

EQUITY RESEARCH

NEODECORTECH

FEEDBACK

BUY

TP 4.80€ (vs 4.50€)
Up/Downside: 56%

Feedback management call

During the H1 2025 results presentation, management elaborated on key levers supporting a gradual recovery. BEG provides a solid profitability base, while the kraft project opens a new growth avenue potentially starting in 2026. Q2 confirmed a clear margin improvement in a now-stabilised furniture environment. We are revising our estimates upwards to reflect this better-defined operational momentum.

BEG (Energy): Profitability anchor, yet reliant on PMG

The division accounts for c. 50% of EBITDA, in line with 2024, securing a defensive base despite volatility in decorative papers. This resilience relies on the PMG regime, whose potential extension to 2026 (decision expected in Q4) would be a key catalyst. Q2 2025 showed a sharp acceleration: revenues reached €46.8mn (+10.9% YoY), with an EBITDA margin of 11.1% (+160bps YoY), driven by a more favourable mix and tight cost control. While management remains cautious, signs point to a progressive exit from the downturn seen between 2022–2024.

Kraft: Upmarket positioning and industrial lever

Following the withdrawal of a major US competitor, Neodecortech has invested c. €2mn in a new kraft paper line—part of the €4mn capex deployed in H1—targeting an operational launch by early 2026. This activity could not only absorb the current 30% unused production capacity, but also enable cross-selling opportunities in premium segments. The group aims to reposition strategically towards clients with higher quality requirements.

Enhanced strategic flexibility

On the input side, the environment remains broadly supportive: falling pulp prices combined with a weaker dollar are helping to sustain gross margins. However, the group remains vigilant on upcoming tariff-related risks. With net debt to rolling EBITDA (~€19mn) at around 1.5x, Neodecortech has increased financial headroom for potential bolt-on acquisitions, particularly in furniture component-related products (90% of NDT sales). Strategy continues to rest on three pillars: 1/ premiumisation at NDT, 2/ product diversification at CDG (kraft), and 3/ efficiency gains at BEG via lower-cost, low-emission fuels.

The strong H1 performance leads us to **raise our forecasts**: we still expect an unchanged topline trajectory at 3.8%/year for 2025–2027 but the 2025 EBITDA margin is now **expected at 10.3%** (+40bps vs. previous forecast), with annual progression of **+10bps for 2026–2027** (vs. +5bps previously).

Buy recommendation reiterated, with target price raised to €4.8 (vs. €4.5).

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	168.6	175.4	181.6	188.3	EV/Sales	0.4	0.4	0.4
Current Op Inc (m €)	7.5	9.3	9.7	10.3	EV/EBITDA	4.2	3.8	3.5
Current op. Margin (%)	4.4	5.3	5.4	5.5	EV/EBIT	8.2	7.4	6.8
EPS (€)	0.28	0.43	0.47	0.49	PE	7.2	6.6	6.3
DPS (€)	1.79	1.87	1.98	1.94	Source: TPICAP Midcap			
Yield (%)	58.1	60.9	64.2	63.1				
FCF (m €)	-5.1	5.1	7.7	6.0				

Key data

Price (€)	3.1
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	43.8
Average trading volumes (k shares / day)	5.184
Next event	9M - 13/11/2025
Source: FactSet	

Ownership (%)

Valentini Finanziaria SpA	58.6
Free float	41.4
Source: TPICAP Midcap estimates	

EPS (€)	12/25e	12/26e	12/27e
Estimates	0.43	0.47	0.49
Change vs previous estimates (%)	23.17	2.18	2.64

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	6.9	4.1	9.2
Rel FTSE Italy	6.8	1.3	-8.9



Source: FactSet

Consensus FactSet - Analysts:na	12/25e	12/26e	12/27e
Sales	174.2	178.8	184.7
EBIT	8.3	8.8	9.0
Net income	4.5	5.8	6.4

Analyst

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	196.5	161.6	168.6	175.4	181.6	188.3
Changes (%)	11.4	-17.7	4.3	4.0	3.6	3.7
Gross profit	70.8	66.3	64.5	68.2	71.4	74.8
% of Sales	36.0	41.0	38.3	38.9	39.3	39.7
EBITDA	16.0	13.9	16.6	18.1	18.9	19.8
% of Sales	8.1	8.6	9.9	10.3	10.4	10.5
Current operating profit	6.1	4.6	7.5	9.3	9.7	10.3
% of Sales	3.1	2.9	4.4	5.3	5.4	5.5
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.1	4.6	7.5	9.3	9.7	10.3
Net financial result	3.1	-2.0	-2.3	-2.4	-2.0	-2.1
Income Tax	-0.8	0.2	-1.2	-0.9	-1.2	-1.2
Tax rate (%)	8.7	na	23.2	12.0	15.0	15.0
Net profit, group share	8.4	2.9	4.0	6.0	6.6	6.9
EPS	0.60	0.20	0.28	0.43	0.47	0.49
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	79.4	76.7	77.8	78.5	78.4	78.0
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.5	0.4	0.5	0.5	0.5	0.5
Working capital	30.3	31.5	41.5	42.8	44.6	48.0
Other Assets	8.1	4.4	3.8	4.8	4.0	4.2
Assets	118.4	113.1	123.6	126.7	127.6	130.7
Shareholders equity group	77.3	77.5	80.7	84.6	88.9	93.5
LT & ST provisions and others	2.9	2.9	2.9	2.9	2.9	2.9
Net debt	30.7	25.9	33.2	32.1	28.1	26.0
Other liabilities	6.3	5.9	5.5	6.0	6.6	7.2
Liabilities	118.4	113.1	123.6	126.7	127.6	130.7
Net debt excl. IFRS 16	30.7	25.9	33.2	32.1	28.1	26.0
Leverage	1.9	1.9	2.0	1.8	1.5	1.3
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	14.7	12.1	13.9	15.3	16.3	17.0
Δ WCR	-9.1	1.6	-10.4	-2.5	-1.0	-3.5
Operating cash flow	5.6	13.7	3.5	12.7	15.3	13.5
Net capex	-9.3	-6.5	-10.1	-9.5	-9.0	-9.0
FCF	-3.2	9.3	-5.1	5.1	7.7	6.0
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	6.7	-4.5	7.7	0.0	0.0	0.0
Dividends paid	-2.0	-1.9	0.0	-1.9	-2.0	-1.9
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.3	-0.5	-0.7	-0.3	-0.3	-0.4
Others	-2.1	-0.3	0.0	0.0	0.0	0.0
Change in net cash over the year	-1.4	0.1	0.3	1.1	4.0	2.1
ROA (%)	5.0%	1.7%	2.3%	3.4%	3.6%	3.7%
ROE (%)	10.9%	3.7%	4.9%	7.1%	7.4%	7.4%
ROCE (%)	4.9%	3.2%	4.8%	6.6%	6.6%	6.9%

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Analyst certifications

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Methodology

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

No conflict of interests between TP ICAP Midcap and the Issuer

History of investment rating and target price – Neodecortech



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
05 Aug 25 - 07:57:34	Mathias Paladino	€ 4.50	€ 4.50	€ 2.88	Achat	Buy
18 May 25 - 20:04:09	Mathias Paladino	€ 4.50	€ 4.50	€ 3.00	Achat	Buy
14 May 25 - 18:26:45	Mathias Paladino	€ 4.50	€ 4.50	€ 3.04	Achat	Buy
20 Mar 25 - 07:58:14	Mathias Paladino	€ 4.50	€ 4.50	€ 2.86	Achat	Buy
14 Nov 24 - 08:29:33	Mathias Paladino	€ 4.50	€ 4.50	€ 2.90	Achat	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	78%	68%
Hold	16%	56%
Sell	5%	29%
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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