APONTIS PHARMA AG

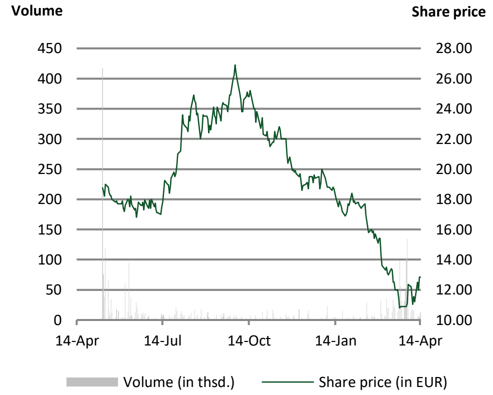
Recommendation:	**Buy**
Price target:	**26.00 Euro**
Upside potential:	**+102 percent**

Share data

Share price	12.85 Euro (XETRA)
Number of shares (in m)	8.50
Market cap. (in EUR m)	109.2
Enterprise Value (in EUR m)	81.8
Code	APPH
ISIN	DE000A3CMGM5

Performance

52 week high (in EUR)	27.80
52 week low (in EUR)	10.70
3 M relative to CDAX	-15.2%
6 M relative to CDAX	-32.7%



Source: Capital IQ

Shareholder

Free float	56.0%
Paragon Fund II	37.0%
Management	7.0%

Calendar

Q1 results	11 May 2022
AGM	12 May 2022

Changes in estimates

	2022e	2023e	2024e
Sales (old)	**56.0**	**56.3**	**67.4**
Δ in %	-	-	-
EBIT (old)	**3.8**	**4.6**	**9.9**
Δ in %	-	-	-
EPS (old)	**0.25**	**0.33**	**0.78**
Δ in %	-	-	-

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Optimal combination – Strong growth and high profitability

APONTIS PHARMA is a **German pharma company** specializing in so-called Single Pills. A **Single Pill** combines two to three off-patent active ingredients in just one single preparation. The advantage of a Single Pill lies in a proven, **much higher adherence to therapy**, which is assumed to reduce hospitalization days caused by e.g. heart attacks or strokes and eventually also mortality.

The current product portfolio of APONTIS includes seven Single Pills, most of which are prescribed for the treatment of cardiovascular diseases such as high blood pressure. In the last fiscal year, **as much as 270,000 patients were treated** with these Single Pills (PY: 174,000). The addressable market for APONTIS seems to be huge in this sector alone, considering that some 35 million people in Germany suffer from high blood pressure according to Robert-Koch-Institut. To fully exploit this growth potential the company must convince customers of the advantages of a Single Pill therapy. As such, **the key to success is sales and marketing**, respectively the contact to the decision-makers. It is precisely here, where APONTIS is already excellently positioned and differentiates itself from competition. By focusing on Single Pills, the company has an **outstanding competitive position**, in our view, with roughly 130 sales representatives and contacts to approx. 23,000 physicians. Furthermore, barriers to market entry are high due to time-intensive approval processes (3.5-5 years) as well as a 10-year data exclusivity.

Last year's IPO resulted in a cash inflow of some EUR 38m, which is the foundation for a portfolio expansion and thus also for the growth expected over the next few years. Momentum should also be driven by the **promising product pipeline** which holds out the prospect of over 20 Single Pills by 2026. We assume that APONTIS will grow to a **sales level of EUR 67.4m** in 2024 (CAGR 2020-2024e: +14.5%). This growth should also have a significant impact on the bottom line because of product mix effects and operating leverage, which should lead to a **mid-term EBITDA margin in excess of 20%** (2025: 24.7%).

The price development since the IPO does not reflect the company's operational success and promising prospects. We primarily attribute the price decline (YTD: -36.4%) to the general market weakness and the guidance which slightly lags behind market expectations. Our DCF model yields a **fair value of EUR 26.00 per APONTIS share**. New momentum for the shares should be driven by positive news flow on the launch of new Single Pills which we expect in Q2. The current price level is seen as an **attractive opportunity to buy**, especially for investors with a long-term perspective.

Conclusion: We believe that APONTIS has a strong competitive position in a structurally growing market. The mid-term prospects, in particular, are in no way reflected by the share price. We take up coverage of APONTIS with a buy recommendation and a price target of EUR 26.00.

FYend: 31.12.	2020	2021	2022p	2023e	2024e
Sales	39.2	51.2	56.0	56.3	67.4
Growth yoy	-2.0%	30.4%	9.4%	0.6%	19.7%
EBITDA	1.0	2.4	5.5	6.7	12.4
EBIT	-0.6	0.7	3.8	4.6	9.9
Net income	-1.2	-0.7	2.2	2.8	6.7
Gross profit margin	63.8%	66.0%	66.3%	67.6%	68.7%
EBITDA margin	2.7%	4.7%	9.9%	11.9%	18.4%
EBIT margin	-1.6%	1.3%	6.7%	8.1%	14.7%
Net Debt	8.2	-27.4	-24.4	-22.0	-23.7
Net Debt/EBITDA	7.9	-11.4	-4.4	-3.3	-1.9
ROCE	-5.1%	5.2%	23.6%	21.8%	38.0%
EPS	-0.18	-0.09	0.25	0.33	0.78
FCF per share	0.11	0.21	-0.35	-0.26	0.21
Dividend	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	2.1	1.6	1.5	1.5	1.2
EV/EBITDA	78.6	34.1	14.8	12.2	6.6
EV/EBIT	n.m.	125.7	21.8	17.8	8.2
P/E	n.m.	n.m.	51.4	38.9	16.5
P/B	31.6	2.7	2.5	2.4	2.1

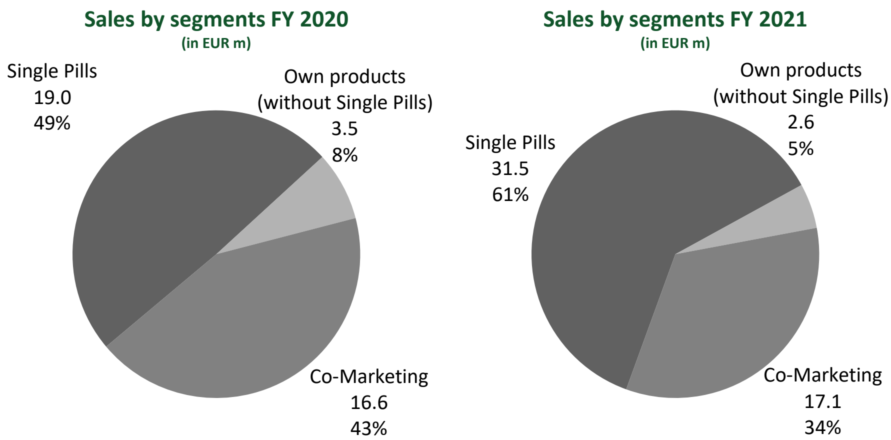
Source: Company data, Montega, CapitalIQ Figures in EUR m, EPS in EUR, Price: 12.85

TABLE OF CONTENT

INVESTMENT CASE

APONTIS is a German pharma company specializing in combination products (so-called Single Pills). A Single Pill combines two to three generic active ingredients in just one single drug. APONTIS develops, markets, and distributes a portfolio of seven Single Pills in Germany. The company focuses on drugs for cardiovascular diseases such as high blood pressure. Some 130 sales representative market and distribute the Single Pills to physicians, e.g. general practitioners and (rehab) clinics, as they take the final decision as to whether a patient is given a combination product or single pills. The entire production is outsourced to different contract manufacturers. Likewise, logistics are managed by third-party service providers.

The company's specialization in Single Pills is also reflected in the financial ratios. In FY 2021, APONTIS reported revenues of EUR 31.5m or 61.5% of total revenues generated with Single Pills. This ratio was 48.5% (EUR 19.0m) a year before. Alongside Single Pills, APONTIS markets a number of products of other pharma companies for various chronic diseases such as diabetes and respiratory diseases by way of co-marketing agreements. As this business area is not given priority, the share in total revenues is expected to decrease further over the next few years (2021: 33.5% vs. 2020: 42.3%). We believe that the portfolio of proprietary drugs (excluding Single Pills; 2021: EUR 2.6m) does not belong to the company's core activities either and therefore only plays a minor role in APONTIS's equity story.

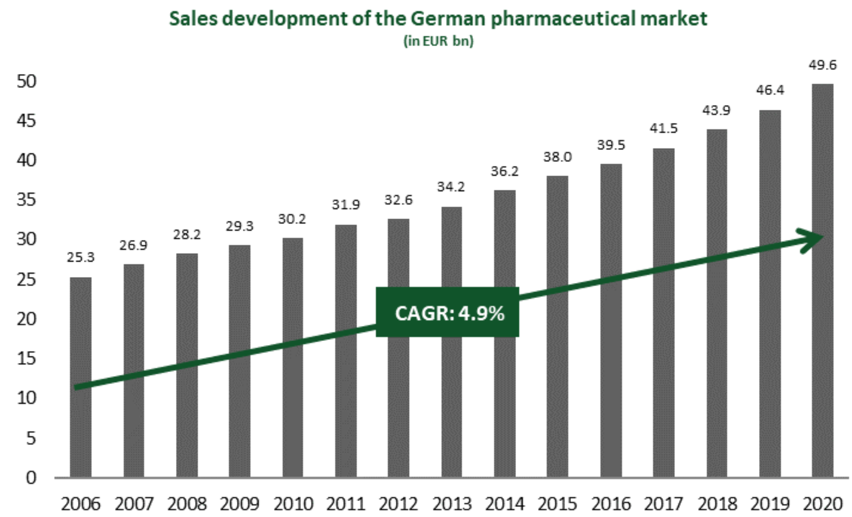


Source: Company

Steadily growing pharma market provides a healthy foundation

APONTIS markets its products exclusively in the German-speaking areas. Consequently, the development of the domestic healthcare and pharma market is decisive for the company. Germany with roughly 83m inhabitants is the largest healthcare and pharma market in Europe. On a global scale, Germany is the fourth largest pharma market with a market share of roughly 4%.

The German pharma market has almost doubled since 2006 to a sales volume of just under EUR 50bn today. Average growth was 4.9% p.a. between 2006 and 2020. A glance at the annual growth rates shows that the pharma market has grown at an almost consistent rate and therefore appears to be largely independent of economic cycles.

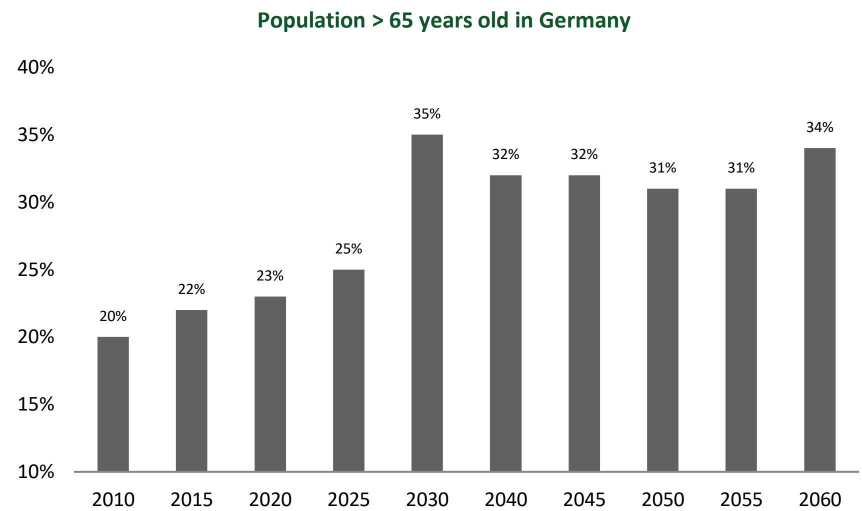


Source: IQVIA

Within the domestic pharma market, APONTIS is focused on a niche where publicly available data on the overall market are not available yet. Nevertheless, a couple of market trends can be observed, as the company is specialized in drugs for cardiovascular diseases in this niche. These trends are likely to significantly influence the growth of APONTIS in the next few years.

Demographic trend indicates sharp increase in medication requirements

The proportion of the population aged 65 or more was still 23% in 2020. The Federal Ministry for Economic Affairs and Energy expects this share to grow to 35% by 2030. This strong increase is driven by the baby boomer generation. The level is expected to be similarly high in the subsequent years. As a result of this demographic trend, the number of people suffering from age-related chronic diseases will grow significantly. As such, demand for drugs used for the treatment of age-related diseases is expected to also grow significantly over the next ten years.

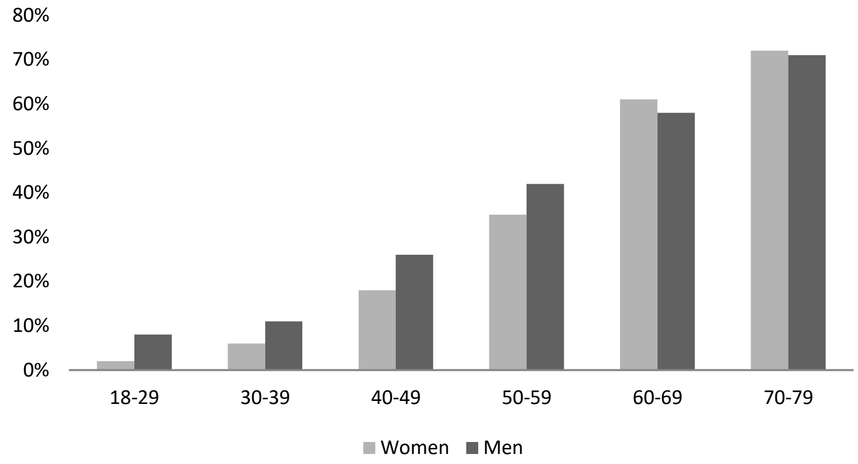


Source: Federal Ministry of Economic Affairs and Energy

Cardiovascular diseases most common cause of death in Germany

Based on the lack of exercise and growing incidence of obesity also among younger people in Germany, they often also have to cope with high blood pressure and type 2 diabetes. Roughly one third of all adults in Germany (approx. 35m) have a high blood pressure according to the Federal Statistical Office. However, a 2021 study conducted by Robert-Koch-Institut (RKI) found that only 22m people are under medical treatment. Of those people, in turn, only roughly 50% (approx. 11m patients) are adequately treated, which the RKI primarily attributes to the fact that patients do not stick to the recommended dosage form or dosing interval or that their physicians to not use the best-possible products. This is critical because of the serious damage it may cause to the cardiovascular system. An analysis of the German Federal Statistical Office published end-2021 illustrates the seriousness of the situation: cardiovascular diseases have again been the most common cause of death (34% of all deaths in Germany). A more effective treatment of the patients (e.g. with Single Pills) would lead to less severe courses of disease and thus also to fewer deaths.

High blood pressure increases significantly with age



Source: Company

Adherence to therapy seems to be significantly higher with Single Pills

As early as in 2003, an investigation of the World Health Organization found that roughly 50% of all patients do not take their medications on a regular basis. This so-called adherence to therapy is still a massive problem of our healthcare system and is one reason why treatments are less effective than they could be. In addition to sometimes serious health problems for individual patients, the low adherence to therapy is a burden to the health care system because complications, for instance from heart attacks and strokes, or additional hospitalizations or drugs lead to higher costs.

The many different preparations a patient has to take every day is one of the main problems leading to low adherence to therapy according to the company. Drug intake, quite often, is simply refused or forgotten. A combination product facilitates intake, as the patient has to take only one instead of e.g. three pills. This approach often also improves adherence quite automatically. However, as this correlation has not been clearly supported by scientific evidence yet, APONTIS initiated the “START” study in collaboration with Institut für Pharmaökonomie (IPAM), market researcher Ingress Health and health insurer AOK PLUS. To produce representative results with this study, data of roughly 60,000 patients were analyzed in a follow-up to one year. The study led to the following three findings:

- Adherence to therapy increases from 20–50% in a treatment without Single Pills to 70–80% when Single Pills are used.
- Single Pills lead to a much lower frequency of events such as hospitalization days (up to -55%), heart attacks (up to -38%), strokes (up to -46%) and even mortality (up to -49%).
- Additionally, Single Pills have a positive impact on overall healthcare costs, which may be reduced by up to 34% when using Single Pills.

The study revealed that a simplification of the therapy in the form of Single Pills seems to make sense at several levels That said, the use of Single Pills is not widely distributed yet also because of the lack of knowledge about the advantages of Single Pills. As a result, market penetration of Single Pills also seems to be relatively low. Although no official market data are available, the company states that on average only 15 patients (PY: 8) are treated with Single Pills per physician from the sales network of APONTIS (approx. 23,000 physicians in Germany). Based on an analysis of the Federal Statistical Office in collaboration with the German Medical Association, physician density amounted to 203 inhabitants per physician in Germany in 2020. This would result in a Single Pill penetration rate of only 7.4% within the existing network of APONTIS. It therefore seems plausible that APONTIS is positioned in a very promising niche in the structurally growing pharma market, in our view.

APONTIS secures leading roles in Germany thanks to first-mover advantage

Competition in the pharma market is very strong, driven by steady growth that is relatively independent of economic cycles. However, this does not apply to the Single Pill niche market addressed by APONTIS which has been largely untapped so far, in our view. Main competitors are Aristo Pharma, Servier, Hexal, Ratiopharm, and TAD Pharma.

The remaining competitive environment can be divided in big multi-national pharma organizations and in pharma companies focused on generics. The latter (Stada, Formycon, etc.) seem to be less threatening for APONTIS, as they are usually focused on the sale of generics to pharmacies and not on the extremely important access to the relevant decision-makers (esp. general practitioners). Multi-national pharma organizations (Merck & Co., Novartis, Roche, etc.) do have the necessary resources to enter the Single Pills sector, but rather prioritize high-volume (patent protected) products.

These so-called blockbusters typically generate revenues of more than EUR 1bn per drug. This is exemplified, for instance, by Merck's cancer drug "Keytruda", which generated some USD 14bn in 2020. Roche recorded USD 5.3bn with its drug "Avastin" that is likewise used for the treatment of cancer. Novartis turned over USD 4.7bn with "Cosentyx", a drug for the treatment of skin diseases. When compared to the revenue potential of Single Pills in the German market of currently EUR 5.0–10.0m per Single Pill on average, this can hardly be of interest for the big pharma players.

The diagram below summarizes the difference of the business models:

	Big Pharma (Novartis, Merck, Pfizer etc.)	APONTIS PHARMA	Generic companies (Ratiopharm, Stada, Formycon etc.)
Business model	Focus on research and development of new drugs primarily for the global mass market (so-called blockbusters)	Focus on the development, marketing and distribution of single pills in Germany	Focus on generics, i.e. the reproduction of drugs after their patent has expired (also often mass market)
Sales focus	Specialists for e.g. cancer therapies	Family doctor or general practitioner	Pharmacist
Competitive quality / competitive risk	▪ Very good access to specialists, but not to general practitioners ▪ No new hypertension drugs in the R&D pipeline for the next 10 years	▪ Very good access to the relevant decision-makers (general practitioners) ▪ A clear focus on single pills increases credibility	▪ No access to doctors, since sales are primarily via pharmacies ▪ One step behind APONTIS in the value chain and therefore usually no risk

Source: Company, Montega

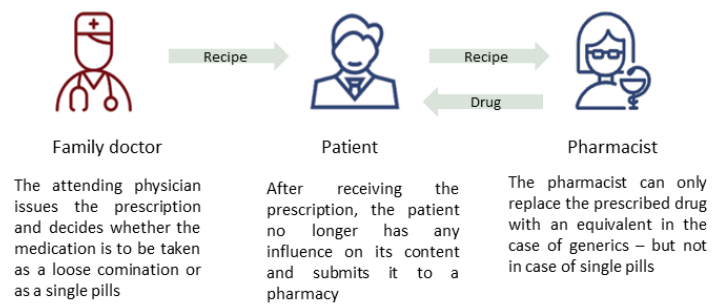
APONTIS, as one of the first movers, has occupied a promising market position, in our view. We assume that the company will continue to expand this position in the next few years, especially driven by the aspects below:

- APONTIS has a well-trained sales force of currently roughly 130 sales representatives, which is a major asset and should be a significant barrier to market entry. According to the company, approx. 70% of these representatives have a natural science degree, so that sales are conducted on a very professional level, in our view. APONTIS has the claim that the sales representatives do not only “sell” but rather “advise” and provide holistic support thanks to different services. Alongside training on the advantages of Single Pills this also includes seminars on the optimization of practice procedures, advice on hygiene certification or invoicing issues. In the end, value-added consulting service help to ensure that patients are treated better and more efficient and that access to physicians is intensified, which also has a positive impact on the sale of products.

Source: Company

- Thanks to the size of its sales force, APONTIS meanwhile has direct contacts to roughly 23,000 physicians (general practitioners), who are responsible for the prescription of drugs for their patients in Germany. APONTIS thus covers more than 40% of the German market of general practitioners (GDs) according to the company. This access is decisive when having in mind that the general practitioner ultimately is the person who takes a decision for or against a Single Pill. This process is illustrated by the diagram below:

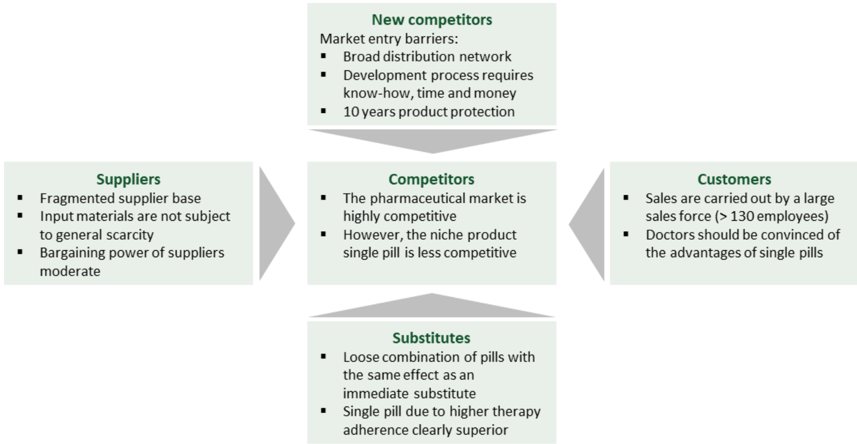
Drug prescription decision-making process



Source: Company, Montega

- To intensify the existing access to the physicians and monetarize it as best as possible, APONTIS also distributes other drugs of big pharma players such as Novartis or AstraZeneca as part of a co-marketing agreement (in addition to the own Single Pills). As these products differ from the company's products, it is not seen as cannibalization but rather as a supplement and additional service for the physicians.
- The approval process for a new pharma product is both cost- and time-intensive and serves as a certain barrier to market entry. APONTIS spends an average amount of EUR 1.5–2.1m per product development. The whole process takes between 3.5 and 5 years until regulatory approval is obtained. This is certainly no barrier for pharma companies with sufficient capital. However, the approval process should be an obstacle for smaller competitors in particular.
- Following successful market approval, APONTIS is granted data exclusivity for a period of ten years. During this time, competitors are not allowed to launch generic Single Pills which use the Single Pill of APONTIS as a reference product. Competitors rather have to obtain own market approval for a modified product. As APONTIS's lead in marketing is at least 3.5 years, such an approach does not seem to make sense for the competitors.
- We consider the business model "asset-light" given that APONTIS only focuses on the development, marketing, and distribution of Single Pills. In terms of production, APONTIS collaborates with various pharma companies in Europe, as a result of which we do not regard the dependence as too high. These partners are, for instance, KRKA in Slovenia, EGIS in Hungary, Ferrer in Spain, Hennig in Germany, Adamed in Poland, or Zentiva in the Czech Republic. As such, APONTIS is not directly affected by the current war between Russia and Ukraine.
- Although the company's name "APONTIS" has only been used since 2019 and the awareness among physicians should still be quite low, we view the company's history as a relevant asset for distribution. Schwarz Pharma Group from which APONTIS originated, and which has been active on the market since 1946, is very familiar among German physicians, in our view. This should serve as a door opener for the company's sales activities and create confidence.

Despite the company's high competitive quality, there are still quite a few challenges for further growth due to the still low awareness of Single Pills and the lengthy distribution process in the pharma market. That said, the competitive advantages are seen to outweigh the disadvantages and the company is expected to further expand its market position.

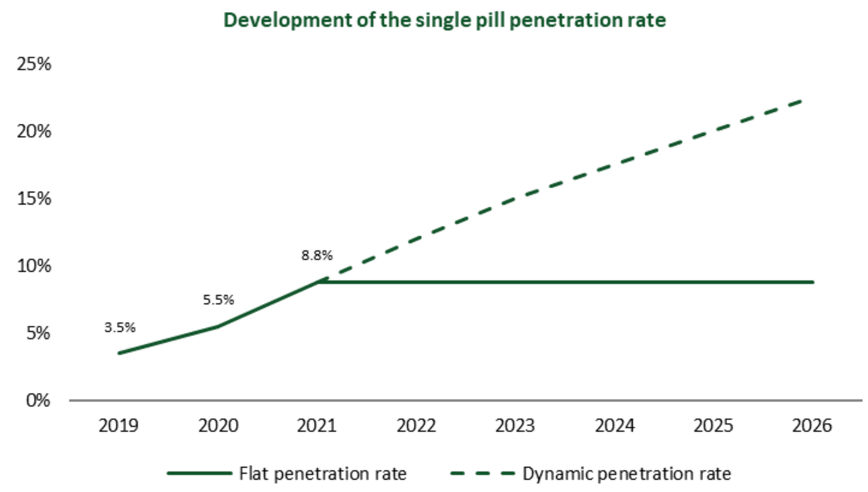


Source: Company

Growth expected to be in the low double-digit percentage ranges

The 2021 financial results released at the end of March show a very gratifying revenue trend for APONTIS. Revenues were up +30.4% yoy to EUR 51.2m at consolidated level. As such, the company also exceeded the 2021 guidance which held out the prospect of growth of “up to” EUR 49.5m. Business with Single Pills, in particular, has grown dynamically at a rate of +65.2% to EUR 31.5m in revenues. As a result, the sales share of the Single Pills business unit has also significantly grown to 61.5% (PY: 48.5%). The Co-Marketing business area has grown much slower at a rate of only +5.0% yoy to EUR 17.1m (sales share: 33.5%).

The company expects revenues to increase to EUR 55.3m (+8% yoy) in the current fiscal year. This guidance seems disappointing at first sight when considering the strong double-digit growth of the last year. This can be put down to several effects: 1) On the one hand, management assumptions on the development of the Single Pills penetration rate has an impact on the annual targets. Starting from 3.5% in 2019, the penetration rate has grown from 5.5% in 2020 to 8.8% in the last fiscal year. We believe that management has taken a conservative approach for the annual targets and only plans with a stable penetration rate. Provided this rate will grow – as in the previous years – revenue should also grow at a stronger rate. 2) Furthermore, several of APONTIS’s wholesalers made advance purchases in Q4/21, which should lead to a revenue level that is approx. EUR 0.5m lower in Q1/22. These advance purchases were triggered by a large-scale contract won by Hexal, as a result of which Hexal’s ability to deliver was temporarily called into question by the market, and wholesalers were looking for alternative drugs. Consequently, demand for the APONTIS’s Caramlo product saw a sharp increase in Q4/21. 3) According to the company, this intensified competition by Hexal led to revenue losses of EUR 3.0m concerning the sale of Caramlo in the current fiscal year. 4) The scheduled expiration of the co-marketing agreement with Novartis for Icandra and Jalra in September 2022 is another reason. This will likely lead to a reduction in revenues by some EUR 1.8m for APONTIS in the current year. 5) Last but not least, the ongoing high level of Covid-19 infections still lead to high utilization among general practitioners. Consequently, physicians have fewer capacities to treat patients with chronic diseases (and/or optimize their medication). Management thus anticipates a temporary slight drop in demand for Single Pills.



Source: Company

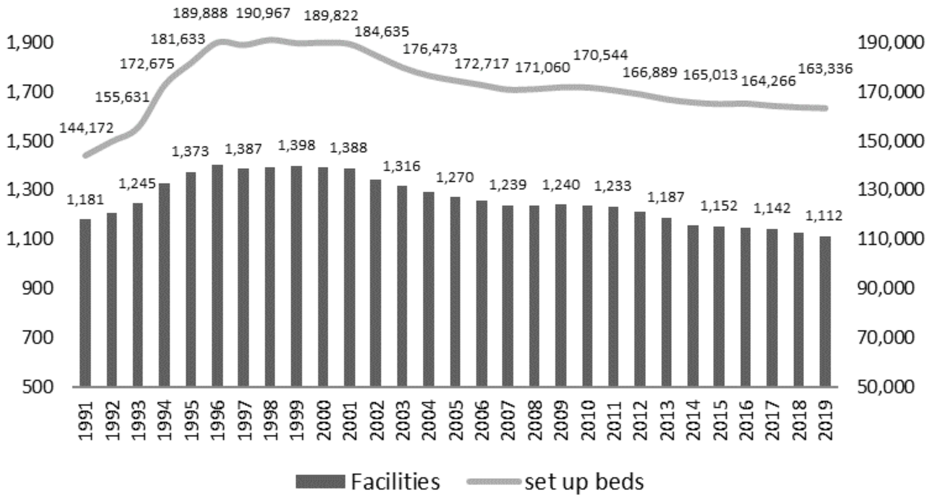
The company should be well positioned from 2024 onwards to continue to grow dynamically. The following drivers are expected to significantly contribute to this development:

- **Findings of the “START” study lead to higher market penetration:** The “START” study initiated by APONTIS provides evidence that adherence to therapy is significantly higher when Single Pills are used. Single Pills lead to a much lower frequency of events such as hospitalization days, heart attacks, or strokes, which also reduces general healthcare costs. APONTIS has published these findings in 15 different essays and in a full publication to increase coverage. The company assumes that the sale will gain more attention and support from the Ministry of Health, health insurers, or the National Association of Statutory Health Insurance Physicians. These multiples should help to ensure that the advantages of a treatment with Single Pills will increase the awareness level among market participants and decision-makers (GPs, hospital physicians, rehab physicians, health insurers) and thus also increase demand.

- **Sales successes at rehab clinics:** The biggest sales potential is currently seen among the rehab clinics, because a patient with a cardiovascular disease is usually referred to a rehab clinic after a short stay in hospital. The hospital physicians initiate the medication reconciliation process which almost exclusively includes individual preparations. As soon as a patient is stable enough, he or she will be referred to a rehab clinic, which is also given the preselected dosing of, for instance, drugs for high blood pressure. The rehab clinic, where a patient often stays for several weeks, continuously monitors and adjusts the dosing. There is almost always a final medication at the end of the spell in rehab so this should be the ideal time to prescribe combination products (Single Pills) instead of individual preparations. The general practitioner, who is in charge of the follow-up prescription after rehab, often complies with the recommendation of the rehab clinic, in our view. We believe that this is the key to success for APONTIS. If the company succeeds in convincing rehab clinics of the advantages of Single Pills, in addition to the general practitioners, growth should be boosted further.

  There is sufficient growth potential despite a slightly declining number of rehab clinics. Their number has marginally declined by -0.2% p.a. on average from 1,181 to 1,112 since 1991 according to the Federal Statistical Office. At the same time, however, the number of beds has increased by +0.2% p.a. on average from 144,172 to 163,336. The bed occupancy rate amounted to as much as 84.9%.

Prevention and rehabilitation facilities in Germany



Source: Federal Office of Statistics

- **Short-term expansion of product portfolio:** APONTIS currently has seven preparations in its Single Pill portfolio. In 2021, the company generated revenues of EUR 31.5m with this portfolio. APONTIS has determined that the mid-term revenue potential of these seven Single Pills amounts to EUR 42.9m. Three new Single Pills are expected to be added in the current year alone (Tonotec Liqid, AmloAtor und RosuASS). Their corresponding mid-term revenue potential totals EUR 10.7m and is likely to be reached approx. five years after market launch. This is offset by cumulated development costs of only EUR 2.6m, which will a capitalized and amortized over a period of between five and ten years. Given that the restrictions on everyday life will now be increasingly eased again, the sales representatives are expected to intensify activities. We assume that the roughly 130 sales representatives will return to the levels achieved prior to the pandemic in the current fiscal year after having visited approx. 200,000 physicians in 2019 and 138,000 in 2020. In line with a decreasing inflation rate we expect physicians to spend more time with their patients with chronic diseases again. Management estimates the mid-term revenue potential (= year 5 after the launch of the respective product) from the short-term pipeline at EUR 25.7m in total.

Short-term pipeline

Name	Tonotec Liqid	AmloAtor	RosuASS	Rosazimbi	Caramlo HCT	Caramlo Liqid
Planned launch	Q2 2022	Q2 2022	Q2 2022	Q1 2023	Q3 2023	Q4 2023
Competitive environment	No other with this combination on the market	No other with this combination on the market	No other with this combination on the market	Other providers are on the market with this combination	No other with this combination on the market	No other with this combination on the market
Patient potential	661.000	437.000	100.000	151.000	330.000	486.000
Development costs	1.900.000	300.000	400.000	0	1.300.000	2.500.000
Mid-term sales potential (p.a.)	5.000.000	3.200.000	2.500.000	3.000.000	9.000.000	3.000.000

Source: Company

- **Mid-term expansion of product portfolio:** APONTIS aims for a portfolio of at least 20 Single Pills by 2026. Alongside the short-term pipeline there are various other products which the company has not yet specified but presented as part of a mid-term development pipeline. However, we believe the planned market launch is associated with a certain risk given that APONTIS only has little influence on the four-stage development process. 1) In the first stage, APONTIS is centrally involved in the product ideas and the medical evaluation. This stage usually spans over a couple of months. 2) In the second stage, which usually lasts 2–3.5 years, external partners are involved for the most part, which are in charge of the pharma formulation of the products as well as the clinical studies. APONTIS accompanies and continuously controls these processes. 3) The third stage includes the product's approval process, which is usually carried out by Paul-Ehrlich-Institut and lasts between 1–1.2 years. 4) This is followed by the market launch in stage four after a total period of 3.5–5 years. The table below summarizes the available information on the mid-term development pipeline. Although the realization of proceeds can only be planned to a limited extent, we believe that the pipeline indicates the massive underlying potential going forward. Overall, the potential proceeds of the mid-term pipeline of APONTIS add up to EUR 71.0–92.0m (= year 5 after the launch).

Mid-term development pipeline

	Product	Patient potential	Project status	Mid-term sales potential* (in EUR m)
Single pills in development	AP - T 03	360.000	in development	8.0 - 10.0
	AP - T 04	100.000	to be discussed	3.5 - 4.5
	AP - T 05	50.000	to be discussed	2.5 - 3.5
	AP - T 06	15.000	to be discussed	1.5 - 2.5
	AP - T 07	35.000	in negotiation	2.5 - 3.5
	AP - D 05	780.000	in close negotiation	8.0 - 10.0
	AP - D 06	740.000	in close negotiation	7.5 - 9.5
	AP - D 07	610.000	in negotiation	6.0 - 8.0
	AP - D 08	200.000	in negotiation	6.0 - 8.0
	AP - D 09	160.000	to be discussed	2.0 - 3.0
	AP - D 10	510.000	in negotiation	6.0 - 8.0
	AP - T 08	165.000	in negotiation	5.0 - 6.0
	AP - T 09	165.000	in negotiation	4.5 - 5.5
	AP - D 11	640.000	in negotiation	8.0 - 10.0

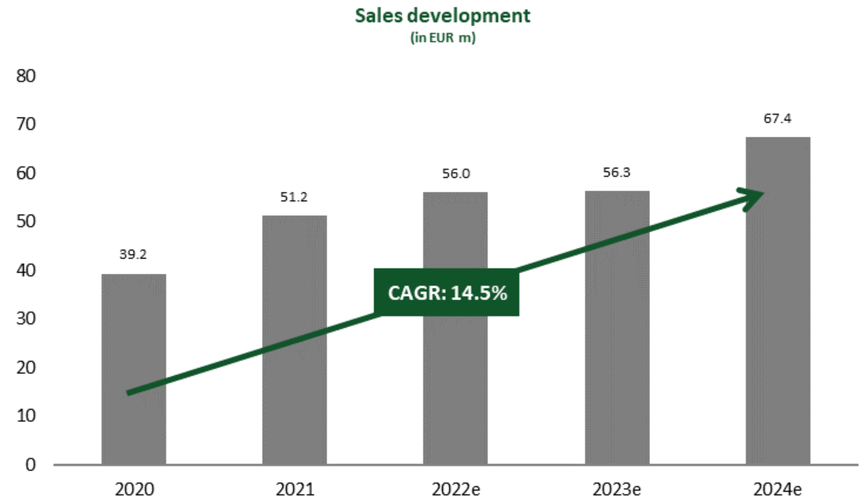
Source: Company; T = triple combination; D = double combination; * = approx. in year 5 after market launch

- **Complementary license agreement:** In addition to the internal development of Single Pills, APONTIS expands its product portfolio by additional license deals. The rationale behind it is that various Single Pills of other pharma companies have already been approved abroad. These Single Pills are not yet marketed and distributed in Germany for the simple reason that the foreign pharma companies lack the distribution channels and the respective establishment is often to time- and cost-intensive. After their integration into the own Single Pill portfolio, APONTIS can market these Single Pills without significant additional expenses through the existing sales force. License deals are usually signed for a period of ten years (with extension option), thus ensuring higher and more stable production utilization for the foreign pharma company. APONTIS sometimes also contributes to the development costs on a pro-rata share. This approach also reduces the risk in comparison to in-house development as there is usually no long-term commitment to purchase from the license partner. Based on the lower risk, however, the margin is also somewhat lower at 60%-70% (in-house: >75%) which is still very attractive though. The mid-term pipeline currently includes ten products which, based on current information, may be integrated into the product portfolio from 2024 and should contribute revenues of EUR 39.5–48.5m.

	Product	Patient potential	Project status	Mid-term sales potential* (in EUR m)
Exclusive license deals	AP - D 02	50.000	in negotiation	1,0
	AP - D 03	500.000	in negotiation	8.0 - 10.0
	AP - D 04	100.000	in negotiation	2.0 - 3.0
	AP - T 08	90.000	in negotiation	7.5 - 8.5
	AP - D 12	1.100.000	in negotiation	5.0 - 6.0
	AP - D 13	100.000	to be discussed	1,0
	AP - D 14	65.000	in negotiation	4.0 - 5.0
	AP - T 10	40.000	in negotiation	4.0 - 5.0
	AP - D 15	90.000	in negotiation	4.0 - 5.0
	AP - T 11	30.000	in negotiation	3.0 - 4.0

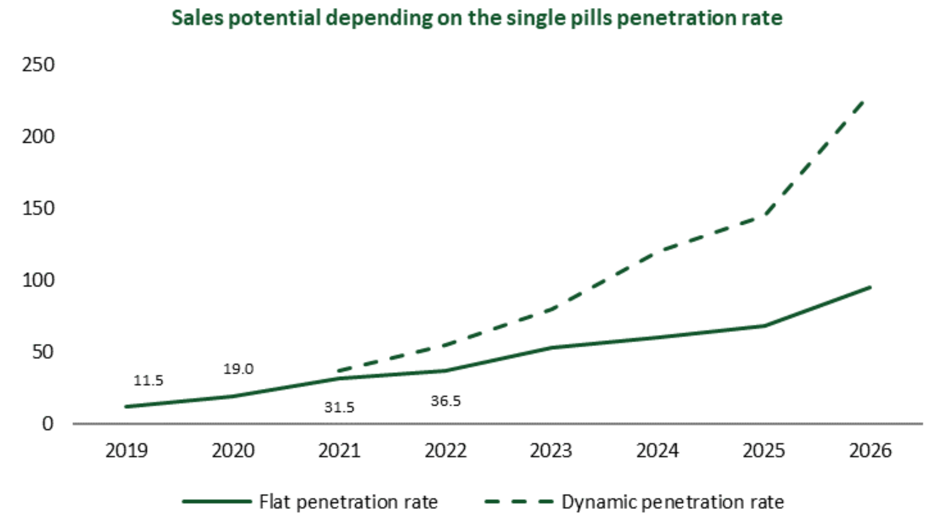
Source: Company; T = triple combination; D = double combination; * = approx. in year 5 after market launch

When considering the drivers above, we anticipate a marginally stronger top line development in the current year than anticipated by the company itself. In concrete terms, we expect a revenue level of EUR 56.0m (+9.4% yoy; guidance: EUR 55.3m). In FY 2023, the expiration of the co-marketing agreements with Novartis (Jalra and Icandra) at the end of 2022 and increased competition concerning Atorimib will erode growth of the remaining Single Pill portfolio. We therefore expect revenues to largely stagnate at EUR 56.3m (+0.6% yoy). From 2024, the excellent market conditions, product innovations and partnership agreements should lead to an increase in revenues to EUR 67.4m (CAGR 2020-2024: +14.5%).



Source: Company, Montega

Our planning is also largely in line with the mid-term revenue target of APONTIS. In 2026, APONTIS aims at a revenue level of approx. EUR 100m (under consideration of a constant penetration rate of 8.8%). APONTIS recently has provided an indication of the sales potential under the assumption of a dynamic development of the penetration rate to approx. 20% in 2026, which would then significantly exceed EUR 200m. We do not entirely exclude the company's "blue sky scenario", but our forecasts remain significantly below this vision with expectations of an increase in revenues to EUR 102.6m, which corresponds to an average growth rate of 17.4% p.a.

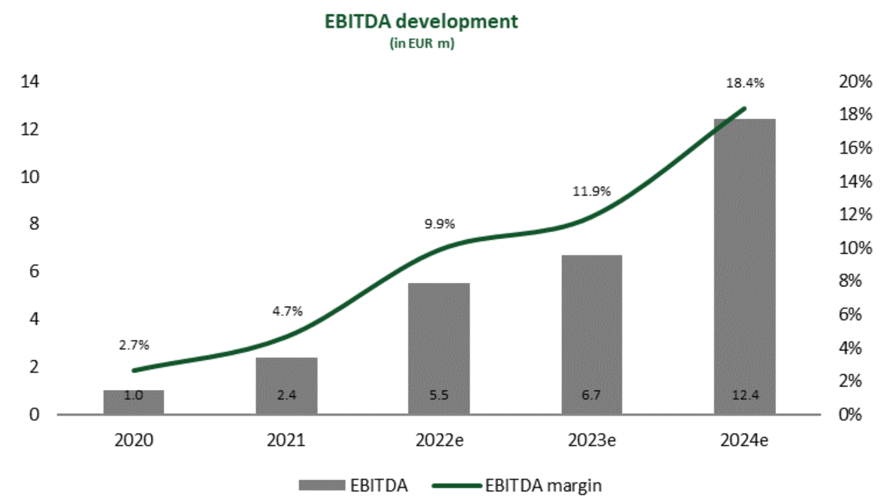


Source: Company

Significant expansion of margins in the midterm

In its recent publication of financial results, APONTIS reported EBITDA of EUR 5.9m in 2021 adjusted for IPO expenses (EBITDA margin: 11.5%), which significantly exceeds the prior-year figure of EUR 1.0m and is slightly above the figures of EUR 5.5m which had been expected by management. IPO expenses add up to EUR 3.5m according to the company, corresponding to adjusted EBITDA of EUR 2.4m. EBIT improved to EUR 0.7m (PY EUR -0.6m) and net income to EUR -0.7m (PY: EUR -1.2m).

Management anticipates EBITDA of EUR 5.5m in the current year (MONe: EUR 5.5m), which is rather disappointing in comparison to EUR 5.9m in 2021. This is due to the negative top line effect, as mentioned above, which will also be felt on the bottom line in the short term. Going forward, we expect APONTIS to achieve a disproportionately low increase in both material and personnel expenses. The earnings drivers below combined with a strong increase in revenues are seen to support APONTIS in improving the margin level towards an EBITDA margin of 30% (2021: 11.5%). In absolute terms, this means a disproportionate increase in earnings from EUR 5.9m in 2021 to EUR 12.4m in 2024 (CAGR 2021-2024e) +28.1%):

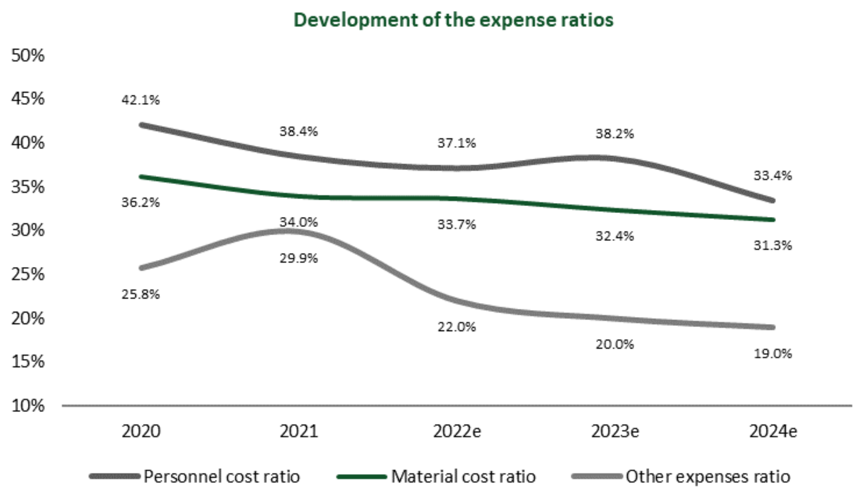


Source: Company

This disproportionate increase will be driven by:

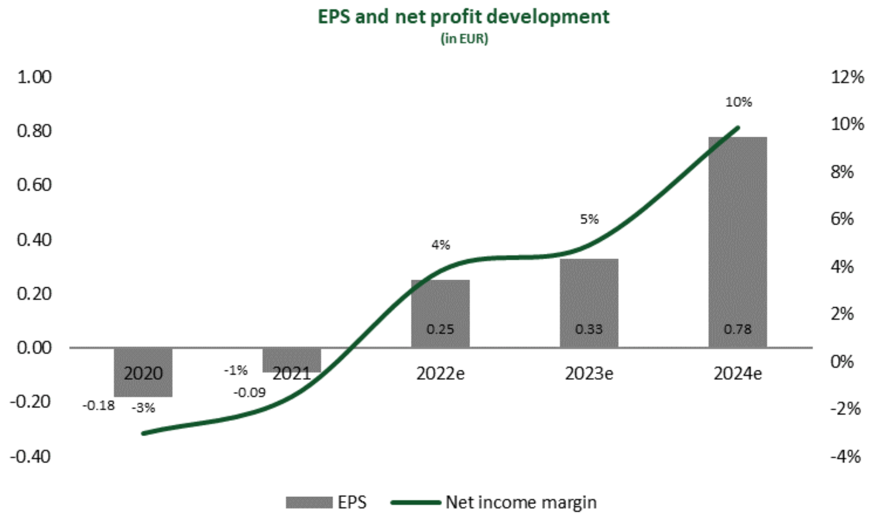
- **Improvements in the product mix:** Based on the strong growth in revenues generated with Single Pills the product mix will also change significantly over the next few years. We assume that Single Pills will account for a revenue share of approx. 75% by 2024. This should also have a substantial impact on profitability given that the gross margin of Single Pills usually amounts to >75% (vs. Co-Markting at approx. 55%). We therefore expect the gross margin to gradually improve to 68.7% in 2024.
- **Operating leverage of personnel expenses:** APONTIS has a large sales force of roughly 130 sales representatives, who we believe can also easily market a Single Pills portfolio that is twice as big without any complex and costly training. However, a few new sales representatives would be needed to intensify the marketing efforts in rehab clinics. In should be sufficient to expand the number of sales representatives to only 150-160 by 2025. As a result of this operating leverage, the personnel expense ratio is expected to decrease to 33.4% (2021: 38.4%).
- **Disproportionately low increase in other expenses:** Other operating expenses consist of vehicle costs of the sales representatives (EUR 1.6m), distribution costs (EUR 2.1m), marketing costs (EUR 2.5m) and costs for temporary workers (EUR 1.5m). A slight increase in the sales force should also result in slightly higher costs for vehicles, marketing, and distribution. IT expenses are expected to increase disproportionately low. Given that a slightly larger sales team can market a gradually growing number of Single Pills much more efficiently, we regard it as realistic that the other operating expense ratio will grow disproportionately low at 19.0% (2021: 29.9%).

The diagram below illustrates our assumptions on the development of the cost items:



Source: Company, Montega

On a net income level, we expect EPS to improve to EUR 0.78 driven by dynamic sales growth and significant increases in profitability by 2024. The strong growth in net income is also due to the repayment of debt. Some EUR 7m of the IPO proceeds are earmarked for debt reduction. This has already become visible in the H1/21 results, where APONTIS has fully repaid liabilities to shareholders (Paragon) in the amount of EUR 14.0m. As a result, APONTIS will save interest income of EUR 0.8m, as the loan was relatively expensive at an interest rate of 6%.



Source: Company, Montega

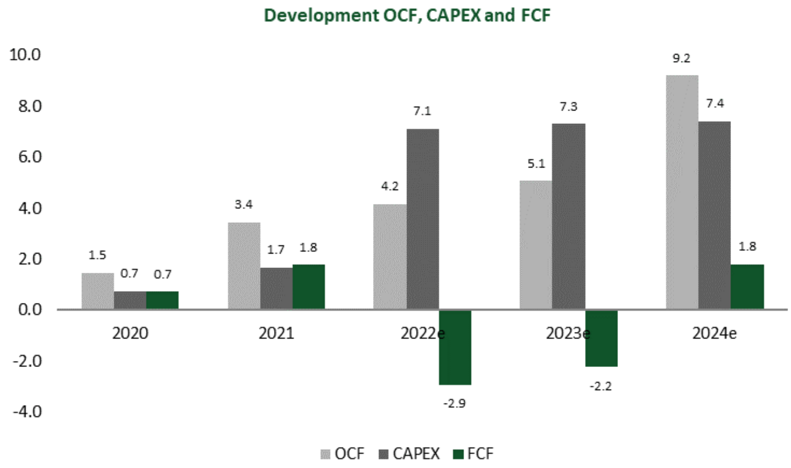
Large portion of IPO proceeds will be used to expand the product pipeline

The IPO led to gross proceeds of some EUR 38m for APONTIS. In its IPO prospectus, the company had already stated how the proceeds were meant to be used:

- Approx. 42.5% or EUR 16.0m are to be invested in the development of new Single Pills.
- APONTIS intends to use approx. 15.0% or EUR 6.0m to accelerate the development of the short-term product pipeline.
- Another 25.0% or EUR 10.0m are allocated to an increase in marketing and sales activities.
- The remaining 17.5% or EUR 7.0m are to be used for general corporate finance and the repayment of the shareholder loan of major shareholder Paragon.

The shareholder loan was repaid in H1/21, which we have taken into account in the cash flow for financial activities. We have included investments in the short- and mid-term product pipeline in CAPEX given that APONTIS capitalizes developments and amortizes them over a period of 5–10 years after a product's launch. The company foresees total development costs per Single Pill of EUR 2.0–3.0m. The resultant investments into the short to mid-term pipeline are EUR 28.0–42.0m. We project a CAPEX volume of EUR 40.0m from 2021 to 2026, which positions us at the upper end of the range given by APONTIS. As the company's business model can be regarded as "asset-light", product developments account for over 95% and thus for most of the CAPEX.

In concrete terms we assume that investments will significantly increase from EUR 0.7m in 2020 to EUR 7.4m in 2024. From 2025, investments into mid-term product developments are expected to gradually decrease and stabilize at a level of roughly 3–4% of revenues. Accordingly, free cash flow will still be negative in 2022 at EUR -2.9m and increase significantly in the years thereafter based on the marketing success of Single Pills. The free cash flow yield will thus improve to an attractive 9.9% in 2025.



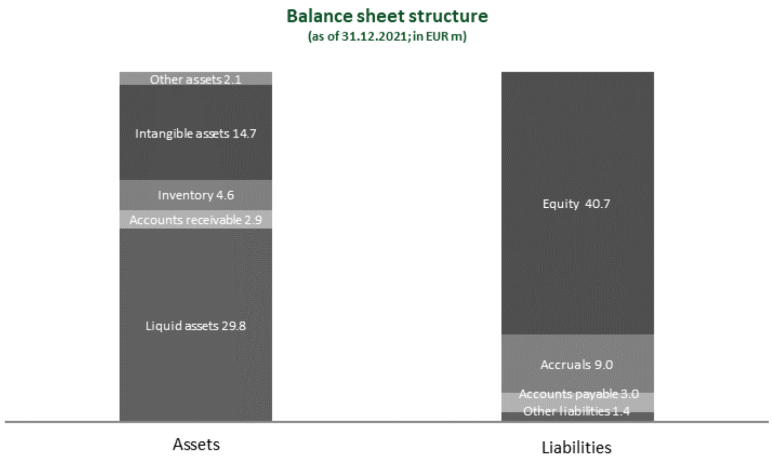
Source: Company, Montega

Alongside organic growth plans, M&A activities are also increasingly being considered by APONTIS. These activities currently are not included in the short- to mid-term company targets or in our planning. However, it may be conceivable that APONTIS buys Single Pills which have been developed by other companies. As other pharma companies have changed their sales focus several times, attractive purchase opportunities are quite realistic, in our view.

Furthermore, APONTIS may purchase products or licenses of products which would be a useful addition to the existing portfolio or which the sales representatives could also market without major effort because of the very good access to general practitioners. As we regard the company's balance sheet structure as very solid, M&A activities may very well be possible in the next few quarters.

Balance sheet relations appear to be healthy with an equity rate of 75%

Roughly one year after the IPO, the balance sheet of APONTIS is still very much shaped by the IPO in light of liquid funds of EUR 29.8m (55% of the balance sheet total) and equity of EUR 40.7m (75%).



Source: Company

In addition to liquid funds, the assets side is dominated by intangible assets (EUR 14.7m) which originate from developed Single Pills (license rights) and/or their milestone payments for future product rights. APONTIS capitalizes the product developments and amortizes them on a straight-line basis over five to ten years. Inventories (EUR 4.6m) are predominantly comprised of Single Pills. Trade receivables (EUR 2.9m) are usually paid within two weeks.

In addition to equity, the liabilities side includes provisions (EUR 9.0m), which are comprised of provisions for pensions (EUR 2.4m) and other provisions (EUR 6.6m) for discounts granted, outstanding incoming invoices, and bonuses for employees. Trade payables (EUR 3.0m) have a term of approx. 40–60 days, which results in a positive effect on the working capital ratio in combination with a much shorter payment period.

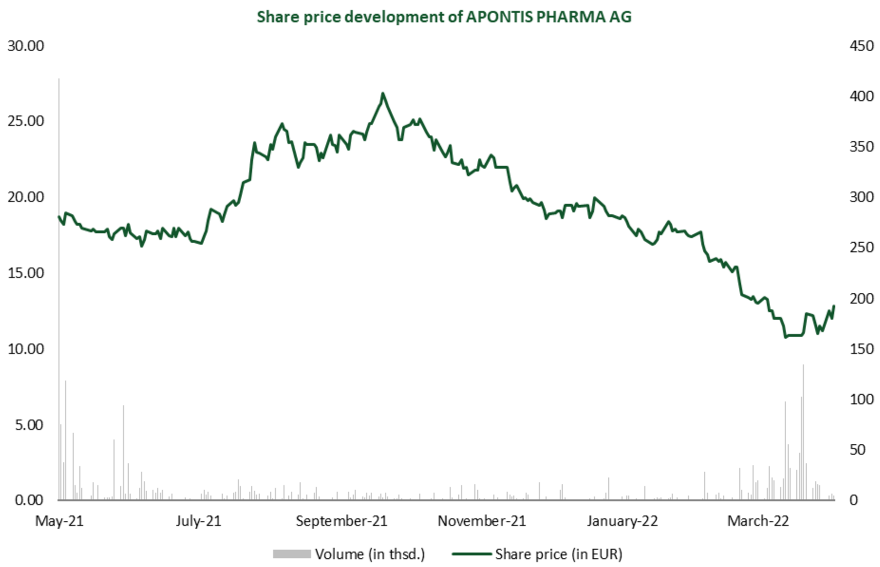
News flow on product pipeline likely to provide impetus for the shares

As APONTIS has published preliminary key figures of FY 2021 and a guidance for the current year at the beginning of March already, expectations about the further news flow should be directed towards the product pipeline, progress in public relations as well as contract conclusions in Co-Marketing.

The latter – although its importance will decrease in the midterm – is still relevant, as APONTIS has only signed agreements with Novartis and AstraZeneca in the Co-Marketing business area, which will expire at the end of 2022. If the company fails to extend these agreements or does not conclude new ones, expected revenues in Co-Marketing in 2022 (EUR 15.8m) would cease to exist from 2023 onwards. We view it as positive, however, that the collaboration with AstraZeneca has been extended only recently until the end of the year. This value this as a good collaboration and expect to see positive news over the next few months for the years 2023 and thereafter.

In terms of a more intensive communication about the advantages of Single Pills, we consider the results of the “START” study, which were published early in March, as particularly positive. APONTIS announced that the so-called full publication of the study has been finalized and that the company would now approach institutions such as the Federal Ministry of Health as well as health insurers. The latter should mainly be interested in possibilities of reducing the healthcare costs of therapies with the help Single Pills as this should also be reflected in the profitability of health insurers.

Over the next few weeks, we also expect news about the short-term product pipeline. Management plans to launch three new Single Pills (AmloAtor, RosuASS, and Tonotec Liqid) in Q2/22, which are expected to contribute approx. EUR 2.0m to revenues in the current year already. Additionally, APONTIS has announced the launch of three new Single Pills in 2023 (Rosazimib in Q1/23, Caramlo HCT in Q3/23, and Caramlo Liqid in Q4/23).



Source: Capital IQ

Alongside the operating new flow, the company’s plans of an uplisting in the Regulated Market should also serve as a catalyst in the midterm. As this would increase transparency, the company’s perception in the capital market should grow as well. The lock-up period of major shareholder Paragon will come to an end in May, but this is seen less critical because of the drop in share prices. Even though the business model of investment company Paragon includes a full disposal of its stake in APONTIS in the future, we believe it is less probable that Paragon will do this directly on the stock exchange at the current price levels.

Sales and margin potential only marginally reflected in valuation

The current valuation level does not seem to adequately reflect the promising prospects. We have derived the fair value of the APONTIS shares with the help of a DCF model. Our model assumptions reflect the dynamic growth prospects in the Single Pills market and the company’s profitability improvements that are driven by disproportionate cost increases. The assumption of a WACC of 9.6% in the DCF model results in a fair value of roughly EUR 26.00 per share. This implies an attractive upside of 102% on the basis of the prior day’s closing price.

Our peer group analysis, which includes companies under comparable market conditions, substantiates the result of our DCF model. The average earnings multiples for 2025, the year in which APONTIS is expected to reach an EBITDA margin of 24.7% and would be on a par with the peer group, point at a fair value of EUR 20.60 - 28.60.

Conclusion: High business quality and attractive valuation

The IPO has enhanced APONTIS’s financial situation to continue to develop the promising product pipeline to market maturity as fast as possible. This should become visible over the next few years in dynamic revenue growth and disproportionate improvements of the bottom line. We expect the company to develop much stronger in the current year than anticipated by the company itself. The sharp slump in prices of the last few weeks (YTD: -36.4%) which we primarily attribute to the general market weakness (CDAX YTD: -13.5%) and the guidance which lags behind market expectations is not justified in this magnitude, in our view. The current price level therefore is seen as an attractive opportunity to buy, especially for investors with a long-term perspective. We recommend to buy the shares with a DCF-based price target of EUR 26.00.

SWOT

The strengths and opportunities of APONTIS are mainly seen in the clear focus on Single Pills, the associated expertise in this sector, and the strength of the sales force. On the other hand, weaknesses and risks are primarily related to the still low market penetration of Single Pills, the sometimes difficult access to decision-makers and the quite fierce competition in the pharma market with smaller competitors as well as a number of financially sound big players.

Strengths

- Thanks to the (early) focus on Single Pills, APONTIS should have a first-mover advantage and the corresponding expertise on the development process of new products.
- The sales force of some 130 sales representatives is a relevant asset to enhance both the awareness level and added value of Single Pills. This has provided APONTIS with access to roughly 23,000 physicians in Germany so far.
- We also believe that the company's history is an important criterion for marketing success, as the company's name "APONTIS" has only existed since 2019, so the awareness among physicians is unlikely to be particularly high. Conversely, Schwarz Pharma Group from which APONTIS originated, and which has been active on the market since 1946, is much more familiar.
- Based on the time-intensive approval process (3.5–5 years) and the associated costs (approx. EUR 3m per Single Pill), APONTIS is protected against the market entry of smaller competitors.
- As the Single Pills have a 10-year data exclusivity, the company does not have to fear to be copied by other market participants.
- The high gross margins generated with the distribution of Single Pills (> 75%) lead to an attractive cash flow profile so that the company can consistently re-invest into new product developments.
- Furthermore, the average job tenure is 16 years, which is a good level, and the job market for sales employees in the pharma sector is still relatively robust according to the company.

Weaknesses

- We believe that market acceptance of Single Pills is still insufficient as a feasible treatment alternative to the traditional multi pill therapy. APONTIS thus has to put up with intensified sales activities for now and this also affects the company's profitability.
- As both the production of Single Pills as well as their storage and logistics are carried out by external partners, there is a dependency which may lead to sales and earnings losses for APONTIS in case of disturbances in the process.

Opportunities

- The promising findings of the "START" study may significantly accelerate the market penetration of Single Pills, which would then also be reflected in the financial figures of APONTIS in the midterm.

- The development stages of the mid-term product pipeline may be completed faster than communicated so that the company can start marketing earlier. As some products have a sales potential of EUR 12-20m, this would also become visible in the operating performance.
- With an ageing population in the German core market and rise in chronic diseases (e.g. high blood pressure), demand for treatment possibilities is likely to gradually increase. APONTIS should also benefit from this tailwind.
- Thanks to development partnerships, for instance with Midas Pharma on the launch of a Single Pill with Pan-European property rights, marketing and distribution may also be possible beyond the boundaries of the German home turf from 2026 onwards.
- Against the backdrop of the solid balance sheet structure (equity rate: 75%; cash: approx. EUR 30m), APONTIS may accelerate growth momentum with the help of M&A activities. Both the acquisition of Single Pills already developed and of products that can be sold in tandem by sales representatives would be conceivable in this respect.

Risks

- Competition may increase through pharma companies with significantly higher financial resources. There is also the possibility of an increasing price pressure on the back of growing health costs.
- In the short term, we see a risk that ongoing contact restrictions may curb the sales activities and thus also the pace of growth of APONTIS.
- Delays in development or in the market launch of new products may lead to a weaker operating development than we have anticipated. In the short term, market launches may mainly be slowed down by the responsible Paul-Ehrlich-Institut which currently has an extremely high utilization.
- There is (still) a certain cluster risk, as two Single Pills (Tonotec and Atorimib) account for more than 50% of revenues in this segment. This risk also exists in co-marketing, in our view, as the sales agreements have been concluded with only two companies (Novartis and AstraZeneca) and will only run until the end of 2022 for the time being.

VALUATION

We have valued APONTIS with the help of a DCF model and have also conducted a peer group analysis to verify the plausibility. The assumptions of the DCF model and the peer group are shown below.

DCF model

The DCF model reflects the short-, mid-, and long-term growth prospects of APONTIS which are driven by attractive growth rates in the pharma market, the company's high competitive quality and the strong product pipeline. We therefore anticipate a mid-term revenue growth (CAGR 2022-2028e) of 18.0%. In the long term, we have assumed a decline in growth rates to take account of the probability of intensified competition. To determine the terminal value we have used a long-term growth rate of 2.0%.

Based on substantial investments in the expansion of the product portfolio (∑CAPEX 2022-2024e: EUR 28.9m) and an only small expansion of the sales force, APONTIS is expected to significantly improve its profitability over the next few years. We anticipate a sharp increase in the EBITDA margin from FY 2022. Starting from a margin level of 4.7% in 2021 we forecast an increase to 26.7% (CAGR 2021-2028e: +49.7%) by 2028. The EBIT margin is expected to grow to 24.0% by 2028. We project an average EBIT margin of 23.0% in the long term.

The beta of 1.4 reflects the stock's higher risk profile, which we attribute to the small company size and the relatively early stage of the large product pipeline, amongst others. On the other hand, the pharma market is relatively stable and less susceptible to fluctuations which makes us believe that the stock's volatility will not remain at high levels.

We assume a risk-free yield of 2.5% on the basis of long-term fixed-rate securities. We apply a market yield of 9.0%, which results in a risk premium of 6.5%. The assumption of a long-term debt ratio of 25% leads to WACC of 9.6%.

The DCF model results in a **fair value per share of EUR 26.11** for APONTIS PHARMA AG.

DCF Model

Figures in m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	Terminal Value
Sales	**56.0**	**56.3**	**67.4**	**83.5**	**103.5**	**127.1**	**151.3**	**154.4**
Change yoy	*9.4%*	*0.6%*	*19.7%*	*23.9%*	*23.9%*	*22.8%*	*19.1%*	*2.0%*
EBIT	**3.8**	**4.6**	**9.9**	**17.7**	**22.8**	**29.2**	**36.3**	**35.5**
EBIT margin	*6.7%*	*8.1%*	*14.7%*	*21.1%*	*22.0%*	*23.0%*	*24.0%*	*23.0%*
NOPAT	**2.2**	**2.8**	**6.7**	**12.3**	**15.7**	**20.2**	**25.1**	**24.5**
Tax rate	*42.7%*	*39.5%*	*33.0%*	*30.6%*	*31.0%*	*31.0%*	*31.0%*	*31.0%*
Depreciation	**1.8**	**2.1**	**2.5**	**3.0**	**3.5**	**3.8**	**4.1**	**4.6**
in % of Sales	*3.2%*	*3.8%*	*3.7%*	*3.6%*	*3.4%*	*3.0%*	*2.7%*	*3.0%*
Change in Liquidity from								
- Working Capital	-0.1	-0.2	-0.3	-0.4	-0.4	-0.4	-0.4	0.0
- Capex	-7.1	-7.3	-7.4	-7.1	-6.9	-6.7	-6.5	-4.6
Capex in % of Sales	12.7%	13.0%	11.0%	8.5%	6.7%	5.3%	4.3%	3.0%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC model)	**-3.1**	**-2.5**	**1.6**	**7.9**	**12.3**	**17.6**	**23.1**	**24.6**
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Present value	-2.9	-2.1	1.2	5.6	8.0	10.5	12.6	161.6
Total present value	**-2.9**	**-5.1**	**-3.8**	**1.8**	**9.8**	**20.3**	**32.9**	**194.5**

Valuation	
Total present value (Tpv)	194.5
Terminal Value	161.6
Share of TV on Tpv	83%
Liabilities	2.4
Liquidity	29.8
Equity value	**222.0**
Number of shares (mln)	8.50
Value per share (EUR)	**26.11**
+Upside / -Downside	**103%**
Share price	12.85

Growth: sales and margin		
Short term: Sales growth	2022-2025	14.2%
Mid term: Sales growth	2022-2028	18.0%
Long term: Sales growth	from 2029	2.0%
Short term: Margin growth	2022-2025	12.7%
Mid term: Margin growth	2022-2028	17.1%
Long term: Margin growth	from 2029	23.0%

Model parameter	
Debt ratio	25.0%
Costs of Debt	5.0%
Market return	9.0%
Risk free rate	2.50%
Beta	1.40
WACC	9.6%
Terminal Growth	2.0%

Sensitivity Value per Share (EUR) — Terminal Growth

WACC	1.25%	1.75%	**2.00%**	2.25%	2.75%
10.06%	22.75	23.70	24.22	24.77	25.98
9.81%	23.55	24.57	25.13	25.73	27.05
9.56%	24.40	25.50	**26.11**	26.76	28.21
9.31%	25.30	26.50	27.16	27.87	29.45
9.06%	26.27	27.57	28.29	29.07	30.80

Sensitivity Value per Share (EUR) — EBIT-margin from 2029e

WACC	22.50%	22.75%	**23.00%**	23.25%	23.50%
10.06%	23.84	24.03	24.22	24.40	24.59
9.81%	24.74	24.94	25.13	25.33	25.52
9.56%	25.70	25.91	**26.11**	26.32	26.52
9.31%	26.73	26.95	27.16	27.38	27.60
9.06%	27.84	28.07	28.29	28.52	28.75

Source: Montega

Peer group analysis

The companies of our peer group have similar structural drivers of demand regarding their operating development and are all active in a comparable market environment. It should be noted though that the peer companies are much more mature and therefore much bigger and more profitable. That said, we believe a comparison still makes sense to verify the plausibility of our DCF valuation, as APONTIS will have a similar size in a few years time.

Dermapharm Holding SE: The company develops, manufactures, licenses, markets, and sells branded generic products, OTC drugs, non-prescription natural remedies, and other healthcare products. Customers are pharma wholesalers, pharmacies, hospitals, and health food stores. In FY 2021, the company generated revenues of EUR 960.1m and an EBITDA margin of 32.5%

Amneal Pharmaceuticals, Inc.: US-company Amneal Pharmaceuticals develops, licenses, produces, markets and distributes generic and pharma products for different therapeutical sectors. These products are sold by wholesalers, distributors, hospitals, and pharmacies. In 2021, the company generated revenues of EUR 1.9bn and an EBITDA margin of 21.5%.

Hikma Pharmaceuticals PLC: Hikma Pharmaceuticals PLC is headquartered in London and produces and markets a number of generic, branded, and inlicensed pharmaceutical products. The products are bought by hospitals as well as pharmacies and wholesalers. In FY 2021, the company generated revenues of EUR 2.4bn and an EBITDA margin of 28.1%

Laboratorios Farmaceuticos Rovi, S.A.: The company is active in research, development, production, and sale of pharmaceutical (mostly prescription) products. The product portfolio also includes drugs for chronic cardiovascular diseases. In 2021, the company generated revenues of EUR 648.7m and an EBITDA margin of 30.5%.

Orion Oyj: The Finnish company produces human and veterinary drugs as well as pharmaceutical active ingredients which are sold internationally. Most of the products are prescription drugs, some of which are used for the treatment of chronic diseases. In FY 2021, the company generated revenues of EUR 1.0bn and an EBITDA margin of 27.1%

Recordati Industria Chimica e Farmaceutica S.p.A.: The Italian pharma company and its subsidiaries are internationally active in research, development, production, marketing, and sale of drugs. The product portfolio includes OTC and prescription drugs as well as preparations for cardiovascular diseases. In 2021, the company generated revenues of EUR 1.6bn and an EBITDA margin of 37.5%.

PharmaSGP Holding SE: PharmaSGP Holding SE is headquartered in Germany and produces chemical-free OTC drugs and other healthcare products. It also offers products for the treatment of chronic indications as well as age-related diseases. The products are primarily sold in pharmacies and by wholesalers. In FY 2020, PharmaSGP generated revenues of EUR 63.2m and an EBITDA margin of 25.6%

Faes Farma, S.A.: Faes Farma, S.A. is a Spanish pharma company which researches, develops, produces and markets products and raw materials. The company’s product portfolio is comprised of prescription drugs, generic products, OTC drugs as well as food supplements. In 2021, Faes Farma generated revenues of EUR 428.6m and an EBITDA margin of 26.0%.

Peer group APONTIS PHARMA AG

Company	EV / Sales			PE		
	2023e	2024e	2025e	2023e	2024e	2025e
Dermapharm Holding SE	3.49	3.74	3.51	15.12	17.14	n.a.
Amneal Pharmaceuticals, Inc.	1.44	1.41	1.38	4.22	3.93	3.57
Hikma Pharmaceuticals PLC	1.71	1.62	n.a.	8.69	8.07	n.a.
Laboratorios Farmaceuticos Rovi, S.A.	4.53	4.43	3.71	18.68	18.01	13.93
Orion Oyj	5.14	4.76	4.25	26.02	22.21	19.35
Recordati Industria Chimica e Farmaceutica	5.59	5.27	4.97	22.04	20.78	18.86
PharmaSGP Holding SE	4.24	3.94	3.61	15.86	15.39	n.a.
Faes Farma, S.A.	2.56	2.46	2.46	13.44	13.82	14.33
Median	3.86	3.84	3.61	15.49	16.27	14.33
APONTIS PHARMA AG	**1.45**	**1.21**	**0.98**	**38.94**	**16.47**	**8.92**
Potential	166%	216%	268%	-60%	-1%	61%
Fair Value per Share	**28.80**	**33.70**	**38.70**	**5.10**	**12.70**	**20.60**

Company	EV / EBITDA			EV / EBIT		
	2023e	2024e	2025e	2023e	2024e	2025e
Dermapharm Holding SE	10.73	11.57	9.11	12.38	13.95	12.64
Amneal Pharmaceuticals, Inc.	5.60	5.41	5.17	6.56	6.11	5.65
Hikma Pharmaceuticals PLC	5.88	5.51	n.a.	6.87	6.41	n.a.
Laboratorios Farmaceuticos Rovi, S.A.	13.94	12.83	10.45	15.41	15.07	11.89
Orion Oyj	17.31	15.35	13.31	19.57	17.56	15.03
Recordati Industria Chimica e Farmaceutica	14.76	14.01	13.23	17.43	16.17	15.24
PharmaSGP Holding SE	13.33	12.01	10.96	13.85	12.70	11.58
Faes Farma, S.A.	8.99	8.66	8.66	10.85	10.44	10.41
Median	12.03	11.79	10.45	13.12	13.33	11.89
APONTIS PHARMA AG	**12.20**	**6.60**	**3.97**	**17.82**	**8.23**	**4.63**
Potential	-1%	79%	164%	-26%	62%	157%
Fair Value per Share	**12.70**	**20.40**	**28.60**	**10.30**	**18.80**	**27.90**

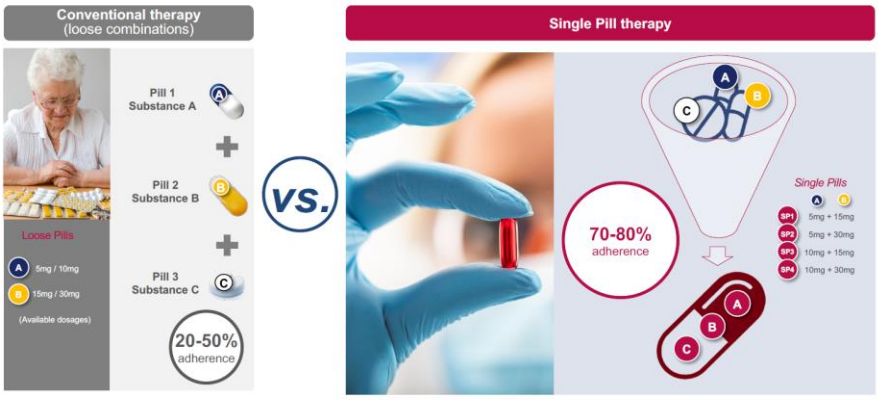
Source: Company, Montega, Capital IQ

In 2025, the year in which APONTIS is expected to reach an EBITDA margin of 24.7% and would be on a par with the peer group, the peer companies have an EV/EBITDA multiple of 10.5x, EV/EBIT of 11.9x and PER of 14.3x. Conversely, the multiples of APONTIS are only 4.0x, 4.6x, and 8.9x, which results in a fair value per share of EUR 20.60 and EUR 28.60. Our DCF-based price target of EUR 26.00 is in the upper third of this range and is therefore validated in our view.

COMPANY BACKGROUND

APONTIS PHARMA AG is a German pharma company specializing in so-called Single Pills. A Single Pill combines two to three off-patent active ingredients in just one single preparation. The business model of APONTIS is based on the development, marketing, and sale of Single Pills. The company currently has seven preparations in its portfolio. Third-party contract partners are in charge of production, storage, and logistics. The product development is focused on cardiovascular diseases (primarily high blood pressure). The biggest advantage of combination products is the patients' higher adherence to therapy.

Single pill therapy of APONTIS PHARMA AG



Source: Company

Alongside the Single Pills, APONTIS also distributes a number of pharma products for various chronic diseases such as diabetes and respiratory diseases by way of co-marketing and co-promotion agreements. These agreements cover the marketing of identical pharma products under two separate brand names or under the brand name of the license holder. The products are novel patent-protected products of large pharma companies such as Novartis or AstraZeneca.

Key Facts

Ticker	APPH	**Sales**	EUR 51.2 m
Sector	Pharma	**adj. EBITDA**	EUR 5.9 m
Employees	176	**EBITDA margin**	11.5%
Core competence	Development, marketing and sales of single pills		
Locations	Monheim am Rhein (NRW)		
Customer structure	Broad customer base of around 23,000 doctors (general practitioners) in Germany		

Source: Company — as of: FY 2021

Major events in the company's history

1946 Foundation of Schwarz Pharma Group as an international pharma company with a focus on cardiovascular diseases.

1995 Foundation of Schwarz Pharma Deutschland GmbH

2006 Belgium pharma company UCB S.A. acquires Schwarz Pharma

Establishment of the „UCB Innere Medizin" (internal medicine) business unit to shift the focus to general medicine on the German market

2009 Marketing launch of Jalra and Icandra (co-marketing)

2013 Launch of Tonotec Single Pill

2015 Market launch of Caramlo Single Pill

2016 Marketing launch of Ulunar (co-marketing)

2017 Marketing launch of Biramlo and Iltria Single Pills

2018 Private equity company Paragon Partners acquires the "UCB Innere Medizin" business unit and runs it as an independent company

2019 Change of name of UCB Innere Medizin to APONTIS PHARMA GmbH & Co. KG

Market launch of the Tonotec HCT, LosAmlo, and Atorimib Single Pills

2021 IPO at the Frankfurt stock exchange

APONTIS PHARMA and Midas Pharma announce development partnership to launch a Single Pill with Pan-European property rights

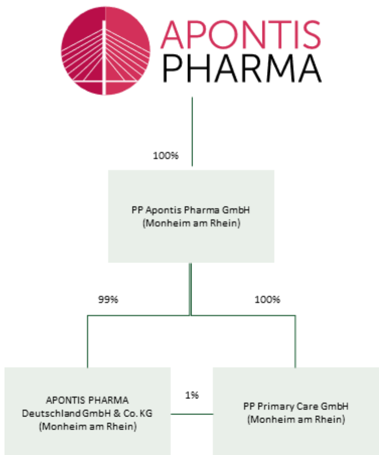
Thomas Zimmermann joins the Management Board as CFO

2022 Sales cooperation with AstraZeneca is expanded

Organizational structure

APONTIS is headquartered in Monheim am Rhein (NRW). The scope of consolidation includes the holding company as well as three fully consolidated subsidiaries. APONTIS has 176 employees (as per the end of FY 2021), roughly 130 of whom are active in sales/field service.

Organizational structure of APONTIS PHARMA AG



Source: Company

Business model and individual segments

APONTIS reports the development of sales revenues in the areas of Single Pills, Own Brands (excluding Single Pills), and Co-Marketing at Group level. Revenues are exclusively generated in Germany.

Single Pills: The Single Pills portfolio contributed the majority of overall revenues in FY 2021 at EUR 31.5m or 61.5%. As the corporate strategy focuses on the Single Pills business area, the sales share of this business unit is expected to grow further over the next few years. The Single Pills portfolio currently comprises the following preparations:

Name	Potential (estimated eligible patients)	Sales 2021p	Mid-term sales potential	Gross margin 2021p	Details
Biramlo	670.000	EUR 1.7 m (+1% yoy)	EUR 3.7 m	71%	- treats high blood pressure - consists of the ingredients Bisoprolol and Amlodipine - was launched in 2016 under a license and supply agreement with the Hungarian company Egis - APONTIS PHARMA owns the product
Caramlo	1.267.000	EUR 5.4 m (+60% yoy)	EUR 6.4 m	67%	- treats high blood pressure - consists of the ingredients Candesartan and Amlodipin - was launched in 2015 as part of a co-distribution agreement with the Czech company Zentiva - APONTIS PHARMA has the exclusive distributon and advertising rights for Germany
LosAmlo	70.000	EUR 0.8 m (+82% yoy)	EUR 2.5 m	62%	- treats high blood pressure - consists of the ingredients Losartan and Amlodipin - was launched in 2019 as part of a supply agreement with the Slovenian company Krka - APONTIS PHARMA was granted exclusive distribution and promotion rights for Germany
Tonotec	1.647.000	EUR 6.0 m (+11% yoy)	EUR 8.5 m	89%	- treats high blood pressure - consists of the ingredients Ramipril and Amlodipin - was launched in 2013 under a license and supply agreement with the Hungarian company Egis - APONTIS PHARMA owns the product
Tonotec HTC	224.000	EUR 1.5 m (+74% yoy)	EUR 3.8 m	74%	- treats high blood pressure - consists of the ingredients Ramipril, Amlodipin and HCT - was launched in 2019 under a license and supply agreement with the German company Midas - APONTIS PHARMA owns the product
Iltria	473.000	EUR 1.5 m (+16% yoy)	EUR 3.3 m	72%	- serves as secondary prophylaxis of cardiovascular events - consists of the ingredients Ramipril, Atorvastatin and Acetylsalicylsäure - was launched in 2017 under a license and distribution agreement with the Spanish company Ferrer - APONTIS PHARMA was granted exclusive sales and promotion rights for Germany
Atorimib	210.000	EUR 14.4 m (+153% yoy)	EUR 14.7 m	75%	- treats hypercholesterolemia - consists of the ingredients Atorvastatin and Ezetimib - was launched in 2019 under a license and supply agreement with the German company Midas - APONTIS PHARMA owns the product

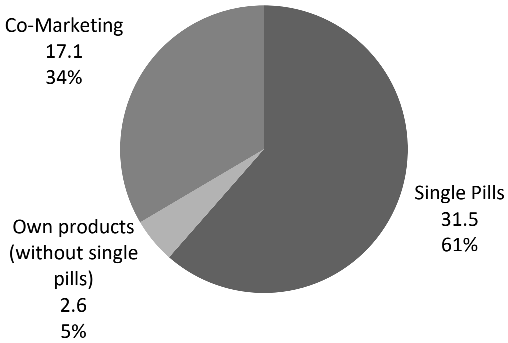
Source: Company

Own Brands (excluding Single Pills): Alongside the Single Pills products, APONTIS has a broadly diversified portfolio of other drugs. In FY 2021, APONTIS generated revenues of EUR 2.6m or 5.0% of total revenues with these drugs. This includes preparations for cardiovascular disdeases (dehydro sanol tri, diucomb, and diucomb mild), women's health (agnus sanol, morea sanol, ladonna sanol, onefra sanol, previva sanol) as well as Codicaps mono (dry cough), magno sanol, magno sanol uno (magnesium deficiency), and Obstinol (laxative).

Co-Marketing: In this business area, APONTIS joins forces with usually large pharma companies such as Novartis or AstraZeneca to market special products of the pharma companies. As these are mostly preparations for respiratory diseases and diabetes, they are a useful addition to the existing product portfolio of APONTIS. Additionally, the potential buyers of the co-marketing products – usually general practitioners – are identical to those for Single Pills.

The company currently has two co-marketing agreements with Novartis Pharma for the Jalra and Icandra products, both of which will presumably come to an end in September 2022 when the patent of these products will expire. In March 2021, APONTIS has also signed an agreement with AstraZeneca GmbH to market Trixeo. It has a term until the end of 2022. In March 2022, the strategic sales cooperation has been extended. The Co-Marketing business area contributed EUR 17.1m or 33.5% to total revenues in 2021.

Sales by segments FY 2021
(in EUR m)



Source: Company

Sales structure

APONTIS does not manufacture the medical products in its portfolio. Consequently, business activities focus on a successful marketing and sales concept. The mainstay of this approach is the direct relationship with physicians given that they, as key decision-makers, prescribe the Single Pills to their patients. APONTIS has a sales force of some 130 representatives (73% of the group's staff) to distribute the range of products among some 23,000 physicians in the DACH region. The sales representatives had approx. 138,000 in-person office visits to physicians and held a total of 47 training events in FY 2020 (2019: some 200,000 and 120 respectively) despite the Covid-19-related restrictions.

Management

The operating business is managed by CEO Karlheinz Gast, CPO Thomas Milz, and CFO Thomas Zimmermann.

Karlheinz Gast, who holds a degree in physics, was appointed to the Management Board of APONTIS in 2018, after having originally joined Schwarz Pharma Deutschland GmbH in 1997. From 1997 until 2008, he held the position of Sales Director and then Senior Director BU Internal Medicine from 2008 until 2010, and General Manager of this business unit from 2010 until 2016. Prior to his career at Schwarz Pharma, or APONTIS, Mr. Gast held different management positions, for instance at Asta Medica. Today, he is responsible for Strategy, Marketing & Sales, HR, and Investor Relations.

Thomas Milz is responsible for Business Development, Market Access, Medical and Regulatory Affairs as well as Product Development is his position as Management Board member. He joined the Schwarz Pharma Group in 1991. Having graduated in business economics, Mr. Milz worked in product management from 1993 until 1996. Subsequently, he was Head of Product Management and Head of Marketing. From 2007, Mr. Milz took over the position of Director of Strategic Projects & Market Access for Germany, and temporarily for Austria, Switzerland, the Czech Republic, Slovakia, and Hungary.

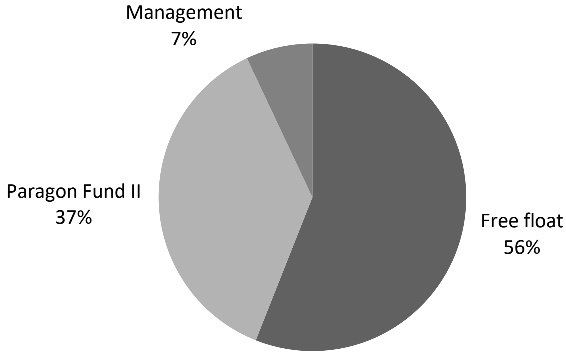
Thomas Zimmermann has been Chief Financial Officer since January 2022, and is responsible for Finances, Supply Chain, and IT. He has worked in positions of responsibility for roughly 25 years with a focus on finances in the pharma industry. Prior to joining APONTIS, business graduate Mr. Zimmermann had worked at Galderma, a Swiss pharma company, as a Finance Director for Germany and Austria. He started his carreer as a chartered accountant and tax consultant at Ernst & Young.

Shareholder structure

APONTIS PHARMA AG has issued 8,500,000 ordinary bearer shares and is listed in the Scale market segment (OTC).

The shareholder structure is mainly characterized by the stake of major shareholder Paragon Partners (private equity company) of 37%. Management also holds a stake of roughly 7% in the company. The remaining 56% are free float.

Shareholder structure
(as of: March 2022)



Source: Company

APPENDIX

P&L (in Euro m) APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
Sales	**40.0**	**39.2**	**51.2**	**56.0**	**56.3**	**67.4**
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	**40.0**	**39.2**	**51.2**	**56.0**	**56.3**	**67.4**
Material Expenses	11.1	14.2	17.4	18.9	18.2	21.1
Gross profit	**29.0**	**25.0**	**33.8**	**37.1**	**38.1**	**46.3**
Personnel expenses	18.6	16.5	19.7	20.8	21.5	22.5
Other operating expenses	13.3	10.1	15.3	12.3	11.3	12.8
Other operating income	1.3	2.6	3.6	1.5	1.4	1.4
EBITDA	**-1.7**	**1.0**	**2.4**	**5.5**	**6.7**	**12.4**
Depreciation on fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	**-1.7**	**1.0**	**2.4**	**5.5**	**6.7**	**12.4**
Amortisation of intangible assets	0.6	1.6	1.7	1.8	2.1	2.4
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**-2.2**	**-0.6**	**0.7**	**3.8**	**4.6**	**9.9**
Financial result	-0.8	-0.9	-0.4	0.0	0.0	0.0
Result from ordinary operations	**-3.1**	**-1.5**	**0.2**	**3.8**	**4.6**	**9.9**
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**-3.1**	**-1.5**	**0.2**	**3.8**	**4.6**	**9.9**
Taxes	-0.7	-0.3	1.0	1.6	1.8	3.3
Net Profit of continued operations	-2.4	-1.2	-0.7	2.2	2.8	6.7
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	**-2.4**	**-1.2**	**-0.7**	**2.2**	**2.8**	**6.7**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	**-2.4**	**-1.2**	**-0.7**	**2.2**	**2.8**	**6.7**

Source: Company (reported results), Montega (forecast)

P&L (in % of Sales) APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Increase / decrease in inventory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Own work capitalised	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Material Expenses	27.6%	36.2%	34.0%	33.7%	32.4%	31.3%
Gross profit	**72.4%**	**63.8%**	**66.0%**	**66.3%**	**67.6%**	**68.7%**
Personnel expenses	46.5%	42.1%	38.4%	37.1%	38.2%	33.4%
Other operating expenses	33.3%	25.8%	29.9%	22.0%	20.0%	19.0%
Other operating income	3.3%	6.7%	7.0%	2.7%	2.5%	2.1%
EBITDA	**-4.2%**	**2.7%**	**4.7%**	**9.9%**	**11.9%**	**18.4%**
Depreciation on fixed assets	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
EBITA	**-4.2%**	**2.6%**	**4.6%**	**9.8%**	**11.8%**	**18.3%**
Amortisation of intangible assets	1.4%	4.1%	3.4%	3.2%	3.7%	3.6%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	**-5.6%**	**-1.6%**	**1.3%**	**6.7%**	**8.1%**	**14.7%**
Financial result	-2.1%	-2.2%	-0.8%	0.0%	0.0%	0.0%
Result from ordinary operations	**-7.7%**	**-3.8%**	**0.5%**	**6.7%**	**8.1%**	**14.7%**
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	**-7.7%**	**-3.8%**	**0.5%**	**6.7%**	**8.1%**	**14.7%**
Taxes	-1.7%	-0.8%	1.9%	2.9%	3.2%	4.9%
Net Profit of continued operations	-6.0%	-3.0%	-1.5%	3.8%	4.9%	9.9%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	**-6.0%**	**-3.0%**	**-1.5%**	**3.8%**	**4.9%**	**9.9%**
Minority interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	**-6.0%**	**-3.0%**	**-1.5%**	**3.8%**	**4.9%**	**9.9%**

Source: Company (reported results), Montega (forecast)

Balance sheet (in Euro m) APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	15.7	14.8	14.7	19.9	25.0	29.9
Property, plant & equipment	0.1	0.0	0.0	0.1	0.2	0.2
Financial assets	0.6	0.7	0.8	0.8	0.8	0.8
Fixed assets	**16.3**	**15.5**	**15.5**	**20.8**	**26.0**	**30.9**
Inventories	4.2	2.9	4.6	4.9	5.1	5.4
Accounts receivable	1.1	1.2	2.9	3.1	3.4	3.9
Liquid assets	7.4	8.1	29.8	26.9	24.7	26.5
Other assets	1.6	2.0	1.3	1.4	1.5	1.6
Current assets	**14.3**	**14.2**	**38.6**	**36.3**	**34.7**	**37.3**
Total assets	**30.6**	**29.7**	**54.1**	**57.1**	**60.6**	**68.3**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**4.6**	**3.5**	**40.7**	**42.9**	**45.6**	**52.3**
Minority Interest	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Provisions	8.2	7.1	9.0	9.4	9.9	10.3
Financial liabilities	13.2	14.0	0.0	0.0	0.0	0.0
Accounts payable	3.1	3.3	3.0	3.4	3.7	4.2
Other liabilities	1.5	1.9	1.4	1.4	1.4	1.4
Liabilities	**25.9**	**26.2**	**13.4**	**14.2**	**15.0**	**16.0**
Total liabilities and shareholders' equity	**30.6**	**29.7**	**54.1**	**57.1**	**60.6**	**68.3**

Source: Company (reported results), Montega (forecast)

Balance sheet (in %) APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	51.2%	49.7%	27.2%	34.9%	41.3%	43.8%
Property, plant & equipment	0.2%	0.1%	0.0%	0.2%	0.3%	0.3%
Financial assets	2.0%	2.2%	1.4%	1.4%	1.3%	1.1%
Fixed assets	**53.4%**	**52.0%**	**28.6%**	**36.4%**	**42.9%**	**45.3%**
Inventories	13.7%	9.8%	8.5%	8.6%	8.4%	7.9%
Accounts receivable	3.6%	4.1%	5.4%	5.4%	5.6%	5.7%
Liquid assets	24.1%	27.1%	55.2%	47.1%	40.7%	38.8%
Other assets	5.2%	6.8%	2.4%	2.5%	2.5%	2.3%
Current assets	**46.6%**	**47.9%**	**71.4%**	**63.6%**	**57.2%**	**54.7%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**15.2%**	**11.6%**	**75.3%**	**75.1%**	**75.3%**	**76.6%**
Minority Interest	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Provisions	26.6%	23.9%	16.6%	16.5%	16.3%	15.2%
Financial liabilities	43.2%	47.2%	0.0%	0.0%	0.0%	0.0%
Accounts payable	10.2%	11.0%	5.5%	6.0%	6.1%	6.1%
Other liabilities	4.8%	6.3%	2.6%	2.5%	2.4%	2.1%
Total Liabilities	**84.8%**	**88.3%**	**24.8%**	**25.0%**	**24.8%**	**23.4%**
Total Liabilites and Shareholders' Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Company (reported results), Montega (forecast)

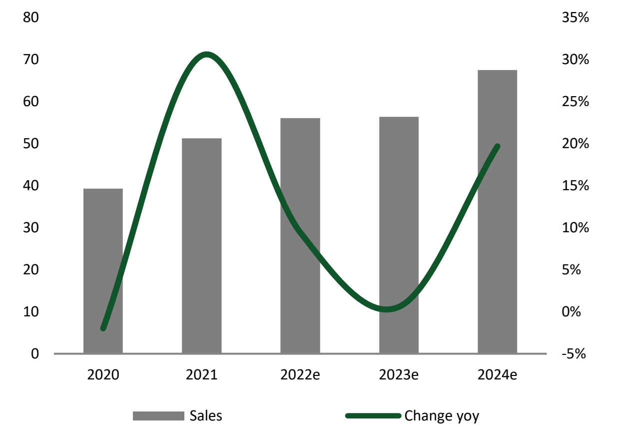
Statement of cash flows (in Euro m) APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
Net income	-2.4	-1.2	-0.7	2.2	2.8	6.7
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	1.6	1.7	1.8	2.1	2.4
Increase/decrease in long-term provisions	0.4	-1.1	1.4	0.1	0.1	0.1
Other non-cash related payments	0.1	0.3	4.9	0.2	0.2	0.3
Cash flow	**-1.3**	**-0.3**	**7.4**	**4.2**	**5.3**	**9.5**
Increase / decrease in working capital	1.1	1.8	-3.9	-0.1	-0.2	-0.3
Cash flow from operating activities	**-0.2**	**1.5**	**3.4**	**4.2**	**5.1**	**9.2**
CAPEX	-1.3	-0.7	-1.7	-7.1	-7.3	-7.4
Other	-0.1	0.0	-0.1	0.0	0.0	0.0
Cash flow from investing activities	**-1.4**	**-0.8**	**-1.8**	**-7.1**	**-7.3**	**-7.4**
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Change in financial liabilities	0.0	0.0	-12.3	0.0	0.0	0.0
Other	0.0	0.0	32.4	0.0	0.0	0.0
Cash flow from financing activities	**0.0**	**0.0**	**20.1**	**0.0**	**0.0**	**0.0**
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquid funds	**-1.6**	**0.7**	**21.8**	**-2.9**	**-2.2**	**1.8**
Liquid assets at end of period	**7.4**	**8.1**	**29.8**	**26.9**	**24.7**	**26.5**

Source: Company (reported results), Montega (forecast)

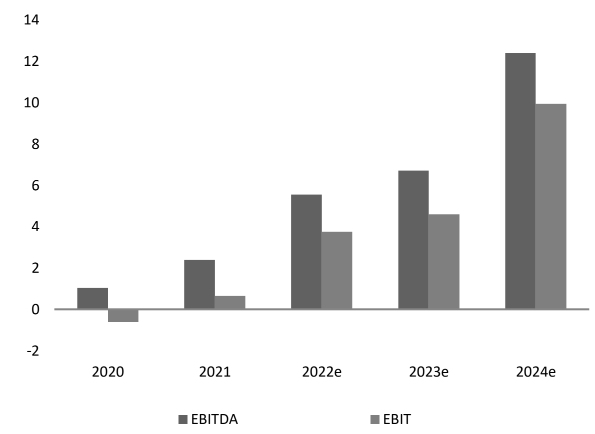
Key figures APONTIS PHARMA AG	2019	2020	2021	2022e	2023e	2024e
Earnings margins						
Gross margin (%)	72.4%	63.8%	66.0%	66.3%	67.6%	68.7%
EBITDA margin (%)	-4.2%	2.7%	4.7%	9.9%	11.9%	18.4%
EBIT margin (%)	-5.6%	-1.6%	1.3%	6.7%	8.1%	14.7%
EBT margin (%)	-7.7%	-3.8%	0.5%	6.7%	8.1%	14.7%
Net income margin (%)	-6.0%	-3.0%	-1.5%	3.8%	4.9%	9.9%
Return on capital						
ROCE (%)	-17.8%	-5.1%	5.2%	23.6%	21.8%	38.0%
ROE (%)	#DIV/0!	-25.5%	-21.5%	5.3%	6.5%	14.6%
ROA (%)	-7.8%	-4.0%	-1.4%	3.8%	4.6%	9.7%
Solvency						
YE net debt (in EUR)	7.9	8.2	-27.4	-24.4	-22.0	-23.7
Net debt / EBITDA	-4.8	7.9	-11.4	-4.4	-3.3	-1.9
Net gearing (Net debt/equity)	1.7	2.4	-0.7	-0.6	-0.5	-0.5
Cash Flow						
Free cash flow (EUR m)	-1.6	0.7	1.8	-2.9	-2.2	1.8
Capex / sales (%)	3.5%	2.0%	3.5%	12.7%	13.0%	11.0%
Working capital / sales (%)	5%	4%	5%	8%	8%	7%
Valuation						
EV/Sales	2.0	2.1	1.6	1.5	1.5	1.2
EV/EBITDA	-	78.6	34.1	14.8	12.2	6.6
EV/EBIT	-	-	125.7	21.8	17.8	8.2
EV/FCF	-	113.4	46.1	-	-	45.3
P/E	-	-	-	51.4	38.9	16.5
P/B	23.5	31.6	2.7	2.5	2.4	2.1
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company (reported results), Montega (forecast)

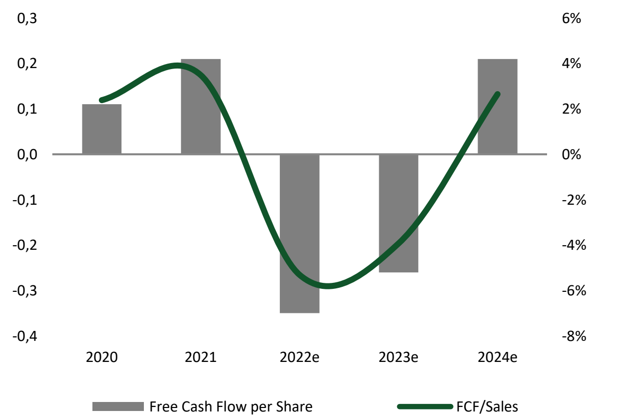
Sales development



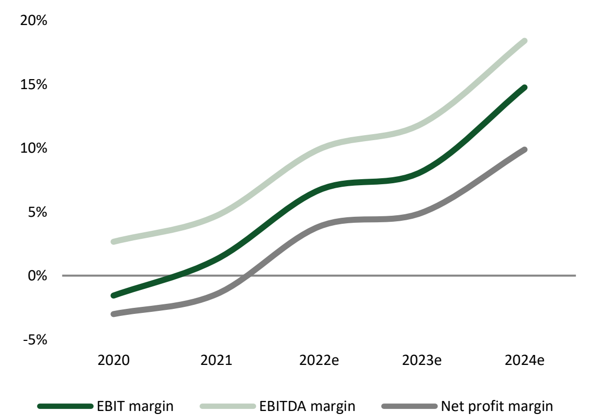
Earnings development



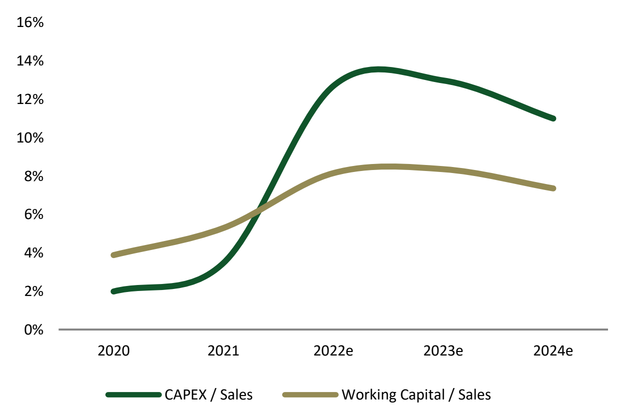
Free-Cash-Flow development



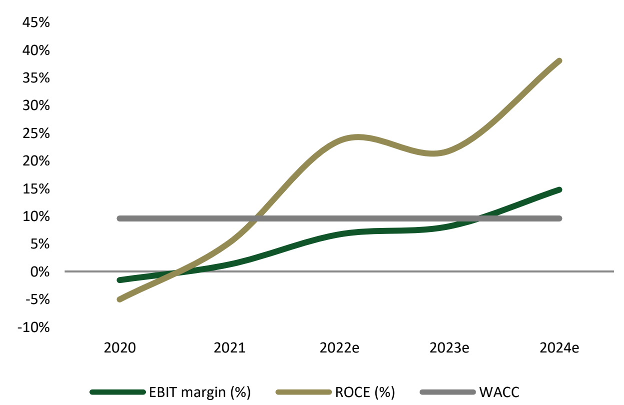
Margin development



CAPEX / Working Capital



EBIT-Yield / ROCE



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Buy: The analysts at Montega AG believe the share price will rise during the next twelve months.
Hold: Upside/downside potential limited. No immediate catalyst visible.
Sell: The analysts at Montega AG believe the share price will fall during the next twelve months.

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Share price and recommendation histroy

Recommendation	Date	Price (EUR)	Price target (EUR)	Potential
Buy (Initiation)	19.04.2022	12.85	26.00	+102%