



FY23 results in line with expectations

Sector: MedTech

Consolidated sales of Euro 38 m, -9% YoY, EBITDA margin at 11.5% (13.5% FY22). IMD Group recently presented its first FY financial results as a listed company. Overall, the results were in line with our expectations; sales came in at Euro 38.0 m, -9% YoY and spot on our estimates (Euro 38 m) and in line with the guidance range of Euro 36-38 m given by management last November. As already discussed in our first coverage, the slowdown in sales vs. prior year was mainly related to the X-Ray Imaging Device Unit (Euro 27.1m -17% YoY) which was only partially offset by +19% YoY growth of the X-Ray Generators business unit (c. 29% of total sales vs. 22% last year). Management highlighted that the result must be read considering the strong comparison base with FY22 still positively affected by the tailwinds of the Covid-19 related boost in FY 20-21. In fact, looking at product lines "Mobile" which strongly benefitted from the pandemic, decreased -35% YoY whereas C-Arms increased sales by +21% YoY. Consolidated EBITDA stood at Euro 4.4 m with and EBITDA margin of 11.5%. The result was largely in line with our forecast (Euro 4.5 m and 11.9% on revenues) and implied a strong recovery in margins in 2H (12.5% vs. 10.6 in 1H23) following Management's focus on cost containment. Compared to last year EBITDA was down by -21% YoY (FY22 EBITDA of Euro 5.6 m, 13.5% on revenues) following the lower operational leverage (lower sales volumes spread on fixe costs) and higher raw material costs which the Generators BU has managed to transfer almost entirely to customers, whereas the Imaging BU largely incurred the increase due to offers prices already confirmed with Dealers and OEM customers. A new price list was introduced at the end of September with expected positive impact on FY24. D&As increased slightly vs. prior year (Euro 0.7 vs. 0.6 m in FY22) due to capitalized IPO costs. Net income was of Euro 2.5 m (Group's Net Income of Euro 2.2 m) vs. 3.2 in FY22 and Euro 2.6 as of our estimates. Looking at the balance sheet, Net Cash stood at Euro 4.9 m vs. Euro 0.2 m at year end 2022, reflecting the Euro 5.4 m IPO capital increase IPO, NWC absorption of Euro 2.0 m (timing of VAT compensation) and Euro 1.5 m of capex (including Euro 0.9 m of capitalized IPO costs).

Strategic acquisition and Management Outlook. In line with M&A strategy announced in IPO, in December IMD acquired a business branch specialised in the supply of coils used in the manufacturing of X-ray monobloc generators in December. Although small in size (FY 22 revenues of c. Euro 850k, with an EBITDA margin at c. 26%) the acquisition is in our opinion highly strategic as the upstream integration will allow to directly control the production of an essential component in the production of monoblocs internalize important know-how. Management expects important cost synergies and increased operational efficiency from the integration of the two production, which has already started. Management did not provide new guidance for FY24 (set at Euro 50 m of sales and Euro 8 m as of EBITDA in a conference call with investors in November 2023) but expressed confidence that, despite the current uncertain macroeconomic situation, the Group will achieve growth in FY24 driven mainly by a strong 2H. Management also highlighted that the Group will continue to focus on cost containment and adjustment of list price in FY24 and confirmed a growth strategy based on product development and increase operational efficiency. Finally, Management also underlined that M&A remains a key strategic pillar, also in the short term.

Estimate revision and new target price. Although we believe that the recent acquisition and the completion of the certification process for two new products (one already obtained and the other expected in 2H) should promote healthy growth in the short term we prudentially continue to remain below guidance confirming our previous forecast (Euro 43 m in FY24). Regarding profitability we made a slight cut in FY24-25 profitability margins now expected at 13% and 14% (14% and 15% pr.). Overall, we adjusted our sales, EBITDA and EPS estimates by 0%, -5% and -10% respectively. We also added FY26 to our explicit forecast period. Based on our new estimates and updated market data our valuation model (50%/50% DCF and peers' multiples) yields a target price of Euro 2.45 p.s. confirming our previous one (Euro 2.45 p.s pv.), and +60% above the current share price. The stock is currently trading at significant discount vs. Industry peers (av. -71% on 24-25 EV/EBITDA).

Target Price 2.45 (2.45 pr.)

Market Cap (€ m) **27**

EV (€ m) **22**

Market Price (€) **1.53**

Share Data

As of April 16th, 2024

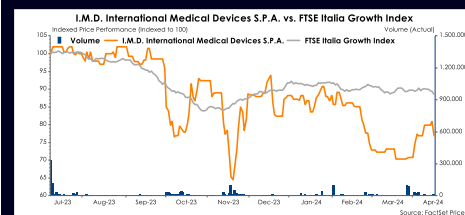
Market	Euronext Growth Milan
Reuters/Bloomberg	IMD
ISIN	IT0005549255
N. of Shares	17,646,750
Market	13.47%
Main Shareholder	Alefra Srl (67.03%)
CEO	Aniello Alberti

Financials

	23A	24E	25E	26E
Sales	38,0	43,2	46,9	49,7
YoY %	-9%	16%	9%	6%
EBITDA	4,4	5,8	6,8	7,3
EBITDA %	11,5%	13,5%	14,4%	14,6%
EBIT	3,6	4,8	5,5	5,8
EBIT %	9,4%	10,9%	11,7%	11,7%
Net Income	2,5	3,3	3,8	4,0
Net D/(C)	(4,9)	(6,9)	(9,2)	(12,1)
Net Equity	23,2	26,5	30,3	34,3

Performance

	1M	3M	1Y
Absolute	+5%	-8%	+5%
Relative (FTSE Italia Growth)	+6%	-5%	+1%
52-week High/Low (Eu)	2.10	/	1.27



Luisa Primi
l.primi@irtop.com



KEY FINANCIALS

Profit&Loss Statement	2021A	2022A	2023A	2024E	2025E	2026E
Revenues (VoP)	46,2	41,8	38,0	43,2	46,9	49,7
EBITDA	6,9	5,6	4,4	5,8	6,8	7,3
EBIT	6,2	5,0	3,6	4,8	5,5	5,8
Financial Income (charges)	-0,1	-0,1	0,0	-0,1	-0,1	-0,1
Extraordinary items	0,0	0,0	0,0	0,0	0,0	0,0
Pre-tax profit (loss)	6,0	4,9	3,6	4,7	5,4	5,7
Taxes	-1,6	-1,7	-1,1	-1,4	-1,6	-1,7
Minorities	0,3	0,3	0,2	0,3	0,4	0,4
Net profit (loss)	4,4	3,2	2,5	3,3	3,8	4,0

Balance Sheet	2021A	2022A	2023A	2024E	2025E	2026E
Net working capital (NWC)	12,9	15,4	17,4	17,9	19,8	20,8
Net fixed assets	1,7	1,6	2,4	3,3	3,1	3,2
M/L Funds	-1,9	-1,9	-1,5	-1,6	-1,7	-1,8
Net Capital Employed	12,7	15,2	18,3	19,6	21,1	22,2
Net Debt	0,4	-0,3	-4,9	-6,9	-9,2	-12,1
Minorities	1,4	1,5	1,7	2,0	2,4	2,8
Equity	12,3	15,4	23,2	26,5	30,3	34,3

Cash Flow	2021A	2022A	2023A	2024E	2025E	2026E
Net Income	n.a.	3,2	2,5	3,3	3,8	4,0
Non-cash items	n.a.	0,6	0,4	1,0	1,3	1,5
Change in Working Capital	n.a.	-2,6	-2,0	-0,5	-1,9	-1,0
Cash Flow from Operations	n.a.	1,3	0,9	3,8	3,2	4,4
Capex	n.a.	-0,5	-1,6	-1,8	-1,0	-1,5
Other non-current asstes	n.a.	0,0	0,0	0,0	0,0	0,0
Extraordinary items	n.a.	0,0	0,0	0,0	0,0	0,0
Operating Free Cash Flow	n.a.	0,8	-0,7	2,0	2,2	2,9
Dividend	n.a.	0,0	0,0	0,0	0,0	0,0
Other (equity)	n.a.	-0,1	5,3	0,0	0,0	0,0
Free Cash Flow	n.a.	0,6	4,7	2,0	2,2	2,9

Current Price	1,53					
Total shares out fully diluted (mn)	17,65					
EPS	0,2	0,2	0,2	0,2	0,3	0,0
DPS	0,0	0,0	0,0	0,0	0,0	0,0
FCF	n.a.	0,0	0,3	0,1	0,1	0,2
Pay out ratio	0%	0%	0%	0%	0%	0%

Ratios	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA margin	15,0%	13,5%	11,5%	13,5%	14,4%	14,6%
EBIT margin	13,3%	11,9%	9,4%	11,1%	11,6%	11,7%
Net Debt/Equity	3,1%	-1,7%	-21,2%	-26,2%	-30,2%	-35,3%
Net Debt/(Net Debt + Equity)	3,0%	-1,7%	-26,9%	-35,4%	-43,4%	-54,5%
Net Debt/EBITDA	0,06	-0,05	-1,12	-1,19	-1,35	-1,66
Interest cover EBIT	43,40	66,26	-222,25	48,11	54,67	58,23
ROE	35,7%	20,9%	10,6%	12,4%	12,4%	11,7%
ROCE	61,1%	43,8%	25,5%	31,8%	33,5%	34,0%
Free Cash Flow Yield	n.a.	2,4%	17,3%	7,5%	8,2%	10,9%

Growth Rates	2021A	2022A	2023A	2024E	2025E	2026E
Revenues (VoP)	n.a.	-10%	-9%	14%	9%	6%
EBITDA	n.a.	-18%	-22%	33%	16%	7%
EBIT	n.a.	-19%	-28%	35%	14%	7%
Net Profit	n.a.	-27%	-24%	34%	14%	7%

Source: Group consolidated financial statements and PMI Capital Research estimates

Sales breakdown FY21-23

IMD Consolidated	FY21	On total	FY22	On total	FY23	On total	Var.
X-Ray Imaging Device	39.6	86%	32.7	78%	27.1	71%	-17%
X-Ray Generators	6.5	14%	9.1	22%	10.8	29%	+19%
Total	46.1	100%	41.8	100%	38.0	100%	-9%

X-Ray Imaging Devices	FY21	On total	FY22	On total	FY23	On total	Var.
Mobile	23.9	60%	15.5	48%	10.4	38%	-35%
Surgery (C Arms)	8.3	21%	7.6	23%	9.2	34%	+21%
Surgery Plus	1.1	3%	3.5	11%	2.8	10%	-23%
Other	6.3	16%	6.0	18%	4.7	17%	-5%
Total	39.6	100%	32.5	100%	27.1	100%	-18%

X-Ray Imaging Generators	FY21	On total	FY22	On total	FY23	On total	Var.
Monoblocs	4.1	63%	5.6	62%	6.2	57%	+10%
Generators	0.5	7%	0.6	7%	0.8	7%	+29%
Control Systems	1.6	25%	2.5	28%	3.4	31%	+35%
Other	0.3	5%	0.3	3%	0.4	4%	+33%
Total	6.5	100%	7.2	100%	10.8	100%	+19%

Key financials FY21A-1H23A

P&L	1H22	1H23	2021	2022	2023
Sales	20.5	19.4	46,2	41,8	38,0
YoY	n.a.	-5%	n.a.	-10%	-9%
EBITDA	2.9	2.0	6,9	5,6	4,4
EBITDA %	14.2%	10.6%	15,0%	13,5%	11,5%
D&A	(0.3)	(0.3)	(0,8)	(0,7)	(0,8)
EBIT	2.6	1.7	6,2	5,0	3,6
EBIT %	12.6%	9.0%	13,3%	11,9%	9,4%
Net financial charges	(0.1)	(0.1)	(0,1)	(0,1)	0,0
EBT	2.5	1.7	6,0	4,9	3,6
EBT %	12.3%	8.9%	13,0%	11,7%	9,4%
Tax	(0.8)	(0.6)	(1,6)	(1,7)	(1,1)
Net Income	1.7	1.1	4,4	3,2	2,5
E %	8%	6%	9,5%	7,7%	6,5%
o/w third parties	0.1	0.2	0,3	0,3	0,2

BALANCE SHEET	1H22	1H23	2021	2022	2023
Trade receivables	9.3	7.7	9,1	9,3	8,5
Trade Payables	(9.1)	(7.3)	(8,9)	(9,1)	(7,0)
Inventory	16.3	17.5	14,1	16,3	15,5
Other current assets	1.9	2.0	1,1	2,0	2,7
Other current liabilities	(3.0)	(3.2)	(2,6)	(3,0)	(2,3)
Net Working Capital	15.4	16.7	12.9	15.4	17.4
Fixed Assets	1.6	1.7	1,7	1,6	2,4
Funds	(1.9)	(1.7)	(1,9)	(1,9)	(1,5)
Net Capital Employed	15.2	16.7	12.7	15.2	18.3
Net Debt	(262)	0.2	0,4	(0,3)	(4,9)
Equity	13.9	14.9	12,3	15,4	23,2
o/w third parties	0.3	0.2	1,4	1,5	2,0
Total Sources	15.2	16.7	12.7	15.2	18.3

Estimate Revision

	FY23Old	FY23Act	Var%	FY24E Old	FY24E New	Var %	FY25E Old	FY25E New	Var %	FY26E New	Av. Var %
Profit&Loss Statement											
Revenues (VoP)	37,9	38,0	0%	42,8	43,2	1%	47,0	46,9	0%	49,7	0%
EBITDA	4,5	4,4	-3%	6,3	5,8	-7%	7,1	6,8	-4%	7,3	-5%
EBIT	3,8	3,6	-7%	5,4	4,8	-11%	6,0	5,5	-9%	5,8	-10%
Financial Inc. (ch)	(0,1)	0,0	-116%	(0,1)	(0,1)	0%	(0,1)	(0,1)	0%	(0,1)	0%
Pre-tax profit (loss)	3,7	3,6	-4%	5,3	4,7	-11%	5,9	5,4	-9%	5,7	-10%
Taxes	(1,1)	(1,1)	0%	(1,6)	(1,4)	-11%	(1,8)	(1,6)	-9%	(1,7)	-10%
Minorities	0,2	0,2	-2%	0,3	0,3	-8%	0,4	0,4	-6%	0,4	-7%
Net profit (loss)	2,6	2,5	-6%	3,7	3,3	-11%	4,1	3,8	-9%	4,0	-10%
Balance Sheet											
NWC	15,7	17,4	11%	16,2	17,9	11%	16,2	19,8	22%	20,8	16%
Net fixed assets	2,9	2,4	-16%	3,1	3,3	6%	3,1	3,1	-2%	3,2	2%
M/L Funds	(2,0)	(1,5)	-21%	(2,0)	(1,6)	-21%	(2,1)	(1,7)	-20%	(1,8)	-21%
NCE	16,6	18,3	10%	17,3	19,6	14%	17,2	21,1	23%	22,2	18%
Net Debt	(6,8)	(4,9)	-28%	(9,9)	(6,9)	-30%	(14,1)	(9,2)	-35%	(12,1)	-32%
Minorities	1,8	1,7	-5%	2,1	2,0	-5%	2,5	2,4	-6%	2,8	-5%
Equity	23,5	23,2	-1%	27,2	26,5	-2%	31,3	30,3	-3%	34,3	-3%

VALUATION

Based on our new estimates and updated market data our valuation model yields a target price of Euro 2.45 p.s., in line with our previous one (Euro 4.45 p.s) and providing for a potential upside vs. current trading of c. 60%. Our target price was obtained by a combination of a DCF model and multiple analysis and offers implicit FY 24-25 EV/EBITDA multiples of 6.2x and 5.0x vs. peers' of 11.1x and 9.5x and current trading of 3.4x and 2.6x.

Valuation Summary

Method	Weight	Price (Euro)	Equity Value (Euro m)
Multiple Comparison (FY 24-25 EV/Sales)	50%	2.49	43.9
DCF	50%	2.41	42.5
Target Price	100%	2.45	43.2

Implicit multiples @our valuation

	EV Eu m	EV/EBITDA	P/E
FY22A			
FY23E	38.3	8.7x	19.5x
FY24E	36.3	6.2x	14.5x
FY25E	34.0	5.0x	12.7x
FY26E	31.1	4.3x	11.9x

Market Multiples

We selected a set of international listed companies active in the medical X-Ray imaging market. We also added two Italian MedTech companies listed on Euronext Milan (GVS Spa and Antares Vision Spa) which are not active in the Group's reference market but similar to IMD as they both provide highly technological systems for healthcare. Applying a 30% size and liquidity discount on FY24-25 EV/EBITDA and P/E multiples this model yielded a valuation of Euro 2.49 p.s..

Companies	Country	Market Cap	Sales 2023E	Sales YoY 23/22	EBITDA % 2023E	NI % 2023E	2023A-2026E CAGR		
							Sales	EBITDA	Net Income
Siemens Healthineers	Germany	59.400	21.680	0%	19%	7%	6%	13%	28%
GE Healthcare Technologies Inc.	USA	36.783	18.198	4%	18%	8%	5%	7%	15%
Hologic Inc	USA	16.583	3.777	-16%	32%	24%	4%	6%	5%
Koninklijke Philips	USA	17.503	18.169	2%	16%	-2%	5%	8%	n.a.
Diagnostic Medical Systems	France	20	42	20%	8%	1%	n.a.	n.a.	n.a.
GVS Spa	Italy	992	425	10%	22%	4%	5%	14%	62%
Antares Vision SpA	Italy	173	228	2%	9%	-3%	n.a.	n.a.	n.a.
Average		18.779	8.931	3%	18%	6%	5%	10%	27%
IMD Group	ITA	27,0	42	-10%	13%	8%	4%	6%	5%

Source: Fact Set data as of April 16th, 2024

Companies	EV/EBITDA			P/E		
	23E	24E	25E	23E	24E	25E
Siemens Healthineers	16,8x	15,8x	13,6x	26,1x	23,7x	19,8x
GE Healthcare Technologies Inc.	12,2x	12,6x	11,6x	17,9x	15,8x	n.a.
Hologic Inc	13,4x	14,5x	13,4x	19,0x	18,6x	17,0x
Koninklijke Philips	9,1x	7,7x	6,9x	15,5x	13,6x	11,6x
Diagnostic Medical Systems	9,9x	7,6x	5,7x	57,3x	14,3x	9,5x
GVS Spa	13,7x	12,2x	10,3x	26,7x	17,6x	14,2x
Antares Vision SpA	9,5x	7,3x	5,1x	n.a.	n.a.	19,3x
Average	12,1x	11,1x	9,5x	27,1x	17,3	15,3x
IMD Group	5,0x	3,4x	2,6x	11,0x	8,2	7,2x
Premium/Discount to Peers	-58%	-69%	-72%	-59%	-53%	-53%

Source: Fact Set data as of April 16th, 2024

DCF Model

Our DCF model is based on a three-stage model with explicit estimates for 2024-26E, 3 years to 2029 with growth normalizing at 1%, an 15% EBITDA margin, capex at c. 1% of sales, and terminal value discounted at 8.84% WACC and 1% growth. Our DCF model turns back a valuation of Euro 2.41 p.s.

	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	TV
EBIT	4,8	5,5	5,8	6,2	6,6	6,8	
Tax	(1,4)	(1,6)	(1,7)	(1,8)	(2,0)	(2,0)	
NOPAD	3,4	3,9	4,1	4,4	4,7	4,8	
D&A	1,0	1,3	1,5	1,5	1,3	1,4	
Change in NWC	(0,5)	(1,9)	(1,0)	(0,9)	(0,4)	(0,2)	
Capex	(1,8)	(1,0)	(1,5)	(1,5)	(1,5)	0,0	
FCF	2,1	2,3	3,0	3,4	4,1	5,9	38,7
Discounted free cash flows	2,0	2,0	2,4	2,5	2,8	3,6	24,0
Discounted free cash flows FY24-26E	6,4	16%					
Discounted free cash flows FY27-29E	8,9	23%					
NPV of Terminal Value	24,0	61%					
EV	39,3	100%					
Net Debt 1H23A	(4,9)						
Minorities FY22A	1,5						
Fair Value of Equity	42,7						
No of shares (m)	17,6						
Fair Value per share (Eu)	2,41						

IMD GROUP SNAPSHOT

Company description

I.M.D. International Medical Devices S.p.A, is the holding company of the IMD Group an Italian player active in the field of medical devices (MedTech sector) and is focalized in imaging diagnostic solutions based on X-Ray technology. In particular, the group develops, manufactures, and distributes a wide portfolio of X Ray diagnostic systems and components for key clinical applications in the field of radiology. The group's operations are structured in two main business segments: X-Ray Generators and X-Ray Imaging Devices. With its 116 FTEs the Group recorded sales of Euro 38 m in FY23. Geographically 76% of total sales was in realized outside the domestic market. The Group is headquartered in Grassobbio, near Bergamo.

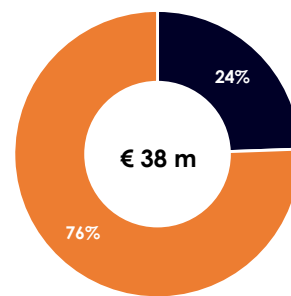
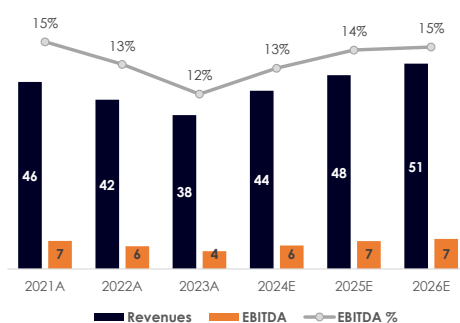
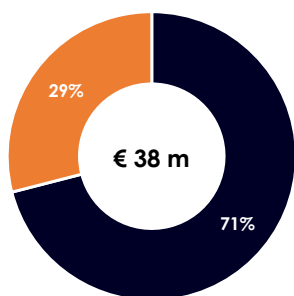
Management

Aniello Alberti
 Chairman and CEO

Key Shareholders

Alefra Srl 67.03%
 Dornier Medtech 9.50%
 Aniello Alberti 8.15%
 Market 13.47%

IMD in charts



■ X-Ray Imaging Devices ■ X-Ray Generators

■ Italy ■ Rest of the World

Source: Group presentation

SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> Technological know-how, advanced quality system and 40 years of experience Long lasting relation with first class global medical devices producers (OEM) Quality, reliability, and competitive product portfolio Vertically integrated business model and supervision of the entire value chain thanks to a flexible production capacity Well diversified product portfolio including finished medical devices and critical components such as monoblocs. In-depth knowledge of the market and ability to provide tailor-made solutions with high flexibility and fast time-to-market. High switching costs 	<ul style="list-style-type: none"> Internal policy of low patent coverage Limited sales network Group integration in progress with reference to some specific items (i.e., IT, purchasing, governance and other procedure) Integration of ESG policies
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> Exposure to highly attractive market New international market opportunity thanks to demographic change in emerging markets Growing role of health prevention and increase in living standards/ access to healthcare Obsolete machine park and new opportunity of renewal thanks to EU funds Production capacity expansion and new product lines development M&A opportunity in order to complete group's value chain by adding new products and/or distribution activity 	<ul style="list-style-type: none"> Lack of raw material or increase in raw material costs due to macroeconomics turmoil. Competitive landscape mainly represented by multinational players. Increasing regulations or changes in the regulatory framework Difficult to attract and retain highly skilled labour force Maintaining stringent regulatory requirements and high technological standards Macroeconomic turmoil and Russia-Ukraine international war context

I.M.D. INTERNATIONAL MEDICAL DEVICES ON EURONEXT GROWTH MILAN

SHARES (as of April 16th, 2023)

Bloomberg: IMDM
 Reuters: IMD.MI
 ISIN: IT0005549255
 Shares: 17.646.750
 Price: Euro 1.53
 Performance from IPO: -25%
 Capitalisation: Euro 27 m
 Free Float: 13.47%
 EGA: Akros

IPO

Trading Market: Euronext Growth Milan
 Date: July 7th, 2022
 Price: Euro 2.05
 Capital raised: Euro 5.7 m
 Capitalisation: Euro 36.2 m

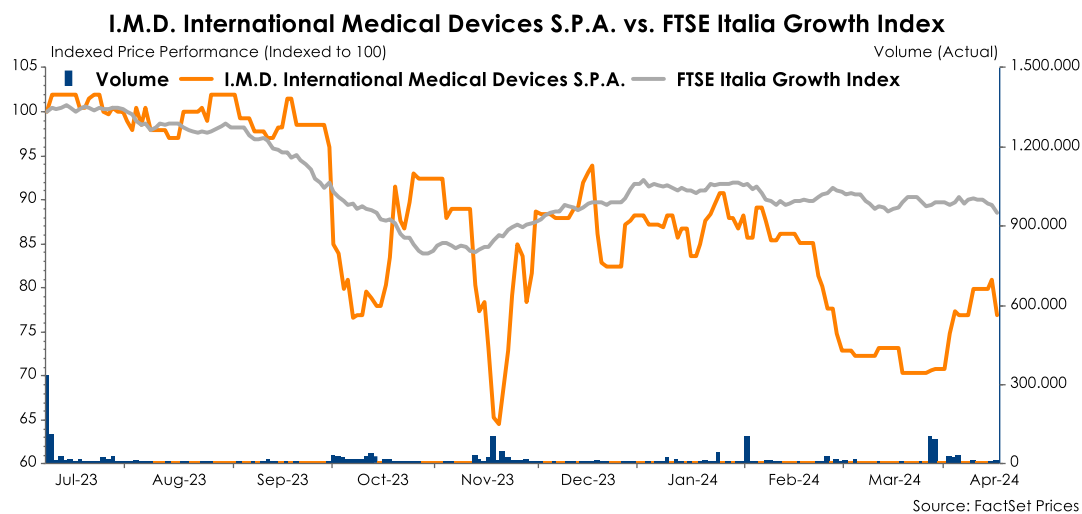
SHAREHOLDERS

Shareholder	No. shares	%
Alefra Srl*	11.829.211	67,03%
Aniello Aliberti*	1.438.023	8,15%
Dornier Medtech GmbH*	1.676.441	9,50%
Own Shares	325.575	1,85%
Market	2.377.500	13,47%
Total	17.646.750	100,00%

Source: Goup website as of April 16th, 2024.

*Shares subject to lock up agreement of 12 months from IPO

STOCK PERFORMANCE



DISCLAIMER



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Date	Target Price	Market Price	Validity Time
April 16 th , 2024	2.45	1.53	12 months
October 2 nd , 2023	2.45	1.69	12 months

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