

RECORDATI

Sector: Healthcare

OUTPERFORM

Price: Eu53.00 - Target: Eu69.00

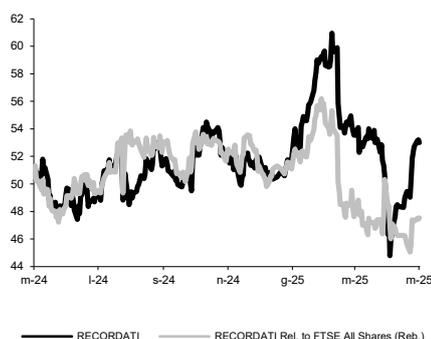
Strong Start to The Year, Impressive Margin at ~40%

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Stock Rating			
Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2025E	2026E	2027E
Chg in Adj EPS	0.0%	0.0%	0.0%

Next Events: 2Q25 results (29 July)

RECORDATI - 12M Performance



Stock Data			
Reuters code:	RECI.MI		
Bloomberg code:	REC IM		
Performance	1M	3M	12M
Absolute	14.3%	-9.6%	5.0%
Relative	-2.3%	-13.0%	-6.5%
12M (H/L)	60.95/44.78		
3M Average Volume (th):	471.35		

Shareholder Data	
No. of Ord shares (mn):	209
Total no. of shares (mn):	206
Mkt Cap Ord (Eu mn):	11,084
Total Mkt Cap (Eu mn):	11,084
Mkt Float - Ord (Eu mn):	5,894
Mkt Float (in %):	53.2%
Main Shareholder:	
Rossini SARL	46.8%

Balance Sheet Data	
Book Value (Eu mn):	2,033
BVPS (Eu):	9.72
P/BV:	5.5
Net Financial Position (Eu mn):	-1,877
Enterprise Value (Eu mn):	12,961

■ **1Q25 results.** Adj. EBITDA and adj. EBIT beat our expectations, while adj. net income was broadly in line with our estimates and consensus, as the higher operating income was partially offset by increased financial charges and a higher tax rate. The company had already disclosed net revenues of €680mn, slightly ahead of expectations (€674mn est.; €675mn cons.) and up 11.9% year-on-year. Organic growth came in at +7.2% (vs. +5.9% est.), excluding the impact of ForEx (€3.7mn) and Enjaymo® (€31.9mn). By segment, Specialty & Primary Care (S&PC) reported revenues of €408.6mn (+3.3% YoY, +5.0% organic), while Rare Diseases (RRD) reached €254.8mn, up 29% YoY and +1.5% excluding ForEx and Enjaymo®. The margin performance (39.7%, -0.4pp YoY, +1pp vs. our exp.), was underpinned by solid revenue growth, partly offset by increased investments related to the upcoming US label expansion of Isturisa® and ongoing initiatives for geographical expansion. Within the mix, the slight dilution in S&PC profitability (37.2%, -1.6pp YoY) was offset by margin improvement in RRD (44.0%, +1.0pp YoY). FCF stood at €159mn (+€11.7mn YoY, our exp. €164mn) driven by higher EBITDA offset by WC growth (in line with revenue) and interest paid; leverage was just below 2.2x EBITDA pro-forma.

■ **Neutral feedback from the call.** The conference call was brief, as most details had already been shared during last week's CMD. Management reiterated that 1Q is typically the strongest quarter for margins. FY25 guidance was confirmed last week, despite increasing ForEx headwinds, with 1Q results well on track to meet full-year expectations.

■ **No change in estimates.** We are maintaining our 2025 estimates, which sit at the mid-point of the guidance ranges.

■ **OUTPERFORM confirmed; target still €69.** The new 2027 targets reinforced our positive view on the stock (OUTPERFORM). While the strategy remains unchanged, we believe Recordati is well placed to extract more profitable organic growth from its current portfolio, supported by disciplined M&A and focused business development. The company continues to invest in low-risk, high-return opportunities within a well-diversified pipeline. The recent upgrade to peak sales highlights strong long-term potential, underpinned by a resilient Specialty & Primary Care business and a high-growth Rare Diseases portfolio. Robust financials (15–20% avg. ROIC, sector-leading margins), a de-risked model with limited LOE exposure, and continued focus on lifecycle and geographical expansion enhance visibility and support the investment case.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,082	2,342	2,644	2,833	3,029
EBITDA Adj (Eu mn)	770	866	989	1,079	1,160
Net Profit Adj (Eu mn)	525	569	659	727	784
EPS New Adj (Eu)	2.509	2.720	3.149	3.479	3.750
EPS Old Adj (Eu)	2.509	2.720	3.149	3.479	3.750
DPS (Eu)	1.200	1.270	1.521	1.801	1.974
EV/EBITDA Adj	13.8	14.7	13.1	11.7	10.7
EV/EBIT Adj	16.9	18.6	15.8	14.1	12.8
P/E Adj	21.1	19.5	16.8	15.2	14.1
Div. Yield	2.3%	2.4%	2.9%	3.4%	3.7%
Net Debt/EBITDA Adj	2.1	2.5	1.9	1.5	1.1

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed; among the main ratios used for industrial sectors are price/earnings (P/E), EV/EBITDA, EV/EBIT, price/sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium of 5.5% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the S&P500 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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- BUY: stock expected to outperform the market by over 25% over a 12 month period;
 - OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;
 - NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period;
 - UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;
 - SELL: stock expected to underperform the market by over 25% over a 12 month period.
- Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 31 March 2025 Intermonte's Research Department covered 131 companies.

As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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