

EQUITY RESEARCH

NEODECORTECH

RESULTS REVIEW

BUY
TP 4.50€
Up/Downside: 40%

H1-2024 results in line with last year

Neodecortech released its results for the first half of 2024 on Friday evening, after the market closed. The results are in line with those of the same period last year, despite a sluggish market.

Revenue reached €85.3m compared to €86.4m in H1-23 (-1.27%), mainly due to a decline in demand in the furniture market and lower unit prices compared to the previous year.

In detail, the NDT and CDG divisions reported sales decreases of -4.6% and -6.4% respectively, while the BEG division's revenue increased by +17.3% compared to the previous year, primarily due to last year's closure.

EBITDA stands at €6.9m (8.1%), down from €9.2m (10.7%) last year. However, it's important to note that last year's EBITDA benefited from a €2.6m effect of maximization. Excluding this effect, the EBITDA margin was 7.6%.

Net debt stands at €-38.5m (compared to €32.1m the previous year), due to delayed receivables collection for the BEG division, totaling €19m. However, €7.6m was collected in July, and the remaining €11.4m is expected to be received by the end of the year.

Outlook: The market is expected to continue on this trajectory until at least the end of the year. However, potential interest rate decreases could revive the real estate market and, consequently, the furniture market.

We reiterate our buy recommendation and our target price of €4.5.

Key data

Price (€)	3.2
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	45.8
Average trading volumes (k shares / day)	3.547

Source: FactSet

Ownership (%)

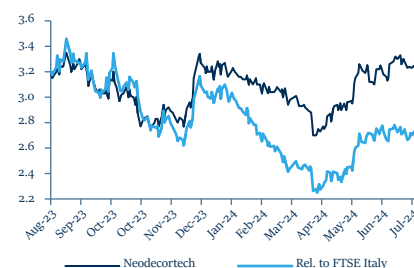
Management	58.6
Free float	41.4

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.25	0.35	0.44
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.6	2.9	-1.5
Rel FTSE Italy	1.7	6.4	-8.4



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	161.6	167.0	171.1	174.5	EV/Sales	0.4	0.3	0.3
Current Op Inc (m €)	4.6	5.7	7.2	8.6	EV/EBITDA	4.5	3.6	3.0
Current op. Margin (%)	2.9	3.4	4.2	5.0	EV/EBIT	11.8	8.3	6.1
EPS (€)	0.20	0.25	0.35	0.44	PE	12.6	9.3	7.4
DPS (€)	0.00	0.00	0.00	0.00	Source: TPICAP Midcap			
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	7.3	4.4	7.8	6.9				

Consensus FactSet - Analysts:3	12/24e	12/25e	12/26e
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

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	176.4	196.5	161.6	167.0	171.1	174.5
Changes (%)	38.0	11.4	-17.7	3.3	2.5	2.0
Gross profit	65.1	70.8	66.3	62.6	64.4	66.5
% of Sales	36.9	36.0	41.0	37.5	37.6	38.1
EBITDA	18.1	16.0	13.9	14.8	16.3	17.8
% of Sales	10.3	8.1	8.6	8.9	9.5	10.2
Current operating profit	9.2	6.1	4.6	5.7	7.2	8.6
% of Sales	5.2	3.1	2.9	3.4	4.2	5.0
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.2	6.1	4.6	5.7	7.2	8.6
Net financial result	-1.2	-0.6	-2.0	-1.5	-1.5	-1.5
Income Tax	-1.3	-0.8	0.2	-0.5	-0.7	-0.9
Tax rate (%)	16.6	8.7	12.7	12.7	12.7	12.7
Net profit, group share	6.7	8.4	2.8	3.6	4.9	6.2
EPS	0.49	0.60	0.20	0.25	0.35	0.44
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	80.1	79.4	76.7	76.8	76.9	76.9
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.8	0.5	0.4	0.4	0.4	0.4
Working capital	27.2	36.2	33.6	33.0	30.4	29.9
Other Assets	2.0	2.2	2.3	2.3	2.3	2.3
Assets	111.1	118.4	113.1	112.6	110.0	109.5
Shareholders equity group	70.5	77.3	77.5	81.1	86.0	92.2
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	1.0	0.8	0.8	0.8	0.8	0.8
Net debt	29.3	30.7	25.9	21.5	13.7	6.9
Other liabilities	8.7	8.4	8.0	8.3	8.5	8.7
Liabilities	111.1	118.4	113.1	112.6	110.0	109.5
Net debt excl. IFRS 16	29.3	30.7	25.9	21.5	13.7	6.9
Gearing net	0.4	0.4	0.3	0.3	0.2	0.1
Leverage	1.6	1.9	1.9	1.4	0.8	0.4
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	15.8	14.7	12.1	13.0	14.3	15.6
ΔWCR	2.1	-9.1	1.6	0.6	2.7	0.5
Operating cash flow	18.0	5.6	13.8	13.6	17.0	16.1
Net capex	-9.7	-9.2	-6.4	-9.2	-9.2	-9.2
FCF	8.2	-3.6	7.3	4.4	7.8	6.9
Acquisitions/Disposals of subsidiaries	0.1	-0.1	-0.0	-0.0	-0.0	-0.0
Other investments	0.3	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-4.7	4.6	-4.8	0.0	0.0	0.0
Dividends paid	-1.2	-2.0	-1.9	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	3.2	-0.3	-0.5	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	6.0	-1.4	0.1	4.4	7.7	6.9
ROA (%)	4.0%	5.0%	1.7%	2.1%	2.8%	na
ROE (%)	9.5%	10.9%	3.7%	4.5%	5.7%	na
ROCE (%)	7.6%	5.1%	3.8%	4.7%	6.1%	7.5%

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This Report may mention evaluation methods defined as follows:

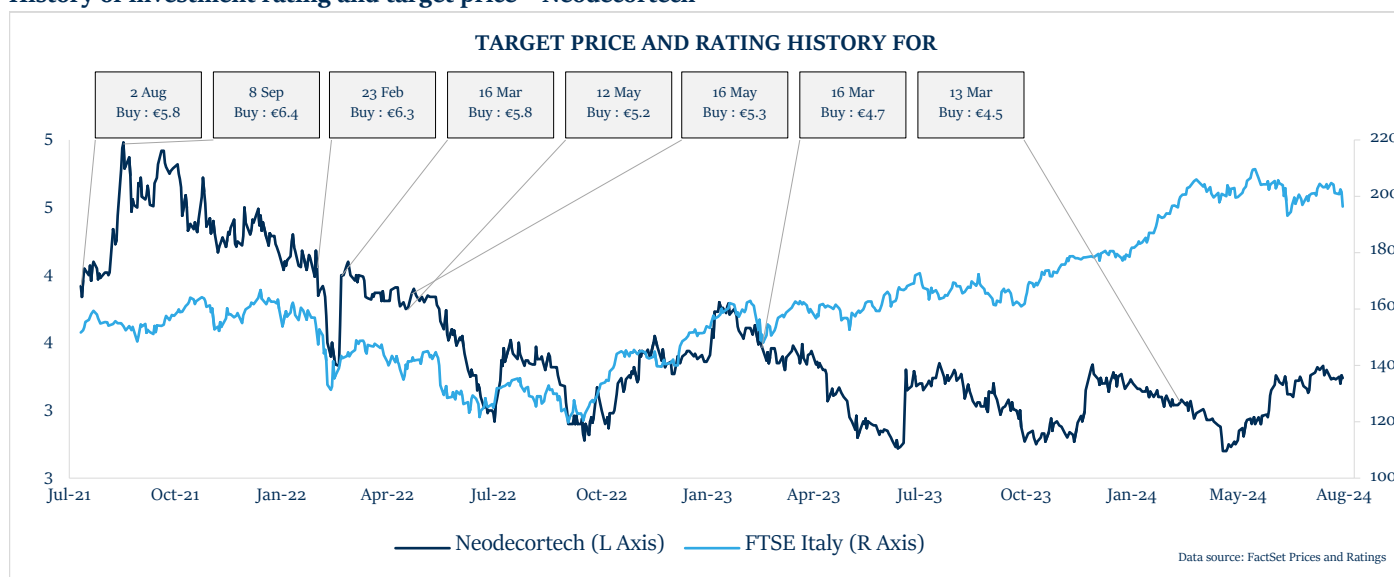
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's 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.
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



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	65%
Hold	16%	62%
Sell	2%	0%
Under review	2%	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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