



# Fine Foods

Sponsored Research

Italy | Healthcare

Analysed

2 April 2024

## Accumulate

Recommendation unchanged

Share price: EUR **8.30**

closing price as of 01/04/2024

Target price: EUR **11.00**

Target Price unchanged

Upside/Downside Potential **32.5%**

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) **212**

Current N° of shares (m) 26

Free float **43%**

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

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

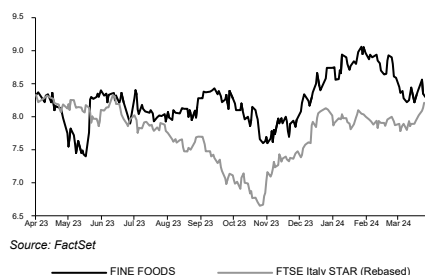
Price high/low 12 months 9.06 / 7.40

Abs Perfs 1/3/12 mths (%) -3.38/-5.36/-0.72

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	1.2	1.0
EV/EBITDA	17.2	11.8	8.3
EV/EBITDA (adj.)	16.8	11.8	8.3
EV/EBIT	nm	95.9	19.0
P/E (adj.)	nm	42.7	23.4
P/BV	1.6	1.7	1.6
OpFCF yield	-8.2%	-6.2%	3.7%
Dividend yield	1.2%	1.3%	1.3%
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%;



## Analyst(s)

Gian Marco Gadini

gianmarco.gadini@bancaakros.it

+39 02 4344 4236

## FY 23 results: sound EBITDA, strong NWC release

The facts: FF published its FY 23 results on 29 March.

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

	FY 23A	FY 22A	Δ% Y/Y	FY 23E
Sales	251.8	206.9	21.7%	249.0
EBITDA Adj.	25.8	15.7	64.2%	25.0
As a % of sales	10.3%	7.6%	2.7pp	10.0%
EBIT Adj.	9.7	0.3	nm	7.4
Net income adj.	4.9	(8.6)	nm	5.0
Net debt (cash)	43.6	43.6	0.0%	61.5

FY 23 sales came in broadly in line with our estimates, although with a slightly different mix. In particular, the Food BU's revenues grew 29% Y/Y, much better than our 18% estimate. Pharma (+24% Y/Y) was broadly in line with our projections while Cosmetic was still affected by the ongoing restructuring (-8% Y/Y).

The adj. EBITDA margin was slightly above our expectations. In particular, Q4 came in at 11.4%, sizeably higher than 9M (9.9%). The adj. EBITDA excluded EUR 3.6m in non-recurring costs linked to the Eurocosmetic restructuring.

Below EBITDA, on top of flat D&A, the company wrote down EUR 4.4m from the goodwill of the Cosmetic BU. As such, the reported EBIT came in at EUR 1.0m.

The adj. net income turned to positive EUR 4.9m. On a reported basis, i.e. including the goodwill amortisation and the non-recurring costs, it was EUR -3.5m (vs. EUR -9.5m in FY 22).

At the net debt level, we note the strong cash release from the normalisation in NWC, which was down to ~19% of sales, compared with ~24% at the end of 9M 23 and ~22% at the end of FY 22. The contribution to cash generation was ~EUR 12m in Q4 23, which completely offset the cash absorption recorded through 9M 23. Thus, the net cash position was flat Y/Y after a cash-out of EUR 2.6m in dividends and EUR 0.3m in share buyback.

**Outlook.** FF expects to grow in all its three divisions. The management provides a "largely positive outlook" on the Food BU, and is planning a capacity increase. At the Pharma BU, the contracts signed with multinational customers will support further growth; the announced capacity expansion started at the end of FY 23, while its completion is expected by end of FY 25, and revenue generation as of FY 26. The Cosmetic BU ought to reach its turning point in FY 24, with revenue and profitability seen improving throughout FY 24. All in all, FF ought to be back to the historical revenue growth trend while showing further improvements in profitability.

**Conclusion & Action:** the EBITDA performance confirms the recovery path of operations, while we deem the unexpectedly strong release of NWC a sign of the sought-after normalisation of supply chains. Our current estimates on FY 24 include a tiny 6% Y/Y growth in revenues and an EBITDA margin of ~12.5%.