

# TECHNOGYM

Sector: Consumers

## OUTPERFORM

Price: Eu8.29 - Target: Eu9.50

## 1Q23 Revenues Confirm Positive Momentum

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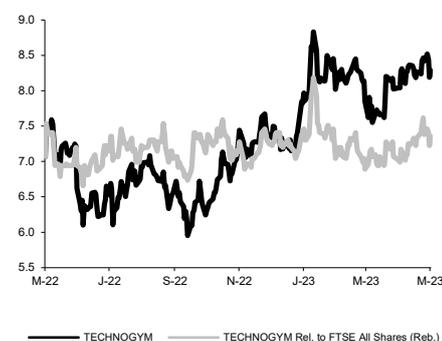
### Stock Rating

**Rating:** Unchanged

**Target Price (Eu):** from 9.00 to 9.50

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	0.0%	0.0%	0.0%

### TECHNOGYM - 12M Performance



### Stock Data

Reuters code: TGYM.MI

Bloomberg code: TGYM IM

Performance	1M	3M	12M
Absolute	3.1%	3.4%	17.3%
Relative	4.7%	4.2%	4.2%
12M (H/L)		8.83/5.96	
3M Average Volume (th):		306.59	

### Shareholder Data

No. of Ord shares (mn): 201

Total no. of shares (mn): 201

Mkt Cap Ord (Eu mn): 1,666

Total Mkt Cap (Eu mn): 1,666

Mkt Float - Ord (Eu mn): 920

Mkt Float (in %): 55.2%

Main Shareholder:

Wellness Holding (N.Alessandri) 44.8%

### Balance Sheet Data

Book Value (Eu mn): 377

BVPS (Eu): 1.88

P/BV: 4.4

Net Financial Position (Eu mn): 162

Enterprise Value (Eu mn): 1,504

■ **1Q23 Revenues up +15.2% YoY.** Technogym yesterday reported 1Q23 revenues that showed robust growth vs. last year. Revenues were Eu174.6m, up 15.2% YoY and +32.8% vs. the same period of 2019 (pre-pandemic), driven according to management mainly by volumes vs. higher pricing. The **B2B segment** was up +26% YoY (Eu135.6m), confirming sequentially the positive trend of 4Q22 (+27.6% YoY) even on a tough comp base (+38.8% in 1Q22). Within the segment, Clubs were above 2019 levels, which is very positive news, while constant, robust growth was achieved in the Hospitality and Residential (H&R) and the Health, Corporate and Performance (HCP) segments, which reached new records. The **B2C segment** continued its normalization at Eu39m, -12% YoY, but confirming levels almost double vs. 2019.

■ **Growth across geographies, APAC still dented by restrictions.** The Group registered solid growth across regions, with the main contribution coming from Europe (ex Italy) +15.9% YoY and MEIA +48.6% YoY which benefited from a steady increase in demand for high-tech wellness solutions. North America was up +8.5% helped by FX and despite lower seasonality in the first quarter of the year. APAC was slightly down -3.5% YoY, still impacted by the carry-over effect of 2022 lockdowns. During the conference call, management commented that we should see some positive recovery starting from the end of 2Q23/3Q23.

■ **Positive tone from conf call.** Management's tone during the call was positive even if not particularly vocal on specific indications/guidance for FY23. We acknowledge that there will be finer detail on numbers during the upcoming **CMD on June 19**, which could be a positive catalyst for the story. Comments on current underlying trends hinted at upside potential for FY23 revenue growth, which is now seen by consensus at high-single-digit. If driven mainly by volumes (as was the case in 1Q23), based on the strong op. leverage of TGYM this would imply a positive impact on margins.

■ **Estimates unchanged.** We are already slightly above current consensus on top-line growth and EBITDA margin expansion. While acknowledging the potential upside on current consensus for FY23 and beyond, we await additional visibility at the CMD.

■ **OUTPERFORM; target Eu9.5 (from Eu9).** We still think TGYM offers an appealing medium-term equity story thanks to its strong brand and leading position, attracting the interest of investors seeking exposure to the most premium global wellness industry through a high-end player. The company is well placed to continue to deliver sustainable and profitable growth after a period of disruption, and the faster B2B recovery confirms the resilience of the underlying business. The stock is still trading near to the low point reached during the pandemic, which in our opinion is completely unjustified in light of its prospects, cash profile and the visibility on the backlog, which make the story stand out at this time. We still consider actual levels as an attractive entry point given the B2B developments, visibility on FY23 trends and the upcoming CMD in June, plus ongoing strong interest in wellness and well-being generally. Based on the now-visible B2B speed of recovery and resiliency as well as confirmed potential of new segments, we add 0.5% to our terminal growth, now at 2.5% resulting in +Eu0.5 on our target price.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	611	721	821	936	990
EBITDA Adj (Eu mn)	107	132	159	198	212
Net Profit Adj (Eu mn)	51	66	86	115	128
EPS New Adj (Eu)	0.255	0.329	0.426	0.572	0.638
EPS Old Adj (Eu)	0.255	0.329	0.426	0.572	0.638
DPS (Eu)	0.160	0.250	0.327	0.281	0.314
EV/EBITDA Adj	17.7	9.7	9.5	7.3	6.5
EV/EBIT Adj	22.0	10.7	10.7		
P/E Adj	32.6	25.2	19.5	14.5	13.0
Div. Yield	1.9%	3.0%	3.9%	3.4%	3.8%
Net Debt/EBITDA Adj	-0.9	-0.9	-1.0	-1.1	-1.3