

### Buy

PT: €86.00

Changes	2023E	2024E
Revenue	0.8%	0.9%
EPS	1.3%	-

#### Key data

Ticker	PHN IM
Price (11 September 2023)	€55.00
Upside to Price Target (%)	56.4
Market Cap (m)	532
Free Float (%)	35.0
No. of Shares (m)	9.68
1mth perf (%)	(3.4)
3mth perf (%)	(10.5)
12mth perf (%)	(22.2)
12mth high-low (€)	72 - 49

#### Key financials

(In EUR M)

Year to Dec	2022A	2023E	2024E
Group revenue	82.7	98.8	111
EBITDA (rep.)	24.4	24.1	27.8
EBIT (rep.)	23.0	22.1	25.1
EPS (adj.)	1.56	1.60	1.79
DPS	0.80	0.80	0.81
Net debt/(cash)	(11)	0.1	(7.6)
ROCE (NOPAT) (%)	47.4	36.3	39.9
EPS (adj.) y/y (%)	13.4	2.8	11.9
Net debt/EBITDA	(0.4)	0.00	(0.3)
EV/Sales	6.4	5.4	4.8
EV/EBITDA (adj.)	21.6	22.3	19.1
EV/EBIT (adj.)	22.9	24.3	21.1
P/E (adj.)	35.3	34.3	30.7
Dividend yield (%)	1.5	1.5	1.5
Free CF yield (%)	0.6	(0.1)	3.1
EV/CE	10.8	8.8	8.4

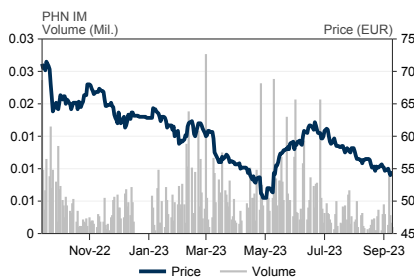
Prices are as of close 11 September 2023

Completed: 11 September 2023 16:06EDT

Disseminated: 12 September 2023 01:00EDT

All sources unless otherwise stated: Company data, FactSet, Stifel estimates

#### Share price performance (indexed)



## Q2-23 results post view and model fine-tuning.

### Summary

- PharmaNutra reported an overall aligned set of Q2 results, with intact strong sales growth trends and softer profitability reflecting the well-anticipated start-up costs related to the new BP initiatives and some one-off tax provisions.
- Management highlighted some potential upside to the consensus FY-23 sales estimate while confirming the outlook for profitability and a reversal to positive cash generation in H2.
- We fine-tuned our model, increasing our sales and Adj. EPS by 1%. We confirm our PT of €86.

### Key Points

**Q2-23 results overall aligned with expectations.** Q2 Net Sales were up +25% YoY (Q1: 25%) to €26.0m, c.1% above SFe, with growth primarily driven by volumes, with the contribution of Akern of €1.2m (SFe: €1.1m). By division, Italy maintained good traction (Q2: +13% vs SFe +14%; Q1 +17%), while International sales accelerated sequentially to 40% in Q2 (vs SFe +32% and Q1 +18%). By product, SiderAL accelerated sequentially to +26% in Q2 (vs SFe +30% and Q1 +15%), following the pattern of International, Cetilar remained very strong (+24% in Q2 and SFe +20%; vs +31% in Q1) despite a tough comparison base, and ApportAL, as expected, normalised (-16% in Q2 vs +34% in Q1) due to lower incidence of Covid-19 cases. As for profitability, Adj. EBITDA came at €6.7m in Q2, 3% above SFe, while the main deviation in the P&L was a c.€2m in tax provisions related to a collaborative settlement of a tax dispute concerning periods from 2017 to 2021 (2016 already settled, led to €1.4m tax provision in Q4-22). Excluding this, Adj. Net Income of €9.3m came 7% ahead of our estimates. Operating cash flow was flat due to the deferred tax costs and the inventory strategy on raw materials, which coupled with €6m capex and €7.7m dividends payment brought to a Net Debt of €10m (SFe €10.4m).

**Conference call feedback.** 1. Management sees some room to exceed the consensus FY-23 sales estimate of €98m, achieving a triple-digit figure, driven by low double-digit growth in Italy and more normalized growth in the International business. 2. PharmaNutra existing business should maintain a profitability aligned with 2022 (29%). Including some €5m start-up costs (of which €3m of marketing, €2m personnel and set-up) related to the new projects would bring the group profitability around 24%-25%. 3. Management expects around €12m/13m capex in FY-23. 4. PharmaNutra is working on a general roadmap to potentially start-up the distribution of its products in Germany from 2024. 5. SiderAL maintained a 47.7% volume market share in H1 (47.8% in H1-22) in a growing market, while Cetilar increased its market share (2.9% in H1-23 vs 2.6% in H1-22) in a stable underlying market.

**Change in estimates.** We fine-tuned our model, increasing our FY-23/25 sales and Adj. EPS estimates by 1%, to reflect H1-results. Our estimate of the reported FY-23 Net Income includes €2.6m of tax provisions.

**Buy, PT €86 confirmed.** At ~5x FY-24 EV/Sales and ~35x FY-24 PE the valuation compares favorably against its 3-year median of 5.8x and 38x, at a time when its ROCE, which is still c.40%, is expected to trough in 2023. With the BP key drivers to support growth over the next 5-10 years, PharmaNutra has a great story to tell. Our PT of €86 reflects a median 6.5x FY-25 EV/Sales, assuming a 13% 2023-30 CAGR, which is below the company's target of 18% CAGR. Assuming the company's targets are achieved, a re-rating towards 6.5x could take the stock to >€100/share.

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All relevant disclosures and certifications appear on pages 9 - 12 of this report.

## KEY FINANCIALS AND RATIOS

YEAR TO DECEMBER (IN EUR m)	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
<b>PROFIT &amp; LOSS ACCOUNT</b>								
Group revenue	46.6	53.6	56.4	68.1	82.7	98.8	111	124
EBITDA (rep.)	12.6	13.2	15.6	20.1	24.4	24.1	27.8	33.5
EBIT (rep.)	11.91	12.20	13.22	18.69	23.0	22.1	25.1	30.8
Pre-tax results	11.9	12.2	13.3	18.8	23.4	22.1	25.1	30.8
Income tax and other items	(3)	(4)	0.77	(5)	(8)	(9)	(8)	(9)
Net result group	8.56	8.45	14.1	13.8	15.0	12.9	17.4	21.3
Minorities and other items	0	0	0	0	0	0	0	0
Net result shareholders, rep.	8.56	8.45	14.1	13.8	15.0	12.9	17.4	21.3
EPS	0.88	0.87	1.45	1.42	1.56	1.33	1.79	2.20
Exceptionals in EBIT	(1)	0.00	0.47	0	0	0	0	0
<b>Profit and Loss Account (adj)</b>								
EBITDA	11.8	13.2	16.0	20.1	24.4	24.1	27.8	33.5
EBIT	12.65	12.20	12.75	18.69	23.0	22.1	25.1	30.8
Operating result (company definition)	12.7	12.2	12.8	18.7	23.0	22.1	25.1	30.8
Net result, shareholders	7.86	8.45	11.6	13.3	16.4	15.5	17.4	21.3
EPS (adj.)	0.81	0.87	1.20	1.38	1.56	1.60	1.79	2.20
<b>CASH FLOW STATEMENT</b>								
EBITDA (rep.)	12.6	13.2	15.6	20.1	24.4	24.1	27.8	33.5
Change in working capital	0.69	(2)	0.46	(4)	3.57	(1)	(1)	(2)
Other operating cash flow items	(7)	1.20	(4)	4.27	(14)	(11)	(8)	(9)
Cash flow before capex	6.43	12.0	11.8	20.4	14.1	11.7	18.7	22.5
Capital expenditure	(1)	(5)	(1)	(5)	(11)	(12)	(2)	(2)
Free cash flow	5.64	7.12	10.5	15.4	3.33	(0)	16.4	20.0
Acquisitions/Disposals/Financial assets	(0)	(0)	0.73	0	(11)	(1)	(1)	0
Dividends, minority payouts	(3)	(5)	(4)	(6)	(7)	(8)	(8)	(8)
Equity measures, other	0.31	0.33	(1)	(0)	(3)	(2)	(0)	0.00
Change in net cash	2.28	2.19	5.80	8.71	(17)	(11)	7.68	12.2
Net cash (debt)	11	14	19	28	11	(0)	8	20
<b>BALANCE SHEET</b>								
Fixed assets	5.94	10	10.2	14.1	38.6	49.7	50.3	50.0
Current Assets	35.5	39.0	41.5	57.2	61.5	56.9	68.4	84.8
t/o Inventories	2.15	1.85	1.89	2.87	5.26	6.24	7.00	7.85
t/o Trade receivables	13.0	15.0	15.1	16.7	21.6	24.7	27.8	31.2
t/a Cash and equivalents	16.7	20.0	21.0	34.4	28.4	17.6	25.3	37.5
Group equity	24.4	28.1	37.7	45.1	50.9	54.5	64.1	77.6
t/o Shareholders equity	24.4	28.1	37.7	45.1	50.9	54.5	64.1	77.6
Interest-bearing liabilities	5.34	6.40	1.66	6.35	17.7	17.7	17.7	17.7
Other liabilities and provisions	11.7	14.3	12.3	19.9	31.5	34.4	36.8	39.5
t/o Trade liabilities	6.67	8.16	7.17	10	16.9	19.8	22.2	24.9
Balance sheet total	41.5	48.9	51.7	71.4	100	107	119	135
Net Working Capital	8.46	8.72	10	10	10.0	11.2	12.6	14.1
Capital Employed (incl. Goodwill)	14.4	18.6	20.0	23.9	48.6	60.9	62.9	64.1
<b>RATIOS</b>								
Revenue y/y (%)	23.4	15.0	5.3	20.7	21.4	19.4	12.3	12.2
EBITDA Margin (adj.) (%)	25.4	24.6	28.4	29.5	29.4	24.4	25.0	26.9
EBIT adj margin (%)	27.1	22.8	22.6	27.4	27.9	22.4	22.6	24.7
EPS (adj.) y/y (%)	30.3	7.5	37.2	14.8	13.4	2.8	11.9	22.7
Working capital intensity (%)	18.2	16.3	17.3	14.4	12.1	11.3	11.3	11.3
DSOs	102	102	97.3	89.3	95.5	91.4	91.4	91.4
Inventory turnover (Days)	16.8	12.6	12.2	15.4	23.2	23.0	23.0	23.0
Net debt (cash) / EBITDA (adj.)	(1.0)	(1.0)	(1.2)	(1.4)	(0.4)	0.00	(0.3)	(0.6)
EBITDA (adj.) / Capex	14.97	2.71	12.05	4.03	2.27	1.99	12.49	13.45
Free CF yield (%)	1.1	1.3	2.0	2.9	0.6	(0.1)	3.1	3.8
Oper. FCF Yield (%)	1.1	1.4	2.0	3.0	0.6	(0.1)	3.1	3.9

## Company Snapshot

### Investment case summary

PharmaNutra's competitive advantage stems from its proprietary raw materials employed in its products, as well as its patented technologies, which serve as a valuable barrier to entry from the competition. In the past 18 years, the company grew revenue from zero to c.€60m, maintaining healthy profitability and strong free cash generation leading to a net cash position. As the company is still at an earlier stage of development while enjoying a clear leading position in the OTC oral iron supplements market in Italy, we believe it can benefit from multiple growth opportunities going forward, both organically and externally.

### Target price methodology

A weighted average of DCF valuation, computed using a WACC of 7.0% and a terminal growth rate of 4.0%, and peer multiples.

### Risk to our valuation and rating

- **Macroeconomic and country risk:** Any deterioration in its key markets due to macro-related issues.
- **Strategy execution risk:** Slower/faster-than-expected delivery against the 2022-30 business plan.
- **Operational risk:** Lack of skilled workforce or labor cost inflation; global supply chain constraints leading to higher manufacturing costs; new HQ construction delays; higher than budgeted costs to develop the US market.
- **Capital allocation:** Cheap/expensive M&A or capital injections to accelerate growth.
- **Competition risk:** New product launches undermining/strengthening its leadership in the oral iron market or in the muscle painkillers segment.
- **Regulatory risk:** Change in food supplements regulation.
- **Technological risk:** From the obsolescence of patented technologies and approvals in new markets.

### Key dates

11 September 2023: Q2-23 results

6 November 2023: Q3-23 results

### Company description

Established by Andrea and Roberto Lacorte in 2003, PharmaNutra is an Italian operator active in the R&D, commercialisation, and distribution of nutraceutical products and medical devices. The company is the market leader in the OTC oral iron supplement segment, with its SiderAL product line retaining a c.54% market share in Italy. It also focuses on topical muscle pain treatments through its Cetilar product line. Its flagship products are covered by patents. PHN's business model relies on R&D, with a widespread distribution network in Italy, including c.150 scientific sales representatives, providing access to doctors and pharmacies. Abroad, PHN operates in 56 countries through 39 exclusive key partners, selected among the world's primary pharmaceutical companies. As of 2020, PharmaNutra had 17 patents, 37 trademarks, 17 proprietary raw materials and 34 products backed by 122 observational studies.

### Key products, clients and end markets

By product:

- **SiderAL line:** Nutritional supplement based on sucrosomial Iron (75% FY-22e reported net revenue)
- **Cetilar line:** Topical muscle pain treatment medical devices (10%)
- **Apportal:** Nutritional supplement containing 19 different ingredients (10%)
- **Ultramag:** Nutritional supplement based on sucrosomial Magnesium (1%)
- **Others:** Including Ribomicin, Dolomir, and Lactozepam (4%)
- **Akern:** Medical devices and software for body composition analysis (2% reported; 6% pro-forma)

By region:

- **Italy** (37% of volumes; 71% of revenue in FY-20) and, **RoW** (63%; 29%), with Europe and the Middle East representing the bulk of foreign sales.

### Key shareholders

- Andrea Lacorte, Chairman: 31.4%
- Roberto Lacorte, CEO: 23.1%
- Carlo Volpi, COO: 10.5%
- Free Float: 35.0%

### Senior management

- Andrea Lacorte, Chairman and co-founder
- Roberto Lacorte, CEO, Vice-chariman and co-founder
- Carlo Volpi, COO
- Francesco Sarti, CFO
- Germano Tarantino, Chief Scientific Officer

## Summary of forecast changes

Figure 1: Changes to estimates

	FY22	FY23E			FY24E			FY25E		
		new	old	diff%	new	old	diff%	new	old	diff%
<b>NET REVENUES</b>	<b>82.7</b>	<b>98.8</b>	<b>98.0</b>	0.8%	<b>110.9</b>	<b>110.0</b>	0.9%	<b>124.5</b>	<b>123.4</b>	0.9%
chge% YoY	21.4%	19.4%	18.4%		12.3%	12.3%		12.2%	12.2%	
<b>EBITDA</b>	<b>24.4</b>	<b>24.1</b>	<b>23.9</b>	0.7%	<b>27.8</b>	<b>27.5</b>	1.0%	<b>33.5</b>	<b>33.2</b>	0.9%
chge% YoY	21.3%	-1.0%	-1.7%		15.2%	14.9%		20.8%	20.9%	
<b>margin</b>	<b>29.4%</b>	<b>24.4%</b>	<b>24.4%</b>		<b>25.0%</b>	<b>25.0%</b>		<b>26.9%</b>	<b>26.9%</b>	
ONE-OFFS	0.0	0.0	0.0		0.0	0.0		0.0	0.0	
<b>Adj. EBITDA</b>	<b>24.4</b>	<b>24.1</b>	<b>23.9</b>	0.7%	<b>27.8</b>	<b>27.5</b>	1.0%	<b>33.5</b>	<b>33.2</b>	0.9%
chge% YoY	21.3%	-1.0%	-1.7%		15.2%	14.9%		20.8%	20.9%	
<b>margin</b>	<b>29.4%</b>	<b>24.4%</b>	<b>24.4%</b>		<b>25.0%</b>	<b>25.0%</b>		<b>26.9%</b>	<b>26.9%</b>	
D&A	(1.3)	(2.0)	(2.0)		(2.7)	(2.6)		(2.7)	(2.7)	
<b>EBIT</b>	<b>23.0</b>	<b>22.1</b>	<b>22.0</b>	0.7%	<b>25.1</b>	<b>24.9</b>	1.0%	<b>30.8</b>	<b>30.5</b>	0.9%
<b>margin</b>	<b>27.9%</b>	<b>22.4%</b>	<b>22.4%</b>		<b>22.6%</b>	<b>22.6%</b>		<b>24.7%</b>	<b>24.7%</b>	
Net Financial Result	0.4	0.0	0.0		0.0	0.0		0.0	0.0	
<b>PRE TAX PROFIT</b>	<b>23.4</b>	<b>22.1</b>	<b>22.0</b>	0.7%	<b>25.1</b>	<b>24.9</b>	1.0%	<b>30.8</b>	<b>30.5</b>	0.9%
Taxes	(8.4)	(9.2)	(6.7)		(7.7)	(7.5)		(9.5)	(9.2)	
<b>NET INCOME</b>	<b>15.0</b>	<b>12.9</b>	<b>15.3</b>	-15.6%	<b>17.4</b>	<b>17.3</b>	0.2%	<b>21.3</b>	<b>21.3</b>	0.2%
chge% YoY	9.3%	-14.1%	1.8%		34.4%	13.1%		22.7%	22.8%	
<b>Adj. NET INCOME</b>	<b>16.4</b>	<b>15.5</b>	<b>15.3</b>	1.3%	<b>17.4</b>	<b>17.3</b>	0.2%	<b>21.3</b>	<b>21.3</b>	0.2%
<b>NET DEBT (CASH)</b>	<b>(10.6)</b>	<b>0.1</b>	<b>(9.3)</b>		<b>(7.6)</b>	<b>(17.0)</b>		<b>(19.8)</b>	<b>(29.1)</b>	
NET DEBT/EBITDAx	(0.4) x	0.0 x	(0.4) x		(0.3) x	(0.6) x		(0.6) x	(0.9) x	

Source: Company accounts, Stifel Research and estimates

## Our revised estimates versus consensus

Figure 2: Stifel three-year estimates vs consensus

	FY22	FY23E			FY24E			FY25E		
		Stifel	Stifel	Cons. diff%	Stifel	Cons. diff%	Stifel	Cons. diff%		
<b>NET REVENUES</b>	<b>82.7</b>	<b>98.8</b>	<b>97.5</b>	1.3%	<b>110.9</b>	<b>113.0</b>	-1.8%	<b>124.5</b>	<b>130.0</b>	-4.3%
chge% YoY	20.5%	19.4%	19.5%		12.5%			12.5%		
<b>Adj. EBITDA</b>	<b>24.4</b>	<b>24.1</b>	<b>24.0</b>	0.4%	<b>27.8</b>	<b>28.6</b>	-2.9%	<b>33.5</b>	<b>34.2</b>	-1.9%
<b>NET DEBT (CASH)</b>	<b>(10.6)</b>	<b>0.1</b>	<b>(8.2)</b>	n.m.	<b>(7.6)</b>	<b>(16.8)</b>	-54.8%	<b>(19.8)</b>	<b>(27.4)</b>	-27.6%

Source: Bloomberg, Stifel Research and estimates

## H1-23 results breakdown overview

Figure 3: PharmaNutra H1-23 Results breakdown by division

Amounts (€/000)	2023 PHN AS IS	NUTRITION	CINA	AKN	ESPANA	USA	2023 TOTAL GROUP	2022
Net Sales Revenues	46.698	84	153	2.691	6	0	49.632	39.711
Operating expenses	32.139	743	237	1.634	298	528	35.578	27.296
EBITDA	14.559	(658)	(84)	1.057	(292)	(528)	14.054	12.415
<b>% on Net Revenues</b>	<b>31,2%</b>	<b>n.s</b>	<b>n.s</b>	<b>39,3%</b>	<b>n.s</b>	<b>n.s</b>	<b>28,3%</b>	<b>31,3%</b>
Net Result	8.131	(659)	(84)	664	(292)	(528)	7.232	8.232
Net Result excl. non-recurring Items	10.181	(659)	(84)	664	(292)	(528)	9.282	8.232
EPS	0,84						0,75	0,85
EPS excl. non-recurring Items	1,05						0,96	0,85

Source: Company accounts

## Q2/H1-23 Results review

Figure 4: PharmaNutra Q2/H1-23 results review

€ Mn	1Q22	2Q22	1H22	2H22	2022	1Q23	2Q23	2Q23-E	Δ (%)	1H23
<b>P&amp;L</b>										
<b>NET REVENUES</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>43.0</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>25.8</b>	1%	<b>49.6</b>
<i>chge% YoY</i>	32.3%	15.7%	23.0%	20.0%	21.4%	25.3%	24.7%	23.7%		25.0%
<b>Adj. EBITDA</b>	<b>5.3</b>	<b>7.2</b>	<b>12.4</b>	<b>11.9</b>	<b>24.4</b>	<b>6.6</b>	<b>7.5</b>	<b>7.2</b>	3%	<b>14.1</b>
<i>chge% YoY</i>	36.7%	11.5%	20.8%	21.9%	21.3%	25.0%	4.5%	1.4%		13.2%
<b>margin</b>	<b>27.8%</b>	<b>34.2%</b>	<b>31.2%</b>	<b>27.7%</b>	<b>29.4%</b>	<b>27.9%</b>	<b>28.7%</b>	<b>28.1%</b>	+60bp	<b>28.2%</b>
D&A	(0.3)	(0.3)	(0.6)	(0.7)	(1.3)	(0.4)	(0.4)	(0.6)		(0.9)
<b>EBIT</b>	<b>5.0</b>	<b>6.8</b>	<b>11.8</b>	<b>11.2</b>	<b>23.0</b>	<b>7.0</b>	<b>6.2</b>	<b>5.9</b>	6%	<b>13.2</b>
<i>chge% YoY</i>	39.4%	11.3%	21.6%	25.0%	23.3%	40.1%	-9.0%	-14.4%		11.7%
<b>margin</b>	<b>26.4%</b>	<b>32.8%</b>	<b>29.8%</b>	<b>26.1%</b>	<b>27.9%</b>	<b>29.5%</b>	<b>24.0%</b>	<b>22.7%</b>	+130bp	<b>26.6%</b>
Net Financial Result	0.0	(0.0)	0.0	0.4	0.4	0.1	(0.1)	(0.1)		0.0
<b>PRE TAX PROFIT</b>	<b>5.0</b>	<b>6.8</b>	<b>11.8</b>	<b>11.6</b>	<b>23.4</b>	<b>7.1</b>	<b>6.1</b>	<b>5.7</b>	7%	<b>13.2</b>
Taxes	(1.5)	(2.1)	(3.6)	(4.8)	(8.4)	(1.7)	(4.3)	(2.2)		(6.0)
Tax Rate (%)	-30.0%	-30.6%	-30.4%	-41.2%	-35.7%	-23.3%	-70.6%	-38.2%		-45.2%
<b>NET INCOME</b>	<b>3.5</b>	<b>4.7</b>	<b>8.2</b>	<b>6.8</b>	<b>15.0</b>	<b>5.4</b>	<b>1.8</b>	<b>3.5</b>	-49%	<b>7.2</b>
ONE-OFFS	0.0	0.0	0.0	(1.4)	(1.4)	0.8	(2.8)	(0.8)		(2.1)
<b>Adj. NET INCOME</b>	<b>3.5</b>	<b>4.7</b>	<b>8.2</b>	<b>8.2</b>	<b>16.4</b>	<b>4.6</b>	<b>4.6</b>	<b>4.3</b>	7%	<b>9.3</b>
<i>chge% YoY</i>	39.4%	16.5%	25.0%	41.2%	23.5%	32.9%	-2.1%	-8.3%		12.8%
<b>Adj. EPS</b>	<b>0.36</b>	<b>0.49</b>	<b>0.85</b>	<b>0.85</b>	<b>1.56</b>	<b>0.48</b>	<b>0.48</b>	<b>0.45</b>	7%	<b>0.96</b>
<b>Cash Flow &amp; Balance Sheet</b>										
Capex	-0.9	-4.6	-5.5	-5.2	-10.7	-3.6	-6.0	-6.0		-9.6
FCF	0.8	(0.6)	0.2	3.1	3.3	(5.7)	(3.7)	(1.6)		(9.4)
<b>NET DEBT / (CASH)</b>	<b>(27.1)</b>	<b>(19.6)</b>	<b>(19.6)</b>	<b>(10.6)</b>	<b>(10.6)</b>	<b>(2.9)</b>	<b>10.0</b>	<b>10.4</b>		<b>10.0</b>
NET DEBT/EBITDAx	(5.1) x	(2.7) x	(1.6) x	(0.9) x	(0.4) x	(0.4) x	1.3 x	1.4 x		0.7 x
<b>Net Revenue drivers</b>										
<b>Sales by division</b>										
<b>LB1 (Italy)</b>	<b>13.1</b>	<b>15.9</b>	<b>28.9</b>	<b>30.3</b>	<b>59.2</b>	<b>15.3</b>	<b>17.9</b>	<b>18.1</b>	-1%	<b>33.2</b>
<i>chge% YoY</i>	20.7%	17.9%	19.1%	28.8%	23.9%	16.9%	12.6%	14.1%		14.5%
<b>LB2 (Row)</b>	<b>5.8</b>	<b>5.0</b>	<b>10.8</b>	<b>12.7</b>	<b>23.5</b>	<b>6.8</b>	<b>7.0</b>	<b>6.6</b>	6%	<b>13.8</b>
<i>chge% YoY</i>	69.1%	9.4%	35.0%	3.3%	15.7%	17.8%	40.1%	32.3%		28.1%
<b>Akern</b>	-	-	-	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	5%	<b>2.7</b>
<i>chge% YoY</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>		<i>n.m.</i>
<b>Total</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>45.0</b>	<b>84.7</b>	<b>23.6</b>	<b>26.0</b>	<b>25.8</b>		<b>49.6</b>
<i>chge% YoY</i>	32.3%	15.7%	23.0%	20.0%	21.4%	25.3%	24.7%	23.7%		25.0%
<b>Sales by product line</b>										
<b>Sideral</b>	<b>14.1</b>	<b>14.8</b>	<b>28.9</b>	<b>29.9</b>	<b>58.8</b>	<b>16.1</b>	<b>18.7</b>	<b>19.3</b>	-3%	<b>34.8</b>
<i>chge% YoY</i>	32.3%	7.5%	18.3%	6.1%	11.8%	14.5%	26.0%	30.0%		20.4%
<b>Cetilar</b>	<b>1.4</b>	<b>2.5</b>	<b>3.9</b>	<b>4.3</b>	<b>8.1</b>	<b>1.8</b>	<b>3.1</b>	<b>3.0</b>	4%	<b>4.9</b>
<i>chge% YoY</i>	-10.6%	53.1%	22.0%	26.3%	24.2%	31.1%	24.2%	20.0%		26.7%
<b>Apportal</b>	<b>1.8</b>	<b>2.0</b>	<b>3.8</b>	<b>4.5</b>	<b>8.2</b>	<b>2.4</b>	<b>1.6</b>	<b>0.9</b>	91%	<b>4.1</b>
<i>chge% YoY</i>	147%	53.1%	87.5%	138.4%	112.0%	34%	-16.3%	-56.3%		7.8%
<b>UltraMag</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.9</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	39%	<b>0.6</b>
<i>chge% YoY</i>	16.9%	-16.9%	-4.3%	7.2%	1.3%	33.0%	39.4%	0.0%		36.5%
<b>Others</b>	<b>0.6</b>	<b>0.7</b>	<b>1.3</b>	<b>1.1</b>	<b>2.4</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>	-4%	<b>1.4</b>
<i>chge% YoY</i>	35.8%	42.7%	39.6%	11.4%	25.3%	10.8%	-3.9%	0.0%		2.5%
<b>Total FP</b>	<b>18.0</b>	<b>20.3</b>	<b>38.3</b>	<b>40.2</b>	<b>78.5</b>	<b>21.2</b>	<b>24.5</b>	<b>24.1</b>	1%	<b>45.7</b>
<i>chge% YoY</i>	33.6%	15.7%	23.5%	15.4%	19.2%	17.8%	20.8%	19.0%		19.4%
<b>Raw Materials</b>	<b>0.8</b>	<b>0.6</b>	<b>1.4</b>	<b>0.9</b>	<b>2.3</b>	<b>0.8</b>	<b>0.4</b>	<b>0.6</b>	-34%	<b>1.2</b>
<i>chge% YoY</i>	9.3%	15.3%	11.8%	-14.1%	0.2%	3.7%	-34.2%	0.0%		-12.8%
<b>Akern</b>	-	-	-	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.2</b>	<b>1.1</b>	5%	<b>2.7</b>
<i>chge% YoY</i>	-	-	-	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>		<i>na</i>
<b>Total</b>	<b>18.8</b>	<b>20.9</b>	<b>39.7</b>	<b>43.0</b>	<b>82.7</b>	<b>23.6</b>	<b>26.0</b>	<b>25.8</b>	1%	<b>49.6</b>
<i>chge% YoY</i>	32.3%	15.7%	23.0%	20.0%	21.4%	25.3%	24.7%	23.7%		25.0%

Source: Company accounts, Stifel Research and estimates

## Our detailed model assumptions

Figure 5: Revenue and earnings model

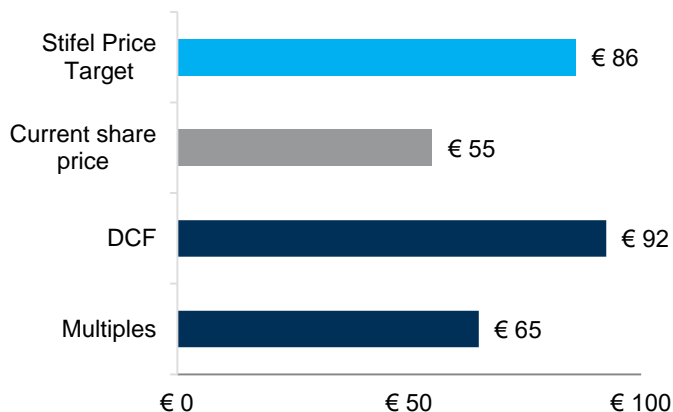
Year to December (EUR m)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Net Revenue</b>	<b>38</b>	<b>47</b>	<b>54</b>	<b>56</b>	<b>68</b>	<b>83</b>	<b>99</b>	<b>111</b>	<b>124</b>
YoY Growth	15.3%	23.4%	15.0%	5.3%	20.7%	21.4%	19.4%	12.3%	12.2%
<b>Net Revenue by product</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021E</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
Sideral	n.a.	37	40	44	53	59	69	77	86
YoY Growth	n.a.	n.a.	10%	8%	21%	12%	17%	12%	12%
Cetilar	n.a.	4	5	6	7	8	9	10	12
YoY Growth	n.a.	n.a.	21%	2%	19%	24%	12%	15%	15%
Apportal	n.a.	0	2	2	4	8	9	10	11
YoY Growth	n.a.	n.a.	421%	24%	62%	112%	7%	15%	10%
Ultramag	n.a.	0	1	1	1	1	1	1	1
YoY Growth	n.a.	n.a.	84%	-36%	55%	1%	30%	0%	0%
Others	n.a.	3	3	2	2	2	4	4	5
YoY Growth	n.a.	n.a.	1%	-30%	-6%	25%	53%	5%	16%
<b>Total Finished Products</b>	<b>36</b>	<b>45</b>	<b>52</b>	<b>54</b>	<b>66</b>	<b>78</b>	<b>92</b>	<b>103</b>	<b>115</b>
% YoY growth	15%	23%	15%	5%	21%	21%	19%	12%	12%
Raw Materials	2	2	2	2	2	2	2	2	2
Akern	-	-	-	-	-	2	5	6	7
<b>Total Net Revenue</b>	<b>38</b>	<b>47</b>	<b>54</b>	<b>56</b>	<b>68</b>	<b>83</b>	<b>99</b>	<b>111</b>	<b>124</b>
<b>Net Revenue by channel</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>Italy (LB1)</b>	<b>30</b>	<b>34</b>	<b>39</b>	<b>40</b>	<b>48</b>	<b>59</b>	<b>67</b>	<b>74</b>	<b>82</b>
YoY Growth	22%	15%	14%	3%	20%	24%	13%	11%	11%
% of sales	79%	74%	73%	71%	70%	71%	67%	67%	66%
<b>RoW (LB2)</b>	<b>8</b>	<b>12</b>	<b>15</b>	<b>16</b>	<b>20</b>	<b>23</b>	<b>27</b>	<b>31</b>	<b>35</b>
YoY Growth	-4%	52%	18%	13%	23%	16%	16%	14%	14%
% of sales	21%	26%	27%	29%	30%	29%	33%	33%	34%
<b>Total Net Revenue</b>	<b>38</b>	<b>47</b>	<b>54</b>	<b>56</b>	<b>68</b>	<b>83</b>	<b>94</b>	<b>105</b>	<b>118</b>
<b>Adjusted EBITDA</b>	<b>9.4</b>	<b>11.8</b>	<b>13.2</b>	<b>16.0</b>	<b>20.1</b>	<b>24.4</b>	<b>24.1</b>	<b>27.8</b>	<b>33.5</b>
% yoy growth	25.4%	25.4%	11.3%	21.5%	25.4%	21.3%	-1.0%	15.2%	20.8%
% Margin	24.9%	25.4%	24.6%	28.4%	29.5%	29.4%	24.4%	25.0%	26.9%
<b>Adjusted diluted EPS</b>	<b>0.62</b>	<b>0.81</b>	<b>0.87</b>	<b>1.20</b>	<b>1.38</b>	<b>1.56</b>	<b>1.60</b>	<b>1.79</b>	<b>2.20</b>
% yoy growth	+44.8%	+30.3%	+7.5%	+37.2%	+14.8%	+13.4%	+2.8%	+11.9%	+22.7%
<b>DPS (€)</b>	<b>0.33</b>	<b>0.50</b>	<b>0.46</b>	<b>0.67</b>	<b>0.71</b>	<b>0.80</b>	<b>0.80</b>	<b>0.81</b>	<b>0.99</b>
Payout	53%	62%	53%	56%	52%	51%	50%	45%	45%
<b>Free cash flow</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>15</b>	<b>3</b>	<b>-0</b>	<b>16</b>	<b>20</b>
Capex	-1	-1	-5	-1	-5	-11	-12	-2	-2
Operating net working capital	7	8	9	10	10	10	11	13	14
<b>Net Debt / (cas)</b>	<b>9</b>	<b>11</b>	<b>14</b>	<b>19</b>	<b>28</b>	<b>11</b>	<b>-0</b>	<b>8</b>	<b>20</b>

Source: Company accounts, Stifel Research and estimates

## Valuation

We derive our €86.0 price target for PharmaNutra using a combination of a discounted cash flow model and peer group multiples. We assign a higher weight to our DCF (80%), as we believe it is the best way to capture the long-term prospects of the business, while the visibility on the group's cash flow, in our view, is good.

Figure 6: PharmaNutra – Target Price summary



Source: Stifel Research and estimates

## Peer multiples

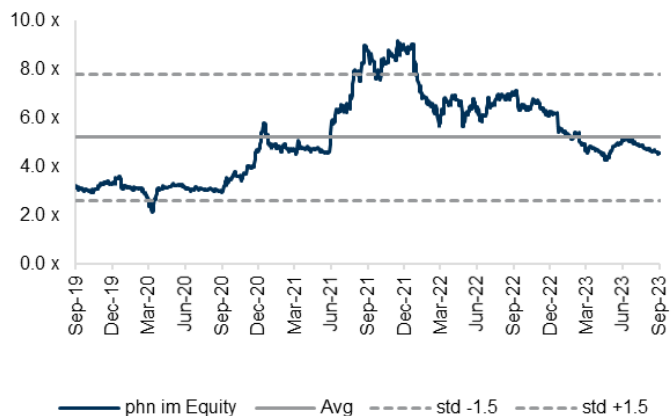
Figure 7: PharmaNutra– Peer multiples analysis and valuation snapshot

	HQ	MC (EUR mn)	EV/Sales			EV/EBITDA			EV/EBIT			PE			Dividend Yield %		
			2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
<b>Pharmanutra SpA @ consensus est.</b>	IT	516	5.4 x	4.6 x	4.2 x	21.9 x	18.4 x	15.5 x	24.7 x	20.6 x	17.3 x	34.8 x	29.1 x	24.2 x	1.5%	1.6%	1.9%
<b>Nutraceuticals</b>																	
Biogaia AB	SE	818	6.3 x	5.6 x	5.0 x	18.1 x	16.4 x	14.6 x	19.2 x	17.4 x	15.4 x	28.6 x	25.8 x	22.9 x	1.6%	1.8%	2.0%
Chr Hansen Holding A/S	DK	8,266	7.0 x	6.6 x	6.2 x	19.9 x	18.1 x	16.7 x	26.0 x	23.6 x	21.4 x	33.0 x	28.8 x	25.9 x	2.0%	2.3%	2.6%
Probi AB	SE	184	3.2 x	3.0 x	2.8 x	18.4 x	13.0 x	10.4 x	122.0 x	33.1 x	20.3 x	220.7 x	66.4 x	40.7 x	0.7%	0.8%	0.9%
<b>Median</b>			<b>6.3 x</b>	<b>5.6 x</b>	<b>5.0 x</b>	<b>18.4 x</b>	<b>16.4 x</b>	<b>14.6 x</b>	<b>26.0 x</b>	<b>23.6 x</b>	<b>20.3 x</b>	<b>33.0 x</b>	<b>28.8 x</b>	<b>25.9 x</b>	<b>1.6%</b>	<b>1.8%</b>	<b>2.0%</b>
<b>Average</b>			<b>5.5 x</b>	<b>5.1 x</b>	<b>4.7 x</b>	<b>18.8 x</b>	<b>15.8 x</b>	<b>13.9 x</b>	<b>55.7 x</b>	<b>24.7 x</b>	<b>19.1 x</b>	<b>94.1 x</b>	<b>40.3 x</b>	<b>29.8 x</b>	<b>1.5%</b>	<b>1.6%</b>	<b>1.8%</b>
<b>European Mid-cap Pharma</b>																	
Recordati Industria Chimica e Farmaceutica S.p.A.	IT	9,563	5.2 x	4.8 x	4.7 x	14.5 x	13.4 x	12.7 x	18.5 x	16.8 x	15.4 x	20.8 x	18.6 x	17.2 x	2.8%	3.0%	3.3%
Bachem Holding AG	CH	5,835	9.5 x	7.2 x	6.1 x	33.4 x	24.5 x	20.2 x	44.1 x	32.3 x	26.5 x	52.4 x	39.2 x	32.4 x	1.1%	1.2%	1.2%
Dermapharm Holding SE	DE	2,350	3.0 x	3.0 x	2.8 x	10.6 x	10.8 x	10.2 x	13.8 x	13.8 x	13.4 x	17.4 x	17.9 x	16.2 x	2.9%	3.0%	3.2%
Laboratorios Farmaceuticos ROVI SA	ES	2,803	3.5 x	3.3 x	3.1 x	13.8 x	12.1 x	10.4 x	15.9 x	13.8 x	11.7 x	19.4 x	17.1 x	14.8 x	2.1%	2.0%	2.2%
Almirall SA	ES	1,968	2.1 x	1.9 x	1.8 x	10.9 x	9.1 x	7.5 x	30.2 x	19.8 x	13.1 x	36.3 x	24.1 x	15.4 x	1.7%	1.7%	1.9%
<b>Median</b>			<b>3.5 x</b>	<b>3.3 x</b>	<b>3.1 x</b>	<b>13.8 x</b>	<b>12.1 x</b>	<b>10.4 x</b>	<b>18.5 x</b>	<b>16.8 x</b>	<b>13.4 x</b>	<b>20.8 x</b>	<b>18.6 x</b>	<b>16.2 x</b>	<b>2.1%</b>	<b>2.0%</b>	<b>2.2%</b>
<b>Average</b>			<b>4.7 x</b>	<b>4.1 x</b>	<b>3.7 x</b>	<b>16.6 x</b>	<b>14.0 x</b>	<b>12.2 x</b>	<b>24.5 x</b>	<b>19.3 x</b>	<b>16.0 x</b>	<b>29.2 x</b>	<b>23.4 x</b>	<b>19.2 x</b>	<b>2.1%</b>	<b>2.2%</b>	<b>2.4%</b>
<b>OTC Focused operators</b>																	
Perrigo Company PLC	IE	4,285	1.7 x	1.6 x	1.6 x	10.9 x	9.5 x	9.0 x	13.5 x	11.3 x	10.5 x	12.8 x	10.9 x	9.5 x	3.2%	3.5%	3.9%
Prestige Consumer Healthcare Inc	US	2,625	3.6 x	3.6 x	3.5 x	10.8 x	10.6 x	10.3 x	11.8 x	11.7 x	11.2 x	13.6 x	13.1 x	12.2 x	0.0%	0.0%	0.0%
Karo Healthcare AB	SE	1,534															
Boiron SA	FR	911	1.3 x	1.2 x	1.2 x	7.9 x	7.0 x	6.5 x	11.5 x	10.0 x	9.1 x	20.4 x	18.4 x	16.6 x	7.8%	1.6%	1.7%
<b>Median</b>			<b>1.7 x</b>	<b>1.6 x</b>	<b>1.6 x</b>	<b>10.8 x</b>	<b>9.5 x</b>	<b>9.0 x</b>	<b>11.8 x</b>	<b>11.3 x</b>	<b>10.5 x</b>	<b>13.6 x</b>	<b>13.1 x</b>	<b>12.2 x</b>	<b>3.2%</b>	<b>1.6%</b>	<b>1.7%</b>
<b>Average</b>			<b>2.2 x</b>	<b>2.1 x</b>	<b>2.1 x</b>	<b>9.8 x</b>	<b>9.0 x</b>	<b>8.6 x</b>	<b>12.2 x</b>	<b>11.0 x</b>	<b>10.3 x</b>	<b>15.6 x</b>	<b>14.2 x</b>	<b>12.8 x</b>	<b>3.7%</b>	<b>1.7%</b>	<b>1.9%</b>

Source: Refinitiv Eikon

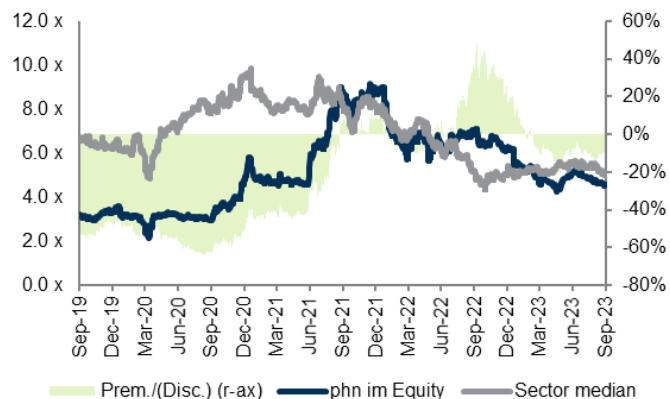
Historical valuation charts

Figure 8: PharmaNutra - 2-year forward EV/sales



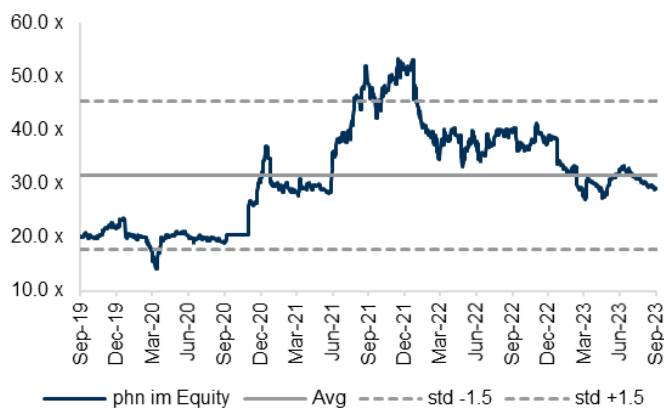
Source: Bloomberg and Stifel Research

Figure 9: PharmaNutra - 2-year forward EV/sales vs sector



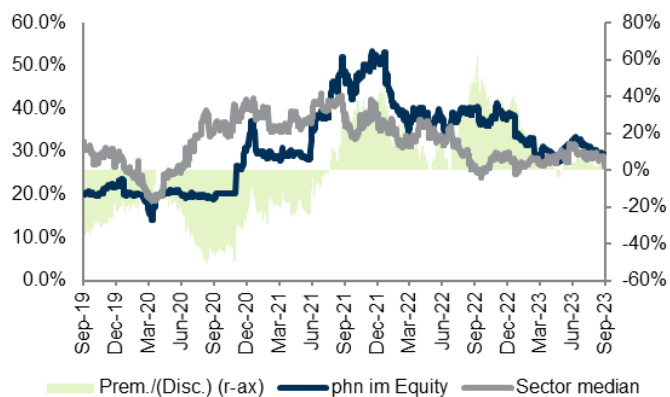
Source: Bloomberg and Stifel Research

Figure 10: PharmaNutra - 2-year forward PE



Source: Bloomberg and Stifel Research

Figure 11: PharmaNutra - 2-year forward PE vs sector



Source: Bloomberg and Stifel Research



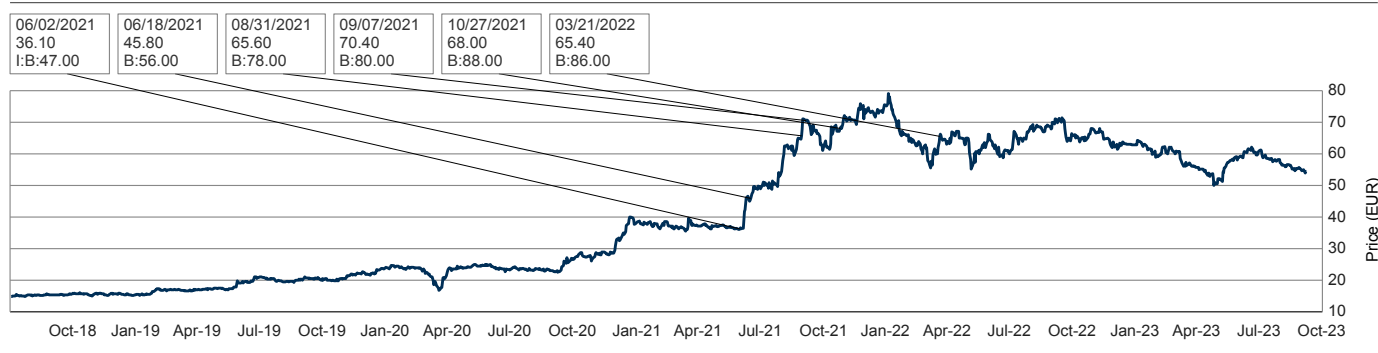
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Completed: 11 September 2023 16:06EDT  
Disseminated: 12 September 2023 01:00EDT

### PharmaNutra (PHN IM) as of September 08, 2023 (in EUR)



\*Represents the value(s) that changed.

Buy=B; Hold=H; Sell=S; Discontinued=D; Suspended=SU; Discontinued=D; Initiation=I

For a price chart with our ratings and any applicable target price changes for PHN IM go to <http://stifel2.bluematrix.com/sellside/Disclosures.action?ticker=PHN IM>

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