

Silvano Fashion Group AS

4Q'20 Results: Exchange rate makes it all

SFG1T.TL

Consumer Discretionary | Estonia

Silvano is a designer, manufacturer, wholesaler and retailer of ladies lingerie, operating under such brands as Milavitsa, Lauma, Aveline etc. Its major markets are Russia and Belarus.

Market data

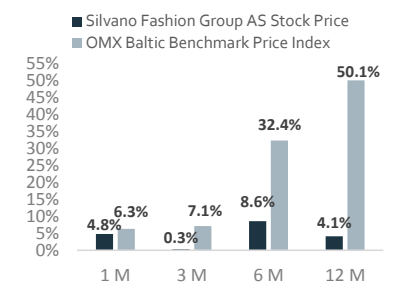
Price (€)	1.645
Market cap (mn €)	59.2
Free float (%)	66.8
Avg. daily volume - 30 days (mn €)	0.022

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance

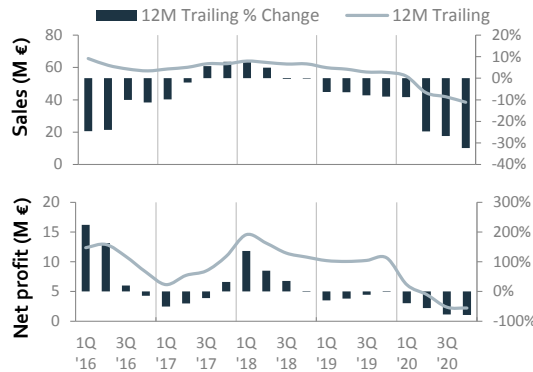


Company Update

FY 2020 was indeed a tough year for Silvano as sales declined by 28% - sales in major markets were down within the magnitude of -34% to -27%. Annual net profit declined by 77% as the exchange rate movements have been very unfavourable for Silvano. The results in 4Q'20 were not as drastic as in the preceding quarters, but top line nevertheless continued its downward trend with sales at 28% lower versus last year. Silvano, however, has managed to improve its profitability in 4Q: gross profitability was down by 26%, operating and net profit were down by 17.1% and 2.3% respectively, latter helped by more favorable exchange rates. The company managed to cut its distribution expense by 34%, while administrative expenses were cut only by 22%. It is worth noting that Silvano has kept its staff in retail operations to full extent: 503 employees in 2019, 500 in 2020. Company also managed to maintain its financial position as equity ratio remained on the high level, declining from 66% to 64%.

Growth

Sales	last Q	LTM	2019	2018
Company (M €)	8.7	38	57	62
Company	-28%	-32%	-8.5%	-0.2%
Sector*	-13.2%	-5.8%	3.5%	3.0%
Baltic Market	-6.2%	-6.2%	4.6%	7.7%

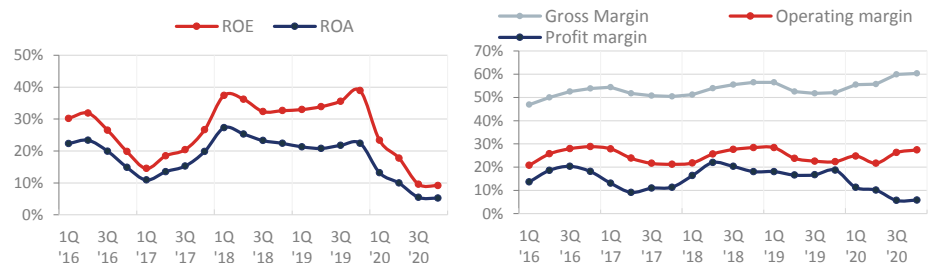


Key performance indicators

	4Q '20	4Q '19	LTM
Number of stores owned	109	110	109
	-1%		
Number of franchise	485	556	507
	-13%		

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	9.1%	5.2%	60.3%	27.4%	5.8%
Sector*	2.3%	0.8%	36.0%	3.7%	1.2%
Baltic Market	8.7%	3.7%	25.7%	4.8%	4.4%
3y average	ROE	ROA	GM	OPM	PM
Company	30.0%	20.3%	53.1%	24.6%	15.9%
Sector*	9.8%	3.6%	35.4%	3.2%	0.9%
Baltic Market	5.5%	2.5%	20.9%	3.0%	2.4%



Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2019	2018		last	Q-1	Q-2	Q-3	LTM	2019	2018
Equity / Assets ratio	58%	58%	57%	54%	57%	57%	60%	Cash Flow to Debt	0.83	1.20	1.19	1.77	1.25	1.74	1.36
Debt / Equity ratio	31%	31%	32%	35%	32%	33%	27%	CAPEX / Sales	0%	-13%	19%	-23%	-4%	15%	2%
Cash ratio	1.02	1.41	0.79	0.64	0.97	0.51	0.92	FCF/OCF	95%	96%	96%	94%	95%	91%	88%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg		Trailing PE		
P/E	26.52	17.85	10.9	P/B	2.47	2.31	2.54	Company	[Bar chart]		
EV/EBITDA	4.10	3.70	4.19	P/CF	9.31	6.37	7.08	Sector	[Bar chart]		
P/S	1.54	1.29	1.36	Dvd yield	0.0%	0.0%	5.2%	Market	[Bar chart]		

*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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