

EQUITY RESEARCH


UPDATE

Production | 28.03.2025, h. 06:30 pm
Publication | 31.03.2025, h. 07:00 am

FOPE

Euronext Growth Milan | Luxury Jewelry | Italy

Rating

 **BUY**

unchanged

Target Price

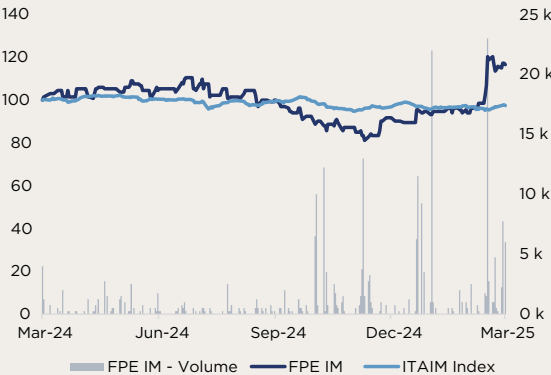
€ 39,00

prev. unchanged

Key Multiples	FY24A	FY25E	FY26E	FY27E
EV/Sales	2,2x	1,9x	1,7x	1,5x
EV/EBITDA	11,1x	9,4x	8,1x	7,0x
EV/EBIT	13,5x	11,3x	9,6x	8,2x
P/E	20,0x	16,5x	13,8x	11,7x
NFP/EBITDA	n/a	n/a	n/a	n/a

Key Financials (€/mln)	FY24A	FY25E	FY26E	FY27E
Sales	73,43	87,00	97,80	110,80
EBITDA	14,80	17,40	20,25	23,50
EBIT	12,11	14,50	17,15	20,10
Net Income	8,38	10,15	12,10	14,30
Net Financial Position	(3,26)	(3,87)	(6,84)	(10,60)
EBITDA margin	20,2%	20,0%	20,7%	21,2%
EBIT margin	16,5%	16,7%	17,5%	18,1%
Net income margin	11,4%	11,7%	12,4%	12,9%

Stocks performance relative to FTSE Italia Growth



Stock Data

Risk	Medium
Price	€ 31,00
Target price	€ 39,00
Upside/(Downside) potential	25,8%
Ticker - Bloomberg Code	FPE IM
Market Cap (€/mln)	€ 167,39
EV (€/mln)	€ 164,13
Free Float (% on ordinary shares)	9,00%
Shares Outstanding	5.399.608
52-week high	€ 32,60
52-week low	€ 21,40
Average Daily Volumes (3 months)	1.901

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Stock performance	1M	3M	6M	1Y
Absolute	24,0%	27,0%	16,5%	16,5%
to FTSE Italia Growth	23,3%	26,4%	18,9%	19,1%
to Euronext STAR Milan	28,0%	29,0%	21,6%	24,4%
to FTSE All-Share	22,9%	13,3%	4,5%	4,7%
to EUROSTOXX	25,7%	17,2%	10,4%	10,7%
to MSCI World Index	26,4%	29,4%	16,2%	9,0%

Source: FactSet

Main Ratios	FY24A	FY25E	FY26E	FY27E
ROA	17,4%	18,8%	20,0%	21,0%
ROIC	19,9%	21,6%	24,0%	26,5%
ROE	18,5%	19,9%	21,1%	22,1%
Current Ratio	3,3x	3,8x	4,0x	4,2x

Source: FactSet

FY24A Results

In 2024, the Group recorded revenues of € 73.43 million, up by 10.1% compared to € 66.67 million in 2023 and above the previous estimate of € 70.00 million. The performance was driven by the strengthening of commercial investments in key international markets, particularly in the United States, South-East Asia, and Eastern Europe, as well as by the positive trend in the Italian market. Despite a temporary contraction in profitability due to extraordinary costs related to operational and structural enhancement, the Group maintained strong profitability, with an EBITDA margin of 20.2%. Net income amounted to € 8.38 million. From a balance sheet perspective, the Net Financial Position improved from a substantially neutral level (€ 0.03 million in 2023) to a positive cash position of € 3.26 million as of 31 December 2024.

Estimates and Valuation Update

In light of the results published in the FY24A annual report, we have revised our estimates for both the current year and the following years. Specifically, we estimate revenues of € 87.00 million for FY25E and EBITDA of € 17.40 million, corresponding to a margin of 20.0%. For the subsequent years, we expect revenues to increase to € 110.80 million (CAGR 24A–27E: 14.7%) in FY27E, with EBITDA reaching € 23.50 million (corresponding to a margin of 21.2%), up from € 14.80 million in FY24A (corresponding to an EBITDA margin of 20.2%). At the balance sheet level, we estimate a cash positive Net Financial Position of € 10.60 million for FY27E. We conducted the valuation of FOPE's equity value based on the DCF method and the multiples of a sample of comparable companies. The DCF method (which prudentially includes a specific risk of 1.0% in the WACC calculation) results in an equity value of € 211.4 million. The equity value of FOPE based on market multiples is € 209.8 million. **The average equity value therefore amounts to approximately € 210.6 million. We set a target price of € 39.00, with a BUY rating and MEDIUM risk profile.**

Economics & Financials

TABLE 1 - ECONOMICS & FINANCIALS

CONSOLIDATED INCOME STATEMENT (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	66,77	73,43	87,00	97,80	110,80
Other revenues	0,87	0,89	0,90	0,90	0,90
Value of Production	67,64	74,32	87,90	98,70	111,70
COGS	27,18	31,87	38,40	42,75	48,00
Services	16,67	19,65	22,80	25,20	28,40
Employees	5,72	6,86	8,20	9,40	10,70
Other operating costs	1,11	1,14	1,10	1,10	1,10
EBITDA	16,95	14,80	17,40	20,25	23,50
<i>EBITDA Margin</i>	<i>25,4%</i>	<i>20,2%</i>	<i>20,0%</i>	<i>20,7%</i>	<i>21,2%</i>
D&A	2,29	2,69	2,90	3,10	3,40
EBIT	14,66	12,11	14,50	17,15	20,10
<i>EBIT Margin</i>	<i>21,7%</i>	<i>16,3%</i>	<i>16,5%</i>	<i>17,4%</i>	<i>18,0%</i>
Financial management	(0,88)	(0,61)	(0,60)	(0,55)	(0,50)
EBT	13,78	11,50	13,90	16,60	19,60
Taxes	3,71	3,12	3,75	4,50	5,30
Net Income	10,08	8,38	10,15	12,10	14,30

CONSOLIDATED BALANCE SHEET (€/mln)	FY23A	FY24A	FY25E	FY26E	FY27E
Fixed Assets	14,76	15,37	16,85	16,75	16,35
Account receivable	14,38	17,26	19,25	21,50	24,30
Inventories	15,72	15,75	19,10	21,50	24,30
Account payable	4,11	5,57	6,50	7,30	8,30
Operating Working Capital	25,98	27,44	31,85	35,70	40,30
Other receivable	3,35	2,83	3,00	3,10	3,20
Derivatives	0,70	3,15	3,00	3,00	3,00
Other payable	2,07	2,77	3,20	3,40	3,80
Net Working Capital	27,96	30,65	34,65	38,40	42,70
Severance & other provisions	2,64	3,92	4,45	4,75	5,00
NET INVESTED CAPITAL	40,08	42,10	47,05	50,40	54,05
Share capital	5,40	5,40	5,40	5,40	5,40
Reserves	24,58	31,58	35,37	39,74	44,95
Net Income	10,08	8,38	10,15	12,10	14,30
Equity	40,05	45,36	50,92	57,24	64,65
Cash & cash equivalents	11,26	15,15	15,87	19,84	24,60
Short term financial debt	5,90	7,88	6,00	6,50	7,00
M/L term financial debt	5,39	4,00	6,00	6,50	7,00
Net Financial Position	0,03	(3,26)	(3,87)	(6,84)	(10,60)
SOURCES	40,08	42,10	47,05	50,40	54,05

CONSOLIDATED CASH FLOW (€/mln)	FY24A	FY25E	FY26E	FY27E
EBIT	12,11	14,50	17,15	20,10
Taxes	3,12	3,75	4,50	5,30
NOPAT	9,00	10,75	12,65	14,80
D&A	2,69	2,90	3,10	3,40
Change in NWC	(2,69)	(4,00)	(3,75)	(4,30)
<i>Change in receivable</i>	<i>(2,88)</i>	<i>(1,99)</i>	<i>(2,25)</i>	<i>(2,80)</i>
<i>Change in inventories</i>	<i>(0,03)</i>	<i>(3,35)</i>	<i>(2,40)</i>	<i>(2,80)</i>
<i>Change in payable</i>	<i>1,46</i>	<i>0,93</i>	<i>0,80</i>	<i>1,00</i>
<i>Change in others</i>	<i>(1,24)</i>	<i>0,41</i>	<i>0,10</i>	<i>0,30</i>
Change in provisions	1,28	0,53	0,30	0,25
OPERATING CASH FLOW	10,27	10,18	12,30	14,15
Capex	(3,29)	(4,38)	(3,00)	(3,00)
FREE CASH FLOW	6,98	5,80	9,30	11,15
Financial Management and Other	(0,61)	(0,60)	(0,55)	(0,50)
Change in Financial debt	0,60	0,11	1,00	1,00
Change in equity	(3,08)	(4,59)	(5,78)	(6,89)
FREE CASH FLOW TO EQUITY	3,89	0,72	3,97	4,76

Source: FOPE Historical Data and Integrae SIM estimates

Company Overview

FOPE is a historic Italian goldsmith company, founded in Vicenza in 1929, and a leading player in the high-end jewellery sector. The Group pursues its strategic development, based on the growth and consolidation of the brand on the international luxury market, by leveraging 4 competitive advantages: 1) excellent product quality; 2) a perfect synthesis of 'Made in Italy' craftsmanship and technology; 3) recognizable design; and 3) consolidated relationships with its clients.

FOPE operates globally through its consolidated network of over 700 shops, in approximately 50 countries. The business model involves direct commercial relationships with multi-brand jewelers (independent or belonging to groups) specializing in luxury products, such as watches and high-end jewellery, with no intermediary distributors but rather partnerships guaranteeing customer/jeweler loyalty, reliability, and excellent after-sale services.

FOPE jewellery products range from timeless classics, featuring FOPE's iconic Novecento mesh chain, up to its more recent Flex'it lines, which include original bracelets made flexible thanks to a patented system of tiny gold springs, hidden between the links: collections marked by elegance, great comfort, and portability.

FY24A Results

TABLE 2 – ACTUAL VS ESTIMATES FY24A

€/mln	Sales	EBITDA	EBITDA %	EBIT	Net Income	NFP
FY24A	73,43	14,80	20,2%	12,11	8,38	(3,26)
FY24E	70,00	15,60	22,3%	13,00	9,05	2,38
Change	4,9%	-5,1%	-2,1%	-6,8%	-7,4%	n/a

Source: Integrae SIM

Through a press release commenting on the annual results, the Group stated: “We express a positive opinion on the 2024 sales performance, which confirms our ability to grow in international markets and strengthen the value of our brand and exclusive product offering. The US market stood out for achieving excellent results, as did the South-East Asian and Eastern markets, towards which we increased our commercial investments. The optimization measures implemented in production processes and the consolidated new operating conditions enabled us to fulfill orders in line with planned timelines, also recovering the gap in product volumes recorded at the end of June 2024. The year was marked by an increase in operating costs, which reduced profitability compared to 2023: higher costs were mainly attributable to extraordinary efforts aimed at recovering production efficiency and to the strengthening of the organizational structure through the hiring of qualified resources in production departments and support functions of the branches — an activity that will continue in 2025. The Net Financial Position improved and turned positive compared to 2023, despite the investments made and the absorption of financial resources generated by the physiological growth in working capital following the business expansion. With regard to 2025, in the first few months we are recording a significant increase in order volumes compared to the same period in 2024, across all markets, which allows us to look positively at the development of our business for the current year, with sales expectations on the rise. The distinctiveness of FOPE's offering and the initial positive feedback and results from our partner retailers on the appreciation of the new collections and the potential progress of the collaboration support our positive outlook. In addition, the gold hedging policy implemented, combined with the revision of the price lists, is effectively offsetting fluctuations in gold prices, safeguarding the sales margins projected for the current year and helping to absorb the increase in operating costs that the structure is facing.”

Revenues amounted to € 73.43 million, compared to € 66.67 million at the end of 2023 and € 70.00 million estimated in our previous report. Growth was mainly driven by the US, South-East Asian, and Eastern markets, where commercial investments were strengthened. The Italian market, to which the Group has always paid particular attention, also showed good performance, especially thanks to clients operating in tourist areas. The new collections launched during 2024 achieved very positive results, while the “timeless” lines and pieces, present on the market for several years, continued to enjoy strong customer appreciation. Geographically, 86.0% of revenues were generated abroad, in line with the previous year.

EBITDA stood at € 14.80 million, down from € 16.95 million in FY23A and slightly below our estimate of € 15.60 million for the year. Despite the decline, the Group was able to maintain a solid EBITDA margin of 20.2% (25.4% in FY23A), even in the face of increased costs due to extraordinary initiatives aimed at recovering production

efficiency and strengthening the corporate structure through the recruitment of qualified personnel in both production departments and branch support functions.

EBIT, after depreciation and amortization of € 2.69 million, amounted to € 12.11 million (€ 14.66 million in 2023), compared to our estimate of € 13.00 million. The EBIT margin stood at 16.3%, compared to 21.7% in FY23A and our estimate of 18.4%, mainly due to the increase in amortization related to technological and commercial investments. Net income amounted to € 8.38 million (€ 10.08 million in FY23A), compared to our previous estimate of € 9.05 million.

From a balance sheet perspective, the Net Financial Position recorded a clear improvement, moving from a neutral position in 2023 (€ 0.03 million) to a positive cash position of € 3.26 million in FY24A. This result reflects the optimization initiatives undertaken in production processes, which enabled the Group to fulfill orders within planned timelines, and is even more significant when considering the investments made during the year. Among these, the Group completed the realization of the SiS (customized FOPE-branded store-in-store corners within partner retailers' sales points), as well as the acquisition — finalized during 2024 — of a warehouse adjacent to the company's headquarters, which will provide additional space and allow the expansion of production departments. Lastly, the Group continued the final stages of the implementation and integration of the new IT system, which is already delivering benefits in terms of data reliability, completeness, and ease of access.

FY25E - FY27E Estimates

TABLE 3 - ESTIMATES UPDATES FY25E-27E

€/mln	FY25E	FY26E	FY27E
Sales			
New	87,00	97,80	110,80
Old	81,55	91,35	n/a
<i>Change</i>	6,7%	7,1%	n/a
EBITDA			
New	17,40	20,25	23,50
Old	19,45	22,35	n/a
<i>Change</i>	-10,5%	-9,4%	n/a
EBITDA Margin			
New	20,0%	20,7%	21,2%
Old	23,9%	24,5%	n/a
<i>Change</i>	-3,9%	-3,8%	n/a
EBIT			
New	14,50	17,15	20,10
Old	16,55	19,25	n/a
<i>Change</i>	-12,4%	-10,9%	n/a
Net Income			
New	10,15	12,10	14,30
Old	11,65	13,55	n/a
<i>Change</i>	-12,9%	-10,7%	n/a
NFP			
New	(3,87)	(6,84)	(10,60)
Old	(5,66)	(9,95)	n/a
<i>Change</i>	n/a	n/a	n/a

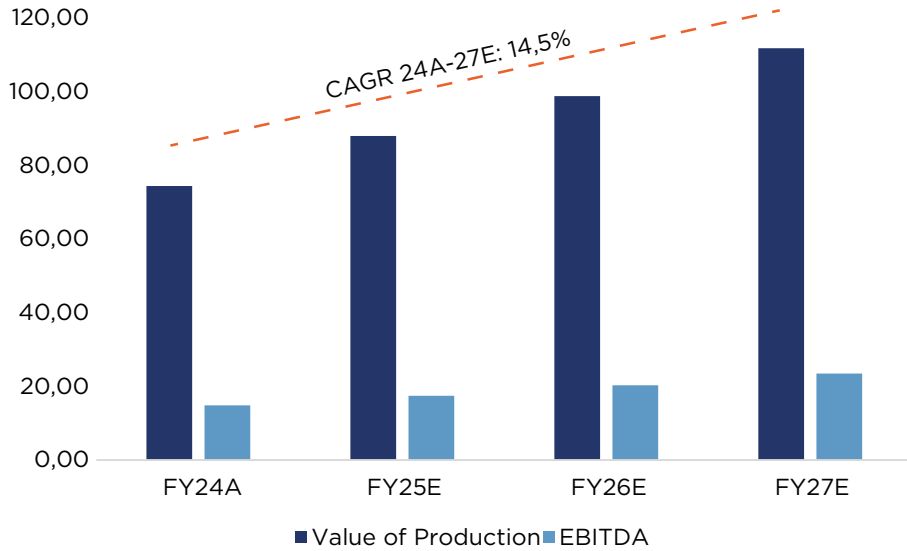
Source: Integrae SIM

In light of the results published in the FY24A annual report, we have revised our estimates for both the current year and the following years.

Specifically, we estimate revenues of € 87.00 million for FY25E and EBITDA of € 17.40 million, corresponding to a margin of 20.0%. For the subsequent years, we expect revenues to increase to € 110.80 million (CAGR 24A-27E: 14.7%) in FY27E, with EBITDA reaching € 23.50 million (corresponding to a margin of 21.2%), up from € 14.80 million in FY24A (corresponding to an EBITDA margin of 20.2%).

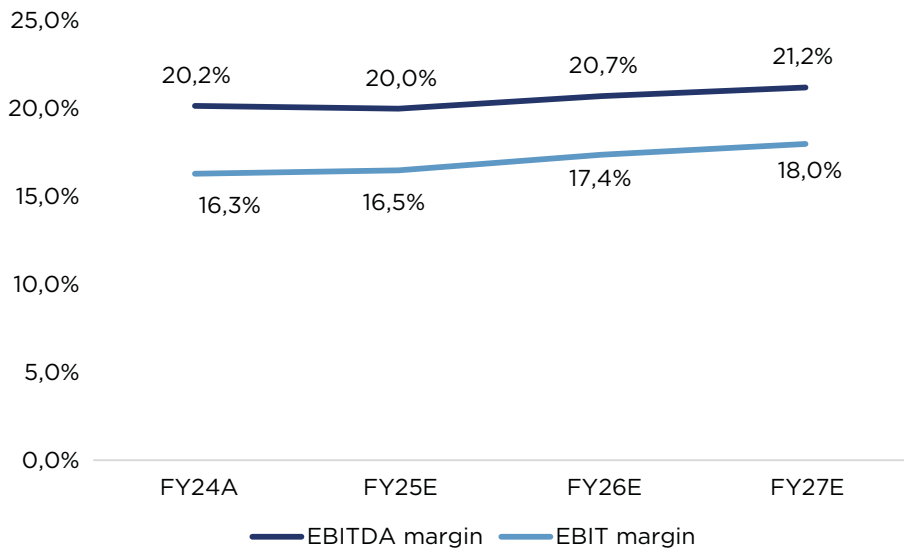
At the balance sheet level, we estimate a cash positive Net Financial Position of € 10.60 million for FY27E.

CHART 1 - VOP AND EBITDA FY24A - FY27E



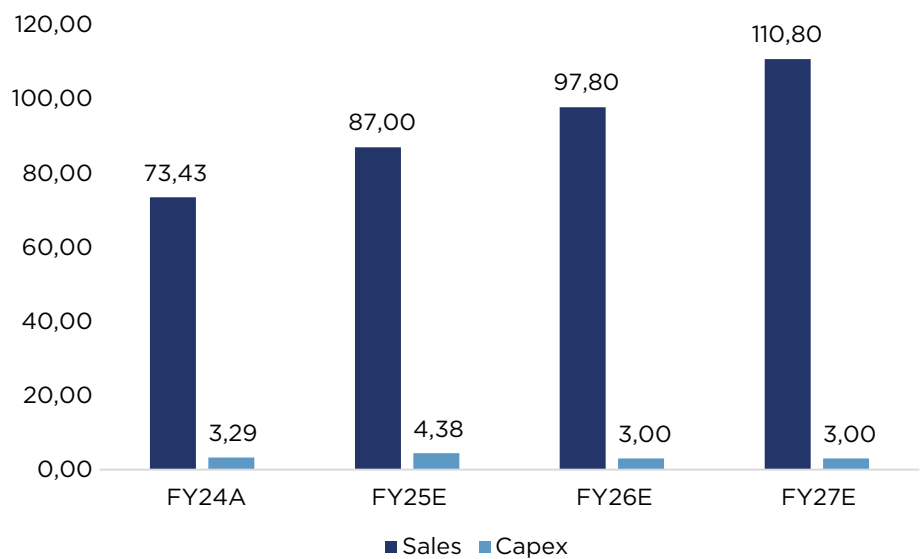
Source: Integrae SIM

CHART 2 - MARGIN % FY24A- FY27E



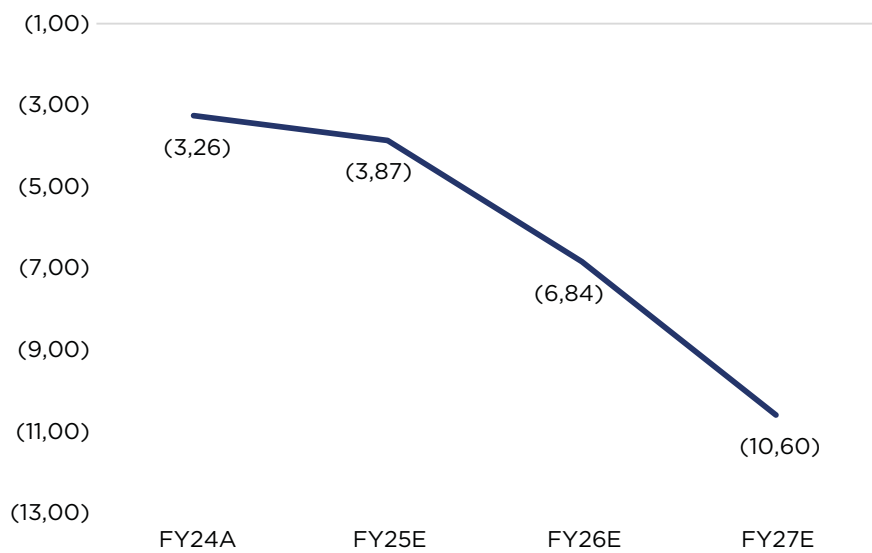
Source: Integrae SIM

CHART 3 - CAPEX FY24A - FY27E



Source: Integrae SIM

CHART 4 - NFP FY24A - FY27E



Source: Integrae SIM

Valuation

We conducted our valuation of the equity value of FOPE on the basis of the DCF method and multiples of a sample of comparable companies.

DCF Method

TABLE 4 - WACC

WACC		9,04%	
D/E 25,00%	Risk Free Rate 2,67%	β Adjusted 1,0	α (specific risk) 1,00%
Kd 3,00%	Market premium 7,26%	β Relevered 1,2	Ke 10,76%

Source: Integrae SIM

For prudential purposes, we included a specific risk of 1.0%. The result is therefore a WACC of 9.04%.

TABLE 5 - DCF VALUATION

DCF	% of EV	
FCFE actualized	45,9	22%
TV actualized DCF	162,2	78%
Enterprise Value	208,1	100%
NFP (FY24A)	(3,3)	
Equity Value	211,4	

Source: Integrae SIM

With the above data and taking our estimates and assumptions as reference, the result is an equity value of € 211.4 million.

TABLE 6 - EQUITY VALUE SENSITIVITY ANALYSIS

€/mln	WACC							
		7,5%	8,0%	8,5%	9,0%	9,5%	10,0%	10,5%
Growth Rate (g)	3,0%	338,5	303,8	275,4	251,6	231,6	214,4	199,5
	2,5%	310,0	280,9	256,7	236,2	218,6	203,3	190,0
	2,0%	286,7	261,9	240,9	222,9	207,3	193,7	181,6
	1,5%	267,2	245,7	227,3	211,4	197,4	185,1	174,2
	1,0%	250,6	231,8	215,5	201,3	188,7	177,5	167,5
	0,5%	236,5	219,8	205,2	192,4	180,9	170,7	161,6
	0,0%	224,2	209,3	196,1	184,4	174,0	164,6	156,1

Source: Integrae SIM

Market Multiples

Our panel is made up of companies operating in the same sector as FOPE, but with higher capitalizations. These companies are the same used to calculate Beta for the DCF method. The panel is made up of:

TABLE 7 - MARKET MULTIPLES

Company Name	EV/EBITDA			EV/EBIT			P/E		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Compagnie Financiere Richemont SA	14,7 x	13,3 x	12,9 x	18,8 x	16,8 x	14,9 x	23,8 x	21,2 x	19,3 x
Kering SA	9,8 x	8,8 x	7,9 x	17,4 x	14,8 x	12,8 x	20,2 x	16,1 x	13,2 x
LVMH Moet Hennessy Louis Vuitton SE	12,1 x	11,1 x	10,0 x	15,6 x	14,3 x	13,0 x	21,8 x	19,5 x	17,5 x
Hermes International SCA	32,6 x	29,0 x	25,9 x	36,4 x	32,4 x	28,7 x	52,6 x	45,2 x	40,1 x
Brunello Cucinelli S.p.A.	20,3 x	18,3 x	16,6 x	34,6 x	30,9 x	27,5 x	53,2 x	46,4 x	40,2 x
Median	14,7 x	13,3 x	12,9 x	18,8 x	16,8 x	14,9 x	23,8 x	21,2 x	19,3 x

Source: Integrae SIM

TABLE 8 - MARKET MULTIPLES VALUATION

€/mln	FY25E	FY26E	FY27E
Enterprise Value (EV)			
EV/EBITDA	255,88	269,18	302,86
EV/EBIT	271,91	287,44	299,94
P/E	241,66	256,48	275,54
Enterprise Value post 25% discount			
EV/EBITDA	191,91	201,89	227,15
EV/EBIT	203,93	215,58	224,95
P/E	181,25	192,36	206,66
Equity Value			
EV/EBITDA	195,78	208,73	237,75
EV/EBIT	207,80	222,42	235,55
P/E	181,25	192,36	206,66
Average	194,94	207,84	226,65

Source: Integrae SIM

The equity value of FOPE was calculated using EV/EBITDA, EV/EBIT and P/E market multiples. After applying a discount of 25.0%, the result was an **equity value of € 209.8 million**.

Equity Value

TABLE 9 - EQUITY VALUE

Average Equity Value (€/mln)	210,6
Equity Value DCF (€/mln)	211,4
Equity Value Multiples (€/mln)	209,8
Target Price (€)	39,00

Source: Integrae SIM

The results give an average equity value of approximately € 210.6 million.

The target price is therefore € 39.00 (prev. € 39.00). We confirm a BUY rating and MEDIUM risk.

TABLE 10 - TARGET PRICE IMPLIED VALUATION MULTIPLES

Multiples	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	14,0x	11,9x	10,2x	8,8x
EV/EBIT	17,1x	14,3x	12,1x	10,3x
P/E	25,1x	20,7x	17,4x	14,7x

Source: Integrae SIM

TABLE 11 - CURRENT PRICE IMPLIED VALUATION MULTIPLES

Main Ratios	FY24A	FY25E	FY26E	FY27E
EV/EBITDA	11,1x	9,4x	8,1x	7,0x
EV/EBIT	13,5x	11,3x	9,6x	8,2x
P/E	20,0x	16,5x	13,8x	11,7x

Source: Integrae SIM

Disclosure Pursuant to Delegated Regulation UE n. 2016/958

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The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Price	Recommendation	Target Price	Risk	Comment
03/04/2024	27,40	Buy	40,50	Medium	Update
05/08/2024	28,60	Buy	40,50	Medium	Breaking News
07/10/2024	25,80	Buy	39,00	Medium	Update
17/01/2025	25,40	Buy	39,00	Medium	Breaking News

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The BUY, HOLD and SELL ratings are based on the Upside Potential (increase in value or return that the investment could achieve based on the current price and a future target price set by the analysts), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the upside potential may temporarily fall outside the proposed range

Upside Potential (for different risk categories)

Rating	Low Risk	Medium Risk	High Risk
BUY	Upside >= 7.5%	Upside >= 10%	Upside >= 15%
HOLD	-5% < Upside < 7.5%	-5% < Upside < 10%	0% < Upside < 15%
SELL	Upside <= -5%	Upside <= -5%	Upside <= 0%
U.R.	Under Review		
N.R.	Not Rated		

Valuation methodologies (long term horizon: 12 months)

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