

TECHNOGYM

Sector: Consumers

OUTPERFORM

Price: Eu9.68 - Target: Eu11.00

3Q24E Revenues: We Expect Another Solid Quarter

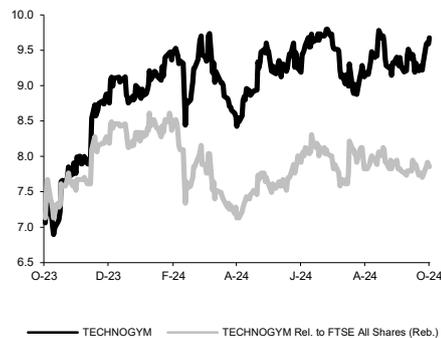
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

Results Out: Oct-30

TECHNOGYM - 12M Performance



Stock Data			
Reuters code:	TGYM.MI		
Bloomberg code:	TGYM IM		
Performance	1M	3M	12M
Absolute	4.0%	0.9%	35.1%
Relative	0.4%	-0.6%	11.9%
12M (H/L)	9.79/6.89		
3M Average Volume (th):	180.48		

Shareholder Data	
No. of Ord shares (mn):	201
Total no. of shares (mn):	201
Mkt Cap Ord (Eu mn):	1,945
Total Mkt Cap (Eu mn):	1,945
Mkt Float - Ord (Eu mn):	1,203
Mkt Float (in %):	61.8%
Main Shareholder:	
Wellness Holding (N.Alessandri)	33.8%

Balance Sheet Data	
Book Value (Eu mn):	398
BVPS (Eu):	1.98
P/BV:	4.9
Net Financial Position (Eu mn):	174
Enterprise Value (Eu mn):	1,770

- Technogym will release revenues for 3Q/9M on October 30.** We expect 3Q24 to have confirmed the solid growth trajectory achieved so far, well on track to meet FY expectations and mid-term guidance, which aims at a +10% CAGR until 2026. We base our assumptions on the comments provided by the company on the release of 1H24 results, which hinted at a continuation of sales momentum on the back of very solid order backlog. We also acknowledge the momentum of the fitness industry with worldwide wellness and health focus macro-trends bringing back investments to the sector in order to premiumise, refresh and update its offering to final clients. Life Time Group – one of the largest fitness and sports centre chains in the US and a TGYM client – released preliminary 3Q24 results a few days ago that showed revenue growth of c.+20% YoY (+18.5%) and EBITDA up +26.1% YoY, a testament to the current market environment.
- Sales up c.+9% YoY.** We expect 3Q24 revenues at Eu213.4m, up +9.3% YoY thanks to a very robust performance by the B2B channel at Eu173.8m or +10.7% YoY, and more moderate growth by B2C at Eu39.6m, +3.3% YoY. This would take 9M24E revenues to Eu615.5m, +8.9% YoY, slightly accelerating from +8.7% YoY registered in 1H24. Year-to-date B2B is therefore expected at Eu489.5m, +9.5%, and B2C at Eu126m, +6.5% YoY.
- Trends by geography confirmed.** In terms of geographies, we expect 1H trends to have continued in 3Q with the sole exception of Italy, where there should have been a normalization in light of the record performance last year (3Q23 +48.9% YoY): Europe should have accelerated a little sequentially in 3Q24E (+8% YoY vs. +6.7% YoY in 1H24), while we see North America practically aligned to the first semester performance at +8.6% YoY. MEIA still double digit (+15.8% YoY in 3Q24E) and LatAm still supported by strong momentum in the region.
- Estimates unchanged.** Should our estimates be confirmed, results would be right on track to meet FY expectations, which are aligned to mid-term guidance for a +10% YoY CAGR until 2026. Implied 4Q24E for our current estimates is Eu275.1m, +13.3%, a sequential acceleration compared to expected 3Q, which seems reasonable in light of solid order backlog and quarterly phasing last year, with 4Q23 being the only quarter in 2023 with single-digit growth YoY (+9% YoY).
- OUTPERFORM, target Eu11 confirmed.** We think TGYM offers an appealing 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 relevant macro-trends intertwining wellness and the health sector as a leading front-runner. 2Q24 results confirmed our expectations and shed more light on the evolution of the second part of the year, making us now more confident on the story. We think the stock has still room to improve, with continuing c.19% upside compared to our target price.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	721	808	891	968	1,056
EBITDA Adj (Eu mn)	132	152	170	192	213
Net Profit Adj (Eu mn)	66	77	90	108	125
EPS New Adj (Eu)	0.329	0.385	0.445	0.535	0.620
EPS Old Adj (Eu)	0.329	0.385	0.445	0.535	0.620
DPS (Eu)	0.250	0.289	0.220	0.265	0.307
EV/EBITDA Adj	9.7	9.9	10.4	8.9	7.7
EV/EBIT Adj	10.7	10.7			
P/E Adj	29.4	25.1	21.7	18.1	15.6
Div. Yield	2.6%	3.0%	2.3%	2.7%	3.2%
Net Debt/EBITDA Adj	-0.9	-0.8	-1.0	-1.3	-1.5

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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.

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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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BUY:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (61 in total) is as follows:

BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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