

UPDATE

EQUITY RESEARCH

ISIM
INTEGRÆ

NVP

Euronext Growth Milan | Broadcasting | Italy

Production 29/10/2024, h. 6:30 pm

Publication 30/10/2024, h. 07:00 am



Rating
BUY

unchanged

Target Price

€ 9,50

prev. € 9,25

Risk

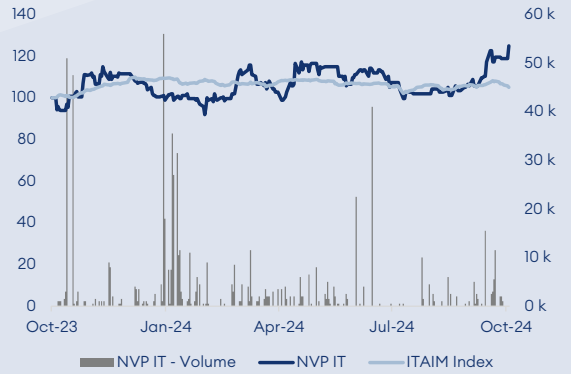


Medium

Upside potential

196,9%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 3,20
Target price	€ 9,50
Upside/(Downside) potential	196,9%
Ticker	NVP IM
Market Cap (€/mln)	€ 24,31
EV (€/mln)	€ 39,62
Free Float	40,7%
Share Outstanding	7.597.107
52-week high	€ 3,70
52-week low	€ 2,54
Average daily volumes (3 months)	1.311

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	5,00	7,70	11,05
Net Income	0,73	2,20	4,30	6,95
EBITDA margin	28,2%	31,1%	33,0%	35,0%
EBIT margin	11,3%	15,2%	19,3%	23,0%
Net Profit margin	2,3%	6,2%	10,1%	13,8%

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Stock performance	1M	3M	6M	1Y
Absolute	5,3%	3,9%	18,5%	11,1%
to FTSE Italia Growth	-1,1%	-0,1%	-3,0%	5,1%
to Euronext STAR Milan	-1,1%	-0,2%	-2,2%	18,4%
to FTSE All-Share	0,4%	3,4%	1,5%	27,6%
to EUROSTOXX	-2,3%	2,8%	-0,6%	23,3%
to MSCI World Index	0,9%	5,3%	10,6%	35,3%

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	5,1x	3,9x	3,0x	2,4x
EV/EBIT	12,8x	7,9x	5,1x	3,6x
P/E	33,5x	11,1x	5,7x	3,5x

1H24A Results

In the consolidated half-year report as of June 30th, 2024, NVP recorded revenues of € 14.78 million, marking an 18.8% increase compared to € 12.43 million in the first half of 2023. The Group's EBITDA for the first half of 2024 reached € 3.82 million, showing a slight increase from € 3.71 million in 1H23A. The EBITDA margin stood at 25.3%, down from 29.2% in the same period of the previous year. EBIT came in at € 1.37 million, a decrease from € 1.69 million in the first half of 2023. The EBIT margin, calculated on the value of production, declined to 9.1% from 13.3% in 1H23A. Net Income amounted to € 0.26 million, down from € 0.39 million in the first half of 2023.

Estimates Update

In light of the results published in the half-year report for 1H24A, we are slightly adjusting our estimates for both the current year and the upcoming years. Specifically, we forecast a FY24E value of production of € 35.50 million with an EBITDA of € 10.25 million, reflecting a margin of 31.1%. For the following years, we expect the value of production to increase to € 50.50 million by FY26E, with an EBITDA of € 16.80 million (corresponding to an EBITDA margin of 35.0%), up from € 7.75 million in FY23A (equivalent to an EBITDA margin of 28.2%).

Valuation Update

We conducted the equity value assessment of NVP based on the DCF methodology and multiples from a sample of comparable companies. The DCF method (which, for prudential purposes, includes a specific risk of 2.5% in the WACC calculation) yields an equity value of € 78.47 million. The equity value of NVP using market multiples is € 65.89 million (including a 25.0% discount). This results in an average equity value of approximately € 72.18 million.

The target price is € 9.50, 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	5,25	5,50	5,75
EBIT	2,11	3,11	5,00	7,70	11,05
<i>EBIT Margin</i>	<i>12,1%</i>	<i>11,3%</i>	<i>15,2%</i>	<i>19,3%</i>	<i>23,0%</i>
Financial management	(1,32)	(2,12)	(1,90)	(1,60)	(1,20)
EBT	0,79	0,99	3,10	6,10	9,85
Taxes	0,20	0,27	0,90	1,80	2,90
Net Income	0,59	0,73	2,20	4,30	6,95

BALANCE SHEET (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E
Fixed Asset	32,39	38,69	45,90	47,40	49,60
Account receivable	5,04	9,10	9,50	10,50	11,00
Account payable	7,02	9,76	11,50	12,80	14,70
Operating Working Capital	(1,98)	(0,66)	(2,00)	(2,30)	(3,70)
Other Receivable	4,56	5,67	5,80	6,20	6,50
Other Payable	8,31	12,51	14,00	15,00	16,50
Net Working Capital	(5,73)	(7,49)	(10,20)	(11,10)	(13,70)
Severance Indemnities & Provision	1,32	1,47	1,80	2,10	2,40
NET INVESTED CAPITAL	25,34	29,72	33,90	34,20	33,50
Share Capital	0,81	0,81	0,81	0,81	0,81
Reserves and Retained Profits	12,30	12,87	13,37	15,34	19,42
Net Profit	0,59	0,73	2,20	4,30	6,95
Equity	13,70	14,41	16,38	20,45	27,18
Cash and Cash Equivalent	2,42	3,71	2,48	5,75	12,68
Financial Debt	14,06	19,02	20,00	19,50	19,00
Net Financial Position	11,64	15,31	17,52	13,75	6,32
TOTAL SOURCES	25,34	29,72	33,90	34,20	33,50

CASH FLOW (€/mln)	FY22A*	FY23A	FY24E	FY25E	FY26E
EBIT	2,11	3,11	5,00	7,70	11,05
Taxes	0,20	0,27	0,90	1,80	2,90
NOPAT	1,91	2,84	4,10	5,90	8,15
D&A	3,50	4,65	5,25	5,50	5,75
Change in NWC	0,77	2,53	2,71	0,90	2,60
Change in receivable	(0,00)	(4,06)	(0,40)	(1,00)	(0,50)
Change in payable	0,00	2,74	1,74	1,30	1,90
Change in others	0,77	3,85	1,37	0,60	1,20
Change in provisions	0,00	0,15	0,33	0,30	0,30
Operating Cash Flow	6,17	10,16	12,39	12,60	16,80
Capex	(8,56)	(16,01)	(12,5)	(7,0)	(8,0)
Free Cash Flow	(2,39)	(5,85)	(0,08)	5,60	8,85
Financial Management	(1,32)	(2,12)	(1,90)	(1,60)	(1,20)
Change in financial debt	2,77	7,73	0,98	(0,50)	(0,50)
Change in equity	0,94	1,52	(0,23)	(0,23)	(0,23)
Free Cash Flow to Equity	(0,00)	1,29	(1,22)	3,27	6,92

Source: NVP and Integrae SIM estimates

*Pro-forma

Company Overview

NVP is an Italian company operating in the video production services sector, primarily for television networks and owners or managers of broadcasting rights. Its activities focus on the design and development of high-tech mobile production units (OB-Vans) for television events, particularly in sports, entertainment, concerts, and shows.

Founded in 2007, NVP has produced over 3,000 events since its inception and quickly established itself as a key player, achieving technology leadership in Italy and positioning itself among Europe's top technology-driven companies. It operates two 4K mobile production units and utilizes high-tech equipment and highly specialized personnel for the design and execution of major television events.

The company offers a wide range of services to meet the needs of both Italian and international clients, targeting not only the domestic market but also international markets such as Europe, the Middle East, the USA, and others.

1H24A Results

TABLE 2 – 1H24A VS 1H23A

€/mln	Revenues	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H24A	16,28	3,82	25,3%	1,37	0,26	17,90
1H23A	13,65	3,71	29,2%	1,69	0,39	15,31*
<i>Change</i>	19,3%	2,9%	-3,9%	-18,9%	-33,2%	n/a

Source: Integrae SIM

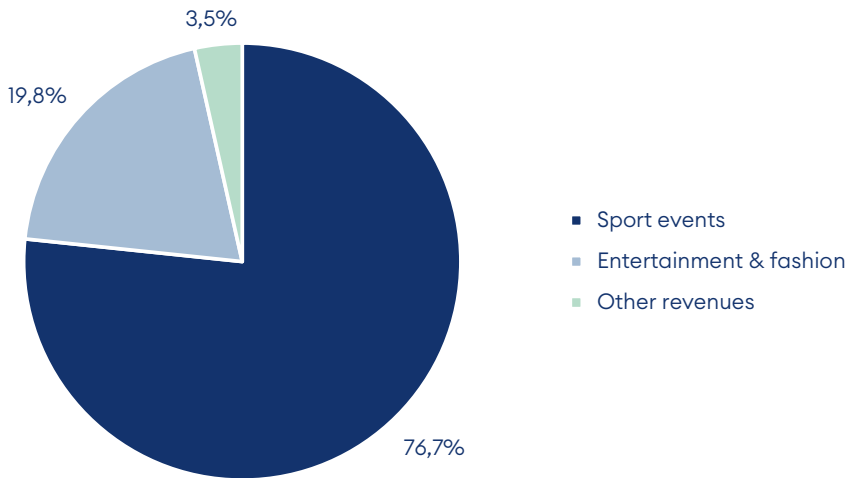
NFP as of 31/12/2023

In the press release, Massimo Pintabona, CEO of NVP, commented on the annual results, stating: “The increase in economic activities, along with the continued growth and expansion strategy of the Group, as well as careful resource management, have resulted in significant benefits both in terms of strengthening our leadership in the broadcasting sector and reinforcing the company’s assets. The revenue growth achieved in the first half of 2024 represents an important driver for enhancing business activities and diversifying productions related to entertainment and fashion events. The solid order backlog of € 7.9 million for the third quarter attests to the effectiveness of our strategic initiatives as we continue to invest in generating strong, sustainable growth above the market average.”

In the consolidated half-year report as of June 30th, 2024, NVP recorded revenues of € 14.78 million, up 18.8% from € 12.43 million in the first half of 2023. This revenue growth resulted from two consecutive quarters of growth: the first quarter of 2024 reported revenues of approximately € 7.20 million (+20.0% compared to € 6.00 million in Q1 2023), followed by a second quarter with revenues of approximately € 7.40 million (+16.0% compared to € 6.40 million in the same period of the previous year).

Consolidated revenues mainly stemmed from sporting events at € 11.60 million (+22.0% compared to € 9.50 million as of June 30th, 2023) and entertainment & fashion activities at € 3.00 million, up from € 2.90 million on June 30th, 2023. Additionally, the half-year highlighted significant results for Hiway Media, an innovative joint venture in which NVP holds a 50.0% non-consolidated stake, specializing in the development of OTT platforms.

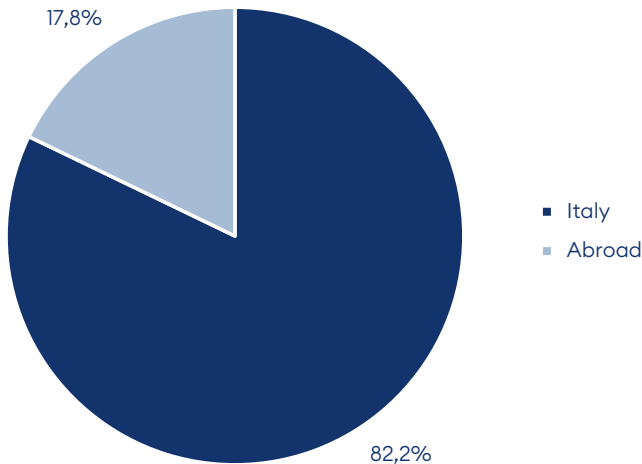
CHART 1 – REVENUES BREAKDOWN BY ACTIVITY



Source: NVP

Analyzing the half-year revenue from a geographical breakdown perspective, the data appears positive and aligns with the Company's internationalization strategy. Foreign revenues grew to € 2.70 million, marking a 108.0% increase compared to € 1.30 million in the first half of 2023. These revenues represent 17.8% of total revenue, compared to 10.2% in the same period of the previous year, confirming a steady advancement in international markets.

CHART 2 – REVENUES BREAKDOWN BY COUNTRY



Source: NVP

The NVP Group's value of production reached € 16.28 million, marking a 19.3% increase compared to € 13.65 million in 1H23A. This growth was primarily driven by revenue growth resulting from the expansion of production activities and the acquisition of new contracts.

Sales and service revenues amounted to € 14.78 million, reflecting a significant increase thanks to business expansion. Other revenues, totaling € 1.51 million, mainly came from grants and contributions, including tax credits accrued during the period.

NVP Group's EBITDA for the first half of 2024 stands at € 3.82 million, showing a slight increase compared to € 3.71 million recorded in 1H23A. This growth occurred during the semester despite a 25.0% increase in production costs, reflecting the rise in orders and production activities. The expansion of high-quality productions abroad led to an increase in variable costs, including those associated with the recruitment of highly qualified personnel and travel and logistics expenses, especially for work performed internationally. Personnel costs rose by approximately 33.0% compared to 1H23A, primarily due to an increase in permanent staff, now numbering 120, up from 90 as of June 30th, 2023. The EBITDA margin stood at 25.3%, down from 29.2% in the same period of the previous year, mainly due to the rise in variable production costs related to productions outside the national, European, and international contexts.

EBIT stands at € 1.37 million, down from € 1.69 million in the first half of 2023. The EBIT margin, calculated on the value of production, declined to 9.1% from 13.3% in 1H23A. Net Income is € 0.26 million, down from € 0.39 million in the first half of 2023. The increase in depreciation and amortization expenses, totaling € 2.45 million in the semester, is attributable to the significant investment plan aimed at completing the development of the Virtual Studio within the Innovation Hub in Cologno Monzese, in addition to the Lazio Channel editorial project and the NVP Studios cinema at E.G. Audiovisivi. These strategic investments, expected to conclude in 2025, are part of the Group's broader strategy of technological enhancement and innovation, aimed at strengthening its leadership in the audiovisual production sector. In the short term, this has a direct impact on NFP, which increased to € 17.90 million in debt from € 15.31 million as of December 31st, 2023; however, strong benefits are anticipated in the coming years in terms of innovation and economic outcomes.

Notable events after the semester close include the opening of a new office in Turin and the receipt of a KPI ESG Linked financing of € 1.50 million, granted by Crédit Agricole Italia and guaranteed by SACE, intended for the technological development of the Innovation Hub.

On an operational level, NVP continues to focus on growth and expanding its activities with the goal of consolidating its leadership in the national market and strengthening its international presence, participating in prestigious events such as the Tokyo and Paris Olympics. Football remains the Group's core business, and thanks to technological innovations, NVP aims to increase coverage of Serie A matches and European competitions, as well as consolidate its presence in lower professional leagues.

An example is the establishment of DAZN's first Virtual Studio in Italy within the Innovation Hub in Cologno Monzese: this technology significantly reduces production costs and offers great creative flexibility, enabling rapid scenario changes and various graphic customizations while enhancing audience interactivity and visual experience. Beyond football, NVP aims to strengthen its presence in other sports like basketball and volleyball and continue

its involvement in national motorcycling circuits, with the goal of establishing itself as a key competitor in international competitions.

Among the key events of the semester, NVP handled the production of the 2024 Italian Super Cup in Riyadh for the second consecutive year and secured a major three-year contract for the production of the European One-Make Championship and the world final for a renowned Italian automotive brand, with a total value of approximately € 5.00 million, potentially reaching € 6.50 million if renewed for an additional year. The production involved over 30 cameras, drones, onboard cameras, and advanced technologies such as augmented reality, managed by a team of around 80 technicians.

Beyond sports, NVP continues to strengthen its presence in the entertainment sector and studio television programs. With partnerships with leading industry operators, the Group anticipates growth in its client portfolio and revenue.

In conclusion, in the first half of 2024, NVP continued its research, development, and innovation activities, investing a total of € 0.16 million, primarily for the development of innovative projects. This amount aligns with the previous period, demonstrating the Group's continued drive for innovation. The investment was largely allocated to capitalizing the costs of highly qualified personnel, contributing to tests and experiments in R&D projects. Research and development focused on enhancing the platforms installed on mobile production units, with the goal of improving the management and distribution of live multimedia content on a global, interconnected scale, specifically adapted to broadcasting needs. This activity was primarily conducted within the Innovation Hubs located in Southern Italy, strategic areas for the Group's research and development.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E - FY26E

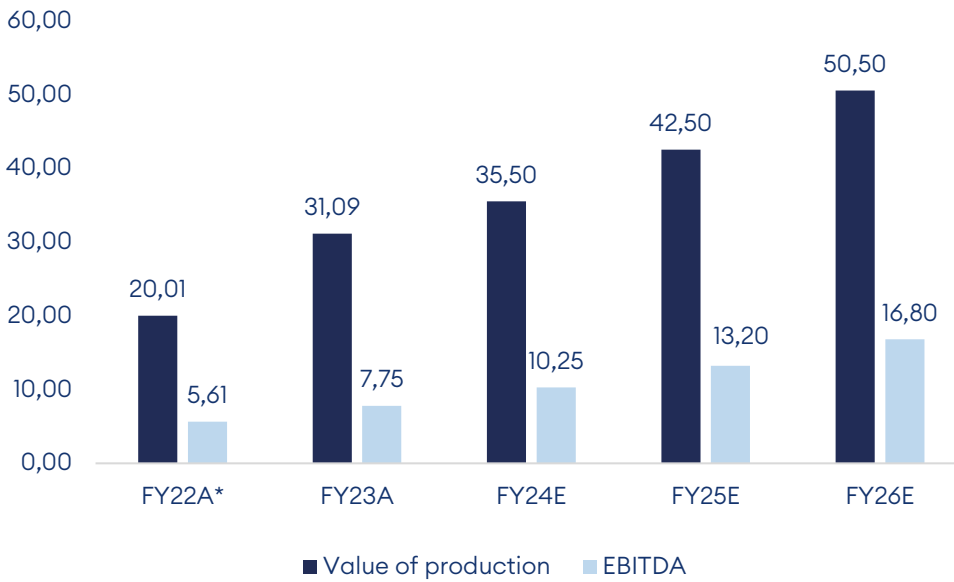
€/mln	FY24E	FY25E	FY26E
Value of production			
New	35,5	42,5	50,5
Old	35,5	42,5	50,5
Change	0,0%	0,0%	0,0%
EBITDA			
New	10,3	13,2	16,8
Old	10,3	13,2	16,8
Change	0,0%	0,0%	0,0%
EBITDA %			
New	31,1%	33,0%	35,0%
Old	31,1%	33,0%	35,0%
Change	0,0%	0,0%	0,0%
EBIT			
New	5,0	7,7	11,1
Old	5,3	8,0	11,3
Change	-4,8%	-3,1%	-2,2%
Net Income			
New	2,2	4,3	7,0
Old	2,9	4,9	7,4
Change	-24,1%	-11,3%	-5,4%
NFP			
New	17,5	13,7	6,3
Old	14,8	10,0	3,0
Change	n/a	n/a	n/a

Source: Integrae SIM

In light of the results published in the half-year report for 1H24A, we are slightly revising our estimates for both the current year and the coming years.

Specifically, we estimate an FY24E value of production of € 35.50 million with EBITDA of € 10.25 million, corresponding to a margin of 31.1%. For subsequent years, we expect the value of production to increase to € 50.50 million in FY26E, with EBITDA reaching € 16.80 million (corresponding to an EBITDA margin of 35.0%), growing from the FY23A level of € 7.75 million (corresponding to an EBITDA margin of 28.2%).

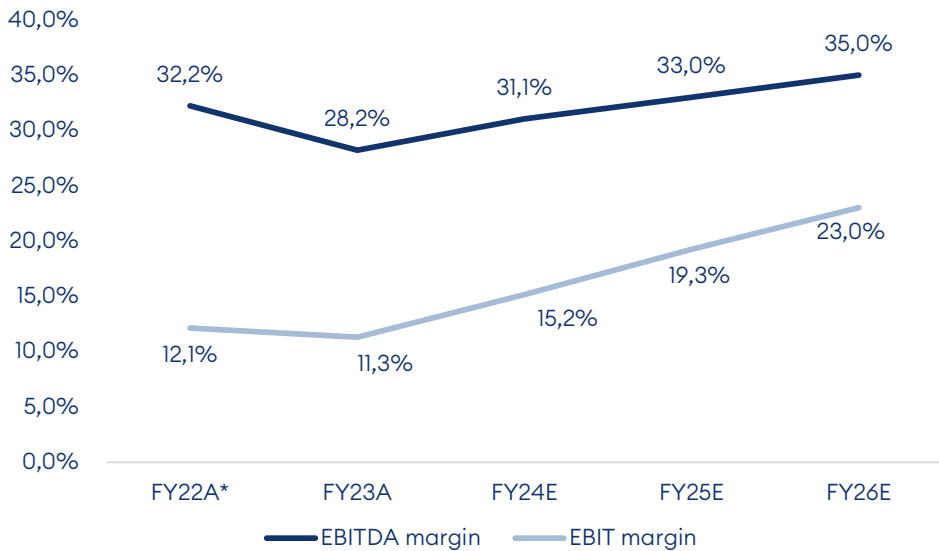
CHART 3 – VOP AND EBITDA FY22A*-FY26E (€/MLN)



Source: Integrae SIM

*Pro-forma data

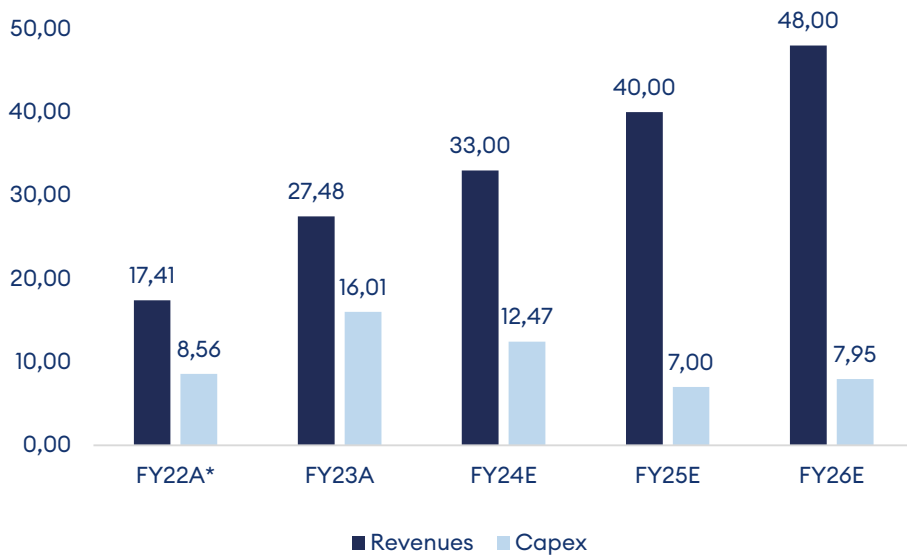
CHART 4 – MARGIN FY22A*-FY26E



Source: Integrae SIM

*Pro-forma data

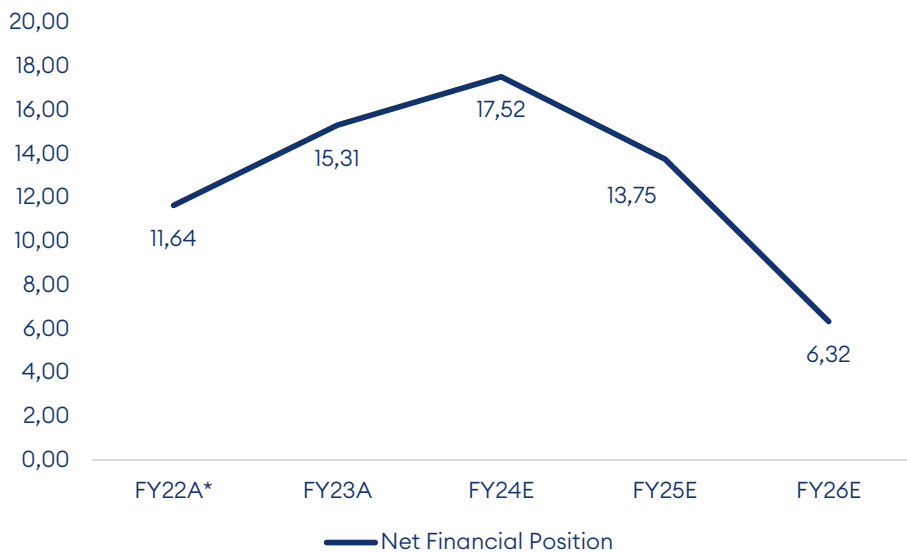
CHART 5 – CAPEX FY22A*-FY26E (€/MLN)



Source: Integrae SIM

*Pro-forma data

CHART 6 – NFP FY22A*-FY26E (€/MLN)



Source: Integrae SIM

*Pro-forma data

Valuation

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

DCF Method

TABLE 4 – WACC

WACC				8,6%
D/E 81,8%	Risk Free Rate 2,7%	β Adjusted 1,2	α (specific risk) 2,5%	
K_d 4,0%	Market Premium 6,8%	β Relevered 1,3	K_e 13,2%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%, resulting in a WACC of 8.6%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO Actualized	11,46	12,2%
TV Actualized DCF	82,32	87,8%
Enterprise Value	93,78	100,0%
NFP (FY23A)	15,31	
Equity Value	78,47	

Source: Integrae SIM

Based on the above data and our estimates and assumptions, the resulting **equity value is € 78.47 million.**

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mIn	Growth Rate (g)	WACC						
		7,1%	7,6%	8,1%	8,6%	9,1%	9,6%	10,1%
	3,0%	143,5	126,0	112,1	100,6	91,1	83,0	76,1
	2,5%	127,4	113,2	101,7	92,0	83,9	76,9	70,8
	2,0%	114,4	102,7	93,0	84,7	77,7	71,5	66,2
	1,5%	103,8	94,0	85,6	78,5	72,3	66,9	62,1
	1,0%	95,0	86,5	79,3	73,0	67,6	62,7	58,4
	0,5%	87,4	80,1	73,8	68,3	63,4	59,1	55,2
	0,0%	81,0	74,6	69,0	64,1	59,7	55,8	52,3

Source: Integrae SIM

Market multiples

Our panel consists of companies operating in the same sector as NVP; these companies are the same ones used to calculate the Beta for the DCF method. The panel includes:

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	6,5x	7,2x	6,0x	7,8x	9,0x	7,2x	9,6x	11,4x	9,3x
Warner Bros. Discovery Inc	6,3x	6,0x	6,0x	n/a	42,9x	43,9x	n/a	n/a	n/a
Evertz Technologies Ltd	9,1x	7,8x	7,8x	11,5x	9,6x	9,7x	15,2x	12,9x	13,1x
VOGO SA	30,4x	13,0x	9,5x	n/a	72,2x	21,4x	n/a	130,4x	18,6x
Median	7,8x	7,5x	6,9x	9,7x	26,3x	15,6x	12,4x	12,9x	13,1x

Source: Infiniti

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	79,52	98,77	115,91
EV/EBIT	48,34	202,42	172,21
P/E	27,31	55,58	90,80
Enterprise Value post 25% discount			
EV/EBITDA	59,64	74,08	86,93
EV/EBIT	36,26	151,81	129,16
P/E	20,48	41,68	68,10
Equity Value			
EV/EBITDA	42,12	60,33	80,61
EV/EBIT	18,74	138,07	122,84
P/E	20,48	41,68	68,10
Average	27,11	80,03	90,51

Source: Integrae SIM

NVP's equity value was calculated using the market multiples EV/EBITDA, EV/EBIT, and P/E. After applying a 25.0% discount, the resulting **equity value is € 65.89 million.**

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	72,18
Equity Value DCF (€/mln)	78,47
Equity Value Multiples (€/mln)	65,89
Target Price (€)	9,50

Source: Integrae SIM

This results in an average equity value of approximately € 72.18 million. **The target price is therefore € 9.50 (previously € 9.25). We confirm a BUY rating with a MEDIUM risk level.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	5,1x	3,9x	3,0x	2,4x
EV/EBIT	12,8x	7,9x	5,1x	3,6x
P/E	33,5x	11,1x	5,7x	3,5x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	11,3x	8,5x	6,6x	5,2x
EV/EBIT	28,2x	17,5x	11,4x	7,9x
P/E	99,4x	32,8x	16,8x	10,4x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
23/10/2023	3,30	Buy	7,85	Medium	Update
01/02/2024	3,08	Buy	7,85	Medium	Breaking News
16/04/2024	2,70	Buy	9,25	Medium	Update
03/06/2024	2,76	Buy	9,25	Medium	Breaking News

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Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the Upside Potential (increase in value or return that the investment could achieve based on the current price and a future target price set by the analysts), 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 upside potential may temporarily fall outside the proposed range

Upside Potential (for different risk categories)			
Rating	Low Risk	Medium Risk	High Risk
BUY	Upside \geq 7.5%	Upside \geq 10.0%	Upside \geq 15.0%
HOLD	-5.0% < Upside < 7.5%	-5.0% < Upside < 10%	0% < Upside < 15.0%
SELL	Upside \leq -5.0%	Upside \leq -5.0%	Upside \leq 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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