Milan, 18 June 2025

Italian Equity Research – 1Q25 Results

OVS GROUP

OUTPERFORM

Sector: Consumers

Price: Eu3.44 - **Target: Eu4.50**

1Q25 Results: Sales Growing, Current Trading Accelerating

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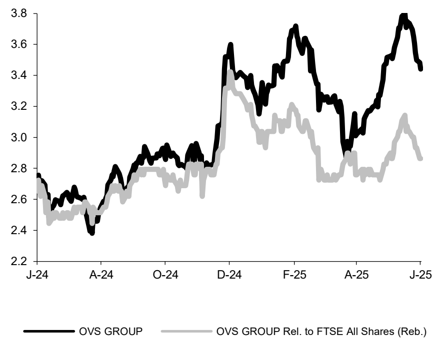
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 4.00 to 4.50
	2025E	**2026E**	**2027E**
Chg in Adj EPS	1.4%	8.5%	10.6%

OVS GROUP - 12M Performance



Stock Data			
Reuters code:			OVS.MI
Bloomberg code:			OVS IM
Performance	**1M**	**3M**	**12M**
Absolute	-2.2%	6.2%	29.6%
Relative	0.8%	4.9%	10.4%
12M (H/L)			3.80/2.38
3M Average Volume (th):			545.87

Shareholder Data	
No. of Ord shares (mn):	291
Total no. of shares (mn):	245
Mkt Cap Ord (Eu mn):	1,001
Total Mkt Cap (Eu mn):	1,001
Mkt Float - Ord (Eu mn):	716
Mkt Float (in %):	71.6%
Main Shareholder:	
TIP - Tamburi	28.4%

Balance Sheet Data	
Book Value (Eu mn):	1,123
BVPS (Eu):	4.58
P/BV:	0.8
Net Financial Position (Eu mn):	-151
Enterprise Value (Eu mn):	994

- **1Q25 results in line with expectations.** OVS released key financials for 1Q25 (February-April) which came in almost aligned to our expectations and consensus. A very tough comparison base, lower temperatures and higher rainfall YoY, particularly in April, capped sales expansion, although growth was still slightly positive. Sales stood at Eu354mn, up +0.6% YoY thanks to +2% YoY at OVS brand, more than offsetting the slowdown at Upim (-3% YoY in 1Q) mainly due to a strong comp base and bad weather conditions hitting city centre stores where Upim is most popular. Lower volumes hit operating leverage, which combined with some inflation of overheads brought EBITDA down -5.3% YoY to Eu28.1mn, a margin of 7.9% vs. 8.4% in 1Q last year. The net financial position stood at Eu261.1mn, in line with our estimate, corresponding to a 1.34x debt/ EBITDA ratio.
- **Positive indications on 2Q25 rebound and outlook.** Following the external factors affecting 1Q25 performance, management indicated that since 1st May sales have accelerated further, showing mid-single-digit growth YoY, and EBITDA is up compared to last year. This is very good news that confirms the company's momentum. Also, there are no issues at the moment that may hamper growth expectations for this year (at constant scope), while for 2026 management sees several favourable elements contributing to profitability trends.
- **Golden Point acceleration, acquisition of 100% stepped up.** OVS management has renegotiated terms with counterpart Gilfin Srl to speed up the acquisition of Goldenpoint (GP) in order to accelerate the relaunch of the brand and the full achievement of synergies. Financials have not been disclosed. For 2H25, the period to be consolidated, GP's contribution is expected at Eu50-60mn in sales with positive EBITDA. At the end of the year, GP's NFP should be around Eu25-30mn. The acquisition will be financed entirely through OVS's existing financial means.
- **Estimates revision.** We are leaving our assumptions unchanged at constant scope, while starting to add the contribution of Goldenpoint as indicated by management. We are positioned towards the lower end of the guidance range at this point, taking a cautious approach but leaving room for upside as and when visibility improves.
- **OUTPERFORM; target Eu4.5 (form 4.0).** We have always thought that the Group was reacting promptly to current trends and contingent headwinds, gaining traction and market share in an environment that remains uncertain. Visibility on sales growth, margin accretion and prospects are confirmed by the latest results. The stock can also benefit further from the continuation of the buyback programme. We are raising our target price to Eu4.5 following our change in estimates, with potential upside of c.30% from current levels. Our current assumptions now include M&A and network expansion scenarios, which might act as further positive catalysts going forward along with higher visibility on development of the core business.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,536	1,631	1,747	1,875	1,972
EBITDA Adj (Eu mn)	182	195	208	222	234
Net Profit Adj (Eu mn)	76	78	86	94	102
EPS New Adj (Eu)	0.261	0.318	0.353	0.385	0.418
EPS Old Adj (Eu)	0.261	0.331	0.348	0.355	0.378
DPS (Eu)	0.070	0.110	0.122	0.133	0.145
EV/EBITDA Adj	4.7	4.3	4.8	4.5	3.9
EV/EBIT Adj	7.2	6.5	7.2	6.5	5.6
P/E Adj	13.2	10.8	9.8	8.9	8.2
Div. Yield	2.0%	3.2%	3.5%	3.9%	4.2%
Net Debt/EBITDA Adj	0.8	0.8	0.7	0.5	0.3

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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 S&PMIB40 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.
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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BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
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