

PUBLICATIONS

16 March 2022

NEODECORTECH SPA

FY2021 (+)

(Company press release)

Yesterday, Neodecortech (NDT) released its consolidated results for FY2021 which exceeded expectations.

In the current challenging environment, the company managed to generate a consolidated revenue of €176.4m (vs. €158.3m previously estimated) for a 38% yoy increase (Q42021 +31% yoy). This has been driven by the strong contribution of new products (EOS, Laminates, PPLF) as well as the furniture market's favourable orientation.

EBITDA margin decreased slightly to 10.3% (vs. the previous estimate of 11.1%), as a result of higher raw material costs which have not been fully passed on to customers. Nevertheless, it has maintained its sound level.

The company's strong performance allows it to (i) reduce net leverage to 1.6x (2.7x in FY2020) and (ii) pay a €0.14/share dividend (for a 4.2% yield). The company has also approved a payout ratio of over 40% for 2022.

In light of this strong performance, we continue to be confident regarding the company's outlook, taking into account that (i) sales could benefit from the fact that NDT produces its own energy and sells it to the market. This can be a big advantage in Italy by reducing dependence on Russian energy, and (ii) raw material costs can be fully passed on to the customer, thus stabilising margins.

Another highlight is that this year, the company will publish its first non-financial report demonstrating its strong commitment to sustainability.

Despite these positive results, the period's high level of uncertainty led us to increase our risk parameters. Our EPS 2022 are slightly adjusted downwards (-4.1%).

We reiterate our Buy rating and set our TP to €5.8 (vs. €6.3).

Buy, TP of €5.8 (vs. €6.3) - Simone Mieli : +33149241833

Market Data	
Industry	Decorative surfaces
Share Price (€)	3.63
Market Cap (€M)	51.611
Market Segment	Euronext Star Milan
Bloomberg	NDT IM

Ownership structure	
Founders & Management	0.586
Free float	0.414

€M (31/12)	2020	2021	2022e	2023e
Sales (€M)	127.8	176.4	184.9	191.7
Growth%	-3.9%	38.0%	4.8%	3.7%
EBIT	5.9	9.2	10.5	11.7
Op. Margin(%)	4.6%	5.2%	5.7%	6.1%
Net income	3.5	6.7	9.4	7.6
EPS €	0.27	0.49	0.66	0.53
EPS growth (%)	-12.1%	85.7%	33.7%	-19.4%
Dividend	0.09	0.14	0.19	0.19
Yield (%)	1.8%	4.2%	5.7%	5.7%
FCF	3.7	8.2	8.2	8.5
ROCE	4.7%	9.0%	7.6%	8.4%
EV/Sales (x)		0.5	0.4	0.4
EV/EBIT (x)		8.9	7.8	7.0
PE (x)		7.7	5.5	6.8
Net Debt	39.9	29.3	19.6	14.7
Gearing	65%	42%	25%	18%

Midcap Partners estimates

Upcoming event : 11 May 2022 - Q1-22

Consensus - Number of analysts : 2			
	2021	2022	2023
Sales	169.8	176.2	179.8
EBIT	11.2	12.9	14.5
EPS	0.6	0.6	0.8

Source: FACTSET

Analyst certifications

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This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted 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.

Conflict of Interests

Company	Conflict Type
MAISONS DU MONDE	Nil
NEODECORTECH SPA	G
VALBIOTIS	E,G

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