

VICENZA  
**FOPE**  
DAL 1929

## Booming 2H21 revenues, FY21 strongly overperforming estimates

### Sector: Fashion & Luxury

**FY21 sales at Euro 40.3 m, outperforming our estimates by +26%.** FOPE recently reported FY21 sales which closed at Euro 40.3 m, posting a + 55% YoY growth (Euro 26.3 m in FY20) but more importantly an increase by +15% vs. pre-pandemic FY19 (Euro 35 m). Compared to our estimates, 2H21 strongly outperformed by landing at a record Euro 25.7 m, + 48% vs our estimated 2H21 sales of 17.4 m, +59% vs 16.1 m in 1H20 and +32% vs. 19.5 m in 2H19. For the full FY21 sales outperformed our estimates by +26% (Euro 32 m). The strong result was realized without the contribution of some important tourist driven markets (Caribbean and Art cities in Italy and Spain), which in FY19 counted for c. 15% of sales, and where markets in general were still conditioned by the negative effects of the pandemic. In our view this makes the result even more important and testifies on the soundness of the growth and brand awareness strategies.

**Estimate revision and valuation upgrade.** Given the above, we have revised upwards our FY estimates to factor in reported sales. At this revenue level, we expect an EBITDA margin of c. 19% hence implying a FY21 EBITDA of Euro 7.7 m, +51% vs. our previous estimates (Euro 5.1 m). Net Income is expected to reach Euro 4.1 m (Euro 2.3 m pr.). We also revised our expectations for FY23-23 now assuming FY22 sales of Euro 45.1 (Euro 39.0 m pr.) and an EBITDA margin of 18% as we expect the Company accelerate marketing expenses to continue to consolidate its position in key markets. For FY23E we left our sales growth unchanged (+10%). Overall, we made an average increase in Sales, EBITDA and Net Income of 18%, 22% and 28% respectively. Complete FY21 financial statements will be released on 25 March 2022.

Based on our updated estimates and peers' multiple re-rating since our last update in August 2021, we set a new target price of Euro 18.11 p.s. (15.55 pr.) providing for an upside on current stock price of 21%. Our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY21E/22E EV/EBITDA multiples of 12.8x and 11.9x vs. current 10.6x and 9.8x.

**Target Price 18.11 (15.55 pr.)**

Market Cap (€ m) **81**

EV (€ m) **83**

As of 31<sup>st</sup> January 2022

#### Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	FPE.MI/FPE:IM
ISIN	IT0005203424
N. of Shares	5,399,608
Free Float	13.10%
Main Shareholder	Diego Nardin

#### Industry Comp.

	FOPE	EGM Sector	Peers	EGM
Rev FY20 (Eu m)	26	24	9,879	33
FY20-22E CAGR	+31%	+49%	+14%	+56%
EBITDA FY20	4	1	2,750	4
ND/EBITDA	1	1	1	1
Mkt Cap (Eu m)	81	42	68,766	63
Free Float	13%	27%	56%	32%
ADITT YTD (Eu k)	45	22	89,696	104
EV/EBITDA FY21	10.6	10.8	15.2	15.1

#### Financials

	2020A	2021E	2022E	2023E
Sales	26.3	40.3	45.1	49.6
YoY %	-25%	+55%	+12%	+10%
EBITDA	4.1	7.7	8.1	9.7
EBITDA %	16%	19%	18%	20%
EBIT	2.5	5.9	6.4	7.9
EBIT %	10%	15%	14%	16%
Net Income	1.9	4.0	4.4	5.4
Net Debt	2.6	(0.1)	(1.0)	(3.0)

#### Performance

	1M	3M	6M
Absolute %	+30%	+25%	+91%
Relative (FTSE Italia Growth)	+37%	28%	+32%
52-week High/Low (Eu)	16.00	/	7.55

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