

BioDue (BIO2.IM)

Sector: Healthcare

1H2018: Positive turnover results and greater international propensity

November 5th, 2018

Investment summary

- BioDue S.p.A. develops, manufactures and markets cosmetics, solid and liquid food supplements and medical devices (i.e. registered cosmetic products) both on behalf of national and international pharmaceutical companies (Industrial division), both under its own brands (Pharcos, Biofta and Selerbe).
- On July 2018, BioDue purchased a 43% stake in Farcoderma Srl, with the aim to gain control later, with an overall investment not exceeding 3M€. Farcoderma is active in the food supplements and medical devices production.
- On October BioDue signed a distribution agreement with Fufarma, a company operating in the Balcan area, with the aim to launch a huge number of Pharcos products in that region. This operation lies in the group strategic intention to increase its international propensity.

Latest results

- The 1H2018 Group consolidated revenues were worth 20.9M€, up 13.1% yoy. The growth was recorded in both industrial and own brands divisions, benefiting also from Labiotre full consolidation. In addition, the Group kept on reinforcing its global identity, with a foreign growth above 30%; domestic market recorded +10.4%.
- Industrial turnover was up to 10.8M€ (up 3% yoy), following the first quarter growth.
- Own brands 1H2018 numbers were extremely positive; Pharcos reached 4M€ of revenues, Selerbe (3.2M€) grew by 16% mainly thanks to the sale of tailored products and Biofta marked +11% thanks to the commercial network restructuring.
- In terms of profitability, the 1H2018 was concerned by a positive performance due to lower incidence of main cost items. Ebitda was up to 3.5M€ (increasing in both absolute and relative terms) whilst net operating profit value was worth 2.5M€.
- The NFP recorded on June 30, 2018 was negative (debt) for 9.8M€, as a result of two relevant outflows in the semester (4.1M€ of investments and 0.7M€ of dividends payment), so it worsened compared to the value recorded on December 2017.

Valuation

- BioDue is now involved in the process of switching to the main market (STAR segment) and, in view of this, the management structure was strengthened with the appointment of four new figures.
- In light of the first semester results and BioDue expectations for the FY2018, we slightly revised our valuation; the model returns a fair value of 7.6€ per share.

Risks

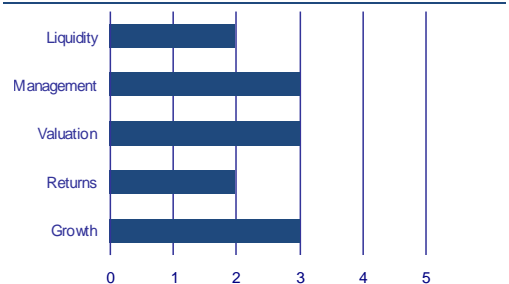
- Further slowdown in the full implementation of the investments in production capacity and difficulties to finalize and manage external growth.

Forecast	17A	18E	19E	20E
Sales (€M)	38,3	41,3	45,0	49,5
EBIT (€M)	3,2	5,7	7,1	8,7
NET RESULT	4,1	3,7	4,5	5,7
NFP	6,1	8,2	5,3	0,4
Valuation	17A	18E	19E	20E
SHARE PRICE	5,09	5,12	8,11	8,66
EV/EBITDA	13,8	8,7	10,5	8,9
P/E	13,8	15,6	20,2	17,0
Dividend yield	1,2%	1,6%	1,2%	1,5%

Key Data

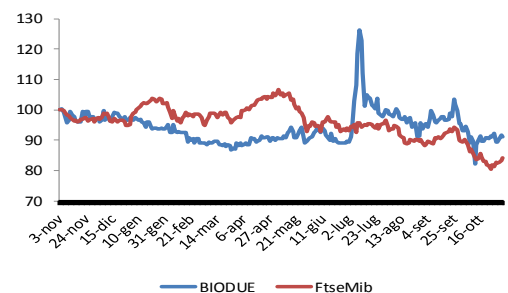
Price (€)	5.12
Market cap (€M)	57.1
Fair Equity Val. (€M)	84.7
Fair Value (€)	7.60
P/E LTM	13.8
P/E TTM	12.0

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	9,453 shares



Share Price perf (%)

	3M	6M	1A
Absolute	-7.2%	1.2%	-8.9%
Rel. to FtseMib	+2.9%	+20.6%	+6.9%

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FINANCIALS

Income statement (€M)	17A	18E	19E	20E
Sales	38,3	41,3	45,0	49,5
COGS	16,5	18,7	20,0	21,5
Gross Profit	21,8	22,7	25,0	28,0
EBITDA	4,6	7,5	9,2	10,9
Depreciation, Amortization	1,4	1,8	2,1	2,2
EBIT	3,2	5,7	7,1	8,7
Net Financial Results	0,0	-0,2	-0,2	-0,2
Income tax	-1,0	-1,9	-2,3	-2,9
Net result	4,1	3,7	4,5	5,7
EPS (€)	0,37	0,33	0,40	0,51
DPS (€)	0,06	0,08	0,10	0,13

Balance sheet (€M)	17A	18E	19E	20E
FIXED ASSETS	17,9	22,1	22,0	20,8
WC	9,7	10,3	10,8	11,4
CAPITAL EMPLOYED	27,6	32,5	32,8	32,2
EQUITY	18,5	21,2	24,6	28,8
MINORITY INTEREST	2,0	2,0	2,0	2,0
PROVISIONS	0,7	0,7	0,7	0,7
PENSIONS (e.g. TFR)	0,3	0,3	0,3	0,3
NET DEBT	6,1	8,2	5,3	0,4
CAPITAL INVESTED	27,6	32,5	32,8	32,2

Margin (%)	17A	18E	19E	20E
Gross Margin	54,9%	54,9%	55,5%	56,5%
EBITDA Margin	11,9%	18,2%	20,4%	22,0%
EBIT Margin	8,3%	13,9%	15,7%	17,6%
Net Margin	10,8%	8,8%	10,0%	11,5%

Growth (%)	17A	18E	19E	20E
Sales growth	10,5%	8,0%	8,8%	10,1%
EBIT growth	-5,6%	81,0%	23,1%	23,4%
Net growth	87,1%	-11,5%	22,6%	26,7%

Cash Flow statement (€M)	17A	18E	19E	20E
Cash Flow	5,5	5,5	6,6	7,9
+/- Var. Working Capital	-2,4	-0,6	-0,5	-0,6
Operating Cash Flow	3,1	4,8	6,1	7,3
Op. Cash Flow / Sales	8,1%	11,6%	13,6%	14,7%
Capex	-2,3	-6,0	-2,0	-1,0
FCF	0,8	-1,2	4,1	6,3
FCF / Sales	2,1%	-2,9%	9,2%	12,7%

Stock data	17A	18E	19E	20E
Number of Shares (M)	11,1	11,1	11,1	11,1
Share price	5,09	5,12	8,11	8,66
Market cap (€M)	56,8	57,1	90,4	96,5

Ratios	17A	18E	19E	20E
ROCE after tax	6,9%	10,6%	13,7%	17,3%
ROE	22,3%	17,2%	18,2%	19,7%
Capital Turnover	1,4	1,3	1,5	1,6
Net Debt / EBITDA	1,4	1,1	0,6	0,1
Gearing	34,6%	40,1%	22,4%	2,3%
WC / Sales	25,3%	25,0%	24,0%	23,0%
Amortization / Sales	3,7%	4,4%	4,7%	4,4%
Capex / Sales	6,0%	14,5%	4,4%	2,0%
EPS growth	87,1%	-11,5%	22,6%	26,7%
PEG	15,8	-136,2	89,5	63,6

Valuation	17A	18E	19E	20E
EV/Sales	1,7	1,6	2,1	2,0
EV/EBITDA	13,8	8,7	10,5	8,9
EV/EBIT	20,0	11,5	13,6	11,2
P/E	13,8	15,6	20,2	17,0
P/B	3,1	2,7	3,7	3,3
EV/CE	2,3	2,0	3,1	3,2
FCF Yield	1,4%	-2,1%	4,5%	6,5%
Dividend yield	1,2%	1,6%	1,2%	1,5%

Source: Company data, Twice estimates