

TALEA GROUP

BUY

Sector: Consumers

Price: Eu6.00 - Target: Eu10.00

2024 Growth Should be Sustained by Solid Fundamentals

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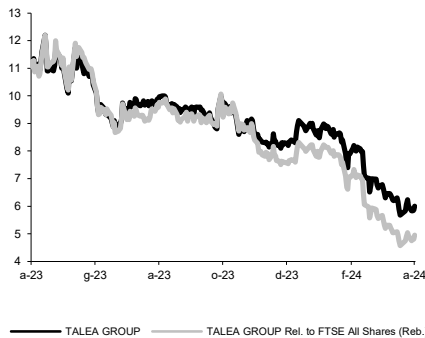
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 11.30 to 10.00		
	2024E	2025E	2026E
Chg in Adj EPS	n.m.	-31.2%	

Next Event

1Q Results Out 23 April

TALEA GROUP - 12M Performance



Stock Data

Reuters code:	TALEA.MI		
Bloomberg code:	TALEA IM		
Performance	1M	3M	12M
Absolute	-11.5%	-29.2%	-46.7%
Relative	-12.8%	-40.2%	-67.4%
12M (H/L)	12.20/5.68		
3M Average Volume (th):	6.90		

Shareholder Data

No. of Ord shares (mn):	7
Total no. of shares (mn):	7
Mkt Cap Ord (Eu mn):	41
Total Mkt Cap (Eu mn):	41
Mkt Float - Ord (Eu mn):	10
Mkt Float (in %):	24.1%
Main Shareholder:	
RIAC Holding S.r.l.	58.6%

Balance Sheet Data

Book Value (Eu mn):	29
BVPS (Eu):	4.25
P/BV:	1.4
Net Financial Position (Eu mn):	-36
Enterprise Value (Eu mn):	77

- 2H profitability in line, reflecting revenue slowdown in 4Q.** On 28 March Talea published FY23 results that were in line with our estimates. The company had already reported preliminary 4Q revenue figures of €29.8mn, down -19% YoY, on 22 February. The slowdown, in line with the reference market performance (Newline data), followed the execution of management's brand repositioning strategy. 2H23 adj. EBITDA came in at €-4.2mn, in line with our €-4.0mn estimate, hit by the slowdown in sales as well as cost inflation. In terms of cash flow, YE23 net debt pre-IFRS 16 was €29.4mn, in line with our €29.0mn forecast, and €14mn higher than at YE22 following the investments undertaken in 2023 (including €15mn of CapEx for the construction of a new logistics centre).
- 2023 reorganisation affected results but will fuel sustainable, long-term growth.** Talea underwent a significant transformation in 2023 (rebranding, new logistics hub, acquisitions of multiple brands). These strategic moves, while denting 2023 results, were necessary to define Talea's area of operation and positioned the company for growth in 2024 (management reported sustained revenue growth in 1Q24). The Group will continue to focus on three key points: 1) Consumer area, through the expansion of existing e-commerce platforms and dynamic, multi-website pricing mechanism; 2) development of the Industrial area with the launch of Talea Media, growing trade-marketing revenues, and the consolidation of the positioning of Valnan; 3) development of new strategies for private label products.
- Industrial Plan update implies sustainable growth.** The Group updated its 2023-2025 Industrial Plan and extended it to 2026, with adj. revenues of €220-240mn, EBITDA at €13-15mn (~6% margin) and net debt of €21-23mn in FY26, and cumulated CapEx of €17-19mn in the period 2024-'26. The revised plan cautiously moved 2025 targets one year forward, consistently with recent trends and implying sustainable medium-term growth, in our view.
- Change in estimates.** We are updating our estimates in light of actual 2023 results and extending our estimates to 2026, coherently with management indications: we see a more gradual revenue and margin growth in 2024 and 2025 to reach in 2026 the lower end of management guidance, i.e. revenues at €221.6mn and EBITDA margin at 5.9%. As for net debt we remain slightly more conservative than management indications, with net debt pre-IFRS 16 at YE26 at €20.7mn.
- BUY confirmed; TP at €10.0.** 2023 was a transformational year for Talea, undermining 2023 results but defining the Group's operational scope and paving the way for a positive 2024. We confirm our investment case on the stock. Talea operates in an attractive market and can consolidate its market share, continuing to buy out small operators, as with its recent acquisitions, and exploit their data traffic through the high-margin Industrial area. We move our target price from €11.3 to €10.00 in light of the new estimates and we confirm our BUY recommendation.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	121	136	169	202	222
EBITDA Adj (Eu mn)	3	-3	4	9	13
Net Profit Adj (Eu mn)	-1	-8	-2	3	5
EPS New Adj (Eu)	-0.139	-1.097	-0.248	0.405	0.777
EPS Old Adj (Eu)	-0.139	-1.092	-0.160	0.589	0.779
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	nm	21.2	8.2	5.4
EV/EBIT Adj	nm	nm	nm	14.4	8.1
P/E Adj	nm	nm	nm	14.8	7.7
Div. Yield	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt/EBITDA Adj	8.5	-12.2	9.9	3.7	2.3

TALEA GROUP – Key Figures						
Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	86	121	136	169	202	222
EBITDA	2	2	-4	4	9	13
EBIT	0	-0	-8	0	5	9
Financial Income (charges)	-0	-1	-2	-2	-1	-1
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	-0	-1	-9	-1	4	7
Taxes	-0	-0	2	-0	-1	-2
Tax rate	295.2%	10.0%	-20.2%	27.0%	27.0%	27.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-0	-1	-8	-2	3	5
EBITDA Adj	3	3	-3	4	9	13
EBIT Adj	0	-0	-8	0	5	9
Net Profit Adj	-0	-1	-8	-2	3	5
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
Total Shares Outstanding (mn) - Average	7	7	7	7	7	7
Total Shares Outstanding (mn) - Year End	7	7	7	7	7	7
EPS f.d	-0.015	-0.139	-1.097	-0.248	0.405	0.777
EPS Adj f.d	-0.015	-0.139	-1.097	-0.248	0.405	0.777
BVPS f.d	5.878	5.811	4.500	4.252	4.657	5.434
Dividend per Share ORD	0.000	0.000	0.000	0.000	0.000	0.000
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	2	1	-4	2	7	10
Change in NWC	-2	-3	3	14	1	1
Capital Expenditure	-1	-4	-15	-5	-6	-6
Other Cash Items	0	0	-1	-1	-2	-2
Free Cash Flow (FCF)	-1	-6	-18	9	1	3
Acquisitions, Divestments & Other Items	-7	0	-0	-2	-1	-1
Dividends	0	0	0	0	0	0
Equity Financing/Buy-back	0	0	-0	0	0	0
Change in Net Financial Position	-11	-7	-17	3	2	4
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	66	71	86	88	90	77
Net Working Capital	-6	-5	-4	-18	-19	-20
Long term Liabilities	-5	-5	-5	-5	-5	-5
Net Capital Employed	54	61	77	65	65	67
Net Cash (Debt)	-14	-21	-39	-36	-34	-30
Group Equity	40	40	31	29	32	37
Minorities	0	0	0	0	0	0
Net Equity	40	40	31	29	32	37
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	211	107	71	41	41	41
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-14	-21	-39	-36	-34	-30
Enterprise Value	225	128	110	77	75	71
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	3.2%	2.1%	nm	2.2%	4.5%	5.9%
EBIT Adj Margin	0.4%	nm	nm	0.2%	2.6%	3.9%
Gearing - Debt/Equity	35.0%	53.9%	126.3%	122.8%	105.3%	79.3%
Interest Cover on EBIT	1.2	nm	nm	0.2	3.7	6.2
Net Debt/EBITDA Adj	5.2	8.5	-12.2	9.9	3.7	2.3
ROACE*	0.9%	-0.1%	-11.2%	0.5%	8.0%	13.1%
ROE*	-0.4%	-2.4%	-21.3%	-5.7%	9.1%	15.4%
EV/CE	6.8	2.2	1.6	1.1	1.1	1.1
EV/Sales	2.6	1.1	0.8	0.5	0.4	0.3
EV/EBITDA Adj	nm	nm	nm	21.2	8.2	5.4
EV/EBIT Adj	nm	nm	nm	nm	14.4	8.1
Free Cash Flow Yield	-3.3%	-14.1%	-42.7%	20.8%	1.7%	6.1%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	30.0%	40.8%	12.8%	23.6%	20.0%	9.6%
EBITDA Adj	349.9%	-7.0%	nm	nm	151.2%	42.4%
EBIT Adj	nm	nm	nm	nm	1336.2%	67.1%
Net Profit Adj	nm	nm	nm	nm	nm	91.8%
EPS Adj	nm	nm	nm	nm	nm	91.8%
DPS						

*Excluding extraordinary items Source: Intermonte SIM estimates

2H23 and FY23 results

Talea Group: 2H23 and FY23 results

(Eu mn)	2H22A	2H23A	YoY	2H23E	A/E %	2022A	2023A	YoY	2023E	A/E %
Consumer Area	62.8	57.6	-8%	57.7	0%	115.0	129.8	13%	129.9	0%
Industrial Area	3.2	3.1	-3%	3.1	0%	5.9	6.5	10%	6.5	0%
Adj. Revenues	66.0	60.8	-8%	60.7	0%	120.9	136.4	13%	136.3	0%
Gross profit	21.3	14.7	-31%	16.3	-10%	38.4	35.9	-6%	37.6	-4%
on adj. revenues	32.3%	24.2%		26.9%		31.7%	26.4%		27.6%	
Adj. EBITDA	0.7	(4.2)	n.m.	(4.0)	5%	2.5	(3.2)	n.m.	(3.0)	7%
on adj. revenues	1.0%	-7.0%		-6.6%		2.1%	-2.3%		-2.2%	
EBITDA	0.3	(5.0)	n.m.	(4.1)	22%	2.1	(3.9)	n.m.	(3.0)	30%
on adj. revenues	0.4%	-8.2%		-6.8%		1.8%	-2.9%		-2.2%	
EBIT	-0.9	-7.5	n.m.	-5.7	32%	-0.1	-7.7	n.m.	-5.9	31%
on adj. revenues	-1.4%	-12.4%		-9.4%		0.0%	-5.6%		-4.3%	
Pretax profit	(1.4)	(8.5)	n.m.	(6.3)	35%	(0.9)	(9.4)	n.m.	(7.2)	31%
Net profit	(1.4)	(6.6)	n.m.	(6.5)	1%	(0.9)	(7.5)	n.m.	(7.5)	0%
Net debt	(21.5)	(38.9)		(38.4)		(21.5)	(38.9)		(38.4)	
Net debt pre-IFRS16	(14.6)	(29.4)		(29.0)		(14.6)	(29.4)		(29.0)	

Source: Company data (A) and Intermonte SIM estimates (E).

Change in estimates

Talea Group: change in estimates (Eu mn)

	NEW			OLD			CHANGE		
	2023A	2024E	2025E	2023A	2024E	2025E	2023A	2024E	2025E
Adj. revenues	136.4	168.6	202.3	136.3	173.4	215.8	0.0%	(2.8%)	(6.3%)
YoY	13%	24%	20%	13%	27%	24%			
organic	8%	7%	20%	8%	10%	24%			
Gross profit	35.9	47.2	59.5	37.6	48.9	62.1	(4.4%)	(3.4%)	(4.2%)
YoY	-6%	31%	26%	-2%	30%	27%			
Gross margin	26.4%	28.0%	29.4%	27.6%	28.2%	28.8%			
adj. EBITDA	(3.2)	3.6	9.1	-3.0	4.0	11.0	n.m.	(9.4%)	(17.2%)
YoY	n.m.	n.m.	151%	n.m.	n.m.	175%			
adj. EBITDA margin	-2.3%	2.2%	4.5%	-2.2%	2.3%	5.1%			
EBIT	(7.7)	0.4	5.2	(5.9)	0.6	6.8	n.m.	(43.3%)	(23.8%)
EBIT margin	-5.6%	0.2%	2.6%	-4.3%	0.4%	3.2%			
Net profit	(7.5)	(1.7)	2.8	(7.5)	(1.1)	4.0	n.m.	n.m.	(31.2%)
Net debt IFRS 16	(38.9)	(35.8)	(33.6)	(38.4)	(33.5)	(29.7)			

Source: Company data (A) and Intermonte SIM estimates (E).

Talea Group: Updated Industrial Plan (Eu mn)

Financials	2023A	2026 Plan			2026E Inte.
		bottom	mid point	up	
Adj. revenue	136.4	220.0	230.0	240.0	221.6
EBITDA	(3.2)	13.0	14.0	15.0	13.0
EBITDA margin	-2.3%	5.9%	6.1%	6.3%	5.9%
Net debt	38.9	21.0	22.0	23.0	29.5

Source: Company guidance and Intermonte SIM estimates (E).

Financials

Talea Group: P&L (Eu mn)

	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Consumer Area	63.4	80.9	115.0	129.8	158.2	188.3	205.7
YoY	74%	28%	42%	13%	22%	19%	9%
Industrial Area	2.6	5.0	5.9	6.5	10.3	14.0	16.0
YoY	119%	90%	18%	10%	58%	36%	14%
Adj. Revenues	66.1	85.9	120.9	136.4	168.6	202.3	221.6
YoY	76%	30%	41%	13%	24%	20%	10%
Gross profit	20.3	27.8	38.4	35.9	47.2	59.5	67.6
YoY	175%	37%	38%	-6%	31%	26%	14%
on adj. revenues	30.8%	32.3%	31.7%	26.4%	28.0%	29.4%	30.5%
Adj. EBITDA	0.6	2.7	2.5	-3.2	3.6	9.1	13.0
YoY	-66%	350%	-7%	<i>n.m.</i>	<i>n.m.</i>	151%	42%
on adj. revenues	0.9%	3.2%	2.1%	-2.3%	2.2%	4.5%	5.9%
EBITDA	0.6	2.0	2.1	-3.9	3.6	9.1	13.0
YoY	-66%	232%	6%	<i>n.m.</i>	<i>n.m.</i>	151%	42%
on adj. revenues	0.9%	2.3%	1.8%	-2.9%	2.2%	4.5%	5.9%
EBIT	(0.8)	0.3	(0.1)	(7.7)	0.4	5.2	8.7
on adj. revenues	-1.2%	0.4%	0.0%	-5.6%	0.2%	2.6%	3.9%
Pretax profit	(1.0)	(0.0)	(0.9)	(9.4)	(1.3)	3.8	7.3
- Taxes	(0.0)	(0.1)	(0.1)	1.9	(0.4)	(1.0)	(2.0)
Net profit	(1.0)	(0.1)	(0.9)	(7.5)	(1.7)	2.8	5.3

Source: Company data (A) & Intermonte SIM estimates (E).

Talea Group: Balance Sheet (Eu mn)

	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Fixed assets	14.1	65.8	70.9	86.3	88.1	90.1	92.0
Net working capital	(1.6)	(6.2)	(4.5)	(4.4)	(17.9)	(19.3)	(20.0)
Provisions	(0.5)	(5.2)	(5.2)	(5.3)	(5.3)	(5.3)	(5.3)
Net capital employed	11.9	54.3	61.2	76.6	64.9	65.4	66.7
Total shareholders' equity	8.6	40.2	39.8	30.8	29.1	31.9	37.2
Net debt IFRS 16	(3.3)	(14.1)	(21.5)	(38.9)	(35.8)	(33.6)	(29.5)
Net debt pre-IFRS 16	3.1	(7.9)	(14.6)	(29.4)	(26.5)	(24.6)	(20.7)

Source: Company data (A) & Intermonte SIM estimates (E).

Talea Group: Cash Flow (Eu mn)

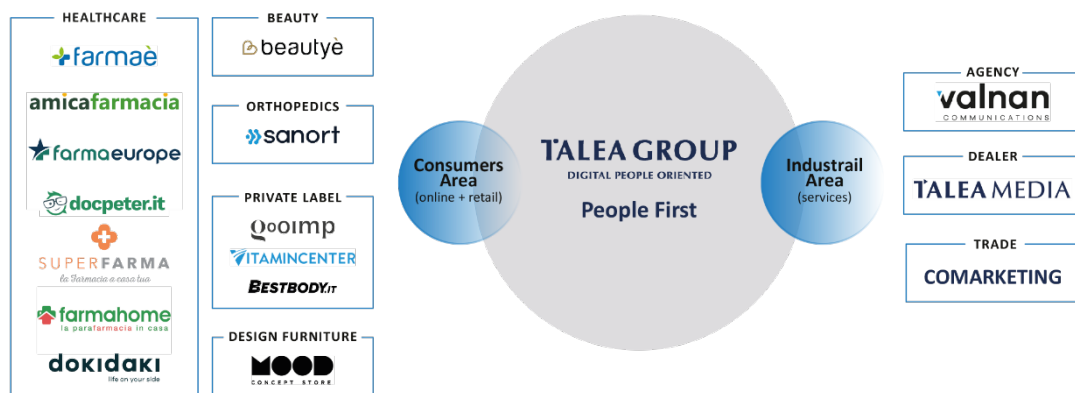
	2020A	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA	0.6	2.0	2.1	(3.9)	3.6	9.1	13.0
D&A right of use	(0.6)	(0.7)	(1.1)	(1.5)	(1.5)	(1.5)	(1.5)
delta NWC	3.9	(1.9)	(2.9)	2.6	13.5	1.4	0.7
Other funds and provisions	0.0)	0.0)	(0.0)	0.1	0.0)	0.0)	0.0)
Operating FCF	4.0	(0.6)	(1.9)	(2.6)	15.7	9.0	12.1
Taxes	(0.0)	(0.1)	(0.1)	1.9	(0.4)	(1.0)	(2.0)
Financial charges	(0.2)	(0.3)	(0.8)	(1.7)	(1.7)	(1.4)	(1.4)
CapEx	(1.7)	(1.1)	(4.1)	(15.0)	(5.1)	(5.9)	(6.2)
FCF	2.0	(2.1)	(7.0)	(17.4)	8.5	0.7	2.5
M&A	(1.2)	(6.9)	0.0)	(0.1)	(2.3)	(1.2)	(1.2)
Dividend paid	0.0)	0.0)	0.0)	0.0)	0.0)	0.0)	0.0)
Capital increase	0.2	0.0)	0.0)	(0.0)	0.0)	0.0)	0.0)
IFRS 16 adj.	(2.2)	(1.9)	(0.4)	(0.0)	(3.1)	2.7	2.7
Change in NFP	(1.1)	(10.8)	(7.4)	(17.4)	3.1	2.2	4.0
NFP BoP	(2.2)	(3.3)	(14.1)	(21.5)	(38.9)	(35.8)	(33.6)
NFP EoP	(3.3)	(14.1)	(21.5)	(38.9)	(35.8)	(33.6)	(29.5)

Source: Company data (A) & Intermonte SIM estimates (E).

2023 repositioning paved the way for profitable growth

Talea Group is the leading digital group in the Italian Health, Wellness and Beauty e-commerce sector. During 2023 the Group underwent a transformation, involving the rebranding to Talea, the launch of a new logistics hub to triple capacity, and four acquisitions.

Talea Group Structure



Source: Company Presentation

This reorganisation paved the way for profitable growth from 2024. In particular, the company's focus is on three key areas.

Consumers area: Market share consolidation with multiple e-commerce platforms

The Group wants to grow organically and fully integrate the new platforms recently acquired, consolidating its market share, and exploiting economies of scale.

Last year Talea acquired numerous brands and associated internet domains. Its strategy revolves around acquiring small e-commerce operators, each catering to a specific customer segment. This minimises overlap (only ~4%) and leverages existing brand loyalty. Acquired platforms benefit from Talea's high-margin products and marketing expertise. This strategic approach expands market share while boosting revenue from acquired platforms, all without sacrificing existing margins. Acquisitions are made through vendor financing: low EV/sales multiples (0.3x average in the last 5 operations) and deferred payment methods (payment due in 5 years on average through periodic instalments) avoid burdening the cash position.

Talea Group: Recent acquisitions

Target	Business Segment	Date	EV (Eu mn)	Sales (Eu mn)	EV/sales
Doc Peter	Health & Wellness e-commerce	26/09/2023	3.3	14.4	0.23x
Farmahome	Health & Wellness e-commerce	13/12/2023	2.0	5.0	0.40x
Superfarma	Health & Wellness e-commerce	13/12/2023	0.3	1.1	0.30x
Best Body	e-commerce of supplements for sport	08/02/2024	1.4	4.0	0.36x
VitaminCenter	e-commerce of supplements for sport	08/02/2024	0.8	2.6	0.33x

Source: Intermonte SIM on company data.

Private Label: Boosting profitability with high-margin products

To elevate the Consumer division's profitability and provide innovative, high-quality offerings, Talea Group strategically acquired three private label brands: Gooimp, Best Body, and VitaminCenter.

Gooimp has an extensive range of products in the supplement, dermo cosmetics and personal care segments. Best Body and VitaminCenter are two references on the Italian market in the sports supplement segment. VitaminCenter boasts 70% of sales from private label products, while the equivalent for Best Body is 30%, but with a target to reach 50%.

Industrial Area: Full development and deployment of Talea Media, Trade-marketing and Valnan

The multi-web site approach feeds data for high-margin media activities. The Group will drive growth and profitability by developing the Industrial area with: 1) the launch of Talea Media, 2) growth of Trade Marketing activities, and 3) consolidation of Valnan's market positioning.

Peer Multiples

We compare Talea to a set of listed companies that have similar business models or which operate in the e-commerce sector. First of all, we consider two European listed online pharmacies: DocMorris and Redcare Pharmacy.

Talea is currently trading at 0.5x/0.4x EV/Sales for 2024E/25E based on our estimates, vs the median value of the European e-Pharma operators (1.2x/0.9x EV/Sales 2024E/2025E).

Talea - Peers' current trading multiples

Company	Currency	Price	Mkt. Cap (Eu mn)	EV/Sales			EV/EBITDA			EV/EBIT		
				24E	25E	26E	24E	25E	26E	24E	25E	26E
Talea (@mkt price, Inte. est.)	EUR	6.00	41	0.5x	0.4x	0.3x	21.2x	8.2x	5.4x	212.2x	14.4x	8.1x
Redcare Pharmacy N.V.	EUR	137.40	2,795	1.2x	1.0x	0.8x	38.7x	22.8x	15.0x	253.4x	53.1x	27.3x
DocMorris Ltd	CHF	81.25	1,141	1.1x	0.9x	0.7x	n.m.	39.9x	17.5x	n.m.	n.m.	n.m.
European e-Pharma - Median				1.2x	0.9x	0.7x	38.7x	31.4x	16.2x	253.4x	53.1x	27.3x
Zalando SE	EUR	26.52	6,995	0.6x	0.5x	0.4x	8.2x	6.5x	5.2x	16.9x	12.1x	8.7x
ASOS plc	GBP	3.42	477	0.2x	0.2x	0.2x	7.1x	3.8x	2.6x	n.m.	55.5x	13.3x
boohoo group Plc	GBP	0.36	537	0.4x	0.3x	n.m.	7.9x	6.0x	n.m.	n.m.	60.4x	n.m.
Boozt AB	SEK	126.20	728	0.9x	0.8x	0.7x	10.7x	9.2x	7.9x	16.4x	13.5x	11.3x
HelloFresh SE	EUR	6.45	1,117	0.2x	0.2x	0.1x	4.2x	3.3x	2.6x	12.7x	7.6x	5.1x
Diversified Online Retailers - Median				0.4x	0.3x	0.3x	7.9x	6.0x	3.9x	16.4x	13.5x	10.0x
L'Oreal S.A.	EUR	418.85	223,970	5.1x	4.8x	4.4x	21.6x	19.8x	18.3x	25.6x	23.3x	21.6x
Estee Lauder Companies Inc. Class A	USD	145.43	48,697	3.6x	3.3x	3.1x	24.9x	17.5x	14.3x	38.4x	23.9x	18.6x
Beauty - Median				4.4x	4.0x	3.7x	23.2x	18.6x	16.3x	32.0x	23.6x	20.1x
Average Selected Peers				1.2x	0.9x	0.7x	23.2x	18.6x	16.2x	32.0x	23.6x	20.1x

Source: Intermonte SIM and FactSet.

Talea in Brief

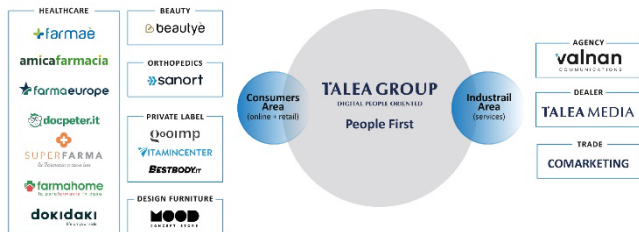
Company description

Talea Group, listed on the EGM market since 2019 and resulting from the rebranding of Farmaè, is the leading digital group in the Italian Health, Wellness and Beauty e-commerce sector. The business model is based on the Consumers area, channelled through the 12 proprietary websites and on the Industrial area where Talea Media and Valnan support companies in enhancing their online presence. The Group bases its identity on digital culture and the ability to evolve business models generating growth.

Strengths/Opportunities

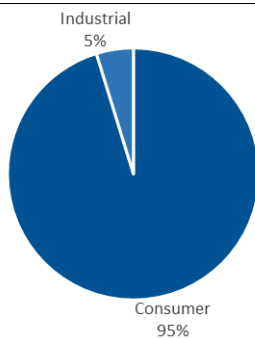
- Leader in the under-penetrated online Italian Health&Pharma market with a multi-brand and multi-site approach
- Highly profiled website audience and large volumes traded position Talea as a strategic partner for industrial brands, while making its websites the ideal framework for companies' advertising
- Accurate customer profiling and vast assortment allows Talea to offer what buyers are looking for, aiding customer retention
- Potential relaxation of regulations will eventually lead to more online sales, higher profitability, and a wider range of products

Talea Group – Company structure



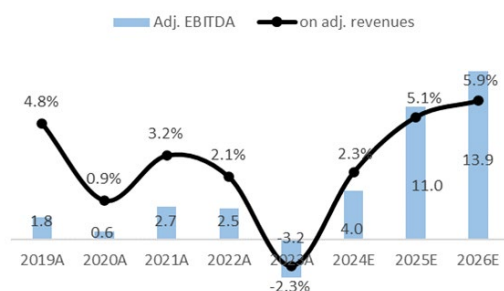
Source: Company presentation.

Talea Group- Adjusted revenues breakdown (Eu mn)



Source: Intermonte SIM on company data.

Talea Group – Adj. EBITDA (Eu mn) and margin (%)



Source: Company data (A) & Intermonte estimates (E).

Management

Chairman&CEO: Riccardo Iacometti
Vice Chairman: Alberto Maglione
CFO: Marco Baroni

Next BoD renewal: 2025
BoD independent members: 1/7

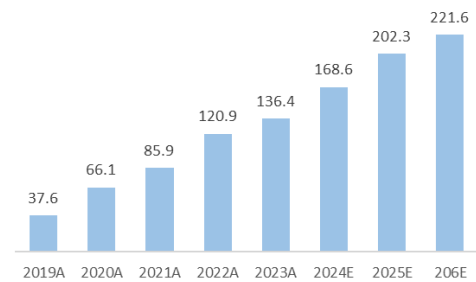
Shareholders

RIAC Holding Srl	58.6%
MDF Srl	17.2%
Riccardo Iacometti	2.92%
Treasury shares	0.12%
Free Float	21.2%

Weaknesses/Threats

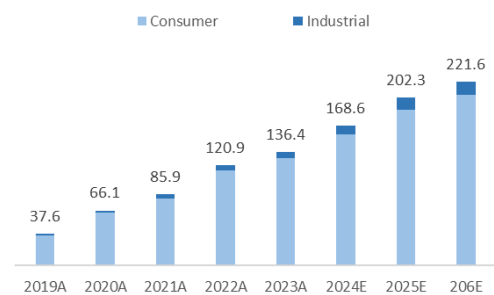
- Narrow geographical diversification and relatively limited size
- Price-wise, the company operates in a very competitive market
- Increasing competition from domestic and foreign/largest players could put pressure on market share and pricing
- Data breaches or cyberattacks might lead to losses or damage the company reputation

Talea Group- Adjusted revenues evolution (Eu mn)



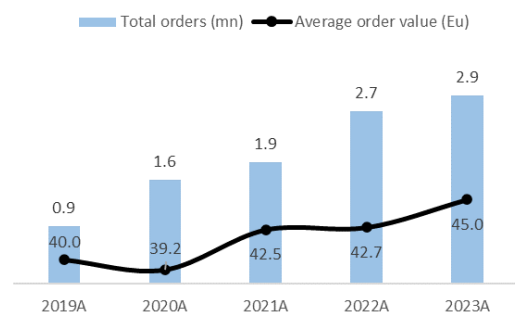
Source: Company data (A) & Intermonte estimates (E).

Talea Group – Consumer and Industrial revenues trend (Eu mn)



Source: Company data (A) & Intermonte estimates (E).

Talea Group - Total orders (mn) and average order value (Eu)



Source: Company data & Intermonte SIM

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	TALEA GROUP		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	10.00	Previous Target (Eu):	11.30
Current Price (Eu):	6.00	Previous Price (Eu):	6.72
Date of report:	12/04/2024	Date of last report:	11/03/2024

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS

Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2024 Intermonte's Research Department covered 116 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (50 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emitente	%	Long/Short
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