

RECORDATI

Sector: Healthcare

OUTPERFORM

Price: Eu51.95 - Target: Eu69.00

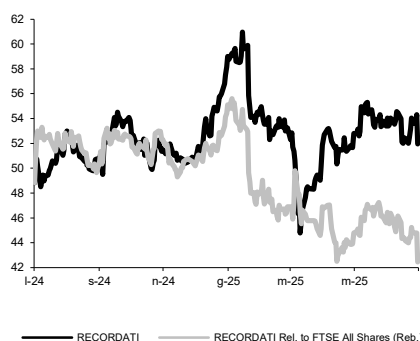
Strong Underlying Trends Offset Tougher ForEx Headwinds

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	-1.7%	-2.2%	-1.1%

Next Events: 3Q25 results (11 November)

RECORDATI - 12M Performance



Stock Data			
Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	-2.7%	0.2%	6.4%
Relative	-7.2%	-10.5%	-15.9%
12M (H/L)	60.95/44.78		
3M Average Volume (th):	289.01		

Shareholder Data	
No. of Ord shares (mn):	209
Total no. of shares (mn):	205
Mkt Cap Ord (Eu mn):	10,864
Total Mkt Cap (Eu mn):	10,864
Mkt Float - Ord (Eu mn):	5,778
Mkt Float (in %):	53.2%
Main Shareholder:	
Rossini SARL	46.8%

Balance Sheet Data	
Book Value (Eu mn):	2,015
BVPS (Eu):	9.63
P/BV:	5.4
Net Financial Position (Eu mn):	-1,808
Enterprise Value (Eu mn):	12,672

2Q results met expectations on the top line and adjusted bottom line, although margins fell short due to front-loaded launch investments. FY25 guidance (at current ForEx) was reaffirmed despite a tougher ~3% ForEx headwind (vs. ~1% initially), effectively implying a CER upgrade. We maintain our positive view (OUTPERFORM) and target price (€69).

- **2Q25 results.** Revenues were in line with expectations, up 11.7% YoY in 1H (+7.8% LFL, -2.0pp ForEx, +5.9pp scope), with an improving QoQ LFL trend at CER (1Q: +7.2%, 2Q: +8.3%). Specialty & Primary Care (S&PC) was up +2.6% (+5.1% at CER; flat excl. Turkey), supported by a solid performance across key areas; Cough & Cold recovered partially in 2Q. Rare Diseases was up +29.2% (+12.8% CER), led by Isturisa, Enjaymo, and volume growth across all 3 franchises: Endo +16.6% (mainly Isturisa), Onco- +71% (+26% ex-Enjaymo), and Metabolic +5.9%. The adj. EBITDA margin declined 1pp YoY in 2Q to 35.1% (vs 35.8% exp.), dented by launch-related investments (Isturisa, Enjaymo, geographical expansion). Net profit fell 16–17% short, hit by Enjaymo®-related non-cash charges and higher one-offs (c.€16mn in 2Q). Adj. net profit was in line, however, with operating leverage offsetting a higher tax rate (patent box expiry). FCF was weaker due to higher working capital and taxes. Net debt increased, with ~2.3x leverage after a €137.6mn dividend and the upfront payment for Vazkepa®.
- **No major updates from the call. FY guidance** confirmed despite increased ForEx headwinds (approx. -3%, vs. -1% originally). **Margin:** although typically stronger in 1Q and weaker in 4Q, this year's guidance implies a more balanced 1H/2H profile, as most launch-related costs were front-loaded in 2Q. No **restructuring costs** expected beyond 1H25. **US duties:** Rare diseases probably exempt; final policy details pending. **Vazkepa®:** Patent protection through 2039, targeting peak sales of ~€100mn by that year. Strong double-digit trajectory expected in early years, flattening over time. **Isturisa®:** ~1,000 patients in the US, key growth area. FDA label expansion (Cushing's) in April 2025. Continued investments to support growth in 2H.
- **Change in estimates.** We are revising our estimates to reflect a stronger top line at CER, higher ForEx headwinds, and margin improvement towards ~37.5% (in line with guidance). Higher D&A offsets these positives, however, resulting in a 2% cut to 2025–26 EPS.
- **OUTPERFORM confirmed; target still €69.** 1H results offered renewed proof of the strong underlying business performance. The addition of Vazkepa® to the commercial pipeline should lift 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 Group 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 S&PC 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	2,656	2,863	3,071
EBITDA Adj (Eu mn)	770	866	996	1,082	1,176
Net Profit Adj (Eu mn)	525	569	645	714	787
EPS New Adj (Eu)	2.509	2.720	3.086	3.412	3.762
EPS Old Adj (Eu)	2.509	2.720	3.139	3.489	3.803
DPS (Eu)	1.200	1.270	1.438	1.759	1.981
EV/EBITDA Adj	13.8	14.7	12.7	11.4	10.3
EV/EBIT Adj	16.9	18.6	16.0	14.0	12.5
P/E Adj	20.7	19.1	16.8	15.2	13.8
Div. Yield	2.3%	2.4%	2.8%	3.4%	3.8%
Net Debt/EBITDA Adj	2.1	2.5	1.8	1.4	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)

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 FTSEMIIB40 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 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
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 (79 in total) is as follows:

BUY:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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