



PUBLICATIONS

21 September 2021

PORTOBELLO

H1 2021 (=)

(Company)

Portobello reported very good half-year results last night, illustrating the effectiveness of its business model.

Value of Production (VoP) rose by 22.5% to €29.4m (vs. an estimated €28.0m) from €24.0m in H1 2020 thanks to the good performance of the retail and B2B activities. Despite a slowdown in activity due to health measures in H1, Portobello stores recorded growth of +59.1% and +11% in Like-for-Like. The B2B activity reported a strong increase to €8.6 million (vs. €4.5 million). As a reminder, this activity is considered opportunistic because it allows the Group to monetize certain goods obtained via barter when volumes are too high to be sold in stores. Finally, the Media activity recorded revenues of €8.6 million, down 10.5% compared to June 2020, due to the postponement of advertising campaigns to H2. It should also be noted that the Group recorded €28.2 million in "Advertising to be consumed" in its balance sheet, suggesting a strong reversal of the trend for the second half of the year in this activity.

As far as profitability is concerned, Portobello posted an EBITDA margin above our expectations at 24.9% (vs. 22.7% in H1 2020) thanks to the increase in the Retail activity and the optimization of margins on the various activities. Net income was €4.4 million, up +28.6%, representing a net margin of 14.9%. Finally, the Group's net debt was €6.3 million (cash positive), an improvement following the recent capital increase.

This good publication confirms our scenario for the year 2021. We recall that the activity has a strong seasonality in H2 (back to school, end of year holidays...) and that many new stores are planned to open by the end of the year. The company estimates that its chain of stores will reach a total surface area of 13,130m², compared with approximately 6,500m² at the end of June.

We believe that the stock's valuation is still very attractive and reiterate our Buy rating with a target price of €85, representing a potential upside of more than 85%.

Buy, TP of 85,0€ - Alessandro Cuglietta : +33 1 78 95 71 64

Market Data	
Industry	Retail
Share Price (€)	46,0
Market Cap (€M)	148,9
Market Segment	AIM Italia
Bloomberg	POR IM

Ownership structure	
Founders & Management	73,5%
Free float	26,5%

€M (31/12)	2020	2021	2022	2023
Sales (€M)	62,7	86,5	133,9	183,4
<i>Growth</i>	38,3%	38,0%	54,7%	37,0%
EBIT	8,6	12,1	22,0	35,9
<i>EBIT Margin</i>	13,7%	14,0%	16,4%	19,6%
Net income	6,0	8,5	15,6	25,7
EPS €	2,12	2,61	4,82	7,93
<i>Growth</i>	21,2%	23,2%	84,7%	64,3%
Dividend	0,00	0,00	0,00	0,00
<i>Yield (%)</i>	0,0%	0,0%	0,0%	0,0%
FCFF	-9,5	-4,9	-1,5	12,0
ROCE	20,4%	19,8%	25,7%	34,2%
EV/EBITDA (x)		9,3	5,2	3,2
EV/EBIT (x)		11,8	6,1	3,6
PE (x)		15,3	7,8	4,5
Net Debt	13,4	8,6	10,6	-1,0
<i>Gearing net</i>	10%	7%	8%	-1%

Midcap Partners estimates

Upcoming event : March 2022 - 2021 Results

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. Discounted 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
AST GROUPE	D,F,G
HEXAOM	Nil
INTERPARFUMS	Nil
PLASTIC OMNIUM	Nil
PORTOBELLO	E,G
STREAMWIDE	D,F,G

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