

## EQUITY RESEARCH

## PHARMANUTRA

## RESULTS REVIEW

## Press release

BUY

TP 74.0€ (vs 78.0€)

Up/Downside: 38%

## Good Publication

Pharmanutra released its annual results on Friday evening. Once again, the publication is solid, notably showing an EBITDA margin of 26.6% despite continued significant investments in new Business Units (€6M), including PHN USA. As expected, the group has returned to a cash generation level close to its usual standards.

As a reminder, the company had already announced revenue of €115.5M (+15.3% yoy), perfectly in line with our expectations. PHN concluded this record year with EBITDA of €31M, representing a margin of 26.6%, slightly below our expectations of €31.4M, despite continued proactive investments in the group's new BUs (€6M), notably in the USA. Without these investments, the EBITDA margin would have reached 31.4%, up 100 bps compared to the adjusted margin from last year and slightly above the normative margin included in our model (31%).

After two years marked by significant CAPEX for the company's new headquarters, PHN is back to a strong cash generation level with FCF of €16.9M (55% conversion rate). Net debt has turned into a net cash position of €5.6M, in line with our expectations. The group will propose a dividend of €1 for the 2024 financial year.

Regarding outlook, management shows a certain confidence at the start of the fiscal year. Current trading is reported as positive in the first quarter, which will also benefit from an easy base effect. The international segment is logically expected to remain the growth driver for the group in 2025. The SiderAL e-commerce platform in China, which recorded strong growth in 2024 (€2M vs. €0.5M), is expected to maintain its momentum. Additionally, the company has announced the launch of a similar platform dedicated to Apportal next December. Finally, management expects to see the first tangible results in the USA in H2 2025. Although this announcement is encouraging, it is below our expectations, as PHN USA is the main growth lever. As a reminder, during its CMD in February 2023, the group announced a target annual revenue of €30-40M in the USA within five years—an objective that now seems very ambitious. We are therefore revising our revenue expectations for the coming years, now estimating €132.7M for 2025 (versus €136.1M previously) and €151.9M for 2026 (versus €160M previously). After factoring in these new estimates, our target price is adjusted to €74 (versus €78 previously). We maintain our Buy recommendation on the stock.

## Key data

Price (€)	53.6
Industry	Healthcare
Ticker	PHN-IT
Shares Out (m)	9.680
Market Cap (m €)	518.8
Average trading volumes (k shares / day)	1.214

Source: FactSet

## Ownership (%)

Andrea Lacorte	31.4
Roberto Lacorte	23.1
Beda srl	10.5
Free float	35.0

Source: TPICAP Midcap estimates

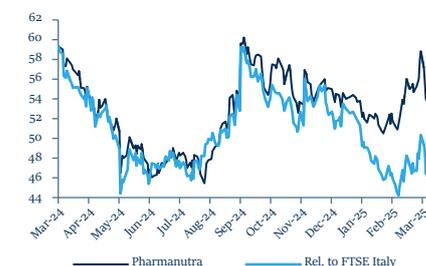
## EPS (€)

	12/24e	12/25e	12/26e
Estimates	1.71	2.26	2.72
Change vs previous estimates (%)	-10.81	-3.65	-7.00

Source: TPICAP Midcap estimates

## Performance (%)

	1D	1M	YTD
Price Perf	-1.1	3.1	-1.5
Rel FTSE Italy	-2.8	1.3	-13.3



Source: FactSet

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e	Valuation Ratio	12/24e	12/25e	12/26e
Sales (m €)	102.0	116.9	132.7	151.9	EV/Sales	4.4	3.8	3.2
Current Op Inc (m €)	23.4	27.4	31.3	37.6	EV/EBITDA	16.5	13.7	11.4
Current op. Margin (%)	22.9	23.4	23.6	24.7	EV/EBIT	18.7	16.0	12.9
EPS (€)	1.23	1.71	2.26	2.72	PE	31.3	23.7	19.7
DPS (€)	0.85	0.87	0.96	1.13	Source: TPICAP Midcap			
Yield (%)	1.6	1.6	1.8	2.1				
FCF (m €)	-2.1	17.9	21.7	25.2				

Consensus FactSet - Analysts:na	12/24e	12/25e	12/26e
Sales	114.7	130.4	146.7
EBIT	26.1	30.1	35.2
Net income	17.5	13.9	14.8

Analyst

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**FINANCIAL DATA**

<b>Income Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Sales	68.8	83.4	102.0	116.9	132.7	151.9
Changes (%)	17.3	21.1	22.3	14.7	13.5	14.5
Gross profit	66.5	80.6	99.5	109.5	126.3	144.6
% of Sales	96.7	96.6	97.6	93.7	95.2	95.2
<b>EBITDA</b>	<b>20.1</b>	<b>24.4</b>	<b>26.5</b>	<b>31.0</b>	<b>36.7</b>	<b>42.6</b>
% of Sales	29.2	29.2	26.0	26.6	27.6	28.1
<b>Current operating profit</b>	<b>18.7</b>	<b>23.0</b>	<b>23.4</b>	<b>27.4</b>	<b>31.3</b>	<b>37.6</b>
% of Sales	27.2	27.6	22.9	23.4	23.6	24.7
EBIT	18.7	23.0	23.4	27.4	31.3	37.6
Net financial result	0.1	0.4	-1.0	-0.2	-1.0	-1.0
Income Tax	-5.0	-8.4	-10.4	-10.6	-8.5	-10.2
Tax rate (%)	-26.8	-35.8	-46.6	27.9	27.9	-27.9
<b>Net profit, group share</b>	<b>13.8</b>	<b>15.0</b>	<b>11.9</b>	<b>16.6</b>	<b>21.9</b>	<b>26.4</b>
EPS	1.42	1.55	1.23	1.71	2.26	2.72
<b>Financial Statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
Goodwill	0.0	17.6	17.6	17.6	17.6	17.6
Tangible and intangible assets	13.1	20.3	30.6	29.2	27.2	25.9
Right of Use	0.8	0.7	0.7	0.7	0.7	0.7
Financial assets	0.2	0.2	0.3	0.3	0.3	0.3
Working capital	5.7	9.7	10.5	12.6	14.8	17.3
Other Assets	1.7	2.6	4.6	4.6	4.6	4.6
<b>Assets</b>	<b>21.5</b>	<b>51.1</b>	<b>64.3</b>	<b>64.9</b>	<b>65.1</b>	<b>66.3</b>
Shareholders equity group	45.1	50.9	54.4	63.7	76.3	91.7
LT & ST provisions and others	4.0	9.3	7.0	7.0	7.0	7.0
Net debt	-27.6	-9.1	2.9	-5.7	-18.1	-32.4
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Liabilities</b>	<b>21.5</b>	<b>51.1</b>	<b>64.3</b>	<b>64.9</b>	<b>65.1</b>	<b>66.3</b>
Net debt excl. IFRS 16	-28.4	-9.9	2.1	-6.4	-18.8	-33.1
Leverage	-1.4	-0.4	0.1	-0.2	-0.5	-0.8
<b>Cash flow statement</b>	<b>12/21</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24e</b>	<b>12/25e</b>	<b>12/26e</b>
CF after elimination of net borrowing costs and taxes	16.4	17.9	12.2	23.2	27.2	31.4
$\Delta$ WCR	3.8	-4.2	-1.0	-2.1	-2.2	-2.4
Operating cash flow	20.2	13.7	11.2	21.1	25.0	29.0
Net capex	-5.0	-11.2	-13.2	-3.3	-3.3	-3.8
FCF	15.2	2.5	-2.1	17.9	21.7	25.2
Acquisitions/Disposals of subsidiaries	0.0	-12.0	0.0	0.0	0.0	0.0
Other investments	-0.6	-0.8	-2.0	0.0	0.0	0.0
Change in borrowings	0.0	11.4	9.4	0.0	0.0	0.0
Dividends paid	-6.5	-6.9	-7.7	-9.3	-9.3	-10.9
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	-0.0	0.0	0.0	0.0
Others	0.1	-2.4	-1.7	0.0	0.0	0.0
Change in net cash over the year	8.2	-8.1	-3.8	9.1	12.4	14.3
ROA (%)	19.3%	15.0%	10.6%	13.3%	15.6%	16.5%
ROE (%)	30.5%	29.5%	21.9%	26.0%	28.7%	28.8%
ROCE (%)	66.5%	29.9%	20.5%	26.3%	35.7%	42.0%

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### Methodology

This Report may mention evaluation methods defined as follows:

1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

### Conflict of Interests between TP ICAP Midcap and the Issuer

No conflict of interests between TP ICAP Midcap and the Issuer

### History of investment rating and target price – Pharmanutra



### Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
15 Jan 25 - 08:05:33	Corentin Marty	€ 78.00	€ 78.00	€ 52.00	Achat	Buy
12 Nov 24 - 08:22:37	Corentin Marty	€ 76.00	€ 78.00	€ 53.40	Achat	Buy
10 Sep 24 - 08:22:16	Corentin Marty	€ 76.00	€ 76.00	€ 53.70	Achat	Buy
14 May 24 - 08:28:39	Corentin Marty	€ 77.00	€ 76.00	€ 50.70	Achat	Buy
18 Mar 24 - 08:15:28	Corentin Marty	€ 77.00	€ 77.00	€ 59.20	Achat	Buy

**Distribution of Investment Ratings**

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	79%	61%
Hold	16%	70%
Sell	3%	20%
Under review	2%	100%

Midcap employs a rating system based on the following:

Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.

Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.

Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at <https://researchtpicap.midcapp.com/en/disclaimer>.

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