

## Analysar

16 May 2024

### Buy

Recommendation unchanged

Share price: EUR **8.50**

closing price as of 15/05/2024

Target price: EUR **12.50**

Target Price unchanged

Upside/Downside Potential **47.1%**

Reuters/Bloomberg

FF.MI/FF IM

Market capitalisation (EURm) **217**

Current N° of shares (m) 26

Free float **43%**

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

Daily avg. trad. vol. 12 mth (k) 114.71

Price high/low 12 months 9.06 / 7.40

Abs Perfs 1/3/12 mths (%) 1.92/-3.52/14.09

Key financials (EUR) 12/23 12/24e 12/25e

Sales (m) 252 276 300

EBITDA (m) 22 34 39

EBITDA margin 8.8% 12.5% 12.9%

EBIT (m) 5 16 18

EBIT margin 2.1% 5.7% 6.1%

Net Profit (adj.)(m) 5 10 11

ROCE 3.6% 5.7% 6.0%

Net debt/(cash) (m) 44 53 66

Net Debt/Equity 0.3 0.4 0.5

Debt/EBITDA 2.0 1.5 1.7

Int. cover(EBITDA/Fin. int) 7.6 11.5 11.7

EV/Sales 1.1 1.0 1.0

EV/EBITDA 12.3 8.0 7.5

EV/EBITDA (adj.) 10.6 8.0 7.5

EV/EBIT 51.8 17.6 15.9

P/E (adj.) 43.6 21.6 18.3

P/BV 1.8 1.6 1.5

OpFCF yield 0.2% -4.4% -4.8%

Dividend yield 1.4% 1.4% 1.4%

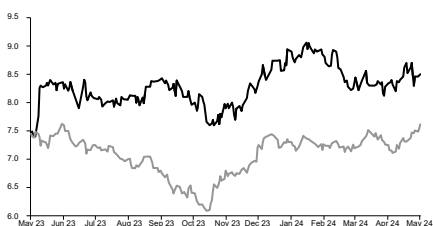
EPS (adj.) 0.20 0.39 0.46

BVPS 4.97 5.23 5.55

DPS 0.12 0.12 0.12

### Shareholders

Marco Eigenmann 53%; Treasury shares 4%;



Source: FactSet

— FINE FOODS — FTSE Italy STAR (Rebased)

### Analyst(s)

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## Q1 24 results: better than expected EBITDA

**The facts:** FF reported its Q1 24 results yesterday during trading hours.

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

	Q1 24A	Q1 23A	Δ% Y/Y	Q1 24E
Sales	65.6	65.6	0.0%	66.9
EBITDA	8.9	7.9	11.5%	8.4
As a % of sales	13.5%	12.1%	1.4pp	12.5%
EBIT	5.1	4.2	20.7%	4.2
Net income rep.	2.8	2.9	-3.0%	2.5
Net debt (cash)	43.6	51.5	-15.4%	44.9

Net sales were flat Y/Y, mainly due to the adverse calendar effect in the quarter. The Pharma BU was up 4.9%, the Nutra BU was down 2.1% and the Cosmetics BU was flat Y/Y.

At the EBITDA level, we note a substantially better-than-expected margin of 13.5%, thanks to the normalisation of commodity and input costs.

The operating leverage effect also benefitted EBIT (+21% Y/Y) and net income (-3%, despite EUR 1m increase in net financial charges).

At last, net debt was slightly better than expected. Although the operating NWC was slightly up (20.1% of LTM sales, vs. 19.1% as at 31 Dec 2023), inventories continued to decline (15.9% of LTM sales, vs. 16.9% as at 31 Dec 2023), confirming the normalisation of the supply chain and the gradually decreasing costs of raw materials.

**Outlook.** The management expect revenues to grow “in line with the historical trend” and profitability to “further improve”. During the conference call, they highlighted that profitability benefitted from the previous sales price increases and the current decline in input costs. As regards the next few quarters’, they said that there were implementing many actions to tighten cost control and increase operating efficiencies, which had been hampered by the uncertain supply chain previously. As regards energy supply, they expect costs to stabilise at ~1% of sales, in line with the pre-crisis levels, while they are considering hedging up to 70% of energy consumption for the next 2 years.

**Conclusion & Action:** the beat at the EBITDA margin level is a promising signal and supports our positive view. Our FY 24 estimates include revenue growth of +7.5% (which is consistent with the next three quarters growing by 10% Y/Y) and an EBITDA margin of 12.5%, which may be a conservative assumption based on Q1 24 results.