

# NVP (NVP – IT) \*

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BUY

Last (€)

3.94

Valuation Range (€)

5.0-5.5

## Strong set of 1H21 results, positive outlook ahead

- NVP released its 1H21 results which showed a positive momentum and confirms the Company is well on track to continue to grow also in 2H21. Mgmt. confirmed that 2H21 results saw a strong recovery of NVP business activities including live events, sporting events, and studio programs. Moreover, mgmt. stated that the current capacity should be sufficient to reach €30mn of top line. In light of the strong performance of 1H21 and the recently announced acquisitions (please see table on the next page), we are updating our Sales/EBITDA estimates by 17%/15%. Based on our updated estimates we are confirming our BUY rating on the stock with a VR of €5.0/ps-€5.5/ps from €4.2/ps-€4.6/ps.
- **1H21 results highlights:** Sales came in at €6.3mn vs BSEst of €6.2mn, the positive performance of the sales was mainly driven by Italy which sales grew to €5.4mn compared to the €0.8mn 1H20, while RoW came in at €0.9mn almost doubling compared to €0.5mn recorded in 1H20. VoP came in at €7.7mn or +6% above our estimate of €7.3mn (in line with the preliminary sales issued in July). EBITDA came in at €2.5mn vs BSEst €2.2mn, this implies an EBITDA margin of 40.5% vs BSEst 35.5%. The beat was mainly attributable to the higher than forecasted sales and lower than forecasted cost. Moving down the P&L, NVP reported a Net Income of €0.5mn vs BSEst €0.4mn mainly thanks to a lower tax rate due to the usage of the company's fiscal credits. The Company reported a Net Debt of €6.9mn vs BSEst €7.0mn, the deterioration compared to FY20 is mainly attributable to acquisition carried out in the first semester, if we exclude these "extraordinary events", the Company net debt would have been €4mn, slightly below the €5mn reported in FY20.
- **Estimates:** We are raising our estimates for FY21/FY22 for Sales/EBITDA by 17%/15% to incorporate the acquisition of New HiWay, Tangram (which are consolidated as Equity participation) as well as MediaCam (or NVP Roma), which is fully consolidated. FY21 Net debt should reach €7.9mn or adj. Net Debt of €10.9mn (excluding the €3.1mn tax credit) from €4.9mn in FY20.
- **The Main highlights from the roadshow with CEO Massimo Pintabona:**
  - **Olympics:** The Olympics were successful, and this poses well for the next Olympics both in France in 2024 and in Milan in 2026. Moreover, mgmt. stated that it only recognized 30%/35% of the EBITDA coming from the Olympics in 1H21.
  - **M&A:** 1) Xlive: The acquisition allowed NVP to add 3 HD OBVAN + Technical Equipment + Personnel as well as some important contracts both in the sports segment with Napoli Calcio as well as some Studio events. 2) Tangram and Highway: This acquisition allowed NVP to offer a full range of services for the sports & entertainment media industry at an international level such as the development of technological solutions for the management and distribution of video streaming, as well as video encoding. These companies are currently not consolidated by NVP (equity). We remind readers that New HiWay has signed an agreement with Helbiz to provide the latter with customized technology to deliver a seamless streaming experience of the Italian Serie B League to global audiences (OTT platform). 3) Mediacam: This acquisition is strategic as it allows the company to further expand the fleet with 2 4K HDR OBVAN + other HD OBVAN as well as the productions of studio/live programs such as IGOT and "il giro di Sicilia". Mgmt. could evaluate further M&A abroad if good opportunities arise.
  - **New Contracts/Outlook:** Mgmt. stated that approximated 50% of the revenue of 2022 has already been secured. Looking at contracts, NVP was invited to participate in the Lega Serie B tender but decided not to take part in the tender process as the contract was going to be margin dilutive. The Company is working on several tenders that are expected to be awarded both in 2021/2022 both in the sport and studio segments. Looking at new contracts/clients it is worth highlighting that NVP started to broadcast fashion events in 1H21 and those could become recurring revenues starting from 2022.

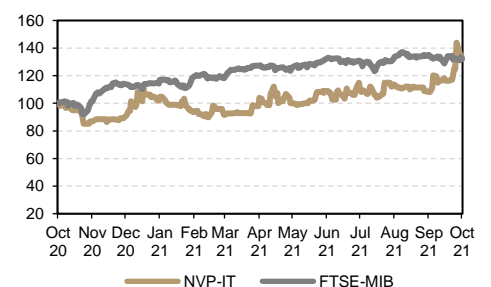
### KEY FINANCIALS

€m	2020	2021E	2022E
Revenues	6	16	20
EBITDA	1	6	8
EBIT	-1	2	4
PBT	-2	1	4
Net income	-1	1	3
Sales growth	-13%	158%	23%
EBITDA mg	19%	37%	42%
EBIT mg	-20%	14%	19%
PER	-20.1	25.9	11.2

### EV VALUATIONS

€m	2020	2021E	2022E
+ Mkt Cap	20	28	28
+ Net Debt	5	8	4
- Non-core assets	0	0	0
+/- Other	0	0	0
= EV	25	36	32
EV/Sales (x)	3.9	2.2	1.6
EV/EBITDA (x)	20.2	6.0	3.8
EV/EBIT (x)	-20.0	15.4	8.1
EV/IC (x)	1.7	1.8	1.7

### NVP vs FTSE – MIB



Source: Bestinver Securities & Factset

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**Figure 1: NVP – 1H21 Results**

	1H20A	1H21A	% Ch.	1H21E	% ch.	A/E
Value of Production	1.7	7.7	n.m.	7.3	n.m.	6%
Adj. EBITDA	0.1	2.5	n.m.	2.2	n.m.	16%
EBIT	-1.2	1.0	n.m.	0.7	n.m.	40%
Net Income	-1.1	0.5	n.m.	0.4	n.m.	19%
Net Debt / (Cash)	-2.0	-6.9	n.m.	-7.0	n.m.	-2%

Source: Company Data and Bestinver Securities Estimates

**Figure 2: NVP – Most recent transactions**

Date	Target	New Name	Stake	Equipment	VoP 20 (€mn)	EBITDA 20 (€mn)	Net Debt (€mn)	Price Paid (€mn)	Cash	# Shares issued @ 3.8	Capex
22/02	Xlive	NVP Napoli	100%	3 HD OBVAN + Technical Equipment + Personnel	€ 2.1	€ 0.4	-	€ 1.0	€700K	79	
06/04	New HiWay + Tangram	New HI Way	50%	Solutions for distribution of video streaming + Video Encoding			-	€ 2.7	€ 2.0mn	211	-€150K received from some tech
02/07	Soccerment	Soccerment		Startup gathering football data				€ 0.2	€150K	-	
29/07	Media Cam	NVP Roma	100%	-2 4K HDR OBVAN + 2 HD OBVAN	€ 2.1	€ 0.3	€0.80	€ 2.0	€900K	111	+€700K of additional capex
<b>Total (€mn)</b>								<b>€ 5.8</b>	<b>€ 3.7</b>	<b>401*</b>	<b>€550K</b>




Source: Company data and Bestinver Securities (\*) number of shares issued

**Figure 3: NVP - Shareholders base following the Cap Hikes**

Shareholders	# shares	%
Natalino Pintabona	1.500.000	19,74 %
Massimo Pintabona	1.500.000	19,74 %
Ivan Pintabona	1.500.000	19,74 %
Free Float	3.097.107	40,78 %
<b>TOTAL</b>	<b>7.597.107</b>	<b>100,00 %</b>

Source: Company data and Bestinver Securities estimates

**Figure 4: NVP – current fleet following all the M&A**

	Type	Number
	4K HDR OB Van	5
	HD VAN	7
	Fly Case	1
<b>Total</b>		<b>13</b>

Source: Company Data and Bestinver Calculations

**Summarised P&L Account and key ratios**

€m	2017	2018	2019	2020	2021E	2022E
<b>Sales</b>	<b>3.62</b>	<b>4.62</b>	<b>7.31</b>	<b>6.36</b>	<b>16.44</b>	<b>20.17</b>
<b>EBITDA</b>	<b>1.39</b>	<b>1.82</b>	<b>2.68</b>	<b>1.24</b>	<b>6.03</b>	<b>8.38</b>
Depreciation & Amort.	0.74	1.20	1.90	2.48	3.67	4.46
<b>EBIT</b>	<b>0.66</b>	<b>0.62</b>	<b>0.78</b>	<b>(1.25)</b>	<b>2.36</b>	<b>3.92</b>
Net Int. Cost	0.26	0.31	0.40	0.32	0.45	0.41
Associates	0.00	0.00	0.00	0.00	0.05	0.05
Impairment & Other	(0.07)	(0.05)	(0.06)	(0.41)	(0.55)	(0.00)
<b>PBT</b>	<b>0.32</b>	<b>0.26</b>	<b>0.32</b>	<b>(1.98)</b>	<b>1.41</b>	<b>3.56</b>
Taxes	0.15	0.00	0.08	(0.56)	0.25	0.89
Discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Profit</b>	<b>0.17</b>	<b>0.26</b>	<b>0.23</b>	<b>(1.41)</b>	<b>1.16</b>	<b>2.67</b>
<b>EPS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.03</b>	<b>(0.20)</b>	<b>0.15</b>	<b>0.35</b>
Sales growth	37.3%	27.7%	58.2%	(13.0%)	158.2%	22.7%
EBITDA growth	92.8%	30.8%	47.1%	(53.9%)	387.6%	39.0%
Net Profit growth	(35.0%)	54.0%	(9.0%)	(702.0%)	(181.8%)	131.3%
EBITDA margin	38.5%	39.4%	36.7%	19.4%	36.7%	41.5%
EBIT margin	18.1%	13.5%	10.6%	(19.6%)	14.4%	19.4%
Net Pr. Margin	4.6%	5.6%	3.2%	(22.2%)	7.0%	13.2%
Gross Int. Cover (x) (1)	<b>2.5</b>	<b>2.0</b>	<b>2.0</b>	<b>(3.9)</b>	<b>5.2</b>	<b>9.7</b>

**Summarised Balance Sheet and key ratios**

€m	2017	2018	2019	2020	2021E	2022E
<b>Fixed assets</b>	<b>2.84</b>	<b>6.61</b>	<b>9.82</b>	<b>14.52</b>	<b>22.06</b>	<b>19.21</b>
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Trade Receivables	2.59	4.36	6.68	9.37	12.21	14.68
Cash + S/T Invest. + Other	0.26	0.83	7.46	3.27	2.42	3.23
<b>Total Assets</b>	<b>5.68</b>	<b>11.80</b>	<b>23.95</b>	<b>27.16</b>	<b>36.69</b>	<b>37.12</b>
Sharehold. Equity	0.40	0.63	11.06	9.61	12.43	15.11
L-T Financial Debt	1.37	3.67	3.14	6.34	7.99	5.30
S-T Financial Debt	1.65	2.89	2.62	1.83	2.31	1.53
Trade Payables	1.24	2.06	4.09	4.32	7.12	7.87
Provisions + Other	1.02	2.56	3.04	5.07	6.83	7.31
<b>Total Liabilities</b>	<b>5.68</b>	<b>11.80</b>	<b>23.95</b>	<b>27.16</b>	<b>36.69</b>	<b>37.12</b>
Net Debt/ (Cash)	2.77	5.72	(1.70)	4.90	7.89	3.60
WACC	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Net Debt/Equity	7.0	9.1	(0.2)	0.5	0.6	0.2
ROCE (2)	11%	10%	6%	(6%)	10%	16%
ROE	42%	41%	2%	(15%)	9%	18%
ROCE/WACC (x)	1.0	0.9	0.6	(0.6)	0.9	1.5

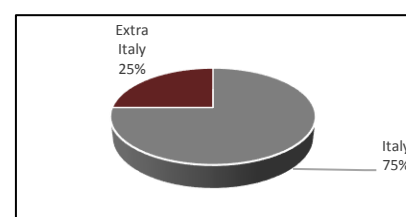
**Simplified Cash Flow Statement and key ratios**

€m	2017	2018	2019	2020	2021E	2022E
<b>Net Profit</b>	<b>0.17</b>	<b>0.26</b>	<b>0.23</b>	<b>(1.41)</b>	<b>1.16</b>	<b>2.67</b>
+ Depr. & Amortis.	0.74	1.20	1.90	2.48	3.67	4.46
+/- other	0.19	(0.27)	0.00	0.00	0.00	0.00
<b>= Operating CF</b>	<b>1.09</b>	<b>1.18</b>	<b>2.14</b>	<b>1.07</b>	<b>4.82</b>	<b>7.13</b>
- Change in Working K	(0.71)	0.19	1.39	(1.21)	0.92	(1.22)
- CAPEX of which	(1.25)	(4.69)	(4.56)	(6.50)	(1.01)	(1.61)
expansionary CAPEX	0.00	0.00	0.00	0.00	0.00	0.00
- Dividends	0.00	0.00	0.00	0.00	0.00	0.00
<b>= FCF</b>	<b>(0.87)</b>	<b>(3.31)</b>	<b>(1.03)</b>	<b>(6.64)</b>	<b>4.73</b>	<b>4.30</b>
FCF Yield (Mkt Cap)	nm	nm	-4%	-33%	20%	18%
FCF Yield (EV)	-41%	-63%	-6%	-28%	14%	14%
<b>FCF before exp. Capex</b>	<b>(0.73)</b>	<b>(2.69)</b>	<b>(0.38)</b>	<b>(5.71)</b>	<b>4.87</b>	<b>5.14</b>
FCF Yield (Mkt Cap)	nm	nm	-4%	-33%	20%	18%
FCF Yield (EV)	-41%	-63%	-6%	-28%	14%	14%

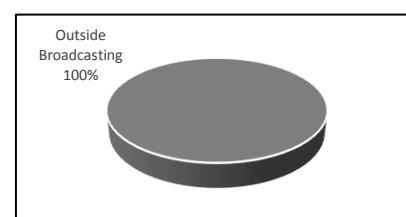
**EV valuations**

€m	2020	2021E	2022E
+ Mkt Cap	20.0	28.3	28.3
+ Net Debt	4.9	7.9	3.6
- Non-core assets	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0
<b>= EV</b>	<b>24.9</b>	<b>36.2</b>	<b>31.9</b>
EV/Sales (x)	3.9	2.2	1.6
EV/EBITDA (x)	20.2	6.0	3.8
EV/EBIT (x)	-20.0	15.4	8.1
EV/IC (x)	1.7	1.8	1.7

**Geographical Sales BreakDown**



**Divisional Sales BreakDown**



**Debt Structure (€m)**

<b>Total Debt in the B. Sheet</b>	
Short Term	2.62
Long Term	3.14
<i>maturing in 24M</i> <i>maturing in 36M</i> <i>maturing in 48M or more</i>	
Cost Range	
Rating (Moody's)	
Short term	
Long term	

**Estimated Off B/S Liabilities**

<b>Share Information</b>	
Outstanding # shares (m)	7
Market Cap (€ m)	28
Avg. daily volume (€ m, last 6 months)	0.004
Free float %	41%
<b>Major shareholders</b>	
Natalino Pintabona	19.8%
Massimo Pintabona	19.8%
Ivan Pintabona	19.8%

**Management shares option scheme**

% of Capital	
Nearest to vest	

1) calculated as EBIT/Int. expenses (2) calculated as ROCE after taxes (3) calculated ex-expansionary CAPEX

(\*) Source: company data and Bestinver Securities estimates

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