

# INTERCOS

Sector: Consumers

# OUTPERFORM

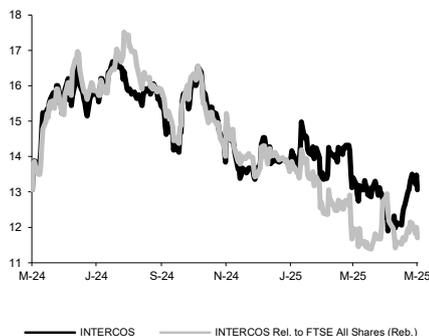
Price: Eu13.06 - Target: Eu18.00

## A solid start to the year. Guidance confirmed.

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 19.00 to 18.00		
	2025E	2026E	2027E
Chg in Adj EPS	-14.6%	-12.5%	

### INTERCOS - 12M Performance



Stock Data			
Reuters code:	ICOS.MI		
Bloomberg code:	ICOS IM		
Performance	1M	3M	12M
Absolute	6.4%	-2.2%	0.0%
Relative	-10.3%	-5.7%	-11.5%
12M (H/L)	16.82/11.90		
3M Average Volume (th):	102.55		

Shareholder Data	
No. of Ord shares (mn):	96
Total no. of shares (mn):	96
Mkt Cap Ord (Eu mn):	1,257
Total Mkt Cap (Eu mn):	1,257
Mkt Float - Ord (Eu mn):	608
Mkt Float (in %):	48.4%
Main Shareholder:	
Dario G. Ferrari	32.2%

Balance Sheet Data	
Book Value (Eu mn):	536
BVPS (Eu):	5.56
P/BV:	2.3
Net Financial Position (Eu mn):	-88
Enterprise Value (Eu mn):	1,345

- A solid start to the year.** Intercos released key 1Q25 financials that were ahead of our estimates on both the top line and profitability. Net sales in the quarter came in at Eu250.8m, up 13.4% YoY (+13.1% at cFX) with the performance enhanced by the comparison with 1Q24, impacted by cyberattack but still remarkably positive if compared to 1Q23 (+6.9%). Growth was across all geographic areas, customer types and business units (with the exception of Skin Care), mainly due to the very strong comp base (+22% YoY in 1Q24) and some contraction in US clients; for the remainder of the year it is expected positive. The Make-up segment was confirmed as the main driver, supported by a significant recovery by multinationals compared to 1Q24 (+23.4% YoY), sustained by prestige clients. By geography, the Group again confirmed the exceptional strength of Asia, which continued to post double-digit growth at +18% YoY thanks to China and Korea, which saw the continuation of demand from local brands on top of multinationals. Americas +17.3% followed by EMEA at +9.7%.
- Profitability up by 225bps YoY, record abs. level on a LTM basis.** Margin recovery occurred as expected following the impact of the cyberattack last year, with adj. EBITDA at Eu29.3m, +40.6% YoY, driven not only by expansion of volumes but also by a marked improvement in the mix at the Make-Up and Skincare business units with an overall margin on sales of 11.7% or +225bps YoY. On a LTM basis, adj. EBITDA surpassed the Eu150m mark for the first time to reach Eu151.8m.
- Guidance confirmed and margin expansion expected.** Despite the very uncertain macroeconomic scenario and based on current visibility on order intake, which remains strong, management confirmed the guidance for net sales growth at cFX in a +5%/+7% range. During the conference call, the CEO also confirmed expectations for margin expansion in FY25 - a very positive stance at this very moment in our opinion – thanks to the new product pipeline and improved mix.
- Estimates revision.** We are updating our model to incorporate some added uncertainty due to the current tariff scenario, with the impact on company margins still very difficult to assess. We are now therefore cautiously considering a minimum margin expansion in FY25 pending further visibility.
- OUTPERFORM conf., Eu18 target (from Eu19).** We appreciate Intercos' profile, which is unparalleled in the industry, as well as its unique characteristics that enable the company to continue to outperform core market volumes, and its profitability growth, thanks to the increasing expansion of outsourcing. Continuing R&D investments and an ability to innovate, along with greater geographical penetration (especially in APAC) and increasing presence in the fast-growing and profitable Hair & Body segment, are the key elements that will continue to make Intercos a particularly attractive proposition. The stock still offers at an appealing valuation in comparison to ingredient names, which are trading at a remarkable premium that we do not consider to be fully justified. Upside potential remains intact in light of the very robust prospects shown in the latest releases. We update our valuation, incorporating new estimates and a market risk premium now at 6% in our DCF as per our updated internal assumptions. This results in a target price of Eu18 from Eu19 before.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	988	1,065	1,133	1,202	1,275
EBITDA Adj (Eu mn)	138	143	154	171	188
Net Profit Adj (Eu mn)	57	57	65	76	86
EPS New Adj (Eu)	0.587	0.589	0.680	0.792	0.898
EPS Old Adj (Eu)	0.587	0.664	0.796	0.905	
DPS (Eu)	0.177	0.190	0.159	0.203	0.236
EV/EBITDA Adj	10.7	10.6	8.7	7.7	6.7
EV/EBIT Adj	16.0	16.2	13.5	11.7	10.0
P/E Adj	22.3	22.2	19.2	16.5	14.5
Div. Yield	1.4%	1.5%	1.2%	1.6%	1.8%
Net Debt/EBITDA Adj	0.7	0.7	0.6	0.4	0.1

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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- BUY: stock expected to outperform the market by over 25% over a 12 month period;
  - OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
  - NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
  - UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
  - SELL: stock expected to underperform the market by over 25% over a 12 month period.
- Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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