



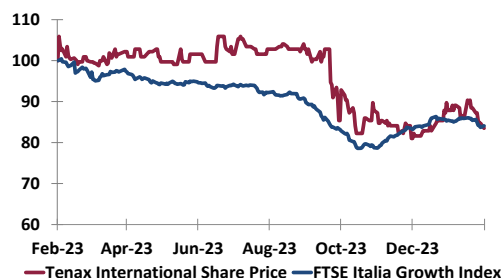
## FLASH NOTE

### OUTPERFORM

**Current Share Price (€): 2.68**

**Target Price (€): 5.26**

#### Tenax International - 1Y Performance



Source: S&P Capital IQ - Note: 13/02/2023=100

#### Company data

ISIN number	IT0005428898
Bloomberg code	TNX IM
Reuters code	TNX.IM
Industry	Manufacturing
Stock market	Euronext Growth Milan
Share Price (€)	2.68
Date of Price	12/02/2024
Shares Outstanding (m)	3.5
Market Cap (€m)	9.4
Market Float (%)	33.6%
Daily Volume	2,100
Avg Daily Volume YTD	10,477
Target Price (€)	5.26
Upside (%)	96%
Recommendation	OUTPERFORM

#### Share price performance

	1M	3M	6M	1Y
Tenax - Absolute (%)	-5%	-1%	-19%	-17%
FTSE Italia Growth (%)	-2%	7%	-9%	-16%
1Y Range H/L (€)			3.40	2.60
YTD Change (€) / %			0.02	0.8%

Source: S&P Capital IQ

#### Analysts

Luigi Tardella - Head of Research

ltardella@envent.it

Mauro Durante mdurante@envent.it

#### EnVent Italia SIM S.p.A.

Via degli Omenoni, 2 - 20121 Milano (Italy)

Phone +39 02 22175979

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## FY23 KPIs and backlogs support estimates

#### Stock performance

Tenax stock price trend was overperforming the market until September 2023; since our last note (October 16<sup>th</sup>), Tenax shares price decreased by 9%, while the Italia Growth Index in the same period was stable (+2%). Overall, Tenax LTM performance is aligned with the Italian Growth market (respectively, -17% and -16%).

#### FY23 preview: Sales up 18%

Tenax disclosed pre-closing FY23 sales of €20.2m, +18.5% YoY; road sweepers and washers sales accounted for €18.9m, +16.7% YoY. Tenax also reported an order backlog to date of €13.9m, 68.8% of FY23 road sweepers and washer sales and over 20% YoY, of which according to management €12m are expected to cover H1 2024 budget, +33% on H1 2023.

#### Outlook: healthy backlog corroborates growth estimates

Despite an uncertain macroeconomic framework, Tenax current backlog confirms the market appeal and the ongoing positive trend for zero emission cleaner sweepers; pre-closing FY23 figures are in line with our estimates, as well as H1 2024 management guidelines.

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

Considering the several production delays in the last years due to supply chain issues and Electra 5.0 potential impact on H2 2024 sales and profitability, we deem room for an upward review. Anyways, we keep our 2023-25E estimates as conservative and we will factor in 2023 figures when full financial information will be available. Moreover, we have updated our valuation to record the warrant exercise window result with no material effect on price per share. Accordingly, we carry forward our previous target price of €5.26, with a 96% potential upside on current share price, and we confirm the OUTPERFORM rating on the stock.

#### 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>
<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

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

*Tenax International, listed on Euronext Growth Milan, 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. Through a comprehensive dealer network, Tenax International reaches end-customers such as public administrations and municipalities which can order products customized according to their needs.*

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

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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;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

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NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 12/02/2024 h. 6.20pm

Date and time of Distribution: 13/02/2024 h. 6.20pm

## DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

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
13/02/2024	OUTPERFORM	5.26	2.68

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of which EnVent clients % *		76%	50%	na	na	na	na

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