Data produzione: 24 Settembre 2019 - h 18.30 | Data pubblicazione: 25 Settembre 2019 - h 7.00

FOPE | *Italy* | *FTSE AIM Italia* | *Luxury Jewelry*

Rating: BUY (unch.) | Target Price: €9,63 (prev. €10,24) | Update | Risk: Medium

Stock performance	1M	3M	6M	1Y
absolute	0,00%	2,05%	9,73%	7,19%
to FTSE AIM Italia	-0,54%	12,13%	18,00%	22,87%
to FTSE STAR Italia	-5,64%	1,09%	8,20%	14,99%
to FTSE All-Share	-5,83%	-0,76%	6,45%	6,14%
to EUROSTOXX	-6,20%	-0,42%	2,44%	3,36%
to MSCI World Index	-4,73%	1,34%	4,62%	6,99%

Stock Data	
Price	€ 7,45
Target price	€ 10,00
Upside/(Downside) potential	34,2%
Bloomberg Code	FPE IM EQUITY
Market Cap (€m)	37,25
EV (€m)	37,35
Free Float	13,00%
Share Outstanding	5.000.200
52-week high	€ 8,35
52-week low	€ 5,95
Average daily volumes (3m)	2.534

Key Financials (*€m*)	FY18A	FY19E	FY20E	FY21E
Sales	31,3	33,5	36,0	38,8
EBITDA	6,1	6,5	7,2	8,1
EBIT	5,0	5,1	5,8	6,6
Net Profit	3,3	3,5	3,9	4,5
EPS (€)	0,67	0,71	0,78	0,89
EBITDA margin	19,5%	19,4%	20,1%	20,8%
EBIT margin	15,9%	15,2%	16,2%	17,1%

Main Ratios	FY18A	FY19E	FY20E	FY21E
EV/EBITDA (x)	6,1	5,8	5,2	4,6
EV/EBIT (x)	7,5	7,3	6,4	5,6
P/E (x)	11,1	10,5	9,6	8,3

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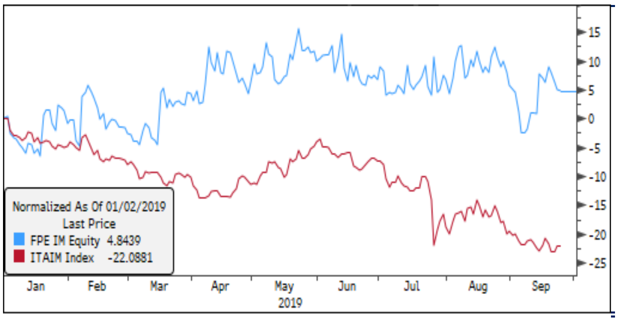
Stocks performance relative to FTSE AIM Italia



1H19A Results

I risultati del 1H19A sono stati positivi, in leggera crescita rispetto allo stesso periodo dell'esercizio precedente. Fope ha fatto registrare una crescita sul fatturato dell'1,6% YoY, passando da ca. €15,3 mln a €15,5 mln, ma tale tasso di crescita risulta essere più basso rispetto alle nostre stime sull'intero esercizio. Il *management* ci segnala un lieve rallentamento sul mercato anglosassone, che si prevede possa però recuperare nella seconda metà dell'anno. Importante la conferma di marginalità, con un *EBITDA Margin* pari al 20,7% del fatturato, contro un 20,8% del 1H18.

Estimates Update

Dato il leggero rallentamento verificatosi sulle vendite nel 1H19, abbiamo applicato un *trend* di crescita leggermente più prudenziale, mantenendo pressoché inalterate le altre *assumption* alla base delle stime in termini di marginalità e *working capital*. Stimiamo CAGR 18-22E di ca. 7,6% (contro l'8,6% precedentemente stimato), con *Sales* che passano da €31,26 mln del FY18A a ca. €41,9 mln nel FY22E (vs €43,5 mln).

Valuation Update

Abbiamo condotto la valutazione dell'*equity value* di Fope sulla base della metodologia DCF e dei multipli di un campione di società comparabili. Il *DCF method* (che nel calcolo del WACC include a fini prudenziali anche un rischio specifico pari al 2,5%) restituisce un *equity value* pari a €38,6 mln. L'*equity value,* utilizzando i *market multiples,* risulta essere pari €57,6 mln (includendo un *discount* pari al 25%). Ne risulta un *equity value* medio pari a € 48,1 mln. Il *target price* è quindi di € 9,63 (prev. €10,24). Confermiamo rating BUY e rischio MEDIUM.

1. Economics & Financials

Table 1 – Economics & Financials

CONSOLIDATED INCOME STATEMENT (€/mln)	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E
Sales	28,03	31,26	33,50	36,00	38,80	41,90
Other Revenues	0,35	0,38	0,30	0,30	0,30	0,30
Value of Production	**28,38**	**31,64**	**33,80**	**36,30**	**39,10**	**42,20**
COGS	11,60	11,80	12,70	13,60	14,65	15,80
Change in raw material	(0,66)	(0,75)	(0,80)	(0,85)	(0,90)	(1,00)
Services	10,50	10,80	11,60	12,40	13,25	14,35
Employees	2,64	3,28	3,40	3,50	3,60	3,70
Provisions	0,06	0,07	0,07	0,07	0,08	0,08
Other Operating Expenses	0,30	0,35	0,35	0,35	0,35	0,40
EBITDA	**3,93**	**6,10**	**6,48**	**7,23**	**8,07**	**8,87**
EBITDA Margin	*14,0%*	*19,5%*	*19,4%*	*20,1%*	*20,8%*	*21,2%*
D&A	0,85	1,13	1,40	1,40	1,45	1,50
EBIT	**3,08**	**4,97**	**5,08**	**5,83**	**6,62**	**7,37**
EBIT Margin	*11,0%*	*15,9%*	*15,2%*	*16,2%*	*17,1%*	*17,6%*
Financial Management	0,09	(0,22)	(0,15)	(0,15)	(0,15)	(0,15)
EBT	**3,17**	**4,75**	**4,93**	**5,68**	**6,47**	**7,22**
Taxes	0,84	1,40	1,40	1,80	2,00	2,20
Net Income	**2,33**	**3,35**	**3,53**	**3,88**	**4,47**	**5,02**

CONSOLIDATED BALANCE SHEET (€/mln)	FY17A	FY18A	FY19E	FY20E	FY21E	FY22E
Fixed Asset	**6,89**	**9,30**	**12,40**	**12,50**	**12,55**	**12,55**
Account receivable	7,99	7,93	8,70	9,20	9,80	10,50
Inventories	4,75	5,70	6,15	6,50	7,10	7,50
Account payable	3,57	4,23	4,50	4,75	5,20	5,40
Operating Working Capital	**9,17**	**9,40**	**10,35**	**10,95**	**11,70**	**12,60**
Other Receivable	0,90	1,30	1,40	1,50	1,60	1,70
Other Payable	1,15	1,16	1,22	1,32	1,45	1,55
Net Working Capital	**8,92**	**9,54**	**10,53**	**11,13**	**11,85**	**12,75**
Severance Indemnities & Provision	2,70	2,76	2,84	2,93	3,02	3,11
NET INVESTED CAPITAL	**13,10**	**16,08**	**20,09**	**20,70**	**21,38**	**22,19**
Share Capital	4,75	5,00	5,00	5,00	5,00	5,00
Reserves and Retained Profits	4,84	7,63	9,31	11,07	13,01	15,25
Net Profit	2,33	3,35	3,53	3,88	4,47	5,02
Equity	**11,92**	**15,98**	**17,84**	**19,95**	**22,48**	**25,26**
Cash and Cash Equivalent	3,62	8,02	7,00	9,15	11,45	13,72
Short-Term Financial debt	2,01	2,42	2,75	3,00	3,15	3,25
ML Term Financial Debt	2,79	5,71	6,50	6,90	7,20	7,40
Net Financial Position	**1,18**	**0,10**	**2,25**	**0,75**	**(1,10)**	**(3,07)**
TOTAL SOURCES	**13,10**	**16,08**	**20,09**	**20,70**	**21,38**	**22,19**

CONSOLIDATED CASH FLOW (€/mln)	FY18A	FY19E	FY20E	FY21E	FY22E
EBIT	**4,97**	**5,08**	**5,83**	**6,62**	**7,37**
Taxes	1,40	1,40	1,80	2,00	2,20
NOPAT	**3,57**	**3,68**	**4,03**	**4,62**	**5,17**
D&A	1,13	1,40	1,40	1,45	1,50
Change in receivable	0,06	(0,77)	(0,50)	(0,60)	(0,70)
Change in inventories	(0,95)	(0,45)	(0,35)	(0,60)	(0,40)
Change in payable	0,66	0,27	0,25	0,45	0,20
Change in OWC	**(0,23)**	**(0,95)**	**(0,60)**	**(0,75)**	**(0,90)**
Other Changes	(0,39)	(0,04)	0,00	0,03	0,00
Change in Provision	0,06	0,08	0,09	0,09	0,09
OPERATING CASH FLOW	**4,14**	**4,17**	**4,91**	**5,44**	**5,86**
Investments	(3,55)	(4,50)	(1,50)	(1,50)	(1,50)
FREE CASH FLOW	**0,59**	**(0,32)**	**3,41**	**3,94**	**4,36**
Financial Management	(0,22)	(0,15)	(0,15)	(0,15)	(0,15)
Change in Payable to Banks	3,33	1,13	0,65	0,45	0,30
Change in Equity	0,71	(1,67)	(1,77)	(1,94)	(2,24)
FREE CASH FLOW TO EQUITY (FCFE)	**4,41**	**(1,02)**	**2,15**	**2,30**	**2,27**

Source: Fope and Integrae SIM estimates

1.1 1H19A results

Table 2 – FY18 – Actual vs Forecast

(€/mln)	Sales	EBITDA	EBITDA %	EBIT	Net Income	NFP
1H19	**15,53**	**3,20**	**20,6%**	**2,57**	**1,86**	**3,90**
1H18	15,28	3,16	20,7%	2,65	1,90	0,11
YoY	*1,6%*	*1,3%*	*-0,4%*	*-3,0%*	*-2,1%*	*n.a.*

Source: Fope

I risultati del 1H19A sono stati positivi, in leggera crescita rispetto allo stesso periodo dell'esercizio precedente. Fope ha fatto registrare una crescita sul fatturato dell'1,6% YoY, passando da ca. €15,3 mln a €15,5 mln, ma tale tasso di crescita risulta essere più basso rispetto alle nostre stime sull'intero esercizio (nel precedente report avevamo stimato una crescita YoY pari al 10%).

La Società comunica che il portafoglio ordini è in crescita rispetto a quello del 1H18A e le nuove collezioni presentate ad inizio anno hanno ottenuto un notevole riscontro. I mercati geografici di riferimento fanno mantenere stabili le previsioni di vendita, ad eccezione del mercato anglosassone. Nonostante il moderato rallentamento in tale mercato, il *management* ci segnala di essere confidente di recuperare nella seconda metà dell'anno.

Importante la conferma di marginalità, con un EBITDA *Margin* pari al 20,6% pressoché stabile rispetto al 1H18A.

La crescita di NFP è principalmente imputabile ai nuovi investimenti relativi all'avanzamento dei lavori per l'ampliamento della sede messi in atto nel corso dell'esercizio 2019, e che troveranno più evidente riscontro nei dati annuali di fine esercizio. La NFP ha risentito inoltre dell'effetto della variazione della scorta di oro fino e dell'erogazione di dividendi.

1.2 New estimates FY19E – FY22E

Table 3 – Estimates Updates

€/mln	FY2019E	FY2020E	FY2021E	FY2022E
Sales				
New	**33,5**	**36,0**	**38,8**	**41,9**
Old	34,4	37,5	40,5	43,5
Change	*-2,6%*	*-4,0%*	*-4,2%*	*-3,7%*
EBITDA				
New	**6,5**	**7,2**	**8,1**	**8,9**
Old	7,0	7,9	8,6	9,4
Change	*-7,2%*	*-8,3%*	*-6,4%*	*-5,8%*
EBITDA %				
New	**19,4%**	**20,1%**	**20,8%**	**21,2%**
Old	20,3%	21,0%	21,3%	21,6%
Change	*-4,7%*	*-4,4%*	*-2,3%*	*-2,2%*
EBIT				
New	**5,1**	**5,8**	**6,6**	**7,4**
Old	5,7	6,5	7,2	7,9
Change	*-10,6%*	*-10,0%*	*-7,7%*	*-6,9%*
Net Income				
New	**3,5**	**3,9**	**4,5**	**5,0**
Old	3,9	4,5	5,0	5,6
Change	*-9,0%*	*-13,4%*	*-10,1%*	*-9,9%*
NFP				
New	**2,3**	**0,8**	**(1,1)**	**(3,1)**
Old	1,2	(0,3)	(2,1)	(4,3)
Change	*n.a.*	*n.a.*	*n.a.*	*n.a.*

Source: Integrae SIM

Dato il leggero rallentamento verificatosi sulle vendite nel 1H19A, abbiamo voluto applicare un *trend* di crescita leggermente più prudenziale, mantenendo pressoché inalterate le altre *assumption* alla base delle stime in termini di marginalità e *working capital*.

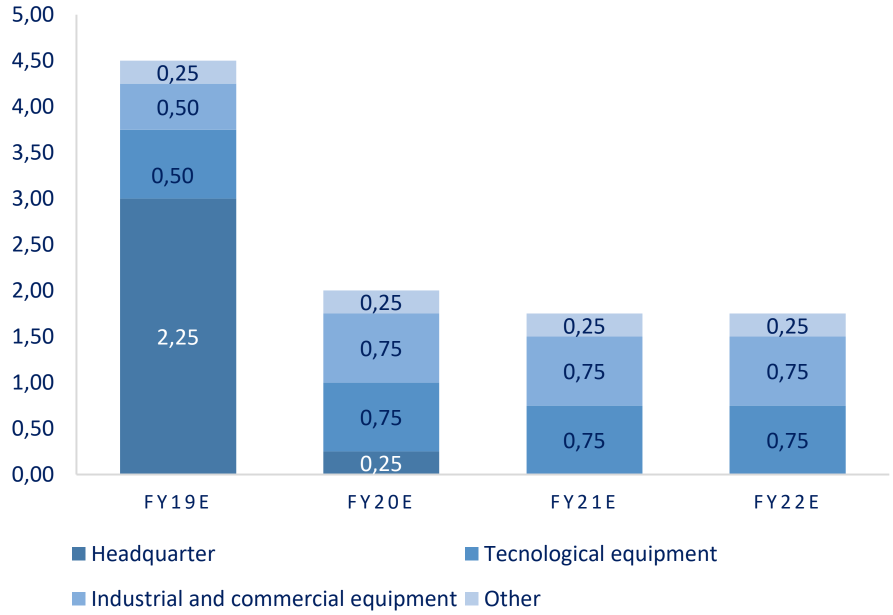
Stimiamo un CAGR 18-22E sui ricavi di ca. 7,60% (contro l'8,61% stimato nel precedente *report*), con *Sales* che passano da €31,26 mln del FY18A a circa €41,9 mln nel FY22E (contro €43,5 mln nel precedente *report*). Abbiamo stimato tale crescita includendo volumi di vendita sempre più rilevanti sui mercati esteri, su tutti: USA, Regno Unito, Germania e Emirati Arabi.

Stimiamo un EBITDA in calo in valore assoluto conseguentemente alla nostra revisione al ribasso dei ricavi e un leggero incremento dei costi per servizi, in particolare di *marketing.* Stimiamo altresì che la marginalità si possa mantenere stabile, in linea con quanto avvenuto nel FY18A.

Stimiamo una NFP in aumento di circa €1 mln a causa dell'aumento degli investimenti (*headquarter* e *technical equipment*).

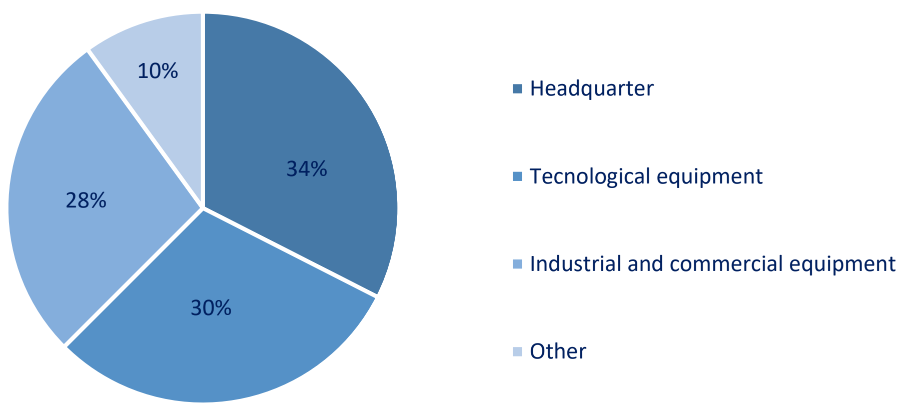
1.3 Investment plan FY19E – FY22E

Chart 3 – Capex Breakdown FY19E-FY22 (year)



Stimiamo €1 mln addizionale di Capex nel FY19E, rispetto a quanto precedentemente preventivato, di cui ca. €0,75 mln di investimenti per l'*headquarter* e i restanti €0,25 mln per *technological equipment.*

Chart 3 – Capex Breakdown FY19E-FY22 (plan period)



Source: Integrae SIM

2. Valuation

Abbiamo condotto la valutazione dell'*equity value* di FOPE sulla base della metodologia DCF e dei multipli di mercato di un campione di società comparabili.

2.1 DCF Method

Table 4 – WACC

WACC			10,06%
Risk Free Rate	0,86%	α (specific risk)	2,50%
Market Premium	9,02%	Beta Adjusted	0,93
D/E (average)	17,65%	Beta Relevered	1,04
Ke	11,71%	Kd	1,00%

Source: Integrae SIM

A fini prudenziali, abbiamo inserito un rischio specifico pari a 2.5%. Ne risulta quindi un WACC di 10,06%

Table 5 – DCF Valuation

DCF Equity Value		38,6
FCFO actualized	9,5	23%
TV actualized DCF	31,4	77%
Enterprise Value	**40,9**	100%
NFP (FY19E)	2,3	

Source: Integrae SIM

Con i dati di cui sopra e prendendo come riferimento le nostre stime ed assumptions, ne risulta un **equity value di €38,6 mln**.

Table 6 – Equity Value - Sensitivity analysis

€/mln		WACC						
		8,6%	9,1%	9,6%	10,1%	10,6%	11,1%	11,6%
Growth rate (g)	2,5%	57,3	52,5	48,4	44,9	41,8	39,0	36,6
	2,0%	53,5	49,3	45,7	42,5	39,7	37,3	35,0
	1,5%	50,3	46,6	43,3	40,5	37,9	35,7	33,6
	1,0%	47,4	44,1	41,2	38,6	36,3	34,3	32,4
	0,5%	45,0	42,0	39,4	37,0	34,9	33,0	31,2
	0,0%	42,8	40,1	37,7	35,5	33,6	31,8	30,2
	-0,5%	40,8	38,4	36,2	34,2	32,4	30,7	29,2

Source: Integrae SIM

2.2 Market multiples

Il nostro panel è formato da società operanti nello stesso settore di Fope, ma con una capitalizzazione maggiore. Queste società sono le stesse utilizzate per il calcolo del Beta per il DCF method.

Table 8 – Peer stock performance

Company Name	1W	1M	3M	6M	YTD
Pandora A/S	-5,5%	-4,5%	31,3%	-4,4%	13,1%
Tiffany & Co.	-3,4%	13,9%	3,1%	-7,9%	16,5%
Compagnie Financiere Richemont	-3,9%	-1,5%	-7,4%	8,9%	23,5%
Kering SA	-0,4%	7,9%	-11,3%	-6,4%	16,6%
LVMH Moet Hennessy Louis Vuitton	0,7%	4,1%	-0,4%	17,8%	47,7%
Hermes International SCA	-0,8%	2,0%	-0,7%	6,9%	32,0%
Median	**-2,1%**	**3,0%**	**-0,5%**	**1,2%**	**20,1%**
FOPE	**-0,7%**	**0,0%**	**2,1%**	**9,7%**	**28,8%**

Source: Bloomberg

Table 9 – Market Multiples

Company name	EV/EBITDA (x)			EV/EBIT (x)			P/E (x)		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Pandora A/S	4,9	5,1	4,5	6,2	6,4	6,2	6,9	6,9	7,0
Tiffany & Co.	10,0	9,3	8,7	13,2	12,3	11,4	17,4	16,2	14,9
Compagnie Financière Richemont SA	13,1	12,0	11,0	17,7	15,8	14,4	22,4	20,1	17,7
Kering SA	10,6	9,8	9,1	12,3	11,2	10,4	17,1	15,3	14,1
LVMH Moet Hennessy Louis Vuitton SE	14,5	13,2	12,3	17,6	16,1	14,9	25,0	22,8	20,6
Hermes International SCA	24,4	22,4	20,5	27,2	25,0	22,8	43,3	39,3	35,3
Peer Median	**11,9**	**10,9**	**10,0**	**15,4**	**14,0**	**12,9**	**19,9**	**18,2**	**16,3**

Source: Infinancials

Table 10 – Market Multiples Valuation

€/mln	2019E	2020E	2021E
Enterprise Value (EV)			
EV/EBITDA	76,83	78,90	81,01
EV/EBIT	78,03	81,66	85,20
P/E	70,34	70,39	73,06
Equity Value			
EV/EBITDA	74,6	78,1	82,1
EV/EBIT	75,8	80,9	86,3
P/E	70,3	70,4	73,1
Equity Value post 25% discount			
EV/EBITDA	55,9	58,6	61,6
EV/EBIT	56,8	60,7	64,7
P/E	52,8	52,8	54,8
Average	**55,2**	**57,4**	**60,4**

Source: Integrae SIM

L'*equity value* di Fope utilizzando i market multiples EV/EBITDA, EV/EBIT e P/E risulta essere pari a circa €76,8 mln. A questo valore, abbiamo applicato uno sconto del 25% in modo da includere nel prezzo anche la minore liquidità di Fope rispetto ai *comparables*, oltre che a una capitalizzazione più bassa. Pertanto, ne risulta un ***equity value* di €57,6 mln**.

3. Equity Value

Table 11 – Equity Value

Average Equity Value (€/mln)	48,1
Equity Value DCF (€/mln)	38,6
Equity Value multiples (€/mln)	57,6
Target Price (€)	**9,63**

Source: Integrae SIM

Ne risulta un *equity value* medio pari a circa €48,1 mln. Il *target price* è quindi di € 9,63 (prev. €10,24). Confermiamo *rating* BUY e rischio MEDIUM.

Table 12 – Target Price Implied Valuation Multiples

Multiples	FY19E	FY20E	FY21E
EV/EBITDA	7,8x	7,0x	6,2x
EV/EBIT	9,9x	8,6x	7,6x
P/E	13,6x	12,4x	10,8x

Source: Integrae SIM

Table 13 – Current Price Implied Valuation Multiples

Multiples	FY19E	FY20E	FY21E
EV/EBITDA	6,1x	5,8x	5,2x
EV/EBIT	7,5x	7,3x	6,4x
P/E	11,1x	10,5x	9,6x

Source: Integrae SIM

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Date	Price	Recommendation	Target Price	Risk	Comment
05/09/2018	7.00	Buy	9.0	Medium	Update
08/04/2019	7.90	Buy	10.24	Medium	Update

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Equity Total Return (ETR) for different risk categories			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ETR >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating and/or target price Under Review		
N.R.	Stock Not Rated		

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