UPDATE

EQUITY RESEARCH

Bellini Nautica

Euronext Growth Milan | Consumer Discretionary | Italy

Created 21/08/2024, 6:30 PM
Published 22/08/2024, 7:00 AM

Rating
BUY
unchanged

Target Price
€ 5,25
prev. € 3,00

Risk
Medium

Upside potential
63,1%

Stocks performance relative to FTSE Italia Growth

Key Financials (€/mln)	FY23A*	FY24E	FY25E	FY26E
Revenues	15,1	20,5	33,4	44,0
VoP	18,6	20,5	34,2	46,2
EBITDA	1,2	1,3	3,5	5,8
EBIT	0,8	0,8	2,6	4,5
Net Income	0,5	0,6	2,0	3,5
EBITDA margin	*6,3%*	*6,4%*	*10,2%*	*12,6%*
EBIT margin	*4,1%*	*3,7%*	*7,5%*	*9,8%*
Net Income margin	*2,7%*	*2,7%*	*5,8%*	*7,5%*

Stock Data	
Price	€ 3,22
Target price	€ 5,25
Upside/(Downside) potential	63,1%
Ticker	BELL IM
Market Cap (€/mln)	€ 20,54
EV (€/mln)	€ 24,19
Free Float	21,62%
Share Outstanding	6.379.500
52-week high	€ 3,62
52-week low	€ 1,09
Average daily volumes (3 months)	34.265

Mattia Petracca | mattia.petracca@integraesim.it
Giuseppe Riviello | giuseppe.riviello@integraesim.it
Edoardo Luigi Pezzella | edoardo.pezzella@integraesim.it

Stock performance	1M	3M	6M	1Y
Absolute	0,0%	95,2%	101,3%	66,0%
to FTSE Italia Growth	1,5%	98,1%	102,9%	75,8%
to Euronext STAR Milan	3,7%	100,9%	102,6%	62,2%
to FTSE All-Share	3,4%	100,1%	97,1%	47,6%
to EUROSTOXX	-1,2%	98,9%	98,6%	50,0%
to MSCI World Index	-0,9%	92,1%	91,5%	41,8%

Main Ratios	FY23A*	FY24E	FY25E	FY26E
EV/EBITDA	20,8 x	18,6 x	6,9 x	4,2 x
EV/EBIT	32,0 x	32,3 x	9,5 x	5,4 x
P/E	40,1 x	37,3 x	10,3 x	6,0 x

New Business Plan 2024-2027

On 25 June 2024, Bellini Nautica communicated the approval by the Board of Directors of the consolidated Industrial Plan of the Bellini Group for the 2024-2027 period. Over the next few years, in addition to the growth of the traditional business activities of the Bellini Group in the trading of new and used boats, under the Riva brand and in related ancillary services, Bellini Nautica will also launch the business line presided over by Bellini Yacht. The new line will focus on the production and sale of boats measuring between 36 and 66 feet under the Bellini Yacht brand. Thanks to the greater scalability and growth potential of the new business line, Bellini Yacht's sales revenues will represent a increasing share of total consolidated revenues, exceeding the revenues deriving from the traditional business activities of the Bellini Group.

Estimates Update

Taking into account the guidelines shared by the Company through its press release, we are modifying our estimates, both for the current year and for subsequent years. In particular, we estimate a FY24E Value of Production of € 20.45 million and an EBITDA of € 1.30 million, corresponding to a margin of 6.4%. For subsequent years, we expect the Value of Production to increase to € 57.85 million (CAGR 23A*-27E: 32.7%) in FY27E, with an EBITDA of € 9.00 million (corresponding to a margin of 15.6%), up from € 1.17 million in FY23A* (corresponding to an EBITDA *Margin* of 6.3%). As far as estimated investments are concerned, we expect a 2024E-2027E Capex equal to approximately € 5.75 million.

Valuation Update

We conducted the valuation of Bellini Nautica's equity value based on the DCF methodology. The DCF method (which, in the calculation of the WACC, also includes a specific risk equal to 2.5% for prudential purposes) returns an equity value equal to € 33.5 million. The target price is € 5.25, BUY rating and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONDOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY23A*	FY24E	FY25E	FY26E	FY27E
Revenues	12,10	11,12	15,12	20,45	33,40	44,00	55,20
Work in progress	2,14	2,48	2,48	(0,05)	0,60	1,60	1,85
Other revenues	1,23	1,03	1,04	0,05	0,20	0,55	0,80
Value of Production	**15,47**	**14,63**	**18,65**	**20,45**	**34,20**	**46,15**	**57,85**
COGS	10,61	10,22	13,34	14,50	24,20	32,50	40,50
Services	1,71	1,78	2,19	2,60	4,20	5,15	5,30
Use of assets owned by others	0,28	0,42	0,44	0,65	0,70	0,75	0,80
Employees	0,66	0,78	0,82	1,20	1,35	1,60	1,85
Other operating costs	0,24	0,65	0,70	0,20	0,25	0,35	0,40
EBITDA	**1,98**	**0,78**	**1,17**	**1,30**	**3,50**	**5,80**	**9,00**
EBITDA Margin	*12,8%*	*5,3%*	*6,3%*	*6,4%*	*10,2%*	*12,6%*	*15,6%*
D&A	0,74	0,40	0,41	0,55	0,95	1,30	1,55
EBIT	**1,24**	**0,37**	**0,76**	**0,75**	**2,55**	**4,50**	**7,45**
EBIT Margin	*8,0%*	*2,5%*	*4,1%*	*3,7%*	*7,5%*	*9,8%*	*12,9%*
Financial management	(0,12)	(0,14)	(0,15)	(0,10)	(0,10)	(0,10)	(0,10)
EBT	**1,12**	**0,23**	**0,61**	**0,65**	**2,45**	**4,40**	**7,35**
Taxes	0,45	(0,01)	0,09	0,10	0,45	0,95	1,70
Net Income	**0,67**	**0,24**	**0,51**	**0,55**	**2,00**	**3,45**	**5,65**
Minorities Net Income	*0,00*	*0,00*	*0,10*	*0,25*	*0,35*	*0,40*	*0,45*

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY23A*	FY24E	FY25E	FY26E	FY27E
Fixed Assets	**1,20**	**1,15**	**1,15**	**1,90**	**2,25**	**2,30**	**2,55**
Account receivable	5,59	6,41	6,41	8,35	11,55	14,30	17,15
Inventory	5,30	9,00	9,00	9,25	10,05	11,90	13,90
Account payable	3,99	3,84	3,84	4,80	7,25	9,30	11,10
Operating Working Capital	**6,91**	**11,57**	**11,57**	**12,80**	**14,35**	**16,90**	**19,95**
Other receivable	2,21	0,48	0,62	0,30	0,50	0,60	0,80
Other payable	0,93	1,90	1,90	3,15	4,00	4,85	5,75
Net Working Capital	**8,19**	**10,15**	**10,29**	**9,95**	**10,85**	**12,65**	**15,00**
Severance & other provisions	0,38	0,33	0,33	0,35	0,55	0,75	0,95
NET INVESTED CAPITAL	**9,01**	**10,98**	**11,12**	**11,50**	**12,55**	**14,20**	**16,60**
Share capital	0,06	0,06	0,06	0,06	0,06	0,06	0,06
Reserves	6,04	6,93	6,93	7,18	7,47	9,12	12,18
Group Net Income	0,67	0,24	0,24	0,30	1,65	3,05	5,20
Equity	**6,77**	**7,24**	**7,24**	**7,54**	**9,19**	**12,24**	**17,44**
Minorities equity	**0,00**	**0,23**	**0,23**	**0,48**	**0,83**	**1,22**	**1,68**
Cash & cash equivalents	0,33	0,49	0,49	0,31	1,51	3,61	5,86
Short term financial debt	1,73	2,71	2,85	2,55	2,80	3,00	3,00
M/L term financial debt	0,83	1,29	1,29	1,25	1,25	1,35	0,35
Net Financial Position	**2,23**	**3,51**	**3,65**	**3,49**	**2,54**	**0,74**	**(2,51)**
SOURCES	**9,01**	**10,98**	**11,12**	**11,50**	**12,55**	**14,20**	**16,60**

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY23A*	FY24E	FY25E	FY26E	FY27E
EBIT	0,37	0,76	0,75	2,55	4,50	7,45
Taxes	(0,01)	0,09	0,10	0,45	0,95	1,70
NOPAT	**0,39**	**0,66**	**0,65**	**2,10**	**3,55**	**5,75**
D&A	0,40	0,41	0,55	0,95	1,30	1,55
Change in NWC	(1,96)	(2,10)	0,34	(0,90)	(1,80)	(2,35)
Change in receivable	*(0,82)*	*(0,82)*	*(1,94)*	*(3,20)*	*(2,75)*	*(2,85)*
Change in inventory	*(3,70)*	*(3,70)*	*(0,25)*	*(0,80)*	*(1,85)*	*(2,00)*
Change in payable	*(0,15)*	*(0,15)*	*0,97*	*2,45*	*2,05*	*1,80*
Change in others	*2,70*	*2,56*	*1,57*	*0,65*	*0,75*	*0,70*
Change in provisions	(0,05)	(0,05)	0,03	0,20	0,20	0,20
OPERATING CASH FLOW	**(1,23)**	**(1,08)**	**1,56**	**2,35**	**3,25**	**5,15**
Capex	(0,36)	(0,37)	(1,30)	(1,30)	(1,35)	(1,80)
FREE CASH FLOW	**(1,59)**	**(1,45)**	**0,27**	**1,05**	**1,90**	**3,35**
Financial management	(0,14)	(0,15)	(0,10)	(0,10)	(0,10)	(0,10)
Change in financial debt	1,44	1,58	(0,34)	0,25	0,30	(1,00)
Change in equity	0,45	0,18	0,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	**0,16**	**0,16**	**(0,17)**	**1,20**	**2,10**	**2,25**

Source: Bellini Nautica and Integrae SIM estimates

**Pro forma data*

Company Overview

Founded in 1967, Bellini Nautica operates in the luxury nautical sector (including through its subsidiaries) as a manufacturer of boats under the Bellini Yacht brand and in the trading of boats (both new and used), with a department dedicated to the restoration and marketing of "Vintage Riva", a business unit that offers storage and port assistance services. The Bellini Group places a major focus on aesthetic research with a strong connection with art, demonstrated by important collaborations with international artists.

The Bellini Group offers a wide range of services, including refitting and painting activities, boat transport, rental, consultancy, mechanical assistance and maintenance. In addition, the Group sells accessories, collectibles, nautical clothing and organises boat experiences with a driver on Lake Iseo. The Group's headquarters are located in Clusane d'Iseo (BS), on the shores of Lake Iseo, where the shipyard, the internal and the external storage facilities, the mechanical workshop and the refitting and maintenance yards are also located. The production site is located in Corte Franca, in Franciacorta.

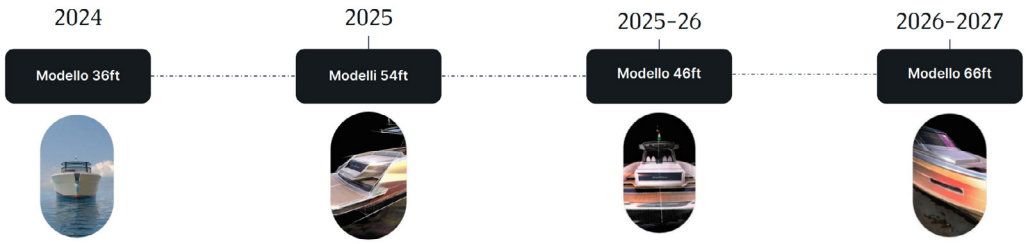
New Business Plan 2024-2027

On 25 June 2024, Bellini Nautica communicated the approval by the Board of Directors of the consolidated Industrial Plan of the Bellini Group for the 2024-2027 period.

The Bellini Group is made up of the Issuer, the Bellini Yacht Srl ("Bellini Yacht") company, founded in 2023 and 95.0% controlled, and the Italian Dealer Srl company, 60.0% controlled by the Issuer.

Over the next few years, in addition to the growth of the traditional business activities of the Bellini Group in the trading of new and used boats, under the Riva brand and in related ancillary services, Bellini Nautica will also launch the business line presided over by Bellini Yacht. The new line will focus on the production and sale of boats measuring between 36 and 66 feet under the Bellini Yacht brand.

CHART 1 – BELLINI YACHT PIPELINE



Source: Bellini Nautica

Thanks to the greater scalability and growth potential of the new business line, Bellini Yacht's sales revenues will represent a increasing share of total consolidated revenues, exceeding the revenues deriving from the traditional business activities of the Bellini Group.

The Group expects that, during the FY24E financial year, Bellini Yacht will begin to generate revenues deriving from the sale of the aforementioned boats, with a constant increase during the entire span of the 2024-2027 plan, in line with the increase in production and sales. In addition to the effect that the sale of boats will generate on consolidated revenues, thanks to the increased impact of the new business line managed by the Bellini Yacht company, the Bellini Group intends to improve its margins. Moreover, it is expected that this higher incidence will have a positive effect on the cash flows of the Bellini Group, thus reducing the consolidated Net Financial Debt and bringing it into *cash positive* territory.

Through a press release, Battista Bellini, CEO of Bellini Nautica, commented: *"In recent years we have worked hard and prepared for this, we have added resources with primary experience in the boat production sector into our team and created a chain of suppliers and collaborators that would allow us to play this game at the highest level right from the start. We have a lot of work ahead of us, but the pieces created so far – first and foremost*

the Italian Dealer distribution network – allow us to hit the ground running also when it comes to the commercial side. We continue to adopt the same philosophy and the same approach to work that has distinguished us until now: experimentation, method and consistency. Going forward the Bellini Group is, first and foremost, a manufacturing shipyard, the result of all the knowledge, experience and manpower capitalised over the course of all these years and never before has our path towards the future been clearer."

FY24E – FY27E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-27E

€/mln	FY24E	FY25E	FY26E	FY27E
Value of Production				
New	20,5	34,2	46,2	57,9
Old	19,5	21,0	23,0	n/a
Change	*4,9%*	*62,9%*	*100,7%*	*n/a*
EBITDA				
New	1,3	3,5	5,8	9,0
Old	1,6	2,2	2,8	n/a
Change	*-18,8%*	*59,1%*	*107,1%*	*n/a*
EBITDA %				
New	6,4%	10,2%	12,6%	15,6%
Old	8,2%	10,5%	12,2%	n/a
Change	*-1,8%*	*-0,2%*	*0,4%*	*n/a*
EBIT				
New	0,8	2,6	4,5	7,5
Old	1,2	1,7	2,3	n/a
Change	*-34,8%*	*50,0%*	*95,7%*	*n/a*
Net Income				
New	0,6	2,0	3,5	5,7
Old	0,7	1,1	1,5	n/a
Change	*-21,4%*	*90,5%*	*137,9%*	*n/a*
NFP				
New	3,5	2,5	0,7	(2,5)
Old	3,1	2,1	0,9	n/a
Change	*n/a*	*n/a*	*n/a*	*n/a*

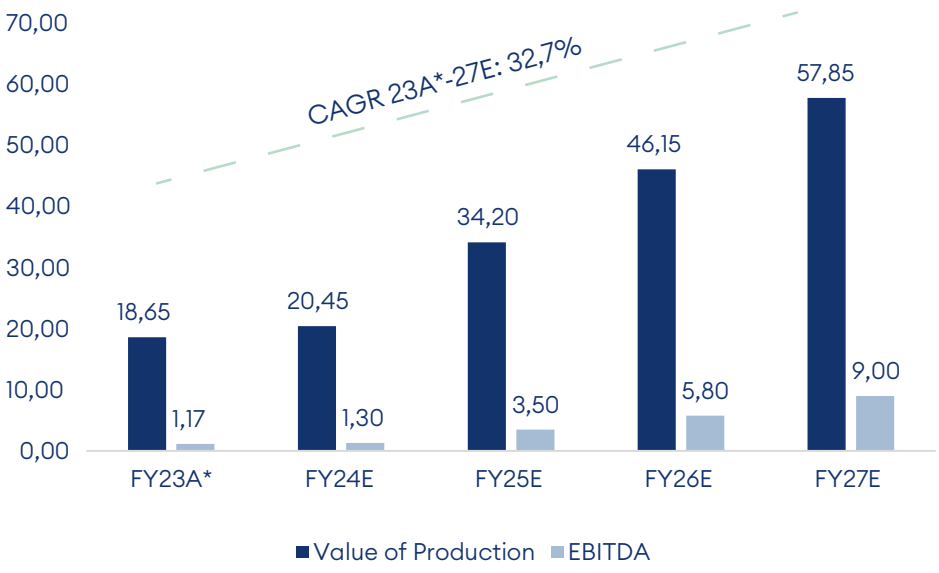
Source: Integrae SIM

Taking into account the guidelines shared by the Company through its press release, we are modifying our estimates, both for the current year and for subsequent years.

In particular, we estimate a FY24E Value of Production of € 20.45 million and an EBITDA of € 1.30 million, corresponding to a margin of 6.4%. For subsequent years, we expect the Value of Production to increase to € 57.85 million (CAGR 23A*-27E: 32.7%) in FY27E, with an EBITDA of € 9.00 million (corresponding to a margin of 15.6%), up from € 1.17 million in FY23A* (corresponding to an EBITDA *Margin* of 6.3%).

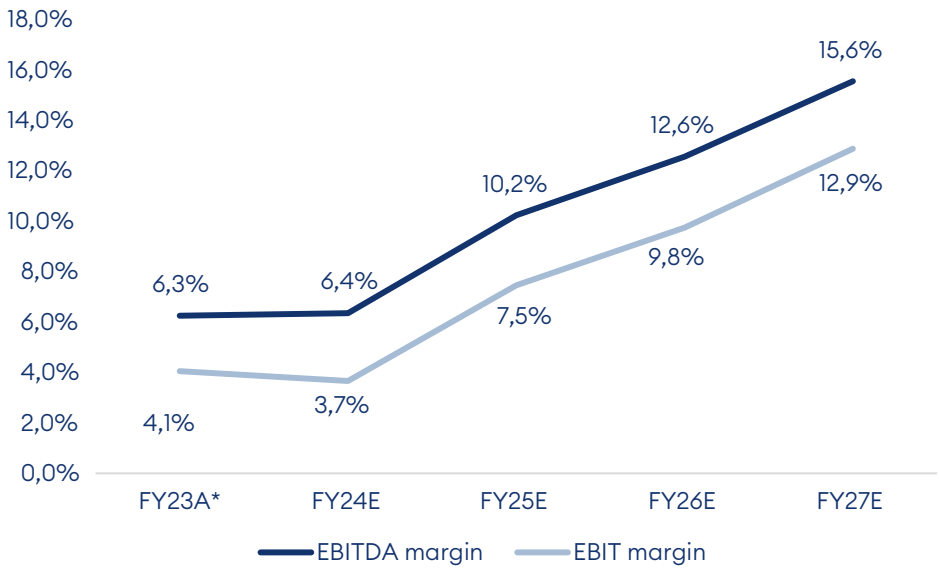
As far as estimated investments are concerned, we expect a 2024E-2027E Capex equal to approximately € 5.75 million. Finally, we estimate a FY24E negative NFP equal to € 3.49 million.

CHART 2 – VOP AND EBITDA FY23A*-27E



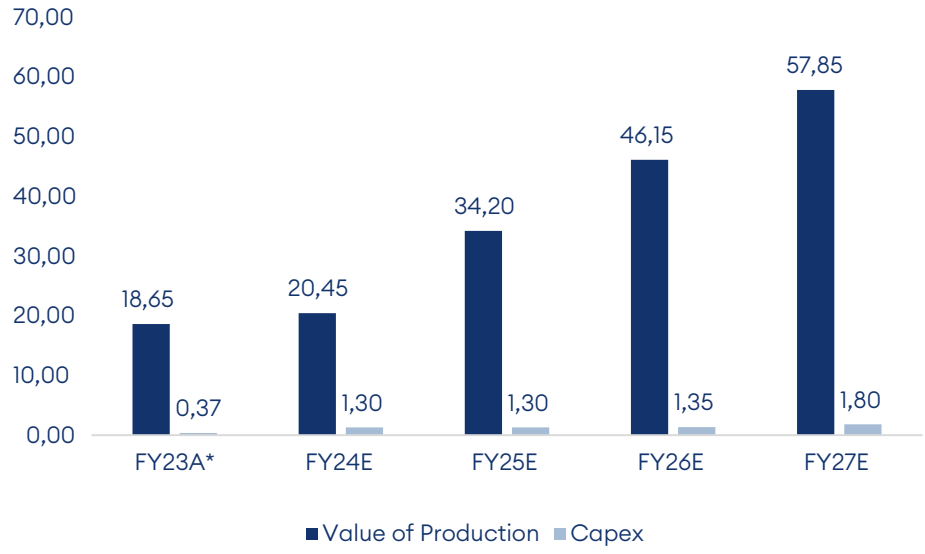
Source: Integrae SIM

CHART 3 – MARGIN FY23A*-27E



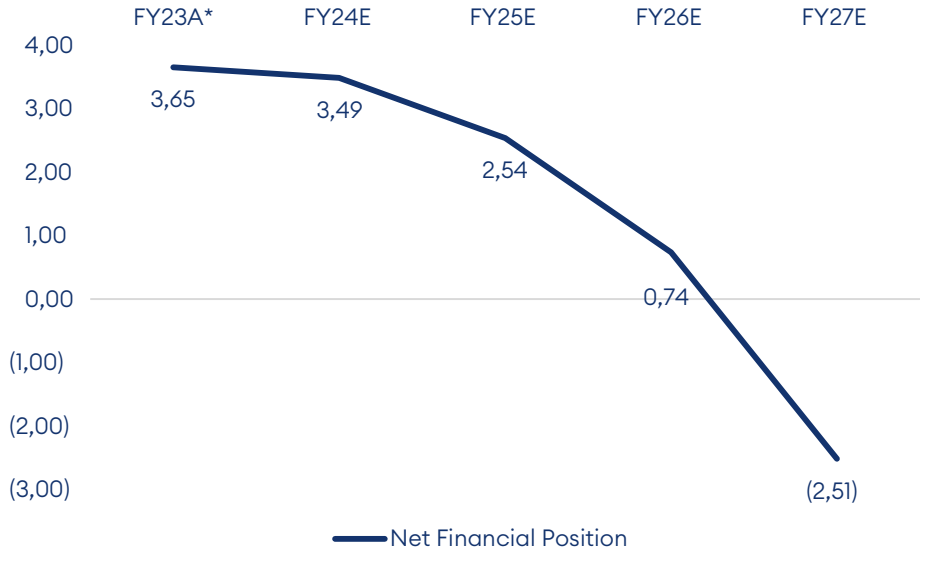
Source: Integrae SIM

CHART 4 – CAPEX FY23A*-27E



Source: Integrae SIM

CHART 5 – NFP FY23A*-27E



Source: Integrae SIM

Valuation

We conducted the valuation of Bellini Nautica's *equity value* based on the DCF methodology.

DCF Method

TABLE 4 – WACC

WACC			10,28%
D/E **53,85%**	Risk Free Rate **3,21%**	β Adjusted **1,3**	α (specific risk) **2,50%**
K_d **4,00%**	Market Premium **6,80%**	β Relevered **1,4**	K_e **14,26%**

Source: Integrae SIM

For prudential purposes, we have included a specific risk equal to 2.5%. The result is a WACC of 10.28%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	7,5	20%
TV actualized DCF	29,6	80%
Enterprise Value	**37,2**	**100%**
NFP (FY23A*)	3,7	
Equity Value	**33,5**	

Source: Integrae SIM

With the above figures and taking our estimates and assumptions as reference, this results in an equity value of **€ 33.5 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln		WACC						
Growth Rate (g)		**8,8%**	**9,3%**	**9,8%**	**10,3%**	**10,8%**	**11,3%**	**11,8%**
	3,0%	52,0	47,2	43,1	39,6	36,5	33,9	31,5
	2,5%	48,2	44,0	40,4	37,3	34,6	32,1	30,0
	2,0%	44,9	41,3	38,1	35,3	32,8	30,6	28,6
	1,5%	42,1	38,9	36,0	33,5	31,2	29,2	27,4
	1,0%	39,7	36,8	34,2	31,9	29,8	28,0	26,3
	0,5%	37,6	34,9	32,6	30,5	28,6	26,9	25,3
	0,0%	35,7	33,3	31,1	29,2	27,4	25,8	24,4

Source: Integrae SIM

Equity Value

TABLE 9 – EQUITY VALUE

Equity Value	
Equity Value DCF (€/mln)	33,5
Target Price (€)	**5,25**

Source: Integrae SIM

The result is an average *equity value* of approximately € 33,5 million. **The *target price* is therefore € 5.25 (previously € 3.00). We confirm a BUY rating and MEDIUM risk**.

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A*	FY24E	FY25E	FY26E
EV/EBITDA	31,9 x	28,6 x	10,6 x	6,4 x
EV/EBIT	49,1 x	49,5 x	14,6 x	8,3 x
P/E	65,4 x	60,9 x	16,8 x	9,7 x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A*	FY24E	FY25E	FY26E
EV/EBITDA	20,8 x	18,6 x	6,9 x	4,2 x
EV/EBIT	32,0 x	32,3 x	9,5 x	5,4 x
P/E	40,1 x	37,3 x	10,3 x	6,0 x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

Analyst/s certification

The analyst(s) which has/have produced the following analyses hereby certifies/certify that the opinions expressed herein reflect their own opinions, and that no direct and/or indirect remuneration has been, nor shall be received by the analyst(s) as a result of the above opinions or shall be correlated to the success of investment banking operations. Neither the analysts nor any of their relatives hold administration, management or advising roles for the Issuer. Mattia Petracca is Integrae SIM's current Head of Research. Giuseppe Riviello, Alessandro Colombo, Edoardo Luigi Pezzella, Alessandro Elia Stringa and Alessia Di Florio are the current financial analysts.

Disclaimer

This publication was produced by INTEGRAE SIM SpA. INTEGRAE SIM SpA is licensed to provide investment services pursuant to Italian Legislative Decree n. 58/1998, released by Consob, with Resolution n. 17725 of March 29 2011.

INTEGRAE SIM SpA performs the role of corporate broker for the financial instruments issued by the company covered in this report.

INTEGRAE SIM SpA is distributing this report in Italian and in English, starting from the date indicated on the document, to approximately 300 qualified institutional investors by post and/or via electronic media, and to non-qualified investors through the Borsa Italiana website and through the leading press agencies.

Unless otherwise indicated, the prices of the financial instruments shown in this report are the prices referring to the day prior to publication of the report. INTEGRAE SIM SpA will continue to cover this share on a continuing basis, according to a schedule which depends on the circumstances considered important (corporate events, changes in recommendations, etc.), or useful to its role as specialist.

The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
19/04/2024	1,70	Buy	3,00	Medium	Initiation of Coverage

The list of all recommendations on any financial instrument or issuer produced by Integrae SIM Research Department and distributed during the preceding 12-month period is available on the Integrae SIM website.

The information and opinions contained herein are based on sources considered reliable. INTEGRAE SIM SpA also declares that it takes all reasonable steps to ensure the correctness of the sources considered reliable; however, INTEGRAE SIM SpA shall not be directly and/or indirectly held liable for the correctness or completeness of said sources.

The most commonly used sources are the periodic publications of the company (financial statements and consolidated financial statements, interim and quarterly reports, press releases and periodic presentations). INTEGRAE SIM SpA also makes use of instruments provided by several service companies (Bloomberg, Reuters, JCF), daily newspapers and press in general, both national and international. INTEGRAE SIM SpA generally submits a draft of the analysis to the Investor Relator Department of the company being analysed, exclusively for the purpose of verifying the correctness of the information contained therein, not the correctness of the assessment. INTEGRAE SIM SpA has adopted internal procedures able to assure the independence of its financial analysts and that establish appropriate rules of conduct for them. Integrae SIM S.p.A. has formalised a set of principles and procedures for dealing with conflicts of interest. The Conflicts Management Policy is clearly explained in the relevant section of Integrae SIM's web site (www.integraesim.it). This document is provided for information purposes only. Therefore, it does not constitute a contractual proposal, offer and/or solicitation to purchase and/or sell financial instruments or, in general, solicitation of investment, nor does it constitute advice regarding financial instruments. INTEGRAE SIM SpA does not provide any guarantee that any of the forecasts and/or estimates contained herein will be reached. The information and/or opinions contained herein may change without any consequent obligation of INTEGRAE SIM SpA to communicate such changes. Therefore, neither INTEGRAE SIM SpA, nor its directors, employees or contractors, may be held liable (due to negligence or other causes) for damages deriving from the use of this document or the contents thereof. Thus, Integrae SIM does not guarantee any specific result as regards the information contained in the present publication, and accepts no responsibility

or liability for the outcome of the transactions recommended therein or for the results produced by such transactions. Each and every investment/divestiture decision is the sole responsibility of the party receiving the advice and recommendations, who is free to decide whether or not to implement them. Therefore, Integrae SIM and/or the author of the present publication cannot in any way be held liable for any losses, damage or lower earnings that the party using the publication might suffer following execution of transactions on the basis of the information and/or recommendations contained therein.

This document is intended for distribution only to professional clients and qualified counterparties as defined in Consob Regulation no. 20307/2018, as subsequently amended and supplemented, either as a printed document and/or in electronic form.

Rating system (long term horizon: 12 months)

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analysed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range

Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%

U.R.	Rating e/o target price Under Review
N.R.	Stock Not Rated

Valuation methodologies (long term horizon: 12 months)

The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (RIM, DCF, DDM, EVA etc). For financial securities (banks and insurance companies) Integrae SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).

The estimates and opinions expressed in the publication may be subject to change without notice. Any copying and/or redistribution, in full or in part, directly or directly, of this document are prohibited, unless expressly authorised.

Conflict of interest

In order to disclose its possible interest conflict Integrae SIM states that:

- *It operates or has operated in the past 12 months as the entity responsible for carrying out the activities of Euronext Growth Advisor of the Bellini Nautica SpA;*
- *It plays, or has played in the last 12 months, role of specialist financial instruments issued by Bellini Nautica SpA;*