

**GALDERMA (GALD SE) July 31st, 2024, One-to-One Video Meeting** - Stock Price CHF 69.09, Dividend Yield NA, Market Cap CHF 16.4 Bln (as of July 31st, 2024)

**« Fear of Not Looking Natural »**

Galderma H1-2024 Net Sales rose +10.8% YoY to USD 2.2 Bln, while Core Ebitda Margin was 23.4% - Galderma is guiding for +9% to +10% in Net Sales this year, with Core Ebitda Margin flat YoY at 23.1% - 50% of Galderma Sales are in Injectable (Dysport, Restylane, etc.), 30% in Skincare (Cetaphil, Alastin), and 20% in Dermatology (Epiduo Forte, etc.)

By Unit, Neuro-modulators registered strongest growth in H1-2024 (+16.6% YoY), followed by Skincare (+11.8% YoY), Fillers (+9.8% YoY), and Dermatology (+2.2% YoY)

Nemolizumab launch costs should reach USD 200 Mln in 2024, as countries (USA, EU, UK, AUS, CAN) authorize this new treatment for Prurigo Nodularis (USD 2 Bln addressable market), and Atopic Dermatitis (USD 20 Bln AM)

New QM-1114 will directly compete against Dysport, Botox, and will be produced by Galderma (Dysport is licensed by Ipsen), generating very high Operating Margin (40% approx.), as trial results have proved very strong (6 to 12 months lasting effect vs 4 to 5 for Dysport, 100% of patients see difference within 3 days)

By Region, China is fast-growing (+30% p.a., above USD 200 Mln total Sales), while India is just starting (Rising +70% p.a.), and Brazil, Mexico, South Korea remain solid

In the USA, Abbvie (ABBV US) has been aggressively promoting Botox so far in 2024, pushing prices down, and negatively impacting Dysport rate of growth in the U.S. – Alastin Sales have doubled over 2021-2023, as Laser procedures are expanding fast (avoids red face effect)

Dermatology Sales are expected flat at best in 2024, as many generics are available worldwide (Galderma Skincare use Dermatologists network to cross-sell its products)

**WHAT'S INVISIBLE? Nemolizumab is not priced so far in Galderma stock price**

23% Free-Float should rise in 2025 (lock-up of EQT ends in Sept 2024) – 6% of Sales in R&D (USD 300 Mln p.a.) – 3.5% of Sales in Capex – Leverage to go below 2x next year, vs current 2.6xNet Debt/Ebitda ratio – Dividend could be paid in 2025 – MSCI, FTSE likely inclusion in H2

**WHAT'S NEW?** Galderma has seen some postponement of Fillers procedures in the USA – **WHAT'S DIFFERENT?** Galderma is taking advantage of new trends like GLP-1 (Ozempic face), Men (social acceptance), and Youth (20-25 are soaring buyers of Galderma product range)

**OUR RATING IS STRONG BUY - OUR TARGET PRICE IS CHF 100**

Pierre Essig

Fundamental Purpose Rating : **A**