

# Compagnia dei Caraibi

Sector: Food &amp; Beverage



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## Elephant Gin needs finance, BF contract dismissed

Compagnia dei Caraibi (CDC) is a player in the selection, marketing and distribution of third parties and proprietary premium and super-premium alcoholic brands, distributed via multi-annual exclusive distribution rights

### Fact # 1: Dismissal of BF contract as of May 2025

**The news** - Brown-Forman (BF) has announced the set up its own distribution organization in Italy, as of May 2025. CDC will remain in charge of the exclusive distribution of Gin Mare, Diplomatico Rum, Fords Gin until April, 30 2025. CDC has also announced the signing of agreements for the exclusive distribution in the Italian market of Sabatini Gin (contract lasting 5 years with automatic renewal for another 5 years) and Dictador Rum (until December 31, 2027), both brands of the super-premium plus segment.

**Our take** - As far as BF contract termination is concerned, this is obviously a very bad news as Gin Mare and Diplomatico Rum are two of the top three brands in terms of contribution to CDC revenues. The current weight of the two terminating brands is not available but back in 2020-21 it was in the 50%-40% region. Despite the fact that already in 2023 BF lowered its distribution fees to CDC, we believe that CDC will have to deeply revise downwards its costs structure in order to adapt to the new scenario.

### Fact # 2: Elephant Gin in financial stress

**The news** - Elephant Gin (EG) has announced to be in financial stress and will likely file for insolvency with the aim to start a procedure during which a restructuring plan and a twenty-four months liquidity plan will have to be developed.

**Our take** - CDC currently owns 51.57% stake of EG share capital, paid some €8mn, and consolidates EG's financials starting as of July 2023. The remaining 48.4% stake is to be acquired in 2024 with total investment for the 100% standing at some €15.6mn. We fear that a write off for the whole stake will have to be performed, and that a legal action might be issued in order to negotiate either a lower price for the 48.4% minority or the deal unwinding.

### VT Estimates and Fair value no longer valid

Our 2024E-25E forecasts and Fair Value calculation were assuming the renewal of CDC distribution agreements with BF beyond FY24. As such, they are no longer valid. Moreover, we remind that CDC's Net Debt at the end of 2023 stood between €11.9mn and €12.4mn, close to 90% of Shareholders' Equity (before any write-off), with EBITDA forecasted to be negative. The likelihood of a dilutive rights issue has, in our view, materially increased.

**Fair Value (€)** n.a.

**Market Price (€)** 1.69

**Market Cap. (€m)(\*)** 28.4

KEY FINANCIALS (€mn)	2022A	2023E	2024E
VALUE OF PRODUCTION	49.7	52.9	--
EBITDA	4.7	-0.5	--
EBITA	3.8	-1.1	--
ADJ. NET PROFIT	2.5	-2.3	--
EQUITY	18.3	14.7	--
NET FIN. POS.	-1.9	-12.3	--
EPS ADJ. (€)(*)	0.18	-0.14	--
DPS (€)	0.00	0.00	--

Source: Compagnia dei Caraibi (historical figures), Value Track (2023E estimates), (\*) based on Fully Diluted Nosh

KEY RATIOS	2022A	2023E	2024E
EBITDA MARGIN (%)	9.4	nm	--
EBITA MARGIN (%)	7.6	nm	--
NET DEBT / EBITDA (x)	0.4	nm	--
NET DEBT / EQUITY (x)	0.1	0.8	--
EV/SALES (x)(*)	0.6	0.8	--
EV/EBITDA (x)(*)	5.9	nm	--
EV/EBITA (x)(*)	7.3	nm	--
P/E ADJ. (x)(*)	10.1	nm	--

Source: Compagnia dei Caraibi (historical figures), Value Track (2023E estimates), (\*) based on Fully Diluted Nosh

STOCK DATA	
FAIR VALUE (€)	n.a.
MARKET PRICE (€)	1.69
SHS. OUT. (m)(*)	16.9 (*)
MARKET CAP. (€m)	28.4 (*)
FREE FLOAT (%)	26.5
AVG. -20D VOL. (#)	7,732
RIC / BBG	TIME.MI / TIME IM
52 WK RANGE	1.60 – 4.72

Source: Stock Market Data, (\*) based on Fully Diluted Nosh

EQUITY RESEARCH PRODUCED ON BEHALF OF MIT SIM ACTING AS SPECIALIST ON COMPAGNIA DEI CARAIBI SHARE



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