

NEWS

12 January 2021

GIGLIO

Strengthens Its Position in Fashion & Food with an Acquisition (+) (Company)

Giglio Group has announced the signing of an agreement to acquire 100% of Salotto Brera - Duty Free (SBDF), a company operating in travel retail distribution and marketing of Fashion & Food products, for €1.175m.

The transaction reflects an EV/EBITDA multiple of approximately 3.9x according to information provided by the company. SBDF is expected to generate record revenue of €5.1m in 2020, and an EBITDA of €0.3m. The group will also pay an earn-out of €200k conditional on reaching a specified EBITDA level over the next two FYs. The transaction will be 100% financed by cash with an expected closing at the beginning of 2021.

This strategic operation will enable the group to strengthen its distribution activity and increase its customer portfolio with brands such as Tommy Hilfiger, Ralph Lauren and Calvin Klein. It will also enable Giglio to strengthen its presence in the Middle East region and expand its range of commercial solutions.

This transaction is not included in our current estimates for the company.

We are reiterating our Buy rating and TP of €4.8.

Buy, TP of €4.8 - Alessandro Cuglietta : +33 1 78 95 71 64

Market Data

Industry	E-commerce
Share Price (€)	2,3
Market Cap (€M)	42,1
Market Segment	STAR
Bloomberg	GG IM

Ownership structure

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

€M (31/12)	2019	2020	2021	2022
Sales (€M)	40,2	50,1	66,4	83,0
<i>Growth</i>	3,3%	24,7%	32,4%	25,0%
EBITDA	1,0	3,5	7,3	10,2
<i>Marge EBITDA</i>	-0,6%	7,0%	11,0%	12,3%
Net income	-15,8	0,3	3,8	5,8
EPS €	-0,83	0,02	0,18	0,28
<i>Growth</i>	60,6%	-102,1%	962,5%	52,0%
Dividend	0,00	0,00	0,00	0,00
<i>Yield (%)</i>	0,0%	0,0%	0,0%	0,0%
FCF	-0,3	-3,5	5,8	5,8
ROCE		6,2%	22,7%	32,1%
EV/Sales (x)		1,3	1,0	0,8
EV/EBITDA (x)		18,6	8,9	6,4
PE (x)		138,5	12,5	8,2
Net Debt	13,9	16,6	10,9	5,1
<i>Gearing net</i>	n.m.	469%	147%	39%

Midcap Partners estimates

Upcoming event : TBD

Consensus - Number of analysts : 2

	2020	2021	2022
Sales	49,6	66,6	83,0
EBITDA	3,4	6,2	10,2
Net income	0,4	3,1	5,8

Source: FACTSET

TOP Peers	Market Cap (€M)	EV/EBIT 2020	EV/EBIT 2021	EV/EBITDA 2020	EV/EBITDA 2021
Triboo SpA	30	36,4	8,7	4,0	3,2
ASOS plc	5 947	32,4	25,5	16,8	14,0
Zalando SE	24 316	64,3	64,1	38,3	37,2

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
DALET	13.4	Hold	D,G
GIGLIO	2.3	Buy	E,F,G
SOLUTIONS 30	12.9	Buy	G
UBISOFT	79.78	Hold	Nil
VENTE-UNIQUE.COM	13.7	Buy	D,G

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C LOUIS CAPITAL MARKETS - MCP, alone or with other corporate entities, is related to the issuer by other significant financial interests;

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G LOUIS CAPITAL MARKETS – MCP and the issuer agreed that the former should provide the latter with a service to produce and circulate the investment recommendation on the said issuer;

Stock rating distribution

At January 2021 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	67%	77%
Hold	27%	21%
Sell	5%	0%
Tender	2%	2%

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

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