PATTERN GROUP

Fashion Luxury Engineering

9M26: Margins Up, Debt Down q/q

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Pattern Group is a leading independent player in the luxury engineering segment (B2B), serving as a trusted partner to the world's most prestigious luxury brands. With a strong track record of organic growth, diversification and M&A, PTR has completed an ambitious plan to build new HQs and expand operations, reinvesting the proceeds from the 2023 disposal, and is now ready to pursue a new growth phase also supported by M&A.

FAIR VALUE (€)	**4.30**
MARKET PRICE (€)	**2.06**
MARKET CAP (€mn)	**30.9**

Profitability and Deleveraging on Track

9M26 KPIs confirm margin recovery despite a softer 3Q top line, with:

1) Revenues at €86.9mn (+1.8% y/y), led by Leather Goods (+5.7%) and Ready-to-Wear (+2.9%, despite some delivery delays), with Knitwear stable. Implied 3Q26 revenues were c.€29.5mn (-9% y/y) on a tough comparison base, as 3Q25 benefited from deliveries slipped from 1H25. 9M26 revenues represent ~75% of our FY26E sales, in line with 9M25 seasonality (74%);
2) EBITDA at €6.5mn (+48.2% y/y), with margin up 2.4pp to 7.4% (on VoP). Implied 3Q26 EBITDA was c.€2.7mn, broadly flat y/y, with quarterly margin up to c.9.2% (8.6% in 3Q25), driven by Leather Goods and RTW, while Knitwear margin was lower y/y, though it remains the Group's largest EBITDA contributor;
3) Net Debt at €21.3mn at Sept 26, down €2.1mn q/q (€23.4mn at June 26), vs. a €2.9mn absorption in 3Q25. The €1.5mn YTD increase vs. €19.8mn at Dec 25 reflects c.€6.7mn of one-offs (S.M.T. shares from Camer, 1.08% of Idee Partners, dividends). NFP/LTM EBITDA improved to 2.7x (3.4x at FY25).

Our Take: FY26E Within Reach

We view 9M26 KPIs as supportive of the FY26 forecasts we revised in September. 9M26 EBITDA already covers ~78% of our €8.3mn FY26E (75% in 9M25 on FY25 actual), and Net Debt is already in line with our €21.3mn FY26E. Pattern now needs c.€29.4mn revenues (-2% y/y) and c.€1.8mn EBITDA in 4Q26 (€1.5mn in 4Q25) to meet our numbers, which looks achievable, also helped by RTW deliveries shifted from 3Q. However, the 3Q slowdown confirms that the luxury backdrop remains weak and visibility very limited, hence we leave estimates unchanged.

Estimates and Fair Value Confirmed

We therefore confirm our FY26E-28E estimates and reiterate our DCF-based Fair Value of €4.30 per share.

At current prices: 1) Pattern offers a >100% upside to our Fair Value and trades at 7.5x FY26E and 5.9x FY27E EV/EBITDA, compressed multiples which in our view do not reflect the ongoing EBITDA recovery and the expected cash generation over 2026–28E; 2) The stock implies a ~20% EFCF yield on 2028E, while cumulatively, the EFCF expected over 2026–28E corresponds to ~56% of Market Cap.

KEY FINANCIALS	FY25	FY26E	FY27E
VALUE OF PRODUCTION	117.4	117.1	120.0
EBITDA	5.9	8.3	9.6
EBIT	-1.9	0.3	1.8
NET PROFIT ADJ.	-1.6	1.1	2.2
GROUP NET EQUITY	40.8	38.7	38.4
NET DEBT (-) / NET CASH (+)	-19.8	-21.3	-15.6
EPS ADJ.	-0.11	0.07	0.15
DPS	0.04	0.04	0.04

Source: Pattern Group (historical figures), Value Track (estimates)

RATIOS AND MULTIPLES	FY25	FY26E	FY27E
EBITDA MARGIN (%)	5.0	7.1	8.0
EBIT MARGIN (%)	nm	0.2	1.5
NET DEBT / EBITDA (x)	3.4	2.6	1.6
NET DEBT / NET EQUITY (x)	0.5	0.6	0.4
ROCE b.t. (%)	nm	0.5	3.3
EV / SALES (x)	0.5	0.5	0.5
EV / EBITDA (x)	10.3	7.5	5.9
EV / EBIT (x)	nm	nm	31.4
P / E ADJ. (x)	nm	28.5	13.9

Source: Pattern Group (historical figures), Value Track (estimates)

STOCK DATA	
MARKET PRICE (€)	2.06
NOSH (mn)	15.0
MARKET CAP (€mn)	30.9
ENTERPRISE VALUE 26E (€mn)	62.2
FREE FLOAT (%)	30.7
AVG L30D VOLUME ('000)	3,410
RIC / BBG	PTR.MI / PTR IM
52 WK MAX - MIN (€)	3.86-2.00

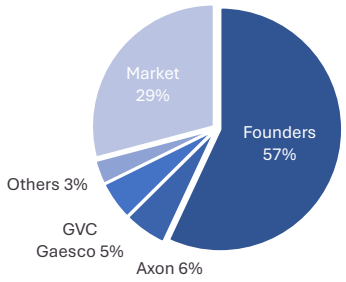
Source: Stock Market Data

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Description

Pattern Group is one of the leading independent players in the luxury engineering segment (B2B), serving as a benchmark for the world's most prestigious luxury brands. The Company reported steady growth since inception (25% CAGR 2009-2025), on a mix of organic growth and solid M&A. It operates under three product segments: Ready-to-Wear, Knitwear, and Leather Goods and is still controlled by the two founders with a 31% stake each, with key managers owning another 7%.

SHAREHOLDERS' STRUCTURE



Source: Pattern

Financial Highlights

KEY FINANCIALS (IT GAAP, €mn)	FY24	FY25	FY26E	FY27E	FY28E
Value of Production	**126.5**	**117.4**	**117.1**	**120.0**	**123.5**
y/y (%)	*-13.1%*	*-7.2%*	*-0.3%*	*2.5%*	*2.9%*
EBITDA	**13.0**	**5.9**	**8.3**	**9.6**	**10.3**
EBITDA Margin (%)	*10.3%*	*5.0%*	*7.1%*	*8.0%*	*8.3%*
EBIT	**3.5**	**-1.9**	**0.3**	**1.8**	**2.7**
EBIT Margin (%)	*2.8%*	*nm*	*0.2%*	*1.5%*	*2.2%*
Net Profit	**-1.0**	**-3.0**	**-1.8**	**-0.6**	**0.2**
y/y (%)	*nm*	*nm*	*nm*	*nm*	*nm*
Adj. Net Profit	**3.5**	**-1.6**	**1.1**	**2.2**	**2.8**
y/y (%)	*nm*	*nm*	*nm*	*99.1%*	*27.8%*
Net Fin. Position [Net Debt (-) / Cash(+)]	**-14.4**	**-19.8**	**-21.3**	**-15.6**	**-10.0**
Net Fin. Pos. / EBITDA (x)	*1.1*	*3.4*	*2.6*	*1.6*	*1.0*
Capex	-6.7	-11.7	-2.4	-2.5	-2.5
OpFCF b.t.	**4.3**	**-5.6**	**6.6**	**7.9**	**7.9**
OpFCF b.t. / EBITDA (%)	*32.7%*	*nm*	*79.1%*	*81.7%*	*76.4%*

Source: Pattern Group, Value Track Analysis

SALES BY BUSINESS LINE FY25



Source: Pattern Group

SALES BY GEOGRAPHY FY25



Source: Pattern Group

STOCK MULTIPLES @ FV	FY26E	FY27E
EV / SALES (x)	0.8	0.8
EV / EBITDA (x)	11.5	9.4
EV / EBIT (x)	nm	50.1
EV / CAP. EMPLOYED	1.6	1.7
OpFCF Yield (%)	6.9	8.7
P / E (x)	nm	nm
P / BV (x)	2.0	2.0
Dividend Yield (%)	0.8	0.8

Source: Value Track Analysis

Investment Case

Strengths / Opportunities

- Hard-to-replicate engineering and "Made in Italy" manufacturing network, essential for luxury brands' top-quality supply chain;
- Solid M&A track record (deals at attractive multiples, i.e. <6x EV/EBITDA), with activity potentially resuming in 2026-27;
- Distinct positioning in a market in strong consolidation;
- Margin upside if 2026 brings volume stabilization after the 2025 trough.

Weaknesses / Risks

- Luxury demand remains weak, with limited visibility due to geopolitical issues and a structurally smaller market;
- High operating leverage, with lower volumes having a disproportionate impact on profitability;
- The order-based Cost-plus approach limits B2B margins.

Quarterly KPI Evolution: 3Q25–3Q26

KPIs Evolution: 3Q25-3Q26*

(OIC, €mn)	3Q25	4Q25	1Q26	2Q26	3Q26
Revenues	**32.5**	**30.0**	**27.6**	**29.8**	**29.5**
QoQ (%)	*9%*	*-8%*	*-8%*	*8%*	*-1%*
YoY (%)	*-*	*-*	*19%*	*0%*	*-9%*
EBITDA	**2.8**	**1.5**	**2.1**	**1.6**	**2.7**
QoQ (%)	*87%*	*-48%*	*42%*	*-24%*	*69%*
NFP @ Period End	**-22.8**	**-19.8**	**-25.7**	**-23.4**	**-21.3**
Δ NFD	-2.9	3.0	-5.9	2.3	2.1

Source: Pattern Group, Value Track analysis. (*) 3Q25, 4Q25, 2Q26 and 3Q26 figures are implied calculations derived from published 1Q, half-year, 9M and full-year figures. Revenues refer to sales revenues.

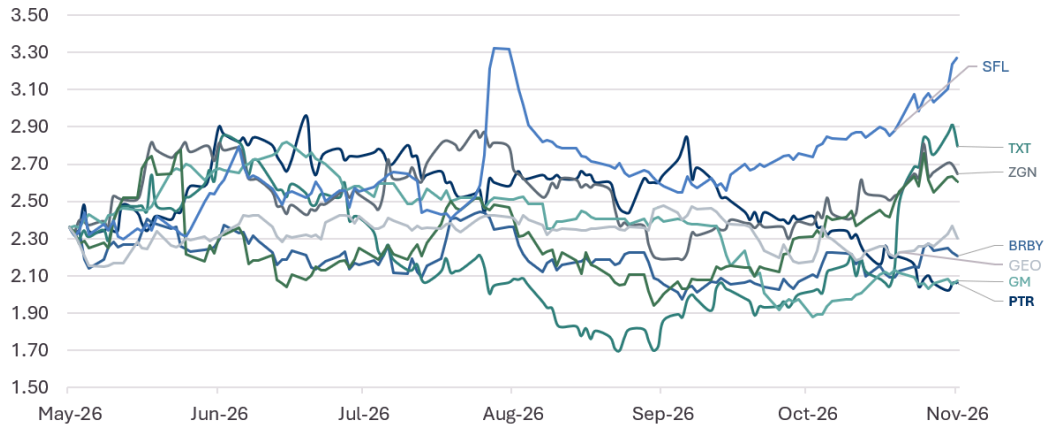
Stock Performance vs. Luxury Sector

Stock Performance vs. Luxury & Fashion Companies

Name	Current Price (€)	Change 1M (%)	Change 3M (%)	Change YTD (%)	Change 1Y (%)
Burberry Group	13.08	8.1%	-4.5%	-10.0%	-4.5%
Capri Holdings	18.83	41.0%	39.6%	-9.4%	0.6%
Ermenegildo Zegna	12.64	11.6%	3.1%	44.9%	43.7%
PVH Corp.	82.93	14.1%	12.8%	45.3%	25.7%
HUGO BOSS	38.21	0.6%	1.0%	5.7%	4.0%
Gentili Mosconi	2.63	5.2%	-17.3%	-24.0%	-10.5%
Safilo Group	2.20	18.8%	1.5%	14.3%	17.5%
Geox	0.28	6.2%	-4.5%	-12.1%	-11.9%
Hermès International	1,353.50	5.5%	-17.6%	-36.2%	-37.4%
Brunello Cucinelli	86.62	7.5%	-5.6%	-12.0%	-5.8%
LVMH	403.10	6.1%	-15.8%	-37.5%	-36.3%
Kering	189.28	-10.5%	-33.2%	-37.1%	-40.2%
Pattern	**2.06**	**-14.2%**	**-21.4%**	**-38.3%**	**-42.1%**

Source: Factset

6M Price Performance vs. Peers (prices rebased to Pattern)



Source: Factset

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