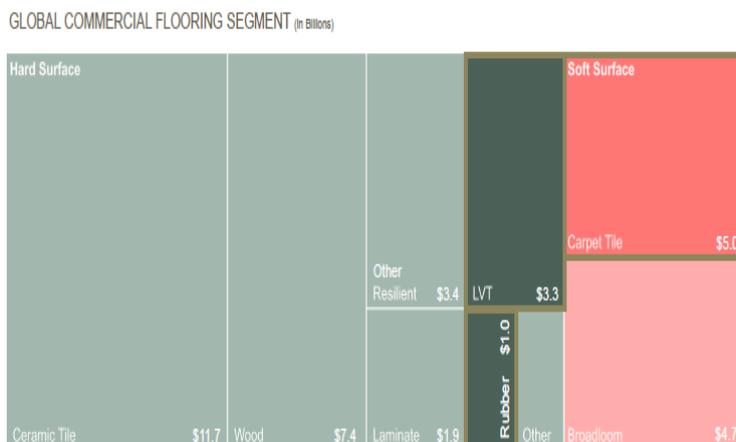


Source: Banca Akros on company data

LVT (luxury vinyl tiles) is a flagship product for the global flooring industry and is expected to grow by double digits in the coming years, according to various market researchers. NDT has been present in this segment since 2016; it accounts for low to mid-single digit NDT + CDG sales, in our estimates, and is expected to grow by double digits. From the figures below, we can see how LVT is a growing and profitable product category in the global flooring industry. As an example, Interface, a USD 1.1bn revenue American company, a global leader in commercial flooring and the global share leader in the USD 5bn carpet tile commercial segment, entered the high growth USD 3.3bn LVT segment in 2017.

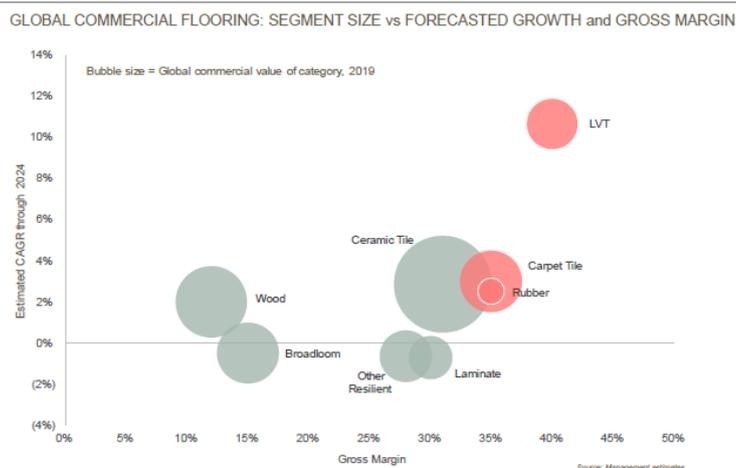


Global commercial flooring segment (USD bn)



Source: Interface, Investor Presentation 6 August 2021

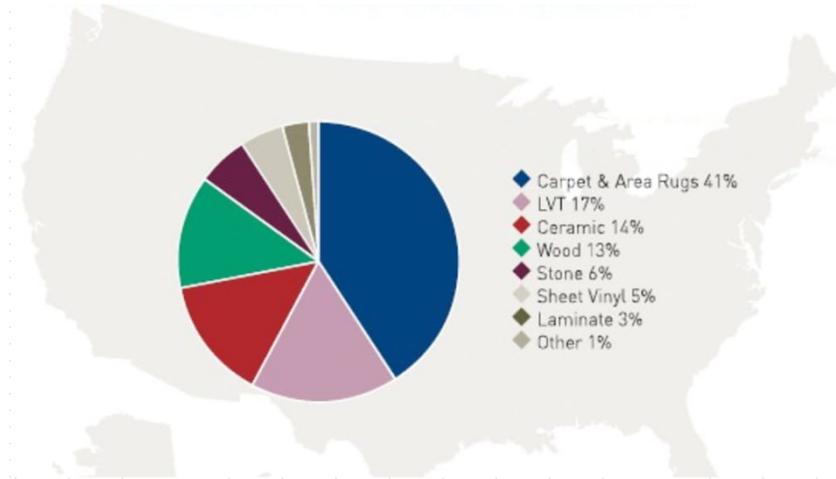
Global commercial flooring segment size and forecast growth and gross margin



Source: Interface, Investor Presentation 6 August 2021

Mohawk is the worldwide leader in this segment, accounting for 17% of the US flooring industry, according to the company. Mohawk said: "LVT growth has disrupted other product categories for several years".

US flooring industry, breakdown by category



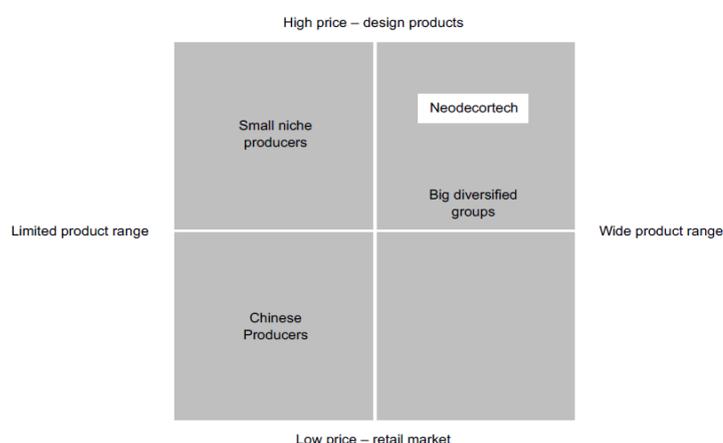
Source: Mohawk, 2020 Annual Report

Among the main LVT global producers there is also Tarkett.

The competitive environment

The décor paper business as well as the other segments in which NDT group is active (such as PPLF – LVT and EOS lines) is characterised by high technical and specific requirements. All in all, this sector has high entry barriers and is competitive. We find it hard for a broad paper producer to extend its businesses in such a specific and extremely focused segment where high initial investments and a high degree of specialisation are needed. Moreover, NDT has made quality its distinctive feature, which is very difficult for a generic player to replicate. As we can see from the graph below, NDT group can count on a wider product compared with high-price, small niche producers and with the Chinese players, which basically cover the domestic mass market. Moreover, the group's price positioning is high and is for the niche of high-quality design products, thus distinguishing the group from other big diversified groups as a premium price player.

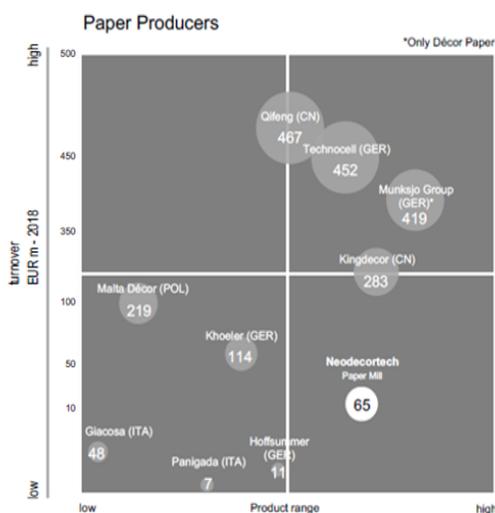
Neodecortech – strategic positioning



Source: company

NDT group operates in a market dominated by German players where it has a distinctive presence as a reference player for the high-end furniture and flooring industries and the design niche with its high-quality Italian style:

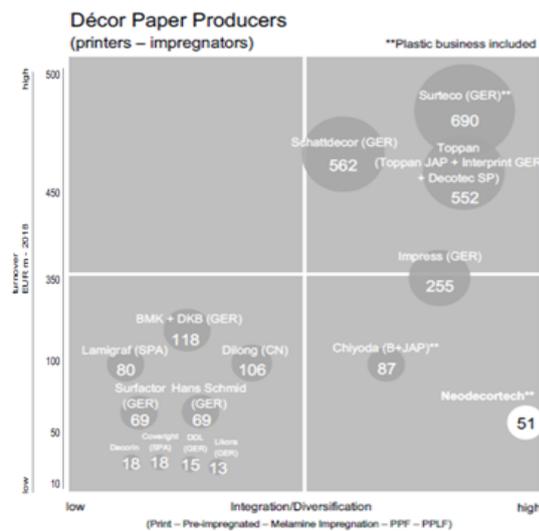
Neodecortech – strategic positioning, décor paper producers



Source: company

The global décor paper sector is dominated by 11 companies, which generate almost the entire market volume. Out of these, the top 4 companies generated 46% of the total market volume in 2018; CDG had a 3.4% share of the global volume. Two of the top 4 companies are German and one is Polish; CDG is ranked 9th in terms of volumes. There are also 2 small Italian companies in this market. The European leaders are Ahlstrom-Munksjo and Technocell, which generated respectively EUR 419m and EUR 452m revenues in 2018 (CDG EUR 65m).

Neodecortech – strategic positioning, décor paper producers – printers and impregnators



Source: company

The market context in the paper printing and impregnation segment is very similar. The first 11 players generated 92% of the global market turnover (ex China); the top 4 players in volume terms are German and generated 74% of the volume sold by the first 11 global players (ex China). NDT has a 2% market share in volume and is ranked eighth. It is clear from the graphs above that NDT group offers a wider range of products than its competitors, which are normally bigger but with a limited offer.

NDT group had an 8% market share in the decorative paper market in terms of volume (Europe + Americas) and 5% in the PPF & PPLF segment in 2018.

NDT group positioning

The printed décor paper division operates with 3 brands, each with a specific competitive environment.

Confalonieri: in the printed decorative papers, the reference competitors are mainly European and Japanese, which share with NDT group attention to quality and the complexity of the offer. NDT group is positioned as a medium-sized player with a large product offer. The leader is Schattdecor (a German player), followed by Toppan-Interprint (Japan-Germany) and Surteco (Germany). Similar to NDT by size are Lamigraf (Spain) and Chiyoda (Japan-Belgium). NDT group is recognised as a player that offers high quality products with an original design. In the melamine impregnated papers, the main competitors, pure impregnators, are: Hans Schmidt (Germany), BMK-DKB (Germany), Surfactor (Germany), Coveright (Spain). Some of these players are pure impregnators and cover the worldwide market, thus operating even in low margin niches. Confalonieri operates in high margin niches and mainly works with clients who welcome cross-selling. *Finish foils* is the fastest growing product category in the decorative surface sector in the furniture field. Confalonieri operates only in the high-quality niches, with complex and high value-added products for premium end users (it does not provide high volume and simple products for low-price end users like Ikea).



Texte: *CPL paper-based laminates made for covering, doors, surfaces and furniture.* The main competitive advantage for Texte is the wide range of its offer, good value-for-money products and very high attention to environmental aspects. The competitive arena is quite fragmented, and the main competitors are both domestic (Arpa-Fenix, Gruppo Mauro Saviola) and international (Turk and German companies) with a bigger size and a less complex offer.

Plana: *printed and laminated thermoplastic films.* The target markets are LVT flooring, kitchen furniture, pre-varnished metal sheet, wall partitions in Europe and North America. In the plastic printed films (PPF) field, NDT group has strong know-how, developed over decades of paper printing activity: it offers a large range of décors in a niche where plastic film producers have poor printing skills and a narrow range of colour offers. The quality of décors and printing only with water-based inks are other strengths in NDT products. Main competitors are big groups: Renolit (Germany), Continental (Germany) and companies with a similar size to NDT, like Alfatherm (Italy) and Chiyoda (Belgium). The plastic printed laminated films (PPLF) sector has similar characteristics to PPF and the products are more sophisticated with higher value added.

We outline that several laminate flooring producers have also invested into LVT production:

NDT group's competitors in the decorative paper division are big players such as Ahlstrom-Munskjo (Sweden, Germany), Technocell (Germany), Kohler (Germany) and Malta Décor (Poland). There are also big global players like the paper mills Kingdecor and Qifeng, both Chinese. CDG has made quality and innovation as well as its relationship with customers its biggest competitive advantages; this is coupled with the availability of energy at accessible prices.



The management team

We point out that all the managers are external managers and have considerable experience in the sector.

RICCARDO BRUNO - Chairman

- 61, Degree in Electrical Engineering, MBA American University of Washington;
- 1985, Banca Nazionale del Lavoro, Head of Capital Market and Corporate Finance. General Manager of the Cofiri Group for ten years;
- 2000, Managing Director and Member of the European Management Committee of Deutsche Bank AG and Country Head of Corporate and Investment Banking;
- 2008-2017, Senior Partner and Executive Director of Clessidra SGR;
- Now board member of Atlantia, Credito Emiliano and Evinrude, and is Sole Director of Capital Insight Partners. He is also lecturer on the Structured Finance course at the LUISS University.

MASSIMO GIORGILLI - Executive Director

- 52, Degree in Law, MBA from LUISS University;
- After a short stint with law firms, set up an advisory company;
- 2002, started his experience in the paper mill industry, holding roles in the management control division;
- 2003, joined Cartiere di Guarcino as CFO;
- Following his position as CFO, appointed Executive Director in 2005;
- 2015, appointed CEO of Cartiere di Guarcino and Sole Director in Bio Energia Guarcino.

LUIGI COLOGNI - CEO

- 57, Degree in Business Administration, MBA from Bocconi University;
- Previous banking experience;
- 1990s, started his experience in the furniture industry, working for multinational companies;
- 2005, joined Confalonieri S.p.A. (now NEODECORTECH Italia), where he is currently CEO.

FABIO ZANOBINI - CFO

- 51, Degree in Business Administration, Certified Public Accountant and Auditor;
- 1997, first 7 years experience in Law & Tax firm, principally the EY Law & Tax firm;
- 2004, 4 years experience in multinational companies in the Pharma and Energy business, as Finance Director;
- 2008, joined Sorgenia Spa Group, covering several roles, Head of Tax, Internal Audit Director and Head of Administration and Tax;
- 2018, joined BT Italia Spa, as Head of Administration & Tax.

Source: company

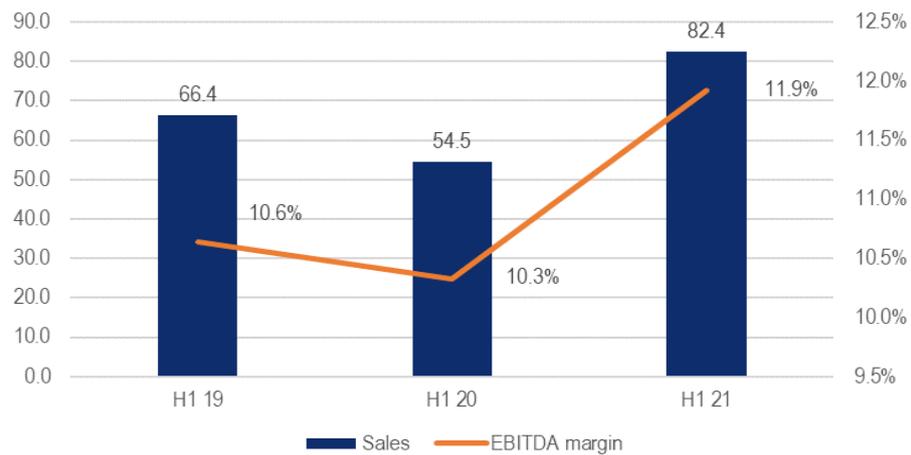


Financials

H1 21 results picked up

H1 21 results picked up and the already strong trend experienced in H2 20 was amplified. Sales growth was impressive as was profitability despite the negative impact from the cost of raw materials.

Sales and EBITDA margin H1 19 – H1 21



Source: company data

Low comparison base: H1 20 was severely impacted by the pandemic, with temporary production stops; however, it is worth noting that group H1 21 sales were EUR 16m higher than in H1 19 (FY 19 was a normalised year) and even EBITDA beat H1 19 levels, by 130 bps. This was thanks to the pent-up demand from the overall sector and to NDT's new product lines.

H1 21 results

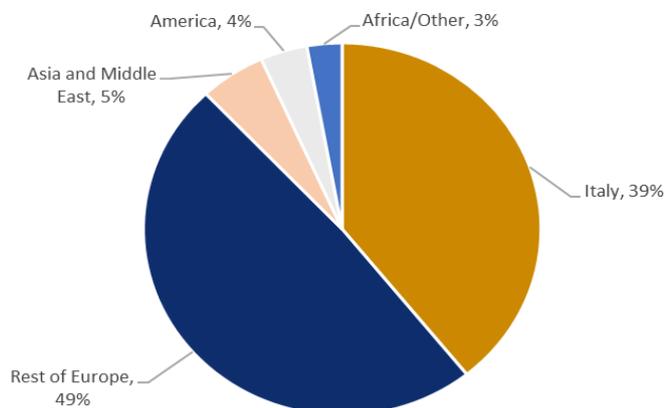
EUR m	H1 19	H1 20	Y/Y Chg.	H1 21	Y/Y Chg.	Chg. H1 21 vs. H1 19
Printed decorative paper	27.3	21.5	-21.3%	37.6	75.0%	37.7%
Decorative paper	24.6	17.7	-27.8%	29.7	67.5%	21.0%
Energy	14.5	15.3	5.6%	15.1	-1.1%	4.5%
Sales	66.4	54.5	-17.8%	82.4	51.2%	24.2%
EBITDA	7.1	5.6	-20.3%	9.8	74.4%	39.1%
EBITDA margin	10.6%	10.3%		11.9%		
EBIT	2.9	1.2	-58.6%	5.3	342.7%	83.2%
EBIT margin	4.4%	2.3%		6.5%		47.5%
Net income	1.1	0.2	-82.3%	3.1	nm	nm

Source: company data

In terms of geo-mix (excluding BEG), growth was spread throughout every geography: sales growth in Italy was impressive (+82.4% Y/Y) followed by Europe (+52.2% Y/Y); in the Middle East and Asia sales were up 200% and in the US by +84.4%.



Geo-mix H1 21 (ex-BEG)



Source: Banca Akros on company data

Raw materials prices continued to increase, especially pulp, titanium dioxide, resins, pvc, and there were even some shortages of some items (resins in July). In H1 21, COGS + other operating costs were 75% on sales (vs. 81.5% in H1 20 and the normalised 73% in H1 19). Both NDT and for CDG were able to pass through price increases to end customers in a shorter time, we estimate, than in normalised periods. H1 21 profitability jump came also from the high operating leverage (especially driven by CDG) and by the investments in productivity made in the past by NDT (Industria 4.0).

We point out that personnel costs were up 23% Y/Y and the number of employees moved from 385 (end of 2020) to 408, following the company's investments in new product lines.

Net debt was EUR 41m in June 2021, flat vs. YE and down from EUR 48m on H1 20 (EUR 39.9m in June 2019). We point out that capex was EUR 4.7m (~ EUR 1m higher than in H1 19 and in H1 20); the net working capital (a highly predictable item for NDT group) absorbed ~ EUR 3m given higher receivables (related to the top line jump), moreover the company paid EUR 1.2m in dividends.

Outlook:

In the press release commenting H1 21 data, the company said that new orders were above past averages, and that July and August were confirming the H1 21 growth trend.

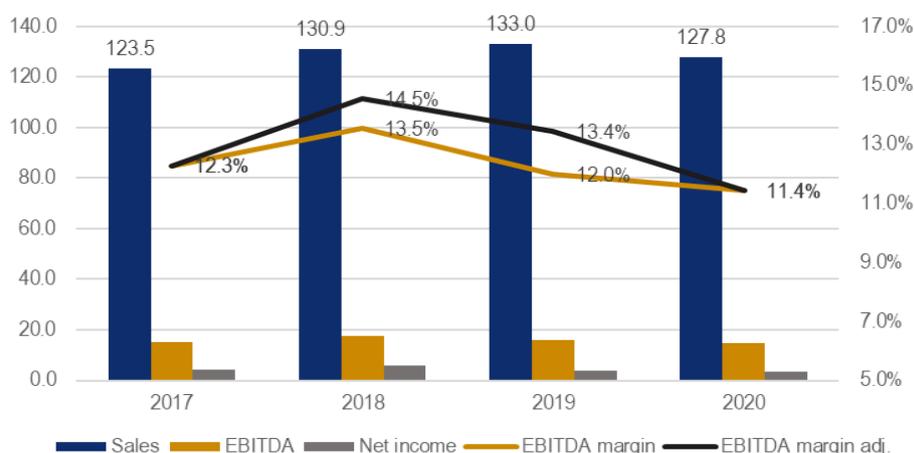
The shortage in resins, which affected NDT's impregnated paper production in July, is expected to have affected Q3 21 performance only marginally. The third round of price hikes in July is expected to be passed through to customers by September.

In light of these exceptional results, our FY 21E estimates could look very prudent. However, we point out that H2 21 will have a very tough comparison base, H1 21 growth was exceptionally strong and that the raw materials cost trend remains a question mark. As such, growth normalisation is even desirable.

Past performance: sales CAGR mid-single digit up and EBITDA margin rather stable

The group recorded ~ 4% sales CAGR in the 2017 – 2019 timeframe. The average EBITDA margin was 12.6%. The long-term relationship with customers allows fairly good predictability of revenues and the cost structure, unless raw material costs are too volatile, are quite stable. NDT runs a capital-intensive business, as such, unsurprisingly, net debt/EBITDA reached 2.7x in FY 20. This was after 3 years of progressive deleverage thanks to the strong cash generation.

Sales and EBITDA margin FY 17 – FY 20 (EUR m)

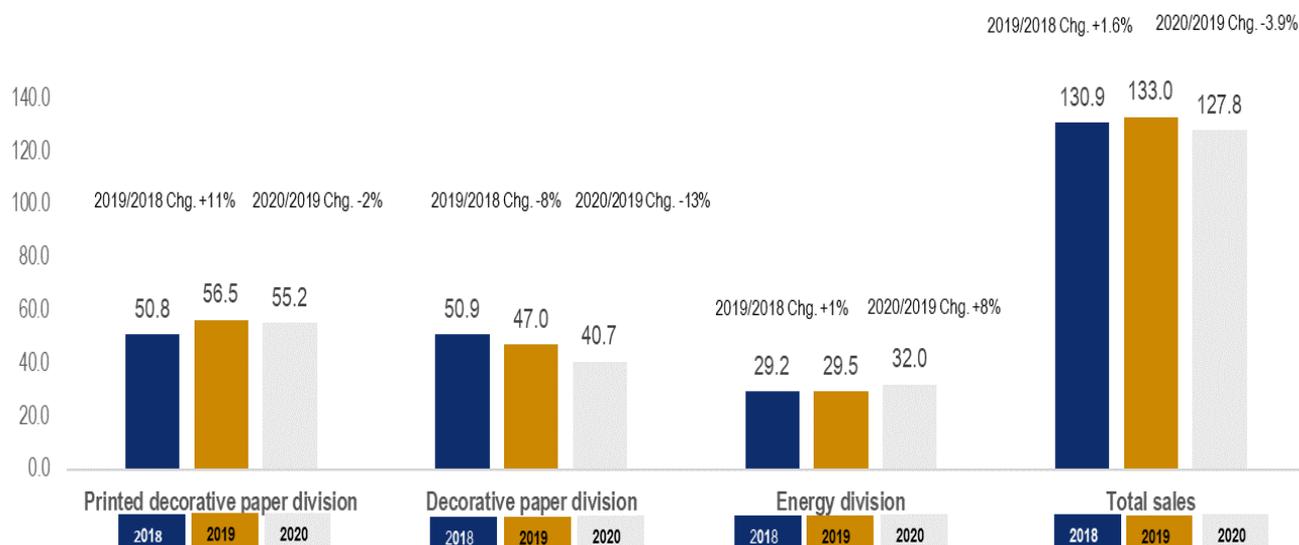


Source: company data In FY 19 adjustments to EBITDA include: stock grant plan costs (EUR 0.97m), listing extraordinary costs and translisting to MTA costs (EUR 0.9m); in FY 18 adjustments include: stock grant costs (EUR 0.7m), listing extraordinary costs (EUR 0.6m).

Business resiliency even in a tough macroeconomic environment

The group closed FY 20 with only a little drop in sales (-3.9% Y/Y) despite the tough macroeconomic environment, triggered by the COVID-19 pandemic.

Sales by division 2018-2020 (EUR m)



Source: company data

The overall decorative surfaces sector for the furniture and flooring markets, after a weak Q1 20, experienced a very difficult Q2 20, with reductions of 50% / 60% in the average level of activity. Q3 20 and Q4 20 offset the difficult first part of the year and posted full recovery in production capacity in all segments. In detail, NDT's production plants were closed during lockdown periods (March and April) and CDG received fewer orders in Q2 20 due to the adverse macroeconomic conditions. BEG never stopped its activities and registered high single digit revenues, up also in FY 20.



In H2 20, the group returned to normal: it posted impressive sales growth and normalised profitability, driven by renewed demand in the furniture and flooring sectors. According to the company and the main organisations in these sectors, this demand is expected to remain supportive also in FY 21 and onwards.

The strong demand in H2 20 was also spurred by the new products the group started to commercialise: EOS, PPLF and 142 cm laminate.

Back to normal already in H2 20:

Half-year results 2019 - 2020

EUR m	H1 19	H1 19 % on FY 19	H1 20	H1 20 % on FY 20	Y/Y Chg.	H2 19	H2 19 % on FY 19	H2 20	H2 20% on FY 20	Y/Y Chg.	FY 19	FY 20
Printed decorative paper	27.3	48%	21.5	38.9%	-21.3%	29.2	51.6%	33.7	61.1%	15.6%	56.5	55.2
Decorative paper	24.6	52%	17.7	43.6%	-27.8%	22.5	47.8%	22.9	56.4%	2.1%	47.0	40.7
Energy	14.5	49%	15.3	47.9%	5.6%	15.0	50.9%	16.7	52.1%	11.1%	29.5	32.0
Sales	66.4	50%	54.5	42.7%	-17.8%	66.6	50.1%	73.3	57.3%	10.0%	133.0	127.8
EBITDA	7.1	44%	5.6	38.5%	-20.3%	8.9	55.7%	9.0	61.5%	1.1%	16.0	14.6
EBITDA margin	10.6%		10.3%			13.3%		12.3%			12.0%	11.4%
Net income	1.1	28%	0.2	5.5%	-82.3%	2.9	72.2%	3.3	94.5%	16.8%	4.0	3.5

Source: Banca Akros

Different dynamics characterised FY 19 top line: the printed decorative paper division (NDT) posted a 10% Y/Y sales increase, helped by the newly acquired (in FY 18) branch from Corbetta (new Texte line); the decorative paper division didn't perform very well (-8% Y/Y) due to a stop in production and fairly weak demand (lowering raw material prices pushed customer's demand forward); the energy division's (BEG) sales were driven by a higher production volume Y/Y. All in all, FY 19 sales increased by a moderate 1.6%, with 2 divisions offsetting the temporary weakness in the third division. In FY 18, sales results were solid, with revenues up 6% Y/Y.



Profitability FY 18 – FY 20

EURm	FY 18	FY 19	Y/Y Chg.	FY 20	Y/Y Chg.
Sales	130.9	133.0	1.6%	127.8	-3.9%
Other revenues	2.6	2.9	10.5%	5.9	104.3%
Total sales	133.5	135.9	1.7%	133.7	-1.6%
Changes in work in progress, semifinished and finished products	0.3	1.4	394.2%	-2.5	-287.4%
Value of production	133.8	137.2	2.5%	131.2	-4.4%
COGS	-77.2	-77.5	0.4%	-75.8	-2.2%
% on sales	59.0%	58.3%		59.3%	
Other operating costs	-20.9	-23.0	10.2%	-21.8	-5.2%
% on sales	16.0%	17.3%		17.1%	
Personnel cost	-18.0	-20.7	15.3%	-18.9	-8.9%
% on sales	13.7%	15.6%		14.8%	
EBITDA	17.7	16.0	-10.1%	14.6	-8.4%
% on sales	13.5%	12.0%		11.4%	
Depreciations and provisions	-7.2	-8.8	23.3%	-9.1	3.5%
% on sales	5.5%	6.6%		7.1%	
EBIT	10.6	7.1	-32.6%	5.5	-23.0%
% on sales	8.1%	5.4%		4.3%	
Financial charges	-3.0	-1.9	-35.1%	-1.4	-25.9%
Profit before taxes	7.6	5.2	-31.7%	4.1	-22.0%
Taxes	-1.6	-1.2	-21.7%	-0.5	-57.8%
Tax rate	20.9%	24.0%		13.0%	
Group Net profit	6.0	4.0	-34.3%	3.5	-10.7%
% on sales	4.6%	3.0%		2.8%	

Source: company data

We outline that other revenues mainly came from insurance reimbursements (EUR 3.2m in FY 20, EUR 1.4 in FY 19). In FY 20, EUR 1.4m came from the release of 40% of the amount accrued for stock grants (postponement of the MTA listing).

The cost of raw materials is the company's main cost

Pulp and titanium dioxide are the most important raw materials in paper processing (CDG): out of EUR 29m cost of goods sold for Cartiere di Guarcino, 84% is for pulp and titanium dioxide (they account for ~ 32% of the group's total COGS). The group's other important costs are: resins, ink, pvc, chemical products. BEG's main costs are for animal by-products, which it uses as engine fuel (35% of total group COGS, including inter-companies). The group usually has a main and a secondary supplier for each type of raw material (the first 10 suppliers accounted for 52% of payables in 2019). A privileged relationship with suppliers could also mean a quality guarantee and even pricing power. Raw material price hikes are passed on to customers with a 3-month delay for CDG and 6 months for NDT. The gross profit has been rather stable over the last 3 years (42.7% margin on average) despite an increase in the main raw materials from H12 17 to H1 18.

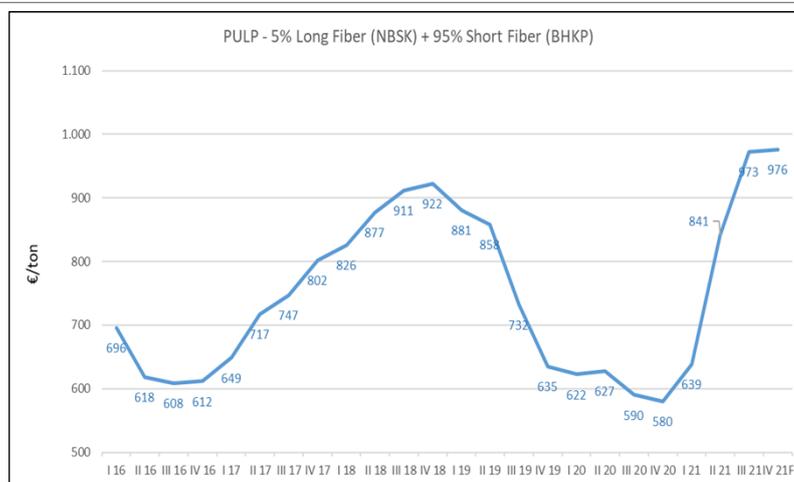
In 2020, the European pulp market was rather flat; in Q1 21 the picture changed, with the first price increases in the European market being driven by the strong demand in China and Europe.

The titanium dioxide market was flat in FY 20, but it recovered strongly in the last few months of 2020 when the demand from China triggered strong price increases, along with soaring freight costs and lower product availability.

Animal-fat prices were weak in FY 20 but then recovered in the last quarter.

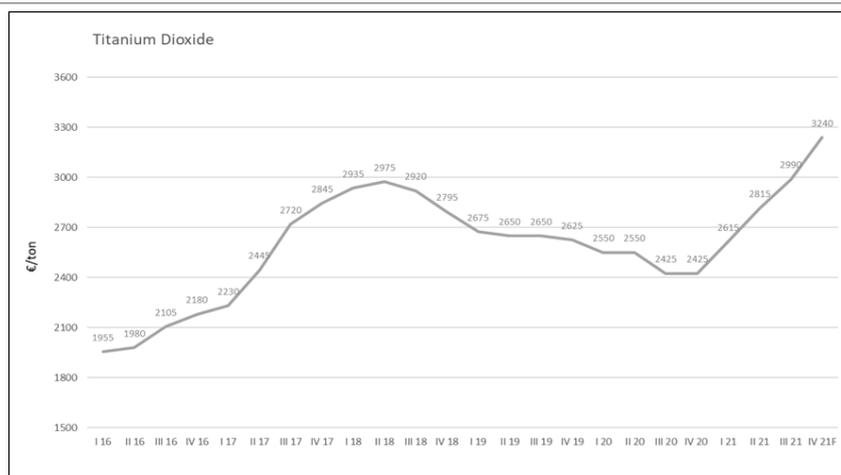
Core raw materials price trend

Pulp – price trend



Source: FOEX

Titanium Dioxide price trend



Source: I.C.I.S.

For all these 3 main raw materials, growing cost conditions still continue at the date of this document.

Hedging policy: pulp is traded primarily in USD, as such the group covers the currency risk through forward contracts. As far as the price of raw material is concerned, there is a kind of natural hedging (purchases are often done early to benefit from good prices).

Financial costs decreased in 2020: in the wake of the company's project to optimise the cost of financing. To this aim, the group negotiated some new low-rate credit lines that helped to reduce the short-term debt.



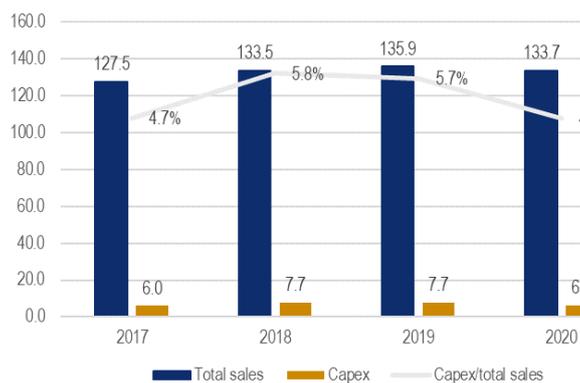
Operating free cash flow generation very high even in 2020:

CASH FLOW (EUR m)	FY 18	FY 19	FY 20
EBITDA	17.7	16.0	14.6
Taxes	-1.6	-1.2	-0.5
Gross Operating Cash Flow	16.2	14.7	14.1
Capex	-7.7	-7.7	-6.3
Change in Net Working Capital	0.5	0.2	-2.1
Operating FCF	8.9	7.2	5.7
FCF/EBITDA	50.1%	45.0%	39.2%

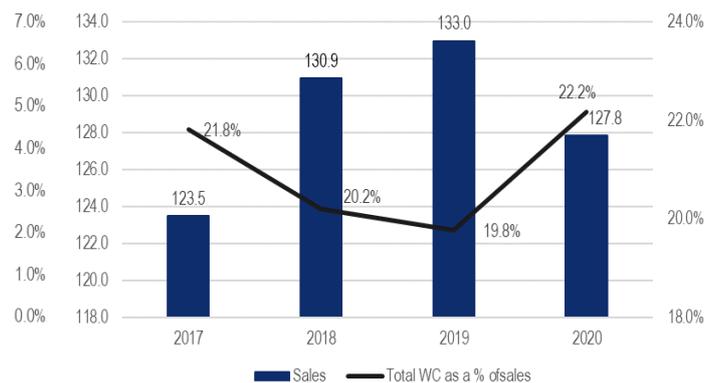
Source: Banca Akros

The group operates a capital-intensive business: tangible assets weigh for EUR 77m out of EUR 84m of fixed asset book value (FY 20). Over the last 2 years the group invested in new machinery for new products (EOS, PPLF, 142cm laminate), new printing cylinders and revamped machines; it also invested to increase productivity and efficiency (i.e. backer paper) as well as to optimise the press area facilities.

Capex FY 17 - FY20 (EUR m) – on total sales



NWC FY 17 - FY20 (EUR m) – on sales



Source: company data

Source: company data

The net working capital is quite stable and well managed. The company has reduced its financial leverage strongly over the past few years thanks to free cash generation and to prudent but effective capex.

Financial leverage FY 17 – FY 20

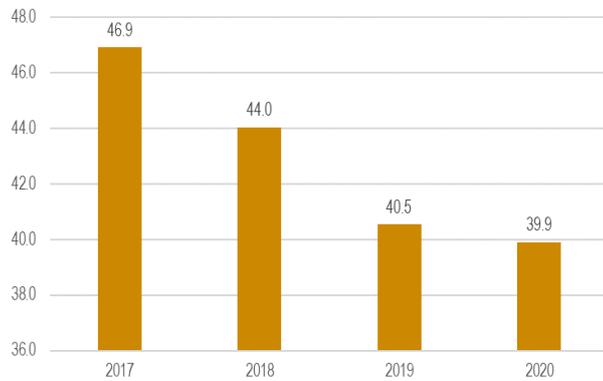
	FY 17	FY 18	FY 19	FY 20
Debt/EBITDA	3.1x	2.5x	2.5x	2.7x
Debt/Equity	86.8%	75.2%	66.2%	64.7%

Source: company data



Net debt evolution

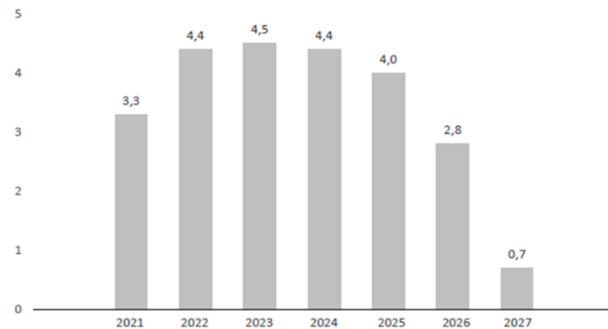
Net debt FY 17 – FY 20 (EUR m)



Source: company data

Debt maturity as of 30 June 2021

Debt Repayment plan (€/M)



Source: company data

Dividend policy for 2020 / 2022: 40% pay out and total maximum amount of EUR 2m.



The company's starting point, strategy and future developments

Between 2017 and 2019, the group pursued strategic lines (including sustainability) and objectives that are going to be further developed in the coming 2 or 3 years (2021 -2023 industrial plan).

- The company has strengthened its positioning among the main European players in the high range offer. This was done thanks to actions both on the product side (i.e. increasing the offer of laminates - CPL technology - or research on products such as Syncro and Velvet paper) and on the production side (i.e. better use of vertical integration and increasing operative efficiency – Industry 4.0). Moreover, the group has even developed other diversification in more profitable products (i.e. enhancement of PPF production and the application in other sectors of interior design). Research on new products and processes are always one of the company's fields of action.
- NDT group has also strengthened its position in foreign markets (i.e. enhancing the commercial network in the laminates business in markets such as Portugal, Singapore and Australia, where the company has captured new customers; the branch acquired by Corbetta - laminates producer with the CPL technology - has allowed the group to approach foreign clients, where there is a higher demand for this new technology).

The 2021-2023 business plan – a close look at sustainability in all the processes

In February 2021, the group presented the guidelines of its 2021-2023 business plan. The plan is based on the fundamentals of sustainability, one of the pillars on which the company bases its development: NDT is a pioneer in circular economy, and it uses the lowest amount of fossil fuels in Europe in the industry.

- The group uses 25% of secondary raw materials in paper production.
- As a biomass co-generation plant, BEG uses 100% animal by-product as fuel and supplies 25% of the steam and 100% of the energy needs of Cartiera di Guarcino.
- NTD itself produces 10% of its energy needs and uses electricity only from renewable sources; over the plan timeframe the 10% self-produced will become 20%.

Main pillars of the 2021-2023 plan:

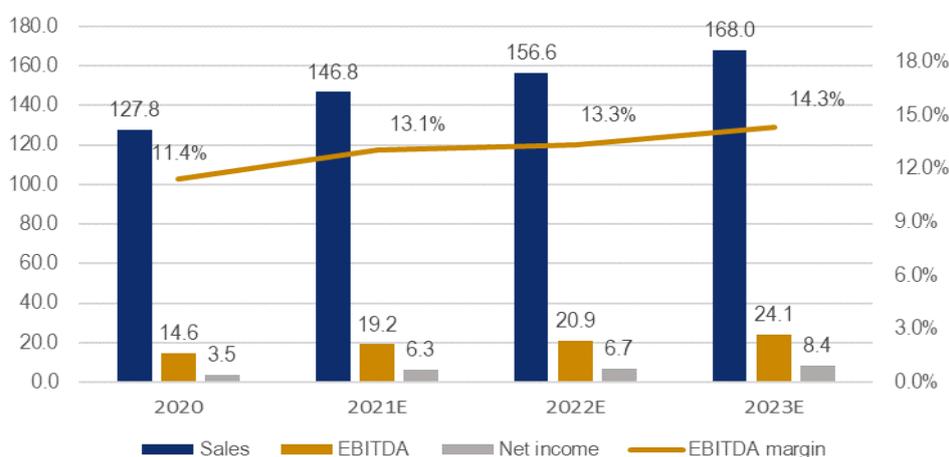
- the group intends to consolidate its positioning in the traditional lines: decorative paper, printed decorative paper, printed plastic films (PPF) and impregnated paper.
- it will develop the new product lines, such as laminates, EOS (anti-fingerprint surface finish) and PPLF (plastic laminated film will be used for flooring and even for vertical walls).
- there will be a 50% capex increase vs. the 2019-2021 period (or ~ EUR 30m additional capex), 37% of which is to launch new products and processes, 33% to increase productivity (renovating machines) and 29% to consolidate production and operating capacity. Capex will be fully self-financed thanks to cash generation.
- the company has not ruled out the possibility to look at industrial digital printing technology, but only if the segment proves to be mature enough and if it provides a justifiable return.

In our view, the possibility of buying out one of its production facilities shouldn't be ruled out. Moreover, we also envisage the possibility to revise the energy business (BEG) if and when the public incentives are no longer effective (June 2025 is the deadline). We do also see the company as a possible active player in an eventual M&A wave in the sector.

FY 21E – FY 23E estimates

On the back of an exceptionally strong H1 21 and on the still high demand expected for the following years, especially from the furniture sector, we estimate FY 20 - FY 23E sales CAGR at 9.5% and 18% EBITDA CAGR. The EBITDA margin should move from 11.4% for FY 20 to 14.3% for FY 23E.

Sales and EBITDA margin FY 20 – FY 23E (EUR m)



Source: Banca Akros estimates

Our assumptions on the top line development

We expect sales to grow at a 9.5% CAGR and sales, including other revenues, to grow at an 8.5% CAGR over the FY 20 - FY 23E period.

Sales estimates by business unit FY 20 – FY 23E

EUR m	FY 20	FY 21E	Y/Y Chg.	FY 22E	Y/Y Chg.	FY 23E	Y/Y Chg.
Printed decorative paper	55.2	65.1	18.0%	71.0	9.1%	80.0	12.7%
Decorative paper	54.4	60.4	11.0%	65.8	9.0%	69.1	5.0%
Energy	33.9	35.3	4.0%	35.3	0.0%	35.3	0.0%
Intercompanies	-15.7	-14.0		-15.5		-16.6	
Sales	127.8	146.8	14.8%	156.6	6.7%	167.8	7.1%
Other revenues	5.9	2.5	-57.4%	3.0	20.0%	3.0	0.0%
Total sales	133.7	149.3	11.6%	159.6	6.9%	170.8	7.0%

Source: Banca Akros estimates

The focus of the new investment plan should be on the printed decorative paper business unit providing support for the development of the new range of products (PPLF, laminates, EOS). Capex will also be allocated to consolidate the group's positioning in the decorative paper business. As such, we assume a huge recovery in this division in FY 21E and a good performance also in FY 22E when new products (Velvet paper and food packaging paper) will be definitively developed. We assume the energy business will be stable, even though we outline that in FY 21E it can benefit from the rising price of energy and increasing government benefits (EUR 109.36/MWh in FY 21 vs. EUR 99.05/MWh in FY 20).



Sales and profitability FY 20 – FY 23E

EUR m	FY 20	FY 21E	Y/Y Chg.	FY 22E	Y/Y Chg.	FY 23E	Y/Y Chg.
Sales	127.8	146.8	14.8%	156.6	6.7%	168.0	7.3%
Other revenues	5.9	2.5	-57.4%	3.0	20.0%	3.0	0.0%
Total sales	133.7	149.3	11.6%	159.6	6.9%	171.0	7.1%
EBITDA	14.6	19.2	31.3%	20.9	8.8%	24.1	15.3%
EBITDA margin	11.4%	13.1%		13.3%		14.3%	
D&A	-9.1	-9.1	0.0%	-10.0	9.5%	-11.0	10.0%
EBIT	5.5	10.1	83.4%	10.9	8.1%	13.1	20.2%
EBIT margin	4.3%	6.9%		6.9%		7.8%	
Taxes	-0.5	-2.1		-2.6	22.4%	-3.3	25.9%
Tax rate	13.0%	25.0%		27.9%		27.9%	
Net income	3.5	6.3	79.5%	6.7	5.4%	8.4	25.9%
% on sales	2.8%	4.3%		4.3%		5.0%	

Source: Banca Akros estimates

We estimate margins will improve thanks to a better product mix (newly launched products have better profitability). We expect the printed decorative paper business unit's EBITDA margin to land at 15.5% in FY 23E (13.8% in FY 21E), the decorative paper business unit's EBITDA margin to be 12% in FY 23E and the EBITDA margin of the energy business unit to be stable at roughly 11% over the coming years.

We also assume slightly higher D&A in the wake of the investment plan and tax rate normalisation.

FY 22E EBITDA can be even better

Note that we have not included in our estimates the likely release of the MICA debt, which is due to be prescribed as of February 2022. Including about EUR 5m coming from that debt release, our FY 22E EBITDA would be EUR 25.8m, with a 16.5% margin on sales.

We expect operating free cash flow to improve, with an acceleration in FY 22E, after the large capex amount allocated in FY 21E. We assume the bulk of EUR 13m capex (FY 21E) to be allocated to maintenance, production and operating capacity consolidation and the remaining amount to new production plants.

Free cash flow FY 18 – FY 23E

CASH FLOW (EUR m)	FY 18	FY 19	FY 20	FY 21E	FY 22E	FY 23E
EBITDA	17.7	16.0	14.6	19.2	20.9	24.1
Taxes	-1.6	-1.2	-0.5	-2.1	-2.6	-3.3
Gross Operating Cash Flow	16.2	14.7	14.1	17.1	18.3	20.8
Capex	-7.7	-7.7	-6.3	-13.0	-8.2	-6.5
Change in Net Working Capital	0.5	0.2	-2.1	-4.7	-2.3	-2.8
Operating FCF	8.9	7.2	5.7	-0.6	7.8	11.5
FCF/EBITDA	50.1%	45.0%	39.2%	-3.2%	37.4%	47.7%

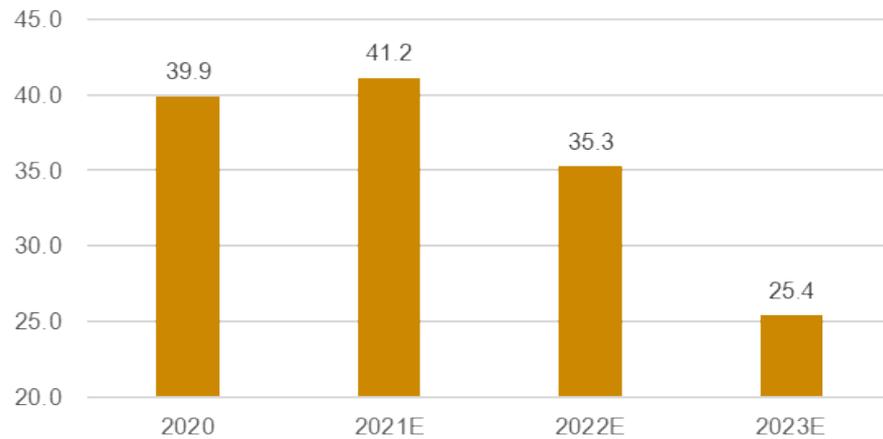
Source: Banca Akros estimates

We assume total net working capital in the range of 22% / 22.7% on sales and capex at 9% of sales in FY 21E, 5.2% in FY 22E and 3.9% in FY 23E.

We estimate huge deleveraging in the coming 3 years.



Net debt FY 20 – FY 23E (EUR m)



Source: Banca Akros estimates

Financial leverage FY 20 – FY 23E

	FY 20	FY 21E	FY 22E	FY 23E
Debt/EBITDA	2.7x	2.1x	1.7x	1.0x
Debt/Equity	64.7%	61.6%	49.3%	32.5%

Source: Banca Akros estimates

Dividend distribution: we have assumed a 30% payout in FY 21E, 27% in FY 22E and 23% in FY 23E, for a total amount that never exceeds EUR 2m (threshold set until FY 22E).



Valuation

We have assessed NDT's fair value using a DCF model. The main assumptions are:

- explicit estimates until FY 23E,
- mildly growing top line in FY 24E – FY 26E, with the EBITDA margin on total sales rather stable,
- top line growth normalisation in FY 27E – FY 29E and the EBITDA margin converging towards 10% of the normalisation year.
- Our perpetual growth assumptions are for a conservative 1%.
- Depreciation and capex are both assumed to be in the range of 5% on total sales from FY 27E.
- We have used the Italian tax rate of 27.9% and a 30% conservative tax rate for the normalisation year.

Cash flow assumptions

CASH FLOW (EUR m)	FY 21E	FY 22E	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E	FY 29E	Norm.year
Total sales	149.3	159.6	171.0	177.8	183.2	188.7	192.4	196.3	200.2	202.2
Y/Y % change	11.6%	6.9%	7.1%	4.0%	3.0%	3.0%	2.0%	2.0%	2.0%	1.0%
EBITDA	19.2	20.9	24.1	26.7	28.0	28.3	26.9	25.5	24.0	20.2
% margin on total sales	12.9%	13.1%	14.1%	15.0%	15.3%	15.0%	14.0%	13.0%	12.0%	10.0%
Y/Y % change	31.3%	8.8%	15.3%	10.8%	5.1%	1.0%	-4.8%	-5.3%	-5.8%	-15.8%
Depreciation & provisions	9.1	10.0	11.0	10.7	10.1	10.0	10.2	10.2	10.2	4.0
% sales	6.1%	6.3%	6.4%	6.0%	5.5%	5.3%	5.3%	5.2%	5.1%	2.0%
EBITA	10.1	10.9	13.1	16.0	18.0	18.3	16.7	15.3	13.8	16.2
% margin	6.7%	6.8%	7.6%	9.0%	9.8%	9.7%	8.7%	7.8%	6.9%	8.0%
Taxes	-2.1	-2.6	-3.3	-4.5	-5.0	-5.1	-4.7	-4.3	-3.9	-4.9
Actual tax rate	25.0%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	30.0%
NOPLAT	7.9	8.3	9.8	11.5	12.9	13.2	12.1	11.0	10.0	11.3
Depreciation & provisions	9.1	10.0	11.0	10.7	10.1	10.0	10.2	10.2	10.2	4.0
Gross Operating Cash Flow	17.1	18.3	20.8	22.2	23.0	23.2	22.3	21.2	20.2	15.4
Capex	-13.0	-8.2	-6.5	-7.1	-8.1	-9.1	-9.6	-10.2	-10.2	-4.0
% sales	8.7%	5.1%	3.8%	4.0%	4.4%	4.8%	5.0%	5.2%	5.1%	2.0%
Change in NWC	-4.7	-2.3	-2.8	-2.4	-1.7	-1.8	-0.9	-0.9	-0.9	-0.5
Cash Flow to be discounted	-0.6	7.8	11.5	12.7	13.2	12.3	11.8	10.1	9.0	10.9

Source: Banca Akros estimates

In our WACC calculation we have used a 3.5% risk free rate (LT EU Government Bonds – 10 yrs) and 5% market risk premium. Our 1.3x Beta parameter is rather conservative, giving a 1.3x average beta for the paper sector (covered by ESN) and 0.8x for the company's peers we have selected. We have also assumed a target gearing of 20%, given the strong deleveraging the company is pursuing.

With these parameters, our DCF gives us a EUR 6.8/sh fair value.

As a reminder, we have not included in our estimates the about EUR 5m MICA debt write-down in FY 22E.

Warrant dilution: in the hypothesis of a full warrant exercise, our target price would become EUR 6.4/sh, implying a ~6.4% dilution from our fair value. We adopt this floor valuation as a target price.

EPS dilution would be 20%.



As a reminder, NDT group has ~ 13m 2018-2021 warrants outstanding. 4 warrants give the holder the right to buy 1 NDT share @ EUR 4. The warrants will expire on 27 December 2021.

WACC and DCF analysis

Free Risk Rate (FRR)	3.5%	Cumulated DCF (EUR m)	60.8	- Net Financial Debt (EUR m)	(39.9)
Company Risk Factor or Beta	1.3x	Perpetual Growth Rate (g)	1.0%	- Minorities (EUR m)	0.0
Mkt Risk Premium	5.0%	Normalised Annual CF (EURm)	10.9	+ Associates (EUR m)	0.0
Cost of Equity (Ke)	9.9%	Terminal Value @ 12/2030 (EUR m)	144.6	- Pension underfunding (EUR m)	0.0
Cost of Debt (gross)	4.6%	Disc. Rate of Terminal Value	0.46	- Off-balance sheet commitments (EUR m)	0.0
Debt tax rate	24%	Discounted Terminal Value (EUR m)	67.2	- Tax shield present value (EUR m)	0.0
Cost of Debt net (Kd)	3.5%	Financial assets (EUR m)	4.0	Equity Market Value (EUR m)	92.1
Target gearing (D/E) or % Kd	20.0%	Enterprise Value (EUR m)	132.0	Number of shares (m)	13.5
% Ke	80.0%			Fair Value per share (EUR)	6.8
WACC	8.6%	DCF reliability rate	48%		

Source: Banca Akros estimates

Fair value sensitivity

WACC	Perpetual growth rate (g)						
	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%
8.0%	7.13	7.3	7.4	7.6	7.8	8.0	8.2
8.2%	6.87	7.0	7.2	7.3	7.5	7.7	7.8
8.4%	6.63	6.8	6.9	7.0	7.2	7.4	7.5
8.6%	6.40	6.5	6.7	6.8	6.9	7.1	7.2
8.8%	6.18	6.3	6.4	6.5	6.7	6.8	7.0
9.0%	5.97	6.1	6.2	6.3	6.4	6.6	6.7
9.2%	5.77	5.9	6.0	6.1	6.2	6.3	6.5

Source: Banca Akros estimates

The group of closest peers

Peer multiples

European peer companies (x)	EV/EBITDA 21E	EV/EBITDA 22E	EV/EBIT 21E	EV/EBIT 22E	P/E 21E	P/E 22E
SURTECO GROUP	7.3	7.0	11.7	10.7	13.5	12.5
OBER SA	na	na	11.7	9.5	22.2	18.4
TARKETT	7.1	6.1	18.9	10.9	25.2	14.7
Average	7.1	6.6	14.1	10.4	20.3	15.2
Median	7.1	6.6	11.7	10.7	22.2	14.7
Neodecortech	5.6	5.1	10.8	8.8	10.3	8.5
NDT discount vs. peers	-21%	-23%	-24%	-15%	-49%	-44%

Source: Bloomberg and Banca Akros estimates

NDT at fair value multiples

	EV/EBITDA 21E	EV/EBITDA 22E	EV/EBIT 21E	EV/EBIT 22E	P/E 21E	P/E 22E	P/BV 21E	P/BV 22E
@ FV 6.8/sh	6.9	6.3	13.1	12.1	14.5	13.7	1.4	1.3

Source: Banca Akros estimates



We note that NDT trades at a rough 20% / 25% discount vs. its main European peers. At our fair value of EUR 6.8/sh, it would trade at a discount on EV/EBITDA, at a very small premium on EV/EBIT (high D&A amount) and at a large discount on P/E. We point out that at our fair value the stock would trade at 1.4x; 1.3x its book value for FY 21E and FY 22E.

European peers: highlights

Peer highlights

	SURTECO			OBER			TARKETT		
	FY 20	FY 21E	Y/Y Chg.	FY 20	FY 21E	Y/Y Chg.	FY 20	FY 21E	Y/Y Chg.
EUR m									
Sales	627	772	23.1%	29	33	15.7%	2,633	2,719	3.3%
EBITDA	88	102	15.9%	-1.2	na		260	236	-9.2%
EBITDA margin	14.0%	13.2%					9.9%	8.7%	
EBIT	46	60	30.4%	-2	1		47	90	91.5%
EBIT margin	7.3%	7.8%					1.8%	3.3%	
Net income	34	43	26.5%	6	1		50	61	22.0%
NFP	-145			-2			-370		
Mkt cap	505			11			1,360		

Source: Bloomberg and ESN (for Tarkett)

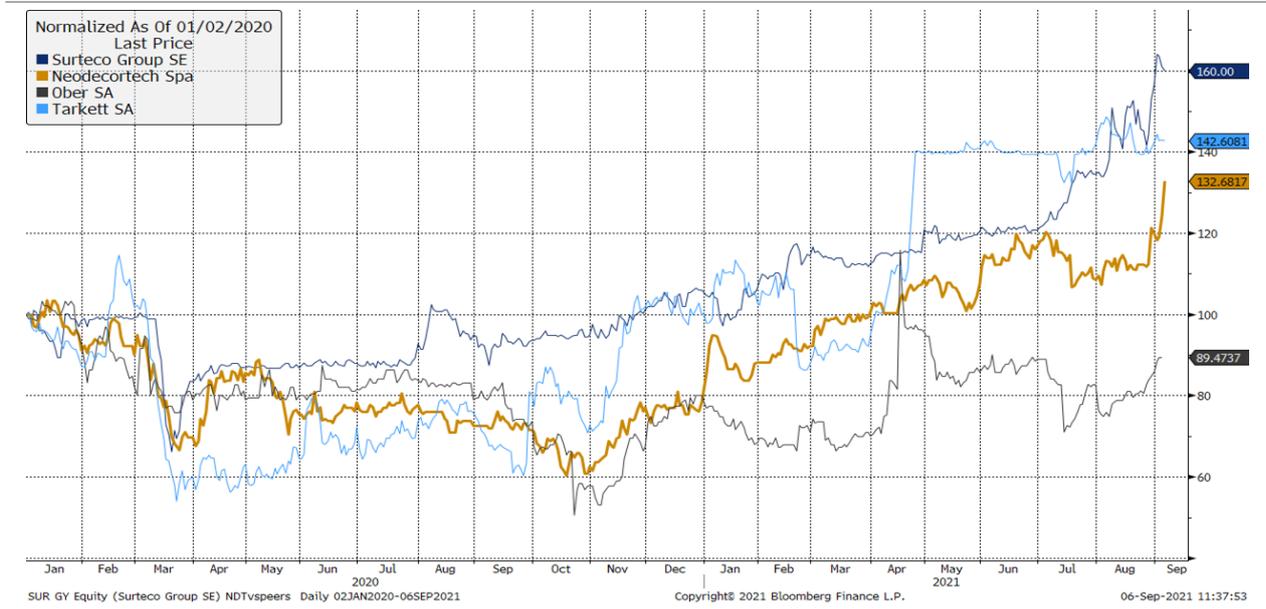
Surteco is a German player active in the international furniture, flooring and wood-based industry. The product portfolio comprises edge bandings and finished foils based on paper and plastics, decorative printings, impregnated products, release papers, skirtings, roller shutter systems and technical profiles. The company is currently undergoing international development through acquisitions of companies in Germany and abroad.

Ober Groupe is a French player specialised in the design and manufacturing of finished and unfinished real wood veneer products such as decorative panels, flooring and boat decking.

Tarkett is one of the world's biggest flooring manufacturers. It manufactures flooring made of wood, carpets, artificial & hybrid turf, linoleum, tiles, laminate and rubber for both residential and commercial applications. It sells to architects and contractors and to the general public through distributors and retailers. The company also produces indoor and outdoor sports surfaces. Tarkett is active in Russia, Canada and North America. Europe, Middle East and Africa (EMEA) generate most of the company's total sales.

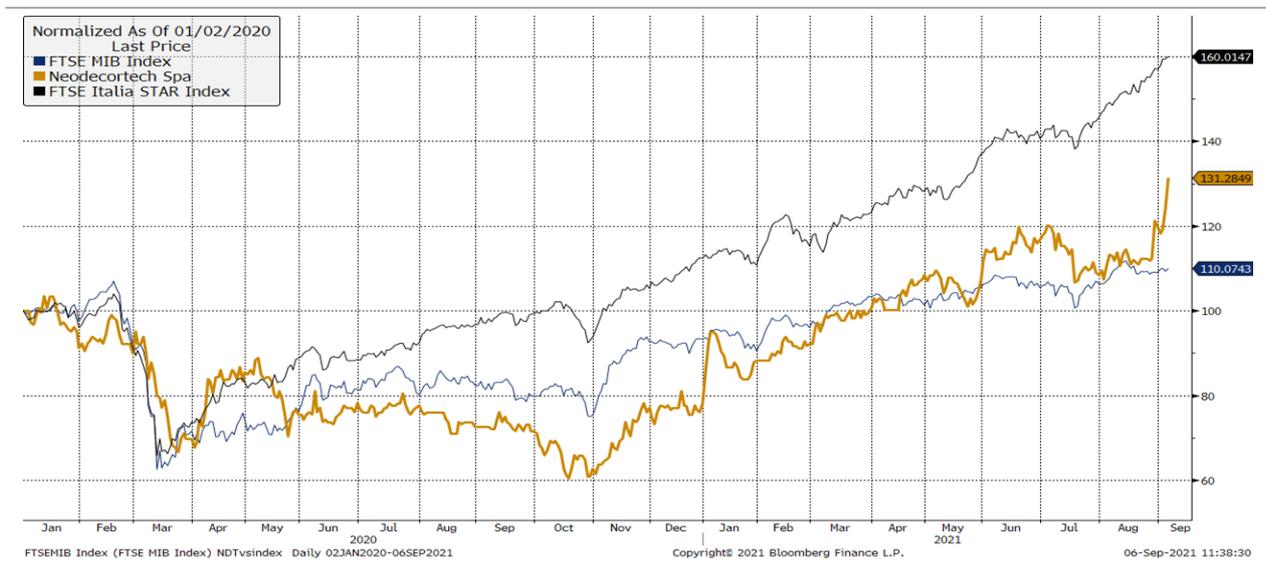


NDT IM vs. its peers - stock performance since the beginning of 2020 to date



Source: Bloomberg

NDT IM vs. FTSE Index and STAR Index - stock performance since the beginning of 2020 to date



Source: Bloomberg



Recent transactions in the sector

Ahlstrom-Munksjo: this company was taken over by a consortium consisting of Ahlström Capital, Bain Capital, Viknum and Belgrano Inversiones and its shares were delisted in June 2021. The price was EUR 17.84/sh, implying 8.4x EV/EBITDA 20 and 7.2x EV/EBITDA 21E; 22x P/E 20, 18.4x P/E 21E.

Panaria: was taken over by Finpanaria (main shareholder) @ EUR 2/sh, with an implied EV/EBITDA 21E of 5.6x.

Tarkett: in April 2021, the Deconinck family (50.8% of the capital), accompanied by Wendel, launched a simplified tender offer priced at EUR 20/sh. The price represents a premium of 38.5% on the average for the previous 20 days and 25.8% on the previous quoted price.

SWOT Analysis

Strengths

- Vertical integration, operating efficiency and cost savings
- Product quality
- Strong relationship with its customers
- Strong attention to the environment

Opportunities

- Creativity and flexibility in product innovations
- Centralized R&D and "the LAB" sources of product innovations
- LVT is a fast-growing product category
- Strong cash generation allows self-financing capex

Weaknesses

- Business with high correlation with the building/construction sector
- Small size vs. players offering similar products
- Sales concentrated in a low number of customers
- US business still has to be developed

Threats

- Cost of raw materials
- Competition from Chinese players could be a threat in the long run
- Décor paper for flooring and furniture could fall out of fashion
- Risk of losing government benefits in favor of BEG in the event of a change in the law

ESG Focus

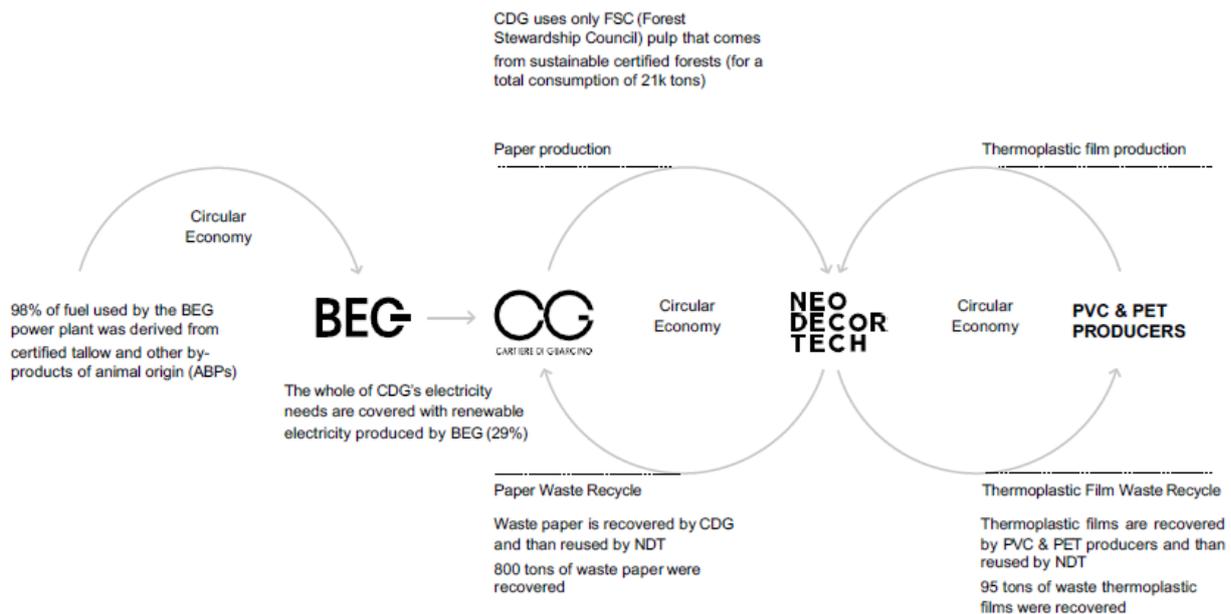
As we have already outlined (see the paragraph “The company’s starting point, strategy and future developments”), sustainability is one of the pillars on which the company bases its development, strategies and operations. **NDT group is a pioneer in the circular economy; it is the company, in its sector, that uses the lowest amount of fossil fuels in Europe.**

We point out that NDT has a Sustainability Committee whose members are: Riccardo Bruno (Chairman, Independent Director), Laura Calini (Independent Director), Luigi Cologni (CEO), Massimo Giorgilli (CEO of CDG and Director of BEG). Moreover, the company has adopted a Code of Ethics.

We outline that Neodecortech SpA published its first sustainability report in 2016; NDT group published its first sustainability report in 2019.

NDT group’s business model is built and focuses on circular economy and sustainability: this is an important strength for the whole group.

NDT business model – sustainability pillars



Source: company

- **Energy/supply chain:** back in 2010, in collaboration with a top energy player, CGD built a biomass-fired cogeneration plant, BEG, for electric and thermal energy to meet the paper mill’s needs; the plant is compliant with the Kyoto Protocol for CO2 emission reduction. Around 98% (in 2020) of the fuel used by BEG was sourced from certified sustainable/renewable sources (tallow oil and other animal by-products). 29% of CGD’s electricity needs were covered by the renewable energy produced by BEG, making CDG one of the few paper mills in the world to be powered exclusively by renewable electricity.

The Filago plant has a 1 MWh photovoltaic capacity. 70% of the whole group’s energy consumption comes from renewable sources.

- NDT group requires its suppliers and subcontractors to share the principles of NDT’s Code of Ethics. CDG only uses FSC (Forest Stewardship Council) pulp, which comes from sustainable certified forests.



- **Paper and thermoplastic film waste recycling:** in 2020, approx. 800 tonnes of waste paper were recovered by CGD and reused by NDT. Thermoplastic films are recovered from PVC and PET producers and then reused by NDT.
- **Waste:** 93% of the waste produced by the group falls into the non-hazardous waste category and 7% into the hazardous category. Most of the waste produced is recoverable and sent to certified disposers. The disposable waste is composed of chemicals used in the production processes.
- **Water:** CDG uses 98% of the group's water consumption. The plant is located close to the Cosa river. The supply of water for industrial use is mainly surface water and ground water and represents a highly sensitive issue. The sourced water is used mainly to supply the thermal power plant and for industrial use; it is then purified and returned for the most part to the body of water from which it was taken. At CDG, 100% of the water used in the process is returned to the river of origin purified and filtered, without altering any chemical or physical characteristics. The group is committed to reusing as much water as possible in several production cycles, both in the pulp preparation and in certain washing activities. Thanks to the attention placed on this issue, 2020 recorded a 21% reduction in fresh-water consumption.

Here below are the main highlights about “where the company is” in terms of overall ESG topics.

ESG Scorecards

Neodecortech	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications				-Quality (UNI EN ISO 9001, 100% Made in Italy) -Labour and Social (OH SAS 18001 / ISO 45001) -Environment (UNI EN ISO 14001, UNI CEI EN ISO 50001, Energy from renewable sources certification) -Purchasing (FSC chain of custody, PEFC, EU Timber Regulation)
Materiality Matrix (GRI or Others)				Yes (GRI)
Sustainability Report (CSR)				Separated from the annual report
Sustainability Plan / Defined ESG Goals				8 SDGs targets identified
ESG Ratings				Participation in the CDP-Carbon Disclosure Project assessment. Rating expected by year-end (2021).

Source: Banca Akros



ESG Positioning

"COMPANY NAME"	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO ₂ reduction)				In 2020, -15% of emissions Scope 1 + Scope 2 market-based vs 2019
Water consumption				In 2020, -21% fresh water withdrawal vs 2019
Electricity & Power consumption				In 2020, -4% energy consumption vs 2019. In 2020, renewable energy was 70% of total energy consumption vs. 66% in 2019
Waste reduction				+30% generated waste in 2020. Only 7% is hazardous waste
Social				
Social engagement				Corporate donations in favour of the local territory
Accident index				In 2020, 7 accidents (13.4% injury rate) of which zero high consequence injury (vs 10 accidents in 2019, 17.1% injury rate)
Gender Equality				In 2020 NDC issued a new policy on diversity. In 2020, women represented 14% of employees (+2% vs 2019), only 10% of total were managers
Training / Employees satisfaction				In 2020, 2,279 hours of training delivered (vs. 2,798 in 2019). COVID-19 limited in person courses in 2020.
Governance				
BoD composition				4 independent directors out of 7 of which 2 women and 5 men
Top management ESG Involvement.				Presence of LT-incentive scores

Source: Banca Akros

SDGs

Topic		Some objectives/projects	2020/2021 Status
 	Employee management and training	Scholarship programme to be delivered to children of NDT group employees over the three-year period 2020-2022	Ongoing
		Collaborations with high schools aimed at training and hiring young specialists	Ongoing
		Employees training and career management	Implemented
		Presence of LT ESG related incentives scores	Implemented
 	Waste and water discharges	Reduce the undisposed water; optimise washing process in production cycles. Reduce the undisposed resin from manufacturing process; increase the amount of paper recovered	Ongoing
		Reduce fresh water consumption	Ongoing
		Improve the management of plastic packaging waste	Ongoing
 	Energy and emissions and circular economy	Efficient consumption of electricity and natural gas; increase of renewable sources energy; electricity and thermal energy consumption efficiency. Use of electricity purchased from external certified grid; optimise steam absorption increasing the steam produced by BEG and sold to CDG	Ongoing
			Reduce risk profiles (i.e. harmful substances in the lacquers paints used); reduce the thickness of plastic packaging; reduce the amount of mixed packaging disposed of from production process. Reduce the solvents in the manufacturing process; reuse the waste from crumb as raw material. Limit the use of chemicals in production processes Extend the reporting of GHG emissions to Scope 1 and 2 by determining the carbon footprint of the organization to gradual offset the emissions. Goal is to neutralize Scope 1 emissions: Filago and Casoli plants in 2021, BEG in 2022, CDG in 2023.
	Safety in the workplace	No serious accidents Reduce the number of accidents	Ongoing Ongoing
	Relations with the local community	Sustain local initiatives aimed at supporting cultural and charitable associations active in the areas where the group's offices are located	Ongoing

Source: Banca Akros



Neodecortech: Summary tables

PROFIT & LOSS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Sales	134	136	134	149	160	171
Cost of Sales & Operating Costs	-115.8	-119.9	-119.1	-130.1	-138.7	-146.9
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	17.7	16.0	14.6	19.2	20.9	24.1
EBITDA (adj.)*	17.7	16.0	14.6	19.2	20.9	24.1
Depreciation	-7.2	-8.8	-9.1	-9.1	-10.0	-11.0
EBITA	10.6	7.1	5.5	10.1	10.9	13.1
EBITA (adj.)*	10.6	7.1	5.5	10.1	10.9	13.1
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.6	7.1	5.5	10.1	10.9	13.1
EBIT (adj.)*	10.6	7.1	5.5	10.1	10.9	13.1
Net Financial Interest	-3.0	-2.0	-1.4	-1.6	-1.6	-1.4
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	7.6	5.1	4.1	8.5	9.3	11.7
Tax	-1.6	-1.2	-0.5	-2.1	-2.6	-3.3
<i>Tax rate</i>	<i>20.9%</i>	<i>24.5%</i>	<i>13.0%</i>	<i>25.0%</i>	<i>27.9%</i>	<i>27.9%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	6.0	3.8	3.5	6.3	6.7	8.4
Net Profit (adj.)	6.0	3.8	3.5	6.3	6.7	8.4
CASH FLOW (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	13.2	12.7	12.7	15.5	16.7	19.4
Change in Net Working Capital	0.5	0.2	-2.1	-4.7	-2.3	-2.8
Cash Flow from Operations	13.7	12.8	10.6	10.8	14.4	16.6
Capex	-7.7	-7.7	-6.3	-13.0	-8.2	-6.5
Net Financial Investments	0.0	2.4	0.0	0.0	0.0	0.0
Free Cash Flow	5.9	7.5	4.3	-2.2	6.2	10.1
Dividends	-1.0	-2.0	-1.9	-1.2	-1.9	-1.9
Other (incl. Capital Increase & share buy backs)	-2.1	-1.4	-2.6	1.3	0.7	0.9
Change in Net Debt	3	4	0	-2	5	9
NOPLAT	7.6	5.1	4.0	7.3	7.8	9.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Tangible Assets	76.7	78.9	77.2	79.4	76.8	71.5
Net Intangible Assets (incl. Goodwill)	3.5	2.9	2.2	2.2	2.2	2.2
Right-of-Use Assets (Lease Assets)	0.0	0.7	0.8	0.8	0.8	0.8
Net Financial Assets & Other	6.1	4.1	4.0	4.0	4.0	4.0
Total Fixed Assets	86.3	86.6	84.3	86.5	83.9	78.6
Inventories	35.9	39.1	36.7	40.3	43.0	46.1
Trade receivables	24.1	19.2	19.3	22.5	24.0	25.8
Other current assets	5.8	5.3	3.9	4.3	4.6	5.0
Cash (-)	-6.5	-3.5	-7.6	-7.4	-8.2	-9.8
Total Current Assets	72.2	67.2	67.4	74.5	79.8	86.6
Total Assets	159	154	152	161	164	165
Shareholders Equity	58.6	61.3	61.7	66.8	71.6	78.2
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	58.6	61.3	61.7	66.8	71.6	78.2
Long term interest bearing debt	27.9	23.1	28.8	29.5	26.4	21.3
Provisions	2.9	2.9	2.7	3.0	3.1	3.3
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	7.2	7.5	7.5	8.6	9.2	9.9
Total Long Term Liabilities	37.9	33.4	39.1	41.1	38.7	34.5
Short term interest bearing debt	22.7	21.0	18.7	19.1	17.1	13.8
Trade payables	33.2	31.3	25.6	27.4	29.3	31.1
Other current liabilities	6.1	6.0	5.9	6.6	7.0	7.5
Total Current Liabilities	62.0	58.4	50.1	53.1	53.4	52.4
Total Liabilities and Shareholders' Equity	158.5	153.1	150.9	161.0	163.7	165.1
Net Capital Employed	112.7	112.9	112.6	119.5	119.2	116.7
Net Working Capital	26.8	27.0	30.4	35.3	37.8	40.8
GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
<i>Sales growth</i>	<i>4.7%</i>	<i>1.7%</i>	<i>-1.6%</i>	<i>11.6%</i>	<i>6.9%</i>	<i>7.1%</i>
EBITDA (adj.)* growth	17.0%	-10.1%	-8.4%	31.3%	8.8%	15.3%
<i>EBITA (adj.)* growth</i>	<i>19.3%</i>	<i>-32.6%</i>	<i>-23.0%</i>	<i>83.4%</i>	<i>8.1%</i>	<i>20.2%</i>
<i>EBIT (adj.)* growth</i>	<i>19.3%</i>	<i>-32.6%</i>	<i>-23.0%</i>	<i>83.4%</i>	<i>8.1%</i>	<i>20.2%</i>



Neodecortech: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Profit growth	25.6%	-36.4%	-7.9%	79.5%	5.4%	25.9%
EPS adj. growth	20.5%	-36.3%	-6.1%	72.2%	5.4%	25.9%
DPS adj. growth	0.0%	-5.2%	-38.5%	56.9%	0.0%	7.1%
EBITDA (adj)* margin	13.3%	11.7%	10.9%	12.9%	13.1%	14.1%
EBITA (adj)* margin	7.9%	5.2%	4.1%	6.7%	6.8%	7.6%
EBIT (adj)* margin	7.9%	5.2%	4.1%	6.7%	6.8%	7.6%
RATIOS	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Net Debt/Equity	0.8	0.7	0.6	0.6	0.5	0.3
Net Debt/EBITDA	2.5	2.5	2.7	2.1	1.7	1.1
Interest cover (EBITDA/Fin.interest)	6.0	7.8	10.3	12.0	13.1	17.2
Capex/D&A	108.0%	87.3%	69.0%	142.4%	82.0%	59.1%
Capex/Sales	5.8%	5.7%	4.7%	8.7%	5.1%	3.8%
NWC/Sales	20.1%	19.9%	22.7%	23.7%	23.7%	23.8%
ROE (average)	10.7%	6.4%	5.8%	9.9%	9.7%	11.2%
ROCE (adj.)	7.1%	4.7%	3.6%	6.2%	6.7%	8.2%
WACC	8.6%	8.6%	8.6%	8.6%	8.6%	8.6%
ROCE (adj.)/WACC	0.8	0.6	0.4	0.7	0.8	1.0
PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Average diluted number of shares	13.1	13.5	13.4	13.4	13.4	13.4
EPS (reported)	0.46	0.29	0.28	0.47	0.50	0.62
EPS (adj.)	0.46	0.29	0.28	0.47	0.50	0.63
BVPS	4.47	4.53	4.60	4.99	5.35	5.84
DPS	0.15	0.15	0.09	0.14	0.14	0.15
VALUATION	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
EV/Sales	0.7	0.7	0.6	0.8	0.7	0.6
EV/EBITDA	5.4	5.9	5.8	6.0	5.2	4.1
EV/EBITDA (adj.)*	5.4	5.9	5.8	6.0	5.2	4.1
EV/EBITA	9.1	13.3	15.3	11.4	10.0	7.6
EV/EBITA (adj.)*	9.1	13.3	15.3	11.4	10.0	7.6
EV/EBIT	9.1	13.3	15.3	11.4	10.0	7.6
EV/EBIT (adj.)*	9.1	13.3	15.3	11.4	10.0	7.6
P/E (adj.)	7.1	11.9	10.2	10.5	10.0	7.9
P/BV	0.7	0.8	0.6	1.0	0.9	0.9
Total Yield Ratio	4.7%	4.0%	1.8%	2.8%	2.8%	
EV/CE	0.9	0.9	0.8	1.0	0.9	0.9
OpFCF yield	13.8%	10.9%	11.5%	-3.3%	9.3%	15.1%
OpFCF/EV	6.2%	5.4%	5.1%	-1.9%	5.7%	10.1%
Payout ratio	33.2%	49.5%	32.4%	29.8%	28.3%	24.1%
Dividend yield (gross)	4.7%	4.2%	1.8%	2.8%	2.8%	3.0%
EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020	12/2021e	12/2022e	12/2023e
Price** (EUR)	3.29	3.48	2.80	4.98	4.98	4.98
Outstanding number of shares for main stock	13.1	13.5	13.4	13.4	13.4	13.4
Total Market Cap	43.1	47.0	37.5	66.7	66.7	66.7
Gross Financial Debt (+)	50.5	44.1	47.5	48.6	43.5	35.2
Cash & Marketable Securities (-)	-6.5	-3.5	-7.6	-7.4	-8.2	-9.8
Net Financial Debt	44.0	40.5	39.9	41.2	35.3	25.4
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	44.0	40.5	39.9	41.2	35.3	25.4
Other EV components	9.0	7.0	6.8	7.0	7.1	7.3
Enterprise Value (EV adj.)	96.1	94.6	84.2	114.8	109.1	99.4

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Basic Resources/Industrial Materials

Company Description: Neodecortech in an Italian company and one of the main European players in its sector. It designs, produces and sells a large and coordinated range of products in the décor paper sector for the furniture industry, for laminate and for flooring (on paper and on vinyl flooring) as well as for interior design applications.



European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Electronic & Electrical Eq.	Mem(*)	General Industrials	Mem(*)	Ctt	CBI
Avio	BAK	Rexel	CIC	Cembre	BAK	Insurance	Mem(*)
Leonardo	BAK	Fin. Serv. Holdings	Mem(*)	Sergeferrari Group	CIC	Axa	CIC
Alternative Energy	Mem(*)	Cir	BAK	Spie	CIC	Catalana Occidente	GVC
Encavis Ag	CIC	Corp. Financiera Alba	GVC	General Retailers	Mem(*)	Cattolica Assicurazioni	BAK
Plc	BAK	Digital Magics	BAK	Emova Group	IAC	Generali	BAK
Siemens Gamesa Re	GVC	Eurazeo	CIC	Fnac Darty	CIC	Mapfre	GVC
Volitalia	CIC	Ffp	CIC	Inditex	GVC	Net Insurance	BAK
Automobiles & Parts	Mem(*)	Gbl	CIC	Maisons Du Monde	CIC	Unipolsai	BAK
Brembo	BAK	Rallye	CIC	Ovs	BAK	Materials, Construction	Mem(*)
Faurecia	CIC	Tip Tamburi Investment Partners	BAK	Unieuro	BAK	Acs	GVC
Ferrari	BAK	Wendel	CIC	Healthcare	Mem(*)	Aena	GVC
Gestamp	GVC	Fin. Serv. Industrials	Mem(*)	Abionyx Pharma	CIC	Astm	BAK
Indelb	BAK	Abitare In	BAK	Amplifon	BAK	Atlantia	BAK
Landi Renzo	BAK	Dovalue	BAK	Atrys Health	GVC	Buzzi Unicem	BAK
Michelin	CIC	Nexi	BAK	Crossject	CIC	Capelli	CIC
Piaggio	BAK	Tinexta	BAK	Diasorin	BAK	Cementir	BAK
Plastic Omnium	CIC	Financial Services Banks	Mem(*)	El.En.	BAK	Clerhp Estructuras	GVC
Sogefi	BAK	Amundi	CIC	Fermentalg	CIC	Eiffage	CIC
Stellantis	BAK	Anima	BAK	Fine Foods	BAK	Ezentis	GVC
Valeo	CIC	Azmut	BAK	Genfit	CIC	Fcc	GVC
Banks	Mem(*)	Banca Generali	BAK	Guerbet	CIC	Ferrovial	GVC
Banca Mps	BAK	Banca Ifis	BAK	Korian	CIC	Groupe Adp	CIC
Banco Sabadell	GVC	Banca Mediolanum	BAK	Oncodesign	CIC	Groupe Poujoulat	CIC
Banco Santander	GVC	Banca Sistema	BAK	Orpea	CIC	Groupe Sfpj S.A.	CIC
Bankia	GVC	Bff Bank	BAK	Recordati	BAK	Herige	CIC
Bankinter	GVC	Finecobank	BAK	Shedir Pharma	BAK	Hexaom	CIC
Bbva	GVC	Poste Italiane	BAK	Theraclion	CIC	Imerys	CIC
Bnp Paribas	CIC	Food & Beverage	Mem(*)	Vetoquinol	CIC	Kaufman & Broad	IAC
Bper	BAK	Advini	CIC	Virbac	CIC	Lafargeholcim	CIC
Caixabank	GVC	Bonduelle	CIC	Household Goods	Mem(*)	Maire Tecnimont	BAK
Credem	BAK	Campari	BAK	Abeo	CIC	Mota Engil	CBI
Credit Agricole Sa	CIC	Danone	CIC	De Longhi	BAK	Obrascon Huarte Lain	GVC
Creval	BAK	Ebro Foods	GVC	Fila	BAK	Sacyr	GVC
Intesa Sanpaolo	BAK	Enervit	BAK	Groupe Seb	CIC	Saint Gobain	CIC
Liberbank	GVC	Fleury Michon	CIC	Industrial Engineering	Mem(*)	Salcef	BAK
Mediobanca	BAK	Italian Wine Brands	BAK	Biesse	BAK	Sonae Industria	CBI
Natixis	CIC	Lanson-Bcc	CIC	Caf	GVC	Tarkett	CIC
Rothschild & Co	CIC	Laurent Perrier	CIC	Carraro	BAK	Thermador Groupe	CIC
Societe Generale	CIC	Ldc	CIC	Cnh Industrial	BAK	Vicat	CIC
Unicredit	BAK	Orsero	BAK	Danieli	BAK	Vinci	CIC
Basic Resources	Mem(*)	Pernod Ricard	CIC	Datalogic	BAK	Webuild	BAK
Acerinox	GVC	Remy Cointreau	CIC	Exel Industries	CIC	Media	Mem(*)
Altri	CBI	Tipiak	CIC	Fincantieri	BAK	Arnoldo Mondadori Editore	BAK
Arcelormittal	GVC	Vidrala	GVC	Haulotte Group	CIC	Atresmedia	GVC
Corticeira Amorim	CBI	Vilmorin	CIC	Interpump	BAK	Cairo Communication	BAK
Ence	GVC	Viscofan	GVC	Manitou	CIC	Digital Bros	BAK
Semapa	CBI	Vranken Pommery Monopole	CIC	Prima Industrie	BAK	GI Events	CIC
The Navigator Company	CBI	Food & Drug Retailers	Mem(*)	Prysmian	BAK	Il Sole 24 Ore	BAK
Tubacex	GVC	Carrefour	CIC	Saes	BAK	Ipsos	CIC
Verallia	CIC	Casino Guichard-Perrachon	CIC	Talgo	GVC	Jcdecaux	CIC
Chemicals	Mem(*)	Jeronimo Martins	CBI	Zardoya Otis	GVC	Lagardere	CIC
Air Liquide	CIC	Marr	BAK	Industrial Transportation	Mem(*)	M6-Metropole Television	CIC
Arkema	CIC	Sonae	CBI	Bollore	CIC	Mediaset	BAK
Plasticos Compuestos	GVC	Winfarm	CIC	Clasquin	IAC	Mediaset Espana	GVC



Nrj Group	CIC	Atos	CIC	Fdj	CIC
Publicis	CIC	Axway Software	CIC	Groupe Partouche	IAC
Rcs Mediagroup	BAK	Capgemini	CIC	I Grandi Viaggi	BAK
Teleperformance	CIC	Cast	CIC	Ibersol	CBI
Tf1	CIC	Catenon	GVC	Int. Airlines Group	GVC
Ubisoft	CIC	Ekinops	CIC	Melia Hotels International	GVC
Vivendi	CIC	Esi Group	CIC	Nh Hotel Group	GVC
Vogo	CIC	Exprivia	BAK	Pierre Et Vacances	CIC
Oil & Gas Producers	Mem(*)	Gigas Hosting	GVC	Sodexo	CIC
Ecoslops	CIC	Gpi	BAK	Trigano	CIC
Eni	BAK	Indra Sistemas	GVC	Utilities	Mem(*)
Galp Energia	CBI	Lleida.Net	GVC	A2A	BAK
Gas Plus	BAK	Neurones	CIC	Acciona	GVC
Maurel Et Prom	CIC	Reply	BAK	Acea	BAK
Repsol	GVC	Sii	CIC	Albioma	CIC
Total	CIC	Sopra Steria Group	CIC	Alerion Clean Power	BAK
Oil Services	Mem(*)	Visiativ	CIC	Audax	GVC
Cgg	CIC	Support Services	Mem(*)	Derichebourg	CIC
Gtt	CIC	Applus	GVC	Edp	CBI
Rubis	CIC	Bureau Veritas	CIC	Edp Renováveis	CBI
Saipem	BAK	Cellnex Telecom	GVC	Enagas	GVC
Technipfmc Plc	CIC	Enav	BAK	Endesa	GVC
Tecnicas Reunidas	GVC	Fiera Milano	BAK	Enel	BAK
Tenaris	BAK	Global Dominion	GVC	Erg	BAK
Vallourec	CIC	Inwit	BAK	Falck Renewables	BAK
Personal Goods	Mem(*)	Openjobmetis	BAK	Greenalia	GVC
Basicnet	BAK	Prosegur	GVC	Hera	BAK
Brunello Cucinelli	BAK	Prosegur Cash	GVC	Holaluz	GVC
Cellularline	BAK	Rai Way	BAK	Iberdrola	GVC
Cie Fin. Richemont	CIC	Technology Hardware & Eq.	Mem(*)	Iren	BAK
Geox	BAK	Memscap	IAC	Italgas	BAK
Hermes Intl.	CIC	Osmosis	CIC	Naturgy	GVC
Interparfums	CIC	Stmicroelectronics	BAK	Red Electrica Corporacion	GVC
Kering	CIC	Tier 1 Technology	GVC	Ren	CBI
L'Oreal	CIC	Telecommunications	Mem(*)	Snam	BAK
Lvmh	CIC	Bouygues	CIC	Solaria	GVC
Moncler	BAK	Euskaltel	GVC	Terna	BAK
Monnalisa	BAK	Iliad	CIC		
Safilo	BAK	Nos	CBI		
Salvatore Ferragamo	BAK	Orange	CIC		
Smcp	CIC	Retelit	BAK		
Swatch Group	CIC	Telecom Italia	BAK		
Technogym	BAK	Telefonica	GVC		
Tod'S	BAK	Tiscali	BAK		
Real Estate	Mem(*)	Unidata	BAK		
Igd	BAK	Vodafone	BAK		
Lar España	GVC	Travel & Leisure	Mem(*)		
Merlin Properties	GVC	Accor	CIC		
Quabit Inmobiliaria	GVC	Autogrill	BAK		
Realia	GVC	Beneteau	CIC		
Software & Computer Ser.	Mem(*)	Codere	GVC		
Agile Content	GVC	Compagnie Des Alpes	CIC		
Akka Technologies	CIC	Edreams Odigeo	GVC		
Alten	CIC	Elior	CIC		
Amadeus	GVC	Europcar	CIC		

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as at 26 March 2021



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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts



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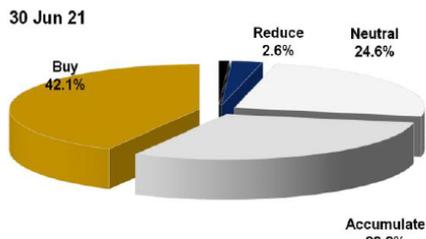
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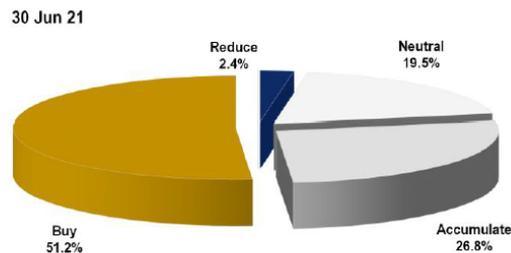
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Percentuale delle raccomandazioni al 30 giugno 2021

Tutte le raccomandazioni



Raccomandazioni su titoli in conflitto di interessi (*)



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.96% del totale degli emittenti oggetto di copertura



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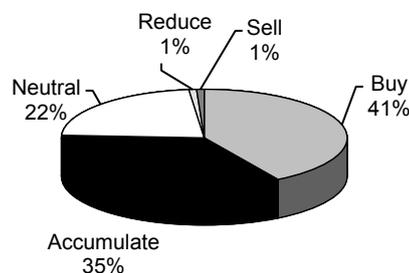
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Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
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Banca Akros Ratings Breakdown



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