

EQUITY RESEARCH

TAKE OFF
RESULTS REVIEW
Press release

BUY

TP 3.1€ (vs 4.5€)
Up/Downside: 76%

H1-2023: An Unfavourable Market

The half-year results reflect a strongly unfavourable market environment, where inflation and falling consumption are the main factors.

Yesterday, Take Off released its half-year results that landed in line with expectations.

The group remains penalized by a highly unfavourable market environment, particularly for retail. Indeed, non-foodservice retail sales volumes declined sharply, recording a drop of -1.6% in Q1-23 and -4% in Q2-23. July continued to show a drop of 4.3% in volume. Nevertheless, the group recorded revenue amounting to €15.5m (published in July) with growth of 20%, solely due to a strong price effect (+33% increase in average price).

As the company had already indicated in July, margins were under severe pressure. This pressure was caused by a gradual reduction in consumption and an increase in various operating costs (transport, goods, labour), which led the Ebitda margin to decline, in line with management guidance. , at 16% (vs. 24% in Dec-2022).

We do not see any short-term improvement in either the macroeconomic environment or the retail market. We are planning for an H2 that mirrors H1. Therefore, we confirm our revenue estimates for 2023 of €33m. We believe that the pressure on margins will also remain strong in H2, so we are calling for an Ebitda margin at the end of the year of around 16% (vs. 18% estimated).

In the short-term, the group should focus on closing all non-performing stores (especially in shopping centers) with the aim of repositioning in better areas and preserving margins.

Therefore, we expect a continued challenging H2 and hope that the macroeconomic environment will allow at least a weak recovery starting in 2024.

Following the change in our estimates and market parameters, we are downgrading our TP to 3.1 (vs. €4.5 previously). Given the significant upside, our rating remains unchanged.

Key data

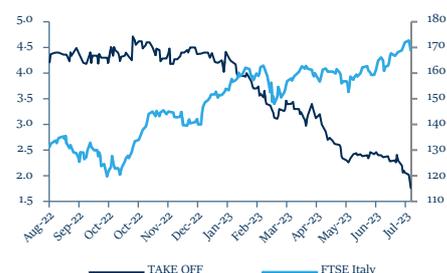
Price (€)	1.8
Industry	Retailers
Ticker	TKO-IT
Shares Out (m)	15.625
Market Cap (m €)	27.5
Average trading volumes (k shares / day)	2.645

Ownership (%)

Summit S.p.A.	53.5
A. Piccarreta & G.L. Zanardi	7.4
Free float	39.1

EPS (€)	12/23e	12/24e	12/25e
Estimates	0.13	0.16	0.20
Change vs previous estimates (%)	-21.58	-27.80	-30.05

Performance (%)	1D	1M	YTD
Price Perf	0.0	0.0	-59.4
Rel FTSE Italy	0.8	-0.9	-66.0



TP ICAP Midcap Estimates	12/22	12/23e	12/24e	12/25e	Valuation Ratio	12/23e	12/24e	12/25e	Consensus FactSet - Analysts:3	12/23e	12/24e	12/25e
Sales (m €)	29.8	33.1	36.1	38.6	EV/Sales	0.8	0.6	0.5	Sales	34.5	36.6	39.5
Current Op Inc (m €)	4.6	3.0	3.8	4.6	EV/EBITDA	4.8	3.8	2.9	EBIT	6.9	7.3	7.9
Current op. Margin (%)	15.3	9.2	10.6	11.9	EV/EBIT	8.4	6.1	4.4	Net income	4.8	5.2	5.6
EPS (€)	0.22	0.13	0.16	0.20	PE	14.1	10.8	8.8				
DPS (€)	0.06	0.03	0.04	0.05								
Yield (%)	3.4	1.9	2.5	3.1								
FCF (m €)	1.5	-1.5	2.6	4.0								

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FINANCIAL DATA

Income Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	21.2	26.4	29.8	33.1	36.1	38.6
Changes (%)	-34.0	24.6	13.0	11.0	9.2	6.9
Gross profit	12.4	15.9	16.4	16.9	18.8	20.4
% of Sales	58.4	60.3	54.8	51.1	51.9	52.8
EBITDA	6.5	9.5	7.3	5.3	6.1	6.9
% of Sales	30.7	36.1	24.4	16.0	16.9	17.8
Current operating profit	5.0	6.3	4.6	3.0	3.8	4.6
% of Sales	23.7	23.8	15.3	9.2	10.6	11.9
Non-recurring items	0.0	1.4	0.4	0.0	0.0	0.0
EBIT	5.0	7.7	5.0	3.0	3.8	4.6
Net financial result	-0.0	-0.5	-0.4	-0.5	-0.6	-0.6
Income Tax	-1.2	-1.6	-1.1	-0.6	-0.7	-0.9
Tax rate (%)	23.5	21.6	22.6	22.6	22.6	22.6
Net profit, group share	3.8	5.6	3.5	2.0	2.5	3.1
EPS	0.37	0.36	0.22	0.13	0.16	0.20
Financial Statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	2.0	1.4	1.8	0.6	-0.6	-1.6
Right of Use	7.8	6.6	8.9	11.4	11.4	11.4
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Working capital	3.8	5.1	7.6	12.0	13.1	13.3
Other Assets	2.0	1.7	1.6	1.6	1.6	1.6
Assets	15.6	14.8	19.8	25.5	25.5	24.7
Shareholders equity group	11.8	23.7	24.4	25.4	27.4	29.9
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
LT & ST provisions and others	0.0	0.0	0.1	0.1	0.1	0.1
Net debt	-0.1	-12.1	-7.0	-2.1	-4.1	-7.4
Other liabilities	0.8	1.0	1.1	1.1	1.1	1.1
Liabilities	15.6	14.8	19.8	25.5	25.5	24.7
Net debt excl. IFRS 16	-8.2	-19.1	-16.0	-13.6	-15.6	-18.9
Gearing net	-0.0	-0.5	-0.3	-0.1	-0.1	-0.2
Leverage	-0.0	-1.3	-1.0	-0.4	-0.7	-1.1
Cash flow statement	12/20	12/21	12/22	12/23e	12/24e	12/25e
CF after elimination of net borrowing costs and taxes	5.2	7.3	5.9	4.2	4.8	5.4
Δ WCR	-3.4	-0.8	-3.7	-4.7	-1.1	-0.2
Operating cash flow	1.7	6.5	2.3	-0.5	3.7	5.2
Net capex	-2.0	-0.4	-0.8	-1.1	-1.2	-1.2
FCF	-0.2	6.1	1.5	-1.5	2.6	4.0
Acquisitions/Disposals of subsidiaries	-0.1	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	3.4	-0.9	-5.7	0.0	0.0	0.0
Dividends paid	-1.0	-6.8	-2.8	-0.9	-0.5	-0.7
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.6	12.0	0.0	0.0	0.0	0.0
Others	0.1	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	2.8	11.1	-7.0	-2.5	2.0	3.3
ROA (%)	9.8%	12.1%	7.5%	3.9%	4.9%	5.7%
ROE (%)	32.2%	23.8%	14.3%	7.7%	9.3%	10.5%
ROCE (%)	30.2%	44.3%	18.2%	9.8%	12.5%	15.5%

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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.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: TAKE OFF

History of investment rating and target price - TAKE OFF



Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
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Hold	16%	44%
Sell	3%	25%
Under review	1%	100%

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Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

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