

# FINE FOODS

Sector: Industrials

# OUTPERFORM

Price: Eu6.78 - Target: Eu11.50

## Solid FY25 Outlook Despite More Gradual Rebound at Nutra

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### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 12.00 to 11.50		
	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Chg in Adj EPS</b>	1.8%	-6.9%	-7.2%

### Next Event

1Q25 Results Out 8 May

### FINE FOODS - 12M Performance



### Stock Data

Reuters code:	FF.MI
Bloomberg code:	FF IM

Performance	1M	3M	12M
Absolute	1.2%	-13.1%	-17.8%
Relative	1.1%	-21.5%	-29.5%
12M (H/L)		9.42/6.58	
3M Average Volume (th):		11.15	

### Shareholder Data

No. of Ord shares (mn):	26
Total no. of shares (mn):	26
Mkt Cap Ord (Eu mn):	173
Total Mkt Cap (Eu mn):	173
Mkt Float - Ord (Eu mn):	82
Mkt Float (in %):	47.3%
Main Shareholder:	
Eigenfin Srl + M. Eigenmann	52.7%

### Balance Sheet Data

Book Value (Eu mn):	139
BVPS (Eu):	5.44
P/BV:	1.2
Net Financial Position (Eu mn):	-51
Enterprise Value (Eu mn):	224

- FY24 results.** Although revenues were in line, better profitability led to a nice 4% surprise on the bottom line. The FY24 margin reached 13.6%, supported by a 15.4% margin in Nutra+Pharma (o/w 16.7% Nutra, 13% Pharma), while the 4Q margin peaked at 14.7%, the highest in the company's history. Lower raw material (€-17mn YoY) and service costs (€-2mn) contributed to the improvement, partially offset by higher personnel costs (+€3mn) linked to new recruitment. Net debt (€35.3mn, 1.1x adj. EBITDA) was well below expectations (€-17mn YoY), driven by inventory reduction (€-10mn YoY) and higher trade payables (+€4mn YoY), aided by the deferral of some CapEx to 2025. Operating WC stood at ~13.5% of sales (-5.6pp YoY), reflecting effective management actions. Cash conversion rate 48.5% (+10pp).
- Divisional trends:** group revenues came to €244mn (-3% YoY) reflecting: a) a relatively challenging YoY comparison (FY23: +22% YoY); b) different order phasing in the Cosmetics BU (€26mn, -18% YoY) due to delays to new business developments and a customer portfolio review; c) the expected drop in the Nutra BU (-7% YoY to €142mn) to factor in ongoing sector issues (temporary realignment of inventories by certain customers), but also the challenging YoY comp (FY24: +29% YoY); d) an accelerating performance in the Pharma BU (€76mn, +12% YoY, o/w 4Q: +20%, 3Q: +13%) despite a tough comp (FY23: +24% YoY).
- Feedback from conference call.** Management remains confident in FY25 growth, although with a more modest outlook for the Nutra BU vs. mid-teens consensus forecasts. Meanwhile, the Pharma and Cosmetics BUs should deliver top line growth in line with consensus. Profitability is set to strengthen, driven by further margin expansion. WCK/Sales below 14% is a strong outcome, but may be difficult to sustain, with some absorption expected going forward. Total investment in the new Pharma plant: €50mn (€8mn in FY23, €23mn in FY24, €18mn in FY25).
- Estimates update:** we are adopting more conservative FY25 growth assumptions for the Nutra BU (6% vs. 15%), reducing Group revenue by 4%. This is offset by a margin improvement (+0.1pp YoY, +0.4pp vs. prior estimates), driving a 2% EPS increase. Beyond 2025, we expect Nutra BU growth to step up to mid-to-high single-digits, factoring in capacity expansion from 2026, while keeping margin assumptions unchanged. This results in a 7% EPS cut for 2026-27.
- OUTPERFORM confirmed; new target €11.5 (from €12).** As management suggests, top line growth (especially in the Nutra BU) may not be immediately visible quarter by quarter. However, a strong order portfolio and multi-year agreements support the company's ability to sustain historical revenue and margin growth trends. With reference markets set to expand globally and in Europe, and outsourcing trends among large players confirmed, FF is well placed to gain market share and outperform peers. The company aims to strengthen its position across Nutra, Pharma, and Cosmetics, leveraging synergies while remaining open to M&A. It benefits from its scale as Italy's largest CDMO, strong customer demand (increasing share of wallet), expanded capacity, and flexibility to act as a natural consolidator.

Key Figures & Ratios	2024A	2025E	2026E	2027E	2028E
Sales (Eu mn)	244	269	310	336	367
EBITDA Adj (Eu mn)	33	37	43	48	53
Net Profit Adj (Eu mn)	10	13	17	20	24
EPS New Adj (Eu)	0.399	0.507	0.647	0.787	0.941
EPS Old Adj (Eu)	0.383	0.498	0.695	0.848	1.056
DPS (Eu)	0.140	0.152	0.162	0.173	0.188
EV/EBITDA Adj	7.6	6.1	5.4	4.5	3.8
EV/EBIT Adj	14.6	10.9	9.2	7.5	6.0
P/E Adj	17.0	13.4	10.5	8.6	7.2
Div. Yield	2.1%	2.2%	2.4%	2.6%	2.8%
Net Debt/EBITDA Adj	1.1	1.4	1.3	0.9	0.6

