

OMER

Sector: Industrials

OUTPERFORM

Price: Eu3.31 - Target: Eu5.00

Strong End to FY23; FY24 on Same Path, Plus La Dolce Vita Option

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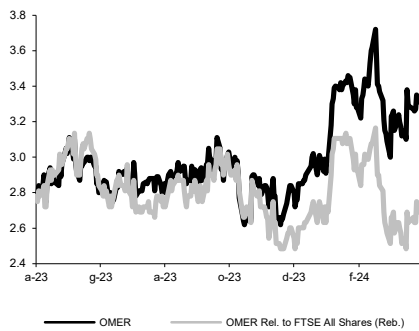
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 4.40 to 5.00		
	2024E	2025E	2026E
Chg in Adj EPS	2.7%	0.3%	

Next Event

 Results Out 1Q24 16th of May

OMER - 12M Performance



Stock Data

Reuters code:	OMR.MI		
Bloomberg code:	OMER IM		
Performance	1M	3M	12M
Absolute	7.1%	13.4%	20.4%
Relative	4.3%	1.5%	-3.9%
12M (H/L)	3.72/2.62		
3M Average Volume (th):	17.68		

Shareholder Data

No. of Ord shares (mn):	29
Total no. of shares (mn):	29
Mkt Cap Ord (Eu mn):	95
Total Mkt Cap (Eu mn):	95
Mkt Float - Ord (Eu mn):	24
Mkt Float (in %):	25.6%
Main Shareholder:	
Russello Fam.	74.0%

Balance Sheet Data

Book Value (Eu mn):	63
BVPS (Eu):	2.20
P/BV:	1.5
Net Financial Position (Eu mn):	26
Enterprise Value (Eu mn):	80

- 2H23 results better than expected.** OMER's 2H23 results beat our estimates, with revenues in line with expectations and costs lower than forecast. Revenues grew +7% YoY to €34.3mn (FY23: €67.3mn, +6% YoY) benefitting from higher production at Italian plants and a recovery at the US subsidiary, while pricing was negative due to the timing effect, as the bulk of 2022 price revisions were booked in 4Q22 vs. a more even spread in 2023 (pricing was +1% YoY in 2023). EBITDA was up +10% YoY to €7.9mn (FY23: €15.1mn, +10% YoY), higher than our €7.0mn estimate, with the margin up 0.6pp YoY to 23.1%, amid lower-than-expected input prices, services and labour costs. The higher EBITDA translated into better net income of €4.7mn (FY23: €8.4mn, vs. our estimate of €4.1mn) with all items below the line broadly in line with forecasts. FCF was impressive, closing the year at €11.6mn (vs. our €7.8mn estimate) due to better trade NWC trends and a higher operating result, leading to a net cash position of almost €20mn.
- 2024 outlook: solid order pipeline allows growth to continue...** top line growth should continue in 2024 thanks to the continuation of projects already underway in 2023 (such as the Hitachi Caravaggio) and limited attrition, plus higher volumes for others (such as Alstom's Crespin plant for French regional and metro trains). Profitability should remain broadly flat at ~22%, as operating leverage from higher production and lower input prices are likely to be offset by negative pricing (the hyperinflation clause won't activate in the current context) and higher labour and services costs. Our forecast points to revenues of €72.4mn, +8% YoY, EBITDA of €16.0mn, +6% YoY, and net profit of €9.3mn, +10% YoY thanks to lower net financial charges on lower gross debt (incl. factoring).
- ...and maybe accelerate thanks to La Dolce Vita (luxury train projects).** After the successful presentation of the mock-up at the recent DUCO Luxury Travel Summit, the La Dolce Vita (DV) project seems ready for departure. Contract signing could take place in the next few weeks, with production of two trains starting immediately after, plus options on another four. Compared to our initial guess of €3-5mn in revenue per train, the opportunity appears to be more attractive, as revenues could be almost twice as high (i.e. €6-10mn per train). Assuming an EBITDA margin of 17% (below the group's average given a higher share of external purchases), we estimate that each of the two initial DV trains could be worth a "one-off" contribution of ~€0.10 per share. More importantly, Arsenale Spa, the promoter of the DV, seems to be willing to expand the initiative to other regions, suggesting more recurring business for OMER. In that sense, we estimate that at a production rate of 1 train per year value creation would be ~€0.21 per share.
- Change in estimates.** We are lifting our estimates slightly (2024/25 EPS +1.5% on average) on the back of higher production volumes and lower cost inflation, partly offset by negative pricing as described above. We remind that our explicit estimates don't include the DV project, pending official announcements.
- OUTPERFORM; target €5.0.** OMER reported better-than-expected 2023 results, confirming its solid execution. More importantly, 2024 looks to be another year of growth with a solid pipeline of orders unlocking operating leverage. On top of that, we await important newsflow on the La Dolce Vita project that could add further steam to the equity story given its potential value creation. We believe that all of this confirms the company's solid reputation and trusted relationship with train manufacturers in an industry with high entry barriers and strong growth potential. We reiterate our OUTPERFORM rating with a TP of €5.0, up from €4.4 thanks to the rollover of our valuation, higher estimates and the contribution of DV, partly offset by higher WACC. The stock is trading at an attractive ~4.5x EV/EBITDA '24/25.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	63	67	72	75	78
EBITDA Adj (Eu mn)	14	15	16	17	18
Net Profit Adj (Eu mn)	8	8	9	10	10
EPS New Adj (Eu)	0.291	0.293	0.324	0.348	0.366
EPS Old Adj (Eu)	0.291	0.273	0.315	0.347	
DPS (Eu)	0.050	0.060	0.000	0.000	0.000
EV/EBITDA Adj	6.8	4.8	5.0	4.2	3.5
EV/EBIT Adj	8.3	6.0	6.3	5.3	4.5
P/E Adj	11.4	11.3	10.2	9.5	9.0
Div. Yield	1.5%	1.8%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	-0.7	-1.3	-1.6	-2.0	-2.3

OMER – Key Figures						
Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	57	63	67	72	75	78
EBITDA	16	14	15	16	17	18
EBIT	14	11	12	13	14	14
Financial Income (charges)	0	-0	-1	-0	-0	-0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	14	11	11	13	13	14
Taxes	-4	-3	-3	-3	-3	-4
Tax rate	25.9%	24.8%	26.6%	26.0%	26.0%	26.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	10	8	8	9	10	10
EBITDA Adj	16	14	15	16	17	18
EBIT Adj	14	11	12	13	14	14
Net Profit Adj	10	8	8	9	10	10
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	29	29	29	29	29	29
Total Shares Outstanding (mn) - Year End	29	29	29	29	29	29
EPS f.d	0.356	0.291	0.293	0.324	0.348	0.366
EPS Adj f.d	0.364	0.291	0.293	0.324	0.348	0.366
BVPS f.d	1.398	1.694	1.931	2.195	2.543	2.909
Dividend per Share ORD	0.280	0.050	0.060	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	78.8%	17.2%	20.5%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	12	11	11	13	13	14
Change in NWC	5	-16	5	0	-1	-1
Capital Expenditure	-3	-4	-5	-5	-5	-5
Other Cash Items	0	0	0	0	0	0
Free Cash Flow (FCF)	14	-9	12	8	8	9
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	-5	0	-1	-2	0	0
Equity Financing/Buy-back	13	0	0	0	0	0
Change in Net Financial Position	22	-9	10	6	8	9
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	13	14	16	18	19	21
Net Working Capital	9	25	20	19	20	21
Long term Liabilities	-0	-0	-0	-0	-0	-0
Net Capital Employed	21	39	35	37	39	41
Net Cash (Debt)	19	10	20	26	34	42
Group Equity	40	49	55	63	73	83
Minorities	0	0	0	0	0	0
Net Equity	40	49	55	63	73	83
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	114	89	81	95	95	95
Adjustments (Associate & Minorities)	-10	-14	-11	-11	-11	-11
Net Cash (Debt)	19	10	20	26	34	42
Enterprise Value	105	93	73	80	72	63
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	28.0%	21.8%	22.4%	22.2%	22.7%	23.0%
EBIT Adj Margin	24.7%	17.8%	18.0%	17.6%	18.1%	18.2%
Gearing - Debt/Equity	-46.6%	-19.7%	-35.8%	-41.4%	-46.3%	-50.7%
Interest Cover on EBIT	nm	57.0	17.8	62.8	101.2	236.5
Net Debt/EBITDA Adj	-1.2	-0.7	-1.3	-1.6	-2.0	-2.3
ROACE*	56.3%	37.3%	32.6%	35.2%	35.8%	35.5%
ROE*	32.5%	18.8%	16.2%	15.7%	14.7%	13.4%
EV/CE	4.3	3.1	1.9	2.2	1.9	1.6
EV/Sales	1.8	1.5	1.1	1.1	1.0	0.8
EV/EBITDA Adj	6.6	6.8	4.8	5.0	4.2	3.5
EV/EBIT Adj	7.4	8.3	6.0	6.3	5.3	4.5
Free Cash Flow Yield	13.5%	-8.5%	11.0%	7.5%	7.3%	8.1%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	39.8%	10.9%	6.3%	7.5%	3.9%	3.9%
EBITDA Adj	73.5%	-13.7%	9.7%	6.3%	6.5%	5.3%
EBIT Adj	76.0%	-20.0%	7.4%	5.1%	6.6%	4.8%
Net Profit Adj	65.3%	-20.2%	0.8%	10.4%	7.3%	5.4%
EPS Adj	65.3%	-20.1%	0.9%	10.4%	7.3%	5.4%
DPS	nm	-82.1%	20.0%	nm		

*Excluding extraordinary items Source: Intermonte SIM estimates

2H23 results

Income statement, key cash flow metrics and key financial ratios

Income Statement	1H22A	2H22A	2022A	1H23A	2H23A	2023A	2024E	2H23E	A/E %
Revenues	31.2	32.0	63.3	33.0	34.3	67.3	72.4	34.6	-1%
YoY growth %	+14%	+8%	+11%	+6%	+7%	+6%	+8%	+8%	
- Cost of production	-11.8	-11.7	-23.6	-11.6	-12.2	-23.7	-25.1	-11.8	
Gross profit	19.4	20.3	39.7	21.4	22.2	43.6	47.2	22.8	-3%
YoY growth %	+7%	+3%	+5%	+10%	+9%	+10%	+8%	+12%	
Gross margin %	62.1%	63.5%	62.8%	64.9%	64.6%	64.8%	65.3%	65.9%	
- Total OpEx	-12.8	-13.1	-25.9	-14.2	-14.2	-28.5	-31.2	-15.7	
YoY growth %	+25%	+12%	+18%	+11%	+9%	+10%	+9%	+20%	
On sales %	41.1%	40.9%	41.0%	43.2%	41.5%	42.3%	43.1%	45.6%	
Adj. EBITDA	6.5	7.2	13.8	7.2	7.9	15.1	16.0	7.0	+13%
YoY growth %	-17%	-10%	-14%	+10%	+10%	+10%	+6%	-3%	
Adj. EBITDA margin %	20.9%	22.5%	21.8%	21.7%	23.1%	22.4%	22.2%	20.3%	
- D&A	-1.0	-1.5	-2.5	-1.4	-1.6	-3.0	-3.3	-1.5	
Adj. EBIT	5.5	5.8	11.3	5.8	6.4	12.1	12.7	5.5	+15%
YoY growth %	-22%	-18%	-20%	+4%	+10%	+7%	+5%	-4%	
Adj. EBIT margin %	17.7%	18.0%	17.8%	17.5%	18.5%	18.0%	17.6%	16.0%	
- Non-recurring	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Financial income & charges	-0.1	-0.1	-0.2	-0.4	-0.2	-0.7	-0.2	-0.3	
Pre-tax income	5.5	5.6	11.1	5.3	6.1	11.4	12.5	5.2	+17%
- Tax income	-1.7	-1.1	-2.8	-1.6	-1.4	-3.0	-3.3	-1.1	
Tax rate %	30.4%	19.4%	24.8%	30.9%	22.8%	26.6%	26.0%	21.0%	
Net income	3.8	4.5	8.3	3.7	4.7	8.4	9.3	4.1	+14%
YoY growth %	-24%	-13%	-18%	-3%	+4%	+1%	+10%	-9%	
Net Income margin %	12.2%	14.2%	13.2%	11.2%	13.8%	12.5%	12.8%	12.0%	
- Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net income attr. to shareh.	3.8	4.5	8.3	3.7	4.7	8.4	9.3	4.1	+14%
NOSH	28.7	28.7	28.7	28.6	28.6	28.6	28.6	28.6	+0%
Adj. net income	3.8	4.5	8.3	3.7	4.7	8.4	9.3	4.1	+14%
YoY growth %	-24%	-17%	-20%	-3%	+4%	+1%	+10%	-9%	
Adj. net income margin %	12.2%	14.2%	13.2%	11.2%	13.8%	12.5%	12.8%	12.0%	
Adj. EPS	0.1	0.2	0.3	0.1	0.2	0.3	0.3	0.14	+14%
YoY growth %	-24%	-17%	-20%	-3%	+4%	+1%	+10%	-9%	
Cash flow from operations	0.0	-5.3	-5.3	11.0	5.5	16.5	12.9	1.2	+340%
Capex	-2.0	-2.0	-4.0	-2.2	-2.7	-4.9	-5.0	-2.3	
FCF	-2.0	-7.3	-9.3	8.8	2.8	11.6	7.9	-1.0	-373%
Div., Buyb., Equity fin.	0.0	-0.2	-0.2	-1.6	0.0	-1.6	-1.7	0.0	
Others	-0.8	1.1	0.3	0.1	0.1	0.2	0.0	0.0	
Change in NFP	-2.8	-6.4	-9.1	7.3	2.9	10.2	6.2	-1.0	-387%
Net debt/(cash)	-16.0	-9.6	-9.6	-16.9	-19.8	-19.8	-26.0	-15.9	+25%
Key Financial ratio	1H22A	2H22A	2022A	1H23A	2H23A	2023A	2024E	2H23E	
Hard backlog	118	116	116	133	125	125	128	118	
Hard backlog vs Net Sales	1.9x	1.8x	1.8x	4.0x	3.6x	1.9x	1.8x	3.4x	
NWC/Sales %	25%	39%	39%	29%	29%	29%	27%	34%	
CapEx/Sales %	-6%	-6%	-6%	-6%	-7%	-7%	-7%	-7%	

Source: Company data & Intermonte SIM Estimates

La Dolce Vita: opportunity appears to be greater than previously expected

After the successful presentation of the mock-up at the recent DUCO Luxury Travel Summit, the La Dolce Vita (DV) project seems ready for departure. Contract signing could take place in the next few weeks, with production of two trains starting immediately after, plus options on another four. Compared to our initial guess of €3-5mn in revenue per train, the opportunity appears to be more attractive, as revenues could be almost twice as high (i.e. €6-10mn per train). Assuming an EBITDA margin of 17% (below the group's average given a higher share of external purchases), we estimate that each of the two initial DV trains could be worth a "one-off" contribution of ~€0.10 per share. More importantly, Arsenale Spa, the promoter of the DV, seems to be willing to expand the initiative to other regions, suggesting more recurring business for OMER. In that sense, we estimate that at a production rate of 1 train per year value creation would be ~€0.21 per share.

La Dolce Vita project opportunity and sensitivity

	Recurring	One-off
Revenue per train/year	8.0	8.0
EBITDA margin %	17.0%	17.0%
EBITDA contribution	1.4	1.4
Accretion vs group	+8%	
OMER's EV/EBITDA	4.5x	1.0x
N° of train	1/y	2/tot
EV per DV	6.1	2.7
NOSH	28.6	28.6
EV per share	0.21	0.10
OMER share price	3.3	3.3
Impact	+7%	+3%

EV per share (recurring)		EBITDA margin %				
		15.0%	16.0%	17.0%	18.0%	19.0%
Revenue per train	6.0	0.14	0.15	0.16	0.17	0.18
	7.0	0.17	0.18	0.19	0.20	0.21
	8.0	0.19	0.20	0.21	0.23	0.24
	9.0	0.21	0.23	0.24	0.25	0.27
	10.0	0.24	0.25	0.27	0.28	0.30

EV per share (one-off)		EBITDA margin %				
		15.0%	16.0%	17.0%	18.0%	19.0%
Revenue per train	6.0	0.06	0.07	0.07	0.08	0.08
	7.0	0.07	0.08	0.08	0.09	0.09
	8.0	0.08	0.09	0.10	0.10	0.11
	9.0	0.09	0.10	0.11	0.11	0.12
	10.0	0.10	0.11	0.12	0.13	0.13

Source: Intermonte SIM

Change in estimates

Change in estimates

	New			Old			Δ %		
	2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E	2025E
Revenues	67.3	72.4	75.2	67.5	71.8	74.6	-0%	+1%	+1%
YoY growth %	+6%	+8%	+4%	+7%	+6%	+4%			
Adj. EBITDA	15.1	16.0	17.1	14.2	15.8	17.0	+6%	+1%	+1%
YoY growth %	+10%	+6%	+6%	+3%	+11%	+7%			
Adj. EBITDA margin %	22.4%	22.2%	22.7%	21.0%	22.0%	22.7%			
Adj. EBIT	12.1	12.7	13.6	11.3	12.6	13.5	+6%	+1%	+1%
YoY growth %	+7%	+5%	+7%	+0%	+11%	+8%			
Adj. EBIT margin %	18.0%	17.6%	18.1%	16.7%	17.5%	18.1%			
Adj. EPS	0.29	0.32	0.35	0.27	0.32	0.35	+7%	+3%	+0%
YoY growth %	+1%	+10%	+7%	-6%	+15%	+10%			
Net debt/(cash)	-19.8	-26.0	-33.7	-15.9	-23.7	-31.9	+25%	+10%	+6%
Net Debt/EBITDA Adj.	-1.3x	-1.6x	-2.0x	-1.1x	-1.5x	-1.9x			

Source: Intermonte SIM

Financials

Income statement, balance sheet, cash flow statement and key financial ratio

Income Statement	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	33.3	40.8	57.1	63.3	67.3	72.4	75.2	78.1
YoY growth %	+53%	+22%	+40%	+11%	+6%	+8%	+4%	+4%
- Cost of production	-11.2	-13.8	-19.2	-23.6	-23.7	-25.1	-25.8	-26.7
- Total OpEx	-15.9	-17.8	-21.9	-25.9	-28.5	-31.2	-32.3	-33.5
Adj. EBITDA	6.2	9.2	16.0	13.8	15.1	16.0	17.1	18.0
YoY growth %	+93%	+48%	+73%	-14%	+10%	+6%	+6%	+5%
Adj. EBITDA margin %	18.6%	22.5%	28.0%	21.8%	22.4%	22.2%	22.7%	23.0%
- D&A	-0.9	-1.2	-1.9	-2.5	-3.0	-3.3	-3.5	-3.8
Adj. EBIT	5.3	8.0	14.1	11.3	12.1	12.7	13.6	14.2
YoY growth %	+119%	+51%	+76%	-20%	+7%	+5%	+7%	+5%
Adj. EBIT margin %	15.9%	19.6%	24.7%	17.8%	18.0%	17.6%	18.1%	18.2%
- Non-recurring	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0
- Financial income & charges	-0.1	-0.2	0.0	-0.2	-0.7	-0.2	-0.1	-0.1
Pre-tax Income	5.2	7.8	13.8	11.1	11.4	12.5	13.4	14.2
- Tax income	-0.2	-1.5	-3.6	-2.8	-3.0	-3.3	-3.5	-3.7
Tax rate %	4.2%	19.4%	25.9%	24.8%	26.6%	26.0%	26.0%	26.0%
Net Income	4.9	6.3	10.2	8.3	8.4	9.3	10.0	10.5
YoY growth %	+216%	+28%	+62%	-18%	+1%	+10%	+7%	+5%
Net Income margin %	14.8%	15.5%	17.9%	13.2%	12.5%	12.8%	13.2%	13.4%
- Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income attr. to shareh.	4.9	6.3	10.2	8.3	8.4	9.3	10.0	10.5
NOSH	28.8	28.8	28.8	28.7	28.6	28.6	28.6	28.6
Adj. EPS	0.14	0.22	0.36	0.29	0.29	0.32	0.35	0.37
YoY growth %	+164%	+53%	+65%	-20%	+1%	+10%	+7%	+5%
Condensed Balance Sheet	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Net working capital	8.9	16.1	9.2	24.9	19.7	19.3	20.1	20.8
Non-current asset/(liab.)	17.3	11.5	12.3	14.1	15.8	17.5	19.0	20.2
Net capital employed	26.2	27.5	21.5	39.0	35.5	36.9	39.1	41.0
Net debt/(cash)	0.4	3.5	-18.7	-9.6	-19.8	-26.0	-33.7	-42.3
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	25.8	24.1	40.2	48.6	55.3	62.9	72.8	83.3
Invested capital	26.2	27.5	21.5	39.0	35.5	36.9	39.1	41.0
Cash flow Statement	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Net Income	4.9	6.3	10.2	8.3	8.4	9.3	10.0	10.5
D&A	0.9	1.2	1.9	2.5	3.0	3.3	3.5	3.8
Change in NWC & Oth.	-1.5	-5.9	5.2	-16.1	5.1	0.3	-0.7	-0.7
Cash flow from operations	4.3	1.6	17.3	-5.3	16.5	12.9	12.7	13.5
Capex	-5.1	-3.1	-3.2	-4.0	-4.9	-5.0	-5.0	-5.0
FCF	-0.8	-1.5	14.1	-9.3	11.6	7.9	7.7	8.5
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Div., Buyb., Equity fin.	-1.0	-2.0	7.8	-0.2	-1.6	-1.7	0.0	0.0
Others	-1.0	0.5	0.3	0.3	0.2	0.0	0.0	0.0
Change in NFP	-2.8	-3.0	22.2	-9.1	10.2	6.2	7.7	8.5
Key Financial ratio	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Hard backlog	122	118	113	116	125	128	130	133
Hard backlog vs Net Sales	3.7x	2.9x	2.0x	1.8x	1.9x	1.8x	1.7x	1.7x
NWC/Sales %	27%	39%	16%	39%	29%	27%	27%	27%
CapEx/Sales %	-15%	-8%	-6%	-6%	-7%	-7%	-7%	-6%
Net Debt/EBITDA Adj.	0.1x	0.4x	-1.2x	-0.7x	-1.3x	-1.6x	-2.0x	-2.3x
FCF conversion %	-13%	-17%	89%	-67%	77%	49%	45%	47%
ROCE %	20%	29%	66%	29%	34%	35%	35%	35%
ROE %	16%	26%	26%	17%	15%	15%	14%	13%

Source: Company data & Intermonte SIM Estimates

Valuation summary

Figure 1:

	2024E	2025E	2026E	Average
EBIT	12.7	13.6	14.2	
TAX RATE %	26.0%	26.0%	26.0%	
NOPAT	9.4	10.1	10.5	
INVESTED CAPITAL	36.9	39.1	41.0	
ROIC	25.6%	25.7%	25.7%	25.7%
WACC	8.6%	8.6%	8.6%	
TG	1.0%	1.0%	1.0%	
Fair EV/EBIT multiple	9.4x	9.4x	9.4x	9.4x
Enterprise value (EV)	119.3	127.3	133.3	
Net debt/(cash)	-26.0	-33.7	-42.3	
Factoring	10.9	10.9	10.9	
Dividends	-1.7	-1.7	-1.7	
Equity (E)	136.2	151.9	166.4	
NOSH	28.6	28.6	28.6	
TP	4.8	5.3	5.8	
Discount factor	1.00	0.92	0.85	
Target price (TP)	4.8	4.9	4.9	4.9
La Dolce Vita (2 trains seen as "one-off")				0.1
Target price final				5.0
Actual share price				3.3
Upside/(Downside)				+52%

		TGR		
		0.0%	1.0%	2.0%
WACC	7.6%	5.2	5.6	6.2
	8.6%	4.6	5.0	5.4
	9.6%	4.2	4.4	4.7

Source: Intermonte SIM

Multiples and performance

Market multiples

Company	EV_EBITDA			EV_EBIT			PE		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
OMER	5.7x	5.0x	4.2x	7.1x	6.3x	5.3x	11.3x	10.2x	9.5x
Alstom	7.0x	5.1x	4.1x	8.7x	6.6x	6.0x	10.5x	8.2x	5.8x
Constr. Aux.	5.2x	4.5x	4.1x	8.1x	6.8x	6.0x	12.2x	9.6x	8.0x
NRC Group	5.1x	4.6x	3.7x	15.1x	11.2x	7.4x	29.1x	14.5x	8.1x
Railcare Group	6.4x	5.9x	5.3x	10.4x	10.0x	8.7x	12.3x	12.5x	10.6x
Salcef Group	8.7x	7.6x	6.6x	13.5x	11.2x	9.4x	21.0x	16.0x	13.7x
Stadler Rail	9.1x	9.1x	7.3x	14.6x	14.4x	10.8x	22.2x	19.9x	14.7x
Talgo	9.5x	9.4x	7.7x	13.1x	13.2x	10.4x	24.4x	20.0x	14.0x
Vossloh	6.3x	6.0x	5.4x	9.8x	9.4x	8.3x	19.7x	15.1x	13.1x
Somec	10.4x	6.2x	5.1x	2504.0x	17.7x	12.0x		41.1x	20.3x
Average	7.5x	6.5x	5.5x	288.6x	11.2x	8.8x	18.9x	17.4x	12.0x
Vs Avg	-24%	-24%	-23%	-98%	-44%	-40%	-40%	-41%	-21%

Source: Intermonte SIM & FactSet

Stock performance (total return)

Company	Country	Mkt C. (€ mn)	1m	3m	6m	YTD	1y	2y
OMER	ITA	95	+7%	+13%	+12%	+10%	+22%	+1%
Alstom	FRA	5,332	+16%	+23%	+4%	+14%	-40%	-32%
Constr. Aux.	ESP	1,124	-1%	+1%	+17%	+1%	+29%	+15%
NRC Group	NOR	81	+17%	+16%	+15%	+20%	+12%	-32%
Railcare Group	SWE	54	+7%	+16%	+37%	+15%	+43%	+29%
Salcef Group	ITA	1,398	-1%	-6%	-2%	-9%	+7%	+22%
Stadler Rail	CHE	2,912	+2%	-6%	-11%	-6%	-16%	-17%
Talgo	ESP	543	+3%	-0%	+24%	-0%	+46%	+20%
Vossloh	DEU	788	+7%	+6%	+19%	+7%	+9%	+26%
Somec	ITA	104	-36%	-44%	-48%	-47%	-47%	-46%
Average			+2%	+2%	+7%	+0%	+6%	-1%

Source: FactSet

OMER in brief

Company description

A leading supplier of interiors for train manufacturers. Established in Palermo in 1990, OMER is engaged in the design and manufacture of interior furnishings for the railway sector. Within the rail market, OMER is positioned as a supplier of leading train manufacturers, such as Alstom, Bombardier, Hitachi and Siemens Mobility, providing tailor-made products based on each project's specification. Its product portfolio is divided into three main categories: i) interiors, such as window panels and luggage racks; ii) cabins for toilet modules; iii) fairings & doors.

Management

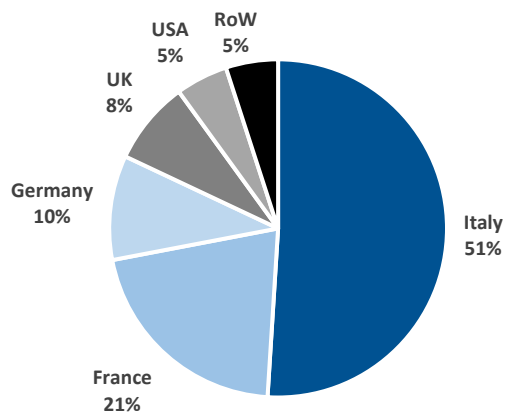
CEO: G. Russello
Chairman: G. Russello
CFO: S. Giosuè

Next BoD renewal: Spring, 2024
BoD independent members: 1/5

Shareholders

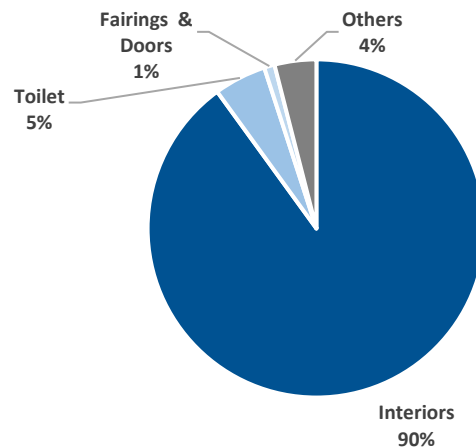
Russello Family	74.0%
Market/others	26.0%

Net sales breakdown by geographical area (1H23A)



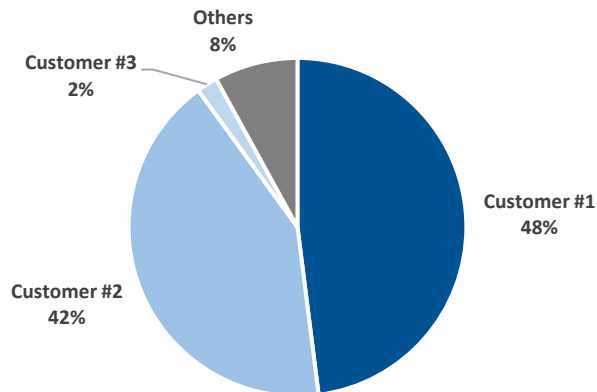
Source: company data

Net sales breakdown by product (1H23A)



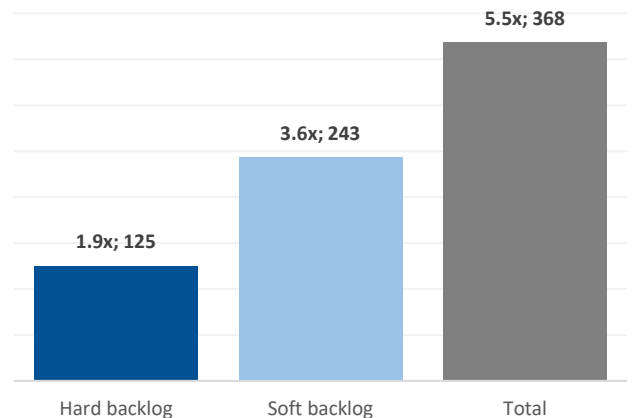
Source: company data

Client concentration (1H23A)



Source: company data

Backlog and coverage ratio* (€ mn, 2023A)



Source: company data

* Coverage ratio = backlog / VoP 2020 PF

** Backlog = signed framework agreement and production order received

*** Soft-Backlog = signed framework agreement, waiting for production order

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	OMER		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	5.00	Previous Target (Eu):	4.40
Current Price (Eu):	3.31	Previous Price (Eu):	3.11
Date of report:	09/04/2024	Date of last report:	02/10/2023