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MIDCAP

EQUITY RESEARCH

NEODECORTECH

NEWS

BUY

TP 7.2€

Up/Downside: 41%

GMPs: BEG shielded in 2026, Parliament to decide on 2027

In early August, shortly after Neodecortech's H1 release, ARERA submitted a report to Parliament and the Government on the guaranteed minimum price mechanism. The document sets the scope of the reductions applicable in 2026 and shifts the decision on 2027 into the legislative arena. We draw two conclusions for BEG.

The scope of the 2026 cuts excludes BEG. The public envelope allocated to bioliquids stands at €700m against a requirement estimated by the GSE at €1,041m. The adjustment works through a reduction in subsidised hours, following a priority order set by law. It applies exclusively to plants that are non-incentivised, not tied to a production cycle and outside the supply-chain category, with a reduction in the region of 85-90% of their hours according to ARERA. BEG, which supplies electricity and steam to Cartiere di Guarcino, falls into the following tier, which has not been called upon this year.

The 2027 tightening runs into a design limitation. The envelope falls back to €537m, while the first tier of the queue has already been largely exhausted. ARERA further notes that cutting hours does not deliver the expected savings: the formula lifts the unit price as hours decline. The Authority is therefore proposing a floor below which coverage would cease, a measure that would free up genuine headroom and push back the deadline for plants tied to an industrial site.

Parameters to monitor through year-end. The next milestone is legislative, with a decree or the budget law as the likely vehicles this autumn, followed by the GSE's mid-December estimate setting hours for H1 2027. A firm power price reduces the top-up paid by the State and preserves the envelope. Should a cut occur, the issue would bear on BEG's level of activity.

Our view. Since May, each step has clarified the framework without the risk materialising on BEG: protection hierarchy established on 19 May, scope of the cuts settled in June, timetable for the 2027 arbitration now identified. At this stage, the valuation does not appear to us to fully reflect this progressive clarification. The stock still trades at a meaningful discount to the decorative peer group, while the group's EBITDA margin comes in above that of its peers. The discount is therefore not explained by profitability, but by more limited liquidity and by a regulatory risk that is dissipating quarter after quarter. The risk/reward looks asymmetric to the upside. **Buy, TP €7.2.**

Key data	
Price (€)	5.1
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	13.754
Market Cap (m €)	70.4
Average trading volumes (k shares / day)	3.727
Next event	9M 26 - 09/11/2026

Source: FactSet

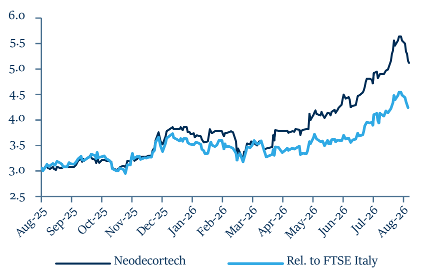
Ownership (%)	
Valentini Finanziaria SpA	58.6
Free float	41.4

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	0.92	0.95	1.00
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.8	6.2	34.0
Rel FTSE Italy	-0.8	5.5	15.2



Source: FactSet

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e
Sales (m €)	184.1	189.0	193.0	196.5
Current Op Inc (m €)	10.4	16.5	17.0	17.5
Current op. Margin (%)	5.6	8.7	8.8	8.9
EPS (€)	0.53	0.92	0.95	1.00
DPS (€)	0.00	0.15	0.29	0.30
Yield (%)	0.0	2.8	5.6	5.8
FCF (m €)	9.0	12.2	11.2	11.4

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	0.5	0.4	0.4
EV/EBITDA	3.8	3.5	3.1
EV/EBIT	5.6	5.1	4.6
PE	5.6	5.4	5.1

Source: TPICAP Midcap

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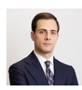

FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	161.6	168.6	184.1	189.0	193.0	196.5
Changes (%)	-17.8	4.3	9.2	2.7	2.1	1.8
Gross profit	66.3	64.5	70.6	73.7	76.2	78.6
% of Sales	41.0	38.3	38.3	39.0	39.5	40.0
EBITDA	**13.9**	**16.6**	**20.9**	**24.5**	**25.0**	**25.5**
% of Sales	8.6	9.9	11.4	12.9	12.9	13.0
Current operating profit	**4.6**	**7.5**	**10.4**	**16.5**	**17.0**	**17.5**
% of Sales	2.9	4.5	5.6	8.7	8.8	8.9
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.6	7.5	10.4	16.5	17.0	17.5
Net financial result	-2.0	-2.3	-2.1	-1.3	-1.2	-1.0
Income Tax	0.2	-1.2	-1.0	-2.6	-2.7	-2.8
Tax rate (%)	-9.0	23.2	11.9	17.0	17.0	17.0
Net profit, group share	**2.8**	**4.0**	**7.3**	**12.6**	**13.1**	**13.7**
EPS	0.20	0.28	0.53	0.92	0.95	1.00

Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	76.7	77.8	87.1	88.6	90.6	92.6
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.8	0.9	0.5	0.5	0.5	0.5
Working capital	33.5	43.8	39.5	39.7	40.8	42.2
Other Assets	1.9	1.1	1.8	1.8	1.8	1.8
Assets	113.0	123.5	128.9	130.6	133.7	137.0
Shareholders equity group	77.5	80.7	86.9	97.5	106.6	116.2
Minorities	0.0	0.0	0.1	0.1	0.1	0.1
LT & ST provisions and others	2.9	2.9	2.9	2.9	2.9	2.9
Net debt	25.9	33.2	30.9	22.1	16.0	9.8
Other liabilities	5.9	5.5	7.0	7.0	7.0	7.0
Liabilities	113.0	123.5	128.9	130.6	133.7	137.0
Net debt excl. IFRS 16	25.9	33.2	30.9	22.1	16.0	9.8
Gearing net	0.3	0.4	0.4	0.2	0.2	0.1
Leverage	1.9	2.0	1.5	0.9	0.6	0.4

Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	12.1	13.9	16.0	20.6	21.1	21.7
ΔWCR	1.6	-10.4	5.9	-0.2	-1.1	-1.4
Operating cash flow	13.7	3.5	21.9	20.4	20.0	20.4
Net capex	-6.5	-10.1	-8.0	-9.5	-10.0	-10.0
FCF	9.1	-4.2	9.0	12.2	11.2	11.4
Acquisitions/Disposals of subsidiaries	0.0	0.0	-6.8	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-4.8	7.7	-4.3	0.0	0.0	0.0
Dividends paid	-1.9	0.0	0.0	-2.0	-3.9	-4.1
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.7	-0.2	0.0	0.0	0.0
Change in net cash over the year	0.1	0.4	2.6	8.9	6.0	6.2

ROA (%)	1.7%	2.3%	3.9%	6.4%	6.3%	6.3%
ROE (%)	3.7%	5.0%	8.4%	12.9%	12.3%	11.8%
ROCE (%)	4.9%	5.0%	7.8%	11.5%	11.5%	11.6%

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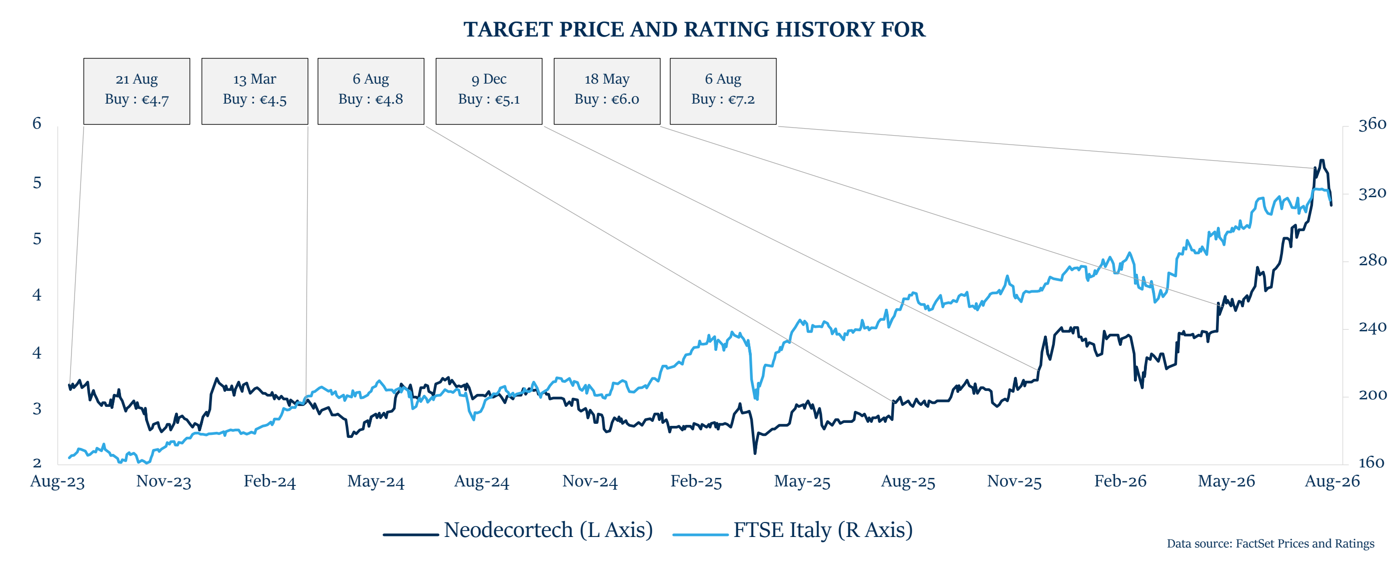
Methodology

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

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



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
06 Aug 26 - 07:57:23	Mathias Paladino	€ 6.00	€ 7.20	€ 5.36	Buy	Buy
25 Jun 26 - 17:26:47	Mathias Paladino	€ 6.00	€ 6.00	€ 4.25	Buy	Buy
27 May 26 - 08:08:05	Mathias Paladino	€ 6.00	€ 6.00	€ 4.16	Buy	Buy
18 May 26 - 08:23:36	Mathias Paladino	€ 5.10	€ 6.00	€ 4.00	Buy	Buy
16 Mar 26 - 08:39:36	Mathias Paladino	€ 5.10	€ 5.10	€ 3.54	Buy	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	69%	76%
Hold	23%	57%
Sell	3%	40%
Under review	6%	78%

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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