Milan, 17 March 2025

Italian Equity Research – FY24 Results

PHARMANUTRA

BUY

Sector: Consumers

Price: Eu53.60 - **Target: Eu87.00**

Strong FY24 for Recurring Business, L/T Expansion on Track

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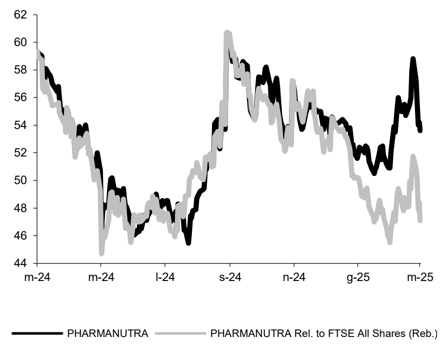
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.1%	-0.5%	0.2%

Next Event

1Q25 Results Out 12 May

PHARMANUTRA - 12M Performance



Stock Data			
Reuters code:			PHNU.MI
Bloomberg code:			PHN IM
Performance	**1M**	**3M**	**12M**
Absolute	3.1%	-1.7%	-9.6%
Relative	1.4%	-11.9%	-23.5%
12M (H/L)			60.20/45.45
3M Average Volume (th):			6.79

Shareholder Data	
No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	519
Total Mkt Cap (Eu mn):	519
Mkt Float - Ord (Eu mn):	182
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

Balance Sheet Data	
Book Value (Eu mn):	74
BVPS (Eu):	7.60
P/BV:	7.1
Net Financial Position (Eu mn):	17
Enterprise Value (Eu mn):	502

- **FY24 results** were broadly in line with our estimates, while the FY25 outlook foresees slight margin reduction (in line with our previous estimates, -0.5pp YoY). On FY24, the company had already reported preliminary turnover of Eu115mn , practically in line with our estimate (Eu117.2mn), confirming a double-digit trend in 4Q (+11%) after the robust +17% posted in the first nine months of the year, still driven by solid trends in foreign markets (FY: +24% YoY, 34% of net sales) and a good pace in Italy (4Q: +14%, 3Q: +21%, 2Q: +14% YoY, 1Q: -3%), despite a challenging competitive environment. Akern contributed c.5% of total sales (€5.9mn), while new initiatives had a marginal impact on the top line, except for China (€1.8mn). Despite steady investments in start-up costs for new initiatives (FY: €6mn, 9M: €4mn, 1H: €2.8mn) that led to a 21.4% margin in 4Q (-4.6pp YoY), the FY margin on net sales came to 26.9% (+0.5pp YoY). Excluding start-up costs, recurring business profitability remained strong (FY: 31.4%, 9M: 33.0%, 1H: 31.2%, FY23: 30.4%). Adj. net profit was €16.6mn (14.4% margin), -9% vs. our expectations mostly due the higher investments in new initiatives and higher taxes. The icing on the cake was solid FCFO (€21mn, our exp. €19mn), which, combined with CapEx (€3.6mn, -€1.1mn vs. our exp.), dividends (€8.2mn) and buyback (€0.3m), drove a return to a stronger net cash position at €5.6mn (our exp. €2.3mn). DPS raised to €1.07 (+17% YoY, 58% payout).
- **Positive tone from conference call.** Management expects FY25 recurring business growth to be in line with FY24, supported by strong cash generation. Significant investments will lead to a slight reduction in margins over the next two years. No major CapEx after the new HQ, but increased OpEx to drive development; M&A will be considered if attractive targets emerge. No significant impact on US business from the trade war, with the possibility of relocating production if needed. Implementation of the American market development plan through PharmaNutra USA, with the first results expected in 2H25 and gradual, significant consolidation over the next two years. Apportal distribution starting in new countries (China, Spain, US). Ongoing international tensions and geopolitical uncertainties create macroeconomic instability, potentially affecting corporate objectives.
- **Change in estimates.** We are raising our FY25-27 top line estimates by 1-2%, but factoring in a 1pp margin drop to account for investments in new ventures. This leads to a 4% cut in 2025 EBITDA, partially offset at EPS level (-1% vs. prior estimates) by lower D&A.
- **BUY confirmed; target still €87.** On our new estimates, we reiterate our BUY rating and our DCF-based TP at €87, which offers >60% upside to current prices. FY24 results strengthened visibility on the consensus trajectory for FY25, despite a more volatile macro environment and ongoing investments in new ventures, which will affect margins in the short term. We believe the market is ready to reassess a strong, long-term growth story, especially as upcoming quarters offer greater visibility on new strategic initiatives, as already highlighted by the strong initial sales momentum in China. Based on management hints provided at the 2023 Investor Day, new business opportunities could unlock significant further growth in both sales (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in huge, long-term upside worth up to €90-100/share on top of our TP. On recurring business, PHN looks very well placed in a steadily-growing industry thanks to undisputed leadership in solid oral iron supplements, high entry barriers due to IP protection, and a relentless commitment to R&D.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	100	115	130	144	158
EBITDA Adj (Eu mn)	26	31	34	37	41
Net Profit Adj (Eu mn)	15	17	21	23	25
EPS New Adj (Eu)	1.597	1.716	2.173	2.382	2.623
EPS Old Adj (Eu)	1.596	1.888	2.197	2.393	2.618
DPS (Eu)	0.850	1.000	1.086	1.191	1.311
EV/EBITDA Adj	20.6	16.7	14.6	13.1	11.6
EV/EBIT Adj	23.3	18.9	16.5	14.8	13.2
P/E Adj	33.6	31.2	24.7	22.5	20.4
Div. Yield	1.6%	1.9%	2.0%	2.2%	2.4%
Net Debt/EBITDA Adj	0.1	-0.2	-0.5	-0.8	-1.1

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.
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BUY: stock expected to outperform the market by over 25% over a 12 month period;
OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
NEUTRAL: stock performance expected at between +10% and – 10% compared to the market over a 12 month period;
UNDERPERFORM: stock expected to underperform the market by between –10% and -25% over a 12 month period;
SELL: stock expected to underperform the market by over 25% over a 12 month period.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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Intermonte SIM is authorised by CONSOB to provide investment services and is listed at n° 246 in the register of brokerage firms.
As at 31 December 2024 Intermonte's Research Department covered 132 companies.
As of today Intermonte's distribution of stock ratings is as follows:

BUY:	30.60 %
OUTPERFORM:	43.28 %
NEUTRAL:	26.12 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 December 2024 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (71 in total) is as follows:

BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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