

VICENZA

FOPE

DAL 1929

A very strong set of FY21 results

Sector: Fashion & Luxury

Higher than expected profitability and excellent cash flow. This morning during the Luxury Goods Retail Investor Day organized by IR Top Consulting, FOPE's Management presented preliminary FY21 results, which again overperformed our previous expectations (January 2022 based on preliminary sales results). Sales was confirmed at Euro 40.3 m, (+55% YoY and +15% vs. FY19 (Euro 35 m)) whereas EBITDA was reported at Euro 8.8 m, +123% vs. FY20, +30% vs FY19 (Euro 6.8 m) and +14% vs. our estimates (Euro 7.7 m). EBITDA margin came in at c. 22% vs. 16% in FY20 and 19% in FY19, thanks mainly to higher sales volumes coupled with an efficient management of costs. Net Income was of Euro 5.0 m, more than a doubling vs. Euro 1.9 m in FY20 and in line with the result of FY19 which however benefitted from important tax incentives (patent box) no longer in place. The Company closed FY21 with a Net Cash position of Euro 1.9 m (Net Debt Position in FY20 of Euro 2.4 m) thanks to very good operating cash flow and after having paid dividends of c. Euro 0.8 m (Euro 0.15 p.s. pay-out ratio of 42%) and implemented all planned investment in technologies and markets.

Continuous positive outlook for FY22. Management highlighted that during the early months of 2022, market response remained excellent, confirming positive expectations for the new year. Management also stated that it does not expect gross margin to be significantly affected by the increase in gold price, as the Company has already covered the needs for the larger part of 2022. We also add that the Company is not present in and does not rely on tourism from the countries directly involved in Russia's war in Ukraine.

Estimate revision and valuation update. Given the above, we adjusted our estimates to factor in preliminary FY221 results and by finetuning profitability margins for FY22-23 while confirming revenue expectations. Overall, we made an average increase in Sales, EBITDA and Net Income of 0%, 11% and 18% respectively. Based on our updated estimates and peers' multiple re-rating (c. -20% since our last report), we slightly adjusted our target price upwards to Euro 18.79 p.s. (18.11 pr.) providing for an upside on current stock price of 28%. Our valuation was obtained by weighting equally the DCF and the multiple comparison analysis. At our target price the stock would be trading at FY22E/23E EV/EBITDA multiples of 10.7x and 9.4x vs. current 8.3x and 7.5x.

Target Price 18.79 (18.11 pr.)

Market Cap (€ m) **79**

EV (€ m) **77**

Market Price (€) **14.70**

As of 8th March 2022

Share Data

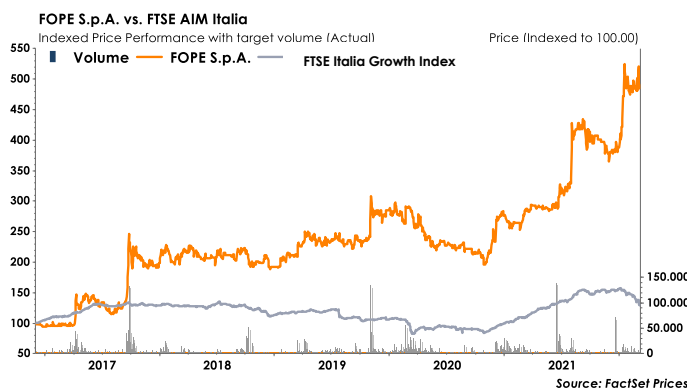
Market	Euronext Growth Milan
Reuters/Bloomberg	FPE.MI/FPE:IM
ISIN	IT0005203424
N. of Shares	5,399,608
Free Float	13.10%
Main Shareholder	Diego Nardin

Financials

	2020A	2021P	2022E	2023E
Sales	26.3	40.3	45.1	49.6
YoY %	-25%	+55%	+12%	+10%
EBITDA	4.1	8.8	9.1	10.2
EBITDA %	16%	22%	20%	21%
EBIT	2.5	6.8	7.1	8.2
EBIT %	10%	17%	16%	17%
Net Income	1.9	5.0	5.2	5.9
Net Debt	2.6	(1.9)	(3.5)	(5.8)

Performance

	1M	3M	1Y
Absolute %	+1%	+29%	+73%
Relative (FTSE Italia Growth)	+13%	53%	+45%
52-week High/Low (Eu)	16.00	/	8.30



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