

Haemato AG

Germany / Pharma
 Frankfurt
 Bloomberg: HAEK GR
 ISIN: DE000A289VV1

Q1/23 KPIs

RATING	BUY
PRICE TARGET	€ 34.00
Return Potential	45.3%
Risk Rating	High

GOOD START TO 2023

Haemato kicked off the year with a strong Q1 that has the company tracking ahead of our full year targets. Sales were up 25% Y/Y, while profitability was even stronger with EBITDA showing a 57% Y/Y increase. The good Q1 earnings performance is traced to the expanding self-payer Lifestyle & Aesthetics (L&A) business with Specialty Pharma operations facing regulatory headwinds in 2023. Meanwhile, full year audited figures confirmed preliminary results, and Haemato will propose a €1.2 per share dividend at the AGM on 18 July. We have upped 2023 FBe on the Q1 outperformance and remain Buy-rated on Haemato with a €34 price target (old: €33).

Q1 results encouraging The company racked up €68m (+25%) in sales for the January-to-March period. Earnings grew even more strongly. Haemato reported EBITDA of €3.7m equal to a 5.2% margin, which is 100 basis points better than the best quarter in 2022 (figure 1 overleaf). This high level of profitability suggests that business mix is leaning even further towards the L&A segment than we had considered in our projections so far. EBIT increased 74% on the prior year period to €3.4m (overleaf).

Other takeaways Haemato reiterated that preparations for the approval of its proprietary botulinum toxin are on track and that the application for clinical trials was submitted to the relevant authority in January 2023. We stick to our timeline of a 2025 approval. The company is in a strong financial position with cash of some €24m at YE22, which will comfortably cover clinical trial costs. We think investors should be cheered by the strong Q1 performance and take confidence in the fact that the L&A business now has the critical mass to offset volatility in the Special Pharma segment that will be hampered by regulatory headwinds throughout 2023. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022	2023E	2024E
Revenue (€m)	197.84	238.33	285.04	248.14	260.19	273.29
Y-o-y growth	-27.8%	20.5%	19.6%	-12.9%	4.9%	5.0%
EBIT (€m)	-0.02	1.63	11.16	8.30	10.25	13.09
EBIT margin	0.0%	0.7%	3.9%	3.3%	3.9%	4.8%
Net income (€m)	-1.17	-4.83	6.53	8.19	7.97	10.18
EPS (diluted) (€)	-0.51	-2.02	1.28	1.57	1.52	1.95
DPS (€)	0.00	1.00	1.10	1.20	1.20	1.30
FCF (€m)	-3.46	9.93	13.88	17.12	4.62	9.17
Net gearing	34.2%	6.5%	-10.5%	-16.9%	-15.6%	-17.1%
Liquid assets (€m)	4.86	10.29	31.73	27.51	23.19	26.17

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.

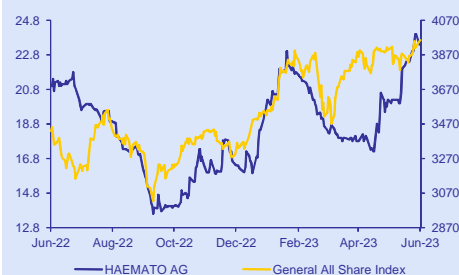
MARKET DATA

As of 20 Jun 2023

Closing Price	€ 23.40
Shares outstanding	5.23m
Market Capitalisation	€ 122.37m
52-week Range	€ 13.60 / 24.00
Avg. Volume (12 Months)	1,210

Multiples	2022	2023E	2024E
P/E	14.9	15.3	12.0
EV/Sales	0.4	0.4	0.4
EV/EBIT	12.2	9.9	7.7
Div. Yield	5.1%	5.1%	5.6%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2022

Liquid Assets	€ 23.80m
Current Assets	€ 69.30m
Intangible Assets	€ 91.20m
Total Assets	€ 176.60m
Current Liabilities	€ 26.80m
Shareholders' Equity	€ 147.20m

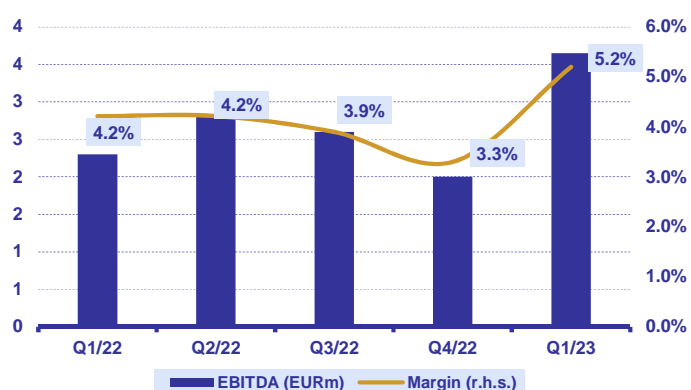
SHAREHOLDERS

M1 Kliniken AG	68.0%
Free Float	32.0%

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

All figures in EUR '000	Q1/22	Q1/21E	variance	Q1/21	variance
Revenue	68.4	62.8	9%	54.4	26%
EBITDA	3.6	2.8	28%	2.3	57%
Margin	5.3%	4.5%	-	4.2%	-
EBIT	3.4	2.7	27%	2.0	74%
Margin	5.0%	4.3%	-	3.6%	-

Source: First Berlin Equity Research; Haemato AG

Figure 1: EBITDA developments

Source: First Berlin Equity Research; Haemato AG

ANNUAL RESULT HIGHLIGHTS

Table 2: 2022 results vs prior year and FBe

All figures in EURm	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

Audited 2022 results confirmed preliminary numbers. The topline included a €205m contribution from the insurance-financed Specialty Pharma operations and €43m from the self-payer Lifestyle & Aesthetics segment. The latter is significant, given its higher margin.

Haemato reported a 2022 gross margin (GM) 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. The GM performance was again led by L&A with 27%, while Specialty Pharma notched a 5% GM for the year.

**Table 1: Financial highlights**

All figures in EURm	2022	2021	variance
Cash	23.8	25.6	-7%
Short-term financial assets	3.7	6.1	-39%
Financial debt (short- and long-term)	2.7	14.6	-82%
Net debt / (net cash)	-24.8	-17.1	-
Total assets	176.6	182.0	-3%
Shareholders' equity	147.2	144.7	2%
Equity ratio	83%	80%	-

Source: First Berlin Equity Research; Haemato AG

Equity ratio improves to 83% The company exited 2022 in a strong financial position with cash of some €23m and a net cash position close to €25m (including liquid financial assets). Working capital management has also improved with better control over inventory.

Table 2: Cash flow developments

All figures in EURm	2022	2021	variance
Net operating cash flow	19.7	14.1	39.7%
Cash flow from investing	-2.6	-0.2	n.a.
Cash flow from financing	-18.9	7.2	n.a.
Net cash flow s*	-1.8	18.1	n.a.
Free cash flow (FCF)	17.1	13.9	n.a.

Source: First Berlin Equity Research; Haemato AG

Free cash flow topped €17m for the year, thanks to net operating cash flow of €20m. Financial cash flow was €-19m on the sharp reduction in financial debt and the dividend payout to shareholders. Haemato exited the year with cash of €24m and will propose a €1.2 per share dividend at the AGM on 18 July 2022 after distributing a €1.1 per share dividend last year (+9%).



VALUATION MODEL

Table 3: Changes to FBe and target price

	old	new	revision	upside	dividend yield	total return
Price target (€)	33	34	3.0%	45.3%	5.1%	50.4%
All figures in € '000	old	2023E new	revision	old	2024E new	revision
Revenue	251,071	260,188	3.6%	290,731	273,288	-6.0%
Gross profit	22,883	24,282	6.1%	27,518	26,910	-2.2%
Margin (%)	9.1%	9.3%	-	9.5%	9.8%	-
EBIT	8,867	10,248	15.6%	13,213	13,087	-1.0%
Margin (%)	3.5%	3.9%	-	4.5%	4.8%	-

Source: First Berlin Equity Research estimates

Q1 figures overshot our estimates. We have thus bumped up this year's targets to reflect the growing contribution of the higher margin L&A business. We also now expect the Specialty Pharma operations to remain stable next year and have dialled down previously expected 2024 growth for the segment. These factors result in higher operating margin for next year but on a lower topline. We remain Buy-rated on Haemato with a €34 TP (old: €33).

Table 4: DCF model

In EUR '000		2023E	2024E	2025E	2026E	2027E	2028E	2029E			
Sales		260,188	273,288	296,897	319,698	337,976	351,314	361,682	371,823		
NOPLAT		7,789	9,946	12,796	15,113	16,887	17,732	18,253	18,703		
(+) depreciation & amortisation		1,301	1,202	1,106	1,191	1,259	1,309	1,347	1,385		
Net operating cash flow		9,090	11,149	13,902	16,304	18,146	19,041	19,600	20,088		
(-) Total investments (CAPEX and WC)		-9,252	-2,409	-3,772	-3,768	-3,285	-2,771	-2,445	-2,419		
(-) Capital expenditures		-937	-888	-965	-1,039	-1,098	-1,142	-1,175	-1,171		
(-) Working capital		-8,316	-1,521	-2,807	-2,729	-2,187	-1,629	-1,269	-1,248		
Free cash flows (FCF)		-163	8,739	10,130	12,536	14,860	16,270	17,156	17,670		
PV of FCFs		-154	7,491	7,848	8,779	9,407	9,310	8,873	8,260		
					Terminal EBIT margin						
In EUR '000					4.7%	5.2%	5.7%	6.2%	6.7%	7.2%	7.7%
PV of FCFs in explicit period	80,737	7.6%	42.57	45.71	48.84	51.97	55.11	58.24	61.37		
(+) PV of FCFs in terminal period	74,153	8.6%	37.08	39.49	41.91	44.32	46.73	49.15	51.56		
Enterprise value (EV)	154,890	9.6%	32.97	34.88	36.78	38.68	40.59	42.49	44.40		
(+) Net cash / (-) net debt	24,831	10.6%	29.78	31.31	32.84	34.37	35.90	37.43	38.96		
(+) Investments / minority interests	0	11.6%	27.21	28.46	29.71	30.96	32.20	33.45	34.70		
Shareholder value	179,721	12.6%	25.11	26.14	27.17	28.20	29.22	30.25	31.28		
Fair value per share (€)	34.00	13.6%	23.35	24.20	25.06	25.92	26.77	27.63	28.49		
					Terminal growth rate						
Cost of equity	15.7%	7.6%	45.53	47.35	49.47	51.97	54.96	58.59	63.09		
Pre-tax cost of debt	5.5%	8.6%	39.93	41.20	42.65	44.32	46.26	48.55	51.28		
Tax rate	24.0%	9.6%	35.57	36.49	37.52	38.68	40.01	41.55	43.33		
After-tax cost of debt	4.2%	10.6%	32.09	32.77	33.53	34.37	35.31	36.38	37.60		
Share of equity capital	56.0%	11.6%	29.25	29.77	30.33	30.96	31.65	32.42	33.29		
Share of debt capital	44.0%	12.6%	26.89	27.29	27.72	28.20	28.72	29.29	29.93		
WACC	10.6%	13.6%	24.91	25.22	25.55	25.92	26.31	26.75	27.23		

*Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2019	2020	2021	2022	2023E	2024E
Revenues	197,835	238,333	285,043	248,142	260,188	273,288
Cost of goods sold	-184,236	-220,646	-254,312	-226,534	-235,906	-246,378
Gross profit	13,599	17,687	30,731	21,608	24,282	26,910
Personnel expenses	-6,308	-6,845	-7,503	-4,942	-5,139	-5,319
Other OpEx	-6,854	-8,015	-11,050	-7,938	-8,374	-8,667
Other income	1,460	488	458	932	781	1,366
EBITDA	1,897	3,315	12,591	9,661	11,549	14,290
Depreciation & amortisation	-1,915	-1,688	-1,474	-1,365	-1,301	-1,202
Operating income (EBIT)	-18	1,627	11,161	8,295	10,248	13,087
Net financial result	-764	-799	-65	273	-60	0
Other financial result	-406	-5,383	-1,740	1,916	57	60
Pre-tax income (EBT)	-1,188	-4,555	9,356	10,484	10,245	13,147
Income taxes	15	-276	-2,823	-2,292	-2,272	-2,971
Minority interests	0	0	0	0	0	0
Net income / loss	-1,173	-4,831	6,533	8,192	7,973	10,177
Diluted EPS (in €)	-0.51	-2.02	1.28	1.57	1.52	1.95
Ratios						
Gross margin	6.9%	7.4%	10.8%	8.7%	9.3%	9.8%
EBIT margin on revenues	0.0%	0.7%	3.9%	3.3%	3.9%	4.8%
EBITDA margin on revenues	1.0%	1.4%	4.4%	3.9%	4.4%	5.2%
Net margin on revenues	-0.6%	-2.0%	2.3%	3.3%	3.1%	3.7%
Tax rate	1.3%	-6.1%	30.2%	21.9%	22.2%	22.6%
Expenses as % of revenues						
Personnel expenses	3.2%	2.9%	2.6%	2.0%	2.0%	1.9%
Other OpEx	3.5%	3.4%	3.9%	3.2%	3.2%	3.2%
Depreciation & amortisation	1.0%	0.7%	0.5%	0.6%	0.5%	0.4%
Y-Y Growth						
Revenues	-27.8%	20.5%	19.6%	-12.9%	4.9%	5.0%
Operating income	n.m.	n.m.	586.0%	-25.7%	23.5%	27.7%
Net income/ loss	n.m.	n.m.	n.m.	25.4%	-2.7%	27.6%



BALANCE SHEET

	2019	2020	2021	2022	2023E	2024E
Assets						
Current assets, total	72,768	60,884	81,070	69,268	69,253	74,363
Cash and equivalents	2,100	7,541	25,604	23,810	19,416	22,316
ST financial assets and securities	2,761	2,750	6,131	3,703	3,777	3,852
Trade receivables	10,944	14,214	14,563	12,615	14,257	14,975
Inventories	55,441	35,119	34,014	26,147	31,023	32,400
Other ST assets	1,522	1,260	758	2,994	781	820
Non-current assets, total	55,798	108,174	100,940	107,301	102,931	102,677
Property, plant & equipment	2,166	2,103	1,503	3,741	3,767	3,780
Goodwill & other intangibles	38,250	37,980	91,241	91,247	90,856	90,528
Financial assets	15,247	9,864	8,053	12,171	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	176,569	172,184	177,039
Shareholders' equity & debt						
Current liabilities, total	55,530	42,925	37,089	26,773	20,669	21,617
Trade payables	19,622	13,028	12,224	14,724	12,926	13,500
ST debt	28,897	18,307	14,588	2,682	0	0
Provisions	1,357	1,535	1,048	451	458	465
Other ST financial liabilities	661	152	1,916	2,282	781	820
Other current liabilities	4,993	9,903	7,313	6,634	6,505	6,832
Long-term liabilities, total	818	653	195	2,628	2,648	2,655
Long-term debt	0	0	0	0	0	0
LT provisions	52	52	60	54	54	54
Deferred tax liabilities	203	60	82	110	130	137
Other non-current liabilities	563	541	53	2,464	2,464	2,464
Shareholders' equity	72,219	125,480	144,726	147,168	148,867	152,768
Total consolidated equity and debt	128,566	169,058	182,010	176,569	172,184	177,039
Ratios						
Current ratio (x)	1.3	1.4	2.2	2.6	3.4	3.4
Quick ratio (x)	0.3	0.6	1.3	1.6	1.8	1.9
Equity ratio	56%	74%	80%	83%	86%	86%
Net debt	24,696	8,168	-15,231	-24,831	-23,193	-26,168
Net debt / EBITDA (x)	13.0	2.5	-1.2	-2.6	-2.0	-1.8
Net gearing	34%	7%	-11%	-17%	-16%	-17%
Return on equity (ROE)	-1.6%	-3.9%	4.5%	5.6%	5.4%	6.7%
Capital employed (CE)	52,595	41,804	40,870	30,798	38,750	39,956
Return on capital employed (ROCE)	0%	4%	27%	27%	26%	33%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022	2023E	2024E
Net income	-1,173	-4,831	6,533	8,192	7,973	10,177
Depreciation and amortisation	1,915	1,688	1,430	1,365	1,301	1,202
Change to LT accruals	1,023	728	-512	-597	7	7
Change in financial asset valuations	726	5,387	1,861	-1,910	4,006	-60
Asset disposals	0	15	-18	118	0	0
Income from participations	-320	-1	6	-12	0	0
Tax result	-19	269	2,823	2,292	2,272	2,971
Net interest expense	745	799	252	-261	60	0
Operating cash flow	2,897	4,054	12,375	9,188	15,619	14,296
Change in working capital	-4,714	7,640	2,847	12,344	-7,713	-1,187
Tax paid	-946	-918	-1,168	-1,803	-2,272	-2,971
Net operating cash flow	-2,763	10,776	14,054	19,729	5,634	10,139
CapEx	-1,029	-849	-293	-1,025	-937	-888
Income from investments	320	0	-50	-2,201	-74	-76
Interest income	8	5	171	618	0	0
Cash flow from investing	-701	-844	-172	-2,608	-1,011	-964
Free cash flow (FCF)	-3,465	9,932	13,882	17,121	4,623	9,175
Equity inflow , net	0	0	14,485	0	0	0
Debt inflow , net	3,583	-3,164	-3,566	-12,155	-2,682	0
Financing expenses paid	-714	-777	-396	-320	-60	0
Dividend paid to shareholders	-2,285	0	-2,760	-5,750	-6,275	-6,275
Other adjustments	-536	-550	-604	-690	0	0
Cash flow from financing	48	-4,491	7,159	-18,915	-9,017	-6,275
Net cash flows	-3,499	5,441	18,063	-1,794	-4,394	2,900
Cash, start of the year	5,599	2,100	7,541	25,604	23,810	19,416
Cash, end of the year	2,100	7,541	25,604	23,810	19,416	22,316
EBITDA/share (in €)	0.83	1.39	2.47	1.85	2.21	2.73
Y-Y Growth						
Operating cash flow	n.m.	n.m.	30.4%	40.4%	-71.4%	80.0%
Free cash flow	n.m.	n.m.	39.8%	23.3%	-73.0%	98.5%
EBITDA/share	-81.0%	67.3%	78.0%	-25.2%	19.6%	23.7%

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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...29	↓	↓	↓	↓
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	13 April 2023	€18.00	Buy	€33.00
38	Today	€23.40	Buy	€34.00

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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