

LABIANA

13 Nov. 23 (06:00) ⁽¹⁾

HEALTHCARE / Spain

Dealing with headwinds

Debt refinancing addressed, challenging backdrop should progressively normalize

Refinancing weighs down liquidity concerns: Labiana has recently agreed with Miralta Finance Bank/Blantyre Capital a up to €25mn 4Y financing (including warrants for c31% of the current share capital), o.w. €20mn already disbursed (remaining €5mn based on future R&D/investment). Whilst Labiana's leverage remains relatively high (5.8x ND/EBITDA LTM), this deal addressed most of the company's short term refinancing needs and should support immediate growth plans. In any case, Labiana remains seeking for an opportunity to raise an additional €5-10mn in equity.

Recovering from headwinds...: 2022 and 1H23 performance has been full of headwinds (lack of filters for injectables, some disruption with the transposition to Spain of the new regulation on veterinary medicines, increased fosfomycin US competition, stopped commercial activity in some regions due to several reasons, order deferrals). Nevertheless, most of these effects have already been overcome with an earnings recovery anticipated already for 2H23, and mid term fundamentals remaining sustained.

...but delayed earnings delivery: the tougher industry context and the delays in product launches turn the previous 2026 targets (>€120mn of revenues, c€22mn EBITDA, <3x ND/EBITDA) challenging, with Labiana now working on a business plan revision. We have assumed a more conservative growth stance, cutting our EBITDA'23F-26F on 42% (average).

YE24 valuation range set at €2.60-7.70 based on several approaches, with an indicative €4.20 DCF (-52% revision ex-roll forward on a delayed earnings execution and increased WACC, following the recent refinancing deal and deteriorated B/S situation). Share price still fails to reflect the successful refinancing and sustained industry position, backing solid mid-term earnings prospects. A new business plan disclosure would be a key catalyst ahead.

Estimates	2020	2021	2022	2023 ^F	2024 ^F	2025 ^F	2026 ^F
Sales (€ mn)	58	57	58	58	61	70	80
EBITDA (€ mn)	8	7	7	4	6	10	12
Margin (%)	13.4%	12.7%	12.1%	6.9%	10.5%	13.7%	15.6%
NP (€ mn)	1	-2	-9	-3	-1	2	4
EPS (€)	n.a.	n.a.	-0.74	-0.38	-0.13	0.26	0.61
DPS (€)	n.a.	n.a.	n.a.	0.00	0.00	0.00	0.00
Capex (€ mn)	7	5	5	4	4	4	4
Adj. FCF (€ mn)	-1	-1	4	2	4	3	4
Net Debt (€ mn)	38	42	36	37	35	35	33
Net Debt/EBITDA	4.9	5.8	5.1	9.2	5.5	3.6	2.6

Source: Company, CaixaBank BPI Equity Research (F)



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Price Range €2.60-7.70

Previous €5.30-10.30

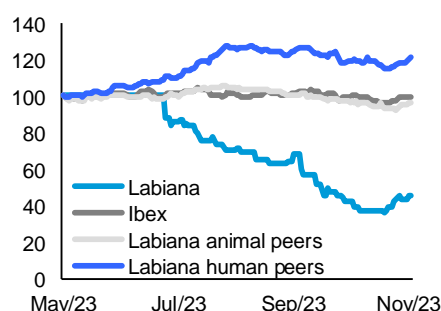
Company Profile

Reuters/Bloomberg	LAB.MC/LAB SM
Close Price at 09-Nov	€ 1.19
52-Week range	€ 1.08 - 3.66
Market Cap (€ mn)	9
Shares Out (mn)	7.2
ADV (€ mn)	0.01
Free Float	20%

Market Multiples	2023 ^F	2024 ^F	2025 ^F
PE	n.s.	n.s.	4.5
EV/Sales	0.8	0.7	0.7
EV/EBITDA	11.4	7.1	4.8
EV/EBIT	n.s.	31.3	9.9
DY	n.a.	n.a.	n.a.
FCFE Yield (%)	-10.2%	21.9%	11.5%
FCFF Yield (%)	4.4%	9.0%	6.8%
PBV	1.8	2.3	1.6

Source: Bloomberg, CaixaBank BPI ER

Labiana vs. IBEX



Source: Bloomberg

(1) Time of the conclusion of the analysis, issue of recommendation and publication.

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ESG Risk Exposure

1.9

1-2 Low	2-3 Medium	3-4 High	4-5 Very High
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