

PHARMANUTRA

BUY

Sector: Consumers

Price: Eu57.30 - Target: Eu85.00

After Solid FY22, Focus Moves to Reinvestment in L/T Growth

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Stock Rating

Rating: Unchanged

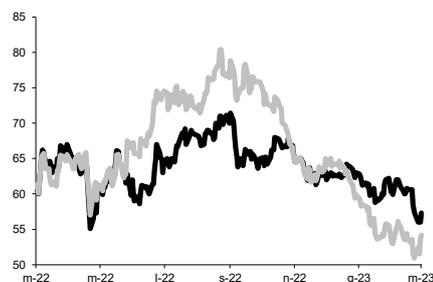
Target Price (Eu): Unchanged

	2023E	2024E	2025E
Chg in Adj EPS	1.2%	0.6%	

Next Event

1Q23 Results Out 8 May 2023

PHARMANUTRA - 12M Performance



PHARMANUTRA PHARMANUTRA Rel. to FTSE All Shares (Reb.)

Stock Data

Reuters code: PHNU.MI

Bloomberg code: PHN IM

Performance	1M	3M	12M
Absolute	-4.8%	-7.6%	-6.1%
Relative	1.9%	-16.8%	-11.8%
12M (H/L)	71.40/55.10		
3M Average Volume (th):	5.20		

Shareholder Data

No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	555
Total Mkt Cap (Eu mn):	555
Mkt Float - Ord (Eu mn):	194
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

Balance Sheet Data

Book Value (Eu mn):	58
BVPS (Eu):	5.99
P/BV:	9.6
Net Financial Position (Eu mn):	7
Enterprise Value (Eu mn):	547

■ **FY22 Results.** FY22 results confirmed preliminary indications released at the 21 February Investor Day, with EBITDA/EBIT exceeding our estimates (by c.€2mn) but the bottom line broadly in line due to €2mn of higher taxes (€8.4mn vs. our exp. €6.6mn) from a €1.4mn tax provision related to 2016-21. Net sales saw a continuing double-digit growth trajectory (FY: 21%, 4Q: +19%) both on domestic (+23.9%) and foreign markets (+15.7%) boosted by both volumes and prices, while profitability remained high (FY: 29.4%, flat YoY) with 4Q lower (23.4%) due to seasonality. On top of the consolidation of Akern since July, which boosted sales by €1.7mn (2.4pp on top line growth), positive commercial momentum continued across all product lines (boom in Apportal sales, 2x YoY, second best-selling product) with leadership in the oral iron supplement market strengthened: in FY22 SiderAL (73% of finished product sales) gained c.1pp YoY market share in both value (55.3%) and volumes (48.9%). Despite a +21% OpEx increase in FY (COGS +15%, SG&A +24%, labour +19%), inflationary headwinds did not notably dent profitability thanks to the efficiency measures implemented at YE21 and in early 2022, which were followed by increased sales prices from March 2022. Reflecting c.€2.3mn of NWC absorption in FY (higher sales and volumes), FCFO (€14.1mn, our exp. €14.9mn) was entirely absorbed by higher CapEx (€10.7mn mainly due to extraordinary investments for the new HQ), before considering the cash-out for Akern (€11.3mn in 3Q), dividends (€6.9mn), and buybacks (€2.4mn), leading to a positive NFP at €10.6mn (our exp. €7.5mn), much lower than YE21 (€28.1mn).

■ **Conference call feedback. 2023 outlook:** still expecting double-digit top line growth with margin reduction to around 24-25%, reflecting meaningful set-up costs (€5-7mn, mainly related to new hires in R&D and medical detailing) to support top line growth in the medium/long term. **2023 CapEx:** c.€8-9mn (completion of HQ). **Tax rate:** normalising in 2023. **Cetilar ORO:** still early for feedback on initial sales (started last September). **New partners:** 11 new distribution contracts signed in FY22.

■ **Change in estimates.** Minor changes to our estimates (already featuring significant investments in long term growth) lead to a 1% increase in our 2023/24 EPS forecast.

■ **BUY confirmed; TP still €85.** Based on preliminary management indications provided at the recent Investor Day, new business opportunities could unlock a significant additional layer of growth in both turnover (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in massive long-term upside worth up to €90-100/share on top of our current TP of €85 (confirmed), according to our DCF model. Thanks to its undisputed leadership in solid oral iron supplements, high entry barriers due to IP protection, and a relentless commitment to R&D for new product launches, PHN looks very well placed in a steadily-growing industry. Moreover, PHN has considerable scope to outstrip market growth trends, leveraging on the expansion of salesforce coverage in Italy, the launch of new products, and the resumption of market activities in the post-Covid environment, but also the opportunity to increase its presence abroad, especially in key countries offering huge growth potential.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	68	83	95	109	121
EBITDA Adj (Eu mn)	20	24	23	27	30
Net Profit Adj (Eu mn)	13	15	15	17	20
EPS New Adj (Eu)	1.375	1.554	1.520	1.762	2.019
EPS Old Adj (Eu)	1.375	1.568	1.502	1.752	
DPS (Eu)	0.710	0.800	0.760	0.881	1.009
EV/EBITDA Adj	23.6	25.3	23.8	20.3	17.8
EV/EBIT Adj	25.4	26.8	26.7	22.5	19.7
P/E Adj	41.7	36.9	37.7	32.5	28.4
Div. Yield	1.2%	1.4%	1.3%	1.5%	1.8%
Net Debt/EBITDA Adj	-1.4	-0.4	-0.3	-0.6	-0.8