Equity Research
UPDATE NOTE FY22
Euronext Growth Milan

Target Price € 4.38 (3.48 pr.)

Price (€) 1.96
Market Cap (€ m) 18.62
EV (€ m) 59.12

As of May 15th, 2023

CLABO Spa

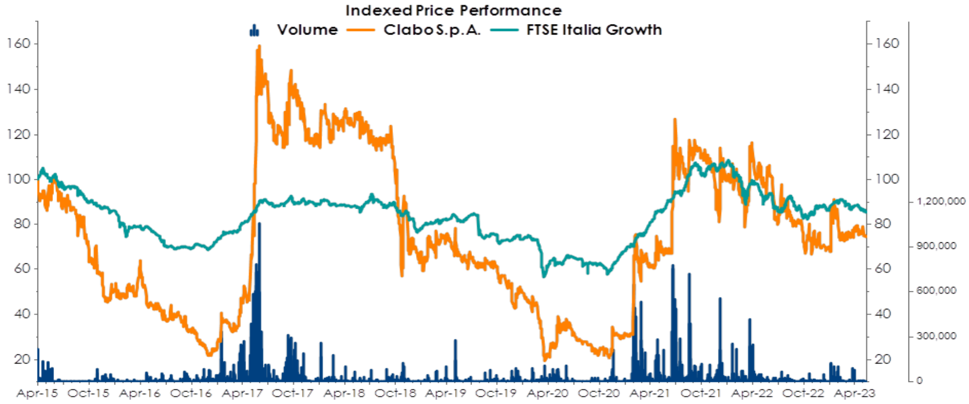
Strong FY2022 results, with a record high in revenues and marginality, since IPO

Sector: Producer Manufacturing

FY22 sales at Euro 51.4 m with return to profit after 3 years. In light of the market environment that has been created with the consequences of Russia-Ukraine conflict, the energy crisis and the inflationary impact on prices in almost all merchandise sectors, the highlights of FY22 for Clabo are the double digit growth in revenues and marginality, the return to profit after 3 years and, generally speaking, the promptness and effectiveness of the recovery actions implemented by management that enabled a rapid return to pre-pandemic levels of profitability, also recording a record year in 2022 in terms of sales and margins. Getting to the point, revenues settled at Euro 51.4 m, up 16% from previous year (Euro 44.2 m) predominantly due to foreign sales exceeding 75%, particularly in non-EU areas, and the continuous R&D activity, able to develop, produce and offer customers innovative products both in design and in the use of materials and technological solutions. VoP is up from Euro 50.8 m in 2021 to Euro 59.3 m in 2022 (+17% YoY) with EBITDA reaching Euro 8.7 m (vs. Euro 6.0 m in FY21), while EBITDA margin stood at 15% vs. 12% of our projections, due principally to increased sales volumes and containment of structural costs. Except for raw materials, which have risen sharply in price for the reasons already described above, and miscellaneous operating expenses, all other items of operating costs see their incidence fall in relation to VoP, thanks to the efficiency and profitability recovery processes put in place by the management of the three companies (Clabo Spa, Qingdao Clabo Easy Best Refrigeration Equipment Co. Ltd and Howard McCray Enterprises LLC). Net income figure confirmed the growth process and totalized Euro 0.89 m, recording a significant YoY increase compared to the loss recorded in FY21 (Euro 0.9 m). Regarding the balance sheet side, net debt came in at Euro 42.4 m, strictly in line with Euro 41.4 m of previous year, and Equity stood at Euro 10.9 m (Euro 8.8 m as of 31/12/2021).

Outlook remain positive in 1Q23. A time series analysis of the Group's performance in the first quarter 2023 confirms the excellent earnings performance relative to the current year, along with exceeding the total revenues of the pre-pandemic period. Both in terms of total revenues and Ebitda, 1Q23 period represents the record quarter since the listing year (2015) with confirmed orders of Euro 17.7 m, +12% from 1Q22; Growth in the U.S. market continues in both food retail and BPG segments (Bar, Patisseries and Ice Cream), and the performance of the market in Asia in particular is highlighted by the recovery of the Chinese domestic market. Looking at the evolution of operating results over the four years under review, it can be seen that the macroeconomic phenomena described above had a significant impact on the group's performance. However, the recovery actions implemented by management have enabled a rapid return to pre-pandemic levels of revenues and profitability, recording a record year in 2022 in terms of sales, margins, and profits. The Group continues to see signs of confidence from its customers that point to a forecast for 2023 growth in revenues and margins, compared to the year just ended. Management is also confident that the production optimization processes at the Jesi and Philadelphia plants, the rationalization of the organizational structure and the re-pricing of a wide range of products carried out during 2022 will lead to further benefits in terms of profitability in the next fiscal year as well.

Estimate revision and valuation. Given the above we finetuned our revenues estimates, with the aim of confirming the growth process. We now expect sales growth of 11% in FY23 (9% previously) and 10% in the years to follow and we also increased profitability to reflect the structural improvement in margins from 2023 onward. Updating our DCF and multiple based valuation model for new estimates and up-to-date market data, we obtain a target price of Euro 4.38 p.s. (Euro 3.48 p.s. previously), providing for a potential upside of 124%. At our TP the stock would be trading at FY23-24 EV/EBITDA multiples of 9.3x and 8.3x.



Source: FactSet Prices

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	CLA.MI/CLA:IM
ISIN	IT0005091324
N. of Shares	9,524,494
Free Float	38.41%
Main Shareholder	Cla.Bo.Fin S.r.l

Financials

	2022A	2023E	2024E	2025E
Sales	51.4	57.1	62.8	69.1
YoY %	*+16%*	*+11%*	*+10%*	*+10%*
EBITDA	8.7	9.2	10.4	11.6
EBITDA %	*15%*	*14%*	*15%*	*15%*
EBIT	3.7	4.9	5.8	6.8
EBIT %	*6%*	*8%*	*8%*	*9%*
Net Income	0.9	2.0	2.8	3.6
Net Debt	40.5	37.4	36.8	31.9

Performance

	1M	3M	6M
Absolute %	-2.01	5.22	7.06
Relative (FTSE Italia G.)	1.04	11.15	9.28
52-week High/Low (Eu)	2.77	/	1.67

Research Department of
IRTOP CONSULTING
Edoardo Fumagalli
e.fumagalli@irtop.com