



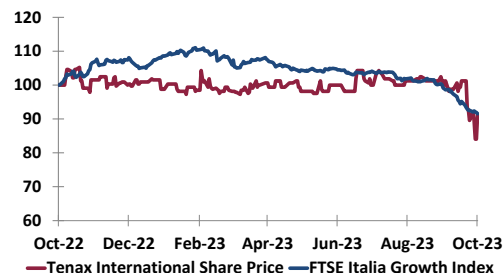
# H1 2023 on the right path fueled by new markets, waiting for new models

## OUTPERFORM

**Current Share Price (€): 2.98**

**Target Price (€): 5.26**

### Tenax International - 1Y Performance



Source: S&P Capital IQ - Note: 13/10/2022=100

### Company data

ISIN number	IT0005428898
Bloomberg code	TNX IM
Reuters code	TNX.IM
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	2.98
Date of Price	13/10/2023
Shares Outstanding (m)	3.5
Market Cap (€m)	10.5
Market Float (%)	33.6%
Daily Volume	12,600
Avg Daily Volume YTD	2,480
Target Price (€)	5.26
Upside (%)	77%
Recommendation	OUTPERFORM

### Share price performance

	1M	3M	6M	1Y
Tenax - Absolute (%)	-10%	-9%	-8%	-9%
FTSE Italia Growth (%)	-8%	-12%	-14%	-9%
1Y Range H/L (€)			3.43	2.74
YTD Change (€) / %			-0.31	-9.4%

Source: S&P Capital IQ

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### Trading update

Tenax share price performed in line with the Italia Growth index over the last 12 months (both -9%), hit by the turmoil affecting global stock markets.

### H1 2023: sales and profitability boost, 97% exports

Tenax recorded a substantial sales growth in H1 2023, +42% YoY, up to €9m, and total revenues up to €10.2m. According to management, sales improved driven by geographical expansion in North America and Germany, despite a €2m delivery reschedule of new models Electra 2.0 Evos and Hydros. EBITDA doubled to €0.8m, 7.5% margin vs 5.1% in H1 2022: cost of operations (+38% YoY) rose less than sales, with materials increasing (+59% YoY) more than services and personnel (respectively, +13% and +23% YoY). Net income at €0.2m, breakeven, from €(0.2)m in H1 2022. Inventory increased by 39% on 2022 year-end and despite a trade receivables improvement (-19% on FY22) Trade Working Capital went up to €8.2m from €7.7m at FY22 (+7%). Net financial debt was €5.1m, from €4.3m as of December 2022.

### Current trading and backlog

2023 sales of €12.3m to date and current backlog (€7.8m for 2023 and €5.2m for 2024), disclosed by management, continue to sustain our midterm projections, with some fine tuning on 2023 year-end to factor in production delays and costs mix alignment with H1.

### New models launch

Delays in new model launches didn't curtail Tenax growth in H1 2023 and management set up a work plan to cope with increased demand; furthermore, the launch of the new model Electra 5.0, the first high-capacity electric road sweeper, was postponed and is now expected in H1 2024. All of the above confirms the ongoing positive trend for cleaner sweepers, despite international economies uncertainties.

### Target Price €5.26 per share and OUTPERFORM rating confirmed

H1 2023 performance and sales growth in line with our expectations confirm Tenax appeal, supported by new markets boost and new product launches, and suggest no revision to our projections. Our updated valuation outcome confirms the previous target price of €5.26 per share and the OUTPERFORM rating on the stock, given the 77% upside potential on current share price.

### KEY FINANCIALS AND ESTIMATES

€m	2020	2021	2022	2023E	2024E	2025E
<b>Sales</b>	<b>7.9</b>	<b>10.4</b>	<b>17.0</b>	<b>20.4</b>	<b>24.5</b>	<b>29.4</b>
Total Revenues	8.9	10.9	18.4	21.4	26.1	30.7
<b>EBITDA</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>2.0</b>	<b>2.7</b>	<b>3.2</b>
Margin on Sales	13%	10%	11%	10%	11%	11%
<b>Net (Debt) Cash</b>	<b>(2.9)</b>	<b>(5.4)</b>	<b>(4.3)</b>	<b>(4.2)</b>	<b>(4.1)</b>	<b>(3.8)</b>
<b>Equity</b>	<b>4.7</b>	<b>5.6</b>	<b>6.2</b>	<b>6.7</b>	<b>7.5</b>	<b>8.4</b>

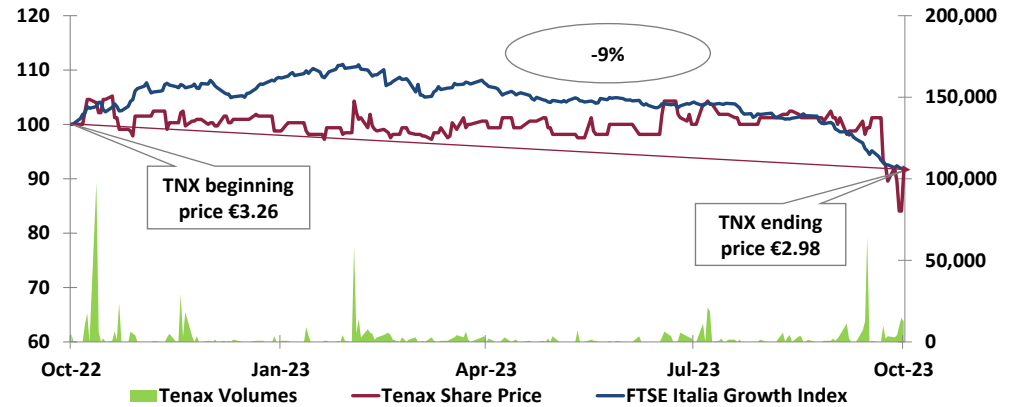
Source: Company data 2020-22A, EnVent Research 2023-25E

## Market update

### Tenax International - 1Y Share price performance and trading volumes

Trading price range €2.74-3.43 per share

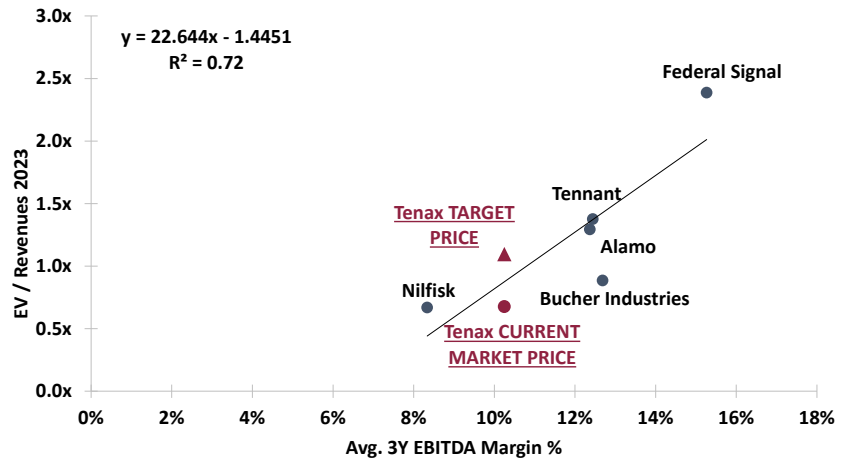
-9% for both Tenax and Italia Growth Index



Source: EnVent Research on S&P Capital IQ - Note: 13/10/2022=100

### Industry peer group - Regression analysis and Tenax target positioning

Industry like positioning



Source: EnVent Research on S&P Capital IQ, October 2023

## Investment case

Pioneer of zero emission city cleaning

In-house full electric vehicles

Public tenders worldwide, over 90% export

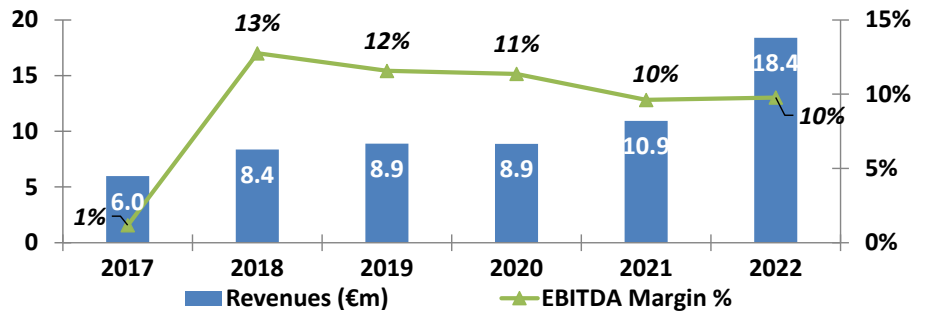
Tenax International is an Italian producer of high performance full electric road sweepers and washers for cleaning on public and private roads or areas designed and engineered in-house. The major purpose of internal development is to unlock the full potential of electric power technologies, compared to electrification of competitors' older diesel-based models, providing light and efficient vehicles with zero emissions and with exchangeable power storage based on customers' needs. Tenax owns active patents for its in-house technology.

Major end-customers are public administrations and municipalities which are reached through a comprehensive dealer network. Sales are generated by selection and participation to public tenders. Tenax operates in the compact street sweepers segment and its full-electric vehicles are sold worldwide, with over 90% revenues generated internationally.

**Strategy**

Main strategic goal is to foster leadership in the electric segment, developing next-generation sweepers for segments in which Tenax is not present and improving the existing range in response to customer requirements. Tenax will continue the geographical expansion into new markets and to evaluate acquisition opportunities to enrich product and customer portfolio.

**Historical Revenues and EBITDA**



Source: Company data

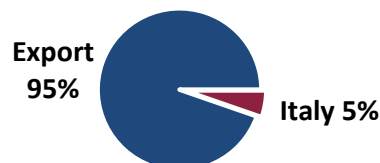
**Industry and Company drivers**

- Electric-based machines at the core of e-mobility innovation
- Feeding sustainability demand in the road sweepers market: wide room for growth of full electric vehicles
- The mobile machinery industry is a Europe-based world class industrial cluster
- Full-electric pioneer in a niche market segment destined to shift to electric
- Development and innovation skills, ability to design and develop cost-effective cleaning vehicles
- Diversified product portfolio and global presence

**Challenges**

- High rivalry: second and fast second movers may populate market and increase competition
- International market exposure
- Sustainability of operating margins
- Investment in inventory and working capital

**Sales breakdown by geography, 2022**



Source: Company data - Note: Consolidated sales

## Business update

New products:

- Electra 2.0 Evos + and Electra 2.0 Hydros launched July 2023
- Electra 5.0 currently in testing phase, expected launch in 2024

## H1 2023 figures

### Profit and Loss

€m	H1 2022	H1 2023
Sales	6.4	9.0
Change in inventory	0.5	0.8
Capitalization of R&D	0.2	0.3
Other income	0.1	0.1
<b>Total Revenues</b>	<b>7.2</b>	<b>10.2</b>
YoY %	37.9%	41.4%
Materials	(3.3)	(5.3)
Services	(1.8)	(2.1)
Personnel	(1.5)	(1.8)
Other operating costs	(0.2)	(0.3)
<b>Operating charges</b>	<b>(6.8)</b>	<b>(9.4)</b>
<b>EBITDA</b>	<b>0.4</b>	<b>0.8</b>
Margin	5.1%	7.5%
D&A	(0.3)	(0.3)
<b>EBIT</b>	<b>0.0</b>	<b>0.4</b>
Margin	0.3%	4.4%
Interest	(0.2)	(0.1)
<b>EBT</b>	<b>(0.1)</b>	<b>0.3</b>
Margin	-2.0%	3.2%
Income taxes	(0.0)	(0.1)
<b>Net Income (Loss)</b>	<b>(0.1)</b>	<b>0.2</b>
Margin	-2.1%	2.0%

Source: Company data

### Balance Sheet

€m	H1 2022	2022	H1 2023
Inventory	6.5	6.4	8.8
Trade receivables	3.0	5.8	4.7
Advances from customers	(0.5)	(0.1)	(0.5)
Trade payables	(3.8)	(5.0)	(5.0)
Trade Working Capital	5.2	7.0	7.9
Other assets (liabilities)	0.3	0.6	0.3
<b>Net Working Capital</b>	<b>5.5</b>	<b>7.7</b>	<b>8.2</b>
Intangible assets	2.8	2.8	3.2
Property, plant and equipment	0.4	0.5	0.5
Equity investments and financial assets	0.1	0.1	0.1
<b>Non-current assets</b>	<b>3.2</b>	<b>3.4</b>	<b>3.8</b>
<b>Provisions</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.5)</b>
<b>Net Invested Capital</b>	<b>8.3</b>	<b>10.6</b>	<b>11.5</b>
Bank debt	3.9	3.3	3.7
Other financial debt	3.0	3.0	3.0
Cash and equivalents	(4.1)	(2.0)	(1.7)
<b>Net Debt (Cash)</b>	<b>2.8</b>	<b>4.3</b>	<b>5.1</b>
<b>Equity</b>	<b>5.5</b>	<b>6.2</b>	<b>6.4</b>
<b>Sources</b>	<b>8.3</b>	<b>10.6</b>	<b>11.5</b>

### Cash Flow

€m	H1 2022	H1 2023
<b>EBIT</b>	<b>0.0</b>	<b>0.4</b>
Current taxes	(0.0)	(0.1)
D&A	0.3	0.3
Provisions	0.0	0.0
<b>Cash flow from P&amp;L operations</b>	<b>0.4</b>	<b>0.7</b>
Trade Working Capital	2.8	(0.9)
Other assets and liabilities	0.2	0.3
Capex	(0.6)	(0.8)
<b>Operating cash flow after WC and capex</b>	<b>2.8</b>	<b>(0.6)</b>
Interest	(0.2)	(0.1)
Equity investments and financial assets	(0.1)	0.0
<b>Net cash flow</b>	<b>2.6</b>	<b>(0.7)</b>
Net (Debt) Cash - Beginning	(5.4)	(4.3)
Net (Debt) Cash - End	(2.8)	(5.1)
<b>Change in Net (Debt) Cash</b>	<b>2.6</b>	<b>(0.7)</b>

Source: Company data – Note: Rounded figures

### Ratio analysis

KPIs	H1 2022	H1 2023
ROE	neg.	11%
ROS (EBIT/Sales)	0%	2%
DOI	170	162
DSO	65	70
DPO	104	97
TWC/Sales	42%	40%
Net Debt / EBITDA	3.7x	3.3x
Net Debt / Equity	0.5x	0.8x
Net Debt / (Net Debt+Equity)	0.3x	0.4x
Cash flow from P&L operations / EBITDA	100%	91%
FCF / EBITDA	nm	neg.

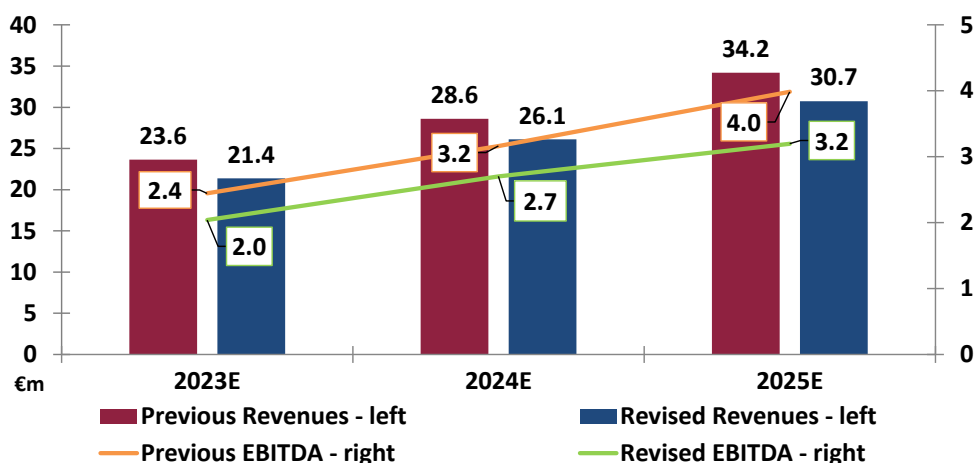
Note: H1 KPIs calculated on LTM economics

## Estimates revision

Fine tuning on 2023: full year sales to factor in production delays and costs mix alignment with H1, on the back of €12.3m sales to date and €7.8m backlog for 2023 disclosed by management.

## Change in estimates

### Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised			Previous			Change %		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
<b>Sales</b>	20.4	24.5	29.4	22.1	26.5	31.8	-8%	-8%	-8%
<b>Revenues</b>	21.4	26.1	30.7	23.6	28.6	34.2	-10%	-9%	-10%
<b>EBITDA</b>	2.0	2.7	3.2	2.4	3.2	4.0	-17%	-15%	-20%
<i>Margin on Revenues</i>	10%	10%	10%	10%	11%	12%			
<b>EBIT</b>	1.0	1.4	1.6	1.4	1.9	2.3	-29%	-25%	-34%
<i>Margin on Revenues</i>	5%	5%	5%	6%	7%	7%			
<b>Net Income (Loss)</b>	0.5	0.8	0.9	0.8	1.1	1.5	-37%	-29%	-38%
<b>Net (Debt) Cash</b>	(4.2)	(4.1)	(3.8)	(4.3)	(4.3)	(4.4)	-2%	-5%	-13%
<i>Net Debt/EBITDA</i>	2.1x	1.5x	1.2x	1.8x	1.4x	1.1x			

Source: EnVent Research

## Financial projections

### Profit and Loss

€m	2020	2021	2022	2023E	2024E	2025E
Sales	7.9	10.4	17.0	20.4	24.5	29.4
Change in inventory	0.7	(0.2)	0.8	0.4	1.0	0.7
Capitalization of R&D	0.2	0.4	0.4	0.4	0.4	0.4
Other income	0.0	0.3	0.2	0.2	0.2	0.2
<b>Total Revenues</b>	<b>8.9</b>	<b>10.9</b>	<b>18.4</b>	<b>21.4</b>	<b>26.1</b>	<b>30.7</b>
YoY %	-0.1%	23.2%	68.2%	16.2%	22.1%	17.7%
Materials	(4.1)	(4.2)	(8.8)	(10.6)	(13.0)	(15.4)
Services	(1.8)	(3.5)	(4.4)	(4.4)	(5.5)	(6.3)
Personnel	(1.7)	(1.9)	(2.9)	(3.7)	(4.3)	(5.1)
Other operating costs	(0.2)	(0.3)	(0.5)	(0.6)	(0.6)	(0.7)
<b>Operating charges</b>	<b>(7.9)</b>	<b>(9.9)</b>	<b>(16.6)</b>	<b>(19.3)</b>	<b>(23.4)</b>	<b>(27.5)</b>
<b>EBITDA</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>2.0</b>	<b>2.7</b>	<b>3.2</b>
Margin on Sales	12.8%	10.1%	10.6%	10.0%	11.0%	10.9%
Margin on Revenues	11.4%	9.6%	9.8%	9.5%	10.4%	10.4%
D&A	(0.6)	(0.7)	(1.0)	(1.0)	(1.3)	(1.6)
<b>EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>
Margin	4.7%	3.4%	4.5%	4.7%	5.4%	5.1%
Interest	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
<b>EBT</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.7</b>	<b>1.1</b>	<b>1.3</b>
Margin	2.7%	2.3%	2.9%	3.4%	4.3%	4.2%
Income taxes	(0.1)	(0.0)	(0.2)	(0.2)	(0.3)	(0.4)
<b>Net Income (Loss)</b>	<b>0.2</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>0.8</b>	<b>0.9</b>
Margin	1.9%	2.2%	1.8%	2.4%	3.1%	3.0%

Source: Company data 2020-22A, EnVent Research 2023-25E

### Balance Sheet

€m	2020	2021	2022	2023E	2024E	2025E
Inventory	4.9	5.2	6.4	6.7	7.7	8.5
Trade receivables	4.1	6.0	5.7	5.8	6.6	7.9
Trade payables	(3.2)	(3.2)	(5.0)	(5.2)	(6.4)	(7.5)
Trade Working Capital	5.7	8.0	7.0	7.3	7.9	8.8
Other assets (liabilities)	(0.1)	0.5	0.6	0.6	0.8	0.9
<b>Net Working Capital</b>	<b>5.7</b>	<b>8.5</b>	<b>7.7</b>	<b>7.9</b>	<b>8.7</b>	<b>9.8</b>
Intangible assets	2.0	2.5	2.8	2.9	2.8	2.2
Property, plant and equipment	0.4	0.3	0.5	0.6	0.7	0.9
Equity investments and financial assets	0.0	0.0	0.1	0.1	0.1	0.1
<b>Non-current assets</b>	<b>2.4</b>	<b>2.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.6</b>	<b>3.2</b>
<b>Provisions</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>(0.7)</b>
<b>Net Invested Capital</b>	<b>7.7</b>	<b>11.0</b>	<b>10.6</b>	<b>11.0</b>	<b>11.6</b>	<b>12.3</b>
<b>Net Debt (Cash)</b>	<b>2.9</b>	<b>5.4</b>	<b>4.3</b>	<b>4.2</b>	<b>4.1</b>	<b>3.8</b>
<b>Equity</b>	<b>4.7</b>	<b>5.6</b>	<b>6.2</b>	<b>6.7</b>	<b>7.5</b>	<b>8.4</b>
<b>Sources</b>	<b>7.7</b>	<b>11.0</b>	<b>10.6</b>	<b>11.0</b>	<b>11.6</b>	<b>12.3</b>

Source: Company data 2020-22A, EnVent Research 2023-25E

### Cash Flow

€m	2020	2021	2022	2023E	2024E	2025E
<b>EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>
Current taxes	(0.1)	(0.0)	(0.2)	(0.2)	(0.3)	(0.4)
D&A	0.6	0.7	0.9	1.0	1.3	1.6
Provisions	0.0	0.0	0.0	0.1	0.1	0.1
<b>Cash flow from P&amp;L operations</b>	<b>1.0</b>	<b>1.0</b>	<b>1.6</b>	<b>1.9</b>	<b>2.4</b>	<b>2.9</b>
Trade Working Capital	(1.7)	(2.3)	1.0	(0.3)	(0.6)	(1.0)
Other assets and liabilities	(0.1)	(0.6)	(0.1)	(0.0)	(0.1)	(0.1)
Capex	(0.5)	(1.2)	(1.3)	(1.2)	(1.3)	(1.3)
Capex - IPO cost	(0.6)	0.0	0.0	0.0	0.0	0.0
<b>Operating cash flow after WC and capex</b>	<b>(1.9)</b>	<b>(3.0)</b>	<b>1.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>
Interest	(0.2)	(0.1)	(0.3)	(0.3)	(0.3)	(0.3)
Equity investments and financial assets	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0
Capex - IPO cost	0.0	0.0	0.0	0.0	0.0	0.0
IPO proceeds	2.9	0.0	0.0	0.0	0.0	0.0
Warrant exercise	0.0	0.6	0.2	0.0	0.0	0.0
Changes in equity	0.0	0.0	0.1	0.0	0.0	0.0
<b>Net cash flow</b>	<b>0.9</b>	<b>(2.5)</b>	<b>1.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>
Net Debt (Beginning)	(3.8)	(2.9)	(5.4)	(4.3)	(4.2)	(4.1)
Net Debt (End)	(2.9)	(5.4)	(4.3)	(4.2)	(4.1)	(3.8)
<b>Change in Net Debt (Cash)</b>	<b>0.9</b>	<b>(2.5)</b>	<b>1.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>

Source: Company data 2020-22A, EnVent Research 2023-25E

### Ratio analysis

KPIs	2020	2021	2022	2023E	2024E	2025E
ROE	4%	4%	5%	8%	11%	11%
ROS (EBIT/Sales)	5%	4%	5%	5%	6%	5%
ROIC (NOPAT/Invested Capital)	4%	2%	6%	7%	9%	9%
DOI	225	184	136	120	115	105
DSO	154	172	100	85	80	80
DPO	154	120	109	100	100	100
TWC/Sales	73%	77%	41%	36%	32%	30%
Net Debt/EBITDA	2.9x	5.1x	2.4x	2.1x	1.5x	1.2x
Net Debt/Equity	0.6x	1.0x	0.7x	0.6x	0.5x	0.5x
Net Debt/(Net Debt+Equity)	0.4x	0.5x	0.4x	0.4x	0.4x	0.3x
Cash flow from P&L operations/EBITDA	96%	98%	89%	94%	90%	92%
FCF/EBITDA	neg	neg	65%	20%	15%	17%
Per-capita sales (€k)	251	291	320	296	309	309
Basic EPS (€)	0.05	0.07	0.09	0.14	0.23	0.26
Fully-diluted EPS (€)	0.05	0.07	0.09	0.13	0.21	0.24

Source: Company data 2020-22A, EnVent Research 2023-25E

## Valuation

We have updated our DCF and multiples valuation.

### Discounted Cash Flows

Updated assumptions:

- Risk free rate: 4.0% (Italian 10-year government bonds interest rate – 30 days average. Source: Bloomberg, October 2023)
- Market return: 12.5% (30 days average. Source: Bloomberg, October 2023)
- Market risk premium: 8.5%

- Beta: 1.0 (EnVent analysis on selected peers, rounded figures)
- Cost of equity: 12.5%
- Cost of debt: 5.0%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC 9.0%
- Perpetual growth rate after explicit projections (G): 3.0%
- Terminal Value assumes a normalized sustainable EBITDA margin of 12%

#### DCF Valuation

€m	2020	2021	2022	2023E	2024E	2025E	Perpetuity
<b>Revenues</b>	<b>8.9</b>	<b>10.9</b>	<b>18.4</b>	<b>21.4</b>	<b>26.1</b>	<b>30.7</b>	<b>31.7</b>
<b>EBITDA</b>	<b>1.0</b>	<b>1.1</b>	<b>1.8</b>	<b>2.0</b>	<b>2.7</b>	<b>3.2</b>	<b>3.8</b>
<i>Margin</i>	11.4%	9.6%	9.8%	9.5%	10.4%	10.4%	12.0%
<b>EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>1.0</b>	<b>1.4</b>	<b>1.6</b>	<b>3.2</b>
<i>Margin</i>	4.7%	3.4%	4.5%	4.7%	5.4%	5.1%	10.1%
Taxes	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)	(0.4)	(0.9)
<b>NOPAT</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>0.7</b>	<b>1.0</b>	<b>1.1</b>	<b>2.3</b>
D&A	0.6	0.7	1.0	1.0	1.3	1.6	0.6
Provisions	0.0	0.0	0.0	0.1	0.1	0.1	0.0
<b>Cash flow from operations</b>	<b>0.9</b>	<b>1.0</b>	<b>1.6</b>	<b>1.9</b>	<b>2.4</b>	<b>2.9</b>	<b>2.9</b>
Trade Working Capital	(1.7)	(2.3)	1.0	(0.3)	(0.6)	(1.0)	(0.7)
Other assets and liabilities	(0.1)	(0.6)	(0.1)	(0.0)	(0.1)	(0.1)	0.0
Capex	(1.0)	(1.2)	(1.3)	(1.2)	(1.3)	(1.3)	(0.6)
<b>Yearly unlevered free cash flow</b>	<b>(2.0)</b>	<b>(3.1)</b>	<b>1.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.5</b>	<b>1.6</b>
<b>- H1 unlevered free cash flow</b>				<b>0.6</b>			
<b>Free Cash Flow to be discounted</b>				<b>0.9</b>	<b>0.3</b>	<b>0.5</b>	<b>1.6</b>
WACC	9.0%						
Long-term growth (G)	3.0%						
<b>Discounted Cash Flows</b>				<b>0.9</b>	<b>0.3</b>	<b>0.4</b>	
Sum of Discounted Cash Flows	1.6						
<b>Terminal Value</b>							<b>27.1</b>
Discounted TV	21.8						
<b>Enterprise Value</b>	<b>23.4</b>						
Net Debt as of 30/06/23	(5.1)						
<b>Equity Value</b>	<b>18.4</b>						

<b>DCF - Implied multiples</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EV/Revenues	2.6x	2.1x	1.3x	1.1x	0.9x	0.8x
EV/EBITDA	23.2x	22.3x	13.0x	11.5x	8.7x	7.3x
EV/EBIT	55.7x	62.9x	28.1x	23.4x	16.7x	15.0x
P/E	108.4x	77.3x	55.7x	36.2x	23.0x	20.2x

**Discount of current market price vs DCF -34%**

<b>Current market price - Implied multiples</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EV/Revenues	1.7x	1.4x	0.8x	0.7x	0.6x	0.5x
EV/EBITDA	15.4x	14.8x	8.6x	7.6x	5.7x	4.9x
EV/EBIT	36.9x	41.7x	18.6x	15.5x	11.0x	10.0x
P/E	61.8x	44.0x	31.7x	20.6x	13.1x	11.5x

Source: EnVent Research



### Market multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
Bucher Industries	0.9x	0.9x	0.9x	6.7x	6.2x	6.9x	7.9x	7.3x	8.5x	10.9x	10.0x	11.8x
Nilfisk	0.7x	0.7x	0.6x	7.3x	5.2x	4.7x	8.7x	9.5x	8.7x	10.4x	8.0x	8.4x
Tennant	1.5x	1.3x	1.3x	11.8x	8.5x	8.3x	18.4x	11.8x	11.1x	na	13.4x	12.4x
Federal Signal	2.9x	2.4x	2.2x	nm	nm	nm	nm	nm	nm	nm	nm	nm
Alamo	1.5x	1.4x	1.3x	11.9x	9.3x	8.7x	15.7x	11.4x	10.7x	20.4x	15.2x	13.9x
Mean	1.5x	1.3x	1.3x	9.5x	7.3x	7.2x	12.7x	10.0x	9.7x	13.9x	11.6x	11.6x
Median	1.5x	1.3x	1.3x	9.6x	7.3x	7.6x	12.2x	10.5x	9.7x	10.9x	11.7x	12.1x

<b>Tenax International</b>	<b>0.8x</b>	<b>0.7x</b>	<b>0.6x</b>	<b>8.0x</b>	<b>7.1x</b>	<b>5.3x</b>	<b>17.3x</b>	<b>14.4x</b>	<b>10.3x</b>	<b>28.5x</b>	<b>18.5x</b>	<b>11.8x</b>
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Source: EnVent Research on S&P Capital IQ, 13/10/2023

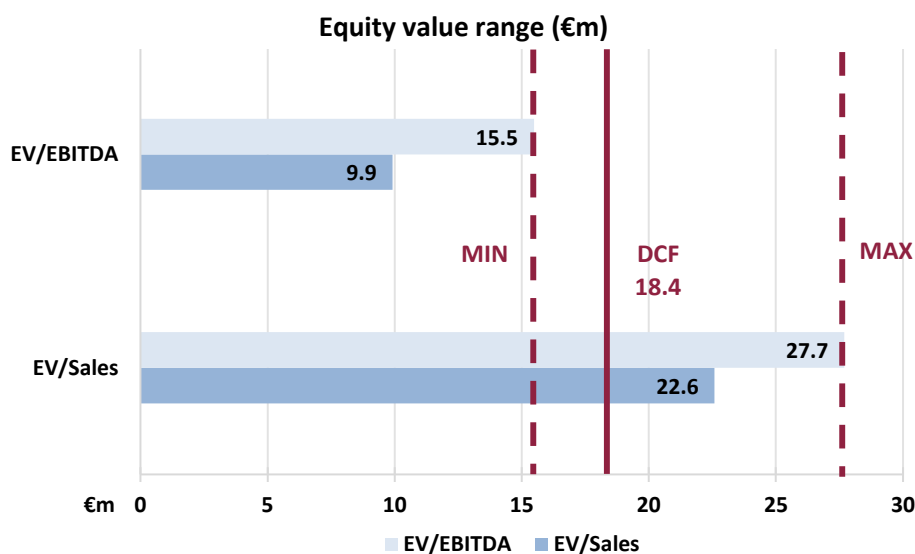
We have applied to our 2023-24 estimates the corresponding multiples from the peer group.

### Application of market multiples

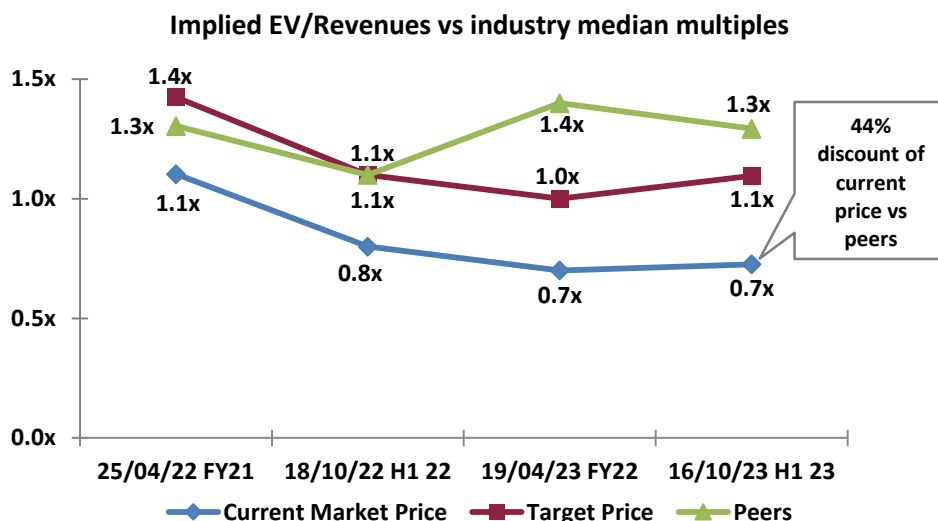
€m						
Tenax (€m)	Market Multiples	EV	Net debt 30/06/2023	Equity value	Equity value per share (€)	
2023E Revenues	21.4	1.3x	27.6	(5.1)	22.6	6.43
2024E Revenues	26.1	1.3x	32.8	(5.1)	27.7	7.89
Mean					25.1	7.16
2023E EBITDA	2.0	7.3x	15.0	(5.1)	9.9	2.82
2024E EBITDA	2.7	7.6x	20.5	(5.1)	15.5	4.41
Mean					12.7	3.62

Source: EnVent Research

### Target Price



Source: EnVent Research



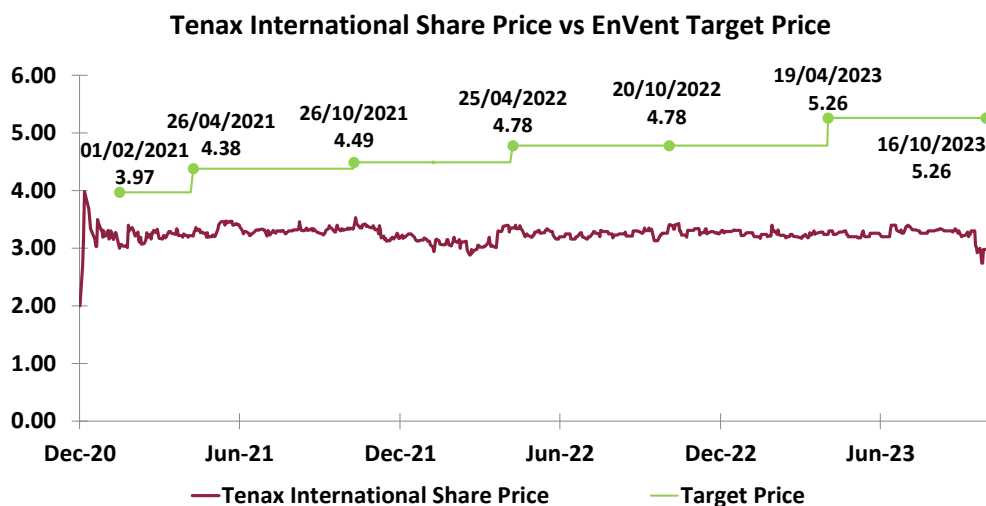
Source: EnVent Research on S&P Capital IQ, 16/10/2023

Our updated DCF valuation leads to confirm our previous target price of €5.26 per share, implying a 77% upside potential on current stock price, and the OUTPERFORM rating.

Please refer to important disclosures at the end of this report.

Tenax International Price per Share	€
<b>Target Price</b>	<b>5.26</b>
Current Share Price (13/10/2023)	2.98
<b>Premium (Discount)</b>	<b>77%</b>

Source: EnVent Research



Source: EnVent Research on S&P Capital IQ, 16/10/2023

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Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

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Date and time of Production: 13/10/2023 h. 7.00pm

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Date	Recommendation	Target Price (€)	Share Price (€)
01/02/2021	OUTPERFORM	3.97	3.00
26/04/2021	OUTPERFORM	4.38	3.21
26/10/2021	OUTPERFORM	4.49	3.38
25/04/2022	OUTPERFORM	4.78	3.35
18/10/2022	OUTPERFORM	4.78	3.26
19/04/2023	OUTPERFORM	5.26	3.24
16/10/2023	OUTPERFORM	5.26	2.98

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