

Italy – Outdoor Design

FY-23 preliminary sales higher than expected

17th January 2024

FY-23 PRELIMINARY REVENUES

RIC: GBUSS.MI
BBG: GBUS IM

In 2023, revenue growth was driven by the consolidation of Leiner, while, on a like-for-like basis, the company was affected by the stop of the invoice discount mechanism in Italy and a certain demand slowdown in the main European markets. Thanks to the acquisition of Leiner, Gibus became a leading player in the outdoor design sector with a solid international footprint particularly focused on German-speaking countries.

Rating:

Buy

Price Target:

€ 17.00

Upside/(Downside): 31.8%

Last Price: € 12.90

Market Cap.: € 64.6m

1Y High/Low: € 17.25 / € 9.88

Avg. Daily Turn. (3M, 6M): € 12k, € 12k

Free Float: 19.3%

Major shareholder:

Terra Holding 80.0%



Stock price performance

	1M	3M	12M
Absolute	13.7%	17.3%	-24.1%
Rel.to FTSE IT Growth	12.2%	13.4%	-10.6%
Rel.to Peers	13.6%	-3.8%	-30.0%

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2023 revenues more than one year in advance of our estimates

FY-23 preliminary sales came in higher than the consensus. Furthermore, 2023 revenues were even higher than CFO SIM's FY-24 forecasts, both concerning Gibus stand-alone as well as Leiner. In particular, according to the management, Leiner declined less than its closest competitors, thus showing a certain resiliency. Moreover, the cross-selling synergies with Gibus are still not visible in 2023 results and are anticipated to concretise starting from 2024. In anticipation of the FY-23 full results reporting on 21st March, we kept our estimates unchanged. Rating and PT are confirmed.

€ m	2023	2022*	% YoY	2022PF	% YoY	% on total 2023	% on total 2022PF
Gibus	67.4	79.8	(15.6)	79.8	(15.6)	74%	71%
Leiner	24.0	4.1	n.m.	32.0	(25.0)	26%	29%
Italy	51.0	62.1	(17.8)	62.1	(17.8)	56%	56%
Abroad	40.3	21.8	84.6	49.7	(18.8)	44%	44%
Total Revenues	91.4	83.9	8.8	111.8	(18.3)	100%	100%

Source: CFO SIM's elaboration on company data * Leiner consolidated 3-months

Revenue growth was driven by the consolidation of Leiner

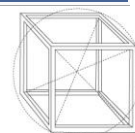
Revenues were up by 8.8% YoY to € 91.4m, compared to € 83.9m in 2022 (€ 111.8m on a pro-forma basis). On a like-for-like basis, Gibus's revenues declined by 15.6% YoY to € 67.4m (€ 79.8m in 2022), mainly because of the coming into force of the Law Decree 16th February 2023 n.11, which prohibited the transfer of credits generated by different tax incentives, including the Ecobonus, and therefore the possibility to make use of the invoice discount mechanism. Regarding Leiner, it is worth noting that the German economy was in a technical recession in 2023 and the harsh inflation led people to drastically reduce consumption. On a like-for-like basis, Leiner declined by 25% YoY.

Italy suffered the change in legislation. Export experienced slightly lower demand

The Luxury High End segment (i.e. bioclimatic pergolas and ZIP screens) was almost flat YoY, reporting € 34.3m (€ 35.0m in 2022). The Design segment totalled € 50.1m (€ 40.6m in 2022), including € 24.0m stemming from Leiner. Domestic revenues declined by 17.8% YoY to € 51.0m. Nevertheless, the decline is quite natural after two years of outstanding growth rates sustained by the invoice discount mechanism. In 2021 and 2022, the group's domestic turnover soared by 15% and 74% YoY, respectively. Foreign revenues benefited from the consolidation of Leiner. By excluding Leiner, we calculated that foreign revenues only slightly declined, showing a certain slowdown in the main European markets.

Gibus, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Revenues	72.7	83.9	85.0	89.6	94.0
EBITDA	18.2	19.0	13.0	16.0	18.0
EBIT	16.2	15.3	8.5	11.1	12.3
Net Profit	14.0	10.3	5.3	7.2	8.1
NFP (cash)/debt	(17.3)	22.6	17.2	16.0	22.1
EBITDA margin	25.0%	22.6%	15.3%	17.9%	19.2%
EBIT margin	22.3%	18.3%	10.0%	12.4%	13.1%
EPS stated FD €	2.80	2.06	1.05	1.43	1.62
EPS growth	159.1%	-26.6%	-48.9%	36.0%	13.4%
Dividend	1.00	0.50	0.50	0.50	0.50
Dividend Yield	7.7%	3.4%	3.9%	3.9%	3.9%
ROCE	43.5%	18.2%	9.8%	12.7%	14.0%
NWC/Sales	7.5%	21.2%	17.8%	17.0%	16.3%
Free Cash Flow Yield	19.6%	-48.8%	12.2%	5.7%	-5.6%
PER x	4.6	7.1	12.3	9.0	7.9
EV/Sales x	0.66	1.14	0.96	0.90	0.92
EV/EBITDA x	2.6	5.1	6.3	5.0	4.8
EV/EBIT x	2.9	6.3	9.6	7.3	7.0



The Company at a Glance

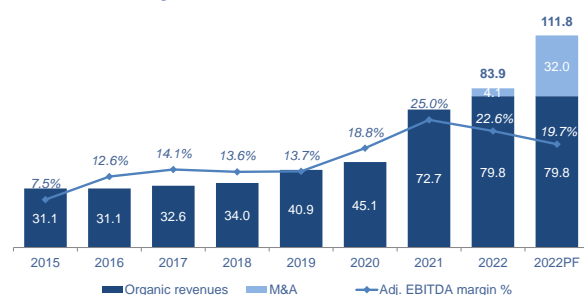
Gibus is a leading player in the outdoor design sector, designing, manufacturing and distributing bespoke high-end sun awnings, pergolas, bioclimatic pergolas and ZIP screens. Thanks to its 40 years of history in the high-end outdoor design sector, Gibus is unquestionably the leading brand for customers looking for reliable, tailor-made products with a Made in Italy style. The group has an unwavering effort in R&D activities, investing every year in technological and product innovation in order to define new quality standards in the sector. As of today, Gibus owns over 50 patents for technical solutions and 30 protected design models.

Gibus runs three product lines:

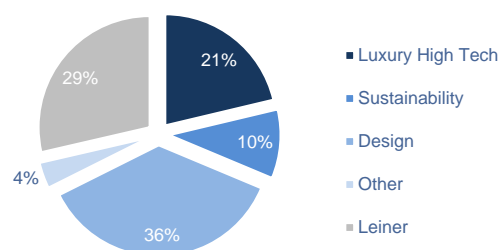
- **Luxury High Tech:** it includes bioclimatic pergolas, namely innovative pergolas characterised by a roof composed of directional and folding aluminium blades.
- **Sustainability:** this product line is composed by vertical drop-down awnings with aluminium side guides called ZIP screen. They allow to improve the thermal and visual comfort of the interiors, also reducing the building's energy consumption.
- **Design:** it is the historical business of the group and includes pergolas, sun awnings and glass doors, suitable as lateral closures for pergolas and patios. With regard to sun awnings, Gibus is leader in Italy thanks to its focus on products with innovative design and technology content stronger than competitors.

On a pro-forma basis, in 2022, Gibus totalled revenues of € 111.8m, approximately 44% of which generated abroad, and EBITDA of € 22.0m, 19.7% margin. In the 2015-22 period, Gibus grew organically with a CAGR₁₅₋₂₂ of 14.4% (20.0% including Leiner on a pro-forma basis), with a particular boost in the last three years thanks to the invoice discount mechanism introduced in Italy in 2020 by the so-called "Recovery Decree" and linked to a few tax incentives.

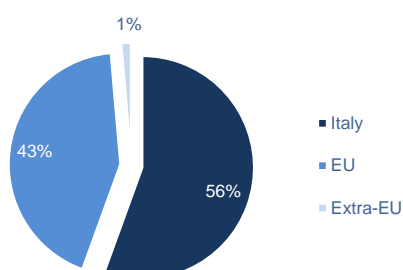
2015-22PF top line and EBITDA % evolution



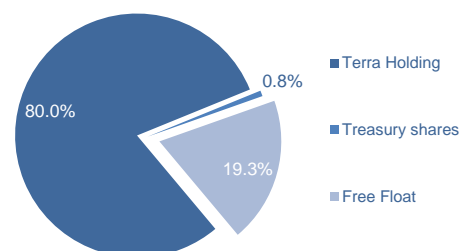
2022PF sales breakdown by product line...



... and by geography



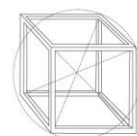
Shareholding structure



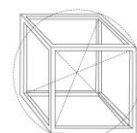
Peer group multiples table

EV & PER multiples x	Sales FY1	Sales FY2	EBITDA FY1	EBITDA FY2	EBIT FY1	EBIT FY2	PER FY1	PER FY2
Balco Group AB	1.04	1.20	9.4	9.4	13.9	15.2	15.9	17.7
Griffon Corp	1.67	1.52	9.2	7.6	10.7	8.6	13.5	11.2
Nien Made Enterprise Co Ltd	3.25	2.89	11.0	9.2	12.7	10.7	17.8	16.4
Sciuker Frames SpA	0.74	0.65	2.8	2.6	3.5	3.4	4.6	4.5
Sergeferri Group SA	0.53	0.49	5.6	4.8	14.3	11.0	15.8	23.7
Tyman PLC	1.17	1.10	7.5	6.8	9.9	8.9	10.8	10.2
Median	1.10	1.15	8.3	7.2	11.7	9.8	14.6	13.8
Gibus SpA	0.96	0.90	6.3	5.0	9.6	7.3	12.3	9.0

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2021	2022	2023e	2024e	2025e
Revenues	72.7	83.9	85.0	89.6	94.0
COGS	(37.7)	(43.1)	(45.5)	(46.6)	(48.4)
Gross Profit	35.1	40.9	39.5	43.0	45.6
Other variable costs	(6.0)	(6.7)	(7.4)	(7.7)	(7.8)
Overhead costs	(10.9)	(15.2)	(19.1)	(19.3)	(19.7)
EBITDA	18.2	19.0	13.0	16.0	18.0
D&A	(2.0)	(3.1)	(4.5)	(5.0)	(5.7)
Extraordinary	0.1	(0.6)	0.0	0.0	0.0
EBIT	16.2	15.3	8.5	11.1	12.3
Financials	2.6	2.1	(1.5)	(1.5)	(1.5)
Pre-Tax profit	18.8	17.5	7.0	9.6	10.8
Income taxes	(4.8)	(7.2)	(1.8)	(2.4)	(2.7)
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	14.0	10.3	5.3	7.2	8.1
Adjusted Net Profit	14.0	10.6	5.3	7.2	8.1
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	5.5	17.8	15.1	15.2	15.3
Net Fixed Assets	9.7	44.2	42.2	45.8	57.6
Equity Investments	0.0	0.0	0.0	0.0	0.0
Other M/L Term A/L	(3.1)	(4.9)	(2.9)	(3.0)	(3.2)
Net Invested Capital	12.1	57.1	54.5	58.0	69.7
Net Financial Debt	(17.3)	22.6	17.2	16.0	22.1
Minorities	0.0	0.0	0.0	0.0	0.0
Group's Shareholders Equity	29.4	34.5	37.3	42.0	47.6
Financial Liabilities & Equity	12.1	57.1	54.5	58.0	69.7
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	14.0	10.3	5.3	7.2	8.1
Depreciation	2.0	3.1	4.5	5.0	5.7
Other non-cash charges	0.2	7.0	0.1	0.2	0.1
Cash Flow from Oper. (CFO)	16.2	20.5	9.8	12.3	14.0
Change in NWC	(1.3)	(12.3)	2.7	(0.1)	(0.1)
FCF from Operations (FCFO)	14.9	8.1	12.5	12.2	13.9
Net Investments (CFI)	(2.3)	(39.7)	(4.6)	(8.5)	(17.5)
Free CF to the Firm (FCFF)	12.6	(31.5)	7.9	3.7	(3.6)
CF from financials (CFF)	(7.6)	30.9	(2.5)	(7.5)	(7.5)
Free Cash Flow to Equity (FCFE)	5.1	(0.6)	5.4	(3.8)	(11.1)
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	25.0%	22.6%	15.3%	17.9%	19.2%
EBIT margin	22.3%	18.3%	10.0%	12.4%	13.1%
Net profit margin	19.3%	12.3%	6.2%	8.0%	8.7%
Tax rate	25.3%	41.0%	25.0%	25.0%	25.0%
Op NWC/Sales	7.5%	21.2%	17.8%	17.0%	16.3%
Interest coverage x	(6.35)	(7.13)	5.68	7.20	8.33
Net Debt/EBITDA x	n.m.	1.19	1.32	1.00	1.23
Debt-to-Equity x	n.m.	0.65	0.46	0.38	0.46
ROIC	116.3%	18.0%	9.7%	12.4%	11.7%
ROCE	43.5%	18.2%	9.8%	12.7%	14.0%
ROACE	47.7%	25.2%	9.9%	12.7%	14.1%
ROE	47.8%	29.9%	14.1%	17.1%	17.1%
Payout ratio	35.6%	24.2%	47.5%	34.9%	30.8%
Per share figures	2021	2022	2023e	2024e	2025e
Number of shares # m	5.01	5.01	5.01	5.01	5.01
Number of shares Fully Diluted # m	5.01	5.01	5.01	5.01	5.01
Average Number of shares Fully Diluted # m	5.01	5.01	5.01	5.01	5.01
EPS stated FD €	2.80	2.06	1.05	1.43	1.62
EPS adjusted FD €	2.79	2.12	1.05	1.43	1.62
EBITDA €	3.63	3.79	2.60	3.20	3.60
EBIT €	3.24	3.06	1.70	2.22	2.46
BV €	5.87	6.89	7.45	8.38	9.50
FCFO €	2.98	1.62	2.49	2.44	2.77
FCFF €	2.52	(6.29)	1.57	0.74	(0.72)
FCFE €	1.02	(0.12)	1.07	(0.76)	(2.22)
Dividend €	1.00	0.50	0.50	0.50	0.50



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DATE	TARGET PRICE	RATING
17/01/2024	€17.00	BUY
25/09/2023	€17.00	BUY

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- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/- 15% range identified using the preceding criteria.

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