

Haemato AG

Germany / Pharma
 Frankfurt
 Bloomberg: HAEK GR
 ISIN: DE000A289VV1

2022
 Prelims

RATING
BUY

PRICE TARGET
€ 33.00

Return Potential 83.3%
 Risk Rating High

EARNINGS LAND IN GUIDED RANGE

Preliminary figures showed good profitability despite the absence of the corona test business, which boosted 2021 numbers. Results again included a strong contribution from the Lifestyle & Aesthetics (L&A) segment, which helped keep the gross margin north of 8%. Sales of €248m were in line with FBe (€250m), while EBIT (€8.3m) landed within the guided range (€8m to €10m) and narrowly missed FBe (€8.6m). The 2023 guidance calls for sales of €220m to €250m and EBIT of €6m to €8m reflecting the increase in Germany's mandatory pharmaceutical discount from 7% to 12% for 2023. We factored this into our forecasts last month. Haemato brass plan to further expand the high margin L&A segment to buffer against volatility in Specialty Pharma. We stick to our Buy rating and €33 TP.

Lifestyle & Aesthetics (L&A) driving profitability While the insurance-reimbursed Specialty Pharma business faces regulatory headwinds in 2023, the self-payer L&A segment has taken the growth / profitability reins at Haemato. The segment generated 2022 revenue of €43m (2021: €65m), despite the absence of €25m in corona test-kit sales in 2021, and contributed €11.5m in gross profit equal to a 27% margin. Specialty Pharma turnover topped €205m with a 5% gross margin. We expect the business mix to continue to swing towards L&A. Haemato reported a 2022 gross margin of 8.7% vs 10.8% last year. However, we regard the 2020 gross margin (7.4%) as the better comp for the current business structure, since 2021 results were positively skewed by non-recurring antigen test-kit sales.

Clinical trials for private label botox on track The company confirmed that the application for botox clinical trials was submitted to the relevant authority in January 2023. We also note that the audit conducted on the foreign production facility was successfully completed in accordance with EU guidelines last year. Haemato reckons the clinical trials (~500 - 700 patients) will likely kick off in Q2/23 and run around 18 months paving the way for potential EU approval by mid-2025. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	197.84	238.33	285.04	248.12	251.07	291.95
Y-o-y growth	-27.8%	20.5%	19.6%	-13.0%	1.2%	16.3%
EBIT (€m)	-0.02	1.63	11.16	8.34	7.85	13.15
EBIT margin	0.0%	0.7%	3.9%	3.4%	3.1%	4.5%
Net income (€m)	-1.17	-4.83	6.53	8.22	6.16	10.23
EPS (diluted) (€)	-0.51	-2.02	1.32	1.57	1.18	1.96
DPS (€)	0.00	1.00	1.10	1.10	1.20	1.30
FCF (€m)	-3.46	9.93	13.88	10.47	6.11	6.16
Net gearing	34.2%	6.5%	-10.5%	-14.3%	-14.6%	-14.1%
Liquid assets (€m)	4.86	10.29	31.73	21.81	22.29	22.31

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 12 Apr 2023

Closing Price	€ 18.00
Shares outstanding	5.23m
Market Capitalisation	€ 94.13m
52-week Range	€ 13.60 / 23.30
Avg. Volume (12 Months)	1,075

Multiples	2021	2022E	2023E
P/E	13.6	11.4	15.3
EV/Sales	0.3	0.3	0.3
EV/EBIT	7.4	10.0	10.6
Div. Yield	6.1%	6.1%	6.7%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2022

Liquid Assets	€ 16.10m
Current Assets	€ 73.70m
Intangible Assets	€ 91.20m
Total Assets	€ 172.00m
Current Liabilities	€ 26.20m
Shareholders' Equity	€ 145.60m

SHAREHOLDERS

M1 Kliniken AG	68.0%
Free Float	32.0%



2022 PRELIM HIGHLIGHTS

Table 1: 2022P vs FBe and prior year

All figures in EUR '000	2022	2022E	variance	2021	variance
Revenue	248.1	250.1	-1%	285.0	-13%
Gross profit	21.6	26.3	-18%	30.7	-30%
Margin	8.7%	10.5%	-	10.8%	-
EBITDA	9.7	9.8	-1%	12.6	-23%
Margin	3.9%	3.9%	-	4.4%	-
EBIT	8.3	8.6	-3%	11.2	n.a.
Margin	3.3%	3.4%	-	3.9%	-

Source: First Berlin Equity Research; Haemato AG

Sticking to Buy rating and €33 target price The equity ratio increased to 83.3% (YE21: 79.5%) on the back of the 25% Y/Y increase in net income to €8.2m, and Haemato reported €20m in operating cash flow vs €14m in 2021. The company will publish its 2022 annual report on 17 May, and we will fully update our model then.

VALUATION MODEL

In EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Sales	248,115	251,074	291,951	317,759	341,718	359,476	373,714	384,795
NOPLAT	6,335	5,969	9,997	12,955	15,802	17,239	18,087	18,566
(+) depreciation & amortisation	1,350	1,205	1,314	1,589	1,709	1,797	1,869	1,924
Net operating cash flow	7,685	7,174	11,311	14,544	17,511	19,036	19,955	20,490
(-) Total investments (CAPEX and WC)	2,962	-1,164	-6,249	-5,083	-5,042	-4,384	-4,049	-3,722
(-) Capital expenditures	-1,179	-979	-1,139	-1,907	-2,050	-2,157	-2,242	-2,309
(-) Working capital	4,140	-185	-5,111	-3,176	-2,992	-2,228	-1,807	-1,413
Free cash flows (FCF)	10,647	6,010	5,062	9,461	12,469	14,652	15,906	16,768
PV of FCFs	10,647	5,588	4,251	7,177	8,543	9,067	8,890	8,465

In EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
PV of FCFs in explicit period	90,083							
(+) PV of FCFs in terminal period	68,071							
Enterprise value (EV)	158,154							
(+) Net cash / (-) net debt	15,231							
(+) Investments / minority interests	0							
Shareholder value	173,385							
Fair value per share (€)	33.00							

WACC	Terminal EBIT margin							
	4.3%	4.8%	5.3%	5.8%	6.3%	6.8%	7.3%	
7.7%	39.83	43.05	46.26	49.47	52.69	55.90	59.11	
8.7%	34.97	37.45	39.92	42.40	44.88	47.36	49.83	
9.7%	31.31	33.26	35.22	37.17	39.13	41.08	43.04	
10.7%	28.45	30.02	31.59	33.16	34.73	36.30	37.87	
11.7%	26.14	27.42	28.69	29.97	31.25	32.53	33.81	
12.7%	24.23	25.28	26.34	27.39	28.45	29.50	30.55	
13.7%	22.63	23.51	24.38	25.26	26.14	27.01	27.89	

WACC	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
7.7%	43.62	45.28	47.21	49.47	52.17	55.44	59.49	
8.7%	38.40	39.56	40.88	42.40	44.16	46.23	48.70	
9.7%	34.34	35.17	36.11	37.17	38.38	39.77	41.38	
10.7%	31.08	31.70	32.39	33.16	34.02	34.99	36.09	
11.7%	28.42	28.89	29.40	29.97	30.60	31.31	32.09	
12.7%	26.21	26.57	26.96	27.39	27.87	28.39	28.96	
13.7%	24.34	24.62	24.93	25.26	25.62	26.02	26.45	

*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	248,115	251,074	291,951
Cost of goods sold	-184,236	-220,646	-254,312	-226,512	-226,791	-261,721
Gross profit	13,599	17,687	30,731	21,603	24,282	30,231
Personnel expenses	-6,308	-6,845	-7,503	-5,581	-5,637	-5,918
Other OpEx	-6,854	-8,015	-11,050	-9,645	-9,838	-10,428
Other income	1,460	488	458	3,308	251	584
EBITDA	1,897	3,315	12,591	9,686	9,059	14,468
Depreciation & amortisation	-1,915	-1,688	-1,474	-1,350	-1,205	-1,314
Operating income (EBIT)	-18	1,627	11,161	8,336	7,854	13,154
Net financial result	-764	-799	-65	-85	0	0
Other financial result	-406	-5,383	-1,740	2,246	57	60
Pre-tax income (EBT)	-1,188	-4,555	9,356	10,497	7,912	13,215
Income taxes	15	-276	-2,823	-2,275	-1,755	-2,986
Minority interests	0	0	0	0	0	0
Net income / loss	-1,173	-4,831	6,533	8,222	6,157	10,229
Diluted EPS (in €)	-0.51	-2.02	1.32	1.57	1.18	1.96
Ratios						
Gross margin	6.9%	7.4%	10.8%	8.7%	9.7%	10.4%
EBIT margin on revenues	0.0%	0.7%	3.9%	3.4%	3.1%	4.5%
EBITDA margin on revenues	1.0%	1.4%	4.4%	3.9%	3.6%	5.0%
Net margin on revenues	-0.6%	-2.0%	2.3%	3.3%	2.5%	3.5%
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%	2.2%	2.2%	2.0%
Other OpEx	3.5%	3.4%	3.9%	3.9%	3.9%	3.6%
Depreciation & amortisation	1.0%	0.7%	0.5%	0.5%	0.5%	0.5%
Y-Y Growth						
Revenues	-27.8%	20.5%	19.6%	-13.0%	1.2%	16.3%
Operating income	n.m.	n.m.	586.0%	-25.3%	-5.8%	67.5%
Net income/ loss	n.m.	n.m.	n.m.	25.8%	-25.1%	66.1%



BALANCE SHEET

	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	72,768	60,884	81,070	67,180	67,869	75,032
Cash and equivalents	2,100	7,541	25,604	15,557	15,912	15,800
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	13,595	13,757	15,997
Inventories	55,441	35,119	34,014	31,029	31,067	35,852
Other ST assets	1,522	1,260	758	744	753	876
Non-current assets, total	55,798	108,174	100,940	100,823	100,654	100,539
Property, plant & equipment	2,166	2,103	1,503	1,405	1,430	1,460
Goodwill & other intangibles	38,250	37,980	91,241	91,167	90,915	90,711
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	168,002	168,523	175,571
Shareholders' equity & debt						
Current liabilities, total	55,530	42,925	37,089	20,423	20,537	23,611
Trade payables	19,622	13,028	12,224	12,412	12,427	14,341
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	744	753	876
Other current liabilities	4,993	9,903	7,313	6,203	6,277	7,299
Long-term liabilities, total	818	653	195	237	239	259
Long-term debt	0	0	0	0	0	0
LT provisions	52	52	60	60	60	60
Deferred tax liabilities	203	60	82	124	126	146
Other non-current liabilities	563	541	53	53	53	53
Shareholders' equity	72,219	125,480	144,726	147,343	147,747	151,701
Total consolidated equity and debt	128,566	169,058	182,010	168,002	168,523	175,571
Ratios						
Current ratio (x)	1.3	1.4	2.2	3.3	3.3	3.2
Quick ratio (x)	0.3	0.6	1.3	1.8	1.8	1.7
Equity ratio	56%	74%	80%	88%	88%	86%
Net debt	24,696	8,168	-15,231	-21,067	-21,537	-21,431
Net debt / EBITDA (x)	13.0	2.5	-1.2	-2.2	-2.4	-1.5
Net gearing	34%	7%	-11%	-14%	-15%	-14%
Return on equity (ROE)	-1.6%	-3.9%	4.5%	5.6%	4.2%	6.7%
Capital employed (CE)	52,595	41,804	40,870	36,558	36,517	41,452
Return on capital employed (ROCE)	0%	4%	27%	23%	22%	32%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Net income	-1,173	-4,831	6,533	8,222	6,157	10,229
Depreciation and amortisation	1,915	1,688	1,430	1,350	1,205	1,314
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	2,275	1,755	2,986
Net interest expense	745	799	252	85	0	0
Operating cash flow	2,897	4,054	12,375	11,893	9,075	14,484
Change in working capital	-4,714	7,640	2,847	1,914	-110	-4,068
Tax paid	-946	-918	-1,168	-2,275	-1,755	-2,986
Net operating cash flow	-2,763	10,776	14,054	11,532	7,211	7,430
CapEx	-1,029	-849	-293	-1,179	-979	-1,139
Income from investments	320	0	-50	-123	-125	-128
Interest income	8	5	171	243	0	0
Cash flow from investing	-701	-844	-172	-1,058	-1,104	-1,266
Free cash flow (FCF)	-3,465	9,932	13,882	10,475	6,107	6,164
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	-5,752	-6,275
Other adjustments	-536	-550	-604	0	0	0
Cash flow from financing	48	-4,491	7,159	-20,521	-5,752	-6,275
Net cash flows	-3,499	5,441	18,063	-10,046	354	-112
Cash, start of the year	5,599	2,100	7,541	25,604	15,557	15,912
Cash, end of the year	2,100	7,541	25,604	15,557	15,912	15,800
EBITDA/share (in €)	0.83	1.39	2.47	1.85	1.73	2.77
Y-Y Growth						
Operating cash flow	n.m.	n.m.	30.4%	-17.9%	-37.5%	3.0%
Free cash flow	n.m.	n.m.	39.8%	-24.5%	-41.7%	0.9%
EBITDA/share	-81.0%	67.3%	78.0%	-25.0%	-6.5%	59.7%

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Anschrift:

First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

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First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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PRICE TARGET DATES

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

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

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...28	↓	↓	↓	↓
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	2 June 2022	€21.60	Buy	€43.00
33	18 August 2022	€18.95	Buy	€35.00
34	21 September 2022	€16.15	Buy	€35.00
35	24 November 2022	€16.00	Buy	€35.00
36	23 March 2023	€18.30	Buy	€33.00
37	Today	€18.00	Buy	€33.00

INVESTMENT HORIZON

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

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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/>

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