



# Fine Foods

Sponsored Research

Italy | Healthcare

Analysar

15 November 2023

## Accumulate

Recommendation unchanged

Share price: EUR **7.90**

closing price as of 14/11/2023

Target price: EUR **11.00**

Target Price unchanged

Upside/Downside Potential **39.2%**

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) **202**

Current N° of shares (m) 26

Free float **43%**

Daily avg. no. trad. sh. 12 mth (k) 7

Daily avg. trad. vol. 12 mth (k) 46.09

Price high/low 12 months 8.67 / 7.40

Abs Perfs 1/3/12 mths (%) -0.75/-1.86/-2.47

Key financials (EUR) 12/22 12/23e 12/24e

Sales (m) 207 243 268

EBITDA (m) 15 25 33

EBITDA margin 7.4% 10.3% 12.5%

EBIT (m) 0 3 15

EBIT margin 0.1% 1.3% 5.5%

Net Profit (adj.)(m) (9) 4 9

ROCE 0.2% 1.2% 5.5%

Net debt/(cash) (m) 44 62 59

Net Debt/Equity 0.3 0.5 0.4

Debt/EBITDA 2.8 2.5 1.8

Int. cover(EBITDA/Fin. int) 1.2 11.4 9.6

EV/Sales 1.3 1.1 1.0

EV/EBITDA 17.2 10.9 8.0

EV/EBITDA (adj.) 16.8 10.9 8.0

EV/EBIT nm 88.7 18.3

P/E (adj.) nm 38.4 22.2

P/BV 1.6 1.6 1.5

OpFCF yield -8.2% -6.9% 3.9%

Dividend yield 1.3% 1.4% 1.4%

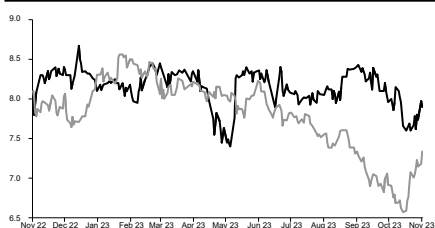
EPS (adj.) (0.36) 0.21 0.36

BVPS 5.21 5.06 5.22

DPS 0.10 0.11 0.11

## Shareholders

Marco Eigenmann 53%; Treasury shares 4%;



Source: FactSet

— FINE FOODS — FTSE Italy STAR (Rebased)

## Analyst(s)

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## Q3 23 results in line with estimates. Net debt a touch better

The facts: FF released its Q3/9M 23 results yesterday.

Our analysis: we summarise the main lines of the release below.

|                 | Q3 23 | Q3 22 | Δ% Y/Y | 9M 23 | 9M 22  | Δ% Y/Y | 9M 23e |
|-----------------|-------|-------|--------|-------|--------|--------|--------|
| Sales           | 58.2  | 52.2  | 11.5%  | 185.7 | 152.8  | 21.5%  | 184.3  |
| EBITDA Adj.     | 5.7   | 4.2   | 36.9%  | 18.3  | 12.6   | 46.0%  | 18.2   |
| As a % of sales | 9.8%  | 8.0%  | 1.8pp  | 9.9%  | 8.2%   | 1.7pp  | 9.9%   |
| EBIT Adj.       | 1.8   | 0.3   | 429%   | 6.6   | 1.4    | 362%   | 6.5    |
| Net income adj. | (0.0) | (5.9) | nm     | 2.6   | (11.6) | nm     | 2.5    |
| Net debt (cash) | 53.6  | 46.8  | 14.5%  | 53.6  | 46.8   | 14.5%  | 57.8   |

Sales and EBITDA were broadly in line with our estimates.

Q3 Pharma revenues decelerated on a sequential basis to a “normal” +12% Y/Y, from +34.9% in H1 23, mainly due to the extremely challenging comparison base (+55% in Q3 22), flagging in any case FF’s ability to preserve its structural growth trend. Food revenues posted another healthy +22% Y/Y in Q3. The Cosmetic BU was significantly down (-27%) due to the ongoing restructuring.

The EBITDA margin continued to improve as expected, gaining almost 2pp in both Q3 and 9M on a Y/Y basis as energy headwinds gradually faded away.

The net debt came in slightly lower than expected at EUR 53.6m (EUR 57.8m expected), with a sequential decline of over EUR 4m in Q3 vs. 30 June 2023. NWC released EUR 4m, as the significant decline in inventories and trade receivables (~EUR 10m) was partly offset by lower payables (~EUR 7m). The operating NWC declined by over 2pp from 26.5% of sales to 24.4%.

**Outlook.** The management confirmed their “largely positive outlook” for the Food BU, thanks to the commercial actions implemented since the start of the year, and the “significant growth” expected at the Pharma BU, underpinned by important contracts that are requiring a capacity expansion. The restructuring of the Cosmetic BU is “near completion”. All in all, profitability ought to confirm the improving trend despite the headwinds of the restructuring.

**Conclusion & Action:** release in line with expectations, except a slight surprise at the net debt level, which flags signs of normalisation in the NWC.