

EQUITY - SPAIN

Sector: Textiles, Apparel & Luxury Goods

Closing price: EUR 4.86 (7 May 2025)

Report date: 8 May 2025 (13:40h)

12m Results 2024

Independent Equity Research

Pablo Victoria Rivera, CESGA – pablo.victoria@institutodeanalistas.com

+34 915 631 972

Business description

Adolfo Domínguez (ADZ) is a small designer fashion textile group, based in Ourense (Spain), specialising (c. 50 years) in the design and sale (both retail and wholesale) of fashion items. With international presence (>40% o/revenues), it is managed by the founding family (31% of the capital), which prevails in the Board.

Market Data

Market Cap (Mn EUR and USD)	45.1	51.2
EV (Mn EUR and USD) ⁽²⁾	96.5	109.7
Shares Outstanding (Mn)	9.3	
-12m (Max/Med/Mín EUR)	5.48 / 4.95 / 4.52	
Daily Avg volume (-12m Mn EUR)	0.01	
Rotation ⁽³⁾	6.1	
Factset / Bloomberg	ADZ-ES / ADZ SM	
Close fiscal year	28-Feb	

Shareholders Structure (%)⁽⁵⁾

Adolfo Domínguez	31.5
Puig, S.A.	14.8
Libertas 7	10.3
Indumenta Pueri	8.6
Free Float	22.8

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	6.6	-4.3	-10.7	18.8
vs Ibex 35	-6.8	-9.9	-26.6	-40.7
vs Ibex Small Cap Index	-8.3	-13.7	-21.9	-29.8
vs Eurostoxx 50	-5.1	-2.6	-14.3	-34.6
vs Sector benchmark ⁽⁴⁾	-2.1	9.5	7.3	-32.3

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Factset Europe Apparel & Footwear.

(5) Others: La Previsión Mallorquina de Seguros 7.6%, Preto Magnum SICAV 4.5%

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

2024 Results: revenue growth continues (+c.8%). EV/Rev. 2024, c.-40% vs sector.

REVENUE CONTINUES TO GROW AT A HIGH SINGLE-DIGIT RATE... (+c.8% vs 2023).

ADZ closes 2024 with revenue of EUR 139.9 Mn (vs EUR 129.6 Mn in 2023). Europe (73.3% of sales) continues to grow at a high single-digit rate (+9.4%), while Mexico (18.3% of the revenue mix) slows down (+1.4%), weighed down by the exchange rate. Comparable sales grow by +9.3%. Regarding the online channel, its strong growth continues (+25.4% vs 2023 and a weight of 14.6% of sales). The store network grows again, reaching 371 (vs 360 in 12m23: +25 openings, 10 in Europe, and -14 closures).

BUT LOGISTICS COSTS AND INCREASED STRUCTURE ERODE MARGINS. The gross margin stands at 57.2% (-2.7 p.p. v. 2023) due to (i) the effect of the Mexican peso exchange rate, (ii) the increase in logistics costs derived from the complex geopolitical environment, and (iii) the evolution of raw material prices (with a greater weight of sustainable materials).

This implies that the gross profit (+3.1% vs 2023) does not reflect the growth in sales (+7.9% vs 2023). This, together with the increase in structural costs (personnel: +c.8% vs 2023), reduces EBITDA by -2.6% vs 2023 to EUR 16.9 Mn (EUR 17.4 Mn in 2023), interrupting the continuous margin improvement seen since 2021. In terms of net profit, ADZ closes its third consecutive year in positive territory (EUR 0.9 Mn).

NET DEBT REDUCED BY -36%. ADZ continues to generate positive cash flow (EUR 4 Mn), which has allowed the cancellation of EUR 3 Mn and the reduction of net financial debt to EUR 6.2 Mn (-36% vs 2023). This places the company at even healthier debt levels (2024 Net Debt/EBITDA of 0.4x vs 0.6x in 2023).

THE CAPACITY FOR REVENUE GROWTH AND MARGIN IMPROVEMENT CONTINUES.

The currency effect has temporarily halted a process of profitability improvement and growth that began in 2021, which should recover in 2025e. ADZ continues to go unnoticed by the market (-12m: -10.7% absolute and c.-27% vs IBEX35). 2024 EV/Sales c.0.7x (c.-40% vs the sector's 1.2x).

Results table

EUR Mn	12m24 vs		
	12m24	12m23	12m23
Total Revenues ⁽¹⁾	139.9	129.6	7.9%
Gross Margin	80.0	77.6	3.1%
Gross Margin/Revenues	57.2%	59.9%	-2.7 p.p.
EBITDA	16.9	17.4	-2.6%
EBITDA/Revenues	12.1%	13.4%	-1.3 p.p.
EBIT	1.5	3.5	-55.7%
EBIT/Revenues	1.1%	2.7%	-0.6 p.p.
PBT	1.1	1.0	17.6%
NP	0.9	0.7	24.4%
Points of sale (Total)	371	360	3.1%
Points of sale (International)	63.1%	59.7%	3.4 p.p.
	12m24 vs		
	12m24	12m23	12m23
Net Debt ⁽²⁾	6.2	9.8	-36.2%
ND / EBITDA	0.4 x	0.6 x	-0.2 x

(1) Total revenues include other operating revenues.

(2) The amount of net debt does not include the effect of IFRS 16.

Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	45.1	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	50.9	12m Results 2024
+ Net financial debt	6.2	12m Results 2024
- Financial Investments	5.7	12m Results 2024
+/- Others		
Enterprise Value (EV)	96.5	

Appendix 2. Main peers (2025e)

		Affordable Luxury players					Specialised Retail Holdings				
		Burberry Group PLC	Hugo Boss AG	Salvatore Ferragamo SpA	SMCP SA	Average	Kering	Tapestry	Capri Holdings	PVH Corp	Average
Market data	Ticker (Factset)	BRBY-GB	BOSS-DE	SFER-IT	SMCP-FR		KER-FR	TPR-US	CPRI-US	PVH-US	
	Country	UK	Germany	Italy	France		France	USA	UK	USA	
	Market cap	3,102.5	2,685.1	931.7	285.3		21,132.1	13,612.8	1,636.8	3,299.2	
	Enterprise value (EV)	4,762.2	3,693.0	1,416.3	965.3		38,441.9	16,343.1	4,065.6	5,629.5	
Basic financial information	Total Revenues	2,916.2	4,304.3	1,039.9	1,215.9		15,681.3	6,047.4	3,605.7	7,596.3	
	Total Revenues growth	1.0%	-0.1%	0.5%	0.3%	0.4%	-8.8%	3.0%	-6.7%	-0.2%	-3.2%
	2y CAGR (2025e - 2027e)	6.1%	3.9%	3.6%	2.8%	4.1%	5.4%	3.4%	n.a.	2.7%	3.8%
	EBITDA	597.9	768.5	221.1	227.9		3,870.6	1,351.8	276.1	979.8	
	EBITDA growth	33.8%	-0.5%	11.8%	5.6%	12.7%	-17.1%	-0.8%	9.0%	15.1%	1.6%
	2y CAGR (2025e - 2027e)	7.0%	5.4%	9.4%	7.1%	7.2%	9.7%	5.1%	n.a.	5.8%	6.9%
	EBITDA/Revenues	20.5%	17.9%	21.3%	18.7%	19.6%	24.7%	22.4%	7.7%	12.9%	16.9%
	EBIT	154.2	390.1	40.0	64.8		1,971.0	1,198.5	122.5	732.7	
	EBIT growth	n.a.	-3.8%	112.9%	23.6%	44.3%	-22.8%	3.2%	41.0%	21.5%	10.7%
	2y CAGR (2025e - 2027e)	57.7%	10.1%	36.7%	20.3%	31.2%	17.8%	5.5%	n.a.	7.6%	10.3%
	EBIT/Revenues	5.3%	9.1%	3.8%	5.3%	5.9%	12.6%	19.8%	3.4%	9.6%	11.4%
	Net Profit	75.2	238.2	9.9	19.6		907.3	958.2	113.3	516.9	
	Net Profit growth	221.7%	11.6%	114.6%	182.9%	132.7%	-19.9%	33.5%	6.6%	-1.8%	4.6%
	2y CAGR (2025e - 2027e)	84.2%	12.1%	83.9%	47.8%	57.0%	28.8%	4.2%	n.a.	8.1%	13.7%
	CAPEX/Sales %	7.0%	6.3%	7.7%	4.3%	6.3%	6.4%	2.3%	3.4%	2.5%	3.7%
Multiples and Ratios	Free Cash Flow	372.4	316.9	99.5	58.9		2,244.9	972.3	153.4	579.5	
	Net financial debt	(49.1)	583.8	582.2	445.6		10,687.6	1,942.5	1,552.8	1,163.0	
	ND/EBITDA (x)	n.a.	0.8	2.6	2.0	1.8	2.8	1.4	5.6	1.2	2.8
	Pay-out	42.6%	40.1%	39.7%	0.0%	30.6%	65.0%	29.3%	0.0%	1.6%	24.0%
	P/E (x)	41.4	11.5	93.1	13.0	39.7	23.7	15.2	15.6	5.9	15.1
	P/BV (x)	2.6	1.7	1.5	0.2	1.5	1.4	15.3	1.3	0.7	4.7
	EV/Revenues (x)	1.6	0.9	1.4	0.8	1.2	2.5	2.7	1.1	0.7	1.8
	EV/EBITDA (x)	8.0	4.8	6.4	4.2	5.9	9.9	12.1	14.7	5.7	10.6
	EV/EBIT (x)	30.9	9.5	35.4	14.9	22.7	19.5	13.6	33.2	7.7	18.5
	ROE	6.4	15.0	1.6	1.8	6.2	5.9	100.3	8.2	12.4	31.7
	FCF Yield (%)	12.0	11.8	10.7	20.7	13.8	10.6	7.1	9.4	17.6	11.2
	DPS	0.09	1.38	0.02	0.00	0.37	4.81	1.22	0.00	0.14	1.54
	Dvd Yield	1.0%	3.6%	0.4%	0.0%	1.3%	2.8%	1.9%	0.0%	0.2%	1.2%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

LIGHTHOUSE

Calle Núñez de Balboa, 108 1ª Planta
28006 Madrid
T: +34 91 563 19 72
institutodeanalistas.com/lighthouse

Head of research

Alfredo Echevarría Otegui
alfredo.echevarria@institutodeanalistas.com

Analysts who contributed to this report:

Pablo Victoria Rivera, CESGA
Equity research
pablo.victoria@institutodeanalistas.com

Daniel Gandoy López
Equity research
lighthouse@institutodeanalistas.com

Miguel Medina Sivilotti
Equity research
lighthouse@institutodeanalistas.com

Jesús López Gómez, CESGA
ESG Analyst & Data analytics
jesus.lopez@institutodeanalistas.com

All Lighthouse research documents are available simultaneously on the Lighthouse website (institutodeanalistas.com/lighthouse) and via third-party aggregators such as Bloomberg, Factset, Capital IQ and Refinitiv.

IMPORTANT LEGAL INFORMATION REGARDING THIS REPORT

LIGHTHOUSE

Lighthouse is a project of IEAF Servicios de Análisis S.L.U. Lighthouse is a research project funded by Bolsas y Mercados Españoles S.A. Lighthouse aims to improve the research coverage of the "orphan stocks" of the Spanish market: those which lack real and continuous research coverage. Lighthouse reports will not include valuation and target price. Lighthouse does not seek to provide investment advice to any natural or legal person. For this reason, Lighthouse will not provide a valuation, target price or investment recommendation for any of the securities analysed.

IEAF Servicios de Análisis S.L.U. is a Spanish company whose corporate purpose is:

- 1º) To provide information and financial analysis regarding securities issued by any class of legal person traded or not on official secondary markets, and especially (but not exclusively) those securities which are not the object of the recurrent provision of information and analysis by financial analysts who participate in the markets.
- 2º) To publicise and update the aforementioned financial reports and analysis, in addition to the monitoring and following of the securities on which the information and analysis is provided.
- 3º) To prepare studies and projects aimed at proposing and implementing measures to improve the information and financial analysis of securities traded on official secondary markets.

IEAF Servicios de Análisis S.L.U. is a company whose sole shareholder is the Instituto Español de Analistas Financieros, a professional, not for profit association.

DISCLAIMER

The Instituto Español de Analistas Financieros hereby certifies that the analyst of IEAF Servicios de Análisis S.L.U. whose name figures as the author of this report, expresses views that reflect their personal and independent opinion of the company analysed without these implying, either directly or indirectly, a personalised recommendation of the company analysed for purposes of providing investment advice. This report is based on the preparation of detailed financial projections from information available to the public and following traditional fundamental research methodology (i.e. it is not a technical or quantitative analysis report). For the analysis methodology used in the preparation of this report, please contact the analyst directly; contact details are included on the front page of this report.

The report includes basic information regarding the main parameters to be used by an investor when making their own valuation (whether by discounted cash flows or multiples). These parameters are the personal opinion or estimate of the analyst. The person receiving this report should use their own judgement when using these parameters and should consider them as another element in their decision-making process in respect of investment. These parameters do not represent a personalised investment recommendation.

Rules governing confidentiality and conflicts of interest

None of the following rules governing confidentiality and conflicts of interest (12) is applicable to this report:

1. This report is non-independent research as it has been commissioned by the company analysed (issuer).
2. In the last 12 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., has had Investment Banking mandates or has managed or co-managed a public offering of the securities of the issuer, or has received compensation from said issuer for Investment Banking services, that exclude brokerage services for prepaid fees.
3. In the next 6 months, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., expects to receive or intends to obtain compensation for Investment Banking services provided to this company that exclude brokerage services for prepaid fees.
4. The Investment Analyst or a member of the Research Department or a member of their household has a long position in the shares or derivatives of the corresponding issuer.
5. The Investment Analyst or a member of the Research Department or a member of their household has a short position in the shares or derivatives of the corresponding issuer.
6. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a long position of over 0.5% of the issuer's capital.
7. At the date of publication, the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U. held a short position of over 0.5% of the issuer's capital.
8. At the end of the month immediately prior to the publication of this report, or of the previous month if the report is published in the ten days following the end of the month, the company analysed (the issuer) or any of its subsidiaries held 5% or more of any class of equity security of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U.
9. A senior director or officer of the Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., or a member of their department is a director, officer, advisor or member of the Board of Directors of the issuer and/or one of its subsidiaries.
10. The Instituto Español de Analistas Financieros or its subsidiary, IEAF Servicios de Análisis S.L.U., acts as broker for the Issuer for the corresponding prepaid fees.
11. The contents of this report related to the financial analysis, financial projections, valuation, investment summary and opinion of the analyst have been reviewed by the issuer prior to its publication.
12. The issuer has made changes to the contents of this report prior to its distribution.

The Investment Analysts who have prepared this Investment Analysis are employees of IEAF Servicios de Análisis S.L.U. These analysts have received (or will receive) compensation according to the general earnings of IEAF Servicios de Análisis S.L.U. To obtain a copy of the Code of Conduct of IEAF Servicios de Análisis S.L.U. (in respect of the Management of Conflicts of Interest in the research department), please use the e-mail address secretaria@institutodeanalistas.com or consult the contents of this Code at <https://institutodeanalistas.com>.

IEAF Servicios de Análisis S.L.U. is compensated by Bolsas y Mercados Españoles, S.A. for the preparation of this report. This report should be considered as just another element in the taking of investment decisions.

A report issued by IEAF servicios de análisis S.L.U.

All rights reserved. The unauthorised use or distribution of this report is prohibited. This document has been prepared and distributed, according to the provisions of the MiFID II by IEAF Servicios de Análisis S.L.U. Its corporate activity is regulated by the CNMV (the Spanish Securities Exchange Commission). The information and opinions expressed in this document do not represent nor are they intended to represent an offer or a solicitation to buy or sell the securities (in other words, the securities mentioned in this report and related warrants, options, rights or interests). The information and opinions contained in this document are based upon information available to the public and have been obtained from sources believed to be reliable by IEAF Servicios de Análisis S.L.U., but no guarantee is given regarding their accuracy or completeness. All comments and estimates reflect solely the opinion of IEAF Servicios de Análisis S.L.U. and do not offer any implicit or explicit guarantee. All the opinions expressed are subject to change without prior warning. This document does not take into account the specific investment objectives, financial position, risk profile or other specific aspects of the person who receives this document, and accordingly they should exercise their own judgement in this respect. Neither the Instituto Español de Analistas Financieros nor its subsidiary, IEAF Servicios de Análisis S.L.U., assumes any responsibility for direct or indirect losses arising from the use of the published research, except in the event of negligent conduct by IEAF Servicios de Análisis S.L.U. The information contained in this report is approved for distribution to professional clients, eligible counterparties and professional advisers, but not for distribution to private individuals or retail clients. Its reproduction, distribution or

publication for any purpose without the written authorisation of IEAF Servicios de Análisis S.L.U. is prohibited. The Instituto Español de Analistas Financieros and/or its subsidiary IEAF Servicios de Análisis S.L.U., their employees and directors, may hold a position (long or short) in an investment knowing that this issuer will be the object of analysis and that this analysis will be distributed to institutional investors. Any further information regarding the contents of this report will be provided upon request. IEAF Servicios de Análisis S.L.U. intends to publish (at least) one quarterly report or note updating the information on the company analysed.

United States. IEAF Servicios de Análisis S.L.U. is not registered in the United States and, consequently, is not subject to the regulations of that country governing the preparation of research and the independence of analysts. This report is distributed solely to major US institutional investors, in reliance on the exemption from registration provided by Rule 15a-6 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and interpretations of this made by the US Securities Exchange Commission.

Major US Institutional Investors. This report will be distributed to "major US institutional investors", as defined by Rule 15a-6 of the US Securities Exchange Commission and of the US Securities Exchange Act of 1934.

Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
08-May-2025	n.a.	4.86	n.a.	n.a.	12m Results 2024	Pablo Victoria Rivera, CESGA
20-Jan-2025	n.a.	5.08	n.a.	n.a.	9m Results 2024	Alfredo Echevarría Otegui
15-Nov-2024	n.a.	4.87	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
19-Jul-2024	n.a.	5.00	n.a.	n.a.	3m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	5.40	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
29-Apr-2024	n.a.	4.78	n.a.	n.a.	12m Results 2023 - Estimates upgrade	Luis Esteban Arribas, CESGA
18-Jan-2024	n.a.	4.92	n.a.	n.a.	9m Results 2023	Luis Esteban Arribas, CESGA
10-Nov-2023	n.a.	5.00	n.a.	n.a.	6m Results 2023	Luis Esteban Arribas, CESGA
14-Jul-2023	n.a.	6.35	n.a.	n.a.	3m Results 2023	Luis Esteban Arribas, CESGA
12-Jun-2023	n.a.	5.40	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
28-Apr-2023	n.a.	6.00	n.a.	n.a.	12m Results 2022	Luis Esteban Arribas, CESGA
23-Jan-2023	n.a.	4.15	n.a.	n.a.	9m Results 2022	Luis Esteban Arribas, CESGA
28-Nov-2022	n.a.	4.03	n.a.	n.a.	6m Results 2022 - Estimates upgrade	Luis Esteban Arribas, CESGA
15-Jul-2022	n.a.	3.92	n.a.	n.a.	3m Results 2022	Alfredo Echevarría Otegui
28-Apr-2022	n.a.	3.80	n.a.	n.a.	12m Results 2021	Alfredo Echevarría Otegui
24-Jan-2022	n.a.	3.62	n.a.	n.a.	9m Results 2021	Alfredo Echevarría Otegui
02-Dec-2021	n.a.	3.77	n.a.	n.a.	6m Results 2021	Alfredo Echevarría Otegui
01-Sep-2021	n.a.	4.49	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
28-Jul-2021	n.a.	4.34	n.a.	n.a.	3m Results 2021	Ana Isabel González García, CIIA
14-Jun-2021	n.a.	4.28	n.a.	n.a.	Estimates upgrade	Ana Isabel González García, CIIA
29-Apr-2021	n.a.	4.50	n.a.	n.a.	12m Results 2020	Ana Isabel González García, CIIA
29-Mar-2021	n.a.	4.20	n.a.	n.a.	Important news	Ana Isabel González García, CIIA
18-Jan-2021	n.a.	4.78	n.a.	n.a.	9m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
02-Dec-2020	n.a.	4.60	n.a.	n.a.	6m Results 2020 - Estimates downgrade	Ana Isabel González García, CIIA
17-Sep-2020	n.a.	3.90	n.a.	n.a.	3m Results 2020	Ana Isabel González García, CIIA
25-Jun-2020	n.a.	5.10	n.a.	n.a.	Estimates downgrade	Ana Isabel González García, CIIA
13-Jan-2020	n.a.	6.90	n.a.	n.a.	9m Results 2019	Ana Isabel González García, CIIA
03-Dec-2019	n.a.	7.36	n.a.	n.a.	Initiation of Coverage	Ana Isabel González García, CIIA

