



FY22 results in line with expectations, positive outlook for FY23

Sector: Personal & Household Goods

1H22 revenues and margins above our expectations. CALEFFI Italian leader in the Home Fashion industry, reported FY22 revenues of Euro 59.3 m, in line with our estimates (Euro 60 m) and slightly below prior year's (Euro 60.8 m). The result implied a strong second half of the year with sales of Euro 33.9 m, +7% YoY (Euro 31.6 in 2H21) driven by a good performance especially of the Group's own mono brand stores. Overall, the domestic market (92% of total) recorded sales of Euro 54.5 m, in line with last year (Euro 54.5 m), whereas export markets saw a slight contraction (Euro 4.8 m vs. Euro 6.2 m in FY21). Caleffi SpA recorded revenues of Euro 46.7 m (Euro 46.0 m in FY21) whereas revenues of Mirabello Carrara, the luxury subsidiary, stood at Euro 14.3 m (Euro 16.2 in FY21). EBITDA came in at Euro 6.3 m and with an EBITDA margin of 10.6% vs. 13.2% in FY21, but slightly above the upper end of guidance (8-10%) and our estimates of 9%. We recall that FY21 profitability benefitted from extraordinary COVID-19 related measures. Good performance in the second half of the year with an EBITDA of Euro 3.9 m. Net Income stood at Euro 2.4 m (o/w Group's Euro 2.3 m) vs. Euro 3.4 in FY21 and Euro 1.6 m as of our estimates. Reflecting a Euro 3.5 m NWC absorption, FCFO was almost entirely absorbed by Capex (Euro 1.5 m) resulting in a Net Debt of Euro 12.8 m, steady vs. FY21 (Euro 12.7 m).

To simplify the organizational and corporate structure of the Group, at the end of January, Caleffi announced the acquisition of the outstanding 30% of Mirabello Carrara from the minority shareholder (already shareholder in Caleffi SpA), thus increasing its share to 100%. The total consideration of the deal was of Euro 1.5 m to be paid in cash (Euro 0.9 m) within June 2023 and in Caleffi shares (Euro 0.6 m).

New consumer trends and licence agreements to secure mid-term growth. Management did not provide guidance for FY23 but highlighted that despite the continuous difficult macroeconomic situation with cost inflation negatively impacting consumer spending, the post-Covid work-from-home revolution has reoriented people's budget towards spending on their home bedding products. A large chunk of consumers is spending more time at home, which has consequently upgraded the sleep setup. In addition, the increased awareness of the critical link between good sleep and a healthy mind and body has increased the need for high-quality bedding. In addition, as sustainability is becoming an increasingly important value among consumers and buyers in the home textiles, demand for sustainable products is growing. The positive market context, coupled with the structural improvement of profitability over the last years (average EBITDA margin 2017-2019 c. 4%), the Company's strong ESG profile and the renewal of (Roberto Cavalli and Diesel) and new (Bellora 1883) licence agreements, all support of our mid-term growth expectations and leads us to confirm our positive stance on the stock.

Estimate revision and valuation update. Based on the above we only made some minor adjustments to our FY23-24 estimates and added FY25 to our explicit forecast. In FY25 we expect sales to reach Euro 63 m with an EBITDA margin of 12.5%, and a Net Cash position (Euro 0.3). Updating our valuation model with up-to-date market data and market multiples, we set a target price of Euro 3.25 p.s., largely in line with our previous one (Euro 3.14 p.s.) and providing for an upside on current stock price of 193%. The stock is currently trading on FY 23-24 EV/EBITDA multiples of 4.8x and 4.6x vs. peers' 11.0x and 9.7x.



Target Price 3.25

(3.14 pr.)

Price (€) **1.11**

Market Cap (€ m) **17**

EV (€ m) **30**

Share Data

As of March 31st, 2023

Market	Euronext Growth Milan
Reuters/Bloomberg	CLF.MI/CLF IM
ISIN	IT0003025019
N. of Shares	15,628,081
Free Float	41.7%
Main Shareholder	Giuliana Caleffi Srl (58.3%)
CEO	Guido Ferretti

Financials

	2022A	2023E	2024E	2025E
Sales	59,3	59,9	61,4	62,9
YoY %	-2%	1%	2%	3%
EBITDA	6,3	6,6	7,7	7,9
EBITDA %	10,5%	11,0%	12,5%	12,5%
EBIT	3,7	4,0	5,3	5,5
EBIT %	6,3%	6,7%	8,7%	8,8%
NI Group	2,3	2,9	3,8	4,0
Net Debt	12,8	8,7	4,3	(0,3)
Group Equity	21,7	24,6	28,4	32,4

Performance

	1M	3M	12M
Absolute %	-5,9	8,8	-15,3
Relative (FTSE Italia Growth)	-5,1	0,6	-14,1
52-week High/Low (Eu)	1.38	/	0.94

Sustainability

Sustainability and impact reports provided

Luisa Primi

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KEY FINANCIALS

Profit & Loss Statement	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Sales	56,3	50,6	49,8	56,1	60,8	59,3	59,9	61,4	62,9
EBITDA	2,0	0,6	3,6	7,9	8,0	6,3	6,6	7,7	7,9
EBIT	0,4	(1,0)	0,6	5,0	5,4	3,7	4,0	5,3	5,5
Financial Inc. (ch.)	(0,3)	(0,1)	(0,3)	(0,2)	(0,4)	(0,4)	(0,2)	(0,2)	(0,2)
Pre-tax profit (loss)	0,1	(1,0)	0,2	4,8	5,0	3,3	3,8	5,1	5,3
Taxes	(0,1)	0,2	(0,1)	(1,0)	(1,3)	(0,9)	(1,0)	(1,3)	(1,3)
Minorities	(0,1)	(0,1)	(0,1)	(0,3)	(0,3)	(0,2)	0,0	0,0	0,0
Net profit (loss) Group	(0,1)	(0,9)	(0,0)	3,5	3,4	2,3	2,9	3,8	4,0
Balance Sheet									
Fixed assets	9,9	9,4	15,8	14,6	14,5	13,2	11,8	10,4	9,2
NWC	22,1	17,9	19,2	22,0	21,1	24,7	23,6	24,4	25,0
M/L Funds	(2,4)	(2,3)	(2,5)	(2,2)	(2,0)	(1,9)	(2,0)	(2,0)	(2,0)
Net Capital Employed	29,7	24,9	32,4	34,4	33,6	35,9	33,3	32,7	32,2
Net Debt	14,8	11,4	18,9	17,1	12,7	12,8	8,7	4,3	(0,3)
Group Equity	14,4	13,0	12,9	16,4	19,7	21,7	24,6	28,4	32,4
Minorities	0,4	0,5	0,6	1,0	1,2	1,4	0,0	0,0	0,0
Net Equity	14,8	13,5	13,5	17,3	20,9	23,2	24,6	28,4	32,4
Cash Flow									
Net Profit	(0,0)	(0,8)	0,1	3,8	3,7	2,4	2,9	3,8	4,0
Non Cash Items	1,3	1,2	2,9	2,3	2,2	2,3	2,5	2,3	2,3
Change in NWC	(1,4)	4,2	(1,3)	(2,8)	0,9	(3,6)	1,0	(0,7)	(0,7)
Cash Flow from Operations	(0,1)	4,7	1,8	3,3	6,8	1,1	6,4	5,4	5,7
Capex	(1,8)	(0,7)	(9,1)	(1,5)	(2,3)	(1,1)	(1,0)	(1,0)	(1,1)
Operating Free Cash Flow	(1,9)	3,9	(7,4)	1,9	4,5	0,1	5,4	4,4	4,6
Dividend	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other change in Equity	0,1	(0,5)	(0,1)	(0,0)	(0,1)	(0,1)	(1,4)	(0,0)	(0,0)
Change in Net Debt	(1,8)	3,4	(7,5)	1,9	4,3	(0,1)	4,0	4,4	4,6
Per Share Data									
Current Price	1,11								
Total shares out (mn)	15,4								
EPS	(0,01)	(0,06)	(0,00)	0,23	0,22	0,15	0,19	0,25	0,26
DPS	-	-	-	-	-	-	-	-	-
FCF	(0,12)	0,22	(0,49)	0,12	0,28	(0,00)	0,26	0,29	0,30
Pay out ratio	-	-	-	-	-	-	-	-	-
Ratios									
EBITDA margin	3,5%	1,2%	7,1%	14,1%	13,2%	10,5%	11,0%	12,5%	12,5%
EBIT margin	0,6%	-1,9%	1,1%	9,0%	8,8%	6,3%	6,7%	8,7%	8,8%
Net Debt/Equity (Gearing)	99,9%	84,2%	140,0%	98,5%	60,8%	55,1%	35,6%	15,1%	-0,8%
Net Debt/EBITDA	7,6x	18,4x	5,3x	2,2x	1,6x	2,0x	1,3x	0,6x	0,0x
Interest cover EBIT	1,3x	-14,8x	1,8x	21,6x	-0,1x	-0,1x	-0,1x	0,0x	0,0x
ROE	-0,7%	-7,0%	0,0%	21,4%	17,5%	10,3%	11,6%	13,5%	12,3%
ROCE	1,6%	-4,8%	2,2%	17,5%	19,7%	12,8%	15,0%	20,2%	21,3%
Free Cash Flow Yield	n.m.	20%	n.m.	11%	2%	0%	2%	2%	2%
Growth Rates									
Sales	-5%	-10%	-2%	13%	8%	-2%	1%	2%	3%
EBITDA	-33%	-68%	472%	122%	2%	-22%	5%	16%	3%
EBIT	-73%	-371%	158%	785%	7%	-31%	9%	32%	4%
Net Profit	-119%	-854%	100%	n.a.	-2%	-35%	27%	35%	4%

Key Financials 1H22

Euro m		2022A	2021A	2020A
Sales		59.3	60.8	56.1
	YoY	-2.5%	8.0%	-1.6%
Ebitda		6.3	8.0	7.9
	% on sales	10.6%	13.2%	7.1%
Ebit		3.7	5.4	5.0
	% on sales	6.3%	8.7%	1.1%
Pre-tax Result		3.3	5.0	4.8
Group's Net results		2.3	3.4	3.5
Net Working Capital		24.7	21.1	22.0
Fixed net assets		13.2	14.5	14.6
Funds		(1.9)	(2.0)	(2.2)
Net Capital Employed		35.9	33.6	34.4
Net Debt (Cash)		12.8	12.7	17.0
Group's Equity		21.7	19.7	16.4
Minority Interest		1.4	1.2	1.0
Sources		35.9	33.6	33.7

Source: Group Data

Estimate revision – Euro m

	22E Old	22E New	23E Old	23E New	24 Old	24 New
Revenues	60,0	59,3	60,6	59,9	62,1	61,4
	VoP YoY %	-1,3%	-2,5%	1,0%	1,0%	2,5%
EBITDA	5,4	6,3	6,7	6,6	8,1	7,7
	EBITDA margin	9,0%	10,5%	11,0%	11,0%	12,5%
EBIT	2,7	3,7	3,8	4,0	5,2	5,3
	EBIT margin	4,5%	6,3%	6,3%	6,7%	8,7%
EBT	2,4	3,3	3,6	3,8	4,9	5,1
Group's Net Profit	1,6	2,3	2,5	2,9	3,4	3,8
	Net margin	2,7%	3,8%	4,1%	4,8%	6,3%
	EPS (Eu)	0,11	0,15	0,17	0,19	0,24

Eu m	22E Old	22E New	23E New	23E New	24 Old	24 New
Net working capital (NWC)	25,2	24,7	23,8	23,6	22,7	24,4
Net fixed assets	14,3	13,2	14,1	11,8	13,7	10,4
Funds	-2,1	-1,9	-2,2	-2,0	-2,3	-2,0
Net Capital Employed	37,4	35,9	35,6	33,3	34,2	32,7
Net financial Debt (Cash)	14,8	12,8	10,3	8,7	5,1	4,3
Group Equity	21,3	21,7	23,7	24,6	27,1	28,4
Minorities	1,4	1,4	1,6	0,0	1,9	0,0
Sources	37,4	35,9	35,6	33,3	34,2	32,7

Source: Group Data for 2022 and PMI Capital Research estimates for 2023-2024

Valuation Summary

Method	Weight	Price (Euro)
Market Multiples (FY23-2 E/EBITDA and P/E @ 25% small cap discount)	20%	3.86
DCF	80%	3.10
Target Price	100%	3.25

DCF model

DCF Valuation		
<i>Euro '000</i>		
WACC	8.72%	
Sum of PV 202-2 FCFs	23.3	39%
Discounted terminal value	37.0	61%
Enterprise Value	60.3	100%
Net Debt FY22	12.8	
Equity Value	47.5	
N. of outstanding shares net of own shares (m)	15.3	
Fair Value p.s.	3.10	

Multiples Comparison

In our view Caleffi's peers are other brands active in apparel & home fashion with strong Made in Italy brands. Publicly traded companies belonging to this group are: Aeffe, Brunello Cucinelli, Geox, Moncler, Safilo and Tod's. Aeffe and Safilo are involved in the luxury licence production which is an important part of Caleffi's business model.

Companies	Country	Market Cap	Sales 2022E	Sales YoY 22/21	EBITDA % 2022E	EBIT % 2022E	NI % 2022E
Aeffe	Italia	134	352	8%	12%	1%	0%
Brunello Cucinelli	Italia	6.219	920	29%	29%	17%	11%
Geox	Italia	278	736	21%	13%	4%	2%
Moncler	Italia	17.450	2.603	27%	41%	34%	24%
Safilo	Italia	583	1.077	11%	10%	5%	4%
Tod's	Italia	1.263	1.007	10%	22%	7%	4%
Average		4.321	1.115,6	18%	21%	11%	7%
CALEFFI	ITA		59,3	-2%	11%	6%	4%

Source: FactSet data as of March 31st, 2023 PMI Capital Research estimates for Caleffi

Companies	EV/EBITDA			P/E		
	22E	23E	24E	22E	23E	24E
Aeffe	8,6	8,6	6,7	n.a.	n.a.	25,0
Brunello Cucinelli	20,2	22,8	20,5	77,8	63,2	54,9
Geox	6,6	5,6	4,6	n.a.	18,6	9,3
Moncler	12,6	14,3	12,8	30,0	28,0	24,9
Safilo	7,7	6,7	6,1	11,8	14,8	12,4
Tod's	7,5	8,0	7,2	57,5	34,5	23,7
Average	10,5	11,0	9,7	44,3	31,8	25,0
CALEFFI	3,7	4,8	4,6	5,0	7,7	6,1
Premium/Discount to Peers	-64%	-56%	-53%	-89%	-76%	-76%

Source: FactSet data as of March 31st, 2023 PMI Capital Research estimates for Caleffi

Caleffi Group is market leader in the Italian Home Fashion industry and specialized in high quality home linen products and present in the market with a prestigious portfolio of propriety brands (Caleffi and Mirabello Carrara) and luxury licences (Roberto Cavalli, Trussardi...). With over 55 years of history and 185 employees, the Group is present in over 1000 stores worldwide, of which 17 are monobrand. With an 8.2% market share in FY 2022 Caleffi is the no. 1 player in the Italian market. The Group, closed FY 2022 with revenues of Euro 59 m and an EBITDA of Euro 6 m. At the end of June 2022, the Group counted 145 FTEs.

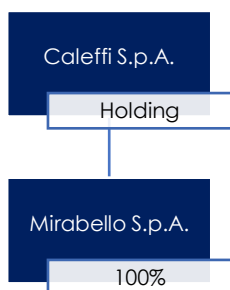
Management

Giuliana Caleffi - Chairman
 Guido Ferretti -CEO and Supply Chain
 Rita Federici – Deputy Chairman
 Raffaello Favagrossa – Products & Market

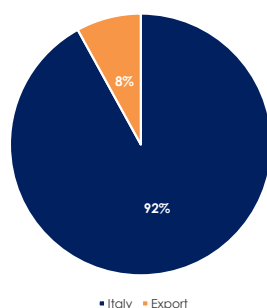
Key Shareholders

Giuliana Caleffi Srl	58.3%
Market	41.7%

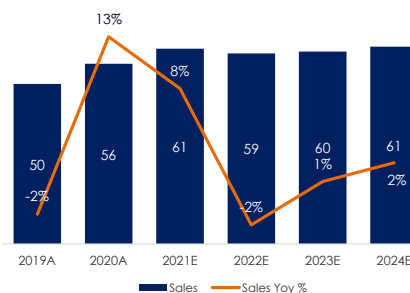
Group Structure



Revenue Breakdown FY21



Revenue growth 19A-25E



Strategy

Caleffi Group's business plan, focuses on four strategic guidelines:

- development and creation of sustainable value over time (commercial development, brand and strategic marketing, product offerings, trade and consumer marketing);
- rationalization of costs along the entire supply chain;
- development of specific sustainability projects;
- redefinition of the organizational structure to support future challenges.
- Management also confirmed intentions to boost growth through M&A.

Portfolio Brands

The Group is present in the market with a prestigious and balanced brand portfolio, which includes:

- Property brands (Caleffi, Mirabello, Carrara and Besana);
- Luxury licences (Roberto Cavalli, Trussardi, and Diesel, Bellora 1883);
- Fashion and teen licences (Sogni di Viaggio, Disney and Marvel).

Investment Case

- **Leader in a highly fragmented market:** with a 8.2% market share, Caleffi (without Mirabello) ranked 1st in the Italian home linen market in 2022.
- **High brand positioning:** the Group enjoys high brand recognition (Caleffi in the medium-high segment and Mirabello in the luxury segment) thanks to a long history of attention to quality and design, affirmed by luxury brands such as Cavalli and Trussardi
- **Flexible production:** significant part of production is outsourced to partners mainly in low labour cost countries in order to be able to quickly adapt to market trends and customer requests and to keep costs down.
- **Multichannel:** the Group operates with a multichannel strategy in Italy and abroad in order to reach all target market segments. The distribution network is capillary with over 1,800 stores in Italy and 400 abroad, in addition to e-commerce (own and through clients).
- **Made-to-order:** production of made-to-order collections for fashion brands, leveraging on its recognition as luxury licence producer. High margin segment and without cost for distribution.
- **Export:** Thanks to high visibility of its licenced brands, the Group is well positioned to target new export markets especially in areas where personal luxury goods market is expected to grow rapidly in the next years (China, UEA).
- **Strong ESG profile:** sustainable products and business model

CALEFFI on Euronext Milan

IPO

Trading Market: Euronext Milan
 Date: October 13th, 2005
 Price: Euro 2.80
 Capital raised: Euro 1.3 m
 Capitalisation: Euro 35 m

SHARES (as of March 31st, 2023)

Code: CLF
 Bloomberg: CLF IM
 Reuters: CLF.MI
 ISIN: IT0003025019
 Shares: 15,628,081
 Price: Euro 1.11
 Capitalisation: Euro 17.3 m
 Market: 41.7%

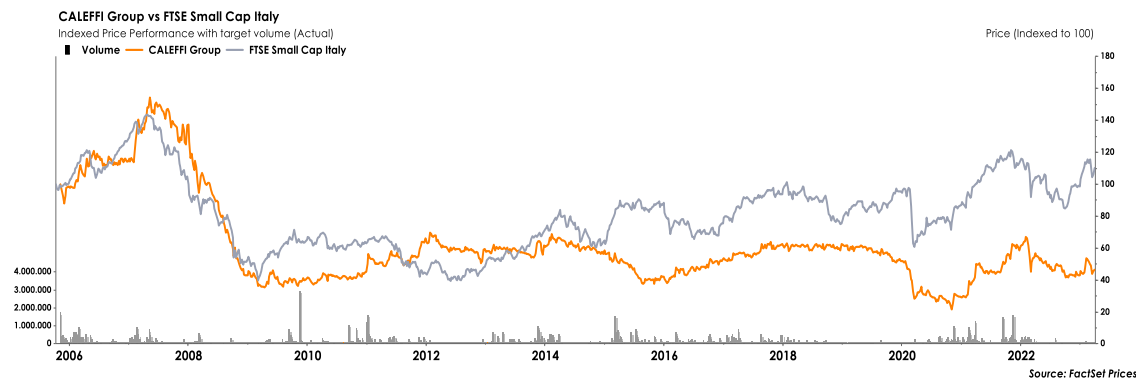
OWNERSHIP

The share capital subscribed and paid up is Euro 8,126,602, made up by n. 15,628,081 ordinary shares. Free float is of 39.9%.

Shareholder	%
Giuliana Caleffi Srl1 (Previously Minerva Srl)	58.3%
Other Shareholders (<5%)	39.9%
Own Shares	1.8%
Total	100.00%

¹ Giuliana Caleffi Srl is a holding company of which the main shareholder (c.95%) is the chairman of the board of Director, Giuliana Caleffi

STOCK PERFORMANCE



DISCLAIMER

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Date	Target Price	Market Price	Validity Time
April, 3 rd , 2023	3.25	1.11	12 months
September 15 th , 2022	3.14	1.18	12 months
February 21 st , 2022	3.35	1.48	12 months
September 20 th , 2021	3.34	1.23	12 months
February 22 nd , 2021	2.68	0.94	12 months
November 18 th , 2020	2.31	0.68	12 months
September 22 nd , 2020	2.02	0.67	12 months
April 21 st , 2020	1.52	0.80	12 months
September 18 th , 2019	1.69	1.36	12 months
April 10 th , 2019	1.46	1.46	12 months
September 14 th , 2018	1.56	1.40	12 months
March 21 st , 2018	1.69	1.44	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM:

Luisa Primi, (Senior Analyst, AIAF Associated)

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