

Wednesday, 8 October 2025 | research report

## NEUCA: buy (new)

NEU.PW; NEU.WA | Healthcare, Poland

### Healthy Core, Trials Turning the Corner

We initiate coverage on NEUCA, Poland's leading pharmaceutical distributor, which is also expanding its footprint in the clinical contract research organization (CRO) segment, with a 'Buy' recommendation and a Target Price of PLN 869.

Year-to-date, NEUCA's share price has been down 21% due to weak 1H25 results. However, we expect earnings momentum to improve starting in 3Q25, with 2026E EBITDA projected to rebound by 17% y/y to PLN 467m, which is 3% above consensus. This implies an EV/EBITDA multiple of 9x, which we view as undemanding given the long-term prospects in Clinical Trials.

#### Healthy Core: Stable Trends in Distribution, Growth in Manufacturing

The Polish pharmacy market has been growing at a CAGR of approximately 10% in recent years, and this pace was sustained through the first eight months of 2025, with the second half of September also showing strong momentum. We expect NEUCA's Distribution segment to continue benefiting from this market growth, while the Manufacturing segment should maintain robust performance, supported by ongoing medicalization and the launch of new OTC products.

#### Headwinds in Clinical Trials, But The Worst Is Over...

The Clinical Trials segment reported an EBITDA loss in 1H25, driven by project cancellations at Kapadi (CRO) and margin pressure. However, the backlog improved to PLN 1.2bn (+18% y/y), and Pratia (clinical site management) delivered double-digit growth. Management expects positive EBIT in 2H25, supported by a gradual recovery in the CRO business. M&A activity may serve as a catalyst, with due diligence currently underway.

#### ...And There Is Good Outlook for Insurance and Medical Operator

The Medical Operator and Insurance segments continue to scale, supported by network expansion and the introduction of new products. The integration of medical and insurance services under a coordinated care model is contributing to margin improvement. We expect both segments to deliver double-digit revenue growth alongside rising profitability.

#### Earnings Momentum Set to Improve from 3Q25

Following a weak 2Q25, with EBITDA down 19% y/y to PLN 75m, we forecast sequential improvement beginning in 3Q25, supported by normalized marketing costs in Manufacturing, stable Wholesale margins, and positive operating leverage in Clinical Trials. For FY 2025E, we expect EBITDA of PLN 400m (+1% y/y), broadly in line with consensus, and a stronger 2026E at PLN 467m (+17% y/y, 3% above consensus), driven by recovery in Clinical Trials and continued growth across core segments.

#### Undemanding Multiples

Based on our forecasts, NEUCA is trading at 2025E and 2026E EV/EBITDA multiples of 10.2x and 8.6x, respectively—representing a 17% and 25% discount to its drug distribution peers. We believe this discount is unwarranted given the company's exposure to the Clinical Trials segment.

Our DCF-based 12-month target price is PLN 869, implying an upside potential of 29%.

(PLN m)	2023	2024	2025E	2026E	2027E
Revenues	11,813	12,612	13,358	14,105	14,738
Norm. EBITDA	363	395	400	467	544
Norm. Net income	130	155	157	207	270
Net Income	146	154	157	207	270
P/E (x)	23.7	19.6	19.8	15.3	11.7
EV/EBITDA (x)	10.3	10.3	10.2	8.6	7.2
Dividend yield	2.0%	2.3%	2.4%	2.7%	3.1%

Source: NEUCA, mBank, E - mBank estimates

current price*	PLN 676.00
target price	PLN 869.00
mCap	PLN 3,100.5m
free float	PLN 1,162.7m
ADTV (3M)	PLN 0.8m

\*Price as of October 07, 2025, 5:00 PM

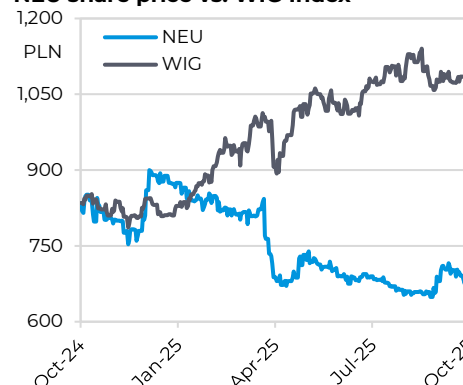
#### Shareholder structure

Kazimierz Herba	26.89%
Wiesława Teresa Herba	24.54%
Tadeusz Wesołowski	10.35%
Others	38.70%

#### About NEUCA

NEUCA is No 1 distributor of pharmaceuticals in Poland, manufacturer of Rx and OTC drugs. The company also owns outpatient medical care clinics, has been developing a clinical CRO business via M&As and offers health insurance services.

#### NEU share price vs. WIG Index



Company	Target Price		Recommendation	
	New	Old	New	Old
NEUCA	869.00	-	buy	-

Company	Current Price	Target Price	Upside
NEUCA	676.00	869.00	+29%

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**List of abbreviations and ratios used by mBank:**

**EV** (Enterprise Value) – Equity Value + Net Debt; **EBIT** – Earnings Before Interest and Taxes; **EBITDA** – EBIT + Depreciation & Amortisation; **Net Debt** – Borrowings + Debt Securities + Interest-Bearing Loans - Cash and Cash Equivalents; **P/E** (Price/Earnings) – Price Per Share Divided by Earnings Per Share; **P/CE** (Price to Cash Earnings) – Price Per Share Divided by Earnings + Depreciation & Amortisation; **P/B** (Price to Book Value) – Price Per Share Divided by Book Value Per Share; **P/CF** (Price to Cash Flow) – Price Divided by Cash Flow from Operations; **ROE** (Return on Equity) – Earnings Divided by Shareholders' Equity; **ROCE** (Return on Capital Employed) – EBIT x (Average Assets - Current Liabilities); **ROIC** (Return on Invested Capital) – EBIT x (1-Tax Rate) / (Average Equity + Minority Interest + Net Debt); **FCFF** (Free Cash Flow to Firm) – Cash Flow from Operations - CAPEX - Lease Payments; **FCFE** (Free Cash Flow to Equity) – Free Cash Flow to Firm - Net Interest Expense (incl. Debt + Leases); **EBITDA margin** – EBITDA/Sales

**OVERWEIGHT (OW)** – a rating which indicates that we expect a stock to outperform the broad market

**NEUTRAL (N)** – a rating which indicates that we expect the stock to perform in line with the broad market

**UNDERWEIGHT (UW)** – a rating which indicates that we expect the stock to underperform the broad market

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**HOLD** – we expect that the rate of return from an investment will range from 0% to +10%

**SELL** – we expect that an investment will bear a loss

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**DCF** – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

**Relative** – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.

**Economic profits** – discounting of future economic profits; the weak point is high sensitivity to changes in the assumptions made in the valuation model.

**Discounted Dividends (DDM)** – discounting of future dividends; the weak point is high sensitivity to changes in the assumptions as to future dividends made in the valuation model.

**NAV** – valuation based on equity value, one of the most frequently used method in case of developing companies; the weak point of the method is that it does not factor in future changes in revenue/profits of a company.

**mBank did not issue any recommendations for NEUCA in the 12 months prior to this publication**

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