

INDEL B

Sector: Industrials

OUTPERFORM

Price: Eu23.80 - Target: Eu33.10

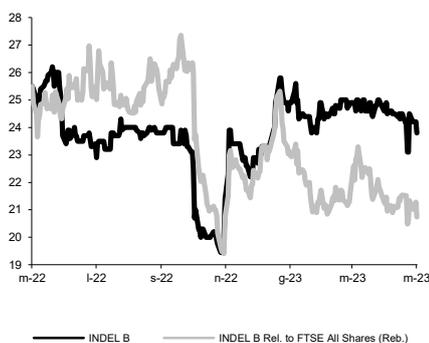
Solid Expectations Despite Lower Visibility Moving Forward

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 28.60 to 33.10		
	2023E	2024E	2025E
Chg in Adj EPS	2.6%	-10.8%	

INDEL B - 12M Performance



Stock Data

Reuters code:	INDB.MI		
Bloomberg code:	INDB IM		
Performance	1M	3M	12M
Absolute	-3.3%	-4.4%	-6.7%
Relative	-2.2%	-4.4%	-21.4%
12M (H/L)	26.20/19.45		
3M Average Volume (th):	0.67		

Shareholder Data

No. of Ord shares (mn):	6
Total no. of shares (mn):	6
Mkt Cap Ord (Eu mn):	139
Total Mkt Cap (Eu mn):	139
Mkt Float - Ord (Eu mn):	44
Mkt Float (in %):	31.7%
Main Shareholder:	
AMP Fin Srl	68.3%

Balance Sheet Data

Book Value (Eu mn):	131
BVPS (Eu):	22.53
P/BV:	1.1
Net Financial Position (Eu mn):	-16
Enterprise Value (Eu mn):	155

- Results showed strong resilience...**2022 results (published on 28 April) exceeded expectations, with the top line rising 14% in 4Q, thanks to very strong trends in Automotive (+21%) and Hospitality (+35%). Cooling Appliances revenues also beat forecasts. In 2022, adj. EBITDA was Eu30.6mn, up 18.7% YoY, with the margin fairly flat at 13.5% (13.7% in 2021) despite cost inflation. Adj. net profit also improved to Eu16.3mn, up 3.7% YoY. Net debt increased to Eu28mn from €12.8mn due to increased working capital resulting from the rise in revenues.
- ...which continued in 1Q23:** the 1Q23 trading update (released on 12 May) showed revenues up 7% YoY to €55.2mn, with diverging trends across divisions. In **Automotive:** revenues were up 20% to €36.7mn; while still a double-digit growth rate, it marked a deceleration compared to previous quarters. We expect this trend to continue, as the comparison base will get progressively tougher during 2023. **Leisure:** revenues were down 20.3% to €6.2mn; the decline was due exclusively to the Marine segment, which suffered a mismatch between sell-in and sell-through at its subsidiary Indel Webasto Marine. The performance in the RV segment was positive, with double-digit growth. **Hospitality:** revenues were up 24% to €4.3mn, driven by growth in the Cruise segment, thanks to the acquisition of new orders. With the exception of 3Q22, the segment has recorded revenue growth rates of over 20% in recent quarters. **Cooling Appliances:** revenues were down 2.1% to €2.7mn, accelerating compared to the -17% reported in 4Q22. We note the comparison base will get harder, especially in 2Q. **Components & spare parts:** revenues were down 23.2% to €5.1mn, in deceleration compared to 3Q and 4Q22.
- Less visibility going into 2023 but positive developments still expected:** 2023 started with a slowdown in revenues and a contraction in some markets. Nevertheless, management expects the 2023 top line to be at least in line with 2022 / up single-digit, with more positive developments in 1H than 2H, also flagging up lower visibility in general, with automotive OEMs showing less stable forecasts than in the past. Management expects some of the profitability lost in 2022 to be recouped in 2023, and is confident of bringing it back to pre-Covid levels in 2 years.
- Change in estimates:** we are slightly raising our 2023 forecast, with higher revenues, showing 3.0% YoY growth. We embed a marginal 30bp increase in profitability from 2022 to 2023, but with a lower-than-previously-expected improvement in 2024. As a result, we are changing EPS by +2.6% and -10.8% in 2023 and 2024 respectively.
- Target raised from €28.6 to €33.1:** demand remains strong across segments, which should allow the company to improve further in 2023 thanks in part to its ability to manage costs. Indeed, while visibility on 2023 remains sub-optimal, it is still too early to call a recession and make more negative assumptions. We are lifting our TP as a result of the valuation roll-over from 2022/23 to 2023/24, and the re-rating of peers. At the new target price, we value the company at 6.9x and 11.7x 2023 EV/EBITDA and P/E, with Dometic trading at 9.0x and 13.3x respectively.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	188	227	234	246	259
EBITDA Adj (Eu mn)	26	31	32	34	38
Net Profit Adj (Eu mn)	16	16	17	18	20
EPS New Adj (Eu)	2.705	2.790	2.833	3.083	3.491
EPS Old Adj (Eu)	2.705	2.480	2.762	3.457	
DPS (Eu)	1.000	0.800	0.700	1.000	1.000
EV/EBITDA Adj	6.3	5.5	4.8	4.2	3.5
EV/EBIT Adj	8.1	7.5	6.8	5.8	4.8
P/E Adj	8.8	8.5	8.4	7.7	6.8
Div. Yield	4.2%	3.4%	2.9%	4.2%	4.2%
Net Debt/EBITDA Adj	0.5	0.9	0.5	0.1	-0.2