

Company Update

Reason: Company newsflow

28 October 2020

Buy

Recommendation unchanged

Share price: EUR 9.66

closing price as of 27/10/2020

Target price: EUR 12.90

Target Price unchanged

Upside/Downside Potential 33.5%

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) 228

Current N° of shares (m) 24

Free float 44%

Daily avg. no. trad. sh. 12 mth (k) 14

Daily avg. trad. vol. 12 mth (k) 126.16

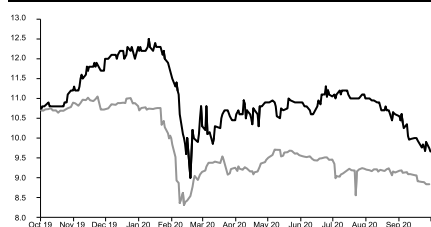
Price high/low 12 months 12.50 / 9.00

Abs Perfs 1/3/12 mths (%) -9.30/-12.58/-9.72

Key financials (EUR)	12/19	12/20e	12/21e
Sales (m)	160	176	199
EBITDA (m)	18	23	28
EBITDA margin	11.3%	13.0%	14.0%
EBIT (m)	7	10	14
EBIT margin	4.3%	5.7%	7.2%
Net Profit (adj.)(m)	8	9	12
ROCE	5.6%	6.3%	8.9%
Net debt/(cash) (m)	(40)	(49)	(57)
Net Debt Equity	-0.3	-0.3	-0.4
Net Debt/EBITDA	-2.2	-2.2	-2.1
Int. cover(EBITDA/Fin.int)	(21.9)	(25.4)	(32.6)
EV/Sales	1.5	1.0	0.9
EV/EBITDA	13.3	7.8	6.1
EV/EBITDA (adj.)	11.8	7.8	6.1
EV/EBIT	34.8	17.9	12.0
P/E (adj.)	45.5	26.3	19.4
P/BV	1.9	1.5	1.4
OpFCF yield	3.3%	2.4%	5.3%
Dividend yield	1.2%	1.3%	1.3%
EPS (adj.)	0.26	0.37	0.50
BVPS	6.39	6.53	6.91
DPS	0.12	0.13	0.13

Shareholders

Marco Eigenmann 54%;



Source: FactSet

— FINE FOODS — FTSE AIM Italia (Rebased)

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The Covid-19 crisis does not affect FY 20 targets

Located near Bergamo, the Italian area most affected by the Covid-19 epidemic in H1 20, Fine Foods, which is a leading Italian player in the CDMO industry, operated with 80% of the workforce during the lockdown. This inevitably led to temporary delays in the products deliveries to the clients. Starting from July, with productivity back to 100%, the pace of recovery has been significant, with a strong sequential improvement month-over-month.

✓ H1 20 results suffered from the Covid-19 crisis, but not more than expected

- H1 20 sales decreased by 9.4% Y/Y. While the revenues from the Pharma Division grew by 6% Y/Y, the Food Division recorded a temporary decrease in revenues of 14% due to a products sales postponement to the second half. Reported H1 20 EBITDA was around EUR 9.1m, with an EBITDA margin of 12.1%. However, net of the one-off costs of EUR 0.7m mainly due to Covid-19 emergency, H1 20 EBITDA would be EUR 9.8m, with an EBITDA margin of 13.0%, in line with the group's historical profitability.

✓ 2020-22 estimates - in light of the strong recovery in turnover in Q3 20 (+ 22% Y/Y), which is being confirmed as such also for the last months of the year, we believe that Fine Foods, despite the current tough scenario, will be able to achieve a decidedly higher 2020 turnover than in 2019. So, we forecast FY 20 total revenues will grow by 10.3% Y/Y.

Given the additional production capacity available after the recent expansion investments and the solid demand from clients, we are confident that the company will be able to maintain strong sales growth also in the coming years; as such, we forecast total sales CAGR of 12.8% in the biennium 2021-2022. In terms of profitability, H2 20 is expected to record higher operating margins than in H1 20. Starting from 2021, we expect to fully see the benefits from operational efficiency and optimisation of the significant investments made in past years. We expect the FY 20 EBITDA margin to remain substantially stable compared to the FY 19 adjusted EBITDA margin: we expect a FY 20 EBITDA margin of 13.0%. The EBITDA is expected to increase steadily in the following two years (2020-22e CAGR of +21.3%).

✓ Valuation & conclusions - The anticipated strong recovery in sales and profitability in H2 20 will allow Fine Foods to offset the expected negative effects from the impact of the Covid-19 epidemic in H1 20; so, we confirm our previous 2020-22 estimates. This allows us to confirm our target price of EUR 12.90 per share, calculated based on our DCF model (WACC 6.7% and 1.5% perpetual growth rate) and our Buy recommendation.

Lastly, we highlight that, the stock, at current price, is trading at undemanding multiples compared to the peers: indeed, Fine Foods EV/EBITDA 20e is 11.4x, well below the peer average EV/EBITDA 20e of 18.8x and also Fine Foods P/E adj 20e of 24.0 shows a discount compared to the peer average P/E adj 20e of 26.9x.

CONTENTS

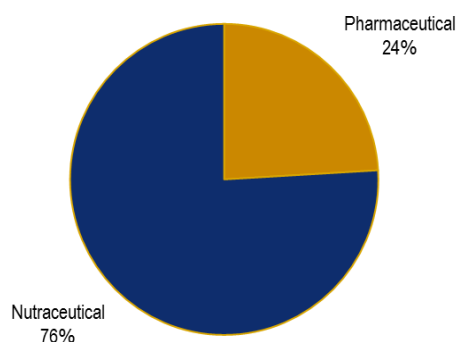
H1 20 results suffered from the Covid-19 crisis but not more than expected	3
2020-22 estimates	6
2020-22 sales evolution	6
2020-22 profitability evolution	6
2019-21 capital structure evolution	7
Valuation	9
DCF valuation	9
Peer multiples	10

H1 20 results suffered from the Covid-19 crisis but not more than expected

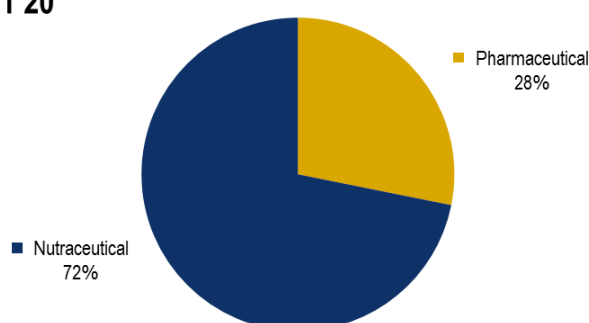
H1 20 Revenues decrease due to the temporary sales postponement in the Food Division – H1 20 sales decreased by 9.4% Y/Y. While the revenues from the Pharma Division grew by 6% Y/Y, the Food Division recorded a temporary decrease in revenues of 14% due to a sales postponement to H2 20.

FINE FOODS: Revenues breakdown by division

H1 19

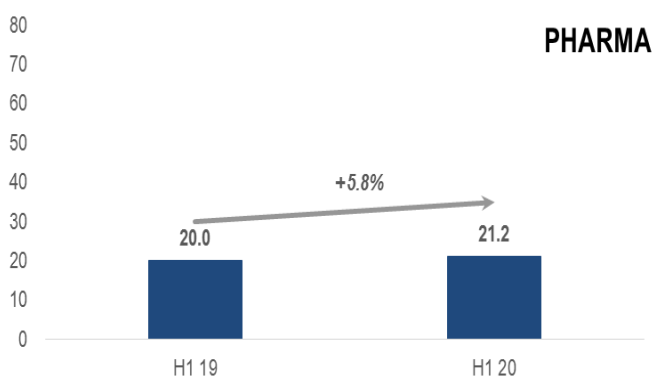
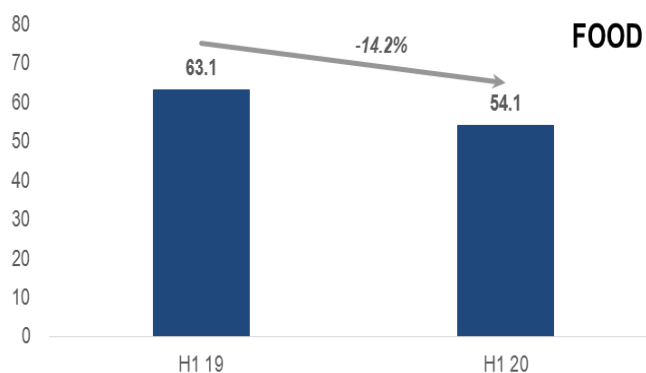


H1 20



Source: Company data

FINE FOODS: H1 20 Revenues trend by division



Source: Company data

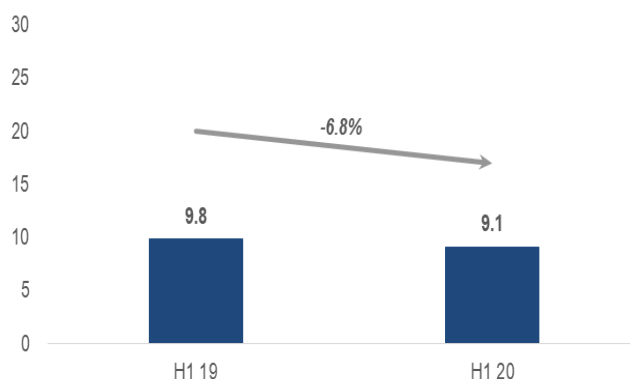
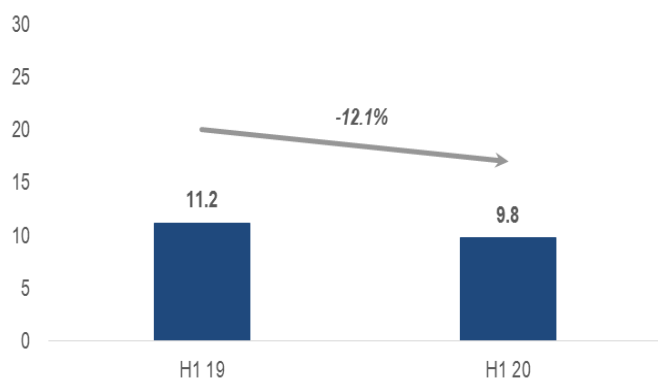
Profitability suffered from Covid-19 emergency one-off costs – Reported H1 20 EBITDA was around EUR 9.1m, with an EBITDA margin of 12.1%. However, net of the one-off costs of EUR 0.7m mainly due to Covid-19 emergency, H1 20 EBITDA would be EUR 9.8m, with an EBITDA margin of 13.0%, in line with the group's historical profitability.

Reported H1 20 EBIT decreased by 43% Y/Y (EBIT adj fell 40.8% Y/Y) due to the increase in depreciations of about EUR 1.4m owing to the huge expansion investments made in the past few years.

The negative impact of the Covid-19 emergency, which affected profitability, is also partially reflected in the H1 20 Net Income Adj, which fell by 13.6% Y/Y.

FINE FOODS: H1 20 EBITDA adjusted

FINE FOODS: H1 20 EBITDA reported



Source: Company data

H1 20 Profit & loss

	H1 19a	H1 20a	% Chg	Akros H1 20e	Vs Estimates
Revenues	83.1	75.4	-9.4%	74.8	+0.7%
EBITDA adj	11.2	9.8 (*)	-12.1%		
Margin	13.4%	13.0%			
EBITDA reported	9.8	9.1	-6.8%	9.0	+1.1%
Margin	11.8%	12.1%			
EBIT adj	5.7	3.2 (*)	-43.0%		
Margin	6.8%	4.3%			
EBIT reported	4.3	2.5	-40.8%		
Margin	5.2%	3.3%			
Net Profit adj	4.2	3.6 (*)	-13.6%		
Net Profit	3.2	3.1	-3.1%		

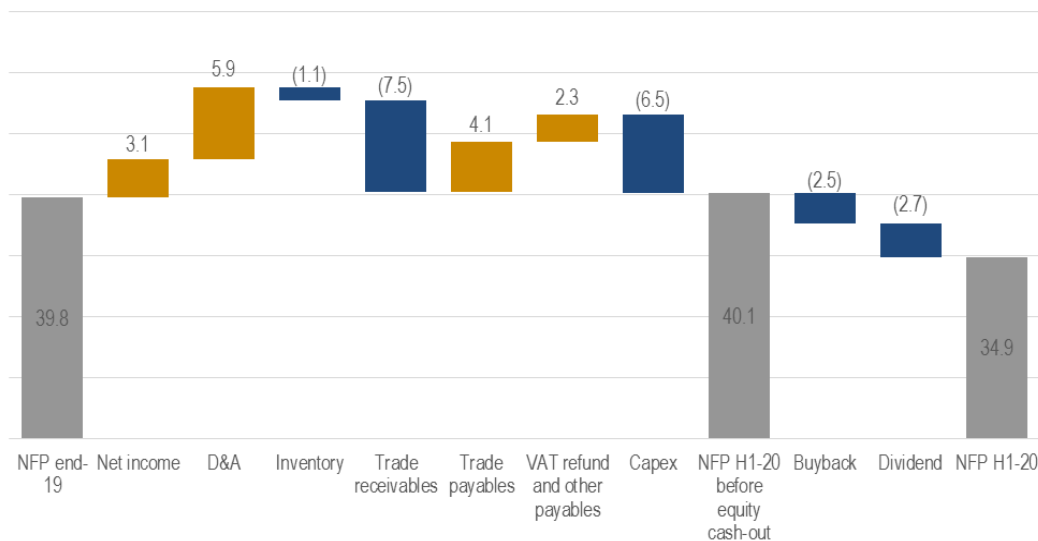
Source: Company data

(*) H1 20 data adjusted for one-off costs for Covid-19 emergency one-off costs

H1 20 NWC increased from EUR 19.0m in FY 19 to EUR 23.5m in H1 20. This increase was mainly due to cash collections postponed in early July 2020.

H1 20 Net Cash decreased from EUR 39.8m at the end of December 2019 to EUR 34.9m at the end of June 2020. This difference is especially due to the buy-back plan, in progress, and the dividend distribution.

FINE FOODS: NFP evolution (H1 20)



Source: Company data

Covid-19 crisis does not affect FY 20 targets

Located near Bergamo, the Italian area most affected by the Covid-19 epidemic in H1 20, Fine Foods operated with 80% of the workforce during the lockdown; this inevitably led to temporary delays in deliveries.

Starting from July, with productivity back up to 100%, the pace of recovery was significant, with a strong sequential improvement month-over-month (sales in July were in line with the previous year, sales in August +38% Y/Y, sales in September +54% Y/Y) due to the recovery in the delay of deliveries in previous months and the continuous increase in new orders.

In order to face this strong sales increase, the company started a third shift and hired about 70 new workers (a 10% increase in the workforce). Furthermore, it restarted 33 "continuous improvement" projects, which were planned and which had been considerably slowed down by the emergency.

Lastly, the company continues to regularly develop new products and plan future projects in order to ensure solid growth trends also in the coming years.

2020-22 estimates

2020-22 sales evolution

In light of the strong recovery in turnover in Q3 20 (+ 22% Y/Y), which is confirmed as such also for the last months of the year, we believe that Fine Foods will be able to achieve a decidedly higher 2020 turnover than in 2019. In particular, we maintain FY 20 nutraceutical revenue growth of +7.0% and FY 20 pharmaceutical revenue growth of +20.0%; consequently, we forecast FY 20 total revenues will grow 10.3% Y/Y.

Given the additional production capacity available after the recent expansion investments and the solid demand from clients even in the Covid-19 scenario, we are confident that the company will be able to maintain a very strong sales growth trend in the pharmaceutical division (21-22 sales CAGR of +20.0%) and to achieve a further sales acceleration in nutraceutical sector sales (21-22 sales CAGR of +10.0%). So, we forecast total sales CAGR of 12.8% in the biennium 2021-2022.

2020-22 profitability evolution

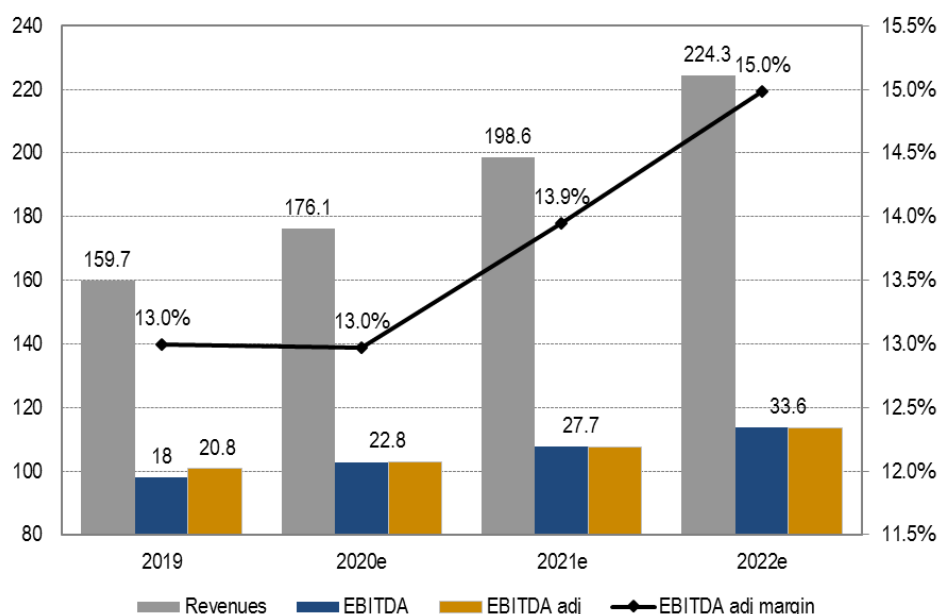
In terms of profitability, H2 20 is expected to record higher operating margins than in H1 20, thanks to: 1) no extraordinary costs for Covid-19 emergency; 2) first benefits in terms of efficiency thanks to the restart of the previously described 33 “continuous improvement” projects, which should be able to offset the higher personnel costs due to a third shift and new hires; 3) a significant increase in sales volumes in the face of stable fixed costs.

Furthermore, starting from 2021, we expect to fully see the benefits from operational efficiency and optimisation of the significant investments made in past years.

Therefore, we expect the FY 20 EBITDA margin to remain substantially stable compared to the FY 19 adjusted EBITDA margin: we expect a FY 20 EBITDA margin of 13.0%.

The EBITDA is expected to increase steadily in the following two years (2020-22e CAGR of +21.3% vs our previous estimate of 22.3%).

FINE FOODS: Revenues and EBITDA evolution 2019-2022e (EUR m)

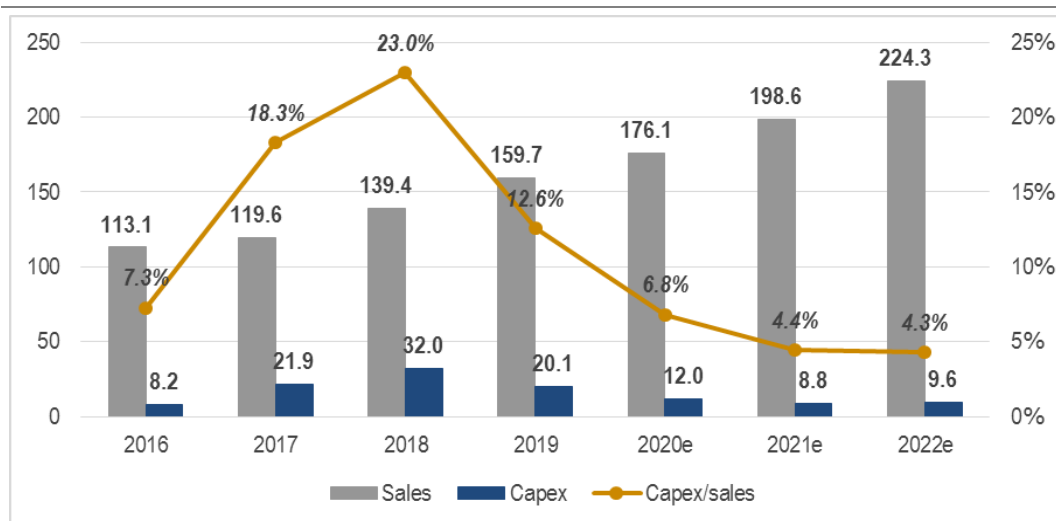


Source: Company data, Banca Akros estimates

2019-21 capital structure evolution

Given the strong demand and the possibility of optimising production with new, more efficient production lines, we believe that FY 20e CAPEX should be around EUR 12m (vs previous EUR 8m). Since the expansion capex is almost completed, we estimate maintenance capex will not exceed 4.5-5.0% of revenues in the coming years.

FINE FOODS: Sales and capex evolution 2015-2021e (EUR m)



Source: Company data, Banca Akros estimates

We believe that the steady margin improvement and the lower investments will allow the company to record increasing cash generation and improve the current Net Cash Position.

We remind investors that our estimates do not include any potential acquisitions.

We summarise our forecasts in the following table.

Fine Foods: 2019-2022e Banca Akros estimates

PROFIT & LOSS (EUR m)	2019	2020e	%Chg	2021e	%Chg	2022e	%Chg	%CAGR
Pharmaceutical	40.5	48.6	20.0%	58.3	20.0%	70.0	20.0%	
Nutraceutical	119.2	127.5	7.0%	140.3	10.0%	154.3	10.0%	
Revenues	159.7	176.1	10.3%	198.6	12.8%	224.3	12.9%	11.9%
EBITDAadj	20.8	22.8	9.8%	27.7	21.5%	33.6	21.1%	17.2%
<i>EBITDA adjmargin</i>	13.0%	13.0%		14.0%		15.0%		
One-off costs	2.8	0.0		0.0		0.0		
EBITDA	18.0	22.8	27.0%	27.7	21.5 %	33.6	21.1 %	22.9 %
<i>EBITDA margin</i>	11.3%	13.0%		14.0%		15.0%		
Depreciation & amortization	(10.2)	(12.1)		(12.6)		(12.9)		
Provisions	(0.9)	(0.7)		(0.9)		(1.0)		
EBIT	6.9	10.0	45.6%	14.2	42.2%	19.7	38.6%	41.6%
<i>EBIT margin</i>	4.3%	5.7%		7.2%		8.8%		
Net financial income(charges)	0.8	0.9		0.9		0.9		
Non-Recurring items	0.0	0.0		0.0		0.0		
Pre-tax profit	7.7	10.9	42.3%	15.1	38.2%	20.6	36.4%	
Taxes	(1.6)	(2.3)		(3.3)		(4.5)		
<i>Tax rate</i>	20.9%	21.1%		21.9%		21.9%		
Minorities	0.0	0.0		0.0		0.0		
Net profit	6.1	8.6	42.0%	11.8	36.8%	16.1	36.4%	37.9%
Net profitadj	8.2	8.6	4.2%	11.8	36.8%	16.1	36.4%	24.6%
Capex	20.1	12.0		8.8		9.6		
Net Debt (Cash)	(39.8)	(49.1)		(57.4)		(68.6)		

Source: Company data and Banca Akros estimates

Valuation

DCF valuation

Based on our DCF model, we come to a fair value of EUR 12.90 per share, implying more than 30% of potential upside.

We have run our DCF analysis based on the following assumptions:

- Sales forecast: a) for the period 2019/2022e, we assume a sales CAGR of 11.9%; b) for the period 2023/2024e we estimate a sales CAGR of 6.5%;
- Profitability forecast: a) for the period 2019/2022e we assume the EBITDA margin described in the previous table; b) in terms of long-term forecasts we assume a stable EBITDA margin of around 15.0%, which is higher than the FY 19 adjusted EBITDA margin of 13.0%, because we reckon that the group, helped by the additional production capacity available after the expansion investments, will benefit from a lower incidence of fixed costs, an efficiency improvement and further economies of scale.
- A WACC of 6.7% calculated by assuming: a) a risk-free rate of 3.5% and a market risk premium of 5.0%; b) a target capital structure with debt covering 32.0% of net capital employed; c) a beta of 1.1, reflecting that Fine Foods is a small cap, so it is slightly penalised in light of the stock's modest liquidity, but it operates in an anti-cyclical sector.
- A terminal growth rate of 1.5%.

FINE FOODS: Free Cash Flow projection (EUR m)

	2020e	2021e	2022e	2023e	2024e
EBITA	10.0	14.2	19.7	21.6	22.6
Taxes	-2.1	-3.1	-4.3	-4.7	-5.0
Tax rate	21.1%	21.9%	21.9%	21.9%	21.9%
NOPLAT	7.9	11.1	15.4	16.9	17.9
Depreciation & other provisions	12.1	12.6	12.9	13.3	14.1
Operating Cash Flow	20.0	23.7	28.3	30.2	32.0
Capex	-12.0	-8.8	-9.6	-10.2	-9.2
Change in Net Working Capital	-3.9	-4.4	-5.3	0.3	-4.1
Free Operating Cash Flow (FOCF)	4.2	10.5	13.4	20.3	18.7

Source: Banca Akros estimates

FINE FOODS: DCF analysis

Perpetual Growth Rate	1.50%
WACC	6.70%
Terminal Value	311.2
Discounting Rate of Terminal Value	0.68
Discounted Terminal Value	210.9
Cumulated DFOCF	53.3
Financial Assets as of 31/12/19	0.0
Enterprise Value (EUR m)	264.3
Net Financial Cash as of 31/12/19 (EUR m)	39.8
Minorities market value (EUR m)	(0.0)
Equity Value (EUR m)	304.0
Value per share (EUR)	12.90

Source: Banca Akros estimates

DCF sensitivity table (EUR)

WACC	Terminal growth rate (g)						
	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%
5.80%	13.1	13.6	14.2	14.8	15.5	16.3	17.2
6.10%	12.6	13.0	13.5	14.1	14.7	15.4	16.1
6.40%	12.1	12.5	13.0	13.4	14.0	14.6	15.2
6.70%	11.7	12.1	12.5	12.9	13.4	13.9	14.5
7.00%	11.3	11.7	12.0	12.4	12.8	13.3	13.8
7.30%	11.0	11.3	11.6	12.0	12.4	12.8	13.2
7.60%	10.7	11.0	11.3	11.6	11.9	12.3	12.7

Source: Banca Akros estimates

Peer multiples

Here we provide a sample of the listed players that operate in the CDMO industry and/or are engaged in the provision of products for the health care sector. We have not taken into account the peer multiples in our valuation because, compared to Fine Foods, the peers are too diversified in terms of size, geographical presence, financial structure and profitability.

Nevertheless, as shown in the following table, Fine Foods trades at a discount on its peers in terms of EV/EBITDA and P/E adj multiples.

Fine Foods: peer data

	Cur	Market Cap (m)	EV/EBITDA		P/E adj	
			2020e	2021e	2020e	2021e
CATALENT INC	USD	15,021.4		20.3		38.2
PIRAMAL ENTERPRISES LTD	INR	292,387.9	29.6	23.2	17.4	13.7
RECIPHARM AB-B SHS	SEK	14,682.0	12.7	11.1	28.3	20.1
SIEGFRIED HOLDING AG-REG	CHF	2,547.5	20.3	15.9	38.0	27.6
STRIDES PHARMA SCIENCE LTD	INR	66,233.4	12.4	10.4	23.9	16.9
AVERAGE			18.8	16.2	26.9	23.3
FINE FOODS	EUR	252.1	11.4	9.5	24.0	19.3
Premium (discount)			-39.3%	-41.4%	-10.6%	-17.3%

Source: Bloomberg data at 27th October and Banca Akros estimates

Fine Foods: Summary tables

PROFIT & LOSS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Sales	120	139	160	176	199	224
Cost of Sales & Operating Costs	-72.6	-81.6	-69.5	-85.1	-97.7	-105.9
Non Recurrent Expenses/Income	0.0	0.0	-2.3	0.0	0.0	0.0
EBITDA	15.5	18.7	18.0	22.8	27.7	33.6
EBITDA (adj.)*	15.5	18.7	20.3	22.8	27.7	33.6
Depreciation	-6.6	-8.5	-10.2	-12.1	-12.6	-12.9
EBITA	9.0	10.2	7.8	10.7	15.1	20.7
EBITA (adj.)*	9.0	10.2	10.1	10.7	15.1	20.7
Amortisations and Write Downs	0.0	0.0	-0.9	-0.7	-0.9	-1.0
EBIT	9.0	10.2	6.9	10.0	14.2	19.7
EBIT (adj.)*	9.0	10.2	9.2	10.0	14.2	19.7
Net Financial Interest	-0.5	0.2	0.8	0.9	0.9	0.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	8.5	10.4	7.7	10.9	15.1	20.6
Tax	-2.3	-1.7	-1.6	-2.3	-3.3	-4.5
<i>Tax rate</i>	<i>27.6%</i>	<i>16.7%</i>	<i>20.9%</i>	<i>21.1%</i>	<i>21.9%</i>	<i>21.9%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	6.1	8.7	6.1	8.6	11.8	16.1
Net Profit (adj.)	6.1	8.7	8.2	8.6	11.8	16.1
CASH FLOW (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Cash Flow from Operations before change in NWC	12.7	17.2	17.2	21.4	25.3	30.0
Change in Net Working Capital	8.4	-18.7	4.1	-3.9	-4.4	-5.3
Cash Flow from Operations	21.1	-1.5	21.3	17.6	20.9	24.7
Capex	-21.9	-32.0	-12.0	-12.0	-8.8	-9.6
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-0.8	-33.5	9.3	5.6	12.1	15.1
Dividends	0.0	0.0	-2.3	-2.8	-3.0	-3.0
Other (incl. Capital Increase & share buy backs)	-0.4	202	-18.7	6.6	-0.8	-0.9
Change in Net Debt	-1	169	-12	9	8	11
NOPLAT	6.1	7.0	6.3	6.9	9.8	13.5
BALANCE SHEET & OTHER ITEMS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Tangible Assets	57.3	78.6	89.3	82.0	78.2	74.9
Net Intangible Assets (incl. Goodwill)	1.3	4.3	3.4	3.4	3.4	3.4
Net Financial Assets & Other	0.0	0.0	0.0	0.0	0.0	0.0
Total Fixed Assets	58.6	82.9	92.8	85.5	81.6	78.4
Inventories	17.0	22.0	22.5	25.3	28.6	32.3
Trade receivables	8.7	21.5	17.1	20.5	24.9	30.2
Other current assets	3.1	5.7	2.9	3.2	3.6	4.0
Cash (-)	-9.7	-74.8	-71.0	-77.5	-83.6	-92.1
Total Current Assets	38.6	124	113	126	141	159
Total Assets	97.1	207	206	212	222	237
Shareholders Equity	38.9	149	148	154	163	176
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	38.9	149	148	154	163	176
Long term interest bearing debt	29.6	22.6	20.6	18.7	17.3	15.5
Provisions	1.2	1.0	1.0	1.1	1.2	1.3
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	30.8	23.6	21.6	19.8	18.4	16.8
Short term interest bearing debt	0.5	5.5	10.6	9.6	8.9	8.0
Trade payables	22.5	23.9	20.6	22.7	25.6	28.9
Other current liabilities	4.4	4.7	5.3	5.8	6.5	7.4
Total Current Liabilities	27.4	34.1	36.5	38.2	41.1	44.3
Total Liabilities and Shareholders' Equity	97.1	206.9	206.3	212.0	222.3	237.0
Net Capital Employed	60.5	103.5	109.4	105.9	106.5	108.5
Net Working Capital	3.7	20.1	19.4	23.5	28.3	33.9
GROWTH & MARGINS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
<i>Sales growth</i>	<i>5.7%</i>	<i>16.6%</i>	<i>14.6%</i>	<i>10.3%</i>	<i>12.8%</i>	<i>12.9%</i>
EBITDA (adj.)* growth	2.9%	20.3%	8.6%	12.6%	21.5%	21.1%
<i>EBITA (adj.)* growth</i>	<i>-3.0%</i>	<i>13.6%</i>	<i>-1.2%</i>	<i>6.3%</i>	<i>41.3%</i>	<i>37.1%</i>
<i>EBIT (adj.)* growth</i>	<i>-3.0%</i>	<i>13.6%</i>	<i>-10.0%</i>	<i>9.1%</i>	<i>42.2%</i>	<i>38.6%</i>

Fine Foods: Summary tables

GROWTH & MARGINS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Profit growth	-0.3%	41.4%	-5.6%	4.9%	36.8%	36.4%
EPS adj. growth	16.4%	-31.8%	-56.7%	39.3%	35.8%	36.4%
DPS adj. growth		n.m.	20.0%	5.0%	0.0%	0.0%
EBITDA (adj)* margin	13.0%	13.4%	12.7%	13.0%	14.0%	15.0%
EBITA (adj)* margin	7.5%	7.3%	6.3%	6.1%	7.6%	9.2%
EBIT (adj)* margin	7.5%	7.3%	5.7%	5.7%	7.2%	8.8%
RATIOS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Debt/Equity	0.5	-0.3	-0.3	-0.3	-0.4	-0.4
Net Debt/EBITDA	1.3	-2.5	-2.2	-2.2	-2.1	-2.0
Interest cover (EBITDA/Fin.interest)	32.1	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/D&A	333.2%	376.7%	108.0%	93.5%	65.0%	69.0%
Capex/Sales	18.3%	23.0%	7.5%	6.8%	4.4%	4.3%
NWC/Sales	3.1%	14.4%	12.1%	13.3%	14.2%	15.1%
ROE (average)	17.2%	9.2%	5.5%	5.7%	7.4%	9.5%
ROCE (adj.)	9.9%	6.8%	5.6%	6.3%	8.9%	12.0%
WACC	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
ROCE (adj.)/WACC	1.5	1.0	0.8	0.9	1.3	1.8
PER SHARE DATA (EUR)***	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Average diluted number of shares	5.7	22.7	23.2	23.6	23.6	23.6
EPS (reported)	0.90	0.61	0.26	0.37	0.50	0.68
EPS (adj.)	0.90	0.61	0.26	0.37	0.50	0.68
BVPS	6.78	6.57	6.39	6.53	6.91	7.46
DPS	0.00	0.10	0.12	0.13	0.13	0.13
VALUATION	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
EV/Sales	0.7	1.2	1.5	1.0	0.9	0.7
EV/EBITDA	5.0	8.7	13.3	7.8	6.1	4.7
EV/EBITDA (adj.)*	5.0	8.7	11.8	7.8	6.1	4.7
EV/EBITA	8.7	16.0	30.7	16.7	11.3	7.7
EV/EBITA (adj.)*	8.7	16.0	23.7	16.7	11.3	7.7
EV/EBIT	8.7	16.0	34.8	17.9	12.0	8.1
EV/EBIT (adj.)*	8.7	16.0	26.0	17.9	12.0	8.1
P/E (adj.)	11.2	15.2	45.5	26.3	19.4	14.2
P/BV	1.5	1.4	1.9	1.5	1.4	1.3
Total Yield Ratio	0.0%	1.1%	1.2%	1.3%	1.3%	
EV/CE	1.3	1.6	2.1	1.6	1.6	1.4
OpFCF yield	-1.3%	-16.0%	3.3%	2.4%	5.3%	6.6%
OpFCF/EV	-1.0%	-20.5%	3.9%	3.1%	7.1%	9.5%
Payout ratio	0.0%	16.4%	45.5%	34.3%	25.2%	18.5%
Dividend yield (gross)	0.0%	1.1%	1.2%	1.3%	1.3%	1.3%
EV AND MKT CAP (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Price** (EUR)	10.06	9.25	12.00	9.66	9.66	9.66
Outstanding number of shares for main stock	5.7	22.7	23.2	23.6	23.6	23.6
Total Market Cap	57.7	209.9	278.3	227.7	227.7	227.7
Gross Financial Debt (+)	30.2	28.1	31.2	28.4	26.1	23.5
Cash & Marketable Securities (-)	-9.7	-74.8	-71.0	-77.5	-83.6	-92.1
Net Financial Debt	20.4	-46.7	-39.8	-49.1	-57.4	-68.6
Lease Liabilities (+)						
Net Debt	20.4	-46.7	-39.8	-49.1	-57.4	-68.6
Other EV components	0.0	0.1	0.1	0.1	0.1	0.1
Enterprise Value (EV adj.)	78.1	163.4	238.7	178.7	170.4	159.2

Source: Company, Banca Akros estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Healthcare/Pharmaceuticals

Company Description: Fine Foods is the largest independent Italian Contract Development and Manufacturing (CDMO) of Pharmaceuticals, Nutraceuticals and Medical Devices in solid oral form (tablets, capsules, effervescent tablets, granules, effervescent granules, powders). Fine Foods currently produces and develops products for the most important world players in both the pharmaceutical and food supplements sectors. Products are manufactured in two production plants located around Bergamo.

European Coverage of the Members of ESN

Aerospace & Defense	Mem(*)	Tubacex	GVC	Food & Drug Retailers	Mem(*)	Saes	BAK
Airbus Se	CIC	Verallia	CIC	Carrefour	CIC	Talgo	GVC
Avio	BAK	Chemicals	Mem(*)	Casino Guichard-Perrachon	CIC	Zardoya Otis	GVC
Dassault Aviation	CIC	Air Liquide	CIC	Jeronimo Martins	CBI	Industrial Transportation	Mem(*)
Figeac Aero	CIC	Arkema	CIC	Marr	BAK	Bollore	CIC
Latecoere	CIC	Plasticos Compuestos	GVC	Sonae	CBI	Clasquin	IAC
Leonardo	BAK	Electronic & Electrical Eq.	Mem(*)	General Industrials	Mem(*)	Ctt	CBI
Lisi	CIC	Rexel	CIC	Adl Bionatur Solutions	GVC	Insurance	Mem(*)
Safran	CIC	Fin. Serv. Holdings	Mem(*)	Cembre	BAK	Axa	CIC
Thales	CIC	Cir	BAK	Sergeferrari Group	CIC	Catalana Occidente	GVC
Alternative Energy	Mem(*)	Corp. Financiera Alba	GVC	General Retailers	Mem(*)	Cattolica Assicurazioni	BAK
Encavis Ag	CIC	Digital Magics	BAK	Emova Group	IAC	Generali	BAK
Plc	BAK	Eurazeo	CIC	Fnac Darty	CIC	Mapfre	GVC
Siemens Gamesa Re	GVC	Ffp	CIC	Inditex	GVC	Net Insurance	BAK
Voltaia	CIC	Gbl	CIC	Maisons Du Monde	CIC	Unipolsai	BAK
Automobiles & Parts	Mem(*)	Rallye	CIC	Ovs	BAK	Materials, Construction	Mem(*)
Brembo	BAK	Tip Tamburi Investment Partners	BAK	Unieuro	BAK	Acs	GVC
Faurecia	CIC	Wendel	CIC	Healthcare	Mem(*)	Aena	GVC
Ferrari	BAK	Fin. Serv. Industrials	Mem(*)	Abionyx Pharma	CIC	Astm	BAK
Fiat Chrysler Automobiles	BAK	Abitare In	BAK	Amplifon	BAK	Atlantia	BAK
Gestamp	GVC	Dovalue	BAK	Atrys Health	GVC	Buzzi Unicem	BAK
Indelb	BAK	Nexi	BAK	Crossject	CIC	Capelli	CIC
Landi Renzo	BAK	Tinexta	BAK	Diasorin	BAK	Cementir	BAK
Piaggio	BAK	Financial Services Banks	Mem(*)	El.En.	BAK	Clerhp Estructuras	GVC
Plastic Omnium	CIC	Amundi	CIC	Fermentalg	CIC	Eiffage	CIC
Sogefi	BAK	Anima	BAK	Fine Foods	BAK	Ezentis	GVC
Valeo	CIC	Azmut	BAK	Genfit	CIC	Fcc	GVC
Banks	Mem(*)	Banca Farmafactoring	BAK	Guerbet	CIC	Ferrovial	GVC
Banca Mps	BAK	Banca Generali	BAK	Korian	CIC	Groupe Adp	CIC
Banco Sabadell	GVC	Banca Ifis	BAK	Oncodesign	CIC	Groupe Poujoulat	CIC
Banco Santander	GVC	Banca Mediolanum	BAK	Orpea	CIC	Groupe Sfpi S.A.	CIC
Bankia	GVC	Banca Sistema	BAK	Recordati	BAK	Herige	CIC
Bankinter	GVC	Fincombank	BAK	Shedir Pharma	BAK	Hexaom	CIC
Bbva	GVC	Poste Italiane	BAK	Theraclion	CIC	Imerys	CIC
Bnp Paribas	CIC	Food & Beverage	Mem(*)	Household Goods	Mem(*)	Kaufman & Broad	IAC
Bper	BAK	Advini	CIC	Abeo	CIC	Lafargeholcim	CIC
Caixabank	GVC	Bonduelle	CIC	De Longhi	BAK	Maire Tecnimont	BAK
Credem	BAK	Campari	BAK	Fila	BAK	Mota Engil	CBI
Credit Agricole Sa	CIC	Danone	CIC	Groupe Seb	CIC	Obrascon Huarte Lain	GVC
Creval	BAK	Ebro Foods	GVC	Industrial Engineering	Mem(*)	Sacyr	GVC
Intesa Sanpaolo	BAK	Enervit	BAK	Alstom	CIC	Saint Gobain	CIC
Liberbank	GVC	Fleury Michon	CIC	Biesse	BAK	Salcef	BAK
Mediobanca	BAK	Italian Wine Brands	BAK	Caf	GVC	Sonae Industria	CBI
Natixis	CIC	Lanson-Bcc	CIC	Carraro	BAK	Tarkett	CIC
Rothschild & Co	CIC	Laurent Perrier	CIC	Cnh Industrial	BAK	Thermador Groupe	CIC
Societe Generale	CIC	Ldc	CIC	Danieli	BAK	Vicat	CIC
Ubi Banca	BAK	Orsero	BAK	Datalogic	BAK	Vinci	CIC
Unicredit	BAK	Pernod Ricard	CIC	Exel Industries	CIC	Webuild	BAK
Basic Resources	Mem(*)	Remy Cointreau	CIC	Fincantieri	BAK	Media	Mem(*)
Acerinox	GVC	Tipiak	CIC	Groupe Gorge	CIC	Arnoldo Mondadori Editore	BAK
Altri	CBI	Vidrala	GVC	Haulotte Group	CIC	Atresmedia	GVC
Arcelormittal	GVC	Vilmorin	CIC	Ima	BAK	Cairo Communication	BAK
Corticeira Amorim	CBI	Viscofan	GVC	Interpump	BAK	Cofina	CBI
Ence	GVC	Vranken Pommery Monopole	CIC	Manitou	CIC	Digital Bros	BAK
Semapa	CBI			Prima Industrie	BAK	GI Events	CIC
The Navigator Company	CBI			Prysmian	BAK	Il Sole 24 Ore	BAK

Impresa	CBI	Merlin Properties	GVC	Nos	CBI
Ipsos	CIC	Quabit Immobiliaria	GVC	Orange	CIC
Jcdecaux	CIC	Realia	GVC	Retelit	BAK
Lagardere	CIC	Software & Computer Ser.	Mem(*)	Telecom Italia	BAK
M6-Metropole Television	CIC	Agile Content	GVC	Telefonica	GVC
Mediaset	BAK	Akka Technologies	CIC	Tiscali	BAK
Mediaset Espana	GVC	Alten	CIC	Vodafone	BAK
Nrj Group	CIC	Altran	CIC	Travel & Leisure	Mem(*)
Publicis	CIC	Amadeus	GVC	Accor	CIC
Rcs Mediagroup	BAK	Assystem	CIC	Autogrill	BAK
Teleperformance	CIC	Atos	CIC	Beneteau	CIC
Tf1	CIC	Axway Software	CIC	Codere	GVC
Ubisoft	CIC	Capgemini	CIC	Compagnie Des Alpes	CIC
Vivendi	CIC	Cast	CIC	Edreams Odigeo	GVC
Vogo	CIC	Catenon	GVC	Elior	CIC
Oil & Gas Producers	Mem(*)	Econocom	CIC	Europcar	CIC
Ecoslops	CIC	Ekinops	CIC	Fdj	CIC
Enauta	CBI	Esi Group	CIC	Groupe Partouche	IAC
Eni	BAK	Exprivia	BAK	I Grandi Viaggi	BAK
Galp Energia	CBI	Gigas Hosting	GVC	Ibersol	CBI
Gas Plus	BAK	Gpi	BAK	Int. Airlines Group	GVC
Maurel Et Prom	CIC	Groupe Open	CIC	Melia Hotels International	GVC
Repsol	GVC	Indra Sistemas	GVC	Nh Hotel Group	GVC
Total	CIC	Lleida.Net	GVC	Pierre Et Vacances	CIC
Oil Services	Mem(*)	Neurones	CIC	Sodexo	CIC
Bourbon	CIC	Reply	BAK	Sonae Capital	CBI
Cgg	CIC	Sii	CIC	Trigano	CIC
Gtt	CIC	Sopra Steria Group	CIC	Utilities	Mem(*)
Rubis	CIC	Visiativ	CIC	A2A	BAK
Saipem	BAK	Worldline	CIC	Acciona	GVC
Technipmc Plc	CIC	Support Services	Mem(*)	Acea	BAK
Tecnicas Reunidas	GVC	Bureau Veritas	CIC	Albioma	CIC
Tenaris	BAK	Cellnex Telecom	GVC	Audax	GVC
Vallourec	CIC	Edenred	CIC	Derichebourg	CIC
Personal Goods	Mem(*)	Enav	BAK	Edp	CBI
Basicnet	BAK	Fiera Milano	BAK	Edp Renováveis	CBI
Brunello Cucinelli	BAK	Inwit	BAK	Enagas	GVC
Cellularline	BAK	Openjobmetis	BAK	Endesa	GVC
Cie Fin. Richemont	CIC	Prosegur	GVC	Enel	BAK
Geox	BAK	Prosegur Cash	GVC	Erg	BAK
Hermes Intl.	CIC	Rai Way	BAK	Falck Renewables	BAK
Interparfums	CIC	Technology Hardware & Eq.	Mem(*)	Greenalia	GVC
Kering	CIC	Adeunis	CIC	Hera	BAK
L'Oreal	CIC	Evolis	CIC	Holaluz	GVC
Lvmh	CIC	Hf Company	CIC	Iberdrola	GVC
Moncler	BAK	Ingenico	CIC	Iren	BAK
Monnalisa	BAK	Memscap	IAC	Italgas	BAK
Safilo	BAK	Osmosis	CIC	Naturgy	GVC
Salvatore Ferragamo	BAK	Stmicroelectronics	BAK	Red Electrica Corporacion	GVC
Smcp	CIC	Tier 1 Technology	GVC	Ren	CBI
Swatch Group	CIC	Telecommunications	Mem(*)	Snam	BAK
Technogym	BAK	Altice Europe	CIC	Solaria	GVC
Tod'S	BAK	Bouygues	CIC	Terna	BAK
Real Estate	Mem(*)	Euskaltel	GVC		
Igd	BAK	Iliad	CIC		
Lar España	GVC	Masmovil	GVC		

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC GaescoValores, SV, SA

as at 21 September 2020

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(**) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts

Il presente documento è stato redatto da Paola Saglietti (Socio AIAF) che svolge funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso. **Esso è prodotto e distribuito dal giorno 28 October 2020, ore 08:43 italiane.**

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Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 29,30 settembre e 1 ottobre 2020.

Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/958, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto - specialista del titolo .**

Banca Akros è una banca autorizzata anche alla prestazione di servizi di investimento appartenente al Gruppo Banco BPM (il "Gruppo"), ed è soggetta all'attività di direzione e coordinamento di Banco BPM (la "Capogruppo"). La banca è iscritta all'albo delle Banche al n. 5328 ed è soggetta alla regolamentazione e alla vigilanza di Banca d'Italia e Consob.

La banca ha prodotto il presente documento solo ed esclusivamente per i propri clienti professionali ai sensi della Direttiva 2014/65/EU, del Regolamento Delegato 2016/958 e dell'Allegato 3 del Regolamento Intermediari Consob (Delibera Consob n. 20307).

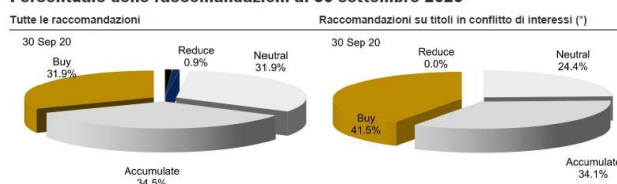
Banca Akros rende disponibili informazioni sui conflitti di interesse, ai sensi delle disposizioni contenute nell'art. 20 del Regolamento EU 2014/596 (Regolamento sugli Abusi di Mercato) e in particolare ai sensi degli artt. 5 e 6 del Regolamento Delegato EU 2016/958, sul proprio sito internet:

<http://www.bancaakros.it/menu-informativa/analisi-finanziaria-e-market-abuse.aspx>

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Percentuale delle raccomandazioni al 30 settembre 2020



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.34% del totale degli emittenti oggetto di copertura

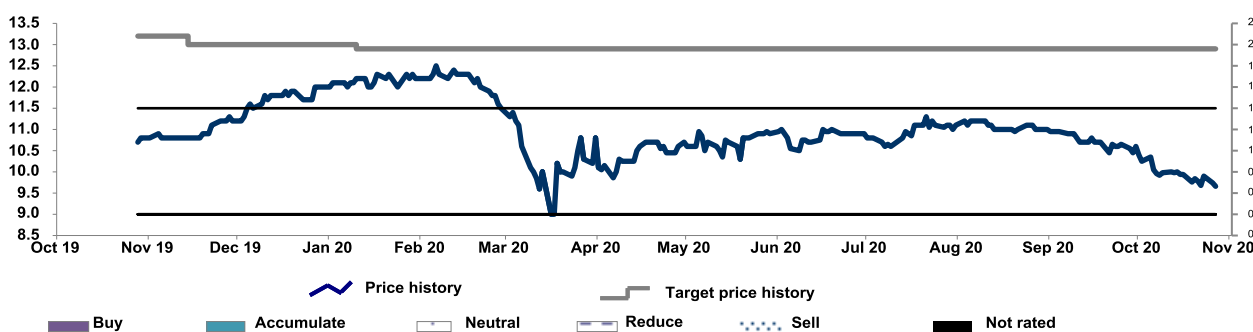
Recommendation history for FINE FOODS

Date	Recommendation	Target price	Price at change date
10-Jan-20	Buy	12.90	12.20
14-Nov-19	Buy	13.00	10.80
18-Sep-19	Buy	13.20	10.20
15-Apr-19	Buy	12.70	10.50

Source: Factset& ESN, price data adjusted for stock splits.

This chart shows Banca Akros continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Paola Saglietti (since 01/12/2018)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

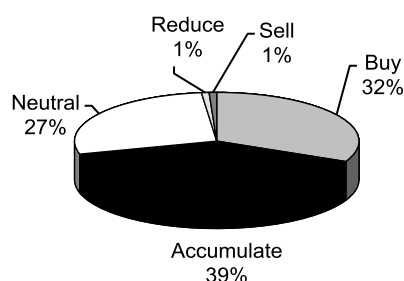
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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