

RECORDATI

Sector: Healthcare

OUTPERFORM

Price: Eu48.36 - Target: Eu67.00

CMD to Reinforce Medium-Term Visibility on Peak Sales Uplift

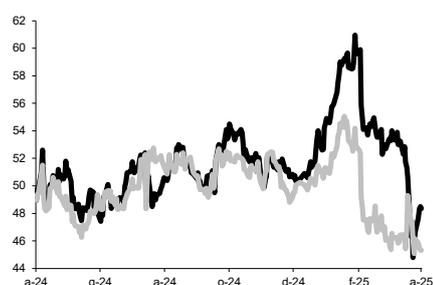
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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 71.00 to 67.00		
	2025E	2026E	2027E
Chg in Adj EPS	-0.1%	-0.2%	-0.3%

Next Events: 28 April (1Q sales, FY27 targets), 29 April (AGM, CMD'25-27), 8 May (1Q results)

RECORDATI - 12M Performance



— RECORDATI — RECORDATI Rel. to FTSE All Shares (Reb.)

Stock Data

Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	-9.5%	-11.9%	-2.8%
Relative	-0.7%	-11.1%	-8.7%
12M (H/L)	60.95/44.78		
3M Average Volume (th):	444.91		

Shareholder Data

No. of Ord shares (mn):	209
Total no. of shares (mn):	206
Mkt Cap Ord (Eu mn):	10,113
Total Mkt Cap (Eu mn):	10,113
Mkt Float - Ord (Eu mn):	5,378
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:	5.0
Net Financial Position (Eu mn):	-1,877
Enterprise Value (Eu mn):	11,990

On 28 April Recordati will pre-release its 1Q25 revenues ahead of the AGM scheduled for 29 April. On that occasion, the Company will also provide guidance to 2027, following the update to its 2025 targets announced in mid-February. A Capital Market Day will follow in Milan on 29 April, offering deeper insight into divisional trends. Full 1Q25 results will be released on 8 May. We expect modest organic growth in 1Q, mainly due to tough comps, but supported by the full contribution of Enjaymo. While we don't expect major surprises from the CMD, the event should reinforce confidence in the medium-term trajectory and the value potential from the recently-approved extension for the ISTURISA label. Following the recent upgrade to peak sales of key Rare Disease drugs, both our estimates and consensus on 2027 (revenue €2.9bn+, adj. EBITDA ~€1.1bn) remain well anchored.

- 1Q preview:** we estimate 1Q25 revenues at €674mn, up 11% YoY (6% organic, 5% Enjaymo, ForEx -0.2%), and adj. EBITDA of €261mn (38.7% margin). In Specialty & Primary Care, organic growth is expected to be softer due to: a tough comparison base (last year benefited from international shipping phasing), lower cough & cold volumes compared to 4Q24 due to a milder 'flu season in some areas (notably Russia); c) in urology, despite supportive momentum, Eligard is likely to have only posted single-digit growth given its scale, making it hard to replicate last year's double-digit performance. Turkey should benefit from the price hikes implemented in November last year. In Rare Diseases, the quarter reflects the full impact of Enjaymo (~€32mn) and a positive contribution from the Metabolic franchise, which resumed growth in 4Q. We forecast a segment EBITDA margin of ~40%, below 1Q24's exceptional 43%, reflecting the ramp-up ahead of the expected benefits of the recently-approved extension for the ISTURISA label, which start to become tangible from 4Q onwards.
- Change in estimates.** We are leaving our 2025–27 estimates broadly unchanged, projecting 5% annual growth in both revenue and EBITDA over the next two years, following the 13–14% increase expected this year. We therefore confirm our 2027 targets of €2.91bn in revenue and €1.1bn in adj. EBITDA.
- OUTPERFORM confirmed; new target €67 (from €71).** We are revising our target price to €67 (from €71), reflecting a higher equity risk premium (6% vs. 5.5% previously), while maintaining our OUTPERFORM rating. The recent upgrade to peak sales underscores strong long-term potential, supported by a resilient Specialty & Primary Care business and a high-growth Rare Diseases portfolio. Robust financials (15–20% avg. ROIC, sector-leading margins), disciplined M&A, and focused R&D continue to back the investment case. The de-risked model—limited LOE exposure and emphasis on lifecycle and geographical expansion—enhances visibility. Additional upside remains from M&A and potential corporate activity linked to the exit of CVC, especially in the event of a merger with an industry buyer, a scenario favoured by the extreme market fragmentation and the company's increasing exposure to Orphan Drugs. Despite some short-term uncertainty on CVC's plans after the February ABB (5% of capital), with the 90-day lock-up expiring on 19 May, a new placement seems unlikely given the stock's 13% decline since then. Finally, we see no major impact from potential tariffs under a Trump administration, despite the US being Recordati's largest market (17% of sales) and the lack of local manufacturing. Indeed, US exposure is limited to high-priced, patent-protected Rare Disease drugs, which are less sensitive to tariff changes given their life-saving nature.

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	699	742
EPS New Adj (Eu)	2.509	2.720	3.140	3.345	3.547
EPS Old Adj (Eu)	2.509	2.720	3.144	3.353	3.558
DPS (Eu)	1.200	1.270	1.515	1.715	1.845
EV/EBITDA Adj	13.8	14.7	12.2	11.3	10.5
EV/EBIT Adj	16.9	18.6	14.7	13.6	12.7
P/E Adj	19.3	17.8	15.4	14.5	13.6
Div. Yield	2.5%	2.6%	3.1%	3.5%	3.8%
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.

Explanation of our ratings system:

- 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 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 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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