

NOTORIOUS PICTURES

Sector: Media

OUTPERFORM

Price: Eu0.73 - Target: Eu1.00

Strong Pipeline for 2026, Awaiting Clarity on Tax Credits

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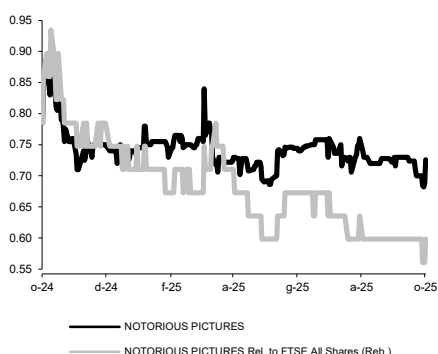
Stock Rating

Rating: Unchanged
Target Price (Eu): Unchanged

	2025E	2026E	2027E
Chg in Adj EPS	n.m.	24.6%	

Next Event FY25 Results
Results Out March 2026

NOTORIOUS PICTURES - 12M Performance



Stock Data

Reuters code: NPI.MI
Bloomberg code: NPI IM

Performance	1M	3M	12M
Absolute	-0.5%	-4.5%	-7.5%
Relative	-0.8%	-9.1%	-30.0%
12M (H/L)		0.91/0.68	
3M Average Volume (th):		4.18	

Shareholder Data

No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	16
Total Mkt Cap (Eu mn):	16
Mkt Float - Ord (Eu mn):	3
Mkt Float (in %):	20.0%
Main Shareholder:	
Marchetti Guglielmo	77.3%

Balance Sheet Data

Book Value (Eu mn):	32
BVPS (Eu):	1.43
P/BV:	0.5
Net Financial Position (Eu mn):	-47
Enterprise Value (Eu mn):	64

- **Improving half-yearly figures despite delays in the application of tax credit law:** 1H25 group revenues, released on 26 September, came to Eu17.6mn, up 5% YoY thanks to excellent trends in the cinema business (Eu7.5mn, +31% YoY) and growth of production (Eu5.1mn, +363% thanks to the success of 2 films), more than offsetting the decline in distribution (Eu3.6mn, -49% YoY, due to fewer films distributed). At the same time, other revenues and proceeds, including public subsidies, suffered a further significant contraction due to delays in the application of the tax credit law: subsidies have fallen from Eu5.8mn in 1H23, to Eu2.5mn in 1H24 and just Eu0.5mn in 1H25, while costs have largely remained steady. This makes it particularly welcome that EBITDA, at Eu6.5mn, rose by Eu0.8mn (+14% YoY), although EBIT, despite improving YoY, closed Eu1.1mn in the red. Debt, excluding IFRS16, was Eu14.1mn as at end-June, down slightly from YE24, while IFRS16 liabilities related to rights of use mainly in cinemas were up Eu6mn to Eu31.2mn essentially due to lease contracts for new cinemas.
- **Uncertainty over tax credit law.** 1H25 results once again confirmed the quality of the group's diversification strategy and excellent operating cost control in a tricky market phase. Notorious is adapting its strategy - particularly investments in new film productions and distribution agreements - to the current uncertain situation over the tax credit law, due to the Ministry of Culture's failure to timely approve several tax credits needed to meet the commitments made. This situation is penalising all sector operators and hampering the launch of new projects, therefore creating considerable uncertainty that we hope will be resolved starting from 2H25.
- **Change in estimates:** Notorious is expected to advance its film production and distribution activities, strengthen revenues through new cinema releases and Pay/OTT resale agreements, and continue expanding its cinema management business. While we are trimming 2025 forecasts slightly due to fewer new productions, we are upgrading 2026 projections thanks to a stronger project pipeline. These estimates crucially depend on the gradual normalisation of the recognition of tax credits, a key factor for both the company's outlook and the sustainability of the Italian film industry.
- **OUTPERFORM; target Eu1.0 confirmed:** the Italian film industry has gone through a deep crisis, driven on the one hand by reduced content spending budgets at pay-TV operators and OTT platforms, and on the other by growing delays and uncertainty in the government's recognition of tax credits. In this context, we believe Notorious has shown solid resilience thanks to the diversification of its activities across various market segments and its prudent management approach. Looking ahead to 2026, we expect market conditions to improve, and the group appears well positioned to capture this recovery thanks to a particularly strong pipeline of films in production and distribution. While for the time being we are not changing our target, we see significant upside as soon as visibility on our 2026-27 forecasts increases.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	34	95	36	66	62
EBITDA Adj (Eu mn)	13	20	15	32	29
Net Profit Adj (Eu mn)	2	3	-1	4	5
EPS New Adj (Eu)	0.091	0.147	-0.060	0.161	0.219
EPS Old Adj (Eu)	0.091	0.077	0.112	0.130	
DPS (Eu)	0.000	0.000	0.000	0.040	0.050
EV/EBITDA Adj	5.5	3.0	4.3	1.9	1.9
EV/EBIT Adj	nm	11.5	nm	8.4	6.3
P/E Adj	7.9	4.9	nm	4.5	3.3
Div. Yield	0.0%	0.0%	0.0%	5.5%	6.9%
Net Debt/EBITDA Adj	2.9	1.9	3.2	1.4	1.4

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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)

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Frequency of research: quarterly.

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

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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.

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OUTPERFORM:	37.40%
NEUTRAL:	29.78%
UNDERPERFORM:	00.76%
SELL:	00.00%

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BUY:	51.32%
OUTPERFORM:	30.26%
NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
SELL:	00.00%

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