

HAEMATO AG^{*5a,6a,7,11}

BUY

Target price: € 31.70
(until now: € 37.55)

current share price: 18.00
17.04.23 / XETRA / 10:20 am
currency: EUR

Key data:

ISIN: DE000A289VV1
WKN: A289VV
Ticker Symbol: HAEK
Number of shares³: 5.23
Marketcap³: 94.12
EnterpriseValue³: 63.47
³ in m / in EURm
Freefloat: 24.2 %

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

Financial year-end: 31.12.

Analysts:

Cosmin Filker
filker@gbc-ag.de

Marcel Goldmann
goldmann@gbc-ag.de

* Catalogue of possible conflicts of interest on page 7

Date (time) Completion:
17.04.23 (12:56 am)

Date (time) first transmission:
17.04.23 (2:30 pm)

Validity of the course target:
until now: 31.12.2023

Company Profile

Industry: Trade, aesthetic products
Focus: Specialty Pharma; Lifestyle & Aesthetics

Employees: 76 (30.06.2022)

Year of foundation: 1993

Board of Directors: Patrick Brenske, Attila Strauss



HAEMATO AG is a listed company with a focus on the specialty pharma and lifestyle pharma sectors. Their business activities are concentrated on growth markets for off-patent and patent-protected drugs. Their 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 always meet the demand for reliable and comprehensive medical care will continue to grow in the coming years as the population's life expectancy increases. With their product portfolio of off-patent and patent-protected medicines, their aim is to optimise the efficient supply of medicines and thereby reduce costs for health insurance companies and, thus, also for patients.

P&L in EUR million \ FY-end	31.12.2021	31.12.2022*	31.12.2023e	31.12.2024e
Sales	285.04	248.20	242.10	268.54
EBITDA	12.64	9.70	8.80	13.41
EBIT	11.16	8.30	7.45	12.09
Net profit for the year	6.53	8.20	5.40	8.84

Key figures in EUR				
Earnings per share	1.25	1.57	1.03	1.69
Dividend per share	1.10	1.25	0.80	1.35

*preliminary figures

Key figures				
EV/Sales	0.22	0.26	0.26	0.24
EV/EBITDA	5.02	6.54	7.21	4.73
EV/EBIT	5.69	7.65	8.52	5.25
KGV	14.41	11.48	17.43	10.64
KBV	0.65			

Financial dates

17.05.2023: Annual report 2022
31.05.2023: q1 figures 2023
18.07.2023: AGM
31.08.2023: q2 figures 2023
16.11.2023: q3 figures 2023

**last research by GBC:

Date: Publication / Target price in EUR / Rating
13.09.2022: RS / 37.55 / BUY
02.06.2022: RS / 49.00 / BUY
05.04.2022: RS / 47.50 / BUY
28.01.2022: RS / 50.10 / BUY

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

Notice according to MiFID II regulation for research "Marginal non-monetary funding": This research meets the requirements for classification as "Marginal non-monetary funding". For further information, please refer to the disclosure under "I. Research under MiFID II

Preliminary 2023 figures: Revenue and earnings development in line with expectations; Guidance issued against the backdrop of increased mandatory discounts; Target price: € 31.70; Rating: BUY

in €m	FY 2020	FY 2021	FY 2022*	GBC-Forecast 2022
Sales	238.33	285.04	248.2	243.86
EBIT	1.63	11.16	8.3	8.86
EBIT margin	0.7%	3.9%	3.3%	3.6%
Net profit	-4.83	6.53	8.2	5.00

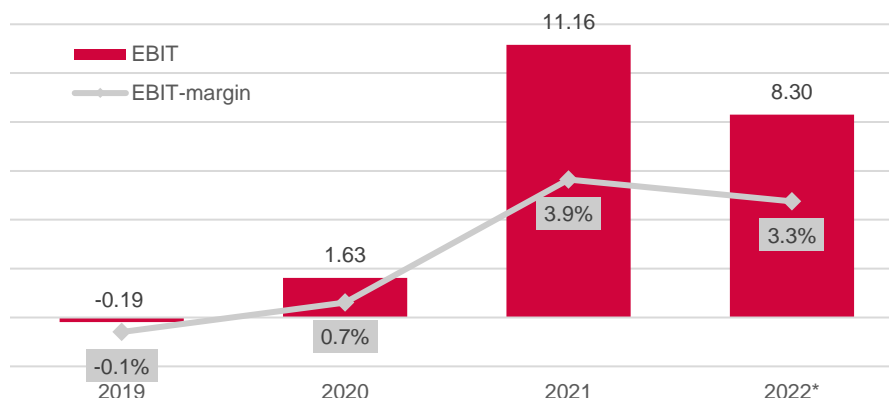
Sources: HAEMATO AG; GBC AG; preliminary figures

According to preliminary figures, HAEMATO AG had to accept a decline in turnover of 12.9% to € 248.2 million (previous year: € 285.0 million) in the past financial year 2022. This development is not surprising, as the record figure for the 2021 financial year was largely due to the sale of a COVID 19 lay test. However, due to an oversupply on the market, HAEMATO's management discontinued sales activities in mid-2021, resulting in a revenue gap for 2022. In the first half of 2021 alone, sales revenues of around € 25 million were generated with the rapid antigen tests. In this respect, a declining revenue development was to be expected. In our forecasts, we had projected sales revenues of € 243.9 million, which were even slightly exceeded.

In the "Specialty Pharma" segment, a decline in turnover of 6.5% to € 205.7 million (previous year: € 219.9 million) was reported. This is due in particular to the implementation of a portfolio adjustment to exclude lower-margin products. As the corona lay tests were included in the "Lifestyle & Aesthetics" segment, there was a significant reduction in turnover of 34.8% to € 42.5 million (previous year: € 65.2 million).

The development of earnings is also in line with expectations. The preliminary EBIT of € 8.3 million (previous year: € 11.16 million) was within the company's guidance, which had forecast an EBIT in a range of € 8 to € 10 million. On this basis, we had expected an EBIT of € 8.9 million. The decline in EBIT compared to the previous year is also primarily due to the discontinuation of the corona lay tests. However, the focus on higher-margin products in the Specialty Pharma segment and the inclusion of the high-margin Lifestyle & Aesthetics segment has led to a visible improvement in profitability, as shown by the comparison of margins with the 2020 financial year, in which an EBIT margin of only 0.7% was achieved. In 2022, the EBIT margin was 3.3%.

EBIT (in €m) and EBIT-margin (in %)



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

At the bottom line, HEMATO AG was able to significantly exceed the previous year's value with an after-tax result of € 8.2 million (previous year: € 6.5 million). This is due to a

significant improvement in the financial result, which must be assumed to include high write-ups on securities held.

Forecast and evaluation

P&L (in € million)	FY 22*	FY 23e (old)	FY 23e (new)	FY 24e (old)	FY 24e (new)
Revenues	243.86	269.23	242.10	285.63	268.54
EBIT	8.86	10.57	7.45	13.62	12.09
EBIT margin	3.6%	3.9%	3.1%	4.8%	4.5%
After-tax result	5.00	7.74	5.40	9.99	8.85
EPS in €	1.57	1.48	1.03	1.91	1.69

Source: GBC AG; *according to preliminary figures

With the publication of the preliminary figures, the HAEMATO management has issued guidance for the current financial year 2023. According to this, consolidated sales of € 220 million to € 250 million and EBIT of € 6 million to € 8 million are expected for 2023. A special aspect of this forecast is the increase in mandatory manufacturer discounts from 7.0% to 12.0% for 2023 as part of the GKV-Finanzstabilisierungsgesetz. For the "Specialty Pharma" segment of HAEMATO, this means an increase in expenses for the procurement of goods and for transport services, which should be accompanied by a reduction in the recently-increased gross profit. However, part of this effect could be absorbed by the initiated concentration on high-margin products and the ongoing cost efficiency programme.

While declining sales and lower profit margins are to be expected in the Specialty Pharma segment, growth in the Lifestyle & Aesthetics segment, adjusted for corona tests, should continue. Here, sales of aesthetic medicines, medical products and cosmetics are to be further expanded. In addition, the distribution of Botulinum toxin (Botox) products should become an important growth driver in this segment. In this regard, an exclusive supply and licence agreement was concluded with the South Korean company Huons BioPharma for the supply of Botox products. At the end of January 2023, the application to conduct a clinical trial was submitted to the authorities. Assuming a normal course of the trial, the company expects approval in 2025.

We have adjusted our estimates for 2023 to the current guidance and made a forecast reduction for both sales and EBIT. We expect revenues of € 242.10 million (previous forecast: € 269.23 million) and EBIT of € 7.45 million (previous forecast: € 10.57 million). As we do not forecast any write-ups on securities, the after-tax result of € 5.40 million should be significantly below the level of the 2022 financial year. For the coming financial year 2024, we expect a growth in turnover of 10.9% to € 268.54 million and an improvement in the EBIT margin to 4.5%. This is against the backdrop of a disproportionate development of the high-margin "Lifestyle & Aesthetics" segment as well as the expected reduction of the mandatory manufacturer's discount to 7.0%.

Within the framework of our updated DCF valuation model, we have determined a target price of € 31.70 (previously: € 37.55). Both the forecast adjustments and the increase in the risk-free interest rate contributed to the reduction. We continue to assign the rating BUY.

Evaluation

Model assumptions

HAEMATO AG was valued by us using a three-stage DCF model. Starting with concrete estimates for the years 2022 - 2024 in phase 1 (FY 2022 is still included as an estimation period until the final figures are presented), the forecast is made from 2025 to 2029 in the second phase by applying value drivers. We expect increases in turnover of 7.5%. We have assumed a target EBITDA margin of 5.5%. We have taken into account a 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. In order to determine the equity capital costs, the fair market premium, the company-specific beta and the risk-free interest rate are to be determined.

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. **The currently used value of the risk-free interest rate is 2.00% (previously: 1.25%).**

We use 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 equity 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, the cost of equity is calculated at 10.49% (previously: 9.74%) (beta multiplied by the risk premium plus the 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 9.64% (previously: 9.01%).

Valuation result

Within the framework of our DCF valuation model, we have determined a new target price of € 31.70 (previously: € 37.55). The reduction in the target price is due to the increase in the risk-free interest rate and thus in the discount rate as well as to our forecast reduction. We continue to give the rating BUY.

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	1.4%	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 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	
Revenues (RE)	248.20	242.10	268.54	288.68	310.33	333.60	358.62	385.52	
RE change	-12.9%	-2.5%	10.9%	7.5%	7.5%	7.5%	7.5%	7.5%	3.0%
RE to fixed assets	2.68	2.59	2.86	3.09	3.33	3.59	3.87	4.18	
EBITDA	9.70	8.80	13.41	15.88	17.07	18.35	19.72	21.20	
EBITDA-Margin	3.9%	3.6%	5.0%	5.5%	5.5%	5.5%	5.5%	5.5%	
EBITA	8.30	7.45	12.09	14.56	15.75	17.04	18.42	19.90	
EBITA-Margin	3.3%	3.1%	4.5%	5.0%	5.1%	5.1%	5.1%	5.2%	5.2%
Taxes on EBITA	-1.82	-1.86	-3.02	-3.64	-3.94	-4.26	-4.60	-4.98	
Taxes to EBITA	21.9%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
EBI (NOPLAT)	6.48	5.59	9.07	10.92	11.81	12.78	13.81	14.93	
Return on capital	5.4%	4.6%	7.4%	8.8%	9.5%	10.2%	11.0%	11.8%	12.1%
Working Capital (WC)	28.00	29.00	30.00	31.00	32.00	33.00	34.00	35.00	
WC to Revenues	11.3%	12.0%	11.2%	10.0%	10.0%	10.0%	10.0%	10.0%	
Investment in WC	-1.22	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	
Operating fixed assets (OAV)	92.69	93.34	93.82	93.50	93.18	92.87	92.56	92.26	
Depreciation on OAV	-1.40	-1.35	-1.32	-1.32	-1.32	-1.31	-1.31	-1.30	
Depreciation to OAV	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	
Investment in OAV	-1.20	-2.00	-1.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Capital employed	120.69	122.34	123.82	124.50	125.18	125.87	126.56	127.26	
EBITDA	9.70	8.80	13.41	15.88	17.07	18.35	19.72	21.20	
Taxes on EBITA	-1.82	-1.86	-3.02	-3.64	-3.94	-4.26	-4.60	-4.98	
Total investment	-2.42	-3.00	-2.80	-2.00	-2.00	-2.00	-2.00	-2.00	
Investment in OAV	-1.20	-2.00	-1.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Investment in WC	-1.22	-1.00	-1.00	-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	5.46	3.94	7.59	10.24	11.13	12.09	13.12	14.23	173.92

Value operating business (due date)	139.32	148.82
Net present value explicit free Cashflows	48.02	48.72
Net present value of terminal value	91.30	100.10
Net debt	-26.42	-23.55
Value of equity	165.74	172.36
Minority interests	0.00	0.00
Value of share capital	165.74	172.36
Outstanding shares in m	5.23	5.23
Fair value per share in €	31.70	32.96

Cost of capital:

Risk free rate	2.0%
Market risk premium	5.5%
Beta	1.54
Cost of equity	10.5%
Target weight	85.0%
Cost of debt	6.5%
Target weight	15.0%
Taxshield	25.0%

WACC 9.6%

Return on capital	WACC				
	8.6%	9.1%	9.6%	10.1%	10.6%
11.1%	33.74	31.58	29.77	28.23	26.91
11.6%	34.94	32.66	30.73	29.10	27.69
12.1%	36.15	33.73	31.70	29.96	28.48
12.6%	37.36	34.80	32.66	30.83	29.26
13.1%	38.56	35.88	33.62	31.70	30.05

ANNEX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG is remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested in it.

II.

§1 Disclaimer/ Exclusion of liability

This document is for information purposes only. All data and information contained in this study has been obtained from sources that GBC believes to be reliable. Furthermore, the authors have taken the greatest possible care to ensure that the facts used and opinions presented are appropriate and accurate. Despite this, no guarantee or liability can be assumed for their accuracy - either expressly or implicitly. Furthermore, all information may be incomplete or summarised. Neither GBC nor the individual authors accept any liability for damages arising from the use of this document or its contents or otherwise in connection therewith.

Please note that this document does not constitute an invitation to subscribe for or purchase any security and should not be construed as such. Nor should it or any part of it form the basis of, or be relied upon in connection with, any binding contract of any kind whatsoever. A decision in connection with any prospective offer for sale of securities of the company or companies discussed in this publication should be made solely on the basis of information contained in any prospectus or offering circular issued in connection with such offer.

GBC does not guarantee that the implied returns or the stated price targets will be achieved. Changes in the relevant assumptions on which this document is based may have a material impact on the targeted returns. Income from investments is subject to fluctuation. Investment decisions always require the advice of an investment adviser. Thus, this document cannot assume an advisory function.

Distribution outside the Federal Republic of Germany:

This publication, if distributed in the UK, may only be made available to persons who qualify as authorised or exempt within the meaning of the Financial Services Act 1986 or persons as defined in Section 9(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1988 (as amended) and may not be communicated, directly or indirectly, to any other person or class of persons.

Neither this document nor any copy thereof may be brought into, transferred to or distributed in the United States of America or its territories or possessions. Distribution of this document in Canada, Japan or other jurisdictions may be restricted by law and persons into whose possession this publication comes should inform themselves about and observe any restrictions. Any failure to comply with such restriction may constitute a violation of US, Canadian or Japanese securities laws or the laws of any other jurisdiction.

By accepting this document, you accept any disclaimer and the above limitations.

You can also find the notes on the disclaimer/liability exclusion under:

<http://www.gbc-ag.de/de/Disclaimer>

Legal Notices and Publications Pursuant to Section 85 WpHG and FinAnV

You can also find the information on the Internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (I) Update:

A specific update of the present analysis(s) at a fixed point in time has not yet been scheduled. GBC AG reserves the right to update the analysis without prior notice.

§ 2 (II) Recommendation/ Classifications/ Rating:

GBC AG has been using a three-stage absolute share rating system since 1 July 2006. Since 1 July 2007, the ratings have referred to a time horizon of at least six to a maximum of 18 months. Previously, the ratings had referred to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined according to the ratings described below with reference to the expected return. Temporary price deviations outside these ranges do not automatically lead to a change in the rating, but do give rise to a revision of the original recommendation.

The respective recommendations/ classifications/ ratings are associated with the following expectations:

BUY	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.
HOLD	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\leq - 10\%$.

Price targets of GBC AG are determined on the basis of the fair value per share, which is determined on the basis of generally recognised and widely used methods of fundamental analysis, such as the DCF method, the peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as share splits, capital reductions, capital increases, M&A activities, share repurchases, etc.

§ 2 (III) Historical recommendations:

GBC's historical recommendations on the present analysis(s) are available on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (IV) Information basis:

For the preparation of the present analysis(s), publicly available information on the issuer(s) (where available, the three most recently published annual and quarterly reports, ad hoc announcements, press releases, securities prospectus, company presentations, etc.) was used, which GBC considers to be reliable. Furthermore, in order to prepare the present analysis(s), discussions were held with the management of the company(ies) concerned in order to obtain a more detailed explanation of the facts relating to the business development.

§ 2 (V) 1. Conflicts of interest pursuant to § 85 WpHG and Art. 20 MAR:

GBC AG and the responsible analyst hereby declare that the following possible conflicts of interest exist for the company(ies) named in the analysis at the time of publication and thus comply with the obligations of § 85 WpHG and Art. 20 MAR. An exact explanation of the possible conflicts of interest is listed below in the catalogue of possible conflicts of interest under § 2 (V) 2.

The following potential conflict of interest exists with respect to the securities or financial instruments discussed in the analysis: (5a,6a,7,11)

§ 2 (V) 2. catalogue of possible conflicts of interest:

- (1) At the time of publication, GBC AG or a legal entity affiliated with it holds shares or other financial instruments in the company analysed or the financial instrument or financial product analysed.
- (2) This company holds over 3% of the shares in GBC AG or a legal person connected to them.
- (3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.
- (4) GBC AG or a legal person connected to them has, over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.
- (5) a) GBC AG or a legal entity affiliated with it has concluded an agreement with this company or issuer of the analysed financial instrument in the previous 12 months on the preparation of research reports for a fee. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.
- (5) b) After receiving valid amendments by the analysed company or issuer, the draft of this analysis was changed.
- (6) a) GBC AG or a legal entity affiliated with it has concluded an agreement with a third party in the previous 12 months on the preparation of research reports on this company or financial instrument for a fee. Under this agreement, the third party and/or company and/or issuer of the financial instrument has been given access to the draft analysis (excluding the valuation section) prior to publication.
- (6) b) After receiving valid amendments by the third party or issuer, the draft of this analysis was changed.
- (7) The analyst responsible for this report holds shares or other financial instruments of this company at the time of publication.
- (8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.
- (9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.
- (10) GBC or a related legal party has closed an agreement with the underlying company regarding consulting services during the previous 12 months.
- (11) GBC or a related legal party has a significant financial interest in the analysed company, for example to get mandated by the analysed company or to provide any kind of services (such as the organization of fairs, roundtables, road shows, etc.).
- (12) At the time of the financial analysis, the analysed company is in a financial instrument or financial product (e.g. certificate, fund, etc.) managed or advised by GBC AG or its affiliated legal entity.

§ 2 (V) 3. Compliance:

GBC has taken internal regulatory precautions to prevent possible conflicts of interest and to disclose them if they exist. The current Compliance Officer, Karin Jägg, email: jaegg@gbc-ag.de, is responsible for compliance with the regulations.

§ 2 (VI) Responsible for the preparation:

The company responsible for the preparation of the present analysis(s) is GBC AG with its registered office in Augsburg, which is registered as a research institute with the competent supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, 60439 Frankfurt).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are

Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Chief Analyst
Marcel Goldmann, M.Sc., Financial Analyst

Other person involved in the study:

Manuel Hölzle, Dipl. Kaufmann, Chief Analyst

§ 3 Copyrights

This document is protected by copyright. It is provided for your information only and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law generally requires the consent of the GBC or the relevant company, provided that there has been a transfer of rights of use and publication.

GBC AG
Halderstrasse 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-mail: compliance@gbc-ag.de