

Results

Labomar (Under Review)

2020 Results in Line, Outlook Mixed

Vs. our estimates	Above	In Line	Below
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Results. The key points of results were:

- FY20 results in line:** FY20 results announced yesterday after the market close were broadly in line with our expectations at both the top line and operating profitability. Note that the adjustment at the EBITDA and EBIT level amounted to EUR 0.97M and was entirely attributable to the listing costs expensed in the P&L. The net income was better than expected, mainly thanks to non-structural items, such as the positive impact of the Patent Box agreement for the 2016-2019 period (approx. EUR 0.7M, out of a total benefit including 2020 of EUR 0.9M) and the adjustment to the value of financial assets for approx. EUR 0.5M;
- Net debt as expected:** As of 31 December, the group's net debt declined to EUR 3.4M vs. EUR 28.7M at end-2019 benefiting from the capital increase of EUR 25M completed in the IPO process. According to our calculations, the gross cash flow of approx. EUR 10.1M (excluding the capital increase) was almost entirely absorbed by EUR 5.7M of capital expenditure and EUR 2.9M of NWC increase;
- Outlook:** The company did not release a quantitative 2021 guidance but said that "Despite the contingent difficulties posed by the ongoing COVID-19 pandemic, the segment - as for the wider food and pharmaceutical sectors - has continued to return to the growth achieved over the preceding years. The directors therefore expect the Group to continue to grow both on the domestic and overseas markets". The management also confirmed that the company is committed to its M&A strategy, that the projects to develop the vertical cultivation technology (Herbae) and to enter the Cannabis market are ongoing and that its medium-term expansion capex plan, while confirmed, could nonetheless be deployed with a one-year delay as a result of the pandemic.

What we think: We believe that the announced 2020 results were broadly in line with expectations. As for the outlook, our impression was that 2021 could still be negatively impacted by the effects of the pandemic in the first half followed by a demand rebound in the second half of the year if the vaccine campaign provides relief from the pandemic. In addition, we note that the recent increase in raw material prices may not be easily passed through to customers. Overall, we note that with the positive performance of the last few months the stock has reached our target price; a possible trigger could come from eventual M&A actions which we will assess if and when announced. We place our rating Under Review.

Labomar - Key Data

30/03/2021	Healthcare		
Target Price (EUR)	8.6		
Rating	Under Review		
Mkt price (EUR)	8.82		
Mkt cap (EUR M)	163		
Main Metrics (€ M)	2020E	2021E	2022E
Revenues	60.80	66.11	75.50
EBITDA	11.33	14.25	16.45
EPS (EUR)	0.33	0.35	0.41
Net debt/-cash	2.80	0.71	1.09
Ratios (x)	2020E	2021E	2022E
Adj. P/E	26.4	25.4	21.6
EV/EBITDA	14.6	11.5	10.0
EV/EBIT	23.4	17.2	14.9
Debt/EBITDA	0.25	0.05	0.07
Div yield (%)	1.1	1.2	1.4
Performance (%)	1M	3M	12M
Absolute	7.7	33.8	NA
Rel. to FTSE IT All Sh	0.6	21.9	NA

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Labomar

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Labomar - FY20 results

EUR M	FY19A	FY19PF	FY20A	FY20E	FY20C	FY A/E %	FY A/C %	FY yoy %	FY yoy % vs. 19PF
Net Revenue	48.3	56.6	61.1	60.8	61.0	0.4	0.1	26.3	107.9
Value of Production	49.1	57.4	61.5	61.8	61.9	-0.5	-0.7	25.1	107.2
EBITDA	9.1	11.3	11.3	11.3	11.1	-0.1	2.0	24.5	100.2
% on sales	18.5	19.7	18.4	18.3	17.9		-		
adj. EBITDA	9.7	12.2	12.3	12.9	NA	-4.7	NA	27.2	101.0
% on sales	19.7	21.2	20.0	20.9	-				
EBIT	5.8	7.4	7.3	7.1	6.9	2.8	5.4	24.9	97.8
% on sales	11.8	13.0	11.8	11.5	11.1		-		
adj. EBIT	6.4	8.3	8.2	8.6	NA	-5.2	NA	28.2	98.6
% on sales	13.0	14.5	13.3	14.0	-				
PBT	5.6	6.7	6.9	6.2	NA	11.5	NA	23.8	102.3
Net Attrib. Inc.	4.1	5.0	6.1	5.2	4.9	18.2	24.3	47.0	121.6

NA: not available; NM: not meaningful; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research