

FINE FOODS

Sector: Industrials

OUTPERFORM

Price: Eu8.30 - Target: Eu12.00

4Q Profitability Peak, CapEx Cycle to Boost Mid-Term Growth

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Stock Rating

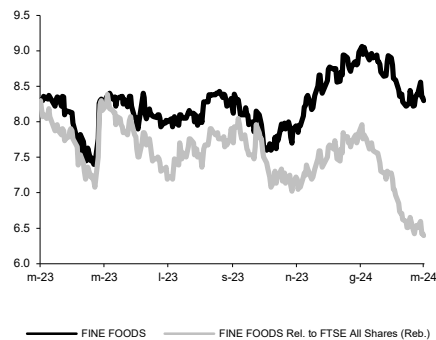
Rating: Unchanged
Target Price (Eu): from 11.50 to 12.00

	2024E	2025E	2026E
Chg in Adj EPS	-13.7%	-18.1%	

Next Events

1Q24 Results 15 May 2024, AGM 29 May 2024,

FINE FOODS - 12M Performance



Stock Data

Reuters code:	FF.MI		
Bloomberg code:	FF IM		
Performance	1M	3M	12M
Absolute	-3.4%	-5.4%	-0.7%
Relative	-8.8%	-19.2%	-26.8%
12M (H/L)	9.06/7.40		
3M Average Volume (th):	4.97		

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):	134
BVPS (Eu):	5.23
P/BV:	1.6
Net Financial Position (Eu mn):	-79
Enterprise Value (Eu mn):	291

■ **Cosmetics back to growth, spike in Group profitability in 4Q.** FY23 results were broadly in line with our expectations on the top line (although with an unexpected return to growth of the Cosmetics BU) but exceeded our estimate for adj. EBITDA by 2%, primarily due to an impressive spike in profitability during 4Q (11.4%), despite the incidence of energy costs remaining relatively high (increase worth c. 1.7pp in FY23 compared to a 1pp historical average). The company issued optimistic outlook for the 2024-2028 period, also thanks to the expansion of the Food BU production plant and the Pharma BU's new site (to generate revenues from 2026), as well as a full-speed recovery in Cosmetics following completion of the restructuring process.

■ **Highlights and lowlights: (+) Top line confirms double-digit pace with sequential acceleration** (FY: +22%, o/w 1Q: +29%, 2Q: +24%, 3Q: +12%, 4Q: +22%) for both the Food (1Q: +38%, 2Q: +27%, 3Q: +22% 4Q: +30%) and Pharma BUs (1Q: +42%, 2Q: +29%, 3Q: +12%, 4Q: +17%) **(++) Cosmetics BU back to growth** (4Q: +2.5%) after several quarters of restructuring (9M: -12%). **(++) Spike in profitability in 4Q (11.4%),** leading to a 10.3% adj. EBITDA margin in FY23 boosted by the Pharma BU (11.6%) and Food BU (10.6%). The margin improvement came from better absorption of fixed costs, although incidence of variable costs remained relatively high (energy cost increase worth c. 1.7pp vs 1pp historical average; raw mat c. 62.8% of net sales, +0.9pp YoY). **(-) Non-recurring items:** results affected by restructuring costs at Euro Cosmetics (€3.6mn), goodwill impairment of ex Pharmatek (€4.4mn booked in 1H) and a €675k cost for demolition of a building. **(+) NFP (€43.6mn) virtually unchanged YoY** and much better than our expectation (€58mn), primarily thanks to impressive WKC inflow in 4Q and slightly lower CapEx.

■ **Updated estimates.** In our preliminary estimates, assuming an extraordinary CapEx cycle of c.€60mn (of which €30mn in FY24), we expect leverage rising from 1.7x as at YE23 to peak at c.2.4x-2.2x in FY24-2025 (€79/86mn net debt), and then normalize over the following 3 years (0.7x in FY28, €43mn) thanks to a boost to EBITDA of €10-15mn (full run-rate from 2028 onwards). We now expect the Group margin to improve to 12% in FY24 and to reach 14/14.5% by FY27-28. On the other hand, in the short term, at bottom line we would expect higher D&A and financial expenses. This leads to a 14/18% cut in adj. EPS for FY24/25, offset by +12/+22/+36% improvements in FY26/27/28.

■ **OUTPERFORM confirmed; target increased to €12 (from €11.5).** On our new estimates and lower WACC (-0.5pp off risk-free rate), we raise our DCF-based TP to €12 from €11.5. The significant improvement in 4Q in both top-line growth and profitability bodes well for the evolution of the next quarters along with a CapEx cycle to boost medium-term growth. We therefore confirm our positive view on the stock: a re-acceleration of growth in the coming months and a material upgrade of consensus expectations might rekindle interest in the equity story and allow the stock to benefit from a significant re-rating in the short term. FF is well placed to gain market share and 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 and long-lasting customer demand (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	2024E	2025E	2026E	2027E	2028E
Sales (Eu mn)	271	297	350	386	428
EBITDA Adj (Eu mn)	33	39	48	54	62
Net Profit Adj (Eu mn)	10	13	18	22	28
EPS New Adj (Eu)	0.383	0.507	0.710	0.869	1.092
EPS Old Adj (Eu)	0.444	0.619			
DPS (Eu)	0.117	0.117	0.117	0.117	0.117
EV/EBITDA Adj	8.9	7.6	6.0	5.1	4.1
EV/EBIT Adj	17.9	14.0	10.3	8.4	6.5
P/E Adj	21.7	16.4	11.7	9.5	7.6
Div. Yield	1.4%	1.4%	1.4%	1.4%	1.4%
Net Debt/EBITDA Adj	2.4	2.2	1.6	1.2	0.7

FINE FOODS – Key Figures						
Profit & Loss (Eu mn)	2023A	2024E	2025E	2026E	2027E	2028E
Sales	252	271	297	350	386	428
EBITDA	22	33	39	48	54	62
EBIT	1	16	21	28	33	39
Financial Income (charges)	-5	-4	-5	-4	-4	-3
Associates & Others	2	0	0	0	0	0
Pre-tax Profit	-2	12	16	24	29	36
Taxes	-2	-2	-3	-5	-7	-8
Tax rate		17.5%	20.2%	23.0%	23.0%	23.0%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	-4	10	13	18	22	28
EBITDA Adj	26	33	39	48	54	62
EBIT Adj	10	16	21	28	33	39
Net Profit Adj	5	10	13	18	22	28
Per Share Data (Eu)	2023A	2024E	2025E	2026E	2027E	2028E
Total Shares Outstanding (mn) - Average	26	26	26	26	26	26
Total Shares Outstanding (mn) - Year End	26	26	26	26	26	26
EPS f.d	-0.138	0.383	0.507	0.710	0.869	1.092
EPS Adj f.d	0.193	0.383	0.507	0.710	0.869	1.092
BVPS f.d	4.967	5.230	5.620	6.212	6.964	7.938
Dividend per Share ORD	0.120	0.117	0.117	0.117	0.117	0.117
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)						
Cash Flow (Eu mn)	2023A	2024E	2025E	2026E	2027E	2028E
Gross Cash Flow	20	26	31	38	44	51
Change in NWC	-2	-4	-6	2	2	4
Capital Expenditure	-18	-54	-30	-28	-29	-31
Other Cash Items	2	0	0	0	0	0
Free Cash Flow (FCF)	0	-32	-5	13	17	23
Acquisitions, Divestments & Other Items	0	0	0	0	0	0
Dividends	-2	-3	-3	-3	-3	-3
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	-0	-35	-8	10	14	20
Balance Sheet (Eu mn)	2023A	2024E	2025E	2026E	2027E	2028E
Total Fixed Assets	123	161	173	180	187	196
Net Working Capital	43	47	53	51	49	45
Long term Liabilities	4	4	4	4	4	4
Net Capital Employed	170	212	230	235	241	246
Net Cash (Debt)	-44	-79	-86	-76	-63	-43
Group Equity	127	134	144	159	178	203
Minorities	0	0	0	0	0	0
Net Equity	127	134	144	159	178	203
Enterprise Value (Eu mn)	2023A	2024E	2025E	2026E	2027E	2028E
Average Mkt Cap	208	212	212	212	212	212
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-44	-79	-86	-76	-63	-43
Enterprise Value	251	291	298	289	275	255
Ratios (%)	2023A	2024E	2025E	2026E	2027E	2028E
EBITDA Adj Margin	10.3%	12.0%	13.2%	13.8%	14.1%	14.5%
EBIT Adj Margin	3.9%	6.0%	7.2%	8.0%	8.5%	9.2%
Gearing - Debt/Equity	34.3%	58.8%	60.0%	48.1%	35.2%	21.1%
Interest Cover on EBIT	0.2	3.7	4.2	6.3	8.5	12.6
Net Debt/EBITDA Adj	1.7	2.4	2.2	1.6	1.2	0.7
ROACE*	0.6%	8.5%	9.7%	12.1%	13.7%	16.2%
ROE*	3.8%	7.5%	9.3%	12.0%	13.2%	14.6%
EV/CE	1.5	1.5	1.3	1.2	1.2	1.0
EV/Sales	1.0	1.1	1.0	0.8	0.7	0.6
EV/EBITDA Adj	9.7	8.9	7.6	6.0	5.1	4.1
EV/EBIT Adj	25.9	17.9	14.0	10.3	8.4	6.5
Free Cash Flow Yield	0.1%	-15.1%	-2.2%	6.0%	7.9%	10.8%
Growth Rates (%)	2023A	2024E	2025E	2026E	2027E	2028E
Sales	21.7%	7.7%	9.5%	18.0%	10.2%	10.8%
EBITDA Adj	64.2%	26.0%	20.4%	23.5%	12.3%	14.2%
EBIT Adj	3556.0%	67.7%	31.2%	31.3%	16.5%	20.5%
Net Profit Adj	nm	98.7%	32.4%	39.9%	22.5%	25.6%
EPS Adj	nm	98.7%	32.4%	39.9%	22.5%	25.6%
DPS	20.0%	-2.2%	0.0%	0.0%	0.0%	0.0%

*Excluding extraordinary items

Source: Intermonte SIM estimates

4Q/FY23 Results

- **Cosmetics back to growth, spike in Group profitability in 4Q.** FY23 results were broadly in line with our expectations on the top line (although with an unexpected return to growth of the Cosmetics BU) but exceeded our estimate for adj. EBITDA by 2%, primarily due to an impressive spike in profitability during 4Q (11.4%), despite the incidence of energy costs remaining relatively high (increase worth c. 1.7pp in FY23 compared to a 1pp historical average). The company issued optimistic outlook for the 2024-2028 period, also thanks to the expansion of the Food BU production plant and the Pharma BU's new site (to generate revenues from 2026), as well as a full-speed recovery in Cosmetics following completion of the restructuring process.
- **Highlights and lowlights (+) Top line confirms double digit pace with sequential acceleration** (FY: +22%, o/w 1Q: +29%, 2Q: +24%, 3Q: +12%, 4Q: +22%) for both the Food (1Q: +38%, 2Q: +27%, 3Q: +22% 4Q: +30%) and Pharma BU (1Q: +42%, 2Q: +29%, 3Q: +12%, 4Q: +17%) **(++) Cosmetics BU back to growth** (4Q: +2.5%) after several quarters of restructuring (9M: -12%). **(++) Spike in profitability in 4Q (11.4%),** leading to a 10.3% adj. EBITDA margin in FY23, boosted by the Pharma BU (11.6%) and Food BU (10.6%). The margin improvement came from better absorption of fixed costs despite new hiring (labour costs up 16%, 17.6% of net sales, -0.9pp YoY) and still relatively high incidence of variable costs due to energy costs (increase worth c. 1.7pp in FY23 compared to 1pp historical average) and raw mat costs (up 24% YoY, 62.8% of net sales, +0.9pp YoY). **(+/-) Below the EBITDA line, some swings vs. our estimates:** adj. EBIT (-2% vs our estimate) affected by increased D&A, while adj. net profit higher (+17% above our exp.) due to lower taxes. **(-) Non-recurring items:** reported results affected by restructuring costs at Euro Cosmetics (€3.6mn), the goodwill impairment of ex Pharmatek (€4.4mn booked in 1H) and the extraordinary cost of €675k for demolition of a building near Brembate. **(+) NFP (€43.6mn) virtually unchanged YoY** and much better than our expectation (€58mn), primarily thanks to an impressive WKC inflow in 4Q and slightly lower CapEx.

Fine Foods – 4Q/FY23 Results: P&L

P&L (Eu mn)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	2022A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	2023A	2023E	A/E
Food	29.5	27.3	56.8	29.6	86.4	31.5	117.8	40.7	34.7	75.4	36.1	111.5	40.9	152.4	147.3	3.5%
YoY growth	-22.9%	-22.1%	-22.5%	-10.7%	-18.8%	-3.8%	-15.3%	37.8%	27.3%	32.8%	22.3%	29.2%	30.0%	29.4%	25.0%	
on net sales	58.2%	54.7%	56.5%	56.6%	56.5%	58.2%	57.0%	62.1%	56.1%	59.2%	62.0%	60.1%	61.8%	60.5%	58.4%	
Pharma	11.9	13.9	25.8	14.2	40.0	14.7	54.7	16.8	18.0	34.8	15.9	50.8	17.2	67.9	71.1	-4.5%
YoY growth	18.6%	49.2%	33.4%	30.8%	42.0%	30.2%	38.6%	41.8%	29.3%	35.0%	12.1%	26.9%	16.7%	24.2%	30.0%	
on net sales	23.4%	28.0%	25.7%	27.2%	26.2%	27.2%	26.5%	25.6%	29.1%	27.3%	27.4%	27.3%	26.0%	27.0%	28.2%	
Cosmetics & Biocides	9.4	8.6	18.0	8.5	26.5	7.9	34.3	8.1	9.2	17.2	6.2	23.4	8.1	31.4	34.0	-7.5%
YoY growth	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-13.9%	6.2%	-4.3%	-27.2%	-11.6%	2.5%	-8.4%	-1.0%	
on net sales	18.4%	17.3%	17.9%	16.2%	17.3%	14.6%	16.6%	12.3%	14.8%	13.5%	10.6%	12.6%	12.2%	12.5%	13.5%	
Net revenues	50.8	49.8	100.6	52.2	152.8	54.0	206.9	65.6	61.9	127.5	58.2	185.7	66.1	251.8	252.4	-0.2%
YoY growth	-1.1%	3.1%	0.9%	15.6%	5.5%	5.0%	6.2%	29.2%	24.2%	26.7%	11.5%	21.5%	22.4%	21.7%	22.0%	
Other income	0.2	0.1	0.2	0.1	0.3	1.1	1.5	0.2	0.9	1.1	0.3	1.4	-0.3	1.1	2.5	
Value of production	50.9	49.9	100.8	52.3	153.1	55.2	208.3	65.8	62.8	128.6	58.5	187.1	65.8	252.9	254.9	-0.8%
Raw materials	(30.9)	(29.6)	(60.6)	(32.2)	(92.7)	(35.3)	(128.0)	(39.4)	(39.8)	(79.2)	(36.4)	(115.6)	(42.6)	(158.2)	(157.2)	0.6%
on net sales	-60.9%	-60.5%	-60.2%	-60.5%	-60.7%	-65.4%	-61.9%	-60.1%	-64.2%	-62.1%	-62.6%	-62.3%	-64.4%	-62.8%	-62.3%	
Personnel	(9.4)	(10.2)	(19.6)	(8.6)	(28.2)	(10.1)	(38.3)	(11.2)	(11.4)	(22.6)	(9.8)	(32.4)	(12.1)	(44.4)	(44.0)	1.0%
on net sales	-18.5%	-20.5%	-19.5%	-16.5%	-18.5%	-18.6%	-18.5%	-17.0%	-18.4%	-17.7%	-16.8%	-17.4%	-18.2%	-17.6%	-17.4%	
Cost of services	(6.3)	(5.8)	(12.1)	(7.1)	(19.1)	(6.1)	(25.2)	(6.8)	(6.4)	(13.2)	(6.3)	(19.5)	(6.4)	(25.9)	(27.8)	-6.7%
on net sales	-12.3%	-12.5%	-12.0%	-12.5%	-12.5%	-11.2%	-12.2%	-10.3%	-10.4%	-10.4%	-10.8%	-10.5%	-9.7%	-10.3%	-11.0%	
Other costs	(0.4)	(0.3)	(0.7)	(0.2)	(0.9)	(0.4)	(1.4)	(0.5)	(0.5)	(1.0)	(0.3)	(1.3)	(0.9)	(2.1)	(0.7)	n.m.
on net sales	-0.8%	-0.7%	-0.7%	-0.4%	-0.6%	-0.8%	-0.7%	-0.7%	-0.8%	-0.8%	-0.5%	-0.7%	-0.7%	-0.8%	-0.3%	
Total Opex	(46.9)	(46.0)	(93.0)	(48.0)	(141.0)	(51.9)	(192.9)	(57.8)	(58.1)	(116.0)	(52.8)	(168.7)	(61.9)	(230.6)	(229.7)	0.4%
EBITDA	4.0	3.9	7.8	4.3	12.1	3.3	15.4	7.9	4.7	12.6	5.7	18.3	3.9	22.3	25.2	
YoY growth	-41%	-36%	-39%	-16%	-33%	108%	-21%	101%	21%	61%	33%	51%	20%	44.5%	63.8%	
as % of net sales	7.8%	7.8%	7.8%	8.2%	7.9%	6.1%	7.4%	12.1%	7.5%	9.9%	9.8%	9.9%	6.0%	8.8%	10.0%	
Adj. EBITDA	4.0	4.4	8.4	4.2	12.6	3.2	15.7	7.9	4.7	12.6	5.7	18.3	7.5	25.8	25.2	2.4%
YoY growth	-41.4%	-30.6%	-36.2%	-26.8%	-33.3%	36.7%	-25.6%	100.6%	5.6%	50.5%	36.9%	46.0%	136%	64.2%	60.7%	
as % of net sales	7.8%	8.9%	8.3%	8.0%	8.2%	5.9%	7.6%	12.1%	7.5%	9.9%	9.8%	9.9%	11.4%	10.3%	10.0%	
D&A & writedown	(3.6)	(3.7)	(7.3)	(3.8)	(11.1)	(5.3)	(16.4)	(3.7)	(8.4)	(12.2)	(4.0)	(16.2)	(5.0)	(21.2)	(19.7)	
EBIT	0.4	0.1	0.5	0.4	1.0	(2.0)	(1.0)	4.2	(3.8)	0.4	1.7	2.2	(1.1)	1.1	5.6	
Adj. EBIT	0.4	0.7	1.1	0.3	1.4	(1.2)	0.3	4.2	0.6	4.8	1.7	6.6	3.1	9.7	10.0	-2.6%
as % of net sales	0.8%	1.4%	1.1%	0.6%	0.9%	-2.1%	0.1%	6.4%	1.0%	3.8%	3.0%	3.5%	4.7%	3.9%	4.0%	
net fin. exp.	(2.7)	(3.8)	(6.4)	(6.1)	(12.6)	(0.6)	(13.2)	0.1	(0.6)	(0.6)	(1.1)	(1.7)	(1.3)	(2.9)	(2.9)	
Pretax	(2.3)	(3.6)	(5.9)	(5.7)	(11.6)	(2.6)	(14.2)	4.3	(4.4)	(0.1)	0.6	0.5	(2.4)	(1.9)	2.7	
Taxes	(0.2)	0.1	(0.1)	(0.2)	(0.3)	5.0	4.7	(1.4)	(0.2)	(1.6)	(0.7)	(2.3)	0.6	(1.7)	(2.9)	
Net income	(2.5)	(3.6)	(6.0)	(5.9)	(11.9)	2.4	(9.5)	2.9	(4.6)	(1.7)	(0.1)	(1.8)	(1.8)	(3.5)	(0.2)	
Adj. Net Income	(2.5)	(3.1)	(5.6)	(6.0)	(11.6)	3.0	(8.6)	2.9	(0.2)	2.7	(0.1)	2.6	2.3	4.9	4.2	16.8%
Ending NFP/(Debt)	(33.0)	(42.2)	(42.2)	(46.8)	(46.8)	(43.6)	(43.6)	(51.5)	(57.8)	(57.8)	(53.6)	(53.6)	(43.6)	(43.6)	(58.2)	-25.2%

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

Fine Foods – FY23 Results: FCF & Net Debt Evolution and Reclassified Balance Sheet

FCF (Eu mn)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	2022A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	2023A	2023E	A-E
Net Profit	(2.5)	(3.6)	(6.0)	(5.9)	(11.9)	2.4	(9.5)	2.9	(4.6)	(1.7)	(0.1)	(1.8)	(1.8)	(3.5)	(0.2)	(3.3)
D&A	3.6	3.7	7.3	3.8	11.1	5.3	16.4	3.7	8.4	12.2	4.0	16.2	5.0	21.2	19.7	1.5
Delta NWKC	(15.6)	0.4	(15.2)	0.2	(15.0)	0.6	(14.4)	(7.9)	(7.8)	(15.7)	3.5	(12.2)	10.3	(1.8)	(13.4)	11.6
Chg. in other funds	3.9	2.7	6.7	5.5	12.1	(1.0)	11.1	(2.9)	2.7	(0.2)	0.6	0.3	2.4	2.7	-	2.7
FCFO	(10.6)	3.4	(7.2)	3.6	(3.6)	7.3	3.7	(4.1)	(1.2)	(5.4)	8.0	2.6	16.0	18.5	6.1	12.5
Capex	(4.0)	(4.8)	(8.8)	(2.3)	(11.1)	(4.3)	(15.3)	(4.8)	(4.0)	(8.8)	(3.0)	(11.8)	(6.4)	(18.2)	(20.1)	1.9
Equity FCF	(14.6)	(1.4)	(16.0)	1.3	(14.7)	3.1	(11.6)	(9.0)	(5.2)	(14.2)	5.0	(9.2)	9.5	0.3	(14.1)	14.4
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	(3.9)	(3.9)	-	(3.9)	-	(3.9)	-	(2.5)	(2.5)	-	(2.5)	(0.0)	(2.5)	(2.5)	(0.0)
Share Buy-back	(0.1)	(0.7)	(0.7)	(0.1)	(0.8)	(0.1)	(0.9)	(0.1)	-	(0.1)	0.1	-	-	-	-	-
Rights Issue/ ipo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(2.7)	(3.2)	(5.9)	(5.9)	(11.8)	0.2	(11.6)	1.2	1.4	2.6	(0.9)	1.7	0.2	1.9	1.9	-
Change in NFP	(17.3)	(9.2)	(26.5)	(4.6)	(31.2)	3.2	(27.9)	(7.9)	(6.3)	(14.2)	4.2	(10.0)	10.0	0.1	(14.6)	14.7
Opening NFP	(15.7)	(33.0)	(15.7)	(42.2)	(15.7)	(46.8)	(15.7)	(43.6)	(51.5)	(43.6)	(57.8)	(43.6)	(53.6)	(43.6)	(43.6)	-
Change in NFP	(17.3)	(9.2)	(26.5)	(4.6)	(31.2)	3.2	(27.9)	(7.9)	(6.3)	(14.2)	4.2	(10.0)	10.0	0.1	(14.6)	14.7
Ending NFP/(Debt)	(33.0)	(42.2)	(42.2)	(46.8)	(46.8)	(43.6)	(43.6)	(51.5)	(57.8)	(57.8)	(53.6)	(53.6)	(43.6)	(43.6)	(58.2)	14.7

Balance Sheet (Eu mn)	1Q22A	1H22A	9M22A	2022A	1Q23A	1H23A	9M23A	2023A	2023A	A-E
Fixed Assets	128.6	129.4	128.4	127.0	128.0	122.9	122.6	123.2	128.3	(5.1)
Inventories	37.4	42.6	42.6	40.4	49.3	51.3	47.3	42.5	50.5	(8.0)
Trade Receivables	42.4	41.8	38.9	39.3	51.6	48.8	41.9	38.1	53.3	(15.2)
Trade Payables	(32.4)	(33.4)	(30.7)	(33.5)	(42.0)	(38.1)	(30.7)	(32.4)	(44.0)	11.6
Operating WKC	47.4	50.9	50.8	46.3	58.9	62.0	58.5	48.1	59.7	(11.6)
Other curr assets	14.8	12.0	10.9	8.2	6.1	8.1	8.2	8.1	15.5	(7.4)
Other current liabilities	(9.1)	(9.4)	(8.6)	(10.0)	(10.9)	(11.2)	(11.9)	(13.4)	(10.0)	(3.4)
Provisions	(1.1)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	-	(0.3)
Net WKC	53.1	53.5	53.2	44.2	53.9	58.7	54.5	42.6	65.2	(22.6)
Provisions	(1.1)	(0.3)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.0)
Employees benefits	(2.9)	(2.5)	(2.6)	(2.4)	(2.3)	(2.3)	(2.2)	(2.2)	(2.4)	0.2
Others	-	(1.1)	(1.1)	8.1	8.0	7.7	7.6	6.9	(2.0)	9.0
Net capital employed	177.7	179.0	177.8	176.9	187.6	186.9	182.5	170.5	188.8	(18.3)
Total equity	144.7	136.9	131.0	133.3	136.1	129.1	128.8	126.9	130.7	(3.7)
Net Cash (Debt)	(33.0)	(42.2)	(46.8)	(43.6)	(51.5)	(57.9)	(53.6)	(43.6)	(58.2)	14.7
Cash	105.3	92.6	80.5	76.7	69.5	53.1	45.1	22.8	40.5	(17.6)
Gross Debt	(138.3)	(134.7)	(127.3)	(120.4)	(121.0)	(111.0)	(98.7)	(66.4)	(98.7)	32.3
Total Funds	177.7	179.0	177.8	176.9	187.7	186.9	182.5	170.5	188.8	(18.3)

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

Positive outlook for 2024-28

- **Group:** in a core market experiencing volume growth, the Group aims to expand its market share, strengthening operations across each BU. Company also willing to seize any opportunities for growth through external lines. Management is confident that the Group's revenue growth and margin improvement historical trends will continue.
- **Food BU:** production capacity increase by expanding the current plant, which will bring favourable results on the top line in the 2024-2028 five-year period.
- **Pharma BU:** continuing growth in 2024 buoyed by significant multi-year agreements signed with key international customers. Work for implementing the new production plant, which started at the end of 2023, will be completed in 2025. The new site will start generating revenue from 2026.
- **Cosmetics BU:** following integration and completion of restructuring, a significant upswing in performance is anticipated for 2024. This should manifest itself in top-line growth and increased margins, positively impacting the Group's overall results.

Change in Estimates

In our preliminary estimates, assuming an extraordinary CapEx cycle of c.€60mn (of which €30mn in FY24), we expect leverage rising from 1.7x as at YE23 to peak at c.2.4x-2.2x in FY24-2025 (€79/86mn net debt), and then normalize over the following 3 years (0.7x in FY28, €43mn) thanks to a boost to EBITDA of €10-15mn (full run rate from 2028 onwards). We now expect the Group margin to improve to 12% in FY24 and to reach 14/14.5% by FY27-28. On the other hand, in the short term, at bottom line we would expect higher D&A and financial expenses. This leads to a 14/18% cut to adj. EPS for FY24/25, offset by +12/+22/+36% improvements in FY26/27/28.

Fine Foods – Change in 2024-28 Estimates

P&L (Eu mn)	'22A	'23A	New Estimates					Old Estimates					New vs Old				
			'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E
Food	117.8	152.4	164.2	182.2	203.2	227.6	257.2	163.5	179.8	194.6	210.1	226.4	0%	1%	4%	8%	14%
YoYgrowth	-15%	29%	8%	11%	12%	12%	13%	11%	10%	8%	8%	8%					
Pharma	54.7	67.9	73.4	77.8	107.3	115.9	124.9	78.2	85.9	96.2	108.7	122.6	-6%	-9%	12%	7%	2%
YoYgrowth	39%	24%	8%	6%	38%	8%	8%	10%	10%	12%	13%	13%					
Cosmetics	34.3	31.4	33.6	37.0	40.0	42.8	45.9	36.4	40.0	43.2	40.0	40.0	-7%	-7%	-7%	7%	15%
YoYgrowth	n.m.	-8%	7%	10%	8%	7%	7%	7%	10%	8%	0%	0%					
Revenues	206.9	251.8	271.2	297.0	350.5	386.2	427.9	278.1	305.7	334.0	365.1	398.5	-2%	-3%	5%	6%	7%
YoYgrowth	6.2%	21.7%	7.7%	9.5%	18.0%	10.2%	10.8%	10.2%	9.9%	9.2%	9.3%	9.2%					
EBITDA	15.4	22.3	32.5	39.2	48.4	54.3	62.0	32.0	39.1	42.9	47.1	51.6					
Adj. EBITDA	15.7	25.8	32.5	39.2	48.4	54.3	62.0	32.0	39.1	42.9	47.1	51.6	2%	0%	13%	15%	20%
% on sales	7.6%	10.3%	12.0%	13.2%	13.8%	14.1%	14.5%	11.5%	12.8%	12.9%	12.9%	13.0%					
D&A	(15.5)	(16.1)	(16.3)	(17.8)	(20.3)	(21.6)	(22.7)	(16.0)	(17.5)	(19.0)	(20.8)	(22.7)					
Adj. EBIT	0.3	9.7	16.3	21.4	28.0	32.7	39.4	16.0	21.6	23.9	26.3	28.9	2%	-1%	17%	24%	36%
% on sales	0.1%	3.9%	6.0%	7.2%	8.0%	8.5%	9.2%	5.8%	7.1%	7.2%	7.2%	7.3%					
EBIT	-1.0	1.1	16.3	21.4	28.0	32.7	39.4	16.0	21.6	23.9	26.3	28.9	2%	-1%	17%	24%	36%
net fin. Exp.	(13.2)	(2.9)	(4.4)	(5.1)	(4.5)	(3.8)	(3.1)	(2.2)	(1.7)	(2.8)	(2.6)	(2.2)					
Pre taxes	(14.2)	(1.9)	11.9	16.2	23.6	28.9	36.2	13.8	19.8	21.0	23.7	26.7	-14%	-18%	12%	22%	36%
taxes	4.7	(1.7)	(2.1)	(3.3)	(5.4)	(6.6)	(8.3)	(2.4)	(4.0)	(4.8)	(5.4)	(6.1)					
tax rate	33%	-90%	18%	20%	23%	23%	23%	18%	20%	23%	23%	23%					
Net Profit	(9.5)	(3.5)	9.8	13.0	18.1	22.2	27.9	11.3	15.8	16.2	18.2	20.5	-14%	-18%	12%	22%	36%
Adj. Net profit	(8.6)	4.9	9.8	13.0	18.1	22.2	27.9	11.3	15.8	16.2	18.2	20.5	-14%	-18%	12%	22%	36%
Adj. EPS (€/share)	(0.34)	0.19	0.38	0.51	0.71	0.87	1.09	0.44	0.62	0.63	0.71	0.80	-14%	-18%	12%	22%	36%
DPS (€/share)	0.10	0.12	0.12	0.12	0.12	0.12	0.12	0.18	0.25	0.25	0.29	0.32	-34%	-53%	-54%	-59%	-63%
% payout	n.m.	62%	31%	23%	17%	14%	11%	40%	40%	40%	40%	40%					
NFP/ (Debt)	(43.6)	(43.6)	(78.6)	(86.1)	(76.4)	(62.7)	(42.7)	(49.8)	(56.6)	(52.3)	(44.2)	(34.9)	58%	52%	46%	42%	23%
/Adj. EBITDA(x)	-2.8x	-1.7x	-2.4x	-2.2x	-1.6x	-1.2x	-0.7x	-1.6x	-1.4x	-1.2x	-0.9x	-0.7x					

FCF & Net Debt (Eu mn)	'22A	'23A	New Estimates					Old Estimates					New vs Old				
			'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E
Net Profit	(9.5)	(3.5)	9.8	13.0	18.1	22.2	27.9	11.3	15.8	16.2	18.2	20.5	(1.6)	(2.9)	1.9	4.0	7.4
D&A	16.4	21.2	16.3	17.8	20.3	21.6	22.7	16.0	17.5	19.0	20.8	22.7	0.3	0.3	1.3	0.8	(0.0)
Delta NWKC	(14.4)	(1.8)	(4.4)	(5.5)	1.7	2.2	3.7	6.7	(5.4)	(7.9)	(6.2)	(6.7)	(11.2)	(0.1)	9.6	8.5	10.4
Change in funds/other	11.1	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FCFO	3.7	18.5	21.6	25.3	40.2	46.1	54.3	34.1	28.0	27.4	32.8	36.6	(12.5)	(2.7)	12.9	13.3	17.7
Capex	(15.3)	(18.2)	(53.6)	(29.9)	(27.5)	(29.3)	(31.4)	(23.9)	(30.3)	(16.7)	(18.3)	(19.9)	(29.7)	0.4	(10.8)	(11.1)	(11.5)
Equity FCF	(11.6)	0.3	(31.9)	(4.6)	12.7	16.8	22.9	10.2	(2.3)	10.7	14.6	16.6	(42.1)	(2.2)	2.0	2.2	6.3
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(3.9)	(2.5)	(3.1)	(3.0)	(3.0)	(3.0)	(3.0)	(1.7)	(4.5)	(6.3)	(6.5)	(7.3)	(1.4)	1.5	3.3	3.5	4.3
Share Buy-back	(0.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights Issue/ ipo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(11.6)	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in NFP	(27.9)	0.1	(35.0)	(7.6)	9.7	13.8	19.9	8.5	(6.9)	4.3	8.1	9.4	(43.5)	(0.7)	5.4	5.7	10.6
Opening NFP	(15.7)	(43.6)	(43.6)	(78.6)	(86.1)	(76.4)	(62.7)	(58.2)	(49.8)	(56.6)	(52.3)	(44.2)	14.7	(28.8)	(29.5)	(24.1)	(18.4)
Change in NFP	(27.9)	0.1	(35.0)	(7.6)	9.7	13.8	19.9	8.5	(6.9)	4.3	8.1	9.4	(43.5)	(0.7)	5.4	5.7	10.6
Ending NFP/(Debt)	(43.6)	(43.6)	(78.6)	(86.1)	(76.4)	(62.7)	(42.7)	(49.8)	(56.6)	(52.3)	(44.2)	(34.9)	(28.8)	(29.5)	(24.1)	(18.4)	(7.9)

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

Fine Foods – P&L (Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'27E	'28E
Total Revenues	102	113	120	139	160	172	195	207	252	271	297	350	386	428
Total OpEx	(89)	(98)	(104)	(121)	(142)	(151)	(175)	(191)	(230)	(239)	(258)	(302)	(332)	(366)
EBITDA	13	15	16	19	17	21	20	15	22	33	39	48	54	62
% EBITDA Margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0
D&A and writedown	(5)	(6)	(7)	(8)	(9)	(12)	(15)	(16)	(21)	(16)	(18)	(20)	(22)	(23)
EBIT	8	9	9	10	8	9	5	(1)	1	16	21	28	33	39
% EBIT Margin	0	0	0	0	0	0	0	(0)	0	0	0	0	0	0
Net Financial Charges	(0)	(0)	(0)	0	(0)	(0)	(1)	(5)	(5)	(4)	(5)	(4)	(4)	(3)
Other Charges and Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Margin	8	9	9	10	0	17	(5)	(14)	(2)	12	16	24	29	36
Taxes	(3)	(3)	(2)	(2)	(3)	(3)	3	5	(2)	(2)	(3)	(5)	(7)	(8)
Tax Rate %	-32%	-31%	-27%	-17%	n.m.	-20%	n.m.	n.m.	n.m.	-18%	-20%	-23%	-23%	-23%
Net Income	5	6	6	9	(3)	13	(1)	(10)	(4)	10	13	18	22	28
Adj. Net Income	5	6	7	9	12	9	10	(9)	5	10	13	18	22	28

Fine Foods – BS (Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'27E	'28E
Intangible Assets	1	1	1	4	3	2	25	23	16	16	16	16	16	16
Tangible Assets	39	42	57	79	89	93	103	104	107	144	156	163	171	180
Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	40	43	59	82	93	95	128	127	123	161	173	180	187	196
NWC	10	10	2	19	16	4	39	44	43	47	53	51	49	45
Gross inv. capital	51	53	61	101	108	100	167	171	166	208	225	231	236	241
other funds	(1)	(1)	(1)	(8)	(2)	(1)	(4)	6	5	4	4	4	4	4
Net invested capital	49	52	59	93	106	98	163	177	171	212	230	235	241	246
Group Equity	31	33	39	140	131	141	147	133	127	134	144	159	178	203
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash (Debt)	(18)	(19)	(20)	47	24	43	(16)	(44)	(44)	(79)	(86)	(76)	(63)	(43)
Total cover	49	52	59	93	106	98	163	177	171	212	230	235	241	246

Fine Foods – FCF (Eu mn)	'15A	'16A	'17A	'18A	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'27E	'28E
Net Profit	5	6	6	9	(3)	13	(1)	(10)	(4)	10	13	18	22	28
D&A	5	6	7	8	9	12	15	16	21	16	18	20	22	23
Delta NWKC	(5)	(1)	5	(11)	1	9	(14)	(14)	(2)	(4)	(6)	2	2	4
Change in funds/other	(1)	1	4	(6)	3	2	(12)	11	3	-	-	-	-	-
FCFO	4	12	21	0	10	36	(14)	4	19	22	25	40	46	54
Capex (Fixed & Intangible Assets)	(8)	(10)	(22)	(32)	(20)	(16)	(17)	(15)	(18)	(54)	(30)	(28)	(29)	(31)
Equity FCF	(3)	2	(1)	(31)	(10)	20	(30)	(12)	0	(32)	(5)	13	17	23
Acquisitions	-	-	-	-	-	-	(42)	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	(5)	-	-	(2)	(3)	(3)	(4)	(2)	(3)	(3)	(3)	(3)	(3)
Share Buy-back	-	-	-	-	(5)	(4)	(8)	(1)	-	-	-	-	-	-
Rights Issue/ ipo	-	-	-	100	-	-	-	-	-	-	-	-	-	-
Other	(0)	2	(0)	(1)	(5)	5	25	(12)	2	-	-	-	-	-
Change in NFP	(4)	(1)	(1)	67	(22)	18	(58)	(28)	0	(35)	(8)	10	14	20
Opening Net Cash (Debt)	(14)	(18)	(19)	(20)	47	24	43	(16)	(44)	(44)	(79)	(86)	(76)	(63)
Ending Net Cash (Debt)	(18)	(19)	(20)	47	24	43	(16)	(44)	(44)	(79)	(86)	(76)	(63)	(43)

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

DCF Valuation

On our new estimates and lower WACC (-0.5pp in risk free rate), we raise our DCF-based TP to €12 from €11.5. At our target, which offers c.45% upside to the current price, the stock would be trading at 10x EV/EBITDA'25E (currently 8x), slightly above its historical average.

Fine Foods – DCF Model (WACC increased from 9.0% to 8.7%, g still 2.5%)

(Eu mn)	24E	25E	26E	27E	28E	29E	30E	31E	32E	33E	34E	35E	TV
Net Revenues	271.2	297.0	350.5	386.2	427.9	468.5	506.1	541.4	573.2	600.4	622.2	637.6	653.3
<i>YoY growth</i>	7.7%	9.5%	18.0%	10.2%	10.8%	9.5%	8.0%	7.0%	5.9%	4.8%	3.6%	2.5%	2.5%
EBITDA	32.5	39.2	48.4	54.3	62.0	67.5	72.7	77.8	82.0	85.5	88.6	90.7	91.5
% margin	12.0%	13.2%	13.8%	14.1%	14.5%	14.4%	14.4%	14.4%	14.3%	14.2%	14.2%	14.2%	14.0%
D&A	(16.3)	(17.8)	(20.3)	(21.6)	(22.7)	(25.8)	(27.8)	(29.8)	(31.5)	(33.0)	(34.2)	(35.1)	(39.2)
as % of sales	6.0%	6.0%	5.8%	5.6%	5.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	6.0%
EBIT	16.3	21.4	28.0	32.7	39.4	41.7	44.9	48.0	50.4	52.4	54.3	55.7	52.3
% margin	6.0%	7.2%	8.0%	8.5%	9.2%	8.9%	8.9%	8.9%	8.8%	8.7%	8.7%	8.7%	8.0%
Taxes	(3.9)	(5.1)	(6.7)	(7.8)	(9.4)	(10.0)	(10.8)	(11.5)	(12.1)	(12.6)	(13.0)	(13.4)	(12.5)
<i>tax rate</i>	24.0%	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	(4.4)	(5.5)	1.7	2.2	3.7	(4.7)	(8.3)	(8.6)	(8.6)	(8.4)	(8.1)	(7.4)	-
Capex	(53.6)	(29.9)	(27.5)	(29.3)	(31.4)	(25.8)	(27.8)	(29.8)	(31.5)	(33.0)	(34.2)	(35.1)	(39.2)
as % of sales	19.8%	10.1%	7.9%	7.6%	7.3%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	6.0%
Unlevered FCF	(29.4)	(1.3)	15.9	19.4	24.9	27.0	25.8	27.8	29.7	31.4	33.2	34.9	39.7
TV													639.4
year	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	11.0	12.0	12.0
Discounted WACC		0.8	0.8	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4
Discounted Free cash flow		(1.1)	12.4	13.9	16.5	16.4	14.4	14.3	14.1	13.7	13.3	12.9	236.0

Discounted FCF '25E-35E	140.7
Terminal value	236.0
Total EV	376.7
NFP/(Debt) at YE24	(78.6)
Minorities	0.0
own shares	8.7
Total EQUITY (Eu mn)	306.8
NOSH (mn)	25.6
Fair value (Eu/share)	12.0
current price (Eu/share)	8.3
<i>upside vs current price</i>	45%

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	7.7%	12.8	12.9	13.1	13.3	13.6	13.8	14.0	14.2	14.5	14.7	15.0
	7.9%	12.4	12.6	12.8	13.0	13.2	13.4	13.6	13.8	14.0	14.3	14.5
	8.1%	12.1	12.3	12.4	12.6	12.8	13.0	13.2	13.4	13.6	13.8	14.0
	8.3%	11.8	12.0	12.1	12.3	12.5	12.6	12.8	13.0	13.2	13.4	13.6
	8.5%	11.5	11.7	11.8	12.0	12.1	12.3	12.5	12.7	12.8	13.0	13.2
	8.7%	11.3	11.4	11.6	11.7	11.8	12.0	12.2	12.3	12.5	12.7	12.9
	8.9%	11.0	11.2	11.3	11.4	11.6	11.7	11.9	12.0	12.2	12.3	12.5
	9.1%	10.8	10.9	11.0	11.2	11.3	11.4	11.6	11.7	11.9	12.0	12.2
	9.3%	10.6	10.7	10.8	10.9	11.1	11.2	11.3	11.5	11.6	11.7	11.9
	9.5%	10.4	10.5	10.6	10.7	10.8	10.9	11.1	11.2	11.3	11.5	11.6
9.7%	10.2	10.3	10.4	10.5	10.6	10.7	10.8	10.9	11.0	11.1	11.2	

Source: Intermonte SIM

Peer Multiples

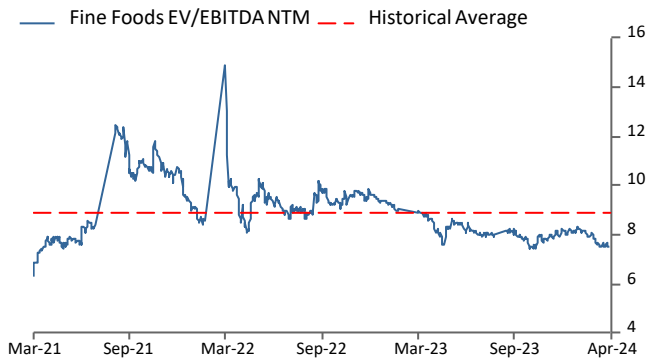
Given the lack of a meaningful comparison provided by the peer group due to significant diversification in terms of size, vertical integration, geographical footprint, capital structure and profitability compared to Fine Foods, we do not include a peer comparison in our valuation. **In any case, at current prices, Fine Foods is trading at 8x EV/adj. EBITDA for 25E (a c.40% discount to the peer average) and 16x P/E'25E (peers at 23x).**

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	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E
FF (@mkt price, our est.)	EUR	8.30	212	-4%	-5%	2%	-5%	1.1	1.0	0.8	8.9	7.6	6.0	17.9	14.0	10.3	21.7	16.4	11.7	1.4%	1.4%	1.4%
FF (@mkt price, cons.)	EUR	8.30	212	-4%	-5%	2%	-5%	1.0	0.9	n.a.	8.1	6.9	n.a.	17.4	12.2	n.a.	21.5	13.3	n.a.	1.7%	3.0%	0.0%
FF (@ our TP, our est.)	EUR	12	307					1.4	1.3	1.1	11.8	10.0	7.9	23.7	18.4	13.7	31.3	23.7	16.9	1.0%	1.0%	1.0%
InterCos	EUR	13.42	1,292	-8%	-6%	7%	-6%	1.3	1.2	1.1	9.0	7.9	7.1	13.6	11.7	10.4	19.1	16.4	14.7	1.7%	2.0%	2.2%
Catalent	USD	56.45	9,447	-3%	24%	23%	26%	3.3	3.1	2.8	20.5	15.3	13.0	42.2	24.6	19.3	100.3	34.9	25.1	0.0%	0.0%	0.0%
Lonza Group AG	CHF	540.20	41,355	16%	54%	28%	53%	6.5	5.8	5.2	23.5	20.0	17.1	36.6	30.2	25.5	46.7	37.6	31.1	0.9%	1.0%	1.1%
Strides Pharma Science Lt	INR	782.60	798	0%	22%	56%	21%	1.6	1.5	n.a.	9.4	8.1	n.a.	15.9	14.1	n.a.	0.3	0.2	n.a.	0.4%	0.4%	0.0%
Siegfried Holding AG	CHF	921.00	4,273	3%	8%	19%	7%	3.5	3.2	2.9	15.7	14.0	12.4	22.5	19.8	17.2	29.1	25.1	22.0	0.4%	0.4%	0.5%
Peer Group								3.2	2.9	3.0	15.6	13.1	12.4	26.2	20.1	18.1	39.1	22.8	23.2	0.7%	0.8%	0.8%
FF discount to peers								-67%	-66%	-73%	-43%	-42%	-52%	-32%	-30%	-43%	-45%	-28%	-50%			
FTSE Italia Mid Cap		48,164		5%	8%	23%	8%															
FTSE Italia Star		48,440		4%	1%	17%	1%															
FTSE MIB		34,750		7%	15%	23%	14%															
FTSE Italia Growth Index		8,111		-1%	-2%	-3%	-2%															
FTSE Italia All-Share		36,961		6%	14%	23%	14%															

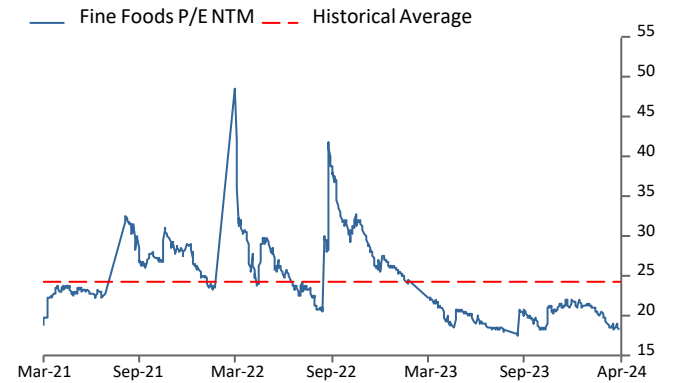
Source: Intermonte SIM (Fine Foods), Consensus (Factset)

Fine Foods - EV/EBITDA NTM evolution



Source: FactSet Consensus

Fine Foods - P/E NTM evolution



Source: FactSet Consensus

Fine Foods in Brief

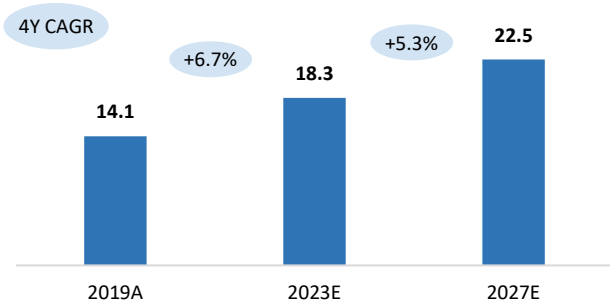
Company description

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, biocide, 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 11% 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

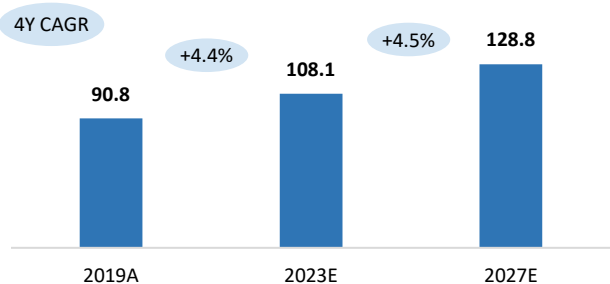
- Exposure to secular trends (life expectancy, well-being awareness) of steadily growing and non-cyclical segments
- High customer loyalty and significant entry/exit barriers
- Increasing outsourcing to CDMOs in pharma segment
- Right scale to play consolidation in Italy
- Diversification across sectors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

Food - European Dietary Supplement Market (Eu bn)



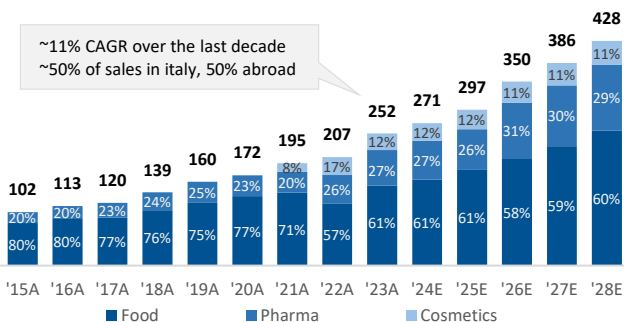
Source: FY23 Fine Foods Annual Report

Cosmetics - European Core Market (Eu bn)



Source: FY23 Fine Foods Annual Report

Fine Foods – Net Revenue Trend (2015-'28E)



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

Management

Chairman and CEO: M. Eigenmann
CEO: Giorgio Ferraris
CFO: Pietro Bassani
Next BoD renewal: 29 May 2024
BoD independent members: 3/7
BoD women: 3/7

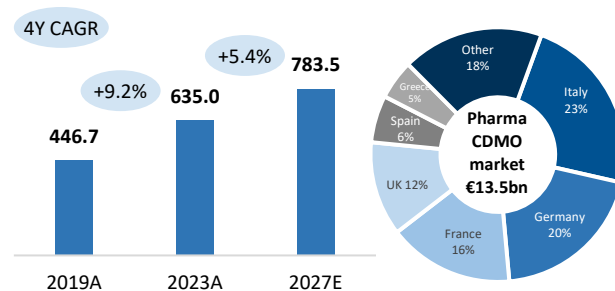
Shareholders

Marco Eigenmann	52.70%
Treasury Shares	4.22%
Market	43.08%
Free float (ord. shares)	53.5%

Weaknesses/Threats

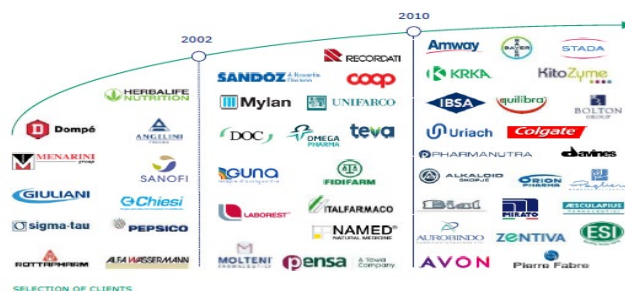
- Short-term visibility on production volumes (orders submitted by clients on a quarterly basis)
- Unpredictable evolution of energy costs and raw mats
- Limited customer power due to high concentration (top 5 clients c. 60.6% of Group sales in 2023)
- No patent protection (no proprietary trademarks)
- Any adverse change to the regulatory framework
- Potential shifts in consumer behaviour patterns and needs

Pharma - European Production and EU CDMO Market Value (Eu bn)



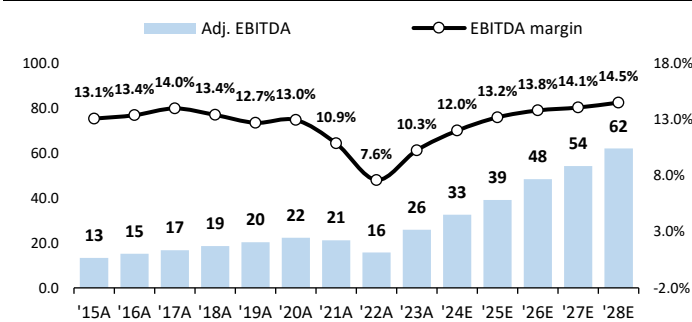
Source: FY23 Fine Foods Annual Report

Fine Foods – High Customer Loyalty (long lasting relations with 130 clients)



Source: Company Presentation

Fine Foods – Adj. EBITDA and Margin Trend (2015-'28E)



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

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	FINE FOODS		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.00	Previous Target (Eu):	11.50
Current Price (Eu):	8.30	Previous Price (Eu):	7.90
Date of report:	02/04/2024	Date of last report:	15/11/2023

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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 insurance 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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A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

Explanation of our ratings system:

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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As at 31 December 2023 Intermonte's Research Department covered 117 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	25.21 %
OUTPERFORM:	46.22 %
NEUTRAL:	27.73 %
UNDERPERFORM	00.84 %
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:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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