



ITALIAN WINE BRANDS

Creatori di Eccellenze

EQUITY RESEARCH



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INVESTMENT SUMMARY

Investment Summary

- The company has demonstrated operational excellence.
- Management has extensive experience and is well-aligned, with a high level of share ownership.
- The industry is positioned for continued growth, and Italian wine brands are steadily gaining market share.
- The company's brands have a strong competitive position and are recognized for their quality.
- The company is trading at only 8x Market Cap/Free Cash Flow and 5-6x EV/EBITDA.
- Asset-light business model, with annual capital expenditures of only €2 million.
- Holds a 10% market share in Prosecco exports.
- Strong cash generation and high free cash flow conversion.

Catalysts

- M&A activity
- Share Buy-backs
- Reduction of debt

Market Data

52 Week High	€24.40
52 Week Low	€16.70
Avg. 3 Month Volume	0.01 MM
5 Yr Beta	0.74
Float %	-

Capital Structure

Market Cap (MM)	€225.25
Enterprise Value (MM)	€334.00
Shares Outstanding	9.39 MM
LTM Net Debt (MM)	€108.82
LTM Net Debt/EBITDA	2.56x

Efficiency

LTM Gross Margin	17.2%
LTM EBIT Margin	8.0%
LTM ROA	4.1%
LTM ROE	10.2%
LTM ROIC	8.9%
LTM ROCE	9.1%

Growth

Fwd 2-Yr Rev. CAGR	0.2%
Fwd 2-Yr EBITDA CAGR	6.1%
Fwd 2-Yr EPS CAGR	11.4%
Last 3-Yr Rev. CAGR	28.1%
Last 3-Yr EBITDA CAGR	20.1%
Last 3-Yr EPS CAGR	5.9%

Valuation

Street Target Price	€33.45
NTM EV/Revenues	0.79x
NTM EV/EBITDA	6.85x
NTM P/E	9.86x
NTM MC/FCF	7.78x
LTM EV/Revenues	0.79x

Market Summary > Italian Wine Brands S.P.A.

23.90 EUR

+5.90 (32.78%) ↑ past year

5 Nov, 17:35 CET • Disclaimer

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1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Italian Wine Brands S.p.A. was established in 2015 in Italy, quickly rising to prominence in the wine industry. The company distinguishes itself with an innovative, asset-light business model that does not involve owning vineyards. Instead, IWB purchases high-quality grapes from various regions and manages the entire winemaking process, from production to distribution. This approach allows the company to maintain flexibility and reduce fixed costs. IWB went public on the Borsa Italiana and has since grown both organically and through acquisitions, expanding its reach to international markets like Germany, the UK, and the U.S

Business Model

Italian Wine Brands operates primarily by sourcing grapes from selected growers, ensuring a steady supply while focusing its resources on production, marketing, and distribution. This asset-light model allows IWB to maintain agility in a highly competitive market. Their distribution channels are varied, spanning direct-to-consumer sales via e-commerce, traditional retail, and wholesaling to large international markets. The company's efficiency in logistics and strong brand portfolio have enabled it to scale rapidly while keeping costs in check. Its growth strategy emphasizes geographic diversification, with a particular focus on expanding in Europe and North America.

Business Segments

- **Wholesale:** This is the largest channel, accounting for 72.67% of total revenue.
- **(DTC):** This channel represents 14.51% of total revenue, achieved through a combination of Direct Mailing: 7.09%, Teleselling: 2.83% and Digital/WEB: 4.59%
- **Hotels, Restaurants, and Catering (Ho.Re.Ca):** Sales through this channel contribute 12.76% of total revenue

Asset-Light Business Model: Unlike other companies which may own vineyards and have higher fixed costs, IWB's asset-light model allows it to operate more flexibly. IWB sources grapes from external suppliers rather than owning vineyards, which reduces capital expenditures and allows it to focus on branding, production, and distribution. This helps the company scale operations more quickly without the financial burden of land ownership.

Diversified Distribution Channels: IWB's revenue is diversified across multiple channels, including wholesale, direct-to-consumer (DTC), and Ho.Re.Ca (Hotels, Restaurants, and Catering). Its direct sales channels, particularly through e-commerce and direct mailing, give it a direct line to consumers, a competitive advantage over more traditional companies, which rely heavily on wholesale and distributors. This diversification also helps IWB maintain stable revenues across market fluctuations.

Global Reach with Local Flexibility: While both IWB and competitors have international markets, IWB has aggressively expanded into various countries while maintaining the flexibility to adapt its product offerings to specific consumer preferences. Its ability to quickly source grapes and adjust production allows it to cater to diverse international tastes, unlike more traditional companies tied to specific wine regions.

Strong Brand Portfolio: IWB manages a diverse portfolio of brands, including Giordano Vini, Provinco, and Raphael Dal Bo, which cover a wide range of wine segments from premium to more affordable wines. This multi-brand strategy helps the company capture different market segments, including both premium buyers and more price-sensitive consumers, providing greater market reach.

Focus on Innovation and Digital Sales: IWB is ahead of many traditional wine producers in its adoption of digital sales channels, especially e-commerce and telesales. This provides a modern approach to customer engagement and sales, helping the company reach consumers directly. Competitors may find it more challenging to pivot quickly to these direct-to-consumer models.

Export Value and Volume (2000–2018): Italy's wine exports have shown significant growth, rising from 17.8 million hectolitres in 2000 to 19.8 million hectolitres in 2018. During this period, the export value increased by 187%, reaching a remarkable USD 7.3 billion. This impressive increase can be attributed to Italy's solid positioning in the higher-quality and higher-priced wine segments, reflecting a shift towards premium wine production and global market demand for such wines.



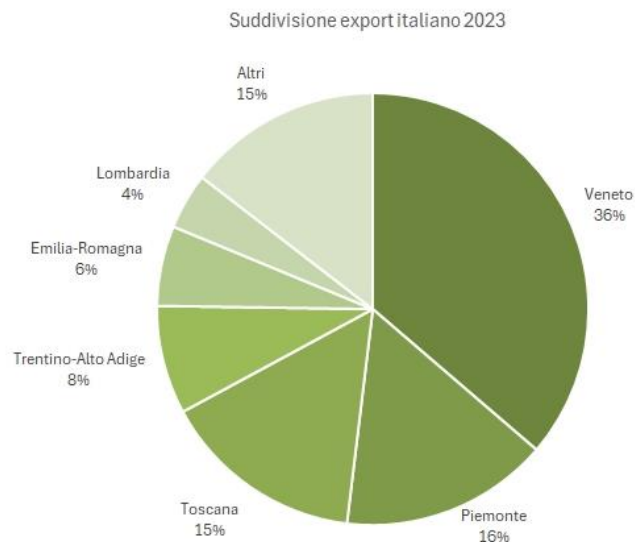
Country-Specific Success: Italy has achieved notable success in key global markets, surpassing France as the top wine supplier to Germany and the United States (Measured in Volume). While France still dominates the high-end luxury wine market, Italy's strength lies in mid-priced bottled wines, with Prosecco playing a significant role in this achievement. Italy's leadership in these markets is indicative of a growing preference for wines that offer quality at mid-range price points, especially in well-established markets like the USA and Germany.

Market Segments: Italy's dominance in the commercial premium wine sector (wines priced between \$2.50 and \$7.50 per litre) further solidifies its competitive edge. This success is particularly evident in markets such as Germany and the USA, where Italian wines consistently outperform those from France and Spain. However, Italy's penetration in emerging markets like China remains limited, where competition is stiffer, and consumer preferences are still evolving.

Top Importing Countries: Five countries—USA, Germany, the United Kingdom, Switzerland, and Canada—account for approximately 70% of Italy’s total wine exports. Italy has seen particular success in the USA, leading the market in high-quality wine exports, while Germany is a major importer of Italian table wines. These markets continue to drive Italy’s growth in both volume and value, with a focus on quality wines (QWPDR) ensuring continued demand in the premium wine segment.

Emerging Markets: Although Italy’s presence in China and India is currently small—these countries import less than 1% of Italy’s total wine exports—the potential for growth is substantial. The rapid economic development in these regions is expected to create new opportunities for Italian wine exports, particularly as rising incomes and changing lifestyles drive greater consumption of wine.

The pie chart illustrates the breakdown of Italian wine exports by region in 2023, where Veneto leads with 36% of total exports (Prosecco driven), followed by Piemonte (16%), and Toscana (15%). These three regions account for a significant majority of Italian wine exports, demonstrating the concentration of production and export strength in these areas. Trentino-Alto Adige and Emilia-Romagna also contribute, albeit to a lesser extent, while smaller regions such as Lombardia make up a smaller share of the total.



COMPETITORS

	IWB	TWE	NAPA	LPE	CONCHA TORO	ALLAN	MASI	VRAP	SWA	HAW	WINE	VINO
Gross Margins	16%	44%	54%	57%	37%	50%	26%	28%	42%	44%	39%	30%
Operating Margings	7%	20%	26%	28%	8%	22%	3%	12%	7%	5%	0%	0%
Net Debt /EBITDA	2,86	2,19	1,77	1,93	4,59	6,77	4,71	12,39	1,44	3,05	NA	NA
Revenue Growth (9years)	194%	30%	67%	33%	32%	2%	3%	14%	48%	38%	25%	59%
EPS Growth (9years)	74%	-39%	173%	154%	-17%	283%	-86%	86%	0%	-49%	71%	-150%
NTM EV/EBITDA	6,7	11,3	10,49	7,56	9,1	12,00	24,00	15,00	5,00	7,00	2,00	1,00
ROCE	7%	8%	8%	10%	5%	7%	1%	3%	9%	11%	1%	1%
Shares Dilution (5years)	28%	2%	14%	0%	-1%	-5%	0%	0%	0%	0%	4%	27%

The negative aspects of the company, compared to its peers, are its low operating margins and shareholder dilution. However, this is due to its asset-light business model, which allows it to focus efforts on marketing, distribution, growth, and developing relationships with its clients. The returns on capital are above the industry average, and its debt has decreased considerably over the last year, positioning it at a much healthier level.

The company's growth has been the strongest by far, more than compensating for other financial metrics. It's worth noting that IWB's inventory management has been superior, generating cash by liquidating inventory after the pandemic. In contrast, some competitors, like Laurent Perrier, show positive figures but leave much to be desired in inventory management

Chief Executive Officer (CEO): Alessandro Mutinelli

Mr. Mutinelli earned a degree in economics and business from the University of Trento in 1991. He began his career as an auditor at Deloitte from 1992 to 1993. In 2002, he acquired a minority stake in Provinco Italia and became the majority shareholder in 2008. Under his leadership, Provinco S.r.l. was established, which took control of Provinco Italia. In 2015, he played a key role in the formation of Italian Wine Brands (IWB) and has been serving as its Chairman and Chief Executive Officer since then.

- **Share Ownership:** Through his wholly owned company, Provinco S.r.l., Mr. Mutinelli holds a 7.1% stake in IWB

Chief Financial Officer (CFO): Gabriella Fabotti

Ms. Fabotti serves as the Chief Financial Officer (CFO) at Italian Wine Brands. She has an extensive background in finance and corporate management, having held positions such as Group Corporate Director at ITELYUM, Board Member at Telegate and Consodata, Group CFO at Italiaonline, and CFO and Corporate Director at Euticals Group. She holds a degree from the University of Genoa

Chairman- Giorgio Pizzolo

Mr. Pizzolo is the Chairman, President, and Chief Executive Officer of Enoitalia S.p.A., a leading Italian wine producer. He has been instrumental in expanding Enoitalia's global presence, with the company exporting 80% of its production to over 80 countries. In 2021, following the acquisition of Enoitalia by Italian Wine Brands, Mr. Pizzolo was appointed as a director of IWB and continues to lead Enoitalia.

-**Share Ownership:** Through Gruppo Pizzolo S.r.l., Mr. Pizzolo holds a 14.8% stake in IWB.

VALUATION

Pesimistic Scenario

	2024e	2025e	2026e	2027e	2028e	5 Year CAGR
FCF/Per Share Estimate	2,95	3,10	3,10	3,25	3,42	3%
Price Target	£20,66	£21,70	£21,70	£22,78	£23,92	0%

Moderate Scenario

	2024e	2025e	2026e	2027e	2028e	5 Year CAGR
FCF/Per Share Estimate	3,09	3,40	3,56	3,92	4,31	7%
Price Target	£27,83	£30,62	£32,07	£35,28	£38,81	10%

Optimistic Scenario

	2024e	2025e	2026e	2027e	2028e	5 Year CAGR
FCF/Per Share Estimate	3,45	3,80	3,98	4,37	4,81	7%
Price Target	£34,51	£37,96	£39,77	£43,75	£48,12	15%

CONCLUSION

This investment is largely based on the quality of the management team, which is well-aligned with us. Inventory management, cost control, and operational efficiencies after acquisitions have been quite satisfactory. The company is now positioned to continue acquisitions, reduce debt, and repurchase shares, which are some of the main catalysts. Additionally, the industry in which it operates is quite stable, with potential for future expansion in Asia, where it currently lacks a significant presence. As the purchasing power of the population grows, it's likely that spending on wine will increase.

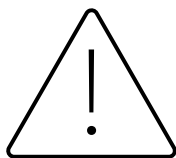
The quality of the brands is remarkably good. More than 30% of the producers have an average rating in Vivino of 4 or more. In Wine Searcher there were few brands not listed in their website. However, the ratings are still very positive. In comparison Winery like Tenuta San Guido (Producer of Sassicaia) has an average rating of 4.3 or Antinori (producer of Tignanello) has an average rating of 4.2. This reinforces the thesis arguing for operation excellence as the quality of the product is being recognised in the market.

The company already exports 10% of the world's Prosecco, which provides it with significant competitive advantages due to its scale. Its business model is closer to distribution, creating a win-win situation for all parties involved: producers benefit from selling grapes at good prices and don't have to worry about distribution, allowing them to focus on the care and maintenance of their vineyards. Even so, they also participate in the distribution of the wines and share in the holding company's profits, which generates substantial synergies. The holding company is not capital-intensive and is now able to leverage economies of scale to improve margins, reduce debt, make acquisitions, and drive organic sales growth.

VIVINO				
Producer	Avg Rating	Reviews	Names	Region
Giordano	3,6	93874	420	
Elettra	4,3	3259	5	
Grande Alberone	3,9	75323	18	
Sellaronda	3,6	1634	8	Trento
Barbanera	4	47042	92	Chianti
Duca Di Saragnano	3,9	46315	48	Toscana
Alberto Nani	3,8	2963	1	Prosecco
Aristocratico	4	12459	15	Valpolicella
Ca Montini	3,8	9917	51	Veneto
Emporium	4	5506	4	Salento
Gema di Luna	4	5467	4	Piemonte
Lignum	4	4828	2	
Luna di luna	3,6	4191	15	Verona

VIVINO				
Producer	Avg Rating	Reviews	Names	Region
Old World	3,9	4481	7	Puglia
Oroperla	3,7	2518	10	Veneto
Poggio del Concone	4	2602	3	Toscana
Raphael Dal Bo	3,8	5164	30	Veneto
Ronco di Sassi	4,1	25555	9	Puglia
Neroperso	3,7	7881	48	Puglia
Passo Sardo	3,8	5754	4	Campania
Red Fire	3,8	2234	2	Puglia
Voga	3,6	9117	12	Florida
La forconate	4,1	322	3	Toscana
Riro	N/a	N/a	1	Toscana

WINE SEARCHER				
Producer	Min price	Max price	Min score	Max Score
Grande Alberone	\$ 10,00	\$ 14,00	84	86
Giordano Vini	\$ 3,00	\$ 89,00	80	91
Old World	\$ 7,00	\$ 8,00	NA	NA
Poggio del Concone	\$ 18,00	\$ 48,00	87	94
Raphael dal bo	\$ 10,00	\$ 17,00	87	88
Ronco di Sassi	\$ 21,00	\$ 24,00	85	82
Barbanera	\$ 7,00	\$ 36,00	85	91
Aristocratico	\$ 12,00	\$ 29,00	85	89
Ca' Montini	\$ 13,00	\$ 14,00	86	87
Gemma di Luna (Prosecco)	\$ 13,00	\$ 16,00	85	86
Luna di Luna	\$ 8,00	\$ 13,00	85	90
Voga italia	\$ 10,00	\$ 33,00	73	91
Le forconate	\$ 16,00	\$ 25,00	89	91



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