

Italy – Food and Beverage

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

2nd March 2023

INVESTOR PRESENTATION

RIC: ITWB.MI
BBG: IWB IM

On 1-Mar-23, IWB met more than thirty Italian and Swiss investors specialised in small- and mid-cap during an Investor Day in Milan. Here are the main takeaways from the meeting.

Rating:

Buy

Price Target:

€ 33.00

Upside/(Downside): 33.1%

Last Price: € 24.80

Market Cap.: € 232.6m

1Y High/Low: € 39.70 / € 20.60

Avg. Daily Turn. (3M, 6M): € 152k, € 128k

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
Absolute	-9.5%	-6.4%	-29.9%
Rel.to FTSE IT Growth	-8.0%	-7.8%	-13.7%
Rel.to EU Sector	-5.9%	-5.0%	-19.4%

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

A fruitful equity story: IWB is now the largest privately-owned wine group in Italy

In 2015, IWB was the first Italian wine group to be listed on the Italian stock exchange with the aim of becoming a leading player in the industry. As of today, thanks to massive organic growth coupled with seven strategic acquisitions, IWB is definitely the largest privately-owned wine group in Italy, with FY-22 pro-forma revenues of € 430m and an EBITDA margin in the region of 8.5-9.0%. 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.

Sparkling/Prosecco and Premium wines as short-/medium-term growth drivers

In terms of market categories, the global wine industry's growth will be driven by Sparkling/Prosecco and Premium wines. In particular, Sparkling wines (including Prosecco) have consistently grown in the last ten years, passing from 142m bottles in 2011 to 627m in 2021, and are expected to grow with a CAGR₂₀₋₂₅ of 5.0% reaching more than \$ 100bn in 2025. IWB is one of the main players in this segment, with approximately 60m bottles sold per year (ca. 10% market share). With regard to still wines, the premium category, on which IWB is increasingly focusing, is anticipated to grow with a CAGR₂₀₋₂₅ of 2.9% while commercial wines with a 0.8% CAGR.

The US is a key area for IWB thanks to its direct presence with Enovation Brands

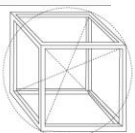
With regard to premium and luxury wines, the US is the main geographical market, accounting for ca. 30% of global consumption, and it is expected to grow with a CAGR₂₀₋₂₅ of 4.0%. Thanks to the acquisition of Enovation Brands, IWB is well positioned in the US, generating ca. \$ 40m turnover. The medium-term goal is to reach ca. \$ 100m, also in light of a new commercial agreement with Southern Glazer's, the largest wine distributor in the US. Furthermore, other promising geographical areas are Germany (CAGR₂₀₋₂₅ of 4.5%) and emerging markets (CAGR₂₀₋₂₅ of 3.8%), in particular Asia (Vietnam and Malaysia).

Mid-single digit organic growth and recovering profitability

Following the strategic M&As completed in the last few years, IWB is now focused on integrating the acquired companies: the goal is to create a single operating company in order to simplify the group's structure and improve operating efficiency and 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 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. Estimated, rating and PT unchanged.

IWB, key financials and ratios

€ m	2020	2021	2022e	2023e	2024e
Sales	204.3	313.2	405.0	459.0	469.2
EBITDA adj.	25.6	34.0	34.5	49.6	52.5
EBITDA	23.6	31.0	34.5	49.6	52.5
EBIT adj.	20.2	25.9	22.9	37.3	40.1
EBIT	18.2	22.9	22.9	37.3	40.1
Net profit adj.	15.6	16.7	14.0	24.1	26.6
Net profit	14.2	14.5	14.0	24.1	26.6
NFP (cash)/debt	10.3	121.3	130.0	114.0	88.6
EPS adjusted FD	2.11	1.77	1.48	2.54	2.81
EPS adj. FD growth	70.2%	-16.3%	-16.4%	72.2%	10.3%
DPS ord. €/s	0.25	0.10	0.30	0.51	0.56
Dividend yield	1.0%	0.4%	1.2%	2.1%	2.3%
Free Cash Flow Yield	-0.7%	-49.4%	-3.5%	-3.3%	12.9%
PER adj. x	5.7	20.1	16.6	9.7	8.8
PCF x	5.6	34.0	15.5	5.5	6.1
EV/Sales x	0.6	1.3	0.6	0.5	0.5
EV/EBITDA adj. x	4.8	12.1	10.5	7.0	6.1
EV/EBIT adj. x	6.1	15.9	15.8	9.3	8.0



The company at a glance

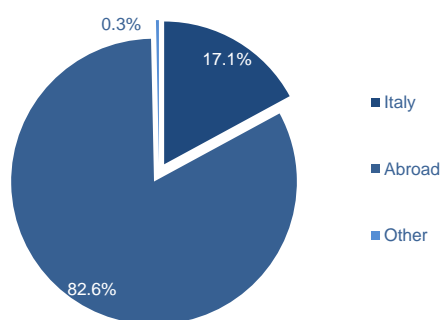
IWB (Italian Wine Brands) is a leading producer and distributor in the Italian wine industry. IWB became the largest domestic privately-owned wine group following the acquisition of Enoitalia. The group operates through two channels: B2C and B2B.

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.

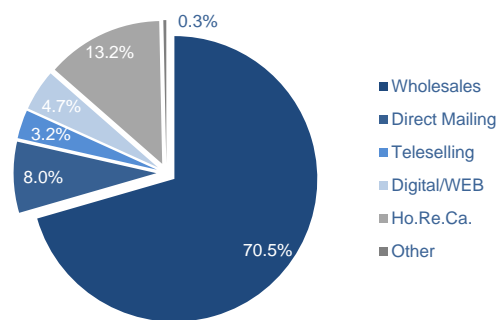
B2B is focused on sale and distribution in international markets to mass retailers where both privately labelled and branded products are distributed. Both the bottling and the logistics activities are outsourced in order to make the supply operations faster, leaner and more efficient.

FY-22 preliminary sales reached € 430.3m, on a pro-forma basis. The Wholesale channel accounted for 70.5% of total turnover, while Distance Selling for 15.9% and the Ho.Re.Ca segment for 13.2%. Foreign revenues accounted for 82.6% of total.

2022PF revenues by geography 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
Free Float, o/w	62.01%	5.87
Otus Capital Management	5.71%	0.54
Praude Asset Management	4.95%	0.47
Total	100.00%	9.46

Source: Company data

Peer group absolute performance

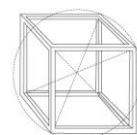
	1D	1W	1M	3M	6M	YTD
Concha y Toro Winery Inc	0.6	2.3	7.3	3.7	0.8	1.8
Lanson BCC SA	0.0	(0.3)	1.3	0.9	8.4	1.9
Laurent Perrier SA	0.0	0.4	(3.2)	16.5	19.4	(10.4)
Masi Agricola SpA	2.1	5.5	4.3	3.9	1.7	8.8
Schloss Wachenheim AG	2.0	1.3	0.6	0.6	(8.2)	(0.6)
Treasury Wine Estates Ltd	0.6	0.0	(5.2)	(0.4)	4.0	1.2
Vranken Pomm. Monop.	(1.4)	0.6	5.7	5.7	3.2	5.4
Wine producers median	0.6	0.6	1.3	3.7	3.2	1.8
Hawesko Holding AG	4.6	(4.8)	5.4	9.6	5.4	10.2
Naked Wines PLC	(0.3)	(1.7)	(14.8)	20.9	(17.9)	(13.4)
Wine distributors median	(0.3)	(1.7)	(14.8)	20.9	(17.9)	(13.4)
IWB	(2.4)	4.0	(9.5)	(6.4)	(3.7)	(9.7)

Source: Refinitiv Eikon

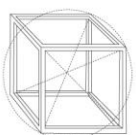
Peer group multiples table

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	8.7	8.5	7.6	7.6	6.9	6.1	10.1	9.3	8.3
Lanson BCC SA	9.2	9.9	9.2	15.6	15.3	14.3	18.3	18.8	16.9
Laurent Perrier SA	13.1	13.4	12.6	9.9	10.1	9.8	11.5	11.4	10.9
Masi Agricola SpA	28.3	24.3	21.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Schloss Wachenheim AG	12.5	11.7	8.5	3.0	1.6	0.9	5.0	2.4	1.3
Treasury Wine Estates Ltd	26.4	22.4	20.2	14.3	12.6	11.6	17.9	15.6	14.0
Vranken Pommery Monopole	13.6	11.6	10.1	16.1	15.4	14.6	23.9	22.5	21.3
Wine producers median	13.1	11.7	10.1	12.1	11.4	10.7	14.7	13.5	12.4
Hawesko Holding AG	15.0	14.8	13.3	7.0	6.4	5.8	11.0	9.8	8.6
Naked Wines PLC	9.2	8.6	6.3	3.7	2.0	0.5	4.6	2.7	0.7
Wine distributors median	12.1	11.7	9.8	5.3	4.2	3.2	7.8	6.3	4.7
IWB	16.6	9.7	8.8	10.5	7.0	6.1	15.8	9.3	8.0

Sources: CFO SIM, Refinitiv Eikon



Income statement (€ m)	2020	2021	2022e	2023e	2024e
Net Revenues	204.3	313.2	405.0	459.0	469.2
Purchasing	(118.9)	(204.4)	(269.0)	(296.1)	(301.4)
Services	(53.3)	(64.2)	(81.7)	(92.6)	(94.7)
Personnel	(8.7)	(15.3)	(20.6)	(21.5)	(21.5)
Other income / (expenses)	0.2	1.6	0.8	0.9	0.9
EBITDA adjusted	25.6	34.0	34.5	49.6	52.5
EBITDA	23.6	31.0	34.5	49.6	52.5
D&A	(5.4)	(8.1)	(11.5)	(12.4)	(12.4)
EBIT adjusted	20.2	25.9	22.9	37.3	40.1
EBIT	18.2	22.9	22.9	37.3	40.1
Financials	(1.2)	(3.9)	(5.1)	(5.9)	(5.5)
Extraordinary	0.0	0.0	0.0	0.0	0.0
Pre-Tax profit	17.0	19.0	17.8	31.4	34.6
Income taxes	(2.8)	(4.4)	(3.6)	(6.9)	(7.6)
Minorities	0.0	0.0	(0.3)	(0.4)	(0.4)
Net Profit adjusted	15.6	16.7	14.0	24.1	26.6
Net Profit	14.2	14.5	14.0	24.1	26.6
Balance sheet (€ m)	2020	2021	2022e	2023e	2024e
Net Working Capital	(0.8)	8.7	20.7	15.5	16.0
Net Fixed Assets	117.4	267.2	278.3	314.1	310.1
Equity Investments	9.6	14.0	14.6	16.5	16.3
Other M/L Term A/L	(11.5)	(8.7)	(10.6)	(11.5)	(11.4)
Net Invested Capital	114.9	281.2	303.0	334.6	330.9
Net Financial Position	10.3	121.3	130.0	114.0	88.6
Minorities	0.0	0.0	0.3	0.7	1.1
Group's Shareholders Equity	104.5	160.0	172.7	219.9	241.2
Financial Liabilities & Equity	114.9	281.2	303.0	334.6	330.9
Cash Flow statement (€ m)	2020	2021	2022e	2023e	2024e
Total net income	14.2	14.5	14.0	24.1	26.6
Depreciation	5.4	8.1	11.5	12.4	12.4
Other non-cash charges	(2.7)	(4.6)	1.6	0.7	(0.1)
Cash Flow from Oper. (CFO)	16.9	18.0	27.1	37.2	38.8
Change in NWC	(1.1)	(9.4)	(12.0)	5.2	(0.5)
FCF from Operations (FCFO)	15.8	8.6	15.1	42.3	38.4
Net Investments (CFI)	(16.4)	(152.7)	(23.3)	(50.0)	(8.2)
Free CF to the Firm (FCFF)	(0.6)	(144.1)	(8.2)	(7.7)	30.2
CF from financials (CFF)	1.4	169.8	(4.6)	59.1	(15.5)
Free Cash Flow to Equity (FCFE)	0.8	25.7	(12.7)	51.4	14.7
Financial ratios	2020	2021	2022e	2023e	2024e
EBITDA margin	11.6%	9.9%	8.5%	10.8%	11.2%
EBIT margin	8.9%	7.3%	5.7%	8.1%	8.5%
Net profit margin	6.9%	4.6%	3.5%	5.2%	5.7%
Tax rate	16.7%	23.4%	20.0%	22.0%	22.0%
Op NWC/Sales	-0.4%	2.8%	5.1%	3.4%	3.4%
Interest coverage x	0.08	0.20	0.23	0.17	0.15
Net Debt/Ebitda x	0.44	3.91	3.77	2.30	1.69
Debt-to-Equity x	0.10	0.76	0.75	0.52	0.37
ROIC	13.2%	7.3%	4.8%	7.5%	8.0%
ROCE	11.5%	6.5%	6.3%	8.3%	8.7%
ROACE	12.0%	8.9%	6.4%	9.2%	8.8%
ROE	14.7%	11.0%	8.4%	12.3%	11.5%
Payout ratio	13.0%	6.5%	20.0%	20.0%	20.0%
Per share figures	2020	2021	2022e	2023e	2024e
Final N. of shares # m	7.40	9.46	9.46	9.46	9.46
Average N. of shares # m	7.40	8.43	9.46	9.46	9.46
Final N. of shares (fully diluted) # m	7.40	9.46	9.46	9.46	9.46
EPS reported €	1.92	1.72	1.48	2.54	2.81
EPS reported FD €	1.92	1.53	1.48	2.54	2.81
EPS adjusted FD €	2.11	1.77	1.48	2.54	2.81
EBITDA FD €	3.19	3.28	3.64	5.25	5.55
EBIT FD €	0.03	0.06	0.02	0.05	0.06
FCFO FD €	2.14	0.91	1.59	4.47	4.05
FCFF FD €	(0.08)	(15.23)	(0.86)	(0.81)	3.19
FCFE FD €	0.10	2.72	(1.35)	5.44	1.55
Dividend €	0.25	0.10	0.30	0.51	0.56



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
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
28/01/2022	€61.00	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.

