

# FERRAGAMO

Sector: Consumers

## NEUTRAL

Price: Eu6.47 - Target: Eu7.90

### Prudent Management Comments, Estimates Lowered

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#### Stock Rating

**Rating:** Unchanged

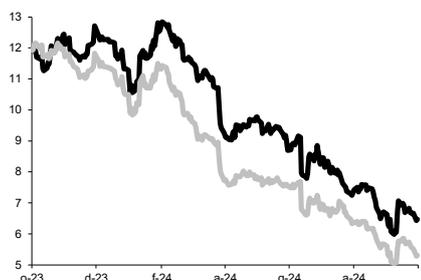
**Target Price (Eu):** from 9.30 to 7.90

	2024E	2025E	2026E
<b>Chg in Adj EPS</b>	-100.6%	-43.7%	-31.2%

#### Next Event FY24 Prel. Revenues

Results Out 30 January 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	-3.5%	-21.5%	-45.3%
Relative	-6.4%	-21.8%	-67.6%
12M (H/L)	12.84/5.99		
3M Average Volume (th):	512.68		

#### Shareholder Data

No. of Ord shares (mn): 169

Total no. of shares (mn): 169

Mkt Cap Ord (Eu mn): 1,093

Total Mkt Cap (Eu mn): 1,093

Mkt Float - Ord (Eu mn): 313

Mkt Float (in %): 28.6%

Main Shareholder:

Ferragamo Family 63.4%

#### Balance Sheet Data

Book Value (Eu mn): 705

BVPS (Eu): 4.18

P/BV: 1.5

Net Financial Position (Eu mn): -647

Enterprise Value (Eu mn): 896

■ **3Q24 revenues burdened by weak DTC in Asia and wholesale channel.** 3Q24 revenues came to Eu220.8mn, down 9.6% YoY and 2.3% below our estimates. Total revenues were the combination of DTC revenues at Eu170.6mn, down 7.5% YoY, and wholesale revenues of Eu43.3mn, down 14.1% YoY (12.8% below our estimates mainly due to a weaker US performance). Looking at geographical areas, in 3Q24, as in 2Q24, primary DTC sales were positive in Japan, EMEA and LatAm, flat in North America, but down more than 20% in APAC. DTC performance was negatively affected by the secondary channel (off-price sales), mostly due to poor traffic. In the wholesale channel, sales were down mid-single-digit in EMEA and double-digit in North America. At the end of September 2024, there were 369 directly operated stores, compared to 377 at the end of September 2023.

■ **Management comments.** Management confirmed that actions taken to enrich the offer, engage new audiences and elevate in-store and online customer experience are delivering some encouraging results, especially in Europe, Japan and Latin America. At the same time, revenues are set to remain weak in 4Q24, with FY24 guidance pointing to EBIT of about Eu30mn.

■ **Change in estimates.** We are lowering our 2024/2025 revenue forecasts by 3.0%/5.6% to Eu1.03bn/Eu1.06bn, below current consensus expectations. Specifically, we are taking a slightly more prudent view on DTC performance, which is expected to be as weak in 4Q24 (-8.3% YoY) as it was in 9M24, despite an easier comparison base, while wholesale revenues should also remain lower (-5.9% YoY). As a consequence, we now see 2024 EBIT at Eu30.7mn, a 3.0% margin on sales (from 4.7%). At bottom line, we are cutting 2024 EPS to below breakeven, and 2025 EPS by 43.7%.

■ **NEUTRAL confirmed; target from Eu9.3 to Eu7.9.** 3Q24 sales reflected the slowdown in Asian demand, which is set to continue in the coming quarters. Even after the significant share price correction, we remain NEUTRAL on the stock due to poor visibility on top line recovery in a troubled industry scenario. The revision to our target price reflects a reduction of the fundamental fair value (from Eu8.8 to Eu7.4) and a 10% probability attached to a speculative scenario (valued at Eu12.2, down from Eu13.8).

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,252	1,156	1,031	1,058	1,118
EBITDA Adj (Eu mn)	299	252	208	238	269
Net Profit Adj (Eu mn)	70	26	0	18	31
EPS New Adj (Eu)	0.412	0.154	0.000	0.108	0.186
EPS Old Adj (Eu)	0.412	0.154	0.069	0.191	0.270
DPS (Eu)	0.280	0.100	0.000	0.055	0.095
EV/EBITDA Adj	8.1	9.1	4.3	3.7	3.3
EV/EBIT Adj	18.9	31.8	29.2	17.1	12.4
P/E Adj	15.7	41.9	nm	60.1	34.9
Div. Yield	4.3%	1.5%	0.0%	0.8%	1.5%
Net Debt/EBITDA Adj	0.7	1.9	3.1	3.3	3.4

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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.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- 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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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.

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OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

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OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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