Baader Helvea Equity Research

COMPANY FLASH

22 January 2024

HBM Healthcare Investments

Switzerland

Other financials	
Reuters: HBMN.S	Bloomberg: HBMN SE
Add	
Closing price as of 19-Jan-24	CHF 165.00
Target price	CHF 236.00
High/Low (12M)	CHF 231.00/146.00
Market cap.	CHF mn 1,143
Enterprise value	CHF mn 1,090
Free float	82.9%
Avg. daily turnover	CHF mn 0.85

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-4.6	6.9	-16.4
rel. SPI	-4.2	0.9	-15.2
rel. STOXX Europe 600	-3.0	0.2	-18.0
rel. SXXP Financial Serv.	-1.7	-6.9	-29.1

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Exchange rates drag performance into the red; net loss of CHF 158mn confirmed

Our conclusion

With the strong appreciation of the CHF (against: USD, CNY, EUR), exchange rates had a negative impact on results (-8.5%). In 3Q, the NAV fell by 5.1% to CHF 225.03. For the 9M, the loss totaled CHF 158mn, with the NAV down 8.7%.

Baader

- Public companies: The market gains from these companies (+CHF 48mn) were offset by the negative currency movements (CHF -78mn). The acquisitions of Immunogen (by AbbVie), Chinook Therapeutics (by Novartis) and Prometheus Biosciences (by Merck) resulted in gains of CHF 27mn. Other companies recorded positive value developments based on positive clinical trials.
- Private companies contributed to the 9M results with a net loss of CHF 96mn. Of this, losses due to new financing or failure to meet operational targets resulted in a loss of CHF 49mn.
- Liquidity: As of 31-Dec-2023, HBM had CHF 115mn in cash and cash equivalents and expects to receive CHF 30mn from AbbVie once the acquisition of Immunogen is completed (2024).
- Outlook: After 3 portfolio takeovers in 2023, the first weeks of 2024 brought in another one Johnson & Johnson agreed to buy Ambrx Biopharma for USD 2bn (premium of 100%), thus confirming, in our opinion the quality and maturity of HBM's portfolio. ArriVent Biopharma, a private position in the portfolio, published its IPO prospects as it intends to go public on the Nasdaq in 2024. Additionally, various companies in the portfolio will report clinical results in 2024. We anticipate with several portfolio catalysts, plus the anticipated improvement of the macro environment, HBM's NAV might develop positively in 2024. Therefore, our view remains positive.
- Valuation: Based on the last published NAV of CHF 229.31 (as of 15-Jan), HBM shares trade currently at a discount of 28% (vs. historical avg.: -10%). Given HBM's positive midterm outlook, we think that this level of discount offers an attractive entry point for investors.

Facts & Analysis

9M reported figures and Baader Helvea's expectations for 2023/24

Valuation ratios

CHF mn	2022/23	9M23/24	2023/24E
	Actual	Actual	Baader
Net results	-145.3	-157.5	-71.7
EPS (CHF)	-20.98	-22.68	-10.35
NAV/Share (CHF)	255.02	225.03	237.13

2022/23

-8.8

-7.0

2023/24E

-26.2

-15.8

2024/25E

23.6

60.4

68.2

2025/26E

8.1

10.4

11.2

Source: Company data, Baader Helvea Equity Research

Key financials

CHF mn	2022/23	2023/24E	2024/25E	2025/26E	CAGR (%)
Sales	-116.5	-42.4	46.1	131.0	-
EBIT adj.	-146.1	-70.4	18.0	103.0	-
EPS adj. (CHF)	-20.98	-10.35	2.42	14.68	-

Source: Company data, Baader Helvea Equity Research

Baader Helvea Equity Research

COMPANY FLASH

HBM Healthcare Investments

Key data

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Dividency wind (%) 2.8 3.8 6.0 4.5 3.4 3.4 EVISIAISE (0) 1.7 352 -8.6 -23.5 8.1 EVIEBITDA adj. (x) 2.1 -29.5 -7.0 -16.8 60.4 10.4 EVIEE (V) 0.8 1.2 0.6 0.7 - <t< td=""><td>FCF/EV (%)</td><td>15.3</td><td>-6.9</td><td>8.7</td><td>0.2</td><td>5.7</td><td>5.8</td></t<>	FCF/EV (%)	15.3	-6.9	8.7	0.2	5.7	5.8
EV/Salex (x) 17 56.2 4.8 26.2 23.6 8.1 EV/EBITD acji (x) 2.1 29.5 7.7 1.6.8 66.4 10.4 EV/EBIT adj (x) 2.1 29.5 7.7 1.6.8 66.4 10.4 EV/CE (x) 0.8 1.2 0.6 0.7 - <td< td=""><td>FCF yield (%) (FCF/Mcap.)</td><td>12.6</td><td>-6.7</td><td>8.0</td><td>0.2</td><td>5.4</td><td>5.4</td></td<>	FCF yield (%) (FCF/Mcap.)	12.6	-6.7	8.0	0.2	5.4	5.4
EV/EBITA adj. (x) 2.1 -29.5 -7.0 -16.8 60.4 10.4 EV/EBIT adj. (x) 2.1 -29.5 -7.0 -16.8 60.4 10.4 EV/EE (x) 0.8 1.2 0.6 0.7 -	Dividend yield (%)	2.8	3.8	6.0	4.5	3.4	3.4
EVEBIT 21 295 -7.0 -15.8 60.4 10.4 EVICE (x) 0.8 1.2 0.6 0.7 -	EV/Sales (x)	1.7	-59.2	-8.8	-26.2	23.6	8.1
EV/CE (x) 0.8 1.2 0.6 0.7 - ROCE/WACC ad(, (x) -	EV/EBITDA adj. (x)	2.1	-29.5	-7.0	-15.8	60.4	10.4
PROCE/WACC adj. (x) -	EV/EBIT adj. (x)	2.1	-29.5	-7.0	-15.8	60.4	10.4
Key company data 2020/21 2022/22 2023/24E 2024/25E Sales growth (%) 291.9 -104.1 210.8 -63.7 -208.8 184.3 Sales growth (%) 312.4 -110.0 94.1 -51.8 -125.6 1471.1 EBITDA ad; margin (%) 82.6 200.7 125.4 1166.3 39.1 78.6 Net ad; margin (%) 82.6 200.7 124.7 119.3 39.1 78.6 Prec cash flow margin (%) 26.1 400.0 -76.5 4.6 134.4 47.3 Payoutraio (%) 7.1 -111.5 -46.3 -72.4 215.9 37.8 Cearing (%) (net deb/equity) -05.3 -3.8 -4.7 -1.9 -3.3 -0.7 Equitatio (% (equity) -0.64 -3.9 -8.6 -4.3 -	EV/CE (x)	0.8	1.2	0.6	0.7	-	-
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EBITDA ad, margin (%) 82.6 200.7 125.4 166.3 39.1 78.6 EBIT ad, margin (%) 82.8 200.7 124.7 169.3 39.1 78.6 Net ad, margin (%) 82.3 207.9 124.7 169.3 39.1 78.6 Free cash flow margin (%) 26.1 400.0 -76.5 -4.6 134.4 47.3 Payout ratio (%) 7.1 -111.5 -46.3 -72.4 215.9 37.8 Gearing (%) (not debulequity) -15.3 -3.8 -4.7 -1.9 -3.3 -4.5 Net debUEBITDA (x) -0.4 1.0 0.6 0.4 -3.0 -0.7 Capital employed (CHF mn) 2,067.1 1,920.5 1,683.1 1,620.8 0.0 0.0 ROCE adj. (%) 36.4 -3.9 -8.6 -4.3 - - - - - - - - - - - - - - - - - - -	Sales growth (%)	291.9	-104.1	210.8	-63.7	-208.8	184.3
EBITDA adj. margin (%) 82.6 200.7 125.4 166.3 39.1 76.6 EBIT adj. margin (%) 82.3 200.7 125.4 166.3 39.1 78.6 Net adj. margin (%) 82.3 207.9 124.7 169.3 39.1 78.6 Preo cash flow margin (%) 26.1 4000 -76.5 4.6 134.4 47.3 Payout ratio (%) 7.1 -111.5 -46.3 -72.4 215.9 37.8 Garrin (%) (not debt/equity) .15.3 -3.8 4.7 -1.9 -3.3 -4.5 Net debt/EBITDA (x) -0.4 1.0 0.6 0.4 -3.0 -0.7 Capital amployed (CHF mn) 2,067.1 1.920.5 1.683.1 1.620.8 0.0 0.0.0 ROCE adj. (%) 36.4 -3.9 -8.6 -4.3 -2 -2 Capitat amployed (CHF mn) 2,067.1 1.920.5 1.683.1 1.620.8 0.0 0.030.0 EBITDA 752.9 -752.7 1.461.1	EBITDA adj. growth (%)	312.4	-110.0	94.1	-51.8	-125.6	471.1
EBIT adj. margin (%) 82.6 200.7 125.4 166.3 39.1 78.6 Net adj. margin (%) 26.1 409.0 -76.5 4.6 134.4 47.3 Payout ratio (%) 7.1 -111.5 46.3 -72.4 215.9 37.8 Gearing (%) (net debt/equity) .15.3 .3.8 4.7 -1.9 -3.3 4.5 Net debt/EBITDA (x) .0.4 1.0 0.6 0.4 -3.0 -0.7 Equity ratio (x) (equity/total assets) .84.8 .91.2 .90.7 .92.6 .92.5 .92.8 Capital employed (CHF mn) .2,067.1 .1,920.5 .1,631.1 .162.0 .0 .00 .00 EBITDA .36.4 .3.9 .8.6 .4.3		82.6	200.7	125.4	166.3	39.1	78.6
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Cash flow (CHF mn) 2020/21 2021/22 2022/23 2023/24E 2024/25E 2025/26E Cash flow from operations -55.4 -167.1 -29.5 -28.1	Total equity and liabilities	2,535	2,172	1,946	1,772	1,750	1,813
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Cash flow from investments 293.1 13.7 118.7 30.0 90.0 <	Cash flow from operations	-55.4	-167.1	-29.5	-28.1	-28.1	-28.1
of which investment in fixed assets -	of which change in working capital	0.0	0.1	0.0	0.0	0.0	0.0
Free cash flow 237.7 -153.4 89.1 1.9 61.9 61.9 Dividends paid -53.5 -87.0 -67.2 -51.9 -38.9 -38.9 Cash flow from financing activities -33.6 -42.7 -74.3 -103.2 0.0 0.0	Cash flow from investments	293.1	13.7	118.7	30.0	90.0	90.0
Dividends paid -53.5 -87.0 -67.2 -51.9 -38.9 -38.9 Cash flow from financing activities -33.6 -42.7 -74.3 -103.2 0.0 0.0	of which investment in fixed assets	-	-	-	-	-	-
Cash flow from financing activities -33.6 -42.7 -74.3 -103.2 0.0 0.0	Free cash flow	237.7	-153.4	89.1	1.9	61.9	61.9
· · · ·	Dividends paid	-53.5	-87.0	-67.2	-51.9	-38.9	-38.9
Change in cash position 205.0 -205.5 8.4 -101.3 21.7 0.0	Cash flow from financing activities	-33.6	-42.7	-74.3	-103.2	0.0	0.0
	Change in cash position	205.0	-205.5	8.4	-101.3	21.7	0.0

Source: Company data, Baader Helvea Equity Research

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Research Documents with recommendation changes (rating or target price) published in the twelve months prior to the publication of this Research Document covering the same financial instruments or issuers.

Company	Date	Rating	Currency	y Target price	Closing pric	e as of	Analyst
HBM Healthcare Investment	s 22-Jun-23	Add	CHF	236.00	198.00	21-Jun-23	Leonildo Delgado, Ph.D.

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HBM Healthcare Investments

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