

Labomar (Under Review)**Feedback from Investor Day**

Market Mover (LBM-IT) **Positive** **Neutral** **Negative**

What's up? Yesterday, the company hosted an Investors' Day in Istrana. The main points discussed with management were:

- The company confirmed that on a like-for-like basis, **2021 revenues are expected to increase at a low-mid single digit vs. the EUR 61.1M posted in 2020**. In addition, there should be the contribution for six months of the Welcare Group acquired at the beginning of July (we recall that Welcare Group's revenues amounted to EUR 6.7M in 2020 with an EBITDA of EUR 2.4M). Management also confirmed that the top-line increase expected in 2H21 should allow a partial recovery of the marginality lost in the first half of the year. In particular, management highlighted that cough & cold products sales, which suffered the most during the pandemic (approx. 10% of sales in 2020), are expected to normalise in the second half of 2021 as customers' stocking activity has restarted;
- On **Welcare**, the company said that the coordination with Labomar has started early and at a fast pace. Cross-selling synergies are expected thanks to both Welcare's worldwide distribution network and the products complementarity between the two companies;
- **Labiotre**: the recent increase to 48.8% (from 31.1%) of the Labomar shareholding in Labiotre was aimed at increasing Labomar's control on the manufacturing of high quality raw materials (vegetal extracts) which increasingly represent a strategic asset in the current difficult supply chain management environment;
- **Labomar Next** (51% Labomar, ex-Herbae): management highlighted that the project to apply the vertical cultivation technology to medicinal herbs is in an advanced development stage and should allow the company to produce a new generation of nutraceutical ingredients, to possibly enter the medical cannabis market and to produce "superfoods" with a high content of specific natural active ingredients. 2022 is expected to see the first commercial applications of the Labomar Next technology;
- **LaboVar**: the commercial partnership with the SESA subsidiary, Var Group Spa (51% Labomar, 49% Var), to start the penetration of the Far East markets (China at first) through online sales, is expected to show initial revenues in 2H22.

What we think: The presentation confirmed that the company has promptly reacted to the negative impact of the pandemic, that all its main strategic growth projects are proceeding, including the ImporFab integration, which is expected to accelerate from 2H21 and that 2022 should show a normalization of the core business and it could be a crucial year for both Labomar Next's and LaboVar's business development.

Labomar - Key Data

| 20/10/2021 | | Healthcare | |
|------------------------|-------|--------------|-------|
| Target Price (EUR) | | Under Review | |
| Rating | | Under Review | |
| Mkt price (EUR) | | 12.45 | |
| Mkt cap (EUR M) | | 230 | |
| Main Metrics (€ M) | 2021E | 2022E | 2023E |
| Revenues | 66.11 | 75.50 | 86.28 |
| EBITDA | 14.25 | 16.45 | 18.87 |
| EPS (EUR) | 0.34 | 0.40 | 0.47 |
| Net debt/-cash | 1.34 | 1.62 | -2.67 |
| Ratios (x) | 2021E | 2022E | 2023E |
| Adj. P/E | 36.3 | 30.9 | 26.5 |
| EV/EBITDA | 16.3 | 14.1 | 12.1 |
| EV/EBIT | 24.4 | 21.1 | 18.0 |
| Debt/EBITDA | 0.09 | 0.10 | Neg. |
| Div yield (%) | 0.9 | 1.0 | 1.1 |
| Performance (%) | 1M | 3M | 12M |
| Absolute | -13.2 | -2.0 | 78.9 |
| Rel. to FTSE IT All Sh | -15.2 | -10.8 | 30.8 |

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Labomar

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