

## Analysar

4 November 2022

### Buy

Recommendation unchanged

Share price: EUR **2.87**

closing price as of 03/11/2022

Target price: EUR **6.00**

Target Price unchanged

Upside/Downside Potential **109.1%**

Reuters/Bloomberg NDT.MI/NDT IM

Market capitalisation (EURm) **41**

Current N° of shares (m) 14

Free float **41%**

Daily avg. no. trad. sh. 12 mth (k) 8

Daily avg. trad. vol. 12 mth (k) 4.42

Price high/low 12 months 4.72 / 2.78

Abs Perfs 1/3/12 mths (%) -1.03/-13.81/-33.72

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 0.3 0.3

EV/EBITDA 5.0 3.4 2.9

EV/EBITDA (adj.) 5.0 3.4 2.9

EV/EBIT 9.8 7.3 6.2

P/E (adj.) 9.3 9.6 6.8

P/BV 0.9 0.5 0.5

OpFCF yield 14.3% 8.6% 15.8%

Dividend yield 4.9% 4.9% 5.2%

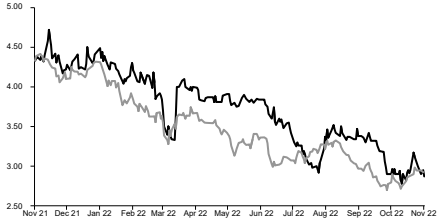
EPS (adj.) 0.47 0.30 0.42

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)

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## Solid Q3 22 release

The facts: NDT released its Q3/9M 2022 results yesterday.

Our analysis: we summarise the main lines of the release below.

EURm	Q3 22	Q3 21	Δ% Y/Y	9M 22	9M 21	Δ% Y/Y
Printed decorative paper	16.1	17.5	-8.2%	59.0	55.1	7.1%
Decorative paper	19.3	15.3	25.8%	61.6	45.0	36.7%
Energy	16.4	10.1	61.8%	30.4	25.3	20.4%
<b>Net sales</b>	<b>51.8</b>	<b>43.0</b>	<b>20.5%</b>	<b>151.0</b>	<b>125.4</b>	<b>20.4%</b>
<b>EBITDA</b>	<b>4.7</b>	<b>4.0</b>	<b>17.0%</b>	<b>15.6</b>	<b>13.8</b>	<b>12.5%</b>
EBITDA Margin	9.1%	9.3%	-0.3pp	10.3%	11.0%	-0.7pp
<b>EBIT</b>	<b>2.3</b>	<b>1.9</b>	<b>20.8%</b>	<b>8.4</b>	<b>7.2</b>	<b>16.6%</b>
EBIT Margin	4.4%	4.4%	0.0pp	5.6%	5.7%	-0.2pp
<b>Net income adj.</b>	<b>1.8</b>	<b>1.3</b>	<b>35.2%</b>	<b>7.1</b>	<b>4.5</b>	<b>58.5%</b>
Net income	1.8	1.3	35.4%	9.9	4.5	123%
<b>Net debt (cash)</b>	<b>30.6</b>	<b>35.8</b>	<b>-14.5%</b>	<b>30.6</b>	<b>35.8</b>	<b>-14.5%</b>

Q3 results were overall in line with our expectations, except the Printed decorative paper division (NDT) which show the first signs of weakness, although partially offset by the better-than-expected performance of the Energy division (BEG).

Indeed, the increasingly adverse macro scenario had already slowed down the order intake. Moreover, the group has managed to increase its sales prices only partially, thus causing the EBITDA margin to decline by a few tens of bps. In particular, the rising energy costs were mitigated by public subsidies (~EUR 3.5m in 9M 22) and by the "natural hedge" ensured by BEG's generation. Finally, the company benefitted from the operating leverage granted by the slightly declining workforce, with labour costs declining from 13.1% of revenues to 10.4% in 9M 22.

The net debt came in at EUR 30.6m, a bit better than expected, thanks to a slight decline in the NWC in Q3 22 vs. H1 22. As a reminder, the Y/Y comparison also include the cancellation of the EUR 5m debt owed to the Ministry of Industry (MICA).

We note that NDT incorporated NDT Energy Srl on 19 October, 2022, in order to build and manage a boiler in the Casoli plant to generate heat from production scrap, thus improving the waste production of the plant and cutting its gas consumption.

**Outlook.** The group expects to reach its targets for FY 2022, thanks to the solid performance of 9M 2022. Moreover, the cogeneration plant (electricity and steam) and the vertically integrated paper production enables the group to manage the energy costs. Nevertheless, the management expects NDT to reduce its activity in Q4 due to the significantly lower order intake, and they may resort to state-backed furlough schemes.

**Conclusion & Action:** we believe our FY 22 estimates are still reachable, but visibility on FY 23 is low, both on the revenue and on the cost side.