

TALEA GROUP

BUY

Sector: Consumers

Price: Eu5.64 - Target: Eu10.00

Rising Sales and Product Launch Support 2024 Growth

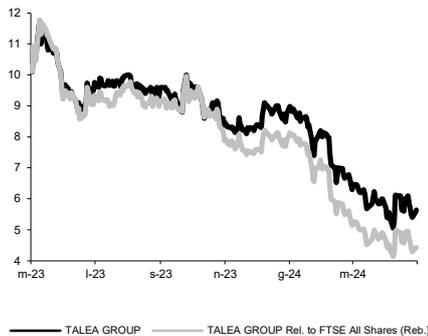
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

2Q Sales and KPI Out 23 July

TALEA GROUP - 12M Performance



Stock Data			
Reuters code:	TALEA.MI		
Bloomberg code:	TALEA IM		
Performance	1M	3M	12M
Absolute	-6.0%	-29.9%	-48.3%
Relative	-10.0%	-41.5%	-75.0%
12M (H/L)	11.75/5.06		
3M Average Volume (th):	10.69		

Shareholder Data	
No. of Ord shares (mn):	7
Total no. of shares (mn):	7
Mkt Cap Ord (Eu mn):	39
Total Mkt Cap (Eu mn):	39
Mkt Float - Ord (Eu mn):	9
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:	1.3
Net Financial Position (Eu mn):	-36
Enterprise Value (Eu mn):	74

■ **Sharp rise in 1Q24 revenues.** On 23 April, Talea reported revenues and main KPI for 1Q24. In detail: adjusted revenues came to €43.5mn, up +12% YoY and +3% above our estimates; Consumer Area revenues were €41.5mn, +12% YoY, while those for the Industrial Area were €2.0mn, up +11% YoY. The solid result was supported by an increase in orders received (908k, +8% YoY) and products sold (4.53k units, +13% YoY). The KPI imply a higher average order value than the corresponding period in 2023: €45.7 vs €44.2 (+3%). The results were also positive in light of a tough comparison base, as 1Q was the strongest quarter of 2023 (with revenues up +47% YoY). In particular, we highlight the sharp rise in revenues compared to the prior quarter (+46% QoQ), confirming the effectiveness of the new commercial strategy, introduced in the last months of 2023, which is aimed at properly positioning the diversified portfolio of Group brands.

■ **Launch of private label line supporting future margin growth.** On 7 May, the Group announced the launch of a new private label product line under the Farmaè brand. The line is mainly composed of nutritional supplements (currently 36% of Group turnover). The range will not replace the offering on the Group e-commerce platform but expand and complement it. The creation of a new proprietary private label line on the Group's main platform will enable an increase in revenues, higher profitability, and cost optimisation thanks to direct control of production. This translates into the possibility of offering competitive prices on the market without sacrificing profitability, and will boost visibility of the Farmaè brand. We note that the group already offers private label products thanks to e-commerce platforms VitaminCenter and BestBody (acquired last February).

■ **Change in estimates.** In this report we are leaving our estimates unchanged. In our model we see FY24 revenues up +24% YoY. That implies an acceleration in the next quarters, which we consider visible given the much easier comparison base, above all in 2H. During the release of FY23 results, the Group presented the Industrial Plan to 2026, which aims at adj. revenues of €220-240mn, EBITDA at €13-15mn (~6% margin) and net debt of €21-23mn in FY26, and cumulative CapEx of €17-19mn in the 2024-26 period. Our estimates are in line with management indications.

■ **BUY confirmed; TP €10.0 unchanged.** 1Q revenues rose sharply on the previous quarter, showing a change in path and confirming the effectiveness of the recently introduced commercial strategy. 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. The expansion of private label offering will support profitability as well as sales growth. We confirm our BUY recommendation on the stock, with the target at €10.0.

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	-1.097	-0.248	0.405	0.777
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	nm	20.5	7.9	5.3
EV/EBIT Adj	nm	nm	nm	13.9	7.8
P/E Adj	nm	nm	nm	13.9	7.3
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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- 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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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;

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BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short

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