

Labomar (ADD)**FY21 EBITDA in Line, 2022 Top-line Growth Confirmed amid Concerns**

Vs. our estimates **Above** **In Line** **Below**

Results. The key points of results were:

- 2021 full results:** the company released full 2021 results yesterday, during market session, which showed an EBITDA in line with expectations and a net income adjusted for not recurring items below our forecasts mainly due to higher than expected depreciation. Cash flow was as expected. We remember that 2021 consolidated revenues were already released last January and amounted to EUR 65.4M vs. EUR 61.1M in 2020 (+7% yoy) including the companies acquired in 2021, i.e. the Welcare Group (since 1 July 2021) and Labiotre Srl for the sole month of December. On a like for like basis (Labomar+Importfab), 2021 revenues would have amounted to EUR 61.4M, up 0.6% yoy supported by 2H growth of over 10%, with both the parent company (+9.2%) and the Canadian subsidiary (+15.4%) contributing. 2021 EBITDA amounted to EUR 10.1M, slightly below our forecasts, mainly due to higher than estimated service costs, while reported EBIT was significantly lower than expected, mostly due to the non-monetary write-down of the goodwill of ImportFab for EUR 2.2M. Below the EBIT line, the company posted some non-monetary one off gains: EUR 5.5M concerning the fair value remeasurement of the shares of Labiotre and EUR 0.5M for the reduction of the ImportFab earn-out. Such positive items boosted the group's net income above our expectations. According to our calculation, the adj. net income amounted to EUR 4.1M, slightly below our forecasts, mainly reflecting the higher than estimated depreciation. Net debt at 31 December was EUR 28.2M, worse than our forecast (EUR 22.1M), entirely due to the inclusion of the EUR 7.2M liability related to the purchase option of the Welcare minority stake (30%). Lastly, management said that it will propose a dividend distribution of EUR 0.1/share;
- 2022 outlook:** management expressed some worries related to both the sanitary and the geopolitical current environment. Yet the company confirmed its previous guidance for a double-digit top line yoy increase in 2022 on a like for like basis, which would be in line with our current forecasts. Management specified that the group has no direct exposure to Russia and Ukraine, that the supply chain has been further diversified with back-up suppliers and that the company has increased the use of temporary workers to cope with pandemic related personnel absence.

What we think: We note that the group's FY21A adj. EBITDA was broadly in line with expectations and that the 2H21 adj. EBITDA margin at 17.5% was significantly higher than the 13.1% posted in 1H21 thus indicating a gradual return of the company to a more normalized operating profitability. We would also note that while confirming 2022 top line growth target, management expressed some worries on the risks related to the current political and health environment. Based on the announced results, **we put our estimates and target price Under Review.**

Labomar – 2H/FY21 results

EUR M	1H20A	2H20	FY20A	1H21A	2H21A	2H yoy%	2H21E	FY21A	FY21E	FY21C	FY yoy%
Sales	33.0	28.1	61.1	30.5	34.9	24.4	34.9	65.4	65.4*	65.4	7.1
EBITDA	7.8	3.6	11.3	4.5	5.6	58.2	6.0	10.1	10.5	10.9	-10.9
% on sales	23.5	12.7	18.4	14.6	16.2	-	17.3	15.4	15.2	16.7	-
Adj. EBITDA	7.8	4.5	12.3	4.0	6.1	34.3	6.5	10.1	10.5	NA	-17.9
% on sales	23.5	16.2	20.0	13.1	17.5	-	18.6	15.4	15.2	-	-
EBIT	5.6	1.7	7.3	2.4	0.0	-97.7	3.7	2.4	6.0	6.4	-67.2
% on sales	16.9	6.1	11.8	7.7	0.1	-	10.5	3.7	3.6	9.8	-
Adj. EBIT	5.6	2.7	8.3	1.9	NA	NA	4.1	2.4	6.0	NA	-71.0
% on sales	16.9	9.5	13.4	6.2	-	-	11.7	3.7	3.6	-	-
Pre-tax profit	4.9	2.0	6.9	3.6	5.4	172.3	3.2	9.0	6.8	6.9	30.4
Net profit	3.6	2.5	6.1	2.9	5.4	118.8	2.4	8.3	5.3	5.1	36.1

*already released; NA: not available; A: actual; E: estimates; C: Bloomberg consensus; Source: Company data and Intesa Sanpaolo Research

Labomar - Key data

31/03/2022	Healthcare		
Target Price (EUR)	Under Review		
Rating	ADD		
Mkt price (EUR)	10.25		
Mkt cap (EUR M)	189		
Performance (%)	1M	3M	12M
Absolute	17.3	2.5	12.0
Rel. to FTSE IT All Sh	17.7	11.1	8.7

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Labomar

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