Intermonte

Milan, 27 March 2025

Italian Equity Research – Change in View/FY24 Results

TECHNOGYM

NEUTRAL

Sector: Consumers

Price: Eu11.96 - **Target: Eu12.00**

Catching Our Breath after a High-Pace, Long Distance Run

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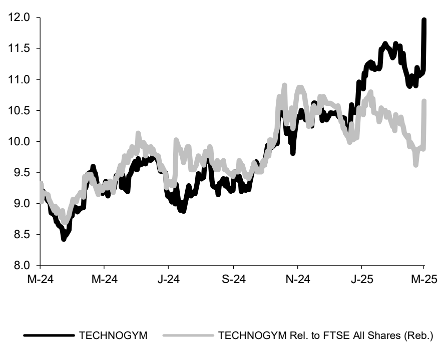
Stock Rating			
Rating:	from OUTPERFORM to NEUTRAL		
Target Price (Eu):	from 11.50 to 12.00		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-3.2%	-2.7%	

TECHNOGYM - 12M Performance



Stock Data			
Reuters code:			TGYM.MI
Bloomberg code:			TGYM IM
Performance	**1M**	**3M**	**12M**
Absolute	4.3%	15.6%	28.3%
Relative	4.7%	0.5%	16.2%
12M (H/L)			11.96/8.43
3M Average Volume (th):			227.28

Shareholder Data	
No. of Ord shares (mn):	201
Total no. of shares (mn):	201
Mkt Cap Ord (Eu mn):	2,404
Total Mkt Cap (Eu mn):	2,404
Mkt Float - Ord (Eu mn):	1,487
Mkt Float (in %):	61.8%
Main Shareholder:	
Wellness Holding (N.Alessandri)	33.8%

Balance Sheet Data	
Book Value (Eu mn):	456
BVPS (Eu):	2.27
P/BV:	5.3
Net Financial Position (Eu mn):	229
Enterprise Value (Eu mn):	2,179

- **FY24 exceptionally positive thanks to very strong 4Q24.** Technogym yesterday released results for FY24 which came in ahead of our / consensus expectations thanks to a record 4Q24, which saw revenues up by +15.2% with the B2C segment at +30% YoY and positive double-digit growth across all regions but Europe, which registered +8.1%. FY24 revenues at Eu901.3m, up by +11.5% YoY, c.+1% vs. our estimates, which in turn were c.1% higher than current consensus; B2C accelerated substantially towards the end of the year reaching Eu184.4m, up by +11.3% YoY, followed by B2B to a smaller extent at 716.9m, up by +11.6% YoY (+10.5% in 9M24).
- **Profitability close to historical highs in 2H24.** The FY24 GM increased by c. +140bps, taking adj. EBITDA to Eu178.4m with the margin on sales at 19.8%, up by 100bps YoY. On the bottom line, the result was substantially in line with our expectations at Eu90m following higher taxes due to the end of some public reinvestment incentives. NFP positive at Eu160m, +Eu33m YoY thanks to recurring FCF of Eu151m.
- **Extraordinary dividend distribution proposed.** The BoD resolved to propose a total dividend of Eu0.8ps of which Eu0.3 as an ordinary dividend and Eu0.5 extraordinary. Expectations were for a c.Eu0.32ps total dividend.
- **Constructive indications even if not particularly accurate.** During the conference call the tone was obviously very positive but management did not provide indications on the trajectory expected for 2025 in terms of evolution of top line and margins. Also, it was not clear if the 4Q24 exit rate should be considered as a new normal for the next quarters based on the fact that no one-offs or orders brought forward were registered in the period. Rough guidance indicates overperformance vs. market growth expected up by 5% next year which does not add much detail.
- **Estimates revision.** We factor in actuals and we have revised our growth assumptions in terms of top line and profitability. Based on what has been highlighted above, we take a more conservative approach for FY25 in terms of margin expansion, acknowledging that added visibility in the next months could result in further upward revisions while on the other hand, we have to consider the current geopolitical and macroeconomic environment.
- **NEUTRAL (from OUTPERFORM), target Eu12 (from Eu11.5).** 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 significant macro-trends that combine wellness and the health sector through its frontrunner status. FY24 results surpassed our expectations to a remarkable degree but we currently do not have enough visibility on the trends for this year and next. In light of the current geopolitical environment worldwide and limited room for upside in our valuation, we take a pause after a very positive performance (c.+30% since our upgrade to Outperform) pending additional details or indications that will enable an easing of our more cautious stance on company developments. New estimates coupled to rolling forward the valuation by 1 year take our target price to Eu12, in line with current prices.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	808	901	989	1,079	1,124
EBITDA Adj (Eu mn)	152	178	202	224	0
Net Profit Adj (Eu mn)	77	90	106	123	134
EPS New Adj (Eu)	0.385	0.446	0.525	0.611	0.666
EPS Old Adj (Eu)	0.385	0.452	0.543	0.628	
DPS (Eu)	0.289	0.216	0.256	0.299	0.326
EV/EBITDA Adj	9.9	9.7	10.8	9.4	nm
EV/EBIT Adj	10.7				
P/E Adj	31.0	26.8	22.8	19.6	18.0
Div. Yield	2.4%	1.8%	2.1%	2.5%	2.7%
Net Debt/EBITDA Adj	-0.8	-0.9	-1.1	-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&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

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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 2024 Intermonte's Research Department covered 132 companies.
As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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