

BioDue (BIO2.IM)

Sector: Healthcare

Flash Note: new financing on more favorable terms

February 1st, 2017

Investment summary

- BioDue S.p.A. develops, manufactures and markets cosmetics, solid and liquid food supplements and medical devices both on behalf of national and international pharmaceutical companies (Industrial division), both under its own brands (Pharcos, BiOfita and Selerbe).
- Mr. Benedetti has signed in the month of January 2017 the corporate and commercial agreements for the immediate operational start of Pharcomed Corp., a joint venture (50% each) with Suco International Group for distribution on American territory - initially in Latin America, with an initial capital - fully paid up in cash - of 0,4MUS\$.

Latest news

- BioDue has announced that it has entered into two long-term loans for a total amount of 2.6M€ (of which a mortgage of 1.8M€, fixed rate 1.55% at 10 years, and an unsecured 0.8M€, floating rate 1m EURIBOR + 1.45% to 7 years).
- These new financial resources are allocated to the completion of the capital expenditure for the adaptation of premises for logistics acquired in recent months.
- The Company also due to temporary cash on hand related to seasonal factors and as part of the refinancing, will proceed to the extinction of previous M/L loans for a total amount of 1.15M€, which included higher interest rates and of equal to 2.25%.
- The start to operations in these plants, will allow, among others, the disposal of a property no longer functional to the development programs of the Company, part of which insists on a lease with residual debt of 0.9M€.
- The net financial impact of the transaction on the NFP is therefore very limited and carries some significant benefits: it lengthened the average maturity of debt and further reduces the cost of bank financing.

Valuation

- BioDue recently started the first operation aimed at external growth, the opening on the American continent offers the possibility of an increase in margins on the sell-out and the chance to massively land on the US market.
- Currently we confirm the estimates and the evaluation, pending a comprehensive review of the financial plan on the occasion of the publication of annual results.

Risks

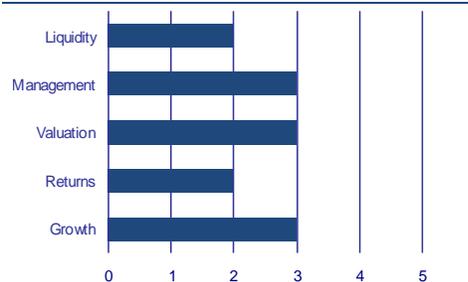
- Increase in business complexity linked to territorial expansion.

Forecast	15A	16E	17E	18E
Sales (€M)	33.6	37.3	41.0	43.6
EBIT (€M)	3.6	4.7	5.5	6.4
EPS (€)	0.21	0.25	0.29	0.34
Valuation	15A	16E	17E	18E
SHARE PRICE	6.61	4.50	4.58	8.21
EV/EBITDA	16.1	9.1	7.7	11.8
P/E	31.1	17.9	15.6	24.1
Dividend yield	0.8%	1.7%	2.1%	1.5%

Key Data

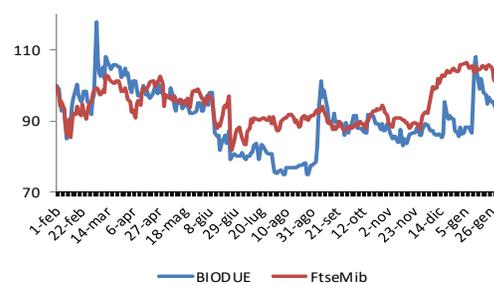
Price (€)	4.58
Market cap (€M)	51.1
Equity Value (€M)	82.3
Fair Value (€)	7.38
P/E LTM	21.2
P/E TTM	21.1

Investment Profile from 1 worst to 5 best



Stock data

Ticker Bloomberg	BIO2.IM
N° of shares (M)	11.1
Free float	10.1%
Main shareholder	Benedetti family (68.5%)
Daily trading volume	3,575 shares



Share Price perf (%)	3M	6M	1A
Absolute	4.2%	22.7%	-7.1%
Rel. to FtseMib	-6.5%	9.7%	-8.5%

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