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|-----------------------------|-----------------------------|
| Target price [PLN] | 307 |
| DCF valuation [PLN] | 369 |
| Comparative valuation [PLN] | 233 |
| Market price [PLN] | 305 |
| Pot. of growth/decl. [%] | 0.66% |
| Mkt capitalisation [mn PLN] | 1 387.1 |
| Free float [mn PLN] | 515.0 |
| Sector | PHARMACEUTICALS WHOLESALERS |
| WSE code | NEU |
| Bloomberg ticker | NEU PW |

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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.

 Source: www.gpw.pl

| Major Stockholders: | [%] |
|----------------------------|------------|
| Kazimierz Herba * | 27.94 |
| Wiesława Herba | 24.56 |
| Tomasz Wesółowski * | 10.37 |
| Other | 37.13 |

)* with related entities

NEUCA S.A.

Initiating Report

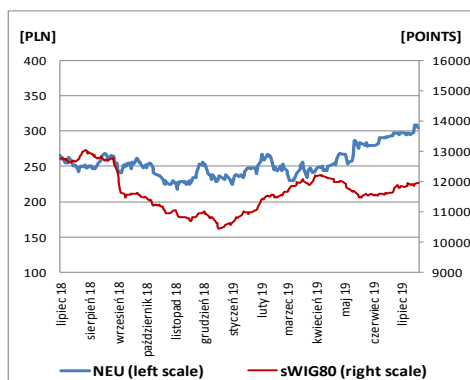
DOMINATOR

The largest Wholesale distributor of medications in Poland. The most important growth driver of the pharmaceutical market is the society aging process and the increase in the level of money available to patients that can be spent on pharmaceutical drugs and OTC preparations.

Owing to operational efficiency and synergies flowing from additional business segments, the Company manages to restrain the erosion of margins that occurs on the increasingly difficult market of the pharmaceutical Wholesale.

Solid cash flows allow the Company to carry out investments (including acquisitions) with a simultaneous active dividend policy, which is further strengthened by buying back the own shares.

The segment of Services for patients (health clinics, clinical trials and telemedicine) showed a positive contribution to the financial results of the Neuca S.A. Group in 2018 and may be a significant asset for the Group in the future.



| [in million PLN] | 2018 | 2019F | 2020F | 2021F | 2022F | 2023F |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Income from sales | 7 753 | 7 882 | 8 048 | 8 197 | 8 332 | 8 456 |
| EBITDA | 155.0 | 161.5 | 162.9 | 169.4 | 174.6 | 178.3 |
| <i>EBITDA margin</i> | 2.0% | 2.0% | 2.0% | 2.1% | 2.1% | 2.1% |
| EBIT | 127.0 | 126.4 | 130.9 | 134.1 | 135.9 | 138.6 |
| Net profit (loss) | 98.3 | 98.7 | 102.4 | 104.9 | 106.2 | 108.3 |
| Shareholders' equity | 638.8 | 655.8 | 783.7 | 864.6 | 928.4 | 999.3 |
| Net debt | 319.5 | 383.2 | 351.5 | 325.6 | 272.3 | 223.0 |
| P/E | 14.1 | 14.0 | 13.5 | 13.2 | 13.1 | 12.8 |
| P/BV | 2.2 | 2.1 | 1.8 | 1.6 | 1.5 | 1.4 |
| EV/EBITDA | 11.0 | 11.0 | 10.7 | 10.1 | 9.5 | 9.0 |
| DY | 2.1% | 2.4% | 2.6% | 3.0% | 3.4% | 3.8% |
| DY adjusted | 6.8% | 8.7% | 4.6% | 4.7% | 5.0% | 5.4% |

This paper is an abstract of the initiating analytical report, the full version of which is available in Polish on the website of the Brokerage House of BPS S.A.: https://dmbps.pl/informacje/223/NEUCA_SA_raport_analityczny

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