

Analysar

16 March 2023

Buy

Recommendation unchanged

Share price: EUR **3.59**

closing price as of 15/03/2023

Target price: EUR **4.90**

Target Price unchanged

Upside/Downside Potential **36.5%**

Reuters/Bloomberg

NDT.MI/NDT IM

Market capitalisation (EURm) **51**

Current N° of shares (m) 14

Free float **41%**

Daily avg. no. trad. sh. 12 mth (k) 5

Daily avg. trad. vol. 12 mth (k) 3.42

Price high/low 12 months 4.10 / 2.78

Abs Perfs 1/3/12 mths (%) -5.28/3.16/-1.10

Key financials (EUR) 12/22 12/23e 12/24e

Sales (m) 204 166 171

EBITDA (m) 16 13 16

EBITDA margin 7.8% 7.8% 9.6%

EBIT (m) 6 3 7

EBIT margin 3.0% 2.1% 4.0%

Net Profit (adj.)(m) 5 3 5

ROCE 3.9% 2.2% 4.3%

Net debt/(cash) (m) 31 31 26

Net Debt/Equity 0.4 0.4 0.3

Debt/EBITDA 1.9 2.4 1.6

Int. cover(EBITDA/Fin. int) 25.2 (20.4) (25.7)

EV/Sales 0.4 0.5 0.4

EV/EBITDA 4.8 6.2 4.6

EV/EBITDA (adj.) 4.8 6.2 4.6

EV/EBIT 12.5 23.1 11.1

P/E (adj.) 8.1 17.2 9.5

P/BV 0.6 0.6 0.6

OpFCF yield -0.5% 7.5% 12.6%

Dividend yield 3.9% 4.2% 4.7%

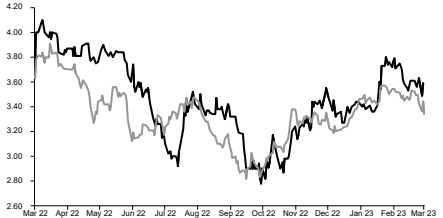
EPS (adj.) 0.40 0.21 0.38

BVPS 5.48 5.55 5.78

DPS 0.14 0.15 0.17

Shareholders

Valentini Family 59%;



Source: FactSet

NEODECORTECH FTSE Italy STAR (Rebased)

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FY 22 results: EBITDA and net debt slightly worse than expected; FY 23 still seen challenging

The facts: NDT released its FY 22 results yesterday.

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

EURm	Q4 22	Q4 21	Δ% Y/Y	FY 22	FY 21	Δ% Y/Y	FY 22e
Printed dec. paper	16.4	21.9	-25.0%	75.4	76.9	-2.0%	75.4
Decorative paper	15.7	16.1	-2.7%	77.2	61.2	26.3%	75.3
Energy	13.4	13.0	2.6%	43.8	38.3	14.3%	41.6
Net sales	41.3	51.0	-19.1%	196.5	176.4	11.4%	192.3
EBITDA	0.4	4.3	-90.2%	16.0	18.1	-11.9%	18.4
EBITDA Margin	1.0%	8.4%	-7.4pp	8.1%	10.3%	-2.1pp	10.5%
EBIT	(2.3)	2.0	nm	6.1	9.2	-33.8%	8.9
EBIT Margin	-5.6%	4.0%	-9.5pp	3.1%	5.2%	-2.1pp	5.9%
Net income adj.	(1.5)	2.2	nm	5.6	6.7	-16.7%	6.7
Net income	(1.5)	2.2	nm	8.4	6.7	26.1%	9.9
Net debt (cash)	30.7	29.3	4.7%	30.7	29.3	4.7%	27.3

Q4 revenues were ~10% above our expectations (EUR 41m), while EBITDA missed by ~EUR 2m, mainly due to higher input costs that were only partially offset by price hikes.

At the net debt level, the slightly negative surprise mainly reflected the operating cash generation, which was basically null driven by the poor EBITDA performance. Nevertheless, we note that NWC was better than expected, as it came down on a sequential basis by ~EUR 2m. In particular, inventories and receivables declined significantly, in line with the lower revenues.

The management will propose a dividend of EUR 14c, with an expected cash outflow of EUR 2m (the maximum amount), or a 36% pay-out.

Outlook. The management said that the revenue trend in the first two months of 2023 was in line with Q4 22, as they had already expected. Indeed, on top of the tough comparison base (record-high sales were posted in 2021/mid-2022), revenue suffered from the lower order intake due to a significant destocking movement undertaken by the group's customers. As of March, the negative trend reverted and the backlog was back in line with the company's historical average. Nevertheless, some risks remain since raw materials are still at high levels, while customers are increasingly asking for price cuts.

Conclusion & Action: the slight miss compared with our FY 22 estimates was not material, while we have already forecast a tough FY 23, with pressure on both volumes and margins. Reco and TP confirmed.