

## EQUITY - SPAIN

Sector: Textiles, Apparel & Luxury Goods

Report date: 28 Nov 2022  
Distribution time: 8:15

6m Results 2022 - Estimates upgrade  
Closing price: EUR 4.03 (25 Nov 2022)

### 6m Results 2022

Opinion <sup>(1)</sup>: Above expectations  
Impact <sup>(1)</sup>: We raise our estimates

Luis Esteban Arribas – luis.esteban@lighthouse-ieaf.com  
+34 915 904 226

**Adolfo Domínguez (ADZ)** is a small designer fashion textile group, based in Ourense (Spain), specialising (c. 40 years) in the design and sale (both retail and wholesale) of fashion items. With international presence (c.35% o/revenues), it is managed by the founding family (31% of the capital), which prevails in the Board.

## A new game begins: return of 2019 numbers, growth and margin improvement

### Market Data

Market Cap (Mn EUR and USD)	37.4	38.9
EV (Mn EUR and USD) <sup>(2)</sup>	69.2	72.0
Shares Outstanding (Mn)	9.3	
-12m (Max/Med/Min EUR)	4.39 / 3.83 / 3.35	
Daily Avg volume (-12m Mn EUR)	n.m.	
Rotation <sup>(3)</sup>	6.5	
Factset / Bloomberg	ADZ-ES / ADZ SM	
Close fiscal year	28-Feb	

### Shareholders Structure (%) <sup>(7)</sup>

Adolfo Domínguez	31.5
Puig, S.A.	14.8
Libertas 7	10.3
Indumenta Pueri	9.1
Free Float	22.3

### Financials (Mn EUR)

	2021	2022e	2023e	2024e
Adj. n° shares (Mn)	9.2	9.3	9.3	9.3
Total Revenues	94.7	114.2	119.5	125.3
Rec. EBITDA	6.0	11.1	13.8	16.8
% growth	164.1	85.8	24.7	21.4
% Rec. EBITDA/Rev.	6.3	9.7	11.6	13.4
% Inc. EBITDA sector <sup>(4)</sup>	58.0	14.6	9.1	11.5
Net Profit	-9.3	-1.9	0.3	2.5
EPS (EUR)	-1.00	-0.21	0.03	0.27
% growth	52.1	79.1	113.0	892.2
Ord. EPS (EUR)	-0.48	-0.19	0.03	0.27
% growth	79.7	60.3	114.3	892.2
Rec. Free Cash Flow <sup>(5)</sup>	0.3	-5.7	-2.0	0.7
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	1.7	8.8	12.5	13.6
ND/Rec. EBITDA (x)	0.3	0.8	0.9	0.8
ROE (%)	n.a.	n.a.	1.9	16.7
ROCE (%) <sup>(5)</sup>	n.a.	6.3	15.3	23.1

### Ratios & Multiples (x) <sup>(6)</sup>

P/E	n.a.	n.a.	n.a.	14.8
Ord. P/E	n.a.	n.a.	n.a.	14.8
P/BV	2.4	2.8	2.7	2.3
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.73	0.61	0.58	0.55
EV/Rec. EBITDA	11.6	6.2	5.0	4.1
EV/EBIT	n.a.	n.a.	19.1	10.6
FCF Yield (%) <sup>(5)</sup>	0.9	n.a.	n.a.	1.9

**STRONG 1H22 REVENUE GROWTH: EUR 50.3MN (+26.2% VS 1H21) DUE TO THE INCREASE IN SALES PER STORE ...** ADZ closed 1H22 with higher revenue than in 1H21 (+26.2%), LFL growth of 21%. By geography: Europe (+25.1%) and International (+32%). Growth is explained mainly by: i) the relocation of the company's points of sale (the retail network being consolidated at 345 stores in 1H22; -3 vs 2021), ii) the return to normality in all its markets (except for Japan) and iii) a genuine ability to pass on inflation to prices.

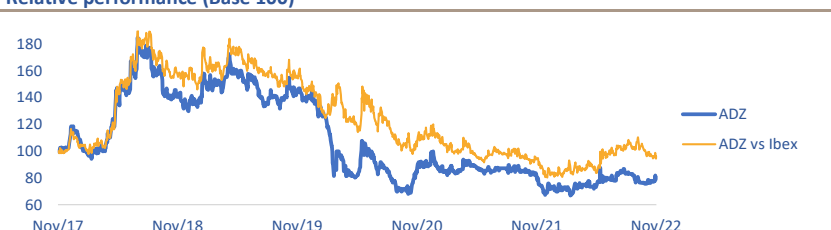
**...THAT THE OPERATING LEVERAGE TRANSLATES STRONGLY TO 1H22 EBITDA (EUR 4.3MN).** The increase in the gross margin (+5.4p.p. vs 1H21) due to rising prices and the impact of restructuring in 2021, has caused the Rec. EBITDA margin to increase sharply to 8.5% (vs -0.7% in 2021). This reaffirms the idea of a return to 2019 EBITDA levels. However, leasing expenses (IFRS 16) prevented break-even from being exceeded in respect of EBIT (EUR -0.7Mn).

**WE UPGRADE OUR ESTIMATES.** Given these good results we upgrade our estimates, and our central scenario now is for 2022e revenue of EUR 114.2Mn (+5.5% vs previous estimate) and 2022e EBITDA of EUR 11.1Mn (+10.3% vs previous estimate).

**INVESTMENT IS REFLECTED IN THE INCREASE IN NET DEBT, ALTHOUGH GEARING REMAINS LOW.** 1H22 ND was EUR 8.8Mn (vs EUR 1.7Mn in 2021) due to the investment in CAPEX (EUR 2.2Mn in 1H22) to improve efficiency, and working capital requirements. We expect ND to remain stable at the 2022e close (EUR 8.8Mn).

**ADZ "REAPPEARS" AS A PROFITABLE RETAILER AND ONE THAT IS ESPECIALLY CAPABLE OF GROWING IN THIS CONTEXT.** ADZ's equity story today hinges on three variables: i) revenue growth (optimisation of points of sale and online business improvement; 15% o/Sales 2024e), ii) margin improvement (due to its ability to lever its structure on revenue growth) and iii) assumable ND (although positive FCF will not be generated until 2024e). The share price has fallen -44% since 2019, leaving ADZ with multiples that are attractive in terms of the sector (and objectively?): EV/EBITDA < 6.2x (sector >10.6x) and EV/Sales 0.6x (sector > 2.7x). The low multiples cannot be explained by expected growth: 2022e-2024e CAGR for EBITDA +23%. This may perhaps be signalling an opportunity.

### Relative performance (Base 100)



### Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	6.3	-3.8	-2.2	6.1	-44.0	-19.6
vs Ibx 35	-1.5	-6.4	2.2	9.8	-38.0	-3.9
vs Ibx Small Cap Index	-6.5	-3.3	5.5	15.5	-49.6	-32.6
vs Eurostoxx 50	-3.8	-10.8	5.6	15.0	-47.6	-27.3
vs Sector benchmark <sup>(4)</sup>	-5.7	-9.7	20.2	30.2	-57.1	-51.9

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Europe Apparel & Footwear.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

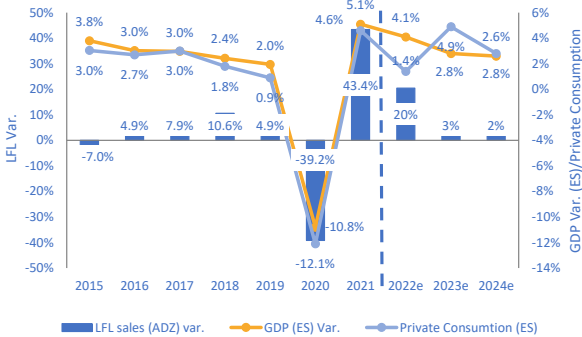
(6) Multiples and ratios calculated over prices at the date of this report.

(7) Others: La Previsión Malloquina de Seguros 6.9%, Ibercapital Magnum, SICAV S.A. 4.5%, Treasury shares 0.6%

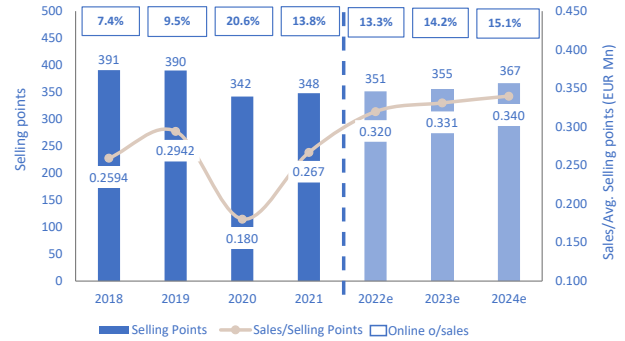
(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

**The company in 8 charts**

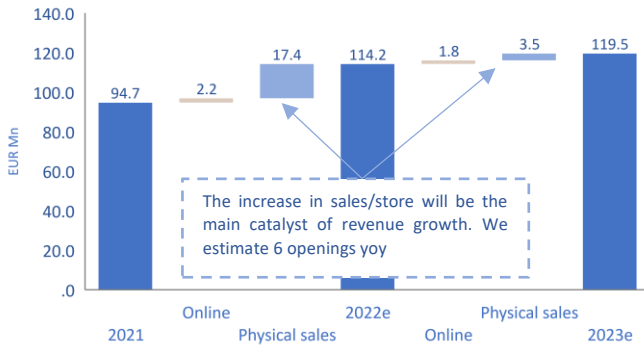
**The sector in which ADZ operates is highly cyclical**



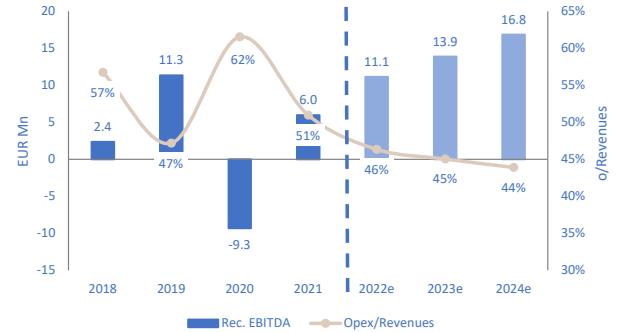
**The re-sizing of the retail surface area has increased profitability per store (driven by the online business: 13.8% of 21 revenue)...**



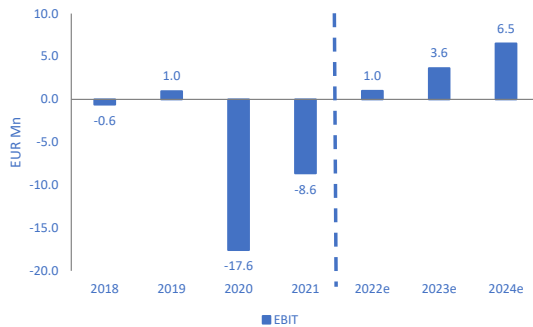
**...the main driver on which we base our forecast for revenue growth in 2022e and 2023e (exceeding 2019 already in 2023e)**



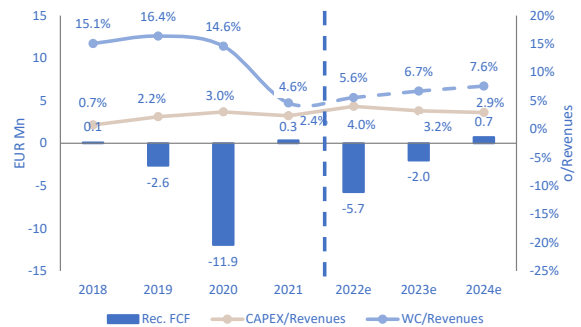
**The focus on cost reduction will allow ADZ to lever on its structure**



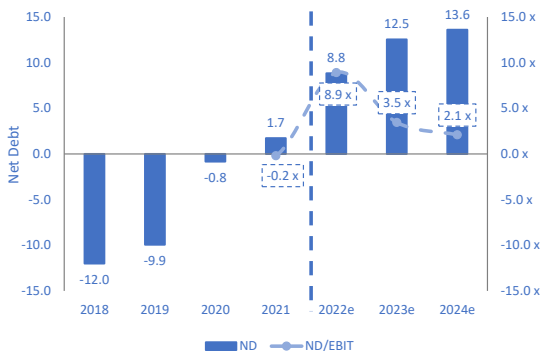
**Revenue growth (+9.8% 21-24e CAGR) and cost control will drive 24e EBIT to EUR 6.5Mn (vs EUR 1Mn in 2019)**



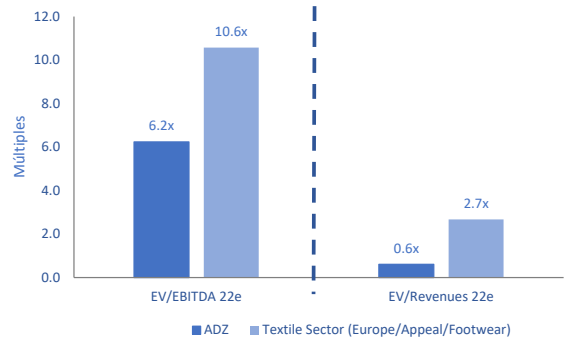
**That will make it possible to exceed break-even in 2024e, despite the intensification of CAPEX and working capital**



**Estimated cash consumption until 2024 will increase 2024e ND to EUR 13.6Mn (ND/EBIT 2024e 2.1x)**



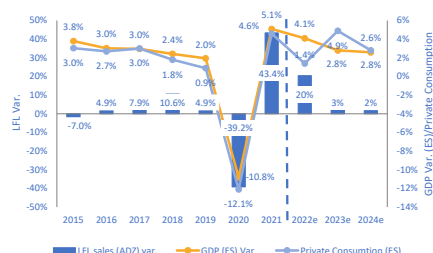
**Trading at attractive multiples: EV/EBITDA 22e 6.2x and EV/Sales 22e 0.6x (vs EV/EBITDA 22e 10.6x y EV/Sales 22e 2.7x from sector)**



**6m Results 2022**  
**Estimates upgrade**

**1H22 results. We upgrade our estimates. ADZ is a story of profitable growth**

**Chart 1. GDP vs Private Consumption vs Change in LFL revenue (ADZ)**



Sources: Bank of Spain (BDE).

Note: LFL sales variation indexed to the left-hand scale. GDP and private consumption indexed to the right-hand scale.

ADZ has released better than expected 1H22 results. Revenue growth (EUR 50.3Mn; +26.2% vs 1H21; +21% LFL) is explained by three factors: i) the impact of the store relocation plan, ii) a return to normality in almost all regions in which the company operates (except Japan) and iii) the strength of demand, due to brand recognition, that has allowed ADZ to pass on the impact of inflation to its prices.

In 1H22 ADZ consolidated the stabilisation of its network of points of sale at 345 (-3 since the 2021 close). Company strategy involves strong growth in sales per point of sale (+26.9% vs 1H21) and the online business (13.8% of revenue in 2021). In 1H22, international sales (+32%) grew more than sales in Europe (+25.1%), although the latter still account for c.73% of the total.

**Table 1. 1H22 Results**

EUR Mn	6m22 Real	6m21	6m22 Real vs 6m21	6m19	6m22 Real vs 6m19	2022e	2022e vs 2021	2Q22	2Q22 vs 2Q21
<b>Total Revenues</b>	<b>50.3</b>	<b>39.9</b>	<b>26.2%</b>	<b>53.6</b>	<b>-6.0%</b>	<b>114.2</b>	<b>20.6%</b>	<b>30.9</b>	<b>22.2%</b>
Sales	49.6	39.1	27.0%	52.5	-5.5%	111.9	21.4%	30.4	24.4%
Europe	36.4	29.1	25.1%	38.5	-5.5%	81.0	18.4%		
International	13.2	10.0	32.0%	14.0	-5.7%	30.9	30.2%		
Other income	0.7	0.8	-10.9%	0.5	61.5%	2.3	-10.0%	0.5	-43%
<b>Gross Margin</b>	<b>30.1</b>	<b>21.7</b>	<b>38.8%</b>	<b>30.3</b>	<b>-0.6%</b>	<b>64.0</b>	<b>18.1%</b>	<b>16.5</b>	<b>37.9%</b>
Gross Margin/Revenues	59.8%	54.4%	5.4 p.p.	56.5%	3.3 p.p.	56.1%	-1.2 p.p.	-9.7%	-1.2 p.p.
<b>Recurrent EBITDA</b>	<b>4.3</b>	<b>0.3</b>	<b>n.a.</b>	<b>3.3</b>	<b>28.0%</b>	<b>11.1</b>	<b>85.8%</b>	<b>3.4</b>	<b>34.1%</b>
Rec. EBITDA/Revenues	8.5%	0.7%	7.8 p.p.	6.2%	2.3 p.p.	9.7%	3.4 p.p.	11.0%	1.0 p.p.
<b>EBITDA</b>	<b>4.3</b>	<b>-5.6</b>	<b>177.0%</b>	<b>3.3</b>	<b>28.0%</b>	<b>11.1</b>	<b>n.a.</b>	<b>3.4</b>	<b>347.8%</b>
EBITDA/Revenues	8.5%	-13.9%	22.4 p.p.	6.2%	2.3 p.p.	9.7%	9.3 p.p.	11.0%	8.0 p.p.
<b>EBIT</b>	<b>-0.7</b>	<b>-9.9</b>	<b>93.0%</b>	<b>-0.9</b>	<b>19.9%</b>	<b>1.0</b>	<b>111.5%</b>	<b>0.9</b>	<b>158%</b>
PBT	-2.2	-10.8	80.0%	-1.4	-57.9%	-1.9	79.0%	0.0	99%
NP	-2.7	-10.8	74.9%	-1.8	-51.3%	-1.9	79.0%	-0.5	76%
<b>Ordinary NP</b>	<b>-2.7</b>	<b>-4.9</b>	<b>45.1%</b>	<b>-1.8</b>	<b>-51.3%</b>	<b>-1.8</b>	<b>60.1%</b>	<b>-0.5</b>	<b>-39%</b>
Points of sale	345	347	-1%	386	-11%	351	1%		
Net Debt	8.8	6.9	27%	-9.1	n.a.	8.8	n.a.		

The gross margin increased by c.5p.p. vs 1H21 (although the first half is not significant due to the lack of discounts) and, as yet, does not take into account the effect of the appreciation of the dollar against the euro, that we expect to begin to be visible from 3Q22 with the autumn collection. However, the most interesting aspect lies in EBITDA, that reflects the decrease in personnel expenses (-17% vs 1H21) after the workforce reduction programme presented in 2021, that explains the improvement in EBITDA/Sales (EBITDA margin 8.5%) to above 2019 levels (+28% vs 1H19) confirming our central scenario of a return to pre-Covid 19 levels by the end of the year.

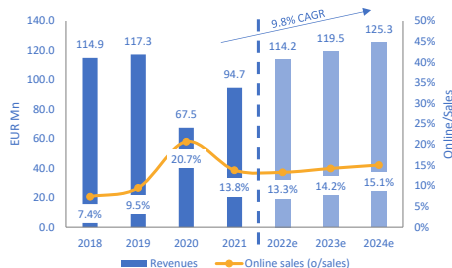
Below EBITDA, leases and amortisation prevented breakeven being exceeded in EBIT for the half (although this was achieved for 2Q22 in isolation: EUR 0.9 Mn). In 1H22, financial expenses were EUR 1.4Mn (+63.4% vs 1H21) reflecting the FOREX impact (57% of total financial expenses).

The rebound in 1H22 ND (EUR 8.8Mn vs EUR 1.7Mn at the 2021 close) is explained by the investment in CAPEX (EUR 2.1Mn in 1H22 vs EUR 0.6Mn in 1H21), with negative FCF generation in the first half. Our central scenario envisages similar levels of ND (EUR 8.8Mn) for the end of the year (22e ND/Equity 1.2x) that implies a capital structure under little pressure and with room for further investment.

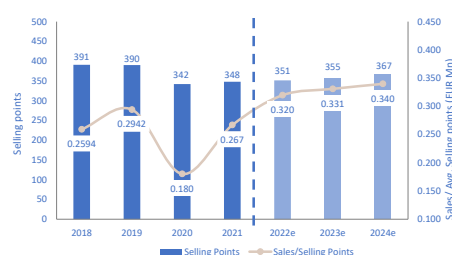
**The worsening of the macro context will prevent 2019 levels being exceeded in 2022e, but the 1H22 performance reaffirms the idea of being on the “right track”**

The main challenges facing ADZ in our opinion are: i) to maintain sustained growth (+9.8% CAGR 2021-2024e) despite the unfavourable macro context (inflation, interruptions to supply chains and lower consumer spending) and ii) to improve profitability (EBIT margin 3% in 2023e). These 1H22 results boosted by the increase in sales per store and the ability to lever operating costs after the restructuring carried out in previous years cause us to review our 2022e-2024e estimates:

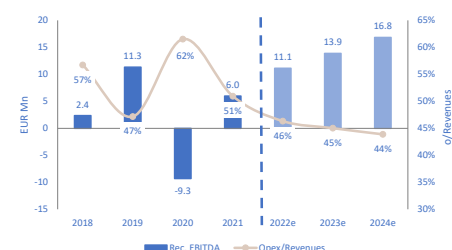
**Chart 2. Revenues vs Online (o/sales) 2018-2024e**



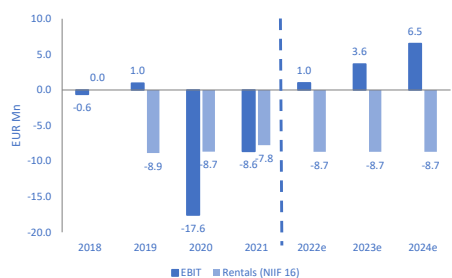
**Chart 3. Selling points vs Sales/average selling points (2018-2024e)**



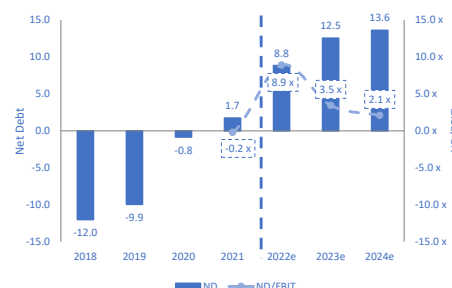
**Chart 4. Rec. EBITDA vs Opex/Revenues (2018-2024e)**



**Chart 5. EBIT vs Rentals NIIF 16 (2018-2024e)**



**Chart 6. ND/EBIT (2018-2024e)**



- **Pre-Covid revenue levels in sight (2022e revenue: EUR 114.2Mn; +5.5% vs previous estimate)...** 1H22 results (revenue +26.2% vs 1H21) and the improvement in sales per store (+26.9%) lead us to upgrade our 2022e revenue estimates. Brand recognition has enabled ADZ to pass on the increase in costs to its prices without penalising demand.

Our central scenario assumes the opening of 6 points of sale yoy (mainly franchises) until 2024e. In addition, there is the online channel (c. 13.8% of 2021 revenue vs 9.5% in 2019) that improves sales by geography, although it is still a long way from being as important for ADZ as it is for the company's main competitors (sector average of 20%; 25.5% for Inditex). Our estimates envisage an increase to c.15% in 2024e (still below the sector benchmark, explained by ADZ's larger weighting of "senior" clients).

All the above leads us to 2024e revenue (non-aggressive scenario for openings) of EUR 125.3Mn (+9.8% CAGR 2021-2024e) that includes the renewal of the contract for the production of perfumes and cosmetics with Puig (c.15% participation on equity). The cyclical nature of the industry means that brand recognition and expansion into new geographies are the main growth drivers for ADZ together with the online business (2021-2024e CAGR +13.3%; +3.5 p.p. vs the total sales growth).

- **... that, together with the restructuring carried out, boosts 2022e EBITDA (EUR 11.1Mn; +10.3% vs previous estimate).** The brand strategy (premium) has allowed ADZ to protect its margin in 1H22 (+5p.p. vs 1H21), but our model includes a smaller gross margin in 2022e (-1.2 p.p. vs 2021) due to the combination of the dollar, inflation and end-of-season discounts.

We estimate a recovery of the 2022e EBITDA margin (9.7%) thanks to the restructuring carried out in 2021. That leads us to 2022e EBITDA of EUR 11.1Mn (+85.8% vs 2021) close to 2019 levels (EUR 11.3Mn). In 2024e, the control of personnel costs and the business' operating leverage (in a context of strong revenue growth) should multiply the 2021 EBITDA margin c.2x (2024e EBITDA margin 13.4%).

- **Leasing costs (IFRS 16) will keep EBIT under pressure.** We expect leasing expenses to return to 2019 levels (EUR 8.7Mn), due to the ending of Covid-19 assistance and the signing of new leases, that will keep EBIT under pressure in coming years.
- **A return to a positive NP as early as 2023e.** Below EBIT we estimate high financial expenses, mainly due to rising interest rates and forex losses. We estimate a tax rate of 15% for 2023e and 2024e due to the use of tax credits accumulated in 2019 and 2020. Revenue growth and margin improvement will make it possible to exceed break-even in NP in 2023e (EUR 0.3Mn).
- **Debt under control (2022e ND/Equity 1.2x).** The handling of the Covid-19 crisis and the use of micro collections to improve the efficiency of inventories has reduced the working capital/sales ratio to c. 5% (vs 14,6% in 2019) and we expect this to be 7% in 2024e. The increase in Capex in 1H22 leads us to estimate investment of 4% of revenue a year (vs 4.5% for the sector). Our scenario envisages an increase in 2024e ND to EUR 13.5Mn (2024e ND/Equity 0.8x). We do not estimate positive FCF until 2024e (EUR 0.7Mn), although dependent on the success of the retail strategy, inventory management and investment.

**Table 2. Changes to estimates (2022e-2024e)**

EUR Mn	2022e (New)	2022e	Review (%)	2023e (New)	2023e	Review (%)	2024e (New)
<b>Total Revenues</b>	<b>114.2</b>	<b>108.3</b>	<b>5.5%</b>	<b>119.5</b>	<b>116.3</b>	<b>2.8%</b>	<b>125.3</b>
<b>Recurrent EBITDA</b>	<b>11.1</b>	<b>10.1</b>	<b>10.3%</b>	<b>13.8</b>	<b>13.8</b>	<b>0.0%</b>	<b>16.8</b>
<b>Rec. EBITDA/Revenues</b>	<b>9.7%</b>	<b>9.3%</b>	<b>0 p.p.</b>	<b>11.6%</b>	<b>11.9%</b>	<b>0 p.p.</b>	<b>13.4%</b>
<b>EBIT</b>	<b>1.0</b>	<b>2.0</b>	<b>-51.6%</b>	<b>3.6</b>	<b>5.6</b>	<b>-35.2%</b>	<b>6.5</b>
<b>Net Profit</b>	<b>-1.9</b>	<b>-0.4</b>	<b>-412.3%</b>	<b>0.3</b>	<b>2.0</b>	<b>-87.5%</b>	<b>2.5</b>
<b>Recurrent Free Cash Flow</b>	<b>-5.7</b>	<b>-3.5</b>	<b>-63.6%</b>	<b>-2.0</b>	<b>-2.1</b>	<b>2.6%</b>	<b>0.7</b>
<b>ND / EBITDA</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.0x</b>	<b>0.9x</b>	<b>0.7x</b>	<b>0.2x</b>	<b>0.8x</b>

### 2022e is a new inflection point for ADZ

After lengthy restructuring that has led ADZ to drastically reduce its structure (-127 stores -5y), 2019 was the first year in which the results of this strategy could be tested. This idea was later negatively impacted by the Covid-19 crisis so 2022e has become a “new” inflection point, with the return to pre-pandemic revenue levels.

In a scenario in which the macro context is clearly unfavourable, due to the stagnation of inflation at c.8%, rising rates and declining GDP, ADZ's equity story hinges on three variables: i) revenue growth (due to the optimisation of points of sale and of the online business), ii) margin improvement (already seen in 1H22, and that indicates an ability to lever the structure in a scenario of revenue growth) and iii) assumable ND (although the generation of positive FCF will have to wait until 2024e).

### What do ADZ's numbers tell us today?

The current snapshot shows ADZ as a company that will recover its pre-Covid levels in 2022e. Profound restructuring and almost a decade of losses have led ADZ to trade at objectively very low multiples: EV/EBITDA < 6.2x (sector >10.6x) and EV/Sales 0.6x (sector > 2.7x).

After 1H22 results, ADZ has regained momentum, against an uncertain backdrop, in which the small industry players (with brand recognition) are benefiting vs the larger ones. Its “affordable luxury” positioning is one of the advantages that ADZ offers today. The share price has fallen -44% since 2019 (-3y) but, to put it very simply, levels of sales and EBITDA are now almost identical to those seen 3 years ago. The fact is that, based on our numbers, the large discount in multiples vs “ADZ 2019” cannot be explained by expected growth (2022-2024e EBITDA CAGR +23%). This may perhaps be signalling an opportunity.

**Table 3. 2022e vs 2019**

	2022e	2019	Var.
<b>Revenues</b>	<b>114.2</b>	<b>117.3</b>	<b>-2.6%</b>
<b>EBITDA</b>	<b>11.1</b>	<b>11.3</b>	<b>-2.2%</b>
EBITDA Mg.	9.7%	9.7%	0.0 p.p.

## Valuation inputs

### Inputs for the DCF Valuation Approach

	2022e	2023e	2024e	Terminal Value <sup>(1)</sup>			
Free Cash Flow "To the Firm"	(4.2)	(0.9)	2.0	n.a.			
Market Cap	37.4	At the date of this report					
Net financial debt	8.8	Debt net of Cash (6m Results 2022)					
					Best Case	Worst Case	
Cost of Debt	5.5%	Net debt cost			5.3%	5.8%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	4.4%	Kd = Cost of Net Debt * (1-T)			4.2%	4.6%	
Risk free rate (rf)	3.0%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.1	B (own estimate)			1.0	1.2	
Cost of Equity	9.6%	Ke = Rf + (R * B)			8.5%	10.8%	
Equity / (Equity + Net Debt)	81.0%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	19.0%	D			=	=	
WACC	8.6%	WACC = Kd * D + Ke * E			7.6%	9.6%	
G "Fair"	1.5%				2.0%	1.5%	

(1) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

### Inputs for the Multiples Valuation Approach

Company	Ticker	Mkt. Cap	P/E 22e	EPS 22e-24e	EV/EBITDA 22e	EBITDA 22e-24e	EV/Sales 22e	Revenues 22e-24e	EBITDA/Sales 22e	FCF Yield 22e	FCF 22e-24e
Burberry Group PLC	BRBY-GB	9,466.0	17.9	6.2%	9.0	5.2%	2.7	5.8%	30.6%	5.7%	10.5%
Hugo Boss AG	BOSS-DE	3,670.7	17.5	14.7%	6.2	7.9%	1.2	6.0%	19.8%	5.1%	41.7%
Salvatore Ferragamo SpA	SFER-IT	2,717.5	37.8	3.6%	9.8	4.2%	2.3	8.0%	23.6%	3.5%	-4.1%
SMCP SA	SMCP-FR	526.1	10.4	21.0%	4.6	8.3%	1.1	6.2%	22.9%	10.1%	30.1%
<b>Affordable Luxury players</b>			20.9	11.4%	7.4	6.4%	1.8	6.5%	24.2%	6.1%	19.6%
Kering	KER-FR	68,051.1	16.7	8.3%	10.0	8.0%	3.5	7.3%	35.4%	5.5%	10.4%
Tapestry	TPR-US	8,583.5	11.8	10.7%	8.2	1.1%	1.7	1.7%	21.2%	8.5%	14.9%
Capri Holdings Ltd	CPRI-US	6,596.5	7.8	8.3%	8.2	4.7%	1.8	5.1%	21.5%	n.a.	3.7%
PVH Corp	PVH-US	3,966.0	8.0	14.4%	6.6	6.9%	0.8	3.9%	12.2%	n.a.	n.a.
<b>Specialised Retail Holdings</b>			11.1	10.4%	8.2	5.2%	2.0	4.5%	22.6%	7.0%	9.7%
ADZ	ADZ-ES	37.4	n.a.	81.4%	6.2	23.0%	0.6	4.8%	9.7%	n.a.	45.7%

### Free Cash Flow sensitivity analysis (2023e)

#### A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 23e	EBITDA 23e	EV/EBITDA 23e
Max	12.8%	15.3	4.5x
Central	11.6%	13.8	5.0x
Min	10.4%	12.4	5.6x

#### B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 23e		
EBITDA 23e	2.9%	3.2%	3.5%
15.3	(0.2)	(0.6)	(1.0)
13.8	(1.7)	(2.0)	(2.4)
12.4	(3.1)	(3.5)	(3.8)

## Appendix 1. Financial Projections

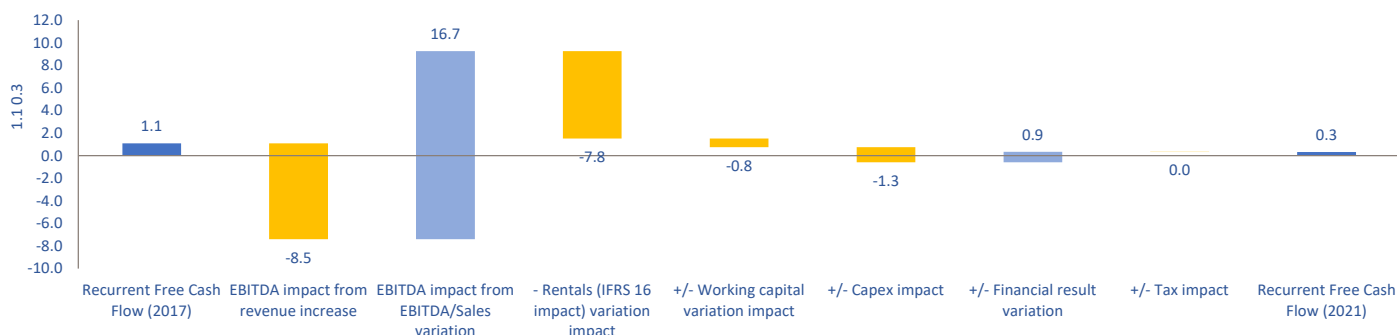
Balance Sheet (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
Intangible assets	0.9	0.8	34.9	28.3	27.8	27.1	26.3	25.6		
Fixed assets	11.5	10.1	10.2	9.7	7.5	11.4	14.4	17.3		
Other Non Current Assets	8.5	8.1	0.7	1.2	2.4	2.4	2.4	2.4		
Financial Investments	5.8	5.7	5.9	4.7	5.7	5.7	5.7	5.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	36.2	36.2	38.0	30.6	26.5	32.5	33.7	34.9		
<b>Total assets</b>	<b>62.9</b>	<b>60.8</b>	<b>89.6</b>	<b>74.5</b>	<b>69.8</b>	<b>79.0</b>	<b>82.6</b>	<b>85.8</b>		
Equity	52.3	52.2	44.2	24.0	15.5	13.6	13.8	16.3		
Minority Interests	0.7	0.8	0.9	1.0	-	-	-	-		
Provisions & Other L/T Liabilities	0.6	1.0	1.5	1.4	1.5	1.5	1.5	1.5		
Other Non Current Liabilities	-	-	34.2	28.2	29.0	29.0	29.0	29.0		
Net financial debt	(9.9)	(12.0)	(9.9)	(0.8)	1.7	8.8	12.5	13.6		
Current Liabilities	19.2	18.9	18.8	20.7	22.1	26.2	25.8	25.4		
<b>Equity &amp; Total Liabilities</b>	<b>62.9</b>	<b>60.8</b>	<b>89.6</b>	<b>74.5</b>	<b>69.8</b>	<b>79.0</b>	<b>82.6</b>	<b>85.8</b>		
P&L (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
<b>Total Revenues</b>	<b>117.0</b>	<b>114.9</b>	<b>117.3</b>	<b>67.5</b>	<b>94.7</b>	<b>114.2</b>	<b>119.5</b>	<b>125.3</b>	<b>-5.2%</b>	<b>9.8%</b>
Total Revenues growth	3.3%	-1.7%	2.0%	-42.5%	40.3%	20.6%	4.6%	4.9%		
COGS	(49.0)	(47.3)	(50.6)	(35.3)	(40.5)	(50.2)	(51.8)	(53.5)		
<b>Gross Margin</b>	<b>68.0</b>	<b>67.6</b>	<b>66.7</b>	<b>32.2</b>	<b>54.2</b>	<b>64.0</b>	<b>67.7</b>	<b>71.8</b>	<b>-5.5%</b>	<b>9.8%</b>
Gross Margin/Revenues	58.1%	58.8%	56.9%	47.7%	57.3%	56.1%	56.6%	57.3%		
Personnel Expenses	(39.8)	(36.9)	(36.7)	(22.7)	(28.7)	(32.3)	(32.9)	(33.7)		
Other Operating Expenses	(30.4)	(28.4)	(18.7)	(18.8)	(19.5)	(20.6)	(20.9)	(21.3)		
<b>Recurrent EBITDA</b>	<b>(2.2)</b>	<b>2.4</b>	<b>11.3</b>	<b>(9.3)</b>	<b>6.0</b>	<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>47.4%</b>	<b>41.2%</b>
Recurrent EBITDA growth	75.7%	207.9%	378.3%	-182.1%	164.1%	85.8%	24.7%	21.4%		
Rec. EBITDA/Revenues	n.a.	2.1%	9.7%	n.a.	6.3%	9.7%	11.6%	13.4%		
Restructuring Expense & Other non-rec.	(0.0)	(1.2)	-	2.5	(5.6)	-	-	-		
<b>EBITDA</b>	<b>(2.2)</b>	<b>1.2</b>	<b>11.3</b>	<b>(6.8)</b>	<b>0.4</b>	<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>21.4%</b>	<b>n.a.</b>
Depreciation & Provisions	(2.9)	(1.8)	(1.5)	(2.1)	(1.2)	(1.4)	(1.5)	(1.6)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	(8.9)	(8.7)	(7.8)	(8.7)	(8.7)	(8.7)		
<b>EBIT</b>	<b>(5.1)</b>	<b>(0.6)</b>	<b>1.0</b>	<b>(17.6)</b>	<b>(8.6)</b>	<b>1.0</b>	<b>3.6</b>	<b>6.5</b>	<b>-14.2%</b>	<b>40.2%</b>
EBIT growth	61.0%	88.2%	259.0%	n.a.	50.9%	111.5%	266.4%	79.2%		
EBIT/Revenues	n.a.	n.a.	0.8%	n.a.	n.a.	0.9%	3.0%	5.2%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.6)	0.5	(0.9)	(1.7)	(1.4)	(2.8)	(3.3)	(3.5)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
<b>Ordinary Profit</b>	<b>(6.7)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>(19.3)</b>	<b>(10.0)</b>	<b>(1.8)</b>	<b>0.3</b>	<b>3.0</b>	<b>-10.6%</b>	<b>31.9%</b>
Ordinary Profit Growth	49.3%	98.0%	105.3%	n.a.	47.9%	82.4%	116.9%	892.2%		
Extraordinary Results	0.4	1.3	-	-	-	-	-	-		
<b>Profit Before Tax</b>	<b>(6.3)</b>	<b>1.2</b>	<b>0.0</b>	<b>(19.3)</b>	<b>(10.0)</b>	<b>(1.8)</b>	<b>0.3</b>	<b>3.0</b>	<b>-12.4%</b>	<b>31.9%</b>
Tax Expense	(0.4)	(1.5)	(8.2)	(0.0)	0.8	(0.2)	(0.0)	(0.4)		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15.0%	15.0%		
Minority Interests	(0.1)	(0.1)	(0.1)	(0.1)	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
<b>Net Profit</b>	<b>(6.9)</b>	<b>(0.5)</b>	<b>(8.3)</b>	<b>(19.3)</b>	<b>(9.3)</b>	<b>(1.9)</b>	<b>0.3</b>	<b>2.5</b>	<b>-7.8%</b>	<b>31.5%</b>
Net Profit growth	69.8%	92.7%	n.a.	-132.5%	52.1%	79.0%	113.0%	892.2%		
<b>Ordinary Net Profit</b>	<b>(6.8)</b>	<b>0.6</b>	<b>(0.1)</b>	<b>(21.8)</b>	<b>(4.4)</b>	<b>(1.8)</b>	<b>0.3</b>	<b>2.5</b>	<b>10.2%</b>	<b>36.9%</b>
Ordinary Net Profit growth	47.6%	109.1%	-117.7%	n.a.	79.7%	60.1%	114.3%	892.2%		
Cash Flow (EUR Mn)	2017	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
<b>Recurrent EBITDA</b>						<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>47.4%</b>	<b>41.2%</b>
Rentals (IFRS 16 impact)						(8.7)	(8.7)	(8.7)		
Working Capital Increase						(2.0)	(1.6)	(1.5)		
<b>Recurrent Operating Cash Flow</b>						<b>0.4</b>	<b>3.5</b>	<b>6.6</b>	<b>-2.1%</b>	<b>20.9%</b>
CAPEX						(4.6)	(3.8)	(3.6)		
Net Financial Result affecting the Cash Flow						(1.4)	(1.7)	(1.8)		
Tax Expense						(0.2)	(0.0)	(0.4)		
<b>Recurrent Free Cash Flow</b>						<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>	<b>-25.6%</b>	<b>28.3%</b>
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
<b>Free Cash Flow</b>						<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>	<b>-33.9%</b>	<b>28.8%</b>
Capital Increase						-	-	-		
Dividends						-	-	-		
<b>Net Debt Variation</b>						<b>5.7</b>	<b>2.0</b>	<b>(0.7)</b>		

## Appendix 2. Free Cash Flow

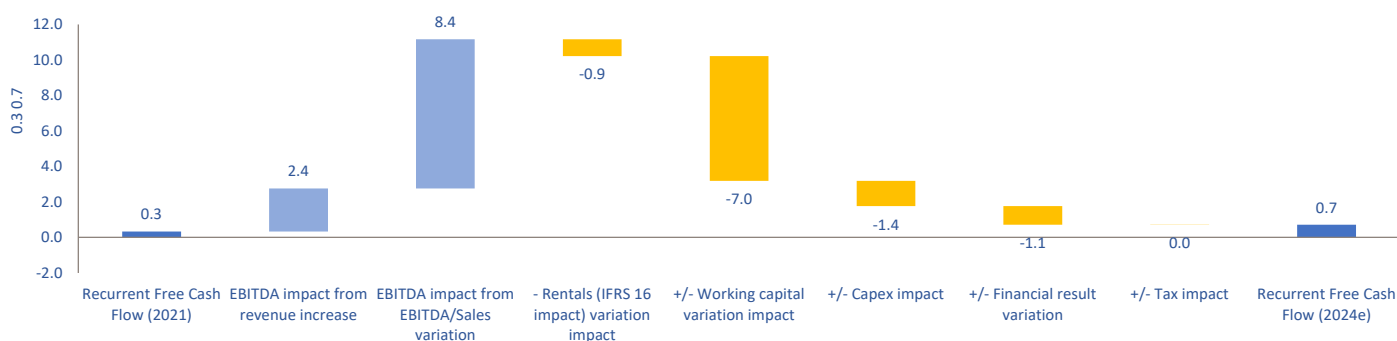
A) Cash Flow Analysis (EUR Mn)	2018	2019	2020	2021	2022e	2023e	2024e	CAGR	
								18-21	21-24e
<b>Recurrent EBITDA</b>	<b>2.4</b>	<b>11.3</b>	<b>(9.3)</b>	<b>6.0</b>	<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>36.1%</b>	<b>41.2%</b>
<i>Recurrent EBITDA growth</i>	207.9%	378.3%	-182.1%	164.1%	85.8%	24.7%	21.4%		
<i>Rec. EBITDA/Revenues</i>	2.1%	9.7%	n.a.	6.3%	9.7%	11.6%	13.4%		
- Rentals (IFRS 16 impact)	-	(8.9)	(8.7)	(7.8)	(8.7)	(8.7)	(8.7)		
+/- Working Capital increase	(0.4)	(1.9)	9.4	5.5	(2.0)	(1.6)	(1.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>2.0</b>	<b>0.6</b>	<b>(8.6)</b>	<b>3.7</b>	<b>0.4</b>	<b>3.5</b>	<b>6.6</b>	<b>23.2%</b>	<b>20.9%</b>
<i>Rec. Operating Cash Flow growth</i>	-50.9%	-70.7%	n.a.	143.3%	-89.2%	771.6%	87.7%		
<i>Rec. Operating Cash Flow / Sales</i>	1.7%	0.5%	n.a.	3.9%	0.4%	2.9%	5.2%		
- CAPEX	(0.8)	(2.6)	(2.0)	(2.2)	(4.6)	(3.8)	(3.6)		
- Net Financial Result affecting Cash Flow	0.5	(0.1)	(1.3)	(0.7)	(1.4)	(1.7)	(1.8)		
- Taxes	(1.5)	(0.6)	(0.0)	(0.4)	(0.2)	(0.0)	(0.4)		
<b>= Recurrent Free Cash Flow</b>	<b>0.1</b>	<b>(2.6)</b>	<b>(11.9)</b>	<b>0.3</b>	<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>	<b>54.3%</b>	<b>28.3%</b>
<i>Rec. Free Cash Flow growth</i>	-91.7%	n.a.	-353.2%	102.8%	n.a.	64.5%	135.0%		
<i>Rec. Free Cash Flow / Revenues</i>	0.1%	n.a.	n.a.	0.4%	n.a.	n.a.	0.6%		
- Restructuring expenses & others	(1.1)	-	2.5	(5.6)	-	-	-		
- Acquisitions / + Divestments	2.6	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow</b>	<b>1.6</b>	<b>(2.6)</b>	<b>(9.4)</b>	<b>(5.3)</b>	<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>	<b>-74.1%</b>	<b>28.8%</b>
<i>Free Cash Flow growth</i>	-62.9%	-264.2%	-258.3%	44.3%	-8.8%	64.5%	135.0%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	0.2%	n.a.	n.a.	0.9%	n.a.	n.a.	1.9%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	4.3%	n.a.	n.a.	n.a.	n.a.	n.a.	1.9%		
<b>B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)</b>									
<b>Recurrent FCF(FY - 1)</b>	<b>1.1</b>	<b>0.1</b>	<b>(2.6)</b>	<b>(11.9)</b>	<b>0.3</b>	<b>(5.7)</b>	<b>(2.0)</b>		
EBITDA impact from revenue increase	0.0	0.0	(4.8)	(3.8)	1.2	0.5	0.7		
EBITDA impact from EBITDA/Sales variation	4.5	8.9	(15.8)	19.0	3.9	2.2	2.3		
<b>= Recurrent EBITDA variation</b>	<b>4.6</b>	<b>9.0</b>	<b>(20.7)</b>	<b>15.3</b>	<b>5.1</b>	<b>2.7</b>	<b>3.0</b>		
- Rentals (IFRS 16 impact) variation impact	-	(8.9)	0.2	0.9	(0.9)	-	-		
+/- Working capital variation impact	(6.6)	(1.5)	11.3	(3.9)	(7.5)	0.4	0.1		
<b>= Recurrent Operating Cash Flow variation</b>	<b>(2.1)</b>	<b>(1.4)</b>	<b>(9.2)</b>	<b>12.3</b>	<b>(3.3)</b>	<b>3.1</b>	<b>3.1</b>		
+/- CAPEX impact	0.0	(1.7)	0.5	(0.2)	(2.3)	0.7	0.2		
+/- Financial result variation	2.1	(0.6)	(1.2)	0.6	(0.7)	(0.3)	(0.1)		
+/- Tax impact	(1.1)	1.0	0.5	(0.4)	0.3	0.1	(0.4)		
<b>= Recurrent Free Cash Flow variation</b>	<b>(1.0)</b>	<b>(2.7)</b>	<b>(9.3)</b>	<b>12.3</b>	<b>(6.1)</b>	<b>3.7</b>	<b>2.7</b>		
<b>Recurrent Free Cash Flow</b>	<b>0.1</b>	<b>(2.6)</b>	<b>(11.9)</b>	<b>0.3</b>	<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>		
<b>C) "FCF to the Firm" (pre debt service) (EUR Mn)</b>									
<b>EBIT</b>	<b>(0.6)</b>	<b>1.0</b>	<b>(17.6)</b>	<b>(8.6)</b>	<b>1.0</b>	<b>3.6</b>	<b>6.5</b>	<b>n.a.</b>	<b>40.2%</b>
* <i>Theoretical Tax rate</i>	0.0%	30.0%	0.0%	0.0%	0.0%	15.0%	15.0%		
= Taxes (pre- Net Financial Result)	-	(0.3)	-	-	-	(0.5)	(1.0)		
<b>Recurrent EBITDA</b>	<b>2.4</b>	<b>11.3</b>	<b>(9.3)</b>	<b>6.0</b>	<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>36.1%</b>	<b>41.2%</b>
- Rentals (IFRS 16 impact)	-	(8.9)	(8.7)	(7.8)	(8.7)	(8.7)	(8.7)		
+/- Working Capital increase	(0.4)	(1.9)	9.4	5.5	(2.0)	(1.6)	(1.5)		
<b>= Recurrent Operating Cash Flow</b>	<b>2.0</b>	<b>0.6</b>	<b>(8.6)</b>	<b>3.7</b>	<b>0.4</b>	<b>3.5</b>	<b>6.6</b>	<b>23.2%</b>	<b>20.9%</b>
- CAPEX	(0.8)	(2.6)	(2.0)	(2.2)	(4.6)	(3.8)	(3.6)		
- Taxes (pre- Financial Result)	-	(0.3)	-	-	-	(0.5)	(1.0)		
<b>= Recurrent Free Cash Flow (To the Firm)</b>	<b>1.2</b>	<b>(2.3)</b>	<b>(10.6)</b>	<b>1.5</b>	<b>(4.2)</b>	<b>(0.9)</b>	<b>2.0</b>	<b>9.1%</b>	<b>9.2%</b>
<i>Rec. Free Cash Flow (To the Firm) growth</i>	-63.7%	-296.1%	-370.5%	114.1%	-378.1%	79.3%	325.7%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	1.0%	n.a.	n.a.	1.6%	n.a.	n.a.	1.6%		
- Acquisitions / + Divestments	2.6	-	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
<b>= Free Cash Flow "To the Firm"</b>	<b>3.8</b>	<b>(2.3)</b>	<b>(10.6)</b>	<b>1.5</b>	<b>(4.2)</b>	<b>(0.9)</b>	<b>2.0</b>	<b>-26.4%</b>	<b>9.2%</b>
<i>Free Cash Flow (To the Firm) growth</i>	-41.4%	-160.2%	-370.5%	114.1%	-378.1%	79.3%	325.7%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	1.7%	n.a.	n.a.	2.2%	n.a.	n.a.	2.8%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	5.4%	n.a.	n.a.	2.2%	n.a.	n.a.	2.8%		



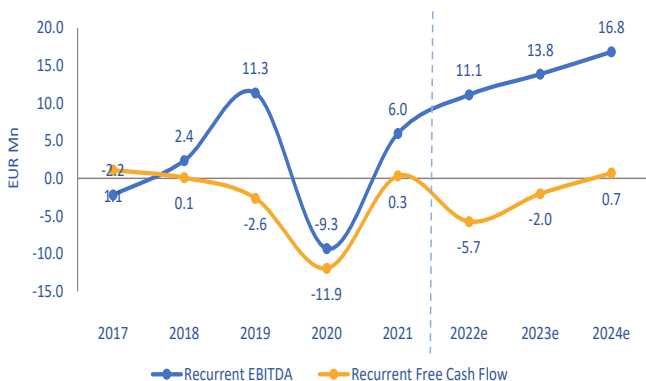
**Recurrent Free Cash Flow accumulated variation analysis (2017 - 2021)**



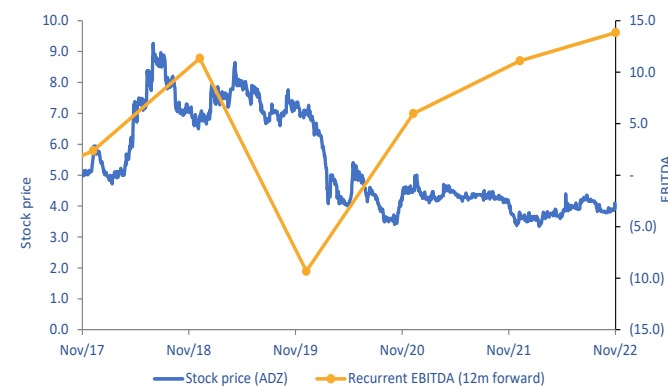
**Recurrent Free Cash Flow accumulated variation analysis (2021 - 2024e)**



**Recurrent EBITDA vs Recurrent Free Cash Flow**



**Stock performance vs EBITDA 12m forward**



**Appendix 3. EV breakdown at the date of this report**

	EUR Mn	Source
Market Cap	37.4	
+ Minority Interests	-	6m Results 2022
+ Provisions & Other L/T Liabilities	29.0	6m Results 2022
+ Net financial debt	8.8	6m Results 2022
- Financial Investments	6.0	6m Results 2022
+/- Others		
<b>Enterprise Value (EV)</b>	<b>69.2</b>	

## Appendix 4. Historical performance <sup>(1)</sup>

Historical performance (EUR Mn)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023e	2024e	11-21	21-24e	CAGR
<b>Total Revenues</b>	<b>156.1</b>	<b>166.9</b>	<b>156.1</b>	<b>152.1</b>	<b>134.9</b>	<b>124.3</b>	<b>117.0</b>	<b>114.9</b>	<b>117.3</b>	<b>67.5</b>	<b>94.7</b>	<b>114.2</b>	<b>119.5</b>	<b>125.3</b>	<b>-4.9%</b>	<b>9.8%</b>	
Total Revenues growth	-6.5%	6.9%	-6.5%	-2.6%	-11.3%	-7.9%	-5.9%	-1.7%	2.0%	-42.5%	40.3%	20.6%	4.6%	4.9%			
<b>EBITDA</b>	<b>1.6</b>	<b>10.3</b>	<b>1.6</b>	<b>(7.5)</b>	<b>(2.7)</b>	<b>(1.1)</b>	<b>(2.2)</b>	<b>1.2</b>	<b>11.3</b>	<b>(6.8)</b>	<b>0.4</b>	<b>11.1</b>	<b>13.8</b>	<b>16.8</b>	<b>-13.4</b>	<b>n.a.</b>	
EBITDA growth	-84.7%	553.8%	-84.7%	-577.7%	64.6%	58.6%	-100.1%	153.3%	868.1%	-160.1%	105.5%	n.a.	24.7%	21.4%			
EBITDA/Sales	1.0%	6.1%	1.0%	n.a.	n.a.	n.a.	n.a.	1.0%	9.7%	n.a.	0.4%	9.7%	11.6%	13.4%			
<b>Net Profit</b>	<b>(9.3)</b>	<b>(4.5)</b>	<b>(9.3)</b>	<b>(23.9)</b>	<b>(10.3)</b>	<b>(11.0)</b>	<b>(6.9)</b>	<b>(0.5)</b>	<b>(8.3)</b>	<b>(19.3)</b>	<b>(9.3)</b>	<b>(1.9)</b>	<b>0.3</b>	<b>2.5</b>	<b>0.0%</b>	<b>31.5%</b>	
Net Profit growth	-106.1%	51.5%	-106.1%	-158.4%	57.1%	-7.5%	37.8%	92.7%	n.a.	-132.5%	52.1%	79.0%	113.0%	892.2%			
Adjusted number shares (Mn)	9.1	9.1	9.1	9.1	9.1	9.1	9.0	9.2	9.2	9.2	9.2	9.3	9.3	9.3			
EPS (EUR)	-1.01	-0.49	-1.01	-2.62	-1.12	-1.21	-0.76	-0.05	-0.90	-2.10	-1.00	-0.21	0.03	0.27	0.1%	31.4%	
EPS growth	n.a.	51.5%	n.a.	n.a.	57.1%	-7.5%	37.0%	92.9%	n.a.	n.a.	52.1%	79.1%	n.a.	n.a.			
Ord. EPS (EUR)	-1.83	-0.37	-1.38	-2.55	-1.15	-1.28	-0.76	0.07	-0.01	-2.37	-0.48	-0.19	0.03	0.27	12.5%	36.9%	
Ord. EPS growth	n.a.	79.8%	n.a.	-85.0%	55.0%	-11.9%	40.9%	n.a.	n.a.	n.a.	79.7%	60.3%	n.a.	n.a.			
CAPEX	(6.2)	(9.0)	(6.2)	(0.7)	(1.6)	(2.0)	(0.9)	(0.8)	(2.6)	(2.0)	(2.2)	(4.6)	(3.8)	(3.6)			
CAPEX/Sales %	4.0%	5.4%	4.0%	0.5%	1.2%	1.6%	0.8%	0.7%	2.2%	3.0%	2.4%	4.0%	3.2%	2.9%			
<b>Free Cash Flow</b>	<b>(11.3)</b>	<b>(34.3)</b>	<b>(11.3)</b>	<b>22.0</b>	<b>5.3</b>	<b>(3.6)</b>	<b>4.3</b>	<b>1.6</b>	<b>(2.6)</b>	<b>(9.4)</b>	<b>(5.3)</b>	<b>(5.7)</b>	<b>(2.0)</b>	<b>0.7</b>	<b>7.3%</b>	<b>28.8%</b>	
ND/EBITDA (x) <sup>(2)</sup>	14.0x	0.5x	14.0x	n.a.	n.a.	n.a.	n.a.	-10.2x	-0.9x	n.a.	4.6x	0.8x	0.9x	0.8x			
P/E (x)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	14.8x			
EV/Sales (x)	0.37x	0.25x	0.48x	0.37x	0.27x	0.37x	0.19x	0.50x	0.34x	0.35x	0.22x	0.61x	0.58x	0.55x			
EV/EBITDA (x) <sup>(2)</sup>	36.5x	4.0x	47.6x	n.a.	n.a.	n.a.	n.a.	48.8x	3.5x	n.a.	n.a.	6.2x	5.0x	4.1x			
Absolute performance	-38.5%	-24.1%	44.8%	-12.4%	-30.4%	-4.9%	62.2%	29.7%	2.6%	-35.9%	-16.3%	6.1%					
Relative performance vs Ibxex 35	-29.2%	-20.4%	19.2%	-15.5%	-25.1%	-3.0%	51.0%	52.5%	-8.2%	-24.2%	-22.4%	9.8%					

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## Appendix 5. Main peers 2022e

		Affordable Luxury players					Specialised Retail Holdings					
EUR Mn		Burberry Group PLC	Hugo Boss AG	Salvatore Ferragamo SpA	SMCP SA	Average	Kering	Tapestry	Capri Holdings Ltd		Average	ADZ
Market data		BRBY-GB	BOSS-DE	SFER-IT	SMCP-FR		KER-FR	TPR-US	CPRI-US	PVH-US		ADZ-ES
Country		UK	Germany	Italy	France		France	USA	UK	USA		Spain
Market cap		9,466.0	3,670.7	2,717.5	526.1		68,051.1	8,583.5	6,596.5	3,966.0		37.4
Enterprise value (EV)		9,984.8	4,374.5	2,939.1	1,266.2		73,385.5	11,159.3	9,636.9	6,819.0		69.2
<b>Total Revenues</b>		<b>3,632.5</b>	<b>3,580.7</b>	<b>1,273.6</b>	<b>1,193.6</b>		<b>20,834.1</b>	<b>6,423.4</b>	<b>5,489.3</b>	<b>8,474.7</b>		<b>114.2</b>
Total Revenues growth		10.6%	28.5%	12.2%	14.9%	16.6%	18.1%	16.3%	1.0%	-3.7%	7.9%	20.6%
2y CAGR (2022e - 2024e)		5.8%	6.0%	8.0%	6.2%	6.5%	7.3%	1.7%	5.1%	3.9%	4.5%	4.8%
<b>EBITDA</b>		<b>1,109.7</b>	<b>708.7</b>	<b>300.4</b>	<b>272.9</b>		<b>7,374.9</b>	<b>1,358.7</b>	<b>1,179.0</b>	<b>1,037.0</b>		<b>11.1</b>
EBITDA growth		15.5%	24.9%	0.9%	11.4%	13.2%	14.0%	7.6%	3.7%	-15.8%	2.4%	n.a.
2y CAGR (2022e - 2024e)		5.2%	7.9%	4.2%	8.3%	6.4%	8.0%	1.1%	4.7%	6.9%	5.2%	23.0%
EBITDA/Revenues		30.6%	19.8%	23.6%	22.9%	24.2%	35.4%	21.2%	21.5%	12.2%	22.6%	9.7%
EBIT		715.8	329.5	125.5	103.9		5,947.7	1,171.0	996.4	741.1		1.0
EBIT growth		19.8%	26.7%	-8.2%	14.4%	13.2%	18.5%	11.3%	4.7%	-20.4%	3.5%	111.5%
2y CAGR (2022e - 2024e)		6.9%	12.9%	1.3%	15.1%	9.0%	8.0%	1.3%	5.3%	8.8%	5.8%	n.a.
EBIT/Revenues		19.7%	9.2%	9.9%	8.7%	11.9%	28.5%	18.2%	18.2%	8.7%	18.4%	0.9%
<b>Net Profit</b>		<b>543.2</b>	<b>207.3</b>	<b>72.2</b>	<b>50.2</b>		<b>4,049.5</b>	<b>822.9</b>	<b>896.3</b>	<b>502.7</b>		<b>(1.9)</b>
Net Profit growth		18.0%	51.0%	-13.9%	112.8%	42.0%	28.0%	2.6%	13.5%	-45.1%	-0.2%	79.0%
2y CAGR (2022e - 2024e)		4.4%	14.8%	3.0%	23.3%	11.4%	8.4%	5.9%	2.7%	13.6%	7.6%	81.4%
CAPEX/Sales %		6.6%	5.1%	4.9%	4.7%	5.3%	6.2%	1.4%	4.8%	4.0%	4.1%	4.0%
<b>Free Cash Flow</b>		<b>536.5</b>	<b>186.1</b>	<b>94.7</b>	<b>52.9</b>		<b>3,734.0</b>	<b>729.6</b>	<b>780.5</b>	<b>(13.4)</b>		<b>(5.7)</b>
Net financial debt		(839.7)	591.3	264.2	698.5		(279.8)	2,221.4	634.7	1,321.3		8.8
ND/EBITDA (x)		n.a.	0.8	0.9	2.6	1.4	n.a.	1.6	0.5	1.3	1.1	0.8
Pay-out		47.9%	38.4%	62.0%	0.0%	37.0%	44.4%	15.4%	0.0%	1.3%	15.3%	0.0%
<b>P/E (x)</b>		<b>17.9</b>	<b>17.5</b>	<b>37.8</b>	<b>10.4</b>	<b>20.9</b>	<b>16.7</b>	<b>11.8</b>	<b>7.8</b>	<b>8.0</b>	<b>11.1</b>	<b>n.a.</b>
P/BV (x)		5.2	3.3	3.4	0.4	3.1	4.4	3.9	2.8	0.8	3.0	2.8
EV/Revenues (x)		2.7	1.2	2.3	1.1	1.8	3.5	1.7	1.8	0.8	2.0	0.6
EV/EBITDA (x)		9.0	6.2	9.8	4.6	7.4	10.0	8.2	8.2	6.6	8.2	6.2
EV/EBIT (x)		13.9	13.3	23.4	12.2	15.7	12.3	9.5	9.7	9.2	10.2	n.a.
ROE		28.8	18.9	9.0	4.2	15.3	26.1	30.9	35.7	9.9	25.7	n.a.
FCF Yield (%)		5.7	5.1	3.5	10.1	6.1	5.5	8.5	11.8	n.a.	8.6	n.a.
DPS		0.65	1.15	0.27	0.00	0.52	14.43	0.48	0.00	0.09	3.75	0.00
Dvd Yield		2.6%	2.2%	1.6%	0.0%	1.6%	2.6%	1.3%	0.0%	0.2%	1.0%	0.0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## LIGHTHOUSE

Calle Basílica, 17, 1ª Planta, Oficinas  
28020 Madrid

T: +34 915 904 226

[www.ieaf.es/lighthouse](http://www.ieaf.es/lighthouse)

---

### Alfredo Echevarría Otegui

Head of research

alfredo.echevarria@lighthouse-ieaf.com

### David López Sánchez

Equity research

david.lopez@lighthouse-ieaf.com

### Luis Esteban Arribas

Equity research

luis.esteban@lighthouse-ieaf.com

### Enrique Andrés Abad

Equity research

enrique.andres@Lighthouse-ieaf.com

### Jesús López Gómez

ESG Analyst & Data analytics

jesus.lopez@lighthouse-ieaf.com

---

All Lighthouse research documents are available simultaneously on the Lighthouse website ([www.ieaf.es/lighthouse](http://www.ieaf.es/lighthouse)) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

## IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

### LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.

2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.

3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros (IEAF), a professional, not for profit association.

### DISCLAIMER

The Instituto Español de Analistas Financieros (IEAF) hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

### Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).

2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.

3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.

4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.

5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.

6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.

7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.

8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.

9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.

10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.

11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.

12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address [secretaria@ieaf.es](mailto:secretaria@ieaf.es) or consult the contents of this Code at [www.ieaf.es](http://www.ieaf.es).

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

### A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros (IEAF) and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

**United States.** IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

**Major US Institutional Investors.** This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

#### Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
28-Nov-2022	n.a.	4.03	n.a.	n.a.	6m Results 2022 - Estimates upgrade	Luis Esteban Arribas
15-Jul-2022	n.a.	3.92	n.a.	n.a.	3m Results 2022	Alfredo Echevarría Otegui
28-Apr-2022	n.a.	3.80	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
24-Jan-2022	n.a.	3.62	n.a.	n.a.	9m Results 2021	Alfredo Echevarría Otegui
02-Dec-2021	n.a.	3.77	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
01-Sep-2021	n.a.	4.49	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
28-Jul-2021	n.a.	4.34	n.a.	n.a.	3m Results 2021	Ana Isabel González García, CIIA
14-Jun-2021	n.a.	4.28	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
29-Apr-2021	n.a.	4.50	n.a.	n.a.	12m Results 2020	Ana Isabel González García, CIIA
29-Mar-2021	n.a.	4.20	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
18-Jan-2021	n.a.	4.78	n.a.	n.a.	9m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
02-Dec-2020	n.a.	4.60	n.a.	n.a.	6m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
17-Sep-2020	n.a.	3.90	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
25-Jun-2020	n.a.	5.10	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
13-Jan-2020	n.a.	6.90	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
03-Dec-2019	n.a.	7.36	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

