

Haemato AG

Germany / Pharma
 Frankfurt
 Bloomberg: HAEK GR
 ISIN: DE000A289VV1

Q3 / 22
 KPIs

RATING
BUY

PRICE TARGET
€ 35.00

Return Potential 118.8%
 Risk Rating High

ANOTHER QUARTER OF STABLE PROFITABILITY

Third quarter KPIs extended Haemato's streak of improved profitability sparked by the shift towards Lifestyle & Aesthetics (L&A) business alongside less emphasis on the high volume Specialty Pharma activities. The company's EBIT margin again topped 3.4% for Q3. EBIT margin volatility has often been the rub with Haemato, but quarterly results have been noticeably more consistent in 2022. We trace this to the streamlined business activities and more efficient cost structure after optimising the company's headcount and systems. Management confirmed 2022 guidance calling for EBIT of €8m to €10m (FBe: €8.7m). The targets look achievable, given the YTD monthly revenue run-rate (~€21m) and margin performance. Our rating remains Buy with a €35 target price.

Q3 continues EBIT margin streak of >3% Stripping out the €25m in test-kit sales booked in 9M/21 (€217m), 9M/22 revenues of €188m were only 1.8% off last year's pace. But compared to 9M/20, sales rose 7%. Q3 turnover showed a 3% Y/Y increase to €67m (table 1 overleaf) and just eclipsed FBe. The company reported a nine month EBIT margin of 3.6% vs 1.0% in 9M/20, which is a better comp for the current business than the 4.0% margin notched in 9M/21 on the back of test kit sales. The KPI was 3.4% on a quarterly basis. The L&A segment continues to drive profitability. The company said the Q3 business mix was similar to H1 when the self-payer L&A segment contributed some 20% to the overall topline.

Approval process for branded botulinum toxin moving forward The company also noted that the audit conducted on the foreign production facility was successfully completed in accordance with EU guidelines and that the certificate from the German regulator is expected early next year. These steps pave the way for clinical trials to commence in 2023. We reckon the trials will cover 500 - 700 patients and run around 18 months setting up 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	250.11	273.09	297.42
Y-o-y growth	-27.8%	20.5%	19.6%	-12.3%	9.2%	8.9%
EBIT (€m)	-0.02	1.63	11.16	8.61	11.03	14.59
EBIT margin	0.0%	0.7%	3.9%	3.4%	4.0%	4.9%
Net income (€m)	-1.17	-4.83	6.53	4.69	8.63	11.34
EPS (diluted) (€)	-0.51	-2.02	1.32	0.90	1.65	2.17
DPS (€)	0.00	1.00	1.10	1.10	1.20	1.30
FCF (€m)	-3.46	9.93	13.88	6.90	6.38	8.98
Net gearing	34.2%	6.5%	-10.5%	-12.2%	-12.4%	-13.8%
Liquid assets (€m)	4.86	10.29	31.73	18.23	18.99	21.82

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 23 Nov 2022

Closing Price	€ 16.00
Shares outstanding	5.23m
Market Capitalisation	€ 83.67m
52-week Range	€ 13.60 / 27.70
Avg. Volume (12 Months)	1,293

Multiples	2021	2022E	2023E
P/E	12.1	17.8	9.7
EV/Sales	0.3	0.3	0.3
EV/EBIT	6.5	8.4	6.6
Div. Yield	6.9%	6.9%	7.5%

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%

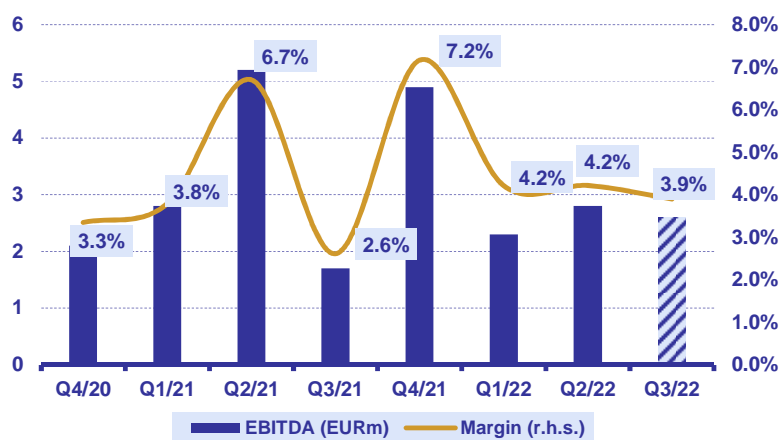


Table 1: Third quarter KPIs vs FBe and prior year

All figures in EURm	Q3/22	Q3/22E	variance	Q3/21	variance	9M/22	9M/21	variance
Revenue	67.2	65.0	3%	65.1	3%	188.2	216.6	-13%
EBITDA	2.6	2.5	4%	1.7	53%	7.7	9.7	-21%
Margin	3.9%	3.9%	-	2.6%	-	4.1%	4.5%	-
EBIT	2.3	2.2	4%	1.4	64%	6.7	8.6	-22%
Margin	3.4%	3.4%	-	2.2%	-	3.6%	4.0%	-

Source: First Berlin Equity Research; Haemato AG

Figure 1: EBITDA developments



Source: First Berlin Equity Research; Haemato AG



VALUATION MODEL

Haemato is on pace to hit 2022 FBe based on the monthly revenue run-rate of ~€21m. Our rating remains Buy with a €35 target price.

In EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Sales	250,108	273,085	297,421	320,341	341,671	359,269	373,435	384,443
NOPLAT	6,543	8,384	11,087	13,675	15,443	16,887	17,724	18,170
(+) depreciation & amortisation	1,150	1,147	1,160	1,193	1,273	1,338	1,391	1,432
Net operating cash flow	7,693	9,531	12,247	14,869	16,716	18,225	19,115	19,602
(-) Total investments (CAPEX and WC)	3,063	-3,816	-3,965	-3,892	-3,789	-3,368	-3,007	-2,650
(-) Capital expenditures	-1,188	-888	-967	-1,041	-1,110	-1,168	-1,214	-1,249
(-) Working capital	4,251	-2,928	-2,998	-2,851	-2,679	-2,200	-1,793	-1,400
Free cash flows (FCF)	10,756	5,715	8,282	10,977	12,927	14,858	16,108	16,953
PV of FCFs	10,655	5,144	6,775	8,159	8,731	9,118	8,983	8,591

In EUR '000		4.1%	4.6%	5.1%	5.6%	6.1%	6.6%	7.1%
PV of FCFs in explicit period	94,352	44.11	47.89	51.67	55.45	59.24	63.02	66.80
(+) PV of FCFs in terminal period	76,012	38.05	40.89	43.74	46.59	49.43	52.28	55.13
Enterprise value (EV)	170,364	33.63	35.83	38.04	40.25	42.45	44.66	46.86
(+) Net cash / (-) net debt	15,231	30.25	32.00	33.74	35.49	37.24	38.98	40.73
(+) Investments / minority interests	0	27.58	28.98	30.39	31.79	33.20	34.60	36.01
Shareholder value	185,595	25.40	26.55	27.69	28.84	29.98	31.13	32.27
Fair value per share (€)	35.00	23.60	24.54	25.48	26.43	27.37	28.31	29.26

		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	14.7%	47.88	49.99	52.48	55.45	59.09	63.62	69.42
Pre-tax cost of debt	5.5%	41.60	43.02	44.67	46.59	48.85	51.56	54.87
Tax rate	24.0%	36.80	37.81	38.95	40.25	41.75	43.49	45.56
After-tax cost of debt	4.2%	33.03	33.76	34.57	35.49	36.53	37.72	39.08
Share of equity capital	56.0%	29.98	30.53	31.13	31.79	32.54	33.38	34.32
Share of debt capital	44.0%	27.48	27.89	28.34	28.84	29.39	30.00	30.68
WACC	10.0%	25.39	25.70	26.05	26.43	26.84	27.29	27.79

*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	250,108	273,085	297,421
Cost of goods sold	-184,236	-220,646	-254,312	-223,832	-244,138	-264,395
Gross profit	13,599	17,687	30,731	26,275	28,947	33,026
Personnel expenses	-6,308	-6,845	-7,503	-6,540	-6,474	-6,798
Other OpEx	-6,854	-8,015	-11,050	-10,534	-11,114	-11,669
Other income	1,460	488	458	558	819	1,190
EBITDA	1,897	3,315	12,591	9,759	12,178	15,749
Depreciation & amortisation	-1,915	-1,688	-1,474	-1,150	-1,147	-1,160
Operating income (EBIT)	-18	1,627	11,161	8,609	11,031	14,589
Net financial result	-764	-799	-65	-85	0	0
Other financial result	-406	-5,383	-1,740	-2,454	57	60
Pre-tax income (EBT)	-1,188	-4,555	9,356	6,070	11,089	14,649
Income taxes	15	-276	-2,823	-1,377	-2,459	-3,310
Minority interests	0	0	0	0	0	0
Net income / loss	-1,173	-4,831	6,533	4,693	8,629	11,339
Diluted EPS (in €)	-0.51	-2.02	1.32	0.90	1.65	2.17
Ratios						
Gross margin	6.9%	7.4%	10.8%	10.5%	10.6%	11.1%
EBIT margin on revenues	0.0%	0.7%	3.9%	3.4%	4.0%	4.9%
EBITDA margin on revenues	1.0%	1.4%	4.4%	3.9%	4.5%	5.3%
Net margin on revenues	-0.6%	-2.0%	2.3%	1.9%	3.2%	3.8%
Tax rate	1.3%	-6.1%	30.2%	22.7%	22.2%	22.6%
Expenses as % of revenues						
Personnel expenses	3.2%	2.9%	2.6%	2.6%	2.4%	2.3%
Other OpEx	3.5%	3.4%	3.9%	4.2%	4.1%	3.9%
Depreciation & amortisation	1.0%	0.7%	0.5%	0.5%	0.4%	0.4%
Y-Y Growth						
Revenues	-27.8%	20.5%	19.6%	-12.3%	9.2%	8.9%
Operating income	n.m.	n.m.	586.0%	-22.9%	28.1%	32.2%
Net income/ loss	n.m.	n.m.	n.m.	-28.2%	83.9%	31.4%



BALANCE SHEET

	2019	2020	2021	2022E	2023E	2024E
Assets						
Current assets, total	72,768	60,884	81,070	63,351	68,214	75,230
Cash and equivalents	2,100	7,541	25,604	11,981	12,609	15,316
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	13,705	14,964	16,297
Inventories	55,441	35,119	34,014	30,662	33,444	36,218
Other ST assets	1,522	1,260	758	750	819	892
Non-current assets, total	55,798	108,174	100,940	101,032	100,830	100,697
Property, plant & equipment	2,166	2,103	1,503	1,615	1,629	1,644
Goodwill & other intangibles	38,250	37,980	91,241	91,166	90,893	90,685
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	164,384	169,044	175,927
Shareholders' equity & debt						
Current liabilities, total	55,530	42,925	37,089	20,332	22,104	23,911
Trade payables	19,622	13,028	12,224	12,265	13,377	14,487
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	750	819	892
Other current liabilities	4,993	9,903	7,313	6,253	6,827	7,436
Long-term liabilities, total	818	653	195	238	250	262
Long-term debt	0	0	0	0	0	0
LT provisions	52	52	60	60	60	60
Deferred tax liabilities	203	60	82	125	137	149
Other non-current liabilities	563	541	53	53	53	53
Shareholders' equity	72,219	125,480	144,726	143,814	146,691	151,755
Total consolidated equity and debt	128,566	169,058	182,010	164,384	169,044	175,927
Ratios						
Current ratio (x)	1.3	1.4	2.2	3.1	3.1	3.1
Quick ratio (x)	0.3	0.6	1.3	1.6	1.6	1.6
Equity ratio	56%	74%	80%	87%	87%	86%
Net debt	24,696	8,168	-15,231	-17,484	-18,168	-20,930
Net debt / EBITDA (x)	13.0	2.5	-1.2	-1.8	-1.5	-1.3
Net gearing	34%	7%	-11%	-12%	-12%	-14%
Return on equity (ROE)	-1.6%	-3.9%	4.5%	3.3%	5.9%	7.5%
Capital employed (CE)	52,595	41,804	40,870	36,656	39,325	42,130
Return on capital employed (ROCE)	0%	4%	27%	23%	28%	35%



CASH FLOW STATEMENT

All figures in EUR '000	2019	2020	2021	2022E	2023E	2024E
Net income	-1,173	-4,831	6,533	4,693	8,629	11,339
Depreciation and amortisation	1,915	1,688	1,430	1,150	1,147	1,160
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	1,377	2,459	3,310
Net interest expense	745	799	252	85	0	0
Operating cash flow	2,897	4,054	12,375	7,266	12,194	15,765
Change in working capital	-4,714	7,640	2,847	2,076	-2,342	-2,378
Tax paid	-946	-918	-1,168	-1,377	-2,459	-3,310
Net operating cash flow	-2,763	10,776	14,054	7,965	7,393	10,077
CapEx	-1,029	-849	-293	-1,188	-888	-967
Income from investments	320	0	-50	-123	-125	-128
Interest income	8	5	171	243	0	0
Cash flow from investing	-701	-844	-172	-1,067	-1,013	-1,094
Free cash flow (FCF)	-3,465	9,932	13,882	6,898	6,380	8,983
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	-13,623	628	2,707
Cash, start of the year	5,599	2,100	7,541	25,604	11,981	12,609
Cash, end of the year	2,100	7,541	25,604	11,981	12,609	15,316
EBITDA/share (in €)	0.83	1.39	2.47	1.87	2.33	3.01
Y-Y Growth						
Operating cash flow	n.m.	n.m.	30.4%	-43.3%	-7.2%	36.3%
Free cash flow	n.m.	n.m.	39.8%	-50.3%	-7.5%	40.8%
EBITDA/share	-81.0%	67.3%	78.0%	-24.5%	24.8%	29.3%

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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

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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...26	↓	↓	↓	↓
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	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	Today	€16.00	Buy	€35.00

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

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