Intermonte

Milan, 19 June 2024

Italian Equity Research – Company Update

ANTARES VISION

OUTPERFORM

Sector: Industrials

Price: Eu3.37 - **Target: Eu4.00**

Taking Another Step Forward

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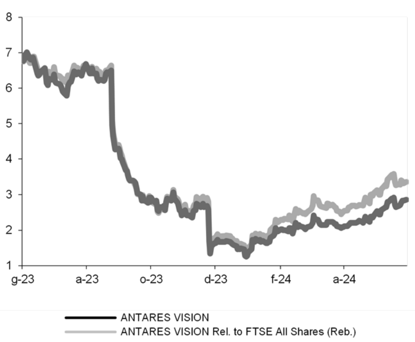
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 3.30 to 4.00
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-2.5%	-2.4%	

Next Event
1H Results Out on 12 Sep

ANTARES VISION - 12M Performance



Stock Data			
Reuters code:			ANV.MI
Bloomberg code:			AV IM
Performance	**1M**	**3M**	**12M**
Absolute	10.3%	33.8%	-51.7%
Relative	17.1%	36.6%	-68.6%
12M (H/L)			6.92/1.36
3M Average Volume (th):			295.67

Shareholder Data	
No. of Ord shares (mn):	69
Total no. of shares (mn):	69
Mkt Cap Ord (Eu mn):	233
Total Mkt Cap (Eu mn):	233
Mkt Float - Ord (Eu mn):	93
Mkt Float (in %):	39.8%
Main Shareholder:	
Regolo Srl	50.7%

Balance Sheet Data	
Book Value (Eu mn):	159
BVPS (Eu):	2.30
P/BV:	1.5
Net Financial Position (Eu mn):	-107
Enterprise Value (Eu mn):	348

- **New Strategic Plan 2024-26: plan stands on 3 pillars.** Antares Group has unveiled its 2024-26 Strategic Plan, the first under the new CEO. The plan focuses on three main strategic pillars: (i) Exploiting selective market opportunities by prioritizing profitable segments and maintaining leadership in core markets; (ii) Enhancing profitability and cost discipline through optimizing pricing in T&T and spare parts, continued focus on cost efficiency and optimization, including procurement excellence and operational delivery, strengthening discipline and cost control measures; (iii) Maximizing cash generation by optimizing WC through improved receivables policies and staggered collections, standardizing processes to reduce inventory levels, rationalizing subsidiary activities across countries to enhance organizational efficiency.
- **2024-26 financial targets.** Management has taken a conservative approach to revenue growth, focusing solely on existing business and technology without factoring in potential contributions from the L5 business or further growth opportunities that may be strong revenue drivers in the future (digital product passport amongst all). The strategic emphasis is on organizational process improvement and cost reduction to boost profitability and cash generation. Moving to numbers, the new plan outlines (i) revenue expected to grow at a +4/6% CAGR in 2023-26, driven by growth in Track & Trace (T&T), Services, and Supply Chain Transparency, while reducing less profitable sales of inspection machine; (ii) adj. EBITDA projected to increase at a +47/55% CAGR driven by reorganization efforts, product standardization, and lead-time reduction initiatives, with the margin seen improving from 6.2% in FY23 to 11.5/14% in FY24, reaching 17.5/19.5% by FY26. Financial leverage expected <1.7x by FY26, with cash generation benefiting from profitability enhancement, reducing WC intensity on sales and normalized CapEx.
- **Change to estimates.** Following the release of the plan, we have kept our FY24-25 forecasts almost unchanged while extending our estimates to FY26E. We currently forecast revenue to increase at 6% CAGR in 2023-26 (in line with the high end of the plan), with the adj. EBITDA margin projected at 17.4% in 2026. On the cash flow side, we expect net debt at c. Eu80mn at the end of the projections, or 1.8x net debt / EBITDA.
- **OUTPERFORM reiterated, new TP at Eu4.0.** The strengthening of the management team and the strategic focus on cost management and operating cash flow has generated strong investor confidence. While the turnaround process is still at an early stage, we are confident that the company is well positioned to achieve BP goals and restore margins to over 20% in the M/L term. Consequently, we maintain our positive view on the stock and have updated our DCF-based TP to Eu4.0 (up from Eu3.3), factoring in a better assumption on TV (EBIT margin now at 13.5%). At our new TP, the stock would trade at 10.7x EV/adj. EBITDA on FY25, which we think will be the first year to fully benefit from the implementation of the restructuring plan.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	201	214	229	243	255
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)	0.308	-0.092	0.099	0.160	
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	39.1	38.7	11.4	9.3	7.2
EV/EBIT Adj	nm	nm	22.5	15.8	11.3
P/E Adj	nm	nm	34.7	21.6	14.6
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	4.2	7.8	3.5	2.6	1.8

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GUIDE TO FUNDAMENTAL RESEARCH

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.
Explanation of our ratings system:
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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
As at 31 March 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

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

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Intermonte is acting as financial advisor to Eagle S.p.A. and intermediary responsible for coordinating the collection of sale requests in relation to the sell-out procedure on Greenthesis S.p.A.
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Emittente	%	Long/Short