

10 May 2024

HBM Healthcare Investments

Switzerland

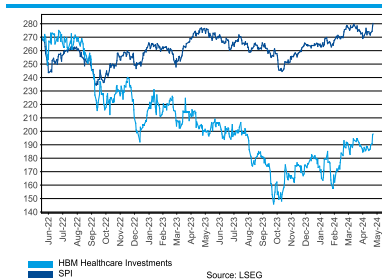
Other financials

Reuters: HBMN.S Bloomberg: HBMN SE

Add

Closing price as of 08-May-24	CHF 198.00
Target price	CHF 236.00
High/Low (12M)	CHF 209.00/146.00
Market cap.	CHF mn 1,371
Enterprise value	CHF mn 1,318
Free float	82.9%
Avg. daily turnover	CHF mn 1.04

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	3.3	20.9	20.4
rel. SPI	1.7	14.8	9.0
rel. STOXX Europe 600	2.0	14.6	4.3
rel. SXXP Financial Serv.	4.4	15.1	0.8

Analyst:

Leonildo Delgado, Ph.D.

+41 43 388 9226

LDelgado@helvea.com

2023/24 results better than we expected

Our conclusion

- With a net loss of only CHF 1.1mn (vs. 2022/23: CHF -146.3mn), HBM nearly broke even. The results for the period were primarily impacted by a combination of portfolio performance and currency effects. The portfolio of public and private companies and funds delivered a mixed performance with the US-based players benefiting the most from the overall positive market sentiment. In Asia, the Chinese market continued its downward trajectory, but the Indian market was strong. When it comes to the impact of exchange rates, the exposure to the US dollar, Chinese yuan, Euro and Indian rupee reduced HBM's portfolio performance by around 2.5%.
- Outlook:** while the near-term is likely to remain challenging for small- and midcaps due to the macroeconomic and geopolitical environment, we anticipate a positive medium-term outlook. Improving returns are likely to be driven by positive operational developments of portfolio companies as they reach important milestones, including product launches, clinical trial results, licensing deals and M&A activity.

Facts & Analysis

Reported figures vs. Baader Helvea expectations

CHF mn	2023/24 Actual	2023/24E Baader	2024/25E Baader	2025/26E Baader
Net results	-1.1	-71.7	16.7	101.7
EPS (CHF)	-0.16	-10.35	2.42	14.68
NAV/share (CHF)	248.10	237.13	233.77	242.68

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

Valuation ratios

x	2022/23	2023/24E	2024/25E	2025/26E
EV/Sales	-8.8	-25.5	28.6	9.9
EV/EBIT adj.	-7.0	-15.3	73.1	12.6
P/E adj.	-	-	81.8	13.5

HBM Healthcare Investments

Key data

FY 31 Mar.	2020/21	2021/22	2022/23	2023/24E	2024/25E	2025/26E
Share data						
EPS reported (CHF)	108.30	-11.22	-20.98	-10.35	2.42	14.68
EPS adjusted (CHF)	108.31	-11.22	-20.98	-10.35	2.42	14.68
Dividend (CHF)	7.72	12.51	9.70	7.50	5.62	5.62
Book value (CHF)	309.23	285.56	255.02	237.13	233.93	242.99
Free cash flow (CHF)	34.30	-22.07	12.87	0.28	8.94	8.94
Avg. no. of shares (mn)	6.9	7.0	6.9	6.9	6.9	6.9
Market cap. (avg./current; CHF mn)	1,886.2	2,296.4	1,112.3	1,112.3	1,371.3	1,371.3
Enterprise value (CHF mn)	1,556.8	2,221.6	1,029.5	1,080.8	1,318.1	1,296.4
Valuation						
P/E adj. (x)	2.5	-	-	-	81.8	13.5
P/BV (x)	0.9	1.2	0.6	0.7	0.8	0.8
FCF/EV (%)	15.3	-6.9	8.7	0.2	4.7	4.8
FCF yield (%) (FCF/Mcap.)	12.6	-6.7	8.0	0.2	4.5	4.5
Dividend yield (%)	2.8	3.8	6.0	4.7	2.8	2.8
EV/Sales (x)	1.7	-59.2	-8.8	-25.5	28.6	9.9
EV/EBITDA adj. (x)	2.1	-29.5	-7.0	-15.3	73.1	12.6
EV/EBIT adj. (x)	2.1	-29.5	-7.0	-15.3	73.1	12.6
EV/CE (x)	0.8	1.2	0.6	0.7	-	-
ROCE/WACC adj. (x)	-	-	-	-	-	-
Key company data						
Sales growth (%)	291.9	-104.1	210.8	-63.7	-208.8	184.3
EBITDA adj. growth (%)	312.4	-110.0	94.1	-51.8	-125.6	471.1
EBITDA adj. margin (%)	82.6	200.7	125.4	166.3	39.1	78.6
EBIT adj. margin (%)	82.6	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
Free cash flow 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	1,693.1	1,620.8	0.0	0.0
ROCE adj. (%)	36.4	-3.9	-8.6	-4.3	-	-
Income statement (CHF mn)						
Turnover	911.3	-37.5	-116.5	-42.4	46.1	131.0
EBITDA	752.9	-75.2	-146.1	-70.4	18.0	103.0
EBITDA adj.	752.9	-75.2	-146.1	-70.4	18.0	103.0
EBIT	752.9	-75.2	-146.1	-70.4	18.0	103.0
EBIT adj.	752.9	-75.2	-146.1	-70.4	18.0	103.0
EBT	750.4	-78.0	-145.3	-71.7	18.0	103.0
Net profit after minorities	750.4	-78.0	-145.3	-71.7	18.0	103.0
Net profit adj.	750.4	-78.0	-145.3	-71.7	18.0	103.0
Balance sheet (CHF mn)						
Non-current assets	2,105	1,947	1,714	1,621	1,577	1,618
thereof goodwill	-	-	-	-	-	-
Current assets	429	225	232	131	153	174
Total assets	2,535	2,172	1,946	1,772	1,750	1,813
Shareholders' equity	2,149	1,982	1,765	1,641	1,619	1,682
Total equity and liabilities	2,535	2,172	1,946	1,772	1,750	1,813
Net debt	-329	-75	-83	-32	-53	-75
Cash flow (CHF mn)						
Cash flow from operations	-55.4	-167.1	-29.5	-28.1	-28.1	-28.1
of which change in working capital	0.0	0.1	0.0	0.0	0.0	0.0
Cash flow from investments	293.1	13.7	118.7	30.0	90.0	90.0
of which investment in fixed assets	-	-	-	-	-	-
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
Change in cash position	205.0	-205.5	8.4	-101.3	21.7	0.0

Source: Company data, Baader Helvea Equity Research

HBM Healthcare Investments**Disclaimer****Baader Bank AG, Weihestephaner Strasse 4, 85716 Unterschleissheim, Germany****Baader Helvea AG, Freigutstrasse 12, 8002 Zurich, Switzerland****Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom**

Baader Bank AG is the parent company of Baader Helvea AG and/or Baader Helvea Limited. Baader Bank AG, Baader Helvea AG and Baader Helvea Limited are collectively referred to as “**Baader Helvea Group Europe Companies**” below, and each of them is referred to separately as a “**Baader Helvea Group Europe Company**”. Baader Bank AG and its subsidiaries and affiliates, including Baader Helvea AG and Baader Helvea Limited, are collectively referred to below as the “**Group Companies**”.

The information set forth in this document has been diligently compiled by Baader Bank AG and is partially based on publicly available sources and data supplied by third parties (including data supplied by AlphaValue S.A., a cooperation partner of Baader Bank AG) believed to be reliable. Baader Bank AG does not warrant the accuracy or completeness of such information.

All estimates and opinions included herein represent the independent judgment of the analyst(s) named in the Research Document as of the date of publication of this Research Document.

This Research Document was completed at 08:23 AM (CEST) on 10-05-2024.

The relevant Baader Helvea Group Europe Company reserves the right to modify the views expressed herein at any time without notice and the right not to update this information and to discontinue coverage of the company that is the subject of this Research Document without notice. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. Neither the Group Companies, any of their authorized representatives or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this Research Document or its contents or otherwise arising in connection therewith.

Please note the information on the preparation of this document, the important notice, the advice regarding possible conflicts of interests, and the mandatory information required by Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 and other applicable rules under https://www.baaderbank.de/disclaimer_research.html.

Baader Bank AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany with its principal place of business in Unterschleissheim. It is registered with the District Court (*Amtsgericht*) in Munich under No. HRB 121537 and supervised by the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and Graurheindorfer Strasse 108, 53117 Bonn. The value added tax identification number of Baader Bank AG is DE 114123893.

A list of all of our Research Documents on any financial instrument or issuer that were disseminated during the preceding 12-month period is available to our clients under https://www.baaderbank.de/disclaimer_research.html.

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	Target price	Closing price as of	Analyst
HBM Healthcare Investments	22-Jun-23	Add	CHF	236.00	198.00 21-Jun-23	Leonildo Delgado, Ph.D.

HBM Healthcare Investments
Contacts
Volker Bosse, CEFA

Head of Research
 +49 89 5150 1815
 volker.bosse@baaderbank.de

Markus Mayer

Head of Capital Markets
 +49 89 5150 1818
 markus.mayer@baaderbank.de

EQUITY RESEARCH
Capital Goods

Capital Goods (Switzerland)	Michael Roost	+41 43 388 9261	mroost@helvea.com
Capital Goods (Switzerland)	Zana Mamelli	+41 43 388 9215	zmamelli@helvea.com
Capital Goods	Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Capital Goods (Germany)	Peter Rothenaicher	+49 89 5150 1817	peter.rothenaicher@baaderbank.de

Chemicals

Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Leonildo Delgado, PhD	+41 43 388 9226	ldelgado@helvea.com

Consumer

Consumer Durables / Food Retail / Non-Food Retail	Volker Bosse, CEFA	+49 89 5150 1815	volker.bosse@baaderbank.de
Food & Beverages	Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Financial Services

Gerhard Schwarz, CEFA	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Metals & Mining

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

Pharma

Leonildo Delgado, PhD	+41 43 388 9226	ldelgado@helvea.com
Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com

Real Estate

Andre Remke, CFA Co-Head Equity Research	+49 89 5150 1816	andre.remke@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Technology

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
---	-------------------	------------------	---------------------------

Transport

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
----------------------	------------------	------------------------------

Utilities

Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Rene Rückert	+49 89 5150 1896	rene.rueckert@baaderbank.de

EQUITY STRATEGY

Gerhard Schwarz, CEFA Head of Equity Strategy	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
--	------------------	-------------------------------

EQUITY SALES

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200

For North American clients:

New York	+1 212 935 5150
----------	-----------------

DERIVATIVES SALES

Munich	+49 89 5150 1990
--------	------------------

EQUITY SALES TRADING

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
 Weihenstephaner Strasse 4
 85716 Unterschleissheim, Germany

T +49 89 5150 1810

Baader Helvea AG
Equity Research
 Freigutstrasse 12
 8002 Zurich, Switzerland

T +41 43 388 9250