

RECORDATI

Sector: Healthcare

OUTPERFORM

Price: Eu52.10 - Target: Eu69.00

Stiffer ForEx Headwinds to Partially Counter Topline Growth

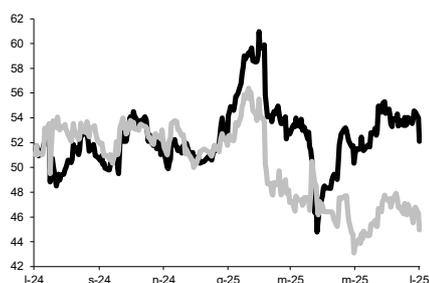
 Giorgio Tavolini +39-02-77115.279
 giorgio.tavolini@intermonte.it

Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-0.3%	0.3%	1.4%

Next Events: 2Q25 results (29 July)

RECORDATI - 12M Performance



Stock Data

Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	-4.1%	7.7%	2.1%
Relative	-5.5%	-3.9%	-13.8%
12M (H/L)	60.95/44.78		
3M Average Volume (th):	304.32		

Shareholder Data

No. of Ord shares (mn):	209
Total no. of shares (mn):	206
Mkt Cap Ord (Eu mn):	10,895
Total Mkt Cap (Eu mn):	10,895
Mkt Float - Ord (Eu mn):	5,794
Mkt Float (in %):	53.2%
Main Shareholder:	
Rossini SARL	46.8%

Balance Sheet Data

Book Value (Eu mn):	2,032
BVPS (Eu):	9.72
P/BV:	5.4
Net Financial Position (Eu mn):	-1,822
Enterprise Value (Eu mn):	12,718

2Q results should be broadly on track with full-year guidance, which was confirmed in 1Q despite increasing ForEx headwinds (c.3pp in 2Q, c.2pp in FY), driven by a weaker USD — mainly affecting the Rare Diseases business (RD) - and by the Turkish lira (-21% in 2Q) affecting Specialty & Primary Care. Profitability should decline QoQ, not only due to the seasonal strength of 1Q, but also due to certain commercial and R&D costs typically occurring in 4Q being brought forward. This should support smoother margin progression in the latter part of the year. Consensus currently sits at the lower end of FY25 guidance. Our FY26-27 estimates now factor in medium-term upside from the recent in-licensing of Vazkepa® rights, which should drive low single-digit EPS accretion by 2027 and enhance the longer-term growth profile, leading us to confirm both our rating and TP.

■ **2Q25 results.** We expect €642mn in sales, up 11%, of which 8% organic, adj. EBITDA of €230mn (35.8% margin, -4pp QoQ) and slightly higher net debt QoQ. Excluding ForEx headwinds, we assume mid-single-digit growth for Specialty & Primary Care (S&PC) benefitting from Urology (Urorec, Eligard) and better Cough & Cold, while we include the Vazkepa® contribution from 3Q25. Rare Disease sales should have continued to grow organically at a low-teens rate CER, driven by Isturisa (€60mn), and Signifor (€34mn) on top of initial Enjaymo sales (2Q: €36mn, 1Q: €32mn). Margins, expected flat at above 37% in FY25, should have shrunk in 2Q due to earlier booking of commercial and R&D costs to support new launches/studies (Isturisa label extension, Enjaymo ramp up, Qarziba clinical trial for Ewing Sarcoma) and the typical seasonal increase in COGS in 2Q vs. 1Q liked to activity at manufacturing facilities.

■ **Vazkepa® deal in Europe.** On 24 June, Recordati signed a deal with Amarin for Vazkepa®, expanding its cardiovascular portfolio. The product, now sold in 11 countries, should gradually grow, supported by patent protection until 2039. The short-term impact will be minimal and slightly margin-dilutive. The deal involves a \$25mn upfront payment by Recordati, with royalties and commercial milestones of up to \$150mn, linked to Vazkepa® exceeding €100mn of annual revenues in the countries covered. We estimate limited upside (+1% in 2027 EBITDA), with sales to exceed €100mn by 2033. More details are expected from the 1H results conference call.

■ **Change in estimates.** We are factoring in the upside from Vazkepa®, resulting in minor EPS changes for FY25-26 and a 1% improvement in 2027.

■ **OUTPERFORM confirmed; target still €69.** The addition of Vazkepa® to the commercial pipeline should enhance visibility on achievement of the mid-point of the group's 2027 target ranges. We believe Recordati is well placed to extract more profitable organic growth from its current portfolio, supported by disciplined M&A and focused business development. The company continues to invest in low-risk, high-return opportunities within a well-diversified pipeline. The recent upgrade to peak sales highlights strong long-term potential, underpinned by a resilient Specialty & Primary Care business and a high-growth Rare Diseases portfolio. Robust financials (15–20% avg. ROIC, sector-leading margins), a de-risked model with limited LOE exposure, and continued focus on lifecycle and geographical expansion enhance visibility and support the investment case.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,082	2,342	2,665	2,872	3,081
EBITDA Adj (Eu mn)	770	866	987	1,086	1,180
Net Profit Adj (Eu mn)	525	569	657	730	795
EPS New Adj (Eu)	2.509	2.720	3.139	3.489	3.803
EPS Old Adj (Eu)	2.509	2.720	3.149	3.479	3.750
DPS (Eu)	1.200	1.270	1.515	1.808	2.008
EV/EBITDA Adj	13.8	14.7	12.9	11.4	10.3
EV/EBIT Adj	16.9	18.6	15.6	13.8	12.4
P/E Adj	20.8	19.2	16.6	14.9	13.7
Div. Yield	2.3%	2.4%	2.9%	3.5%	3.9%
Net Debt/EBITDA Adj	2.1	2.5	1.8	1.4	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 between 5.5%-6.0% 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 30 June 2025 Intermonte's Research Department covered 133 companies. As of today Intermonte's distribution of stock ratings is as follows:

BUY:	31.85 %
OUTPERFORM:	37.78 %
NEUTRAL:	30.37 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

As at 30 June 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (80 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM:	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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