

Fine Foods

Sponsored Research

Italy | Healthcare

Investment Research



Company Update

Accumulate

Recommendation unchanged

Share price: EUR 8.10

closing price as of 21/09/2022

Target price: EUR 11.00

Target Price unchanged

Upside/Downside Potential 35.8%

Reuters/Bloomberg FF.MI/FF IM

Market capitalisation (EURm) 207

Current N° of shares (m) 26

Free float 43%

Daily avg. no. trad. sh. 12 mth (k) 19

Daily avg. trad. vol. 12 mth (k) 11.23

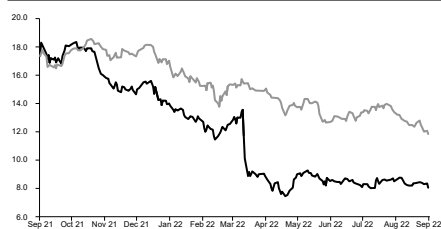
Price high/low 12 months 18.35 / 7.40

Abs Perfs 1/3/12 mths (%) -4.71/-4.71/-53.31

Key financials (EUR)	12/21	12/22e	12/23e
Sales (m)	193	207	233
EBITDA (m)	20	17	26
EBITDA margin	10.2%	8.3%	11.3%
EBIT (m)	8	3	11
EBIT margin	4.0%	1.5%	4.6%
Net Profit (adj.)(m)	10	(3)	9
ROCE	4.0%	1.5%	4.4%
Net debt/(cash) (m)	16	39	32
Net Debt Equity	0.1	0.3	0.2
Net Debt/EBITDA	0.8	2.2	1.2
Int. cover(EBITDA/Fin.int)	2.1	2.3	(29.2)
EV/Sales	2.1	1.2	1.0
EV/EBITDA	21.1	14.5	9.3
EV/EBITDA (adj.)	19.5	14.1	9.3
EV/EBIT	53.6	78.0	22.6
P/E (adj.)	37.2	nm	22.7
P/BV	2.7	1.5	1.5
OpFCF yield	-21.6%	-7.8%	6.1%
Dividend yield	2.0%	2.1%	2.3%
EPS (adj.)	0.41	(0.13)	0.36
BVPS	5.76	5.37	5.47
DPS	0.16	0.17	0.19

Shareholders

Marco Eigenmann 53%; Treasury shares 4%;



Source: FactSet

— FINE FOODS — FTSE Italy STAR (Rebased)

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Reason: Company results (post view)

22 September 2022

Profitability recovering in H1 22 in a still tough scenario

Although the H1 22 results were still heavily affected by the rising energy costs (which dragged ~2pp off the EBITDA margin) and the NWC absorption (in order to tackle the effects of the supply chain disruption), clear signs of recovery materialised. In particular, revenues grew moderately despite the weak Food BU, and the EBITDA margin in Q2 reached 8.9% (vs. 7.8% in Q1 22 and 4.7% in Q4 21). After our estimate revision, we confirm our EUR 11/sh target price. We argue that the business confirmed its resiliency, but the tough scenario suggest we keep a prudent approach. Accumulate confirmed.

- ✓ **H1 22 results.** Revenues in H1 22 came in slightly better than expected (+0.9% Y/Y in H1, vs. Akros est. flat), as the Q2 22 top-line was broadly in line with the last two quarters. The Pharma BU continued to recover (+30.8% Y/Y), whereas the Food BU (-22.5% Y/Y) was still affected by the lower demand in the Eastern European markets (due to the Russo-Ukrainian conflict) and the weak performance of customers in the multilevel marketing sector. The H1 22 adj. EBITDA (8.3% margin, vs. Akros est. 8.0%) was still heavily impacted by the increasing energy costs, but the group managed to improve its margins sequentially, with an adj. EBITDA margin of 8.9% in Q2 (vs. 7.8% in Q1 22 and 4.7% in Q4 21). In particular, the company highlighted that the higher energy costs dragged ~2pp off the H1 22 EBITDA margin on a Y/Y basis.
- ✓ **2022-24 estimates.** We confirm our FY 22 revenue estimates (EUR 207m, ~+7.5% Y/Y), with a slightly different mix. Indeed, we now expect stronger growth at the Pharma top-line, driven by the recovery in the technology transfers, whereas we forecast a deeper decline in Food top-line compared with our previous estimates. We confirm our view on FY 22 as a “transition year”, with a significant deviation from the historic double-digit growth trend. However, we expect a gradual normalisation of the market in the coming years, thus enabling Fine Foods to recover its past sustained growth path. So, we forecast a total sales CAGR of 11.4% in the biennium 2023-2024, in line with our previous estimates. As regards profitability, we expect the adj. EBITDA margin to continue to recover in H2 22, benefitting from the management’s efficiency-oriented actions, although energy costs are likely to take their toll. As such, we have revised our FY 22 adj. EBITDA margin estimate to 8.6% of sales (vs. our previous 10%), based on a H2 22 margin in line with Q2 22. We also take a slightly more prudent approach on the next few years margins, with the EBITDA margins down to 11.3% and 12.9% in 2023 and 2024 respectively (vs. the previous 13%/14%).
- ✓ **Valuation.** Despite the lowered estimates on EBITDA adj. (~12% average reduction on the 2022/24 timeframe), the cash flow generation remains basically unchanged, except in 2022, as the gradual normalisation of NWC ought to offset the impact of the temporarily weaker margins. **Therefore, we confirm our DCF-based fair value (WACC 6.5%, g 1.8%) of EUR 11/sh. However, given the still uncertain scenario, we stick to our Accumulate recommendation.**

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H1 22 results: profitability continued to recover in Q2 22

Q2/H1 2022 results

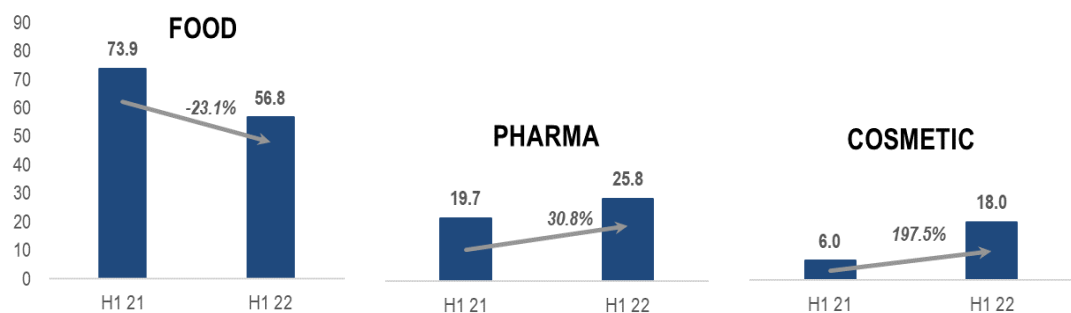
	Q2 22	Q2 21	Δ% Y/Y	H1 22	H1 21	Δ% Y/Y	H1 22e
Sales	49.8	48.3	3.1%	100.6	99.7	0.9%	99.7
EBITDA Adj.	4.4	6.4	-30.6%	8.4(*)	13.1(*)	-36.2%	8.0
EBITDA Margin	8.9%	13.2%	-4.3pp	8.3%	13.3%	-5.0pp	8.0%
EBIT Adj.				1.1(*)	6.7(*)	-83.7%	
Net income adj.				(5.6)	3.4	nm	
Net debt				42.2	(20.7)	nm	

Source: Company data

(*) H1 22 EBITDA and EBIT don't include non-recurring charges of EUR 0.55m; H1 21 EBITDA and EBIT don't include non-recurring charges of EUR 0.27m

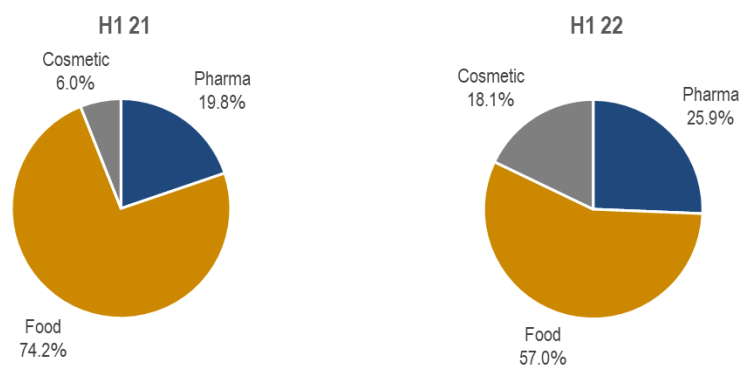
Revenues in H1 22 came in slightly better than expected (+0.9% Y/Y in H1, vs. Akros est. flat), as the Q2 22 top-line was broadly in line with the last two quarters. The **Pharma BU** continued to recover (+30.8% Y/Y), whereas the **Food BU** (-22.5% Y/Y) was still affected by the lower demand in the Eastern European markets (due to the Russo-Ukrainian conflict) and the weak performance of customers in the multilevel marketing sector. The **Cosmetic BU** accounted for ~EUR 18m, including the perimeter effect linked to the Euro Cosmetic acquisition.

Revenue trend by division



Source: Company data

Revenue breakdown by division

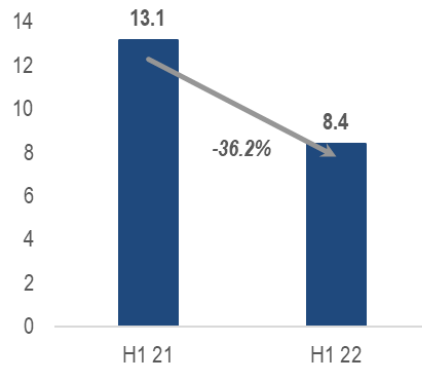


Source: Company data

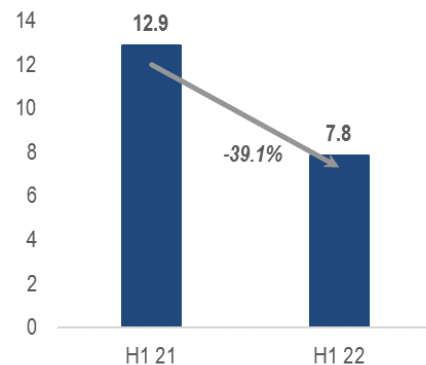


The H1 22 **adj. EBITDA** (8.3% margin, vs. Akros est. 8.0%) was still heavily impacted by the increasing energy costs.

H1 22 EBITDA adjusted



H1 22 EBITDA reported

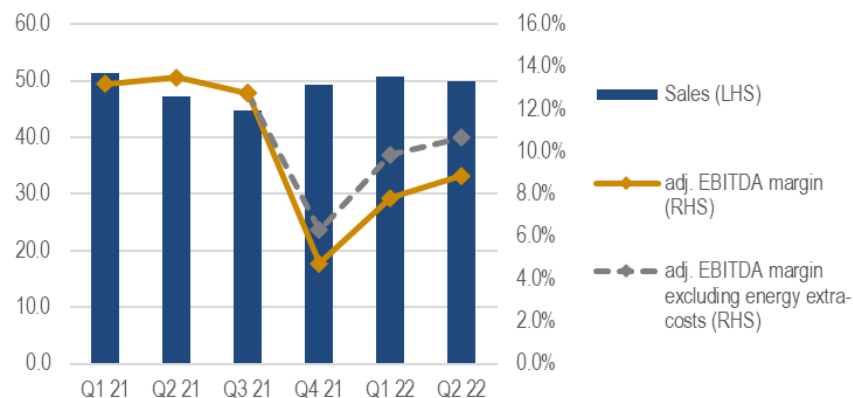


Source: Company data

Nevertheless, the group managed to improve its margins sequentially, with an adj. EBITDA margin of 8.9% in Q2 (vs. 7.8% in Q1 22 and 4.7% in Q4 21), as shown in the chart below.

In particular, the company highlighted that the higher energy costs dragged ~2pp off the H1 22 EBITDA margin on a Y/Y basis, and disclosed an “energy-extracost-adjusted” EBITDA for the last three quarters, which shows the effectiveness of the actions implemented by the management.

Quarterly sales and adj. EBITDA margin trend (Q1 21/Q2 22)



Source: Company data

The H1 22 **adj. EBIT** dropped by ~84% Y/Y or 5.6m, reflecting the decline in the EBITDA (EUR 4.7m) and higher D&A linked to the investments put in place in the last few quarters (EUR 0.9m).

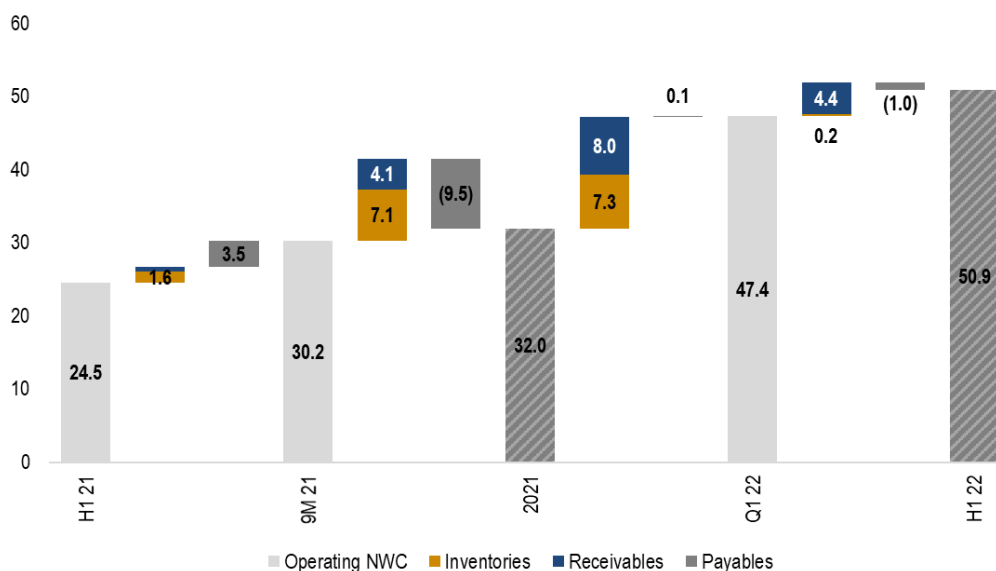
The H1 22 **adj. net income** included a loss of EUR 5.8m linked to the fair-value valuation of the group’s financial portfolio, which explained the negative bottom line entirely.



The **net debt** at the end of June 2022 reached EUR 42.2m, vs. EUR 15.7m at the beginning of the year. The main outflows were linked to capex (EUR 8.8m, ~8.7% of sales) and the NWC absorption (~EUR 14m), due to both higher inventories (to cover the need for raw materials) and higher trade receivables.

As regards the NWC management, we note that the NWC stabilised in Q2 vs. Q1 22, although the operating NWC kept increasing slightly. Indeed, most of the increase in inventories was booked between Q4 21 and Q1 22, when the supply chain issues reached their peak.

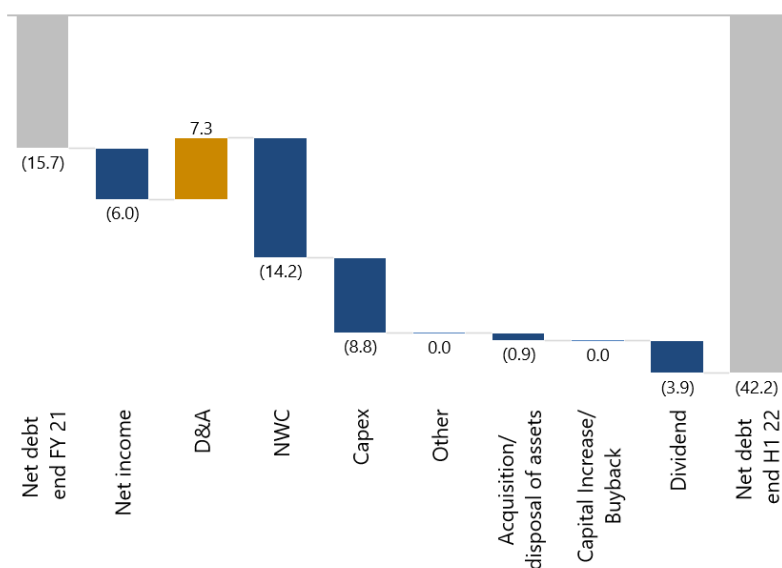
NWC development (LTM)



Source: Company data

Fine Foods also distributed EUR 3.9m in dividends and bought EUR 0.7m in own shares in H1 22.

Net debt development (YTD)



Source: Company data



Outlook

The management plans to gradually recover the group's historical growth trend, mainly by developing its three BUs, enhancing the R&D and marketing activities and integrating the newly-acquired companies (particularly to seize opportunities in the cosmetics sector).

As regards the next quarters, the company explained that it was implementing agreements to pass the additional raw materials, energy and packaging costs on to customers. Moreover, the company has installed two solar plants (reaching a combined capacity of 850 kW) on two production facilities and it has applied for the "White certificates" linked to the two cogeneration plants (with a capacity of 1 MW each), which ought to mitigate the sharp increase in electricity costs.

The management were optimistic about the evolution of the supply chain issues over the next 6-12 months.

2022-24 estimates

2022-24 sales evolution

We confirm our FY 22 revenue estimates (EUR 207m, ~+7.5% Y/Y), with a slightly different mix:

- ✓ The rebound in the Pharma top line, driven by the recovery in the technology transfers, was stronger than expected (~31% Y/Y in H1 22). We have raised the expected growth rate to 24% in FY 22 (implying a ~17% rate in H2), vs. our previous 15%;
- ✓ The Food BU was severely impacted by the Russo-Ukrainian war, which also discounted a tough comparison base. Indeed, multilevel marketing sales are usually counter-cyclical, as they grow faster during economic downturns thanks to the increasing distribution force. FF's Food revenues expanded significantly between H2 20 and H1 21, before they started declining towards the end of FY 21. Though sales lost due to the conflict can hardly be recovered in the short term, the expected slowdown in the global economy ought to give some relief to the division in the second half of 2022. Therefore, we forecast a deeper decline in the top line (-9.5% vs. our previous -5%).

We confirm our view on FY 22 as a "transition year", with a significant deviation from the historic double-digit growth trend. However, we expect a gradual normalisation of the market in the coming years, thus enabling Fine Foods to recover its past sustained growth path. 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%	47.5	24.0%	52.5	10.5%	57.0	8.6%	
Nutraceutical	132.0	138.1	4.7%	125.0	-9.5%	142.0	13.6%	157.0	10.6%	
Cosmetic		16.3		34.5		38.0	10.1%	43.0	13.2%	
Revenues	172.0	192.7	12.1%	207.0	7.5%	232.5	12.3%	257.0	10.5%	10.1%



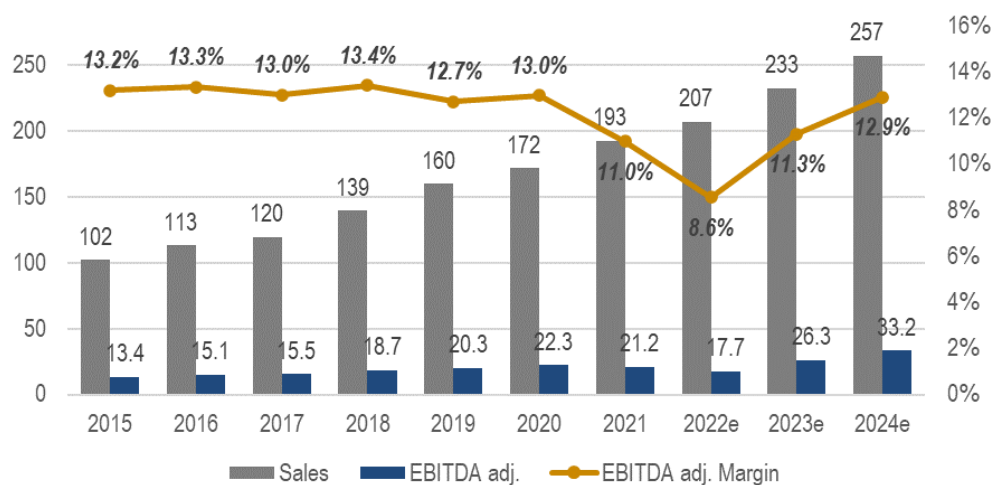
2022-24 profitability evolution

Although the raw material, packaging and energy costs were still on the rise, FF managed to improve its profitability. Indeed, the management adopted measures to increase efficiency and has negotiated in order to pass the extra-costs on to customers.

We expect the adj. EBITDA margin to continue to recover in H2 22, benefitting from the above-mentioned actions, although the energy costs are likely to take their toll. As such, we have revised our FY 22 adj. EBITDA margin estimate to 8.6% of sales (vs. our previous 10%), based on a H2 22 margin in line with Q2 22.

We also take a slightly more prudent approach on the coming years profitability, with the EBITDA margins down to 11.3% and 12.9% in 2023 and 2024 respectively (vs. the previous 13%/14%).

Revenue and EBITDA evolution 2015-2024e (EUR m)



Source: Company data, Banca Akros estimates

2022-24 capital structure evolution

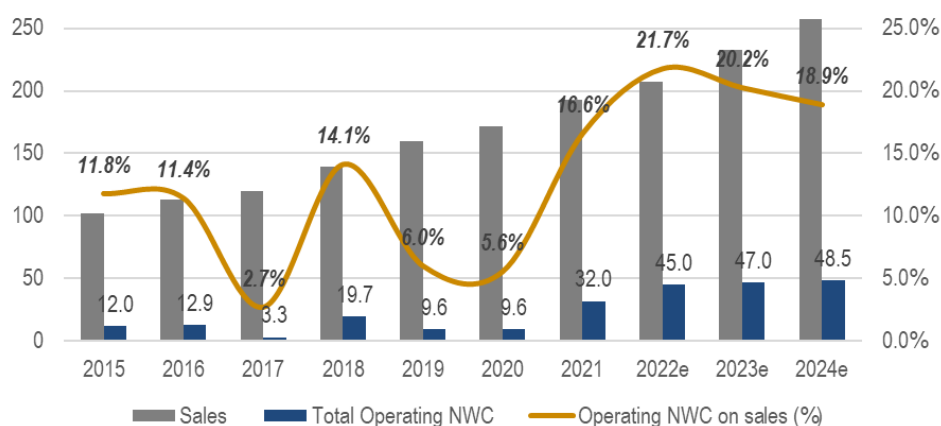
The NWC expanded significantly between Q4 21 and Q1 22, in order to cover the raw material needs and cope with the acute supply chain disruption. Moreover, the raising DSO pushed trade receivables up, whereas no significant improvement in the payment conditions were recorded.

We argue that this NWC absorption was exceptional and a gradual improvement should be expected, once the supply chain issues fade. In particular, we forecast an improvement in H2 22, with the LTM operating NWC/sales ratio declining to ~21.7% at the end of FY 22 vs 25.3% (adjusted for 12-month contribution of Euro Cosmetics) in H1 22, following a stabilisation of inventory and receivable stock.

The path ought to continue in the next few years, although we expect the NWC stock to remain at a higher level vis-à-vis 2019.



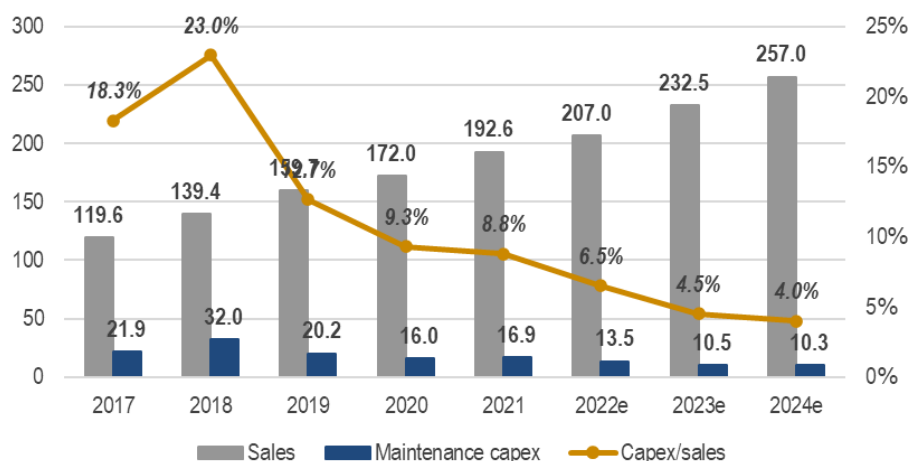
NWC evolution 2015-2024e (EUR m)



Source: Company data, Banca Akros estimates

We expect FY 22e CAPEX to be around EUR 13.5m. We see maintenance capex not exceeding 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.

We note that, **despite the lowered estimates on EBITDA adj.** (~12% average reduction on the 2022/24 timeframe), **the cash flow generation remains virtually unchanged, except in 2022, as the gradual normalisation of NWC ought to offset the impact the temporarily weaker profitability.**

Fine Foods: 2022-2024e Banca Akros estimates

PROFIT & LOSS (EUR m)	2021	2022e			2023e			2024e		
		NEW	OLD	Δ% Y/Y	NEW	OLD	Δ% Y/Y	NEW	OLD	Δ% Y/Y
Revenues	192.6	207.0	207.3	7.5%	232.5	231.8	12.3%	257.0	257.4	10.5%
EBITDA adj	21.2	17.7	20.8	-16.4%	26.3	30.2	48.4%	33.2	36.0	26.2%
EBITDA adj margin	11.0%	8.6%	10.0%		11.3%	13.0%		12.9%	14.0%	
One-off costs	1.6	0.6	0		0.0	0.0		0.0	0.0	
EBITDA	19.6	17.2	20.8	-12.3%	26.3	30.2	53.2%	33.2	36.0	26.2%
EBITDA margin	10.2%	8.3%	10.0%		11.3%	13.0%		12.9%	14.0%	
D&A and provisions	-14.5	-14.5	-13.4		-15.5	-14.4		-16.6	-15.9	
EBIT	6.6	2.7	7.5	-59.9%	10.8	15.8	305.9%	16.6	20.1	53.9%
EBIT margin	3.4%	1.3%	3.6%		4.6%	6.8%		6.4%	7.8%	
Net fin. income/charges	-9.3	-7.5	0.9		0.9	0.9		0.9	0.9	
Non-Recurring items	0	0.0	0		0.0	0.0		0.0	0.0	
Pre-tax profit	-4.6	-4.9	7.3	n.m.	11.7	15.6	n.m.	17.5	19.9	49.7%
Taxes	3.2	0.9	-1.6		-2.6	-3.4		-3.8	-4.4	
Tax rate	68.9%	19.4%	21.9%		21.9%	21.9%		21.9%	21.9%	
Minorities		0.0	0.		0.0	0.0		0.0	0.0	
Net profit rep	-1.4	-3.9	5.7	n.m.	9.1	12.2	n.m.	13.6	15.5	49.7%
Net profit adj	10.2	-3.4	5.7	n.m.	9.1	12.2	n.m.	13.6	15.5	49.7%
Maintenance capex	13.5	13.5	12.5		10.5	10.2		10.3	10.2	
Acquisition Capex	45.4				0			0		
Cash from operations	-2.4	-2.8	22.5		23.1	21.3		28.7	27.4	
FCFO	-18.9	-16.2	10.0		12.7	11.1		18.5	17.2	
FCFE	-72.6	-16.8	10.3		12.8	11.4		18.8	17.5	
Net Debt (Cash)	15.7	38.5	9.5		32.1	2.5		20.1	-10.4	

Source: Company data and Banca Akros estimates



Valuation

DCF valuation

Based on our DCF model, we confirm our fair value of EUR 11.0 per share, implying an over 30% 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 ~14%, 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	2.7	10.8	16.6	19.8	23.5
Taxes	-0.6	-2.4	-3.6	-4.3	-5.1
Tax rate	21.9%	21.9%	21.9%	21.9%	21.9%
NOPLAT	2.1	8.4	12.9	15.5	18.4
Depreciation & other provisions	14.5	15.5	16.6	17.9	19.4
Operating Cash Flow	16.6	23.9	29.5	33.4	37.7
Capex	-13.5	-10.5	-10.3	-15.0	-15.0
Change in Net Working Capital	-13.4	-1.5	-1.5	-1.1	-0.8
Free Operating Cash Flow (FOCF)	-10.2	12.0	17.7	17.3	21.9

Source: Banca Akros estimates

FINE FOODS: DCF analysis

Perpetual Growth Rate	1.80%
WACC	6.50%
Terminal Value	377.8
Discounting Rate of Terminal Value	0.69
Discounted Terminal Value	258.9
Cumulated DFOCF	45.1
Financial Assets as of 31/12/21	3.7
Enterprise Value (EUR m)	307.7
Net Financial Debt as of 31/12/21 (EUR m)	(15.7)
Minorities market value (EUR m)	(0.0)
Equity Value (EUR m)	292.0
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%
7.40%	8.4	8.7	9.1	9.4	9.9	10.3	10.9
7.10%	8.7	9.1	9.5	9.9	10.4	10.9	11.5
6.80%	9.1	9.5	9.9	10.4	11.0	11.6	12.2
6.50%	9.5	10.0	10.5	11.0	11.6	12.3	13.0
6.20%	10.0	10.5	11.1	11.7	12.4	13.1	14.0
5.90%	10.6	11.1	11.7	12.4	13.2	14.1	15.2
5.60%	11.2	11.8	12.5	13.3	14.2	15.3	16.5

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 supply 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 2023/24 EV/EBITDA and 2024 P/E adj.

Fine Foods: peer data

	Cur	Market Cap (m)	EV/EBITDA			P/E adj		
			2022e	2023e	2024e	2022e	2023e	2024e
LABOMAR	EUR	153	11.7	10.3	8.9	25.5	22.1	18.0
CATALENT INC	USD	14,958	14.6	13.7	12.0	21.8	21.8	18.6
PIRAMAL ENTERPRISES LTD	INR	229,487	11.1	11.0	9.4	8.4	11.1	9.0
INTERCOS	EUR	1,107	10.7	9.5	8.5	22.0	18.9	16.2
SIEGFRIED HOLDING AG-REG	CHF	3,342	13.8	13.1	12.1	22.7	21.0	18.7
AVERAGE			12.4	11.5	10.2	20.1	19.0	16.1
FINE FOODS	EUR	207	14.0	9.2	6.9	nm	22.6	15.1
Premium (discount)			13.2%	-20.2%	-32.3%	nm	19.0%	-6.3%

Source: Bloomberg data as at 22 September 2022 and Banca Akros estimates

Upcoming Corporate Events Calendar

Date	Event Type	Description	Period
14/11/22	Results	Q3 2022 Results	2022Q3

Source: Precise



Fine Foods: Summary tables

PROFIT & LOSS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Sales	160	172	193	207	233	257
Cost of Sales & Operating Costs	-69.5	-85.1	-96.6	-108.8	-118.7	-128.2
Non Recurrent Expenses/Income	-2.8	-1.2	-1.6	-0.6	0.0	0.0
EBITDA	17.5	21.1	19.6	17.2	26.3	33.2
EBITDA (adj.)*	20.3	22.3	21.2	17.7	26.3	33.2
Depreciation	-9.4	-11.6	-14.5	-14.5	-15.5	-16.6
EBITA	8.1	9.5	5.0	2.7	10.8	16.6
EBITA (adj.)*	10.9	10.7	6.6	3.2	10.8	16.6
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	10.9	10.7	7.7	3.2	10.8	16.6
EBIT (adj.)*	13.7	11.9	9.3	3.8	10.8	16.6
Net Financial Interest	-8.0	7.2	-9.3	-7.5	0.9	0.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	2.9	17.9	-1.6	-4.3	11.7	17.5
Tax	-2.9	-3.3	3.2	0.9	-2.6	-3.8
<i>Tax rate</i>		18.6%	68.9%	21.9%	21.9%	21.9%
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)	-2.8	13.4	-1.4	-3.9	9.1	13.6
Net Profit (adj.)	11.9	9.3	10.2	-3.4	9.1	13.6
CASH FLOW (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Cash Flow from Operations before change in NWC	6.6	25.0	13.1	10.6	24.6	30.2
Change in Net Working Capital	5.3	12.7	-32.0	-13.4	-1.5	-1.5
Cash Flow from Operations	11.9	37.7	-18.9	-2.8	23.1	28.7
Capex	-20.2	-16.0	-66.0	-13.5	-10.5	-10.3
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-8.3	21.7	-84.9	-16.2	12.7	18.5
Dividends	-2.3	-2.8	-3.3	-4.1	-4.4	-4.8
Other (incl. Capital Increase & share buy backs)	-25.2	-0.9	40.8	-4.5	-3.8	-3.6
Change in Net Financial Debt	-35.8	18.0	-47.4	-24.9	4.4	10.0
NOPLAT	9.4	8.1	6.4	2.6	7.4	11.4
BALANCE SHEET & OTHER ITEMS (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Tangible Assets	89.3	93.4	103	103	97.5	91.2
Net Intangible Assets (incl. Goodwill)	1.9	1.9	24.7	24.7	24.7	24.7
Net Financial Assets & Other	2.0	2.0	3.7	3.7	3.7	3.7
Total Fixed Assets	93.3	97.3	131	131	126	120
Inventories	22.5	19.6	35.1	41.0	43.0	43.5
Trade receivables	17.1	12.7	29.4	39.0	41.0	42.0
Other current assets	2.5	3.3	12.0	13.4	11.1	11.1
Cash (-)	-74.8	-75.0	-95.1	-84.5	-87.1	-92.2
Total Current Assets	117	111	172	178	182	189
Total Assets	210.2	207.8	302.8	308.9	308.2	308.4
Shareholders Equity	131	141	147	137	140	147
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	131	141	147	137	140	147
Long term interest bearing debt	21.2	16.1	42.5	47.3	45.8	43.1
Provisions	1.1	1.1	3.0	3.2	3.4	3.7
Other long term liabilities	1.2	0.6	0.0	0.0	0.0	0.0
Total Long Term Liabilities	23.6	17.7	45.5	50.5	49.2	46.9
Short term interest bearing debt	29.2	16.2	68.2	75.8	73.5	69.2
Trade payables	20.6	22.7	32.5	35.0	37.0	37.0
Other current liabilities	6.1	10.2	9.3	10.4	8.6	8.6
Total Current Liabilities	55.9	49.1	110	121	119	115
Total Liabilities and Shareholders' Equity	210.2	207.8	302.8	308.9	308.2	308.4
Net Capital Employed	108.6	99.9	165.9	179.0	175.4	170.6
Net Working Capital	19.0	9.6	32.0	45.0	47.0	48.5
GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
<i>Sales growth</i>	14.6%	7.7%	12.0%	7.5%	12.3%	10.5%
EBITDA (adj.)* growth	8.6%	9.9%	-5.0%	-16.4%	48.4%	26.2%
<i>EBITA (adj.)* growth</i>	7.2%	-2.5%	-37.7%	-51.8%	236.2%	53.9%
<i>EBIT (adj.)* growth</i>	34.7%	-13.6%	-21.4%	-59.7%	186.9%	53.9%



Fine Foods: Summary tables

GROWTH & MARGINS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Profit growth	37.0%	-21.8%	9.4%	n.m.	n.m.	49.7%
EPS adj. growth	-15.0%	-23.3%	4.1%	n.m.	n.m.	49.7%
DPS adj. growth	20.0%	16.7%	14.3%	8.0%	8.0%	0.0%
EBITDA (adj)* margin	12.7%	13.0%	11.0%	8.6%	11.3%	12.9%
EBITA (adj)* margin	6.8%	6.2%	3.4%	1.5%	4.6%	6.4%
EBIT (adj)* margin	8.6%	6.9%	4.8%	1.8%	4.6%	6.4%
RATIOS	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Net Debt/Equity	-0.2	-0.3	0.1	0.3	0.2	0.1
Net Debt/EBITDA	-1.4	-2.0	0.8	2.2	1.2	0.6
Interest cover (EBITDA/Fin.interest)	2.2	n.m.	2.1	2.3	n.m.	n.m.
Capex/D&A	215.8%	137.5%	454.3%	92.8%	67.4%	61.9%
Capex/Sales	12.7%	9.3%	34.3%	6.5%	4.5%	4.0%
NWC/Sales	11.9%	5.6%	16.6%	21.7%	20.2%	18.9%
ROE (average)	8.5%	6.8%	7.1%	-2.4%	6.6%	9.5%
ROCE (adj.)	8.5%	7.8%	4.0%	1.5%	4.4%	6.9%
WACC	6.7%	6.7%	6.5%	6.5%	6.5%	6.5%
ROCE (adj.)/WACC	1.3	1.2	0.6	0.2	0.7	1.1
PER SHARE DATA (EUR)***	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Average diluted number of shares	23.2	23.6	25.6	25.6	25.6	25.6
EPS (reported)	-0.12	0.57	-0.06	-0.15	0.36	0.53
EPS (adj.)	0.52	0.40	0.41	-0.13	0.36	0.53
BVPS	5.63	5.98	5.76	5.37	5.47	5.74
DPS	0.12	0.14	0.16	0.17	0.19	0.19
VALUATION	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
EV/Sales	1.6	1.2	2.1	1.2	1.0	0.9
EV/EBITDA	14.7	9.8	21.1	14.5	9.3	7.0
EV/EBITDA (adj.)*	12.6	9.3	19.5	14.1	9.3	7.0
EV/EBITA	31.5	21.9	82.0	94.2	22.6	14.0
EV/EBITA (adj.)*	23.5	19.4	62.2	78.0	22.6	14.0
EV/EBIT	23.5	19.4	53.6	78.0	22.6	14.0
EV/EBIT (adj.)*	18.7	17.5	44.4	66.5	22.6	14.0
P/E (adj.)	23.1	26.4	37.2	n.m.	22.7	15.2
P/BV	2.1	1.8	2.7	1.5	1.5	1.4
Total Yield Ratio	1.0%	1.3%	2.0%	2.1%	2.3%	
EV/CE	2.3	2.0	2.6	1.4	1.4	1.4
OpFCF yield	-3.0%	8.8%	-21.6%	-7.8%	6.1%	8.9%
OpFCF/EV	-3.3%	10.5%	-20.5%	-6.5%	5.2%	8.0%
Payout ratio	-98.7%	24.5%	n.m.	-113.0%	52.4%	35.0%
Dividend yield (gross)	1.0%	1.3%	2.0%	2.1%	2.3%	2.3%
EV AND MKT CAP (EURm)	12/2019	12/2020	12/2021	12/2022e	12/2023e	12/2024e
Price** (EUR)	12.00	10.50	15.40	8.10	8.10	8.10
Outstanding number of shares for main stock	23.2	23.6	25.6	25.6	25.6	25.6
Total Market Cap	278.3	247.5	393.6	207.0	207.0	207.0
Gross Financial Debt (+)	50.4	32.3	110.8	123.1	119.3	112.3
Cash & Marketable Securities (-)	-74.8	-75.0	-95.1	-84.5	-87.1	-92.2
Net Financial Debt	-24.4	-42.7	15.7	38.5	32.1	20.1
Lease Liabilities (+)						
Net Debt	-24.4	-42.7	15.7	38.5	32.1	20.1
Other EV components	2.2	2.1	3.9	3.9	3.9	3.9
Enterprise Value (EV adj.)	256.1	206.9	413.2	249.5	243.1	231.0

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 Ifis	BAK	Theraclion	CIC
Brembo	BAK	Kering	CIC	Banca Mediolanum	BAK	Vetoquinol	CIC
Cie Automotive	GVC	L'Oreal	CIC	Banca Sistema	BAK	Virbac	CIC
Faurecia	CIC	Lvmh	CIC	Bff Bank	BAK	Vytrus Biotech	GVC
Ferrari	BAK	Maisons Du Monde	CIC	Dea Capital	BAK	Industrial Goods & Services	Mem(*)
Gestamp	GVC	Moncler	BAK	Dws	CIC	Applus	GVC
Indelb	BAK	Monnalisa	BAK	Finecobank	BAK	Avio	BAK
Landi Renzo	BAK	Ovs	BAK	Illimity Bank	BAK	Biesse	BAK
Michelin	CIC	Piaggio	BAK	Mediobanca	BAK	Bollore	CIC
Pirelli & C.	BAK	Richemont	CIC	Poste Italiane	BAK	Bureau Veritas	CIC
Plastic Omnium	CIC	Safilo	BAK	Rothschild & Co	CIC	Caf	GVC
Renault	CIC	Salvatore Ferragamo	BAK	Food & Beverage	Mem(*)	Catenon	GVC
Sogefi	BAK	Smcp	CIC	Ab Inbev	CIC	Cellnex Telecom	GVC
Stellantis	BAK	Swatch Group	CIC	Advini	CIC	Cembre	BAK
Valeo	CIC	Technogym	BAK	Bonduelle	CIC	Chargeurs	CIC
Banks	Mem(*)	Tod'S	BAK	Campari	BAK	Clasquin	IAC
Banca Mps	BAK	Trigano	CIC	Carlsberg As-B	CIC	Cnh Industrial	BAK
Banco Sabadell	GVC	Ubisoft	CIC	Danone	CIC	Corticeira Amorim	CBI
Banco Santander	GVC	Energy	Mem(*)	Diageo	CIC	Ctt	CBI
Bankinter	GVC	Cgg	CIC	Ebro Foods	GVC	Danieli	BAK
Bbva	GVC	Ecoslops	CIC	Enervit	BAK	Datalogic	BAK
Bnp Paribas	CIC	Eni	BAK	Fleury Michon	CIC	Enav	BAK
Bper	BAK	Galp Energia	CBI	Heineken	CIC	Enogia	CIC
Caixabank	GVC	Gas Plus	BAK	Italian Wine Brands	BAK	Exel Industries	CIC
Credem	BAK	Gtt	CIC	Lanson-Bcc	CIC	Fiera Milano	BAK
Credit Agricole Sa	CIC	Maurel Et Prom	CIC	Laurent Perrier	CIC	Fincantieri	BAK
Intesa Sanpaolo	BAK	Neoen	CIC	Ldc	CIC	Getlink	CIC
Societe Generale	CIC	Plc	BAK	Lindt & Sprüngli	CIC	Global Dominion	GVC
Unicaja Banco	GVC	Repsol	GVC	Nestle	CIC	Haulotte Group	CIC
Unicredit	BAK	Rubis	CIC	Orsero	BAK	Interpump	BAK
Basic Resources	Mem(*)	Saipem	BAK	Pernod Ricard	CIC	Inwit	BAK
Acerinox	GVC	Technip Energies	CIC	Remy Cointreau	CIC	Legrand	CIC
Altri	CBI	Technipfmc Plc	CIC	Tipiak	CIC	Leonardo	BAK
Arcelormittal	GVC	Tecnicas Reunidas	GVC	Vilmorin	CIC	Logista	GVC
Ence	GVC	Tenaris	BAK	Viscofan	GVC	Manitou	CIC
Neodecortech	BAK	Totalenergies	CIC	Vranken	CIC	Nbi Bearings Europe	GVC
Semapa	CBI	Vallourec	CIC	Healthcare	Mem(*)	Nexans	CIC
The Navigator Company	CBI	Fin. Serv. Holdings	Mem(*)	Abionyx Pharma	CIC	Nicolas Correa	GVC
Tubacex	GVC	Cir	BAK	Amplifon	BAK	Openjobmetis	BAK
Chemicals	Mem(*)	Corp. Financiera Alba	GVC	Atrys Health	GVC	Osai	BAK
Air Liquide	CIC	Digital Magics	BAK	Biomerieux	CIC	Prima Industrie	BAK
Arkema	CIC	Eurazeo	CIC	Crossject	CIC	Prosegur	GVC
Plasticos Compuestos	GVC	Gbl	CIC	Diasorin	BAK	Prosegur Cash	GVC
Consumer Products & Services	Mem(*)	Peugeot Invest	CIC	El.En.	BAK	Prysmian	BAK
Abeo	CIC	Rallye	CIC	Fermentalg	CIC	Rai Way	BAK
Beneteau	CIC	Tip Tamburi Investment Partners	BAK	Fine Foods	BAK	Rexel	CIC
Brunello Cucinelli	BAK	Wendel	CIC	Genfit	CIC	Saes	BAK
Capelli	CIC	Fin. Serv. Industrials	Mem(*)	Gpi	BAK	Salcef	BAK
De Longhi	BAK	Dovalue	BAK	Guerbet	CIC	Schneider Electric Se	CIC
Fila	BAK	Nexi	BAK	Ipsen	CIC	Somfy	CIC
Geox	BAK	Tinexta	BAK	Korian	CIC	Talgo	GVC
Givaudan	CIC	Financial Services Banks	Mem(*)	Oncodesign	CIC	Teleperformance	CIC
Groupe Seb	CIC	Amundi	CIC	Orpea	CIC	Verallia	CIC
Hermes Intl.	CIC	Anima	BAK	Prim Sa	GVC	Vidrala	GVC
Hexaom	CIC	Azimut	BAK	Recordati	BAK	Zignago Vetro	BAK
Interparfums	CIC	Banca Generali	BAK	Shedir Pharma	BAK		



Insurance	Mem(*)	Miogroup	GVC	Visiativ	CIC	Seche Environnement	CIC
Axa	CIC	Nrj Group	CIC	Vogo	CIC	Snam	BAK
Catalana Occidente	GVC	Prisa	GVC	Telecommunications	Mem(*)	Solaria	GVC
Cattolica Assicurazioni	BAK	Publicis	CIC	Bouygues	CIC	Solarprofit	GVC
Generali	BAK	Rcs Mediagroup	BAK	Ekinops	CIC	Terna	BAK
Linea Directa Aseguradora	GVC	Tf1	CIC	Ezentis	GVC	Veolia	CIC
Mapfre	GVC	Universal Music Group	CIC	Nos	CBI	Volitalia	CIC
Net Insurance	BAK	Vivendi	CIC	Orange	CIC		
Unipolsai	BAK	Vocento	GVC	Telecom Italia	BAK		
Materials, Construction	Mem(*)	Personal Care, Drug & Grocery S	Mem(*)	Telefonica	GVC		
Abp Nocivelli	BAK	Carrefour	CIC	Tiscali	BAK		
Acs	GVC	Casino	CIC	Unidata	BAK		
Aena	GVC	Jeronimo Martins	CBI	Vodafone	BAK		
Atlantia	BAK	Marr	BAK	Travel & Leisure	Mem(*)		
Buzzi Unicem	BAK	Sonae	CBI	Accor	CIC		
Cementir	BAK	Unilever	CIC	Autogrill	BAK		
Cementos Molins	GVC	Winfarm	CIC	Compagnie Des Alpes	CIC		
Clerhp Estructuras	GVC	Real Estate	Mem(*)	Edreams Odigeo	GVC		
Crh	CIC	Igd	BAK	Elior	CIC		
Eiffage	CIC	Inmobiliaria Colonial	GVC	Fdj	CIC		
Fcc	GVC	Inversa Prime	GVC	Groupe Partouche	IAC		
Ferrovial	GVC	Lar España	GVC	Hunyvers	CIC		
Groupe Adp	CIC	Merlin Properties	GVC	I Grandi Viaggi	BAK		
Groupe Poujoulat	CIC	Realia	GVC	Ibersol	CBI		
Groupe Sfp S.A.	CIC	Retail	Mem(*)	Int. Airlines Group	GVC		
Heidelberg Cement	CIC	Burberry	CIC	Melia Hotels International	GVC		
Herige	CIC	Fnac Darty	CIC	Nh Hotel Group	GVC		
Holcim	CIC	Inditex	GVC	Pierre Et Vacances	CIC		
Imerys	CIC	Unieuro	BAK	Sodexo	CIC		
Maire Tecnimont	BAK	Technology	Mem(*)	Utilities	Mem(*)		
Mota Engil	CBI	Agile Content	GVC	A2A	BAK		
Obrascon Huarte Lain	GVC	Akka Technologies	CIC	Acciona	GVC		
Sacyr	GVC	Almawave	BAK	Acea	BAK		
Saint-Gobain	CIC	Alten	CIC	Albioma	CIC		
Sciuker Frames	BAK	Amadeus	GVC	Alerion Clean Power	BAK		
Sergeferrari Group	CIC	Atos	CIC	Audax	GVC		
Spie	CIC	Axway Software	CIC	Derichebourg	CIC		
Tarkett	CIC	Capgemini	CIC	Edf	CIC		
Thermador Groupe	CIC	Cast	CIC	Edp	CBI		
Vicat	CIC	Dassault Systemes	CIC	Enagas	GVC		
Vinci	CIC	Digital Value	BAK	Encavis Ag	CIC		
Webuild	BAK	Esi Group	CIC	Endesa	GVC		
Media	Mem(*)	Exprivia	BAK	Enel	BAK		
Arnoldo Mondadori Editore	BAK	Gigas Hosting	GVC	Engie	CIC		
Atresmedia	GVC	Indra Sistemas	GVC	E-Pango	CIC		
Believe	CIC	Izertis	GVC	Erg	BAK		
Cairo Communication	BAK	Lleida.Net	GVC	Greenalia	GVC		
Digital Bros	BAK	Memscap	IAC	Greenvolt	CBI		
GI Events	CIC	Neurones	CIC	Hera	BAK		
Il Sole 24 Ore	BAK	Ovhcloud	CIC	Holaluz	GVC		
Ipsos	CIC	Reply	BAK	Iberdrola	GVC		
Jcdecaux	CIC	Sii	CIC	Iren	BAK		
Lagardere	CIC	Sopra Steria Group	CIC	Italgas	BAK		
M6	CIC	Spindox	BAK	Naturgy	GVC		
Mediaset Espana	GVC	Stmicroelectronics	BAK	Redeia	GVC		
Mfe-Mediaforeurope	BAK	Tier1 Technology	GVC	Ren	CBI		

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

as at 15 July 2022



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Il presente documento è stato redatto da Gian Marco Gadini (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 22 September 2022, ore 08:55 italiane.**

L'analista di Banca Akros, che ha redatto il presente documento, ha maturato una significativa esperienza presso Banca Akros e altri intermediari.

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Banca Akros, nell'ultimo anno, ha pubblicato sulla società oggetto di analisi tre studi in data 12 luglio, 13 e 14 settembre 2022.

Ai sensi degli artt. 5 e 6 del Regolamento Delegato 2016/958, **Banca Akros ha specifici interessi nei confronti della società oggetto di analisi nel presente documento, in quanto la Banca è specialista o liquidity provider in strumenti negoziati su mercati regolamentati e/o MTF. Inoltre, Banca Akros svolge il ruolo di Nomad e ha svolto il ruolo di Sponsor nel passaggio da AIM a MTA/STAR (12 luglio 2021).**

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

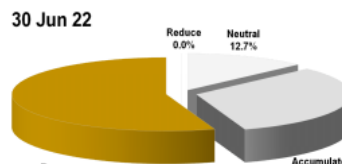
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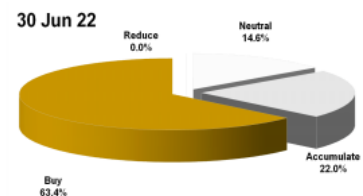
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Percentuale delle raccomandazioni al 30 giugno 2022

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 34.75% del totale degli emittenti oggetto di copertura

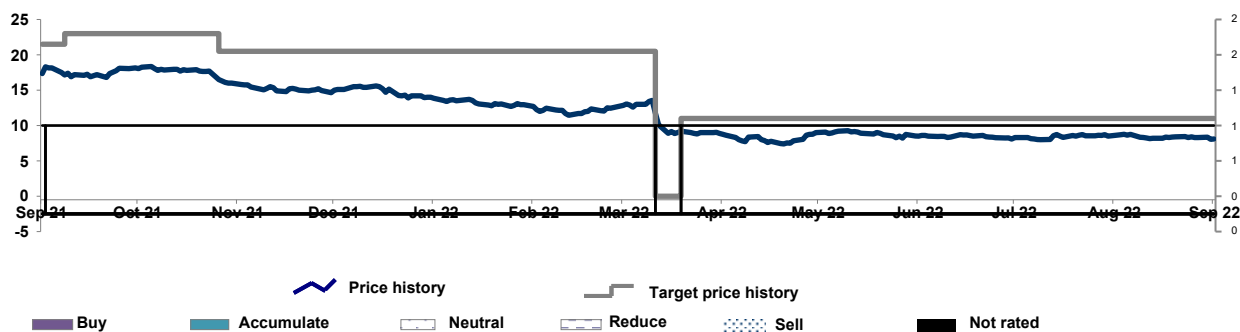
Recommendation history for FINE FOODS

Date	Recommendation	Target price	Price at change date
08-Apr-22	Accumulate	11.00	9.20
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

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: Gian Marco Gadini (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)**.

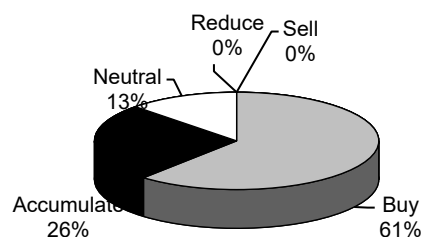
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months
- **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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