

Neodecortech

Ongoing rebound

14 September 2020

BUY

Target Price: €4.6

Upside: +75.0%

Covid-19 Impact In Line with our Forecasts

On Monday evening, NDT released its H1 2020 results after trading. Regarding H1, revenue amounted to €54.5m, down €11.9m (-17.8% YoY) due to the negative impact of the Covid-19 pandemic. After an improved Q1 compared with the previous year, Q2 showed a 41.9% decline in revenue to €21.2m (compared with €36.5m in 2019). Production activities were suspended in March and April at the Filago (BG), Casoli d'Atri (TE) and Guarmino (FR) plants.

The group reported a first-half EBITDA of €5.6m (10.3% margin), down 20%, and an operating margin of 2.2% (equivalent to €1.2m).

Net financial debt amounted to €48.2m, in line with the previous year's figure of €48.3m, up from €40.5m at the end of 2019. This increase is due to new short-term debt of €2.9m and two new medium- long-term debts of €7m guaranteed by Medio Credito Centrale. With the hardest part now behind the group, June seems to have marked a trend reversal that should continue into H2.

Positive Points

We believe that NDT can benefit from certain inherent aspects of its business, including (i) its relevant positioning in the high-end segment, (ii) the vertical integration allowing for operational and cost efficiencies, (iii) the ability to tailor products for increased customization and customer satisfaction, (iv) the wide range of products for furniture and flooring, (v) the proprietary know-how across the entire value chain, (vi) R&D to increase the capacity for innovation, (vii) high barriers of entry (investments, industrial facilities, reputation and customers), (viii) flexibility in its production chain, (ix) the group's strong internationalisation due to the strength of its distribution network, with 67% of 2019 revenue (excluding energy) generated by exports, and (x) the switch to the regulated segment of the Milan Stock Exchange (MTA) at the end of May.

New High-Margin Products

The group has just launched two new product lines (early June): (i) printed laminated plastic films (PPLF) for luxury vinyl tile applications (LVT) and the EOS line (anti-fingerprint), demonstrating a strong capacity for innovation as well as a desire to diversify.

Intrinsic Value Not Perceived by the Market

We are convinced that the market is not properly assessing the company's resilience, its forward-looking view of the market and its ability to generate cash flow.

We are therefore reinforcing our TP to €4.6 and our Buy rating.

Market Data

Sector	Basic Resources
Share price (€)	2.64
Market Cap. (€m)	35.7
Market Segment	MTA Italia
Bloomberg	NDT IM

Ownership structure

Finanziaria Valentini	61.6%
Free Float	38.4%

€m	2019A*	2020E	2021A	2022A
Sales	135.9	124.0	135.0	144.0
Change	1.7%	(8.7%)	8.9%	6.7%
EBIT	7.1	4.7	7.0	7.2
Margin	5.2%	3.8%	5.2%	5.0%
Net Income	4.0	2.0	3.9	4.1
EPS (€)	0.30	0.15	0.29	0.30
Change	(34%)	(52%)	100%	4%
Dividend (€)	0.15	0.15	0.06	0.12
Dividend Yield		3.9%	5.5%	2.2%
FCF	7.6	2.0	8.3	10.6
ROCE	5.9%	3.5%	5.3%	5.5%
EV/Sales (x)		0.6x	0.5x	0.4x
EV/EBIT (x)		16.1x	10.0x	8.8x
P/E (x)		18.2x	9.1x	8.7x
Net Debt	40.5	41.6	36.1	28.2
Net Gearing	66%	67%	55%	40%

Midcap Partners estimates

(*) Restated

Next events

10/1/2020	T3 2020 earnings
-----------	------------------

Recommendations historic

1/9/2020	Buy
----------	-----

Contact

Landline	+33 (0) 1 55 35 69 48
----------	-----------------------

Table of Contents

Overview	3
Key indicators	6
Neodecortech, a unique player.	7
... with a long term strategy	10
Conclusion	12
Valuation	12
Financial Statements	14
Disclaimer	16



OVERVIEW

Description

Founded in 1947 and IPOed on the AIM segment (unregulated) of the Milan Stock Exchange in September 2017 (€4.00/share; €12m primary), Neodecortech (NDT), the group's parent company operating under the Confalonieri brand, ranks as the leading player in the niche market for the design and manufacture of decorative surfaces (mainly paper, and more recently plastic) for the interior design and flooring industry. NDT is the Italian leader in the production of decorative papers for laminated panels and floor coverings used for interior design and holds 5% of PdM globally (excluding China).

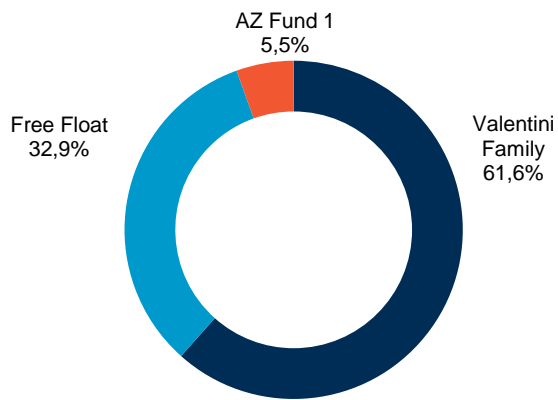
The group's business is centred on the production of complete and avant-garde solutions for interior design projects, covering all phases of the decorative paper production process, from raw material management, through surface finishing and impregnation, to the finished product and end-of-line logistics management. The Group employs c.378 people (as of June 2020).

Graph 1: NDT is an Italian leader in the production of decorative papers for laminates and floor coverings used in the interior design sector.



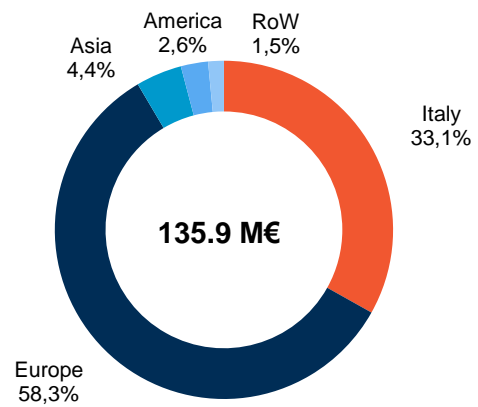
Source: Company

Shareholders



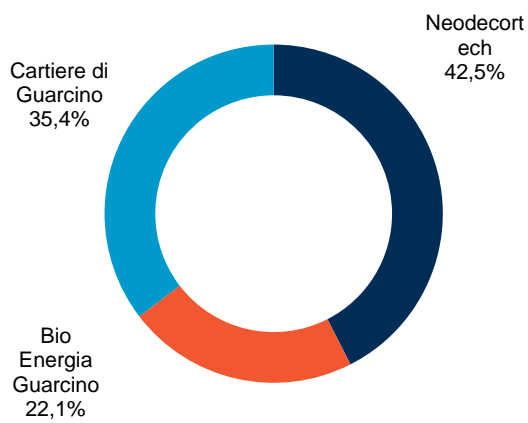
Source: Company

Regional breakdown of revenue (FY 2019)



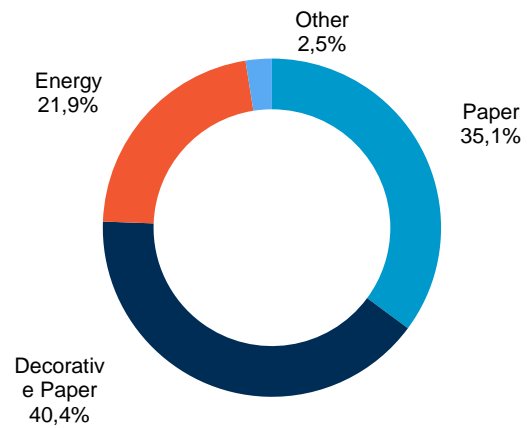
Source: Company

Revenue breakdown by division



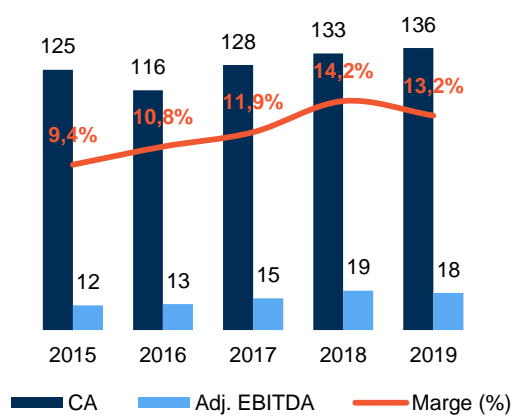
Source: Company

Revenue breakdown by product type



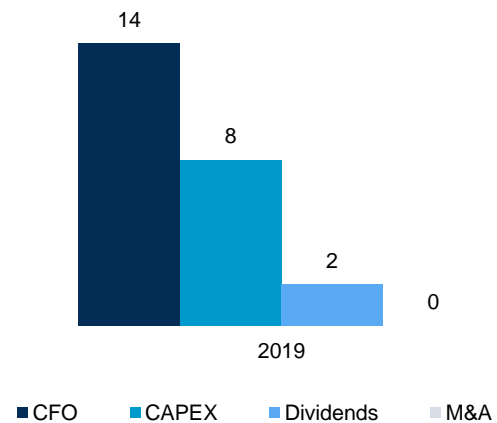
Source: Company

Adj. EBITDA trends (€M)



Source: Company

Allocation of capital (€M)



Source: Company



SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> ▪ Production 100% Made in Italy, a distinctive factor in terms of design and marketing ▪ Vertical integration for operational and cost efficiencies ▪ Possibility to create custom-made products for ever more personalization and customer satisfaction ▪ Wide range of products for furniture and floors ▪ Proprietary know-how across the entire value chain ▪ Strong investment in R&D to maintain innovation ▪ High barriers to entry (investments, industrial facilities, reputation and clientele) ▪ Production chain flexibility ▪ Strong internationalisation of the group made possible by the strength of its distribution network ▪ Selection of customers according to their credit quality. 	<p>Weaknesses</p> <ul style="list-style-type: none"> ▪ Tight financial structure (gearing of 66% and leverage ratio @2.5x in 2019), which should however improve under the effect of cash generation ▪ Strong concentration of the customer & supplier base, which is normal for this niche sector ▪ Flow back risk ▪ Extremely low stock liquidity
<p>Opportunities</p> <ul style="list-style-type: none"> ▪ M&A to consolidate the market and diversify the product range ▪ Divestment of Cartiere di Guarcino to improve EBITDA margin; paper is readily available on the open market ▪ Modernise production sites with further upgrades leading to Industry 4.0 compliant on CDG ▪ Create strategic partnerships with foreign plays ▪ Digital printing investments as technology matures 	<p>Threats</p> <ul style="list-style-type: none"> ▪ Business cycles ▪ Dependence on raw material prices ▪ Price competition ▪ Competitors moving upscale ▪ Limited size vs. Chinese and German competitors

Sources: Company, Midcap Partners



KEY INDICATORS

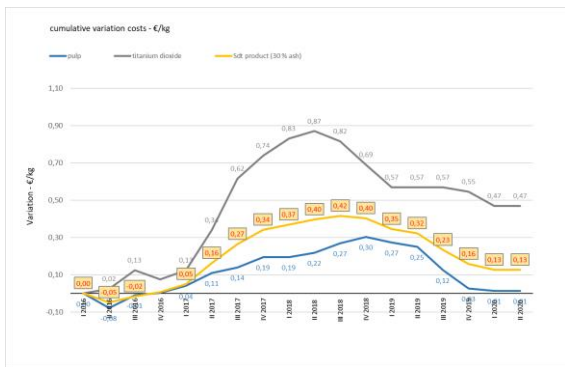
As for the two main raw materials that underpin the production of decorative paper, cellulose and titanium dioxide (TiO₂), their price trend has remained fairly stable during the Covid-19 crisis compared to 2019. In fact, the following graph shows the evolution of the production cost of a typical basic printing paper with a 30% titanium dioxide (TiO₂) content.

In the first half of 2020, the virgin pulp market has been fairly stable: recently, short fibre prices from main sources was about \$680. There have been attempts to raise prices due to strong demand from the fabric sector, but these have not been well received by the market. Demand is still moderately weak in the speciality paper sectors, to which Cartiere di Guarcino S.p.A. belongs. On the other hand, the evolution of long fibre prices has been more effervescent, Q1 prices are up and Q2 prices are down due to the pandemic. To date, it does not seem that prices will start to rise again in the short-term: even in China, the current preference is for price stabilisation.

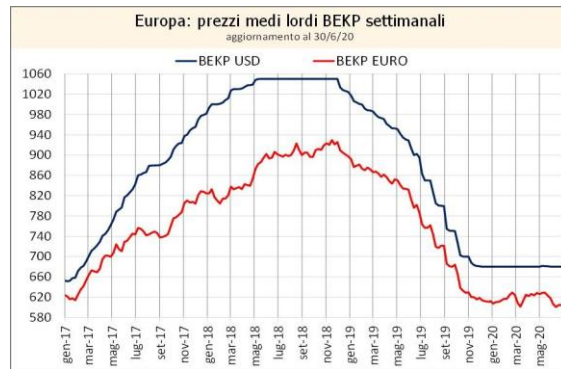
As far as the titanium dioxide (TiO₂) market is concerned, demand from the automotive and aerospace sectors has been (and continues to be) very weak. During Q1 2020, this market remained virtually unchanged before contracting due to the forced lock-down period.

Graph 2: Raw material prices

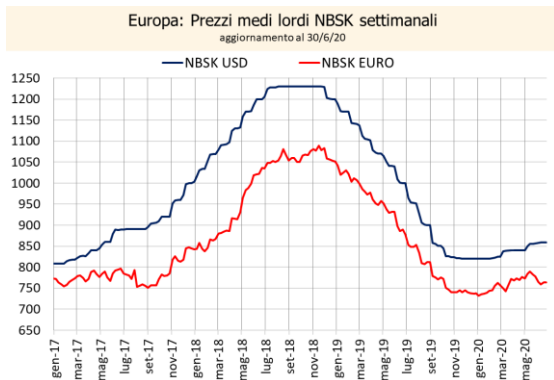
Production cost trends for basic printing paper (€/kg based on Q1 2016)



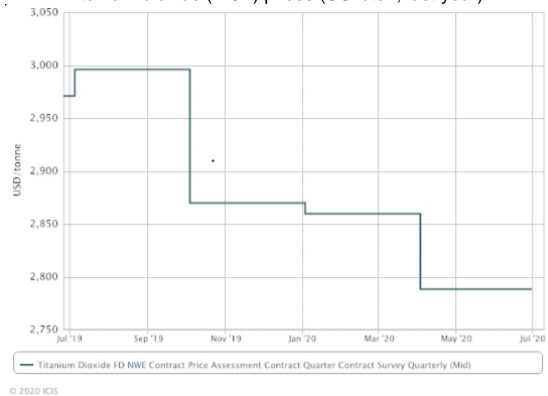
Gross prices for short fibres (2017-H1 2020)



Gross prices for long fibres (2017-H1 2020)



Titanium dioxide (TiO₂) prices (USD/ton, last year)



Sources: Company, FOEX, ICIS

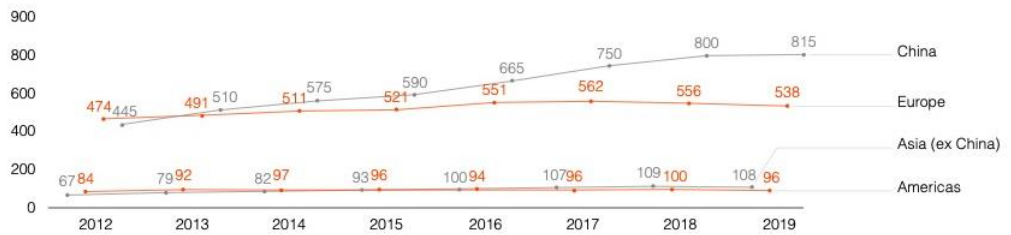
As you can see from the graphs below, the LVT flooring market is the fastest growing market among those where NDT is present. In addition, it should be noted that, with the exception of China, the European region is the preferred location both in terms of market size and growth (35% CAGR 2016-2019). Secondly, the Americas are also experiencing strong growth (26% CAGR 2016-2019), which is why the company has started to think about a more aggressive penetration plan in this region. Anticipating these strong trends in both Europe and the Americas, NDT is concentrating its resources on capturing this value.



Graph 3: Selected niche markets

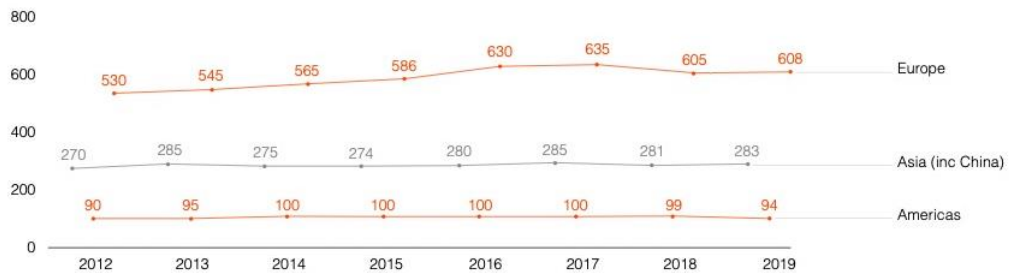
DECOR PAPER WORLD MARKET incl China - (Tons/1000) - CAGR 4,3%

Source:
Decor Paper Market
Research 2019 - Munksjo



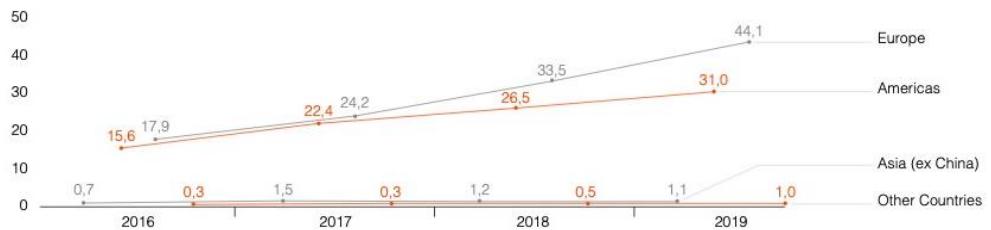
WORLD PRODUCTION OF LAMINATE FLOORING - incl China - (Mio m²) - CAGR 1,1 %

Source:
Laminate Flooring Market
Research 2019 - Munksjo



WORLD PRODUCTION OF LVT FLOORING 2016-2019 - ex China - (Mio m²) - CAGR 22,3 %

Source: Company, LVT Flooring Market Research 2019 - MMFA



NEODECORTECH, A Unique Player...

A developed industrial facility

Strong integration along the value chain from production to product printing. To achieve this, the group can rely on a developed industrial plant with the following main characteristics: (i) 144ksqm of paper production area (CdG) in addition to 100ksqm of decorative paper production area (NDT), (ii) an installed capacity of 50ktons, and (iii) 1000+ types of decoration.

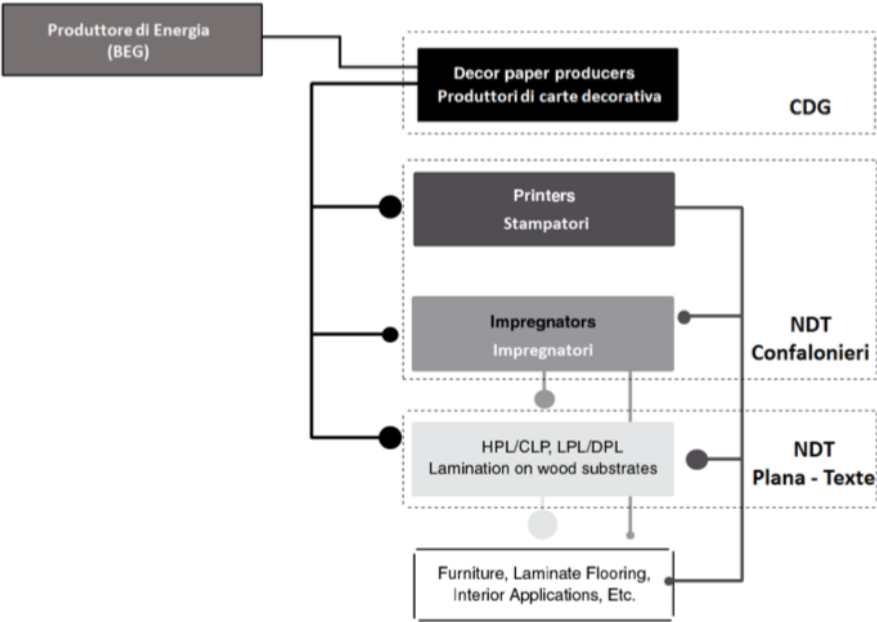
Unique vertical integration

The group's businesses are based on an integrated business model, in which the different phases of development, production, control and finished product are fully integrated, thus optimising resources and taking full advantage of different market opportunities.

The group's value chain is briefly represented in the figure below.



Graph 4: The group's vertical integration



Source: Company

- Centralised R&D with the implementation of co-development with the paper production plant allowing the realisation of competitive advantages in terms of production, flexibility, competitiveness on purchases in addition to the exercise of a strong R&D monitoring of processes and expenses;
- Operational efficiency through the energy plant not affected by possible power cuts, almost total coverage of CdG's electricity needs (c.47% for 20MW of BEG's production capacity), improved operational efficiency, and commodity hedging following the implementation of medium- and long-term contracts (gas and methane);
- Cost efficiencies: This vertical energy integration, made possible by the co-generation units, allows for €4.85m in cost efficiencies per year (electricity and steam).

This vertical integration not only has a positive impact on the group's operations, but has always enabled NDT to be a pioneer in sustainability. As the "green revolution" becomes increasingly popular, especially in Europe, this focus on the environment and the circular economy could be a powerful catalyst for the future. In fact, NDT received considerable praise during the Italian Digital Sustainability Week organised by "Borsa Italiana" on 29 June.

Italy Is a Strategic Country for Speciality Papers

When talking about the decorative paper industry, it is usual to exclude China. This is due to the fact that China produces very low-quality paper, therefore poses no direct competition with NDT and to its position on the world market (it produces about half of the world's tonnage). This production however is destined almost exclusively for the domestic market. The only net exporting regions in the world are Western Europe and China.

Apart from China, Western Europe is the driving force of the market, especially Germany. A large part of the production is carried out in Eastern Europe, and a very small part in the rest of the world.

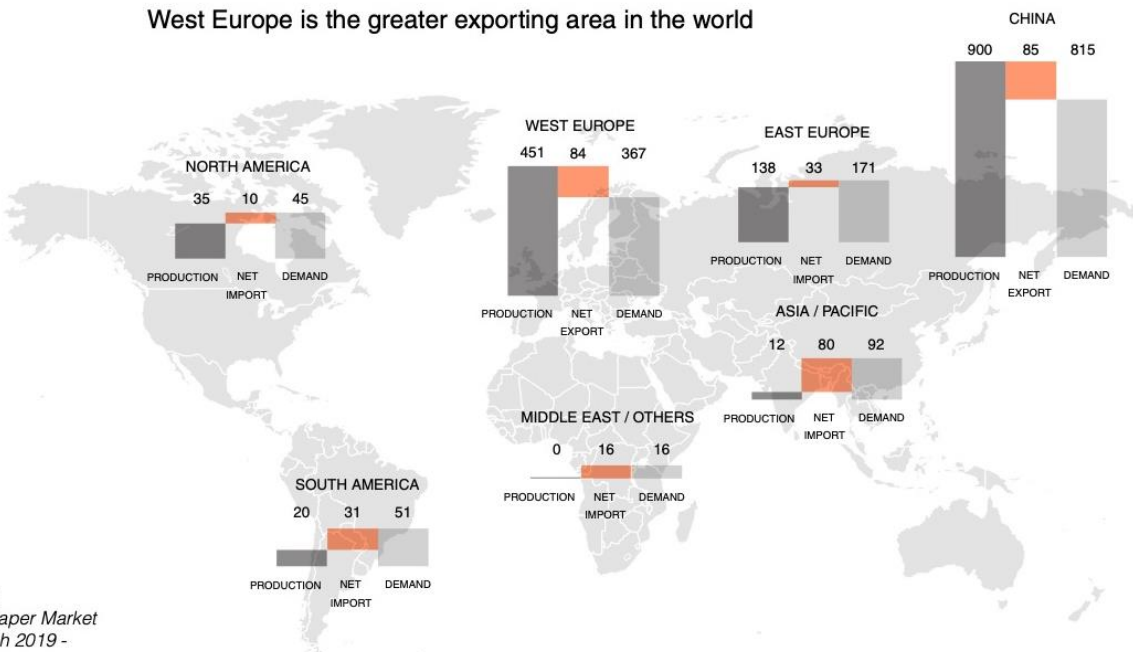


According to Future Insights, the decorative paper market is expected to grow by 5.4% per year until 2027. This volume increase is expected to be driven by increasing urbanisation, consumer preference for modern designs (using laminates) and new environmental thinking after the Covid-19 pandemic.

In addition, a significant part of the decorative paper sector is still related to floor coverings. In this respect, in the different regions of the world, there are profound differences in the choice of flooring, also for cultural reasons: in Asia-Pacific, for example, ceramic floors are by far the most common. In the United States, Canada and the United Kingdom, carpet is the most common. Finally, in Europe and Russia, wood and laminate represent about 25% of the market. In this context, Europe represents about 60% of the market, Asia 30% and the two American continents 10%.

In addition, thanks to its vertical integration in Italy, the group has been able to meet all orders on time, as it does not have Asian suppliers. This enabled NDT to approach many new customers who were suffering from supply delays, particularly from China.

Graph 5: World market for decorative paper



Source: Company

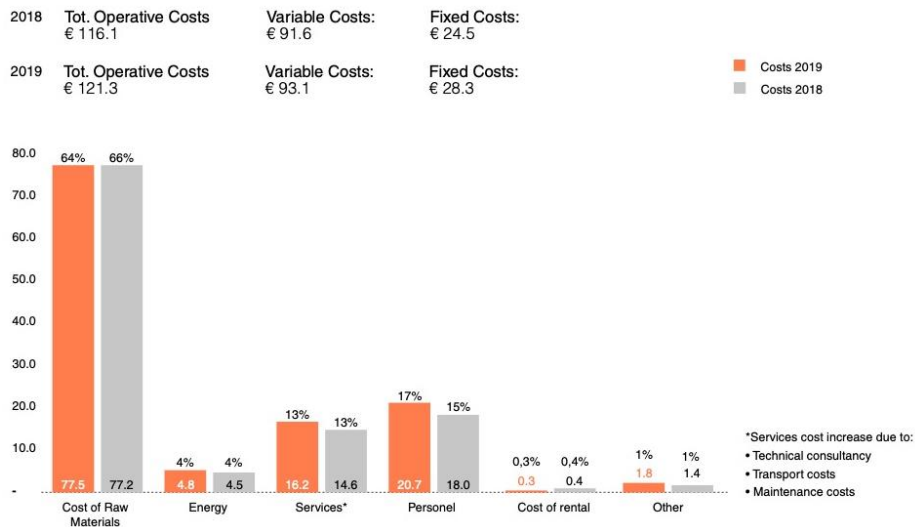
An elastic cost structure

We note that raw materials remain the largest cost item, accounting for more than two-thirds of total operating expenses. These costs have remained fairly stable over the years. NDT has a very resilient cost structure with only 24% fixed costs (21% in 2018). This cost structure was particularly useful during the "lockdown phase" of the Covid-19 emergency. In fact, it enabled all non-essential costs to be reduced and remained profitable in H1. This cost structure is an obvious strength that will probably protect the company from any disruption.



Graph 6: Cost structure

Costs and cost incidence by category (€/M)



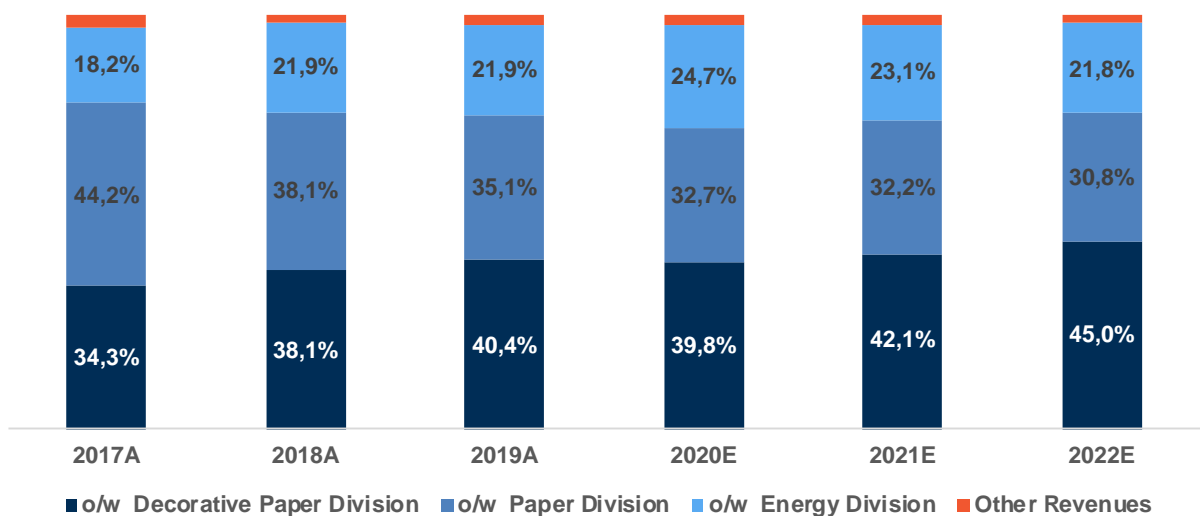
Source: Company

... With a Long-Term Strategy

A Forward-Looking Vision for the Company

In 2017, the decorative printed papers division, the division with the highest margin and growth, accounted for 34.3% of sales. In just two years, this division reached 40.4% of sales, thus can be presented as the first factor in improving the company's profitability. After a year of transition, as in 2020 due to the Covid-19 pandemic, this division should account for nearly 42% of revenue in 2021.

Graph 7: Revenue breakdown by business unit



Sources: Company, Midcap Partners



Two new products

At the laminate production site in Casoli di Atri, it is possible to laminate printed plastic film (PPF) with transparent plastic film to obtain a composite film which, once embossed and lacquered, produces printed laminated plastic film (PPLF). This new product was launched in January 2019 and should enable flooring producers who are not yet part of LVT's production chain to access the market for designer vinyl flooring with reinforced high-density fibreboard. Laminate flooring consists of a composite wood backing material laminated with melamine paper and a transparent impregnated paper film, which provides mechanical resistance to the product surface. Two new products were launched in July after an investment of €5.4m; this operation seems to have been a great success. The first results should start to be visible in the autumn during Q4.

1. EOSStp is a plastic film made of PET or PVC in various thicknesses for indoor use, furniture or kitchens. It is characterised by its high opacity, scratch resistance, anti-fingerprint behaviour, absolute softness to the touch. There is also the possibility of having an antibacterial version. EOSStp competes at the top end of the range with new materials that have had great recognition and recent success, such as Fenix®.
2. PPLF (Plastic Printed Laminated Film) in wide format, measuring up to 160cm. It is fabricated by combining two plastic films of different thicknesses. This new material is intended for the world of LVT (Luxury Vinyl Tiles) flooring. With special laminates, the office sector and, thanks to the wide format, also the panel covering for use in caravans and replacing classic laminate in humid environments (like a shower cubicle).

These two new products are expected to have much higher margins than current products, in particular the EOSStp line, and are expected to account for approximately 5% of 2021 revenue. This would lead to a significant improvement in the group's margins, confirming one of the best profitability levels in the sector.

Six months before thinking about new investments

Speaking of future investments, standard investments should stay around €5M per year. It should be remembered that the next six months will be a period of consolidation which will see the group focus on re-establishing its market positions prior to Covid-19.

We often hear about "digital printing", which is currently only used by NDT for prototypes and which is not yet considered to be such an imminent revolution. It is certain, however, that over the next five years there will be an in-depth reflection on this issue and that the replacement of the current machines will involve very significant investments.

Similarly, there has long been talk of entering the food paper market in order to increase and stabilise revenues derived from fluctuations in the economic cycle. For the time being, however, these are just rumours without any concrete confirmation.

Even though the European market is the group's main target, much thought has been given to a more aggressive expansion into the Americas. In fact, in America, where carpet is the dominant floor finishing material, we are increasingly witnessing a generational shift towards other types of flooring, such as laminate.

No M&A on the horizon (for now)

Regarding M&A, the main focus is on the paper industry. Competition in this sector is predominantly price based. For this reason, it would be desirable to team up with small material players, but there seems to be no easy solution. In fact, small competitors tend to perform rather poorly or have no interest in joining forces, as is often the case with small- and medium-sized unlisted Italian companies.



Trading multiples

NDT is constantly undervalued vs its peers, even though the EBITDA margin is in line with the sector. We estimate that NDT will outperform the sector in 2022 in terms of dividend yield and leverage ratio. This undervaluation is only be partially explained by the listing place, the size, and liquidity of the stock, along with the limited size of the free float.

By applying a 20% discount our relative valuation target price is 3.03€ per share. Equally weighting both methodologies (DCF + relative valuation), we estimated a **TP of 4.6€ per share**.

Graphique 9 : Peers multiples

Trading Multiples Valuation																		
Company Name	Ticker	Country	Market Value (€m)		EV/Sales		EV/EBITDA		EV/EBIT		P/E		P/BV		FCF Yield		EV/FCFF	
			Equity	EV	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22
Basic Materials																		
Surteco	SUR-DE	Germany	329	529	0.82x	0.76x	6.5x	5.8x	13.6x	10.6x	13.4x	10.2x	0.86x	0.81x			21.2x	16.6x
Ahlstrom-Munksjo	AM1-FI	Finland	1,714	2,128	0.95x	0.93x	7.1x	6.8x	12.8x	11.8x	12.6x	11.3x	1.30x	1.22x			14.9x	13.4x
Tarkett	TKTT-FR	France	626	1,263	0.47x	0.47x	5.3x	4.8x	13.8x	11.4x	10.8x	9.0x	0.70x	0.66x	6.4%	11.3%	22.7x	16.8x
Ober	ALOBR-FR	France	11	29	0.76x	0.72x			14.0x	12.7x	12.0x	10.3x					14.8x	13.3x
Average					0.75x	0.72x	6.3x	5.8x	13.6x	11.6x	12.2x	10.2x	0.95x	0.90x	6.4%	11.3%	18.4x	15.0x
Neodecortech SpA			36	68	0.46x	0.37x	3.8x	3.1x	8.9x	7.5x	9.1x	8.7x	0.54x	0.50x	22.5%	33.6%	7.7x	4.5x
vs. Average					(39%)	(48%)	(40%)	(46%)	(35%)	(36%)	(25%)	(14%)	(43%)	(45%)	161bps	2225ppt	(58%)	(70%)

Source : Factset

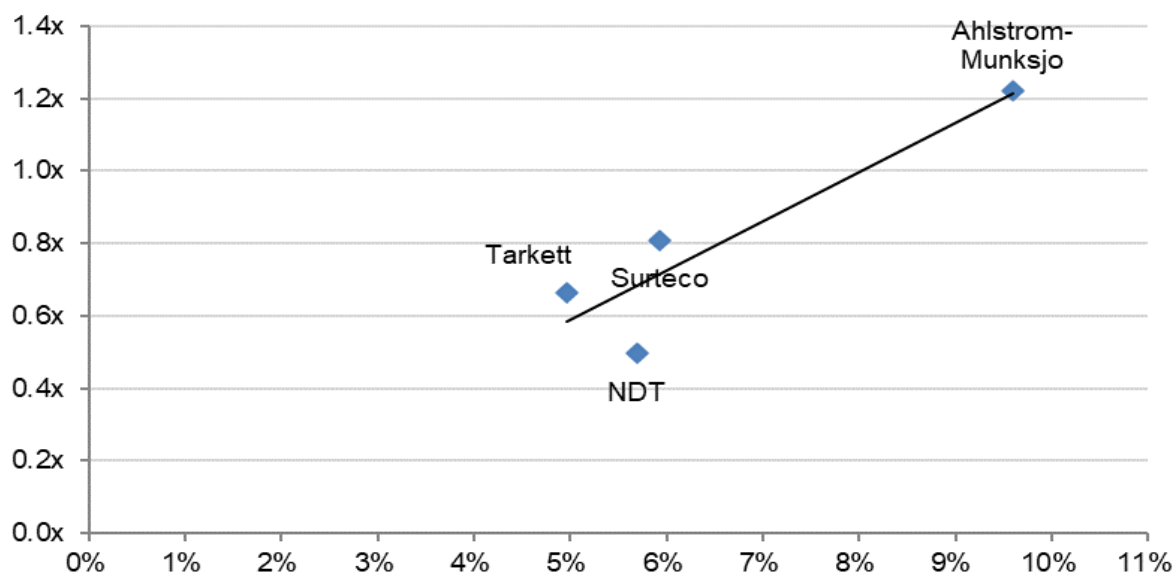
Graphique 10 : Données financière de notre groupe de comparables

Peers main financials																		
Company Name	Ticker	Country	Market Value (€m)		EBITDA margin		EBIT margin		2019E-21E CAGR		RoE		Dividend Yield		Net Debt / EBITDA		Capex as % of sales	
			Equity	EV	Dec-21	Dec-22	Dec-21	Dec-22	EBIT	NI	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22	Dec-21	Dec-22
Basic Materials																		
Surteco	SUR-DE	Germany	329	529	12.5%	13.2%	6.0%	7.1%	32.1%	55.5%	4.1%	5.9%	2.1%	2.1%	2.1x	1.6x	7.2%	6.7%
Ahlstrom-Munksjo	AM1-FI	Finland	1,714	2,128	13.4%	13.7%	7.4%	7.8%	23.2%	84.1%	6.8%	9.6%	3.4%	3.8%	2.5x	1.8x	4.5%	4.1%
Tarkett	TKTT-FR	France	626	1,263	8.9%	9.6%	3.4%	4.1%	0.9%	4.0%	(0.9%)	5.0%	0.2%	2.4%	3.3x	2.3x	3.0%	3.3%
Ober	ALOBR-FR	France	11	29	n/a	n/a	5.4%	5.7%	(12.8%)	(13.4%)	n/a	n/a	0.0%	6.4%	n/a	n/a	n/a	n/a
Average					11.6%	12.2%	5.5%	6.2%	10.8%	32.5%	3.4%	6.8%	1.4%	3.7%	2.6x	1.9x	4.9%	4.7%
Neodecortech SpA			36	68	12.2%	11.8%	5.2%	5.0%	(1.0%)	(0.5%)	6.0%	5.7%	4.2%	4.4%	1.7x	1.1x	3.9%	2.9%
vs. Average					58bps	-32ppt	-37bps	-12bps	-1186bps	-3905bps	262bps	-144bps	275bps	72ppt	(35%)	(43%)	-104bps	-179ppt

Source : Factset

Adopting a pure value approach, the stock still seems attractive.

Graphique 11 : 2022E P/BV to ROE



Source : Midcap Partner



Financial Statements

Income statement (€m)	2018A	2019A	2020E	2021E	2022E
Sales	133.5	135.9	124.0	135.0	144.0
<i>Δ YoY</i>	4.7%	1.7%	-8.7%	8.9%	6.7%
Gross profit	56.6	59.7	52.7	57.4	61.2
<i>Gross margin</i>	42.4%	44.0%	42.5%	42.5%	42.5%
SG&A	(38.9)	(43.8)	(38.9)	(40.9)	(44.1)
Others	0.0	0.0	0.0	0.0	0.0
EBITDA	17.7	15.9	13.8	16.5	17.1
<i>margin</i>	13.3%	11.7%	11.1%	12.2%	11.8%
D&A	(7.2)	(8.7)	(9.1)	(9.5)	(9.9)
Others	0.0	(0.1)	0.0	0.0	0.0
EBIT	10.6	7.1	4.7	7.0	7.2
<i>margin</i>	7.9%	5.2%	3.8%	5.2%	5.0%
Net interest income/(expense)	(3.0)	(1.9)	(2.2)	(2.0)	(2.0)
Others	0.0	0.0	0.0	0.0	0.0
EBT	7.6	5.2	2.5	5.0	5.2
Provision for taxes	(1.6)	(1.2)	(0.5)	(1.0)	(1.1)
<i>Implied tax rate</i>	21%	24%	21%	21%	21%
Minority interest	0.0	0.0	0.0	0.0	0.0
Net income	6.0	4.0	2.0	3.9	4.1

Balance sheet (€m)	2018A	2019A	2020E	2021E	2022E
Net PP&E	76.7	78.9	76.3	73.3	71.4
Net intangibles	3.5	2.9	2.9	2.9	2.9
Investments	0.0	0.0	0.0	0.0	0.0
Other long-term assets	6.1	4.1	4.1	4.1	4.1
Non current assets	86.3	85.9	83.3	80.3	78.4
Inventory	35.9	39.1	37.1	40.4	42.2
Accounts receivable	24.8	19.2	22.1	22.9	23.7
Other current assets	5.0	5.4	5.4	5.4	5.4
Cash & cash equivalents	6.5	3.5	7.0	5.6	11.2
Current assets	72.3	67.2	71.5	74.3	82.4
Total assets	158.5	153.1	154.8	154.6	160.8
Total common equity	58.6	61.3	62.5	65.6	71.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	58.6	61.3	62.5	65.6	71.0
LT Debt	27.9	23.6	28.1	23.3	20.9
Other long-term liabilities	10.1	10.4	10.4	10.4	10.4
Non current liabilities	37.9	34.0	38.5	33.7	31.3
ST Debt	22.7	20.5	20.5	18.5	18.5
Other current liabilities	6.1	6.0	6.0	6.0	6.0
Accounts payable	33.2	31.3	27.3	30.8	34.0
Current liabilities	62.0	57.9	53.9	55.3	58.5
Total liabilities & equity	158.5	153.1	154.8	154.6	160.8



Cash flow statement	2018A	2019A	2020E	2021E	2022E
Operating Cash Flow	18.2	15.5	13.3	15.4	17.0
Δ Working capital	(0.0)	(1.9)	(4.8)	(0.7)	0.7
Cash flow from operations	18.2	13.6	8.5	14.8	17.6
CapEx	(7.7)	(8.0)	(6.5)	(6.5)	(7.0)
Disposals	0.0	0.0	0.0	0.0	0.0
FCF	10.4	5.6	2.0	8.3	10.6
Acquisitions	0.0	0.0	0.0	0.0	0.0
Others	0.0	2.7	0.0	0.0	0.0
Cash flow from investing	(7.7)	(5.3)	(6.5)	(6.5)	(7.0)
Δ Debt	(6.2)	(7.6)	4.5	(6.8)	(2.4)
Δ Equity	(0.1)	(0.2)	1.2	0.0	0.0
Dividends paid (common & pref)	(2.0)	(2.0)	(2.0)	(0.8)	(1.7)
Other financing cash flows	(1.7)	(1.5)	(2.2)	(2.0)	(2.0)
Cash flow from financing	(10.1)	(11.3)	1.5	(9.6)	(6.1)
Currency translation effect on cash	0.0	0.0	0.0	0.0	1.0
Δ cash	0.4	(3.0)	3.5	(1.3)	5.6
Cash BoP	6.1	6.5	3.5	7.0	5.6
Cash EoP	6.5	3.5	7.0	5.6	11.2

KEY RATIOS	2018A	2019A	2020E	2021E	2022E
Δ Sales	4.7%	1.7%	(8.7%)	8.9%	6.7%
Δ EBITDA	17.0%	(10.4%)	(13.3%)	19.5%	3.6%
Δ EBIT	19.3%	(32.6%)	(34.2%)	48.8%	2.7%
Δ Net income	20.5%	(34.3%)	(50.5%)	99.9%	4.2%
Gross profit	42.4%	44.0%	42.5%	42.5%	42.5%
EBITDA margin	13.3%	11.7%	11.1%	12.2%	11.8%
EBIT margin	7.9%	5.2%	3.8%	5.2%	5.0%
Net margin	4.5%	2.9%	1.6%	2.9%	2.8%
EPS	0.46	0.30	0.15	0.29	0.30
DPS	0.15	0.15	0.15	0.06	0.12
Dividend Yield	7.6%	8.0%	5.5%	2.2%	4.4%
WC in % of sales	20.6%	19.9%	25.7%	24.1%	22.1%
DIO	171	188	190	190	186
DSO	68	52	65	62	60
DPO	158	150	140	145	150
FCF	10.4	5.6	2.0	8.3	10.6
FCF yield	29.3%	15.8%	5.5%	23.2%	29.8%
Taux de conversion (FCF/EBITDA)	58.8%	35.5%	14.2%	50.3%	62.4%
CAPEX/Sales	6%	6%	5%	5%	5%
RoE	10%	6%	3%	6%	6%
RoA	4%	3%	1%	3%	3%
RoCE	10%	6%	3%	5%	6%
Net Gearing	76%	66%	67%	55%	40%
Net leverage ratio	2.5x	2.6x	3.0x	2.2x	1.7x
EV/Sales		0.55x	0.61x	0.52x	0.44x
EV/EBITDA		4.7x	5.5x	4.2x	3.7x
EV/EBIT		10.4x	16.1x	10.0x	8.8x
P/E		6.3x	18.2x	9.1x	8.7x



Disclaimer

Ce document peut mentionner des méthodes d'évaluation définies comme suit :

1/Méthode des DCF : actualisation des flux de trésorerie futurs dégagés par l'exploitation de l'entreprise. Les flux de trésorerie sont déterminés par les prévisions financières de l'analyste et ses modèles. Le taux d'actualisation utilisé correspond au coût moyen pondéré du capital qui est défini par la moyenne pondérée du coût de la dette de l'entreprise et le coût théorique de ses capitaux propres tel qu'estimé par l'analyste.

2/Méthode des comparables : application de multiples de valorisation boursière ou observés dans le cadre de transactions récentes. Ces multiples peuvent être utilisés comme références et être appliqués sur les agrégats financiers de l'entreprise pour en déduire sa valorisation. L'échantillon est constitué par l'analyste en fonction des caractéristiques de l'entreprise (taille, croissance, rentabilité...). Celui-ci peut par ailleurs appliquer une prime/escompte en fonction de sa perception des caractéristiques de l'entreprise.

3/Méthode patrimoniale : estimation de la valeur des fonds propres à partir des actifs réévalués et corrigés de la valeur de la dette.

4/Méthode d'actualisation des dividendes : actualisation des flux de dividendes futurs estimés. Le taux d'actualisation retenu est généralement le coût du capital.

5/Somme des parties : cette méthode consiste à estimer les différentes activités d'une entreprise en utilisant la méthode d'évaluation la plus appropriée pour chacune d'entre elles, puis en réaliser la somme.

Grille de recommandations :

Achat : surperformance attendue supérieure à 10% par rapport au marché dans un horizon 6 – 12 mois

Neutre : performance attendue comprise entre -10% et +10% par rapport au marché dans un horizon 6 – 12 mois

Vente : sous-performance attendue supérieure à 10% par rapport au marché dans un horizon 6 – 12 mois

Détections des conflits d'intérêts:

Entreprise	Cours de clôture (€)	Recommandation	Avertissement
Neodecortech SpA	2,64€	Achat	G

A LOUIS CAPITAL MARKETS – MCP ou toute personne morale qui lui est liée détient plus de 5 % de la totalité du capital émis de l'émetteur;

B L'émetteur détient plus de 5% de la totalité du capital émis de LOUIS CAPITAL MARKETS - MCP ou de toute personne morale qui lui est liée;

C LOUIS CAPITAL MARKETS - MCP, seul ou avec d'autres personnes morales, est lié avec l'émetteur par d'autres intérêts financiers significatifs;

D LOUIS CAPITAL MARKETS - MCP ou toute personne morale qui lui est liée est un teneur de marché ou un apporteur de liquidité avec lequel a été conclu un contrat de liquidité en ce qui concerne les instruments financiers de l'émetteur ;

E LOUIS CAPITAL MARKETS – MCP ou toute personne morale qui lui est liée est intervenu, au cours des douze derniers mois, en qualité de chef de file ou de chef de file associé d'une offre portant sur des instruments financiers de l'émetteur rendue publique ;

F LOUIS CAPITAL MARKETS – MCP ou toute personne morale qui lui est liée est partie à tout autre accord avec l'émetteur concernant la prestation de services d'investissement liés à l'activité corporate ;

G LOUIS CAPITAL MARKETS – MCP et l'émetteur sont convenus de la fourniture par le premier au second d'un service de production et de diffusion de la recommandation d'investissement sur ledit émetteur.

Répartition des recommandations

A juin 2020, les recommandations émises par l'équipe de recherche de Midcap Partners – Louis Capital Markets se répartissent comme suit:

Recommandation	Entreprises suivies	Dont Entreprises "Corporate"
Buy	62%	70%
Hold	31%	26%
Sell	4%	2%
Sous revue	3%	2%

Les prix de référence utilisés dans ce document sont des prix de clôture. Toute opinion émise dans le présent document reflète notre jugement actuel et peut être amené à être modifiée sans avertissement préalable. LOUIS CAPITAL MARKETS - MCP a adopté des modalités administratives et organisationnelles effectives, y compris des « barrières à l'information », afin de prévenir et d'éviter les conflits d'intérêts eu égard aux recommandations d'investissement. La rémunération des analystes financiers qui participent à l'élaboration de la recommandation n'est pas liée à l'activité de « corporate finance ». Les performances passées ne préjugent pas des performances futures.

Avertissement MIFID 2

Nous vous rappelons que suite à la directive MIFID 2, il vous appartient, en qualité de destinataire de ce document de recherche, de déterminer si votre société est concernée par la Directive 2014/65/EU du Parlement Européen et du Conseil du 15 mai 2014 relative aux marchés d'instruments financiers (MIFID2) concernant la séparation entre l'activité de recherche et celle d'exécution d'ordres. Pour toute question concernant la fourniture de documents de recherche, merci d'envoyer un email à cplanade@midcapp.com

