

BioDue (BIO2.IM)

Sector: Healthcare

Flash Note: Biodue invests in Industry 4.0 via Labiotre

December 4th, 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, Biofta and Selerbe).
- The BoD of BioDue S.p.A. on August 3, 2017 resolved to initiate a feasibility study for admission to MTA negotiations, possibly STAR segment. This decision is in line with the strategic development plan and consistent with the desire to focus on dimensional growth even for external lines, as well as internationalization process.

Latest news

- Biodue has announced that it has signed, on November 24th, binding agreements with Labiotre' shareholders, Labomar (39% owned by Labiotre) and Previfarma (22% owned by Labiotre), to subscribe in December 2017 a 1M€ private capital increase of Labiotre, of which it holds now 39%.
- As a result of this subscription BioDue will hold 51.2% of the capital stock of the Labiotre post capital increase while the other current shareholders will be diluted, respectively, at 31.2% and 17.6%. As of the 2017 financial year, Labiotre will therefore be included in the scope of consolidation of the BioDue Group.
- Labiotre is active in the extraction of plant active ingredients with proprietary technology and know-how, the capital increase is intended to finance an important investment program for a total of 4.1M€ - of which approximately 2M€ real estate, 1.2M€ plant and 0.9M€ machinery. These investments will enable the adaptation and realization of a new production plant with state-of-the-art technologies, in line with Industry 4.0's standards, which will allow an increase in production capacity and entry into the *softgel* manufacturing segment.
- The remaining financial coverage will be secured by medium / long-term debt lines.
- Completion of investments and their introduction, including R&D activities, are expected at the end of 2018.

Valuation

- BioDue has a thirty-year history of growth, the listing on the AIM market was the first step on a path of growth and strengthening, now it has officially started the process of switching to the main market.
- In light of latest news and waiting for the new financial plan, we confirm our valuation and a fair value of 7.11€ per share.

Risks

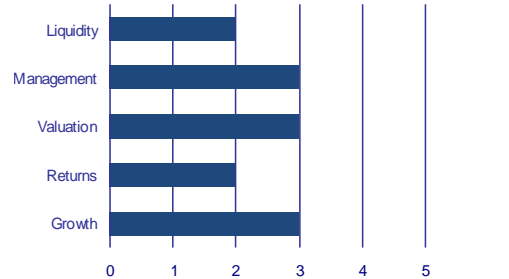
- Further slowdown in the full implementation of the investments in production capacity.
- Difficulties to finalize and manage external growth.

Forecast	16A	17E	18E	19E
Sales (€M)	34.6	37.2	40.1	43.2
EBIT (€M)	3.1	3.8	4.9	5.9
EPS (€)	0.18	0.20	0.26	0.31
Valuation	16A	17E	18E	19E
SHARE PRICE	4.50	5.44	7.49	7.88
EV/EBITDA	11.8	12.0	13.4	11.9
P/E	25.2	26.9	28.9	25.1
Dividend yield	1.3%	1.1%	1.1%	1.4%

Key Data

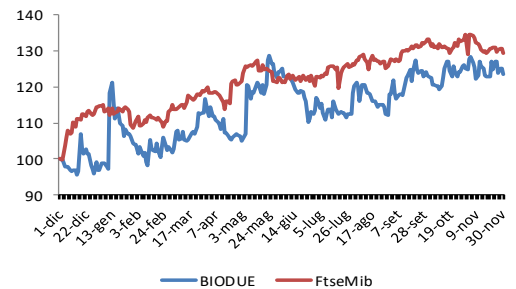
Price (€)	5.44
Market cap (€M)	60.6
Fair Equity Val. (€M)	79.3
Fair Value (€)	7.11
P/E LTM	25.2
P/E TTM	27.9

Investment Profile from 1 worst to 5 best



Stock data

Ticker Bloomberg	BIO2.IM
N° of shares (M)	11.1
Free float	21.5%
Main shareholder	Benedetti family (60.3%)
Daily trading volume	9,804 shares



Share Price perf (%)	3M	6M	1A
Absolute	4.7%	-0.6%	23.5%
Rel. to FtseMib	3.6%	-6.1%	-5.8%

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