

## Company Update

### Buy

Recommendation unchanged

Share price: EUR 10.55

closing price as of 22/04/2020

Target price: EUR 12.90

Target Price unchanged

Upside/Downside Potential 22.3%

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) 245

Current N° of shares (m) 23

Free float 44%

Daily avg. no. trad. sh. 12 mth 16

Daily avg. trad. vol. 12 mth (m) 16.00

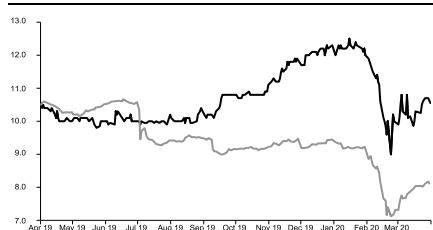
Price high/low 12 months 12.50 / 9.00

Abs Perfs 1/3/12 mths (%) 5.50/-13.52/0.48

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	5.9%	6.5%	9.2%
Net debt/(cash) (m)	(40)	(53)	(61)
Net Debt Equity	-0.3	-0.3	-0.4
Net Debt/EBITDA	-2.2	-2.3	-2.2
Int. cover(EBITDA/Fin.int)	(21.9)	(25.4)	(32.6)
EV/Sales	1.5	1.1	0.9
EV/EBITDA	13.3	8.4	6.6
EV/EBITDA (adj.)	11.5	8.4	6.6
EV/EBIT	34.8	19.2	12.9
P/E (adj.)	45.5	28.5	20.8
P/BV	1.9	1.6	1.5
OpFCF yield	3.3%	3.9%	4.9%
Dividend yield	1.1%	1.2%	1.2%
EPS (adj.)	0.26	0.37	0.51
BVPS	6.39	6.64	7.02
DPS	0.12	0.13	0.13

### Shareholders

Marco Eigenmann 54%;



Source: FactSet

— FINE FOODS — FTSE AIM Italia (Rebased)

### Analyst(s)

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## Reason: Company results (post view)

23 April 2020

### Covid-19 epidemic fails to stop growth

Despite the tough economic scenario, due to the Covid-19 epidemic, Fine Foods has proved it is a very solid player in a very resilient business. Indeed, Fine Foods' activity falls under the "essential category", as per the prime minister's decree DPCM of 22 March. Although the company is located near Bergamo, the Italian area most affected by the Covid-19 epidemic, thanks to the prevention measures taken by the management since February 2020, Fine Foods is operational with about 80% of the workers present and shows a positive trend in both divisions, pharmaceutical and nutraceuticals.

- ✓ **FY 19 results: robust sales growth and stable profitability** - FY 19 revenues increased by 14.6% Y/Y (vs Akros est. +16.6% Y/Y). Both divisions reported positive sales growth: Nutraceuticals +12.8% Y/Y and Pharmaceuticals +20%. Net of EUR 2.8m one-off costs due to plant expansions, FY 19 adjusted EBITDA was EUR 20.8m and the FY 19 adjusted EBITDA margin was 13.0%, substantially in line with the FY 18 EBITDA margin of 13.4%. Therefore, the company was able to maintain stable operating margins despite the temporary inefficiency due to the reorganisation process.
- ✓ **2020-22 estimates** - As the company is currently operating with 80% of the workforce, there may be temporary delays in the delivery of orders in H1 20; however, the management is confident the company can fully recover production in Q3, as soon as production activities restart regularly. The management are confident that they will be able to achieve a higher 2020 turnover than in 2019; so, we forecast FY 20 total revenues will grow +10.3% Y/Y. Given the additional production capacity available after the 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; so, we forecast total sales CAGR of 12.8% in the biennium 2021-2022. On the profitability side, the Covid-19 epidemic is leading to greater operational complexities and a slowdown in some efficiency recovery projects that the management has planned for the current year. All this, therefore, could partially offset the initial benefits, in terms of efficiency, expected from recent investments in reorganisation. Therefore, it is likely that only starting from 2021 will we fully see the benefits from 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 next two years (2020-22e CAGR of +21.3%).
- ✓ **Valuation & conclusions** - Since the acceleration in the improvement of operating margins in the 2021-22 period will allow Fine Foods to recover the expected negative effects from the impact of Covid-19 epidemic in 2020, the growth in profitability in the next 5 years will remain virtually in line with our previous estimates (2020-22e CAGR of +21.3% vs our previous estimate of 22.3%). 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.

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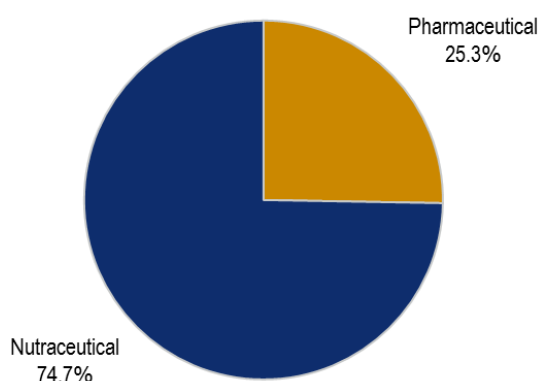
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## FY 19 results: robust sales growth and stable profitability

**FY 19 revenues** increased by 14.6% Y/Y (vs Akros est. +16.6% Y/Y). Both divisions reported positive sales growth: Nutraceuticals +12.8% Y/Y and Pharmaceuticals +20%. This robust growth was driven by an increase in sold volumes, which benefited from the significant investments made in the last few years.

### FINE FOODS: Revenue breakdown (FY 19)



Source: Company data

**Adjusted profitability was substantially stable compared to the previous year** - FY 19 EBITDA reported was EUR 18.0m, a decrease of around EUR 0.7m compared to the previous year (-4.0% Y/Y). The FY 19 reported EBITDA margin was 11.3%, down from 13.4% in FY 18, due to the one-off costs for the huge reorganisation of two production plants.

One-off costs totalled EUR 2.8m for the plant expansion set-up and for the Nembro plant closure and production transfer: net of these extraordinary expenses, FY 19 adjusted EBITDA was EUR 20.8m and the FY 19 adjusted EBITDA margin was 13.0%, substantially in line with the FY 18 EBITDA margin of 13.4%. Therefore, the company was able to maintain stable operating margins despite the temporary inefficiency due to the reorganisation process.

### FY 19 Profit & loss

	FY 18a	FY 19a	% Chg	Akros FY 19e	Vs Estimates
Revenues	139.4	159.7	14.6%	162.5	-1.7%
EBITDA adj	18.7	20.8 (*)	11.3%	22.1	-5.9%
Margin	13.4%	13.0%		13.6%	
EBITDA reported	18.7	18.0	-3.8%		
Margin	13.4%	11.3%			
EBIT adj	10.2	9.7 (*)	-4.7%	12.0	-19.2%
Margin	7.3%	6.1%		7.4%	
EBIT reported	10.2	6.9	-32.6%		
Margin	7.3%	4.3%			
Net Profit adj	8.7	8.2 (*)	-5.0%	7.5	9.3%
Net Profit	8.7	6.1	-30.3%		

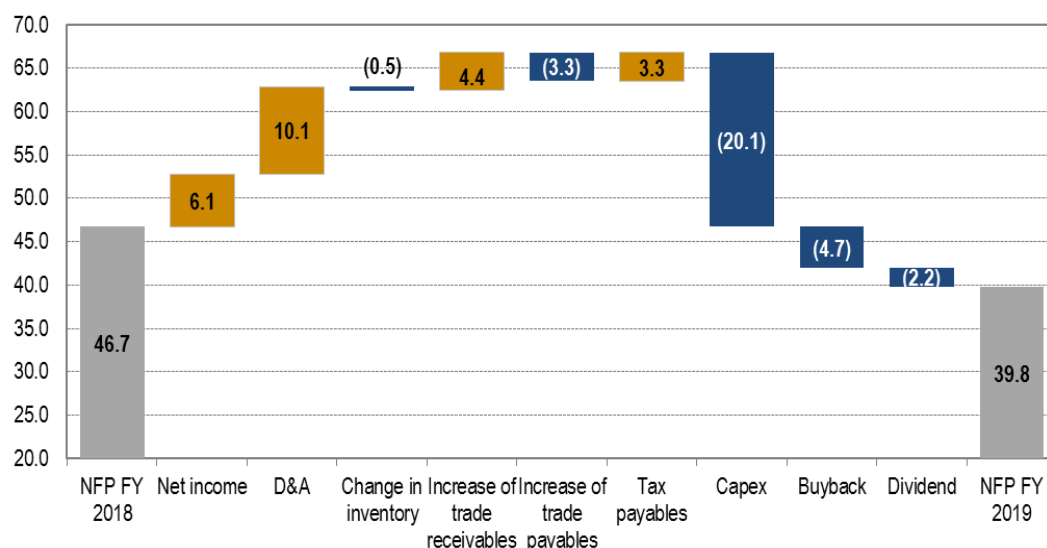
Source: Company data

(\*) FY 19 data adjusted for one-off costs for plant expansion set-up costs and for Nembro plant closure and production transfer costs

**NWC** decreased from EUR 19.6m in FY 18 to EUR 19.0m in FY 19. This improvement was mainly due to both a decrease in trade receivables and in trade payables compared to the previous year.

**FY 19 NFP** was positive by EUR 39.8m vs EUR 46.7m at the end of 2018. This difference is especially due to the huge investments in fixed assets of EUR 20.1m, the buy-back plan in progress (EUR 4.7m) and the dividend distribution (EUR 2.2m).

#### FINE FOODS: NFP evolution (FY 19)



Source: Company data

## Covid-19 epidemic fails to stop growth

Fine Foods' activity falls under the "essential category", as per the prime minister's decree DPCM of 22 March, therefore both plants are fully operational.

Business continuity guaranteed despite difficulties - Although the company is located near Bergamo, the Italian area most affected by the Covid-19 epidemic, Fine Foods is operational with about 80% of the workers present thanks to the prevention measures taken by the management since February 2020. Furthermore, there are no delivery problems to clients or difficulties in sourcing raw materials.

Positive trend in both divisions - *Pharmaceutical division*: this division has always worked with constant orders from clients and continues to record strong growth in turnover compared to 2019. *Nutraceutical division*: after an initial order slowdown at the beginning of March, when clients were waiting to understand how the epidemic would evolve, order intake started regularly again for the several product categories. We remind investors that Fine Foods produces nutraceuticals strictly linked to pharmaceutical products (vitamins, immunotherapy products, sleep supplements), which are in great demand in this Covid-19 epidemic.

M&A opportunities - understandably, the unexpected arrival of the crisis has, for the moment, blocked potential ongoing negotiations; however, given the inevitable consolidation trend in the CDMO sector, the management believes the crisis could even accelerate this consolidation process and, therefore, there could be further deal opportunities at interesting multiples in the coming months.

## 2020-22 estimates

### 2020-22 sales evolution

As the company is currently operating with 80% of the workforce, there may be temporary delays in the delivery of orders in H1 20; however, the management is confident the company can fully recover production in Q3, as soon as production activities restart regularly. In addition, the order visibility for the summer months is good and, therefore, the management are confident that, if the Covid-19 epidemic does not continue beyond the times currently foreseen, they will be able to achieve a decidedly higher 2020 turnover than in 2019. In particular, we estimate 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 by 10.3%.

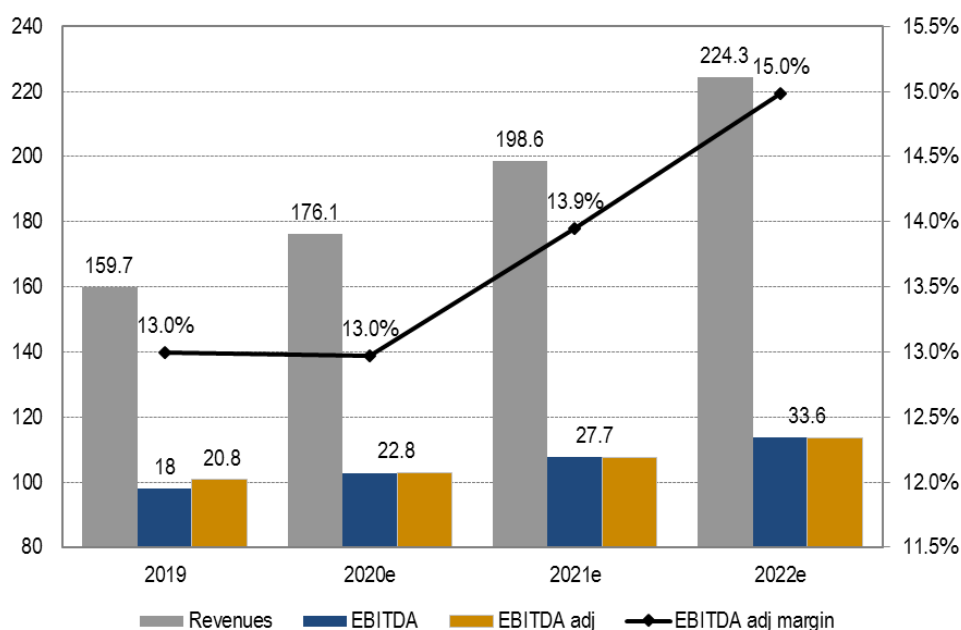
Given the additional production capacity available after the expansion investments and the solid demand from clients, we are confident that the company will be able to maintain a very strong sales growth trend in the pharmaceutical division (21-22 sales CAGR of +20.0%) and to achieve a further sales 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

On the profitability side, the Covid-19 epidemic is clearly causing greater operational complexities and the slowdown in some efficiency recovery projects that the management have planned for the current year. All this, therefore, could offset the initial benefits, in terms of efficiency, expected from recent investments in reorganisation. Therefore, it is likely that only starting from 2021 will we 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%.

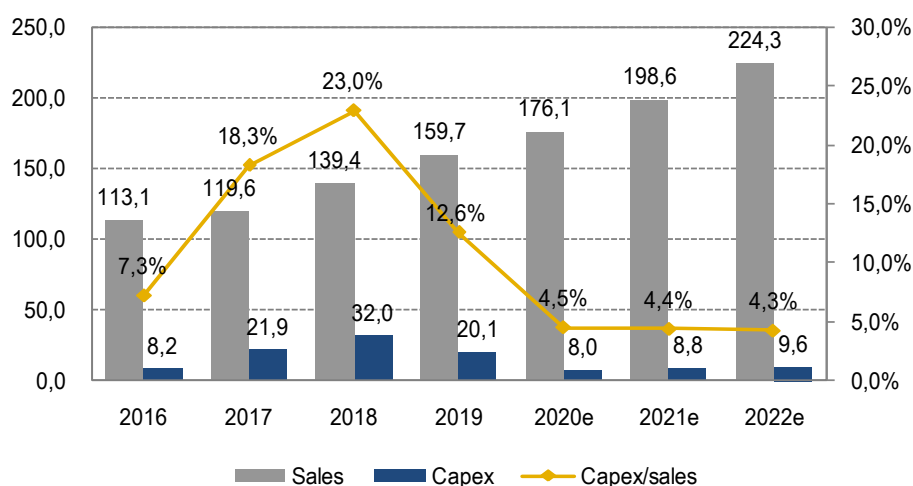
The EBITDA is expected to increase steadily in the next two years (2020-22e CAGR of +21.3% vs our previous estimate of 22.3%).

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


Source: Company data, Banca Akros estimates

**2019-21 capital structure evolution**

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 improvement in profitability and the lower level of 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%	
<b>Revenues</b>	<b>159.7</b>	<b>176.1</b>	<b>10.3%</b>	<b>198.6</b>	<b>12.8%</b>	<b>224.3</b>	<b>12.9%</b>	<b>11.9%</b>
<b>EBITDA adj</b>	<b>20.8</b>	<b>22.8</b>	<b>9.8%</b>	<b>27.7</b>	<b>21.5%</b>	<b>33.6</b>	<b>21.1%</b>	<b>17.2%</b>
<i>EBITDA adj margin</i>	13.0%	13.0%		14.0%		15.0%		
One-off costs	2.8	0.0		0.0		0.0		
<b>EBITDA</b>	<b>18.0</b>	<b>22.8</b>	<b>27.0%</b>	<b>27.7</b>	<b>21.5 %</b>	<b>33.6</b>	<b>21.1 %</b>	<b>22.9 %</b>
<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)		
<b>EBIT</b>	<b>6.9</b>	<b>10.0</b>	<b>45.6%</b>	<b>14.2</b>	<b>42.2%</b>	<b>19.7</b>	<b>38.6%</b>	<b>41.6%</b>
<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		
<b>Pre-tax profit</b>	<b>7.7</b>	<b>10.9</b>	<b>42.3%</b>	<b>15.1</b>	<b>38.2%</b>	<b>20.6</b>	<b>36.4%</b>	
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		
<b>Net profit</b>	<b>6.1</b>	<b>8.6</b>	<b>42.0%</b>	<b>11.8</b>	<b>36.8%</b>	<b>16.1</b>	<b>36.4%</b>	<b>37.9%</b>
<b>Net profit adj</b>	<b>8.2</b>	<b>8.6</b>	<b>4.2%</b>	<b>11.8</b>	<b>36.8%</b>	<b>16.1</b>	<b>36.4%</b>	<b>24.6%</b>
Capex	20.1	8.0		8.8		9.6		
<b>Net Debt</b>	<b>(39.8)</b>	<b>(53.2)</b>		<b>(61.5)</b>		<b>(72.8)</b>		

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 a 22.5% 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 19e 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 cost, 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	-4.9
Tax rate	21.1%	21.9%	21.9%	21.9%	21.9%
<b>NOPLAT</b>	<b>7.9</b>	<b>11.1</b>	<b>15.4</b>	<b>16.9</b>	<b>17.6</b>
Depreciation & other provisions	12.1	12.6	12.9	13.3	14.1
<b>Operating Cash Flow</b>	<b>20.0</b>	<b>23.7</b>	<b>28.3</b>	<b>30.2</b>	<b>31.7</b>
Capex	-8.0	-8.8	-9.6	-10.2	-10.2
Change in Net Working Capital	-3.9	-4.4	-5.3	-4.3	-4.0
<b>Free Operating Cash Flow (FOCF)</b>	<b>8.2</b>	<b>10.5</b>	<b>13.4</b>	<b>15.7</b>	<b>17.5</b>

Source: Banca Akros estimates

#### FINE FOODS: DCF analysis

Perpetual Growth Rate	1.50%
WACC	6.70%
<b>Terminal Value</b>	<b>305.9</b>
Discounting Rate of Terminal Value	0.68
Discounted Terminal Value	207.3
<b>Cumulated DFOCF</b>	<b>52.6</b>
Financial Assets as of 31/12/19	0.0
<b>Enterprise Value (EUR m)</b>	<b>260.0</b>
Net Financial Cash as of 31/12/19 (EUR m)	39.8
Minorities market value (EUR m)	(0.0)
<b>Equity Value (EUR m)</b>	<b>299.7</b>
<b>Value per share (EUR)</b>	<b>12.90</b>

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	13.1	13.5	14.1	14.7	15.4	16.2
6.40%	12.2	12.5	13.0	13.5	14.0	14.6	15.3
6.70%	11.7	12.1	12.5	12.9	13.4	13.9	14.5
7.00%	11.4	11.7	12.0	12.4	12.9	13.3	13.8
7.30%	11.0	11.3	11.6	12.0	12.4	12.8	13.3
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 compared to its peers in terms of EV/EBITDA multiples, while it trades at a premium in terms of FY 20e P/E multiple. However, we believe it is important to underline that the Fine Foods P / E multiple mirrors the fact that the company's net profit in the next two years will be penalised by high amortisation due to the significant investments completed in 2019, which will begin to provide important benefits in terms of EPS only beyond the horizon of multiples.

## Fine Foods: peer data

	Cur	Market Cap (m)	EV/EBITDA		P/Eadj	
			2020e	2021e	2020e	2021e
CATALENT INC	USD	9,115.2	18.7	16.9	33.7	28.8
PIRAMAL ENTERPRISES LTD	INR	187,129.2	11.3	10.5	7.1	7.5
RECIPHARM AB-B SHS	SEK	7,529.9	7.2	6.2	17.9	14.5
SIEGFRIED HOLDING AG-REG	CHF	1,998.0	16.3	14.5	27.8	23.6
STRIDES PHARMA SCIENCE LTD	INR	29,077.4	7.5	6.4	12.5	9.2
<b>AVERAGE</b>			<b>12.2</b>	<b>10.9</b>	<b>19.8</b>	<b>16.7</b>
FINE FOODS	EUR	252.1	8.5	6.7	21.1	15.5
<b>Premium (discount)</b>			<b>-30.4%</b>	<b>-38.6%</b>	<b>6.5%</b>	<b>-7.3%</b>

Source: Bloomberg data at 23<sup>rd</sup> April 2020 and Banca Akros estimates

## Fine Foods: Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
<b>Sales</b>	<b>120</b>	<b>139</b>	<b>160</b>	<b>176</b>	<b>199</b>	<b>224</b>
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	-2.8	0.0	0.0	0.0
<b>EBITDA</b>	<b>15.5</b>	<b>18.7</b>	<b>18.0</b>	<b>22.8</b>	<b>27.7</b>	<b>33.6</b>
<b>EBITDA (adj.)*</b>	<b>15.5</b>	<b>18.7</b>	<b>20.8</b>	<b>22.8</b>	<b>27.7</b>	<b>33.6</b>
Depreciation	-6.6	-8.5	-10.2	-12.1	-12.6	-12.9
<b>EBITA</b>	<b>9.0</b>	<b>10.2</b>	<b>7.8</b>	<b>10.7</b>	<b>15.1</b>	<b>20.7</b>
<b>EBITA (adj)*</b>	<b>9.0</b>	<b>10.2</b>	<b>10.6</b>	<b>10.7</b>	<b>15.1</b>	<b>20.7</b>
Amortisations and Write Downs	0.0	0.0	-0.9	-0.7	-0.9	-1.0
<b>EBIT</b>	<b>9.0</b>	<b>10.2</b>	<b>6.9</b>	<b>10.0</b>	<b>14.2</b>	<b>19.7</b>
<b>EBIT (adj.)*</b>	<b>9.0</b>	<b>10.2</b>	<b>9.7</b>	<b>10.0</b>	<b>14.2</b>	<b>19.7</b>
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
<b>Earnings Before Tax (EBT)</b>	<b>8.5</b>	<b>10.4</b>	<b>7.7</b>	<b>10.9</b>	<b>15.1</b>	<b>20.6</b>
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
<b>Net Profit (reported)</b>	<b>6.1</b>	<b>8.7</b>	<b>6.1</b>	<b>8.6</b>	<b>11.8</b>	<b>16.1</b>
<b>Net Profit (adj.)</b>	<b>6.1</b>	<b>8.7</b>	<b>8.2</b>	<b>8.6</b>	<b>11.8</b>	<b>16.1</b>
<b>CASH FLOW (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
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
<b>Cash Flow from Operations</b>	<b>21.1</b>	<b>-1.5</b>	<b>21.3</b>	<b>17.6</b>	<b>20.9</b>	<b>24.7</b>
Capex	-21.9	-32.0	-12.0	-8.0	-8.8	-9.6
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-0.8</b>	<b>-33.5</b>	<b>9.3</b>	<b>9.6</b>	<b>12.1</b>	<b>15.1</b>
Dividends	0.0	0.0	-2.3	-2.8	-2.9	-2.9
Other (incl. Capital Increase & share buy backs)	-0.4	202	-18.7	6.6	-0.8	-0.9
NOPLAT	6.1	7.0	6.6	6.9	9.8	13.5
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Tangible Assets	57.3	78.6	89.3	78.0	74.2	70.9
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
<b>Total Fixed Assets</b>	<b>58.6</b>	<b>82.9</b>	<b>92.8</b>	<b>81.5</b>	<b>77.6</b>	<b>74.4</b>
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	-80.3	-86.5	-95.3
<b>Total Current Assets</b>	<b>38.6</b>	<b>124</b>	<b>113</b>	<b>129</b>	<b>144</b>	<b>162</b>
<b>Total Assets</b>	<b>97.1</b>	<b>207</b>	<b>206</b>	<b>211</b>	<b>221</b>	<b>236</b>
Shareholders Equity	38.9	149	148	154	163	176
Minority	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>38.9</b>	<b>149</b>	<b>148</b>	<b>154</b>	<b>163</b>	<b>176</b>
Long term interest bearing debt	29.6	22.6	20.6	17.9	16.5	14.9
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
<b>Total Long Term Liabilities</b>	<b>30.8</b>	<b>23.6</b>	<b>21.6</b>	<b>19.0</b>	<b>17.7</b>	<b>16.1</b>
Short term interest bearing debt	0.5	5.5	10.6	9.2	8.5	7.7
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
<b>Total Current Liabilities</b>	<b>27.4</b>	<b>34.1</b>	<b>36.5</b>	<b>37.8</b>	<b>40.7</b>	<b>44.0</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>97.1</b>	<b>206.9</b>	<b>206.3</b>	<b>210.7</b>	<b>221.2</b>	<b>236.1</b>
<b>Net Capital Employed</b>	<b>62.2</b>	<b>102.9</b>	<b>112.2</b>	<b>105.0</b>	<b>105.9</b>	<b>108.3</b>
<b>Net Working Capital</b>	<b>3.7</b>	<b>20.1</b>	<b>19.4</b>	<b>23.5</b>	<b>28.3</b>	<b>33.9</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
<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>
<b>EBITDA (adj.)* growth</b>	<b>2.9%</b>	<b>20.3%</b>	<b>11.2%</b>	<b>9.9%</b>	<b>21.5%</b>	<b>21.1%</b>
<i>EBITA (adj.)* growth</i>	<i>-3.0%</i>	<i>13.6%</i>	<i>3.8%</i>	<i>1.2%</i>	<i>41.3%</i>	<i>37.1%</i>
<i>EBIT (adj.)* growth</i>	<i>-3.0%</i>	<i>13.6%</i>	<i>-5.1%</i>	<i>3.4%</i>	<i>42.2%</i>	<i>38.6%</i>

## Fine Foods: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Profit growth	-0.3%	41.4%	-5.0%	4.2%	36.8%	36.4%
EPS adj. growth	16.4%	-31.8%	-56.7%	40.4%	36.8%	36.4%
DPS adj. growth		n.m.	20.0%	5.0%	0.0%	0.0%
EBITDA (adj)* margin	13.0%	13.4%	13.0%	13.0%	14.0%	15.0%
EBITA (adj)* margin	7.5%	7.3%	6.6%	6.1%	7.6%	9.2%
EBIT (adj)* margin	7.5%	7.3%	6.1%	5.7%	7.2%	8.8%
<b>RATIOS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Debt/Equity	0.5	-0.3	-0.3	-0.3	-0.4	-0.4
Net Debt/EBITDA	1.3	-2.5	-2.2	-2.3	-2.2	-2.2
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%	62.3%	65.0%	69.0%
Capex/Sales	18.3%	23.0%	7.5%	4.5%	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%	5.9%	6.5%	9.2%	12.5%
WACC	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
ROCE (adj.)/WACC	1.5	1.0	0.9	1.0	1.4	1.9
<b>PER SHARE DATA (EUR)***</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Average diluted number of shares	5.7	22.7	23.2	23.2	23.2	23.2
EPS (reported)	0.90	0.61	0.26	0.37	0.51	0.69
EPS (adj.)	0.90	0.61	0.26	0.37	0.51	0.69
BVPS	6.78	6.57	6.39	6.64	7.02	7.59
DPS	0.00	0.10	0.12	0.13	0.13	0.13
<b>VALUATION</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
EV/Sales	0.7	1.2	1.5	1.1	0.9	0.8
EV/EBITDA	5.0	8.7	13.3	8.4	6.6	5.1
<b>EV/EBITDA (adj.)*</b>	<b>5.0</b>	<b>8.7</b>	<b>11.5</b>	<b>8.4</b>	<b>6.6</b>	<b>5.1</b>
EV/EBITA	8.7	16.0	30.7	17.9	12.1	8.3
<b>EV/EBITA (adj.)*</b>	<b>8.7</b>	<b>16.0</b>	<b>22.6</b>	<b>17.9</b>	<b>12.1</b>	<b>8.3</b>
EV/EBIT	8.7	16.0	34.8	19.2	12.9	8.7
<b>EV/EBIT (adj.)*</b>	<b>8.7</b>	<b>16.0</b>	<b>24.7</b>	<b>19.2</b>	<b>12.9</b>	<b>8.7</b>
<b>P/E (adj.)</b>	<b>11.2</b>	<b>15.2</b>	<b>45.5</b>	<b>28.5</b>	<b>20.8</b>	<b>15.2</b>
P/BV	1.5	1.4	1.9	1.6	1.5	1.4
Total Yield Ratio	0.0%	1.1%	1.1%	1.2%	1.2%	
EV/CE	1.3	1.6	2.1	1.8	1.7	1.6
OpFCF yield	-1.3%	-16.0%	3.3%	3.9%	4.9%	6.2%
OpFCF/EV	-1.0%	-20.5%	3.9%	5.0%	6.6%	8.8%
Payout ratio	0.0%	16.4%	45.5%	34.0%	24.8%	18.2%
Dividend yield (gross)	0.0%	1.1%	1.1%	1.2%	1.2%	1.2%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Price** (EUR)	10.06	9.25	12.00	10.55	10.55	10.55
Outstanding number of shares for main stock	5.7	22.7	23.2	23.2	23.2	23.2
<b>Total Market Cap</b>	<b>58</b>	<b>210</b>	<b>278</b>	<b>245</b>	<b>245</b>	<b>245</b>
<b>Net Debt</b>	<b>20</b>	<b>-47</b>	<b>-40</b>	<b>-53</b>	<b>-61</b>	<b>-73</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>-10</i>	<i>-75</i>	<i>-71</i>	<i>-80</i>	<i>-87</i>	<i>-95</i>
<i>o/w Gross Financial Debt (+)</i>	<i>30</i>	<i>28</i>	<i>31</i>	<i>27</i>	<i>25</i>	<i>23</i>
<i>o/w Lease Liabilities (+)</i>						
<b>Other EV components</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Enterprise Value (EV adj.)</b>	<b>78</b>	<b>163</b>	<b>239</b>	<b>192</b>	<b>183</b>	<b>172</b>

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

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

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

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

as 11<sup>th</sup> March 2020

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





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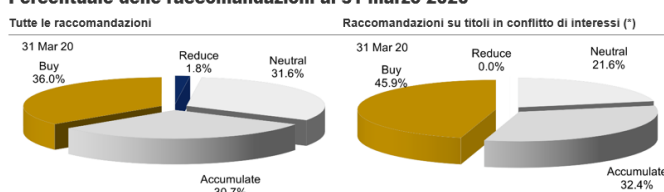
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#### Percentuale delle raccomandazioni al 31 marzo 2020



(\*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 32.46% del totale degli emittenti oggetto di copertura

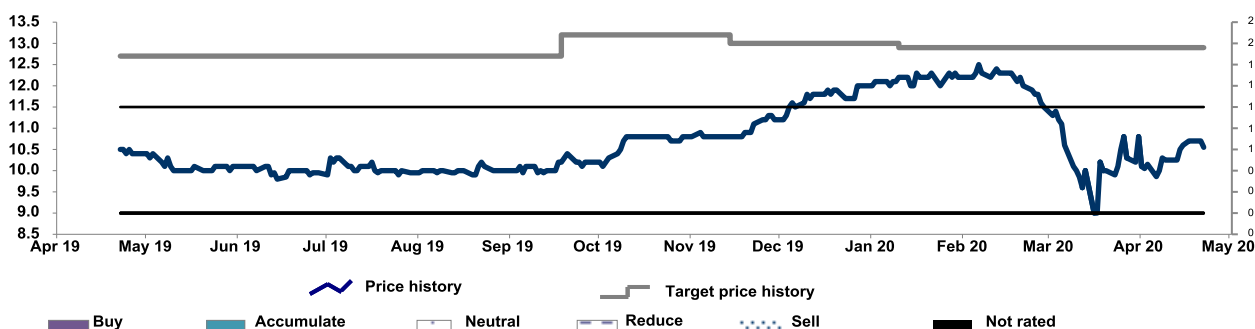
#### Recommendation history for FINE FOODS

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 15/04/2019)



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



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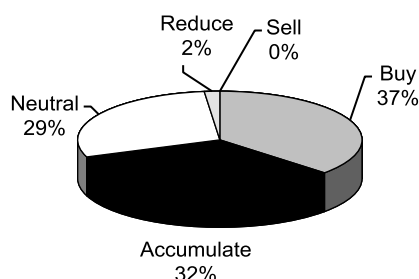
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- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
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Certain 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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