

## EQUITY RESEARCH

# NEODECORTECH

## RESULTS REVIEW

**BUY**

**TP 4.50€**

Up/Downside: 55%

### Q1 2024 Results

Yesterday after market close, Neodecortech published its Q1 results showing a slight year-on-year decline, with revenue down 7%, mainly due to lower prices.

In Q1 2024, Neodecortech recorded revenue of €43.1m (vs. €46.3m the previous year). This decline was mainly due to lower prices, resulting from the economic slowdown observed in 2023 and continuing into the first few months of 2024, particularly affecting the floor coverings segment, although Neodecortech's furniture sales benefited from an increase in volumes and a favourable product mix. In detail, the company's divisions recorded revenue declines (vs. the previous year): -3.5% for the Printed Decorative Paper division, -3.6% for the Decorative Paper division, and -19% for the BEG division due to a reduction in operating hours.

Regarding the regional revenue breakdown, a decline of -8.5% was recorded in Italy, -0.3% in Europe, -30% in Asia/Middle East and an increase of +15.1% in America.

In terms of profitability, EBITDA amounted to €3.4m (vs. €3.7m in Q1 2023) with an EBITDA margin of 7.8% (vs. 8% the previous year). EBIT amounted to €1.2m (vs. €1.5m a year earlier), with a margin of 2.7% (vs. 3.2%). Net financial debt amounted to -€37.5m, an increase compared with the end of 2023 (-€26m), but relatively stable compared to Q1 2023 (-€38.5m). This increase was due to the fact that the company has not yet received the €13.3m receivable from the Italian state for the subsidiary BEG concerning the maximisation scheme.

We are calling for the market to be slightly more buoyant from H2 onwards, even though it is still suffering from the effects of inflation and high interest rates, and is tending towards a return to normality after the two record post-Covid years. Accordingly, we reiterate our Buy rating and TP of €4.50.

#### Key data

Price (€)	2.9
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	41.4
Average trading volumes (k shares / day)	3.547

Source: FactSet

#### Ownership (%)

Management	58.6
Free float	41.4

Source: TPICAP Midcap estimates

#### EPS (€)

	12/23e	12/24e	12/25e
Estimates	0.20	0.25	0.35
Change vs previous estimates (%)	3.27	-11.67	-8.88

Source: TPICAP Midcap estimates

#### Performance (%)

	1D	1M	YTD
Price Perf	3.9	-0.7	-11.0
Rel FTSE Italy	3.3	-1.9	-22.0



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	4.6	5.7	7.2	EV/EBITDA	4.8	4.3	3.6
Current op. Margin (%)	3.1	2.9	3.4	4.2	EV/EBIT	14.5	11.3	8.2
EPS (€)	0.60	0.20	0.25	0.35	PE	14.3	11.4	8.4
DPS (€)	0.14	0.14	0.14	0.14	Source: TPICAP Midcap			
Yield (%)	4.8	4.8	4.8	4.8				
FCF (m €)	-3.6	7.3	5.2	6.9				

Consensus FactSet - Analysts:3	12/23e	12/24e	12/25e
Sales	172.5	177.6	na
EBIT	7.2	9.5	na
Net income	5.1	6.2	na

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## 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	66.3	62.6	64.4
% of Sales	43.3	36.9	36.0	41.0	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>4.6</b>	<b>5.7</b>	<b>7.2</b>
% of Sales	4.3	5.2	3.1	2.9	3.4	4.2
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.5	9.2	6.1	4.6	5.7	7.2
Net financial result	-1.4	-1.2	-0.6	-2.0	-1.5	-1.5
Income Tax	-0.5	-1.3	-0.8	0.2	-0.5	-0.7
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>3.6</b>	<b>4.9</b>
EPS	0.27	0.49	0.60	0.20	0.25	0.35
<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	76.7	76.8	76.9
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.8	1.8	0.5	0.4	0.4	0.4
Working capital	29.5	27.2	36.2	33.6	33.0	32.0
Other Assets	2.2	2.0	2.2	2.3	2.3	2.3
<b>Assets</b>	<b>113.0</b>	<b>111.1</b>	<b>118.4</b>	<b>113.1</b>	<b>112.6</b>	<b>111.6</b>
Shareholders equity group	61.7	70.5	77.3	77.5	79.1	82.0
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	25.9	22.6	17.7
Other liabilities	9.0	8.7	8.4	8.0	8.3	8.5
<b>Liabilities</b>	<b>113.0</b>	<b>111.1</b>	<b>118.4</b>	<b>113.1</b>	<b>112.6</b>	<b>111.6</b>
Net debt excl. IFRS 16	39.9	29.3	30.7	25.9	22.6	17.7
Gearing net	0.6	0.4	0.4	0.3	0.3	0.2
Leverage	2.7	1.6	1.9	1.9	1.5	1.1
<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	12.1	13.8	15.1
$\Delta$ WCR	-2.9	2.1	-9.1	1.6	0.6	1.0
Operating cash flow	9.0	18.0	5.6	13.8	14.4	16.1
Net capex	-6.4	-9.7	-9.2	-6.4	-9.2	-9.2
FCF	2.6	8.2	-3.6	7.3	5.2	6.9
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	-4.8	0.0	0.0
Dividends paid	-1.9	-1.2	-2.0	-1.9	-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	-0.5	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	0.1	3.2	4.9
ROA (%)	2.3%	4.0%	5.0%	1.7%	2.1%	2.8%
ROE (%)	5.7%	9.5%	10.9%	3.7%	4.6%	6.0%
ROCE (%)	4.6%	7.6%	5.1%	3.8%	4.7%	6.0%

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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.
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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%	64%
Hold	15%	54%
Sell	2%	33%
Under review	1%	100%

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

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