OVS GROUP

OUTPERFORM

Sector: Consumers

Price: Eu4.58 - **Target: Eu5.30**

Another Strong Quarter Confirms Momentum And Visibility

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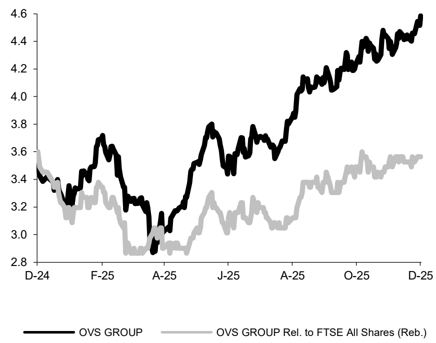
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 4.80 to 5.30
	2025E	**2026E**	**2027E**
Chg in Adj EPS	2.2%	2.0%	4.4%

OVS GROUP - 12M Performance



Stock Data			
Reuters code:			OVS.MI
Bloomberg code:			OVS IM
Performance	**1M**	**3M**	**12M**
Absolute	5.4%	10.4%	27.3%
Relative	1.5%	5.4%	-1.5%
12M (H/L)			4.58/2.87
3M Average Volume (th):			463.97

Shareholder Data	
No. of Ord shares (mn):	291
Total no. of shares (mn):	245
Mkt Cap Ord (Eu mn):	1,334
Total Mkt Cap (Eu mn):	1,334
Mkt Float - Ord (Eu mn):	901
Mkt Float (in %):	67.6%
Main Shareholder:	
TIP - Tamburi	32.4%

Balance Sheet Data	
Book Value (Eu mn):	1,128
BVPS (Eu):	4.60
P/BV:	1.0
Net Financial Position (Eu mn):	-162
Enterprise Value (Eu mn):	1,286

- **Results beat expectations.** OVS reported solid 9M25 results, with net sales of Eu1,244.7mn (+5.8% YoY; +2.9% pro-forma ex-Goldenpoint), outperforming the Italian apparel market. Performance was supported by a strong 3Q, where sales reached Eu451.9mn (+9.0% YoY; +4.1% pro-forma) despite a very demanding comparison base (+12.8% YoY in 3Q24). Growth was mainly driven by the OVS brand, particularly womenswear, with Piombo, Les Copains and B.Angel continuing to deliver higher sales densities, and by beauty, which maintained double-digit growth. Upim consolidated the exceptional performance of 9M24, while Stefanel showed a clear recovery with around +10% like-for-like growth in 3Q, supported by improved collections and execution. Goldenpoint, consolidated in the perimeter, contributed positively to reported sales.
- **Profitability trend confirmed, leverage improving.** Adj. EBITDA reached Eu152.3mn in 9M25 (+12.6% YoY), with the margin expanding to 12.2% (+74bp YoY), reflecting operating leverage on higher volumes and a resilient commercial margin, partly offset by higher personnel costs. In 3Q25, adj. EBITDA came to Eu50.6mn (+9.4% YoY), broadly in line at reported level, while pro-forma EBITDA ex-Goldenpoint grew much faster, confirming the underlying profitability improvement of the core business. Adj. pre-tax profit increased to Eu87.8mn (+21.5% YoY). As of 31 October 2025, adj. net debt stood at Eu297.8mn, with average last twelve months' leverage improving to 1.27x, supported by LTM EBITDA of Eu212.3mn, despite dividends and buybacks over the period.
- **Constructive outlook confirmed.** Management reiterated confidence on FY delivery on sales, margins and cash generation, supported by current trading and YtD performance. Like-for-like trends excluding Goldenpoint remain positive, while reported growth continues to benefit from the enlarged scope. Gross margin is expected to normalise seasonally in 4Q but remain higher YoY on a full-year basis, supported by mix and sourcing initiatives. Cash generation is expected to exceed 2024, with 4Q FCF mainly dependent on January trading. Management also highlighted meaningful ForEx tailwinds for next year and announced that the updated 2026–29 business plan will be presented in February.
- **Change in estimates.** We are slightly revising our expectations to include new indications and the better performance achieved in 3Q. This results in higher sales assumptions and a modest increase in EBITDA.
- **OUTPERFORM; target Eu5.3 (from Eu4.8).** 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 is confirmed by the latest results, achieved despite a peak comparison base last year. We believe management can increasingly focus on the execution of several promising projects already underway, enhancing medium-term visibility. Our assumptions include execution at Goldenpoint and only a limited contribution from international expansion, while the Kasanova option remains an additional potential catalyst. We are raising our target price to Eu5.3 reflecting the roll-over of our DCF model, updated beta assumptions and higher earnings forecasts, with the valuation underpinned by improved visibility on cash generation, structural margin resilience and execution momentum, despite the recent share price appreciation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	1,536	1,631	1,745	1,839	1,934
EBITDA Adj (Eu mn)	182	195	215	229	245
Net Profit Adj (Eu mn)	76	78	92	101	112
EPS New Adj (Eu)	0.261	0.318	0.376	0.414	0.459
EPS Old Adj (Eu)	0.261	0.318	0.368	0.406	0.440
DPS (Eu)	0.070	0.110	0.130	0.143	0.159
EV/EBITDA Adj	4.7	4.3	6.0	5.6	4.9
EV/EBIT Adj	7.2	6.5	8.7	8.0	6.7
P/E Adj	17.6	14.4	12.2	11.1	10.0
Div. Yield	1.5%	2.4%	2.8%	3.1%	3.5%
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)

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Frequency of research: quarterly.

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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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OUTPERFORM:	38.35%
NEUTRAL:	28.57%
UNDERPERFORM:	00.75%
SELL:	00.00%

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OUTPERFORM:	30.26%
NEUTRAL:	17.10%
UNDERPERFORM:	01.32%
SELL:	00.00%

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