

## Full Company Report

### Buy

Initiating Coverage

**Share price: EUR 7.10**

closing price as of 15/10/2019

**Target price: EUR 10.00**

**Upside/Downside Potential 40.8%**

Reuters/Bloomberg

SHE.MI/SHE IM

**Market capitalisation (EURm) 81**

Current N° of shares (m) 11

**Free float 13%**

Daily avg. no. trad. sh. 12 mth 22

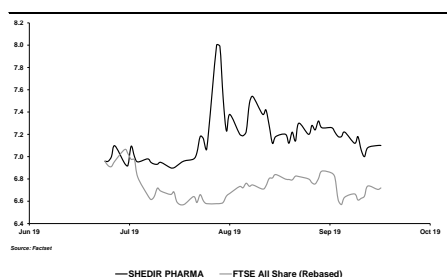
Daily avg. trad. vol. 12 mth (m) 0.00

Abs Perfs 1/3/12 mths (%) -1.11//

Key financials (EUR)	12/18	12/19e	12/20e
Sales (m)	47	52	56
EBITDA (m)	11	11	13
EBITDA margin	23.6%	21.1%	23.8%
EBIT (m)	9	9	11
EBIT margin	19.4%	16.7%	19.9%
Net Profit (adj.) (m)	6	5	8
ROCE	23.4%	22.7%	27.1%
Net debt/(cash) (m)	15	12	4
Net Debt Equity	1.4	0.8	0.1
Net Debt/EBITDA	1.4	1.1	0.3
Int. cover (EBITDA/Fin.int)	54.7	39.7	86.8
EV/Sales		1.9	1.6
EV/EBITDA		8.9	6.5
EV/EBITDA (adj.)		7.9	6.5
EV/EBIT		11.2	7.8
P/E (adj.)		16.0	10.2
P/BV		5.2	3.5
OpFCF yield		2.6%	12.2%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.45	0.44	0.70
BVPS	0.46	1.36	2.05
DPS	0.00	0.00	0.00

### Shareholders

Di Maio 88%;



### Analyst(s)

Paola Saglietti

paola.saglietti@bancaakros.it

+39 02 4344 4287

Pietro Gasparri, CIIA, CEFA

pietro.gasparri@bancaakros.it

+39 02 4344 4238

## Reason: Initiation of coverage

16 October 2019

## Nutraceuticals leader targets pharma

We initiate our coverage on Shedir Pharma with a Buy recommendation and a target price of EUR 10.00 per share (valuation based on DCF model, WACC 8.2% and 2.0% perpetual growth rate, and supported by multiples comparison).

- ✓ **Shedir Pharma (Shedir), in a few years, has become one of the top players in the Italian nutraceutical market:** (# 8, with a 1.8% market share). The group covers 15 therapeutic areas through 8 product lines and ~300 product references. Its wide distribution network (>800 sales agents) guarantees a capillary presence in the Italian market (>4,000 pharmacies served) and very high number of contacts with doctors (~110k visits per quarter). In 2017, the nutraceutical activities have been complemented by the acquisition of specific pharmaceutical assets, which have let the group enter the branded generic segment of the pharmaceutical market and have opened the door to interesting commercial synergies and cross-selling opportunities.
- ✓ **The business model is based on direct presence on the most value added parts of the value chain** (R&D and regulatory, Marketing, Sales & Distribution), but by applying strict control on the outsourced operations (Production, Warehousing and Logistics). **This strategic combination between in-house and outsourced activities seems to be the right formula, as witnessed by the excellent financial performances reached by the company.**
- ✓ **The Italian (EUR ~3.1bn in 2018) and the European (EUR ~14bn in 2018) nutraceutical markets have grown steadily in the past few years** (CAGR 2012-2018 8.5% and +5.8%, respectively). **These markets are expected to continue to grow in the coming years though at a slower pace, supported by strong long-term catalysts.** Furthermore, Shedir entered the segment of branded generics (EUR 2.4bn market in Italy). These products recorded significant growth and their consumption is expected to grow further over the next few years as there will be many patent expirations.
- ✓ **The Italian nutraceutical market is highly fragmented and extremely competitive.** This background represents the ideal environment for the most healthy and structured players (like Shedir) to gain market share through M&A.
- ✓ **FY 18 results** were good despite the extraordinary costs for the launch of new business lines (Green Planet and Shedir Pet): turnover of EUR 46.9m, +16.6% and an EBITDA margin of 23.6%. H1 19 results were satisfactory as well, despite negative one off-effects: turnover of EUR 24.5m, +9.9% Y/Y with an EBITDA Adj margin of 21.2%.
- ✓ **Our estimates for the FY 2019-2021 period reflect only the fruit of organic growth** and point to the following 2018-21 CAGRs: revenues +9.2%, EBITDA +10.3%, net profit +12.0%.
- ✓ **The management is strongly committed to continuing the expansion process** and has defined a clear strategy to pursue this goal: 1) expansion of the current product portfolio; 2) continuous development and consolidation of the R&D activity; 3) internationalisation process through commercial partnerships. Furthermore, **Shedir intends to use the IPO proceeds to speed up its M&A activities in order to accelerate the group's expansion.**
- ✓ As the **main external risks** we quote: a) the entry into the market or a more aggressive commercial approach by big pharma players or newcomers with innovative new products; b) agreements among pharmacies and wholesaler consolidation; c) adverse regulatory changes that introduce limitations and/or that require additional investments to be compliant with the new/stricter rules. As the **main company-specific risks** we mention the managerial challenges in running a group that is increasingly complex due to a multi-business (nutraceutical and pharma) and multi-market structure (higher international presence).

## CONTENTS

<b>Investment Case</b>	<b>3</b>
<b>Company overview</b>	<b>6</b>
11 years of gradual and steady growth	8
Two business units: nutraceuticals and pharma	9
An asset-light business model	10
IPO conditions and stock liquidity	11
Recent developments	11
Board and Corporate Governance	12
<b>The reference markets</b>	<b>14</b>
Nutraceutical market	14
Pharmaceutical market	17
<b>Business Model &amp; Business Units</b>	<b>19</b>
A profitable business model covering the most critical parts of the value chain	19
Two integrated business units with the same business model	23
<b>Product portfolio and main customers</b>	<b>27</b>
<b>Future targets and use of IPO proceeds</b>	<b>29</b>
<b>SWOT Analysis</b>	<b>31</b>
Strengths	31
Weakness	31
Opportunities	32
Threats	32
<b>Shedir's competitive position – Porter analysis</b>	<b>33</b>
<b>Financial analysis: 2017-2018</b>	<b>34</b>
<b>H1 2019 Results</b>	<b>40</b>
<b>2019-2021 Estimates</b>	<b>42</b>
P&L analysis	43
Capital structure analysis	45
<b>Valuation</b>	<b>46</b>
<b>Appendix 1 - Profile of listed peers</b>	<b>49</b>
<b>Appendix 2 - Comparison with market leader products</b>	<b>58</b>
<b>Appendix 3 - Group organizational chart</b>	<b>59</b>
<b>Appendix 4 - Peer group</b>	<b>60</b>

## Investment Case

A leading provider in the Italian nutraceutical market, which ...

**In its 11-year history**, Shedir Pharma (Shedir), thanks to a successful business model which has allowed the company to regularly outperform the reference market, **has become one of the top players in the Italian nutraceutical market: indeed, Shedir ranks 8<sup>th</sup> with a 1.8% market share.**

The two pillars the group bases its successful strategy on are: 1) continuous development of innovative products by its internal R&D department; 2) a business model based on widespread coverage of doctors and pharmacists.

... by seizing interesting diversification opportunities, is also entering the Italian pharmaceutical market. More recently (2017), **the traditional nutraceutical activities** (Shedir business unit) **have been complemented by the acquisition of a pharmaceutical portfolio** (Dymalife business unit), which have let the group enter the generic segment of the pharmaceutical market and have opened the door to **interesting commercial synergies and cross-selling opportunities** towards sector specialists by exploiting the existing complementary features among medical devices, nutraceutical products and drugs.

## Business model

A profitable business model that covers the most critical and value-added parts of the value chain...

**Although Shedir is primarily a nutraceutical player, it is structured and internally organised as a pharmaceutical company** with rigid respect for the quality control protocols from R&D to the sales to the final customer as well as a specialised and capillary sales network. Shedir's business model is based on direct presence on the most value added parts of the value chain (R&D and regulatory, Marketing, Sales & Distribution), but by applying strict control on the outsourced operations (Production, Warehousing and Logistics). The company oversees the whole supply chain, but the management's attention is focused on the most critical and value-added activities. **This strategic combination between in-house and outsourced activities seems to be the right formula as witnessed by the excellent financial performances reached by the company** so far (FY 18 turnover of EUR 46.9m, +16.6% with an EBITDA margin of 23.6%) and the positive expectations for the future.

... based on an effective scientific and commercial approach and...

The effective origination processes along with the proven internal R&D expertise are at the heart of Shedir's well-diversified product portfolio with a high scientific content. Currently, the group covers **15 therapeutic areas** through **8 product lines** and approximately **300 product references**. Its wide and specialised distribution network (**>800 sales agents**, specialised by product line) guarantees a capillary presence in the Italian market (**>4,000 pharmacies served**) and high number of contacts with doctors (~110k visits per quarter). The different approach from two different side – R&D and commercial capillarity – allows the group to have more brand leader in different therapeutic areas.

## The reference market

A large addressable market with a positive outlook

**The Italian (estimated EUR ~3.1bn in 2018) and the European (estimated EUR ~14bn in 2018) nutraceutical markets have grown steadily in the past few years (CAGR 2012-2018 8.5% and +5.8%, respectively).** These markets are expected to continue to grow in the coming years though at a slower pace, supported by strong long-term catalysts. The modern health needs of people,

who are increasingly attentive to prevention and wellbeing, have driven the healthcare business growth and the development of transversal and innovative segments, making nutraceuticals a promising market. Furthermore, through the acquisition of some pharmaceutical assets in 2017, Shedir entered the segment of **branded generics (estimated EUR 2.4bn in Italy)**. Since drug affordability and accessibility are strategic targets for governments and supranational institutions, these products recorded significant growth in all European markets including Italy and their consumption is expected to grow further over the next few years as there will be many patent expirations .

#### A highly fragmented industry creates room for M&As

The Italian nutraceutical market is **highly fragmented** (with the few top players competing with a large number of small and micro firms) and **extremely competitive** with pressure on prices and difficulties in differentiating one supplier from another, thus making it hard to make proper comparisons and understand the differences among offers. This background represents the **ideal environment** for the most healthy and structured players (like Shedir) to **gain market share through M&As**.

## **Solid FY 18 results and satisfactory H1 19 results**

#### FY 2018 results were good despite the extraordinary costs to support the launch of new business lines

**Shedir's FY 2018 results were good considering the costs to support the commercial launch of Green Planet and Shedir Pet and the short life of the Dymalife division, which is still in a start-up phase** (the first business line was launched in H2 2017 and the second in 2018) for which, in less than 18 months, the management has already reached breakeven at the EBITDA level (EUR 0.2m) with revenues in the region of EUR 2.5m. **Shedir group's revenues grew by 16.6% Y/Y to EUR 46.9m, EBITDA reached EUR 11.1m, with an EBITDA margin of 23.6% and EUR 6.4m Net Profit. Net Debt at the end of December 2018 was EUR 15.1m.**

#### Satisfactory H1 2019 core results despite negative one-off effects

In the first half of the year, the group's revenues were EUR 24.5m, up by 9.9% thanks to positive sales growth of both business units. The operating performance showed a negative trend with EBITDA and EBIT decreasing by 17.0% and 30.0% due to some negative non-recurring items: a) EUR 0.62m related to some fiscal disputes (FY 2013-2017 period) with the Italian tax authorities; b) a EUR 0.68m of one-off listing costs. However, we point out that, net of these one-offs, which in aggregated terms accounted for ~ EUR 2m, EBITDA, EBIT and net profit would have increase by 10.6%, 11% and 30% respectively compared to H1 18 and the operating margins remained perfectly in line with H1 2018 (EBITDA adj margin of 21.2% and EBIT adj margin of 17.1%).

#### Strong cash conversion

**The asset-light structure combined with low Capex requirements has led to a high cash conversion.** High cash flow generation is a key factor in financing future growth. Shedir has generated **FY 2018 FCF adj. (EUR 6.4m), representing 54.4% of FY 2018 EBITDA** considering the cash absorption that was due to the commercial launch of the new product lines and the creation of the initial stock of products. Recently-launched product lines are expected to contribute positively to the FCF starting from 2019.

## Strategy and growth catalysts

Shedir's management is strongly committed to supporting the group's further expansion

The **management is strongly committed to continuing the group's expansion process and has defined a clear strategy and some specific actions to pursue this goal**: internal growth through: 1) expansion of the current product portfolio; 2) continuous development and consolidation of the R&D activity; 3) development of commercial partnerships with international players; 4) external growth through M&A. In particular, we reckon that important growth catalysts in the coming years will be:

- 1) the development of the recently launched product lines (Green Planet, Shedir Pet and Dyma and Horizon);
- 2) the development of new AICs, in trying to exploit the expiry of current pharmaceutical patents; in particular, we expect benefits to derive from the commercial partnership established with a primary pharmaceutical company, with reference to Tadalafil, Flebuxostat and two cardiological associations: Amlodipina + Valsartan, Amoldipina + Valsartan + Idroclorotiazide and from the internal development of Colecalciferol;
- 3) the first benefits deriving from the commercial agreements with 45 local distributors with their own sales network in 40 countries for the distribution of 20 products (an additional 35 products are in a registration phase). This will allow the group to significantly increase the amount of turnover generated abroad, which is currently only around EUR 1m

## Banca Akros FY 2019-21 estimates

**Shedir has interesting sales growth perspectives improving sound profitability margins. The asset light structure combined with low Capex requirements will allow the group to lead a high cash conversion.** We expect Shedir will be able to achieve a 2018-2021e Sales CAGR of +9.2% thanks to the positive contribution of both business units. We estimate group EBITDA growth with a 2018-2021 EBITDA CAGR of 10.3%, higher than sales growth. Lastly, our estimates point to a net profit margin that moves from 13.8% in 2018 to 14.8% of revenues in 2021 (2018-21e CAGR of +12.0%).

## Main risks and negative aspects

As the main external risks we quote: a) the entry into the market or a more aggressive commercial approach by big pharma players with higher financial and human resources or newcomers with innovative new products; b) agreements among pharmacies and wholesaler consolidation, which may increase their bargaining power; c) adverse regulatory changes that introduce limitations and/or that require additional investments to be compliant with the new/stricter rules.

As the main company specific risks we mention: a) the managerial challenges in running a group that is increasing in overall complexity due to a multi-business (nutraceutical and pharma) and multi-market structure (higher international presence); b) the risk of having to book further provisions or monetary outlays in the event of a negative outcome of the fiscal disputes; c) the risk of pending and potential penal charges against some top managers related to labour disputes with some agents who have left the company.

## Company overview

Shedir Pharma group (Shedir) is a leading player in the healthcare sector with strong specialisation in nutraceuticals. The company has recently expanded into the pharmaceutical sector through the acquisition of some pharmaceutical assets.

The two pillars on which the group bases its successful strategy are: 1) continuous development of innovative products through its internal R&D department; 2) a business model based on widespread coverage of doctors and pharmacists.

Shedir, founded 11 years ago, now boasts a national network of more than 800 sales agents who sell more than 300 product references divided into 8 product lines, which cover more than 15 therapeutic areas.

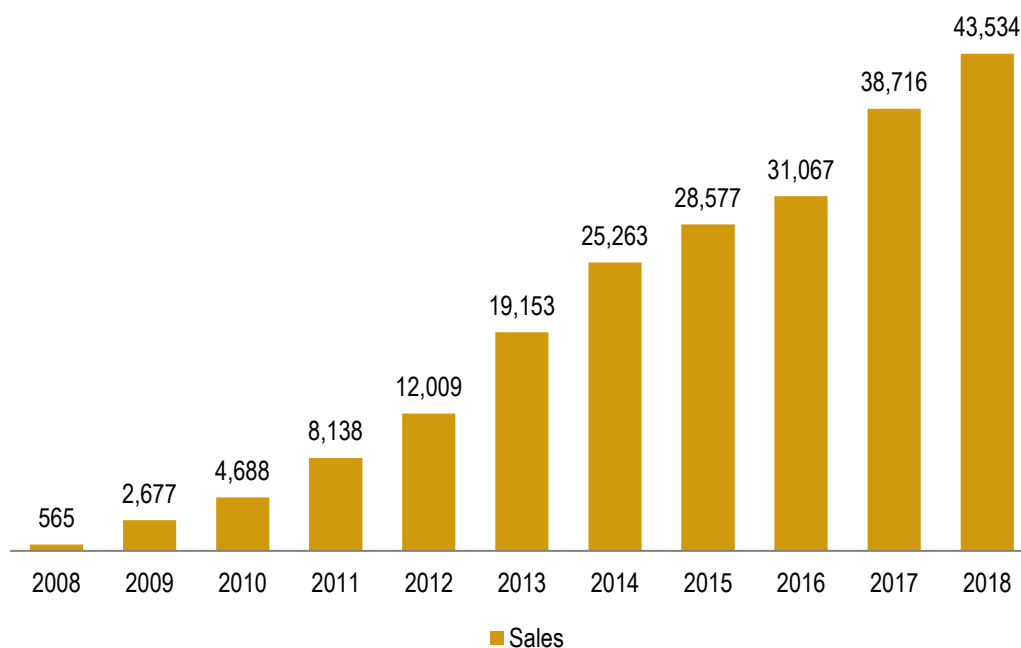
The group has organised its activities within 2 business units: the “Shedir division” (nutraceuticals), which is specialised in the distribution of supplements, dermocosmetics and medical devices, and the more recent “Dymalife division” (pharma), which is specialised in the distribution of group A, group C and OTC medicines.

Lastly, the group has recently started an international process, initially relying on local distributors with their own sales network.

In FY 18 Shedir’s revenues grew by 16.6% Y/Y to EUR 46.9m; EBITDA reached EUR 11.1m, with an EBITDA margin of 23.6% while Net Profit was EUR 6.4m. The Net Debt at the end of December 2018 was EUR 15.1m.

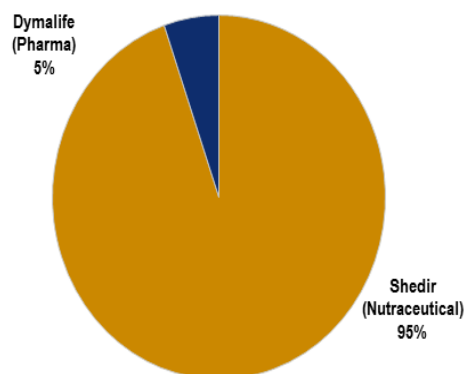
Shedir’s headquarters are in Piano di Sorrento (NA); it served over 6,000 customers in 2018 and currently employs more than 90 people.

### 2008-2018 Sales evolution (EUR m)

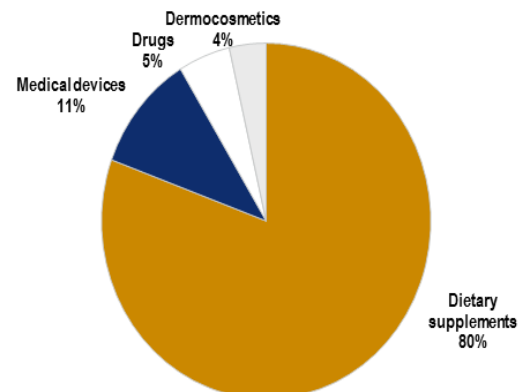


Source: Financial statements of Shedir Pharma Srl (ITA GAAP)

Sales breakdown by division (2018)



Sales breakdown by product category (2018)



Source: Shedir



## 11 years of gradual and steady growth

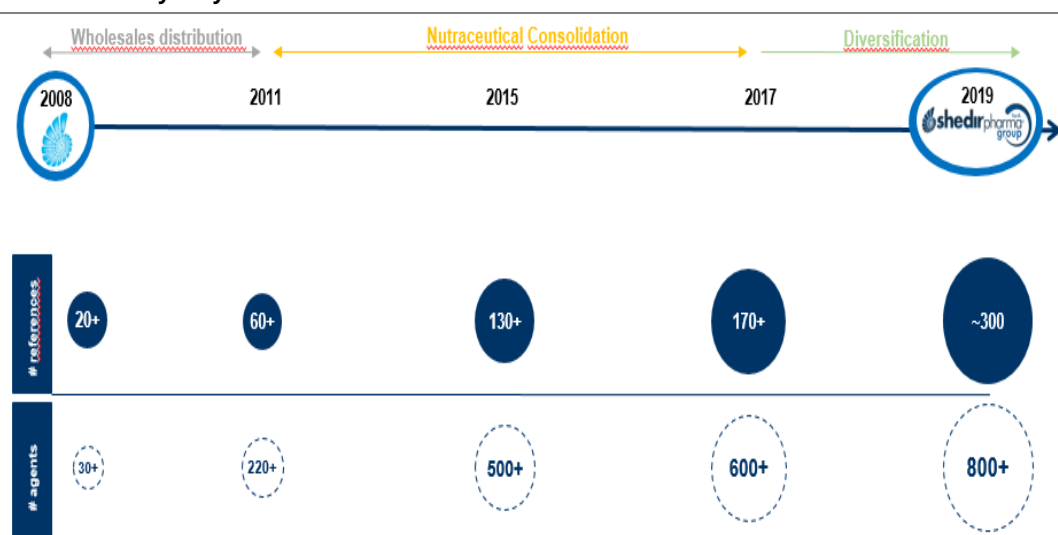
Shedir was established by Mr Di Maio in Piano di Sorrento in 2008 with the recruiting of the sales force and the launch of the first product line (Shedir).

Starting from 2011, there was a period of progressive consolidation of the group's presence in the nutraceutical market with the launch of the second product line (Deimos), followed by the progressive enlargement of the warehouse in the next few years and the launch of the Phobos and Menkar lines in 2014.

In 2015, the management established Neilos, the R&D company, and acquired Adhara. At the end of 2015, the group began its internationalization process with the establishment of Shedir Pharmaceutica Espana. Lastly, in 2017, the group started its ongoing diversification process with the launch of Green Planet, a product line entirely dedicated to pharmacies, the constitution of the Dymalife division (Pharma) with the launch of two Dymalife product lines and, in 2019, the launch of Shedir Pet, a product line specifically for veterinarians.

As illustrated below, in the last 11 years the group's growth has been linear and steady both in terms of product portfolio and expansion of the agent network.

### Shedir's history: key milestones



Source: Shedir



## Two business units: nutraceuticals and pharma

Shedir has organised its activities within 2 business units (BU).

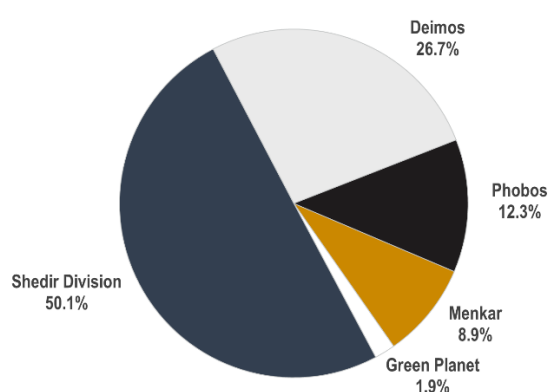
### BU1: SHEDIR division (nutraceuticals)

Shedir Pharma Srl is engaged in the distribution of supplements, dermocosmetics and medical devices through 6 product lines: 4 product lines (Shedir, Deimos, Phobos, Menkar) with sales agents involved in the release to healthcare professionals (doctors and pharmacists), 1 line (Green Planet) specifically for direct sales in the pharmacies and 1 line (Shedir Pet) dedicated to veterinarians.

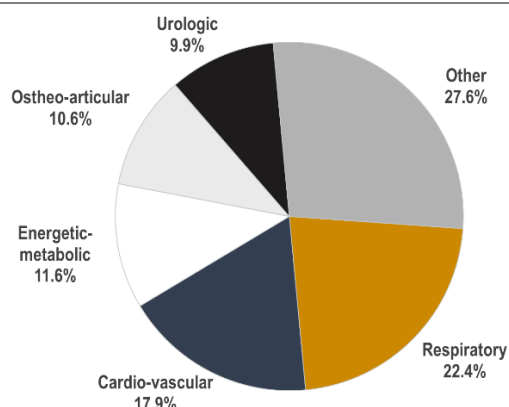
Over the years this division has developed a diversified range of products through these lines (over 90 brands and over 230 product references) in over 15 therapeutic areas.

In FY 18, the nutraceutical division's sales grew by 12.7% Y/Y to EUR 44.4m, EBITDA reached EUR 10.9m, with an EBITDA margin of 24.5%.

FY 18 sales breakdown by product line



FY 18 sales breakdown by therapeutic area



Source: Shedir; Total sales reported above do not include foreign sales as well as other income

### Nutraceutical Product lines



Source: Shedir

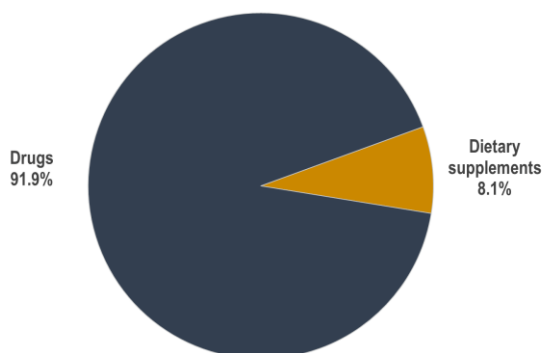
### BU 2: DYMALIFE division (pharma)

In 2017, the group expanded its presence in the pharmaceutical sector through the acquisition of a pharmaceutical portfolio and the constitution of Dymalife Pharmaceutical Srl, which sells group A, group C and OTC medicines, through two specific product lines: Dyma and Horizon.

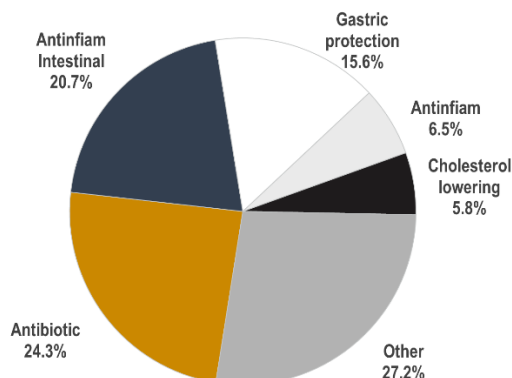
This division currently sells a range of about 70 product references, having developed about 35 brands.

In FY 18, the Dymalife division recorded EUR 2.5m in sales (200% Y/Y) and was able to achieve EBITDA break-even after only 18 months (EBITDA EUR 0.2m).

FY 18 sales breakdown by product line



FY 18 sales breakdown by therapeutic area



Source: Shedir; Total sales reported above do not include foreign sales as well as other income

#### Pharma Product lines



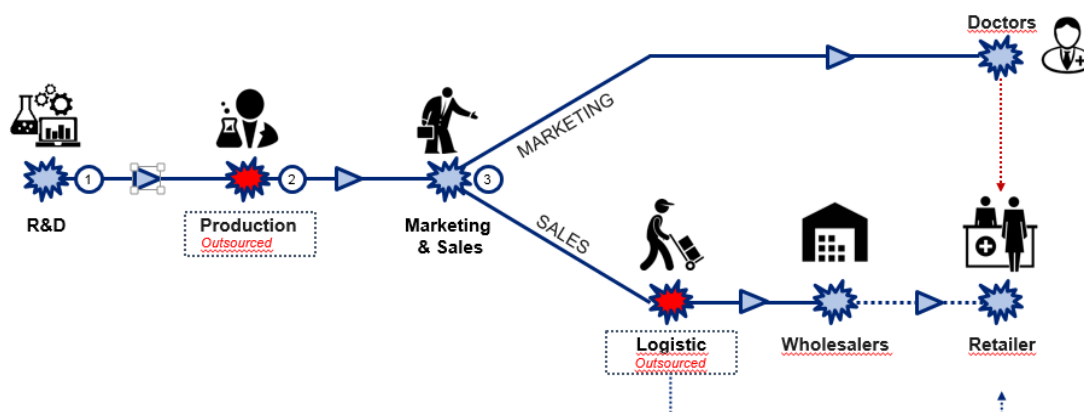
Source: Shedir

### An asset-light business model

Shedir manages the core phases of the value chain internally, i.e. R&D, Marketing and Sales & distribution activities, while production and logistics are outsourced to third-party manufacturers, primarily located in Italy.

- 1) **Origination and R&D** – the origination process is based on multiple inputs, including: I) internal activities of R&D; II) feedback from doctors and pharmacists collected by the agents and III) conventions. The internal R&D department, with 13 researchers, takes care of: I) the formulation and product development; II) the regulatory compliance and technical documentation preparation; III) the packaging and informative material development.
- 2) **Production** – the production process is outsourced using a contract manufacturing approach.
- 3) **Warehousing and logistics** – warehousing is managed by two logistics plants (nutraceutical logistics plant near Salerno and pharmaceutical logistics plant located in Naples). Logistics distribution is outsourced to specialised logistics carriers.
- 4) **Marketing & sales** – the commercial activities are done by 8 sales-agent networks, while Shedir manages the marketing activities to doctors and pharmacists internally, who are relevant people for the company's business model and commercial development; indeed, the doctors' feedback is the key driver for product demand and consumption. Lastly, the group has developed an important local penetration and consolidated relationships with pharmacies and wholesalers because, as shown by the chart below, drugstore's demand is directly proportional to: I) consumer brand awareness; II) the product's price and quality.

## Business model overview



Source: Shedir

## IPO conditions and stock liquidity

Shedir's shares have been listed on the AIM market since July 23<sup>rd</sup> 2019 at an IPO price of EUR 7.0 per share.

However, the extremely **limited free float** (currently 12.5% of the shareholder capital) affects the stock liquidity, which reflects as **low trading volumes** (~20k shares traded per day, on average, excluding the first day). We believe an increase in the free float is urgent and highly necessary to increase liquidity and the shareholders' base.

We remind investors that the main shareholder Umberto Di Maio has two lock-up agreements

- till 31 December 2019 on 400,000 shares
- lasting 24 months as of the first day of trading on the remaining shares.

### Shedir Pharma: sum-up of the listing on AIM Italia

ISIN number	IT0005379620
Bloomberg code	SHE IM
Thomson-Reuters code	SHE.MI
Minimum Trading Vol.	250
IPO date	23/08/2019
Offer Price (EUR)	7.00
Share issued (*)	11,430,000
Money raised (EUR m)	~10.0
Market cap at IPO price (EUR m)	~80.0
Free Float	12.5%
Share outstanding (m)	11,430,000

Source: Banca Akros on Company information (\*) including the partial exercise of the Greenshoe

## Recent developments

Consistently with its strategy after the listing, the company has continued to launch new products and to obtain patents to protect its know-how and innovation capacity.

As far as the patent portfolio is concerned, Shedir obtained 6 new patents in the last few months, thus it now has a total of 13 patents while around 40 are still in the authorisation phase.

In particular, the new Shedir Pet business line has enriched its product portfolio with 7 new products that will be launched between September and the beginning of October 2019 through 3 new brands.

The veterinarian market has recorded significant worldwide growth over the last few years (+4.5% '13-'17 CAGR) reaching USD 31bn in 2017. According to Zoetis, the expansion could even speed-up further and reach USD 41bn by 2020 (thus growing at a CAGR '17-'22 between 5% and 6%). In particular, Italian families have 60m animals (of which 14m are cats and dogs) and spend, on average, between EUR 30 and EUR 100 per month. Over the last few years the share of clients who regularly go to the veterinarian is growing (almost 40% of the total) and have a high level of loyalty.

Lastly, Shedir, through its subsidiary Dymalife Pharmaceutical S.r.l., recently acquired the magnesium-based medicinal product SOLUMAG®. This active ingredient is to treat magnesium deficiency and hyperexcitability of nervous system. SOLUMAG® can also be used in the obstetric and gynecological field for the treatment of painful uterine contractions, eclampsia and hyperemesis gravidarum.

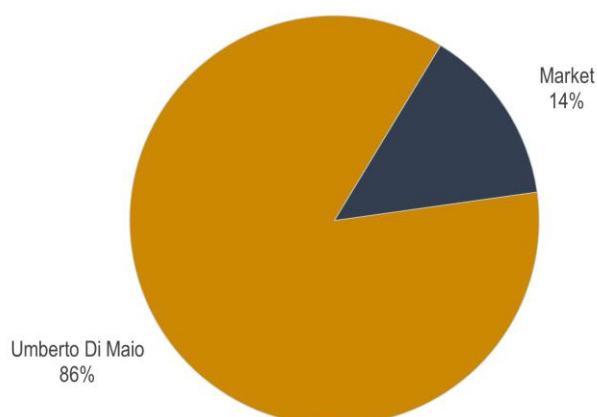
SOLUMAG® is part of magnesium-based drugs segment. The market leader is MAG2® of Sanofi which, in 2018, registered 1.3 million units sold (source IQVIA).

With the acquisition of SOLUMAG® the group has strengthened its offer of pharmaceutical products and has a high potential for development with the consequent possibility of further branching of the brand with line extensions and complementary offers with supplements and medical devices.

## Board and Corporate Governance

The company is controlled by the founder, Umberto Di Maio, who owns 87.5% of the capital and is deeply involved in the strategic direction as Chairman. The remaining 12.5% of the capital is free float.

### Shedir: Shareholder structure



Source: Company data

The Board of Directors (BoD) is currently composed of 5 members, two of which are independent (Ricardo Bruno and Marco Mazzaresse).

During the General Shareholders' Meeting held a few days before the listing on July 1<sup>st</sup> 2019 the shareholders approved an increase in the number of board members from three to five with the entry of Riccardo Bruno and Marco Mazzaresse to better support the company's future development plans through experienced independent professionals.

#### Shedir: Board Members

Board	Age	Position	Independent
Umberto Di Maio	46	Chairman	No
Antonio Scala	35	CEO	No
Giuseppina Fusco	43	Director	No
Riccardo Bruno	59	Director	Yes
Marco Mazzaresse	41	Director	Yes

Source: Company information

- **Umberto Di Maio (Chairman)**

He was the founder of Shedir Pharma. He has over 20 years' experience in the pharmaceutical and nutraceutical sectors. He previously worked for Chiesi Farmaceutici and later for Stardea, of which he was co-founder.

- **Antonio Scala (CEO)**

He is currently the CEO of Shedir Pharma. He has over 10 years' experience. He previously worked for Ernst&Young and, since 2014, has been Managing Director and CFO for Shedir Pharma.

- **Giuseppina Fusco (Director)**

She has worked in Shedir Pharma since 2008 and has over 10 years' experience.

- **Riccardo Bruno (Director)**

He spent all his professional career in the financial sectors (BNL, Cofiri, Deutsche Bank, Clessidra) with responsibilities in Capital Markets & Corporate Finance, Private Equity, Leasing & Factoring. He is currently Professor of Structured Finance at Luiss University and in the past has taught Capital Markets at Luiss University and Economia dei Mercati e degli Intermediari Finanziari at Luiss Management School. He serves as an independent board member for some listed companies.

- **Marco Mazzaresse (Director)**

He started his career in the private equity team of Cape Natix SGR. He later gained professional experience in other firms with responsibility for M&A & Corporate Advisory, Finance & Treasury management. He is currently CFO of SPC Green group, an integrated operator active in the waste management sector.

## The reference markets

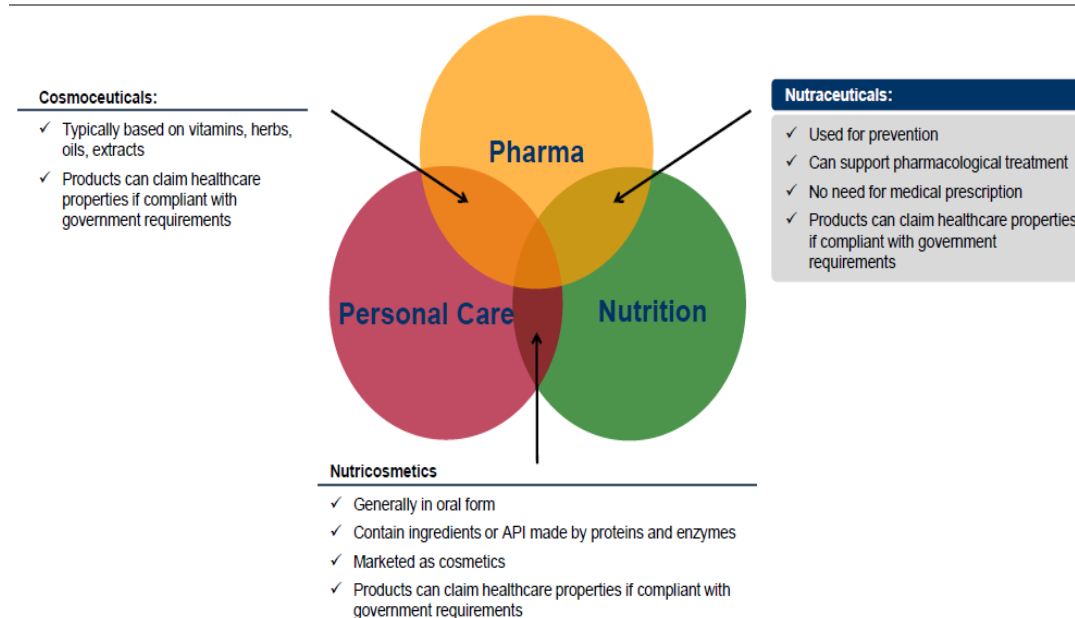
### Nutraceutical market

#### What is a nutraceutical product?

The modern health needs of people, who are increasingly attentive to prevention and wellbeing, involve healthcare business expansion and the development of transversal and innovative segments mainly focused on offering health benefits through natural resources.

Indeed, a nutraceutical product is defined as any substance that may be considered a food or part of a food and provides medical or health benefits, including the prevention and treatment of diseases. Nutraceuticals may range from isolated nutrients, dietary supplements and diet foods to genetically engineered “designer” foods, herbal products and processed products such as cereals, soups and beverages.

#### The nutraceutical sector: an innovative segment of healthcare



Source: IMS Health

The nutraceuticals market is segmented and projected on the basis of product categories: from sports drinks on supermarket shelves to dietary supplements for patients with common health problems (see table below). The nutraceutical market is highly diverse, with a lighter regulatory framework than pharma. Shedir operates in the “Dietary supplements” segment.

### Nutraceutical market: overview by segment

Segments	Product description		Target group	Channel	Therapeutic effect
FOOD	Generic		Everyone	• Everywhere	NONE
NUTRACEUTICALS	FUNCTIONAL FOODS	Foods and beverages which provide health benefits beyond their nutritional value through added natural/healthy ingredients	Healthy people seeking to preserve wellness	• Supermarket • Internet	MEDIUM / LIGHT
	FUNCTIONAL BEVERAGES				
	DIETARY SUPPLEMENTS	The aggregation of dietary supplements, vitamins, tonics, pediatric vitamins in order to provide health benefits	People with common health problems	• Supermarket • Pharmacies • Internet	MEDIUM / HIGH
DRUGS	Specific		People with specific health problem	• Pharmacies	STRONG

 Shedir Pharma Group focus

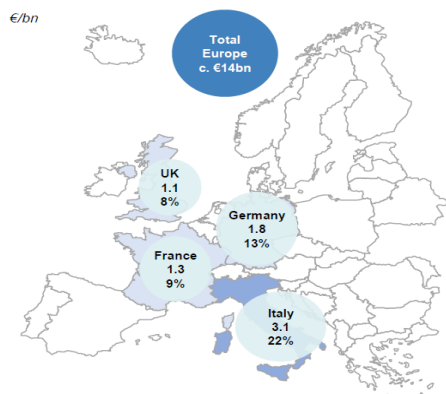
Source: company calculations using A.T. Kearney report «Nutraceuticals: The front line of the battle for consumer health» - 2014

### European nutraceutical market

As shown below, the European Nutraceutical market was worth EUR 14bn in 2018 with Italy leading the market.

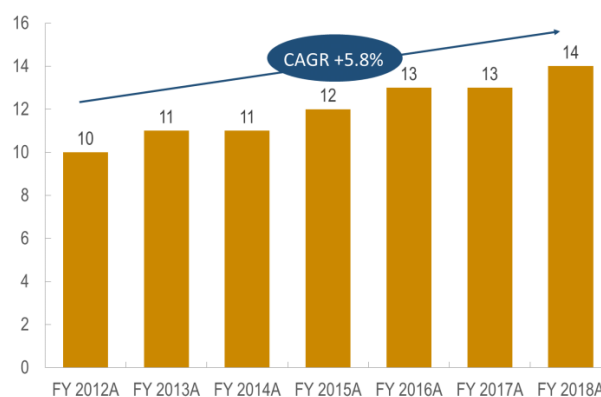
The European nutraceutical market has grown steadily in the past years (CAGR 2012-2018 +5.8%) and is expected to grow rapidly in the coming years. In particular, the Dietary Supplements sector, which is Shedir's focus area, has shown consistently strong growth in the last 5 years (CAGR 2013-2018 +4.8%) and is expected to maintain a positive trend in the coming years (CAGR 2018-2023 +4.9%).

#### 2018 European Nutraceutical Market size (EUR bn)



Source: Federsalus, «La filiera italiana degli integratori alimentari» III and IV indagine di settore, 2017 and 2018

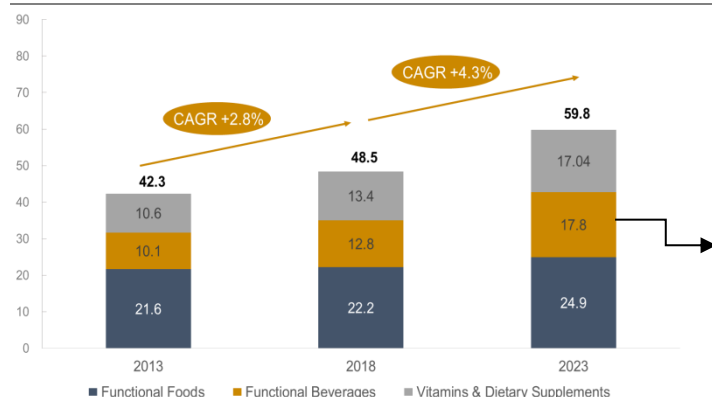
#### 2012-2018 European Nutraceutical market (EUR bn)



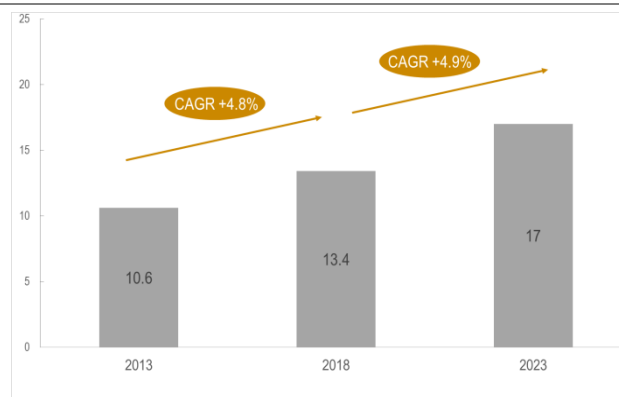
Source: Euromonitor



### European Nutraceutical Market Value (EUR bn)



### European Vitamins & Dietary Supplements Market Value (EUR bn)

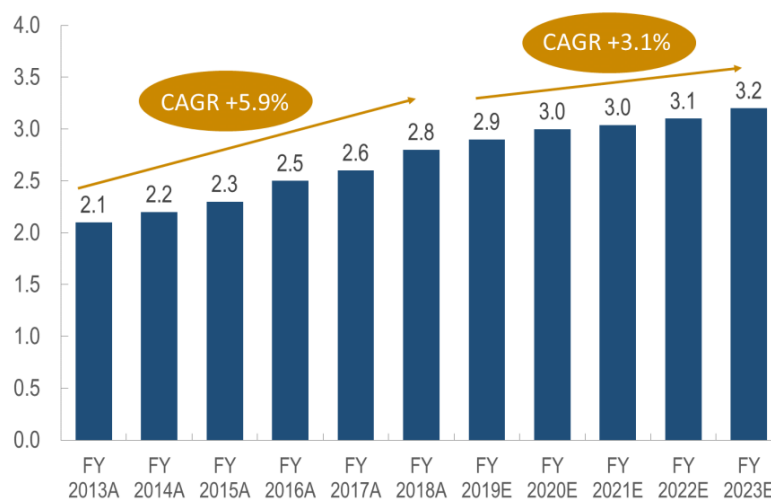


Source: Banca Akros on Euromonitor data

### Italian nutraceutical market and Shedir's market positioning

As shown by the chart below, the vitamins and dietary supplements segment, in which Shedir operates, is expected to maintain healthy growth over the forecast period, supported by the growing health culture, focusing on prevention, and the further ageing of the Italian population. Nevertheless, after years of lively development, growth is expected to slow slightly due to the high penetration and maturity level reached in Italy.

### Italian Vitamins & Dietary Supplements Market Value (EUR bn)

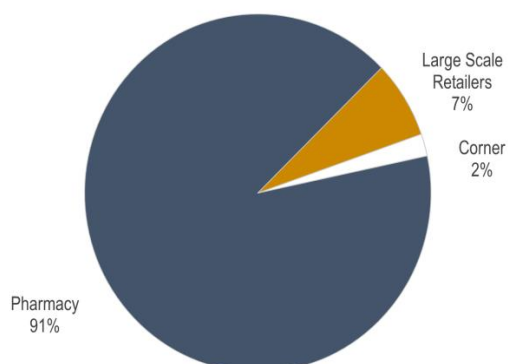


Source: «Consumer Health in Italy» – Euromonitor International, February 2019 (category «Vitamins and Dietary Supplements»)

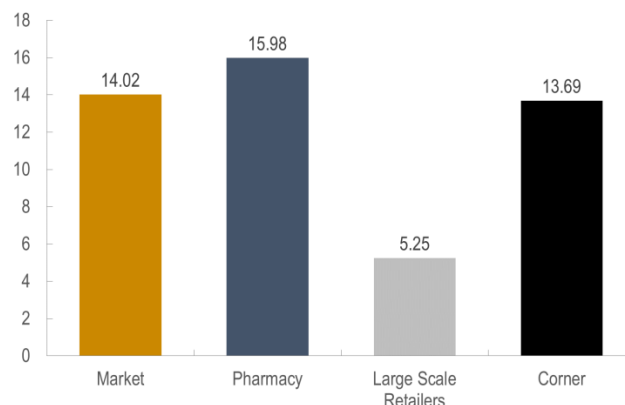
In Italy, pharmacies are the leading distribution channel for nutraceutical products because consumers place great trust in pharmacists' advice.

Few therapeutic areas representing around 80% of the pharmaceutical market and the products that are sold in pharmacies, generally, show the highest average sales price.

## 2018 sell-out by distribution channels



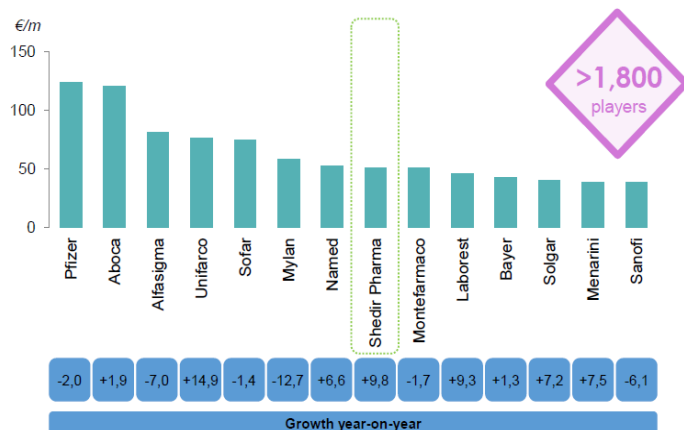
## 2018 average sales price by channels (EUR)



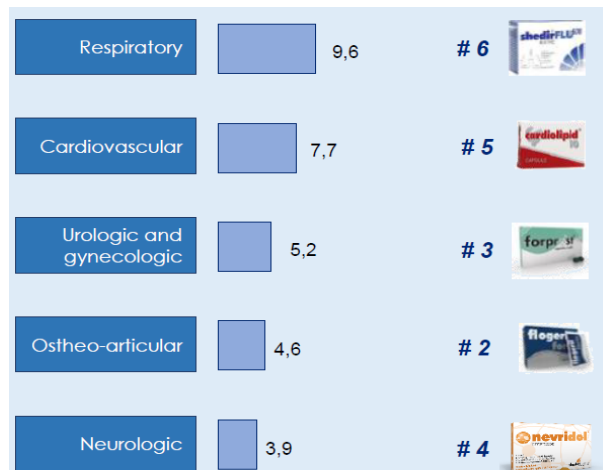
Source: NewLinemarket research - Federsalus (December 2018)

Shedir has a leading position in the Italian nutraceutical business. Indeed, in the fragmented Italian nutraceutical market (over 1,800 players), Shedir ranks 8 with a 1.8% market share in terms of sell-out in pharmacies.

Furthermore, the group has strong product positioning in terms of volumes in the reference niche segments (see chart below) and several active substances and patents allow the company to implement a premium price strategy compared to its competitors (see Appendix 2).

Shedir: 8<sup>th</sup> place by market share

## 2018 Shedir sales (EUR m) and product positioning



Source: IQVIA, «Lo scenario farmaceutico, January 2019» - Nutraceutical market in terms of sell-out in pharmacies

Source: NewLinemarket research

## Pharmaceutical market

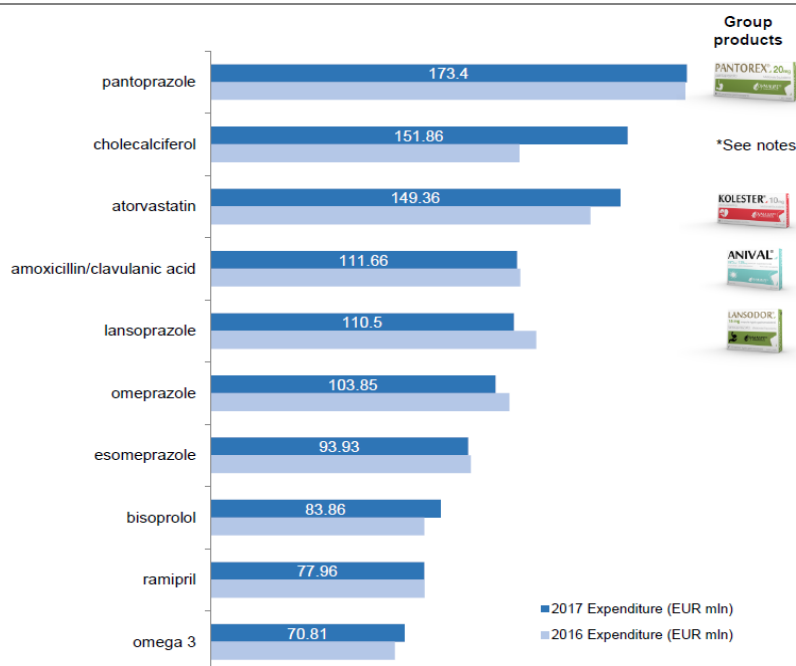
Shedir entered the segment of branded generics through the acquisition of some pharmaceutical assets in 2017.

Upon losing patent protection, active substances can be synthesized legally and sold by new entrants as generic drugs after undergoing a simplified authorisation process, with or without the producer's own brand name. Generics sell for a fraction of the original branded pharmaceutical (the "originator" drug) as competitive practices lower the price to consumers.

Since drug affordability and accessibility are strategic targets for governments and supra national institutions, these products recorded significant growth in all European markets including Italy (see below chart), and their consumption is expected to continue to grow further over the next few years as there will be many patent expirations in the coming years (34 drugs are due to lose patent protection in Italy between 2019 and 2020).

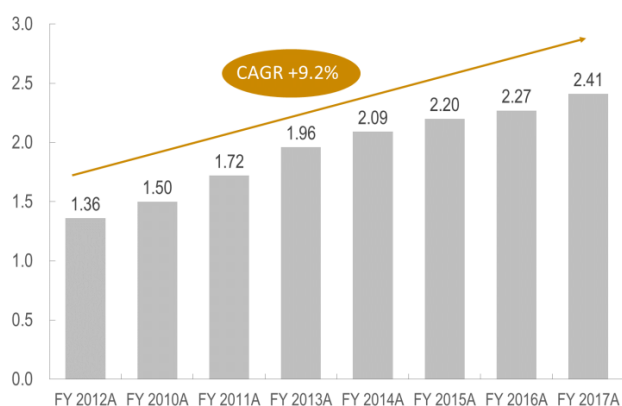
Shedir's product range already includes the top 5 selling active substances in terms of total expenditure in Italy in 2017.

#### Sales of top 10 off-patent active substances (Class A – SSN)

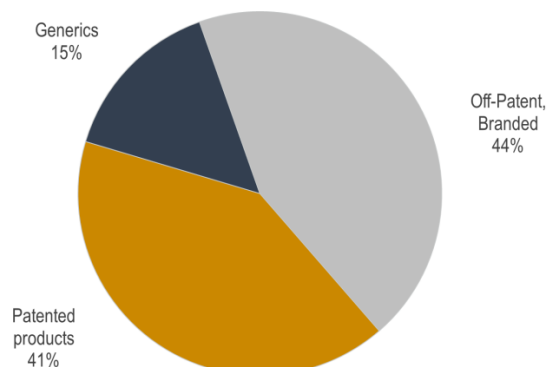


Source: FarmaIndustria July 2018, IQVIA Analisi Farmaci Equivalenti 2017, Osservatorio Nazionale sull'Impiego dei medicinali - Rapporto Nazionale Anno 2017

#### Generics retail spending



#### Market share by patent state in Italy in 2017



Source: FarmaIndustria July 2018, IQVIA Analisi Farmaci Equivalenti 2017, Osservatorio Nazionale sull'Impiego dei medicinali - Rapporto Nazionale Anno 2017

## Business Model & Business Units

### A profitable business model covering the most critical parts of the value chain

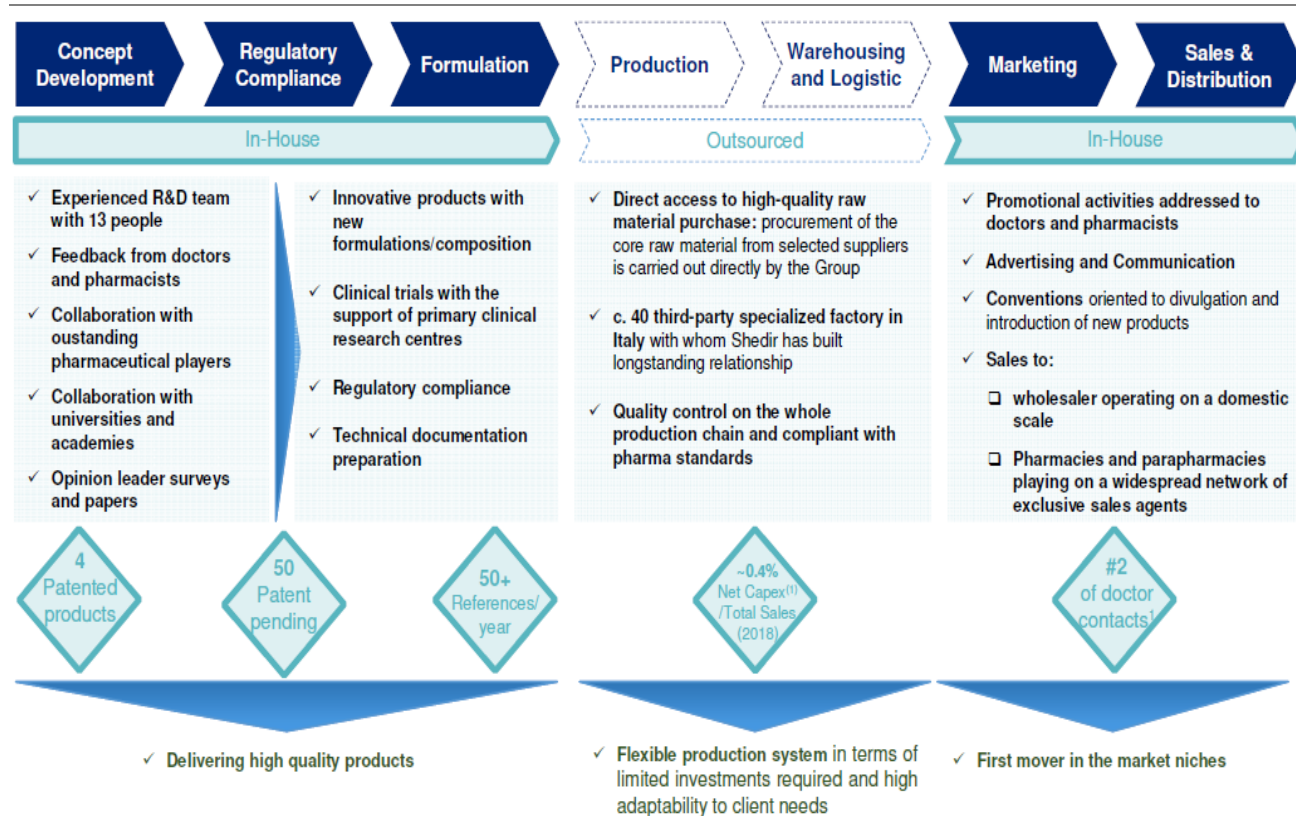
Although Shedir is primarily a nutraceutical player it is structured and internally organised as a pharmaceutical company with rigid compliance with the quality control protocols by the R&D to the sales to the final customer, as well as a specialised and capillary sales network.

The business model is based on the direct presence on the most value added parts of the value chain (R&D and regulatory, Marketing, Sales & Distribution), but by applying strict control on the outsourced operations (Production, Warehousing and Logistics). Hence, the company oversees the whole supply chain but the management's attention is focused on the most critical and value added activities. This strategic combination between in-house and outsourced activities seems to be the right formula, as witnessed by the excellent financial performances reached so far and the fast climb in the Italian ranking of nutraceutical players (N. 8 among more than 1,800 operators).

Shedir's business model is based on the following key factors:

- an effective origination process,
- a proven internal R&D expertise,
- a strict quality control,
- a flexible production and logistics system,
- a specialised salesforce,
- a capillarity territorial distribution.

#### Shedir: Business model



Source: Company presentation

### Origination process

New products are developed by the company's internal R&D team, supported by an ample set of inputs from three main sources: a) the internal R&D team; b) patients feedback from doctors and pharmacies, collected by the agent network, and c) conventions (e.g. technical conventions with key opinion leaders and sector specialists) and cooperation agreements with outstanding research centres (cooperation programmes with universities, external research laboratories, hospital hubs) and with pharma players. Additional inputs can be obtained from other sources such as opinion leader surveys and papers, expiring patent information.

### R&D activity

The R&D team is made up of 13 experienced people who are primarily involved in improving the existing product lines by studying variants and changes in the formulations and creating new formulations. They work closely with the sales and marketing departments and with university researchers, pharmaceutical groups and other external research centres.

The high quality of Shedir's research is witnessed by:

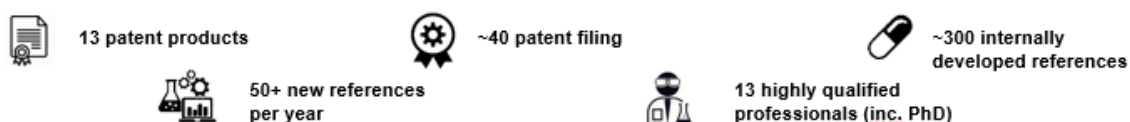
- the awarding of a prestigious development programme by the Ministry of Economic Development (MISE). This project regards the preparation of an innovative nutraceutical ingredient based on "serenoarepens", to be extracted through supercritical CO2 extraction equipment. This project, which envisages an investment of EUR 2.2m, will be primarily financed by the MISE (for EUR 1.6m of which EUR 1.1m through non-repayable funds and EUR 0.5m as a loan with subsidised rates). The equipment used for this project will also allow Shedir to study and to obtain patents for the process;
- the collaboration in place with international pharmaceutical player with the aim of developing and marketing in Italy some generic drugs. In that regard, a strategic partnership has been signed with a primary pharmaceutical company with reference to Tadalafil, Flebuxostat and two cardiological associations. These types of cooperation not only help Shedir to expand its product portfolio (by exploiting the superior knowhow of big pharma companies) but also testify the status of Shedir as a reliable counterparty.

Within the R&D department a dedicated regulatory team has been set up to manage all the regulatory aspects, as well as to prepare technical documents linked to the launch of new products or formulations (production information file for cosmetics, dossiers for drugs and medical devices, scientific reports and clinical trials for both the existing and the new products).

The R&D team is also in charge of all the activities related to trademarks and patent protection, design and development of products packaging and preparation of the technical and scientific documentation to train the sales agents. Currently, Shedir has a total of 13 product patents while around 40 are in an authorisation phase.

Lastly, we point out that the company is developing four new AIC (Autorizzazione all'Immissione in Commercio).

### **Shedir: R&D snapshot**



Source: Company presentation

### **R&D – Patent development phases (example)**

Analysis of inputs and conception of the new products

Verification of the scientific literature and regulation that could impact the product

Management of all activities linked to filing of trademarks and patents

Studies and clinical trials conducted with outstanding third parties (Universities, private research institutes, etc.) to validate the therapeutic efficacy of the products

Source: Banca Akros on Company information

### Quality control

Quality control is a key activity throughout the entire value chain, from the selection of the raw materials and the contract manufacturers, to the different phases of the production process (by providing raw materials and packaging to suppliers, checking compliance with the production standards and the final conformity of the products through a set of internal and external analysis), to the storage (in suitable spaces to guarantee correct preservation and product identification) and to the final product distribution (selection of qualified and reliable carriers). All the products are traced along the entire supply chain and the company is compliant with ISO 9001:2015 and ISO 13485:2016 regulations for the development, production and sale of food and vitamin supplements, cosmetics and medical devices.

### Production system

The group oversees the entire production process and raw material procurement. The pre-selection of the right counterparties (both contract manufacturers and raw material suppliers) is a critical element to the proper execution of the business plan. Therefore, the group tends to establish long-lasting relationships with its key suppliers and to work in a partnership framework.

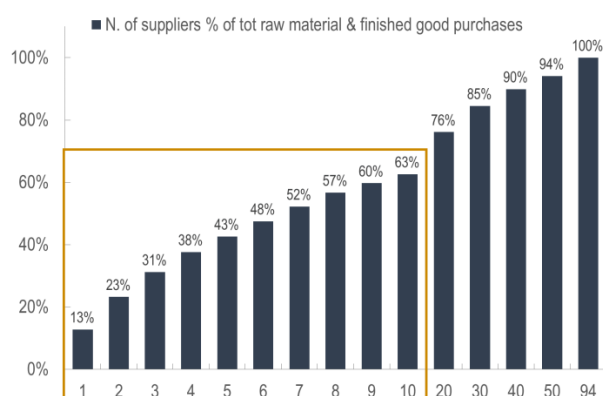
In particular, the production process is outsourced through contract manufacturing agreements with third party suppliers. This approach gives both industrial flexibility (well diversified portfolio of specialised suppliers and high adaptability to customers' needs) and some financial benefits (low capex) but lets the group keep strict control of the whole production chain from the direct procurement of some key raw materials to distribution of the final products.

Shedir currently works with around 90 suppliers (the top 10 cover ~63% of the group's purchases) mainly located in Italy and specialised by product typology or process. All of them have a quality management system certified by an external entity and are required to comply with the specific standards adopted by Shedir in terms of product quality, logistics and optimisation of delivery costs and times.

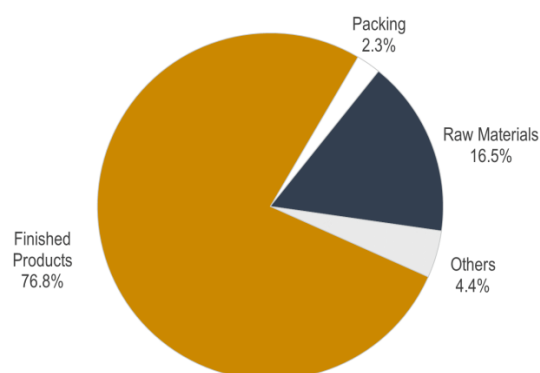
The company defines the product requirements for formulations, drafts the product documentation (technical dossiers and product sheets), informs each manufacturer of the key production data and performs production tests and controls, including documentation controls.

Shedir acquires the main raw material for almost 80% of its commercialised products itself in order to have the highest product quality and effectiveness, which might be affected in case the same raw material should be purchased from different sources (degree of purity, origin, title, preservation, method of extraction, etc.).

### **Concentration of Shedir suppliers**



### **Shedir suppliers: breakdown by specialisation**



Source: Banca Akros on Company data



### Warehousing & Logistics

The group operates through one proprietary logistic site located in Mercato San Severino (Salerno province) where the nutraceutical products are stored while the pharma products are stored in a third-party plant located in Naples.

All the products have a bar code and all the packages are identified per customer. The order system allows the company to check the order status immediately and at any time and to follow the shipment and the final delivery of any single package. According to Shedir's management, the company can guarantee the highest delivery market standards (lead time: 48-72 hours and % return on sales: 43 units per million units sold in 2018).

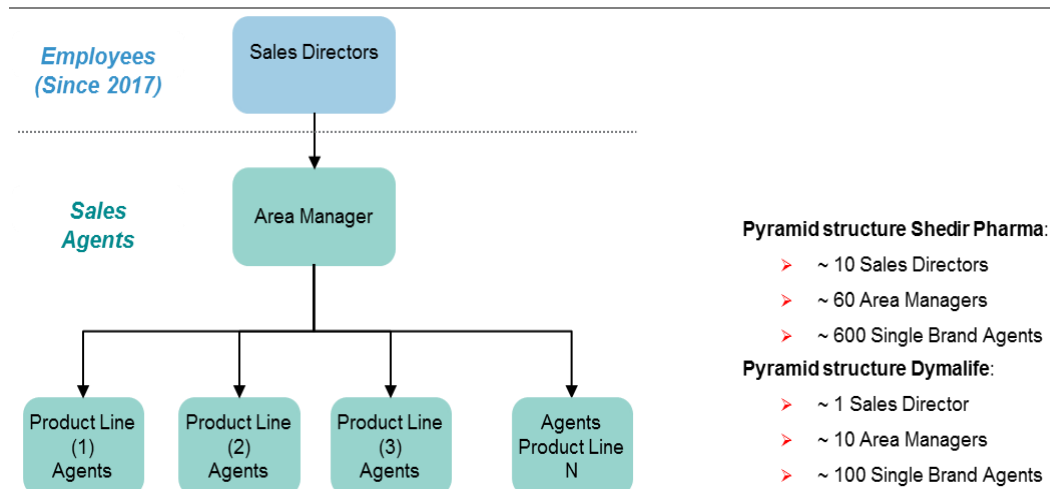
### Sales force

One of the company's main success factors and a distinctive competitive element is the presence of an effective and well trained network of more than 800 single-brand agents (~80% holding a University degree), who are organised by product lines. Unlike most of its competitors, from the very beginning Shedir's management has pointed to the set-up of a large, specialised and capillary sales network that addresses its commercial drive to doctors and pharmacists only, thus replicating the approach followed by the traditional pharma companies. Indeed, Shedir's sales network is comparable in terms of number of sales, organisation, territorial presence and number of contacts with doctors (the second largest in Italy according to ABACAM data) with the sales networks of the leading pharmaceutical companies.

Sales Network main strengths:

- effective network based on one-firm agents;
  - high territorial presence: >800 agents (of which >700 agents for Shedir division and >100 agents for Dymalife division);
  - highly experienced and trained sales representatives: professional who have acquired a solid experience in the medical-scientific field and who graduated and were employed directly from Universities and Masters programmes and then trained as scientific representatives;
  - one-firm agents specialised by product line (with exclusivity rights in certain geographic areas) and operating in a specific territory;
  - geographic overlaps: different sales specialists can operate in the same area but they must comply with the respective product line exclusivity. This approach favours not only a larger territorial presence but also opens the door to cross-propositions;
  - promotional activities addressed to medical doctors and pharmacists who are better at assessing the quality of Shedir's products, which are characterised by high scientific content.
- In both divisions, the commercial network is structured on a pyramid organisation led by Sales Directors and Area Managers.

### **Shedir: Commercial structure**



Source: company presentation

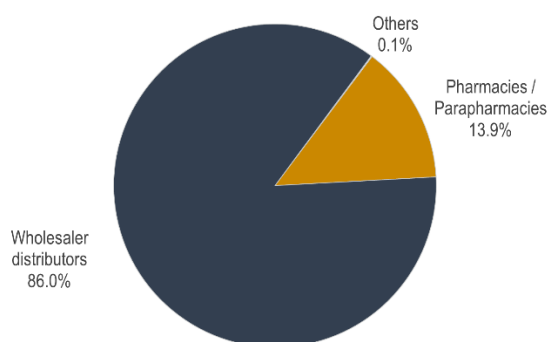


The commercial push is supported by the activity of the marketing department (strengthened by the Adhara acquisition in 2015) which organises scientific advertising conferences, direct marketing initiatives (e.g. communication campaigns on TV and web, loyalty programmes, sponsorships, participation in sector fairs) and some institutional communication activities (career day at universities, dissemination of clinical studies, advertising campaigns to promote the company mission and vision).

### Distribution

The group serves the entire market of Italian pharmacies and para-pharmacies directly through its sales force (20%) and, indirectly, through wholesalers (80%). All in all, about 40 wholesalers and more than 4,000 pharmacies are served in Italy.

### Shedir: FY 18 Revenue split by sales channel

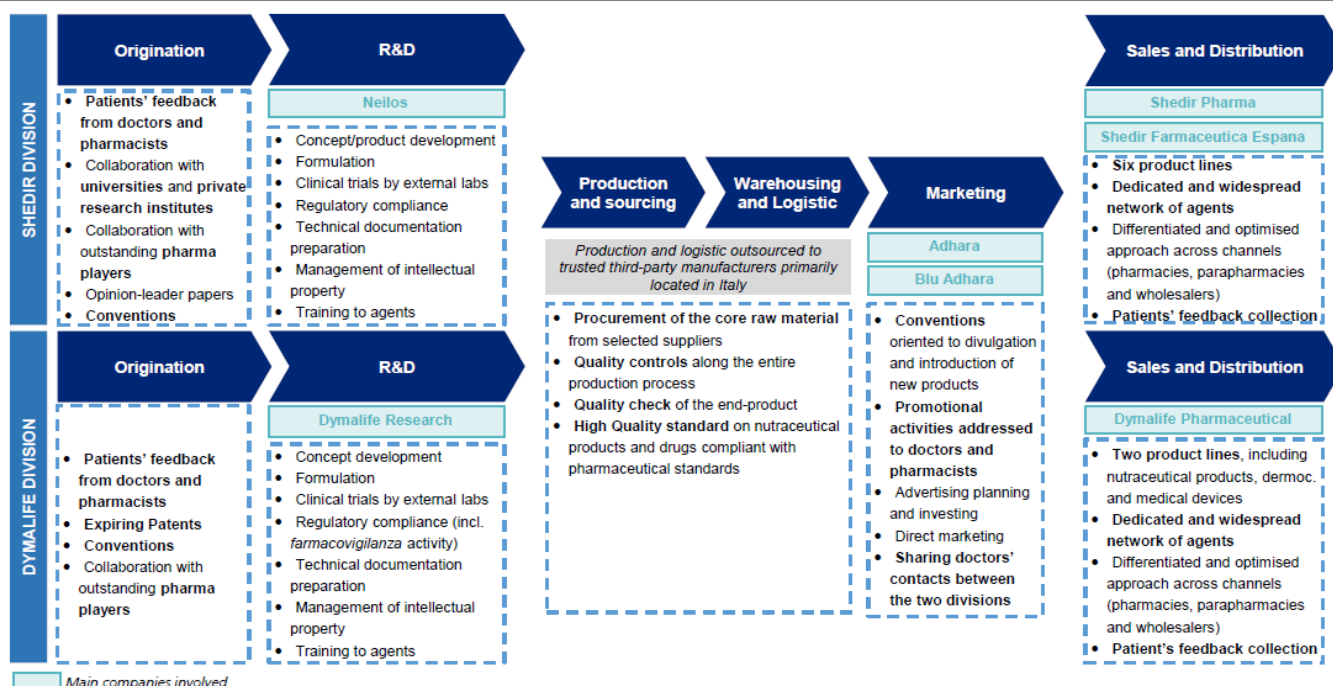


Source: Company presentation

### Two integrated business units with the same business model

The group is structured into 2 main divisions, one dedicated to nutraceutical products (Shedir) and one to drugs (Dymalife), both of which have the same business model.

### Shedir: Business model per division



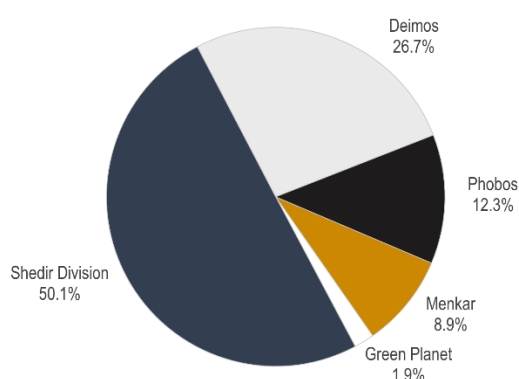
Source: Company presentation

### Business line “Shedir division” (95% of Shedir’s group turnover in FY 2018)

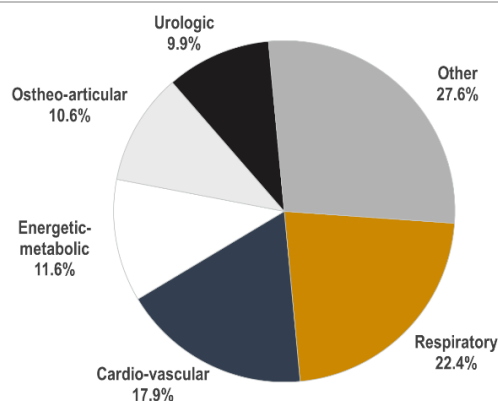
**Description.** Shedir is the historical division of the group with a focus on the distribution of nutraceutical supplements, dermo-cosmetics and medical devices through a network of around 700 agents. This unit has 6 product lines (covering 15 therapeutic areas) and manages a portfolio of more than 90 brands with over 230 products. This huge product diversification makes the business well balanced and not dependent on single lines or products.

**Recent financials.** In FY 2018, the Shedir division generated around 95% of the group’s turnover (EUR 44.4m +12.7% Y/Y) and more than 98% of the EBITDA (EUR 10.9m, with a 24.6% margin).

**Shedir div.: Revenues split by product line (\*)**



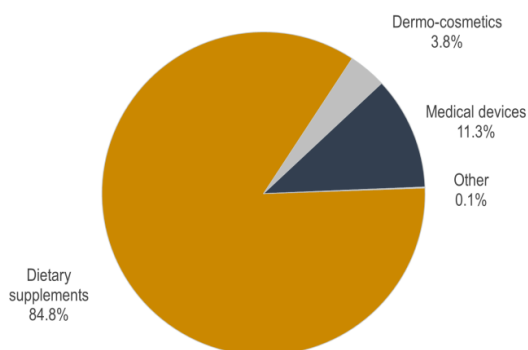
**Shedir div.: revenues split by therapeutic areas**



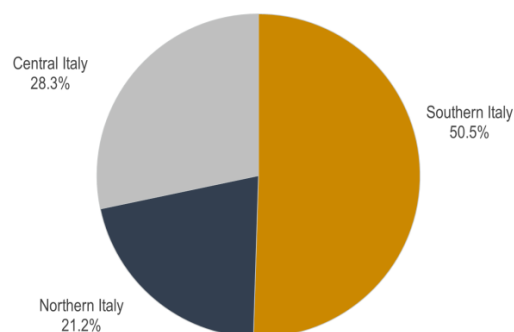
Source: Banca Akros on company data

(\*) the sixth product line: Shedir Pet was launched in 2019

**Shedir div.: Revenues split by product typology**



**Shedir div.: Revenues split by geography**



Source: Banca Akros on company data

### Shedir Division:Product lines (FY 2018) - Highlights

Product line	Sales FY2018	% on Total	Chg. Y/Y	# Brands	# References	# Refer. /# Brands
Shedir	21.4	50.1%	7.5%	23	45	2.0
Deimos	11.4	26.7%	11.2%	17	45	2.6
Phobos	5.3	12.3%	17.7%	21	41	2.0
Menkar	3.8	8.9%	40.4%	19	33	1.7
Green Planet	0.8	1.9%	74.1%	15	67	4.5
<b>Total</b>	<b>42.8</b>	<b>100.0%</b>	<b>12.9%</b>	<b>95</b>	<b>231</b>	<b>2.4</b>

Source: Banca Akros on Company data

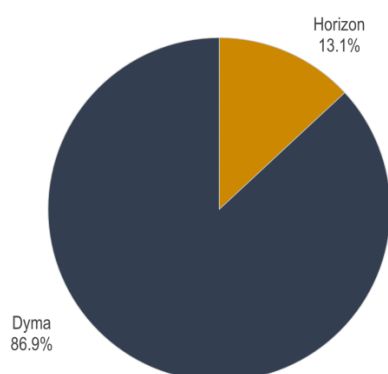
**Future targets.** The main goals are: a) to consolidate its presence on the pet care market (dietary supplements and medical devices for pets) through the new Shedir Pet division with a dedicated sales force; b) to launch new brands and develop the existing ones; c) to propose new specialised product lines for certain therapeutic areas exclusively dedicated to medical specialists (e.g. cardiologists, urologists); d) to expand the international presence through new commercial distribution agreements, the establishment of a proprietary sales network (as successfully done in Spain and other countries) and some selective acquisitions.

### Business line “Dymalife Division” (5% of Shedir’s group revenues in FY 2018)

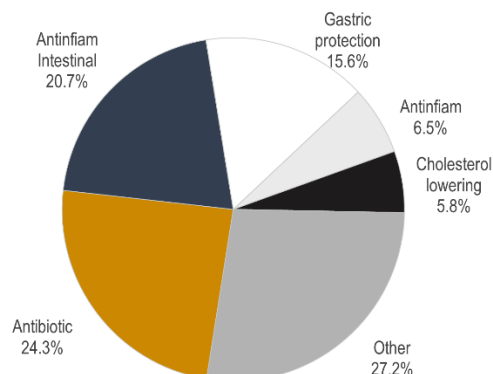
**Description.** Dymalife is the group’s new division through which it has entered the pharmaceutical market and diversified the business. The first business line (Dyma) was launched in 2017 with the acquisition of some pharmaceutical assets. Dymalife is active through 2 product lines (Dyma and Horizon) and currently manages 35 brands and about 70 product references (primarily group A, group C and OTC medicines) which are distributed through a network of over 100 agents.

**Recent financials.** Although this division is still in a start-up phase (the first business line was launched in H2 2017 and the second in 2018), the financial results achieved so far are very encouraging. The management has reached breakeven at the EBITDA level (EUR 0.2m) with revenues in the region of EUR 2.5m in less than 18 months.

**Dymalife div.: Revenues split by product line**

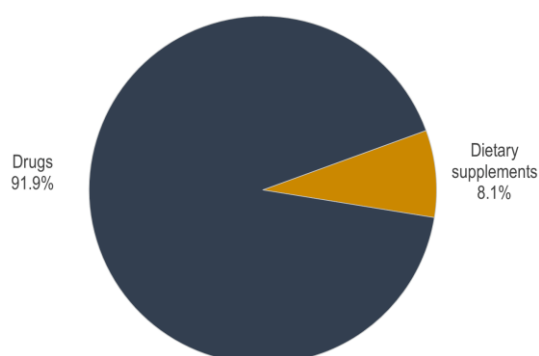


**Dymalife div.: revenues split by therapeutic areas**

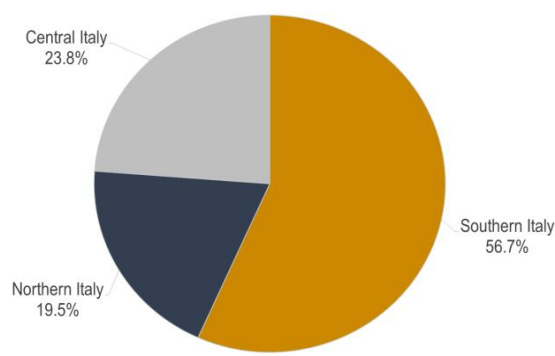


Source: Banca Akros on company data

**Dymalife div.: Revenues split by product typology**



**Dymalife div.: Revenues split by geography**



Source: Banca Akros on company data

**Dymalife Division: Product lines (FY 2018) - Highlights**

Product line	Sales FY2018	% on Total	Chg. Y/Y	# Brands	# References	# Refer. /# Brands
Dyma	2.2	88.0%	2.8x	21	43	2.0
Horizon	0.3	12.0%	5.7x	14	30	2.1
<b>Total</b>	<b>2.5</b>	<b>100.0%</b>	<b>3.0x</b>	<b>35</b>	<b>73</b>	<b>2.1</b>

Source: Banca Akros on Company data

Future targets. The main goal is to strengthen the pharmaceutical product portfolio by acquiring additional pharmaceutical assets with an opportunistic approach, trying to replicate what was done with the first 20 drugs acquired in 2017 and developing or co-developing new AICs, or by co-developing or marketing in Italy generic drugs of pharmaceutical groups by using Shedir' brands on the back of license agreements. Indeed, there are interesting opportunities from the large number of substances and drugs that are due to lose patent protection in Italy in the coming years: between 2019 and 2020, 34 drugs will lose their patent protection.

## Product portfolio and main customers

Shedir has a complete and integrated product portfolio that includes food supplements, dermo-cosmetics, medical devices, drugs and a combination of them. The group manages more than 300 product references marketed through 130 brands in aggregated terms.

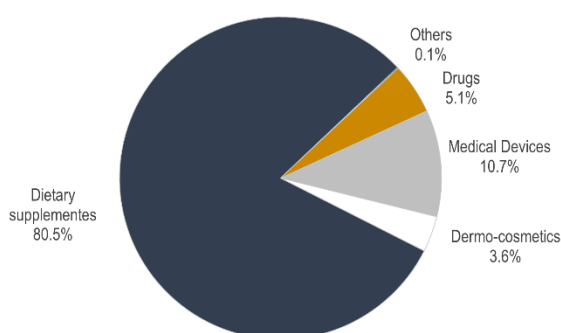
The strategic decision to enter the pharma sector in 2017 (by acquiring 20 drug varieties from 4 pharmaceutical companies) looks like a winning move because it has:

- increased the product portfolio's diversification;
- opened the door to commercial synergies and cross-selling opportunities towards sector specialists by exploiting the existing complementary products among medical devices, nutraceutical products and drugs;
- supported the penetration of a growing industry;
- enhanced the company reputation and brand awareness.

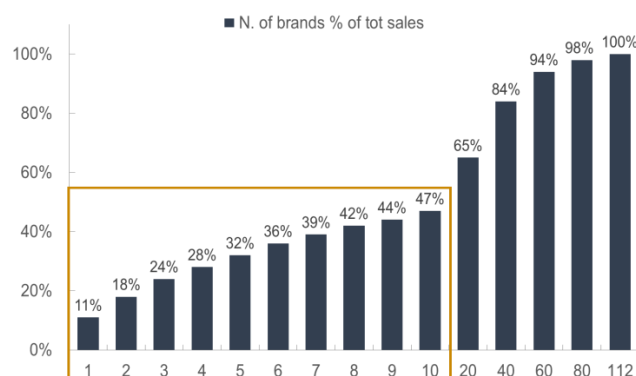
The dietary supplements were the main revenue source (>80%) in FY 18 followed by medical devices (~11%). Drugs sales covered around 5% of the group's turnover but their underlying assets almost doubled their initial value (valued at EUR 7m as at 31/12/2018 compared to a purchase price of EUR 4.7m).

Shedir's top 10 brands generated almost half of the group turnover in FY 2018, recording 11% growth compared to FY 2017.

**Shedir group: Revenues split by product typology**



**Shedir group: Revenues split by brand**



Source: Banca Akros on company data

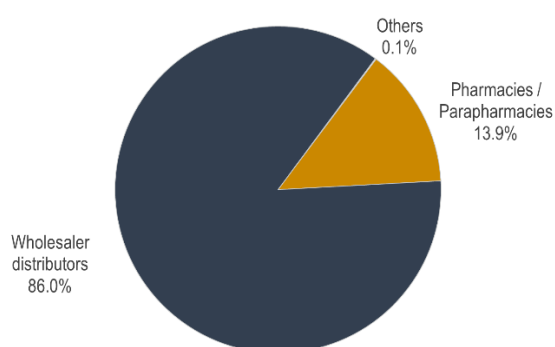
### Shedir: Top sellers (FY 2018)

Rank	Brand	Therap. Area	Product line	Launch	% on Tot Sales	Sales Growth Y/Y
1	Cardiolipid	Cardiovascular	Shedir	2008	10.9%	14.2%
2	Shedirflu	Respiratory	Shedir	2008	7.3%	17.3%
3	Forprost	Urologic	Deimos	2011	5.5%	24.8%
4	Flogeril	Osteo-articular	Deimos	2011	4.6%	1.9%
5	Nevridol	Neurologic	Shedir	2008	3.8%	3.9%
6	Rinoair	Respiratory	Deimos	2012	3.5%	-1.1%
7	Immudek SH	Respiratory	Shedir	2008	3.3%	0.6%
8	Miraenergy	Energetic-metabolic	Shedir	2008	2.9%	5.6%
9	Flebo-UP SH	Cardiovascular	Shedir	2008	2.6%	-1.2%
10	Flubexin	Respiratory	Phobos	2014	2.3%	45%

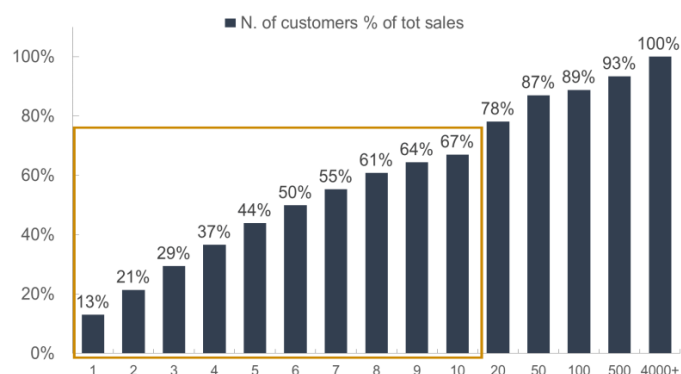
Source: Banca Akros on Company data

Shedir's products are sold to more than 4,000 customers, including the main wholesale distributors (around 40 operators) on the domestic market and more than 4,000 pharmacies. The top 10 customers covered 67% of the group turnover in FY 2018 and reported more than 18% growth compared to FY 2017.

## Shedir group: Revenues split by distribution channel



## Shedir group: customers concentration



Source: Banca Akros on company data

## Shedir: Top 10 customers (FY 2018)

Rank	Customer	Channel	Relationship length	% on Tot Sales	Sales Growth Y/Y
1	COMIFAR	Wholesaler	10+ years	13%	-9.8%
2	ALLIANCE HEALTHCARE	Wholesaler	5 years	8.4%	17.2%
3	FARVIMA	Wholesaler	10+ years	8.0%	13.0%
4	UNICO	Wholesaler	10+ years	7.3%	23.3%
5	GUACCI	Wholesaler	10+ years	7.2%	52.0%
6	SO.FARMA MORRA	Wholesaler	10+ years	6.0%	25.3%
7	CEF FARMA	Wholesaler	8 years	5.5%	70.8%
8	VIM	Wholesaler	10+ years	5.4%	22.4%
9	D.M. BARONE	Wholesaler	10+ years	3.6%	25.6%
10	FARMACENTRO	Wholesaler	8 years	2.6%	31.2%

Source: Banca Akros on company data

## Future targets and use of IPO proceeds

The management is strongly committed to continue the group's expansion process and has defined a clear strategy and some specific actions to pursue this goal. We believe the listing will help the company to hit this target (or to reach it faster) provided some additional financial resources are allocated to both organic growth and to some selective acquisitions.

### Shedir: strategy



Source: Company presentation

## Organic growth

The organic growth will be focused on:

- 1) expanding the current product portfolio through the following initiatives:
  - a) launch of new brands and extension of the existing product lines;
  - b) strengthening of Shedir Pet line;
  - c) introduction of new specialised product lines in certain therapeutic areas, to be addressed to medical specialists through a dedicated sales force;
- 2) continuous product innovation and consolidation of the R&D activity. One of the R&D department's future goals is to develop new AICs and try to exploit the expiry of current pharmaceutical patents. To that aim, a commercial partnership has been established with a primary pharmaceutical company. Similar agreements might be signed with other international pharma groups. Another key target is the enhancement of the brand awareness at all levels of the value chain (wholesale distributors, chemists, medical doctors, consumers) to be pursued by enlarging the number of Shedir patents, clinical studies and products to the scientific community, also through participation in specialised medical congresses organised by trade associations and opinion leaders;
- 3) internalisation process to be pursued primarily by:
  - a) consolidating the presence in Spain by strengthening the current direct network. In 2017, Shedir entered the Spanish market by setting-up a sales force of single-mandated agents,



the goal being to replicate the successful commercial model adopted on the domestic market in a country similar to Italy;

- b) developing commercial partnerships with distributors in other countries. Currently, Shedir has put in place commercial agreements with 45 local distributors that have their own sales network in 40 countries for the distribution of 20 products (additional 35 products are in the registration phase). This soft approach to the international market presents some advantages because it allows the group: a) to establish a first contact with distributors that may become a potential acquisition target and; b) to know these foreign markets with the option of establishing a direct presence (as in Spain) in the more promising ones. In order to increase flexibility when dealing with foreign orders (which often require small batches with different packaging), the group is developing a secondary packaging system that will allow the insourcing of this activity.

## External growth

**Shedir intends to use the proceeds to speed up its M&A activities in order to accelerate the group's expansion. The potential targets (some of which have already been identified) are nutraceutical and pharma companies offering commercial synergies and/or companies operating in geographic areas where the group has a marginal presence or is not present at all on both the national and the international market.**

**Furthermore, the group intends to grow externally also thanks to the acquisition of individual strategic divisions or business areas or, as in 2017, by acquiring product portfolios that fit with the group's current offer and can easily be valorised by the group's sales network.**

## SWOT Analysis

### Strengths

- Interesting growth story and business diversification through the years. In 11 years, Shedir has become the 8<sup>th</sup> largest player in the Italian nutraceutical market.
- Profitable business model that covers the most critical and value added parts of the value chain (R&D, marketing and sales/distribution), coupled with a strong control of the outsourced activities (production and warehousing and logistic).
- Diversified product portfolio with high scientific content (15 therapeutic areas, 8 product lines and ~300 product references) and strong positioning in terms of volumes in their market segments
- Wide and specialised distribution network (>800 single-mandated sales agents, specialised by product line) that guarantees a capillary presence on the Italian market (>4,000 pharmacies served) and a high number of contacts with doctors (~110k visits per quarter).
- Consolidated relationships with medical specialists.
- Effective commercial strategy with the promotional activity exclusively addressed to doctors and pharmacies (able to better assess the superior quality of Shedir products).
- Strong focus on R&D (with a team of 13 people), continuous product innovation (~300 product references developed internally) and patent protection (13 patent products, around 40 patents pending).
- Attractive reference markets (nutraceutical market estimated at EUR 2.8bn in Italy, generics market estimated at EUR 2.4bn in Italy) and business prospects: the industry forecasts point to a continuation of the growth path also in the coming few years (CAGR 3.1% in 2019-2023 for nutraceutical). Positive medium-term catalysts driven by growing health culture, focusing on prevention and further ageing of the population, combined therapies with drugs.
- Good credit quality (~85% of sales generated through wholesale distributors).
- Asset-light business model structured to generate cash (cash conversion ratio close to 55% in FY 2018)
- Experienced and committed top management
- Clear growth strategy (mix between organic and M&A growth)

### Weakness

- The Nutraceutical market is already well covered in Italy (~1,800 players) and characterised by strong competitive pressure and low entry barriers.
- Client's difficulties making comparisons and understanding the differences among a plethora of products apparently based on the same principles and providing the same benefits.
- Despite prescriptions coming from doctors limit pharmacists' discretionary power, pharmacists may influence end-users to buy competitors' products that guarantee higher margins.
- Success or failure of a specific product line can determine a substantial change in the market shares.

## Opportunities

- Interesting business opportunities from the successful development of new product lines (Green Planet and Shedir Pet) and Dymalife division (34 drugs will lose patent protection in Italy between 2019 and 2020 and 18 of the current top20 branded drugs will face generic or biosimilar competition) by 2023.
- International expansion through a selective approach (new commercial partnerships and or M&A). Currently, Shedir has put in place commercial agreements with 45 local distributors with their own sales network in 40 countries for the distribution of 20 products (additional 35 products are in registration phase).
- Highly fragmented markets/segments offer attractive growth and consolidation opportunities for the largest/healthiest operators.
- Interesting up-selling and cross-selling opportunities among business units.
- Strong R&D pipeline: >50 new product references a year.
- Launch of specialised product lines for certain therapeutic areas.
- Internal development of new AIC (Autorizzazione all'Immissione in Commercio) the marketing authorisations released by the Italian Pharma Authority (Agenzia del Farmaco).
- AIM listing provides additional financial resources to support future growth and may help to increase Shedir's external visibility.

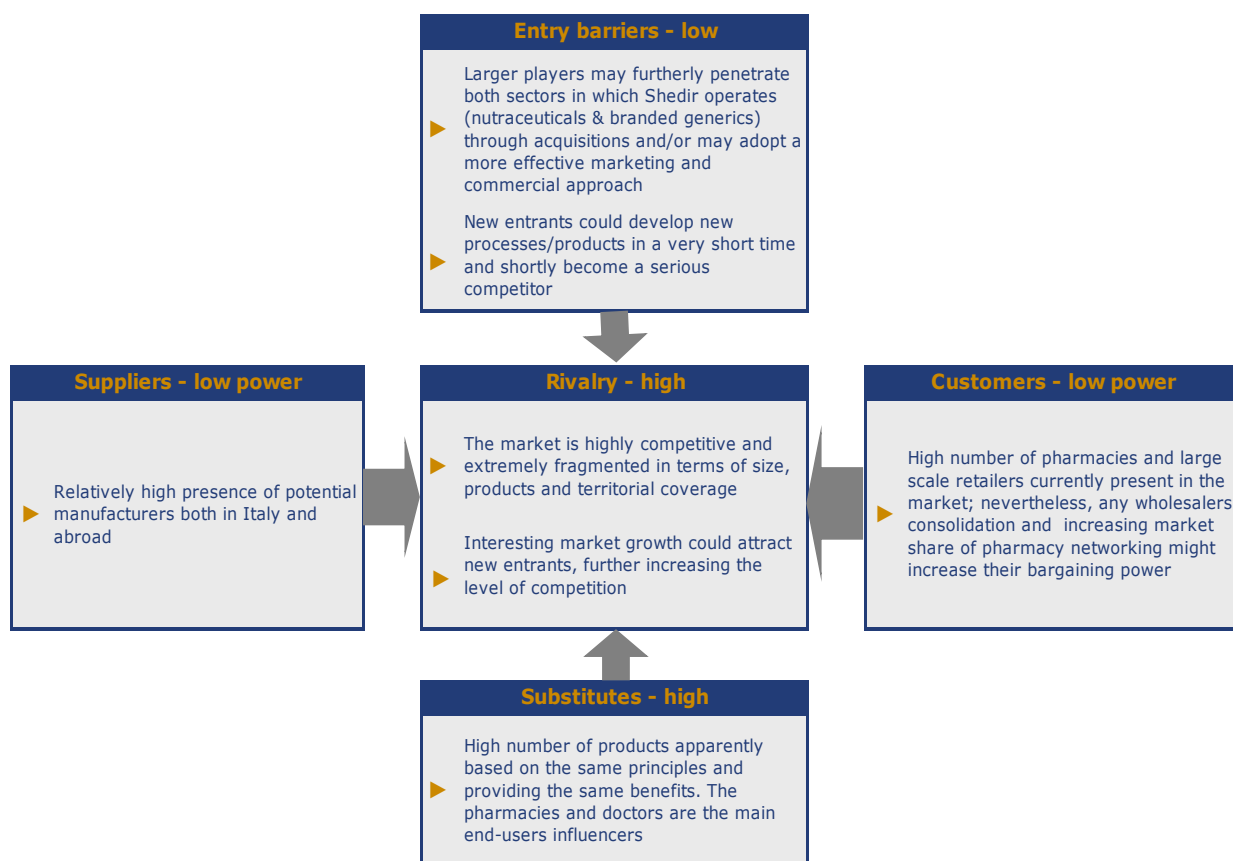
## Threats

- Entry into the market or more aggressive commercial approach by big pharma players with higher financial and human resources or newcomers with innovative new products.
- Agreements among pharmacies and wholesaler consolidation may increase their bargaining power.
- Adverse regulatory changes introducing limitations and/or requiring additional investments to be compliant with the new/stricter laws.
- Fiercer competition on attracting and retaining sales agents.
- Necessity to constantly renew the product portfolio in a dynamic market.
- Product defects can damage the company image and affect its financial performances.
- Managerial challenges in running a group that is more and more complex due to a multi-business (nutraceutical and pharma) and multi-market structure (higher international presence).
- Risk of not being able to industrialise a chemical formula and to generate a stable product.
- Risk of having to book further provisions or monetary outlays in the event of a negative outcome of the fiscal disputes.
- Risk of pending and potential penal charges against some top managers related to labour disputes with some agents who have left the company.

## Shedir's competitive position – Porter analysis

The Porter analysis suggests Shedir's competitive position is relatively solid.

### Market Structure



Source: Banca Akros

## Financial analysis: 2017-2018

### Accounting features

The financial information reported in the following paragraphs refers to the “carve-out scenario”:

- the Maior Group originally consisted of the following separate entities: Maior Finanziaria Srl (parent company); Shedir Pharma Srl; Neilos Srl; Dymalife Pharmaceutical Srl; Adhara Srl; Blu Adhara Srl; Shedir Farmaceutica Espana SL; Cobrax Srl; Kali Srl; Medusa Srl;
- as a result of the demerger, for the purpose of the IPO, the following entities, assets and liabilities have been contributed to Shedir Pharma Group: I) entities (Shedir Pharma Srl, Neilos Srl, Dymalife Pharmaceutical Srl, Dymalife Research Srl, Adhara Srl, Blu Adhara Srl, Shedir Farmaceutica Espana SL); II) assets and liabilities of Maior Finanziaria Srl (re-named Shedir Pharma Group) net of non-current investments (Associazioni in partecipazioni) and the related credit/debit accounts;
- the Carve-out Financial Statements were prepared to present the assets, liabilities, revenues and expenses that are directly or indirectly attributable to Shedir Pharma Group as a result of the demerger.
- We point out that the 2018 Carve out figures for the P&L and Balance Sheet have been calculated including the impact of IFRS 16.

### 2017-18 Key financials

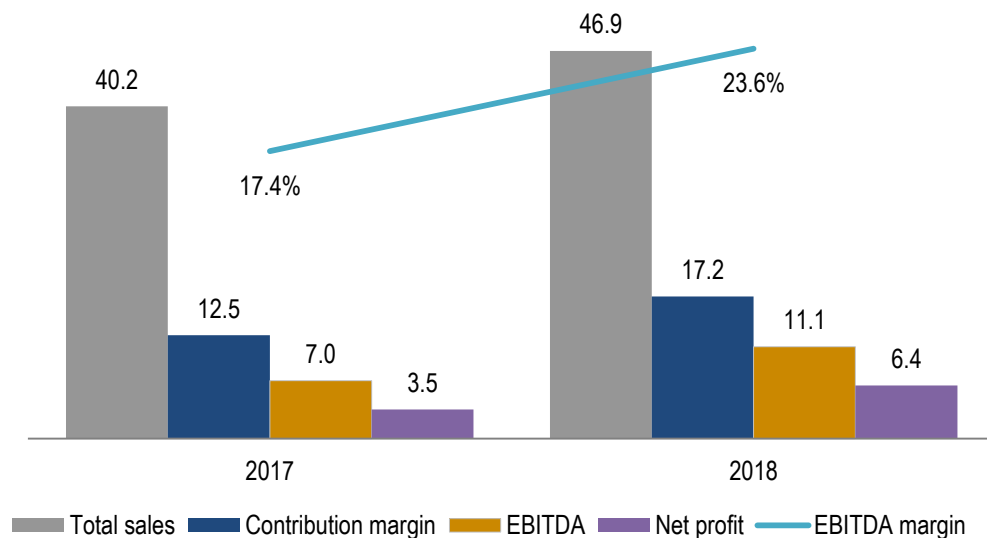
In 2018, the group recorded significant growth on all the main P&L items. This robust improvement was essentially due to sales growth and lower incidence of commercial and promotional costs on revenues compared to the previous year.

### 2017-18 Key financials evolution

	2017a	2018a	% Chg
<b>Revenues</b>	<b>40.2</b>	<b>46.9</b>	<b>16.6%</b>
<b>Contribution margin</b>	<b>12.5</b>	<b>17.2</b>	<b>37.0%</b>
<i>Margin</i>	31.1%	36.6%	
<b>EBITDA</b>	<b>7.0</b>	<b>11.1</b>	<b>57.3%</b>
<i>Margin</i>	17.5%	23.6%	
<b>D&amp;A&amp; Provisions</b>	<b>(1.7)</b>	<b>(2.0)</b>	
<b>EBIT</b>	<b>5.3</b>	<b>9.1</b>	<b>71.2%</b>
<i>Margin</i>	13.2%	19.4%	
<b>Net Profit</b>	<b>3.5</b>	<b>6.4</b>	<b>81.3%</b>

Source: company data

## 2017-18 Key financials



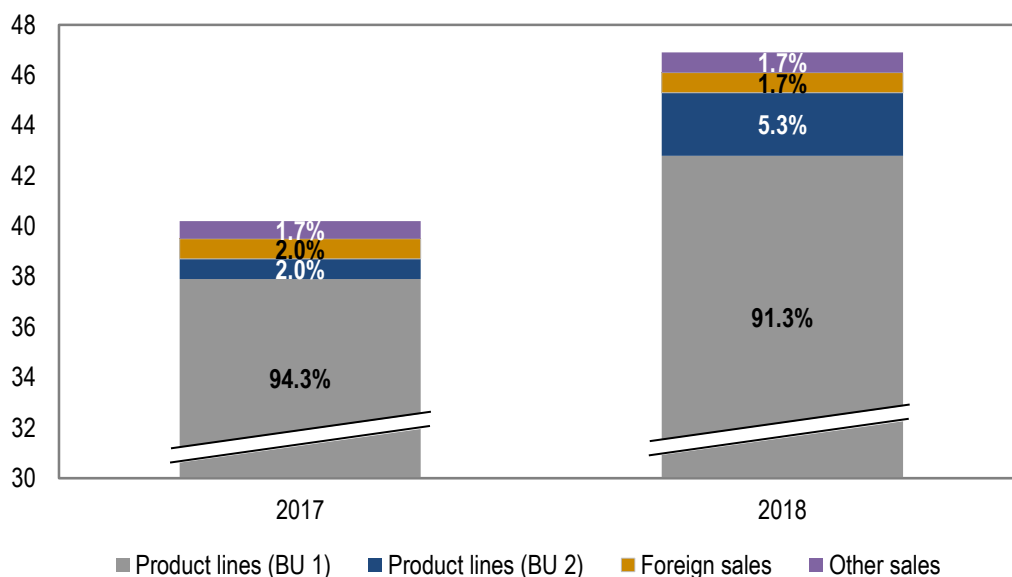
Source: company data

## 2017-18 Sales evolution

FY 18 revenues growth of +16.6% Y/Y was due to:

- 1) the very positive performance of all product lines: I) BU1's product lines grew by 12.7% Y/Y thanks to the solid trend of the main lines (Shedir, Deimos, Phobos and Menkar) and the growing contribution of the most recently launched lines; II) BU 2's product lines have reported total sales of EUR 2.5m in its first full year of activity;
- 2) pretty stable foreign sales compared to the previous year (-0.8%);
- 3) an increase of 16.4% Y/Y of "Other sales", which include contribution on research and development activities.

## 2017-18 Sales evolution



Source: Company data

## 2017-18 EBITDA evolution and cost structure

In 2018, the operating margins improved compared to the previous year, whose result was affected by the launch of the new businesses (Green Planet and Dymalife).

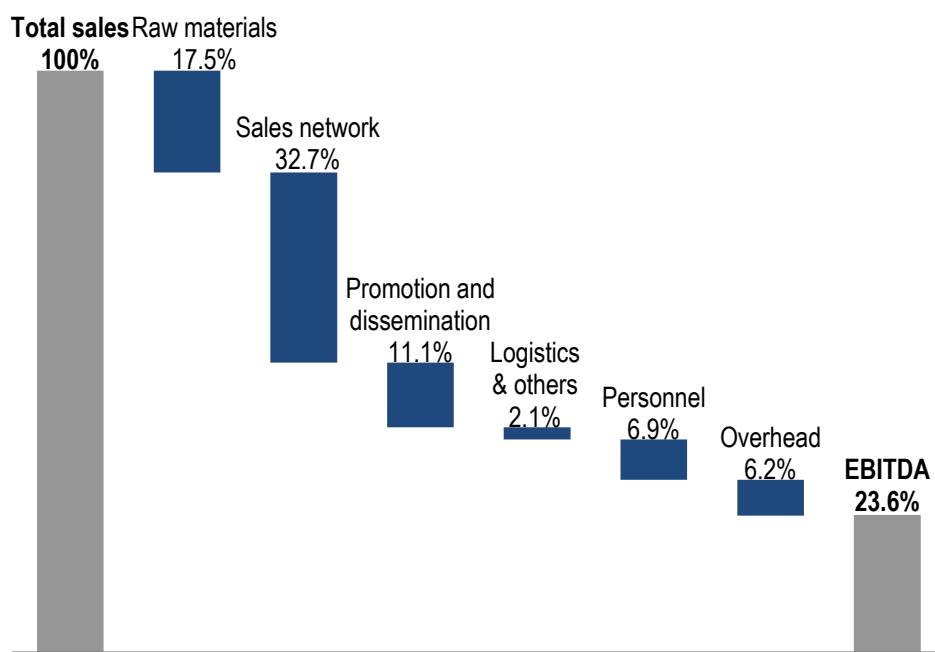
FY 18 Contribution Margin and FY 18 EBITDA respectively recorded a growth of +37.0% Y/Y and +57.3% Y/Y due to a lower incidence of the Sales Network Costs, Promotion and Dissemination Costs related to the launch of Green Planet and Dymalife.

### From Sales to EBITDA

EUR m	FY 2017	% on Total	FY 2018	% on Total
<b>Sales</b>	<b>40.2</b>		<b>46.9</b>	
Consumption of products & raw materials	(7.6)	18.9%	(8.2)	17.5%
<b>First Margin</b>	<b>32.6</b>	<b>81.1%</b>	<b>38.7</b>	<b>82.5%</b>
Costs of sales network	(13.7)	34.0%	(15.4)	32.7%
Promotion & dissemination expenses	(5.7)	14.1%	(5.2)	11.1%
Logistic expenses	(0.4)	1.0%	(0.6)	1.2%
Other expenses	(0.4)	0.9%	(0.4)	0.9%
<b>Contribution Margin</b>	<b>12.5</b>	<b>31.1%</b>	<b>17.2</b>	<b>36.6%</b>
Personnel expenses	(2.5)	6.2%	(3.2)	6.9%
Overhead costs	(3.0)	7.4 %	(2.9)	6.2%
<b>EBITDA</b>	<b>7.0</b>	<b>17.5%</b>	<b>11.1</b>	<b>23.6%</b>

Source: Company data

### Cost structure (% of sales, 2018)



Source: Company data

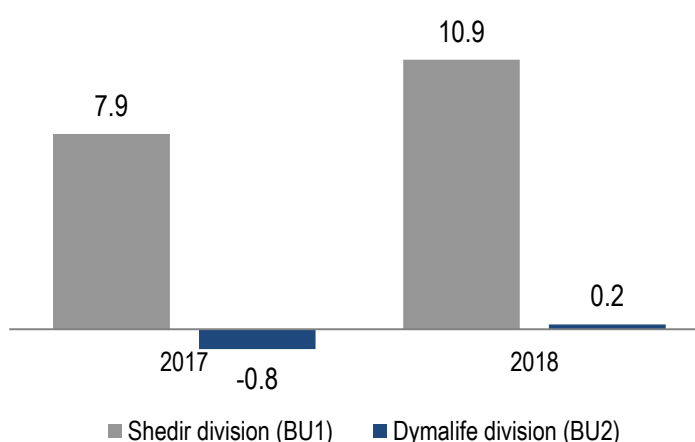


When specifically analysing the performance of the two business units, we can see:

**SHEDIR division (BU 1)** - BU 1 achieved a positive EBITDA of EUR 10.9m (24.6% of EBITDA margin). FY 18 First Margin reported an improvement, due to the better result of the new line launched in 2017 (in particular Green Planet, which benefited immediately from a specific sales network that is highly specialised in the pharma channel). The improvements in Contribution Margin and EBITDA were mainly due to a lower incidence of the promotion and dissemination expenses, compared to the previous year;

**DYMALIFE division (BU 2)** - BU2, after the first full year of activity, achieved a positive EBITDA of EUR 0.2m (6.2% of EBITDA margin), improving from the negative result registered in 2017. This result was achieved thanks to a substantial recovery in profitability, starting from the First Margin, which rose from 56.0% to 81.6%, and also due to a lower incidence of the Costs of the sales network.

#### EBITDA by division (EUR m)

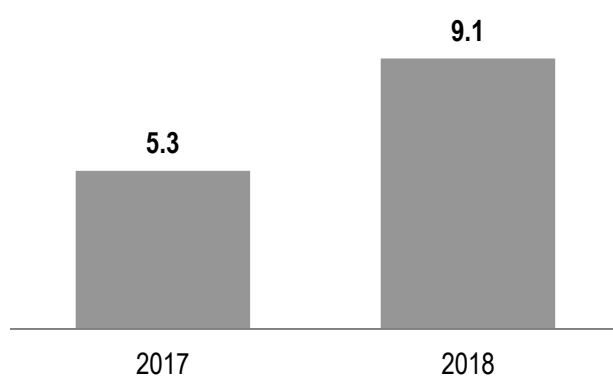


Source: Company data

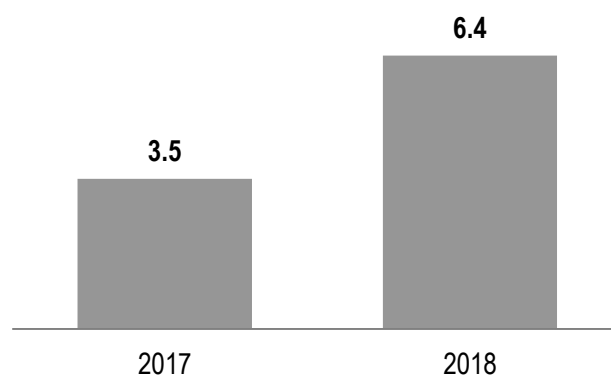
#### 2017-18 Net Profit evolution

Net Profit recorded a strong improvement in 2018 thanks to the following factors: 1) the significant improvement in operating profitability; 2) the lower incidence on sales of D&A and provisions; 3) stable weight of recurring financial charges; 4) a lower tax rate.

#### 2017-18 EBIT evolution (EUR m)



#### 2017-18 Net profit evolution (EUR m)



Source: Company data

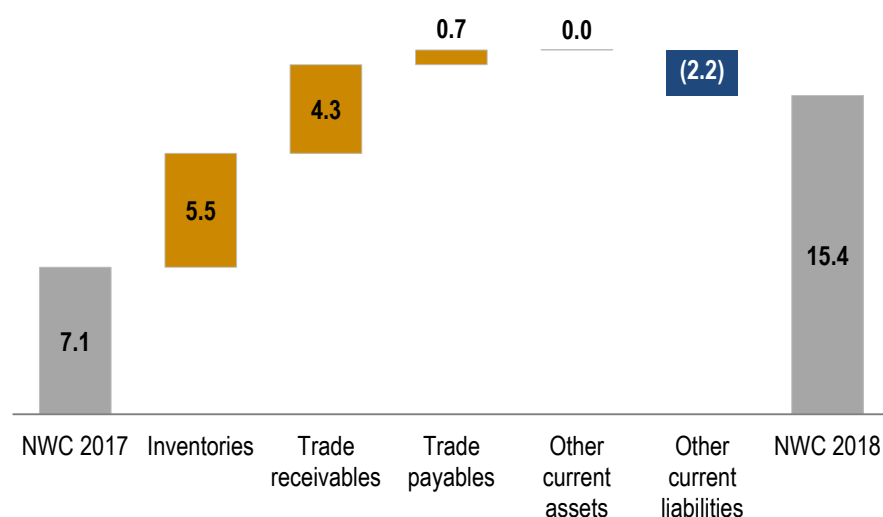
## 2017-18 NWC and Net Debt evolution

The launch of the two new businesses determined a cash absorption in terms of working capital in 2018.

Indeed, the group's NWC increased due to a series of extraordinary events at the end of 2018:

- 1) the increase in *inventories*, which is mainly due to: I) BU1 increased the stock of finished products for EUR 2.1m (of which EUR 0.4m attributable to the new Green Planet line) and around EUR 1.1m as a result of an increase in the stock of raw materials; II) BU2 increased the stock of finished products by EUR 2.3m for the launch of the new Dymalife's product lines;
- 2) the increase of *receivables* is the result of the consolidation of the group's growth trend in the last quarter of 2018, which continued in Q1 19;
- 3) the Deferred tax assets/liabilities are linked to the trend of the group's pre-tax profit in the last 3 years.

### 2017-18 NWC evolution (EUR m)



Source: Company data

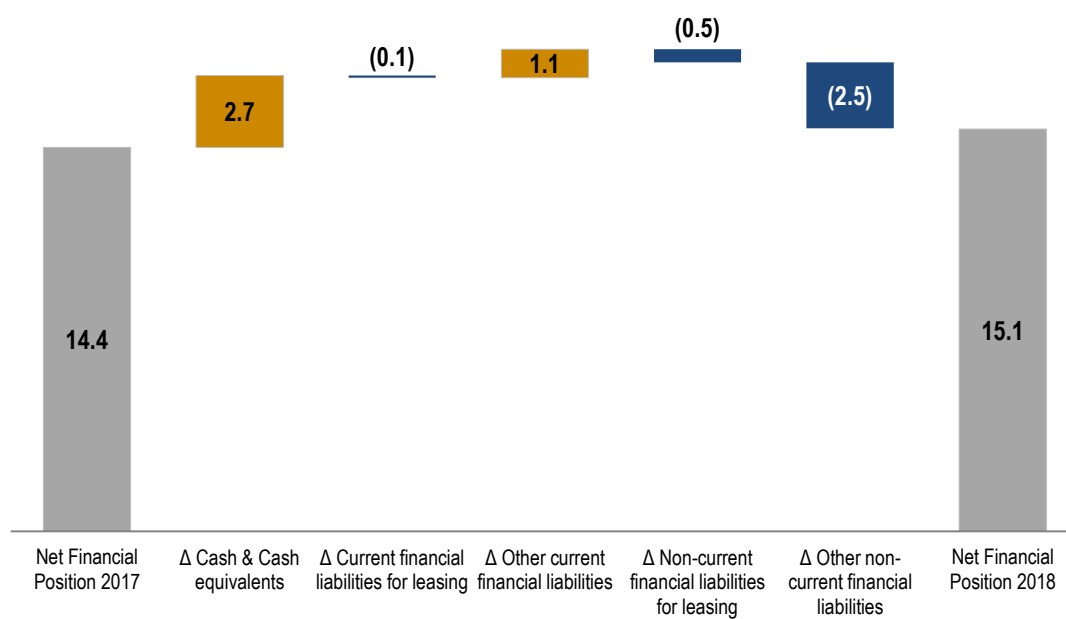
Despite the business growth, Shedir maintained a balanced financial structure in 2018. This has resulted in a significant improvement in the financial ratios.

### Debt ratios 2017 and 2018

EUR m	2017a	2018a
Net debt	14.4	15.1
Net debt/EBITDA (x)	2.0x	1.4x

Source: Company data

### 2017-18 NFP evolution (EUR m)



Source: Company data

## H1 2019 Results

In the first half of the year, the group's revenues were EUR 24.5m, up by 9.9% thanks to the positive sales growth of both business units. This performance was due to the continuous branching process of the different product lines and strengthening and consolidation of the portfolio through new product launches and line extensions.

The operating performance showed a negative trend with EBITDA and EBIT decreasing by 17.0% and 30.0% respectively due to some negative non-recurring items: a) EUR 0.62m related to some fiscal disputes (FY 2013-2017 period) with the Italian tax authorities; b) a EUR 0.68m of one-off listing costs.

An additional EUR 72k was booked below the EBIT line as financial charge for the above mentioned fiscal issue.

H1 19 ended with a net profit of EUR 1.2m (-55.6% Y/Y), penalised by higher taxes (EUR 0.6m) for the said fiscal settlement.

However, we point out that, net of these one-offs, which in aggregated terms accounted for ~ EUR 2m, EBITDA, EBIT and net profit would have increase by 10.6%, 11% and 30% respectively compared to H1 18 and the operating margins would have remained perfectly in line with H1 18 (EBITDA adj margin of 21.2% and EBIT adj margin of 17.1%).

H1 19 Net Debt was EUR 13.4m, compared to EUR 16.1m at the end of December 2018; the company factored in an IFRS 16 effect of EUR 6.3m, but did not incorporate the EUR 8.5m cash-in deriving from the listing in July.

### H1 19 Profit & loss

	H1 18a (*)	H1 19a	% Chg
<b>Revenues</b>	<b>22.3</b>	<b>24.5</b>	<b>9.9%</b>
<b>EBITDA adj</b>	<b>4.7</b>	<b>5.2 (**)</b>	<b>10.6%</b>
<i>Margin</i>	21.1%	21.2%	
<b>EBITDA reported</b>	<b>4.7</b>	<b>3.9</b>	<b>-17.0%</b>
<i>Margin</i>	21.1%	15.9%	
<b>EBIT adj</b>	<b>3.8</b>	<b>4.2</b>	<b>10.5%</b>
<i>Margin</i>	17.0%	17.1%	
<b>EBIT reported</b>	<b>4.0</b>	<b>2.8</b>	<b>-30.0%</b>
<i>Margin</i>	17.9%	11.4%	
<b>Net Profit adj</b>	<b>2.6</b>	<b>3.2 (***)</b>	<b>23.1%</b>
<b>Net Profit</b>	<b>2.7</b>	<b>1.2</b>	<b>-55.6%</b>

Source: Company data

(\*) 2018 sales and profitability adjusted like-for-like with 2019 scope of consolidation

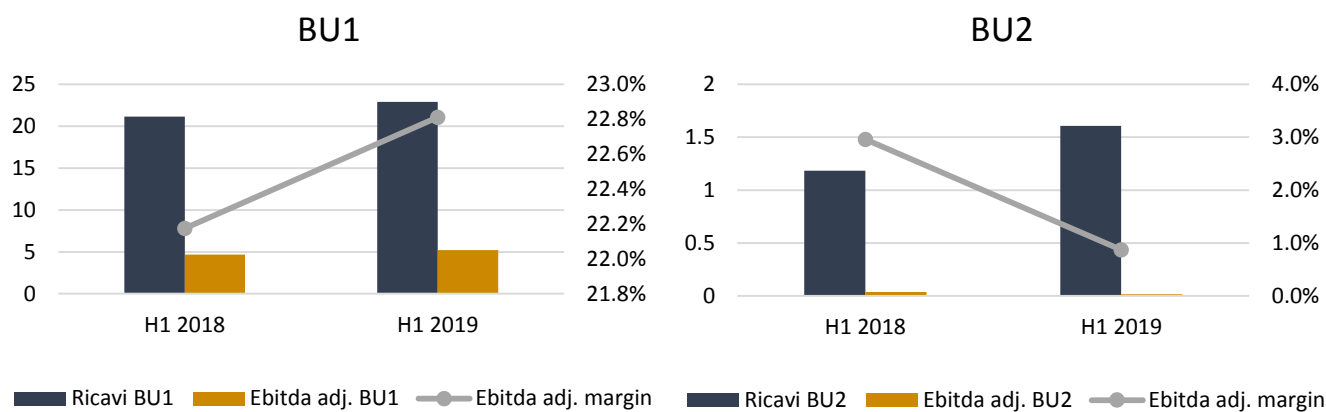
(\*\*) net of EUR 0.62m of non-recurring expenses related to some fiscal disputes and EUR 0.68m of one-off costs for listing

(\*\*\*) net of EUR 72k of one-off financial charges for the fiscal issue and EUR 0.6m for higher taxes for the fiscal settlement

**(BU 1) Shedir** division sales grew by 8.4% Y/Y to EUR 22.9m, more than the reference market trend (based on IMSHEALTH, the nutraceutical market recorded an increase in value of +3.3% and in volumes of 1.7%). The growth in turnover is reflected in the positive performance of the division's profitability: the division's EBITDA adj rose by 11% to EUR 5.2m, with an EBITDA adj margin of 23%.

**(BU 2) Dymalife** (the pharma division) sales grew by 36% Y/Y to EUR 1.6m; despite being in full start-up, this division contributed to the group's significant revenues growth (around 20% of the total increase in the group) and it gained market share in all therapeutic areas. Profitability, though positive, reflects the Shedir's ongoing commercial efforts and the increase in employees which, as at 30 June 2019, increased from 4 to 10.

### Sales and EBITDA by division (EUR m)



Source: Company data

## 2019-2021 Estimates

We highlight that, in line with the 2018 data, our 2019-2021 estimates have been calculated considering the impact of the IFRS 16 accounting principle.

Shedir has interesting sales growth perspectives and improving margins. The asset-light structure combined with low Capex requirements will allow the group to carry out a high cash conversion.

We present FY19e adjusted results in order to sterilize the negative impacts of the following one-off events:

- EUR 0.684m of one-off listing costs, which were included in the service costs;
- EUR 1.3m of total one-off costs (provisions, financial charges and taxes) related to some fiscal disputes (FY 2013-2017 period) with the Italian tax authorities (as explained in the H1 2019 results paragraph).

### Shedir: 2019-2021e Banca Akros estimates

EUR m	2018a	2019e	% Chg.	2020e	% Chg.	2021e	% Chg.	%CAGR
<b>Total Revenues</b>	<b>46.9</b>	<b>51.6</b>	<b>+10.0%</b>	<b>56.4</b>	<b>+9.2%</b>	<b>61.2</b>	<b>+8.5%</b>	<b>+9.2%</b>
Consumption of products & raw materials	(8.2)	(9.4)		(10.2)		(11.2)		
<b>First Margin</b>	<b>38.7</b>	<b>42.2</b>		<b>46.1</b>		<b>50.0</b>		
Costs of sales network	(15.4)	(17.4)		(18.5)		(20.0)		
Promotion & dissemination expenses	(5.2)	(5.8)		(6.2)		(6.7)		
Logistic expenses	(0.6)	(0.6)		(0.7)		(0.7)		
Other expenses	(0.4)	(1.1)		(0.5)		(0.5)		
<b>Contribution Margin</b>	<b>17.2</b>	<b>17.4</b>	<b>+1.2%</b>	<b>20.3</b>	<b>+16.8%</b>	<b>22.1</b>	<b>+16.8%</b>	
Personnel expenses	(3.2)	(3.5)		(3.7)		(3.9)		
Overhead costs	(2.9)	(3.0)		(3.2)		(3.4)		
<b>EBITDA</b>	<b>11.1</b>	<b>10.9</b>	<b>-1.6%</b>	<b>13.4</b>	<b>+23.5%</b>	<b>14.9</b>	<b>+10.8%</b>	<b>+10.3%</b>
<i>Margin</i>	23.6%	21.1%		23.8%		24.3%		
<b>EBITDA Adj. (*)</b>	<b>11.1</b>	<b>12.2</b>	<b>+10.2 %</b>	<b>13.4</b>	<b>+10.3%</b>	<b>14.9</b>	<b>+10.8%</b>	<b>+10.3%</b>
<i>Margin</i>	23.6%	23.6%		23.8%		24.3%		
D&A	(1.9)	(2.2)		(2.1)		(2.2)		
Provisions	(0.1)	(0.1)		(0.1)		(0.1)		
<b>EBIT</b>	<b>9,1</b>	<b>8.6</b>	<b>-5.4%</b>	<b>11.2</b>	<b>+30.1%</b>	<b>12.6</b>	<b>+12.5%</b>	<b>+11.4%</b>
<i>Margin</i>	19.4%	16.7%		19.9%		20.6%		
<b>EBIT Adj. (*)</b>	<b>9,1</b>	<b>9.9</b>	<b>+8.8%</b>	<b>11.2</b>	<b>+13.1%</b>	<b>12.6</b>	<b>+15.8%</b>	<b>+11.4%</b>
<i>Margin</i>	19.4%	19.2%		19.9%		20.6%		
Net financial income (charges)	(0.2)	(0.3)		(0.2)		(0.1)		
<b>Pre-tax Profit</b>	<b>8,9</b>	<b>8.3</b>		<b>11.0</b>		<b>12.5</b>		
Taxes	(2.5)	(3.2)		(3.1)		(3.5)		
<i>Tax rate</i>	27.9%	39.0%		28.0%		28.0%		
Minorities	(0.0)	(0.0)		0.0		0.0		
<b>Net Profit</b>	<b>6.4</b>	<b>5.1</b>	<b>-20.3%</b>	<b>7.9</b>	<b>+56.5%</b>	<b>9.0</b>	<b>+12.9%</b>	<b>+12.0%</b>

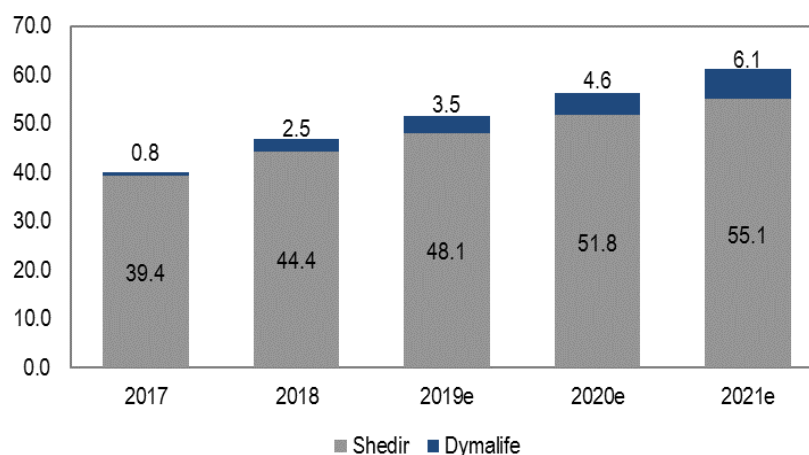
Source: Company data and Banca Akros estimates

## P&L analysis

### 2019-2021e Sales evolution

We expect Shedir will be able to achieve a 2018-2021e Sales CAGR of +9.2% thanks to the positive contribution from both business units.

#### 2017-2021e Sales evolution



Source: Company data and Banca Akros estimates

Considering the performance of two business units, SHEDIR division (BU 1) is expected to post a 2018-2021 Sales CAGR of 7.4%, beating the estimates for the Italian Vitamins & Dietary Supplements market trend of +3.1%. We believe that BU 1's revenues in 2019 will be driven by good sales growth for its four historical product lines; while, in the following two years, we forecast BU 1's revenues growth will be due to: 1) a more regular growth for the four historical lines, 2) a steady strong contribution from two recently launched lines, Green Planet and Shedir Pet, and the significant growth in foreign sales, which we expect to be ~ EUR 1m in 2019.

The sales of two recently launched product lines under the DYMALIFE division (BU 2) are expected to achieve strong sales growth in the coming three years (2018-2021 Sales CAGR of 34.1%).

#### 2019-2021e product lines sales evolution

EUR m	2018a	2019e	% Chg.	2020e	% Chg.	2021e	% Chg.	%CAGR
Shedir division (BU 1)	44.4	48.1	8.5%	51.8	7.5%	55.1	6.4%	7.4%
of which Foreign sales	0.8	1.0	25.0%	1.3	25.0%	1.6	25.0%	
Dymalife division (BU 1)	2.5	3.5	37.7%	4.6	33.3%	6.1	32.6%	34.1%
<b>Total Revenues</b>	<b>46.9</b>	<b>51.6</b>	<b>+10.0%</b>	<b>56.4</b>	<b>+9.2%</b>	<b>61.2</b>	<b>+8.5%</b>	<b>+9.2%</b>

Source: Company data and Banca Akros estimates

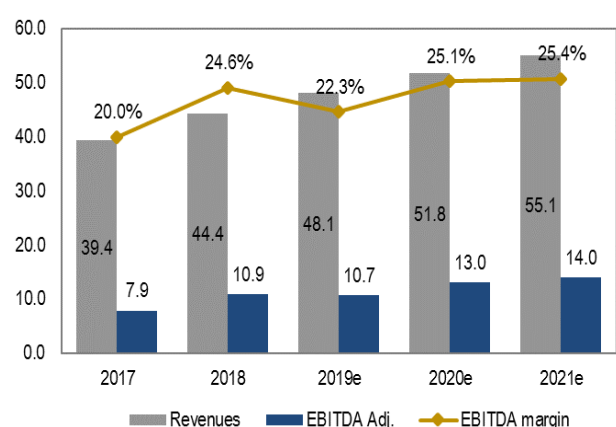
## 2019-2021e profitability evolution

Considering the EBITDA (\*) trend of the two business units we forecast:

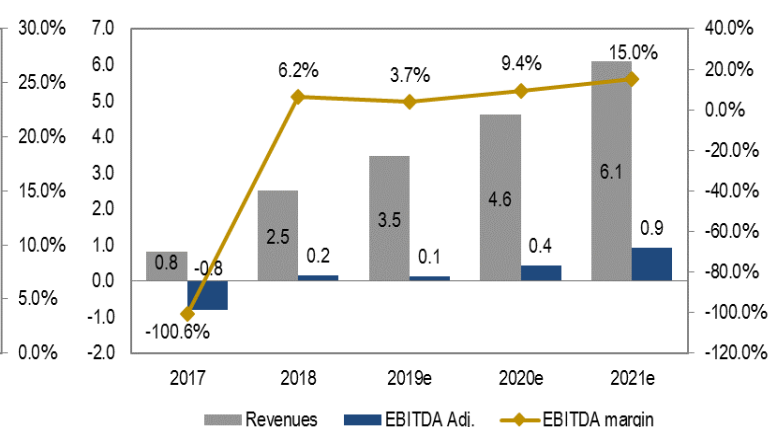
- SHEDIR division (BU 1): the EBITDA margin is expected to improve steadily thanks to a lower incidence of the operating costs;
- DYMALIFE division (BU 2): we expect profitability to improve progressively thanks to the strong operating leverage of the business model.

(\*) Note that we refer to EBITDA Adj.

### BU 1: Sales and EBITDA evolution



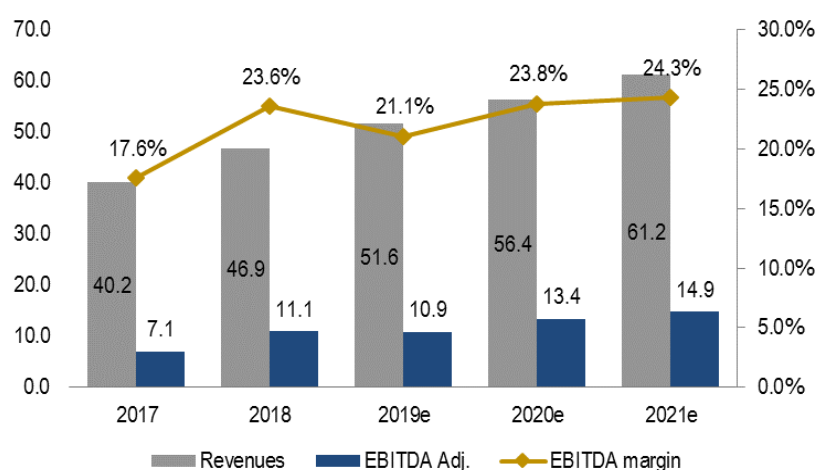
### BU 2: Sales and EBITDA evolution



Source: Company data and Banca Akros estimates

Therefore, we estimate a group **EBITDA** expansion with a 2018-2021 EBITDA CAGR of 10.3%, higher than the sales growth. Indeed, the strong sales growth of BU2, which is still characterized by start-up-phase profitability, involves a slight dilutive effect on the group's profitability in 2019; thanks to the robust estimated increase in the profitability of BU2, this effect is expected to be partially reabsorbed in the next two years.

### Shedir: Sales, EBITDA and EBITDA margin (2017-21e)



Source: Company data and Banca Akros estimates

We expect **EBIT** (\*) to grow at a 2018-2021 CAGR of 11.3%; the progress in the EBIT line should derive from the lower incidence of D&A.



Our estimates point to a **net profit margin** that moves from 13.7% in 2018 to 14.8% in 2021. We expect the bottom line to benefit from a lower incidence of recurring financial charges and a stable tax rate of 28%.

(\*) Note that we refer to EBIT Adj.

## Capital structure analysis

After an increase in the Trade NWC in 2018 due to the launch of new product lines, we expect the group will show an improvement in the Trade NWC sales ratio from 35.5% in 2018 to around 32.4% by 2021.

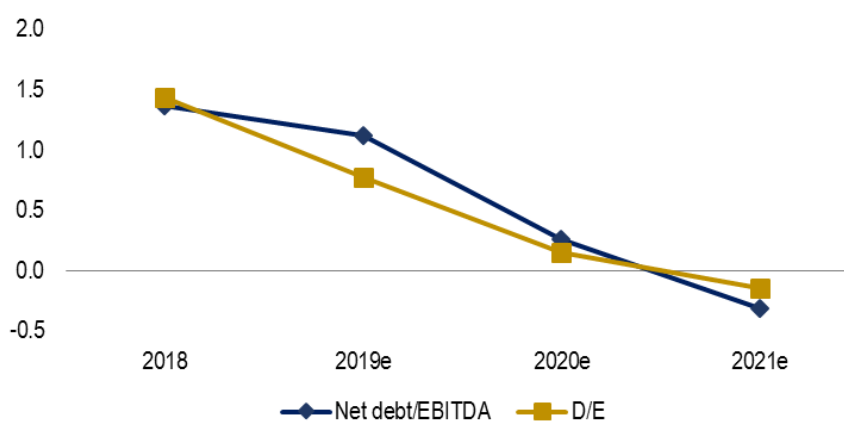
The asset-light structure combined with low capex requirements will allow Shedir to reach a high cash conversion; we estimate that the FCF on EBITDA will remain over 55% in the next three years (vs. 54.4% in 2018). This should allow Shedir to reduce its Net Debt and, therefore, to improve its financial ratios (see table below).

### Shedir: Estimated gearing and debt ratios in the period 2019-2021

EUR m	2018a	2019e	2020e	2021e
Net debt	15.1	12.2	3.5	(4.6)
Net debt/EBITDA (x)	1.4x	1.1x	0.3x	(0.3)x
D/E (x)	1.4x	0.8x	0.2x	(0.1)x

Source: Company data and Banca Akros estimates

### Shedir: Estimated gearing and debt ratios in the period 2017-2021



Source: Company data and Banca Akros estimates

## Valuation

### DCF valuation

**Based on our DCF model, we come to a fair value of EUR 10.00 per share, thus an upside of over 38% on the current share price.**

We have run our DCF analysis based on the following assumptions:

- Sales forecast: a) for the period 2018/2021e we assume the estimates described in the paragraph above; b) for the period 2022/2023e we estimate a sales CAGR of 3.7%;
- Profitability forecast: a) for the period 2018/2021e we assume the estimates described in the paragraph above; b) in terms of long-term forecasts we assume a stable EBITDA margin of around 24.3%, which is in line with the FY 21e EBITDA margin. This expected profitability target is higher than the FY 18 EBITDA of 23.6%, because we reckon the group's EBITDA margin will improve thanks to a lower incidence of the operating costs and the positive contribution from Shedir Pet and Green Planet in BU'1 and thanks to the progressive improvement in profitability of BU2 owing to the strong operating leverage of the business model.
- A WACC of 8.2% calculated by assuming: a) a risk-free rate of 3.5% and a market risk premium of 5.0% (in line with ESN standards); b) a target capital structure with debt covering 27.0% of net capital employed; c) a beta of 1.1, reflecting that Shedir is a small cap, so it is slightly penalised in light of the stock's modest liquidity, but it operates in an anti-cyclical sector.
- A terminal growth rate of 2.0%.

#### SHEDIR: Free Cash Flow projection (EUR m)

	2019e	2020e	2021e	2022e	2023e
EBITA	8.6	11.2	12.6	13.1	13.6
Taxes	-3.4	-3.1	-3.5	-3.7	-3.8
Tax rate	39.0%	28.0%	28.0%	28.0%	28.0%
NOPLAT	5.2	8.1	9.1	9.5	9.8
Depreciation & other provisions	2.2	2.1	2.2	2.3	2.3
Operating Cash Flow	7.4	10.2	11.2	11.7	12.2
Capex	-4.3	-0.8	-1.5	-1.6	-1.8
Change in Net Working Capital	-0.9	0.5	-1.6	-2.4	-2.4
Free Operating Cash Flow (FOCF)	2.2	9.9	8.2	7.7	8.0

Source: Banca Akros estimates

#### SHEDIR: DCF analysis

Perpetual Growth Rate	2.00%
WACC	8.20%
<b>Terminal Value</b>	<b>154.5</b>
Discounting Rate of Terminal Value	0.62
Discounted Terminal Value	96.3
<b>Cumulated DFOCF</b>	<b>28.0</b>
Financial Assets as of 31/12/19e	2.5
<b>Enterprise Value (EUR m)</b>	<b>126.6</b>
Net Financial Cash as of 31/12/19e (EUR m)	12.1
Minorities market value (EUR m)	(0.0)
<b>Equity Value (EUR m)</b>	<b>114.5</b>
<b>Value per share (EUR)</b>	<b>10.0</b>

Source: Banca Akros estimates

DCF sensitivity table (EUR)

WACC	Terminal growth rate (g)						
	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
7.30%	10.2	10.6	11.0	11.4	12.0	12.5	13.2
7.60%	9.8	10.1	10.5	10.9	11.4	11.9	12.4
7.90%	9.4	9.7	10.1	10.4	10.9	11.3	11.8
8.20%	9.0	9.3	9.7	10.0	10.4	10.8	11.2
8.50%	8.7	9.0	9.3	9.6	10.0	10.3	10.7
8.80%	8.5	8.7	9.0	9.3	9.6	9.9	10.3
9.10%	8.2	8.4	8.7	8.9	9.2	9.5	9.9

Source: Banca Akros estimates

## Peer multiples

Owing to a lack of proper comparable companies, we provide a panel of Italian and international nutraceutical producers, who operate in the dietary supplements and pharmaceutical companies with an interesting presence in the food supplement sector. Furthermore, among the peers, we also consider Biodue, which we remind investors, was recently acquired. Indeed, the private equity fund Armonia and the Rovati Family acquired a 48.6% stake in Biodue for EUR 6.50 per share (24.5% premium compared on the price on the agreement day). The Closing is expected to be completed by the end of 2019 and the buyers will be required by law to promote a Public Purchase Offer on the remaining shares. The total consideration for the deal implies a FY 19E EV/EBITDA multiple of 9.45x.

We point out that the peer multiples, shown in the following tables and taken from Bloomberg, might have been calculated using figures that do not account for the IFRS 16 accounting principle.

We also point out that Shedir and all these players are not entirely comparable due to the significant differences in terms of size and geographies, reference segments, business model, distribution channels.

Nevertheless, as shown by the following table, Shedir offers a strong discount compared to the sector peers. Although this difference is partly motivated by Shedir's smaller size compared to other players and that the turnover is concentrated almost entirely on the Italian market, we do not believe that this wide discount is justified considering that Shedir's profitability is in line with the sector and the high growth potential of the new lines and of the Dymalife division

	Rep Cur	Market Cap (m)	Sales 2018	Country	Geographical Revenue Split	Activities
Biodue	EUR	71.8	35m	Italy	Italy 86%, RoW 14%	CDMO 53%, nutraceuticals 47%
Dermapharm	EUR	1,852	572m	Germany	Germany 94%, Austria & Switzerland 4%, Eastern Europe 2%	Vitamines, dermatologics, healthcare 35%, import 42%, others 22%
FaesFarma	EUR	1,309	324m	Spain	Spain & Portugal 68%, RoW 32%	Pharmaceuticals 66%, Diafarm (nutraceutical) 15%, Animal Health 17%
Balchem	USD	3,266	644m	USA	USA 75%, RoW 25%	Human nutrition & Health 53%, Animal health 27%, Specialty products 12%, Industrial product 8%
Pharmanutra	EUR	194	47m	Italy	Italy 74%, RoW 26%	Sideral 69%, Cetilar 17% others 14%
Alliance Pharma	GBP	378	118m	UK	UK & Ireland 42%, USA 4%, West EU 20%, RoW 34%	Body and skin care 55%, Supplements 9%, Drugs and Others 36%
Usana	USD	1,535	1,189	USA	Greater China 55%, Americas & USA 20%, North Asia 6%, SouthEast Asia 19%	Nutraceuticals 83%, Foods 9%, Skin care 8%
Naturhouse	EUR	111	87m	Spain	Spain 21%, France 41%, Italy 23%, Poland 12%	
Herbalife	USD	5,770	4,892m	USA	America 38%. EMEA 20%, Asia Pacific 42%	Weight management 64%, Energy, sports and fitness 6%, Targeted nutrition 25%, Other 5%

	EV/EBITDA		P/E	
	2019e	2020e	2019e	2020e
BIODUE	9.6	-	-	-
DERMAPHARM	13.3	11.9	18.3	16.3
FAES FARMA	14.3	12.2	20.2	17.2
BALCHEM	22.0	20.0	35.0	30.4
PHARMANUTRA	14.4	12.6	22.7	19.8
ALLIANCE PHARMA	11.8	11.0	14.6	13.5
USANA HEALTH SCIENCES	9.4	8.8	18.2	15.1
NATURHOUSE HEALTH	5.4	5.6	8.0	8.4
HERBALIFE NUTRITION	9.9	9.0	14.0	11.9
<b>AVERAGE</b>	<b>12.2</b>	<b>11.4</b>	<b>18.9</b>	<b>16.6</b>
SHEDIR PHARMA (*)	7.9	6.5	16.0	10.2
<b>Premium (discount) on average</b>	<b>-35.3%</b>	<b>-42.9%</b>	<b>-15.2%</b>	<b>-38.5%</b>

Source: Bloomberg data at 15<sup>th</sup> October 2019 and Banca Akros estimates

(\*) 2019 EBITDA adj

## Appendix 1 - Profile of listed peers

### BIODUE SPA

Bloomberg

BIO2 IM

Website

<http://www.biodue.com>

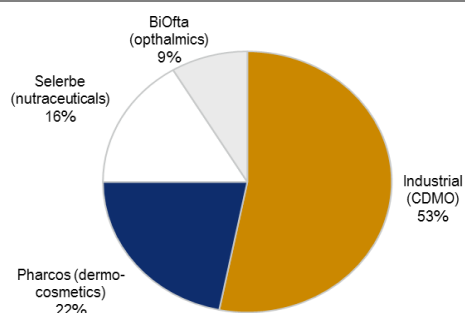
**BioDue** develops, manufactures, and markets cosmetics, liquid and solid food supplements, cosmetics, herbal products and medical devices on behalf of national and international pharmaceutical companies. Although contract manufacturing represents about half of the company revenue, BioDue also produces and markets under its own brands: dermo-cosmetics under the Pharcos brand; herbal medicines with products and extracts from herbal drugs, aromatics, and medicinals under the Selerbe brand; and food supplements for eyes and ophthalmic cosmetics under the BiOfta brand. Branded products are distributed via a network of 40 one-firm sales representatives (BiOfta and Pharcos, with a high coverage of Italian dermatologists and ophthalmologists) and other agents who reach the whole Italian territory (Selerbe, with customised solutions for pharmacies and health food stores).

#### BioDue: historical data and consensus forecasts

EUR (m)	2018	2019e	2020e	2021e	CAGR 18-20e
Revenue	36	45	49	55	17%
EBITDA	5	9	10	12	50%
(%)	13%	19%	21%	22%	
EBIT	3	6	8	9	59%
(%)	9%	14%	16%	17%	
Net Income/Net Profit (Losses)	4	4	5	6	13%
Dividend Yield	n.a.	2.1	2.6	3.2	
Net debt	6	8	5	2	-8%
Net Debt/EBITDA	1.3	1.0	0.5	0.1	-0.4

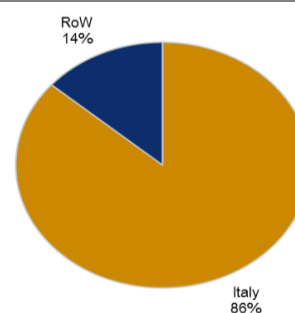
Source: Bloomberg

#### BioDue: sales by segment



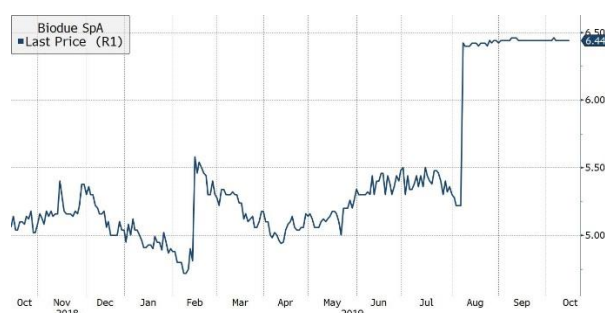
Source: Company data

#### BioDue: sales by area



Source: Company data

#### BioDue: Last Price vs. EBITDA



Source: Bloomberg

#### BioDue vs. FTSE All Share Index



Source: Thomson Reuters

## DERMAPHARM HOLDING SE

Bloomberg DMP GR  
Website <http://www.dermapharm.de>

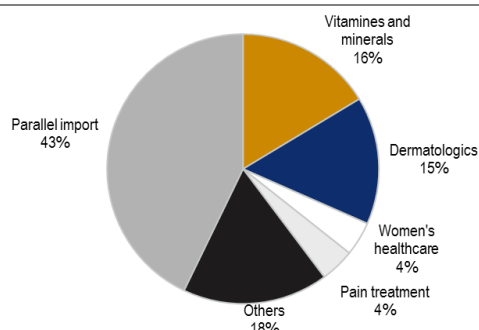
**Dermapharm** is a German-based company specialised in manufacturing off-patent branded pharmaceuticals, over-the-counter drugs and natural remedies. The company operates through two segments: Branded pharmaceuticals and other healthcare products, which includes in-house development, in-house production, and distribution of pharmaceuticals, dietary supplements or supplemental balanced diets; it includes Vitamins and minerals, Dermatology and Women's healthcare products, which overall represent about 35% of revenue; and Parallel import business, which consists of importing pharmaceuticals from other EEA member states for resale to pharmacies and pharmaceutical wholesalers in Germany. The company has five different sales force lines; the salesmen visit pharmacies, registered doctors and clinics to promote and distribute all branded pharmaceuticals and healthcare products.

### Dermapharm: historical data and consensus forecasts

EUR (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	572	675	709	742	5%
EBITDA	138	174	193	210	10%
(%)	24%	26%	27%	28%	
EBIT	107	144	162	177	11%
(%)	19%	21%	23%	24%	
Net Income/Net Profit (Losses)	75	101	114	127	12%
Dividend Yield	3.0	3.0	3.4	3.8	
Net debt	90	376	311	239	
Net Debt/EBITDA	0.7	2.2	1.6	1.1	

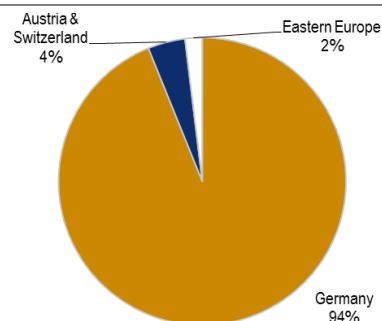
Source: Bloomberg

### Dermapharm: sales by segment



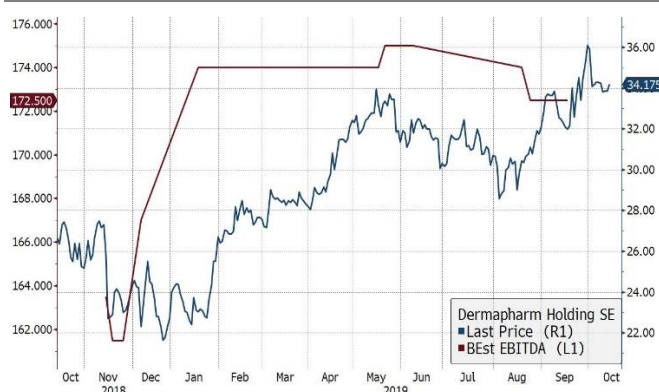
Source: Banca Akros on company data

### Dermapharm: sales by area



Source: Company data

### Dermapharm: Last Price vs. EBITDA



Source: Bloomberg

### Dermapharm vs. DAX 30 Index



Source: Thomson Reuters

## FAES FARMA SA

Bloomberg  
Website

FAE SM  
<http://faesfarma.com/>

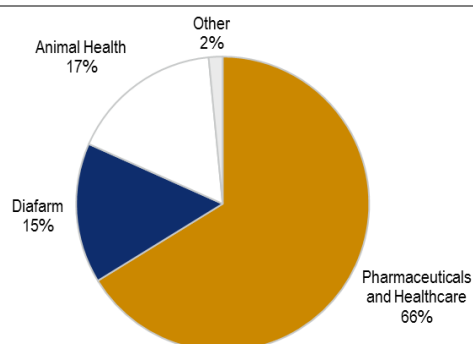
**FaesFarma** specialises in the research, production, distribution and sale of prescription and generic drugs, over-the-counter (OTC) medicines, food supplements and personal care treatments, as well as raw materials for the pharmaceutical use. The company's research lines are mainly focused on the development of new drugs for the treatment of allergy: its internally developed antihistaminic molecule Bilastine is out-licensed to some relevant players (Menarini, Pfizer, and Takeda, among others) and contributes EUR ~40m to sales (12% of revenue). In addition, it provides animal nutrition products (17% of revenue) and, through the Diafarm Company (15% of revenue), fully consolidated since mid-2017, OTC and parapharmacy products. The company mainly operates in Spain, where it is based, Portugal, Chile and Mexico.

### FaesFarma: historical data and consensus forecasts

EUR (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	324	363	386	412	7%
EBITDA	72	89	104	117	14%
(%)	22%	25%	27%	28%	
EBIT	62	78	92	103	15%
(%)	19%	21%	24%	25%	
Net Income/Net Profit (Losses)	52	64	75	88	17%
Dividend Yield	2.3	1.5	2.0	2.6	
Net debt	-20	-59	-104	-185	
Net Debt/EBITDA	-0.3	-0.7	-1.0	-1.6	

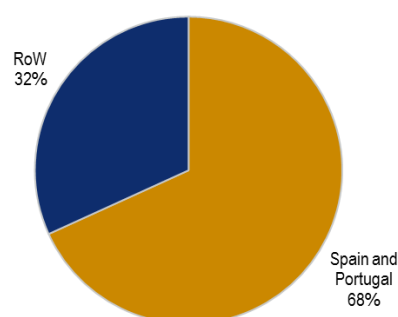
Source: Bloomberg

### FaesFarma: sales by segment



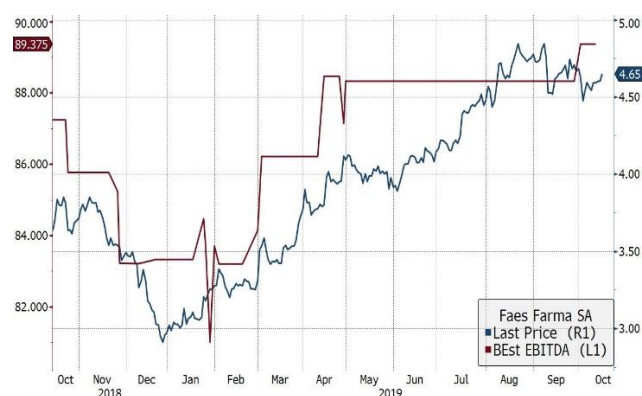
Source: Company data

### FaesFarma: sales by area



Source: Company data

### FaesFarma: Last Price vs. EBITDA



Source: Bloomberg

### FaesFarma vs. IBEX 35 Index



Source: Thomson Reuters



## BALCHEM CORPORATION

Bloomberg *BCPC US*  
Website *http://balchem.com*

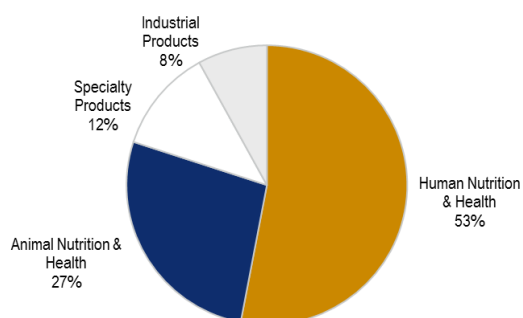
**Balchem Corporation** is engaged in the development, manufacture and marketing of specialty performance ingredients and products for the food, nutritional, feed, pharmaceutical, medical sterilisation and industrial markets. The company operates in four segments: Human Nutrition & Health, which supplies nutritional supplements and ingredients in the food and beverage industry, providing solutions in powder, solid and liquid flavour delivery systems, spray dried emulsified powder systems and cereal systems; Animal Nutrition & Health engaged in the provision of nutritional products derived from its microencapsulation and chelation technologies in addition to basic choline chloride; Specialty Products which sells ethylene oxide as a sterilant gas primarily for use in the healthcare industry; and Industrial Products, which includes the manufacture and sale of methylamines. The company sells its products through its own sales force, independent distributors and sales agents. Balchem employs 1,165 people, of which 47 are devoted full time to R&D activities.

### Balchem: historical data and consensus forecasts

USD (m)	2018	2019e	2020e	2021e	CAGR 18-20e
Revenue	644	666	737	n.a.	7%
EBITDA	155	158	173	n.a.	6%
(%)	24%	24%	23%		
EBIT	108	126	140	n.a.	14%
(%)	17%	19%	19%		
Net Income/Net Profit (Losses)	79	94	108	n.a.	17%
Dividend Yield	n.a.	0.5	0.6	n.a.	
Net debt	n.a.	n.a.	n.a.	n.a.	
Net Debt/EBITDA					

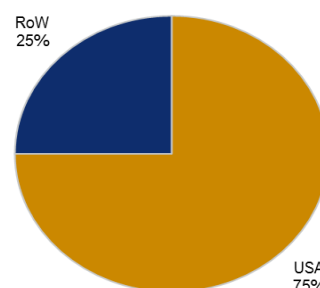
Source: Bloomberg

### Balchem: sales by segment



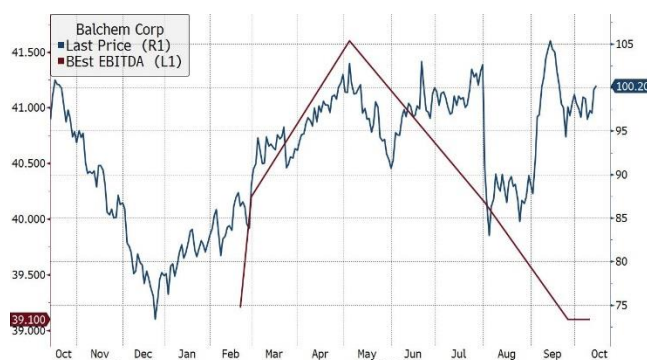
Source: Company data

### Balchem: sales by area



Source: Company data

### Balchem: Last Price vs. EBITDA



Source: Bloomberg

### Balchem vs. S&P 500 Index



Source: Thomson Reuters



## PHARMANUTRA SPA

Bloomberg PHN IM  
Website <http://www.pharmanutra.it>

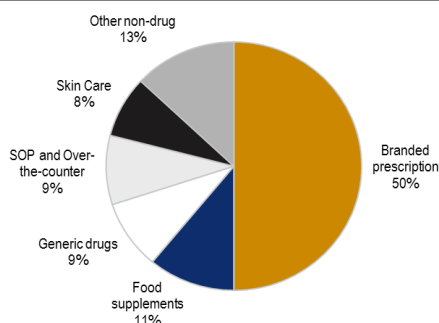
**PharmanutraSpA** is an Italy-based company engaged in the healthcare industry. The company develops nutraceutical products and medical devices. It focuses on studying and producing formulas that are backed up in scientific research. It is able to cover all stages of the development of a product, from its design, formulations and registration to its marketing, distribution and training of its commercial representatives. The company's activities are divided into two business lines, based on the distribution channel: Direct, which involves the company's network of scientific sales representatives (currently more than 150 people and three specific commercial lines) in maintaining commercial relationships with specialists and pharmacists; and Indirect, the preferred channel for abroad activities, which is based on local partners. The Direct business unit includes Sideral, an iron-based nutritional supplement, which contributes 67% to revenues of the BU (~EUR 23m) and has 51% of market share among iron supplements.

### Pharmanutra: historical data and consensus forecasts

EUR (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	47	53	60	68	13%
EBITDA	12	13	15	17	15%
(%)	25%	24%	24%	25%	
EBIT	11	12	14	16	16%
(%)	24%	22%	23%	23%	
Net Income/Net Profit (Losses)	9	9	10	11	16%
Dividend Yield	2.3	2.2	2.5	3.0	
Net debt	-11	2	3	3	
Net Debt/EBITDA	-1.0	0.1	0.2	0.2	

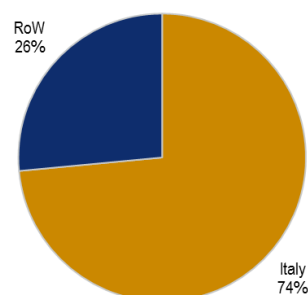
Source: Bloomberg

### Pharmanutra: sales by business line (Italy, 2017)



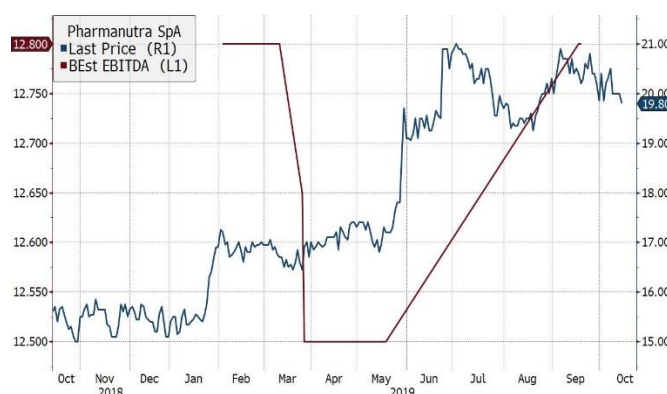
Source: Banca Akros on Company data

### Pharmanutra: sales by area



Source: Company data

### Pharmanutra: Last Price vs. EBITDA



Source: Bloomberg

### Pharmanutra vs. FTSE ITALIA All Share Index



Source: Thomson Reuters

## ALLIANCE PHARMA PLC

Bloomberg

APH LN

Website

<http://www.alliancepharmaceuticals.com>

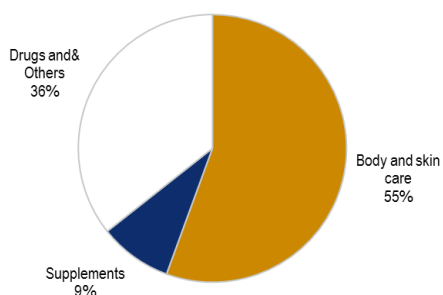
**Alliance Pharma** is engaged in the acquisition, marketing and distribution of pharmaceutical products, with a focus on dermatology, oncology, and nutrition. The company's products (about 80 brands) include prescription medicines, over the counter medications, medical devices, cosmetics and nutritional supplements. Operations are divided into two business lines: International Star brands, a select group of high-growth brands with international reach, the majority of which are consumer healthcare products; it includes an eye supplement which is the most recommended in the UK (which represents 6% of the company's revenue); Local brands, a diversified portfolio of prescription medicines and consumer products that are sold in a limited number of local markets; most of them occupy well-established niches in their respective market segments or have an established brand. This segment includes, among others, a derma-cosmetic against burns and wounds and a complete supplement of micro-nutrients (which globally represent almost 10% of sales).

### Alliance Pharma: historical data and consensus forecasts

GBp (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	118	144	152	161	6%
EBITDA	33	39	41	44	7%
(%)	28%	27%	27%	27%	
EBIT	24	36	38	40	5%
(%)	20%	25%	25%	25%	
Net Income/Net Profit (Losses)	18	26	29	32	10%
Dividend Yield	2.1	2.1	2.4	2.5	
Net debt	86	68	49	27	
Net Debt/EBITDA	2.6	1.8	1.2	0.6	

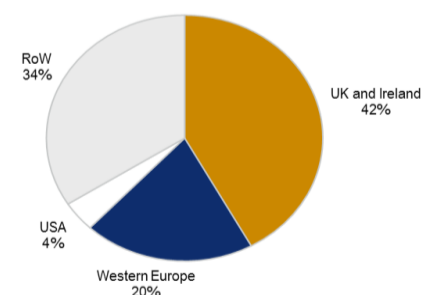
Source: Bloomberg

### Alliance Pharma: sales by business line



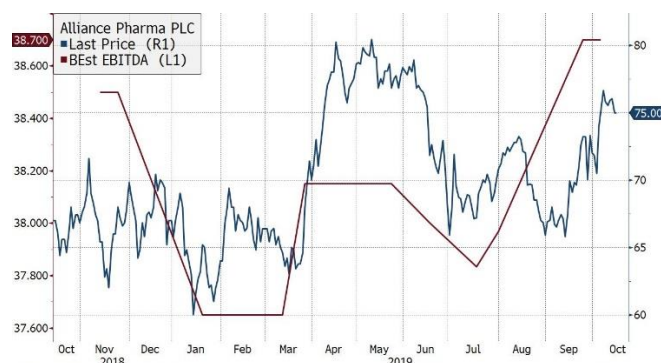
Source: Banca Akros on company data

### Alliance Pharma: sales by area



Source: Company data

### Alliance Pharma: Last Price vs. EBITDA



Source: Bloomberg

### Alliance Pharma vs. FTSE All Share Index



Source: Thomson Reuters

## USANA HEALTH SCIENCES INC

Bloomberg *USNA US*  
Website *http://www.usana.com*

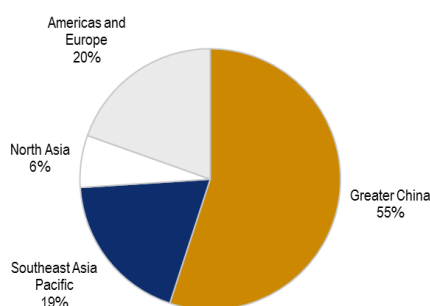
**USANA Health Sciences, Inc.** is one of the largest publicly held direct-selling nutrition, personal health and wellness companies in the world. The company operates through three business segments: Nutritionals, which mainly sells targeted supplements, as well as vitamin and mineral supplements; Foods, including meal replacement shakes, and snack bars, among others; and Skin Care. In 2018, it generated USD 1.2bn in net sales from more than 616,000 active customers worldwide. The customer base is primarily comprised of two types of customers: "Associates" and "Preferred Customers" referred to together as "active customers." Associates also sell products to retail customers. Associates act as independent distributors in addition to purchasing products for their personal use. Preferred customers purchase products strictly for personal use and are not permitted to resell or to distribute them.

### Usana: historical data and consensus forecasts

USD (m)	2018	2019e	2020e	2021e	CAGR 18-20e
Revenue	1,189	1,045	1,085	n.a.	-5%
EBITDA	212	141	150	n.a.	-16%
(%)	18%	13%	14%		
EBIT	188	n.a.	n.a.	n.a.	
(%)	16%				
Net Income/Net Profit (Losses)	126	86	92	n.a.	-14%
Dividend Yield	n.a.	n.a.	n.a.	n.a.	
Net debt	n.a.	n.a.	n.a.	n.a.	
Net Debt/EBITDA					

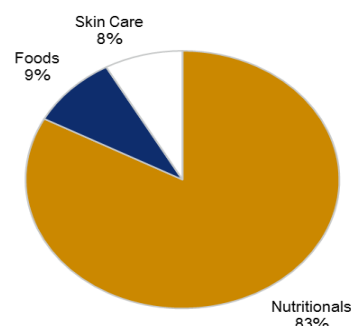
Source: Bloomberg

### Usana: sales by segment



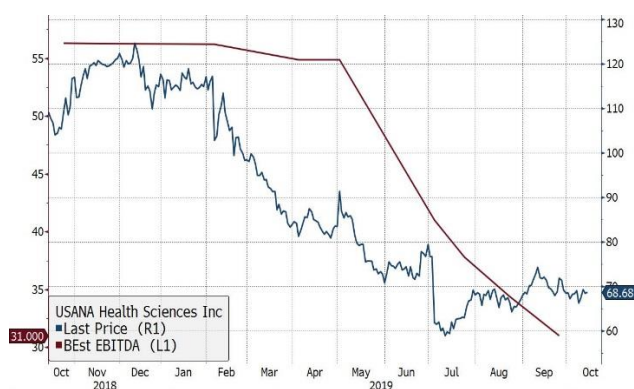
Source: Company data

### Usana: sales by area



Source: Company data

### Usana: Last Price vs. EBITDA



Source: Bloomberg

### Usana vs. S&P500 Index



Source: Thomson Reuters

## NATURHOUSE HEALTH SA

Bloomberg *NTH SM*  
Website <http://www.naturhouse.com>

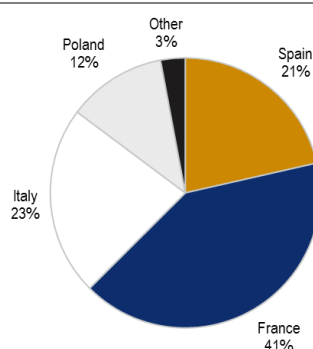
**Naturhouse Health SA** is a Spain-based company primarily engaged in the special foods and wellbeing products manufacture. The business model is based on a method that combines the sale of food supplements with free personalised advice and monitoring from a qualified specialist. The company specialises in developing, manufacturing and selling products within the nutrition and weight management sector. Its activities are divided into three business areas: Food Supplements, which provides products with natural extracts to facilitate the slimming process (and represents the main source of revenues); Healthy Foods and Drinks, which offers dietary snack and meals for breakfast; and Cosmetics and Body Care, which includes cosmetics for skin treatment during the slimming process. The company distributes products through a network of directly operated (DOS, 11%) and franchised (89%) stores.

### Naturhouse: historical data and consensus forecasts

EUR (m)	2018	2019e	2020e	2021e	CAGR 19-21e
Revenue	87	82	79	n.a.	-5%
EBITDA	24	20	19	n.a.	-10%
(%)	27%	24%	24%		
EBIT	22	19	18	n.a.	-10%
(%)	25%	23%	23%		
Net Income/Net Profit (Losses)	15	14	13	n.a.	-8%
Dividend Yield	13.4	12.6	12.0	n.a.	
Net debt	-6	-9	-9	n.a.	
Net Debt/EBITDA	-0.3	-0.5	-0.5		

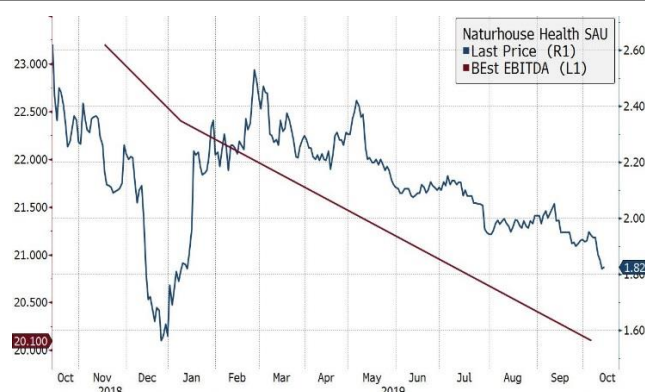
Source: Bloomberg

### Naturhouse: sales by area



Source: Company data

### Naturhouse: Last Price vs. EBITDA



Source: Bloomberg

### Naturhouse vs. IBEX 35 Index



Source: Thomson Reuters

## HERBALIFE NUTRITION LTD

Bloomberg  
Website

HLF US  
<http://www.herbalife.com>

**Herbalife Nutrition Ltd.** is a global nutrition company marketing and selling more than 120 products in the categories of Weight Management, mainly meal replacements, protein shakes and healthy snacks; Targeted Nutrition, including herbs-based supplements; Energy, Sports and Fitness; and Outer Nutrition, including skin and body care products.

The company directly manufactures around 60-65% of products sold, and plans to expand the share of in-house manufacturing.

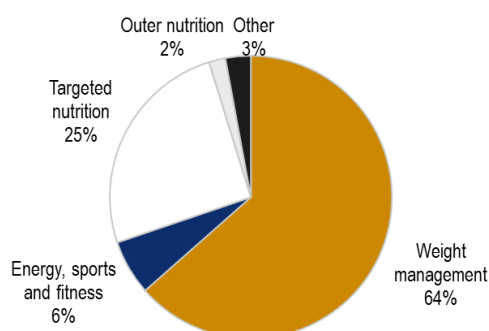
Its business model is based on direct selling, spread over 94 countries, and includes approximately 4.5m members, of which 0.9m "Preferred Members" (consumers who purchase for their own household use), and 0.7m "Distributors" (members who also resell products or build a sales organization).

### Herbalife: historical data and consensus forecasts

USD (m)	2018	2019e	2020e	2021e	CAGR 18-20e
Revenue	4,892	4,863	5,247	n.a.	4%
EBITDA	784	723	796	n.a.	1%
(%)	16%	15%	15%		
EBIT	683	n.a.	n.a.	n.a.	
(%)	14%				
Net Income/Net Profit (Losses)	297	368	435	n.a.	21%
Dividend Yield	n.a.	0.0	0.0	n.a.	
Net debt	1,255	n.a.	n.a.	n.a.	
Net Debt/EBITDA	1.6				

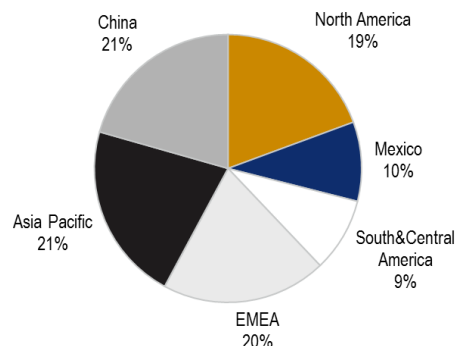
Source: Bloomberg

### Herbalife: sales by segment



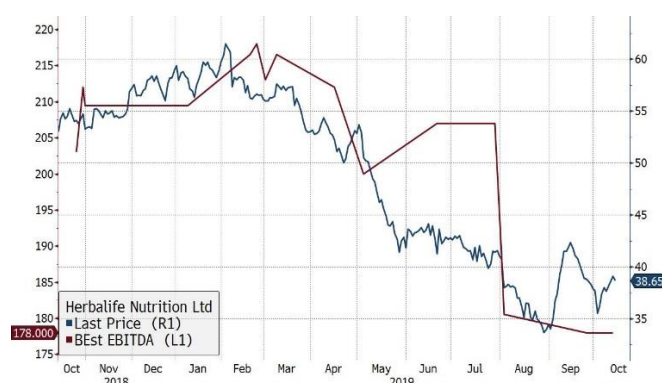
Source: Company data

### Herbalife: sales by area



Source: Company data

### Herbalife: Last Price vs. EBITDA



Source: Bloomberg



### Herbalife vs. S&P500 Index







Source: Thomson Reuters







## Appendix 2 - Comparison with market leader products

	Market Leader	Shedir
<i>active substances</i>		
Monacolin K	3 mg	10 mg
Policosanol	10 mg	12.4 mg
Folic acid	0.2 mg	0.2 mg
Omega 3	X	19.5 mg
Lipoic acid	X	30 mg
Niacin	X	27 mg
Resveratrol	X	2 mg
Pantothenic acid	X	2 mg
Chromium	X	0.062 mg
Vitamin B12	X	0.002 mg
Berberis aristata	588 mg	X
Astaxanthin	0.5 mg	X
Coenzyme q10	2 mg	X
Quantity	20 tab.	30 tab.
Price per package	€23.50	€ 20,80
Price per sachet	€1.18	€0.69
Patents	X	yes

	Market Leader	Shedir
<i>active substances</i>		
Serenoa repens	320 mg	400 mg
Ananas comosus tit in bromelain	X	100 mg
Curcuma longa	X	50 mg
Zinc	X	15 mg
Lycopene	X	3 mg
Selenium	X	41.5 mg
Quantity	30 softgel	15 softgel
Price per package	€ 23	€22.90
Price per softgel	€0.77	€1.53
Patents	X	yes

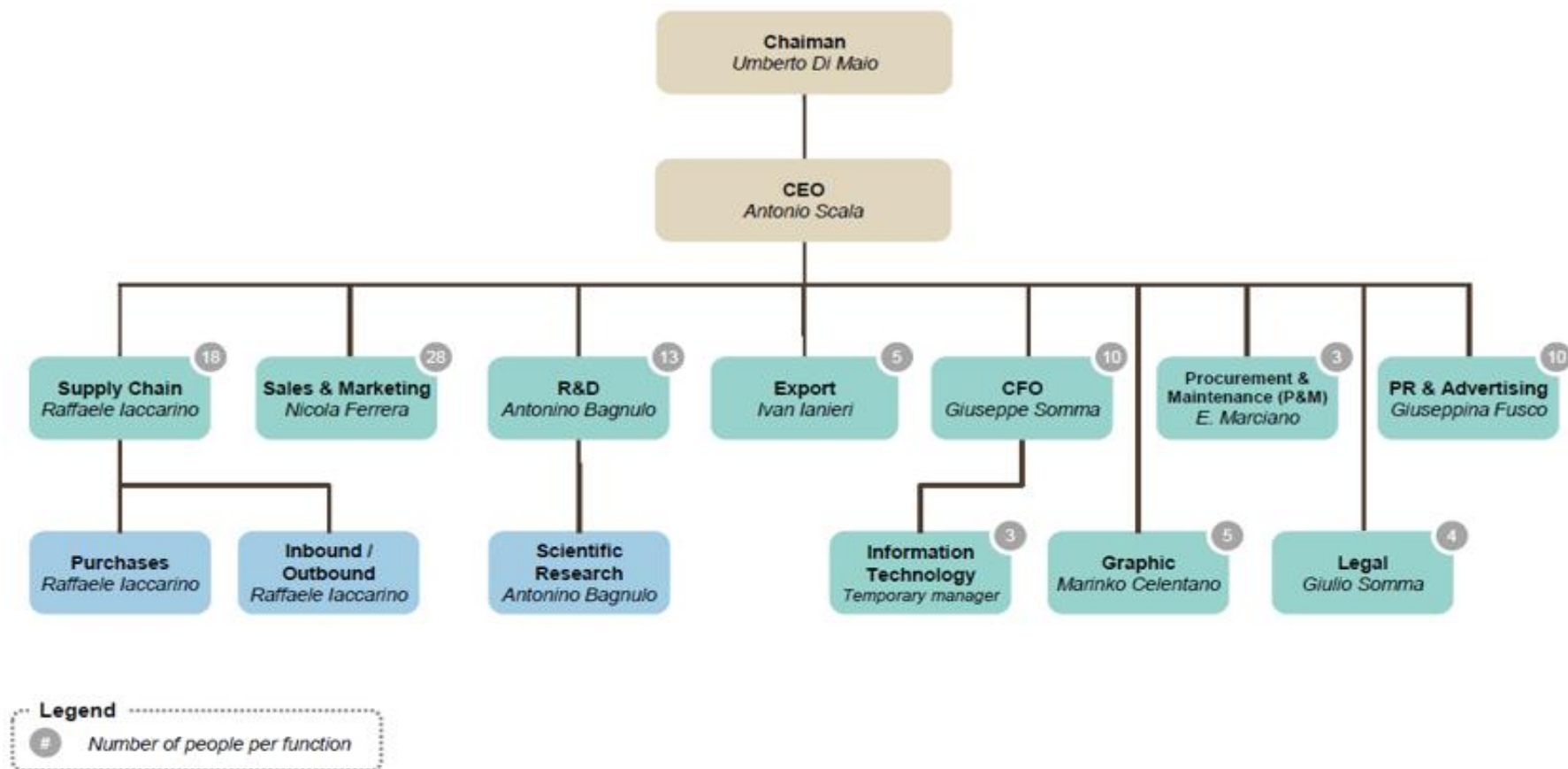
	Market Leader	Shedir
<i>active substances</i>		
Lipoic acid	800 mg	300 mg
Borage oil	X	50 mg
Vitamin c	X	40 mg
Devil's claw	X	30 mg
Zinc	X	10 mg
Vitamin B6	X	1.4 mg
Thiamine	X	1.1 mg
Vitamin B12	X	0.0025 mg
Quantity	20 tablets	40 tablets
Price per package	€ 28	€23.80
Price per tablet	€1.40	€1.19
Patents	X	yes

	Market Leader	Shedir
<i>active substances</i>		
Bromelain	40 mg	120 mg
Ananas comosus	X	400 mg
Fermented malto-dextrins enzymes	X	100 mg
Quantity	20 tablets	18 sachets
Price per package	€ 12	€16.90
Price per tab./sachet	€0.60	€0.94
Patents	X	X

	Market Leader	Shedir
<i>active substances</i>		
N-acetylcysteine	600 mg	600mg
Vitamin C	X	500
Eucalyptus	X	50
Quantity	30 sachets	20 sachets
Price per package	€15.90	€13.90
Price per sachet	€ 0.53	€0.70
Patents	X	yes

Notes: Patents "Yes" means that, for at least one reference of the relevant product, there is a patent or a pending patent

## Appendix 3 - Group organizational chart



Source: Management – dati al 15/04/2019

The total number of people includes: 4 board of directors members, 4 consultants and 13 interns

## Appendix 4 - Peer group

### Shedir Pharma peer group: sales and profitability growth (mln)

	Cur	Sales			Sales CAGR 18-20	EBITDA			EBITDA CAGR 18-20	Net Profit			Net Profit CAGR 18-20
		2018a	2019e	2020e		2018a	2019e	2020e		2018a	2019e	2020e	
ALLIANCE PHARMA PLC	GBP	118.2	143.8	152.3	13.5%	33.1	38.7	41.4	11.9%	18.4	26.2	28.8	25.1%
BALCHEM CORP	USD	643.7	665.5	736.8	7.0%	154.5	157.5	173.0	5.8%	78.6	93.9	108.3	17.4%
BIODUE SPA	EUR	41.0	na	na		7.4	na	na		4.0	na	na	
DERMAPHARM HOLDING SE	EUR	572.4	674.5	708.5	11.3%	137.6	172.5	193.0	18.4%	75.2	101.0	113.5	22.8%
FAES FARMA SA	EUR	324.3	362.8	385.8	9.1%	72.2	89.4	104.5	20.3%	51.6	64.0	75.1	20.6%
NATURHOUSE HEALTH SAU	EUR	87.3	82.1	78.5	-5.2%	23.5	20.1	19.2	-9.7%	15.4	13.6	13.0	-8.0%
PHARMANUTRA SPA	EUR	46.7	53.1	60.2	13.6%	11.5	12.8	14.7	12.9%	8.6	8.5	9.8	6.7%
USANA HEALTH SCIENCES INC	USD	1,189.2	1,044.5	1,084.5	-4.5%	212.0	141.0	150.0	-15.9%	126.2	86.3	92.3	-14.5%
HERBALIFE NUTRITION LTD	USD	4,891.8	4,863.0	5,247.0	3.6%	783.5	723.0	796.0	0.8%	296.6	368.0	435.0	21.1%
<b>Average</b>					<b>6.0%</b>				<b>5.6%</b>				<b>11.4%</b>
<b>Median</b>					<b>8.0%</b>				<b>8.8%</b>				<b>19.0%</b>

Source: Bloomberg consensus; prices as of 15 October 2019

### Shedir Pharma peer group: profitability and financial ratios

	Net Debt/ Ebitda 2018	Sales growth			EBITDA margin			Net Profit margin		
		2018a	2019e	2020e	2018a	2019e	2020e	2018a	2019e	2020e
ALLIANCE PHARMA PLC	2.6	14.4%	21.6%	6.0%	28.0%	26.9%	27.2%	15.5%	18.2%	18.9%
BALCHEM CORP	na	8.2%	3.4%	10.7%	24.0%	23.7%	23.5%	12.2%	14.1%	14.7%
BIODUE SPA	1.4	14.8%	na	na	18.1%	na	na	9.7%	na	na
DERMAPHARM HOLDING SE	0.7	22.5%	17.8%	5.0%	24.0%	25.6%	27.2%	13.1%	15.0%	16.0%
FAES FARMA SA	-0.3	18.1%	11.9%	6.3%	22.3%	24.6%	27.1%	15.9%	17.6%	19.5%
NATURHOUSE HEALTH SAU	-0.3	-7.8%	-5.9%	-4.4%	27.0%	24.5%	24.5%	17.6%	16.6%	16.6%
PHARMANUTRA SPA	-1.0	23.5%	13.8%	13.4%	24.6%	24.1%	24.3%	18.3%	16.0%	16.2%
USANA HEALTH SCIENCES INC	na	13.6%	-12.2%	3.8%	17.8%	13.5%	13.8%	10.6%	8.3%	8.5%
HERBALIFE NUTRITION LTD	1.6	10.5%	-0.6%	7.9%	16.0%	14.9%	15.2%	6.1%	7.6%	8.3%
<b>Average</b>	<b>0.7</b>	<b>13.1%</b>	<b>6.2%</b>	<b>6.1%</b>	<b>22.4%</b>	<b>22.2%</b>	<b>22.8%</b>	<b>13.2%</b>	<b>14.2%</b>	<b>14.8%</b>
<b>Median</b>	<b>0.7</b>	<b>14.4%</b>	<b>7.6%</b>	<b>6.2%</b>	<b>24.0%</b>	<b>24.3%</b>	<b>24.4%</b>	<b>13.1%</b>	<b>15.5%</b>	<b>16.1%</b>

Source: Bloomberg consensus; prices as of 15 October 2019



## Shedir Pharma peers comparison

	Market Cap (m)	EV/Sales			EV/EBITDA			EV/EBIT			P/E		
		2018a	2019e	2020e	2018a	2019e	2020e	2018a	2019e	2020e	2018a	2019e	2020e
ALLIANCE PHARMA PLC	378.2	3.7	3.2	3.0	13.8	11.8	11.0	16.1	12.3	11.1	16.2	14.6	13.5
BALCHEM CORP	3,266.1	5.4	5.2	4.7	22.4	22.0	20.0	na	na	na	36.8	35.0	30.4
BIODUE SPA	71.8	2.1	na	na	na	na	na	na	na	na	19.5	na	na
DERMAPHARM HOLDING SE	1,852.4	4.0	3.4	3.2	16.1	13.3	11.9	17.0	15.7	13.4	22.9	18.3	16.3
FAES FARMA SA	1,308.7	4.0	3.5	3.3	17.8	14.3	12.2	20.9	16.1	13.0	23.9	20.2	17.2
NATURHOUSE HEALTH SAU	110.8	1.2	1.3	1.4	4.6	5.4	5.6	4.7	5.3	5.6	6.8	8.0	8.4
PHARMANUTRA SPA	193.6	4.0	3.5	3.1	16.0	14.4	12.6	16.7	16.4	14.4	26.0	22.7	19.8
USANA HEALTH SCIENCES INC	1,534.8	1.1	1.3	1.2	6.2	9.4	8.8	na	na	na	13.6	18.2	15.1
HERBALIFE NUTRITION LTD	5,770.0	1.5	1.5	1.4	9.1	9.9	9.0	10.4	na	na	13.4	14.0	11.9
<b>Average</b>		<b>3.0</b>	<b>2.9</b>	<b>2.7</b>	<b>13.3</b>	<b>12.5</b>	<b>11.4</b>	<b>14.3</b>	<b>13.1</b>	<b>11.5</b>	<b>19.9</b>	<b>18.9</b>	<b>16.6</b>
<b>Median</b>		<b>3.7</b>	<b>3.3</b>	<b>3.0</b>	<b>14.9</b>	<b>12.5</b>	<b>11.5</b>	<b>16.4</b>	<b>15.7</b>	<b>13.0</b>	<b>19.5</b>	<b>18.2</b>	<b>15.7</b>

Source: Bloomberg consensus; prices as of 15 October 2019

## Shedir Pharma : Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
<b>Sales</b>	<b>0.0</b>	<b>40.2</b>	<b>46.9</b>	<b>51.6</b>	<b>56.4</b>	<b>61.2</b>
Cost of Sales & Operating Costs	0.0	0.0	0.0	-10.6	-11.1	-12.4
Non Recurrent Expenses/Income	0.0	0.0	0.0	-1.3	0.0	0.0
<b>EBITDA</b>	<b>0.0</b>	<b>7.0</b>	<b>11.1</b>	<b>10.9</b>	<b>13.4</b>	<b>14.9</b>
<b>EBITDA (adj.)*</b>	<b>0.0</b>	<b>7.0</b>	<b>11.1</b>	<b>12.2</b>	<b>13.4</b>	<b>14.9</b>
Depreciation	0.0	-1.7	-1.9	-2.2	-2.1	-2.2
<b>EBITA</b>	<b>0.0</b>	<b>5.3</b>	<b>9.2</b>	<b>8.7</b>	<b>11.3</b>	<b>12.7</b>
<b>EBITA (adj)*</b>	<b>0.0</b>	<b>5.3</b>	<b>9.2</b>	<b>10.0</b>	<b>11.3</b>	<b>12.7</b>
Amortisations and Write Downs	0.0	0.0	-0.1	-0.1	-0.1	-0.1
<b>EBIT</b>	<b>0.0</b>	<b>5.3</b>	<b>9.1</b>	<b>8.6</b>	<b>11.2</b>	<b>12.6</b>
<b>EBIT (adj.)*</b>	<b>0.0</b>	<b>5.3</b>	<b>9.1</b>	<b>9.9</b>	<b>11.2</b>	<b>12.6</b>
Net Financial Interest	0.0	-0.1	-0.2	-0.3	-0.2	-0.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>0.0</b>	<b>5.2</b>	<b>8.9</b>	<b>8.3</b>	<b>11.0</b>	<b>12.5</b>
Tax	0.0	-1.7	-2.5	-3.2	-3.1	-3.5
<i>Tax rate</i>		32.3%	27.9%	39.0%	28.0%	28.0%
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net Profit (reported)</b>	<b>0.0</b>	<b>3.5</b>	<b>6.4</b>	<b>5.1</b>	<b>7.9</b>	<b>9.0</b>
<b>Net Profit (adj.)</b>		<b>3.5</b>	<b>6.4</b>	<b>5.1</b>	<b>7.9</b>	<b>9.0</b>
<b>CASH FLOW (EURm)</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Cash Flow from Operations before change in NWC	0.0	5.2	8.4	7.4	10.2	11.3
Change in Net Working Capital	0.0	0.0	-5.5	-0.9	0.5	-1.6
<b>Cash Flow from Operations</b>	<b>0.0</b>	<b>5.2</b>	<b>2.9</b>	<b>6.4</b>	<b>10.7</b>	<b>9.7</b>
Capex	-8.2	-4.7	-0.2	-4.3	-0.8	-1.5
Net Financial Investments	-0.9	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-9.1</b>	<b>0.5</b>	<b>2.7</b>	<b>2.1</b>	<b>9.9</b>	<b>8.2</b>
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)		0.0	-6.7	2.1	-1.2	-0.1
<b>Change in Net Debt</b>		<b>0.5</b>	<b>-4.1</b>	<b>4.3</b>	<b>8.7</b>	<b>8.1</b>
NOPLAT	0	4	6	7	8	9
<b>BALANCE SHEET &amp; OTHER ITEMS (EURm)</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Net Tangible Assets	0.0	1.1	0.6	2.7	1.3	0.7
Net Intangible Assets (incl. Goodwill)	0.0	11.5	10.9	10.9	10.9	10.9
Net Financial Assets & Other	0.0	2.5	1.0	2.3	2.3	2.3
<b>Total Fixed Assets</b>	<b>0.0</b>	<b>15.0</b>	<b>12.4</b>	<b>15.8</b>	<b>14.5</b>	<b>13.8</b>
Inventories	0.0	8.0	13.5	14.5	14.8	16.5
Trade receivables	0.0	7.3	11.6	12.7	13.2	14.3
Other current assets	0.0	2.9	2.4	2.6	2.9	3.1
Cash (-)	0.0	-5.6	-2.9	-2.9	-4.3	-7.2
<b>Total Current Assets</b>	<b>0.0</b>	<b>23.8</b>	<b>30.4</b>	<b>32.8</b>	<b>35.2</b>	<b>41.1</b>
<b>Total Assets</b>	<b>0.0</b>	<b>38.9</b>	<b>42.8</b>	<b>48.6</b>	<b>49.6</b>	<b>54.9</b>
Shareholders Equity	0.0	7.4	10.5	15.5	23.5	32.4
Minority	0.0	0.1	0.1	0.1	0.1	0.1
Total Equity	0.0	7.5	10.6	15.6	23.6	32.6
Long term interest bearing debt	0.0	12.9	9.5	8.2	4.3	1.4
Provisions	0.0	0.2	0.3	0.8	0.4	0.4
Other long term liabilities	0.0	0.2	0.2	0.9	0.2	0.2
<b>Total Long Term Liabilities</b>	<b>0.0</b>	<b>13.4</b>	<b>9.9</b>	<b>9.9</b>	<b>4.9</b>	<b>2.0</b>
Short term interest bearing debt	0.0	7.1	8.6	6.9	3.6	1.2
Trade payables	0.0	9.3	8.6	9.5	10.4	11.3
Other current liabilities	0.0	1.6	6.1	6.7	7.3	7.9
<b>Total Current Liabilities</b>	<b>0.0</b>	<b>18.0</b>	<b>23.3</b>	<b>23.0</b>	<b>21.2</b>	<b>20.3</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>0.0</b>	<b>38.9</b>	<b>43.8</b>	<b>48.6</b>	<b>49.6</b>	<b>54.9</b>
<b>Net Capital Employed</b>	<b>0.0</b>	<b>22.4</b>	<b>25.2</b>	<b>29.5</b>	<b>27.7</b>	<b>28.6</b>
<b>Net Working Capital</b>	<b>0.4</b>	<b>6.4</b>	<b>16.9</b>	<b>18.2</b>	<b>18.1</b>	<b>20.0</b>
<b>GROWTH &amp; MARGINS</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
<i>Sales growth</i>		<i>n.m.</i>	16.6%	10.0%	9.2%	8.5%
<b>EBITDA (adj.)* growth</b>		<i>n.m.</i>	57.1%	10.2%	10.3%	10.8%
<i>EBITA (adj.)* growth</i>		<i>n.m.</i>	72.5%	8.9%	13.0%	12.4%
<i>EBIT (adj.)* growth</i>		<i>n.m.</i>	70.9%	8.9%	13.1%	12.5%

## Shedir Pharma : Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Net Profit growth			81.6%	-20.3%	56.5%	12.9%
EPS adj. growth		n.m.	-12.4%	-0.7%	56.5%	12.9%
DPS adj. growth						
EBITDA (adj)* margin	n.m.	17.5%	23.6%	23.6%	23.8%	24.3%
EBITA (adj)* margin	n.m.	13.2%	19.6%	19.4%	20.0%	20.8%
EBIT (adj)* margin	n.m.	13.2%	19.4%	19.2%	19.9%	20.6%
<b>RATIOS</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Net Debt/Equity	n.m.	1.9	1.4	0.8	0.1	-0.1
Net Debt/EBITDA	n.m.	2.0	1.4	1.1	0.3	-0.3
Interest cover (EBITDA/Fin.interest)		48.5	54.7	39.7	86.8	n.m.
Capex/D&A	n.m.	273.7%	12.2%	188.7%	35.7%	65.6%
Capex/Sales	ns	11.7%	0.5%	8.3%	1.4%	2.5%
NWC/Sales	n.m.	15.8%	36.0%	35.2%	32.0%	32.7%
ROE (average)		94.5%	71.2%	39.1%	40.7%	32.1%
ROCE (adj.)		16.0%	23.4%	22.7%	27.1%	29.4%
WACC	6.9%	8.2%	8.2%	8.2%	8.2%	8.2%
ROCE (adj.)/WACC		1.9	2.9	2.8	3.3	3.6
<b>PER SHARE DATA (EUR)***</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Average diluted number of shares	5.7	5.7	22.7	11.4	11.4	11.4
EPS (reported)	0.00	0.51	0.45	0.44	0.70	0.79
EPS (adj.)	0.00	0.51	0.45	0.44	0.70	0.79
BVPS	0.00	1.30	0.46	1.36	2.05	2.84
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>VALUATION</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
EV/Sales				1.9	1.6	1.3
EV/EBITDA				8.9	6.5	5.3
<b>EV/EBITDA (adj.)*</b>				<b>7.9</b>	<b>6.5</b>	<b>5.3</b>
EV/EBITA				11.1	7.7	6.2
<b>EV/EBITA (adj.)*</b>				<b>9.6</b>	<b>7.7</b>	<b>6.2</b>
EV/EBIT				11.2	7.8	6.3
<b>EV/EBIT (adj.)*</b>				<b>9.7</b>	<b>7.8</b>	<b>6.3</b>
<b>P/E (adj.)</b>				<b>16.0</b>	<b>10.2</b>	<b>9.0</b>
P/BV				5.2	3.5	2.5
Total Yield Ratio			0.0%	0.0%	0.0%	
EV/CE				3.0	2.9	2.5
OpFCF yield				2.6%	12.2%	10.1%
OpFCF/EV				2.2%	11.3%	10.3%
Payout ratio	n.m.	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)			0.0%	0.0%	0.0%	0.0%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2016</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019e</b>	<b>12/2020e</b>	<b>12/2021e</b>
Price** (EUR)				7.10	7.10	7.10
Outstanding number of shares for main stock	5.7	5.7	22.7	11.4	11.4	11.4
<b>Total Market Cap</b>				<b>81</b>	<b>81</b>	<b>81</b>
<b>Net Debt</b>	<b>0</b>	<b>14</b>	<b>15</b>	<b>12</b>	<b>4</b>	<b>-5</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	<i>0</i>	<i>-6</i>	<i>-3</i>	<i>-3</i>	<i>-4</i>	<i>-7</i>
<i>o/w Gross Debt (+)</i>	<i>0</i>	<i>20</i>	<i>18</i>	<i>15</i>	<i>8</i>	<i>3</i>
<b>Other EV components</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Enterprise Value (EV adj.)</b>				<b>96</b>	<b>88</b>	<b>79</b>

Source: Company, Banca Akros estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

\*\*Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

Sector: Healthcare/Healthcare Providers

Company Description: Shedir is a leading player in the healthcare sector with strong specialisation in nutraceuticals. The company has recently expanded into the pharmaceutical sector through the acquisition of some pharmaceutical assets. The company, founded 11 years ago, now boasts a national network of more than 800 sales agents who sell more than 300 product references divided into 8 product lines, which cover more than 15 therapeutic areas. The group has organised its activities within 2 business units: the "Shedir division" (nutraceuticals), which is specialised in the distribution of supplements, dermocosmetics and medical devices, and the more recent "Dymalife division" (pharma), which is specialised in the distribution of group A, group C and OTC medicines. Lastly, the group has recently started an international process, initially relying on local distributors with their own sales network.



## European Coverage of the Members of ESN

<b>Aerospace &amp; Defense</b>	<b>Mem(*)</b>	Mytilineos	IBG	Viscofan	GVC	Haulotte Group	CIC
Airbus Se	CIC	Semapa	CBI	Vranken Pommery Monopole	CIC	Ima	BAK
Dassault Aviation	CIC	The Navigator Company	CBI	<b>Food &amp; Drug Retailers</b>	<b>Mem(*)</b>	Interpump	BAK
Figeac Aero	CIC	Tubacex	GVC	Carrefour	CIC	Manitou	CIC
Latecoere	CIC	<b>Chemicals</b>	<b>Mem(*)</b>	Casino Guichard-Perrachon	CIC	Prima Industrie	BAK
Leonardo	BAK	Air Liquide	CIC	Jeronimo Martins	CBI	Prysmian	BAK
Lisi	CIC	Arkema	CIC	Marr	BAK	Talgo	GVC
Safran	CIC	<b>Electronic &amp; Electrical Eq.</b>	<b>Mem(*)</b>	Sonae	CBI	Zardoya Otis	GVC
Thales	CIC	Rexel	CIC	<b>General Industrials</b>	<b>Mem(*)</b>	<b>Industrial Transportation</b>	<b>Mem(*)</b>
<b>Alternative Energy</b>	<b>Mem(*)</b>	<b>Fin. Serv. Holdings</b>	<b>Mem(*)</b>	Cembre	BAK	Bollore	CIC
Plc	BAK	Cir	BAK	Serge Ferrari Group	CIC	Clasquin	IAC
Siemens Gamesa Re	GVC	Corp. Financiera Alba	GVC	<b>General Retailers</b>	<b>Mem(*)</b>	Ctt	CBI
Volta Italia	CIC	Digital Magics	BAK	Emova Group	IAC	<b>Insurance</b>	<b>Mem(*)</b>
<b>Automobiles &amp; Parts</b>	<b>Mem(*)</b>	Eurazeo	CIC	Fnac Darty	CIC	Axa	CIC
Brembo	BAK	Ffp	CIC	Fourlis Holdings	IBG	Cattolica Assicurazioni	BAK
Ferrari	BAK	Rallye	CIC	Inditex	GVC	Generali	BAK
Fiat Chrysler Automobiles	BAK	Tip Tamburi Investment Partners	BAK	Jumbo	IBG	Mapfre	GVC
Gestamp	GVC	Wendel	CIC	Maisons Du Monde	CIC	Net Insurance	BAK
Indelb	BAK	<b>Fin. Serv. Industrials</b>	<b>Mem(*)</b>	Ovs	BAK	Unipolsai	BAK
Landi Renzo	BAK	Athex Group	IBG	Unieuro	BAK	<b>Materials, Construction</b>	<b>Mem(*)</b>
Piaggio	BAK	Bolsas Y Mercados Espanoles	GVC	<b>Healthcare</b>	<b>Mem(*)</b>	Acs	GVC
Pininfarina	BAK	Dovalue	BAK	Ab Biotics	GVC	Aena	GVC
Plastic Omnium	CIC	Nexi	BAK	Abionyx Pharma	CIC	Astaldi	BAK
Sogefi	BAK	Tinexta	BAK	Amplifon	BAK	Atlantia	BAK
<b>Banks</b>	<b>Mem(*)</b>	<b>Financial Services Banks</b>	<b>Mem(*)</b>	Atrys Health	GVC	Buzzi Unicem	BAK
Alpha Bank	IBG	Amundi	CIC	Biom'Up	CIC	Capelli	CIC
Banca Mps	BAK	Anima	BAK	Crossject	CIC	Eiffage	CIC
Banco Sabadell	GVC	Azimut	BAK	Diasorin	BAK	Ezentis	GVC
Banco Santander	GVC	Banca Farmafactoring	BAK	El.En.	BAK	Fcc	GVC
Bankia	GVC	Banca Generali	BAK	Fermentalg	CIC	Ferrovial	GVC
Bankinter	GVC	Banca Ifis	BAK	Fine Foods	BAK	Groupe Adp	CIC
Bbva	GVC	Banca Mediolanum	BAK	Genfit	CIC	Groupe Poujoulat	CIC
Bcp	CBI	Banca Sistema	BAK	Guerbet	CIC	Groupe Sfpi S.A.	CIC
Bnp Paribas	CIC	Finecobank	BAK	Korian	CIC	Heaxom	CIC
Bper	BAK	Poste Italiane	BAK	Oncodesign	CIC	Herige	CIC
Caixabank	GVC	<b>Food &amp; Beverage</b>	<b>Mem(*)</b>	Orpea	CIC	Imerys	CIC
Credem	BAK	Advini	CIC	Recordati	BAK	Kaufman & Broad	IAC
Credit Agricole Sa	CIC	Bonduelle	CIC	Theraclion	CIC	Lafargeholcim	CIC
Creval	BAK	Campari	BAK	<b>Household Goods</b>	<b>Mem(*)</b>	Maire Tecnimont	BAK
Eurobank	IBG	Coca Cola Hbc Ag	IBG	Abeo	CIC	Mota Engil	CBI
Intesa Sanpaolo	BAK	Danone	CIC	De Longhi	BAK	Obrascon Huarte Lain	GVC
Liberbank	GVC	Ebro Foods	GVC	Elica	BAK	Sacyr	GVC
Mediobanca	BAK	Enervit	BAK	Fila	BAK	Saint Gobain	CIC
National Bank Of Greece	IBG	Fleury Michon	CIC	Groupe Seb	CIC	Salini Impregilo	BAK
Natisis	CIC	Italian Wine Brands	BAK	<b>Industrial Engineering</b>	<b>Mem(*)</b>	Sias	BAK
Piraeus Bank	IBG	La Doria	BAK	Alstom	CIC	Sonae Industria	CBI
Rothschild & Co	CIC	Lanson-Bcc	CIC	Biesse	BAK	Tarkett	CIC
Societe Generale	CIC	Laurent Perrier	CIC	Caf	GVC	Thermador Groupe	CIC
Ubi Banca	BAK	Ldc	CIC	Carraro	BAK	Titan Cement International	IBG
Unicredit	BAK	Massimo Zanetti	BAK	Cnh Industrial	BAK	Trevi	BAK
<b>Basic Resources</b>	<b>Mem(*)</b>	Orsero	BAK	Danieli	BAK	Vicat	CIC
Acerinox	GVC	Pernod Ricard	CIC	Datalogic	BAK	Vinci	CIC
Altri	CBI	Remy Cointreau	CIC	Emak	BAK		
Arcelormittal	GVC	Tipiak	CIC	Exel Industries	CIC		
Corticeira Amorim	CBI	Vidrala	GVC	Fincantieri	BAK		
Ence	GVC	Vilmorin	CIC	Groupe Gorge	CIC		

<b>Media</b>	<b>Mem(*)</b>	Kering	CIC	Evolis	CIC	Hera	BAK
Arnoldo Mondadori Editore	BAK	L'Oreal	CIC	Hf Company	CIC	Iberdrola	GVC
Atresmedia	GVC	Lvmh	CIC	Ingenico	CIC	Iren	BAK
Cairo Communication	BAK	Moncler	BAK	Memscap	Iac	Italgas	BAK
Cofina	CBI	Safilo	BAK	Osmosis	CIC	Naturgy	GVC
Digital Bros	BAK	Salvatore Ferragamo	BAK	Stmicroelectronics	BAK	Public Power Corp	IBG
Digitouch	BAK	Sarantis	IBG	<b>Telecommunications</b>	<b>Mem(*)</b>	Red Electrica Corporacion	GVC
Gedi Gruppo Editoriale	BAK	Smcp	CIC	Acotel	BAK	Ren	CBI
GI Events	CIC	Swatch Group	CIC	Altice Europe	CIC	Snam	BAK
Il Sole 24 Ore	BAK	Technogym	BAK	Bouygues	CIC	Solaria	GVC
Impresa	CBI	Tod'S	BAK	Euskaltel	GVC	Terna	BAK
IoI	BAK	<b>Real Estate</b>	<b>Mem(*)</b>	Iliad	CIC		
Ipsos	CIC	Grivalia	IBG	Masmovil	GVC		
Jcdecaux	CIC	Igd	BAK	Nos	CBI		
Lagardere	CIC	Lar España	GVC	Orange	CIC		
M6-Metropole Television	CIC	Merlin Properties	GVC	Ote	IBG		
Mediaset	BAK	Quabit Inmobiliaria	GVC	Telecom Italia	BAK		
Mediaset Espana	GVC	Realia	GVC	Telefonica	GVC		
Nrj Group	CIC	Terreis	Iac	Tiscali	BAK		
Publicis	CIC	<b>Software &amp; Computer Ser.</b>	<b>Mem(*)</b>	Vodafone	BAK		
Rcs Mediagroup	BAK	Agile Content	GVC	<b>Travel &amp; Leisure</b>	<b>Mem(*)</b>		
Solocal Group	CIC	Akka Technologies	CIC	Accor	CIC		
Teleperformance	CIC	Alten	CIC	Aegean Airlines	IBG		
Tf1	CIC	Altran	CIC	Autogrill	BAK		
Ubisoft	CIC	Amadeus	GVC	Beneteau	CIC		
Vivendi	CIC	Assystem	CIC	Compagnie Des Alpes	CIC		
Vogo	CIC	Atos	CIC	Elior	CIC		
<b>Oil &amp; Gas Producers</b>	<b>Mem(*)</b>	Axway Software	CIC	Europcar	CIC		
Ecoslops	CIC	Capgemini	CIC	Gamenet	BAK		
Enauta	CBI	Cast	CIC	Groupe Partouche	Iac		
Eni	BAK	Catenon	GVC	I Grandi Viaggi	BAK		
Galp Energia	CBI	Econocom	CIC	Ibersol	CBI		
Gas Plus	BAK	Esi Group	CIC	Int. Airlines Group	GVC		
Hellenic Petroleum	IBG	Exprivia	BAK	Intralot	IBG		
Maurel Et Prom	CIC	Gigas Hosting	GVC	Melia Hotels International	GVC		
Motor Oil	IBG	Gpi	BAK	Nh Hotel Group	GVC		
Repsol	GVC	Groupe Open	CIC	Opap	IBG		
Total	CIC	Indra Sistemas	GVC	Pierre Et Vacances	CIC		
<b>Oil Services</b>	<b>Mem(*)</b>	Neurones	CIC	Sodexo	CIC		
Bourbon	CIC	Novabase	CBI	Sonae Capital	CBI		
Cgg	CIC	Reply	BAK	Trigano	CIC		
Gaztransport Et Technigaz	CIC	Sii	CIC	<b>Utilities</b>	<b>Mem(*)</b>		
Rubis	CIC	Sopra Steria Group	CIC	A2A	BAK		
Saipem	BAK	Visiativ	CIC	Acciona	GVC		
Technipfmc Plc	CIC	Worldline	CIC	Acea	BAK		
Tecnicas Reunidas	GVC	<b>Support Services</b>	<b>Mem(*)</b>	Albioma	CIC		
Tenaris	BAK	Bureau Veritas	CIC	Derichebourg	CIC		
Vallourec	CIC	Cellnex Telecom	GVC	Edp	CBI		
<b>Personal Goods</b>	<b>Mem(*)</b>	Edenred	CIC	Edp Renováveis	CBI		
Basicnet	BAK	Enav	BAK	Enagas	GVC		
Brunello Cucinelli	BAK	Fiera Milano	BAK	Endesa	GVC		
Cellularline	BAK	Inwit	BAK	Enel	BAK		
Cie Fin. Richemont	CIC	Openjobmetis	BAK	Erg	BAK		
Geox	BAK	Rai Way	BAK	Eydap	IBG		
Hermes Intl.	CIC	<b>Technology Hardware &amp; Eq.</b>	<b>Mem(*)</b>	Falck Renewables	BAK		
Interparfums	CIC	Adeunis	CIC	Greenalia	GVC		

LEGEND: BAK: Banca Akros; CIC: CM-CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores, SV, SA; IBG: Investment Bank of Greece (as 16<sup>th</sup> September 2019)

## List of ESN Analysts (\*\*)

Artur Amaro	CBI	+351213 89 6822	artur.amaro@caixabi.pt
Helena Barbosa	CBI	+35121389 6831	helenabarbosa@caixabi.pt
Dimitris Birbos	IBG	+30 210 8173 392	dbirbos@ibg.gr
Agnès Blazy	CIC	+33 153 48 80 67	agnes.blazy@cmcc.fr
Andrea Bonfà	BAK	+39 02 4344 4269	andrea.bonfa@bancaakros.it
Jean-Baptiste Bouchet	CIC	+33 153 48 80 69	jeanbaptiste.bouchet@cmcc.fr
Giada Cabrino, CIIA	BAK	+39 02 4344 4092	giada.cabrino@bancaakros.it
Nuno Castro	CBI	+35121389 68 39	nuno.castro@caixabi.pt
Pierre Chédeville	CIC	+33 153 48 80 97	pierre.chedeville@cmcc.fr
Emmanuel Chevalier	CIC	+33 153 48 80 72	emmanuel.chevalier@cmcc.fr
David Da Maia	CIC	+33 153 48 89 36	david.damaia@cmcc.fr
Dominique Descours	CIC	+33 145 96 78 73	dominique.descours@cmcc.fr
Christian Devismes	CIC	+33 153 48 80 85	christian.devismes@cmcc.fr
Andrea Devita, CFA	BAK	+39 02 4344 4031	andrea.devita@bancaakros.it
Enrico Esposti, CIIA	BAK	+39 02 4344 4022	enrico.esposti@bancaakros.it
Rafael Fernández de Heredia	GVC	+34 91436 78 08	rafael.fernandezdeheredia@gvcgaesco.es
Gabriele Gambarova	BAK	+39 02 43 444 289	gabriele.gambarova@bancaakros.it
Pietro Gasparri, CIIA, CEFA	BAK	+39 02 4344 4238	pietro.gasparri@bancaakros.it
Alexandre Gérard	CIC	+33 153 48 80 93	alexandre.gerard@cmcc.fr
Ebrahim Homani	CIC	+33 153 48 80 94	ebrahim.homani@cmcc.fr
Carlos Jesus	CBI	+35121389 6812	carlos.jesus@caixabi.pt
Jean-Christophe Lefèvre-Moulenq	CIC	+33 153 48 80 65	jeanchristophe.lefevremoulenq@cmcc.fr
João Miguel Lourenço	CBI	+35 121389 6841	joao.lourenco@caixabi.pt
Konstantinos Manolopoulos	IBG	+30 210 817 3388	kmanolopoulos@ibg.gr
Charles Henry Mata	CIC	+33 153 48 80 64	charleshenry.mata@cmcc.fr
Fanny Meindre, PhD	CIC	+33 153 48 80 84	fanny.meindre@cmcc.fr
Emanuele Oggioni	BAK	+39 0243 444 237	emanuele.oggioni@bancaakros.it
Jaime Pallares Garcia	GVC	+34 91436 7818	jaime.pallares@gvcgaesco.es
Victor Peiro Pérez	GVC	+34 91436 7812	victor.peiro@gvcgaesco.es
Alexandre Plaud	CIC	+33 153 48 80 90	alexandre.plaud@cmcc.fr
Francis Prêtre	CIC	+33 4 78 92 02 30	francis.pretre@cmcc.fr
Eric Ravary	CIC	+33 153 48 80 71	eric.ravary@cmcc.fr
Iñigo Recio Pascual	GVC	+34 91436 7814	inigo.recio@gvcgaesco.es
Beatriz Rodríguez Fernandez	GVC	+34 914 367 871	beatriz.rodriguez@gvcgaesco.es
Jean-Luc Romain	CIC	+33 153 48 80 66	jeanluc.romain@cmcc.fr
Vassilis Roumantzis	IBG	+30 2108173394	vroumantzis@ibg.gr
Paola Saglietti	BAK	+39 02 4344 4287	paola.saglietti@bancaakros.it
Francesco Sala	BAK	+39 02 4344 4240	francesco.sala@bancaakros.it
Natalia Svyrou-Svyriadi	IBG	+30 210 8173 384	nsviriadi@ibg.gr
Luigi Tramontana	BAK	+39 02 4344 4239	luigi.tramontana@bancaakros.it

(\*\*) excluding: strategists, macroeconomists, heads of research not covering specific stocks, credit analysts, technical analysts





Il presente documento è stato redatto da Paola Saglietti e Pietro Gasparri (soci AIAF) che svolgono funzioni di analista presso Banca Akros SpA ("Banca Akros"), soggetto responsabile della produzione del documento stesso.

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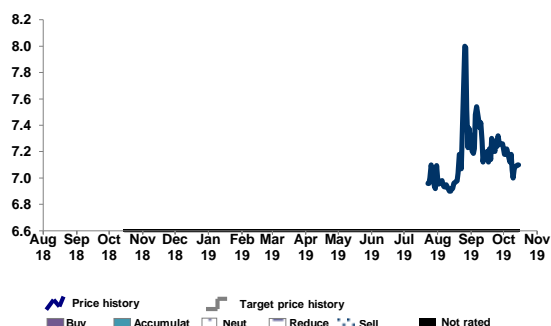
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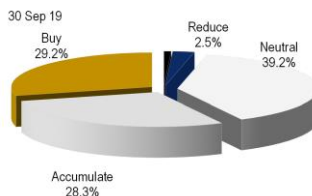
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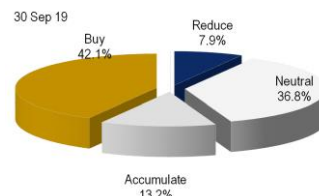


#### Percentuale delle raccomandazioni al 30 settembre 2019

Tutte le raccomandazioni



Raccomandazioni su titoli in conflitto di interessi (\*)



(\*) Si informa che la percentuale degli emittenti in potenziale conflitto di interessi con Banca Akros è pari al 31.67% del totale degli emittenti oggetto di copertura

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The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

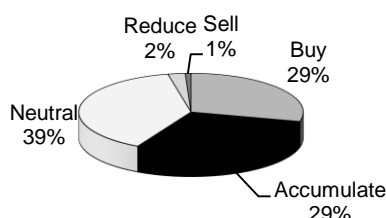
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- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
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Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Banca Akros Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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