

PHARMENA S.A.

Price target: UR

Q4 Preview

Rating: UR

What to expect from Q4/16 We believe that PHARMENA showed solid results in Q4/16, similar to Q3/16. While in contrast to H2/15 there were no private label sales to a partner in Monaco, in our view they were positively impacted by the introduction of new dermocosmetics on the market and new distribution partnerships in Middle East and South Korea. Moreover, there were likely lower expenses relating to the development of the 1-MNA drug TRIA-662 than last year.

Our forecasts We expect that in the dermocosmetics segment PHARMENA generated Q4/16 revenues of PLN 4.5m and EBIT of PLN 0.5m. On consolidated level, which also includes the currently loss-making business relating to the development of 1-MNA drug and dietary supplement, PHR likely reported Q4/16 revenues of PLN 4.5m (-8.2% y-o-y), EBITDA of PLN 0.3m (Q4/15: PLN -1.9m), EBIT of PLN 0.3m (PLN -2m) and net income of PLN 0.6m (PLN -2.1m).

Regarding full-year 2016 results, we expect that the dermocosmetics business showed revenues of PLN 15.6m and EBIT of PLN 2.1m. In our view, on consolidated level PHR will report sales of PLN 15.6m (-10.7% y-o-y), EBITDA of PLN -0.7m (2015: PLN -2.6m), EBIT of PLN -0.9m (PLN -2.8m) and net income of PLN -1m (PLN -3.6m).

We will update our valuation model of PHARMENA after the release of its Q4/16 report. Until then, we put the stock Under Review.

in PLNm	Q4/15	2015	Q1/16	Q2/16	Q3/16	Q4/16E	2016E
Net sales	4.92	17.47	2.48	4.15	4.47	4.52	15.61
<i>y-o-y change</i>	19.5%	23.7%	-38.6%	8.8%	-5.1%	-8.2%	-10.7%
EBITDA	-1.89	-2.63	-1.21	-0.10	0.35	0.28	-0.67
<i>EBITDA margin</i>	-38.4%	-15.0%	-48.7%	-2.3%	7.7%	6.3%	-4.3%
EBIT	-1.95	-2.84	-1.27	-0.16	0.28	0.27	-0.88
<i>EBIT margin</i>	-39.6%	-16.3%	-51.2%	-3.9%	6.2%	6.1%	-5.6%
Net income	-2.12	-3.62	-1.37	-0.23	0.03	0.59	-0.97
<i>Net margin</i>	-43.0%	-20.7%	-55.2%	-5.4%	0.7%	13.1%	-6.2%

Company profile

PHARMENA is a leading Polish cosmetics and biotech company. Its products contain the 1-MNA substance, for which PHR has secured patent protection on the most important global markets until 2025/26.

Website	www.pharmena.com.pl
Sector	Biotechnology
Country	Poland
ISIN	PLPHRMN00011
Reuters	PHR.WA
Bloomberg	PHR.PW

Share information

Last price	20.00
Number of shares (m)	8.80
Market cap. (PLNm)	175.90
Market cap. (EURm)	40.26
52-weeks range	PLN 24.15 / PLN 16
Average volume	736

Performance

4-weeks	11.11%
13-weeks	24.84%
26-weeks	5.82%
52-weeks	-14.89%
YTD	8.17%

Shareholder structure

Pelion S.A.	57.00%
Jerzy Gebicki	7.69%
Konrad Palka	5.43%
Max Welt Holdings Ltd.	5.29%
Robert Bozyk	5.01%
Free float	19.6%

Financial calendar

Q4/16 report	February 10, 2017
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Analyst

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