

UPDATE

EQUITY RESEARCH

ISIM
INTEGRÆ

Lindbergh

Euronext Growth Milan | MRO | Italy

Produzione 03/10/2023, h. 18:30

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Rating

BUY

unchanged

Target Price

€ 4,60

prev. € 4,50

Risk

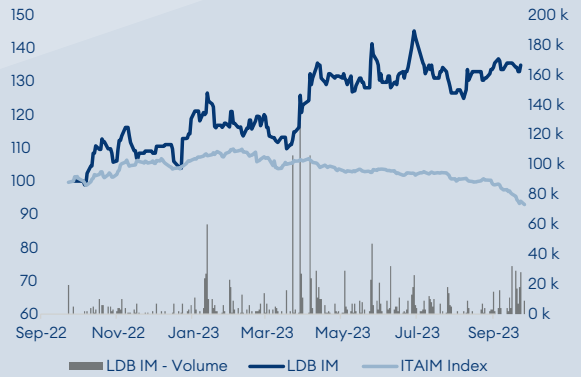


Medium

Upside potential

117,9%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 2,11
Target price	€ 4,60
Upside/(Downside) potential	117,9%
Ticker	LDB IM
Market Cap (€/mln)	€ 17,93
EV (€/mln)	€ 21,07
Free Float	30,29%
Share Outstanding	8.499.000
52-week high	€ 2,27
52-week low	€ 1,52
Average daily volumes (3 months)	6.985

Key Financials (€/mln)	FY22A	FY23E	FY24E	FY25E
VoP	22,7	26,0	29,0	33,2
EBITDA	2,8	3,5	4,5	6,0
EBIT	1,3	2,0	2,9	4,4
Net Profit	0,9	1,3	2,0	3,1
NFP	3,1	3,1	(0,6)	(5,1)
EBITDA margin	12,4%	13,3%	15,3%	18,1%
EBIT margin	5,8%	7,5%	10,0%	13,3%
Net Profit margin	3,9%	5,0%	6,9%	9,3%

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Stock performance	1M	3M	6M	1Y
Absolute	2,93%	-2,76%	17,22%	36,13%
to FTSE Italia Growth	10,90%	7,04%	30,21%	43,86%
to Euronext STAR Milan	11,43%	9,10%	32,69%	36,72%
to FTSE All-Share	7,32%	1,08%	17,42%	7,54%
to EUROSTOXX	7,23%	4,11%	22,22%	13,59%
to MSCI World Index	7,99%	1,72%	15,97%	19,30%

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	7,5 x	6,1 x	4,7 x	3,5 x
EV/EBIT	16,1 x	10,8 x	7,3 x	4,8 x
P/E	20,5 x	13,8 x	9,0 x	5,8 x

1H23A Results

The value of production at the end of the period considered stood at € 13.16 million, marking a notable growth of 19.5%, compared to the equivalent figure for 1H22A, which stood at € 11.01 million. EBITDA, equal to € 1.82 million, saw a significant increase of 29.6%, compared to the value of the first half of 2022 (€ 1.41 million). EBIT amounted to € 1.03 million (€ 0.74 million in 1H22A), with an EBIT margin equal to 7.8%, up compared to the equivalent figure for 1H22A, in which EBIT stood at € 0.74 million, and the EBIT margin was approximately 6.7%. The Net Income of the Group came in at € 0.76 million, compared to € 0.54 million reported in 1H22A. NFP went from € 3.14 million of debt in FY22A to € 3.80 million of debt in 1H23A.

Estimates Update

In light of the results published in the half-year report for 1H23A, we can almost fully confirm our estimates for both the current year and the coming years. In particular, we estimate the FY23E value of production at € 26.00 million, with EBITDA of € 3.45 million, corresponding to a margin of 13.3%. In the following years, we expect the value of production to rise to € 33.20 million (CAGR 22Y-25E: 13.5%) in FY25E, with EBITDA equal to € 6.00 million (corresponding to a margin of 18.1%), up from € 2.81 million in FY22A (corresponding to an EBITDA Margin of 12.4%).

Valuation Update

We conducted our valuation of the equity value of Lindbergh based on the DCF method and multiples of a sample of comparable companies. The DCF method (including, for prudential purposes, a specific risk of 2.5% in the calculation of the WACC) returned an equity value of € 47.0 million. Using market multiples, the equity value of Lindbergh is estimated at € 31.1 million (including a discount of 25%). The result is an average equity value of approximately € 39.1 million. The target price is € 4.60, with a BUY rating, and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenues Network	10,73	18,91	21,90	24,90	28,70
Revenues Waste	2,20	2,53	3,00	3,00	3,30
Revenues Warehouse	0,57	0,83	0,90	1,00	1,10
Other Revenues	0,14	0,44	0,20	0,10	0,10
Value of Production	13,65	22,71	26,00	29,00	33,20
COGS	1,60	1,82	2,00	2,20	2,40
Services	6,73	13,99	15,55	17,35	19,30
Employees	2,84	3,58	4,50	4,50	5,00
Other Operating Expenses	0,40	0,51	0,50	0,50	0,50
EBITDA	2,08	2,81	3,45	4,45	6,00
<i>EBITDA Margin</i>	<i>15,2%</i>	<i>12,4%</i>	<i>13,3%</i>	<i>15,3%</i>	<i>18,1%</i>
D&A	1,06	1,50	1,50	1,55	1,60
EBIT	1,02	1,31	1,95	2,90	4,40
<i>EBIT Margin</i>	<i>7,4%</i>	<i>5,8%</i>	<i>7,5%</i>	<i>10,0%</i>	<i>13,3%</i>
Financial Management	(0,08)	(0,08)	(0,15)	(0,10)	(0,10)
EBT	0,93	1,23	1,80	2,80	4,30
Taxes	0,22	0,35	0,50	0,80	1,20
Net Income	0,71	0,87	1,30	2,00	3,10
Minorities	(0,09)	0,00	0,05	0,10	0,15

CONSOLIDATED BALANCE SHEET (€/mln)	FY21A	FY22A	FY23E	FY24E	FY25E
Fixed Assets	9,03	9,56	9,90	8,85	7,75
Account receivable	4,27	4,71	5,60	6,25	7,00
Inventories	0,11	0,15	0,30	0,30	0,30
Account payable	6,20	5,20	5,50	6,30	7,20
Operating Working Capital	(1,82)	(0,34)	0,40	0,25	0,10
Other receivable	1,01	0,89	1,20	1,10	1,20
Other payable	0,78	1,18	1,20	1,50	1,70
Net Working Capital	(1,59)	(0,63)	0,40	(0,15)	(0,40)
Severance Indemnities & Other Provisions	0,44	0,55	0,65	0,75	0,85
NET INVESTED CAPITAL	7,00	8,39	9,65	7,95	6,50

Share Capital	0,28	0,28	0,28	0,28	0,28
Reserves	3,57	4,05	4,92	6,17	8,07
Net Income	0,80	0,88	1,25	1,90	2,95
Equity	4,66	5,21	6,46	8,36	11,31
Minorities Equity	(0,44)	0,04	0,09	0,19	0,34
Cash & Cash Equivalent	4,41	2,61	2,60	8,00	13,85
Short Term Debt to Bank	2,21	1,58	2,00	2,20	2,40
M/L Term Debt to Bank	4,98	4,17	3,70	5,20	6,30
Net Financial Position	2,78	3,14	3,10	(0,60)	(5,15)
SOURCES	7,00	8,39	9,65	7,95	6,50

CONSOLIDATED CASH FLOW (€/mln)	FY22A	FY23E	FY24E	FY25E
EBIT	1,31	1,95	2,90	4,40
Taxes	0,35	0,50	0,80	1,20
NOPAT	0,96	1,45	2,10	3,20
D&A	1,50	1,50	1,55	1,60
Change in receivable	(0,44)	(0,89)	(0,65)	(0,75)
Change in inventories	(0,04)	(0,15)	0,00	0,00
Change in payable	(1,00)	0,30	0,80	0,90
Change in others	0,52	(0,29)	0,40	0,10
Change in NWC	(0,96)	(1,03)	0,55	0,25
Change in provisions	0,11	0,10	0,10	0,10
OPERATING CASH FLOW	1,61	2,02	4,30	5,15
Capex	(2,03)	(1,84)	(0,50)	(0,50)
FREE CASH FLOW	(0,43)	0,19	3,80	4,65
Financial Management	(0,08)	(0,15)	(0,10)	(0,10)
Change in Debt to Bank	(1,44)	(0,05)	1,70	1,30
Change in Equity	0,15	(0,00)	(0,00)	0,00
FREE CASH FLOW TO EQUITY	(1,80)	(0,01)	5,40	5,85

Source: Lindbergh and Integrae SIM estimates

Company Overview

Established in 2006 by Marco Pomè and Michele Corradi, Lindbergh is an industrial group active in Italy and France in the Maintenance, Repair and Operations (MRO) sector, offering services and products for technical support networks, bringing significant benefits to customer productivity and reducing the environmental impact of their activities, specifically in terms of CO₂ emissions. It boasts a clientele of major multinational companies active in the manufacturing sector, with which it has been collaborating continuously for numerous years.

The company offers a broad portfolio of services through three transversal business units: Network Management, with night delivery services to technicians' vans, the procurement of spare parts and consumables, the sale of personal protective equipment (PPE), uniform washing services, and the laboratory testing of measuring instruments; Waste Management, with full micro-collection services for special waste, and the administrative management of disposals; and Warehouse Management, including forklift storage and logistics operations on behalf of customers.

1H23A Results

TABLE 2 – 1H23A VS 1H22A

€/mln	VoP	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H23A	13,16	1,82	13,8%	1,03	0,76	3,80
1H22A	11,01	1,41	12,8%	0,74	0,54	3,14*
Change	19,5%	29,6%	1,1%	39,4%	40,5%	N.A.

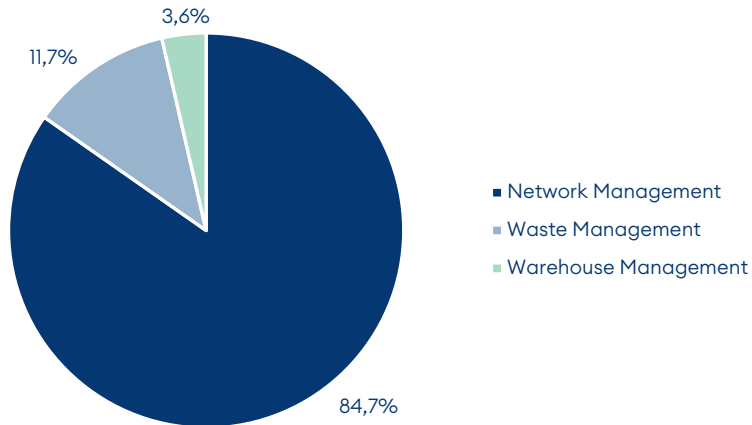
*NFP at 31/12/2022
Source: Integrae SIM

In the 2023 half-year results press release, the group commented: *“We have always supported and pursued healthy growth consistent with our business plan. These numbers demonstrate, even more to ourselves than to others, that we are on the right path. The excellent organic growth of our revenues has been accompanied by an even more marked growth in margins contributing to the net result. This will continue to be our path of development, focused on the sustainable growth of the group’s value. We have ambitious projects, clear ideas on how to realize them, and, above all, a team of motivated, united people working day in and day out to make our plans a reality. Thank you to everyone, and let us move forward without delay in this direction.”*

The value of production at the end of the period under review stood at € 13.16 million, marking a notable growth of 19.5%, compared to the equivalent figure for 1H22A, which stood at € 11.01 million. This result was made possible by the excellent performance, in terms of revenue growth, of the 3 business units: Network Management (up 21.7% on 1H22A), Waste Management (up 21.8% on 1H22A), and Warehouse Management (up 19.0% on 1H22A).

In terms of the geographical distribution of sales revenues, we note that the half-year was affected by excellent performance in Italy in particular, where a growth of 26.5% was reported. This increase is the result of tariff adjustments on the majority of contracts from January 2023, the provision of new services (among which, spare parts warehousing management for the customer CGT Logistica e Sistemi, at the Siziano Hub), increased volumes in general, and the capture of new customers, especially by the Waste Management/Circular Economy business unit. The performance in France was also positive, marked by a continuing full recovery, increased volumes in the first half-year of 2023, and the capture of two new customers.

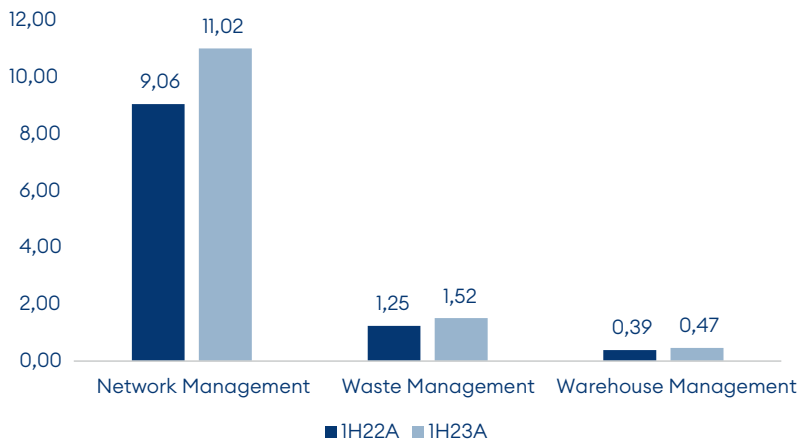
CHART 1 – REVENUES BREAKDOWN BY SEGMENT



Source: Lindbergh

The main source of revenue in 1H23A was the Network Management Business Unit, accounting for a revenue share of 84.7% of the total. The remaining revenues came 11.7% from Waste Management, and the remaining 3.6% from Warehouse Management.

CHART 2 – REVENUES BREAKDOWN BY BU 1H22A VS 1H23A



Source: Lindbergh

EBITDA, equal to € 1.82 million, saw a significant increase of 29.6%, compared to the value of the first half of 2022 (€ 1.41 million). This result is attributable to the simultaneous increase in revenues and the excellent performance in Italy in particular, as well as the slight increases in production cost efficiency introduced in the half-year. The EBITDA margin, equal to 13.8%, also came in higher than that reported for 1H22A, equal to 12.8%.

EBIT amounted to € 1.03 million (€ 0.74 million in 1H22A), after amortization and depreciation

of € 0.79 million, with an EBIT margin of 7.8%, achieving a better result than the equivalent figure for 1H22A, in which the EBIT stood at € 0.74 million and the EBIT margin was approximately 6.7%. The Net Income of the Group came in at € 0.76 million, compared to € 0.54 million reported in 1H22A.

NFP went from € 3.14 million of debt in FY22A to € 3.80 million of debt in 1H23A. This worsening is mainly attributable to the Group's renewal of its vehicle fleet, as well as to the acquisition of Industry 4.0 equipment.

The Group is also continuing its expansion process through external lines. Confirming this strategy, on September 27th, 2023, Lindbergh announced the closing of the acquisition of 55.0% of the shares of Climax Srl and Idro Calor Srl. This operation took place through the subsidiary SMIT Srl, another company acquired by the group, on February 3, 2023, of which it currently holds 77.5% of the shares. The operation is part of Lindbergh's plan to establish the first Italian industrial company capable of providing heating, cooling and water system support services across the whole of Italy. This follows the recent acquisition of 100% of Gatti Ermanno Srl, and, thanks to the two new acquisitions mentioned above, the company SMIT Srl currently has a network of 27 dedicated technicians. Based in Parma, the two companies belong to the same majority shareholder, Dilda Gian Luca, and are active in the repair, maintenance, assistance and installation of thermo-hydraulic systems, including boilers, heating, air conditioning and water purification systems.

FY23E – FY25E Estimates

TABLE 3 – ESTIMATES UPDATES FY23E-25E

€/mln	FY23E	FY24E	FY25E
VoP			
New	26,00	29,00	33,20
Old	25,00	29,00	33,20
Change	4,0%	0,0%	0,0%
EBITDA			
New	3,45	4,45	6,00
Old	3,25	4,45	6,00
Change	6,2%	0,0%	0,0%
EBITDA %			
New	13,3%	15,3%	18,1%
Old	13,0%	15,3%	18,1%
Change	0,3%	0,0%	0,0%
EBIT			
New	1,95	2,90	4,40
Old	1,80	3,05	4,65
Change	8,4%	-4,9%	-5,4%
Net Income			
New	1,30	2,00	3,10
Old	1,30	2,25	3,45
Change	0,1%	-11,1%	-10,1%
NFP			
New	3,10	(0,60)	(5,15)
Old	0,75	(2,55)	(6,95)
Change	N/A	N/A	N/A

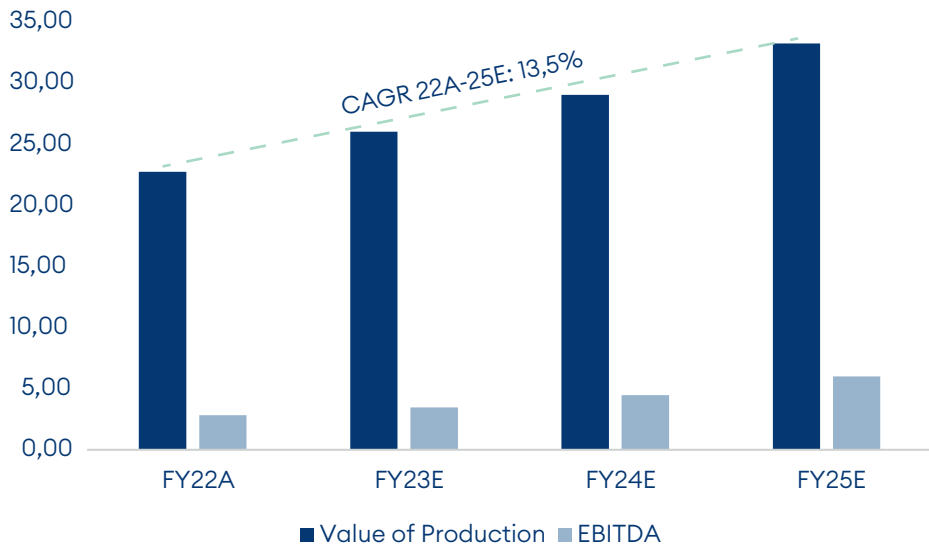
Source: Integrae SIM

In light of the results published in the half-year report for 1H23A, we can substantially confirm our estimates for both the current year and the coming years.

In particular, we estimate the FY23E value of production at € 26.00 million, with EBITDA of € 3.45 million, corresponding to a margin of 13.3%. In the following years, we expect the value of production to rise to € 33.20 million (CAGR 22Y-25E: 13.5%) in FY25E, with EBITDA equal to € 6.00 million (corresponding to a margin of 18.1%), up from € 2.81 million in FY22A (corresponding to an EBITDA Margin of 12.4%).

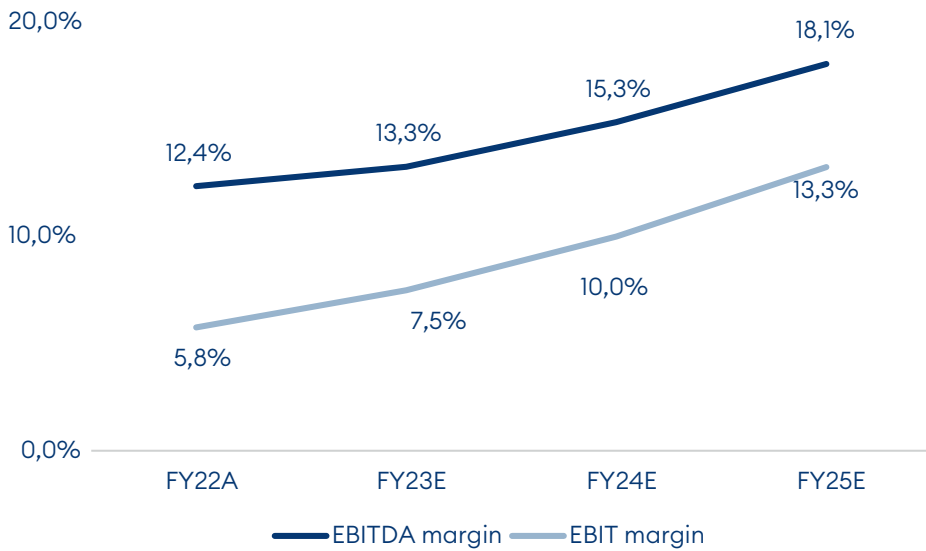
On the balance sheet, we estimate a cash positive NFP of € 5.15 million for FY25E.

CHART 3 – VOP AND EBITDA FY22A-25E



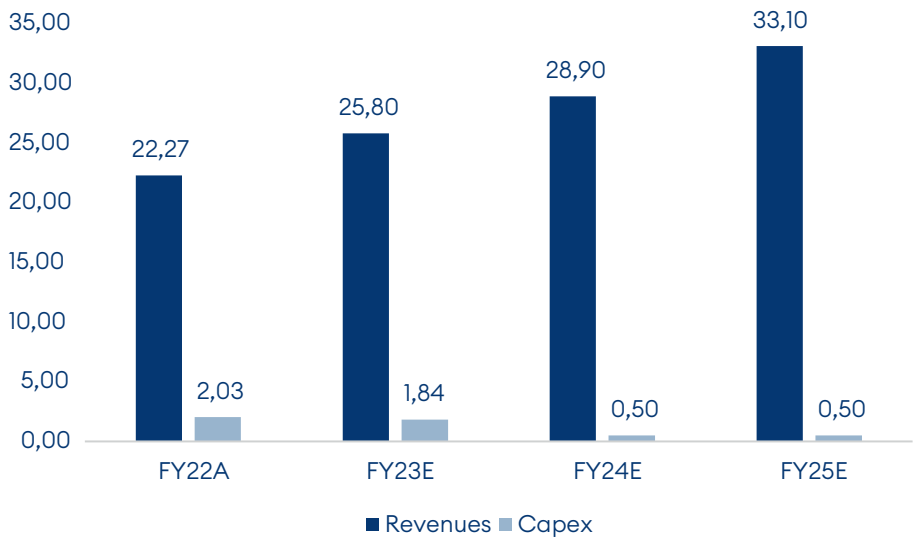
Source: Integrae SIM

CHART 4 – MARGIN FY22A-25E



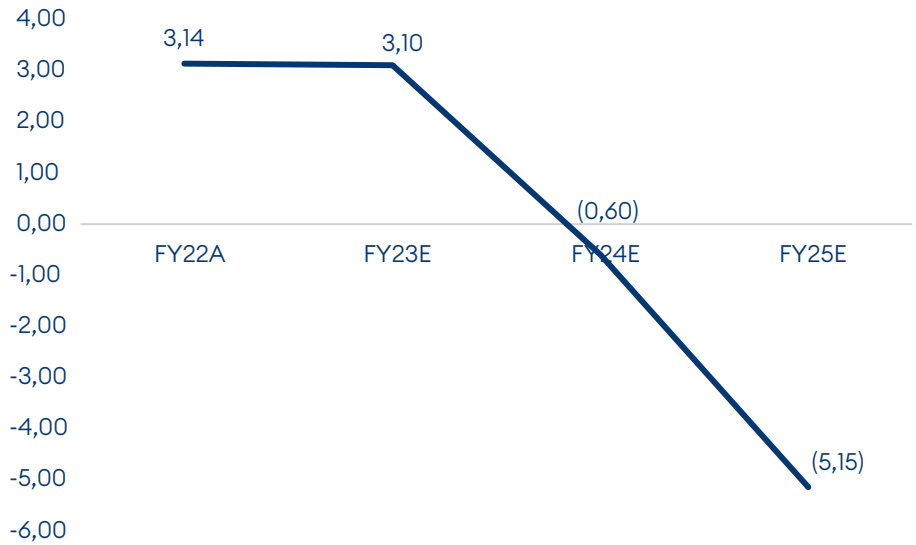
Source: Integrae SIM

CHART 5 – CAPEX FY22A-25E



Source: Integrae SIM

CHART 6 – NFP FY22A-25E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of Lindbergh based on the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 - WACC

WACC				6,81%
D/E 100,00%	Risk Free Rate 3,64%	β Adjusted 0,77	α (specific risk) 2,50%	
K_d 1,50%	Market Premium 8,33%	β Relevered 1,32	K_e 12,55%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. This result is therefore a WACC of 6.81%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	7,7	15%
TV actualized DCF	42,5	85%
Enterprise Value	50,2	100%
NFP (FY22A)	3,1	
Equity Value	47,0	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 47.0 million.**

TABLE 6 - EQUITY VALUE - SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		5,3%	5,8%	6,3%	6,8%	7,3%	7,8%	8,3%
	2,5%	95,3	80,8	70,1	61,8	55,3	50,0	45,6
	2,0%	81,6	70,8	62,5	55,9	50,5	46,1	42,3
	1,5%	71,6	63,1	56,5	51,0	46,6	42,8	39,5
	1,0%	63,8	57,1	51,6	47,0	43,2	40,0	37,1
	0,5%	57,7	52,1	47,5	43,7	40,4	37,5	35,0
	0,0%	52,7	48,0	44,1	40,8	37,9	35,4	33,2
	-0,5%	48,6	44,6	41,2	38,3	35,8	33,5	31,6

Source: Integrae SIM

Market multiples

Our panels are made up of companies in the same industrial sector as Lindbergh. These companies are the same used to calculate Beta for the *DCF method*. The panels are made up of:

TABLE 7.1 – MARKET MULTIPLES NETWORK MANAGEMENT

Company Name	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Wincanton plc	4,9 x	4,7 x	4,5 x	9,2 x	8,6 x	8,1 x
Sinotrans Ltd.	4,7 x	4,4 x	4,7 x	7,5 x	7,3 x	4,9 x
XPO Logistics Inc.	10,9 x	9,3 x	8,2 x	21,4 x	15,3 x	12,6 x
DSV Panalpina A/S	13,6 x	13,8 x	12,9 x	17,5 x	17,6 x	16,5 x
Peer median	7,9 x	7,0 x	6,5 x	13,3 x	12,0 x	10,4 x

Source: Infiniti

TABLE 7.2 – MARKET MULTIPLES WASTE MANAGEMENT

Company Name	EV/EBITDA			EV/EBIT		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Groupe Pizzorno Environnement SA	4,6 x	N/A	N/A	16,7 x	N/A	N/A
Waste Management Inc.	12,5 x	11,6 x	10,6 x	19,3 x	17,7 x	16,1 x
Renewi Plc	4,2 x	4,0 x	4,0 x	8,1 x	7,4 x	7,6 x
Stericycle Inc.	11,6 x	9,6 x	8,4 x	15,5 x	N/A	N/A
Cleanaway Waste Management Ltd.	9,4 x	8,7 x	8,0 x	19,6 x	17,4 x	15,2 x
Casella Waste System Inc.	16,9 x	14,4 x	13,0 x	41,8 x	32,2 x	27,5 x
Peer median	10,5 x	9,6 x	8,4 x	18,0 x	17,6 x	15,6 x

Source: Infiniti

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY23E	FY24E	FY25E
Enterprise Value (EV)			
EV/EBITDA	31,6	36,9	44,5
EV/EBIT	30,5	42,8	57,2
Equity Value			
EV/EBITDA	28,5	37,5	49,7
EV/EBIT	27,4	43,4	62,3
Equity Value post 25% discount			
EV/EBITDA	21,4	28,1	37,2
EV/EBIT	20,6	32,6	46,8
Average	21,0	30,4	42,0

Source: Integrae SIM

Using EV/EBITDA and EV/EBIT market multiples, the equity value of Lindbergh is approximately € 41.5 million. To this value, we have applied a 25% discount. The result is therefore an **equity value of € 31.1 million**.

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	39,1
Equity Value DCF (€/mln)	47,0
Equity Value multiples (€/mln)	31,1
Target Price (€)	4,60

Source: Integrae SIM

This gives an average equity value of approximately € 39.1 million. **The target price is thus € 4.60 (prev. € 4.50). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	15,0x	12,2x	9,5x	7,0x
EV/EBIT	32,2x	21,7x	14,6x	9,6x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY22A	FY23E	FY24E	FY25E
EV/EBITDA	7,5 x	6,1 x	4,7 x	3,5 x
EV/EBIT	16,1 x	10,8 x	7,3 x	4,8 x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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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
29/09/2022	1,51	Buy	3,50	Medium	Update
05/01/2023	1,77	Buy	3,50	Medium	Breaking News
07/02/2023	1,80	Buy	3,50	Medium	Breaking News
11/04/2023	1,91	Buy	4,50	Medium	Update
28/04/2023	2,05	Buy	4,50	Medium	Breaking News
29/06/2023	2,06	Buy	4,50	Medium	Breaking News
01/08/2023	2,06	Buy	4,50	Medium	Breaking News

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Equity Total Return (ETR) for different risk categories

Rating	Low Risk	Medium Risk	High Risk
BUY	ETR \geq 7.5%	ETR \geq 10%	ETR \geq 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR \leq -5%	ETR \leq -5%	ETR \leq 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

Valuation methodologies (long term horizon: 12 months)

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