

### Marginality expected to recover in 2023



April 21<sup>th</sup>, at 17:30

#### FY22 results below our estimates

In FY22, Revenues slightly decreased to €145.9mln (-1.4% yoy), below our estimate at €153.7mln. [Please refer to our Company Update on September, 20<sup>th</sup> 2022]. Regarding Revenues breakdown, Lighting sales came in at €139.3mln (+1.3% yoy), below our estimate at €146.7mln, whereas Other Revenues declined by 37% yoy to €6.6mln, below our projection at €7.5mln. The decrease in Other Revenues came from i) lower sales of SanificaAria due to the lack of clear guidelines in the Italian Health System related to sanitization of public places and ii) China zero-Covid policy which delayed the recovery of activity and demand in the Region. EBITDA plunged to €3mln from €15.1mln in FY21 and came in well below our estimate at €13.5mln. EBITDA contraction derived from i) worse product mix mainly due to lower selling volumes of SanificaAria; ii) higher raw materials cost due to the unfavourable CNY/USD vs EUR exchange rate; iii) higher transportation costs; iv) increasing advertising expenses and v) higher energy costs. Adjusted EBITDA was €5.4mln excluding €2.3mln of one-off inventories write-off. At the end of 2022, Net Debt rose to €61.9mln from €42.8mln a year earlier and well above our forecast at €42.4mln, for significant stock piling and higher investments.

#### Strategic lines

The Lighting sector remains Beghelli's core business. The Group will continue to invest in the design, production and marketing of innovative products, particularly in emergency lighting. At the end of 2022, the Group launched Beghelli Solare, a range of solar energy storage products that optimise the electricity produced by photovoltaic panels, allowing corporates and households to save on energy bills.

#### 2023-2025E estimates revision

Following FY22, we reduced our 2023E Revenues estimate to €155.6mln (from previous €163.1mln) to reach €176 in 2025E. Basically, we postponed by one year the originally expected FY23 Revenue and added FY25 projections. [Please refer to our Company Update on September, 20<sup>th</sup> 2022]. Since in 2022, Beghelli has faced headwinds due to inflation on material cost and the exchange rate, we project a decrease of the incidence of raw materials and services costs on Revenues from 48% in 2022 to 46% in 2023E to reach 44% in 2025E. We forecast EBITDA and EBITDA margin to increase to €10.5mln and 6.8% in 2023E and to €15.9mln and 9.6% in 2024E, to reach € 18.9mln in 2025E with a margin of 10.8%

Finally, we estimate Net Debt to decrease by some €7mln at the end of 2023E thanks to NOWC cash generation, to reach €43.8mln at the end of 2025E.

#### Valuation: 12-month target price at €0.35; BUY

We confirm our BUY recommendation but reduce our 12-month target price to €0.35/share for: (i) higher WACC, (ii) lower EBITDA forecast and (iii) higher Net Debt at the end of 2022. Our target price is the weighted average of relative market multiples (1/4) and DCF fair value (3/4). To run the DCF, we used 2023-2025E cumulated FCFs (€25.8mln), above our previous estimates at €22.3mln due to cash generation from cumulated NOWC (€1.6mln vs previous -€8mln) and lower cumulated capex (€16.3mln vs previous €18.3mln). The Terminal Value stood at €8.6mln as FY23-25 FCF average, with WACC at 7.8% and 2% of perpetual growth rate.

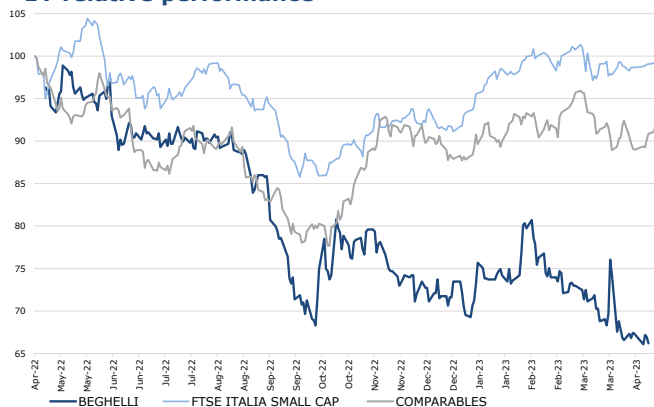
To assess the relative market multiples valuation, we chose FY24E EV/EBITDA (6.5x) excluding FY23E multiple for the complex economic scenario and due to the uncertainty related to the path of earnings recovery in Beghelli. Our valuation excludes a potential upside coming from the disposal of assets intended for sale which have been booked in Working Capital since 2020 and are estimated at €19.5mln (or €0.10/share).

<b>Target Price</b>	<b>€0.35</b>	<b>from €0.44</b>
<b>Recommendation</b>	<b>BUY</b>	<b>Confirmed</b>
<b>Company Profile</b>		
Ticker	BE IM (Bloomberg), BE-IT (FactSet)	
Reference Industry	Industrials – Electrical Equipment	
Stock exchange	Italian Stock Exchange	
Reference Index	FTSE Italia Small Cap	
<b>Market Data</b>		
Last Closing Price	(As of 20 <sup>th</sup> April)	0.27 €
Number of shares (mln)		200.0
Market capitalization (mln)		52 €
Equity Float		25%
<b>1Y performance</b>		
Absolute		-34%
Max / Min		0.27/0.43
Average daily volumes		146,488

<b>Main Financials</b>					
(€/mln)	2021	2022	2023E	2024E	2025E
Reported Revenue	148.0	145.9	154.6	165.1	175.0
<b>Total revenue</b>	<b>152.3</b>	<b>143.6</b>	<b>155.6</b>	<b>166.1</b>	<b>176.0</b>
yoy change	17.1%	-5.7%	8.3%	6.8%	6.0%
<b>EBITDA</b>	<b>15.1</b>	<b>3.0</b>	<b>10.5</b>	<b>15.9</b>	<b>18.9</b>
EBITDA margin (%)	10.2%	2.1%	6.8%	9.7%	10.8%
<b>ADJUSTED EBITDA</b>	<b>13.4</b>	<b>5.4</b>	<b>10.5</b>	<b>15.9</b>	<b>18.9</b>
Adj EBITDA margin (%)	9.0%	3.7%	6.8%	9.7%	10.8%
<b>EBIT</b>	<b>6.8</b>	<b>(6.0)</b>	<b>1.5</b>	<b>6.5</b>	<b>8.9</b>
EBIT margin (%)	4.6%	n.m.	1.0%	3.9%	5.1%
<b>Group Net income</b>	<b>3.3</b>	<b>(10.2)</b>	<b>(0.9)</b>	<b>2.6</b>	<b>4.5</b>
Margin (%)	2.2%	n.m.	n.m.	1.6%	2.6%
<b>Adjusted net debt (cash)</b>	<b>42.8</b>	<b>61.9</b>	<b>54.9</b>	<b>52.1</b>	<b>43.8</b>
Shareholders Equity	89.1	80.7	78.9	80.6	84.3
Net Operating Working Capital	46.9	61.6	58.5	60.5	60.0
Capex and acquisitions	6.8	8.3	4.7	5.5	6.2
<b>Free Cash Flow</b>	<b>7.6</b>	<b>(19.8)</b>	<b>8.4</b>	<b>6.6</b>	<b>10.8</b>

Banca Profilo elaborations on Company data  
Since Beghelli has not yet published a complete FY22 Balance Sheet, the number in light blue is estimated

#### 1Y relative performance



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## SWOT analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Solid product pipeline</li> <li>• Know-how and expertise across different segments of the lighting and emergency industry</li> <li>• Brand Awareness</li> <li>• Strong geographic diversification</li> <li>• Strong business diversification</li> <li>• Strong spirit of innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Limited scale compared to international competitors</li> <li>• Not very active social channels</li> <li>• Low entry barriers</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Expansion of the production business in relation to dynamic emergency lighting</li> <li>• Geographical expansion opportunities in Europe</li> <li>• Ageing population as a driver for Salvalavita Beghelli</li> <li>• Energy efficiency and savings as a driver for ordinary lighting</li> <li>• Photovoltaic industry with Beghelli Solare</li> </ul>	<ul style="list-style-type: none"> <li>• Intensifying competition from Asia</li> <li>• Increasing cost of raw materials, energy and transportation</li> <li>• CNY/USD exchange rate effect</li> <li>• Uncertainty of guidelines and procedures in the Italian Health System in relation to the set-up of SanificAaria in public spaces</li> <li>• War Russia against Ukraine</li> <li>• Substitute products competition</li> </ul>

## Beghelli reference market update

### Solid roots in the lighting industry

The Beghelli Group is an Italian company specialized in projecting, developing, manufacturing, and marketing emergency and non-emergency lighting systems for industrial plants and home use. To a lesser extent, the Company is engaged in manufacturing electronic systems for domestic and industrial safety and in developing and producing safety wearable electronic devices. Since 2020, with a significant impact to FY21 revenues, Beghelli has marketed SanificaAria, an air sanitization product line, launched to meet the growing need for closed environment purification. Before the launch of SanificaAria, revenue depended for almost 80% on lighting systems, with the remaining 20% equally split between other lighting systems, such as light bulbs, and other revenues. In FY21, SanificaAria was expected to represent a game changer; in fact the incidence of "other revenue", including SanificaAria, to Total Revenue increased significantly. However, this trend did not continue in 2022 due to the uncertainty of the guidelines and procedures of the Italian Healthcare system and the weakening of the pandemic.

### Lighting Equipment Manufacturing Industry the reference market

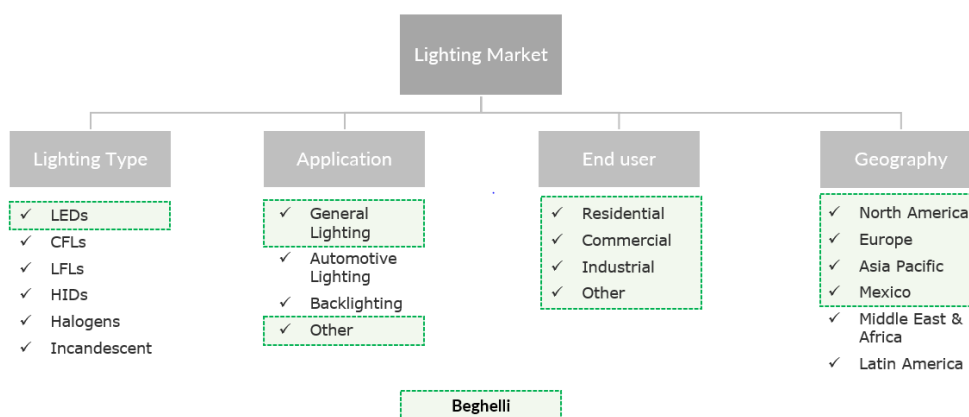
In 2022, Lighting systems revenue accounted for about 95.4% of total Beghelli's revenue (92.9% in FY21), thus the broader reference market for Beghelli is the Lighting Equipment Manufacturing.

## The Lighting Equipment Industry

### Lighting Industry's Market segmentation

Lighting equipment manufacturing refers to the production of lighting elements, their fixtures and accessories used to provide illumination and artificial lighting. With various lighting elements commanding significant global markets, there are distinct manufacturing processes and supply chains for each lighting element technology. Lighting Industry's market segmentation in which Beghelli is directly involved, depend on: i) Lighting Type, ii) Application, iii) End User and iv) Geographic market.

Figure 1: Market segmentation of the Lighting Industry in which Beghelli is directly involved



Source: Banca Profilo elaboration on Fortune Business Insights and Company data

### Industry sensitive to the economic cycle

To proxy the historical trends of the Lighting Equipment Manufacturing Industry we used the US Electric Lighting Equipment Manufacturing new orders historical series. This data is a component of US Durable Goods Orders, a broad-based monthly survey conducted by the US Census Bureau that measures new orders placed with domestic manufacturers for delivery of long-lasting manufactured goods in the near term or future. The Lighting Equipment Industry can be considered a cyclical industry or at least an industry sensitive to the economic cycle, prospering during economic growth while stagnating during periods of economic recession. The cyclical nature of the industry is mainly due to its exposure to commercial activities and real estate.

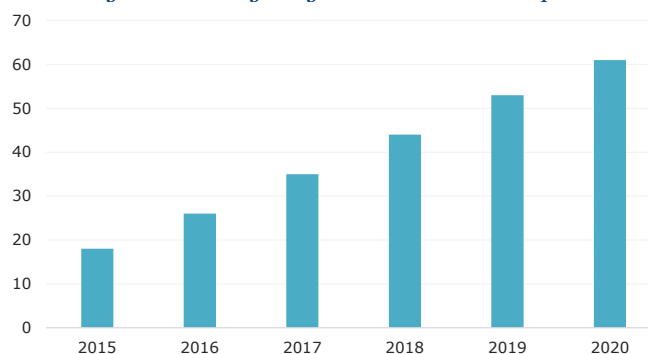
*Global lighting market is approximately \$90bn in size*

CSIL Milano stated that the Global Lighting market size is approximately \$90bn in 2021. According to the Business Research Company, the Global General Lighting market is expected to grow to \$119.8bn in 2027 at a CAGR of 6.3%. In Europe, the overall lighting market in 2021 was worth €21bn (+11% yoy).

*Global energy savings to continue driving the demand for LED lighting*

Global Energy savings targets is expected to continue to drive the demand for LED lighting and new technologies and active as one of the main drivers in the industry. Recent advancements in light-emitting diode technology have allowed LED lighting products to penetrate the commercial lighting market, with enormous potential for growth. The penetration rate of LED fixtures in the European Lighting Market has changed greatly over time. In 2008-2009 years, LED fixtures represented only the 5% of the European lighting market, while today LED sourced have reached approximately 80% of this market. For the coming years, LEDs are expected to grow further.

*Figure 2: Led lighting market share in the past*



Source: Banca Profilo elaboration on Goldman Sachs data

*The Emergency Lighting Industry*

*Emergency Lighting as the reference industry*

Beghelli's broader reference market is the Lighting Equipment Manufacturing, while its closer reference industry is the Emergency Lighting.

*The sub-Industry is expected to grow at a 7.2% FY21-FY26 CAGR*

According to Mordor Intelligence research, the global market for Emergency Lighting is expected to grow at 7.2% CAGR during the forecast 2021-26E period. Main drivers are: (i) the growing emphasis on strict fire and safety regulations, (ii) the increasing demand for energy-efficient lighting systems across commercial, residential, and industrial sectors, and (iii) the growing number of building/residential restructuring projects.

*LEDs as means to save energy also in the Emergency Lighting*

Also, within the Emergency (lighting), the increasing attention to energy-saving measures is pushing the penetration of LEDs also in this sub-industry with is expected to witness significant growth.

*Rapid urbanization in developing countries sees Asia-Pacific as the fastest growing market*

From a geographical point of view, Asia-Pacific is expected to have the highest growth rate, over the forecast period as Governments have been actively promoting the adoption of emergency lighting, and building construction has been accelerating following the rapid urbanization in developing countries

## Beghelli overview and business model update

### Company's foundation and business scope

*Set-up in 1982, Beghelli is today an European leader in emergency lighting*

Beghelli was set up as a local manufacturer of emergency lighting, but it soon expanded both geographically and in terms of product range such as energy saving lighting, electronic systems for domestic and industrial safety. Today the Group is a local, yet international conglomerate, which operates seven plants around the world besides its headquarter in Monteveglio, Bologna. The Beghelli Group is a leading operator in the Italian and European emergency lighting market, but with proven know-how also in energy saving lighting and electronic systems for personal, domestic, and industrial safety.

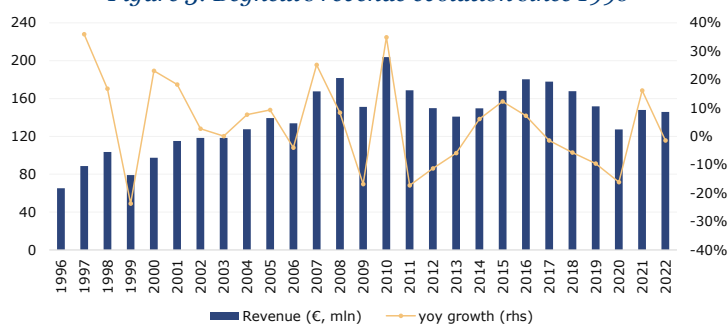
*Beghelli was listed on the MTA in 1998 to boost its internal and external growth*

In 1998, Beghelli was listed on the Italian MTA market; the capital increase at the IPO gave to the Group the opportunity to enter in the ordinary lighting segment and to acquire two companies (Elplast and Praezisa). In details, Elplast is a Czech Republic company specialised in metal ceiling light production, while Praezisa is a German company active in central battery systems production.

*Beghelli: a story of research, innovation and brand awareness for well being*

Beghelli was founded in 1982 by Gian Pietro Beghelli, current President and CEO. The Company initially served the Italian market only with emergency lighting products. During the 90', it began a process of geographic and product range diversification, developing products for personal safety, including the well-known Salvalavita Beghelli, a pocket-sized, easy to use SOS remote assistance device, thought for lonely elderly people. In 2012, the Group had to face financial difficulties mainly following the cut in photovoltaic incentives, a market where Beghelli had been investing since 2009, and the economic recession. In 2013, with declining revenues, increasing net losses and full warehouses, Beghelli had to enter a debt restructuring agreement, which lasted three years and led to production and organization downsizing and a repositioning in the LED market. In 2016, turnover rose to €180mln, its highest level since 2010, with double-digit operating margin and net profit close to €5mln. From 2017 onwards, Beghelli had to face a new period of declining turnover and margins, mainly due to the intensifying Chinese competition. The crisis was exacerbated in 2020, with the outbreak of Covid-19. The Company followed three specific strategic lines: i) new products; ii) non-core assets disposal, including Beghelli Canada and North America; iii) efficiency and industrial reorganization.

Figure 3: Beghelli's revenue evolution since 1996



Source: Banca Profilo elaboration on Company data

### Business model and activities

*Products range from lighting systems to consumer and safety*

Beghelli offers a wide range of products, from lighting systems to consumer and safety products. The manufacturing of lighting systems is certainly Beghelli's strong suit, both for know-how and revenue generation (~95% of FY22 revenue).

*Lighting segment includes: emergency lighting, industrial lighting and light sources*

Within the lighting market, the Group covers these segments through manufacturing and sales of:

- (i) Emergency lighting, which includes escape route lighting, panic lighting and specific lighting for high-risk areas (i.e. dangerous workspaces). According to CSIL research, the Group is the Italian and European market leader in emergency lighting with a 16.8% of market share. Moreover, Beghelli has

- recently proposed a new emergency lighting product, in order to simplify and speed up the work of electrical installers.
- (ii) Industrial lighting and services, which include luminaries and applications for industries and tertiary sector. Moreover, it offers a range of lighting equipment for industrial use (e.g. watertight ceiling lights). Beghelli operates with E.S.Co qualification (Energy Service Company) in order to provide its services of energy saving lighting with different financial solutions such as operational leasing, cash and credit securitization.
  - (iii) Light sources for domestic use, which include a wide range of bulbs, with high LED technology that allows energy saving and long life reproducing the shape and brilliance of traditional light bulbs. Moreover, the Company launched a new bulb called Sorpresa PowerLED which includes emergency lighting functions, self-activating in case of black-out thanks to the built-in battery.

*Figure 4: Examples of Beghelli products from lighting segment*



*Source: Banca Profilo elaborations on Company pictures*

**ESCO: Energy Service Company**

ESCO proposal provides to replacing the existing lighting system with more efficient one, after technical verification. The project is 100% funded in ESCO mode directly by Beghelli Servizi and with dedicated financial agreements, by sharing the energy savings generated and guaranteed contractually. SmartDriver Beghelli lighting devices are able to measure the actual consumption and to communicate the information to Beghelli control unit which transfer the information to the Beghelli Servizi Operations Center. The Operations Center measures and evaluates the real energy savings measured and achieved by the customer. The contract "Un mondo di luce" is composed by different element: (i) product sale and installation, (ii) management and maintenance, (iii) financial component; the financial component consists of equal instalments recorded in the income statement as financial income; at the end of the period the amount is accounted as financial credit.

**Consumer and safety products comprise: electronic and domestic products, social alarm devices remote assistance and Salvalavita**

The Group offers consumer product for domestic use and electronic safety systems for industrial and domestic use.

In particular, Beghelli designs and manufactures:

- (i) Electronic and domestic products such as batteries and water machines;
- (ii) Social alarm devices, such as anti-intrusion and safety devices, eventually integrated home-automation systems;
- (iii) Safety products dedicated to personal safety, such as man-down systems and air sanitisers (SanificaAria Beghelli);
- (iv) Remote assistance and Salvalavita. During 2019 the Group relaunched the business related to Telesalvalavita and in 2021 the Company entered in the mobile phone device market, offering a range of mobile phone with safety equipment, especially thought for lonely elderly people.

*Figure 5: Examples of Beghelli consumer and safety products*



*Source: Banca Profilo elaborations on Company pictures*

*Beghelli Solare: a line of solar energy storage products that optimises the electricity produced by photovoltaic*

Since the European Commission is committed to a 55% reduction in GhG emissions by 2030 (compared to 1990 levels) and to become the first climate-neutral continent by 2050, at the end of 2022 Beghelli launched a new project, called Beghelli Solare, which allows for energy saving. Beghelli Solare is a line of solar energy storage products that optimises the electricity produced by photovoltaic panels, saving energy on energy bills, and protect households and businesses from electricity prices increases. The system bases its technology on a range of high-performance inverter modules and batteries, which manage and store the energy produced by photovoltaic systems with maximum efficiency. A hybrid inverter is an "upgraded" inverter that can i) convert direct current into alternating current and ii) manage and coordinate the flow of electricity from the photovoltaic system, the battery and the grid, directly supplying power to active loads and, when these are not in operation, storing energy through lithium accumulators.

*Figure 6: Examples of products about Beghelli hybrid solar*

*Hybrid inverter and storage battery*



*Example of photovoltaic product installation*

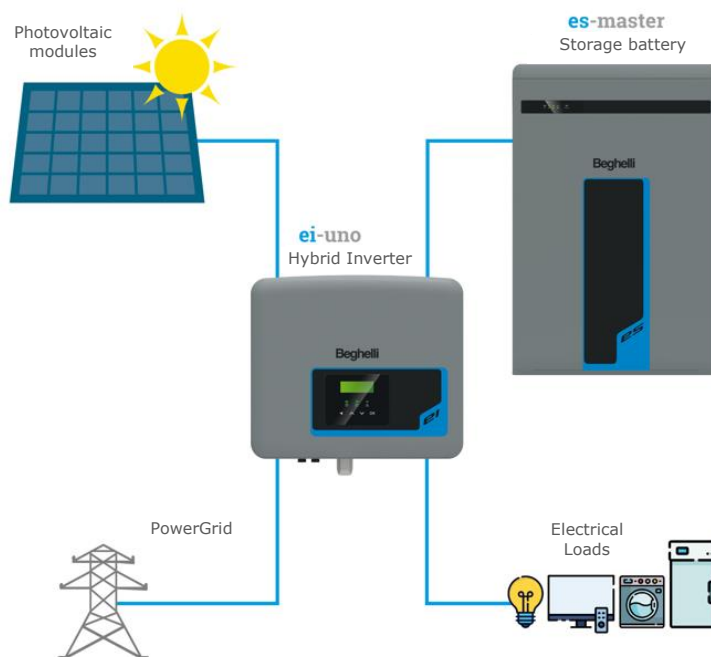


*Source: Banca Profilo elaborations on Company pictures*

*Operation of Beghelli Solare model*

The system consists of an inverter and one or more batteries with a capacity of up to 23 kW. By adding the Battery Management System to the system, the electricity storage capacity can be expanded to a maximum of 46.1 kWh.

*Figure 7: Beghelli hybrid solar operating scheme*



*Source: Banca Profilo elaborations on Company pictures*

*Strong geographic diversification but little diversification by type*

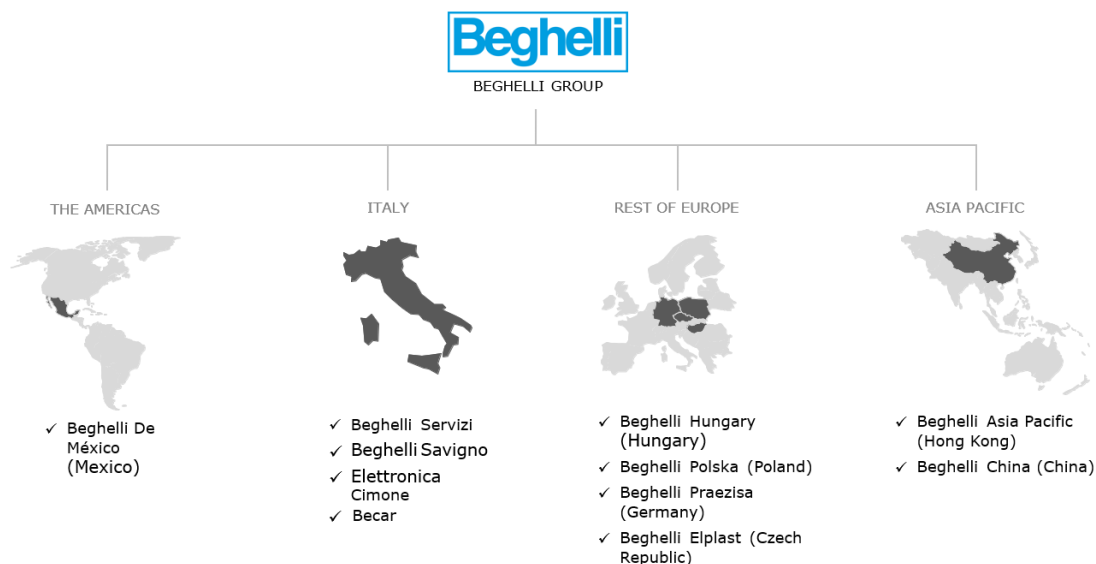
From a geographical point of view, Beghelli shows an adequate degree of diversification, with most of Revenue coming from Italy, which has historically represented about 50% of total revenue, and the remaining half split between rest of Europe and rest of the



*of activity, as from lighting Beghelli generates more than 90% of revenues*

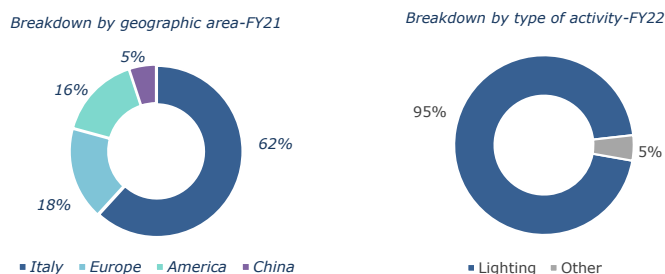
World. Today Beghelli operates in three different continents, with seven plants across Europe, America and Asia in addition to the headquarter in Monteveglio, Bologna. Beghelli product ranges are created according to country and most of the products in Italy are also sold in other European countries; two of their establishment, Elplast and Praezisa, specialized in emergency and lighting respectively, are complementary to Italian headquarters. The main difference between the establishments concerns the different regulations and consumption habits of the country.

Figure 8: Beghelli's geographical presence



Source: Banca Profilo elaborations on Company data

Figure 9: Beghelli's revenue breakdown



Source: Banca Profilo elaborations on Company data

*R&D was crucial to products innovation*

The R&D activity is essential for product innovation: it involves some c.10% of the company employees; it is performed in internal laboratories and experimental centres that take care also of the design, engineering, testing and product quality certification.

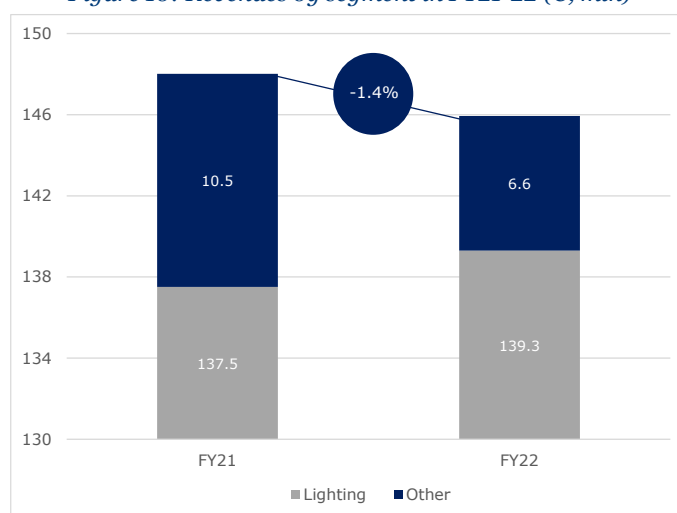
## FY22 results

### Historical performance analysis

**FY22: Reported Revenues decreased by 1.4% yoy to €146mln**

Reported Revenues decreased by 1.4% to €145.9mln, which is 5% below our estimates of €153.7mln. [Please refer to our Company Update on September, 20<sup>th</sup> 2022]. Regarding Revenues breakdown, Lighting sales came in at €139.3mln (+1.3% yoy), below our estimate at €146.7mln, while Other Revenues declined by 37% yoy to €6.6mln, below our projection at €7.5mln. The decrease in Other Revenues was mainly due to i) lower sales of SanificaAria due to the uncertainty of guidelines and procedures in the Italian Health System linked to the set up of sanitizers in public spaces and ii) the zero-Covid policy in China which delayed the recovery of activity and demand in the Region.

Figure 10: Revenues by segment in FY21-22 (€, mln)



Source: Banca Profilo elaborations on Company data

**FY22: Total Revenues decreased by 6% yoy to €144mln**

Total Revenues decreased by 5.7% to €143.6mln, which was 6.9% below our estimates of €154.2mln. Total Revenues differ from Reported Revenues due to Non-recurring costs, consisting in inventories extraordinary write-off for a total amount of €2.3mln.

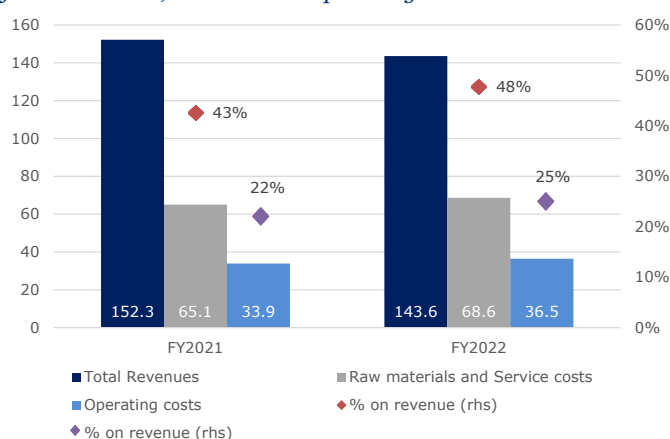
**FY22: raw material and services costs incidence on revenue at 48%**

The incidence of raw materials and services costs on revenue increased from 43% in FY21 to 48% in FY22 as the result of the unfavourable CNY/USD vs EUR exchange rate.

**FY22: operating cost incidence on revenue at 25%**

The incidence of operating costs on revenue increased to 25% in FY22 from 22% in FY21 for i) higher transportation costs, ii) higher advertising expenses and, to a lesser extent, iii) higher energy costs.

Figure 11: Incidence of raw material, services and operating costs on Total Revenues in FY21-22 (€, mln)

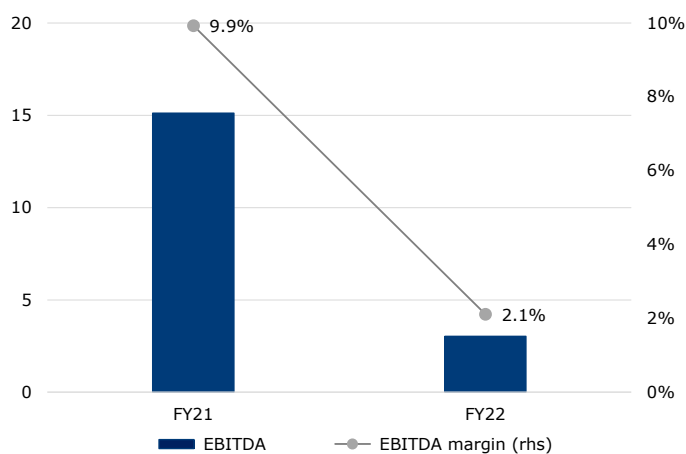


Source: Banca Profilo elaborations on Company data

**FY22: EBITDA margin plunge to 2.1% from 9.9% a year before**

EBITDA plunged to €3mln from €15.1mln in FY21 and well below our estimate at €13.5mln. In the 2H22 EBITDA was negative, equal to -€3.6mln. Main causes of this significant contraction were i) worse product mix compared to 2021 due to lower selling volumes of SanificaAria; ii) higher raw materials cost mainly due to the unfavourable CNY/USD vs EUR exchange rate; iii) higher transportation costs; iv) higher advertising expenses and v) the increase in energy costs. Adjusted EBITDA was €5.4mln excluding €2.3mln of one-off inventories write-off.

Figure 12: EBITDA and EBITDA margin in FY21-22 (€, mln)



Source: Banca Profilo elaborations on Company data

**In 2022 Beghelli reported Net Loss of €10.2mln**

Net income dropped to -€10.2mln from €3.1mln in 2021 and it was well below our projection at €0.9mln.

Table 1: Beghelli Profit &amp; Loss (Old vs Actual) FY2021-22 (€ mln)

Profit & Loss (€ / mln)			
	FY21	FY22 OLD	FY22 ACTUAL
Reported Revenue	148.0	153.7	145.9
Other Revenue	2.5	0.5	0.0
Non recurring revenue	1.7	0.0	(2.3)
<b>Total Revenue</b>	<b>152.3</b>	<b>154.2</b>	<b>143.6</b>
	yoy	1.2%	-5.7%
<b>Cost of materials and related services</b>	(65.1)	(69.0)	(68.6)
	% on Revenue	45%	48%
<b>Gross Profit</b>	<b>87.2</b>	<b>85.1</b>	<b>75.0</b>
	Margin	55.4%	51.4%
	yoy	-2.4%	-14.0%
Labour cost	(33.9)	(36.2)	(35.5)
	% on Revenue	23%	25%
Cost of services and other operating co:	(33.9)	(35.5)	(36.5)
	% on Revenue	23%	25%
<b>Comprehensive operating costs</b>	(132.9)	(140.7)	(140.6)
	% on Revenue	91%	98%
<b>EBITDA</b>	<b>15.1</b>	<b>13.5</b>	<b>3.0</b>
	Margin	8.8%	2.1%
<b>ADJ. EBITDA</b>	<b>13.4</b>	<b>13.5</b>	<b>5.4</b>
	Margin	8.8%	3.7%
D&A	(8.3)	(10.3)	(9.0)
	% on Revenue	7%	6%
<b>EBIT</b>	<b>6.8</b>	<b>3.2</b>	<b>(6.0)</b>
	Margin	2.1%	n.m.
Net Financial Income (expenses)	(2.9)	(2.0)	(4.3)
	% on Revenue	1%	3%
<b>EBT</b>	<b>3.9</b>	<b>1.2</b>	<b>(10.3)</b>
	Margin	0.8%	n.m.
Income Tax Expense	(0.6)	(0.3)	0.4
	Tax rate	24%	4%
<b>Group Net Income</b>	<b>3.1</b>	<b>0.9</b>	<b>(10.2)</b>
	Margin	0.6%	n.m.

Source: Banca Profilo elaborations on Company data

## Balance Sheet

### FY22 Balance Sheet not completely published

Since the Company has not yet published the completed FY2022 Balance Sheet, we estimate the correspondent value in blue as the table below.

### 31.12.2022: Working Capital at 52% of revenue from 38% in 2021

At the end 2022, Working Capital stood at €74.9mln, with an incidence on revenues increasing to 52% from 38% a year earlier. Our projection was €63.5mln or 41% on revenues. The main cause of Working Capital rise was the significant increase in inventories.

### 31.12.22: Net debt rose by some €20mln to €61.9mln

At the end of December 2022, Net Debt rose to €61.9mln from €42.8mln at the end of 2021 and well above our forecast at €42.4mln for significantly higher than expected cash absorption by Operating Net Working Capital, especially due to stock piling, and higher investments.

Table 2: Beghelli Balance Sheet (Old vs Actual) F21-FY22 (€ mln)

Balance Sheet (€/mln)			
	FY21	FY22 OLD	FY22 ACTUAL
Intangible Assets	14.7	15.0	15.0
Right of use	28.2	22.1	22.1
Tangible Fixed Asset	16.5	16.7	16.7
Non-instrumental tangible fixed assets	0.5	0.5	0.5
Financial Assets	11.9	9.8	9.6
<b>Fixed Assets</b>	<b>71.8</b>	<b>64.1</b>	<b>63.9</b>
Trade Receivable	25.1	30.4	30.4
Inventories	62.1	62.6	73.7
Trade Payable	(40.2)	(42.3)	(42.5)
<b>Net Operating Working Capital</b>	<b>46.9</b>	<b>50.7</b>	<b>61.6</b>
% on Revenue	31%	33%	43%
Trade receivables (% on Revenue)	16%	20%	21%
Inventories (% on Revenue)	41%	41%	51%
Trade pay. (% on cost of serv & materials)	41%	40%	40%
Other Current Assets	30.5	29.8	29.6
Other Current Liabilities	(19.6)	(17.1)	(16.4)
<b>Net Working Capital</b>	<b>57.8</b>	<b>63.5</b>	<b>74.9</b>
% on Revenue	38%	41%	52%
Non Current Assets	14.4	16.5	15.5
Non Current Liabilities	(12.0)	(12.3)	(11.9)
Of which Funds	(11.3)	(11.6)	(11.2)
<b>Invested Capital</b>	<b>131.9</b>	<b>131.7</b>	<b>142.3</b>
<b>CapEx</b>	<b>6.8</b>	<b>4.6</b>	<b>8.3</b>
% on Revenue	4%	3%	6%
Intangible	3.6	3.0	5.4
Tangible	3.2	1.6	2.9
Financial	0.0	0.0	0.0
Share capital	10.0	10.0	10.0
Reserves and Retained Earnings	75.9	78.3	80.6
Group Net Income	3.1	0.9	(10.2)
Third party Equity	0.2	0.2	0.2
<b>Cons. Shareholders' Equity</b>	<b>89.1</b>	<b>89.3</b>	<b>80.6</b>
<b>Net Financial Position (Cash)</b>	<b>42.8</b>	<b>42.4</b>	<b>61.9</b>

Source: Banca Profilo elaborations and estimates on Company data

Since Beghelli has not yet published a complete FY22 Balance Sheet, the numbers in blue are estimated

## Strategy and estimates

### Our 2023-25 estimates revision

*Lighting at the centre of Beghelli core business*

Beghelli invested heavily in R&D for the Lighting sector in 2022, and since this is its core business, it will continue to invest in the future in the design, production and marketing of innovative products, particularly in the field of emergency lighting.

*Beghelli Solare: a new project for energy saving*

At the end of 2022, the Group launched a new project called Beghelli Solare which is a line of solar energy storage products that optimises the electricity produced by photovoltaic panels, allowing corporates and households to save on energy bills.

*Main growth drivers*

The main growth drivers are:

1. For the lighting business: (i) Energy efficiency and savings, (ii) visual comfort (iii) smart lighting and (iv) innovative technology;
2. For Other Revenues linked to Beghelli Solare: i) the commitment of the European Commission to a 55% reduction in GhG emissions by 2030 (compared to 1990 levels) and to become the first climate-neutral continent by 2050 and (ii) the Europe Renovation Wave aimed at promoting energy efficiency in the building incentivized restructuring process;
3. For Other Revenues linked to "Telesalvalavita Beghelli": (i) remote assistance, (ii) telemedicine and (iii) the progressive ageing of the population expected to rise from 22% to 33% in the next few years;

### Income Statement

*Emergency and ordinary lighting as guidelines to forecast revenue*

Our estimates are on Beghelli Group as is, stand alone, at constant exchange rates. Regarding the Lighting business we used independent research estimates and normalized them according to Beghelli's geographical exposure.

1. **Emergency & non-lighting systems:** according to Mordor Intelligence Research (2021), the emergency lighting market is expected to grow at a 7.2% 2021-26 CAGR.
2. **Ordinary lighting:** According to the Business Research Company (January 2023), the Global General Lighting market is expected to grow at a 2023-27CAGR of 6.3%.

Amid FY2022 results, we updated our previous estimates of September 20<sup>th</sup>, 2022.

*Lighting revenues to grow at 6.8% CAGR in 2022-2025E*

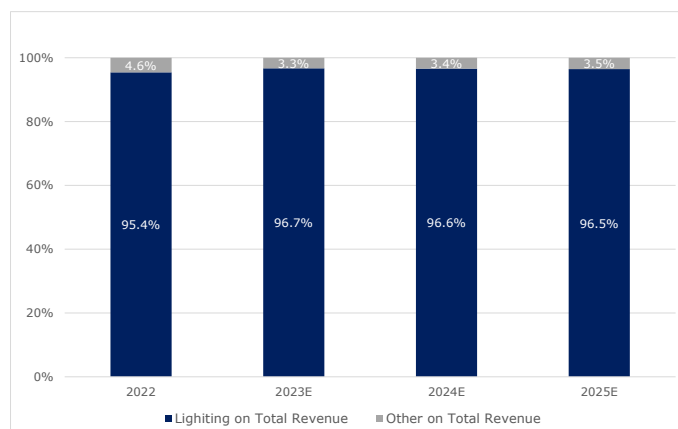
According to the independent research mentioned above, we update our estimate for Lighting revenues to generate €150.4mln turnover in 2023E (from previous €156.5mln) and to grow at a 6.8% CAGR in 2022-2025E to reach €169.8mln (vs previous 21-24E CAGR at 6.7%)

*We cut our projection on SanificaAria; new assumption on Beghelli Solare*

We have revised downward our estimates on Other Revenues, since fewer sales of SanificaAria occurred in FY22, due to the weakening of the pandemic in Europe. Moreover, we project an increase in Other Revenues from Beghelli Solare segment, the new project aimed at energy saving through the use of solar panels. We assume an increase in revenues to reach around €5mln in 2025E.

Overall, we now see the incidence of Other Revenue on Total revenue to decrease from 4.6% in 2022 to 3.3% in 2023E and to increase in 2024-25E due to higher revenues from Beghelli Solare to reach 3.5%.

*Figure 13: Revenue by segment growth FY22-25E*



Source: Banca Profilo elaborations and estimates

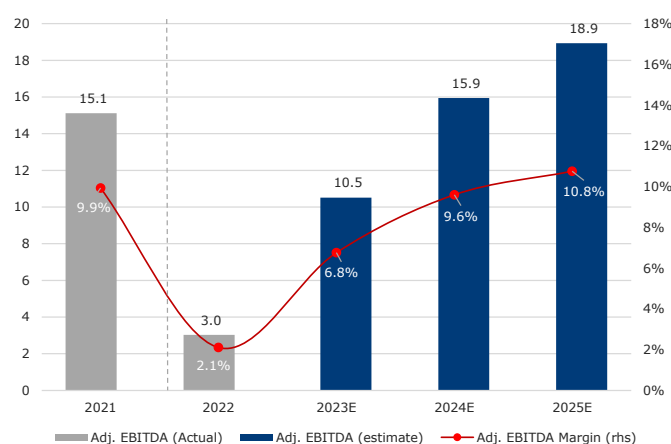
**Revenues CAGR 2022-25 at 7% vs previous 21-24 CAGR at 4.3%**

Overall, we project Total revenues to grow at a 7% CAGR 22-25, above our previous estimate at a 4.3% 21-24 CAGR. In other terms, we postponed the originally expected FY23 Total revenue to FY24 and added FY25 projections.

**Raw material costs weight to gradually decline over three years**

Since in 2022 Beghelli has faced headwinds due to inflation on material cost and the exchange rate, we now project a gradual decrease of the incidence of raw materials and services costs on Revenues from 48% in 2022 to 46% in 2023E to reach 44% in 2025E, a percentage close to that in 2021.

Figure 14: Adjusted EBITDA Margin and margin trend 2021-2025E



Source: Banca Profilo elaborations and estimates

**EBITDA margin at 9.7% to be reached in 2024E, a year after what previously projected**

As a consequence of our revenue and operating costs projections, we forecast EBITDA and EBITDA margin to increase to €10.5m and 6.8% in 2023E and to €15.9m and 9.6% in 2024E, postponing the originally projected 2023 levels by one year to reach back their 2021 levels. We plan EBITDA to reach € 18.9m in 2025E with a margin of 10.8%. Overall, EBITDA margin average over 2023-25E is now revised at 9.1% from our previous 2022-2024E average estimate at 9.7%.

**EBIT at €1.5m in 2023E**

We forecast EBIT to increase from €1.5m in 2023E (vs our old estimate at €5.1m) to €8.9m in 2025E.

**Net income at -€0.9m in 2023E, to reach €4.5m in 2025E**

Comprehensive net income is now seen at approximately -€0.9m in 2023E, down from our previous estimate at €2.2m and to reach €4.5m in 2025E.

Table 3: Beghelli Profit & Loss 2021-2025E (€, mln)

Profit & Loss (€ / mln)								
	FY21	FY22 OLD	FY22 ACTUAL	FY23 OLD	FY23 NEW	FY24 OLD	FY24 NEW	FY25 NEW
Reported Revenue	148.0	153.7	145.9	162.6	154.6	172.1	165.1	175.0
Other Revenue	2.5	0.5	0.0	0.5	1.0	0.5	1.0	1.0
Non recurring revenue	1.7	0.0	(2.3)	0.0	0.0	0.0	0.0	0.0
<b>Total Revenue</b>	<b>152.3</b>	<b>154.2</b>	<b>143.6</b>	<b>163.1</b>	<b>155.6</b>	<b>172.6</b>	<b>166.1</b>	<b>176.0</b>
yoy	17%	1.2%	-5.7%	5.8%	8.3%	5.9%	6.8%	2.0%
Cost of materials and related services	(65.1)	(69.0)	(68.6)	(71.1)	(71.6)	(74.6)	(74.1)	(77.9)
% on Revenue	43%	45%	48%	44%	46%	43%	45%	44%
<b>Gross Profit</b>	<b>87.2</b>	<b>85.1</b>	<b>75.0</b>	<b>91.9</b>	<b>84.0</b>	<b>98.0</b>	<b>92.0</b>	<b>98.1</b>
Margin	57%	55.4%	51.4%	56.6%	54.4%	56.9%	55.7%	56.1%
yoy	21%	-2.4%	-14.0%	8.0%	12.1%	6.6%	9.5%	0.2%
Labour cost	(33.9)	(36.2)	(35.5)	(37.5)	(36.6)	(39.2)	(37.4)	(38.3)
% on Revenue	22%	23%	25%	23%	24%	23%	23%	22%
Cost of services and other operating cost	(33.9)	(35.5)	(36.5)	(38.6)	(36.9)	(40.8)	(38.6)	(40.9)
% on Revenue	22%	23%	25%	24%	24%	24%	23%	23%
<b>Comprehensive operating costs</b>	<b>(132.9)</b>	<b>(140.7)</b>	<b>(140.6)</b>	<b>(147.2)</b>	<b>(145.1)</b>	<b>(154.6)</b>	<b>(150.1)</b>	<b>(157.1)</b>
% on Revenue	87%	91%	98%	90%	93%	90%	90%	89%
<b>EBITDA</b>	<b>15.1</b>	<b>13.5</b>	<b>3.0</b>	<b>15.9</b>	<b>10.5</b>	<b>18.0</b>	<b>15.9</b>	<b>18.9</b>
Margin	9.9%	8.8%	2.1%	9.8%	6.8%	10.5%	9.7%	10.8%
<b>ADJ. EBITDA</b>	<b>13.4</b>	<b>13.5</b>	<b>5.4</b>	<b>15.9</b>	<b>10.5</b>	<b>18.0</b>	<b>15.9</b>	<b>18.9</b>
Margin	8.8%	8.8%	3.7%	9.8%	6.8%	10.5%	9.7%	10.8%
D&A	(8.3)	(10.3)	(9.0)	(10.8)	(9.0)	(11.3)	(9.5)	(10.0)
% on Revenue	5%	7%	6%	7%	6%	7%	6%	6%
<b>EBIT</b>	<b>6.8</b>	<b>3.2</b>	<b>(6.0)</b>	<b>5.1</b>	<b>1.5</b>	<b>6.7</b>	<b>6.5</b>	<b>8.9</b>
Margin	4.5%	2.1%	n.m.	3.1%	1.0%	3.9%	3.9%	5.1%
Net Financial Income (expenses)	(2.9)	(2.0)	(4.3)	(2.2)	(2.4)	(2.3)	(3.3)	(3.5)
% on Revenue	2%	1%	3%	1%	2%	1%	2%	2%
<b>EBT</b>	<b>3.9</b>	<b>1.2</b>	<b>(10.3)</b>	<b>2.9</b>	<b>(0.9)</b>	<b>4.3</b>	<b>3.2</b>	<b>5.4</b>
Margin	3%	0.8%	n.m.	1.8%	n.m.	2.5%	1.9%	3.1%
Income Tax Expense	(0.6)	(0.3)	0.4	(0.7)	0.0	(1.0)	(0.5)	(0.9)
Tax rate	16%	24%	4%	24%	4%	24%	16%	16%
<b>Group Net Income</b>	<b>3.1</b>	<b>0.9</b>	<b>(10.2)</b>	<b>2.2</b>	<b>(0.9)</b>	<b>3.3</b>	<b>2.6</b>	<b>4.5</b>
Margin	2.0%	0.6%	n.m.	1.3%	n.m.	1.9%	1.6%	2.6%
yoy	-135%	n.m.	n.m.	145.9%	n.m.	49.4%	n.m.	39.0%

Source: Banca Profilo elaborations and estimates

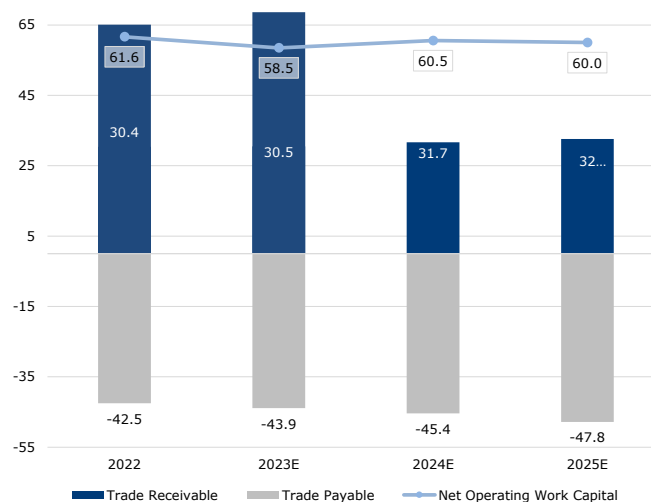
### Balance Sheet

Operating NWC to decrease by €1.6mln over 23-2025E

Regarding the Balance Sheet estimates, we expect Net Operating Working Capital to decrease by €1.6mln over 2023-2025E with the incidence on revenue down from 38% in 2023E to 34% in 2025E. The incidence of Net Working Capital on revenues is seen at 42% in 2025E from 52% in 2022.

Over 2023-25, we forecast a €2.2mln increase in Trade receivables with an average incidence on revenue at 19% from 20% in 2023. We estimate inventories to increase by €1.6mln over 2023-2025E with an average incidence on revenue of 45% from 46% in 2023. Lastly, we project Trade Payables to decrease by €5.3mln over 2023-25E period with a stable incidence on revenue from 2023 equal to 40%.

Figure 15: Beghelli Net working capital composition and dynamics 2022-2025E (€ , mln)



Source: Banca Profilo elaborations and estimates on Company data

Since Beghelli has not yet published a complete FY22 Balance Sheet, FY2022 is estimated



Net Debt at €54.9mln in 2023E to €43.8mln at the end of 2025E

We estimate Net Debt to decrease by some €7mln at the end of 2023E thanks to the cash generation by Net Operating Working capital. Overall, we project a reduction of Net Debt by €6mln on average each year.

Table 4: Beghelli Balance Sheet 2022-2025E (€, mln)

Balance Sheet (€/mln)									
	FY21	FY22 OLD	FY22 ACTUAL	FY23 OLD	FY23 NEW	FY24 OLD	FY24 NEW	FY25 NEW	
Intangible Assets	14.7	15.0	15.0	15.4	15.5	15.9	16.3	17.1	
Right of use	28.2	22.1	22.1	16.0	17.1	10.0	12.1	7.1	
Tangible Fixed Asset	16.5	16.7	16.7	16.9	16.8	17.3	17.1	17.5	
Non-instrumental tangible fixed assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Financial Assets	11.9	9.8	9.6	8.1	8.0	6.7	6.6	5.5	
<b>Fixed Assets</b>	<b>71.8</b>	<b>64.1</b>	<b>63.9</b>	<b>56.9</b>	<b>57.9</b>	<b>50.4</b>	<b>52.6</b>	<b>47.7</b>	
Trade Receivable	25.1	30.4	30.4	32.6	30.5	35.8	31.7	32.6	
Inventories	62.1	62.6	73.7	63.0	71.9	63.3	74.3	75.3	
Trade Payable	(40.2)	(42.3)	(42.5)	(41.7)	(43.9)	(42.3)	(45.4)	(47.8)	
<b>Net Operating Working Capital</b>	<b>46.9</b>	<b>50.7</b>	<b>61.6</b>	<b>53.9</b>	<b>58.5</b>	<b>56.8</b>	<b>60.5</b>	<b>60.0</b>	
% on Revenue	31%	33%	43%	33%	38%	33%	36%	34%	
Trade receivables (% on Revenue)	16%	20%	21%	20%	20%	21%	19%	19%	
Inventories (% on Revenue)	41%	41%	51%	39%	46%	37%	45%	43%	
Trade pay. (% on cost of serv & materials)	41%	40%	40%	38%	40%	37%	40%	40%	
Other Current Assets	30.5	29.8	29.6	31.2	31.5	32.8	33.3	35.0	
Other Current Liabilities	(19.6)	(17.1)	(16.4)	(17.2)	(18.7)	(17.2)	(18.9)	(20.2)	
<b>Net Working Capital</b>	<b>57.8</b>	<b>63.5</b>	<b>74.9</b>	<b>67.9</b>	<b>71.2</b>	<b>72.4</b>	<b>74.9</b>	<b>74.8</b>	
% on Revenue	38%	41%	52%	42%	46%	42%	45%	42%	
Non Current Assets	14.4	16.5	15.5	16.9	16.6	17.3	17.0	17.4	
Non Current Liabilities	(12.0)	(12.3)	(11.9)	(12.2)	(11.8)	(12.4)	(11.8)	(11.8)	
Of which Funds	(11.3)	(11.6)	(11.2)	(11.5)	(11.1)	(11.7)	(11.1)	(11.1)	
<b>Invested Capital</b>	<b>131.9</b>	<b>131.7</b>	<b>142.3</b>	<b>129.5</b>	<b>133.9</b>	<b>127.7</b>	<b>132.7</b>	<b>128.1</b>	
<b>CapEx</b>	<b>6.8</b>	<b>4.6</b>	<b>8.3</b>	<b>5.3</b>	<b>4.7</b>	<b>6.1</b>	<b>5.5</b>	<b>6.2</b>	
% on Revenue	4%	3%	6%	3%	3%	4%	3%	4%	
Intangible	3.6	3.0	5.4	3.4	3.0	4.0	3.6	4.0	
Tangible	3.2	1.6	2.9	1.9	1.6	2.1	1.9	2.2	
Financial	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Share capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	
Reserves and Retained Earnings	75.9	78.3	80.6	78.5	69.7	79.7	67.9	69.6	
Group Net Income	3.1	0.9	(10.2)	2.2	(0.9)	3.3	2.6	4.5	
Third party Equity	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
<b>Cons. Shareholders' Equity</b>	<b>89.1</b>	<b>89.3</b>	<b>80.6</b>	<b>90.8</b>	<b>78.9</b>	<b>93.1</b>	<b>80.6</b>	<b>84.3</b>	
<b>Net Financial Position (Cash)</b>	<b>42.8</b>	<b>42.4</b>	<b>61.9</b>	<b>38.7</b>	<b>54.9</b>	<b>34.5</b>	<b>52.1</b>	<b>43.8</b>	

Source: Banca Profilo elaborations and estimates

Since Beghelli has not yet published a complete FY22 Balance Sheet, the numbers in blue are estimated

## Free Cash Flow

2023-2025E cumulated FCFs improved by €3.5mln for recovering net working capital and smaller capex

According to our Profit & Loss and Balance Sheet estimates, cumulated 2023-2025E FCFs stand at €25.8mln, above our previous estimates at €22.3mln due to cash generation from cumulated NOWC (€1.6mln vs previous -€8mln) and lower cumulated capex (€16.3mln vs previous €18.3mln). This trend derives from higher-than-expected cash out from Net Working Capital and Capex in 2022. On average, 2023-2025E FCFs stands now at 8.6 from previous 7.4.

Table 5: Beghelli Free Cash Flow 2022-2025E (€, mln)

Free Cash Flow (€/mln)								
	FY22 OLD	FY22 ACTUAL	FY23 OLD	FY23 NEW	FY24 OLD	FY24 NEW	FY25 OLD	FY25 NEW
EBIT	3.2	(6.0)	5.1	1.5	6.7	6.5	8.8	8.9
Tax rate	28%	4%	28%	28%	28%	28%	28%	28%
<b>NOPAT</b>	<b>2.3</b>	<b>(5.7)</b>	<b>3.7</b>	<b>1.1</b>	<b>4.8</b>	<b>4.7</b>	<b>6.4</b>	<b>6.4</b>
D&A	10.3	9.0	10.8	9.0	11.3	9.5	11.5	10.0
Changes in Funds	0.3	(0.1)	(0.1)	(0.1)	0.2	0.0	0.1	(0.0)
Changes in Operating NWC	(3.8)	(14.7)	(3.2)	3.1	(2.9)	(2.1)	(1.9)	0.5
Capex	(4.6)	(8.3)	(5.3)	(4.7)	(6.1)	(5.5)	(6.9)	(6.2)
<b>Free Cash Flow</b>	<b>4.5</b>	<b>(19.8)</b>	<b>5.9</b>	<b>8.4</b>	<b>7.3</b>	<b>6.6</b>	<b>9.1</b>	<b>10.8</b>

Source: Banca Profilo elaborations and estimates

## Key risks

TYPE OF RISK		DESCRIPTION
EXTERNAL CONTEXT	<i>Ambiental:</i> - medium-low likelihood - medium-low impact	Inadequate management of waste, consumption of energy, emissions in the atmosphere and impacts on climate change. Moreover, the lack of compliance regulations for environmental protection. Beghelli adopts systems of environmental management in compliance with international standards and norms.
	<i>Competitive:</i> - high likelihood - medium-low impact	Highly competitive market scenario with Beghelli showing limited scale compared to some of its international competitors. Nevertheless, the Group has been diversifying the risk through expansion in into safety and health devices.
	<i>Obsolescence:</i> - medium likelihood - medium impact	High level of technological innovation in the industry, both in Lighting and Emergency subsegments. As for remote assistance, technology's greatest impact is in new devices that allow people to ask for help.
	<i>Cycle demand:</i> -medium likelihood -high impact	Potential risk of contraction in demand deriving from a reduction in the activity of the main customers or from potential exogenous events that could negatively impact the business.
	<i>Corruption:</i> - low likelihood -medium impact	Medium to high corruption in end-markets: medium (Italy, Republic Czech and Hungary) or high corruption risk (China and Mexico). Overall the probability is low, since the corruption in China and Mexico has a low weight.
BUSINESS & STRATEGY EXECUTION	<i>Safety:</i> - low likelihood - medium impact	Wrong product design may cause commercial failure. Beghelli oversees the risk resulting from non-compliance of products in terms of safety, through the adoption of testing processes. Moreover, the quality and safety of products and accident prevention are managed by Group companies through their respective management systems and in line with the principles of policies adopted in its structure.
	<i>Personnel:</i> - low likelihood - high impact	Management and key people retention. Family members are part of key management and some other key figures have been working in Beghelli for years.

*Table 6: Risk matrix*

<b>Impact</b>	Very high					
	High	Risk of losing qualified personnel		Contraction demand risk		
	Medium	Safety products risk; Corruption risk		Obsolescence risk		
	Medium-Low		Ambiental risk		Competitive risk	
	Low					
<b>Potential impact on the business VS likelihood of occurrence</b>		Low	Medium-Low	Medium	High	Very high
		<b>Likelihood</b>				

Source: Banca Profilo elaborations on Company data

## Valuation

### DCF method and market multiples

Given Beghelli's perspective cash generation, a DCF method well adapts as a valuation approach. Furthermore, we have selected a sample of listed international "comparables" to Beghelli, to suggest an appropriate sample for relative valuation through market multiples.

### Potential upside from assets disposal worth up to €0.10/share

Our valuation excludes the potential upside coming from the disposal of assets intended for sale which have been booked in Working Capital since 2020 and are estimated at €19.5mln (or €0.10/share).

### Potential downside affecting WACC and our estimates

On the other hand, potential downside to our valuation might come from: i) accelerating monetary tightening by Western Central Banks over our expectations of +50bps in the coming months, pushing WACC higher and ii) further weakening of economic growth. Part of these risks might be offset by the persisting trend towards green energy and energy savings.

## DCF

### Cumulated FCFs at €25.8mln and Terminal Value at €8.6mln

To run a DCF model, we used our FCFs 2023-2025 projections, deriving from our P&L and Balance Sheet estimates.

We expect cumulated 2023-2025E Free Cash Flows at €25.8mln, above our previous estimate of €22.3mln [Please refer to Beghelli Company Update on September, 20<sup>th</sup> 2023]. The FCF used in the Terminal Value has been set as the FY23-FY25 average at €8.6mln, above previous estimate of €7.9mln. To get to the Equity Valuation, we used the latest available Net Debt (at the end of 2022) of €61.9mln, well above the previous one (end of June 2022) of €51.8mln.

Table 7: DCF valuation

DCF Valuation (€ mln, except for the target price)	2023E	2024E	2025E	over
<b>Free Cash Flows (€/000)</b>	<b>8.4</b>	<b>6.6</b>	<b>10.8</b>	<b>8.6</b>
years	1	2	3	
discount factor	0.93	0.86	0.80	
NPV Cash flows (€/000)	7.8	5.7	8.6	
Sum of NPVs (€/000)				22.1
Terminal Value (€/000)				147.8
NPV Terminal Value (€/000)				117.9
<b>Enterprise Value (€/000)</b>				<b>140.0</b>
Net debt 2022 (€/000)				61.9
<b>Equity Value (€/000)</b>				<b>78.1</b>
number of shares (mln)				200.0
<b>Per share value (€)</b>				<b>0.39</b>

Source: Banca Profilo estimates and elaborations

### WACC: 7.8% vs previous 6.8%

To discount FCFs, we applied a 7.8% WACC, higher than our last Company Update at of 6.2%, mainly due to increase of risk-free rate to 4.8%.

The WACC derived from:

- Risk Free rate of 4.8% (from 4.4% in our last research), as implicitly expected by consensus on the 30Y Italian BTP yield curve (100 day-moving average), including an expected increase in interest rates (+0.5bps from previous +0.75bps);
- market risk premium of 5.5% (unchanged);
- a leveraged beta of 0.8 (from previous 1);
- after tax (28%) cost of debt of 8%;
- target debt-to-equity ratio of 40% (unchanged).

In order to assess the Terminal Value, we used a perpetual growth rate of 2%.

*Table 8: WACC calculation*

WACC Calculation	
perpetual growth rate	2.0%
<b>WACC</b>	<b>7.8%</b>
risk free rate (30Y)	4.8%
equity risk premium	5.5%
beta	0.8
<b>KE</b>	<b>9.1%</b>
costo del debito	8%
tax rate	28%
<b>KD</b>	<b>5.9%</b>

Source: Banca Profilo estimates and elaborations

*DCF fair value:*  
€0.39/share

The DCF method leads us to an Enterprise Value of €140mln and an Equity Value of €78.1mln or €0.39/share, below our previous Company Update (on September the 20th) at €0.49/share mainly due to higher Net Debt and WACC.

### *Beghelli competitive arena*

*Selected comparables to Beghelli for business similarity:*

*Zumtobel, Fagerhult, Lena Lighting, Signify, Acuity Brands, Dialight*

To select competitors to Beghelli, we carried out an overlap analysis on European and US Electrical Equipment companies specialized in lighting systems manufacturing.

Our analysis took into consideration business comparability, growth prospects, cash flow generation and risk.

In terms of business comparability, we analysed:

- (i) Revenue breakdown by activities (Lighting Fixture, Security Devices, Industrial Maintenance and Other);
- (ii) Revenue breakdown by country.

We computed a quantitative score equal to the weighted average between the weights of Beghelli revenue breakdown with the weights deriving from peers' revenue breakdown. We identified the following comparables in terms of business similarity: Zumtobel Group AG, Fagerhult AB, Lena Lighting SA, Signify NV, Acuity Brands Inc and Dialight plc.

Looking at the Italian lighting market, Beghelli's main competitors that are not listed on the stock exchange are: Disano Illuminazione SpA, 3F Filippi, Ikea, IGuzzini, AEC Illuminazione and Linergy srl.

*Table 9: Beghelli competitive arena*

company name	Lighting Equipment	Security Devices	Industrial Maintenance	Other	Overlap Score	Italy	Rest of Europe	America	Asia/pacific	Africa/middle est	Overlap Score	Final Score
BE-IT <b>Beghelli</b>	96%	4%	--	--		62%	18%	16%	5%	0%	44%	
ZAG-AT <b>Zumtobel Group AG</b>	100%	--	--	--	96%	9%	75%	5%	10%	1%	20%	<b>58%</b>
FAG-SE <b>Fagerhult AB</b>	100%	--	--	--	96%	6%	73%	8%	11%	4%	18%	<b>57%</b>
LEN-PL <b>Lena Lighting S.A.</b>	95%	--	5%	--	92%	5%	95%	--	--	0%	20%	<b>56%</b>
LIGHT-NL <b>Signify NV</b>	100%	--	0%	--	96%	--	31%	31%	8%	30%	11%	<b>53%</b>
AYI-US <b>Acuity Brands, Inc.</b>	95%	--	5%	0%	91%	0%	31%	37%	22%	10%	13%	<b>52%</b>
DIA-GB <b>Dialight plc</b>	69%	31%	--	--	67%	0%	5%	79%	14%	2%	14%	<b>41%</b>

Source: Banca Profilo elaborations on Facset and company data

*Zumtobel (Austria)*  
- € 1.1bn FY21-22 revenue  
- 10.5% EBITDA margin

Zumtobel Group AG provides lighting solutions and operates through the Lighting and Components business units. Lighting includes luminaires through Thorn and Zumtobel brands; Components combines the production of hardware and software for lighting systems. Its services include advising on smart and emergency lighting, light design and project management. The Company was founded in 1950 by Walter Zumtobel and is headquartered in Dornbirn, Austria.

*Fagerhult (Sweden)*  
- €8.2bn FY22 revenue

Fagerhult AB specializes in the project, development, production and marketing of lighting solutions for corporates. It operates through the following geographical business units: Northern Europe; UK and Ireland; Western and Southern Europe; Africa, Asia,

- *14.3% EBITDA margin*

and the Pacific. Main brands are: Fagerhult, Ateljé Lyktan, Designplan Lighting, Eagle Lighting, I-Valo Lighting, LTS Licht & Leuchten, Waco, Whitecroft Lighting, and Arlight. The Company was founded in 1945 by Bertil Svensson and is headquartered in Habo, Sweden.
- Lena Lighting (Poland)*

  - *€131mIn FY21 revenue*
  - *10.3% EBITDA margin*

Lena Lighting SA focuses on lighting fixtures. Its products include office lighting, downlights, industrial lighting, floodlights, streetlights, emergency light features, outdoor lighting, power controllers, floodlights, lamps for painters, portable light sources, fluorescent fittings, hand lamps, projectors, and electrical materials. The Company was founded in 1989 and it is headquartered in Sroda Wielkopolska, Poland.
- Signify (Netherlands)*

  - *€7.5bn FY22 revenue*
  - *12.7% EBITDA margin*

Signify NV is the world leader in lighting for professionals, consumer and for the IoT. It engages in the projecting, development, production and application of lighting products, systems, and services. It offers energy-efficient lighting products, including lamps, luminaires, and lighting electronics under Philips, Interact, Philips dynalite and hue, Color Kinetics and Wiz brands. It operates through the following business units: Digital Solutions, Digital Products and Conventional Products. The Company was founded in 1891 by Gerard Leonard Philips and Anton Frederik Philips and is headquartered in Eindhoven, Netherlands. It has been spinned-off from Royal Philips in May 2016.
- Acuity Brands (USA)*

  - *€4bn FY22 revenue*
  - *15.2% EBITDA margin*

Acuity Brands, Inc. provides lighting and building management solutions and services. The Firm caters commercial, institutional, industrial, infrastructure and residential applications for various markets. It proposes luminaires, lighting controls, controllers for various building systems, power supplies, prismatic skylights, and drivers as well as integrated systems for various indoor and outdoor applications. The Company was founded in 2001 and is headquartered in Atlanta, GA.
- Dialight (UK)*

  - *€169mIn FY22 revenue*
  - *8.3% EBITDA margin*

Dialight Plc engages in the applied light emitting diode technology business. It operates through two business units: Lighting and Signals&Components. Lighting develops, manufactures, and supplies LED lighting solutions for hazardous and industrial applications. Signals&Components develops, produces, and supplies status indication components for electronics OEMs, together with niche industrial and automotive electronic components and highly efficient LED signaling solutions for the traffic and signals markets. The Company was founded in 1938 by Harry Leonard Tee and is headquartered in London, the United Kingdom.
- Same set of selected comparables to Beghelli for growth, cash flows and risk comparability criteria: Zumtobel, Fagerhult, Lena Lighting, Signify, Acuity Brands, Dialight*

For what concerns comparability in terms of growth prospects, cash flow generation and risk, we can confirm the same panel of selected companies.

Market multiples

*EV/EBITDA to assess the market multiples valuation of Beghelli*

In order to assess a relative valuation through the market multiples approach, we selected a sample of six listed companies, “comparables” to Beghelli, which offer highly specialized lighting equipment and security devices: Zumtobel, Signify, Fagerhult, Lena Lighting, Dialight and Acuity Brands.

Table 10: Sample benchmarking on revenue growth and EBITDA margin

Company	Currency	Enterprise Value (mln)	Sales growth							EBITDA margin						
			2018	2019	2020	2021	2022	2023E	2024E	2018	2019	2020	2021	2022	2023E	2024E
19/04/2023																
Zumtobel Group AG	Euro	405	-4.7%	-2.9%	-5.6%	3.7%	3.0%	5.8%	-2.0%	6.3%	9.3%	11.3%	11.0%	10.5%	10.2%	10.2%
Signify NV	Euro	5,268	-8.7%	-1.7%	4.1%	5.5%	9.5%	-3.4%	2.2%	10.3%	11.0%	11.5%	13.2%	10.3%	12.5%	13.0%
Fagerhult AB	Swedish Krona	14,171	8.7%	39.6%	-13.6%	4.5%	16.7%	7.1%	8.3%	23.4%	16.7%	13.4%	16.3%	15.3%	14.6%	13.9%
Lena Lighting S.A.	Polish Zloty	109	-5.0%	-9.1%	10.6%	0.1%	5.3%	28.3%	9.0%	10.4%	10.9%	15.6%	10.3%	10.7%	10.8%	10.5%
Dialight plc	British Pounds	103	-6.3%	-11.0%	-21.2%	10.6%	29.0%	8.0%	6.6%	7.4%	7.2%	0.8%	8.5%	7.7%	8.5%	8.8%
Acuity Brands, Inc.	U.S. Dollar	5,531	3.2%	-3.4%	-5.1%	8.0%	10.9%	3.5%	1.6%	15.7%	15.7%	15.8%	16.2%	15.9%	15.5%	15.3%
Median best peers			<b>-4.9%</b>	<b>-3.1%</b>	<b>-5.3%</b>	<b>5.0%</b>	<b>10.2%</b>	<b>6.5%</b>	<b>4.4%</b>	<b>10.3%</b>	<b>11.0%</b>	<b>12.5%</b>	<b>12.1%</b>	<b>10.6%</b>	<b>11.7%</b>	<b>11.7%</b>
<b>Beghelli</b>	<b>ITA</b>	<b>114.9</b>	<b>-8.8%</b>	<b>-5.3%</b>	<b>-22.0%</b>	<b>16.2%</b>	<b>-1.4%</b>	<b>5.9%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>9.9%</b>	<b>6.4%</b>	<b>10.2%</b>	<b>2.1%</b>	<b>6.8%</b>	<b>9.7%</b>

Source: Banca Profilo estimates and elaborations on Factset and company data (as of April 19, 2023)

*EV/EBITDA 2024E at 6.5x*

To compute valuation through market multiples, we chose FY2024E EV/EBITDA only, and excluded the FY23 multiple for the complex economic and financial scenario and for the uncertainty related to the path of earnings recovery in Beghelli from the slump in 2022. Mean EV/EBITDA 2024E is now at 6.5x, slightly below previous at 6.6x. We derived an Enterprise Value of €104mln (vs previous €105mln) and an Equity Value of €43mln (vs previous €53mln) or €0.21/share down from previous €0.27/share for i) EBITDA cut to €15.9mln in 2024E vs previous forecast at €18mln and ii) higher net debt at €61.9mln at the end of December 2022 vs previous €52mln (at the end of June 2022).

Table 11: EV/EBITDA Market multiple

Valuation on EV/EBITDA market multiples	
(€/000)	2024E
<b>EV/EBITDA</b>	<b>6.5x</b>
EBITDA	15.9
net debt 2022	62
EV	104
<b>Equity</b>	<b>43</b>
n of shares	200
<b>Equity per share</b>	<b>0.21</b>

Source: Banca Profilo estimates and elaborations on Factset data (as of April 19, 2023)

*TP reduced to €0.35/share BUY confirmed*

We reduce our target price to €0.35/share from previous €0.44/share, mainly due to (i) higher WACC, (ii) lower EBITDA forecast, as FY22 EBITDA came in some 78% below our expectations, and (iii) higher Net Debt at the end of December 2022.

For these last two reasons, the target price is computed as the weighted average of relative market multiples (1/4) and DCF fair value (3/4) which incorporate future FCF. Given the potential upside on Beghelli current stock price, we confirm our BUY recommendation.

## APPENDIX

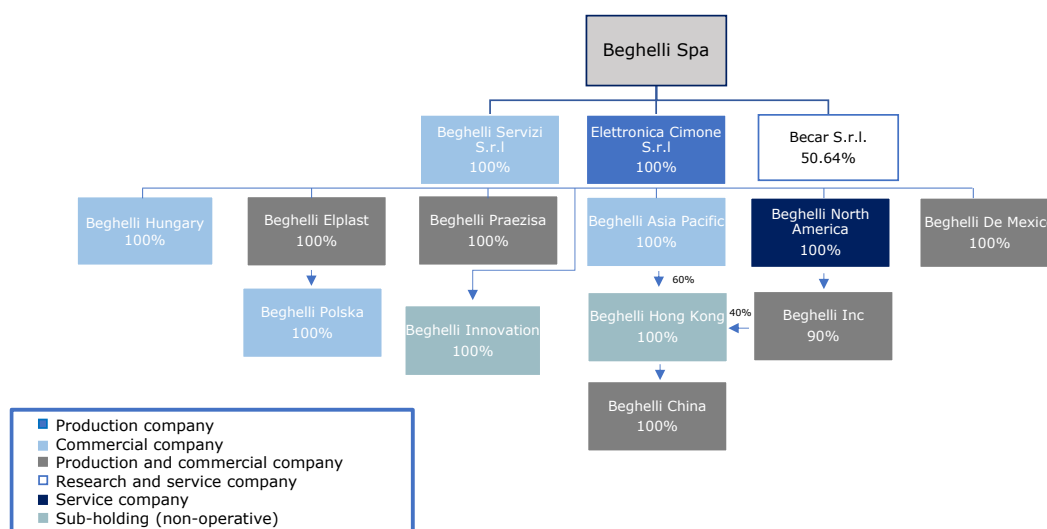
### Corporate structure

*Beghelli SpA acts as the operating holding directly controlling thirteen subsidiaries*

The Group structure is led by Beghelli SpA acting as the operating holding directly controlling thirteen subsidiaries as shown below. The company can be divided in relation to their structure as following:

- industrial company
- commercial company
- research and services company
- procurement and commercial
- service company
- sub-holdings companies (non-operative).

Figure 16: Beghelli corporate structure



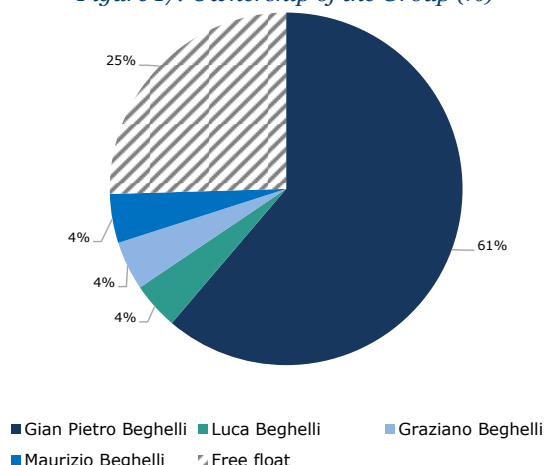
Source: Banca Profilo elaborations on Company data

### Ownership structure and free float

*Beghelli Family owns 74%*

Beghelli is listed on the MTA segment of the Italian Stock Exchange. Its founder, Gian Pietro Beghelli owns a 61% controlling stake. The other family members, Luca, Graziano and Maurizio hold a total stake of 13.2%. Free Float stands at 25%.

Figure 17: Ownership of the Group (%)



Source: Banca Profilo elaborations on Company data. Data as of April 20<sup>th</sup>, 2023



## Management

### BoD composition

Beghelli BoD is made up of 11 members, the Board of Statutory Auditors is made up of 3 members, the Control and risk Committee comprises 3 people and the Remuneration Committee includes 3 components.

*Table 12: Composition of the Board of Directors*

BoD members	Position	Executive	Non-Executive	Independent	Gender	Year
Beghelli Gian Pietro	President and CEO	x			M	1945
Beghelli Luca	Director	x			M	1970
Beghelli Graziano	Director	x			M	1974
Beghelli Maurizio	Director	x			M	1981
Cariani Maria Teresa	Director		x	x	F	1973
Caselli Paolo	Director		x	x	M	1974
Durand Giuliana	Director		x		F	1966
Maccaferri Dania	Director	x			F	1962
Martone Raffaella	Director		x	x	F	1970
Pecci Giovanni	Director		x		M	1950
Matteo Tamburini	Director		x		M	1957

Source: Banca Profilo elaborations on Company data. Data as of April 20<sup>th</sup>, 2023

## ESG Analysis

### Sustainability Report

*Non-financial consolidated statement using GRI standards*

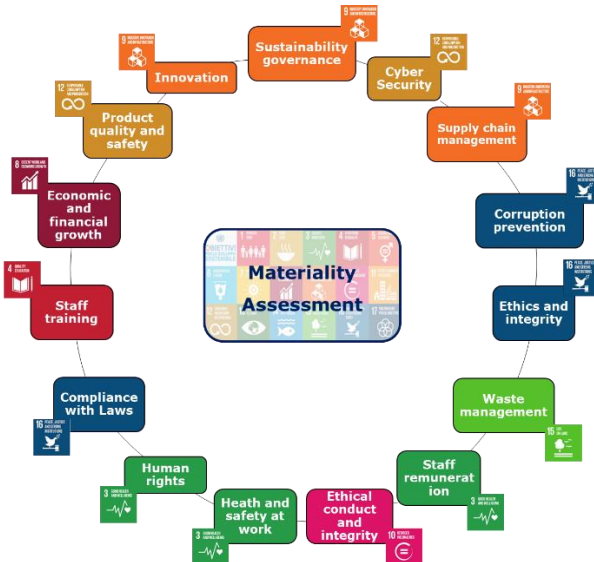
To best involve stakeholders and to communicate in an increasingly transparent way its ESG goals, Beghelli has published its 2021 Non-Financial statement using "GRI Sustainability Reporting Standards".

### Materiality Assessment

*Materiality Assessment*

The purpose of the materiality analysis is to determine the most relevant issues for the company and its stakeholders, and to decide which issues should be included in the Sustainability Report. The following figures explained the emerged results.

Figure 18: Qualitative Materiality Assessment



Source: Banca Profilo elaborations on Company data

*The materiality matrix*

Through a two-dimension analysis, internal (top management expectations) and external (stakeholders' expectations), the Company assigned a score to each material topics and positioned them according to their importance.

Figure 19: Beghelli quantitative Materiality Assessment



Source: Banca Profilo elaborations on Company data



Environmental sustainability

Energy Consumption

Beghelli has a strong focus on reducing energy consumption as a manufacturer of energy-efficient lighting fixtures. The Company produces energy-efficient lighting products either by using LEDs or by maximizing luminous flux through the design and use of extremely high-efficiency optics. The presence of photovoltaic power generation facilities makes it possible to produce part of the annual electricity needs.

Table 13: Energy Consumption in FY 2020-2021

Type of Consumption (GJ)	2021			2020		
	Italy	Foreign	Total	Italy	Foreign	Total
Methane Gas	10,663	26,849	37,512	8,800	25,923	34,723
Gas	72	2,901	2,973	39	2,539	2,578
Diesel	5,506	5,060	7,566	2,269	4,755	7,025
GPL	149	0	149	133	0	133
Purchased Electricity	17,386	13,781	31,167	14,520	12,849	27,369
Purchased Electricity from Renewable Sources	232	0	232	0	0	0
Self-produced Electricity from Renewable Sources	2,841	0	2,841	4,273	0	4,273
Self-produced and sold Electricity	1,032	0	1,032	2,034	0	2,034
<b>Total</b>	<b>32,585</b>	<b>48,591</b>	<b>81,177</b>	<b>28,000</b>	<b>436,066</b>	<b>74,067</b>
<i>Of which Renewable</i>	<i>2,041</i>	<i>0</i>	<i>2,041</i>	<i>2,239</i>	<i>0</i>	<i>2,239</i>

Source: Banca Profilo elaborations on Company data

Policy and the environmental management system

Beghelli devotes a great deal of attention to environmental issues, in terms of the impact of its activities and products.

The Group goals are:

- careful management of environmental aspects related to different activities;
- reduction of significant environmental impacts;
- raising awareness of environmental protection issues;
- ensuring its activities comply with current environmental regulations;
- developing innovative products and projects to reduce energy consumption.

GHG Emission monitoring

Atmospheric emissions are managed in accordance with current regulations (Presidential Decree of November 16, 2018, No. 146). Following data described the direct GHG emissions that result from the energy consumption of Group in 2020 and 2021. Moreover, production companies operating in Italy (Monteveglia, Savigno and Pievepelago plants), are subject to periodic monitoring by licensed external technicians.

Table 14: GHG direct emissions (ton CO2 equivalent) in FY 2020-2021

Energy source	CO2 Emission (ton CO2 eq.)	
	2021	2020
Natural Gas	1,909	1,772
Gas	199	173
Diesel	540	469
GPL	9	8
<b>Total Scope 1</b>	<b>2,657</b>	<b>2,422</b>

Source: Banca Profilo elaborations on Company data

Responsible waste management

Beghelli focuses more on waste recovery than on waste disposal. It uses qualified disposers with adequate guarantees of fairness and reliability. Waste is mainly created in the stages of product assembly, die casting and materials moulding.

Table 15: Waste Management in FY 2020-2021

Type of waste (t)	2021			2020		
	Italy	Foreign	Total	Italy	Foreign	Total
Hazardous Waste	32	21.1	53.1	24	11.6	35.6
Non-Hazardous Waste	316.4	648.5	964.9	232.8	442.9	675.7
<b>Total</b>	<b>348.4</b>	<b>669.6</b>	<b>1,018.1</b>	<b>256.8</b>	<b>454.6</b>	<b>711.4</b>

Source: Banca Profilo elaborations on Company data

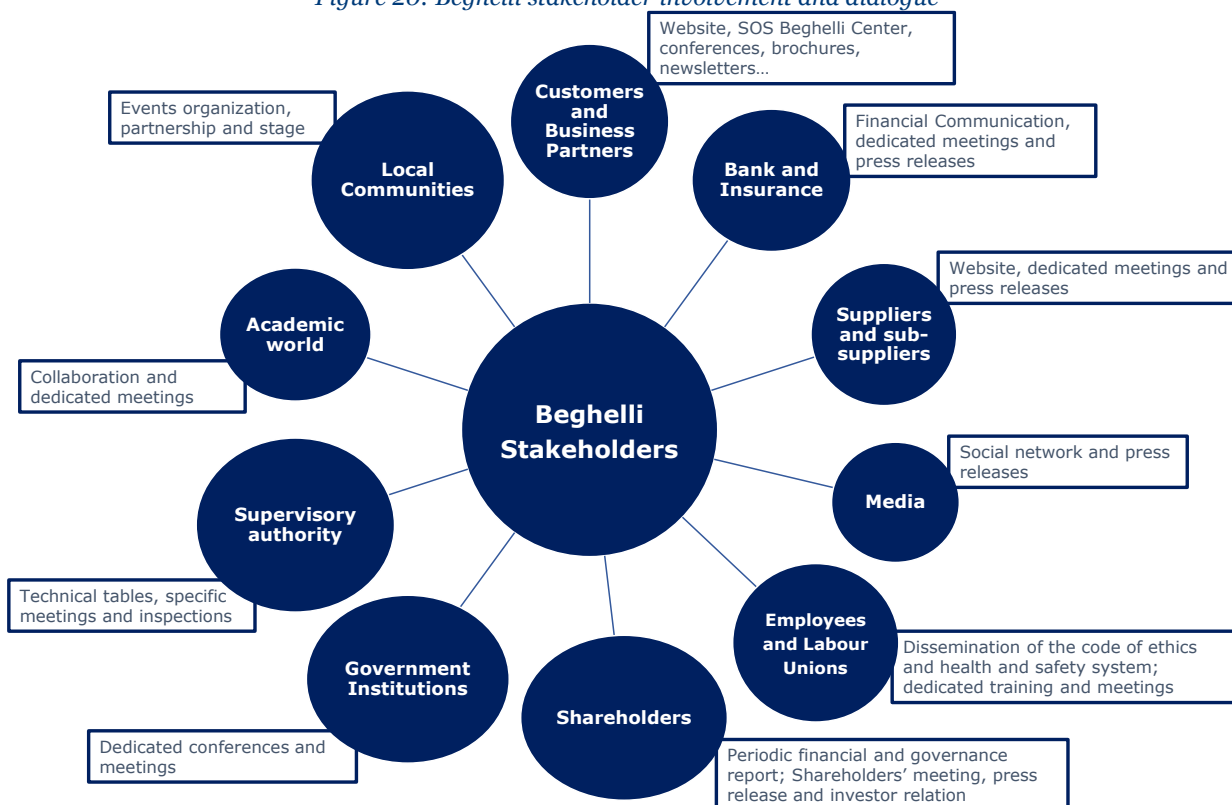
Social issues



Stakeholder involvement and dialogue

Based on the interactions between the Company and key stakeholders, Beghelli has identified stakeholders' categories that: i) can affect the Company's ability to implement its strategy and ii) can be affected by the Company's activities.

Figure 20: Beghelli stakeholder involvement and dialogue



Source: Banca Profilo elaborations on Company data

Health and safety at work

As per Legislative Decree n. 81/2008 (Testo Unico sulla Salute e Sicurezza), Beghelli Group identifies four key figures: employers, prevention and protection service manager (RSPP), workers' safety representative (RLS) and competent doctor.

Table 16: Number of accidents at the workplace in FY 2020-2021

Number of Workplace Accidents	2021			2020		
	Italy	Foreign	Total	Italy	Foreign	Total
Number of deaths due to occupational accidents	0	0	0	0	0	0
Number of recordable occupational accidents	5	3	8	0	6	6
Of which occupational accidents with serious consequences	0	1	1	0	0	0

Source: Banca Profilo elaborations on Company data

**Training and skills development**

Beghelli recognizes the training process as essential for professional growth and business development.

Group and individual training is addressed to both junior and senior employees. Beghelli promotes also training abroad for specific business functions: language and ICT, mechanical design, and electronic design languages.

Table 17: Hours of training in FY 2021

Category	Italy			Foreign			Total 2021
	Men	Women	Total	Men	Women	Total	
Senior executives	79	6	85	84	30	114	199
Executives	93	4	97	170	140	310	407
Clerks	821	610	1,431	821	722	1,543	2,974
Workers	142	152	294	769	2,428	3,197	3,491
<b>Total</b>	<b>1,135</b>	<b>772</b>	<b>1,907</b>	<b>1,844</b>	<b>3,320</b>	<b>5,164</b>	<b>7,071</b>

Source: Banca Profilo elaborations on Company data

**Governance**

**Governing bodies composition**

The almost equal presence of men and women in the Governing Bodies is in line with the recommendations of Borsa Italiana. In particular, the new Corporate Governance Code states that at least one-third of the BoD should be made up of members of the less represented gender.



Table 18: Gender composition of governing bodies in FY 2021

Governing Body and diversity	Men	Women	Total	<30 years old	30-50 years old	>50 years old
Board of Directors	7	5	12	0	5	7
%	58.3%	41.7%	100%	0%	41.7%	58.3%
Internal Auditors	3	2	5	0	0	5
%	60%	40%	100%	0%	0%	100%
Supervisory Board	3	0	3	0	0	3
%	100%	0%	100%	0%	0%	100%
<b>Total</b>	<b>13</b>	<b>7</b>	<b>20</b>	<b>0</b>	<b>5</b>	<b>15</b>

Source: Banca Profilo elaborations on Company data

**Staff composition and management**

The Group employed 1,077 people as of December 31, 2021.

*Table 19: Employees number of Beghelli by type of employment, contract and gender*

Type of contract	2021						
	Italy			Foreign			Total
	Men	Women	Total	Men	Women	Total	
Temporary contract	1	0	1	122	290	412	<b>413</b>
Permanent contract	178	219	397	161	106	267	<b>664</b>
<b>Total</b>	<b>179</b>	<b>219</b>	<b>398</b>	<b>283</b>	<b>396</b>	<b>679</b>	<b>1,077</b>
Full-time	173	141	314	282	383	665	<b>979</b>
Part-time	6	78	84	1	13	14	<b>98</b>
<b>Total</b>	<b>179</b>	<b>219</b>	<b>398</b>	<b>283</b>	<b>396</b>	<b>679</b>	<b>1,077</b>

Source: Banca Profilo elaborations on Company data

## Beghelli "ID Card"

Recommendation

**BUY**

Target Price

**0.35 €**

Upside

**30%**

### Company Overview

The Group is a leading player in the Italian and European Lighting industry (Emergency and Energy saving Lighting) through a mainly B2B offering. In addition, through its subsidiaries, Beghelli is active in after-sales services, operational assistance for people safety, energy saving and comfort lighting projecting, installation, and management. The Company has promptly reacted to the Covid outbreak through i) the launch of SanificaAria product range for closed environment sanitization; ii) the disposal of non-strategical assets, including Beghelli Canada in 2019 and a building owned by Beghelli North America in 2021, and iii) the optimization of internal production processes. The group structure is led by Beghelli SpA acting as the operating holding directly controlling thirteen subsidiaries. The group can be divided in relation to their structure as following: i) industrial company, ii) commercial company, iii) research and services company iv) procurement and commercial and v) sub-holdings companies. Beghelli is listed on the MTA segment of the Italian Stock Exchange. Its founder, Gian Pietro Beghelli owns a 61% controlling stake. The other family members, Luca, Graziano and Maurizio hold a total stake of 13.2%. Free Float stands at 25%.

### SWOT Analysis

#### Strengths

- Solid product pipeline
- Know-how and expertise across different segments of the lighting and emergency industry
- Brand Awareness
- Strong geographic diversification
- Strong business diversification
- Strong spirit of innovation

#### Weaknesses

- Limited scale compared to international competitors
- Not very active social channels
- Low entry barriers

#### Opportunities

- Expansion of the production business in relation to dynamic emergency lighting
- Geographical expansion opportunities in Europe
- Energy efficiency and savings as a driver for ordinary lighting
- Ageing population as a driver for Salvalavita Beghelli

#### Threats

- Intensifying competition from Asia
- Increasing cost of raw materials, energy and transportation
- War Russia against Ukraine
- Substitute products competition
- CNY/USD exchange rate effect
- Uncertainty of guidelines and procedures in the Italian Health System in relation to the set-up of SanificaAria in public spaces

### Main catalysts

- 👍 Significant growth in dynamic emergency lighting fuelled by research and innovation
- Energy efficiency and savings driven by ordinary lighting
- Geographical expansion in Europe

### Main risks

- 👎 Potential contraction in demand deriving from a reduction in the activity or from a potential exogenous events
- Potential upside in the estimated price from assets disposal worth up to €0.10/share
- Potential downside in the estimated price affecting WACC and our estimates



### Beghelli "ID Card"

Recommendation

**BUY**

Target Price

**0.35 €**

Upside

**30%**

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#### Main Financials

(€/mln)	2021	2022	2023E	2024E	2025E
Reported Revenue	148.0	145.9	154.6	165.1	175.0
<b>Total revenue</b>	<b>152.3</b>	<b>143.6</b>	<b>155.6</b>	<b>166.1</b>	<b>176.0</b>
yoy change	17.1%	-5.7%	8.3%	6.8%	6.0%
<b>EBITDA</b>	<b>15.1</b>	<b>3.0</b>	<b>10.5</b>	<b>15.9</b>	<b>18.9</b>
EBITDA margin (%)	10.2%	2.1%	6.8%	9.7%	10.8%
<b>ADJUSTED EBITDA</b>	<b>13.4</b>	<b>5.4</b>	<b>10.5</b>	<b>15.9</b>	<b>18.9</b>
Adj EBITDA margin (%)	9.0%	3.7%	6.8%	9.7%	10.8%
<b>EBIT</b>	<b>6.8</b>	<b>(6.0)</b>	<b>1.5</b>	<b>6.5</b>	<b>8.9</b>
EBIT margin (%)	4.6%	n.m.	1.0%	3.9%	5.1%
<b>Group Net income</b>	<b>3.3</b>	<b>(10.2)</b>	<b>(0.9)</b>	<b>2.6</b>	<b>4.5</b>
Margin (%)	2.2%	n.m.	n.m.	1.6%	2.6%
<b>Adjusted net debt (cash)</b>	<b>42.8</b>	<b>61.9</b>	<b>54.9</b>	<b>52.1</b>	<b>43.8</b>
Shareholders Equity	89.1	80.7	78.9	80.6	84.3
Net Operating Working Capital	46.9	61.6	58.5	60.5	60.0
Capex and acquisitions	6.8	8.3	4.7	5.5	6.2
<b>Free Cash Flow</b>	<b>7.6</b>	<b>(19.8)</b>	<b>8.4</b>	<b>6.6</b>	<b>10.8</b>

Banca Profilo elaborations on Company data

Since Beghelli has not yet published a complete FY22 Balance Sheet, the numbers in blue are estimated

#### Revenue breakdown by business unit

	2021	2022	2023E	2024E	2025E
Emergency & Ordinary Lighting	137.5	139.3	150.4	160.5	169.8
Other	10.5	6.6	5.1	5.6	6.2

#### Solvability Ratios

	2021	2022	2023E	2024E	2025E
Net debt (cash) / EBITDA	2.8x	20.4x	5.2x	3.3x	2.3x
Net debt (cash) / Equity	0.5x	0.8x	0.7x	0.6x	0.5x

#### Financial and Operative ratios

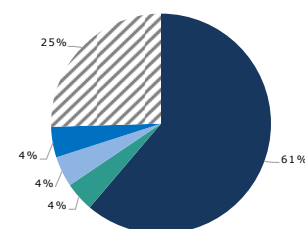
	2021	2022	2023E	2024E	2025E
Tax rate	16%	4%	4%	16%	16%
ROIC	4%	-4%	1%	4%	6%
ROE	4%	-13%	-1%	3%	5%
Days Sales Outstanding	60	76	72	70	68
Days Sales Of Inventory	149	184	170	164	157
Days Payables Outstanding	148	148	148	147	147
Fixed asset turnover ratio (FAT)	2.1	2.2	2.7	3.2	3.7
Capex/Sales	5%	6%	3%	3%	4%
D&A to capex	122%	109%	193%	173%	162%

Source: Factset, Banca Profilo estimates and elaborations

#### Company Description

Company Sector	Industrials – Electrical Equipment
Price (€)	0.27
Number of shares (mln)	200.0
Market Cap (€ mln)	52.0
Reference Index	Italian Stock Exchange
Main Shareholders	Gian Pietro Beghelli
Main Shareholder stake	61.0%
Free Float	25.7%
Daily Average Volumes	146,488
Sample of comparables	Zumtobel, Signify, Fagerhult, Lena Lighting, Dialight and Acuity Brands

#### Ownership structure



■ Gian Pietro Beghelli 
 ■ Luca Beghelli  
■ Graziano Beghelli 
 ■ Maurizio Beghelli  
■ Free float

#### Data of peers

	2022	2023E	2024E
Sales Growth (yoy)	10.2%	6.5%	4.4%
EBITDA Margin	2.1%	6.8%	9.7%

Average data (median)

#### Multiples of peers

Best peers (margins and cash flows)	2023E
EV / EBITDA	6.5x

#### Beghelli competitive arena: growth prospects, cash flows and risk comparability criteria

Company	Currency	Sales growth							EBITDA margin						
		2018	2019	2020	2021	2022	2023E	2024E	2018	2019	2020	2021	2022	2023E	2024E
Zumtobel Group AG	Euro	-4.7%	-2.9%	-5.6%	3.7%	3.0%	5.8%	-2.0%	6.3%	9.3%	11.3%	11.0%	10.5%	10.2%	10.2%
Signify NV	Euro	-8.7%	-1.7%	4.1%	5.5%	9.5%	-3.4%	2.2%	10.3%	11.0%	11.5%	13.2%	10.3%	12.5%	13.0%
Fagerhult AB	Swedish Krona	8.7%	39.6%	-13.6%	4.5%	16.7%	7.1%	8.3%	23.4%	16.7%	13.4%	16.3%	15.3%	14.6%	13.9%
Lena Lighting S.A.	Polish Zloty	-5.0%	-9.1%	10.6%	0.1%	5.3%	28.3%	9.0%	10.4%	10.9%	15.6%	10.3%	10.7%	10.8%	10.5%
Dialight plc	British Pounds	-6.3%	-11.0%	-21.2%	10.6%	29.0%	8.0%	6.6%	7.4%	7.2%	0.8%	8.5%	7.7%	8.5%	8.8%
Acuity Brands, Inc.	U.S. Dollar	3.2%	-3.4%	-5.1%	8.0%	10.9%	3.5%	1.6%	15.7%	15.7%	15.8%	16.2%	15.9%	15.5%	15.3%
Median best peers		<b>-4.9%</b>	<b>-3.1%</b>	<b>-5.3%</b>	<b>5.0%</b>	<b>10.2%</b>	<b>6.5%</b>	<b>4.4%</b>	<b>10.3%</b>	<b>11.0%</b>	<b>12.5%</b>	<b>12.1%</b>	<b>10.6%</b>	<b>11.7%</b>	<b>11.7%</b>
<b>Beghelli</b>	<b>ITA</b>	<b>-8.8%</b>	<b>-5.3%</b>	<b>-22.0%</b>	<b>16.2%</b>	<b>-1.4%</b>	<b>5.9%</b>	<b>6.8%</b>	<b>6.6%</b>	<b>9.9%</b>	<b>6.4%</b>	<b>10.2%</b>	<b>2.1%</b>	<b>6.8%</b>	<b>9.7%</b>



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