

## Profitability Drives Growth

ADD | Fair Value: €8.07 (€8.07) | Current Price: €3.80 | Upside: 112.5%

€ Million	FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Total Revenues	33.2	22.3	27.4	37.3	47.5	57.2
EBITDA	6.2	6.5	8.8	11.2	14.6	18.0
margin	18.7%	29.1%	32.2%	29.9%	30.8%	31.4%
Net Profit	3.5	3.8	5.0	6.5	8.2	10.1
margin	10.7%	17.1%	18.3%	17.5%	17.2%	17.7%
EPS	n.a.	n.a.	0.32	0.42	0.52	0.65

Source: Company data (2019–21), KT&amp;Partners' elaboration (2021–24)

**Preliminary FY21 Financial Results.** On January 11<sup>th</sup>, 2022, the Company announced unaudited sales revenues of €26.7mn, 26% higher than 2020 results. Take Off BU sales revenues grew by 37% YoY, leading group growth, while OverKids revenues finished in line with FY20 (+1% YoY). It is worth noting that, when compared to 2019, the lower level of Take Off BU sales is mainly associated to the lower opening days (316 in 2021 vs 362 in 2019). Indeed, the average 2021 daily sales is in line with pre-COVID levels. Moreover, TKO-IT expects FY21 EBITDA margin in a range of 33%-36% (calculated on sales revenues), i.e., a FY21E EBITDA between €8.8mn and €9.6mn, demonstrating its strong resilience and ability to generate profitability through inventory stock rotation, cost-saving activities, and an average selling price improvement across all business units (+13% and +18% compared to 2019 for Take Off and OverKids, respectively).

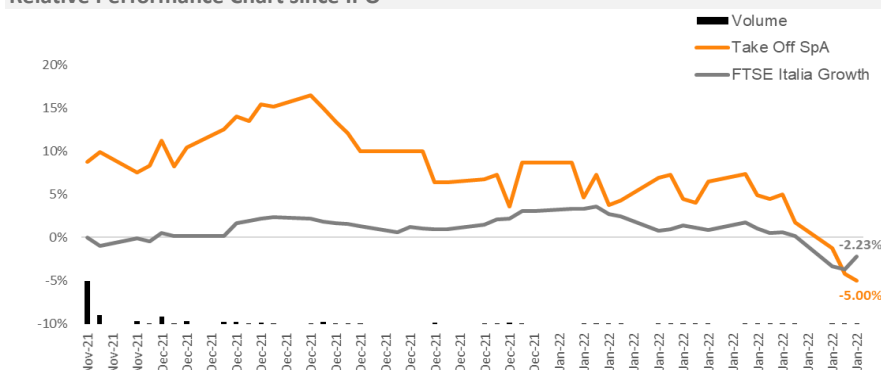
**Estimates Revision.** Following FY21 preliminary financial results, we slightly adjusted downward our FY21E revenues, factoring in: i) the postponement in 2022 of three store openings (one Take Off's DOS and two Overkids' TPOS); ii) the slowdown of sales at the end of the year caused by the outbreak of COVID-19 variant (Omicron). Looking at profitability, we revised upward FY21E EBITDA Margin (+2.1pp), forecasting an EBITDA of €8.8mn in FY21, in line with the company expected result. On the other hand, we left unchanged our projections over the period 2022-2024 as we expect the company to keep pursuing its growth, also following the expected minor impact of COVID in 2022. We remind that, in line with the strategy announced at the IPO, the Company is seeking M&A deals to capture growth opportunities by acquiring non-performing retail chains.

€ Million	FY19	FY20	FY21	YoY %	FY21E Old	FY21E new	A vs E %
Take Off	22.8	14.5	19.9	37%	20.7	19.9	-4%
OverKids	9.3	6.7	6.8	1%	7.6	6.8	-11%
Sales Revenues	32.1	21.2	26.7	26%	28.3	26.7	-6%
Growth %		-34.0%	26.1%				
EBITDA	6.2	6.5	8.8 - 9.6		8.7	8.8	
EBITDA margin	18.7%	29.1%			30.1%	32.2%	
Growth %		4.5%					

Source: Company data (2019–21), KT&amp;Partners' elaboration (2021)

**Fair value confirmed at €8.07ps.** Our valuation – based on both DCF and EV/EBITDA multiple models – confirms an equity value of €126.1mn or €8.07ps, with an ADD rating and an upside of +112.5% on current market price.

## Relative Performance Chart since IPO



## Research Update

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Equity Research Team  
[connect@ktepartners.com](mailto:connect@ktepartners.com)

Mauro IACCINO  
[miaccino@ktepartners.com](mailto:miaccino@ktepartners.com)

Federica FIORENZA  
[ffiorenza@ktepartners.com](mailto:ffiorenza@ktepartners.com)

Gabriele TRAPANI  
[gtrapani@ktepartners.com](mailto:gtrapani@ktepartners.com)

## Market Data

Main Shareholders	
Summit S.p.A.	72.63%
Aldo Piccarreta	5.53%
Giorgia Lamberti Zanardi	1.84%
Mkt Cap (€ mn)	59.4
EV (€ mn)	52.4
Shares out.	15.6
Free Float	20.0%

Market multiples	2021E	2022E	2023E
EV/EBITDA			
Take Off SpA	6.0x	4.7x	3.6x
Comps Median	12.6x	11.5x	10.7x
Take Off SpA vs Median	-53%	-59%	-67%
P/E			
Take Off SpA	11.9x	9.1x	7.3x
Comps Median	22.0x	19.5x	17.4x
Take Off SpA vs Median	-46%	-53%	-58%

## Stock Data

52 Wk High (€)	5.40
52 Wk Low (€)	3.76
Avg. Daily Trading 90d	45,848
Price Change 1w (%)	-11.53
Price Change 1m (%)	-10.69
Price Change YTD (%)	-12.54

## Key Figures – Take Off S.p.A.

	Current price (€)	Fair Value (€)	Sector			Free Float (%)
	3.80	8.07	Apparel			20.0%
Per Share Data	2019A	2020A	2021E	2022E	2023E	2024E
Total shares outstanding (mn)	n.m.	n.m.	15.62	15.62	15.62	15.62
EPS	n.m.	n.m.	0.32	0.42	0.52	0.65
Dividend per share (ord)	n.a.	n.a.	n.a.	0.10	0.13	0.16
Dividend pay out ratio (%)	n.a.	28%	n.a.	25%	25%	25%
Profit and Loss (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Total Revenues	33.2	22.3	27.4	37.3	47.5	57.2
EBITDA	6.2	6.5	8.8	11.2	14.6	18.0
EBIT	4.6	5.0	7.1	8.7	11.5	14.2
EBT	5.1	5.0	7.1	9.2	11.5	14.2
Taxes	(1.5)	(1.2)	(2.0)	(2.7)	(3.3)	(4.1)
Tax rate	30%	23%	29%	29%	29%	29%
Net Income	3.5	3.8	5.0	6.5	8.2	10.1
Net Income attributable to the Group	3.5	3.8	5.0	6.5	8.2	10.1
Balance Sheet (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Total fixed assets	9.9	10.3	10.6	14.4	16.9	18.1
Net Working Capital (NWC)	(1.3)	0.5	1.9	4.1	4.7	5.7
Provisions	(0.5)	(0.7)	(1.0)	(1.4)	(1.9)	(2.5)
Total Net capital employed	8.1	10.1	11.6	17.2	19.8	21.4
Net financial position/(Cash)	(4.8)	(1.7)	(10.4)	(10.2)	(14.1)	(20.6)
Total Shareholder's Equity	12.8	11.8	22.0	27.3	33.9	41.9
Cash Flow (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Net operating cash flow	0.1	5.4	6.8	8.6	11.3	13.9
Change in NWC	-	(1.8)	(1.4)	(2.2)	(0.6)	(1.0)
Capital expenditure	-	(0.8)	(1.4)	(1.8)	(1.9)	(1.8)
Other cash items/Uses of funds	-	0.2	0.3	0.4	0.5	0.6
Free cash flow	0.1	2.9	4.2	5.0	9.4	11.6
Enterprise Value (EUR million)	2019A	2020A	2021E	2022E	2023E	2024E
Market Cap	n.m.	n.m.	59.4	59.4	59.4	59.4
Minorities	-	-	-	-	-	-
Net financial position/(Cash)	(4.8)	(1.7)	(10.4)	(10.2)	(14.1)	(20.6)
Enterprise value	n.m.	n.m.	48.9	49.2	45.3	38.8
Ratios (%)	2019A	2020A	2021E	2022E	2023E	2024E
EBITDA margin	18.7%	29.1%	32.2%	29.9%	30.8%	31.4%
EBIT margin	13.9%	22.2%	25.9%	23.4%	24.2%	24.8%
Gearing - Debt/equity	-37.2%	-14.4%	-47.4%	-37.1%	-41.7%	-49.1%
Interest cover on EBIT	-9.7%	0.0%	0.6%	0.2%	0.0%	-0.2%
NFP/EBITDA	-76.7%	-26.2%	-118.5%	-90.8%	-96.3%	-114.4%
ROCE	57.0%	49.1%	61.1%	50.8%	58.2%	66.5%
ROE	27.6%	32.3%	22.7%	23.9%	24.1%	24.1%
EV/Sales	1.58x	2.35x	1.92x	1.40x	1.10x	0.92x
EV/EBITDA	8.43x	8.07x	5.95x	4.69x	3.58x	2.92x
P/E	16.77x	15.58x	11.86x	9.08x	7.28x	5.88x
Free cash flow yield	0.00x	0.06x	0.08x	0.10x	0.18x	0.22x
Growth Rates (%)	2019A	2020A	2021E	2022E	2023E	2024E
Sales	n.a.	-32.8%	22.7%	36.4%	27.3%	20.3%
EBITDA	n.a.	4.5%	35.6%	26.8%	31.0%	22.8%
EBIT	n.a.	7.4%	43.0%	23.0%	31.7%	23.6%
Net Income	n.a.	7.6%	31.4%	30.6%	24.8%	23.8%

Source: Company data, KT&amp;Partners' elaboration

## Valuation

Following our projections of Take Off's future financials, we carried out the valuations of the company by applying the DCF and market multiples methods:

1. EV/EBITDA and P/E multiples, which returns an equity value of €94.7mn or €6.06ps;
2. DCF analysis, based on WACC of 8.9% and 1.5% perpetual growth, returns an equity value of €157.6mn or €10.09ps.

The average of the two methods yields a fair value of €8.07ps or an equity value of €126.1mn.

It is worth pointing out that, in valuing Take Off, we take into consideration NFP adjusted, factoring the cash-in from the IPO raise capital and the cash-out following the dividend payments and IFRS16 effects (only for market multiples method).

### Valuation Recap

	Equity Value €mn	Value per share €
EV/EBITDA	94.4	6.04
P/E	94.9	6.08
<b>Average - multiples</b>	<b>94.7</b>	<b>6.06</b>
DCF	157.6	10.09
<b>Average</b>	<b>126.1</b>	<b>8.07</b>

Source: FactSet, KT&Partners' elaboration

## Peer Comparison

In order to define Take Off's peer sample, we carried out an in-depth analysis of listed companies active in the off-price and apparel market. In selecting potential peers, we considered Take Off's offering, business model, growth, and profitability profile.

Looking at the Italian market, we note that not listed are companies active in the off-price retail market, providing both third-party and proprietary brands. Among Italian companies, we selected Portobello as, like Take Off, it has developed a business model that creates value from third-party inventories.

For peer analysis, we built a sample of eight companies, which includes:

- **B&M European Value Retail SA (BME-GB):** listed on the London Stock Exchange, with a market capitalization of ca. €6.7bn, the company is a general merchandise discount retailer. It offers FMCG brands and a variety of non-grocery products in a range of categories and price points. The company's product range is spread over several non-grocery merchandise categories, including housewares, DIY, electrical, toys, and pet products. B&M European Value Retail was founded in 1978 and is headquartered in Luxembourg. In FY20A, the company's revenues amounted to €5.3bn.
- **Burlington Stores, Inc. (BURL-US):** listed on the NYSE, with a market capitalization of ca. €13.7bn, the company engages in retailing off-price apparel and home products. It offers women's ready-to-wear apparel, accessories, footwear, menswear, youth apparel, baby, coats, beauty, toys, and gifts. The company was founded in 1972 and is headquartered in Burlington, NJ. In FY20A, the company's revenues amounted to €5bn.
- **Dunelm Group Plc (DNLM-GB):** listed on the London Stock Exchange, with a market capitalization of ca. €3.1bn, the company is a homewares retailer, and sells its products to customers through stores, over the internet, and via a catalogue. The company was founded by William Adderley and Jean Adderley in 1979 and is headquartered in Charnwood, the United Kingdom. In FY20A, the company's revenues amounted to €1.2bn.
- **Fast Retailing CO., LTD. (9983):** listed on the Tokyo Stock Exchange, with a market capitalization of €56.2bn, it operates as a holding company that engages in the management of its group companies, which center on casualwear. The company was founded by Hitoshi Yanai in March 1949 and is headquartered in Yamaguchi, Japan. In FY20A, the company's revenues amounted to €16.7bn.
- **Portobello SpA (POR-IT):** listed on the Borsa Italiana, with a market capitalization of ca. €118mn, the company operates through three business units active in the Media & Advertising, Retail, and B2B sectors. The company deals with the resale of advertising space, owned or purchased by third parties, for a monetary consideration or alternatively through the barter system. The company also operates a chain of Portobello branded shops, both direct and franchised, as well as an e-commerce channel (portobelloclub.it). The company was founded by Simone Prete in 2016 and is headquartered in Rome, Italy. In FY20A, the company's revenues amounted to €63mn.
- **Ross Stores, Inc. (ROST-US):** listed on NASDAQ, with a market capitalization of ca. €30.3bn, the company engages in the operation of off-price retail apparel and home accessories stores. Its products include branded and designer apparel, accessories, footwear, and home fashions through the Dress for Less and dd's DISCOUNTS brands. The company was founded by Stuart G. Moldaw in 1957 and is headquartered in Dublin, CA. In FY20A, the company's revenues amounted to €10.9bn.
- **The TJX Cos., Inc. (TJX-US):** listed on NASDAQ, with a market capitalization of ca. €72.7bn, the company engages in the retail of off-price apparel and home fashion products. The Marmaxx segment sells family apparel, including apparel, home

fashions, and other merchandise. The HomeGoods segment offers an assortment of home fashions, including furniture, rugs, lighting, soft home, decorative accessories, tabletop, and cookware as well as expanded pet, kids, and gourmet food departments. The company was founded by Bernard Cammarata in 1976 and is headquartered in Framingham, MA. In FY20A, the company's revenues amounted to €28bn.

- **Workman Co., Ltd. (7564-JP):** listed on the London Stock Exchange with a market capitalization of ca. €3.3bn, the company engages in the operation of franchise chain stores and directly managed stores that sell workwear, casualwear, family clothing, footwear, and work-related products. The company was founded on 1979 and is headquartered in Isesaki, Japan. In FY20A, the company's revenues amounted to €0.86bn.

We analyzed the peer companies by considering their average revenue and EBITDA growth and compared them to Take Off's historical and expected financials. By looking at 2019–21 revenue growth, the peers' average – composed of off-price, discount stores, and apparel companies – are expected to grow by a CAGR19–21 of +5.8% while Take Off's revenues are expected to register a CAGR19–21 of -8.8%, lower than comparable growth due to the stricter restrictions experienced by the Group when compared to USA peers. Over the 2020–23 period, Take Off's sales are expected to grow at a 13.1% CAGR vs 8.9% average of the peer's average. Looking at EBITDA, Take Off is expected to register a CAGR19–21 of 19%, outperforming the peers' average by ca. +10.2pp. According to our financial projection, Take Off's EBITDA shows an expected 33% CAGR20–23, compared with expected growth of the peers' average of +12.4%.

#### Peers Comparison – Sales and EBITDA Growth 2019–23

Company Name	Sales					CAGR 2019-'21	CAGR 2020-'23
	2019	2020	2021	2022	2023		
B&M European Value Retail SA	4,359	5,381	5,691	6,103	6,580	14.3%	6.9%
Burlington Stores, Inc.	6,526	5,012	8,446	9,066	9,984	13.8%	15.2%
Dunelm Group plc	1,248	1,205	1,554	1,799	1,900	11.6%	15.0%
FAST RETAILING CO., LTD.	18,312	16,713	16,113	17,590	19,004	-6.2%	1.2%
Portobello SpA	45	63	88	129	169	39.5%	55.1%
Ross Stores, Inc.	14,365	10,913	16,735	17,851	18,886	7.9%	9.6%
TJX Companies Inc	37,363	27,987	43,325	46,458	49,438	7.7%	9.8%
Workman Co., Ltd.	764	856	918	1,003	1,068	9.6%	11.8%
<b>Peers Average</b>	<b>10,373</b>	<b>8,516</b>	<b>11,609</b>	<b>12,500</b>	<b>13,379</b>	<b>5.8%</b>	<b>8.9%</b>
<b>Take Off SpA</b>	<b>32</b>	<b>21</b>	<b>27</b>	<b>36</b>	<b>46</b>	<b>-8.8%</b>	<b>13.1%</b>

Company Name	EBITDA					CAGR 2019-'21	CAGR 2020-'23
	2019	2020	2021	2022	2023		
B&M European Value Retail SA	662	945	975	979	1,055	21.3%	3.7%
Burlington Stores, Inc.	754	-91	985	1,034	1,206	14.3%	16.9%
Dunelm Group plc	189	223	283	342	353	22.5%	23.2%
FAST RETAILING CO., LTD.	2,508	2,894	3,225	3,612	3,884	13.4%	15.7%
Portobello SpA	8	11	15	24	35	36.5%	63.8%
Ross Stores, Inc.	2,236	691	2,380	2,599	2,769	3.2%	7.4%
TJX Companies Inc	4,723	1,218	5,228	5,755	6,412	5.2%	10.7%
Workman Co., Ltd.	170	207	229	253	273	16.1%	17.2%
<b>Peers Average</b>	<b>1,406</b>	<b>762</b>	<b>1,665</b>	<b>1,825</b>	<b>1,998</b>	<b>8.8%</b>	<b>12.4%</b>
<b>Take Off SpA</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>15</b>	<b>19.0%</b>	<b>33.0%</b>

Source: FactSet, KT&Partners' elaboration

We then compared peers' marginalities with Take Off's historical and expected margins. The peer sample have a level of marginality that is almost in line with Take Off's FY19A results. However, the relocation of production in 2020 allowed the Company to improve its margins significantly, in 2021 reaching an EBITDA margin that is almost 2x when compared to the panel.

#### Peer Comparison – EBITDA Margin, EBIT Margin and Net Margin 2019–23

Company Name	EBITDA Margin					EBIT Margin					Net Margin				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
B&M European Value Retail SA	15.2%	17.6%	17.1%	16.0%	16.0%	9.9%	13.1%	12.1%	11.0%	11.0%	5.1%	8.9%	8.6%	7.7%	7.6%
Burlington Stores, Inc.	11.6%	neg	11.7%	11.4%	12.1%	8.5%	neg	9.1%	8.7%	9.5%	6.4%	neg	6.6%	6.3%	7.0%
Dunelm Group plc	15.1%	18.5%	18.2%	19.0%	18.6%	12.1%	11.1%	12.2%	13.3%	13.2%	9.2%	8.3%	9.6%	10.3%	10.2%
FAST RETAILING CO., LTD.	13.7%	17.3%	20.0%	20.5%	20.4%	11.6%	8.5%	11.7%	12.5%	12.9%	7.1%	4.5%	8.0%	8.4%	8.6%
Portobello SpA	17.4%	16.8%	16.7%	18.4%	20.6%	14.9%	13.7%	13.2%	15.7%	18.2%	10.5%	9.5%	9.0%	11.0%	12.8%
Ross Stores, Inc.	15.6%	6.3%	14.2%	14.6%	14.7%	13.4%	3.4%	12.2%	12.5%	12.7%	10.4%	0.7%	9.0%	9.3%	9.4%
TJX Companies Inc	12.6%	4.4%	12.1%	12.4%	13.0%	10.6%	1.6%	10.2%	10.5%	11.0%	7.8%	0.3%	7.3%	7.7%	8.1%
Workman Co., Ltd.	22.2%	24.2%	24.9%	25.2%	25.6%	20.8%	22.6%	23.1%	23.0%	23.2%	14.5%	16.1%	15.7%	15.6%	15.8%
Peers Average	15.4%	15.0%	16.9%	17.2%	17.6%	12.7%	10.6%	13.0%	13.4%	14.0%	8.9%	6.9%	9.2%	9.5%	9.9%
Take Off SpA	19.4%	30.7%	33.0%	30.6%	31.5%	14.4%	23.4%	26.6%	23.9%	24.7%	11.0%	18.0%	18.8%	17.9%	17.6%

Source: FactSet, KT&Partners' elaboration

Note: Margins are calculated on sales revenues instead of total revenues.

## Market Multiples Valuation

Following the comps analysis, we proceeded with the definition of market multiples for each peer group, focusing on 2021–23 data.

### Peer Comparison – Market Multiples 2021–23

Company Name	Exchange	Market Cap	EV/SALES	EV/SALES	EV/SALES	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBIT	EV/EBIT	EV/EBIT	P/E	P/E	P/E
			2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
B&M European Value Retail SA	London	6,692	1.6x	1.5x	1.4x	9.2x	9.2x	8.5x	13.0x	13.4x	12.4x	13.8x	14.3x	13.5x
Burlington Stores, Inc.	NYSE	13,720	2.0x	1.8x	1.7x	16.9x	16.1x	13.8x	21.6x	21.0x	17.5x	25.5x	24.3x	19.8x
Dunelm Group plc	London	3,094	2.1x	1.8x	1.7x	11.6x	9.6x	9.3x	17.4x	13.7x	13.1x	21.5x	17.2x	16.6x
FAST RETAILING CO., LTD.	Tokyo	56,149	3.2x	2.9x	2.7x	16.0x	14.3x	13.3x	27.4x	23.5x	21.0x	41.7x	36.2x	32.8x
Portobello SpA	Milan	118	1.5x	1.0x	0.8x	8.7x	5.4x	3.7x	11.0x	6.3x	4.2x	14.0x	7.9x	5.2x
Ross Stores, Inc.	NASDAQ	30,278	1.8x	1.7x	1.6x	12.9x	11.8x	11.1x	15.0x	13.7x	12.8x	20.3x	18.2x	16.5x
TJX Companies Inc	NYSE	72,669	1.8x	1.7x	1.6x	14.9x	13.5x	12.1x	17.7x	16.0x	14.3x	23.7x	20.8x	18.3x
Workman Co., Ltd.	JASDAQ	3,268	3.1x	2.8x	2.7x	12.4x	11.2x	10.4x	13.4x	12.3x	11.5x	22.5x	20.7x	19.2x
Average peer group		23,248	2.1x	1.9x	1.8x	12.8x	11.4x	10.3x	17.1x	15.0x	13.3x	22.9x	19.9x	17.7x
Median peer group		10,206	1.9x	1.8x	1.6x	12.6x	11.5x	10.7x	16.2x	13.7x	12.9x	22.0x	19.5x	17.4x
Take Off SpA	Milan	59	2.0x	1.4x	1.1x	6.0x	4.7x	3.6x	7.4x	6.0x	4.6x	11.9x	9.1x	7.3x

Source: FactSet, KT&Partners' elaboration

We based our evaluation upon our estimates of Take Off's EBITDA and net income for 2021, 2022, and 2023. Our valuation also includes a 25% liquidity/size discount.

For the EV/EBITDA valuation, we have adjusted financial data for IFRS 16 impact (related to leasing contracts) by: i) adjusting EBITDA for the forecasted rental cash outflow; ii) adjusting NFP by excluding IFRS 16 related debt. We also adjusted FY20 NFP for the cash-out deriving from the dividend payment in 2021 (ca. €6mn) and cash-in from IPO proceeds.

### EV/EBITDA Market Multiples Valuation

Multiple Valuation (€mn)	2021E	2022E	2023E
EV/EBITDA Comps	12.6x	11.5x	10.7x
Take Off EBITDA adj	7.3	9.4	12.4
<b>Enterprise value</b>	<b>92.0</b>	<b>107.7</b>	<b>132.7</b>
Take Off FY20 Net Debt/(Cash) Adj.	(15.0)	(15.0)	(15.0)
<b>Equity Value</b>	<b>107.0</b>	<b>122.8</b>	<b>147.7</b>
Average Equity Value		<b>125.8</b>	
Liquidity/Size Discount		25%	
<b>Equity Value Post-Discount</b>		<b>94.4</b>	
Number of shares (mn)		15.6	
<b>Value per Share €</b>		<b>6.04</b>	

Source: FactSet, KT&Partners' elaboration

### P/E Market Multiples Valuation

Multiple Valuation (€mn)	2021E	2022E	2023E
P/E Comps	22.0x	19.5x	17.4x
Take Off SpA Net Income	5.0	6.5	8.2
<b>Equity Value</b>	<b>110.3</b>	<b>127.2</b>	<b>142.3</b>
Average Equity Value		<b>126.6</b>	
Liquidity/Size Discount		25%	
<b>Equity Value Post-Discount</b>		<b>94.9</b>	
Number of shares (mn)		15.6	
<b>Value per Share €</b>		<b>6.08</b>	

Source: FactSet, KT&Partners' elaboration

## DCF Valuation

We have also conducted our valuation using a four-year DCF model, based on 9.8% cost of equity, 3% cost of debt, and a D/E ratio of 14.2% (Damodaran for Apparel). The cost of equity is a function of the risk-free rate of 1.36% (Italian 10y BTP), 4.52% equity risk premium (Damodaran for a mature market, T12 with sustainable payout), and a premium for size and liquidity of 3.07% (source: Duff&Phelps). We, therefore, obtained 8.9% WACC.

We discounted 2021E–24E annual cash flows and considered a terminal growth rate of 1.5%; then we carried out a sensitivity analysis on the terminal growth rate (+/- 0.25%) and on WACC (+/- 0.25%).

We adjusted FY20 NFP for the cash-out deriving from the dividend payment in 2021 (ca. €6mn) and cash-in from IPO proceeds.

### DCF Valuation (€mn)

€ Millions	2021E	2022E	2023E	2024E
<b>EBIT</b>	<b>7.1</b>	<b>8.7</b>	<b>11.5</b>	<b>14.2</b>
Taxes	(2.1)	(2.5)	(3.3)	(4.1)
D&A	1.7	2.4	3.1	3.8
Change in Net Working Capital	(1.4)	(2.2)	(0.6)	(1.0)
Change in Funds	0.3	0.4	0.5	0.6
<b>Net Operating Cash Flow</b>	<b>5.6</b>	<b>6.9</b>	<b>11.2</b>	<b>13.4</b>
Capex	(1.4)	(1.8)	(1.9)	(1.8)
<b>FCFO</b>	<b>4.2</b>	<b>5.0</b>	<b>9.4</b>	<b>11.6</b>
<b>g</b>	<b>1.5%</b>			
<b>Wacc</b>	<b>8.9%</b>			
FCFO (discounted)	4.2	4.6	7.9	9.1
Discounted Cumulated FCFO	25.8			
TV	160.2			
TV (discounted)	124.9			
<b>Enterprise Value</b>	<b>150.7</b>			
NFP/(Cash) FY20A - Adj	(6.9)			
<b>Equity Value</b>	<b>157.6</b>			

Source: Company data, KT&Partners' elaboration

### Sensitivity Analysis (€mn)

€ Millions		WACC				
		9.4%	9.1%	8.9%	8.6%	8.4%
Terminal growth Rate	1.0%	140.5	144.7	149.1	153.9	158.9
	1.3%	144.1	148.5	153.2	158.3	163.7
	1.5%	147.9	152.6	157.6	163.0	168.7
	1.8%	152.0	157.0	162.3	168.1	174.2
	2.0%	156.4	161.7	167.4	173.5	180.1

Source: Company data, KT&Partners' elaboration



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KT&PARTNERS

Via della Posta, 10 – Piazza Affari, 20123 Milano – Italy  
Tel: +39.02.83424007 Fax: +39.02.83424011  
[segreteria@ktepartners.com](mailto:segreteria@ktepartners.com)