

## FINE FOODS

## OUTPERFORM

Price (Eu): **10.80**

Target Price (Eu): **13.00**

SECTOR: Industrials

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## A Nice Story of Growth and Sustainable Margins In Turbulent Times

- Double-digit growth confirmed across both divisions, Food and Pharma.** FY results were broadly in line with our expectations, showing a healthy top-line trajectory, with a 15% increase to Eu159.7mn (our estimate: Eu160.5mn). Within the mix, the Food top-line (75% of the total) rose 13%, supported by ongoing volume expansion, while growth at Pharma (25% of the total) witnessed an impressive double-digit rise (+20% YoY), in line with the historical trend, recovering in 2H (+41% YoY vs. 1H +4% YoY) from the delays caused by the transfer of production from Nembo to Brembate in 1H. Top-line performance was entirely attributable to organic growth, since no M&A activity was carried out during the year.
- Healthy margins in line with historical levels.** Adj. EBITDA was Eu20.8mn (+11% YoY, in line with estimate at Eu20.7mn), a sound 13% margin on sales, broadly in line with the historical average. Reported EBITDA landed at Eu18mn (an 11% margin), a touch above our estimate (Eu17.8mn) after the booking of ca. Eu2.8mn in non-recurring costs. Below EBITDA, reported EBIT came to Eu6.9mn (Eu9.7mn on an adjusted basis), while pre-tax profit was Eu7.7mn, and net income was Eu6.1mn and Eu8.2mn on an adjusted basis (stronger than our estimate at Eu6.8mn), i.e. ca a. 5% margin on sales.
- Solid FCF generation keeps NFP in line with 1H19.** The positive net financial position was Eu39.8mn, broadly in line with our expectations (Eu39.1mn) and with 1H19 (Eu38.9mn), and compares to Eu46.7mn as at YE'18. During the year, strong FCF generation (Eu19.2mn, in line with our exp. Eu19.4mn) was entirely used to finance new investments (Eu20.1m, of which ca. Eu11mn was ordinary CapEx, i.e. 6% of sales) and to remunerate shareholders (Eu4.7mn in buybacks and Eu2.2mn in dividends). The proposed DPS of Eu0.12/share (to be approved by the AGM called for 30 April) exceeds our expectation (Eu0.08/share) and implies a ca. 45% payout on FY19 net profit.
- FY20 Outlook.** As of today, the company is not experiencing any major disruption from the Covid-19 outbreak (both the plants in the Bergamo area are open, as pharma and health products are considered essential goods in the recent government decree), nor any issues in manufacturing and shipping to customers, or the supply chain (company constantly in touch with suppliers of raw materials and packaging). Nevertheless, given low visibility at this time, the company is not yet able to quantify the potential impact on FY20, but we believe this should be manageable, bearing in mind the good resilience of both the Fine Foods businesses.
- Fine-tuning to Estimates.** We have performed some minor fine-tuning to top-line estimates to reflect a higher Pharma growth, while for FY20 we assume a 13.5% margin (from the previous 14%) to reflect a more gradual improvement from FY19 (13.0%) and higher D&A (due to the recent expansion of production sites), leading to -4%/-1%/+2% EPS changes for FY20/'21/'22.
- Rating OUTPERFORM confirmed, new target at Eu13.0 (from Eu12.80).** The group is well placed to confirm double-digit revenue growth thanks to highly visible customer demand and the additional capacity secured through investments, as well as the ability to seize M&A opportunities for quality assets in adjacent markets or to act as a natural aggregator domestically. In the short/medium term, however, we think management focus will be on investing organically in the current business and the potential listing on the MTA segment, which will mean a break of a few months before the company turns its attention back to exploring M&A opportunities.

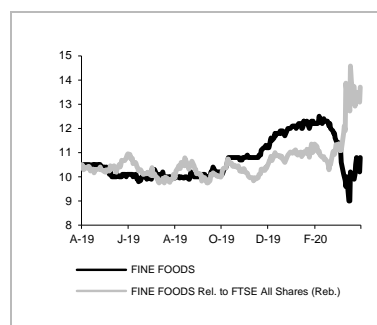
Key Figures	2018A	2019A	2020E	2021E	2022E
Sales (Eu mn)	139	160	183	206	229
Ebitda (Eu mn)	19	18	25	29	33
Net profit (Eu mn)	9	6	10	12	14
EPS - New Adj.(Eu)	0.370	0.352	0.444	0.519	0.612
EPS - Old Adj.(Eu)	0.370	0.290	0.461	0.525	0.599
DPS (Eu)	0.098	0.120	0.200	0.206	0.241

Ratios & Multiples	2018A	2019A	2020E	2021E	2022E
P/E Adj.	29.2	30.7	24.3	20.8	17.6
Div. Yield	0.9%	1.1%	1.9%	1.9%	2.2%
EV/Ebitda Adj.	10.7	9.9	8.2	6.8	5.6
ROCE	12.6%	6.6%	12.0%	13.9%	16.6%

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Next event:  
1H20 Results out 29 September

## FINE FOODS - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 12.80 to 13.00

Ch. in Adj.EPS est: 2020E 2021E  
-3.7% -1.1%

## STOCK DATA

Reuters code: FF.MI  
Bloomberg code: FF IM

Performance	1m	3m	12m
Absolute	-6.1%	-10.0%	1.9%
Relative	16.2%	17.5%	22.2%
12 months H/L:	12.50/9.00		

## SHAREHOLDER DATA

No. of Ord. shares (mn): 23  
Total No. of shares (mn): 23  
Mkt Cap Ord (Eu mn): 253  
Total Mkt Cap (Eu mn): 253  
Mkt Float - ord (Eu mn): 104  
Mkt Float (in %): 41.2%  
Main shareholder:  
Eigenfin Srl + M. Eigenmann 52.8%

## BALANCE SHEET DATA

2020  
Book value (Eu mn): 154  
BVPS (Eu): 6.58  
P/BV: 1.6  
Net Financial Position (Eu mn): 43  
Enterprise value (Eu mn): 203

Please see important disclaimer  
on the last page of this report

**FINE FOODS - KEY FIGURES**

		<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
	Fiscal year end	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	139	160	183	206	229
	EBITDA	19	18	25	29	33
	EBIT	10	7	13	15	18
	Financial income (charges)	0	1	0	0	0
	Associates & Others	0	0	0	0	0
	Pre-tax profit (Loss)	10	8	13	16	18
	Taxes	(2)	(2)	(3)	(3)	(4)
	Tax rate (%)	16.7%	21.4%	21.5%	21.5%	22.0%
	Minorities & discontinue activities	0	0	0	0	0
	Net profit	9	6	10	12	14
	Total extraordinary items	0	0	0	0	0
	Ebitda excl. extraordinary items	19	21	25	29	33
	Ebit excl. extraordinary items	10	10	13	15	18
Net profit restated	9	8	10	12	14	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	23	23	23	23	23
	EPS stated fd	0.370	0.259	0.444	0.519	0.612
	EPS restated fd	0.370	0.352	0.444	0.519	0.612
	BVPS fd	6.360	6.322	6.577	6.897	7.275
	Dividend per share (ord)	0.098	0.120	0.200	0.206	0.241
	Dividend per share (sav)	0.000	0.000	0.000	0.000	0.000
	Dividend pay out ratio (%)	25.7%	45.0%	45.0%	45.0%	45.0%
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	17	18	20	24	27
	Change in NWC	(19)	2	(5)	(3)	(3)
	Capital expenditure	(32)	(20)	(8)	(9)	(10)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	(1)	19	15	21	24
	Acquisitions, divestments & others	(0)	1	1	1	1
	Dividend	0	(2)	(3)	(5)	(5)
	Equity financing/Buy-back	100	(5)	(2)	0	0
Change in Net Financial Position	67	(7)	3	8	9	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	83	93	89	85	81
	Net working capital	21	19	24	27	30
	Long term liabilities	0	(2)	(1)	(1)	0
	Net capital employed	102	109	111	111	110
	Net financial position	47	40	43	51	60
	Group equity	149	148	154	162	171
	Minorities	0	0	0	0	0
Net equity	149	148	154	162	171	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	253	253	253	253	253
	Adjustments (associate & minorities)	7	7	7	7	7
	Net financial position	47	40	43	51	60
	Enterprise value	200	207	203	196	186
<b>RATIOS(%)</b>	EBITDA margin*	13.4%	13.0%	13.5%	14.0%	14.5%
	EBIT margin*	7.3%	6.1%	7.2%	7.5%	8.0%
	Gearing - Debt/equity	-31.3%	-26.8%	-28.0%	-31.4%	-35.3%
	Interest cover on EBIT	nm	nm	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	12.6%	6.6%	12.0%	13.9%	16.6%
	ROE*	9.2%	4.1%	6.9%	7.7%	8.6%
	EV/CE	2.5	2.0	1.9	1.8	1.7
	EV/Sales	1.4	1.3	1.1	1.0	0.8
	EV/Ebit	19.6	21.3	15.4	12.7	10.2
Free Cash Flow Yield	-0.5%	7.8%	6.1%	8.3%	9.8%	
<b>GROWTH RATES (%)</b>	Sales	16.6%	14.5%	14.6%	12.4%	11.4%
	EBITDA*	11.7%	11.3%	18.7%	16.5%	15.4%
	EBIT*	0.2%	-4.7%	35.7%	17.1%	18.8%
	Net profit	40.3%	-30.1%	71.6%	16.9%	17.9%
	EPS restated	26.9%	-5.0%	26.3%	16.9%	17.9%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## FY19 Results

- **Double-digit growth confirmed across both divisions, Food and Pharma.** FY results came broadly in line with our expectations, showing a healthy top-line trajectory, with a 15% increase to Eu159.7mn (our estimate: Eu160.5mn). Within the mix, the Food top-line (75% of the total) rose 13%, supported by ongoing volume expansion, while growth at Pharma (25% of the total) witnessed an impressive double-digit rise (+20% YoY), in line with the historical trend, recovering in 2H (+41% YoY vs. 1H +4% YoY) from the delays caused by the transfer of production from Nembro to Brembate in 1H. Top-line performance was entirely attributable to organic growth, since no M&A activity was carried out during the year.
- **Healthy margins in line with historical levels.** Adj. EBITDA was Eu20.8mn (+11% YoY, in line with estimate at Eu20.7mn), a sound 13% margin on sales, broadly in line with the historical average. Reported EBITDA landed at Eu18mn (an 11% margin), a touch above our estimate (Eu17.8mn) after the booking of ca. Eu2.8mn in non-recurring costs. Below EBITDA, reported EBIT came to Eu6.9mn (Eu9.7mn on an adjusted basis) while pre-tax profit was Eu7.7mn, and net income was Eu6.1mn and Eu8.2mn on an adjusted basis (stronger than our estimate at Eu6.8mn), i.e. a ca. 5% margin on sales.

### Fine Foods – FY19 Results: P&L

P&L (Eu mn)	1H18A	2H18A	2018A	1H19A	2H19A	2019A	2019E
<b>Net revenues</b>	<b>70,5</b>	<b>68,8</b>	<b>139,4</b>	<b>83,1</b>	<b>76,5</b>	<b>159,7</b>	<b>160,5</b>
YoY growth				17,9%	11,1%	14,5%	15,2%
<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>122,5</b>
YoY growth				23,0%	3,3%	12,8%	16,0%
as % of sales	73%	79%	76%	76%	73%	75%	76%
<b>Pharma</b>	<b>19,2</b>	<b>14,6</b>	<b>33,8</b>	<b>20,0</b>	<b>20,5</b>	<b>40,5</b>	<b>38,0</b>
YoY growth				4,2%	40,9%	20,0%	12,5%
as % of sales	27%	21%	24%	24%	27%	25%	24%
Other Income/ Δ finished goods	0,8	3,7	4,5	5,5	(1,9)	3,5	6,4
<b>Value of production</b>	<b>71,4</b>	<b>72,5</b>	<b>143,9</b>	<b>88,6</b>	<b>74,6</b>	<b>163,2</b>	<b>166,9</b>
Total Opex	(63,2)	(62,0)	(125,2)	(77,5)	(64,9)	(142,4)	(146,2)
<b>Adjusted EBITDA</b>	<b>9,4</b>	<b>9,3</b>	<b>18,7</b>	<b>11,2</b>	<b>9,6</b>	<b>20,8</b>	<b>20,7</b>
YoY growth				18,8%	3,8%	11,3%	10,9%
<b>Adjusted EBITDA Margin</b>	<b>13,3%</b>	<b>13,5%</b>	<b>13,4%</b>	<b>13,4%</b>	<b>12,6%</b>	<b>13,0%</b>	<b>12,9%</b>
one off	(1,2)	1,2	-	(1,4)	(1,4)	(2,8)	(2,9)
<b>Reported EBITDA</b>	<b>8,2</b>	<b>10,5</b>	<b>18,7</b>	<b>9,8</b>	<b>8,3</b>	<b>18,0</b>	<b>17,8</b>
<b>Reported EBITDA margin</b>	<b>11,6%</b>	<b>15,2%</b>	<b>13,4%</b>	<b>11,7%</b>	<b>10,8%</b>	<b>11,3%</b>	<b>11,1%</b>
D&A	(4,1)	(3,7)	(7,7)	(4,6)	(5,5)	(10,1)	(11,4)
Writedowns/Provision	(0,7)	(0,1)	(0,8)	(0,9)	(0,1)	(1,0)	-
<b>EBIT adjusted</b>	<b>3,4</b>	<b>6,8</b>	<b>10,2</b>	<b>5,7</b>	<b>4,1</b>	<b>9,7</b>	<b>9,3</b>
<b>EBIT reported</b>	<b>3,4</b>	<b>6,8</b>	<b>10,2</b>	<b>4,3</b>	<b>2,6</b>	<b>6,9</b>	<b>6,4</b>
Financial Income (Charges)	0,5	(0,2)	0,2	0,7	0,1	0,8	(0,7)
Non recurring income (Charges)	0,0	0,0	0,0	(0,5)	0,5	-	-
<b>Pretax</b>	<b>3,9</b>	<b>6,5</b>	<b>10,4</b>	<b>4,5</b>	<b>3,2</b>	<b>7,7</b>	<b>5,7</b>
Taxes	(1,1)	(0,7)	(1,7)	(1,3)	(0,4)	(1,7)	(1,2)
tax rate	27,9%	10,1%	16,7%	28,4%	11,8%	21,4%	21,0%
<b>Net income</b>	<b>2,8</b>	<b>5,9</b>	<b>8,7</b>	<b>3,2</b>	<b>2,9</b>	<b>6,1</b>	<b>4,5</b>
<b>Net Income Restated</b>	<b>2,8</b>	<b>5,9</b>	<b>8,7</b>	<b>4,2</b>	<b>4,2</b>	<b>8,2</b>	<b>6,8</b>

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

- **Solid FCF generation keeps NFP in line with 1H19.** The positive net financial position was Eu39.8mn, broadly in line with our expectations (Eu39.1mn) and with 1H19 (Eu38.9mn), and compares to Eu46.7mn as at YE'18. During the year, strong FCF generation (Eu19.2mn, in line with our exp. Eu19.4mn) was entirely used to finance new investments (Eu20.1m, of which ca. Eu11mn in ordinary CapEx, i.e. 6% of sales) and to remunerate shareholders (Eu4.7mn in buybacks and Eu2.2mn in dividends). The proposed DPS proposal of Eu0.12/share (to be approved by the AGM called for 30 April) exceeds our expectation (Eu0.08/share) and implies a ca. 45% payout on FY19 net profit.

**Fine Foods – FY19 Results: FCF Evolution**

<b>FCF Evolution (Eu mn)</b>	<b>2018A</b>	<b>1H19A</b>	<b>2H19A</b>	<b>2019A</b>	<b>2019E</b>
<b>Net Income Restated</b>	<b>8,7</b>	<b>3,2</b>	<b>5,0</b>	<b>8,2</b>	<b>6,8</b>
D&A and Provisions	8,5	4,6	6,5	11,1	11,4
Change in Working Capital	(18,6)	(2,4)	4,1	1,7	1,2
Other	0,3	-	(1,8)	(1,8)	-
<b>Operating CF</b>	<b>(1,1)</b>	<b>5,4</b>	<b>13,8</b>	<b>19,2</b>	<b>19,4</b>
Capex (Fixed & Intangible Assets)	(31,7)	(8,3)	(11,8)	(20,1)	(20,0)
Dividends	-	(2,2)	(0,0)	(2,2)	(2,2)
Share Buy-back	-	(2,7)	(2,0)	(4,7)	(4,7)
Rights Issue/ ipo	100,0	-	-	-	-
Other	(0,1)	-	-	-	-
<b>Cash Flow</b>	<b>67,1</b>	<b>(7,8)</b>	<b>0,9</b>	<b>(6,8)</b>	<b>(7,6)</b>
<b>NFP at the beg. of the year: Cash/(Debt)</b>	<b>(20,4)</b>	<b>46,7</b>	<b>38,9</b>	<b>46,7</b>	<b>46,7</b>
Cash Flow: Cash/(Debt)	67,1	(7,8)	0,9	(6,8)	(7,6)
<b>NFP at year end: Cash/(Debt)</b>	<b>46,7</b>	<b>38,9</b>	<b>39,8</b>	<b>39,8</b>	<b>39,1</b>

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

## Change to Estimates

We have performed some minor fine-tuning to top-line estimates to reflect higher Pharma growth, while for FY20 we assume a 13.5% margin (from the previous 14%) to reflect a more gradual improvement from FY19 (13%) and higher D&A (due to the recent expansion of production sites), leading to -4%/-1%/+2% EPS changes for FY'20/'21/'22.

**Fine Foods – Changes to Estimates**

<b>(Eu mn)</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
<b>Revenues new</b>	<b>159,7</b>	<b>182,9</b>	<b>205,5</b>	<b>228,9</b>
Revenues old		181,2	201,1	221,2
% change		0,9%	2,2%	3,5%
<b>Adj. EBITDA new</b>	<b>20,8</b>	<b>24,7</b>	<b>28,8</b>	<b>33,2</b>
Adj. EBITDA old	20,7	25,4	29,0	32,5
% change		-2,7%	-0,6%	2,1%
<b>Adj. EBIT new</b>	<b>9,7</b>	<b>13,2</b>	<b>15,4</b>	<b>18,3</b>
Adj. EBIT old		14,0	15,9	18,1
% change		-5,6%	-3,0%	1,0%
<b>Adj. Net profit new</b>	<b>8,2</b>	<b>10,4</b>	<b>12,2</b>	<b>14,4</b>
Adj Net profit old		10,8	12,3	14,0
% change		-3,7%	-1,1%	2,3%
<b>Net Cash (Debt) new</b>	<b>39,8</b>	<b>43,2</b>	<b>50,9</b>	<b>60,2</b>
Net Cash ( Debt) Old		29,9	39,1	50,1
% change		44,5%	29,9%	20,2%

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

**Fine Foods – Income Statement**

(Eu mn)	2015	2016	2017	2018	2019A	2020E	2021E	2022E
<b>Total Revenues</b>	<b>102</b>	<b>113</b>	<b>120</b>	<b>139</b>	<b>160</b>	<b>183</b>	<b>206</b>	<b>229</b>
Total Operating Costs	(89)	(98)	(104)	(121)	(142)	(158)	(177)	(196)
<b>EBITDA</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>19</b>	<b>18</b>	<b>25</b>	<b>29</b>	<b>33</b>
% EBITDA Margin	13%	13%	13%	13%	11%	14%	14%	15%
Depr. Prov 's. and Write-downs	(5)	(6)	(7)	(8)	(11)	(12)	(13)	(15)
<b>EBIT</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>7</b>	<b>13</b>	<b>15</b>	<b>18</b>
% EBIT Margin	7,9%	8,2%	7,5%	7,3%	4,3%	7,2%	7,5%	8,0%
Net Financial Charges	(0)	(0)	(0)	0	1	0	0	0
Other Charges and Income	0	0	0	0	0	0	0	0
<b>Net Operating Margin</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>13</b>	<b>16</b>	<b>18</b>
Taxes	(3)	(3)	(2)	(2)	(2)	(3)	(3)	(4)
Tax Rate %	-32%	-31%	-27%	-17%	-21%	-22%	-22%	-22%
<b>Net Income</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>10</b>	<b>12</b>	<b>14</b>

Source: Company data and Intermonte SIM estimates.

**Fine Foods – Balance Sheet**

(Eu mn)	2015	2016	2017	2018	2019A	2020E	2021E	2022E
Fixed assets:								
- Intangible	2	2	2	4	4	3	3	3
- Tangible	39	42	57	79	89	86	82	77
- Financial	0	0	0	0	0	0	0	0
<b>Total Fixed Assets</b>	<b>40</b>	<b>43</b>	<b>59</b>	<b>83</b>	<b>93</b>	<b>89</b>	<b>85</b>	<b>81</b>
Net working capital	10	10	2	21	19	24	27	30
<b>Gross inv. capital</b>	<b>51</b>	<b>53</b>	<b>61</b>	<b>103</b>	<b>112</b>	<b>113</b>	<b>113</b>	<b>111</b>
Severance provision	(0)	(0)	0	0	(2)	(1)	(1)	0
<b>Net invested capital</b>	<b>49</b>	<b>52</b>	<b>59</b>	<b>102</b>	<b>109</b>	<b>111</b>	<b>111</b>	<b>110</b>
Group sharehold. equity	31	33	39	149	148	154	162	171
Minority interests	0	0	0	0	0	0	0	0
<b>Net Debt / (Net Cash)</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>(47)</b>	<b>(40)</b>	<b>(43)</b>	<b>(51)</b>	<b>(60)</b>
<b>Total cover</b>	<b>49</b>	<b>52</b>	<b>59</b>	<b>102</b>	<b>109</b>	<b>111</b>	<b>111</b>	<b>110</b>

Source: Company data and Intermonte SIM estimates.

**Fine Foods – Cash Flow Statement**

(Eu mn)	2015	2016	2017	2018	2019A	2020E	2021E	2022E
<b>Net fin position beg of year</b>	<b>(14)</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>	<b>47</b>	<b>40</b>	<b>43</b>	<b>51</b>
Net income	5	6	6	9	8	10	12	14
Depreciation	5	6	7	8	11	12	13	15
Change in working capital	(7)	0	8	(19)	2	(5)	(3)	(3)
Others	0	0	0	0	(2)	(2)	(2)	(2)
<b>Operating cash flow</b>	<b>4</b>	<b>12</b>	<b>21</b>	<b>(1)</b>	<b>19</b>	<b>15</b>	<b>21</b>	<b>24</b>
Investments	(8)	(10)	(22)	(32)	(20)	(8)	(9)	(10)
<b>Free cash flow</b>	<b>(3)</b>	<b>2</b>	<b>(1)</b>	<b>(33)</b>	<b>(1)</b>	<b>7</b>	<b>11</b>	<b>14</b>
Dividends	(5)	0	0	(2)	(3)	(5)	(5)	(6)
Other movements	(0)	2	(0)	100	(4)	(1)	1	1
<b>Cash flow</b>	<b>(9)</b>	<b>4</b>	<b>(1)</b>	<b>65</b>	<b>(7)</b>	<b>1</b>	<b>7</b>	<b>8</b>
<b>Net fin position end of year</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>	<b>47</b>	<b>40</b>	<b>43</b>	<b>51</b>	<b>60</b>

Source: Company data and Intermonte SIM estimates.

## DETAILS ON STOCKS RECOMMENDATION

Stock NAME	FINE FOODS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	13.00	Previous Target (Eu):	12.80
Current Price (Eu):	10.80	Previous Price (Eu):	10.20
Date of report:	01/04/2020	Date of last report:	04/10/2019

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- 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)

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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.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	50.00 %
NEUTRAL:	35.15 %
UNDERPERFORM	03.91 %
SELL:	00.00 %

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OUTPERFORM:	66.67 %
NEUTRAL:	18.75 %
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SELL:	00.00 %

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THESPAC	0,73	LONG
VEI 1	0,62	LONG

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