

# OVS GROUP

Sector: Consumers

## OUTPERFORM

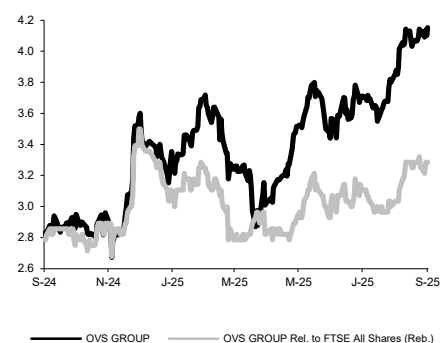
Price: Eu4.15 - Target: Eu4.80

### Best-Ever Half-Year, Margin Expansion and Good Start to 2H

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Stock Rating				
Rating:	Unchanged			
Target Price (Eu):	from 4.50 to 4.80			
	2025E	2026E	2027E	
Chg in Adj EPS	4.3%	5.4%	5.1%	

OVS GROUP - 12M Performance



Stock Data			
Reuters code:	OVS.MI		
Bloomberg code:	OVS IM		
Performance	1M	3M	12M
Absolute	7.7%	16.4%	49.0%
Relative	8.4%	9.0%	23.4%
12M (H/L)	4.15/2.67		
3M Average Volume (th):	496.51		

Shareholder Data	
No. of Ord shares (mn):	291
Total no. of shares (mn):	245
Mkt Cap Ord (Eu mn):	1,208
Total Mkt Cap (Eu mn):	1,208
Mkt Float - Ord (Eu mn):	864
Mkt Float (in %):	71.6%
Main Shareholder:	
TIP - Tamburi	28.4%

Balance Sheet Data	
Book Value (Eu mn):	1,126
BVPS (Eu):	4.60
P/BV:	0.9
Net Financial Position (Eu mn):	-164
Enterprise Value (Eu mn):	1,181

■ **1H25 results beat expectations, best-ever half-year.** OVS reported strong 1H25 results, exceeding our expectations on profitability, and confirming the company's trajectory of structural improvement. Net sales reached Eu792.9mn (+4.1% YoY, +2.2% ex-Goldenpoint), outperforming an Italian apparel market down c.1%. The OVS brand grew c.+5% YoY, supported by a very solid womenswear performance: Les Copains, added to OVS stores this semester, delivered a successful ramp-up with incremental sales and higher margins, while Piombo continued to post robust growth. Beauty reported double-digit growth for the third year in a row, confirming its role as a key traffic driver. Upim substantially matched the exceptional 1H24 performance (when it had already posted +7% YoY vs. 1H23), benefitting from new pilot formats in Lecce, Merano and Biella city centres, with very high productivity. Stefanel recovered YoY after a soft 1H24, while Goldenpoint contributed c.Eu15mn since consolidation in July, providing additional sales and a higher-margin mix.

■ **Profitability driven mainly by gross margin.** The gross margin increased +100bps to 60.7%, mainly on lower purchasing costs, better DOS performance, and the support of the higher-margin mix of Les Copains and Goldenpoint. EBITDA was Eu101.7mn (+14% YoY) with a further expansion of the margin to 12.8% (+110bps) thanks to operating leverage; EBIT rose 21% YoY. Net income was Eu45.6mn, up +32% YoY. Leverage increased as expected to 1.41x NFP/EBITDA (adj.) due to slightly higher inventories, Goldenpoint consolidation, and seasonal cash absorption.

■ **Constructive outlook and positive current trading.** Management said that 2H began very well, with August LFL sales up double-digit. September was more challenging due to a tough comp base, but FY guidance remains confirmed with mid-single-digit LFL growth expected and profitability above last year. Goldenpoint should contribute c.Eu60mn sales to the FY with EBITDA at least at breakeven, providing further upside in FY26 as full-year synergies and sourcing benefits materialise. Management also expects working capital absorption to normalise in 2H, supporting FCF above last year, while CapEx were confirmed in the Eu70/75m range.

■ **Change in estimates.** We make minor adjustments to our estimates on FY25 as we were already aligned to current indications. We factor in some additional gross margin expansion in FY26 stemming from ForEx hedging, better contract terms with suppliers, and resilient pricing.

■ **OUTPERFORM; target Eu4.8 (from Eu4.5).** 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 Eu4.8 following our change in estimates, with potential further upside from current levels despite the recent rally. Our current assumptions 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	1,730	1,852	1,947
EBITDA Adj (Eu mn)	182	195	211	227	239
Net Profit Adj (Eu mn)	76	78	90	99	108
EPS New Adj (Eu)	0.261	0.318	0.368	0.406	0.440
EPS Old Adj (Eu)	0.261	0.318	0.353	0.385	0.418
DPS (Eu)	0.070	0.110	0.127	0.140	0.152
EV/EBITDA Adj	4.7	4.3	5.6	5.2	4.6
EV/EBIT Adj	7.2	6.5	8.2	7.4	6.4
P/E Adj	15.9	13.1	11.3	10.2	9.4
Div. Yield	1.7%	2.6%	3.1%	3.4%	3.7%
Net Debt/EBITDA Adj	0.8	0.8	0.8	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 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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As at 19 September 2025 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	30.30%
OUTPERFORM:	38.64%
NEUTRAL:	31.06%
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 (78 in total) is as follows:

BUY:	48.72%
OUTPERFORM:	32.05%
NEUTRAL:	19.23%
UNDERPERFORM:	00.00%
SELL:	00.00%

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