

TOD'S

Sector: Consumers

NEUTRAL

Price: Eu30.84 - Target: Eu35.80

4Q23 Revenues Sustained by Positive Retail Performance

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Stock Rating

Rating: Unchanged

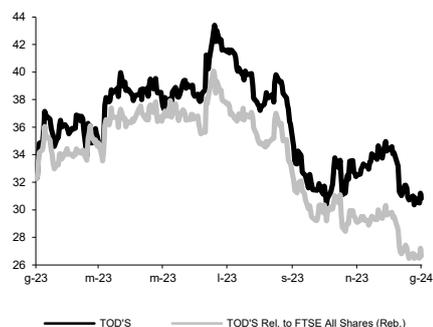
Target Price (Eu): from 36.60 to 35.80

	2023E	2024E	2025E
Chg in Adj EPS	0.7%	-8.1%	-8.5%

Next Event FY23 results

Results Out 12 March 2024

TOD'S - 12M Performance



Stock Data

Reuters code: TOD.MI

Bloomberg code: TOD IM

Performance	1M	3M	12M
Absolute	-10.0%	-2.8%	-4.4%
Relative	-10.0%	-13.5%	-20.1%
12M (H/L)	43.40/30.36		
3M Average Volume (th):	75.75		

Shareholder Data

No. of Ord shares (mn): 33

Total no. of shares (mn): 33

Mkt Cap Ord (Eu mn): 1,021

Total Mkt Cap (Eu mn): 1,021

Mkt Float - Ord (Eu mn): 215

Mkt Float (in %): 21.1%

Main Shareholder:

Della Valle Family 63.6%

Balance Sheet Data

Book Value (Eu mn): 1,135

BVPS (Eu): 34.30

P/BV: 0.9

Net Financial Position (Eu mn): -525

Enterprise Value (Eu mn): 1,062

■ **4Q23 revenues up 5.7% YoY, 2.3% better than our estimates.** At constant ForEx, 4Q23 revenues were up 7.7% YoY, an acceleration in the growth rate from 3Q23 (+5.0% YoY) thanks to a positive performance from the retail channel. In detail, revenues from DOS came in at Eu233.8mn, up 9.8% or +12.1% at constant ForEx. On the other hand, revenues from the wholesale channel were down 6.8% YoY to Eu64.5mn (some deliveries were brought forward to 3Q23, 2H23 wholesale revenues were up 2% at constant ForEx). Geographically, Italy (Eu73.3mn, -2.9% YoY) and the rest of Europe (Eu58.8mn, +3.3% YoY) were penalised by their exposure to wholesale customers, but should have continued to deliver positive retail performances. Americas, up 14% at constant ForEx, sprang a positive surprise, continuing the encouraging quarter-by-quarter acceleration. Greater China was the top performing region (Eu92.6mn, +22.1% YoY) mainly thanks to an easy comparison (in 4Q22 China was in lockdown for several weeks) but notably the 2-year stack performance remained stable compared to 3Q23. In the rest of the world, quarterly revenues were down 7% YoY, below our estimates, probably because of a declining performance in Korea.

■ **Management indications.** In the press release the company mentioned “excellent results” achieved despite a tough macroeconomic environment, underlining the performances of the Hogan and Fay brands, where management sees huge growth potential, and expressing confidence in operating profitability as well as on the 2024 outlook.

■ **Change in estimates.** In this report we are confirming our 2023 forecasts, on which visibility is increasing, a positive factor considering that several peers are reporting below-consensus numbers. In terms of cash flow, we are assuming slightly higher NWC absorption. As for 2024, bearing in mind the more volatile industry outlook, we are trimming our revenue estimates by 1.9%, becoming a bit more conservative especially on the wholesale channel. We are merely shaving our margin estimates by 40bp, bringing the 2024 EBIT margin from 8.8% to 8.4%, in line with the most recent consensus figures.

■ **NEUTRAL confirmed; target from Eu36.6 to Eu35.8.** Considering the volatile industry momentum, investors should consider quarterly revenues to be a fairly positive achievement. The surprise from quarterly results came entirely from the retail channel, a supportive indicator for profitability. We expect consensus forecasts on 2024 to remain unchanged because the group, in a base case scenario, seems well placed to achieve mid-single-digit growth, in line with the industry. At the same time, we confirm our NEUTRAL stance because in 1H the comparison is quite tough and uncertainties remain relatively high for a group operating on a smaller scale. Our target is the combination of a fundamental fair value of Eu32.3 (from Eu33.3, mainly because of the change in estimates), and a speculative scenario priced at Eu49.7 (from Eu50.1) to which we assign a 20% chance.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	884	1,007	1,127	1,180	1,265
EBITDA Adj (Eu mn)	161	207	247	266	287
Net Profit Adj (Eu mn)	-6	23	41	53	68
EPS New Adj (Eu)	-0.179	0.697	1.236	1.597	2.042
EPS Old Adj (Eu)	-0.179	0.697	1.227	1.738	2.231
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	9.3	6.4	5.2	4.0	3.6
EV/EBIT Adj	nm	22.6	14.9	10.7	8.7
P/E Adj	nm	44.2	25.0	19.3	15.1
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	3.2	2.7	2.3	2.0	1.7