

FRANCHI UMBERTO MARMI

Sector: *Industrials*
BUY

Price: Eu4.52 - Target: Eu9.00

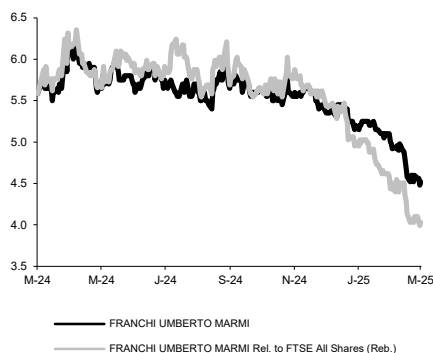
Solid Results in a Tough Environment: FY24 Revenues +9.4%

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Stock Rating

Rating:	Unchanged
Target Price (Eu):	Unchanged
	2025E 2026E 2027E
Chg in Adj EPS	-19.9% -20.8%

FRANCHI UMBERTO MARMI - 12M Performance



Stock Data

Reuters code:	FUMA.MI
Bloomberg code:	FUM IM

Performance	1M	3M	12M
Absolute	-9.2%	-15.5%	-19.0%
Relative	-10.3%	-29.2%	-30.9%
12M (H/L)		6.15/4.48	
3M Average Volume (th):		4.40	

Shareholder Data

No. of Ord shares (mn):	33
Total no. of shares (mn):	33
Mkt Cap Ord (Eu mn):	148
Total Mkt Cap (Eu mn):	148
Mkt Float - Ord (Eu mn):	20
Mkt Float (in %):	13.6%
Main Shareholder:	
Holding Franchi SpA	62.7%

Balance Sheet Data

Book Value (Eu mn):	140
BVPS (Eu):	4.26
P/BV:	1.1
Net Financial Position (Eu mn):	-26
Enterprise Value (Eu mn):	174

■ **Back to robust growth.** Franchi Umberto Marmi reported FY24 results yesterday which were slightly ahead of our expectations on the top line following a 4Q slightly less negative than forecast. FY24 revenues were Eu81.7m (+2% vs. Eu80.4m expected), up +9.4% YoY, mainly driven by sales in North America and Australia, up by +64% and +224% respectively. EMEA revenues were Eu42.8m, slightly lower than last year (-5.7% YoY), accounting for 53.6% of total annual revenues with Italy at +4% YoY still the top geographical market (37.6% of total). Africa and South America almost in line with last year while Asia remained soft (-8% YoY).

■ **EBITDA up 6% with some margin dilution due to new mix.** EBITDA reached Eu25.3m, up +5.8% YoY with the margin on sales at 30.9% vs. 31.9% last year; the dilution came mainly from recent acquisitions (Marmoles Man, Recovery Stone), which, although accretive for volumes, are slightly dilutive on margins compared to the super high-end Franchi Umberto Marmi. Below EBITDA, slightly higher-than-expected D&A are still related to the new acquisitions and particularly to c.Eu0.6 for the goodwill of Marmoles Man and FUM Australia, and the annualization of Recovery Stone. Recent acquisitions also increased the Net Financial Position, which came in at Eu33.7m following consolidation and investments borne by all the three entities, mainly for the refurbishing and build-up of related showrooms and facilities. Management proposed a dividend of Eu0.1ps, a pay-out of ca. 31%, lower than previous years due to higher cash requirements for the business.

■ **Outlook constructive in a tough environment.** FUM expects to continue its growth trajectory by leveraging the acquisition of Marmoles Man and the synergies generated from product offerings and geographical expansion. Expanded operations in Australia should bring further growth in this high-potential market. Despite ongoing global economic uncertainty, no direct negative impacts on the company's business have been observed so far.

■ **Estimates revision.** We are incorporating actuals and taking a more moderate stance on revenue growth for the next years in light of the current macro-economic environment. Tariffs should not hit the sector but at the moment we cannot completely rule them out. On profitability, we maintain our basic assumptions, recognizing the fast-growing Marmoles Man, Recovery Stone and Australian companies' different mix compared to FUM S.p.A.. We maintain a EBITDA margin higher than 30%, which we consider an ongoing solid result in light of the new setup. On NFP, we add some additional CapEx and a similar level of WC (mainly inventories) to this year on the back of showrooms added worldwide.

■ **Buy, target Eu9 confirmed.** Thanks to its position 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 constantly rising 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 than construction material players, we value the company through a DCF model, which, with the one year rolling forward of estimates, means a target price of Eu9, material upside compared to the current market price.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	75	82	85	89	95
EBITDA Adj (Eu mn)	25	25	26	28	30
Net Profit Adj (Eu mn)	13	11	12	13	15
EPS New Adj (Eu)	0.397	0.344	0.368	0.401	0.450
EPS Old Adj (Eu)	0.397	0.420	0.460	0.506	
DPS (Eu)	0.160	0.108	0.147	0.160	0.000
EV/EBITDA Adj	11.7	9.0	6.7	5.6	4.6
EV/EBIT Adj	17.6	13.7	10.1	8.2	6.5
P/E Adj	11.4	13.1	12.3	11.3	10.1
Div. Yield	3.5%	2.4%	3.3%	3.5%	0.0%
Net Debt/EBITDA Adj	1.2	1.3	1.0	0.2	-0.4

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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&PMB40 Index, most of those on the MIBEX 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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 December 2024 Intermonte's Research Department covered 132 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 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:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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