

FILA

BUY

Sector: Consumers

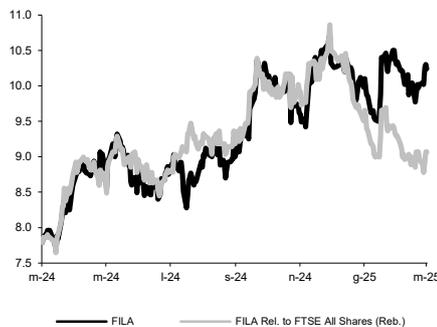
Price: Eu10.24 - Target: Eu14.00

Resilient Margins and Strong Cashflow Offset Weak Organic Growth

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	1.8%	2.0%	

FILA - 12M Performance



Stock Data			
Reuters code:	FILA.MI		
Bloomberg code:	FILA IM		
Performance	1M	3M	12M
Absolute	-1.0%	-0.8%	31.5%
Relative	-2.4%	-15.6%	18.3%
12M (H/L)	10.68/7.67		
3M Average Volume (th):	88.75		

Shareholder Data	
No. of Ord shares (mn):	51
Total no. of shares (mn):	51
Mkt Cap Ord (Eu mn):	521
Total Mkt Cap (Eu mn):	521
Mkt Float - Ord (Eu mn):	257
Mkt Float (in %):	49.3%
Main Shareholder:	
Pencil	37.8%

Balance Sheet Data	
Book Value (Eu mn):	635
BVPS (Eu):	12.51
P/BV:	0.8
Net Financial Position (Eu mn):	-174
Enterprise Value (Eu mn):	358

Despite weaker organic growth in 4Q, FILA has shown stronger resilience in both margins and cash generation, exceeding our estimates and consensus. Looking ahead, management has reaffirmed its guidance on FY25, maintaining confidence in profitability improvements. At present, there is little concern about potential US tariffs, with the company prepared to adjust its cost structure if necessary and considering the relocation of part of its production from Mexico to India as a feasible alternative. In North America, FILA anticipates a strong 1Q25, supported by an easier comparison due to the temporary inefficiencies caused by the SAP rollout in 1Q24, and benefits from good visibility for 2Q and 3Q, driven by encouraging indications from the direct-to-school campaign. As for DOMS, FILA may explore a further reduction of its current stake (from 26% to 20%), although not in the short term, as the main priority continues to be maximising synergies between the two companies, with FILA starting to promote DOMS products in Europe in 2025 and in the US market in 2026. Considering the overall results and the unchanged outlook, we reaffirm our positive stance on the stock and maintain our target price of €14 p/s. We appreciate the solid deleveraging achieved over the past couple of years and the company's cash generation capability.

- **Lower organic growth, but margins better in 4Q.** Sales were €119mn (-8.1% YoY, -5.8% org., -2.8% negative ForEx effect), -3% below our estimate. C&SA and NA were the regions that showed the highest slowdown (-12% and -6% YoY org. respectively), mainly due to macro uncertainties and a continuous focus on higher-margin products, while Europe was the most resilient (-2% YoY), albeit with a weaker performance in the UK. Adj. EBITDA pre-IFRS16 was €8.9mn, with a 7.5% margin (vs. our est. of 6.5%), up +34% YoY, (5.1% in 4Q23), which also benefited from an easier comparison base, particularly across Europe (€3.7mn vs. Eu1.2mn in 4Q23). Adj. EBIT more than doubled YoY to €5.7mn (€2.5mn in 4Q23).
- **Strong FCFE above company guidance, DPS €0.80.** Good news again on cash flow, with FY24 adj. FCFE at €68mn (€67mn in 4Q), above company guidance, leading to improved adj. net debt pre-IFRS16 at €125mn (€262mn as at the end of 3Q24), better than our €141mn estimate, benefitting from good WC management, lower CapEx and the recent disposal of a 4.6% stake in DOMS for ~€81mn. As a result, financial leverage moved from 1.7x as at YE23 to ~1.1x as at YE24. The company has announced a €40.8mn dividend (€0.80 DPS) well above our €0.208 estimate which still did not include the extra dividend following the partial sale of DOMS.
- **FY25 outlook confirmed under current tariff conditions.** Management aims to achieve: i) low single-digit organic growth; ii) improved margins, with mid-single-digit adjusted EBITDA growth; iii) FCFE of €40-50mn; iv) a dividend payout ratio between 20% and 40%.
- **Fine-tuning estimates.** Considering 4Q24 results and the FY25 outlook, we are leaving our 2025E/26E revenues and adj. EBITDA estimates broadly unchanged. We are setting our FY25 FCFE estimate towards the upper end of the guidance range, while including in our estimate the extra dividend just announced, with adj. net debt pre-IFRS16 projected at €117mn in 2025.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	779	613	625	637	647
EBITDA Adj (Eu mn)	137	118	118	121	123
Net Profit Adj (Eu mn)	33	41	46	49	51
EPS New Adj (Eu)	0.638	0.802	0.910	0.966	1.001
EPS Old Adj (Eu)	0.638	0.830	0.894	0.948	
DPS (Eu)	0.700	0.800	0.227	0.242	0.250
EV/EBITDA Adj	2.6	2.6	3.0	2.6	2.3
EV/EBIT Adj	3.9	3.6	4.3	3.8	3.3
P/E Adj	16.0	12.8	11.3	10.6	10.2
Div. Yield	6.8%	7.8%	2.2%	2.4%	2.4%
Net Debt/EBITDA Adj	2.2	1.5	1.5	1.1	0.8

