

TALEA GROUP

BUY

Sector: Consumers

Price: Eu5.64 - Target: Eu10.00

Rising Sales and Product Launch Support 2024 Growth

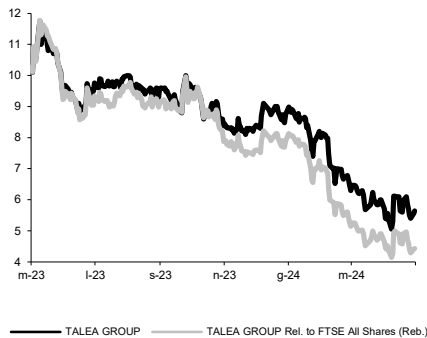
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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

2Q Sales and KPI Out 23 July

TALEA GROUP - 12M Performance



Stock Data			
Reuters code:	TALEA.MI		
Bloomberg code:	TALEA IM		
Performance	1M	3M	12M
Absolute	-6.0%	-29.9%	-48.3%
Relative	-10.0%	-41.5%	-75.0%
12M (H/L)	11.75/5.06		
3M Average Volume (th):	10.69		

Shareholder Data	
No. of Ord shares (mn):	7
Total no. of shares (mn):	7
Mkt Cap Ord (Eu mn):	39
Total Mkt Cap (Eu mn):	39
Mkt Float - Ord (Eu mn):	9
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:	1.3
Net Financial Position (Eu mn):	-36
Enterprise Value (Eu mn):	74

■ **Sharp rise in 1Q24 revenues.** On 23 April, Talea reported revenues and main KPI for 1Q24. In detail: adjusted revenues came to €43.5mn, up +12% YoY and +3% above our estimates; Consumer Area revenues were €41.5mn, +12% YoY, while those for the Industrial Area were €2.0mn, up +11% YoY. The solid result was supported by an increase in orders received (908k, +8% YoY) and products sold (4.53k units, +13% YoY). The KPI imply a higher average order value than the corresponding period in 2023: €45.7 vs €44.2 (+3%). The results were also positive in light of a tough comparison base, as 1Q was the strongest quarter of 2023 (with revenues up +47% YoY). In particular, we highlight the sharp rise in revenues compared to the prior quarter (+46% QoQ), confirming the effectiveness of the new commercial strategy, introduced in the last months of 2023, which is aimed at properly positioning the diversified portfolio of Group brands.

■ **Launch of private label line supporting future margin growth.** On 7 May, the Group announced the launch of a new private label product line under the Farmaè brand. The line is mainly composed of nutritional supplements (currently 36% of Group turnover). The range will not replace the offering on the Group e-commerce platform but expand and complement it. The creation of a new proprietary private label line on the Group's main platform will enable an increase in revenues, higher profitability, and cost optimisation thanks to direct control of production. This translates into the possibility of offering competitive prices on the market without sacrificing profitability, and will boost visibility of the Farmaè brand. We note that the group already offers private label products thanks to e-commerce platforms VitaminCenter and BestBody (acquired last February).

■ **Change in estimates.** In this report we are leaving our estimates unchanged. In our model we see FY24 revenues up +24% YoY. That implies an acceleration in the next quarters, which we consider visible given the much easier comparison base, above all in 2H. During the release of FY23 results, the Group presented the Industrial Plan to 2026, which aims at adj. revenues of €220-240mn, EBITDA at €13-15mn (~6% margin) and net debt of €21-23mn in FY26, and cumulative CapEx of €17-19mn in the 2024-26 period. Our estimates are in line with management indications.

■ **BUY confirmed; TP €10.0 unchanged.** 1Q revenues rose sharply on the previous quarter, showing a change in path and confirming the effectiveness of the recently introduced commercial strategy. 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. The expansion of private label offering will support profitability as well as sales growth. We confirm our BUY recommendation on the stock, with the target at €10.0.

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	-1.097	-0.248	0.405	0.777
DPS (Eu)	0.000	0.000	0.000	0.000	0.000
EV/EBITDA Adj	nm	nm	20.5	7.9	5.3
EV/EBIT Adj	nm	nm	nm	13.9	7.8
P/E Adj	nm	nm	nm	13.9	7.3
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	39	39	39
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-14	-21	-39	-36	-34	-30
Enterprise Value	225	128	110	74	72	68
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	3.2%	2.1%	nm	2.1%	4.5%	5.8%
EBIT Adj Margin	0.4%	nm	nm	0.2%	2.6%	3.9%
Gearing - Debt/Equity	35.0%	53.9%	126.3%	122.9%	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	1.0
EV/Sales	2.6	1.1	0.8	0.4	0.4	0.3
EV/EBITDA Adj	nm	nm	nm	20.5	7.9	5.3
EV/EBIT Adj	nm	nm	nm	nm	13.9	7.8
Free Cash Flow Yield	-3.6%	-15.0%	-45.4%	22.1%	1.8%	6.5%
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	151.3%	42.4%
EBIT Adj	nm	nm	nm	nm	1339.5%	67.0%
Net Profit Adj	nm	nm	nm	nm	nm	91.6%
EPS Adj	nm	nm	nm	nm	nm	91.6%
DPS						

*Excluding extraordinary items

Source: Intermonte SIM estimates

1Q24 revenues and KPIs

On 23 April, Talea reported revenues and main KPI for 1Q24. In detail: adjusted revenues came to €43.5mn, up +12% YoY and +3% above our estimates; Consumer Area revenues were €41.5mn, +12% YoY, while those for the Industrial Area were €2.0mn, up +11% YoY. The solid result was supported by an increase in orders received (908k, +8% YoY) and products sold (4.53k units, +13% YoY). The KPI imply a higher average order value than the corresponding period in 2023: €45.7 vs €44.2 (+3%). The results were also positive in light of a tough comparison base, as 1Q was the strongest quarter of 2023 (with revenues up +47% YoY). In particular, we highlight the sharp rise in revenues compared to the prior quarter (+46% QoQ), confirming the effectiveness of the new commercial strategy, introduced in the last months of 2023, which is aimed at properly positioning the diversified portfolio of Group brands.

Talea Group: 1Q24 revenues

	1Q23A	1Q24A	YoY	1Q24E	A/E %
Consumer Area	37.0	41.5	12%	40.0	4%
as % of adj. revenues	95%	95%		95%	
Industrial Area	1.8	2.0	11%	2.1	-5%
as % of adj. revenues	5%	5%		5%	
Adjusted revenues	38.8	43.5	12%	42.1	3%

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

Talea Group: Main KPIs

	2022A	1Q23A	2Q23A	3Q23A	4Q23A	2023A	1Q24A
Orders	2,691	837	771	679	645	2,934	908
YoY growth	42%	43%	46%	5%	-18%	9%	8%
Average order value (Eu)	42.7	44.2	45.7	43.3	43.8	44.3	45.7
Products sold	12,845	4,021	3,671	3,135	3,207	14,034	4,530
YoY growth	51%	41%	28%	1%	-17%	9%	13%
Avg products sold per order	4.8	4.8	4.8	4.6	5.0	4.8	5.0
Avg product price (Eu)	9.0	9.2	9.6	9.4	8.8	9.3	9.2

Source: Company data.

Change in estimates

Talea Group: change in estimates (Eu mn)

	NEW			OLD			CHANGE		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Adj. revenues	168.6	202.3	221.6	168.6	202.3	221.6	0.0%	0.0%	0.0%
YoY	24%	20%	10%	24%	20%	10%			
organic	7%	20%	0%	7%	20%	0%			
Gross profit	47.2	59.5	67.6	47.2	59.5	67.6	0.0%	0.0%	0.0%
YoY	31%	26%	14%	31%	26%	14%			
Gross margin	28.0%	29.4%	30.5%	28.0%	29.4%	30.5%			
adj. EBITDA	3.6	9.1	13.0	3.6	9.1	13.0	0.0%	0.0%	0.0%
YoY	n.m.	151%	42%	n.m.	151%	42%			
adj. EBITDA margin	2.1%	4.5%	5.8%	2.1%	4.5%	5.8%			
EBIT	0.4	5.2	8.7	0.4	5.2	8.7	0.0%	0.0%	0.0%
EBIT margin	0.2%	2.6%	3.9%	0.2%	2.6%	3.9%			
Net profit	(1.7)	2.8	5.3	(1.7)	2.8	5.3	0.0%	0.0%	0.0%
Net debt IFRS 16	(35.8)	(33.6)	(29.5)	(35.8)	(33.6)	(29.5)			

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

Talea Group: 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%	5.8%
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%	n.m.	n.m.	151%	42%
on adj. revenues	0.9%	3.2%	2.1%	-2.3%	2.1%	4.5%	5.8%
EBITDA	0.6	2.0	2.1	-3.9	3.6	9.1	13.0
YoY	-66%	232%	6%	n.m.	n.m.	151%	42%
on adj. revenues	0.9%	2.3%	1.8%	-2.9%	2.1%	4.5%	5.8%
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).

A new private label product line to boost profitability

Launch of private label line. On 7 May, Talea announced the launch of a new private label product line under the Farmaè brand. “Farmaè – È fatta per te” is mainly composed of nutritional supplements, which account for 36% of Group turnover at present. The range will not replace the offering on the Group e-commerce platform but expand and supplement it.

Better profitability & cost optimization... The creation of a new proprietary private label line on Farmaè, the Group’s main platform, will enable an increase in revenues, higher profitability, and cost optimisation thanks to direct control of production. This translates into the possibility of offering competitive prices on the market without sacrificing profitability.

... **boosting visibility of the Farmaè brand.** The graphic choice for the new product line is based on the elements that characterise the Farmaè brand. The packaging features two horizontal stripes: the dominant one is in the signature blue of the brand; the second is in the colour representing the product subcategory. Furthermore, the link between the product and the brand is emphasised through the use of the accent on the ‘è’ of Farmaè as a graphic element on the packaging.

Figure 1:



Source: Company presentation.

Expanding the private label offering... Talea Group already had three private label brands: Gooimp, Best Body, and VitaminCenter. Gooimp has an extensive range of products in the supplement, dermo cosmetic and personal care segments. Best Body and VitaminCenter (acquired on 8 February) are touchstones 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%.

...**in a strong segment.** Talea already has a wide offering of supplements, which accounts for 36% of Group turnover at present. Market data show supplements account for 44% of volumes and 53% of online pharmaceutical sales, and these are up +20% YoY since January.

Part of company strategy to deliver growth. The development of private label product lines and the expansion in this profitable area is part of the company growth strategy. The strategy also focuses on the Consumer Area, with the expansion of existing e-commerce platforms and the implementation of a dynamic, multi-website pricing mechanism, and on the Industrial Area via the launch of Talea Media, growing trade-marketing revenues, and the consolidation of the positioning of Valnan.

Peer Multiples

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

Talea is currently trading at 0.4x/0.4x EV/Sales for 2024E/25E based on our estimates, vs the median value of European e-Pharma operators (1.1x/0.8x 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	5.64	39	0.4x	0.4x	0.3x	20.5x	7.9x	5.3x	205.8x	13.9x	7.8x
Redcare Pharmacy N.V.	EUR	118.00	2,400	1.1x	0.9x	0.7x	33.5x	19.7x	12.9x	219.0x	45.9x	23.4x
DocMorris Ltd	CHF	72.70	1,069	1.1x	0.8x	0.7x	n.m.	38.1x	16.6x	n.m.	n.m.	n.m.
European e-Pharma - Median				1.1x	0.8x	0.7x	33.5x	28.9x	14.8x	219.0x	45.9x	23.4x
Zalando SE	EUR	24.65	6,502	0.5x	0.5x	0.4x	7.5x	6.0x	4.8x	15.5x	11.0x	7.9x
ASOS plc	GBP	3.57	495	0.2x	0.2x	0.2x	7.3x	3.9x	2.7x	n.m.	57.1x	13.8x
boohoo group Plc	GBP	0.36	528	0.3x	0.3x	n.m.	7.9x	6.0x	n.m.	n.m.	59.9x	n.m.
Boozt AB	SEK	136.50	776	1.0x	0.9x	0.8x	11.7x	10.0x	8.6x	17.9x	14.7x	12.4x
HelloFresh SE	EUR	5.89	1,019	0.2x	0.2x	0.1x	3.9x	3.1x	2.4x	11.8x	7.0x	4.7x
Diversified Online Retailers - Median				0.3x	0.3x	0.3x	7.5x	6.0x	3.7x	15.5x	14.7x	10.2x
L'Oreal S.A.	EUR	456.90	244,316	5.6x	5.2x	4.8x	23.5x	21.6x	20.0x	28.0x	25.5x	23.6x
Estee Lauder Companies Inc. Class A	USD	134.06	44,406	3.3x	3.1x	2.8x	23.1x	16.3x	13.3x	35.7x	22.2x	17.2x
Beauty - Median				4.5x	4.1x	3.8x	23.3x	18.9x	16.6x	31.8x	23.8x	20.4x
Average Selected Peers				1.1x	0.8x	0.7x	23.3x	18.9x	14.8x	31.8x	23.8x	20.4x

Source: Intermonte SIM and FactSet.

Talea in Brief

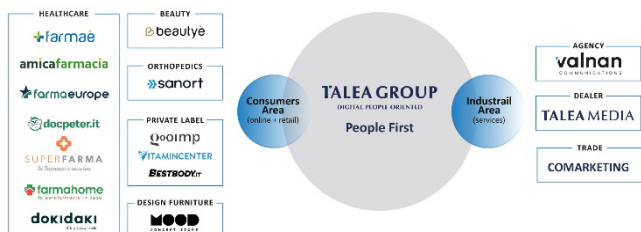
Company description

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 Consumer 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

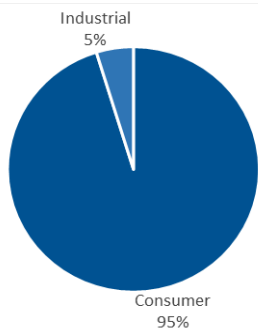
- Leader in the under-penetrated online Italian Health&Pharma market with a multi-brand and multi-site approach
- The highly profiled website audience and large volumes traded position Talea as a strategic partner for industrial brands, while making its websites the ideal showcase for companies advertising
- Accurate customer profiling and a vast assortment enable 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



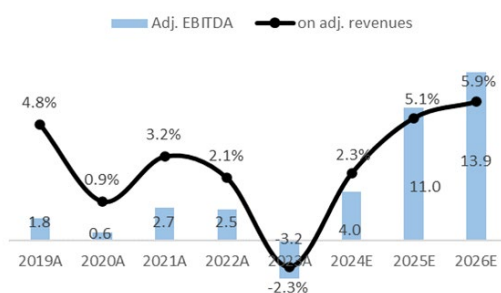
Source: Company presentation.

Talea Group- Adjusted revenue 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

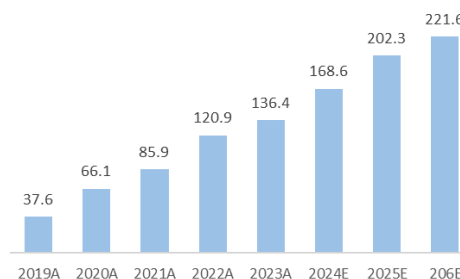
Shareholders

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

Weaknesses/Threats

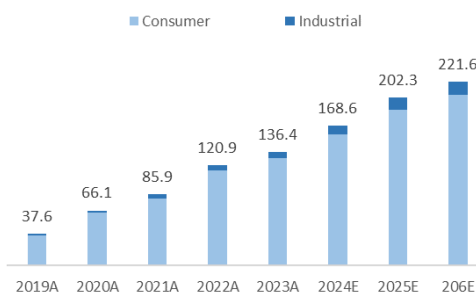
- Narrow geographical diversification and relatively limited size
- Price-wise, the company operates in a very competitive market
- Increasing competition from domestic players and international majors could put pressure on market share and pricing
- Data breaches or cyberattacks might lead to losses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

Talea Group- Adjusted revenue evolution (Eu mn)



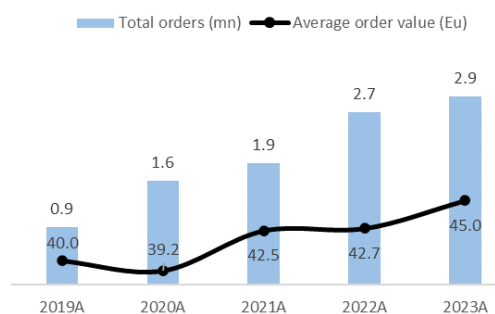
Source: Company data (A) & Intermonte estimates (E).

Talea Group – Consumer and Industrial revenue trends (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):	10.00
Current Price (Eu):	5.64	Previous Price (Eu):	6.00
Date of report:	15/05/2024	Date of last report:	12/04/2024

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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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