

ANTARES VISION

Sector: Industrials

OUTPERFORM

Price: Eu2.76 - Target: Eu3.30

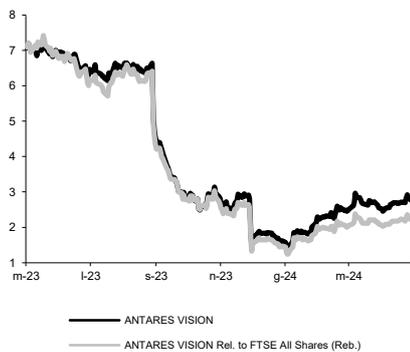
Turning the Corner and Leaving Negative Newsflow Behind

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):	from 2.40 to 3.30		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	13.0%	0.0%

Next Event
 FY23 Results on May 27th

ANTARES VISION - 12M Performance



Stock Data			
Reuters code:	ANV.MI		
Bloomberg code:	AV IM		
Performance	1M	3M	12M
Absolute	8.4%	30.2%	-60.1%
Relative	5.4%	18.9%	-85.6%
12M (H/L)	7.19/1.36		
3M Average Volume (th):	296.44		

Shareholder Data	
No. of Ord shares (mn):	69
Total no. of shares (mn):	69
Mkt Cap Ord (Eu mn):	191
Total Mkt Cap (Eu mn):	191
Mkt Float - Ord (Eu mn):	76
Mkt Float (in %):	39.8%
Main Shareholder:	
Regolo Srl	50.7%

Balance Sheet Data	
Book Value (Eu mn):	284
BVPS (Eu):	4.10
P/BV:	0.7
Net Financial Position (Eu mn):	-102
Enterprise Value (Eu mn):	302

■ **1Q revenues up +7.2%, new orders increased by 8%.** AV reported revenues for 1Q24 at Eu42.6mn, a +7.2% increase YoY (negative FX effect of -0.4%) vs. Eu39.7mn restated in 1Q23 (i.e. the L5 business contributed c. Eu5mn in 1Q23), a touch better than our Eu41.6mn estimate (+2.4%). In terms of end-market, Life Science grew at +23% thanks to positive momentum for both Inspection (+60%) and Track & Trace (+17%) solutions, while a slowdown was experienced in FMCG (-10%), particularly in the US inspection market for rigid containers. Recurring business at 42% was slightly below the 45% recorded in 1Q23. Looking at the geographical breakdown, the best performance was achieved by Italy (+56% YoY) while Europe (ex-Italy) and Americas saw revenues decrease by -4% and -3% respectively. Order intake increased by 8%, with the Life Science sector witnessing a 14% surge, while the FMCG sector recorded a slight increase (+3%), marking a reversal of the trend compared to the revenue decline observed in 1Q24.

■ **New CEO has started turnaround plan.** Restructuring efforts are underway with the aim of restoring profitability and cash generation, and rebuilding investor trust after setbacks, particularly following the unfavourable developments at rFXcel's L5 business. The agreement with banks (waivers on covenants for 2023) is expected to result in a one-off cost and slightly higher interest rates (cost of debt to go from 2.8% to c. 3% on average). The management team has been strengthened with key appointments, while workforce reduction in Italy is planned, with 54 positions to be cut, and a halt on new hiring. Further savings are expected from the removal of rFXcel's former management team, with restructuring efforts to have tangible impacts from 2H. Focus also on standardization processes and cost control to enhance order profitability. Finally, efforts are being made to improve receivables days by negotiating better payment terms and splitting collection into more tranches. Early signs on numbers already seen in 1Q24 with OpCF nearing breakeven, a significant improvement from 1Q23 (cash burn around Eu10mn).

■ **Outlook confirmed, new BP expected in the first half of June.** The Group reaffirms its expectation of a mid-single digit increase in turnover in FY24. The emphasis will be on implementing measures to control and reduce costs while enhancing production efficiency. In addition, there will be a focus on better management of NWC and a more prudent approach to investments. These actions are expected to lead to enhanced cash generation. AV will present a new BP 2023-26 in the first half of June. Considering the key focus on cost reduction, we slightly increase our EBITDA estimate for FY24 (+4%), while remaining unchanged our CFs estimates.

■ **OUTPERFORM confirmed, new TP at €3.30:** The appointment of the new CEO has bolstered investor confidence, leading to a strong stock performance (more than doubled since the appointment), raising hopes that his extensive experience could mark a turning point in AV's equity narrative. The agreement with the banks is positive news for AV, as it removes the risk of a potential need to raise capital. We update our DCF valuation, embedding a lower risk-free rate (from 4.5% to 4.0%) and an increasing EBIT margin assumption on the TV (now at 12%, still reasonable cautious), leading to a new TP at €3.30 (from €2.40), thus reiterating our positive view on the stock.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	179	224	219	232	246
EBITDA Adj (Eu mn)	43	41	13	30	36
Net Profit Adj (Eu mn)	28	21	-6	7	11
EPS New Adj (Eu)	0.433	0.308	-0.092	0.099	0.160
EPS Old Adj (Eu)	0.433	0.308	-0.092	0.088	0.160
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	18.8	17.2	nm	9.9	8.2
EV/EBIT Adj	22.9	24.7	nm	19.5	14.0
P/E Adj	6.4	9.0	nm	27.8	17.3
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	0.6	1.8	8.1	3.4	2.7

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- 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.

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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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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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