

TAKE OFF

THE OUTLET COMPANY

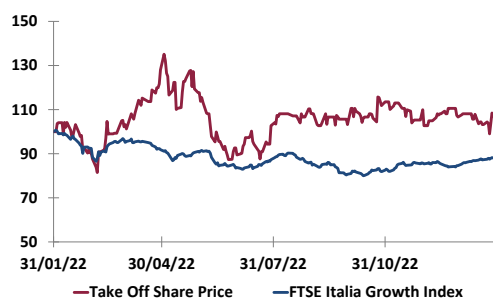
FLASH NOTE

OUTPERFORM

Current Share Price (€): 4.30

Target Price (€): 7.72

Take Off - 1Y Performance



Source: S&P Capital IQ - Note: 31/01/2022=100

Company data

ISIN number	IT0005467425
Bloomberg code	TKO IM
Reuters code	TKO.MI
Industry	Apparel retail
Stock market	Euronext Growth Milan
Share Price (€)	4.30
Date of Price	30/01/2023
Shares Outstanding (m)	15.6
Market Cap (€m)	67.2
Market Float (%)	23.3%
Daily Volume	5,450
Avg Daily Volume YTD	3,753
Target Price (€)	7.72
Upside (%)	80%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	1Y
Take Off - Absolute (%)	-1%	-7%	6%
FTSE Italia Growth (%)	4%	6%	-12%
1Y Range H/L (€)		5.50	3.32
YTD Change (€) / %		-0.04	-0.9%

Source: S&P Capital IQ

Analysts

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Ongoing store openings, promising outlook

Stock performance: close to 20% over reference index

Take Off share price has gained 6% over LTM, outperforming the Italia Growth Index which in the same period lost 12%, and is currently trading in the range €4-4.50.

Robust performance in H2, leading to FY22 revenues closer to pre-pandemic

Take Off delivered a solid Q4 with higher selling prices and €10.3m sales, +19% vs Q4 2021. Reported pre-closing FY22 sales growth was 13% to €29.8m, in line with our top-line estimate, a step closer to pre-pandemic years before forced temporary store closures. Average selling price grew from €15.11 to €18.42 in FY22. Sales breakdown: Take Off €23.7m, +19% YoY, Over €6.1m, -6% YoY. Take Off outlet sales confirm resilient demand for value-for-money goods: the off-price proves to be a countercyclical and defensive market segment, despite the challenging environment where pressure on consumer discretionary disposable income is mounting on the back of increasing inflation and interest rates.

Ongoing store portfolio development, M&A and foreign markets at the horizon

Take Off is remodeling its retail network to increase the geographical coverage across the country, especially in Northern Italy, with 24 openings in H2 2022 (8 Take Off and 16 Overkids) and 24 closedowns of underperforming stores (of which 22 Overkids franchised stores). Overall, in 2022 there were 20 Take Off and 27 Overkids new stores, together with 27 store closures. This resulted in 20 net openings. As of December 2022, Take Off had 163 stores, of which: Take Off 49 stores, from 31 at 2021 year-end, Overkids 114 stores, from 112. Take Off intends to pursue its store portfolio development organically, targeting 60 Take Off outlet stores, plus acquisition of a retail fashion network. According to management, a mid-term step-up goal is accessing foreign markets, such as France, Germany and Switzerland.

Target Price €7.72 per share and OUTPERFORM rating confirmed

We appraise Take Off as delivering on IPO promises, well positioned as a company growing almost regardless of the economic cycle, with sound operating margins and low capital intensity. We keep stating the target price of €7.72 per share and OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES

€m	2019	2020	2021	2022E	2023E	2024E
Sales	32.1	21.2	26.4	29.8	46.2	55.3
YoY %	-	-34%	25%	13%	55%	20%
EBITDA	6.2	6.5	9.5	8.2	13.5	17.1
Margin on Sales	19%	31%	36%	28%	29%	31%
EBIT	4.6	5.0	7.7	6.1	10.5	13.3
Margin on Sales	14%	24%	29%	20%	23%	24%
Net Income	3.5	3.8	5.6	3.9	7.0	9.1
Net (Debt) Cash	4.7	0.1	12.1	10.9	15.4	22.5
Equity	12.8	11.8	23.7	24.7	31.8	40.9

Source: Company data 2019-21A, EnVent Research 2022-24E

Take Off, listed on Euronext Growth Milan since 2021, is an Italian fashion value-for-money retailer which operates through a chain of 49 stores selling women and men apparel and 114 stores selling childrenswear, with a joint business model: off-price retailer of products from designer brands and vertically integrated apparel retailer.

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The “OUTPERFORM”, “NEUTRAL”, AND “UNDERPERFORM” recommendations are based on the expectations within a 12-month period from the date of rating indicated in the front page of this publication.

Equity ratings and valuations are issued in absolute terms, not relative to market performance.

Rating system and rationale (12-month time horizon):

OUTPERFORM: stocks are expected to have a total return above 10%;

NEUTRAL: stocks are expected to have a performance between -10% and +10% consistent with market or industry trend and appear less attractive than Outperform rated stocks;

UNDERPERFORM: stocks are among the least attractive in a peer group, with the target price 10% below the current market price;

UNDER REVIEW: target price under review, waiting for updated financial data, or other key information such as material transactions involving share capital or financing;

SUSPENDED: no rating/target price assigned, due to material uncertainties or other issues that seriously impair our previous investment ratings, price targets and earnings estimates;

NOT RATED: no rating or target price assigned.

Some flexibility on the limits of the total return rating ranges is permitted, especially during high market volatility cycles.

The stock price indicated in the report is the last closing price on the day of Production.

Date and time of Production: 30/01/2023 h. 6.37pm

Date and time of Distribution: 31/01/2023 h. 6.48pm

DETAILS ON STOCK RECOMMENDATION AND TARGET PRICE

Date	Recommendation	Target Price (€)	Share Price (€)
01/02/2022	OUTPERFORM	7.11	4.07
25/04/2022	OUTPERFORM	8.03	4.84
17/10/2022	OUTPERFORM	7.72	4.34
31/01/2023	OUTPERFORM	7.72	4.30

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Total Equity Research Coverage %		91%	0%	0%	9%	0%	0%
of which EnVentCM clients % *		95%	na	na	100%	na	na

* Note: Companies to which corporate and capital markets services were supplied in the last 12 months.

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