

Italy - Food

Orsero goes public today

13<sup>st</sup> February 2017

FIRST DAY OF TRADING

RIC: ORS.MI  
BBG: ORS IM

Orsero stock starts trading today. Paid 4.4x EBITDA<sub>16e</sub>, Orsero is the leading player in a disciplined oligopoly. Glenalta's cash will allow the group to further grow, mainly via acquisitions, aiming for nearly € 1.0bn sales by 2018.

Last Price (ex): € 10.15

Market Cap.: € 131.4

1Y High/Low: € 11.40/€ 9.50

Free Float: 58.9%

Major shareholders:

Orsero family 41.1%

**Merger between GF Group and Glenalta Food effective as of today**

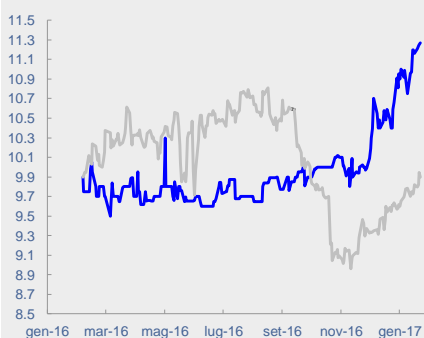
The merger is the final step in the business combination between Glenalta Food and GF Group, as regulated by the agreement signed and announced last 28<sup>th</sup> October 2016. The agreement was approved at an extraordinary meeting of Glenalta Food on the 30<sup>th</sup> November 2016, and the statutory deadline for creditors of the companies participating in the merger to object passed on the 31<sup>st</sup> of January 2017, without any such objection on the part of any creditor. Today is the effective date of the merger: Glenalta Food changes its name to Orsero and shares trade on the AIM Italia under the ticker ORS. Glenalta Food shareholders exercised their right of withdrawal for a total of 817,005 shares (10.2% of outstanding shares).

**Orsero share capital: 13.59m shares, 16.06m fully diluted (max dilution)**

Glenalta Food implements the merger by means of a capital increase of € 55.0m through the issue of 5,590,000 new ordinary shares without par value, assigned to the sole shareholder of GF Group, FIF Holding, at an exchange ratio of 43 ordinary shares in Glenalta Food for every 50 ordinary shares in GF Group. Orsero share capital as of today therefore amounts to a nominal € 64.5m, divided into 13,590,000 ordinary shares (including 643,387 treasury shares) and 150,000 special shares. Considering 1) the special shares wholly converted into ordinary shares and 2) the warrants conversion (€ 9.5 strike, € 13.30 cap, 5Y exercise period) into ordinary shares at € 13.30 (max dilution), the total number of shares fully diluted totals 16,061,552.

**The business combination boosts Orsero growth perspective**

Glenalta Food paid Orsero's equity value € 80.0m, corresponding to an EV/EBITDA<sub>16e</sub> of 4.4x vs. the current peers median of 9.4x. The fresh cash stemming from the business combination is anticipated to boost the Orsero growth profile, mainly via acquisitions in a quite disciplined and concentrated oligopoly, moderately on the rise. Orsero aims to consolidate its key markets, namely Italy and Spain. In Italy, a highly fragmented market and in the course of consolidation, Orsero can leverage its leading position to grab market opportunities. In Europe Orsero targets the development of partnerships with local producers of specific items characterised by outlier growth rates. Moreover, other possible targets are in adjacent but consistent product categories i.e. bio-vegan with the aim to expand group current product portfolio. This strategy aims for roughly € 1.0bn revenues by 2018.



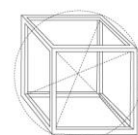
**Stock price performance**

	1M	3M	12M
<b>Absolute</b>	5.5%	12.5%	14.2%
<b>Rel.to AIM Italia</b>	2.7%	4.9%	12.2%
<b>Rel.to EU Sector</b>	3.3%	5.7%	12.2%

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**Orsero, key financials and ratios**

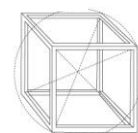
€ m	2015 PF	2016e	2017e	2018e
Sales	627.8	680.0	707.3	739.5
EBITDA	27.5	36.6	37.9	40.6
EBIT	6.5	18.2	20.7	23.4
Net profit	15.9	8.8	17.0	19.4
Net profit adjusted	10.8	14.3	17.0	19.4
NFP (cash)/debt	106.9	99.4	23.1	1.0
EPS adjusted FD	0.67	0.89	1.06	1.21
EPS adj. FD growth	-	33.0%	19.0%	13.7%
DPS ord. €/s	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%
Free Cash Flow Yield	-	5.7%	16.3%	16.8%
PER x	15.2	11.4	9.6	8.4
EV/Sales x	0.38	0.34	0.22	0.18
EV/EBITDA x	8.7	6.3	4.1	3.3
EV/EBIT x	36.9	12.7	7.5	5.7





Income statement (€ m)	2015 PF	2016e	2017e	2018
Total Revenues	627.8	680.0	707.3	739.5
Material expenses	(426.5)	(461.6)	(480.0)	(498.3)
Services	(111.1)	(118.9)	(123.5)	(130.9)
Personnel expenses	(43.9)	(44.8)	(46.6)	(49.7)
Other operating (expenses)/income	(18.8)	(18.1)	(19.3)	(19.9)
EBITDA	27.5	36.6	37.9	40.6
D&A	(21.0)	(18.5)	(17.3)	(17.2)
EBIT	6.5	18.2	20.7	23.4
Financials	(4.8)	(2.6)	(2.1)	(2.0)
Re/(Devaluation) of financial assets	0.8	2.6	2.7	2.8
Extraordinary	6.3	(7.1)	0.0	0.0
Pre-Tax profit	8.7	11.0	21.3	24.2
Income taxes	7.1	(2.2)	(4.3)	(4.8)
Minorities	0.0	0.0	0.0	0.0
Net Profit	15.9	8.8	17.0	19.4
Net Profit Adjusted	10.8	14.3	17.0	19.4
Balance sheet (€ m)	2015 PF	2016e	2017e	2018
Net Working Capital	22.2	29.0	36.6	42.9
Net Fixed Assets	79.5	74.2	64.1	53.9
Equity Investments	42.3	43.1	44.0	44.9
Other M/L Term A/L	8.1	7.2	4.5	4.7
Net Invested Capital	152.1	153.5	149.1	146.5
Net Financial Debt	106.9	99.4	23.1	1.0
Minorities	0.8	0.8	0.8	0.8
Group's Shareholders Equity	44.5	53.3	125.3	144.7
Financial Liabilities & Equity	152.1	153.5	149.1	146.5
Cash Flow statement (€ m)	2015 PF	2016e	2017e	2018
Total net income	-	8.8	17.0	19.4
Depreciation	-	18.5	17.3	17.2
Other non-cash charges	-	0.9	2.7	(0.2)
Cash Flow from Oper. (CFO)	-	28.2	36.9	36.4
Change in NWC	-	(6.8)	(7.5)	(6.4)
FCF from Operations (FCFO)	-	21.5	29.4	30.0
Net Investments (CFI)	-	(14.0)	(8.0)	(8.0)
Free CF to the Firm (FCFF)	-	7.5	21.4	22.0
CF from financials (CFF)	-	12.5	26.0	0.0
Free Cash Flow to Equity (FCFE)	-	20.0	47.4	22.0
Financial ratios	2015 PF	2016e	2017e	2018
EBITDA margin	4.4%	5.4%	5.4%	5.5%
EBIT margin	1.0%	2.7%	2.9%	3.2%
Net profit margin	2.5%	1.3%	2.4%	2.6%
Tax rate	n.m.	20.0%	20.0%	20.0%
Interest coverage x	0.74	0.14	0.10	0.09
Net Debt/EBITDA x	3.89	2.71	0.61	0.02
Debt-to-Equity x	2.40	1.87	0.18	0.01
ROIC	10.4%	5.8%	11.4%	13.2%
ROCE	3.1%	7.9%	7.6%	8.0%
ROACE	3.1%	8.3%	8.2%	8.2%
ROE	35.7%	16.6%	13.6%	13.4%
Payout ratio	0.0%	0.0%	0.0%	0.0%
Per share figures	2015 PF	2016e	2017e	2018
Number of shares # m	12.95	12.95	12.95	12.95
Number of shares Fully Diluted # m*	16.06	16.06	16.06	16.06
Average Number of shares Fully Diluted # m	16.06	16.06	16.06	16.06
EPS stated FD €	0.99	0.55	1.06	1.21
EPS adjusted FD €	0.67	0.89	1.06	1.21
EBITDA €	1.71	2.28	2.36	2.53
EBIT €	0.40	1.13	1.29	1.46
FCFO €	n.a.	1.34	1.83	1.87
FCFF €	n.a.	0.47	1.33	1.37
FCFE €	n.a.	1.24	2.95	1.37
Dividend €	0.00	0.00	0.00	0.00

\* Number of shares fully diluted: hp. warrant conversion at € 13.3/s (max dilution)



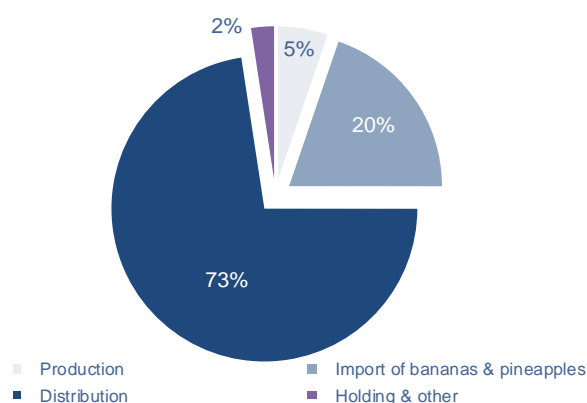
## The company at a glance

Orsero is an international group with headquarters in Albenga (Savona), operating in the fresh fruit and vegetable import and distribution business in the Mediterranean area of Europe. The group was founded over 50 years ago by the Orsero family. The current business structure, besides import and distribution of fresh fruit and vegetables, entails production and export of fruit together with chilled maritime transportation. Orsero boasts a presence mainly in Italy, France, Spain, Portugal, Greece, Costa Rica and Colombia.

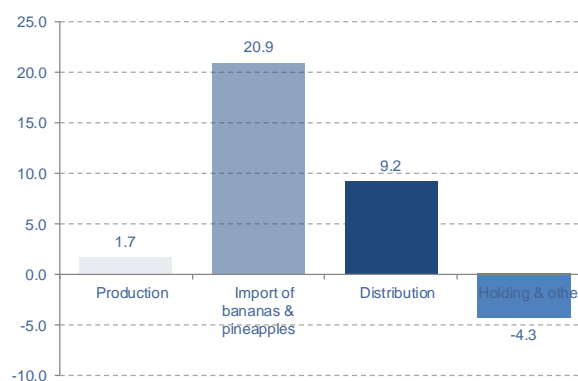
During 2012, the group launched the "F.lli Orsero" brand for bananas and pineapples, which expresses the sense of tradition and the passion of a large Italian family company for fruit and vegetables of the highest quality.

2015 Orsero pro-forma highlights: € 617m revenues, EBITDA of € 27.5m (4.5% margin), € 6.1m net profit and € 106.7m net financial position (3.9x EBITDA).

## 2015PF turnover...



## ...and EBITDA breakdown



## Shareholder structure

	%	# m
Orsero family	41.13%	5.59
Free Float	58.87%	8.00
o/w treasury shares	4.73%	0.64
<b>Total</b>	<b>100.00%</b>	<b>13.59</b>

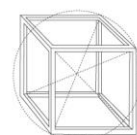
## Peer group absolute performance

	1D	1W	1M	3M	6M	YTD
Fresh Del Monte Produce Inc	0.2	0.3	-5.3	-6.2	-2.1	-2.8
Total Produce PLC	-1.6	0.6	-0.5	7.1	19.0	-7.4
Fyffes PLC	0.1	0.2	0.6	56.2	49.9	-0.5
<b>Peers Median</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.5</b>	<b>7.1</b>	<b>19.0</b>	<b>-2.8</b>
<b>Glenalta Food Spa</b>	<b>-0.1</b>	<b>0.8</b>	<b>5.5</b>	<b>12.5</b>	<b>16.0</b>	<b>8.2</b>
FTSE AIM Italia	-0.3	-0.4	2.8	7.6	9.1	4.7
EU Sector	-0.5	0.3	2.2	6.8	-8.4	4.0
Orsero Spa to peers	-0.2	0.5	6.1	5.4	-3.0	11.0
Orsero Spa to FTSE AIM Italia	0.3	1.2	2.7	4.9	6.9	3.4
Orsero Spa to EU Sector	0.4	0.5	3.3	5.7	24.4	4.1

## Peers group multiples table

Price & EV multiples x	PER FY1	PER FY2	PER FY3	PCF FY1	PCF FY2	PCF FY3	EBITDA FY1	EBITDA FY2	EBITDA FY3
Fresh Del Monte Produce Inc	13.3	15.3	15.7	10.1	11.1	11.6	9.6	10.0	9.9
Fyffes PLC	17.2	15.4	14.7	13.0	11.5	11.1	13.7	11.4	10.6
Total Produce PLC	20.7	19.2	18.6	13.5	12.7	12.5	9.2	8.5	7.9
<b>Median</b>	<b>17.2</b>	<b>15.4</b>	<b>15.7</b>	<b>13.0</b>	<b>11.5</b>	<b>11.6</b>	<b>9.6</b>	<b>10.0</b>	<b>9.9</b>
<b>Orsero Spa</b>	<b>9.2</b>	<b>7.9</b>	<b>6.9</b>	<b>4.8</b>	<b>3.9</b>	<b>3.6</b>	<b>6.3</b>	<b>4.1</b>	<b>3.3</b>

Source: CFO Sim, Thomson Reuters Eikon



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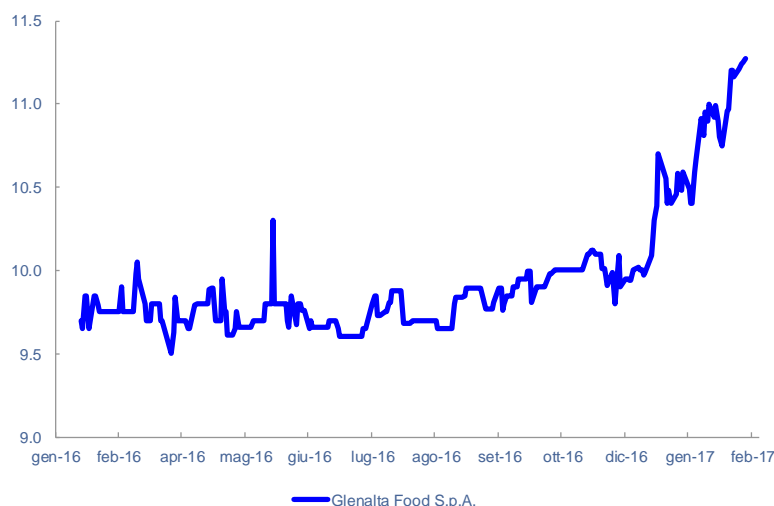
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DATE	TARGET PRICE	RATING
13/02/17	-	Not Rated
25/11/16	-	Not Rated

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