



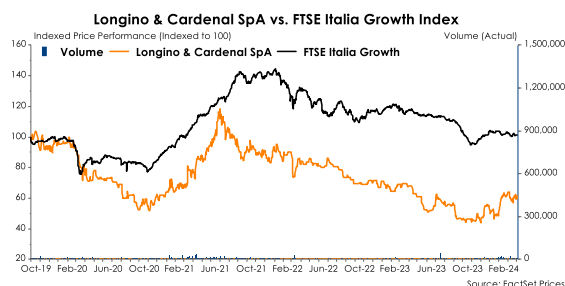
FY23: Positive EBITDA signals the exit from pandemic, growth projects resume.

Distribution & Logistics Services

FY23 revenues +12,9% yoy, EBITDA positive of Euro 0.8 m. In 2023 Longino & Cardenal grew its revenues by +13% reaching Euro 35.8 m despite uncertain economic backdrop. Top-line growth was driven by all geographies and in particular Italy&Europe +8% YoY (Euro 26.7 m in 2023), Dubai +4% (Euro 3.0 m) and Hong Kong +42% (Euro 2.9 m) as Covid restrictions were finally scrapped in January 2023. Positive results also for the NY startup which recorded sales of Euro 1.8 m, +42% YoY. The two product companies, Il Satiro Danzante and Umami, continued to grow recording total sales at Euro 1.3 m, +66% vs. FY22. Online B2C sales have remained stable, totalling Euro 1.4 m across all countries. Contribution margin stood at Euro 8.3 m, up +21% vs Euro 6.9 m in FY22, implying 23% on revenues, a +151-bps increase compared to FY2022. The increase, consistent with 1H23, was mainly attributable to Management's focus on continuous price-list management, and the introduction of higher margin products in the portfolio. Opex were down slightly (-1%) despite increased sales following strategic investments in digitalization which translated into operational efficiency reflected in the second half of FY23. Looking at the Group companies, the parent company maintained stable costs from 2022, thus leveraging economies of scale. As a result, EBITDA stood at Euro 805k, marking a strong recovery from Euro -728k in FY22. Net result improved to Euro -0.5 m, compared to Euro -1.2 m in FY22. On the balance sheet, Net Debt amounted to Euro 6.8 m (compared to Euro 5.4 m in FY22), reflecting absorption of working capital related to volume and investments. Specifically, Euro 152k was invested in ERP, and Euro 871k was allocated, with ca. Euro 720k directed towards the new production plant of Il Satiro Danzante, while the remainder was invested in other subsidiaries. For instance, Dubai invested Euro 39k in the caviar laboratory.

Management Outlook Management did not provide guidance but expressed confidence in a positive outcome of FY24. However, the macroeconomic context remains complex due to the ongoing war in Ukraine and the Israeli-Palestinian conflict, making any predictions difficult. The Group has no relationships with parties involved in these conflicts and doesn't import food products from those countries. Nevertheless, Management anticipates a positive 2024, with growth across all Group companies, and in particular Shoplongino and the New York subsidiary, which both should reach breakeven.

Finetuned estimates and TP confirmed at Euro 4.59 p.s.. Based on the FY23 results, we have confirmed our estimates for the future with just a slight adjustment to the contribution margin increase. We now expect FY24 sales to be at Euro 43.8 m, while we fine-tuned our expectations on contribution margins (23.4% vs 23.0% before). Additionally, we anticipate the contribution margin to grow by increasing it by 10 basis point in 2025 and keeping it stable over the next years. Over the next three years, we forecast revenues to grow at a 15% CAGR to reach Euro 54 m in FY26 with an EBITDA margin of 8.4% on revenues. Our valuation is exclusively based on Discounted Cash Flow (DCF). Updating our DCF-based valuation with up-to-date market data and new estimates, we have obtained a new target slightly above our previous one at Euro 4.59 per share. Our target price provides for a potential upside versus the current market price of approximately 78%.



Target Price € 4.59 (4.56pr.)

Price (€) **2.58**

Market Cap (€ m) **16.1**

EV (€ m) **22.9**

As of as of April 3rd, 2024

Share Data

Market	Euronext Growth Milan
Reuters/Bloomberg	LONGI.MI/LON:IM
ISIN	IT0005337073
N. of Shares	6,250,000
Free Float	22%
Main Shareholder	CARM 78%
CEO	Riccardo Uleri

	22A	23A	24E	25E
Sales	31.7	35.8	43.8	49.6
YoY	21%	13%	22%	13%
EBITDA	(0.7)	0.8	2.6	3.8
EBITDA	n.m.	2.2%	5.9%	7.7%
EBIT	(1.5)	0.1	1.8	2.9
EBIT	n.m.	0.3%	4.1%	5.9%
Net Inc.	(1.2)	(0.5)	1.2	2.0
Net Debt	5.4	6.8	6.3	5.2
Net Equity	4.3	3.8	4.9	6.9

Performance

	1M	3M	6M
Absolute	-4.4	22.9	31.0
Relative (FTSE Italia Growth)	-3.6	25.2	31.8
52-week High/Low (Eu)	2.86	/	1.85

Research Department of



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KEY FINANCIALS

Profit&Loss Statement	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Revenues (VoP)	28.5	32.0	33.7	19.3	26.3	31.7	35.8	43.8	49.6	54.5
Gross Profit	6.0	7.2	7.8	3.7	5.7	6.9	8.3	10.3	11.7	12.8
EBITDA	1.5	2.0	1.6	(1.3)	(0.5)	(0.7)	0.8	2.6	3.8	4.6
EBIT	1.4	1.8	1.3	(1.7)	(1.2)	(1.5)	0.1	1.8	2.9	3.6
Financial Income (charges)	(0.3)	(0.1)	(0.1)	(0.2)	0.1	0.1	(0.5)	(0.2)	(0.2)	(0.1)
Extraordinary items	(0.1)	(0.0)	0.1	(0.1)	0.0	(0.0)	0.0	0.0	0.0	0.0
Pre-tax profit (loss)	1.0	1.7	1.3	(2.1)	(1.0)	(1.4)	(0.4)	1.6	2.8	3.4
Taxes	(0.4)	(0.5)	(0.4)	0.3	0.1	0.2	(0.1)	(0.4)	(0.8)	(1.0)
Minorities	0.0	0.0	0.0	0.0	(0.0)	(0.1)	(0.1)	0.1	0.1	0.1
Net profit (loss)	0.6	1.2	0.9	(1.8)	(0.9)	(1.2)	(0.5)	1.2	2.0	2.5

Balance Sheet

Net working capital (NWC)	2.6	3.5	3.8	4.0	4.5	5.5	6.2	6.7	7.5	8.1
Net fixed assets	1.4	2.2	2.6	3.4	5.4	5.2	5.5	5.7	5.8	5.8
M/L Funds	(0.5)	(0.6)	(0.6)	(0.7)	(0.8)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)
Net Capital Employed	3.6	5.0	5.8	6.7	9.0	9.7	10.6	11.3	12.2	12.7
Net Debt	3.1	(1.2)	(1.4)	0.2	3.5	5.4	6.8	6.3	5.2	3.3
Minorities	0.0	(0.0)	(0.1)	(0.3)	(0.4)	(0.6)	(0.7)	(0.7)	(0.6)	(0.4)
Equity	0.5	6.2	7.2	6.5	5.5	4.3	3.8	4.9	6.9	9.4

Cash Flow

Net Income	0.6	1.2	0.9	(1.8)	(0.9)	(1.2)	(0.5)	1.2	2.0	2.5
Non-cash items	0.7	0.3	0.4	0.5	0.7	0.9	0.8	0.8	0.9	1.1
Change in Working Capital	(2.6)	(0.8)	(0.4)	(0.2)	(0.5)	(1.0)	(0.7)	(0.5)	(0.8)	(0.6)
Cash Flow from Operations	(1.4)	0.7	1.0	(1.4)	(0.7)	(1.3)	(0.4)	1.4	2.1	2.9
Capex	(1.6)	(1.0)	(0.8)	(1.3)	(2.6)	(0.6)	(1.0)	(0.9)	(1.0)	(1.0)
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items	(0.1)	(0.0)	0.1	(0.1)	0.0	(0.0)	0.0	0.0	0.0	0.0
Free Cash Flow	(3.1)	(0.3)	0.3	(2.8)	(3.2)	(1.9)	(1.4)	0.5	1.1	1.9
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (equity)	(0.0)	4.5	0.0	1.1	(0.1)	(0.0)	0.0	0.0	0.0	0.0
Change in Net Debt	(3.2)	4.2	0.3	(1.8)	(3.3)	(1.9)	(1.4)	0.5	1.1	2.9

Per Share Data

Current Price	2.58									
Total shares out (mn)	6.25									
EPS	0.1	0.2	0.2	(0.3)	(0.1)	(0.2)	(0.1)	0.2	0.3	0.4
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF	(0.5)	0.7	0.0	(0.3)	(0.5)	(0.3)	(0.2)	0.1	0.2	0.5
Pay out ratio	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Ratios

Gross Profit Margin	21.0%	22.4%	23.0%	19.4%	21.7%	21.8%	23.3%	23.4%	23.5%	23.5%
EBITDA margin	5.3%	6.3%	4.8%	n.m.	n.m.	n.m.	2.2%	5.9%	7.7%	8.4%
EBIT margin	4.8%	5.6%	3.7%	n.m.	n.m.	n.m.	0.3%	4.1%	5.9%	6.5%
Net Debt/Equity	592.2%	-19.2%	-19.2%	3.7%	63.9%	126.6%	179.5%	128.0%	75.6%	35.4%
Net Debt/(Net Debt + Equity)	85.6%	-23.7%	-23.8%	3.6%	39.0%	55.9%	64.2%	56.1%	43.1%	26.1%
Net Debt/EBITDA	2.01	-0.59	-0.85	n.m.	n.m.	n.m.	8.45	2.46	1.37	0.73
Interest cover EBIT	4.99	21.36	22.46	n.m.	n.m.	n.m.	0.19	9.12	16.95	27.72
ROE	108.9%	19.2%	13.1%	-27.2%	-16.3%	-29.1%	-13.9%	23.3%	28.7%	26.3%
ROCE	49.2%	44.9%	27.8%	-30.2%	-14.3%	-17.0%	2.1%	19.9%	30.5%	35.5%
Free Cash Flow Yield	n.m.	26.1%	1.8%	n.m.	n.m.	n.m.	n.m.	3.0%	6.7%	18.1%

Growth Rates

Revenues (VoP)	34%	12%	5%	-43%	36%	21%	13%	22%	13%	10%
EBITDA	n.a.	32%	-19%	-177%	58%	-39%	211%	219%	48%	20%
EBIT	n.a.	31%	-30%	-236%	33%	-27%	106%	1810%	64%	21%
Net Profit	n.a.	113%	-21%	-287%	49%	-38%	58%	319%	73%	24%

Source: Group data and PMI Capital Research estimates

REVENUE BREAKDOWN

Euro m	FY19	FY20	FY21	FY22	FY23
L&C Spa (Italy/Europe)	28.7	15.9	20.9	24.7	26.7
Hong Kong	3.7	1.8	1.9	2.0	2.9
Dubai	1.2	1.1	2.3	2.9	3.0
New York	-	0.1	0.7	1.3	1.8
Altro (Safiro Danzante/Umami)	0.1	0.3	0.5	0.8	1.3
Total sales	33.7	19.3	26.3	31.7	35.8
YoY	+5%	-43%	+36%	+21%	+13%

Note: FY20-22 e-commerce sales managed in Italian parent company, transitioning to multiple countries from 2023.
Source: Company Consolidated Financial Statements

KEY FINANCIALS

Income Statement	FY19	FY20	FY21	FY22	FY23
Revenues	33.7	19.3	26.3	31.7	35.8
YoY %	+5%	-43%	+36%	21%	13%
Contribution Margin	7.8	3.7	5.7	6.9	8.3
Contribution Margin %	23%	19%	22%	22%	23%
Overhead costs	(6.1)	(5.0)	(6.2)	(7.6)	(7.5)
% on sales	18%	26%	24%	24%	21%
EBITDA	1.6	(1.3)	(0.5)	(0.7)	0.8
EBITDA %	4,8%	-6,6%	-2,0%	-2,3%	2,2%
EBIT	1.3	(1.7)	(1.2)	(1.4)	0.1
EBIT %	3,7%	-8,9%	-4,4%	-4,6%	0,3%
Net Income / (loss)	0.9	(1.8)	(0.9)	(1.2)	(0.5)

Source: Company Data

Balance Sheet	FY19	FY20	FY21	FY22	FY23
Fixed Assets	2.6	3.4	5.4	5.2	5.5
Receivables	8.4	5.2	7.9	7.4	8.0
Inventory	1.6	1.5	2.6	2.7	2.6
Payables	(5.6)	(2.9)	(6.0)	(5.1)	-5.0
Operating Working Capital	4.4	3.8	4.4	5.0	5.6
% on sales	13%	20%	17%	16%	16%
Net Working Capital	3.8	4	4.5	5.5	6.2
Funds	(0.6)	(0.7)	(0.8)	(1.0)	(1.1)
NET INVESTED CAPITAL	5.8	6.7	9.0	9.7	10.6
Net Debt/(Cash)	(1.4)	0.2	3.5	5.4	6.8
Net Equity	7.2	6.5	5.5	4.3	3.8
TOTAL SOURCES	5.8	6.7	9.0	9.7	10.6

Source: Company Data

ESTIMATE REVISION

	FY24E		FY25E		FY26E		Var 24	Var 25	Var 26	Average Var.
	Old	New	Old	New	Old	New				
Income Statement										
Revenues (VoP)	43.8	43.8	49.6	49.6	54.5	54.5	0%	0%	0%	0%
EBITDA	2.4	2.6	3.6	3.8	4.3	4.6	8%	7%	7%	7%
EBIT	1.6	1.8	2.5	2.9	3.3	3.6	12%	17%	9%	13%
Net profit (loss)	1.0	1.2	1.7	2.0	2.3	2.5	11%	17%	8%	12%
Balance Sheet										
NWC	6.1	6.7	6.5	7.5	6.8	8.1	11%	16%	19%	15%
Net fixed assets	5.7	5.7	7.0	5.8	5.8	5.8	0%	-17%	0%	-6%
M/L Funds	(1.0)	(1.1)	(1.0)	(1.1)	(1.1)	(1.2)	10%	10%	9%	10%
NCE	10.7	11.3	12.4	12.2	11.5	12.7	5%	-2%	10%	4%
Net Debt	5.4	6.3	5.2	5.2	2.1	3.3	17%	1%	57%	25%
Minorities	(0.5)	(0.7)	(0.3)	(0.6)	(0.1)	(0.4)	38%	95%	531%	222%
Equity	5.3	4.9	7.2	6.9	9.4	9.4	-7%	-4%	0%	-4%

Source: PMI Capital Research estimates

VALUATION UPDATE

We have revised our target price for L&C to Euro 4.59 per share (Euro 4.56 per share), reflecting a potential upside of +78% on the current stock price. Our valuation methodology incorporates a Discounted Cash Flow (DCF) analysis.

The DCF model utilized a three-stage approach with explicit estimates for 2024-2026, followed by a five-year projection to 2031 with normalized growth. All cash flows and the terminal value were discounted using a 8.42 % Weighted Average Cost of Capital (WACC) and a 1% growth rate. According to our model, the fair equity value is Euro 28.7 m, translating to Euro 4.59 per share.

DCF Model (Euro m)

Discounted free cash flows FY24-31E	13.3	38%
NPV of Terminal Value	21.5	62%
EV	34.7	100%
Net Debt FY23	6.8	
Minorities FY23	0.7	
Fair Value of Equity	27.7	
No of shares (m)	6.25	
Fair Value per share (Eu)	4.59	

INDUSTRY COMPARISON

Longino & Cardenal Spa: PMI Capital Research estimates and Factset Data

EGM Sector: average data for Distribution&Logistic Services Peers listed on Euronext Growth Milan: ALA Spa, Alfonsino Spa, Compagnia dei Caraibi SpA, HQF (HQF-IT), Italian Wine Brands SpA.

Industry Peers: average data for a selected group of international Food Distribution & Logistics peers: Innovative Food Holdings (US), Performance Food Group Co (US), United Natural Foods Inc (US), SpartanNash Company (US), US Foods Holding Corp (US), Sysco Corporation (US), MARR Spa (ITA), METRO AG (DE), Bid Corporation Limited JSE (ZA), Premium Brands Holdings Corp (CA) and Metcash limited (AU).

EGM All: average financial and market data for all the companies listed on EGM, reported price performance data are related to the FTSE Italia Index.

	LON-IT Longino & Cardenal	Wholesale EGM Sector	Peers Avg	XS0072 FTSE Italia Growth
Key Financials 2022				
Revenues	31.7	94.5	24243.9	49.5
EBITDA	-0.7	9.8	680.7	7.9
EBITDA %	-2.3%	10.3%	2.8%	15.9%
EBIT	-1.5	6.7	625.3	4.2
EBIT %	-4.6%	7.1%	2.6%	8.5%
Earnings	0.0	2.9	325.1	2.4
Earnings %	0.0%	3.0%	1.3%	4.8%
Net Debt	5.4	3.6	2775.7	5.7
ND/EBITDA	-7.4	0.4	4.1	0.7
FY21-23 Revenues CAGR	16.7%	9.8%	27.1%	24.1%
FY22-24 Revenues CAGR	17.6%	7.3%	3.6%	12.2%
FY21-23 Earnings CAGR	-23.6%	19.1%	99.4%	102.5%
FY22-24 Earnings CAGR	n.m.	61.6%	14.4%	33.2%
Market Data				
Market Cap	16.1	77.6	6.9	38.9
EV	22.9	80.5	9.8	43.8
Free Float	22%	39%	87%	33%
ADTT YTD (Eu k)	14.5	52.0	20.5	58.1
Market Multiples (x)				
EV/Sales 2023	0.6	0.9	0.5	2.9
EV/Sales 2024	0.5	0.8	0.4	2.1
EV/Sales 2025	0.5	0.7	0.4	1.4
EV/EBITDA 2023	28.5	12.8	57.9	19.0
EV/EBITDA 2024	28.5	8.0	9.0	10.7
EV/EBITDA 2025	8.9	4.6	8.8	6.7
EV/EBIT 2023	-15.7	14.3	8.4	23.7
EV/EBIT 2024	244.0	11.8	13.3	13.3
EV/EBIT 2025	12.8	6.1	15.2	11.6
P/E 2023	-18.5	28.9	18.4	31.0
P/E 2024	-43.6	18.9	15.2	23.4
P/E 2024	19.9	10.1	62.6	29.1
Earnings Yield	-0.1	0.0	0.1	0.0
Stock Performance				
1D	2%	-3%	-1%	0%
1W	2%	-2%	-1%	-1%
1M	-4%	-11%	-3%	-1%
3M	23%	-12%	0%	-2%
6M	31%	-11%	8%	-1%
YTD	-5%	-13%	29%	1%
1Y	-10%	-21%	8%	-14%

Source: FactSet and PMI Capital data as of April 3rd, 2024, Group data and PMI Capital Research estimates for L&C

LONGINO & CARDENAL ON EURONEXT GROWTH MILAN

IPO

Trading Market: Euronext Growth Milan
Date: July 4th, 2018
Price: Euro 3.60
Capital raised: Euro 4.95 m
Capitalisation: Euro 22.5 m

SHARES (as of as of April 3rd, 2024)

Code: LON
Bloomberg: LON:IM
Reuters: LONGI.MI
ISIN: IT0005337073
Shares: 6.250.000
Price: Euro 2.58
Performance from IPO: - 28.3%
Capitalisation: Euro 16.1 m
Free Float: 22%
EGA and Specialist: Integrae SIM
Auditing firm: E&Y

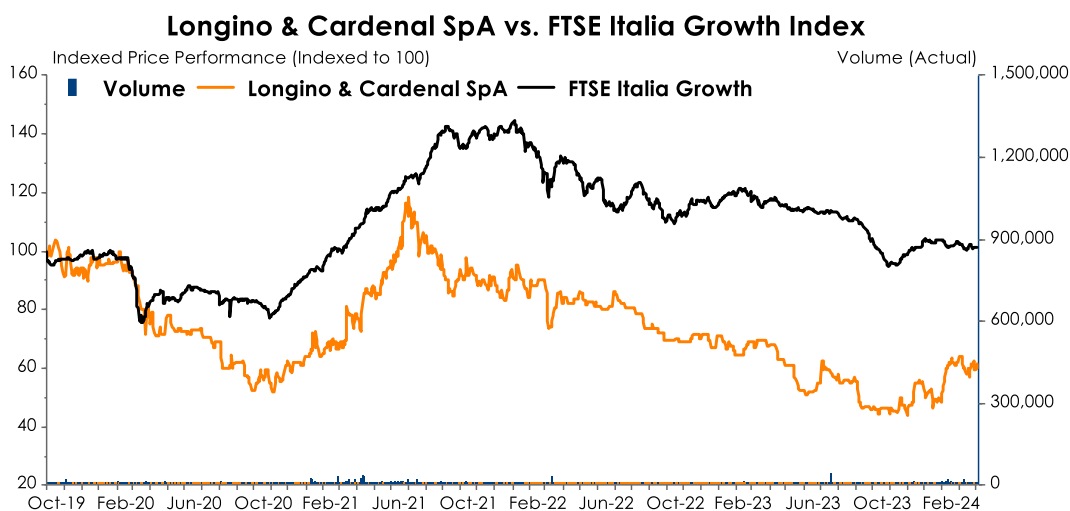
SHAREHOLDERS

Longino Cardenal's share capital is of Euro 1,000,000 made up of 6,250,000 ordinary shares without nominal value. The majority shareholder CARM hods a 78% stake and is owned by the Uleri Family (Founder and CEO).

Shareholder	No Shares	%
CARM Srl	4.875.000	78.0%
Mercato	1.375.000	22.0%
Total	6.250.000	100.00%

Source: Corporate website as of April 4th, 2024

STOCK PERFORMANCE



LONGINO&CARDENAL SNAPSHOT

Company description

Longino & Cardenal SpA is an Italian leader in the luxury food market active in the research, selection, and distribution of rare and precious foods. With over, 30 years of experience in the industry, the Group serves c. 4,500 B2B customers including 80% of the Michelin-starred restaurants and five-star hotels in Italy. In May 2020 the Company launched an e-commerce website to directly serve the B2C segment, and in March 2022 a B2B e-commerce website was launched as an efficient tool to further improve customer experience. Approximately 80% of total revenues are realized in Italy followed by Hong Kong, Dubai and New York where the Company is present directly with its subsidiaries.

Board of Directors

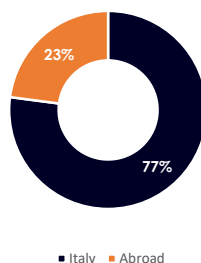
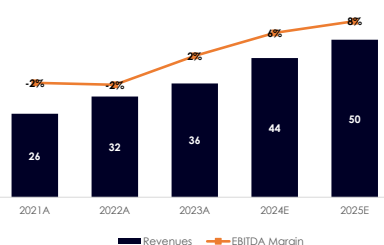
Riccardo Uleri - Chairman
Cristina Sambuchi – Executive
Valerio De Molli – Independent

Key Shareholders

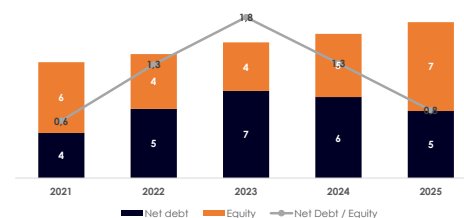
CARM 78%
Market 22%

LONGINO & CARDENAL IN CHARTS

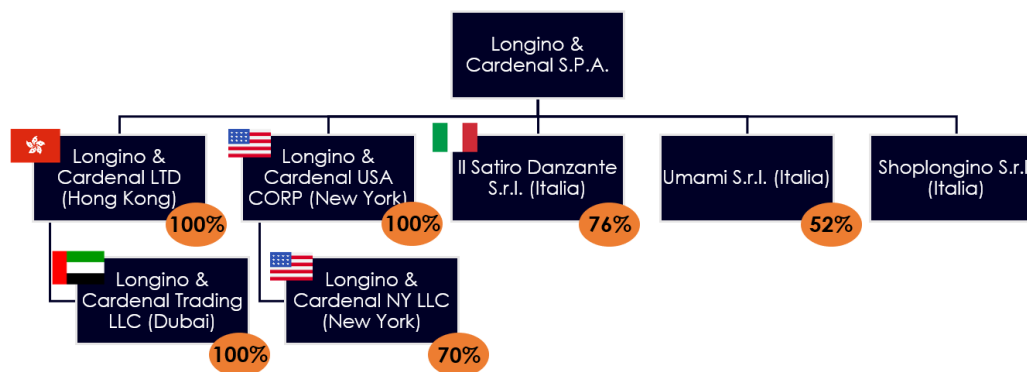
Euro m



Euro m



GROUP STRUCTURE



Source: Company Data and PMI Capital Research Elaboration

INVESTMENT CASE

Experienced Management team. With over 30 years of industry experience, L&C's Management team proved able to take advantage of the business slowdown caused by the Covid-19 pandemic, exploiting the restrictions period to strengthening the business model by entering the B2C segment as well as strengthen the Company's structure by investments in production capacity (new logistics/warehouse facility) and digital (ERP, business intelligence, Performance Management customer services). In 2021 L&C was awarded one of the 74 best-managed Italian companies by Deloitte Private, also thanks to its ability to react to the pandemic crisis.

Growth strategy well aligned with driving market trends. Over the next years the Group intends to reassume growth by consolidating its position in the Italian market by targeting new customers also outside the high-end luxury segment thanks to an increased sensitivity to quality, health, and origin of products, focus on international key markets for luxury and gourmet consumption and grow the digital business. We find this strategy well aligned with driving market trends and in particular with the growing demand for quality and traceability in the food industry, growth in demand of luxury products driven by China, Middle East and the Americas, and e-commerce as a driving force in B2C markets.

International Network of Suppliers and well-established brand. Thanks to a proven selection process the Company boasts a prestigious portfolio with over 1,800 rare and precious first-class products from more than 200 suppliers spread in over 20 countries worldwide. The high-quality products and Management's industry know-how has helped establish L&C as a guarantee for quality and culinary innovation ahead of haut cuisine trends.

Integrated logistics to satisfy high-profile Italian and international food players. L&C can rely on a well-oiled logistics system able to guarantee quality and quick delivery times (worldwide "time-to-kitchen" "delivery within 72 hours) thanks to efficient order workflow and a distribution and logistics network with food hubs in Spain (Barcelona), France (Paris) and Milan, Italy and local subsidiaries in New York, Hong Kong and Dubai.

Local presence through subsidiaries in key markets. The geographical footprint with subsidiaries in the global capitals for luxury and gastronomy (Hong Kong, Dubai and New York) represents Management's strategy to capture market opportunities, thus choosing locations with high penetration and expected growth in the luxury market.

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Date	Target Price	Market Price	Validity Time
April 4 th , 2024	4.59	2.58	12 months
October 10 th , 2023	4.56	1.92	12 months
April 12 th , 2023	4.57	2.86	12 months
October 13 th , 2022	4.31	2.92	12 months
May 17 th , 2022	4.55	3.48	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM: Federico Zangaro (Analyst)

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