



FY2 results confirm future positive mid-term prospects

Sector: Healthcare

Double-digit recovery supported by strong commercial trends. The Company reported solid results, generally in line with our expectations and guidance. FY21 sales came in at Euro 11.2 m, +36% vs. prior year (Euro 8.2), +25% vs. pre-Covid 2019 (Euro 8.9 m) (Euro 11.5 as of our estimates) driven by a solid performance across the product portfolio thanks also to a strong commercial trend which saw the domestic market grow by c. 7% in 2021 (IQVIA Dic. 2021) and continuous expansion of the commercial network (85 MSIs at year end 2021 vs. 51 as of FY20). EBITDA came in at Euro 2.1 m, +12% vs. FY20 (Euro 1.9 m) with an EBITDA margin of 19%, below last year's (23%) and our estimates (21%) following the increase in the cost of personnel, as COGS remained in line with prior year, and G&As reduced its total weight on sales. Net profit stood at Euro 0.6m. The Company generated Euro 1.2 m FCF, resulting in a Net Debt position of Euro 0.2 m (Euro 1.4 m).

Positive outlook for FY22 and beyond, no expected short-term impacts from current international turmoil. FY21 confirmed all financial targets, and even overperformed the business targets set out in the industrial plan with the: launch of 3 new products (Doltendix, Xinprox and Dolarox HCC a 3rd class medical device (pre-filled syringe based on hyaluronic acid, chondroitin sulphate and cyclodextrin)), 7 new patents obtained for international markets (USA, France and Germany), and the expansion of the MSI network. Based on the achievements in FY21 Management confirmed strong future prospects and FY24 targets (FY24 sales of Euro 18-20 m and MSI network of 115). Management also highlighted that the medical prescriptions were up by c +25% (volumes) and c 33% (volumes) in the first two months of 2022 and that it does not expect any significant impact from energy/raw material cost increases as the Company has already made the orders, at pre-established prices, to cover the entire production for 2022. Regarding the Russia/Ukraine conflict Management stated that the Company has no exposure to the area.

Estimate revision. Thanks to its relentless commitment to R&D for new product launches, continuous expansion of sales network and recent efforts towards international expansion we believe that Kolinpharma is well positioned to continue to outperform its steadily growing industry. Following the solid FY21 results which confirmed our expectations for the year, we only finetuned our FY22-23 forecast maintaining FY22-23 sales growth rates and EBITDA margins unchanged, whereas adjusting our expectations on working capital based on FY21 results. We did not assume any M&A activity or expansion in new areas of specialization which remain key strategic pillars of Management and, given the important amount of cash at hand which could be used as firepower (Euro 5.8 m at year-end 2021), and represent a potential upside to our estimates.

Valuation: On the back of the solid FY21 results and changes to our future estimates, we increased our DCF and multiple based TP to Euro 14.28 p.s., providing for an upside on current trading of 68%. At our target price the stock would be trading at FY22-23 EV/EBITDA multiples of 7.5x and 6.2x respectively vs. current of 4.5x and 3.8x.

Target Price 14.28 (13.34 pr.)

Market Price (€) **8.48**

Market Cap (€ m) **13.9**

EV (€ m) **14.1**

As of April 12th, 2022

Share Data

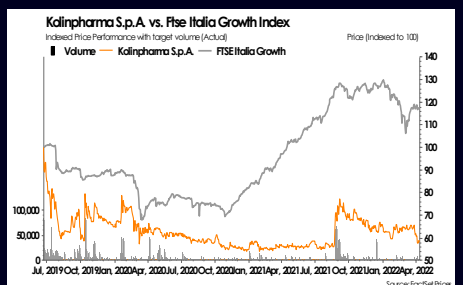
Market	Euronext Growth Milan
Reuters/Bloomberg	KIP:IM/KIP.MI
ISIN	IT00053232950
N. of Shares	1,639,571
Free Float	40.4%
Main Shareholder	RP Petrelli (59.6%)
CEO	Rita Paola Petrelli

Financials

	2020A	2021A	2022E	2023E
Sales	8.2	11.2	14.5	16.7
YoY %	+8%	+36%	+30%	15%
EBITDA	1.9	2.2	3.1	3.8
EBITDA %	23%	19%	22%	23%
EBIT	1.0	1.2	2.3	2.7
EBIT %	12%	10%	16%	16%
Net Income	0.6	0.6	1.5	1.7
Net Debt	1.4	0.2	(0.7)	(1.9)

Performance

	1M	3M	1Y
Absolute %	-7.5	-6.5	-14.0
Relative (FTSE Italia Growth)	-12.4	0.6	-11.1
52-week High/Low (Eu)	11.7	/	7.9



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