

FERRAGAMO

Sector: Consumers

NEUTRAL

Price: Eu7.51 - Target: Eu7.50

2025 Consensus Deemed Reasonable in Still-Challenging Scenario

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Stock Rating

Rating: Unchanged

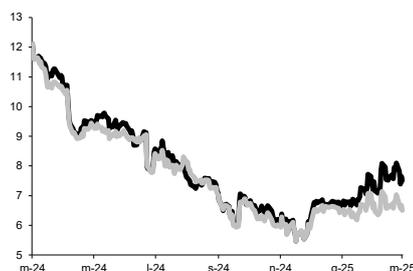
Target Price (Eu): Unchanged

| | 2025E | 2026E | 2027E |
|-----------------------|-------|-------|-------|
| Chg in Adj EPS | -5.3% | -6.7% | |

Next Event 1Q25 Revenues

Results Out 14 May 2025

FERRAGAMO - 12M Performance



— FERRAGAMO — FERRAGAMO Rel. to FTSE All Shares (Reb.)

Stock Data

Reuters code: SFER.MI

Bloomberg code: SFER IM

| Performance | 1M | 3M | 12M |
|-------------------------|-------|-------|------------|
| Absolute | 0.6% | 18.4% | -37.9% |
| Relative | -3.6% | 7.4% | -53.5% |
| 12M (H/L) | | | 11.70/5.47 |
| 3M Average Volume (th): | | | 551.60 |

Shareholder Data

No. of Ord shares (mn): 169

Total no. of shares (mn): 169

Mkt Cap Ord (Eu mn): 1,268

Total Mkt Cap (Eu mn): 1,268

Mkt Float - Ord (Eu mn): 363

Mkt Float (in %): 28.6%

Main Shareholder:

Ferragamo Family 63.4%

Balance Sheet Data

Book Value (Eu mn): 634

BVPS (Eu): 3.76

P/BV: 2.0

Net Financial Position (Eu mn): -519

Enterprise Value (Eu mn): 1,101

■ **EBIT slightly above expectations before impairment test charge.** On 30 January the group already unveiled FY24 revenues. In 2H24, the gross margin was 70.8%, lower than in 2H23 (73.0%) and below our forecast (72.3%), mainly due to some provisions on inventories and a less favourable hedging effect. 2H EBIT was negative to the tune of Eu76.7mn, after a Eu86.6mn non-cash one-off related to the impairment test. Excluding this item, half-yearly adjusted EBIT would have been Eu9.9mn, slightly above our Eu5.2mn forecast in absolute terms. The tax rate was a positive surprise thanks to the recognition of some deferred tax assets. Finally, at YE24 net cash excluding IFRS16 stood at Eu172.8mn: annual FCF was negative to the tune of Eu25mn, burdened by CapEx that remained flat YoY at about Eu71mn.

■ **Management comments.** Management confirmed that actions taken to enrich the offer, engage new audiences and elevate the in-store and online customer experience are delivering encouraging results. According to the company, consensus revenue and EBIT forecasts for 2025 (Eu1,065mn and Eu43mn respectively) are reasonable assumptions; business visibility, however, is still low and market conditions remain highly volatile, with key Asian markets still challenging. In 2M25 total revenues were in line YoY, with monthly shifts affected by the different timing of the Lunar New Year. As in 4Q24, in some markets, such as Europe, Latin America and Japan, growth was positive, while the rest of Asia, and China in particular, remained negative. The main problem is poor footfall, although the conversion rate is quite positive.

■ **Change in estimates.** We are simply fine-tuning our 2025/2026 forecasts, taking a more conservative view on the contribution from the wholesale channel. Our new EBIT estimates are just a touch above consensus.

■ **NEUTRAL confirmed; target Eu7.5 unchanged.** FY24 results and FY25 indications were consistent with our forecasts and consensus. Uncertainty over the brand's relaunch plan remains high, especially given the company has to appoint a new CEO, and we remain NEUTRAL on the stock. Our target price, which remains unchanged, combines a fundamental fair value (Eu7.0), with a 10% probability attached to the speculative scenario (valued at Eu12.3).

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 1,156 | 1,035 | 1,063 | 1,119 | 1,175 |
| EBITDA Adj (Eu mn) | 252 | 215 | 232 | 257 | 294 |
| Net Profit Adj (Eu mn) | 30 | 16 | 14 | 26 | 48 |
| EPS New Adj (Eu) | 0.178 | 0.092 | 0.084 | 0.155 | 0.287 |
| EPS Old Adj (Eu) | 0.154 | 0.008 | 0.089 | 0.166 | |
| DPS (Eu) | 0.100 | 0.000 | 0.043 | 0.079 | 0.146 |
| EV/EBITDA Adj | 9.1 | 6.1 | 4.7 | 4.3 | 3.7 |
| EV/EBIT Adj | 29.1 | 37.7 | 24.3 | 17.2 | 11.4 |
| P/E Adj | 42.3 | 81.7 | 89.0 | 48.6 | 26.2 |
| Div. Yield | 1.3% | 0.0% | 0.6% | 1.0% | 1.9% |
| Net Debt/EBITDA Adj | 1.9 | 2.3 | 2.2 | 2.1 | 1.8 |

Peer Comparison

Luxury Sector: Peer Comparison

| | Price (Eu) | Mkt Cap (Eu mn) | EV/Ebit | | | P/E | | | FCF Yield | | |
|--|---------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-------------|
| | | | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E | 2024E | 2025E | 2026E |
| MONCLER | 63.3 | 17,395 | 15.0 x | 15.2 x | 13.7 x | 26.1 x | 24.0 x | 22.0 x | 3.6% | 4.0% | 4.3% |
| BRUNELLO CUCINELLI | 116.0 | 7,888 | 30.7 x | 33.8 x | 30.3 x | 64.6 x | 56.5 x | 50.0 x | -0.3% | 0.5% | 1.0% |
| FERRAGAMO | 7.5 | 1,268 | 37.7 x | 24.3 x | 17.2 x | 81.7 x | 89.0 x | 48.6 x | -4.2% | -0.9% | 0.6% |
| LVMH Moet Hennessy Louis Vuitton SE | 653.0 | 326,593 | 17.9 x | 16.7 x | 15.4 x | 26.0 x | 23.5 x | 21.1 x | 4.0% | 4.5% | 5.0% |
| Prada S.p.A. | 65.3 | 19,876 | 16.3 x | 14.8 x | 13.1 x | 23.7 x | 20.9 x | 18.4 x | 5.2% | 5.0% | 6.0% |
| Hermes International SCA | 2,588.0 | 273,214 | 38.3 x | 38.1 x | 33.9 x | 59.0 x | 54.7 x | 47.2 x | 1.5% | 1.7% | 2.0% |
| Kering SA | 259.1 | 31,978 | 18.6 x | 19.6 x | 16.7 x | 24.3 x | 24.7 x | 19.7 x | 3.1% | 7.2% | 6.6% |
| Compagnie Financiere Richemont SA | 174.3 | 107,530 | 22.9 x | 19.9 x | 17.7 x | 29.3 x | 25.3 x | 22.4 x | 3.1% | 3.6% | 4.1% |
| Burberry Group plc | 10.7 | 4,579 | 32.5 x | 32.5 x | 19.2 x | 43.8 x | 43.8 x | 23.5 x | 4.2% | 7.6% | 9.1% |
| Ermenegildo Zegna N.V. | 8.0 | 3,020 | 15.7 x | 13.4 x | 11.2 x | 20.9 x | 18.0 x | 14.9 x | -0.6% | 2.2% | 3.1% |
| Canada Goose Holdings, Inc. | 9.7 | 873 | 12.3 x | 10.5 x | 10.4 x | 13.8 x | 13.2 x | 13.5 x | 14.1% | 8.9% | 5.7% |
| Mean (excl. Ita listed companies) | | | 20.3 x | 20.7 x | 17.2 x | 28.1 x | 28.0 x | 22.6 x | 4.3% | 5.1% | 5.2% |
| Median (excl. Ita listed companies) | | | 18.2 x | 18.2 x | 16.0 x | 24.3 x | 24.1 x | 20.4 x | 3.6% | 4.8% | 5.3% |

Source: Factset and Intermonte SIM estimates

Luxury Sector: Peer Performance

| | Mkt Cap (Eu mn) | % Change MTD | % Change QTD | % Change YTD | % Change 1 Month | % Change 3 Months | % Change 6 Months | % Change 1 Year | % Change 5 Years |
|-------------------------------------|--------------------|-----------------|-----------------|-----------------|---------------------|----------------------|----------------------|--------------------|---------------------|
| Moncler SpA | 17,395 | -4.3% | 24.2% | 24.2% | 2.1% | 26.1% | 25.6% | -5.0% | 87.7% |
| Salvatore Ferragamo S.p.A. | 1,268 | -7.2% | 11.0% | 11.0% | 0.6% | 18.4% | 9.8% | -37.9% | -40.8% |
| Brunello Cucinelli S.p.A. | 7,888 | -7.2% | 10.1% | 10.1% | -8.2% | 19.7% | 39.4% | 3.8% | 295.1% |
| LVMH Moet Hennessy Louis Vuitton SE | 326,593 | -6.0% | 2.8% | 2.8% | -6.3% | 3.6% | 6.7% | -21.6% | 81.2% |
| Hermes International SCA | 273,214 | -5.4% | 11.5% | 11.5% | -6.2% | 14.6% | 35.5% | 13.9% | 308.2% |
| Kering SA | 31,978 | -4.4% | 8.8% | 8.8% | 2.9% | 8.8% | 9.7% | -37.0% | -46.4% |
| Compagnie Financiere Richemont SA | 107,530 | -5.0% | 26.4% | 26.4% | -1.5% | 32.7% | 45.6% | 23.2% | 177.5% |
| Prada S.p.A. | 19,876 | -1.4% | 8.6% | 8.6% | 1.6% | 7.0% | 23.3% | 18.2% | 158.1% |
| Burberry Group plc | 4,579 | -1.5% | 9.2% | 9.2% | -13.4% | 15.1% | 77.0% | -15.7% | -33.0% |
| Ermenegildo Zegna N.V. | 3,020 | -5.1% | -2.9% | -2.9% | -10.6% | -3.0% | -19.1% | -43.3% | |
| Canada Goose Holdings, Inc. | 873 | -4.9% | -3.1% | -3.1% | -0.8% | 2.2% | -7.6% | -24.4% | -61.1% |

Source: Factset

| DETAILS ON STOCKS RECOMMENDATION | | | |
|----------------------------------|------------|-----------------------|------------|
| Stock NAME | FERRAGAMO | | |
| Current Recomm: | NEUTRAL | Previous Recomm: | NEUTRAL |
| Current Target (Eu): | 7.50 | Previous Target (Eu): | 7.50 |
| Current Price (Eu): | 7.51 | Previous Price (Eu): | 7.28 |
| Date of report: | 07/03/2025 | Date of last report: | 31/01/2025 |