

DIASORIN

Sector: Consumers

OUTPERFORM

Price: Eu100.70 - Target: Eu123.00

2Q23 Trends Support FY Visibility, Focus Moves to Next CMD

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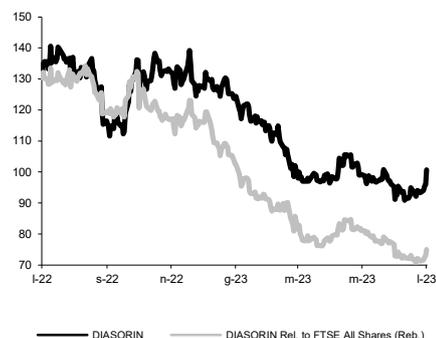
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Event

3Q23 Results Out 3 November

DIASORIN - 12M Performance



Stock Data

Reuters code:	DIAS.MI		
Bloomberg code:	DIA IM		
Performance	1M	3M	12M
Absolute	10.5%	3.5%	-22.8%
Relative	3.1%	-4.4%	-57.0%
12M (H/L)	140.60/90.90		
3M Average Volume (th):	165.48		

Shareholder Data

No. of Ord shares (mn):	56
Total no. of shares (mn):	56
Mkt Cap Ord (Eu mn):	5,629
Total Mkt Cap (Eu mn):	5,629
Mkt Float - Ord (Eu mn):	2,380
Mkt Float (in %):	42.3%
Main Shareholder:	
FINDE SS (G. Denegri)	45.0%

Balance Sheet Data

Book Value (Eu mn):	1,628
BVPS (Eu):	19.39
P/BV:	5.2
Net Financial Position (Eu mn):	-713
Enterprise Value (Eu mn):	6,347

■ **2Q23 results.** Overall, results were a mixed bag: revenues and net profit were better but margins were slightly worse. The 2Q top line was 1/3% above consensus/our estimates, but margins were a bit softer (32% vs. cons./our est. at 34%) due entirely to lower Covid sales and the resulting reduction in operating leverage, while the bottom line was 6-10% better than cons./our est., thanks to a positive balance on financial charges (€+1.5mn in 2Q, our est. €-6mn in line with 1Q), benefitting from higher interest income earned on investments in cash management instruments. At constant scope and ForEx, the top line fell 14% in 1H (1Q: -20%, 2Q: -8%) primarily due to Covid sales (-77%), while ex-Covid grew by 4% (2Q: +5%) ImmunoDX was up 7% in 1H (1Q: +6%, 2Q: +8%) driven by CLIA sales net of Vit D., showing an excellent performance in the US and Europe, and the 2Q improvement in the Chinese market. MolecularDX declined by -3% in 1H (2Q: +6%, 1Q: 2Q: -8%) as a combination of an upturn in the respiratory business and a slowdown in the sales of non-respiratory panels, the latter due to the expected loss of the cystic fibrosis business with a primary US customer. Licensed technologies (LTG) were up +2% in 1H on a like-for-like basis (with a 10% positive performance in 2Q).

■ **Positive tone from the call.** By year-end the company will host an event at which it will update its medium-term outlook, which should shed more light on some strategic programmes (take-up rate of MeMed, filing of Liaison Plex and Nes) and market conditions (China, Italian payback saga). The 2Q top line growth acceleration (2Q +5% 1Q: +3%) was driven by ImmunoDX (rebound of EU testing volumes, expanding coverage of US hospitals to over 250, doubling YoY), better trends in China (volumes stabilising in 2Q, but management remains cautious on the short term) and a rebound of LTG (+10% growth in 2Q after a very weak 1Q, but this figure should not be taken as a run rate for 3Q/4Q as this is primarily a B2B business and some competitors are seeing initial signs of a slowdown). Positive update on MeMed: initial efforts in US are paying off as physicians see the value of the test. It is now up to administrations and payers to provide dedicated reimbursement that will finally unlock the test's full potential. On PLEX: the company has just completed all the respiratory clinical studies and is confident of submitting them in 4Q.

■ **FY guidance confirmed. No change in our estimates.**

■ **OUTPERFORM confirmed; target still €123.** 2Q delivery improved visibility on the FY23 outlook, which represents a decent floor with limited room for further downside risks and implies an improving path in the coming quarters, while the stock remains a rare defensive name (exposure to US, low impact on cost inflation, embedded growth trends) in an increasingly recessionary environment: this prompts us to stick to our OUTPERFORM rating and €123 target. In the near future, pending a CMD by YE, we believe the equity story will still feature unpredictable Covid trends on the one hand, and progress on execution of the LMNX integration process on the other, as well as the launch of new initiatives that will enable and support growth in the coming years. Upside risks could come from M&A (we see €0.5-0.7bn firepower) to strengthen the US positioning, especially in MolecularDX (particularly 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	402	470	529
Net Profit Adj (Eu mn)	357	319	211	258	300
EPS New Adj (Eu)	6.379	5.696	3.766	4.610	5.363
EPS Old Adj (Eu)	6.379	5.696	3.766	4.610	5.363
DPS (Eu)	1.100	1.150	1.200	1.250	1.300
EV/EBITDA Adj	19.1	15.9	15.8	13.1	11.2
EV/EBIT Adj	22.3	19.6	21.4	17.0	14.2
P/E Adj	15.8	17.7	26.7	21.8	18.8
Div. Yield	1.1%	1.1%	1.2%	1.2%	1.3%
Net Debt/EBITDA Adj	1.8	1.8	1.8	1.1	0.5