

Italy – Food and Beverage

A fruitful series of meetings with German investors

30<sup>th</sup> May 2023

GERMAN VIRTUAL ROADSHOW

RIC: ITWB.MI  
BBG: IWB IM

In the last few days, IWB has been virtually in Germany for a roadshow organised by CFO SIM during which the CEO, Alessandro Mutinelli, and the CFO, Gabriella Fabotti, have met a dozen German institutional and professional investors in one-to-one and one-to-few meetings. Here are the main points worth remembering:

Rating:

**Buy**

Price Target:

**€ 33.00**

Upside/(Downside): 45.1%

Last Price: € 22.75

Market Cap.: € 215.6m

1Y High/Low: € 30.50 / € 20.60

Avg. Daily Turn. (3M, 6M): € 248k, € 192k

Free Float: 62.0%

Major shareholders:

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



Stock price performance

	1M	3M	12M
<b>Absolute</b>	-1.1%	-11.8%	-19.5%
<b>Rel.to FTSE IT Growth</b>	3.5%	-4.0%	-1.2%
<b>Rel.to Sector</b>	3.7%	-14.3%	-18.2%

Analysts:

Luca Arena  
+39 02 30343 395  
luca.arena@cfosim.com

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

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

Mid-/single-digit sales growth and profitability recovery expected for the next years

In 2023, IWB revised upwards price lists with its key large customers, 90% of the contracts have now been updated with increased price lists introduced to entirely absorb the dry goods price inflation occurred in 2022. Moreover, IWB plans to set up a streamlining process aimed at simplifying the group's structure, in order to improve profitability. In terms of products, the focus will be on high value-added premium red wines and sparkling wines, in line with market demand. As a consequence, IWB expects mid-single digit growth in 2023-24 with an EBITDA margin of ca. 10% and a further mid-single digit growth in 2025-26 with EBITDA margin above 11%. EBITDA/FCF conv. is expected to be above 50% per year, allowing IWB to deleverage and distribute dividends. Estimates, rating and PT unchanged.

In terms of products, the focus will be on sparkling and premium wines

IWB is the second largest producer of Prosecco, with about 60m bottles sold per year (ca. 10% market share). Sparkling wines (including Prosecco) have consistently grown in the last ten years, passing from 142m bottles sold worldwide in 2011 to 627m in 2021, and they are expected to grow with a CAGR<sub>20-25</sub> of 5.0% reaching more than \$ 100bn in 2025. With regard to premium still wines, on which IWB is increasingly focusing, these are anticipated to grow with a CAGR<sub>20-25</sub> of 2.9%. In this field, IWB boasts a comprehensive offer, covering all the key Italian regions, namely Tuscany, Piedmont, Apulia and the Veneto.

Profitability will gradually return to the historical level

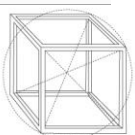
In 2023, the recovery of the EBITDA margin will be driven by 1) the aforementioned increase in price lists agreed with the main customers, 2) a certain reduction in costs of some dry goods compared to FY-22, 3) the decrease in energy costs also sustained by a new solar plant of 1.5MW, which will likely be operative by the end of the year and 4) a price reduction of grapes and bulk wine, including Prosecco. IWB expects its EBITDA margin to be in the region of 10% in 2023-24, rising to over 11% in 2025-26.

A leading one-stop-shop wine group ready to maximise synergies

Thanks to the massive organic growth coupled with seven strategic acquisitions since its establishment, IWB is now definitely the largest privately-owned wine group in Italy. IWB can now boast: 1) a comprehensive offer in terms of both wines and sales channels, 2) a deep and very diversified portfolio of brands, 3) a widespread presence worldwide, and 4) the ability to properly manage the sourcing phase, by leveraging on a strong bargaining power with suppliers thanks to large-scale purchasing. We believe IWB is now an even more appealing equity story: after a harsh period, which is now behind us, where IWB preserved its customer base at the expense of margins, the group is ready to consolidate its positioning and light business model confirming its cash flow generation capacity.

IWB, key financials and ratios

€ m	2021	2022	2023e	2024e	2025e
Sales	313.2	390.7	450.8	460.5	470.5
EBITDA adjusted	34.0	31.1	44.7	50.6	54.4
EBITDA	31.0	29.7	44.7	50.6	54.4
EBIT adjusted	25.9	20.5	32.3	38.2	41.7
EBIT	22.9	19.2	32.3	38.2	41.7
Net profit adjusted	16.7	12.0	20.5	25.4	29.0
Net profit	14.5	11.2	20.5	25.4	29.0
NFP (cash)/debt	121.3	146.5	122.7	96.3	65.7
EPS adjusted FD	1.77	1.27	2.17	2.69	3.06
EPS adj. FD growth	-16.3%	-28.0%	70.6%	23.8%	13.9%
DPS ord. €/s	0.10	0.10	0.20	0.30	0.30
Dividend yield	0.4%	0.4%	0.9%	1.3%	1.3%
Free Cash Flow Yield	-49.4%	-13.0%	11.4%	13.2%	15.5%
PER adj. X	20.1	23.4	10.5	8.5	7.4
PCF x	34.0	10.8	6.6	5.9	5.2
EV/Sales x	1.3	0.7	0.5	0.5	0.5
EV/EBITDA adj. X	12.1	13.2	7.6	6.2	5.2
EV/EBIT adj. X	15.9	20.0	10.5	8.2	6.7



## The company at a glance

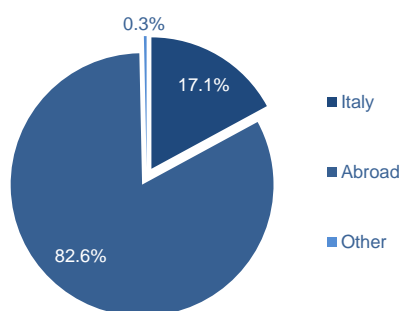
IWB (Italian Wine Brands) is a leading producer and distributor in the Italian wine industry. IWB became the largest domestic privately-owned wine group following the acquisition of Enoitalia. The group operates through two channels: B2C and B2B.

B2B is focused on sale and distribution in international markets to mass retailers where both privately labelled and branded products are distributed. Both the bottling and the logistics activities are outsourced in order to make the supply operations faster, leaner and more efficient.

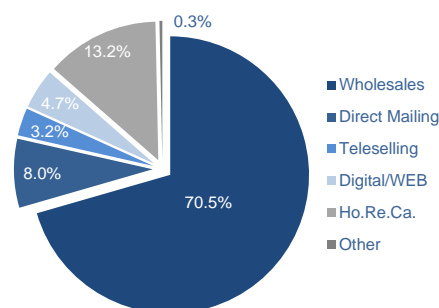
The B2C activity deals with the production and distribution of wine through distance selling channels such as mailing, telesales and the internet, addressed to end consumers in Italy, the UK, Germany, Switzerland, Holland, Austria, France and the USA. The B2C division boasts a catalogue of over 140 different wines and *spumanti* as well as 130 traditional Italian food products. Since the group does not own any vineyards, raw materials (grapes, must and bulk wine) are procured from Italian vineyards and wine producers and then processed in the group's two proprietary wineries.

Following the acquisition of Enoitalia, Enovation Brands and Barbanera FY-22 sales reached € 430.3m, on a pro-forma basis. The Wholesale channel accounted for 71% of total turnover, while Distance Selling for 16% and the Ho.Re.Ca segment for 13%. Pro-forma EBITDA adjusted for non-recurring items totalled € 37.2m, 8.5% margin. Adj. Net Profit stood at € 15.2m, 3.5% margin.

## 2022 pro-forma revenues by area and...



## ...by channel



## Shareholder structure

	%	# m
Gruppo Pizzolo (ENOITALIA)	14.80%	1.40
Provinco	7.10%	0.67
Barbanera Family	6.95%	0.66
IPOC (promoters)	4.15%	0.39
SIP of Italy (promoters)	2.65%	0.25
Raphael Dal Bo	2.22%	0.21
Treasury Shares	0.11%	0.01
<b>Free Float, o/w</b>	<b>62.01%</b>	<b>5.87</b>
Otus Capital Management	5.71%	0.54
Praude Asset Management	4.95%	0.47
<b>Total</b>	<b>100.00%</b>	<b>9.46</b>

Source: Company data

## Peer group absolute performance

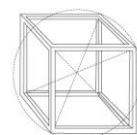
	1D	1W	1M	3M	6M	YTD
Concha y Toro Winery Inc	0.5	(1.9)	0.1	(8.5)	(8.1)	(9.4)
Lanson BCC SA	0.0	2.7	3.7	28.4	30.4	30.8
Laurent Perrier SA	(0.4)	(0.4)	9.3	12.1	30.0	0.4
Masi Agricola SpA	(0.9)	(0.9)	3.4	(2.2)	(2.6)	2.0
Schloss Wachenheim AG	1.2	0.0	3.8	4.5	3.8	3.8
Treasury Wine Estates Ltd	0.3	(10.9)	(14.9)	(14.6)	(13.4)	(13.3)
Vranken Pommery	0.3	1.9	5.0	5.8	13.1	13.4
<b>Wine producers median</b>	<b>0.3</b>	<b>(0.4)</b>	<b>3.7</b>	<b>4.5</b>	<b>3.8</b>	<b>2.0</b>
Hawesko Holding AG	(0.2)	(0.9)	(1.2)	1.7	9.5	9.2
Naked Wines PLC	0.0	1.9	(7.2)	(6.7)	11.7	(17.2)
<b>Wine distributors median</b>	<b>0.0</b>	<b>1.9</b>	<b>(7.2)</b>	<b>(6.7)</b>	<b>11.7</b>	<b>(17.2)</b>
<b>Italian Wine Brands SpA</b>	<b>0.7</b>	<b>0.9</b>	<b>(1.1)</b>	<b>(11.8)</b>	<b>(14.5)</b>	<b>(17.1)</b>

Source: Refinitiv Eikon

## Peer group multiples table

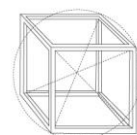
Price & EV multiples x	PER FY1	PER FY2	PER FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3	EBIT FY1	EBIT FY2	EBIT FY3
Concha y Toro Winery Inc	10.1	8.5	8.1	8.0	7.0	6.6	10.1	9.0	8.5
Lanson BCC SA	8.9	8.7	8.8	13.0	12.1	12.0	15.1	14.0	13.9
Laurent Perrier SA	13.7	14.1	13.1	10.6	10.7	9.8	11.7	11.8	10.7
Masi Agricola SpA	34.5	26.8	24.2	13.8	11.6	n.a.	21.5	17.5	n.a.
Schloss Wachenheim AG	12.0	8.3	7.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Treasury Wine Estates Ltd	23.8	20.9	18.8	12.8	11.6	10.7	16.3	14.6	13.1
Vranken Pommery Monopole SA	12.6	11.4	13.1	15.3	14.6	16.1	21.5	20.6	23.1
<b>Wine producers median</b>	<b>12.6</b>	<b>11.4</b>	<b>13.1</b>	<b>12.9</b>	<b>11.6</b>	<b>10.7</b>	<b>15.7</b>	<b>14.3</b>	<b>13.1</b>
Hawesko Holding SE	15.6	14.1	12.8	7.1	6.4	5.9	10.9	9.7	8.7
Naked Wines PLC	5.7	7.2	6.6	3.1	1.9	0.4	3.8	2.6	0.5
<b>Wine distributors median</b>	<b>10.6</b>	<b>10.6</b>	<b>9.7</b>	<b>5.1</b>	<b>4.2</b>	<b>3.1</b>	<b>7.4</b>	<b>6.2</b>	<b>4.6</b>
<b>Italian Wine Brands SpA</b>	<b>10.5</b>	<b>8.5</b>	<b>7.4</b>	<b>7.6</b>	<b>6.2</b>	<b>5.2</b>	<b>10.5</b>	<b>8.2</b>	<b>6.7</b>

Sources: CFO SIM, Refinitiv Eikon





Income statement (€ m)	2021	2022	2023e	2024e	2025e
Net Revenues	313.2	390.7	450.8	460.5	470.5
Purchasing	(204.4)	(271.2)	(296.3)	(297.5)	(301.6)
Services	(64.2)	(71.4)	(91.4)	(93.6)	(95.4)
Personnel	(15.3)	(21.8)	(22.7)	(23.1)	(23.6)
Other income / (expenses)	1.6	3.5	4.3	4.4	4.5
EBITDA adjusted	34.0	31.1	44.7	50.6	54.4
EBITDA	31.0	29.7	44.7	50.6	54.4
D&A	(8.1)	(10.5)	(12.4)	(12.4)	(12.7)
EBIT adjusted	25.9	20.5	32.3	38.2	41.7
EBIT	22.9	19.2	32.3	38.2	41.7
Financials	(3.9)	(5.5)	(5.8)	(5.4)	(5.0)
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	19.0	13.7	26.5	32.8	36.7
Income taxes	(4.4)	(2.7)	(5.6)	(6.9)	(7.7)
Minorities	0.0	0.2	(0.4)	(0.4)	0.0
Net Profit adjusted	16.7	12.0	20.5	25.4	29.0
Net Profit	14.5	11.2	20.5	25.4	29.0
Balance sheet (€ m)	2021	2022	2023e	2024e	2025e
Net Working Capital	8.7	27.7	28.9	30.2	30.2
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)	(12.7)	(12.7)	(12.6)
Net Invested Capital	281.2	339.9	335.7	332.7	328.3
Net Financial Position	121.3	146.5	122.7	96.3	65.7
Minorities	0.0	(0.4)	0.0	0.5	0.5
Group's Shareholders Equity	160.0	193.7	212.9	236.0	262.1
Financial Liabilities & Equity	281.2	339.9	335.7	332.7	328.3
Cash Flow statement (€ m)	2021	2022	2023e	2024e	2025e
Total net income	14.5	11.2	20.5	25.4	29.0
Depreciation	8.1	10.5	12.4	12.4	12.7
Other non-cash charges	(4.6)	21.7	1.1	(0.1)	(0.1)
Cash Flow from Oper. (CFO)	18.0	43.5	34.1	37.8	41.6
Change in NWC	(9.4)	(19.0)	(1.2)	(1.3)	(0.0)
FCF from Operations (FCFO)	8.6	24.4	32.8	36.6	41.6
Net Investments (CFI)	(152.7)	(58.8)	(8.2)	(8.2)	(8.2)
Free CF to the Firm (FCFF)	(144.1)	(34.3)	24.6	28.4	33.4
CF from financials (CFF)	169.8	36.3	(0.9)	(12.3)	(12.7)
Free Cash Flow to Equity (FCFE)	25.7	1.9	23.7	16.1	20.7
Financial ratios	2021	2022	2023e	2024e	2025e
EBITDA margin	9.9%	7.6%	9.9%	11.0%	11.6%
EBIT margin	7.3%	4.9%	7.2%	8.3%	8.9%
Net profit margin	4.6%	2.9%	4.6%	5.5%	6.2%
Tax rate	23.4%	19.4%	21.0%	21.0%	21.0%
Op NWC/Sales	2.8%	7.1%	6.4%	6.6%	6.4%
Interest coverage x	0.20	0.37	0.19	0.16	0.14
Net Debt/Ebitda x	3.91	4.93	2.74	1.90	1.21
Debt-to-Equity x	0.76	0.76	0.58	0.41	0.25
ROIC	7.3%	3.6%	6.1%	7.6%	8.8%
ROCE	6.5%	4.7%	7.5%	8.5%	9.0%
ROACE	8.9%	5.0%	7.6%	8.7%	9.2%
ROE	11.0%	6.4%	10.1%	11.3%	11.6%
Payout ratio	6.5%	8.4%	9.2%	11.2%	9.8%
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	2.17	2.69	3.06
EPS reported FD €	1.53	1.19	2.17	2.69	3.06
EPS adjusted FD €	1.77	1.27	2.17	2.69	3.06
EBITDA FD €	3.28	3.14	4.73	5.35	5.75
EBIT FD €	0.06	0.16	0.04	0.05	0.06
FCFO FD €	0.91	2.58	3.47	3.86	4.40
FCFF FD €	(15.23)	(3.63)	2.60	3.00	3.53
FCFE FD €	2.72	0.21	2.50	1.70	2.18
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 **LUCA ARENA**, Head of the Equity Research Department, **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.

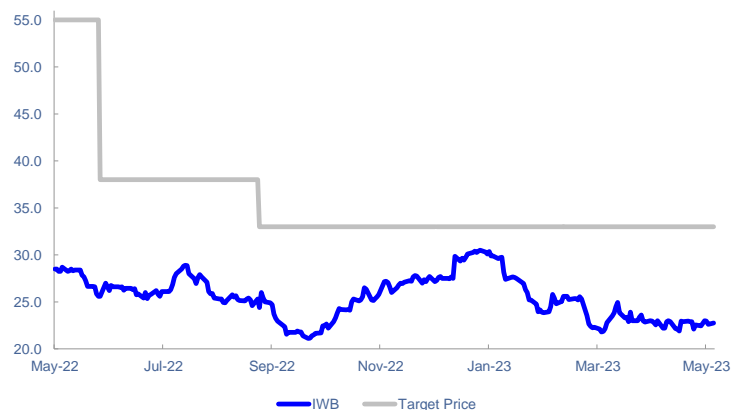
## DISCLAIMER

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. Luca Arena and Gianluca Mozzali are ordinary members 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
30/05/2023	€33.00	BUY
29/03/2023	€33.00	BUY
02/03/2023	€33.00	BUY
02/02/2023	€33.00	BUY
25/11/2022	€33.00	BUY
20/09/2022	€33.00	BUY
27/06/2022	€38.00	BUY
30/03/2022	€55.00	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.

CORPORATE FAMILY OFFICE SIM S.p.A.  
Società di Intermediazione Mobiliare  
Capitale Sociale Euro 2.500.000,00 i.v.  
[www.cfosim.com](http://www.cfosim.com)  
[info@cfosim.com](mailto:info@cfosim.com)  
[cfosim@legalmail.it](mailto:cfosim@legalmail.it)

Aderente al Fondo Nazionale di Garanzia  
Iscrizione all'Albo delle Società  
di Intermediazione Mobiliare n. 197  
Delibera Consob n. 16216 del 13/11/2007  
Iscrizione al Registro Unico Intermediari  
assicurativi n. D000627190

N. Iscrizione al Registro delle imprese di  
MI/MB/LO,  
Codice Fiscale e Partita IVA 13256570154  
REA 1633817  
Codice LEI 815600A451B54F577118  
Codice univoco: MSUXCR1

Via dell'Annunziata, 23/4 - 20121 Milano  
Corso Vittorio Emanuele II, 20/B - 33170 Pordenone  
Via Angelo Moro, 83 - 20097 San Donato Milanese  
Viale Giorgio Ribotta, 11 - 00144 Roma  
Via della Chimica, 5 - 30176 Venezia P.to Marghera  
Via Cefalonia, 70 - 25124 Brescia

Tel. +39 02 303431  
Tel. +39 0434 546711  
Tel. +39 02 2547300  
Tel. +39 06 45474500  
Tel. +39 041 2515200  
Tel. +39 030 8377311

