

## EQUITY RESEARCH

# NEODECORTECH

## RESULTS REVIEW

**BUY**

**TP 5.1€**

**Up/Downside: 44%**

### FY2025 Above Expectations

Neodecortech closes FY2025 with results above expectations across all metrics. Momentum should carry into 2026, supported by the renewal of BEG's PMG scheme, formalised by decree in February. That said, the investment case for sustained strength still hinges on a recovery in decorative activities.

The Group reports revenue of €184.1m (+9% YoY, +4% vs. our estimates), driven by two segments with distinct dynamics. The energy division is the main growth contributor: BEG increased by +24%, supported by volumes and the regularisation of PMG mechanisms. Decorative activities posted more moderate trends: NDT (decorative papers & films) grew by +6%, while Cartiere di Guarmino (technical papers & impregnation) declined by -3%, impacted by an unfavourable sales mix. The one-month contribution from Lamitex remains symbolic (€0.8m of revenue, €0.2m of EBITDA) – 2026 will be the first year allowing a meaningful assessment of integration and expected synergies.

EBITDA reached €20.9m (+26% YoY), lifting the margin to 11.3% (vs. 9.9% in 2024), well above our expectations (+€2.6m). Net profit came in at €7.3m (+83%), driven by operational improvement, lower financial expenses and a reduced tax charge.

Net debt stood at €30.9m (vs. €33.1m at end-2024), with free cash flow of €7.1m covering simultaneously the Lamitex acquisition, dividends, and a capex programme of around €8m. Adjusted net leverage stands at approximately 1.5x EBITDA, providing significant balance sheet flexibility to support NDT's stated M&A ambitions.

From a commercial standpoint, geographic trends were mixed. Europe ex-Italy grew by +5%, while emerging markets posted strong increases (Asia +157%, Americas +10%). Conversely, Italy declined by -7%, reflecting still-weak domestic demand. This domestic underperformance remains our main point of caution for decorative activities.

Overall, the publication confirms the robustness of the Group's business model and its financial discipline. Key topics guiding our 2026 assessment are now clearly identified: furniture market prospects; the BEG shutdown in January – following the expiry of the PMG at end-2025 – will have a Q1 impact still to be quantified; Decree-Law 21/2026 secures regulatory visibility through 2030, but the mechanism includes a declining level of support, with implementation details yet to be clarified by ARERA (the Italian regulator). In addition, tensions in decorative raw materials (pulp, TiO<sub>2</sub>, polymers) represent a potential margin risk for 2026. We will discuss these points with management today.

Buy recommendation, with a target price of €5.1.

| TP ICAP Midcap Estimates | 12/24 | 12/25e | 12/26e | 12/27e | Valuation Ratio       | 12/25e | 12/26e | 12/27e |
|--------------------------|-------|--------|--------|--------|-----------------------|--------|--------|--------|
| Sales (m €)              | 168.6 | 184.1  | 194.4  | 201.1  | EV/Sales              | 0.4    | 0.4    | 0.4    |
| Current Op Inc (m €)     | 7.5   | 10.4   | 10.9   | 11.5   | EV/EBITDA             | 3.9    | 3.9    | 3.5    |
| Current op. Margin (%)   | 4.4   | 5.6    | 5.6    | 5.7    | EV/EBIT               | 7.8    | 7.3    | 6.7    |
| EPS (€)                  | 0.28  | 0.52   | 0.53   | 0.55   | PE                    | 6.9    | 6.7    | 6.4    |
| DPS (€)                  | 1.79  | 0.00   | 2.23   | 2.19   | Source: TPICAP Midcap |        |        |        |
| Yield (%)                | 50.5  | 0.0    | 63.1   | 61.8   |                       |        |        |        |
| FCF (m €)                | -6.6  | 7.1    | 3.9    | 5.2    |                       |        |        |        |

#### Key data

|                                          |                      |
|------------------------------------------|----------------------|
| Price (€)                                | 3.5                  |
| Industry                                 | Diversified Paper    |
| Ticker                                   | NDT-IT               |
| Shares Out (m)                           | 14.218               |
| Market Cap (m €)                         | 50.3                 |
| Average trading volumes (k shares / day) | 7.985                |
| Next event                               | Q1 2026 - 13/05/2026 |
| Source: FactSet                          |                      |

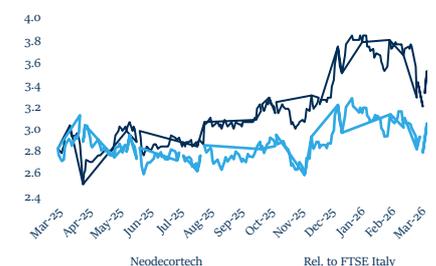
#### Ownership (%)

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

| EPS (€)                          | 12/25e | 12/26e | 12/27e |
|----------------------------------|--------|--------|--------|
| Estimates                        | 0.52   | 0.53   | 0.55   |
| Change vs previous estimates (%) | 17.88  | 0.00   | 0.00   |

Source: TPICAP Midcap estimates

| Performance (%) | 1D  | 1M   | YTD  |
|-----------------|-----|------|------|
| Price Perf      | 2.3 | -6.3 | -7.3 |
| Rel FTSE Italy  | 2.7 | -3.4 | -4.9 |



Source: FactSet

| Consensus FactSet - Analysts:2 | 12/25e | 12/26e | 12/27e |
|--------------------------------|--------|--------|--------|
| Sales                          | 177.9  | 189.6  | 195.2  |
| EBIT                           | 9.3    | 10.5   | 10.8   |
| Net income                     | 5.6    | 6.7    | 6.9    |

Analyst

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## FINANCIAL DATA

| <b>Income Statement</b>                               | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
|-------------------------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Sales                                                 | 196.5        | 161.6        | 168.6        | 184.1         | 194.4         | 201.1         |
| Changes (%)                                           | 11.4         | -17.7        | 4.3          | 9.2           | 5.6           | 3.5           |
| Gross profit                                          | 70.8         | 66.3         | 64.5         | 70.5          | 75.1          | 78.5          |
| % of Sales                                            | 36.0         | 41.0         | 38.3         | 38.3          | 38.6          | 39.0          |
| <b>EBITDA</b>                                         | <b>16.0</b>  | <b>13.9</b>  | <b>16.6</b>  | <b>20.9</b>   | <b>20.7</b>   | <b>21.6</b>   |
| % of Sales                                            | 8.1          | 8.6          | 9.9          | 11.3          | 10.6          | 10.7          |
| <b>Current operating profit</b>                       | <b>6.1</b>   | <b>4.6</b>   | <b>7.5</b>   | <b>10.4</b>   | <b>10.9</b>   | <b>11.5</b>   |
| % of Sales                                            | 3.1          | 2.9          | 4.4          | 5.6           | 5.6           | 5.7           |
| Non-recurring items                                   | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| EBIT                                                  | 6.1          | 4.6          | 7.5          | 10.4          | 10.9          | 11.5          |
| Net financial result                                  | 3.1          | -2.0         | -2.3         | -2.1          | -2.1          | -2.3          |
| Income Tax                                            | -0.8         | 0.2          | -1.2         | -1.0          | -1.3          | -1.4          |
| Tax rate (%)                                          | 8.7          | na           | 23.2         | 11.9          | 15.0          | 15.0          |
| <b>Net profit, group share</b>                        | <b>8.4</b>   | <b>2.9</b>   | <b>4.0</b>   | <b>7.3</b>    | <b>7.4</b>    | <b>7.8</b>    |
| EPS                                                   | 0.60         | 0.20         | 0.28         | 0.52          | 0.53          | 0.55          |
| <b>Financial Statement</b>                            | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
| Goodwill                                              | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Tangible and intangible assets                        | 79.4         | 76.7         | 77.8         | 87.1          | 86.3          | 85.3          |
| 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         | 36.0          | 41.2          | 44.7          |
| Other Assets                                          | 8.1          | 4.4          | 3.8          | 6.1           | 4.7           | 5.0           |
| <b>Assets</b>                                         | <b>118.4</b> | <b>113.1</b> | <b>123.6</b> | <b>129.7</b>  | <b>132.6</b>  | <b>135.4</b>  |
| Shareholders equity group                             | 77.3         | 77.5         | 80.7         | 86.9          | 92.1          | 97.7          |
| 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         | 30.9          | 29.2          | 26.2          |
| Other liabilities                                     | 6.3          | 5.9          | 5.5          | 7.0           | 7.1           | 7.1           |
| <b>Liabilities</b>                                    | <b>118.4</b> | <b>113.1</b> | <b>123.6</b> | <b>129.7</b>  | <b>132.6</b>  | <b>135.4</b>  |
| Net debt excl. IFRS 16                                | 30.7         | 25.9         | 33.2         | 30.9          | 29.2          | 26.2          |
| Leverage                                              | 1.9          | 1.9          | 2.0          | 1.5           | 1.4           | 1.2           |
| <b>Cash flow statement</b>                            | <b>12/22</b> | <b>12/23</b> | <b>12/24</b> | <b>12/25e</b> | <b>12/26e</b> | <b>12/27e</b> |
| CF after elimination of net borrowing costs and taxes | 14.7         | 12.1         | 13.9         | 16.0          | 17.3          | 17.9          |
| $\Delta$ WCR                                          | -9.1         | 1.6          | -10.4        | 5.9           | -4.3          | -3.7          |
| Operating cash flow                                   | 5.6          | 13.7         | 3.5          | 21.9          | 12.9          | 14.2          |
| Net capex                                             | -9.3         | -6.5         | -10.1        | -8.0          | -9.0          | -9.0          |
| FCF                                                   | -3.7         | 7.3          | -6.6         | 7.1           | 3.9           | 5.2           |
| Acquisitions/Disposals of subsidiaries                | 0.0          | 0.0          | 0.0          | -6.8          | 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          | -4.4          | 0.0           | 0.0           |
| Dividends paid                                        | -2.0         | -1.9         | 0.0          | 0.0           | -2.2          | -2.2          |
| Repayment of leasing debt                             | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Equity Transaction                                    | -0.3         | -0.5         | -0.7         | -1.3          | 0.0           | 0.0           |
| 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          | 1.5           | 1.7           | 3.0           |
| ROA (%)                                               | 5.0%         | 1.7%         | 2.3%         | 3.9%          | 3.8%          | 3.8%          |
| ROE (%)                                               | 10.9%        | 3.7%         | 4.9%         | 8.4%          | 8.1%          | 8.0%          |
| ROCE (%)                                              | 4.9%         | 3.2%         | 4.8%         | 7.3%          | 7.2%          | 7.4%          |

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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.
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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

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## 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 |
|----------------------|------------------|------------------|------------------|---------------|--------------------|--------------------|
| 11 Mar 26 - 17:37:38 | Mathias Paladino | € 5.10           | € 5.10           | € 3.38        | Buy                | Buy                |
| 09 Dec 25 - 07:56:38 | Mathias Paladino | € 4.80           | € 5.10           | € 3.30        | Buy                | Buy                |
| 14 Nov 25 - 08:29:51 | Mathias Paladino | € 4.80           | € 4.80           | € 3.12        | Buy                | Buy                |
| 06 Aug 25 - 08:12:46 | Mathias Paladino | € 4.80           | € 4.80           | € 3.08        | Buy                | Buy                |
| 05 Aug 25 - 07:57:34 | Mathias Paladino | € 4.50           | € 4.50           | € 2.88        | Buy                | Buy                |
| 18 May 25 - 20:04:09 | Mathias Paladino | € 4.50           | € 4.50           | € 3.00        | Buy                | Buy                |
| 14 May 25 - 18:26:45 | Mathias Paladino | € 4.50           | € 4.50           | € 3.04        | Buy                | Buy                |
| 20 Mar 25 - 07:58:14 | Mathias Paladino | € 4.50           | € 4.50           | € 2.86        | Buy                | Buy                |

### Distribution of Investment Ratings

| Rating       | Recommendation Universe* | Portion of these provided with investment banking services** |
|--------------|--------------------------|--------------------------------------------------------------|
| Buy          | 72%                      | 72%                                                          |
| Hold         | 19%                      | 61%                                                          |
| Sell         | 4%                       | 29%                                                          |
| Under review | 4%                       | 86%                                                          |

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**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.

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