

NEODECORTECH

BUY

Sector: Industrials

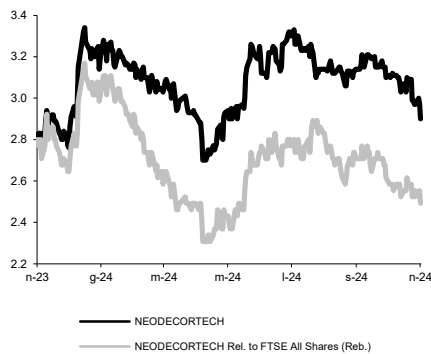
Price: Eu2.90 - Target: Eu4.30

9M24: revenues down, margin confirmed at 9%

Chiara Tavazzi +39-02-77115.451
chiara.tavazzi@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 4.50 to 4.30		
	2024E	2025E	2026E
Chg in Adj EPS	-30.4%	-31.4%	-38.0%

NEODECORTECH - 12M Performance



Stock Data			
Reuters code:	NDT.MI		
Bloomberg code:	NDT IM		
Performance	1M	3M	12M
Absolute	-6.5%	-7.6%	3.6%
Relative	-4.8%	-12.7%	-12.6%
12M (H/L)	3.34/2.70		
3M Average Volume (th):	1.87		

Shareholder Data	
No. of Ord shares (mn):	14
Total no. of shares (mn):	14
Mkt Cap Ord (Eu mn):	41
Total Mkt Cap (Eu mn):	41
Mkt Float - Ord (Eu mn):	17
Mkt Float (in %):	41.4%
Main Shareholder:	
Finanziaria Valentini S.p.A	58.6%

Balance Sheet Data	
Book Value (Eu mn):	78
BVPS (Eu):	5.47
P/BV:	0.5
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	67

■ **Published results show a slowdown in 3Q24.** 9M24 results were affected by the slowdown in demand, which is currently a feature of the decorative surfaces supply chain for the furniture and furnishing market, and a reduction in unit prices. The company recorded revenues of €121.5 million (-2.3% YoY), showing a significant drop in turnover in 3Q, in which revenues amounted to €36 million (-6.1% YoY, -14.1% QoQ). We appreciate the close attention to cost control, which has protected group margins. The incidence of the EBITDA margin on turnover was 9.1%, a figure substantially in line with the previous year, although that included among other revenues €2.6 million in revenue maximization, net of which the margin would have dropped from 9.1% to 7%. Net financial debt was €39.1mn: this figure is affected by €18.2mn of government receivables not yet collected.

■ **Breakdown of revenues by area.** In the first 9M of the year, sales by the printed decorative paper and decorative paper divisions decreased by -8.3% and -10.4% YoY respectively, while those by the energy division grew by +22.3% YoY thanks to the higher number of plant operating hours; in 2023, the plant was inoperative from 1 April to 15 May. Geographically, Italy and Europe saw the most pronounced contraction of revenues: by -11.6% for Italy (excluding the positive effect of the energy division) and by -8.9% for Europe. Elsewhere, Asia/Middle East decreased, America was stable, and Africa increased.

■ **Indications from management.** The company expects the general slowdown in demand to persist uniformly across the sales areas in which core companies operate, through the end of the current year and into first months of 2025. Energy carriers are expected to be stable. As regards the trend for strategic raw materials, a certain stability is expected for resins, plastics and titanium dioxide, further increases are possible for paper, and a further retracement of cellulose prices is expected, until a realignment with prices on the Chinese market. As usual, quantitative guidance was not provided.

■ **Update to FY24-26 estimates and valuation.** Following the publication of results, we are revising our estimates downward: we have reduced FY24-26 revenue estimates by -8%, -10% and -10% respectively, and EBITDA estimates by -5%, -10% and -16%. We also expect the government receivables in the form of incentives to be largely collected by the end of the year, which would result in a substantial improvement to the net financial position, estimated at €27 million as at the end of 2024. The cut in estimates entails a reduction in the target from €4.50 to €4.30. We confirm our positive view pending a more favourable market environment expected for the second half of 2025, which could benefit from any further interest rate cuts. At current stock exchange prices, the stock has potential upside of ca. 50%. **BUY, target price €4.30.**

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	196	162	158	161	164
EBITDA Adj (Eu mn)	16	14	14	15	15
Net Profit Adj (Eu mn)	8	3	2	3	4
EPS New Adj (Eu)	0.607	0.200	0.159	0.216	0.258
EPS Old Adj (Eu)	0.607	0.200	0.229	0.315	0.416
DPS (Eu)	0.139	0.141	0.040	0.054	0.064
EV/EBITDA Adj	5.1	5.1	4.8	4.4	4.0
EV/EBIT Adj	13.4	15.4	13.0	11.3	10.0
P/E Adj	4.8	14.5	18.2	13.4	11.3
Div. Yield	4.8%	4.9%	1.4%	1.9%	2.2%
Net Debt/EBITDA Adj	1.9	1.9	1.8	1.6	1.3

NEODECORTECH – Key Figures

Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	176	196	162	158	161	164
EBITDA	18	16	14	14	15	15
EBIT	9	6	5	5	6	6
Financial Income (charges)	-1	3	-2	-2	-2	-1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	8	9	3	3	4	5
Taxes	-1	-1	0	-1	-1	-1
Tax rate	-16.6%	-8.7%	9.2%	-22.0%	-22.0%	-22.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	7	8	3	2	3	4
EBITDA Adj	18	16	14	14	15	15
EBIT Adj	9	6	5	5	6	6
Net Profit Adj	7	8	3	2	3	4
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	14	14	14	14	14	14
Total Shares Outstanding (mn) - Year End	14	14	14	14	14	14
EPS f.d	0.493	0.607	0.200	0.159	0.216	0.258
EPS Adj f.d	0.493	0.607	0.200	0.159	0.216	0.258
BVPS f.d	5.181	5.435	5.448	5.467	5.542	5.659
Dividend per Share ORD	0.089	0.139	0.141	0.040	0.054	0.064
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	18.0%	23.4%	70.2%	25.0%	25.0%	25.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	15	19	13	11	12	13
Change in NWC	2	-9	2	-3	-1	-1
Capital Expenditure	-10	-9	-6	-6	-6	-6
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	7	1	8	2	4	5
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	-1	-2	-2	-2	-2	-2
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	11	-1	5	0	2	3
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	82	81	78	75	73	70
Net Working Capital	27	34	25	27	28	29
Long term Liabilities	-8	-8	-7	-7	-7	-7
Net Capital Employed	100	108	103	103	102	100
Net Cash (Debt)	-29	-31	-26	-26	-23	-20
Group Equity	70	77	77	78	79	80
Minorities	0	0	0	0	0	0
Net Equity	70	77	77	78	79	80
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	53	51	45	41	41	41
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-29	-31	-26	-26	-23	-20
Enterprise Value	83	82	71	67	65	61
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	10.3%	8.1%	8.6%	8.9%	9.1%	9.2%
EBIT Adj Margin	5.2%	3.1%	2.9%	3.3%	3.6%	3.7%
Gearing - Debt/Equity	41.6%	39.8%	33.4%	33.1%	29.5%	24.7%
Interest Cover on EBIT	7.6	nm	2.3	2.3	3.2	4.4
Net Debt/EBITDA Adj	1.6	1.9	1.9	1.8	1.6	1.3
ROACE*	9.2%	5.9%	4.4%	5.0%	5.6%	6.0%
ROE*	10.1%	11.4%	3.7%	2.9%	3.9%	4.6%
EV/CE	0.8	0.8	0.7	0.6	0.6	0.6
EV/Sales	0.5	0.4	0.4	0.4	0.4	0.4
EV/EBITDA Adj	4.6	5.1	5.1	4.8	4.4	4.0
EV/EBIT Adj	9.0	13.4	15.4	13.0	11.3	10.0
Free Cash Flow Yield	18.0%	1.6%	19.8%	5.2%	10.8%	13.1%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	38.0%	11.4%	-17.7%	-2.2%	1.9%	2.0%
EBITDA Adj	24.1%	-11.9%	-13.1%	1.1%	4.4%	3.0%
EBIT Adj	68.1%	-33.8%	-24.0%	10.8%	11.3%	6.6%
Net Profit Adj	89.2%	26.1%	-66.2%	-20.5%	35.7%	19.2%
EPS Adj	85.7%	22.9%	-67.0%	-20.5%	35.7%	19.2%
DPS	-36.3%	56.9%	1.4%	-71.8%	35.7%	19.2%

*Excluding extraordinary items

Source: IntermonTE SIM estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	NEODECORTECH		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.30	Previous Target (Eu):	4.50
Current Price (Eu):	2.90	Previous Price (Eu):	3.12
Date of report:	15/11/2024	Date of last report:	07/08/2024

DISCLAIMER (for more details go to [DISCLAIMER](#))

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Plural Securities LLC, 950 3rd Ave, Suite 1702, NY 10022, USA.

GUIDE TO FUNDAMENTAL RESEARCH

The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:

Intermonte is acting as financial advisor to Retex S.p.A. – Società Benefit in relation to the voluntary public tender offer launched on Alkemy S.p.A.

Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Aquafil, Civitanavi Systems, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DHH, El.En, Elica, Emak, Esprinet, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, GPI, Greenthesis (formerly Ambientthesis), IEG, IndelB, Intred, Luve, Misitano & Stracuzzi, Mondadori, Notorious Pictures, Omer, Pharamantra, Relatech, Reply, Revo Insurance, Reway, Saes Getters, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Star7, SyS-Dat Group, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider and/or Specialist and/or Corporate Broker on the following companies: Abitare In, Alkemy, Allcore, Almawave, Banca Sistema, Bifire S.P.A., B&C Speakers, Casta Diva Group, Cleanbnb, Coffe, Crowdfundme, Cube Labs, Cy4gate, Cyberoo, DHH, Digital Bros, Digital Magics, Digitouch, Doxee, Edilziacrobatica Spa, Eles, Elica, Emak, Energy, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GM Leather, GPI, Green Oleo, High Quality Food, Ikonisys, Intercos, Intred, ISCC Fintech, Lemon Sistemi, Lventure Group, Maps Group, Mare Group, Masi Agricola, Matica Fintec, Misitano & Stracuzzi, Neodecortech, Notorious Pictures, Olidata, Osai Automation System, Racing Force Group, Redfish Long Term Capital, Relatech, Reti, Sciuker Frames, SG Company, Solid World Group, Spindox Digital Soul, Talea, Tamburi, Tesmec, Tinexta, TMP Group, Tps Group, Trendevice, Ulisse Biomed, Xenia Hôtellerie Solution Spa Società Benefit, WIIT, Zest.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

© Copyright 2024 by Intermonte SIM - All rights reserved

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available