

FILA

Sector: Consumers

BUY

Price: Eu10.30 - Target: Eu14.00

Expecting solid cash generation in 4Q

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-0.7%	-3.5%	-2.7%

Next Event

 4Q/FY24 Results Out on Mar 21st

FILA - 12M Performance



Stock Data	
Reuters code:	FILA.MI
Bloomberg code:	FILA IM

Performance	1M	3M	12M
Absolute	3.2%	7.1%	20.8%
Relative	-2.5%	-7.5%	1.0%
12M (H/L)	10.68/7.67		
3M Average Volume (th):	104.86		

Shareholder Data	
No. of Ord shares (mn):	51
Total no. of shares (mn):	51
Mkt Cap Ord (Eu mn):	524
Total Mkt Cap (Eu mn):	524
Mkt Float - Ord (Eu mn):	258
Mkt Float (in %):	49.3%
Main Shareholder:	
Pencil	37.8%

Balance Sheet Data	
Book Value (Eu mn):	511
BVPS (Eu):	10.04
P/BV:	1.0
Net Financial Position (Eu mn):	-172
Enterprise Value (Eu mn):	398

- Organic growth should have remained positive in 4Q.** We expect 4Q sales to have reached €123 million, with LfL organic growth of +2% YoY, largely offset by a -7% FX headwind, particularly in C&SA. This was primarily driven by the sharp depreciation of the Mexican peso, adding to the already weak Argentine peso, along with the gradual devaluation of the Brazilian real. For FY24, we estimate that FX depreciation in C&SA negatively impacted the top line by ~€17mn, in spite of organic growth that we assume at +8% (i.e. €7mn). In other regions, we expect both Europe and North America to have achieved low single-digit organic growth. Overall, we expect total sales to have reached €616mn in FY24, ~2% below previous estimates, and nearly stable YoY at constant exchange rates (-1%), in line with company guidance.
- FCFE could be stronger.** Despite a slight revision of revenues, we are maintaining our FY24 adj. EBITDA estimate unchanged, as it already reflected a conservative stance on 4Q, which typically makes a limited contribution to the FY figure. We expect adj. EBITDA pre-IFRS 16 at €102 million (16.6% margin), up +6% YoY LfL, in line with company guidance, implying €8mn (6.5% margin) in 4Q, which should have benefited from an easier comparison base, particularly in Europe, which experienced a sharp contraction in 4Q23. On a positive note, we expect good FCFE, supported by lower investments and improved WC dynamics. Consequently, we raise our FY assumption to €52mn (from €45mn), above the upper end of the €40-50mn guidance range. In addition, we factor the sale of the 4.6% stake in DOMS (net of tax) for ~€81mn into our model, leading to adj. net debt of €141mn expected for 24YE, or ~1.4x adj. net debt/EBITDA.
- Fine-tuning of estimates for FY25/26.** We are adopting a more conservative outlook for FY25/26, trimming our revenue forecast by 3%, which translates into a similar revision to our adj. EPS, aided by lower financial charges but partly offset by reduced income from associates (stake in DOMS now at 26%). In terms of cash flow, we continue to expect the company to generate annual FCFE in the €40-50mn range, in line with the target it gave at the last CMD. Regarding dividends, we assume a 25% payout over the next three years, without factoring in any potential additional shareholder remuneration that the company indicated as a possible option following the partial sale of its stake in DOMS.
- BUY rating and €14 TP confirmed.** We are updating our SOP valuation, incorporating: (i) a 5.0x EV/adj. EBITDA fair multiple to our FY25E estimates for FILA standalone; and (ii) a 30% holding discount to DOMS market price for the 26% stake owned by FILA. As a result, we confirm our target price at €14 p/s, maintaining our positive view on the stock. Despite potential headwinds from declining birth rates, particularly in Europe, we believe a rerating is likely, supported by ongoing deleveraging and continuous FCFE generation.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	765	779	616	633	646
EBITDA Adj (Eu mn)	126	137	114	116	119
Net Profit Adj (Eu mn)	38	33	42	46	48
EPS New Adj (Eu)	0.738	0.638	0.830	0.894	0.948
EPS Old Adj (Eu)	0.738	0.638	0.836	0.926	0.973
DPS (Eu)	0.120	0.700	0.208	0.223	0.237
EV/EBITDA Adj	6.6	2.9	3.2	3.4	3.1
EV/EBIT Adj	10.5	4.4	4.6	4.9	4.4
P/E Adj	14.0	16.1	12.4	11.5	10.9
Div. Yield	1.2%	6.8%	2.0%	2.2%	2.3%
Net Debt/EBITDA Adj	3.5	2.2	1.8	1.5	1.2

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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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BUY: stock expected to outperform the market by over 25% over a 12 month period;

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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;

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UNDERPERFORM	00.00 %
SELL:	00.00 %

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UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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