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HBM Healthcare Investments Buy

Switzerland | Pharma & biotech

Beta Profile:  %
DIVIDEND

MCap: CHF1.4bn

Target Price: CHF298.00 (332.00)
Current Price: CHF206.00
Up/downside: 44.7%
Market data: 13 June 2023

Change in TP: -10.2%
Change in Sales: down nm 23E/down nm 24E
Change in Adj EBIT: none/
Change in Adj. EPS: none 23E/none 24E

Bloomberg: HBMN SW Reuters: HBMN.S
Free float 82.7%
Avg. daily volume (CHFm) 0.8
YTD abs performance 2.5%
52-week high/low (CHF) 275.00/192.20

Biotech sector still appealing

Why this report?

HBM is trading at a substantial discount to NAV (-17%), far greater than its long-term (-9%) and five-year averages (+4%). The current valuation is hampered by the slowdown in economic growth, while rising interest rates are limiting the potential of the medium-sized companies in the portfolio to raise funds. In addition, doubts over the future growth of Cathay Biotech (c. 20% of net assets) are arising despite the major positive underlying trends (replacing chemical products with bio-based input made from renewable raw materials). Cathay Biotech's average TP has almost halved over the last few months (from CNY136 to CNY76). However, appealing valuations have sparked a surge in takeover activity in the biotechnology sector, accompanied by significant premiums, thus reaffirming the sector's appeal. Against this backdrop, HBM is well positioned to benefit from the renewed attractiveness of the biotech sector.

Key findings

- Inflation, rising interest rates, and geographical tensions have negatively impacted the valuations of biotech stocks, leading to several TP cuts for companies in the public portfolio, while exiting private companies is becoming more challenging.

Deconstructing the forecasts

- We update our NAV valuation model to consider the current market environment and reach a NAV of CHF255 per share and a TP of CHF298 (including a 5% premium).

FY to 31/03 (CHF)	03/22	03/23	03/24E
Sales (m)	0.0	0.0	0.0
EBITDA adj (m)	0.0	0.0	0.0
EBIT adj (m)	0.0	0.0	0.0
Net profit adj (m)	-78.0	-73.4	64.7
Net financial debt (m)	-76.3	-82.8	-1.1
FCF (m)	-245.2	-113.4	27.3
EPS adj. and ful. dil.	-11.22	-10.55	9.30
Consensus EPS	-11.22	-20.98	11.80
Net dividend	12.50	7.50	8.30

FY to 31/03	03/22	03/23	03/24E
P/E adj and ful. dil.	na	na	22.2
EV/EBITDA	na	na	na
EV/EBIT	na	na	na
FCF yield	-10.7%	-6.8%	1.9%
Dividend yield	3.8%	3.1%	4.0%
ND(F+IFRS16)/EBITDA	na	na	na
Gearing	-3.8%	-4.7%	-0.1%
ROIC	na	na	na
EV/IC	na	na	na

Investment case

- Pharma trends and dynamics remain solid, and HBM has demonstrated its ability to identify the value of promising biotechs early on. HBM has a well-balanced portfolio of public and private companies, and a successful long-term exit strategy (IPO or trade sale).
- Shareholders benefit from an attractive return (a dividend in the range of 5% per year and a share buyback), leading to sustainable performance. As a result, HBM's shares posted one of the best five-year performances among its peers.
- Lastly, the non-listed investments could hide interesting value, as they are valued at their acquisition cost in our model.

Catalysts

- Any exit coming from the private portfolio (IPO or trade sale).
- Increase M&A activity from large pharma companies
- Positive clinical trials in the public portfolio.

Valuation methodology

- Our valuation is based on the NAV of all investments without a premium of 5% to NAV.
- We expect the NAV of HBM's public company portfolio to reach the value implied by analysts' and consensus's target prices, while the valuation of investments in private companies are included at their acquisition costs or the price of the last round of financing.
- Our valuation points to a TP of CHF298.

Risks to our rating

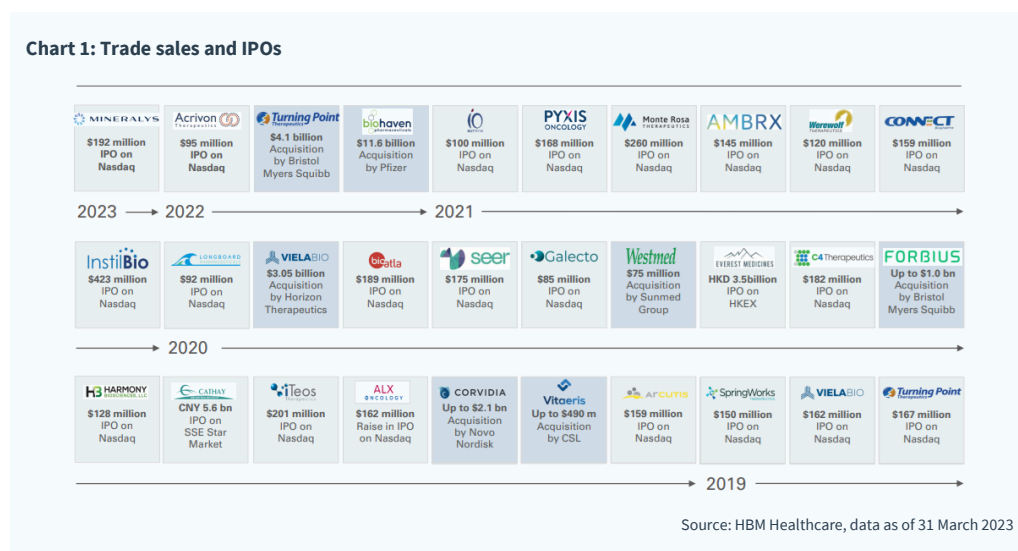
- Failure in clinical trials.
- Sales ramp-up of revenue-generating companies of the portfolio.
- Loss of confidence in HBM's investment team is likely to lead to a decrease of the premium to NAV.

Solid exit strategy track record despite current challenging environment

HBM has a well-balanced portfolio of investments in public and private companies, and a successful long-term exit strategy (IPO or trade sale). Shareholders also benefit from an attractive return (a dividend in the range of 5% per year and share buybacks).

Proven track record

Over the years, HBM Healthcare has built up an excellent track record in identifying promising private healthcare companies, and over the last decade, the company has carried out more than 60 trade sales and IPOs.



This solid track record in terms of exits has strongly contributed to the sustainable performance of the fund.

IPOs at half-mast, contrasting with dynamism in M&A

IPO: a slow start

Despite high hopes for a rebound of the IPO activity at the start of the year, IPO momentum seems to have been more limited since the beginning of the year – an IPO drought that contrasts with the previous record years in both number of IPOs and cumulated raised amounts (2020 and 2021). So far, only seven biotech firms were able to successfully complete their IPOs.

However, with three IPOs managing to raise >USD150m (four if we include Kenvue, the J&J spin-off), quality over quantity could be the theme for 2023. Indeed, while 2020 and 2021 IPOs were filled with early-stage companies, the focus in 2023 is on companies with discernible near-term value catalysts, renowned historical shareholders, and planned or already signed clinical development partnerships. And this seems to be a good strategy, as six out of the seven IPOs are now trading higher than their IPO price.

In that regard, note that Mineralys Therapeutics was able to raise up to USD192m (thanks to the upsize of the initial IPO offer), one of the highest amounts raised in the last years.

Recall that Mineralys is one of the sizeable companies in the HBM Healthcare portfolio with an investment of USD19m since 2021. The participation in Mineralys was further raised during the IPO and was valued at USD57m following the IPO.

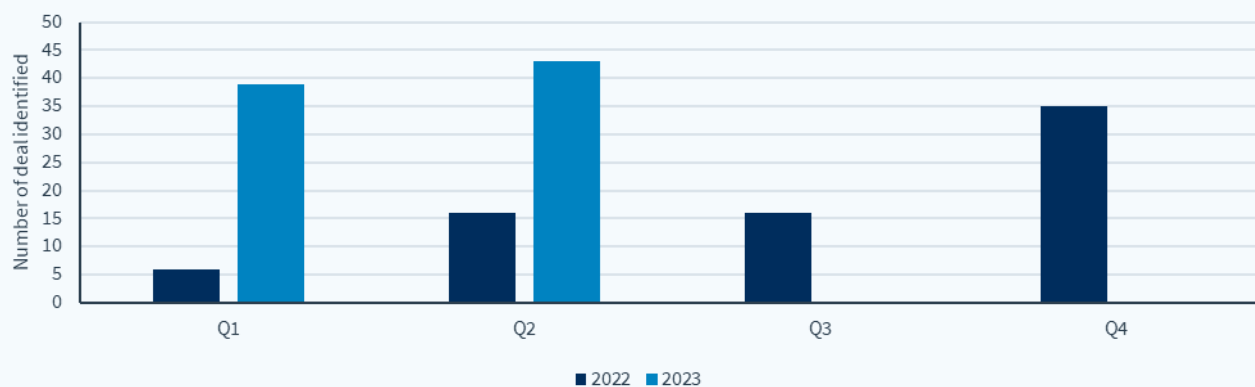
Table 1: Successful IPOs since the beginning of 2023

Date	Company	Raised amount USDm	Price at offering USD	Therapeutic area	Performance since IPO
1/20/2023	CADRENAL THERAPEUTICS, INC. (XNAS:CVKD)	7	5	Cardiology	-55%
1/25/2023	GENELUX CORPORATION (XNAS:GNLX)	15	6	Oncology	24%
2/2/2023	Structure Therapeutics Inc (XNAS:GPCR)	161	15	Endocrinology	44%
2/9/2023	MINERALYS THERAPEUTICS, INC. (XNAS:MLYS)*	192	16	Cardiology	13%
4/13/2023	CytoMed Therapeutics Limited (XNAS:GDTC)	9.6	4	Oncology	0%
5/3/2023	KENVUE INC. (XNYS:KVUE)	3,800	22	Other	21%
5/4/2023	ACELYRIN Inc (XNAS:SLRN)	540	18	Immune disease	34%

*Companies in HBM's portfolio
Source: Kepler Cheuvreux

M&A and licensing, a strong start of the year, bolstered by Pfizer's USD43bn acquisition

Business development activity has regained momentum since the start of the year. With close to 80 deals with a value superior to USD100m already closed, that amounts to c. USD140bn YTD (vs. c. USD139bn for the FY 2022).

Chart 2: Number of deals >USD100 per quarter 2022-23


Source: Kepler Cheuvreux

Furthermore, March was marked by the return of a mega deal with the acquisition of Seagen by Pfizer for USD43bn (the largest acquisitions since 2019 were deals with AbbVie acquisition of Allergan for USD63bn and the BMS acquisition of Celgene for USD74bn).

This deal continues the streak of “billion-dollar M&A deals” that Pfizer started in 2021, as the first Covid-related revenues started flowing in. In 2021, Pfizer snapped up two cancer specialists, Arena Pharmaceutical for USD6.7bn and Trillium Therapeutics for USD2.3bn. Pfizer pursued its M&A activity in 2022 with the two multibillion-dollar acquisitions of Biohaven's migraine treatments for USD11.6bn and the sickle cell specialist Global Blood Therapeutics for USD5.4bn. Note that Biohaven was one of the most important investments for HBM Healthcare.

In addition, HBM's Q3 performance should benefit from this increased M&A activity, including the recent acquisition of Chinook Therapeutics by Novartis. Under the announced terms, Chinook has accepted a buyout bid worth USD3.2bn upfront, plus USD300m payable if it hits certain regulatory milestones. The upfront portion of the deal values the biotech at USD40 per share, a 67% premium over its closing price on 9 June 2023 (USD24.70 per share). Note that as of 31 March 2023, HBM had a small stake in the company (total value of CHF9.535m).

NAV-based pricing model: TP of CHF298

A peer comparison is not appropriate as the investment theme of each fund is different, as are their returns. Our HBM Healthcare valuation is based on the NAV of the company portfolio with a slight premium.

Except for Argenx, Kepler Cheuvreux's healthcare/biotech team does not cover any of the companies in HBM Healthcare's public portfolio. Hence, our NAV valuation is based on the following assumptions:

- For the public companies, we apply consensus target prices from Bloomberg when more than five analysts cover a stock. Otherwise, we apply valuations based on the most recent update.
- Due to the lock-up period of 36 months, to calculate the NAV of the fund, HBM Healthcare values the investment in Cathay at a discount to the share price of 18% initially (and 2.25% as of end-March 2023). This is then reduced in a linear fashion over the term (0.5% per month from August 2020).
- For private companies and funds, we apply the last disclosed fair value reported (as of 31 March 2023), despite HBM's solid track record for exits.
- We use a 5% premium to NAV.

Accordingly, we derive a target NAV per share of CHF255. Thanks to the dynamism of the M&A activity and the good positioning of HBM and their wise investments, we henceforth include a 5% premium to NAV in our TP. Hence, we adjust our TP to CHF298, leading to roughly 43% upside to the last listed price.

Table 2: Valuation – Part I – Public portfolio

Name	Currency	HBM holding (%)	Current share price	Market cap (LC, m)	Current value (CHF)	TP (consensus)	TP range (LC)	Analysts	Valuation at TP (CHFm)
Cathay Biotech	CNY	7.1%	54.47	31,771	282.5	43.7	37-65	9	226.8
Harmony Biosciences	USD	3.6%	35.27	2,115	117.1	60.1	38-75	9	199.5
Mineralys Therapeutics	USD	7.1%	14.97	612	26	36.2	n/a	n/a	64
Seagen	USD	<0.1%	197.15	36,966	27.8	226.7	198-229	21	27.8
Argenx (ADR)	USD	0.1%	397.78	22,148	21.6	466.9	374-544	22	25.4
Argenx	EUR	0.1%	397.78	22,148	23.4	466.9	374-544	22	27.4
Pacira Pharmaceuticals	USD	1.0%	36.12	1,661	14.8	63.0	50-80	10	25.8
Y-mAbs Therapeutics	USD	7.6%	8.45	369	28.3	12.1	7-21	9	40.6
Natera	USD	0.3%	49.47	5,655	2.0	77.8	66-117	15	3.1
Biointvent	SEK	7.7%	20.40	1,342	6.8	102.0	70-134	2	6.8
Zymeworks	USD	2.3%	8.36	536	13.4	13.7	8-19	11	21.8
Insmed	USD	0.6%	19.50	2,660	4.2	39.4	28-52	13	8.4
Biomea Fusion	USD	1.1%	40.19	1,423	10.6	41.5	n/a	n/a	10.6
Beigene	HKD	0.1%	128.10	176,290	10.4	186.0	159-199	21	15.1
Monte Rosa Therapeutics	USD	3.0%	6.85	338	11.2	20.9	11-31	10	34.0
Travere Therapeutics	USD	0.7%	17.14	1,279	10.3	29.3	16-39	15	10.3
Rocket Pharmaceuticals	USD	0.8%	22.91	1,843	12.0	53.0	35-75	14	27.8
Shenzhen Mindray	CNY	<0.1%	302.28	366,497	10.0	440.8	376-552	42	10.0
Beigene (ADR)	USD	0.1%	128.10	176,290	9.9	186.0	159-199	21	9.9
Chinook Therapeutics	USD	0.7%	37.98	2,540	6.6	38.9	n/a	n/a	6.7
Cogent Biosciences	USD	1.4%	12.25	1,022	9.4	22.2	18-27	9	9.4
Merus	USD	1.2%	24.14	1,123	2.0	45.7	35-49	11	3.8
Aurobindo Pharma	INR	0.3%	682.50	399,903	10.1	658.2	506-809	30	9.8
Vicore Pharma	SEK	6.6%	18.56	1,519	7.2	73.2	50-97	7	28.4
Cytokinetics	USD	0.3%	35.96	3,439	8.1	60.4	n/a	n/a	8.1
Celldex Therapeutics	USD	0.5%	37.09	1,753	7.8	66.3	n/a	n/a	7.8
Dishman Carbogen	INR	3.6%	130.10	20,397	7.1	n/a	n/a	1	7.1
Laurus Labs	INR	0.4%	359.00	193,376	10.6	340.1	250-475	15	10.1
Guangzhou Baiyunshan	HKD	0.2%	25.10	56,632	7.6	26.6	20-31	5	8.0
Zealand Pharma	DKK	0.4%	272.60	15,986	6.8	288.2	235-340	8	6.8
Acrivon Therapeutics	USD	2.6%	12.27	269	6.3	22.7	17-26	7	11.7
Hutchmed China	HKD	0.3%	18.88	16,353	8.5	37.4	19-68	14	16.8
Longboard Pharmaceuticals	USD	8.6%	7.31	168	12.5	17.4	11-25	8	29.6
Viridian Therapeutics	USD	0.6%	25.50	1,100	5.8	46.5	40-57	15	5.8
Others					70.8				70.8
Total Public portfolio	I				846.2				1,044.6

As of 24/10/2022 - Source: Bloomberg, Kepler Cheuvreux

The group's portfolio of investments in public companies is well-balanced thanks to more than 35 holdings. However, the valuation of the current portfolio is sensitive to any particular event concerning its strong convictions. Its three largest investments represent 50% of the public portfolio and 25% of the entire portfolio (of which 33% and 17% respectively for Cathay Biotech, the most important investment of the company).

Table 3: Valuation – Part II – Private portfolio and Funds				
Name	Currency	HBM holding	Current value (CHF)	Valuation at TP (CHFm)
Total Public portfolio	I		846.2	1,044.6
Swixx BioPharma (Amicus)	EUR	26.3%	164.2	164.2
Neurelis	USD	10.5%	51.5	51.5
ConnectRN	USD	20.0%	47.6	47.6
Mineralys Therapeutics	USD	0.0%	0.0	0.0
NiKang Therapeutics	USD	5.3%	23.1	23.1
Dren Bio	USD	8.1%	20.8	20.8
1mg	INR	4.0%	20.0	20.0
FarmaLatam	USD	45.9%	24.1	24.1
Fangzhou (Jianke)	USD	5.4%	50.9	50.9
Nuance Pharma	USD	3.7%	17.1	17.1
Odyssey Therapeutics	USD	2.9%	16.1	16.1
Numab Therapeutics	CHF	7.7%	22.1	22.1
SAI Life Sciences	INR	5.4%	15.0	15.0
Valo Health	USD	1.4%	16.0	16.0
Karius	USD	6.3%	6.9	6.9
Adrenomed	EUR	10.0%	7.5	7.5
River Renal	USD	14.0%	12.8	12.8
Upstream Bio	USD	7.5%	18.3	18.3
Neuron23	USD	2.2%	9.9	9.9
Genalyte (BaseHealth)	USD	3.8%	8.9	8.9
Shape Memory Medical	USD	16.0%	9.3	9.3
Aculys Pharma	USD	4.8%	9.1	9.1
Sphingotec	EUR	25.4%	11.5	11.5
Valcare	USD	0.0%	0.0	0.0
Fore Biotherapeutics (NovellusDx)	USD	12.7%	8.3	8.3
Arrakis Therapeutics	USD	4.6%	6.4	6.4
eGenesis Bio	USD	2.0%	6.4	6.4
Cure Everlife	USD	6.8%	11.3	11.3
C Ray Therapeutics	USD	3.2%	5.5	5.5
FogPharma	USD	1.7%	6.9	6.9
Ignis Therapeutics	USD	1.5%	6.4	6.4
Mahzi Therapeutics	USD	10.3%	7.3	7.3
ArriVent Biopharma	USD	3.0%	11.0	11.0
1000Farmacie	EUR	14.6%	4.0	4.0
Other			15.9	15.9
Total Private portfolio	II		672.0	672.0
HBM Genomics	USD		42.2	42.2
MedFocus Fund II	USD		22.1	22.1
WuXi Healthcare Ventures II	USD		17.5	17.5
6 Dimensions Capital	USD		14.4	14.4
120 Capital	USD		15.8	15.8
C-Bridge Healthcare Fund IV	USD		12.4	12.4
HBM BioCapital II	EUR		0.0	0.0
HBM Genomics II	USD		9.3	9.3
LYZZ Capital Fund II	USD		6.5	6.5
C-Bridge Healthcare Fund V	USD		9.3	9.3
Tata Capital HBM Fund I	USD		5.4	5.4
Tata Capital Healthcare Fund II	USD		4.9	4.9
Other			14.3	14.3
Total Funds	III		174.1	174.1
Total investments (I + II + III)			1,692.2	1,890.7
Cash and other assets less liabilities (net)			81.5	81.5
Net Asset Value			1,773.7	1,972.1
Number of shares (m)			7.0	7.0
NAV per share (CHF)			252.2	283.5
Premium			0%	5%
Target price (CHF)			252.2	297.6

Source: Kepler Cheuvreux

Note that the “cash less liabilities” item includes, among other things, the cash available in the fund for new investment (CHF227.1 as of end-March 2023), as well as CHF100m in bond liabilities.

Table 4: Sensitivity analysis				
Discount to NAV	-10%	0%	5%	10%
Fair value (CHF)	255.1	283.5	297.6	311.8

Source: Kepler Cheuvreux

The current valuation level seems attractive. Despite market turbulence, HBM has sufficient cash to grab new investment opportunities at an interesting price. Even if we consider a 10% discount to NAV, a level in line with the long-term average discount, the potential upside is important (more than 23% at current share price). Hence, the current share price represents an interesting entry point for investors who seek exposure to the buoyant healthcare sector.

Catalysts

In the coming months, HBM Healthcare expects important clinical and regulatory newsflow from companies in its portfolio. We expect several outcomes of clinical trials (Harmony Biosciences will release phase II data for Prader-Willi syndrome, and Arcutis Biotherapeutics phase III data for dermatitis. In addition, we expect potential approval of drug candidates in the pipelines such Omblastys (omburtamab, metastasis from neuroblastoma).

The biotech sector is highly sensitive to clinical data. Thus, if more positive results were to come, that could translate into better valuation of biotech companies and then renewed attention from investors.

Company description

HBM Healthcare is a Swiss investment company managed by HBM Partners. It was founded in 2001 and listed on the Swiss Stock Exchange in February 2008. Its investment focus is private and public healthcare companies, mainly in Europe and North America. The investment portfolio is made up of stakes in about 50 companies (its largest investment is less than 20% of the portfolio). It also has investments in healthcare-dedicated funds to diversify outside of its core expertise.

Management

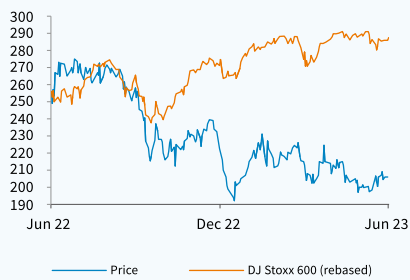
Dr Andreas Wicki, CEO
Erwin Troxler, CFO

Key shareholders

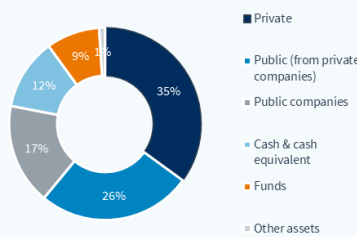
Free float	82.70%
Nogra Group	15.80%
Mirabaud Asset Management	1.16%
Carnegie Fonder AB	1.04%

Key data charts

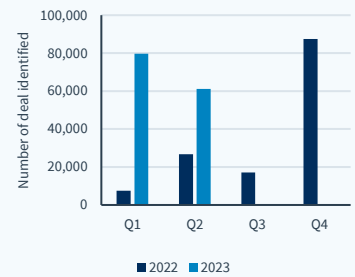
Price performance



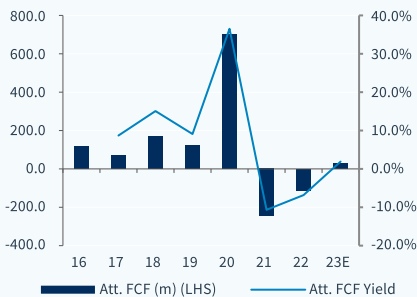
HBM assets allocation



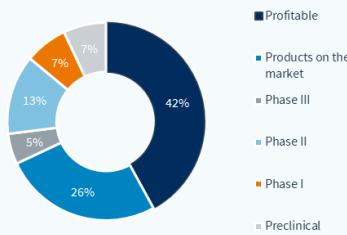
Overview of the global M&A and licencing activity



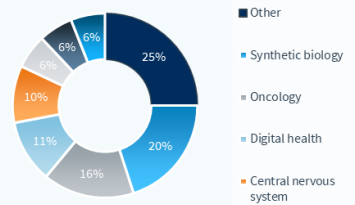
FCF



Development phase of portfolio companies



Therapeutic area of the lead product of portfolio companies



SWOT analysis

Strengths

- Highly skilled investment team with long-standing expertise
- Diversified portfolio of late-stage assets, both private and public
- Active role in value creation within portfolio companies
- Listed private healthcare equity fund

Weaknesses

- Size could be an obstacle to investing in small- and mid-caps
- Mature portfolio, which needs to be rebalanced
- Mixed performance over the years

Opportunities

- Invested in emerging and innovative therapies
- Substantial clinical newsflow from holding companies
- Intense M&A activity in the global healthcare sector
- Favourable environment for healthcare IPOs

Threats

- Competition from listed healthcare equity funds or ETFs
- Venture is an industry that does not scale well
- The biotech boom coming to an end
- Sector rotation with healthcare outflows

Valuation table

Market data as of: 13 June 2023

FY to 31/03 (CHF)	12/14	12/15	12/16	03/18	03/19	03/20	03/21	03/22	03/23	03/24E
Per share data (CHF)										
EPS adjusted				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adjusted and fully diluted				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS reported				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS Consensus										
Cash flow per share				10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
Book value per share				165.71	187.24	205.56	308.93	284.89	254.81	271.01
DPS	0.00	0.00	0.00	5.87	6.96	7.45	7.69	12.50	7.50	8.30
Number of shares, YE (m)				6.9	7.0	7.0	7.0	7.0	7.0	7.0
Nbr of shares, fully diluted, YE (m)				6.9	7.0	7.0	7.0	7.0	7.0	7.0
Share price										
Latest price / year end	97.7	102.0	99.0	144.0	168.8	190.0	332.5	276.0	214.0	206.0
52 week high	98.0	112.5	106.5	144.0	184.0	253.5	351.0	365.0	275.5	224.5
52 week low	67.0	92.0	92.0	99.0	145.0	154.2	187.0	242.0	192.2	196.6
Average price (Year)	82.5	100.7	98.1	120.1	163.9	197.2	275.9	330.3	238.9	206.0
Enterprise value (CHFm)										
Market capitalisation				834.1	1,140.4	1,371.9	1,919.3	2,297.8	1,662.0	1,433.1
Net financial debt				40.6	-43.1	-103.1	-121.7	-76.3	-82.8	-1.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market value of minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MV of equity affiliates (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value				874.7	1,097.3	1,268.8	1,797.6	2,221.5	1,579.2	1,432.1
Valuation										
P/E adjusted				7.3	5.5	7.5	2.5	na	na	22.2
P/E adjusted and fully diluted				7.3	5.5	7.5	2.5	na	na	22.2
P/E consensus										
P/BV				0.7	0.9	1.0	0.9	1.2	0.9	0.8
P/CF				11.5	6.6	11.0	2.7	na	na	52.6
Dividend yield (%)	0.0%	0.0%	0.0%	4.9%	4.2%	3.8%	2.8%	3.8%	3.1%	4.0%
Dividend yield preference shares (%)	6.7%	5.5%	5.9%	5.8%	4.6%	3.9%	4.5%	2.9%	4.2%	5.1%
FCF yield (%)				8.7%	15.1%	9.1%	36.5%	-10.7%	-6.8%	1.9%
ROE (%)					17.0%	13.4%	42.3%	-3.8%	-3.9%	3.5%
ROIC (%)	na	na	na	na	na	na	na	na	na	na
EV/Sales				na	na	na	na	na	na	na
EV/EBITDA adj.				na	na	na	na	na	na	na
EV/EBIT adj.				na	na	na	na	na	na	na
EV/NOPAT				na	na	na	na	na	na	na
EV/IC				na	na	na	na	na	na	na
ROIC/WACC	na	na	na	na	na	na	na	na	na	na
EV/IC over ROIC/WACC				na	na	na	na	na	na	na

Income statement

FY to 31/03 (CHF)	12/14	12/15	12/16	03/18	03/19	03/20	03/21	03/22	03/23	03/24E
Sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA reported	0.0	0.0	0.0	0.0	-4.0	-3.5	-10.0	-1.5	-1.6	-1.6
EBITDA adjusted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT reported	0.0	0.0	0.0	0.0	-4.0	-3.5	-10.0	-1.5	-1.6	-1.6
EBIT adjusted	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-0.3	-2.1	-2.6	-2.4	-2.4	-2.4	-2.5	-2.7	-2.7	-2.7
Associates	258.6	25.2	137.1	116.2	215.5	188.6	768.8	-73.8	-69.1	69.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit from continuing op.	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Net profit from disc. activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit reported	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit adjusted	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Sales % Change										
EBITDA reported % Change					-chg	+chg	-chg	+chg	-chg	-chg
EBITDA adjusted % Change										
EBIT reported % Change					-chg	+chg	-chg	+chg	-chg	-chg
EBIT adjusted % Change										
Earnings before tax % Change	-26.9%	-91.1%	482.9%	-15.4%	83.7%	-12.6%	313.9%	-chg	+chg	+chg
Net profit from cont. op. % Change	-26.9%	-91.1%	482.9%	-15.4%	83.7%	-12.6%	313.9%	-chg	+chg	+chg
Net profit reported % Change	-26.9%	-91.1%	482.9%	-15.4%	83.7%	-12.6%	313.9%	-chg	+chg	+chg
Net profit adjusted % Change	-26.9%	-91.1%	482.9%	-15.4%	83.7%	-12.6%	313.9%	-chg	+chg	+chg
Gross profit margin (%)	na	na	na	na	na	na	na	na	na	na
EBITDA margin (%)	na	na	na	na	na	na	na	na	na	na
EBIT margin (%)	na	na	na	na	na	na	na	na	na	na
Net profit margin (%)	na	na	na	na	na	na	na	na	na	na
Tax rate (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout ratio (%)				35.8%	23.2%	28.4%	7.1%	-111.4%	-71.1%	89.3%
EPS reported (CHF)				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
EPS adjusted (CHF)				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
EPS adj and fully diluted (CHF)				16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
DPS (CHF)	0.00	0.00	0.00	5.87	6.96	7.45	7.69	12.50	7.50	8.30
DPS, preference shares (CHF)	5.50	5.50	5.80	7.00	7.50	7.70	12.50	9.70	10.00	10.50
EPS reported % Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adjusted % Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adj and fully diluted % Change					83.3%	-12.6%	313.9%	-chg	+chg	+chg
DPS % Change				+chg	18.5%	7.0%	3.3%	62.5%	-40.0%	10.7%
Consensus Sales (CHFm)										
Consensus EBITDA (CHFm)										
Consensus EBIT (CHFm)										
Consensus EPS (CHF)										

Cash flow statement

Market data as of: 13 June 2023

FY to 31/03 (CHF)	12/14	12/15	12/16	03/18	03/19	03/20	03/21	03/22	03/23	03/24E
Net profit before minorities	258.4	23.1	134.6	113.8	209.1	182.7	756.3	-78.0	-73.4	64.7
Depreciation and amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-15.6	-67.1	-15.2	-41.3	-37.1	-58.0	-55.4	-167.1	-40.1	-37.4
Levered post tax CF before capex	242.8	-44.0	119.3	72.5	171.9	124.7	700.9	-245.2	-113.4	27.3
% Change	-28.6%	-chg	+chg	-39.2%	137.0%	-27.5%	462.0%	-chg	+chg	+chg
Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	242.8	-44.0	119.3	72.5	171.9	124.7	700.9	-245.2	-113.4	27.3
% Change	-28.6%	-chg	+chg	-39.2%	137.0%	-27.5%	462.0%	-chg	+chg	+chg
Acquisitions	-323.3	-395.9	-405.0	-556.5	-534.0	-515.7	-729.7	-499.6	0.0	0.0
Divestments	461.7	476.5	444.9	661.6	710.8	611.6	952.4	597.0	-26.7	93.3
Dividend paid				-40.8	-48.4	-51.8	-53.5	-87.0	-67.2	-57.7
Share buy back				-9.9	-6.1	-0.8	22.2	-2.2	0.0	-5.0
Capital increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others				-12.1	4.7	-22.0	-1.4	37.1	-12.8	0.0
Change in net financial debt				-114.8	-298.9	-146.0	-890.8	199.8	220.2	-57.8
Change in cash and cash equiv.					45.5	-39.7	200.2	-204.0	6.8	-81.7
Attributable FCF	242.8	-44.0	119.3	72.5	171.9	124.7	700.9	-245.2	-113.4	27.3
Cash flow per share (CHF)				10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
% Change					136.5%	-27.5%	462.0%	-chg	+chg	+chg
FCF per share (CHF)				10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
% Change					136.5%	-27.5%	462.0%	-chg	+chg	+chg
Capex / Sales (%)	na	na	na	na	na	na	na	na	na	na
Capex / D&A (%)	na	na	na	na	na	na	na	na	na	na
Cash flow / Sales (%)	na	na	na	na	na	na	na	na	na	na
FCF / Sales (%)	na	na	na	na	na	na	na	na	na	na
FCF Yield (%)				8.7%	15.1%	9.1%	36.5%	-10.7%	-6.8%	1.9%
Unlevered FCF Yield (%)				8.6%	15.9%	10.0%	39.1%	-10.9%	-7.0%	2.1%

Balance sheet

FY to 31/03 (CHF)	12/14	12/15	12/16	03/18	03/19	03/20	03/21	03/22	03/23	03/24E
Cash and cash equivalents				223.2	268.7	229.0	429.2	225.2	232.0	150.3
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.2	0.2	0.4	0.4	0.6	0.2	0.2	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current assets				223.6	269.2	229.2	429.4	225.2	232.0	150.3
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1,050.6	1,007.6	1,126.8	1,193.6	1,262.4	1,347.0	2,105.2	1,947.0	1,911.5	2,035.8
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current assets	1,050.6	1,007.6	1,126.8	1,193.6	1,262.4	1,347.0	2,105.2	1,947.0	1,911.5	2,035.8
Short term debt				164.6	126.1	26.3	257.7	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other short term liabilities	3.1	3.8	3.8	3.0	3.5	3.1	53.1	2.8	2.8	2.8
Current liabilities				167.6	129.6	29.4	310.8	2.8	2.8	2.8
Long term debt				99.2	99.4	99.6	49.8	148.9	149.2	149.2
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term provisions	50.4	0.0	0.0	0.0	0.0	17.2	24.7	38.5	28.9	21.7
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities				99.2	99.4	116.8	74.5	187.4	178.1	170.9
Shareholders' equity				1,150.5	1,302.6	1,430.1	2,149.2	1,982.0	1,772.7	1,885.4
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity				1,150.5	1,302.6	1,430.1	2,149.2	1,982.0	1,772.7	1,885.4
Balance sheet total				1,417.3	1,531.6	1,576.3	2,534.6	2,172.2	1,953.6	2,059.1
% Change					8.1%	2.9%	60.8%	-14.3%	-10.1%	5.4%
Book value per share (CHF)				165.71	187.24	205.56	308.93	284.89	254.81	271.01
% Change					13.0%	9.8%	50.3%	-7.8%	-10.6%	6.4%
Net financial debt				40.6	-43.1	-103.1	-121.7	-76.3	-82.8	-1.1
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt				40.6	-43.1	-103.1	-121.7	-76.3	-82.8	-1.1
Net fi. debt (+IFRS16) / EBITDA (x)				na	na	na	na	na	na	na
Trade working capital	0.2	0.2	0.4	0.4	0.6	0.2	0.2	0.0	0.0	0.0
Net working capital	-2.9	-3.6	-3.3	-2.5	-2.9	-2.9	-53.0	-2.7	-2.7	-2.7
NWC/Sales	na	na	na	na	na	na	na	na	na	na
Inventories/sales	na	na	na	na	na	na	na	na	na	na
Invested capital	-2.9	-3.6	-3.3	-2.5	-2.9	-2.9	-53.0	-2.7	-2.7	-2.7
Net fin. debt / FCF (x)				0.6	-0.3	-0.8	-0.2	0.3	0.7	0.0
Gearing (%)				3.5%	-3.3%	-7.2%	-5.7%	-3.8%	-4.7%	-0.1%
Goodwill / Equity (%)				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Company Name	ISIN	Disclosure
HBM Healthcare Investments	CH0012627250	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer

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Rating Breakdown	A	B
Buy	60%	70%
Hold	30%	24%
Reduce	7%	1%
Not Rated/Under Review/Accept Offer	3%	5%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

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The below table shows the history of recommendations and target prices changes issued by KEPLER CHEUVREUX research department (Equity and Credit) over a 12 months period.

Company Name	Date	Business Line	Rating	Target Price	Closing Price
HBM Healthcare Investments (CHF)	05/10/2022 06:01	Equity Research	Buy	325.00	237.00
	27/10/2022 05:59	Equity Research	Buy	332.00	225.00

Credit research does not issue target prices. Left intentionally blank.

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Equity research

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Buy: The minimum expected upside is 10% over next 12 months (the minimum required upside could be higher in light of the company's risk profile).

Hold: The expected upside is below 10% (the expected upside could be higher in light of the company's risk profile).

Reduce: There is an expected downside.

Accept offer: In the context of a total or partial take-over bid, squeeze-out or similar share purchase proposals, the offer price is considered to be fairly valuing the shares.

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