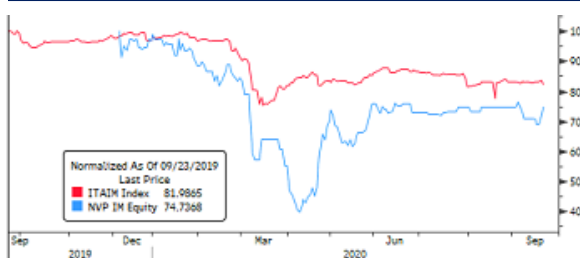


NVP	Italy	FTSE AIM Italia	Broadcasting
Rating: BUY	Target Price: € 4,50 (prev. € 4,20)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	0,00%	-1,73%	16,39%	N/A
to FTSE AIM Italia	0,96%	4,60%	10,20%	N/A
to FTSE STAR Italia	-0,76%	-9,65%	-23,02%	N/A
to FTSE All-Share	4,28%	1,21%	-4,89%	N/A
to EUROSTOXX	3,03%	0,76%	-10,78%	N/A
to MSCI World Index	1,01%	-8,50%	-31,41%	N/A

Stocks performance relative to FTSE AIM Italia



Stock Data

Price	€ 2,84
Target price	€ 4,50
Upside/(Downside) potential	58,4%
Bloomberg Code	NVP IM EQUITY
Market Cap (€m)	€ 20,42
EV (€m)	€ 18,72
Free Float	36,72%
Share Outstanding	7.190.000
52-week high	€ 3,93
52-week low	€ 1,48
Average daily volumes (3m)	13.500

1H20 Results

The data for the first half of 2020, compared with the first half of last year, are worsening, both in terms of value of production and in terms of marginality. The Value of Production, amounting to € 1.70 million (€ 3.26 million as of June 30, 2019), decreased by 47.9%. 58% of the Value of Production was generated on the Italian market (73% in 2019) and the remaining 42% (equal to € 0.5 million) abroad (27% in 2019A). EBITDA amounted to € 0.05 million (€ 1.1 million on June 30, 2019) with an EBITDA Margin of 3.2%, while that recorded on June 30, 2019 was equal to 34.5%. EBIT is equal to -€ 1.2 million (€ 0.27 million as of June 30, 2019).

Key Financials (€m)	FY19A	FY20E	FY21E	FY22E
Sales	7,3	10,0	13,5	15,0
VoP	7,8	10,9	14,5	16,0
EBITDA	2,7	4,0	5,8	6,4
EBIT	0,8	1,3	3,3	4,1
Net Profit	0,2	0,7	2,3	3,0
EPS (€)	0,03	0,09	0,31	0,41
EBITDA margin	34,6%	36,7%	40,0%	40,0%
EBIT margin	10,0%	11,9%	22,8%	25,6%

Estimates Update

We confirm our previous estimates both for the current year and for the coming years. We therefore expect a net recovery both in terms of revenues and in terms of marginality in the second half of the year. In particular, we believe that the Company, in the full year 2020E, can generate: value of production of € 10.9 million, EBITDA of € 4.0 million (corresponding to an EBITDA margin of 36.7%), EBIT of € 1.3 million (corresponding to an EBIT margin of 11.9%) and Net Profit of € 0.68 million. For subsequent years, we expect the value of production to increase to € 16.0 million in 2022E (CAGR 19A-22E: 27.3%), with EBITDA of € 6.4 million (corresponding to a marginality of 40.0%), up from € 2.68 million in 2019A (EBITDA margin of 34.6%).

Main Ratios	FY19A	FY20E	FY21E	FY22E
EV/EBITDA (x)	7,0	4,7	3,2	2,9
EV/EBIT (x)	24,0	14,4	5,7	4,6
P/E (x)	86,0	30,0	9,1	6,9

Valuation Update

We have conducted the valuation of NVP's equity value based on the DCF methodology and market multiples of a comparable companies sample. The DCF method (which in the calculation of the WACC includes for prudential purposes also a specific risk of 2.5%) provides an equity value of € 33.1 million. The equity value of NVP using market multiples is € 31.6 million (including a discount of 25%). The average equity value is € 32.3 million. The target price is, therefore, € 4.50 (previous € 4.20). We confirm BUY rating and MEDIUM risk.

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1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mIn)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	4,62	7,31	10,00	13,50	15,00
Other Revenues	0,44	0,44	0,90	1,00	1,00
Value of Production	5,06	7,76	10,90	14,50	16,00
COGS	0,14	0,15	0,25	0,30	0,35
Services	1,29	2,37	3,20	4,20	4,65
Use of Assets Owned by Others	0,45	0,68	0,90	1,10	1,20
Employees	1,32	1,85	2,50	3,05	3,30
Other Operating expenses	0,05	0,02	0,05	0,05	0,10
EBITDA	1,82	2,68	4,00	5,80	6,40
<i>EBITDA Margin</i>	<i>36,0%</i>	<i>34,6%</i>	<i>36,7%</i>	<i>40,0%</i>	<i>40,0%</i>
D&A	1,20	1,90	2,70	2,50	2,30
EBIT	0,62	0,78	1,30	3,30	4,10
<i>EBIT Margin</i>	<i>12,3%</i>	<i>10,0%</i>	<i>11,9%</i>	<i>22,8%</i>	<i>25,6%</i>
Financial Management	(0,36)	(0,46)	(0,37)	(0,20)	(0,15)
EBT	0,26	0,32	0,93	3,10	3,95
Taxes	0,0	0,1	0,3	0,9	1,0
Net Income	0,26	0,24	0,68	2,25	2,95
CONSOLIDATED BALANCE SHEET (€/mIn)	FY18A	FY19A	FY20E	FY21E	FY22E
Fixed Asset	6,61	9,82	14,50	14,00	12,70
Account receivable	2,06	3,63	4,60	4,80	5,30
Account payable	2,06	4,09	5,00	5,30	5,50
Operating Working Capital	(0,00)	(0,46)	(0,40)	(0,50)	(0,20)
Other Receivable	2,78	3,05	2,40	2,90	3,00
Other Payable	2,90	2,86	3,20	2,90	3,00
Net Working Capital	(0,13)	(0,27)	(1,20)	(0,50)	(0,20)
Severance Indemnities & Provision	0,14	0,18	0,40	0,45	0,50
NET INVESTED CAPITAL	6,35	9,37	12,90	13,05	12,00
Share Capital	0,50	0,77	0,77	0,77	0,77
Reserves and Retained Profits	-0,13	10,06	10,29	10,97	13,22
Net Profit	0,26	0,24	0,68	2,25	2,95
Equity	0,63	11,06	11,74	13,99	16,94
Cash and Cash Equivalent	0,08	7,38	4,34	5,44	8,44
Financial Debt	5,81	5,68	5,50	4,50	3,50
Net Financial Position	5,72	(1,70)	1,16	(0,94)	(4,94)
TOTAL SOURCES	6,35	9,37	12,90	13,05	12,00
CONSOLIDATED CASH FLOW (€/mIn)	FY18A	FY19A	FY20E	FY21E	FY22E
EBIT	0,62	0,78	1,30	3,30	4,10
Taxes	0,00	0,08	0,25	0,85	1,00
NOPAT	0,62	0,70	1,05	2,45	3,10
D&A	1,20	1,90	2,70	2,50	2,30
Change in receivable	(0,57)	(1,57)	(0,97)	(0,20)	(0,50)
Change in payable	0,77	2,03	0,91	0,30	0,20
Other Changes	0,82	(0,31)	0,99	(0,80)	0,00
Change in NWC	1,03	0,15	0,93	(0,70)	(0,30)
Change in Provision	0,05	0,04	0,22	0,05	0,05
OPERATING CASH FLOW	2,90	2,79	4,90	4,30	5,15
Investments	(4,98)	(5,11)	(7,38)	(2,00)	(1,00)
FREE CASH FLOW	(2,08)	(2,32)	(2,48)	2,30	4,15
Financial Management	(0,36)	(0,46)	(0,37)	(0,20)	(0,15)
Change in Payable to Banks	2,32	(0,13)	(0,18)	(1,00)	(1,00)
Change in Equity	(0,03)	10,20	(0,00)	0,00	0,00
FREE CASH FLOW TO EQUITY (FCFE)	(0,15)	7,29	(3,03)	1,10	3,00

Source: NVP and Integrae SIM

1.1 1H20A Results

Table 2 – 1H20A vs 1H19A

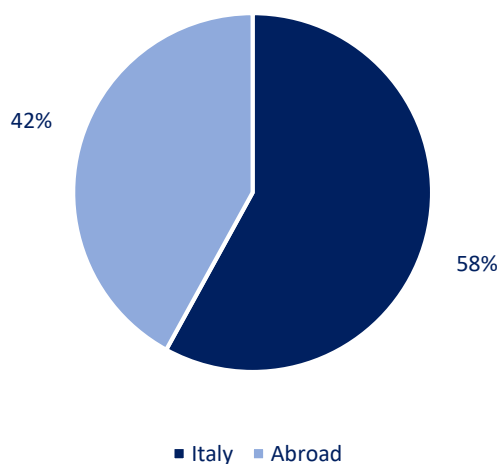
(€/mln)	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H20A	1,70	0,05	3,2%	(1,22)	(1,13)	2,03
1H19A	3,26	1,12	34,5%	0,27	0,08	6,10
Change	-47,9%	-95,2%	-31,3%	N/A	N/A	N/A

Source: Integrae SIM

The data for the first half of 2020, compared with the first half of last year, are worsening, both in terms of value of production and in terms of marginality. The worsening in the data is due to lockdown measures taken on a global scale, which led to the suspension and slippage of numerous sporting events in the period from mid-March to mid-June. However, according to what was declared by the press release on 16/09/2020 by the Chief Executive Officer Massimo Pintabona *“the resumption of some sporting events after the forced closure, in particular the Italian football championship Serie A, has enabled us to recover almost entirely the ground lost already in July and August, in which we have achieved excellent revenues performance and this makes us extremely satisfied and confident for the immediate future.”* In addition, through press releases, the Company states that it has focused, during the lockdown, on the strengthening of production capacity and on a further development of the technologies used. Thanks to these new investments, the Company will be able to manage at its best: Serie A, Ferrari Challenge and 2020 cycling world Championships, as well as offering a greater number of 4K productions and working on some new orders in the entertainment sector.

The Value of Production, amounting to € 1.70 million (€ 3.26 million as of June 30, 2019), decreased by 47.9%. The item “Other Revenues” derives substantially from the benefits and contributions, also in the form of tax credit, attributable to the period, on the investments that the Company has made, among which is the tax credit on the consultancy costs incurred for listing on the AIM market.

Chart 1 – Sales Breakdown by Geographical Area



Source: NVP, Elaboration Integrae SIM

58% of the Value of Production was generated on the Italian market (73% in 2019) and the remaining 42% (equal to € 0.5 million) abroad (27% in 2019A).

EBITDA amounted to € 0.05 million (€ 1.1 million on June 30, 2019) with an EBITDA Margin of 3.2%, while that recorded on June 30, 2019 was equal to 34.5%. In proportion to the reduction in revenues, the Company has been able to reduce Employees costs and costs for the use of assets owned by others, however, there is an increase in service costs mainly related to consultancy activities deriving from the status of company listed on the AIM market and to investment policies aimed at the acquisition of activities of potential target companies.

EBIT is equal to - € 1.2 million (€ 0.27 million as of June 30, 2019). Leasing charges are growing due to the acquisition of new machinery and equipment aimed at increasing production capacity.

The total Net Income is equal to - € 1.1 million, down from June 30, 2019 when a result of € 0.08 million was recorded.

The Net Financial Position is equal to € 2.03 million, while as of June 30, 2019 it was € 6.1 million. The value at the end of 2019A was equal to - € 1.7 million, the variation was attributable to the continuation of the company planned investments with the use of financial resources deriving from the listing in December 2019.

1.2 Estimates FY20E-FY22E

Table 3 – Estimates Updates FY20E-FY22E

€/mln	FY20E	FY21E	FY22E
VoP			
New	10,9	14,5	16,0
Old	10,9	14,5	16,0
Change	0,0%	0,0%	0,0%
EBITDA			
New	4,0	5,8	6,4
Old	4,0	5,8	6,4
Change	0,0%	0,0%	0,0%
EBITDA %			
New	36,7%	40,0%	40,0%
Old	36,7%	40,0%	40,0%
Change	0,0%	0,0%	0,0%
EBIT			
New	1,3	3,3	4,1
Old	1,3	3,3	4,1
Change	0,0%	0,0%	0,0%
Net Income			
New	0,7	2,3	3,0
Old	0,7	2,3	3,0
Change	0,0%	0,0%	0,0%
NFP			
New	1,2	(0,94)	(4,94)
Old	1,2	(0,94)	(4,94)
Change	0,0%	0,0%	0,0%

Source: Integrae SIM

We confirm our previous estimates both for the current year and for the coming years. Our estimates are supported by:

- The results obtained in July and August, when the Company was able to resume its full operation;
- The increase in the production of Serie A, thanks to the expansion of partnerships with important customers such as Infront and Sky;
- The award of the UCI World 2020;
- The development of the entertainment segment.

We therefore expect a net recovery both in terms of revenues and in terms of marginality in the second half of the year. In particular, we believe that the Company, in the full year 2020E, can generate: value of production of € 10.9 million, EBITDA of € 4.0 million (corresponding to an EBITDA margin of 36.7%), EBIT of € 1.3 million (corresponding to an EBIT margin of 11.9%) and Net Profit of € 0.68 million.

For subsequent years, we expect the value of production to increase to € 16.0 million in 2022E (CAGR 19A-22E: 27.3%), with EBITDA of € 6.4 million (corresponding to a margin of 40,0%), up from € 2.68 million in 2019A (corresponding to an EBITDA margin of 34.6%). In addition, for the years after 2020E, we expect a significant improvement in NFP.

2. Valuation

We have conducted the valuation of NVP's equity value based on the DCF methodology and market multiples of a comparable companies sample.

2.1 DCF Method

Table 4 – WACC

WACC		8,02%
Risk Free Rate	0,28% α (specific risk)	2,50%
Market Premium	8,46% Beta Adjusted	0,95
D/E (average)	42,86% Beta Relevered	1,25
Ke	10,84% Kd	2,00%

Source: Integrae SIM

For prudential purposes, we have considered a specific risk of 2.5%. This results in a WACC of 8.02%.

Table 5 – DCF Valuation

DCF Equity Value		33,1
FCFO actualized	6,9	22%
TV actualized DCF	24,5	78%
Enterprise Value	31,4	100%
NFP (FY19A)	-1,7	

Source: Integrae SIM

With the above data and, taking as a reference our estimates and assumptions, the result is an **equity value of € 33.1 million**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln	Growth rate (g)	WACC						
		6,5%	7,0%	7,5%	8,0%	8,5%	9,0%	9,5%
2,5%		53,6	48,0	43,4	39,7	36,6	33,9	31,7
2,0%		48,7	44,1	40,3	37,1	34,4	32,1	30,1
1,5%		44,7	40,9	37,7	34,9	32,6	30,5	28,8
1,0%		41,5	38,2	35,4	33,1	31,0	29,2	27,6
0,5%		38,8	35,9	33,5	31,4	29,6	27,9	26,5
0,0%		36,5	34,0	31,9	30,0	28,3	26,9	25,5
-0,5%		34,5	32,3	30,4	28,7	27,2	25,9	24,7

Source: Integrae SIM

2.2 Market Multiples

Our panels is made up of companies operating in the same sector as NVP, but with higher capitalization.

Table 7 – Market Multiples

Company Name	EV / EBITDA (x)		
	FY20E	FY21E	FY22E
EVS Broadcast Equipment SA	32,36	7,62	5,52
Avid Technology Inc.	8,50	6,72	4,87
Evertz Technologies Limited	11,10	8,15	N/A
Median	11,10	7,62	5,20

Source: Infinitals and Bloomberg

Table 8 – Market Multiples Valuation

€/mln	2020E	2021E	2022E
Enterprise Value (EV)			
EV/EBITDA	44,40	44,20	33,25
Equity Value			
EV/EBITDA	43,2	45,1	38,2
Equity Value post 25% discount			
EV/EBITDA	32,4	33,9	28,6
Average	32,4	33,9	28,6

Source: Integrae SIM

The equity value of NVP using the market multiple EV/EBITDA, is approx. € 42.2 million. To this value, we have applied a discount of 25% to include in the price also the lower liquidity of NVP compared to comparables, as well as lower capitalization. As a result, **the equity value is € 31.6 million.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	32,3
Equity Value DCF (€/mln)	33,1
Equity Value multiples (€/mln)	31,6
Target Price (€)	4,50

Source: Integrae SIM

The average equity value is equal to € 32.3 million. The target price is, therefore, € 4.50 (previous € 4.20). We confirm BUY rating and MEDIUM risk.

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY20E	FY21E	FY22E
EV/EBITDA	7,7x	5,3x	4,8x
EV/EBIT	23,6x	9,3x	7,5x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY20E	FY21E	FY22E
EV/EBITDA	4,7x	3,2x	2,9x
EV/EBIT	14,4x	5,7x	4,6x

Source: Integrae SIM

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Regulation No. 11971/1999**

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating and/or target price Under Review		
N.R.	Stock Not Rated		

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