

GIBUS

Another record year: robust revenue growth and doubled Net income

FY20 double digit top-line growth. Gibus closed FY20 with results that beat expectations, particularly at EBITDA and Net Income level. The good results were driven by a strong 2H20 supported by new living and working habits that are driving the outdoor living sector. FY20 revenues of Euro 45.1 m overperformed our estimates by 5% (Euro 42.8 m) and imply an increase in 2H20 sales by +45% showing an important recovery when compared to 1H when revenues dropped -19%. Overall, in FY20, sales increased by +10% yoy (Euro 40.9 m in FY19) driven by the residential segment which more than compensated for the weak performance of HO.RE.CA. As for product lines, FY20 saw strong revenues in the high margin Luxury High Tech and Sustainability segments (31% and 14% of total sales) which recorded a yoy growth of 18% and 27% respectively. In terms of geography, good results in export markets (+8%) as well as in Italy (+11%).

Profitability largely outperforming estimates. Driven by the enhanced product mix, increased production efficiency and a temporary negative trend in raw material prices (aluminium) the gross margin was up by 290 bps to 48.6% in FY20 (45.7% in FY19). EBITDA (adjusted for non-recurring "other income" of Euro 0.5 m mainly IPO related tax credit) came in at Euro 8.5 m, (Euro 5.6 m in FYH19) with an EBITDA margin of 18.8% vs. 13.7% as of prior year and 15.1% as of our estimates. In addition to the higher gross margin the increase in profitability also benefitted from pandemic related reduction in costs (trade fairs, travel and savings in fixed costs following the lockdown in 1H). Also, profitability was very strong in 2H20 with an implied EBITDA margin of that increased to 22% from 14% in 1H. Net result in 2H was positive for Euro 3.9 m, vs. Euro 0.8 m in 1H20. In the full year Net Profit reached Euro 5.4 m vs. Euro 3.5 m of our estimates (Euro 2.8 m in FY19).

Solid balance sheet allowing for investments and dividend. At the end of FY20, Gibus presented a Net Cash position of Euro 7.3 m, up from Euro 1.9 m in FY19 thanks to good operation cash flow, and despite Euro 3.3 m of investments and a dividend payment of Euro 1.4 m in December. Net Equity stood at Euro 18.3 m (Euro 14.0 m in FY19). The investments included the acquisition of land nearby the current headquarters, for the new production plant which will allow to significantly increase production capacity. The plant is estimated to be completed by the end of 2023. For 2021, Management has proposed to offer a dividend of Euro 0.54 p.s. (pay-out ratio of 29.8% and dividend yield of 4.8% on current share price).

Positive expectations for 2021. Despite the pandemic and plant closures imposed during Q2 the Group managed to present all-time high results as demonstration of strong resilience of the outdoor living sector and good execution of management's well-defined strategy based on international expansion, product development and brand awareness. Looking forward we have revised our FY21-22 forecast to incorporate the stronger than expected FY20 results. We expect the recovery in the HORECA segment, growth in export markets and the kick-in of the effects from the Ecobonus related initiatives in the domestic market to be main growth drivers in FY21. After having benefited from plummeted aluminium prices in FY20, our forecast incorporates a general increase in raw material prices, in line with the trend over the last months. We also incorporated expected investments for the new production plant. We now estimate sales growth in FY21 and FY22 of 18% and 15% respectively. Overall, we increased our revenue EBITDA and EPS forecast by an average 19%, 29% and 56% respectively.

Upgraded target price: We updated our model to factor in new estimates and market multiples and set a new target price of Euro 14.56 p.s. (9.64 p.s. pr.) providing for an upside of 30% to the current share price and obtained by weighting equally a DCF and a multiple comparison analysis. At our target price the stock would be trading at 7.5x and 6.6x FY21-22 EV/EBITDA, respectively.

Sector: Manufacturing Italian Lifestyle

Target Price (Euro)	14.56 (9,64 pr)
Market Price (Euro)	11.20
Market Cap (Euro m)	56
EV (Euro m)	49

As of March 30, 2021

Share Data

Market	AIM Italia
Reuters/Bloomberg	GIBUS:IM/CBUS.MI
ISIN	IT0005341059
N. of Shares	5,008,204
Free Float	16.62%
Main Shareholder	Terra Holding S.r.l. (83.35%)
CEO	Gianfranco Bellin

Financials

	2019A	2020A	2021E	2022E
Sales	40.9	45.1	53.6	59.0
YoY %	20%	10%	19%	10%
EBITDA	5.6	8.5	8.7	9.9
EBITDA %	13.7%	18.8%	16.3%	16.8%
EBIT	3.9	7.1	6.8	7.9
EBIT %	9.5%	15.6%	12.7%	13.4%
Net Income	2.7	5.4	5.2	5.8
Net Cash	(1.9)	(7.4)	(8.8)	(5.2)

Performance

	1M	3M	6M
Absolute	+72%	+93%	+129%
Relative (FTSE AIM Italia)	+61%	+65%	+79%
52-week High/Low (Eu)	3.03		2.58

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