TECHNOGYM

NEUTRAL

Sector: Consumers

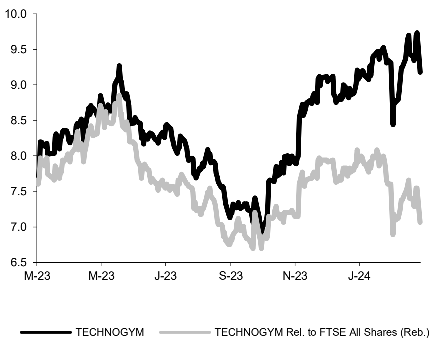
Price: Eu9.18 - **Target: Eu10.00**

FY23 results confirm solid growth. Taking a pause here

Francesco Brilli +39-02-77115.439
francesco.brilli@intermonte.it
Andrea Randone: +39-02-77115.364
andrea.randone@intermonte.it

Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	Unchanged		
	2024E	**2025E**	**2026E**
Chg in Adj EPS	-3.5%	-5.1%	

TECHNOGYM - 12M Performance



Stock Data			
Reuters code:			TGYM.MI
Bloomberg code:			TGYM IM
Performance	**1M**	**3M**	**12M**
Absolute	-1.8%	0.9%	19.8%
Relative	-7.5%	-12.6%	-11.5%
12M (H/L)			9.73/6.89
3M Average Volume (th):			331.15

Shareholder Data	
No. of Ord shares (mn):	201
Total no. of shares (mn):	201
Mkt Cap Ord (Eu mn):	1,845
Total Mkt Cap (Eu mn):	1,845
Mkt Float - Ord (Eu mn):	1,141
Mkt Float (in %):	61.8%
Main Shareholder:	
Wellness Holding (N.Alessandri)	33.8%

Balance Sheet Data	
Book Value (Eu mn):	396
BVPS (Eu):	1.97
P/BV:	4.7
Net Financial Position (Eu mn):	175
Enterprise Value (Eu mn):	1,670

- **FY23 Results substantially in line with expectations.** Technogym yesterday released its FY23 results which came in substantially aligned with our expectations and consensus across the P&L: revenues at Eu808m up +12% YoY (+14% at cFX) vs. Eu801m expected. Adj. EBITDA at Eu152m +15% YoY slightly above our and consensus estimates at Eu149m with the margin on sales at 18.8% (+50bps YoY). Adj. EBIT at Eu101m and net profit at Eu78m, up +18% YoY vs. Eu77.6m expected. Net cash at Eu127m (Eu122m last year), slightly below our expectations at Eu138m.
- **No specific outlook provided.** The tone from the conference call was constructive hinting to another year of growth and margin expansion in line with current consensus. The comp base for the first part of the year is challenging (1H23+13.8% YoY, 1Q23 +15.2% YoY) and there could be some delays dictated by the current situation at the Suez canal but for the full year, based on the order backlog and new orders, management is confident of continuing to develop volume growth and margin expansion. Overall the dynamics seen in 2023 can also be confirmed for 2024, driven by volume growth with no price increases expected. The CEO listed some actions and geographies which could represent upside potential going forward (more details below).
- **Minor changes to estimates.** We add actuals to our model with minor changes to estimates going forward, resulting in an EPS revision for '24/'25 of approx. -3.5% and -5%. We remain along the lines of the targets of the company provided at the CMD last June (Revenue CAGR +10%, adj. EBITDA margin expansion of 40-70bps per annum) and substantially aligned to current consensus.
- **NEUTRAL (from OUTPERFORM); target Eu10 (confirmed).** We still 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 as a leading front-runner the increasingly relevant macro-trends intertwining wellness and the health sector. The stock had an impressive c.+30% performance in the last year and since our last report on January the price went up by a further c.Eu0.9 (before yesterday's reaction) getting close to our target. FY23 results substantially confirmed our expectations while the FY outlook and indications provided by management, particularly for the first part of the year facing a tough comp base, came in in line with our current assumptions. This leads us to confirm our valuation of Eu10 with limited upside from current levels. For this reason, we move our recommendation to Neutral waiting for additional visibility on the potential upsides listed by the CEO during the conference call (new geographies and products) which could materialize going forward.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	721	808	883	964	1,052
EBITDA Adj (Eu mn)	132	152	170	190	211
Net Profit Adj (Eu mn)	66	77	89	105	122
EPS New Adj (Eu)	0.329	0.385	0.441	0.523	0.607
EPS Old Adj (Eu)	0.329	0.398	0.457	0.551	
DPS (Eu)	0.250	0.289	0.214	0.256	0.298
EV/EBITDA Adj	9.7	9.9	9.8	8.4	7.3
EV/EBIT Adj	10.7	10.7			
P/E Adj	27.9	23.8	20.8	17.6	15.1
Div. Yield	2.7%	3.2%	2.3%	2.8%	3.2%
Net Debt/EBITDA Adj	-0.9	-0.8	-1.0	-1.3	-1.5

DISCLAIMER (for more details go to DISCLAIMER)

IMPORTANT DISCLOSURES

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.
This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.
The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.
This disclaimer is constantly updated on Intermonte's website www.intermonte.it under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the PERFORMANCE web page.
Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

ANALYST CERTIFICATION

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certify that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.
The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.
Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.
The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

GUIDE TO FUNDAMENTAL RESEARCH

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&PMIB40 Index, most of those on the MIDEX 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.
Explanation of our ratings system:
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

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
As at 31 December 2023 Intermonte's Research Department covered 117 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	26.02 %
OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

CONFLICT OF INTEREST

In order to disclose its possible conflicts of interest Intermonte SIM states that:
Intermonte is acting as financial advisor to SAES Getters in relation to the partial voluntary tender offer on ordinary treasury shares.
Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambienthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.
Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.
Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DeA Capital, El.En, Elica, Emak, Esprinet, Expert AI, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambienthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luve, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.
Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.
Intermonte SIM performes as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Fineco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STM, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.
Intermonte SIM, Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.P.A., B&C Speakers, Cleanbnb, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Intercos, Intred, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, Solid World Group, Spindox Digital Soul, Tamburi, Tesmec, Tinexta, Tps Group, Trendevice, Ulisse Biomed, Wiit.
Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website MiFID
Further information is available