

## PUBLICATIONS

11 September 2020

### GIGLIO

#### H1 2020 Results (+)

(Company press release)

#### Big Surprise on Profitability

On Thursday after trading, Giglio released its results for H1 2020 which landed above our expectations.

As previously announced, revenue came to €26.3m (vs. €19.3m in H1 2019), representing record growth of 36%. This excellent performance is attributable to the timely launch of the Healthcare business, the significant increase in online sales of consumer electronics and food products, boosted by the Covid-19 crisis, and the acquisition of Terashop. This flexibility enabled it to offset the decline in B2B and B2C fashion, which were strongly impacted by the health crisis.

Q2, usually the lowest in terms of revenue, showed growth of +55.5% and illustrates the company's insolent resilience during the confinement period.

In H1 2020, profitability came in well above our expectations, with an EBITDA margin of 7.2% vs. the expected 4.5%. This impressive improvement is the result of cost reduction efforts combined with a better-than-expected sales margin in the product mix. Giglio thus delivered margins in line with its industrial plan and with our 2020E forecasts from H1.

Net profit for the period is break-even at €34k and is once again in positive territory after very negative results in H1 2019.

Thanks to a favourable change in customer working capital requirements, net debt improved to €15.9m, compared with €17.4m in Q1 2020.

#### Outlook

As expressed previously, the accelerating adoption of online services caused by the health crisis reflects a lasting and projected change in consumption habits. This structural trend will drive Giglio's business in the years to come.

In view of the expected revenue growth of +25.9% CAGR 2019 - 2022E and the potential for improved profitability with a 2023E EBITDA margin of 11.3%, the current valuation seems completely disconnected from the group's fundamentals with a 2021E EV/EBITDA @9.3x (vs. peer's median @17.8x). We are reiterating both our Buy rating and TP of €5.1.

**Buy, TP of €5.1 - Alessandro Cuglietta : +33 1 78 95 71 64**

Market Data	
Industry	E-commerce
Share Price (€)	2,4
Market Cap (€M)	44,5
Market Segment	STAR
Bloomberg	GG IM

Ownership structure	
Meridiana Holding	52,7%
Docomo Digital	8,7%
Free float	38,6%

€M (31/12)	2019	2020	2021	2022
Sales (€M)	40,2	57,2	65,4	80,3
Growth	3,3%	42,3%	14,3%	22,7%
EBITDA	1,0	4,0	6,5	9,0
Marge EBITDA	-0,6%	7,0%	10,0%	11,3%
Net income	-15,8	1,2	3,7	5,5
EPS €	-0,83	0,07	0,20	0,30
Growth	60,6%	-108,0%	207,0%	47,1%
Dividend	0,00	0,00	0,00	0,00
Yield (%)	0,0%	0,0%	0,0%	0,0%
FCF	-0,3	-2,9	6,0	5,5
ROCE		7,5%	20,0%	28,3%
EV/Sales (x)		1,1	0,9	0,8
EV/EBITDA (x)		15,2	9,3	6,7
PE (x)		37,1	12,4	8,4
Net Debt	13,9	14,0	7,5	1,9
Gearing net	n.m.	n.m.	223%	21%

Midcap Partners estimates

#### Upcoming event : 19/11/2020 - 9M Results 2020

Consensus - Number of an:	2020E	2021E	2022E
Sales	56,815	67,565	80,3
EBITDA	4,0	5,4	n.m.
Net income	1,4	3,1	5,5

Source: FACTSET

TOP Peers	Market Cap (€M)	EV/EBIT 2020	EV/EBIT 2021	EV/EBITDA 2020	EV/EBITDA 2021
ASOS plc	5 005	34,2	30,8	18,5	15,9
boohoo group Plc	3 959	28,1	21,9	22,7	17,8
Zalando SE	18 444	73,2	55,9	38,4	30,8

Source: FACTSET

## Disclaimer

This document may refer to valuation methods defined as follows:

- 1 - DCF method: discounting future cash flows generated by the business's operations. Cash flows are determined using the analyst's financial forecasts and models. The discount rate used is the weighted average cost of capital, defined as the weighted average cost of the company's borrowings and the theoretical cost of its equity as estimated by the analyst.
- 2 - Comparables method: application of stock-market valuation multiples, or multiples observed for recent transactions. These multiples may be used as benchmarks and applied to the company's financial aggregates to determine its valuation. The analyst builds the sample according to the company's characteristics (size, growth, profitability, etc). The analyst may also apply a premium/discount based on his perception of the company's characteristics.
- 3 - Asset-based method: estimation of the value of the equity on the basis of the revalued and corrected assets comprising the fair value of the liability.
- 4 - Discounted dividend method: discounted future value of estimated dividend flows. The discounting rate taken is general the cost of capital.
- 5 - The sum of the parts: this method consists in estimating a company's various activities by using the most appropriate evaluation method for each of them, then by adding them together.

Rating structure:

Buy: expected over-performance 10% greater than the market within 6 – 12 months

Hold: expected performance of between -10% and +10% compared to the market within 6 – 12 months

Sell: expected under-performance 10% greater than the market within 6 – 12 months

Company	Closing price (€)	Rating	Warning
AKKA TECHNOLOGIES	18,9	Hold	Nil
CHARGEURS	17,78	Buy	Nil
ESI GROUP	39,4	Hold	Nil
EUROBIO SCIENTIFIC	11,05	Buy	D,F,G
GIGLIO	2,43	Buy	E,F,G
UBISOFT	70,14	Hold	Nil

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Stock rating distribution

At September 2020 the stock rating distribution issued by the LOUIS CAPITAL MARKETS - MCP Midcap research team is as follows:

Rating	Midcap Partners coverage universe	of which Investment banking services*
Buy	66%	75%
Hold	26%	21%
Sell	5%	2%
Under review	3%	2%

\* Investment banking services provided by Midcap Partners in the previous 12 months

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### London

Midcap Partners - LCM  
4th Floor - 130 Wood Street  
London EC2V 6DL  
+44 20 7936 1722

### Paris

Midcap Partners - LCM  
42, rue Washington  
75008 Paris  
+33 1 55 35 69 47

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