

PHARMANUTRA

Sector: Pharmaceutical

Positive Set of Results, Waiting for the STAR

We confirm our BUY rating and we raise our TP from Eu25.00 to Eu28.00 per share, >20% upside, mainly on peers' re-rating. The stock is now trading at 57% discount on NTM PE vs BioGaia, against a 37% average discount since listing. While 1H20 sales have benefitted from an outstanding performance of foreign markets (+56.9%), we expect some growth slowdown in 2H and 2021. Deceleration of business development (linked to lockdowns and travel restrictions) should enhance margins in 2020, but could be detrimental to next year's top-line growth. We continue to focus our attention on Pharmanutra's unparalleled mid-long term growth potential, especially abroad.

- 1H20 is sound despite pandemic outbreak; foreign revenues continue to gain momentum.** In 1H20 sales went up 16.5% YoY at Eu29.1mn. Direct domestic sales (69% of sales) grew by 4.6% YoY (+1.6% in volumes) to Eu20.2mn, mainly due to a major slowdown in 2Q on the domestic market mainly in relation to Cetilar products. Indirect international sales (31%) grew by 56.9% YoY (+50.3% in volumes) to Eu9.0mn, partially justified by a concentration of orders in the period. EBITDA adj. stood at Eu9.4mn, growing by 49.3% YoY. Lower costs, mainly on marketing and commercial, allowed for a record-high 30.8% EBITDA margin in the semester. Higher accruals on credits led to a Eu8.3mn EBIT adj, but the positive effect of "Patent Box" application pushed Net profit up to Eu9.7mn, +142.5% YoY. Net cash went from Eu13.6mn at YE19 to Eu13.1mn at 1H20 after Eu4.5mn dividends payment. The positive financial effect of "Patent Box" will be visible also in 2021.
- Many positive steps to secure long term growth.** During the conf-call management provided positive indications on business trends in Italy over July and August. This happened in response to a significant backstop seen during the lockdown, as the company suffered from travel restrictions to scientific sales representatives and reduced footfall into pharmacies. The outlook is for a mild recovery by YE. By product, Sideral, Apportal and Ultramag are performing well, but Cetilar sales could take some time to regain growth. Foreign markets could instead suffer in 2H from a concentration of orders in 1H. We appreciate managerial efforts in response to the pandemic: over the last few months Pharmanutra has i) launched several new marketing campaigns through innovative forms of communication, ii) implemented a fully digital engaging approach for its commercial network; iii) signed several agreements with main players of the online pharma sector for the distribution of its products. R&D and quality of products continued to be key to Pharmanutra's business model. In 2020 the company has developed 1 new proprietary raw material, has registered 7 new patents and 5 trademarks and completed 10 new medical researches. Mid-term, we continue see risks on the upside, as the company can leverage on (i) a resilient business, outperforming its reference market and lying on solid growth trends; (ii) a highly cash generative model; (iii) strong R&D capabilities; (iv) a significant presence outside Italy. The stock should move to the STAR segment in November.
- FY20 margins should be outstanding; FY21 estimates fine-tuned downwards on lower business development in 2020.** We lift our profitability estimates for FY20 while we slightly revise our FY21/22 estimates downwards. In FY20 we now see revenues up 4.5% YoY to Eu56.0mn, as foreign revenues should slowdown in 2H. EBITDA adj. margin is seen at 29.0%. Cash generation should be strong in 2H driving net cash up to Eu17.9mn.
- BUY confirmed; TP lifted from Eu25.00 to Eu28.00.** We confirm our BUY rating and we raise our Target Price from Eu25.00 to Eu28.00 per share, >20% upside, mainly on peers' re-rating. The stock is now trading at 57% discount on NTM PE vs BioGaia against a 37% average discount since listing. At our target price the stock would be trading at 15.1/15.7x EV/EBITDA and 26.2/23.4x P/E on FY20/21 figures. We continue to focus our attention on Pharmanutra's unparalleled mid-long term growth potential, especially abroad: the entrance into new large markets (e.g. Germany) or the establishment of direct subsidiaries into strategic countries (e.g. Spain) could be the most relevant catalyst for the stock

BUY

Unchanged

TP 28.00

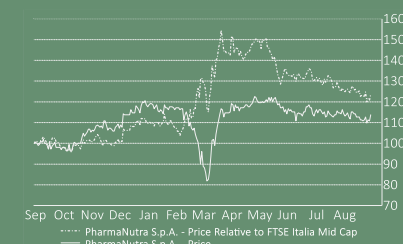
From 25.00

Target price upside: 21%

Change in EPS est.	FY20E	FY21E
	46.4%	-6.1%

Ticker (BBG, Reut)	PHN IM	PHN MI
Share price Ord. (Eu)		23.1
N. of Ord. shares (mn)		9.7
Total N. of shares (mn)		9.7
Market cap (Eu mn)		224
Total Market Cap (EU mn)		224
Free Float Ord. (%)		25%
Free Float Ord. (Eu mn)		56
Daily AVG liquidity Ord. (Eu k)		123

	1M	3M	12M
Absolute Perf.	-3.4%	-3.8%	10.8%
Rel. to FTSEMidCap	-4.1%	-11.6%	17.3%
52 weeks range		16.7	25.0



	FY19A	FY20E	FY21E
Sales	54	58	63
EBITDA adj.	13.2	16.7	16.0
Net profit adj.	8.5	9.7	10.7
EPS adj.	0.873	0.999	1.108
DPS - Ord.	0.463	0.499	0.554
EV/EBITDA adj.	12.9x	12.3x	12.7x
P/E adj.	20.1x	21.3x	18.9x
Dividend yield	2.4%	2.2%	2.4%
FCF yield	3.1%	4.1%	3.4%
Net debt/(Net cash)	(13.6)	(17.9)	(20.5)
Net debt/EBITDA	nm	nm	nm

Gianpiero Di Perna
 gianpiero.diperna@alantra.com
 +39 02 63 671 624
 +39 334 62 67 243

Giuseppe Marsella
 giuseppe.marsella@alantra.com
 +39 02 63 671 620
 +39 335 59 82 635

Key Data

P&L account (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	48.1	54.2	57.6	63.3	71.6
Gross margin	15.9	17.1	21.7	20.9	23.6
EBITDA reported	12.6	13.2	16.8	16.0	18.1
D&A	(0.4)	(1.0)	(1.7)	(1.6)	(2.0)
EBIT reported	11.9	12.2	15.1	14.4	16.1
Net financial charges	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Associates	0.0	0.0	0.0	0.0	0.0
Extraordinary items	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	11.9	12.2	15.1	14.4	16.1
Taxes	(3.3)	(3.7)	(0.9)	(3.7)	(4.2)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0
Net profit reported	8.6	8.5	14.2	10.7	11.9
EBITDA adjusted	11.8	13.2	16.7	16.0	18.1
EBIT adjusted	11.2	12.2	15.1	14.4	16.1
Net profit adjusted	8.0	8.5	9.7	10.7	11.9

Margins (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Gross margin	33.0%	31.5%	37.6%	33.0%	33.0%
EBITDA margin (adj)	24.6%	24.3%	29.0%	25.3%	25.3%
EBIT margin (adj)	23.2%	22.5%	26.2%	22.8%	22.5%
Pre-tax margin	24.6%	22.5%	26.1%	22.7%	22.5%
Net profit margin (adj)	16.5%	15.6%	16.8%	16.9%	16.7%

Growth rates (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Sales	27.1%	12.7%	6.3%	9.9%	13.0%
EBITDA	32.3%	4.8%	27.2%	-4.5%	13.2%
EBITDA adjusted	24.5%	11.3%	27.0%	-4.3%	13.2%
EBIT	33.5%	2.4%	23.6%	-4.4%	11.8%
EBIT adjusted	25.2%	9.2%	23.6%	-4.4%	11.8%
Pre-tax	35.2%	2.9%	23.6%	-4.4%	11.8%
Net profit	41.9%	-1.2%	67.6%	-24.3%	11.2%
Net profit adjusted	32.6%	6.3%	14.3%	10.9%	11.2%

Per share data	FY18A	FY19A	FY20E	FY21E	FY22E
Shares	9.681	9.681	9.681	9.681	9.681
N. of shares AVG	9.681	9.681	9.681	9.681	9.681
N. of shares diluted AVG	9.681	9.681	9.681	9.681	9.681
EPS	0.884	0.873	1.463	1.108	1.232
EPS adjusted	0.822	0.873	0.999	1.108	1.232
DPS - Ord.	0.500	0.463	0.499	0.554	0.616
DPS - Sav.	0.000	0.000	0.000	0.000	0.000
BVPS	2.525	2.908	3.909	4.517	5.196

Enterprise value (Eu m)	FY18A	FY19A	FY20E	FY21E	FY22E
Share price Ord. (Eu)	14.2	19.0	23.1	23.1	23.1
Market cap	137.5	183.9	223.6	223.6	223.6
Net debt/(Net cash)	(11.4)	(13.6)	(17.9)	(20.5)	(21.2)
Adjustments	0.0	0.0	0.0	0.0	0.0
Enterprise value	126.1	170.3	205.7	203.1	202.4

Cash flow (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
EBITDA adjusted	11.8	13.2	16.7	16.0	18.1
Net financial charges	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)
Cash taxes	(3.3)	(2.0)	(1.0)	(1.4)	(4.2)
Ch. in Working Capital	(2.0)	(1.4)	(4.2)	(1.2)	(1.6)
Other operating items	0.0	0.0	0.0	0.0	0.0
Operating cash flow	6.4	9.8	11.5	13.4	12.4
Capex	(0.8)	(4.1)	(2.4)	(5.7)	(6.1)
FCF	5.6	5.7	9.1	7.7	6.3
Disposals/Acquisitions	0.0	0.0	0.0	0.0	0.0
Changes in Equity	0.0	0.0	0.0	0.0	0.0
Others	(0.1)	(0.8)	0.0	0.0	0.0
Dividends	(3.2)	(4.8)	(4.5)	(4.8)	(5.4)
Ch. in NFP	2.3	(0.0)	4.7	2.9	0.9

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Capex/Sales	1.7%	7.6%	4.1%	9.0%	8.5%
Capex/D&A	1.8x	4.2x	1.4x	3.6x	3.0x
FCF/EBITDA	47.6%	42.9%	54.6%	48.1%	34.7%
FCF/Net profit	65.9%	66.9%	64.5%	71.8%	52.7%
Dividend pay-out	-56.6%	-53.0%	-50.0%	-50.0%	-50.0%

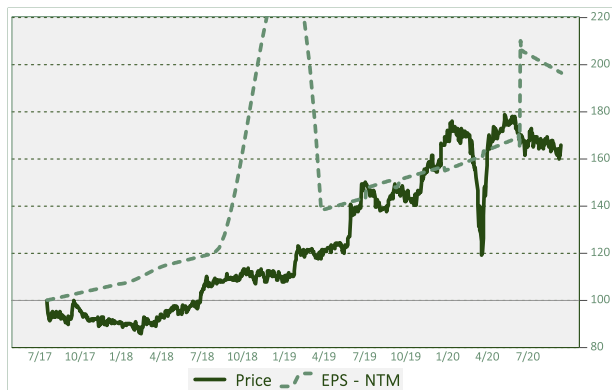
Balance sheet (Eu mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Working capital	8.9	7.0	11.2	12.4	14.0
Fixed assets	6.4	10.0	10.8	14.9	18.9
Provisions & others	(2.3)	(2.5)	(2.0)	(4.1)	(3.8)
Net capital employed	13.0	14.6	19.9	23.2	29.1
Net debt/(Net cash)	(11.4)	(13.6)	(17.9)	(20.5)	(21.2)
Equity	24.4	28.2	37.8	43.7	50.3
Minority interests	0.0	0.0	0.0	0.0	0.0

Ratios (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Working capital/Sales	18.4%	12.9%	19.5%	19.6%	19.6%
Net debt/Equity	nm	nm	nm	nm	nm
Net debt/EBITDA	nm	nm	nm	nm	nm

Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
EV/CE	8.2x	10.0x	9.4x	7.4x	6.1x
P/BV	5.6x	6.5x	5.9x	5.1x	4.4x
EV/Sales	2.6x	3.1x	3.6x	3.2x	2.8x
EV/EBITDA	10.0x	12.9x	12.3x	12.7x	11.2x
EV/EBITDA adjusted	10.6x	12.9x	12.3x	12.7x	11.2x
EV/EBIT	10.6x	14.0x	13.6x	14.1x	12.6x
EV/EBIT adjusted	11.3x	14.0x	13.6x	14.1x	12.6x
P/E	16.1x	20.1x	14.5x	18.9x	17.0x
P/E adjusted	17.3x	20.1x	21.3x	18.9x	17.0x
ROCE pre-tax	81.0%	75.5%	77.3%	58.5%	53.5%
ROE	32.5%	30.0%	25.5%	24.5%	23.7%
EV/FCF	22.4x	30.1x	22.5x	26.4x	32.2x
FCF yield	4.1%	3.1%	4.1%	3.4%	2.8%
Dividend yield	3.5%	2.4%	2.2%	2.4%	2.7%

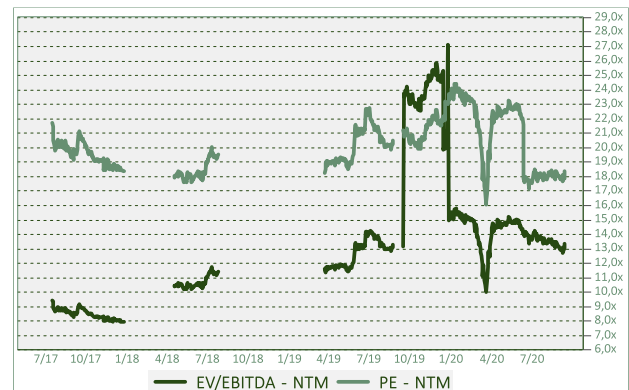
Share price performance

Strong performance since the listing in July 2017



Valuation

Very limited consensus available



International Agreements Newsflow

Since beginning of the year, despite the sanitary emergency, Pharmanutra has signed several new contracts (8 new agreements) for the distribution of its products abroad. As of today, the company is selling its products in 50 countries through 32 distributors. 6 contracts are under registration and will soon be commercialized, while 8 contracts will be signed over the coming months.

International development

Pharmanutra is constantly enlarging its geographical coverage through tier 1 distributors

	COUNTRIES	PARTNERS
Contracts	56	38
Active Sales	50	32
On-going Registration	6	6
On-going Negotiation	8	8

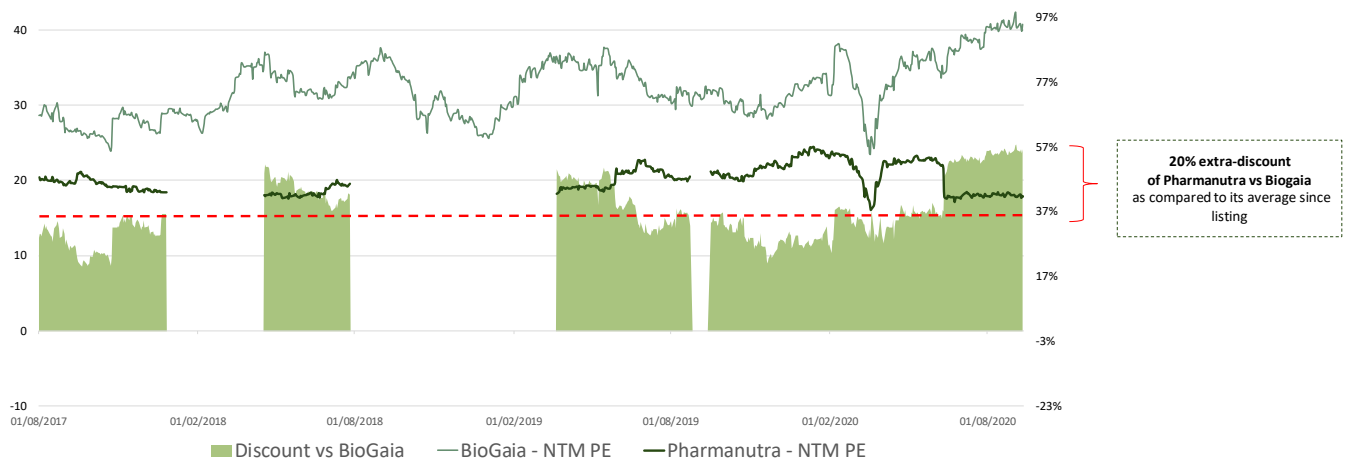
Source: company presentation

Pharmanutra vs BioGaia valuation

Biogaia is Swedish nutraceutical company focused on Probiotics. We see Biogaia as a very close peer, given its undisputable R&D capabilities in a specific niche, global reach through distributors and outstanding growth rates with high margin.

Pharmanutra vs BioGaia Valuation

Pharmanutra is now trading at 57% discount vs BioGaia on NTM PE multiple against an average 37% since listing which could imply at least 20% re-rating.

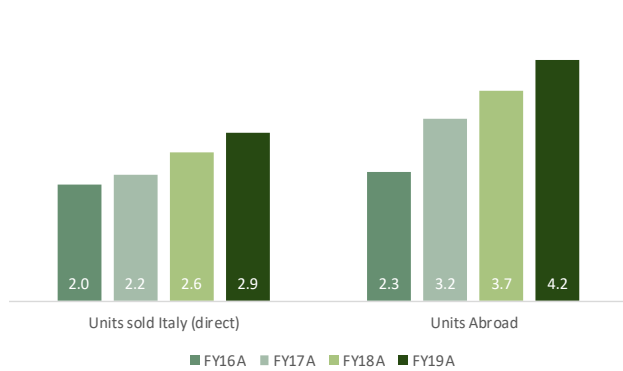


Source: Factset and Alantra

Key Charts

Sales Volumes (FY16A-FY19A)

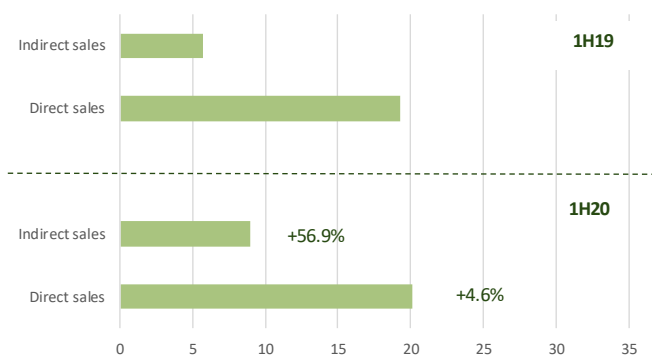
International sales represent >60% of total volumes



Source: company data and Alantra estimates

Revenue breakdown by channel (1H19A-1H20A)

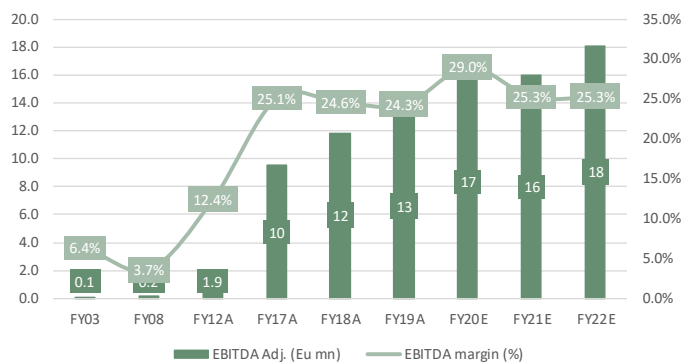
Indirect foreign sales spiked in 1H20



Source: company data

Profitability trends (FY03A-FY22E)

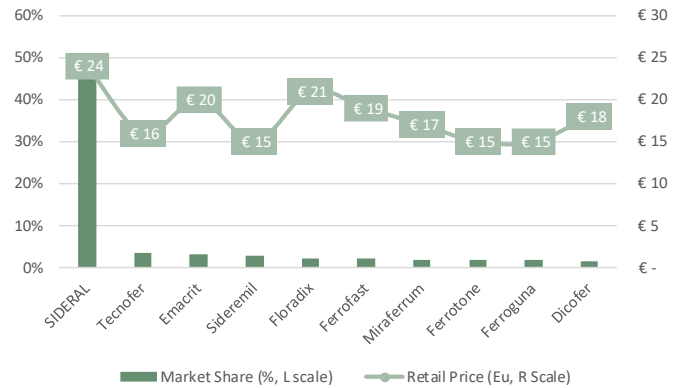
Sustainable high margins from 2017 onwards



Source: company data and Alantra estimates

SiderAL positioning in Italy (FY18A)

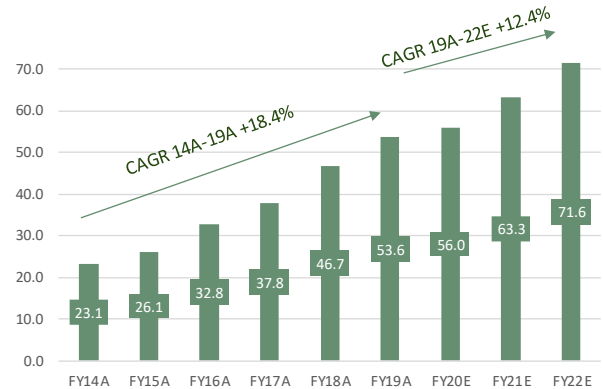
Sideral holds 51.7% of the market as volumes and 43.8% as values at YE19 and deserves a relevant premium price



Source: company data

Revenue trends (FY14A-FY22E)

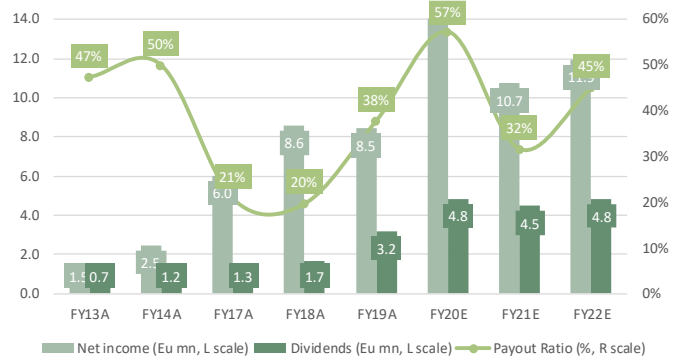
+18.4% CAGR in 2014-19 period; +12.4% CAGR expected in 2019-22 period



Source: company data and Alantra estimates

Dividend (FY13A-FY22E)

Attractive dividends distribution



Source: company data and Alantra estimates

Profile

Background

Pharmanutra, a pharmaceutical company established in Pisa in 2003, develops nutraceutical supplements and medical devices. The Group is mostly active in the markets for iron supplementation (through the SiderAL® branded products based on patented Sucrosomial Iron®) and for joint pain relief (through the Cetilar® branded products). The company operates in 55 countries with 34 partners (6 contracts are under negotiation). The Group's perimeter includes:

- **Pharmanutra (holding company, listed, established in 2003)** --> active in the distribution of proprietary medical devices and dietary supplements for adults;
- **Junia Pharma (established in 2010, fully owned since 2015)** --> active in development and distribution of drugs, medical devices, OTC and nutritional supplements with special attention to the pediatric area;
- **Alesco (established in 2000)** --> active in the manufacturing of proprietary raw materials (active ingredients) and in the distribution under exclusivity in Italy of functional ingredients chosen from the world's most important producers.

Positioning

Pharmanutra represents an unicorn in the pharmaceutical industry. The Group has successfully developed a fully integrated business model, ranging from pure discovery to direct sale to customers. The Group has the know-how to internally manage the following phases of the value chain: design, development and registration of a new product, manufacturing of raw materials (active ingredients), marketing and communication, sales and training of the Sales Network.

Pharmanutra's business model carries the clear advantage to have strongly reduced the Time to Market of the commercialization of a new product from 3-8 years to 1-3 years with respect to traditional pharmaceutical companies where substance discovery and efficacy development is separated from the marketing and sales.

The sophisticated Intellectual Property (IP) production and management strategy of Pharmanutra is aiming to create long-lasting competitive advantages and high barriers to protect its assets. The Group has put in place an IP protection strategy incomparable within the dietary supplements and medical devices industry.

At FY19 the group owns 16 (+5 since 2017) proprietary raw materials, 10 (+1) patents based on pure technological innovation, 26 (+4 YoY) registered brands yielding a strong brand awareness in the medical field, and 112 (+36 YoY) completed clinical trials providing a significant amount of clinical evidence. Manufacturing and logistics are outsourced to qualified third-parties (CMO) and closely monitored by the Group.

Growth

The Group has built an impressive growth track record and achieved a 30.3% revenue and a 42.5% EBITDA CAGR from 2003 to 2019. Results were mainly driven by (i) the development of new proprietary formulations (Sucrosomial® technology), (ii) the launch of brand-new products, (iii) the establishment of an innovative marketing and sales model (efficient Sales Network), (iv) the expansion abroad (sales outside Italy started in 2013 and have contributed 31% to revenues and 64% to volumes in 2019). The EBITDA margin increased from 6.3% in 2003 to 24.3% in 2019.

In FY18-21 we forecast a 13.8%/14.2%/10.7% CAGR for revenues, Adj. EBITDA and Adj. net profit respectively, driven by the development of new applications/formulations for Sideral® and Cetilar® families of products, by the launch of brand-new products, and by a wider penetration of foreign markets.

Strategy

The main growth drivers will be:

- **Continuous R&D efforts:** a new R&D center is under development (ca.6mn CAPEX in 2019/2020 period);
- **Sales Network expansion:** to consolidate its market positioning in Italy the Group aims to expand the Sales Network to 200 units by December 2020 (from 130 currently)
- **Launch of new products:** during 2018-19 8 new products were launched (different new application of Sucrosomial iron®; new child products; a brand-new line on Sucrosomial magnesium®, Apportal®)
- **Geographical expansion:** the objective is to expand the product portfolio among existing partners and to open distribution to new markets (Germany, France, UK and US as main targets)
- **M&A:** targeting Sales Network expansion, creation of foreign direct subsidiaries

Strengths

Reduced time to market of products thanks to a fully integrated value chain
Proprietary active principles and delivery systems (Sucrosomial technology)
Efficient Sales Network

Weaknesses

Strong dependence on iron food supplements market
No direct presence in foreign countries

Opportunities

New product and formulations development
Geographical expansion through existing and new distributors
Enlargement of the Sales network

Threats

Regulatory limits on food supplement somministrazione
New formulations developed by competitors in the iron market

Key shareholders

Andrea Lacorte 32.21%
Roberto Lacorte 23.95%
Beda srl 11.31%

Management

Andrea Lacorte - Chairman
Roberto Lacorte - CEO
Carlo Volpi - COO

Next events

1H20 Results

1H20 Results

1H20 is sound despite pandemic outbreak; foreign revenues continue to gain momentum.

Eu mn	1H19A	1H20E	YoY %	2H19A	2H20E	YoY %	FY19A	FY20E	YoY %
Net Revenues	25.0	29.1	16.5%	28.6	26.9	-5.9%	53.6	56.0	4.5%
on sales %	13.9%	22.2%		11.6%	-7.4%		12.7%	6.3%	
Other revenues and income	0.1	1.6		0.5	0.0		0.6	1.6	
on sales %	0.5%	5.1%		1.6%	0.1%		1.1%	2.8%	
Total Revenues / Value of Production	25.1	30.7	22.2%	29.1	26.9	-7.4%	54.2	57.6	6.3%
on sales %	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%	
EBITDA Adjusted	6.3	9.4	49.3%	6.9	7.3	6.4%	13.2	16.7	27.0%
Ebitda Margin %	25.2%	30.8%		23.6%	27.1%		24.3%	29.0%	
Taxes	(1.9)	1.3		(1.9)	(2.2)		(3.7)	(0.9)	
Tax rate %	-31.9%	15.6%		-29.6%	-32.8%		-30.7%	-6.0%	
Restated net Profit	4.0	6.6	65.0%	4.5	3.1	-31.1%	8.5	9.7	14.3%
Net Profit Margin %	15.9%	31.6%		15.3%	16.6%		15.6%	24.6%	
NFP end of the period	10.8	13.1		13.6	17.9		13.6	17.9	

Source: Factset and Alantra estimates

Estimates

Change in estimates

FY20 margins will should be outstanding; FY21 estimates fine-tuned downward as business development has partially slowed

(Eu mn)	NEW estimates				FY19A/E	FY20E	FY21E	FY22E
	FY19A	FY20E	FY21E	FY22E				
Revenues	53.6	56.0	63.3	71.6	0.0%	-7.4%	-9.0%	-6.1%
EBITDA Reported	13.2	16.8	16.0	18.1	0.0%	12.2%	-9.2%	-5.6%
EBIT Reported	12.2	15.1	14.4	16.1	0.0%	9.8%	-10.5%	-7.2%
Pretax Profit	12.2	15.1	14.4	16.1	0.0%	9.8%	-10.5%	-7.2%
Net profit	8.5	14.2	10.7	11.9	0.0%	46.4%	-6.1%	-3.1%
EPS	0.873	1.463	1.108	1.232	0.0%	46.4%	-6.1%	-3.1%
Net financial position	13.6	17.9	20.5	21.2	0.0	3.2	4.6	3.1

Source: Factset and Alantra estimates

Trading multiples

The stock is trading at discount vs selected peers group

Company	Country	Mkt Cap (Eu mn)	EV/EBITDA		EV/EBIT		PE		EV/Sales															
			FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E												
PHARMANUTRA Premium (discount) to Peers' Median	ITALY	219	12.3 x	12.7 x	11.2 x	14.1 x	14.5 x	18.9 x	17.0 x	3.6 x	3.2 x	2.8 x	-20%	-14%	-12%	-47%	-21%	-17%	-52%	-27%	-23%	-13%	-11%	-10%
PEERS	Average Median		15.4 x 12.5 x	14.8 x 13.7 x	12.7 x 11.2 x	25.8 x 24.0 x	18.0 x 15.9 x	30.3 x 28.3 x	26.1 x 25.0 x	4.1 x 3.6 x	3.6 x 3.2 x	3.1 x 2.5 x												
Clover Corporation Limited	AUSTRALIA	227	27.1 x	22.9 x	20.6 x	27.9 x	23.5 x	40.4 x	34.2 x	na	na	na												
BioGaia AB Class B	SWEDEN	909	30.3 x	27.5 x	24.0 x	32.0 x	28.9 x	43.1 x	39.3 x	34.5 x	11.1 x	9.8 x	8.6 x											
Boiron SA	FRANCE	687	4.8 x	4.6 x	3.6 x	7.7 x	6.9 x	38.5 x	18.3 x	14.5 x	0.9 x	0.9 x	0.8 x											
LifeVantage Corporation	UNITED STATES	171	12.8 x	6.5 x	5.7 x	na	9.1 x	25.0 x	15.7 x	14.1 x	na	0.7 x	0.7 x											
Biosearch, S.A.	SPAIN	87	11.5 x	18.7 x	13.5 x	59.2 x	29.2 x	24.0 x	37.4 x	24.9 x	3.1 x	2.8 x	2.5 x											
USANA Health Sciences, Inc.	UNITED STATES	1,374	12.0 x	10.8 x	na	13.9 x	12.0 x	14.9 x	13.8 x	14.1 x	na	na	na											
Jamieson Wellness, Inc.	CANADA	961	19.1 x	16.6 x	na	26.1 x	na	33.8 x	29.1 x	24.7 x	4.2 x	3.8 x	na											
Vifor Pharma AG	SWITZERLAND	7,685	12.5 x	10.7 x	8.8 x	21.9 x	15.9 x	24.8 x	20.8 x	18.3 x	4.1 x	3.6 x	3.1 x											
Company	Country	Mkt Cap (Eu mn)	Dividend Yield		FCF Yield		Net Debt/EBITDA		P/BV															
PHARMANUTRA	ITALY		FY20E	FY21E	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E														
PEERS	Average Median		1.1% 1.2%	1.4% 1.3%	1.7% 1.7%	3.7% 2.1%	4.1% 2.4%	1.2 x 1.2 x	0.7 x 0.7 x	5.9 x 3.3 x	6.2 x 4.5 x	6.4 x 6.4 x												
Clover Corporation Limited	AUSTRALIA	227	1.0%	1.2%	1.2%	na	na	nm	nm	nm	nm	nm												
BioGaia AB Class B	SWEDEN	909	1.7%	2.0%	2.2%	2.1%	2.3%	nm	nm	14.5 x	12.9 x	11.5 x												
Boiron SA	FRANCE	687	1.1%	2.4%	3.1%	5.9%	6.5%	nm	nm	1.4 x	1.3 x	1.2 x												
LifeVantage Corporation	UNITED STATES	171	na	na	na	na	2.3%	na	nm	na	na	na												
Biosearch, S.A.	SPAIN	87	0.0%	0.0%	0.0%	1.3%	0.7%	0.7 x	0.3 x	na	na	na												
USANA Health Sciences, Inc.	UNITED STATES	1,374	na	na	na	6.9%	7.7%	na	na	na	na	na												
Jamieson Wellness, Inc.	CANADA	961	1.3%	1.3%	na	2.1%	3.4%	1.7 x	1.1 x	5.1 x	4.5 x	na												
Vifor Pharma AG	SWITZERLAND	7,685	1.6%	1.6%	1.6%	4.5%	4.9%	nm	nm	2.4 x	2.3 x	2.1 x												

Source: Alantra estimates and Factset

Financials

Higher economics compared to a broad panel of international peers

Company	Country	Mkt Cap (Eu mn)	FY20E - FY22E average margins					CAGR FY19A - FY22E			
			EBITDA Margin	EBIT Margin	Net Income Margin	Capex / Sales	Dividend Payout	Sales	EBITDA	EBIT	EPS
PHARMANUTRA	ITALY	219	26.6%	23.8%	19.4%	7.2%	50.0%	9.7%	11.2%	9.7%	12.2%
PEERS	Average		21.1%	15.5%	10.9%	3.7%	38.2%	7.1%	14.2%	21.7%	20.8%
	Median		18.2%	13.9%	8.7%	3.1%	39.8%	8.2%	13.6%	14.8%	14.4%
Clover Corporation Limited	AUSTRALIA	227	na	na	na	na	39.8%	na	7.6%	7.7%	5.9%
BioGaia AB Class B	SWEDEN	909	36.1%	34.3%	26.5%	2.3%	75.6%	11.7%	14.3%	14.8%	14.8%
Boiron SA	FRANCE	687	19.8%	13.0%	6.7%	5.0%	44.2%	-2.1%	3.9%	5.4%	6.3%
LifeVantage Corporation	UNITED STATES	171	11.0%	8.2%	5.4%	1.1%	na	4.4%	17.9%	26.3%	19.2%
Biosearch, S.A.	SPAIN	87	15.3%	9.2%	7.4%	7.5%	0.0%	14.2%	37.9%	69.7%	81.7%
USANA Health Sciences, Inc.	UNITED STATES	1,374	16.5%	14.7%	10.0%	na	na	2.8%	3.1%	5.2%	7.4%
Jamieson Wellness, Inc.	CANADA	961	22.8%	16.1%	12.5%	3.4%	41.1%	10.6%	12.9%	na	16.8%
Vifor Pharma AG	SWITZERLAND	7,685	33.8%	22.1%	13.9%	2.9%	33.7%	8.2%	15.9%	22.5%	14.0%

Source: Alantra estimates and Factset

Performance

The stock is down ca 3% over the last month

Company	Country	Mkt Cap (Eu mn)	Performance					
			1M	3M	6M	1YR	3YR	5YR
PHARMANUTRA	ITALY	219	-3.4%	-3.8%	15.0%	10.8%	75.2%	na
PEERS	Average		3.5%	7.1%	18.7%	12.5%	93.0%	208.9%
	Median		1.9%	0.9%	10.7%	4.2%	59.3%	64.4%
Clover Corporation Limited	AUSTRALIA	227	-5.1%	0.9%	-2.6%	2.8%	416.3%	1287.5%
BioGaia AB Class B	SWEDEN	909	0.4%	22.4%	48.0%	30.5%	85.9%	118.5%
Boiron SA	FRANCE	687	15.5%	13.5%	37.4%	18.6%	-52.4%	-54.2%
LifeVantage Corporation	UNITED STATES	171	5.7%	1.1%	24.6%	3.2%	236.0%	155.5%
Biosearch, S.A.	SPAIN	87	32.8%	49.3%	72.0%	50.5%	196.9%	229.1%
USANA Health Sciences, Inc.	UNITED STATES	1,374	-6.6%	-1.6%	10.7%	4.2%	32.7%	10.2%
Jamieson Wellness, Inc.	CANADA	961	4.8%	14.8%	39.2%	60.7%	100.1%	na
Vifor Pharma AG	SWITZERLAND	7,685	-3.3%	-9.3%	-15.8%	-20.5%	22.1%	0.2%

Source: Alantra estimates and Factset

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HOLD: The stock is expected to generate returns of 0-10% during the next 12 months.

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