

HBM Healthcare Investments Buy

Switzerland | Pharma & biotech

MCap: CHF1.6bn

Target Price: CHF332.00 (325.00)
Current Price: CHF225.00
Up/downside: 47.6%
Market data: 27 October 2022

Change in TP: 2.2%
Change in Sales: down nm 22E/down nm 23E
Change in Adj. EBIT: none/
Change in Adj. EPS: -25.4% 22E/-35.4% 23E

Bloomberg: HBMN SW Reuters: HBMN.S
Free float 85.0%
Avg. daily volume (CHFm) 0.7
YTD abs performance -33.6%
52-week high/low (CHF) 363.00/212.50

Time to invest

Why this report?

HBM is trading at an all-time-high discount to NAV (-18%), far below its long-term average (-9%) and five-year average (+4%). The street is concerned about the weight of Cathay Biotech (CB) in the portfolio (c. 20% of net assets) and the downward revision of analysts' average TPs on the stock (from CNY136 to CNY76). Since the start of the year, CB shares have plummeted by more than 50%. However, beyond CB, HBM has built up a promising portfolio that continues to be successful (Y-mAbs, Harmony Biosciences, Swixx BioPharma, etc.). However, due to market uncertainties, HBM will limit its investment activities to the follow-on financing of private companies and selective profit taking, or to the addition of public companies to the portfolio.

Key findings

- The Inflation Reduction Act (IRA) in the US, rising inflation, surging interest rates, and geopolitical risks will continue to put the valuations of biotechs under pressure, offering investment opportunities and M&A options for large pharma companies.
- HBM has a balanced portfolio of investments (public and private companies), a successful exit strategy, and offers an attractive return.

Deconstructing the forecasts

- Following Q3 results, we update our model to include the new holdings and the new TPs of analysts. We still consider no premium to NAV to calculate our TP. We lift our TP from CHF325 to CHF332. Buy maintained.

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.

FY to 31/03 (CHF)	03/22	03/23E	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	35.7	27.1
FCF (m)	-245.2	-113.4	27.3
EPS adj. and ful. dil.	-11.22	-10.55	9.30
Consensus EPS	-11.22	17.55	27.35
Net dividend	9.70	10.00	10.50
FY to 31/03	03/22	03/23E	03/24E
P/E adj and ful. dil.	na	na	24.2
EV/EBITDA	na	na	na
EV/EBIT	na	na	na
FCF yield	-10.7%	-7.2%	1.7%
Dividend yield	2.9%	4.4%	4.7%
ND(F+IFRS16)/EBITDA	na	na	na
Gearing	-3.8%	1.9%	1.4%
ROIC	na	na	na
EV/IC	na	na	na

Valuation methodology

- Our valuation is based on the NAV of all investments without any premium/discount 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 CHF332.

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.

NAV-based pricing model: TP of CHF332

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 5.25% as of September 2022). 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 September 2022), despite HBM's solid track record for exits.
- We no longer use a premium to NAV.

Accordingly, we derive a target NAV per share of CHF332. Hence, we slightly increase our TP to CHF332, leading to roughly 50% upside to the last listed price. We consider the current level as a good entry point to play the positive trends in the healthcare sector.

Table 1: 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%	349.5	37,662	349.5	76.0	71-96	7.0	411.4
Harmony Biosciences	USD	5.1%	151.3	2,968	151.3	61.1	51-69	8.0	183.3
Biohaven Pharmaceuticals	USD	0.6%	6.3	857	6.3	18.5	14-23	2.0	6.3
Y-mAbs Therapeutics	USD	8.9%	58.4	656	58.4	28.4	16-63	10.0	110.5
ChemoCentryx	USD	1.0%	38.5	3,739	38.5	52.0	52-52	3.0	38.5
Pacira Pharmaceuticals	USD	1.0%	23.3	2,369	23.3	76.5	54-94	11.0	34.6
BiolInvent	SEK	7.8%	18.4	2,657	18.4	107.0	80-134	2.0	18.4
Argenx	EUR	0.1%	22.2	20,840	22.2	435.9	385-475	21.0	25.7
Argenx (ADR)	USD	0.1%	22.6	20,840	22.6	435.9	385-475	21.0	26.2
Arcutis	USD	1.7%	17.5	1,041	17.5	55.7	46-80	9.0	55.7
Monte Rosa Therapeutics	USD	3.9%	14.0	363	14.0	23.6	15-37	10.0	42.4
Laurus Labs	INR	0.4%	13.7	261,291	13.7	568.8	415-705	15.0	16.1
Vicore Pharma	SEK	6.5%	11.4	1,976	11.4	78.4	60-97	5.0	32.5
Zymeworks	USD	3.0%	11.5	386	11.5	16.2	7-40	12.0	29.8
BioAtla	USD	3.9%	9.5	303	9.5	27.0	4-68	4.0	9.5
Insmed	USD	0.4%	9.2	2,467	9.2	47.9	38-58	10.0	23.9
Seagen	USD	0.1%	9.7	23,763	9.7	178.0	150-220	22.0	13.4
Shenzhen Mindray	CNY	0.1%	10.7	393,680	10.7	426.6	350-557	37.0	14.1
Viridian Therapeutics	USD	1.2%	9.5	797	9.5	43.2	37-57	9.0	20.6
Aurobindo Pharma	INR	0.3%	10.0	307,296	10.0	671.2	475-835	32.0	12.8
Blueprint Medicines	USD	0.2%	7.2	2,966	7.2	90.8	41-152	18.0	13.2
Rocket Pharmaceuticals	USD	0.9%	10.2	1,276	10.2	55.9	34-75	13.0	32.3
Natera	USD	0.2%	8.8	4,225	8.8	84.9	70-117	13.0	17.1
Traverse Therapeutics	USD	0.6%	8.0	1,441	8.0	35.0	24-43	11.0	12.5
Mirati Therapeutics	USD	0.2%	7.1	3,516	7.1	118.4	85-195	17.0	13.2
Iovance Biotherapeutics	USD	0.5%	7.2	1,456	7.2	26.4	13-43	14.0	20.7
Beigene	HKD	0.1%	8.2	138,507	8.2	165.2	133-181	18.0	14.8
Longboard Pharmaceuticals	USD	11.1%	5.8	52	5.8	19.7	12-28	6.0	37.1
Dishman Carbogen	INR	3.6%	6.8	15,686	6.8	172.0	172-172	2.0	6.8
IO Biotech	USD	8.4%	5.7	67	5.7	19.5	19-20	4.0	5.7
Hutchmed China	HKD	0.5%	5.8	10,170	5.8	39.6	21-65	9.0	19.6
CTI Biopharma	USD	1.0%	5.0	509	5.0	11.1	9-15	9.0	12.4
Polypeptide	CHF	0.6%	5.8	941	5.8	39.1	27-55	7.0	8.0
Guangzhou Baiyunshan	HKD	0.2%	5.9	44,024	5.9	23.5	21-26	5.0	7.8
Merus	USD	0.6%	6.4	1,039	6.4	42.0	34-50	11.0	11.8
ALX Oncology	USD	1.4%	0.0	396	0.0	32.1	12-48	8.0	18.4
Cogent Biosciences	USD	0.5%	4.8	921	4.8	21.7	18-28	6.0	7.5
Nicox	EUR	7.0%	6.1	88	6.1	10.3	7-13	3.0	6.1
Instil Bio	USD	0.8%	5.1	629	5.1	23.3	8-31	4.0	5.1
<i>Other</i>					62.1				62.1
Total Public portfolio	I				999.4				1,457.8

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 56% of the public portfolio and 30% of the entire portfolio (of which 35% and 19%, respectively, for Cathay Biotech, the most important investment of the company).

Table 2: Valuation – Part II – private portfolio and funds				
Name	Currency	HBM holding	Current value (CHF)	Valuation at TP (CHFm)
Total Public portfolio	I		999.4	1,457.8
Swixx BioPharma (Amicus)	EUR	26.3%	137.1	137.1
Neurelis	USD	10.5%	55.5	55.5
ConnectRN	USD	20.0%	51.4	51.4
Mineralys Therapeutics	USD	10.1%	26.8	26.8
NiKang Therapeutics	USD	5.3%	24.9	24.9
Dren Bio	USD	7.8%	22.4	22.4
1mg	INR	4.0%	21.7	21.7
FarmaLatam	USD	47.7%	21.1	21.1
Jianke Pharmaceutical	USD	5.3%	19.5	19.5
Nuance Pharma	USD	3.7%	18.4	18.4
Odyssey Therapeutics	USD	2.9%	17.3	17.3
Numab Therapeutics	CHF	6.5%	17.0	17.0
SAI Life Sciences	INR	5.5%	16.3	16.3
Valo Health	USD	1.3%	14.8	14.8
Karius	USD	4.9%	14.8	14.8
Adrenomed	EUR	10.5%	14.7	14.7
River Renal	USD	12.5%	13.8	13.8
Upstream Bio	USD	6.5%	10.9	10.9
Neuron23	USD	2.2%	10.7	10.7
Genalyte (BaseHealth)	USD	3.5%	10.1	10.1
Shape Memory Medical	USD	16.8%	10.0	10.0
Aculys Pharma	USD	4.8%	9.8	9.8
Sphingotec	EUR	25.1%	9.8	9.8
Valcare	USD	8.0%	9.1	9.1
Fore Biotherapeutics	USD	12.7%	8.9	8.9
Acrivon Therapeutics	USD	3.6%	7.9	7.9
Arrakis Therapeutics	USD	4.6%	6.9	6.9
eGenesis Bio	USD	2.0%	6.9	6.9
Cure Everlife	USD	9.3%	6.6	6.6
C Ray Therapeutics	USD	3.2%	5.9	5.9
FogPharma	USD	1.9%	4.9	4.9
Ignis Therapeutics	USD	1.2%	4.1	4.1
Mahzi Therapeutics	USD	5.2%	3.9	3.9
1000Farmacie	EUR	14.6%	3.9	3.9
<i>Other</i>			21.2	21.2
Total Private portfolio	II		614.3	614.3
HBM Genomics	USD		31.3	31.3
MedFocus Fund II	USD		24.2	24.2
WuXi Healthcare Ventures II	USD		22.2	22.2
6 Dimensions Capital	USD		19.3	19.3
120 Capital	USD		17.7	17.7
C-Bridge Healthcare Fund IV	USD		12.0	12.0
HBM BioCapital II	EUR		8.3	8.3
HBM Genomics II	USD		7.4	7.4
LYZZ Capital Fund II	USD		6.7	6.7
C-Bridge Healthcare Fund V	USD		6.4	6.4
Tata Capital HBM Fund I	USD		5.3	5.3
Tata Capital Healthcare Fund II	USD		4.5	4.5
Hatteras Venture Partners III	USD		3.6	3.6
BioVeda China IV	USD		3.4	3.4
BioMedInvest II	CHF		2.8	2.8
Galen Partners V	USD		1.6	1.6
BioMedInvest I	CHF		1.3	1.3
Nordic Biotech	DKK		0.9	0.9
<i>Other</i>			0.6	0.6
Total Funds	III		179.5	179.5
Total investments (I + II + III)			1,838.0	2,296.3
Cash and other assets less liabilities (net)			16.6	16.6
Net Asset Value			1,854.5	2,312.9
Number of shares (m)			7.0	7.0
NAV per share (CHF)			266.6	332.4
Discount			0%	0%
Target price (CHF)			266.6	332.4

Source: Kepler Cheuvreux

Note that the “cash less liabilities” item includes, among other things, the cash available in the fund for new investment (CHF231.7m as of end-September 2022), as well as CHF150m in bond liabilities (two straight bond tranches, with a par value of CHF50m and CHF100m and maturing on 10 July 2023 and 10 July 2027, respectively).

Table 3: Sensitivity analysis

Discount to NAV	-10%	0%	5%	10%
Fair value (CHF)	299	332	349	366

Source: Kepler Cheuvreux

The current valuation 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 30% at the 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 as 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 a 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

Andreas Wicki, CEO
 Erwin Troxler, CFO
 Hans Peter Hasler, Chairman of the Board

Key shareholders

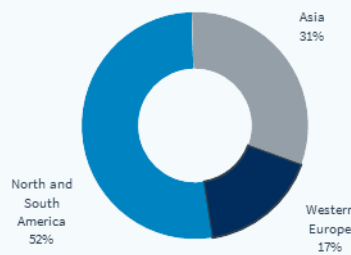
Free float	85.00%
Nogra Pharma Invest	15.00%

Key data charts

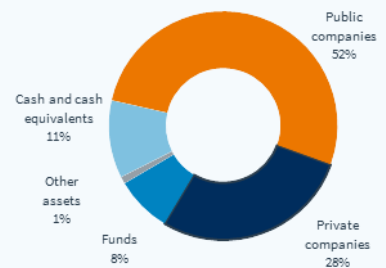
Price performance



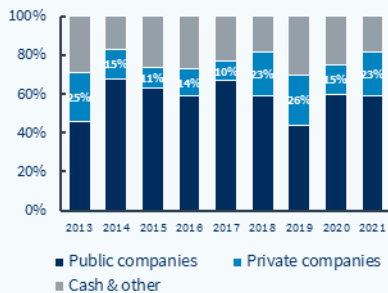
Geographic exposure



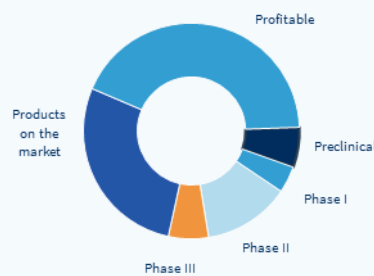
Allocation of assets



Asset allocation over time



Development phase of portfolio companies



HBM's stock price discount to NAV



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: 27 October 2022

FY to 31/03 (CHF)	03/15	03/16	03/17	03/18	03/19	03/20	03/21	03/22	03/23E	03/24E
Per share data (CHF)										
EPS adjusted	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adjusted and fully diluted	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS reported	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
% Change	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS Consensus										27.35
Cash flow per share	30.61	-5.82	16.86	10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
Book value per share	135.46	135.09	153.51	165.71	187.23	205.56	308.93	284.90	265.08	285.23
DPS	5.50	5.50	5.80	7.00	7.50	7.70	12.50	9.70	10.00	10.50
Number of shares, YE (m)	7.9	7.6	7.1	6.9	7.0	7.0	7.0	7.0	7.0	7.0
Nbr of shares, fully diluted, YE (m)	7.9	7.6	7.1	6.9	7.0	7.0	7.0	7.0	7.0	7.0
Share price										
Latest price / year end	108.0	99.5	111.4	144.0	168.8	190.0	332.5	276.0	225.0	225.0
52 week high	112.5	111.5	113.1	144.0	184.0	253.5	351.0	365.0	275.5	
52 week low	70.3	92.0	92.0	111.3	145.0	154.2	187.0	242.0	212.5	
Average price (Year)	89.1	99.8	100.2	123.6	163.9	197.2	275.9	330.3	225.0	225.0
Enterprise value (CHFm)										
Market capitalisation	706.4	753.3	709.4	857.9	1,140.4	1,371.9	1,919.3	2,297.8	1,565.3	1,565.3
Net financial debt	-76.9	-15.9	36.6	40.6	-43.1	-103.2	-121.7	-76.3	35.7	27.1
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	629.5	737.4	746.0	898.6	1,097.2	1,268.7	1,797.7	2,221.5	1,601.0	1,592.4
Valuation										
P/E adjusted	2.7	32.6	5.3	7.5	5.5	7.5	2.5	na	na	24.2
P/E adjusted and fully diluted	2.7	32.6	5.3	7.5	5.5	7.5	2.5	na	na	24.2
P/E consensus										8.2
P/BV	0.7	0.7	0.7	0.7	0.9	1.0	0.9	1.2	0.8	0.8
P/CF	2.9	na	5.9	11.8	6.6	11.0	2.7	na	na	57.4
Dividend yield (%)	6.2%	5.5%	5.8%	5.7%	4.6%	3.9%	4.5%	2.9%	4.4%	4.7%
Dividend yield preference shares (%)	6.2%	5.5%	5.8%	5.7%	4.6%	3.9%	4.5%	2.9%	4.4%	4.7%
FCF yield (%)	34.4%	-5.8%	16.8%	8.5%	15.1%	9.1%	36.5%	-10.7%	-7.2%	1.7%
ROE (%)	25.9%	2.2%	12.8%	10.2%	17.0%	13.4%	42.3%	-3.8%	-3.8%	3.4%
ROIC (%)	na	na	na	na	na	na	na	na	na	na
EV/Sales	na	na	na	na	na	na	na	na	na	na
EV/EBITDA adj.	na	na	na	na	na	na	na	na	na	na
EV/EBIT adj.	na	na	na	na	na	na	na	na	na	na
EV/NOPAT	na	na	na	na	na	na	na	na	na	na
EV/IC	na	na	na	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	na	na	na

Income statement

FY to 31/03 (CHF)	03/15	03/16	03/17	03/18	03/19	03/20	03/21	03/22	03/23E	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 (%)	16.9%	179.8%	30.5%	42.7%	25.0%	29.3%	11.5%	-86.5%	-94.8%	112.9%
EPS reported (CHF)	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
EPS adjusted (CHF)	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
EPS adj and fully diluted (CHF)	32.58	3.06	19.01	16.40	30.05	26.26	108.71	-11.22	-10.55	9.30
DPS (CHF)	5.50	5.50	5.80	7.00	7.50	7.70	12.50	9.70	10.00	10.50
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	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adjusted % Change	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
EPS adj and fully diluted % Change	-20.5%	-90.6%	521.5%	-13.7%	83.3%	-12.6%	313.9%	-chg	+chg	+chg
DPS % Change	83.3%	0.0%	5.5%	20.7%	7.1%	2.7%	62.3%	-22.4%	3.1%	5.0%
Consensus Sales (CHFm)										246.7
Consensus EBITDA (CHFm)										192.8
Consensus EBIT (CHFm)										192.8
Consensus EPS (CHF)										27.35

Cash flow statement

Market data as of: 27 October 2022

FY to 31/03 (CHF)	03/15	03/16	03/17	03/18	03/19	03/20	03/21	03/22	03/23E	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	-23.6	-42.3	-39.2	-40.8	-48.4	-51.8	-53.5	-87.0	-67.5	-69.6
Share buy back	-78.9	-35.9	-29.1	-9.9	-6.1	-0.8	22.2	-2.2	-2.2	-2.2
Capital increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-248.7	-19.5	-143.5	-131.0	-210.5	-107.9	-873.7	191.6	97.9	-40.2
Change in net financial debt	-30.0	61.0	52.5	4.0	-83.8	-60.0	-18.5	45.4	111.9	-8.6
Change in cash and cash equiv.	93.5	-25.6	104.2	4.2	45.5	-39.7	200.2	-204.0	-111.9	8.6
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)	30.61	-5.82	16.86	10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
% Change	-22.3%	-chg	+chg	-38.0%	136.5%	-27.5%	462.0%	-chg	+chg	+chg
FCF per share (CHF)	30.61	-5.82	16.86	10.45	24.71	17.93	100.74	-35.24	-16.30	3.92
% Change	-22.3%	-chg	+chg	-38.0%	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 (%)	34.4%	-5.8%	16.8%	8.5%	15.1%	9.1%	36.5%	-10.7%	-7.2%	1.7%
Unlevered FCF Yield (%)	38.6%	-5.7%	16.3%	8.3%	15.9%	10.0%	39.1%	-10.9%	-6.9%	1.9%

Balance sheet

FY to 31/03 (CHF)	03/15	03/16	03/17	03/18	03/19	03/20	03/21	03/22	03/23E	03/24E
Cash and cash equivalents	140.4	114.8	219.0	223.2	268.7	229.0	429.2	225.2	113.3	121.8
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	140.6	115.0	219.4	223.6	269.2	229.2	429.3	225.2	113.3	121.9
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	63.5	0.0	156.5	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	66.6	3.8	160.3	167.5	129.6	29.4	310.8	2.8	2.8	2.8
Long term debt	0.0	98.9	99.1	99.2	99.4	99.6	49.8	148.9	148.9	148.9
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	50.4	98.9	99.1	99.2	99.4	116.7	74.5	187.5	177.8	170.6
Shareholders' equity	1,074.2	1,019.9	1,086.9	1,150.5	1,302.6	1,430.1	2,149.2	1,982.0	1,844.2	1,984.3
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	1,074.2	1,019.9	1,086.9	1,150.5	1,302.6	1,430.1	2,149.2	1,982.0	1,844.2	1,984.3
Balance sheet total	1,191.2	1,122.7	1,346.2	1,417.3	1,531.6	1,576.2	2,534.6	2,172.3	2,024.8	2,157.7
% Change	28.7%	-5.8%	19.9%	5.3%	8.1%	2.9%	60.8%	-14.3%	-6.8%	6.6%
Book value per share (CHF)	135.46	135.09	153.51	165.71	187.23	205.56	308.93	284.90	265.08	285.23
% Change	27.0%	-0.3%	13.6%	7.9%	13.0%	9.8%	50.3%	-7.8%	-7.0%	7.6%
Net financial debt	-76.9	-15.9	36.6	40.6	-43.1	-103.2	-121.7	-76.3	35.7	27.1
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	-76.9	-15.9	36.6	40.6	-43.1	-103.2	-121.7	-76.3	35.7	27.1
Net fi. debt (+IFRS16) / EBITDA (x)	na	na	na	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)	-0.3	0.4	0.3	0.6	-0.3	-0.8	-0.2	0.3	-0.3	1.0
Gearing (%)	-7.2%	-1.6%	3.4%	3.5%	-3.3%	-7.2%	-5.7%	-3.8%	1.9%	1.4%
Goodwill / Equity (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Rating Breakdown	A	B
Buy	59%	68%
Hold	32%	25%
Reduce	5%	0%
Not Rated/Under Review/Accept Offer	4%	7%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

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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

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