

INDEL B

Sector: Industrials

OUTPERFORM

Price: Eu22.80 - Target: Eu33.10

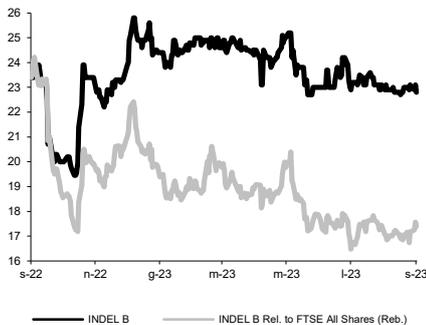
Supportive Indications from 1H23 Results

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	3.1%	-0.4%	-2.6%

Next Event: 9M23 Revenues
 Results Out: 27 October 2023

INDEL B - 12M Performance



Stock Data			
Reuters code:	INDB.MI		
Bloomberg code:	INDB IM		
Performance	1M	3M	12M
Absolute	-1.3%	-0.9%	-2.6%
Relative	-0.2%	-2.2%	-33.7%
12M (H/L)	25.80/19.45		
3M Average Volume (th):	1.80		

Shareholder Data	
No. of Ord shares (mn):	6
Total no. of shares (mn):	6
Mkt Cap Ord (Eu mn):	133
Total Mkt Cap (Eu mn):	133
Mkt Float - Ord (Eu mn):	42
Mkt Float (in %):	31.7%
Main Shareholder:	
AMP Fin Srl	68.3%

Balance Sheet Data	
Book Value (Eu mn):	132
BVPS (Eu):	22.61
P/BV:	1.0
Net Financial Position (Eu mn):	-16
Enterprise Value (Eu mn):	149

- Solid 2Q revenues, especially considering tough comparison base:** 2Q revenues were flat YoY at €63.7mn, a touch better than expected; this marks a positive achievement considering the tough comparison base, as revenues grew by 25% in 2Q22. By division:
 - Automotive** grew 4% YoY to €39.9mn (a new record), supported by solid demand and the OEM order backlog. Demand was strong both in Europe and North America and the 2H23 outlook remains supportive.
 - in **Hospitality**, the company reported a similar result to 1Q23, at €4.3mn, down 21% YoY although this was again due to the particularly tough comparison base offered by 2Q22 (+97% YoY); the outlook on 2H23 should benefit from orders in the cruise segment.
 - Leisure** revenues were better than expected, rising 2% YoY to €10.7mn, a big improvement from the -20% YoY posted in 1Q23; the 2H23 outlook is more uncertain, especially for the RV segment.
 - Cooling Appliances** revenues fell 28% YoY to Eu2.4mn (still slightly better than expected), partly due to the extraordinary result reported in 2Q22 (when revenues rose 181% YoY).
 - Finally, **Components & Spare Parts** confirmed the expected sequential improvement after a negative 1Q23 (-23%), with revenues up 8% YoY to Eu6.5mn. The outlook indicates 2H23 trends should continue in line with 1H23.
- Margin improvement vs. 2H22:** the company reported adj. EBITDA of €16.2mn, down 6.7% YoY but 5% better than expected, with a 13.1% margin (vs. 12.7% exp.). The 160bp YoY margin dilution was partly due to the revenue mix, partly to higher production costs and also to the damage caused by exceptionally heavy precipitation during 1H. However, the margin was 100bp higher than in 2H22 (12.1%), with the benefits of price hikes kicking in. Looking at the bottom line, net profit came to €9.1mn, 33% better than expected thanks to lower D&A and financial charges, as well as a lower tax rate. Net debt at the end of June 2023 amounted to Eu20.7mn, down Eu7.8mn compared to YE22, thanks to receipt of the final instalment from the sale of the shareholding in Chinese company Guangdong Iceco (Eu6.5mn) and also to the net operating cash generated (Eu6mn), which more than offset the dividend payment (Eu4.5mn).

Higher visibility on FY estimates: we are confirming our revenue forecasts, bearing in mind that 2H22 provides an easier comparison base and that demand appears to have remained solid in Automotive in particular. We are also confirming our EBITDA forecasts. Below this line, lower expected D&A charges (as witnessed in 1H23) are offset by slightly higher financial charges, with an almost neutral impact on EPS.

OUTPERFORM; target confirmed: demand has remained consistent with our forecasts across segments and the company has exercised good cost control. 1H results provide more visibility on 2023 estimates. At our target, the company would trade at 6.7x and 11.3x 2023 EV/EBITDA and P/E; Dometic is trading at 8.8x and 13.6x 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	37
Net Profit Adj (Eu mn)	16	16	17	18	20
EPS New Adj (Eu)	2.705	2.790	2.919	3.071	3.402
EPS Old Adj (Eu)	2.705	2.790	2.833	3.083	3.491
DPS (Eu)	1.000	0.800	0.700	1.000	1.000
EV/EBITDA Adj	6.3	5.5	4.7	4.1	3.5
EV/EBIT Adj	8.1	7.5	6.0	5.3	4.5
P/E Adj	8.4	8.2	7.8	7.4	6.7
Div. Yield	4.4%	3.5%	3.1%	4.4%	4.4%
Net Debt/EBITDA Adj	0.5	0.9	0.5	0.2	-0.1