



SFAF Feedback

18 May 2021

GIGLIO GROUP

Feedback Q1 2021 (=)

The Q1 results published by Giglio showed an activity still impacted by the Covid-19 pandemic.

As a reminder, revenues amounted to €10.1M, down 28.9% compared to Q1 2020 due to a decline in the healthcare activity (i.e. ffp2 masks) which had strongly contributed to revenues in the first 2 quarters of 2020. The B2C activity is down 7% due to the loss of some customers at the end of last year. EBITDA was down to €0.1M (vs. €0.6M) but B2C profitability has improved and is starting to show the first beneficial effects of the integration of acquired companies.

The Group thus expects a rebound in activity over the next few quarters and confirms the objectives of its BP 21-24, which targets a 2022 turnover of €70M with an EBITDA of €4.55M (6.5% margin) and a 2023 turnover of €82M with an EBITDA of €6.57M (8% margin).

We are therefore revising upwards our sales forecasts, assuming a slightly lower profitability than anticipated. We adjust our EBITDA estimates for 21, 22 and 23 to €2.7M (vs. €3.1M), €4.3M (unchanged) and €5.5M (vs. €5.2M).

Thus, we confirm our Buy opinion with an adjusted price target of €3.7 (vs. €4.0) following the adjustment of our estimates and market parameters.

Buy, TP of €3,7€ (vs. €4,0) - Alessandro Cuglietta : +33 1 78 95 71 64

Market Data	
Industry	E-commerce
Share Price (€)	2,0
Market Cap (€M)	42,3
Market Segment	STAR
Bloomberg	GG IM

Ownership structure	
Meridiana Holding	56,6%
Free float	43,4%

€M (31/12)	2020	2021	2022	2023
Sales (€M)	41,3	49,3	62,3	72,7
Growth	9,4%	19,4%	26,3%	16,8%
EBITDA Adj.	1,9	2,7	4,3	5,5
EBITDA Margin	4,7%	5,5%	6,9%	7,6%
Net income	-2,6	-0,2	0,8	1,6
EPS €	-0,13	-0,01	0,04	0,08
Growth	-84,6%	-92,5%	-515,0%	91,1%
Dividend	0,00	0,00	0,00	0,00
Yield (%)	0,0%	0,0%	0,0%	0,0%
FCFF	3,1	2,9	2,7	3,4
ROCE	0,6%	4,5%	15,3%	25,7%
EV/Sales (x)		1,0	0,8	0,7
EV/EBITDA (x)		18,3	11,6	9,0
PE (x)			47,6	24,9
Net Debt	10,7	8,5	6,5	3,7
Gearing net	27%	22%	17%	10%

Midcap Partners estimates

Upcoming event : 10 September - H1 2021

DISCLAIMER

This document 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.

Rating structure

- * Buy: expected to outperform the market by more than 10% over a 6 - 12 months horizon
- * Hold: expected performance between -10% and +10% compared to the market in a 6 - 12 months horizon
- * Sell: expected to underperform the market by more than 10% over a 6 - 12 months horizon

The history of ratings and the target price for the Issuers covered in this report are available on request at marketing@midcapp.com.

Conflict of Interests

Company	Closing price (€)	Rating	Warning
GIGLIO GROUP	2,04	Buy	E,G

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As of 01/05/2021, the ratings issued by the Midcap research team were as follows:

Rating	Midcap Partners coverage universe	of which Investment banking services*
Buy	78%	84%
Hold	17%	14%
Sell	3%	0%
Tender	2%	2%

* "Corporate" Issuers: Issuers to whom Midcap has provided Investment Services over the last 12 months

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