



Schott Pharma AG & Co. KGaA (ISXP GR)

COMPANY DESCRIPTION

Schott Pharma AG & Co. KGaA is the pure-play pharmaceutical glass manufacturing unit of German multinational glass company **Schott AG**, based in Mainz, Germany. The firm was split from its parent in 2022 in preparations to go public. **Schott AG** traces its roots back to 1884, when it was founded as the **Glastechnisches Laboratorium Schott & Genossen** (Glass Technical Laboratory Schott & Associates) in Jena, Germany by Otto Schott, Ernst Abbe, and Carl Zeiss. Over the decades, Schott AG has been renowned for its innovations in borosilicate glass, which found applications in various industries, from optical glasses for microscopes and telescopes to household glassware. **Schott Pharma** specializes in pharmaceutical glass solutions, producing a vast range of products like syringes, cartridges, vials, and ampoules, with a production capacity of over 13 billion drug containers annually. Serving as a supplier to the pharmaceutical industry, **Schott Pharma AG** operates 16 GMP-compliant manufacturing sites across 14 countries, employing 4,700 people. 🚀

BUSINESS MODEL

Schott Pharma operates as a specialized manufacturer, focusing on primary pharmaceutical packaging solutions for injectable drugs. Their revenue streams are anchored in the sales of both standard "Core" products, such as vials and ampoules, and specialized "High Value Solutions" like pre-fillable syringes, specialty vials and cartridges, e.g., for injector systems. Here, the firm further separates their product portfolio into "Drug Containment Solutions" and "Drug Delivery Systems" (e.g. syringes). Their customers encompass a broad spectrum, from pharmaceutical giants and biotech firms to hospitals and clinics. In their IPO prospectus, the company highlights that they expect the High Value segment to account for 60–70% of revenue until 2030. **Schott Pharma AG** states that it has secured significant commitments, with sales contracts exceeding €700 million related to mRNA therapies (e.g. vaccines), valid until 2030, and additional contracts approximating €1 billion for GLP-1 drugs (e.g. diabetes/weight loss drugs) belonging to the same class as **Eli Lilly's** Mounjaro and **Novo Nordisk's** Ozempic/Wegovy), also extending through 2030. Furthermore, the firm aims to address the growing injectable biologics market that includes gene therapies and monoclonal antibody cancer therapies. In addition, the firm offers services such as drug delivery prototyping design, mechanical stability testing, commercial and early-stage "fill-and-finish" solutions and assistance with pharma registration processes. 🚀

REVENUE AND GROWTH TRENDS

Over the fiscal years from 2020 to 2022, **Schott Pharma** exhibited a notable upward trajectory in both revenue and profit (Fig. 1). Starting in 2020, the company's revenue was €584.2 million, which increased to €648.7 million in 2021 and further surged to €821.1 million in 2022. In terms of profit, the trend mirrored the revenue growth. The profit for the period was €77.6 million in 2020, which climbed to €101.2 million in 2021 and reached €125.8 million in 2022. 🚀

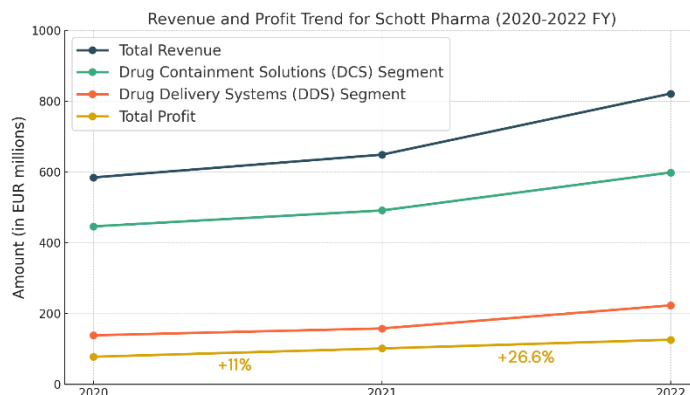


Figure 1: Revenue and Profit Trend for Schott Pharma (2020–2022 FY)

COMPETITIVE LANDSCAPE

Schott Pharma operates in the expanding market of drug containment and delivery systems, which is expected to grow about 10% CAGR in EMEA/U.S. regions until 2026. The highly competitive pharmaceutical packaging and containment industry includes firms such as domestic rival **Gerresheimer AG** (GXI GR), the world's leading manufacturer of vials in 2021, specializing in glass solutions for pharma, cosmetics and biotech. In February 2023, Gerresheimer announced a joint venture with U.S. glass giant **Corning** (GLW US) to manufacture Corning's Velocity® Vials. Another significant player in this domain is Italy-based **IPOX® 100 Europe** (ETF: FPXE) index holding **Stevanato Group** (STVN US), which offers a comprehensive range of drug containment, drug delivery, and diagnostic solutions, catering to the pharmaceutical and biotechnology sectors. Another major U.S.-based competitor is **Becton, Dickinson and Company** (BDX US). 🚀

IPO DETAILS

The offering consists of 30,122,924 existing ordinary bearer shares from the holdings of the selling shareholder **Schott Glaswerke Beteiligungs- und Export GmbH**, a wholly-owned subsidiary of **Schott AG** that owns 100% of **Schott Pharma** before the offering (i.e. 150,614,616 shares). As a result, **Schott Pharma** will not receive any proceeds of the offering. Additionally, there's a "Greenshoe Option" for an over-allotment of up to 4,518,438 shares. These shares are to be listed on the regulated market segment of the Frankfurt Stock Exchange on September 28, 2023.

The IPO price guidance for the offering has been set at €27/share, and it is anticipated to trade around this price, giving **Schott Pharma** a valuation of about €4 billion (\$4.2 billion) with a pre-Greenshoe offer size of €813 million (\$857 million, 20% float). The IPO coordination is led by **BNP Paribas**, **BofA Securities**, and **Deutsche Bank**, with **Citigroup** and **Jefferies** acting as Joint Bookrunners, and **Commerzbank** and **LBBW** serving as Co-Lead Managers.

Cornerstone Investor **Qatar Holding** agreed to purchase shares of the Company worth €200 million, not exceeding a 4.99% stake. 🚀

INDUSTRY COMPARISON

COMPANY	STOCK SYMBOL	IPO DATE	INITIAL RETURN	OFFER TO DATE (TR)	2023 YTD (TR)	BETA TO BENCHMARK	REVENUE (Latest FY)	P/S Ratio
SCHOTT PHARMA	ISXP GR	09/28/2023	TBA	TBA	TBA	N/A	\$821 million	~5.0x
gerresheimer	GXI GR	06/11/2007	0.00%	224.45%	57.80%	0.99	\$1.92 billion	1.6x
SG Stevanato Group	STVN US	07/15/2021	-6.33%	29.63%	50.64%	0.99	\$1.04 billion	6.9x
BD	BDX US	Becton, Dickinson & Co. went public in 1962			2.61%	0.75	\$18.9 billion	3.9x
CORNING	GLW US	Corning went public in 1945			-5.70%	0.97	\$14.8 billion	1.9x