Milan, 09 May 2025

Italian Equity Research – 1Q25 Results

FINE FOODS

OUTPERFORM

Sector: Industrials

Price: Eu7.20 - **Target: Eu11.50**

Record Profitability Also Boosted by Cosmetics Repositioning

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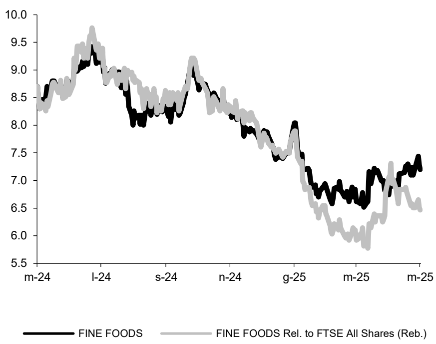
Stock Rating

Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	5.6%	4.5%	0.1%

Next Event
2Q25 Results Out 5 August

FINE FOODS - 12M Performance



Stock Data

Reuters code:			FF.MI
Bloomberg code:			FF IM
Performance	**1M**	**3M**	**12M**
Absolute	6.8%	5.3%	-17.2%
Relative	-9.8%	1.8%	-28.7%
12M (H/L)			9.42/6.52
3M Average Volume (th):			12.20

Shareholder Data

No. of Ord shares (mn):	26
Total no. of shares (mn):	26
Mkt Cap Ord (Eu mn):	184
Total Mkt Cap (Eu mn):	184
Mkt Float - Ord (Eu mn):	87
Mkt Float (in %):	47.3%
Main Shareholder:	
Eigenfin Srl + M. Eigenmann	52.7%

Balance Sheet Data

Book Value (Eu mn):	140
BVPS (Eu):	5.47
P/BV:	1.3
Net Financial Position (Eu mn):	-51
Enterprise Value (Eu mn):	235

- **1Q25 results.** While the top line was broadly in line with expectations (down 4%), the company beat margin forecasts, peaking at 16.2% (+2.7pp YoY, +1.8pp vs. our estimate), thanks partly to the first positive contribution from the Cosmetics BU. As a result, adj. EBITDA/EBIT/net profit beat estimates by 11%/15%/5%. Net debt came in slightly below our estimate, at €43.7mn (1.1x leverage). Within the mix, Nutra (58% of sales) saw a 7.7% drop (FY24: -6.7%) partially offset by Pharma (32% of sales) growing 14% (FY24: +11.6%), while Cosmetics (1Q: -24%, FY24: -18%) was affected by a customer portfolio review with actions to strengthen the commercial structure already undertaken in the quarter. Lower raw material (€-4.7mn YoY, weight on sales -5pp YoY at 53.5%) and service costs (€-0.5mn) contributed to the improvement, partially offset by higher personnel costs (+€1.6mn) linked to new recruitment. Net debt increased by €8.4mn vs. YE24, as FCFO (€2.8mn) was entirely absorbed by CapEx (€11.2mn, o/w €7.4mn extraordinary). Operating WC stood at ~16.5% of sales (-3.6pp YoY), reflecting effective management actions.
- **Feedback from conference call.** Management remains confident on FY25 growth. Revenue trends are not expected to show consistent quarter-on-quarter growth due to the nature of CDMO business. Nevertheless, the solid order backlog for the current year and existing multi-year contracts should support the outlook for maintaining the company's historical revenue and margin growth trends.
- **Estimates update:** we are adopting more conservative FY25 growth assumptions for the Nutra BU (2% vs. 6%), reducing Group revenue by 2%. This is offset by a margin improvement (+0.6pp YoY, +0.6pp vs. prior estimates), driving a 6% EPS increase. Beyond 2025, we still expect Nutra BU growth to step up to mid-to-high single-digits, factoring in capacity expansion from 2026, while we are revising margin assumptions to reflect gradual improvements.
- **OUTPERFORM confirmed; target still €11.5.** We are keeping our target price unchanged as the improvement in estimates is offset by higher WACC (equity risk premium raised from 5.5% to 6%). 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	263	303	329	359
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	0.535	0.677	0.788	0.941
EPS Old Adj (Eu)	0.399	0.507	0.647	0.787	0.941
DPS (Eu)	0.140	0.161	0.169	0.173	0.188
EV/EBITDA Adj	7.6	6.3	5.5	4.8	4.0
EV/EBIT Adj	14.6	10.9	9.3	7.8	6.3
P/E Adj	18.0	13.4	10.6	9.1	7.7
Div. Yield	1.9%	2.2%	2.3%	2.4%	2.6%
Net Debt/EBITDA Adj	1.1	1.4	1.3	0.9	0.6

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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 of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

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.

Explanation of our ratings system:

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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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.

As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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