

EQUITY RESEARCH

PHARMANUTRA

FEEDBACK
Company call

BUY

TP 74.0€

Up/Downside: 48%

A No-Brainer

During a conference call held yesterday, Pharmanutra's management reviewed the group's recent performance as well as the development of new operations, notably in the US and China. The outlook remains very strong, with a stated ambition to maintain double-digit growth over the coming years—while the company's valuation still trades well below historical multiples.

Roberto Lacorte, Carlo Volpi, and Francesco Sarti, respectively CEO, COO, and CFO of Pharmanutra, were present in our offices yesterday. This was an opportunity to review the start of the year, current trading, and the group's outlook for the coming months and years. As a reminder, the group posted Q1 revenue growth of 11.2%, accompanied by stable EBITDA due to investment pressure from new business units. Management appeared confident regarding current trading, suggesting a continuation of double-digit growth.

The discussion then turned to the group's future growth drivers. The group's historical activities—namely the Italian market and its international distribution network—should enable revenue to reach €200m by 2030, according to management, implying ~10% annual growth. With the contribution of new BUs (PHN USA, China, PHN España, Akern, Cetilar Nutrition), the group aims to push this target to €300m. Achieving this will naturally depend on the speed at which these BUs scale up, especially PHN USA, which is expected to be a real game changer given the size of the addressable market and the “best-in-class” nature of Sideral. After several months of trial and error, the group now appears to be gaining traction in the US, with first financial contributions expected in H2. The China business, which followed a similar ramp-up pattern, now also seems to be gaining traction and could approach €5m this year. Lastly, the group can continue to rely on its historical strength: R&D, which has been significantly bolstered by its new lab facilities. Pharmanutra currently has a pipeline of over 160 prototypes, with around 15 potential product launches.

All signals appear to be green for Pharmanutra. Yet the stock still trades at valuation levels close to its historical lows. Given the solid financial outlook and a 37% discount to the 5-year EV/EBITDA average (32% on P/E), Pharmanutra remains a no-brainer in our view. We reiterate our Buy recommendation with a target price maintained at €74.

Key data

Price (€)	50.0
Industry	Healthcare
Ticker	PHN-IT
Shares Out (m)	9.680
Market Cap (m €)	484.0
Average trading volumes (k shares / day)	9.494

Source: FactSet

Ownership (%)

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

Source: TPICAP Midcap estimates

EPS (€)

	12/25e	12/26e	12/27e
Estimates	2.20	2.72	3.13
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)

	1D	1M	YTD
Price Perf	0.8	-3.3	-8.1
Rel FTSE Italy	0.8	-8.4	-20.8



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	116.9	132.7	151.9	171.5	EV/Sales	3.5	3.0	2.5
Current Op Inc (m €)	27.4	30.5	37.6	43.1	EV/EBITDA	13.0	10.6	8.9
Current op. Margin (%)	23.4	23.0	24.7	25.1	EV/EBIT	15.3	12.0	10.1
EPS (€)	1.71	2.20	2.72	3.13	PE	22.7	18.4	16.0
DPS (€)	0.87	0.96	1.10	1.36				
Yield (%)	1.7	1.9	2.2	2.7				
FCF (m €)	17.9	21.1	25.2	29.3				

Source: TPICAP Midcap

Consensus FactSet - Analysts:na	12/25e	12/26e	12/27e
Sales	131.2	147.0	164.0
EBIT	30.2	34.6	39.2
Net income	20.7	13.9	14.8

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	83.4	102.0	116.9	132.7	151.9	171.5
Changes (%)	21.1	22.3	14.7	13.5	14.5	12.9
Gross profit	80.6	99.5	109.5	126.3	144.6	163.2
% of Sales	96.6	97.6	93.7	95.2	95.2	95.2
EBITDA	24.4	26.5	31.0	35.9	42.6	48.8
% of Sales	29.2	26.0	26.6	27.0	28.1	28.5
Current operating profit	23.0	23.4	27.4	30.5	37.6	43.1
% of Sales	27.6	22.9	23.4	23.0	24.7	25.1
EBIT	23.0	23.4	27.4	30.5	37.6	43.1
Net financial result	0.4	-1.0	-0.2	-1.0	-1.0	-1.0
Income Tax	-8.4	-10.4	-10.6	-8.2	-10.2	-11.7
Tax rate (%)	-35.8	-46.6	27.9	27.9	-27.9	-27.9
Net profit, group share	15.0	11.9	16.6	21.3	26.4	30.3
EPS	1.55	1.23	1.71	2.20	2.72	3.13
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	17.6	17.6	17.6	17.6	17.6	17.6
Tangible and intangible assets	20.3	30.6	29.2	27.2	25.9	24.4
Right of Use	0.7	0.7	0.7	0.7	0.7	0.7
Financial assets	0.2	0.3	0.3	0.3	0.3	0.3
Working capital	9.7	10.5	12.6	14.8	17.3	19.7
Other Assets	2.6	4.6	4.6	4.6	4.6	4.6
Assets	51.1	64.3	64.9	65.1	66.3	67.3
Shareholders equity group	50.9	54.4	63.7	75.7	91.4	108.6
LT & ST provisions and others	9.3	7.0	7.0	7.0	7.0	7.0
Net debt	-9.1	2.9	-5.7	-17.5	-32.1	-48.2
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	51.1	64.3	64.9	65.1	66.3	67.3
Net debt excl. IFRS 16	-9.9	2.1	-6.4	-18.3	-32.8	-49.0
Leverage	-0.4	0.1	-0.2	-0.5	-0.8	-1.0
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	17.9	12.2	23.2	26.6	31.4	36.1
Δ WCR	-4.2	-1.0	-2.1	-2.2	-2.4	-2.5
Operating cash flow	13.7	11.2	21.1	24.4	29.0	33.6
Net capex	-11.2	-13.2	-3.3	-3.3	-3.8	-4.3
FCF	2.5	-2.1	17.9	21.1	25.2	29.3
Acquisitions/Disposals of subsidiaries	-12.0	0.0	0.0	0.0	0.0	0.0
Other investments	-0.8	-2.0	0.0	0.0	0.0	0.0
Change in borrowings	11.4	9.4	0.0	0.0	0.0	0.0
Dividends paid	-6.9	-7.7	-9.3	-9.3	-10.6	-13.2
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	-2.4	-1.7	0.0	0.0	0.0	0.0
Change in net cash over the year	-8.1	-3.8	9.1	11.8	14.6	16.1
ROA (%)	15.0%	10.6%	13.3%	15.2%	16.6%	16.8%
ROE (%)	29.5%	21.9%	26.0%	28.1%	28.8%	27.9%
ROCE (%)	29.9%	20.5%	26.3%	34.8%	42.0%	47.3%

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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
13 May 25 - 08:23:26	Corentin Marty	€ 74.00	€ 74.00	€ 53.70	Achat	Buy
17 Mar 25 - 08:07:13	Corentin Marty	€ 78.00	€ 74.00	€ 53.60	Achat	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	81%	65%
Hold	15%	63%
Sell	2%	25%
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.

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