

# PHARMANUTRA

**BUY**

Sector: Consumers

Price: Eu50.40 - Target: Eu75.00

## Robust 9M Despite Comparative Headwinds, Solid Outlook

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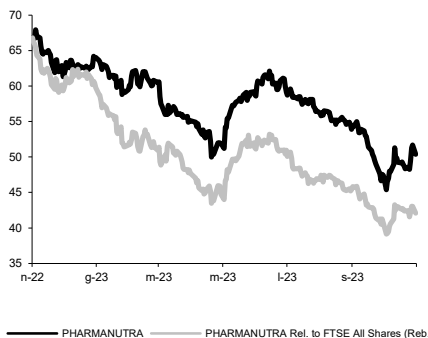
### Stock Rating

<b>Rating:</b>	Unchanged		
<b>Target Price (Eu):</b>	from 87.00 to 75.00		
	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Chg in Adj EPS</b>	0.0%	-0.3%	-0.2%

### Next Event

FY23 Results Out in March 2024

### PHARMANUTRA - 12M Performance



### Stock Data

Reuters code:	PHNU.MI		
Bloomberg code:	PHN IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	6.2%	-10.8%	-24.2%
Relative	3.5%	-10.3%	-45.1%
12M (H/L)	67.90/45.40		
3M Average Volume (th):	4.47		

### Shareholder Data

No. of Ord shares (mn):	10
Total no. of shares (mn):	10
Mkt Cap Ord (Eu mn):	488
Total Mkt Cap (Eu mn):	488
Mkt Float - Ord (Eu mn):	171
Mkt Float (in %):	35.0%
Main Shareholder:	
Andrea Lacorte	31.4%

### Balance Sheet Data

Book Value (Eu mn):	55
BVPS (Eu):	5.70
P/BV:	8.8
Net Financial Position (Eu mn):	-5
Enterprise Value (Eu mn):	492

**9M23 results** beat our estimates all down the P&L. As expected, 9M trends remained solid (sales +18.5%) despite a temporary slowdown in quarterly sales (1Q: +25.3%, 2Q: 24.7%, 3Q: +6.0%), due mostly to a tough comparison with last year. The YoY slowdown in Apportal® sales (9M: -3.3%, 3Q: -19.6%), in line with the general trend in the topical products market, occurred as the impact of Covid-19 faded. The SiderAL® line (72% of finished product sales) confirmed its leadership in the iron-based supplements market with a value market share of 53.6% and sales up 17% in 9M (+11% in 3Q), while sales of the Cetilar® line (10% of sales) increased c.22% in 9M (+14% in 3Q). Domestic revenues grew 16.3% while sales abroad were up 24.3%. Akern contributed Eu3.6mn of sales, c.5% of the total. Adj. EBITDA came to €19.0mn (-3.3% YoY) a 26.6% margin on net sales, down 5pp YoY to reflect the start-up costs of new projects (c.€3mn), namely recruitment costs, personnel costs, administrative and commercial consulting, and marketing costs. Excluding start-up costs, adj. EBITDA margin would be 30.5%, broadly flat YoY. FCF0 at €3.2m was in line with our assumption, affected by deferred costs and the implementation of purchasing strategy on inventories. Net Debt remained flat vs. 1H at c.€10mn following c.€8mn NWC absorption, higher CapEx (c.€12.3mn, mostly for new HQ), dividends (€7.7mn), buybacks (€1.6mn) and the purchase of tax receivables (€4.2mn).

**Confident tone from conference call.** Management is happy with current consensus for FY23 (€98mn sales and €24mn EBITDA) and extremely optimistic for 2024, expecting solid growth both in Italy and abroad. For 4Q23, management expects the highest quarter ever in terms of international sales, driven by a concentration of orders, while trends in Italy are expected to align with those of 9M23. Very reassuring commentary on the macro environment, with no changes observed in overall consumer confidence across product categories. Even products that are more consumer-driven, like Cetilar and Apportal, as opposed to medical-driven ones like Sideral, are experiencing strong growth rates thanks to very high consumer loyalty levels. On Cetilar, the company is close to reaching its annual target of approximately 1mn unit sales in Italy. Apportal suffered the end of the pandemic, with sales peaking in 2022 thanks to its efficacy in treating post-Covid fatigue, but this was offset by overall customer satisfaction, leading to nearly flat sales in 9M.

**Change in estimates.** We are leaving our 2023-25 estimates unchanged, while raising YE23 net debt by c.€5mn to factor in more prudent assumptions on 4Q NWC dynamics.

**BUY confirmed; new target €75 (from €87).** On the back of resilient 9M results, we reiterate our BUY rating and trim our DCF-based TP to €75 to reflect a 50bps increase in the risk-free rate. 2023 is poised to be a transitional year, but we deem the recent stock underperformance unjustified: we believe the market is ready to take another look at a story of massive long-term structural growth, especially if some visibility starts to emerge in the near future. Based on management indications provided at the recent Investor Day, new business opportunities could unlock significant additional growth in both turnover (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	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	68	83	98	113	124
EBITDA Adj (Eu mn)	20	24	24	28	31
Net Profit Adj (Eu mn)	13	15	16	18	20
EPS New Adj (Eu)	1.375	1.554	1.618	1.828	2.092
EPS Old Adj (Eu)	1.375	1.554	1.618	1.834	2.096
DPS (Eu)	0.710	0.800	0.809	0.914	1.046
EV/EBITDA Adj	23.6	25.3	20.6	17.4	15.3
EV/EBIT Adj	25.4	26.8	22.4	19.3	16.9
P/E Adj	36.6	32.4	31.2	27.6	24.1
Div. Yield	1.4%	1.6%	1.6%	1.8%	2.1%
Net Debt/EBITDA Adj	-1.4	-0.4	0.2	-0.2	-0.4

**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	98	113	124
EBITDA	16	20	24	24	28	31
EBIT	13	19	23	22	25	28
Financial Income (charges)	0	0	0	-0	0	-0
Associates & Others	0	0	0	0	0	0
Pre-tax Profit	13	19	23	22	25	28
Taxes	1	-5	-8	-8	-7	-8
Tax rate	-5.8%	26.8%	35.7%	38.0%	29.5%	27.5%
Minorities & Discontinued Operations	0	0	0	0	0	0
Net Profit	14	14	15	14	18	20
EBITDA Adj	16	20	24	24	28	31
EBIT Adj	15	19	23	22	25	28
Net Profit Adj	10	13	15	16	18	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	1.401	1.828	2.092
EPS Adj f.d	1.051	1.375	1.554	1.618	1.828	2.092
BVPS f.d	3.897	4.657	5.263	5.701	6.723	7.905
Dividend per Share ORD	0.670	0.710	0.800	0.809	0.914	1.046
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%	57.7%	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	16	20	23
Change in NWC	-5	5	-2	-8	-1	-2
Capital Expenditure	-1	-5	-11	-14	-3	-3
Other Cash Items	1	-1	0	0	0	0
Free Cash Flow (FCF)	11	15	3	-6	17	18
Acquisitions, Divestments & Other Items	0	0	-11	0	0	0
Dividends	-4	-6	-7	-8	-8	-9
Equity Financing/Buy-back	0	0	0	0	0	0
Change in Net Financial Position	8	6	-16	-14	9	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	52	52	52
Net Working Capital	10	6	10	17	18	20
Long term Liabilities	-2	-4	-9	-9	-9	-9
Net Capital Employed	18	17	40	60	61	63
Net Cash (Debt)	19	28	11	-5	5	14
Group Equity	38	45	51	55	65	77
Minorities	0	0	0	0	0	0
Net Equity	38	45	51	55	65	77
<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	488	488	488
Adjustments (Associate & Minorities)	0	0	0	0	0	0
Net Cash (Debt)	19	28	11	-5	5	14
Enterprise Value	223	474	616	492	483	474
<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%	24.4%	24.6%	24.9%
EBIT Adj Margin	26.1%	27.4%	27.9%	22.4%	22.2%	22.5%
Gearing - Debt/Equity	-51.3%	-62.3%	-20.9%	8.2%	-7.0%	-18.1%
Interest Cover on EBIT	nm	nm	nm	219.8	nm	226.7
Net Debt/EBITDA Adj	-1.2	-1.4	-0.4	0.2	-0.2	-0.4
ROACE*	80.2%	105.6%	80.4%	43.9%	41.7%	45.6%
ROE*	30.9%	32.2%	31.3%	29.5%	29.4%	28.6%
EV/CE	13.5	26.8	21.5	9.8	8.0	7.7
EV/Sales	4.0	7.0	7.5	5.0	4.3	3.8
EV/EBITDA Adj	13.9	23.6	25.3	20.6	17.4	15.3
EV/EBIT Adj	15.2	25.4	26.8	22.4	19.3	16.9
Free Cash Flow Yield	2.3%	3.0%	0.7%	-1.2%	3.5%	3.7%
<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%	18.4%	15.1%	10.5%
EBITDA Adj	21.5%	25.4%	21.3%	-1.7%	16.0%	11.8%
EBIT Adj	20.7%	26.9%	23.3%	-4.6%	14.0%	12.0%
Net Profit Adj	66.4%	-2.1%	9.3%	-9.9%	30.5%	14.5%
EPS Adj	20.4%	30.8%	13.0%	4.1%	13.0%	14.5%
DPS	45.7%	6.0%	12.7%	1.1%	13.0%	14.5%

\*Excluding extraordinary items

Source: Intermonte SIM estimates

### 3Q/9M23 Results

#### PharmaNutra – 3Q/9M23 Results: P&L

P&L, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	9M23E	A/E	4Q23E	FY23E
<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>71.0</b>	<b>1%</b>	<b>26.5</b>	<b>97.9</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%	17.8%		17.9%	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	0.7		0.7	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>71.7</b>	<b>1%</b>	<b>27.2</b>	<b>99.4</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%	18.4%		19.0%	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)	(53.3)		(22.3)	(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>18.4</b>	<b>4%</b>	<b>4.9</b>	<b>23.9</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%	-3.8%		-6.8%	-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>18.5%</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	18.4	4%	4.9	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%	-3.8%		-6.8%	-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>18.5%</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>17.0</b>	<b>5%</b>	<b>4.2</b>	<b>22.0</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%	23.9%		15.9%	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	17.0	5%	4.2	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%	23.9%		15.9%	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	16.9	5%	4.2	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)	(7.6)		(0.3)	(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%	45.0%		8.3%	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	9.3	5%	3.8	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%	-27.7%		75.6%	-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	€ 0.96	5%	€ 0.40	€ 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>9.3</b>	<b>27%</b>	<b>3.8</b>	<b>15.7</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%	-27.7%		75.6%	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>€ 0.96</b>	<b>27%</b>	<b>€ 0.40</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>(10.1)</b>	<b>-2%</b>	<b>(4.5)</b>	<b>(4.5)</b>
x EBITDA							0.4x									-0.2x

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

#### PharmaNutra – 3Q/9M23 Results: FCF & Net Financial Position

FCF, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	9M23E	A-E	4Q23E	FY23E
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	9.3	0.4	3.8	13.6
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	1.4	(0.2)	0.7	2.0
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)	(7.6)	(0.2)	0.1	(7.7)
<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>3.1</b>	<b>0.1</b>	<b>4.6</b>	<b>7.9</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)	(12.8)	0.5	(1.4)	(13.7)
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%	18.0%		5.5%	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>(9.7)</b>	<b>0.6</b>	<b>3.2</b>	<b>(5.9)</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)	(1.6)	-	0.0	(1.6)
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)	(1.8)	(0.4)	2.2	-
<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>(20.8)</b>	<b>0.2</b>	<b>5.4</b>	<b>(15.2)</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>(10.1)</b>	<b>0.2</b>	<b>(4.5)</b>	<b>(4.5)</b>
x EBITDA							0.4x									-0.2x

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

**PharmaNutra – 3Q/9M23 Results: Mix by Product and Geography**

By Product, Eu mn	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	9M23E	A/E	4Q23E	FY23E
<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>49.7</b>	<b>1%</b>	<b>17.3</b>	<b>67.6</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%	16.0%		8.6%	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%	72.0%		66.7%	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>7.6</b>	<b>-6%</b>	<b>3.5</b>	<b>10.6</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%	30.0%		49.0%	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%	11.0%		13.3%	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>5.4</b>	<b>14%</b>	<b>3.4</b>	<b>9.5</b>
growth YoY	88%	87%	87%	137%	105%	141%	112%	31.1%	-5.8%	7.8%	-19.6%	-3.3%	-15.0%		75.0%	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%	7.8%		13.0%	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>0.8</b>	<b>0%</b>	<b>0.3</b>	<b>1.0</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%	20.0%		20.2%	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%	1.1%		1.1%	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>2.1</b>	<b>-19%</b>	<b>1.2</b>	<b>2.9</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%	0.0%	20.0%		84.8%	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%	3.1%		4.4%	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>3.5</b>	<b>3%</b>	<b>0.4</b>	<b>4.0</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>69.1</b>	<b>1%</b>	<b>25.9</b>	<b>95.6</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%	18.4%		17.5%	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>1.9</b>	<b>-8%</b>	<b>0.5</b>	<b>2.3</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%	-0.5%		40.7%	-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%	2.7%		2.1%	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>71.0</b>	<b>1%</b>	<b>26.5</b>	<b>97.9</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%	17.8%		17.9%	18.4%

By Geography (Eu mn)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	9M23E	A/E	4Q23E	FY23E
<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>50.4</b>	<b>0%</b>	<b>19.3</b>	<b>69.6</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%	16.4%		21.0%	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%	71.0%		72.9%	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>20.6</b>	<b>2%</b>	<b>7.2</b>	<b>28.3</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%	21.3%		10.5%	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%	29.0%		27.1%	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>71.0</b>	<b>1%</b>	<b>26.5</b>	<b>97.9</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%	17.8%		17.9%	18.4%

Units sold ('000)	1Q22A	2Q22A	1H22A	3Q22A	9M22A	4Q22A	FY22A	1Q23A	2Q23A	1H23A	3Q23A	9M23A	9M23E	A/E	4Q23E	FY23E
<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>3,366</b>	<b>-2%</b>	<b>1,359</b>	<b>4,659</b>
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%	27.0%		18.2%	28.1%
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%	13.3%		26.4%	15.2%
<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>7,496</b>	<b>-23%</b>	<b>4,105</b>	<b>9,912</b>
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%	73.0%		81.8%	71.9%
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%	38.1%		138.4%	38.6%
<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>12,444</b>	<b>-27%</b>	<b>7,483</b>	<b>16,590</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%	75.6%		48.2%	48.2%

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

## Change in Estimates

The FY outlook is consistent with our assumptions when including €5mn of start-up costs related to new projects (c.5pp dilution vs. 29% margin expected for existing business), while we are raising YE23 net debt by c.€5mn to factor in more prudent assumptions on 4Q NWC dynamics.

### 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>97.9</b>	<b>112.7</b>	<b>124.5</b>	<b>97.9</b>	<b>112.7</b>	<b>124.5</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	18.4%	15.1%	10.5%	18.4%	15.1%	10.5%			
Other revenues	0.6	2.2	0.7	0.7	1.5	0.7	0.7	1.5	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>99.4</b>	<b>113.4</b>	<b>125.2</b>	<b>99.4</b>	<b>113.4</b>	<b>125.2</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	12.7%	8.2%	17.3%	21.1%	19.2%	14.1%	10.4%	19.2%	14.1%	10.4%			
OpEx	(41.0)	(42.7)	(48.8)	(59.0)	(75.5)	(85.6)	(94.1)	(75.5)	(85.6)	(94.1)			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>23.9</b>	<b>27.8</b>	<b>31.0</b>	<b>23.9</b>	<b>27.8</b>	<b>31.0</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	-1.7%	16.0%	11.8%	-1.7%	16.0%	11.8%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	24.4%	24.6%	24.9%	24.4%	24.6%	24.9%			
EBITDA	13.2	15.6	20.1	24.4	23.9	27.8	31.0	23.9	27.8	31.0	0%	0%	0%
YoY growth	4.8%	18.0%	29.1%	21.3%	-1.7%	16.0%	11.8%	-1.7%	16.0%	11.8%			
as % of net. sales	24.6%	27.6%	29.5%	29.4%	24.4%	24.6%	24.9%	24.4%	24.6%	24.9%			
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>22.0</b>	<b>25.1</b>	<b>28.1</b>	<b>22.0</b>	<b>25.1</b>	<b>28.1</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	22.4%	22.2%	22.5%	22.4%	22.2%	22.5%			
EBIT	12.2	13.2	18.7	23.0	22.0	25.1	28.1	22.0	25.1	28.1	0%	0%	0%
as % of net. sales	22.8%	23.4%	27.4%	27.9%	22.4%	22.2%	22.5%	22.4%	22.2%	22.5%			
PBT	12.2	13.3	18.8	23.4	21.9	25.1	27.9	21.9	25.2	28.0	0%	0%	0%
taxes	(3.7)	0.8	(5.0)	(8.4)	(8.3)	(7.4)	(7.7)	(8.3)	(7.4)	(7.7)			
tax rate (%)	30.7%	n.m.	26.8%	35.7%	38.0%	29.5%	27.5%	38.0%	29.5%	27.5%			
Net income	8.5	14.1	13.8	15.0	13.6	17.7	20.3	13.6	17.8	20.3	0%	0%	0%
YoY growth	-1.2%	66.4%	-2.1%	9.3%	-9.9%	30.5%	14.5%	-9.9%	30.9%	14.3%			
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.40	€ 1.83	€ 2.09	€ 1.40	€ 1.83	€ 2.10	0%	0%	0%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.7</b>	<b>17.7</b>	<b>20.3</b>	<b>15.7</b>	<b>17.8</b>	<b>20.3</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
YoY growth	-1.2%	20.4%	30.8%	13.0%	4.1%	13.0%	14.5%	4.1%	13.3%	14.3%			
<b>Adj. EPS (€)</b>	<b>€ 0.87</b>	<b>€ 1.05</b>	<b>€ 1.38</b>	<b>€ 1.56</b>	<b>€ 1.62</b>	<b>€ 1.83</b>	<b>€ 2.09</b>	<b>€ 1.62</b>	<b>€ 1.83</b>	<b>€ 2.10</b>	<b>0%</b>	<b>0%</b>	<b>0%</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	13.6	17.7	20.3	13.6	17.8	20.3	-	(0.1)	(0.0)
D&A	1.0	2.3	1.4	1.3	2.0	2.7	3.0	2.0	2.7	3.0	-	-	-
NWC & Other	2.6	(4.6)	5.3	(2.3)	(7.7)	(0.7)	(2.0)	(1.3)	(2.2)	(1.5)	(6.4)	1.5	(0.5)
<b>FCFO</b>	<b>12.0</b>	<b>11.8</b>	<b>20.4</b>	<b>14.1</b>	<b>7.9</b>	<b>19.7</b>	<b>21.2</b>	<b>14.3</b>	<b>18.2</b>	<b>21.8</b>	<b>(6.4)</b>	<b>1.5</b>	<b>(0.5)</b>
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.7)	(2.8)	(3.1)	(13.7)	(2.8)	(3.1)	-	-	-
as % of net sales	9.1%	2.4%	7.2%	13.0%	14.0%	2.5%	2.5%	14.0%	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>(5.9)</b>	<b>16.9</b>	<b>18.1</b>	<b>0.6</b>	<b>15.4</b>	<b>18.6</b>	<b>(6.4)</b>	<b>1.5</b>	<b>(0.5)</b>
M&A	-	-	-	(11.3)	-	-	-	-	-	-	-	-	-
dividend	(4.8)	(4.5)	(6.5)	(6.9)	(7.7)	(7.8)	(8.8)	(7.7)	(7.8)	(8.8)	-	-	0.0
buybacks	-	-	-	(2.4)	(1.6)	-	-	(1.6)	-	-	-	-	-
equity financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (IFRS16, etc.)	0.3	0.9	0.3	(0.2)	-	-	-	(2.3)	-	-	2.3	-	-
<b>Change in NFP</b>	<b>2.2</b>	<b>7.7</b>	<b>8.7</b>	<b>(17.4)</b>	<b>(15.2)</b>	<b>9.1</b>	<b>9.3</b>	<b>(11.1)</b>	<b>7.6</b>	<b>9.8</b>	<b>(4.1)</b>	<b>1.5</b>	<b>(0.5)</b>
<b>NFP (+cash/-debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(4.5)</b>	<b>4.6</b>	<b>13.9</b>	<b>(0.4)</b>	<b>7.2</b>	<b>17.0</b>	<b>(4.1)</b>	<b>(2.6)</b>	<b>(3.1)</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.2x	-0.2x	-0.4x	0.0x	-0.3x	-0.5x			

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>97.9</b>	<b>112.7</b>	<b>124.5</b>	<b>98.3</b>	<b>113.8</b>	<b>128.9</b>	<b>0%</b>	<b>-1%</b>	<b>-3%</b>
YoY growth	15.0%	5.3%	20.7%	21.4%	18.4%	15.1%	10.5%	18.8%	15.8%	13.3%			
<b>Adj. EBITDA</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>23.9</b>	<b>27.8</b>	<b>31.0</b>	<b>24.0</b>	<b>27.8</b>	<b>32.3</b>	<b>0%</b>	<b>0%</b>	<b>-4%</b>
YoY growth	11.3%	21.5%	25.4%	21.3%	-1.7%	16.0%	11.8%	-1.5%	15.7%	16.1%			
as % of net. sales	24.6%	28.4%	29.5%	29.4%	24.4%	24.6%	24.9%	24.4%	24.4%	25.0%			
EBITDA	13.2	15.6	20.1	24.4	23.9	27.8	31.0	<b>24.1</b>	<b>28.8</b>	<b>34.1</b>	-1%	-4%	-9%
<b>Adj. EBIT</b>	<b>12.2</b>	<b>14.7</b>	<b>18.7</b>	<b>23.0</b>	<b>22.0</b>	<b>25.1</b>	<b>28.1</b>	<b>21.4</b>	<b>25.4</b>	<b>30.5</b>	<b>2%</b>	<b>-1%</b>	<b>-8%</b>
as % of net. sales	22.8%	26.1%	27.4%	27.9%	22.4%	22.2%	22.5%	21.8%	22.3%	23.6%			
EBIT	12.2	13.2	18.7	23.0	22.0	25.1	28.1	<b>21.4</b>	<b>25.4</b>	<b>30.5</b>	<b>2%</b>	<b>-1%</b>	<b>-8%</b>
PBT	12.2	13.3	18.8	23.4	21.9	25.1	27.9	<b>22.0</b>	<b>25.1</b>	<b>29.4</b>	-1%	0%	-5%
Net income	8.5	14.1	13.8	15.0	13.6	17.7	20.3	13.6	18.0	21.6	-1%	-1%	-6%
<b>Adj. Net income</b>	<b>8.5</b>	<b>10.2</b>	<b>13.3</b>	<b>15.0</b>	<b>15.7</b>	<b>17.7</b>	<b>20.3</b>	<b>15.6</b>	<b>17.6</b>	<b>20.8</b>	<b>0%</b>	<b>1%</b>	<b>-3%</b>
EPS (€)	€ 0.87	€ 1.45	€ 1.42	€ 1.56	€ 1.40	€ 1.83	€ 2.09	€ 1.57	€ 1.85	€ 2.24			
DPS (€)	€ 0.46	€ 0.67	€ 0.71	€ 0.80	€ 0.81	€ 0.81	€ 0.81	€ 0.82	€ 0.87	€ 1.00			
payout	53%	46%	50%	51%	58%	44%	39%	52%	47%	45%			
Capex	(4.9)	(1.3)	(4.9)	(10.7)	(13.7)	(2.8)	(3.1)	(5.0)	(1.4)	(1.3)	(8.7)	(1.5)	(1.8)
as % of net. sales	9.1%	2.4%	7.2%	13.0%	14.0%	2.5%	2.5%	5.1%	1.2%	1.0%			
Equity FCF	6.7	11.2	14.9	3.3	(5.9)	16.9	18.1	1.2	17.1	20.7			
<b>NFP / (Net Debt)</b>	<b>13.6</b>	<b>19.4</b>	<b>28.1</b>	<b>10.6</b>	<b>(4.5)</b>	<b>4.6</b>	<b>13.9</b>	<b>1.3</b>	<b>10.5</b>	<b>22.5</b>	<b>(5.8)</b>	<b>(5.9)</b>	<b>(8.6)</b>
ND/EBITDA	-1.0x	-1.2x	-1.4x	-0.4x	0.2x	-0.2x	-0.4x	-0.1x	-0.4x	n.m.			

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

## DCF Valuation

On the back of resilient 9M results, we reiterate our BUY rating, trimming our DCF-based target price to €75 to reflect a 50bp increase in the risk-free rate. Further upside may come from M&A (we see at least c.€70-80mn of firepower). The stock is currently trading at 30x P/E on FY24 (restricted group panel: 28x).

### PharmaNutra – DCF Model (WACC up from 6.2% to 6.7%, g unchanged at 3%)

(Eu mn)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TV
<b>Net Revenues</b>	<b>97.9</b>	<b>112.7</b>	<b>124.5</b>	<b>136.6</b>	<b>149.1</b>	<b>160.5</b>	<b>170.6</b>	<b>180.0</b>	<b>186.5</b>	<b>193.2</b>	<b>200.0</b>	<b>206.6</b>	<b>212.7</b>
YoY growth	18.4%	15.1%	10.5%	9.7%	9.2%	7.6%	6.3%	5.5%	3.6%	3.6%	3.5%	3.3%	3.0%
<b>Adj. EBITDA</b>	<b>23.9</b>	<b>27.8</b>	<b>31.0</b>	<b>34.1</b>	<b>37.5</b>	<b>40.6</b>	<b>43.4</b>	<b>46.1</b>	<b>48.0</b>	<b>50.0</b>	<b>52.1</b>	<b>54.1</b>	<b>55.3</b>
% margin	24.4%	24.6%	24.9%	25.0%	25.1%	25.3%	25.4%	25.6%	25.7%	25.9%	26.0%	26.2%	26.0%
D&A	(2.0)	(2.7)	(3.0)	(3.3)	(3.6)	(3.9)	(4.1)	(4.3)	(4.5)	(4.6)	(4.8)	(5.0)	(5.2)
<b>EBIT</b>	<b>22.0</b>	<b>25.1</b>	<b>28.1</b>	<b>30.9</b>	<b>33.9</b>	<b>36.7</b>	<b>39.3</b>	<b>41.7</b>	<b>43.5</b>	<b>45.4</b>	<b>47.3</b>	<b>49.2</b>	<b>50.1</b>
% margin	22.4%	22.2%	22.5%	22.6%	22.7%	22.9%	23.0%	23.2%	23.3%	23.5%	23.6%	23.8%	23.6%
Taxes	(5.3)	(6.0)	(6.7)	(7.4)	(8.1)	(8.8)	(9.4)	(10.0)	(10.4)	(10.9)	(11.3)	(11.8)	(12.0)
tax rate	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	(7.7)	(0.7)	(2.0)	(2.0)	(2.1)	(1.9)	(1.7)	(1.6)	(1.1)	(1.2)	(1.2)	(1.2)	-
Capex	(13.7)	(2.8)	(3.1)	(3.4)	(3.7)	(4.0)	(4.3)	(4.5)	(4.7)	(4.8)	(5.0)	(5.2)	(5.2)
as % of sales	14.0%	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>-2.7</b>	<b>18.2</b>	<b>19.2</b>	<b>21.3</b>	<b>23.5</b>	<b>25.8</b>	<b>28.0</b>	<b>29.9</b>	<b>31.8</b>	<b>33.1</b>	<b>34.6</b>	<b>36.0</b>	<b>38.1</b>
TV													1,018
year	0	1	2	3	4	5	6	7	8	9	10	11	10
Disc. Factor	1.00	0.94	0.88	0.82	0.77	0.72	0.68	0.64	0.60	0.56	0.52	0.49	0.52
<b>Disc. Flows</b>		<b>17.1</b>	<b>16.9</b>	<b>17.5</b>	<b>18.2</b>	<b>18.7</b>	<b>19.0</b>	<b>19.0</b>	<b>18.9</b>	<b>18.5</b>	<b>18.1</b>	<b>17.7</b>	<b>532.5</b>

Sum of FCF'24-34E	199.5
Terminal value	532.5
<b>Total EV</b>	<b>732.0</b>
Net Cash at YE23	(4.5)
Minorities	0.0
Treasury shares	1.7
<b>Equity Value</b>	<b>729.2</b>
NOSH (mn)	9.7
<b>FV per share (Eu/share)</b>	<b>75</b>
current price (Eu/share)	50.4
upside vs. current price	49%

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	5.7%	91	93	96	98	101	104	107	111	114	118	123
	5.9%	85	87	90	92	94	97	99	102	106	109	113
	6.1%	81	82	84	86	88	90	93	95	98	101	104
	6.3%	76	78	79	81	83	85	87	89	91	94	96
	6.5%	72	74	75	76	78	80	82	83	85	88	90
	6.7%	69	70	71	72	74	75	77	79	80	82	84
	6.9%	65	66	68	69	70	71	73	74	76	77	79
	7.1%	62	63	64	65	67	68	69	70	72	73	75
	7.3%	60	61	61	62	63	64	66	67	68	69	71
	7.5%	57	58	59	60	61	61	62	63	65	66	67
7.7%	55	56	56	57	58	59	60	61	62	63	64	

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	25E	23E	24E	25E	23E	24E	25E	23E	24E	25E	23E	24E	25E
PHN(@mkt price, our est.)	EUR	50.4	488	9%	0%	-17%	5.0	4.3	3.8	20.6	17.4	15.3	22.4	19.3	16.9	31.2	27.6	24.1	1.6%	1.8%	2.1%
PHN (@mkt price, cons.)	EUR	50.4	488	9%	0%	-17%	5.0	4.2	3.6	20.2	16.6	13.6	22.7	18.8	15.3	31.3	27.7	23.5	1.6%	1.7%	2.0%
PHN (@TP, our est.)	EUR	75	729				7.5	6.4	5.7	30.7	26.1	23.0	33.4	28.9	25.5	46.6	41.2	36.0	1.1%	1.2%	1.4%
BioGaia	SEK	100.4	867	3%	-2%	23%	6.7	5.7	5.0	18.5	16.1	14.1	19.5	17.1	14.8	28.0	24.8	22.3	1.9%	1.8%	2.0%
Christian Hansen	DKK	512.4	9,059	19%	-1%	2%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	37.4	32.8	30.2	1.8%	1.9%	2.1%
Probi	SEK	195.5	190	4%	7%	0%	3.2	2.9	2.6	16.5	14.0	10.8	85.8	45.3	24.2	39.8	34.3	25.0	0.7%	0.8%	0.9%
<b>Restricted Peer Group</b>							<b>4.9</b>	<b>4.3</b>	<b>3.8</b>	<b>17.5</b>	<b>15.1</b>	<b>12.5</b>	<b>52.6</b>	<b>31.2</b>	<b>19.5</b>	<b>35.1</b>	<b>30.6</b>	<b>25.8</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.7%</b>
Clower	AUD	0.9	86	-23%	-33%	-34%	1.8	1.7	1.5	13.8	13.3	10.5	15.1	14.7	11.4	23.0	23.4	16.8	1.8%	1.7%	2.3%
Jamieson W.	CAD	26.4	752	12%	-20%	-24%	2.0	1.8	1.7	9.4	8.4	7.9	11.8	9.7	n.a.	16.0	14.3	13.6	2.7%	3.0%	3.3%
Orion Oyj	EUR	36.9	5,197	-1%	-14%	-28%	4.4	4.0	3.5	17.1	14.5	11.6	21.2	17.1	13.2	27.1	21.3	15.8	4.3%	4.6%	4.8%
Recordati	EUR	44.1	9,222	0%	6%	13%	5.1	4.6	4.3	14.2	12.8	11.8	18.1	15.9	14.3	18.6	16.5	15.5	2.6%	2.9%	3.1%
<b>Broader Peer Group</b>							<b>3.9</b>	<b>3.5</b>	<b>3.1</b>	<b>14.9</b>	<b>13.2</b>	<b>11.1</b>	<b>28.6</b>	<b>20.0</b>	<b>15.6</b>	<b>27.1</b>	<b>23.9</b>	<b>19.9</b>	<b>2.3%</b>	<b>2.4%</b>	<b>2.7%</b>

FTSE Italia Mid Cap	40,376	38,000	4%	-6%	3%
<b>FTSE Italia Star</b>	<b>42,235</b>	<b>17,310</b>	<b>2%</b>	<b>-13%</b>	<b>-9%</b>
FTSE MIB	28,675	415,879	4%	7%	21%
FTSE Italia All-Share	30,560	460,005	4%	5%	19%

Source: Intermonte SIM, FactSet Consensus



## PharmaNutra in Brief

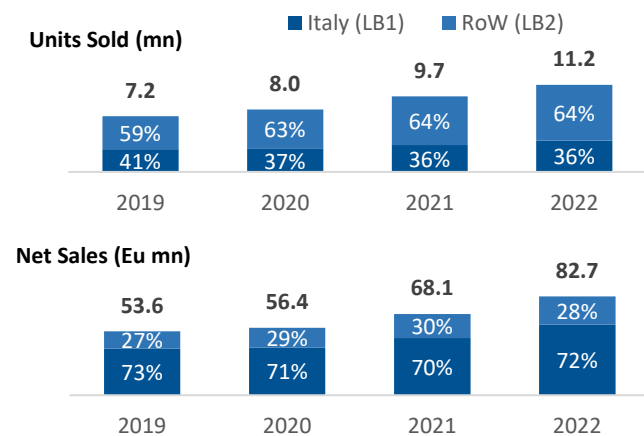
### Company description

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

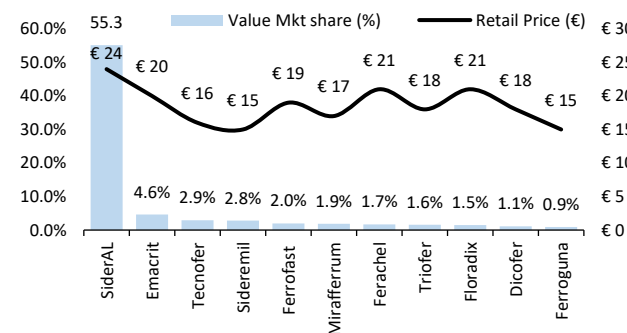
- Unchallenged leadership in the fast-growing niche oral iron supplement market (>55% market share)
- Intellectual property protection of technologies (Sucrosomial®); no patents expiring before 2032
- Wide salesforce coverage (c.160 single-firm agents) in the domestic market
- Product portfolio highly marketable to the medical profession: 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, 2026  
**BoD independent members:** 3/7  
**BoD women:** 2/7

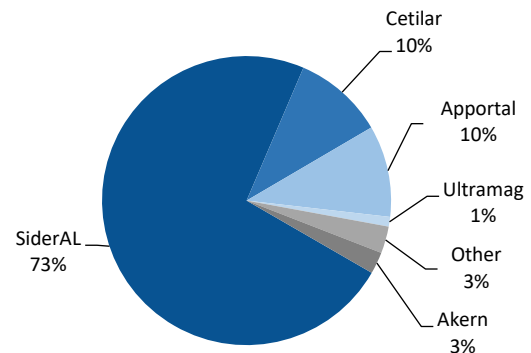
### Shareholders

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

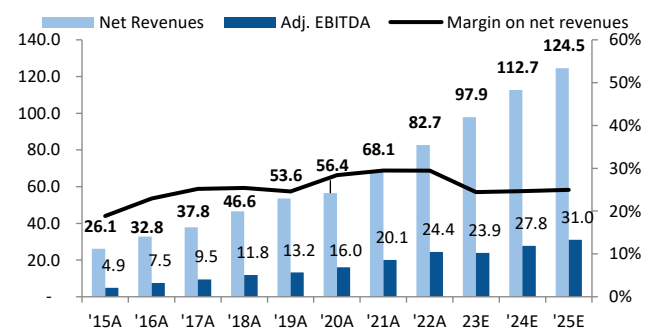
- Pipeline highly concentrated on iron-based products (SiderAL line c.73% of sales in FY22)
- Subscale in a sector typically dominated by large, global players
- Limited M&A track record abroad so far (Akern)
- Dependence on third-party sale distribution agreements internationally
- Any failure in executing the start-up phase of the key initiatives (USA, Cetilar Nutrition, Espana, China, Akern) to support long term growth

### 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)

<b>DETAILS ON STOCKS RECOMMENDATION</b>			
<b>Stock NAME</b>	<b>PHARMANUTRA</b>		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	75.00	Previous Target (Eu):	87.00
Current Price (Eu):	50.40	Previous Price (Eu):	55.00
Date of report:	07/11/2023	Date of last report:	12/09/2023

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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&PMB40 Index, most of those on the MIDEX 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 30 September 2023 Intermonte's Research Department covered 114 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	24.79 %
OUTPERFORM:	52.99 %
NEUTRAL:	20.51 %
UNDERPERFORM	01.71 %
SELL:	00.00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (48 in total) is as follows:

BUY:	38.78 %
OUTPERFORM:	51.02 %
NEUTRAL:	10.20 %
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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Emittente	%	Long/Short
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