

# PHARMANUTRA

**BUY**

Sector: Consumers

Price: Eu59.20 - Target: Eu79.00

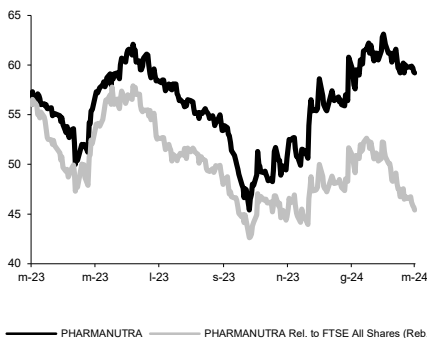
## FY24 Consensus Highly Visible Despite Quarterly Volatility

**Giorgio Tavolini +39-02-77115.279**  
 giorgio.tavolini@intermonte.it  
**Andrea Randone +39-02-77115.364**  
 andrea.randone@intermonte.it

Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	from 75.00 to 79.00		
	2024E	2025E	2026E
Chg in Adj EPS	-1.1%	-1.9%	

**Next Event**  
 1Q24 Results Out 13 May 2024

### PHARMANUTRA - 12M Performance



Stock Data			
Reuters code:	PHNU.MI		
Bloomberg code:	PHN IM		
Performance	1M	3M	12M
Absolute	-5.4%	1.0%	5.7%
Relative	-12.2%	-10.2%	-24.7%
12M (H/L)	63.10/45.40		
3M Average Volume (th):	6.17		

Shareholder Data	
No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	573
Total Mkt Cap (Eu mn):	573
Mkt Float - Ord (Eu mn):	201
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

Balance Sheet Data	
Book Value (Eu mn):	64
BVPS (Eu):	6.58
P/BV:	9.0
Net Financial Position (Eu mn):	6
Enterprise Value (Eu mn):	567

- FY23 results.** EBITDA was much better than expected, while the bottom line was in line. FY sales (disclosed in January) came to €100.2mn, up 21% YoY and 2% higher than our initial estimate, thanks to very strong delivery on foreign markets (+37.2%, indirect distributor channel) compared to Italy (+14.8%, direct sales) mainly driven by Sideral (over 71% of group turnover) while Akern contributed c.5% to net sales. Thanks to the strong 4Q recovery, PHN has more than recovered from the temporary quarterly sales setback witnessed in 3Q, resuming double-digit growth (1Q: +25.3%, 2Q: 24.7%, 3Q: +6.0%, 4Q: +28.1%). New businesses (US and Spain) made a marginal contribution to sales, while the related start-up costs (€4.6mn) limited EBITDA growth (+8.7% YoY) and profitability (26.4% margin, -3pp YoY). Excluding start-up costs, the EBITDA margin related to the recurring business expanded to 30.4% (+1pp YoY). Adj. net profit came in at €15.5mn (+2.7% YoY, our exp. €15.7mn), excluding €2.6mn of one-offs related to deferred taxes. FCFO was €12.1mn, much stronger than expected (€7.9mn), thanks to WKC relief in 4Q, but was entirely absorbed by CapEx (c.€13.2mn, mostly for new HQ), dividends (€7.7mn), buybacks (€1.7mn) and the purchase of tax receivables (€4.2mn) leading to net debt of €2.6mn (FY22: positive NFP for €10.6mn). DPS proposal at €0.85 (our exp. €0.81).
- Confident tone from conference call.** Management is happy with current FY24 consensus, although the trend between quarters will be very volatile. 1Q24 sales expected in line with 1Q23, mainly due to timing differences on orders abroad and the recent distribution channel policy change in Italy, which has led many wholesalers to shorten stocking periods for products to be sold to pharmacies. The EBITDA margin should narrow slightly YoY due to start-up investments in new business, as already factored into current consensus. On the product pipeline: (+/-) Sideral faces slight market share decline in Italy (change in distribution channel policy, emerging competition) but an R&D push should support double-digit growth. (++) Cetilar aiming for #2 market position (currently #7). (+) Apportal maintains presence in growing sector. China experienced a surge in activity in late 2023, which should continue into 2024, but the business will remain small. On the other hand, as it is primarily focused on ecommerce, the impact on PHN's time and investment is minimal.
- Change in estimates.** We are revising our FY24 top line growth to c.11% (from 15% previously) but lifting profitability to 25.2% (from 24.6%; FY23: 26.4%) to reflect more gradual investments in start-up businesses, prioritising a market-demand driven approach. Higher D&A (now 3% of sales) and taxes lead to cuts of 1-2% in adj. EPS for FY24-26.
- BUY confirmed; new target €79 (from €75).** On the back of solid FY results, we reiterate our BUY rating, raising our TP to €79 to reflect a 50bp decrease in the risk-free rate and the rollover of our DCF model by one year. 2024 is poised to be another transitional year, but we believe the market is ready to take a new look at a story of massive long-term structural growth, especially as visibility starts to strengthen. Based on hints provided at last year's Investor Day, new business opportunities could unlock significant further growth in both sales (2022-30 CAGR +19% vs. +11% organic) and EBITDA (CAGR +20% vs. 13% organic), resulting in huge, long-term upside worth up to €90-100/share on top of our TP. On the existing business, PHN looks very well placed in a steadily-growing industry thanks to undisputed leadership in solid oral iron supplements, high entry barriers due to IP protection, and a relentless commitment to R&D.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	83	100	111	122	134
EBITDA Adj (Eu mn)	24	26	28	31	34
Net Profit Adj (Eu mn)	15	15	17	20	22
EPS New Adj (Eu)	1.554	1.596	1.808	2.052	2.262
EPS Old Adj (Eu)	1.554	1.618	1.828	2.092	
DPS (Eu)	0.800	0.850	0.904	1.026	1.131
EV/EBITDA Adj	25.3	20.6	20.2	17.8	16.0
EV/EBIT Adj	26.8	23.3	22.9	20.2	18.1
P/E Adj	38.1	37.1	32.7	28.8	26.2
Div. Yield	1.4%	1.4%	1.5%	1.7%	1.9%
Net Debt/EBITDA Adj	-0.4	0.1	-0.2	-0.5	-0.8

PHARMANUTRA – Key Figures						
Profit & Loss (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	68	83	100	111	122	134
EBITDA	20	24	26	28	31	34
EBIT	19	23	23	25	28	30
Financial Income (charges)	0	0	-0	0	-0	0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	19	23	23	25	27	30
Taxes	-5	-8	-10	-7	-8	-8
Tax rate	26.8%	35.7%	44.8%	30.0%	27.5%	27.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	14	15	13	17	20	22
EBITDA Adj	20	24	26	28	31	34
EBIT Adj	19	23	23	25	28	30
Net Profit Adj	13	15	15	17	20	22
Per Share Data (Eu)	2021A	2022A	2023A	2024E	2025E	2026E
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	1.422	1.554	1.325	1.808	2.052	2.262
EPS Adj f.d	1.375	1.554	1.596	1.808	2.052	2.262
BVPS f.d	4.657	5.263	5.620	6.581	7.732	8.972
Dividend per Share ORD	0.710	0.800	0.850	0.904	1.026	1.131
Dividend per Share SAV	0.000	0.000	0.000	0.000	0.000	0.000
Dividend Payout Ratio (%)	49.9%	51.5%	64.1%	50.0%	50.0%	50.0%
Cash Flow (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Gross Cash Flow	15	16	16	21	24	26
Change in NWC	5	-2	-4	-1	-1	-1
Capital Expenditure	-5	-11	-13	-3	-3	-3
Other Cash Items	-1	0	0	0	0	0
Free Cash Flow (FCF)	15	3	-1	17	19	21
Acquisitions, Divestments & Other Items	0	-11	0	0	0	0
Dividends	-6	-7	-8	-8	-9	-10
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	6	-19	-9	8	10	11
Balance Sheet (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Total Fixed Assets	15	40	53	53	52	52
Net Working Capital	6	10	11	12	13	15
Long term Liabilities	-4	-9	-7	-7	-7	-7
Net Capital Employed	17	40	57	58	59	59
Net Cash (Debt)	28	11	-3	6	16	28
Group Equity	45	51	54	64	75	87
Minorities	0	0	0	0	0	0
Net Equity	45	51	54	64	75	87
Enterprise Value (Eu mn)	2021A	2022A	2023A	2024E	2025E	2026E
Average Mkt Cap	502	627	542	573	573	573
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	28	11	-3	6	16	28
Enterprise Value	474	616	545	567	557	546
Ratios (%)	2021A	2022A	2023A	2024E	2025E	2026E
EBITDA Adj Margin	29.5%	29.4%	26.4%	25.2%	25.5%	25.6%
EBIT Adj Margin	27.4%	27.9%	23.3%	22.2%	22.5%	22.6%
Gearing - Debt/Equity	-62.3%	-20.9%	4.8%	-9.1%	-21.6%	-31.7%
Interest Cover on EBIT	nm	nm	233.6	nm	180.2	nm
Net Debt/EBITDA Adj	-1.4	-0.4	0.1	-0.2	-0.5	-0.8
ROACE*	105.6%	80.4%	48.0%	43.0%	47.3%	51.1%
ROE*	32.2%	31.3%	29.3%	29.6%	28.7%	27.1%
EV/CE	26.8	21.5	11.2	9.9	9.6	9.2
EV/Sales	7.0	7.5	5.4	5.1	4.6	4.1
EV/EBITDA Adj	23.6	25.3	20.6	20.2	17.8	16.0
EV/EBIT Adj	25.4	26.8	23.3	22.9	20.2	18.1
Free Cash Flow Yield	2.6%	0.6%	-0.2%	2.9%	3.3%	3.7%
Growth Rates (%)	2021A	2022A	2023A	2024E	2025E	2026E
Sales	20.7%	21.4%	21.1%	11.0%	10.0%	9.2%
EBITDA Adj	25.4%	21.3%	8.7%	5.9%	11.3%	9.4%
EBIT Adj	26.9%	23.3%	1.4%	5.8%	11.5%	9.4%
Net Profit Adj	30.8%	13.0%	2.7%	13.2%	13.5%	10.2%
EPS Adj	30.8%	13.0%	2.7%	13.2%	13.5%	10.2%
DPS	6.0%	12.7%	6.3%	6.3%	13.5%	10.2%

\*Excluding extraordinary items Source: Intermonte SIM estimates

## 4Q/FY23 Results

### PharmaNutra – 4Q/FY23 Results: P&L

P&L, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	FY23E	A/E
<b>Net Revenues</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>20.6</b>	<b>60.3</b>	<b>22.5</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>97.9</b>	<b>2%</b>
YoY growth	32.3%	15.7%	23.0%	20.7%	22.2%	19.4%	21.4%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	18.4%	
Other revenues	0.1	0.1	0.2	0.1	0.3	0.4	0.7	1.0	-0.4	0.6	0.1	0.8	1.0	1.8	1.5	
<b>Total Revenues</b>	<b>19.0</b>	<b>21.0</b>	<b>39.9</b>	<b>20.6</b>	<b>60.5</b>	<b>22.9</b>	<b>83.4</b>	<b>24.6</b>	<b>25.7</b>	<b>50.2</b>	<b>21.9</b>	<b>72.2</b>	<b>29.8</b>	<b>102.0</b>	<b>99.4</b>	<b>3%</b>
YoY growth	32.3%	15.9%	23.2%	19.4%	21.9%	19.3%	21.1%	29.6%	22.5%	25.8%	6.5%	19.2%	30.3%	22.3%	19.2%	
Opex	(13.7)	(13.8)	(27.5)	(13.9)	(41.4)	(17.6)	(59.0)	(18.0)	(18.2)	(36.2)	(17.0)	(53.2)	(22.3)	(75.5)	(75.5)	
<b>Adj. EBITDA</b>	<b>5.3</b>	<b>7.2</b>	<b>12.4</b>	<b>6.7</b>	<b>19.1</b>	<b>5.3</b>	<b>24.4</b>	<b>6.6</b>	<b>7.5</b>	<b>14.1</b>	<b>5.0</b>	<b>19.0</b>	<b>7.5</b>	<b>26.5</b>	<b>23.9</b>	<b>11%</b>
YoY growth	36.1%	11.5%	20.7%	20.5%	20.7%	23.6%	21.3%	25.0%	4.5%	13.2%	-25.5%	-0.3%	41.6%	8.7%	-1.7%	
<b>as % of net sales</b>	<b>27.9%</b>	<b>34.3%</b>	<b>31.3%</b>	<b>32.5%</b>	<b>31.7%</b>	<b>23.4%</b>	<b>29.4%</b>	<b>27.9%</b>	<b>28.7%</b>	<b>28.3%</b>	<b>22.8%</b>	<b>26.6%</b>	<b>25.9%</b>	<b>26.4%</b>	<b>24.4%</b>	
EBITDA	5.3	7.2	12.4	6.7	19.1	5.3	24.4	7.4	6.7	14.1	5.0	19.0	7.5	26.5	23.9	
YoY growth	36.1%	11.5%	20.8%	20.5%	20.7%	23.6%	21.3%	40.2%	-6.6%	13.2%	-25.5%	-0.3%	41.6%	8.7%	-1.7%	
<b>as % of net sales</b>	<b>27.9%</b>	<b>34.3%</b>	<b>31.3%</b>	<b>32.5%</b>	<b>31.7%</b>	<b>23.4%</b>	<b>29.4%</b>	<b>31.3%</b>	<b>25.7%</b>	<b>28.3%</b>	<b>22.8%</b>	<b>26.6%</b>	<b>25.9%</b>	<b>26.4%</b>	<b>24.4%</b>	
<b>Adj. EBIT</b>	<b>5.0</b>	<b>6.8</b>	<b>11.8</b>	<b>6.3</b>	<b>18.1</b>	<b>4.9</b>	<b>23.0</b>	<b>6.2</b>	<b>7.0</b>	<b>13.2</b>	<b>4.6</b>	<b>17.8</b>	<b>5.6</b>	<b>23.4</b>	<b>22.0</b>	<b>6%</b>
as % of net sales	26.4%	32.8%	29.8%	30.6%	30.1%	21.9%	27.9%	26.1%	27.0%	26.6%	20.9%	24.9%	19.4%	23.3%	22.4%	
EBIT	5.0	6.8	11.8	6.3	18.1	4.9	23.0	7.0	6.2	13.2	4.6	17.8	5.6	23.4	22.0	
as % of net sales	26.4%	32.8%	29.8%	30.6%	30.1%	21.9%	27.9%	29.5%	24.0%	26.6%	20.9%	24.9%	19.4%	23.3%	22.4%	
PBT	5.0	6.8	11.8	6.6	18.5	5.0	23.4	7.1	6.1	13.2	4.5	17.7	5.6	23.3	21.9	
taxes	(1.5)	(2.1)	(3.6)	(2.0)	(5.6)	(2.8)	(8.4)	(1.7)	(4.3)	(6.0)	(2.0)	(8.0)	(2.5)	(10.4)	(8.3)	
tax rate (%)	30.0%	30.6%	30.4%	30.2%	30.3%	56.0%	35.7%	23.3%	70.6%	45.2%	44.3%	45.0%	44.3%	44.8%	38.0%	
Net income	3.5	4.7	8.2	4.6	12.8	2.2	15.0	5.4	1.8	7.2	2.5	9.7	3.1	12.8	13.6	
YoY growth	38.8%	4.7%	16.9%	19.8%	17.9%	-24.3%	9.3%	55.8%	-62.1%	-12.1%	-45.8%	-24.2%	42.1%	-14.7%	-9.9%	
EPS (€)	€ 0.36	€ 0.49	€ 0.85	€ 0.48	€ 1.33	€ 0.23	€ 1.56	€ 0.56	€ 0.19	€ 0.75	€ 0.26	€ 1.01	€ 0.32	€ 1.33	€ 1.40	
<b>Adj. Net income</b>	<b>3.5</b>	<b>4.7</b>	<b>8.2</b>	<b>4.6</b>	<b>12.8</b>	<b>2.2</b>	<b>15.0</b>	<b>4.6</b>	<b>4.6</b>	<b>9.3</b>	<b>2.5</b>	<b>11.8</b>	<b>3.7</b>	<b>15.5</b>	<b>15.7</b>	<b>-1%</b>
YoY growth	38.8%	16.5%	25.0%	19.8%	23.1%	-24.3%	13.0%	32.9%	-2.1%	12.8%	-45.8%	-8.2%	68.3%	2.7%	4.1%	
<b>Adj. EPS (€)</b>	<b>€ 0.36</b>	<b>€ 0.49</b>	<b>€ 0.85</b>	<b>€ 0.48</b>	<b>€ 1.33</b>	<b>€ 0.23</b>	<b>€ 1.56</b>	<b>€ 0.48</b>	<b>€ 0.48</b>	<b>€ 0.96</b>	<b>€ 0.26</b>	<b>€ 1.22</b>	<b>€ 0.38</b>	<b>€ 1.60</b>	<b>€ 1.62</b>	
<b>NFP (+cash/-debt)</b>	<b>27.1</b>	<b>19.6</b>	<b>19.6</b>	<b>7.3</b>	<b>7.3</b>	<b>10.6</b>	<b>10.6</b>	<b>2.9</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(9.9)</b>	<b>(9.9)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(4.5)</b>	
x EBITDA							0.4x							-0.1x	-0.2x	

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

### PharmaNutra – 4Q/FY23 Results: FCF & Net Financial Position

FCF, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	FY23E	A-E
Net income	3.5	4.7	8.2	4.6	12.8	2.2	15.0	5.4	1.8	7.2	2.5	9.7	3.1	12.8	13.6	(0.7)
D&A	0.3	0.3	0.6	0.4	1.0	0.3	1.3	0.4	0.4	0.9	0.4	1.3	1.9	3.1	2.0	1.2
NWC & Other	(2.0)	(1.1)	(3.1)	(5.2)	(8.3)	6.0	(2.3)	(7.9)	0.0	(7.9)	0.1	(7.8)	3.9	(3.9)	(7.7)	3.8
<b>FCFO</b>	<b>1.8</b>	<b>4.0</b>	<b>5.7</b>	<b>(0.2)</b>	<b>5.5</b>	<b>8.5</b>	<b>14.1</b>	<b>(2.1)</b>	<b>2.3</b>	<b>0.2</b>	<b>3.0</b>	<b>3.2</b>	<b>8.9</b>	<b>12.1</b>	<b>7.9</b>	<b>4.2</b>
Capex	(0.9)	(4.4)	(5.3)	(1.5)	(6.9)	(3.9)	(10.7)	(3.6)	(6.2)	(9.8)	(2.5)	(12.3)	(1.0)	(13.2)	(13.7)	0.5
as % of net sales	5.0%	21.1%	13.4%	7.5%	11.4%	17.2%	13.0%	15.2%	23.7%	19.7%	11.5%	17.2%	3.4%	13.2%	14.0%	
<b>Equity FCF</b>	<b>0.8</b>	<b>(0.4)</b>	<b>0.4</b>	<b>(1.8)</b>	<b>(1.4)</b>	<b>4.7</b>	<b>3.3</b>	<b>(6.1)</b>	<b>(3.9)</b>	<b>(9.6)</b>	<b>0.5</b>	<b>(9.0)</b>	<b>7.9</b>	<b>(1.2)</b>	<b>(5.9)</b>	<b>4.7</b>
M&A	-	-	-	(10.1)	(10.1)	(1.2)	(11.3)	-	-	-	-	-	-	-	-	-
dividend	-	(6.9)	(6.9)	-	(6.9)	-	(6.9)	-	(7.7)	(7.7)	-	(7.7)	-	(7.7)	(7.7)	-
buybacks	(1.9)	(0.3)	(2.2)	-	(2.2)	(0.2)	(2.4)	(1.6)	(0.3)	(1.6)	-	(1.6)	(0.0)	(1.7)	(1.6)	(0.1)
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc..)	0.1	0.1	0.1	(0.4)	(0.3)	0.1	(0.2)	0.0	(1.8)	(1.8)	(0.4)	(2.2)	(0.6)	(2.7)	-	(2.7)
<b>Change in NFP</b>	<b>(1.0)</b>	<b>(7.5)</b>	<b>(8.5)</b>	<b>(12.3)</b>	<b>(20.7)</b>	<b>3.3</b>	<b>(17.4)</b>	<b>(7.7)</b>	<b>(12.9)</b>	<b>(20.7)</b>	<b>0.1</b>	<b>(20.5)</b>	<b>7.3</b>	<b>(13.3)</b>	<b>(15.2)</b>	<b>1.9</b>
<b>NFP (+cash/-debt)</b>	<b>27.1</b>	<b>19.6</b>	<b>19.6</b>	<b>7.3</b>	<b>7.3</b>	<b>10.6</b>	<b>10.6</b>	<b>2.9</b>	<b>(10.0)</b>	<b>(10.0)</b>	<b>(9.9)</b>	<b>(9.9)</b>	<b>(2.6)</b>	<b>(2.6)</b>	<b>(4.5)</b>	<b>1.9</b>
x EBITDA							0.4x							-0.1x	-0.2x	

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

**PharmaNutra – 4Q/FY23 Results: Mix by Product and Geography**

By Product, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	FY23E	A/E
<b>Sideral</b>	<b>14.1</b>	<b>14.8</b>	<b>28.9</b>	<b>14.0</b>	<b>42.9</b>	<b>15.9</b>	<b>58.8</b>	<b>16.1</b>	<b>18.7</b>	<b>34.8</b>	<b>15.5</b>	<b>50.3</b>	<b>21.0</b>	<b>71.3</b>	<b>67.6</b>	<b>5%</b>
growth YoY	32.3%	7.5%	18.3%	4.9%	13.6%	7.2%	11.8%	14.5%	26.0%	20.4%	11.1%	17.4%	31.6%	21.2%	15.0%	
as % of FP revenues	78.0%	73.3%	75.5%	69.6%	73.5%	72.1%	73.1%	70.7%	73.0%	71.9%	72.9%	72.2%	74.0%	72.7%	70.7%	
<b>Cetilar</b>	<b>1.8</b>	<b>2.1</b>	<b>3.9</b>	<b>2.0</b>	<b>5.8</b>	<b>2.3</b>	<b>8.1</b>	<b>2.4</b>	<b>2.5</b>	<b>4.9</b>	<b>2.2</b>	<b>7.1</b>	<b>2.9</b>	<b>10.0</b>	<b>10.6</b>	<b>-5%</b>
growth YoY	17.4%	26.4%	22.0%	29.1%	24.3%	24.1%	24.2%	33.5%	20.6%	26.7%	14.0%	22.4%	25.1%	23.2%	30.0%	
as % of FP revenues	10.1%	10.1%	10.1%	9.7%	10.0%	10.5%	10.1%	10.6%	9.6%	10.1%	10.5%	10.2%	10.3%	10.2%	11.1%	
<b>Apportal</b>	<b>1.4</b>	<b>2.4</b>	<b>3.8</b>	<b>2.5</b>	<b>6.3</b>	<b>1.9</b>	<b>8.2</b>	<b>1.8</b>	<b>2.2</b>	<b>4.1</b>	<b>2.0</b>	<b>6.1</b>	<b>2.0</b>	<b>8.1</b>	<b>9.5</b>	<b>-15%</b>
growth YoY	88%	87%	87%	137%	105%	141%	112%	31.1%	-5.8%	7.8%	-19.6%	-3.3%	2.2%	-2%	15%	
as % of FP revenues	7.7%	11.8%	9.8%	12.7%	10.8%	8.7%	10.2%	8.0%	8.8%	8.4%	9.6%	8.8%	7.0%	8.2%	9.9%	
<b>Ultramag</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>	<b>0.6</b>	<b>0.2</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>	<b>0.2</b>	<b>0.8</b>	<b>0.2</b>	<b>1.0</b>	<b>1.0</b>	<b>-3%</b>
growth YoY	16.9%	-16.9%	-4.3%	21.3%	3.2%	-3.8%	1.3%	33.0%	39.4%	36.5%	-11.7%	19.9%	8.4%	16.9%	20.0%	
as % of FP revenues	1.1%	1.1%	1.1%	1.1%	1.1%	1.0%	1.1%	1.1%	1.3%	1.2%	0.9%	1.1%	0.9%	1.0%	1.1%	
<b>Other Trademarks</b>	<b>0.6</b>	<b>0.7</b>	<b>1.3</b>	<b>0.5</b>	<b>1.8</b>	<b>0.6</b>	<b>2.4</b>	<b>0.6</b>	<b>0.7</b>	<b>1.4</b>	<b>0.4</b>	<b>1.7</b>	<b>0.8</b>	<b>2.6</b>	<b>2.9</b>	<b>-12%</b>
growth YoY	35.1%	43.2%	39.6%	19.3%	33.7%	6.1%	25.3%	10.8%	-3.9%	2.5%	-16.8%	-2.6%	30.4%	6.0%	20.0%	
as % of FP revenues	3.2%	3.7%	3.5%	2.3%	3.1%	2.8%	3.0%	2.8%	2.8%	2.8%	1.8%	2.5%	2.9%	2.6%	3.0%	
<b>Akern</b>				<b>0.9</b>	<b>0.9</b>	<b>1.1</b>	<b>2.0</b>	<b>1.5</b>	<b>1.2</b>	<b>2.7</b>	<b>0.9</b>	<b>3.6</b>	<b>1.4</b>	<b>5.0</b>	<b>4.0</b>	<b>26%</b>
<b>FP Revenues</b>	<b>18.0</b>	<b>20.3</b>	<b>38.3</b>	<b>20.1</b>	<b>58.3</b>	<b>22.1</b>	<b>80.4</b>	<b>22.8</b>	<b>25.6</b>	<b>48.4</b>	<b>21.3</b>	<b>69.7</b>	<b>28.3</b>	<b>98.0</b>	<b>95.6</b>	<b>2%</b>
growth YoY	33.6%	15.7%	23.5%	15.3%	22.9%	20.4%	22.2%	26.3%	26.5%	26.4%	6.1%	19.4%	28.3%	21.8%	18.9%	
<b>Raw Materials</b>	<b>0.8</b>	<b>0.6</b>	<b>1.4</b>	<b>0.5</b>	<b>1.9</b>	<b>0.4</b>	<b>2.3</b>	<b>0.8</b>	<b>0.4</b>	<b>1.2</b>	<b>0.5</b>	<b>1.8</b>	<b>0.5</b>	<b>2.2</b>	<b>2.3</b>	<b>-4%</b>
growth YoY	9.6%	15.3%	11.9%	n.m.	5.0%	-18.5%	0.2%	3.7%	14.8%	11.4%	4.2%	-8.4%	18.7%	-3.9%	-0.3%	
as of net sales	4.3%	3.0%	3.7%	2.5%	3.3%	1.7%	2.8%	3.5%	1.6%	2.5%	2.4%	2.5%	1.6%	2.2%	2.3%	
<b>Net Revenues</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>20.6</b>	<b>60.3</b>	<b>22.5</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>97.9</b>	<b>2%</b>
Growth YoY	32.3%	15.7%	23.0%	20.7%	22.2%	19.4%	21.5%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	18.4%	

By Geography (Eu mn)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A	FY23E	A/E
<b>Italy</b>	<b>13.1</b>	<b>15.9</b>	<b>28.9</b>	<b>14.3</b>	<b>43.3</b>	<b>16.0</b>	<b>59.2</b>	<b>16.6</b>	<b>18.9</b>	<b>35.5</b>	<b>14.8</b>	<b>50.3</b>	<b>17.7</b>	<b>68.0</b>	<b>69.6</b>	<b>-2%</b>
growth YoY	20.7%	17.5%	18.9%	29.6%	22.3%	28.5%	23.9%	27.1%	18.8%	22.6%	3.6%	16.3%	10.7%	14.8%	17.5%	
as of net sales	69.3%	76.1%	72.9%	69.7%	71.8%	71.1%	71.6%	70.3%	72.5%	71.5%	68.1%	70.4%	61.4%	67.8%	71.1%	
<b>RoW</b>	<b>5.8</b>	<b>5.0</b>	<b>10.8</b>	<b>6.2</b>	<b>17.0</b>	<b>6.5</b>	<b>23.5</b>	<b>7.0</b>	<b>7.1</b>	<b>14.2</b>	<b>7.0</b>	<b>21.1</b>	<b>11.1</b>	<b>32.2</b>	<b>28.3</b>	<b>14%</b>
growth YoY	69.1%	9.1%	34.8%	4.1%	22.1%	1.8%	15.7%	21.2%	43.5%	31.5%	11.7%	24.3%	71.0%	37.2%	20.4%	
as of net sales	30.7%	23.9%	27.1%	30.3%	28.2%	28.9%	28.4%	29.7%	27.5%	28.5%	31.9%	29.6%	38.6%	32.2%	28.9%	
<b>Net Revenues</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>20.6</b>	<b>60.3</b>	<b>22.5</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>49.6</b>	<b>21.8</b>	<b>71.4</b>	<b>28.8</b>	<b>100.2</b>	<b>97.9</b>	<b>2%</b>
Growth YoY	32.3%	15.7%	23.0%	20.7%	22.2%	19.4%	21.5%	25.3%	24.7%	25.0%	6.0%	18.5%	28.1%	21.1%	18.4%	

Units sold ('000)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	4Q23A	FY23A
<b>Italy (LB1)</b>	<b>922</b>	<b>1,107</b>	<b>2,029</b>	<b>941</b>	<b>2,970</b>	<b>1,075</b>	<b>4,045</b>	<b>1,067</b>	<b>1,301</b>	<b>2,368</b>	<b>932</b>	<b>3,300</b>	<b>1,153</b>	<b>4,453</b>
growth YoY	20.5%	12.8%	16.2%	16.8%	16.4%	17.8%	16.8%	15.7%	17.5%	16.7%	-1.0%	11.1%	7.3%	10.1%
as % of total	36.6%	38.8%	40.2%	28.1%	35.4%	38.4%	36.1%	37.8%	34.8%	36.1%	36.6%	36.2%	25.1%	32.5%
<b>RoW (LB2)</b>	<b>1,596</b>	<b>1,425</b>	<b>3,021</b>	<b>2,406</b>	<b>5,427</b>	<b>1,722</b>	<b>7,149</b>	<b>1,756</b>	<b>2,863</b>	<b>4,619</b>	<b>1,188</b>	<b>5,807</b>	<b>3,440</b>	<b>9,247</b>
growth YoY	70.7%	17.3%	40.5%	25.5%	33.4%	-21.0%	14.4%	10.0%	100.9%	52.9%	-50.6%	7.0%	99.8%	29.3%
as % of total	63.4%	61.2%	59.8%	71.9%	64.6%	61.6%	63.9%	62.2%	65.2%	63.9%	63.4%	63.8%	74.9%	67.5%
<b>total units sold</b>	<b>2,518</b>	<b>2,532</b>	<b>5,050</b>	<b>3,347</b>	<b>8,397</b>	<b>2,797</b>	<b>11,194</b>	<b>2,823</b>	<b>3,741</b>	<b>6,564</b>	<b>2,543</b>	<b>9,107</b>	<b>4,593</b>	<b>13,700</b>
growth YoY	48.2%	30.0%	29.6%	23.0%	27.0%	27.0%	27.0%	27.0%	12.1%	31.0%	30.0%	-24.0%	64.2%	22.4%

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

## Feedback from Conference Call

Management happy with current FY24 consensus, although the trend between quarters will be very volatile. 1Q24 sales expected in line with 1Q23, mainly due to timing differences on orders abroad and to reflect the recent distribution channel policy change in Italy, which has led many wholesalers to shorten stocking periods for products to be sold to pharmacies. The EBITDA margin should narrow slightly YoY due to start-up investments in new business, as already factored into consensus. Very interesting insight on the product pipeline: (+/-) Sideral faces slight market share decline in Italy (change in distribution channel policy, emerging competition) but the company is continuing its R&D push to support double-digit growth. (++) Cetilar is expanding and aiming for #2 market position (currently #7). (+) Apportal maintains its presence in a growing sector. China experienced a surge in activity in late 2023, which should continue into 2024, but the business will remain small. On the other hand, as it is primarily focused on ecommerce, the impact on PHN's time and investment is minimal.

- **1Q24 sales:** expected in line with 1Q23 (Eu23.6mn), due to differences in the timing of orders, with the highest quarter being 4Q. The company expects the trend to normalize over the following quarters, remaining confident in achieving double-digit growth on an annualised basis.
- **EBITDA margin trend:** management foresees a marginal reduction in EBITDA margins over the next two years due to planned investments to support start-up projects. In FY23, the company allocated approximately €4.6mn for start-up initiatives, slightly below the initial estimate of €5-7mn. The company intends to adopt a market-demand-driven approach, gradually investing based on market feedback.
- **Change in distribution channels policy in Italy:** an increase in interest rates and inflation prompted many wholesalers in Italy to shorten their stocking periods from an average of 2 months to 1 month, denting flows between wholesalers and pharmacies by reducing the average number of products held in stock. The company expects this trend to normalise in 1Q. 40% of PharmaNutra's sales in Italy are direct to pharmacies, with the remainder to wholesalers.
- **Sideral:** slight decrease in market share in Italy for Sideral in FY23 (value: 53.6%, -0.9pp YoY; volume: 47.7%, -0.4pp YoY) due to recent changes in distribution channels and emerging competition. Despite the presence of 370 iron dietary supplements on the market, Sideral should confirm its double-digit growth. The company continues to invest in R&D for 2024 to bolster Sideral's growth, supported by numerous publications affirming its scientific superiority.
- **Cetilar:** steady growth and an increase in market share in Italy (value: 4.2%, +0.4pp YoY; volume: 3.0%, +0.4pp YoY), ranking as the #7 product in its market. The goal is to achieve #2 in the market, trailing behind the market leader, Voltaren. The topical market is 3x larger than the iron supplement market, offering huge growth opportunities.
- **Apportal:** In 2022, Apportal witnessed a substantial increase in market share, both in terms of value (5.0% in FY22, +0.9pp YoY) and volume (3.4% in FY22, +1.2pp YoY), driven by strong evidence supporting Apportal's efficacy in assisting recovery from Covid. In 2023, the company maintained its market position with a slight increase in market share (5.0% on value, 3.5% on volumes), in a flourishing reference market of energising and tonic products.
- **China:** experienced a surge in activity in late 2023 that is expected to continue into 2024, but the business will remain small, and is currently not a game-changer for PHN. On the other hand, as it is primarily focused on ecommerce and digital marketing, the impact on PHN's time and investment is minimal.
- **Recent JV:** a recent joint venture was established with professionals possessing over 20 years of experience in treating sports/orthopaedic pathologies and sport-specific athletic training. The project aims to create a centre focused on optimising professional and non-professional athletes' performances, along with treating medical and physical issues. Additionally, it will serve as a reference for observational and clinical studies on products developed by the Group's R&D.
- **FY24 tax rate:** reflecting a recent agreement with fiscal authorities, the normalised tax rate for FY24 is expected to be approximately 30%.
- **FY24 D&A:** to be in line with FY23 (c.€3mn), with no significant CapEx expected after the investment in group HQ in FY23.

## Change in Estimates

We are lowering our FY24 top line growth estimate to c.11% (from prior 15%) but raising profitability to 25.2% (from 24.6%; FY23: 26.4%) to reflect more gradual investments in start-up businesses, prioritising a market-demand driven approach. Higher D&A (3% of sales) and taxes lead to a 1-2% cut in adj. EPS for FY24-26.

### PharmaNutra – 2024-26 Change in Estimates

P&L, Eu mn	Actual Results					New Estimates			Old Estimates			New vs Old		
	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'26E	'24E	'25E	'26E	'24E	'25E	'26E
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>100.2</b>	<b>111.2</b>	<b>122.3</b>	<b>133.6</b>	<b>112.7</b>	<b>124.5</b>	<b>136.6</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	21.1%	11.0%	10.0%	9.2%	15.1%	10.5%	9.7%			
Other revenues	0.6	2.2	0.7	0.7	1.8	1.0	1.0	1.0	0.7	0.7	0.7			
<b>Total Revenues</b>	<b>54.2</b>	<b>58.7</b>	<b>68.8</b>	<b>83.4</b>	<b>102.0</b>	<b>112.2</b>	<b>123.3</b>	<b>134.6</b>	<b>113.4</b>	<b>125.2</b>	<b>137.3</b>	<b>-1%</b>	<b>-1%</b>	<b>-2%</b>
YoY growth	12.7%	8.2%	17.3%	21.1%	22.3%	10.0%	9.9%	9.1%	14.1%	10.4%	9.7%			
Opex	(41.0)	(42.7)	(48.8)	(59.0)	(75.5)	(84.1)	(92.1)	(100.4)	(85.6)	(94.1)	(103.2)			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>26.5</b>	<b>28.1</b>	<b>31.2</b>	<b>34.2</b>	<b>27.8</b>	<b>31.0</b>	<b>34.1</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	8.7%	5.9%	11.3%	9.4%	16.0%	11.8%	10.0%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	26.4%	25.2%	25.5%	25.6%	24.6%	24.9%	25.0%			
EBITDA	13.2	15.6	20.1	24.4	26.5	28.1	31.2	34.2	27.8	31.0	34.1	1%	1%	0%
YoY growth	4.8%	18.0%	29.1%	21.3%	8.7%	5.9%	11.3%	9.4%	16.0%	11.8%	10.0%			
as % of net. sales	24.6%	27.6%	29.5%	29.4%	26.4%	25.2%	25.5%	25.6%	24.6%	24.9%	25.0%			
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>23.4</b>	<b>24.7</b>	<b>27.6</b>	<b>30.2</b>	<b>25.1</b>	<b>28.1</b>	<b>30.9</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	23.3%	22.2%	22.5%	22.6%	22.2%	22.5%	22.6%			
EBIT	12.2	13.2	18.7	23.0	23.4	24.7	27.6	30.2	25.1	28.1	30.9	-1%	-2%	-2%
as % of net. sales	22.8%	23.4%	27.4%	27.9%	23.3%	22.2%	22.5%	22.6%	22.2%	22.5%	22.6%			
PBT	12.2	13.3	18.8	23.4	23.3	25.0	27.4	30.2	25.2	28.0	30.9	-1%	-2%	-2%
taxes	(3.7)	0.8	(5.0)	(8.4)	(10.4)	(7.5)	(7.5)	(8.3)	(7.4)	(7.7)	(8.5)			
tax rate (%)	30.7%	n.m.	26.8%	35.7%	44.8%	30.0%	27.5%	27.5%	29.5%	27.5%	27.5%			
Net income	8.5	14.1	13.8	15.0	12.8	17.5	19.9	21.9	17.8	20.3	22.4	-1%	-2%	-2%
YoY growth	-1.2%	66.4%	-2.1%	9.3%	-14.7%	36.4%	13.5%	10.2%	30.9%	14.3%	10.7%			
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.33	€ 1.81	€ 2.05	€ 2.26	€ 1.83	€ 2.10	€ 2.32	-1%	-2%	-2%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.5</b>	<b>17.5</b>	<b>19.9</b>	<b>21.9</b>	<b>17.8</b>	<b>20.3</b>	<b>22.4</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>
YoY growth	-1.2%	20.4%	30.8%	13.0%	2.7%	13.2%	13.5%	10.2%	13.3%	14.3%	10.7%			
<b>Adj. EPS (€)</b>	<b>€ 0.87</b>	<b>€ 1.05</b>	<b>€ 1.38</b>	<b>€ 1.56</b>	<b>€ 1.60</b>	<b>€ 1.81</b>	<b>€ 2.05</b>	<b>€ 2.26</b>	<b>€ 1.83</b>	<b>€ 2.10</b>	<b>€ 2.32</b>	<b>-1%</b>	<b>-2%</b>	<b>-2%</b>
<b>FCF, Eu mn</b>	<b>'19A</b>	<b>'20A</b>	<b>'21A</b>	<b>'22A</b>	<b>'23A</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>	<b>'24E</b>	<b>'25E</b>	<b>'26E</b>
Net income	8.5	14.1	13.8	15.0	12.8	17.5	19.9	21.9	17.8	20.3	22.4	(0.3)	(0.4)	(0.5)
D&A	1.0	2.3	1.4	1.3	3.1	3.3	3.7	4.0	2.7	3.0	3.3	0.6	0.7	0.7
NWC & Other	2.6	(4.6)	5.3	(2.3)	(3.9)	(1.4)	(1.4)	(1.3)	(2.2)	(1.5)	(2.0)	0.8	0.1	0.7
<b>FCFO</b>	<b>12.0</b>	<b>11.8</b>	<b>20.4</b>	<b>14.1</b>	<b>12.1</b>	<b>19.4</b>	<b>22.2</b>	<b>24.6</b>	<b>18.2</b>	<b>21.8</b>	<b>23.7</b>	<b>1.2</b>	<b>0.4</b>	<b>0.9</b>
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.2)	(2.8)	(3.1)	(3.3)	(2.8)	(3.1)	(3.4)	0.0	0.1	0.1
as % of net sales	9.1%	2.4%	7.2%	13.0%	13.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%			
<b>Equity FCF</b>	<b>6.7</b>	<b>11.2</b>	<b>14.9</b>	<b>3.3</b>	<b>(1.2)</b>	<b>16.6</b>	<b>19.1</b>	<b>21.2</b>	<b>15.4</b>	<b>18.6</b>	<b>20.3</b>	<b>1.2</b>	<b>0.5</b>	<b>1.0</b>
M&A	-	-	-	(11.3)	-	-	-	-	-	-	-	-	-	-
dividend	(4.8)	(4.5)	(6.5)	(6.9)	(7.7)	(8.2)	(8.7)	(9.9)	(7.8)	(8.8)	(10.1)	(0.4)	0.1	0.2
buybacks	-	-	-	(2.4)	(1.7)	-	-	-	-	-	-	-	-	-
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc...)	0.3	0.9	0.3	(0.2)	(2.7)	-	-	-	-	-	-	-	-	-
<b>Change in NFP</b>	<b>2.2</b>	<b>7.7</b>	<b>8.7</b>	<b>(17.4)</b>	<b>(13.3)</b>	<b>8.4</b>	<b>10.4</b>	<b>11.3</b>	<b>7.6</b>	<b>9.8</b>	<b>10.2</b>	<b>0.8</b>	<b>0.6</b>	<b>1.2</b>
<b>NFP (+cash/-debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(2.6)</b>	<b>5.8</b>	<b>16.2</b>	<b>27.5</b>	<b>7.2</b>	<b>17.0</b>	<b>24.0</b>	<b>(1.4)</b>	<b>(0.8)</b>	<b>3.5</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.1x	-0.2x	-0.5x	-0.8x	-0.3x	-0.5x	-0.7x			

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

## Comparison with Consensus

### PharmaNutra – 2024-26E Intermonte Estimates: Comparison with Consensus

	Actual Results					New Estimates			Consensus			Delta vs Consensus		
	'19A	'20A	'21A	'22A	'23A	'24E	'25E	'25E	'24C	'25C	'26C	'24	'25	'26
<b>Net Revenues</b>	<b>53.6</b>	<b>56.4</b>	<b>68.1</b>	<b>82.7</b>	<b>100.2</b>	<b>111.2</b>	<b>122.3</b>	<b>133.6</b>	<b>114.0</b>	<b>129.3</b>	<b>n.a.</b>	<b>-2%</b>	<b>-5%</b>	<b>n.m.</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	21.1%	11.0%	10.0%	9.2%	n.m	13.4%	n.m			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>26.5</b>	<b>28.1</b>	<b>31.2</b>	<b>34.2</b>	<b>27.8</b>	<b>32.3</b>	<b>n.a.</b>	<b>1%</b>	<b>-3%</b>	<b>n.m.</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	8.7%	5.9%	11.3%	9.4%	n.m	16.1%	n.m			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	26.4%	25.2%	25.5%	25.6%	24.4%	25.0%	n.m			
EBITDA	13.2	15.6	20.1	24.4	26.5	28.1	31.2	34.2	<b>28.9</b>	<b>34.2</b>	<b>n.a.</b>	<b>-3%</b>	<b>-9%</b>	<b>n.m.</b>
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>23.4</b>	<b>24.7</b>	<b>27.6</b>	<b>30.2</b>	<b>25.5</b>	<b>30.6</b>	<b>n.a.</b>	<b>-3%</b>	<b>-10%</b>	<b>n.m.</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	23.3%	22.2%	22.5%	22.6%	22.4%	23.6%	n.m			
EBIT	12.2	13.2	18.7	23.0	23.4	24.7	27.6	30.2	<b>25.5</b>	<b>30.6</b>	<b>n.a.</b>	<b>-3%</b>	<b>-10%</b>	<b>n.m.</b>
PBT	12.2	13.3	18.8	23.4	23.3	25.0	27.4	30.2	<b>25.0</b>	<b>29.4</b>	<b>n.a.</b>	<b>0%</b>	<b>-7%</b>	<b>n.m.</b>
Net income	8.5	14.1	13.8	15.0	12.8	17.5	19.9	21.9	18.1	21.6	<b>n.a.</b>	<b>-3%</b>	<b>-8%</b>	<b>n.m.</b>
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.5</b>	<b>17.5</b>	<b>19.9</b>	<b>21.9</b>	<b>17.7</b>	<b>20.7</b>	<b>n.a.</b>	<b>-1%</b>	<b>-4%</b>	<b>n.m.</b>
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.33	€ 1.81	€ 2.05	€ 2.26	€ 1.86	€ 2.24	n.a.			
DPS (€)	€ 0.46	€ 0.67	€ 0.71	€ 0.80	€ 0.85	€ 0.85	€ 0.85	€ 0.85	€ 0.86	€ 1.00	n.a.			
payout	53%	46%	50%	51%	64%	47%	41%	38%	47%	45%	n.m			
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.2)	(2.8)	(3.1)	(3.3)	(2.8)	(3.0)	-	(0.0)	(0.0)	(3.3)
as % of net. sales	9.1%	2.4%	7.2%	13.0%	13.2%	2.5%	2.5%	2.5%	2.4%	2.3%	n.m			
Equity FCF	6.7	11.2	14.9	3.3	(1.2)	16.6	19.1	21.2	17.9	20.5	n.a.			
<b>NFP / (Net Debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(2.6)</b>	<b>5.8</b>	<b>16.2</b>	<b>27.5</b>	<b>9.8</b>	<b>21.5</b>	<b>-</b>	<b>(4.0)</b>	<b>(5.3)</b>	<b>27.5</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.1x	-0.2x	-0.5x	-0.8x	-0.4x	n.m.	n.m.			

Source: Intermonte SIM (E), Company Data (A), Factset Consensus (C)

## DCF Valuation

On the back of solid FY results we reiterate our BUY rating, raising our TP to €79 to reflect a 50bp decrease in the risk-free rate and a rollover of our DCF model by one year. Further upside may come from M&A (we see at least c.€70-80mn of firepower). The stock is currently trading at 33x P/E on FY24 (restricted group panel: 36x).

### PharmaNutra – DCF Model (WACC up from 6.7% to 6.3%, g unchanged at 3%)

(Eu mn)	'24E	'25E	'26E	'27E	'28E	'29E	'30E	'31E	'32E	'33E	'34E	'35E	TV
<b>Net Revenues</b>	<b>111.2</b>	<b>122.3</b>	<b>133.6</b>	<b>145.0</b>	<b>155.4</b>	<b>164.5</b>	<b>173.1</b>	<b>179.2</b>	<b>185.4</b>	<b>191.8</b>	<b>198.1</b>	<b>204.6</b>	<b>210.6</b>
<i>YoY growth</i>	11.0%	10.0%	9.2%	8.6%	7.1%	5.9%	5.2%	3.5%	3.5%	3.4%	3.3%	3.3%	3.0%
<b>Adj. EBITDA</b>	<b>28.1</b>	<b>31.2</b>	<b>34.2</b>	<b>37.3</b>	<b>40.2</b>	<b>42.7</b>	<b>45.0</b>	<b>46.6</b>	<b>48.4</b>	<b>50.1</b>	<b>51.9</b>	<b>53.7</b>	<b>54.8</b>
% margin	25.2%	25.5%	25.6%	25.7%	25.9%	25.9%	26.0%	26.0%	26.1%	26.1%	26.2%	26.2%	26.0%
D&A	(3.3)	(3.7)	(4.0)	(4.4)	(4.7)	(4.9)	(5.2)	(5.4)	(5.6)	(5.8)	(5.9)	(6.1)	(5.2)
<b>EBIT</b>	<b>24.7</b>	<b>27.6</b>	<b>30.2</b>	<b>33.0</b>	<b>35.5</b>	<b>37.7</b>	<b>39.8</b>	<b>41.3</b>	<b>42.8</b>	<b>44.4</b>	<b>45.9</b>	<b>47.5</b>	<b>49.6</b>
% margin	22.2%	22.5%	22.6%	22.7%	22.9%	22.9%	23.0%	23.0%	23.1%	23.1%	23.2%	23.2%	23.6%
Taxes	(5.9)	(6.6)	(7.2)	(7.9)	(8.5)	(9.1)	(9.5)	(9.9)	(10.3)	(10.6)	(11.0)	(11.4)	(11.9)
<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	(1.4)	(1.4)	(1.3)	(1.4)	(1.3)	(1.1)	(1.0)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	-
Capex	(2.8)	(3.1)	(3.3)	(3.6)	(3.9)	(4.1)	(4.3)	(4.5)	(4.6)	(4.8)	(5.0)	(5.1)	(5.2)
as % of sales	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Unlevered FCF</b>	<b>17.9</b>	<b>20.2</b>	<b>22.3</b>	<b>24.4</b>	<b>26.5</b>	<b>28.4</b>	<b>30.1</b>	<b>31.5</b>	<b>32.7</b>	<b>33.9</b>	<b>35.1</b>	<b>36.3</b>	<b>37.7</b>
TV													1,130
year		2	3	4	5	6	7	8	9	10	11	12	12
Disc. Factor		0.90	0.84	0.79	0.75	0.70	0.66	0.62	0.59	0.55	0.52	0.49	0.49
<b>Disc. Flows</b>		<b>18.1</b>	<b>18.8</b>	<b>19.3</b>	<b>19.8</b>	<b>19.9</b>	<b>19.9</b>	<b>19.6</b>	<b>19.1</b>	<b>18.7</b>	<b>18.2</b>	<b>17.7</b>	<b>550.6</b>

Sum of FCF'25-35E	209.1
Terminal value	550.6
<b>Total EV</b>	<b>759.7</b>
Net Cash at YE24	5.8
Minorities	0.0
Treasury shares	2.1
<b>Equity Value</b>	<b>767.6</b>
NOSH (mn)	9.7
<b>FV per share (Eu/share)</b>	<b>79</b>

current price (Eu/share) 59.2

upside vs current price 34%

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

### 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	5.3%	98	101	104	107	111	115	119	123	128	134	140
	5.5%	92	94	96	99	102	105	109	113	117	121	126
	5.7%	86	88	90	92	95	97	100	103	107	110	114
	5.9%	80	82	84	86	88	91	93	96	98	101	105
	6.1%	76	77	79	81	83	85	87	89	91	94	97
	6.3%	72	73	74	76	78	79	81	83	85	87	90
	6.5%	68	69	70	72	73	75	76	78	80	82	84
	6.7%	65	66	67	68	69	70	72	73	75	76	78
	6.9%	61	62	63	64	66	67	68	69	71	72	74
	7.1%	59	59	60	61	62	63	64	66	67	68	69
7.3%	56	57	58	58	59	60	61	62	63	64	66	

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	24E	25E	24E	25E	24E	25E	24E	25E	24E	25E
<b>PHN(@mkt price, our est.)</b>	EUR	<b>59.2</b>	<b>573</b>	-5%	10%	5%	5.1	4.6	20.2	17.8	22.9	20.2	32.7	28.8	1.5%	1.7%
<b>PHN (@mkt price, cons.)</b>	EUR	<b>59.2</b>	<b>573</b>	-5%	10%	5%	4.9	4.2	19.1	15.3	21.8	17.2	33.0	26.9	1.5%	1.6%
<b>PHN (@TP, our est.)</b>	EUR	<b>79</b>	<b>768</b>				6.9	6.1	27.2	24.1	30.8	27.3	43.9	38.6	1.1%	1.3%
BioGaia	SEK	127.5	1,141	2%	33%	26%	8.2	7.4	22.7	20.8	24.0	22.0	32.0	28.9	3.5%	3.6%
Probi	SEK	211.0	213	5%	11%	4%	3.2	2.9	17.1	13.8	84.0	40.3	40.7	30.8	0.7%	0.9%
<b>Restricted Peer Group</b>							<b>5.7</b>	<b>5.2</b>	<b>19.9</b>	<b>17.3</b>	<b>54.0</b>	<b>31.1</b>	<b>36.4</b>	<b>29.9</b>	<b>2.1%</b>	<b>2.3%</b>
Jamieson W.	CAD	26.2	748	-13%	2%	-17%	1.8	1.7	9.5	8.5	9.9	n.a.	16.5	13.9	3.1%	3.4%
Orion Oyj	EUR	35.5	5,010	-11%	-3%	-10%	3.7	3.5	14.7	13.1	17.5	15.4	21.7	19.1	4.7%	4.8%
Recordati	EUR	52.8	11,050	4%	13%	8%	5.4	5.0	14.7	13.5	17.7	16.2	19.8	18.3	2.7%	2.9%
Nature's Sunshine Produ	USD	20.1	348	13%	25%	16%	0.6	0.6	6.3	5.6	10.4	8.8	21.4	18.9	0.0%	0.0%
USANA Health Sciences, I	USD	50.1	886	1%	-16%	-7%	0.6	0.6	5.1	4.3	7.3	5.6	18.5	17.6	0.0%	0.0%
<b>Broader Peer Group</b>							<b>3.4</b>	<b>3.1</b>	<b>12.9</b>	<b>11.4</b>	<b>24.4</b>	<b>18.0</b>	<b>24.4</b>	<b>21.1</b>	<b>2.1%</b>	<b>2.2%</b>
FTSE Italia Mid Cap		47,009	41,194	4%	15%	6%										
<b>FTSE Italia Star</b>		<b>46,539</b>	<b>19,091</b>	<b>0%</b>	<b>7%</b>	<b>-3%</b>										
FTSE MIB		33,940	471,850	7%	17%	12%										
FTSE Italia All-Share		36,089	519,207	7%	17%	11%										

Source: Intermonte SIM, FactSet Consensus

## PharmaNutra in Brief

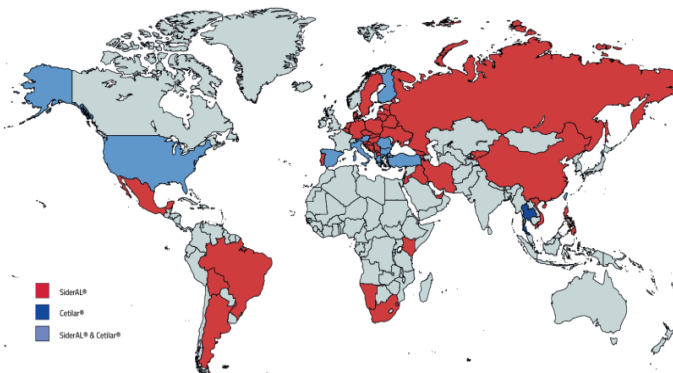
### Company description

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 fewer 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 overwhelming market share in value terms (>50%). Since YE20, the company's shares have been listed on the STAR segment.

### Strengths/Opportunities

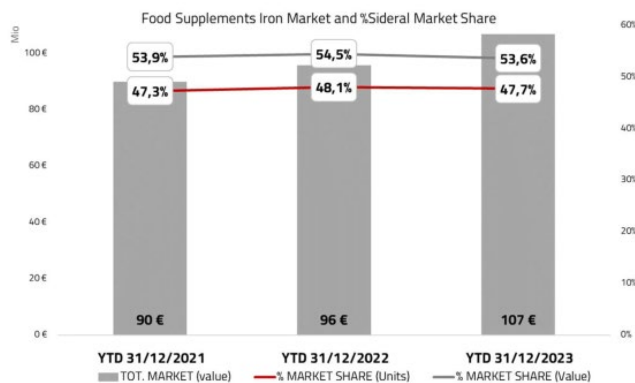
- Unchallenged leadership in the fast-growing niche oral iron supplement market (>53% market share in FY23);
- Intellectual property protection of technologies (Sucrosomial®); no patents expiring before 2032;
- Wide salesforce coverage (c.160 single-firm agents) in the domestic market;
- Product portfolio highly marketable to the medical profession with high 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 – Global Footprint: 76 countries with 44 partners



Source: Company Data

### PharmaNutra – SiderAL had >53% M/S and a retail price premium in FY23



Source: Company Data

### Management

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

**Next BoD renewal:** Spring, 2026  
**BoD independent members:** 3/7  
**BoD women:** 2/7

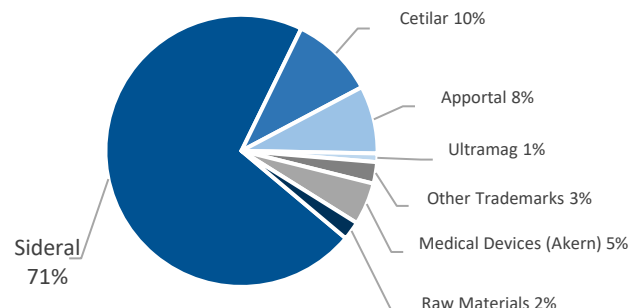
### Shareholders

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

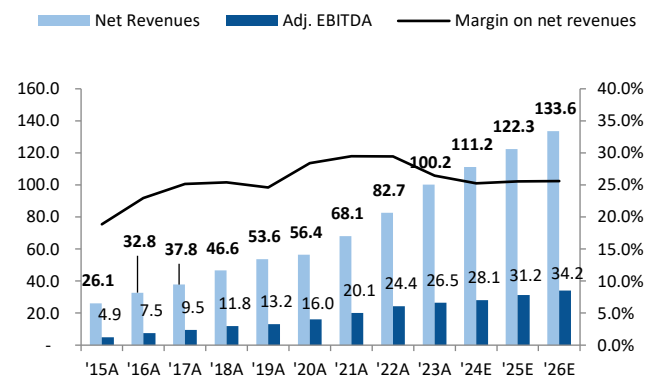
- Pipeline highly concentrated on iron-based products (SiderAL line c.71% of sales in FY23);
- Subscale in a sector typically dominated by large, global players;
- Limited M&A track record abroad so far (Akern);
- Dependence on third-party sale distribution agreements internationally;
- Any failure in executing the start-up phase of the key initiatives (USA, Cetilar Nutrition, España, China, Akern) to support long term growth.

### PharmaNutra – Breakdown of Net Sales in FY23A (€100.2mn)



Source: Company Data

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



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

<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>PHARMANUTRA</b>		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	79.00	Previous Target (Eu):	75.00
Current Price (Eu):	59.20	Previous Price (Eu):	50.40
Date of report:	18/03/2024	Date of last report:	07/11/2023

**DISCLAIMER (for more details go to [DISCLAIMER](#))**

**IMPORTANT DISCLOSURES**

The reproduction of the information, recommendations and research produced by Intermonte SIM contained herein and of any its parts is strictly prohibited. None of the contents of this document may be shared with third parties without authorisation from Intermonte.

This report is directed exclusively at market professional and other institutional investors (Institutions) and is not for distribution to person other than "Institution" ("Non-Institution"), who should not rely on this material. Moreover, any investment or service to which this report may relate will not be made available to Non-Institution.

The information and data in this report have been obtained from sources which we believe to be reliable, although the accuracy of these cannot be guaranteed by Intermonte. In the event that there be any doubt as to their reliability, this will be clearly indicated. The main purpose of the report is to offer up-to-date and accurate information in accordance with regulations in force covering "recommendations" and is not intended nor should it be construed as a solicitation to buy or sell securities.

This disclaimer is constantly updated on Intermonte's website [www.intermonte.it](http://www.intermonte.it) under LEGAL INFORMATION. Valuations and recommendations can be found in the text of the most recent research and/or reports on the companies in question. For a list of all recommendations made by Intermonte on any financial instrument or issuer in the last twelve months consult the [PERFORMANCE](#) web page.

Intermonte distributes research and engages in other approved activities with respect to Major U.S. Institutional Investors ("Majors") and other Qualified Institutional Buyers ("QIBs"), in the United States, via Brasil Plural Securities LLC under SEC 15a-6 guidelines. Intermonte is not registered as a broker dealer in the United States under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC.

**ANALYST CERTIFICATION**

For each company mentioned in this report the respective research analyst hereby certifies that all of the views expressed in this research report accurately reflect the analyst's personal views about any or all of the subject issuer (s) or securities. The analyst (s) also certifies that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation or view in this report.

The analyst (s) responsible for preparing this research report receive(s) compensation that is based upon various factors, including Intermonte's total profits, a portion of which is generated by Intermonte's corporate finance activities, although this is minimal in comparison to that generated by brokerage activities.

Intermonte's internal procedures and codes of conduct are aimed to ensure the impartiality of its financial analysts. The exchange of information between the Corporate Finance sector and the Research Department is prohibited, as is the exchange of information between the latter and the proprietary equity desk in order to prevent conflicts of interest when recommendations are made.

The analyst responsible for the report is not a) a resident of US; b) an associated person of a U.S. broker-dealer; c) supervised by a supervisory principal of a U.S. broker-dealer. This Research Report is distributed in the U.S. through Brasil Plural Securities LLC, 545 Madison Avenue, New York 10022.

**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

**CURRENT INVESTMENT RESEARCH RATING DISTRIBUTIONS**

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 2023 Intermonte's Research Department covered 117 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	26.02 %
OUTPERFORM:	47.15 %
NEUTRAL:	26.02 %
UNDERPERFORM	00.81 %
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:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

**CONFLICT OF INTEREST**

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

**Intermonte is acting as financial advisor to SAES Getters in relation to the partial voluntary tender offer on ordinary treasury shares.**

Intermonte SIM has provided in the last 12 months / provides / may provide investment banking services to the following companies: Aedes, Cy4Gate, Esprinet, GPI, Greenthesis (formerly Ambientthesis), Growens, Illimity Bank, Maire Tecnimont, SAES Getters, Tinexta, Unidata and WIIT.

**Intermonte SIM is acting as counterparty to WIIT Fin S.r.l. in connection with call and put options having WIIT S.p.A. shares and dividends as reference underlying.**

Intermonte SIM is Specialist and/or Corporate Broker and/or Sponsor and/or Broker in charge of the share buy back activity of the following Companies: Abitare In, Aedes, Alkemy, Anima Holding, Antares Vision, Aquafil, Avio, Banca Ifis, Banca Sistema, Civitanavi Systems, Cyberoo, Cy4gate, DeA Capital, ElEn, Elica, Emak, Esprinet, Expert AI, Fimit - Fondo Alpha, Fine Foods, Franchi Umberto Marmi, Go Internet, GPI, Greenthesis (formerly Ambientthesis), IEG, Iervolino & Lady Bacardi Entertainment, IndelB, Intred, Luvè, Matica Fintec, Mondadori, Notorious Pictures, Omer, Pharmanutra, Reevo, Relatech, Reply, Revo Insurance, Sababa Security, Saes Getters, Salcef, Sciuker Frames, Servizi Italia, Sesa, Seri Industrial, Somec, Talea, Tamburi, Tinexta, Tesmec, The Italian Sea Group, TXT, Unidata, Webuild and WIIT.

Intermonte SIM has a contractual commitment to act as liquidity provider on behalf of third parties for the following company: Banca Sistema.

Intermonte SIM performs as a market maker for the following companies: A2A, Anima, Atlantia, Autogrill, Azimut Holding, BAMI, Banca Generali, Banca Mediolanum, Brembo, Buzzi, CNHI, Enel, ENI, Exor, Finenco, FCA, FTMIB, Generali, Italgas, Iren, Intesa Sanpaolo, Leonardo, Mediobanca, Moncler, Mediaset, Pirelli&C, Prysmian, Poste, Ferrari, Saipem, Snam, STI, Tenaris, Telecom Italia, Telecom Italia sav, Terna, UBI, Unicredit, Unipol, UnipolSai.

Intermonte SIM, Intermonte SIM, through Websim, which constitute the digital division of Intermonte, acts as a Financial Content Provider on the following companies: Abitare In, Alkemy, Banca Sistema, Bifire S.P.A., B&C Speakers, Cleanbnb, Crowdfundme, Cy4gate, Cyberoo, Digital Bros, Digital Magics, Doxee, Ediliziacrobatica Spa, Eles, Elica, Emak, Esi, Esprinet, Eviso, Fae Technology, Fiera Milano, Fope, FOS, Franchi Umberto Marmi, Giglio Group, GPI, Intercos, Intred, Lventure Group, Maps, Masi Agricola, Matica Fintec, Neodecortech, Notorious Pictures, Osai Automation System, Racing Force Group, Relatech, Reti, Sciuker Frames, Solid World Group, Spindox Digital Soul, Tamburi, Tesmec, Tinexta, Tps Group, Trendevice, Ulisse Biomed, Wiit.

Intermonte SIM SpA holds net long or short positions in excess of 0.5% of the overall share capital in the following issuers:

Emittente	%	Long/Short

**© Copyright 2024 by Intermonte SIM - All rights reserved**

It is a violation of national and international copyright laws to reproduce all or part of this publication by email, xerography, facsimile or any other means. The Copyright laws impose heavy liability for such infringement. The Reports of Intermonte SIM are provided to its clients only. If you are not a client of Intermonte SIM and receive emailed, faxed or copied versions of the reports from a source other than Intermonte SIM you are violating the Copyright Laws. This document is not for attribution in any publication, and you should not disseminate, distribute or copy this e-mail without the explicit written consent of Intermonte SIM.

INTERMONTE will take legal action against anybody transmitting/publishing its Research products without its express authorization.

INTERMONTE Sim strongly believes its research product on Italian equities is a value added product and deserves to be adequately paid.

Intermonte Sim sales representatives can be contacted to discuss terms and conditions to be supplied the INTERMONTE research product.

INTERMONTE SIM is MIFID compliant - for our Best Execution Policy please check our Website [MIFID](#)

Further information is available