

# FINE FOODS

Sector: Industrials

# OUTPERFORM

Price: Eu8.50 - Target: Eu12.00

## Strong Start to the Year: Record Margin Despite Flat Top Line

**Giorgio Tavolini +39-02-77115.279**  
 giorgio.tavolini@intermonte.it  
**Andrea Randone +39-02-77115.364**  
 andrea.randone@intermonte.it

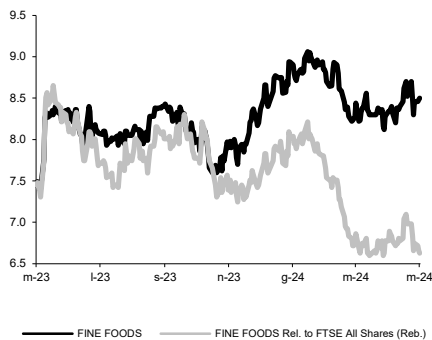
### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	Unchanged		
	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Chg in Adj EPS</b>	0.0%	0.0%	0.0%

### Next Events

2Q24 Results 13 September

### FINE FOODS - 12M Performance



### Stock Data

Reuters code:	FF.MI		
Bloomberg code:	FF IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	1.9%	-3.5%	14.1%
Relative	-2.2%	-14.7%	-13.9%
12M (H/L)	9.06/7.40		
3M Average Volume (th):	5.95		

### Shareholder Data

No. of Ord shares (mn):	26
Total no. of shares (mn):	26
Mkt Cap Ord (Eu mn):	217
Total Mkt Cap (Eu mn):	217
Mkt Float - Ord (Eu mn):	103
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):	296

■ **1Q24 results.** 1Q revenues were broadly in line, while adj. EBITDA/net profit were 11%/15% better than our estimates. This quarter's volatility (flattish top line) was the result of a challenging comparison base with last year (when the Pharma BU grew by 42% and the Nutra BU by 38%) and some de-stocking after a very strong 4Q. We therefore believe it is better to look at annualised trends to get a more reliable picture of operating trends. On the other hand, the company posted an impressive margin of 13.5% (our exp. 12.2%), above historical levels as a result of a decrease in raw materials, packaging, and energy costs on revenue and a progressive improvement in organisational efficiency. Net debt came in at €43.6mn (our exp. €45.0mn) unchanged vs. YE23 as a result of a solid CFO (€5.6mn, our exp. €4.4mn) entirely absorbed by CapEx (€5.5mn) and buybacks (€0.1mn).

■ **Highlights and lowlights:** (++) Pharma BU sales (€17.6mn) grew 5% from last year's exceptional levels (1Q23: +42%, FY23: +24%); (+/-) Nutra BU sales (€39.8mn) declined slightly (1Q: -2.1%) as a consequence of the tough comparison base; (+/-) Cosmetics BU flat QoQ and YoY after several quarters of restructuring. (++) Margin above historical averages (1Q: 13.5%, +1.4pp YoY, +2.2pp QoQ) as a consequence of better absorption of fixed costs and, in particular, variable costs remaining under control, raw materials came to c.58.6% of net sales (-1.5pp YoY) while energy costs at c.1pp were in line with the historical average. (+) NWC under control (19.3% of net sales, -3.1pp YoY, +0.2% QoQ) with very limited absorption (€-2.6mn).

■ **Positive outlook confirmed:** historical revenue growth and margin enhancement trends should continue in the coming quarters. Despite the uncertain macro context and temporary shifts in customer inventory management, the market is growing, and the company is committed to increasing market share across all segments.

■ **Estimates unchanged:** looking at our current FY24 estimates (7.7% top line growth, 12.0% margin), 1Q results would imply 10.4% top line growth and an 11.5% margin for the remainder of the year, which we believe could be achieved comfortably, especially if energy prices remain under control.

■ **OUTPERFORM confirmed; target still €12, estimates unchanged.** Despite a flat top line due to temporary factors that should normalise throughout the year, 1Q provided enhanced visibility on margin progression. After just one quarter, however, it may be too early to characterise this exceptional profitability as structural going forward. The likely confirmation of current consensus should therefore include a degree of flexibility, based on visibility from upcoming quarters. 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)	0.383	0.507	0.710	0.869	1.092
DPS (Eu)	0.117	0.117	0.117	0.117	0.117
EV/EBITDA Adj	9.1	7.7	6.1	5.2	4.2
EV/EBIT Adj	18.2	14.2	10.5	8.6	6.6
P/E Adj	22.2	16.8	12.0	9.8	7.8
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**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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
<b>Per Share Data (Eu)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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 (%)						
<b>Cash Flow (Eu mn)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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
<b>Balance Sheet (Eu mn)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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
<b>Enterprise Value (Eu mn)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
Average Mkt Cap	208	217	217	217	217	217
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	-44	-79	-86	-76	-63	-43
Enterprise Value	251	296	303	294	280	260
<b>Ratios (%)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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	1.4	1.3	1.2	1.1
EV/Sales	1.0	1.1	1.0	0.8	0.7	0.6
EV/EBITDA Adj	9.7	9.1	7.7	6.1	5.2	4.2
EV/EBIT Adj	25.9	18.2	14.2	10.5	8.6	6.6
Free Cash Flow Yield	0.1%	-14.7%	-2.1%	5.8%	7.7%	10.5%
<b>Growth Rates (%)</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>	<b>2028E</b>
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

## 1Q24 Results

- **1Q24 results.** 1Q revenues were broadly in line, while adj. EBITDA/net profit were 11%/15% better than our estimates. This quarter's volatility (flattish top line) was the result of a challenging comparison base with last year (when the Pharma BU grew by 42% and the Nutra BU by 38%) and some de-stocking after a very strong 4Q. We therefore believe it is better to look at annualised trends to get a more reliable picture of operating trends. On the other hand, the company posted an impressive margin of 13.5% (our exp. 12.2%), above historical levels as a result of a decrease in raw materials, packaging, and energy costs on revenue and a progressive improvement in organisational efficiency. Net debt came in at €43.6mn (our exp. €45.0mn) unchanged vs. YE23 as a result of a solid CFO (€5.6mn, our exp. €4.4mn) entirely absorbed by CapEx (€5.5mn) and buybacks (€0.1mn).
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### Fine Foods – 1Q24 Results: P&L

P&L (Eu mn)	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	2023A	1Q24A	1Q24E	A/E	2024E	Balance to FY
<b>Nutra</b>	<b>40.7</b>	<b>34.7</b>	<b>75.4</b>	<b>36.1</b>	<b>111.5</b>	<b>40.9</b>	<b>152.4</b>	<b>39.8</b>	<b>40.5</b>	<b>-2%</b>	<b>164.2</b>	<b>124.3</b>
YoY growth	37.8%	27.3%	32.8%	22.3%	29.2%	30.0%	29.4%	-2.1%	-0.5%		7.7%	11.3%
on net sales	62.1%	56.1%	59.2%	62.0%	60.1%	61.8%	60.5%	60.8%	61.7%		60.5%	60.5%
<b>Pharma</b>	<b>16.8</b>	<b>18.0</b>	<b>34.8</b>	<b>15.9</b>	<b>50.8</b>	<b>17.2</b>	<b>67.9</b>	<b>17.6</b>	<b>17.1</b>	<b>3%</b>	<b>73.4</b>	<b>55.7</b>
YoY growth	41.8%	29.3%	35.0%	12.1%	26.9%	16.7%	24.2%	4.9%	1.7%		8.0%	9.0%
on net sales	25.6%	29.1%	27.3%	27.4%	27.3%	26.0%	27.0%	26.9%	26.0%		27.1%	27.1%
<b>Cosmetics</b>	<b>8.1</b>	<b>9.2</b>	<b>17.2</b>	<b>6.2</b>	<b>23.4</b>	<b>8.1</b>	<b>31.4</b>	<b>8.1</b>	<b>8.1</b>	<b>0%</b>	<b>33.6</b>	<b>25.6</b>
YoY growth	-13.9%	6.2%	-4.3%	-27.2%	-11.6%	2.5%	-8.4%	0.3%	0.3%		7.0%	9.3%
on net sales	12.3%	14.8%	13.5%	10.6%	12.6%	12.2%	12.5%	12.3%	12.3%		12.4%	12.4%
<b>Net revenues</b>	<b>65.6</b>	<b>61.9</b>	<b>127.5</b>	<b>58.2</b>	<b>185.7</b>	<b>66.1</b>	<b>251.8</b>	<b>65.6</b>	<b>65.7</b>	<b>-0.2%</b>	<b>271.2</b>	<b>205.6</b>
<b>YoY growth</b>	<b>29.2%</b>	<b>24.2%</b>	<b>26.7%</b>	<b>11.5%</b>	<b>21.5%</b>	<b>22.4%</b>	<b>21.7%</b>	<b>0.0%</b>	<b>0.2%</b>		<b>7.7%</b>	<b>10.4%</b>
Other income	0.2	0.9	1.1	0.3	1.4	-0.3	1.1	0.3	0.3		2.7	2.4
<b>Value of production</b>	<b>65.8</b>	<b>62.8</b>	<b>128.6</b>	<b>58.5</b>	<b>187.1</b>	<b>65.8</b>	<b>252.9</b>	<b>65.8</b>	<b>66.0</b>	<b>-0.3%</b>	<b>273.9</b>	<b>208.1</b>
<b>Raw materials</b>	<b>(39.4)</b>	<b>(39.8)</b>	<b>(79.2)</b>	<b>(36.4)</b>	<b>(115.6)</b>	<b>(42.6)</b>	<b>(158.2)</b>	<b>(38.4)</b>	<b>(41.3)</b>	<b>-7%</b>	<b>(170.4)</b>	<b>(131.9)</b>
on net sales	-60.1%	-64.2%	-62.1%	-62.6%	-62.3%	-64.4%	-62.8%	-58.6%	-62.8%		-62.8%	-64.2%
<b>Personnel</b>	<b>(11.2)</b>	<b>(11.4)</b>	<b>(22.6)</b>	<b>(9.8)</b>	<b>(32.4)</b>	<b>(12.1)</b>	<b>(44.4)</b>	<b>(11.6)</b>	<b>(11.1)</b>	<b>5%</b>	<b>(44.4)</b>	<b>(32.8)</b>
on net sales	-17.0%	-18.4%	-17.7%	-16.8%	-17.4%	-18.2%	-17.6%	-17.7%	-16.9%		-16.4%	-16.0%
<b>Cost of services</b>	<b>(6.8)</b>	<b>(6.4)</b>	<b>(13.2)</b>	<b>(6.3)</b>	<b>(19.5)</b>	<b>(6.4)</b>	<b>(25.9)</b>	<b>(6.3)</b>	<b>(6.8)</b>	<b>-6%</b>	<b>(27.9)</b>	<b>(21.5)</b>
on net sales	-10.3%	-10.4%	-10.4%	-10.8%	-10.5%	-9.7%	-10.3%	-9.7%	-10.3%		-10.3%	-10.5%
<b>Other costs</b>	<b>(0.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(0.3)</b>	<b>(1.3)</b>	<b>(0.9)</b>	<b>(2.1)</b>	<b>(0.6)</b>	<b>1.1</b>	<b>n.m.</b>	<b>1.3</b>	<b>1.9</b>
on net sales	-0.7%	-0.8%	-0.8%	-0.5%	-0.7%	-1.3%	-0.8%	-0.9%	1.7%		0.5%	0.9%
<b>Total Opex</b>	<b>(57.8)</b>	<b>(58.1)</b>	<b>(116.0)</b>	<b>(52.8)</b>	<b>(168.7)</b>	<b>(61.9)</b>	<b>(230.6)</b>	<b>(57.0)</b>	<b>(58.0)</b>	<b>-2%</b>	<b>(241.4)</b>	<b>(184.4)</b>
<b>EBITDA</b>	<b>7.9</b>	<b>4.7</b>	<b>12.6</b>	<b>5.7</b>	<b>18.3</b>	<b>3.9</b>	<b>22.3</b>	<b>8.9</b>	<b>8.0</b>	<b>11%</b>	<b>32.5</b>	<b>23.7</b>
YoY growth	101%	21%	61%	33%	51%	20%	44.5%	11.5%	0.8%		46.1%	65.3%
as % of net sales	12.1%	7.5%	9.9%	9.8%	9.9%	6.0%	8.8%	13.5%	12.2%		12.0%	11.5%
<b>Adj. EBITDA</b>	<b>7.9</b>	<b>4.7</b>	<b>12.6</b>	<b>5.7</b>	<b>18.3</b>	<b>7.5</b>	<b>25.8</b>	<b>8.9</b>	<b>8.0</b>	<b>11%</b>	<b>32.5</b>	<b>23.7</b>
<b>YoY growth</b>	<b>100.6%</b>	<b>5.6%</b>	<b>50.5%</b>	<b>36.9%</b>	<b>46.0%</b>	<b>136%</b>	<b>64.2%</b>	<b>11.5%</b>	<b>0.8%</b>		<b>26.0%</b>	<b>32.4%</b>
<b>as % of net sales</b>	<b>12.1%</b>	<b>7.5%</b>	<b>9.9%</b>	<b>9.8%</b>	<b>9.9%</b>	<b>11.4%</b>	<b>10.3%</b>	<b>13.5%</b>	<b>12.2%</b>		<b>12.0%</b>	<b>11.5%</b>
D&A & writedown	(3.7)	(8.4)	(12.2)	(4.0)	(16.2)	(5.0)	(21.2)	(3.8)	(3.9)		(16.3)	(12.5)
<b>EBIT</b>	<b>4.2</b>	<b>(3.8)</b>	<b>0.4</b>	<b>1.7</b>	<b>2.2</b>	<b>(1.1)</b>	<b>1.1</b>	<b>5.1</b>	<b>4.1</b>	<b>24%</b>	<b>16.3</b>	<b>11.2</b>
<b>Adj. EBIT</b>	<b>4.2</b>	<b>0.6</b>	<b>4.8</b>	<b>1.7</b>	<b>6.6</b>	<b>3.1</b>	<b>9.7</b>	<b>5.1</b>	<b>4.1</b>	<b>24%</b>	<b>16.3</b>	<b>11.2</b>
as % of net sales	6.4%	1.0%	3.8%	3.0%	3.5%	4.7%	3.9%	7.7%	6.2%		6.0%	5.4%
net fin. exp.	0.1	(0.6)	(0.6)	(1.1)	(1.7)	(1.3)	(2.9)	(1.1)	(1.1)		(4.4)	(3.3)
<b>Pretax</b>	<b>4.3</b>	<b>(4.4)</b>	<b>(0.1)</b>	<b>0.6</b>	<b>0.5</b>	<b>(2.4)</b>	<b>(1.9)</b>	<b>4.0</b>	<b>3.0</b>	<b>34%</b>	<b>11.9</b>	<b>7.9</b>
Taxes	(1.4)	(0.2)	(1.6)	(0.7)	(2.3)	0.6	(1.7)	(1.2)	(0.5)		(2.1)	(0.9)
<b>Net income</b>	<b>2.9</b>	<b>(4.6)</b>	<b>(1.7)</b>	<b>(0.1)</b>	<b>(1.8)</b>	<b>(1.8)</b>	<b>(3.5)</b>	<b>2.8</b>	<b>2.5</b>	<b>15%</b>	<b>9.8</b>	<b>7.0</b>
<b>Adj. Net Income</b>	<b>2.9</b>	<b>(0.2)</b>	<b>2.7</b>	<b>(0.1)</b>	<b>2.6</b>	<b>2.3</b>	<b>4.9</b>	<b>2.8</b>	<b>2.5</b>	<b>15%</b>	<b>9.8</b>	<b>7.0</b>
<b>Ending NFP/(Debt)</b>	<b>(51.5)</b>	<b>(57.8)</b>	<b>(57.8)</b>	<b>(53.6)</b>	<b>(53.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(45.0)</b>	<b>-3%</b>	<b>(78.6)</b>	

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

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

<b>FCF (Eu mn)</b>	<b>1Q23A</b>	<b>2Q23A</b>	<b>1H23A</b>	<b>3Q23A</b>	<b>9M23A</b>	<b>4Q23A</b>	<b>2023A</b>	<b>1Q24A</b>	<b>1Q24E</b>	<b>A-E</b>	<b>2024E</b>
Net Profit	2.9	(4.6)	(1.7)	(0.1)	(1.8)	(1.8)	(3.5)	2.8	2.5	0.4	9.8
D&A	3.7	8.4	12.2	4.0	16.2	5.0	21.2	3.8	3.9	(0.1)	16.3
Delta NWKC	(7.9)	(7.8)	(15.7)	3.5	(12.2)	10.3	(1.8)	(2.6)	(2.0)	(0.6)	(4.4)
Chg. in other funds	(2.9)	2.7	(0.2)	0.6	0.3	2.4	2.7	1.6	-	1.6	-
<b>FCFO</b>	<b>(4.1)</b>	<b>(1.2)</b>	<b>(5.4)</b>	<b>8.0</b>	<b>2.6</b>	<b>16.0</b>	<b>18.5</b>	<b>5.6</b>	<b>4.4</b>	<b>1.2</b>	<b>21.6</b>
Capex	(4.8)	(4.0)	(8.8)	(3.0)	(11.8)	(6.4)	(18.2)	(5.5)	(5.8)	0.3	(53.6)
<b>Equity FCF</b>	<b>(9.0)</b>	<b>(5.2)</b>	<b>(14.2)</b>	<b>5.0</b>	<b>(9.2)</b>	<b>9.5</b>	<b>0.3</b>	<b>0.1</b>	<b>(1.4)</b>	<b>1.5</b>	<b>(31.9)</b>
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	(2.5)	(2.5)	-	(2.5)	(0.0)	(2.5)	-	-	-	(3.1)
Share Buy-back	(0.1)	-	(0.1)	0.1	-	-	-	(0.1)	(0.1)	(0.0)	-
Rights Issue/ ipo	-	-	-	-	-	-	-	-	-	-	-
Other	1.2	1.4	2.6	(0.9)	1.7	0.2	1.9	(0.0)	-	(0.0)	-
<b>Change in NFP</b>	<b>(7.9)</b>	<b>(6.3)</b>	<b>(14.2)</b>	<b>4.2</b>	<b>(10.0)</b>	<b>10.0</b>	<b>0.1</b>	<b>(0.0)</b>	<b>(1.5)</b>	<b>1.5</b>	<b>(35.0)</b>
<b>Opening NFP</b>	<b>(43.6)</b>	<b>(51.5)</b>	<b>(43.6)</b>	<b>(57.8)</b>	<b>(43.6)</b>	<b>(53.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>-</b>	<b>(43.6)</b>
Change in NFP	(7.9)	(6.3)	(14.2)	4.2	(10.0)	10.0	0.1	(0.0)	(1.5)	1.5	(35.0)
<b>Ending NFP/(Debt)</b>	<b>(51.5)</b>	<b>(57.8)</b>	<b>(57.8)</b>	<b>(53.6)</b>	<b>(53.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(45.0)</b>	<b>1.5</b>	<b>(78.6)</b>

<b>Balance Sheet (Eu mn)</b>	<b>1Q23A</b>	<b>1H23A</b>	<b>9M23A</b>	<b>2023A</b>	<b>1Q24A</b>	<b>2024E</b>
<b>Fixed Assets</b>	<b>128.0</b>	<b>122.9</b>	<b>122.6</b>	<b>123.2</b>	<b>125.0</b>	<b>160.5</b>
Inventories	49.3	51.3	47.3	42.5	40.0	46.1
Trade Receivables	51.6	48.8	41.9	38.1	43.9	40.7
Trade Payables	(42.0)	(38.1)	(30.7)	(32.4)	(33.2)	(34.2)
<b>Operating WKC</b>	<b>58.9</b>	<b>62.0</b>	<b>58.5</b>	<b>48.1</b>	<b>50.7</b>	<b>52.6</b>
<b>as % of annualized sales</b>	<b>22.5%</b>	<b>24.3%</b>	<b>23.6%</b>	<b>19.1%</b>	<b>19.3%</b>	<b>19.4%</b>
Other curr assets	6.1	8.1	8.2	8.1	8.7	8.1
Other current liabilities	(10.9)	(11.2)	(11.9)	(13.4)	(14.7)	(13.4)
Provisions	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
<b>Net WKC</b>	<b>53.9</b>	<b>58.7</b>	<b>54.5</b>	<b>42.6</b>	<b>44.3</b>	<b>47.3</b>
Provisions	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Employees benefits	(2.3)	(2.3)	(2.2)	(2.2)	(2.2)	(2.2)
Others	8.0	7.7	7.6	6.9	6.1	6.9
<b>Net capital employed</b>	<b>187.6</b>	<b>186.9</b>	<b>182.5</b>	<b>170.5</b>	<b>173.2</b>	<b>212.2</b>
<b>Total equity</b>	<b>136.1</b>	<b>129.1</b>	<b>128.8</b>	<b>126.9</b>	<b>129.6</b>	<b>133.7</b>
<b>Net Cash (Debt)</b>	<b>(51.5)</b>	<b>(57.9)</b>	<b>(53.6)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(78.6)</b>
Cash	69.5	53.1	45.1	22.8	17.4	-
Gross Debt	(121.0)	(111.0)	(98.7)	(66.4)	(60.9)	-
<b>Total Funds</b>	<b>187.7</b>	<b>186.9</b>	<b>182.5</b>	<b>170.5</b>	<b>173.2</b>	<b>212.2</b>

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

## Positive outlook confirmed

Historical revenue growth and margin enhancement trends should continue in the coming quarters. Despite the uncertain macro context and temporary shifts in customer inventory management, the market is growing, and the company is committed to increasing market share across all segments.

### Fine Foods – Short-Medium Term Guidelines

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## Guidelines for future growth

Despite the current international economic and geopolitical situation, and temporary shifts in some customers' inventory management, **the target markets continue to expand. Fine Foods is set on growing its market share** and will persist in developing its business across three key sectors: Nutraceuticals, Pharmaceuticals, and Cosmetics

#### NUTRA BU

The commercial strategies implemented, which focus on product quality, innovation, and enhancing customer support services, were confirmed. The increase in production capacity by expanding the existing facility was confirmed. Initial investments are expected to start in the second half of the year, which will bring favourable results on the top line in the 2024-2028 five-year period

#### PHARMA BU

Significant multi-year contracts with major international customers have been signed, underpinning the expected strong growth. The production plant expansion, initiated at the end of 2023, will be completed in 2025, with revenue generation starting from 2026

#### COSMETIC BU

Following the organisation, integration, and optimisation of processes, and investments made, the increased efficiency and enhanced capacity to fulfil customer demands are showing positive signs. These improvements are expected to contribute favourably to the Group's results in 2024

**MANAGEMENT IS CONFIDENT THAT THE GROUP'S HISTORICAL TRENDS OF REVENUE GROWTH AND MARGIN ENHANCEMENT WILL CONTINUE IN THE UPCOMING QUARTERS**

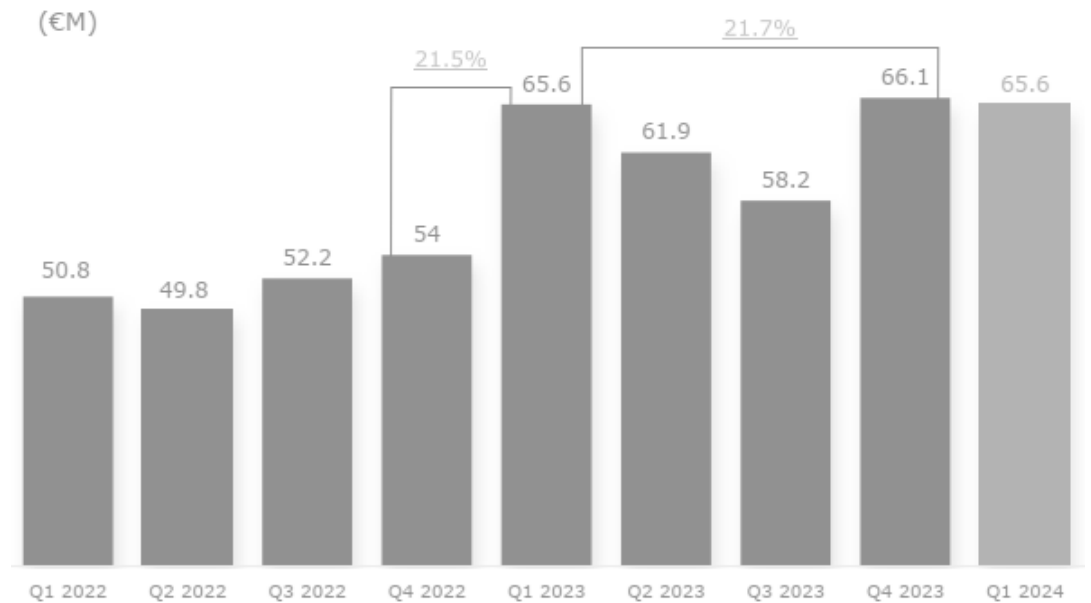
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Source: company presentation

## Feedback from conference call

- **Flattish top line in 1Q:** there was a tough comp with 1Q23 (when the Pharma BU grew by 42% and the Nutra BU by 38%) and some de-stocking after a very strong 4Q. It is therefore better to look at annualised moving averages to get a more reliable picture. Quarterly trends could be very volatile and influenced by stocking/de-stocking dynamics. There have been temporary shifts in some customers' inventory management, but no major issues for Fine Foods.

### Fine Foods – Quarterly topline trend



Source: company presentation

- **Profitability:** mix of higher operating leverage, normalisation of raw material and energy costs, cost optimisation and the ongoing implementation of 40 efficiency projects.
- **Energy costs:** ~1pp of sales. Energy expenses are expected to rise slightly in the latter part of this year, partly influenced by tough comparisons with last year's steep declines in 3Q and 4Q. Consequently, the company has secured a hedge for the entire year at around €30 per megawatt-hour, aligning with the current level of Dutch TTF Natural Gas Futures.
- **M&A:** management is constantly scouting new targets, although acquisition multiples remain relatively high. While the market presents numerous appealing opportunities, the company will prioritise a more targeted approach over a scattergun search.
- **Extraordinary CapEx to increase capacity:** entirely self-funded through existing liquidity and cash generation.

## Change in Estimates

Looking at our current FY24 estimates (7.7% top line growth, 12.0% margin), 1Q results would imply 10.4% top line growth and an 11.5% margin for the remainder of the year, which we believe could be comfortably achieved, especially if energy prices remain under control.

### Fine Foods – Change in 2024-28 Estimates

P&L (Eu mn)			New Estimates					Old Estimates					New vs Old				
	'22A	'23A	'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E	'24E	'25E	'26E	'27E	'28E
<b>Nutra</b>	<b>117.8</b>	<b>152.4</b>	<b>164.2</b>	<b>182.2</b>	<b>203.2</b>	<b>227.6</b>	<b>257.2</b>	<b>164.2</b>	<b>182.2</b>	<b>203.2</b>	<b>227.6</b>	<b>257.2</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	-15%	29%	8%	11%	12%	12%	13%	8%	11%	12%	12%	13%					
<b>Pharma</b>	<b>54.7</b>	<b>67.9</b>	<b>73.4</b>	<b>77.8</b>	<b>107.3</b>	<b>115.9</b>	<b>124.9</b>	<b>73.4</b>	<b>77.8</b>	<b>107.3</b>	<b>115.9</b>	<b>124.9</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	39%	24%	8%	6%	38%	8%	8%	8%	6%	38%	8%	8%					
<b>Cosmetics</b>	<b>34.3</b>	<b>31.4</b>	<b>33.6</b>	<b>37.0</b>	<b>40.0</b>	<b>42.8</b>	<b>45.9</b>	<b>33.6</b>	<b>37.0</b>	<b>40.0</b>	<b>42.8</b>	<b>45.9</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	n.m.	-8%	7%	10%	8%	7%	7%	7%	10%	8%	7%	7%					
<b>Revenues</b>	<b>206.9</b>	<b>251.8</b>	<b>271.2</b>	<b>297.0</b>	<b>350.5</b>	<b>386.2</b>	<b>427.9</b>	<b>271.2</b>	<b>297.0</b>	<b>350.5</b>	<b>386.2</b>	<b>427.9</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	6.2%	21.7%	7.7%	9.5%	18.0%	10.2%	10.8%	7.7%	9.5%	18.0%	10.2%	10.8%					
EBITDA	15.4	22.3	32.5	39.2	48.4	54.3	62.0	32.5	39.2	48.4	54.3	62.0					
<b>Adj. EBITDA</b>	<b>15.7</b>	<b>25.8</b>	<b>32.5</b>	<b>39.2</b>	<b>48.4</b>	<b>54.3</b>	<b>62.0</b>	<b>32.5</b>	<b>39.2</b>	<b>48.4</b>	<b>54.3</b>	<b>62.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% on sales	7.6%	10.3%	12.0%	13.2%	13.8%	14.1%	14.5%	12.0%	13.2%	13.8%	14.1%	14.5%					
D&A	(15.5)	(16.1)	(16.3)	(17.8)	(20.3)	(21.6)	(22.7)	(16.3)	(17.8)	(20.3)	(21.6)	(22.7)					
<b>Adj. EBIT</b>	<b>0.3</b>	<b>9.7</b>	<b>16.3</b>	<b>21.4</b>	<b>28.0</b>	<b>32.7</b>	<b>39.4</b>	<b>16.3</b>	<b>21.4</b>	<b>28.0</b>	<b>32.7</b>	<b>39.4</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% on sales	0.1%	3.9%	6.0%	7.2%	8.0%	8.5%	9.2%	6.0%	7.2%	8.0%	8.5%	9.2%					
EBIT	-1.0	1.1	16.3	21.4	28.0	32.7	39.4	16.3	21.4	28.0	32.7	39.4	0%	0%	0%	0%	0%
net fin. Exp.	(13.2)	(2.9)	(4.4)	(5.1)	(4.5)	(3.8)	(3.1)	(4.4)	(5.1)	(4.5)	(3.8)	(3.1)					
<b>Pre taxes</b>	<b>(14.2)</b>	<b>(1.9)</b>	<b>11.9</b>	<b>16.2</b>	<b>23.6</b>	<b>28.9</b>	<b>36.2</b>	<b>11.9</b>	<b>16.2</b>	<b>23.6</b>	<b>28.9</b>	<b>36.2</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
taxes	4.7	(1.7)	(2.1)	(3.3)	(5.4)	(6.6)	(8.3)	(2.1)	(3.3)	(5.4)	(6.6)	(8.3)					
tax rate	33%	-90%	18%	20%	23%	23%	23%	18%	20%	23%	23%	23%					
<b>Net Profit</b>	<b>(9.5)</b>	<b>(3.5)</b>	<b>9.8</b>	<b>13.0</b>	<b>18.1</b>	<b>22.2</b>	<b>27.9</b>	<b>9.8</b>	<b>13.0</b>	<b>18.1</b>	<b>22.2</b>	<b>27.9</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Adj. Net profit</b>	<b>(8.6)</b>	<b>4.9</b>	<b>9.8</b>	<b>13.0</b>	<b>18.1</b>	<b>22.2</b>	<b>27.9</b>	<b>9.8</b>	<b>13.0</b>	<b>18.1</b>	<b>22.2</b>	<b>27.9</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Adj. EPS (€/share)	(0.34)	0.19	0.38	0.51	0.71	0.87	1.09	0.38	0.51	0.71	0.87	1.09	0%	0%	0%	0%	0%
<b>DPS (€/share)</b>	<b>0.10</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0.12</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
% payout	n.m.	62%	31%	23%	17%	14%	11%	31%	23%	17%	14%	11%					
<b>NFP/(Debt)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(78.6)</b>	<b>(86.1)</b>	<b>(76.4)</b>	<b>(62.7)</b>	<b>(42.7)</b>	<b>(78.6)</b>	<b>(86.1)</b>	<b>(76.4)</b>	<b>(62.7)</b>	<b>(42.7)</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
/Adj. EBITDA(x)	-2.8x	-1.7x	-2.4x	-2.2x	-1.6x	-1.2x	-0.7x	-2.4x	-2.2x	-1.6x	-1.2x	-0.7x					

FCF & Net Debt (Eu mn)			New Estimates					Old Estimates					New vs Old				
	'22A	'23A	'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	9.8	13.0	18.1	22.2	27.9	-	-	-	-	-
D&A	16.4	21.2	16.3	17.8	20.3	21.6	22.7	16.3	17.8	20.3	21.6	22.7	-	-	-	-	-
Delta NWKC	(14.4)	(1.8)	(4.4)	(5.5)	1.7	2.2	3.7	(4.4)	(5.5)	1.7	2.2	3.7	-	-	-	-	-
Change in funds/other	11.1	2.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>FCFO</b>	<b>3.7</b>	<b>18.5</b>	<b>21.6</b>	<b>25.3</b>	<b>40.2</b>	<b>46.1</b>	<b>54.3</b>	<b>21.6</b>	<b>25.3</b>	<b>40.2</b>	<b>46.1</b>	<b>54.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Capex	(15.3)	(18.2)	(53.6)	(29.9)	(27.5)	(29.3)	(31.4)	(53.6)	(29.9)	(27.5)	(29.3)	(31.4)	-	-	-	-	-
<b>Equity FCF</b>	<b>(11.6)</b>	<b>0.3</b>	<b>(31.9)</b>	<b>(4.6)</b>	<b>12.7</b>	<b>16.8</b>	<b>22.9</b>	<b>(31.9)</b>	<b>(4.6)</b>	<b>12.7</b>	<b>16.8</b>	<b>22.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	(3.9)	(2.5)	(3.1)	(3.0)	(3.0)	(3.0)	(3.0)	(3.1)	(3.0)	(3.0)	(3.0)	(3.0)	-	-	-	-	-
Share Buy-back	(0.9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rights Issue/ipo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	(11.6)	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in NFP</b>	<b>(27.9)</b>	<b>0.1</b>	<b>(35.0)</b>	<b>(7.6)</b>	<b>9.7</b>	<b>13.8</b>	<b>19.9</b>	<b>(35.0)</b>	<b>(7.6)</b>	<b>9.7</b>	<b>13.8</b>	<b>19.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Opening NFP	(15.7)	(43.6)	(43.6)	(78.6)	(86.1)	(76.4)	(62.7)	(43.6)	(78.6)	(86.1)	(76.4)	(62.7)	0.0	0.0	0.0	0.0	0.0
<b>Change in NFP</b>	<b>(27.9)</b>	<b>0.1</b>	<b>(35.0)</b>	<b>(7.6)</b>	<b>9.7</b>	<b>13.8</b>	<b>19.9</b>	<b>(35.0)</b>	<b>(7.6)</b>	<b>9.7</b>	<b>13.8</b>	<b>19.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Ending NFP/(Debt)</b>	<b>(43.6)</b>	<b>(43.6)</b>	<b>(78.6)</b>	<b>(86.1)</b>	<b>(76.4)</b>	<b>(62.7)</b>	<b>(42.7)</b>	<b>(78.6)</b>	<b>(86.1)</b>	<b>(76.4)</b>	<b>(62.7)</b>	<b>(42.7)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

<b>Fine Foods – P&amp;L (Eu mn)</b>	<b>'15A</b>	<b>'16A</b>	<b>'17A</b>	<b>'18A</b>	<b>'19A</b>	<b>'20A</b>	<b>'21A</b>	<b>'22A</b>	<b>'23A</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>	<b>'27E</b>	<b>'28E</b>
<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>252</b>	<b>271</b>	<b>297</b>	<b>350</b>	<b>386</b>	<b>428</b>
Total OpEx	(89)	(98)	(104)	(121)	(142)	(151)	(175)	(191)	(230)	(239)	(258)	(302)	(332)	(366)
<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>22</b>	<b>33</b>	<b>39</b>	<b>48</b>	<b>54</b>	<b>62</b>
% 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)
<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>1</b>	<b>16</b>	<b>21</b>	<b>28</b>	<b>33</b>	<b>39</b>
% 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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>(2)</b>	<b>12</b>	<b>16</b>	<b>24</b>	<b>29</b>	<b>36</b>
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%
<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>(4)</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>22</b>	<b>28</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>5</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>22</b>	<b>28</b>

<b>Fine Foods – BS (Eu mn)</b>	<b>'15A</b>	<b>'16A</b>	<b>'17A</b>	<b>'18A</b>	<b>'19A</b>	<b>'20A</b>	<b>'21A</b>	<b>'22A</b>	<b>'23A</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>	<b>'27E</b>	<b>'28E</b>
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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>127</b>	<b>123</b>	<b>161</b>	<b>173</b>	<b>180</b>	<b>187</b>	<b>196</b>
NWC	10	10	2	19	16	4	39	44	43	47	53	51	49	45
<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>171</b>	<b>166</b>	<b>208</b>	<b>225</b>	<b>231</b>	<b>236</b>	<b>241</b>
other funds	(1)	(1)	(1)	(8)	(2)	(1)	(4)	6	5	4	4	4	4	4
<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>171</b>	<b>212</b>	<b>230</b>	<b>235</b>	<b>241</b>	<b>246</b>
Group Equity	31	33	39	140	131	141	147	133	127	134	144	159	178	203
Minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<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>(44)</b>	<b>(79)</b>	<b>(86)</b>	<b>(76)</b>	<b>(63)</b>	<b>(43)</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>171</b>	<b>212</b>	<b>230</b>	<b>235</b>	<b>241</b>	<b>246</b>

<b>Fine Foods – FCF (Eu mn)</b>	<b>'15A</b>	<b>'16A</b>	<b>'17A</b>	<b>'18A</b>	<b>'19A</b>	<b>'20A</b>	<b>'21A</b>	<b>'22A</b>	<b>'23A</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>	<b>'27E</b>	<b>'28E</b>
<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>(4)</b>	<b>10</b>	<b>13</b>	<b>18</b>	<b>22</b>	<b>28</b>
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	-	-	-	-	-
<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>19</b>	<b>22</b>	<b>25</b>	<b>40</b>	<b>46</b>	<b>54</b>
Capex (Fixed & Intangible Assets)	(8)	(10)	(22)	(32)	(20)	(16)	(17)	(15)	(18)	(54)	(30)	(28)	(29)	(31)
<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>0</b>	<b>(32)</b>	<b>(5)</b>	<b>13</b>	<b>17</b>	<b>23</b>
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	-	-	-	-	-
<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>0</b>	<b>(35)</b>	<b>(8)</b>	<b>10</b>	<b>14</b>	<b>20</b>
Opening Net Cash (Debt)	(14)	(18)	(19)	(20)	47	24	43	(16)	(44)	(44)	(79)	(86)	(76)	(63)
<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>(44)</b>	<b>(79)</b>	<b>(86)</b>	<b>(76)</b>	<b>(63)</b>	<b>(43)</b>

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



## DCF Valuation

On our current estimates and WACC (both unchanged), we confirm our DCF-based TP at €12. At our target, which offers c.41% 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 unchanged at 8.7%, g still 2.5%)

(Eu mn)	24E	25E	26E	27E	28E	29E	30E	31E	32E	33E	34E	35E	TV
<b>Net Revenues</b>	<b>271.2</b>	<b>297.0</b>	<b>350.5</b>	<b>386.2</b>	<b>427.9</b>	<b>468.5</b>	<b>506.1</b>	<b>541.4</b>	<b>573.2</b>	<b>600.4</b>	<b>622.2</b>	<b>637.6</b>	<b>653.3</b>
<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%
<b>EBITDA</b>	<b>32.5</b>	<b>39.2</b>	<b>48.4</b>	<b>54.3</b>	<b>62.0</b>	<b>67.5</b>	<b>72.7</b>	<b>77.8</b>	<b>82.0</b>	<b>85.5</b>	<b>88.6</b>	<b>90.7</b>	<b>91.5</b>
% 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%
<b>EBIT</b>	<b>16.3</b>	<b>21.4</b>	<b>28.0</b>	<b>32.7</b>	<b>39.4</b>	<b>41.7</b>	<b>44.9</b>	<b>48.0</b>	<b>50.4</b>	<b>52.4</b>	<b>54.3</b>	<b>55.7</b>	<b>52.3</b>
% 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%
<b>Unlevered FCF</b>	<b>(29.4)</b>	<b>(1.3)</b>	<b>15.9</b>	<b>19.4</b>	<b>24.9</b>	<b>27.0</b>	<b>25.8</b>	<b>27.8</b>	<b>29.7</b>	<b>31.4</b>	<b>33.2</b>	<b>34.9</b>	<b>39.7</b>
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
<b>Discounted Free cash flow</b>		<b>(1.1)</b>	<b>12.4</b>	<b>13.9</b>	<b>16.5</b>	<b>16.4</b>	<b>14.4</b>	<b>14.3</b>	<b>14.1</b>	<b>13.7</b>	<b>13.3</b>	<b>12.9</b>	<b>236.0</b>

Discounted FCF '25E-35E	140.7
Terminal value	236.0
<b>Total EV</b>	<b>376.7</b>
NFP/(Debt) at YE24	(78.6)
Minorities	0.0
own shares	8.9
<b>Total EQUITY (Eu mn)</b>	<b>307.0</b>
NOSH (mn)	25.6
<b>Fair value (Eu/share)</b>	<b>12.0</b>
current price (Eu/share)	8.5
<i>upside vs current price</i>	41%

Source: Intermonte SIM

### 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	11.0	11.1	11.2	11.4	

Source: Intermonte SIM

## Peer Multiples

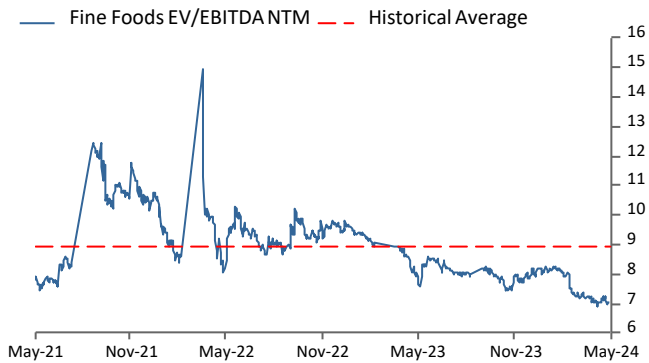
Given the lack of a meaningful comparison provided by the peer group due to significant diversification in terms of size, vertical integration, geographical footprint, capital structure and profitability compared to Fine Foods, we do not include a peer comparison in our valuation. **In any case, at current prices, Fine Foods is trading at 8x EV/adj. EBITDA for 25E (a c.40% discount to the peer average) and 17x P/E'25E (peers at 19x).**

### 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	8.50	217	2%	-4%	7%	-3%	1.1	1.0	0.8	9.1	7.7	6.1	18.2	14.2	10.5	22.2	16.8	12.0	1.4%	1.4%	1.4%
FF (@mkt price, cons.)	EUR	8.50	217	2%	-4%	7%	-3%	0.8	0.4	0.4	6.3	3.3	2.9	13.4	6.1	5.0	23.5	16.7	12.0	1.3%	1.4%	1.4%
FF (@ our TP, our est.)	EUR	12.0	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	14.12	1,359	1%	-7%	0%	-3%	1.4	1.2	1.1	9.4	8.3	7.4	14.3	12.3	10.9	20.1	17.3	15.4	1.6%	1.9%	2.1%
Catalent	USD	55.62	9,265	-1%	-2%	56%	24%	3.3	3.1	2.8	20.3	15.2	13.1	41.8	24.4	19.6	98.8	34.4	25.6	0.0%	0.0%	0.0%
Lonza Group AG	CHF	532.20	40,344	-5%	10%	45%	43%	6.4	5.7	5.1	23.1	19.7	16.8	35.9	29.7	25.0	45.7	36.8	30.2	0.9%	1.0%	1.2%
Piramal Enterprises Ltd.	INR	825.05	2,045	-3%	-6%	-12%	-11%	2.8	2.3	n.a.	n.a.	n.a.	n.a.	6.0	4.6	n.a.	0.2	0.1	n.a.	2.6%	3.0%	0.0%
Strides Pharma Science Ltd	INR	875.35	888	-1%	3%	73%	28%	1.8	1.6	n.a.	9.3	7.9	n.a.	13.4	11.8	n.a.	0.2	0.2	n.a.	0.4%	0.4%	0.0%
Siegfried Holding AG	CHF	884.00	4,061	-2%	-3%	12%	1%	3.3	3.1	2.8	15.1	13.4	11.9	21.7	19.0	16.5	27.7	23.8	20.9	0.4%	0.5%	0.5%
<b>Peer Group</b>								<b>3.2</b>	<b>2.8</b>	<b>3.0</b>	<b>15.4</b>	<b>12.9</b>	<b>12.3</b>	<b>22.2</b>	<b>17.0</b>	<b>18.0</b>	<b>32.1</b>	<b>18.8</b>	<b>23.0</b>	<b>1.0%</b>	<b>1.1%</b>	<b>0.6%</b>
<i>FF discount to peers</i>								<b>-66%</b>	<b>-64%</b>	<b>-72%</b>	<b>-41%</b>	<b>-40%</b>	<b>-51%</b>	<b>-18%</b>	<b>-16%</b>	<b>-42%</b>	<b>-31%</b>	<b>-11%</b>	<b>-48%</b>			
FTSE Italia Mid Cap		48,198		3%	6%	15%	8%															
<b>FTSE Italia Star</b>		<b>48,570</b>		<b>4%</b>	<b>4%</b>	<b>11%</b>	<b>2%</b>															
FTSE MIB		35,151		4%	12%	20%	16%															
FTSE Italia Growth Index		8,236		2%	2%	8%	-1%															

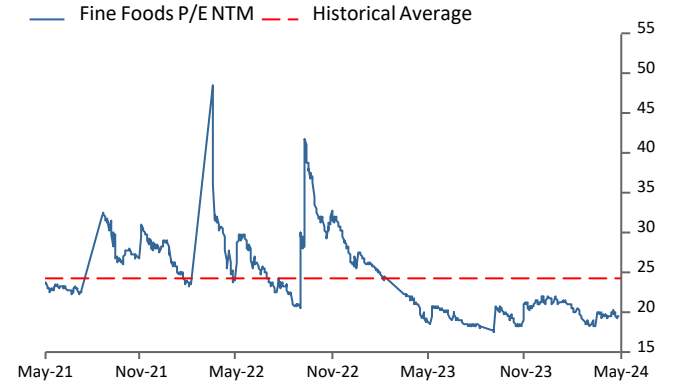
Source: Intermonte SIM (Fine Foods), Consensus (FactSet)

### Fine Foods - EV/EBITDA NTM evolution



Source: FactSet Consensus

### Fine Foods - P/E NTM evolution



Source: FactSet Consensus

## Fine Foods in Brief

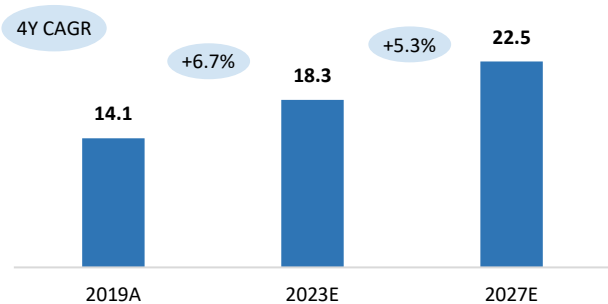
### Company description

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

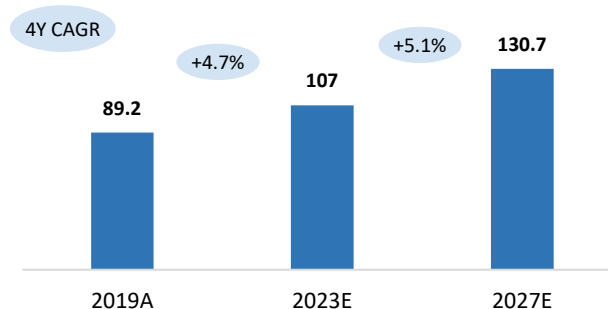
- Exposure to secular trends (life expectancy, well-being awareness) of steadily growing and non-cyclical segments
- High customer loyalty and significant entry/exit barriers
- Increasing outsourcing to CDMOs in pharma segment
- Right scale to play consolidation in Italy
- Diversification across sectors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

### Food - European Dietary Supplement Market (Eu bn)



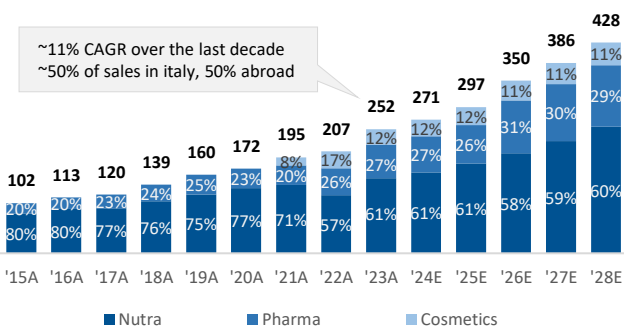
Source: Company presentation

### Cosmetics - European Core Market (Eu bn)



Source: Company presentation

### 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

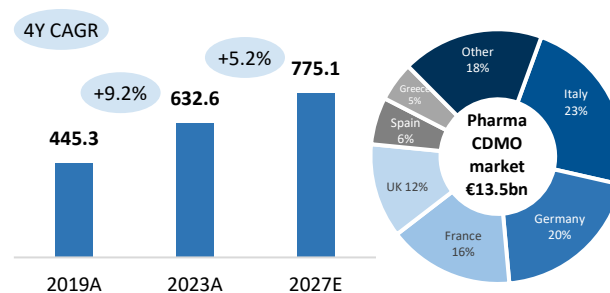
### Shareholders

Marco Eigenmann 52.70%  
 Treasury Shares 4.22%  
 Market 43.08%  
**Free float (listed shares) 53.9%**

### Weaknesses/Threats

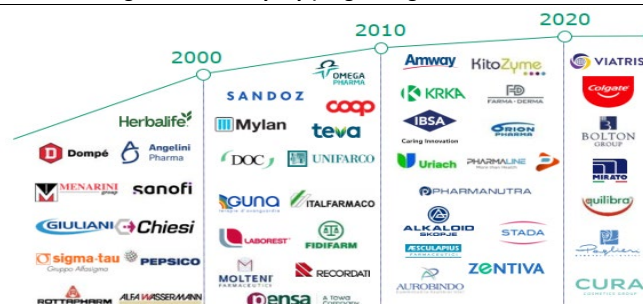
- Short-term visibility on production volumes (orders submitted by clients on a quarterly basis)
- Unpredictable evolution of energy costs and raw mats
- Limited customer power due to high concentration (top 5 clients c. 60.6% of Group sales in 2023)
- No patent protection (no proprietary trademarks)
- 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)



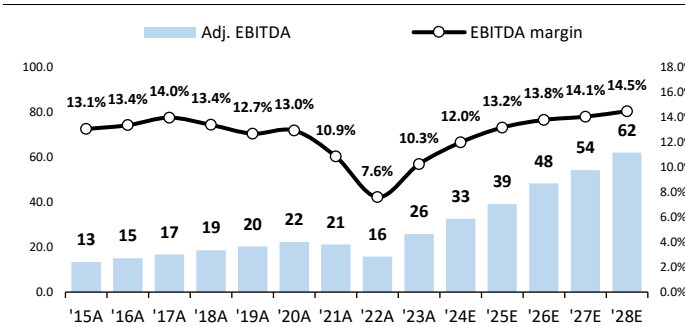
Source: Company presentation

### 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)

<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>FINE FOODS</b>		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	12.00	Previous Target (Eu):	12.00
Current Price (Eu):	8.50	Previous Price (Eu):	8.30
Date of report:	16/05/2024	Date of last report:	02/04/2024