

# CALEFFI

**Positive 9M20 result as Home Fashion shows COVID resilience**

**Revenues in Q3 +32% and upward revision of Management FY20 guidance.** Caleffi Group, market leader in the Italian Home Fashion industry, just released very positive 9M20 revenues results, with total revenues of c. Euro 36.7 m, +3% yoy (Euro 35.7 m in 9M19), and thus closing the gap vs. prior year recorded in 1H20 (-14%) caused by the lockdown months during which the retail and GSS&GDO channels suffered important restrictions.

Based on 9M20 revenues and the order portfolio to be evaded in the next three months, Management updated guidance for FY20 now predicting, in a scenario based on current COVID related restrictions, revenue growth between 8-10% and an increase in adjusted EBITDA (not applying IFRS 16) by c. 100% vs. prior year.

**Positive outlook thanks to revived Home Fashion market.** Management stressed that growth has been driven by the prompt implementation of a containment plan with focus on operating costs and optimization of the supply chain coupled with an increase in market demand following revived interest in Home Fashion. The lockdown has caused a boost in the industry as home and furniture have been brought back to the centre of everyday life. This newfound importance of the domestic sphere coupled with the increased use of online sales channels are likely to outlive the pandemic, with positive implications for the Group in the medium-long term.

**Estimates Revision and Valuation update:** Given the above, we revised our FY20 revenue forecasts now assuming a +10% growth (+4,5% as of our previous estimates), to Euro 54.3 m (Euro 52.0 previously). We maintained our revenue growth and profitability assumptions for FY21-22. Overall, the effect is an average increase in revenues and Net Profit of +3% and +12% respectively.

**Valuation:** Based on our new estimates and our updated DCF and multiples models we revised upwards our target price for Caleffi Group to Euro 2.31 p.s (2.02 previously). Our target price provides for a potential upside vs. current stock price (Euro 0.68 p.s.) of +242%.

## Sector: Personal & Household Goods

Target Price (Euro) 2.31 (2.02 pr)  
Market Price (Euro) 0.68  
Market Cap (Euro m) 11  
EV (Euro m) 31  
*(as of November 17<sup>th</sup>, 2020)*

### Share Data

Market	MTA
Bloomberg/Reuters	CLF.MI / CLF IM
ISIN	IT0003025019
N. of Shares	15.628.081
Free Float	41.57%
Main Shareholder	Giuliana Caleffi 53.1%
CEO	Guido Ferretti

### Estimates

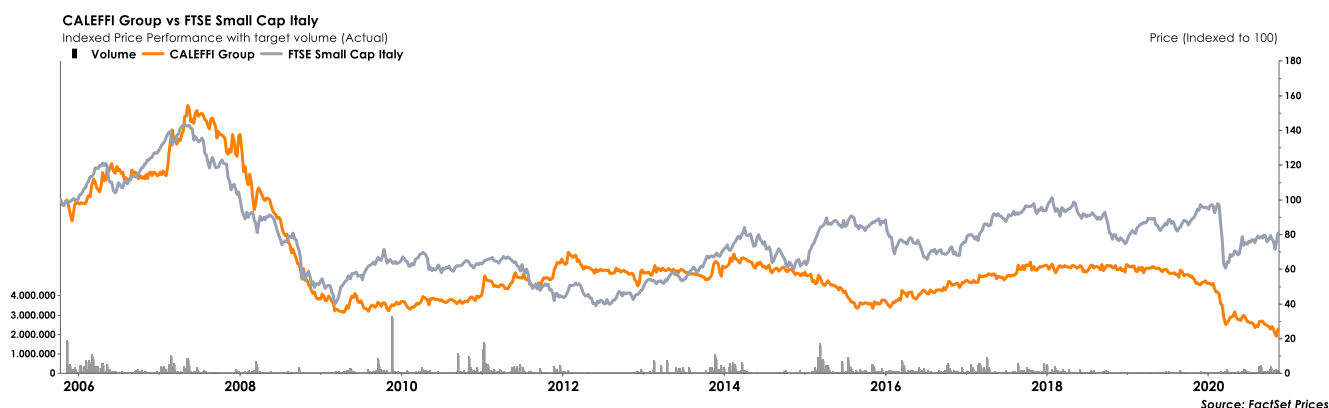
Euro m	FY19A	FY20E	FY21E	FY22E
Revenues	49.8	54.3	55.3	56.9
Revenues YoY	-1.6%	+9.0%	+1.8%	+3.0%
EBITDA	3.6	5.2	5.4	5.8
EBITDA margin	7.1%	9.5%	9.8%	10.1%
EBIT	0.6	2.3	2.4	2.6
EBIT margin	1.1%	4.2%	4.3%	4.5%
Net Profit	(0.0)	1.3	1.3	1.5
Net Debt	18.9	18.4	15.6	12.1

### Performance

	1M	3M	1Y
Absolute	4.7%	3.8%	-45.8%
Relative (TSE Italia STAR)	-1.1%	-0.9%	-42.3%
52-week High/Low (Eu)	1.31 / 0.50		

### IR TOP RESEARCH

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**KEY FIGURES**

<b>Profit&amp;Loss Statement</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Sales	49.8	54.3	55.3	56.9
EBITDA	3.6	5.2	5.4	5.8
EBIT	0.6	2.3	2.4	2.6
Financial Income (charges)	(0.3)	(0.4)	(0.3)	(0.3)
Pre-tax profit (loss)	0.2	1.9	2.1	2.3
Taxes	(0.1)	(0.7)	(0.7)	(0.8)
Minorities	(0.1)	(0.1)	(0.1)	(0.1)
Net profit (loss) Group	(0.0)	1.2	1.2	1.4

<b>Balance Sheet</b>				
Fixed assets	15.8	13.5	11.3	9.0
NWC	19.2	22.1	22.9	23.6
M/L Funds	(2.5)	(2.5)	(2.5)	(2.8)
Net Capital Employed	32.4	33.1	31.7	29.8
Net Debt	18.9	18.4	15.6	12.2
Group Equity	12.9	14.0	15.3	16.7
Minorities	0.6	0.7	0.8	0.9
Net Equity	13.5	14.8	16.1	17.6

<b>Cash Flow</b>				
EBIT	0.6	2.3	2.4	2.6
D&A	1.1	1.2	1.3	1.5
Tax	(0.0)	(0.0)	(0.0)	(0.0)
Other	0.0	0.0	0.0	0.0
Change in M/L Funds	0.2	(0.0)	0.1	0.2
Gross Cash Flow	1.8	3.4	3.7	4.3
Change in NWC	(1.3)	(2.9)	(0.8)	(0.7)
Operating Cash Flow	0.5	0.5	2.9	3.6
Capex	(0.1)	(0.6)	(0.8)	(0.8)
Acquisitions and divestments	0.0	0.0	0.0	0.0
Financial Income (charges)	(0.3)	(0.4)	(0.3)	(0.3)
Free Cash Flow	0.1	(0.5)	1.8	2.5
Change in Equity	(0.1)	0.0	(0.0)	0.0
Change in Net debt	(0.0)	(0.5)	1.8	2.5

<b>Per Share Data</b>				
Current Price	€ 0.68			
Total shares out (mn) without considering treasury shares	15.2			
EPS	(0.00)	0.08	0.08	0.09
DPS	-	-	-	-
FCF	0.01	(0.03)	1.84	2.53
Pay out ratio*				

<b>Ratios</b>				
EBITDA margin	7.1%	9.6%	9.9%	10.2%
EBIT margin	1.1%	4.2%	4.3%	4.5%
Net Debt/Equity (Gearing)	140.0%	124.5%	96.7%	69.2%
Net Debt/EBITDA	5.3x	3.5x	2.9x	2.1x
Interest cover EBIT	1.8x	6.4x	-0.1x	-0.1x
ROE	0.0%	8.3%	8.2%	8.4%
ROCE	2.2%	8.9%		
Free Cash Flow Yield	1%	n.m.	8%	11%

<b>Growth Rates</b>				
Sales	-2%	9%	2%	3%
EBITDA	472%	47%	4%	7%
EBIT	158%	303%	4%	9%
Net Profit	100%	58404%	7%	12%

\*on Caleffi Spa net profit

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Date	Target Price	Market Price	Validity Time
November 18 <sup>th</sup> , 2020	2.31	0.68	12 months
September 22 <sup>nd</sup> , 2020	2.02	0.67	12 months
April 21 <sup>st</sup> , 2020	1.52	0.80	12 months
September 18 <sup>th</sup> , 2019	1.69	1.36	12 months
April 10 <sup>th</sup> , 2019	1.46	1.46	12 months
September 14 <sup>th</sup> , 2018	1.56	1.40	12 months
March 21 <sup>st</sup> , 2018	1.69	1.44	12 months

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