

June 19th, 2024

Europe | Industrial Services

DR. KALLIWODA
RESEARCH GmbH

Comprehensive Update BUY

Target price: 0.44 EUR

NAVIGATOR Investments NYRT:

This acquisition kicked in the door, more room for innovative growth

Industry: Industrial Services
Country: Hungary
ISIN: HU0000198221
Website: <https://www.navigatorinvest.com>

	in HUF	in Euro
Last price:	77	0.195
	High	Low
Price 52 W.:	90.00	41.00
Market cap. (EUR '000)		7.9549
Number of shares (tsd)		40.899
Upside potential:		126%

Shareholders

Mr Zoltan Jutasi	62.3%
Mr Oliver S�v�ri	12.2%
Own Shares	12.7%
Free Float	12.7%

Performance

YTD	9.90%
3 months	52.00%
1 year	9.00%
From Start	6.10%

Dividend

	in HUF	in %
2022	0.60	0.90%
2023	1.20	1.60%

Chart: Start 17th June 2023



- NAVIGATOR Group announced a milestone acquisition and aims to build and operate a group of companies at the leading edge of industrial innovation technologies through an active M&A strategy.
- NAVIGATOR anticipates quadrupling its revenues from 2022 by 2026, targeting an EBITDA of EUR 4-5 million, and aiming for a net profit after tax close to EUR 2.5 million by 2026.
- NAVIGATOR is focusing on expanding its market presence with R&D expertise and state-of-the-art technology as a supplier to industries such as energy, railway, food, medical instruments and aerospace.
- In our comprehensive update we derive a fair value range of 0.366-0.41 Euro per share in three-year period due to dilution based on our Discounted Cashflow Model and recommend buying the stock.

in '000 EURO	2021	2022	2023	2024e	2025e	2026e
Net sales	4,337	4,871	10,457	12,162	13,482	15,236
EBITDA	104	1,222	1,691	2,595	2,891	3,531
EBIT	64	570	975	1,787	1,980	2,503
Net income adjusted	313	450	938	1,806	2,005	2,507
EPS adjusted (in EUR cents)	0.87	1.26	2.62	4.10	4.55	5.68
BVPS (in EUR)	0.05	0.10	0.15	0.16	0.21	0.26

RoE	17.78%	12.72%	17.46%	25.27%	22.10%	21.82%
EBIT margin	1.47%	11.71%	9.33%	14.69%	14.69%	16.43%
P/E	20.60	14.29	7.20	4.39	3.96	3.17
P/BVPS	3.66x	1.82x	1.26x	1.11x	0.88x	0.69x
EV/EBITDA			6.93x	3.63x	2.67x	1.52x

Source: Dr. Kalliwoda Research GmbH   2024 & NAVIGATOR Investments NYRT

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1. Equity Story – Growth Drivers:

In the 2022 financial year, NAVIGATOR achieved a 12% increase in turnover from EUR 4,336.6 thousand to EUR 4,870.9 thousand and a ninefold jumped increase in EBIT to EUR 570 thousand. In 2023, the Navigator Group experienced substantial financial growth and strategic expansion. The group's consolidated revenue more than doubled, exceeding EUR 10 million, driven primarily by the acquisition of Julius-Globe Kft. This acquisition significantly boosted the industrial machinery and component manufacturing segment. For the first time, export sales surpassed domestic sales, reflecting the group's successful acquisitions and enhanced international market presence. Thanks to Julius-Globe pro-forma consolidation, the Group's EBITDA increased by 38% close to EUR 1.7 million, EBIT soared by 71% close to EUR 1 million, compared to the previous year. This growth was underpinned by strategic investments in technology, including industrial automation, as well as the implementation of centralized back-office systems and coordinated workflows.

Looking ahead, Navigator Group plans to complete three more acquisitions over the next three years, expand into new international markets, and further integrate advanced Industry 4.0 technologies, while maintaining a focus on sustainable practices and high ESG compliance.

Impact of Industrial Development

The business impact of industrial development is extremely positive.

Technological innovation, such as improved control systems, software capabilities, and IoT integration, has a predicted impact on predictive maintenance and real-time monitoring, further improving the efficiency, accuracy, and speed of machining processes.

Growing automation, precision components, driven by innovations enable the ability to deliver outstanding manufacturing performance within ever tighter tolerances and expected to result higher productivity, lower production costs and the elimination of human error.

Precision components, driven by innovations in aeronautics and automotive industries, enable the ability to deliver outstanding manufacturing performance within ever tighter tolerances.

Serving individual needs on a large scale, driven by strong demand for personalized consumer goods and specialized industrial components, has a significant expected impact.

Machining diversity and R&D activities will play a key role in addressing a wide range of specific needs on a mass scale.

Sustainability, encompassing energy efficiency and eco-friendly solutions, has a significant expected impact. Achieving high compliance indicators with ESG targets will become a core requirement for businesses.

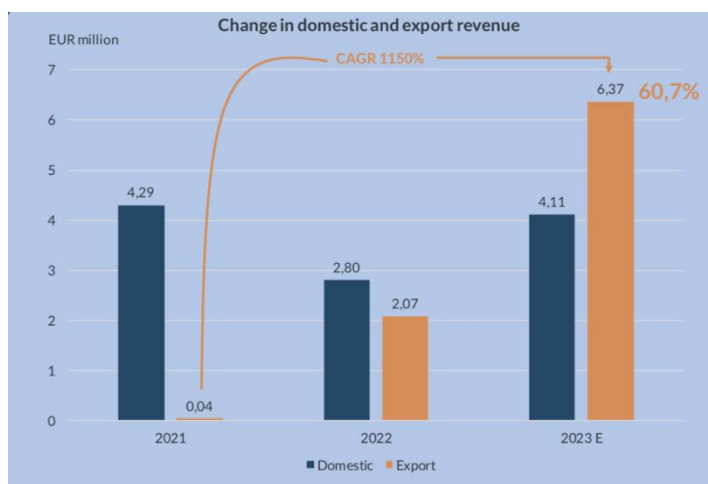
2. NAVIGATOR INVESTMENTS PLC. 2023 Initiatives:

Navigator Investment has made new initiatives focused on international acquisitions and expansion. The company plans to complete three acquisitions over the next three years and expand into international markets to diversify and enhance growth.

In capital market activities, Navigator is planning a large public offering to improve liquidity and will use the raised capital to support regional expansion and enhance financial stability.

The company's technological and industrial focus includes increased investment in industrial automation, robotics, and artificial intelligence, with an emphasis on leveraging Industry 4.0 technologies, such as cyber-physical systems, to drive innovation and efficiency.

To improve organizational efficiency, Navigator is implementing unified and centralized back-office systems and improving operational processes. The professional knowledge base has been significantly expanded, increasing the operational efficiency of each member company, and workflows are being coordinated to exploit synergies among member companies.



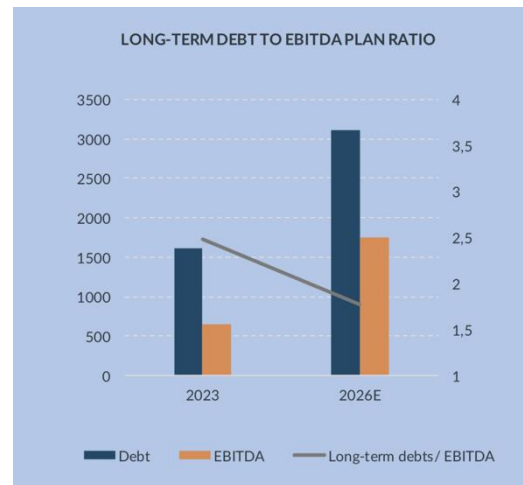
For financial efficiency, Navigator has improved liquidity through efficient cash allocation and favorable loan structures.

FUTURE EXPECTATIONS

Navigator Investments has outlined several key expectations for its future growth and development.

The company anticipates quadrupling its revenues from 2022 by 2026, targeting an EBITDA of EUR 4-5 million, and aiming for a net profit after tax close to EUR 2.5 million by 2026. Navigator is focusing on expanding its market presence in key industries such as packaging, healthcare, electronics, energy and aerospace.

The company will continue integrating advanced technologies to enhance precision, automation, and sustainability in manufacturing processes, leveraging Industry 4.0 innovations. Navigator is also committed to providing stable and increasing dividend payments to its shareholders. Additionally, the company plans to grow in sectors like mechanical engineering, robotics, hydraulics, pneumatics, high-tech, automotive, railway, plastics, metal, sealing, and aerospace through targeted acquisitions and R&D investments.



Source: Navigator Investments Nyrt

The General Meeting of NAVIGATOR authorized the Board of Directors to raise capital by new shares to the Company's share capital in public or private placement. We need to note that currently the highest amount to which the Board of Directors may increase the share capital of the Company shall not exceed the amount of HUF 1,000,000,000.

According to published strategy on their website NAVIGATOR plans to make 3 further successful acquisitions between 2024-2026. The management expects the Company will raise EUR 1.25 million in bank loans and EUR 1.25 million in equity financing in order to implement the acquisition of each industrial target.

The Board of Directors has just started preparing another private placement at an issue price of HUF 75, aiming for a capital increase of HUF 200 million.

Currently we view at base case that number of shares will increase to 56,690 thousand by 2026. In this report we raise our fair value to EUR 0.366 per share. A smaller increase in the number of shares could further improve our fair value and target price in the future.

Scenario for Capital increase				
in EUR´000	2024.06	2024.12 e	2025.12 e	2026.12e
Shareholder Value	16,793.48	17,793.48	19,293.48	20,793.48
Number of shares	40,899.39	44,846.04	50,768.40	56,690.76
Fair value per share	0.41060455	0.39676815	0.38002932	0.36678782
Source: Dr. Kalliwoda Research GmbH © 2024				

3. SWOT-Analysis:

Strengths

- Experienced management: Navigator has an experienced and competent management team with a deep understanding of the industry and markets.
- Good financial performance: The company has delivered a stable financial performance in recent years and has steadily increased its profit.
- Quality of products in the portfolio companies and innovative, proven R&D expertise.

Weaknesses

- Dependence on a few investments: The company may be too dependent on a few investments, which may lead to increased uncertainty.
- Limited geographic focus: The company is mainly focused on the European market and may have difficulties gaining a foothold in other parts of the world.

Opportunities

- Expansion into new markets: The company can expand its presence in other parts of the world, diversifying its portfolio and opening up new investment opportunities.
- Listing on new stock exchanges: NAVIGATOR can increase the enthusiasm of foreign investors by listing on stock exchanges such as Frankfurt, etc.
- New synergies can be created quickly through new acquisitions. A good base for managing production units at holding level.

Threats

- Market risks: The company's investments are exposed to market risks, such as fluctuations in share prices or interest rates, which can lead to losses.
- Fund raising opportunities from domestic capital market can effect significantly to form optimal capital structure in order to finance targeted M&A activity.

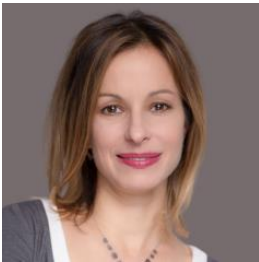
4. Board of Directors and Management:

Zoltán Jutasi: Chairman of the Board



Zoltan Jutasi is an experienced entrepreneur and investor with a university degree in management and leadership. He founded his first company while still studying in 1995. Over the past 25 years, he has been involved in numerous acquisitions, gaining expertise in strategic planning, M&A, and investments. With over 20 years of experience in portfolio management, he has generated over €500 million in revenue from companies in his portfolio. He has also been a major shareholder in several medium and large Hungarian companies and listed public companies. Jutasi has played a role in crisis management and reorganization efforts for Hungarian businesses such as KESZ Holding and Synergion Informatikai Nyrt, leading the restructuring of companies facing structural and financial challenges. He has also been involved in the creation of the Morando Venture Capital Fund and was a member of the Wallis Group until 2005.

Yvette Jutasi: Member of the Board



Yvette Jutasi graduated from Budapest University in 1999, specializing in operations management and business evaluation. She gained consulting experience at Horvath & Partners and was involved in controlling and M&A preparations for smaller companies. For over 12 years, she held management positions at Posta Insurance. Later on, she worked as a strategy and business consultant, leading various projects.

Thomas PB Frater: Member of the Board



Thomas Frater has spent 25 years investing private equity and advising funds and corporations on investments, corporate financings, as well as cross-border M&A in emerging markets. Prior to founding Hussar & Co. in New York, he advised and transacted middle-market buy-outs in China and North America, including leading the carve-out of a \$ 150 million division of a US blue-chip. In addition, he has helped manage real estate and private equity investments for two major family offices.

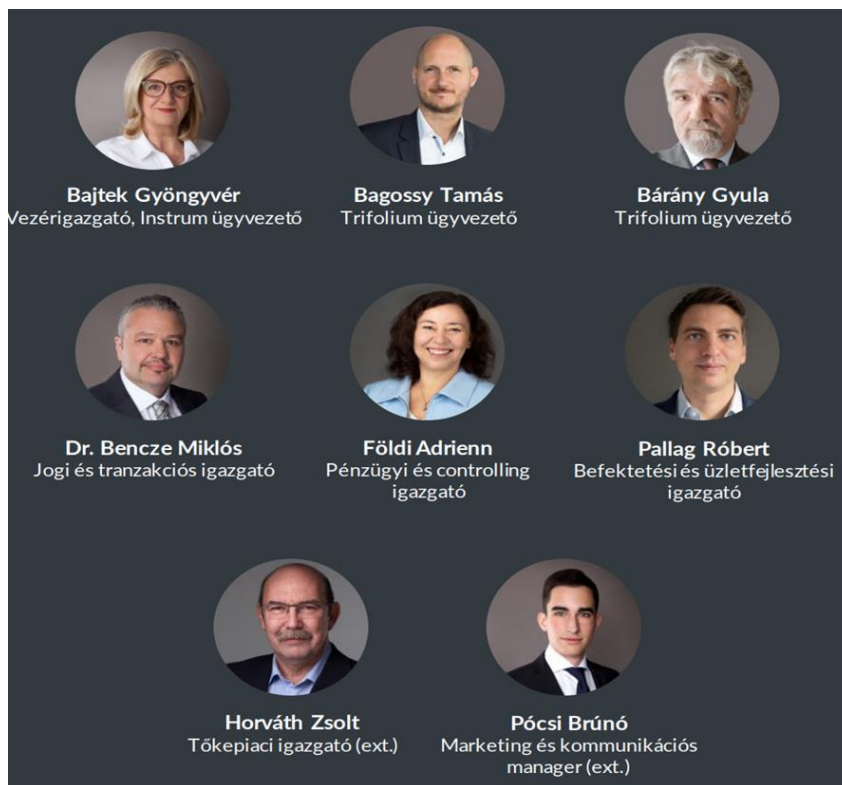
Erika Rácz: Member of the Board

Former owner, quality manager of Julius-Globe Kft. and also responsible for customer support. She graduated in environmental engineering from the Rijkshoogeschool Ijselland (BSc) and International Environmental Sciences (MSc) from the University of Greenwich. In addition to his professional activities, she also plays a significant social role, among these, should be highlighted Professio Metalworking and Training Cluster, founded by the cooperation of companies from the Győr metal industrial area, where since 2013 she has been a Member of the Board.

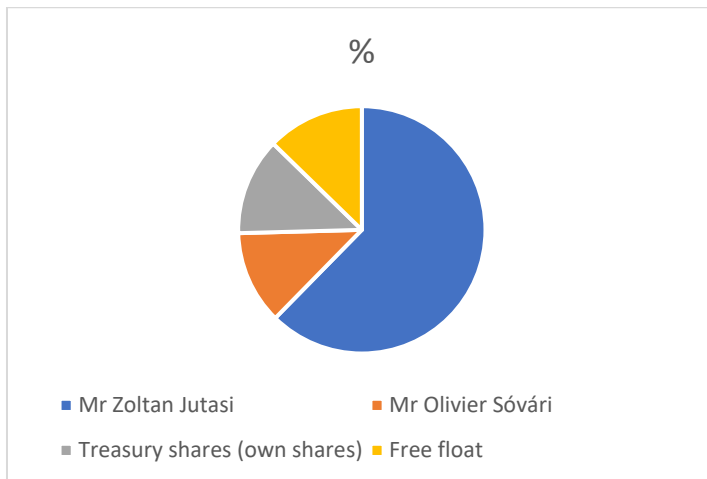
Olivér Sóvári: Member of the Board

Experienced manager and business consultant who has worked in online service, construction, production and commercial industries, in a multinational environment. He is characterized by strong leadership, strategic thinking and communication skills, tax, accounting and financial experience. He has MBA degree from Oxford Brookes University (UK). As a recognised investor, he buys undervalued assets that are ignored by the market. In less than 10 years, he has built his portfolio from scratch, which is still a work in progress.

The members of NAVIGATOR Group's management:



5. Shareholder Structure:



Source: NAVIGATOR Investments Nyrt

6. Valuation: Shareholder value 16.8 million Euro

We view NAVIGATOR shares offer an attractive investment opportunity. The Company has completed three acquisitions in the last four years and plans to make three more by 2026. Shares are trading at very low multiplies (P/E, EV/EBITDA) based on expected earnings for the coming years. Improvement in liquidity expected due to strong commitment to increase the freefloat. Entering BSE Standard category will also broaden the investor base.

Discounted Cash Flow Model (2023), calculated on 16 June 2024

in'000 EUR	2023	2024E	2025e	2026e	2027e	2028e
Net sales	10,456.67	12,162.06	13,481.64	15,235.98	16,779.10	18,478.51
(y-o-y change)	114.7%	16.3%	10.9%	13.0%	10.1%	10.1%
EBIT	975.40	1,786.95	1,979.79	2,502.87	2,865.31	3,233.58
EBIT margin	9.3%	14.7%	14.7%	16.4%	17.1%	17.5%
Profit or loss from financial transactions	175.34	197.80	223.14	251.73	283.98	320.37
Tax expense	-212.53	-178.63	-198.26	-247.91	-283.44	-319.86
Profit after tax	938.21	1,806.12	2,004.67	2,506.69	2,865.85	3,234.09
+ Depreciation	716.00	807.73	911.22	1,027.97	1,159.67	1,308.25
= Net operating cash flow	1,654.21	2,613.86	2,915.89	3,534.66	4,025.52	4,542.34
plus Capital inj.	-	-	-	-	-	-
minus Dividend	81.09	94.00	100.00	106.00	126.00	141.00
- Total investments (Capex and WC)	-468.36	-1,395.45	-1,497.70	-1,612.52	-1,741.47	-1,886.35
= Free Cash Flow (FCF)	1,104.76	1,124.41	1,318.19	1,816.14	2,158.05	2,514.99
PV of FCFs	1,104.76	1,019.90	1,084.53	1,355.34	1,460.80	1,544.18
Terminal Value						18,609.58
PV of FCFs in explicit period	7,569.52					
PV of terminal period						11,426.15
Implied Enterprise value (EV)	18,995.66					
- Net debt	2,229.40					
+ Investments / - Minorities	0.00					
Shareholder value	16,766.26					
Number of shares outstanding (thousands)	40,899.39					
WACC	10.25%					
Tax rate	9.0%					
Equity ratio	44.7%					
Debt ratio	55.3%					
Fair value per share in EUR today	0.41					
Fair value per share in EUR in 12 months	0.44					

Source: Dr. Kalliwoda Research GmbH   2024

7. Profit and Loss Statement

Profit and Loss Statement -NAVIGATOR Investments NYRT pro-forma consolidated with Julius-Globe June 2024

all figures in '000 EUR unless otherwise indicated

	10,457	2021	2022	2023	2024E	2025E	2026e	2027e	2028e
Revenues		4,337	4,871	10,457	12,162	13,482	15,236	16,779	18,479
Work performed by the company for its own purposes and		0	823	395	417	460	507	572	614
Other income		1	74	366	399	432	487	550	620
Material costs		3,647	3,259	6,227	6,912	7,811	8,834	9,806	10,885
Staff costs		448	1,134	3,128	3,284	3,465	3,638	3,820	4,011
Other operating charges		138	154	170	187	206	227	249	274
EBITDA		104	1,222	1,691	2,595	2,891	3,531	4,025	4,542
Depreciation and amortization		40	651	716	808	911	1,028	1,160	1,308
Other revenues, expenses, net		(1,795,605)	0	0	0	0	0	0	0
Capitalised own production		242,826	0	0	0	0	0	0	0
	0		0	0					
			0	0					
Operating profit or loss		(1,544,064)	12,188	23,150	26,766	29,658	33,488	36,961	40,733
Other revenues, expenses, net -Zuglo-Therm		0	0	0	0	0	0	0	0
Other revenues, expenses, net - Recognized impairment o		0	0	0	0	0	0	0	0
EBIT		64	570	975	1,787	1,980	2,503	2,865	3,234
Finance income		384,928	0	0	0	0	0	0	0
Financial expenses		(2,255,979)	0	0	0	0	0	0	0
Profit or loss from financial transactions		281	(298)	175	198	223	252	284	320
Profit or loss before taxes (EBT)		345	272	1,151	1,985	2,203	2,755	3,149	3,554
Adjusted profit or loss before tax			617	2,608					
Percentage of profit tax			1	0					
Tax expense		33	136	213	179	198	248	283	320
Profit after tax		313	136	938	1,806	2,005	2,507	2,866	3,234
Adjusted profit after tax		313	450	938	1,806	2,005	2,507	2,866	3,234
Profit after tax + Depreciation		353	787	1,654	2,614	2,916	3,535	4,026	4,542
Source: Dr. Kalliwoda Research GmbH © 2024, Navigator Investments Nyrt.			0	0					

8. Balance Sheet

Balance Sheet - Navigator Investments Nyrt consolidated without Julius-Globe June 2024

all figures in '000 EUR unless otherwise indicated


	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
ASSETS								
Fixed Assets	1,109	3,822	5,274	8,391	8,449	8,424	8,403	8,386
Tangible Assets	698	1,781	3,243	1,750	1,837	1,929	2,025	2,127
Intangible Assets	28	597	588	381	353	235	118	0
Financial investments	383	1,444	1,439	6,260	6,260	6,260	6,260	6,260
Current Assets	2,069	2,192	4,444	6,936	7,884	9,869	12,191	13,028
Inventories	0	60	485	510	535	562	590	619
Receivables	736	851	1,636	1,717	1,803	1,893	1,988	2,088
Securities	3	128	134	134	134	134	134	134
Cash and equivalents	562	1,069	1,951	4,325	5,149	7,004	9,189	9,883
PREPAYMENTS, ACCRUED AND DEFERRED A	769	85	238	250	263	276	290	304
TOTAL ASSETS	3,177	6,014	9,718	15,326	16,333	18,292	20,594	21,414

Shareholders' Equity	1,757	3,541	5,375	7,147	9,071	11,488	14,239	17,341
Issued Capital	813	893	942	942	942	942	942	942
Capital reserve	0	892	933	933	933	933	933	933
Accumulated profit reserve	471	474	1,578	2,400	4,116	6,020	8,401	11,124
committed reserve	161	125	131	131	131	131	131	131
Revaluation reserve	0	846	739	739	739	739	739	739
Profit or loss for the year	313	136	865	1,806	2,005	2,507	2,866	3,234
Rest	0	174	186	195	205	216	226	238
Non-controlling interest	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	1	2	3
Liabilities	1,006	2,121	3,912	7,727	7,262	6,805	6,354	4,073
Long Term Liabilities	120	1,080	1,185	4,864	4,256	3,648	3,040	593
Provisions	107	139	0	0	0	0	0	0
Short Term Liabilities	886	1,042	2,727	2,863	3,006	3,157	3,315	3,480
Accrued and deferred Assets	305	213	431	452	475	499	524	550
TOTAL LIABILITIES & EQUITY	3,175	6,014	9,718	15,326	16,333	18,292	20,594	21,414

Source: Dr. Kalliwoda Research GmbH © 2024, Navigator Investments Nyrt.

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Also view Sales and Earnings Estimates: DR. KALLIWODA RESEARCH on Terminals of Bloomberg, Thomson Reuters, vwd group and Factset	Analyst of this research: Dr. Norbert Kalliwoda, CEFA	

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A. Material information

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Company responsible for the content of this document: DR. KALLIWODA RESEARCH GmbH, Frankfurt am Main, Germany.

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II. Additional Information:

1. Sources of information:

Essential sources of information for the compilation of this document are publications from domestic and international information services and media (e.g. Bloomberg, dpa-AFX, Reuters, VWD, among others), financial press (e.g. *Allgemeine Zeitung Frankfurter*, *Börsenzeitung*, *Financial Times Handelsblatt and others*), specialized trade press, published statistics, rating agencies as well as publications by peer group companies and the company itself. Additionally, conservation has been held with the management of the company. This document was made available to the company before publishing to ensure the correctness of the information provided.

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Within the scope of the evaluation of companies the following valuation methods are applied: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITDA), peer group comparisons, historic valuation methods, discounting models, sum-of-the-parts-approaches, substance-valuation methods and swot-analyses. The valuation principles and models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Besides, the market moods and market sentiment affect the valuation of enterprises. The approaches are based on expectations that could change rapidly and without advance warning according on developments specific to individual branch. The valuation results and fair values derived from the models might therefore change accordingly. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up general relate to a twelve-months. Nevertheless, evaluation results are subject to changing market conditions and constitute merely a snapshot. The evaluation results and fair values may be reached faster or slower than expected by the analysts. The results and fair values may to be scale upwards or downwards.

DR. KALLIWODA RESEARCH GmbH uses the following rating model:

BUY:	Based on our analysis, we expect the stock to appreciate and produce a total return of at least 10% over the next twelve months
ACCUMULATE:	Based on our analysis, we expect the stock to appreciate and produce a total return between 5% - 10% over the next twelve months
HOLD:	Based on our analysis, we expect the stock to produce a total return between -5% and +5% over the next twelve months
REDUCE:	Based on our analysis, we expect the stock to cause a negative return between -5% and -10% over the next twelve months
SELL:	Based on our analysis, we expect the stock to cause a negative return exceeding -10% over the next twelve months

For the sustainability ranking DR. KALLIWODA RESEARCH GmbH uses the 17 United Nations Sustainable Development Goals, where each goal is classified as follows:

-1	The company negatively contributes to the goal.
0	The company does not contribute to the goal at all.
1	The company positively contributes to the goal.
2	The company profoundly contributes to the goal.
3	The company significantly contributes to the goal.

From adding up the given numbers, it is being set in a ratio to the maximum points (e.g. 51). The following model shows the note procurement:

A	100% - 70%	The company exceptionally contributes to the goal.
B	70% - 50%	The company promotes the transition to sustainability.
C	50% - 30%	The company is on the way to sustainability.
D	30% - 10%	The company minimizes its negative impact.
E	10% - 0%	The company is not sustainable.

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