

HAEMATO AG^{*4,5a,6a,11}

BUY

Target price: 47.50 €
(until now: 50.10 €)

current share price: 23.50
04.04.22 / XETRA / 5:36 pm
currency: EUR

Key data:

ISIN: DE000A289VV1
WKN: A289VV
Ticker Symbol: HAEK
Number of shares³: 5.23
Marketcap³: 122.88
EnterpriseValue³: 108.80
³ in m / in EURm
Freefloat: 24.2 %

Transparency level:
Open Market
Market segment:
Freiverkehr
Accounting standard:
IFRS

Financial year-end: 31.12.

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* Catalogue of possible conflicts of interest on page 7

Date (time) Completion:
05.04.22 (9:03 am)

Date (time) first transmission:
05.04.22 (10:30 am)

Validity of the course target:
until now: 31.12.2022

Company Profile

Branch: Pharma

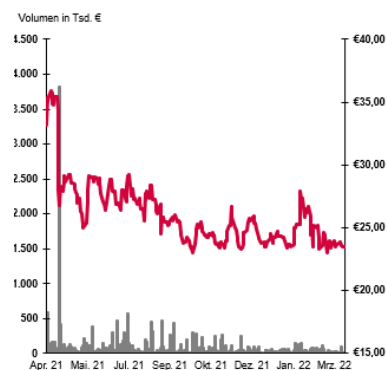
Focus: Specialty pharmaceuticals, parallel imports, own-label products

Employees: 147 (30.06.2021)

Year of foundation: 1993

Head office: Berlin

Board of Directors: Patrick Brenske, Attila Strauss



HAEMATO AG is a listed specialty pharmaceutical company. Its business activities focus on growth markets for off-patent and patent-protected drugs. The main focus is on the therapeutic areas of oncology, HIV/AIDS, neurology, cardiovascular and other chronic diseases. In the fast-growing market of aesthetic medicine, HAEMATO AG focuses on the largest market for private payers. The need for affordable medicines that are delivered at the highest quality and meet the demand for reliable and comprehensive medical care at all times will continue to grow in the coming years as the population's life expectancy increases. With the product portfolio of off-patent and patent-protected medicines, the aim is to optimise efficient drug supply and thereby reduce costs for health insurance companies and thus also for patients.

P&L in EUR million \ end of FY	31.12.2020	31.12.2021*	31.12.2022e	31.12.2023e
Revenues	238.33	285.00	265.00	313.80
EBITDA	3.31	12.60	10.60	15.36
EBIT	1.63	11.20	9.10	13.51
Net profit for the year	-4.83	-	5.51	9.45

Key figures in EUR				
Earnings per share	-1.02	-	1.05	1.81
Dividend per share	1.00	1.10	1.20	1.60

*according to preliminary figures

Key figures				
EV/Revenues	0.46	0.38	0.41	0.35
EV/EBITDA	32.82	8.63	10.26	7.09
EV/EBIT	66.88	9.71	11.96	8.06
P/E Ratiop	-25.44	-	22.30	13.00
P/B-Ratio	0.98			

Financial dates

17.05.2022: Annual report 2021

25.05.2022: Q1-figures

12.07.2022: AGM

25.08.2022: HY-figures

17.11.2022: Q3-figures

**last research by GBC:

Date: Publication / Target price in EUR / Rating

28.01.2022: RS / 50.10 / BUY

08.09.2021: RS / 50.10 / BUY

14.06.2021: RS / 52.50 / BUY

23.04.2021: RS / 51.30 / BUY

** the above research studies can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg

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Preliminary figures 2021: Revenues in line with expectations, earnings exceeded; GBC forecasts for 2022 and 2023 adjusted to company guidance; High upside potential in the self-pay market; Target price €47.50; BUY rating

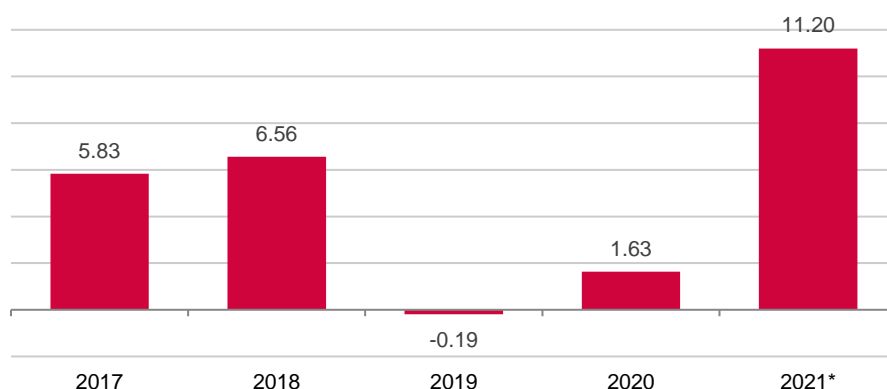
P&L (in € million)	FY 2019	FY 2020	FY 2021*	GBC Forecast
Revenues	197.84	238.33	285.0	296.00
EBIT	-0.02	1.63	11.2	10.09
EBIT margin	neg.	0.7%	3.9%	3.4%
After-tax result	-1.17	-4.83	-	8.36

Sources: HAEMATO AG; GBC AG; *preliminary figures

On 30 March 2022, HAEMATO AG published the preliminary figures for the past financial year 2021. As expected, the company reported a significant increase in sales of 19.6 % to € 285.0 million (previous year: € 238.3 million). The strong increase is mainly due to the significant expansion of the product area "Lifestyle & Aesthetics". This business segment was significantly expanded with the first-time consolidation of M1 Aesthetics GmbH as of 01.01.2021, in which the trade of aesthetic surgery and cosmetic dermatology products is bundled. According to preliminary figures, this segment contributed around € 65 million to Group turnover. In parallel, the "Specialty Pharma" segment, in which products financed by health insurance funds are bundled, generated sales revenues of € 220 million. As we currently lack meaningful data, a comparison of the segment development with the previous year will only be possible once the final figures are available. The level of turnover achieved is fully in line with the company's previous guidance, which had most recently forecast a consolidated turnover of between € 280 and 300 million. Our previous turnover estimates of € 296.00 million were only slightly higher.

The preliminary figures make the high profitability level of the product area "Lifestyle & Aesthetics" segment visible, as this area addresses the lucrative self-pay market in particular. With the expansion of this segment, the EBIT increased disproportionately to € 11.2 million (previous year: € 1.6 million) and the EBIT margin to 3.9 % (previous year: 0.7 %). Both the EBIT forecast by the HAEMATO management (€ 9 to €11 million) and our forecast (GBC estimate: € 10.09 million) were thus exceeded.

EBIT (in € million)



Source: HAEMATO AG; GBC AG; *according to preliminary figures

Forecasts

P&L (in € million)	FY 2021*	FY 2022 (old)	FY 2022 (new)	FY 2023 (old)	FY 2023 (new)
Revenues	285.0	330.00	265.00	394.00	313.80
EBIT	11.2	13.90	9.10	17.11	13.51
JÜ	-	9.11	5.51	11.66	8.97

Source: GBC AG

With the publication of the preliminary figures, HAEMATO has published a guidance for the current financial year 2022 for the first time. From the current perspective, sales revenues of € 250 to € 280 million and an EBIT of € 8 to € 10 million are expected. The executive board points out that due to the current uncertainties in connection with the corona pandemic, the situation in Ukraine or the increased inflation, no concrete forecasts are possible. However, continued price pressure on the tax side as well as rising expenses for the procurement of goods and higher transport costs are expected.

This is in contrast to the continuation of portfolio streamlining in the "Specialty Pharma" area and thus a stronger concentration on high-margin products. In addition, the "Lifestyle & Aesthetics" product area is to be expanded in order to further increase the profitability level. In this regard, the company has, for example, concluded an exclusive supply and licence agreement with the South Korean Huons BioPharma for the supply of botulinum toxin (Botox) products. Following a European approval process, the company is expected to benefit from the high demand for Botox. By supplying the largest customers in Germany, a high market share of the high-volume Botox market could be secured if the pricing strategy is maintained. Our forecasts do not yet include the additional potential stemming from this.

We are adjusting our revenue and earnings forecasts to the corporate guidance, whereby we are orienting ourselves towards the middle of the forecast range. Accordingly, for the current financial year 2022, we expect revenue of € 265.00 million and EBIT of € 9.10 million. This means that we are adjusting the previous estimates downwards. Starting from this lower basis, we are also adjusting the forecasts for the coming 2023 financial year downwards. We expect revenues of € 313.80 million and EBIT of € 13.51 million. Here, too, the possible additional potential from the Huons agreement is not yet included.

As a result of the DCF valuation model, we have determined a new target price of € 47.50 (previously: € 50.10). The price target reduction is a consequence of our reduced forecasts for the current financial year 2022 and, on this lower basis, for the coming financial year 2023. Based on the current price level of € 23.80 per share, we continue to assign a BUY rating.

Evaluation

Model assumptions

HAEMATO AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2021 to 2023 in phase 1, the forecast is made from 2024 to 2028 in the second phase by applying value drivers. Since only the preliminary figures are available for the 2021 business year, this period is still classified as an estimation period. We expect increases in turnover of 7.5 %. We have assumed a target EBITDA margin of 5.5% (previously: 5.0%). We have taken into account the tax rate of 25.0 % in phase 2. In the third phase, a residual value is determined after the end of the forecast horizon using the perpetual annuity. In the final value, we assume a growth rate of 3.0 %.

Determination of the cost of capital

The weighted average cost of capital (WACC) of HAEMATO AG is calculated from the cost of equity and the cost of debt. The fair market premium, the company-specific beta and the risk-free interest rate must be determined in order to calculate the cost of equity.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. The basis for this is the zero-bond interest rates published by the Deutsche Bundesbank according to the Svensson method. To smooth short-term market fluctuations, the average yields of the previous three months are used and the result rounded to 0.25 basis points. **The currently used value of the risk-free interest rate is 0.25 % (previously: 0.25 %). The current value also currently represents the lower limit in our valuation model.**

We set the historical market premium of 5.50% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the stock market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.54 (previously: 1.54) is currently determined.

Using the assumptions made, we calculate a cost of equity of 8.74% (previously: 8.74%) (beta multiplied by risk premium plus risk-free interest rate). Since we assume a sustainable weighting of the cost of equity of 85% (previously: 85%), the weighted average cost of capital (WACC) is 8.29% (previously: 8.29%).

Valuation result

As a result of the DCF valuation model, we have determined a new target price of € 47.50 (previously: € 50.10). The price target reduction is a consequence of our reduced forecasts for the current financial year 2022 and, on this lower basis, for the coming financial year 2023.

DCF-model

HAEMATO AG - Discounted Cashflow (DCF) model scenario

Value driver of the DCF - model after the estimate phase:

consistency - phase		final - phase	
Revenue growth	7.5%	Eternal growth rate	3.0%
EBITDA-Margin	5.5%	Eternal EBITA - margin	5.2%
Depreciation to fixed assets	4.5%	Effective tax rate in final phase	25.0%
Working capital to revenue	10.0%		

three phases DCF - model:

phase in €m	estimate			consistency					final value
	FY 21e	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	
Revenues (RE)	285.00	265.00	313.80	337.34	362.64	389.83	419.07	450.50	
RE change	19.6%	-7.0%	18.4%	7.5%	7.5%	7.5%	7.5%	7.5%	3.0%
RE to fixed assets	6.95	6.46	7.56	8.30	9.10	9.98	10.94	11.98	
EBITDA	12.60	10.60	15.36	18.55	19.94	21.44	23.05	24.78	
EBITDA-Margin	4.4%	4.0%	4.9%	5.5%	5.5%	5.5%	5.5%	5.5%	
EBITA	11.20	9.10	13.51	16.70	18.13	19.66	21.31	23.07	
EBITA-Margin	3.9%	3.4%	4.3%	5.0%	5.0%	5.0%	5.1%	5.1%	5.2%
Taxes on EBITA	-2.80	-2.83	-3.38	-4.18	-4.53	-4.92	-5.33	-5.77	
Taxes to EBITA	25.0%	31.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
EBI (NOPLAT)	8.40	6.27	10.13	12.53	13.60	14.75	15.98	17.30	
Return on capital	12.7%	8.6%	13.3%	15.8%	17.1%	18.5%	20.0%	21.6%	22.3%
Working Capital (WC)	32.05	35.05	37.85	38.85	39.85	40.85	41.85	42.85	
WC to Revenues	11.2%	13.2%	12.1%	10.0%	10.0%	10.0%	10.0%	10.0%	
Investment in WC	-5.94	-3.00	-2.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Operating fixed assets (OAV)	41.00	41.00	41.50	40.65	39.84	39.06	38.32	37.61	
Depreciation on OAV	-1.40	-1.50	-1.85	-1.85	-1.81	-1.78	-1.74	-1.71	
Depreciation to OAV	3.4%	3.7%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	
Investment in OAV	-2.32	-1.50	-2.35	-1.00	-1.00	-1.00	-1.00	-1.00	
Capital employed	73.05	76.05	79.35	79.50	79.69	79.91	80.17	80.46	
EBITDA	12.60	10.60	15.36	18.55	19.94	21.44	23.05	24.78	
Taxes on EBITA	-2.80	-2.83	-3.38	-4.18	-4.53	-4.92	-5.33	-5.77	
Total investment	-8.26	-4.50	-5.15	-2.00	-2.00	-2.00	-2.00	-2.00	
Investment in OAV	-2.32	-1.50	-2.35	-1.00	-1.00	-1.00	-1.00	-1.00	
Investment in WC	-5.94	-3.00	-2.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cashflows	1.54	3.27	6.83	12.38	13.41	14.52	15.72	17.01	293.92

Value operating business (due date)	225.95	241.40
Net present value explicit free Cashflows	57.59	59.10
Net present value of terminal value	168.35	182.30
Net debt	-10.54	-6.95
Value of equity	236.48	248.35
Minority interests	0.00	0.00
Value of share capital	236.48	248.35
Outstanding shares in m	5.23	5.23
Fair value per share in €	45.23	47.50

Cost of capital:

Risk free rate	0.3%
Market risk premium	5.5%
Beta	1.54
Cost of equity	8.7%
Target weight	85.0%
Cost of debt	6.5%
Target weight	15.0%
Tax shield	11.7%

WACC 8.3%

Return on capital	WACC				
	7.3%	7.8%	8.3%	8.8%	9.3%
20.3%	53.38	48.12	43.88	40.41	37.50
21.3%	55.74	50.17	45.69	42.01	38.94
22.3%	58.09	52.22	47.50	43.61	40.38
23.3%	60.45	54.27	49.30	45.22	41.81
24.3%	62.80	56.32	51.11	46.82	43.25

ANNEX

I.

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2. the research report shall be made available simultaneously to all investment service providers interested therein.

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The analysts responsible for this analysis are

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Marcel Goldmann, M.Sc., Financial Analyst

Other person involved in the study:

Manuel Hölzle, Dipl. Kaufmann, Chief Analyst

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