

FRANCHI UMBERTO MARMI

Sector: Industrials

BUY

Price: Eu5.60 - Target: Eu9.00

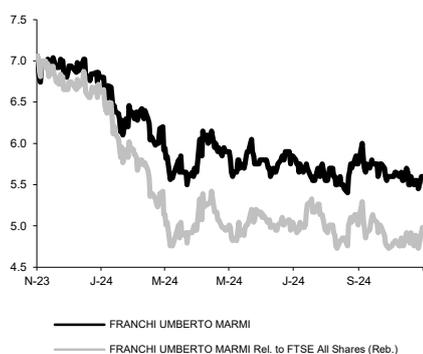
9M24 Revenues Confirm Robust Growth

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Stock Rating

| | | | |
|--------------------|-----------|-------|-------|
| Rating: | Unchanged | | |
| Target Price (Eu): | Unchanged | | |
| | 2024E | 2025E | 2026E |
| Chg in Adj EPS | 7.0% | 2.9% | 2.5% |

FRANCHI UMBERTO MARMI - 12M Performance



Stock Data

| | |
|-----------------|---------|
| Reuters code: | FUMA.MI |
| Bloomberg code: | FUM IM |

| Performance | 1M | 3M | 12M |
|-------------------------|-----------|------|--------|
| Absolute | 0.0% | 0.9% | -19.8% |
| Relative | 5.1% | 0.8% | -32.5% |
| 12M (H/L) | 7.06/5.40 | | |
| 3M Average Volume (th): | 4.94 | | |

Shareholder Data

| | |
|---------------------------|-------|
| No. of Ord shares (mn): | 33 |
| Total no. of shares (mn): | 33 |
| Mkt Cap Ord (Eu mn): | 184 |
| Total Mkt Cap (Eu mn): | 184 |
| Mkt Float - Ord (Eu mn): | 25 |
| Mkt Float (in %): | 13.6% |
| Main Shareholder: | |
| Holding Franchi SpA | 62.7% |

Balance Sheet Data

| | |
|---------------------------------|------|
| Book Value (Eu mn): | 126 |
| BVPS (Eu): | 3.83 |
| P/BV: | 1.5 |
| Net Financial Position (Eu mn): | -28 |
| Enterprise Value (Eu mn): | 211 |

■ **Sales up almost double-digit in 9M24.** After the strong sales figures posted for 1H24, up +14% YoY (thanks to a strong recovery of growth in 2Q24, +53% YoY), the positive sales trajectory continued in 3Q24, with revenues at Eu19m, up +1.1% YoY. 9M24 therefore came in at Eu61.8m, with remarkable growth of +9.6% YoY. This is a very positive signal in light of the challenging start to the year, with revenues in 1Q24 down by 19.7% YoY. North America (17% of the total) continued to grow strongly thanks partly to the contribution of Marmoles Man, which continued to be particularly appreciated in the region, and Asia recovered the weakness of the last quarters, reaching Eu13.6m in 9M24, up 22% YoY and, with c.22% of total sales, confirming itself as the second largest region after EMEA. EMEA and Italy confirmed our expectations, as they were almost stable, with revenues of Eu33.4m (-4% YoY) and Eu23.3m (-1% YoY) respectively. Australia, the fourth largest region at c.6% of total sales, stood at Eu3.4m, up Eu2.5m YoY or +265% YoY. This was also thanks to the contribution of the local JV on top of positive organic growth. Considering c. Eu1m of other revenues in the period (not disclosed at interim periods), total group reported revenues should have been c.Eu62.8m, +20% YoY or c.+12% YoY on a LfL basis (i.e. excluding the contribution of the new acquisition Marmoles Man).

■ **Prospects remain intact.** At the time of 1H results, management provided constructive indications that we think are even more valid in the current environment. Macro-economic conditions need close monitoring but despite this, management said that 2024 expectations are for further top-line growth. The acquisition of Marmoles Man together with product and geographical synergies are having important effects (highly visible), while commercial developments by the Group will continue, as testified by results in Australia and Asian markets.

■ **We revise estimates upward.** After the sales release we are incorporating actuals and some adjustments in profitability for 2024 onward, which now also recognise the fast-growing Marmoles Man and Australian companies in higher sales and almost unchanged margins given the different profitability profiles of new acquisitions compared to core pinnacle materials.

■ **Buy, target Eu9 confirmed.** Thanks to its positioning at the very top end of the marble sector, its comprehensive business model, advanced technological facilities and, most importantly, its privileged access to the highest quality marble, FUM looks very well placed to exploit the full potential of a steadily-growing industry. The clear opportunity to further expand its global presence, coupled to the constantly increasing demand for high-end natural materials, provide a compelling investment case with material upside potential. As the only listed player in the marble sector with characteristics that are closer to pure luxury rather than construction material players, we value the company through a DCF model which gives a target price of Eu9, material upside compared to the current market price.

| Key Figures & Ratios | 2022A | 2023A | 2024E | 2025E | 2026E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 76 | 75 | 80 | 85 | 91 |
| EBITDA Adj (Eu mn) | 31 | 25 | 26 | 28 | 30 |
| Net Profit Adj (Eu mn) | 17 | 13 | 14 | 15 | 17 |
| EPS New Adj (Eu) | 0.528 | 0.397 | 0.420 | 0.460 | 0.506 |
| EPS Old Adj (Eu) | 0.528 | 0.397 | 0.393 | 0.447 | 0.493 |
| DPS (Eu) | 0.290 | 0.160 | 0.210 | 0.230 | 0.000 |
| EV/EBITDA Adj | 10.5 | 11.7 | 8.0 | 7.1 | 6.1 |
| EV/EBIT Adj | 13.1 | 17.6 | 11.0 | 9.6 | 8.0 |
| P/E Adj | 10.6 | 14.1 | 13.3 | 12.2 | 11.1 |
| Div. Yield | 5.2% | 2.9% | 3.8% | 4.1% | 0.0% |
| Net Debt/EBITDA Adj | 0.4 | 1.2 | 1.0 | 0.5 | -0.1 |

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- 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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Frequency of research: quarterly.

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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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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;

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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: | 28.24 % |
| OUTPERFORM: | 48.09 % |
| NEUTRAL: | 23.67 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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| | |
|--------------|---------|
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| NEUTRAL: | 09.83 % |
| UNDERPERFORM | 00.00 % |
| SELL: | 00.00 % |

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| Emittente | % | Long/Short |
|-----------|---|------------|
|-----------|---|------------|

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