

INTERCOS

Sector: Consumers

OUTPERFORM

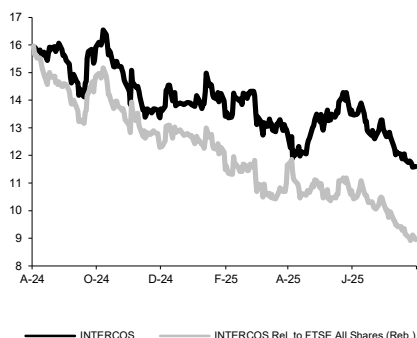
Price: Eu11.60 - Target: Eu18.00

Record Quarterly Profitability Beats Expectations

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-9.8%	-1.6%	-1.9%

INTERCOS - 12M Performance



Stock Data			
Reuters code:	ICOS.MI		
Bloomberg code:	ICOS IM		
Performance	1M	3M	12M
Absolute	-10.5%	-14.1%	-29.3%
Relative	-13.2%	-20.4%	-55.9%
12M (H/L)	16.54/11.58		
3M Average Volume (th):	70.86		

Shareholder Data	
No. of Ord shares (mn):	96
Total no. of shares (mn):	96
Mkt Cap Ord (Eu mn):	1,117
Total Mkt Cap (Eu mn):	1,117
Mkt Float - Ord (Eu mn):	540
Mkt Float (in %):	48.4%
Main Shareholder:	
Dario G. Ferrari	32.2%

Balance Sheet Data	
Book Value (Eu mn):	526
BVPS (Eu):	5.47
P/BV:	2.1
Net Financial Position (Eu mn):	-90
Enterprise Value (Eu mn):	1,207

- **Top line almost matches rosy expectations.** We were expecting a continuation of 1Q25 trends despite the very strong comparison base provided by 2Q24 (we dubbed it “stellar” at the time it was reported) which showed a volumes rebound after the disruption to 1Q24 production from the cyberattack. 1H25 results were almost in line with our expectations at Eu524.9mn, up 5% YoY or +6.1% CER, with Make-Up beating our expectations thanks to remarkable growth of +17.5% (+12.9% YoY in 2Q25), while Skincare (-6% YoY) and Hair&Body (-14.8% YoY) were penalised by the very strong comparison base (2Q24 Skincare +38.8% YoY). Geographically, there was a very slight decline in the EMEA region (-1% YoY), with pressure from the high exposure to Hair&Body, despite Make-Up holding up well; ongoing double-digit growth in Asia (+15.6% YoY) despite +32% YoY growth in 2Q24, confirming Intercos’s excellent positioning in the region and its increased market share with local manufacturers; Americas grew single-digit at +8.8%, with positive growth again in 2Q25 despite the highly volatile market (Make-Up clearly the main driver).
- **Profitability at record levels.** There was a particularly strong mix in 2Q25, with Make-Up back to more than 60% of group sales and the good prestige performance enabling record adj. EBITDA of Eu45.3mn, a margin of 16.5% or +100bp YoY (despite 2Q24 being the most profitable quarter of 2024), which in turn drove 1H25 adj. EBITDA to Eu74.5mn (+Eu10.5mn vs. last year) a 14.2% margin, up +140bp YoY. Adj. EBITDA on value added sales (i.e. net of packaging costs) stood at 18.2%, improving c.180bp vs. last year. Group adj. net profit closed at Eu20.7mn, down slightly YoY (Eu-2.1mn) due to increased financial expenses from the strengthening of the EURUSD (mainly) and a higher tax rate reflecting intercompany dividends in 1H25 (expected to slow down in 2H25).
- **Top line guidance trimmed due to market conditions, but profitability raised.** In light of the generally volatile market context (tariffs, delivery times) management expects the Group to continue to grow (above market trends) albeit at a more modest pace (previous guidance at +5-7% YoY CER) with a greater focus on profitability, allowing it to target current consensus expectations (Eu154mn).
- **Change in estimates.** Based on actual results and the indications provided, we are fine-tuning our top line assumptions while leaving adj. EBITDA unchanged in absolute terms. We are adding some additional financial expenses in light of the results reported and the ForEx impact on this item, resulting in a more notable EPS change for FY25, with a broadly neutral impact from FY26 onwards.
- **OUTPERFORM; target Eu18 confirmed.** We appreciate Intercos’s profile, which is unparalleled in the industry, its unique characteristics that enable the company to continue to outperform core market volumes, and its profitability 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 fast-growing and profitable 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 remarkable premium that we do not consider to be fully justified. Upside potential remains intact in light of the very robust prospects shown in the latest releases.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	988	1,065	1,087	1,152	1,221
EBITDA Adj (Eu mn)	138	143	154	168	184
Net Profit Adj (Eu mn)	57	57	59	75	85
EPS New Adj (Eu)	0.587	0.589	0.613	0.780	0.881
EPS Old Adj (Eu)	0.587	0.589	0.680	0.792	0.898
DPS (Eu)	0.177	0.190	0.169	0.180	0.232
EV/EBITDA Adj	10.7	10.6	7.8	7.0	6.1
EV/EBIT Adj	16.0	16.2	11.8	10.5	9.0
P/E Adj	19.8	19.7	18.9	14.9	13.2
Div. Yield	1.5%	1.6%	1.5%	1.6%	2.0%
Net Debt/EBITDA Adj	0.7	0.7	0.6	0.4	0.1

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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 FTSEIMIB40 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 5 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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