

TECHNOGYM

Sector: Consumers

OUTPERFORM

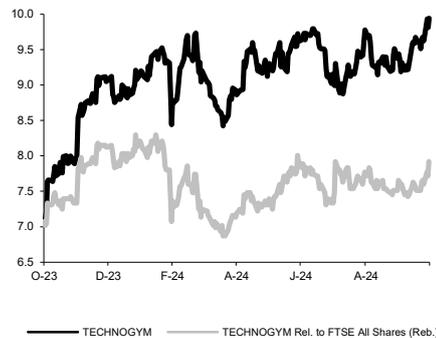
Price: Eu9.95 - Target: Eu11.50

9M24 Release Confirms Solid Revenue Momentum

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 11.00 to 11.50		
	2024E	2025E	2026E
Chg in Adj EPS	1.6%	1.4%	1.3%

TECHNOGYM - 12M Performance



Stock Data			
Reuters code:	TGYM.MI		
Bloomberg code:	TGYM IM		
Performance	1M	3M	12M
Absolute	6.1%	8.6%	40.6%
Relative	5.2%	7.2%	14.7%
12M (H/L)	9.95/7.11		
3M Average Volume (th):	185.73		

Shareholder Data	
No. of Ord shares (mn):	201
Total no. of shares (mn):	201
Mkt Cap Ord (Eu mn):	1,999
Total Mkt Cap (Eu mn):	1,999
Mkt Float - Ord (Eu mn):	1,236
Mkt Float (in %):	61.8%
Main Shareholder:	
Wellness Holding (N.Alessandri)	33.8%

Balance Sheet Data	
Book Value (Eu mn):	399
BVPS (Eu):	1.99
P/BV:	5.0
Net Financial Position (Eu mn):	176
Enterprise Value (Eu mn):	1,823

- 9M24 slightly ahead of our estimates.** Yesterday afternoon the company released 9M24 sales data that were a touch ahead of our estimates and consensus, by c.+1%. Sales came in at Eu127.6mn, up +10.0% YoY with both B2C and B2B slightly better than expected at Eu127.7mn, +7.9% YoY, and Eu493.9mn, +10.5% respectively. In particular, we highlight the positive B2B performance which accelerated sequentially in 3Q24 to +13.5% YoY, compared to +8.9% YoY in 1H24. Management commented that the segment is enjoying strong demand across regions from new and existing clubs, which are now investing again to upgrade and renovate equipment. An increasingly higher-end proposition is becoming key to attracting and retaining customers. There were also positive comments on B2B sub-segments, such as Hotel & Residential and Health & Performance.
- 2-digit growth across regions, with Europe strong in 3Q.** By geographical area, we highlight the double-digit growth across all regions with the exception of APAC, which, as expected, continued to suffer from unfavourable market conditions and shipping delays. The Americas region - now comprising North America and LatAm - continued its positive momentum, rising 10.4% YoY in 9M24 thanks to +7.5% YoY in 3Q24, a slight deceleration compared to 2Q24, which grew by +10.8% YoY but off a slightly stronger comp base. Europe (ex-Italy) was up +10.9% YoY in 9M24 on the back of a record 3Q24 (the second strongest quarter ever achieved for this region in terms of growth) which grew +18.9% YoY. Management commented that this performance was the result of both B2B and B2C trends, boosted by strong demand and proximity to clients, who particularly appreciate the company's technical approach, omnichannel capabilities and aftersales services. While the Olympics did not have a direct impact on revenues, they were particularly important for visibility and exposure.
- Positive indications from management.** The tone from the conference call was constructive, with management confirming positive underlying trends on the back of health and wellness macro-trends gaining increasing traction worldwide. The order book is solid and growing at a double-digit rate, hinting at a potential outperformance vs. current consensus and medium-term guidance (c.10% CAGR until 2026).
- Estimate revision:** based on current positive dynamics we are raising our top line expectations slightly for the current year, with a rebalancing of trends across regions (better Europe, lower APAC) and a slightly better mix compared to previous expectations, which filters through to margins.
- OUTPERFORM confirmed, target Eu11.5 (from Eu11.0).** 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. 3Q24 results confirmed our expectations and shed more light on 2H developments, inspiring even more confidence in the story. We think the stock has room to improve further, as it still offers c.19% upside to our target price.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	721	808	894	971	1,060
EBITDA Adj (Eu mn)	132	152	171	194	215
Net Profit Adj (Eu mn)	66	77	91	109	126
EPS New Adj (Eu)	0.329	0.385	0.452	0.543	0.628
EPS Old Adj (Eu)	0.329	0.385	0.445	0.535	0.620
DPS (Eu)	0.250	0.289	0.224	0.269	0.312
EV/EBITDA Adj	9.7	9.9	10.6	9.1	7.8
EV/EBIT Adj	10.7	10.7			
P/E Adj	30.2	25.8	22.0	18.3	15.8
Div. Yield	2.5%	2.9%	2.2%	2.7%	3.1%
Net Debt/EBITDA Adj	-0.9	-0.8	-1.0	-1.2	-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.

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 30 September 2024 Intermonte's Research Department covered 125 companies. Intermonte's distribution of stock ratings is as follows:

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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