

22 January 2021

HBM Healthcare Investments

Switzerland

Other financials

Reuters: HBMN.S Bloomberg: HBMN SE

Add

Closing price as of
21-Jan-21 CHF 311.50**Target price CHF 264.00**

High/Low (12M) CHF 311.50/154.20

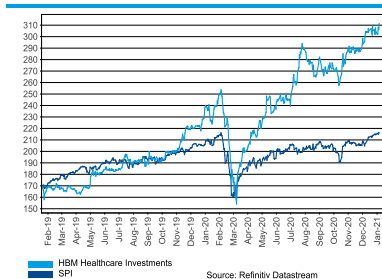
Market cap. CHF mn 2,167

Enterprise value CHF mn 2,266

Free float 83.0%

Avg. daily turnover CHF mn 1.90

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	5.4	14.5	21.4
rel. SPI	0.0	6.0	16.4
rel. STOXX Europe 600	-0.8	0.6	12.4
rel. SXXP Financial SVS	-2.8	-2.8	9.3

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Positive outlook into 2021, further IPOs expected until fiscal year-end

Our conclusion

- In-line with the interim results already reported on 4 January, HBM Healthcare confirmed the CHF 645mn net gain over the first 9 months of the FY20/21, on a net asset value which grew by 44.5% over the same period (in CHF), against a 46% appreciation of the Nasdaq Biotech Index in USD, pointing at a clear outperformance in USD. End-2020, HBM exposure to the USD was reported at 67% of investments.
- According to HBM, "Hedging positions made a positive contribution to profit in the reporting period. While general market hedging had a negative impact on the result, currency hedging, which had been increased by a further USD 200mn to USD 1.2bn in the reporting period, paid off: a significant portion of the decline in the US dollar against the Swiss franc was absorbed in this way". HBM reported a CHF 14mn gain from currency hedging over 9M20/21.

Facts & Analysis

- Outlook: the fundamental outlook for the sector continues to be very good. Medical needs and companies' innovative capacities are high, as events in connection with the pandemic have clearly demonstrated in recent months. The financing environment continues to be favorable and provides portfolio companies access to sufficient capital to advance their clinical developments. Acquisition activity in the healthcare sector is also likely to remain high. All of these factors benefit the investment strategy of HBM Healthcare Investments. With regard to the general market environment, the strong performance in recent months is likely to give way to intermittent periods of weakening. With its share of private companies and funds and a partial hedging of market risk, HBM Healthcare Investments is prepared well for such a scenario while a well-stocked level of cash and cash equivalents allows to seize opportunities as they arise. (Source: HBM Healthcare communication)

Key financials

CHF mn	2019/20	2020/21E	2021/22E	2022/23E	CAGR (%)
Sales	0.0	0.0	0.0	0.0	-
EBIT adj.	185.1	264.2	152.3	181.7	-0.6
EPS adj. (CHF)	26.26	37.64	21.56	25.78	-0.6

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2019/20	2020/21E	2021/22E	2022/23E
EV/Sales	-	-	-	-
EV/EBIT adj.	8.1	8.6	14.9	12.5
P/E adj.	7.7	8.3	14.4	12.1

HBM Healthcare Investments

Key data

FY 31 Mar.	2017/18	2018/19	2019/20	2020/21E	2021/22E	2022/23E
Share data						
EPS reported (CHF)	16.55	30.05	26.26	37.64	21.56	25.78
EPS adjusted (CHF)	16.55	30.05	26.26	37.64	21.56	25.78
Dividend (CHF)	6.96	7.50	7.71	8.81	9.28	0.00
Book value (CHF)	165.39	189.49	208.25	238.19	251.21	267.98
Free cash flow (CHF)	8.12	7.06	8.03	7.92	9.03	9.50
Avg. no. of shares (mn)	7.0	7.0	7.0	7.0	7.0	7.0
Market cap. (avg./current; CHF mn)	864.9	1,139.8	1,405.3	2,167.1	2,167.1	2,167.1
Enterprise value (CHF mn)	960.0	1,237.0	1,502.5	2,265.0	2,265.8	2,266.6
Valuation						
P/E adj. (x)	7.5	5.5	7.7	8.3	14.4	12.1
P/BV (x)	0.7	0.9	1.0	1.3	1.2	1.2
FCF/EV (%)	2.5	2.2	2.5	2.4	2.8	2.9
FCF yield (%) (FCF/Mcap.)	6.6	4.3	4.0	2.5	2.9	3.1
Dividend yield (%)	5.6	4.6	3.8	2.8	3.0	0.0
EV/Sales (x)	-	-	-	-	-	-
EV/EBITDA adj. (x)	8.1	5.8	8.1	8.6	14.9	12.5
EV/EBIT adj. (x)	8.1	5.8	8.1	8.6	14.9	12.5
EV/CE (x)	-	-	-	-	-	-
ROCE/WACC adj. (x)	-	-	-	-	-	-
Key company data						
Sales growth (%)	-	-	-	-	-	-
EBITDA adj. growth (%)	-15.0	78.8	-12.5	42.7	-42.4	19.3
EBITDA adj. margin (%)	-	-	-	-	-	-
EBIT adj. margin (%)	-	-	-	-	-	-
Net adj. margin (%)	-	-	-	-	-	-
Free cash flow margin (%)	-	-	-	-	-	-
Payout ratio (%)	42.0	25.0	29.3	23.4	43.1	0.0
Gearing (%) (net debt/equity)	8.2	7.4	6.7	5.9	5.6	5.3
Net debt/EBITDA (x)	0.8	0.5	0.5	0.4	0.6	0.5
Equity ratio (x) (equity/total assets)	91.9	92.7	93.3	94.1	94.4	94.8
Capital employed (CHF mn)	0.0	0.0	0.0	0.0	0.0	0.0
ROCE adj. (%)	-	-	-	-	-	-
Income statement (CHF mn)						
Turnover	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	118.3	211.5	185.1	264.2	152.3	181.7
EBITDA adj.	118.3	211.5	185.1	264.2	152.3	181.7
EBIT	118.3	211.5	185.1	264.2	152.3	181.7
EBIT adj.	118.3	211.5	185.1	264.2	152.3	181.7
EBT	115.9	209.1	182.7	261.9	150.0	179.4
Net profit after minorities	115.9	209.1	182.7	261.9	150.0	179.4
Net profit adj.	115.9	209.1	182.7	261.9	150.0	179.4
Balance sheet (CHF mn)						
Non-current assets	1,254	1,417	1,546	1,755	1,846	1,964
thereof goodwill	-	-	-	-	-	-
Current assets	7	5	6	5	5	4
Total assets	1,260	1,422	1,552	1,760	1,851	1,968
Shareholders' equity	1,158	1,318	1,449	1,657	1,748	1,864
Total equity and liabilities	1,260	1,422	1,552	1,760	1,851	1,968
Net debt	95	97	97	98	99	99
Cash flow (CHF mn)						
Cash flow from operations	-3.1	-2.9	-4.2	-3.5	-3.5	-3.5
of which change in working capital	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investments	60.0	52.0	60.0	58.6	66.3	69.6
of which investment in fixed assets	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	56.9	49.1	55.8	55.1	62.8	66.1
Dividends paid	-40.8	-48.7	-52.2	-53.6	-61.3	-64.6
Cash flow from financing activities	-56.4	-51.0	-54.5	-55.9	-63.6	-66.9
Change in cash position	0.4	-1.8	1.4	-0.8	-0.8	-0.8

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst	
HBM Healthcare Investments	06-Jul-20	Add	CHF	264.00	242.50	03-Jul-20	Bruno Bulic, Ph.D.
HBM Healthcare Investments	24-Mar-20	Buy	CHF	221.00	154.20	23-Mar-20	Bruno Bulic, Ph.D.

HBM Healthcare Investments

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