



KOLINPHARMA
LEADER TO HEALTH

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

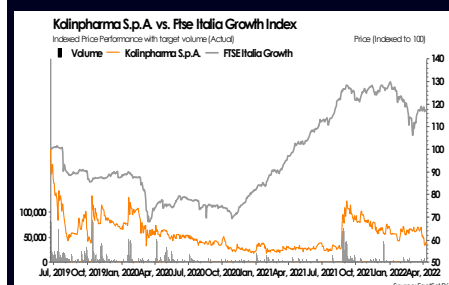
Market	Euronext Growth Milan
Reuters/Bloomberg	KIP:IM/KIP.MI
ISIN	IT00053232950
N. of Shares	1,639,571
Free Float	40.4%
Main Shareholder	RP Petrelli (59.6%)
CEO	Rita Paola Petrelli

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



Luisa Primi

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KEY FINANCIALS

Profit&Loss Statement	2018A	2019A	2020A	2021A	2022E	2023E
Sales	7.2	8.9	8.2	11.2	14.5	16.7
Revenues (VoP)	9.0	10.5	9.4	13.3	16.2	18.5
EBITDA	1.4	2.0	1.9	2.1	3.1	3.8
EBIT	0.5	0.9	1.0	1.2	2.3	2.7
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Pre-tax profit (loss)	0.5	0.8	0.9	0.9	2.1	2.5
Taxes	(0.2)	(0.2)	(0.2)	(0.3)	(0.6)	(0.7)
Net profit (loss)	0.3	0.6	0.6	0.6	1.5	1.7

Balance Sheet						
Net working capital (NWC)	0.8	0.8	3.4	2.4	2.8	3.3
Net fixed assets	4.0	3.9	5.8	6.3	6.4	6.5
M/L Funds	(0.1)	(0.2)	(0.2)	(0.4)	(0.3)	(0.3)
Net Capital Employed	4.8	4.6	9.0	8.4	9.0	9.5
Net Debt (Cash)	0.1	(0.7)	1.4	0.2	(0.7)	(1.9)
Net Equity	4.7	5.2	7.6	8.2	9.7	11.4

Cash Flow						
EBIT	0.5	0.9	1.0	1.2	2.3	2.7
D&A	0.8	1.1	0.9	1.0	0.8	1.0
Tax	(0.2)	(0.2)	(0.2)	(0.3)	(0.6)	(0.7)
Change in M/L Funds	0.0	0.1	0.1	0.1	(0.0)	0.0
Gross Cash Flow	1.2	1.8	1.7	2.0	2.5	3.0
Change in NWC	(0.2)	(0.0)	(2.6)	1.0	(0.4)	(0.5)
Operating Cash Flow	1.1	1.8	(0.8)	2.9	2.1	2.5
Capex	(1.7)	(0.9)	(1.1)	(1.4)	(1.0)	(1.1)
Other change in fixed assets	(0.0)	0.0	(1.8)	(0.1)	0.1	0.0
Financial Income (charges)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Free Cash Flow	(0.8)	0.8	(3.8)	1.2	0.9	1.2
Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Change in Equity	3.1	(0.0)	1.7	0.0	0.0	0.0
Change in Net debt (Cash)	2.4	0.8	(2.1)	1.2	0.9	1.2

Per Share Data						
Current Price	€8.48					
Total shares out (mn)	1.6					
EPS	0.17	0.36	0.39	0.39	0.88	1.06
DPS	0.0	0.0	0.0	0.0	0.0	0.0
FCF	(0.8)	0.8	(3.8)	1.2	0.9	1.2
Pay out ratio	0%	0%	0%	0%	0%	0%

Ratios						
EBITDA margin	19.3%	22.3%	23.2%	19.1%	21.5%	22.5%
EBIT margin	7.7%	9.7%	12.1%	10.3%	15.9%	16.3%
Net Debt/Equity (Gearing)	3.0%	-13.0%	18.9%	2.5%	-7.4%	-16.7%
Net Debt/EBITDA	0.10	-0.34	0.76	0.10	-0.23	-0.51
Interest cover EBIT	6.34	12.26	9.26	4.90	9.78	11.54
ROE	5.9%	11.3%	8.5%	7.8%	15.0%	15.3%
ROCE	15.4%	23.5%	13.7%	17.1%	32.7%	36.5%
Free Cash Flow Yield	-9.1%	9.7%	-45.1%	14.6%	10.8%	14.0%

Growth Rates						
Sales	76%	24%	-8%	36%	30%	15%
Revenues (VoP)	68%	17%	-11%	42%	22%	14%
EBITDA	129%	44%	-4%	12%	46%	20%
EBIT	1670%	58%	15%	16%	100%	18%
Net Profit	516%	114%	9%	0%	127%	20%

Source: Group Consolidated Data & PMI Capital Research Estimates

Revenue breakdown

Eu m	FY21	FY21%	FYH20	FY20 %	FY19	FY19 %
Milesax	2,9	26%	2,2	27%	2,6	29%
Ivuxur	1,3	12%	1,6	19%	1,6	18%
Dolatrox	1,0	9%	1,2	14%	1,7	19%
Xinepa Easy	1,3	12%	1,1	13%	1,8	20%
Almetax Easy	0,8	7%	0,5	6%	0,9	10%
Miledix	0,6	5%	0,3	4%	0,4	4%
Xinepa (pills)	0,9	8%	0,6	8%		
Almetax (pills)	0,6	5%	0,3	3%		
Ivuxur (pills)	0,4	4%	0,2	3%		
Dolatrox HCC	0,6	5%	0,2	2%		
KIPKIT	0,0	0%	0,0	0%		
Xinprox	0,2	2%				
Doltendix	0,7	6%				
Total	11,2	100%	8,2	100%	8,9	100%

Source: PMI Capital Research elaboration on Company data

Key Financials FY19-FY21 – Euro m

	FY21A	FY20A	FY19A
Sales	11.2	8.2	8.9
	yoy	+36%	-8%
			24%
Production Value	13.3	9.4	10.5
	yoy	+42%	-11%
			17%
EBITDA	2.1	1.9	2.0
	margin	19%	23%
			22%
EBIT	1.2	1.0	0.9
	margin	10%	12%
			10%
Net Profit	0.6	0.6	0.6
Net Working Capital (NWC)	2.4	3.4	0.8
Fixed Net assets	6.3	5.8	3.9
Funds	(0.4)	(0.2)	(0.2)
Net Capital Employed	8.4	9.0	4.6
Net Debt (Cash)	0.2	1.4	(0.7)
Equity	8.2	7.6	5.2
Sources	8.4	9.0	4.6

Source: Company Data

Estimates Revision

Eu m	21E Old	21E Act.	22E Old	22E New	23E Old	23E New
Sales	11,5	11,2	15,0	14,5	17,2	16,7
yoy	40%	36%	30%	30%	6%	12%
Revenues (PV)	13,6	13,3	16,1	16,2	18,4	18,5
	45%	42%	18%	18%	14%	14%
EBITDA	2,4	2,1	3,2	3,1	3,9	3,8
margin	21%	19%	22%	22%	23%	23%
EBIT	1,5	1,2	2,2	2,3	2,9	2,7
margin	13%	10%	15%	15%	17%	16%
Net Profit	1,0	0,6	1,5	1,5	2,0	1,7
yoy	52%	0%	51%	51%	33%	20%
EPS	0,55	0,36	0,83	0,83	1,11	0,98

Eu m	21E New	21E Act.	22E Old	22E New	23E Old	23E New
Net Working Capital (NWC)	2,4	2,4	3,4	2,8	4,0	3,3
Fixed net assets	6,0	6,3	5,8	6,4	6,3	6,5
Funds	(0,2)	(0,4)	(0,2)	(0,3)	(0,2)	(0,3)
Net Capital Employed	8,2	8,4	9,0	9,0	10,0	9,5
Net Debt (Cash)	(0,4)	0,2	(1,8)	(0,7)	(2,0)	(1,9)
Equity	8,6	8,2	10,8	9,7	12,0	11,4
Sources	8,2	8,4	9,0	9,0	10,0	9,5

Source: Company Data (FY20-21), PMI Capital Research Estimates (FY22-23)

Valuation Summary

Method	Weight	Price (Euro)	Equity Value (Euro)
Multiple Comparison	50%	14.38	23.57
DCF	50%	14.19	23.26
Target Price	100%	14.28	23.42

Multiples Comparison

Companies	Market Cap	Price	Sales 2022E	Sales YoY 22E/21	EBITDA % 2022E	NI % 2022E
Industrial Peers						
Probi AB	427.8	37.5	71.4	13%	30%	15%
Boiron SA	667.6	38.1	470.0	3%	21%	10%
Biogaia	1,113.3	57.2	98.4	31%	36%	26%
Pharmanutra	636.0	65.7	79.1	16%	27%	18%
USANA Health Sciences, Inc.	1,462.1	76.2	1,052.3	1%	15%	9%
Fine Foods NTM	196.1	8.9	207.1	7%	10%	3%
Average			330	12%	23%	13%
KOLINPHARMA			15	30%	22%	10%
EGM Peers						
Friulchem	8.9	1.1	27	27%	7%	1%
Labomar	165.2	8.9	83	27%	19%	9%
Shedir Pharma Group	70.2	12.5	49	7%	20%	9%
Svas Biosana	44.9	3.9	87	6%	14%	5%
Ulisse Biomed	15.3	1.9	2	n.m.	n.m.	n.m.
Average			50	17%	15%	6%
KOLINPHARMA			15	30%	22%	10%

FactSet data as of April 12th, 2022 and PMI Capital Research estimates for Kolinpharma

Companies	EV/EBITDA		
	21A	22E	23E
Industrial Peers			
Probi AB	23.3	18.8	16.5
Boiron SA	6.2	4.1	3.5
Biogaia	36.2	27.6	23.9
Pharmanutra	30.4	28.9	24.8
USANA Health Sciences, Inc.	7.5	7.6	6.9
Fine Foods NTM	10.4	9.9	6.5
Mean	16.8	14.3	11.7
KOLINPHARMA	6.6	4.5	3.7
<i>Premium/Discount to Peers</i>	<i>-61%</i>	<i>-68%</i>	<i>-68%</i>
EGM Peers			
Friulchem	8.1	6.0	4.6
Labomar	17.7	12.3	10.8
Shedir Pharma Group	6.1	4.5	3.9
Svas Biosana	8.2	7.4	6.7
Ulisse Biomed	32.2	6.4	6.1
Mean EGM Healthcare	8.2	6.4	6.1
KOLINPHARMA	6.6	4.5	3.7
<i>Premium/Discount to Peers</i>	<i>-19%</i>	<i>-29%</i>	<i>-38%</i>

FactSet data as of April 12th, 2022 and PMI Capital Research estimates for Kolinpharma

INDUSTRY COMPARISON

Kolinpharma SpA SpA (KIP-IT): IR Top estimates and Factset Data

EGM Sector Healthcare: average data for listed EGM peers including: Friulchem (FCM-IT), Health Italia (HI-IT), International Care Company (ICC-IT), Labomar (LBM-IT), Medica (MDC-IT), S.I.F. Italia (SIF-IT), Shedir Pharma Group (SHE-IT), Svas Biosana (SVS-IT), and Ulisse Biomed (UBM-IT)

Industry Peers: average data for a selected group industrial peers: Probi AB (PROB-SE), Boiron SA (BOI-FR), Biogaia (BLOG.B-SE), Phamanutra (PHN-IT), USANA Health Sciences, Inc. USNA-US and Fine Foods NTM (FF-IT)

EGM: average financial and market data for all the companies listed on Euronext Growth Milan, reported price performance data are related to the FTSE Italia Index (Tecnprome excluded)

	KIP-IT KOLINPHARMA	EGM Sector	Industry Peers	XS0072 FTSE Italia Growth
Key Financials FY21				
Revenues	11,2	33,9	340	36,0
EBITDA	2,1	5,7	60	4,2
EBITDA %	18,8%	16,7%	17,7%	11,7%
EBIT	1,2	3,5	49	7,9
EBIT %	10,7%	10,4%	14,3%	22,1%
Earnings	0,6	2,4	34	0,7
Earnings %	5,4%	7,0%	10,0%	1,8%
NFP	0,2	3,1	-125	3,4
FY18-20 Revenues CAGR	7%	-19%	-4%	4%
FY20-22 Revenues CAGR	33%	13%	4%	28%
FY18-20 Earnings CAGR	53%	-180%	-7%	-28%
FY20-22 Earnings CAGR	50%	71%	5%	135%
Market Data				
Market Cap	14,1	52,9	675	57,5
EV	14,3	55,4	892	59,1
Free Float	40,40%	24,19%	54,17%	32,20%
ADTT YTD (Eu k)	6,776	15,005	5,477,422	64,535
Market Multiples				
EV/Sales 2022	1,0	1,8	4,6	1,7
EV/Sales 2023	0,9	1,5	4,2	1,4
EV/EBITDA 2022	4,5	6,3	14,3	13,7
EV/EBITDA 2023	3,7	5,5	11,7	7,9
EV/EBIT 2022	6,1	10,1	19,2	15,8
EV/EBIT 2023	5,2	8,4	17,1	9,5
P/E 2022	9,3	17,5	30,2	24,1
P/E 2023	8,2	13,1	26,7	18,3
Earnings Yield	10,7%	5,7%	3,3%	4,2%
Stock Performance				
1D	-1.2%	0.0%	1%	-0.3%
1W	-5.8%	-3.1%	3%	-0.1%
1M	-8.6%	7.5%	8%	5.2%
3M	-7.6%	-11.2%	-5%	-7.7%
6M	-15.0%	-10.0%	13%	-3.3%
YTD	-11.7%	-13.1%	-5%	33.6%
1Y	n.a.	-6.1%	17%	19.0%

PMI Capital Research elaboration based on Factset data as of April 12th, 2022

KOLINPHARMA IN BRIEF

Company Profile

KOLinPHARMA SpA is an Innovative SME specialised in R&D in the growing nutraceutical market. The Company's products are based on natural raw materials and have the purpose of supporting pharmacological treatments mainly for pathologies in the orthopaedic-physiatry and gynaecological fields. KOLinPHARMA sells its own-branded products through a skilled sales network of medical scientific informers (MSIs). Customers are represented by pharmaceutical wholesalers, which distribute to pharmacies and parapharmacies nationwide. The Company has shown rapid growth since foundation in 2013 and closed 2021 with revenues Euro 13.3 m of posting a 2015-2021 CAGR of +35%.

Innovation

KOLinPHARMA is highly focused on innovation and works closely with the research departments of many Italian Universities (Milano, Pavia, Sapienza-Roma and Napoli). The Company is currently holder of 45 international patents.

Products

The Company presents two main product lines: the uro-gynaecological line (Almetax, Almetax Easy, Ivuxur, Ivuxur Easy, Miledix, Xinprox) and the orthopedic&fisiatric line (Dolatrox, Xinepa, Xinepa Easy, Milesax, Doltendix and Dolatrox hcc). In addition, with its KIPPharmacy line for the pharmacy channel, the Company offers KIPKIT which contains the KIPFLU food supplement.

Strategy

Over the next three years Kolinpharma intends to pursue growth through a strategy based on:

- Widening of product portfolio and patents
- Increase strengthening of MSI network
- M&A and/or international partnerships

Board Members

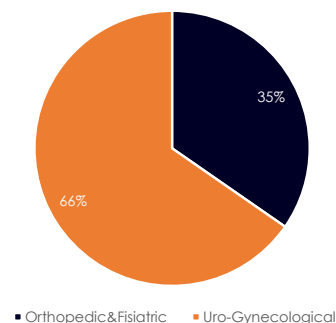
Rita Paola Petrelli – Chairman
Massimo Mantella – CEO
Edoardo Ferragina Non-ex. Director
Giannunzio Corazza Non-ex.director
Francesco Maria Spano - Ind. member
Maurizio Altini - Independent member

Ownership

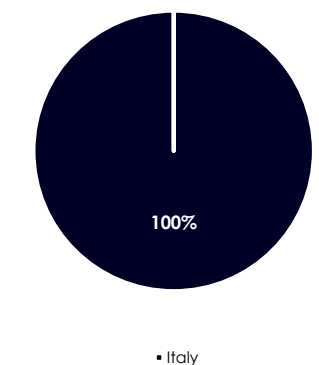
Shareholder	N° of shares	%
Rita Paola Petrelli	977.571	59.62%
Kolinpharma Spa (own shares)	5.400	0.33%
Free Float	656.600	40.05%
Total	1,639,571	100.00%

In February 2022, the Board launched a buy-back program (based on Shareholder's resolution of April 2021). To date the Company has acquired a total of 5.400 own shares.

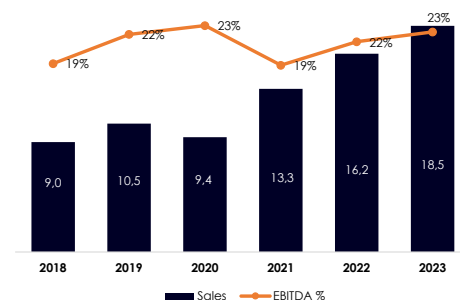
FY21 Revenue breakdown product line



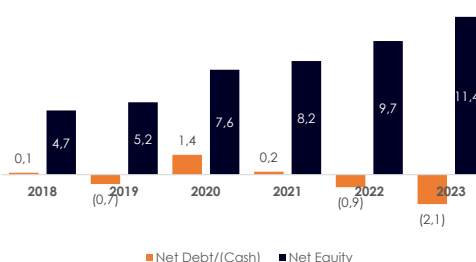
FY21 Revenue breakdown geography



Revenue and EBITDA growth FY18A-23E



Net Debt Equity growth FY18A-23E



KOLINPHARMA ON EURONEXT GROWTH MILAN

IPO

Trading Market: AIM Italia – Borsa Italiana SpA (currently Euronext Growth Milan)
Date: March 9th, 2018
Price: 7.00 Eu
Capital raised: 3.1 Eu m equity through a capital increase with private placement
Capitalisation: 10.2 Eu m

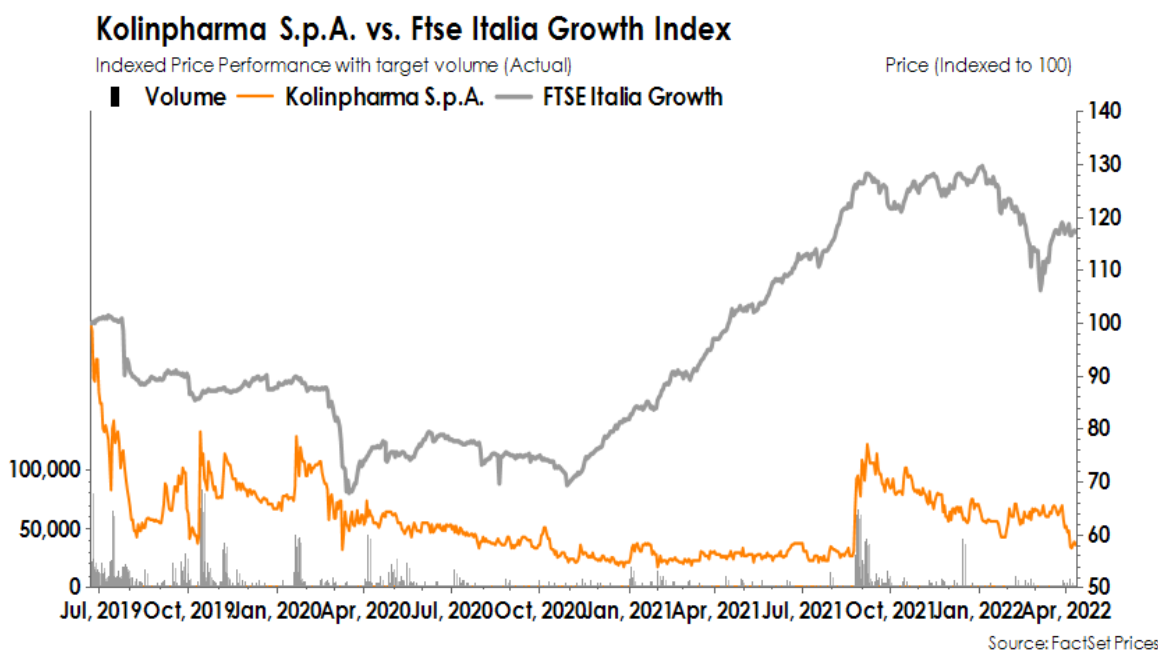
SHARES (as of April 12th, 2022)

Code: KIP
Bloomberg: KIP IM
Reuters: KIP.MI
ISIN ordinary shares: IT0005322950
Shares: 1,639,571
Price: 8.48 Eu
Performance from IPO: +21%
Capitalisation: Euro 13.9 m
Free Float: 40.38%
NomAd: EnVent Capital Markets Ltd
Specialist: MIT SIM SPA

STOCK OPTION

In December 2021, the shareholders' meeting approved a new Stock Option Plan (2021-2024) to incentivize key employees, and on the relevant capital increase for a maximum of 140.000 shares without option rights (conversion rate 1:1). To date 56.600 options have been allocated.

STOCK PERFORMANCE



DISCLAIMER

UPDATES: This Research is an update coverage made by IR Top Consulting S.r.l. (IR Top) on KOLINPHARMA (the "Company"). Update frequency might depend on circumstances considered to be important (corporate events and changes of recommendation, etc.) or on further advisory commitment. Last Research on the same Company was released on October 5th, 2021.

Opinions and estimates of this Research are as the date of this material and are subject to change. Information and opinions have been obtained from sources public and believed to be reliable, but no warranty is made as to their accuracy or correctness. Past performances of the Company are not guarantee of future results.

During the last 12 months, the following indications have been disseminated:

Date	Target Price	Market Price	Validity Time
April 13 th , 2022	14.28	8.48	12 months
October 5 th , 2021	13.34	10.30	12 months
April 13 th , 2021	12.58	8.20	12 months
October 14 th , 2020	12.06	8.36	12 months
April 27 th , 2020	12.40	9.01	12 months
October 22 nd , 2019	12.33	10.0	12 months
April 16 th , 2019	9.37	6.40	12 months
October 15 th , 2018	8.92	6.50	12 months
April 4 th , 2018	8.67	6.94	12 months

VALUATION METHODOLOGY (HORIZON: 12M): IR Top obtained a fair value using different valuation methodologies including Discounted Cash Flow method and Multiple-based models. Detailed information about the valuation or methodology and the underlying assumptions and information about the proprietary model used is accessible at IR Top premises.

RESEARCH TEAM

Luisa Primi, (Senior Analyst, AIAF Associated)

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