

NVP	Italy	FTSE AIM Italia	Broadcasting
Rating: BUY	Target Price: € 6,25 (prev. €4,50)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	6,18%	-0,34%	1,39%	81,37%
to FTSE AIM Italia	-2,88%	-20,37%	-36,58%	50,01%
to FTSE STAR Italia	0,48%	-13,10%	-25,83%	17,86%
to FTSE All-Share	4,19%	-10,16%	-27,00%	35,06%
to EUROSTOXX	1,91%	-11,28%	-23,69%	39,16%
to MSCI World Index	2,93%	-7,66%	-18,22%	32,73%

Stock Data

Price	€ 2,92
Target price	€ 6,25
Upside/(Downside) potential	113,9%
Bloomberg Code	NVP IM EQUITY
Market Cap (€m)	€ 21,23
EV (€m)	€ 26,12
Free Float	38,09%
Share Outstanding	7.268.948
52-week high	€ 3,38
52-week low	€ 1,60
Average daily volumes (3m)	3.500

Key Financials (€m)	FY19A	FY20A	FY21E	FY22E
Sales	7,3	6,4	15,0	18,0
VoP	7,8	7,3	16,0	19,0
EBITDA	2,7	1,2	5,8	7,1
EBIT	0,8	-1,2	3,3	4,8
Net Profit	0,2	-1,4	2,2	3,3
EPS (€)	0,03	-0,19	0,30	0,45
EBITDA margin	34,6%	17,0%	36,3%	37,4%
EBIT margin	10,0%	-17,1%	20,6%	25,3%

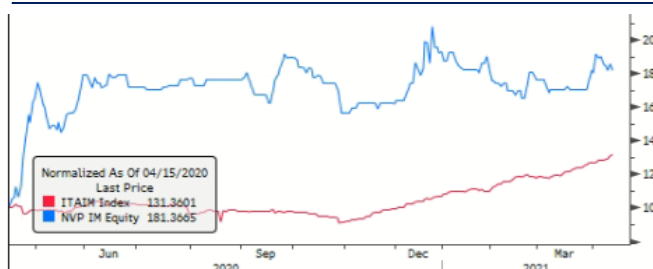
Main Ratios	FY19A	FY20A	FY21E	FY22E
EV/EBITDA (x)	9,7	21,1	4,5	3,7
EV/EBIT (x)	33,6	N/A	7,9	5,4
P/E (x)	90,5	N/A	9,6	6,5

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Stocks performance relative to FTSE AIM Italia



FY20 Results

Revenues amount to € 6.36 million, compared to € 7.31 million at the end of 2019 and € 10.00 million estimated in our previous report. The variation in comparison to 2019 is mainly due to the interruption of company's production due to the pandemic, in the period between the first days of March and mid-June, when, with the resumption of the Italian football championship, the Company resumed its normal operating and management activity.

EBITDA is equal to € 1.24 million, compared to € 2.68 million in the previous fiscal year and € 4.00 million estimated. EBITDA Margin amounts to 17.0%, compared to 34.6% in 2019 and 36.7% expected. The difference is attributable in part to the reduction in the volume of revenues and in part to the increase in some important cost items.

Estimates Update

In the light of the results published in the 2020A Annual Report and considering the acquisition and joint venture operations, the slippage of certain works (including the Olympic Games), the new works already awarded (both in the entertainment and sports field), and what NVP has reported in terms of revenues already generated in the first quarter of 2021 (equal to € 2.52 million) and in terms of the backlog of orders already acquired (equal to € 3.1 million), we are modifying the estimates both for the current year and for the coming years.

We estimate 2021E VoP of € 16.0 million and EBITDA of € 5.80 million, corresponding to a marginality of 36.3%. For subsequent years, we expect the value of production to increase up to € 22.1 million (CAGR 20A-23E: 44.86%) in 2023E, with EBITDA of € 8.85 million (EBITDA margin of 40.0%), up from € 1.24 million in 2020A (EBITDA margin of 17.0%).

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 € 48.4 million. The equity value of NVP using market multiples is € 42.4 million (including a discount of 25%). The average equity value is € 45.4 million. The target price is, therefore, € 6.25 (prev. €4.50). We confirm BUY rating and MEDIUM risk.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mIn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	4,62	7,31	6,36	15,00	18,00	21,00
Other Revenues	0,44	0,44	0,91	1,00	1,00	1,10
Value of Production	5,06	7,76	7,27	16,00	19,00	22,10
COGS	0,14	0,15	0,15	0,35	0,40	0,45
Services	1,29	2,37	2,58	4,85	5,70	6,50
Use of Assets Owned by Others	0,45	0,68	1,08	1,30	1,40	1,50
Employees	1,32	1,85	2,10	3,65	4,25	4,65
Other Operating expenses	0,05	0,02	0,13	0,05	0,15	0,15
EBITDA	1,82	2,68	1,24	5,80	7,10	8,85
<i>EBITDA Margin</i>	<i>36,0%</i>	<i>34,6%</i>	<i>17,0%</i>	<i>36,3%</i>	<i>37,4%</i>	<i>40,0%</i>
D&A	1,20	1,90	2,48	2,50	2,30	2,10
EBIT	0,62	0,78	(1,25)	3,30	4,80	6,75
<i>EBIT Margin</i>	<i>12,3%</i>	<i>10,0%</i>	<i>-17,1%</i>	<i>20,6%</i>	<i>25,3%</i>	<i>30,5%</i>
Financial Management	(0,36)	(0,46)	(0,73)	(0,20)	(0,15)	(0,10)
EBT	0,26	0,32	(1,98)	3,10	4,65	6,65
Taxes	0,00	0,08	(0,56)	0,90	1,40	2,00
Net Income	0,26	0,23	(1,41)	2,20	3,25	4,65
CONSOLIDATED BALANCE SHEET (€/mIn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Fixed Asset	6,61	9,82	14,52	15,00	14,70	15,10
Account receivable	2,06	3,63	4,52	6,00	6,50	7,00
Account payable	2,06	4,09	4,32	6,00	6,70	7,40
Operating Working Capital	(0,00)	(0,46)	0,20	0,00	(0,20)	(0,40)
Other Receivable	2,78	3,05	4,85	2,90	3,00	3,10
Other Payable	2,90	2,86	4,82	2,90	3,00	3,10
Net Working Capital	(0,13)	(0,27)	0,24	0,00	(0,20)	(0,40)
Severance Indemnities & Provision	0,14	0,18	0,25	0,30	0,35	0,40
NET INVESTED CAPITAL	6,35	9,36	14,50	14,70	14,15	14,30
Share Capital	0,50	0,77	0,77	0,78	0,78	0,78
Reserves and Retained Profits	(0,13)	10,06	10,25	9,13	11,33	14,58
Net Profit	0,26	0,23	(1,41)	2,20	3,25	4,65
Equity	0,63	11,06	9,61	12,11	15,36	20,01
Cash and Cash Equivalent	0,08	7,38	1,36	1,91	4,71	8,21
Financial Debt	5,81	5,68	6,26	4,50	3,50	2,50
Net Financial Position	5,72	(1,70)	4,90	2,59	(1,21)	(5,71)
TOTAL SOURCES	6,35	9,36	14,50	14,70	14,15	14,30
CONSOLIDATED CASH FLOW (€/mIn)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
EBIT	0,62	0,78	(1,25)	3,30	4,80	6,75
Taxes	0,00	0,08	(0,56)	0,90	1,40	2,00
NOPAT	0,62	0,70	(0,68)	2,40	3,40	4,75
D&A	1,20	1,90	2,48	2,50	2,30	2,10
Change in receivable	(0,57)	(1,57)	(0,89)	(1,48)	(0,50)	(0,50)
Change in payable	0,77	2,03	0,23	1,68	0,70	0,70
Other Changes	0,82	(0,31)	0,15	0,04	0,00	0,00
Change in NWC	1,03	0,15	(0,51)	0,24	0,20	0,20
Change in Provision	0,05	0,04	0,07	0,05	0,05	0,05
OPERATING CASH FLOW	2,90	2,79	1,36	5,18	5,95	7,10
Investments	(4,98)	(5,11)	(7,18)	(2,98)	(2,00)	(2,50)
FREE CASH FLOW	(2,08)	(2,32)	(5,82)	2,20	3,95	4,60
Financial Management	(0,36)	(0,46)	(0,73)	(0,20)	(0,15)	(0,10)
Change in Payable to Banks	2,32	(0,13)	0,58	(1,76)	(1,00)	(1,00)
Change in Equity	(0,03)	10,20	(0,04)	0,30	(0,00)	0,00
FREE CASH FLOW TO EQUITY (FCFE)	(0,15)	7,29	(6,01)	0,54	2,80	3,50

Source: NVP and Integrae SIM estimates

1.1 FY20A Results

Table 2 – Actual VS Estimates FY20A

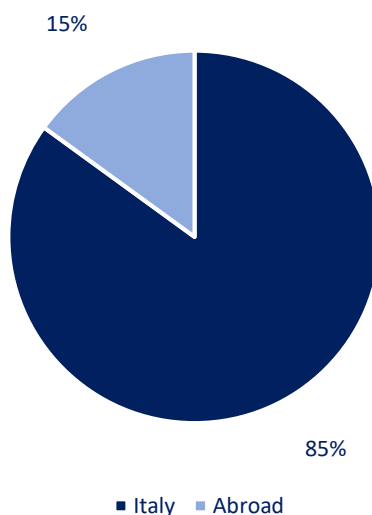
(€/mln)	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY20A	7,27	1,24	17,0%	(1,25)	(1,41)	4,90
FY20E	10,90	4,00	36,7%	1,30	0,68	1,16
Change	-33,3%	-69,1%	-19,7%	N/A	N/A	N/A

Source: Integrae SIM

Through a press release, the Company, commenting on the annual results, declares that: *“Despite the extraordinary circumstances of fiscal year 2020, we wanted to continue and intensify our growth project based on a continuous investment policy always oriented on the technological innovation and maximum personalization of the services offered, in order to follow the demands of strategic customers who need cutting-edge production.”*

The Value of Production amounted to € 7.27 million, compared to € 7.76 million recorded at the end of 2019 and € 10.90 million estimated in our previous report. The variation of revenues in comparison to 2019 is mainly due to the interruption of the company’s production due to the pandemic, in the period between the first days of March and mid-June, when, with the resumption of the Italian football championship, the Company resumed its normal operating and management activity. The Other revenues item rose due to benefits and contributions, also in the form of a tax credit for the period, for a total of € 0.25 million on the investments made.

Chart 1 – Revenues Breakdown by Geographical Area



Source: NVP

The Company generated abroad a share equal to about 15% of the total (corresponding to about € 0.9 million) and the remaining 85% in Italy. The share of revenues generated abroad, in 2019, amounted to about 25% of the total (corresponding to about € 1.8 million).

EBITDA amounts to € 1.24 million, compared to € 2.68 million in the previous fiscal year and € 4.00 million estimated. EBITDA Margin is equal to 17.0%, compared to 34.6% in 2019 and 36.7% expected. The difference is attributable in part to the reduction in the volume of revenues and in part to the increase in some important cost items, also due to the concentration of revenues in a short period of the year. Among the most significant increases, it is worth mentioning costs for use of assets owned by others (€ 1.1 million compared to € 0.7 million in 2019) and employees costs (€ 2.1 million compared to € 1.85 million in

2019). Costs for the use of assets owned by others have increased due to higher rental of machinery and equipment necessary to cope with the slippage of certain works scheduled for the first half of the year and the concentration of production in the second half of the year. The employees cost rose because of the company's choice to pursue the policy of strengthening the structure, despite the temporary downsizing of the business linked to the pandemic situation. In addition to this, the Company has had to face important costs related to the management of employees in the pandemic context (such as costs for tests, accommodations, etc....)

EBIT amounted to - € 1.25 million (€ 0.78 million in 2019) after amortization and depreciation of € 2.48 million. The expected EBIT value was equal to € 1.30 million. Amortization significantly increased due to the purchase of new machinery and equipment that became operational during the year to increase production capacity.

Net Profit is equal to - € 1.41 million (€ 0.23 million in 2019) compared to € 0.68 million previously estimated.

During 2020, despite the temporary downsizing of the business, the Company continued its important investment plan for the development of innovative technological solutions. In fact, the activity of investment in R&D and innovation has entailed a constant internal activity supported by the increase of resources dedicated to research and experimentation. In addition, the Company has completed significant investments in the construction and completion of OB 7, the new flagship of the NVP fleet, and in the acquisition of innovative equipment for production activities. Around 40% of investment was financed by medium- and long-term bank debt, approx. 25% by finance leases, and the remaining approx. 35% by the use of IPO processes.

The NFP goes from - € 1.70 million to € 4.90 million. The variation of NFP is mainly linked to the significant investments completed during the year.

1.2 Significant Events

Following our latest publication, NVP announced:

- On 16/12/2020, the conclusion of the development of OB 7, the new flagship of the OB Van fleet, becoming the only Italian company to have three 4K HDR vehicles, thanks to which, according to the press release, the Company aims to increase its customer portfolio, thanks also to the innovative services on which the R&D area is working.
- On 18/12/2020, the extension of the contract with OBS (Olympic Broadcasting Services) for the broadcasting of the Olympic Games in Tokyo 2021, with the supply of a third OB Van to enhance the shooting of horse-riding. Based on the contract signed with OBS, in September 2019, the Company's vehicles will be engaged in Tokyo for the broadcasting of the horse-riding competitions, which will take place from 24 July to 7 August, and the shooting competitions, which will take place from 24 July to 2 August;
- On 22/12/2020, to have consolidated its presence in the entertainment market thanks also to the following contracts: filming for RAI of the official visit of the President of the Republic of Germany, the premiere of the Teatro San Carlo in Naples, the Taobuk Festival Taormina, the presentation of the new album by Andrea Bocelli and the Tenco Prize. NVP also was awarded the production of *"Un'ora Sola Vi Vorrei, speciale Natale"*. Finally, NVP announced the following productions in the sports field:
 - The Golden Gala of the Women's High Jumping for RAI;

- The setting up and management of an advanced video conference system at the international Champions League and Europe League competitions;
- The live and free-to-air broadcasting throughout the national territory of the matches of Ternana, militant team in the championship of Series C;
- The Winter Sport Tour, Studio on the road that follows all the races of the World Cup of Ski and Cortina 2021 until 21 March;
- The Championship Series A SuperLega volley 2020-2021.
- On 14/01/2021, to have received from the Ministry of Economy and Finance the recognition of the tax credit for a total amount of € 1.737 million, referred to the following investments in 2020: equipment for the new OB 7 mobile unit (€ 1.350 million) and storage platform that enables real-time sharing of 4K content (€ 0.387 million). The tax credit will be usable until 2025.
- On 26/02/2021, the closing of the acquisition operation of 100% of the share capital of the Newco NVP Napoli Srl, in which Xlive has conferred all the technological assets, in particular: 3 HD mobile broadcasting studios and their technical equipment, production structure, employees and commercial relations, including those with Napoli Calcio and Lega Volley. The transaction has a value of € 1,000,002.40 and the following rules:
 - € 200.000 already recognized at the date of the conclusion of the preliminary investment agreement through compensation of accounts receivables that NVP had from Xlive because of the cooperation relationship already in progress;
 - € 500,002.40 regulated at the closing of which € 300,002.4 through the exchange of NVP shares;
 - The remaining € 300,000 through the payment of two equal installments on the dates of 31/3/2021 and 31/8/2021.

For the part regulated by the exchange of NVP shares of € 300,002.4, Xlive subscribed, on 26/02/2021, a capital increase in NVP for n. 78,948 shares, at € 3.80 per shares, subject to a 12-month lockup.

- On 06/04/2021, to have signed an agreement with IES Italia Srl for the creation of a joint venture called New HiWay aimed at offering innovative streaming services on OTT platforms. The New HiWay brings together 50% of the share capital of HiWay Media Srl, an innovative start-up specialized in the development of technological solutions for the management and distribution of video streaming, and 50% of the share capital of Tangram Technologies Srl, specialized in video encoding. The operation is structured in two phases, the first one, with the entry by NVP into the shareholder structure of the two companies Tangram and HW Media, and the second one, in which HW Media is planned to be merged into Tangram which will, in turn, be renamed New HiWay. NVP will acquire 50% of the share capital of HW Media partly through the acquisition of shares from current shareholders and partly through a capital increase and 50% of Tangram through a capital increase.

1.3 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

€/mln	FY21E	FY22E	FY23E
VoP			
New	16,0	19,0	22,1
Old	14,5	16,0	N/A
Change	10,3%	18,8%	N/A
EBITDA			
New	5,8	7,1	8,9
Old	5,8	6,4	N/A
Change	0,0%	10,9%	N/A
EBITDA %			
New	36,3%	37,4%	40,0%
Old	40,0%	40,0%	N/A
Change	-3,8%	-2,6%	N/A
EBIT			
New	3,3	4,8	6,8
Old	3,3	4,1	N/A
Change	0,0%	17,1%	N/A
Net Income			
New	2,2	3,3	4,7
Old	2,3	3,0	N/A
Change	-2,2%	10,2%	N/A
NFP			
New	2,6	(1,2)	(5,7)
Old	(0,9)	(4,9)	N/A
Change	N/A	N/A	N/A

Source: Integrae SIM

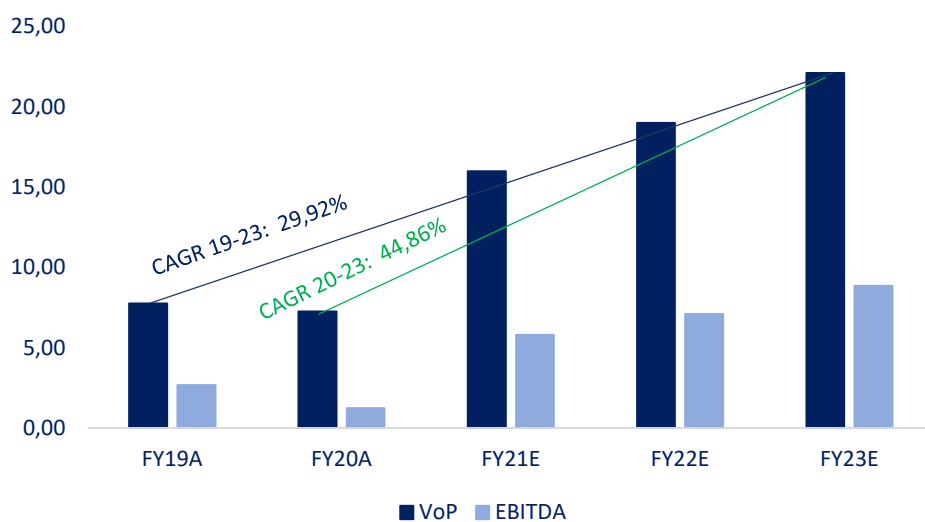
In the light of the results published in the 2020A Annual Report and considering the acquisition and joint venture operations, the slippage of certain works (including the Olympic Games), the new works already awarded (both in the entertainment and sports field), and what NVP has reported in terms of revenues already generated in the first quarter of 2021 (equal to € 2.52 million) and in terms of the backlog of orders already acquired (equal to € 3.1 million), we are modifying the estimates both for the current year and for the coming years.

Regarding marginality, we believe that in 2021, some additional costs, related to the management of orders in relation to the pandemic situation, will still impact.

In particular, we estimate 2021E value of production equal to € 16.0 million and EBITDA of € 5.80 million, corresponding to a marginality of 36.3%. For subsequent years, we expect the value of production to increase up to € 22.1 million (CAGR 20A-23E: 44.86%) in 2023E, with EBITDA of € 8.85 million (corresponding to an EBITDA margin of 40.0%), up from € 1.24 million in 2020A (corresponding to an EBITDA margin of 17.0%).

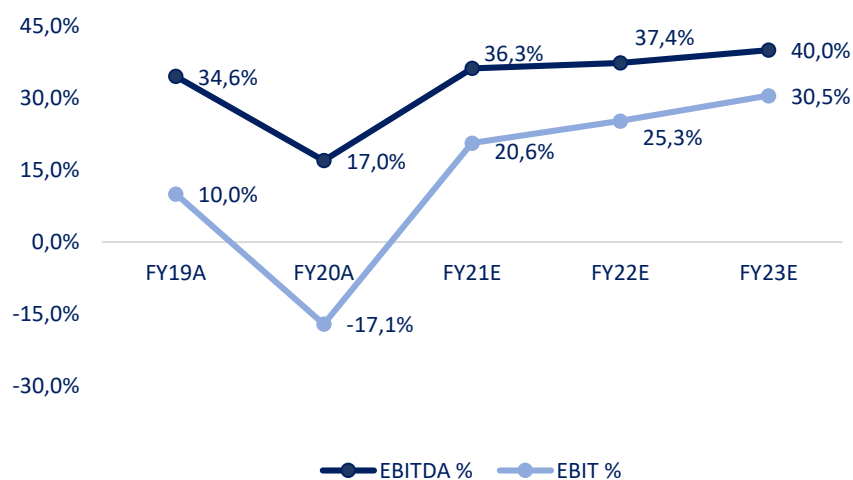
Regarding the Balance Sheet, then, we modify our previous NFP estimates, given the variations in equity estimated based on the operations completed during the year.

Chart 2 – VoP and EBITDA FY19A-23E



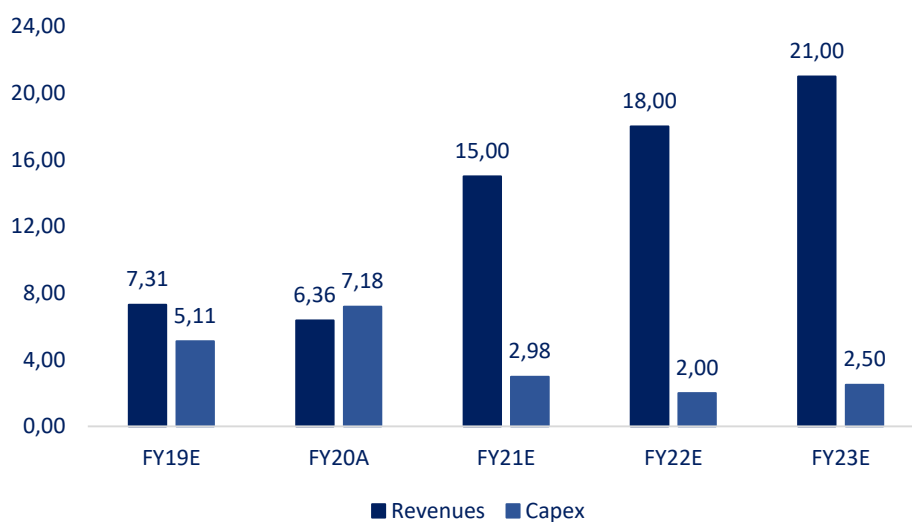
Source: Integrae SIM

Chart 3 – Margin FY19A-23E



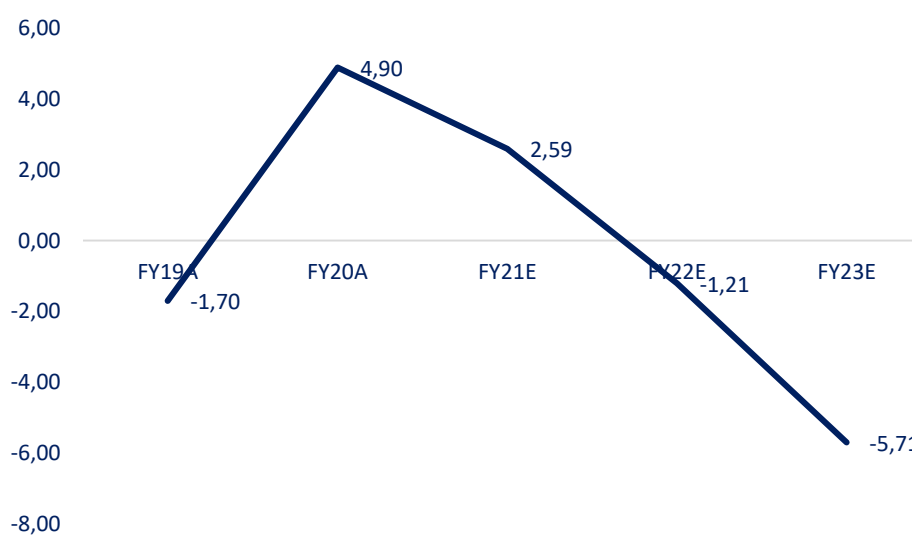
Source: Integrae SIM

Chart 4 – Capex FY19A-23E



Source: Integrae SIM

Chart 5 – NFP FY19A-23E



Source: Integrae SIM

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		7,79%
Risk Free Rate	-0,13% α (specific risk)	2,50%
Market Premium	6,85% Beta Adjusted	1,00
D/E (average)	25,00% Beta Relevered	1,18
Ke	9,20% Kd	3,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 7.79%.

Table 5 – DCF Valuation

DCF Equity Value		48,4
FCFO actualized	9,5	18%
TV actualized DCF	43,9	82%
Enterprise Value	53,3	100%
NFP (FY20A)	4,9	

Source: Integrae SIM

With the above data and taking as a reference our estimates and assumption, the result is an **equity value of € 48.4 million**.

Table 6 – Equity Value – Sensitivity Analysis

€/mln		WACC						
		6,3%	6,8%	7,3%	7,8%	8,3%	8,8%	9,3%
Growth rate (g)	2,5%	86,4	75,9	67,6	60,9	55,3	50,6	46,6
	2,0%	76,9	68,5	61,7	56,0	51,3	47,2	43,7
	1,5%	69,4	62,5	56,7	51,9	47,8	44,3	41,2
	1,0%	63,3	57,5	52,6	48,4	44,8	41,7	39,0
	0,5%	58,2	53,3	49,1	45,4	42,3	39,5	37,0
	0,0%	54,0	49,7	46,0	42,8	40,0	37,5	35,2
	-0,5%	50,4	46,6	43,4	40,5	38,0	35,7	33,7

Source: Integrae SIM

2.2 Market multiples

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

Table 7 – Market Multiples

Company Name	EV / EBITDA (x)		EV / EBIT (x)		P / E (x)	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
EVS Broadcast Equipment SA	7,65	6,46	11,42	8,32	11,96	10,29
Avid Technology Inc.	16,72	12,88	18,22	14,25	20,89	15,88
Evertz Technologies Limited	11,41	10,60	13,24	12,91	19,57	17,90
Median	11,41	10,60	13,24	12,91	19,57	15,88

Source: Infinancials

Table 8 – Market Multiples Valuation

€/mln	2021E	2022E
Enterprise Value (EV)		
EV/EBITDA	66,2	75,3
EV/EBIT	43,7	62,0
P/E	43,1	51,6
Equity Value		
EV/EBITDA	63,6	76,5
EV/EBIT	41,1	63,2
P/E	43,1	51,6
Equity Value post 25% discount		
EV/EBITDA	47,7	57,4
EV/EBIT	30,8	47,4
P/E	32,3	38,7
Average	36,9	47,8

Source: Integrae SIM

The equity value of NVP using the market multiples EV/ EBITDA, EV/EBIT, and P/E is equal to € 56.5 million. To this value, we have applied a 25% discount. Therefore, as a result, **the equity value is € 42.4 million.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	45,4
Equity Value DCF (€/mln)	48,4
Equity Value multiples (€/mln)	42,4
<hr/>	
Target Price (€)	6,25

Source: Integrae SIM

The result is an average equity value of € 45.4 million. **The target price is, therefore, € 6.25 (prev. €4.50). We confirm BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	40,7x	8,7x	7,1x
EV/EBIT	N/A	15,2x	10,5x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E
EV/EBITDA	21,1x	4,5x	3,7x
EV/EBIT	N/A	7,9x	5,4x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958 and Consob Regulation n. 20307/2018

Analyst/s certification

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Date	Price	Recommendation	Target Price	Risk	Comment
27/04/2020	2,49	Buy	4,20	Medium	Initiation of Coverage
22/09/2020	2,84	Buy	4,50	Medium	Update

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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 e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

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