

## EQUITY RESEARCH

# NEODECORTECH

## RESULTS REVIEW

**BUY**

**TP 4.50€**

Up/Downside: 58%

### Growth in results despite a challenging environment

Neodecortech's annual results have exceeded expectations, with 2024 revenue reaching €168.6m (+4.3% YoY), driven by strong growth in the BEG energy division (c. +€16m YoY).

Neodecortech (NDT) released its annual results last night, surpassing our forecasts. Revenue came in at €168.6m (vs. €158.7m expected), marking a +4.3% YoY increase. This performance is primarily attributed to the BEG division (energy production), which recorded a c. +€16m increase (vs. +€6m expected) following the resumption of production after a 2023 shutdown. This growth helped offset a decline in the core decorative paper business (NDT and CDG), which faced weaker demand in the furniture sector and lower unit prices (-2% for NDT and -8% for CDG). Sales declined evenly across key geographic areas: -11.2% in Europe, -10.1% in Italy, and -8.8% in the Americas.

EBITDA reached €16.6m (vs. €15m expected), translating to an EBITDA margin of 9.9% (+130 bps YoY). This improvement was driven by the rebound in BEG's activity and lower raw material costs (-180 bps YoY). However, the group's strategy remains prudent: in response to weaker demand, NDT opted to lower its selling prices to preserve market share.

Net income rose sharply to €4m (+39.4% YoY), reflecting effective management of investment and financing activities.

Net debt stood at €33.1m (+€14.5m YoY), negatively impacted by €18m in outstanding receivables linked to the PMG scheme. Adjusted for this effect, net debt remained relatively stable at €15.4m. The Board of Directors has proposed a dividend distribution of €0.15 per share (5.3% yield).

The year 2024 has been marked by stagnation in the furniture and decoration market. While raw material prices (cellulose, plastics, and animal fats) may have peaked, geopolitical tensions continue to exert pressure. NDT has demonstrated resilience, benefiting from the complementary nature of its business lines (CDG sustained its activity through BEG's energy supply).

Overall, these solid results reaffirm the group's resilience in an exceptionally challenging environment. Our focus now shifts to a potential recovery in furniture and decoration demand, which could serve as a significant growth driver in the medium to long term. We maintain our Buy recommendation with a €4.5 price target.

#### Key data

Price (€)	2.8
Industry	Diversified Paper
Ticker	NDT-IT
Shares Out (m)	14.218
Market Cap (m €)	40.4
Average trading volumes (k shares / day)	2.650

Source: FactSet

#### Ownership (%)

Valentini Finanziaria SpA	58.6
Azimut Investments SA	5.3
Free float	36.1

Source: TPICAP Midcap estimates

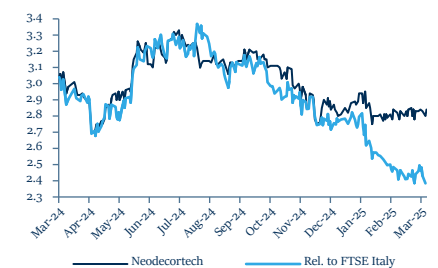
#### EPS (€)

	12/25e	12/26e	12/27e
Estimates	0.35	0.46	0.48
Change vs previous estimates (%)	0.37	-4.75	-6.09

Source: TPICAP Midcap estimates

#### Performance (%)

	1D	1M	YTD
Price Perf	1.4	1.4	0.7
Rel FTSE Italy	0.2	-0.8	-13.2



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	168.6	175.4	181.6	188.3	EV/Sales	0.4	0.4	0.3
Current Op Inc (m €)	7.5	8.6	9.6	9.9	EV/EBITDA	4.3	3.8	3.4
Current op. Margin (%)	4.4	4.9	5.3	5.3	EV/EBIT	8.6	7.2	6.5
EPS (€)	0.28	0.35	0.46	0.48	PE	8.2	6.2	5.9
DPS (€)	1.79	1.72	2.32	2.50	Source: TPICAP Midcap			
Yield (%)	63.0	60.5	81.8	88.2				
FCF (m €)	-5.1	3.0	8.1	7.6				

Analyst

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## FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	196.5	161.6	168.6	175.4	181.6	188.3
Changes (%)	11.4	-17.7	4.3	4.0	3.6	3.7
Gross profit	70.8	66.3	64.5	67.7	70.8	74.1
% of Sales	36.0	41.0	38.3	38.6	39.0	39.4
<b>EBITDA</b>	<b>16.0</b>	<b>13.9</b>	<b>16.6</b>	<b>17.4</b>	<b>18.2</b>	<b>18.9</b>
% of Sales	8.1	8.6	9.9	9.9	10.0	10.0
<b>Current operating profit</b>	<b>6.1</b>	<b>4.6</b>	<b>7.5</b>	<b>8.6</b>	<b>9.6</b>	<b>9.9</b>
% of Sales	3.1	2.9	4.4	4.9	5.3	5.3
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	6.1	4.6	7.5	8.6	9.6	9.9
Net financial result	3.1	-2.0	-2.3	-2.3	-1.4	-1.2
Income Tax	-0.8	0.2	-1.2	-1.4	-1.8	-1.9
Tax rate (%)	8.7	na	23.2	22.0	22.0	22.0
<b>Net profit, group share</b>	<b>8.4</b>	<b>2.9</b>	<b>4.0</b>	<b>4.9</b>	<b>6.5</b>	<b>6.8</b>
EPS	0.60	0.20	0.28	0.35	0.46	0.48
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	79.4	76.7	77.8	78.9	80.0	80.6
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.5	0.4	0.5	0.5	0.5	0.5
Working capital	30.3	31.5	41.5	43.3	42.7	42.4
Other Assets	8.1	4.4	3.8	4.9	4.1	4.2
<b>Assets</b>	<b>118.4</b>	<b>113.1</b>	<b>123.6</b>	<b>127.6</b>	<b>127.3</b>	<b>127.7</b>
Shareholders equity group	77.3	77.5	80.7	83.6	87.5	91.3
LT & ST provisions and others	2.9	2.9	2.9	2.9	2.9	2.9
Net debt	30.7	25.9	33.2	33.8	28.7	24.3
Other liabilities	6.3	5.9	5.5	6.2	7.1	8.1
<b>Liabilities</b>	<b>118.4</b>	<b>113.1</b>	<b>123.6</b>	<b>127.6</b>	<b>127.3</b>	<b>127.7</b>
Net debt excl. IFRS 16	30.7	25.9	33.2	33.7	28.7	24.2
Leverage	1.9	1.9	2.0	1.9	1.6	1.3
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	14.7	12.1	13.9	14.4	15.9	16.8
ΔWCR	-9.1	1.6	-10.4	-3.1	1.4	0.2
Operating cash flow	5.6	13.7	3.5	11.3	17.3	17.0
Net capex	-9.3	-6.5	-10.1	-9.9	-9.6	-9.6
FCF	-3.2	9.3	-5.1	3.0	8.1	7.6
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	6.7	-4.5	7.7	0.0	0.0	0.0
Dividends paid	-2.0	-1.9	0.0	-1.7	-2.3	-2.5
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	-0.3	-0.5	-0.7	-0.3	-0.3	-0.4
Others	-2.1	-0.3	0.0	0.0	0.0	0.0
Change in net cash over the year	-1.4	0.1	0.3	-0.5	5.0	4.4
ROA (%)	5.0%	1.7%	2.3%	2.8%	3.5%	3.6%
ROE (%)	10.9%	3.7%	4.9%	5.9%	7.4%	7.4%
ROCE (%)	4.9%	3.2%	4.8%	5.4%	6.1%	6.2%

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### Analyst certifications

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### Methodology

This Report may mention evaluation methods defined as follows:

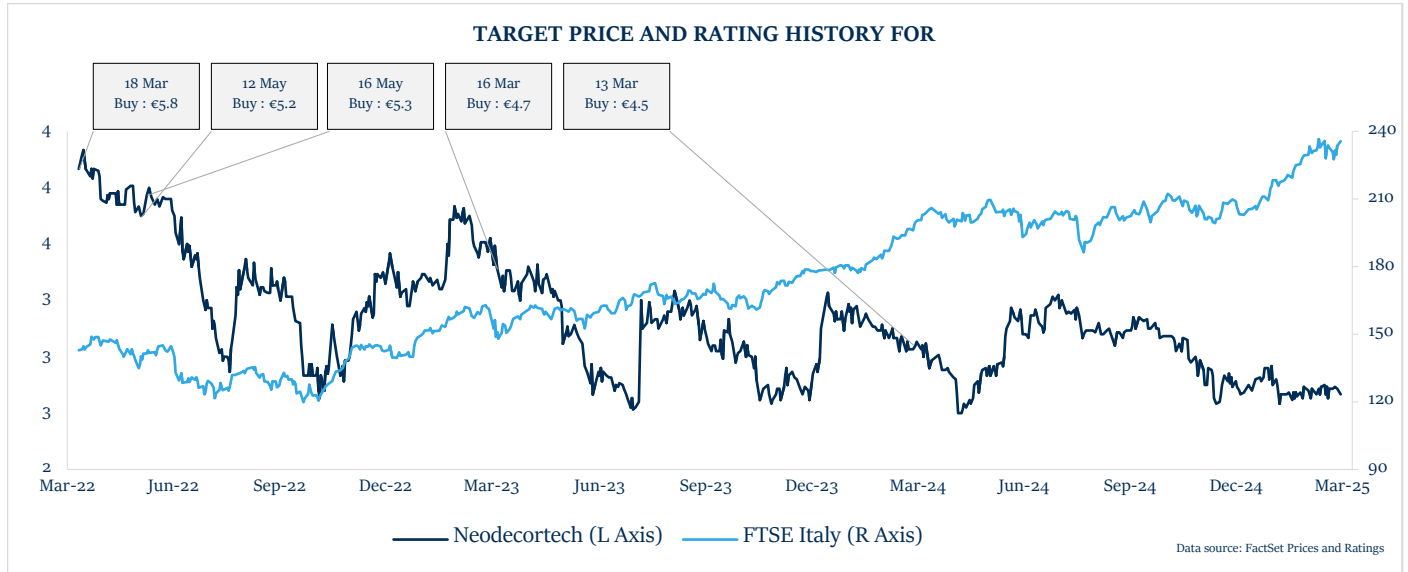
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's 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
14 Nov 24 - 08:29:33	Mathias Paladino	€ 4.50	€ 4.50	€ 2.90	Achat	Buy
05 Aug 24 - 07:59:12	Mickael Daponte	€ 4.50	€ 4.50	€ 3.22	Achat	Buy
27 May 24 - 07:33:43	Mickael Daponte	€ 4.50	€ 4.50	€ 2.96	Achat	Buy
10 May 24 - 08:23:15	Mickael Daponte	€ 4.50	€ 4.50	€ 2.91	Achat	Buy

### Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	61%
Hold	16%	70%
Sell	3%	20%
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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