



Solid FY22 results in line with expectations, sales +21% YoY

Sector: Distribution & Logistics Services

FY22 top line +21% yoy driven by strong results across all group companies. Longino & Cardenal recently released FY22 results largely in line with our expectations with sales at Euro 31.7 m, +21% YoY (Euro 26.3 m) and +1% vs. our estimates (Euro 32.0 m) despite a year characterized by macroeconomic turmoil and cost inflation negatively affecting consumer spending. The result was driven by a positive trend across all geographies and in particular by the Italian parent company with revenues of Euro 23.6 m, +18% YoY and Dubai (Euro 2.9 m, + 28% YoY). B2C online sales saw a recovery in the second half of the year and closed in line with FY21 (Euro 1.1 m) which we however recall still benefitted from restrictions on outdoor activities. The New York startup also showed very positive results with revenues increasing to Euro 1.3 m vs. Euro 0.7 m in prior year confirming the great potential of the market. Good results also from Satiro Danzante with a contribution of Euro 0.8 m (Euro 0.5 m in FY21). After China's "zero-Covid" policy, the Hong Kong market started to see an easing of restrictions in 2H22 and the Company recorded revenues in the Country of Euro 2.0 m, in line with prior year but still lagging behind FY19 results of Euro 3.7 m. The last restrictions, which should allow tourism to return to pre-covid levels in the country, were finally lifted in Q123. Gross profit stood at Euro 6.9 m, up by 21% vs. prior year (Euro 5.7) in line with revenue growth as the Company managed to maintain the Gross Margin in line with prior year's (21.8 vs. 21.7% in FY21%) despite the general spur in raw material and energy prices thanks to real-time management of costs which allowed Management to timely make the necessary price adjustments. EBITDA remained largely stable (Euro -0.7 m in 1H22 vs. Euro -0.5 m in 1H21) after a recovery in the second half of the year with a positive EBITDA of Euro 0.3 m or c 2% on sales (EBITDA in 1H21 Euro -1.0 m). For the full year, the increase in Gross Margin was partially offset by an increase in Opex by +23%, following increased sales volumes, the going back to normal of sales and commercial activities after the pandemic, and an increase in marketing expenses to promote the B2C channel. Net result was negative of Euro 1.2 m vs. a loss of Euro 0.9 m in FY21. Looking at the balance sheet, Net debt stood at Euro 5.4 m (Euro 3.5 m in FY21) after some WC absorption following the increased sales volumes partially offset by an efficient management of working capital (Operating WC/sales down from 17% in FY21 to 16%).

Well positioned to reap the rewards from investments in international markets. Management did not provide guidance for FY22, however expressed confidence for the business environment in FY23 which should driving growth across all Group companies. Overall, we saw a FY22 characterized by a recovery in revenues in all markets confirming the underlying growth trend, but with revenues of the startups (New York and B2C) not yet sufficient to cover operational costs. In this context, we believe that the Groups is well positioned to consolidate growth and profitability from FY23 with the definite overcoming of Covid restrictions, New York subsidiary break-even, and with cost efficiencies from the new logistics site. We continue to appreciate the equity story of a market leader in a niche market with multiple growth opportunities ahead among which we highlight i) growth in the domestic market by leveraging on increased consumer sensibility to quality, health, and origin of products, ii) consolidation of international subsidiaries and iii) B2C e-commerce to boost growth and brand awareness.

Estimate revision and new TP at Euro 4.57 p.s.. On the back of the positive performance recorded in FY22 we slightly upgraded our sales forecast for FY23, now assuming Euro 37.9 m (Euro 37.3 m pr.) whereas we left our other assumptions unchanged. Over the next three years we forecast revenues to grow at a 16% CAGR to reach Euro 50 m in FY25 with an EBITDA of Euro 3.6 m, or 7% on revenues. Based on our new estimates and updating our DCF based valuation with up-to-date market data we obtained a new target price of Euro 4.57 p.s. (Euro 4.31 p.s. pr.) Our target price provides for a potential upside vs. current market price of c. 60%. Wednesday

Target Price **4.57** (4.31 pr.)

Price **2.86**

Market Cap (€ m) **18**

EV (€ m) **23**

As of April 11th, 2023

Share Data

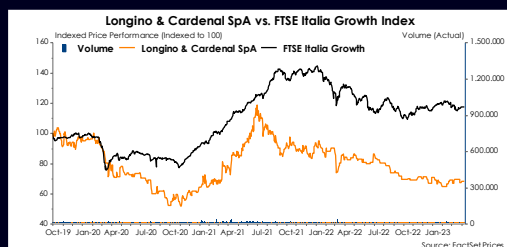
Market	Euronext Growth Milan
Reuters/Bloomberg	LONGI.MI/LON:IM
ISIN	IT0005337073
N. of Shares	6,250,000
Free Float	22%
Main Shareholder	CARM 78%
CEO	Riccardo Uleri

Financials

	21A	22A	23E	24E	25E
Sales	26.3	31.7	37.9	44.0	49.6
YoY	36%	21%	20%	16%	13%
EBITDA	(0.5)	(0.7)	1.1	2.4	3.6
EBITDA	n.m.	n.m.	2.8%	5.5%	7.2%
EBIT	(1.2)	(1.5)	0.4	1.6	2.5
EBIT	n.m.	n.m.	0.9%	3.7%	5.1%
Net Inc.	(0.9)	(1.2)	0.2	1.1	1.7
Net Debt	3.5	5.4	3.3	4.9	5.2
Net Eq.	5.5	4.3	4.4	5.5	7.2

Performance

	1M	3M	6M
Absolute	-2%	-1%	-2%
Relative (FTSE Italia Growth)	-2%	-0%	-8%
52-week High/Low (Eu)	4.50	/	2.66



Luisa Primi

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KEY FINANCIALS

Profit&Loss Statement	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
Revenues (VoP)	28,5	32,0	33,7	19,3	26,3	31,7	37,9	44,0	49,6
Gross Profit	6,0	7,2	7,8	3,7	5,7	6,9	8,7	10,2	11,5
EBITDA	1,5	2,0	1,6	(1,3)	(0,5)	(0,7)	1,1	2,4	3,6
EBIT	1,4	1,8	1,3	(1,7)	(1,2)	(1,5)	0,4	1,6	2,5
Financial Income (charges)	(0,3)	(0,1)	(0,1)	(0,2)	0,1	0,1	(0,1)	(0,1)	(0,2)
Extraordinary items	(0,1)	(0,0)	0,1	(0,1)	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)	0,2	1,5	2,4
Taxes	(0,4)	(0,5)	(0,4)	0,3	0,1	0,2	(0,1)	(0,4)	(0,7)
Minorities	0,0	0,0	0,0	0,0	(0,0)	(0,1)	0,0	0,1	0,2
Net profit (loss)	0,6	1,2	0,9	(1,8)	(0,9)	(1,2)	0,2	1,1	1,7

Balance Sheet									
Net working capital (NWC)	2,6	3,5	3,8	4,0	4,5	5,5	5,3	6,1	6,5
Net fixed assets	1,4	2,2	2,6	3,4	5,4	5,2	3,4	5,3	7,0
M/L Funds	(0,5)	(0,6)	(0,6)	(0,7)	(0,8)	(1,0)	(1,0)	(1,0)	(1,0)
Net Capital Employed	3,6	5,0	5,8	6,7	9,0	9,7	7,7	10,4	12,4
Net Debt	3,1	(1,2)	(1,4)	0,2	3,5	5,4	3,3	4,9	5,2
Minorities	0,0	(0,0)	(0,1)	(0,3)	(0,4)	(0,6)	(0,6)	(0,5)	(0,3)
Equity	0,5	6,2	7,2	6,5	5,5	4,3	4,4	5,5	7,2

Cash Flow									
Net Income	0,6	1,2	0,9	(1,8)	(0,9)	(1,2)	0,2	1,1	1,7
Non-cash items	0,7	0,3	0,4	0,5	0,7	0,9	0,7	0,8	1,1
Change in Working Capital	(2,6)	(0,8)	(0,4)	(0,2)	(0,5)	(1,0)	0,2	(0,8)	(0,4)
Cash Flow from Operations	(1,4)	0,7	1,0	(1,4)	(0,7)	(1,3)	1,1	1,1	2,4
Capex	(1,6)	(1,0)	(0,8)	(1,3)	(2,6)	(0,6)	1,1	(2,7)	(2,7)
Other non-current assets	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
Free Cash Flow	(3,1)	(0,3)	0,3	(2,8)	(3,2)	(1,9)	2,1	(1,6)	(0,3)
Disposals/Acquisitions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Dividend	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)
Change in Net Debt	(3,2)	4,2	0,3	(1,8)	(3,3)	(1,9)	2,1	(1,6)	(0,3)

Per Share Data									
Current Price	2,86								
Total shares out (mn)	6,08								
EPS	0,1	0,2	0,2	(0,3)	(0,1)	(0,2)	0,0	0,2	0,3
DPS	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)	0,4	(0,3)	(0,1)
Pay out ratio	#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%	23,0%	23,2%	23,2%
EBITDA margin	5,3%	6,3%	4,8%	n.s.	n.s.	n.s.	2,8%	5,5%	7,2%
EBIT margin	4,8%	5,6%	3,7%	n.s.	n.s.	n.s.	0,9%	3,7%	5,1%
Net Debt/Equity	592,2%	-19,2%	-19,2%	3,7%	63,9%	126,6%	73,8%	88,3%	72,0%
Net Debt/(Net Debt + Equity)	85,6%	-23,7%	-23,8%	3,6%	39,0%	55,9%	42,5%	46,9%	41,9%
Net Debt/EBITDA	2,01	-0,59	-0,85	n.s.	n.s.	n.s.	3,04	2,01	1,46
Interest cover EBIT	4,99	21,36	22,46	n.s.	n.s.	n.s.	2,74	13,37	16,63
ROE	108,9%	19,2%	13,1%	-27,2%	-16,3%	-29,1%	3,7%	19,7%	23,5%
ROCE	49,2%	44,9%	27,8%	-30,2%	-14,3%	-17,0%	5,5%	19,8%	25,5%
Free Cash Flow Yield	n.m.	24,2%	1,7%	n.m.	n.m.	n.m.	12,3%	n.m.	n.m.

Growth Rates									
Revenues (VoP)	34%	12%	5%	-43%	36%	21%	20%	16%	13%
EBITDA	n.a.	32%	-19%	-177%	58%	-39%	248%	125%	47%
EBIT	n.a.	31%	-30%	-236%	33%	-27%	124%	358%	54%
Net Profit	n.a.	113%	-21%	-287%	49%	-38%	113%	568%	56%

REVENUE BREAKDOWN

Euro m	FY19	FY20	FY21	FY22
L&C Spa (Italy/Europe)	28,7	15,5	19,8	23,6
Hong Kong	3,7	1,8	1,9	2,0
Dubai	1,2	1,1	2,3	2,9
New York	-	0,1	0,7	1,3
Online		0,4	1,1	1,1
Altro (Safiro Danzante/Umami)	0,1	0,3	0,5	0,8
Total sales	33,7	19,3	26,3	31,7
YoY	+5%	-43%	+36%	+21%

Source: Company Consolidated Financial Statements

KEY FINANCIALS 1H

Income Statement	FY19	FY20	FY21	FY22
Revenues	33,7	19,3	26,3	31,7
YoY %	5%	-43%	+36%	21%
Gross Margin	7,8	3,7	5,7	6,9
Gross Margin %	23,0%	19,4%	21,7%	21,8%
Overhead costs	(6,1)	(5,0)	(6,2)	(7,6)
% on sales	18,4%	-25,9%	24,6%	22,7%
EBITDA	1,6	(1,3)	(0,5)	(0,7)
EBITDA %	4,8%	-6,6%	-2,0%	-2,3%
EBIT	1,3	(1,7)	(1,2)	(1,4)
EBIT %	3,7%	-8,9%	-4,4%	-4,6%
Net Income / (loss)	0,9	(1,8)	(0,9)	(1,2)

Source: Company Consolidated Financial Statements

Balance Sheet	FY19	FY20	FY21	FY22
Fixed Assets	2,6	3,4	5,4	5,2
Receivables	8,4	5,2	7,9	7,4
Inventory	1,6	1,5	2,6	2,7
Payables	(5,6)	(2,9)	(6,0)	(5,1)
Operating Working Capital	4,4	3,8	4,4	5,0
% on sales	13%	20%	17%	16%
Net Working Capital	3,8	4	4,5	5,5
Funds	(0,6)	(0,7)	(0,8)	(1,0)
NET INVESTED CAPITAL	5,8	6,7	9,0	9,7
Net Debt/(Cash)	(1,4)	0,2	3,5	5,4
Net Equity	7,2	6,5	5,5	4,3
TOTAL SOURCES	5,8	6,7	9,0	9,7

Source: Company Consolidated Financial Statements

ESTIMATE REVISION

	FY22A		FY23E		FY24E		FY25E	
	Old	Act.	Old	New	Old	New	Old	New
Profit&Loss Statement								
Revenues (VoP)	32,0	31,7	37,3	37,9	42,5	44,0	47,5	49,6
EBITDA	(0,4)	(0,7)	1,1	1,1	2,2	2,4	3,2	3,6
EBIT	(1,0)	(1,5)	0,4	0,4	1,5	1,6	2,4	2,5
Financial Income (charges)	0,2	0,1	(0,2)	(0,1)	(0,2)	(0,1)	(0,2)	(0,2)
Extraordinary items	0,0	(0,0)	0,0	0,0	0,0	0,0	0,0	0,0
Pre-tax profit (loss)	(0,8)	(1,4)	0,3	0,2	1,3	1,5	2,2	2,4
Taxes	0,1	0,2	(0,1)	(0,1)	(0,4)	(0,4)	(0,6)	(0,7)
Minorities	0,0	(0,1)	0,0	0,0	0,1	0,1	0,2	0,2
Net profit (loss)	(0,7)	(1,2)	0,2	0,2	0,9	1,1	1,6	1,7
Balance Sheet								
Net working capital (NWC)	5,3	5,5	5,0	5,3	5,6	6,1	5,9	6,5
Net fixed assets	5,2	5,2	7,2	3,4	9,1	5,3	8,8	7,0
M/L Funds	(0,9)	(1,0)	(0,9)	(1,0)	(0,9)	(1,0)	(0,9)	(1,0)
Net Capital Employed	9,6	9,7	11,3	7,7	13,8	10,4	13,7	12,4
Net Debt	4,8	5,4	6,3	3,3	7,9	4,9	6,3	5,2
Minorities	(0,4)	(0,6)	(0,4)	(0,6)	(0,3)	(0,5)	(0,2)	(0,3)
Equity	4,8	4,3	5,0	4,4	5,9	5,5	7,4	7,2

Source: PMI Capital Research estimates

VALUATION

We set a target price on L&C of Euro 4.57 p.s. (Euro 4.31 p.s.) and providing for a potential upside of 60%. Our valuation is based on the Discounted Cash Flow (DCF) analysis as we for now have excluded a multiple based analysis as a longer timeframe is needed to reflect the fair value of the Company as on the one hand the industry is still recovering from the devastating effects of the Covid pandemic and on the other, to capture the upside of the more recently founded subsidiaries, the online business, and the new logistics plant.

Our DCF model is based on a three-stage model with explicit estimates for 2023-26E, 5 years to 2031 with growth normalizing at 5%, an 7.6-8.2% EBITDA margin, capex at c. 1% of sales, and terminal value discounted at 8.75% WACC and 1% growth. Our model yields a fair equity value of Euro 27.8 m or Euro 4.57 p.s..

DCF Model (Euro m)

Discounted free cash flows FY23-30E	9.6	30%
NPV of Terminal Value	23.0	70%
EV	32.6	100%
Net Debt FY22E	5.4	
Minorities FY22E	(0.5)	
Fair Value of Equity	27.8	
No of shares (m)	6.1	
Fair Value per share (Eu)	4.57	

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), 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), and Premium Brands Holdings Corp (CA).

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				
Revenues	31,7	129,5	22.836	38,4
EBITDA	-0,7	11,1	708	6,3
EBITDA %	-2,3%	8,6%	3,1%	16,5%
EBIT	-1,5	8,0	657	3,0
EBIT %	-4,6%	6,2%	2,9%	7,8%
Earnings	-1,2	4,8	331	1,9
Earnings %	-3,9%	3,7%	1,4%	5,0%
Net Debt	5,4	35,1	2.888	4,2
ND/EBITDA	-7,4	3,2	4,1	0,7
FY21-23 Revenues CAGR	20%	18%	25%	39%
FY22-24 Revenues CAGR	18%	13%	3%	15%
FY21-23 Earnings CAGR	111%	30%	99%	78%
FY22-24 Earnings CAGR	220%	45%	21%	31%
Market Data				
Market Cap	17,9	83,3	6.667	57,7
EV	23,3	106,6	11.161	60,8
Free Float	22%	38%	81%	33%
ADTT YTD (Eu k)	5	212	27.618	71
Market Multiples				
EV/Sales 2022	0,7	1,0	0,5	1,4
EV/Sales 2023	0,6	0,7	0,5	1,1
EV/Sales 2024	-46,6	0,6	0,4	1,1
EV/EBITDA 2022	-33,3	10,7	10,1	11,3
EV/EBITDA 2023	21,2	6,5	9,2	7,8
EV/EBITDA 2024	9,7	4,5	8,5	7,0
EV/EBIT 2022	-15,5	14,9	16,2	17,6
EV/EBIT 2023	58,2	8,8	14,0	14,8
EV/EBIT 2024	14,6	5,6	12,9	9,3
P/E 2022	-19,4	33,7	20,2	33,6
P/E 2023	116,4	14,1	15,4	18,5
P/E 2024	21,2	8,5	14,3	12,9
Earnings Yield	-5,2%	3,0%	5,0%	3,0%
Stock Performance				
1D	0,0%	-0,7%	0%	0,0%
1W	0,7%	-0,4%	1%	0,0%
1M	-2,1%	-8,4%	2%	-0,5%
3M	-1,4%	6,1%	2%	-1,1%
6M	-2,1%	5,7%	26%	6,0%
YTD	-4,7%	9,3%	9%	1,0%
1Y	-17,3%	-19,7%	-5%	-10,3%

FactSet and PMI Capital data as of April 11th, 2023. Group data and PMI Capital Research estimates for L&C

LONGINO & CARDENAL ON EURONXT 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 April 11th, 2023)

Code: LON

Bloomberg: LON:IM

Reuters: LONGI.MI

ISIN: IT0005337073

Shares: 6.250.000

Price: Euro 2.86

Performance from IPO: - 21%

Capitalisation: Euro 23 m

Free Float: 22%

EGA and Specialist: Integrae SIM

Auditing firm: E&Y

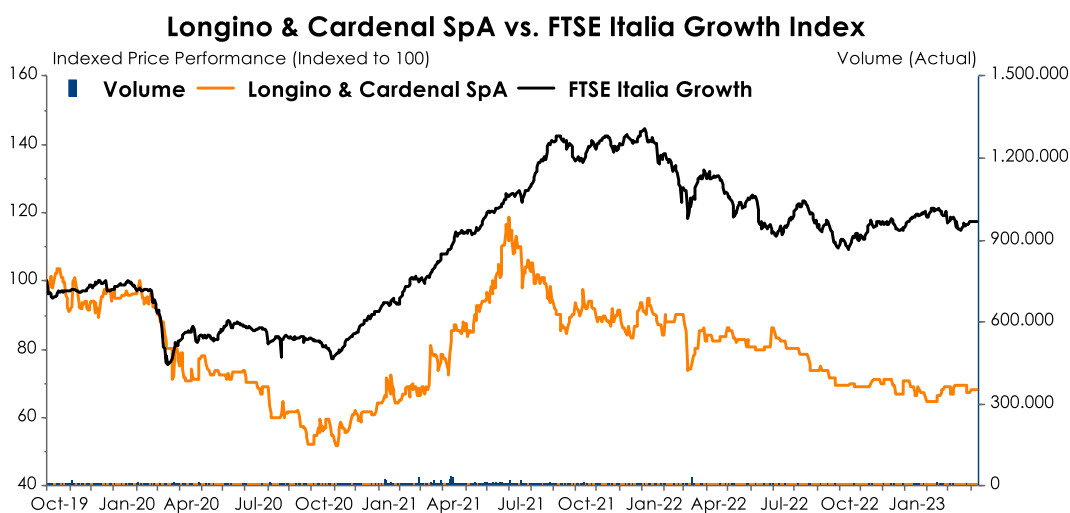
SHAREHOLDERS

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 holds 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 11th, 2023

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.

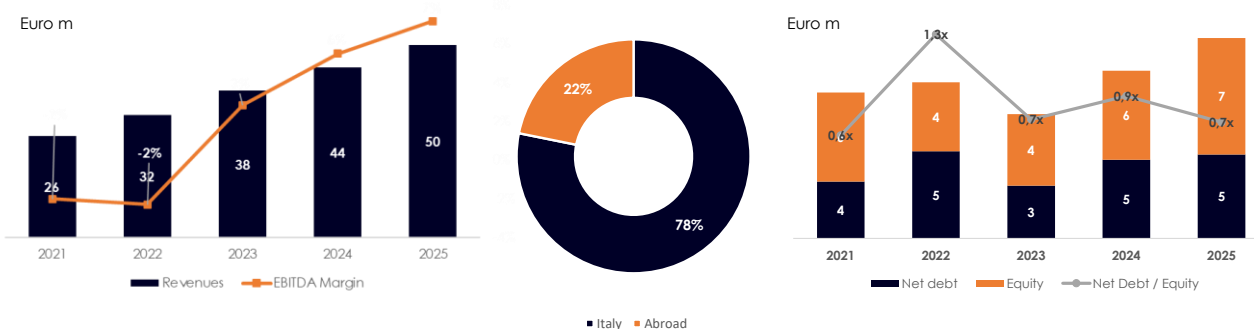
Board of Directors

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

Key Shareholders

CARM 78%
Market 22%

LONGINO & CARDENAL IN CHARTS



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 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

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