

Portobello SpA

FY22 results

FY22 underlying results ahead of expectations

Portobello's underlying profitability in FY22 was ahead of our expectations despite the more difficult operating environment affecting revenue growth. Portobello's multi-distribution model enabled its B2B activities to partially compensate for the slower-than-expected but still strong Retail and Media growth. Our forecasts are under review and will be updated following publication of Portobello's full financial statements in English.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/20	62.7	8.3	1.96	0.0	12.4	N/A
12/21	85.5	13.0	2.61	0.0	9.3	N/A
12/22e	129.9**	18.6**	3.33	0.0	7.3	N/A
12/23e	211.0	28.0	5.07	0.0	4.8	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. ** Reported.

Portobello's revenue, underlying EBITDA and operating profit grew to €129.9m (+48% y-o-y), €24.6m (+49%) and €19.9m (+43%), respectively. Profitability was ahead of our expectations, EBITDA by 11% at €22.2m and operating profit by 5% at €19.0m, while revenue was c 6% below our forecast (€137.9m).

With respect to revenue, B2B's y-o-y growth of 72% to €33.5m was significantly ahead of our forecast (€23.3m), while Retail and Media, which grew by 114% to €24.6m and 32% to €71.8m, respectively, were below our forecasts.

Portobello expanded its Retail activities through the addition of 10 new stores, and Media exposure through an acquisition and a capital increase.

Portobello recognised an exceptional cost of €6.4m for media that was unfulfilled due to the supplier entering liquidation. Management is seeking to recover some of the amount that was written off.

By the period end, net debt increased to €42.4m from €27.6m (at end H122) and €17.3m (at end FY21) as the company financed working capital and completed the joint acquisition of ePrice. The results press release indicates four priorities following the ePrice acquisition: becoming an omnichannel operator, expanding the product range of ePrice's portal, developing economies of scale and delivering a competitive B2B offer for small to medium-sized enterprises. We believe FY23 will be a year of focus on developing the long-term growth opportunity and therefore ePrice will not provide a material contribution to Portobello's FY23 results.

Retail

23 March 2023

Price €24.3

Market cap €85m

Net debt (€m) at 31 December 2022 42.4

Shares in issue 3.5m

Free float 33%

Code POR

Primary exchange Euronext STAR Milan

Secondary exchange N/A

Share price performance



Business description

Portobello aims to build a national Italian retail presence (from 33 current stores) via a rapid roll-out of own-stores and franchises. It uses a combination of barter (own and third-party media) and cash purchases to source branded products from its suppliers.

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