

Analysier

7 September 2022

Buy

Recommendation unchanged

Share price: EUR **3.40**

closing price as of 06/09/2022

Target price: EUR **6.00**

Target Price unchanged

Upside/Downside Potential **76.5%**

Reuters/Bloomberg

NDT.MI/NDT.IM

Market capitalisation (EURm) **48**

Current N° of shares (m) 14

Free float **41%**

Daily avg. no. trad. sh. 12 mth (k) 12

Daily avg. trad. vol. 12 mth (k) 1.24

Price high/low 12 months 4.98 / 2.92

Abs Perfs 1/3/12 mths (%) 1.19/-11.46/-28.87

Key financials (EUR) 12/21 12/22e 12/23e

Sales (m) 179 182 186

EBITDA (m) 18 19 20

EBITDA margin 10.1% 10.2% 10.6%

EBIT (m) 9 9 9

EBIT margin 5.2% 4.7% 5.0%

Net Profit (adj.)(m) 7 5 6

ROCE 6.2% 5.5% 6.3%

Net debt/(cash) (m) 29 23 18

Net Debt/Equity 0.4 0.3 0.2

Debt/EBITDA 1.6 1.2 0.9

Int. cover(EBITDA/Fin. int) 15.0 15.3 20.2

EV/Sales 0.5 0.4 0.3

EV/EBITDA 5.0 3.8 3.3

EV/EBITDA (adj.) 5.0 3.8 3.3

EV/EBIT 9.8 8.2 7.0

P/E (adj.) 9.3 11.4 8.1

P/BV 0.9 0.6 0.6

OpFCF yield 14.3% 7.3% 13.3%

Dividend yield 4.1% 4.1% 4.4%

EPS (adj.) 0.47 0.30 0.42

BVPS 4.98 5.40 5.69

DPS 0.14 0.14 0.15

Shareholders

Valentini Family 59%;



Source: FactSet

NEODECORTECH FTSE Italy STAR (Rebased)

Analyst(s)

Giada Cabrino, CIIA

giada.cabrino@bancaakros.it

+39 02 4344 4092

H1 22 results: the strong trend continued

The facts: Neodecortech published its H1 22 results yesterday after market closure.

Our analysis: Results were in line with our expectations and with what the company stated in Mid-May, or that the order backlog was solid but a little slowing (from April). In detail, H1 22 sales of the printed decorative paper division (NDT) increased by 14.2%; those of decorative paper division (Cartiera) by 42.3%; sales of BEG decreased by 7.3% (all in line with our expectations). COGS and opex were in line with our estimates (change in work in progress, semifinished and finished products item was a little better than our estimates). As a reminder, H1 22 net profit benefitted from EUR 3.8m from the MICA payable write-off. The tax rate was better than our estimates. As far as the net financial position is concerned, it was EUR 34.3m (net debt), in line with H1 21 and worse than at YE 21 when it was EUR 29m, driven by net working capital dynamics (including advance procurement of raw materials). FCF slightly negative.

EURm	Q2 21	Q2 22	Q2 22E	Y/Y chg.	H1 21	H1 22	H1 22E	Y/Y chg.
Sales	42.8	50.0	50.1	16.8%	82.4	99.2	99.3	20.4%
Other revenues	0.3	2.3	2.3	nm	0.9	3.5	3.5	nm
Total sales	43.2	52.3	52.5	21.1%	83.3	102.7	102.8	23.3%
COGS	-26.2	-34.4	-34.3	31.3%	-49.6	-70.6	-70.5	42.4%
% on sales	61.2%	68.8%	68.5%		60.1%	71.2%	71.0%	
EBITDA	4.7	6.7	6.0	41.7%	9.8	10.9	10.2	11.0%
EBITDA margin	11.1%	13.3%	11.9%		11.9%	11.0%	10.3%	
EBIT	2.459	4.2	3.3	72.3%	5.312	6.1	5.18	15.2%
EBIT margin	5.7%	8.5%	6.6%		6.4%	6.2%	5.2%	
Group Net profit	1.4	3.9	2.4	179.1%	3.1	8.1	6.6	162.1%
% on sales	3.2%	7.8%	4.8%		3.8%	8.2%	6.6%	

Outlook: m decline in order backlog for Cartiera and NDT in July and August in the wake of a weakening demand in the furnishing sector. However – the company stated – some initiatives in terms of product and territorial diversification for Cartiera and NDT might smooth a likely difficult coming scenario. Both production plants (NDT and Cartiera) have operated at full capacity in H1 22 and they are expected to be fully operational for the remaining part of the year. BEG is benefitting (and it will benefit) from high energy prices and lowering vegetable oils and animal fats costs and it is expected to work at full capacity with 3 engines. The implementing decrees for the new incentive system are still pending. Raw material price increases (namely pulp and titanium dioxide) might be partially offset by vegetable oils and animal cost decrease but they might overall contribute to margin decrease in the coming months (9.2% EBITDA margin in our estimates in H2 22E). The company confirmed that it expects to reach operating and financial results in line and consistent with 2021.

Conclusion & Action: H1 22 results were strong and solid. A slowdown in orders is likely for H2 22E as the company stated referring to July and August. However, FY 22E margins are expected to hold up at FY 21 levels, which is very appreciable expectation given the current context. We keep our Buy on the stock, which is strongly undervalued.