

Haemato AG

Germany / Pharma
 Frankfurt
 Bloomberg: HAEK GR
 ISIN: DE000A289VV1

Update

RATING
BUY

PRICE TARGET
€ 50.00

Return Potential 100.8%
 Risk Rating High

ANOTHER POINT-OF-CARE DEVICE ADDED TO PORTFOLIO

Haemato has added a second point-of-care testing device to its med-tech portfolio. In January, the company began selling a high-end PCR point-of-care (PoC) instrument that can process samples on-site and deliver results within 45 minutes. Now the company will market the Mini Dock, a cost-effective alternative to expensive PCR equipment. The Mini Dock is similar to a smartphone in terms of size and weight, while specificity is comparable to PCR testing. Haemato wants to make inroads into diagnostics technology, and we think the Mini Dock is a promising portfolio addition with good uptake potential. We remain Buy-rated on Haemato with an unchanged €50 target price.

The Mini Dock is faster and cheaper than a PCR Although corona infection rates have been falling of late, we are still not out of the woods. Testing demand remains high and is stretching capacities of health care systems. The polymerase chain reaction (PCR) is regarded as the gold-standard in covid-19 testing and has shown to be more reliable in detecting Omicron than antigen tests. The problem is the processing time, since samples have to be sent to labs for analysis. Haemato's Mini Dock offers an alternative solution based on the same nucleic acid amplification (NAT) test method as PCR testing. However, amplification is conducted with the help of enzymes, instead of using heat. This speeds up the process (~15 min.) and makes it significantly less expensive than a PCR lab analysis without compromising accuracy.

Compelling business case for customers Patients will pay around €30 for a Mini Dock test, but the test is free if used to validate a positive antigen result. The Mini Dock costs €999 to professional providers, while the per test cost is €12.5. Results also meet travel requirements and can be used to test out of quarantine. Haemato has also developed in-house software (HAEMATO.AI) that works in concert with the Mini Dock to generate all of the required certifications. We believe the proprietary software will be instrumental to Haemato in pursuing its diagnostics expansion strategy going forward. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020	2021E	2022E
Revenue (€ m)	289.86	274.12	197.84	238.33	286.56	320.87
Y-o-y growth	5.2%	-5.4%	-27.8%	20.5%	20.2%	12.0%
EBIT (€ m)	9.42	8.50	-0.02	1.63	10.88	14.67
EBIT margin	3.2%	3.1%	0.0%	0.7%	3.8%	4.6%
Net income (€ m)	6.98	6.28	-1.17	-4.83	9.66	11.15
EPS (diluted) (€)	3.22	3.54	-0.51	-2.02	1.86	2.13
DPS (€)	3.00	1.00	0.00	1.00	1.20	1.50
FCF (€ m)	-2.91	-2.91	6.77	-3.46	9.93	-1.02
Net gearing	15.9%	17.4%	19.7%	34.2%	6.5%	-1.1%
Liquid assets (€ m)	15.71	8.49	4.86	10.29	17.43	22.32

RISKS

Regulatory changes in healthcare systems, spending cuts in healthcare systems, homogenization of pharmaceutical prices within the European Union.

COMPANY PROFILE

Haemato AG is a supplier of specialty pharmaceuticals focused on growth markets in the indication groups of oncology, HIV / AIDS and other chronic diseases. The company boasts a broad customer base of over 7,000 pharmacies and 16 wholesalers in Germany and Austria. Haemato is also currently making stronger inroads into the aesthetic product market.

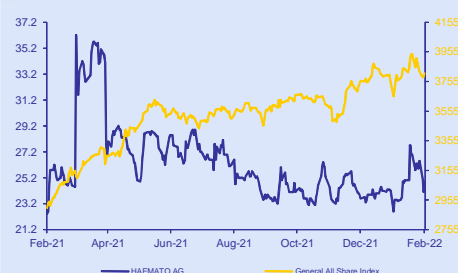
MARKET DATA

As of 23 Feb 2022

Closing Price € 24.90
 Shares outstanding 5.23m
 Market Capitalisation € 130.21m
 52-week Range € 22.40 / 36.20
 Avg. Volume (12 Months) 4,440

Multiples	2020	2021E	2022E
P/E	n.a.	13.4	11.7
EV/Sales	0.5	0.5	0.4
EV/EBIT	80.4	12.0	8.9
Div. Yield	4.0%	4.8%	6.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2021

Liquid Assets € 12.80m
 Current Assets € 82.70m
 Intangible Assets € 91.40m
 Total Assets € 187.50m
 Current Liabilities € 39.10m
 Shareholders' Equity € 148.00m

SHAREHOLDERS

M1 Kliniken AG 68.0%
 Free Float 32.0%



Mini Dock also provides a path into attractive at-home diagnostics Haemato's vast customer base—over 7k partner pharmacies, clinics, and doctors across Germany and Austria—is ready-made for a quick sales ramp-up of its Mini Dock and PCR devices (figure 1) into professional markets.

Further, the Mini Dock can be easily converted to test other indications, and Haemato hinted that it will market the Mini Dock for at-home applications in the future. At-home diagnostic testing is booming and trends have accelerated in the wake of the pandemic. Precedence Research put the 2020 at-home diagnostics market at \$5.2bn and forecasts a 4.6% CAGR through 2030. We thus see the foothold in this field as an excellent opportunity for Haemato.

Figure 1: Building a med-tech portfolio



Source: First Berlin Equity Research; Haemato AG



VALUATION MODEL

Given that the pandemic is far from over, we think Haemato has an excellent opportunity to capitalise on its new covid-19 testing equipment, while establishing market share for its long-term diagnostics strategy.

The company has yet to communicate sales and profitability expectations for its med-tech portfolio. We thus do not account for the upside of the new devices at this early stage of the roll-out and leave our forecasts unchanged. We remain Buy-rated on Haemato with a €50 target price.

In EUR '000	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Sales	286,564	320,867	403,379	465,230	511,753	548,157	571,338	591,668
NOPLAT	8,270	11,152	16,133	21,901	25,190	27,451	28,935	30,027
(+) depreciation & amortisation	1,290	1,348	1,694	1,814	1,906	2,042	2,128	2,204
Net operating cash flow	9,560	12,499	17,827	23,715	27,096	29,493	31,063	32,231
(-) Total investments (CAPEX and WC)	-9,130	-2,140	-13,140	-10,461	-8,501	-7,202	-5,413	-5,106
(-) Capital expenditures	-1,089	-1,219	-1,533	-1,768	-1,945	-2,083	-2,171	-2,248
(-) Working capital	-8,041	-920	-11,607	-8,693	-6,557	-5,119	-3,242	-2,857
Free cash flows (FCF)	430	10,360	4,687	13,254	18,595	22,291	25,650	27,126
PV of FCFs	430	9,583	3,956	10,209	13,070	14,298	15,014	14,488

In EUR '000		5.1%	5.6%	6.1%	6.6%	7.1%	7.6%	8.1%
PV of FCFs in explicit period	107,940	66.03	72.71	79.38	86.06	92.74	99.42	106.09
(+) PV of FCFs in terminal period	163,689	54.78	59.91	65.05	70.19	75.33	80.46	85.60
Enterprise value (EV)	271,629	8.6%	46.66	50.73	54.79	58.86	62.92	66.99
(+) Net cash / (-) net debt	-8,168	9.6%	40.53	43.81	47.10	50.38	53.67	56.95
(+) Investments / minority interests	0	10.6%	35.72	38.42	41.11	43.81	46.51	49.21
Shareholder value	263,461	11.6%	31.85	34.09	36.34	38.58	40.82	43.07
Fair value per share (€)	50.00	12.6%	28.67	30.55	32.44	34.32	36.21	38.10

		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
Cost of equity	14.0%	6.6%	70.84	75.08	80.08	86.06	93.35	102.42
Pre-tax cost of debt	5.3%	7.6%	59.93	62.86	66.25	70.19	74.84	80.40
Tax rate	24.0%	8.6%	51.62	53.73	56.13	58.86	62.01	65.67
After-tax cost of debt	4.0%	9.6%	45.09	46.66	48.41	50.38	52.61	55.15
Share of equity capital	56.0%	10.6%	39.84	41.03	42.35	43.81	45.44	47.28
Share of debt capital	44.0%	11.6%	35.54	36.46	37.47	38.58	39.81	41.17
WACC	9.6%	12.6%	31.95	32.67	33.46	34.32	35.27	36.30

*Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

All figures in EUR '000	2017	2018	2019	2020	2021E	2022E
Revenues	289,862	274,121	197,835	238,333	286,564	320,867
Cost of goods sold	-269,778	-252,994	-184,236	-220,646	-257,773	-288,706
Gross profit	20,084	21,127	13,599	17,687	28,791	32,161
Personnel expenses	-6,209	-6,322	-6,308	-6,845	-7,324	-7,822
Other OpEx	-8,948	-8,520	-6,854	-8,015	-9,997	-9,922
Other income	6,476	3,675	1,460	488	702	1,604
EBITDA	11,270	9,959	1,897	3,315	12,171	16,021
Depreciation & amortisation	-1,854	-1,456	-1,915	-1,688	-1,290	-1,348
Operating income (EBIT)	9,416	8,503	-18	1,627	10,882	14,673
Net financial result	-1,958	-1,059	-764	-799	-683	-675
Other financial result	631	320	-406	-5,383	1,655	254
Pre-tax income (EBT)	8,089	7,764	-1,188	-4,555	11,854	14,252
Income taxes	-1,106	-1,488	15	-276	-2,193	-3,099
Minority interests	0	0	0	0	0	0
Net income / loss	6,983	6,276	-1,173	-4,831	9,661	11,153
Diluted EPS (in €)	3.22	3.54	-0.51	-2.02	1.86	2.13
Ratios						
Gross margin	6.9%	7.7%	6.9%	7.4%	10.0%	10.0%
EBIT margin on revenues	3.2%	3.1%	0.0%	0.7%	3.8%	4.6%
EBITDA margin on revenues	3.9%	3.6%	1.0%	1.4%	4.2%	5.0%
Net margin on revenues	2.4%	2.3%	-0.6%	-2.0%	3.4%	3.5%
Tax rate	13.7%	19.2%	1.3%	-6.1%	18.5%	21.7%
Expenses as % of revenues						
Personnel expenses	2.1%	2.3%	3.2%	2.9%	2.6%	2.4%
Other OpEx	3.1%	3.1%	3.5%	3.4%	3.5%	3.1%
Depreciation & amortisation	0.6%	0.5%	1.0%	0.7%	0.5%	0.4%
Y-Y Growth						
Revenues	5.2%	-5.4%	-27.8%	20.5%	20.2%	12.0%
Operating income	-29.9%	-9.7%	n.m.	n.m.	568.8%	34.8%
Net income/ loss	-36.7%	-10.1%	n.m.	n.m.	n.m.	15.4%



BALANCE SHEET

	2017	2018	2019	2020	2021E	2022E
Assets						
Current assets, total	67,349	60,684	72,768	60,884	83,823	92,274
Cash and equivalents	6,469	5,599	2,100	7,541	14,626	19,455
ST financial assets and securities	9,236	2,889	2,761	2,750	2,805	2,861
Trade receivables	8,320	7,320	10,944	14,214	19,628	17,582
Inventories	43,114	44,377	55,441	35,119	45,905	51,413
Other ST assets	210	499	1,522	1,260	860	963
Non-current assets, total	54,678	55,832	55,798	108,174	110,063	110,188
Property, plant & equipment	1,106	1,046	2,166	2,103	2,045	2,077
Goodwill & other intangibles	38,941	38,677	38,250	37,980	37,837	37,677
Financial assets	14,496	15,973	15,247	9,864	11,954	12,208
Shares in companies	0	0	0	58,092	58,092	58,092
Other LT assets	135	136	135	135	135	135
Total assets	122,027	116,516	128,566	169,058	193,886	202,462
Shareholders' equity & debt						
Current liabilities, total	31,569	25,483	55,530	42,925	45,769	49,295
Trade payables	7,522	8,469	19,622	13,028	21,187	23,729
ST debt	7,821	7,680	28,897	18,307	15,000	15,000
Provisions	7,249	361	1,357	1,535	1,558	1,581
Other ST financial liabilities	1,229	684	661	152	860	963
Other current liabilities	7,748	8,290	4,993	9,903	7,164	8,022
Long-term liabilities, total	19,531	15,357	818	653	880	914
Long-term debt	19,000	15,000	0	0	0	0
LT provisions	13	26	52	52	52	52
Deferred tax liabilities	518	332	203	60	287	321
Other non-current liabilities	0	0	563	541	541	541
Shareholders' equity	70,927	75,676	72,219	125,480	147,238	152,253
Total consolidated equity and debt	122,027	116,516	128,566	169,058	193,886	202,462
Ratios						
Current ratio (x)	2.1	2.4	1.3	1.4	1.8	1.9
Quick ratio (x)	0.8	0.6	0.3	0.6	0.8	0.8
Equity ratio	58%	65%	56%	74%	76%	75%
Net debt	12,344	14,875	24,696	8,168	-1,571	-6,353
Net debt / EBITDA (x)	1.1	1.5	13.0	2.5	-0.1	-0.4
Net gearing	17%	20%	34%	7%	-1%	-4%
Return on equity (ROE)	9.8%	8.3%	-1.6%	-3.9%	6.6%	7.3%
Capital employed (CE)	49,375	48,367	52,595	41,804	49,644	50,436
Return on capital employed (ROCE)	19%	18%	0%	4%	22%	29%



CASH FLOW STATEMENT

All figures in EUR '000	2017	2018	2019	2020	2021E	2022E
Net income	6,983	6,276	-1,173	-4,831	9,661	11,153
Depreciation and amortisation	1,854	1,456	1,915	1,688	1,290	1,348
Change to LT accruals	1,031	0	1,023	728	23	23
Change in financial asset valuations	-3,559	-1,943	726	5,387	-2,090	-254
Asset disposals	-811	-546	0	15	0	0
Income from participations	-631	-320	-320	-1	-200	-200
Tax result	-636	1,485	-19	269	2,193	3,099
Net interest expense	1,958	1,059	745	799	683	675
Operating cash flow	6,189	7,467	2,897	4,054	11,559	15,844
Change in inventory	-5,221	525	-11,064	20,321	-10,786	-5,509
Change in trade rec & other assets	-5,627	1,064	-3,704	-3,000	-5,013	1,943
Change in payable & other liabilities	-3,111	-7,468	10,054	-9,682	6,354	3,537
Tax paid	-582	-1,031	-946	-918	-2,193	-3,099
Net operating cash flow	-8,352	557	-2,763	10,776	-79	12,717
CapEx	4,805	-1,134	-1,029	-849	-1,089	-1,219
Income from investments	631	7,326	320	0	145	144
Interest income	2	16	8	5	0	0
Cash flow from investing	5,438	6,208	-701	-844	-944	-1,075
Free cash flow (FCF)	-2,914	6,765	-3,465	9,932	-1,023	11,642
Equity inflow , net	7,447	5,198	0	0	14,485	0
Debt inflow , net	701	-5,165	3,583	-3,164	-3,307	0
Financing expenses paid	-1,959	-1,074	-714	-777	-683	-675
Dividend paid to shareholders	-6,594	-6,594	-2,285	0	-2,388	-6,138
Other adjustments	0	0	-536	-550	0	0
Cash flow from financing	-406	-7,635	48	-4,491	8,107	-6,813
Net cash flows	-3,320	-870	-3,499	5,441	7,085	4,829
Cash, start of the year	9,789	6,469	5,599	2,100	7,541	14,626
Cash, end of the year	6,469	5,599	2,100	7,541	14,626	19,455
EBITDA/share (in €)	5.22	4.36	0.83	1.45	2.33	3.06
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	611.8%	-16.6%	-81.0%	74.7%	60.6%	31.6%

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Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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The production of this recommendation was completed on 24 February 2022 at 12:15

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

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ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	27 August 2013	€30.00	Buy	€57.00
2...21	↓	↓	↓	↓
22	9 September 2019	€31.11	Buy	€48.00
23	15 June 2020	€21.70	Buy	€48.00
24	7 September 2020	€25.02	Buy	€48.00
25	22 April 2021	€27.70	Buy	€48.00
26	4 June 2021	€28.50	Buy	€49.00
27	8 September 2021	€25.30	Buy	€50.00
28	9 December 2021	€25.30	Buy	€50.00
29	18 January 2022	€24.10	Buy	€50.00
30	Today	€24.90	Buy	€50.00

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

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

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