ITALIAN DESIGN BRANDS

Earnings Review

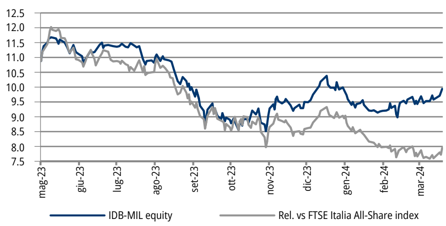
BUY ord. *(Unchanged)*

Target: **€ 14.60** *(Unchanged)*

Risk: High

STOCKDATA			ORD
Price (as of 04 Apr 2024)			9.9
Bloomberg Code			IDB IM
Market Cap (€ mn)			268
Free Float			28%
Shares Out (mn)			26.9
52 week Range			-
Daily Volume			10,739
Performance (%)	**1M**	**3M**	**1Y**
Absolute	4.2	-1.0	na
Rel to FTSE Italia All-Share	-0.4	-12.3	na
MAIN METRICS	**2023**	**2024E**	**2025E**
SALES Adj	311	314	332
EBITDA Adj	54.3	53.3	57.9
EBITDA Adj. Ex Ifrs16	48.1	47.1	51.7
EBIT Adj	42.1	41.1	44.9
EBIT Adj. Ex Ifrs16	40.9	39.9	44.0
NET INCOME Adj	25.6	24.8	28.1
EPS Adj - €c	106	92.2	104
DPS Ord - €c	0.0	0.0	0.0
MULTIPLES	**2023**	**2024E**	**2025E**
P/E ord Adj	9.6x	10.8x	9.5x
EV/EBITDA Adj	7.5x	7.1x	6.2x
EV/EBITDA Adj. ex-IFRS16	7.8x	7.4x	6.3x
EV/EBIT Adj	9.7x	9.3x	7.9x
EV/EBIT Alt	9.1x	8.7x	7.3x
REMUNERATION	**2023**	**2024E**	**2025E**
Div. Yield ord (A)	0.0%	0.0%	0.0%
FCF Yield Adj	2.8%	9.7%	11.2%
INDEBTEDNESS	**2023**	**2024E**	**2025E**
NFP Adj	-121	-101	-77.0
Nfp Ex Ifrs16	-87.7	-67.5	-43.3
D/Ebitda Adj	2.2x	1.9x	1.3x
D/EBITDA Adj. ex-IFRS16	1.8x	1.4x	0.8x

PRICE ORD LAST 365 DAYS



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FY24 OUTLOOK POINTING TO SLIGHT GROWTH IN A FLATTISH MARKET

In FY23 IDB confirmed its ability to outperform its reference market and its record profitability. FY24 outlook is pointing to slight growth in a flattish market. Stock at 9x EV/EBIT, attractive valuations for solid fundamentals with M&A options

■ IDB confirmed outperformance in revenues and record profitability in FY23

Italian Design Brands published its FY23 results on March 11th. **In a negative context for the sector after two buoyant post-pandemic years, IDB managed to:**

- **report further organic revenue growth at +3.9%, significantly outperforming its reference market** (Federlegno estimates a -3.4% performance in FY23 for the aggregated Italian Furniture Macrosystem);
- **broadly confirm the previous year's record profitability**, with 18% EBITDA margin on an organic basis (vs. 18.4% in FY22PF);

4Q in particular was close to expectations, confirming the improvement in EBITDA and a recovery in FCF, with +15% YoY revenue growth, including flattish organic growth supported by a rebound in Luxury Contract (thanks to closure of some projects delayed from 3Q).

On a FY basis, only cash conversion was a relatively weaker spot (15% of FY EBITDA) due to normalization of working capital, but management anticipates a broadly neutral contribution of working capital going forward, which should lead to **a return to FCF/EBITDA >50%.**

■ FY outlook pointing to slight growth in a flattish market

- Management continues to expect a stable market environment and has **confirmed the outlook for slight growth in 2024 revenues**, with growth set to be more skewed to the 2H;
- **January and February were supportive in terms of turnover and order intake**, overall positive YoY. **We estimate 1Q24 overall confirmed a slightly positive trend,** we think still driven by Luxury Contract against a slightly negative trend in Residential. **We understand management is prudently allowing for a progressive normalization of Luxury Contract** over the year. **On the other side, the residential business is expected to progressively accelerate**, benefiting from easier comparison and a more favorable macroeconomic context (with slowdown in inflation and lower interest rates).
- **Company confident in particular on the growth potential of Davide Groppi, of Cubo and of the US market,** with the commitment to support these growth drivers with further investments (commercial organization, marketing, digital, new openings, production).

■ Rebranding to DEXELANCE: a mix of values and of international vocation

On March 21st, IDB announced the rebranding of the group in ***Dexelance,*** aiming to express the identity of the group (combining values such as **design, elegance, excellence,** but also an **industrial project for the aggregation of excellence companies) as well as its international vocation.** In fact, a significant number of potential M&A targets the group has identified are represented by foreign companies, both of similar size to the average of the group's companies (€ 25-30m) and of a larger size. **The initiative thus supports the expectation of an overseas and/or transformational acquisition starting in 2025.** In the meanwhile, as reiterated during the post-results conference call, management remains committed to another non-transformational deal in 2024.

■ 2024E: a consolidation year

We confirm our estimates as revised immediately after the results on March 12th, **with +1% YoY in revenues and a slight decline in EBITDA (-2% YoY),** allowing for a small dilution from increasing marketing and commercial costs. Our target of €14.6 ps implies 12x EV/EBIT.

■ Attractive valuations for solid fundamentals and M&A potential

IDB is one of the few listed companies offering exposure to the high-end design furniture market, a market featuring structural growth, with healthy profitability and opportunities for consolidation. **The stock is trading at 9x EV/EBIT, very attractive valuations** also when compared to other foreign-listed furniture companies (11x median EV/EBIT) with a weaker market positioning, a less diversified business model, lower profitability.

MAIN FIGURES - EURmn	2021	2022	2023	2024E	2025E	2026E
SALES Adj	144	266	311	314	332	349
Growth	30.8%	84.8%	16.6%	1.0%	5.9%	5.1%
EBITDA Adj	23.4	49.2	54.3	53.3	57.9	61.4
Growth	52.5%	110.7%	10.4%	-1.9%	8.6%	6.0%
EBITDA Adj. Ex Ifrs16	20.8	45.9	48.1	47.1	51.7	55.2
Growth	61.4%	120.5%	4.8%	-2.1%	9.8%	6.7%
EBIT Adj	19.3	40.2	42.1	41.1	44.9	47.8
Growth	71.9%	108.3%	4.8%	-2.6%	9.5%	6.3%
EBIT Adj. Ex Ifrs16	19.2	39.7	40.9	39.9	44.0	47.1
Growth	74.0%	107.1%	3.0%	-2.6%	10.5%	7.0%
Net Income Adj	13.0	25.5	25.6	24.8	28.1	30.2
Growth	128.5%	95.8%	0.4%	-2.9%	13.3%	7.2%

MARGIN - %	2021	2022	2023	2024E	2025E	2026E
EBITDA Adj Margin	16.2%	18.5%	17.5%	17.0%	17.4%	17.6%
EBITDA Adj. Ex Ifrs16 Margin	14.4%	17.2%	15.5%	15.0%	15.6%	15.8%
Ebit Adj margin	13.4%	15.1%	13.6%	13.1%	13.5%	13.7%
EBIT Adj. Ex Ifrs16 Margin	13.3%	14.9%	13.2%	12.7%	13.3%	13.5%
Net Income Adj margin	9.0%	9.6%	8.2%	7.9%	8.5%	8.6%

SHARE DATA	2021	2022	2023	2024E	2025E	2026E
EPS Adj - €c	64.3	126	106	92.2	104	112
Growth	128.5%	95.8%	-15.9%	-13.0%	13.3%	7.2%
DPS ord(A) - €c	0.0	0.0	0.0	0.0	0.0	0.0
BVPS	3.2	2.9	5.7	6.3	7.0	7.9

VARIOUS	2021	2022	2023	2024E	2025E	2026E
Capital Employed	97.0	199	252	248	243	244
FCF	26.0	15.8	7.0	25.9	29.9	30.0
CAPEX	2.7	2.0	7.5	8.0	8.0	8.7
Working capital	-16.0	-17.0	0.1	1.7	2.8	4.0

INDEBTNESS	2021	2022	2023	2024E	2025E	2026E
Nfp Adj	-40.0	-162	-121	-101	-77.0	-53.1
D/E Adj	0.63	2.79	0.80	0.60	0.41	0.25
Debt / EBITDA Adj	1.7x	3.3x	2.2x	1.9x	1.3x	0.9x
Nfp Ex Ifrs16	-24.0	-131	-87.7	-67.5	-43.3	-19.4
D/EBITDA Adj. ex-IFRS16	1.2x	2.8x	1.8x	1.4x	0.8x	0.4x
Interest Coverage	6.6x	12.8x	11.1x	11.1x	13.5x	14.3x

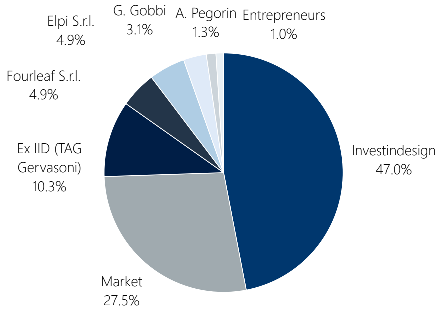
MARKET RATIOS	2021	2022	2023	2024E	2025E	2026E
P/E Ord Adj	n.a.	n.a.	9.6x	10.8x	9.5x	8.9x
PBV	n.a.	n.a.	1.8x	1.6x	1.4x	1.3x

EV FIGURES	2021	2022	2023	2024E	2025E	2026E
EV/Sales	n.a.	n.a.	1.3x	1.2x	1.1x	1.0x
EV/EBITDA Adj	n.a.	n.a.	7.5x	7.1x	6.2x	5.4x
EV/EBITDA Adj. ex-IFRS16			7.8x	7.4x	6.3x	5.4x
EV/EBIT Adj	n.a.	n.a.	9.7x	9.3x	7.9x	7.0x
EV/CE	n.a.	n.a.	1.6x	1.5x	1.5x	1.4x

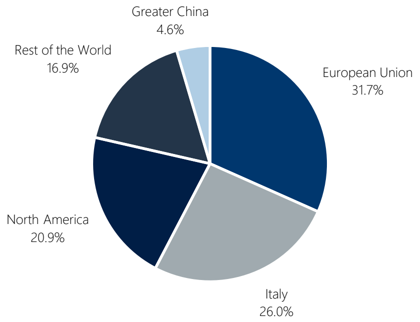
REMUNERATION	2021	2022	2023	2024E	2025E	2026E
Div. Yield ord	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF Yield Adj	n.a.	n.a.	2.8%	9.7%	11.2%	11.2%
Roce Adj	13.0%	19.0%	13.2%	11.6%	13.1%	14.0%

Source: Company data and Equita SIM estimates

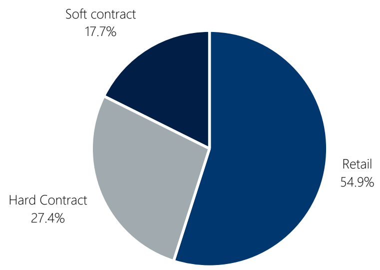
SHAREHOLDERS



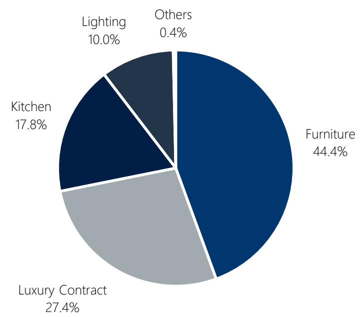
BREAKDOWN BY REGION



BREAKDOWN BY CHANNEL



BREAKDOWN BY SEGMENT



BUSINESS DESCRIPTION

Italian Design Brands (IDB) is a multibrand group in the high-end furniture segment. Since its inception in 2015, IDB has implemented a consistent M&A strategy (last acquisition Turri in 2023), and is today a group of € 311 mn revenues (2023PF), with 11 companies featuring a global presence and a complementary positioning across four Business Areas:

- **Furniture**: including the Gervasoni, Meridiani, Saba, Gamma and Turri companies, active in the Living & Bedroom categories (i.e. sofas, chairs, beds, tables, low tables);
- **Lighting**: lamps and lighting solutions, for both indoor and outdoor use, through the Davide Groppi, Flexalighting and Axolight companies**;**
- **Kitchen & Systems,** through Cubo Design, a company active in the kitchens segment, with a specific know-how in processing of wood and prestigious materials;
- **Luxury contract,** through the Cenacchi and Modar companies, specialised in furnishing projects for luxury boutiques, UHNWI private residences, luxury hospitality.

Products are sold through three different channels:

1) **Retail**, including sales of catalogue products to private individuals by the Furniture, Lighting and Kitchen SBAs through a network of ca. 4,500 multibrand independent retailers worldwide, plus 57 monobrand stores as of Dec. 2023 (of which 9 DOS);
2) **Soft contract**, including sales of catalogue products to business clients by the Furniture, Lighting and Kitchen business areas, with low/medium customizations;
3) **Hard contract,** including the sale of fully customized projects to business clients. This channel is entirely represented by the Luxury Contract business area as ca. 90% of revenues is represented by projects of boutiques or showrooms for luxury brands.

In a highly fragmented market, **IDB strategy aims at offering a virtuous context for excellence firms,** which can retain their autonomy while benefiting from group's **support on managerialization, digitalization, internationalization, commercial synergies and all back-end corporate functions**. This strategy has proven able to accelerate revenue growth and profitability of portfolio companies.

The reference HEDF market (High End Design & Furniture market) is also supportive, with consistent +4/5% CAGR in the twenty years before the pandemic, **underpinned by structural growth drivers** including self-expression, wealth ruralization in developed markets, ongoing urbanization in emerging markets.

IDB boasts a strong track record (+40% 7Y CAGR in revenues in 2015-22PF, of which +9% organic) and a proven outperformance vs. the market, even in a year of normalization like 2023 (+3.9% organic growth vs. -3.4% for the Italian Furniture Macrosystem). IDB also boasts strong fundamentals in terms of profitability (17.5% Adj. EBITDA margin in 2023PF) and prospects of solid cash generation (ca. 50% FCF/adj. EBITDA pre-IFRS16) thanks to only 2.5% capex/revenues and limited working capital needs.

Company's MT ambitions in organic terms envisage **top line growth at least in line with the reference market**, with **slight improvement in profitability**. M&A will continue to accelerate this growth path, leveraging also the € 73 mn proceeds collected with the IPO in May 2023 (at a price of € 10.88). **Management has identified ca. 40 targets**, including bolt-on deals (€ 5-50 mn revenues) and more transformational deals (€ 50-150 mn revenues).

IDB is controlled by Investindesign (IID) (48% of share capital), whose majority (50.7%) is controlled by TIP (Tamburi Investment partners), followed by Club Design (20%) - a club deal vehicle participated by TIP at 20%. The remaining 29.3% of IID is still controlled by the financial investors backing the project at its start (private investors).

STRENGTHS / OPPORTUNITIES	WEAKNESSES /THREATS
- High-end positioning and pricing power - Complementary brands and global presence - Resilient demand for furnishing of luxury boutiques - High profitability and solid cash generation - Structural growth of the reference market - Opportunities for M&A, with distinctive strategy - Strong track record and experienced management	- Need to strengthen digital capabilities and the organization to support group's growth - Greater competition and execution risk on bigger deals - Rising complexity and risk of overlapping when adding more brands - Normalizing demand in the residential market

4Q23 RESULTS CONFIRMED IMPROVEMENT IN PROFITABILITY AND FCF

We review here Italian Design Brands results, which were published on March 11th.

In a negative context for the sector after two buoyant post-pandemic years, IDB managed to:

- **report further organic revenue growth at +3.9%, significantly outperforming its reference market** (Federlegno estimates a -3.4% performance in FY23 for the aggregated Italian Furniture Macrosystem) as already shown in 1H (+12% YoY organic vs. -1% YoY for the Italian Furniture Macrosystem);
- **broadly confirm the previous year's record profitability**, with 18% EBITDA margin on an organic basis (vs. 18.4% in FY22PF);

Only cash conversion was a relatively weaker spot (15% of FY EBITDA) due to normalization of working capital mainly linked to the Luxury Contract segment, but management anticipates a broadly neutral contribution of working capital going forward, which should lead to **a return to FCF/EBITDA >50%.**

4Q results, in particular, were close to expectations, confirming the expected improvement in EBITDA and FCF, with even more-solid-than-expected revenue growth.

The perimeter of FY22PF numbers is different from the one considered in 9M22PF as it includes the acquisition of Cubo (acquired in January, 31 2023 and not yet included in the 9M22PF figures). This prevents from assessing the YoY changes of 4Q23 alone, except for revenues.

ITALIAN DESIGN BRANDS 4Q23PF RESULTS

		ACTUAL		EXPECTED	
	4Q-22	4Q-23	YoY gr. %	4Q-23	YoY gr. %
Revenues	77.9	89.4	15%	85.5	11%
Adj. EBITDA	n.a.	20.0	n.a.	19.9	n.a.
Margin	n.a.	22.3%		23.3%	
Adj. EBIT		16.7	n.a.	16.6	n.a.
Margin		18.7%		19.4%	
Adj. Net Income		10.7	n.a.	11.0	n.a.
Margin		11.9%		12.9%	
NFP ex-leases	-130.6	-87.7	43	-99.5	31

Source: Equita SIM estimates and Company data. PF23 including Turri/Axolight for 12 months

ITALIAN DESIGN BRANDS FY23PF RESULTS

		ACTUAL		EXPECTED	
	FY-22	FY-23	YoY gr. %	FY-23	YoY gr. %
Revenues	266.5	310.8	17%	307.0	15%
Adj. EBITDA	49	54.3	10%	54.0	10%
Margin	18.4%	17.5%		17.6%	
Adj. EBIT	40	42.1	5%	42.0	5%
Margin	15.0%	13.6%		13.7%	
Adj. Net Income	25	25.6	0%	25.9	2%
Margin	9.6%	8.2%		8.4%	
NFP ex-leases	-130.6	-87.7	43	-99.5	31

Source: Equita SIM estimates and Company data. PF23 including Turri/Axolight for 12 months

4Q revenues, at € 89.4m, were up 15% YoY vs. +11% YoY exp., thanks to the perimeter contribution of Turri and Axolight (€ 13m vs. € 12m exp., led by Turri) and to a lower organic decline, **flattish YoY** (in line with 3Q) **vs. -4% YoY exp**., the result of a **stronger-than-expected recovery in Luxury Contract** (+9% YoY vs. +1% exp. and -7% YoY in 3Q) which benefited from the closure of some projects delayed from Q3. The **Residential segment was instead down 5% YoY** (from flat YoY in 3Q, where some companies had benefited from a temporary restocking and a concentration of soft contract projects).

On a FY basis, overall organic growth was +3.9%, driven by the outperformance of the Luxury Contract segment, +25% YoY, as a result of a still buoyant 1H23 (+67% YoY, still benefiting from the post-covid recovery in new store projects) but also of a resilient demand of store refurbishments by luxury brands. On the other side, **the Residential segment posted a LSD decline**, due to weakness of the Retail channel (B2C) affected by the adverse macroeconomic context, with rising inflation and high interest rates.

Weakness was related mainly to the Furniture segment (-7% FY organic), namely due to the difficulties of Gamma (destocking by two major accounts in the US and China, where Gamma is over-indexed compared to the group) and Saba (end of relationships with one important account in Germany in anticipation of its imminent financial troubles).
The other Furniture brands more exposed to the Soft Contract channel – namely Meridiani (+3% YoY) and Gervasoni (flat YoY) – held relatively better, as did the Lighting (+3% YoY, driven by Davide Groppi) and the Kitchen segments (+1% YoY, with the subsidiary Cubo driven by its highest brand Binova).

The newly acquired companies Turri (Furniture segment) and Axolight (Lighting segment) posted FY revenues of € 29.6m and € 4.5m, respectively, a touch above group's guidance provided at the time of the deal announcement (€ 28m for Turri and € 5m for Axolight), with Turri in particular confirming a highly skewed seasonality towards 4Q (€ 11.7m), being specialised in **the production of custom-made furniture for the luxury residential contract** (Soft Contract channel), which accounts for ca. 50% of turnover and features a concentration of revenues in 4Q.

IDB GROUP: QUARTERLY SALES BY SEGMENT (€ mn)

	9M22 PF	%	4Q22 PF	%	FY22 PF	%	9M23 PF	%	4Q23 PF	%	FY23 PF	%
Furniture	85	45%	32	41%	117	44%	98	44%	40	45%	138	44%
YoY growth	n.a.		n.a.		n.a.		16%		24%		18%	
organic							-5%		*-12%*		*-7%*	
Lighting	20	10%	7	8%	26	10%	23	10%	8	9%	31	10%
YoY growth	n.a.		n.a.		n.a.		18%		27%		20%	
organic							1%		*9%*		*3%*	
Kitchen	40	21%	15	19%	55	20%	41	18%	14	16%	55	18%
YoY growth	n.a.		n.a.		n.a.		3%		-3%		1%	
organic							3%		*-3%*		*1%*	
Total residential	144	77%	53	69%	198	74%	162	73%	62	70%	225	72%
YoY growth	n.a.		n.a.		n.a.		13%		17%		14%	
organic							-2%		*-5%*		*-4%*	
Luxury contract	44	23%	24	31%	68	26%	59	27%	27	30%	85	27%
YoY growth	n.a.		n.a.		n.a.		33%		9%		25%	
organic							33%		9%		25%	
Others	0		0.1		0.6		1		0.4		1.0	
Total	188	100%	78	100%	266	100%	221	100%	89	100%	311	100%
YoY growth	n.a.		n.a.		n.a.		18%		15%		17%	
organic							6%		*-1%*		*4%*	

Source: Equita SIM estimates and Company data

Adj. EBITDA, at € 20.0m, was in line with expectations, with a € 5m perimeter contribution from Turri and Axolight, and organic EBITDA of € 15m (from € 10m in 3Q), with organic margin improving by 300 bps in 4Q vs. 3Q, thanks to the rebound in Luxury Contracts.

Overall FY organic adj. EBITDA margin was 18%, broadly stable vs. 18.4% in FY22PF, with a decline in the Residential segment (from 20% in FY22PF to 18.6% in FY23PF), mainly due to operating deleverage in the weaker Furniture business area, **mitigated by improving profitability in Luxury Contract (from 18.2% in FY22PF to 23% in FY23PF)**, which instead benefited from operating leverage stemming from the robust top line growth.
The total FY adj. EBITDA margin pro-forma, at 17.5%, was however further diluted by the consolidation of Turri (14.6% EBITDA margin) and – to a lesser extent, due to the relatively smaller size – of Axolight (1.6% EBITDA margin – not yet at full speed following last few years' reorganization).

Adj. EBIT was also perfectly in line with estimates, whilst Adj. Net Income, at € 25.6m (flat YoY) was marginally lower than expected due to higher taxes (30% adj. tax rate vs. 28% exp.).

IDB GROUP FY23 PF RESULTS – BY SEGMENT (€ K)

EUR Mln	Furniture	Lighting	Kitchen&Systems	Residential	Luxury Contract	Other (3)	TOTAL
Revenue	138,1	31,2	55,2	224,6	85,2	1,0	310,8
Adj. EBITDA	21,8	6,6	11,4	39,8	19,6	-5,1	54,3
% Margin	15,8%	21,1%	20,6%	17,7%	23,0%		17,5%
% Margin exlcuded Turri and Axolight	16,2%	24,4%	20,6%	18,6%	23,0%		18,0%

Source: Company FY23 presentation
(3) Includes Holding costs

FY reported Net Income differs from Adj. Net Income as it reflects also some non-recurring items:

- **non-recurring costs on reported EBITDA (€ 2.7 mn), mainly linked to M&A transaction costs and IPO costs** (including the phantom share compensation for the CEO Andrea Sasso), and already in our numbers;
- **amortization of the PPA** stemming from past acquisitions **(€ 6.4m in FY23)**, also in our model;
- **the figurative cost of debt for put options/earn-out (€ 5.6m**, only slightly higher than our € 5m estimate);
- **remeasurement of the cost of put options/earn out** based on a more prudent revision of some companies' budgets. This item accounted for **€ 13m** income, which was not in our numbers and almost offset the other negative non-recurring items.

As a result, FY reported Net Income was significantly higher than expected, at € 25.7m vs. € 13.6m exp.

IDB GROUP FY23 RESULTS (€ K)

EUR thousands	F12M 22(1)	%	F12M 23(2)	%
Revenue	**266.471**	100,0%	**310.816**	100,0%
Other income	3.782	1,4%	6.418	2,1%
Total Revenue	**270.253**	101,4%	**317.233**	102,1%
Operating Costs	(184.057)	(69,1%)	(213.469)	(68,7%)
Added Value	**86.196**	32,3%	**103.765**	33,4%
Personnel Costs	(36.970)	(13,9%)	(49.448)	(15,9%)
Adj. EBITDA	**49.226**	18,5%	**54.317**	17,5%
D&A	(9.027)	(3,4%)	(12.183)	(3,9%)
Adj. EBIT	**40.199**	15,1%	**42.134**	13,6%
Net Financial Expenses	(4.535)	(1,7%)	(5.788)	(1,9%)
Adj. EBT	**35.664**	13,4%	**36.346**	11,7%
Tax Expenses	(10.201)	(3,8%)	(10.785)	(3,5%)
Adj. Net Income	**25.463**	9,6%	**25.562**	8,2%

Source: Company FY23 presentation
(1) Data prepared including 12 months of Gamma, Flexalighting N.A. and Cubo Design, despite exact acquisition date (June 2022, May 2022, January 31st 2023).
(2) Proforma data, prepared including 12 months of Turri and Axolight, despite exact acquisition date (July 18, 2023, and September 29, 2023).

Bank net debt was similar to expectations at €14m vs. €13m exp., improving from € 30m at the end of 2022PF, with a cash generation of € 16m. The cash in from the IPO (€ 69m net of listing costs) was offset by the payment of put options and earn out triggered by the IPO as well as by the cash impact from the acquisition of Turri and Axolight.

Excluding these items, we calculate a FCF of € 7m for the year, entirely generated in 4Q (after zero in 9M), a recovery driven by partial reabsorption of working capital in the last quarter, thanks to the rebound in Luxury Contract and the cash-in on the projects just completed.

On a FY basis, main components of FCF were the following:
- Adj. EBITDA ex-IFRS16 of € 48.1m;
- Bank interests (€ -4.7m) and taxes (€ -9.2m at P&L but € -12.5m cash) for € -17.2m in total;
- **Change in Working Capital (organic): € -15m**, mainly as a result of an increase in receivables and a decrease in advance payments, to be attributed to the Luxury Contract. This is in fact the consequence of the normalization in Luxury Contract orders – compared to the peak of late 2022 which was still benefiting from a concentration of orders after the end of the pandemic – and of a less buoyant demand environment in the luxury sector, leading to more normal payment terms by brand clients;
- **Capex at € 7.5m**, at 2.4% of revenues, slightly above our € 6m estimate, but still confirming the limited capex needs of the group, even in a year of important capex for growth (€ 4.2m), of which ca. € 2.5m linked to the new showroom for Meridiani and Davide Groppi in the US (opened in 4Q23) and ca. € 1.5m for new machineries (mainly at Cubo).

Overall NFP (including put options/earn out debt) was better than expected (€ -88m vs. € -100m exp.) thanks to a recalculation of debt for put options, driven by a prudential review of some companies' budgets.

IDB GROUP NFP (€ mn)

	2022PF	9M23	FY23A	FY23E
NFP with banks (ex-IFRS16)	-30	-31	-14	-13
IFRS16 liabilities	-31	-33	-34	-33
NFP with banks including lease liabilities	-61	-64	-48	-46
Debt for put options	-83	-68	-55	-68
Debt for earn out/phantom shares*	-17	-19	-18	-19
Others	0	0	0	0
Total NFP including put options/earn out	-162	-151	-121	-133
Total NFP incl. put options/earn out ex-Leases	-131	-118	-88	-100

*Source: Company data, Equita SIM estimates *Debt for phantom shares only registered in 2022, then paid in 2023*

IDB GROUP WORKING CAPITAL (€ mn)

	Dec-22 PF	Sept-23 Incl Turri/Axo	Sept-23 Organic	Dec-23 Incl Turri/Axo	Dec-23 Organic
Trade receivables	28	34	29	39	35
Inventory	27	44	34	42	29
Trade payables	(46)	(38)	(34)	(51)	(42)
Advance Payments	(20)	(24)	(17)	(25)	(17)
Other assets/(liabilities)	(7)	(7)	(7)	(4)	(6)
Total Net WKC	(17)	7	6	0	(2)

Source: Company data, Equita SIM estimates

We note that the perimeter impact from Turri/Axolight is particularly material in terms of inventories, which is namely due to Turri. Turri is in fact specialized in custom luxury furniture with a classic and elegant style, mostly addressed to HNWI in Africa, Middle East, Eastern Europe etc, but has also started a transition of its offering in the last 12-18 months, moving toward a more modern, clean and contemporary style, in order to strengthen its positioning also in the retail channel; such high level of inventories is mostly related to some stock of finished and semifinished products from the company’s historic range, aimed to guarantee an adequate level of service for its consolidated customers, also in case they need further integration or maintenance.

FY OUTLOOK POINTING TO SLIGHT GROWTH IN A FLATTISH MARKET

During the conference call the day of the results announcement, **management reiterated its FY24 outlook of a stable market environment.** The Federlegno-Arredo association, in its forecasts at the end of last year, appeared more optimistic, envisaging a 5% growth for the furniture macrosystem (after -3.4% in FY23), driven by foreign markets (+7.5% exp. after -3.6% in FY23), but with Italy also positive (+3.2% after -3.2% in FY23).
We nevertheless appreciate company's prudence at this stage of the year.

Still, management looked confident on the company's ability to keep delivering a slight growth in revenues in 2024, although with growth set to be more skewed to the 2H.
January and February were supportive in terms of turnover and order intake, overall positive YoY. **We estimate 1Q24 overall confirmed a slightly positive trend,** we think still driven by Luxury Contract (we estimate both revenues and orders up double-digit YoY) against a slightly negative trend in the residential sector (consistent with the exit speed from 2023).
We understand management is prudently allowing for a possible progressive normalization of the Luxury Contract order intake over the year, given some capacity constraints already mentioned in the past (both in terms of production and in terms of project & design teams) as well as some possible delays in new store opening projects for certain clients (we would anticipate for example some delays for Gucci, given the transition phase of the brand and the heavy sales drop for the brand in 1Q – down 20% YoY - , with Kering management also remaining vague on the store opening/renovation plans for the year in its latest call in February).
On the other side, the residential business is expected to progressively accelerate throughout the year, benefiting from easier comparison and a more favourable macroeconomic context (with slowdown in inflation and lower interest rates).

An improving outlook is confirmed also by other furniture players.
Roche Bobois (RBO FP), a French-listed high-end furniture retailer, after -2.5% YoY c.c. in FY23 retail sales for directly operated and owned stores (i.e. orders received excl. VAT), with a small deterioration in 4Q from -2% YoY c.c. in 9M23, **indicated a 2% YoY increase in January/February**. The company is also pointing to 2024 revenues in line with the record 2023, with a small decline in 1H and a rebound in 2H.
Fagerhult, a lighting B2B group listed in Sweden, reported in the last few quarters a progressive reacceleration in the order intake (+10.6% YoY in 4Q) of its Collection division (the most similar to the architectural and decorative positioning of IDB lighting companies), with also revenues following the recovery (+0.5% YoY organic in 4Q from -14% YoY in 3Q), although at a still weaker pace.

The group will concentrate its efforts within the Residential segment to leverage on:

- **The potential of Davide Groppi:** the company is envisaging growing investments in marketing, digital and distribution, plus strengthening the commercial organization and the technical department. As for distribution, the brand currently counts 8 monobrand stores (1 DOS, and 7 managed by third-party partners): the company is going to open a new monobrand store in Milan (inauguration scheduled during the important Salone del Mobile exhibition), and other monobrand spaces will follow (medium-term target of 30 by the end of 2026), either with the usual free-standing format or also as a lighter shop-in-shop format, mainly suitable for foreign markets and for multibrand spaces.
- **Cubo in the Kitchen segment,** with further support to growth of the highest-end brand, Binova, and capitalising on the growing demand in the Soft Contract business, with a dedicated production line able to respond to the larger orders' size requested in this channel compared to the retail channel;
- **The potential of the US market** (where the group presence so far is almost entirely represented by Luxury Contract revenues). We recall that IDB opened a new showroom in New York for Meridiani and Groppi just at the end of 2023, which has started to generate a lot of attention from architects and designers as well as immediate interest from retail entrepreneurs for possible openings of other monobrand showrooms in other cities.

As per management comments during the conference call, **the US market is showing a good dynamism on both residential and non-residential projects**, after having underperformed in 2023 (exports to the US of the Italian Furniture Macrosystem down 13% in FY23 according to Federlegno-Arredo). We mention for example a consistently positive trend in existing home sales in January (+3.1% YoY) and February (+9.5% YoY), after a low/mid-single-digit decline in previous quarters.

In terms of profitability, management sees an EBITDA margin around 2023 levels (17.5% pro-forma) as a normal profitability for the group, with room to improve margins at the newly acquired Turri and Axolight (medium-term target of 16% and 10-15% respectively, thanks to the support to sales acceleration resulting in better operating leverage), but also some short-term dilution from the greater investments aimed at fostering growth of Davide Groppi and of the US market.
Management confirmed also the outlook of stable prices (no intention to follow some promotional pressure which is surfacing mainly among brands with lower positioning, nor clearly room to raise prices further, after the price hikes implemented in 2021-22). Input costs are also expected to remain broadly stable.

As for FCF generation, management guided for:
- **An broadly neutral impact from change in working capital**;
- **Capex in 2024 broadly stable vs. 2023**, at around € 8m, including further investments for growth not only in terms of distribution but also in terms of production capacity, namely for Cenacchi in the Luxury Contract segment and for Cubo in the Kitchen segment (to support growth in the Soft Contract channel, as just mentioned).

DEXELANCE: A MIX OF VALUES AND A SIGN OF INTERNATIONAL VOCATION

DEXELANCE

With a management press conference on March 21st, IDB announced the rebranding of the group. The new name, which will be approved by the shareholders' meeting on April 22nd, is ***Dexelance***, and compared to the current Italian Design Brands name, it aims to express more:

- **The international vocation of the group,** not only in terms of business (already about 74% of turnover outside Italy) but also **in terms of aggregation opportunities**. As already indicated in the IPO, in fact, a significant number of potential M&A targets the group has identified are represented by foreign companies, both of similar size to the average of the group's companies (€ 25-30m) and of a larger size. In particular, as already anticipated at the time of the IPO, interesting opportunities could emerge in the Scandinavian, Spanish and North American markets. In terms of product segment, management confirmed its interest in the categories already covered but also in new segments such as outdoor furniture, bathroom furniture and the world of surfaces;

- **The identity of the group**, not only with regards to the values it embodies and that are encapsulated in the new name (**design, elegance, excellence**) but also to the mission it represents, being an **industrial project for the aggregation of excellence companies** and not simply a holding company. In fact, the new Dexelance brand will allow the group to leverage a brand positioning at an aggregate level to further support the individual brands of the subsidiaries, with positive impact in the dialogue with distribution partners, both in Italy and – even more so – abroad.

During the event, Giovanni Tamburi, representing Tamburi Investment Partners (majority shareholder through the vehicle Investindesign, controlling 48% of share capital), reiterated the long-term perspective of the investment in the group and the strong confidence in this project of aggregation of excellence companies in high-end furniture, with a potential target of € 1bn revenues.

We see the initiative as strategically opportune, and it implicitly supports the expectation of an overseas and/or transformational acquisition starting in 2025.
In the meanwhile, as reiterated during the post-results conference call, management remains committed to another non-transformational deal in 2024, as per the group's track-record of at least one acquisition per year.

2024 ESTIMATES: A CONSOLIDATION YEAR

The day after results publication, we had raised our 2024 revenue estimate by 1% (thanks to the slight surprise on the FY23 sales number), confirming growth at +1%.
We also trimmed adj. EBITDA by 1% to allow for the above-mentioned initiatives to support top line growth. This translated into a 5% cut in adj. net profit, including a fine-tuning on financial charges and taxes (adj. tax rate at 29% vs. prev. 28%).

Our 2024 estimates factor in:

- **Flattish organic revenues in the Residential segment**, as a result of a slightly negative trend in Furniture (-2% YoY) and a MSD growth in Lighting and Kitchen, **with an only marginal dilution of EBITDA margin** (to 17.4% in FY24E from 17.7% in FY23), linked to some operating deleverage in the softer Furniture segment and to higher investments in the Lighting segment (additional marketing/distribution/selling costs for Davide Groppi). We note in fact in this respect that we have perceived a disciplined approach by management, with the intention to push on these costs only as long as revenues respond with the expected acceleration, thus avoiding any material impact on profitability;
- **Flattish revenues also in the Luxury Contract segment**, with also a flat profitability;
- **Small growth in the "Other" segment** (€ 3m exp. in FY24E from € 1m in FY23), which includes the business generated by the group's foreign subsidiaries (net of intercompany eliminations), and where we expect a growing contribution in particular from the US subsidiary.

CHANGE IN ESTIMATES (applied on March 12th) - € mn

			CURRENT						PREVIOUS						Change		
	FY23		FY24E	%	FY25E	%	FY26E	%	FY24E	%	FY25E	%	FY26E	%	2024	2025	2026
Sales	311	100%	314	100%	332	100%	349	100%	310	100%	328	100%	346	100%	1%	1%	1%
	17%		1%		6%		5%		1%		6%		5%				
Ebitda adj	54	17.5%	53	17.0%	58	17.4%	61	17.6%	54	17.3%	59	17.9%	63	18.2%	-1%	-2%	-2%
	11%		-2%		9%		6%		-1%		10%		7%				
Ebit adj	42	13.6%	41	13.1%	45	13.5%	48	13.7%	42	13.4%	46	14.0%	49	14.3%	-1%	-3%	-3%
	5%		-3%		9%		6%		-1%		11%		7%				
Net profit rep	26	8.3%	16	5.1%	19	5.8%	24	7.0%	17	5.6%	21	6.3%	26	7.5%	-7%	-8%	-6%
	-613%		-38%		19%		27%		26%		20%		25%				
Net profit Adj	26	8.2%	25	7.9%	28	8.5%	30	8.6%	26	8.4%	30	9.0%	32	9.2%	-5%	-5%	-6%
	0%		-3%		13%		7%		0%		14%		8%				
NFP	-121		-101		-77		-53		-110		-83		-50				

Source: Equita SIM estimates and Company data

IDB GROUP: SALES ESTIMATES BY SEGMENT (€ mn)

			CURRENT (as of March 12th)						PREVIOUS					
	FY23		FY24E	%	FY25E	%	FY26E	%	FY24E	%	FY25E	%	FY26E	%
Furniture	138	44%	135	43%	144	43%	151	43%	132	43%	141	43%	148	43%
YoY growth	18%		-2%		6%		5%		-2%		6%		5%	
organic	*-7%*		*-2%*		*6%*		*5%*		*-2%*		*6%*		*5%*	
Lighting	31	10%	33	10%	35	11%	37	11%	33	10%	35	11%	37	11%
YoY growth	20%		5%		7%		6%		5%		7%		6%	
organic	*3%*		*5%*		*7%*		*6%*		*5%*		*7%*		*6%*	
Kitchen	55	18%	58	18%	60	18%	63	18%	59	19%	61	19%	64	19%
YoY growth	1%		4%		4%		4%		4%		4%		5%	
organic	*1%*		*4%*		*4%*		*4%*		*4%*		*4%*		*5%*	
Total residential	225	72%	226	72%	239	72%	251	72%	224	72%	237	72%	250	72%
YoY growth	14%		0%		6%		5%		0%		6%		5%	
organic	*-4%*		*0%*		*6%*		*5%*		*0%*		*6%*		*5%*	
Luxury contract	85	27%	85	27%	90	27%	95	27%	85	28%	91	28%	96	28%
YoY growth	25%		0%		6%		5%		3%		6%		5%	
organic			*0%*		*6%*		*5%*		*3%*		*6%*		*5%*	
Others	1		3		3		3		1		1		1	
Total	311	100%	314	100%	332	100%	349	100%	310	100%	328	100%	346	100%
YoY growth	17%		1%		6%		5%		1%		6%		5%	
organic	*4%*		*1%*		*6%*		*5%*		*1%*		*6%*		*5%*	

Source: Equita SIM estimates and Company data

In terms of reported numbers, following few days ago publication of the FY23 annual report, we have also further fine-tuned our estimates for non-recurring items (namely with slightly higher figurative financial costs on the debt for put options/earn out), leading to an estimated reported net profit 7-8% lower than our pre-results expectations.

IDB: CASH GENERATION 2023-26E (€ mn)

	2023	2024E	2025E	2026E
Net profit pre-minorities	26	16	19	24
Depreciations ex leases	14	14	14	15
Other non-cash items	-8	6	6	1
Change in Net Working Capital (organic)	-15	-2	-1	-1
Capex	-8	-8	-8	-9
Others	-2	0	0	0
Free Cash Flow (a)	7	26	30	30
Acquisitions	-18	0	0	0
Exercise of put options	-31	0	-7	-54
Earn out payment/phantom shares	-11	-8	0	-16
Disposals	0	0	0	0
(Distribution of Dividends)	0	0	0	0
Capital Increase	69	0	0	0
Change in cash	16	18	23	-40
Adj. EBITDA ex-IFRS16 (b)	48	47	52	55
Total FCF Conversion = (a) / (b)	15%	55%	58%	54%

Source: Company historical data, forecasts independently elaborated by Equita SIM

DCF VALUATION

Following our estimate revision, our target remained unchanged at €14.6 ps, with the estimate adjustment offset by the decline in interest rates.

ASSUMPTIONS	
g	2.0%
WACC	9.5%

VALUATION (€ mn)	
NPV of Free Cash Flows	134
NPV of Terminal Value	346
Estimated Enterprise Value	480
2023 NFP ex-leases	-88
Total Equity	393
# of shares (mn)	27
Target Price (€, ps)	14.6

DCF (€ mn)

	2024E	2025E	2026E	2027E	2028E	Perpetuity
Sales	314	332	349	366	385	392
Change	*1.0%*	*5.9%*	*5.1%*	*5.0%*	*5.0%*	*2.0%*
EBITDA excl. IFRS16 after provisions	47	52	55	59	62	62
Change	*-2.1%*	*9.8%*	*6.7%*	*6.8%*	*5.6%*	*-1.1%*
Margin %	15.0	15.6	15.8	16.1	16.2	15.7
D&A excl. Right of Use assets	-7	-8	-8	-9	-9	-9
EBIT excl. IFRS16	40	44	47	50	53	53
Change	*-2.6%*	*10.5%*	*7.0%*	*7.1%*	*5.8%*	*-1.5%*
Margin %	12.7	13.3	13.5	13.8	13.9	13.4
Taxes	-12	-13	-14	-14	-15	-15
EBIT excl. IFRS16 post Tax	28	31	34	36	38	37
Change	*-1.9%*	*11.3%*	*7.0%*	*7.1%*	*5.8%*	*-1.5%*
Capex and other investments	-8	-8	-9	-9	-10	-9
(increase) decrease in WC	-2	-1	-1	-1	-1	-1
Free Cash Flow before minorities	26	30	32	34	37	36
FCF Minorities						
Free Cash Flow after minorities	26	30	32	34	37	36
Discount Factor	0.98	1.07	1.17	1.28	1.41	1.41
PV of FCF	27	28	27	27	26	26
Tax rate	29%	29%	29%	29%	29%	29%

Source: Equita SIM estimates and company data

DFCF SENSITIVITY (€ PS)

		PERPETUITY GROWTH		
		1.5%	2.0%	2.5%
	9.0%	14.8	15.8	16.9
WACC	9.5%	13.7	14.6	15.6
	10.0%	12.8	13.5	14.4

Source: Equita SIM estimates

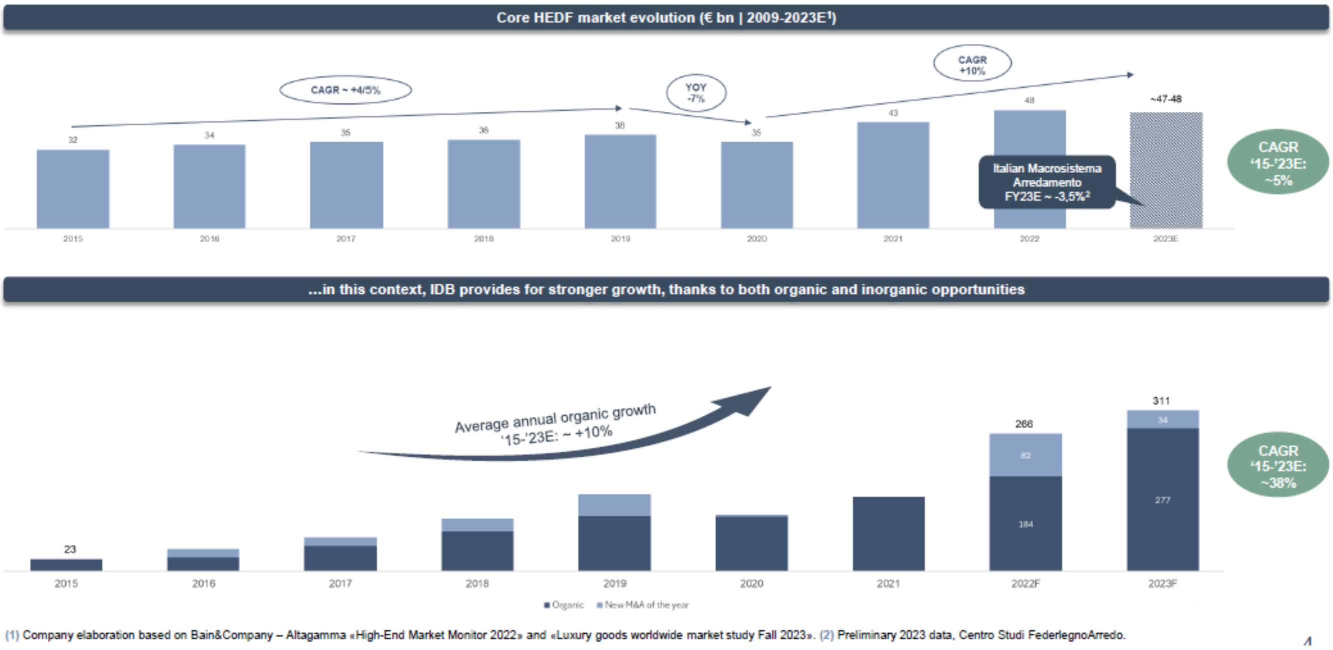
IDB MULTIPLES AT OUR TARGET PRICE (x)				
	Adj. PE	Adj. EV/EBITDA	Adj. EV/EBIT	FCF Yield
2024E	15.8	9.3	12.0	6.6%
2025E	14.0	8.1	10.4	7.6%
2026E	13.0	7.3	9.3	7.6%

Source: Equita SIM estimates

ATTRACTIVE VALUATION FOR SOLID FUNDAMENTALS AND M&A POTENTIAL

Even in a weakening macroeconomic environment, IDB has confirmed its ability to outperform the market; this reaffirms the group's solid positioning and business model, which should allow IDB to navigate also a still soft market context at least in the first half of 2024.

IDB GROUP FY23 RESULTS (€ K)



Source: Company FY23 presentation
(1) Data prepared including 12 months of Gamma, Flexalighting N.A. and Cubo Design, despite exact acquisition date (June 2022, May 2022, January 31st 2023).
(2) Proforma data, prepared including 12 months of Turri and Axolight, despite exact acquisition date (July 18, 2023, and September 29, 2023).

Since its IPO the group has also confirmed its M&A track-record, namely with the recent acquisition of Turri (September 2023), a highly complementary business in terms of channels and geographies, with solid profitability of 14% (although dilutive in the short term), at a price of ca. 7x EV/EBITDA, in line with group's past deals and with its guidelines for external growth. **Last but not least, IDB is delivering on its strategy of accelerating growth at acquired companies,** as proven by the recent developments on the US market with the new showrooms, or by the progress made by the kitchen company Cubo in pushing its highest-end brand Binova, as well as by the heightened efforts to support growth at Davide Groppi.

IDB is one of the few listed companies offering exposure to the high-end design furniture market, a market featuring structural growth, with healthy profitability and opportunities for consolidation. **The stock is trading at 9x EV/EBIT and 10.8x Adj. PE, very attractive valuations** compared to other foreign-listed furniture companies (11x median EV/EBIT) with a weaker market positioning, a less diversified business model, lower profitability and a still contrasted newsflow (with the exception of Steelcase and Fagerhult).

FURNITURE PEERS – MARKET MULTIPLES (*)

	Last price	Mkt Cap €	EV/EBITDA 2024E	EV/EBITDA 2025E	EV/EBIT 2024E	EV/EBIT 2025E	Adj. P/E 2024E	Adj. P/E 2025E	FCF Yield 2024E	FCF Yield 2025E
HNI CORP	44.1	1,919	7.3	n.a.	11.2	n.a.	15.2	n.a.	7%	9%
MILLERKNOLL	26.0	1,756	7.3	n.a.	11.7	n.a.	12.6	n.a.	11%	10%
STEELCASE	13.0	1,380	6.0	5.3	10.1	8.8	14.3	12.1	6%	9%
NOBIA AB	4.5	155	6.1	4.2	39.1	13.4	-25.1	12.2	20%	35%
MASTERBRAND	18.1	2,129	7.4	n.a.	8.8	n.a.	12.3	n.a.	n.a.	n.a.
LA-Z-BOY INC	35.8	1,416	n.a.	n.a.	10.8	9.6	12.3	11.3	7%	7%
FAGERHULT AB	73.0	1,118	10.3	9.3	14.5	n.a.	18.4	n.a.	7%	7%
Average			7.4	6.3	15.2	10.6	8.5	11.9	10%	13%
Median			7.3	5.3	11.2	9.6	12.6	12.1	7%	9%
IDB	9.9	268	7.1	6.2	9.3	7.9	10.8	9.5	10%	11%

Source: Equita SIM elaborations on Bloomberg consensus (*) peers' prices as of April 2, 2024

FURNITURE PEERS – FINANCIAL METRICS

	Segment	2023 sales	Sales growth 2024E	Sales growth 2025E	EBIT margin 2024E	EBIT margin 2025E	Adj. Net Income growth 2024E	Adj. Net Income growth 2025E	FCF/EBITDA 2024-25E	D/EBITDA 2023
HNI CORP	Office	2,264	10% (*)	n.a.	8%	n.a.	18%	n.a.	51%	1.1
MILLERKNOLL	Mainly Office	3,580	-5%	n.a.	7%	n.a.	10%	n.a.	47%	2.9
STEELCASE	Office	2,942	3%	3%	5%	5%	6%	18%	38%	0.8
NOBIA AB	Kitchens	1,184	-17%	10%	1%	3%	-66%	-306%	43%	6.3
MASTERBRAND	Kitchens	2,521	-1%	n.a.	12%	n.a.	2%	n.a.	51%	1.9
LA-Z-BOY INC	Upholstery	1,963	-3%	n.a.	7%	8%	-4%	9%	57%	0.8
FAGERHULT AB	Lighting	732	2%	n.a.	11%	12%	14%	12%	63%	1.7
Average			-1%	7%	7%	7%	-3%	-67%	50%	2.2
Median			-1%	7%	7%	6%	6%	11%	51%	1.7
IDB		311	1%	6%	13%	14%	-3%	13%	56%	2.2

*Source: Equita SIM elaborations on Bloomberg and Factset consensus *D/EBITDA incl. IFRS16 (vs. 1.8x ex-IFRS16) (*) LSD growth organic, i.e. excluding Kimball acquisition*

STATEMENT OF RISKS FOR ITALIAN DESIGN BRANDS

The primary elements that could **negatively** impact the stock include:

- Worsening macroeconomic context;
- Deterioration of the real estate market;
- Greater competition in M&A within the sector;
- Difficulties in integrating acquired companies, namely in the case of bigger or foreign targets;
- Higher than expected corporate costs to successful manage a growing number of portfolio companies;
- Rising raw material costs affecting short-term profitability;
- Exit of top management.

P&L - €mn	2021	2022	2023	2024E	2025E	2026E
SALES Rep	144	266	311	314	332	349
Growth	30.8%	84.8%	16.6%	1.0%	5.9%	5.1%
EBITDA Rep	22.7	44.4	51.6	53.3	57.9	61.4
Growth	51.3%	95.6%	16.3%	3.3%	8.6%	6.0%
Margin	15.7%	16.7%	16.6%	17.0%	17.4%	17.6%
D&A	-8.1	-14.0	-18.6	-18.7	-19.4	-20.1
EBIT Rep	14.6	30.4	33.0	34.6	38.5	41.3
Growth	111.9%	107.5%	8.5%	4.9%	11.2%	7.4%
Margin	10.2%	11.4%	10.6%	11.0%	11.6%	11.8%
Net Interest Charges	-3.4	-3.5	-4.7	-4.8	-4.3	-4.3
Financial Expenses	0.1	-27.4	1.8	-11.7	-11.2	-6.5
Non Recurrings	4.0	-22.7	7.7	-5.7	-5.7	-1.0
PBT Rep	14.8	3.0	34.8	22.9	27.3	34.8
Growth	180.5%	-79.7%	1060.0%	-34.1%	19.1%	27.4%
Income Taxes	-3.4	-8.0	-9.1	-6.9	-8.2	-10.4
Tax rate	29.4%	31.2%	29.7%	29.5%	29.5%	29.5%
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Net Income Rep	11.4	-5.0	25.7	16.1	19.1	24.4
Growth	29.3%	n.m.	n.m.	-37.4%	19.1%	27.4%
Margin	7.9%	-1.9%	8.3%	5.1%	5.8%	7.0%
Net Income Adj	13.0	25.5	25.6	24.8	28.1	30.2
Growth	128.5%	95.8%	0.4%	-2.9%	13.3%	7.2%
Margin	9.0%	9.6%	8.2%	7.9%	8.5%	8.6%

CF Statement	2021	2022	2023	2024E	2025E	2026E
FFO	17.1	28.9	31.6	35.5	39.0	39.9
Chg. in Working Capital	11.6	-11.1	-17.1	-1.6	-1.1	-1.2
NCF from Operations	28.7	17.8	14.5	33.9	37.9	38.7
CAPEX	-2.7	-2.0	-7.5	-8.0	-8.0	-8.7
Financial Investments	-11.0	-45.0	-59.7	-7.6	-7.3	-70.3
NCF from Investments	-13.7	-47.0	-67.2	-15.6	-15.3	-79.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Capital Increases	0.0	0.0	68.6	0.0	0.0	0.0
CHG IN NFP	15.0	-29.2	16.0	18.3	22.6	-40.3

Source: Company data and Equita SIM estimates

INFORMATION PURSUANT TO EU REGULATION 2016/958 supplementing Regulation EU 596/2014 (c.d. MAR)

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In the past EQUITA SIM has published studies on Italian Design Brands

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Date	Rec.	Target Price	Risk.	Comment
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September 12, 2023	Buy	16.50	High	-
June 26, 2023	Buy	16.80	High	initiation of coverage

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