

## EQUITY RESEARCH

# NEODECORTECH

## RESULTS REVIEW

Press release

**BUY**  
**TP 4.50€**  
Up/Downside: 55%

### A slowdown impacted by pricing effects

Neodecortech reports a decline in Q3 2024, primarily driven by a reduction in unit prices. The volume effect was balanced out by the group's energy activities, which nevertheless could not prevent the Q3 2024 decrease, bringing 9M 2024 revenue to €121.5 million (-2.8% vs. 9M 2023).

Neodecortech recorded revenue of €36.3 million in Q3 2024, down 6.0% compared to Q3 2023, with this trend likely to continue towards year-end. The group is experiencing a general slowdown in demand, affecting its activities uniformly. Adopting a cautious approach, the manufacturing cycle is expected to reverse around H1 2025, potentially driving a new boost in volumes.

The price effects are attributed to printed and decorative paper activities (NDT & CDG, respectively), which experienced a revenue decline of 8.3% and 10.4% (vs. 9M 2023). Meanwhile, the energy business increased by 22.3% over the same period. Market contraction was observed primarily in Italy (-€4.9 million in revenue, -11.6% vs. 9M 2023) and to a lesser extent in Europe (-8.3%) and Asia (-6.4%).

Operating margins were also impacted (-2.0% vs. 9M 2023), reaching €11.1 million in 9M 2024. However, by normalizing 9M 2023 EBITDA for non-recurring revenue (€2.6 million), a significant increase of €2.4 million is observed for 9M 2024.

Net income declined by 32.4% (vs. 9M 2023), due to rising financial costs and the absence of a positive non-recurring effect (minimum guaranteed prices - PMG), which had increased 9M 2023 net income.

Net debt rose slightly to €39.1 million, compared to €36.0 million in 9M 2023, primarily due to delayed receivables linked to the PMG effect.

In the broader context, increased volatility in oil prices adds an uncertainty premium to Neodecortech's market, likely negatively impacting energy inputs and raw materials.

This publication leads us to revise our estimates with an adjusted topline of -2.2% for 2024 (vs. +3.3% previously), a nearly stable EBITDA, and a net income of €3.0 million (vs. €3.6 million previously).

We reiterate our Buy recommendation with a target price of €4.5.

#### Key data

Price (€)	2.9
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.119
Market Cap (m €)	40.9
Average trading volumes (k shares / day)	2.650
Source: FactSet	

#### Ownership (%)

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

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.21	0.35	0.48
Change vs previous estimates (%)	-16.18	0.32	10.01

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-2.4	-6.5	-11.3
Rel FTSE Italy	-2.8	-4.9	-22.2



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	158.7	163.7	169.2	EV/Sales	0.4	0.3	0.3
Current Op Inc (m €)	4.6	6.0	8.6	11.0	EV/EBITDA	4.0	3.1	2.5
Current op. Margin (%)	2.9	3.8	5.3	6.5	EV/EBIT	9.8	6.3	4.5
EPS (€)	0.20	0.21	0.35	0.48	PE	13.6	8.4	6.0
DPS (€)	1.87	1.36	2.45	3.73	Source: TPICAP Midcap			
Yield (%)	64.6	46.8	84.3	128.5				
FCF (m €)	9.3	10.9	8.9	10.2				

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## FINANCIAL DATA

<b>Income Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Sales	176.4	196.5	161.6	158.7	163.7	169.2
Changes (%)	38.0	11.4	-17.7	-1.8	3.1	3.3
Gross profit	65.1	70.8	66.3	63.9	66.6	69.5
% of Sales	36.9	36.0	41.0	40.3	40.7	41.1
<b>EBITDA</b>	<b>18.1</b>	<b>16.0</b>	<b>13.9</b>	<b>15.0</b>	<b>17.4</b>	<b>19.5</b>
% of Sales	10.3	8.1	8.6	9.5	10.6	11.5
<b>Current operating profit</b>	<b>9.2</b>	<b>6.1</b>	<b>4.6</b>	<b>6.0</b>	<b>8.6</b>	<b>11.0</b>
% of Sales	5.2	3.1	2.9	3.8	5.3	6.5
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.2	6.1	4.6	6.0	8.6	11.0
Net financial result	-1.2	3.1	-2.0	-2.4	-2.1	-2.0
Income Tax	-1.3	-0.8	0.2	-0.6	-1.6	-2.2
Tax rate (%)	16.6	8.7	na	17.6	24.7	24.7
<b>Net profit, group share</b>	<b>6.7</b>	<b>8.4</b>	<b>2.9</b>	<b>3.0</b>	<b>4.9</b>	<b>6.8</b>
EPS	0.49	0.60	0.20	0.21	0.35	0.48
<b>Financial Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	80.1	79.4	76.7	75.2	74.8	75.6
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	23.8	30.3	31.5	26.6	25.7	25.1
Other Assets	5.4	8.1	4.4	6.1	6.2	5.5
<b>Assets</b>	<b>111.1</b>	<b>118.4</b>	<b>113.1</b>	<b>108.3</b>	<b>107.1</b>	<b>106.7</b>
Shareholders equity group	70.5	77.3	77.5	79.0	81.3	84.2
LT & ST provisions and others	3.6	2.9	2.9	2.9	2.9	2.9
Net debt	29.3	30.7	25.9	18.6	13.6	8.1
Other liabilities	6.2	6.3	5.9	6.3	7.1	8.2
<b>Liabilities</b>	<b>111.1</b>	<b>118.4</b>	<b>113.1</b>	<b>108.3</b>	<b>107.1</b>	<b>106.7</b>
Net debt excl. IFRS 16	29.3	30.7	25.9	18.6	13.6	8.1
Leverage	1.6	1.9	1.9	1.2	0.8	0.4
<b>Cash flow statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
CF after elimination of net borrowing costs and taxes	15.8	14.7	12.1	12.3	14.4	16.4
ΔWCR	2.1	-9.1	1.6	3.9	1.4	2.3
Operating cash flow	18.0	5.6	13.7	16.2	15.9	18.7
Net capex	-9.4	-9.3	-6.5	-7.3	-8.3	-9.3
FCF	9.6	-3.2	9.3	10.9	8.9	10.2
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	-2.9	6.7	-4.5	-0.4	0.6	-0.1
Dividends paid	-1.2	-2.0	-1.9	-1.4	-2.4	-3.7
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	3.2	-0.3	-0.5	-0.2	-0.2	-0.2
Others	-1.7	-2.1	-0.3	-1.4	-1.2	-1.4
Change in net cash over the year	6.0	-1.4	0.1	5.5	4.3	4.0
ROA (%)	4.0%	5.0%	1.7%	1.9%	3.0%	4.0%
ROE (%)	9.5%	10.9%	3.7%	3.8%	6.0%	8.0%
ROCE (%)	7.3%	4.9%	na	4.8%	6.4%	8.2%

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This Report may mention evaluation methods defined as follows:

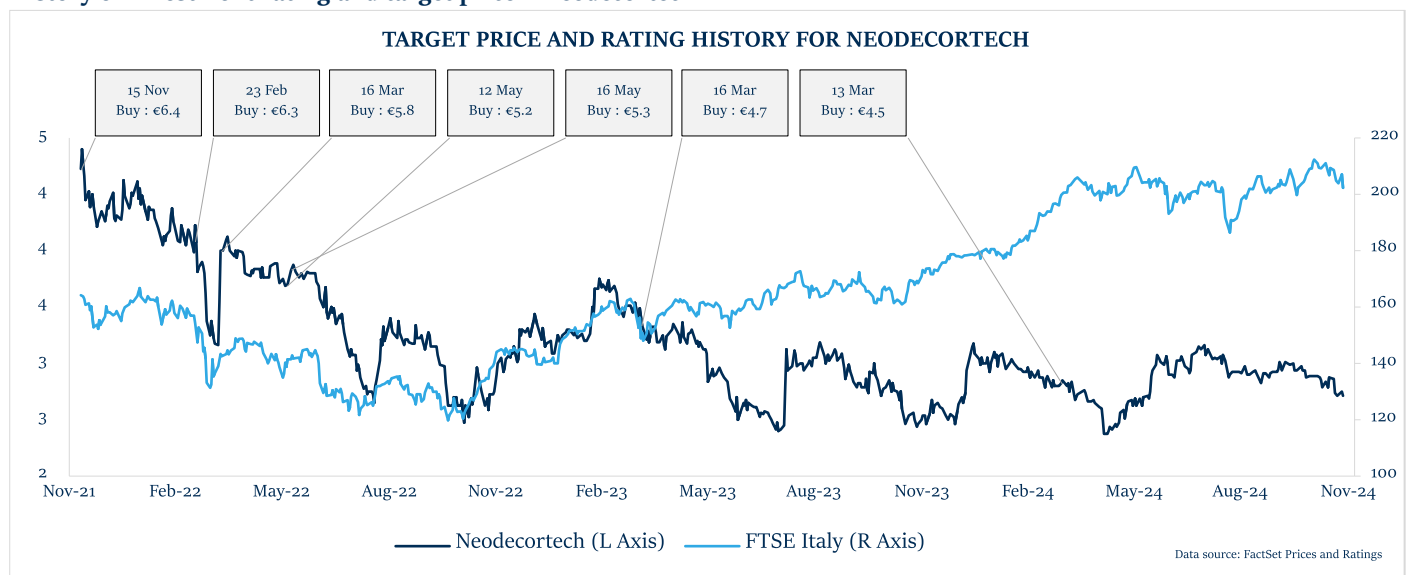
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's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



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Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	63%
Hold	15%	68%
Sell	3%	40%
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.

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