

Italy – Food and Beverage

Resilience in sales and optimism for growing margins

31<sup>st</sup> January 2024

FY-23 PRELIMINARY SALES

RIC: ITWB.MI  
BBG: IWB IM

Preliminary FY-23 sales were broadly in line with FY-22 pro-forma figures as well as our forecast. Despite a declining reference market affected by the reduction in wine consumption due to soaring inflation, IWB confirmed its strength thanks to its geographical diversification and its presence in all distribution channels with an extremely vast product portfolio, consequently gaining market shares.

Rating:

**Buy**

Price Target:

**€ 33.00**

Upside/(Downside): 83.3%

Last Price: € 18.00

Market Cap.: € 170.2m

1Y High/Low: € 29.50 / € 16.60

Avg. Daily Turn. (3M, 6M): € 73k, € 90k

Free Float: 63.4%

Major shareholders:

Gruppo Pizzolo (Enoitalia)	14.8%
Provinco Srl	7.1%
Barbanera family	7.0%



Stock price performance

	1M	3M	12M
<b>Absolute</b>	-4.2%	3.2%	-39.5%
<b>Rel.to FTSE IT Growth</b>	-3.8%	-5.9%	-26.2%
<b>Rel.to EU Sector</b>	-4.8%	-2.9%	-35.1%

Analysts:

Gianluca Mozzali  
+39 02 30343 396  
gianluca.mozzali@cfosim.com

Luca Solari  
+39 02 30343 397  
luca.solari@cfosim.com

**Preliminary sales broadly in line with expectations: estimates, rating and PT confirmed**

FY-23 preliminary sales came in broadly flat YoY despite a challenging macroeconomic scenario, corroborating the strong IWB's selling proposition. The company confirmed that the good result in terms of turnover translates also into better profitability compared to 2022 and a strong cash-flow generation. In particular, management stated that profitability results will be closer to the upper end of the guidance, expecting EBITDA to be between € 40-44m and net profit of € 15-18m, coupled with a cash-flow generation of € 20-25m, suggesting FY-23 results above our estimates, mainly concerning CF generation. Nevertheless, waiting for the full FY-23 results on 18 March, we kept our previous estimates unchanged. Buy confirmed.

€ m	2023	2022PF*	%YoY	2023e	% Diff.
Wholesale	311.8	303.5	2.8	307.1	1.5
Distance selling	62.3	68.5	(9.2)	59.9	3.9
Ho.Re.Ca.	54.8	56.9	(3.7)	67.5	(18.9)
Other Sales	0.2	1.4	(82.8)	0.9	(72.8)
<b>Sales</b>	<b>429.1</b>	<b>430.3</b>	<b>(0.3)</b>	<b>435.4</b>	<b>(1.4)</b>

Source: company data, CFO SIM estimates \*Including Enovation Brands and Barbanera as from Jan-22

**Wholesale driven by premium products on foreign markets: good for profitability**

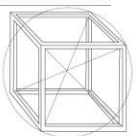
In 2023, sales were € 429.1m, in line with € 430.3m reported in 2022, as a consequence of: 1) Wholesale up by 2.8% YoY to € 311.8m, thanks to increasing sales on foreign markets driven by own-branded premium products, which contribute to increase the group's profitability. In particular, sales in the UK grew by ca. 10% YoY; 2) Distance selling declined by 9.2% YoY to € 62.3m, because of the repositioning of out-of-home consumption to the detriment of at-home consumption; 3) Ho.Re.Ca. totalled € 54.8m compared to € 56.9m in 2022, as a result of stable volumes and decreasing value due to unfavourable exchange rate concerning sales in the US and Canada. Foreign sales grew by 1.7% to € 361.5m (84% of total), while the domestic market declined by 8.4% to € 67.4m (16% of total).

**Encouraging signals about raw materials prices and availability**

In 2023, IWB benefited from the increasing availability of packaging materials and its consequent cost reduction. Furthermore, a significant amount of bulk wine stock stemming from the generous harvests of the last years helped avoid the increase in prices following a poor harvest in 2023. Finally, as from the beginning of 2024, IWB aggregated all the production and sales activities of the Wholesale segment in a single Italian company, simplifying the group's structure and, consequently, delivering significant savings.

**IWB, key financials and ratios**

€ m	2021	2022	2023e	2024e	2025e
Sales	313.2	390.7	435.4	444.3	453.5
Total Revenues	315.9	396.2	441.6	450.7	460.0
Adjusted EBITDA	34.0	31.1	42.4	48.3	53.0
EBITDA	31.0	29.7	42.4	48.3	53.0
EBIT	22.9	19.2	30.0	35.8	40.3
Net Profit	14.5	11.2	15.9	20.8	25.0
Adjusted Net Profit	16.7	12.0	15.9	20.8	25.0
NFP debt/(cash)	121.3	146.5	126.8	104.3	78.3
EPS adjusted FD	1.77	1.27	1.68	2.20	2.64
EPS adj. FD growth	-16.3%	-28.0%	31.8%	31.4%	19.9%
DPS ord. €/s	0.10	0.10	0.20	0.30	0.30
Dividend yield	0.6%	0.6%	1.1%	1.7%	1.7%
Free Cash Flow Yield	-49.4%	-13.0%	12.1%	14.4%	16.9%
PER adj. x	20.1	23.4	10.7	8.2	6.8
PCF x	34.0	10.8	5.9	5.2	4.6
EV/Sales x	1.32	0.67	0.39	0.38	0.38
EV/EBITDA adj. x	12.1	13.2	7.0	5.7	4.7
EV/EBIT x	18.0	21.3	9.9	7.7	6.2



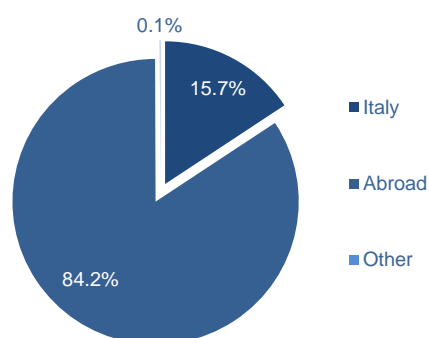
## The company at a glance

Italian Wine Brands – IWB is a leading producer and distributor of Italian wines worldwide. IWB is amongst the largest domestic privately-owned wine groups thanks to massive organic growth coupled with several strategic acquisitions since its establishment. The group produces high quality wines in Italy's most prestigious winemaking regions, including Veneto (in particular, the Prosecco area), Tuscany and Piedmont where super-premium wines are produced, as well as Apulia. The group operates through three distribution channels, namely Wholesale, Distance Selling and Ho.Re.Ca., thus covering both the off- and on-trade (B2B) as well as the online (B2C) segments. In detail, IWB distributes both privately labelled and branded products (over 50 owned brands) in more than 80 countries in 5 continents. In 2022, the group sold over 180 million bottles.

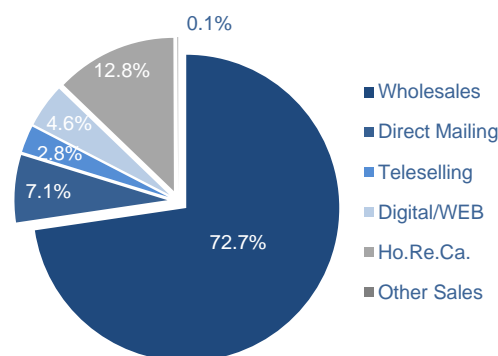
Since the group does not own any vineyards, raw materials (grapes, must and bulk wine) are procured from Italian wine producers and then processed in the group's proprietary wineries. IWB takes care of the key points of the value chain, namely winemaking, ageing, bottling, distribution, and marketing, thus keeping its business model extremely flexible and adaptable to market trends and customer behaviours.

FY-23 sales reached € 429.1m. The Wholesale channel accounted for 73% of total turnover, while Distance Selling for 14% and the Ho.Re.Ca segment for 13%.

## 2023 revenues by geography and...



## ...by channel



## Shareholder structure

	%	# m
Gruppo Pizzolo (ENOITALIA)	14.8%	1.40
Provinco	7.1%	0.67
Barbanera Family	7.0%	0.66
IPOC (promoters)	4.1%	0.39
SIP of Italy (promoters)	2.7%	0.25
Treasury Shares	0.9%	0.09
<b>Free Float, o/w</b>	<b>63.4%</b>	<b>6.00</b>
Otus Capital Management	5.7%	0.54
Praude Asset Management	5.0%	0.47
<b>Total</b>	<b>100.0%</b>	<b>9.46</b>

Source: Company data

## Peer group absolute performance

	1D	1W	1M	3M	6M	YTD
Concha y Toro Winery Inc	(1.4)	(3.4)	(4.8)	(1.0)	(11.9)	(5.4)
Lanson BCC SA	(1.2)	(0.7)	(2.2)	8.4	2.8	(2.2)
Laurent Perrier SA	(0.8)	(4.7)	0.8	3.4	(0.8)	0.8
Masi Agricola SpA	(0.4)	3.3	0.4	6.4	6.2	(0.4)
Schloss Wachenheim AG	(0.6)	1.3	(3.1)	(4.8)	(3.7)	(3.7)
Treasury Wine Estates Ltd	3.5	2.3	2.4	(10.1)	(4.4)	(0.1)
Vranken Pommery SA	(3.0)	(4.8)	(1.5)	2.9	(10.4)	(0.3)
<b>Wine producers median</b>	<b>(0.8)</b>	<b>(0.7)</b>	<b>(1.5)</b>	<b>2.9</b>	<b>(3.7)</b>	<b>(0.4)</b>
Hawesko Holding SE	0.7	0.0	(6.2)	(2.6)	(19.0)	(4.4)
Naked Wines PLC	4.4	4.5	21.1	55.6	(4.2)	25.5
<b>Wine distributors median</b>	<b>4.4</b>	<b>4.5</b>	<b>21.1</b>	<b>55.6</b>	<b>(4.2)</b>	<b>25.5</b>
<b>Italian Wine Brands SpA</b>	<b>(0.8)</b>	<b>(2.1)</b>	<b>(4.2)</b>	<b>3.2</b>	<b>(13.3)</b>	<b>(5.2)</b>

Source: Refinitiv Eikon

## Peer group multiples table

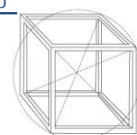
Price & EV multiples x	PER FY1	PER FY2	PER FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Concha y Toro Winery Inc	13.7	9.7	8.6	10.3	7.9	7.2	14.4	10.4	9.3
Lanson BCC SA	9.3	9.3	9.0	12.6	12.2	11.9	14.6	13.9	13.4
Laurent Perrier SA	12.6	12.7	11.9	9.6	9.2	8.6	10.3	9.9	9.3
Masi Agricola SpA	88.9	45.7	32.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Schloss Wachenheim AG	10.9	9.1	9.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Treasury Wine Estates Ltd	21.6	17.4	15.2	12.9	10.8	9.7	16.0	13.1	11.5
Vranken Pommery SA	13.0	11.0	9.5	14.9	14.3	13.8	20.8	19.7	18.8
<b>Wine producers median</b>	<b>13.0</b>	<b>11.0</b>	<b>9.5</b>	<b>12.6</b>	<b>10.8</b>	<b>9.7</b>	<b>14.6</b>	<b>13.1</b>	<b>11.5</b>
Hawesko Holding SE	23.8	12.1	11.0	6.0	5.3	5.0	13.9	8.8	7.8
Naked Wines PLC	20.2	11.8	7.3	5.4	2.4	0.5	14.3	3.9	0.8
<b>Wine distributors median</b>	<b>22.0</b>	<b>11.9</b>	<b>9.2</b>	<b>5.7</b>	<b>3.8</b>	<b>2.8</b>	<b>14.1</b>	<b>6.4</b>	<b>4.3</b>
<b>Italian Wine Brands SpA</b>	<b>10.7</b>	<b>8.2</b>	<b>6.8</b>	<b>7.0</b>	<b>5.7</b>	<b>4.7</b>	<b>9.9</b>	<b>7.7</b>	<b>6.2</b>

Sources: CFO SIM, Refinitiv Eikon





Income statement (€ m)	2021	2022	2023e	2024e	2025e
Sales	313.2	390.7	435.4	444.3	453.5
Total Revenues	315.9	396.2	441.6	450.7	460.0
Purchasing	(204.4)	(271.2)	(286.2)	(287.1)	(289.8)
Services	(64.2)	(71.4)	(88.3)	(90.1)	(91.5)
Personnel	(15.3)	(21.8)	(22.7)	(23.1)	(23.6)
Other income / (expenses)	(1.0)	(2.1)	(2.0)	(2.1)	(2.1)
EBITDA	31.0	29.7	42.4	48.3	53.0
D&A	(8.1)	(10.5)	(12.4)	(12.4)	(12.7)
EBIT	22.9	19.2	30.0	35.8	40.3
Financials	(3.9)	(5.5)	(8.3)	(7.5)	(7.0)
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	19.0	13.7	21.7	28.4	33.3
Income taxes	(4.4)	(2.7)	(5.4)	(7.1)	(8.3)
Minorities	0.0	0.2	(0.4)	(0.4)	0.0
Net Profit	14.5	11.2	15.9	20.8	25.0
Adjusted EBITDA	34.0	31.1	42.4	48.3	53.0
Adjusted EBIT	25.9	20.5	30.0	35.8	40.3
Adjusted Net Profit	16.7	12.0	15.9	20.8	25.0
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	8.7	27.7	28.0	28.5	29.1
Net Fixed Assets	267.2	305.9	301.9	297.9	293.7
Equity Investments	14.0	17.7	17.5	17.3	17.0
Other M/L Term A/L	(8.7)	(11.4)	(12.3)	(12.3)	(12.2)
Net Invested Capital	281.2	339.9	335.1	331.4	327.6
Net Financial Position	121.3	146.5	126.8	104.3	78.3
Minorities	0.0	(0.4)	0.0	0.5	0.5
Group's Shareholders Equity	160.0	193.7	208.2	226.7	248.9
Financial Liabilities & Equity	281.2	339.9	335.1	331.4	327.6
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	14.5	11.2	15.9	20.8	25.0
Depreciation	8.1	10.5	12.4	12.4	12.7
Other non-cash charges	(4.6)	21.7	0.8	(0.1)	(0.1)
Cash Flow from Oper. (CFO)	18.0	43.5	29.0	33.2	37.6
Change in NWC	(9.4)	(19.0)	(0.3)	(0.6)	(0.6)
FCF from Operations (FCFO)	8.6	24.4	28.8	32.6	37.0
Net Investments (CFI)	(152.7)	(58.8)	(8.2)	(8.2)	(8.2)
Free CF to the Firm (FCFF)	(144.1)	(34.3)	20.6	24.4	28.8
CF from financials (CFF)	169.8	36.3	(0.9)	(12.3)	(12.7)
Free Cash Flow to Equity (FCFE)	25.7	1.9	19.6	12.1	16.1
Financial ratios	2021	2022	2023e	2024e	2025e
Adj. EBITDA margin	10.8%	7.8%	9.6%	10.7%	11.5%
EBIT margin	7.2%	4.8%	6.8%	7.9%	8.8%
Adj. Net profit margin	5.3%	3.0%	3.6%	4.6%	5.4%
Tax rate	23.4%	19.4%	25.0%	25.0%	25.0%
Op NWC/Sales	2.8%	7.1%	6.4%	6.4%	6.4%
Interest coverage x	0.20	0.37	0.29	0.22	0.19
Net Debt/Ebitda x	3.91	4.93	2.99	2.16	1.48
Debt-to-Equity x	0.76	0.76	0.61	0.46	0.31
ROIC	7.3%	3.6%	4.7%	6.3%	7.6%
ROCE	6.5%	4.7%	7.0%	8.2%	9.0%
ROACE	8.9%	5.0%	7.1%	8.3%	9.1%
ROE	11.0%	6.4%	7.9%	9.6%	10.5%
Payout ratio	6.5%	8.4%	11.9%	13.6%	11.4%
Per share figures	2021	2022	2023e	2024e	2025e
Final N. of shares # m	9.46	9.46	9.46	9.46	9.46
Average N. of shares # m	8.43	9.46	9.46	9.46	9.46
Final N. of shares (fully diluted) # m	9.46	9.46	9.46	9.46	9.46
EPS reported €	1.72	1.19	1.68	2.20	2.64
EPS reported FD €	1.53	1.19	1.68	2.20	2.64
EPS adjusted FD €	1.77	1.27	1.68	2.20	2.64
EBITDA FD €	3.28	3.14	4.49	5.10	5.60
EBIT FD €	0.06	0.16	0.04	0.05	0.06
FCFO FD €	0.91	2.58	3.04	3.45	3.91
FCFF FD €	(15.23)	(3.63)	2.18	2.58	3.04
FCFE FD €	2.72	0.21	2.08	1.28	1.70
Dividend €	0.10	0.10	0.20	0.30	0.30



## ANALYST CERTIFICATION

This publication was prepared by Corporate Family Office SIM S.p.A. ("CFO SIM"), namely by **GIANLUCA MOZZALI** and **LUCA SOLARI**, Equity Analysts. This is to certify that the views expressed on the companies mentioned in this document reflect the analysts' personal opinions and no direct or indirect remuneration has been, or will be, received by the analysts further to the views expressed herein.

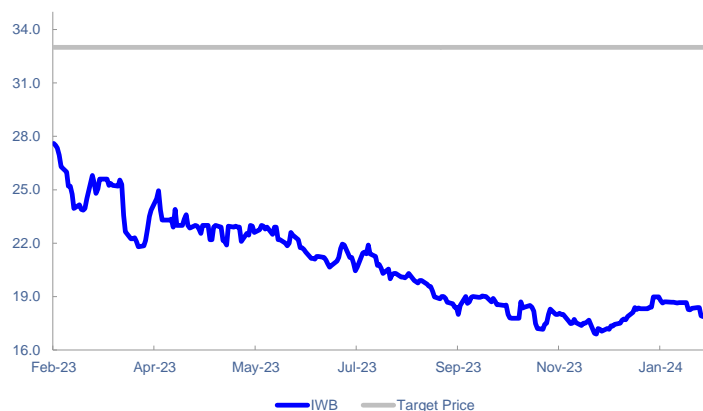
## DISCLAIMER

This document has been drafted by CFO SIM, authorised by the Bank of Italy to provide investment services.

CFO SIM does not have a specific interest in either the issuer, the financial instruments or the transactions covered by the analysis.

The news and data used in this document come from information supplied to the public by the company concerned and/or from other documentation of public domain. CFO SIM is not liable for the accuracy, completeness, exactitude and impartiality of such news and data. This document has been drafted autonomously and independently and without the collaboration of the company analysed or of any company linked to the latter by shareholdings or control. This document has been prepared by the financial analysts of the Equity Research Department of CFO SIM, whose names are indicated therein. Gianluca Mozzali is an ordinary member of the Italian Association of Financial Analysts (AIAF). In no case can the company and the analysts, as authors of this document, be held liable (culpably or otherwise) for any damage resulting from use of the information or opinions set out therein. This document is for information purposes only. It cannot be reproduced directly or indirectly or redistributed to third parties, nor can it be published, either totally or in part, for any reason whatsoever. This document is not an invitation to purchase, nor is it intended to solicit the purchase or sale of the securities in question. The recipients of this document are formally bound to comply with the obligations indicated above.

CFO SIM wishes to provide ongoing coverage of the stocks mentioned in this document, as often as circumstances considered to be important dictate (corporate events, changes in recommendations, etc.). CFO SIM acts as Corporate Broker for IWB stock, listed on Euronext Growth Milan. The next table shows the ratings issued on the stock in the last 12 months.



DATE	TARGET PRICE	RATING
31/01/2024	€33.00	BUY
19/09/2023	€33.00	BUY
30/05/2023	€33.00	BUY
29/03/2023	€33.00	BUY
02/03/2023	€33.00	BUY
02/02/2023	€33.00	BUY

This document is distributed via electronic mail and fax as from the date indicated in the document itself and addressed to some 300 Italian and non-Italian professional investors. The document is available in electronic format on CFO SIM's Internet site, to Italian and non-Italian institutional investors, and/or on Borsa Italiana's Internet site.

## RATING SYSTEM

- a **BUY** rating is assigned if the target price is at least 15% higher than the market price;
- a **SELL** rating is assigned if the target price is at least 15% lower than the market price;
- a **NEUTRAL** rating is assigned if the difference between the current price and target price lies within the +/-15% range identified using the preceding criteria.

The rating is determined on the basis of the **expected absolute return over a 12-month period** and not on the basis of the estimated outperformance or underperformance relative to a market index. Thus, the rating can be directly linked to the estimated percentage difference between current and target prices. The prices of the financial securities mentioned in the report (also used for the calculation of market capitalisation and market multiples) are the reference prices of the stock market trading day preceding the publication date of the report, otherwise stated.

