TOD'S

NEUTRAL

Sector: Consumers

Price: Eu38.16 - **Target: Eu38.00**

Supportive Indications Expected from 1Q23 Revenues

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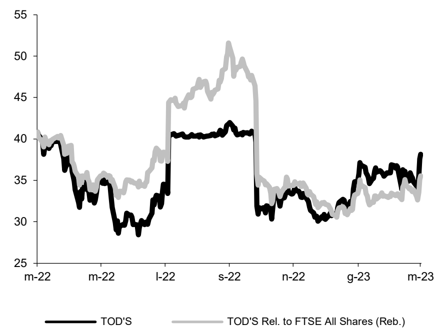
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			from 35.00 to 38.00
	2023E	**2024E**	**2025E**
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event 1Q23 revenues
Results Out 10 May 2023

TOD'S - 12M Performance



Stock Data			
Reuters code:			TOD.MI
Bloomberg code:			TOD IM
Performance	**1M**	**3M**	**12M**
Absolute	6.4%	26.0%	-6.6%
Relative	7.8%	12.1%	-13.9%
12M (H/L)			41.98/28.42
3M Average Volume (th):			79.75

Shareholder Data	
No. of Ord shares (mn):	33
Total no. of shares (mn):	33
Mkt Cap Ord (Eu mn):	1,263
Total Mkt Cap (Eu mn):	1,263
Mkt Float - Ord (Eu mn):	266
Mkt Float (in %):	21.1%
Main Shareholder:	
Della Valle Family	63.6%

Balance Sheet Data	
Book Value (Eu mn):	1,078
BVPS (Eu):	32.58
P/BV:	1.2
Net Financial Position (Eu mn):	-555
Enterprise Value (Eu mn):	1,334

- **1Q23 revenues foreseen up 14.1% YoY.** In 1Q23 we expect group revenues to have reached Eu250.6mn thanks to a Eu179.5mn contribution from the retail channel (up 15% YoY) and a Eu71.1mn contribution from the wholesale channel (up 12.0% YoY). We expect all geographical regions to have generated positive growth, with Greater China marking the most notable acceleration thanks not only to recovery in Mainland China but also even stronger rebounds in Hong Kong and Macau, benefitting from the return of Chinese travellers. The rest of the world region should have combined a very good performance in Japan with a limited contraction in South Korea. Europe and Italy are expected to have continued to show good domestic demand coupled with stronger tourist purchases, while Americas is expected to have grown at a slower pace, with a stronger wholesale channel (thanks to the opening of new doors) and a relatively weaker retail channel, partly penalised by the refurbishment of some boutiques. In terms of brands, Tod's is expected to show the strongest acceleration, even outpacing Roger Vivier.

- **Management outlook**. In the last conference call, management indicated it considers current consensus forecasts for 2023 (revenues up 8% YoY, EBIT margin at about 7%) to be feasible and achievable. Regarding actions to relaunch the brand, management confirmed the focus will be on communication costs (mainly in the digital channel) and on reinforcing the distribution network, which consisted of 333 DOS and 89 franchised stores as at 31 December 2022, compared to 318 DOS and 88 franchised stores as at 31 December 2021. Indications were not too precise: our understanding was that investments will be calibrated according to revenue momentum. New retail space should be in the region of 4%, with the focus mainly on China, foreseen accounting for 50% of new openings, with a further 30% in markets other than Europe and the US. Hogan could be the brand with the highest number of new openings.

- **Change in estimates**. We are leaving our 2023-2024 revenue estimates unchanged, assuming +10.1%/+8.5% growth. We are slightly above consensus, but the industry picture has been quite supportive so far. We remind that 1H23 turnover is benefitting from a 10% price increase, while this price effect will be neutral on 2H23. In terms of margins, we are also confirming our estimates, which are a touch more conservative than consensus forecasts.

- **NEUTRAL confirmed; target from Eu35.0 to Eu38.0.** Our target is the combination of a fundamental fair value of Eu35.0 (from Eu31.2) calculated on a DCF model (WACC 9.1%, terminal growth of 2.5%, unchanged assumptions) that reflects slightly improved medium-term growth, and a speculative scenario, to which we assign a 20% likelihood, assuming a theoretical takeover price of Eu49.5 (calculated at 1.5x 2023 EV/sales). In conclusion, we appreciate the improving momentum, but confirm our NEUTRAL stance pending a clearer understanding of management's strategy to strengthen and sustain brand positioning and distribution.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	884	1,007	1,108	1,202	1,297
EBITDA Adj (Eu mn)	161	207	225	257	279
Net Profit Adj (Eu mn)	-6	23	37	58	73
EPS New Adj (Eu)	-0.179	0.697	1.106	1.738	2.198
EPS Old Adj (Eu)	-0.179	0.697	1.106	1.738	2.198
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	9.3	6.4	5.9	5.1	4.6
EV/EBIT Adj	nm	22.6	18.4	13.2	10.7
P/E Adj	nm	54.8	34.5	22.0	17.4
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	3.2	2.7	2.5	2.1	1.8

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