

# FERRAGAMO

Sector: Consumers

**NEUTRAL**

Price: Eu17.10 - Target: Eu17.00

## Mixed Indications Expected From 1Q23 Sales Release

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### Stock Rating

**Rating:** Unchanged

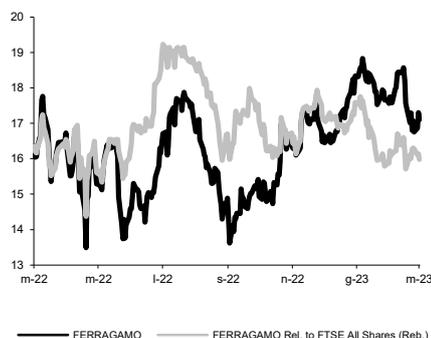
**Target Price (Eu):** Unchanged

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	0.0%	0.0%	0.0%

### Next Event 1Q23 Revenues

Results out 20 April 2023

### FERRAGAMO - 12M Performance



### Stock Data

Reuters code: SFER.MI

Bloomberg code: SFER IM

Performance	1M	3M	12M
Absolute	-3.6%	4.0%	4.6%
Relative	-1.4%	-7.1%	-2.4%
12M (H/L)	18.83/13.49		
3M Average Volume (th):	169.01		

### Shareholder Data

No. of Ord shares (mn):	169
Total no. of shares (mn):	169
Mkt Cap Ord (Eu mn):	2,886
Total Mkt Cap (Eu mn):	2,886
Mkt Float - Ord (Eu mn):	838
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:	3.7
Net Financial Position (Eu mn):	-251
Enterprise Value (Eu mn):	2,562

■ **1Q23 revenues should confirm improving performance in China but softer trends in America.** We expect 1Q23 revenues to come to Eu276.5mn, down 4.5% YoY due to a flattish retail contribution (revenues expected at Eu192.1mn, down 0.5% YoY) and a double-digit drop in wholesale (revenues expected at Eu80.7mn, down 13% YoY), mainly due to the ongoing rationalisation of US doors (outside the US, wholesale revenues should be broadly flat, with positive trends in Europe offset by still-negative APAC figures). Looking at geographical areas, Asia Pacific should improve, but it is still expected to fall 1% YoY. 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 management having already commented on “encouraging” figures for January and February; we expect much more positive comments from the exit speed in March, especially given the much easier comparison. Hong Kong and Macau (10% of APAC revenues) should witness a similar gradual acceleration month by month, while South Korea (25% of APAC revenues) should undergo a significant decline. Business trends are set to remain solid in Europe and Japan. On the other hand, North America should record a decline of almost 18% YoY, largely due to the already-commented reduction in wholesale distribution, but also partly due to a mid-single-digit drop in retail revenues. A similar trend is also expected in Central and South America.

■ **Key 1Q23 trends.** In the last call, management stressed the importance of new collections by Maximilian Davis, which have received positive feedback. New products have gradually become available in group boutiques and any fresh comment on recent trends will be noteworthy. As for regions, we expect investors’ attention to be on extrapolating 1Q23 figures to gauge the potential of the recovery in Chinese purchases and, on the other hand, possible developments in the US business.

■ **Unchanged estimates broadly in line with consensus.** 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 in line with the consensus assumption of 6.1%.

■ **NEUTRAL confirmed; target Eu17.0 unchanged.** Quarterly figures should not spring any real surprises. While we appreciate the brand’s strong potential and management’s credibility, we remain NEUTRAL on the stock awaiting greater visibility on top line recovery.

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	9.5	7.6	6.1
EV/EBIT Adj	18.5	18.9	29.9	18.7	12.9
P/E Adj	36.7	41.5	69.5	38.0	24.8
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