INTERCOS

OUTPERFORM

Sector: Consumers

Price: Eu12.14 - **Target: Eu18.00**

FY25: Strong Margin Execution Despite Softer Top Line

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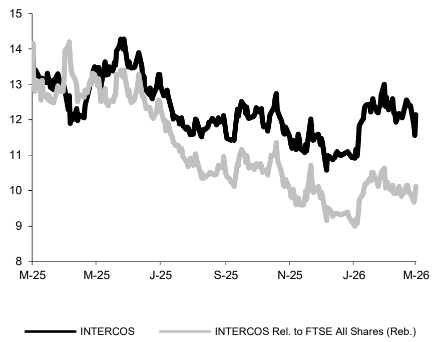
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2026E	**2027E**	
Chg in Adj EPS	-4.7%	-4.5%	

INTERCOS - 12M Performance



Stock Data			
Reuters code:			ICOS.MI
Bloomberg code:			ICOS IM
Performance	**1M**	**3M**	**12M**
Absolute	-4.0%	5.7%	-14.3%
Relative	-0.9%	2.0%	-34.2%
12M (H/L)			14.28/10.58
3M Average Volume (th):			117.12

Shareholder Data	
No. of Ord shares (mn):	96
Total no. of shares (mn):	96
Mkt Cap Ord (Eu mn):	1,169
Total Mkt Cap (Eu mn):	1,169
Mkt Float - Ord (Eu mn):	566
Mkt Float (in %):	48.4%
Main Shareholder:	
Dario G. Ferrari	32.2%

Balance Sheet Data	
Book Value (Eu mn):	523
BVPS (Eu):	5.43
P/BV:	2.2
Net Financial Position (Eu mn):	-107
Enterprise Value (Eu mn):	1,276

Intercos reported FY25 results that were broadly in line with our expectations on revenues and slightly ahead on margins. While the top line remained broadly flat due mainly to ForEx headwinds and mix effects, the company delivered significant margin expansion, driven by higher value-added products and operational efficiencies.

- **Investment case confirmed: structural margin improvement.** FY25 results reinforce our constructive view on Intercos's positioning within the global beauty supply chain. The company continues to benefit from strong exposure to higher value-added categories, particularly Make-up and prestige segments, alongside a growing contribution from multinational customers. The shift toward Free Issue and higher value-added products provides structural support for margins and reduces volatility linked to packaging components. Looking ahead, management expects a gradual normalisation of the beauty market in 2026, with growth likely to emerge from 2Q onwards.
- **FY25 revenues broadly stable.** FY25 net sales amounted to Eu1,047mn, broadly stable at constant ForEx (+0.3%) and -1.7% YoY reported, mainly reflecting ForEx headwinds exceeding Eu21mn. Make-up remained the key growth driver reaching Eu655mn (+5.7%), supported by multinational customers and prestige segments. Skincare declined slightly to Eu161mn (-3.6%), while Hair & Body normalised to Eu231mn (-16.9%) after a particularly strong 2024.
- **Strong margin expansion.** Adj. EBITDA reached Eu156mn (+8.8% YoY), a 14.9% margin (+143bp), confirming the structural improvement in margins driven by mix and operational efficiencies.
- **Solid financial position.** The net financial position stood at Eu100.5mn, broadly stable YoY, with leverage improving to 0.64x EBITDA despite continued investments and shareholder remuneration.
- **Outlook:** management expects the beauty market to recover in 2026, with sales growth around +5-6%, supported by improving order intake and normalisation in the US market.
- **Estimates revision:** we are fine-tuning our estimates, mainly on non-operating items, resulting in a moderate revision on the bottom line.
- **OUTPERFORM; target Eu18 confirmed.** We appreciate Intercos's unparalleled profile and unique characteristics that enable it to continue to outperform core market volumes, as well as the margin growth, thanks to the increasing expansion of outsourcing. Continuing R&D investments and an ability to innovate, along with greater geographical penetration (especially in APAC) and a burgeoning presence in the profitable, fast-growing Hair & Body segment, are the key elements that will continue to make Intercos a particularly attractive proposition. The stock still offers an appealing valuation in comparison to ingredient names, which are trading at a hefty premium that we deem partly unjustified. We confirm our target price and recommendation.

Key Figures & Ratios	2023A	2024A	2025A	2026E	2027E
Sales (Eu mn)	988	1,065	1,047	1,110	1,176
EBITDA Adj (Eu mn)	138	143	156	165	178
Net Profit Adj (Eu mn)	57	57	57	69	79
EPS New Adj (Eu)	0.587	0.589	0.596	0.715	0.822
EPS Old Adj (Eu)	0.587	0.589	0.611	0.750	0.861
DPS (Eu)	0.177	0.190	0.174	0.168	0.212
EV/EBITDA Adj	10.7	10.6	8.4	7.7	7.0
EV/EBIT Adj	16.0	16.2	12.7	11.4	9.9
P/E Adj	20.7	20.6	20.4	17.0	14.8
Div. Yield	1.5%	1.6%	1.4%	1.4%	1.7%
Net Debt/EBITDA Adj	0.7	0.7	0.6	0.7	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 between 5.5% - 6.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the FTSEMIB40 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.
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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:	31.58%
OUTPERFORM:	38.35%
NEUTRAL:	29.32%
UNDERPERFORM:	00.75%
SELL:	00.00%

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OUTPERFORM:	30.67%
NEUTRAL:	16.00%
UNDERPERFORM:	01.33%
SELL:	00.00%

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