

NEODECORTECH

BUY

Sector: Industrials/Industrials

Price: Eu2.96 - Target: Eu4.80

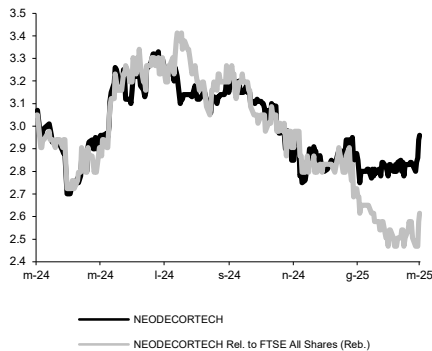
4Q24 Beats Forecasts: Revenue, Margin and Earnings Growth

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 4.30 to 4.80		
	2025E	2026E	2027E
Chg in Adj EPS	37.0%	33.8%	

Next Event
1Q25 Results Out 14 May 2025

NEODECORTECH - 12M Performance



Stock Data			
Reuters code:	NDT.MI		
Bloomberg code:	NDT IM		
Performance	1M	3M	12M
Absolute	4.6%	5.7%	-3.0%
Relative	3.2%	-9.1%	-16.1%
12M (H/L)	3.33/2.70		
3M Average Volume (th):	5.52		

Shareholder Data	
No. of Ord shares (mn):	14
Total no. of shares (mn):	14
Mkt Cap Ord (Eu mn):	42
Total Mkt Cap (Eu mn):	42
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):	83
BVPS (Eu):	5.81
P/BV:	0.5
Net Financial Position (Eu mn):	-22
Enterprise Value (Eu mn):	64

■ **FY24: solid close despite weak demand.** Despite the general decline in demand in the furniture sector, Neodecortech recorded consolidated revenues that beat expectations, coming to €168.6mn (+4.3% YoY). Core divisions suffered in particular in Europe, Italy and America, where the drop in sales was more marked, while other markets delivered stable or slight growth trends. The reduction in the order book was also affected by a drop in unit prices, which came to about -8% for subsidiary CDG and -2% for Neodecortech. Looking at profitability, the company closed 2024 with EBITDA of €16.6mn (+20% YoY), a margin of around 10%. Below EBITDA, net income amounted to €4mn (+40% YoY) allowing the company to propose a dividend of €0.15 per share.

■ **Energy division takes centre stage in 2024.** Bioenergia's performance was the main growth driver of the year. The plant operated at full capacity under the Minimum Guaranteed Prices (MGP) regime, after several operational interruptions afflicted 2023. The increase in energy division revenues, which reached €16mn on an annual basis, offset the decline in the two core divisions. The division also made a significant financial contribution: net financial debt amounted to €33.1mn at 31 December 2024 (vs. €39.1mn at 30 September 2024 and €25.9mn at 31 December 2023), including €18mn of credits for Bioenergia incentives still to be monetised.

■ **4Q24 springs a nice surprise: robust revenue and profit growth.** Neodecortech closed 4Q with revenues of €47mn (+17% YoY, +30% QoQ), almost returning to 2022 levels. There was a marked improvement in profitability: EBITDA came to €5.5mn (+116% YoY, +30% QoQ), an 11.7% margin, up sharply from 6.4% in 4Q23 and flat QoQ. The bottom line was back in the black, going from a loss of €0.3mn in 4Q23 to a profit of €1.8mn (+95% QoQ).

■ **FY25-26 revised upwards.** In light of published results, we are revising our estimates upwards. We are increasing our FY25-26 revenue estimates by +7% and +7.5% respectively, supported by the first signs of recovery in the core divisions' order book in early 2025. We are also lifting our EBITDA forecasts: +17.3% for 2025 and +18.4% for 2026, with the margin consistently above 10%. We expect a further gradual improvement in net financial debt, estimated at €18mn by the end of 2026, thanks to the collection of residual credits linked to government incentives. As usual, the company did not provide quantitative guidance.

■ **BUY, target price €4.80 (from €4.30).** We confirm our positive view ahead of 1Q25 data, which could finally benefit from a more favourable market environment. Our raised estimates, combined with the rollover of the DCF valuation, drive an increase in the target price, from €4.30 to €4.80. At the current market price, the stock offers c.60% of potential upside.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	162	169	173	176	181
EBITDA Adj (Eu mn)	14	17	17	18	19
Net Profit Adj (Eu mn)	3	4	4	5	6
EPS New Adj (Eu)	0.200	0.285	0.296	0.345	0.398
EPS Old Adj (Eu)	0.200	0.159	0.216	0.258	0.312
DPS (Eu)	0.141	0.150	0.155	0.172	0.199
EV/EBITDA Adj	5.1	4.6	3.7	3.4	3.0
EV/EBIT Adj	15.4	10.3	8.3	7.4	6.6
P/E Adj	14.8	10.4	10.0	8.6	7.4
Div. Yield	4.8%	5.1%	5.3%	5.8%	6.7%
Net Debt/EBITDA Adj	1.9	2.0	1.3	1.0	0.8

NEODECORTECH – Key Figures						
Profit & Loss (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	196	162	169	173	176	181
EBITDA	16	14	17	17	18	19
EBIT	6	5	7	8	8	9
Financial Income (charges)	3	-2	-2	-2	-2	-1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	9	3	5	5	6	7
Taxes	-1	0	-1	-1	-1	-2
Tax rate	-8.7%	9.2%	-23.2%	-23.5%	-23.5%	-23.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	8	3	4	4	5	6
EBITDA Adj	16	14	17	17	18	19
EBIT Adj	6	5	7	8	8	9
Net Profit Adj	8	3	4	4	5	6
Per Share Data (Eu)	2022A	2023A	2024A	2025E	2026E	2027E
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	0.607	0.200	0.285	0.296	0.345	0.398
EPS Adj f.d	0.607	0.200	0.285	0.296	0.345	0.398
BVPS f.d	5.435	5.448	5.678	5.812	5.978	6.169
Dividend per Share ORD	0.139	0.141	0.150	0.155	0.172	0.199
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	23.4%	70.2%	52.5%	52.5%	50.0%	50.0%
Cash Flow (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Gross Cash Flow	19	13	12	14	15	16
Change in NWC	-9	2	-10	9	-1	-1
Capital Expenditure	-9	-6	-10	-9	-8	-8
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	1	8	-8	14	6	7
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	-2	-2	-2	-2	-2	-2
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-1	5	-7	11	3	4
Balance Sheet (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Total Fixed Assets	81	78	79	78	76	74
Net Working Capital	34	25	46	34	35	36
Long term Liabilities	-8	-7	-7	-7	-7	-8
Net Capital Employed	108	103	114	104	103	102
Net Cash (Debt)	-31	-26	-33	-22	-18	-15
Group Equity	77	77	81	83	85	88
Minorities	0	0	-0	-0	-0	-0
Net Equity	77	77	81	83	85	88
Enterprise Value (Eu mn)	2022A	2023A	2024A	2025E	2026E	2027E
Average Mkt Cap	51	45	44	42	42	42
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-31	-26	-33	-22	-18	-15
Enterprise Value	82	71	77	64	60	57
Ratios (%)	2022A	2023A	2024A	2025E	2026E	2027E
EBITDA Adj Margin	8.1%	8.6%	9.9%	10.0%	10.1%	10.3%
EBIT Adj Margin	3.1%	2.9%	4.4%	4.5%	4.6%	4.8%
Gearing - Debt/Equity	39.8%	33.4%	41.0%	26.3%	21.6%	16.7%
Interest Cover on EBIT	nm	2.3	3.2	3.3	4.4	6.2
Net Debt/EBITDA Adj	1.9	1.9	2.0	1.3	1.0	0.8
ROACE*	5.9%	4.4%	6.9%	7.1%	7.8%	8.4%
ROE*	11.4%	3.7%	5.0%	5.0%	5.7%	6.4%
EV/CE	0.8	0.7	0.7	0.6	0.6	0.6
EV/Sales	0.4	0.4	0.5	0.4	0.3	0.3
EV/EBITDA Adj	5.1	5.1	4.6	3.7	3.4	3.0
EV/EBIT Adj	13.4	15.4	10.3	8.3	7.4	6.6
Free Cash Flow Yield	1.5%	18.4%	-19.3%	32.6%	13.8%	15.6%
Growth Rates (%)	2022A	2023A	2024A	2025E	2026E	2027E
Sales	11.4%	-17.7%	4.3%	2.3%	2.3%	2.3%
EBITDA Adj	-11.9%	-13.1%	19.7%	3.4%	4.0%	4.2%
EBIT Adj	-33.8%	-24.0%	61.2%	2.9%	5.6%	6.3%
Net Profit Adj	26.1%	-66.2%	39.6%	3.7%	16.5%	15.5%
EPS Adj	22.9%	-67.0%	42.5%	3.7%	16.5%	15.5%
DPS	56.9%	1.4%	6.2%	3.7%	10.9%	15.5%

*Excluding extraordinary items Source: Intermonte SIM estimates

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	NEODECORTECH		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	4.80	Previous Target (Eu):	4.30
Current Price (Eu):	2.96	Previous Price (Eu):	2.90
Date of report:	25/03/2025	Date of last report:	15/11/2024

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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.

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- 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

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As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short

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