

SCIUKER FRAMES

BUY

Sector: Industrials

Price: Eu6.08 - Target: Eu15.80

An impressive set of results, BP update on October 25th

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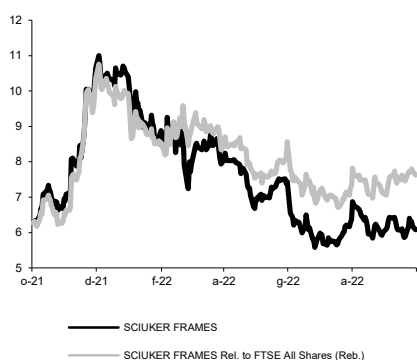
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2022E	2023E	2024E
Chg in Adj EPS	35.1%	23.5%	15.0%

Next Event

 Business Plan Update: October 25th

SCIUKER FRAMES - 12M Performance



Stock Data

Reuters code:	SCK.MI		
Bloomberg code:	SCK IM		
Performance	1M	3M	12M
Absolute	1.2%	5.4%	-3.5%
Relative	6.8%	10.1%	16.9%
12M (H/L)	11.00/5.58		
3M Average Volume (th):	28.01		

Shareholder Data

No. of Ord shares (mn):	22
Total no. of shares (mn):	22
Mkt Cap Ord (Eu mn):	132
Total Mkt Cap (Eu mn):	132
Mkt Float - Ord (Eu mn):	56
Mkt Float (in %):	42.1%
Main Shareholder:	
H. Arm.	51.4%

Balance Sheet Data

Book Value (Eu mn):	59
BVPS (Eu):	2.76
P/BV:	2.2
Net Financial Position (Eu mn):	6
Enterprise Value (Eu mn):	149

- An impressive set of results.** SCK reported a solid set of results, with growth trends exceeding expectations, prompting management to announce its intention of updating the 2022-2024 Industrial plan on October 25th to reflect a stronger start to the year and the robust order intake registered YtD, boosting visibility at least for the next 18 months (order book of Ecospace at Eu223mn). More specifically, the company closed 1H with Value of Production up 132.3% YoY to Eu83.4mn, with this total split almost equally (50.5%/49.5%) between the Industrial and Superbonus activities. This led to an increase in EBITDA to Eu19.9mn from Eu9.0mn last year, up 120.5% YoY, with a 23.9% margin composed of a 29.7% margin at the Industrial Hub and 17.9% at the 110% Superbonus business. Positive news also on the NFP, which was Eu4.9mn in the black following a negative Eu2.2mn as at the end of 2021, as the company was able to compensate the significant absorption of NWC following the material business expansion with equally strong cash generation from its Industrial business.
- EBITDA revised up by +21.3% on average for 2022-2024.** As a consequence of the stronger-than-expected 1H and the solid order intake YtD, we are revising our numbers materially upward; these now point to 2022 VoP of Eu187mn (up 81.9% YoY, +22.2% on previous estimates), an impressive result bearing in mind that just 3 years ago SCK had turnover of Eu11.9mn. As we broadly confirm our margin expectations, adj. EBITDA goes up by 26.7% and net profit by 35.1%. We have increased the 2023 forecasts by a similar magnitude in light of the robust order book, which should translate into revenues by the end of 2023, when the Superbonus fiscal benefit is set to decrease from 110% to 70% (although it could be subject to change by the incoming government). We are raising our estimates for 2024 as well, even if we maintain our cautious approach on the expectation of a -11.6% YoY decrease in the VoP, driven by a -40% decrease at the 110% Superbonus business, expected to contract on reduction of the fiscal benefit.
- Political support for the Superbonus.** In the coming months, a topic to be monitored will certainly be the evolution of the Superbonus structure once the new government takes office. However, during the election campaign, all 3 parties in the winning coalition declared themselves in favour of the Superbonus measure with the intention of making it structural, although with the application of some corrective measures that are not yet fully clear, but which probably involve the revision of the tax benefit (likely lower than 110% but higher than the pre-existing 50% Ecobonus) and extension for some years beyond the current 2025 deadline.
- BUY confirmed, TP kept at Eu15.8.** We confirm our BUY case on Sciuker, a company that is proving, release after release, its ability to reap the benefits of the wave of opportunities arising from the need for building renovation dictated by European targets for lowering greenhouse gas emissions. Moreover, the significant FCF that will be generated over the next few years will enable the company to carry out more acquisitions, further enriching its product range and enabling it to expand into other geographical markets. Our target price of Eu15.8 per share remains unchanged despite the significant increase in estimates due to the update of the assumptions in our DCF model (WACC 8.5% from 7.5%, g from 1.5% to 2.0%) and the derating of peers.

Key Figures & Ratios	2020A	2021A	2022E	2023E	2024E
Sales (Eu mn)	23	103	187	242	214
EBITDA Adj (Eu mn)	6	27	47	61	53
Net Profit Adj (Eu mn)	2	14	25	31	27
EPS New Adj (Eu)	0.211	0.624	1.137	1.438	1.231
EPS Old Adj (Eu)	0.211	0.630	0.842	1.164	1.070
DPS (Eu)	0.370	0.280	0.341	0.432	0.369
EV/EBITDA Adj	2.6	5.7	3.2	2.1	1.9
EV/EBIT Adj	7.2	7.1	3.7	2.4	2.2
P/E Adj	28.8	9.7	5.3	4.2	4.9
Div. Yield	6.1%	4.6%	5.6%	7.1%	6.1%
Net Debt/EBITDA Adj	0.4	0.1	-0.1	-0.5	-1.0

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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 2.5% and a risk premium of 5.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX 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.

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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:	22.13 %
OUTPERFORM:	48.36 %
NEUTRAL:	27.87 %
UNDERPERFORM	01.64 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (53 in total) is as follows:

BUY:	25.00 %
OUTPERFORM:	57.69 %
NEUTRAL:	17.31 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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