

## PUBLICATIONS

22 October 2020

### NEODECORTECH

#### Q3 2020 REVENUE (=)

(Company press release)

#### The Recovery Is Confirmed

Yesterday evening, Neodecortech released its figures for Q3.

Sales reached €34.1m, an increase of 4.6% compared with the same period last year.

Thus, for 9M 2020, it has generated revenue of approximately €88.0m, down 10.5% compared to 2019. For the record, on 30 June, revenue was down 17.8%; thus, the company is demonstrating its resilience and continues to catch up.

EBITDA amounted to €9.9m, or 11.2% of revenue, compared with €12.9m in 2019 (with an EBITDA margin of 12.7%, but an improvement compared with H1 2020).

Net debt amounted to €47.6m, a slight improvement compared with the end of the first half (€48.2m).

In September, the new EOS and PPLF production lines started full operation and, together with the 142-cm rolled product lines already launched at the end of January 2020, will make a significant contribution to the company's and the group's growth in the coming years, both in terms of revenue and margins.

We are reiterating both our Buy rating and TP of €4.6.

**Buy, TP of €4.6 - David Coppini**

#### Market Data

Industry	Basic Resources
Share Price (€)	2,4
Market Cap (€M)	31,9
Market Segment	MTA Italia
Bloomberg	NDT IM

#### Ownership structure

Finanziaria Valentini	61,6%
Free float	32,9%
AZ Fund 1	5,5%

€M	2018	2019	2020E	2021E
Sales	133,5	135,9	123,0	138,5
Growth	4,7%	1,8%	-9,5%	12,6%
EBIT	10,6	7,2	3,8	7,2
Op. Margin(%)	7,9%	5,3%	3,1%	5,2%
Net income	6,0	4,0	1,3	4,1
EPS (€)	0,46	0,30	0,09	0,30
EPS growth	48,6%	-34,2%	-69,3%	227,4%
Dividend	0,15	0,15	0,15	0,07
Yield (%)		3,9%	6,1%	3,2%
FCF	11,5	7,7	3,7	7,6
RoCE	10,2%	5,9%	2,8%	5,4%
EV/Sales (x)			0,6	0,5
EV/EBIT (x)			18,8	9,3
PE (x)			12,7	7,8
Net Debt	44,3	40,5	41,4	36,9
Gearing net	76%	66%	67%	57%

Midcap Partners estimates

(\*) Restated

#### Upcoming event : TBD

#### Consensus - Number of analysts : 2

	2020E	2021E	2022E
Sales	123,4	138,8	149,1
EBIT	4,8	8,1	11,0
Net income	2,0	4,8	8,2

Source: FACTSET

TOP Peers	EV/EBIT 2020	EV/EBIT 2021	PE 2020	PE 2021
SURTECO GROUP SE	13,7	10,7	13,6	10,4
Ahlstrom-Munksjo Oyj	14,4	13,3	15,1	13,5
Tarkett SA	12,5	10,4	11,2	9,0

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
EASYVISTA	69.8	Hold	D,G
FNAC DARTY	43.28	Buy	Nil
FOCUS HOME INTERACTIVE	40.9	Buy	Nil
GROUPE CRIT	51.6	Hold	Nil
INFOTEL	36.8	Buy	Nil
IPSEN	75.65	Buy	Nil
MAUREL ET PROM	1.35	Hold	G
NEODECORTECH	2.36	Buy	G
PLASTIC OMNIUM	23	Hold	Nil
SIDETRADE	99	Buy	D,G

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Stock rating distribution

At October 2020 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	66%	76%
Hold	27%	22%
Sell	6%	2%
Under review	1%	0%

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

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