

## BioDue (BIO2.IM)

Sector: Healthcare

### Flash Note: growing revenues driven by own brands

February 19<sup>th</sup>, 2017

#### Investment summary

- BioDue S.p.A. develops, manufactures and markets cosmetics, solid and liquid food supplements and medical devices both for of national and international third parties (Industrial division) and under its own brands (Pharcos, BiOfta, Selerbe).
- BioDue has recently strengthened its managerial structure through the appointment of four new managers; has appointed the CFO, the Director of Business Development, for the development of growth strategies on new products and markets, the Operations Manager for Pharcos and for BiOfta. This strengthening will make it possible to better monitor the commercial development of its own brands, consistent both with the strategic growth goal and with the strengthening of the Financial Management (transition to the MTA – STAR).

#### Latest news

- In 2017 BioDue revenues amounted to 35.7M€, up 4.2% on the previous year.
- The analysis of the values highlights the confirmation of the strategic orientation aimed at favoring the sales of the own brands *Pharcos*, *Selerbe* and *BiOfta*, totaling 45.4% of turnover (43.0% in 2016).
- The Industrial Division reported revenues of 19.5M€, slightly less than the previous year; Pharcos increased 5.0% to 8.2M€ thanks above all to greater foreign sales to JV Pharcomed Corp.
- The Selerbe generated revenues of 5.3M€ +19.9% yoy; the growth is mainly due to sales of customized products to the pharmacist and herbalist client ("Private Label"). Revenues of BiOfta increased 9.2% to 2.7M€, due to greater penetration and success of the brand in the channel of ophthalmologist's specialists.
- The geographical breakdown of revenues shows significant growth in the foreign component, +9.2%; the domestic market recorded a growth of 3.6% yoy, the trend is in line with the corporate strategy that aims to strengthen the process of internationalization and open new markets. The revenue mix was as follows: Italy 88.2%, 11.8% foreign.
- The Royalties flows arising from the grant to third parties of the production REWCAP license amounted to 56k€. In addition, extraordinary sales were made of REWCAP machines built in economy, for 0.3M€ destined to be sold on the Chinese market.

#### Valuation

- In light of preliminary revenues 2017 and waiting for the new financial plan, we confirm our valuation and a fair value of 7.11€ per share.

#### Risks

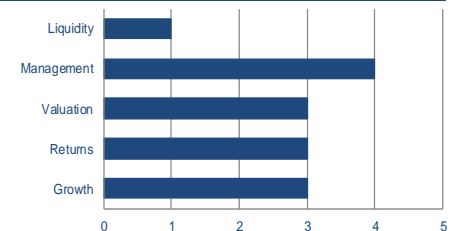
- Difficulties to finalize and manage external growth process and the transition to MTA market.

| Forecast    | 16A  | 17E  | 18E  | 19E  |
|-------------|------|------|------|------|
| Sales (€M)  | 34.6 | 35.7 | 40.1 | 43.2 |
| EBIT (€M)   | 3.1  | 3.8  | 4.9  | 5.9  |
| EPS (€)     | 0.18 | 0.20 | 0.26 | 0.31 |
| NFP         | 5.5  | 4.7  | 3.3  | 1.4  |
| Valuation   | 16A  | 17E  | 18E  | 19E  |
| SHARE PRICE | 4.50 | 5.20 | 7.49 | 7.88 |
| EV/EBITDA   | 11.8 | 11.5 | 13.4 | 11.9 |
| P/E         | 25.2 | 25.7 | 28.9 | 25.1 |

#### Key Data

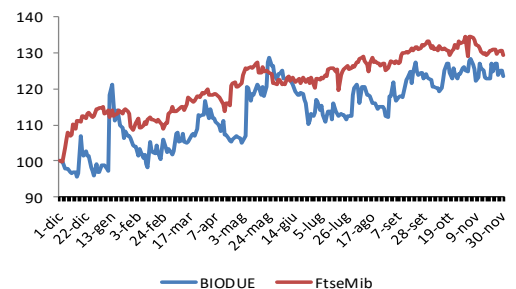
|                       |             |
|-----------------------|-------------|
| Price (€)             | 5.20        |
| Market cap (€M)       | 58.0        |
| Fair Equity Val. (€M) | 79.3        |
| <b>Fair Value (€)</b> | <b>7.11</b> |
| P/E LTM               | 29.1        |
| P/E TTM               | 32.0        |

#### 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 | 3,351 shares             |



| Share Price perf (%) | 3M    | 6M    | 1A    |
|----------------------|-------|-------|-------|
| Absolute             | -5.5% | 0.2%  | 14.8% |
| Rel. to FtseMib      | -7.0% | -3.4% | -3.3% |

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