

TECHNOGYM

Sector: Consumers

OUTPERFORM

Price: Eu12.50 - Target: Eu14.50

Sales Beat Forecasts, Confirming Momentum, Adding Visibility

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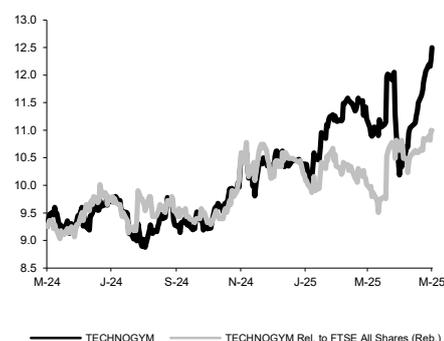
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Stock Rating			
Rating:	from NEUTRAL to OUTPERFORM		
Target Price (Eu):	from 12.00 to 14.50		
	2025E	2026E	2027E
Chg in Adj EPS	4.7%	6.8%	9.4%

TECHNOGYM - 12M Performance



Stock Data			
Reuters code:	TGYM.MI		
Bloomberg code:	TGYM IM		
Performance	1M	3M	12M
Absolute	18.4%	12.0%	35.1%
Relative	2.8%	6.8%	21.5%
12M (H/L)	12.50/8.88		
3M Average Volume (th):	242.13		

Shareholder Data	
No. of Ord shares (mn):	201
Total no. of shares (mn):	201
Mkt Cap Ord (Eu mn):	2,513
Total Mkt Cap (Eu mn):	2,513
Mkt Float - Ord (Eu mn):	1,554
Mkt Float (in %):	61.8%
Main Shareholder:	
Wellness Holding (N.Alessandri)	33.8%

Balance Sheet Data	
Book Value (Eu mn):	461
BVPS (Eu):	2.29
P/BV:	5.5
Net Financial Position (Eu mn):	217
Enterprise Value (Eu mn):	2,300

- Sales better than expected.** Yesterday Technogym reported better-than-expected 1Q25 sales, with revenues at Eu215mn, +14.7% YoY (+13.8% YoY at cFX) and growth across B2B, +15.6% YoY to Eu168mn, and B2C +11.5% YoY to Eu47mn. The top line was ahead of our expectations by 6% and 4% above Factset consensus.
- Positive growth across geographical markets.** By geographical market, we highlight the positive growth across all regions, with Americas far outperforming the Group's average at +28% YoY, despite a robust comp base (1Q24 was up 13% YoY). During the conference call management stated that performance was evenly split between North America and LatAm thanks to implementation of the new local presence and marketing strategy. Europe (ex Italy) still robust at 17.5% YoY, MEIA at +10.5% YoY and APAC slightly positive at +1.9% YoY (below our expectations). Italy at +5% YoY, slightly below our expectations.
- Hotel and Health supporting and enhancing growth profile.** During the conference call management highlighted the strong and resilient contribution to sales from Hotel and Health segments, notably in the Americas but also in other regions worldwide.
- Outlook positive, hinting at room for upside.** The conference call tone was positive but still cautious in light of the current environment. The strong start to the year is consistent with visibility so far and double-digit growth in FY25 is on the cards, in our opinion. More importantly, management is not worried about tariffs, as the company has already sealed agreements to pass tariff costs through to end clients. New categories and launches, like Pilates equipment and the luxurious new Artis product family have huge potential and already started at a high pace.
- Change in estimates.** We are updating our growth assumptions (now expecting 2-digit growth in FY25 at +10.1% YoY) while adding some bp expansion based on a higher mix in FY25 and the following years. Cost structure will also be optimised following the announcement that some externalised production will be brought in-house. We therefore add c.Eu17mn in one-off CapEx in FY25.
- OUTPERFORM, target Eu14.5 (from 12).** We think TGYM offers an unparalleled medium-term equity story thanks to its strong brand and leading positioning, attracting the interest of investors seeking exposure to the global wellness industry through a high-end player. The company is well placed to continue to deliver sustainable and profitable growth as confirmed by the resilience of the underlying business, while exploiting the increasingly significant macro trends that combine wellness and the health sector through its frontrunner status. 1Q25 sales surpassed our expectations to a remarkable degree, and more importantly shook off a reasonable degree of the uncertainty on this year and next year's trends, which induced us to remain more cautious. We think prospects are solid and the contribution from new clientele segments, such as Hotel, Health and Life Science related clients, is set to last and increase. New estimates coupled with a higher growth rate in our DCF, at 3.5% from 3%, lift our fair value per share to Eu14.5. Based on the upside to current levels, we therefore move our recommendation to OUTPERFORM from Neutral.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	808	901	993	1,083	1,129
EBITDA Adj (Eu mn)	152	178	207	233	0
Net Profit Adj (Eu mn)	77	90	111	131	147
EPS New Adj (Eu)	0.385	0.446	0.550	0.653	0.729
EPS Old Adj (Eu)	0.385	0.446	0.525	0.611	0.666
DPS (Eu)	0.289	0.216	0.268	0.319	0.357
EV/EBITDA Adj	9.9	9.7	11.1	9.5	nm
EV/EBIT Adj	10.7				
P/E Adj	32.4	28.0	22.7	19.2	17.2
Div. Yield	2.3%	1.7%	2.1%	2.6%	2.9%
Net Debt/EBITDA Adj	-0.8	-0.9	-1.0	-1.3	nm

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 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 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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