

Fine Foods

Sponsored Research

Italy | Healthcare

Investment Research



Company Update

Reason: Company results (post view)

8 April 2022

Accumulate

From Buy

Share price: EUR 9.02

closing price as of 07/04/2022

Target price: EUR 11.00

from Target Price: EUR 20.50

Upside/Downside Potential 22.0%

Reuters/Bloomberg

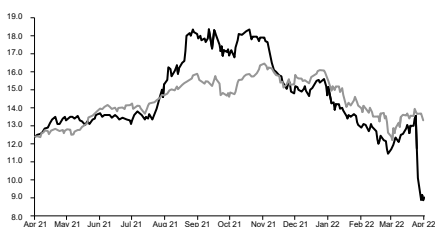
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Market capitalisation (EURm)	231
Current N° of shares (m)	26
Free float	55%
Daily avg. no. trad. sh. 12 mth (k)	24
Daily avg. trad. vol. 12 mth (k)	448.57
Price high/low 12 months	18.35 / 8.87
Abs Perfs 1/3/12 mths (%)	-22.91/-40.46/-27.26

Key financials (EUR)	12/21	12/22e	12/23e
Sales (m)	193	207	232
EBITDA (m)	20	21	30
EBITDA margin	10.2%	10.0%	13.0%
EBIT (m)	8	7	16
EBIT margin	4.0%	3.6%	6.8%
Net Profit (adj.)(m)	10	6	12
ROCE	4.0%	3.3%	6.9%
Net debt/(cash) (m)	16	10	2
Net Debt Equity	0.1	0.1	0.0
Net Debt/EBITDA	0.8	0.5	0.1
Int. cover(EBITDA/Fin.int)	2.1	104.1	143.8
EV/Sales	2.1	1.2	1.0
EV/EBITDA	21.1	11.7	7.8
EV/EBITDA (adj.)	19.5	11.7	7.8
EV/EBIT	53.6	32.7	15.0
P/E (adj.)	nm	40.7	19.0
P/BV	2.7	1.5	1.5
OpFCF yield	-21.7%	4.3%	4.8%
Dividend yield	1.8%	1.9%	2.1%
EPS (adj.)	(0.06)	0.22	0.48
BVPS	5.76	5.82	6.12
DPS	0.16	0.17	0.19

Shareholders

Marco Eigenmann 45%;



Source: FactSet

— FINE FOODS — FTSE Italy STAR (Rebased)

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Current tough scenario expected to temporarily impact on growth and profitability

The group achieved positive sales growth in 2021, also thanks to the contribution from recent acquisitions. However, starting from Q4 21, profitability suffered from problems linked to the procurement of raw materials and the sharp increases in energy costs.

Although 2022 began with a recovery of the technology transfers in the pharma division, which had stopped during the pandemic, and the management's complete commitment to obtain strong growth in the cosmetics division, the group's activity is inevitably impacted by the ongoing Russian / Ukrainian conflict. In addition, the continuous increase in energy, raw materials and packaging costs are affecting the production efficiency and could thus temporarily erode the margins in 2022.

We therefore believe that, compared to the historic double-digit growth trend (Fine Foods 10-year revenues CAGR ~ 10%), 2022 could be a transition year for Fine Foods, a year in which the management is committed to face the current tough scenario. Despite this, as demonstrated during the Covid pandemic, the solidity of the business and the company's structure remain unchanged. Therefore, we believe that Fine Foods can return to double-digit growth and profitability normalisation as early as 2023.

- ✓ **FY 21 results** - FY 21 sales increased by 12.0% Y/Y (vs Akros est. +13.6% Y/Y). In addition to the positive 3% organic sales growth, FY 21 revenues benefitted from the positive contribution from Pharmatek of EUR 11.6m and EUR 4.6m from the recently acquired company Euro Cosmetic. The FY EBITDA adj margin moved from 13.0% in 2020 to 11.0% in 2021 due to performance deterioration in Q4 21 caused by revenue postponement, inefficiencies in the production chain, and a sharp increase in raw, packaging materials and energy costs.
- ✓ **2022-24 estimates** – We expect a positive contribution to FY 22 turnover growth from : 1) a recovery in the technology transfers in the Pharma division; 2) the benefits from current renegotiations with customers to pass on the cost increase on sales prices; 3) the management's strong commitment in the Cosmetic business, which should lead to an increase in orders especially starting from H2 22. However, we believe that the ongoing Russian / Ukrainian conflict, which hurts sales of Fine Foods customers in the area, and potential strategic and commercial repositioning of some customers could negatively impact the growth in sales volumes, especially in the Food division. So, we forecast a sales CAGR of 11.4% in the biennium 2023-2024.

In terms of profitability, we believe that the continuous increase in energy, raw materials and packaging costs is affecting the production efficiency and will thus further temporarily erode the margins in 2022. So, we have reduced our FY 22e EBITDA margin from 14% to 10%. In light of the current scenario, the previous expected improvement in the operating margins will be temporarily delayed. We have adjusted our 2022-24 EBITDA CAGR from 19.4% to 18.8%.

- ✓ **Valuation & conclusions** – In light of the weaker-than-expected FY 21 results and our downward revised estimates, and based on our DCF model (WACC 6.50% and perpetual growth 1.8%), we set a target price of EUR 11.00 per share (over 20% potential upside). Despite the current market slowdown and the temporary difficulties, we believe that Fine foods remains a good cash generator, so, given the current potential upside, we have set an Accumulate recommendation.

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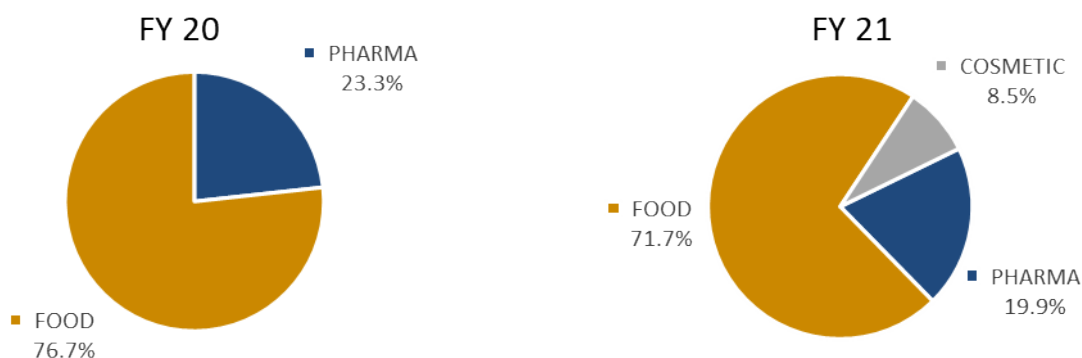
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FY 21 results negatively affected by strong cost inflation in Q4 21

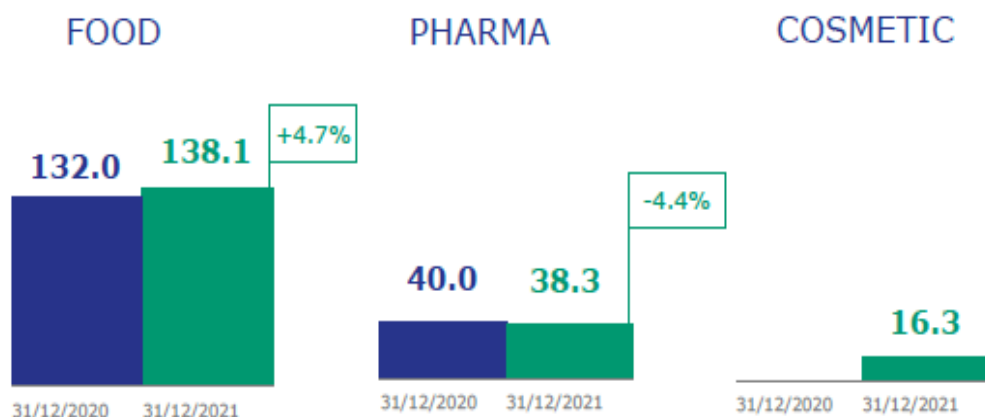
FY 21 revenues helped by the contribution from new acquisitions – FY 21 sales increased by 12.0% Y/Y (vs Akros est. +13.6% Y/Y). In addition to the approx. 3% positive organic sales growth, FY 21 revenues benefitted from the positive contribution from Pharmatek of EUR 11.6m and EUR 4.6m from the recently acquired company Euro Cosmetic (as of 1st October).

FINE FOODS: Revenue breakdown by division



Source: Company data

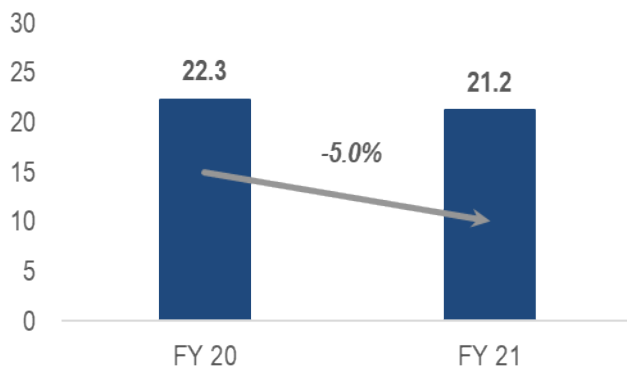
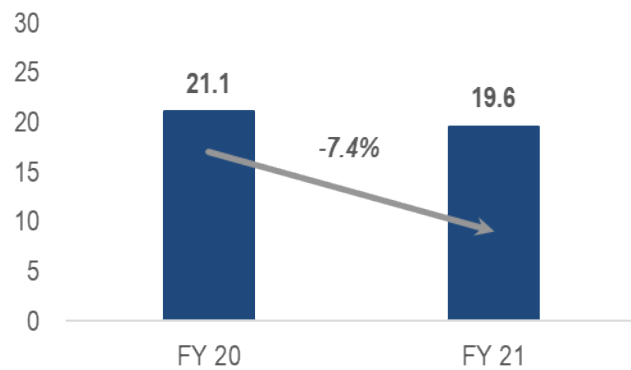
Revenue trend by division



Source: Company data



FY 21 EBITDA adj negatively affected by strong cost inflation in Q4 21 – The FY EBITDA adj margin moved from 13.0% in 2020 to 11.0% in 2021 due to performance deterioration in Q4 21 caused by the revenue postponement, inefficiencies in the production chain, and a sharp increase in raw and packaging materials costs and energy costs.

FY 21 EBITDA adjusted**FY 21 EBITDA reported**

Source: Company data

FY 21 EBIT adj amounted to approximately EUR 7.7m, vs EUR 10.7m in FY 20; so, the EBIT margin decreased from 6.2% in FY 20 to 4.0% in FY 21. The EBIT decrease, in addition to reflecting the reduction in EBITDA, was caused by higher depreciation also following the entry into operation of the new pharmaceutical warehouse in Brembate.

FY 21 Net Profit adj was EUR 10.2m, up compared to the previous year due to non-recurring financial income of EUR 4.9m and non-recurring charges of EUR 1.2m.

The BoD is going to propose to shareholders the distribution of a dividend of EUR 0.16 per share from the extraordinary reserve at the coming AGM.

FY 21 Profit & loss

	FY 20a	FY 21a	% Chg	Akros FY 21e	Vs Estimates
Revenues	172.0	192.6	+12.0%	195.3	-1.4%
EBITDA adj	22.3 (*)	21.2 (*)	-5.0%	25.4	-16.7%
Margin	13.0%	11.0%		13.0%	
EBIT adj	10.7 (*)	7.7 (*) (**)	-27.6%		
Margin	6.2%	4.0%			
Net Profit adj	9.3 (***)	10.2 (***)	+9.1%	11.2	-9.1%

Source: Company data

(*) FY 21 EBITDA and EBIT don't include non-recurring charges of EUR 1.6m; FY 20 EBITDA and EBIT don't include non-recurring charges of EUR 1.2m

(**) FY 21 EBIT doesn't include the write-down on one of the group's brands for a value of EUR 1.1m

(***) FY 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 and other non-recurring charges and write-downs of EUR 2.7m – FY 20 Net Profit does not include non-recurring financial charges of EUR 1.2m and non-recurring financial income of EUR 4.9m.

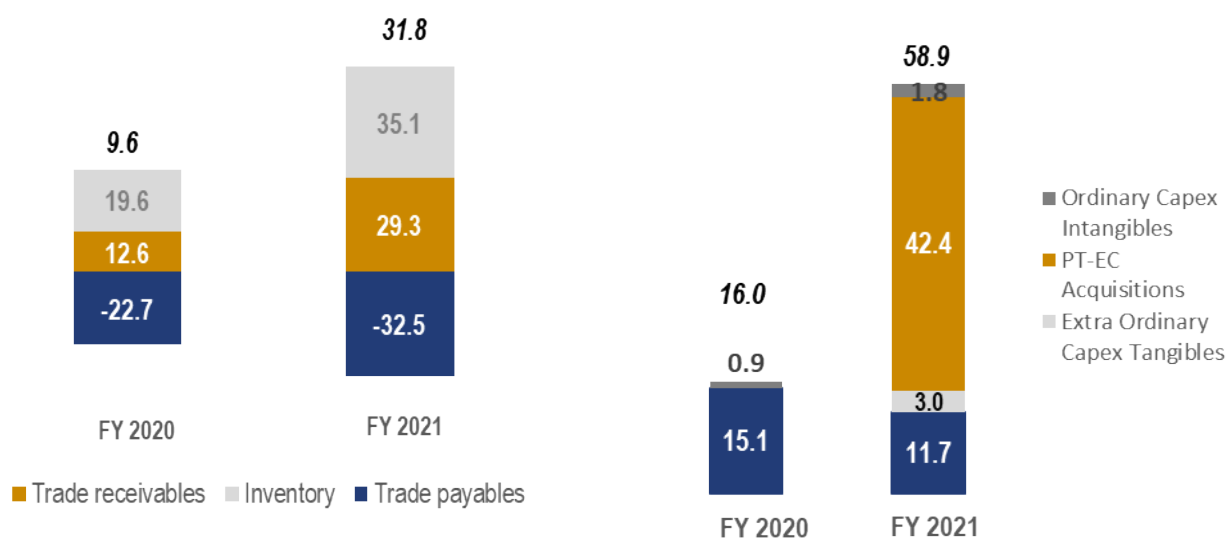


FY 21 NWC increased from EUR 9.6m in FY 20 to EUR 32m in FY 21. This increase was due to: 1) the integration of Pharmatek and Euro Cosmetic for a value of EUR 5m; 2) the increase in the Fine Foods' NWC for EUR 17.3m, especially due to high inventory.

FY 21 Net Debt was EUR 15.7m, compared to the FY 20 Net Cash of EUR 42.8m, mainly due to the recent acquisitions (negative effect of EUR 42.3m).

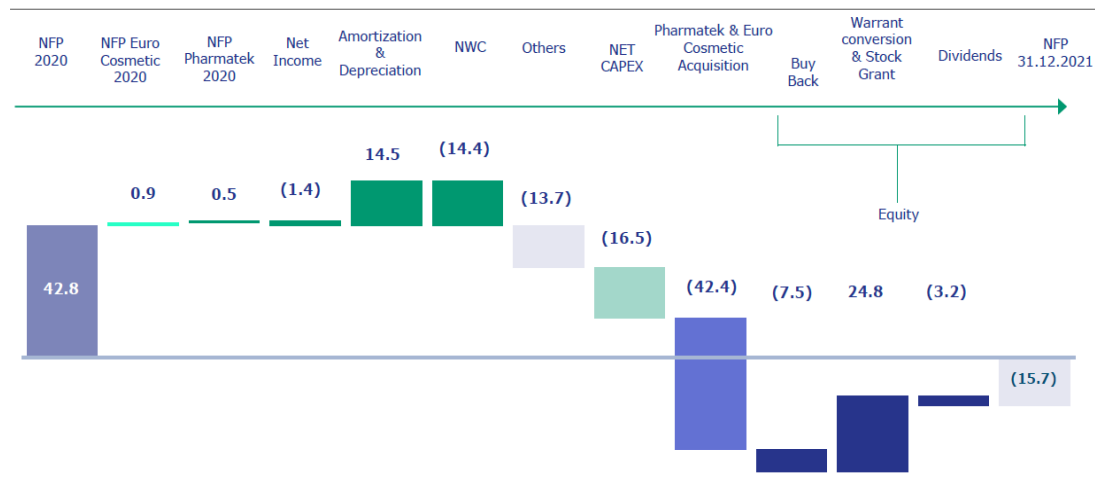
2020-21 NWC evolution (EUR m)

2020-21 Capex and Investments (EUR m)



Source: Company data

2020-21 NFP evolution



Source: Company data



2022 outlook

In the FY 21 results press release, the management expect 2022 sales to be impacted by the ongoing Russian/Ukrainian conflict due to a decline in product sales. This reduction involves products bought by Fine Foods' customers for subsequent resale to crisis-affected countries in eastern Europe. In addition to the continuing increase in energy costs, FY 22 margins could be impacted by possible shortages in the supply of materials, which strongly affected the end of 2021. This could result in production inefficiency. The increase in raw materials and packaging costs expected in 2022 could erode the margins. However, negotiations with customers to revise the sales prices of finished products have started and will continue throughout the year. The economic situation could influence the strategic and commercial choices of some of the group's customers, with a negative knock-on effect in sales volumes.

2022-24 estimates

2022-24 sales evolution

We expect a positive contribution to FY 22 turnover growth from : 1) a recovery in the technology transfers in the Pharma division; 2) the benefits from current renegotiations with customers to pass on the cost increase on sales prices; 3) the management's strong commitment in the Cosmetic business, which should lead to an increase in orders especially starting from H2 22. However, we believe that the ongoing Russian / Ukrainian conflict, which hurts sales of Fine Foods customers in the area, and potential strategic and commercial repositioning of some customers could negatively impact the growth in sales volumes, especially in the Food division. Therefore, we forecast a FY 21 total sales growth of +7.6% Y/Y (vs previous +13.6% Y/Y).

We believe that 2022 will be a transition year, with single-digit sales growth compared to the historic double-digit growth trend (Fine Foods 10-year revenues CAGR ~ 10%). However, assuming a normalisation of the market in the coming months, we believe that Fine Foods will be able to recover its past sustained growth path in the next years. So, we forecast a total sales CAGR of 11.4% in the biennium 2023-2024, in line with our previous estimates.

2022-2024e sales evolution

	2020	2021	%Chg	2022e	%Chg	2023e	%Chg	2024e	%Chg	% 21-24 CAGR
Pharmaceutical	40.0	38.3	-4.3%	44.0	15.0%	50.7	15.0%	56.9	12.4%	
Nutraceutical	132.0	138.1	-5.0%	131.2	-5.0%	143.0	9.0%	157.3	10.0%	
Cosmetic		11.6		32.1	4.0%	38.2	19.0%	43.1	13.0%	
Revenues	172.0	192.6	12.0%	207.3	7.6%	231.8	11.8%	257.4	11.0%	10.0%

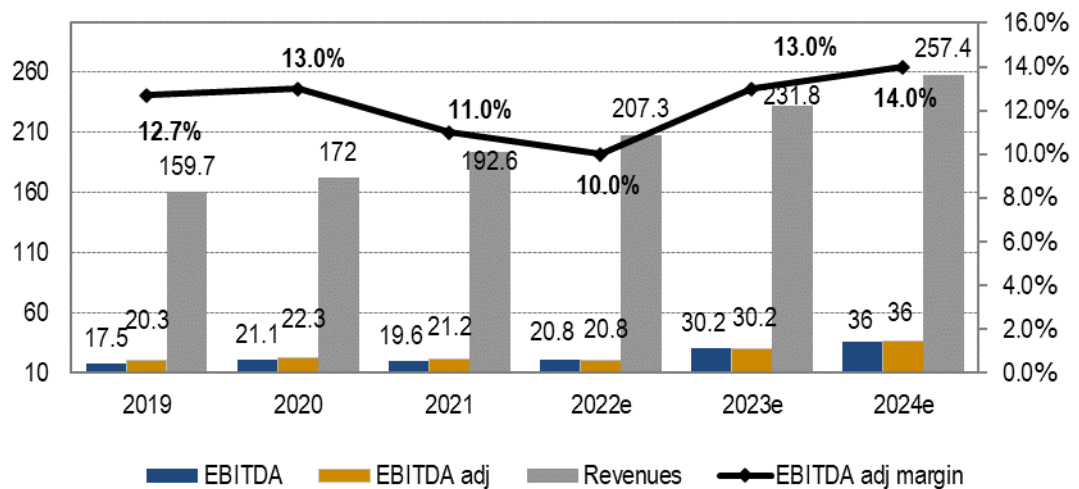


2022-24 profitability evolution

Based on the management's indications in the above paragraph, in terms of profitability, we believe that the continuous increase in energy, raw materials and packaging costs will affect the production efficiency and will thus further temporarily erode the margins in 2022. Therefore, we have reduced our FY 22e EBITDA margin from 14% to 10%.

In light of the current scenario, the previous expected improvement in the operating margins owing to the optimisation of the significant investments made in the past years will be temporarily delayed. So, we have adjusted our 2022-24 EBITDA CAGR from 19.4% to 18.8%.

Revenue and EBITDA evolution 2019-2024e (EUR m)

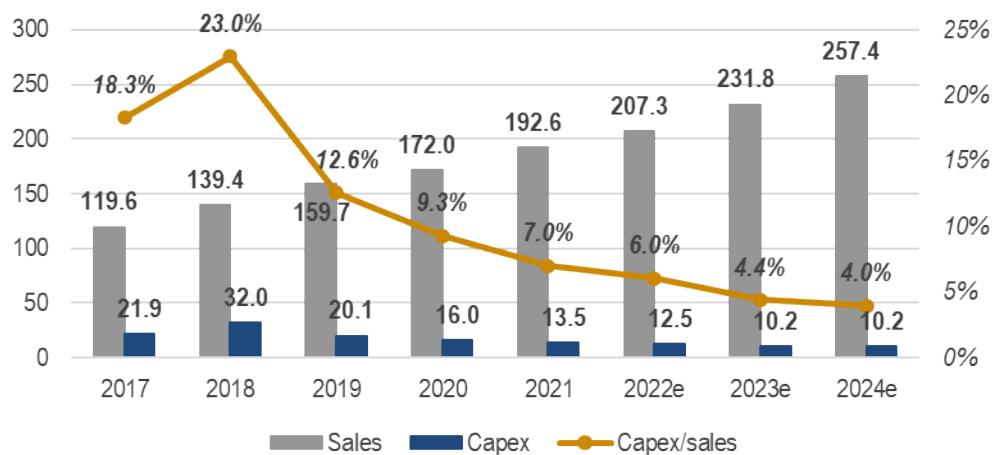


Source: Company data, Banca Akros estimates

2022-24 capital structure evolution

We expect FY 22e CAPEX to be around EUR 12.5m. Since the capex expansion is almost complete, we estimate maintenance capex will not exceed 6.0% of revenues in the coming years.

Sales and capex evolution 2017-2024e (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 NFP.



We summarise our forecasts in the following table.

Fine Foods: 2022-2024e Banca Akros estimates

PROFIT & LOSS (EUR m)	2021	OLD 2022e	NEW 2022e	%Chg vs 2021	OLD 2023e	NEW 2023e	%Chg vs 2022	OLD 2024e	NEW 2024e	%Chg vs 2023
Revenues	192.6	236.3	207.3	7.6%	263.1	231.8	11.8%	291.4	257.4	11.00%
EBITDA adj	21.2	33.1	20.8	-1.7%	38.2	30.2	45.1%	43.7	36.0	19.20%
<i>EBITDA adj margin</i>	<i>11.0%</i>	<i>14.0%</i>	<i>10.0%</i>		<i>14.5%</i>	<i>13.0%</i>		<i>15.0%</i>	<i>14.0%</i>	
One-off costs	1.6	0	0		0	0		0	0	
EBITDA	19.6	33.1	20.8	6.4%	38.2	30.2	45.1%	43.7	36.0	19.20%
<i>EBITDA margin</i>	<i>10.2%</i>	<i>14.0%</i>	<i>10.0%</i>		<i>14.50%</i>	<i>13.0%</i>		<i>15.0%</i>	<i>14.0%</i>	
D&A and provisions	-14.5	-14.0	-13.4		-15.1	-14.4		-17.3	-15.9	
EBIT	6.6	18.1	7.5	12.6%	21.9	15.8	111.6%	26.4	20.1	27.50%
<i>EBIT margin</i>	<i>3.4%</i>	<i>7.6%</i>	<i>3.6%</i>		<i>8.30%</i>	<i>6.8%</i>		<i>9.00%</i>	<i>7.8%</i>	
Net fin. income/charges	-9.3	-0.7	0.9		-0.7	0.9		-0.7	0.9	
Non-Recurring items	0	0	0		0	0		0	0	
Pre-tax profit	-4.6	17.4	7.3	n.m.	21.1	15.6	114.6%	25.6	19.9	27.90%
Taxes	3.2	-3.8	-1.6		-4.6	-3.4		-5.6	-4.4	
<i>Tax rate</i>	<i>68.9%</i>	<i>21.9%</i>	<i>21.9%</i>		<i>21.9%</i>	<i>21.9%</i>		<i>21.9%</i>	<i>21.9%</i>	
Minorities		0	0.		0			0	0.	
Net profit rep	-1.4	13.6	5.7	n.m.	16.5	12.2		20	15.5	
Net profit adj	10.2	13.6	5.7	-44.3%	16.5	12.2	114.6%	20	15.5	27.90%
Maintenance capex	13.5	11	12.5		11.2	10.2		13	10.2	
Acquisition Capex	45.4				0	0		0	0	
Net Debt (Cash)	15.7	5.5	9.5		-1.2	2.5		-22.5	-10.4	

Source: Company data and Banca Akros estimates



Valuation

DCF valuation

Based on our DCF model, we come to a fair value of EUR 11.0 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 2022/2026e, we assume a sales CAGR of 10.0%, in line with the historic growth rate.
- ✓ Profitability forecast: a) for the period 2022/2024e, 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 the achievable target indicated by the management since the additional production capacity available after the increase in investments and the integration of recent acquisitions will allow the group to obtain a lower incidence of fixed costs, an efficiency improvement and further economies of scale in the coming years.
- ✓ 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)

	2022e	2023e	2024e	2025e	2026e
EBITA	7.5	15.8	20.1	23.7	27.5
Taxes	-1.6	-3.5	-4.4	-5.2	-6.0
Tax rate	21.9%	21.9%	21.9%	21.9%	21.9%
NOPLAT	5.8	12.3	15.7	18.5	21.5
Depreciation & other provisions	13.4	14.4	15.9	17.5	19.2
Operating Cash Flow	19.2	26.7	31.6	36.0	40.7
Capex	-12.5	-10.2	-10.2	-15.0	-15.0
Change in Net Working Capital	3.4	-5.3	-4.1	-5.8	-6.2
Free Operating Cash Flow (FOCF)	10.1	11.3	17.3	15.2	19.5

Source: Banca Akros estimates

FINE FOODS: DCF analysis

Perpetual Growth Rate	1.80%
WACC	6.50%
Terminal Value	357.6
Discounting Rate of Terminal Value	0.69
Discounted Terminal Value	245.0
Cumulated DFOCF	59.8
Financial Assets as of 31/12/21	3.7
Enterprise Value (EUR m)	308.5
Net Financial Debt as of 31/12/21 (EUR m)	(15.7)
Minorities market value (EUR m)	(0.0)
Equity Value (EUR m)	292.8
Value per share (EUR)	11.0

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%	11.3	11.9	12.5	13.2	14.1	15.0	16.1
5.90%	10.7	11.2	11.8	12.4	13.1	13.9	14.9
6.20%	10.2	10.6	11.1	11.7	12.3	13.0	13.8
6.50%	9.7	10.1	10.6	11.0	11.6	12.2	12.9
6.80%	9.3	9.7	10.1	10.5	11.0	11.5	12.1
7.10%	8.9	9.3	9.6	10.0	10.4	10.9	11.4
7.40%	8.6	8.9	9.2	9.6	9.9	10.4	10.8

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.

Fine Foods: peer data

	Cur	Market Cap (m)	EV/EBITDA		P/E adj	
			2022e	2023e	2022e	2023e
LABOMAR	EUR	171.9	11.8	10.4	28.6	24.8
CATALENT INC	USD	20,196.7	18.5	16.3	30.0	26.1
PIRAMAL ENTERPRISES LTD	INR	554,403.8	16.7	13.8	20.7	15.7
INTERCOS	EUR	1,222.5	13.9	12.4	29.5	24.7
SIEGFRIED HOLDING AG-REG	CHF	3,612.1	16.2	14.9	28.6	25.1
AVERAGE			15.4	13.5	27.5	23.3
FINE FOODS	EUR	230.6	11.7	7.8	40.7	19.0
Premium (discount)			-24.1%	-42.4%	48.1%	-18.4%

Source: Bloomberg data as at 8th April 2022 and Banca Akros estimates

Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
13/05/22	Results	Q1 2022 Results	2022Q1
10/05/22	AGM	Full Year 2021 AGM & EGM absentee voting]	2021

Source: Precise



Fine Foods: Summary tables

PROFIT & LOSS (EURm)	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Sales	139	160	172	193	207	232
Cost of Sales & Operating Costs	-81.6	-69.5	-85.1	-96.6	-108.8	-118.7
Non Recurrent Expenses/Income	0.0	-2.8	-1.2	-1.6	0.0	0.0
EBITDA	18.7	17.5	21.1	19.6	20.8	30.2
EBITDA (adj.)*	18.7	20.3	22.3	21.2	20.8	30.2
Depreciation	-8.5	-9.4	-11.6	-14.5	-13.4	-14.4
EBITA	10.2	8.1	9.5	5.0	7.5	15.8
EBITA (adj)*	10.2	10.9	10.7	6.6	7.5	15.8
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.2	10.9	10.7	7.7	7.5	15.8
EBIT (adj.)*	10.2	13.7	11.9	9.3	7.5	15.8
Net Financial Interest	0.2	-8.0	7.2	-9.3	-0.2	-0.2
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)	10.4	2.9	17.9	-1.6	7.3	15.6
Tax	-1.7	-2.9	-3.3	3.2	-1.6	-3.4
<i>Tax rate</i>	<i>16.7%</i>		<i>18.6%</i>	<i>68.9%</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
Net Profit (reported)	8.7	-2.8	13.4	-1.4	5.7	12.2
Net Profit (adj.)	8.7	11.9	9.3	10.2	5.7	12.2
CASH FLOW (EURm)	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Cash Flow from Operations before change in NWC	17.2	6.6	25.0	13.1	19.0	26.6
Change in Net Working Capital	-18.7	5.3	12.7	-32.3	3.4	-5.3
Cash Flow from Operations	-1.5	11.9	37.7	-19.2	22.5	21.3
Capex	-32.0	-20.2	-16.0	-66.0	-12.5	-10.2
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-33.5	-8.3	21.7	-85.2	10.0	11.1
Dividends	0.0	-2.3	-2.8	-3.3	-4.1	-4.4
Other (incl. Capital Increase & share buy backs)	202	-25.2	-0.9	41.1	0.3	0.3
Change in Net Financial Debt	169	-35.8	18.0	-47.4	6.2	7.0
NOPLAT	7.0	9.4	8.1	6.4	5.1	10.8
BALANCE SHEET & OTHER ITEMS (EURm)	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Net Tangible Assets	78.6	89.3	93.4	104	103	98.5
Net Intangible Assets (incl. Goodwill)	4.3	1.9	1.9	24.7	24.7	24.7
Net Financial Assets & Other	0.0	2.0	2.0	3.7	3.7	3.7
Total Fixed Assets	82.9	93.3	97.3	132	131	127
Inventories	22.0	22.5	19.6	35.1	34.1	39.7
Trade receivables	21.5	17.1	12.7	29.4	29.2	32.6
Other current assets	5.7	2.5	3.3	12.0	12.9	14.4
Cash (-)	-74.8	-74.8	-75.0	-95.1	-97.9	-101.3
Total Current Assets	124	117	111	172	174	188
Total Assets	206.9	210.2	207.8	303.6	305.3	314.9
Shareholders Equity	149	131	141	147	149	157
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	149	131	141	147	149	157
Long term interest bearing debt	22.6	21.2	16.1	42.5	41.3	39.9
Provisions	1.0	1.1	1.1	3.0	3.2	3.4
Other long term liabilities	0.0	1.2	0.6	1.1	1.2	1.3
Total Long Term Liabilities	23.6	23.6	17.7	46.6	45.6	44.5
Short term interest bearing debt	5.5	29.2	16.2	68.2	66.2	63.9
Trade payables	23.9	20.6	22.7	32.5	35.0	39.1
Other current liabilities	4.7	6.1	10.2	8.9	9.6	10.8
Total Current Liabilities	34.1	55.9	49.1	110	111	114
Total Liabilities and Shareholders' Equity	206.9	210.2	207.8	303.5	305.3	314.9
Net Capital Employed	103.5	108.6	99.9	167.0	162.7	163.7
Net Working Capital	20.1	19.4	10.0	32.4	28.7	33.6
GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
<i>Sales growth</i>	<i>16.6%</i>	<i>14.6%</i>	<i>7.7%</i>	<i>12.0%</i>	<i>7.6%</i>	<i>11.8%</i>
EBITDA (adj.)* growth	20.3%	8.6%	9.9%	-5.0%	-1.7%	45.1%
<i>EBITA (adj.)* growth</i>	<i>13.6%</i>	<i>7.2%</i>	<i>-2.5%</i>	<i>-37.7%</i>	<i>12.2%</i>	<i>111.6%</i>
<i>EBIT (adj)* growth</i>	<i>13.6%</i>	<i>34.7%</i>	<i>-13.6%</i>	<i>-21.4%</i>	<i>-20.0%</i>	<i>111.6%</i>



Fine Foods: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Net Profit growth	41.4%	37.0%	-21.8%	9.4%	-44.3%	114.6%
EPS adj. growth	-31.8%	n.m.	n.m.	n.m.	n.m.	114.6%
DPS adj. growth	n.m.	20.0%	16.7%	14.3%	8.0%	8.0%
EBITDA (adj)* margin	13.4%	12.7%	13.0%	11.0%	10.0%	13.0%
EBITA (adj)* margin	7.3%	6.8%	6.2%	3.4%	3.6%	6.8%
EBIT (adj)* margin	7.3%	8.6%	6.9%	4.8%	3.6%	6.8%
RATIOS	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Net Debt/Equity	-0.3	-0.2	-0.3	0.1	0.1	0.0
Net Debt/EBITDA	-2.5	-1.4	-2.0	0.8	0.5	0.1
Interest cover (EBITDA/Fin.interest)	n.m.	2.2	n.m.	2.1	n.m.	n.m.
Capex/D&A	376.7%	215.8%	137.5%	454.3%	93.5%	70.7%
Capex/Sales	23.0%	12.7%	9.3%	34.3%	6.0%	4.4%
NWC/Sales	14.4%	12.1%	5.8%	16.8%	13.8%	14.5%
ROE (average)	9.2%	8.5%	6.8%	7.1%	3.8%	8.0%
ROCE (adj.)	6.8%	8.5%	7.7%	4.0%	3.3%	6.9%
WACC	6.7%	6.7%	6.7%	6.5%	6.5%	6.5%
ROCE (adj.)/WACC	1.0	1.3	1.2	0.6	0.5	1.1
PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Average diluted number of shares	22.7	23.2	23.6	25.6	25.6	25.6
EPS (reported)	0.61	-0.12	0.57	-0.06	0.22	0.48
EPS (adj.)	0.61	-0.12	0.57	-0.06	0.22	0.48
BVPS	6.57	5.63	5.98	5.76	5.82	6.12
DPS	0.10	0.12	0.14	0.16	0.17	0.19
VALUATION	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
EV/Sales	1.2	1.6	1.2	2.1	1.2	1.0
EV/EBITDA	8.7	14.7	9.8	21.1	11.7	7.8
EV/EBITDA (adj.)*	8.7	12.6	9.3	19.5	11.7	7.8
EV/EBITA	16.0	31.5	21.9	82.0	32.7	15.0
EV/EBITA (adj.)*	16.0	23.5	19.4	62.2	32.7	15.0
EV/EBIT	16.0	23.5	19.4	53.6	32.7	15.0
EV/EBIT (adj.)*	16.0	18.7	17.5	44.4	32.7	15.0
P/E (adj.)	15.2	n.m.	18.4	n.m.	40.7	19.0
P/BV	1.4	2.1	1.8	2.7	1.5	1.5
Total Yield Ratio	1.1%	1.0%	1.3%	1.8%	1.9%	2.1%
EV/CE	1.6	2.3	2.0	2.6	1.6	1.5
OpFCF yield	-16.0%	-3.0%	8.8%	-21.7%	4.3%	4.8%
OpFCF/EV	-20.5%	-3.3%	10.5%	-20.6%	4.1%	4.7%
Payout ratio	16.4%	-98.7%	24.5%	n.m.	78.0%	39.3%
Dividend yield (gross)	1.1%	1.0%	1.3%	1.8%	1.9%	2.1%
EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020	12/2021	12/2022e	12/2023e
Price** (EUR)	9.25	12.00	10.50	15.40	9.02	9.02
Outstanding number of shares for main stock	22.7	23.2	23.6	25.6	25.6	25.6
Total Market Cap	209.9	278.3	247.5	393.6	230.6	230.6
Gross Financial Debt (+)	28.1	50.4	32.3	110.8	107.5	103.8
Cash & Marketable Securities (-)	-74.8	-74.8	-75.0	-95.1	-97.9	-101.3
Net Financial Debt	-46.7	-24.4	-42.7	15.7	9.5	2.5
Lease Liabilities (+)						
Net Debt	-46.7	-24.4	-42.7	15.7	9.5	2.5
Other EV components	0.1	2.2	2.1	3.9	3.9	3.9
Enterprise Value (EV adj.)	163.4	256.1	206.9	413.2	243.9	236.9

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

Automobiles & Parts	Mem(*)	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	Food & Beverage	Mem(*)	Danieli	BAK
Valeo	CIC	Salvatore Ferragamo	BAK	Advini	CIC	Datalogic	BAK
Banks	Mem(*)	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	Energy	Mem(*)	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
Basic Resources	Mem(*)	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	Healthcare	Mem(*)	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
Chemicals	Mem(*)	Fin. Serv. Holdings	Mem(*)	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	Insurance	Mem(*)
Consumer Products & Services	Mem(*)	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	Fin. Serv. Industrials	Mem(*)	Recordati	BAK	Unipolsai	BAK
Europcar	CIC	Abitare In	BAK	Shedir Pharma	BAK	Materials, Construction	Mem(*)
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	Financial Services Banks	Mem(*)	Industrial Goods & Services	Mem(*)	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	Utilities	Mem(*)
Fcc	GVC	Unieuro	BAK	A2A	BAK
Ferrovial	GVC	Technology	Mem(*)	Acciona	GVC
Groupe Adp	CIC	Agile Content	GVC	Acea	BAK
Groupe Poujoulat	CIC	Akka Technologies	CIC	Albioma	CIC
Groupe Sfpj 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	Capgemini	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
Media	Mem(*)	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	Telecommunications	Mem(*)	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		
Personal Care, Drug, Grocery Stores	Mem(*)	Vodafone	BAK		
Carrefour	CIC	Travel & Leisure	Mem(*)		
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		
Real Estate	Mem(*)	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		
Retail	Mem(*)	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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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 8 Aprile 2022, ore 08:46 italiane.**

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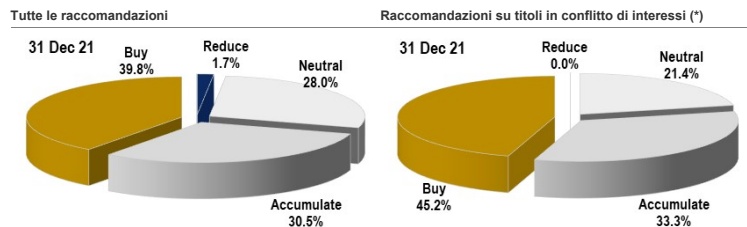
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Percentuale delle raccomandazioni al 31 dicembre 2021



(*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 35.59% del totale degli emittenti oggetto di copertura

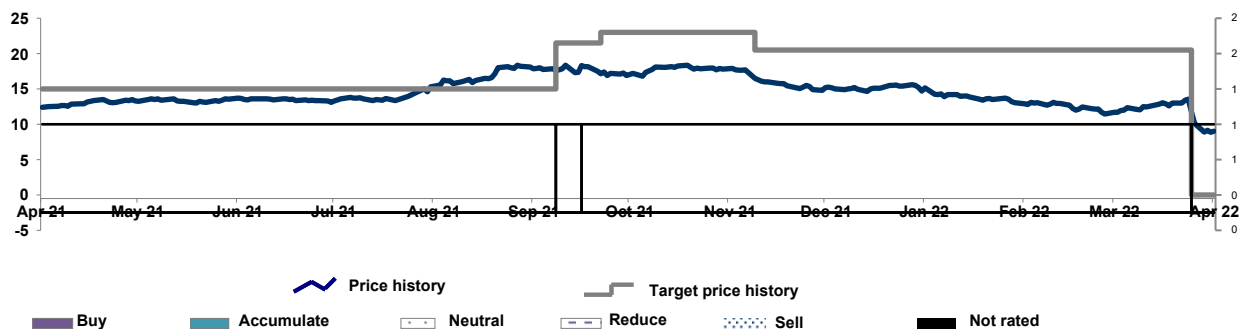
Recommendation history for FINE FOODS

Date	Recommendation	Target price	Price at change date
31-Mar-22	Not rated	0.00	11.75
15-Nov-21	Buy	20.50	16.50
28-Sep-21	Buy	23.00	17.15
22-Sep-21	Buy	21.50	18.30
14-Sep-21	Accumulate	21.50	17.65
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)**.

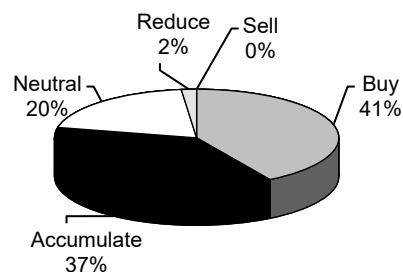
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Meaning of each recommendation or rating:

- **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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