

## EQUITY RESEARCH

# NEODECORTECH

## RESULTS REVIEW

**BUY**

**TP 4.50€** (vs 4.70€)  
Up/Downside: 49%

### FY 2023 Results: Revenue Down, but Margins Up

Neodecortech has released its FY 2023 results, marked by a fall in revenue (-17.7% vs. YoY), impacted by a declining market and the closure of BEG.

Yesterday after market close, Neodecortech unveiled its FY 2023 results which were characterised by a significant 17.7% fall in revenue vs. the previous year (YoY), to €161.6m. This performance fell below our previous estimate of €176m. This major contraction can be attributed mainly to two predominant factors:

Firstly, the sector in which Neodecortech operates was marked by a substantial decline, with market demand down by 20%. This decline was accentuated by a reduction in unit prices of between 5% and 7%. Although the company saw a recovery in Q2 2023, the effects of this decline were evident throughout the year.

Secondly, the temporary closure of the Bio Energia Guarcino (BEG) division, which specialises in bioenergy plants, had a significant impact on financial results. This closure, resulting from late regulatory measures and the discontinuation of the maximisation scheme, led to an estimated revenue loss of around €10m. In addition, the decrease in energy prices in 2023 (vs. 2022) has also had a negative impact on the BEG division. It is important to note that activity in this division resumed operations on 11 December.

Geographically, Italy and Europe experienced declines of -10.7% and -6% respectively, underlining the challenges faced in these specific regions. Despite these challenges, Neodecortech showed positive signs, including an improvement in EBITDA margin to 8.6% of revenue, although the consolidated amount fell by 13.1% to €13.9m. In addition, consolidated financial debt has been significantly reduced, from €30.7m at the end of December 2022 to €25.9m at the end of December 2023. Consolidated net profit stood at €2.8m (vs. €8.4m in 2022).

In anticipation of still uncertain demand and the continuing risks associated with market pressures, geopolitical and macroeconomic challenges, we have adjusted our 2024 revenue estimates to €167m (vs. €183m estimated previously) and for 2025 to €171m (vs. €187m estimated previously). As a result of these adjustments, our price target has been downgraded to €4.5 (vs. €4.7 previously). Despite these challenges, we are reiterated our Buy rating, taking into account the potential prospects for improvement.

#### Key data

Price (€)	3.0
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	43.1
Average trading volumes (k shares / day)	0.948

Source: FactSet

#### Ownership (%)

Management	58.6
Free float	41.4

Source: TPICAP Midcap estimates

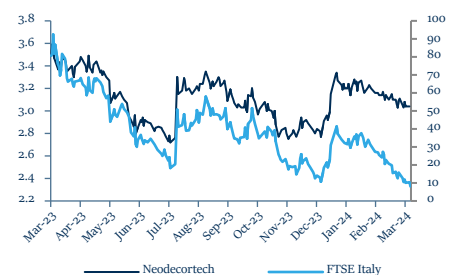
#### EPS (€)

	12/23e	12/24e	12/25e
Estimates	0.20	0.29	0.38
Change vs previous estimates (%)	-39.59	-24.89	-21.48

Source: TPICAP Midcap estimates

#### Performance (%)

	1D	1M	YTD
Price Perf	-0.3	-3.5	-7.3
Rel FTSE Italy	-1.6	-10.0	-16.8



Source: FactSet

TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e
Sales (m €)	196.5	161.6	167.0	171.1	EV/Sales	0.4	0.4	0.3
Current Op Inc (m €)	6.1	4.4	5.4	6.9	EV/EBITDA	5.1	4.5	3.6
Current op. Margin (%)	3.1	2.8	3.2	4.0	EV/EBIT	16.1	12.4	8.5
EPS (€)	0.59	0.20	0.29	0.38	PE	15.4	10.5	8.0
DPS (€)	0.14	0.14	0.14	0.14	Source: TPICAP Midcap			
Yield (%)	4.6	4.6	4.6	4.6				
FCF (m €)	-3.6	4.3	6.8	10.8				

Consensus FactSet - Analysts:3	12/23e	12/24e	12/25e
Sales	176.5	183.5	188.2
EBIT	6.8	8.8	10.1
Net income	5.3	6.3	7.5

**Analyst**

Mickael Daponte  
mickael.daponte@tpicap.com  
+33 1 73 09 17 59



## FINANCIAL DATA

<b>Income Statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
Sales	127.8	176.4	196.5	161.6	167.0	171.1
Changes (%)	-3.9	38.0	11.4	-17.7	3.3	2.5
Gross profit	55.3	65.1	70.8	60.0	62.6	64.4
% of Sales	43.3	36.9	36.0	37.2	37.5	37.6
<b>EBITDA</b>	<b>14.6</b>	<b>18.1</b>	<b>16.0</b>	<b>13.9</b>	<b>14.8</b>	<b>16.3</b>
% of Sales	11.4	10.3	8.1	8.6	8.9	9.5
<b>Current operating profit</b>	<b>5.5</b>	<b>9.2</b>	<b>6.1</b>	<b>4.4</b>	<b>5.4</b>	<b>6.9</b>
% of Sales	4.3	5.2	3.1	2.8	3.2	4.0
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.5	9.2	6.1	4.4	5.4	6.9
Net financial result	-1.4	-1.2	-0.6	-0.7	-0.7	-0.7
Income Tax	-0.5	-1.3	-0.8	-0.5	-0.6	-0.8
Tax rate (%)	13.0	16.6	8.7	12.7	12.7	12.7
<b>Net profit, group share</b>	<b>3.5</b>	<b>6.7</b>	<b>8.4</b>	<b>2.8</b>	<b>4.1</b>	<b>5.4</b>
EPS	0.27	0.49	0.59	0.20	0.29	0.38
<b>Financial Statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	79.4	80.1	79.4	79.0	78.5	78.0
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.8	1.8	0.5	0.5	0.5	0.5
Working capital	29.5	27.2	36.2	35.4	33.4	28.8
Other Assets	2.2	2.0	2.2	2.0	2.0	2.0
<b>Assets</b>	<b>113.0</b>	<b>111.1</b>	<b>118.4</b>	<b>116.9</b>	<b>114.4</b>	<b>109.3</b>
Shareholders equity group	61.7	70.5	77.3	78.1	80.2	83.6
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.3	1.0	0.8	0.8	0.8	0.8
Net debt	39.9	29.3	30.7	28.4	23.6	14.9
Other liabilities	9.0	8.7	8.4	8.4	8.7	8.9
<b>Liabilities</b>	<b>113.0</b>	<b>111.1</b>	<b>118.4</b>	<b>116.9</b>	<b>114.4</b>	<b>109.3</b>
Net debt excl. IFRS 16	39.9	29.3	30.7	28.4	23.6	14.9
Gearing net	0.6	0.4	0.4	0.4	0.3	0.2
Leverage	2.7	1.6	1.9	2.0	1.6	0.9
<b>Cash flow statement</b>	<b>12/20</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23e</b>	<b>12/24e</b>	<b>12/25e</b>
CF after elimination of net borrowing costs and taxes	11.9	15.8	14.7	12.5	13.8	15.1
$\Delta$ WCR	-2.9	2.1	-9.1	0.8	2.0	4.7
Operating cash flow	9.0	18.0	5.6	13.3	15.8	19.8
Net capex	-6.4	-9.7	-9.2	-9.0	-9.0	-9.0
FCF	2.6	8.2	-3.6	4.3	6.8	10.8
Acquisitions/Disposals of subsidiaries	0.0	0.1	-0.1	-0.0	-0.0	-0.0
Other investments	0.0	0.3	0.0	0.0	0.0	0.0
Change in borrowings	3.9	-4.7	4.6	0.0	0.0	0.0
Dividends paid	-1.9	-1.2	-2.0	-2.0	-2.0	-2.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.1	3.2	-0.3	0.0	0.0	0.0
Others	-0.5	0.1	0.0	0.0	0.0	0.0
Change in net cash over the year	4.1	6.0	-1.4	2.3	4.8	8.7
ROA (%)	2.3%	4.0%	5.0%	1.7%	2.4%	3.0%
ROE (%)	5.7%	9.5%	10.9%	3.6%	5.1%	6.4%
ROCE (%)	4.6%	7.6%	5.1%	3.6%	4.4%	6.0%

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### Analyst certifications

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This Report may mention evaluation methods defined as follows:

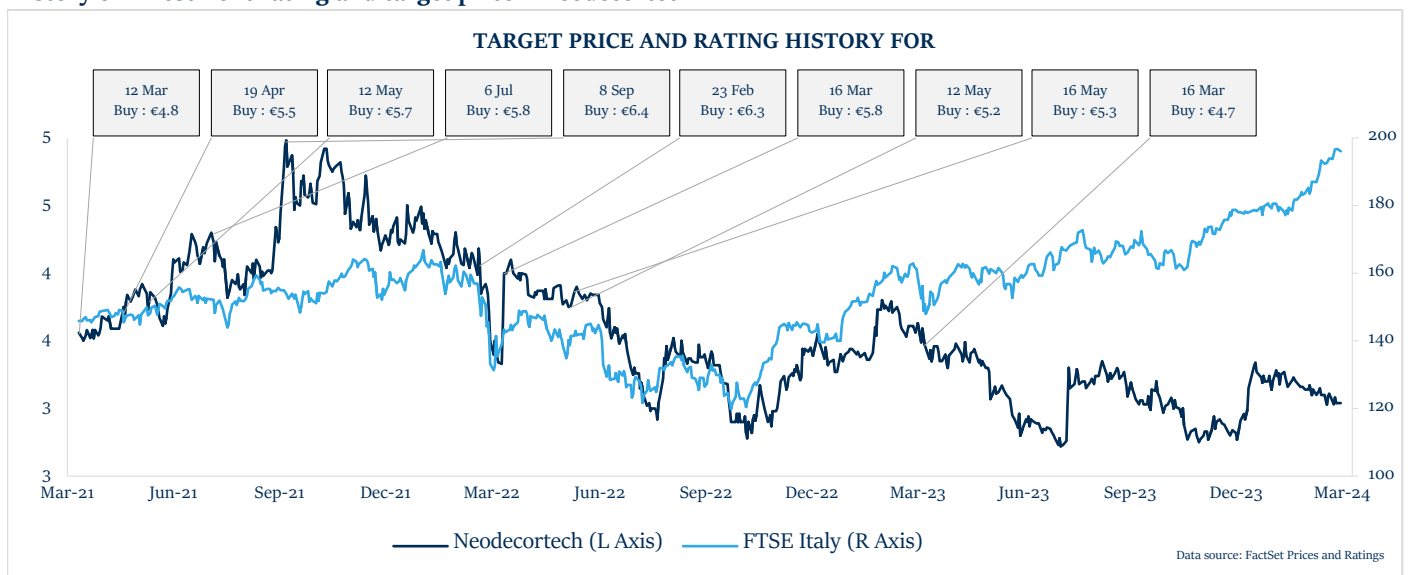
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

### Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Neodecortech

H. TPICAP Midcap prepared this document on behalf of BPER Banca S.p.A acting as specialist in accordance with article 2.3.5 of Rules of the Markets (and related instructions) organized and managed by Borsa Italiana S.p.A.: Neodecortech

### History of investment rating and target price – Neodecortech



## Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	63%
Hold	16%	60%
Sell	1%	0%
Under review	1%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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