

Target price [PLN]	676
DCF valuation [PLN]	728
Comparative valuation [PLN]	581
Market price [PLN]	702
Pot. of growth/decl. [%]	-3,70%
Mkt capitalisation [mn PLN]	3 126,7
Free float [mn PLN]	1 079,3
Sector	PHARMACEUTICALS WHOLESALES
WSE code	NEU
Bloomberg ticker	NEU PW

Analyst:

Tomasz Czarnecki

Phone: +48 (22) 53 95 542

Artur Wizner

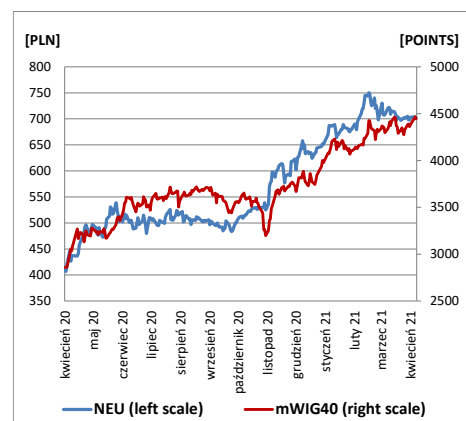
Phone: +48 (22) 53 95 548

Company profile:

One of the leaders of wholesale distribution of pharma products in Poland. Through Synopsis Pharma, a subsidiary, Neuca is also managing own pharma products Apteo, Genoptim and CERA+. The group also includes NEUCA MED, an arm responsible for the development of patient services and products. This segment includes Świat Zdrowia medical clinics, CRO companies and a subsidiary responsible for the development of telemedicine services.

Major Stockholders:	[%]
Kazimierz Herba*	28,53
Wiesława Herba	25,08
Augebit FIZ (TFI Forum)	10,59
Other	35,80

)* with related entities



NEUCA S.A.

Analytical Report

Clinical trials drive the results of Neuca. In line with our last year forecasts, the Covid-19 pandemic did not adversely affect the Company's results in 2020. Neuca's success last year stemmed from proper preparation for and anticipation of market trends, which we pointed out in previous reports.

Despite a difficult year for the economy, Neuca fares well compared to other distributors. It increased the percentage of pharmacies for which it acts as the major supplier (from 69.7% to 74.7% in Q4 2020) and the its average share in the pharmacy turnover (from 60.4% in Q4 2019 to 61.9% in Q4 2020).

The increase in sales revenues from core operations was significantly influenced by the further increase in the number of pharmacies participating in the Partner +, Partner and IPRA programs, which increased from 2,275 pharmacies at the end of 2019 to 2,842 at the end of Q4 2020 (+ 24.9%). We believe that the Management Board of Neuca implements a good strategy for the development of patient segments and clinical trials, which, apart from the core business, may be the driving force behind the results in the coming years. However, a lot depends on what will be the economic reality in the world after the pandemic. The pace of development of clinical trials will be particularly important for the Company. We are raising our valuation to PLN 676 per share, because we believe that there are more opportunities than threats ahead of Neuca. The activities of the management board so far show that the Company is consistently developing in the rapidly changing economic environment.

[in million PLN]	2020	2021F	2022F	2023F	2024F	2025F
Income from sales	9 254	9 294	8 998	9 125	9 239	9 342
EBITDA	277,3	266,6	258,5	263,1	270,0	273,5
<i>EBITDA margin</i>	3,0%	2,9%	2,9%	2,9%	2,9%	2,9%
EBIT	212,7	204,5	193,5	195,5	200,3	202,0
Net profit (loss)	143,7	152,8	142,1	141,9	147,5	148,1
Shareholders' equity	776,8	890,6	972,1	1 058,7	1 143,2	1 220,7
Net debt	384,0	136,9	182,2	98,1	50,6	35,6
P/E	21,8	20,5	22,0	22,0	21,2	21,1
P/BV	4,0	3,5	3,2	3,0	2,7	2,6
EV/EBITDA	12,7	12,2	12,8	12,3	11,8	11,6
DY	1,2%	1,4%	1,6%	1,8%	2,1%	2,3%
DY adjusted	1,8%	3,3%	3,5%	3,7%	3,9%	4,1%

INFORMATION AND LEGAL DISCLAIMER

This analytical report was prepared by Dom Maklerski Banku BPS S.A. at the request of the Warsaw Stock Exchange on the basis of an agreement concluded between DM Bank BPS S.A. and WSE under the "Pilot Analysis Coverage Support Programme". The study is published under the Analytical Coverage Support Programme.

The work on this study has been completed on: 08 April 2021, 08:40

Distribution of this study: 08 April 2021, 08:50

This study reflects the knowledge and views of the authors as of the date of its preparation. The authors do not take into account in the study any individual investment objectives, financial standing, or the needs or demands of potential addressees of the study or its principals.

This study does not constitute: (1) a personal recommendation; or (2) investment, legal or other advice; or (3) an offer, incentive to act, invest or dispose of an investment in a particular way; or (4) an assessment or assurance of the profitability of investments in financial instruments covered by it.

This study has been prepared in accordance with legal requirements ensuring independence, in particular in accordance with Commission Delegated Regulation (EU) No 2016/958 of 9 March 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards on technical measures for the objective presentation of investment recommendations or other information recommending or suggesting investment strategy and the disclosure of special interests or indications of conflicts of interest.

The report constitutes an investment survey within the meaning of Article 36, section 1 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

This study constitutes an investment survey not carried out as part of investment advisory services or portfolio management within the meaning of the Act of 29 July 2005 on trading in financial instruments.

The study is intended for distribution only in the Republic of Poland and it may not be distributed or transmitted, directly or indirectly, to the United States of America, Canada, Japan or Australia, or to any other jurisdiction where such distribution would constitute a violation of the relevant laws of that jurisdiction or require registration in that jurisdiction.

The study has been prepared with due diligence and on the basis of information available to the public on the date of publication of the study such as: financial statements, current and periodic reports, industry and press publications or those obtained from sources reliable for Dom Maklerski Bank BPS S.A.

Dom Maklerski Banku BPS S.A. does not guarantee the completeness, truthfulness or accuracy of the source data. Dom Maklerski Banku BPS S.A. shall not be liable for any investment decisions taken on the basis of this report or for any damage incurred as a result of such investment decisions. The study may not be regarded as an assurance or guarantee that losses will be avoided or that potential or expected results will be achieved, in particular profits or other benefits from, or in connection with, the failure to carry out such transactions.

The data presented here relate to the past, and past performance does not guarantee future results.

Dom Maklerski Banku BPS S.A. and its shareholder or employees may hold shares of the Issuer which are the subject of this study.

During the 12 months preceding the issue of the study, Dom Maklerski Banku BPS S.A. did not offer the Issuer's financial instruments in primary trading or in an initial public offering, nor did it act as an animator for the newly issued financial instruments to which the study relates.

During the 12 months preceding the issue of the study, Dom Maklerski Banku BPS S.A. did not purchase or sell the Issuer's financial instruments on its own account in order to perform investment or service underwriting agreements.

It is probable that in the course of its statutory activity, Dom Maklerski Banku BPS S.A. will make an offer to the Issuer to provide services within the framework of its permit, and that as a result of making such an offer, agreements may be concluded with the Issuer.

Detailed information on the valuation or methodology and the assumptions, models and meaning of recommendations is available at the address: https://dmbps.pl/informacje/221/Materialy_Analityczne.

A description of the actual internal organisational and administrative solutions and any information barriers established in order to prevent and avoid conflicts of interest concerning recommendations can be found in the Conflict of Interest Management Regulations of Dom Maklerski Banku BPS S.A. available at the address:

https://dmbps.pl/informacje/228/Regulamin_zarzadzania_konfliktami_interesow_w_Domu_Maklerskim_Banku_BPS_SA

A general description of the financial instrument and the risks associated with investing in particular financial instruments is presented at the Website. This information has been prepared with due diligence, in particular in a reliable manner and to the best of DM BPS' knowledge, but it may not be exhaustive and in the specific situation in which the recipient is or will be, other risk factors than those indicated in the above information by DM BPS may exist or appear. The recipient should bear in mind that investments in individual financial instruments may result in the loss of some or all of the funds invested and may even involve additional costs.

Copying or publishing this study, or any part hereof, in any form whatsoever, and using the material for one's own publications, without the written consent of Dom Maklerski Banku BPS S.A., is prohibited. This study is legally protected under the Act of 4 February 1994 on Copyright and Related Rights. Copyright to the study is vested with the Warsaw Stock Exchange.

The authority supervising the operations of Dom Maklerski Banku BPS S.A. is the Polish Financial Supervision Authority with its registered office in Warsaw, at ul. Piękna 20.