

FILA

Sector: Consumers

NEUTRAL

Price: Eu8.36 - Target: Eu9.60

Limited Visibility and DOMS Stake Retention Limit Upside

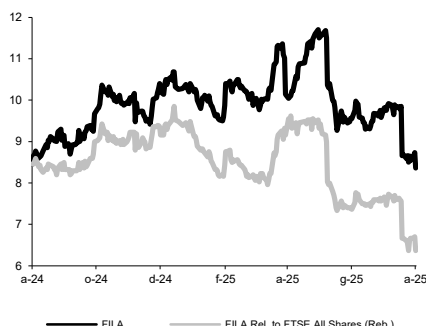
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-12.8%	-3.0%	-3.3%

Next Event

3Q Results Out November 14th

FILA - 12M Performance



Stock Data			
Reuters code:	FILA.MI		
Bloomberg code:	FILA IM		
Performance	1M	3M	12M
Absolute	-12.7%	-27.3%	-1.2%
Relative	-16.2%	-33.8%	-32.4%
12M (H/L)	11.70/8.36		
3M Average Volume (th):	151.52		

Shareholder Data	
No. of Ord shares (mn):	51
Total no. of shares (mn):	51
Mkt Cap Ord (Eu mn):	425
Total Mkt Cap (Eu mn):	425
Mkt Float - Ord (Eu mn):	210
Mkt Float (in %):	49.3%
Main Shareholder:	
Pencil	37.8%

Balance Sheet Data	
Book Value (Eu mn):	616
BVPS (Eu):	12.13
P/BV:	0.7
Net Financial Position (Eu mn):	-185
Enterprise Value (Eu mn):	484

2Q results came in weak, as expected, due to softer consumer spending in both the US and European markets, exacerbated by adverse ForEx movements. The updated guidance for stable organic growth in the second half signals a meaningful sequential improvement from the -8% reported in 2Q, though it comes in an environment that, in our view, still lacks full visibility. Moreover, management's constructive messaging around the medium-to-long-term role of DOMS reduces the attractiveness of a potential further stake disposal—previously seen as a possible upside catalyst. As a result, we maintain our NEUTRAL view on the stock, revising our TP to €9.60 (from €11.8), based on our updated SOP valuation, which now values the DOMS stake at book value (vs. a 30% holding discount to market value previously).

■ **2Q25 weak as expected.** Revenues were down YoY to €178mn (-12%/ -8% org.), slightly below our €184mn estimate, featuring a severe slowdown i) in NA (-11% org.), driven by uncertainties linked to tariffs and reduced government funding for school activities, and ii) in Europe (-8% org) driven by decline in Italy and reduced government subsidies in the UK. Greater resilience was shown in C&SA (+9% org.), thanks to solid performance achieved in Mexico, more than offset by negative ForEx movements. Adj. EBITDA pre-IFRS16 was €39.7mn (+14% YoY, in line with our est.) with a margin of 22.3% (c.-60bp YoY). Adj. net income was €22mn (+3% vs. our est.), benefiting from lower financial charges. Net debt pre-IFRS16 closed at €232mn, in line with our estimate.

■ **FY25 guidance lowered on organic growth, confirmed on FCF.** Management now expects FY25 revenue to decline YoY, with organic growth projected flat in 2H, supported by positive signs from order intake and the back-to-school season. FILA has reiterated its guidance for FCF in the €40–50mn range.

■ **Key messages from the call.** During the call, management confirmed that a 6% price increase in the US market became effective as of 1st August. Regarding the stake in DOMS, the company has no intention of reducing its current holding over the next 12 months, reaffirming its view of DOMS as a medium-to-long-term strategic investment. Discussions with banks are underway concerning a possible debt renegotiation, which is expected to materialise between the end of 2025 and the first quarter of 2026. In terms of industrial strategy, the project to shift part of the production base to India has been temporarily put on hold due to uncertainty around tariffs.

■ **Change in estimates.** Considering guidance for flat organic growth in 2H, we are revising our forecasts, lowering our top line estimates by 2%, leading to a modest reduction in profitability ratios. At bottom line, we are introducing minor adjustments to reflect updated assumptions on financial charges and income from associates. Furthermore, our revised FY25 adj. EPS now factors in the non-monetary impact of foreign exchange movements on USD-denominated financial assets—excluding this effect, the change would be broadly in line with the adjustments made for FY26/FY27. As for cash flow, we are slightly cutting our FCFE estimate, now positioning it just below the company's guidance range.

■ **NEUTRAL confirmed, new TP €9.60.** In our revised SOP, we now value the DOMS stake at book value (we previously applied a 30% holding discount to its market price), while FILA is valued at 5.3x EV/adj. EBITDA, in line with the relative valuation of our selected peers.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	779	613	576	586	595
EBITDA Adj (Eu mn)	137	118	105	108	110
Net Profit Adj (Eu mn)	31	41	34	41	42
EPS New Adj (Eu)	0.606	0.802	0.664	0.796	0.826
EPS Old Adj (Eu)	0.606	0.802	0.761	0.821	0.854
DPS (Eu)	0.700	0.800	0.166	0.199	0.206
EV/EBITDA Adj	4.2	4.4	4.6	4.2	3.8
EV/EBIT Adj	6.1	6.2	6.9	6.2	5.7
P/E Adj	13.8	10.4	12.6	10.5	10.1
Div. Yield	8.4%	9.6%	2.0%	2.4%	2.5%
Net Debt/EBITDA Adj	2.2	1.5	1.8	1.4	1.1

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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 between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 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:	37.31%
NEUTRAL:	31.35%
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 (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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