

# HAEMATO AG

Germany / Pharma  
 Frankfurt  
 Bloomberg: HAE GR  
 ISIN: DE0006190705

Preliminary  
 FY 2013 Results

**RATING**  
**PRICE TARGET** **BUY**  
 Return Potential **€6.20**  
 Risk Rating 51.0%  
 High

## ATTRACTIVE DIVIDEND POLICY CONFIRMED

HAEMATO AG ("HAEMATO") published preliminary FY 2013 financial key performance indicators (KPIs) on 21 February. As expected, sales and net income increased y/y due to the consolidation of HAEMATO PHARM AG from the beginning of Q2 2013 onwards. Management also confirmed its dividend policy (disbursement of a large part of yearly earnings in the form of dividends) upon publication of the FY 2013 financial KPIs. Our DCF model yields an unchanged price target of EUR6.20. We reiterate our Buy recommendation.

**Preliminary FY 2013 results** Due to the consolidation of HAEMATO PHARM AG from the beginning of Q2 2013 onwards, sales increased markedly y/y to EUR174.6m (FBe: EUR173.6m; FY12: EUR25.0m). However, a positive one-off effect associated with the divestment of real estate properties in FY 2012 (EUR7.3m) meant that the percentage increase in net income was significantly lower. Net income for the period was EUR8.2m (FBe: EUR8.3m; FY12: EUR7.4m). HAEMATO's Q4 2013 sales amounted to EUR56.3m and net income to EUR2.1m. Subsidiary HAEMATO PHARM GmbH's annual sales run-rate was EUR217m (see our report dated 27 August).

**Confirmation of dividend policy** HAEMATO confirmed its dividend strategy (disbursement of a large part of yearly earnings in the form of dividends) upon publication of the preliminary FY 2013 financial KPIs.

**Attractive dividend yield** HAEMATO's FY 2013 top- and bottom-line results were in line with our expectations. We stick to our financial forecasts for FY 2014E and subsequent years given the pending publication of the firm's final (and comprehensive) FY 2013 results and FY 2014E guidance. Even though recent changes in the German legislation are expected to be favourable for HAEMATO (see our comment dated 14 January), there are still uncertainties regarding pricing by wholesalers and competitors from FY 2014E onwards. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2011A	2012A	2013E	2014E	2015E	2016E
Revenue (€m)	10.86	25.04	174.60	221.31	251.40	277.05
Y-o-y growth	n.a.	130.7%	597.2%	26.8%	13.6%	10.2%
EBIT (€m)	1.19	9.19	10.57	12.02	14.33	16.68
EBIT margin	10.9%	36.7%	6.1%	5.4%	5.7%	6.0%
Net income (€m)	1.66	7.41	8.20	8.87	10.70	12.55
EPS (diluted) (€)	0.12	0.54	0.39	0.43	0.51	0.60
DPS (€)	0.25	0.25	0.28	0.30	0.36	0.42
FCF (€m)	-8.88	-4.00	-6.42	4.02	7.73	9.95
Net gearing	10.3%	-31.5%	-12.9%	-8.4%	-11.0%	-14.8%
Liquid assets (€m)	3.32	7.53	24.28	22.53	24.05	26.59

### RISKS

Regulatory changes in healthcare system, spending cuts in healthcare systems, homogenization of pharmaceutical prices within the European Union.

### COMPANY PROFILE

HAEMATO AG, a subsidiary of MPH Mittelständische Pharma Holding AG, is a pharma company focusing on the sale of generics and parallel imports in high priced niches. The company is targeting selected pharmaceutical products in a small number of clinical indications such as oncology or HIV.

### MARKET DATA

As of 26 Feb 2014

Closing Price	€ 4.11
Shares outstanding	20.78m
Market Capitalisation	€ 85.30m
52-week Range	€ 2.35 / 4.65
Avg. Volume (12 Months)	43,235

Multiples	2012A	2013E	2014E
P/E	11.6	10.5	9.7
EV/Sales	3.8	0.5	0.4
EV/EBIT	10.3	9.0	7.9
Div. Yield	6.1%	6.7%	7.3%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2013

Liquid Assets	€ 23.49m
Current Assets	€ 60.66m
Intangible Assets	€ 22.82m
Total Assets	€ 92.85m
Current Liabilities	€ 18.96m
Shareholders' Equity	€ 46.63m

### SHAREHOLDERS

MPH AG	70.0%
Free Float	30.0%



Our updated DCF model yields an unchanged price target of EUR6.20. At the current share price level, HAEMATO is yielding around 7%. We reiterate our Buy recommendation.

**Table 1: Estimates vs. reported figures**

All figures in EURm	FY-13A	FY-13E	Delta	FY-12A	Delta
Sales	174.6	173.6	0.6%	25.0	598.4%
Net income	8.2	8.3	-1.4%	7.4	10.8%
margin	4.7%	4.8%	-	29.6%	-
EPS (in EUR, diluted)	0.39	0.40	-1.4%	0.53	-26.1%

Source: First Berlin Equity Research, HAEMATO AG

**Table 2: Valuation model \***

DCF valuation model								
All figures in EUR '000	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Net sales	174,600	221,307	251,405	277,048	303,116	329,239	355,009	379,989
NOPLAT	8,148	9,396	11,167	12,966	14,017	15,012	15,772	16,617
+ depreciation & amortisation	1,521	1,593	1,633	1,608	1,625	1,652	1,690	1,735
Net operating cash flow	9,669	10,988	12,800	14,574	15,642	16,664	17,462	18,352
- total investments (CAPEX and WC)	-16,139	-6,438	-4,597	-4,208	-4,409	-4,514	-4,566	-4,561
Capital expenditures	-1,048	-1,217	-1,257	-1,385	-1,488	-1,586	-1,678	-1,762
Working capital	-15,091	-5,221	-3,340	-2,823	-2,921	-2,927	-2,888	-2,799
Free cash flows (FCF)	-6,469	4,550	8,203	10,366	11,233	12,151	12,896	13,791
PV of FCF's	0	4,178	6,812	7,782	7,626	7,460	7,160	6,923

All figures in thousands	
PV of FCFs in explicit period	91,522
PV of FCFs in terminal period	46,960
Enterprise value (EV)	138,483
+ Net cash / - net debt	-8,777
Shareholder value	129,706

Fair value per share in EUR	6.20
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WACC		Terminal growth rate						
		0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
6.6%	10.98	11.38	11.84	12.40	13.08	13.93	15.01	
7.6%	9.21	9.46	9.75	10.08	10.48	10.95	11.53	
8.6%	7.87	8.03	8.22	8.43	8.68	8.96	9.30	
9.6%	6.82	6.93	7.06	7.20	7.36	7.54	7.75	
10.6%	5.98	6.06	6.15	6.24	6.35	6.47	6.60	
11.6%	5.30	5.36	5.42	5.48	5.56	5.64	5.73	
12.6%	4.74	4.78	4.82	4.87	4.92	4.98	5.04	
13.6%	4.26	4.29	4.32	4.36	4.39	4.43	4.48	

Source: First Berlin Equity Research

\* **Please note:** In our DCF model we use a planning period until 2028. For layout reasons the table above only displays figures until 2020.

### FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	27 August 2013	€3.00	Buy	€5.70
	↓	↓	↓	↓
2	21 November 2013	€4.55	Buy	€5.90
3	14 January 2014	€4.44	Buy	€6.20
4	Today	€4.11	Buy	€6.20

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**STRONG BUY:** Expected return greater than 50% and a high level of confidence in management's financial guidance

**BUY:** Expected return greater than 25%

**ADD:** Expected return between 0% and 25%

**REDUCE:** Expected negative return between 0% and -15%

**SELL:** Expected negative return greater than -15%

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