

**Labomar (ADD)****Better than Expected 1H22 Profitability**

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

**Results.** The key points of results were:

- Better-than-Expected Profitability:** The group announced 1H22A results yesterday during the market session, which showed a better-than-expected operating profitability. We remind that in August Labomar had already announced that 1H22 sales increased by 37.1% yoy to EUR 41.8M vs. EUR 30.5M in 1H21. The organic growth was 11.8% yoy, while the newly-acquired companies Labiotre and Welcare contributed to 1H22 sales with EUR 7.7M. Management also said that 1H22 saw a significant recovery in probiotics and in cough&cold products' sales vs. 1H21, which had been particularly impacted by the Covid-19 pandemic. The 1H22A EBITDA margin increased by 480bps yoy, mainly driven by the better fixed costs absorption, the careful production management and the counter-dilutive impact of the Welcare consolidation. No significant issues emerged below the EBITDA line. As for net debt, it increased to EUR 33M vs. the EUR 28.2M posted at end-2021, entirely due to the increase in NWC and in particular to the raw materials' stock level aimed at managing the manufacturing activity planned for the second half of the year;
- Outlook:** Management confirmed the expectation for a double-digit organic revenue increase for FY22 and for an EBITDA result at least in line with the current consensus (approx. EUR 15M, source Bloomberg), as the cost inflation impact should be offset by gradual price increases.

**What we think:** We positively see the announced results and, while confirming our 2022E-2023E forecasts, **we reiterate our positive stance on the stock.**

**Labomar - Key Data**

30/09/2022	Healthcare		
Target Price (EUR)	10.4		
Rating	ADD		
Mkt price (EUR)	7.86		
Mkt cap (EUR M)	145		
Main Metrics (€ M)	2022E	2023E	2024E
Revenues	82.94	91.66	101.7
EBITDA	15.02	16.81	18.96
EPS (EUR)	0.33	0.38	0.44
Net debt/-cash	26.46	21.35	14.15
Ratios (x)	2022E	2023E	2024E
Adj. P/E	23.8	20.9	17.8
EV/EBITDA	11.4	9.9	8.4
EV/EBIT	20.2	17.4	14.2
Debt/EBITDA	1.8	1.3	0.75
Div yield (%)	1.3	1.4	1.7
Performance (%)	1M	3M	12M
Absolute	-6.4	-5.1	-33.4
Rel. to FTSE IT All Sh	1.0	2.5	-15.0

Source: FactSet, Company data, Intesa Sanpaolo Research estimates

Intesa Sanpaolo is Specialist to Labomar

**Bruno Permutti** - Research Analyst  
 +39 02 7235 1805  
 bruno.permutti@intesasnpaolo.com

**Labomar - 1H22 results**

EUR M	1H21A	FY21A	1H22A	1H22E	1H21C	1H A/E%	1H yoy %	FY22E	FY22C
Sales	30.5	65.4	41.8	41.8	NA	0.0	37.1	82.9	82.8
Value of prod.	31.2	66.5	42.0	42.5	NA	-1.1	34.6	84.3	84.1
EBITDA	4.5	10.1	8.1	7.4	NA	9.0	82.0	15.0	15.0
% on sales	14.6	15.2	19.3	17.5	-	-	-	17.8	17.8
Adj. EBITDA	4.0	10.1	8.1	7.4	NA	9.0	102.5	15.0	NA
% on sales	13.1	15.2	19.4	17.5	-	-	-	17.8	-
EBIT	2.4	2.4	4.7	4.2	NA	13.2	100.7	8.5	8.2
% on sales	7.7	3.6	11.2	9.8	-	-	-	10.1	9.8
Adj. EBIT	1.9	2.4	4.7	4.2	NA	13.2	148.3	8.5	NA
% on sales	6.2	3.6	11.2	9.8	-	-	-	10.1	-
Pre-tax profit	3.6	9.0	4.4	4.0	NA	11.1	23.2	8.1	8.0
Net profit	2.9	8.3	3.1	3.0	NA	5.2	9.0	6.1	6.1

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