

TAKE OFF

THE OUTLET COMPANY

OUTPERFORM

Current Share Price (€): 3.08

Target Price (€): 6.41

Take Off - 1Y Performance



Company data

ISIN number	IT0005467425
Bloomberg code	TKF IM
Reuters code	TKF.MI
Industry	Apparel retail
Stock market	Euronext Growth Milan
Share Price (€)	3.08
Date of Price	17/04/2023
Shares Outstanding (m)	15.6
Market Cap (€m)	48.1
Market Float (%)	39.1%
Daily Volume	3,520
Avg Daily Volume YTD	7,153
Target Price (€)	6.41
Upside (%)	108%
Recommendation	OUTPERFORM

Share price performance

	1M	3M	6M	1Y
Take Off - Absolute (%)	-2%	-28%	-30%	-33%
FTSE Italia Growth (%)	2%	-2%	5%	-10%
1Y Range H/L (€)			5.50	3.08
YTD Change (€) / %			-1.26	-29%

Source: S&P Capital IQ

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Continuing growth driven by resilience of off-price sales

Stock performance: holding the line until February, then gradual fall

Despite some volatility, especially between May and July 2022, Take Off share price held the line over last year until February 2023, trading in the range €3.55-€5.26. Then the stock started a downward trend. Overall, Take Off share price lost 33% over LTM, below the Italia Growth Index, which in the same period lost 10%.

Top-line growth in FY22 untouched by economic slowdown, profitability under pressure

FY22 sales, in line with our estimate, grew by 13% YoY to €29.8m, driven by Take Off store expansion with sales at €23.7m, +19% YoY, while Over sales went down by 6% to €6.1m. As commented in our prior note, in 2022 there were 18 Take Off and 2 Overkids net openings. Take Off sales per store have been roughly €500k, as in 2020, vs over €600k in 2021 and over €700k before 2019. Average price per item, according to management, in FY22 rose to €27 from €24 in FY21 for Take Off and from €7 to €8 for Over. Trade margin decreased due to merchandise cost back at almost 60% of sales (vs 37% in FY21). Higher retail, marketing and personnel costs for new openings resulted in EBITDA at €7.3m, -24% YoY, 24% on sales vs 36% in FY21. Net income was €3.5m (-38% YoY). Net cash decreased at €7m as of year-end 2022, from €12.1m at FY21 year-end, mainly for €8.2m working capital and capex outflows and €2.8m FY21 dividend distribution. A dividend of €0.06 per share was proposed on FY22 profits, corresponding to 27% payout.

Outlook: off-price resisting hard times

Take Off outlet sales up by 19% confirm resiliency of demand for value-for-money goods: the off-price is a defensive market segment, despite the challenging economic conditions with pressure on consumer discretionary disposable income after raising inflation and interest rates. While some consumers may be willing to postpone or cut discretionary purchases, others will seek out bargains. According to McKinsey, the off-price is expected to account for 12% of fashion industry revenues by 2025, from 11% in 2021.

Estimates revision

Having analyzed full year results and some operating indicators, we restate our projections of store openings and overall assumptions on sales per store, resulting in a 20-30% decrease of sales in 2023-24E. We also factor in the higher operating costs.

Target Price €6.41 per share (from €7.72), OUTPERFORM rating confirmed

Our updated estimates and valuation outcome is a target price of €6.41 per share, from €7.72 of our previous note, corresponding to 12x 2023 EV/EBITDA, while Take Off currently trades at 5x. Given the substantial over 100% upside potential on current share price, we confirm the OUTPERFORM rating on the stock.

KEY FINANCIALS AND ESTIMATES

€m	2019	2020	2021	2022	2023E	2024E	2025E
Sales	32.1	21.2	26.4	29.8	35.9	37.1	40.4
YoY %	-	-34%	25%	13%	20%	3%	9%
EBITDA	6.2	6.5	9.5	7.3	9.8	10.1	11.0
Margin on Sales	19%	31%	36%	24%	27%	27%	27%
EBIT	4.6	5.0	7.7	5.0	7.3	6.9	7.2
Margin on Sales	14%	24%	29%	17%	20%	19%	18%
Net Income	3.5	3.8	5.6	3.5	4.9	4.7	4.9
Net (Debt) Cash	4.7	0.1	12.1	7.0	9.2	12.9	17.9
Equity	12.8	11.8	23.7	24.4	28.4	33.1	38.0

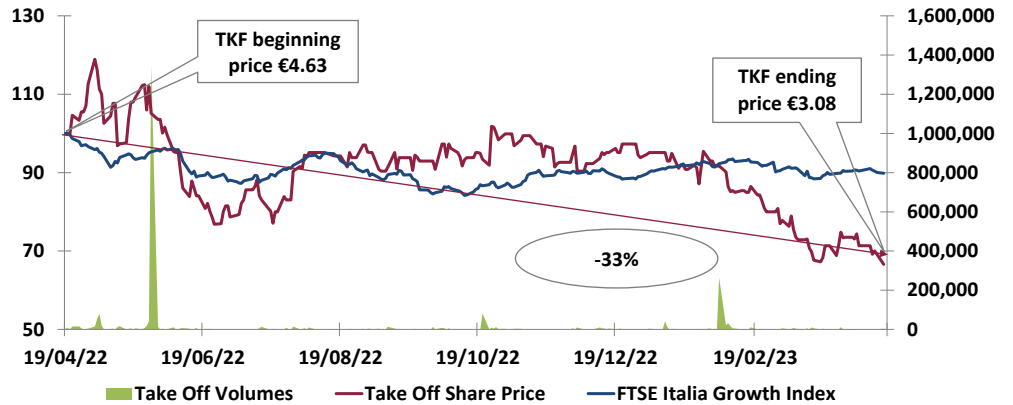
Source: Company data 2019-22A, EnVent Research 2023-25E

Market update

Take Off - 1Y Share price performance and trading volumes

Trading price range €3.08-5.50 per share

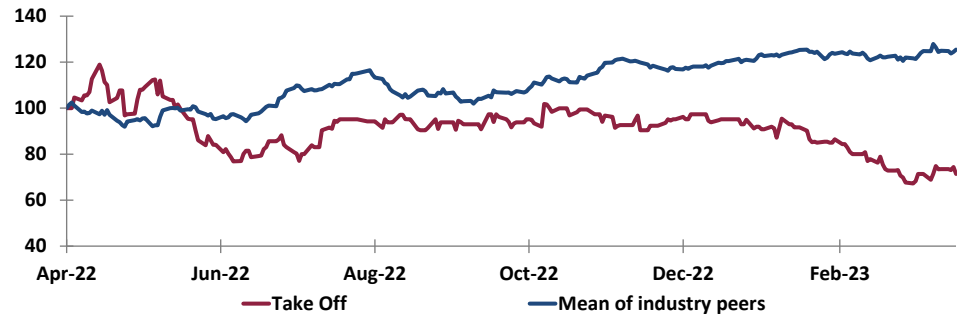
-33% for Take Off vs -10% of the Italia Growth Index



Source: EnVent Research on S&P Capital IQ - Note: 19/04/2022=100

Industry peers - 1Y Market performance

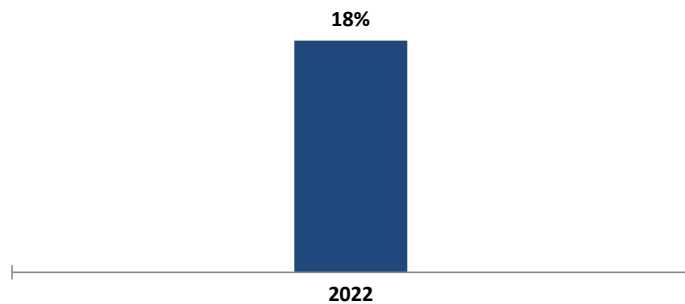
Industry comparison



Source: EnVent Research on S&P Capital IQ - Note: 19/04/2022=100

Take Off - Liquidity analysis and velocity turnover

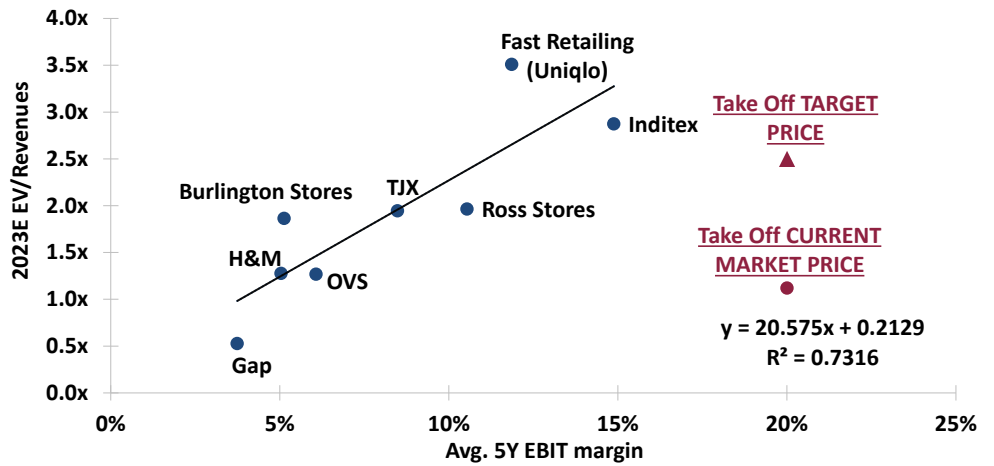
18% turnover velocity in 2022, with ca. 11,000 average number of shares traded daily



Source: EnVent Research on S&P Capital IQ - Note: Velocity turnover on total shares: ratio of total traded shares to total ordinary shares in a given period

Industry peers - Regression analysis and Take Off target positioning

Fair correlation within the group



Source: EnVent Research on S&P Capital IQ, April 2023

Investment case

The Italian fashion outlet

Geographically focused

Differentiated business model

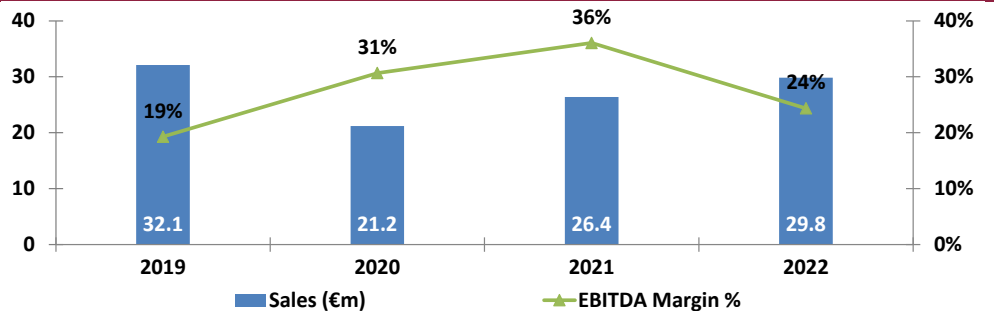
Strategy

Take Off, listed on Euronext Growth Milan since November 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. Central-Southern Italy is presently the core geolocation scope and organic growth over the medium-term will be supported also by increasing territorial coverage.

The Group operates with a joint business model, being an off-price retailer of products from designer brands and a typical vertically integrated apparel retailer with an internal team in charge of development of own brands and merchandise mix through external suppliers, with in-house logistics management.

Take Off intends to pursue its store portfolio development in current market areas and unexplored geographies, especially Northern Italy regions, also through acquisition of small retail fashion networks. Overall mid-term targets could be doubling Take Off and Overkids stores. A mid-term step-up goal is accessing foreign markets, such as France, Germany and Switzerland.

Historical Sales and EBITDA



Source: Company data

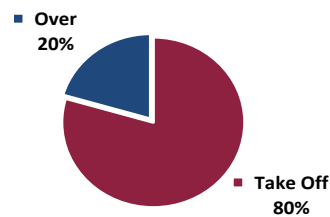
Industry and Company drivers

- Fashion goods is a market driven by both need and impulse
- Resilient demand for value and quality goods: a countercyclical and defensive market segment
- Making the most of apparel inventory, a burden typical of manufacturers and other retailers
- Diversified and balanced brand portfolio
- Selling proposition to serve a wide category of customers
- Growth without huge capex
- Opportunistic merchandise acquisition
- Customers' preferences analytics
- Efficient franchising network

Challenges

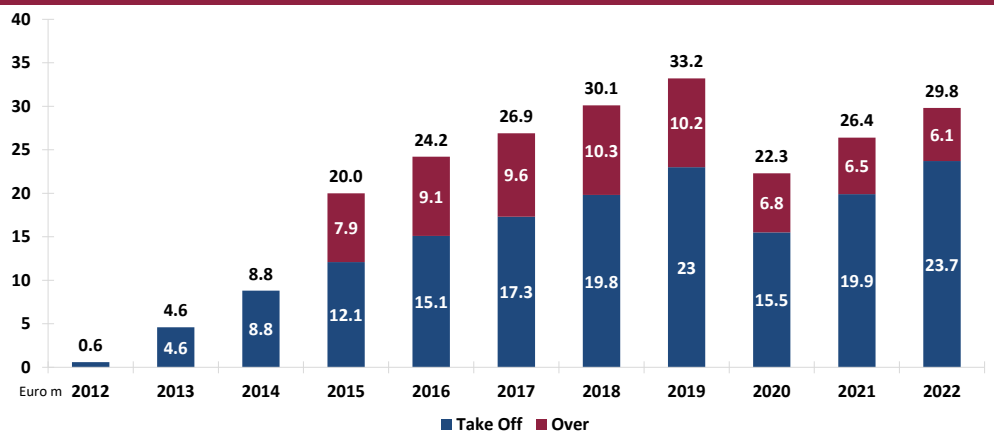
- Brand awareness and reputation buildup
- Market competitiveness and price pressure within the industry
- Geographic presence
- Rise of e-tailers offering branded products at discount
- Inventory requirement

Sales breakdown, 2022



Source: Company data

Historical aggregated revenues



Source: Company data

Business update and corporate period facts

Retail network expansion

- In 2022 there were 20 Take Off and 27 Overkids new stores, together with 27 store closures (25 for Overkids and 2 for Take Off). 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. Overall, the retail network is composed of 42 own stores and 121 franchised stores.

Warrants

- During the first exercise period between November 14-25, 2022 (strike price of €5.20) no warrant has been exercised being out of the money

Increasing market float to 39%

- Take Off main shareholder Summit SpA, owned by Mr. Piccarreta, sold a stake of ca 11% in Take Off to some institutional investors in February
- Institutional investors AcomeA and Algebris Investments have recently increased their stakes, respectively, to 9.30% and 5.20%

Industry outlook: fashion industry again facing uncertainties, consumers turning to value and discount brands

Economic slowdown

After 18 months of growth, starting with rebound in 2021 through mid-2022, the fashion industry is again facing a challenging climate: coming back of inflation and depressed customer sentiments have resulted in a slowdown in H2 2022 (-9% to -7% in Europe).

Persisting polarization: luxury and value-for-money performing well, while segments in the middle struggle

Looking forward, according to McKinsey, while the luxury sector is expected to outperform the rest of the industry as wealthy shoppers are insulated from the impact of the economic slowdown, the fashion market may struggle to deliver growth in 2023. McKinsey analysis projects slow sales growth for fashion between -2% and +3%, weighed down by a more marked slowdown in Europe between -1 and -4%. In this framework, off-price retailers may benefit by picking up low-cost inventory from under-pressure traditional fashion retailers.

Off-price resilient in face of uncertainty

This global economic gloom is reflected in consumers' disposable income and thus in shopping habits: the different habits of low and high-income consumers will become more pronounced, as value-conscious customers are likely to postpone or curtail discretionary purchases, or to switch to alternative channels as value retailers, off-price, rental or resale.

The off-price channel is expected to account for 12% of fashion industry revenues by 2025, from 11% in 2021.

Sources:

BoF and McKinsey, *The state of fashion 2023*, November 2022

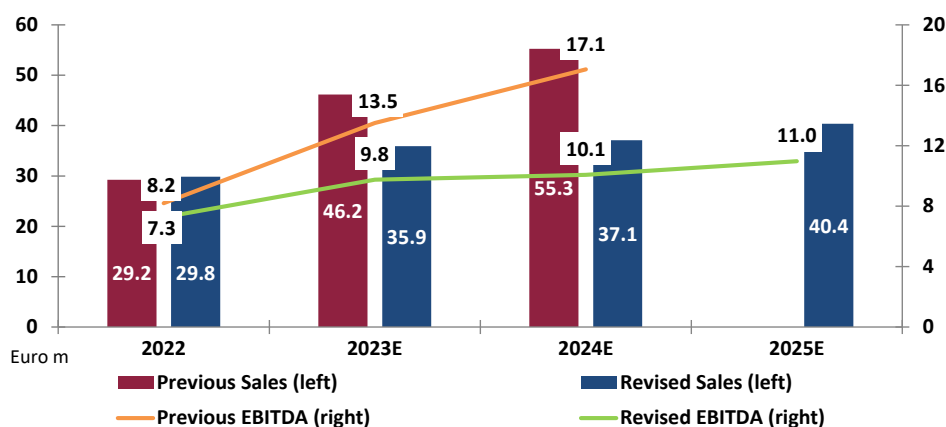
McKinsey, *Mastering off-price fashion in an omnichannel world*, March 2022

Estimates revision

Having analyzed Take Off full year results and some operational metrics, together with industry expectations, we restate our projections of Overkids store openings and overall assumptions on sales per store, resulting in a 20% to 30% decrease of sales in 2023-24E. While value and discount companies are likely to continue enjoying healthy growth driven by consumers seeking bargains amid economic uncertainty, we deem that the economic slowdown causing pressure on disposable income should be prudentially reflected in a more moderate yearly revenue growth. We factor in the higher operating costs, due to pressured cost bases, resulting in tuning of profitability. We introduce an additional year to the forecasting period (2025E).

Change in estimates

Previous vs Revised Revenues and EBITDA estimates (€m)



Source: EnVent Research

€m	Revised				Previous			Change % (Rev vs Prev)		
	2022	2023E	2024E	2025E	2022E	2023E	2024E	2022	2023E	2024E
Sales	29.8	35.9	37.1	40.4	29.2	46.2	55.3	2%	-22%	-33%
Revenues	30.6	36.7	37.9	41.2	30.4	47.3	56.4	1%	-22%	-33%
EBITDA	7.3	9.8	10.1	11.0	8.2	13.5	17.1	-11%	-28%	-41%
<i>Margin on Sales</i>	24%	27%	27%	27%	28%	29%	31%			
EBIT	5.0	7.3	6.9	7.2	6.1	10.5	13.3	-18%	-31%	-48%
<i>Margin on Sales</i>	17%	20%	19%	18%	21%	23%	24%			
Net Income	3.5	4.9	4.7	4.9	3.9	7.0	9.1	-11%	-30%	-48%
Net (Debt) Cash	7.0	9.2	12.9	17.9	10.9	18.2	25.3	-35%	-50%	-49%

Source: EnVent Research

Financial projections

Consolidated Profit and Loss

€m	2019	2020	2021	2022	2023E	2024E	2025E
Sales	32.1	21.2	26.4	29.8	35.9	37.1	40.4
Other income	1.0	1.2	1.6	0.8	0.8	0.8	0.8
Total Revenues	33.1	22.3	28.0	30.6	36.7	37.9	41.2
YoY %	-	-32.6%	25.3%	9.4%	19.9%	3.2%	8.7%
Cost of sales	(19.0)	(10.0)	(12.1)	(14.3)	(17.2)	(17.4)	(18.8)
Trade margin	14.1	12.4	15.9	16.4	19.5	20.5	22.4
<i>Margin on Sales</i>	44.0%	58.4%	60.3%	54.8%	54.2%	55.3%	55.4%
Personnel	(4.7)	(3.9)	(4.3)	(5.6)	(5.9)	(6.5)	(7.2)
Retail cost	(2.1)	(1.3)	(1.1)	(2.3)	(2.6)	(2.7)	(2.9)
Store margin before lease	7.3	7.2	10.5	8.4	11.0	11.4	12.3
<i>Margin on Sales</i>	22.8%	33.8%	39.6%	28.3%	30.6%	30.7%	30.6%
Services	(0.5)	(0.4)	(0.8)	(0.9)	(1.0)	(1.0)	(1.1)
Other operating costs	(0.7)	(0.2)	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)
SG&A	(1.1)	(0.7)	(0.9)	(1.2)	(1.2)	(1.3)	(1.4)
EBITDA	6.2	6.5	9.5	7.3	9.8	10.1	11.0
<i>Margin on Sales</i>	19.3%	30.7%	36.1%	24.4%	27.1%	27.2%	27.2%
Retail leases	(1.3)	(1.2)	(1.5)	(1.8)	(2.1)	(2.6)	(3.1)
EBITDA Adj.	4.8	5.3	8.0	5.5	7.7	7.5	7.9
<i>Margin on Sales</i>	15.1%	25.0%	30.3%	18.3%	21.4%	20.2%	19.5%
D&A	(0.2)	(0.3)	(0.3)	(0.5)	(0.4)	(0.6)	(0.7)
EBIT	4.6	5.0	7.7	5.0	7.3	6.9	7.2
<i>Margin on Sales</i>	14.4%	23.7%	29.1%	16.8%	20.2%	18.7%	17.8%
Interest	0.5	(0.0)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
EBT	5.1	5.0	7.2	4.6	6.9	6.6	6.8
<i>Margin</i>	15.3%	22.3%	25.7%	15.0%	18.7%	17.3%	16.5%
Income taxes	(1.5)	(1.2)	(1.6)	(1.1)	(1.9)	(1.8)	(1.9)
Net Income (Loss)	3.5	3.8	5.6	3.5	4.9	4.7	4.9
<i>Margin</i>	10.7%	17.1%	20.1%	11.4%	13.5%	12.5%	11.9%

Source: Company data 2019-22A, EnVent Research 2023-25E - Note: aggregated financials for 2019

Consolidated Balance Sheet

€m	2019	2020	2021	2022	2023E	2024E	2025E
Inventory	7.3	11.0	8.7	12.1	13.8	14.2	14.4
Trade receivables	0.7	0.2	0.2	0.4	0.4	0.4	0.4
Trade payables	(6.1)	(5.0)	(3.7)	(6.2)	(7.0)	(6.8)	(6.9)
Trade Working Capital	1.9	6.2	5.3	6.3	7.1	7.8	7.9
Other assets (liabilities)	(2.7)	(3.5)	(0.8)	1.5	1.7	1.8	2.0
Net Working Capital	(0.8)	2.7	4.5	7.7	8.9	9.6	9.8
Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail leases - Right of use	6.7	7.8	6.6	8.9	9.3	9.3	9.1
Property, plant and equipment	2.7	2.0	1.4	1.8	2.1	2.4	2.5
Non-current assets	9.5	9.8	8.0	10.6	11.5	11.7	11.6
Provisions	(0.5)	(0.7)	(1.0)	(1.0)	(1.1)	(1.2)	(1.3)
Net Invested Capital	8.1	11.7	11.5	17.3	19.2	20.2	20.1
Net Debt (Cash)	(4.7)	(0.1)	(12.1)	(7.0)	(9.2)	(12.9)	(17.9)
Equity	12.8	11.8	23.7	24.4	28.4	33.1	38.0
Sources	8.1	11.7	11.5	17.3	19.2	20.2	20.1

Source: Company data 2019-22A, EnVent Research 2023-25E - Note: aggregated financials for 2019

Cash Flow

€m	2020	2021	2022	2023E	2024E	2025E
EBIT	5.0	7.7	5.0	7.3	6.9	7.2
Current taxes	(1.2)	(1.6)	(1.1)	(1.9)	(1.8)	(1.9)
D&A	1.5	1.8	2.3	2.5	3.1	3.8
Provisions	0.2	0.2	0.1	0.0	0.1	0.1
Cash flow from P&L operations	5.5	8.2	6.2	7.9	8.3	9.2
Trade Working Capital	(4.3)	0.9	(1.0)	(0.8)	(0.7)	(0.0)
Other assets and liabilities	0.8	(2.7)	(2.3)	(0.3)	(0.1)	(0.2)
Capex / disposal	0.4	0.3	(0.9)	(0.8)	(0.8)	(0.8)
Retail leases - Right of use	(2.3)	(0.4)	(4.0)	(2.5)	(2.6)	(2.8)
Operating cash flow after WC and capex	0.2	6.3	(1.9)	3.4	4.1	5.4
Interest	(0.0)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Paid-in capital - IPO proceeds 2021	0.6	12.0	0.0	0.0	0.0	0.0
Dividends	(1.0)	(6.8)	(2.8)	(0.9)	0.0	0.0
Change in equity	(4.4)	1.0	0.0	0.0	0.0	0.0
Net cash flow	(4.6)	12.0	(5.1)	2.1	3.8	5.0
Net (Debt) Cash - Beginning	4.7	0.1	12.1	7.0	9.2	12.9
Net (Debt) Cash - End	0.1	12.1	7.0	9.2	12.9	17.9
Change in Net (Debt) Cash	(4.6)	12.0	(5.1)	2.1	3.8	5.0

Source: Company data 2020-22A, EnVent Research 2023-25E

Ratio analysis

KPIs	2019	2020	2021	2022	2023E	2024E	2025E
ROE	28%	32%	24%	14%	17%	14%	13%
ROS (EBIT/Revenues)	14%	23%	27%	16%	20%	18%	17%
DSO	7	3	3	4	3	3	3
DPO	83	125	78	105	100	95	90
DOI	83	189	121	148	140	140	130
TWC/Revenues	6%	28%	19%	21%	19%	21%	19%
NWC/Revenues	-3%	12%	16%	25%	24%	25%	24%
Net Debt/EBITDA	cash	cash	cash	cash	cash	cash	cash
Net Debt/Equity	cash	cash	cash	cash	cash	cash	cash
Net Debt/(Net Debt+Equity)	cash	cash	cash	cash	cash	cash	cash
Cash flow from P&L operations/EBITDA	na	85%	86%	86%	81%	83%	84%
FCF/EBITDA	na	3%	66%	-27%	35%	41%	49%
Degree of operating leverage on EBITDA	na	na	189%	neg	167%	101%	101%
Basic EPS (€)	na	na	0.36	0.22	0.32	0.30	0.31
Fully-diluted EPS (€)	na	na	0.36	0.22	0.25	0.24	0.25
Dividend yield	na	na	4.1%	1.4%	na	na	na
Pay-out ratio	na	na	50%	27%	na	na	na

Source: Company data 2019-22A, EnVent Research 2023-25E

Valuation

We have updated our DCF valuation and market multiples analysis.

Discounted Cash Flows

Updated assumptions:

- Risk free rate: 3.7% (Italian 10-year government bonds interest rate - last 30 days average. Source: Bloomberg, April 2023)

- Market return: 11.9% (last 30 days average. Source: Bloomberg, April 2023)
- Market risk premium: 8.2%
- Beta: 1.0 (judgmental figure in absence of market volatility records)
- Cost of equity: 11.9%
- Cost of debt: 3.5%
- Tax rate: 24% (IRES)
- 40% debt/(debt + equity) as target capital structure
- WACC 8.2%, calculated according to above data
- Perpetual growth rate after explicit projections: 2.5%
- Terminal Value assumes a normalized sustainable EBITDA margin of 22.5%, from 25%

€m	DCF Valuation							
	2019	2020	2021	2022	2023E	2024E	2025E	Perpetuity
Revenues	33.1	22.3	28.0	30.6	36.7	37.9	41.2	42.2
EBITDA Adj.	4.8	5.3	8.0	5.5	7.7	7.5	7.9	9.5
<i>Margin on Sales</i>	<i>15.1%</i>	<i>25.0%</i>	<i>30.3%</i>	<i>18.3%</i>	<i>21.4%</i>	<i>20.2%</i>	<i>19.5%</i>	<i>22.5%</i>
EBIT	4.6	5.0	7.7	5.0	7.3	6.9	7.2	8.7
<i>Margin on Sales</i>	<i>14.4%</i>	<i>23.7%</i>	<i>29.1%</i>	<i>16.8%</i>	<i>20.2%</i>	<i>18.7%</i>	<i>17.8%</i>	<i>20.5%</i>
Taxes	(1.3)	(1.4)	(2.1)	(1.4)	(2.0)	(1.9)	(2.0)	(2.4)
NOPAT	3.3	3.6	5.5	3.6	5.2	5.0	5.2	6.2
D&A					0.4	0.6	0.7	0.8
Provisions					0.0	0.1	0.1	0.0
Cash flow from operations					5.7	5.7	6.0	7.1
Trade Working Capital					(0.8)	(0.7)	(0.0)	(0.2)
Other assets and liabilities					(0.3)	(0.1)	(0.2)	0.0
Capex					(0.8)	(0.8)	(0.8)	(0.8)
Yearly unlevered free cash flow					1.3	1.5	2.2	6.0
Free Cash Flow to be discounted					1.3	1.5	2.2	6.0
WACC	8.2%							
Long-term growth (G)	2.5%							
Discounted Cash Flows					1.2	1.3	1.7	
Sum of Discounted Cash Flows	4.2							
Terminal Value								106.2
Discounted TV	83.9							
Enterprise Value	88.1							
Net Cash as of 31/12/22	7.0							
Equity Value	95.1							
Equity Value per share (€)	6.09							

Source: EnVent Research

DCF - Implied multiples	2020	2021	2022	2023E	2024E	2025E
EV/Revenues	3.9x	3.1x	2.9x	2.4x	2.3x	2.1x
EV/EBITDA Adj	16.6x	11.0x	16.1x	11.4x	11.7x	11.2x
EV/EBIT	17.5x	11.5x	17.6x	12.1x	12.7x	12.3x
P/E	24.9x	16.9x	27.3x	19.2x	20.1x	19.4x
Discount of current market price vs DCF	-53%					
Current market price - Implied multiples	2020	2021	2022	2023E	2024E	2025E
EV/Revenues	1.8x	1.5x	1.3x	1.1x	1.1x	1.0x
EV/EBITDA Adj	7.7x	5.1x	7.5x	5.3x	5.5x	5.2x
EV/EBIT	8.2x	5.3x	8.2x	5.7x	5.9x	5.7x
P/E	12.6x	8.5x	13.8x	9.7x	10.2x	9.8x

Source: EnVent Research

Market multiples

Company	EV/REVENUES			EV/EBITDA			EV/EBIT			P/E		
	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E	2022	2023E	2024E
TJX	2.1x	1.9x	1.8x	19.0x	16.5x	15.1x	22.7x	19.7x	17.8x	29.3x	24.2x	22.0x
Ross Stores	2.2x	2.0x	1.9x	14.5x	15.4x	14.1x	16.5x	18.6x	17.4x	24.2x	23.8x	21.3x
Burlington Stores	1.8x	1.9x	1.6x	16.7x	23.5x	17.5x	21.6x	39.2x	26.5x	33.5x	45.5x	30.4x
Inditex	2.7x	2.9x	2.7x	13.3x	10.9x	10.5x	17.3x	16.6x	15.8x	23.8x	23.4x	21.8x
H&M	1.0x	1.3x	1.2x	14.2x	8.7x	7.8x	32.2x	24.5x	17.9x	50.4x	29.6x	20.4x
Fast Retailing (Uniqlo)	3.3x	3.5x	3.2x	21.6x	16.6x	15.4x	24.0x	26.2x	23.0x	29.8x	na	na
Gap	0.6x	0.5x	0.5x	7.0x	13.8x	9.2x	11.0x	nm	21.7x	16.8x	neg	14.9x
OVS	1.2x	1.3x	1.2x	8.8x	5.4x	na	13.0x	17.5x	17.4x	12.0x	10.0x	9.5x
Monnalisa	0.9x	0.8x	0.7x	9.9x	7.5x	6.5x	neg	nm	27.1x	neg	neg	20.6x
Giglio.com	0.7x	0.4x	0.3x	neg	nm	11.2x	neg	neg	27.6x	neg	neg	47.6x
Mean	1.7x	1.6x	1.5x	13.9x	13.2x	11.9x	19.8x	23.2x	21.2x	27.5x	26.1x	23.2x
Median	1.5x	1.6x	1.4x	14.2x	13.8x	11.2x	19.5x	19.7x	19.8x	26.7x	24.0x	21.3x
Take Off	2.0x	1.1x	1.1x	11.1x	5.3x	5.5x	12.2x	5.7x	5.9x	19.5x	9.7x	10.2x

Source: S&P Capital IQ, 17/04/2023

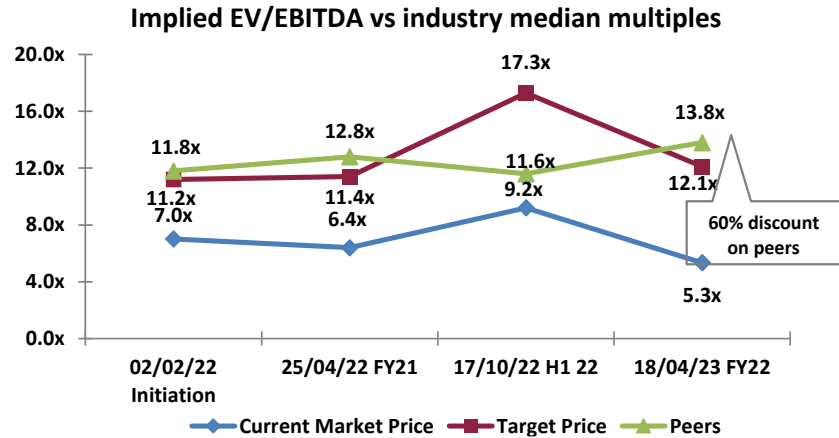
We have applied to our 2023-24 estimates the corresponding multiples from the peer group.

Application of market multiples

€m							
Take Off (€m)		Market Multiples	EV	Net cash 31/12/22	Equity value	Equity value per share (€)	
2023E Sales	35.9	1.6x	56.4	7.0	63.5	4.06	
2024E Sales	37.1	1.4x	53.3	7.0	60.4	3.86	
Mean			54.9		61.9	3.96	
2023E EBITDA Adj	7.7	13.8x	106.2	7.0	113.3	7.25	
2024E EBITDA Adj	7.5	11.2x	84.4	7.0	91.4	5.85	
Mean			95.3		102.3	6.55	
2023E EBIT	7.3	19.7x	142.7	7.0	149.8	9.59	
2024E EBIT	6.9	19.8x	137.4	7.0	144.5	9.25	
Mean			140.1		147.1	9.42	
2023E Earnings	4.9	24.0x			118.9	7.61	
2024E Earnings	4.7	21.3x			100.9	6.45	
Mean					109.9	7.03	

Source: EnVent Research

Target Price

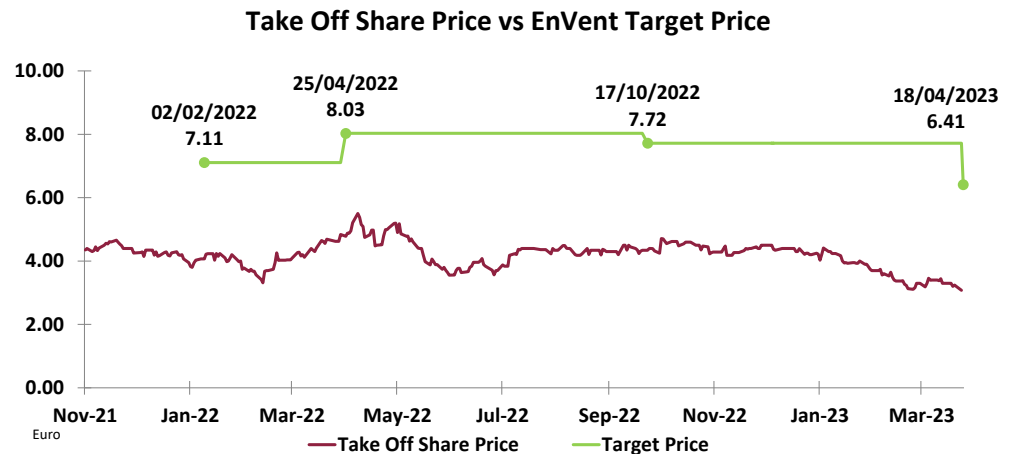


Our updated estimates and valuation combining DCF and market multiples yield a mean target price of €6.41 per share, from €7.72 of our prior note, implying a 108% upside potential on Take Off current stock price at €3.08 per share. We confirm the OUTPERFORM rating on the stock.

Please refer to important disclosures at the end of this report.

Take Off Price per Share	€
Target Price	6.41
Current Share Price (17/04/2023)	3.08
Premium (Discount)	108%

Source: EnVent Research



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

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

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Date and time of Production: 17/04/2023 h. 7.20pm

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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
18/04/2023	OUTPERFORM	6.41	3.08

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