

UPDATE

EQUITY RESEARCH

iVision Tech

Euronext Growth Milan | Eyewear | Italy

Production 19/04/2024, h. 18:30

Publication 22/04/2024, h. 07:00



Rating

BUY

unchanged

Target Price

€ 3,30

prev. €3,60

Risk



Medium

Upside potential

328,9%

Key Financials (€/mln)	FY23A	FY24E	FY25E	FY26E
Revenues	9,50	16,80	21,10	26,00
VoP	10,52	18,10	22,15	27,20
EBITDA Adj.	2,13	3,15	4,15	5,45
EBIT	0,48	1,25	1,95	3,25
Net Profit	0,13	0,65	1,15	2,05
EBITDA margin	20,3%	17,4%	18,7%	20,0%
EBIT margin	4,6%	6,9%	8,8%	11,9%
Net Profit margin	1,3%	3,6%	5,2%	7,5%

Stocks performance relative to FTSE Italia Growth



Stock Data

Price	€ 0,77
Target price	€ 3,30
Upside/(Downside) potential	328,9%
Ticker	IVN IM
Market Cap (€/mln)	€ 5,34
EV (€/mln)	€ 8,06
Free Float	25,06%
Share Outstanding	6.938.500
52-week high	€ 2,17
52-week low	€ 0,76
Average daily volumes (3 months)	12.070

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Stock performance	1M	3M	6M	1Y
Absolute	-2,8%	-34,2%	-39,8%	n/a
to FTSE Italia Growth	-2,0%	-32,0%	-41,8%	n/a
to Euronext STAR Milan	-0,7%	-33,6%	-52,8%	n/a
to FTSE All-Share	-1,7%	-45,5%	-61,8%	n/a
to EUROSTOXX	-1,0%	-44,7%	-60,1%	n/a
to MSCI World Index	0,7%	-37,5%	-55,1%	n/a

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,8 x	2,6 x	1,9 x	1,5 x
EV/EBIT	16,7 x	6,4 x	4,1 x	2,5 x
P/E	39,8 x	8,2 x	4,6 x	2,6 x

FY23A Results

At the close of the financial year FY23A, the value of production amounted to € 10.52 million, slightly down (-0.6%) on the result recorded for the previous year, equal to € 10.58 million. EBITDA came in at € 2.13 million, marking an increase of 56.7% compared to € 1.36 million in the previous period. Consequently, the EBITDA margin (calculated on the value of production) came in at a value of 20.3%, a strong improvement compared to 12.9% in FY22A. Adjusted EBITDA amounted to € 1.45 million, showing a clear improvement on the FY22A figure of € 0.66 million. The Adjusted EBITDA margin was 13.8%. EBIT was € 0.48 million, compared to the FY22A figure amounting to € 0.30 million. Net Income was € 0.13 million, compared to the € 0.28 million recorded at the end of the previous financial year. The NFP is € 2.71 million, an improvement on the FY22A figure of € 3.02 million.

Estimates Update

In light of the results published in the annual report for FY23A, we have slightly adjusted our estimates for both the current year and the following years. In particular, we estimate a value of production for FY24E equal to € 18.10 million, and an Adjusted EBITDA equal to € 3.15 million, corresponding to a margin of 17.4%. In the following years, we expect the value of production to reach € 27.20 million (CAGR 23A-26E: 37.3%) in FY26E, with Adjusted EBITDA equal to € 5.45 million (corresponding to a margin of 20.0%), up from € 1.45 million in FY23A (corresponding to an Adjusted EBITDA margin of 13.8%).

Valuation Update

We conducted our valuation of the equity value of iVision Tech 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 € 21.7 million. Using market multiples, the equity value of iVision Tech was calculated to be € 24.2 million (including a 25% discount). The results give an average equity value of € 22.9 million.

The target price is € 3.30, with a BUY rating and MEDIUM risk.

Economics & Financials

TABLE 1 – ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenues	7,90	9,50	16,80	21,10	26,00
Other Revenues	2,69	1,02	1,30	1,05	1,20
Value of Production	10,58	10,52	18,10	22,15	27,20
COGS	2,12	0,84	3,15	4,35	6,05
Services	2,88	2,90	5,45	6,25	6,75
Use of Asset owned by others	0,17	0,37	0,45	0,55	0,60
Employees	4,02	4,11	5,70	6,65	8,10
Other operating costs	0,03	0,16	0,20	0,20	0,25
EBITDA	1,36	2,13	3,15	4,15	5,45
EBITDA Margin	12,9%	20,3%	17,4%	18,7%	20,0%
Extraordinary items	0,70	0,68	0,00	0,00	0,00
EBITDA Adj.	0,66	1,45	3,15	4,15	5,45
EBITDA Margin Adj.	6,3%	13,8%	17,4%	18,7%	20,0%
D&A	1,06	1,65	1,90	2,20	2,20
EBIT	0,30	0,48	1,25	1,95	3,25
EBIT Margin	2,8%	4,6%	6,9%	8,8%	11,9%
Financial Management	(0,09)	(0,28)	(0,30)	(0,30)	(0,30)
EBT	0,21	0,21	0,95	1,65	2,95
Taxes	(0,07)	0,07	0,30	0,50	0,90
Net Income	0,28	0,13	0,65	1,15	2,05

CONSOLIDATED BALANCE SHEET (€/mln)	FY22A	FY23A	FY24E	FY25E	FY26E
Fixed Assets	8,32	9,26	8,85	7,65	6,65
Account receivable	1,14	2,11	3,20	3,90	4,60
Inventory	2,99	2,54	4,30	5,15	6,30
Account payable	1,58	1,68	3,00	3,50	4,05
Operating Working Capital	2,55	2,97	4,50	5,55	6,85
Other receivable	0,83	0,62	0,70	0,85	1,00
Other payable	1,22	1,52	1,80	2,20	2,40
Net Working Capital	2,16	2,07	3,40	4,20	5,45
Severance & other provisions	2,97	2,00	2,30	2,50	2,80
NET INVESTED CAPITAL	7,50	9,33	9,95	9,35	9,30
Share capital	1,30	1,73	1,73	1,73	1,73
Reserves	2,90	4,75	4,88	5,53	6,68
Net Income	0,28	0,13	0,65	1,15	2,05
Equity	4,48	6,62	7,27	8,42	10,47
Cash & cash equivalents	0,75	2,16	1,52	2,57	3,97
Short term financial debt	0,87	1,25	0,70	0,50	0,30
M/L term financial debt	2,90	3,62	3,50	3,00	2,50
Net Financial Position	3,02	2,71	2,68	0,93	(1,17)
SOURCES	7,50	9,33	9,95	9,35	9,30

CONSOLIDATED CASH FLOW (€/mln)	FY23A	FY24E	FY25E	FY26E
EBIT	0,48	1,25	1,95	3,25
Taxes	0,07	0,30	0,50	0,90
NOPAT	0,41	0,95	1,45	2,35
D&A	1,65	1,90	2,20	2,20
Change in NWC	0,09	(1,33)	(0,80)	(1,25)
Change in receivable	(0,97)	(1,09)	(0,70)	(0,70)
Change in inventory	0,45	(1,76)	(0,85)	(1,15)
Change in payable	0,10	1,32	0,50	0,55
Change in others	0,51	0,20	0,25	0,05
Change in provisions	(0,98)	0,30	0,20	0,30
OPERATING CASH FLOW	1,17	1,82	3,05	3,60
Capex	(2,59)	(1,49)	(1,00)	(1,20)
FREE CASH FLOW	(1,41)	0,33	2,05	2,40
Financial management	(0,28)	(0,30)	(0,30)	(0,30)
Change in Financial debt	1,10	(0,67)	(0,70)	(0,70)
Change in equity	2,00	0,00	0,00	0,00
FREE CASH FLOW TO EQUITY	1,40	(0,64)	1,05	1,40

Source: iVision Tech and Integrae SIM estimates

Company Overview

iVision Tech SpA is an Italian company active in the B2B eyewear sector, with its administrative, operational and commercial headquarters based in Martignacco and its registered office in Milan. The company boasts a highly integrated production process, internally carrying out each phase of the production chain, from design right through to delivery to the customer, with a unique value proposition in its ability to combine craft know-how with a high degree of automation and advanced process monitoring.

In carrying out its business, the company operates through two divisions: iVision Eyewear, active in design, prototype development, industrialization and mass production; and iVision R&D, specialized in research and development regarding product and process innovations affecting the eyewear market.

iVision Tech addresses its business to the service of a B2B clientèle, typically brands in the luxury or premium market segments, for which the company is able to manage orders in two alternative ways: Full Account Work, therefore taking care of the complete design and creation of eyeglasses; or, via Contract Work, creating a product for which the iVision Tech receives the designs and raw materials from the customer.

FY23A Results

TABLE 2 – FY23A VS FY23E

€/mln	VoP	EBITDA Adj.	EBITDA % Adj.	EBIT	Net Income	NFP
FY23A	10,52	1,45	13,8%	0,48	0,13	2,71
FY23E	13,10	1,85	14,1%	1,05	0,70	2,80
Change	-19,7%	-21,4%	-0,3%	-54,0%	-80,8%	n/a

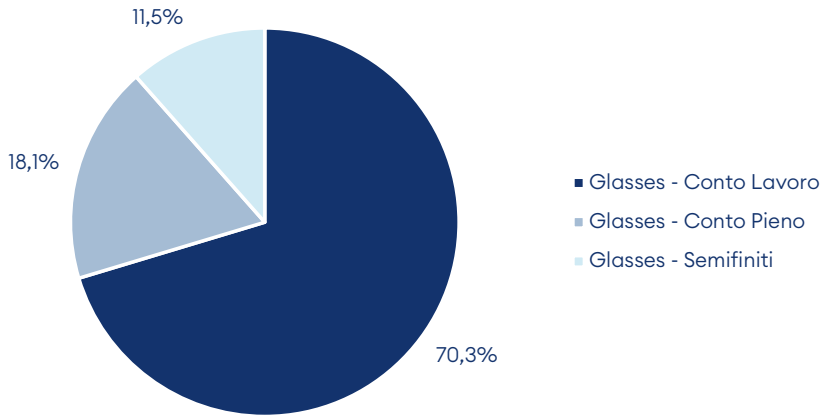
Source: Integrae SIM

In the half-year results press release, CEO of iVision Tech, Stefano Fulchir, commented: *“Starting with the listing, which arrived less than three years after the founding of iVision Tech, 2023 was an extraordinary year for our company, and confirmed the correctness of our growth plan. Our listing and debut on the stock exchange last August and the acquisition and recovery of such a historic and well-known French brand as Henry Jullien are testimony to the solidity of our path, recognized by the market. All this is crowned by double-digit growth in revenues and margins, and by the achievement, ahead of time, of several strategic objectives set in the IPO, such as the completion of the eyewear supply chain. The French brand, in fact, allows us to have our own brand esteemed both in Europe and in the USA, as confirmed by the appreciation we were met with at the Milan and New York fairs, while the recent acquisition of iViLENS Ood, a Bulgarian lens manufacturing company, will allow us to provide a complete service to our customers in the national and international luxury segment, from the design of the eyeglasses through to the finished product”.*

At the close of the financial year FY23A, the value of production amounted to € 10.52 million, slightly down (-0.6%) on the result recorded for the previous year, equal to € 10.58 million. Analyzing in detail the breakdown of the value of production, we note that revenues from sales and services amounted to € 9.50 million, up 20.3% compared to the previous year (€ 7.90 million). Therefore, the decline in the value of production is attributable to a decrease in the other revenues item, which went down from € 2.69 million in FY22A to € 1.02 million in FY23A. This, in turn, is partly attributable to a reduction in finished products for the sale of face masks in FY23A, which led to a significant reduction in inventory.

In the following figure, we can see how of the eyewear revenues generated by the Group, equal to € 8.16 million, 70.3% came from the Contract Work segment, covering product prototyping, engineering and industrialization. This is followed by the Full Account segment, concerning eyewear products for which the company carries out the full manufacturing process, representing 18.1% of total revenues, and then the Semi-finished segment, which generated the remaining 11.5%.

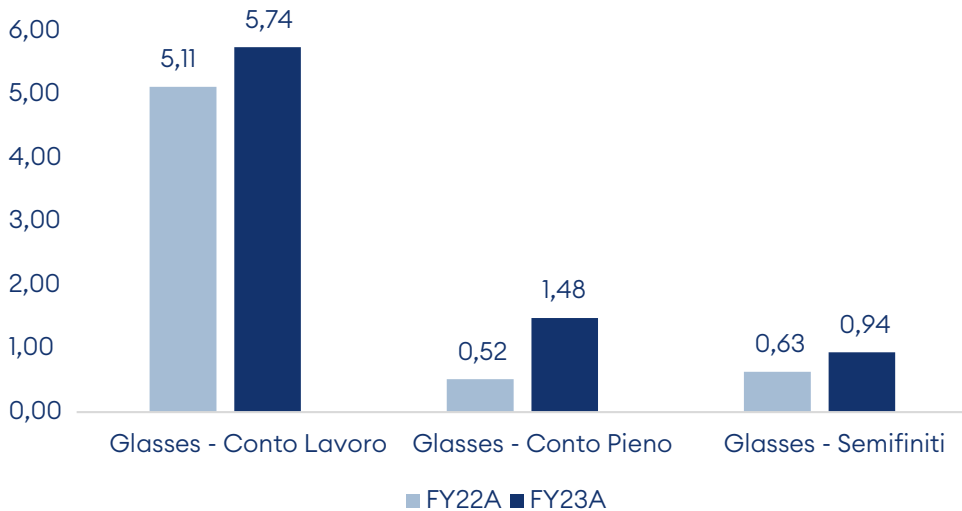
CHART 1 – REVENUES BREAKDOWN BY SEGMENT



Source: iVision Tech

To make a comparison with the previous year, FY23A revenues from the sale of eyewear grew significantly by 30.3%, for a total value of € 8.16 million, compared to € 6.26 million in FY22A. In particular, at the end of the period analyzed, revenues from Contract Work came in at € 5.74 million, up 12.3% from the FY22A figure of € 5.11 million. Full Account revenues amounted to € 1.48 million, marking an increase of 186.8% compared to the FY22A figure of € 0.52 million. The Semi-finished segment also confirmed the positive trend for the Group, contributing revenues of € 0.94 million, up 48.3% compared to € 0.63 million in FY22A.

CHART 2 – REVENUES BREAKDOWN BY SEGMENT FY22A VS FY23A



Source: iVision Tech

EBITDA at the end of the period under analysis came in at € 2.13 million, marking an increase of 56.7% compared to € 1.36 million in the previous period. Consequently, the EBITDA margin (calculated on the value of production) came in at a value of 20.3%, a strong improvement compared to 12.9% in FY22A. The Group's higher margins are mainly attributable to greater production efficiencies, due to economies of scale, together with the excellent margins guaranteed by eyewear sales. Adjusted EBITDA, taking into account the allocation of provisions for risks and charges, to cover the estimated costs of the re-industrialization of the Martignacco site, amounted to a value of € 1.45 million, marking a clear improvement on the FY22A figure of € 0.66 million. The Adjusted EBITDA margin was therefore 13.8%.

As of December 31, 2023, after depreciation and amortization totaling € 1.65 million, EBIT came in at € 0.48 million, compared to an FY22A figure amounting to € 0.30 million. Net income decreased slightly, to € 0.13 million, compared to the value recorded at the end of the previous financial year, equal to € 0.28 million, mainly due to higher financial charges.

The NFP for FY23A stands at € 2.71 million, an improvement compared to the FY22A figure of € 3.02 million. We also note that the Group took out three new loans in FY23A, for a total value of € 2.10 million, in order to sustain the Group's investments.

In 2023, iVision Tech continued investments in the iSee project, for which the Group expects to begin testing the first prototypes by the end of 2024. These efforts also allowed iVision Tech to register in the Innovative SME Special Section of the Companies Register on June 14, 2023, given that, in 2022, the Company had filed a patent and had incurred development costs exceeding 3.0% of the greater figure between the value of the work and production costs.

In conclusion, in line with the objectives set at the time of the IPO, the Group undertook a growth process through external lines in order to improve its competitive positioning. In this regard, we note that:

- On September 22, 2023, the Group purchased the Maison Henry Jullien business unit for a value of € 0.15 million, to combine iVision's Made in Italy know-how with that of Made in France. The Group established the company iVision Tech France as a vehicle for the acquisition process, with a share capital of € 0.50 million. The acquisition of the historic French brand specialized in the production of laminated gold eyewear allowed iVision to acquire both the Henry Jullien and Henry Jullien Manufacture brands, together with their semi-finished and finished product stock and design know-how. This move came with the intention of the Group to add to its portfolio a finished product with a precise and consolidated identity, to open a way into the French market, and to strengthen its strategic positioning in the most crucial countries for the eyewear sector, namely Italy and France.
- On March 27, 2024, the Group concluded the purchase, for € 0.28 mil-

lion, of the majority shareholding, equal to 60% of the share capital of iViLENS Ood, a Bulgarian company specialized in the production and marketing of finished and semi-finished corrective lenses. Through this operation, in line with the objectives set at the time of the IPO, iVision will expand its offerings in the core sector, with the aspiration of being a leading player in the eyewear market. In particular, iViLENS sells an average of 170 thousand pieces per year, and brought in € 1.13 million in revenues in the FY23A financial year, achieving an EBITDA of € 0.38 million, and a margin of 29.6%. The target company also closed FY23A positively, with a net profit of € 0.17 million, and a cash positive NFP of € 0.05 million.

FY24E – FY26E Estimates

TABLE 3 – ESTIMATES UPDATES FY24E-26E

€/mln	FY24E	FY25E	FY26E
Value of production			
New	18,1	22,2	27,2
Old	18,1	22,2	27,2
Change	0,0%	0,0%	0,0%
EBITDA			
New	3,2	4,2	5,5
Old	3,4	4,6	6,1
Change	-6,0%	-9,8%	-10,7%
EBITDA %			
New	17,4%	18,7%	20,0%
Old	18,5%	20,8%	22,4%
Change	-1,1%	-2,0%	-2,4%
EBIT			
New	1,3	2,0	3,3
Old	1,5	2,4	3,9
Change	-13,8%	-18,8%	-16,7%
Net Income			
New	0,7	1,2	2,1
Old	1,1	1,8	2,8
Change	-40,9%	-34,3%	-25,5%
NFP			
New	2,7	0,9	(1,2)
Old	1,9	0,5	(2,7)
Change	n/a	n/a	n/a

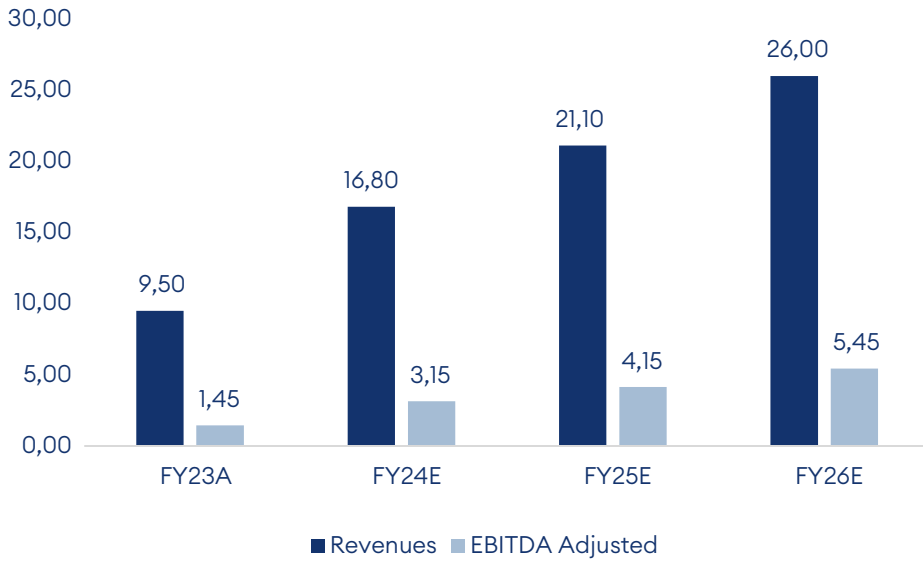
Source: Integrae SIM

In light of the results published in the annual report for FY23A, we have slightly adjusted our estimates for both the current year and the following years.

In particular, we estimate a value of production for FY24E equal to € 18.10 million, and an Adjusted EBITDA equal to € 3.15 million, corresponding to a margin of 17.4%. In the following years, we expect the value of production to reach € 27.20 million (CAGR 23A-26E: 37.3%) in FY26E, with Adjusted EBITDA equal to € 5.45 million (corresponding to a margin of 20.0%), up from € 1.45 million in FY23A (corresponding to an Adjusted EBITDA margin of 13.8%).

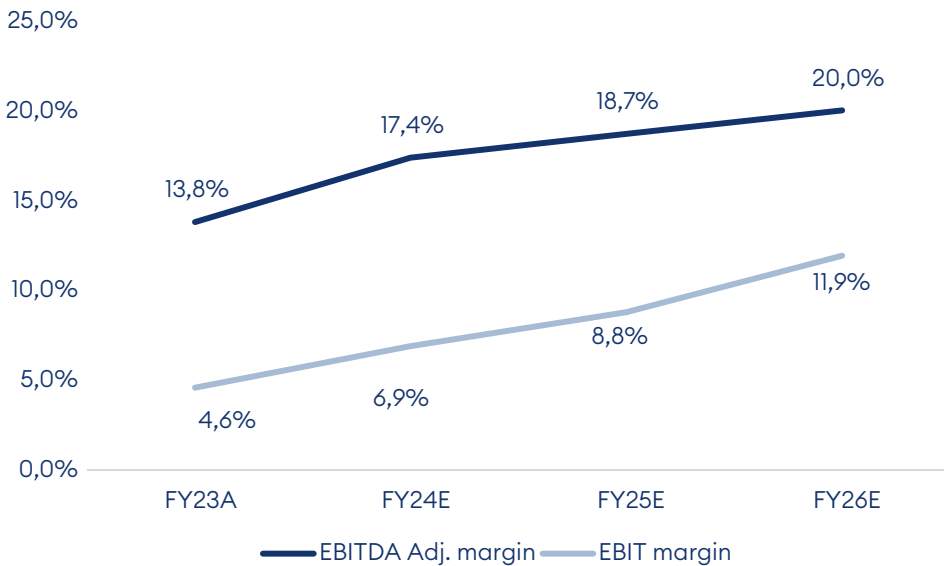
Finally, we estimate a cash positive NFP of € -1.17 million for FY26E, an improvement on the € 2.71 million of debt in FY23A, expected to be driven mainly by positive cash flows generated by return on investments.

CHART 3 – VOP AND EBITDA ADJUSTED FY23A-26E



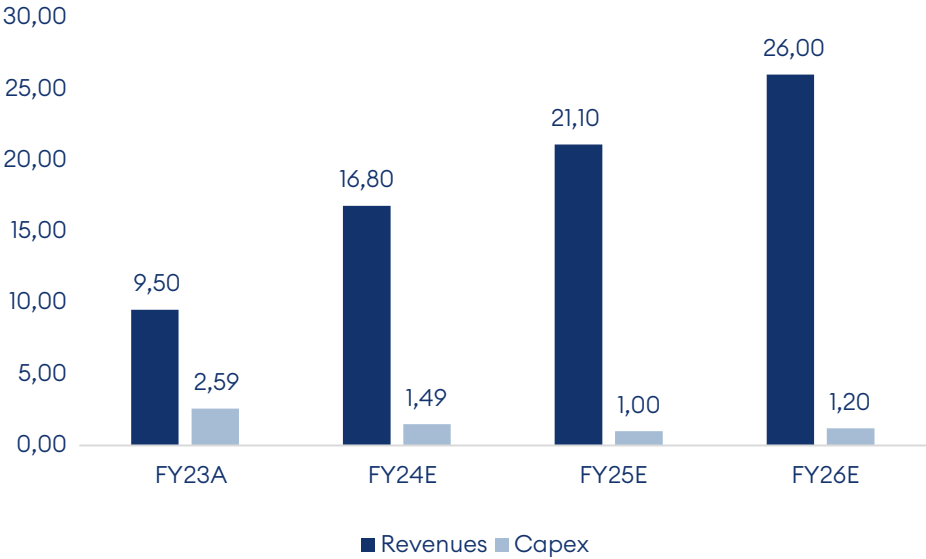
Source: Integrae SIM

CHART 4 – MARGIN FY23A-26E



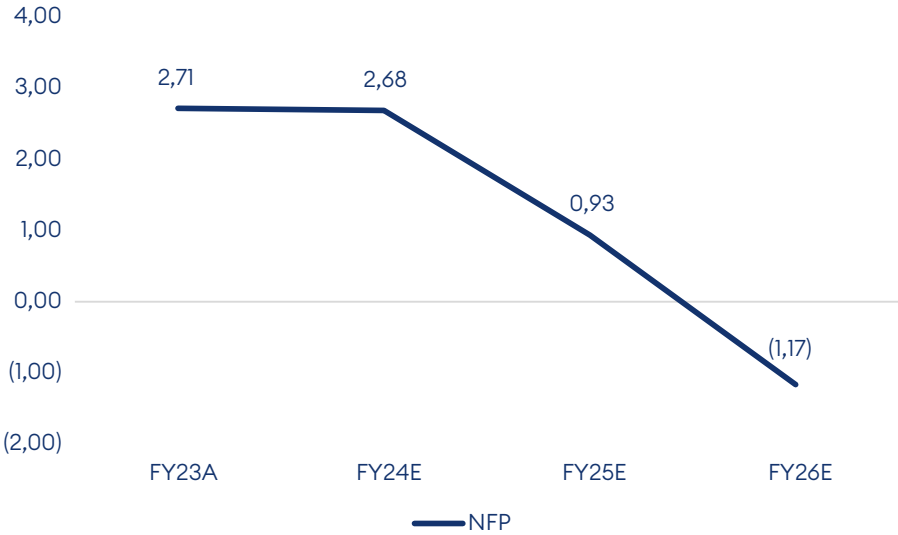
Source: Integrae SIM

CHART 5 – CAPEX FY23A-26E



Source: Integrae SIM

CHART 6 – NFP FY23A-26E



Source: Integrae SIM

Valuation

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

DCF Method

TABLE 4 – WACC

WACC				9,8%
D/E 53,8%	Risk Free Rate 3,2%	β Adjusted 1,0	α (specific risk) 2,5%	
Kd 3,5%	Market premium 7,8%	β Relevered 1,0	Ke 13,7%	

Source: Integrae SIM

For prudential purposes, we included a specific risk of 2.5%. The result is therefore a WACC of 9.8%.

TABLE 5 – DCF VALUATION

DCF		% of EV
FCFO actualized	3,8	16%
TV actualized DCF	20,6	84%
Enterprise Value	24,4	100%
FY23A	2,7	
Equity Value	21,7	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as a reference, the result is an **equity value of € 21.7 million**.

TABLE 6 – EQUITY VALUE – SENSITIVITY ANALYSIS

€/mln	Growth Rate (g)	WACC						
		8,3%	8,8%	9,3%	9,8%	10,3%	10,8%	11,3%
	3,0%	34,7	31,4	28,6	26,2	24,2	22,4	20,8
	2,5%	31,8	29,0	26,6	24,5	22,7	21,1	19,7
	2,0%	29,4	26,9	24,8	23,0	21,4	19,9	18,7
	1,5%	27,3	25,2	23,3	21,7	20,2	18,9	17,8
	1,0%	25,5	23,6	22,0	20,5	19,2	18,0	16,9
	0,5%	23,9	22,3	20,8	19,4	18,3	17,2	16,2
	0,0%	22,6	21,1	19,7	18,5	17,4	16,4	15,5

Source: Integrae SIM

Market multiples

Our panel is made up of companies operating in the same sector as iVision Tech, but many with larger capitalizations. These companies are the same used to calculate Beta for the DCF method. Our panel is made up by:

TABLE 7 – MARKET MULTIPLES

Company Name	EV/EBITDA		
	FY24E	FY25E	FY26E
Safilo Group S.p.A.	5,4 x	4,9 x	4,4 x
EssilorLuxottica SA	14,9 x	13,8 x	12,6 x
Fielmann Group AG	7,5 x	6,9 x	6,6 x
JINS HOLDINGS Inc.	9,0 x	7,9 x	7,1 x
Cooper Companies, Inc.	18,0 x	16,4 x	15,3 x
Peer median	9,0 x	7,9 x	7,1 x

Source: Infincials

TABLE 8 – MARKET MULTIPLES VALUATION

€/mln	FY24E	FY25E	FY26E
Enterprise Value (EV)			
EV/EBITDA	28,23	32,85	38,88
Enterprise Value post 25% discount			
EV/EBITDA	21,17	24,64	29,16
Equity Value			
EV/EBITDA	18,49	23,71	30,33
Average	18,49	23,71	30,33

Source: Integrae SIM

Using EV/EBITDA market multiples, and after applying a 25% discount, the equity value of iVision Tech is **€ 24.2 million**.

Equity Value

TABLE 9 – EQUITY VALUE

Average Equity Value (€/mln)	22,9
Equity Value DCF (€/mln)	21,7
Equity Value Multiples (€/mln)	24,2
Target Price (€)	3,30

Source: Integrae SIM

The results give an average equity value of approximately € 22.9 million. **The target price is therefore € 3.30 (prev. € 3.60). We confirm a BUY rating and MEDIUM risk.**

TABLE 10 – TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	12,0 x	8,1 x	6,2 x	4,7 x

Source: Integrae SIM

TABLE 11 – CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY23A	FY24E	FY25E	FY26E
EV/EBITDA	3,8 x	2,6 x	1,9 x	1,5 x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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Date	Price	Recommendation	Target Price	Risk	Comment
09/08/2023	1,63	Buy	3,90	Medium	IoC
26/09/2023	1,54	Buy	3,90	Medium	Breaking News
17/10/2023	1,31	Buy	3,60	Medium	Update

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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 analyzed. 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).

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At the time of publication of the Update, Integrae SIM owns 1.99% of the Company's share capital, deriving from the activity of specialists.

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

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- It plays, or has played in the last 12 months, role of specialist financial instruments issued by iVision Tech S.p.A.;
- In the IPO phase, Integrae SIM played the role of global coordinator.