

# Fine Foods

Sponsored Research

Italy | Healthcare

Investment Research



## Company Update

Reason: Company results (post view)

14 September 2021

### Accumulate

from Buy

Share price: EUR 17.85

closing price as of 13/09/2021

Target price: EUR 21.50

from Target Price: EUR 15.00

Upside/Downside Potential 20.4%

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) 438

Current N° of shares (m) 25

Free float 52%

Daily avg. no. trad. sh. 12 mth (k) 15

Daily avg. trad. vol. 12 mth (k) 580.24

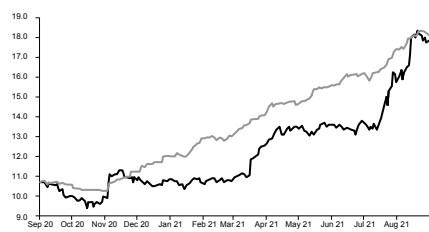
Price high/low 12 months 18.35 / 9.40

Abs Perfs 1/3/12 mths (%) 13.33/31.25/66.82

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	172	210	236
EBITDA (m)	21	30	35
EBITDA margin	12.3%	14.4%	15.0%
EBIT (m)	9	16	20
EBIT margin	5.5%	7.8%	8.6%
Net Profit (adj.)(m)	9	12	15
ROCE	6.9%	9.1%	11.3%
Net debt/(cash) (m)	(43)	(36)	(48)
Net Debt Equity	-0.3	-0.2	-0.3
Net Debt/EBITDA	-2.0	-1.2	-1.4
Int. cover(EBITDA/Fin.int)	(2.9)	46.5	54.4
EV/Sales	1.2	1.9	1.7
EV/EBITDA	9.8	13.3	11.1
EV/EBITDA (adj.)	9.3	13.3	11.1
EV/EBIT	21.9	24.7	19.3
P/E (adj.)	18.4	35.1	28.5
P/BV	1.8	2.9	2.7
OpFCF yield	8.8%	-0.1%	3.7%
Dividend yield	0.8%	0.9%	0.9%
EPS (adj.)	0.57	0.51	0.63
BVPS	5.98	6.11	6.59
DPS	0.14	0.15	0.17

### Shareholders

Marco Eigenmann 48%;



Source: FactSet

— FINE FOODS — FTSE AIM Italia (Rebased)

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## Solid H1 21 results that can support expected FY 21 growth

Though the group's reference markets are still struggling to get back to pre-COVID levels, the group achieved solid H1 21 results and the management expect good sales volumes also for the second half of 2021, with a substantial alignment with the historical organic growth rates and further positive performance by Pharmatek. Given the significant production capacity available and the capability of the management to increase the product portfolio and attract new clients, we are confident that Fine Foods will be able maintain a sustained growth path in the coming years.

- ✓ **Solid H1 21 results** - H1 21 sales increased by 30.7% Y/Y. In addition to the positive total organic sales growth of +23%, H1 21 revenues benefitted from the positive contribution of EUR 6m from the acquired Pharmatek. The EBITDA adj margin moved from 11.8% in H1 20 to 13.3% in H1 21. This strong improvement was due to: 1) the strong increase in sales volumes by the Food BU; 2) higher operational efficiencies; 3) the positive contribution from Pharmatek's profitability (EBITDA margin around 16%).
- ✓ **ESG rating received from EcoVadis** - EcoVadis awarded Fine Foods the Gold rating and the management confirmed their commitment to improve the group's already advanced sustainable model.
- ✓ **2021-23 estimates** - In light of the good H1 21 results and the positive management outlook on H2, we confirm FY 21 total revenue growth of 22.3% Y/Y thanks to the positive contribution from the newly acquired Pharmatek. Given the expected gradual normalisation of the market, we believe that Fine Foods will be able to maintain a sustained growth path in the next three years. We forecast a total sales CAGR of 9.7% in the biennium 2022-2023.

As shown by the impressive margin improvement in H1 21, we believe that, after the operative difficulties due to the Covid-19 crisis in 2020, starting from 2021 the company will be able fully extract the value of the expansion investments made in 2019. Furthermore, we expect the first positive effects from the integration of Pharmatek. Therefore, we confirm our FY 21 EBITDA adj margin of 14.4% and we expect a stable EBITDA margin of 15% for the biennium 2022-23.

- ✓ **Valuation & conclusions** - based on the solid H1 21 results and on the foregoing management indications, we are confident that the group can achieve FY 21 results in line with our estimates (FY 21e revenue growth of +22.3% Y/Y and FY 21e EBITDA margin around 14.4%) and that the double-digit revenue growth will continue through 2022. So, based on the roll-over of our DCF model (WACC from 6.70% to 6.50% and perpetual growth from 1.5% to 1.8%), we set a target price of EUR 21.50 (vs previous 15.00).

Given the current potential upside, after the recent strong price recovery (+70% YTD), we move our recommendation from Buy to Accumulate. However, we confirm that our view on the equity story remains decidedly positive.

Lastly, we remind investors that the management have confirmed their commitment to the M&A strategy; so, new acquisitions would significantly increase the current potential upside of the stock.

Produced by:



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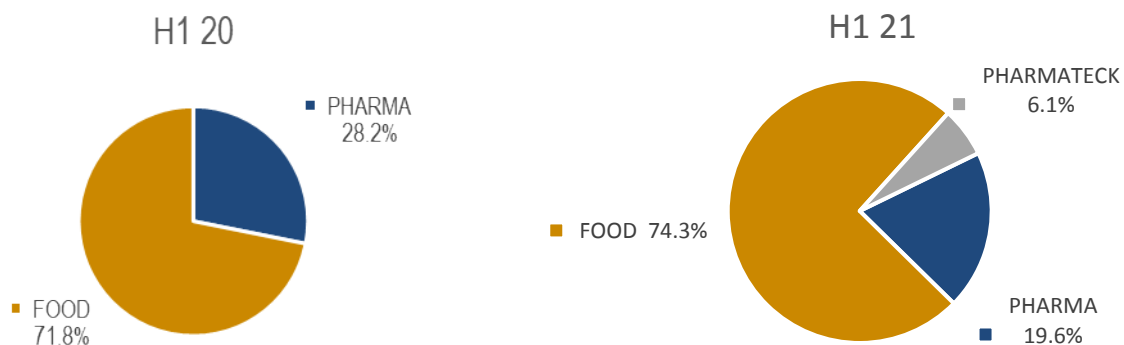
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## Solid H1 21 results that can support expected robust FY 21 growth

**H1 21 revenue growth was slightly higher than expected** – H1 21 sales increased by 30.7% Y/Y. This strong performance was due to the very positive results by the Food BU (+35.5% Y/Y), which completely offset the temporary weak performance of the Pharma BU (-9.0% Y/Y). Furthermore, it is important to underline that, in addition to the positive total organic sales growth of +23%, H1 21 revenues benefitted from the positive contribution of EUR 6m from the acquired Pharmatek.

### FINE FOODS: Revenue breakdown by division



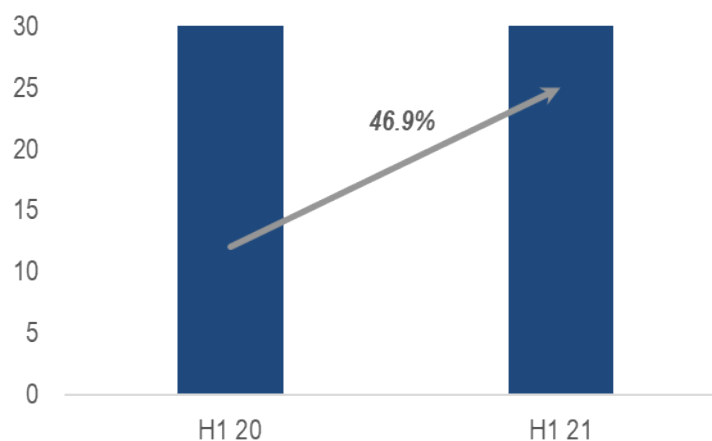
Source: Company data

**Profitability was in line with our expectations** – The EBITDA adj margin moved from 11.8% in H1 20 to 13.3% in H1 21. This strong improvement was due to: 1) the strong increase in sales volumes in the Food BU; 2) higher operational efficiencies; 3) the positive contribution from Pharmatek's profitability (EBITDA margin around 16%).

H1 21 EBIT amounted to approximately EUR6.7m million, a strong increase compared to EUR 3.3m in H1 20; so, the EBIT margin improved from 4.4% in H1 20 to 6.8% in H1 21.

The strong improvement in the operating margins is also partially reflected in the H1 21 Net Income, which reached EUR 6.5m (vs EUR 1.5m in H1 20).

### FINE FOODS: H1 21 EBITDA adjusted



Source: Company data



## H1 21 Profit & loss

	H1 20a	H1 21a	% Chg	Akros H1 21e	Vs Estimates
Revenues	75.4	98.6	+30.7%	96.0	+2.7%
EBITDA adj	8.9 (*)	13.1 (*)	+46.9%	13.0	+1.0%
Margin	11.8%	13.3%		13.5%	
EBIT adj	3.3 (*)	6.7 (*)	<i>n.m.</i>		
Margin	4.4%	6.8%			
Net Profit adj	1.5	6.5	<i>n.m.</i>		

Source: Company data

(\*) H1 21 EBITDA and EBIT don't include non-recurring charges of EUR 0.273m; H1 20 EBITDA and EBIT don't include non-recurring charges of EUR 0.697m

(\*\*) H1 21 Net Profit does not include non-recurring financial charges of EUR 12.7m related to the charge in fair value of warrants fully settled at the same – H1 20 Net Profit does not include non-recurring financial charges of EUR 3.7m.

**H1 21 NFP** was positive at EUR 20.7m, vs EUR 34.9m at the end of June 2020. This difference was due to the acquisition of Pharmatek, which had an impact of EUR17.2m on the group's NFP.



## 2021-23 estimates

### 2021-23 sales evolution

Based on the solid results in the first six months of the year and even though the group's reference markets are still struggling to return to pre-COVID levels, the management expect good sales volumes for the second half of 2021, with a substantial alignment with the historical organic growth rates and a further positive performance by Pharmatek.

In light of the good H1 21 results and the positive management outlook on H2, we confirm FY 21 total revenue growth of 22.3% Y/Y thanks to the positive contribution from the newly acquired Pharmatek.

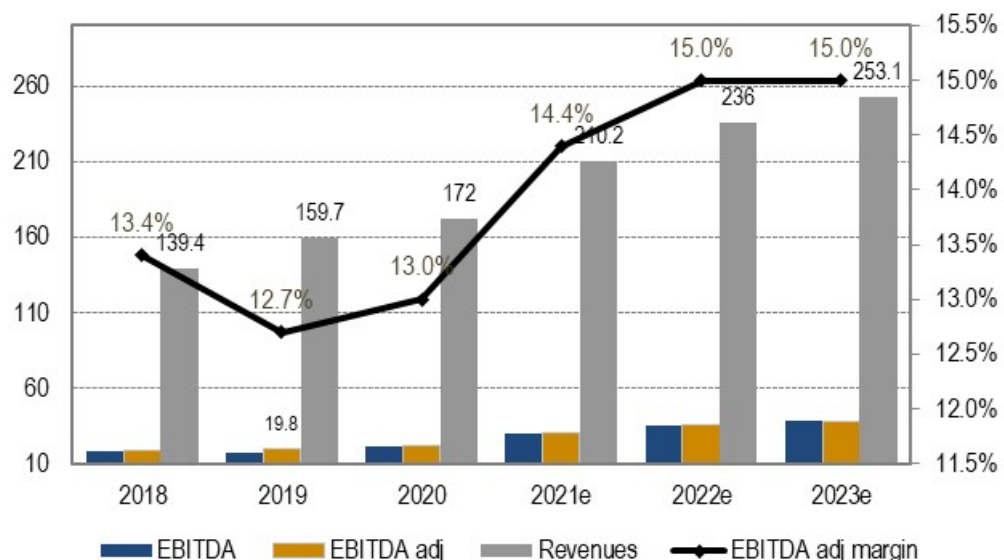
Given the expected gradual normalisation of the market, we believe that Fine Foods will be able to maintain a sustained growth path in the next three years. We forecast a total sales CAGR of 9.7% in the biennium 2022-2023.

### 2021-23 profitability evolution

As shown by the impressive margin improvement in H1 21, we believe that, after the operative difficulties due to the Covid-19 crisis in 2020, starting from 2021 the company will be able fully extract the value from the expansion investments made in 2019. Furthermore, we expect the first positive effects from the integration of Pharmatek.

Therefore, we confirm our FY 21 EBITDA adj margin of 14.4% and we expect a stable EBITDA margin of 15% for the biennium 2022-23.

Revenue and EBITDA evolution 2020-2023e (EUR m)



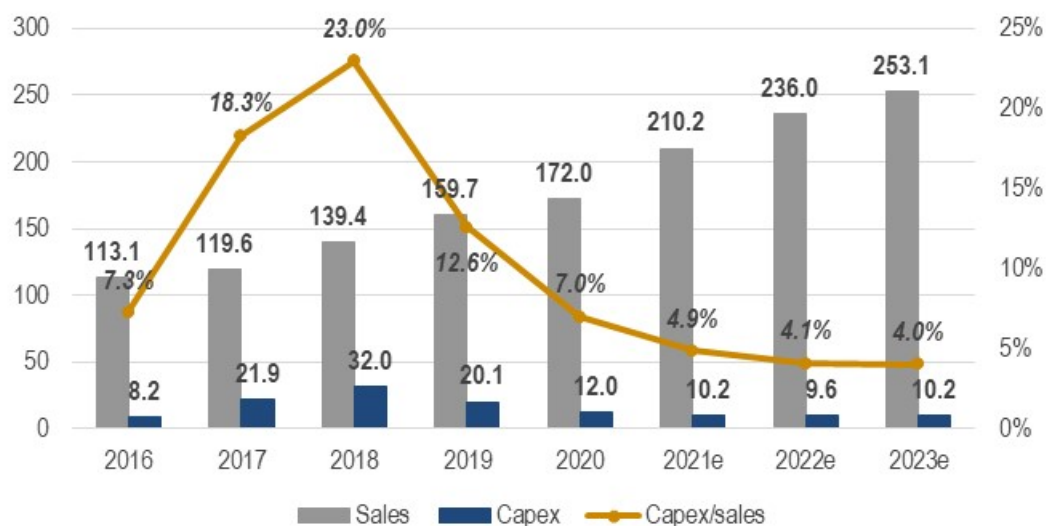
Source: Company data, Banca Akros estimates



## 2021-23 capital structure evolution

We expect FY 21e CAPEX to be around EUR 10m. Since the expansion capex is almost completed, we estimate maintenance capex will not exceed 4.5% of revenues in the coming years.

### Sales and capex evolution 2015-2023e (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 continue to 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: 2019-2023e Banca Akros estimates**

PROFIT & LOSS (EUR m)	2019	2020	%Chg	2021e	%Chg	2022e	%Chg	2023e	%Chg	%CAGR
<b>Revenues</b>	<b>159.7</b>	<b>172.0</b>	<b>7.7%</b>	<b>210.2</b>	<b>22.2%</b>	<b>236.0</b>	<b>12.3%</b>	<b>253.1</b>	<b>7.2%</b>	<b>13.6%</b>
<b>EBITDA adj</b>	<b>20.3</b>	<b>22.3</b>	<b>9.9%</b>	<b>30.3</b>	<b>35.7%</b>	<b>35.4</b>	<b>17.0%</b>	<b>38.0</b>	<b>7.5%</b>	<b>19.3%</b>
<i>EBITDA adj margin</i>	12.7%	13.0%		14.4%		15.0%		15.0%		
One-off costs	2.8	1.2		0		0		0		
<b>EBITDA</b>	<b>17.5</b>	<b>21.1</b>	<b>20.6%</b>	<b>30.3</b>	<b>43.5%</b>	<b>35.4</b>	<b>17.0%</b>	<b>38.0</b>	<b>7.5%</b>	<b>21.5%</b>
<i>EBITDA margin</i>	10.9%	12.3%		14.4%		15.0%		15.0%		
D&A and provisions	-9.4	-11.6		-13.9		-15.1		-15.9		
<b>EBIT</b>	<b>8.1</b>	<b>9.5</b>	<b>16.4%</b>	<b>16.3</b>	<b>72.7%</b>	<b>20.3</b>	<b>24.4%</b>	<b>22.2</b>	<b>9.2%</b>	<b>32.5%</b>
<i>EBIT margin</i>	5.1%	5.5%		7.8%		8.6%		8.8%		
Net fin. income/charges	-8.0	7.2		-0.7		0.9		0.9		
Non-Recurring items	0	0		0		0		0		
<b>Pre-tax profit</b>	<b>0.1</b>	<b>16.6</b>	<i>n.m.</i>	<b>15.7</b>	<b>-5.9%</b>	<b>19.6</b>	<b>25.4%</b>	<b>21.5</b>	<b>9.5%</b>	
Taxes	-2.9	-3.3		-3.4		-4.3		-4.7		
<i>Tax rate</i>	-	19.9%		21.9%		21.9%		21.9%		
Minorities	0	0		0		0		0		
<b>Net profit</b>	<b>-2.8</b>	<b>13.4</b>	<i>n.m.</i>	<b>12.2</b>	<b>-8.4%</b>	<b>15.3</b>	<b>25.4%</b>	<b>16.8</b>	<b>9.5%</b>	<b>7.9%</b>
<b>Net profit adj</b>	<b>11.9</b>	<b>9.3</b>	<b>-21.00%</b>	<b>12.2</b>		<b>15.3</b>		<b>16.8</b>		<b>21.6%</b>
Maintenance capex	12	12		10.2		9.6		10.2		
Acquisition Capex				11.2(*)				6.0(*)		
<b>Net Debt (Cash)</b>	<b>-24.4</b>	<b>-42.8</b>		<b>-48.5</b>		<b>-60.3</b>		<b>-70.1</b>		
Net Debt from warrants	18.6	11.0								
<b>Net Debt (Cash) Adj</b>	<b>-43.0</b>	<b>-53.8</b>		<b>-48.5</b>		<b>-60.3</b>		<b>-70.1</b>		

Source: Company data and Banca Akros estimates.

(\*) Pharmatek acquisition



## Valuation

### DCF valuation

**Based on our DCF model, we come to a fair value of EUR 21.5 per share, implying an over 20% potential upside.**

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

- ✓ Sales forecast: a) for the period 2021/2023e, we assume a sales CAGR of 13.6%; b) for the period 2024/2025e we estimate a sales CAGR of 10%.
- ✓ Profitability forecast: a) for the period 2021/2023e, 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 15.4%, which is higher than the FY 20 adjusted EBITDA margin of 13.0%, because we reckon that the group - helped by the additional production capacity available after the expansion investments and the integration of Pharmatek- will benefit from a lower incidence of fixed costs, an efficiency improvement and further economies of scale.
- ✓ A WACC of 6.5% 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 1.8%.

#### FINE FOODS: Free Cash Flow projection (EUR m)

	2021e	2022e	2023e	2024e	2025e
EBITA	16.3	20.3	22.2	25.7	29.3
Taxes	-3.6	-4.4	-4.9	-5.6	-6.4
Tax rate	21.9%	21.9%	21.9%	21.9%	21.9%
<b>NOPLAT</b>	<b>12.7</b>	<b>15.9</b>	<b>17.3</b>	<b>20.1</b>	<b>22.9</b>
Depreciation & other provisions	13.0	14.1	14.8	15.7	16.6
<b>Operating Cash Flow</b>	<b>25.8</b>	<b>29.9</b>	<b>32.1</b>	<b>35.7</b>	<b>39.5</b>
Capex	-21.4	-9.6	-16.2	-15.0	-15.0
Change in Net Working Capital	-5.1	-4.6	-1.9	5.4	6.0
<b>Free Operating Cash Flow (FOCF)</b>	<b>-0.8</b>	<b>15.7</b>	<b>14.0</b>	<b>26.2</b>	<b>30.6</b>

Source: Banca Akros estimates

#### FINE FOODS: DCF analysis

Perpetual Growth Rate	1.80%
WACC	6.50%
<b>Terminal Value</b>	<b>636.6</b>
Discounting Rate of Terminal Value	0.69
Discounted Terminal Value	436.3
<b>Cumulated DFOCF</b>	<b>67.4</b>
Financial Assets as of 31/12/20	2.0
<b>Enterprise Value (EUR m)</b>	<b>505.7</b>
Net Financial Cash as of 31/12/20 (EUR m)	42.7
Minorities market value (EUR m)	(0.0)
<b>Equity Value (EUR m)</b>	<b>548.3</b>
<b>Value per share (EUR)</b>	<b>21.50</b>

Source: Banca Akros estimates





### DCF sensitivity table (EUR)

WACC	Terminal growth rate (g)						
	1.05%	1.30%	1.55%	1.80%	2.05%	2.30%	2.55%
5.60%	21.9	23.0	24.1	25.5	27.0	28.8	30.8
5.90%	20.8	21.8	22.8	24.0	25.3	26.7	28.5
6.20%	19.9	20.7	21.6	22.6	23.8	25.0	26.5
6.50%	19.1	19.8	20.6	21.5	22.5	23.6	24.8
6.80%	18.3	19.0	19.7	20.5	21.3	22.3	23.4
7.10%	17.6	18.2	18.9	19.6	20.4	21.2	22.2
7.40%	17.0	17.5	18.1	18.8	19.5	20.2	21.1

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.

### Fine Foods: peer data

	Cur	Market Cap (m)	EV/EBITDA		P/E adj	
			2021e	2022e	2021e	2022e
CATALENT INC	USD	23,366.2	21.8	19.4	39.0	34.8
PIRAMAL ENTERPRISES LTD	INR	627,482.7	18.9	16.2	22.3	19.0
LABOMAR	EUR	266.2	18.2	15.4	38.9	32.7
SIEGFRIED HOLDING AG-REG	CHF	3,806.9	21.4	18.1	37.7	30.1
STRIDES PHARMA SCIENCE LTD	INR	53,726.0	20.3	9.6	-	15.4
<b>AVERAGE</b>			<b>20.1</b>	<b>15.7</b>	<b>34.5</b>	<b>26.4</b>
FINE FOODS	EUR	453.7	15.8	13.2	36.4	29.8
<b>Premium (discount)</b>			<b>-21.4%</b>	<b>-16.4%</b>	<b>5.7%</b>	<b>12.7%</b>

Source: Bloomberg data as at 14 September 2021 and Banca Akros estimates

### Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
12/11/21	Results	Q3 2021 Results	2021Q3
13/09/21	Results	Interim 2021 Results	2021H1

Source: Precise



## Fine Foods: Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
<b>Sales</b>	<b>139</b>	<b>160</b>	<b>172</b>	<b>210</b>	<b>236</b>	<b>253</b>
Cost of Sales & Operating Costs	-81.6	-69.5	-85.1	-96.6	-108.8	-127.6
Non Recurrent Expenses/Income	0.0	-2.8	-1.2	0.0	0.0	0.0
<b>EBITDA</b>	<b>18.7</b>	<b>17.5</b>	<b>21.1</b>	<b>30.3</b>	<b>35.4</b>	<b>38.0</b>
<b>EBITDA (adj.)*</b>	<b>18.7</b>	<b>20.3</b>	<b>22.3</b>	<b>30.3</b>	<b>35.4</b>	<b>38.0</b>
Depreciation	-8.5	-9.4	-11.6	-13.0	-14.1	-14.8
<b>EBITA</b>	<b>10.2</b>	<b>8.1</b>	<b>9.5</b>	<b>17.2</b>	<b>21.3</b>	<b>23.3</b>
<b>EBITA (adj)*</b>	<b>10.2</b>	<b>10.9</b>	<b>10.7</b>	<b>17.2</b>	<b>21.3</b>	<b>23.3</b>
Amortisations and Write Downs	0.0	0.0	0.0	-0.9	-1.0	-1.1
<b>EBIT</b>	<b>10.2</b>	<b>8.1</b>	<b>9.5</b>	<b>16.3</b>	<b>20.3</b>	<b>22.2</b>
<b>EBIT (adj.)*</b>	<b>10.2</b>	<b>10.9</b>	<b>10.7</b>	<b>16.3</b>	<b>20.3</b>	<b>22.2</b>
Net Financial Interest	0.2	-8.0	7.2	-0.7	-0.7	-0.7
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>10.4</b>	<b>0.1</b>	<b>16.6</b>	<b>15.7</b>	<b>19.6</b>	<b>21.5</b>
Tax	-1.7	-2.9	-3.3	-3.4	-4.3	-4.7
<i>Tax rate</i>	<i>16.7%</i>	<i>n.m.</i>	<i>19.9%</i>	<i>21.9%</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>8.7</b>	<b>-2.8</b>	<b>13.3</b>	<b>12.2</b>	<b>15.3</b>	<b>16.8</b>
<b>Net Profit (adj.)</b>	<b>8.7</b>	<b>11.9</b>	<b>9.3</b>	<b>12.2</b>	<b>15.3</b>	<b>16.8</b>
<b>CASH FLOW (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Cash Flow from Operations before change in NWC	17.2	6.5	25.0	26.2	30.4	32.7
Change in Net Working Capital	-18.7	5.3	12.7	-5.1	-4.6	-1.9
<b>Cash Flow from Operations</b>	<b>-1.5</b>	<b>11.8</b>	<b>37.7</b>	<b>21.0</b>	<b>25.8</b>	<b>30.7</b>
Capex	-32.0	-20.2	-16.0	-21.4	-9.6	-16.2
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-33.5</b>	<b>-8.4</b>	<b>21.7</b>	<b>-0.4</b>	<b>16.2</b>	<b>14.5</b>
Dividends	0.0	-2.3	-2.8	-3.3	-3.8	-4.1
Other (incl. Capital Increase & share buy backs)	202	-25.2	-0.9	-2.7	-0.8	-0.9
<b>Change in Net Debt</b>	<b>169</b>	<b>-36</b>	<b>18</b>	<b>-6</b>	<b>12</b>	<b>10</b>
NOPLAT	7.0	7.5	7.3	11.2	13.9	15.2
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Tangible Assets	78.6	89.3	93.4	104	99.5	101
Net Intangible Assets (incl. Goodwill)	4.3	1.9	1.9	1.9	1.9	1.9
Net Financial Assets & Other	0.0	2.0	2.0	2.0	2.0	2.0
<b>Total Fixed Assets</b>	<b>82.9</b>	<b>93.3</b>	<b>97.3</b>	<b>108</b>	<b>103</b>	<b>105</b>
Inventories	22.0	22.5	19.6	26.6	31.3	35.7
Trade receivables	21.5	17.1	12.7	17.4	21.7	22.3
Other current assets	5.7	2.5	3.3	4.0	4.5	4.8
Cash (-)	-74.8	-74.8	-75.0	-70.5	-78.4	-85.2
<b>Total Current Assets</b>	<b>124</b>	<b>117</b>	<b>111</b>	<b>119</b>	<b>136</b>	<b>148</b>
<b>Total Assets</b>	<b>207</b>	<b>210</b>	<b>208</b>	<b>226</b>	<b>239</b>	<b>253</b>
Shareholders Equity	149	131	141	150	162	174
Minority	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>149</b>	<b>131</b>	<b>141</b>	<b>150</b>	<b>162</b>	<b>174</b>
Long term interest bearing debt	22.6	21.2	16.1	17.1	15.1	13.8
Provisions	1.0	1.1	1.1	1.3	1.5	1.6
Other long term liabilities	0.0	1.2	0.6	0.7	0.8	0.8
<b>Total Long Term Liabilities</b>	<b>23.6</b>	<b>23.6</b>	<b>17.7</b>	<b>19.1</b>	<b>17.4</b>	<b>16.2</b>
Short term interest bearing debt	5.5	29.2	16.2	17.1	15.2	13.9
Trade payables	23.9	20.6	22.7	27.8	31.2	33.4
Other current liabilities	4.7	6.1	10.2	12.5	14.0	15.1
<b>Total Current Liabilities</b>	<b>34.1</b>	<b>55.9</b>	<b>49.1</b>	<b>57.4</b>	<b>60.4</b>	<b>62.4</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>206.9</b>	<b>210.2</b>	<b>207.8</b>	<b>226.4</b>	<b>239.3</b>	<b>252.8</b>
<b>Net Capital Employed</b>	<b>103.5</b>	<b>108.6</b>	<b>99.9</b>	<b>115.6</b>	<b>115.7</b>	<b>119.1</b>
<b>Net Working Capital</b>	<b>20.1</b>	<b>19.4</b>	<b>10.0</b>	<b>16.7</b>	<b>22.3</b>	<b>24.9</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
<i>Sales growth</i>	<i>16.6%</i>	<i>14.6%</i>	<i>7.7%</i>	<i>22.2%</i>	<i>12.3%</i>	<i>7.2%</i>
<b>EBITDA (adj.)* growth</b>	<b>20.3%</b>	<b>8.6%</b>	<b>9.9%</b>	<b>35.7%</b>	<b>17.0%</b>	<b>7.5%</b>
<i>EBITA (adj.)* growth</i>	<i>13.6%</i>	<i>7.2%</i>	<i>-2.5%</i>	<i>61.7%</i>	<i>23.7%</i>	<i>9.1%</i>
<i>EBIT (adj.)* growth</i>	<i>13.6%</i>	<i>7.2%</i>	<i>-2.5%</i>	<i>53.2%</i>	<i>24.4%</i>	<i>9.2%</i>



## Fine Foods: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Profit growth	41.4%	37.0%	-21.8%	31.6%	25.4%	9.5%
EPS adj. growth	-31.8%	n.m.	n.m.	-11.0%	23.0%	9.5%
DPS adj. growth	n.m.	20.0%	16.7%	10.0%	8.0%	8.0%
EBITDA (adj)* margin	13.4%	12.7%	13.0%	14.4%	15.0%	15.0%
EBITA (adj)* margin	7.3%	6.8%	6.2%	8.2%	9.0%	9.2%
EBIT (adj)* margin	7.3%	6.8%	6.2%	7.8%	8.6%	8.8%
<b>RATIOS</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Net Debt/Equity	-0.3	-0.2	-0.3	-0.2	-0.3	-0.3
Net Debt/EBITDA	-2.5	-1.4	-2.0	-1.2	-1.4	-1.5
Interest cover (EBITDA/Fin.interest)	n.m.	2.2	n.m.	46.5	54.4	58.5
Capex/D&A	376.7%	215.8%	137.5%	153.6%	63.6%	102.1%
Capex/Sales	23.0%	12.7%	9.3%	10.2%	4.1%	6.4%
NWC/Sales	14.4%	12.1%	5.8%	7.9%	9.4%	9.8%
ROE (average)	9.2%	8.5%	6.8%	8.4%	9.9%	10.0%
ROCE (adj.)	6.8%	6.8%	6.9%	9.1%	11.3%	11.9%
WACC	6.7%	6.7%	6.7%	6.5%	6.5%	6.5%
ROCE (adj.)/WACC	1.0	1.0	1.0	1.4	1.7	1.8
<b>PER SHARE DATA (EUR)***</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Average diluted number of shares	22.7	23.2	23.6	24.5	24.5	24.5
EPS (reported)	0.61	-0.12	0.57	0.51	0.63	0.69
EPS (adj.)	0.61	-0.12	0.57	0.51	0.63	0.69
BVPS	6.57	5.63	5.98	6.11	6.59	7.11
DPS	0.10	0.12	0.14	0.15	0.17	0.18
<b>VALUATION</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
EV/Sales	1.2	1.6	1.2	1.9	1.7	1.5
EV/EBITDA	8.7	14.7	9.8	13.3	11.1	10.1
<b>EV/EBITDA (adj.)*</b>	<b>8.7</b>	<b>12.6</b>	<b>9.3</b>	<b>13.3</b>	<b>11.1</b>	<b>10.1</b>
EV/EBITA	16.0	31.5	21.9	23.4	18.4	16.4
<b>EV/EBITA (adj.)*</b>	<b>16.0</b>	<b>23.5</b>	<b>19.4</b>	<b>23.4</b>	<b>18.4</b>	<b>16.4</b>
EV/EBIT	16.0	31.5	21.9	24.7	19.3	17.2
<b>EV/EBIT (adj.)*</b>	<b>16.0</b>	<b>23.5</b>	<b>19.4</b>	<b>24.7</b>	<b>19.3</b>	<b>17.2</b>
<b>P/E (adj.)</b>	<b>15.2</b>	<b>n.m.</b>	<b>18.4</b>	<b>35.1</b>	<b>28.5</b>	<b>26.0</b>
P/BV	1.4	2.1	1.8	2.9	2.7	2.5
Total Yield Ratio	1.1%	1.0%	0.8%	0.9%	0.9%	
EV/CE	1.6	2.3	2.0	3.3	3.2	3.0
OpFCF yield	-16.0%	-3.0%	8.8%	-0.1%	3.7%	3.3%
OpFCF/EV	-20.5%	-3.3%	10.5%	-0.1%	4.1%	3.8%
Payout ratio	16.4%	-98.7%	24.5%	30.3%	26.6%	26.2%
Dividend yield (gross)	1.1%	1.0%	0.8%	0.9%	0.9%	1.0%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020</b>	<b>12/2021e</b>	<b>12/2022e</b>	<b>12/2023e</b>
Price** (EUR)	9.25	12.00	10.50	17.85	17.85	17.85
Outstanding number of shares for main stock	22.7	23.2	23.6	24.5	24.5	24.5
<b>Total Market Cap</b>	<b>209.9</b>	<b>278.3</b>	<b>247.5</b>	<b>437.7</b>	<b>437.7</b>	<b>437.7</b>
Gross Financial Debt (+)	28.1	50.4	32.3	34.2	30.4	27.7
Cash & Marketable Securities (-)	-74.8	-74.8	-75.0	-70.5	-78.4	-85.2
<b>Net Financial Debt</b>	<b>-46.7</b>	<b>-24.4</b>	<b>-42.7</b>	<b>-36.3</b>	<b>-48.0</b>	<b>-57.5</b>
Lease Liabilities (+)						
<b>Net Debt</b>	<b>-46.7</b>	<b>-24.4</b>	<b>-42.7</b>	<b>-36.3</b>	<b>-48.0</b>	<b>-57.5</b>
<b>Other EV components</b>	<b>0.1</b>	<b>2.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
<b>Enterprise Value (EV adj.)</b>	<b>163.4</b>	<b>256.1</b>	<b>206.9</b>	<b>403.5</b>	<b>391.8</b>	<b>382.3</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

\*\*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

<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Kaufman & Broad	IAC	Banca Generali	BAK	Bollore	CIC
Brembo	BAK	Kering	CIC	Banca Ifis	BAK	Bureau Veritas	CIC
Faurecia	CIC	L'Oreal	CIC	Banca Mediolanum	BAK	Caf	GVC
Ferrari	BAK	Lvmh	CIC	Banca Sistema	BAK	Catenon	GVC
Gestamp	GVC	Maisons Du Monde	CIC	Bff Bank	BAK	Cellnex Telecom	GVC
Indelb	BAK	Moncler	BAK	Dea Capital	BAK	Cembre	BAK
Michelin	CIC	Monnalisa	BAK	Finecobank	BAK	Clasquin	IAC
Pirelli & C.	BAK	Ovs	BAK	Mediobanca	BAK	Cnh Industrial	BAK
Plastic Omnium	CIC	Piaggio	BAK	Poste Italiane	BAK	Corticeira Amorim	CBI
Sogefi	BAK	Richemont	CIC	Rothschild & Co	CIC	Ctt	CBI
Stellantis	BAK	Safilo	BAK	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	Danieli	BAK
Valeo	CIC	Salvatore Ferragamo	BAK	Advini	CIC	Datalogic	BAK
<b>Banks</b>	<b>Mem(*)</b>	Smcp	CIC	Bonduelle	CIC	Enav	BAK
Banca Mps	BAK	Swatch Group	CIC	Campari	BAK	Exel Industries	CIC
Banco Sabadell	GVC	Technogym	BAK	Danone	CIC	Fiera Milano	BAK
Banco Santander	GVC	Tod'S	BAK	Diageo	CIC	Fincantieri	BAK
Bankinter	GVC	Trigano	CIC	Ebro Foods	GVC	Getlink	CIC
Bbva	GVC	Ubisoft	CIC	Enervit	BAK	Global Dominion	GVC
Bnp Paribas	CIC	<b>Energy</b>	<b>Mem(*)</b>	Fleury Michon	CIC	Haulotte Group	CIC
Bper	BAK	Cgg	CIC	Italian Wine Brands	BAK	Interpump	BAK
Caixabank	GVC	Ecoslops	CIC	Lanson-Bcc	CIC	Inwit	BAK
Credem	BAK	Eni	BAK	Laurent Perrier	CIC	Leonardo	BAK
Credit Agricole Sa	CIC	Galp Energia	CBI	Ldc	CIC	Logista	GVC
Intesa Sanpaolo	BAK	Gas Plus	BAK	Nestle	CIC	Manitou	CIC
Liberbank	GVC	Gtt	CIC	Orsero	BAK	Nicolas Correa	GVC
Natixis	CIC	Maurel Et Prom	CIC	Pernod Ricard	CIC	Openjobmetis	BAK
Societe Generale	CIC	Plc	BAK	Remy Cointreau	CIC	Osai	BAK
Unicredit	BAK	Repsol	GVC	Tipiak	CIC	Prima Industrie	BAK
<b>Basic Resources</b>	<b>Mem(*)</b>	Rubis	CIC	Vilmorin	CIC	Prosegur	GVC
Acerinox	GVC	Saipem	BAK	Viscofan	GVC	Prosegur Cash	GVC
Altri	CBI	Siemens Gamesa Re	GVC	Vranken	CIC	Prysmian	BAK
Arcelormittal	GVC	Technip Energies	CIC	<b>Healthcare</b>	<b>Mem(*)</b>	Rai Way	BAK
Ence	GVC	Technipfmc Plc	CIC	Abionyx Pharma	CIC	Rexel	CIC
Imerys	CIC	Tecnicas Reunidas	GVC	Amplifon	BAK	Saes	BAK
Semapa	CBI	Tenaris	BAK	Atrys Health	GVC	Salcef	BAK
The Navigator Company	CBI	Totalenergys	CIC	Crossject	CIC	Talgo	GVC
Tubacex	GVC	Vallourec	CIC	Diasorin	BAK	Teleperformance	CIC
<b>Chemicals</b>	<b>Mem(*)</b>	<b>Fin. Serv. Holdings</b>	<b>Mem(*)</b>	El.En.	BAK	Verallia	CIC
Air Liquide	CIC	Cir	BAK	Fermentalg	CIC	Vidrala	GVC
Arkema	CIC	Corp. Financiera Alba	GVC	Fine Foods	BAK	Zardoya Otis	GVC
Plasticos Compuestos	GVC	Digital Magics	BAK	Genfit	CIC	<b>Insurance</b>	<b>Mem(*)</b>
<b>Consumer Products &amp; Services</b>	<b>Mem(*)</b>	Eurazeo	CIC	Gpi	BAK	Axa	CIC
Abeo	CIC	Gbl	CIC	Guerbet	CIC	Catalana Occidente	GVC
Basicnet	BAK	Peugeot Invest	CIC	Korian	CIC	Cattolica Assicurazioni	BAK
Beneteau	CIC	Rallye	CIC	Oncodesign	CIC	Generali	BAK
Brunello Cucinelli	BAK	Tip Tamburi Investment Partners	BAK	Orpea	CIC	Mapfre	GVC
Capelli	CIC	Wendel	CIC	Prim Sa	GVC	Net Insurance	BAK
De Longhi	BAK	<b>Fin. Serv. Industrials</b>	<b>Mem(*)</b>	Recordati	BAK	Unipolsai	BAK
Europcar	CIC	Abitare In	BAK	Shedir Pharma	BAK	<b>Materials, Construction</b>	<b>Mem(*)</b>
Fila	BAK	Dovalue	BAK	Theraclion	CIC	Acs	GVC
Geox	BAK	Nexi	BAK	Vetoquinol	CIC	Aena	GVC
Givaudan	CIC	Tinexta	BAK	Virbac	CIC	Atlantia	BAK
Groupe Seb	CIC	<b>Financial Services Banks</b>	<b>Mem(*)</b>	<b>Industrial Goods &amp; Services</b>	<b>Mem(*)</b>	Buzzi Unicem	BAK
Hermes Intl.	CIC	Amundi	CIC	Applus	GVC	Cementir	BAK
Hexaom	CIC	Anima	BAK	Avio	BAK	Cementos Molins	GVC
Interparfums	CIC	Azimut	BAK	Biesse	BAK	Clerhp Estructuras	GVC



Eiffage	CIC	Inditex	GVC	<b>Utilities</b>	<b>Mem(*)</b>
Fcc	GVC	Unieuro	BAK	A2A	BAK
Ferrovial	GVC	<b>Technology</b>	<b>Mem(*)</b>	Acciona	GVC
Groupe Adp	CIC	Agile Content	GVC	Acea	BAK
Groupe Poujoulat	CIC	Akka Technologies	CIC	Albioma	CIC
Groupe Sfp S.A.	CIC	Almawave	BAK	Alerion Clean Power	BAK
Herige	CIC	Alten	CIC	Audax	GVC
Holcim	CIC	Amadeus	GVC	Derichebourg	CIC
Maire Tecnimont	BAK	Atos	CIC	Edp	CBI
Mota Engil	CBI	Axway Software	CIC	Edp Renováveis	CBI
Obrascon Huarte Lain	GVC	Cappgemini	CIC	Enagas	GVC
Sacyr	GVC	Cast	CIC	Encavis Ag	CIC
Saint Gobain	CIC	Esi Group	CIC	Endesa	GVC
Sergeferrari Group	CIC	Exprivia	BAK	Enel	BAK
Sonae Industria	CBI	Gigas Hosting	GVC	Erg	BAK
Spie	CIC	Indra Sistemas	GVC	Falck Renewables	BAK
Tarkett	CIC	Lleida.Net	GVC	Greenalia	GVC
Thermador Groupe	CIC	Memscap	IAC	Hera	BAK
Vicat	CIC	Neurones	CIC	Holaluz	GVC
Vinci	CIC	Reply	BAK	Iberdrola	GVC
Webuild	BAK	Sii	CIC	Iren	BAK
<b>Media</b>	<b>Mem(*)</b>	Sopra Steria Group	CIC	Italgas	BAK
Arnoldo Mondadori Editore	BAK	Stmicroelectronics	BAK	Naturgy	GVC
Atresmedia	GVC	Tier 1 Technology	GVC	Red Electrica Corporacion	GVC
Cairo Communication	BAK	Visiativ	CIC	Ren	CBI
Digital Bros	BAK	Vogo	CIC	Snam	BAK
GI Events	CIC	<b>Telecommunications</b>	<b>Mem(*)</b>	Solaria	GVC
Il Sole 24 Ore	BAK	Bouygues	CIC	Terna	BAK
Ipsos	CIC	Ekinops	CIC	Volitalia	CIC
Jcdecaux	CIC	Euskaltel	GVC		
Lagardere	CIC	Ezentis	GVC		
M6	CIC	Iliad	CIC		
Mediaset	BAK	Nos	CBI		
Mediaset Espana	GVC	Orange	CIC		
Nrj Group	CIC	Retelit	BAK		
Publicis	CIC	Telecom Italia	BAK		
Rcs Mediagroup	BAK	Telefonica	GVC		
Tf1	CIC	Tiscali	BAK		
Vivendi	CIC	Unidata	BAK		
<b>Personal Care, Drug, Grocery Stores</b>	<b>Mem(*)</b>	Vodafone	BAK		
Carrefour	CIC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>		
Casino	CIC	Accor	CIC		
Jeronimo Martins	CBI	Autogrill	BAK		
Marr	BAK	Compagnie Des Alpes	CIC		
Sonae	CBI	Edreams Odigeo	GVC		
Unilever	CIC	Elior	CIC		
Winfarm	CIC	Fdj	CIC		
<b>Real Estate</b>	<b>Mem(*)</b>	Groupe Partouche	IAC		
Almagro Capital	GVC	I Grandi Viaggi	BAK		
Igd	BAK	Ibersol	CBI		
Lar España	GVC	Int. Airlines Group	GVC		
Merlin Properties	GVC	Melia Hotels International	GVC		
Realia	GVC	Nh Hotel Group	GVC		
<b>Retail</b>	<b>Mem(*)</b>	Pierre Et Vacances	CIC		
Burberry	CIC	Sodexo	CIC		
Fnac Darty	CIC				

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

as at 14 July 2021



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



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Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 2 agosto, 10 e 13 settembre 2021.

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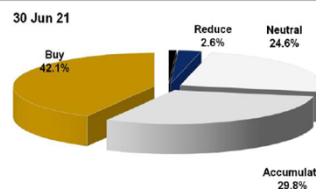
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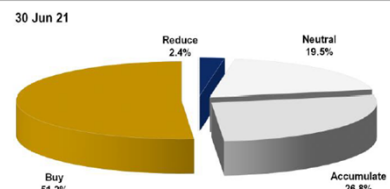
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### Percentuale delle raccomandazioni al 30 giugno 2021

Tutte le raccomandazioni



Raccomandazioni su titoli in conflitto di interessi (\*)



(\*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.96% del totale degli emittenti oggetto di copertura

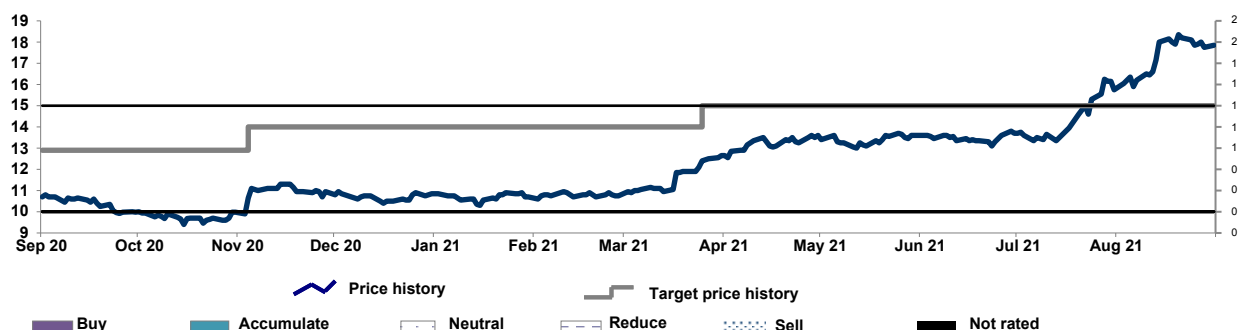
### Recommendation history for FINE FOODS

Date	Recommendation	Target price	Price at change date
07-Apr-21	Buy	15.00	12.40
17-Nov-20	Buy	14.00	10.65
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)**.

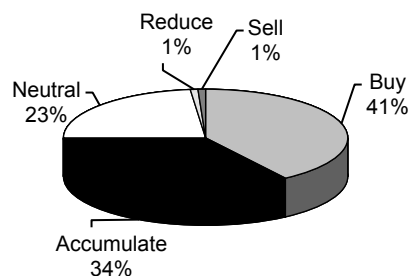
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### 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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