

FERRAGAMO

Sector: Consumers

NEUTRAL

Price: Eu17.38 - Target: Eu17.00

Uninspiring Quarter, As Expected

Andrea Randone +39-02-77115.364

andrea.randone@intermonte.it

Francesco Brilli: +39-02-77115.439

francesco.brilli@intermonte.it

Stock Rating

Rating: Unchanged

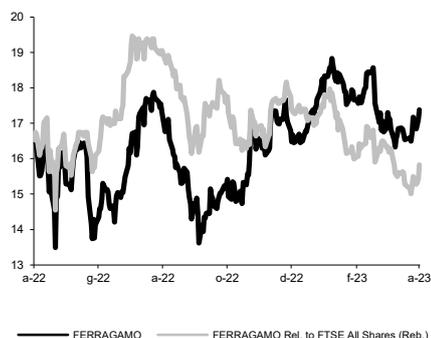
Target Price (Eu): Unchanged

	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event 1H23 Results

Results out 3 August 2023

FERRAGAMO - 12M Performance



Stock Data

Reuters code: SFER.MI

Bloomberg code: SFER IM

Performance	1M	3M	12M
Absolute	3.0%	-5.2%	5.1%
Relative	-3.2%	-11.8%	-4.6%
12M (H/L)	18.83/13.49		
3M Average Volume (th):	173.89		

Shareholder Data

No. of Ord shares (mn): 169

Total no. of shares (mn): 169

Mkt Cap Ord (Eu mn): 2,934

Total Mkt Cap (Eu mn): 2,934

Mkt Float - Ord (Eu mn): 852

Mkt Float (in %): 29.0%

Main Shareholder:

Ferragamo Family 65.0%

Balance Sheet Data

Book Value (Eu mn): 746

BVPS (Eu): 4.57

P/BV: 3.8

Net Financial Position (Eu mn): -251

Enterprise Value (Eu mn): 2,609

■ **1Q23 revenues were in line with forecasts, confirming improving performance in China but weak trends in America.** 1Q23 revenues came to Eu278mn, down 4.0% YoY due to a flattish retail contribution (revenues at Eu191mn, down 2.3% YoY) and a double-digit drop in wholesale (revenues down 13.9% YoY to Eu80.9mn), mainly due to the ongoing rationalisation of US doors (outside the US, wholesale revenues were broadly flat, with positive trends in Europe offset by still-negative APAC figures). Looking at geographical areas, Asia Pacific improved QoQ, but was still down 13.6% YoY, 11% weaker than expected. Since the elimination of Covid-19 restrictions in December, group business in Mainland China (more than 50% of APAC revenues) has recorded meaningful improvements, with the comparison becoming easier as of March. Hong Kong and Macau (10% of APAC revenues) witnessed a similar gradual acceleration month by month, while South Korea (25% of APAC revenues) underwent a very significant decline. Business trends were solid in Europe (+25% YoY, significantly above our forecasts, favoured by an easier comparison), while Japan (-7.1% YoY) was below expectations. As expected, North America recorded a decline of almost 20% YoY, largely due to the already-commented reduction in wholesale distribution, but also partly due to a mid-single-digit drop in retail revenues. Finally, Central and South America was up 5.4% but thanks to a significant 11% ForEx contribution.

■ **Key messages from the call.** In the call, management stressed the importance of new collections by Maximilian Davis, which have received positive feedback, and indicated satisfaction with the visibility gained thanks to the improved communication efforts. New products have gradually become available in group boutiques since March (when about 10% of the products in the stores were from the new collection) but the most important commercial launches are planned in 2H23 with the Autumn/Winter collections. During the call management defined current consensus as feasible and confirmed the group's medium-term ambitions.

■ **Estimates unchanged.** In terms of revenues, we assume 8.6%/9.4% growth in 2023/24, a touch above consensus. At the same time, our 2023 EBIT margin forecast of 6.3% incorporates management indications and is broadly in line with the consensus assumption of 6.1%.

■ **NEUTRAL confirmed; target Eu17.0 unchanged.** Quarterly figures did not spring any real surprises. Since the beginning of the year the stock's underperformance of its peer group seems justified by its weaker operating trends. While we appreciate the brand's strong potential and management's credibility, we remain NEUTRAL on the stock awaiting greater visibility on a recovery in the top line.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,136	1,252	1,359	1,487	1,627
EBITDA Adj (Eu mn)	305	299	270	336	409
Net Profit Adj (Eu mn)	79	70	42	76	116
EPS New Adj (Eu)	0.466	0.412	0.246	0.450	0.688
EPS Old Adj (Eu)	0.466	0.412	0.246	0.450	0.688
DPS (Eu)	0.340	0.280	0.123	0.225	0.344
EV/EBITDA Adj	8.7	8.1	9.6	7.7	6.2
EV/EBIT Adj	18.5	18.9	30.4	19.0	13.2
P/E Adj	37.3	42.1	70.6	38.6	25.2
Div. Yield	2.0%	1.6%	0.7%	1.3%	2.0%
Net Debt/EBITDA Adj	0.7	0.7	0.9	0.7	0.5