

NEWS

7 January 2021

NEODECORTECH

More Positive Newsflow for the Group (+)

On 27 December 2020, the Italian government approved the 2021 financial plan. Among the main points that could have a positive impact on Neodecortech's business are:

1. the extension, until June 2022, of the 110% super bonus for building energy efficiency interventions (however, a more structural extension that would have lasted until 2023 has been rejected).
2. Increase in the furniture subsidy for renovations to €16k compared to €10k previously.

In addition, it should be noted that the Recovery Fund approved by the European Union allocates approximately €200bn to support Italy until 2026. Of this huge sum, about €40bn will be allocated to the renovation of public and private buildings.

This news seems to be quite positive for NDT. For the record, about 80% of the group's revenue is exposed to the real estate renovation market.

Finally, CEO Luigi Cognigni stated that business is growing at a rate above its historical averages. This can also be attributed to the full exploitation of the new EOS and PPLF production lines, as well as the new 142cm laminate format.

For all these reasons, we continue to be very positive about the stock and are reiterating our Buy rating and TP of €4.6.

Buy, TP of €4.6 - David Coppini: +33 1 78 95 71 78

Market Data

Industry	Basic resources
Share Price (€)	3,4
Market Cap (€M)	46,0
Market Segment	MTA Italia
Bloomberg	NDT IM

Ownership structure

Finanziaria Valentini	61,6%
Free float	38,4%

€M	2019	2020E	2021A	2022A
Sales	135,9	123,2	139,1	149,2
Growth	1,7%	-9,3%	12,9%	7,2%
EBIT	7,1	5,6	8,4	9,8
Op. Margin(%)	5,2%	4,5%	6,0%	6,6%
Net income	4,0	2,6	5,0	6,2
EPS (€)	0,30	0,20	0,37	0,46
EPS growth	-34,2%	-35,4%	90,9%	22,3%
Dividend	0,15	0,15	0,09	0,11
Yield (%)		3,9%	4,3%	2,6%
FCF	7,6	4,9	7,6	10,8
RoCE	5,9%	4,1%	6,2%	7,5%
EV/Sales (x)		0,7	0,6	0,5
EV/EBIT (x)		15,2	9,5	7,5
PE (x)		11,8	9,1	7,4
Net Debt	40,5	40,3	35,9	28,7
Gearing net	66%	64%	54%	40%

Midcap Partners estimates

(*) Restated

Upcoming event : FY 2020 - 03/02/2021

Consensus - Number of analysts : 2

	2020	2021E	2022E
Sales	125,5	139,3	148,1
EBIT	5,2	7,9	6,7
Net income	2,2	4,6	3,7

Source: FACTSET

Top Peers	Market Cap (€M)	EV/EBIT 2020	EV/EBIT 2021	PE 2020	PE 2021
SURTECO GROUP SE	372	12,7	10,5	13,4	10,9
Ahlstrom-Munksjo Oyj	2 079	14,0	13,0	14,7	13,4
Tarkett SA	930	13,9	11,4	14,0	10,7

Source: FACTSET

Disclaimer

This document may refer to valuation methods defined as follows:

1 - DCF method: discounting future cash flows generated by the business's operations. Cash flows are determined using the analyst's financial forecasts and models. The discount rate used is the weighted average cost of capital, defined as the weighted average cost of the company's borrowings and the theoretical cost of its equity as estimated by the analyst.

2 - Comparables method: application of stock-market valuation multiples, or multiples observed for recent transactions. These multiples may be used as benchmarks and applied to the company's financial aggregates to determine its valuation. The analyst builds the sample according to the company's characteristics (size, growth, profitability, etc). The analyst may also apply a premium/discount based on his perception of the company's characteristics.

3 - Asset-based method: estimation of the value of the equity on the basis of the revalued and corrected assets comprising the fair value of the liability.

4 - Discounted dividend method: discounted future value of estimated dividend flows. The discounting rate taken is general the cost of capital.

5 - The sum of the parts: this method consists in estimating a company's various activities by using the most appropriate evaluation method for each of them, then by adding them together.

Rating structure:

Buy: expected over-performance 10% greater than the market within 6 – 12 months

Hold: expected performance of between -10% and +10% compared to the market within 6 – 12 months

Sell: expected under-performance 10% greater than the market within 6 – 12 months

Company	Closing price (€)	Rating	Warning
GROUPE LDC	101.5	Buy	G
NEODECORTHECH	3.4	Buy	G

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Stock rating distribution

At January 2021 the stock rating distribution issued by the LOUIS CAPITAL MARKETS - MCP Midcap research team is as follows:

Rating	Midcap Partners coverage universe	of which Investment banking services*
Buy	67%	77%
Hold	27%	21%
Sell	5%	0%
Tender	2%	2%

* Investment banking services provided by Midcap Partners in the previous 12 months

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