

FINE FOODS

Sector: *Industrials*

OUTPERFORM

Price: Eu8.18 - Target: Eu12.00

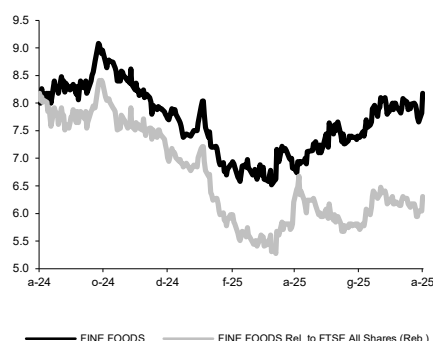
Top Line Rebounds, Strong Margins, Nutra Still Under Watch

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 11.50 to 12.00		
	2025E	2026E	2027E
Chg in Adj EPS	2.8%	1.2%	1.1%

Next Event
9M25 Results Out 6 November

FINE FOODS - 12M Performance



Stock Data			
Reuters code:	FF.MI		
Bloomberg code:	FF IM		
Performance	1M	3M	12M
Absolute	4.3%	9.9%	0.0%
Relative	1.5%	3.9%	-29.7%
12M (H/L)	9.08/6.52		
3M Average Volume (th):	14.28		

Shareholder Data	
No. of Ord shares (mn):	26
Total no. of shares (mn):	26
Mkt Cap Ord (Eu mn):	209
Total Mkt Cap (Eu mn):	209
Mkt Float - Ord (Eu mn):	99
Mkt Float (in %):	47.3%
Main Shareholder:	
Eigenfin Srl + M. Eigenmann	52.7%

Balance Sheet Data	
Book Value (Eu mn):	140
BVPS (Eu):	5.48
P/BV:	1.5
Net Financial Position (Eu mn):	-59
Enterprise Value (Eu mn):	268

The Group delivered a strong set of results, beating our estimates across the board (+4%/+12%/+28% vs. our forecasts on revenues/adj. EBITDA/adj. net profit). Top line growth resumed, supported by impressive margins (>17% in 2Q). FCFO and net debt were slightly weaker, mainly due to higher NWC absorption (+€15mn YtD). Overall, results confirmed visibility on progress towards FY estimates, although the company acknowledges that the Nutra segment dedicated to weight management is undergoing a repositioning. This leads us to adopt a more cautious stance on the FY top line trend, which is more than offset by a slight margin uplift and lower interest charges.

■ **1H25 results.** Group revenues reached €128.7mn, up 4.8% YoY. The Pharma BU (€41.6mn, 32.3% of sales) maintained strong momentum posting +12.1% YoY (1Q: +13.8%, 2Q: +10.6%). The Nutra BU (€71.4mn, 55%) remained broadly stable (-1% YoY), supported by an unexpected and temporary rebound in 2Q (+7.2% vs. -7.7% in 1Q). The Cosmetics BU (€15.7mn, 12.2%) grew by 15.7% YoY. Industrial Added Value increased by 14% to €59.2mn, confirming improved cost efficiency and driving margin recovery by 3.8pp YoY to 16.8% (vs. our estimate of 15.5%), with a peak of 17.3% in 2Q, despite rising personnel costs (1H €26.7mn, +14% YoY). Adj. EBIT rose 66.7% to €13.8mn (our exp. €11.8mn), while adj. net profit more than doubled to €9.7mn (our exp. €7.6mn). Net debt came in higher (€51.6mn, our exp. €48mn; 1.3x LTM EBITDA) increasing by €16.4mn vs. YE24 as FCFO (€7.1mn) was affected by higher NWC absorption (increase in inventory and trade receivables due to the different monthly distribution of sales in 2Q25 compared to 4Q25) and was entirely eroded by CapEx (€19.8mn, o/w €12.6mn extraordinary), dividends (€3.4mn), and buybacks (€0.2mn).

■ **FY25 outlook.** Strong backlog and multi-year contracts support sustained growth despite quarterly volatility. Open to M&A designed to enhance the diversification of its Pharma portfolio in terms of formulations and packaging type. Pharma supported by strong growth and the multi-year international agreements secured, with production facility expansion (begun late FY23) now largely complete; AIFA inspection completed, initial revenues from FY26 onwards. Nutra expanding capacity (FY24 land acquisition, initial investment in FY25), focusing on high-value services to boost client competitiveness. Cosmetics now profitable post-integration. New R&D lab in Trezzano opening in September hiring new specialists to better address customer needs.

■ **Estimates update:** We are offsetting the 4% revenue decline in Nutra with a slight margin improvement and lower financial charges, resulting in a low single-digit EPS increase.

■ **OUTPERFORM confirmed; new target €12.0 (from €11.5).** 1H showcased management's ability to reignite growth across all three divisions while maintaining profitability levels above both historical averages and the medium-to-long-term target (i.e. 15%). The performance of certain clients in the weight control segment of the Nutra division may remain volatile in the coming quarters, however, and will need monitoring closely. Over the medium-to-long-term, we remain positive on the Group's story, supported by expected returns from capacity expansions in both Nutra and Pharma, as well as favourable sector trends (i.e. growing outsourcing to CDMOs). On our revised estimates and reflecting lower WACC (equity risk premium reduced from 6.0% to 5.5%), we are lifting our DCF-based TP from €11.5 to €12.0, offering >45% upside.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Sales (Eu mn)	244	257	297	322	352
EBITDA Adj (Eu mn)	33	37	43	48	53
Net Profit Adj (Eu mn)	10	14	17	20	24
EPS New Adj (Eu)	0.399	0.551	0.685	0.797	0.938
EPS Old Adj (Eu)	0.399	0.535	0.677	0.788	0.941
DPS (Eu)	0.140	0.165	0.171	0.175	0.188
EV/EBITDA Adj	7.6	7.2	6.2	5.6	4.9
EV/EBIT Adj	14.6	12.4	10.4	8.9	7.7
P/E Adj	20.5	14.9	11.9	10.3	8.7
Div. Yield	1.7%	2.0%	2.1%	2.1%	2.3%
Net Debt/EBITDA Adj	1.1	1.6	1.4	1.2	0.9

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newswell.

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

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 6 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.09%
OUTPERFORM:	36.57%
NEUTRAL:	31.34%
UNDERPERFORM:	00.00%
SELL:	00.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

BUY:	51.90%
OUTPERFORM:	29.11%
NEUTRAL:	18.99%
UNDERPERFORM:	00.00%
SELL:	00.00%

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