

# FINE FOODS

Sector: Industrials

# OUTPERFORM

Price: Eu8.30 - Target: Eu12.30

## Green Shoots in 1Q Enhance Visibility on FY23 Expectations

**Giorgio Tavolini +39-02-77115.279**

giorgio.tavolini@intermonte.it

**Andrea Randone +39-02-77115.364**

andrea.randone@intermonte.it

### Stock Rating

**Rating:** Unchanged

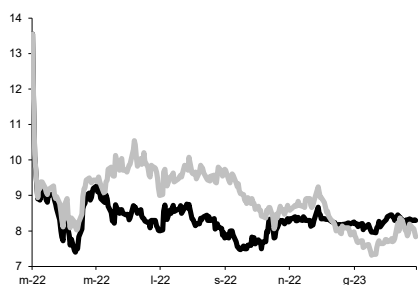
**Target Price (Eu):** from 12.00 to 12.30

	2023E	2024E	2025E
Chg in Adj EPS	-0.3%	-0.3%	

### Next Event

AGM 9 May / 1Q23 Results 15 May

### FINE FOODS - 12M Performance



— FINE FOODS — FINE FOODS Rel. to FTSE All Shares (Reb.)

### Stock Data

Reuters code: FF.MI

Bloomberg code: FF IM

Performance	1M	3M	12M
Absolute	0.5%	-0.5%	-38.7%
Relative	2.2%	-14.1%	-44.5%
12M (H/L)	11.75/7.40		
3M Average Volume (th):	6.74		

### Shareholder Data

No. of Ord shares (mn): 26

Total no. of shares (mn): 26

Mkt Cap Ord (Eu mn): 212

Total Mkt Cap (Eu mn): 212

Mkt Float - Ord (Eu mn): 100

Mkt Float (in %): 47.3%

Main Shareholder:

Eigenfin Srl + M. Eigenmann 52.7%

### Balance Sheet Data

Book Value (Eu mn): 139

BVPS (Eu): 5.44

P/BV: 1.5

Net Financial Position (Eu mn): -31

Enterprise Value (Eu mn): 243

■ **FY22 results:** headline numbers came in slightly below our estimates, while the bottom line, although in the red, was c.€3mn better than our assumptions, mainly due to a higher deferred tax asset (€4.7mn vs. our exp. €3.1mn) and much lower negative mark-to-market of FV related to securities in the parent company investment portfolio (€-7.7mn, our exp. -€10mn). WC absorption was €2mn better vs. our exp., also due to a c.€5mn VAT credit reduction, resulting in lower net debt (€43.6mn vs. our exp. €49.3mn). On the positive side, we would flag up, i) a contraction of just 4% in Food in 4Q after double-digit declines in previous quarters, ii) confirmation of outstanding double-digit 4Q growth rates in Pharma (+30% YoY), and iii) management hints on “comforting signs of recovery”, with >25% top line growth in 1Q23. The top line stood at €207mn (our exp. €208mn) in FY, up 6.2%, supported by very strong trends in Pharma (+38.6% to €55mn, 26% of Group sales). Negative Food trends (-15.3% to €118mn, 57% of Group sales) were due to shrinking output for markets affected by the Russia-Ukraine war and the slowdown in clients’ Multilevel Marketing activities, but the overall result was largely offset by solid growth in Pharma and Cosmetics. The latter (FY: €34mn), grew 7.6% (9M: 8.5%) on a pro-forma basis, driven by the integration of Pharmatek and Euro Cosmetics. Adj. EBITDA came to €15.7mn (our exp. €16.7mn), with a 7.6% margin (our exp. 8.0%), -3.3pp YoY. Energy costs were €6.5mn in FY22 or 3.1% of sales (9M22: 3.5%, including a spike to 5.5% in 3Q22) and the adj. EBITDA margin would have been 9.8% net of energy cost increases.

■ **Very reassuring short-term outlook:** positive hints on current trading (sales up >25% in 1Q) support visibility on our current FY23 estimates (+16% sales growth and 11% margin) although we would rule out any meaningful revision to FY23-25 consensus estimates at this stage.

■ **Updated estimates.** Pending full visibility on 1Q trends, we are raising our FY23-25 top line estimate by 1% (stronger mix of Pharma vs. Cosmetics and Food) leaving margin progression unchanged, while factoring in higher interest rates and lower taxes (deferred tax asset), driving minor changes to adj. EPS.

■ **OUTPERFORM confirmed; new target at €12.3 (from €12.0).** We confirm our positive view on the stock: a re-acceleration of growth in the coming months fuelled by ongoing business recovery and lower energy costs might rekindle interest in the equity story and allow the stock to benefit from a significant re-rating in the short term, even without any a material upgrade to current expectations. We are raising our target price from €12.0 to €12.3, essentially due to the rollover of our DCF model by one year. Fine Foods is well placed to outperform peers, having grown notably faster than its core end markets in the last decade. It enjoys solid operating trends through leveraging its critical mass as the largest Italian CDMO, as well as highly visible customer demand (resulting in enduring relations and an increasing share-of-wallet), additional capacity secured through investments, and the ability to seize further M&A opportunities for quality assets in adjacent markets or to act as a natural aggregator.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	195	207	239	262	288
EBITDA Adj (Eu mn)	21	16	26	33	40
Net Profit Adj (Eu mn)	10	-9	8	13	17
EPS New Adj (Eu)	0.398	-0.338	0.324	0.518	0.670
EPS Old Adj (Eu)	0.398	-0.486	0.325	0.519	
DPS (Eu)	0.160	0.100	0.130	0.207	0.268
EV/EBITDA Adj	17.8	18.3	9.2	7.1	5.6
EV/EBIT Adj	nm	nm	22.0	13.4	10.0
P/E Adj	20.9	nm	25.6	16.0	12.4
Div. Yield	1.9%	1.2%	1.6%	2.5%	3.2%
Net Debt/EBITDA Adj	0.7	2.8	1.2	0.7	0.3

FINE FOODS – Key Figures						
Profit & Loss (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	172	195	207	239	262	288
EBITDA	21	20	15	26	33	40
EBIT	9	5	-1	11	18	23
Financial Income (charges)	-0	-1	-5	-2	-2	-1
Associates & Others	8	-9	-8	0	0	0
Pre-tax Profit	17	-5	-14	9	16	22
Taxes	-3	3	5	-1	-3	-4
Tax rate	19.9%		33.1%	6.7%	17.5%	20.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	13	-1	-10	8	13	17
EBITDA Adj	22	21	16	26	33	40
EBIT Adj	11	8	0	11	18	23
Net Profit Adj	9	10	-9	8	13	17
Per Share Data (Eu)	2020A	2021A	2022A	2023E	2024E	2025E
Total Shares Outstanding (mn) - Average	24	26	26	26	26	26
Total Shares Outstanding (mn) - Year End	24	26	26	26	26	26
EPS f.d	0.570	-0.056	-0.372	0.324	0.518	0.670
EPS Adj f.d	0.398	0.398	-0.338	0.324	0.518	0.670
BVPS f.d	5.982	5.760	5.215	5.439	5.827	6.290
Dividend per Share ORD	0.141	0.160	0.100	0.130	0.207	0.268
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)						
Cash Flow (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Gross Cash Flow	27	1	18	24	29	34
Change in NWC	9	-14	-14	4	-5	-5
Capital Expenditure	-16	-17	-15	-12	-13	-14
Other Cash Items	1	17	-12	0	0	0
Free Cash Flow (FCF)	20	-30	-12	15	11	15
Acquisitions, Divestments & Other Items	0	-42	0	0	0	0
Dividends	-3	-3	-4	-3	-3	-5
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	18	-58	-28	13	8	9
Balance Sheet (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Total Fixed Assets	95	128	128	124	122	119
Net Working Capital	4	39	52	48	53	58
Long term Liabilities	-1	-4	-3	-3	-3	-3
Net Capital Employed	98	163	177	170	172	175
Net Cash (Debt)	43	-16	-44	-31	-23	-14
Group Equity	141	147	133	139	149	161
Minorities	0	0	0	0	0	0
Net Equity	141	147	133	139	149	161
Enterprise Value (Eu mn)	2020A	2021A	2022A	2023E	2024E	2025E
Average Mkt Cap	256	361	243	212	212	212
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	43	-16	-44	-31	-23	-14
Enterprise Value	213	377	287	243	235	226
Ratios (%)	2020A	2021A	2022A	2023E	2024E	2025E
EBITDA Adj Margin	13.0%	10.9%	7.6%	11.0%	12.7%	13.9%
EBIT Adj Margin	6.2%	4.0%	0.1%	4.6%	6.7%	7.9%
Gearing - Debt/Equity	-30.3%	10.6%	32.7%	22.2%	15.6%	8.6%
Interest Cover on EBIT	23.0	6.6	nm	5.1	11.4	19.5
Net Debt/EBITDA Adj	-1.9	0.7	2.8	1.2	0.7	0.3
ROACE*	9.2%	3.9%	-0.6%	6.4%	10.3%	13.1%
ROE*	6.9%	7.1%	-6.2%	6.1%	9.2%	11.1%
EV/CE	2.1	2.9	1.7	1.4	1.4	1.3
EV/Sales	1.2	1.9	1.4	1.0	0.9	0.8
EV/EBITDA Adj	9.6	17.8	18.3	9.2	7.1	5.6
EV/EBIT Adj	20.0	nm	nm	22.0	13.4	10.0
Free Cash Flow Yield	9.5%	-14.3%	-5.5%	7.2%	5.2%	7.0%
Growth Rates (%)	2020A	2021A	2022A	2023E	2024E	2025E
Sales	7.7%	13.3%	6.2%	15.6%	9.7%	9.8%
EBITDA Adj	9.9%	-5.0%	-25.8%	67.9%	26.4%	20.0%
EBIT Adj	-2.5%	-27.4%	-96.1%	3588.2%	59.0%	29.1%
Net Profit Adj	nm	nm	nm	nm	59.7%	29.4%
EPS Adj	-21.2%	0.0%	nm	nm	59.7%	29.4%
DPS	16.8%	13.7%	-37.5%	29.7%	59.7%	29.4%

\*Excluding extraordinary items Source: Intermonte SIM estimates

## 4Q/FY22 Results

### Fine Foods – 4Q/FY22 Results: P&L\*

P&L (Eu mn)	2020A	1Q21A	2Q21A	1H21A	3Q21A	9M21A	4Q21A	2021A	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	2022A	2022E	A/E
<b>Food</b>	<b>132.0</b>	<b>38.3</b>	<b>35.0</b>	<b>73.3</b>	<b>33.1</b>	<b>106.4</b>	<b>32.7</b>	<b>139.1</b>	<b>29.5</b>	<b>27.3</b>	<b>56.8</b>	<b>29.6</b>	<b>86.4</b>	<b>31.4</b>	<b>117.8</b>	<b>118.8</b>	<b>-1%</b>
YoY growth	10.7%			35.4%	-11.7%	16.1%	-19.0%	5.4%	-22.9%	-22.1%	-22.5%	-10.7%	-18.8%	-3.8%	-15.3%	-14.0%	
on net sales	76.8%	74.6%	72.4%	73.6%	73.2%	73.5%	63.5%	71.4%	58.2%	54.7%	56.5%	56.6%	56.5%	55.8%	56.9%	57.1%	
<b>Pharma</b>	<b>40.0</b>	<b>10.0</b>	<b>9.3</b>	<b>19.3</b>	<b>8.8</b>	<b>28.2</b>	<b>11.3</b>	<b>39.5</b>	<b>11.9</b>	<b>13.9</b>	<b>25.8</b>	<b>14.2</b>	<b>40.0</b>	<b>14.7</b>	<b>54.7</b>	<b>52.4</b>	<b>4%</b>
YoY growth	-1.2%			-8.8%	-9.6%	-9.1%	24.9%	-1.4%	18.6%	49.2%	33.4%	30.8%	42.0%	30.2%	38.6%	37.0%	
on net sales	23.3%	19.5%	19.3%	19.4%	19.6%	19.5%	21.9%	20.3%	23.4%	28.0%	25.7%	27.2%	26.2%	26.1%	26.4%	25.2%	
<b>Cosmetics &amp; Biocides</b>				<b>7.0</b>	<b>1.8</b>	<b>10.3</b>	<b>7.5</b>	<b>16.3</b>	<b>9.4</b>	<b>8.6</b>	<b>18.0</b>	<b>8.5</b>	<b>26.5</b>	<b>10.2</b>	<b>36.7</b>	<b>36.7</b>	<b>0%</b>
on net sales				7.0%	3.9%	7.1%	14.6%	8.4%	18.4%	17.3%	17.9%	16.2%	17.3%	18.2%	17.8%	17.7%	
<b>Net revenues</b>	<b>172.0</b>	<b>51.3</b>	<b>48.3</b>	<b>99.7</b>	<b>45.2</b>	<b>144.9</b>	<b>51.5</b>	<b>194.8</b>	<b>50.8</b>	<b>49.8</b>	<b>100.6</b>	<b>52.2</b>	<b>152.8</b>	<b>56.4</b>	<b>206.9</b>	<b>208.0</b>	<b>-1%</b>
YoY growth	7.7%	0.0%	0.0%	32.1%	-4.4%	18.1%	4.2%	13.3%	-1.1%	3.1%	0.9%	15.6%	5.5%	9.5%	6.2%	8.0%	
o/w organic	7.7%							3.8%	-14.3%	-7.1%	-10.8%	4.3%	-6.1%	4.9%	-3.9%	-3.5%	
Other income	5.0	0.1	0.0	0.1	1.5	1.7	-1.3	0.4	0.2	0.1	0.2	0.1	0.3	1.1	1.5	1.0	
<b>Value of production</b>	<b>177.0</b>	<b>51.4</b>	<b>48.4</b>	<b>99.8</b>	<b>46.7</b>	<b>146.6</b>	<b>50.2</b>	<b>195.2</b>	<b>50.9</b>	<b>49.9</b>	<b>100.8</b>	<b>52.3</b>	<b>153.1</b>	<b>57.5</b>	<b>208.3</b>	<b>209.0</b>	<b>0%</b>
<b>Raw materials</b>	<b>(109.0)</b>	<b>(31.1)</b>	<b>(28.5)</b>	<b>(59.6)</b>	<b>(27.4)</b>	<b>(87.1)</b>	<b>(31.6)</b>	<b>(118.7)</b>	<b>(30.9)</b>	<b>(29.6)</b>	<b>(60.6)</b>	<b>(32.2)</b>	<b>(92.7)</b>	<b>(35.3)</b>	<b>(128.0)</b>	<b>(125.8)</b>	<b>2%</b>
on net sales	-63.4%	-60.6%	-59.0%	-59.8%	-60.7%	-60.1%	-61.4%	-60.9%	-60.9%	-60.5%	-60.2%	-60.5%	-60.7%	-62.6%	-61.9%	-60.5%	
<b>Personnel</b>	<b>(31.0)</b>	<b>(8.9)</b>	<b>(8.5)</b>	<b>(17.4)</b>	<b>(7.6)</b>	<b>(25.1)</b>	<b>(9.7)</b>	<b>(34.8)</b>	<b>(9.4)</b>	<b>(10.2)</b>	<b>(19.6)</b>	<b>(8.6)</b>	<b>(28.2)</b>	<b>(10.1)</b>	<b>(38.3)</b>	<b>(38.0)</b>	<b>1%</b>
on net sales	-18.0%	-17.4%	-17.6%	-17.5%	-16.9%	-17.3%	-18.9%	-17.9%	-18.5%	-20.5%	-19.5%	-16.5%	-18.5%	-17.8%	-18.5%	-18.3%	
<b>Cost of services</b>	<b>(15.0)</b>	<b>(4.3)</b>	<b>(4.9)</b>	<b>(9.2)</b>	<b>(4.9)</b>	<b>(14.0)</b>	<b>(6.8)</b>	<b>(20.8)</b>	<b>(6.3)</b>	<b>(5.8)</b>	<b>(12.1)</b>	<b>(7.1)</b>	<b>(19.1)</b>	<b>(6.1)</b>	<b>(25.2)</b>	<b>(26.4)</b>	<b>-5%</b>
on net sales	-8.7%	-8.3%	-10.1%	-9.2%	-10.8%	-9.7%	-13.2%	-10.7%	-12.3%	-12.5%	-12.0%	-12.5%	-12.5%	-10.8%	-12.2%	-12.7%	
<b>Other costs</b>	<b>(0.9)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>(1.7)</b>	<b>(2.4)</b>	<b>1.0</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(0.9)</b>	<b>(0.4)</b>	<b>(1.4)</b>	<b>(2.5)</b>	<b>-45%</b>
on net sales	-0.5%	-0.7%	-0.7%	-0.7%	-3.7%	-1.6%	2.0%	-0.7%	-0.8%	-0.7%	-0.7%	-0.4%	-0.6%	-0.8%	-0.7%	-1.2%	
<b>Total Opex</b>	<b>(155.9)</b>	<b>(44.7)</b>	<b>(42.3)</b>	<b>(86.9)</b>	<b>(41.6)</b>	<b>(128.6)</b>	<b>(47.1)</b>	<b>(175.7)</b>	<b>(46.9)</b>	<b>(46.0)</b>	<b>(93.0)</b>	<b>(48.0)</b>	<b>(141.0)</b>	<b>(51.9)</b>	<b>(192.9)</b>	<b>(192.7)</b>	<b>0%</b>
<b>EBITDA</b>	<b>21.1</b>	<b>6.8</b>	<b>6.1</b>	<b>12.9</b>	<b>5.1</b>	<b>18.0</b>	<b>1.6</b>	<b>19.6</b>	<b>4.0</b>	<b>3.9</b>	<b>7.8</b>	<b>4.3</b>	<b>12.1</b>	<b>3.3</b>	<b>15.4</b>	<b>16.3</b>	<b>-5%</b>
YoY growth	20.6%			56.0%	-28.4%	16.8%	-72.2%	-7.2%	-41.4%	-36.4%	-39.1%	-16.4%	-32.6%	108.2%	-21.2%	-17.0%	
as % of net sales	12.3%	13.2%	12.6%	12.9%	11.3%	12.4%	3.1%	10.0%	7.8%	7.8%	7.8%	8.2%	7.9%	5.8%	7.4%	7.8%	
<b>Adj. EBITDA</b>	<b>22.3</b>	<b>6.8</b>	<b>6.4</b>	<b>13.1</b>	<b>5.7</b>	<b>18.8</b>	<b>2.3</b>	<b>21.2</b>	<b>4.0</b>	<b>4.4</b>	<b>8.4</b>	<b>4.2</b>	<b>12.6</b>	<b>3.2</b>	<b>15.7</b>	<b>16.7</b>	<b>-6%</b>
YoY growth	9.9%			46.9%	-22.8%	15.4%	-60.9%	-5.0%	-41.4%	-30.6%	-36.2%	-26.8%	-33.3%	35.5%	-25.8%	-21.0%	
as % of net sales	13.0%	13.2%	13.2%	13.2%	12.6%	13.0%	4.5%	10.9%	7.8%	8.9%	8.3%	8.0%	8.2%	5.6%	7.6%	8.0%	
<b>D&amp;A</b>	<b>(11.6)</b>	<b>(3.1)</b>	<b>(3.3)</b>	<b>(6.4)</b>	<b>(3.8)</b>	<b>(10.2)</b>	<b>(4.3)</b>	<b>(14.5)</b>	<b>(3.6)</b>	<b>(3.7)</b>	<b>(7.3)</b>	<b>(3.8)</b>	<b>(11.1)</b>	<b>(5.3)</b>	<b>(16.4)</b>	<b>(15.0)</b>	
<b>EBIT</b>	<b>9.4</b>	<b>3.7</b>	<b>2.8</b>	<b>6.5</b>	<b>1.3</b>	<b>7.8</b>	<b>(2.8)</b>	<b>5.0</b>	<b>0.4</b>	<b>0.1</b>	<b>0.5</b>	<b>0.4</b>	<b>1.0</b>	<b>(2.0)</b>	<b>(1.0)</b>	<b>1.3</b>	<b>n.m.</b>
as % of net sales	6.2%	7.1%	6.3%	6.8%	4.2%	6.0%	-1.8%	4.0%	0.8%	1.4%	1.1%	0.6%	0.9%	-2.0%	0.1%	0.8%	
<b>Pretax</b>	<b>16.7</b>	<b>3.1</b>	<b>(7.2)</b>	<b>(4.1)</b>	<b>1.3</b>	<b>(2.7)</b>	<b>(1.9)</b>	<b>(4.6)</b>	<b>(2.3)</b>	<b>(3.6)</b>	<b>(5.9)</b>	<b>(5.7)</b>	<b>(11.6)</b>	<b>(2.6)</b>	<b>(14.2)</b>	<b>(15.8)</b>	<b>n.m.</b>
Taxes	(3.3)	(1.3)	(1.1)	(2.4)	1.7	(0.7)	3.9	3.2	(0.2)	0.1	(0.1)	(0.2)	(0.3)	5.0	4.7	3.2	
tax rate	-20%	0%	0%	59%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2%	3%	3%	-191%	-33%	-20%	
<b>Net income</b>	<b>13.4</b>	<b>1.8</b>	<b>(8.3)</b>	<b>(6.5)</b>	<b>3.0</b>	<b>(3.4)</b>	<b>2.0</b>	<b>(1.4)</b>	<b>(2.5)</b>	<b>(3.6)</b>	<b>(6.0)</b>	<b>(5.9)</b>	<b>(11.9)</b>	<b>2.4</b>	<b>(9.5)</b>	<b>(12.6)</b>	<b>n.m.</b>
<b>Adj. Net Income</b>	<b>9.3</b>	<b>3.1</b>	<b>0.3</b>	<b>3.4</b>	<b>3.0</b>	<b>6.4</b>	<b>3.7</b>	<b>10.2</b>	<b>(2.5)</b>	<b>(3.1)</b>	<b>(5.6)</b>	<b>(6.0)</b>	<b>(11.6)</b>	<b>3.0</b>	<b>(8.6)</b>	<b>(12.4)</b>	<b>n.m.</b>
<b>Ending NFP/(Debt)</b>	<b>42.8</b>			<b>20.7</b>	<b>20.7</b>	<b>10.6</b>	<b>(15.7)</b>	<b>(15.7)</b>	<b>(33.0)</b>	<b>(42.2)</b>	<b>(42.2)</b>	<b>(46.8)</b>	<b>(46.8)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(49.4)</b>	

Source: Company Data (A), Intermonte Estimates (E). \* We remind that 1Q22 was the first time that Fine Foods published its first-quarter results since the company listed on the STAR segment in July 2021. Therefore, many details on historical figures for 1Q21 and 2Q21 are missing.

### Fine Foods – FY22 Results: FCF & Net Debt evolution and Reclassified Balance Sheet\*

FCF (Eu mn)	2020A	1Q21A	1H21A	9M21A	2021A	1Q22A	1H22A	9M22A	2022A	2022E	A-E
Net Profit	13.4	1.8	(6.5)	(3.4)	(1.4)	(2.5)	(6.0)	(11.9)	(9.5)	(12.6)	3.1
D&A	11.6	3.1	6.4	10.2	14.5	3.6	7.3	11.1	16.4	15.0	1.4
Delta Op. WKC	9.4	(16.8)	(13.1)	(26.5)	(14.4)	(15.6)	(15.2)	(15.0)	(14.4)	(16.6)	2.2
Chg. in other funds	1.8	2.4	(5.0)	11.1	(12.4)	3.9	6.7	12.1	11.1	-	11.1
<b>FCFO</b>	<b>36.2</b>	<b>(9.6)</b>	<b>(18.2)</b>	<b>(8.6)</b>	<b>(13.7)</b>	<b>(10.6)</b>	<b>(7.2)</b>	<b>(3.6)</b>	<b>3.7</b>	<b>(14.3)</b>	<b>18.0</b>
Capex	(16.0)	(2.0)	(5.8)	(7.6)	(16.5)	(4.0)	(8.8)	(11.1)	(15.3)	(14.6)	(0.7)
<b>Equity FCF</b>	<b>20.2</b>	<b>(11.5)</b>	<b>(24.0)</b>	<b>(16.2)</b>	<b>(30.2)</b>	<b>(14.6)</b>	<b>(16.0)</b>	<b>(14.7)</b>	<b>(11.6)</b>	<b>(28.8)</b>	<b>17.2</b>
Acquisitions	-	(9.6)	(17.2)	(17.2)	(42.4)	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Dividends	(2.7)	-	(3.2)	(3.2)	(3.2)	-	(3.9)	(3.9)	(3.9)	(3.9)	-
Share Buy-back	(4.0)	(0.8)	(2.4)	(6.2)	(7.5)	(0.1)	(0.7)	(0.8)	(0.9)	(1.0)	0.1
Rights Issue/ ipo	-	-	-	-	-	-	-	-	-	-	-
Other	5.0	-	24.7	10.7	24.9	(2.7)	(5.9)	(11.8)	(11.6)	-	(11.6)
<b>Change in NFP</b>	<b>18.4</b>	<b>(22.0)</b>	<b>(22.1)</b>	<b>(32.1)</b>	<b>(58.4)</b>	<b>(17.3)</b>	<b>(26.5)</b>	<b>(31.2)</b>	<b>(27.9)</b>	<b>(33.7)</b>	<b>5.8</b>
<b>Opening NFP</b>	<b>24.4</b>	-	<b>42.8</b>	<b>42.8</b>	<b>42.8</b>	<b>(15.7)</b>	<b>(15.7)</b>	<b>(15.7)</b>	<b>(15.7)</b>	<b>(15.7)</b>	-
Change in NFP	18.4	(22.0)	(22.1)	(32.1)	(58.4)	(17.3)	(26.5)	(31.2)	(27.9)	(33.7)	5.8
<b>Ending NFP/(Debt)</b>	<b>42.8</b>	<b>20.8</b>	<b>20.7</b>	<b>10.6</b>	<b>(15.7)</b>	<b>(33.0)</b>	<b>(42.2)</b>	<b>(46.8)</b>	<b>(43.6)</b>	<b>(49.4)</b>	<b>5.8</b>

Source: Company Data (A), Intermonte Estimates (E). \* We remind investors that 1Q22 was the first time that Fine Foods published its first-quarter results since the company's listing on the STAR segment in July 2021. Many historical details for 1Q21 and 2Q21 are therefore not available.

## Change in Estimates

Pending full visibility on 1Q trends, we are raising our FY23-25 top line estimate by 1% (stronger mix of Pharma vs. Cosmetics and Food) leaving margin progression unchanged, while factoring in higher interest rates and lower taxes (deferred tax asset), driving minor changes to adj. EPS.

### Fine Foods – Change in Estimates

(Eu mn)	Actual Results				New Estimates			Old Estimates			New vs. Old		
	'19A	'20A	'21A	'22A	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
<b>Food</b>	<b>119.2</b>	<b>132.0</b>	<b>139.1</b>	<b>117.8</b>	<b>129.6</b>	<b>139.9</b>	<b>153.9</b>	<b>129.5</b>	<b>139.9</b>	<b>153.8</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<i>YoY growth</i>	13%	11%	5%	-15%	10%	8%	10%	9%	8%	10%			
<b>Pharma</b>	<b>40.5</b>	<b>40.0</b>	<b>39.5</b>	<b>54.7</b>	<b>66.2</b>	<b>72.1</b>	<b>77.2</b>	<b>62.9</b>	<b>68.6</b>	<b>73.4</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<i>YoY growth</i>	20%	-1%	-1%	39%	21%	9%	7%	20%	9%	7%			
<b>Cosmetics</b>			<b>16.3</b>	<b>36.7</b>	<b>43.4</b>	<b>50.4</b>	<b>57.0</b>	<b>43.4</b>	<b>50.4</b>	<b>57.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<i>YoY growth</i>				<i>n.m.</i>	18%	16%	13%	18%	16%	13%			
<b>Revenues</b>	<b>159.7</b>	<b>172.0</b>	<b>194.8</b>	<b>206.9</b>	<b>239.2</b>	<b>262.5</b>	<b>288.2</b>	<b>235.9</b>	<b>258.8</b>	<b>284.3</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<i>YoY growth</i>	14.6%	7.7%	13.3%	6.2%	15.6%	9.7%	9.8%	13.4%	9.7%	9.8%			
<i>o/w organic</i>	14.6%	7.7%	3.8%	-3.4%	15.6%	9.7%	9.8%	13.4%	9.7%	9.8%			
EBITDA	17.5	21.1	19.6	15.4	26.4	33.3	40.0	26.0	32.9	39.5	1%	1%	1%
<b>Adj. EBITDA</b>	<b>20.3</b>	<b>22.3</b>	<b>21.2</b>	<b>15.7</b>	<b>26.4</b>	<b>33.3</b>	<b>40.0</b>	<b>26.0</b>	<b>32.9</b>	<b>39.5</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
% on sales	12.7%	13.0%	10.9%	7.6%	11.0%	12.7%	13.9%	11.0%	12.7%	13.9%			
D&A	(9.4)	(11.6)	(13.4)	(15.4)	(15.3)	(15.7)	(17.3)	(15.1)	(15.5)	(17.1)			
<b>Adj. EBIT</b>	<b>10.9</b>	<b>10.7</b>	<b>7.7</b>	<b>0.3</b>	<b>11.1</b>	<b>17.6</b>	<b>22.7</b>	<b>10.9</b>	<b>17.4</b>	<b>22.4</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
% on sales	6.8%	6.2%	4.0%	0.1%	4.6%	6.7%	7.9%	4.6%	6.7%	7.9%			
EBIT	8.1	9.4	5.0	-1.0	11.1	17.6	22.7	10.9	17.4	22.4	1%	1%	1%
net fin. Exp.	(8.0)	7.2	(9.6)	(13.2)	(2.2)	(1.5)	(1.2)	(0.4)	(0.4)	(0.4)			
<b>Pre taxes</b>	<b>0.1</b>	<b>16.7</b>	<b>(4.6)</b>	<b>(14.2)</b>	<b>8.9</b>	<b>16.0</b>	<b>21.5</b>	<b>10.6</b>	<b>17.0</b>	<b>22.1</b>			
taxes	(2.9)	(3.3)	3.2	4.7	(0.6)	(2.8)	(4.4)	(2.3)	(3.7)	(5.0)			
tax rate	<i>n.m.</i>	20%	69%	33%	7%	18%	21%	22%	22%	23%			
<b>Net Profit</b>	<b>(2.8)</b>	<b>13.4</b>	<b>(1.4)</b>	<b>(9.5)</b>	<b>8.3</b>	<b>13.2</b>	<b>17.1</b>	<b>8.3</b>	<b>13.28</b>	<b>17.1</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>0.2%</b>
<b>Adj. Net profit</b>	<b>11.9</b>	<b>9.3</b>	<b>10.2</b>	<b>-8.6</b>	<b>8.3</b>	<b>13.2</b>	<b>17.1</b>	<b>8.3</b>	<b>13.3</b>	<b>17.1</b>	<b>-0.3%</b>	<b>-0.3%</b>	<b>0.2%</b>
Adj. EPS (€/share)	0.51	0.40	0.40	(0.34)	0.32	0.52	0.67	0.33	0.52	0.67	-0.3%	-0.3%	0.2%
<b>DPS (€/share)</b>	<b>0.12</b>	<b>0.14</b>	<b>0.16</b>	<b>0.10</b>	<b>0.13</b>	<b>0.21</b>	<b>0.27</b>	<b>0.16</b>	<b>0.21</b>	<b>0.27</b>	<b>-18.9%</b>	<b>-0.3%</b>	<b>0.2%</b>
% payout	24%	35%	40%	<i>n.m.</i>	40%	40%	40%	49%	40%	40%			
<b>Adj. EBITDA</b>	<b>20.3</b>	<b>22.3</b>	<b>21.2</b>	<b>15.7</b>	<b>26.4</b>	<b>33.3</b>	<b>40.0</b>	<b>26.0</b>	<b>32.9</b>	<b>39.5</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
CapEx	(20.1)	(16.0)	(16.5)	(15.3)	(12.0)	(13.1)	(14.4)	(11.8)	(12.9)	(14.2)	1%	1%	1%
<i>% on sales</i>	12.6%	9.3%	8.5%	7.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%			
<b>EBITDA-Capex</b>	<b>0.2</b>	<b>6.3</b>	<b>4.7</b>	<b>0.4</b>	<b>14.4</b>	<b>20.2</b>	<b>25.6</b>	<b>14.2</b>	<b>20.0</b>	<b>25.2</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
% of Adj. EBITDA	1%	28%	22%	3%	55%	61%	64%	55%	61%	64%			
NWC change	0.5	9.4	(14.4)	(14.4)	3.7	(4.9)	(5.2)	9.4	(4.6)	(4.9)			
<b>Op. FCF</b>	<b>0.7</b>	<b>15.7</b>	<b>(9.7)</b>	<b>(14.0)</b>	<b>18.1</b>	<b>15.3</b>	<b>20.3</b>	<b>23.7</b>	<b>15.4</b>	<b>20.4</b>	<b>-24%</b>	<b>-1%</b>	<b>0%</b>
% of Adj. EBITDA	3%	70%	-46%	<i>n.m.</i>	69%	46%	51%	91%	47%	52%			
<b>Equity FCF</b>	<b>(10.2)</b>	<b>20.2</b>	<b>(30.2)</b>	<b>(11.6)</b>	<b>15.3</b>	<b>10.9</b>	<b>14.8</b>	<b>21.0</b>	<b>11.3</b>	<b>15.1</b>	<b>-27%</b>	<b>-3%</b>	<b>-2%</b>
% of Adj. EBITDA	-50%	91%	-143%	<i>n.m.</i>	58%	33%	37%	81%	34%	38%			
<b>NFP/ (Debt)</b>	<b>24.4</b>	<b>42.8</b>	<b>(15.7)</b>	<b>(43.6)</b>	<b>(30.9)</b>	<b>(23.2)</b>	<b>(13.8)</b>	<b>(32.4)</b>	<b>(25.2)</b>	<b>(15.4)</b>	<b>155%</b>	<b>197%</b>	<b>168%</b>
/Adj. EBITDA(x)	1.2x	1.9x	-0.7x	-2.8x	-1.2x	-0.7x	-0.3x	-1.2x	-0.8x	-0.4x			

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

**Fine Foods – P&L**

(Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22E	'23E	'24E	'25E
<b>Total Revenues</b>	<b>102</b>	<b>113</b>	<b>120</b>	<b>139</b>	<b>160</b>	<b>172</b>	<b>195</b>	<b>207</b>	<b>239</b>	<b>262</b>	<b>288</b>
Total OpEx	(89)	(98)	(104)	(121)	(142)	(151)	(175)	(191)	(213)	(229)	(248)
<b>EBITDA</b>	<b>13</b>	<b>15</b>	<b>16</b>	<b>19</b>	<b>17</b>	<b>21</b>	<b>20</b>	<b>15</b>	<b>26</b>	<b>33</b>	<b>40</b>
% EBITDA Margin	0	0	0	0	0	0	0	0	0	0	14%
D&A and write-down	(5)	(6)	(7)	(8)	(9)	(12)	(15)	(16)	(15)	(16)	(17)
<b>EBIT</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>(1)</b>	<b>11</b>	<b>18</b>	<b>23</b>
% EBIT Margin	0	0	0	0	0	0	0	(0)	0	0	7.9%
Net Financial Charges	(0)	(0)	(0)	0	(0)	(0)	(1)	(5)	(2)	(2)	(1)
Other Charges and Income	0	0	0	0	0	0	0	0	0	0	-
<b>Net Operating Margin</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>0</b>	<b>17</b>	<b>(5)</b>	<b>(14)</b>	<b>9</b>	<b>16</b>	<b>22</b>
Taxes	(3)	(3)	(2)	(2)	(3)	(3)	3	5	(1)	(3)	(4)
Tax Rate %	(0)	(0)	(0)	(0)	n.m.	(0)	n.m	(0)	(0)	(0)	-21%
<b>Net Income</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>(3)</b>	<b>13</b>	<b>(1)</b>	<b>(10)</b>	<b>8</b>	<b>13</b>	<b>17</b>
<b>Adj. Net Income</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>9</b>	<b>10</b>	<b>(9)</b>	<b>8</b>	<b>13</b>	<b>17</b>

**Fine Foods – BS**

(Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22E	'23E	'24E	'25E
Intangible Assets	1	1	1	4	3	2	25	24	24	24	24
Tangible Assets	39	42	57	79	89	93	103	104	101	98	95
Financial Assets	0	0	0	0	0	0	0	0	0	0	-
<b>Total Fixed Assets</b>	<b>40</b>	<b>43</b>	<b>59</b>	<b>82</b>	<b>93</b>	<b>95</b>	<b>128</b>	<b>128</b>	<b>124</b>	<b>122</b>	<b>119</b>
NWC	10	10	2	19	16	4	39	52	48	53	58
<b>Gross inv. capital</b>	<b>51</b>	<b>53</b>	<b>61</b>	<b>101</b>	<b>108</b>	<b>100</b>	<b>167</b>	<b>180</b>	<b>173</b>	<b>175</b>	<b>177</b>
other funds	(1)	(1)	(1)	(8)	(2)	(1)	(4)	(3)	(3)	(3)	(3)
<b>Net invested capital</b>	<b>49</b>	<b>52</b>	<b>59</b>	<b>93</b>	<b>106</b>	<b>98</b>	<b>163</b>	<b>177</b>	<b>170</b>	<b>172</b>	<b>175</b>
Group Equity	31	33	39	140	131	141	147	133	139	149	161
Minority interests	0	0	0	0	0	0	0	0	0	0	-
<b>Net Cash (Debt)</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>	<b>47</b>	<b>24</b>	<b>43</b>	<b>(16)</b>	<b>(44)</b>	<b>(31)</b>	<b>(23)</b>	<b>(14)</b>
<b>Total cover</b>	<b>49</b>	<b>52</b>	<b>59</b>	<b>93</b>	<b>106</b>	<b>98</b>	<b>163</b>	<b>177</b>	<b>170</b>	<b>172</b>	<b>175</b>

**Fine Foods – FCF**

(Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22E	'23E	'24E	'25E
<b>Net Profit</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>(3)</b>	<b>13</b>	<b>(1)</b>	<b>(10)</b>	<b>8</b>	<b>13</b>	<b>17</b>
D&A	5	6	7	8	9	12	15	16	15	16	17
Delta Op. WKC	(5)	(1)	5	(11)	1	9	(14)	(14)	4	(5)	(5)
Change in funds/other	(1)	1	4	(6)	3	2	(12)	11	0	0	-
<b>FCFO</b>	<b>4</b>	<b>12</b>	<b>21</b>	<b>0</b>	<b>10</b>	<b>36</b>	<b>(14)</b>	<b>4</b>	<b>27</b>	<b>24</b>	<b>29</b>
Capex (Fixed & Intangible Assets)	(8)	(10)	(22)	(32)	(20)	(16)	(17)	(15)	(12)	(13)	(14)
<b>Equity FCF</b>	<b>(3)</b>	<b>2</b>	<b>(1)</b>	<b>(31)</b>	<b>(10)</b>	<b>20</b>	<b>(30)</b>	<b>(12)</b>	<b>15</b>	<b>11</b>	<b>15</b>
Acquisitions	0	0	0	0	0	0	(42)	0	0	0	-
Disposals	0	0	0	0	0	0	0	0	0	0	-
Dividends	0	(5)	0	0	(2)	(3)	(3)	(4)	(3)	(3)	(5)
Share Buy-back	0	0	0	0	(5)	(4)	(8)	(1)	0	0	-
Rights Issue/ ipo	0	0	0	100	0	0	0	0	0	0	-
Other	(0)	2	(0)	(1)	(5)	5	25	(12)	0	0	-
<b>Change in NFP</b>	<b>(4)</b>	<b>(1)</b>	<b>(1)</b>	<b>67</b>	<b>(22)</b>	<b>18</b>	<b>(58)</b>	<b>(28)</b>	<b>13</b>	<b>8</b>	<b>9</b>
Opening Net Cash (Debt)	(14)	(18)	(19)	(20)	47	24	43	(16)	(44)	(31)	(23)
<b>Ending Net Cash (Debt)</b>	<b>(18)</b>	<b>(19)</b>	<b>(20)</b>	<b>47</b>	<b>24</b>	<b>43</b>	<b>(16)</b>	<b>(44)</b>	<b>(31)</b>	<b>(23)</b>	<b>(14)</b>

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

## DCF Valuation

On the back of our new estimates, we are raising our target price from €12.0 to €12.3, essentially due to the one year rollover of our DCF model, applying the same WACC (8.6%) and g (2.5%). At TP, which offers 48% upside to the current price, the stock would be trading at 10x EV/EBITDA'24E (currently 7x), slightly above its historical average and well below the average for peers (12x).

### Fine Foods – DCF Model (WACC unchanged at 8.6%, g still 2.5%)

(Eu mn)	23E	24E	25E	26E	27E	28E	29E	30E	31E	32E	33E	TV
<b>Net Revenues</b>	<b>239.2</b>	<b>262.5</b>	<b>288.2</b>	<b>312.1</b>	<b>337.0</b>	<b>363.6</b>	<b>389.6</b>	<b>415.2</b>	<b>439.3</b>	<b>459.8</b>	<b>476.3</b>	<b>488.0</b>
YoY growth	15.6%	9.7%	9.8%	8.3%	8.0%	7.9%	7.2%	6.6%	5.8%	4.7%	3.6%	2.5%
<b>EBITDA</b>	<b>26.4</b>	<b>33.3</b>	<b>40.0</b>	<b>44.3</b>	<b>47.9</b>	<b>51.7</b>	<b>55.5</b>	<b>59.1</b>	<b>62.6</b>	<b>65.6</b>	<b>68.0</b>	<b>68.3</b>
% margin	11.0%	12.7%	13.9%	14.2%	14.2%	14.2%	14.2%	14.2%	14.3%	14.3%	14.3%	14.0%
D&A	(15.3)	(15.7)	(17.3)	(18.7)	(20.2)	(21.8)	(23.4)	(24.9)	(26.4)	(27.6)	(28.6)	(29.3)
as % of sales	6.4%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.5%
<b>EBIT</b>	<b>11.1</b>	<b>17.6</b>	<b>22.7</b>	<b>25.6</b>	<b>27.7</b>	<b>29.9</b>	<b>32.1</b>	<b>34.2</b>	<b>36.3</b>	<b>38.0</b>	<b>39.4</b>	<b>39.0</b>
% margin	4.6%	6.7%	7.9%	8.2%	8.2%	8.2%	8.2%	8.2%	8.3%	8.3%	8.3%	8.0%
Taxes	(2.7)	(4.2)	(5.4)	(6.1)	(6.6)	(7.2)	(7.7)	(8.2)	(8.7)	(9.1)	(9.5)	(9.4)
tax rate	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Change in WC	3.7	(4.9)	(5.2)	(4.6)	(4.6)	(4.9)	(4.8)	(4.7)	(4.5)	(3.8)	(3.0)	-
Capex	(12.0)	(13.1)	(14.4)	(15.6)	(16.8)	(18.2)	(19.5)	(20.8)	(22.0)	(23.0)	(23.8)	(29.3)
as % of sales	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.5%
<b>Unlevered FCF</b>	<b>15.4</b>	<b>11.1</b>	<b>14.9</b>	<b>18.0</b>	<b>19.8</b>	<b>21.5</b>	<b>23.5</b>	<b>25.5</b>	<b>27.5</b>	<b>29.7</b>	<b>31.7</b>	<b>29.7</b>
TV												484.5
year	0.0	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	10.0
Discounted WACC	1.0	0.9	0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4
<b>Discounted Free cash flow</b>	<b>15.4</b>	<b>10.2</b>	<b>12.6</b>	<b>14.1</b>	<b>14.3</b>	<b>14.2</b>	<b>14.3</b>	<b>14.3</b>	<b>14.2</b>	<b>14.2</b>	<b>13.9</b>	<b>212.8</b>

Discounted FCF '23E-31E	136.4
Terminal value	212.8
<b>Total EV</b>	<b>349.2</b>
NFP/(Debt) at YE22	(43.6)
Minorities	0.0
own shares	8.6
<b>Total EQUITY (Eu mn)</b>	<b>314.2</b>
NOSH (mn)	25.6
<b>Fair value (Eu/share)</b>	<b>12.3</b>
current price (Eu/share)	8.3
upside vs. current price	48%

### Fine Foods - TP Sensitivity to WACC (%) and g (%)

		g										
		2.0%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%
WACC	7.6%	13.0	13.2	13.3	13.5	13.7	13.9	14.1	14.3	14.6	14.8	15.0
	7.8%	12.7	12.8	13.0	13.2	13.4	13.5	13.7	13.9	14.1	14.4	14.6
	8.0%	12.4	12.5	12.7	12.9	13.0	13.2	13.4	13.6	13.8	14.0	14.2
	8.2%	12.1	12.3	12.4	12.6	12.7	12.9	13.0	13.2	13.4	13.6	13.8
	8.4%	11.9	12.0	12.1	12.3	12.4	12.6	12.7	12.9	13.1	13.2	13.4
	8.6%	11.6	11.8	11.9	12.0	12.2	12.3	12.4	12.6	12.7	12.9	13.1
	8.8%	11.4	11.5	11.6	11.8	11.9	12.0	12.2	12.3	12.5	12.6	12.8
	9.0%	11.2	11.3	11.4	11.5	11.7	11.8	11.9	12.0	12.2	12.3	12.5
	9.2%	11.0	11.1	11.2	11.3	11.4	11.5	11.7	11.8	11.9	12.1	12.2
	9.4%	10.8	10.9	11.0	11.1	11.2	11.3	11.4	11.6	11.7	11.8	11.9
9.6%	10.6	10.7	10.8	10.9	11.0	11.1	11.2	11.3	11.4	11.5	11.6	

Source: Intermonte SIM

## Peer Multiples

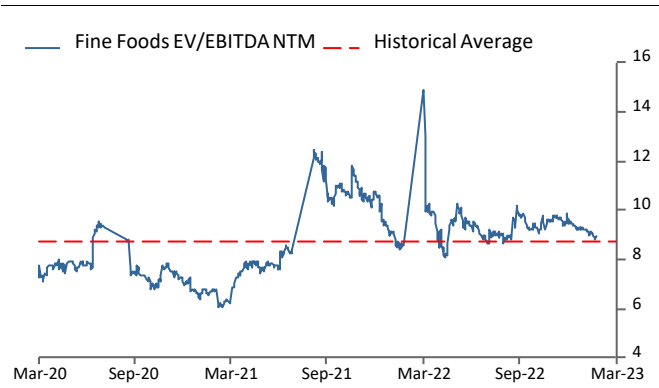
Given the lack of a meaningful comparison provided by the peer group due to significant diversification in terms of size, vertical integration, geographical footprint, capital structure and profitability compared to Fine Foods, we do not include a peer comparison in our valuation. **In any case, at current prices, Fine Foods is trading at 7x EV/adj. EBITDA for 24E (a 40% discount to peer average) and 16x PE'24E (peers at 22x).**

### Fine Foods - Peer Multiples

Company	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)				EV/Sales (x)			EV/EBITDA (x)			EV/EBIT (x)			Adj. P/E (x)			Div. Yield (%)		
				1m	3m	6m	YTD	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
FF (@mkt price, our est.)	EUR	8.30	212	1%	-2%	7%	0%	1.0	0.9	0.8	9.2	7.1	5.6	22.0	13.4	10.0	25.6	16.0	12.4	1.6%	2.5%	3.2%
FF (@mkt price, cons.)	EUR	8.30	212	1%	-2%	7%	0%	1.0	0.9	n.a.	9.4	7.2	n.a.	22.4	13.6	n.a.	25.6	16.0	n.a.	1.9%	2.5%	0.0%
FF (@ our TP, our est.)	EUR	12.3	314					1.4	1.3	1.1	13.1	10.1	8.2	31.2	19.2	14.4	37.9	23.7	18.3	1.1%	1.7%	2.2%
InterCos	EUR	13.30	1,280	-4%	6%	27%	6%	1.5	1.4	1.3	10.0	8.9	7.9	15.7	13.6	11.8	21.8	19.4	17.1	1.5%	1.7%	2.0%
Labomar SpA	EUR	9.16	169	10%	3%	14%	0%	2.0	1.8	n.a.	10.9	9.5	n.a.	19.2	16.0	n.a.	23.7	19.7	n.a.	1.3%	1.5%	0.0%
Lonza Group AG	CHF	543.40	40,608	-4%	16%	14%	18%	6.2	5.6	5.0	20.6	17.2	14.9	29.5	24.1	20.3	36.0	28.8	24.1	0.7%	0.7%	0.8%
Siegfried Holding AG	CHF	660.00	2,935	-2%	2%	-9%	5%	2.6	2.4	2.2	12.4	10.8	9.9	17.9	15.6	14.5	21.7	19.5	17.3	0.6%	0.6%	0.6%
<b>Peer Group</b>								<b>3.1</b>	<b>2.8</b>	<b>2.8</b>	<b>13.5</b>	<b>11.6</b>	<b>10.9</b>	<b>20.6</b>	<b>17.3</b>	<b>15.5</b>	<b>25.8</b>	<b>21.8</b>	<b>19.5</b>	<b>1.0%</b>	<b>1.1%</b>	<b>0.9%</b>
<i>FF discount to peers</i>								<i>-67%</i>	<i>-68%</i>	<i>-72%</i>	<i>-32%</i>	<i>-39%</i>	<i>-48%</i>	<i>7%</i>	<i>-23%</i>	<i>-36%</i>	<i>-1%</i>	<i>-27%</i>	<i>-36%</i>			
FTSE Italia Mid Cap				-4%	8%	27%	9%															
FTSE Italia Star				-2%	4%	21%	5%															
FTSE MIB				-3%	11%	31%	13%															
FTSE Italia All-Share				-3%	11%	31%	12%															

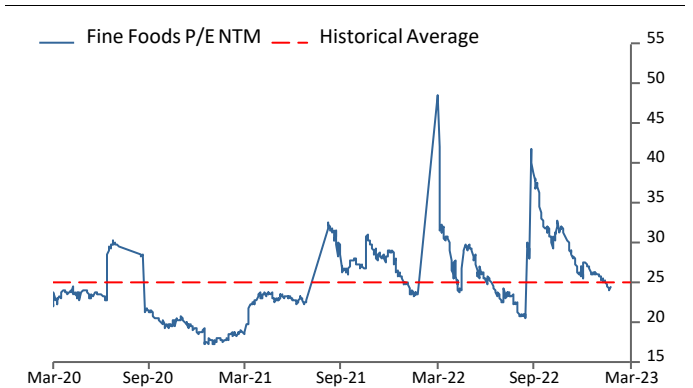
Source: Intermonte SIM (Fine Foods), Consensus (Factset)

### Fine Foods - EV/EBITDA NTM evolution



Source: FactSet Consensus

### Fine Foods - P/E NTM evolution



Source: FactSet Consensus

## Fine Foods in Brief

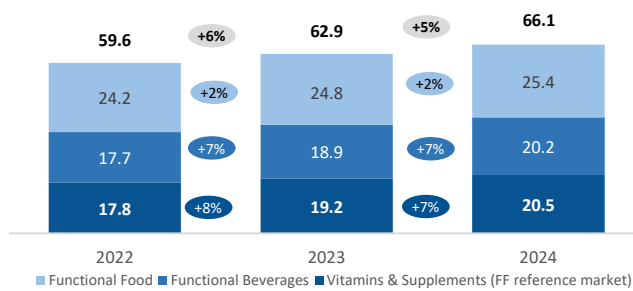
### Company description

Fine Foods (FF) is the largest independent Italian CDMO of solid oral forms for the nutraceutical and pharmaceutical industries and is also active in the cosmetics, biocides, and medical devices industries with the acquisition of Pharmatek (Jan'21) and Euro Cosmetics (Oct'21). Founded in 1984, FF has been pursuing quality and innovation to serve its primary objective. With an annual top line CAGR over the last decade, FF is a growing and future-oriented company. In July '21, less than 3 years after listing on the AIM segment, FF shares were admitted to the STAR segment of Borsa Italia.

### Strengths/Opportunities

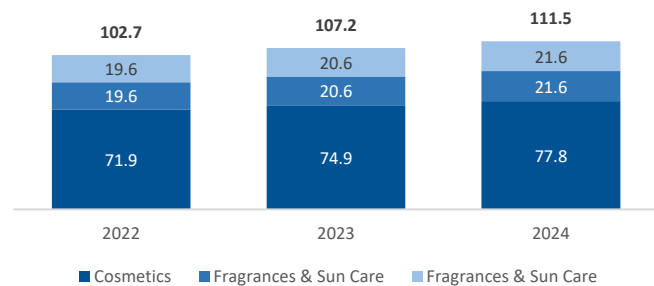
- Exposure to secular trends (life expectancy, well-being awareness) of steadily growing and non-cyclical segments
- High customer loyalty and significant entry/exit barriers
- Increasing outsourcing to CDMOs in pharma segment
- Right scale to play consolidation in Italy
- Diversification across pharma, food, and cosmetic/biocides sector with cross-selling opportunities and cross-functional on R&D
- High employee engagement (best-in-class retention rate)

### European Nutraceutical Market Value (Eu bn, +5% CAGR'22-24)



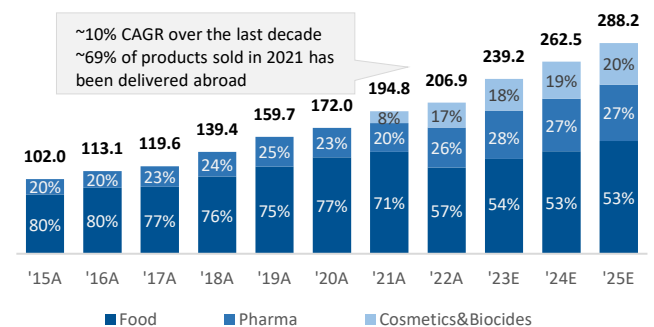
Source: Euromonitor International

### Pharmatek and Euro Cosmetic Core Market (Eu bn, +3% CAGR'22-24)



Source: Euromonitor International

### Fine Foods – Net Revenue Trend (2015-'25E)



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

### Management

**Chairman and CEO:** M. Eigenmann  
**CEO:** Giorgio Ferraris  
**CFO:** Pietro Bassani  
**IR:** Carlo Larghi

**Next BoD renewal:** Spring 2024  
**BoD independent members:** 3/7  
**BoD women:** 3/7

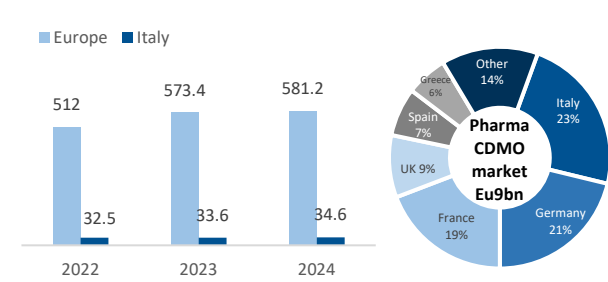
### Shareholders

Marco Eigenmann	52.70%
Treasury Shares	4.04%
Market	43.27%
<b>Free float (ord. shares)</b>	<b>53.5%</b>

### Weaknesses/Threats

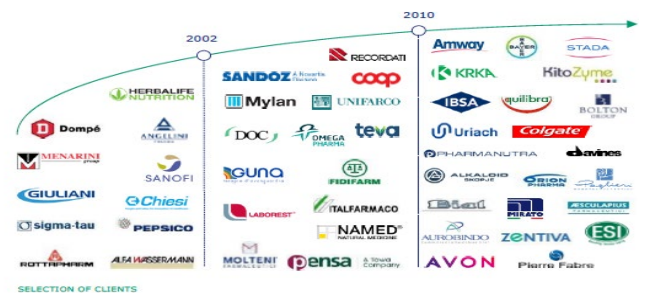
- Short-term visibility on production volumes (orders submitted by clients on quarterly basis)
- Unpredictable evolution of energy costs and raw mats
- Limited customer power due to high concentration (top 5 clients c. 77% of FF sales in 2020)
- No patent protection
- Changes to the regulatory framework
- Potential shifts in consumer behaviour patterns and needs

### European Pharma Production (left) and EU CDMO Market Value (right)



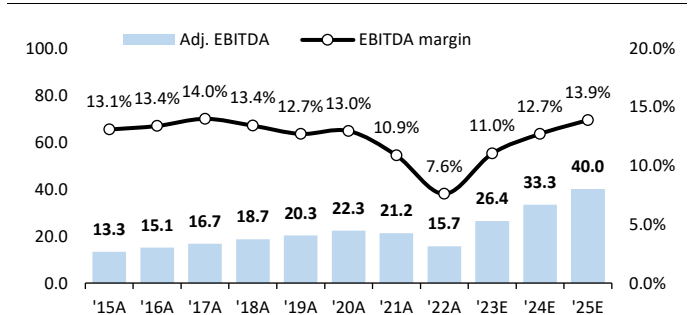
Source: Euromonitor International, Prometeia

### Fine Foods – High Customer Loyalty



Source: FY21 Company Presentation

### Fine Foods – EBITDA and Margin trend (2015-'25E)



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



<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>FINE FOODS</b>		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.30	Previous Target (Eu):	12.00
Current Price (Eu):	8.30	Previous Price (Eu):	8.10
Date of report:	31/03/2023	Date of last report:	15/11/2022

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for industrial sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

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

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BUY:	20.66 %
OUTPERFORM:	48.76 %
NEUTRAL:	28.10 %
UNDERPERFORM	02.48 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	39.22 %
OUTPERFORM:	49.02 %
NEUTRAL:	11.76 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

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