

RECORDATI

Sector: Consumers

OUTPERFORM

Price: Eu48.50 - Target: Eu71.00

Growth Story Remains Intact in Centenary Year

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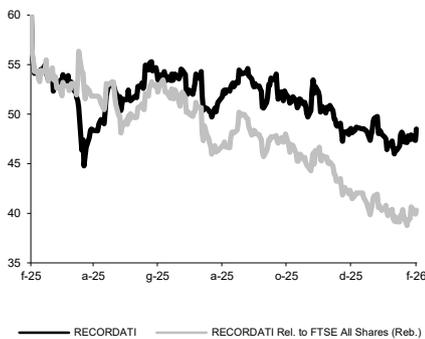
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2026E	2027E	2028E
Chg in Adj EPS	2.4%	1.1%	0.6%

Next Event

Final FY25 Results out 19 March 2026

RECORDATI - 12M Performance



Stock Data

Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	1.1%	-6.5%	-19.0%
Relative	0.1%	-14.7%	-39.3%
12M (H/L)	55.85/44.78		
3M Average Volume (th):	318.44		

Shareholder Data

No. of Ord shares (mn):	209
Total no. of shares (mn):	204
Mkt Cap Ord (Eu mn):	10,143
Total Mkt Cap (Eu mn):	10,143
Mkt Float - Ord (Eu mn):	5,394
Mkt Float (in %):	53.2%
Main Shareholder:	
Rossini SARL	46.8%

Balance Sheet Data

Book Value (Eu mn):	2,145
BVPS (Eu):	10.25
P/BV:	4.7
Net Financial Position (Eu mn):	-1,743
Enterprise Value (Eu mn):	11,886

After a solid FY25, management struck a constructive tone on 2026, reflecting confidence in the ongoing ramp-up of Isturisa (currently 10% of sales) as a key growth driver within the Rare Diseases segment, with the US opportunity further strengthened following a competitor setback, while commercialisation in China — not pursued due to lack of reimbursement - was already excluded from the peak sales target of €1.2bn. By contrast, the Moderna deal represents a longer-term opportunity, with initial benefits from 2028 onwards. As Recordati celebrates its centenary, the equity story remains clear and unchanged, with the group well positioned for continued success. This is underpinned by excellent momentum in Rare Diseases, good returns in S&PC, sector-leading profitability, and very disciplined cost management and capital allocation. Management also reiterated that M&A remains crucial and will continue to play an important role this year.

- **Preliminary FY25 results:** adj. EBITDA and adj. net profit came in ~1% above consensus, while turnover was broadly in line with expectations: revenues of €2,618mn (cons. €2,618mn, tgt. €2,600–2,670mn), adj. EBITDA of €991mn (cons. €978mn, tgt. €970–1,000mn) and adj. net profit of €651mn (range €640–670mn, cons.), showing an impressive 37.9% margin (target: ±37.5%). Group revenues were up +8.3% YoY organically (+11.8% reported) excluding ForEx (-2.7pp) and scope (+6.3pp), with acceleration in 4Q (+8.9%). Rare Diseases (RD) +16.6% YoY (+29.7% reported) was supported by the Endo franchise (22.5%) thanks to Isturisa (up 29% YoY) reaching 1,400 net new active patients at year-end, and low double-digit growth for Signifor (+11.2%). Specialty & Primary Care (S&PC) +3.8% YoY (+2.0% reported) or +1.6% ex-Turkey, resilient growth despite a weaker cough&cold season. FCF was lower (€559mn, vs. our exp €588mn) due to higher NWC absorption (increased US inventories) plus higher interest and taxes, translating into debt of over €2.0bn (vs. consensus/our estimate of €1.95/1.96bn), with leverage at 2.1x.
- **FY26 outlook.** Mid-point targets (€2,765mn sales, €1,013mn adj. EBITDA, €670mn adj. net profit) were in line with consensus, except for sales that were ~1% below due to a greater ForEx headwind (~-3.5pp vs ~-3pp prior), mainly USD-driven. S&PC up low single digit, returning to mid-single-digit growth in FY27, RD up high teens, driven by Endocrinology (accelerating Isturisa® growth) and Hema-Oncology.
- **FY27 outlook unchanged.** Strong organic growth and ongoing BD/M&A complement top line performance. Targets exclude impact from most favoured nation pricing/tariffs in the US and the deal with Moderna.
- **Change in estimates.** Minor tweaks to FY26–28 estimates drive a LSD EPS increase.
- **OUTPERFORM confirmed; TP still €71.** The Isturisa success story, as evidenced by the recent upgrade to peak sales (from €550-600mn to >€1.2bn, potentially ~30% of Group sales by 2033), demonstrates Recordati's ability to grow in Rare Diseases. The company drives profitable organic growth through a focused portfolio, disciplined M&A, and targeted business development, supported by a resilient S&PC base, a high-growth Rare Diseases franchise, and robust financials (15–20% avg. ROIC, sector-leading margins, limited LOE risk). It remains well placed to deliver sustained long-term value creation.

Key Figures & Ratios	2024A	2025A	2026E	2027E	2028E
Sales (Eu mn)	2,342	2,618	2,770	3,016	3,265
EBITDA Adj (Eu mn)	866	991	1,011	1,152	1,250
Net Profit Adj (Eu mn)	569	651	670	785	867
EPS New Adj (Eu)	2.720	3.113	3.204	3.755	4.144
EPS Old Adj (Eu)	2.720	3.061	3.130	3.713	4.118
DPS (Eu)	1.270	1.353	1.599	1.988	2.236
EV/EBITDA Adj	14.7	13.1	11.8	10.1	9.2
EV/EBIT Adj	18.6	16.8	15.0	12.5	11.1
P/E Adj	17.8	15.6	15.1	12.9	11.7
Div. Yield	2.6%	2.8%	3.3%	4.1%	4.6%
Net Debt/EBITDA Adj	2.5	2.1	1.7	1.3	1.0

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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)

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Frequency of research: quarterly.

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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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BUY:	32.33%
OUTPERFORM:	37.59%
NEUTRAL:	29.33%
UNDERPERFORM:	00.75%
SELL:	00.00%

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OUTPERFORM:	31.94%
NEUTRAL:	12.50%
UNDERPERFORM:	01.39%
SELL:	00.00%

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