Intermonte

Milan, 31 January 2025

Italian Equity Research – Preliminary FY24 Rev.

FERRAGAMO

NEUTRAL

Sector: Consumers

Price: Eu7.28 - **Target: Eu7.50**

More Positive Signs in Scenario that Remains Volatile

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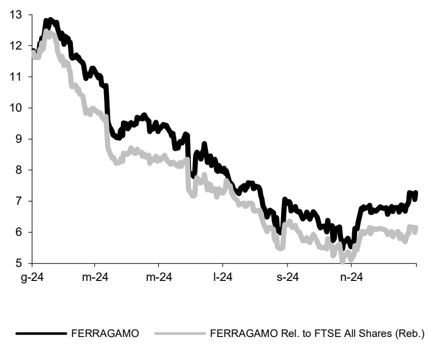
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 7.90 to 7.50
	2024E	**2025E**	**2026E**
Chg in Adj EPS	n.m.	-17.2%	-10.6%

Next Event FY24 Results
Results Out 6 March 2025

FERRAGAMO - 12M Performance



Stock Data			
Reuters code:			SFER.MI
Bloomberg code:			SFER IM
Performance	**1M**	**3M**	**12M**
Absolute	7.5%	17.3%	-37.8%
Relative	1.2%	11.7%	-55.7%
12M (H/L)			12.84/5.47
3M Average Volume (th):			511.69

Shareholder Data	
No. of Ord shares (mn):	169
Total no. of shares (mn):	169
Mkt Cap Ord (Eu mn):	1,228
Total Mkt Cap (Eu mn):	1,228
Mkt Float - Ord (Eu mn):	352
Mkt Float (in %):	28.6%
Main Shareholder:	
Ferragamo Family	63.4%

Balance Sheet Data	
Book Value (Eu mn):	722
BVPS (Eu):	4.28
P/BV:	1.7
Net Financial Position (Eu mn):	-785
Enterprise Value (Eu mn):	1,030

- **4Q24 revenues better than expected thanks to DTC channel.** In 4Q24, revenues amounted to Eu291.2mn, down 6.7% YoY and 1.5% better than our estimates, mainly thanks to the Direct to Consumer (DTC) channel, where net revenues were 8.9% better than our forecast and in line YoY (+0.9% at constant exchange rates and -0.1% at current exchange rates) thanks to positive performances in Europe, the United States, Japan and Latin America offset the persistent weakness of the Asia Pacific area. In the press release, the company explained that the primary DTC channel – i.e. products sold at full price - showed an increase of 3.0% YoY, while the secondary channel remained negative in the final quarter of the year. The Wholesale channel reported revenues down 21.9% YoY, worse than expected, due to weak demand in Asian markets and in the Travel Retail channel. Both the traditional Wholesale business and the Travel Retail channel were also negatively affected by different delivery timing compared to 4Q23. Geographically (all changes at constant exchange rates), the positive surprise was North America, up 6.3% YoY, thanks to the double-digit increase in the primary DTC channel, while the secondary DTC channel was slightly down and the Wholesale channel flat. Central and South America was also above expectations, up 10.7% YoY, with the DTC channel growing at a double-digit rate, partially offset by the declining Wholesale channel. EMEA recorded a 4.5% revenue increase thanks to double-digit growth in the primary DTC channel, while the secondary DTC channel and the Wholesale business were down slightly. Finally, Asia Pacific recorded a 24.8% YoY decline, with negative performances in both DTC and especially Wholesale. The Japanese market grew 1%, with the primary DTC channel up approximately 5%.
- **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. According to the press release, January saw an acceleration in DTC channel growth, albeit supported by different timing related to Chinese New Year and a favourable YoY comparison base.
- **Change in estimates.** We are lifting our 2025/2026 revenue forecasts slightly. Conversely, we are assuming a more gradual margin recovery, now envisaging 2025 EBIT at Eu47.3mn, a 4.4% margin on sales (from 4.9%). At bottom line, percentage changes are calculated on small numbers.
- **NEUTRAL confirmed; target from Eu7.9 to Eu7.5.** 4Q24 DTC revenues were sustained by strong full-price sales in Europe, North America and South America, which saw double-digit growth YoY. DTC performance in Asia Pacific remained weak. We believe the market can react positively to these numbers, although uncertainty about the brand's relaunch plan remains high and we remain NEUTRAL on the stock. The revision to our target price reflects a reduction of the fundamental fair value (from Eu7.4 to Eu6.9), with a 10% probability attached to the speculative scenario (valued at Eu12.6, down from Eu12.2).

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	1,252	1,156	1,035	1,071	1,130
EBITDA Adj (Eu mn)	299	252	215	235	261
Net Profit Adj (Eu mn)	70	26	1	15	28
EPS New Adj (Eu)	0.412	0.154	0.008	0.089	0.166
EPS Old Adj (Eu)	0.412	0.154	0.000	0.108	0.186
DPS (Eu)	0.280	0.100	0.004	0.045	0.085
EV/EBITDA Adj	8.1	9.1	6.0	4.4	3.9
EV/EBIT Adj	18.9	31.8	38.8	21.7	15.4
P/E Adj	17.6	47.1	nm	81.6	43.9
Div. Yield	3.8%	1.4%	0.1%	0.6%	1.2%
Net Debt/EBITDA Adj	0.7	1.9	3.0	3.3	3.6

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
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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BUY: stock expected to outperform the market by over 25% over a 12 month period;
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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BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
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 (71 in total) is as follows:

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OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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