

EQUITY - SPAIN

Sector: Textiles, Apparel & Luxury Goods

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6m Results 2021

Closing price: EUR 3.77 (1 Dec 2021)

6m Results 2021

Opinion ⁽¹⁾: In line

Impact ⁽¹⁾: We will maintain our estimates

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Adolfo Domínguez (ADZ) is a small designer fashion textile group, based in Ourense (Spain), specialising (c. 40 years) in the design and sale (both retail and wholesale) of fashion items. With international presence (c.35% o/revenues), it is managed by the founding family (31% of the capital), which prevails in the Board.

1H 2021 in line. Making credible a 2022e similar to 2019, and with low multiples

Market Data

Market Cap (Mn EUR and USD)	35.0	39.6
EV (Mn EUR and USD) ⁽²⁾	54.9	62.1
Shares Outstanding (Mn)	9.3	
-12m (Max/Med/Mín EUR)	5.00 / 4.36 / 3.77	
Daily Avg volume (-12m Mn EUR)	0.01	
Rotation ⁽³⁾	10.3	
Factset / Bloomberg	ADZ-ES / ADZ SM	
Close fiscal year	28-Feb	

Shareholders Structure (%)⁽⁸⁾

Adolfo Domínguez	31.5
Puig, S.A.	14.8
Libertas 7	10.3
Indumenta Pueri	8.6
Free Float	23.5

Financials (Mn EUR)

	2020	2021e	2022e	2023e
Adj. nº shares (Mn)	9.2	9.3	9.3	9.3
Total Revenues	67.5	94.5	108.3	116.3
Rec. EBITDA ⁽⁴⁾	-9.3	6.8	10.1	13.8
% growth	-182.1	172.5	48.9	37.6
% Rec. EBITDA/Rev.	n.a.	7.1	9.3	11.9
% Inc. EBITDA sector ⁽⁵⁾	-12.0	33.4	26.5	19.0
Net Profit	-19.3	-7.5	-0.4	2.0
EPS (EUR)	-2.10	-0.81	-0.04	0.22
% growth	-132.5	61.3	94.9	632.9
Ord. EPS (EUR)	-2.37	-0.23	0.00	0.22
% growth	n.a.	90.1	101.8	n.a.
Rec. Free Cash Flow ⁽⁶⁾	-12.7	0.0	-3.5	-2.1
Pay-out (%)	0.0	0.0	0.0	0.0
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	-0.8	4.1	7.6	9.7
ND/Rec. EBITDA (x)	n.a.	0.6	0.8	0.7
ROE (%)	n.a.	n.a.	n.a.	11.8
ROCE (%) ⁽⁶⁾	n.a.	n.a.	3.1	7.8

Ratios & Multiples (x)⁽⁷⁾

	2020	2021e	2022e	2023e
P/E	n.a.	n.a.	n.a.	17.2
Ord. P/E	n.a.	n.a.	n.a.	17.2
P/BV	1.5	2.1	2.2	1.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
EV/Sales	0.81	0.58	0.51	0.47
EV/Rec. EBITDA	n.a.	8.1	5.5	4.0
EV/EBIT	n.a.	n.a.	26.8	9.8
FCF Yield (%) ⁽⁶⁾	n.a.	0.1	n.a.	n.a.

REVENUES IN LINE BUT STILL WELL BELOW 2019 (-25% VS 1H19). 1H 2021 sales of c. EUR 40Mn (+50% vs 1H 2020) show the expected recovery after the temporary closure of ADZ's sales network in 2020. Like-for-like sales, +67%. Our estimate for 2021e revenues (EUR 94Mn) is achievable if the rate of turnover of 2Q 2021 (c. EUR 25Mn) is maintained in 2H: this is the most reasonable assumption despite the current state of the pandemic. Online sales grew +3.5% vs 1H 2020 (+34% vs 2019).

EXPECTED MARGIN REBOUND, 1H 2021 gross margin, 54.4% (vs 55.9% 2021e). The focus remains on the improvement in profitability and the increased weighting of the on-line channel in the mix. That, together with the recovery of revenue, explains the return to break-even in EBITDA in 1H 2021. But, above all, it strengthens expectations for margins of c.7% (EBITDA/Sales) in 2021e, underpinned by the generation of EBITDA seen in 2Q 2021 (EUR 2.5Mn).

DEBT REMAINS UNDER CONTROL. Rebound in ND (1H21: EUR 6.9Mn) and expected level always below EUR 5Mn at the end of 2021e, that would imply 2021e ND/EBITDA < 1x. And that represents a capital structure with little pressure and grants room for investment (online, efficiency?).

RESULTS IN LINE. The apparent poor performance of net profit (EUR -10.8Mn, reducing by c.50% the losses incurred in 1H 2020), is no surprise, explained by non-recurrent expenses at the EBITDA (restructuring costs) and EBIT (IFRS-16) levels.

IN CONCLUSION: THE FOCUS SHOULD BE ON THE FEASIBILITY OF OUR 2022E ESTIMATES. Results in line with expectations and that should serve to rethink what can be expected from 2022e. Aside from adverse scenarios (not impossible) again associated with the pandemic, what these numbers are saying is that ADZ is gradually recovering its capacity for revenue generation of 2019, with the same levels of margins and EBITDA. This leads us to maintain our 2022e estimates (EBITDA c. EUR 10Mn, margin c.9%) which carries with it two favourable consequences: (i) Break even already in 2022e (NP, EBIT), and (ii) very low multiples: EV/EBITDA < 6x (sector >10x) and EV/Sales c.0.6x (sector > 2x).

Relative performance (Base 100)



Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	-11.9	-16.2	-18.0	-17.0	-47.5	16.0
vs Ibex 35	-4.3	-10.9	-21.1	-20.7	-43.6	19.0
vs Ibex Small Cap Index	-6.3	-9.6	-20.6	-14.9	-57.2	-31.0
vs Eurostoxx 50	-9.8	-15.3	-30.9	-29.4	-60.1	-15.9
vs Sector benchmark ⁽⁵⁾	-11.9	-15.6	-26.1	-26.2	-64.8	-18.2

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.1Mn higher due to IFRS 16.

(5) Sector: TR Europe Apparel & Accessories Retailers.

(6) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(7) Multiples and ratios calculated over prices at the date of this report.

(8) Others: La Previsión Mallorquina de Seguros 7.6%, Ibercapital Magnum, SICAV S.A. 3.2%, Treasury shares 0.6%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

6m Results 2021

EUR Mn	6m21		6m21 Real		6m21 Real		2021e vs		2Q21 vs	
	Real	6m20	vs 6m20	6m19	vs 6m19	2021e	2020	2Q21	2Q20	
Total Revenues	39.9	26.6	50.1%	53.6	-25.5%	94.5	40.1%	25.3	28.5%	
Sales	39.1	26.0	50.0%	52.5	-25.6%	93.0	41.0%			
Other income	0.8	0.5	52.1%	1.0	-20.8%	1.5	2.5%			
Gross Margin	21.7	12.5	73.7%	30.3	-28.4%	52.9	64.2%	12.0	38.5%	
<i>Gross Margin/Revenues</i>	<i>54.4%</i>	<i>46.9%</i>	<i>7.4 p.p.</i>	<i>56.5%</i>	<i>-2.1 p.p.</i>	<i>55.9%</i>	<i>8.2 p.p.</i>	<i>47.5%</i>		
Recurrent EBITDA⁽¹⁾	0.3	(3.7)	107.5%	3.3	-91.7%	6.8	172.5%	2.5	192.0%	
<i>Rec. EBITDA/Revenues</i>	<i>0.7%</i>	<i>-13.9%</i>	<i>14.6 p.p.</i>	<i>6.2%</i>	<i>-5.6 p.p.</i>	<i>7.1%</i>	<i>21.0 p.p.</i>	<i>10.0%</i>	<i>5.6 p.p.</i>	
EBITDA	(5.6)	(3.7)	-50.3%	3.3	n.a.	1.8	126.3%	0.8	-12.6%	
<i>EBITDA/Revenues</i>	<i>-13.9%</i>	<i>-13.9%</i>	<i>0.0 p.p.</i>	<i>6.2%</i>	<i>n.a.</i>	<i>1.9%</i>	<i>12.0 p.p.</i>	<i>3.0%</i>	<i>-1.4 p.p.</i>	
EBIT	(9.9)	(9.3)	-6.2%	(0.9)	n.a.	-6.2	64.6%	-1.5	21%	
PBT	(10.8)	(10.6)	-2.1%	(1.4)	n.a.	-7.1	63.4%	-2.4	-3.3%	
NP	(10.8)	(19.4)	44.6%	(1.8)	n.a.	-7.5	61.1%	-2.1	81%	
Ordinary NP	(10.8)	(19.4)	44.6%	(1.8)	n.a.	-2.2	90.0%	-6.2	45%	
Points of sale	347	351	-1.1%	386	-10.1%	352	2.9%			
Net Debt	6.9	-0.6	n.a.	-0.7	n.a.	4.1	n.a.			

(1) Recurrent EBITDA adjusted to strip out the impact of EUR 5,8 Mn in non recurrent expenses.

Valuation inputs

Inputs for the DCF Valuation Approach

	2021e	2022e	2023e	Terminal Value ⁽¹⁾		
Free Cash Flow "To the Firm"	1.3	(1.8)	(0.3)	n.a.		
Market Cap	35.0	At the date of this report				
Net financial debt	22.3	Debt net of Cash (6m Results 2021)				
					Best Case	Worst Case
Cost of Debt	2.9%	Net debt cost			2.7%	3.2%
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=
Net debt cost	2.3%	Kd = Cost of Net Debt * (1-T)			2.1%	2.5%
Risk free rate (rf)	0.4%	Rf (10y Spanish bond yield)			=	=
Equity risk premium	9.0%	R (own estimate)			8.5%	9.5%
Beta (B)	1.1	B (own estimate)			1.0	1.2
Cost of Equity	10.3%	Ke = Rf + (R * B)			8.9%	11.8%
Equity / (Equity + Net Debt)	61.1%	E (Market Cap as equity value)			=	=
Net Debt / (Equity + Net Debt)	38.9%	D			=	=
WACC	7.2%	WACC = Kd * D + Ke * E			6.3%	8.2%
G "Fair"	2.0%				2.5%	1.5%

(2) The terminal value calculated beyond the last FCF estimate does not reflect the company's growth potential (positive/negative) at the date of publication of this report.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 21e	EPS 21e-23e	EV/EBITDA 21e	EBITDA 21e-23e	EV/Sales 21e	Revenues 21e-23e	EBITDA/Sales 21e	FCF Yield 21e	FCF 21e-23e
SMCP SA	SMCP-FR	596.1	26.3	60.1%	5.7	13.0%	1.3	8.4%	23.1%	4.8%	40.8%
Ted Baker PLC	TED-GB	248.2	n.a.	71.9%	8.7	64.2%	0.7	17.0%	8.4%	n.a.	66.9%
Hugo Boss AG	BOSS-DE	3,704.4	30.5	33.9%	8.0	14.5%	1.7	10.5%	20.7%	5.0%	20.3%
Burberry Group PLC	BRBY-GB	8,482.5	21.1	12.1%	9.6	8.6%	2.7	6.7%	27.9%	5.4%	8.9%
Affordable Luxury players			26.0	44.5%	8.0	25.1%	1.6	10.6%	20.0%	5.1%	34.2%
PVH Corp	PVH-US	6,588.0	11.8	11.7%	9.0	5.2%	1.2	5.2%	13.2%	4.9%	-4.4%
Tapestry	TPR-US	9,587.9	13.3	10.1%	9.6	10.2%	2.2	9.6%	22.9%	11.1%	-5.1%
Capri Holdings Ltd	CPRI-US	7,828.3	11.0	13.8%	9.7	9.6%	2.2	9.2%	22.4%	7.3%	1.9%
Kering	KER-FR	88,150.1	27.7	13.8%	15.2	10.7%	5.5	9.2%	36.2%	3.5%	15.4%
Specialised Retail Holdings			16.0	12.3%	10.9	8.9%	2.8	8.3%	23.7%	6.7%	1.9%
ADZ	ADZ-ES	35.0	n.a.	50.6%	8.1	n.a.	0.6	10.9%	1.9%	0.1%	35.0%

Free Cash Flow sensitivity analysis (2022e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 22e	EBITDA 22e	EV/EBITDA 22e
Max	10.2%	11.0	5.0x
Central	9.3%	10.1	5.5x
Min	8.4%	9.1	6.0x

B) Rec. FCF and Rec. FCF - Yield sensitivity to changes in EBITDA and CAPEX/sales

Rec. FCF EUR Mn	CAPEX/Sales 22e		
EBITDA 22e	2.0%	2.2%	2.4%
11.0	(2.3)	(2.5)	(2.7)
10.1	(3.3)	(3.5)	(3.7)
9.1	(4.3)	(4.5)	(4.7)

Appendix 1. Financial Projections⁽¹⁾

Balance Sheet (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Intangible assets	1.6	0.9	0.8	34.9	28.3	28.1	27.8	27.5		
Fixed assets	16.6	12.3	10.6	10.6	10.1	10.6	11.4	12.3		
Other Non Current Assets	8.2	8.5	8.1	0.8	1.2	1.2	1.2	1.2		
Financial Investments	5.1	5.0	5.2	5.9	4.7	4.7	4.7	4.7		
Goodwill & Other Intangibles	-	-	-	-	-	-	-	-		
Current assets	44.4	36.2	36.2	38.0	30.5	30.4	34.4	36.6		
Total assets	75.9	62.9	60.8	90.2	74.8	74.9	79.4	82.3		
Equity	59.4	52.3	52.2	44.2	24.0	16.5	16.1	18.1		
Minority Interests	1.1	0.7	0.8	0.9	1.0	1.1	1.2	1.2		
Provisions & Other L/T Liabilities	-	-	-	34.2	28.2	28.2	28.2	28.2		
Other Non Current Liabilities	0.6	0.6	1.0	1.5	1.4	1.4	1.4	1.4		
Net financial debt	(6.1)	(9.9)	(12.0)	(10.0)	(0.8)	4.1	7.6	9.7		
Current Liabilities	20.9	19.2	18.9	19.3	20.9	23.6	24.9	23.5		
Equity & Total Liabilities	75.9	62.9	60.8	90.2	74.8	74.9	79.4	82.3		
P&L (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Total Revenues	113.2	117.0	114.9	117.3	67.5	94.5	108.3	116.3	-12.1%	19.9%
Total Revenues growth	4.4%	3.3%	-1.7%	2.0%	-42.5%	40.1%	14.5%	7.4%		
COGS	(47.7)	(49.0)	(47.3)	(50.6)	(35.3)	(41.7)	(47.5)	(50.4)		
Gross Margin	65.5	68.0	67.6	66.7	32.2	52.9	60.8	65.9	-16.3%	27.0%
Gross Margin/Revenues	57.8%	58.1%	58.8%	56.9%	47.7%	55.9%	56.1%	56.7%		
Personnel Expenses	(42.5)	(39.8)	(38.1)	(36.7)	(22.7)	(27.1)	(31.3)	(32.2)		
Other Operating Expenses	(31.5)	(30.4)	(27.1)	(18.7)	(18.8)	(19.0)	(19.4)	(19.9)		
Recurrent EBITDA	(8.6)	(2.2)	2.5	11.3	(9.3)	6.8	10.1	13.8	-2.2%	51.6%
Recurrent EBITDA growth	43.2%	74.2%	212.4%	357.2%	-182.1%	172.5%	48.9%	37.6%		
Rec. EBITDA/Revenues	n.a.	n.a.	2.2%	9.7%	n.a.	7.1%	9.3%	11.9%		
Restructuring Expense & Other non-rec.	-	-	(1.2)	-	2.5	(5.0)	-	-		
EBITDA	(8.6)	(2.2)	1.3	11.3	(6.8)	1.8	10.1	13.8	5.5%	59.2%
Depreciation & Provisions	(4.0)	(2.9)	(1.9)	(2.1)	(2.1)	(1.8)	(1.8)	(1.9)		
Capitalized Expense	-	-	-	-	-	-	-	-		
Rentals (IFRS 16 impact)	-	-	-	(8.3)	(8.7)	(6.2)	(6.2)	(6.4)		
EBIT	(12.5)	(5.1)	(0.6)	1.0	(17.6)	(6.2)	2.0	5.6	-8.9%	32.4%
EBIT growth	55.1%	59.5%	88.2%	259.0%	n.a.	64.6%	132.9%	173.5%		
EBIT/Revenues	n.a.	n.a.	n.a.	0.8%	n.a.	n.a.	1.9%	4.8%		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(0.2)	(1.6)	0.5	(0.9)	(1.7)	(0.8)	(1.9)	(2.6)		
Income by the Equity Method	-	-	-	-	-	-	-	-		
Ordinary Profit	(12.8)	(6.7)	(0.1)	0.0	(19.3)	(7.1)	0.2	3.0	-10.9%	29.2%
Ordinary Profit Growth	57.5%	47.4%	98.0%	105.3%	n.a.	63.4%	102.4%	n.a.		
Extraordinary Results	(0.5)	0.4	1.3	-	-	-	-	-		
Profit Before Tax	(13.2)	(6.3)	1.2	0.0	(19.3)	(7.1)	0.2	3.0	-9.8%	29.2%
Tax Expense	(9.7)	(0.4)	(1.5)	(8.2)	(0.0)	(0.4)	(0.5)	(0.9)		
Effective Tax Rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.0%		
Minority Interests	0.2	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	(22.7)	(6.9)	(0.5)	(8.3)	(19.3)	(7.5)	(0.4)	2.0	3.9%	28.2%
Net Profit growth	-384.8%	69.8%	92.7%	n.a.	-132.5%	61.1%	94.9%	632.9%		
Ordinary Net Profit	(12.6)	(6.8)	0.6	(0.1)	(21.8)	(2.2)	0.0	2.0	-14.8%	27.9%
Ordinary Net Profit growth	53.3%	45.6%	109.1%	-117.7%	n.a.	90.0%	101.8%	n.a.		
Cash Flow (EUR Mn)	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
Recurrent EBITDA						6.8	10.1	13.8	-2.2%	51.6%
Rentals (IFRS 16 impact)						(6.2)	(6.2)	(6.4)		
Working Capital Increase						2.8	(2.7)	(3.5)		
Recurrent Operating Cash Flow						3.3	1.2	3.9	-1.1%	34.6%
CAPEX						(2.1)	(2.4)	(2.5)		
Net Financial Result affecting the Cash Flow						(0.8)	(1.9)	(2.6)		
Tax Expense						(0.4)	(0.5)	(0.9)		
Recurrent Free Cash Flow						0.0	(3.5)	(2.1)	0.0%	45.3%
Restructuring Expense & Other non-rec.						(5.0)	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						(4.9)	(3.5)	(2.1)	5.2%	41.1%
Capital Increase						-	-	-		
Dividends						-	-	-		
Net Debt Variation						4.9	3.5	2.1		

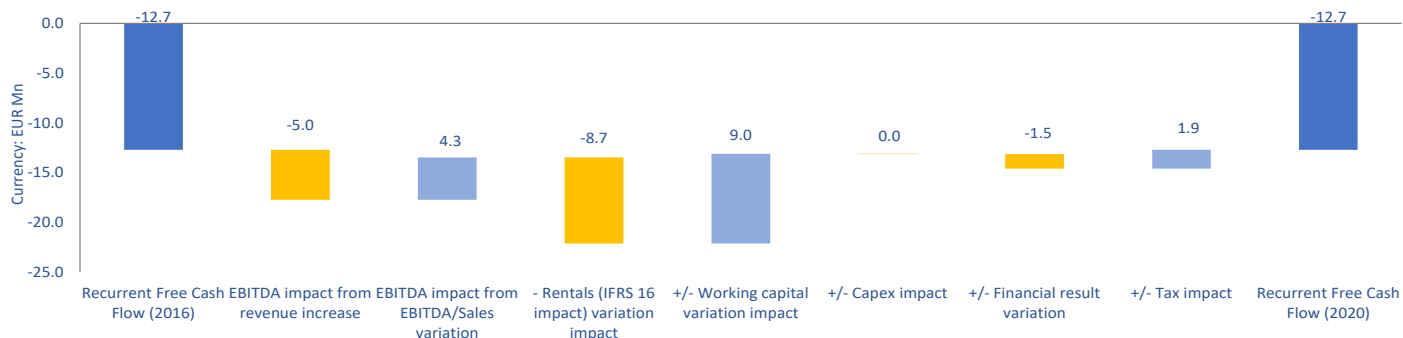
Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.1Mn higher due to IFRS 16.

Appendix 2. Free Cash Flow⁽¹⁾

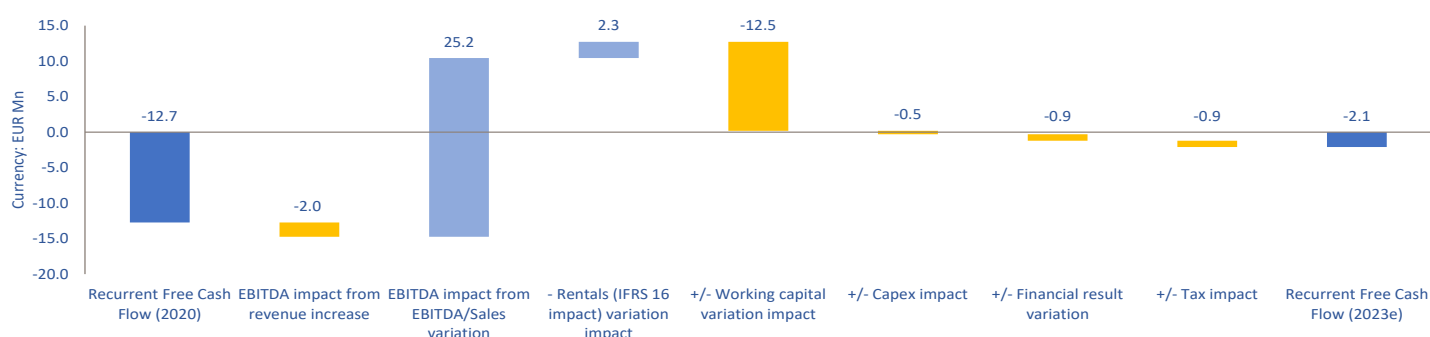
A) Cash Flow Analysis (EUR Mn)	2017	2018	2019	2020	2021e	2022e	2023e	CAGR	
								17-20	20-23e
Recurrent EBITDA	(2.2)	2.5	11.3	(9.3)	6.8	10.1	13.8	-61.6%	51.6%
<i>Recurrent EBITDA growth</i>	74.2%	212.4%	357.2%	-182.1%	172.5%	48.9%	37.6%		
<i>Rec. EBITDA/Revenues</i>	n.a.	2.2%	9.7%	n.a.	7.1%	9.3%	11.9%		
- Rentals (IFRS 16 impact)	-	-	(8.3)	(8.7)	(6.2)	(6.2)	(6.4)		
+/- Working Capital increase	6.5	(0.4)	(1.3)	9.0	2.8	(2.7)	(3.5)		
= Recurrent Operating Cash Flow	4.3	2.1	1.8	(9.0)	3.3	1.2	3.9	-60.1%	34.6%
<i>Rec. Operating Cash Flow growth</i>	149.7%	-50.4%	-16.8%	-610.0%	136.9%	-63.7%	227.6%		
<i>Rec. Operating Cash Flow / Sales</i>	3.6%	1.8%	1.5%	n.a.	3.5%	1.1%	3.4%		
- CAPEX	(0.9)	(0.8)	(2.6)	(2.0)	(2.1)	(2.4)	(2.5)		
- Net Financial Result affecting Cash Flow	(1.6)	0.5	(0.9)	(1.7)	(0.8)	(1.9)	(2.6)		
- Taxes	(0.4)	(1.5)	(0.6)	(0.0)	(0.4)	(0.5)	(0.9)		
= Recurrent Free Cash Flow	1.3	0.2	(2.3)	(12.7)	0.0	(3.5)	(2.1)	n.a.	45.3%
<i>Rec. Free Cash Flow growth</i>	110.2%	-83.7%	n.a.	-452.6%	100.3%	n.a.	40.4%		
<i>Rec. Free Cash Flow / Revenues</i>	1.1%	0.2%	n.a.	n.a.	0.0%	n.a.	n.a.		
- Restructuring expenses & others	-	(1.2)	-	2.5	(5.0)	-	-		
- Acquisitions / + Divestments	3.2	2.6	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	4.5	1.6	(2.3)	(10.2)	(4.9)	(3.5)	(2.1)	-62.0%	41.1%
<i>Free Cash Flow growth</i>	135.9%	-64.3%	-242.3%	-343.9%	51.7%	29.0%	40.4%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	3.7%	0.6%	n.a.	n.a.	0.1%	n.a.	n.a.		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	13.0%	4.6%	n.a.	n.a.	n.a.	n.a.	n.a.		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
Recurrent FCF(FY - 1)	(12.7)	1.3	0.2	(2.3)	(12.7)	0.0	(3.5)		
EBITDA impact from revenue increase	(0.3)	0.0	0.1	(4.8)	(3.7)	1.0	0.7		
EBITDA impact from EBITDA/Sales variation	6.6	4.6	8.8	(15.8)	19.8	2.3	3.0		
= Recurrent EBITDA variation	6.3	4.7	8.9	(20.7)	16.1	3.3	3.8		
- Rentals (IFRS 16 impact) variation impact	-	-	(8.3)	(0.4)	2.4	0.0	(0.2)		
+/- Working capital variation impact	6.5	(6.8)	(1.0)	10.3	(6.2)	(5.5)	(0.9)		
= Recurrent Operating Cash Flow variation	12.8	(2.1)	(0.4)	(10.7)	12.3	(2.1)	2.7		
+/- CAPEX impact	1.1	0.0	(1.7)	0.5	(0.0)	(0.3)	(0.2)		
+/- Financial result variation	(1.4)	2.1	(1.4)	(0.8)	0.9	(1.0)	(0.7)		
+/- Tax impact	1.5	(1.1)	1.0	0.5	(0.4)	(0.1)	(0.4)		
= Recurrent Free Cash Flow variation	14.0	(1.1)	(2.5)	(10.4)	12.7	(3.5)	1.4		
Recurrent Free Cash Flow	1.3	0.2	(2.3)	(12.7)	0.0	(3.5)	(2.1)		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
EBIT	(5.1)	(0.6)	1.0	(17.6)	(6.2)	2.0	5.6	-51.3%	32.4%
* <i>Theoretical Tax rate</i>	0.0%	0.0%	30.0%	0.0%	0.0%	30.0%	30.0%		
= Taxes (pre- Net Financial Result)	-	-	(0.3)	-	-	(0.6)	(1.7)		
Recurrent EBITDA	(2.2)	2.5	11.3	(9.3)	6.8	10.1	13.8	-61.6%	51.6%
- Rentals (IFRS 16 impact)	-	-	(8.3)	(8.7)	(6.2)	(6.2)	(6.4)		
+/- Working Capital increase	6.5	(0.4)	(1.3)	9.0	2.8	(2.7)	(3.5)		
= Recurrent Operating Cash Flow	4.3	2.1	1.8	(9.0)	3.3	1.2	3.9	-60.1%	34.6%
- CAPEX	(0.9)	(0.8)	(2.6)	(2.0)	(2.1)	(2.4)	(2.5)		
- Taxes (pre- Financial Result)	-	-	(0.3)	-	-	(0.6)	(1.7)		
= Recurrent Free Cash Flow (To the Firm)	3.4	1.3	(1.1)	(11.0)	1.3	(1.8)	(0.3)	-73.9%	70.9%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	131.9%	-62.3%	-185.5%	-912.0%	111.4%	-240.8%	84.6%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	2.9%	1.1%	n.a.	n.a.	1.3%	n.a.	n.a.		
- Acquisitions / + Divestments	3.2	2.6	-	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	6.6	3.9	(1.1)	(11.0)	1.3	(1.8)	(0.3)	-54.2%	70.9%
<i>Free Cash Flow (To the Firm) growth</i>	163.0%	-41.3%	-128.0%	-912.0%	111.4%	-240.8%	84.6%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	6.1%	2.3%	n.a.	n.a.	2.3%	n.a.	n.a.		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	12.0%	7.1%	n.a.	n.a.	2.3%	n.a.	n.a.		

Note 1: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.1Mn higher due to IFRS 16.

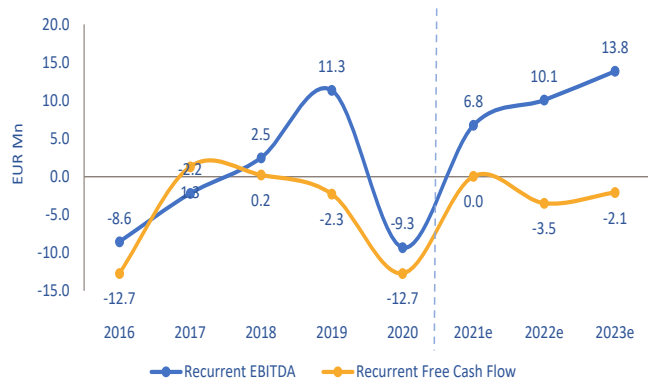
Recurrent Free Cash Flow accumulated variation analysis (2016 - 2020)



Recurrent Free Cash Flow accumulated variation analysis (2020 - 2023e)



Recurrent EBITDA vs Recurrent Free Cash Flow



Stock performance vs EBITDA 12m forward



Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	35.0	
+ Minority Interests	-	6m Results 2021
+ Provisions & Other L/T Liabilities	4.3	6m Results 2021
+ Net financial debt	22.3	6m Results 2021
- Financial Investments	6.7	6m Results 2021
+/- Others		
Enterprise Value (EV)	54.9	

Appendix 4. Historical performance (1)(2)

Historical performance (EUR Mn)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	CAGR 10-20	CAGR 20-23e
Total Revenues	166.9	156.1	152.1	134.9	124.1	108.4	113.2	117.0	114.9	117.3	67.5	94.5	108.3	116.3	-8.7%	19.9%
<i>Total Revenues growth</i>	-6.8%	-6.5%	-2.6%	-11.3%	-8.0%	-12.6%	4.4%	3.3%	-1.7%	2.0%	-42.5%	40.1%	14.5%	7.4%		
EBITDA	10.3	1.6	(5.3)	(2.5)	(1.5)	(17.9)	(8.6)	(2.2)	1.3	11.3	(6.8)	1.8	10.1	13.8	-10.3%	59.2%
<i>EBITDA growth</i>	-46.5%	-84.7%	-437.4%	53.1%	40.0%	n.a.	52.1%	74.2%	158.0%	785.6%	-160.1%	126.3%	461.2%	37.6%		
<i>EBITDA/Sales</i>	6.1%	1.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1.1%	9.7%	n.a.	1.9%	9.3%	11.9%		
Net Profit	(4.5)	(9.3)	(23.9)	(10.3)	(11.0)	8.0	(22.7)	(6.9)	(0.5)	(8.3)	(19.3)	(7.5)	(0.4)	2.0	-15.7%	28.2%
<i>Net Profit growth</i>	-563.1%	-106.1%	-158.4%	57.1%	-7.5%	172.2%	-384.8%	69.8%	92.7%	n.a.	-132.5%	61.1%	94.9%	632.9%		
Adjusted number shares (Mn)	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.0	9.2	9.2	9.2	9.3	9.3	9.3		
EPS (EUR)	-0.49	-1.01	-2.62	-1.12	-1.21	0.87	-2.48	-0.76	-0.05	-0.90	-2.10	-0.81	-0.04	0.22	-15.6%	28.1%
<i>EPS growth</i>	n.a.	n.a.	n.a.	57.1%	-7.5%	n.a.	n.a.	69.4%	92.9%	n.a.	n.a.	61.3%	94.9%	n.a.		
Ord. EPS (EUR)	-0.60	-1.83	-3.62	-1.32	-0.42	-2.98	-1.37	-0.76	0.07	-0.01	-2.37	-0.23	0.00	0.22	-14.7%	27.9%
<i>Ord. EPS growth</i>	n.a.	n.a.	-97.5%	63.4%	68.0%	n.a.	53.8%	44.9%	n.a.	n.a.	n.a.	90.1%	n.a.	n.a.		
CAPEX	(9.0)	(6.2)	(0.7)	(1.6)	(2.0)	(2.4)	(2.0)	(0.9)	(0.8)	(2.6)	(2.0)	(2.1)	(2.4)	(2.5)		
<i>CAPEX/Sales %</i>	5.4%	4.0%	0.5%	1.2%	1.6%	2.2%	1.8%	0.8%	0.7%	2.2%	3.0%	2.2%	2.2%	2.2%		
Free Cash Flow	5.0	(11.3)	24.9	8.9	(5.3)	24.9	(12.6)	4.5	1.6	(2.3)	(10.2)	(4.9)	(3.5)	(2.1)	-15.0%	41.1%
<i>ND/EBITDA (x)⁽³⁾</i>	0.5x	14.0x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-9.4x	-0.9x	n.a.	2.3x	0.8x	0.7x		
<i>P/E (x)</i>	n.a.	n.a.	n.a.	n.a.	n.a.	4.0x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17.2x		
<i>EV/Sales (x)</i>	0.53x	0.38x	0.33x	0.48x	0.45x	0.11x	0.31x	0.28x	0.46x	0.35x	0.54x	0.58x	0.51x	0.47x		
<i>EV/EBITDA (x)⁽³⁾</i>	8.6x	38.1x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	41.1x	3.6x	n.a.	30.6x	5.5x	4.0x		
<i>Absolute performance</i>	-22.4%	-38.5%	-24.1%	44.8%	-12.4%	-30.4%	-4.9%	62.2%	29.7%	2.6%	-35.9%	-17.0%				
<i>Relative performance vs Ibx 35</i>	-6.1%	-29.2%	-20.4%	19.2%	-15.5%	-25.1%	-3.0%	51.0%	52.5%	-8.2%	-24.2%	-20.7%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factset.

Note 2: Financial projections include IFRS 16 adjustments. FY 19 EBITDA is c. EUR 9.1Mn higher due to IFRS 16.

Note 3: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2021e

		Affordable Luxury players				Specialised Retail Holdings						
EUR Mn		SMCP SA	Ted Baker PLC	Hugo Boss AG	Burberry Group PLC	Average	PVH Corp	Tapestry	Capri Holdings Ltd	Kering	Average	ADZ
Market data	Ticker (Factset)	SMCP-FR	TED-GB	BOSS-DE	BRBY-GB		PVH-US	TPR-US	CPRI-US	KER-FR		ADZ-ES
	Country	France	UK	Germany	UK		USA	USA	UK	France		Spain
	Market cap	596.1	248.2	3,704.4	8,482.5		6,588.0	9,587.9	7,828.3	88,150.1		35.0
	Enterprise value (EV)	1,384.2	394.6	4,511.6	8,732.9		9,610.4	11,109.3	10,382.5	93,217.5		54.9
Basic financial information	Total Revenues	1,043.5	541.0	2,721.8	3,262.0		8,065.4	5,070.0	4,778.2	16,934.1		94.5
	Total Revenues growth	34.3%	30.8%	39.9%	18.4%	30.9%	28.2%	15.8%	33.4%	29.3%	26.7%	40.1%
	2y CAGR (2021e - 2023e)	8.4%	17.0%	10.5%	6.7%	10.6%	5.2%	9.6%	9.2%	9.2%	8.3%	10.9%
	EBITDA	241.5	45.4	564.7	909.5		1,067.7	1,159.3	1,069.5	6,122.0		1.8
	EBITDA growth	42.5%	518.2%	145.8%	11.7%	179.5%	337.6%	142.1%	113.8%	33.8%	156.8%	126.3%
	2y CAGR (2021e - 2023e)	13.0%	64.2%	14.5%	8.6%	25.1%	5.2%	10.2%	9.6%	10.7%	8.9%	n.a.
	EBITDA/Revenues	23.1%	8.4%	20.7%	27.9%	20.0%	13.2%	22.9%	22.4%	36.2%	23.7%	1.9%
	EBIT	66.6	(25.3)	207.2	553.4		773.6	966.4	870.5	4,749.8		(6.2)
	EBIT growth	n.a.	66.4%	265.1%	13.1%	114.9%	n.a.	271.9%	177.9%	51.5%	167.1%	64.6%
	2y CAGR (2021e - 2023e)	32.7%	95.0%	28.2%	12.3%	42.0%	8.3%	11.7%	11.9%	12.5%	11.1%	70.3%
	EBIT/Revenues	6.4%	n.a.	7.6%	17.0%	10.3%	9.6%	19.1%	18.2%	28.0%	18.7%	n.a.
	Net Profit	20.8	-	120.2	403.6		560.8	736.0	717.2	3,170.5		(7.5)
	Net Profit growth	120.4%	100.0%	154.7%	-8.6%	91.6%	155.9%	227.9%	n.a.	46.8%	143.5%	61.1%
2y CAGR (2021e - 2023e)	69.4%	n.a.	33.9%	12.1%	38.5%	9.5%	13.0%	12.2%	13.9%	12.1%	50.6%	
CAPEX/Sales %	4.9%	3.5%	4.8%	6.8%	5.0%	3.2%	2.0%	4.0%	6.3%	3.9%	2.2%	
Free Cash Flow	28.5	(55.4)	185.3	461.7		324.9	1,065.6	571.4	3,090.9		(4.9)	
Net financial debt	784.7	144.5	907.1	(1,144.2)		1,337.6	1,256.9	673.5	453.4		4.1	
ND/EBITDA (x)	3.2	3.2	1.6	n.a.	2.7	1.3	1.1	0.6	0.1	0.8	0.6	
Pay-out	0.0%	n.a.	46.1%	55.4%	33.8%	0.5%	11.2%	0.0%	41.6%	13.3%	0.0%	
Multiples and Ratios	P/E (x)	26.3	n.a.	30.5	21.1	26.0	11.8	13.3	11.0	27.7	16.0	n.a.
	P/BV (x)	0.5	1.5	4.1	4.4	2.6	1.4	3.3	3.2	6.4	3.6	2.1
	EV/Revenues (x)	1.3	0.7	1.7	2.7	1.6	1.2	2.2	2.2	5.5	2.8	0.6
	EV/EBITDA (x)	5.7	8.7	8.0	9.6	8.0	9.0	9.6	9.7	15.2	10.9	8.1
	EV/EBIT (x)	20.8	n.a.	21.8	15.8	19.4	12.4	11.5	11.9	19.6	13.9	n.a.
	ROE	2.0	n.a.	13.5	20.7	12.1	12.2	30.1	29.1	23.1	23.6	n.a.
	FCF Yield (%)	4.8	n.a.	5.0	5.4	5.1	4.9	11.1	7.3	3.5	6.7	0.1
	DPS	0.00	0.00	0.80	0.55	0.34	0.04	0.30	0.00	10.55	2.72	0.00
Dvd Yield	0.0%	0.0%	1.5%	2.6%	1.0%	0.0%	0.9%	0.0%	1.5%	0.6%	0.0%	

Note 1: Financial data, multiples and ratios based on market consensus (Factset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
02-Dec-2021	n.a.	3.77	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
01-Sep-2021	n.a.	4.49	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
28-Jul-2021	n.a.	4.34	n.a.	n.a.	3m Results 2021	Ana Isabel González García, CIIA
14-Jun-2021	n.a.	4.28	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
29-Apr-2021	n.a.	4.50	n.a.	n.a.	12m Results 2020	Ana Isabel González García, CIIA
29-Mar-2021	n.a.	4.20	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
18-Jan-2021	n.a.	4.78	n.a.	n.a.	9m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
02-Dec-2020	n.a.	4.60	n.a.	n.a.	6m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
17-Sep-2020	n.a.	3.90	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
25-Jun-2020	n.a.	5.10	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
13-Jan-2020	n.a.	6.90	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
03-Dec-2019	n.a.	7.36	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

