

# DIASORIN

Sector: Consumers

# OUTPERFORM

Price: Eu98.00 - Target: Eu119.00

## New Journey, Same Direction: Restarting from a De-risked Floor

**Giorgio Tavolini +39-02-77115.279**

giorgio.tavolini@intermonte.it

### Stock Rating

**Rating:** from NEUTRAL to OUTPERFORM

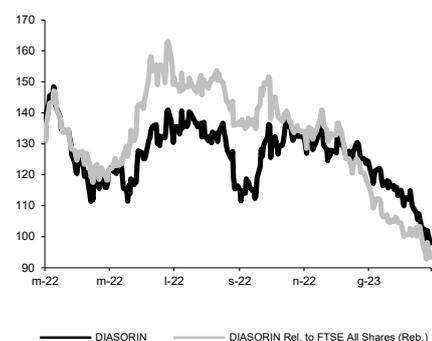
**Target Price (Eu):** from 120.00 to 119.00

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	-14.3%	-5.7%	

### Next Event

1Q23 Results Out 12 May

### DIASORIN - 12M Performance



### Stock Data

Reuters code: DIAS.MI

Bloomberg code: DIA IM

Performance	1M	3M	12M
Absolute	-14.8%	-23.1%	-23.8%
Relative	-10.2%	-32.6%	-29.5%
12M (H/L)	148.45/98.00		
3M Average Volume (th):	138.31		

### Shareholder Data

No. of Ord shares (mn): 56

Total no. of shares (mn): 56

Mkt Cap Ord (Eu mn): 5,478

Total Mkt Cap (Eu mn): 5,478

Mkt Float - Ord (Eu mn): 2,316

Mkt Float (in %): 42.3%

Main Shareholder:

FINDE SS (G. Denegri) 45.0%

### Balance Sheet Data

Book Value (Eu mn): 1,635

BVPS (Eu): 19.39

P/BV: 5.1

Net Financial Position (Eu mn): -702

Enterprise Value (Eu mn): 6,185

■ **FY22 results.** Headline figures were slightly below our expectations (-1%/-5% on top line /Adj. EBITDA), showing +2.4% top-line growth at CER (our exp. +3%, +10% at CUR) with ex COVID business up +21% (tgt: c. 22%) supported by the consolidation of Luminex (€386mn) and solid trends at the ImmunoDX and MolecularDX franchises, offsetting the lower COVID contribution (€244mn, -40% at CER). Adj. EBITDA saw a 37.8% margin on sales (-6pp YoY, our exp. 38.4%) reflecting lower COVID revenues which had generated strong operating leverage in 2021, partially compensated by consolidation of Luminex. The icing on the cake was robust FCF generated in the FY (€316mn vs our exp. €302mn), partly absorbed by shareholder remuneration (€57mn dividend, €160mn buyback), leading to €907mn net debt (our exp. €902mn), c.€80mn below YE21 (€986mn).

■ **FY23 Outlook.** Although the direction was widely anticipated, the revised outlook on 2023 (-14% top-line growth at CER and c. 34% profitability, implying a floor of c. €1,170mn sales/€398mn adj. EBITDA) fell 5/10% short of our previous estimates and 9/12% of consensus. Half the gap came from the recently disposed flow cytometry business (€40-45mn impact on sales), lower COVID sales (now expected at c. €60mn, -75% YoY) and the rest from a 20% drop in molecular respiratory business (remaining business expected to grow at 4-6%). On the other hand, the lower profitability is the result of a decline in COVID revenues. DiaSorin reaffirmed BP guidelines set out at the December 2021 CMD: trends at the ImmunoDX and LTG businesses (excluding the disposal of Flow Cytometry in February 2023) are in line with plan targets; on the other hand, the commercialization of the LIAISON® Plex and LIAISON® NES platforms is expected in 2024, about one year later than originally assumed.

■ **Estimates update.** We adapt our estimates to new outlook, leading to a cut of 4%/9%/14% in sales/adj. EBITDA/adj. net profit for 2023, while for 2024-25 we are assuming some reacceleration in top-line growth and minor revisions to profitability, still trending towards €1.4bn sales in FY25 (tgt at €1.5bn) and 37.5% margin (tgt. 37-38%).

■ **Upgrade to OUTPERFORM (from NEUTRAL), new TP at €119 (from €120).** FY23 outlook fell short of our expectations but should represent a decent floor with limited room for further downside risk, also given the company's successful track record on target setting, confirmation of BP targets, and fairly good visibility on current trade. Furthermore, the stock is a rare defensive name (exposure to US, low impact on cost inflation, secular growth trends) in an increasingly recessionary external environment, and this prompts us to upgrade our rating to OUTPERFORM (from NEUTRAL), with the new TP trimmed to €119 from €120 (estimates update almost entirely offset by DCF rollover one year forward). For the next 1 or 2 years, we believe the DiaSorin equity story will still feature, on the one hand, the unpredictability of Covid trends, and on the other, progress on execution of the integration process with LMNX, and the launch of new initiatives that will enable and support growth in the years to come. Upside risks to our estimates could come from M&A (we see €0.5-0.7bn firepower) to strengthen the US positioning, especially on MolecularDX (particularly on POC) and/or Life Science (xMAP platform).

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,238	1,361	1,166	1,284	1,409
EBITDA Adj (Eu mn)	543	514	401	470	529
Net Profit Adj (Eu mn)	357	319	210	258	300
EPS New Adj (Eu)	6.379	5.696	3.757	4.610	5.363
EPS Old Adj (Eu)	6.379	5.552	4.381	4.887	
DPS (Eu)	1.100	1.150	1.200	1.250	1.300
EV/EBITDA Adj	19.1	15.9	15.4	12.7	10.9
EV/EBIT Adj	22.3	19.6	20.9	16.6	13.8
P/E Adj	15.4	17.2	26.1	21.3	18.3
Div. Yield	1.1%	1.2%	1.2%	1.3%	1.3%
Net Debt/EBITDA Adj	1.8	1.8	1.7	1.1	0.5