

NEODECORTECH

BUY

Sector: Industrials

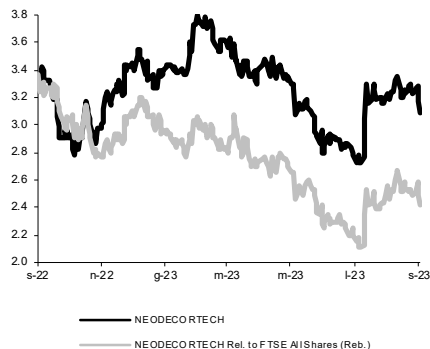
Price: Eu3.09 - Target: Eu4.80

Risultati 2Q in linea con le stime con forte recupero dei margini

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

NEODECORTECH - 12M Performance



Stock Data			
Reuters code:	NDT.MI		
Bloomberg code:	NDT IM		
Performance	1M	3M	12M
Absolute	-4.0%	10.4%	-8.0%
Relative	-4.9%	7.6%	-35.9%
12M (H/L)	3.80/2.72		
3M Average Volume (th):	13.25		

Shareholder Data	
No. of Ord shares (mn):	14
Total no. of shares (mn):	14
Mkt Cap Ord (Eu mn):	44
Total Mkt Cap (Eu mn):	44
Mkt Float - Ord (Eu mn):	18
Mkt Float (in %):	41.4%
Main Shareholder:	
Finanziaria Valentini S.p.A	58.6%

Balance Sheet Data	
Book Value (Eu mn):	81
BVPS (Eu):	5.70
P/BV:	0.5
Net Financial Position (Eu mn):	-27
Enterprise Value (Eu mn):	71

■ **Risultati in linea con le attese, ottimo recupero della redditività nel 2Q23.** Come da attese i risultati, seppur in calo rispetto all'eccezionale 2022, hanno evidenziato un recupero della redditività, che conferma la nostra visione ottimista per il secondo semestre e per i prossimi anni. Neodecortech ha beneficiato e continuerà a beneficiare di una strategia basata sulla ricerca e l'innovazione costante dei prodotti. Ci attendiamo un newsflow in ulteriore miglioramento e confermiamo quindi la nostra visione positiva sul titolo, con il processo di consolidamento in atto nel settore che rappresenta un ulteriore catalyst.

■ **Fatturato 2Q in linea con l'1Q escludendo effetti straordinari.** I ricavi 1H23 sono stati pari a 86,4 milioni di euro (-12,9% YoY), il confronto su base annua resta penalizzante a causa di uno straordinario 1H22. Il risultato è stato negativamente impattato dalla chiusura della centrale elettrica per 45 giorni. Analizzando i dati trimestrali il 2Q ha registrato un andamento stabile rispetto al primo trimestre per il core business della società, escludendo il ramo energia.

■ **Redditività in miglioramento su base trimestrale.** L'EBITDA 1H23 è stato pari a 9,2 milioni di euro (-15% YoY), in linea con le nostre attese. L'EBITDA nel secondo trimestre è stato pari a 5,5 milioni di euro, evidenziando un forte miglioramento su base trimestrale, con un margine EBITDA che passa dall'8% al 13.8% del 2Q (10,7% a livello semestrale). La società ha evidenziato un recupero dei margini, che ci aspettiamo possano essere confermati per il secondo semestre. L'utile netto a livello semestrale è diminuito da 8,1 milioni di euro (5,6mn adj.) a 3,6 milioni di euro. Su base trimestrale è raddoppiato, passando da 1,2 milioni di euro a 2,4 milioni di euro. La pfn è stata di 32,1 milioni di euro (+1,4 milioni di euro rispetto all'1Q), resta in miglioramento rispetto ai 34,3 milioni di giugno 2022.

■ **Stime e Prospettive future.** Alla luce dei risultati del primo semestre 2023 e di un portafoglio ordini in linea con l'andamento storico, confermiamo le nostre stime per il resto dell'anno. Ci attendiamo una decisa riduzione della posizione finanziaria netta, che dovrebbe raggiungere i 27 milioni di euro, a seguito dell'incasso della massimizzazione governativa che dovrebbe avvenire nei prossimi mesi. È atteso inoltre un mantenimento della redditività per tutto l'anno.

■ **BUY confermato, target price di Eu4,80 confermato.** I risultati su base trimestrale hanno evidenziato un miglioramento dei margini nel 2Q, che ci aspettiamo venga confermato per il resto dell'anno. Gli attuali prezzi rappresentano un'opportunità di investimento in vista di un progressivo ritorno alla crescita atteso per i prossimi anni e alla forte generazione di cassa. Il titolo è fortemente sottovalutato e confermiamo la nostra raccomandazione positiva anche alla luce della elevata visibilità sulle prospettive future.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	176	196	176	184	189
EBITDA Adj (Eu mn)	18	16	18	20	21
Net Profit Adj (Eu mn)	7	6	6	7	8
EPS New Adj (Eu)	0.492	0.408	0.403	0.511	0.576
EPS Old Adj (Eu)	0.492	0.408	0.403	0.511	0.576
DPS (Eu)	0.089	0.139	0.145	0.155	0.165
EV/EBITDA Adj	4.6	5.1	3.9	3.3	2.9
EV/EBIT Adj	9.0	13.4	8.5	6.2	5.2
P/E Adj	6.3	7.6	7.7	6.0	5.4
Div. Yield	2.9%	4.5%	4.7%	5.0%	5.3%
Net Debt/EBITDA Adj	1.6	1.9	1.5	1.1	0.8

NEODECORTECH – Key Figures

Profit & Loss (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	128	176	196	176	184	189
EBITDA	15	18	16	18	20	21
EBIT	5	9	6	8	11	12
Financial Income (charges)	-1	-1	3	-2	-2	-1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	4	8	9	7	9	11
Taxes	-1	-1	-1	-1	-2	-2
Tax rate	13.0%	16.6%	8.7%	17.0%	22.0%	22.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	4	7	8	6	7	8
EBITDA Adj	15	18	16	18	20	21
EBIT Adj	5	9	6	8	11	12
Net Profit Adj	4	7	6	6	7	8
Per Share Data (Eu)	2020A	2021A	2022A	2023E	2024E	2025E
Total Shares Outstanding (mn) - Average	14	14	14	14	14	14
Total Shares Outstanding (mn) - Year End	14	14	14	14	14	14
EPS f.d	0.262	0.492	0.593	0.403	0.511	0.576
EPS Adj f.d	0.262	0.492	0.408	0.403	0.511	0.576
BVPS f.d	4.562	5.181	5.435	5.697	6.068	6.503
Dividend per Share ORD	0.139	0.089	0.139	0.145	0.155	0.165
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	53.2%	18.0%	23.4%	36.0%	30.3%	28.6%
Cash Flow (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Gross Cash Flow	13	15	18	15	17	18
Change in NWC	-2	3	-9	-1	-2	-1
Capital Expenditure	-6	-10	-9	-9	-9	-9
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	4	8	-0	5	5	7
Acquisitions, Divestments & Other Items	-2	4	1	1	1	1
Dividends	-2	-1	-2	-2	-2	-2
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	1	11	-1	4	4	6
Balance Sheet (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Total Fixed Assets	81	82	81	80	80	79
Net Working Capital	28	26	35	36	39	40
Long term Liabilities	-8	-8	-8	-8	-9	-10
Net Capital Employed	102	100	108	108	109	109
Net Cash (Debt)	-40	-29	-31	-27	-23	-17
Group Equity	62	70	77	81	86	92
Minorities	0	0	0	0	0	0
Net Equity	62	70	77	81	86	92
Enterprise Value (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Average Mkt Cap	38	53	51	44	44	44
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-40	-29	-31	-27	-23	-17
Enterprise Value	78	83	82	71	67	61
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA Adj Margin	11.4%	10.3%	8.1%	10.3%	11.2%	11.3%
EBIT Adj Margin	4.3%	5.2%	3.1%	4.8%	5.9%	6.2%
Gearing - Debt/Equity	64.7%	41.6%	39.8%	33.4%	26.6%	18.3%
Interest Cover on EBIT	3.9	7.6	nm	5.6	7.2	9.8
Net Debt/EBITDA Adj	2.7	1.6	1.9	1.5	1.1	0.8
ROACE*	5.4%	9.2%	5.9%	7.8%	10.0%	10.7%
ROE*	5.8%	10.1%	7.9%	7.2%	8.7%	9.2%
EV/CE	0.8	0.8	0.8	0.7	0.6	0.6
EV/Sales	0.6	0.5	0.4	0.4	0.4	0.3
EV/EBITDA Adj	5.4	4.6	5.1	3.9	3.3	2.9
EV/EBIT Adj	14.3	9.0	13.4	8.5	6.2	5.2
Free Cash Flow Yield	9.4%	18.6%	-1.0%	10.6%	11.7%	16.0%
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	-3.9%	38.0%	11.4%	-10.5%	4.4%	2.8%
EBITDA Adj	-8.4%	24.1%	-11.9%	13.4%	12.9%	4.0%
EBIT Adj	-23.0%	68.1%	-33.8%	37.6%	28.9%	8.2%
Net Profit Adj	-10.7%	89.2%	26.1%	-32.1%	27.0%	12.7%
EPS Adj	-39.9%	88.0%	-17.0%	-1.3%	27.0%	12.7%
DPS	-8.8%	-36.3%	56.9%	4.2%	6.9%	6.5%

*Excluding extraordinary items

Source: Intermonte SIM estimates

Neodecortech - Main economics figures of the group

(Eu mn)	1Q22 A	2Q22 A	1H22 A	1Q23 A	2Q23 A	1H23 A
Net revenues	49.2	50.0	99.2	46.5	39.9	86.3
<i>YoY growth</i>	24.3%	16.7%	-11.4%	-5.6%	-20.1%	-12.9%
<i>Others</i>	1.2	2.3	3.5	2.9	3.9	6.8
<i>Δ finished goods</i>	3.3	3.1	6.4	1.5	3.0	4.5
Value of production	53.6	55.4	109.0	50.9	46.8	97.7
EBITDA reported	4.2	6.7	10.9	3.7	5.5	9.2
<i>YoY growth</i>	-17.1%	40.6%	10.7%	-12.0%	-17.6%	-15.4%
<i>EBITDA margin</i>	8.6%	13.3%	11.0%	8.0%	13.8%	10.7%
D&A	(2.3)	(2.4)	(4.7)	(2.2)	(2.3)	(4.5)
Writedowns/Provision	(0.1)	(0.0)	(0.1)	(0.0)	(0.1)	(0.1)
EBIT reported	1.9	4.2	6.1	1.5	3.1	4.6
<i>EBIT margin</i>	3.8%	8.5%	6.2%	3.2%	7.7%	5.4%
Financial Charges	(1.6)	(0.4)	(2.1)	(0.7)	(0.4)	(1.1)
Financial Income	5.5	(0.1)	5.4	0.2	0.0	0.2
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Pretax	5.8	3.7	9.5	1.0	2.9	3.9
Taxes	(1.3)	(0.1)	(1.4)	0.2	(0.5)	(0.3)
Net income	4.5	4.7	8.1	1.2	2.4	3.6
<i>YoY growth</i>	154.5%	241.6%	160.4%	-72.8%	-47.3%	-54.8%

Source: Company Data

I risultati 1H23 sono perfettamente in linea con le stime.

I ricavi netti consolidati ammontano a 86,4 milioni di Euro, -12,9% su base annua. Il decremento è riconducibile al rallentamento della domanda, al fermo produttivo di BEG, e alla riduzione dei prezzi unitari di vendita di circa il 5-7%.

L'Ebitda ammonta a 9,2 milioni di Euro, in riduzione del -15,3% rispetto ai 10,9 milioni di Euro al 30 giugno 2022. La marginalità, pari al 10,7% dei ricavi, è in linea a quella del primo semestre 2022 (11% dei ricavi), ma migliore rispetto al 31 dicembre 2022 (8,1% dei ricavi).

L'Ebit è pari a 4,6 milioni di Euro (5,3% dei ricavi) e si confronta con la cifra di 6,1 milioni di Euro (6,2% dei ricavi) registrata al 30 giugno 2022.

L'utile netto ha raggiunto 3,6 milioni di Euro (4,1% dei ricavi), in riduzione rispetto all'utile netto al 30 giugno 2022 pari a 8,1 milioni di Euro (8,2% sui ricavi) al lordo degli effetti non ricorrenti.

L'indebitamento finanziario netto è temporaneamente in aumento rispetto al 31 dicembre 2022 passando da 30,7 a 32,1 milioni di Euro: + 1,4 milioni di Euro, a causa di un mancato incasso relativo alla controllata Bio Energia Guarcino.

Su base trimestrale, La redditività risulta in crescita e L'utile netto trimestrale è raddoppiato rispetto al dato dell'1Q, passando da 1,2 milioni di euro a 2.4 milioni di euro.

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	NEODECORTECH		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.80	Previous Target (Eu):	4.80
Current Price (Eu):	3.09	Previous Price (Eu):	2.76
Date of report:	11/09/2023	Date of last report:	18/07/2023

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 June 2023 Intermonte's Research Department covered 118 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	23.08 %
OUTPERFORM:	52.99 %
NEUTRAL:	22.22 %
UNDERPERFORM	01.71 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (48 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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