ANTARES VISION

OUTPERFORM

Sector: Industrials

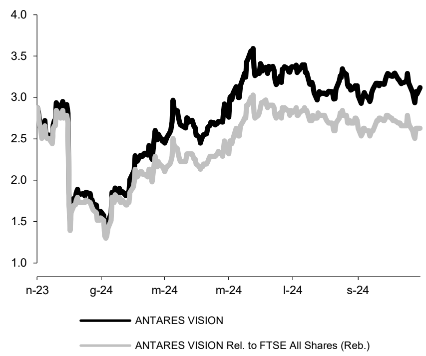
Price: Eu3.12 - **Target: Eu4.00**

On Course to Achieve FY guidance

Pietro Nargi +39-02-77115.401
pietro.nargi@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	0.2%	0.0%	0.0%

ANTARES VISION - 12M Performance



Stock Data			
Reuters code:			ANV.MI
Bloomberg code:			AV IM
Performance	**1M**	**3M**	**12M**
Absolute	-5.2%	2.3%	5.6%
Relative	-5.3%	-5.5%	-14.5%
12M (H/L)			3.59/1.36
3M Average Volume (th):			85.16

Shareholder Data	
No. of Ord shares (mn):	71
Total no. of shares (mn):	69
Mkt Cap Ord (Eu mn):	221
Total Mkt Cap (Eu mn):	221
Mkt Float - Ord (Eu mn):	88
Mkt Float (in %):	39.8%
Main Shareholder:	
Regolo Srl	50.7%

Balance Sheet Data	
Book Value (Eu mn):	158
BVPS (Eu):	2.28
P/BV:	1.4
Net Financial Position (Eu mn):	-102
Enterprise Value (Eu mn):	318

- **3Q revenues down -5.6% LfL …** AV reported revenues for 3Q24 at Eu40.3mn, a -5.6% organic decline YoY vs. Eu42.7mn restated in 3Q23 (i.e. net of FX & Others for €1.3mn and the contribution from Russia at €6.7mn). In terms of CGU, Life Science & Cosmetics was down -6% in 9M24, while FMCG recorded a turnaround (+1% in 3Q) from the slowdown registered in 1H; SCT was still stable in 3Q. On a geographical basis, the best performance was achieved by Europe (+18% in 3Q), not including Italy, up +9%, driven by positive momentum on T&T linked to the change in pharma legislation, expected to come into force by 1H25; by contrast, Americas saw a further decrease (-24%), as the negative market stance persisted on both LS & Cosmetics and FMCG. Recurring business at 46% vs. 39% recorded in 9M23.
- **…but order intake up by 6%.** Order intake as at the end of Sep 24 was up 6%, driven by Italy and Europe, recording a healthy increase at both LS & Cosmetics (+7%) and FMCG (+8%).
- **OpCF in 9M up +€40mn YoY**, improving in 3Q (it was c. +€38mn as of 1H), driven by better cash earnings, enhanced WC management and less CapEx.
- **Outlook and FY guidance confirmed for both EBITDA and FCF.** The Group reaffirms its expectation of a mid-single-digit increase in turnover in FY24, albeit starting from a restated FY23 (€204mn) net of Russia (c. €10mn revenue and c. 5% EBITDA margin in FY23), with revenue seen accelerating in 4Q (+23% YoY), assuming the low end of FY revenue guidance (+4%) granted by strong visibility, as c.98% of orders have already been completed. Hence, business seasonality is expected to remain in 4Q, also due to the acceleration of lead times, with orders received at the beginning of the year to be executed within the year. Encouraging signals were reiterated on cost-cutting, with management quite confident of achieving the current cons. estimate of €30mn for adj. EBITDA (margins seen at the high end of guidance), coming from enhancing production efficiency, and better gross margins amid a better revenue mix (higher incidence of services). The proper management of NWC remains a key focus, with financial leverage seen at the lower end of the range (3.3x net debt / adj. EBITDA) thanks to good cash flow generation.
- **OUTPERFORM and €4.0 TP confirmed.** Considering key messages from the call and the confirmation of guidance, we leave our estimates unchanged for adj. EBITDA and FCF, while reducing the top line to factor in the removal of Russian activities from the consolidation perimeter. We maintain our positive outlook on the stock and confirm our TP of €4.0 p/s. We remain confident the new management team will be able to execute the turnaround, expected to be finalized in FY25. The three key reasons for our positive view are: i) cost reduction resulting from more efficient organization and increased product standardization; ii) an improved cash generation profile, reversing two years of negative OpCF; iii) improving order intake. The main downside to our valuation comes from the slowdown in the US market, in both the LS&Cometics and FMCG segments; however, this is a market-wide trend rather than company-specific. That said, while AV's market share in the region remains stable, the recent election may encourage renewed investments.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	201	214	212	225	236
EBITDA Adj (Eu mn)	18	13	30	36	44
Net Profit Adj (Eu mn)	1	-8	7	11	16
EPS New Adj (Eu)	0.017	-0.117	0.097	0.156	0.230
EPS Old Adj (Eu)	0.017	-0.117	0.097	0.156	0.230
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	39.1	38.7	10.5	8.5	6.7
EV/EBIT Adj	nm	nm	20.7	14.5	10.5
P/E Adj	nm	nm	32.1	20.0	13.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	4.2	7.8	3.3	2.5	1.7

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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