

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

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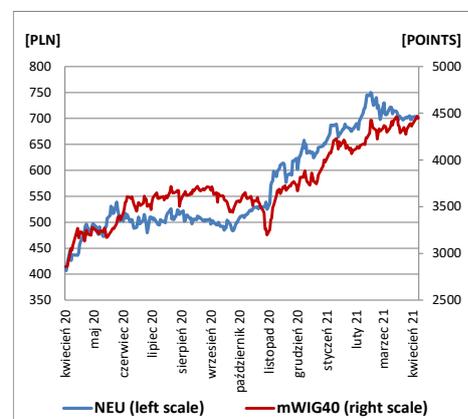
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**Company profile:**

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.

| <b>Major Stockholders:</b> | <b>[%]</b> |
|----------------------------|------------|
| 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          |
|-----------------------------|--------------|--------------|--------------|----------------|----------------|----------------|
| <b>Income from sales</b>    | <b>9 254</b> | <b>9 294</b> | <b>8 998</b> | <b>9 125</b>   | <b>9 239</b>   | <b>9 342</b>   |
| <b>EBITDA</b>               | 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%           |
| <b>EBIT</b>                 | 212,7        | 204,5        | 193,5        | 195,5          | 200,3          | 202,0          |
| <b>Net profit (loss)</b>    | <b>143,7</b> | <b>152,8</b> | <b>142,1</b> | <b>141,9</b>   | <b>147,5</b>   | <b>148,1</b>   |
| <b>Shareholders' equity</b> | <b>776,8</b> | <b>890,6</b> | <b>972,1</b> | <b>1 058,7</b> | <b>1 143,2</b> | <b>1 220,7</b> |
| <b>Net debt</b>             | 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%           |

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

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

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