EQUITY RESEARCH

NEODECORTECH

RESULTS REVIEW

BUY

TP 7.2€ (vs 6.0€)

Up/Downside: 34%

Excellent H1 26: Decorative business rebounds strongly

Neodecortech reported H1 results above our expectations. Revenue reached €97.7m (+8%), broadly in line with our estimates (€95m est.), while EBITDA came in at €15.6m (16.0% margin), well ahead of our H1 trajectory (€11m est.). The key takeaway from this H1 is the acceleration in decorative margins, highlighting the group's ability to pass through cost inflation while improving its product mix. We raise our estimates and target price.

Decorative accelerates, ahead of our expectations. The printed paper division (including Lamitex) delivered +27% growth (vs. +8% in Q1), with a 13.2% margin compared to 7.5% a year earlier. On a pro forma basis (incl. Lamitex), the division posted +6% growth and a 13.2% margin versus 9.5%, confirming that the improvement is driven by the underlying business and not solely by the acquisition. The decorative paper division reported stable revenue, but margin surged from 7.4% to 12.2%. Management indicated that cost inflation (pulp +28%, TiO_2, energy) has now been fully passed through. Europe continued to drive international growth (+10%), while Italy returned to growth (+8%). This turnaround, in a market that remains below 2021 levels, leaves ample room for further recovery. In our view, the group's ability to achieve margins above previous historical highs before volumes have fully recovered is one of the key messages from this H1.

BEG delivers, in line with our expectations. BEG generated €5.2m of EBITDA (20% margin) despite the January-February shutdown. ARERA is currently preparing a new resolution following the June-July hearings, aimed at clarifying both the merit order framework and the number of covered hours.

Balance sheet strengthens significantly. Working capital improved by €5.2m over the period, supported by efficient supplier management and the normalization of GSE receivables. Strong EBITDA-to-cash conversion was one of the highlights of the semester. Net debt declined by 36% in six months to €19.9m, bringing annualized Net Debt/EBITDA below 1x.

Estimates raised. We notably increase our 2026 EBITDA estimate from €21.7m to €24.5m, with EPS rising from €0.60 to €0.92. Our 2027-2028 forecasts (EBITDA of €25.0m and €25.5m, EPS of €0.95 and €1.00) assume a gradual continuation of the market recovery and the planned decline of the PMG contribution.

Neodecortech was one of our key picks for H2 2026, and this H1 fully supports our investment case. At 4x revised 2026 EV/EBITDA, NDT trades at a ~30% discount to its peers (Surteco 6.0x, Uzin Utz 5.8x, Sanderson 5.9x), despite delivering a 12.9% EBITDA margin, around 15% above the peer group median.

Buy recommendation, with our Target Price raised to €7.2 (vs. €6.0 previously).

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	2.7	5.3	5.6
FCF (m €)	9.0	12.2	11.2	11.4

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	0.5	0.5	0.4
EV/EBITDA	3.9	3.6	3.3
EV/EBIT	5.8	5.3	4.8
PE	5.9	5.6	5.4

Source: TPICAP Midcap

Key data	
Price (€)	5.4
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	13.754
Market Cap (m €)	73.7
Average trading volumes (k shares / day)	3.727
Next event	9M 26 - 09/11/2026

Source: FactSet

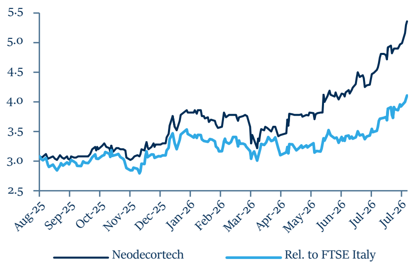
Ownership (%)	
Valentini Finanziaria SpA	58.6
Free float	41.4

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	0.92	0.95	1.00
Change vs previous estimates (%)	51.86	43.91	36.47

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.1	19.4	40.3
Rel FTSE Italy	1.3	17.2	18.8



Source: FactSet

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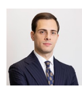

FINANCIAL DATA

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

	12/23	12/24	12/25	12/26e	12/27e	12/28e
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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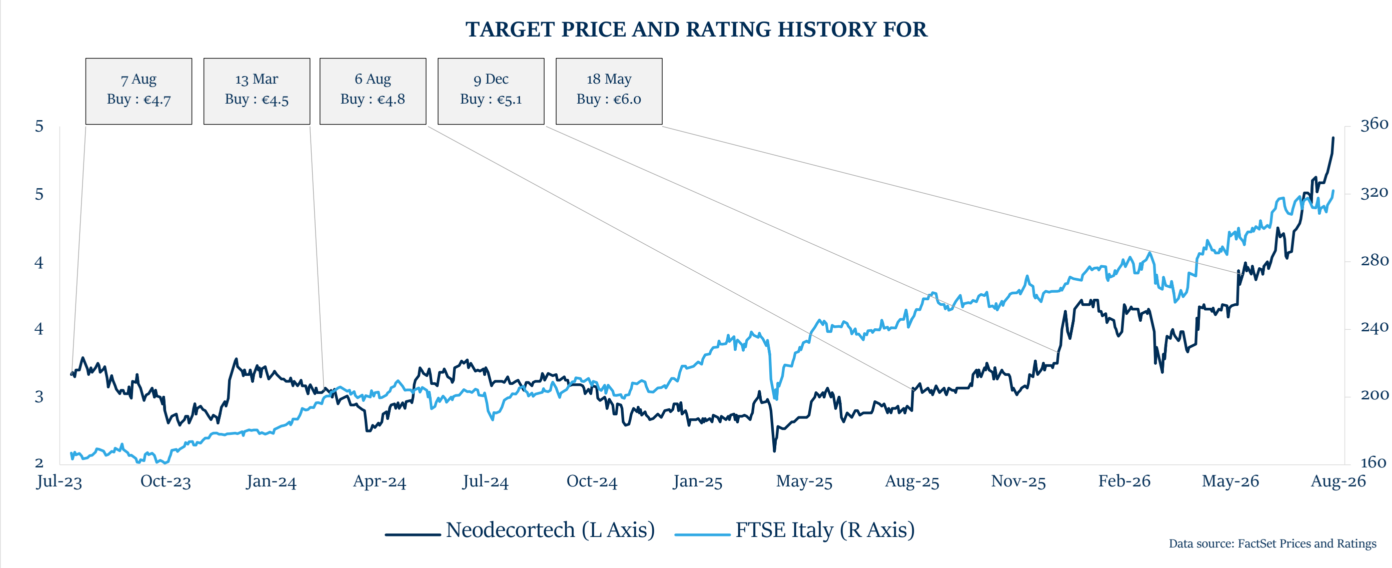
Methodology

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
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	21%	54%
Sell	3%	40%
Under review	6%	80%

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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