



Pioneer in the Global Luxury Food Market

Sector: Distribution & Logistics Services

Leader in the Luxury Food market. Longino & Cardenal SpA is an Italian leader in the luxury food market and listed on EGM (ex. AIM Italia) since July 2018. The Group is active in the research, selection, and distribution of rare and precious foods originating from all over the world. With over, 30 years of experience in the industry, the Company serves c. 4,500 B2B customers including 80% of the Michelin-starred restaurants and five-star hotels in Italy. Approximately 80% of total revenues are realized in Italy followed by Hong Kong, Dubai and New York where the Group is present directly with its subsidiaries.

E-commerce to reach a growing B2C segment and increase customer experience for B2B clients. In May 2020 the Group launched its own e-commerce website to directly serve the B2C segment. The choice was made to respond to the trend of growing demand for on-line sales in the gourmet food sector boosted also by the COVID-19 induced lockdowns. On the back of the positive results in Italy the Company recently launched the online also in Dubai and Hong Kong, and in March 2022 a B2B platform which will serve as tool to further improve customer experience.

Strong rebound in the global Gourmet Food & Fine Dining market in 2021 as a strong predictor of healthy growth in the midterm. With the easing of restrictions in 2021, the global Gourmet Food & Fine Dining market experienced a strong rebound covering about half of the Covid-19 related 2020 losses. According to Altagamma-Bain, the prompt recovery should be seen as a strong predictor of healthy growth of the market in the midterm. Experience luxury (including Fine Dining), which was disproportionately impacted by the health emergency, is expected to recover at a 21E-25E CAGR of 20-28%.

Double digit revenue growth trend interrupted by the pandemic. Strong rebound in FY21. Between FY16-19 L&C grew revenues at a c. 17% CAGR to Euro 34 m with an EBITDA in FY19 of Euro 1.6 m (5% on sales). In FY20, with the Covid pandemic hitting the Gourmet Food & Fine Dining industry hard, revenues and profitability inevitably dropped. However, Management took advantage of the slow down to strengthen the business (e-commerce and digitalization) and implement cost containment measures. In 2021 the Company showed a strong recovery, with revenues growing by +36% to Euro 26.2 m, and a strong recovery in profitability which however, at EBITDA level remained negative.

Positive outlook as strategic guidelines are aligned with market trends. Given the above, our outlook for L&C is positive as we believe that Group, has used the period of slowdown well, focusing on strengthening the business model and implementing operative efficiencies. Over the next years, Management intends to continue to focus on digital, and consolidation in key markets for luxury and gourmet consumption according to a well-defined strategy aligned with driving market trends. Over the next four years we forecast a revenue CAGR of 17% to Euro 49.9 m in FY25 and fully closing the gap vs. FY19 already this year (Euro 34.7m). We expect profitability to continue to recover in FY22 with an EBITDA of Euro 0.7 m (2.1% on sales) and to reach Euro 3.9 m (8% on sales) in FY25. Key growth drivers to our estimates are i) growth in the domestic market by leveraging on increased sensitivity to quality, health, and origin of products, ii) consolidation of international subsidiaries and iii) B2C e-commerce which we expect to represent a total weight of c. 10% of total sales in FY25 (Euro 5.0 m).

Valuation. We initiate coverage of Longino&Cardenal with a target price of Euro 4.55 p.s., providing for an upside vs. current trading (Euro 3.48 p.s.) of c. 31% and based on the Discounted Cash Flow (DCF) analysis.

Target Price 4.55

Price **3.48**

Market Cap (€ m) **21.8**

EV (€ m) **25.3**

As of May 17, 2022

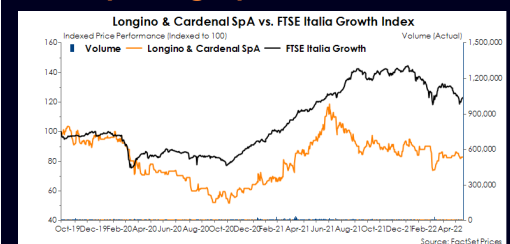
Share Data

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	22E	23E	24E	25E
Sales	26.3	34.7	39.3	44.5	49.9
YoY	36%	32%	13%	13%	12%
EBITDA	(0.5)	0.7	2.0	3.1	3.9
EBITDA	n.m.	2.1%	5.0%	7.0%	7.9%
EBIT	(1.2)	0.1	1.1	2.2	3.0
EBIT	n.m.	0.2%	2.8%	5.0%	6.0%
Net Inc.	(0.9)	(0.0)	0.7	1.5	1.9
Net Debt	3.5	5.2	6.6	5.2	3.1
Net Equity	5.5	5.5	6.1	7.6	9.7

Share price graph



Performance

	1M	3M	6M
Absolute	+0.6%	-8.4%	-5.9%
Relative (FTSE Italia Growth)	+6.7%	-1.6%	+8.3%
52-week High/Low (Eu)	4.98	/	2.98

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