

Haemato AG

Germany / Pharma
 Frankfurt
 Bloomberg: HAEK GR
 ISIN: DE000A289VV1

Q1/22
 Update

RATING
BUY

PRICE TARGET
€ 43.00

Return Potential 99.1%
 Risk Rating High

SELF-PAYER PRODUCTS CONTINUE TO DRIVE EARNINGS

First quarter KPIs showed further evidence that operations continue to shift towards Lifestyle & Aesthetics (L&A) business. This continues a trend evident last year when self-paid L&A products contributed 23% of the topline. Overall, Q1 sales fell some 26% on an annualised basis to €55m, due to deemphasised high volume Specialty Pharma activities, but were in line with our recently lowered estimate. The earnings performance was encouraging with Q1 EBIT of €2.0m (Q1/21: €2.4m) accompanied by a 31 basis point Y/Y uptick in margin to 3.6%. Full year audited figures confirmed preliminary results, and Haemato will propose a €1.1 per share dividend at the AGM on 12 July. We remain Buy-rated on Haemato with a €43 price target.

Lifestyle & Aesthetics segment continues to gain in importance The segment markets products (hyaluronic acid and botox) used in aesthetic treatments, which are part of the self-payer market, as well as diagnostic devices. Given the stout Q1 margin performance, we reckon L&A contributed strongly to the topline after reporting some €65m in sales with a 33.7% gross margin in 2021. Haemato is also tracking towards the commercial launch of a private-label botox product in H1/25 and is expected to commence clinic trials towards the end of this year. In our view, a successful launch will be a windfall for the growing L&A segment and the core injectables business of the parent company, M1 Kliniken AG.

Full year guidance confirmed Management continue to look for 2022 sales between €250m to €280m and EBIT in the range of €8m to €10m First quarter EBIT tallied €2m and was 19% lower Y/Y, on a decline in Specialty Pharma revenue (table 1 overleaf), but keeps Haemato on pace to reach its EBIT guidance and FBe EBIT of €8.8m. EBITDA topped €2.3m for the three month period. The 4.2% EBITDA margin notched in Q1 extends earnings strength that emerged last year (figure 1 overleaf) and also owes partly to restructured staffing that was pared down to 111 employees at YE21 vs 157 in the prior year. Our estimates remained unchanged, and we stick to our €43 target price. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	197.84	238.33	285.04	263.46	290.14	314.98
Y-o-y growth	-27.8%	20.5%	19.6%	-7.6%	10.1%	8.6%
EBIT (€m)	-0.02	1.63	11.16	8.77	14.81	19.05
EBIT margin	0.0%	0.7%	3.9%	3.3%	5.1%	6.0%
Net income (€m)	-1.17	-4.83	6.53	6.65	11.57	14.80
EPS (diluted) (€)	-0.51	-2.02	1.32	1.27	2.21	2.83
DPS (€)	0.00	1.00	1.10	1.30	1.50	1.80
FCF (€m)	-3.46	9.93	13.88	7.79	9.16	12.45
Net gearing	34.2%	6.5%	-10.5%	-12.6%	-13.8%	-16.1%
Liquid assets (€m)	4.86	10.29	31.73	19.12	21.61	26.35

RISKS

Regulatory changes in healthcare systems, spending cuts in healthcare systems, homogenization of pharmaceutical prices within the European Union.

COMPANY PROFILE

Haemato AG is a supplier of specialty pharmaceuticals focused on growth markets in the indication groups of oncology, HIV / AIDS and other chronic diseases. The company boasts a broad customer base of over 7,000 pharmacies and 16 wholesalers in Germany and Austria. Haemato is also currently making stronger inroads into the aesthetic product market.

MARKET DATA

As of 01 Jun 2022

Closing Price	€ 21.60
Shares outstanding	5.23m
Market Capitalisation	€ 112.96m
52-week Range	€ 20.90 / 28.90
Avg. Volume (12 Months)	2,715

Multiples	2021	2022E	2023E
P/E	16.3	17.0	9.8
EV/Sales	0.4	0.4	0.4
EV/EBIT	9.1	11.6	6.9
Div. Yield	5.1%	6.0%	6.9%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 31.70m
Current Assets	€ 81.07m
Intangible Assets	€ 91.24m
Total Assets	€ 182.01m
Current Liabilities	€ 37.09m
Shareholders' Equity	€ 144.73m

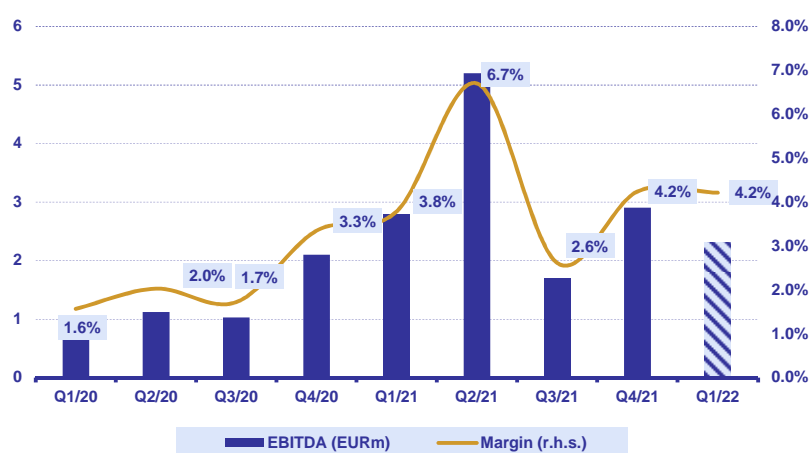
SHAREHOLDERS

M1 Kliniken AG	68.0%
Free Float	32.0%

**Table 1: First quarter figures vs FBe and prior year**

All figures in EUR '000	Q1/21	Q1/21E	variance	Q1/20	variance
Revenue	54,600	55,450	-2%	73,900	-26%
EBITDA	2,300	2,160	6%	2,823	-19%
Margin	4.2%	3.9%	-	3.8%	-
EBIT	2,000	1,885	6%	2,428	-18%
Margin	3.7%	3.4%	-	3.3%	-

Source: First Berlin Equity Research; Haemato AG

Figure 1: EBITDA and margin developments

Source: First Berlin Equity Research; Haemato AG

ANNUAL RESULT HIGHLIGHTS

Table 2: 2021 results vs prior year and FBe

All figures in EUR '000	2021	2021E	variance	2020	variance	H2/21	H2/20	variance
Revenue	285,043	285,000	0%	238,333	20%	133,518	122,525	9%
Gross profit	30,731	30,700	0%	17,687	74%	13,643	8,682	57%
Margin	10.8%	10.8%	-	7.4%	-	10.2%	7.1%	-
EBITDA	12,591	12,171	3%	3,315	280%	4,651	1,249	272%
Margin	4.4%	4.3%	-	1.4%	-	3.5%	1.0%	-
EBIT	11,161	10,882	3%	1,627	n.a.	3,933	397	891%
Margin	3.9%	3.8%	-	0.7%	-	2.9%	0.3%	-

Source: First Berlin Equity Research; Haemato AG

Audited 2021 results confirmed preliminary numbers and again featured 20% Y/Y growth after two years of revenue declines. The topline included a €220m contribution from the insurance-financed Specialty Pharma operations and €65m from the self-payer Lifestyle & Aesthetics segment. The latter is significant, given the higher associated profitability.

**Table 1: Financial highlights**

All figures in EUR '000	2021	2020	variance
Cash	25,604	7,541	240%
Short-term financial assets	6,131	2,750	123%
Financial debt (short- and long-term)	14,588	18,307	-20%
Net debt / (net cash)	-17,147	8,016	-
Total assets	182,010	169,058	8%
Shareholders' equity	144,726	125,480	15%
Equity ratio	80%	74%	-

Source: First Berlin Equity Research; Haemato AG

Total assets climbed to €182m in 2021, traced mainly to a capital increase. Haemato issued €14.5m in new equity last year to finance operational expansion into self-payer markets including the approval process for a proprietary botulinum toxin. This also helped boost the equity ratio to 80% and gave Haemato a net cash position at YE21.

Table 2: Cash flow developments

All figures in EUR '000	2021	2020	variance
Net operating cash flow	14,054	14,671	-4.2%
Cash flow from investing	-172	-844	n.a.
Cash flow from financing	7,158	-4,492	n.a.
Net cash flows*	18,063	9,335	93%
Free cash flow (FCF)	13,882	13,827	n.a.

*2021 also includes changes in liquid funds from consolidation effects

Source: First Berlin Equity Research; Haemato AG

Free cash flow again topped €13m for the year, thanks to net operating cash flow of €14m. Combined with proceeds from the capital increase, Haemato exited the year with cash of €25.6m and will propose a €1.1 per share dividend at the AGM on 12 July 2022 after distributing a €1.0 per share dividend last year.



VALUATION MODEL

Reiterate Buy rating and €43 target price Thanks to a much leaner staff and streamlined operations, Haemato is much more agile now and better able to cope with macro-headwinds. M1 Kliniken reported continued strong beauty treatment bookings on its recent earnings call, which bodes well for the Lifestyle & Aesthetics business, which supplies the beauty specialist. Haemato will include greater segment reporting in its half-year results.

In EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Sales	263,462	290,144	314,985	339,634	361,822	380,147	395,013	405,434
NOPLAT	6,667	11,254	14,482	17,886	19,809	21,251	21,960	22,031
(+) depreciation & amortisation	1,423	1,219	1,228	1,265	1,348	1,416	1,471	1,510
Net operating cash flow	8,090	12,473	15,710	19,151	21,157	22,667	23,431	23,541
(-) Total investments (CAPEX and WC)	1,382	-4,140	-4,032	-4,118	-3,939	-3,532	-3,182	-2,672
(-) Capital expenditures	-1,251	-943	-1,024	-1,104	-1,176	-1,235	-1,284	-1,318
(-) Working capital	2,634	-3,197	-3,008	-3,015	-2,763	-2,296	-1,898	-1,354
Free cash flows (FCF)	9,472	8,333	11,678	15,033	17,218	19,135	20,250	20,870
PV of FCFs	8,967	7,176	9,149	10,713	11,162	11,284	10,862	10,183

In EUR '000	Terminal EBIT margin							
	5.5%	6.0%	6.5%	7.0%	7.5%	8.0%	8.5%	
PV of FCFs in explicit period	88,967	56.12	60.70	65.27	69.85	74.43	79.00	83.58
(+) PV of FCFs in terminal period	121,789	7.9%	50.92	54.44	57.95	61.46	64.97	68.49
Enterprise value (EV)	210,756	8.9%	41.17	43.95	46.73	49.51	52.28	55.06
(+) Net cash / (-) net debt	15,231	9.9%	36.48	38.73	40.97	43.21	45.46	47.70
(+) Investments / minority interests	0	10.9%	32.82	34.66	36.51	38.35	40.19	42.04
Shareholder value	225,986	11.9%	29.87	31.41	32.94	34.48	36.02	37.55
Fair value per share (€)	43.00	12.9%	27.45	28.75	30.04	31.33	32.62	33.92

	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	14.5%	58.24	61.46	65.27	69.85	75.47	82.52	91.62
Pre-tax cost of debt	5.5%	7.9%	50.16	52.38	54.95	57.95	61.50	65.77
Tax rate	24.0%	8.9%	44.03	45.63	47.44	49.51	51.90	54.70
After-tax cost of debt	4.2%	9.9%	39.22	40.40	41.73	43.21	44.90	46.84
Share of equity capital	56.0%	10.9%	35.36	36.25	37.25	38.35	39.58	40.97
Share of debt capital	44.0%	11.9%	32.19	32.88	33.64	34.48	35.41	36.44
WACC	9.9%	12.9%	29.54	30.09	30.68	31.33	32.04	32.83

*Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Revenues	197,835	238,333	285,043	263,462	290,144	314,985
Cost of goods sold	-184,236	-220,646	-254,312	-234,609	-255,714	-275,755
Gross profit	13,599	17,687	30,731	28,853	34,430	39,230
Personnel expenses	-6,308	-6,845	-7,503	-7,803	-8,193	-8,603
Other OpEx	-6,854	-8,015	-11,050	-11,382	-11,951	-12,548
Other income	1,460	488	458	527	1,741	2,205
EBITDA	1,897	3,315	12,591	10,195	16,027	20,283
Depreciation & amortisation	-1,915	-1,688	-1,474	-1,423	-1,219	-1,228
Operating income (EBIT)	-18	1,627	11,161	8,772	14,808	19,055
Net financial result	-764	-799	-65	-328	0	0
Other financial result	-406	-5,383	-1,740	55	57	60
Pre-tax income (EBT)	-1,188	-4,555	9,356	8,499	14,865	19,115
Income taxes	15	-276	-2,823	-1,848	-3,297	-4,319
Minority interests	0	0	0	0	0	0
Net income / loss	-1,173	-4,831	6,533	6,651	11,568	14,796
Diluted EPS (in €)	-0.51	-2.02	1.32	1.27	2.21	2.83
Ratios						
Gross margin	6.9%	7.4%	10.8%	11.0%	11.9%	12.5%
EBIT margin on revenues	0.0%	0.7%	3.9%	3.3%	5.1%	6.0%
EBITDA margin on revenues	1.0%	1.4%	4.4%	3.9%	5.5%	6.4%
Net margin on revenues	-0.6%	-2.0%	2.3%	2.5%	4.0%	4.7%
Tax rate	1.3%	-6.1%	30.2%	21.7%	22.2%	22.6%
Expenses as % of revenues						
Personnel expenses	3.2%	2.9%	2.6%	3.0%	2.8%	2.7%
Other OpEx	3.5%	3.4%	3.9%	4.3%	4.1%	4.0%
Depreciation & amortisation	1.0%	0.7%	0.5%	0.5%	0.4%	0.4%
Y-Y Growth						
Revenues	-27.8%	20.5%	19.6%	-7.6%	10.1%	8.6%
Operating income	n.m.	n.m.	586.0%	-21.4%	68.8%	28.7%
Net income/ loss	n.m.	n.m.	n.m.	1.8%	73.9%	27.9%



BALANCE SHEET

	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	72,768	60,884	81,070	66,489	73,410	82,329
Cash and equivalents	2,100	7,541	25,604	12,871	15,234	19,844
ST financial assets and securities	2,761	2,750	6,131	6,254	6,379	6,506
Trade receivables	10,944	14,214	14,563	14,436	15,898	17,259
Inventories	55,441	35,119	34,014	32,138	35,029	37,775
Other ST assets	1,522	1,260	758	790	870	945
Non-current assets, total	55,798	108,174	100,940	100,823	100,605	100,461
Property, plant & equipment	2,166	2,103	1,503	1,516	1,531	1,546
Goodwill & other intangibles	38,250	37,980	91,241	91,057	90,766	90,546
Financial assets	15,247	9,864	8,053	8,108	8,165	8,225
Shares in companies	0	58,092	0	0	0	0
Other LT assets	135	135	143	143	143	143
Total assets	128,566	169,058	182,010	167,312	174,016	182,790
Shareholders' equity & debt						
Current liabilities, total	55,530	42,925	37,089	21,296	23,215	25,025
Trade payables	19,622	13,028	12,224	12,855	14,012	15,110
ST debt	28,897	18,307	14,588	0	0	0
Provisions	1,357	1,535	1,048	1,064	1,080	1,096
Other ST financial liabilities	661	152	1,916	790	870	945
Other current liabilities	4,993	9,903	7,313	6,587	7,254	7,875
Long-term liabilities, total	818	653	195	245	258	270
Long-term debt	0	0	0	0	0	0
LT provisions	52	52	60	60	60	60
Deferred tax liabilities	203	60	82	132	145	157
Other non-current liabilities	563	541	53	53	53	53
Shareholders' equity	72,219	125,480	144,726	145,772	150,542	157,494
Total consolidated equity and debt	128,566	169,058	182,010	167,312	174,016	182,790
Ratios						
Current ratio (x)	1.3	1.4	2.2	3.1	3.2	3.3
Quick ratio (x)	0.3	0.6	1.3	1.6	1.7	1.8
Equity ratio	56%	74%	80%	87%	87%	86%
Net debt	24,696	8,168	-15,231	-18,334	-20,742	-25,405
Net debt / EBITDA (x)	13.0	2.5	-1.2	-1.8	-1.3	-1.3
Net gearing	34%	7%	-11%	-13%	-14%	-16%
Return on equity (ROE)	-1.6%	-3.9%	4.5%	4.6%	7.7%	9.4%
Capital employed (CE)	52,595	41,804	40,870	38,065	40,986	43,790
Return on capital employed (ROCE)	0%	4%	27%	23%	36%	44%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Net income	-1,173	-4,831	6,533	6,651	11,568	14,796
Depreciation and amortisation	1,915	1,688	1,430	1,423	1,219	1,228
Change to LT accruals	1,023	728	-512	16	16	16
Change in financial asset valuations	726	5,387	1,861	-55	-57	-60
Asset disposals	0	15	-18	0	0	0
Income from participations	-320	-1	6	0	0	0
Tax result	-19	269	2,823	1,848	3,297	4,319
Net interest expense	745	799	252	328	0	0
Operating cash flow	2,897	4,054	12,375	10,211	16,043	20,300
Change in working capital	-4,714	7,640	2,847	799	-2,516	-2,375
Tax paid	-946	-918	-1,168	-1,848	-3,297	-4,319
Net operating cash flow	-2,763	10,776	14,054	9,162	10,229	13,605
CapEx	-1,029	-849	-293	-1,251	-943	-1,024
Income from investments	320	0	-50	-123	-125	-128
Interest income	8	5	171	0	0	0
Cash flow from investing	-701	-844	-172	-1,374	-1,068	-1,151
Free cash flow (FCF)	-3,465	9,932	13,882	7,788	9,161	12,454
Equity inflow , net	0	0	14,485	0	0	0
Debt inflow , net	3,583	-3,164	-3,566	-14,588	0	0
Financing expenses paid	-714	-777	-396	-328	0	0
Dividend paid to shareholders	-2,285	0	-2,760	-5,605	-6,798	-7,844
Other adjustments	-536	-550	-604	0	0	0
Cash flow from financing	48	-4,491	7,159	-20,521	-6,798	-7,844
Net cash flows	-3,499	5,441	18,063	-12,733	2,363	4,610
Cash, start of the year	5,599	2,100	7,541	25,604	12,871	15,234
Cash, end of the year	2,100	7,541	25,604	12,871	15,234	19,844
EBITDA/share (in €)	0.83	1.39	2.47	1.95	3.06	3.88
Y-Y Growth						
Operating cash flow	n.m.	n.m.	30.4%	-34.8%	11.7%	33.0%
Free cash flow	n.m.	n.m.	39.8%	-43.9%	17.6%	35.9%
EBITDA/share	-81.0%	67.3%	78.0%	-21.1%	57.2%	26.6%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

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The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	27 August 2013	€30.00	Buy	€57.00
2...23	↓	↓	↓	↓
24	7 September 2020	€25.02	Buy	€48.00
25	22 April 2021	€27.70	Buy	€48.00
26	4 June 2021	€28.50	Buy	€49.00
27	8 September 2021	€25.30	Buy	€50.00
28	9 December 2021	€25.30	Buy	€50.00
29	18 January 2022	€24.10	Buy	€50.00
30	24 February 2022	€24.90	Buy	€50.00
31	8 April 2022	€23.00	Buy	€43.00
32	Today	€21.60	Buy	€43.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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