

# PHARMANUTRA

**BUY**

Sector: Consumers

Price: Eu57.30 - Target: Eu85.00

## After Solid FY22, Focus Moves to Reinvestment in L/T Growth

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### Stock Rating

**Rating:** Unchanged

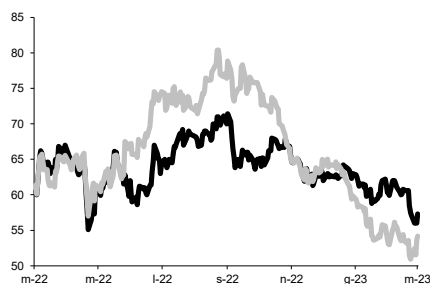
**Target Price (Eu):** Unchanged

	2023E	2024E	2025E
<b>Chg in Adj EPS</b>	1.2%	0.6%	

### Next Event

1Q23 Results Out 8 May 2023

### PHARMANUTRA - 12M Performance



PHARMANUTRA PHARMANUTRA Rel. to FTSE All Shares (Reb.)

### Stock Data

**Reuters code:** PHNU.MI

**Bloomberg code:** PHN IM

Performance	1M	3M	12M
Absolute	-4.8%	-7.6%	-6.1%
Relative	1.9%	-16.8%	-11.8%
12M (H/L)	71.40/55.10		
3M Average Volume (th):	5.20		

### Shareholder Data

No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	555
Total Mkt Cap (Eu mn):	555
Mkt Float - Ord (Eu mn):	194
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

### Balance Sheet Data

Book Value (Eu mn):	58
BVPS (Eu):	5.99
P/BV:	9.6
Net Financial Position (Eu mn):	7
Enterprise Value (Eu mn):	547

■ **FY22 Results.** FY22 results confirmed preliminary indications released at the 21 February Investor Day, with EBITDA/EBIT exceeding our estimates (by c.€2mn) but the bottom line broadly in line due to €2mn of higher taxes (€8.4mn vs. our exp. €6.6mn) from a €1.4mn tax provision related to 2016-21. Net sales saw a continuing double-digit growth trajectory (FY: 21%, 4Q: +19%) both on domestic (+23.9%) and foreign markets (+15.7%) boosted by both volumes and prices, while profitability remained high (FY: 29.4%, flat YoY) with 4Q lower (23.4%) due to seasonality. On top of the consolidation of Akern since July, which boosted sales by €1.7mn (2.4pp on top line growth), positive commercial momentum continued across all product lines (boom in Apportal sales, 2x YoY, second best-selling product) with leadership in the oral iron supplement market strengthened: in FY22 SiderAL (73% of finished product sales) gained c.1pp YoY market share in both value (55.3%) and volumes (48.9%). Despite a +21% OpEx increase in FY (COGS +15%, SG&A +24%, labour +19%), inflationary headwinds did not notably dent profitability thanks to the efficiency measures implemented at YE21 and in early 2022, which were followed by increased sales prices from March 2022. Reflecting c.€2.3mn of NWC absorption in FY (higher sales and volumes), FCFO (€14.1mn, our exp. €14.9mn) was entirely absorbed by higher CapEx (€10.7mn mainly due to extraordinary investments for the new HQ), before considering the cash-out for Akern (€11.3mn in 3Q), dividends (€6.9mn), and buybacks (€2.4mn), leading to a positive NFP at €10.6mn (our exp. €7.5mn), much lower than YE21 (€28.1mn).

■ **Conference call feedback. 2023 outlook:** still expecting double-digit top line growth with margin reduction to around 24-25%, reflecting meaningful set-up costs (€5-7mn, mainly related to new hires in R&D and medical detailing) to support top line growth in the medium/long term. **2023 CapEx:** c.€8-9mn (completion of HQ). **Tax rate:** normalising in 2023. **Cetilar ORO:** still early for feedback on initial sales (started last September). **New partners:** 11 new distribution contracts signed in FY22.

■ **Change in estimates.** Minor changes to our estimates (already featuring significant investments in long term growth) lead to a 1% increase in our 2023/24 EPS forecast.

■ **BUY confirmed; TP still €85.** Based on preliminary management indications provided at the recent Investor Day, new business opportunities could unlock a significant additional layer of growth in both turnover (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in massive long-term upside worth up to €90-100/share on top of our current TP of €85 (confirmed), according to our DCF model. Thanks to its undisputed leadership in solid oral iron supplements, high entry barriers due to IP protection, and a relentless commitment to R&D for new product launches, PHN looks very well placed in a steadily-growing industry. Moreover, PHN has considerable scope to outstrip market growth trends, leveraging on the expansion of salesforce coverage in Italy, the launch of new products, and the resumption of market activities in the post-Covid environment, but also the opportunity to increase its presence abroad, especially in key countries offering huge growth potential.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	68	83	95	109	121
EBITDA Adj (Eu mn)	20	24	23	27	30
Net Profit Adj (Eu mn)	13	15	15	17	20
EPS New Adj (Eu)	1.375	1.554	1.520	1.762	2.019
EPS Old Adj (Eu)	1.375	1.568	1.502	1.752	
DPS (Eu)	0.710	0.800	0.760	0.881	1.009
EV/EBITDA Adj	23.6	25.3	23.8	20.3	17.8
EV/EBIT Adj	25.4	26.8	26.7	22.5	19.7
P/E Adj	41.7	36.9	37.7	32.5	28.4
Div. Yield	1.2%	1.4%	1.3%	1.5%	1.8%
Net Debt/EBITDA Adj	-1.4	-0.4	-0.3	-0.6	-0.8

**PHARMANUTRA – Key Figures**

<b>Profit &amp; Loss (Eu mn)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Sales	56	68	83	95	109	121
EBITDA	16	20	24	23	27	30
EBIT	13	19	23	21	24	27
Financial Income (charges)	0	0	0	0	0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	13	19	23	21	24	27
Taxes	1	-5	-8	-6	-7	-7
Tax rate	-5.8%	26.8%	35.7%	29.5%	29.5%	27.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	14	14	15	15	17	20
EBITDA Adj	16	20	24	23	27	30
EBIT Adj	15	19	23	21	24	27
Net Profit Adj	10	13	15	15	17	20
<b>Per Share Data (Eu)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Total Shares Outstanding (mn) - Average	10	10	10	10	10	10
Total Shares Outstanding (mn) - Year End	10	10	10	10	10	10
EPS f.d	1.454	1.422	1.554	1.520	1.762	2.019
EPS Adj f.d	1.051	1.375	1.554	1.520	1.762	2.019
BVPS f.d	3.897	4.657	5.263	5.986	6.991	8.132
Dividend per Share ORD	0.670	0.710	0.800	0.760	0.881	1.009
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	46.1%	49.9%	51.5%	50.0%	50.0%	50.0%
<b>Cash Flow (Eu mn)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Gross Cash Flow	16	15	16	17	20	22
Change in NWC	-5	5	-2	-1	-2	-1
Capital Expenditure	-1	-5	-11	-9	-3	-3
Other Cash Items	1	-1	0	0	0	0
Free Cash Flow (FCF)	11	15	3	7	15	18
Acquisitions, Divestments & Other Items	0	0	-11	-3	0	0
Dividends	-4	-6	-7	-8	-7	-8
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	8	6	-15	-3	8	9
<b>Balance Sheet (Eu mn)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Total Fixed Assets	11	15	40	49	49	49
Net Working Capital	10	6	10	11	13	14
Long term Liabilities	-2	-4	-9	-9	-9	-9
Net Capital Employed	18	17	40	51	52	54
Net Cash (Debt)	19	28	11	7	15	25
Group Equity	38	45	51	58	68	79
Minorities	0	0	0	0	0	0
Net Equity	38	45	51	58	68	79
<b>Enterprise Value (Eu mn)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Average Mkt Cap	243	502	627	555	555	555
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	19	28	11	7	15	25
Enterprise Value	223	474	616	547	539	530
<b>Ratios (%)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
EBITDA Adj Margin	28.4%	29.5%	29.4%	24.2%	24.3%	24.6%
EBIT Adj Margin	26.1%	27.4%	27.9%	21.6%	21.9%	22.2%
Gearing - Debt/Equity	-51.3%	-62.3%	-20.9%	-12.7%	-22.5%	-31.4%
Interest Cover on EBIT	nm	nm	nm	nm	nm	nm
Net Debt/EBITDA Adj	-1.2	-1.4	-0.4	-0.3	-0.6	-0.8
ROACE*	80.2%	105.6%	80.4%	45.2%	46.4%	50.5%
ROE*	30.9%	32.2%	31.3%	27.0%	27.2%	26.7%
EV/CE	13.5	26.8	21.5	12.0	10.5	10.0
EV/Sales	4.0	7.0	7.5	5.8	4.9	4.4
EV/EBITDA Adj	13.9	23.6	25.3	23.8	20.3	17.8
EV/EBIT Adj	15.2	25.4	26.8	26.7	22.5	19.7
Free Cash Flow Yield	2.0%	2.7%	0.6%	1.3%	2.7%	3.2%
<b>Growth Rates (%)</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Sales	5.3%	20.7%	21.4%	14.7%	15.2%	10.5%
EBITDA Adj	21.5%	25.4%	21.3%	-5.6%	15.7%	11.9%
EBIT Adj	20.7%	26.9%	23.3%	-10.9%	16.5%	12.3%
Net Profit Adj	66.4%	-2.1%	9.3%	-2.2%	15.9%	14.6%
EPS Adj	20.4%	30.8%	13.0%	-2.2%	15.9%	14.6%
DPS	45.7%	6.0%	12.7%	-5.0%	15.9%	14.6%

\*Excluding extraordinary items Source: Intermonte SIM estimates

## 4Q/FY22 Results

### PharmaNutra –4Q/FY22 Results: P&L

P&L, Eu mn	FY19A	FY20A	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	3Q22A	4Q22A	FY22A	FY22E	A/E
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>14.2</b>	<b>18.0</b>	<b>17.0</b>	<b>18.8</b>	<b>68.1</b>	<b>18.8</b>	<b>20.9</b>	<b>20.6</b>	<b>22.5</b>	<b>82.7</b>	<b>82.0</b>	<b>1%</b>
YoY growth		5.3%	4.1%	16.9%	47.2%	19.3%	20.7%	32.3%	15.7%	20.7%	19.4%	21.4%	20.3%	
Other revenues	0.6	2.2	0.1	0.0	0.2	0.3	0.7	0.1	0.1	0.1	0.4	0.7	0.2	
<b>Total Revenues</b>	<b>54.2</b>	<b>58.7</b>	<b>14.3</b>	<b>18.1</b>	<b>17.3</b>	<b>19.2</b>	<b>68.8</b>	<b>19.0</b>	<b>21.0</b>	<b>20.6</b>	<b>22.9</b>	<b>83.4</b>	<b>82.2</b>	<b>1%</b>
YoY growth		8.2%	-3.5%	14.1%	48.1%	17.3%	17.3%	32.3%	15.9%	19.4%	19.3%	21.1%	19.4%	
Opex	(41.0)	(42.7)	(10.5)	(11.7)	(11.7)	(14.9)	(48.8)	(13.7)	(13.8)	(13.9)	(17.6)	(59.0)	(59.6)	
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>3.9</b>	<b>6.4</b>	<b>5.5</b>	<b>4.3</b>	<b>20.1</b>	<b>5.3</b>	<b>7.2</b>	<b>6.7</b>	<b>5.3</b>	<b>24.4</b>	<b>22.6</b>	<b>8%</b>
YoY growth		21.5%	24.3%	2.2%	90.5%	14.5%	25.4%	36.1%	11.5%	20.5%	23.6%	21.3%	12.6%	
<b>as % of net sales</b>	<b>24.6%</b>	<b>28.4%</b>	<b>27.2%</b>	<b>35.6%</b>	<b>32.5%</b>	<b>22.6%</b>	<b>29.5%</b>	<b>27.9%</b>	<b>34.3%</b>	<b>32.5%</b>	<b>23.4%</b>	<b>29.4%</b>	<b>27.6%</b>	
EBITDA	13.2	15.6	3.9	6.4	5.5	4.3	20.1	5.3	7.2	6.7	5.3	24.4	22.6	8%
YoY growth		18.0%	-4.8%	18.8%	109.7%	23.5%	29.1%	36.1%	11.5%	20.5%	23.6%	21.3%	12.6%	
<b>as % of net sales</b>	<b>24.6%</b>	<b>27.6%</b>	<b>27.2%</b>	<b>35.6%</b>	<b>32.5%</b>	<b>22.6%</b>	<b>29.5%</b>	<b>27.9%</b>	<b>34.3%</b>	<b>32.5%</b>	<b>23.4%</b>	<b>29.4%</b>	<b>27.6%</b>	
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>3.6</b>	<b>6.2</b>	<b>5.2</b>	<b>3.8</b>	<b>18.7</b>	<b>5.0</b>	<b>6.8</b>	<b>6.3</b>	<b>4.9</b>	<b>23.0</b>	<b>21.3</b>	<b>8%</b>
as % of net sales	22.8%	26.1%	25.1%	34.1%	30.6%	19.9%	27.4%	26.4%	32.8%	30.6%	21.9%	27.9%	26.0%	
EBIT	12.2	13.2	3.6	6.2	5.2	3.8	18.7	5.0	6.8	6.3	4.9	23.0	21.3	8%
as % of net sales	22.8%	23.4%	25.1%	34.1%	30.6%	19.9%	27.4%	26.4%	32.8%	30.6%	21.9%	27.9%	26.0%	
PBT	12.2	13.3	3.6	6.2	5.2	3.8	18.8	5.0	6.8	6.6	5.0	23.4	21.7	8%
taxes	(3.7)	0.8	(1.1)	(1.7)	(1.4)	(0.9)	(5.0)	(1.5)	(2.1)	(2.0)	(2.8)	(8.4)	(6.5)	29%
tax rate (%)	30.7%	n.m.	30.1%	26.8%	26.5%	23.9%	26.8%	30.0%	30.6%	30.2%	56.0%	35.7%	30.0%	
Net income	8.5	14.1	2.5	4.5	3.8	2.9	13.8	3.5	4.7	4.6	2.2	15.0	15.2	-1%
YoY growth		66.4%	-5.5%	-35.5%	121.7%	8.4%	-2.1%	38.8%	4.7%	19.8%	-24.3%	9.3%	10.2%	
EPS (€)	€ 0.87	€ 1.45	€ 0.26	€ 0.47	€ 0.40	€ 0.30	€ 1.42	€ 0.36	€ 0.49	€ 0.48	€ 0.23	€ 1.56	€ 1.57	-1%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>2.5</b>	<b>4.1</b>	<b>3.8</b>	<b>2.9</b>	<b>13.3</b>	<b>3.5</b>	<b>4.7</b>	<b>4.6</b>	<b>2.2</b>	<b>15.0</b>	<b>15.2</b>	<b>-1%</b>
YoY growth		20.4%	-35.6%	4.4%	27.6%	125.5%	30.8%	38.8%	16.5%	19.8%	-24.3%	13.0%	14.0%	
<b>Adj. EPS (€)</b>	<b>€ 0.87</b>	<b>€ 1.05</b>	<b>€ 0.26</b>	<b>€ 0.42</b>	<b>€ 0.40</b>	<b>€ 0.30</b>	<b>€ 1.38</b>	<b>€ 0.36</b>	<b>€ 0.49</b>	<b>€ 0.48</b>	<b>€ 0.23</b>	<b>€ 1.56</b>	<b>€ 1.57</b>	<b>-1%</b>

### PharmaNutra – 4Q/FY22 Results: FCF & Net Financial Position

FCF, Eu mn	FY19A	FY20A	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	3Q22A	4Q22A	FY22A	FY22E	A-E
Net income	8.5	14.1	2.5	4.5	3.8	2.9	13.8	3.5	4.7	4.6	2.2	15.0	15.2	(0.1)
D&A	1.0	2.3	0.3	0.3	0.3	0.5	1.4	0.3	0.3	0.4	0.3	1.3	1.3	(0.0)
NWC & Other	2.6	(4.6)	(0.1)	0.1	(2.0)	7.3	5.3	(2.0)	(1.1)	(5.2)	6.0	(2.3)	(1.6)	(0.7)
<b>FCFO</b>	<b>12.0</b>	<b>11.8</b>	<b>2.7</b>	<b>4.9</b>	<b>2.1</b>	<b>10.7</b>	<b>20.4</b>	<b>1.8</b>	<b>4.0</b>	<b>(0.2)</b>	<b>8.5</b>	<b>14.1</b>	<b>14.9</b>	<b>(0.8)</b>
Capex	(4.9)	(1.3)	(0.3)	(0.7)	(0.6)	(3.3)	(4.9)	(0.9)	(4.4)	(1.5)	(3.9)	(10.7)	(14.3)	3.6
as % of net sales	9.1%	2.4%	1.9%	4.1%	3.4%	17.6%	7.2%	5.0%	21.1%	7.5%	17.2%	13.0%	17.5%	
<b>Equity FCF</b>	<b>6.7</b>	<b>11.2</b>	<b>2.2</b>	<b>4.5</b>	<b>1.5</b>	<b>7.3</b>	<b>14.9</b>	<b>0.8</b>	<b>(0.4)</b>	<b>(1.8)</b>	<b>4.7</b>	<b>3.3</b>	<b>0.5</b>	<b>2.8</b>
M&A	-	-	-	-	-	-	-	-	-	(10.1)	(1.2)	(11.3)	(12.0)	0.7
dividend	(4.8)	(4.5)	-	(6.5)	-	-	(6.5)	-	(6.9)	-	-	(6.9)	(6.9)	-
buybacks	-	-	-	-	-	-	-	(1.9)	(0.3)	-	(0.2)	(2.4)	(2.2)	(0.2)
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc..)	0.3	0.9	0.3	(0.5)	0.0	0.5	0.3	0.1	0.1	(0.4)	0.1	(0.2)	-	(0.2)
<b>Change in NFP</b>	<b>2.2</b>	<b>7.7</b>	<b>2.5</b>	<b>(2.4)</b>	<b>1.5</b>	<b>7.2</b>	<b>8.7</b>	<b>(1.0)</b>	<b>(7.5)</b>	<b>(12.3)</b>	<b>3.3</b>	<b>(17.4)</b>	<b>(20.5)</b>	<b>3.1</b>
<b>NFP (+cash/-debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>21.8</b>	<b>19.4</b>	<b>20.9</b>	<b>28.1</b>	<b>28.1</b>	<b>27.1</b>	<b>19.6</b>	<b>7.3</b>	<b>10.6</b>	<b>10.6</b>	<b>7.5</b>	<b>3.1</b>
x EBITDA	1.0x	1.2x					1.4x					0.4x	0.3x	

Source: Intermonte SIM (E), Company Data (A)

**PharmaNutra – 4Q/FY22 Results: Mix by Product and by Geography**

By Product, Eu mn	FY20A	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	3Q22A	4Q22A	FY22A	FY22E	A/E
<b>Sideral</b>	<b>43.6</b>	<b>10.6</b>	<b>13.8</b>	<b>13.3</b>	<b>14.8</b>	<b>52.6</b>	<b>14.1</b>	<b>14.8</b>	<b>14.0</b>	<b>15.9</b>	<b>58.8</b>	<b>58.9</b>	<b>0%</b>
growth YoY	7.8%	4.5%	11.9%	51.9%	20.3%	20.6%	32.3%	7.5%	4.9%	7.2%	11.8%	12.0%	
as % of FP revenues	80.6%	78.7%	78.9%	76.5%	80.9%	79.9%	78.0%	73.3%	69.6%	72.1%	73.1%	74.0%	
<b>Cetilar</b>	<b>5.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>1.9</b>	<b>6.6</b>	<b>1.8</b>	<b>2.1</b>	<b>2.0</b>	<b>2.3</b>	<b>8.1</b>	<b>8.1</b>	<b>0%</b>
growth YoY	2.3%	7.9%	40.7%	17.8%	14.2%	18.9%	17.4%	26.4%	29.1%	24.1%	24.2%	24.0%	
as % of FP revenues	10.2%	11.5%	9.3%	8.7%	10.2%	10.0%	10.1%	10.1%	9.7%	10.5%	10.1%	10.2%	
<b>Apportal</b>	<b>2.4</b>	<b>0.7</b>	<b>1.3</b>	<b>1.1</b>	<b>0.8</b>	<b>3.9</b>	<b>1.4</b>	<b>2.4</b>	<b>2.5</b>	<b>1.9</b>	<b>8.2</b>	<b>7.4</b>	<b>12%</b>
growth YoY	24.1%	11.4%	136.4%	98.2%	23.3%	62.5%	88.2%	87.0%	136.6%	140.8%	112.0%	90.0%	
as % of FP revenues	4.4%	5.4%	7.3%	6.2%	4.4%	5.9%	7.7%	11.8%	12.7%	8.7%	10.2%	9.3%	
<b>Ultramag</b>	<b>0.6</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.9</b>	<b>0.9</b>	<b>0%</b>
growth YoY	-35.8%	32.8%	73.8%	40.8%	65.0%	54.7%	16.9%	-16.9%	21.3%	-3.8%	1.3%	1.0%	
as % of FP revenues	1.0%	1.2%	1.6%	1.1%	1.3%	1.3%	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	
<b>Other Trademarks</b>	<b>2.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.4</b>	<b>0.6</b>	<b>1.9</b>	<b>0.6</b>	<b>0.7</b>	<b>0.5</b>	<b>0.6</b>	<b>2.4</b>	<b>2.5</b>	<b>-4%</b>
growth YoY	-30.1%	-24.7%	-10.4%	10.4%	9.3%	-5.5%	35.1%	43.2%	19.3%	6.1%	25.3%	30.0%	
as % of FP revenues	3.8%	3.1%	3.0%	2.3%	3.2%	2.9%	3.2%	3.7%	2.3%	2.8%	3.0%	3.1%	
<b>Akern</b>									<b>0.9</b>	<b>1.1</b>	<b>2.0</b>	<b>1.8</b>	<b>9%</b>
<b>FP Revenues</b>	<b>54.1</b>	<b>13.5</b>	<b>17.5</b>	<b>17.4</b>	<b>18.3</b>	<b>65.8</b>	<b>18.0</b>	<b>20.3</b>	<b>20.1</b>	<b>22.1</b>	<b>80.4</b>	<b>79.6</b>	<b>1%</b>
growth YoY	4.9%	4.3%	18.5%	57.1%	19.8%	21.6%	33.6%	15.7%	15.3%	20.4%	22.2%	20.9%	
<b>Raw Materials</b>	<b>2.3</b>	<b>0.7</b>	<b>0.5</b>	<b>-0.4</b>	<b>0.5</b>	<b>2.3</b>	<b>0.8</b>	<b>0.6</b>	<b>0.5</b>	<b>0.4</b>	<b>2.3</b>	<b>2.4</b>	<b>-4%</b>
growth YoY	14.1%	0.4%	-19.5%	n.a.	2.4%	-2.0%	9.7%	15.1%	n.m.	-18.5%	0.2%	4.0%	
as of net sales	4.2%	5.1%	3.0%	-2.1%	2.5%	3.4%	4.3%	3.0%	2.5%	1.7%	2.8%	2.9%	
<b>Net Revenues</b>	<b>56.4</b>	<b>14.2</b>	<b>18.0</b>	<b>17.0</b>	<b>18.8</b>	<b>68.1</b>	<b>18.8</b>	<b>20.9</b>	<b>20.6</b>	<b>22.5</b>	<b>82.7</b>	<b>82.0</b>	<b>1%</b>
Growth YoY	5.3%	4.1%	16.9%	47.2%	19.3%	20.7%	32.3%	15.7%	20.7%	19.4%	21.5%	20.3%	

By Geography (Eu mn)	FY20A	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	3Q22A	4Q22A	FY22A	FY22E	A/E
<b>Italy (LB1)</b>	<b>40.0</b>	<b>10.8</b>	<b>13.5</b>	<b>11.1</b>	<b>12.4</b>	<b>47.8</b>	<b>13.1</b>	<b>15.9</b>	<b>14.3</b>	<b>16.0</b>	<b>59.2</b>	<b>56.3</b>	<b>5%</b>
growth YoY	2.5%	8.6%	32.1%	33.3%	8.0%	19.6%	20.7%	17.5%	29.6%	28.5%	23.9%	17.8%	
as of net sales	70.8%	76.0%	74.8%	64.9%	66.0%	70.2%	69.3%	76.1%	69.7%	71.1%	71.6%	68.7%	
<b>RoW</b>	<b>16.5</b>	<b>3.4</b>	<b>4.6</b>	<b>6.0</b>	<b>6.4</b>	<b>20.3</b>	<b>5.8</b>	<b>5.0</b>	<b>6.2</b>	<b>6.5</b>	<b>23.5</b>	<b>25.7</b>	<b>-8%</b>
growth YoY	12.7%	-8.1%	-12.1%	84.7%	49.7%	23.4%	69.1%	9.1%	4.1%	1.8%	15.7%	26.4%	
as of net sales	29.2%	24.0%	25.2%	35.1%	34.0%	29.8%	30.7%	23.9%	30.3%	28.9%	28.4%	31.3%	
<b>Net Revenues</b>	<b>56.4</b>	<b>14.2</b>	<b>18.1</b>	<b>17.0</b>	<b>18.8</b>	<b>68.1</b>	<b>18.8</b>	<b>20.9</b>	<b>20.6</b>	<b>22.5</b>	<b>82.7</b>	<b>82.0</b>	<b>1%</b>
Growth YoY	5.3%	4.1%	16.9%	47.2%	19.3%	20.7%	32.3%	15.7%	20.7%	19.4%	21.5%	20.3%	

Units sold ('000)	FY20A	1Q21A	2Q21A	3Q21A	4Q21A	FY21A	1Q22A	2Q22A	3Q22A	4Q22A	FY22A
<b>Italy (LB1)</b>	<b>2,951</b>	<b>765</b>	<b>981</b>	<b>805</b>	<b>913</b>	<b>3,464</b>	<b>967</b>	<b>1,177</b>	<b>1,036</b>	<b>1,075</b>	<b>4,045</b>
as % of total	36.7%	45.0%	44.7%	29.6%	29.5%	35.7%	38.4%	41.2%	30.9%	38.4%	36.1%
growth YoY	0.2%	2.1%	33.1%	31.6%	7.0%	17.4%	26.4%	20.0%	28.6%	17.8%	16.8%
<b>RoW (LB2)</b>	<b>5,093</b>	<b>935</b>	<b>1,215</b>	<b>1,918</b>	<b>2,180</b>	<b>6,248</b>	<b>1,607</b>	<b>1,383</b>	<b>4,373</b>	<b>1,722</b>	<b>7,149</b>
as % of total	63.3%	55.0%	55.3%	70.4%	70.5%	64.3%	61.6%	58.8%	69.1%	61.6%	63.9%
growth YoY	20.6%	-2.6%	-27.8%	123.2%	37.0%	22.7%	71.9%	13.8%	-4.0%	-21.0%	14.4%
<b>total units sold</b>	<b>8,044</b>	<b>1,700</b>	<b>2,196</b>	<b>2,723</b>	<b>3,092</b>	<b>9,712</b>	<b>2,519</b>	<b>2,855</b>	<b>8,229</b>	<b>13,603</b>	<b>11,194</b>
growth YoY	12.2%	-0.5%	-9.2%	85.1%	26.4%	20.7%	48.2%	30.0%	23.0%	27.0%	27.0%

Source: Intermonte SIM (E), Company Data (A)

## Positive Feedback from Recent Investor Day (21 February)

**EVENT:** Management offered a broad overview of its strategy for the next 5-10 years, highlighting significant market opportunities to exploit, leveraging on international expansion (entry into the US market represents the biggest opportunity, followed by Spain and China), best-in-class time-to-market (PHN 1-3 years, competitors 5-15 years on average), market-leading scientific experience (19 patents, 151 clinical studies, new biomedical laboratory fitted out at Pisa site, studying next generation applications for Sucrosomial technology), commercial opportunities with Akern, the launch of the Cetilar Nutrition line for the sports segment (imminent in Italy and Spain) and the recent commercial partnerships with sporting institutions (Ferrari and Luna Rossa).

### PharmaNutra –USA

**US MARKET POTENTIAL**  
Developing PharmaNutra's footprint in one of the most wealthy markets in the world

**NETWORK OF PARTNERS**  
Strengthen and develop the relationships established during scientific congresses and motorsport events

**PHARMA NUTRA'S TOP BRAND AND PRODUCTS**  
Entering in the US Market with our top selling products (SiderAL® Cetilar® and ApporAL®) with a gradual approach to the market on the basis of day by day experience

**DEVELOPING BUSINESS**  
Two-way strategy: B2B with medical detailing for doctors and hospital and B2C with DTC marketing and communication campaign supported by a strong e-commerce activity

PHARMA NUTRA

Source: Company presentation

### PharmaNutra – China

**CHINA**

**OTC MARKET POTENTIAL**  
Online iron market estimated above 100 ME per year with more than 40 ME from foreign products. Yearly double-digit growth on the e-commerce channel expected in the next five years

**MARKETING**  
Flexible marketing strategies that can be quickly adapted to different market scenarios

**B2C**  
Cross-border sales through the TMG store e-commerce platform (the biggest in China)

**FLEXIBILITY**  
Lean structure that does not require significant investments - communication and marketing only

PHARMA NUTRA

Source: Company presentation

### PharmaNutra – Spain

**CULTURAL AFFINITIES**  
Culture, habits and lifestyle similar to Italy

**SYNERGIES WITH AKERN**  
Opportunity to develop the domestic Spanish market in collaboration with Akern

**CROSS PRODUCT PORTFOLIO**  
Sales & Distribution of the full Cetilar brand portfolio - Cetilar® and Cetilar® Nutrition product lines

**FINANCIAL EFFORT**  
Limited investments required to set up the business

PHARMA NUTRA

Source: Company presentation

### PharmaNutra – Cetilar Nutrition Line

**COMMUNICATION INVESTMENTS**  
Investments in tailored marketing & communication campaign, exploiting Cetilar strong franchise in sport

**INNOVATIVE PRODUCTS PORTFOLIO**  
Premium products with proprietary formulation thanks to the uniqueness of the raw materials

**PARTNERSHIP WITH LUNA ROSSA PRADA PIRELLI**  
Human Performance Partner of the Luna Rossa Prada Pirelli challenge for the 37<sup>th</sup> America's Cup

**B2B**  
Creation of a specific sales network to promote products to doctors, pharmacies, sport shops and professional sport teams

**E - COMMERCE**  
Development and management of a proprietary B2C e-commerce web site

PHARMA NUTRA

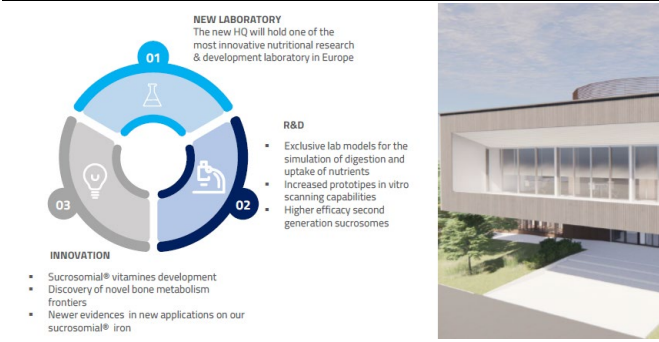
Source: Company presentation

Management also shared some numerical targets that help better quantify the upside from the new business opportunities that could provide a significant additional layer of growth in both turnover (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic) thanks to the high operating leverage. 5-year run-rate revenue contributions were provided for individual initiatives:

- **USA:** Eu30-40mn (gradual ramp-up with dual approach: B2B doctors/ hospitals; B2C direct-to-consumer exploiting e-commerce channel);
- **New R&D opportunities:** upside unquantifiable at this stage but this is a high potential area;
- **Linea Cetilar Nutrition:** Eu5-8mn;
- **China:** Eu3-10mn (estimate based on the learning curve of other players operating e-commerce channels in the country);
- **Akern:** Eu10-25mn (big leap in size; in FY22 Akern generated turnover of Eu5mn and is currently the only initiative already in operation. Launches to come in Spain, commercial reinforcement in Italy targeting clinics/ hospitals);
- **Spain:** Eu5-10mn (same products as Italy, similar trends and culture, strong market potential).

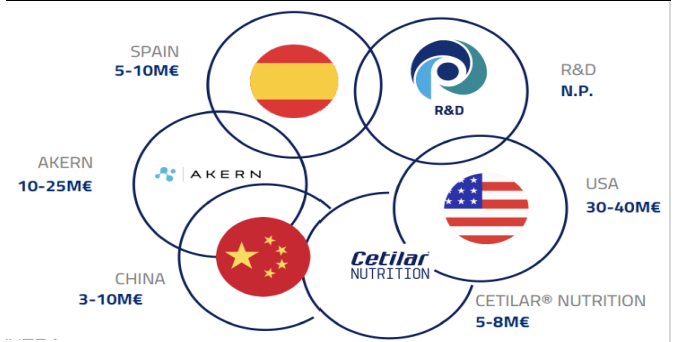
In Italy, there is even more scope for growth in the Sideral line: even though it already has a high market share (>50%) and PHN has premium positioning, the oral iron market is still extremely underpenetrated (only one patient in 4 is effectively treated).

### PharmaNutra – Speed Up on R&D and Innovation



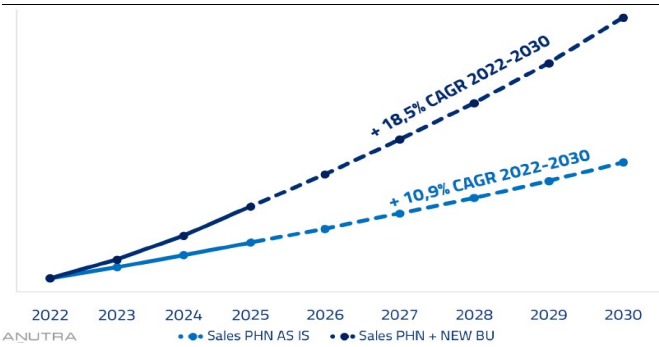
Source: Company presentation

### PharmaNutra – Estimated Revenues range in 5 Years Time



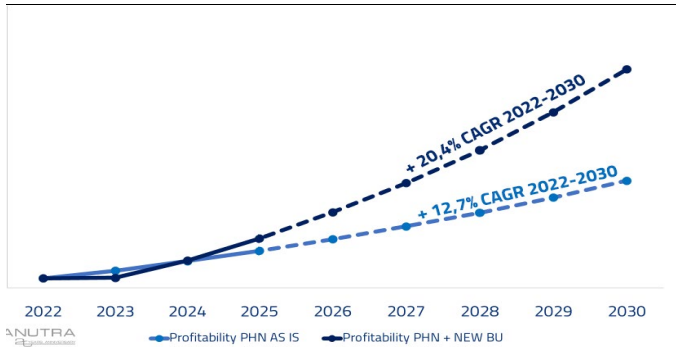
Source: Company presentation

### PharmaNutra – Estimated Sales development 2022-2030E



Source: Company presentation

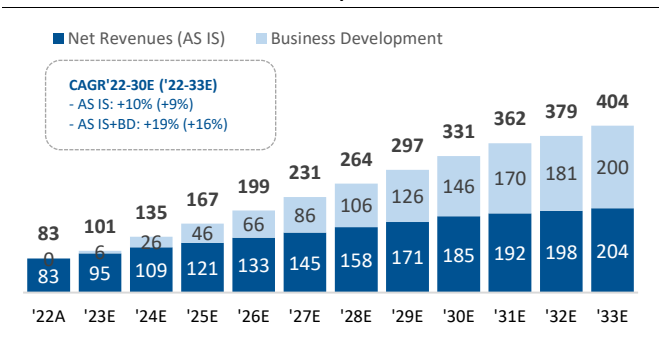
### PharmaNutra – Estimated EBITDA development 2022-2030E



Source: Company presentation

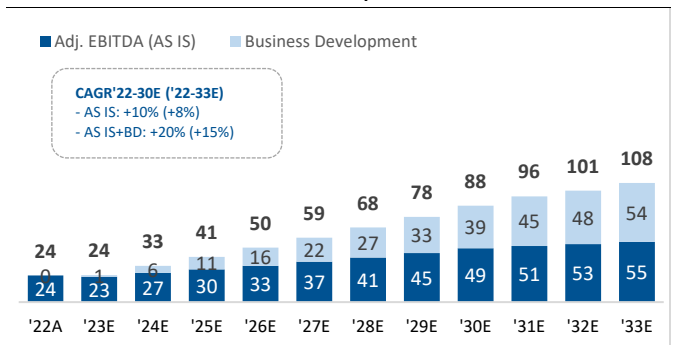
**COMMENT:** the indications provided suggest material scope for upgrades to estimates for 2025 onwards, which could translate into turnover of around €167mn in 2025 (our current €121mn estimate is based on 2022-25 CAGR of +13%, entirely organic) and c.€331mn by 2030 (our estimate €185mn, based on 2022-30 CAGR of +10%) on the back of a significant initial investment (c.€5-7mn for the expansion of the sales force, greater marketing efforts, a push on medical detailing activity), that is already largely factored into our 2023-24 estimates, which assume margin dilution to 24-25%, vs. 27-29% in previous years. **Based on preliminary management indications, the long-term upside from Business Development appears to be considerable, potentially worth up to €90-100/share on top of our current TP of €85, according to our DCF model.**

### Intermonte – Estimated Sales development 2022-2033E



Source: Intermonte SIM (E), Company Data (A)

### Intermonte – Estimated EBITDA development 2022-2033E



Source: Intermonte SIM (E), Company Data (A)

## Changes to Estimates

### PharmaNutra – 2023-25 Change in Estimates

P&L, Eu mn	Actual Results				New Estimates			Old Estimates			New vs. Old		
	'19A	'20A	'21A	'22A	'23E	'24E	'25E	'23E	'24E	'25E	'23E	'24E	'25E
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>94.9</b>	<b>109.3</b>	<b>120.8</b>	<b>93.7</b>	<b>107.8</b>	<b>119.1</b>	<b>1.3%</b>	<b>1.4%</b>	<b>1.4%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	14.7%	15.2%	10.5%	14.3%	15.0%	10.5%			
Other revenues	0.6	2.2	0.7	0.7	0.7	0.7	0.7	0.2	0.2	0.2			
<b>Total Revenues</b>	<b>54.2</b>	<b>58.7</b>	<b>68.8</b>	<b>83.4</b>	<b>95.6</b>	<b>110.0</b>	<b>121.5</b>	<b>93.9</b>	<b>108.0</b>	<b>119.3</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>
YoY growth	12.7%	8.2%	17.3%	21.1%	14.6%	15.1%	10.5%	14.3%	15.0%	10.5%			
Opex	(41.0)	(42.7)	(48.8)	(59.0)	(72.5)	(83.4)	(91.7)	(71.0)	(81.4)	(89.6)			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>23.0</b>	<b>26.6</b>	<b>29.8</b>	<b>22.9</b>	<b>26.6</b>	<b>29.8</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.0%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	-5.6%	15.7%	11.9%	1.4%	16.0%	11.8%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	24.2%	24.3%	24.6%	24.5%	24.7%	25.0%			
EBITDA	13.2	15.6	20.1	24.4	23.0	26.6	29.8	22.9	26.6	29.8	0.3%	0.0%	0.0%
YoY growth	4.8%	18.0%	29.1%	21.3%	-5.6%	15.7%	11.9%	1.4%	16.0%	11.8%			
as % of net. sales	24.6%	27.6%	29.5%	29.4%	24.2%	24.3%	24.6%	24.5%	24.7%	25.0%			
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>20.5</b>	<b>23.9</b>	<b>26.9</b>	<b>20.5</b>	<b>23.9</b>	<b>26.8</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.3%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	21.6%	21.9%	22.2%	21.9%	22.2%	22.5%			
EBIT	12.2	13.2	18.7	23.0	20.5	23.9	26.9	20.5	23.9	26.8	0.2%	0.1%	0.3%
as % of net. sales	22.8%	23.4%	27.4%	27.9%	21.6%	21.9%	22.2%	21.9%	22.2%	22.5%			
PBT	12.2	13.3	18.8	23.4	20.9	24.2	27.0	20.6	24.1	27.0	1.2%	0.6%	-0.3%
taxes	(3.7)	0.8	(5.0)	(8.4)	(6.2)	(7.1)	(7.4)	(6.1)	(7.1)	(7.4)			
tax rate (%)	30.7%	n.m.	26.8%	35.7%	29.5%	29.5%	27.5%	29.5%	29.5%	27.5%			
Net income	8.5	14.1	13.8	15.0	14.7	17.1	19.5	14.5	17.0	19.6	1.2%	0.6%	-0.3%
YoY growth	-1.2%	66.4%	-2.1%	9.3%	-2.2%	15.9%	14.6%	-4.2%	16.7%	15.6%			
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.52	€ 1.76	€ 2.02	€ 1.50	€ 1.75	€ 2.02	1.2%	0.6%	-0.3%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>14.7</b>	<b>17.1</b>	<b>19.5</b>	<b>14.5</b>	<b>17.0</b>	<b>19.6</b>	<b>1.2%</b>	<b>0.6%</b>	<b>-0.3%</b>
YoY growth	-1.2%	20.4%	30.8%	13.0%	-2.2%	15.9%	14.6%	-4.2%	16.7%	15.6%			
<b>Adj. EPS (€)</b>	<b>€ 0.87</b>	<b>€ 1.05</b>	<b>€ 1.38</b>	<b>€ 1.56</b>	<b>€ 1.52</b>	<b>€ 1.76</b>	<b>€ 2.02</b>	<b>€ 1.50</b>	<b>€ 1.75</b>	<b>€ 2.02</b>	<b>1.2%</b>	<b>0.6%</b>	<b>-0.3%</b>
<b>FCF, Eu mn</b>	<b>'19A</b>	<b>'20A</b>	<b>'21A</b>	<b>'22A</b>	<b>'23E</b>	<b>'24E</b>	<b>'25E</b>	<b>'23E</b>	<b>'24E</b>	<b>'25E</b>	<b>'23E</b>	<b>'24E</b>	<b>'25E</b>
Net income	8.5	14.1	13.8	15.0	14.7	17.1	19.5	14.5	17.0	19.6	0.2	0.1	(0.1)
D&A	1.0	2.3	1.4	1.3	2.5	2.7	2.9	2.4	2.7	3.0	0.0	(0.0)	(0.1)
NWC & Other	2.6	(4.6)	5.3	(2.3)	(1.2)	(1.8)	(1.5)	(0.7)	(1.9)	(1.6)	(0.5)	0.1	0.1
<b>FCFO</b>	<b>12.0</b>	<b>11.8</b>	<b>20.4</b>	<b>14.1</b>	<b>15.9</b>	<b>18.0</b>	<b>21.0</b>	<b>16.3</b>	<b>17.8</b>	<b>21.0</b>	<b>(0.3)</b>	<b>0.2</b>	<b>(0.1)</b>
CapEx	(4.9)	(1.3)	(4.9)	(10.7)	(8.5)	(2.7)	(3.0)	(1.9)	(2.2)	(2.4)	(6.7)	(0.6)	(0.6)
as % of net sales	9.1%	2.4%	7.2%	13.0%	9.0%	2.5%	2.5%	2.0%	2.0%	2.0%			
<b>Equity FCF</b>	<b>6.7</b>	<b>11.2</b>	<b>14.9</b>	<b>3.3</b>	<b>7.4</b>	<b>15.2</b>	<b>17.9</b>	<b>14.4</b>	<b>15.6</b>	<b>18.6</b>	<b>(7.0)</b>	<b>(0.4)</b>	<b>(0.7)</b>
M&A	-	-	-	(11.3)	(3.0)	-	-	(3.0)	-	-	-	-	-
dividend	(4.8)	(4.5)	(6.5)	(6.9)	(7.7)	(7.3)	(8.5)	(7.6)	(7.2)	(8.5)	(0.2)	(0.1)	(0.0)
buybacks	-	-	-	(2.4)	-	-	-	-	-	-	-	-	-
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc..)	0.3	0.9	0.3	(0.2)	-	-	-	-	-	-	-	-	-
<b>Change in NFP</b>	<b>2.2</b>	<b>7.7</b>	<b>8.7</b>	<b>(17.4)</b>	<b>(3.3)</b>	<b>7.9</b>	<b>9.4</b>	<b>3.8</b>	<b>8.4</b>	<b>10.2</b>	<b>(7.2)</b>	<b>(0.5)</b>	<b>(0.7)</b>
<b>NFP (+cash/-debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>7.3</b>	<b>15.2</b>	<b>24.7</b>	<b>11.4</b>	<b>19.8</b>	<b>30.0</b>	<b>(4.1)</b>	<b>(4.5)</b>	<b>(5.3)</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	-0.3x	-0.6x	-0.8x	-0.5x	-0.7x	-1.0x			

Source: Intermonte SIM (E), Company Data (A)

## Comparison with Consensus

### PharmaNutra – 2023-25E Intermonte Estimates: Comparison with Consensus

	Actual Results				Intermonte Estimates			Consensus			Delta vs. Consensus		
	'19A	'20A	'21A	'22A	'23E	'24E	'25E	'23C	'24C	'25C	'23	'24	'25
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>94.9</b>	<b>109.3</b>	<b>120.8</b>	<b>95.7</b>	<b>112.6</b>	<b>n.a.</b>	<b>-1%</b>	<b>-3%</b>	<b>n.m.</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	14.7%	15.2%	10.5%	17.0%	17.7%	n.m.			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>23.0</b>	<b>26.6</b>	<b>29.8</b>	<b>23.0</b>	<b>27.0</b>	<b>n.a.</b>	<b>0%</b>	<b>-1%</b>	<b>n.m.</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	-5.6%	15.7%	11.9%	1.1%	17.4%	n.m.			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	24.2%	24.3%	24.6%	24.0%	24.0%	n.m.			
EBITDA	13.2	15.6	20.1	24.4	23.0	26.6	29.8	<b>24.0</b>	<b>29.2</b>	<b>n.a.</b>	-4%	-9%	n.m.
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>20.5</b>	<b>23.9</b>	<b>26.9</b>	<b>21.1</b>	<b>26.1</b>	<b>n.a.</b>	<b>-3%</b>	<b>-8%</b>	<b>n.m.</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	21.6%	21.9%	22.2%	22.0%	23.1%	n.m.			
EBIT	12.2	13.2	18.7	23.0	20.5	23.9	26.9	<b>21.1</b>	<b>26.1</b>	<b>n.a.</b>	<b>-3%</b>	<b>-8%</b>	<b>n.m.</b>
PBT	12.2	13.3	18.8	23.4	20.9	24.2	27.0	<b>21.0</b>	<b>24.0</b>	<b>n.a.</b>	-1%	1%	n.m.
Net income	8.5	14.1	13.8	15.0	14.7	17.1	19.5	15.0	17.0	n.a.	-2%	0%	n.m.
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>14.7</b>	<b>17.1</b>	<b>19.5</b>	<b>15.0</b>	<b>17.0</b>	<b>n.a.</b>	<b>-2%</b>	<b>0%</b>	<b>n.m.</b>
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.52	€ 1.76	€ 2.02	€ 1.62	€ 1.91	€ 2.16			
DPS (€)	€ 0.46	€ 0.67	€ 0.71	€ 0.80	€ 0.76	€ 0.76	€ 0.76	€ 0.80	€ 0.87	n.a.			
payout	53%	46%	50%	51%	50%	43%	38%	49%	46%	n.m.			
CapEx	(4.9)	(1.3)	(4.9)	(10.7)	(8.5)	(2.7)	(3.0)	(3.9)	(2.7)	n.a.	122%	3%	n.m.
as % of net. sales	9.1%	2.4%	7.2%	13.0%	9.0%	2.5%	2.5%	4.0%	2.4%	n.m.			
Equity FCF	6.7	11.2	14.9	3.3	7.4	15.2	17.9	12.2	16.4	n.a.			
<b>NFP (Net Debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>7.3</b>	<b>15.2</b>	<b>24.7</b>	<b>12.7</b>	<b>21.6</b>	<b>n.a.</b>	<b>-42%</b>	<b>-29%</b>	<b>n.m.</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	-0.3x	-0.6x	-0.8x	-0.6x	-0.8x	n.m.			

Source: Intermonte SIM (E), Factset Consensus (C)



## DCF Valuation

We are confirming our DCF-based target price at €85. Further upside may come from M&A (we see at least c.€70-80mn of firepower). The stock is currently trading at 24x EV/EBITDA'23E.

### PharmaNutra – DCF Model (WACC still 6.2%, g unchanged at 3%)

(Eu mn)	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TV
<b>Net Revenues</b>	<b>82.7</b>	<b>94.9</b>	<b>109.3</b>	<b>120.8</b>	<b>132.7</b>	<b>145.3</b>	<b>158.1</b>	<b>171.0</b>	<b>184.7</b>	<b>191.5</b>	<b>198.0</b>	<b>204.0</b>	<b>210.0</b>
<i>YoY growth</i>	21.4%	14.7%	15.2%	10.5%	9.8%	9.5%	8.8%	8.2%	8.0%	3.7%	3.4%	3.0%	3.0%
<b>Adj. EBITDA</b>	<b>24.4</b>	<b>23.0</b>	<b>26.6</b>	<b>29.8</b>	<b>33.1</b>	<b>36.8</b>	<b>40.7</b>	<b>44.7</b>	<b>49.0</b>	<b>51.0</b>	<b>53.0</b>	<b>54.8</b>	<b>56.6</b>
% margin	29.4%	24.2%	24.3%	24.6%	24.9%	25.3%	25.7%	26.1%	26.5%	26.6%	26.7%	26.8%	27.0%
D&A	(1.3)	(2.5)	(2.7)	(2.9)	(3.3)	(3.6)	(4.0)	(4.3)	(4.6)	(4.8)	(5.0)	(5.1)	(4.2)
<b>EBIT</b>	<b>23.0</b>	<b>20.5</b>	<b>23.9</b>	<b>26.9</b>	<b>29.8</b>	<b>33.2</b>	<b>36.7</b>	<b>40.4</b>	<b>44.4</b>	<b>46.2</b>	<b>48.0</b>	<b>49.7</b>	<b>52.4</b>
% margin	27.9%	21.6%	21.9%	22.2%	22.4%	22.8%	23.2%	23.6%	24.0%	24.1%	24.2%	24.3%	25.0%
Taxes	(5.5)	(4.9)	(5.7)	(6.4)	(7.1)	(8.0)	(8.8)	(9.7)	(10.7)	(11.1)	(11.5)	(11.9)	(12.6)
<i>tax rate</i>	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%
Change in WC	(2.3)	(1.2)	(1.8)	(1.5)	(1.5)	(1.7)	(1.7)	(1.8)	(1.9)	(0.9)	(0.9)	(0.8)	-
Capex	(10.7)	(8.5)	(2.7)	(3.0)	(3.3)	(3.6)	(4.0)	(4.3)	(4.6)	(4.8)	(5.0)	(5.1)	(4.2)
as % of sales	13.0%	9.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.0%
<b>Unlevered FCF</b>	<b>5.8</b>	<b>8.3</b>	<b>16.4</b>	<b>18.8</b>	<b>21.1</b>	<b>23.5</b>	<b>26.2</b>	<b>29.0</b>	<b>31.9</b>	<b>34.2</b>	<b>35.6</b>	<b>36.9</b>	<b>39.8</b>
TV													1,208
year	0	1	2	3	4	5	6	7	8	9	10	11	11
Disc. Factor	1.00	0.94	0.89	0.83	0.78	0.74	0.70	0.65	0.62	0.58	0.55	0.51	0.51
<b>Disc. Flows</b>		<b>7.8</b>	<b>14.5</b>	<b>15.7</b>	<b>16.6</b>	<b>17.4</b>	<b>18.2</b>	<b>18.9</b>	<b>19.6</b>	<b>19.9</b>	<b>19.4</b>	<b>19.0</b>	<b>620.6</b>

Sum of FCF'23-33E	187.0
Terminal value	620.6
<b>Total EV</b>	<b>807.5</b>
Net Cash at YE22	10.6
Minorities	0.0
Treasury shares	2.0
<b>Equity Value</b>	<b>820.2</b>
NOSH (mn)	9.7
<b>FV per share (Eu/share)</b>	<b>85</b>
current price (Eu/share)	57.3
upside vs current price	48%

WACC	6.2%
Terminal growth	3.0%

Source: Intermonte SIM

### PharmaNutra - TP Sensitivity to WACC (%) and g (%)

		g										
		2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.1%	3.2%	3.3%	3.4%	3.5%
WACC	5.2%	106	109	113	116	120	125	129	135	140	147	154
	5.4%	98	101	104	107	111	114	118	122	127	132	138
	5.6%	92	94	97	99	102	105	109	112	116	120	125
	5.8%	86	88	90	93	95	98	101	104	107	110	114
	6.0%	81	83	85	87	89	91	94	96	99	102	105
	6.2%	77	78	80	82	83	85	87	90	92	94	97
	6.4%	73	74	75	77	78	80	82	84	86	88	90
	6.6%	69	70	71	73	74	76	77	79	81	82	84
	6.8%	65	67	68	69	70	71	73	74	76	78	79
	7.0%	62	63	64	65	67	68	69	70	72	73	75
7.2%	60	61	61	62	63	64	66	67	68	69	71	

Source: Intermonte SIM

**PharmaNutra: Valuation Multiples**

	Currency	Price	Mkt. Cap (Eu mn)	Abs. Perf. (%)			EV/Sales (x)		EV/EBITDA (x)		EV/EBIT (x)		Adj. P/E (x)		Div. Yield (%)	
				1m	6m	Ytd	23E	24E	23E	24E	23E	24E	23E	24E	23E	24E
PHN(@our exp)	EUR	57.3	555	-7%	-20%	-10%	5.7	4.9	23.5	20.0	26.4	22.3	37.7	32.3	1.3%	1.5%
PHN (@cons.)	EUR	57.3	555	-7%	-20%	-10%	5.7	4.7	22.6	18.3	25.7	20.5	n.a	n.a	1.4%	1.5%
BioGaia	SEK	96.9	877	-5%	18%	13%	6.8	5.9	19.5	16.9	20.9	17.9	30.8	27.0	1.5%	1.7%
Christian Hansen	DKK	500.6	8,863	-3%	25%	-2%	7.3	6.8	20.9	19.0	27.4	24.4	35.8	31.6	1.9%	2.0%
Probi	SEK	175.2	179	3%	-24%	-11%	2.5	2.3	9.3	8.4	16.8	14.5	17.7	17.4	0.8%	0.8%
<b>Restricted Peer Group</b>							<b>5.5</b>	<b>5.0</b>	<b>16.6</b>	<b>14.7</b>	<b>21.7</b>	<b>19.0</b>	<b>28.1</b>	<b>25.3</b>	<b>1.4%</b>	<b>1.5%</b>
Clover	AUD	1.2	129	-8%	2%	4%	2.4	2.0	19.5	13.9	21.1	14.7	23.5	18.5	1.4%	1.9%
Jamieson W.	CAD	30.7	874	-15%	-16%	-12%	2.3	2.1	11.0	9.8	13.5	11.6	17.8	15.8	2.3%	2.4%
Orion Oyj	EUR	43.8	6,171	-8%	-4%	-16%	5.1	4.6	19.6	16.2	23.9	18.9	30.8	23.6	3.6%	3.8%
Recordati	EUR	38.9	8,127	-7%	-5%	-2%	4.7	4.3	13.0	12.1	16.5	15.0	17.6	16.3	3.0%	3.4%
<b>Broader Peer Group</b>							<b>4.4</b>	<b>4.0</b>	<b>16.1</b>	<b>13.7</b>	<b>20.0</b>	<b>16.7</b>	<b>24.9</b>	<b>21.4</b>	<b>2.1%</b>	<b>2.3%</b>
FTSE Italia Mid Cap		42,347	41,738	-7%	12%	6%										
<b>FTSE Italia Star</b>		<b>48,441</b>	<b>26,477</b>	<b>-6%</b>	<b>10%</b>	<b>3%</b>										
FTSE MIB		25,919	421,316	-7%	14%	8%										
FTSE Italia All-Share		28,066	469,864	-7%	14%	8%										

Source: Intermonte SIM, FactSet Consensus

## PharmaNutra in Brief

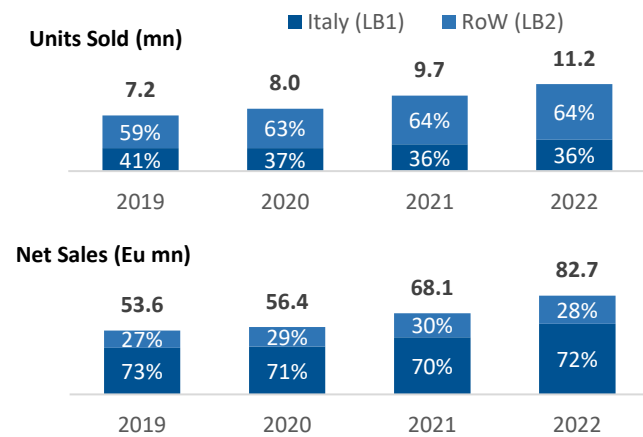
### Company description

Founded by the Lacorte brothers and established in 2003, **PharmaNutra** develops unique nutraceuticals and innovative medical devices, overseeing the entire production process from proprietary raw materials to the finished product. With products distributed in Italy (own network of c.160 sales representatives) and worldwide (via a consolidated network of top-class partners), in less than 20 years the group has become a leading player in the iron-based oral food supplements market (SiderAL line), where it boasts major patents linked to Sucrosomial® Technology and enjoys an overwhelming market share in value terms (>50%). Since YE20 the company's shares have been listed on the STAR segment.

### Strengths/Opportunities

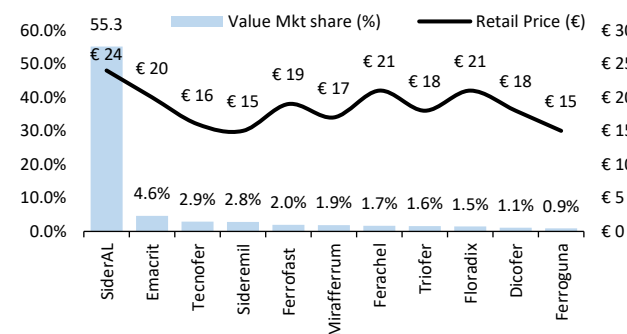
- Unchallenged leadership position in the fast-growing niche oral iron supplement market (>55% market share)
- Intellectual property protection on technologies (Sucrosomial®); no patents expiring before 2032
- Wide salesforce coverage (c.200 single-firm agents by YE22) in the domestic market
- Product portfolio highly marketable to the medical profession: quality recognised by physicians
- International growth: enlargement of product portfolio with existing partners; gradual penetration of key countries (Germany, UK, France, China, Japan, and USA) using tailored strategies

### PharmaNutra – Net Sales and Units Sold, Breakdown by Region



Source: Company Data

### PharmaNutra – SiderAL had >55% M/S and a retail price premium in FY22



Source: Company Data

### Management

**CEO:** Roberto Lacorte  
**Chairman:** Andrea Lacorte  
**COO:** Carlo Volpi  
**CFO:** Francesco Sarti

**Next BoD renewal:** Spring, 2023  
**BoD independent members:** 3/7  
**BoD women:** 2/7

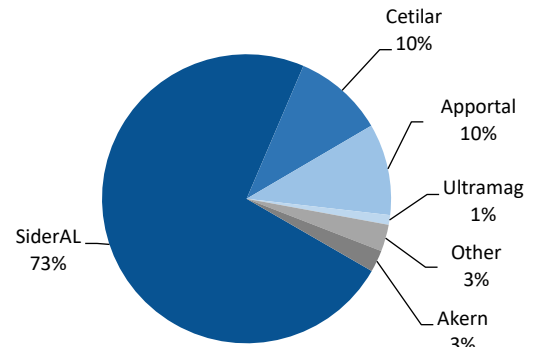
### Shareholders

Andrea Lacorte (Alh S.r.l.)	31.38%
Roberto Lacorte (Rlh S.r.l.)	23.13%
Carlo Volpi (Beda S.r.l.)	10.48%
Market	35.00%

### Weaknesses/Threats

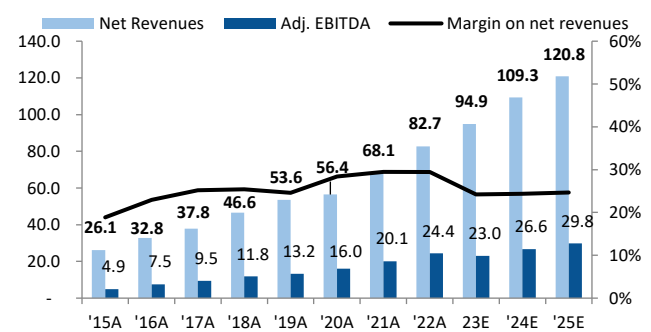
- Pipeline highly concentrated on iron-based products (SiderAL® line c. 80% of sales in FY21 and FY20).
- Subscale in a sector typically dominated by large, global players.
- Limited M&A track record abroad so far.
- Dependence on third-party sale distribution agreements internationally.

### PharmaNutra – Breakdown of Finished Product Sales in FY22 (€80.8mn)



Source: Company Data

### PharmaNutra – Revenue, adj. EBITDA and Margin Trend



Source: Company Data (A), Intermonte Estimates (E)

DETAILS ON STOCKS RECOMMENDATION			
Stock NAME	PHARMANUTRA		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	85.00	Previous Target (Eu):	85.00
Current Price (Eu):	57.30	Previous Price (Eu):	66.80
Date of report:	17/03/2023	Date of last report:	08/11/2022

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**GUIDE TO FUNDAMENTAL RESEARCH**

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 December 2022 Intermonte's Research Department covered 121 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	20.66 %
OUTPERFORM:	48.76 %
NEUTRAL:	28.10 %
UNDERPERFORM	02.48 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (51 in total) is as follows:

BUY:	39.22 %
OUTPERFORM:	49.02 %
NEUTRAL:	11.76 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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In order to disclose its possible conflicts of interest Intermonte SIM states that:

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