MISITANO & STRACUZZI

BUY

Sector: Consumers

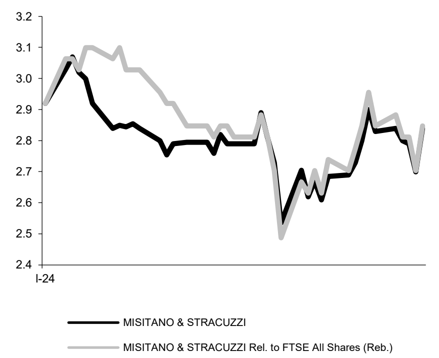
Price: Eu2.84 - **Target: Eu5.40**

1H Results Confirm Solid Growth and Path to FY Targets

Francesco Brilli +39-02-77115.439
francesco.brilli@intermonte.it
Chiara Pampurini: +39-02-77115.633
chiara.pampurini@intermonte.it

Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2024E	**2025E**	**2026E**
Chg in Adj EPS	5.4%	4.3%	3.9%

MISITANO & STRACUZZI - 12M Performance



Stock Data			
Reuters code:			MSTN.MI
Bloomberg code:			MS IM
Performance	**1M**	**3M**	**12M**
Absolute	2.9%		
Relative	1.0%		
12M (H/L)			3.07/2.54
3M Average Volume (th):			20.36

Shareholder Data	
No. of Ord shares (mn):	30
Total no. of shares (mn):	30
Mkt Cap Ord (Eu mn):	85
Total Mkt Cap (Eu mn):	85
Mkt Float - Ord (Eu mn):	13
Mkt Float (in %):	14.8%
Main Shareholder:	
Stracuzzi Holding	78.2%

Balance Sheet Data	
Book Value (Eu mn):	34
BVPS (Eu):	1.14
P/BV:	2.5
Net Financial Position (Eu mn):	-8
Enterprise Value (Eu mn):	93

- **Solid 1H24 results showed a strong boost to profitability...** the Group reported a positive set of 1H24 results. Sales came to Eu35.8mn, up +9.3% YoY thanks to the combination of increased volumes and price effect. By geography, c.46% sales came from EMEA while over 33% from the Americas. The significant increase in revenue together with a focus on high-margin products lead to a strong improvement in profitability. In 1H24, EBITDA was up +35.7% YoY to Eu8.4mn, with a margin on sales of 23.4% (+460bps YoY). Net income was Eu5.1mn, +48.4% YoY. As for the net financial position, net debt as at 30 June 2024 was Eu25.2mn, excluding the proceeds of the IPO (in July) of Eu17.7mn. Including the proceeds, the NFP would have been c.Eu7m, well on track to meet our estimate of Eu7.8m as at the end of the year. The figure compares to Eu15.1mn as at YE23 and came from working capital absorption of Eu26.1mn (vs €16.3bn at YE23), mainly linked to raw material purchasing campaigns that were influenced by advantageous purchasing conditions for non-perishable goods. On top of this, investments started to kick in, even if at an early stage, with the renovation works of the two new production plants in the Giammoro industrial area (Messina), which will house current production of essential oils and juices and will continue on schedule.
- **… and confirmed the positive trajectory already disclosed for Jan-May 2024.** Results were robust and confirmed the positive trajectory which had already been disclosed by management for the period up to May '24. Data showed that sales were up +13.9% to Eu28.6mn at Misitano & Stracuzzi S.p.A. level between January and May 2024. At consolidated Group level, revenues in the same period were up +9.8% to Eu27.9mn, implying that June was up +7.6% YoY, confirming the positive trend of the previous five months.
- **Confident business outlook supports our estimates.** The Group does not provide quantitative guidance; nevertheless, management gave qualitative outlook in which it was confident on the strategic objectives set, both in terms of completing the planned investments and regarding business performance.
- **Change in estimates.** In light of the confirmed evolution of the business, we slightly revise our estimates to include the strong 1H24 performance, particularly in terms of profitability. We now see sales at Eu65.9mn in FY24 (vs previous Eu63.2mn) and EBITDA up +21% YoY (vs. +16% YoY previously) to Eu15.7m (Eu15.1m before).
- **BUY, TP Eu5.4 unchanged.** M&S is among the global leaders in citrus essences with high profitability (22% EBITDA margin in FY23) and revenues expected to grow at a 9.3% CAGR through 2026. With over 100 years of expertise, the company specializes in developing and refining natural citrus flavours, serves high-profile international clients, and benefits from strong pricing power; it generates over 90% of its revenues abroad and is positioned to capitalize on growing demand for natural products. Based on the fully-diluted number of shares at our target price, MS would trade at 11.6x/10.6x EV/EBITDA, 13.2x/12.4x EV/EBIT on our FY24E/25E estimates, almost in line with closest listed peer Treatt and at a c.30%+ discount to Aroma and Flavours international players with visible upside potential.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	42	59	66	72	77
EBITDA Adj (Eu mn)	4	13	16	17	20
Net Profit Adj (Eu mn)	2	7	9	10	12
EPS New Adj (Eu)			0.289	0.316	0.386
EPS Old Adj (Eu)			0.274	0.303	0.371
DPS (Eu)			0.170	0.145	0.158
EV/EBITDA Adj		1.2	5.9	5.4	4.2
EV/EBIT Adj		1.3	6.8	6.3	4.9
P/E Adj			9.8	9.0	7.4
Div. Yield			6.0%	5.1%	5.6%
Net Debt/EBITDA Adj	3.8	1.2	0.5	0.4	-0.1

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- 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
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Frequency of research: quarterly.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
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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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OUTPERFORM:	49.59 %
NEUTRAL:	25.61 %
UNDERPERFORM	00.83 %
SELL:	00.00 %

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OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
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Emittente	%	Long/Short

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