

FERRAGAMO

Sector: Consumers

NEUTRAL

Price: Eu6.05 - Target: Eu6.70

Lowering Estimates to Reflect Deteriorating Trend in 2Q25

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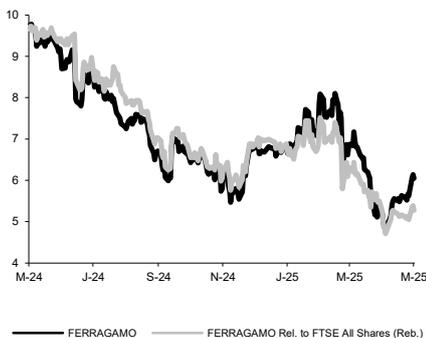
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 7.50 to 6.70		
	2025E	2026E	2027E
Chg in Adj EPS	-27.1%	-21.2%	-20.5%

Next Event 1H25 Results

Results Out 31 July 2025

FERRAGAMO - 12M Performance



Stock Data

Reuters code:	SFER.MI		
Bloomberg code:	SFER IM		
Performance	1M	3M	12M
Absolute	16.7%	-25.2%	-37.3%
Relative	1.5%	-31.4%	-51.8%
12M (H/L)	9.78/4.79		
3M Average Volume (th):	688.31		

Shareholder Data

No. of Ord shares (mn):	169
Total no. of shares (mn):	169
Mkt Cap Ord (Eu mn):	1,021
Total Mkt Cap (Eu mn):	1,021
Mkt Float - Ord (Eu mn):	292
Mkt Float (in %):	28.6%
Main Shareholder:	
Ferragamo Family	63.4%

Balance Sheet Data

Book Value (Eu mn):	630
BVPS (Eu):	3.74
P/BV:	1.6
Net Financial Position (Eu mn):	-507
Enterprise Value (Eu mn):	842

■ **1Q25 down 2.6% YoY, as expected.** 1Q25 revenues came to Eu221.1mn, down 2.6% YoY due to a declining retail contribution (revenues at Eu163.7mn, down 3.6% YoY) offset to some extent by growth in wholesale (revenues at Eu53.9mn, up 7.9% YoY), thanks partly to an easy comp, partly to some deliveries being shifted from 4Q24 to 1Q25. Looking at geographical areas (at constant Forex), Asia Pacific down 14% YoY, was the weakest area, while all the other regions were positive: Emea, +8% YoY, thanks to a positive performance in both retail and wholesale channels, as well as North America, up 2% YoY, and Japan, up 4% YoY. Latin America, up 12% YoY, was the best performing region. In terms of product categories, it is important pointing out a diverging performance from leather goods and handbags, up 10% YoY, thanks to the success of the Hug bag line, and shoes, that were down 10%, featuring a particularly weak performance in Asia.

■ **Management comments.** On current trading, management indicated that, since March, they have experienced a drop in traffic and the level of sales due to increasing macro uncertainties. The hardest-hit markets where the USA and Europe. April was particularly negative, while the second week of May has seen improvements. Traffic in the Chinese market was already weak in 1Q25, but with no further deterioration witnessed in recent weeks. As for wholesale performance, despite a positive 1Q25 trend, the channel should remain under pressure. Looking at product categories, the group is going to revitalise women's shoes, which suffered the most, with the launch of new products (Pumps and Ballerinas); on the other hand, handbags are performing very well, with the company considering the introduction of new models to target Asian customers in particular. There is a revived focus on accessories and silk items, given increasing interest in these categories; cross-selling with these products is easier. As for pricing, Ferragamo wants at least to reabsorb the impact of tariffs in the US with a mid-single-digit price hike, to be rebalanced with similar moves in other markets to maintain the price gap. At the end of March, the distribution network consisted of 362 DOS, (291 Primary and 71 Secondary POS). They expect about 20 net closures in FY25.

■ **Change in estimates.** We are lowering our 2025/2026 revenue forecasts to reflect management indications on deteriorating trends in 2Q25 and a negative ForEx effect. In detail, we expect FY25 retail revenues to fall 2.5% YoY, while assuming a 3.0% drop in wholesale revenues. Our new revenue estimates are below current consensus.

■ **NEUTRAL confirmed; target from Eu7.5 to Eu6.7.** 1Q25 results were consistent with our forecasts and consensus, but indications provided on 2Q25 depicted a deteriorating scenario. Uncertainty over the brand's relaunch plan remains high, especially given the company must still appoint a new CEO, and we remain NEUTRAL on the stock. The revision to our target price reflects a reduction of the fundamental fair value (from Eu7.0 to Eu6.2) and a 10% probability attached to a speculative scenario (valued at Eu11.8, down from Eu12.3).

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,156	1,035	1,004	1,035	1,078
EBITDA Adj (Eu mn)	252	215	225	247	276
Net Profit Adj (Eu mn)	30	16	10	21	38
EPS New Adj (Eu)	0.178	0.092	0.062	0.122	0.228
EPS Old Adj (Eu)	0.178	0.092	0.084	0.155	0.287
DPS (Eu)	0.100	0.000	0.031	0.062	0.116
EV/EBITDA Adj	9.1	6.1	3.7	3.4	3.0
EV/EBIT Adj	29.1	37.7	21.2	15.0	10.2
P/E Adj	34.0	65.8	98.2	49.6	26.5
Div. Yield	1.7%	0.0%	0.5%	1.0%	1.9%
Net Debt/EBITDA Adj	1.9	2.3	2.3	2.1	1.9

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
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- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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Frequency of research: quarterly.

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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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 - OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
 - NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
 - UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
 - SELL: stock expected to underperform the market by over 25% over a 12 month period.
- Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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