



NEWS FLASH

05 February 2025
Sweden
Healthcare

Research analysts:

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EQL Pharma

Share price: SEK79.6

Fair value range: SEK65.0–90.0

Q3 aligned with preliminary numbers; eyes on CMD

EQL Pharma has reported Q3(24/25) results, in line with preliminary numbers. During the quarter, sales rose to SEK92m (70m), an increase of 31%. Sales in the Nordics came in lower than expected, but sales in the rest of Europe came in higher. Operating profit increased by 52% to 15m (10m), with an EBITDA margin of 19%.

The operating margin was impacted by ongoing Red Sea shipping disruptions, which left the gross margin at 41% (vs. our 42% forecast). This was in line with the prior quarter but represents a decline from 48% last year. As expected, unlike last year when Covid-19 test sales contributed, this quarter's growth was entirely driven by higher pharmaceutical sales.

The company reaffirmed its full-year 2024/25 sales growth forecast of around 40%, consistent with prior statements but allowing some flexibility as to the exact number. It also reiterated its goal of reaching an EBITDA margin of at least 25% in the final quarter of 2024/25.

While the situation remains highly uncertain, the company expressed cautious optimism about the situation in the Red Sea, noting that, with a new US President and signs of de-escalation in the Middle East, there is hope for the Suez Canal blockade to end in 2025. Resuming transit through the canal should eventually lower transport costs and improve gross margins, though the impact may be delayed by existing higher-cost inventory. We share this view and, with successful integration from the Medilink portfolio, believe there is meaningful upside to our full-year 2025/26 estimates – albeit with some conservatism given the high uncertainty.

Upcoming events

- Q3 Report: 05 Feb 2025
- Q4 Report: 08 May 2025

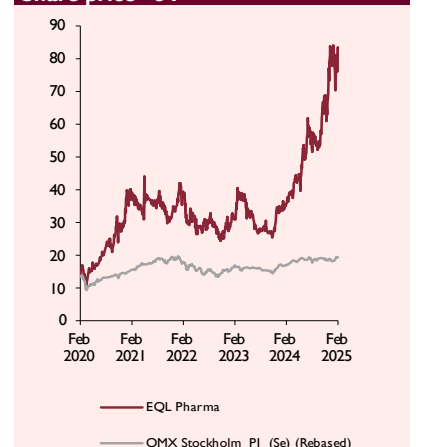
With preliminary Q3(24/25) results already announced, the upcoming CMD on 7 March 2025 is a key event for the investment case. At this event, EQL is set to present updated long-term financial targets and a refined strategic plan, with a particular emphasis on growth execution. Investors can expect additional details on business development, sales, M&A strategies, and insights into key strategic assets, Mellozzan and Memprex.

Key facts

No. shares (m)	29.1
Market cap. (USDm)	211
Market cap. (SEKm)	2,313
Net IB Debt. (SEKm)	77
Adjustments (SEKm)	0
EV (2024e) (SEKm)	2,391
Free float	44.0%
Avg. daily vol. ('000)	26
Risk	Medium Risk
Fiscal year end	March
Share price as of (CET)	04 Feb 2025 17:29

Key figures (SEK)	2023	2024e	2025e	2026e
Sales (m)	264	362	492	648
EBITDA (m)	42	70	116	173
EBIT (m)	33	64	109	166
EPS	0.76	1.46	2.52	4.21
EPS adj.	1.01	1.54	2.52	4.21
DPS	0.00	0.00	0.00	0.00
Sales growth Y/Y	2%	37%	36%	32%
EPS adj. growth Y/Y	-23%	53%	64%	67%
EBIT margin	12.3%	17.7%	22.2%	25.7%
P/E adj.	79.1	51.8	31.6	18.9
EV/EBIT	40.7	37.2	21.6	13.8
EV/EBITA	40.7	37.2	21.6	13.8
EV/EBITDA	31.5	34.2	20.4	13.2
P/BV	13.0	10.5	7.9	5.6
Dividend yield	0.0%	0.0%	0.0%	0.0%
FCF yield	-5.0%	0.9%	1.4%	2.8%
Equity/Total Assets	n.a.	28.1%	33.1%	39.9%
ROCE	12.5%	12.7%	14.9%	20.1%
ROE adj.	18.0%	22.4%	28.5%	34.5%
Net IB debt/EBITDA	2.4	1.1	0.4	-0.1

Share price - 5Y



High/Low (12M)	SEK84.2/35.5			
Perf.	3M	6M	12M	YTD
Abs.	16.7	50.8	127.4	-1.7
Rel.	13.5	44.3	113.7	-7.9

Source: Carnegie Research, FactSet, Millstream & company data

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Interim table (SEKm)	2023/24a			2024/25e			Q3a	Q3e	Dev.	Q4e
	Q1a	Q2a	Q3a	Q4a	Q1a	Q2a				
Net sales	56	60	70	78	83	85	92	92	0%	102
- Net sales growth yly	22%	-19%	-12%	30%	47%	43%	31%	31%		na
Cost of goods sold	-30	-36	-37	-47	-46	-51	-54	-53		-56
Gross profit	26	24	33	31	37	35	38	39	-3%	46
- Gross margin	47%	40%	48%	40%	45%	41%	41%	42%		45%
Operating expenses	-18	-17	-24	-23	-22	-20	-23	-24	-6%	-26
Sales and marketing expenses	-11	-11	-13	-13	-13	-14	-15	-15		-15
Administration expenses	-5	-3	-7	-7	-6	-4	-5	-7		-7
R&D costs	-2	-3	-4	-3	-3	-3	-3	-3		-4
Other income/expenses	0	0	0	0	1	0	0	0		0
Operating profit	8	7	10	8	15	14	15	15	2%	20
Non-recurring items*	0	0	-3	-4	-2	0	0	0		0
Adj. operating profit	8	7	13	12	17	14	15	15	2%	20
- Adj. operating margin	14%	11%	18%	16%	21%	17%	16%	16%		20%
Net interest	1	-1	-2	-2	-2	-2	-2	-3		-4
Profit before tax	9	6	8	6	13	12	13	12	6%	16
Tax	-2	-1	-2	-1	-3	-2	-3	-2		-3
- Tax rate	21%	20%	21%	21%	21%	21%	21%	21%		21%
Net profit	7	5	7	5	10	10	10	9	6%	13
- Net margin	12%	8%	9%	6%	13%	11%	11%	10%		13%
EPS	0.23	0.16	0.22	0.16	0.36	0.33	0.35	0.33	6%	0.45
- EPS growth yly	-8%	-37%	-46%	14%	53%	104%	55%	45%		na
EBITDA	10	8	13	11	16	17	17	17	2%	23
- EBITDA margin	18%	14%	18%	14%	19%	20%	19%	18%		23%
Sales by geography										
Nordics	43	53	63	71	64	70	72	85	-15%	93
- Sales growth yly	8%	-28%	-15%	27%	49%	34%	14%	34%		na
Rest of world	13	7	7	8	19	15	20	8	165%	9
- Sales growth yly	106%	na	16%	53%	41%	114%	191%	10%		na

Source: Company data, Carnegie Research,

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05 February 2025

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