

## EQUITY RESEARCH

**OMER S.P.A.**  
 RESULTS REVIEW  
 Press release
**BUY**
**TP 5.2€** (vs 5.0€)  
 Up/Downside: 68%

## Omer Exceeds Expectations

Yesterday, Omer released its FY 2023 results, which largely surpassed our expectations in terms of profitability, with cash generation of over €10m, increasing cash net of debt to €19.7m. The group proposed the distribution of a dividend of 6 cents per share (dividend yield of 1.8%).

Omer SpA yesterday published its FY results for 2023, generating revenue of €65.7m, in line with our expectations, EBITDA of €15.1m (vs. €14.3m forecast and €13.8m YoY), EBIT of €12.2m (vs. €11.4m forecast and €11.4m YoY) and net results up to €8.4m (vs. €7.8m forecast and €8.3m YoY). However, due to the rising cost of factoring, financial expenses rose to €0.7m (vs. €0.3m the previous year).

Cash flow net of debt reached €19.7m (vs. €9.6m YoY). This is an all-time record, achieved thanks to an increase in operational cash flow, but above all to a significantly favourable trend in working capital.

Thanks to efficient inventory management, the company has not only reduced the average turnaround time for raw materials, but has also reduced work-in-progress (WIP) inventory, resulting in a reduction in the warehouse of over €2m Y/Y. In addition, thanks to excellent management of supplier payment terms, trade payables increased by more than €3m (vs. the previous year). Despite the increase in trade receivables partially offsetting this dynamic, the company generated €4.5m solely from optimising working capital (vs. an absorption of €15.6m the previous year).

Despite an 18% rise in staff costs, the company managed to increase its EBITDA margin to 22.4% (from 21.8%) thanks to lower raw material and service costs relative to revenue.

Lastly, backlog growth was positive at €125m (up 8% Y/Y), while soft backlog fell slightly to €243m (vs. €250m Y/Y). The company signed a major contract with Hitachi Rail in January 2024 to supply interiors and fairings for 40 Frecciarossa ETR1000 trains to be delivered between 2025 and 2028, which we estimate could have increased the backlog from 15 to 20%. In addition, the possible signing of the contract with Arsenale for the interiors of the Dolce Vita train could further increase the backlog in the short-term.

Our opinion is extremely positive regarding Omer, we are upgrading our TP to €5.2.

| TP ICAP Midcap Estimates | 12/23 | 12/24e | 12/25e | 12/26e | Valuation Ratio       | 12/24e | 12/25e | 12/26e |
|--------------------------|-------|--------|--------|--------|-----------------------|--------|--------|--------|
| Sales (m €)              | 65.7  | 70.0   | 74.2   | 78.3   | EV/Sales              | 0.9    | 0.7    | 0.5    |
| Current Op Inc (m €)     | 12.2  | 13.0   | 14.1   | 15.2   | EV/EBITDA             | 3.7    | 2.9    | 2.1    |
| Current op. Margin (%)   | 18.6  | 18.6   | 19.0   | 19.4   | EV/EBIT               | 4.7    | 3.7    | 2.7    |
| EPS (€)                  | 0.29  | 0.31   | 0.34   | 0.37   | PE                    | 9.9    | 9.1    | 8.4    |
| DPS (€)                  | 0.00  | 0.00   | 0.00   | 0.00   | Source: TPICAP Midcap |        |        |        |
| Yield (%)                | 0.0   | 0.0    | 0.0    | 0.0    |                       |        |        |        |
| FCF (m €)                | 11.6  | 8.2    | 9.4    | 10.8   |                       |        |        |        |

### Key data

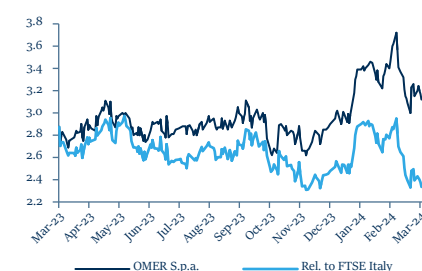
|  |                          |
|--|--------------------------|
| Price (€)                                | 3.1                      |
| Industry                                 | Transportation Equipment |
| Ticker                                   | OMER-IT                  |
| Shares Out (m)                           | 28.750                   |
| Market Cap (m €)                         | 89.1                     |
| Average trading volumes (k shares / day) | 7.526                    |
| Source: FactSet                          |                          |

### Ownership (%)

|   |      |
|---|------|
| Halfa Srl                                   | 73.6 |
| Mediolanum Gestione Fondi SGRp <sup>f</sup> | 4.3  |
| Fideuram Asset Management SGR <sup>f</sup>  | 1.9  |
| Free float                                  | 26.0 |
| Source: TPICAP Midcap estimates             |      |

| EPS (€)                          | 12/24e | 12/25e | 12/26e |
|----------------------------------|--------|--------|--------|
| Estimates                        | 0.31   | 0.34   | 0.37   |
| Change vs previous estimates (%) | 3.72   | 5.04   | 6.20   |
| Source: TPICAP Midcap estimates  |        |        |        |

| Performance (%) | 1D   | 1M    | YTD   |
|-----------------|------|-------|-------|
| Price Perf      | -1.6 | -16.7 | 2.6   |
| Rel FTSE Italy  | -1.7 | -22.0 | -10.9 |



Source: FactSet

| Consensus FactSet - Analysts:na | 12/24e | 12/25e | 12/26e |
|---------------------------------|--------|--------|--------|
| Sales                           | 70.0   | 74.2   | 78.3   |
| EBIT                            | 12.7   | 13.6   | 14.5   |
| Net income                      | 8.7    | 9.3    | 10.0   |

Analyst

 Davide Longo  
 davide.longo@tpicap.com  
 +33173030977


## FINANCIAL DATA

| <b>Income Statement</b>                               | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
|---|--------------|--------------|--------------|---------------|---------------|---------------|
| Sales   | 54.3         | 58.4         | 65.7         | 70.0          | 74.2          | 78.3          |
| Changes (%)   | 46.1         | 7.7          | 12.5         | 6.5           | 6.0           | 5.5           |
| Gross profit  | 33.5         | 33.0         | 43.4         | 43.6          | 46.3          | 48.9          |
| % of Sales  | 61.7         | 56.4         | 66.0         | 62.2          | 62.4          | 62.5          |
| <b>EBITDA</b>   | <b>15.6</b>  | <b>13.8</b>  | <b>15.1</b>  | <b>16.6</b>   | <b>18.0</b>   | <b>19.4</b>   |
| % of Sales  | 28.8         | 23.6         | 23.0         | 23.6          | 24.3          | 24.8          |
| <b>Current operating profit</b>                       | <b>13.8</b>  | <b>11.4</b>  | <b>12.2</b>  | <b>13.0</b>   | <b>14.1</b>   | <b>15.2</b>   |
| % of Sales  | 25.5         | 19.4         | 18.6         | 18.6          | 19.0          | 19.4          |
| Non-recurring items                                   | -0.0         | -0.1         | -0.1         | 0.0           | 0.0           | 0.0           |
| EBIT  | 13.8         | 11.3         | 12.1         | 13.0          | 14.1          | 15.2          |
| Net financial result                                  | 0.0          | -0.2         | -0.7         | -0.5          | -0.5          | -0.5          |
| Income Tax  | -3.6         | -2.8         | -3.0         | -3.5          | -3.8          | -4.1          |
| Tax rate (%)  | -25.9        | -24.8        | -26.6        | -27.9         | -27.9         | -27.9         |
| <b>Net profit, group share</b>                        | <b>10.2</b>  | <b>8.3</b>   | <b>8.4</b>   | <b>9.0</b>    | <b>9.8</b>    | <b>10.6</b>   |
| EPS   | 0.36         | 0.29         | 0.29         | 0.31          | 0.34          | 0.37          |
| <b>Financial Statement</b>                            | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
| Goodwill  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Tangible and intangible assets                        | 12.6         | 14.3         | 16.2         | 16.5          | 15.9          | 14.8          |
| Right of Use  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Financial assets                                      | 0.0          | 0.1          | 0.1          | 0.1           | 0.1           | 0.1           |
| Working capital                                       | 9.5          | 25.3         | 20.1         | 20.5          | 21.6          | 22.5          |
| Other Assets  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| <b>Assets</b>   | <b>22.2</b>  | <b>39.7</b>  | <b>36.3</b>  | <b>37.1</b>   | <b>37.5</b>   | <b>37.4</b>   |
| Shareholders equity group                             | 40.2         | 48.6         | 55.3         | 64.4          | 74.2          | 84.8          |
| Minorities  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| LT & ST provisions and others                         | 0.3          | 0.4          | 0.4          | 0.4           | 0.4           | 0.4           |
| Net debt  | -18.7        | -9.6         | -19.8        | -28.1         | -37.5         | -48.2         |
| Other liabilities                                     | 0.4          | 0.4          | 0.4          | 0.4           | 0.4           | 0.4           |
| <b>Liabilities</b>                                    | <b>22.2</b>  | <b>39.7</b>  | <b>36.3</b>  | <b>37.1</b>   | <b>37.5</b>   | <b>37.4</b>   |
| Net debt excl. IFRS 16                                | -18.7        | -9.6         | -19.8        | -28.1         | -37.5         | -48.2         |
| Gearing net   | -0.5         | -0.2         | -0.4         | -0.4          | -0.5          | -0.6          |
| Leverage  | -1.2         | -0.7         | -1.3         | -1.7          | -2.1          | -2.5          |
| <b>Cash flow statement</b>                            | <b>12/21</b> | <b>12/22</b> | <b>12/23</b> | <b>12/24e</b> | <b>12/25e</b> | <b>12/26e</b> |
| CF after elimination of net borrowing costs and taxes | 14.9         | 10.5         | 12.0         | 12.6          | 13.7          | 14.8          |
| $\Delta$ WCR  | 2.4          | -15.6        | 4.5          | -0.4          | -1.1          | -0.9          |
| Operating cash flow                                   | 17.3         | -5.2         | 16.5         | 12.1          | 12.6          | 13.8          |
| Net capex   | -3.5         | -4.1         | -4.9         | -3.9          | -3.2          | -3.1          |
| FCF   | 13.8         | -9.3         | 11.6         | 8.2           | 9.4           | 10.8          |
| Acquisitions/Disposals of subsidiaries                | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Other investments                                     | 0.3          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in borrowings                                  | -1.7         | -2.1         | -1.2         | 0.0           | 0.0           | 0.0           |
| Dividends paid  | -5.0         | 0.0          | -1.4         | 0.0           | 0.0           | 0.0           |
| Repayment of leasing debt                             | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Equity Transaction                                    | 12.8         | -0.2         | -0.1         | 0.0           | 0.0           | 0.0           |
| Others  | 0.0          | 0.0          | 0.0          | 0.0           | 0.0           | 0.0           |
| Change in net cash over the year                      | 20.2         | -11.5        | 8.9          | 8.2           | 9.4           | 10.8          |
| ROA (%)   | 46.1%        | 21.0%        | 23.1%        | 24.4%         | 26.1%         | 28.4%         |
| ROE (%)   | 25.4%        | 17.2%        | 15.2%        | 14.1%         | 13.2%         | 12.5%         |

## DISCLAIMER

### Analyst certifications

This research report (the “Report”) has been approved by Midcap, a business division of TP ICAP (Europe) SA (“Midcap”), an Investment Services Provider authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (“ACPR”). By issuing this Report, each Midcap analyst and associate whose name appears within this Report hereby certifies that (i) the recommendations and opinions expressed in the Report accurately reflect the research analyst’s and associate’s personal views about any and all of the subject securities or issuers discussed herein and (ii) no part of the research analyst's or associate’s compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst or associate in the Report.

### Methodology

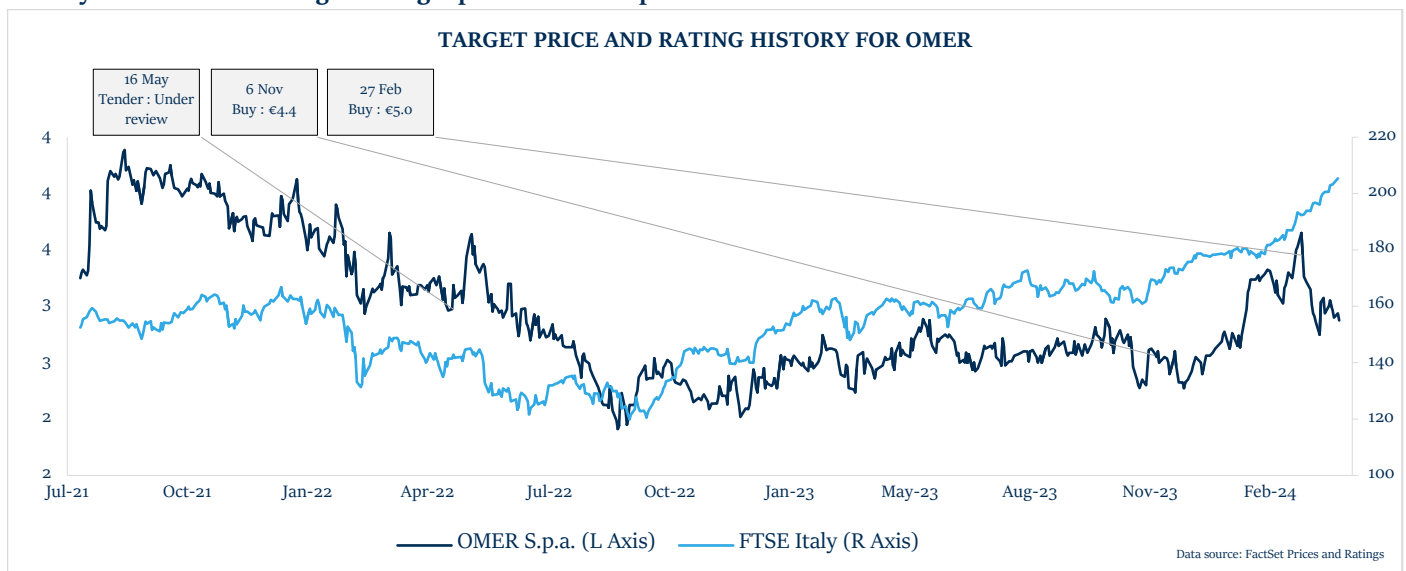
This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

### Conflict of Interests between TP ICAP Midcap and the Issuer

G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: OMER S.p.a.

### History of investment rating and target price – OMER S.p.a.



**Distribution of Investment Ratings**

| Rating       | Recommendation Universe* | Portion of these provided with investment banking services** |
|--------------|--------------------------|--|
| Buy          | 80%                      | 62%  |
| Hold         | 18%                      | 63%  |
| Sell         | 1%                       | 0%   |
| Under review | 1%                       | 100%   |

Midcap employs a rating system based on the following:

**Buy:** Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

**Hold:** expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

**Sell:** Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

## General Disclaimer

This Report is confidential and is for the benefit and internal use of the selected recipients only. No part of it may be reproduced, distributed, or transmitted without the prior written consent of Midcap

This Report is published for information purposes only and does not constitute a solicitation or an offer to buy or sell any of the securities mentioned herein. The information contained in this Report has been obtained from sources believed to be reliable and public, Midcap makes no representation as to its accuracy or completeness. The reference prices used in this Report are closing prices of the day before the publication unless otherwise stated. All opinions expressed in this Report reflect our judgement at the date of the documents and are subject to change without notice. The securities discussed in this Report may not be suitable for all investors and are not intended to recommend specific securities, financial instruments, or strategies to particular clients. Investors should make their own investment decisions based on their financial situation and investment objectives. The value of the income from your investment may vary due to changes in interest rates, changes in the financial and operating conditions of companies and other factors. Investors should be aware that the market price of the securities discussed in this Report may be volatile. Due to the risk and volatility of the industry, the company, and the market in general, at the current price of the securities, our investment rating may not correspond to the stated price target. Additional information regarding the securities mentioned in this Report is available on request.

This Report is not intended for distribution or use by any entity who is a citizen or resident of, or an entity located in any locality, territory, state, country, or other jurisdiction where such distribution, publication, availability, or use would be contrary to or limited by law or regulation. Entity or entities in possession of this Report must inform themselves about and comply with any such restrictions, including MIFID II. This Report is only intended for persons who are Eligible Counterparties or Professional Clients within the meaning of MIFID II regulation. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. The Report is subject to restricted circulation. The research was conducted in accordance with the provisions of the Charter of good practices for sponsored research. Midcap has adopted effective administrative and organizational arrangements, including "information barriers", to prevent and avoid conflicts of interest regarding investment recommendations. The remuneration of financial analysts who participate in the preparation of the recommendation is not linked to the corporate finance activity.