

UPDATE

EQUITY RESEARCH

ISIM
INTEGRÆ

NVP

Euronext Growth Milan | Broadcasting | Italy

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Rating
BUY

unchanged

Target Price
€ 9,25

prev. € 7,85

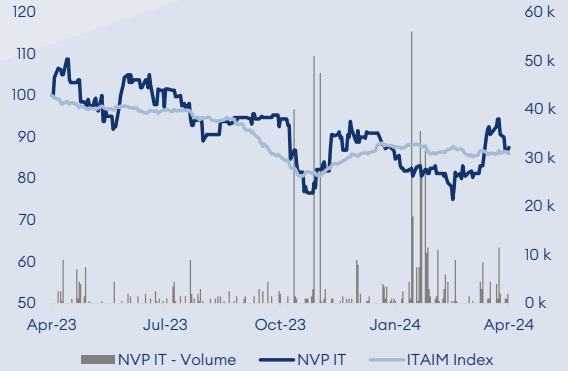


Risk

Medium

Upside potential
242,7%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,70
Target price	€ 9,25
Upside/(Downside) potential	242,7%
Ticker	NVP IM
Market Cap (€/mln)	€ 20,51
EV (€/mln)	€ 35,82
Free Float	40,6%
Share Outstanding	7.597.107
52-week high	€ 3,76
52-week low	€ 2,66
Average daily volumes (3 months)	4.405

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	27,48	33,00	40,00	48,00
Value of Production	31,09	35,50	42,50	50,50
EBITDA	7,75	10,25	13,20	16,80
EBIT	3,11	5,25	7,95	11,30
Net Income	0,73	2,90	4,85	7,35
EBITDA margin	28,2%	31,1%	33,0%	35,0%
EBIT margin	11,3%	15,9%	19,9%	23,5%
Net Profit margin	2,3%	8,2%	11,4%	14,6%

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Stock performance	1M	3M	6M	1Y
Absolute	-3,8%	7,1%	-7,4%	-15,6%
to FTSE Italia Growth	-0,4%	0,0%	-5,4%	-11,7%
to Euronext STAR Milan	0,3%	-0,7%	9,0%	-2,1%
to FTSE All-Share	7,7%	12,2%	18,7%	31,9%
to EUROSTOXX	5,1%	10,4%	18,0%	23,2%
to MSCI World Index	3,2%	8,3%	14,8%	28,2%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	4,6x	3,5x	2,7x	2,1x
EV/EBIT	11,5x	6,8x	4,5x	3,2x
P/E	28,3x	7,1x	4,2x	2,8x

FY23A Results

In the consolidated financial statements as of December 31, 2023, NVP reported revenues of € 27.48 million, marking a growth of 57.9% compared to € 17.41 million in FY22A, and exceeding the estimate of our previous report of € 24.50 million. EBITDA for the period was € 7.75 million, up 38.2% compared to € 5.61 million in FY22A. The EBITDA margin fell slightly, from 32.2% in FY22A to 28.2% in 2023. EBIT came in at € 3.11 million, up 47.0% from € 2.11 million in FY21A, substantially in line with our previous report's estimate of € 3.25 million. Net Income was also positive, at € 0.73 million.

Estimates Update

In light of the results published in the financial statements for FY23A, we have adjusted our estimates for both the current year and the following years. In particular, we now estimate an FY24E value of production of € 35.50 million, with an EBITDA of € 10.25 million, corresponding to a margin of 31.1%. In the following years, we expect the value of production to reach € 49.50 in FY26E, with EBITDA equal to € 16.45 million (corresponding to an EBITDA margin of 35.0%), up from € 7.75 million in FY23A (corresponding to an EBITDA margin of 28.2%).

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 € 74.02 million. Using market multiples, the equity value of NVP is € 66.57 million (including a 25.0% discount). **The results gives an average equity value of approximately € 70.29 million. The target price is € 9.25, with a BUY rating and MEDIUM risk.**

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

INCOME STATEMENT (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E
Revenues	17,41	27,48	33,00	40,00	48,00
Other revenues	2,60	3,61	2,50	2,50	2,50
Value of Production	20,01	31,09	35,50	42,50	50,50
COGS	0,35	0,40	0,50	0,65	0,80
Services	6,12	11,04	12,00	13,90	16,40
Use of asset owned by others	2,17	2,55	2,85	3,10	3,30
Employees	5,70	9,31	9,80	11,50	13,00
Other operating costs	0,06	0,04	0,10	0,15	0,20
EBITDA	5,61	7,75	10,25	13,20	16,80
<i>EBITDA Margin</i>	<i>32,2%</i>	<i>28,2%</i>	<i>31,1%</i>	<i>33,0%</i>	<i>35,0%</i>
D&A	3,50	4,65	5,00	5,25	5,50
EBIT	2,11	3,11	5,25	7,95	11,30
<i>EBIT Margin</i>	<i>12,1%</i>	<i>11,3%</i>	<i>15,9%</i>	<i>19,9%</i>	<i>23,5%</i>
Financial management	(1,32)	(2,12)	(1,10)	(1,00)	(0,80)
EBT	0,79	0,99	4,15	6,95	10,50
Taxes	0,20	0,27	1,25	2,10	3,15
Net Income	0,59	0,73	2,90	4,85	7,35

BALANCE SHEET (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E
Fixed Asset	32,39	38,69	42,70	46,40	49,90
Account receivable	5,04	9,10	10,00	10,50	11,00
Account payable	7,02	9,76	11,00	13,10	14,70
Operating Working Capital	(1,98)	(0,66)	(1,00)	(2,60)	(3,70)
Other Receivable	4,56	5,67	6,00	6,20	6,50
Other Payable	8,31	12,51	14,00	16,00	18,00
Net Working Capital	(5,73)	(7,49)	(9,00)	(12,40)	(15,20)
Severance Indemnities & Provision	1,32	1,47	1,80	2,10	2,40
NET INVESTED CAPITAL	25,34	29,72	31,90	31,90	32,30

Share Capital	0,81	0,81	0,81	0,81	0,81
Reserves and Retained Profits	12,30	12,87	13,37	16,27	21,12
Net Profit	0,59	0,73	2,90	4,85	7,35
Equity	13,70	14,41	17,08	21,93	29,28
Cash and Cash Equivalent	2,42	3,71	5,18	9,53	15,98
Financial Debt	14,06	19,02	20,00	19,50	19,00
Net Financial Position	11,64	15,31	14,82	9,97	3,02
TOTAL SOURCES	25,34	29,72	31,90	31,90	32,30

CASH FLOW (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E
EBIT	2,11	3,11	5,25	7,95	11,30
Taxes	0,20	0,27	1,25	2,10	3,15
NOPAT	1,91	2,84	4,00	5,85	8,15
D&A	3,50	4,65	5,00	5,25	5,50
Change in NWC	0,77	2,53	1,51	3,40	2,80
Change in receivable	(0,00)	(4,06)	(0,90)	(0,50)	(0,50)
Change in payable	0,00	2,74	1,24	2,10	1,60
Change in others	0,77	3,85	1,17	1,80	1,70
Change in provisions	0,00	0,15	0,33	0,30	0,30
Operating Cash Flow	6,17	10,16	10,84	14,80	16,75
Capex	(8,56)	(16,01)	(9,0)	(9,0)	(9,0)
Free Cash Flow	(2,39)	(5,85)	1,82	5,85	7,75
Financial Management	(1,32)	(2,12)	(1,10)	(1,00)	(0,80)
Change in financial debt	2,77	7,73	0,98	(0,50)	(0,50)
Change in equity	0,94	1,52	(0,23)	0,00	0,00
Free Cash Flow to Equity	(0,00)	1,29	1,48	4,35	6,45

Source: NVP and Integrae SIM estimates

*Pro-forma

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.

FY23A Results

TABLE 2 – ACTUAL VS ESTIMATES FY23A

€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY23A	31,09	7,75	28,2%	3,11	0,73	15,31
FY23E	26,50	8,00	32,7%	3,25	1,45	9,14
Change	17,3%	-3,1%	-4,4%	-4,4%	-49,9%	n/a

Source: Integrae SIM

In the annual results press release of April 2, 2024, Massimo Pintabona, CEO of NVP, commented: *“The trend of positive results continues: the year saw a further significant leap in revenues and closed with a positive Group result of € 726 thousand. Technological development led to an increased number of customers opting for the Group for Remote Production services. Indeed, following the deal with Sky for the production of Serie B matches, using the innovative Remote solution, Lega Pro chose NVP for the production of Serie C championship matches for the 2023-24, 2024-25 and 2025-26 seasons, using the innovative Remote Production technology at the Innovation Hub in Cologno, recalling the partnership with Dazn UK for the production of the prestigious international WTA tournament, which continues and was further strengthened by the success of the 2023 event. Furthermore, through the subsidiary E.G. Audiovisivi, the Group began its journey as a film production house with the NVP STUDIOS brand for the production of the first NVP-branded film. In summary, NVP continues to maintain its leadership in the football field with some of the most important teams in the Serie A championship, and to strengthen its presence in the fields of other sporting events, fashion, and studio programs.”*

In the consolidated financial statements as of December 31, 2023, NVP reported revenues of € 27.48 million, marking a growth of 57.9% compared to € 17.41 million in FY22A, and exceeding the estimate of our previous report of € 24.50 million. We note that the 2022 data (FY22A*) have been adjusted for comparative purposes, in order to reflect the financial reporting of leasing.

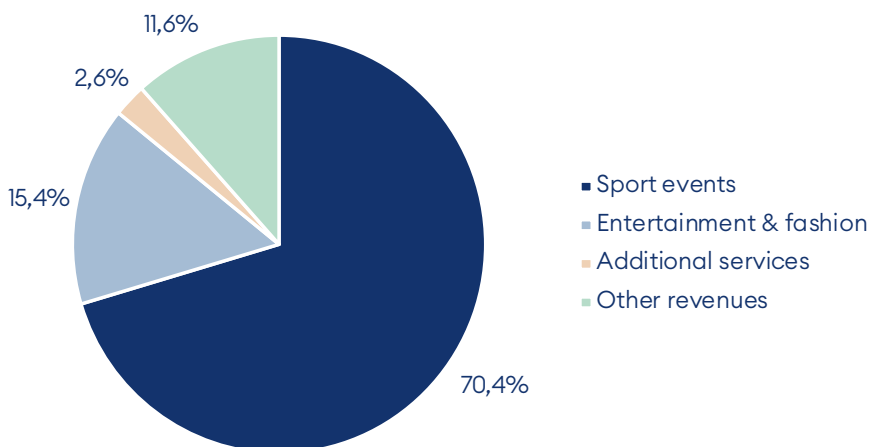
The Group benefited from positive contributions from both of its main reference sectors: sporting events generated revenues of € 21.88 million (up 71.0% compared to 2022), while entertainment and fashion brought in € 4.77 million (up 7.0% compared to 2022), with the remaining € 0.83 million coming from other services.

JV Hiway Media, a 50.0% owned company not subject to consolidation, also achieved significant results in terms of both value of production value, equal to approximately € 4.00 million, and orders acquired.

During the year, the Parent Company made various investments in R&D activities, mainly aimed at innovative development for the broadcasting sector (for € 0.51 million). The activities focused, in particular, on intermodal protocol management development, via Remote Production, and therefore on moving from on-premises systems to cloud-based solutions and decentralized management. Investments also focused on the capitalization of a project on an over-the-top (OTT) platform, on behalf of an important client, for approximately € 0.21 million, and on the NVP STUDIOS project of the subsidiary E.G. Audiovisual, for approximately € 0.84 million.

The value of production accounts for the increase in the item of other revenues, from € 2.60 million to € 3.61 million, due to economic benefits obtained through tax credits and grants. These included tax credits for investments in Technology 4.0 (for € 0.54 million), grants awarded as per Law 208/2015 (€ 0.93 million), consultancy fees for the stock market listing (€ 0.10 million), and further research and development tax credits (€ 0.15 million). The value of production therefore amounted to € 31.09 million, marking an increase of 55.4% compared to € 20.01 million for the previous year.

CHART 1 - VOP BREAKDOWN BY ACTIVITY



Source: NVP

EBITDA for the period was € 7.75 million, up 38.2% compared to € 5.61 million in FY22A. The EBITDA margin fell slightly, from 32.2% in FY22A to 28.2% in 2023, due to higher costs for services, attributable to the growth in production activities and higher personnel costs. The Company, thanks to the investments made in the Cologno Innovation Hub, expects to recover profitability through the use of Remote Production technology.

EBIT came in at € 3.11 million, up 47.0% from € 2.11 million in FY21A, substantially in line with our previous report's estimate of € 3.25 million. Net Income was also positive, at € 0.73 million.

The NFP amounted to € 15.31 million of debt, higher than our estimate of € 9.14 million and last year's adjusted figure of € 11.64 million. In this regard, during the year, the Company allocated considerable resources to increasing production capacity through innovative investments such as its first Fly Case mobile control room, the expansion of the Innovation Hub in Cologno, and the construction of the new facilities in Patti, Sicily. Furthermore, through the investee E.G. Audiovisual, significant investments were made in the NVP STUDIOS project. The investments made during the year will bear fruit in the coming years, in which growth in the volume of revenues and margin efficiencies are expected.

NVP closed 2023 in the best possible way, successfully continuing a growth path that has seen a 2020-2023 CAGR greater than 40.0% on the value of production, and greater than 50.0% on EBITDA. Furthermore, the Company began 2024 by winning a three-year contract (2024-2026), extendable for a further 12 months, for the production of the European single-make championship and world final of a well-known Italian car manufacturer. The contract, for approximately € 5.00 million, could be worth as much € 6.50 million if extended to 4 years, and covers production, TV post-production and additional technological services.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E - FY26E

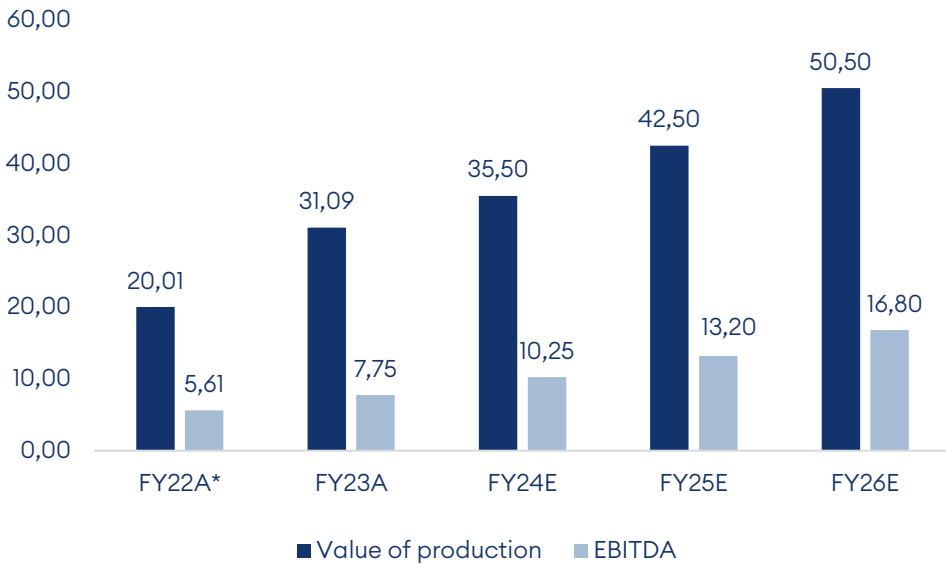
€/mln	FY24E	FY25E	FY26E
VoP			
New	35,5	42,5	50,5
Old	32,0	35,0	n/a
Change	10,9%	21,4%	n/a
EBITDA			
New	10,3	13,2	16,8
Old	10,2	11,6	n/a
Change	1,0%	14,3%	n/a
EBITDA %			
New	31,1%	33,0%	35,0%
Old	33,8%	35,0%	n/a
Change	-2,8%	-2,0%	n/a
EBIT			
New	5,3	8,0	11,3
Old	5,3	6,5	n/a
Change	-0,9%	23,3%	n/a
Net Income			
New	2,9	4,9	7,4
Old	3,0	4,0	n/a
Change	-1,7%	22,8%	n/a
NFP			
New	14,8	10,0	3,0
Old	4,8	(1,0)	n/a
Change	n/a	n/a	n/a

Source: Integrae SIM

In light of the results published in the financial statements for FY23A, we have adjusted our estimates for both the current year and the following years.

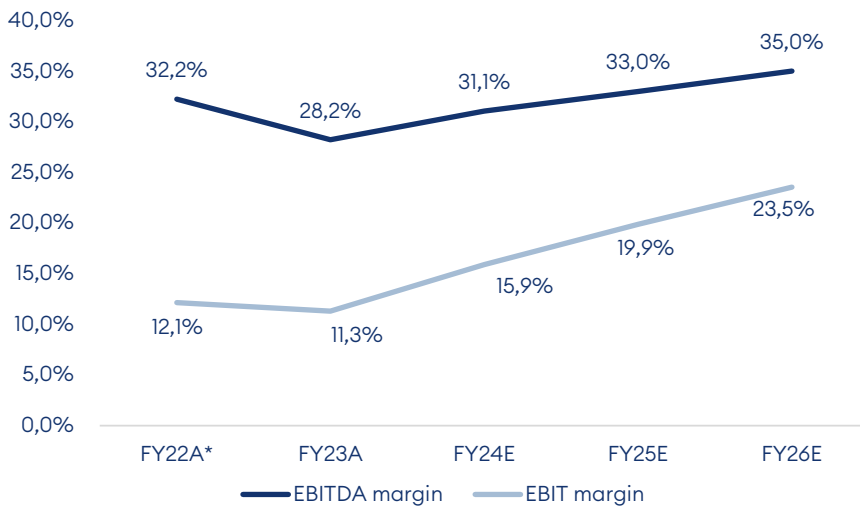
In particular, we now estimate an FY24E value of production of € 35.50 million, with an EBITDA of € 10.25 million, corresponding to a margin of 31.1%. In the following years, we expect the value of production to reach € 49.50 in FY26E, with EBITDA equal to € 16.45 million (corresponding to an EBITDA margin of 35.0%), up from € 7.75 million in FY23A (corresponding to an EBITDA margin of 28.2%).

CHART 2 – VOP AND EBITDA F22A-FY26E (€/MLN)



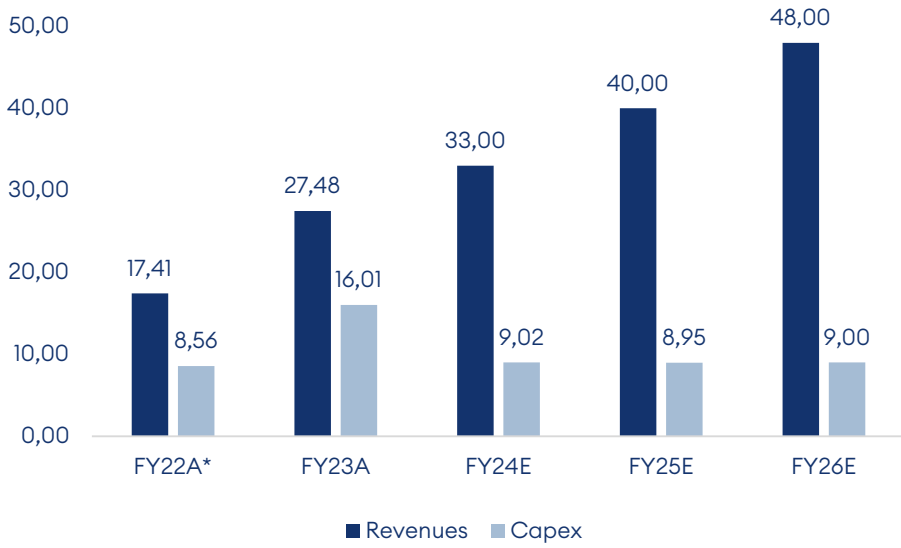
Source: Integrae SIM

CHART 3 – MARGIN F22A*-FY26E



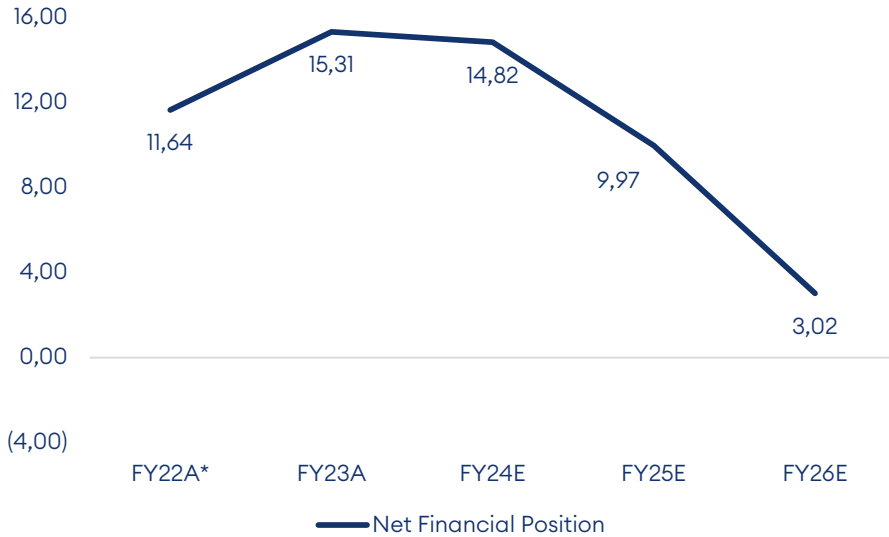
Source: Integrae SIM

CHART 4 - CAPEX F22A*-FY26E (€/MLN)



Source: Integrae SIM

CHART 5 - NFP F22A*-FY26E (€/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				9,4%
D/E 81,8%	Risk Free Rate 3,2%	β Adjusted 1,2	α (specific risk) 2,5%	
K_d 4,0%	Market Premium 7,8%	β Relevered 1,2	K_e 14,8%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 9.4%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	12,54	14,0%
TV actualized DCF	76,79	86,0%
Enterprise Value	89,33	100,0%
NFP	15,31	
Equity Value	74,02	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 74.02 million.**

TABLE 6 - EQUITY VALUE - SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		7,9%	8,4%	8,9%	9,4%	9,9%	10,4%	10,9%
	3,0%	125,3	112,1	101,2	91,9	84,0	77,2	71,3
	2,5%	113,6	102,4	93,1	85,1	78,2	72,2	66,9
	2,0%	103,8	94,3	86,2	79,2	73,1	67,7	63,0
	1,5%	95,5	87,3	80,2	74,0	68,6	63,8	59,5
	1,0%	88,4	81,2	75,0	69,5	64,6	60,3	56,4
	0,5%	82,3	75,9	70,4	65,4	61,0	57,1	53,5
	0,0%	76,9	71,3	66,3	61,8	57,8	54,2	51,0

Source: Integrae SIM

Market multiples

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

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	2024	2025	2026	2024	2025	2026	2024	2025	2026
EVS Broadcast Equipment SA	7,7x	8,6x	7,2x	8,8x	9,9x	8,2x	10,9x	12,4x	10,3x
Warner Bros. Discovery Inc	6,5x	6,3x	6,2x	54,7x	43,6x	38,8x	n/a	n/a	n/a
Evertz Technologies Ltd	8,6x	7,8x	n/a	9,6x	8,7x	n/a	13,6x	12,3x	n/a
VOGO SA	74,1x	15,4x	10,6x	n/a	21,4x	19,0x	n/a	69,0x	n/a
Median	8,2x	8,2x	7,2x	9,6x	15,7x	19,0x	12,2x	12,4x	10,3x

Source: Infincials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	83,98	107,76	120,85
EV/EBIT	50,30	124,58	214,35
P/E	35,51	60,25	75,35
Enterprise Value post 25% discount			
EV/EBITDA	62,99	80,82	90,64
EV/EBIT	37,73	93,44	160,76
P/E	26,64	45,19	56,51
Equity Value			
EV/EBITDA	48,17	70,85	87,62
EV/EBIT	22,91	83,47	157,74
P/E	26,64	45,19	56,51
Average	32,57	66,50	100,63

Source: Integrae SIM

The equity value of NVP is calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After a discount of 25.0%, the result is an **equity value of € 66.57 million**.

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	70,29
Equity Value DCF (€/mln)	74,02
Equity Value Multiples (€/mln)	66,57
Target Price (€)	9,25

Source: Integrae SIM

The results imply an average equity value of approximately € 70,29 million. **The target price is therefore € 9.25 (prev. € 7.85). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	4,6x	3,5x	2,7x	2,1x
EV/EBIT	11,5x	6,8x	4,5x	3,2x
P/E	28,3x	7,1x	4,2x	2,8x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	11,0x	8,4x	6,5x	5,1x
EV/EBIT	27,6x	16,3x	10,8x	7,6x
P/E	96,8x	24,2x	14,5x	9,6x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
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
23/10/2023	3,30	Buy	7,85	Medium	Update
01/02/2024	3,08	Buy	7,85	Medium	Breaking News
05/02/2024	3,60	Buy	7,85	Medium	Breaking News

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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		

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