

EQUITY - SPAIN

Sector: Pharmaceuticals

Closing price: EUR 2.83 (29 Jul 2024)

Report date: 30 Jul 2024 ((15:40h)

6m Results 2024

Independent Equity Research

6m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Laboratorio Reig Jofre (RJF) a pharmaceutical company headquartered in Barcelona (Spain) specialised in research, manufacturing, and marketing of pharmaceutical products (injectables and generic antibiotics) and food supplements at its development and logistics centres (Barcelona, Toledo and Malmö). With an international footprint (> 50% of revenue). Managed and controlled by the Reig family (63% of share capital).

1H24 earnings: in line. Growth (+10%) and profitability, with scant risk

SOUND REVENUE GROWTH (+9.9% VS 1H23)... RJF reported EUR 172.7Mn of revenue in 1H24 (vs EUR 157.2Mn in 1H23). By market, the share of international sales in the mix increased by 2pp (vs 1H23) to 56% of revenue. This was primarily in Europe, where the company posted a 19% year-on-year increase in revenue. Revenue from the more profitable services provided to third parties (CDMO) amounted to EUR 24Mn (vs EUR 20.4Mn in 1H23).

...DRIVEN PRIMARILY BY SPECIALTY PHARMA (+18-6% VS 1H23). This business covers prescription and over-the-counter medicines. The dermatology line continued to show high growth rates (+34%) underpinned by Ciclo-Tech sales, while revenue from the osteoarticular line grew by 9%. Specialty Pharma now accounts for 33% of the revenue mix (vs 30% in 1H23). Meanwhile, Pharma Technologies (generic antibiotics, injectable and lyophilised) delivered an 8.8% increase on the back of the rebound in demand for antibiotics and the sale of strategic reserve capacity to the EU. The Consumer Healthcare division held steady following the discontinuation of third-party brand manufacturing and the focus on own-brand products.

STILL WATCHING PROFITABILITY LEVELS. Expansion in gross margin to 59.7% (+0.4pp vs 1H23) and control over other operating expenses (+5.1%) offset the impact of higher personnel expenses (+15.2% vs 1H23) due to the application of the FEIQUE adjustment agreement (chemical industry). This also drove an increase in rec. EBITDA in 1H24 (EUR 19.1Mn; +13.2% vs 1H23; rec. EBITDA margin of 11.0%, +0.3pp).

WORKING CAPITAL NEEDS PUSHED UP NET DEBT TO EUR 57MN. Net debt increased (+27%) due to one-off working capital requirements in 1H24 (WC changes in 1H24: EUR 15.4Mn), but should ease back down in 2H24 to EUR 39.5Mn by y/e 2023 (ND/EBITDA 24e ratio: 1.1x). This position should allow RJF to continue investing to enhance process efficiency.

NET PROFIT IN LINE. EBIT increase by 30% (in line with our full-year estimates). However, the bottom line was largely flat (-2.6% vs 1H23) due to the share or profit/(loss) of equity-accounted subsidiary Syna—the milestone for its activity was achieved in July 2024, so improvement should become visible in 9M24 earnings.

STRONG VISIBILITY BY A DEFENSIVE BUSINESS. P/E 2025E OF 15.1X. RJF meets expectations. A company delivering growth and focusing on raising its profitability. High barriers to entry and inelastic demand for its products make RJF a play in the Spanish pharma industry. Even in the wake of its rally YTD (+27.3%; +10.5% vs sector), the shares are trading at an EV/recurring EBITDA 2024e of 8.1x (vs 11.8x by the large pharmaceutical players) and a P/E ratio of 15.6x 2025e.

Market Data

Market Cap (Mn EUR and USD)	228.9	247.6
EV (Mn EUR and USD) ⁽²⁾	294.9	319.0
Shares Outstanding (Mn)	80.9	
-12m (Max/Med/Min EUR)	3.20 / 2.51 / 2.15	
Daily Avg volume (-12m Mn EUR)	0.04	
Rotation ⁽³⁾	4.5	
Factset / Bloomberg	RJF-ES / RJF SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

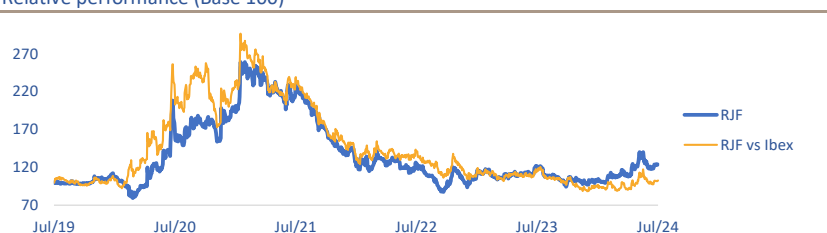
Reig Jofre Investments	62.8
Kaizaharra Corp	10.1
Onchena	6.1
Quaero Capital	3.0
Free Float	18.0

Financials (Mn EUR)

	2023	2024e	2025e	2026e
Adj. nº shares (Mn)	78.8	80.3	80.9	80.9
Total Revenues	316.1	348.6	378.9	408.4
Rec. EBITDA	33.3	36.6	41.8	46.4
% growth	21.5	10.0	14.3	10.8
% Rec. EBITDA/Rev.	10.5	10.5	11.0	11.4
% Inc. EBITDA sector ⁽⁴⁾	0.5	15.4	16.9	12.5
Net Profit	9.4	11.3	14.7	17.3
EPS (EUR)	0.12	0.14	0.18	0.21
% growth	14.3	17.5	29.7	17.8
Ord. EPS (EUR)	0.12	0.14	0.18	0.21
% growth	14.3	17.5	29.7	17.8
Rec. Free Cash Flow ⁽⁵⁾	4.3	5.3	6.2	9.2
Pay-out (%)	-0.4	-0.7	-0.7	-0.7
DPS (EUR)	0.00	0.00	0.00	0.00
Net financial debt	44.7	39.5	33.3	24.3
ND/Rec. EBITDA (x)	1.3	1.1	0.8	0.5
ROE (%)	4.7	5.4	6.6	7.3
ROCE (%) ⁽⁵⁾	3.8	4.6	5.7	6.5

Ratios & Multiples (x) ⁽⁶⁾

	2023	2024e	2025e	2026e
P/E	23.7	20.2	15.6	13.2
Ord. P/E	23.7	20.2	15.6	13.2
P/BV	1.1	1.1	1.0	0.9
Dividend Yield (%)	n.a.	n.a.	n.a.	n.a.
EV/Sales	0.93	0.85	0.78	0.72
EV/Rec. EBITDA	8.9	8.1	7.0	6.4
EV/EBIT	28.1	21.7	16.9	14.5
FCF Yield (%) ⁽⁵⁾	1.9	2.3	2.7	4.0

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	YTD	-3Y	-5Y
Absolute	3.7	14.1	2.3	27.3	-45.6	24.1
vs Ibxex 35	2.0	13.9	-10.9	15.6	-57.0	2.8
vs Ibxex Small Cap Index	1.6	9.3	-4.2	16.8	-46.2	-6.4
vs Eurostoxx 50	5.4	18.0	-5.1	19.5	-53.5	-9.2
vs Sector benchmark ⁽⁴⁾	2.3	6.8	-11.5	10.5	-55.5	-16.3

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 3.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) Sector: Stoxx Europe 600 Health Care.

(5) Please see Appendix 2 for the theoretical tax rate (ROCE) and rec. FCF calculation.

(6) Multiples and ratios calculated over prices at the date of this report.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

6m Results 2024
Table 1. 1H24 Results

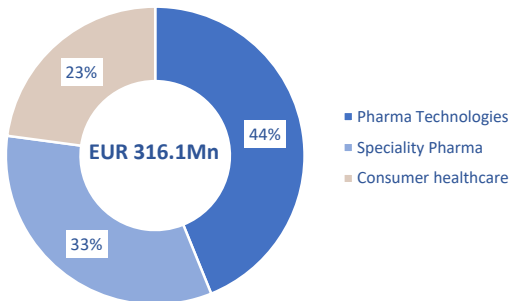
EUR Mn	6m24 Real	6m23	6m24 Real vs 6m23	2024e	2024e vs 2023	2Q24	2Q24 vs 2Q23
Total Revenues	172.7	157.2	9.9%	348.6	10.3%	86.3	9.7%
Pharma Technologies	78.4	72.1	8.8%	148.1	6.8%	41.9	11.3%
Speciality Pharma	57.5	48.5	18.6%	123.5	17.5%	28.2	11.8%
Consumer healthcare	36.6	36.6	0.1%	77.0	6.6%	16.0	1.6%
Recurrent EBITDA⁽¹⁾	19.1	16.9	13.2%	36.6	10.0%	9.3	14.8%
<i>Rec. EBITDA/Revenues</i>	<i>11.0%</i>	<i>10.7%</i>	<i>0.3 p.p.</i>	<i>10.5%</i>	<i>0.0 p.p.</i>	<i>10.8%</i>	<i>0.5 p.p.</i>
EBITDA⁽¹⁾	19.2	17.0	13.1%	36.6	10.0%	9.4	14.7%
<i>EBITDA/Revenues</i>	<i>11.1%</i>	<i>10.8%</i>	<i>0.3 p.p.</i>	<i>10.5%</i>	<i>0.0 p.p.</i>	<i>10.8%</i>	<i>0.5 p.p.</i>
EBIT	7.7	6.0	29.6%	13.6	29.1%	3.2	22%
PBT	6.5	6.7	-2.6%	13.2	26.1%	2.7	21.8%
NP	5.5	5.7	-2.6%	11.3	19.7%	2.3	22%
		12m23					
Net Debt ⁽²⁾	57.0	44.7	27%	39.5	-12%		

Note 1: Rec. EBITDA and EBITDA adjusted to exclude the impact on revenue of capitalised expenses.

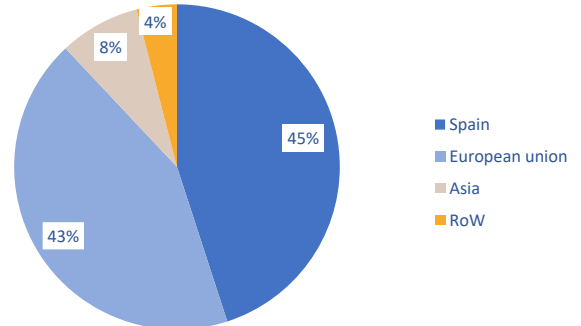
Note 2: Net Debt adjusted to strip out the impact of IFRS 16.

The company in 8 charts

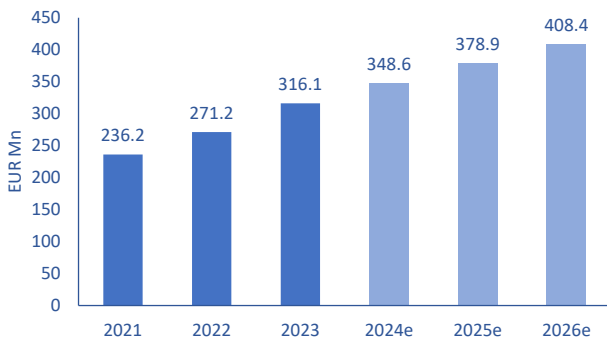
RJF's ability to produce a broad range of products enables its three business lines to contribute positively to revenue



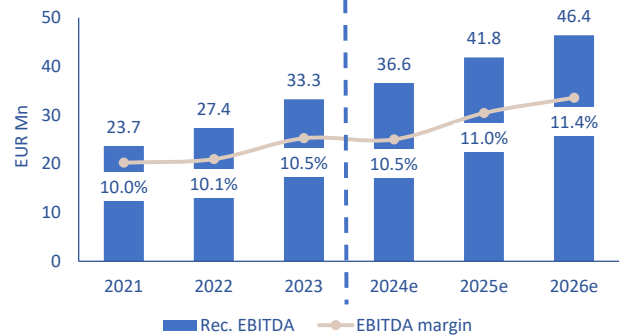
Exposure to Asia (8% in 2023) provides (also) geographical diversification (c. 55% in 2023)



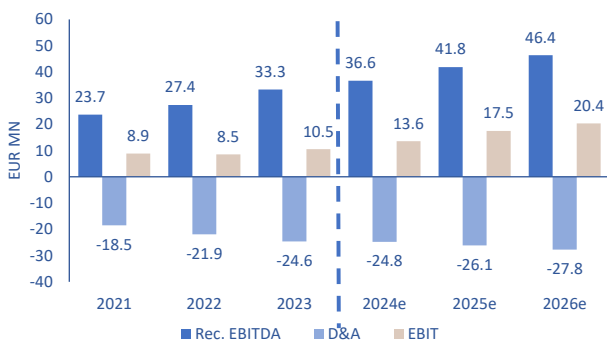
We expect high-single digit revenue growth to 2026e (CAGR 2023-26e: +8.9%)...



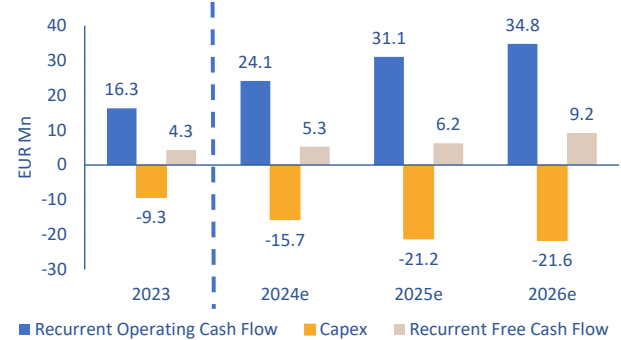
...and operational gearing to unlock profitability (EBITDA margin 2026e: 11.4%; despite the pressure on gross margin)



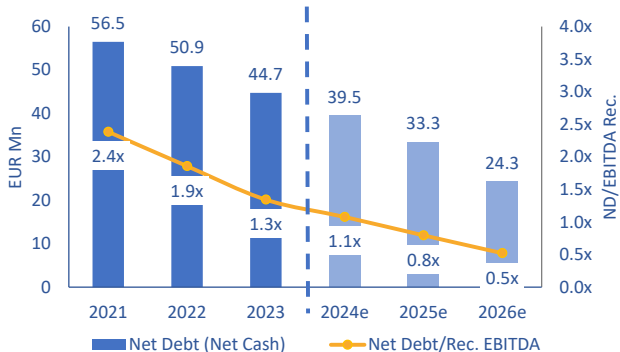
EBITDA growth (CAGR 2023-26e: 11.7%) will mitigate D&A and leave room to double EBIT in 2026e to EUR 20.1Mn



An extremely CAPEX-intensive business (5% of revenue), which will continue to shape cash generation (FCF 2026e: EUR 9.2Mn)



...all while keeping debt in check (ND 2026e: EUR 24.3Mn; ND/EBITDA 2026e: 0.5x)



An opportunity to capitalise on investment made (-8y) and with the share price well off its peak of 2021



Valuation inputs

Inputs for the DCF Valuation Approach

	2024e	2025e	2026e	Terminal Value ⁽¹⁾			
Free Cash Flow "To the Firm"	6.4	7.3	10.1	158.6			
Market Cap	228.9	At the date of this report					
Net financial debt	57.0	Debt net of Cash (6m Results 2024)					
					Best Case	Worst Case	
Cost of Debt	2.0%	Net debt cost			1.8%	2.3%	
Tax rate (T)	20.0%	T (Normalised tax rate)			=	=	
Net debt cost	1.6%	Kd = Cost of Net Debt * (1-T)			1.4%	1.8%	
Risk free rate (rf)	3.2%	Rf (10y Spanish bond yield)			=	=	
Equity risk premium	6.0%	R (own estimate)			5.5%	6.5%	
Beta (B)	1.0	B (own estimate)			0.9	1.1	
Cost of Equity	9.4%	Ke = Rf + (R * B)			8.3%	10.5%	
Equity / (Equity + Net Debt)	80.1%	E (Market Cap as equity value)			=	=	
Net Debt / (Equity + Net Debt)	19.9%	D			=	=	
WACC	7.8%	WACC = Kd * D + Ke * E			6.9%	8.8%	
G "Fair"	2.0%				2.0%	1.5%	

(1) The terminal value reflects the NAV of FCF beyond the period estimated with the WACC and G of the central scenario.

Inputs for the Multiples Valuation Approach

Company	Ticker Factset	Mkt. Cap	P/E 24e	EPS 24e-26e	EV/EBITDA 24e	EBITDA 24e-26e	EV/Sales 24e	Revenues 24e-26e	EBITDA/Sales 24e	FCF Yield 24e	FCF 24e-26e
Viatrix	VTRS-US	13,100.1	4.4	1.9%	6.5	-0.9%	2.1	-0.8%	31.9%	31.1%	-19.2%
Teva	TEVA-US	17,819.1	6.8	9.9%	7.6	5.8%	2.3	3.4%	29.9%	8.1%	41.2%
Sandoz	SDZ-CH	16,736.9	15.3	17.3%	10.5	13.1%	2.1	5.7%	19.7%	2.9%	47.0%
Generics and Injectables			8.8	9.7%	8.2	6.0%	2.1	2.8%	27.2%	14.0%	23.0%
Incyte Corporation	INCY-US	12,493.5	16.6	22.2%	9.7	32.0%	2.4	9.7%	24.5%	7.3%	15.6%
Eli Lilly	LLY-US	709,807.6	59.4	35.9%	49.4	33.5%	18.5	20.7%	37.4%	1.2%	41.3%
Novartis	NOVN-CH	224,011.4	14.9	6.5%	12.3	4.3%	4.9	2.8%	40.0%	5.7%	9.2%
Specialty Pharma			30.3	21.5%	23.8	23.3%	8.6	11.1%	34.0%	4.7%	22.1%
Herbalife	HLF-US	1,143.3	7.6	39.1%	6.2	14.2%	0.7	4.5%	10.9%	9.4%	n.a.
HAIN Celestial	HAIN-US	616.3	23.7	40.3%	9.7	7.8%	0.9	1.4%	8.8%	11.7%	14.1%
Nu Skin	NUS-US	493.6	9.8	n.a.	4.9	n.a.	0.5	n.a.	10.0%	9.7%	n.a.
Cosumer Healthcare			13.7	39.7%	6.9	11.0%	0.7	3.0%	9.9%	10.3%	14.1%
Abbvie	ABBV-US	297,043.3	16.8	11.5%	14.5	9.8%	6.8	6.3%	46.7%	5.7%	18.5%
Sanofi	SAN-FR	121,507.2	12.5	12.0%	9.9	9.8%	2.9	6.5%	29.2%	5.9%	19.6%
Pfizer	PFE-US	160,944.6	13.1	10.3%	11.0	7.3%	3.8	1.9%	34.7%	6.5%	9.8%
Global Players			14.1	11.2%	11.8	8.9%	4.5	4.9%	36.9%	6.0%	16.0%
RJF	RJF-ES	228.9	20.2	23.6%	8.1	12.6%	0.8	8.2%	10.5%	2.3%	32.1%

Free Cash Flow sensitivity analysis (2025e)

A) Rec. EBITDA and EV/EBITDA sensitivity to changes in EBITDA/Sales

Scenario	EBITDA/Sales 25e	EBITDA 25e	EV/EBITDA 25e
Max	12.1%	46.0	6.4x
Central	11.0%	41.8	7.0x
Min	9.9%	37.7	7.8x

B) Rec. FCF sensitivity to changes in EBITDA and CAPEX/sales

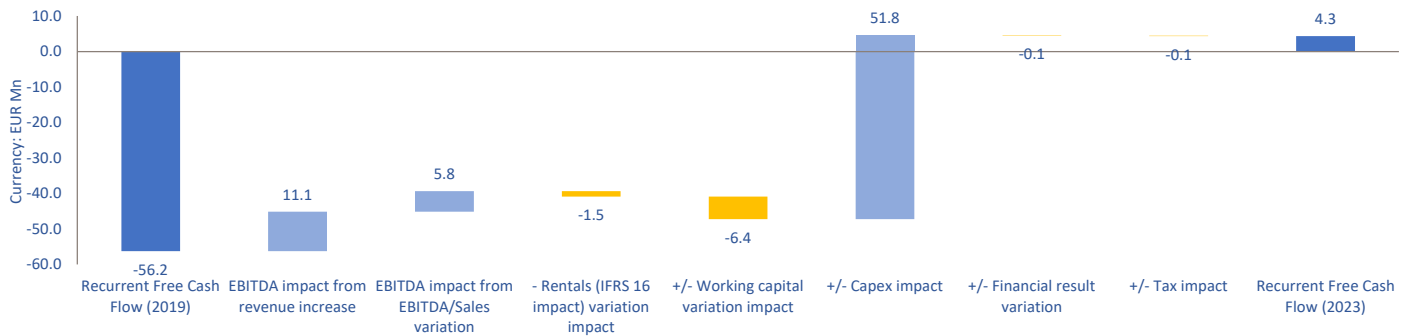
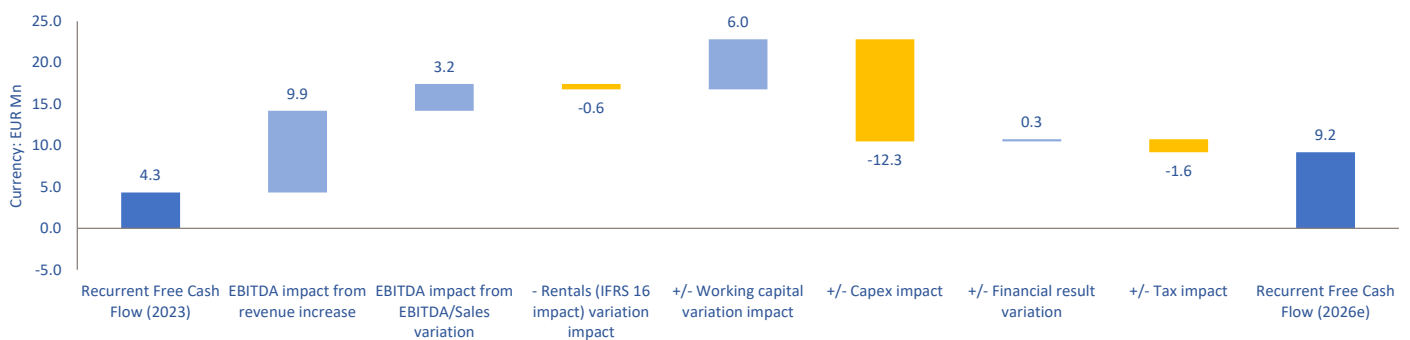
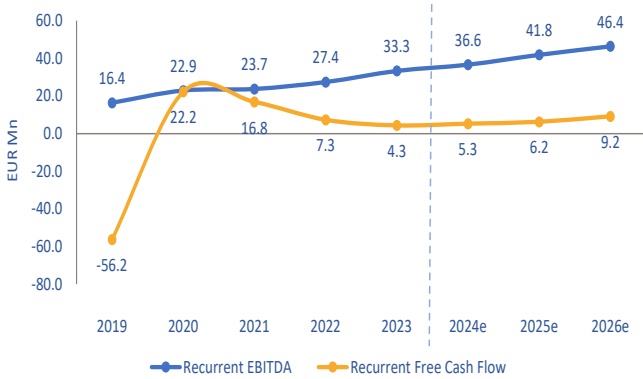
Rec. FCF EUR Mn	CAPEX/Sales 25e			Scenario	Rec. FCF/Yield 25e		
EBITDA 25e	5.0%	5.6%	6.2%		Max	Central	Min
46.0	12.7	10.4	8.1	Max	5.5%	4.5%	3.6%
41.8	8.5	6.2	4.0	Central	3.7%	2.7%	1.7%
37.7	4.3	2.1	(0.2)	Min	1.9%	0.9%	n.a.

Appendix 1. Financial Projections

Balance Sheet (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Intangible assets	98.2	93.0	88.9	81.6	72.6	74.3	76.1	77.9		
Fixed assets	71.6	75.1	81.2	82.5	82.1	77.2	76.8	75.4		
Other Non Current Assets	15.8	16.1	13.8	11.9	10.3	10.3	10.3	10.3		
Financial Investments	1.9	2.2	2.4	4.0	5.0	5.9	6.8	7.7		
Goodwill & Other Intangibles	29.7	30.0	29.8	29.0	28.0	28.0	28.0	28.0		
Current assets	85.3	88.3	102.8	105.4	126.1	139.9	150.8	162.1		
Total assets	302.5	304.8	318.9	314.3	324.1	335.7	348.8	361.3		
Equity	178.2	184.5	188.6	194.6	204.4	215.6	230.2	247.4		
Minority Interests	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)		
Provisions & Other L/T Liabilities	5.7	6.0	6.3	6.7	6.4	6.4	6.4	6.4		
Other Non Current Liabilities	12.8	10.5	11.6	11.0	9.8	9.8	9.8	9.8		
Net financial debt	64.9	58.8	56.5	50.9	44.7	39.5	33.3	24.3		
Current Liabilities	40.9	44.9	56.0	51.2	58.9	64.5	69.1	73.5		
Equity & Total Liabilities	302.5	304.8	318.9	314.3	324.1	335.7	348.8	361.3		
P&L (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Total Revenues	200.2	230.1	236.2	271.2	316.1	348.6	378.9	408.4	12.1%	8.9%
<i>Total Revenues growth</i>	<i>10.9%</i>	<i>14.9%</i>	<i>2.7%</i>	<i>14.8%</i>	<i>16.6%</i>	<i>10.3%</i>	<i>8.7%</i>	<i>7.8%</i>		
COGS	(73.9)	(89.8)	(91.5)	(113.1)	(133.7)	(147.6)	(158.4)	(170.4)		
Gross Margin	126.3	140.3	144.7	158.1	182.4	201.0	220.5	238.0	9.6%	9.3%
<i>Gross Margin/Revenues</i>	<i>63.1%</i>	<i>61.0%</i>	<i>61.3%</i>	<i>58.3%</i>	<i>57.7%</i>	<i>57.7%</i>	<i>58.2%</i>	<i>58.3%</i>		
Personnel Expenses	(57.1)	(66.4)	(64.2)	(70.5)	(75.9)	(83.8)	(91.2)	(97.4)		
Other Operating Expenses	(52.8)	(51.0)	(56.9)	(60.2)	(73.2)	(80.6)	(87.5)	(94.2)		
Recurrent EBITDA	16.4	22.9	23.7	27.4	33.3	36.6	41.8	46.4	19.4%	11.7%
<i>Recurrent EBITDA growth</i>	<i>41.5%</i>	<i>39.7%</i>	<i>3.6%</i>	<i>15.6%</i>	<i>21.5%</i>	<i>10.0%</i>	<i>14.3%</i>	<i>10.8%</i>		
<i>Rec. EBITDA/Revenues</i>	<i>8.2%</i>	<i>9.9%</i>	<i>10.0%</i>	<i>10.1%</i>	<i>10.5%</i>	<i>10.5%</i>	<i>11.0%</i>	<i>11.4%</i>		
Restructuring Expense & Other non-rec.	(2.3)	-	-	-	-	-	-	-		
EBITDA	14.1	22.9	23.7	27.4	33.3	36.6	41.8	46.4	24.0%	11.7%
Depreciation & Provisions	(10.8)	(14.9)	(15.5)	(18.2)	(20.6)	(20.5)	(21.6)	(23.1)		
Capitalized Expense	5.6	3.7	3.6	3.1	1.9	1.8	1.8	1.8		
Rentals (IFRS 16 impact)	(2.6)	(2.4)	(3.0)	(3.7)	(4.1)	(4.3)	(4.5)	(4.7)		
EBIT	6.3	9.2	8.9	8.5	10.5	13.6	17.5	20.4	13.5%	24.7%
<i>EBIT growth</i>	<i>-36.3%</i>	<i>45.8%</i>	<i>-4.0%</i>	<i>-3.7%</i>	<i>23.1%</i>	<i>29.1%</i>	<i>28.8%</i>	<i>16.5%</i>		
<i>EBIT/Revenues</i>	<i>3.2%</i>	<i>4.0%</i>	<i>3.8%</i>	<i>3.1%</i>	<i>3.3%</i>	<i>3.9%</i>	<i>4.6%</i>	<i>5.0%</i>		
Impact of Goodwill & Others	-	-	-	-	-	-	-	-		
Net Financial Result	(1.1)	(2.9)	(3.2)	(1.4)	(1.0)	(1.2)	(1.1)	(0.9)		
Income by the Equity Method	0.1	0.1	0.1	1.6	1.0	0.9	0.9	0.9		
Ordinary Profit	5.3	6.4	5.8	8.8	10.5	13.2	17.3	20.4	18.6%	24.7%
<i>Ordinary Profit Growth</i>	<i>-43.5%</i>	<i>21.0%</i>	<i>-9.9%</i>	<i>51.4%</i>	<i>19.7%</i>	<i>26.1%</i>	<i>30.6%</i>	<i>17.8%</i>		
Extraordinary Results	-	-	-	-	-	-	-	-		
Profit Before Tax	5.3	6.4	5.8	8.8	10.5	13.2	17.3	20.4	18.6%	24.7%
Tax Expense	(0.4)	(0.8)	(0.7)	(0.7)	(1.1)	(2.0)	(2.6)	(3.1)		
<i>Effective Tax Rate</i>	<i>7.0%</i>	<i>11.8%</i>	<i>12.3%</i>	<i>7.6%</i>	<i>10.5%</i>	<i>15.0%</i>	<i>15.0%</i>	<i>15.0%</i>		
Minority Interests	-	-	-	-	-	-	-	-		
Discontinued Activities	-	-	-	-	-	-	-	-		
Net Profit	4.9	5.7	5.1	8.1	9.4	11.3	14.7	17.3	17.4%	22.6%
<i>Net Profit growth</i>	<i>-46.2%</i>	<i>14.7%</i>	<i>-10.3%</i>	<i>59.6%</i>	<i>15.9%</i>	<i>19.7%</i>	<i>30.6%</i>	<i>17.8%</i>		
Ordinary Net Profit	7.1	5.7	5.1	8.1	9.4	11.3	14.7	17.3	7.3%	22.6%
<i>Ordinary Net Profit growth</i>	<i>-22.8%</i>	<i>-20.0%</i>	<i>-10.3%</i>	<i>59.6%</i>	<i>15.9%</i>	<i>19.7%</i>	<i>30.6%</i>	<i>17.8%</i>		
Cash Flow (EUR Mn)	2019	2020	2021	2022	2023	2024e	2025e	2026e	19-23	23-26e
Recurrent EBITDA						36.6	41.8	46.4	19.4%	11.7%
Rentals (IFRS 16 impact)						(4.3)	(4.5)	(4.7)		
Working Capital Increase						(8.2)	(6.3)	(6.9)		
Recurrent Operating Cash Flow						24.1	31.1	34.8	22.3%	28.8%
CAPEX						(15.7)	(21.2)	(21.6)		
Net Financial Result affecting the Cash Flow						(1.2)	(1.1)	(0.9)		
Tax Expense						(2.0)	(2.6)	(3.1)		
Recurrent Free Cash Flow						5.3	6.2	9.2	20.0%	28.5%
Restructuring Expense & Other non-rec.						-	-	-		
- Acquisitions / + Divestures of assets						-	-	-		
Extraordinary Inc./Exp. Affecting Cash Flow						-	-	-		
Free Cash Flow						5.3	6.2	9.2	19.8%	28.5%
Capital Increase						-	-	-		
Dividends						(0.0)	(0.1)	(0.1)		
Net Debt Variation						(5.2)	(6.2)	(9.1)		

Appendix 2. Free Cash Flow

A) Cash Flow Analysis (EUR Mn)	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
								20-23	23-26e
Recurrent EBITDA	22.9	23.7	27.4	33.3	36.6	41.8	46.4	13.3%	11.7%
<i>Recurrent EBITDA growth</i>	39.7%	3.6%	15.6%	21.5%	10.0%	14.3%	10.8%		
<i>Rec. EBITDA/Revenues</i>	9.9%	10.0%	10.1%	10.5%	10.5%	11.0%	11.4%		
- Rentals (IFRS 16 impact)	(2.4)	(3.0)	(3.7)	(4.1)	(4.3)	(4.5)	(4.7)		
+/- Working Capital increase	1.0	(3.3)	(7.5)	(12.9)	(8.2)	(6.3)	(6.9)		
= Recurrent Operating Cash Flow	21.4	17.4	16.2	16.3	24.1	31.1	34.8	-8.7%	28.8%
<i>Rec. Operating Cash Flow growth</i>	194.4%	-18.8%	-6.8%	0.5%	48.3%	28.8%	11.9%		
<i>Rec. Operating Cash Flow / Sales</i>	9.3%	7.4%	6.0%	5.1%	6.9%	8.2%	8.5%		
- CAPEX	3.4	1.2	(7.1)	(9.3)	(15.7)	(21.2)	(21.6)		
- Net Financial Result affecting Cash Flow	(1.0)	(0.9)	(0.9)	(1.2)	(1.2)	(1.1)	(0.9)		
- Taxes	(1.6)	(0.9)	(0.9)	(1.5)	(2.0)	(2.6)	(3.1)		
= Recurrent Free Cash Flow	22.2	16.8	7.3	4.3	5.3	6.2	9.2	-42.0%	28.5%
<i>Rec. Free Cash Flow growth</i>	139.4%	-24.3%	-56.6%	-40.7%	21.6%	18.6%	47.1%		
<i>Rec. Free Cash Flow / Revenues</i>	9.6%	7.1%	2.7%	1.4%	1.5%	1.6%	2.2%		
- Restructuring expenses & others	2.1	0.2	-	-	-	-	-		
- Acquisitions / + Divestments	(15.0)	(15.0)	(2.0)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow	9.2	2.0	5.3	4.3	5.3	6.2	9.2	-22.3%	28.5%
<i>Free Cash Flow growth</i>	112.1%	-78.7%	169.6%	-18.3%	21.6%	18.6%	47.1%		
<i>Recurrent Free Cash Flow - Yield (s/Mkt Cap)</i>	9.7%	7.3%	3.2%	1.9%	2.3%	2.7%	4.0%		
<i>Free Cash Flow Yield (s/Mkt Cap)</i>	4.0%	0.9%	2.3%	1.9%	2.3%	2.7%	4.0%		
B) Analytical Review of Annual Recurrent Free Cash Flow Performance (Eur Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
Recurrent FCF(FY - 1)	(56.2)	22.2	16.8	7.3	4.3	5.3	6.2		
EBITDA impact from revenue increase	2.4	0.6	3.5	4.5	3.4	3.2	3.3		
EBITDA impact from EBITDA/Sales variation	4.1	0.2	0.2	1.4	(0.1)	2.1	1.3		
= Recurrent EBITDA variation	6.5	0.8	3.7	5.9	3.3	5.2	4.5		
- Rentals (IFRS 16 impact) variation impact	0.1	(0.6)	(0.7)	(0.4)	(0.2)	(0.2)	(0.2)		
+/- Working capital variation impact	7.5	(4.3)	(4.2)	(5.4)	4.7	1.9	(0.6)		
= Recurrent Operating Cash Flow variation	14.1	(4.0)	(1.2)	0.1	7.9	7.0	3.7		
+/- CAPEX impact	64.5	(2.2)	(8.3)	(2.2)	(6.4)	(5.5)	(0.5)		
+/- Financial result variation	0.1	0.1	(0.0)	(0.3)	(0.0)	0.1	0.2		
+/- Tax impact	(0.3)	0.7	0.0	(0.6)	(0.5)	(0.6)	(0.5)		
= Recurrent Free Cash Flow variation	78.4	(5.4)	(9.5)	(3.0)	0.9	1.0	2.9		
Recurrent Free Cash Flow	22.2	16.8	7.3	4.3	5.3	6.2	9.2		
C) "FCF to the Firm" (pre debt service) (EUR Mn)									
	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
EBIT	9.2	8.9	8.5	10.5	13.6	17.5	20.4	4.4%	24.7%
* Theoretical Tax rate	11.8%	12.3%	7.6%	10.5%	15.0%	15.0%	15.0%		
= Taxes (pre- Net Financial Result)	(1.1)	(1.1)	(0.6)	(1.1)	(2.0)	(2.6)	(3.1)		
Recurrent EBITDA	22.9	23.7	27.4	33.3	36.6	41.8	46.4	13.3%	11.7%
- Rentals (IFRS 16 impact)	(2.4)	(3.0)	(3.7)	(4.1)	(4.3)	(4.5)	(4.7)		
+/- Working Capital increase	1.0	(3.3)	(7.5)	(12.9)	(8.2)	(6.3)	(6.9)		
= Recurrent Operating Cash Flow	21.4	17.4	16.2	16.3	24.1	31.1	34.8	-8.7%	28.8%
- CAPEX	3.4	1.2	(7.1)	(9.3)	(15.7)	(21.2)	(21.6)		
- Taxes (pre- Financial Result)	(1.1)	(1.1)	(0.6)	(1.1)	(2.0)	(2.6)	(3.1)		
= Recurrent Free Cash Flow (To the Firm)	23.7	17.5	8.4	5.9	6.4	7.3	10.1	-37.2%	19.7%
<i>Rec. Free Cash Flow (To the Firm) growth</i>	143.7%	-26.3%	-51.8%	-30.4%	9.6%	13.4%	38.1%		
<i>Rec. Free Cash Flow (To the Firm) / Revenues</i>	10.3%	7.4%	3.1%	1.9%	1.8%	1.9%	2.5%		
- Acquisitions / + Divestments	(15.0)	(15.0)	(2.0)	-	-	-	-		
+/- Extraordinary Inc./Exp. affecting Cash Flow	-	-	-	-	-	-	-		
= Free Cash Flow "To the Firm"	8.7	2.5	6.4	5.9	6.4	7.3	10.1	-12.3%	19.7%
<i>Free Cash Flow (To the Firm) growth</i>	111.7%	-71.7%	160.7%	-8.7%	9.6%	13.4%	38.1%		
<i>Rec. Free Cash Flow To the Firm Yield (o/EV)</i>	8.0%	5.9%	2.9%	2.0%	2.2%	2.5%	3.4%		
<i>Free Cash Flow "To the Firm" - Yield (o/EV)</i>	3.0%	0.8%	2.2%	2.0%	2.2%	2.5%	3.4%		

Recurrent Free Cash Flow accumulated variation analysis (2019 - 2023)

Recurrent Free Cash Flow accumulated variation analysis (2023 - 2026e)

Recurrent EBITDA vs Recurrent Free Cash Flow

Stock performance vs EBITDA 12m forward

Appendix 3. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	228.9	
+ Minority Interests	0.1	6m Results 2024
+ Provisions & Other L/T Liabilities	16.3	6m Results 2024
+ Net financial debt	57.0	6m Results 2024
- Financial Investments	7.5	6m Results 2024
+/- Others		6m Results 2024
Enterprise Value (EV)	294.9	

Appendix 4. Historical performance ⁽¹⁾

Historical performance (EUR Mn)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	CAGR	
															13-23	23-26e
Total Revenues	-	-	156.9	161.1	168.0	180.5	200.2	230.1	236.2	271.2	316.1	348.6	378.9	408.4	n.a.	8.9%
Total Revenues growth	n.a.	n.a.	n.a.	2.7%	4.3%	7.4%	10.9%	14.9%	2.7%	14.8%	16.6%	10.3%	8.7%	7.8%		
EBITDA	-	-	17.1	15.3	12.1	11.6	14.1	22.9	23.7	27.4	33.3	36.6	41.8	46.4	n.a.	11.7%
EBITDA growth	n.a.	n.a.	n.a.	-10.3%	-21.4%	-4.1%	21.6%	62.6%	3.6%	15.6%	21.5%	10.0%	14.3%	10.8%		
EBITDA/Sales	n.a.	n.a.	10.9%	9.5%	7.2%	6.4%	7.0%	9.9%	10.0%	10.1%	10.5%	10.5%	11.0%	11.4%		
Net Profit	-	-	8.7	7.6	8.8	9.2	4.9	5.7	5.1	8.1	9.4	11.3	14.7	17.3	n.a.	22.6%
Net Profit growth	n.a.	n.a.	n.a.	-13.3%	16.2%	4.1%	-46.2%	14.7%	-10.3%	59.6%	15.9%	19.7%	30.6%	17.8%		
Adjusted number shares (Mn)	-	-	928.7	62.9	63.1	65.3	71.3	76.4	76.9	77.7	78.8	80.3	80.9	80.9		
EPS (EUR)	n.a.	n.a.	0.01	0.12	0.14	0.14	0.07	0.07	0.07	0.10	0.12	0.14	0.18	0.21	n.a.	21.5%
EPS growth	n.a.	n.a.	n.a.	n.a.	15.8%	0.7%	-50.7%	7.1%	-10.9%	57.9%	14.3%	17.5%	29.7%	17.8%		
Ord. EPS (EUR)	n.a.	n.a.	0.01	0.12	0.14	0.14	0.10	0.07	0.07	0.10	0.12	0.14	0.18	0.21	n.a.	21.5%
Ord. EPS growth	n.a.	n.a.	n.a.	n.a.	15.8%	0.7%	-29.3%	-25.3%	-10.9%	57.9%	14.3%	17.5%	29.7%	17.8%		
CAPEX	-	-	10.5	12.2	17.6	21.1	(61.1)	3.4	1.2	(7.1)	(9.3)	(15.7)	(21.2)	(21.6)		
CAPEX/Sales %	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30.5%	n.a.	n.a.	2.6%	2.9%	4.5%	5.6%	5.3%		
Free Cash Flow	-	-	4.0	(12.2)	3.7	(1.1)	(76.2)	9.2	2.0	5.3	4.3	5.3	6.2	9.2	n.a.	28.5%
ND/EBITDA (x) ⁽²⁾	n.a.	n.a.	0.7x	1.2x	1.2x	1.9x	4.6x	2.6x	2.4x	1.9x	1.3x	1.1x	0.8x	0.5x		
P/E (x)	n.a.	n.a.	n.a.	23.6x	15.5x	15.2x	34.6x	56.6x	47.6x	20.5x	18.6x	20.2x	15.6x	13.2x		
EV/Sales (x)	n.a.	n.a.	1.44x	1.36x	1.00x	0.96x	1.30x	1.74x	1.32x	0.83x	0.71x	0.85x	0.78x	0.72x		
EV/EBITDA (x) ⁽²⁾	n.a.	n.a.	13.2x	14.3x	14.0x	15.0x	18.5x	17.5x	13.2x	8.2x	6.8x	8.1x	7.0x	6.4x		
Absolute performance	150.7%	-35.9%	-6.2%	-9.6%	-24.1%	-1.2%	12.1%	75.5%	-25.2%	-32.0%	4.1%	27.3%				
Relative performance vs Ibx35	106.4%	-38.2%	1.0%	-7.7%	-29.3%	16.2%	0.3%	107.5%	-30.7%	-28.0%	-15.2%	15.6%				

Note 1: The multiples are historical, calculated based on the price and EV at the end of each year, except (if applicable) in the current year, when multiples would be given at current prices. The absolute and relative behavior corresponds to each exercise (1/1 to 31/12). The source, both historical multiples and the evolution of the price, is Factsset.

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

Appendix 5. Main peers 2024e

		Generics and Injectables				Specialty Pharma			Cosumer Healthcare			Global Players						
EUR Mn		Viartis	Teva	Sandoz	Average	Incyte Corporation	Eli Lilly	Novartis	Average	Herbalife	HAIN Celestial	Nu Skin	Average	Abbvie	Sanofi	Pfizer	Average	RJF
Market data		VTRS-US	TEVA-US	SDZ-CH		INCY-US	LLY-US	NOVN-CH		HUF-US	HAIN-US	NUS-US		ABBV-US	SAN-FR	PFE-US		RJF-ES
Country		USA	Israel	Switzerland		USA	USA	Switzerland		USA	USA	USA		USA	France	USA		Spain
Market cap		13,100.1	17,819.1	16,736.9		12,493.5	709,807.6	224,011.4		1,143.3	616.3	493.6		297,043.3	121,507.2	160,944.6		228.9
Enterprise value (EV)		28,921.0	33,732.5	19,738.6		8,967.9	731,728.9	226,518.7		3,177.7	1,374.9	804.5		348,792.9	137,302.2	214,464.3		294.9
Total Revenues		13,861.0	14,806.9	9,512.3		3,776.4	39,604.1	46,005.8		4,741.9	1,605.7	1,639.6		51,371.1	47,363.9	56,076.8		348.6
Total Revenues growth		-2.5%	1.1%	2.0%	0.2%	10.5%	25.5%	8.0%	14.7%	1.3%	-3.3%	-9.9%	-4.0%	2.3%	10.0%	3.7%	5.3%	10.3%
2y CAGR (2024e - 2026e)		-0.8%	3.4%	5.7%	2.8%	9.7%	20.7%	2.8%	11.1%	4.5%	1.4%	n.a.	3.0%	6.3%	6.5%	1.9%	4.9%	8.2%
EBITDA		4,420.5	4,427.3	1,872.5		925.2	14,822.3	18,422.0		514.9	141.4	163.2		23,984.4	13,837.2	19,457.0		36.6
EBITDA growth		1.0%	10.1%	14.0%	8.4%	36.3%	35.3%	-2.4%	23.0%	28.5%	13.1%	28.3%	23.3%	-3.1%	6.8%	99.9%	34.5%	10.0%
2y CAGR (2024e - 2026e)		-0.9%	5.8%	13.1%	6.0%	32.0%	33.5%	4.3%	23.3%	14.2%	7.8%	n.a.	11.0%	9.8%	9.8%	7.3%	8.9%	12.6%
EBITDA/Revenues		31.9%	29.9%	19.7%	27.2%	24.5%	37.4%	40.0%	34.0%	10.9%	8.8%	10.0%	9.9%	46.7%	29.2%	34.7%	36.9%	10.5%
EBIT		4,128.4	3,960.9	1,599.2		995.0	13,457.7	17,231.6		388.1	89.8	94.9		23,068.0	12,310.2	16,163.4		13.6
EBIT growth		117.5%	34.0%	39.0%	63.5%	65.1%	41.0%	54.9%	53.7%	31.2%	8.8%	50.9%	30.3%	38.0%	34.1%	312.8%	128.3%	29.1%
2y CAGR (2024e - 2026e)		-0.7%	6.6%	14.5%	6.8%	23.9%	33.9%	3.6%	20.5%	18.2%	13.2%	n.a.	15.7%	10.4%	11.6%	8.0%	10.0%	22.5%
EBIT/Revenues		29.8%	26.8%	16.8%	24.4%	26.3%	34.0%	37.5%	32.6%	8.2%	5.6%	5.8%	6.5%	44.9%	26.0%	28.8%	33.2%	3.9%
Net Profit		3,045.1	2,601.6	799.6		886.1	11,302.5	13,716.3		128.5	24.2	44.7		17,906.0	9,456.4	12,500.5		11.3
Net Profit growth		n.a.	603.4%	n.a.	603.4%	60.4%	133.3%	70.8%	88.1%	-2.2%	122.4%	462.4%	194.2%	301.8%	75.1%	533.9%	303.6%	19.7%
2y CAGR (2024e - 2026e)		0.7%	9.9%	22.9%	11.1%	20.4%	35.2%	4.9%	20.2%	45.6%	43.2%	n.a.	44.4%	11.1%	11.4%	10.5%	11.0%	24.1%
CAPEX/Sales %		2.2%	3.2%	5.1%	3.5%	1.0%	7.6%	3.3%	4.0%	2.8%	2.3%	3.1%	2.7%	1.5%	5.3%	4.7%	3.9%	4.5%
Free Cash Flow		4,068.0	1,434.9	486.8		906.1	8,382.6	12,687.8		107.8	71.9	48.0		16,985.2	7,179.9	10,399.1		5.3
Net financial debt		12,202.4	13,702.8	2,604.1		(3,246.9)	16,597.4	10,459.4		n.a.	645.3	177.5		49,884.2	4,254.5	46,273.8		39.5
ND/EBITDA (x)		2.8	3.1	1.4	2.4	n.a.	1.1	0.6	0.8	n.a.	4.6	1.1	2.8	2.1	0.3	2.4	1.6	1.1
Pay-out		18.7%	0.0%	32.7%	17.2%	0.0%	39.2%	53.2%	30.8%	0.0%	n.a.	24.7%	12.3%	56.4%	50.9%	70.6%	59.3%	-0.7%
Multiples and Ratios																		
P/E (x)		4.4	6.8	15.3	8.8	16.6	59.4	14.9	30.3	7.6	23.7	9.8	13.7	16.8	12.5	13.1	14.1	20.2
P/BV (x)		0.7	2.1	1.9	1.6	3.0	n.a.	4.9	4.0	n.a.	0.7	n.a.	0.7	n.a.	1.6	2.0	1.8	1.1
EV/Revenues (x)		2.1	2.3	2.1	2.1	2.4	18.5	4.9	8.6	0.7	0.9	0.5	0.7	6.8	2.9	3.8	4.5	0.8
EV/EBITDA (x)		6.5	7.6	10.5	8.2	9.7	49.4	12.3	23.8	6.2	9.7	4.9	6.9	14.5	9.9	11.0	11.8	8.1
EV/EBIT (x)		7.0	8.5	12.3	9.3	9.0	n.a.	13.1	11.1	8.2	15.3	8.5	10.7	15.1	11.2	13.3	13.2	21.7
ROE		15.4	30.6	12.6	19.5	18.0	69.1	33.0	40.0	n.a.	2.7	n.a.	2.7	166.8	12.4	15.2	64.8	5.4
FCF Yield (%)		31.1	8.1	2.9	14.0	7.3	1.2	5.7	4.7	9.4	11.7	9.7	10.3	5.7	5.9	6.5	6.0	2.3
DPS		0.48	0.00	0.61	0.36	0.00	4.92	3.51	2.81	0.00	n.a.	0.22	0.11	5.72	3.84	1.56	3.71	0.00
Dvd Yield		4.3%	0.0%	1.6%	2.0%	0.0%	0.7%	3.4%	1.4%	0.0%	n.a.	2.2%	1.1%	3.4%	4.0%	5.5%	4.3%	n.a.

Note 1: Financial data, multiples and ratios based on market consensus (Factsset). In the case of the company analyzed, own estimates (Lighthouse).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

LIGHTHOUSE

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
30-Jul-2024	n.a.	2.83	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	2.78	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	2.78	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui

