# FINE FOODS

# OUTPERFORM

*Sector: Industrials*

Price: Eu9.10 - **Target: Eu12.00**

## Robust Results and Margin Strength, Nutra Still Under Watch

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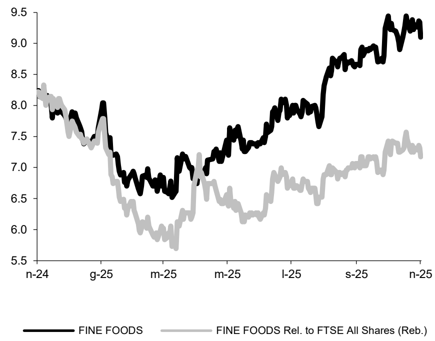
| Stock Rating | | | |
|---|---|---|---|
| **Rating:** | | | Unchanged |
| **Target Price (Eu):** | | | Unchanged |
| | **2025E** | **2026E** | **2027E** |
| **Chg in Adj EPS** | 5.7% | 5.3% | 2.2% |

**Next Event**
FY25 Results Out March 2026

**FINE FOODS - 12M Performance**




| Stock Data | | | |
|---|---|---|---|
| Reuters code: | | | FF.MI |
| Bloomberg code: | | | FF IM |
| **Performance** | **1M** | **3M** | **12M** |
| Absolute | -3.6% | 9.4% | 10.7% |
| Relative | -3.2% | 4.7% | -15.9% |
| 12M (H/L) | | | 9.44/6.52 |
| 3M Average Volume (th): | | | 21.71 |

| Shareholder Data | |
|---|---|
| No. of Ord shares (mn): | 26 |
| Total no. of shares (mn): | 26 |
| Mkt Cap Ord (Eu mn): | 233 |
| Total Mkt Cap (Eu mn): | 233 |
| Mkt Float - Ord (Eu mn): | 110 |
| Mkt Float (in %): | 47.3% |
| Main Shareholder: | |
| Eigenfin Srl + M. Eigenmann | 52.7% |

| Balance Sheet Data | |
|---|---|
| Book Value (Eu mn): | 139 |
| BVPS (Eu): | 5.43 |
| P/BV: | 1.7 |
| Net Financial Position (Eu mn): | -54 |
| Enterprise Value (Eu mn): | 286 |

**Once again, the Group delivered a solid set of operating results, with a small beat across the board (+1.2%/+0.2%/+1.1% vs. our forecasts on revenues/adj. EBITDA/adj. net profit) while FCFO and net debt were better than expected, mainly due to a NWC release in 3Q (+€5mn). Overall, results confirmed visibility on progress towards FY estimates, although a slowdown of the growth rate for the Nutra BU is now expected by end-2025/start of 2026, in line with the market dynamics related to the repositioning of clients selling weight management products. 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.**

- **9M25 results.** Group revenues reached €190mn, up 7% (3Q: +12%, 2Q: +15%, 1Q: -4%). The double-digit growth trend was confirmed by both the Pharma BU (3Q: +17%, 2Q: +11%, 1Q: +14%) and the Cosmetics BU (3Q: +35%, 2Q: +74%, 1Q: -24%), while the Nutra BU (€103mn, 54%) proved resilient, confirming a return to positive growth (3Q: +5%, 2Q: +7%, 1Q: -8%). Industrial added value increased by 15% to €86mn, confirming improved cost efficiency and driving adj. EBITDA margin recovery by 2.9pp YoY to 16.1% (3Q: 14.7%), despite rising personnel costs (9M: €39.1mn, +€5mn YoY). Adj. EBIT rose 67% to €18.6mn (our exp. €18.8mn), while adj. net profit almost doubled to €12.7mn (our exp. €12.5mn). Net debt was better (€50mn, our exp. €56mn; 1.2x LTM EBITDA) increasing by €15mn vs. YE24, as FCFO (€18.8mn) was affected by higher NWC absorption (-€9.7mn, primarily driven by higher inventory levels) and was entirely eroded by CapEx (€28.3mn, o/w €17.4mn extraordinary), dividends (€3.4mn), and buybacks (€1.9mn).
- **Feedback from the call**. Nutra BU: non–weight management products growing mid–single digit; outsourcing trend continues. Weight management products subject to repositioning; growth to slow by late 2025, with an expansion plan confirmed to boost capacity and support future growth. Pharma BU: strong growth driven by international agreements; plant expansion completed with recent AIFA approval. Production to begin in 2026, generating initial revenues. Marginal exposure to cough&cold, affected by mild flu season. Cosmetics BU: post-restructuring, results remain positive. New R&D lab with 8 researchers. Revenue and margins to improve in coming Qs. Personnel: higher costs from hires and third shifts. NWC: further release in 4Q (lower inventory).
- **Estimates update.** We have cut FY25 revenues by 2%, but stronger margins lift EPS mid–single digit. In 4Q, we now expect a 14% decline at Nutra, driving a 6% fall in Group revenue and a 17% fall in adj. EBITDA, the latter hit by a tough comp (4Q24 +30%).
- **OUTPERFORM confirmed; target still €12.0.** 9M 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. rising outsourcing to CDMOs). On our revised estimates and updated DCF assumptions (risk-free rate cut from 4.0% to 3.5%, terminal growth from 2.5% to 2.0%), we confirm our DCF-based TP at €12.0 (30% upside).

| Key Figures & Ratios | 2024A | 2025E | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| Sales (Eu mn) | 244 | 252 | 291 | 316 | 345 |
| EBITDA Adj (Eu mn) | 33 | 39 | 44 | 48 | 53 |
| Net Profit Adj (Eu mn) | 10 | 15 | 18 | 21 | 25 |
| EPS New Adj (Eu) | 0.399 | 0.582 | 0.721 | 0.814 | 0.961 |
| EPS Old Adj (Eu) | 0.399 | 0.551 | 0.685 | 0.797 | 0.938 |
| DPS (Eu) | 0.140 | 0.175 | 0.180 | 0.179 | 0.192 |
| EV/EBITDA Adj | 7.6 | 7.4 | 6.5 | 5.9 | 5.1 |
| EV/EBIT Adj | 14.6 | 12.7 | 10.5 | 9.4 | 8.0 |
| P/E Adj | 22.8 | 15.6 | 12.6 | 11.2 | 9.5 |
| Div. Yield | 1.5% | 1.9% | 2.0% | 2.0% | 2.1% |
| Net Debt/EBITDA Adj | 1.1 | 1.4 | 1.2 | 1.0 | 0.8 |

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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.

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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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| | |
|---|---|
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| OUTPERFORM: | 39.69% |
| NEUTRAL: | 27.49% |
| UNDERPERFORM: | 00.76% |
| SELL: | 00.00% |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (77 in total) is as follows:

| | |
|---|---|
| BUY: | 50.65% |
| OUTPERFORM: | 29.87% |
| NEUTRAL: | 18.18% |
| UNDERPERFORM: | 01.30% |
| SELL: | 00.00% |

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