

PUBLICATIONS

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NEODECORTECH

Q3 2021 (+)

(Company)

Solid performance in the 3rd quarter 2021

Last Friday night, Neodecortech released its preliminary results for 9M 2021; The company confirmed a solid performance in 9M 2021, in line with the half-year results, showing strong recovery from pandemic. Revenue stood at €125.4m, up 41% (vs. €88.8m in 9M 2020), on the back of increased volumes sold in every business line thanks to production finally returned at full capacity. EBITDA increased by 40% to €13.8m (vs. €9.9m in 9M 2020), thanks to the above[1]mentioned raise in sales volumes. However, marginality remained stable yoy at 11%, due to a steep increase in the price of raw materials (i.e. resins, plastic film, fuel), which was not totally transferred to the client. EBIT grew to €7.2m (vs. €3.3m in 9M 2020), in line with increased top line and stable D&A, and net profit reached €4.5m (vs. €1.7m in 9M 2020). NFP reduced to €35.8m (vs. €39.9 at YE 2020 and €47.6m in 9M 2020), despite €6.5m Capex, thanks to good cash generation reported in the period. The positive sales momentum in the furniture and interior design sector leads us to confirm our positive estimates. We are expecting 2021 revenue to grow to €155.6m, to €166.1m in 2022 and €175.4m in 2023. Similarly, we are expecting EBIT to increase to €11.2m in 2021, to €13.1m in 2022 and €14.9m in 2023. This new scenario, combined with market parameters, leads us to confirm our TP for NDT to €6.4. We are expecting NDT to trade at 6.1x and 5.6x EBITDA 2021 and 2022 and 9.5x and 8.3x of net revenue in 2021 and 2022. This is a about a 25% discount vs. its competitors due to its smaller size and liquidity.

Buy, TP of 6.4€ - Simone Mieli

Market Data	
Industry	Decorative surfaces
Share Price (€)	4,5
Capitalisation (€m)	58,9
Market Segment	FTSE Italia STAR
Bloomberg	NDT IM

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

€M (31/12)	2020	2021e	2022e	2023e
Sales (€M)	131,2	155,6	166,1	175,4
Growth	-3,5%	18,6%	6,8%	5,6%
EBIT	5,5	10,1	11,6	12,8
Op. Margin(%)	4,2%	6,5%	7,0%	7,3%
Net income	3,5	6,2	7,1	7,8
EPS €	0,26	0,46	0,53	0,59
EPS growth	-7,0%	96,5%	21,5%	16,3%
Dividend	0,09	0,12	0,19	0,19
Yield (%)	1,8%	2,4%	3,8%	3,9%
FCF	3,7	0,6	10,4	11,8
ROCE	4,6%	7,5%	8,8%	10,0%
EV/Sales (x)		0,7	0,6	0,5
VE/EBIT (x)		10,1	8,3	7,0
PE (x)		9,5	8,3	7,5
Net Debt	40,0	43,2	37,5	30,1
Gearing	65%	64%	51%	37%

Midcap Partners estimates

Upcoming event : Nd

Consensus - Number of analysts :			
	2021E	2022E	2023E
Sales	144,9	154,6	163,1
EBIT	10,1	12,1	14,2
Net income	6,1	7,7	9,3

Source: FACTSET

TOP Peers	Market cap (€m)	EV/EBIT 2021	EV/EBIT 2022	PE 2021	PE 2022
SURTECO GROUP SE	614	12x	11.7x	14.4x	13.6x
Sanderson Design Group PLC	121	13.1x	11.9x	17.7x	15.8x
Tarkett SA	1	21.2x	14.3x	25.8x	16.5x

Source: FACTSET

Analyst certifications

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- 3.Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
- 4.Discouted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
- 5.Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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Company	Conflict Type
NEODECORTECH	G
SERVIZI ITALIA	G

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