

NVP	Italy	FTSE AIM Italia	Broadcasting
Rating: BUY	Target Price: € 6,75 (prev. €6.25)	Update	Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	25,00%	17,65%	29,87%	35,14%
to FTSE AIM Italia	29,29%	8,92%	3,62%	-30,29%
to FTSE STAR Italia	31,74%	12,90%	10,66%	-14,52%
to FTSE All-Share	26,59%	15,68%	24,38%	1,29%
to EUROSTOXX	29,26%	18,18%	27,48%	9,40%
to MSCI World Index	30,58%	19,51%	25,81%	9,52%

Stock Data	
Price	€ 4,00
Target price	€ 6,75
Upside/(Downside) potential	68,9%
Bloomberg Code	NVP IM EQUITY
Market Cap (€m)	€ 30,39
EV (€m)	€ 35,28
Free Float	40,78%
Share Outstanding	7.597.107
52-week high	€ 4,26
52-week low	€ 2,47
Average daily volumes (3m)	4.800

Key Financials (€m)	FY20A	FY21E	FY22E	FY23E
Sales	6,4	14,2	18,0	21,0
VoP	7,3	16,0	19,5	22,1
EBITDA	1,2	5,7	7,4	8,7
EBIT	-1,2	3,2	4,9	6,2
Net Profit	-1,4	2,1	3,4	4,2
EPS (€)	-0,19	0,27	0,44	0,55
EBITDA margin	19,4%	40,1%	40,8%	41,4%
EBIT margin	-19,6%	22,5%	26,9%	29,5%

Main Ratios	FY20A	FY21E	FY22E	FY23E
EV/EBITDA (x)	28,5	6,2	4,8	4,1
EV/EBIT (x)	N.A.	11,0	7,3	5,7
P/E (x)	N.A.	14,8	9,1	7,3

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Stocks performance relative to FTSE AIM Italia



1H21A Results

Revenues amounted to € 6.29 million, registering a very positive growth of almost 400% compared to the same period last year (€ 1.28 million in 1H20A), strongly impacted by the health crisis and consequent suspension of sports activities. EBITDA increased compared to the almost zero value of the first half of last year, reaching a value of € 2.55 million, with EBITDA margin on revenues of 40.5%. EBIT, after amortization and depreciation of € 1.57 million, is equal to € 0.97 million compared to the negative value recorded in 1H20A equal to -€ 1.22 million. The Net Income is equal to € 0.51 million.

Estimates Update

In the light of the results published in the half-yearly report for 1H21A, we modify our previous estimates both for the current year and for the coming years. In particular, we estimate FY21E value of production equal to € 16.00 million and EBITDA of € 5.70 million, corresponding to a marginality of 40.1%. For subsequent years, we expect the value of production to increase up to € 22.10 million (CAGR 20A-23E: 44.86%) in FY23E, with EBITDA of € 8.70 million (corresponding to an EBITDA margin of 41.4%), up from € 1.24 million in FY20A (corresponding to an EBITDA margin of 19.4%).

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 € 60.4 million. The equity value of NVP using market multiples is € 42.3 million (including a discount of 25%). The average equity value is € 51.3 million. The target price is, therefore, € 6.75 (prev. €6.25). We confirm BUY rating and MEDIUM risk.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mln)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Sales	4,62	7,31	6,36	14,20	18,00	21,00
Other Revenues	0,44	0,44	0,91	1,80	1,50	1,10
Value of Production	5,06	7,76	7,27	16,00	19,50	22,10
COGS	0,14	0,15	0,15	0,35	0,40	0,45
Services	1,29	2,37	2,58	4,50	5,70	6,50
Use of Assets Owned by Others	0,45	0,68	1,08	1,40	1,40	1,50
Employees	1,32	1,85	2,10	4,00	4,50	4,80
Other Operating expenses	0,05	0,02	0,13	0,05	0,15	0,15
EBITDA	1,82	2,68	1,24	5,70	7,35	8,70
<i>EBITDA Margin</i>	<i>39,4%</i>	<i>36,7%</i>	<i>19,4%</i>	<i>40,1%</i>	<i>40,8%</i>	<i>41,4%</i>
D&A	1,20	1,90	2,48	2,50	2,50	2,50
EBIT	0,62	0,78	(1,25)	3,20	4,85	6,20
<i>EBIT Margin</i>	<i>13,4%</i>	<i>10,6%</i>	<i>-19,6%</i>	<i>22,5%</i>	<i>26,9%</i>	<i>29,5%</i>
Financial Management	(0,36)	(0,46)	(0,73)	(0,25)	(0,20)	(0,15)
EBT	0,26	0,32	(1,98)	2,95	4,65	6,05
Taxes	0,00	0,08	(0,56)	0,90	1,30	1,90
Net Income	0,26	0,23	(1,41)	2,05	3,35	4,15
CONSOLIDATED BALANCE SHEET (€/mln)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
Fixed Asset	6,61	9,82	14,52	18,00	18,00	18,50
Account receivable	2,06	3,63	4,52	6,00	7,00	7,00
Account payable	2,06	4,09	4,32	5,00	6,50	7,00
Operating Working Capital	(0,00)	(0,46)	0,20	1,00	0,50	0,00
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	1,00	0,50	0,00
Severance Indemnities & Provision	0,14	0,18	0,25	0,30	0,35	0,40
NET INVESTED CAPITAL	6,35	9,36	14,50	18,70	18,15	18,10
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)	2,05	3,35	4,15
Equity	0,63	11,06	9,61	11,96	15,46	19,51
Cash and Cash Equivalent	0,08	7,38	1,36	0,76	3,81	6,91
Financial Debt	5,81	5,68	6,26	7,50	6,50	5,50
Net Financial Position	5,72	(1,70)	4,90	6,74	2,69	(1,41)
TOTAL SOURCES	6,35	9,36	14,50	18,70	18,15	18,10
CONSOLIDATED CASH FLOW (€/mln)	FY18A	FY19A	FY20A	FY21E	FY22E	FY23E
EBIT	0,62	0,78	(1,25)	3,20	4,85	6,20
Taxes	0,00	0,08	(0,56)	0,90	1,30	1,90
NOPAT	0,62	0,70	(0,68)	2,30	3,55	4,30
D&A	1,20	1,90	2,48	2,50	2,50	2,50
Change in receivable	(0,57)	(1,57)	(0,89)	(1,48)	(1,00)	0,00
Change in payable	0,77	2,03	0,23	0,68	1,50	0,50
Other Changes	0,82	(0,31)	0,15	0,04	0,00	0,00
Change in NWC	1,03	0,15	(0,51)	(0,76)	0,50	0,50
Change in Provision	0,05	0,04	0,07	0,05	0,05	0,05
OPERATING CASH FLOW	2,90	2,79	1,36	4,08	6,60	7,35
Investments	(4,98)	(5,11)	(7,18)	(5,98)	(2,50)	(3,00)
FREE CASH FLOW	(2,08)	(2,32)	(5,82)	(1,90)	4,10	4,35
Financial Management	(0,36)	(0,46)	(0,73)	(0,25)	(0,20)	(0,15)
Change in Payable to Banks	2,32	(0,13)	0,58	1,24	(1,00)	(1,00)
Change in Equity	(0,03)	10,20	(0,04)	0,30	0,15	(0,10)
FREE CASH FLOW TO EQUITY (FCFE)	(0,15)	7,29	(6,01)	(0,61)	3,05	3,10

Source: NVP and Integrae SIM estimates

1.1 1H21A Results

Table 2 – 1H21A vs 1H20A

(€/mIn)	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H21A	6,29	2,55	40,5%	0,97	0,51	6,90
1H20A	1,28	0,05	4,3%	(1,22)	(1,13)	4,90
<i>Change</i>	<i>390,9%</i>	<i>4546,0%</i>	<i>36,2%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>

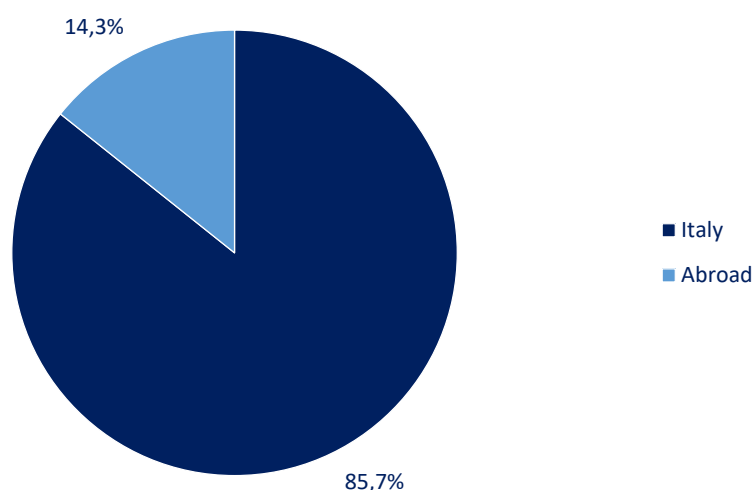
*NFP in FY20A

Source: Integrae SIM

Through a press release, the Company, commenting on the half-yearly results, states that: *"We close with satisfaction a first half of the year whose excellent performance, both in relation to the first half of 2020 and the pre-Covid-19 levels, highlights the Group's ability to act as a protagonist in the Italian and European market for UHD HDR productions. Significant growth in Revenues (+391%), due to the complete recovery of the company business, which also increased due to the entry of new production activities. In 2021, NVP reported two consecutive quarters of strong growth: after 1Q 2021 with Revenues at +191%, 2Q 2021 recorded Revenues of approximately € 3.8 million (compared to € 0.4 million in 2Q 2020). The figure for 2Q 2021 is also approximately € 0.7 million higher than the estimates, which provided for an orders portfolio of € 3.1 million. Based on the results of the first half and the important new contracts in sports and entertainment, as well as the entry into the world of fashion, we are confident in a growing 2021."*

Revenues amounted to € 6.29 million, registering a growth of almost 400% compared to the same period last year (€ 1.28 million in 1H20A), strongly impacted by the health crisis and the suspension of sports activities. The value of production, after "Other Revenues" for € 1.42 million deriving from concessions and tax credits for the investments incurred, amounted to € 7.71 million, quadrupled compared to € 1.70 million in 1H20A.

Chart 1 – Sales Breakdown by Geographical Area



Source: NVP & Integrae SIM

85.7% of turnover is generated in Italy, with a very positive performance from € 0.80 million in 1H20A to € 5.40 million recorded in the first half of 2021. The remaining part of the revenues, 14.3%, is made abroad, with € 0.90 million in 1H21A vs € 0.50 million in 1H20A, a share that is back in line with the pre-Covid-19 figure of € 0.80 million.

EBITDA increased compared to the almost zero value of the first half of last year, reaching a value of € 2.55 million, mainly due to the strong increase in the value of production and the lower incidence of costs for services. These effects also impact the EBITDA margin that exceeds pre-pandemic levels, reaching 40.5% of revenues.

EBIT, after amortization and depreciation of € 1.57 million, is equal to € 0.97 million compared to the negative value recorded in 1H20A equal to -€ 1.22 million.

Net Income also reverses the trend of the previous period, returning to positive values and equal to € 0.51 million.

The NFP is equal to € 6.90 million, compared to the previous year-end 2020 value of € 4.90 million. In fact, there was an increase in the short-term exposure for advances on the Company's VAT credit, as well as the impact of investments in financial fixed assets and strategic corporate holdings for approximately € 2.96 million, confirming the external growth policy.

1.2 FY21E – FY23E Estimates

Table 3 – Estimates Updates FY21E-23E

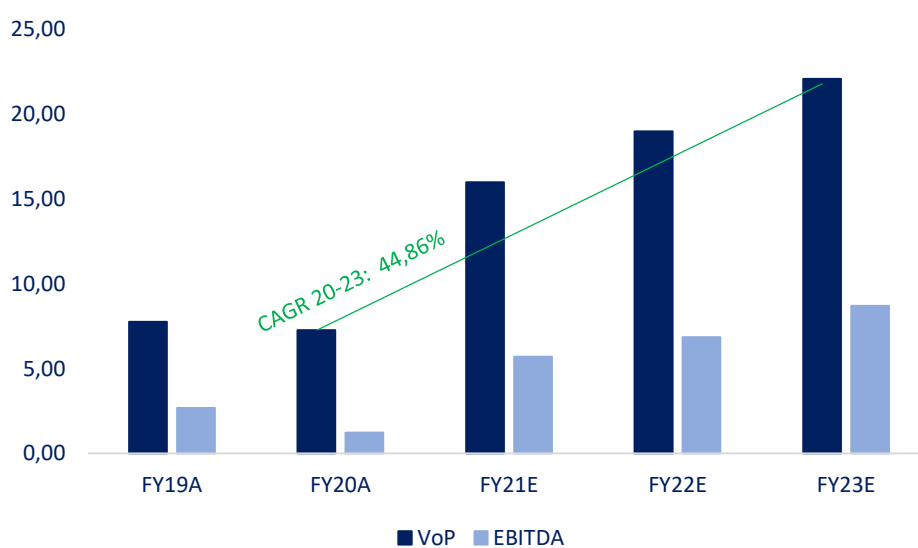
€/mln	FY21E	FY22E	FY23E
VoP			
New	16,0	19,5	22,1
Old	16,0	19,0	22,1
Change	0,0%	2,6%	0,0%
EBITDA			
New	5,7	7,4	8,7
Old	5,8	7,1	8,9
Change	-1,7%	3,5%	-1,7%
EBITDA %			
New	40,1%	40,8%	41,4%
Old	38,7%	39,4%	42,1%
Change	1,5%	1,4%	-0,7%
EBIT			
New	3,2	4,9	6,2
Old	3,3	4,8	6,8
Change	-3,0%	1,0%	-8,1%
Net Income			
New	2,1	3,4	4,2
Old	2,2	3,3	4,7
Change	-6,8%	3,1%	-10,8%
NFP			
New	6,7	2,7	(1,4)
Old	2,6	(1,2)	(5,7)
Change	N/A	N/A	N/A

Source: Integrae SIM

In the light of the results published in the half-yearly report for 1H21A, we modify our previous estimates both for the current year and the coming years.

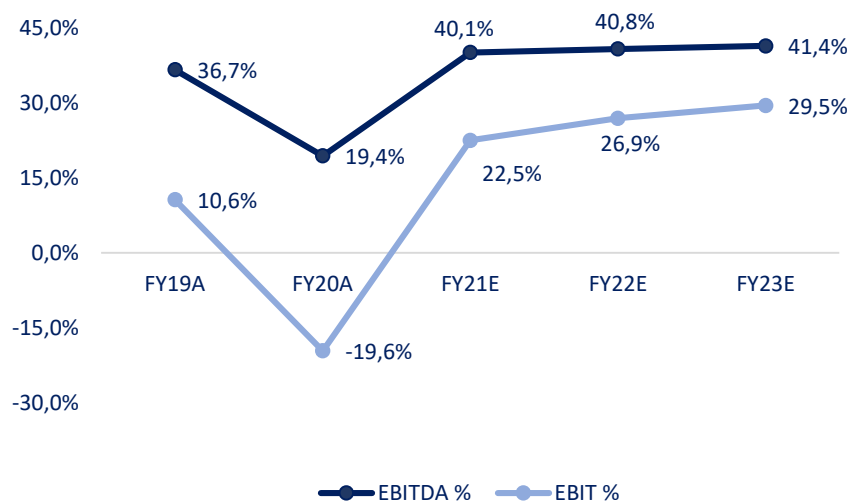
In particular, we estimate the FY21E value of production equal to € 16.00 million and EBITDA of € 5.70 million, corresponding to a marginality of 40.1%. For subsequent years, we expect the value of production to increase up to € 22.10 million (CAGR 20A-23E: 44.86%) in FY23E, with EBITDA of € 8.70 million (corresponding to an EBITDA margin of 41.4%), up from € 1.24 million in FY20A (corresponding to an EBITDA margin of 19.4%).

Chart 3 – Value of Production and EBITDA FY19A-23E



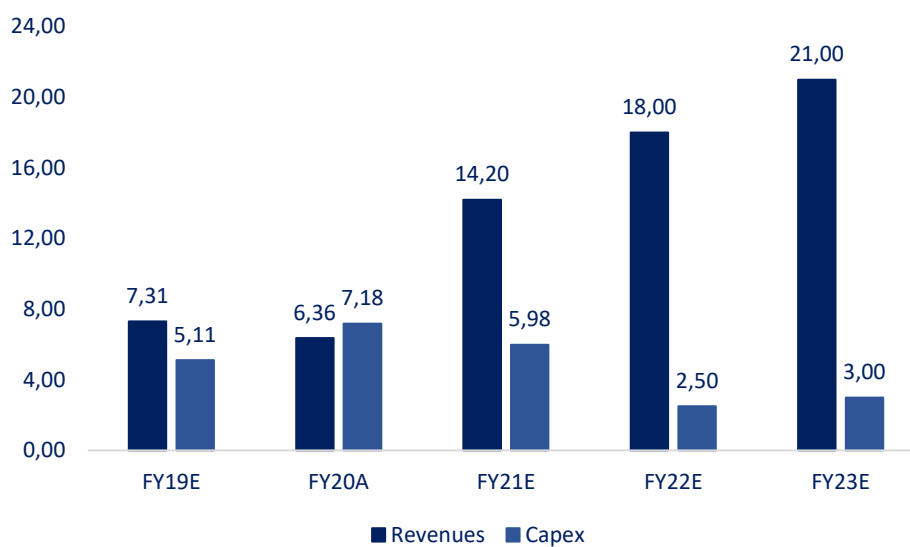
Source: Integrae SIM

Chart 4 – Margin FY19A-23E



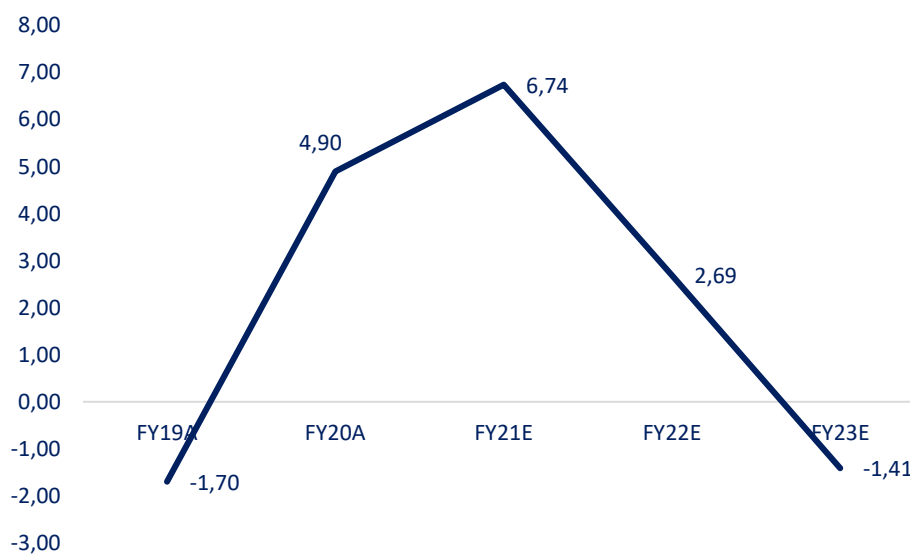
Source: Integrae SIM

Chart 5 – Capex FY19A-23E



Source: Integrae SIM

Chart 6 – 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		7,19%
Risk Free Rate	-0,10% α (specific risk)	2,50%
Market Premium	6,85% Beta Adjusted	0,94
D/E (average)	33,33% Beta Relevered	1,17
Ke	8,87% Kd	3,00%

Source: Integrae SIM

For prudential purposes, we have included a specific risk of 2.5%. This results in a WACC of 7.19%.

Table 5 – DCF Valuation

DCF Equity Value		60,4
FCFO actualized	5,8	9%
TV actualized DCF	59,5	91%
Enterprise Value	65,3	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 € 60.4 million.**

Table 6 – Equity Value – Sensitivity Analysis

€/mln	WACC							
		5,7%	6,2%	6,7%	7,2%	7,7%	8,2%	8,7%
Growth rate (g)	2,5%	120,0	102,8	89,7	79,4	71,1	64,2	58,4
	2,0%	103,9	90,7	80,2	71,8	64,9	59,1	54,1
	1,5%	91,7	81,1	72,6	65,6	59,7	54,7	50,4
	1,0%	82,0	73,4	66,3	60,4	55,3	51,0	47,2
	0,5%	74,2	67,0	61,0	55,9	51,5	47,7	44,3
	0,0%	67,8	61,7	56,5	52,1	48,2	44,8	41,8
	-0,5%	62,4	57,2	52,7	48,8	45,3	42,3	39,6

Source: Integrae SIM

2.2 Market multiples

Our panel is made up of companies operating in the same sector as NVP, but with higher capitalization. These Companies are the same as used for the calculation of the Beta for the DCF method. The Panel is composed of:

Table 7.1 – Market Multiples

Company Name	EV / EBITDA (x)			EV / EBIT (x)			P / E (x)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
EVS Broadcast Equipment SA	7,10	6,92	7,51	7,49	7,27	9,05	11,01	10,94	8,44
Avid Technology Inc.	19,44	15,77	14,67	21,80	17,39	15,48	24,86	19,52	16,44
Evertz Technologies Limited	10,35	8,91	N/A	11,50	10,30	N/A	18,53	14,86	N/A
Median	10,35	8,91	11,09	11,50	10,30	12,27	18,53	14,86	12,44

Source: Infiniticals

Table 8 – Market Multiples Valuation

€/mln	FY21E	FY22E	FY23E
Enterprise Value (EV)			
EV/EBITDA	59,0	65,5	96,5
EV/EBIT	36,8	50,0	76,0
Equity Value			
EV/EBITDA	52,3	62,8	97,9
EV/EBIT	30,1	47,3	77,4
P/E	38,0	49,8	51,6
Equity Value post 25% discount			
EV/EBITDA	39,2	47,1	73,4
EV/EBIT	22,5	35,4	58,1
P/E	28,5	37,3	38,7
Average	30,1	40,0	56,7

Source: Integrae SIM

The equity value of NVP using the weighted average of market multiples EV/EBITDA, EV/EBIT, and P/E of two panels is equal to € 56.3 million. To this value, we have applied a 25% discount. **Therefore, as a result, the equity value is € 42.3 million.**

2.3 Equity Value

Table 9 – Equity Value

Average Equity Value (€/mln)	51,3
Equity Value DCF (€/mln)	60,4
Equity Value multiples (€/mln)	42,3
<hr/>	
Target Price (€)	6,75

Source: Integrae SIM

The result is an average equity value of € 51.3 million. **The target price is, therefore, € 6.75 (prev. €6.25). We confirm BUY rating and MEDIUM risk.**

Table 10 – Target Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E	FY23E
EV/EBITDA	45,5x	9,9x	7,6x	6,5x
EV/EBIT	N/A	17,6x	11,6x	9,1x

Source: Integrae SIM

Table 11 – Current Price Implied Valuation Multiples

Multiples	FY20A	FY21E	FY22E	FY23E
EV/EBITDA	28,5x	6,2x	4,8x	4,1x
EV/EBIT	N.A.	11,0x	7,3x	5,7x

Source: Integrae SIM

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16/04/2021	2,92	Buy	6,25	Medium	Update

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 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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