

# FINE FOODS

Sector: Industrials

# OUTPERFORM

Price: Eu8.12 - Target: Eu12.00

## Margins Keeping Pace, Partial CapEx Shift to 2025

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

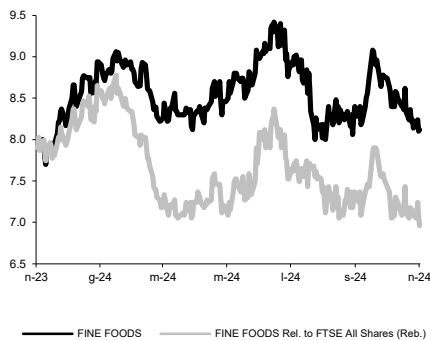
### Stock Rating

|                           |              |              |              |
|---------------------------|--------------|--------------|--------------|
| <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>     | -0.3%        | -0.5%        | -1.4%        |

### Next Events

FY24 Results late March 2025

### FINE FOODS - 12M Performance



### Stock Data

|                 |       |
|-----------------|-------|
| Reuters code:   | FF.MI |
| Bloomberg code: | FF IM |

| Performance             | 1M        | 3M    | 12M    |
|-------------------------|-----------|-------|--------|
| Absolute                | -7.1%     | -0.7% | 2.8%   |
| Relative                | -6.2%     | -6.7% | -13.8% |
| 12M (H/L)               | 9.42/7.70 |       |        |
| 3M Average Volume (th): | 5.19      |       |        |

### Shareholder Data

|                             |       |
|-----------------------------|-------|
| No. of Ord shares (mn):     | 26    |
| Total no. of shares (mn):   | 26    |
| Mkt Cap Ord (Eu mn):        | 208   |
| Total Mkt Cap (Eu mn):      | 208   |
| Mkt Float - Ord (Eu mn):    | 98    |
| Mkt Float (in %):           | 47.3% |
| Main Shareholder:           |       |
| Eigenfin Srl + M. Eigenmann | 52.7% |

### Balance Sheet Data

|                                 |      |
|---------------------------------|------|
| Book Value (Eu mn):             | 133  |
| BVPS (Eu):                      | 5.22 |
| P/BV:                           | 1.6  |
| Net Financial Position (Eu mn): | -53  |
| Enterprise Value (Eu mn):       | 260  |

■ **9M24 results.** Despite revenues closing in line with our expectations in each business unit, the company delivered a strong margin at 13.2% (up 3pp YoY, our expectation 12.9%), resulting in a positive EBITDA surprise (+3% vs. our forecast). This outcome was supported by the revised pricing policy introduced in 2H23, which mitigated the impact of raw material and packaging costs on revenues. At bottom line, the positive surprise was further amplified by lower D&A, financial charges and taxes. Net debt came in at €45.0mn (our exp. €47.5mn) slightly higher than at YE23 due to solid FCFO (€26mn, our exp. €27mn) almost entirely absorbed by CapEx (€24.3mn), dividends (€2.9mn) and buybacks (€0.1mn).

■ **Divisional trends:** group revenues came to €177mn (-4.6% YoY) reflecting: a) a still relatively challenging YoY comparison (9M23: +22% YoY); b) different order phasing in the Cosmetics BU (€19.5mn, -16% YoY) due to delays to new business developments and a customer portfolio review; c) the expected drop in the Nutra BU (€102.5mn, -8% YoY) to factor in ongoing sector issues (temporary realignment of inventories by certain customers, already mentioned in 1Q24), but also the challenging YoY comp (9M23: +29% YoY); d) an accelerating performance in the Pharma BU (€55.2mn, +9% YoY, 3Q: +13%) despite a tough comp (9M23: +27% YoY).

■ **Confident tone from management team:** a recovery in 4Q is expected to bring 2024 revenues close to 2023 levels. In our view, there could be a slight decline if nutraceuticals and cosmetics remain flat, with pharma growth similar to 3Q. The 9M EBITDA margin of 13% is likely to hold up in 4Q, supported by strong Nutra & Pharma profitability. Some CapEx initially planned for 4Q may be deferred to 2025, resulting in lower YE24 net debt. On “Project X”, there was good feedback from the pharma client’s visit to the production site. Capacity expansion programmes are on track.

■ **Estimates update:** we are revising our estimates, now assuming a 3% decline in the FY top line (flat previously) to reflect a less spectacular trajectory in 4Q (now +3% vs. +13.5% previously), which is more than offset by a higher margin (c.12.8% from 10%) in line with 9M. Additionally, we are factoring in higher financial charges and taxes and deferring around €15mn in CapEx from 4Q to FY25. These adjustments result in minimal EPS cuts.

■ **OUTPERFORM confirmed; target still €12.** While the Nutra and Cosmetics top lines were hit by temporary issues that should normalise in 4Q, 9M results provided greater clarity on the margin trajectory. Confirmation of the current outlook should therefore allow for a degree of flexibility given the visibility on the coming quarters. FF is well placed to gain market share and outperform peers, having grown notably faster than its core end markets over 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)          | 245   | 281   | 338   | 375   | 412   |
| EBITDA Adj (Eu mn)     | 32    | 37    | 47    | 53    | 60    |
| Net Profit Adj (Eu mn) | 10    | 13    | 18    | 22    | 27    |
| EPS New Adj (Eu)       | 0.383 | 0.498 | 0.695 | 0.848 | 1.056 |
| EPS Old Adj (Eu)       | 0.384 | 0.500 | 0.705 | 0.867 | 1.082 |
| DPS (Eu)               | 0.117 | 0.117 | 0.117 | 0.117 | 0.117 |
| EV/EBITDA Adj          | 8.1   | 7.6   | 6.0   | 5.0   | 4.1   |
| EV/EBIT Adj            | 15.8  | 14.0  | 10.3  | 8.4   | 6.5   |
| P/E Adj                | 21.2  | 16.3  | 11.7  | 9.6   | 7.7   |
| Div. Yield             | 1.4%  | 1.4%  | 1.4%  | 1.4%  | 1.4%  |
| Net Debt/EBITDA Adj    | 1.6   | 2.1   | 1.5   | 1.1   | 0.6   |

| FINE FOODS – Key Figures                 |         |       |        |       |       |       |
|--|---------|-------|--------|-------|-------|-------|
| Profit & Loss (Eu mn)                    | 2023A   | 2024E | 2025E  | 2026E | 2027E | 2028E |
| Sales                                    | 252     | 245   | 281    | 338   | 375   | 412   |
| EBITDA                                   | 22      | 32    | 37     | 47    | 53    | 60    |
| EBIT                                     | 1       | 16    | 20     | 27    | 32    | 38    |
| Financial Income (charges)               | -5      | -4    | -4     | -4    | -4    | -3    |
| Associates & Others                      | 2       | 0     | 0      | 0     | 0     | 0     |
| Pre-tax Profit                           | -2      | 13    | 17     | 23    | 28    | 35    |
| Taxes                                    | -2      | -3    | -4     | -5    | -6    | -8    |
| Tax rate                                 |         | 24.5% | 24.0%  | 23.0% | 23.0% | 23.0% |
| Minorities & Discontinued Operations     | 0       | 0     | 0      | 0     | 0     | 0     |
| Net Profit                               | -4      | 10    | 13     | 18    | 22    | 27    |
| EBITDA Adj                               | 26      | 32    | 37     | 47    | 53    | 60    |
| EBIT Adj                                 | 10      | 16    | 20     | 27    | 32    | 38    |
| Net Profit Adj                           | 5       | 10    | 13     | 18    | 22    | 27    |
| 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  | 0.373 | 0.498  | 0.695 | 0.848 | 1.056 |
| EPS Adj f.d                              | 0.193   | 0.383 | 0.498  | 0.695 | 0.848 | 1.056 |
| BVPS f.d                                 | 4.967   | 5.220 | 5.600  | 6.178 | 6.909 | 7.847 |
| 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      | 25    | 30     | 37    | 43    | 49    |
| Change in NWC                            | -2      | 6     | -6     | -2    | 2     | 4     |
| Capital Expenditure                      | -18     | -37   | -44    | -27   | -29   | -31   |
| Other Cash Items                         | 2       | 0     | 0      | 0     | 0     | 0     |
| Free Cash Flow (FCF)                     | 0       | -6    | -21    | 8     | 16    | 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      | -9    | -24    | 5     | 13    | 20    |
| Balance Sheet (Eu mn)                    | 2023A   | 2024E | 2025E  | 2026E | 2027E | 2028E |
| Total Fixed Assets                       | 123     | 145   | 172    | 179   | 187   | 196   |
| Net Working Capital                      | 43      | 37    | 43     | 45    | 43    | 39    |
| Long term Liabilities                    | 4       | 4     | 4      | 4     | 4     | 4     |
| Net Capital Employed                     | 170     | 186   | 220    | 229   | 234   | 239   |
| Net Cash (Debt)                          | -44     | -53   | -76    | -71   | -58   | -38   |
| Group Equity                             | 127     | 133   | 143    | 158   | 177   | 201   |
| Minorities                               | 0       | 0     | 0      | 0     | 0     | 0     |
| Net Equity                               | 127     | 133   | 143    | 158   | 177   | 201   |
| Enterprise Value (Eu mn)                 | 2023A   | 2024E | 2025E  | 2026E | 2027E | 2028E |
| Average Mkt Cap                          | 208     | 208   | 208    | 208   | 208   | 208   |
| Adjustments (Associate & Minorities)     | 0       | 0     | 0      | 0     | 0     | 0     |
| Net Cash (Debt)                          | -44     | -53   | -76    | -71   | -58   | -38   |
| Enterprise Value                         | 251     | 260   | 284    | 279   | 265   | 246   |
| Ratios (%)                               | 2023A   | 2024E | 2025E  | 2026E | 2027E | 2028E |
| EBITDA Adj Margin                        | 10.3%   | 13.1% | 13.3%  | 13.8% | 14.1% | 14.5% |
| EBIT Adj Margin                          | 3.9%    | 6.7%  | 7.3%   | 8.0%  | 8.5%  | 9.2%  |
| Gearing - Debt/Equity                    | 34.3%   | 39.5% | 53.3%  | 45.0% | 32.8% | 19.1% |
| Interest Cover on EBIT                   | 0.2     | 4.6   | 5.7    | 6.8   | 8.9   | 13.1  |
| Net Debt/EBITDA Adj                      | 1.7     | 1.6   | 2.1    | 1.5   | 1.1   | 0.6   |
| ROACE*                                   | 0.6%    | 9.1%  | 10.0%  | 12.1% | 13.7% | 16.0% |
| ROE*                                     | 3.8%    | 7.5%  | 9.2%   | 11.8% | 13.0% | 14.3% |
| EV/CE                                    | 1.5     | 1.5   | 1.4    | 1.2   | 1.1   | 1.0   |
| EV/Sales                                 | 1.0     | 1.1   | 1.0    | 0.8   | 0.7   | 0.6   |
| EV/EBITDA Adj                            | 9.7     | 8.1   | 7.6    | 6.0   | 5.0   | 4.1   |
| EV/EBIT Adj                              | 25.9    | 15.8  | 14.0   | 10.3  | 8.4   | 6.5   |
| Free Cash Flow Yield                     | 0.1%    | -2.9% | -10.0% | 4.0%  | 7.8%  | 10.9% |
| Growth Rates (%)                         | 2023A   | 2024E | 2025E  | 2026E | 2027E | 2028E |
| Sales                                    | 21.7%   | -2.6% | 14.5%  | 20.5% | 10.8% | 10.1% |
| EBITDA Adj                               | 64.2%   | 24.5% | 15.7%  | 25.5% | 12.9% | 13.5% |
| EBIT Adj                                 | 3556.0% | 69.6% | 23.6%  | 32.9% | 17.2% | 19.7% |
| Net Profit Adj                           | nm      | 98.4% | 30.2%  | 39.6% | 22.0% | 24.5% |
| EPS Adj                                  | nm      | 98.4% | 30.2%  | 39.6% | 22.0% | 24.5% |
| DPS                                      | 20.0%   | -2.2% | 0.0%   | 0.0%  | 0.0%  | 0.0%  |

\*Excluding extraordinary items Source: Intermonte SIM estimates

## 9M24 Results

- **9M24 results.** Despite revenues closing in line with our expectations in each business unit, the company delivered a strong margin at 13.2% (up 3pp YoY, our expectation 12.9%), resulting in a positive EBITDA surprise (+3% vs. our forecast). This outcome was supported by the revised pricing policy introduced in 2H23, which mitigated the impact of raw material and packaging costs on revenues. At bottom line, the positive surprise was further amplified by lower D&A, financial charges and taxes. Net debt came in at €45.0mn (our exp. €47.5mn) slightly higher than at YE23 due to solid FCFO (€26mn, our exp. €27mn) almost entirely absorbed by CapEx (€24.3mn), dividends (€2.9mn) and buybacks (€0.1mn).
- **Divisional trends:** group revenues came to €177mn (-4.6% YoY) reflecting: a) a still relatively challenging YoY comparison (9M23: +22% YoY); b) different order phasing in the Cosmetics BU (€19.5mn, -16% YoY) due to delays to new business developments and a customer portfolio review; c) the expected drop in the Nutra BU (€102.5mn, -8% YoY) to factor in ongoing sector issues (temporary realignment of inventories by certain customers, already mentioned in 1Q24), but also the challenging YoY comp (9M23: +29% YoY); d) an accelerating performance in the Pharma BU (€55.2mn, +9% YoY, 3Q: +13%) despite a tough comp (9M23: +27% YoY).

### Fine Foods – 9M24 Results: P&L

| P&L (Eu mn)                | 1Q23A         | 2Q23A         | 1H23A          | 3Q23A         | 9M23A          | 4Q23A         | 2023A          | 1Q24A         | 2Q24A         | 1H24A          | 3Q24A         | 9M24A          | 4Q24E         | 2024E          | 9M24E          | A/E          |
|----------------------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|--------------|
| <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>32.3</b>   | <b>72.2</b>    | <b>30.3</b>   | <b>102.5</b>   | <b>40.3</b>   | <b>142.8</b>   | <b>102.6</b>   | <b>-0.1%</b> |
| YoY growth                 | 37.8%         | 27.3%         | 32.8%          | 22.3%         | 29.2%          | 30.0%         | 29.4%          | -2.1%         | -6.9%         | -4.3%          | -16.0%        | -8.1%          | -1.4%         | -6.3%          | -8.0%          |              |
| on net sales               | 62.1%         | 56.1%         | 59.2%          | 62.0%         | 60.1%          | 61.8%         | 60.5%          | 60.8%         | 56.4%         | 58.7%          | 55.8%         | 57.8%          | 59.3%         | 58.3%          | 58.0%          |              |
| <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>19.5</b>   | <b>37.1</b>    | <b>18.1</b>   | <b>55.2</b>    | <b>19.3</b>   | <b>74.5</b>    | <b>54.6</b>    | <b>1.1%</b>  |
| YoY growth                 | 41.8%         | 29.3%         | 35.0%          | 12.1%         | 26.9%          | 16.7%         | 24.2%          | 4.9%          | 8.1%          | 6.6%           | 13.4%         | 8.7%           | 12.6%         | 9.7%           | 7.6%           |              |
| on net sales               | 25.6%         | 29.1%         | 27.3%          | 27.4%         | 27.3%          | 26.0%         | 27.0%          | 26.9%         | 34.1%         | 30.2%          | 33.2%         | 31.1%          | 28.4%         | 30.4%          | 30.9%          |              |
| <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>5.5</b>    | <b>13.5</b>    | <b>6.0</b>    | <b>19.5</b>    | <b>8.3</b>    | <b>27.8</b>    | <b>19.6</b>    | <b>-0.6%</b> |
| YoY growth                 | -13.9%        | 6.2%          | -4.3%          | -27.2%        | -11.6%         | 2.5%          | -8.4%          | 0.3%          | -40.4%        | -21.3%         | -3.0%         | -16.5%         | 3.0%          | -11.5%         | -16.0%         |              |
| on net sales               | 12.3%         | 14.8%         | 13.5%          | 10.6%         | 12.6%          | 12.2%         | 12.5%          | 12.3%         | 9.5%          | 11.0%          | 11.0%         | 11.0%          | 12.2%         | 11.4%          | 11.1%          |              |
| <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>57.3</b>   | <b>122.8</b>   | <b>54.4</b>   | <b>177.2</b>   | <b>68.0</b>   | <b>245.2</b>   | <b>176.9</b>   | <b>0.2%</b>  |
| YoY growth                 | 29.2%         | 24.2%         | 26.7%          | 11.5%         | 21.5%          | 22.4%         | 21.7%          | 0.0%          | -7.5%         | -3.6%          | -6.6%         | -4.6%          | 2.8%          | -2.6%          | -4.7%          |              |
| Other income               | 0.2           | 0.9           | 1.1            | 0.3           | 1.4            | -0.3          | 1.1            | 0.3           | 0.2           | 0.5            | 0.2           | 0.7            | 1.7           | 2.5            | 0.9            |              |
| <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>57.5</b>   | <b>123.3</b>   | <b>54.6</b>   | <b>178.0</b>   | <b>69.7</b>   | <b>247.6</b>   | <b>177.8</b>   | <b>0.1%</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>(32.4)</b> | <b>(70.8)</b>  | <b>(31.5)</b> | <b>(102.2)</b> | <b>(42.4)</b> | <b>(144.7)</b> | <b>(101.9)</b> | <b>0.4%</b>  |
| on net sales               | -60.1%        | -64.2%        | -62.1%         | -62.6%        | -62.3%         | -64.4%        | -62.8%         | -58.6%        | -56.5%        | -57.6%         | -57.8%        | -57.7%         | -62.4%        | -59.0%         | -57.6%         |              |
| <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>(11.9)</b> | <b>(23.5)</b>  | <b>(10.7)</b> | <b>(34.2)</b>  | <b>(12.8)</b> | <b>(47.0)</b>  | <b>(35.2)</b>  | <b>-2.9%</b> |
| on net sales               | -17.0%        | -18.4%        | -17.7%         | -16.8%        | -17.4%         | -18.2%        | -17.6%         | -17.7%        | -20.8%        | -19.1%         | -19.6%        | -19.3%         | -18.9%        | -19.2%         | -19.9%         |              |
| <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>(5.6)</b>  | <b>(11.9)</b>  | <b>(5.1)</b>  | <b>(16.9)</b>  | <b>(7.6)</b>  | <b>(24.5)</b>  | <b>(16.8)</b>  | <b>0.8%</b>  |
| on net sales               | -10.3%        | -10.4%        | -10.4%         | -10.8%        | -10.5%         | -9.7%         | -10.3%         | -9.7%         | -9.7%         | -9.7%          | -9.3%         | -9.6%          | -11.1%        | -10.0%         | -9.5%          |              |
| <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>(0.6)</b>  | <b>(1.1)</b>   | <b>(0.4)</b>  | <b>(1.5)</b>   | <b>1.9</b>    | <b>0.4</b>     | <b>(1.1)</b>   |              |
| on net sales               | -0.7%         | -0.8%         | -0.8%          | -0.5%         | -0.7%          | -1.3%         | -0.8%          | -0.9%         | -1.0%         | -0.9%          | -0.7%         | -0.8%          | 2.7%          | 0.1%           | -0.6%          |              |
| <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>(50.4)</b> | <b>(107.3)</b> | <b>(47.5)</b> | <b>(154.9)</b> | <b>(60.9)</b> | <b>(215.8)</b> | <b>(154.9)</b> | <b>0.0%</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>7.1</b>    | <b>16.0</b>    | <b>7.1</b>    | <b>23.1</b>    | <b>8.7</b>    | <b>31.8</b>    | <b>22.8</b>    | <b>1.2%</b>  |
| YoY growth                 | 101%          | 21%           | 61%            | 33%           | 51%            | 20%           | 44.5%          | 11.5%         | 52.8%         | 26.8%          | 24.3%         | 26.0%          | 121.3%        | 42.9%          | 24.5%          |              |
| as % of net sales          | 12.1%         | 7.5%          | 9.9%           | 9.8%          | 9.9%           | 6.0%          | 8.8%           | 13.5%         | 12.5%         | 13.0%          | 13.0%         | 13.0%          | 12.8%         | 13.0%          | 12.9%          |              |
| <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>7.1</b>    | <b>16.0</b>    | <b>7.4</b>    | <b>23.4</b>    | <b>8.7</b>    | <b>32.2</b>    | <b>22.8</b>    | <b>2.7%</b>  |
| YoY growth                 | 100.6%        | 5.6%          | 50.5%          | 36.9%         | 46.0%          | 136%          | 64.2%          | 11.5%         | 52.8%         | 26.8%          | 30.1%         | 27.8%          | 16.3%         | 24.5%          | 24.5%          |              |
| as % of net sales          | 12.1%         | 7.5%          | 9.9%           | 9.8%          | 9.9%           | 11.4%         | 10.3%          | 13.5%         | 12.5%         | 13.0%          | 13.7%         | 13.2%          | 12.8%         | 13.1%          | 12.9%          |              |
| D&A & writedown            | (3.7)         | (8.4)         | (12.2)         | (4.0)         | (16.2)         | (5.0)         | (21.2)         | (3.8)         | (3.9)         | (7.7)          | (4.0)         | (11.7)         | (4.0)         | (15.7)         | (11.9)         |              |
| <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>3.2</b>    | <b>8.3</b>     | <b>3.1</b>    | <b>11.4</b>    | <b>4.8</b>    | <b>16.1</b>    | <b>11.0</b>    | <b>3.7%</b>  |
| Adj. EBIT                  | 4.2           | 0.6           | 4.8            | 1.7           | 6.6            | 3.1           | 9.7            | 5.1           | 3.2           | 8.3            | 3.4           | 11.7           | 4.8           | 16.5           | 11.0           | 6.7%         |
| as % of net sales          | 6.4%          | 1.0%          | 3.8%           | 3.0%          | 3.5%           | 4.7%          | 3.9%           | 7.7%          | 5.6%          | 6.7%           | 6.3%          | 6.6%           | 7.0%          | 6.7%           | 6.2%           |              |
| net fin. exp.              | 0.1           | (0.6)         | (0.6)          | (1.1)         | (1.7)          | (1.3)         | (2.9)          | (1.1)         | -             | (1.9)          | (1.3)         | (2.1)          | (1.1)         | (3.5)          | (2.3)          |              |
| <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>3.2</b>    | <b>6.4</b>     | <b>1.8</b>    | <b>9.3</b>     | <b>3.7</b>    | <b>12.6</b>    | <b>8.7</b>     | <b>6.5%</b>  |
| Taxes                      | (1.4)         | (0.2)         | (1.6)          | (0.7)         | (2.3)          | 0.6           | (1.7)          | (1.2)         | (0.7)         | (1.9)          | (0.8)         | (2.7)          | (0.4)         | (3.1)          | (3.4)          |              |
| <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>4.5</b>     | <b>1.0</b>    | <b>6.6</b>     | <b>2.9</b>    | <b>9.5</b>     | <b>5.3</b>     | <b>24.4%</b> |
| Adj. Net Income            | 2.9           | (0.2)         | 2.7            | (0.1)         | 2.6            | 2.3           | 4.9            | 2.8           | 1.7           | 4.5            | 2.4           | 6.9            | 2.9           | 9.8            | 5.3            | 29.8%        |
| <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>(43.2)</b> | <b>(43.2)</b>  | <b>(45.0)</b> | <b>(45.0)</b>  | <b>(52.7)</b> | <b>(52.7)</b>  | <b>(47.3)</b>  | <b>-4.9%</b> |

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

**Fine Foods – 9M24 Results: FCF & Net Debt Evolution and Reclassified Balance Sheet**

| FCF (Eu mn)              | 1Q23A         | 2Q23A         | 1H23A         | 3Q23A         | 9M23A         | 4Q23A         | 2023A         | 1Q24A         | 2Q24A         | 1H24A         | 3Q24A         | 9M24A         | 4Q24E         | 2024E         | 9M24E         | A-E          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Net Profit               | 2.9           | (4.6)         | (1.7)         | (0.1)         | (1.8)         | (1.8)         | (3.5)         | 2.8           | 1.7           | 4.5           | 2.1           | 6.6           | 2.9           | 9.5           | 5.3           | 1.3          |
| D&A                      | 3.7           | 8.4           | 12.2          | 4.0           | 16.2          | 5.0           | 21.2          | 3.8           | 3.9           | 7.7           | 4.0           | 11.7          | 4.0           | 15.7          | 11.9          | (0.1)        |
| Delta NWKC               | (7.9)         | (7.8)         | (15.7)        | 3.5           | (12.2)        | 10.3          | (1.8)         | (2.6)         | 3.5           | 0.9           | 3.6           | 4.5           | 1.5           | 6.0           | 7.0           | (2.5)        |
| Chg. in other funds      | (2.9)         | 2.7           | (0.2)         | 0.6           | 0.3           | 2.4           | 2.7           | 1.6           | 1.3           | 2.9           | 0.1           | 3.0           | (3.0)         | -             | 2.9           | 0.1          |
| <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>10.4</b>   | <b>16.0</b>   | <b>9.8</b>    | <b>25.8</b>   | <b>5.4</b>    | <b>31.2</b>   | <b>27.1</b>   | <b>(1.2)</b> |
| Capex                    | (4.8)         | (4.0)         | (8.8)         | (3.0)         | (11.8)        | (6.4)         | (18.2)        | (5.5)         | (7.1)         | (12.6)        | (11.7)        | (24.3)        | (13.0)        | (37.3)        | (27.8)        | 3.5          |
| <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>3.3</b>    | <b>3.4</b>    | <b>(1.9)</b>  | <b>1.5</b>    | <b>(7.6)</b>  | <b>(6.1)</b>  | <b>(0.8)</b>  | <b>2.3</b>   |
| Acquisitions             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -            |
| Disposals                | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -            |
| Dividends                | -             | (2.5)         | (2.5)         | -             | (2.5)         | (0.0)         | (2.5)         | -             | (2.9)         | (2.9)         | -             | (2.9)         | (0.2)         | (3.1)         | (2.9)         | -            |
| Share Buy-back           | (0.1)         | -             | (0.1)         | 0.1           | -             | -             | -             | (0.1)         | 0.0           | (0.1)         | 0.0           | (0.1)         | 0.1           | -             | (0.1)         | -            |
| 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>0.4</b>    | <b>0.4</b>    | <b>(1.9)</b>  | <b>(1.5)</b>  | <b>(7.7)</b>  | <b>(9.1)</b>  | <b>(3.8)</b>  | <b>2.3</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>(43.6)</b> | <b>(43.2)</b> | <b>(43.6)</b> | <b>(45.0)</b> | <b>(43.6)</b> | <b>(43.6)</b> | <b>-</b>     |
| Change in NFP            | (7.9)         | (6.3)         | (14.2)        | 4.2           | (10.0)        | 10.0          | 0.1           | (0.0)         | 0.4           | 0.4           | (1.9)         | (1.5)         | (7.7)         | (9.1)         | (3.8)         | 2.3          |
| <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>(43.2)</b> | <b>(43.2)</b> | <b>(45.0)</b> | <b>(45.0)</b> | <b>(52.7)</b> | <b>(52.7)</b> | <b>(47.3)</b> | <b>2.3</b>   |

| Balance Sheet (Eu mn)          | 1Q23A         | 1H23A         | 9M23A         | 2023A         | 1Q24A         | 1H24A         | 9M24A         | 2024E         |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <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>128.1</b>  | <b>135.8</b>  | <b>144.8</b>  |
| Inventories                    | 49.3          | 51.3          | 47.3          | 42.5          | 40.0          | 42.4          | 39.6          | 41.7          |
| Trade Receivables              | 51.6          | 48.8          | 41.9          | 38.1          | 43.9          | 38.0          | 32.8          | 34.1          |
| Trade Payables                 | (42.0)        | (38.1)        | (30.7)        | (32.4)        | (33.2)        | (33.2)        | (28.7)        | (33.6)        |
| <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>47.2</b>   | <b>43.6</b>   | <b>42.2</b>   |
| <i>as % of annualized sale</i> | <b>22.5%</b>  | <b>24.3%</b>  | <b>23.6%</b>  | <b>19.1%</b>  | <b>19.3%</b>  |               |               | <b>17.2%</b>  |
| Other curr assets              | 6.1           | 8.1           | 8.2           | 8.1           | 8.7           | 7.3           | 7.5           | 8.1           |
| Other current liabilitie       | (10.9)        | (11.2)        | (11.9)        | (13.4)        | (14.7)        | (14.0)        | (13.5)        | (13.4)        |
| Provisions                     | (0.3)         | (0.3)         | (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>40.3</b>   | <b>37.4</b>   | <b>36.8</b>   |
| Provisions                     | (0.3)         | (0.3)         | (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)         | (2.1)         | (2.2)         |
| Others                         | 8.0           | 7.7           | 7.6           | 6.9           | 6.1           | 5.3           | 4.5           | 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>171.6</b>  | <b>175.5</b>  | <b>186.1</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>128.4</b>  | <b>130.5</b>  | <b>133.4</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>(43.2)</b> | <b>(45.0)</b> | <b>(52.7)</b> |
| Cash                           | 69.5          | 53.1          | 45.1          | 22.8          | 17.4          | 18.7          | 11.8          | -             |
| Gross Debt                     | (121.0)       | (111.0)       | (98.7)        | (66.4)        | (60.9)        | (61.8)        | (56.8)        | -             |
| <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>171.6</b>  | <b>175.5</b>  | <b>186.1</b>  |

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

## Feedback from conference call

*A recovery in 4Q is expected to bring 2024 revenues close to 2023 levels. In our view, there could be a slight decline if nutraceuticals and cosmetics remain flat, with pharma growth similar to 3Q. The 9M EBITDA margin of 13% is likely to hold up in 4Q, supported by strong Nutra & Pharma profitability. Some CapEx initially planned for 4Q may be deferred to 2025, resulting in lower YE24 net debt. On "Project X", there was good feedback from the pharma client's visit to the production site. Capacity expansion programmes are on track.*

### Outlook

- **Top line:** 4Q is expected to show a recovery compared to previous quarters of the current fiscal year, potentially enabling 2024 to close roughly in line with 2023. Assuming flat trends in nutraceuticals and cosmetics and similar pharma growth as in 3Q (+13%), this may result in a slight decrease in FY revenue.
- **EBITDA margin:** the 9M margin of 13% should be replicable in 4Q, thanks to the excellent profitability of Nutra & Pharma.
- **CapEx:** some investments planned for 4Q may be postponed to 2025.
- **Nutra:** improved capacity to support clients with a high level of service. From 2025, Fine Foods will begin investing in Nutra by adding new machinery to the current site and constructing a new production facility on an adjacent plot of land.
- **Pharma:** demand for drugs and outsourcing to CDMOs continues to grow. Investment plans are progressing for the new pharmaceutical site in Brembate ("Brembate3"), expected to be completed in 2025. Testing of new machinery is underway, set for installation in 1Q25, aiming for production readiness in 2H25 and revenue generation starting in 1Q26. Additional expansion possibilities for the future production site are also under evaluation.
- **Cosmetics:** Integration, process optimisation, and reorganization of the BU have been completed. New management is on the way; between mid-December and mid-January, three new recruits (plant manager, commercial manager, and technical manager) will strengthen the BU. There is significant client interest in cross-research and cross-selling between Nutra and Cosmetics, with many clients interested in a cross-category product line.
- **Project X:** the client (a major global pharmaceutical company) was highly satisfied after a recent visit to Fine Foods' new plant. Various phasing options are being studied for production to get underway in 2026. The facility will be used to produce both the client's blockbuster product and other products for Fine Foods clients.
- **Macro context:** inflation persists in certain areas, while the recent US election result raises questions over trade tariffs with Europe, etc. The pharmaceutical, cosmetics, and nutraceutical markets are experiencing strong demand as consumers become more health-conscious, focusing on future health and personal well-being.

### 9M Trends

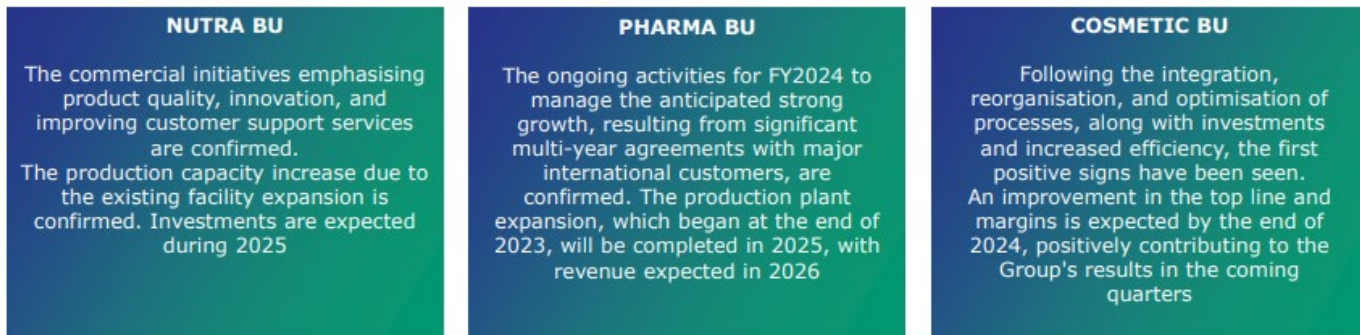
- **Nutra:** inventory realignment observed in previous quarters affected certain product categories.
- **Pharma:** management is pleased with the results, showing 9% growth, with efforts underway to expand production capacity.
- **Cosmetics:** start-up business; revenue decline of 16%, consistent with 1H figures.
- **Profitability:** 100 improvement projects have been implemented. The aggregate EBITDA margin for traditional business (Nutra BU + Pharma BU) was 15.2% over the 9M.
- **Personnel costs:** increase due to implementing a third shift to meet pharma production capacity demands (resulting in higher costs and the need to hire additional staff for continuous backup) and wage increases. With the new pharma plant and expanded Nutra capacity, Fine Foods is planning a significant recruitment drive.
- **Energy costs:** now stabilised at approximately 1.1-1.2% of revenue, well below the peaks from two years ago (9M22: 3.5%, with 3Q22: 5.5%).
- **Cash generation:** EBITDA increase and working capital optimisation (WKC reduced by €5mn, from €48mn to €43mn over the 9M period, at around 18% of revenue).



## Positive outlook confirmed

Despite the current international economic and geopolitical situation, and temporary shifts in some customers' inventory management, 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.

### Fine Foods – Short-Medium Term Guidelines



**MANAGEMENT IS CONFIDENT THAT THE GROUP'S HISTORICAL REVENUE AND MARGIN GROWTH WILL CONTINUE IN THE COMING YEARS**

Source: company presentation

## Robust Balance Sheet in 9M

### Fine Foods – 9M24 Results: NFP bridge, WKC and Capex evolution

## Robust Balance Sheet

Net Financial Position (NFP) 45.0 €M (+1.5 €M) slightly increasing as a result of:

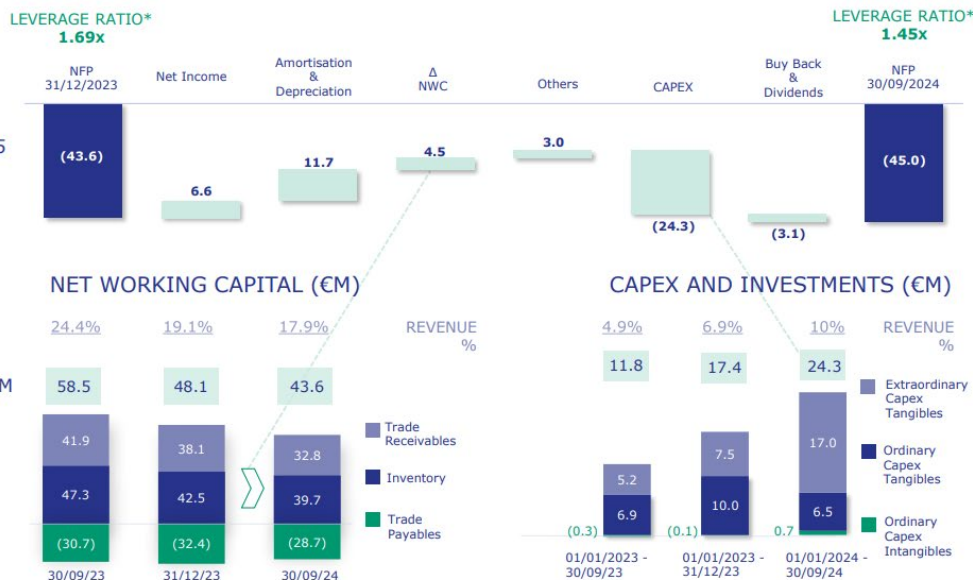
- **Cash flow before CAPEX and Dividends:** 25.9 €M
- **Net CAPEX for the period:** 24.3 €M
- **Share Buyback programme:** 0.1 €M
- **Dividends paid:** 2.9 €M

**Solid NWC performance**, with a consistent reduction and a percentage of revenue impacted by:

- **Decrease in trade receivables:** 5.2 €M
- **Decrease in trade payables:** 3.6 €M
- **Decrease in inventories:** 2.9 €M

NWC was 43.6 €M, decreasing by 9.3% from the 31 December 2023 value

\*NFP/LTM ADJUSTED EBITDA



Source: company presentation

## Change in Estimates

We are revising our estimates, now assuming a 3% decline in the FY top line (flat previously) to reflect a less spectacular trajectory in 4Q (now +3% vs. +13.5% previously), which is more than offset by a higher margin (c.12.8% from 10%) in line with 9M. Additionally, we are factoring in higher financial charges and taxes and deferring around €15mn in CapEx from 4Q to FY25. These adjustments result in minimal EPS cuts.

### 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>142.8</b>  | <b>164.3</b>  | <b>187.2</b>  | <b>211.6</b>  | <b>237.0</b>  | <b>150.9</b>  | <b>173.5</b>  | <b>197.8</b>  | <b>223.6</b>  | <b>250.4</b>  | <b>-5.4%</b>  | <b>-5.4%</b> | <b>-5.4%</b> | <b>-5.4%</b> | <b>-5.4%</b> |
| YoY growth             | -15%          | 29%           | -6%           | 15%           | 14%           | 13%           | 12%           | -1%           | 15%           | 14%           | 13%           | 12%           |               |              |              |              |              |
| <b>Pharma</b>          | <b>54.7</b>   | <b>67.9</b>   | <b>74.5</b>   | <b>81.6</b>   | <b>112.6</b>  | <b>121.6</b>  | <b>131.1</b>  | <b>73.4</b>   | <b>80.3</b>   | <b>110.9</b>  | <b>119.7</b>  | <b>129.0</b>  | <b>1.6%</b>   | <b>1.6%</b>  | <b>1.6%</b>  | <b>1.6%</b>  | <b>1.6%</b>  |
| YoY growth             | 39%           | 24%           | 10%           | 10%           | 38%           | 8%            | 8%            | 8%            | 10%           | 38%           | 8%            | 8%            |               |              |              |              |              |
| <b>Cosmetics</b>       | <b>34.3</b>   | <b>31.4</b>   | <b>27.8</b>   | <b>34.8</b>   | <b>38.3</b>   | <b>41.3</b>   | <b>44.3</b>   | <b>28.0</b>   | <b>35.0</b>   | <b>38.5</b>   | <b>41.6</b>   | <b>44.6</b>   | <b>-0.6%</b>  | <b>-0.6%</b> | <b>-0.6%</b> | <b>-0.6%</b> | <b>-0.6%</b> |
| YoY growth             | n.m.          | -8%           | -12%          | 25%           | 10%           | 8%            | 7%            | -11%          | 25%           | 10%           | 8%            | 7%            |               |              |              |              |              |
| <b>Revenues</b>        | <b>206.9</b>  | <b>251.8</b>  | <b>245.2</b>  | <b>280.6</b>  | <b>338.1</b>  | <b>374.5</b>  | <b>412.4</b>  | <b>252.3</b>  | <b>288.9</b>  | <b>347.2</b>  | <b>384.9</b>  | <b>424.0</b>  | <b>-2.8%</b>  | <b>-2.8%</b> | <b>-2.6%</b> | <b>-2.7%</b> | <b>-2.7%</b> |
| YoY growth             | 6.2%          | 21.7%         | -2.6%         | 14.5%         | 20.5%         | 10.8%         | 10.1%         | 0.2%          | 14.5%         | 20.2%         | 10.8%         | 10.2%         |               |              |              |              |              |
| EBITDA                 | 15.4          | 22.3          | 31.8          | 37.2          | 46.7          | 52.7          | 59.8          | 31.0          | 37.0          | 47.9          | 54.1          | 61.5          |               |              |              |              |              |
| <b>Adj. EBITDA</b>     | <b>15.7</b>   | <b>25.8</b>   | <b>32.2</b>   | <b>37.2</b>   | <b>46.7</b>   | <b>52.7</b>   | <b>59.8</b>   | <b>31.0</b>   | <b>37.0</b>   | <b>47.9</b>   | <b>54.1</b>   | <b>61.5</b>   | <b>3.6%</b>   | <b>0.6%</b>  | <b>-2.6%</b> | <b>-2.7%</b> | <b>-2.7%</b> |
| % on sales             | 7.6%          | 10.3%         | 13.1%         | 13.3%         | 13.8%         | 14.1%         | 14.5%         | 12.3%         | 12.8%         | 13.8%         | 14.1%         | 14.5%         |               |              |              |              |              |
| D&A                    | (15.5)        | (16.1)        | (15.7)        | (16.8)        | (19.6)        | (21.0)        | (21.9)        | (16.1)        | (17.3)        | (20.1)        | (21.6)        | (22.5)        |               |              |              |              |              |
| <b>Adj. EBIT</b>       | <b>0.3</b>    | <b>9.7</b>    | <b>16.5</b>   | <b>20.3</b>   | <b>27.1</b>   | <b>31.7</b>   | <b>37.9</b>   | <b>14.9</b>   | <b>19.6</b>   | <b>27.8</b>   | <b>32.6</b>   | <b>39.0</b>   | <b>10.6%</b>  | <b>3.7%</b>  | <b>-2.6%</b> | <b>-2.6%</b> | <b>-2.7%</b> |
| % on sales             | 0.1%          | 3.9%          | 6.7%          | 7.3%          | 8.0%          | 8.5%          | 9.2%          | 5.9%          | 6.8%          | 8.0%          | 8.5%          | 9.2%          |               |              |              |              |              |
| EBIT                   | -1.0          | 1.1           | 16.1          | 20.3          | 27.1          | 31.7          | 37.9          | 14.9          | 19.6          | 27.8          | 32.6          | 39.0          | 8.4%          | 3.7%         | -2.6%        | -2.6%        | -2.7%        |
| net fin. Exp.          | (13.2)        | (2.9)         | (3.5)         | (3.6)         | (4.0)         | (3.6)         | (2.9)         | (3.0)         | (3.6)         | (4.4)         | (3.8)         | (3.1)         |               |              |              |              |              |
| <b>Pre taxes</b>       | <b>(14.2)</b> | <b>(1.9)</b>  | <b>12.6</b>   | <b>16.7</b>   | <b>23.1</b>   | <b>28.1</b>   | <b>35.0</b>   | <b>11.9</b>   | <b>16.0</b>   | <b>23.4</b>   | <b>28.8</b>   | <b>35.9</b>   | <b>6.3%</b>   | <b>4.5%</b>  | <b>-1.4%</b> | <b>-2.2%</b> | <b>-2.4%</b> |
| taxes                  | 4.7           | (1.7)         | (3.1)         | (4.0)         | (5.3)         | (6.5)         | (8.1)         | (2.1)         | (3.2)         | (5.4)         | (6.6)         | (8.3)         |               |              |              |              |              |
| tax rate               | 33%           | -90%          | 25%           | 24%           | 23%           | 23%           | 23%           | 18%           | 20%           | 23%           | 23%           | 23%           |               |              |              |              |              |
| <b>Net Profit</b>      | <b>(9.5)</b>  | <b>(3.5)</b>  | <b>9.5</b>    | <b>12.7</b>   | <b>17.8</b>   | <b>21.7</b>   | <b>27.0</b>   | <b>9.8</b>    | <b>12.8</b>   | <b>18.0</b>   | <b>22.2</b>   | <b>27.6</b>   | <b>-2.8%</b>  | <b>-0.5%</b> | <b>-1.4%</b> | <b>-2.2%</b> | <b>-2.4%</b> |
| <b>Adj. Net profit</b> | <b>(8.6)</b>  | <b>4.9</b>    | <b>9.8</b>    | <b>12.7</b>   | <b>17.8</b>   | <b>21.7</b>   | <b>27.0</b>   | <b>9.8</b>    | <b>12.8</b>   | <b>18.0</b>   | <b>22.2</b>   | <b>27.6</b>   | <b>-0.3%</b>  | <b>-0.5%</b> | <b>-1.4%</b> | <b>-2.2%</b> | <b>-2.4%</b> |
| Adj. EPS (€/share)     | (0.34)        | 0.19          | 0.38          | 0.50          | 0.70          | 0.85          | 1.06          | 0.38          | 0.50          | 0.71          | 0.87          | 1.08          | -0.3%         | -0.5%        | -1.4%        | -2.2%        | -2.4%        |
| <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>0.0%</b>   | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  | <b>0.0%</b>  |
| % payout               | n.m.          | 62%           | 31%           | 24%           | 17%           | 14%           | 11%           | 31%           | 23%           | 17%           | 14%           | 11%           |               |              |              |              |              |
| <b>NFP/ (Debt)</b>     | <b>(43.6)</b> | <b>(43.6)</b> | <b>(52.7)</b> | <b>(76.4)</b> | <b>(71.1)</b> | <b>(57.9)</b> | <b>(38.3)</b> | <b>(74.2)</b> | <b>(83.8)</b> | <b>(75.5)</b> | <b>(62.1)</b> | <b>(42.2)</b> | <b>-29.0%</b> | <b>-8.9%</b> | <b>-5.8%</b> | <b>-6.8%</b> | <b>-9.1%</b> |
| /Adj. EBITDA(x)        | -2.8x         | -1.7x         | -1.6x         | -2.1x         | -1.5x         | -1.1x         | -0.6x         | -2.4x         | -2.3x         | -1.6x         | -1.1x         | -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)         | 9.5           | 12.7          | 17.8          | 21.7          | 27.0          | 9.8           | 12.8          | 18.0          | 22.2          | 27.6          | (0.3)       | (0.1)         | (0.3)        | (0.5)        | (0.7)        |
| D&A                      | 16.4          | 21.2          | 15.7          | 16.8          | 19.6          | 21.0          | 21.9          | 16.1          | 17.3          | 20.1          | 21.6          | 22.5          | (0.5)       | (0.5)         | (0.5)        | (0.6)        | (0.6)        |
| Delta NWKC               | (14.4)        | (1.8)         | 6.0           | (6.2)         | (2.2)         | 2.3           | 4.4           | (0.9)         | (7.3)         | 0.5           | 1.9           | 4.0           | 6.9         | 1.1           | (2.7)        | 0.4          | 0.3          |
| Change in funds/other    | 11.1          | 2.7           | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             | -           | -             | -            | -            | -            |
| <b>FCFO</b>              | <b>3.7</b>    | <b>18.5</b>   | <b>31.2</b>   | <b>23.3</b>   | <b>35.2</b>   | <b>44.9</b>   | <b>53.2</b>   | <b>25.1</b>   | <b>22.8</b>   | <b>38.7</b>   | <b>45.6</b>   | <b>54.1</b>   | <b>6.1</b>  | <b>0.5</b>    | <b>(3.5)</b> | <b>(0.7)</b> | <b>(0.9)</b> |
| Capex                    | (15.3)        | (18.2)        | (37.3)        | (44.0)        | (26.9)        | (28.7)        | (30.6)        | (52.6)        | (29.4)        | (27.4)        | (29.2)        | (31.2)        | 15.4        | (14.6)        | 0.5          | 0.5          | 0.6          |
| <b>Equity FCF</b>        | <b>(11.6)</b> | <b>0.3</b>    | <b>(6.1)</b>  | <b>(20.7)</b> | <b>8.2</b>    | <b>16.2</b>   | <b>22.6</b>   | <b>(27.5)</b> | <b>(6.6)</b>  | <b>11.3</b>   | <b>16.4</b>   | <b>22.9</b>   | <b>21.5</b> | <b>(14.0)</b> | <b>(3.1)</b> | <b>(0.2)</b> | <b>(0.4)</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>(9.1)</b>  | <b>(23.7)</b> | <b>5.2</b>    | <b>13.2</b>   | <b>19.6</b>   | <b>(30.6)</b> | <b>(9.6)</b>  | <b>8.3</b>    | <b>13.4</b>   | <b>19.9</b>   | <b>21.5</b> | <b>(14.0)</b> | <b>(3.1)</b> | <b>(0.2)</b> | <b>(0.4)</b> |
| Opening NFP              | (15.7)        | (43.6)        | (43.6)        | (52.7)        | (76.4)        | (71.1)        | (57.9)        | (43.6)        | (74.2)        | (83.8)        | (75.5)        | (62.1)        | 0.0         | 21.5          | 7.4          | 4.4          | 4.2          |
| <b>Change in NFP</b>     | <b>(27.9)</b> | <b>0.1</b>    | <b>(9.1)</b>  | <b>(23.7)</b> | <b>5.2</b>    | <b>13.2</b>   | <b>19.6</b>   | <b>(30.6)</b> | <b>(9.6)</b>  | <b>8.3</b>    | <b>13.4</b>   | <b>19.9</b>   | <b>21.5</b> | <b>(14.0)</b> | <b>(3.1)</b> | <b>(0.2)</b> | <b>(0.4)</b> |
| <b>Ending NFP/(Debt)</b> | <b>(43.6)</b> | <b>(43.6)</b> | <b>(52.7)</b> | <b>(76.4)</b> | <b>(71.1)</b> | <b>(57.9)</b> | <b>(38.3)</b> | <b>(74.2)</b> | <b>(83.8)</b> | <b>(75.5)</b> | <b>(62.1)</b> | <b>(42.2)</b> | <b>21.5</b> | <b>7.4</b>    | <b>4.4</b>   | <b>4.2</b>   | <b>3.8</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>245</b>  | <b>281</b>  | <b>338</b>  | <b>375</b>  | <b>412</b>  |
| Total OpEx                          | (89)        | (98)        | (104)       | (121)       | (142)       | (151)       | (175)       | (191)       | (230)       | (213)       | (243)       | (291)       | (322)       | (353)       |
| <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>32</b>   | <b>37</b>   | <b>47</b>   | <b>53</b>   | <b>60</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)        | (17)        | (20)        | (21)        | (22)        |
| <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>20</b>   | <b>27</b>   | <b>32</b>   | <b>38</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)         | (4)         | (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>13</b>   | <b>17</b>   | <b>23</b>   | <b>28</b>   | <b>35</b>   |
| Taxes                               | (3)         | (3)         | (2)         | (2)         | (3)         | (3)         | 3           | 5           | (2)         | (3)         | (4)         | (5)         | (6)         | (8)         |
| Tax Rate %                          | -32%        | -31%        | -27%        | -17%        | n.m.        | -20%        | n.m.        | n.m.        | n.m.        | -25%        | -24%        | -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>27</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>27</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         | 128         | 156         | 163         | 171         | 179         |
| 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>145</b>  | <b>172</b>  | <b>179</b>  | <b>187</b>  | <b>196</b>  |
| NWC                            | 10          | 10          | 2           | 19          | 16          | 4           | 39          | 44          | 43          | 37          | 43          | 45          | 43          | 39          |
| <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>182</b>  | <b>215</b>  | <b>225</b>  | <b>230</b>  | <b>234</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>186</b>  | <b>220</b>  | <b>229</b>  | <b>234</b>  | <b>239</b>  |
| Group Equity                   | 31          | 33          | 39          | 140         | 131         | 141         | 147         | 133         | 127         | 133         | 143         | 158         | 177         | 201         |
| 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>(53)</b> | <b>(76)</b> | <b>(71)</b> | <b>(58)</b> | <b>(38)</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>186</b>  | <b>220</b>  | <b>229</b>  | <b>234</b>  | <b>239</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>27</b>   |
| D&A                               | 5           | 6           | 7           | 8           | 9           | 12          | 15          | 16          | 21          | 16          | 17          | 20          | 21          | 22          |
| Delta NWKC                        | (5)         | (1)         | 5           | (11)        | 1           | 9           | (14)        | (14)        | (2)         | 6           | (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>31</b>   | <b>23</b>   | <b>35</b>   | <b>45</b>   | <b>53</b>   |
| Capex (Fixed & Intangible Assets) | (8)         | (10)        | (22)        | (32)        | (20)        | (16)        | (17)        | (15)        | (18)        | (37)        | (44)        | (27)        | (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>(6)</b>  | <b>(21)</b> | <b>8</b>    | <b>16</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>(9)</b>  | <b>(24)</b> | <b>5</b>    | <b>13</b>   | <b>20</b>   |
| Opening Net Cash (Debt)           | (14)        | (18)        | (19)        | (20)        | 47          | 24          | 43          | (16)        | (44)        | (44)        | (53)        | (76)        | (71)        | (58)        |
| <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>(53)</b> | <b>(76)</b> | <b>(71)</b> | <b>(58)</b> | <b>(38)</b> |

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



## DCF Valuation

On our new estimates and WACC (both unchanged), we confirm our DCF-based TP at €12. At our target, which offers 43% 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>245.2</b> | <b>280.6</b>  | <b>338.1</b> | <b>374.5</b> | <b>412.4</b> | <b>445.4</b> | <b>473.5</b> | <b>497.1</b> | <b>519.7</b> | <b>541.1</b> | <b>561.1</b> | <b>576.3</b> | <b>590.4</b> |
| <i>YoY growth</i>                | -2.6%        | 14.5%         | 20.5%        | 10.8%        | 10.1%        | 8.0%         | 6.3%         | 5.0%         | 4.6%         | 4.1%         | 3.7%         | 2.7%         | 2.5%         |
| <b>EBITDA</b>                    | <b>32.2</b>  | <b>37.2</b>   | <b>46.7</b>  | <b>52.7</b>  | <b>59.8</b>  | <b>63.8</b>  | <b>67.4</b>  | <b>70.4</b>  | <b>73.2</b>  | <b>75.8</b>  | <b>78.6</b>  | <b>80.7</b>  | <b>82.9</b>  |
| % margin                         | 13.1%        | 13.3%         | 13.8%        | 14.1%        | 14.5%        | 14.3%        | 14.2%        | 14.2%        | 14.1%        | 14.0%        | 14.0%        | 14.0%        | 14.0%        |
| D&A                              | (16.0)       | (16.8)        | (19.6)       | (21.0)       | (21.9)       | (24.5)       | (26.0)       | (27.3)       | (28.6)       | (29.8)       | (30.9)       | (31.7)       | (35.4)       |
| as % of sales                    | 6.5%         | 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>16.1</b>  | <b>20.3</b>   | <b>27.1</b>  | <b>31.7</b>  | <b>37.9</b>  | <b>39.3</b>  | <b>41.4</b>  | <b>43.0</b>  | <b>44.6</b>  | <b>46.0</b>  | <b>47.7</b>  | <b>49.0</b>  | <b>47.5</b>  |
| % margin                         | 6.6%         | 7.3%          | 8.0%         | 8.5%         | 9.2%         | 8.8%         | 8.7%         | 8.7%         | 8.6%         | 8.5%         | 8.5%         | 8.5%         | 8.0%         |
| Taxes                            | (3.9)        | (4.9)         | (6.5)        | (7.6)        | (9.1)        | (9.4)        | (9.9)        | (10.3)       | (10.7)       | (11.0)       | (11.4)       | (11.8)       | (11.4)       |
| <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                     | 6.0          | (6.2)         | (2.2)        | 2.3          | 4.4          | (3.4)        | (6.6)        | (6.5)        | (6.7)        | (6.9)        | (7.1)        | (6.7)        | -            |
| Capex                            | (37.3)       | (44.0)        | (26.9)       | (28.7)       | (30.6)       | (24.5)       | (26.0)       | (27.3)       | (28.6)       | (29.8)       | (30.9)       | (31.7)       | (35.4)       |
| as % of sales                    | 15.2%        | 15.7%         | 8.0%         | 7.7%         | 7.4%         | 5.5%         | 5.5%         | 5.5%         | 5.5%         | 5.5%         | 5.5%         | 5.5%         | 6.0%         |
| <b>Unlevered FCF</b>             | <b>(3.0)</b> | <b>(17.9)</b> | <b>11.0</b>  | <b>18.6</b>  | <b>24.4</b>  | <b>26.5</b>  | <b>24.8</b>  | <b>26.2</b>  | <b>27.2</b>  | <b>28.0</b>  | <b>29.1</b>  | <b>30.5</b>  | <b>36.1</b>  |
| TV                               |              |               |              |              |              |              |              |              |              |              |              |              | 581          |
| year                             | 0.3          | 1.3           | 2.3          | 3.3          | 4.3          | 5.3          | 6.3          | 7.3          | 8.3          | 9.3          | 10.3         | 11.3         | 11.3         |
| Discounted WACC                  |              | 0.9           | 0.8          | 0.8          | 0.7          | 0.6          | 0.6          | 0.5          | 0.5          | 0.5          | 0.4          | 0.4          | 0.4          |
| <b>Discounted Free cash flow</b> |              | <b>(16.2)</b> | <b>9.2</b>   | <b>14.2</b>  | <b>17.2</b>  | <b>17.1</b>  | <b>14.8</b>  | <b>14.4</b>  | <b>13.7</b>  | <b>13.0</b>  | <b>12.4</b>  | <b>12.0</b>  | <b>228.1</b> |

|                                |              |
|--------------------------------|--------------|
| Discounted FCF '25E-35E        | 121.8        |
| Terminal value                 | 228.1        |
| <b>Total EV</b>                | <b>349.9</b> |
| NFP/(Debt) at YE24             | (52.7)       |
| Minorities                     | 0.0          |
| own shares                     | 8.5          |
| <b>Total EQUITY (Eu mn)</b>    | <b>305.7</b> |
| NOSH (mn)                      | 25.6         |
| <b>Fair value (Eu/share)</b>   | <b>12.0</b>  |
| current price (Eu/share)       | 8.1          |
| <i>upside vs current price</i> | 47%          |

### 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 | 13.0 | 13.2 | 13.4 | 13.6 | 13.8 | 14.1 | 14.3 | 14.5 | 14.8 | 15.1 |
|      | 7.9% | 12.5 | 12.6 | 12.8 | 13.0 | 13.2 | 13.4 | 13.6 | 13.8 | 14.1 | 14.3 | 14.6 |
|      | 8.1% | 12.1 | 12.3 | 12.5 | 12.7 | 12.8 | 13.0 | 13.2 | 13.4 | 13.6 | 13.9 | 14.1 |
|      | 8.3% | 11.8 | 12.0 | 12.2 | 12.3 | 12.5 | 12.7 | 12.9 | 13.1 | 13.2 | 13.5 | 13.7 |
|      | 8.5% | 11.6 | 11.7 | 11.9 | 12.0 | 12.2 | 12.3 | 12.5 | 12.7 | 12.9 | 13.1 | 13.3 |
|      | 8.7% | 11.3 | 11.4 | 11.6 | 11.7 | 11.9 | 12.0 | 12.2 | 12.4 | 12.5 | 12.7 | 12.9 |
|      | 8.9% | 11.0 | 11.2 | 11.3 | 11.4 | 11.6 | 11.7 | 11.9 | 12.1 | 12.2 | 12.4 | 12.6 |
|      | 9.1% | 10.8 | 10.9 | 11.1 | 11.2 | 11.3 | 11.5 | 11.6 | 11.8 | 11.9 | 12.1 | 12.2 |
|      | 9.3% | 10.6 | 10.7 | 10.8 | 10.9 | 11.1 | 11.2 | 11.3 | 11.5 | 11.6 | 11.8 | 11.9 |
|      | 9.5% | 10.4 | 10.5 | 10.6 | 10.7 | 10.8 | 11.0 | 11.1 | 11.2 | 11.4 | 11.5 | 11.6 |
| 9.7% | 10.2 | 10.3 | 10.4 | 10.5 | 10.6 | 10.7 | 10.9 | 11.0 | 11.1 | 11.2 | 11.4 |      |

Source: Intermonte SIM

## Peer Multiples

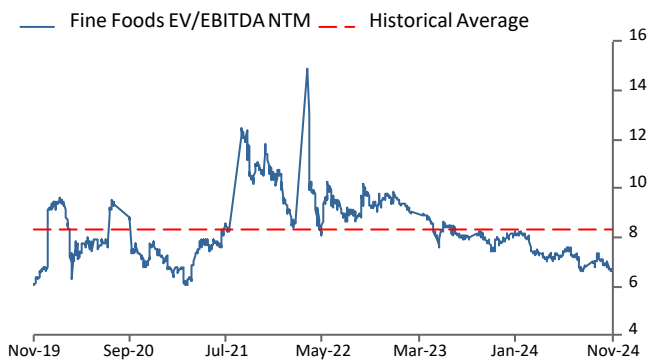
Given the lack of a meaningful comparison provided by the peer group due to significant diversification in terms of size, vertical integration, geographical footprint, capital structure and profitability compared to Fine Foods, we do not include a peer comparison in our valuation. **In any case, at current prices, Fine Foods is trading at 8x EV/adj. EBITDA for 25E (a discount of c.50% to the peer average) and 16x P/E'25E (peers are trading 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  | '24E         | '25E       | '26E       | '24E          | '25E        | '26E        | '24E        | '25E        | '26E        | '24E         | '25E        | '26E        | '24E           | '25E        | '26E        |
| FF (@mkt price, our est.)   | EUR      | 8.12    | 208              | -8%            | 1%  | -4% | -8%  | 1.1          | 1.0        | 0.8        | 8.2           | 7.6         | 6.0         | 16.1        | 14.0        | 10.3        | 21.8         | 16.3        | 11.7        | 1.4%           | 1.4%        | 1.4%        |
| FF (@mkt price, cons.)      | EUR      | 8.12    | 208              | -8%            | 1%  | -4% | -8%  | 0.7          | 0.4        | 0.4        | 6.0           | 3.3         | 2.8         | 12.8        | 6.2         | 4.7         | 21.1         | 16.0        | 11.5        | 1.5%           | 1.4%        | 1.4%        |
| FF (@ our TP, our est.)     | EUR      | 12.0    | 307              |                |     |     |      | 1.5          | 1.4        | 1.1        | 11.3          | 10.3        | 8.1         | 22.3        | 18.8        | 14.0        | 32.2         | 24.1        | 17.3        | 1.0%           | 1.0%        | 1.0%        |
| InterCos                    | EUR      | 14.32   | 1,378            | -12%           | -8% | 6%  | 1%   | 1.4          | 1.3        | 1.2        | 10.1          | 8.8         | 7.8         | 15.3        | 13.1        | 11.5        | 21.9         | 18.6        | 16.5        | 1.4%           | 1.7%        | 2.0%        |
| Catalent                    | USD      | 59.31   | 10,177           | -2%            | -1% | 6%  | 32%  | 3.5          | 3.3        | 3.0        | 21.7          | 17.6        | 14.9        | 47.1        | 30.2        | 22.1        | n.a.         | 51.9        | 33.1        | 0.0%           | 0.0%        | 0.0%        |
| Lonza Group AG              | CHF      | 558.80  | 42,997           | 6%             | 1%  | 8%  | 58%  | 6.5          | 5.6        | 5.0        | 23.3          | 19.8        | 17.0        | 33.4        | 28.3        | 23.7        | 44.0         | 36.9        | 30.4        | 0.8%           | 1.0%        | 1.2%        |
| Piramal Enterprises Ltd.    | INR      | 1045.40 | 2,641            | -6%            | 3%  | 23% | 9%   | 4.5          | 3.7        | 3.0        | n.a.          | n.a.        | n.a.        | 12.6        | 8.8         | 5.9         | 0.4          | 0.2         | 0.2         | 1.1%           | 1.4%        | 1.9%        |
| Strides Pharma Science Ltd  | INR      | 1414.75 | 1,457            | -11%           | 18% | 63% | 114% | 2.8          | 2.8        | 2.4        | 14.1          | 13.3        | 10.8        | 18.4        | 16.9        | 12.9        | 0.4          | 0.3         | 0.2         | 0.2%           | 0.2%        | 0.2%        |
| Siegfried Holding AG        | CHF      | 1132.00 | 5,442            | -1%            | 14% | 32% | 32%  | 4.2          | 3.8        | 3.5        | 18.9          | 16.8        | 14.9        | 26.8        | 23.6        | 20.6        | 35.7         | 31.2        | 27.3        | 0.3%           | 0.4%        | 0.4%        |
| <b>Peer Group</b>           |          |         |                  |                |     |     |      | <b>3.8</b>   | <b>3.4</b> | <b>3.0</b> | <b>17.6</b>   | <b>15.2</b> | <b>13.1</b> | <b>25.6</b> | <b>20.2</b> | <b>16.1</b> | <b>20.5</b>  | <b>23.2</b> | <b>17.9</b> | <b>0.6%</b>    | <b>0.8%</b> | <b>1.0%</b> |
| <i>FF discount to peers</i> |          |         |                  |                |     |     |      | -72%         | -70%       | -73%       | -54%          | -50%        | -54%        | -37%        | -31%        | -36%        | 6%           | -30%        | -35%        |                |             |             |
| FTSE Italia Mid Cap         |          | 46,494  |                  | -1%            | 3%  | -3% | 4%   |              |            |            |               |             |             |             |             |             |              |             |             |                |             |             |
| FTSE Italia Star            |          | 44,433  |                  | -4%            | -1% | -8% | -7%  |              |            |            |               |             |             |             |             |             |              |             |             |                |             |             |
| FTSE MIB                    |          | 33,708  |                  | -2%            | 5%  | -3% | 11%  |              |            |            |               |             |             |             |             |             |              |             |             |                |             |             |
| FTSE Italia Growth Index    |          | 7,793   |                  | -4%            | -1% | -5% | -6%  |              |            |            |               |             |             |             |             |             |              |             |             |                |             |             |

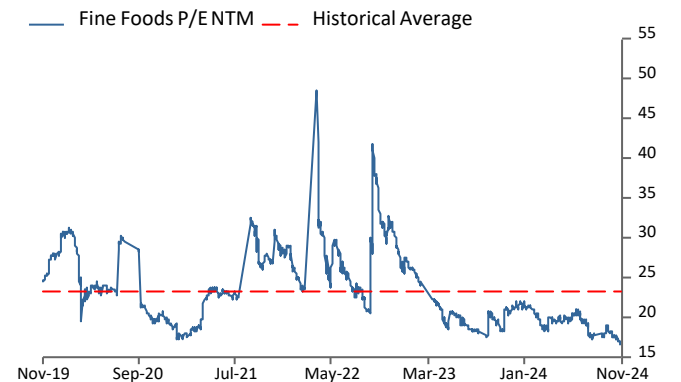
Source: Intermonte SIM (Fine Foods), Consensus (FactSet)

### Fine Foods - EV/EBITDA NTM evolution



Source: FactSet Consensus

### Fine Foods - P/E NTM evolution



Source: FactSet Consensus

## Fine Foods in Brief

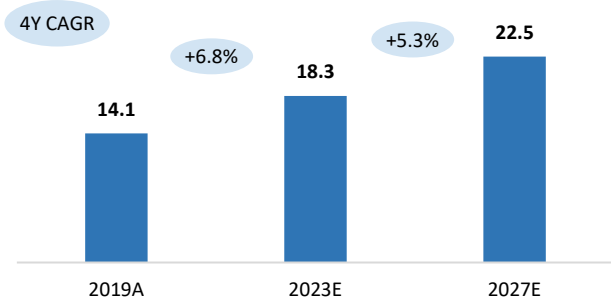
### Company description

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, future-focused company. In July 2021, less than 3 years after listing on the AIM segment, FF shares were admitted to the STAR segment of Borsa Italiana.

### Strengths/Opportunities

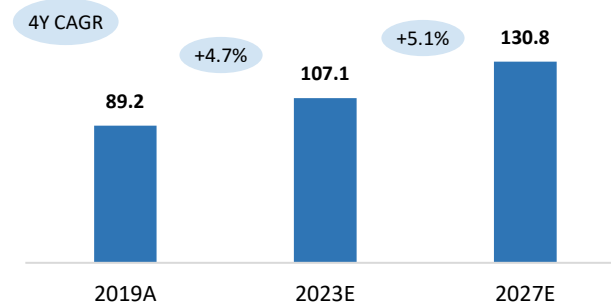
- Exposure to lasting trends (life expectancy, health and wellbeing awareness) of steadily growing and non-cyclical segments
- High customer loyalty and significant entry/exit barriers
- Increasing outsourcing to CDMOs in pharma segment
- Right scale to play consolidation in Italy
- Diversification across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

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



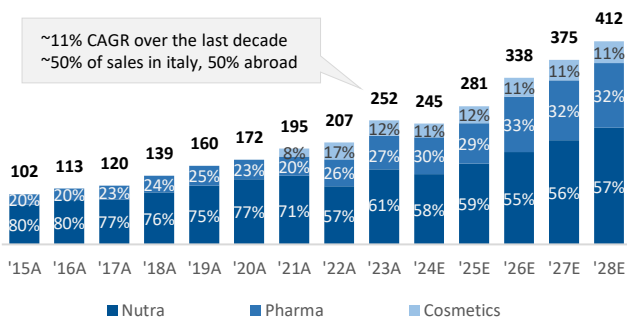
Source: Company presentation

### 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:** Pietro Oriani

**CFO:** Pietro Bassani

**Next BoD renewal:** Spring 2027

**BoD independent members:** 4/10

**BoD women:** 4/10

### Shareholders

Marco Eigenmann 52.7%

Treasury Shares 4.2%

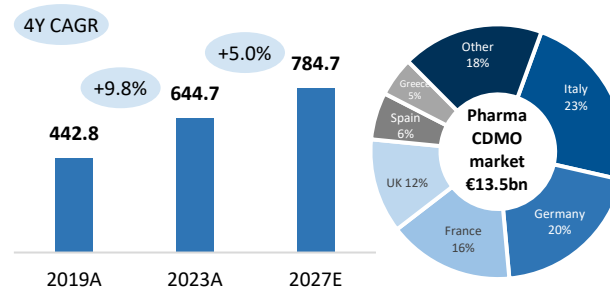
Market 43.1%

**Free float (listed shares)** ~54.8%

### Weaknesses/Threats

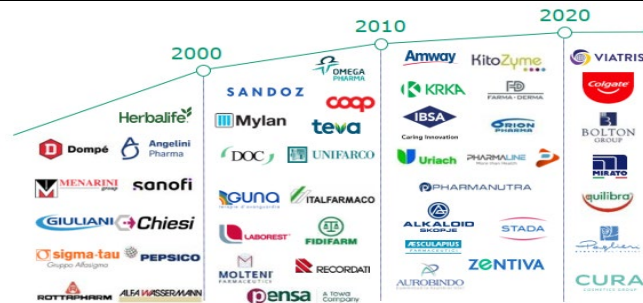
- Short-term visibility on production volumes (orders submitted by clients on a quarterly basis)
- Unpredictable evolution of energy costs and raw mats
- Limited customer power due to high concentration (top 5 clients c.60.6% of Group sales in 2023)
- No patent protection (no proprietary trademarks)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



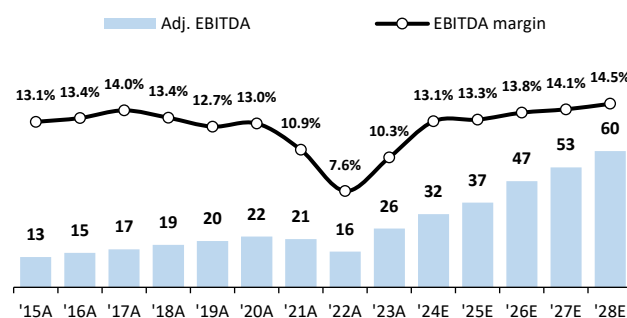
Source: Company presentation

### 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):                     | 8.12              | Previous Price (Eu):  | 8.40       |
| Date of report:                         | 15/11/2024        | Date of last report:  | 16/09/2024 |