

UPDATE

EQUITY RESEARCH

ISIM
INTEGRÆ

NVP

Euronext Growth Milan | Broadcasting | Italy

Production 20/10/2023, h. 6:30 pm

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Rating

BUY

unchanged

Target Price

€ 7,85

prev. € 7,50

Risk



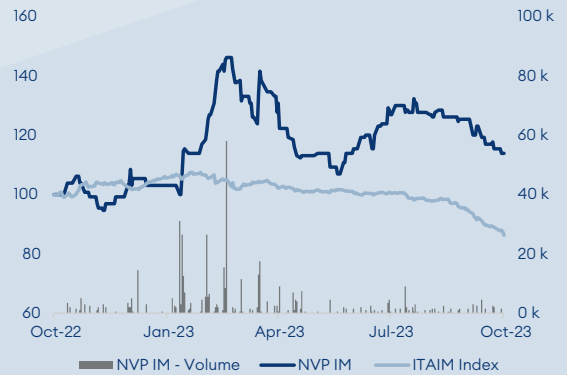
Medium

Upside potential

165,2%

Key Financials (€m)	FY22A	FY23E	FY24E	FY25E
Sales	17,4	24,5	30,0	33,0
VoP	20,0	26,5	32,0	35,0
EBITDA	5,6	8,0	10,2	11,6
EBIT	1,2	3,3	5,3	6,5
Net Profit	0,2	1,5	3,0	4,0
EPS (€)	0,03	0,19	0,39	0,52
EBITDA Margin	32,2%	32,7%	33,8%	35,0%
EBIT Margin	7,0%	13,3%	17,7%	19,5%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,96
Target price	€ 7,85
Upside/(Downside) potential	165,2%
Ticker	NVP IM
Market Cap (€/mln)	€ 22,49
EV (€/mln)	€ 31,35
Free Float	40,63%
Share Outstanding	7.597.107
52-week high	€ 3,84
52-week low	€ 2,46
Average daily volumes (3 months)	805

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Stock performance	1M	3M	6M	1Y
Absolute	-9,2%	-10,3%	-12,9%	13,8%
to FTSE Italia Growth	0,2%	4,0%	2,6%	27,6%
to Euronext STAR Milan	-1,3%	3,1%	4,6%	20,9%
to FTSE All-Share	-2,8%	-4,8%	-10,7%	-9,7%
to EUROSTOXX	-3,3%	-2,3%	-4,7%	-1,4%
to MSCI World Index	81,2%	80,4%	77,1%	102,2%

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	5,6x	3,9x	3,1x	2,7x
EV/EBIT	25,6x	9,6x	5,9x	4,9x
P/E	98,6x	15,5x	7,6x	5,7x

1H23A Results

In the half year results as of June 30, 2023, NVP reported revenues of € 12.74 million, marking a clear increase compared to the 1H22A result of € 8.18 million (+55.7%). EBITDA, consequently, rose by € 3.71 million, up 21.4% compared to € 3.06 million in 1H22A, with an EBITDA Margin of 29.2%. EBIT came in equal to € 1.69 million, up 229.4% compared to € 0.51 million in 1H22A. Net Income was also positive, amounting to € 0.39 million.

Estimates Update

In light of the 1H23A half-year results, we have slightly adjusted our estimates for both the current year and the coming years. In particular, we estimate an FY23E value of production of € 26.50 million, with an EBITDA of € 8.00 million, corresponding to a margin of 32.7%. In the following years, we expect the value of production to rise to € 35.00 in FY25E, with EBITDA equal to € 11.55 million (corresponding to an EBITDA Margin of 35.0%), up from € 5.61 million in FY22A (corresponding to an EBITDA Margin of 32.2%).

Valuation Update

We conducted our valuation of the equity value of NVP based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 73.1 million. Using market multiples, the equity value of NVP is € 46.2 million (including a 25.0% discount). **The results give an average equity value of approximately € 59.6 million. The target price is € 7.85, with a BUY rating, and MEDIUM risk.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

INCOME STATEMENT (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	12,95	17,41	24,50	30,00	33,00
Other Revenues	3,15	2,60	2,00	2,00	2,00
Value of Production	16,10	20,01	26,50	32,00	35,00
COGS	0,34	0,35	0,40	0,50	0,60
Services	3,92	6,12	8,15	9,75	10,60
Use of Assets Owned by Others	2,48	2,17	2,30	3,00	3,00
Employees	4,45	5,70	7,60	8,55	9,20
Other Operating expenses	0,04	0,06	0,05	0,05	0,05
EBITDA	4,87	5,61	8,00	10,15	11,55
<i>EBITDA Margin</i>	<i>37,6%</i>	<i>32,2%</i>	<i>32,7%</i>	<i>33,8%</i>	<i>35,0%</i>
D&A	3,83	4,38	4,75	4,85	5,10
EBIT	1,04	1,23	3,25	5,30	6,45
<i>EBIT Margin</i>	<i>8,1%</i>	<i>7,0%</i>	<i>13,3%</i>	<i>17,7%</i>	<i>19,5%</i>
Financial Management	(0,68)	(0,79)	(1,20)	(1,10)	(0,80)
EBT	0,36	0,43	2,05	4,20	5,65
Taxes	0,01	0,20	0,60	1,25	1,70
Net Income	0,34	0,23	1,45	2,95	3,95

BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Fixed Asset	22,79	27,32	32,60	31,20	29,60
Account receivable	4,77	5,04	5,60	6,80	7,80
Account payable	4,20	7,01	9,50	10,50	11,00
Operating Working Capital	0,57	(1,98)	(3,90)	(3,70)	(3,20)
Other Receivable	6,59	4,55	5,20	6,30	7,30
Other Payable	8,53	7,54	9,50	10,60	12,30
Net Working Capital	(1,37)	(4,96)	(8,20)	(8,00)	(8,20)
Severance Indemnities & Provision	1,17	1,32	1,65	1,80	1,90
NET INVESTED CAPITAL	20,25	21,03	22,75	21,40	19,50

Share Capital	0,81	0,81	0,80	0,80	0,80
Reserves and Retained Profits	10,41	11,13	11,36	12,81	15,76
Net Profit	0,34	0,23	1,45	2,95	3,95
Equity	11,56	12,17	13,61	16,56	20,51
Cash and Cash Equivalent	1,94	2,42	3,86	7,16	12,01
Financial Debt	10,63	11,29	13,00	12,00	11,00
Net Financial Position	8,69	8,87	9,14	4,84	(1,01)
TOTAL SOURCES	20,25	21,03	22,75	21,40	19,50

CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E
EBIT	1,23	3,25	5,30	6,45
Taxes	0,20	0,60	1,25	1,70
NOPAT	1,02	2,65	4,05	4,75
D&A	4,38	4,75	4,85	5,10
Change in receivable	(0,27)	(0,56)	(1,20)	(1,00)
Change in payable	2,82	2,49	1,00	0,50
Other Changes	1,05	1,31	0,00	0,70
Change in NWC	3,60	3,24	(0,20)	0,20
Change in Provision	0,15	0,33	0,15	0,10
OPERATING CASH FLOW	9,16	10,96	8,85	10,15
Investments	(8,9)	(10,0)	(3,5)	(3,5)
FREE CASH FLOW	0,24	0,93	5,40	6,65
Financial Management	(0,79)	(1,20)	(1,10)	(0,80)
Change in Payable to Banks	0,66	1,71	(1,00)	(1,00)
Change in Equity	0,37	(0,01)	0,00	0,00
FREE CASH FLOW TO EQUITY (FCFE)	0,48	1,44	3,30	4,85

Source: NVP and Integrae SIM estimates

Company Overview

NVP is an Italian company operating in the video production services sector, mainly for television networks and owners or managers of television rights. Its core business activity is the design, development and production, with high-tech mobile production and outside broadcasting equipment (including OB Vans), of television and especially sports events, entertainment, concerts, and shows. Since its establishment in 2007, NVP has produced over 3,000 events, quickly developing a leadership not only in Italy but also in Europe for its use of technology and high-tech equipment, such as its two 4K mobile production control rooms, and its personnel highly specialized in the planning and production of major televised events.

The Company offers the market a vast range of services to respond to the needs of both Italian and international clients. In addition to Italy, NVP serves international markets across Europe, the Middle East, the USA, and other countries and regions.

1H23A Results

TABLE 2 – 1H23A VS 1H22A

(€/mln)	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H23A	13,65	3,71	29,2%	1,69	0,39	9,55
1H22A	9,54	3,06	37,4%	0,51	(0,08)	8,87
Change	43,0%	21,4%	-8,2%	229,4%	-614,5%	N.A

Source: Integrae SIM

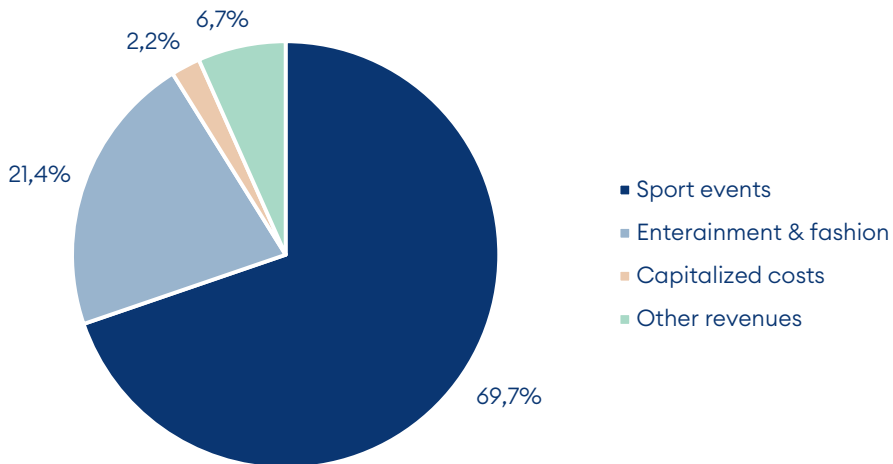
*NFP as of 31/12/2022

In the half-year results press release of October 2, 2023, Massimo Pintabona, CEO of NVP, commented: *“In the first half of 2023 we laid the foundations to confirm our expectations for a positive performance in the ongoing financial year. Revenues grew by double digits and margins remained at an excellent level, while the financial situation remains characterized by extreme robustness. The increase in economic activities and continuation of the Group’s growth and expansion policy, together with the careful management of resources, have brought important benefits in terms of both strengthening the leadership in the broadcasting sector and strengthening the company’s assets.”*

The value of production amounted to € 13.65 million, marking an increase of 43.0% compared to the 1H22A figure of € 9.54 million, and highlighting the stable growth of the Group in its reference markets and sectors. From the current financial year onwards, the consolidated financial statements will include the subsidiary E.G. Audiovisivi Srl, which contributed € 0.55 million to turnover in the period in question.

Sports events remain the driving force of turnover, generating € 9.50 million (€ 5.50 million in 1H22A), that is, 69.7% of the value of production. The turnover of Entertainment & Fashion business line also saw growth, from € 2.60 million in 1H22A to € 2.90 million in 1H23A, contributing 21.4% to total revenues. In line with the previous year, investments in research, development and innovation activities continued, generating capitalized costs of € 0.30 million (€ 0.35 million in 1H22A), equal to 2.2% of the value of production. Finally, other revenues amounted to € 0.91 million (€ 1.02 million in 1H22A), corresponding to 6.7% of the total value of production.

CHART 1 – VOP BREAKDOW BY ACTIVITY



Source: NVP

EBITDA came in at € 3.71 million, marking an increase of 21.4% compared to the 1H22A figure, equal to € 3.06 million, with an EBITDA Margin equal to 29.2%, slightly down on the 1H22A figure of 37.4%. In this regard, although the Group adopted a careful resource management policy, unexpected increases in costs had a negative impact on the margin. Among such increases was an increase in external variable production costs related to the search for highly qualified personnel and travel management for high quality productions, including overseas. Nonetheless, this should not affect future profitability, given that the management's attention to optimizing personnel costs has been able maintain the labor cost impact, in percentage terms, while expenses for services had only a slightly greater impact.

D&A amounted to € 2.02 million, lower than the 1H22A figure of € 2.55 million, due to the revision of the useful life of the main company assets of the previous year. Consequently, EBIT came in at € 1.69 million, marking a notable growth of 229.4% compared to the 1H22A figure of € 0.51 million. Net Income came in at € 0.39 million, returning positive after a loss of € 0.08 million in 1H22A.

The NFP amounted to € 9.55 million, representing a slight worsening compared to the 2022 end-of-year figure of € 8.87 million. This change is mainly due to the greater use of down payment and factoring instruments, and the disbursement of new medium- and long-term financial debts, which partly increased the Group's liquid assets and partly were absorbed by the management of operations.

During the half-year, the Company successfully continued its development strategy by

signing important agreements for the broadcasting of both sporting and entertainment events. Among these, of particular note was the agreement with SKY for the broadcasting of the entire Serie B Italian football championships for the 2022-23 and 2023-24 season, which is expected to have an effect on turnover of approximately € 4.00 million per season. Furthermore, the Group was chosen by SKY as the sole supplier of technical television broadcasting services in the HD/UHD format of all Serie B championship matches and related playoffs/playouts.

Finally, after June 30, several significant events occurred, including:

- The signing of a contract with OBS (Olympic Broadcasting Services) for the production of the Olympic Games, due to take place in Paris in 2024;
- The acquisition of a mandate for the production of the Lega Pro Serie C championship matches for the 2023-24, 2024-25 and 2025-26 seasons, which will make use of innovative Remote Production technology;
- The obtaining of medium to long-term KPI ESG Linked financing for a total amount of € 1.00 million from the bank Crédit Agricole, aimed at supporting investments for the production of images relating to the international events covered by WTA Media and Dazn Group Limited UK;
- Closing of the acquisition of the business unit owned by Euroscena Srl.

In the coming years, NVP aims to expand its presence on Serie A football fields, to maintain its coverage of Italian teams at European events, and to consolidate its coverage of the national Serie B championships and professional minor leagues. In addition, the Company aims to expand its coverage of the national basketball and volleyball championships, and continue its experience with the national motorcycle circuits, so as to consolidate itself as a leading competitor for international competitions and events in general. Lastly, the Group is continuing to consolidate its presence in the *Entertainment* and Studio Program sector, through partnerships with major sector players, allowing it to develop its positioning as a production service provider for prestigious studio programs.

FY23E – FY25E Estimates

TABLE 3 – ESTIMATES UPDATES FY23E - FY25E

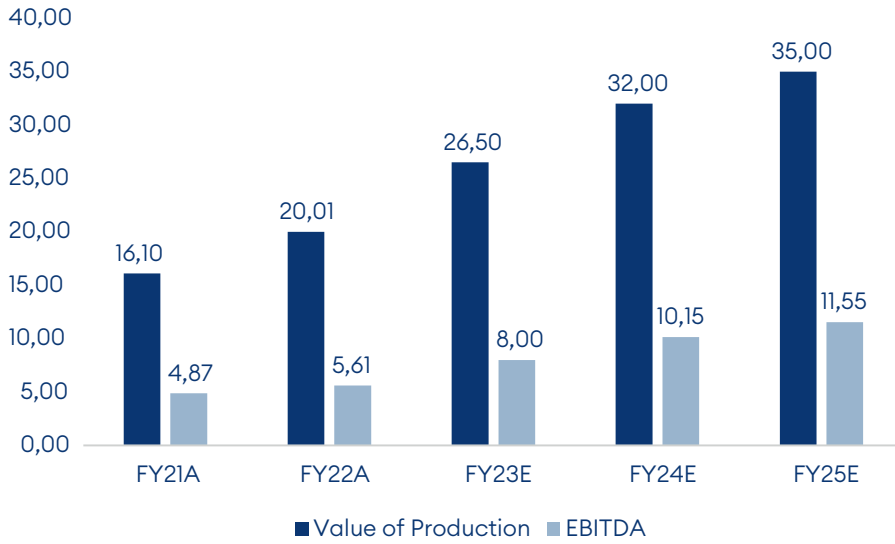
€/mln	FY23E	FY24E	FY25E
VoP			
New	26,5	32,0	35,0
Old	24,5	28,5	33,0
Change	8,2%	12,3%	6,1%
EBITDA			
New	8,0	10,2	11,6
Old	7,8	9,4	11,2
Change	3,2%	8,6%	3,6%
EBITDA %			
New	32,7%	33,8%	35,0%
Old	34,4%	35,3%	36,0%
Change	-1,8%	-1,4%	-1,0%
EBIT			
New	3,3	5,3	6,5
Old	3,0	4,5	6,1
Change	8,3%	17,8%	6,6%
Net Income			
New	1,5	3,0	4,0
Old	1,6	2,6	3,5
Change	-6,5%	13,5%	12,9%
NFP			
New	9,1	4,8	(1,0)
Old	7,9	3,1	(3,3)
Change	n/a	n/a	n/a

Source: Integrae SIM

In light of the 1H23A half-year results, we have slightly adjusted our estimates for both the current year and the coming years.

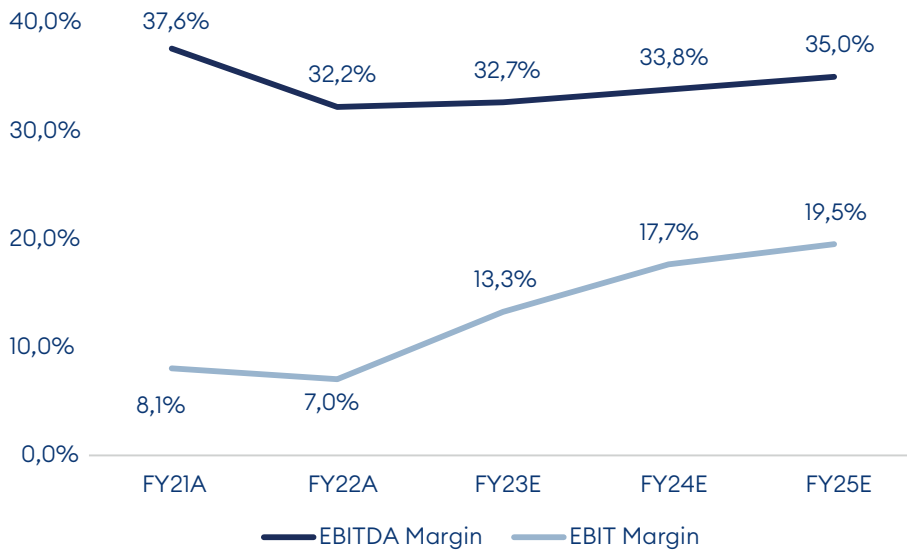
In particular, we estimate an FY23E value of production of € 26.50 million, with an EBITDA of € 8.00 million, corresponding to a margin of 32.7%. In the following years, we expect the value of production to rise to € 35.00 in FY25E, with EBITDA equal to € 11.55 million (corresponding to an EBITDA Margin of 35.0%), up from € 5.61 million in FY22A (corresponding to an EBITDA Margin of 32.2%).

CHART 2 – VOP AND EBITDA FY21A-25E (€/MLN)



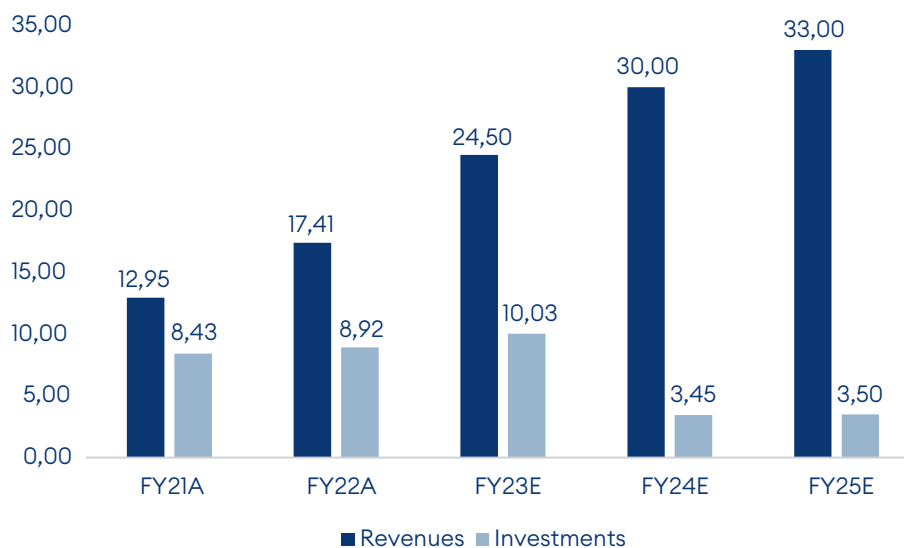
Source: Integræ SIM

CHART 3 – MARGIN FY21A-25E



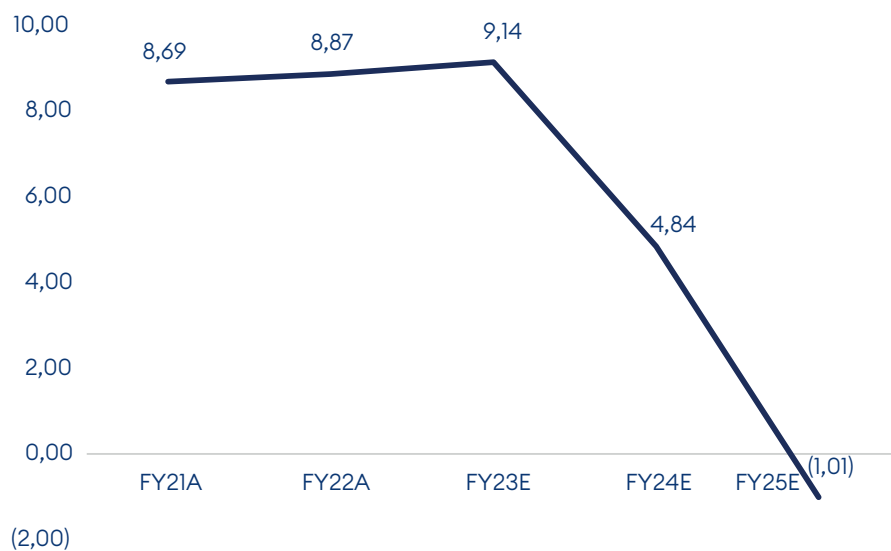
Source: Integræ SIM

CHART 4 – CAPEX FY21A-25E (€/MLN)



Source: Integrae SIM

CHART 5 – NFP FY21A-25E (€/MLN)



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of NVP based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 – WACC

WACC				8,77%
D/E 81,82%	Risk Free Rate 3,64%	β Adjusted 0,89	α (specific risk) 2,50%	
K_d 4,00%	Market Premium 8,33%	β Relevered 1,42	K_e 13,58%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 8.77%.

TABLE 5 – DCF VALUATION

DCF	% of EV	
FCFO actualized	12,1	15,0%
TV actualized DCF	69,8	85,0%
Enterprise Value	81,9	100%
NFP	8,9	
Equity Value	73,1	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 73.1 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln		WACC						
Growth Rate (g)		7,3%	7,8%	8,3%	8,8%	9,3%	9,8%	10,3%
	3,0%	125,8	111,8	100,5	91,2	83,4	76,7	71,0
	2,5%	112,9	101,5	92,1	84,2	77,5	71,7	66,6
	2,0%	102,5	93,0	85,0	78,2	72,4	67,3	62,8
	1,5%	93,9	85,8	79,0	73,1	67,9	63,4	59,4
	1,0%	86,7	79,7	73,8	68,6	64,0	60,0	56,4
	0,5%	80,5	74,5	69,2	64,6	60,5	56,9	53,7
	0,0%	75,2	69,9	65,2	61,1	57,4	54,2	51,2

Source: Integrae SIM

Market multiples

Our panel is made up of companies operating in the same sector as NVP. These companies are the same used to calculate Beta for the DCF method. The panel consists of:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
EVS Broadcast Equipment SA	7,5x	7,1x	8,0x	9,1x	8,4x	9,9x
Avid Technology Inc.	13,5x	11,6x	10,5x	15,0x	12,8x	11,3x
Evertz Technologies Limited	8,2x	7,6x	n/a	9,7x	8,6x	n/a
Median	8,2x	7,6x	9,3x	9,7x	8,6x	10,6x

Source: Infanciais

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	65,8	77,4	106,8
EV/EBIT	31,5	45,7	68,5
Equity Value			
EV/EBITDA	56,7	72,6	107,8
EV/EBIT	22,3	40,9	69,5
Equity Value post 25% discount			
EV/EBITDA	42,5	54,4	80,9
EV/EBIT	16,7	30,7	52,1
Average	29,6	42,6	66,5

Source: Integrae SIM

Using EV/EBITDA and EV/EBIT market multiples, the equity value of NVP is approximately € 61.6 million. To this value, we have applied a 25.0% discount. The result is therefore an **equity value of € 46.2 million**.

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	59,6
Equity Value DCF (€/mln)	73,1
Equity Value multiples (€/mln)	46,2
Target Price (€)	7,85

Source: Integrae SIM

The results give an average equity value of approximately € 59.60 million. **The target price is therefore € 7.85 (prev. € 7.50). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	12,2x	8,6x	6,7x	5,9x
EV/EBIT	55,9x	21,1x	12,9x	10,6x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	5,6x	3,9x	3,1x	2,7x
EV/EBIT	25,6x	9,6x	5,9x	4,9x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
31/10/2022	2,70	Buy	6,75	Medium	Breaking News
19/12/2022	2,74	Buy	6,75	Medium	Breaking News
02/02/2022	2,78	Buy	6,75	Medium	Breaking News
06/02/2023	3,00	Buy	6,75	Medium	Breaking News
07/03/2023	3,74	Buy	6,75	Medium	Breaking News
11/04/2023	3,60	Buy	7,50	Medium	Update
21/07/2023	3,30	Buy	7,50	Medium	Breaking News
24/07/2023	3,30	Buy	7,50	Medium	Breaking News
19/09/2023	3,26	Buy	7,50	Medium	Breaking News

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

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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