

RECORDATI

Sector: Healthcare

OUTPERFORM

Price: Eu60.95 - Target: Eu71.00

Upgraded Peak Sales: Chance to 2x Sales in Key Rare Diseases

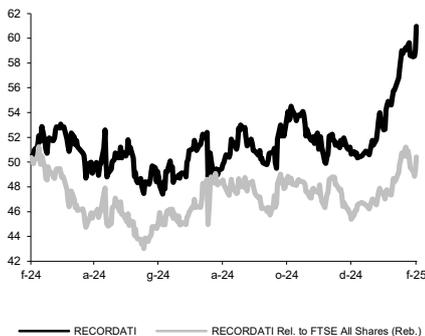
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 70.00 to 71.00		
	2025E	2026E	2027E
Chg in Adj EPS	2.2%	1.8%	1.0%

Next Event [Final FY24 Results](#) 8 March 2025
[CMD 2025-27](#) 29 April 2025

RECORDATI - 12M Performance



Stock Data

Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	15.9%	17.4%	21.0%
Relative	7.0%	5.3%	0.1%
12M (H/L)	60.95/47.42		
3M Average Volume (th):	281.54		

Shareholder Data

No. of Ord shares (mn):	209
Total no. of shares (mn):	206
Mkt Cap Ord (Eu mn):	12,746
Total Mkt Cap (Eu mn):	12,746
Mkt Float - Ord (Eu mn):	6,141
Mkt Float (in %):	48.2%
Main Shareholder:	
FIMEI	51.8%

Balance Sheet Data

Book Value (Eu mn):	2,027
BVPS (Eu):	9.69
P/BV:	6.3
Net Financial Position (Eu mn):	-1,856
Enterprise Value (Eu mn):	14,602

■ **FY24 results.** FY results met the higher end of the guidance ranges, with sales at €2,342mn (target €2,300-2,340mn), adj. EBITDA at €866mn (target €845-865mn) and adj. net profit at €569mn (target €560-580mn), 1% above consensus. A 9% organic growth was the result strong momentum across both business units: mid-single-digit growth in Specialty & Primary Care (S&PC) and double-digit growth in Rare Diseases (RRD). S&PC grew 5.7% organically (+2.5% ex Turkey), driven by strong Urology performance, solid Cardiovascular growth, and a strong 4Q in Cough&Cold. RRD rose 15.7% organically, driven by Endocrinology (+33%) and Hema-Oncology (+26%). Metabolic declined due to generic competition but stabilized in 4Q with Cystadrops® and international expansion. Profitability was stable at 37.0%, supported by strong revenue offsetting higher R&D investments in RRD and product mix effects. Adj. Net Income grew 8.4% with a 24.3% margin, driven by solid operating performance despite increased financial expenses and taxes. Leverage came just below 2.4x EBITDA pro-forma.

■ **FY25 outlook:** The new FY25 outlook at mid-point ranges offers a 1-2% upside to consensus, with sales at €2,635mn, Adj. EBITDA at €985mn, and Adj. Net Income at €655mn. Peak sales targets for key RRD products in Endocrinology and Hema-Oncology have been raised, with the potential to >2x FY24 levels: Isturisa® (€500-600mn, up from >€400mn; FY24: €204mn), Signifor® (€150-200mn, up from €100-150mn; FY24: €118mn), and Qarziba®/Sylvant® (€300-350mn, up from €250-300mn, FY24: €227mn), while Enjaymo® remains unchanged at €250-300mn (FY24: €116mn). Potential new indications, such as pasireotide for the treatment of post-bariatric hypoglycemia and dinutuximab beta for the treatment of Ewing sarcoma, are not included yet. The updated 3-year plan with FY27 targets will be presented on April 29th.

■ **Change in Estimates.** We raise our estimates to the mid-points of the new FY25 guidance, resulting in 1-2% EPS uplift in FY25-27.

■ **OUTPERFORM confirmed; new target €71 (from €70).** Ahead of the mid-term target update at the end of April, we were positively surprised by the continued improvement in peak sales for the Rare Diseases segment, alongside the solid operational execution confirmed in 2024. The upgrade in peak sales provides a tangible measure of the company's growth potential and future value creation. This leads us to reiterate our positive view on the stock (OUTPERFORM): the Group is well positioned for sustained profitable growth, supported by a resilient Specialty & Primary Care business and a high-growth Rare Diseases portfolio, supported by a broad geographical footprint. Strong financial discipline, sector-leading margins, and high ROIC (average 15-20% over the last decade), along with disciplined M&A and strategic R&D investments, reinforce its long-term outlook. Its de-risked model, with no material loss of exclusivity and a focus on lifecycle management and geographic expansion, further enhances growth potential. Beyond organic delivery and further upside from M&A, we continue to see speculative appeal linked to a potential exit by majority shareholder CVC, especially in the event of a merger with an industry buyer, a scenario favoured by the extreme fragmentation of the market and the company's increasing exposure to Orphan Drugs.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,082	2,342	2,636	2,771	2,909
EBITDA Adj (Eu mn)	770	866	986	1,039	1,090
Net Profit Adj (Eu mn)	525	569	657	701	744
EPS New Adj (Eu)	2.509	2.720	3.144	3.353	3.558
EPS Old Adj (Eu)	2.509	2.721	3.075	3.295	3.521
DPS (Eu)	1.200	1.284	1.546	1.739	1.871
EV/EBITDA Adj	13.8	14.7	14.8	13.8	12.9
EV/EBIT Adj	16.9	18.6	17.9	16.6	15.6
P/E Adj	24.3	22.4	19.4	18.2	17.1
Div. Yield	2.0%	2.1%	2.5%	2.9%	3.1%
Net Debt/EBITDA Adj	2.1	2.5	1.9	1.5	1.2

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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&P500 Index, most of those on the MIBEX 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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As at 31 December 2024 Intermonte's Research Department covered 132 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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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