

Italy – Food and Beverage

Price inflation seems to be comfortably managed

30th March 2022

FY-21 RESULTS RELEASE

RIC: ITWB.MI
BBG: IWB IM

Thanks to the acquisition of Enoitalia, IWB has become the largest privately-owned wine group in Italy. Since late 2021 the group has been experiencing a certain price inflation with regard to some raw materials, energy and transportation. These cost increases have been partially transferred to sales prices as of Jan-22. IWB remains active in terms of M&A scouting, looking for companies with a similar asset-light business model.

Rating:

Buy

Price Target:

€ 55.00 (€ 61.00)

Upside/(Downside): 56.3%

Last Price: € 35.20

Market Cap.: € 306.8m

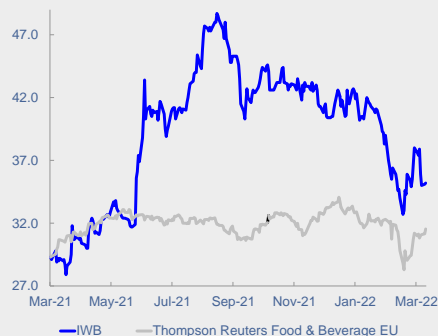
1Y High/Low: € 49.30 / € 27.80

Avg. Daily Turn. (3M, 6M): € 374k, € 466k

Free Float: 66.7%

Major shareholders:

| | |
|----------------------------|-------|
| Gruppo Pizzolo (Enoitalia) | 15.9% |
| Provinco Srl | 7.6% |
| IPOC Srl | 7.3% |



Stock price performance

| | 1M | 3M | 12M |
|------------------------------|-------|--------|-------|
| Absolute | -0.6% | -13.1% | 20.1% |
| Rel.to FTSE IT Growth | -2.4% | -0.4% | 32.5% |
| Rel.to EU Sector | -0.7% | -7.3% | 13.4% |

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New DCF-based PT at € 55.00/s (€ 61.00), 56.3% upside. Buy reiterated

Following the FY-21 results release and on the back of the current harsh environment, we have fine-tuned our model, factoring in a further increase in the purchase price of certain raw materials and in energy costs compared to our last update in Jan-22. The combined result is an average 3.8% and 5.0% decline in EBITDA and Net Profit, respectively, in 2022-23. We have also introduced projections for 2024. Moreover, CFO has updated the DCF valuation criteria, bringing the Free Risk Rate up to date and postponed the first valuation projection to 2022. The combined result is a new PT of € 55.00/s (€ 61.00), with an upside of 56.3% at current price levels. Buy recommendation is reiterated.

Pro-forma sales at € 409m: IWB doubled in size thanks to the acquisition of Enoitalia

In 2021, IWB reported sales of € 313.2m, broadly in line with our estimate of € 304.5m. YoY growth is almost entirely related to the consolidation of Enoitalia for 6 months, while, according to our calculation, organic sales remained flat compared to 2020. On a pro-forma basis, namely including Enoitalia for 12 months (contributing € 208.4m), sales were € 408.9m vs. € 204.3m reported in 2020. Considering the pro-forma figure, exports accounted for more than 80% of total sales. Wholesale totalled € 299.4m (73% of total), Distance Selling generated € 82.7m (20% of total) and the Ho.Re.Ca. segment totalled € 25.9m (6% on total).

Price inflation with regard to some raw materials affected profitability

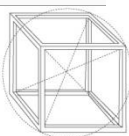
Adj. EBITDA totalled € 34.0m, 10.8% margin, compared with our forecast of € 36.7m, as a result of higher than expected D&A and raw material inflation. As a percentage of revenues, raw materials increased from 58.2% to 65.2% due to the different sales mix, namely increasing wholesale, characterised by a greater impact of raw materials on sales compared to distance selling. At the same time, costs for services declined from 26.1% to 20.5%. The marginal increase in personnel costs on sales (from 4.3% to 4.9%) is entirely due to the greater portion of internal production carried out by Enoitalia compared to IWB. In addition, the prices of wine (in particular Prosecco) and other raw material components (bottles, corks, paper) rose in Nov/Dec-21. The aforementioned prices trend, coupled with the increase in D&A stemming from the acquisition of Enoitalia and the higher financial charges linked to the € 130m bond issued in May-21, led to a Net Profit of € 14.5m, 4.6% margin, slightly higher than FY-20 and slightly lower than our € 17.8m estimate.

NFP increased to € 121m because of the € 150m outlay for purchasing Enoitalia

NFP was € 121.3m debt, including € 13.3m related to the right of use liabilities deriving from the application of IFRS16, mainly stemming from the long-term rent agreement concerning the building used for logistics activities. The increase from € 10.3m debt at end-20 is entirely due to the € 150m outlay for the acquisition of Enoitalia.

IWB, key financials and ratios

| € m | 2020 | 2021 | 2022e | 2023e | 2024e |
|----------------------|-------|--------|-------|-------|-------|
| Sales | 204.3 | 313.2 | 455.4 | 471.0 | 481.6 |
| EBITDA adjusted | 25.6 | 34.0 | 43.9 | 52.1 | 55.2 |
| EBITDA | 23.6 | 31.0 | 43.9 | 52.1 | 55.2 |
| EBIT adjusted | 20.2 | 25.9 | 33.5 | 41.7 | 44.9 |
| EBIT | 18.2 | 22.9 | 33.5 | 41.7 | 44.9 |
| Net profit adjusted | 15.6 | 16.7 | 22.6 | 28.4 | 31.3 |
| Net profit | 14.2 | 14.5 | 22.6 | 28.4 | 31.3 |
| NFP (cash)/debt | 10.3 | 121.3 | 100.1 | 75.8 | 50.8 |
| EPS adjusted FD | 2.11 | 1.90 | 2.56 | 3.22 | 3.56 |
| EPS adj. FD growth | 70.2% | -10.1% | 35.0% | 25.8% | 10.3% |
| DPS ord. €/s | 0.25 | 0.10 | 0.51 | 0.65 | 0.71 |
| Dividend yield | 0.7% | 0.3% | 1.4% | 1.8% | 2.0% |
| Free Cash Flow Yield | -0.6% | -49.4% | 6.9% | 9.3% | 9.9% |
| PER adj. X | 6.1 | 20.1 | 13.6 | 10.8 | 9.8 |
| PCF x | 6.0 | 34.0 | 6.3 | 8.4 | 8.0 |
| EV/Sales x | 0.6 | 1.3 | 0.7 | 0.7 | 0.6 |
| EV/EBITDA adj. X | 4.8 | 12.1 | 9.3 | 7.3 | 6.5 |
| EV/EBIT adj. X | 6.1 | 15.9 | 12.1 | 9.2 | 8.0 |



The company at a glance

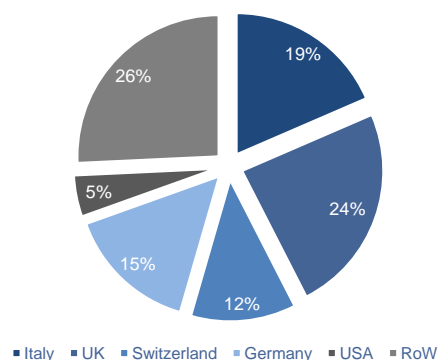
IWB (Italian Wine Brands) is a leading producer and distributor in the Italian wine industry. IWB became the largest domestic privately-owned wine group following the acquisition of Enoitalia. The group operates through two channels: B2C and B2B.

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.

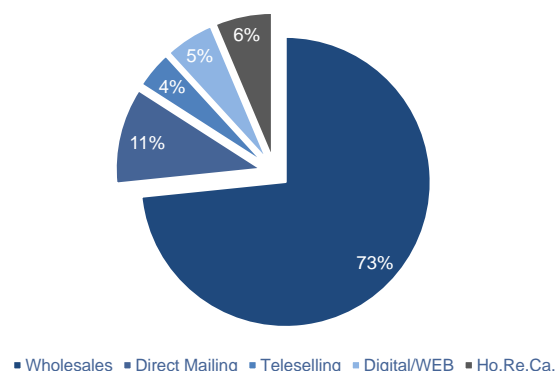
B2B is focused on sale and distribution in international markets to mass retailers where both privately labelled and branded products are distributed. Both the bottling and the logistic activities are outsourced in order to make the supply operations faster, leaner and more efficient.

Following the acquisition of Enoitalia, FY-21 sales reached € 408.9m, on a pro-forma basis. The Wholesale channel accounted for 73% of total turnover, while Distance Selling for 20% and the Ho.Re.Ca segment for 6%. Pro-forma EBITDA adjusted for non-recurring items totalled € 41.8m, 10.2% margin. Net Profit stood at € 18.3m, 4.4% margin.

2021 pro-forma revenues by country and...



...by channel



Shareholder structure

| | % | # m |
|----------------------------|----------------|-------------|
| Gruppo Pizzolo (Enoitalia) | 15.91% | 1.40 |
| Provinco | 7.63% | 0.67 |
| IPOC | 7.31% | 0.64 |
| Raphael Dal Bo | 2.39% | 0.21 |
| Treasury Shares | 0.09% | 0.01 |
| Free Float, o/w | 66.67% | 5.87 |
| Otus Capital Management | 6.14% | 0.54 |
| Praude Asset Management | 5.32% | 0.47 |
| Total | 100.00% | 8.80 |

Source: Company data

Peer group absolute performance

| | 1D | 1W | 1M | 3M | 6M | YTD |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| Concha y Toro Winery Inc | 0.6 | 4.0 | 9.7 | (3.9) | (1.5) | (5.3) |
| Lanson BCC SA | 0.0 | 2.0 | 4.5 | 6.0 | 13.3 | 5.3 |
| Laurent Perrier SA | 0.0 | (0.6) | (0.6) | (6.4) | (3.1) | (8.2) |
| Masi Agricola SpA | (0.2) | (1.3) | 6.0 | 29.9 | 53.8 | 20.7 |
| Schloss Wachenheim AG | (0.5) | (1.0) | 6.5 | (1.0) | 0.5 | (1.0) |
| Treasury Wine Estates Ltd | (0.2) | 0.4 | 4.3 | (5.4) | (0.6) | (4.4) |
| Vranken Pommery | 3.5 | 2.6 | (1.4) | (1.4) | 3.5 | (1.4) |
| Wine producers median | 0.0 | 0.4 | 4.5 | (1.4) | 0.5 | (1.4) |
| Hawesko Holding AG | 0.2 | (0.8) | (4.9) | (9.2) | (14.4) | (8.9) |
| Naked Wines PLC | (0.5) | 0.7 | (9.8) | (44.0) | (48.5) | (44.3) |
| Wine distributors median | (0.5) | 0.7 | (9.8) | (44.0) | (48.5) | (44.3) |
| Italian Wine Brands SpA | 0.3 | (5.9) | (0.6) | (13.1) | (19.1) | (15.2) |

Source: Thomson Reuters Eikon

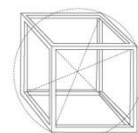
Peer group multiples table

| 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 | 9.6 | 10.9 | n.a. | 7.9 | 7.3 | n.a. | 9.8 | 9.0 | n.a. |
| Lanson BCC SA | 11.1 | 10.0 | 9.2 | 18.3 | 17.1 | 15.5 | 23.0 | 21.0 | 19.3 |
| Laurent Perrier SA | 13.2 | 14.2 | 13.0 | 11.1 | 11.7 | 10.7 | 12.7 | 13.4 | 12.2 |
| Masi Agricola SpA | 27.6 | 27.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Schloss Wachenheim AG | 12.7 | 12.2 | 11.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Treasury Wine Estates Ltd | 28.4 | 22.4 | 19.5 | 15.1 | 12.6 | 11.4 | 19.4 | 15.6 | 13.7 |
| Vranken Pommery Monopole SA | 25.2 | 20.5 | 14.0 | 18.0 | 19.4 | 16.9 | 28.3 | 30.5 | 25.7 |
| Wine producers median | 13.2 | 14.2 | 13.0 | 15.1 | 12.6 | 13.4 | 19.4 | 15.6 | 16.5 |
| Hawesko Holding AG | 13.1 | 14.5 | 13.9 | 6.8 | 7.0 | 6.5 | 9.8 | 10.4 | 9.7 |
| Naked Wines PLC | n.m. | n.m. | n.m. | n.m. | 49.1 | 39.1 | n.m. | n.m. | n.m. |
| Wine distributors median | 13.1 | 14.5 | 13.9 | 6.8 | 28.0 | 22.8 | 9.8 | 10.4 | 9.7 |
| Italian Wine Brands SpA | 13.6 | 10.8 | 9.8 | 9.3 | 7.3 | 6.5 | 12.1 | 9.2 | 8.0 |

Sources: CFO Sim, Thomson Reuters Eikon



| Income statement (€ m) | 2020 | 2021 | 2022e | 2023e | 2024e |
|--|---------|---------|---------|---------|---------|
| Net Revenues | 204.3 | 313.2 | 455.4 | 471.0 | 481.6 |
| Purchasing | (118.9) | (204.4) | (302.3) | (306.0) | (311.5) |
| Services | (53.3) | (64.2) | (91.8) | (94.7) | (96.9) |
| Personnel | (8.7) | (15.3) | (20.6) | (21.5) | (21.5) |
| Other operating expenses | 0.2 | 1.6 | 3.3 | 3.3 | 3.4 |
| EBITDA adjusted | 25.6 | 34.0 | 43.9 | 52.1 | 55.2 |
| EBITDA | 23.6 | 31.0 | 43.9 | 52.1 | 55.2 |
| D&A | (5.4) | (8.1) | (10.4) | (10.4) | (10.3) |
| EBIT adjusted | 20.2 | 25.9 | 33.5 | 41.7 | 44.9 |
| EBIT | 18.2 | 22.9 | 33.5 | 41.7 | 44.9 |
| Financials | (1.2) | (3.9) | (5.0) | (4.7) | (4.2) |
| Extraordinary | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-Tax profit | 17.0 | 19.0 | 28.6 | 36.9 | 40.7 |
| Income taxes | (2.8) | (4.4) | (5.7) | (8.1) | (9.0) |
| Minorities | 0.0 | 0.0 | (0.3) | (0.4) | (0.4) |
| Net Profit adjusted | 15.6 | 16.7 | 22.6 | 28.4 | 31.3 |
| Net Profit | 14.2 | 14.5 | 22.6 | 28.4 | 31.3 |
| Balance sheet (€ m) | 2020 | 2021 | 2022e | 2023e | 2024e |
| Net Working Capital | (0.8) | 8.7 | (5.0) | (3.2) | (0.6) |
| Net Fixed Assets | 117.4 | 267.2 | 283.6 | 281.4 | 279.4 |
| Equity Investments | 9.6 | 14.0 | 14.9 | 14.8 | 14.7 |
| Other M/L Term A/L | (11.5) | (8.7) | (11.8) | (11.8) | (11.7) |
| Net Invested Capital | 114.9 | 281.2 | 281.7 | 281.3 | 281.9 |
| Net Financial Position | 10.3 | 121.3 | 100.1 | 75.8 | 50.8 |
| Minorities | 0.0 | 0.0 | 0.3 | 0.7 | 1.1 |
| Group's Shareholders Equity | 104.5 | 160.0 | 181.3 | 204.8 | 230.0 |
| Financial Liabilities & Equity | 114.9 | 281.2 | 281.7 | 281.3 | 281.9 |
| Cash Flow statement (€ m) | 2020 | 2021 | 2022e | 2023e | 2024e |
| Total net income | 14.2 | 14.5 | 22.6 | 28.4 | 31.3 |
| Depreciation | 5.4 | 8.1 | 10.4 | 10.4 | 10.3 |
| Other non-cash charges | (2.7) | (4.6) | 2.5 | (0.0) | (0.1) |
| Cash Flow from Oper. (CFO) | 16.9 | 18.0 | 35.5 | 38.8 | 41.5 |
| Change in NWC | (1.1) | (9.4) | 13.7 | (1.8) | (2.6) |
| FCF from Operations (FCFO) | 15.8 | 8.6 | 49.2 | 36.9 | 38.9 |
| Net Investments (CFI) | (16.4) | (152.7) | (27.7) | (8.2) | (8.2) |
| Free CF to the Firm (FCFF) | (0.6) | (144.1) | 21.5 | 28.7 | 30.7 |
| CF from financials (CFF) | 1.4 | 169.8 | (4.5) | (8.1) | (23.1) |
| Free Cash Flow to Equity (FCFE) | 0.8 | 25.7 | 17.0 | 20.7 | 7.6 |
| Financial ratios | 2020 | 2021 | 2022e | 2023e | 2024e |
| EBITDA margin | 11.6% | 9.9% | 9.7% | 11.1% | 11.5% |
| EBIT margin | 8.9% | 7.3% | 7.4% | 8.8% | 9.3% |
| Net profit margin | 6.9% | 4.6% | 5.0% | 6.0% | 6.5% |
| Tax rate | 16.7% | 23.4% | 20.0% | 22.0% | 22.0% |
| Op NWC/Sales | -0.4% | 2.8% | -1.1% | -0.7% | -0.1% |
| Interest coverage x | 0.08 | 0.20 | 0.16 | 0.13 | 0.10 |
| Net Debt/Ebitda x | 0.44 | 3.91 | 2.28 | 1.46 | 0.92 |
| Debt-to-Equity x | 0.10 | 0.76 | 0.55 | 0.37 | 0.22 |
| ROIC | 13.2% | 7.3% | 8.0% | 10.1% | 11.1% |
| ROCE | 11.5% | 6.5% | 8.9% | 10.5% | 11.1% |
| ROACE | 12.0% | 8.9% | 9.2% | 10.8% | 11.2% |
| ROE | 14.7% | 11.0% | 13.2% | 14.7% | 14.4% |
| Payout ratio | 13.0% | 6.1% | 20.0% | 20.0% | 20.0% |
| Per share figures | 2020 | 2021 | 2022e | 2023e | 2024e |
| Final N. of shares # m | 7.40 | 8.80 | 8.80 | 8.80 | 8.80 |
| Average N. of shares # m | 7.40 | 8.10 | 8.80 | 8.80 | 8.80 |
| Final N. of shares (fully diluted) # m | 7.40 | 8.80 | 8.80 | 8.80 | 8.80 |
| EPS reported € | 1.92 | 1.79 | 2.56 | 3.22 | 3.56 |
| EPS reported FD € | 1.92 | 1.65 | 2.56 | 3.22 | 3.56 |
| EPS adjusted FD € | 2.11 | 1.90 | 2.56 | 3.22 | 3.56 |
| EBITDA FD € | 3.19 | 3.52 | 4.99 | 5.92 | 6.27 |
| EBIT FD € | 0.03 | 0.07 | 0.04 | 0.05 | 0.06 |
| FCFO FD € | 2.14 | 0.97 | 5.59 | 4.20 | 4.42 |
| FCFF FD € | (0.08) | (16.37) | 2.45 | 3.27 | 3.49 |
| FCFE FD € | 0.10 | 2.92 | 1.93 | 2.35 | 0.86 |
| Dividend € | 0.25 | 0.10 | 0.51 | 0.65 | 0.71 |



1. IWB in a nutshell

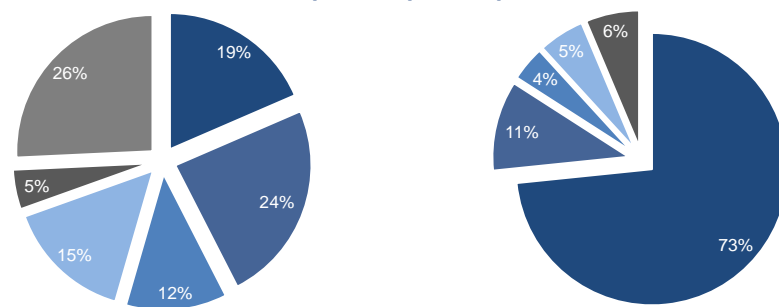
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Chart 1 – IWB, 2021PF revenues by country and by channel



■ Italy ■ UK ■ Switzerland ■ Germany ■ USA ■ RoW ■ Wholesales ■ Direct Mailing ■ Teleselling ■ Digital/WEB ■ Ho.Re.Ca.

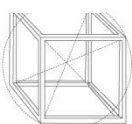
Source: CFO SIM elaboration on company data

IWB was listed on Euronext Growth Milan on **29-Jan-15** at € 10.0/share, corresponding to a post-money market capitalisation of € 65.7m, through the innovative pre-booking company **IPO Challenger**, whose investors/ex-bondholders were reimbursed in kind with IWB's listed shares and warrants, thus becoming direct shareholders and the company's free float.

Table 1 - IWB, Shareholder structure details

| | % | # m |
|----------------------------|----------------|-------------|
| Gruppo Pizzolo (Enoitalia) | 15.91% | 1.40 |
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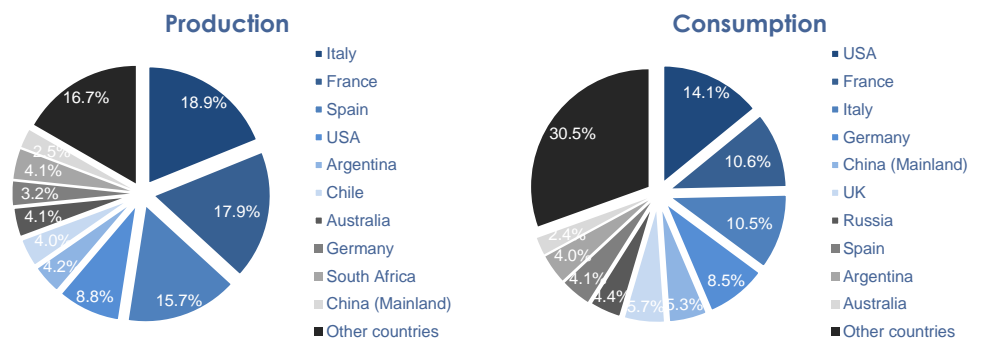
Source: CFO SIM elaboration on company data



2. The reference market

IWB operates in the wine industry, a worldwide arena. Since winemaking is a traditional activity and needs particular terrain, its **production is quite concentrated** (roughly 80% produced by 10 main countries). Even though the terrain dedicated to grape production worldwide has been gradually decreasing since 2014, production remains roughly stable at around 270m hl per year on average, although this is obviously affected by weather patterns: for instance, after two consecutive volatile years in 2017-18, **in 2020 global wine production was 260m hl, broadly in line with the 2019 level** that was slightly below average.

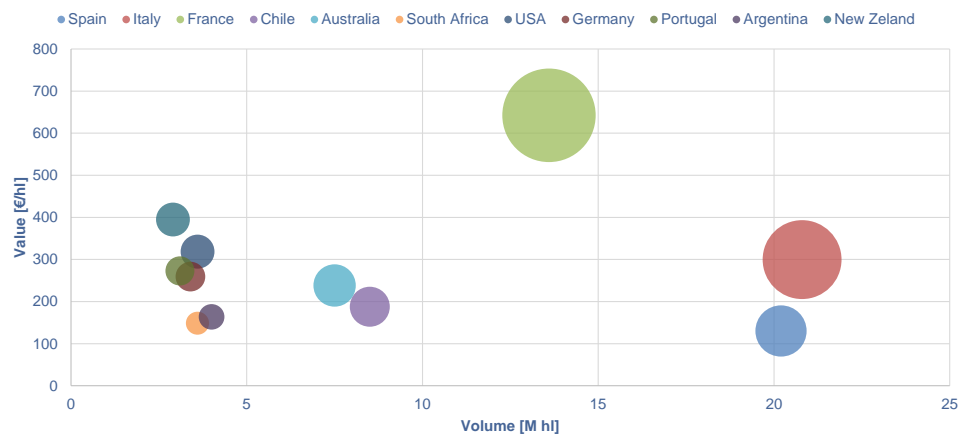
Chart 2 – IWB, 2020 global wine production and consumption by country



Source: OIV, State of the Vitiviniculture World Market Apr-21

Global wine consumption was estimated at 234m hectolitres in 2020, down 2.9% YoY and still quite far from the 250m hectolitres of 2008. The USA, with consumption to the tune of 33.0m hectolitres, is the largest domestic market.

Chart 3 – IWB, global export market



Bubble size: value of export in € m

Source: OIV, State of the Vitiviniculture World Market Apr-21

The key growth driver for producers, in particular for France, Italy and Spain, **is export**, which reached a value of € 29.6bn in 2020, declining 6.6% YoY. As shown in Chart 3, **Italy is the largest exporter in terms of volumes, although in terms of value, France led the competitive arena with market shares of 28%**. The **largest target markets for producers are the USA, the UK, Germany, China, Canada and Japan**.

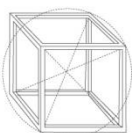
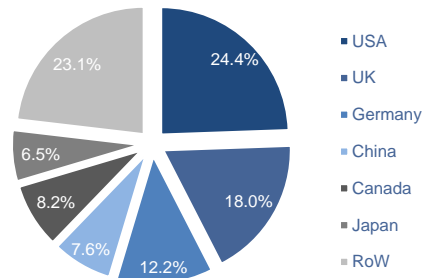


Chart 4 – IWB, main wine importers

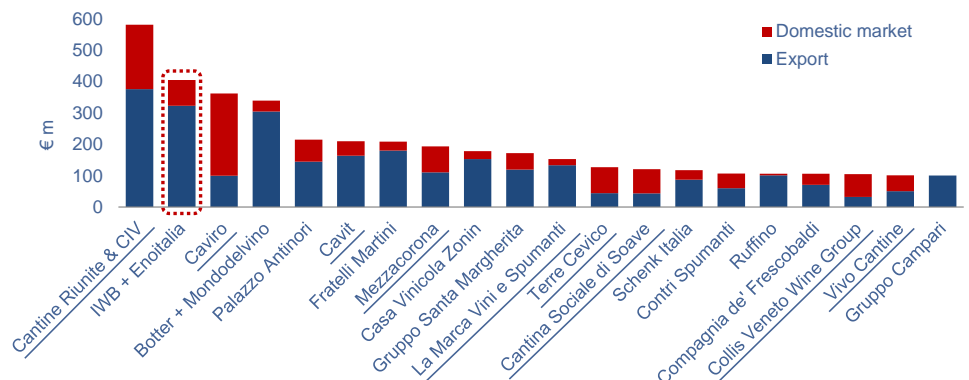


Source: OIV, State of the Vitiviniculture World Market Apr-21

3. The competitive arena

The Italian wine market is the largest in terms of production with 49.1m hl in 2020, and is very fragmented with hundreds of players operating throughout the country. The market in the last few years has been characterised by constant growth, driven by an increasing interest in sparkling wine and a focus on foreign market sales. Export seems to be the most strategic driver for Italian market growth.

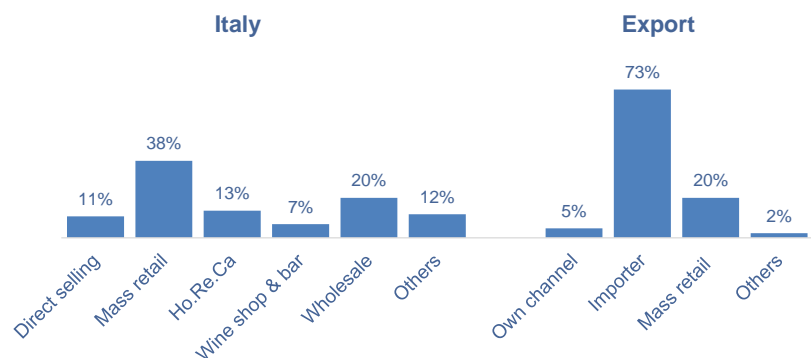
Chart 5 – IWB: the largest Italian player (ex. cooperatives, underlined in the chart)



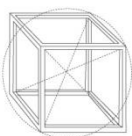
Source: Paper on wine sector, Mediobanca May-21

As for sales channels, about 38% of Italian wines are distributed locally through mass-market retailers. In foreign markets, distribution is usually assigned to importers.

Chart 6 – IWB, sector turnover breakdown by sales channel (Italy/export)



Source: Paper on wine sector, Mediobanca May-21



4. Business model - strategy

The IWB business model is plain: **IWB purchases wine, must and grapes** from local producers. Then **the group's proprietary wineries produce wine and bottle the liquid**. Afterwards IWB **markets and distributes the bottles** through two different sales channels: wholesale and distance selling.

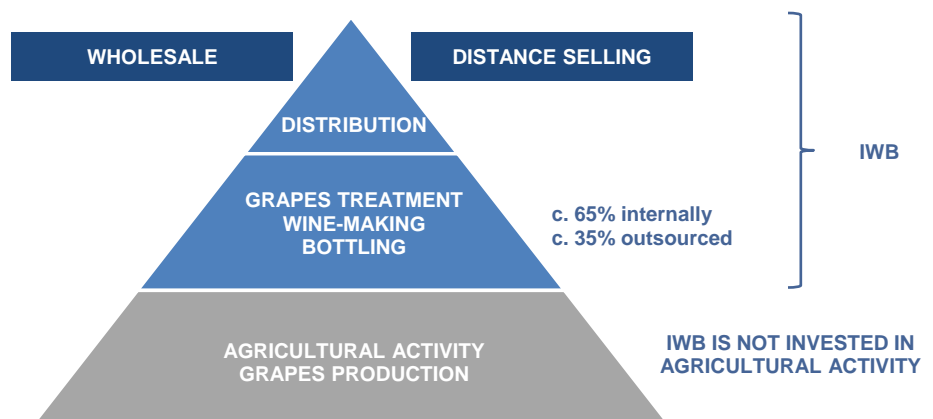
- **Wholesale** is focused on sale and distribution on international markets to mass retailers where it distributes both branded and privately labelled products.
- **Distance Selling** deals with the production and distribution of wine through mailing, telesales or online, addressed to end consumers in Italy, the UK, Germany, Switzerland, Holland, Austria, France and the USA.

IWB does not own vineyards, an asset characterised by the highest capital intensity in the business. IWB's business model is therefore extremely flexible and able to quickly respond to short-term changes in demand and it employs a relatively low amount of capital.

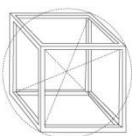
IWB's strategy can be defined as follow:

- **Foreign markets:** IWB aims to grow and consolidate its positioning abroad, in already known countries and in brand new markets, namely the US and Canada, where the perception of Italian Wine leaves room for further growth.
- **Web sale channel:** currently, IWB is selling over 30% on the web (both through direct mailing and digital platforms). An expansion of this channel is set to produce a tangible positive impact in terms of WC optimisation (the customer pays by credit card as he/she orders, with - virtually - no credit risk) and simplification of order management.
- **Acquisitions:** following the acquisition of Enoitalia, IWB is currently the largest domestic player in the arena, excluding cooperatives, in a business where scale and volumes matter. Nevertheless, M&A scouting continues, potential targets are characterised by the same asset-light business model as IWB.

Chart 7 – IWB, wine business value pyramid



Source: CFO SIM elaboration on company data



5. SWOT Analysis

The SWOT analysis, also known as SWOT Matrix, is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats involved in a project or in a business venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favourable or unfavourable to achieve that objective.

- **Strengths:** characteristics of the business or project that give it an advantage over others.
- **Weaknesses:** characteristics that place the business or project at a disadvantage relative to others.
- **Opportunities:** elements that the project could use to its advantage.
- **Threats:** elements in the environment that could cause harm or be detrimental for the business or project.

The technique is credited to Albert Humphrey, who led a research project at Stanford University between the 60s'/70s' using Fortune 500 data.

S.W.O.T. ANALYSIS

STRENGTHS

- Amongst the **highest quality/price ratio** in the market
- B2C **huge customer database**
- Lean structured and well-proven **logistic platform**
- Skilled and motivated **top management**

WEAKNESSES

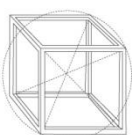
- Mature arena, **poor market growth rates**
- B2B segment: **bargaining power of important customers**

OPPORTUNITIES

- Web sale channel** expansion
- Penetration in **new foreign markets**
- Free float of about 70%**, technically subject to takeover
- Acquisitions** and/or **development agreements**
- Up-listing on **the main market** of Italian Stock Exchange

THREATS

- Changing consumer habits**, slowing demand
- Competition by **similar initiatives**
- Effects of the long, wide spread of **COVID-19**



6. FY-21 Results

IWB reported growing FY-21 results, with soaring top line driven by the consolidation of Enoitalia. Margins grew less than proportionally to the top line as a result of raw material inflation and higher D&A. It has to be noted that 2021 compares with an exceptional 2020, characterised by a boost in wine consumption driven by the lockdowns, which makes the association unfavourable. According to our estimation, IWB organic sales remained basically unchanged YoY.

Table 2 – IWB, FY-21 results summary

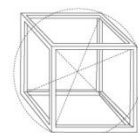
| € m | 2021 | 2020 | % YoY | 2021e | % Diff. |
|--------------------------|--------------|--------------|-------------|--------------|---------------|
| Net Revenues | 313.2 | 204.3 | 53.3 | 304.5 | 2.9 |
| Other Revenues | 2.6 | 1.5 | | 0.0 | |
| Total Revenues | 315.9 | 205.8 | 53.4 | 304.5 | 3.7 |
| Purchasing | (204.4) | (118.9) | | (178.0) | |
| Services | (64.2) | (53.3) | | (79.4) | |
| Personnel | (15.3) | (8.7) | | (12.6) | |
| Other operating expenses | (1.0) | (1.4) | | 1.0 | |
| EBITDA | 31.0 | 23.6 | 31.3 | 35.5 | (12.7) |
| % margin | 9.8 | 11.5 | | 11.7 | |
| D&A | (8.1) | (5.4) | | (6.7) | |
| EBIT | 22.9 | 18.2 | 25.6 | 28.8 | (20.6) |
| % margin | 7.2 | 8.8 | | 9.5 | |
| Financial income | 0.6 | 0.2 | | 0.5 | |
| Financial charges | (4.5) | (1.4) | | (5.8) | |
| Pre-Tax profit | 19.0 | 17.0 | 11.3 | 23.5 | (19.2) |
| % margin | 6.0 | 8.3 | | 7.7 | |
| Income taxes | (4.4) | (2.8) | | (5.6) | |
| Tax rate | 23.4% | 16.7% | | 24.0% | |
| Minorities | 0.0 | 0.0 | | 0.0 | |
| Net Profit | 14.5 | 14.2 | 2.3 | 17.8 | (18.6) |
| % margin | 4.6 | 6.9 | | 5.9 | |
| Adj. EBITDA | 34.0 | 25.6 | 32.9 | 36.7 | (7.2) |
| % margin | 10.8 | 12.4 | | 12.0 | |
| Adj. Net Profit | 16.7 | 15.6 | 6.9 | 17.4 | (4.2) |
| % margin | 5.3 | 7.6 | | 7.5 | |
| NFP Debt/(Cash) | 121.3 | 10.3 | n.m. | 99.9 | 21.3 |

Sources: Company data, CFO Sim

In 2021, IWB reported **sales of € 313.2m, up by 53.3% YoY and broadly in line with our estimate** of € 304.5m. The increase compared to 2020 is almost entirely related to the consolidation for 6 months of Enoitalia, acquired in Jul-21. In fact, according to our elaboration, organic sales remained flat YoY.

Adjusted EBITDA totalled € 34.0m, 10.8% margin, compared with our forecast of € 36.7m, as a result of higher than expected D&A and raw material inflation. The adjustments of € 3.0m refer to non-recurring costs related to the acquisition of Enoitalia, personnel redundancy and the second tranche of the stock grant plan.

The raw materials as a percentage of revenues increased from 58.2% to 65.2% due to the different sales mix, namely increasing wholesale, characterised by a greater impact of raw materials on sales compared to the distance selling channel. At the same time, the costs for services declined from 26.1% to 20.5%. The marginal increase in personnel costs/sales (from 4.3% to 4.9%) is entirely due to the greater portion of internal production carried out by Enoitalia compared to IWB before the acquisition. In addition, the prices of wine (in particular Prosecco) and other raw material components (bottles, corks, paper) rose in Nov/Dec-21. These **cost increases have been almost entirely transferred to sales prices starting from Jan-22**, thanks to the upward realignment of the sales price lists.



The aforementioned prices trend, coupled with the increase in D&A stemming from the acquisition of Enoitalia and the higher financial charges linked to the € 130m bond issued in May-21, led to a **Net Profit of € 14.5m, 4.6% margin**, slightly higher than FY-20 and slightly lower than our € 17.8m estimate. The BoD will propose the distribution of an **€ 0.10 cash dividend per share** at the AGM (lower than our € 0.61 projection): ex-dividend date 2-May, record date 3-May and payment date 4-May.

Net Financial Position was € 121.3m debt, including € 13.3m related to the right of use liabilities deriving from the application of IFRS16, mainly stemming from the long-term rent agreement concerning the building used for logistics activities. The increase from € 10.3m debt at end-20 is entirely due to the € 150m outlay stemming from the acquisition of Enoitalia.

Table 3 – IWB, FY-21 pro-forma results summary

| € m | 2021PF | 2021 | 2020 | % YoY | 2021e | % Diff. |
|------------------------|--------------|--------------|--------------|-------------|--------------|---------------|
| Net Revenues | 408.9 | 313.2 | 204.3 | 53.3 | 304.5 | 2.9 |
| Total Revenues | 411.9 | 315.9 | 205.8 | 53.4 | 304.5 | 3.7 |
| Adj. EBITDA | 41.8 | 34.0 | 25.6 | 32.9 | 36.7 | (7.2) |
| % margin | 10.2 | 10.8 | 12.4 | | 12.0 | |
| Adj. EBIT | 31.4 | 25.9 | 20.2 | 28.3 | 28.8 | (10.0) |
| % margin | 7.6 | 8.2 | 9.8 | | 9.5 | |
| Adj. Net Profit | 20.5 | 16.7 | 15.6 | 6.9 | 17.4 | (4.2) |
| % margin | 5.0 | 5.3 | 7.6 | | 5.7 | |
| NFP Debt/(Cash) | 121.3 | 121.3 | 10.3 | n.m. | 99.9 | 21.3 |

Sources: Company data, CFO Sim

FY-21 pro-forma revenues were € 408.9m vs. € 204.3m reported in 2020. The pro-forma figure includes the consolidation of Enoitalia for 12 months, contributing € 208.4m. Considering the pro-forma figure, **exports accounted for more than 80%** of total revenues. Wholesale totalled € 299.4m (73% of total), Distance Selling generated € 82.7m (20% of total) and the Ho.Re.Ca. segment totalled € 25.9m (6% on total).

Table 4 – IWB, FY-21 pro-forma results breakdown by geography

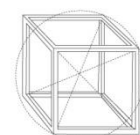
| € m | 2021PF | 2020 | %YoY |
|----------------------------|--------------|--------------|--------------|
| Domestic Revenues | 75.7 | 39.5 | 91.4 |
| Foreign Revenues | 332.3 | 164.1 | 102.5 |
| Other Revenues | 0.9 | 0.7 | 37.4 |
| Total Revenues | 408.9 | 204.3 | 100.2 |
| % on total revenues | | | |
| Domestic Revenues | 18.5 | 19.4 | |
| Foreign Revenues | 81.3 | 80.3 | |
| Other Revenues | 0.2 | 0.3 | |
| Total Revenues | 100.0 | 100.0 | |

Sources: Company data, CFO Sim

Table 5 – IWB, FY-21 pro-forma results breakdown by distribution channel

| € m | 2021PF | 2020 | %YoY |
|----------------------------|--------------|--------------|--------------|
| Wholesale | 299.4 | 119.6 | 150.3 |
| Distance selling | 82.7 | 84.0 | (1.5) |
| Ho.Re.Ca. | 25.9 | - | n.m. |
| Other Revenues | 0.9 | 0.7 | 31.5 |
| Total Revenues | 408.9 | 204.3 | 100.2 |
| % on total revenues | | | |
| Wholesale | 73.2 | 58.5 | |
| Distance selling | 20.2 | 41.1 | |
| Ho.Re.Ca. | 6.3 | - | |
| Other Revenues | 0.2 | 0.3 | |
| Total Revenues | 100.0 | 100.0 | |

Sources: Company data, CFO Sim



7. Estimates, valuation and risks

Thanks to the acquisition of Enoitalia, IWB doubled in size in 2021, becoming the largest privately-owned wine group in Italy. The size reached highlights the group successful strategy that combines organic brands development and external growth.

In 2021, IWB reported growing results mainly driven by the consolidation of Enoitalia while organic sales remained basically unchanged YoY. Margins grew less than proportionally to the top line as **starting from the late 2021 the group experienced a certain price inflation** with regard to wine (in particular Prosecco), other raw material components (bottles, corks, paper), energy and transport. Furthermore, the outbreak of the war in Ukraine exacerbated the inflationary trend, mainly with regard to the cost of glass, electricity, gas, transport and packaging. According to IWB, it could have an economic effect starting from Apr-22, namely additional costs of 1) approximately € 3 cents per bottle due to the higher cost of glass, 2) € 2.0m additional expense for electricity and gas and 3) between € 3.0m and € 3.5m increase in expenditure for transport and packaging.

Overall, **IWB estimates some € 6/7 cents cost increase per bottle for the period Apr-Dec 2022**. Considering some 150m bottles to be sold in the aforementioned period, higher production costs should total some € 10m in 2022. **In order to mitigate this extraordinary inflationary trend, the group implemented different strategies:**

- With regard to **branded products** sold via the wholesale and Ho.Re.Ca channels (c. 55% of total turnover), as of Mar-22 IWB was able to transfer the costs increases to sales prices, albeit by carefully monitor the sales trend with the aim of defending the group's market share.
- In the **Distance Selling** channel (c. 20% of total turnover) the group was able to preserve margins in the period Nov-21/Mar-22 thanks to a massive storage of raw materials carried out starting from Jun-21. As of Apr-22, IWB will increase the price list by 6% on average.
- With regard to **private label products** (c. 25% of total turnover), the agreements with discount chains and retailers have been defined or are still being negotiated, and alternatively provide for 1) the adjustment of the sales price lists, 2) the setting up of multi-year sales agreements with underlying supply chain contracts or 3) the setting up of "cost-plus" supply agreements, which provide for the recognition of the margin for sourcing, winemaking and bottling in favour of IWB and the purchase of raw materials directly by the end customer. IWB expects to be able to almost entirely absorb the cost increases in the coming months with regard to private label products.

Following the FY-21 results release and the current harsh environment, we **have fine-tuned our model factoring in a further increase in the purchase price of certain raw materials**, including grapes, must, bulk wine, bottles and in energy costs compared to our last estimates revision in Jan-22. The combined result is an **average 3.8% and 5.0% decline in EBITDA and Net Profit, respectively, in 2022-23**. We have also introduced projections for 2024.

Table 6 – IWB, 2022e new/old estimates

| € m | New | Old | % Diff. | € m Diff. |
|--------------------------------|--------------|--------------|---------|--------------|
| Net Sales | 455.4 | 455.4 | (0.0) | (0.0) |
| EBITDA | 43.9 | 45.0 | (2.3) | (1.0) |
| % margin | 9.7 | 9.9 | | |
| EBIT | 33.5 | 34.8 | (3.6) | (1.3) |
| % margin | 7.4 | 7.6 | | |
| Net Profit | 22.6 | 23.4 | (3.4) | (0.8) |
| % margin | 5.0 | 5.1 | | |
| Y/E net debt (net cash) | 100.1 | 91.3 | 9.7 | 8.8 |

Sources: Company data, CFO Sim

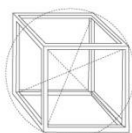


Table 7 – IWB, 2023e new/old estimates

| € m | New | Old | % Diff. | € m Diff. |
|--------------------------------|--------------|--------------|---------|--------------|
| Net Sales | 471.0 | 471.0 | (0.0) | (0.0) |
| EBITDA | 52.1 | 55.0 | (5.3) | (2.9) |
| % margin | 11.1 | 11.7 | | |
| EBIT | 41.7 | 44.4 | (6.2) | (2.8) |
| % margin | 8.8 | 9.4 | | |
| Net Profit | 28.4 | 30.3 | (6.5) | (2.0) |
| % margin | 6.0 | 6.4 | | |
| Y/E net debt (net cash) | 75.8 | 65.1 | 16.4 | 10.7 |

Sources: Company data, CFO Sim

Moreover, CFO has updated the DCF valuation criteria, bringing the Free Risk Rate up to date and postponed the first valuation projection to 2022. The combined result is a **new PT of € 55.00/s (€ 61.00), with an upside of 56.3%** at current prices. **Buy rating is reiterated.**

7.1. DCF

In our DCF-based valuation, we assess explicit estimates until 2026 and assume a long-term growth rate of 1.0%. Cash flows are discounted back at a weighted average cost of capital calculated according to the following parameters:

Table 8 – WACC derived from:

| | |
|---|--------------|
| Interest costs, pre-tax | 2.5% |
| Tax rate | 27.0% |
| Int. costs, after taxes | 1.8% |
| Risk premium, incl. small size premium | 9.0% |
| Risk-free (10Y Gov. Bond 200d moving average) | 1.05% |
| Beta levered (x) | 1.00 |
| Required ROE | 10.0% |

Source: CFO Sim

The WACC is calculated by using a 60:40 equity/debt balance-sheet structure.

Table 9 – IWB, DCF model

| € m | 2022e | 2023e | 2024e | 2025e | 2026e | Term. Val. |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| EBIT | 33.5 | 41.7 | 44.9 | 47.1 | 48.8 | |
| Tax rate | 20.0% | 22.0% | 22.0% | 22.5% | 27.0% | |
| Operating profit (NOPAT) | 26.8 | 32.5 | 35.0 | 36.5 | 35.6 | |
| Change working capital | 13.7 | (1.8) | (2.6) | (1.3) | (0.1) | |
| Depreciation | 10.4 | 10.4 | 10.3 | 7.2 | 4.0 | |
| Investments | (8.2) | (8.2) | (8.2) | (6.1) | (4.0) | |
| Free Cash Flows | 42.7 | 32.9 | 34.5 | 36.2 | 35.5 | 622.6 |
| Present value | 40.7 | 29.3 | 28.8 | 28.3 | 26.0 | 456.2 |
| WACC | 6.8% | 6.8% | 6.8% | 6.8% | 6.8% | |
| Long-term growth rate | 1.0% | | | | | |

Source: CFO Sim

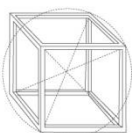


Table 10 – IWB, DCF per share derived from:

| € m | |
|-----------------------------------|--------------|
| Total EV present value € m | 609.4 |
| <i>thereof terminal value</i> | 74.9% |
| NFP last reported (debt)/cash | (121.3) |
| Pension provision last reported | (1.2) |
| Minorities (valued at 7.6x PER) | (3.0) |
| Equity value € m | 483.9 |
| #m shares (excl. treasury shares) | 8.79 |
| Equity value €/s | 55.00 |
| <i>% upside/(downside)</i> | 56.3% |

Source: CFO Sim

The outcome of our DCF model generated an equity value of € 483.9m for IWB, which corresponds to **€ 55.00/s (€ 61.00), with a potential upside of 56.3%**.

The following tables illustrate that sensitivity 1) compared to changes in the terminal growth rate produces an equity value per share of € 46.90 – 66.60 (perpetuity range of between 0.00% and 2.00%), while, 2) if compared to changes in the free risk rate, it produces an equity value/s of € 49.80 – 61.20 (free risk range of between 1.85% and 0.25%) and, 3) if compared to changes in the risk premium, including small size premiums, it results in an equity value/s of € 43.40 – 72.80 (risk premium range of between 11.00% and 7.00%).

Table 11 – IWB, equity value sensitivity to changes in terminal growth rate

| € m | 0.00% | 0.25% | 0.50% | 0.75% | 1.00% | 1.25% | 1.50% | 1.75% | 2.00% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF | 153.2 | 153.2 | 153.2 | 153.2 | 153.2 | 153.2 | 153.2 | 153.2 | 153.2 |
| PV of terminal value | 384.9 | 400.7 | 417.7 | 436.2 | 456.2 | 478.1 | 502.1 | 528.5 | 557.6 |
| Total value | 538.1 | 553.8 | 570.9 | 589.3 | 609.4 | 631.3 | 655.3 | 681.6 | 710.8 |
| NFP last reported | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) |
| Pension provision last reported | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) |
| Minorities (valued at 7.6x PER) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) |
| Equity value | 412.6 | 428.4 | 445.4 | 463.9 | 483.9 | 505.8 | 529.8 | 556.2 | 585.3 |
| Equity value/share € | 46.90 | 48.70 | 50.60 | 52.70 | 55.00 | 57.50 | 60.20 | 63.20 | 66.60 |

Source: CFO Sim

Table 12 – IWB, equity value sensitivity to changes in free risk rate

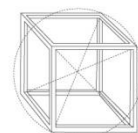
| € m | 0.25% | 0.45% | 0.65% | 0.85% | 1.05% | 1.25% | 1.45% | 1.65% | 1.85% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF | 155.0 | 154.5 | 154.1 | 153.6 | 153.2 | 152.7 | 152.3 | 151.9 | 151.4 |
| PV of terminal value | 508.5 | 494.5 | 481.2 | 468.4 | 456.2 | 444.5 | 433.3 | 422.6 | 412.2 |
| Total value | 663.5 | 649.0 | 635.3 | 622.1 | 609.4 | 597.3 | 585.6 | 574.4 | 563.7 |
| NFP last reported | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) |
| Pension provision last reported | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) |
| Minorities (valued at 7.6x PER) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) |
| Equity value | 538.0 | 523.6 | 509.8 | 496.6 | 483.9 | 471.8 | 460.2 | 449.0 | 438.2 |
| Equity value/share € | 61.20 | 59.50 | 58.00 | 56.50 | 55.00 | 53.70 | 52.30 | 51.10 | 49.80 |

Source: CFO Sim

Table 13 – IWB, equity value sensitivity to changes in risk premium

| € m | 7.00% | 7.50% | 8.00% | 8.50% | 9.00% | 9.50% | 10.00% | 10.50% | 11.00% |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Present value of CF | 157.7 | 156.5 | 155.4 | 154.3 | 153.2 | 152.1 | 151.0 | 149.9 | 148.9 |
| PV of terminal value | 608.2 | 563.0 | 523.1 | 487.8 | 456.2 | 427.9 | 402.3 | 379.1 | 358.0 |
| Total value | 765.9 | 719.5 | 678.5 | 642.1 | 609.4 | 580.0 | 553.3 | 529.1 | 506.9 |
| NFP last reported | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) | (121.3) |
| Pension provision last reported | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) |
| Minorities (valued at 7.6x PER) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) | (3.0) |
| Equity value | 640.4 | 594.0 | 553.1 | 516.6 | 483.9 | 454.5 | 427.8 | 403.6 | 381.4 |
| Equity value/share € | 72.80 | 67.60 | 62.90 | 58.70 | 55.00 | 51.70 | 48.70 | 45.90 | 43.40 |

Source: CFO Sim



7.2. Market multiples

In the sample, we have included 9 peers operating in wine production and distribution. What characterises our sample is that turnover almost entirely stems from wine sales: from 91.2% of Schloss Wachenheim to 100% of Lanson, Laurent Perrier and Masi. It comprises: **Concha y Toro Winery (CL)**, **Lanson (FR)**, **Laurent Perrier (FR)**, **Masi Agricola (IT, listed on Euronext Growth Milan)**, **Schloss Wachenheim (D)**, **Treasury Wine Estates (AU)**, and **Vranken Pommery Monopole (FR)**. In addition, we have included two players involved purely in wine distribution: **Hawesko (D)** and **Naked Wine (UK)**.

As one can see from these figures, market growth is limited, to the tune of 3.3% for producers, and 6.2% for distributors. IWB is broadly in line with the median in terms of market capitalisation and turnover. However, it offers much higher projected sales and profitability growth than the median in 2022-24.

Table 14 – IWB, peer group summary table

| € m | Mkt Cap | Wine % of Sales | Sales FY1 | EBITDA FY1 | EBITDA % | Sales CAGR ₂₁₋₂₄ | EBITDA CAGR ₂₁₋₂₄ | EBIT CAGR ₂₁₋₂₄ | EPS CAGR ₂₂₋₂₄ | NFP FY1 | NFP/EBITDA |
|---------------------------------|------------|-----------------|------------|------------|--------------|-----------------------------|------------------------------|----------------------------|---------------------------|------------|------------|
| Concha y Toro Winery Inc | 1,065 | 97.6% | 956 | 170 | 17.8% | n.a. | n.a. | n.a. | n.a. | 280 | 1.6 |
| Lanson BCC SA | 211 | 100.0% | 289 | 39 | 13.5% | 3.7% | n.a. | n.a. | 10.0% | 504 | 12.9 |
| Laurent Perrier SA | 559 | 100.0% | 288 | 74 | 25.8% | 14.6% | 16.0% | 16.6% | 0.8% | 266 | 3.6 |
| Masi Agricola SpA | 146 | 100.0% | 70 | 12 | 16.6% | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Schloss Wachenheim AG | 155 | 91.2% | 373 | 42 | 11.2% | 3.3% | 3.5% | 4.2% | 3.0% | n.a. | n.a. |
| Treasury Wine Estates Ltd | 5,782 | 91.7% | 1,606 | 430 | 26.8% | 3.0% | 6.9% | 12.8% | 20.9% | 722 | 1.7 |
| Vranken Pommery Monopole | 157 | 97.6% | 294 | 45 | 15.4% | 1.8% | n.a. | n.a. | 34.0% | 657 | 14.5 |
| Wine producers median | 211 | 97.6% | 294 | 45 | 16.6% | 3.3% | 6.9% | 12.8% | 10.0% | 504 | 3.6 |
| Hawesko Holding AG | 430 | | 676 | 77 | 11.4% | 1.0% | n.a. | n.a. | -2.6% | 96 | 1.2 |
| Naked Wines PLC | 314 | | 419 | 0.6 | 0.1% | 11.4% | n.m. | n.m. | n.a. | (71) | n.m. |
| Wine distributors median | 372 | | 548 | 39 | 5.8% | 6.2% | n.a. | n.a. | -2.6% | 13 | 1.2 |
| Italian Wine Brands SpA | 307 | 100% | 455 | 44 | 9.7% | 15.4% | 21.2% | 25.2% | 17.8% | 100 | 2.3 |

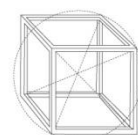
Sources: CFO Sim, Thomson Reuters Eikon

Table 15 – IWB, 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 | 9.6 | 10.9 | n.a. | 7.9 | 7.3 | n.a. | 9.8 | 9.0 | n.a. |
| Lanson BCC SA | 11.1 | 10.0 | 9.2 | 18.3 | 17.1 | 15.5 | 23.0 | 21.0 | 19.3 |
| Laurent Perrier SA | 13.2 | 14.2 | 13.0 | 11.1 | 11.7 | 10.7 | 12.7 | 13.4 | 12.2 |
| Masi Agricola SpA | 27.6 | 27.1 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Schloss Wachenheim AG | 12.7 | 12.2 | 11.9 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Treasury Wine Estates Ltd | 28.4 | 22.4 | 19.5 | 15.1 | 12.6 | 11.4 | 19.4 | 15.6 | 13.7 |
| Vranken Pommery Monopole | 25.2 | 20.5 | 14.0 | 18.0 | 19.4 | 16.9 | 28.3 | 30.5 | 25.7 |
| Wine producers median | 13.2 | 14.2 | 13.0 | 15.1 | 12.6 | 13.4 | 19.4 | 15.6 | 16.5 |
| Hawesko Holding AG | 13.1 | 14.5 | 13.9 | 6.8 | 7.0 | 6.5 | 9.8 | 10.4 | 9.7 |
| Naked Wines PLC | n.m. | n.m. | n.m. | n.m. | 49.1 | 39.1 | n.m. | n.m. | n.m. |
| Wine distributors median | 13.1 | 14.5 | 13.9 | 6.8 | 28.0 | 22.8 | 9.8 | 10.4 | 9.7 |
| IWB | 13.6 | 10.8 | 9.8 | 9.3 | 7.3 | 6.5 | 12.1 | 9.2 | 8.0 |
| % prem.(disc.)to prod. | 2.7% | -24.0% | -24.7% | -38.8% | -41.5% | -51.7% | -37.3% | -41.0% | -51.8% |
| % prem.(disc.)to distr. | 3.5% | -25.4% | -29.3% | 35.7% | -73.8% | -71.6% | 23.4% | -12.0% | -17.7% |

Sources: CFO Sim, Thomson Reuters Eikon

IWB trades at discount vs. wine producers median considering the EV/EBITDA and EV/EBIT multiples in 2022-24 period. This can be partially explained by its smaller size, its trading volumes and its listing on Euronext Growth Milan. However, we believe this is not justified and the stock has to somehow fill the valuation gap with its peers.



7.3. Stock performance

IWB was listed on **Euronext Growth Milan** on **29-Jan-15** at € 10.00/share, corresponding to a post-money market capitalisation of € 65.7m, through the innovative pre-booking company **IPO Challenger**, whose investors/ex-bondholders were reimbursed in kind with IWB's listed shares and warrants, thus becoming direct shareholders (i.e. the company's free float). The stock reached a 1Y maximum level of € 49.30/s on 25-Aug-21 and a minimum price of € 27.80/s on 14-Apr-21.

Table 16 – IWB, peer group absolute performance

| | 1D | 1W | 1M | 3M | 6M | YTD | 1Y |
|---------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Concha y Toro Winery Inc | 0.6 | 4.0 | 9.7 | (3.9) | (1.5) | (5.3) | 5.3 |
| Lanson BCC SA | 0.0 | 2.0 | 4.5 | 6.0 | 13.3 | 5.3 | 27.8 |
| Laurent Perrier SA | 0.0 | (0.6) | (0.6) | (6.4) | (3.1) | (8.2) | 21.8 |
| Masi Agricola SpA | (0.2) | (1.3) | 6.0 | 29.9 | 53.8 | 20.7 | 55.4 |
| Schloss Wachenheim AG | (0.5) | (1.0) | 6.5 | (1.0) | 0.5 | (1.0) | 23.3 |
| Treasury Wine Estates Ltd | (0.2) | 0.4 | 4.3 | (5.4) | (0.6) | (4.4) | 14.3 |
| Vranken Pommery Monopole SA | 3.5 | 2.6 | (1.4) | (1.4) | 3.5 | (1.4) | 2.0 |
| Wine producers median | 0.0 | 0.4 | 4.5 | (1.4) | 0.5 | (1.4) | 21.8 |
| Naked Wines PLC | 0.2 | (0.8) | (4.9) | (9.2) | (14.4) | (8.9) | 6.2 |
| Hawesko Holding AG | (0.5) | 0.7 | (9.8) | (44.0) | (48.5) | (44.3) | (51.6) |
| Wine distributors median | (0.5) | 0.7 | (9.8) | (44.0) | (48.5) | (44.3) | (51.6) |
| IWB | 0.3 | (5.9) | (0.6) | (13.1) | (19.1) | (15.2) | 20.1 |

Source: Thomson Reuters Eikon

Table 17 – IWB, reference sector index and Italian Market performances

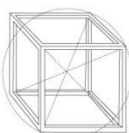
| | 1D | 1W | 1M | 3M | 6M | YTD | 1Y |
|---------------------------------|------------|--------------|--------------|---------------|---------------|---------------|-------------|
| FTSE Italia Growth | 0.8 | 0.8 | 1.9 | (12.7) | (16.7) | (14.0) | (12.4) |
| Thomson Reuters Food & Beverage | 1.2 | 1.3 | 0.2 | (5.8) | 2.7 | (6.1) | 6.7 |
| IWB | 0.3 | (5.9) | (0.6) | (13.1) | (19.1) | (15.2) | 20.1 |

Source: Thomson Reuters Eikon

7.4. Risks

The principal investment **risks** associated with IWB may include:

- impact on the profit and loss account and balance sheet profiles triggered by a **deep decline in local and global economic growth**,
- effects of the long-lasting, widespread **COVID-19** and its possible variants,
- **competition** by similar initiatives,
- slower than anticipated **integration with Enoitalia**,
- **changing consumer habits**, slowing demand.



ANALYST CERTIFICATION

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| DATE | TARGET PRICE | RATING |
|------------|--------------|--------|
| 30/03/2022 | €55.00 | BUY |
| 28/01/2022 | €61.00 | BUY |
| 11/01/2022 | €61.00 | BUY |
| 20/09/2021 | €58.00 | BUY |
| 24/06/2021 | €53.00 | BUY |
| 22/03/2021 | €41.50 | BUY |

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- 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.

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