

## FINE FOODS

## OUTPERFORM

Price (Eu):

11.85

Target Price (Eu):

14.80

SECTOR: Industrials

Giorgio Tavorini +39-02-77115.279  
e-mail: giorgio.tavorini@intermonte.it

Andrea Randone +39-02-77115.364  
e-mail: andrea.randone@intermonte.it

## After a Roller Coaster Year, Back on Track for Further Growth and M&amp;A

**FY20 results were broadly in line with our expectations (-0.5% on top line, -1.2% on adj. EBITDA), but showed solid Adj. EFCF (€17.5mn, c. 80% of Adj. EBITDA), mostly from working capital management, which fully supported new CapEx, the ongoing buy-back programme and dividend distribution. The bottom line and NFP trends were affected by restatements following adoption of IAS/IFRS (mainly recognition of warrants at fair value, a non-cash item). Overall, outlook on FY21 remains positive, thanks to visibility on 1H21 order intake on top of the inorganic boost from Pharmatek acquired in January.**

■ **High single-digit top-line growth as expected.** FY results showed a healthy top-line trend, with an 8% increase to c.€172mn (-0.5% vs our exp.), underpinned by 26% organic in 2H, offsetting the 9% decrease seen in 1H. No M&A activity was performed in FY20, therefore the performance was entirely organic and generated by the Food B.U. (77% of top line), rising in the low teens (+10.7% YoY), supported by ongoing volume expansion and a solid positioning in the dietetic segment, where the company continued to significantly outperform the reference markets (food supplements, medicinal products in solid oral forms). Conversely, Pharma B.U. saw a temporary delay in 2H (leading to a -1.2% decrease at FY) which we believe was due to new product development by clients and should support visibility on 1H21 order intake on top of the inorganic boost from Pharmatek acquired in January.

■ **Stronger margins despite headwinds.** Adj. EBITDA closed at €22.3mn (-1.2% vs our exp.), up 9.9% YoY, with a slight increase in the margin (13.0%, +0.3pp YoY), which was nothing short of extraordinary, considering the circumstances. Indeed, for most of 1H the company was in uncharted territory, accruing a gap in revenues that was eventually offset by an extraordinary 2H, albeit full of inevitable inefficiencies triggered by the chaotic and erratic pattern of the year. Despite this, the company underlined that client and employee satisfaction surged to an all-time high. Reported EBITDA reached €21.1mn (a 12.3% margin), reflecting minor one-off items, mostly concentrated in 1H. Below EBITDA, adj. EBIT decreased to €10.7mn (-2.5% YoY, -4.7% vs our exp.) due to higher D&A, while adj. net profit was lower at €9.3mn (our exp. €10.6mn), also reflecting a higher normalised tax rate (rising from 24% to 28% in FY20).

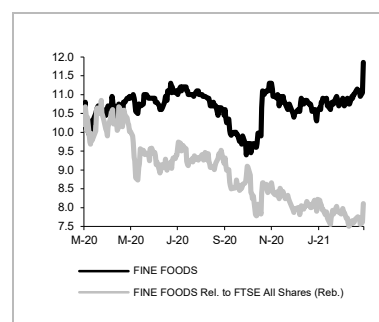
■ **Impressive EFCF.** Before warrant recognition, adj. NFP came to €53.8mn, +€10.8mn above the restated FY19 figure (€43mn), fostered by strong EFCF generation (€17.5mn, o/w c.€9.4mn from working capital release) partially absorbed by shareholder remuneration (€4mn in buybacks and €2.7mn in dividends). As at YE'20, own shares were c.3.47% of share capital (from 1.96% as at YE'19), while the buyback programme continued into 1Q21 (own shares currently at 3.78%).

■ **Changes to estimates.** FY21-23 top line and EBITDA estimates (already including the consolidation of Pharmatek) are virtually unchanged, while at bottom line we reflect higher financial expenses and taxes, leading to a 5-6% EPS reduction in FY21-23. At FCF level, we now assume lower working capital absorption, partially compensated by a higher payout ratio (from 33% to 35% of adj. EPS) in line with the DPS'20 proposal.

■ **Rating OUTPERFORM confirmed, new target at €14.8 (from €14.1).** The return to double-digit revenue growth in 2H20 supports visibility on a robust entry speed into FY21, on top of value accretion and cross-fertilisation opportunities from Pharmatek thanks to its solid positioning in new, complementary sectors (such as biocides and cosmetics) and new forms (liquid/semiliquid). In the near future, FF is well placed to enjoy solid operating trends thanks to highly visible customer demand and the additional capacity secured through investments, as well as the ability to seize further M&A opportunities for quality assets in adjacent markets or to act as a natural aggregator domestically. In the meantime, the expected migration to the STAR segment by end-June will be a positive future catalyst for the stock, enhancing the liquidity profile.

Next event:  
1H21 results out 13 September

## FINE FOODS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 14.10 to 14.80

Ch. in Adj. EPS est: 2021E 2022E  
-5.9% -5.0%

## STOCK DATA

Reuters code: FF.MI  
Bloomberg code: FF IM

**Performance** 1m 3m 12m  
Absolute 10.7% 12.9% 16.2%  
Relative 2.9% 2.1% -29.9%  
12 months H/L: 11.85/9.40

## SHAREHOLDER DATA

No. of Ord. shares (mn): 24  
Total No. of shares (mn): 24  
Mkt Cap Ord (Eu mn): 279  
Total Mkt Cap (Eu mn): 279  
P/BV: 1.9  
Mkt Float (in %): 41.0%  
Main shareholder:  
Eigenfin Srl + M. Eigenmann 51.9%

## BALANCE SHEET DATA

2021  
Book value (Eu mn): 150  
BVPS (Eu): 6.35  
P/BV: 1.9  
Net Financial Position (Eu mn): 35  
Enterprise value (Eu mn): 233

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on the last page of this report

Key Figures	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	160	172	216	238	254
Ebitda (Eu mn)	17	21	30	35	39
Net profit (Eu mn)	-3	13	12	15	17
EPS - New Adj.(Eu)	0.506	0.398	0.529	0.641	0.721
EPS - Old Adj.(Eu)	0.352	0.431	0.562	0.674	0.750
DPS (Eu)	0.120	0.140	0.185	0.224	0.252
Ratios & Multiples	2019A	2020A	2021E	2022E	2023E
P/E Adj.	23.4	29.8	22.4	18.5	16.4
Div. Yield	1.0%	1.2%	1.6%	1.9%	2.1%
EV/Ebitda Adj.	12.1	10.1	7.7	6.2	5.8
ROCE	8.2%	9.2%	15.3%	17.6%	20.5%

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**FINE FOODS - KEY FIGURES**

		2019A	2020A	2021E	2022E	2023E
	Fiscal year end	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	160	172	216	238	254
	EBITDA	17	21	30	35	39
	EBIT	8	9	16	20	22
	Financial income (charges)	(0)	(0)	(0)	(0)	(0)
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	0	17	16	19	22
	Taxes	(3)	(3)	(3)	(4)	(5)
	Tax rate (%)		19.9%	22.0%	22.5%	23.0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	-3	13	12	15	17
	Total extraordinary items	15	(4)	0	0	0
	Ebitda excl. extraordinary items	20	22	30	35	39
<b>PER SHARE DATA (Eu)</b>	Ebit excl. extraordinary items	11	11	16	20	22
	Net profit restated	12	9	12	15	17
	Total shares out (mn) - average fd	23	24	24	24	24
	EPS stated fd	-0.119	0.570	0.529	0.641	0.721
	EPS restated fd	0.506	0.398	0.529	0.641	0.721
	BVPS fd	5.571	5.982	6.348	6.801	7.296
	Dividend per share (ord)	0.120	0.140	0.185	0.224	0.252
<b>CASH FLOW (Eu mn)</b>	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	-98.3%	24.6%	35.0%	35.0%	31.1%
	Gross cash flow	24	24	27	31	34
	Change in NWC	1	9	(3)	(2)	(1)
	Capital expenditure	(20)	(16)	(10)	(11)	(11)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	4	18	14	18	21
	Acquisitions, divestments & others	(20)	8	(18)	0	0
<b>BALANCE SHEET (Eu mn)</b>	Dividend	(2)	(3)	(3)	(4)	(5)
	Equity financing/Buy-back	(5)	(4)	(1)	0	0
	Change in Net Financial Position	(22)	18	(7)	14	16
	Total fixed assets	93	97	110	106	100
	Net working capital	16	3	5	7	7
	Long term liabilities	0	0	(0)	(0)	(0)
	Net capital employed	106	98	114	111	107
	Net financial position	24	43	35	49	65
<b>ENTERPRISE VALUE (Eu mn)</b>	Group equity	131	141	150	160	172
	Minorities	0	0	0	0	0
	Net equity	131	141	150	160	172
	Average mkt cap - current	279	279	279	279	279
<b>RATIOS(%)</b>	Adjustments (associate & minorities)	11	11	11	11	11
	Net financial position	24	43	35	49	65
	Enterprise value	244	226	233	219	204
	EBITDA margin*	12.7%	13.0%	14.0%	14.8%	15.3%
<b>GROWTH RATES (%)</b>	EBIT margin*	6.8%	6.2%	7.5%	8.3%	8.8%
	Gearing - Debt/equity	-18.7%	-30.3%	-23.7%	-30.8%	-37.7%
	Interest cover on EBIT	16.8	23.0	40.8	49.5	55.9
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	8.2%	9.2%	15.3%	17.6%	20.5%
	ROE*	-2.1%	9.8%	8.5%	9.7%	10.2%
	EV/CE	2.5	2.2	2.2	1.9	1.9
	EV/Sales	1.5	1.3	1.1	0.9	0.8
	EV/Ebit	22.4	21.2	14.3	11.1	9.1
	Free Cash Flow Yield	1.6%	6.5%	5.3%	6.8%	7.8%
	Sales	14.6%	7.7%	25.6%	10.0%	7.0%
	EBITDA*	8.6%	9.9%	36.2%	16.1%	10.4%
	EBIT*	7.2%	-2.5%	53.0%	21.4%	13.0%
	Net profit	nm	nm	-7.2%	21.2%	12.6%
	EPS restated	36.6%	-21.2%	32.8%	21.2%	12.6%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## FY20 Results

- **High single-digit top-line growth, as expected.** FY results showed a healthy top-line trend, with an 8% increase to c.€172mn (-0.5% vs our exp.), underpinned by 26% organic in 2H, offsetting the 9% decrease seen in 1H. No M&A activity was performed in FY20, therefore the performance was entirely organic and generated by the Food B.U. (77% of top line), rising in the low teens (+10.7% YoY), supported by ongoing volume expansion and a solid positioning in the dietetic segment, where the company continued to significantly outperform the reference markets (food supplements, medicinal products in solid oral forms). Conversely, Pharma B.U. saw a temporary delay in 2H (leading to a -1.2% decrease at FY) which we believe was due to new product development by clients and should support visibility on 1H21 order intake on top of the inorganic boost from Pharmatek, acquired in January.
- **Stronger Margin despite headwinds.** Adj. EBITDA closed at €22.3mn (-1.2% vs our exp.), up 9.9% YoY, with a slight increase in the margin (13.0%, +0.3pp YoY), which was nothing short of extraordinary, considering the circumstances. Indeed, for most of 1H the company was in uncharted territory, accruing a gap in revenues that was eventually offset by an extraordinary 2H, albeit full of inevitable inefficiencies triggered by the chaotic and erratic pattern of the year. Despite this, the company underlined that client and employee satisfaction surged to an all-time high. Reported EBITDA reached €21.1mn (a 12.3% margin), reflecting minor one-off items, mostly concentrated in 1H. Below EBITDA, adj. EBIT decreased to €10.7mn (-2.5% YoY, -4.7% vs our exp.) due to higher D&A, while adj. net profit was lower at €9.3mn (our exp. €10.6mn), also reflecting a higher normalised tax rate (rising from 24% to 28% in FY20).
- **Impressive EFCF.** Before warrant recognition, adj. NFP came to €53.8mn, +€10.8mn above the restated FY19 figure (€43mn), fostered by strong EFCF generation (€17.5mn, o/w c.€9.4mn from working capital release) partially absorbed by shareholder remuneration (€4mn in buybacks and €2.7mn in dividends). As at YE'20, own shares were c.3.47% of share capital (from 1.96% as at YE'19), while the buyback programme continued into 1Q21 (own shares currently at 3.78%).

### Fine Foods – FY20A results

P&L (Eu mn)	1H18A	2H18A	2018A	IAS/IFRS restated						2020E	A/E
				1H19A	2H19A	2019A	1H20A	2H20A	2020A		
<b>Net revenues</b>	<b>70.5</b>	<b>68.9</b>	<b>139.4</b>	<b>83.2</b>	<b>76.6</b>	<b>159.7</b>	<b>75.4</b>	<b>96.6</b>	<b>172.0</b>	<b>172.8</b>	<b>-0.5%</b>
YoY growth				17.9%	11.1%	14.6%	-9.4%	26.2%	7.7%	8.2%	
<b>Food</b>	<b>51.3</b>	<b>54.3</b>	<b>105.6</b>	<b>63.1</b>	<b>56.1</b>	<b>119.2</b>	<b>54.1</b>	<b>77.9</b>	<b>132.0</b>	<b>132.3</b>	<b>-0.2%</b>
YoY growth				23.0%	3.3%	12.8%	-14.2%	38.8%	10.7%	11.0%	
as % of sales	73%	79%	76%	76%	73%	75%	72%	81%	77%	77%	
<b>Pharma</b>	<b>19.2</b>	<b>14.6</b>	<b>33.8</b>	<b>20.1</b>	<b>20.5</b>	<b>40.5</b>	<b>21.2</b>	<b>18.8</b>	<b>40.0</b>	<b>40.5</b>	<b>-1.2%</b>
YoY growth				4.4%	40.5%	20.0%	5.8%	-8.1%	-1.2%	0.0%	
as % of sales	27%	21%	24%	24%	27%	25%	28%	19%	23%	23%	
Other Income/ Δ finished goods	0.9	3.6	4.5	5.5	(3.5)	1.9	1.0	4.0	5.0	5.2	
<b>Value of production</b>	<b>71.4</b>	<b>72.5</b>	<b>143.9</b>	<b>88.6</b>	<b>73.0</b>	<b>161.6</b>	<b>76.4</b>	<b>100.6</b>	<b>177.0</b>	<b>178.0</b>	<b>-0.6%</b>
Total Opex	(63.2)	(62.0)	(125.2)	(77.5)	(63.9)	(141.3)	(66.6)	(88.1)	(154.7)	(155.4)	
<b>Adjusted EBITDA</b>	<b>9.4</b>	<b>9.3</b>	<b>18.7</b>	<b>11.2</b>	<b>9.1</b>	<b>20.3</b>	<b>9.8</b>	<b>12.5</b>	<b>22.3</b>	<b>22.5</b>	<b>-1.2%</b>
YoY growth				18.8%	-1.8%	8.6%	-12.2%	36.9%	9.9%	8.4%	
<b>Adjusted EBITDA Margin</b>	<b>13.3%</b>	<b>13.5%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>11.9%</b>	<b>12.7%</b>	<b>13.0%</b>	<b>12.9%</b>	<b>13.0%</b>	<b>13.0%</b>	
one off	(1.2)	1.2	-	(1.4)	(1.4)	(2.8)	(0.7)	(0.5)	(1.2)	(1.0)	
<b>Reported EBITDA</b>	<b>8.2</b>	<b>10.5</b>	<b>18.7</b>	<b>9.8</b>	<b>7.7</b>	<b>17.5</b>	<b>9.1</b>	<b>12.0</b>	<b>21.1</b>	<b>21.5</b>	
<b>Reported EBITDA margin</b>	<b>11.6%</b>	<b>15.2%</b>	<b>13.4%</b>	<b>11.7%</b>	<b>10.1%</b>	<b>10.9%</b>	<b>12.1%</b>	<b>12.4%</b>	<b>12.3%</b>	<b>12.5%</b>	
D&A	(4.1)	(3.7)	(7.7)	(4.6)	(5.5)	(10.1)	(5.9)	(5.0)	(10.8)	(10.6)	
Writedowns/Provision	(0.7)	(0.1)	(0.8)	(0.9)	1.6	0.8	(0.7)	(0.1)	(0.8)	(0.8)	
<b>EBIT adjusted</b>	<b>3.4</b>	<b>6.8</b>	<b>10.2</b>	<b>5.7</b>	<b>5.3</b>	<b>10.9</b>	<b>3.2</b>	<b>7.4</b>	<b>10.7</b>	<b>11.2</b>	<b>-4.7%</b>
<b>EBIT reported</b>	<b>3.4</b>	<b>6.8</b>	<b>10.2</b>	<b>4.3</b>	<b>3.8</b>	<b>8.1</b>	<b>2.5</b>	<b>6.9</b>	<b>9.4</b>	<b>10.2</b>	
Financial Income (Charges)	0.5	(0.2)	0.2	0.4	(0.9)	(0.5)	1.6	(2.0)	(0.4)	1.7	
Non recurring income (Charges)	0.0	0.0	0.0	(0.2)	(7.3)	(7.5)	-	7.7	7.7	-	
<b>Pretax</b>	<b>3.9</b>	<b>6.5</b>	<b>10.4</b>	<b>4.5</b>	<b>(4.4)</b>	<b>0.1</b>	<b>4.2</b>	<b>12.5</b>	<b>16.7</b>	<b>11.9</b>	<b>n.m</b>
Taxes	(1.1)	(0.7)	(1.7)	(1.3)	(1.6)	(2.9)	(1.1)	(2.3)	(3.3)	(2.6)	
tax rate	27.9%	10.1%	16.7%	28.4%	n.m.	n.m.	25.3%	18.1%	19.9%	21.5%	
<b>Net income</b>	<b>2.8</b>	<b>5.9</b>	<b>8.7</b>	<b>3.2</b>	<b>(6.0)</b>	<b>(2.8)</b>	<b>3.1</b>	<b>10.2</b>	<b>13.4</b>	<b>9.3</b>	<b>n.m</b>
<b>Net Income Restated</b>	<b>2.8</b>	<b>5.9</b>	<b>8.7</b>	<b>4.2</b>	<b>7.6</b>	<b>11.9</b>	<b>3.6</b>	<b>5.5</b>	<b>9.3</b>	<b>10.1</b>	<b>-7.6%</b>
<b>P&amp;L (Eu mn)</b>	<b>2018A</b>			<b>2019A</b>			<b>2020A</b>			<b>2020E</b>	<b>A/E</b>
NFP at the beg. of the year: Cash/(Debt)	(20.4)			46.7			24.4			39.8	(15.4)
change in NFP	67.1			(22.3)			14.9			3.1	11.9
<b>NFP at year end: Cash/(Debt)</b>	<b>46.7</b>			<b>24.4</b>			<b>42.8</b>			<b>42.9</b>	<b>(0.1)</b>
adj. for warrant liability (at FV)	0.0			18.6			11.0				
<b>Adj. NFP (ex warrant liability)</b>	<b>46.7</b>			<b>43.0</b>			<b>53.8</b>				

Source: Company Data (A), Intermonte Estimates (E)

## Positive Outlook on FY21

- **FY21 outlook:** the positive trend in volumes in 1Q21 leads the company to exclude negative effects in the current year. The company targets resumption of organic growth and further acquisitions in 2021.
- **MTA/STAR listing by June (confirmed):** filing of the simplified prospectus with Consob and Borsa Italiana expected in mid-April 2021 followed, hopefully, by admission of FF ordinary shares and warrants to the MTA (possibly the STAR Segment) by June 2021.
- **DPS'20 proposal at €0.14/share** (ex-dividend date 3 May) in line with our assumption and up from €0.12 in FY19, implying a c.35% payout on FY20 adj. net income.

## Changes to Estimates

FY21-23 top-line and EBITDA estimates (already including the consolidation of Pharmatek) are virtually unchanged, while at bottom line we reflect higher financial expenses and taxes, leading to a 5-6% EPS reduction in FY21-23. At FCF level, we now assume lower working capital absorption, partially compensated by a higher payout ratio (from 33% to 35% of Adj. EPS), in line with the DPS'20 proposal.

### Fine Foods – Changes to Estimates

(Eu mn)	'19A	'20A	New Estimates			Old Estimates			'21E	'22E	'23E
			'21E	'22E	'23E	'21E	'22E	'23E			
Food	119.2	132.0	153.5	172.0	185.8	153.5	172.0	185.7	0.0%	0.0%	0.0%
Pharma	40.5	40.0	47.4	51.1	53.2	47.3	51.0	53.1	0.2%	0.2%	0.2%
Pharmatek	0.0	0.0	15.1	14.4	15.2	15.1	14.4	15.2	0.0%	0.0%	0.0%
<b>Revenues</b>	<b>159.7</b>	<b>172.0</b>	<b>216.0</b>	<b>237.5</b>	<b>254.2</b>	<b>215.8</b>	<b>237.4</b>	<b>254.1</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
YoY growth	14.6%	7.7%	25.6%	10.0%	7.0%	24.9%	10.0%	7.0%			
<b>Adj. EBITDA</b>	<b>20.3</b>	<b>22.3</b>	<b>30.3</b>	<b>35.2</b>	<b>38.9</b>	<b>30.3</b>	<b>35.2</b>	<b>38.9</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
Adj. EBITDA Margin	12.7%	13.0%	14.0%	14.8%	15.3%	14.0%	14.8%	15.3%			
<b>Adj. EBIT</b>	<b>10.9</b>	<b>10.7</b>	<b>16.3</b>	<b>19.8</b>	<b>22.4</b>	<b>16.3</b>	<b>19.8</b>	<b>22.4</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
Adj. EBIT Margin	6.8%	6.2%	7.5%	8.3%	8.8%	7.5%	8.3%	8.8%			
EBIT	8.1	9.4	16.3	19.8	22.4	16.3	19.8	22.4	0.1%	0.1%	0.1%
Pre taxes	0.1	16.7	15.9	19.4	22.0	16.8	20.3	22.9	-5.3%	-4.4%	-3.9%
<b>Net Profit</b>	<b>(2.8)</b>	<b>13.4</b>	<b>12.4</b>	<b>15.0</b>	<b>16.9</b>	<b>13.2</b>	<b>15.8</b>	<b>17.6</b>	<b>-5.9%</b>	<b>-5.0%</b>	<b>-3.9%</b>
<b>Adj. Net profit</b>	<b>11.9</b>	<b>9.3</b>	<b>12.4</b>	<b>15.0</b>	<b>16.9</b>	<b>13.2</b>	<b>15.8</b>	<b>17.6</b>	<b>-5.9%</b>	<b>-5.0%</b>	<b>-3.9%</b>
Adj. EPS (€/share)	0.5	0.4	0.5	0.6	0.7	0.56	0.67	0.75	-5.9%	-5.0%	-3.9%
<b>DPS (€/share)</b>	<b>0.12</b>	<b>0.14</b>	<b>0.19</b>	<b>0.22</b>	<b>0.25</b>	<b>0.19</b>	<b>0.22</b>	<b>0.25</b>	<b>-0.2%</b>	<b>0.8%</b>	<b>1.9%</b>
% payout on Adj. EPS	24%	35%	35%	35%	35%	33%	33%	33%			
<b>Adj. EBITDA</b>	<b>20.3</b>	<b>22.3</b>	<b>30.3</b>	<b>35.2</b>	<b>38.9</b>	<b>30.3</b>	<b>35.2</b>	<b>38.9</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>
- Capex	(20.1)	(15.7)	(9.7)	(10.7)	(11.4)	(9.7)	(10.7)	(11.4)	0.1%	0.1%	0.1%
capex /sales	12.6%	9.1%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%			
- Delta WKC	0.5	9.4	(2.7)	(1.6)	(1.2)	(4.5)	(2.3)	(1.8)			
<b>Op. FCF</b>	<b>0.7</b>	<b>16.0</b>	<b>18.0</b>	<b>22.9</b>	<b>26.2</b>	<b>16.1</b>	<b>22.2</b>	<b>25.6</b>	<b>11.2%</b>	<b>3.3%</b>	<b>2.2%</b>
as % of Adj. EBITDA	3%	72%	59%	65%	67%	53%	63%	66%			
<b>Equity FCF</b>	<b>4.4</b>	<b>17.5</b>	<b>14.1</b>	<b>18.2</b>	<b>20.8</b>	<b>12.0</b>	<b>17.2</b>	<b>19.9</b>	<b>17.4%</b>	<b>5.8%</b>	<b>4.7%</b>
as % of Adj. EBITDA	22%	79%	47%	52%	54%	40%	49%	51%			
<b>NFP (Net Debt)</b>	<b>24.4</b>	<b>42.8</b>	<b>35.4</b>	<b>49.3</b>	<b>64.9</b>	<b>33.9</b>	<b>46.8</b>	<b>61.5</b>	<b>4.4%</b>	<b>5.4%</b>	<b>5.5%</b>
Net Cash/Adj. EBITDA	1.2x	1.9x	1.2x	1.4x	1.7x	1.1x	1.3x	1.6x			
adj. for warrant liability (at FV)	18.6	11.0	11.0	11.0	11.0						
<b>Adj. NFP (ex warrant liability)</b>	<b>43.0</b>	<b>53.8</b>	<b>46.4</b>	<b>60.3</b>	<b>75.9</b>						
NFP/Adj EBITDA	2.1x	2.4x	1.5x	1.7x	2.0x						

Source: Company Data (A), Intermonte Estimates (E)

## Update on Share Capital Evolution

### Fine Foods – Share Capital Evolution

Month	LISTED WARRANTS			UNLISTED WARRANTS			SPECIAL SHARES			SHARE CAPITAL COMPOSITION				
	# Additional ORDINARY SHARES	# Outstanding warrants	# Already Exercised warrants	# Additional ORDINARY SHARES	# Outstanding warrants	# Already Exercised warrants	# Additional ORDINARY SHARES	# Outstanding Special Shares	# Already Converted Special Shares	# ORDINARY SHARES (listed)	# Redeemable Shares (unlisted)	# Multivoting shares (unlisted)	# Special shares (unlisted)	# OF TOTAL SHARES
Business Combination		5,000,000			4,000,000			200,000		17,540,000	1,200,000	3,500,000	50,000	<b>22,290,000</b>
Oct-18		5,000,000	0		4,000,000		300,000	150,000	50,000	17,840,000	1,200,000	3,500,000	50,000	<b>22,590,000</b>
Nov-18		5,000,000	0		4,000,000			150,000	50,000	17,840,000	1,200,000	3,500,000	50,000	<b>22,590,000</b>
Dec-18	2,202	4,907,400	92,600		4,000,000			150,000	50,000	17,842,202	1,200,000	3,500,000	50,000	<b>22,592,202</b>
Jan-19		4,907,400	92,600		4,000,000			150,000	50,000	17,842,202	1,200,000	3,500,000	50,000	<b>22,592,202</b>
Feb-19	646	4,851,140	148,860		4,000,000			150,000	50,000	17,842,848	1,200,000	3,500,000	50,000	<b>22,592,848</b>
Mar-19		4,851,140	148,860		4,000,000			150,000	50,000	17,842,848	1,200,000	3,500,000	50,000	<b>22,592,848</b>
Apr-19		4,851,140	148,860		4,000,000			150,000	50,000	17,842,848	1,200,000	3,500,000	50,000	<b>22,592,848</b>
May-19		4,851,140	148,860		4,000,000			150,000	50,000	17,842,848	1,200,000	3,500,000	50,000	<b>22,592,848</b>
Jun-19		4,851,140	148,860		4,000,000			150,000	50,000	17,842,848	1,200,000	3,500,000	50,000	<b>22,592,848</b>
Jul-19	5	4,851,038	148,962		4,000,000			150,000	50,000	17,842,853	1,200,000	3,500,000	50,000	<b>22,592,853</b>
Aug-19		4,851,038	148,962		4,000,000			150,000	50,000	17,842,853	1,200,000	3,500,000	50,000	<b>22,592,853</b>
Sep-19	76	4,849,478	150,522		4,000,000			150,000	50,000	17,842,929	1,200,000	3,500,000	50,000	<b>22,592,929</b>
Oct-19		4,849,478	150,522		4,000,000			150,000	50,000	17,842,929	1,200,000	3,500,000	50,000	<b>22,592,929</b>
Nov-19		4,849,478	150,522		4,000,000		300,000	100,000	100,000	18,142,929	1,200,000	3,500,000	50,000	<b>22,892,929</b>
Dec-19		4,849,478	150,522		4,000,000			100,000	100,000	18,142,929	1,200,000	3,500,000	50,000	<b>22,892,929</b>
Jan-20		4,849,478	150,522		4,000,000		300,000	50,000	150,000	18,442,929	1,200,000	3,500,000	50,000	<b>23,192,929</b>
Feb-20	262,611	3,647,572	1,352,428		4,000,000			50,000	150,000	18,705,540	1,200,000	3,500,000	50,000	<b>23,455,540</b>
Mar-20	109,024	3,141,882	1,858,118		4,000,000			50,000	150,000	18,814,564	1,200,000	3,500,000	50,000	<b>23,564,564</b>
Apr-20		3,141,882	1,858,118		4,000,000			50,000	150,000	18,814,564	1,200,000	3,500,000	50,000	<b>23,564,564</b>
May-20	26	3,141,582	1,858,418		4,000,000			50,000	150,000	18,814,590	1,200,000	3,500,000	50,000	<b>23,564,590</b>
Jun-20		3,141,582	1,858,418		4,000,000			50,000	150,000	18,814,590	1,200,000	3,500,000	50,000	<b>23,564,590</b>
Jul-20		3,141,582	1,858,418		4,000,000			50,000	150,000	18,814,590	1,200,000	3,500,000	50,000	<b>23,564,590</b>
Aug-20		3,141,582	1,858,418		4,000,000			50,000	150,000	18,814,590	1,200,000	3,500,000	50,000	<b>23,564,590</b>
Sep-20	6,763	3,094,016	1,905,984		4,000,000			50,000	150,000	18,821,353	1,200,000	3,500,000	50,000	<b>23,571,353</b>
Oct-20		3,094,016	1,905,984		4,000,000			50,000	150,000	18,821,353	1,200,000	3,500,000	50,000	<b>23,571,353</b>
Nov-20		3,094,016	1,905,984		4,000,000			50,000	150,000	18,821,353	1,200,000	3,500,000	50,000	<b>23,571,353</b>
Dec-20		3,094,016	1,905,984		4,000,000			50,000	150,000	18,821,353	1,200,000	3,500,000	50,000	<b>23,571,353</b>
Jan-21		3,094,016	1,905,984		4,000,000			50,000	150,000	18,821,353	1,200,000	3,500,000	50,000	<b>23,571,353</b>
Feb-21	260	3,091,616	1,908,384		4,000,000			50,000	150,000	18,821,613	1,200,000	3,500,000	50,000	<b>23,571,613</b>
Mar-21		3,091,616	1,908,384		4,000,000			50,000	150,000	18,821,613	1,200,000	3,500,000	50,000	<b>23,571,613</b>

Source: Company Data

## Valuation

We use a DCF approach to value Fine Foods, restricting the comparison with peer multiples to a mere sanity check, given the lack of significance of the peer group due to very high diversification in terms of size, vertical integration, geographical footprint, capital structure, and profitability.

### DCF Valuation

We assume the following parameters in our DCF valuation:

- WACC at 7.3% (unchanged), which reflects a 2.0% risk-free rate;
- Terminal growth rate of 1.5% (unchanged);
- Long-term EBITDA margin of 14.5% (unchanged);
- CapEx/sales ratio at ca. 5.5-6%, in line with usual level of maintenance CapEx.

This leads us to increase our TP to €14.8, which already reflects the share count of 24.5mn adjusted for warrant and special share conversion. At our TP, the stock would trade at 10.4x/8.6x EV/EBITDA 2021E/'22E (current prices: 7.7x/6.2x), still at a discount to the sector, but slightly below current Labomar multiples (11.7x/10.1x).

### Fine Foods – DCF Model

(Eu mn)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	TV
<b>Net Revenues</b>	<b>216.0</b>	<b>237.5</b>	<b>254.2</b>	<b>269.3</b>	<b>280.4</b>	<b>290.7</b>	<b>300.1</b>	<b>308.4</b>	<b>315.6</b>	<b>321.5</b>	<b>326.4</b>	<b>326.2</b>
YoY growth	25.6%	10.0%	7.0%	5.9%	4.1%	3.7%	3.2%	2.8%	2.3%	1.9%	1.5%	1.5%
<b>EBITDA</b>	<b>30.3</b>	<b>35.2</b>	<b>38.9</b>	<b>40.9</b>	<b>42.3</b>	<b>43.6</b>	<b>44.7</b>	<b>45.6</b>	<b>46.4</b>	<b>46.9</b>	<b>47.3</b>	<b>47.3</b>
% margin	14.0%	14.8%	15.3%	15.2%	15.1%	15.0%	14.9%	14.8%	14.7%	14.6%	14.5%	14.5%
D&A	(14.0)	(15.4)	(16.5)	(16.9)	(17.3)	(17.5)	(17.7)	(17.9)	(18.1)	(18.3)	(18.5)	(19.6)
<b>EBIT</b>	<b>16.3</b>	<b>19.8</b>	<b>22.4</b>	<b>24.0</b>	<b>25.0</b>	<b>26.1</b>	<b>27.0</b>	<b>27.7</b>	<b>28.3</b>	<b>28.6</b>	<b>28.8</b>	<b>27.7</b>
% margin	7.5%	8.3%	8.8%	8.9%	8.9%	9.0%	9.0%	9.0%	9.0%	8.9%	8.8%	8.5%
Taxes		(4.8)	(5.4)	(5.8)	(6.0)	(6.3)	(6.5)	(6.7)	(6.8)	(6.9)	(6.9)	(6.7)
tax rate		-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%	-24.0%
Change in WC		(1.6)	(1.2)	-	-	-	-	-	-	-	-	-
Capex		(10.7)	(11.4)	(16.2)	(16.8)	(17.4)	(18.0)	(18.5)	(18.9)	(19.3)	(19.6)	(19.6)
<b>Unlevered FCF</b>		<b>18.2</b>	<b>20.8</b>	<b>19.0</b>	<b>19.5</b>	<b>19.9</b>	<b>20.2</b>	<b>20.5</b>	<b>20.7</b>	<b>20.8</b>	<b>20.8</b>	<b>21.1</b>
TV												360.2
year		1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	10.0
Discounted WACC		0.9	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.5
<b>Discounted Free cash flow</b>		<b>16.9</b>	<b>18.1</b>	<b>15.4</b>	<b>14.7</b>	<b>14.0</b>	<b>13.3</b>	<b>12.5</b>	<b>11.8</b>	<b>11.0</b>	<b>10.3</b>	<b>178.1</b>

Discounted FCF '22E-31E	138.0
Terminal value	178.1
<b>Total EV (with DCF)</b>	<b>316.1</b>
NFP/(Debt) at YE21E	35.4
Minorities	0.0
Treasury shares (3.7805% of capital)	10.6
<b>Total EQUITY (Eu mn)</b>	<b>362.0</b>
No. of shares fully diluted (mn)	24.5
<b>Fair value (Eu/share)</b>	<b>14.8</b>
current price (Eu/share)	11.85
upside/downside vs current price	24.9%

Source: Company Data (A), Intermonte estimates (E)

Fine Foods – TP Sensitivity to WACC (%) and g (%)

							g					
		1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%	2.0%
WACC	6.3%	15.4	15.6	15.8	15.9	16.1	16.3	16.5	16.7	16.9	17.1	17.4
	6.5%	15.2	15.3	15.5	15.6	15.8	16.0	16.1	16.3	16.5	16.7	16.9
	6.7%	14.9	15.0	15.2	15.3	15.5	15.6	15.8	16.0	16.1	16.3	16.5
	6.9%	14.6	14.8	14.9	15.0	15.2	15.3	15.5	15.6	15.8	16.0	16.2
	7.1%	14.4	14.5	14.7	14.8	14.9	15.1	15.2	15.3	15.5	15.7	15.8
	7.3%	14.2	14.3	14.4	14.5	14.7	14.8	14.9	15.1	15.2	15.4	15.5
	7.5%	14.0	14.1	14.2	14.3	14.4	14.6	14.7	14.8	14.9	15.1	15.2
	7.7%	13.8	13.9	14.0	14.1	14.2	14.3	14.4	14.6	14.7	14.8	15.0
	7.9%	13.6	13.7	13.8	13.9	14.0	14.1	14.2	14.3	14.5	14.6	14.7
	8.1%	13.4	13.5	13.6	13.7	13.8	13.9	14.0	14.1	14.2	14.4	14.5
	8.3%	13.3	13.4	13.5	13.5	13.6	13.7	13.8	13.9	14.0	14.1	14.3

Source: Intermonte SIM estimates (E)

**Peer Multiples**

The reference table on the final page of the report provides a comparison with players in the CDMO sector and/or in healthcare product manufacturing. Given the lack of significance of the peer group due to high diversification in terms of size, vertical integration, geographical footprint, capital structure and profitability compared to Fine Foods, we do not take the peer multiples method into account in our valuation. **At current prices, Fine Foods trades at 7.7x/6.2x EV/adj. EBITDA'21/'22, at a ca. 50-60% discount to the peer group.**

**Fine Foods – Peer Multiples**

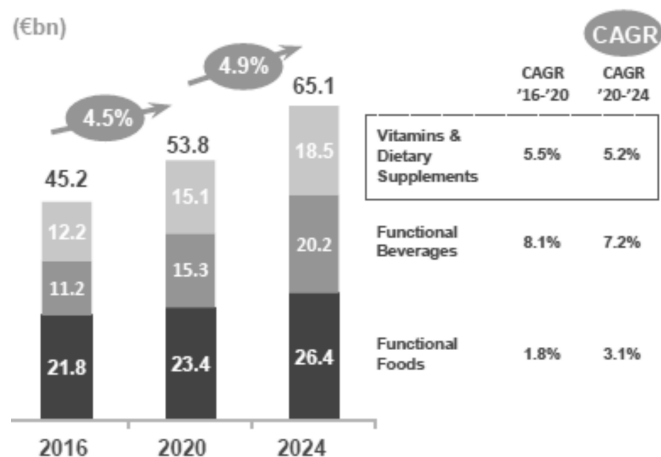
Company	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)			EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		Adj. P/E (x)		Div. Yield (%)	
				1m	6m	Ytd	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E	2021E	2022E
Fine Foods (@mkt price, our est.)	EUR	11.85	279	3.3%	5.7%	5.2%	1.1	0.9	7.7	6.2	14.3	11.1	22.5	18.6	1.6%	1.9%
Fine Foods (@mkt price, consensus)	EUR	11.85	279	3.3%	5.7%	5.2%	1.1	1.0	8.1	6.6	15.1	11.7	21.2	17.7	1.6%	1.9%
Fine Foods (@ our TP, our est.)	EUR	14.8	316				1.5	1.3	10.4	8.6	19.4	15.3	29.2	24.1	1.3%	1.5%
Catalent	USD	103.57	15,033	-10.2%	19.9%	-1.9%	5.1	4.5	20.0	17.3	26.3	22.6	34.3	29.8	0.0%	0.0%
Labomar SpA	EUR	9.15	169	7.7%	0.0%	31.2%	2.5	2.2	11.7	10.1	17.4	15.4	24.5	21.7	1.3%	1.4%
Siegfried Holding AG	CHF	766.00	3,013	8.2%	24.5%	17.9%	3.4	3.1	18.7	16.1	28.2	23.6	31.5	26.0	0.5%	0.6%
Strides Pharma	INR	848.30	903	2.7%	29.6%	-2.5%	2.2	1.9	10.6	8.5	15.0	11.7	20.3	14.5	0.7%	0.8%
Peer Group							3.0	2.6	15.2	13.1	21.8	19.0	28.0	23.9	0.6%	0.7%

Source: Intermonte Estimates (E), Factset Consensus

## Appendix

### Focus on Key Reference Markets

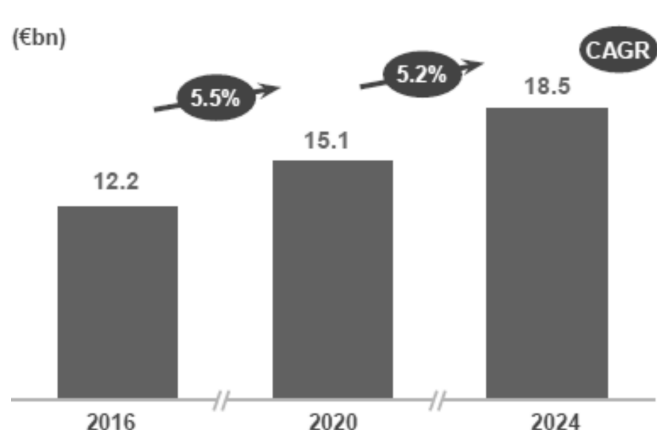
EU Pharmaceutical Market Value – € bn



The European Nutraceuticals market has shown high, steady growth, and is expected to accelerate in coming years

Source: company presentation

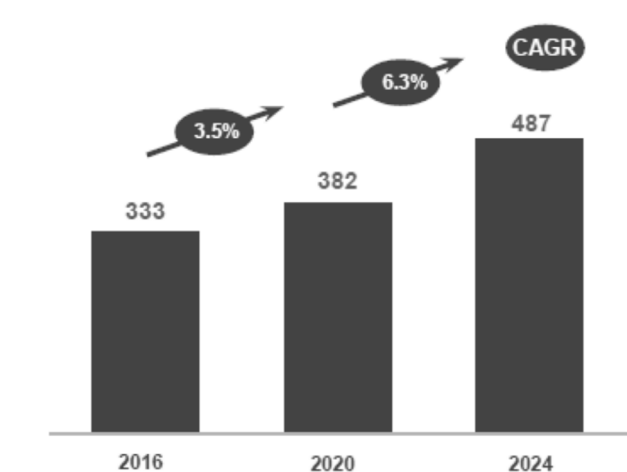
EU Pharmaceutical CDMO Market Value – € bn



The Vitamins & Dietary Supplements segment has consistently shown strong growth in the last 4 years, expected to continue in coming years. CDMO-driven development and manufacturing, mostly outsourced

Source: company presentation

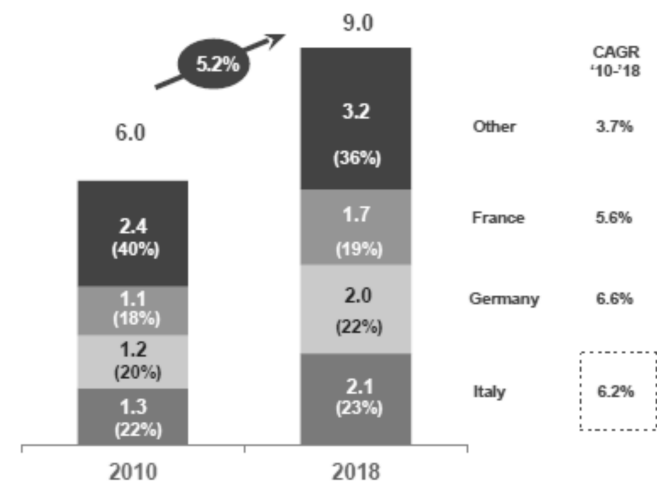
EU Pharmaceutical Market Value – € bn



The European Pharmaceuticals market has been showing consistent non-cyclical growth

Source: company presentation

EU Pharmaceutical CDMO Market Value – € bn



CDMO CAGR 5.2% VS PHARMA CAGR 3.5% between 2010 and 2018: Plenty of space for CDMOs to grow further along the outsourcing trend  
Italy is confirmed at first place in Europe with a market share of 23%

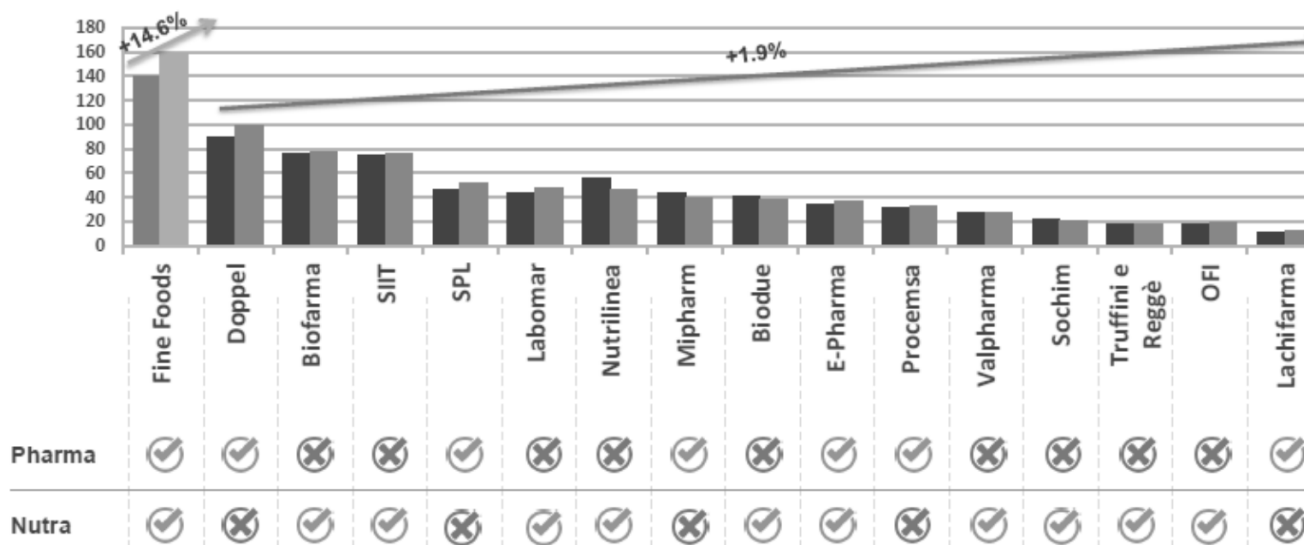
Source: company presentation



### Fine Foods – Benchmarking Analysis ITALY

- Fine Foods is the largest Italian CDMO
- Fine Foods is one of the few players active in both Pharmaceuticals and Nutraceuticals
- Fine Foods revenues increased 12.6% more than average competitors growth

SELECTED FINE FOODS' COMPETITORS AT ITALIAN LEVEL – 2019 and 2018 REVENUES (€M)



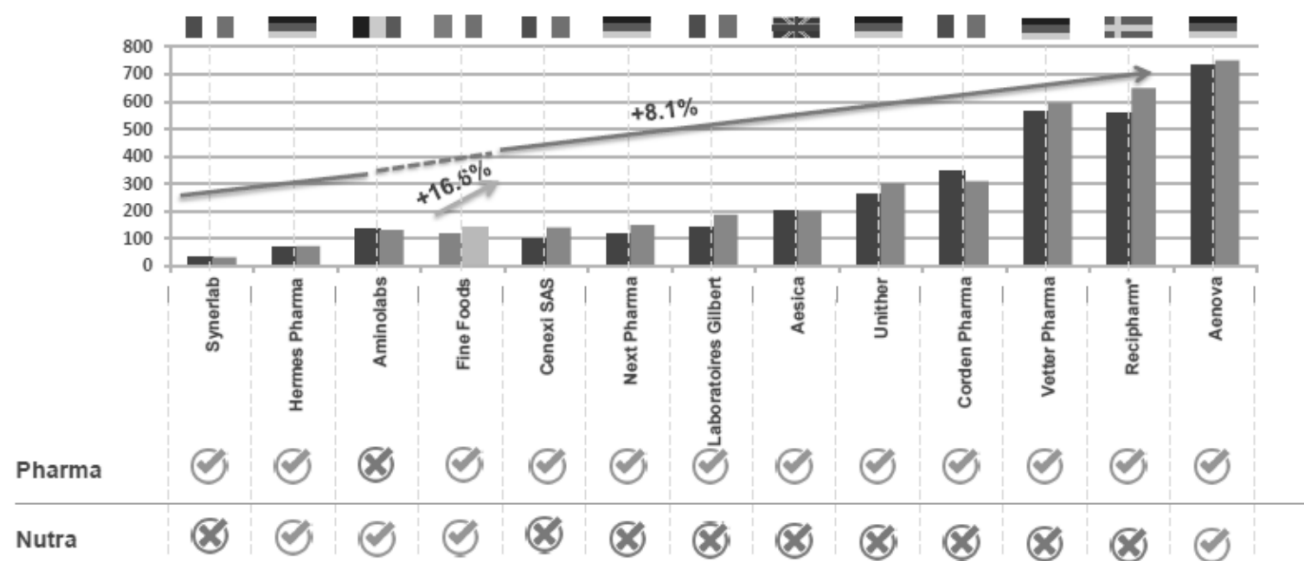
Note: Nutrilinea, Doppel, Biofarma, Nutrilinea, Mipharm, Procemsa and OFI are controlled by Private Equity Investors  
Source: Management elaboration on publicly retrievable selected information

Source: Company presentation

### Fine Foods – Benchmarking Analysis EUROPE

- Fine Foods' goal is to achieve premium European positioning, leveraging (i) its business mix and solid business model, and (ii) a strong financial position enabling inorganic growth
- In general, the largest European CDMOs are focused almost exclusively on Pharmaceuticals
- Fine Foods revenues increased 8.5% more than average competitors growth

SELECTED FINE FOODS' COMPETITORS AT EUROPEAN LEVEL – 2018 and 2017 REVENUES (€M)



\*Listed companies  
Source: Management elaboration on publicly retrievable selected information

Source: Company presentation

## Appendix

### Peer Group Description

#### Catalent

Catalent, Inc. is a holding company that engages in the provision of delivery technologies and development solutions for drugs, biologics, and consumer and animal health products. It operates in the following segments: softgel technologies; biologics and specialty drug delivery; oral drug delivery; and clinical supply services. The softgel technologies segment formulates, develops, and provides manufacturing services for soft capsules. The biologics and specialty drug delivery segment develops and provides manufacturing services for blow-fill-seal unit doses, prefilled syringes, vials, and cartridges; analytical development and testing services for large molecules; inhaled products for delivery via metered dose inhalers, dry powder inhalers, and intra-nasal sprays. The oral drug delivery segment focuses on formulation, development and manufacturing technologies and related solutions including clinical development and commercial manufacturing of a range of oral dose forms, including proprietary fast-dissolve Zydys tablets, and conventional immediate and controlled release tablets, capsules, and sachet products. The clinical supply services segment includes packaging, labelling, storage, distribution, and inventory management for drugs and biologics in clinical trials. The company was founded in April 2007 and is headquartered at Somerset, NJ.

#### Labomar

Labomar is a CDMO active in food supplements, medical devices, food markets for special medical purposes, functional cosmetics and non-functional cosmetics, falling within the broader sector of nutraceuticals. Labomar stands out as an advanced and research-driven CDMO, as in addition to the activities that typically denote a CDMO, it is able to offer its customers control of the entire value chain (full service), starting upstream with complex internal research activities, and to propose formulas and proprietary technologies with a proactive approach to the market. Furthermore, Labomar, in its own judgment, guarantees high-quality products and high added value. Following the completion of the ImportFab Transaction, the Issuer, through the Canadian subsidiary ImportFab – a CMO (Contract Manufacturing Organization) active in the production and packaging of liquid forms and semi-solid products for the pharmaceutical, cosmetic and nutraceutical industries - has expanded its offer portfolio and core geographic market. As a side line, the Group also provides consultancy services in R&D and regulatory consultancy services in the USA and Canada through ImportFab. The Labomar Group supplies its products to companies in the pharmaceutical, nutraceutical, cosmetic, and food for special medical purposes sectors.

#### Siegfried Holding

Siegfried Holding AG engages in the development and manufacturing of active pharmaceutical ingredients for pharma clients with research and development programs, related intermediates, and controlled substances. It also provides development and production services for finished dosage forms including sterile filling. The company was founded by Samuel Benoni Siegfried in 1873 and is headquartered in Zofingen, Switzerland.

#### Strides Pharma Science

Strides Pharma Science Ltd. engages in the development, manufacture and distribution of Internet Protocol-led generics and bio-pharmaceutical products. The company was founded by Arun N. Kumar on June 28, 1990 and is headquartered in Bangalore, India.

## FINE FOODS Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>FINE FOODS</b>	<b>11.85</b>	<b>EUR</b>	<b>279</b>	<b>10.7%</b>	<b>12.9%</b>	<b>11.8%</b>	<b>12.9%</b>	<b>16.2%</b>	<b>11.8%</b>
CATALENT	103.57	USD	17,630	-8.9%	0.4%	20.9%	-0.5%	105.3%	155.2%
LABOMAR	9.15	EUR	169	11.7%	36.2%	---	36.2%	---	---
PHARMANUTRA	37.20	EUR	360	2.8%	-1.1%	40.4%	-1.1%	74.6%	118.8%
SIEGFRIED	766.00	CHF	3,203	8.0%	17.6%	21.5%	17.6%	102.6%	114.3%
STRIDES PHARMA SCIENC	866.95	INR	77,732	4.0%	-2.6%	20.4%	-1.2%	174.4%	83.8%
<b>Mean performance</b>				<b>4.7%</b>	<b>10.5%</b>	<b>23.0%</b>	<b>10.6%</b>	<b>94.6%</b>	<b>96.8%</b>
<b>Italy FTSE Mib</b>	24,636.4	EUR	0	7.8%	10.8%	29.6%	10.8%	46.0%	15.7%

Source: FactSet

## FINE FOODS Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales 2021	EV/Sales 2022	EV/Ebitda 2021	EV/Ebitda 2022	EV/Ebit 2021	EV/Ebit 2022	P/E 2021	P/E 2022	Div Yield 2021	Div Yield 2022
<b>FINE FOODS</b>	<b>11.85</b>	<b>EUR</b>	<b>279</b>	<b>1.1</b>	<b>0.9</b>	<b>7.7</b>	<b>6.2</b>	<b>14.3</b>	<b>11.1</b>	<b>22.4</b>	<b>18.5</b>	<b>1.6%</b>	<b>1.9%</b>
CATALENT	103.57	USD	17,630	5.1	4.5	20.0	17.3	26.3	22.6	36.4	31.8	0.0%	0.0%
LABOMAR	9.15	EUR	169	2.5	2.2	11.7	10.1	17.4	15.4	25.4	22.0	1.3%	1.4%
PHARMANUTRA	37.20	EUR	360	5.6	4.8	21.6	18.7	24.0	20.6	33.6	29.0	1.7%	1.7%
SIEGFRIED	766.00	CHF	3,203	3.4	3.1	18.7	16.1	28.2	23.6	31.0	26.2	0.5%	0.6%
STRIDES PHARMA SCIENC	866.95	INR	77,732	2.3	2.0	11.0	8.9	15.7	12.3	19.3	14.1	0.7%	0.8%
<b>Median</b>				<b>3.4</b>	<b>3.1</b>	<b>18.7</b>	<b>16.1</b>	<b>24.0</b>	<b>20.6</b>	<b>31.0</b>	<b>26.2</b>	<b>0.7%</b>	<b>0.8%</b>

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

## FINE FOODS - Estimates Comparison with Consensus

(Eu mn)	2021			2022		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
<b>Revenues</b>	216.0	215.8	0.1%	237.5	237.4	0.1%
<b>Ebitda</b>	30.3	30.3	0.1%	35.2	35.2	0.1%
<b>Net Profit</b>	12.4	13.2	-6.0%	15.0	15.8	-4.9%
<b>EPS</b>	0.529	0.562	-5.9%	0.641	0.674	-4.9%
<b>Net Debt</b>	35.4	33.9	4.4%	49.3	46.8	5.3%

Source: Intermonte SIM estimates and Factset consensus estimates

## DETAILS ON STOCKS RECOMMENDATION

Stock NAME	FINE FOODS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	14.80	Previous Target (Eu):	14.10
Current Price (Eu):	11.85	Previous Price (Eu):	11.10
Date of report:	31/03/2021	Date of last report:	24/03/2021

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- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

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NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

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OUTPERFORM:	50.41 %
NEUTRAL:	34.95 %
UNDERPERFORM	04.07 %
SELL:	00.00 %

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NEUTRAL:	26.53 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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