

# JONIX (JNX.IT)

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## Strong top line growth, FY21 estimates look conservative

BUY

Last (€)

5.48

Valuation Range (€)

7.0-7.5

1H21 sales grew 85% YoY to €2.50m, in line with our expectations, while YtD reached €5.52m, exceeding the FY20 figure. We believe that the important agreements signed in recent months, which have favoured the positioning in new foreign markets, make our FY21 estimates rather conservative. We confirm our BUY recommendation and our VR of €7.0-7.5/sh.

- 1H21 strong as expected** – We believe that in the current phase of Jonix's development, top line growth is the main KPI, as it provides immediate feedback on the effectiveness of its growth strategy. We therefore positively assess 1H21 results, which, in line with our expectations, saw revenues up 85% YoY to €2.50m, of which €1.7m in Italy (+47% YoY) and €0.9m abroad (+291% YoY). In terms of products, Air Tech Solutions rose by 62% YoY to €1.9m and Advanced Tech Solutions by 140% YoY to €0.3m. In terms of sectors, Residential grew by 37% YoY to €1.4m and Commercial by 231% YoY to €1.0m. EBITDA growth was only 5% YoY to €0.51m, in line with our expectations, with margin down to 20.3% from 36.0% as a consequence of various factors: 1) the sharp rise in the prices of raw materials, components and related transports due to difficult sourcing related to the pandemic; 2) higher marketing and communication costs to strengthen the Jonix brand and to expand the commercial network in Italy and abroad with a main focus on volumes; 3) a sharp increase of the organizational structure in relation to the listing on AIM and the expected development of the business (the number of employees rose to 12 from 5).
- A solid cash position** – The net financial position at the end of June was positive by €4.0m, in line with Bestinver estimate, from zero net cash at the beginning of the year, as the cash-in from the €6.2m capital increase has been partly absorbed by the capitalized listing costs (€0.9m), the increase in working capital (€0.7m) and the payment of the dividend (€0.5m).
- New products, new markets** – Jonix is pursuing its growth strategy by increasing its R&D activities and launching new solutions and services. In particular schools and transports are two key targets for the coming months: VCM 4People is a sanitising mechanical ventilation unit, already installed in a public school in the province of Pesaro and Urbino and attracting interest from the export markets; Up IN Plus is a product designed for the public transport sector, especially buses (tenders in 4 Italian regions) and trains (negotiations in Italy and Spain). The other key driver of the company growth is the development of the commercial network through the consolidation of its position in Italy and the increase of the number of distributors abroad, with recent expansion in Poland, Turkey, Dubai, Hong Kong, Mexico, Ecuador, Colombia and Peru. Commercial developments in Oceania and Russia should materialise in 2H21.
- Estimates and BUY rating confirmed** – As at 27 September revenues reached €5.52, exceeding the FY20 figure, also thanks to the €2m order from Rheinmetall recently completed. We believe that in view of the YtD revenue performance, continued expansion of the commercial network and potential new orders from schools and transport sectors, our FY21 forecasts can be considered conservative at this stage. BUY rating and VR of €7.0-7.5/sh. confirmed.

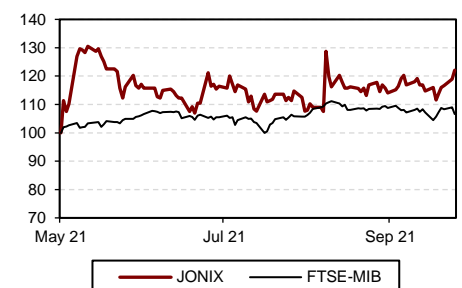
### KEY FINANCIALS

€m	2021E	2022E	2023E
Revenues	7.0	10.5	14.2
EBITDA	2.1	3.1	4.3
EBIT	1.9	2.8	3.9
PBT	1.9	2.8	3.9
Net income	1.3	1.9	2.6
Sales growth	27%	51%	35%
EBITDA mg	30%	30%	31%
EBIT mg	27%	27%	28%
PER	18.6	13.9	10.9

### EV VALUATIONS

€m	2021E	2022E	2023E
+ Mkt Cap	35.9	35.9	35.9
+ Net Debt	-5.4	-5.9	-6.9
- Non-core assets	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0
= EV	30.5	29.9	28.9
EV/Sales (x)	4.4	2.8	2.0
EV/EBITDA (x)	14.8	9.7	6.7
EV/EBIT (x)	16.3	10.6	7.4
EV/IC (x)	17.4	12.1	9.4

### JONIX vs. FTSE MIB



Source: Bestinver Securities & Factset

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Figure 1: JNX – 1H21 results review

€m	1H21A	YoY	1H21E	AoE	1H20	FY20	FY21E	YoY
Sales	2.50	85%	2.50	0%	1.35	5.48	6.95	27%
Adj. EBITDA	0.51	5%	0.50	2%	0.49	1.67	2.05	22%
margin	20.3%		20.0%		36.0%	30.6%	29.5%	
EBIT	0.46	4%	0.45	1%	0.44	1.58	1.86	18%
margin	18.2%		18.0%		32.5%	28.9%	26.8%	
Net Profit	0.31	-14%	0.31	0%	0.36	0.98	1.33	35%
Net Debt (Net Cash)	-4.03		-4.02			0.02	-5.40	

Source: Bestinver Securities estimates, Company data

Figure 2: JNX – Revenues by commercial line

€m	1H20	1H21
Air Tech Solutions	1.16	1.88
- YoY		62%
- Weight on total revenues	86%	75%
Advanced Tech Solutions	0.14	0.33
- YoY		140%
- Weight on total revenues	10%	13%
Spareparts	0.02	0.21
- YoY		1243%
- Weight on total revenues	1%	8%
Other	0.04	0.11
- YoY		155%
- Weight on total revenues	3%	4%
<b>Total revenues</b>	<b>1.35</b>	<b>2.51</b>

Source: Company data

Figure 3: JNX – Revenues by sector

€m	1H20	1H21
Residential	0.99	1.36
- YoY		37%
- Weight on total revenues	73%	54%
Commercial	0.32	1.05
- YoY		230%
- Weight on total revenues	24%	42%
Other	0.04	0.11
- YoY		155%
- Weight on total revenues	3%	4%
<b>Total revenues</b>	<b>1.35</b>	<b>2.51</b>

Source: Company data

Figure 4: JNX – Revenues by geographical area

€m	1H20	1H21
Italy	1.13	1.66
- YoY		47%
- Weight on total revenues	84%	66%
Abroad	0.22	0.86
- YoY		291%
- Weight on total revenues	16%	34%
<b>Total revenues</b>	<b>1.35</b>	<b>2.51</b>

Source: Company data

**Summarised P&L Account and key ratios**

€m	2018	2019	2020	2021 E	2022 E	2023 E
<b>Sales</b>	<b>0.2</b>	<b>0.4</b>	<b>5.5</b>	<b>7.0</b>	<b>10.5</b>	<b>14.2</b>
<b>Adj. EBITDA</b>	<b>0.1</b>	<b>0.1</b>	<b>1.7</b>	<b>2.1</b>	<b>3.1</b>	<b>4.3</b>
Depr/Prov	(0.1)	(0.1)	(0.1)	(0.2)	(0.3)	(0.4)
<b>Adj. EBIT</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>	<b>1.9</b>	<b>2.8</b>	<b>3.9</b>
Net Int.Cost	(0.0)	(0.0)	(0.0)	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
<b>Impairment &amp; Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>PBT</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>	<b>1.9</b>	<b>2.8</b>	<b>3.9</b>
Taxes	0.0	(0.0)	(0.3)	(0.5)	(0.9)	(1.4)
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>1.3</b>	<b>1.9</b>	<b>2.6</b>
<b>EPS</b>	<b>0.00</b>	<b>0.20</b>	<b>0.20</b>	<b>0.29</b>	<b>0.39</b>	<b>0.50</b>
Sales growth	(17.4%)	87.9%	1162.9%	27.0%	51.0%	35.0%
EBITDA growth	24.4%	(15.9%)	1231.2%	22.5%	51.0%	39.6%
Net Profit growth	289.0%	1.7%	9376.7%	35.0%	45.2%	33.7%
EBITDA margin	64.9%	29.0%	30.6%	29.5%	29.5%	30.5%
EBIT margin	8.8%	6.8%	28.9%	26.8%	27.0%	27.7%
Net Pr. Margin	4.6%	4.4%	22.5%	19.1%	18.3%	18.2%
Gross Int. Cover (x) (1)	2.1	2.8	170.8	-	-	-

**Summarised Balance Sheet and key ratios**

€m	2018	2019	2020	2021 E	2022 E	2023 E
Fixed assets	0.3	0.2	0.2	0.4	0.7	1.1
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Inventories	0.2	0.2	1.6	1.0	1.4	1.6
Trade Receivables	0.1	0.1	1.5	1.5	2.2	3.0
Cash + S/T Invest. + Other	0.3	0.3	1.0	6.1	6.7	7.9
<b>Total Assets</b>	<b>0.9</b>	<b>0.9</b>	<b>4.3</b>	<b>9.0</b>	<b>11.0</b>	<b>13.5</b>
Sharehold. Equity	0.1	0.1	1.0	7.1	8.4	10.0
L-T Financial Debt	0.7	0.6	0.3	0.0	0.0	0.0
S-T Financial Debt	0.0	0.0	0.4	0.2	0.0	0.0
Trade Payables	0.1	0.1	1.9	1.0	1.5	2.0
Provisions + Other	0.1	0.1	0.7	0.7	1.1	1.5
<b>Total Liabilities</b>	<b>0.9</b>	<b>0.9</b>	<b>4.3</b>	<b>9.0</b>	<b>11.0</b>	<b>13.5</b>
Net Debt	0.7	0.5	0.0	(5.4)	(5.9)	(6.9)
WACC	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Net Debt/Equity	13.0	7.5	0.0	(0.8)	(0.7)	(0.7)
ROCE (2)	3%	5%	110%	76%	78%	84%
ROE	23%	19%	1533%	23%	30%	35%
ROCE/WACC (x)	0.4	0.7	14.9	10.3	10.6	11.4

**Simplified Cash Flow Statement and key ratios**

€m	2018	2019	2020	2021 E	2022 E	2023 E
Net Profit	0.0	0.0	1.2	1.3	1.9	2.6
+ Depr. & Amortis.	0.1	0.1	0.1	0.2	0.3	0.4
+/- other	(0.0)	0.0	(0.2)	0.2	0.1	0.2
<b>= Operating CF</b>	<b>0.1</b>	<b>0.1</b>	<b>1.1</b>	<b>1.7</b>	<b>2.3</b>	<b>3.2</b>
- Change in Working K	(0.2)	0.2	(0.6)	(0.6)	(0.6)	(0.5)
- CAPEX of which	(0.1)	(0.1)	(0.1)	(0.5)	(0.6)	(0.8)
expansinary CAPEX	(0.0)	0.0	0.0	(0.3)	(0.3)	(0.4)
<b>= Net FCF</b>	<b>(0.2)</b>	<b>0.2</b>	<b>0.4</b>	<b>0.6</b>	<b>1.2</b>	<b>2.0</b>
- Dividends	0.0	0.0	0.0	(0.5)	(0.7)	(1.0)
FCF Yield (Mkt Cap)	-	-	-	1.8%	3.3%	5.5%
FCF Yield (EV)	-	-	-	2.1%	4.0%	6.8%
<b>Net FCF (3)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>0.4</b>	<b>0.9</b>	<b>1.5</b>	<b>2.3</b>
FCF Yield (Mkt Cap)	-	-	-	2.5%	4.1%	6.5%
FCF Yield (EV)	-	-	-	3.0%	5.0%	8.0%

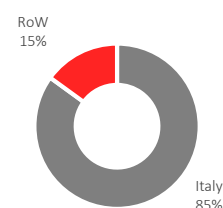
1) calculated as EBIT/Int. expenses (2) calculated as ROCE after taxes (3) calculated ex-expansinary CAPEX

(\*) Source: company data and Bestinver Securities estimates

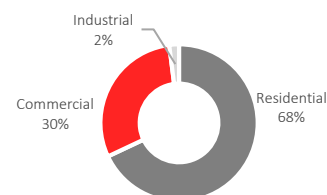
**EV valuations**

€m	2021	2022	2023
+ Mkt Cap	35.9	35.9	35.9
+ Net Debt	-5.4	-5.9	-6.9
- Non-core assets	0.0	0.0	0.0
+/- Other	0.0	0.0	0.0
<b>= EV</b>	<b>30.5</b>	<b>29.9</b>	<b>28.9</b>
EV/Sales (x)	4.4	2.8	2.0
EV/Adj.EBITDA (x)	14.8	9.7	6.7
EV/EBIT (x)	16.3	10.6	7.4
EV/IC (x)	17.4	12.1	9.4

**Geographical Sales BreakDown**



**Divisional Sales BreakDown**



**Debt Structure (€m)**

<b>Total Debt in the B. Sheet</b>	<b>0.7</b>
Short Term	0.4
Long Term	0.3
<i>maturing in 24M</i>	0.3
<i>maturing in 36M</i>	-
<i>maturing in 48M or more</i>	-
Cost Range	0.8-1.0%
Rating (Moody's)	
<i>Short term</i>	n.a.
<i>Long term</i>	n.a.

**Estimated Off B/S Liabilities** **None**

**Share Information**

Outstanding # shares (m)	6.54
Market Cap (€ m)	35.9
Avg. daily volume (€ m, last 6 months)	0.012
Free float %	24%
<b>Major shareholders</b>	
Mauro Mantovan Holding Srl	21.7%
Antonio Cecchi	19.9%
Bisarcha Srl	18.3%
Galletti SpA	8.3%

**Management shares option scheme**

% of Capital	None
Nearest to vest	n.a.

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