

EQUITY - SPAIN

Sector: Pharmaceuticals

Closing price: EUR 2.69 (27 Feb 2025)

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12m Results 2024

Independent Equity Research

12m Results 2024

 Opinion ⁽¹⁾: In line

 Impact ⁽¹⁾: We will maintain our estimates

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Business description

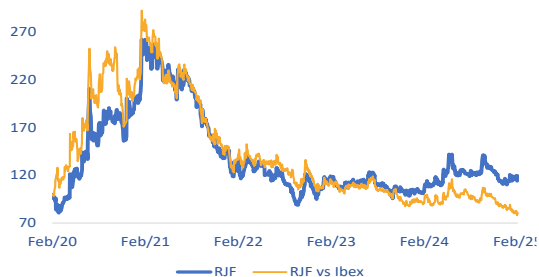
Laboratorio Reig Jofre (RJF) a pharmaceutical company headquartered in Barcelona (Spain) specialised in research, manufacturing, and marketing of pharmaceutical products (injectables and generic antibiotics) and food supplements at its development and logistics centres (Barcelona, Toledo and Malmö). With an international footprint (> 50% of revenue). Managed and controlled by the Reig family (63% of share capital).

Market Data

Market Cap (Mn EUR and USD)	217.6	226.6
EV (Mn EUR and USD) ⁽²⁾	280.6	292.2
Shares Outstanding (Mn)	80.9	
-12m (Max/Med/Mín EUR)	3.20 / 2.71 / 2.39	
Daily Avg volume (-12m Mn EUR)	0.06	
Rotation ⁽³⁾	7.2	
Factset / Bloomberg	RJF-ES / RJF SM	
Close fiscal year	31-Dec	

Shareholders Structure (%)

Reig Jofre Investments	62.8
Kaizaharra Corp	10.1
Onchena	6.1
Treasury stock	1.0
Free Float	20.0

Relative performance (Base 100)

Stock performance (%)

	-1m	-3m	-12m	-5Y
Absolute	5.1	-2.9	12.5	19.4
vs Ibex 35	-5.0	-15.3	-14.3	-19.1
vs Ibex Small Cap Index	-1.7	-15.9	-3.4	-14.6
vs Eurostoxx 50	-0.4	-16.0	0.4	-24.6
vs Sector benchmark ⁽⁴⁾	0.7	-7.7	5.4	-10.1

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Health Care.

(*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

2024 Results: In Line. Solid Growth, With the Challenge of Further Improving Profitability.

SOLID REVENUE GROWTH (+7.2% VS 2023)... RJF closes the year 2024 with revenues of EUR 338.9Mn (vs EUR 316.1Mn in 2023). International sales grow by +13%, driven mainly by Europe (+16%, following the trend of 9m24), and account for 59% of revenues (+4p.p. vs 2023). CDMO (contract development and manufacturing organization) reaches EUR 49Mn (+13% vs 2023).

...AND SPECIALTY PHARMA AS THE MAIN GROWTH DRIVER. By business line, Pharma Technology improves (+9.1% vs 2023; +2p.p. vs 9m23) due to increased global demand for antibiotics. Specialty Pharma remains the fastest-growing division (+9.7% vs 2023; although with a slight deceleration in the fourth quarter: -2p.p. vs 9m23), explained by growth in Sweden and dermatology sales (+23%), led by Ciclo-Tech sales. In Consumer Healthcare, revenues were flat, due to the discontinuation of third-party distribution in France (EUR 8Mn in revenues in 2023), while the focus on proprietary products increases, with OTC product sales growing by +6% and FortéPharma own-brand products growing by +14%.

AND WITH A SLIGHT IMPROVEMENT IN PROFITABILITY. The focus on drug manufacturing and higher value-added projects has led to an improvement in Gross Margin to 58.6% (+0.9p.p. vs 2023), and despite the (announced) increase in wages under the collective agreement in Spain (+16%), the containment of other operating costs leads to a slight improvement in Rec. EBITDA Margin 2024 to 11.2% (11.1% in 2023). Rec. EBITDA 2024 of EUR 38.1Mn (vs EUR 35.1Mn in 2023, +8.4%).

NET DEBT REMAINS UNDER CONTROL (DN/EBITDA, 1.2X). Working capital needs and CAPEX maintain the Net Debt level at EUR 47Mn, representing a reduction of approximately EUR 1Mn in the year. The company continues to invest in industrial assets (EUR 16.6Mn) aimed at increasing productivity and capacity at the Toledo and Barcelona plants. Investment in Leanbio (biotechnology assets) amounted to EUR 6.6Mn, for full vertical integration in the development, characterization, and production of biotechnological active ingredients. R&D capitalized in the year of EUR 2.5Mn. The DN/EBITDA 2024 ratio of 1.2x offers potential for the company to maintain the current investment level and to analyze additional investments.

RESULTS WITHOUT SURPRISES AND WE MAINTAIN ESTIMATES. The pursuit of greater efficiency is the key to the takeoff of RJF's EBIT and ROCE, and the key to the equity story. Results in line and we maintain 2025e estimates, based on repeating what was seen in 2024: revenues c.+10% and stable margins at c.11%.

MARGIN IMPROVEMENT IS THE KEY TO AN IMPROVEMENT IN TARGET MULTIPLES. RJF has met expectations for the year 2024. The key for 2025 is to maintain high single-digit growth, with a focus on improving profitability levels. High entry barriers and inelastic demand for its products offer, a priori, tailwinds to facilitate the achievement of expectations. The 2020-2024 numbers are self-explanatory: revenues c.+50% (CAGR +10.2%), with EBITDA C.+65% (CAGR +13.6%) and an improvement in EBITDA/Sales margin of +1.3 p.p. Aspiring to truly higher multiples only comes through faster and greater margin improvement. The great challenge of RJF and its stock price.

Appendix 1. Results table

EUR Mn	12m24	12m24 Real		2024e	2024 vs
	Real	12m23	vs 12m23		2024e
Total Revenues	338.9	316.1	7.2%	348.6	-2.8%
Pharma Technologies	151.3	138.7	9.1%	148.1	2.2%
Speciality Pharma	115.3	105.1	9.7%	123.5	-6.6%
Consumer healthcare	72.3	72.3	0.0%	77.0	-6.2%
Recurrent EBITDA⁽¹⁾	38.1	35.1	8.4%	36.6	4.0%
<i>Rec. EBITDA/Revenues</i>	<i>11.2%</i>	<i>11.1%</i>	<i>0.1 p.p.</i>	<i>10.5%</i>	<i>0.1 p.p.</i>
EBITDA⁽¹⁾	38.1	35.1	8.4%	36.6	4.0%
<i>EBITDA/Revenues</i>	<i>11.2%</i>	<i>11.1%</i>	<i>0.1 p.p.</i>	<i>10.5%</i>	<i>0.1 p.p.</i>
EBIT	12.6	10.5	20.0%	13.6	-7%
PBT	11.8	10.5	12.6%	13.2	-10.2%
NP	10.5	9.4	11.4%	11.2	-6%
Net Debt⁽²⁾	47.2	44.7	6%	42.6	-5%

Note 1: Rec. EBITDA and EBITDA adjusted to exclude the impact on revenue of capitalised expenses.

Note 2: Net Debt adjusted to strip out the impact of IFRS 16.

Appendix 2. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	217.6	
+ Minority Interests	0.1	12m Results 2024
+ Provisions & Other L/T Liabilities	21.8	12m Results 2024
+ Net financial debt	47.2	12m Results 2024
- Financial Investments	6.1	12m Results 2024
+/- Others		12m Results 2024
Enterprise Value (EV)	280.6	

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Notes and Reports History

Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
28-Feb-2025	n.a.	2.69	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
31-Oct-2024	n.a.	2.97	n.a.	n.a.	9m Results 2024	Luis Esteban Arribas, CESGA
30-Jul-2024	n.a.	2.83	n.a.	n.a.	6m Results 2024	Luis Esteban Arribas, CESGA
27-May-2024	n.a.	2.78	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
27-May-2024	n.a.	2.78	n.a.	n.a.	Initiation of Coverage	Luis Esteban Arribas, CESGA

