

TALEA GROUP

BUY

Sector: Consumers

Price: Eu6.00 - Target: Eu10.00

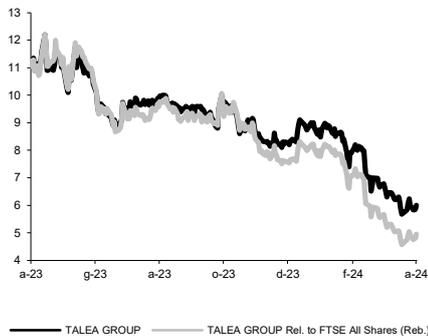
2024 Growth Should be Sustained by Solid Fundamentals

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 11.30 to 10.00		
	2024E	2025E	2026E
Chg in Adj EPS	n.m.	-31.2%	

Next Event
 1Q Results Out 23 April

TALEA GROUP - 12M Performance



Stock Data			
Reuters code:	TALEA.MI		
Bloomberg code:	TALEA IM		
Performance	1M	3M	12M
Absolute	-11.5%	-29.2%	-46.7%
Relative	-12.8%	-40.2%	-67.4%
12M (H/L)	12.20/5.68		
3M Average Volume (th):	6.90		

Shareholder Data	
No. of Ord shares (mn):	7
Total no. of shares (mn):	7
Mkt Cap Ord (Eu mn):	41
Total Mkt Cap (Eu mn):	41
Mkt Float - Ord (Eu mn):	10
Mkt Float (in %):	24.1%
Main Shareholder:	
RIAC Holding S.r.l.	58.6%

Balance Sheet Data	
Book Value (Eu mn):	29
BVPS (Eu):	4.25
P/BV:	1.4
Net Financial Position (Eu mn):	-36
Enterprise Value (Eu mn):	77

- 2H profitability in line, reflecting revenue slowdown in 4Q.** On 28 March Talea published FY23 results that were in line with our estimates. The company had already reported preliminary 4Q revenue figures of €29.8mn, down -19% YoY, on 22 February. The slowdown, in line with the reference market performance (Newline data), followed the execution of management's brand repositioning strategy. 2H23 adj. EBITDA came in at €-4.2mn, in line with our €-4.0mn estimate, hit by the slowdown in sales as well as cost inflation. In terms of cash flow, YE23 net debt pre-IFRS 16 was €29.4mn, in line with our €29.0mn forecast, and €14mn higher than at YE22 following the investments undertaken in 2023 (including €15mn of CapEx for the construction of a new logistics centre).
- 2023 reorganisation affected results but will fuel sustainable, long-term growth.** Talea underwent a significant transformation in 2023 (rebranding, new logistics hub, acquisitions of multiple brands). These strategic moves, while denting 2023 results, were necessary to define Talea's area of operation and positioned the company for growth in 2024 (management reported sustained revenue growth in 1Q24). The Group will continue to focus on three key points: 1) Consumer area, through the expansion of existing e-commerce platforms and dynamic, multi-website pricing mechanism; 2) development of the Industrial area with the launch of Talea Media, growing trade-marketing revenues, and the consolidation of the positioning of Valnan; 3) development of new strategies for private label products.
- Industrial Plan update implies sustainable growth.** The Group updated its 2023-2025 Industrial Plan and extended it to 2026, with adj. revenues of €220-240mn, EBITDA at €13-15mn (~6% margin) and net debt of €21-23mn in FY26, and cumulated CapEx of €17-19mn in the period 2024-'26. The revised plan cautiously moved 2025 targets one year forward, consistently with recent trends and implying sustainable medium-term growth, in our view.
- Change in estimates.** We are updating our estimates in light of actual 2023 results and extending our estimates to 2026, coherently with management indications: we see a more gradual revenue and margin growth in 2024 and 2025 to reach in 2026 the lower end of management guidance, i.e. revenues at €221.6mn and EBITDA margin at 5.9%. As for net debt we remain slightly more conservative than management indications, with net debt pre-IFRS 16 at YE26 at €20.7mn.
- BUY confirmed; TP at €10.0.** 2023 was a transformational year for Talea, undermining 2023 results but defining the Group's operational scope and paving the way for a positive 2024. We confirm our investment case on the stock. Talea operates in an attractive market and can consolidate its market share, continuing to buy out small operators, as with its recent acquisitions, and exploit their data traffic through the high-margin Industrial area. We move our target price from €11.3 to €10.00 in light of the new estimates and we confirm our BUY recommendation.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	121	136	169	202	222
EBITDA Adj (Eu mn)	3	-3	4	9	13
Net Profit Adj (Eu mn)	-1	-8	-2	3	5
EPS New Adj (Eu)	-0.139	-1.097	-0.248	0.405	0.777
EPS Old Adj (Eu)	-0.139	-1.092	-0.160	0.589	0.779
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	nm	21.2	8.2	5.4
EV/EBIT Adj	nm	nm	nm	14.4	8.1
P/E Adj	nm	nm	nm	14.8	7.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	8.5	-12.2	9.9	3.7	2.3

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- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

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NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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