



Company Update: Fournalis Group Reason: Estimates Revision

Investment Thesis

We are revising our estimates for the fair value of Fournalis from 6,00 € to 4,38€, to account for the March-April lockdown.

Consumer behaviour is unpredictable, especially during a deteriorating macro environment with shrinking GDP. While spending on travel and entertainment is not expected to bounce back soon, the same does not apply to sports and home accessories, the core business of Fournalis.

The company remains investable. Fournalis managed to decrease its monthly operating expenses from €15mill in February to €10 mill in March and €8 mill EUR in April. During the lockdown, the e-commerce monthly revenue multiplied. In the first two weeks of stores re-opening, comparable revenues (same stores – same weeks of 2019) were significantly higher.

The management acknowledges that it will be a difficult year, but their outlook has been improved since March. We are estimating a -2.6% decline of total revenues in 2019. Our estimation assumes no additional lockdown and considers a 2x IKEA e-commerce sales y-o-y and a 2.5x to 3x Sports e-commerce sales y-o-y.

Valuation

The estimated price of €4.38 per share derives from free cash flow exercise with an applied rate of 9%.

Date	28/5/2020
Fair Estimated Price (€)	4,38
Investment Thesis	UV
Bloomberg Ticker	FOYRK:GA
Reuters Ticker	FRLr.AT
Closing Price	3,96
Low/High price 52w	2.77/5.98
Market Cap (€mn)	206
EPS (2019F)	0,23
P/E (x)	17,4
DPS (2019F)	0,10

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For important disclosure information, please refer to the disclaimer page of this report.

All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.



Summary Financials				
(€mn)	FY2018a	FY2019a	FY2020f	FY2021f
Profit & Loss Items				
Total Net Revenues	448,5	466,4	454,0	472,7
Gross Profit	192,8	202,5	196,6	204,9
EBITDA	44,3	66,6	43,8	53,0
EBIT	30,2	35,8	28,2	36,8
Net Income	14,3	11,8	9,3	14,2
Balance Sheet Items				
Total Assets	424,1	546,6	546,3	559,8
Current Liabilities	127,0	150,0	135,4	141,5
Total Debt	134,9	144,7	144,1	143,9
Total Equity	173,7	184,0	187,0	195,8
Cash Flow Items				
Operating Cash Flow	33,9	28,8	21,1	32,4
Free Cash Flow	16,5	13,3	7,1	17,4
Net Cash Inflow	3,3	1,2	0,3	11,9
Cash at Hand	39,9	41,0	41,2	53,1
CAPEX	17,3	15,1	14,0	15,0
Key Financial Ratios				
Revenue Growth	3,3%	4,0%	-2,6%	4,1%
Gross Margin	43,0%	43,4%	43,3%	43,3%
EBITDA Margin	9,9%	14,3%	9,7%	11,2%
Total Debt / EBITDA (x)	3,0	2,2	3,3	2,7

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Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισμάτων	Dividend Yield
ROE:	Απόδοση Ίδιων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk
OV	Υπερτιμημένη Μετοχή	Overvalued
N/R	Μη Αποτιμημένη Μετοχή	Stock Price >20% of Fair Not Rated