

EQUITY RESEARCH

OMER S.P.A.
 RESULTS REVIEW
 Press release

BUY

TP 5.4€ (vs 5.2€)
 Up/Downside: 25%

A net result record in the first half.

Omer released its H1 2024 results yesterday, with total revenues of €39.3m (+19% compared to €33m), in line with our expectations, an EBITDA of €8m (+11% compared to €7.2m YoY), above our forecasts, and a net cash position of €17.4m (versus €19.8m at the end of 2023), reflecting a cash absorption mainly due to the working capital dynamics.

Omer released its H1 2024 results yesterday, highlighting an excellent increase in both revenues and profitability. Consolidated total revenues amounted to approximately €39.3m (+19% YoY), driven by increased production volumes as well as higher sales prices (price revisions).

EBITDA reached €8.0m (+11% YoY), an excellent result considering the impact of inflationary pressures on raw material costs and the increase in labor costs, in line with the rise in production capacity.

The backlog stands at €122m (vs €125m at the end of 2023). The soft backlog is around €229m, slightly down (vs €243m at the end of 2023). It is worth noting that in mid-September, OMER S.p.A. announced it had received an order from Knorr-Bremse Rail Systems Italia valued between €6.2m and €12.4m, to be delivered between late 2024 and late 2027.

Net profit amounted to €4.5m, a sharp increase (+23%). The company's strong cash management generated financial income of around €0.05m (vs -€0.4m YoY), and additionally, current taxes were slightly lower.

The Group's net cash position was positive at approximately €17.4m, down from €19.8m as of December 31, 2023, mainly due to an increase in working capital caused by the higher value of inventories (+€2.8m) and an increase in trade receivables (+€4.6m), an effect that has already been mitigated in the first few months of the second half.

We have slightly increased the estimate for personnel costs and believe the company could achieve a slightly better second half than the first (+7%) in terms of EBITDA. Secondly, we have cautiously increased the forecast for trade receivables and inventories at year-end, thereby reducing the expected cash generation. Updating the market parameters, the impact on the target price (TP) has been positive, mainly thanks to the recent contraction in the yield on Italian BTPs. We maintain the buy recommendation, TP €5.4.

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	67.8	70.7	75.3	79.5	EV/Sales	1.4	1.2	1.0
Current Op Inc (m €)	12.2	13.0	13.6	14.4	EV/EBITDA	6.1	5.2	4.4
Current op. Margin (%)	18.0	18.4	18.0	18.1	EV/EBIT	7.7	6.7	5.7
EPS (€)	0.29	0.32	0.33	0.35	PE	13.7	13.0	12.2
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	3.1	9.3	10.2				

Key data

Price (€)	4.3
Industry	Transportation Equipment
Ticker	OMER-IT
Shares Out (m)	28.750
Market Cap (m €)	123.9
Average trading volumes (k shares / day)	2.815

Source: FactSet

Ownership (%)

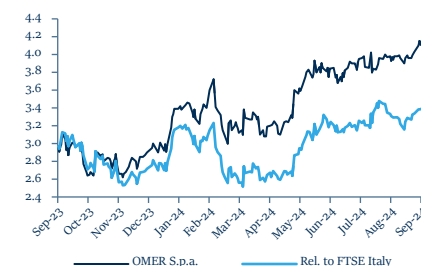
Halfa Srl	73.6
Mediolanum Gestione Fondi SGRp ⁴	4.3
Fideuram Asset Management SGR ⁵	1.9
Free float	26.0

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	0.32	0.33	0.35
Change vs previous estimates (%)	-0.26	-0.55	-4.07

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	4.1	8.3	42.7
Rel FTSE Italy	4.3	7.6	25.3



Source: FactSet

Consensus FactSet - Analysts:na	12/24e	12/25e	12/26e
Sales	73.2	75.4	79.3
EBIT	13.1	13.7	15.0
Net income	9.1	9.6	10.6

Analyst

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	54.3	58.4	67.8	70.7	75.3	79.5
Changes (%)	46.1	7.7	16.0	4.3	6.5	5.6
Gross profit	33.5	33.0	44.1	43.3	48.2	51.0
% of Sales	61.7	56.4	65.1	61.2	64.0	64.1
EBITDA	15.6	13.8	15.1	16.6	17.5	18.6
% of Sales	28.8	23.6	22.3	23.4	23.2	23.4
Current operating profit	13.8	11.4	12.2	13.0	13.6	14.4
% of Sales	25.5	19.4	18.0	18.4	18.0	18.1
Non-recurring items	-0.0	-0.1	-0.1	0.0	0.0	0.0
EBIT	13.8	11.3	12.1	13.0	13.6	14.4
Net financial result	0.0	-0.2	-0.7	-0.5	-0.4	-0.4
Income Tax	-3.6	-2.8	-3.0	-3.5	-3.7	-3.9
Tax rate (%)	-25.9	-24.8	-26.6	-27.9	-27.9	-27.9
Net profit, group share	10.2	8.3	8.4	9.1	9.5	10.1
EPS	0.36	0.29	0.29	0.32	0.33	0.35
Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	12.6	14.3	16.2	16.6	15.9	14.9
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	19.8	25.4	26.2	27.2
Other Assets	0.0	0.0	0.0	0.0	0.0	0.0
Assets	22.2	39.7	36.1	42.0	42.2	42.2
Shareholders equity group	40.2	48.6	55.3	64.4	73.9	84.0
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	-22.9	-32.3	-42.5
Other liabilities	0.4	0.4	0.2	0.2	0.2	0.2
Liabilities	22.2	39.7	36.1	42.0	42.2	42.2
Net debt excl. IFRS 16	-18.7	-9.6	-19.8	-22.9	-32.3	-42.5
Gearing net	-0.5	-0.2	-0.4	-0.4	-0.4	-0.5
Leverage	-1.2	-0.7	-1.3	-1.4	-1.8	-2.3
Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	14.9	10.5	12.0	12.6	13.4	14.3
Δ WCR	2.4	-15.6	4.5	-5.6	-0.8	-1.0
Operating cash flow	17.3	-5.2	16.5	7.0	12.6	13.3
Net capex	-3.5	-4.1	-4.9	-3.9	-3.3	-3.1
FCF	13.8	-9.3	11.6	3.1	9.3	10.2
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.3	0.0	-5.0	0.0	0.0	0.0
Change in borrowings	-1.7	-2.1	-1.3	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	3.7	3.1	9.3	10.2
ROA (%)	46.1%	21.0%	23.3%	21.6%	22.5%	24.0%
ROE (%)	25.4%	17.2%	15.2%	14.1%	12.9%	12.1%

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Methodology

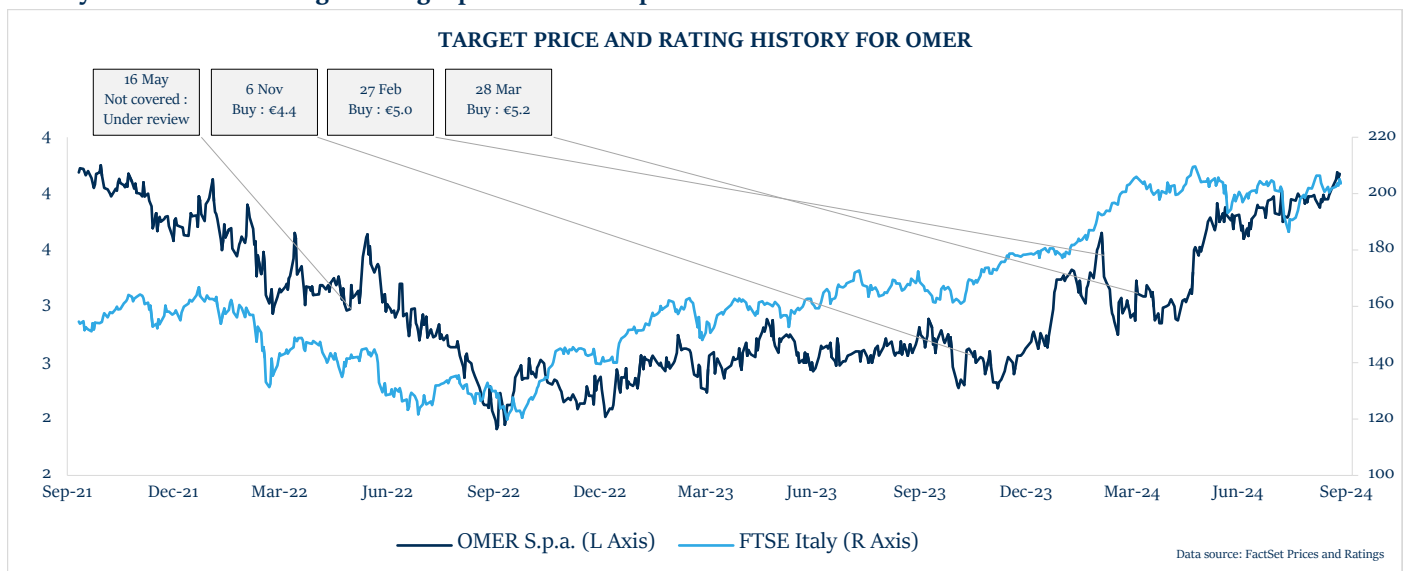
This Report may mention evaluation methods defined as follows:

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%	65%
Hold	17%	67%
Sell	2%	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>.

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