



REIG JOFRE

CLOSING PRICE* **EUR2.54**
VALUATION (UPSIDE) **EUR3.20 (+26%) ■ EUR5.00 (+97%)**

| | | |
|-----------------|---------|---------|
| VALUATION RANGE | EPS 24e | EPS 25e |
| ↘ -20% ↘ -7% | ↘ -27% | ↘ -16% |

Growth continues but beware of costs

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Weaker Q4 on sales and margins

While sales continued on a positive trend, there was some slowdown in Q4, mainly in pharma technologies (slower increase of utilisation capacity than expected) and in consumer healthcare (tougher comparison). Group sales in Q4 grew 4% YOY vs >20% at 9M. Specialty pharma remained strong, helped by the osteoarticular business, particularly in Sweden and Poland. EBITDA margin decreased 80bp on lower gross margin, while EBIT came down 23% on a EUR1.3m impairment. Net debt reached EUR55.8m, implying 1.6x EBITDA vs 2x in 2022.

Top-line drivers intact but beware of costs

The company is confident that the growth drivers seen during 2023 will continue, including: the recovery of antibiotic consumption plus some price increases; increase in utilisation of the investment in the injectable plant; and specialty pharma supported by strong international expansion. However, on the cost side, not only are electricity costs higher, but personnel costs will need to increase to offset the CPI increases in Spain in the previous year.

We adjust our estimates; valuation range revised downwards

We adjust our estimates on higher costs for the coming years, implying a cut in our EPS of 27% for 2024 and 16% for 2025. Our valuation range is revised downwards to EUR3.2-EUR5.0/s (from EUR4.0-EUR5.4/s) as a result of the lower estimates.

| *Closing Price (14 March 2024) | EUR2.54 | | | | Performance ⁽¹⁾ | | | | |
|--------------------------------|--------------------------|-------|--------|--------|----------------------------------|------|------|------|------|
| | 1w | 1m | 3m | 12m | | | | | |
| Market cap (EURm) | 193 | | | | Absolute(%) | (1) | 9 | 12 | (1) |
| Free float (EURm) | 40 | | | | Rel. Pharmaceuticals(%) | (1) | 3 | 1 | (17) |
| EV (EURm) | 239 | | | | Rel. MSCI SMID(%) | (1) | 5 | 9 | (9) |
| 3m avg volume (EURm) | NC | | | | | | | | |
| Refinitiv / Bloomberg | RJFE.MC / RJF SM | | | | | | | | |
| Country / Sub Sector | Spain / Specialty Pharma | | | | | | | | |
| Financials | 12-22 | 12-23 | 12-24e | 12-25e | Valuation metrics ⁽²⁾ | | | | |
| EPS, Adjusted (EUR) | 0.18 | 0.18 | 0.25 | 0.38 | P/E (x) | 15.8 | 13.8 | 10.3 | 6.6 |
| EPS, Company (EUR) | 0.11 | 0.12 | 0.19 | 0.32 | Net yield (%) | 0.0 | 0.0 | 0.0 | 0.1 |
| EPS - Refinitiv (EUR) | 0.12 | 0.12 | 0.34 | 0.46 | FCF yield (%) | 1.3 | 2.3 | 6.7 | 11.5 |
| Net dividend (EUR) | 0.00 | 0.00 | 0.00 | 0.00 | EV/Sales (x) | 1.0 | 0.8 | 0.7 | 0.6 |
| Sales (EURm) | 271 | 316 | 342 | 368 | EV/EBITDA (x) | 10.2 | 7.8 | 6.5 | 4.4 |
| EBITA, Adj. (EURm) | 14.2 | 15.6 | 22.0 | 34.2 | EV/EBITA (x) | 19.6 | 16.1 | 10.9 | 6.3 |
| Net profit, Adj.(EURm) | 13.3 | 13.9 | 18.6 | 29.0 | EV/CE (x) | 1.2 | 1.1 | 1.0 | 0.9 |
| ROCE (%) | 5.2 | 5.6 | 7.9 | 12.2 | | | | | |
| Net Debt/EBITDA, Adj. (x) | 2.6 | 2.1 | 1.5 | 0.6 | | | | | |

Source: BNP Paribas Exane (estimates), Refinitiv (consensus) (1) In listing currency, with dividend reinvested (2) Yearly average prices for FY to end-12-22, 12-23

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Figure 1: Quarterly results

EURm

| | Q4 23 Actual | Q4 23 Exane | Q4 22 | Q4 23A/ Q4 22A | Q4 23A vs Q4 23 Exane |
|--------------------------|-----------------|----------------|-------------|-------------------|--------------------------|
| Pharma Technologies | 34.7 | 41.5 | 37.4 | -7.2% | -16.3% |
| Specialty pharma | 29.0 | 28.5 | 23.8 | 21.9% | 1.7% |
| Consumer Healthcare | 15.2 | 16.4 | 14.6 | 4.3% | -7.3% |
| Group Sales | 78.9 | 86.4 | 75.8 | 4.1% | -8.7% |
| Group EBITDA | 8.9 | 12.3 | 9.2 | -2.9% | -27.7% |
| EBITDA mg. | 11.3% | 14.2% | 12.1% | -80 bp | -290 bp |
| EBIT | 1.7 | 6.4 | 2.2 | -23.2% | -73.0% |
| EBIT margin | 2.2% | 7.4% | 3.0% | -80 bp | -520 bp |
| Net Profit | 1.5 | 5.4 | 3.7 | -58.8% | -71.7% |
| Reported Net Debt | 55.8 | 56.2 | 64.1 | -12.9% | -0.7% |

Source: BNP Paribas Exane estimates

Figure 2: Change in estimates

EURm

| | 2024 New | Old | Diff | 2025 New | Old | Diff |
|---------------------|-------------|-------|--------|-------------|-------|--------|
| Sales | 342.2 | 351.6 | -2.7% | 367.9 | 379.1 | -2.9% |
| Growth | 8.3% | 8.7% | | 7.5% | 7.8% | |
| Pharma Technologies | 156.0 | 164.9 | -5.4% | 172.1 | 183.0 | -6.0% |
| Specialty Pharma | 109.3 | 108.9 | 0.4% | 113.9 | 113.4 | 0.4% |
| Consumer Healthcare | 76.8 | 77.8 | -1.2% | 82.0 | 82.7 | -0.8% |
| Reported EBITDA | 39.9 | 48.2 | -17.3% | 52.2 | 58.8 | -11.2% |
| EBITDA mg | 11.7% | 13.7% | | 30.8% | 21.9% | |
| Reported EBIT | 16.7 | 24.5 | -32.0% | 28.6 | 34.7 | -17.6% |
| Adjusted NP | 18.6 | 25.7 | -27.5% | 29.0 | 34.6 | -16.1% |
| Reported Debt | 55.8 | 56.6 | -1.5% | 42.3 | 36.1 | 17.2% |

Source: BNP Paribas Exane estimates

Figure 3: Breakdown of sales

EURm

| | 2020 | 2021 | 2022 | 2023 | 2024e | 2025e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Total REVENUE | 230.0 | 236.1 | 271.1 | 316.1 | 342.2 | 367.9 |
| Growth | 14.9% | 2.7% | 14.8% | 16.6% | 8.3% | 7.5% |
| Organic Growth | 7.4% | 2.7% | 14.8% | 16.6% | 8.3% | 7.5% |
| Pharmaceutical technologies | 111.7 | 104.2 | 125.0 | 139.1 | 156.0 | 172.1 |
| Growth | 12.3% | -6.7% | 19.9% | 11.3% | 12.2% | 10.3% |
| Antibiotics | 54.7 | 49.0 | 55.0 | 59.8 | 61.0 | 62.2 |
| Growth | 0.0% | 0.0% | 12.1% | 8.7% | 2.0% | 2.0% |
| Injectables and Lyophilized | 50.3 | 48.8 | 62.5 | 70.7 | 86.5 | 101.3 |
| Growth | 0.0% | -2.9% | 28.1% | 13.2% | 22.2% | 17.1% |
| Other technologies | 6.7 | 6.4 | 7.5 | 8.6 | 8.6 | 8.6 |
| Growth | 0.0% | -5.0% | 17.8% | 0.0% | 0.0% | 0.0% |
| Specialty pharma | 66.1 | 75.5 | 80.4 | 105.0 | 109.3 | 113.9 |
| Growth | 27.9% | 14.3% | 6.4% | 30.6% | 4.2% | 4.2% |
| Revenue Osteoarticular | 29.1 | 32.7 | 48.2 | 67.2 | 70.5 | 74.0 |
| Growth | 0.0% | 12.3% | 47.7% | 39.2% | 5.0% | 5.0% |
| Revenue Dermatology | 26.4 | 31.3 | 23.3 | 26.3 | 27.0 | 27.8 |
| Growth | 0.0% | 18.2% | -25.4% | 12.6% | 3.0% | 3.0% |
| Revenue Other Specialties | 10.6 | 11.6 | 8.8 | 11.6 | 11.8 | 12.0 |
| Growth | 0.0% | 10.0% | -24.4% | 31.3% | 2.0% | 2.0% |
| Food Supplements and consumer healthcare | 52.2 | 56.4 | 65.7 | 72.0 | 76.8 | 82.0 |
| YoY (%) | 6.5% | 8.0% | 16.6% | 9.6% | 6.6% | 6.7% |
| Revenue beauty | 4.7 | 5.1 | 6.6 | 2.5 | 2.6 | 2.7 |
| Growth | 0.0% | 8.1% | 29.3% | 6.0% | 3.0% | 3.0% |
| Revenue Weight control | 13.6 | 11.9 | 12.5 | 12.2 | 12.5 | 12.7 |
| Growth | 0.0% | -12.6% | 5.4% | -2.1% | 2.0% | 2.0% |
| Revenue Energy | 14.1 | 15.2 | 17.1 | 20.2 | 22.0 | 24.0 |
| Growth | 0.0% | 8.2% | 12.0% | 18.0% | 9.0% | 9.0% |
| Revenue OTC | 2.1 | 2.3 | 2.6 | 2.8 | 2.9 | 3.1 |
| Growth | 0.0% | 8.2% | 16.4% | 5.4% | 5.0% | 5.0% |
| Revenue Respiratory products | 4.7 | 5.1 | 7.2 | 7.9 | 8.5 | 9.1 |
| Growth | 0.0% | 8.1% | 42.3% | 9.5% | 7.0% | 7.0% |
| Revenue Antiseptic | 2.1 | 2.3 | 2.0 | 2.0 | 2.0 | 2.0 |
| Growth | 0.0% | 8.2% | -12.8% | 0.0% | 0.0% | 0.0% |
| Revenue Health | 11.0 | 14.6 | 17.7 | 24.5 | 26.4 | 28.6 |
| Growth | 0.0% | 33.2% | 21.5% | 38.0% | 8.0% | 8.0% |

Source: BNP Paribas Exane estimates

Investment case, valuation and risks

Reig Jofre

Investment case

Reig Jofre is a Spanish pharma company, founded in 1929 by the Reig Jofre family. Listed since its reverse merger with Natraceutical (2015), RJF splits its activity into 3 divisions: pharma technologies (lyophilised injectables and manufacturing of antibiotics), specialty pharma (mainly derma and osteoarticular) and consumer and healthcare products. We expect 8% sales CAGR23-25e, with a strong contribution from the pharma technology division after the major investment plan. We expect margin expansion of c310bp by 2025e, supported by tapering investments, despite a difficult 2024 on labour cost inflation.

Valuation methodology

We approach the valuation through multiple methods: a global DCF and an SOTP using different EV/sales multiples for each business.

Risks

To the upside:

An acceleration of the increase in capacity utilisation will have a positive impact on sales and EBITDA. The possibility of seeing an increase in antibiotic prices would also be a strong catalyst.

To the downside:

A slower recovery in margin than initially expected due to lower utilisation rates or negative business mix will impact our mid-term estimates.

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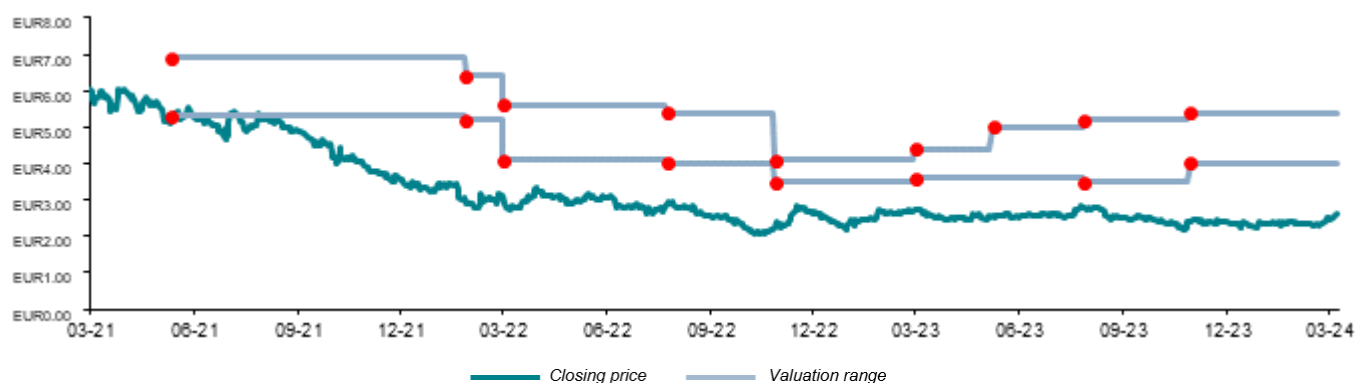
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Price and Valuation Range Chart

Reig Jofre

Historical closing price & valuation range (as of 14-Mar-24)



Source: BNP Paribas

Historical valuation range changes

| Date & Time of Dissemination (UTC) (1) | Rating | Valuation Range | Closing Price* | Key Changes | Person(s) Involved |
|--|--------|-----------------|----------------|----------------------|-----------------------------|
| 15 Mar. 2024 (1) | N/A | EUR3.20 EUR3.20 | EUR2.54 | Valuation change | F. Ruiz |
| 30 Oct. 2023 20:40 | N/A | EUR 4.00 5.40 | EUR2.38 | Valuation change | F. Ruiz |
| 27 Jul. 2023 21:13 | N/A | EUR 3.50 5.20 | EUR2.76 | Valuation change | F. Ruiz |
| 9 May 2023 04:57 | N/A | EUR 3.60 5.00 | EUR2.56 | Valuation change | F. Ruiz |
| 1 Mar. 2023 06:20 | N/A | EUR 3.60 4.40 | EUR2.73 | Valuation change | F. Ruiz |
| 28 Oct. 2022 10:16 | N/A | EUR 3.50 4.10 | EUR2.21 | Valuation change | F. Ruiz |
| 26 Jul. 2022 10:09 | N/A | EUR 4.00 5.40 | EUR2.93 | Valuation change | F. Ruiz |
| 2 Mar. 2022 08:08 | N/A | EUR 4.10 5.60 | EUR3.13 | Valuation change | F. Ruiz |
| 27 Jan. 2022 17:00 | N/A | EUR 5.20 6.40 | EUR2.98 | Valuation change | F. Ruiz, G. De Cueto Moreno |
| 13 May 2021 04:50 | N/A | EUR 5.30 6.90 | EUR5.16 | Enter sponsored list | F. Ruiz |

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