alphinox

Silvano Fashion Group AS

Lingerie retail under significant pressure

SFG1T.TL

Consumer Discretionary | Estonia

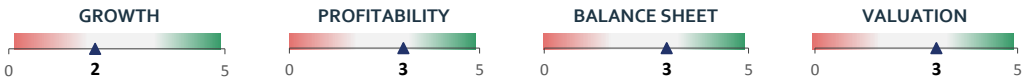
Silvano is a designer, manufacturer, wholesaler and retailer of ladies lingerie, operating under such brands as Milavitsa, Lauma, Aveline etc. Its major markets are Russia and Belarus.

Market data

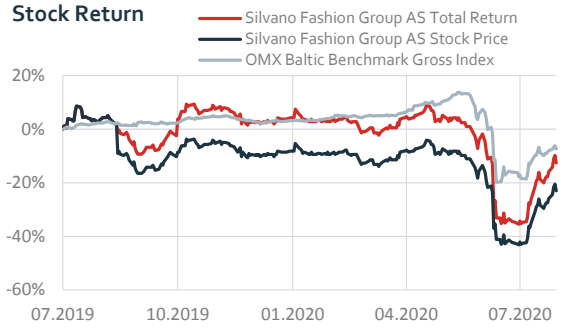
Price (€)	**1.505**
Market cap (mn €)	**53.9**
Free float (%)	**66.8**
Avg. daily volume - 30 days (mn €)	**0.0197**

Alphinox Quantitative score

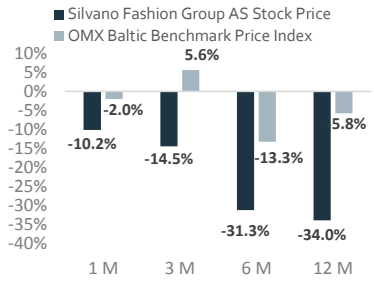
Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Return



Stock Price Performance



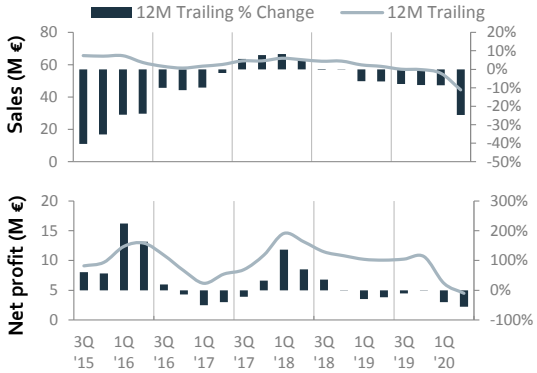
Company Update

Undergarments are not included in the basket of essential products, so lingerie retailer was missing a large chunk of sales in Q2'20, as those were down 62% YoY. The major reason was temporary store closures in the main markets due to pandemic situation, which also caused overall economic slump and led to a drop in the consumer spending and purchasing power. While cost of sales were reduced in line with revenues, other costs put pressure on earnings, causing the company to report 82% decline in operating profit. Silvano has also booked one-off profit of EUR 2.1mn, originating from currency exchange gain, thus partially cushioning the drop in net result: net income declined by 44%. Excluding this one-off, net income attributable to equity holders has declined by 86%. Looking into the future, one might expect recovery in sales in the quarters to come, as stores have been reopened. However, volumes most probably will not reach pre-crisis level due to weakened consumer purchasing power as well as civil unrest in Belarus (33% of sales).

Growth

Sales	**last Q**	**LTM**	**2019**	**2018**
Company (M €)	6.19	44.4	56.9	62.2
Company	-62%	-25%	-8.5%	-0.2%
Sector*	-9.5%	-3.0%	3.6%	4.5%
Baltic Market	-7.8%	2.3%	2.4%	8.8%

Profit	**last Q**	**LTM**	**2019**	**2018**
Company (M €)	2.2	4.5	10.7	10.8
Company	-44%	-55%	-1.2%	-1.1%
Sector*	-46%	-6.7%	5.4%	-8.2%
Baltic Market	-60%	-18%	-35%	10%

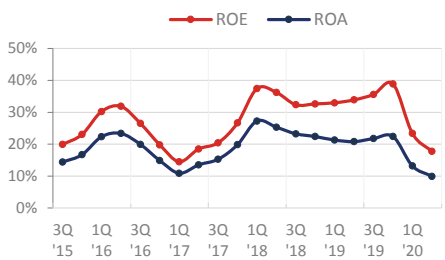


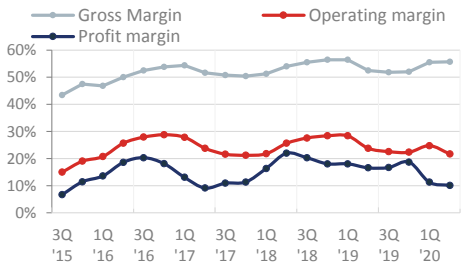
Key performance indicators

	2Q '20	2Q '19	LTM
Number of stores owned	109 *-4%*	113	110
Number of franchise	501 *-10%*	558	548
Employees	1784 *-11%*	2010	1864

Profitability

Last 12M	**ROE**	**ROA**	**GM**	**OPM**	**PM**
Company	17.8%	9.9%	55.7%	21.7%	10.1%
Sector*	9.1%	3.3%	36.1%	1.2%	-1.6%
Baltic Market	7.4%	2.4%	25.8%	3.6%	2.8%
3y average	**ROE**	**ROA**	**GM**	**OPM**	**PM**
Company	27.7%	19.5%	53.3%	25.6%	16.2%
Sector*	9.0%	4.1%	35.2%	3.0%	1.5%
Baltic Market	7.9%	3.1%	21.6%	3.3%	2.6%





Balance sheet & Cash flow

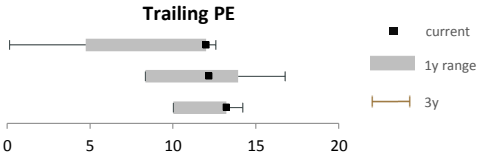
	last	**Q-1**	**Q-2**	**Q-3**	**LTM**	**2019**	**2018**
Equity / Assets ratio	57%	54%	57%	58%	57%	57%	60%
Debt / Equity ratio	32%	35%	33%	30%	33%	33%	29%
Cash ratio	0.79	0.64	0.51	0.64	0.64	0.51	0.92

	last	**Q-1**	**Q-2**	**Q-3**	**LTM**	**2019**	**2018**
Cash Flow to Debt	1.71	1.77	1.74	1.70	1.73	1.74	1.29
CAPEX / Sales	19%	-23%	15%	8%	5%	15%	2%
FCF/OCF	97%	94%	91%	91%	93%	91%	88%

Valuation

	Last	**1y avg**	**3y avg**
P/E	12.01	8.14	8.6
EV/EBITDA	3.93	4.32	4.43
P/S	1.21	1.22	1.41

	last	**1y avg**	**3y avg**
P/B	2.17	2.51	2.55
P/CF	5.67	5.23	7.84
Dvd yield	0.0%	1.9%	9.0%



*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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