

NEWS

1 February 2022

PORTOBELLO

Secures a €5m loan and signs new store openings (+)

(Company)

The company announced that it has secured a 5-year loan for €5m with Deutsche Bank.

Portobello will use the funds to accelerate the development of its retail network by opening an additional 5 000sqm of selling surface, the equivalent in terms of revenues and profitability of 20 stores of 250sqm.

All stores are expected to be opened during 2022 which according to our calculations should increase the company's total selling surface from 13 130sqm to around 28 000sqm by year-end. Thus, Retail sales will grow even faster than our current estimates from FY23 onwards.

Consequently, we are revising upwards our sales forecasts for FY23 from €183.4m to €196.1m. We slightly decrease our EBIT FY22 estimate to account for a higher level of Capex related to new stores openings.

At the current pace of planned store openings, we expect an EPS CAGR of +38% for the period FY22E to FY25E. Thus, we believe the current valuation at <7x PE FY22 is extremely attractive and does not reflect the strong dynamic of the company.

Following the update of our estimates, we raise our TP to €90 (vs. €85) and maintain our Buy rating.

Buy, TP of 90,0€ (vs. 85,0€) - Alessandro Cuglietta : +33173030973

Market Data

Industry	Retail
Share Price (€)	37,4
Market Cap (€M)	121,1
Market Segment	Euronext Growth Milan
Bloomberg	POR IM

Ownership structure

Founders & Managers	73,5%
Free float	26,5%

€M (31/12)	2020	2021	2022	2023
Sales (€M)	62,7	86,5	133,9	196,1
<i>Growth</i>	38,3%	38,0%	54,8%	46,5%
EBIT	8,6	12,1	21,5	38,2
<i>EBIT Margin</i>	13,7%	14,0%	16,1%	19,5%
Net income	6,0	8,5	15,3	27,3
EPS €	2,12	2,61	4,72	8,44
<i>Growth</i>	21,2%	23,2%	80,8%	78,7%
Dividend	0,00	0,00	0,00	0,00
<i>Yield (%)</i>	0,0%	0,0%	0,0%	0,0%
FCFF	-9,5	-6,2	-3,5	11,5
ROCE	20,4%	19,2%	24,1%	34,1%
EV/EBITDA (x)		7,7	4,6	2,7
EV/EBIT (x)		9,8	5,5	3,1
PE (x)		12,4	6,9	3,8
Net Debt	13,4	9,9	13,9	2,9
<i>Gearing net</i>	13%	9%	13%	3%

Midcap Partners estimates

Upcoming event : March - RN 2021

Consensus - Number of analysts : 2

	2021	2022	2023
Sales	88,3	129,5	169,2
EBIT	11,7	20,4	30,8
Net income	8,0	14,2	21,6

Source: FACTSET

Analyst certifications

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This Report may mention evaluation methods defined as follows:

- 1.DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
- 2.Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
- 3.Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
- 4.Discouted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
- 5.Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests

Company	Conflict Type
PHARMANUTRA	G
PORTOBELLO	E,G

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- Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
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