

30 May 2022

## HBM Healthcare Investments

Switzerland

### Other financials

Doubling down on healthcare investments, despite turmoil –  
Downgrade to Add / TP cut to CHF 292.00 (9% upside)

Following the full year statement, we revise our model to capture changes in the portfolio value. While we see substantial potential for the stock in the long term, the biotech sector is currently out of favor. In the last 12 months, HBM's portfolio suffered sharp losses, dragging down the net asset value (NAV). We estimate slow recovery for the overall sector.

- Performance.** HBM reported a net loss of CHF 78mn (vs. our CHF 214mn profit), driven by the global market meltdown. The net asset value (NAV) fell by 3.6% to CHF 285.5 (vs. our CHF 346.2), and the share price deteriorated by 13.2% to CHF 276.0 (+13% MSCI World HC; -13% Nasdaq Biotech).
- Share price-to-NAV premium (discount).** At the end of the reporting period, the stock traded at a 3.3% discount to its NAV, and currently (as of 27-May) it trades at a discount of 5% (10-year average discount is 15%).
- Valuation and TP.** We update our TP taking into account the NAV drop and expecting a slow recovery for the sector over the next three years. While we see upside for the portfolio, its maturation might be due only in FY25/26. Therefore, for FY22/23, we carry forward the last reported asset values, followed by a smooth CAGR thereafter (0% for funds; 5% for private companies; and 10% for public companies). Our TP is the average NAV between 2021 and 2025E, to which we then apply a discount of 5%.
- Investment case.** HBM is a healthcare-focused fund that invests in public and private companies as well as private equity funds. Over the past five years, HBM shares returned 316% (33% p.a.), outperforming indices and peers. Despite the bearish market, we remain confident in the long term potential of the stock. With its strong balance sheet, HBM is on the lookout for attractive new investments to add to its slowly maturing (and currently undervalued) portfolio. With several portfolio catalysts approaching, we envision higher valuations and increased takeover activity over time.

### Add (prev. Buy)

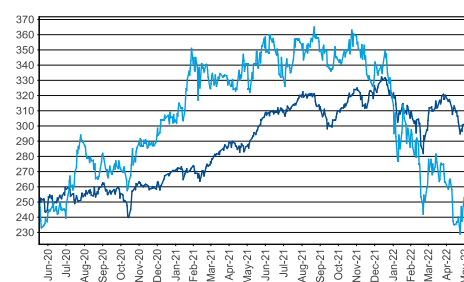
Closing price as of 27-May-22	CHF 267.00
High/Low (12M)	365.00/229.00
<b>Target price (prev. CHF 370.00)</b>	<b>CHF 292.00</b>
Upside to target price (%)	9.4
Expected dividend yield (%)	4.7
Total return potential (%)	14.1

Reuters/Bloomberg	HBMN.S/HBMN SE
Avg. daily turnover (CHF mn)	1.34
Free float (%)	83.0
Market cap. (CHF mn)	1,856
No. of shares issued (mn)	7.0

### Events

Annual general meeting	Jun-2022
1Q	22-Jul-2022
Shareholders	Nogra Pharma Invest 15-20%

### Price relative to Index



Source: Refinitiv Datastream

Performance (%)	1M	3M	6M
Absolute	12.4	-8.6	-22.4
rel. SMI	15.8	-7.2	-18.2
rel. STOXX Europe 600	12.5	-6.4	-18.0
rel. SXXP Financial Serv.	12.2	-5.6	-10.1

### Changes in estimates

CHF mn	2022/23E Prev.	Delta (%)	2023/24E Prev.	Delta (%)
Sales	411.6	-58.7	465.0	-46.9
EBIT adj.	361.3	-65.5	414.7	-53.5
EPS adj. (CHF)	51.57	-66.0	59.25	-53.8
DPS (CHF)	7.95	22.0	8.19	22.0

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	2019/20	2020/21	2021/22	2022/23E	2023/24E
Sales (CHF mn)	232.5	911.3	-37.5	170.0	246.7
EBITDA (CHF mn)	182.6	752.9	-75.2	124.7	192.8
EBIT reported (CHF mn)	182.6	752.9	-75.2	124.7	192.8
EBIT adjusted (CHF mn)	182.6	752.9	-75.2	124.7	192.8
Net income (CHF mn)	180.1	750.4	-78.0	122.0	190.1
EPS reported (CHF)	26.08	108.30	-11.22	17.55	27.35
EPS adjusted (CHF)	26.07	108.31	-11.22	17.55	27.35
DPS (CHF)	7.50	7.72	12.51	9.70	9.99
Dividend yield (%)	3.7	2.9	4.6	3.6	3.7
P/E adjusted (x)	7.7	2.5	-	15.2	9.8
P/BV (x)	1.0	0.9	1.0	1.0	0.9
EV/Sales (x)	5.6	1.8	-48.5	10.7	7.4
EV/EBITDA (x)	7.1	2.1	-24.2	14.6	9.5
EV/EBIT (x)	7.1	2.1	-24.2	14.6	9.5
Net debt/EBITDA (x)	-0.5	-0.3	1.0	-0.3	-0.1

Source: Company data, Baader Helvea Equity Research

**HBM Healthcare Investments****INVESTMENT CASE WITH SIGNIFICANT UPSIDE POTENTIAL IN THE LONG TERM – DOWNGRADED TO ADD GIVEN DEVALUATION OF PORTFOLIO AND PROJECTED SLOW RECOVERY OF THE BIOTECH SECTOR****Changes to our assumptions and estimates**

Following the release of the full year statement and taking into account the impact of the current macroeconomic backdrop for HBM's investment strategy, we have made changes to our assumptions and estimates. Given that investment companies do not have revenues, the only "guidance" provided is cash distribution, which has a target yield of 3-5% p.a.

- Overall, in 2021/2022 HBM reported a net loss of CHF 78mn (vs. our expectation of CHF 214mn profit) and an earnings-per-share (EPS) loss of CHF 11.2 (vs. our expectation of CHF 30.8 profit). To this result contributed the fact that growth stocks struggled in the last 12 months as generalist investors sold off their stakes against the backdrop of rising inflation, interest rate increase and geopolitical tensions in Ukraine.
- HBM's net asset value (NAV) fell by 3.6% to CHF 285.5 per share (vs. our estimate of CHF 346.2), and the share price deteriorated by 13.2% to CHF 276.0. The broader healthcare experienced a mixed performance: with large pharma and medical technology companies rising by 13% (MSCI World Healthcare Index), and small- and midcap companies suffering a substantial loss of 13% (Nasdaq Biotech Index) and 35% (SPDR S&P Biotech ETF).
- Despite the negative results, the Board of Directors proposed a slight increase in the cash distribution to CHF 9.7 per share in the form of a par value repayment free of withholding tax. Based on the share price of 31-Mar-2022, this corresponds to a yield of 3.5%. We note that in 2021/2022 HBM paid a total of CHF 12.5 per share, of which CHF 9.5 ordinary distribution and CHF 3.5 anniversary payment.

**Guidance versus Baader Helvea**

		<b>FY21/22</b>	<b>FY21/22E*</b>	<b>FY22/23E</b>	<b>FY22/23E</b>
		<b>Actual</b>	<b>Baader</b>	<b>Company guidance</b>	<b>Baader</b>
Private companies	CHF mn	614.3	604.5	n.a.	614.3
Funds	CHF mn	175.9	206.0	n.a.	175.9
Public companies	CHF mn	1,130.2	1,523.5	n.a.	1,130.2
<b>Investments</b>	<b>CHF mn</b>	<b>1,920.5</b>	<b>2,334.0</b>	n.a.	1,920.5
NAV per share	CHF	285.6	346.2	n.a.	280.1
EPS	CHF	-11.2	30.8	n.a.	122.0
DPS	CHF	12.5	12.5	9.7	9.7

\* Our initial estimates for the full year FY21/22, prior to the official numbers

Source: Company data, Baader Helvea Equity Research

## HBM Healthcare Investments

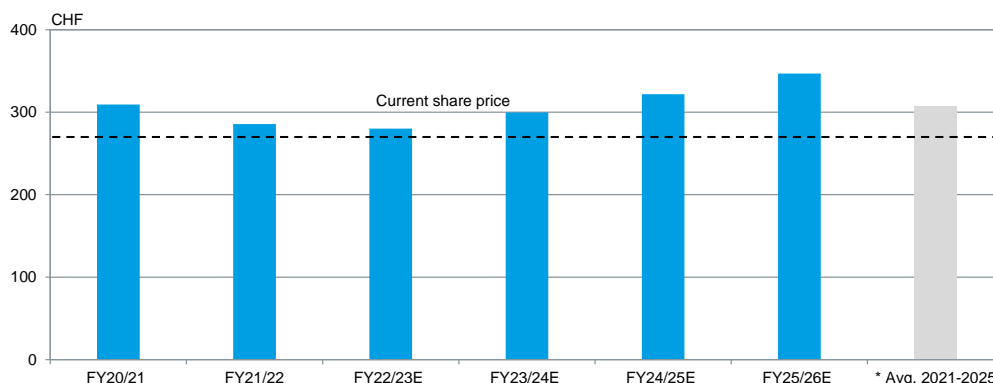
## VALUATION

We downgrade to Add / TP cut to CHF 292.00 (9% upside)

**Our TP is based on the NAV evolution of investments in private and public companies, as well as funds. We calculate the TP by applying a 5% discount to the average NAV between FY21/22 and FY25/26E. Our model takes into account the near-term macro uncertainties as well as the expectation of a slow recovery for the biotech sector.**

- **NAV of private companies.** For FY22/23E, we keep the portfolio at the last reported value of CHF 614mn. We then apply a conservative 5% CAGR from FY23/24E to FY25/26E.
- **NAV of funds.** Historically, the contribution of funds to the total gains in the net asset value was limited to 5%. Therefore, for the future, we carry the last reported portfolio value of CHF 176mn.
- **NAV of public companies.** To determine the potential of the portfolio we used consensus TP whenever five or more analysts cover the stock, and capped the potential upside to a maximum of 200%. When less than five analysts cover the stock, we used the last closing price. With this method, we project a total value for the portfolio of CHF 1,502mn (33% upside to FY21/22). We think, however, that this potential will only be reached in FY25/26E, therefore we project an incremental growth over time. For FY22/23E, we keep the portfolio at the last reported value of CHF 1,130mn. We then apply a 10% CAGR from FY23/24E to FY25/26E.
- **Target price.** To derive the TP we take the average NAV between FY21/22 and FY25/26E. Given that the stock currently trades at a discount of 5% (below its 10-year average discount of 15%), we use this discount in our calculation of the target price.

## Net asset value (NAV) per share development



\* Average NAV between FY21/23 and FY25/26E. Our TP is obtained after applying a 5% discount to the average NAV.

Source: Company data, Baader Helvea Equity Research

## Net asset value (NAV) components

	CHF mn	FY19/20	FY20/21	FY21/22	FY22/23E	FY23/24E	FY24/25E	FY25/26E	Avg. 22E-25E
Cash	CHF mn	224.2	429.2	223.7	201.2	201.1	201.6	203.3	n.a.
Other assets	CHF mn	15.7	38.5	28.1	29.4	29.4	29.4	29.4	n.a.
Private Equities	CHF mn	550.4	446.2	614.3	614.3	645.1	677.3	718.8	n.a.
Funds	CHF mn	156.0	216.6	175.9	175.9	175.9	175.9	175.9	n.a.
Public Equities	CHF mn	629.9	1,404.2	1,130.2	1,130.2	1,243.2	1,367.5	1,501.5	n.a.
Liabilities	CHF mn	-146.1	-385.4	-190.2	-207.2	-214.9	-218.1	-221.1	n.a.
<b>Net asset value</b>	<b>CHF mn</b>	<b>1,430.1</b>	<b>2,149.2</b>	<b>1,982.0</b>	<b>1,943.9</b>	<b>2,079.9</b>	<b>2,233.7</b>	<b>2,407.9</b>	<b>n.a.</b>
Shares outstanding	mn	6.9	7.0	6.9	6.9	6.9	6.9	6.9	n.a.
<b>Net asset value per share</b>	<b>CHF</b>	<b>208.5</b>	<b>309.2</b>	<b>285.6</b>	<b>280.1</b>	<b>299.6</b>	<b>321.8</b>	<b>346.9</b>	<b>306.8</b>
Premium (discount)	%								-5.0
<b>Target price</b>	<b>CHF</b>								<b>291.5</b>
<b>Upside (downside)</b>	<b>%</b>								<b>9</b>

Source: Company data, Baader Helvea Equity Research

## Target price sensitivity as function of the share price-to-NAV premium (discount)

Premium (discount)	-10%	-5%	0%	5%	10%
Target price (CHF)	276.1	291.5	306.8	322.1	337.5

Source: Baader Helvea Equity Research

## HBM Healthcare Investments

## Valuation of the public companies' portfolio

- While we use consensus target prices (whenever five or more analysts cover the stock), we set a cut-off to a maximum of 200% upside. When less than five analysts cover the stock, we take the share price of the last trading day. Our model returns a long-term value of CHF 1,502mn for the portfolio, which we expect to be reached only in FY25/26.

## Public equity value development

Holdings	Investment Currency	Ownership (%)	% Total public	Current value (CHF mn)	Value at Consensus TP (CHF mn)	Share price (CHF)	Consensus TP (CHF)	Upside (%)	Abs. contribution (CHF mn)	Contrib. to upside (%)
<b>Ex-private companies</b>										
Cathay Biotech	CNY	7.1	38.1	430.9	430.9	12.7	12.7	0	0.0	0
Harmony Biosciences	USD	6.2	14.5	164.4	214.7	40.3	52.6	31	50.3	14
Y-mAbs Therapeutics	USD	8.4	3.6	40.5	74.6	10.8	19.8	84	34.1	9
Pacira BioSciences	USD	1.0	2.8	31.8	41.4	59.4	77.5	30	9.6	3
Monte Rosa Therapeutics	USD	3.9	2.1	23.3	60.3	7.5	19.4	159	37.0	10
Arcutis	USD	1.9	1.5	16.9	40.2	19.4	46.1	138	23.3	6
Turning Point Therapeutics	USD	1.3	1.4	15.7	40.4	33.4	85.8	157	24.7	7
IO Biotech	USD	8.4	1.0	11.8	11.8	4.2	4.2	0	0.0	0
Instil Bio	USD	0.8	0.9	10.5	10.5	5.5	5.5	0	0.0	0
Longboard Pharmaceuticals	USD	11.1	0.8	9.3	27.8	4.6	13.9	200	18.5	5
Ambrox Biopharma	USD	6.9	0.8	9.2	9.2	3.7	3.7	0	0.0	0
ALX Oncology	USD	1.4	0.8	9.0	27.1	7.4	22.3	200	18.1	5
BioAtla	USD	4.0	0.6	6.6	19.7	2.3	6.8	200	13.2	4
Others, ex-private			1.2	13.2	13.2					
<b>Various companies</b>										
Biohaven Pharmaceuticals	USD	0.6	4.1	46.8	49.0	132.3	138.4	5	2.2	1
Sierra Oncology	USD	3.2	2.0	22.1	22.1	50.5	50.5	0	0.0	0
Laurus Labs	INR	0.5	1.7	19.3	22.0	6.9	7.8	14	2.6	1
Argenx (ADR)	USD	0.1	1.5	17.5	21.1	298.1	359.8	21	3.6	1
BiolInvent	SEK	6.8	1.5	17.4	17.4	4.3	4.3	0	0.0	0
Argenx	EUR	0.1	1.5	17.3	20.0	306.9	354.4	15	2.7	1
ChemoCentryx	USD	1.0	1.5	17.1	47.5	21.6	60.0	178	30.4	8
Hutchmed China	HKD	0.5	1.2	13.8	13.8	1.8	1.8	0	0.0	0
Iovance	USD	0.5	1.1	12.0	36.1	6.5	19.4	200	24.1	6
Dishman Carbogen	INR	3.2	1.0	11.1	11.1	1.4	1.4	0	0.0	0
Aurobindo Pharma	INR	0.2	1.0	11.0	17.2	6.5	10.1	57	6.2	2
Zymeworks	USD	3.1	0.9	10.7	32.0	6.3	19.0	200	21.3	6
Vicore Pharma	SEK	6.4	0.9	10.3	10.3	3.1	3.1	0	0.0	0
Beigene	HKD	0.1	0.9	10.0	3.0	9.2	2.8	-70	-7.0	-2
Blueprint Medicines	USD	0.2	0.8	8.5	14.7	51.9	89.5	72	6.2	2
Rocket Pharmaceuticals	USD	0.9	0.7	8.5	25.4	10.7	32.0	200	16.9	5
Mirati Therapeutics	USD	0.2	0.7	8.5	22.9	36.7	99.6	171	14.5	4
Index Pharmaceuticals	SEK	9.9	0.7	7.5	7.5	0.1	0.1	0	0.0	0
Guangzhou Baiyunshan Pharmaceutical	HKD	0.2	0.6	6.4	6.4	4.4	4.4	0	0.0	0
Nicox	EUR	7.0	0.5	6.0	6.0	1.9	1.9	0	0.0	0
Affimed	USD	1.1	0.5	5.4	16.1	3.0	8.9	200	10.7	3
Insmed	USD	0.2	0.5	5.1	13.1	18.0	46.1	156	8.0	2
Others, various public			4.0	45.2	45.2					
<b>Total public</b>	<b>CHF mn</b>			<b>1,130.2</b>	<b>1,501.5</b>			<b>33</b>	<b>371.3</b>	<b>100</b>

Source: Company data, Refinitiv Datastream, Baader Helvea Equity Research

**HBM Healthcare Investments**

## Valuation of funds

- HBM has investments in healthcare-dedicated funds, granting access to private equities across non-core geographies such as Asia and India. HBM's participation in funds is, therefore a straightforward sourcing tool for new private equity investments, providing exposure to geographies typically difficult to cover for Europe-based investors.
- Due to their limited visibility, and only 5% historical contribution to net asset gains, we carry those assets at reported fair value.

## Value development for funds

	Investment currency (IC)	Total Commitment (IC mn)	Cumulative payments (IC mn)	Cumulative repayments (IC mn)	Current value (CHF mn)
HBM Genomics	USD	23.9	23.9	0.0	35.3
WuXi Healthcare Ventures II	USD	20.0	20.0	4.0	23.0
MedFocus Fund II	USD	26.0	26.0	25.0	21.9
6 Dimensions Capital	USD	25.0	25.0	26.0	21.6
120 Capital	USD	25.0	13.8	0.0	12.1
C-Bridge Healthcare Fund IV	USD	10.0	9.7	0.2	10.8
HBM BioCapital II	EUR	42.0	46.1	21.8	10.8
Tata Capital HBM Fund I	USD	10.0	9.9	6.9	5.8
LYZZ Capital Fund II	USD	15.0	5.6	0.0	5.5
C-Bridge Healthcare Fund V	USD	15.0	5.6	0.5	4.3
Hatteras Venture Partners III	USD	10.0	10.2	2.9	4.0
Galen Partners V	USD	10.0	10.4	8.8	3.8
Tata Capital Healthcare Fund II	USD	20.0	5.8	0.8	3.8
HBM Genomics II	USD	15.0	4.0	0.0	3.4
BioVeda China IV	USD	5.0	4.0	0.9	3.2
BioMedInvest II	CHF	10.0	10.0	3.9	3.0
BioMedInvest I	CHF	26.0	26.0	27.6	1.7
Nordic Biotech	DKK	31.0	31.0	221.7	1.1
Others					0.6
<b>Total funds</b>	<b>CHF mn</b>				<b>175.9</b>
CAGR	%				0.0
<b>12-month forward fair value</b>	<b>CHF mn</b>				<b>175.9</b>

Note: IC = Investment currency

Source: Company data, Baader Helvea Equity Research

## HBM Healthcare Investments

## Valuation of private equities' portfolio

- Based on the historical trend, we see a substantial upside potential from private equities supported by trade sales and IPOs. In the long-term, we estimate the portfolio might grow by 17% (to CHF 718mn), given its historical performance. In the current market, however, we envision a delayed growth with the full value reached only in FY25/26E.

## Value development of private equity companies

Private companies	Investment currency	Amount disbursed	Ownership (%)	Fair value (IC mn)	Fair value (CHF mn)
Swixx BioPharma	EUR	34.8	26.3	141.7	144.6
Neurelis	USD	24.4	10.5	56.2	51.9
ConnectRN	USD	13.9	21.7	52.1	48.0
NiKang Therapeutics	USD	20.0	5.3	25.2	23.3
Dren Bio	USD	14.9	7.8	22.7	21.0
Tata 1mg	INR	971.2	3.9	1632.7	19.9
Fangzhou (Jianke)	USD	19.9	6.0	19.7	18.2
Nuance Pharma	USD	14.0	3.7	18.7	17.2
Numab Therapeutics	CHF	17.0	6.5	17.0	17.0
SAI Life Sciences	INR	449.0	5.5	1,343.9	16.4
FarmaLatam	USD	14.8	44.7	17.7	16.3
Karius	USD	15.0	4.9	15.0	13.8
Valo Health	USD	15.0	1.3	15.0	13.8
Odyssey Therapeutics	USD	10.0	3.6	14.2	13.1
Adrenomed	EUR	12.7	10.5	12.7	12.9
Sphingotec	EUR	13.0	14.2	10.7	11.0
Upstream Bio	USD	11.0	6.5	11.0	10.1
Neuron23	USD	8.0	2.2	10.8	10.0
Genalyte (BaseHealth)	USD	7.5	3.5	10.2	9.4
River Renal	USD	10.0	12.5	10.0	9.2
Mineralys Therapeutics	USD	10.0	13.3	10.0	9.2
Aculys Pharma	USD	6.0	4.8	9.9	9.1
Fore Biotherapeutics (NovellusDx)	USD	9.0	10.4	9.0	8.3
Shape Memory Medical	USD	8.8	16.8	8.8	8.1
Valcare	USD	5.8	8.0	8.5	7.9
Cure Everlife Holdings	USD	8.9	9.3	8.4	7.8
Acrivon Therapeutics	USD	8.0	3.6	8.0	7.4
Visen Pharmaceuticals	USD	7.5	0.6	7.5	6.9
Arrakis Therapeutics	USD	7.0	4.6	7.0	6.5
eGenesis Bio	USD	7.0	2.0	7.0	6.5
Cardialen	USD	6.5	17.8	6.5	6.0
FogPharma	USD	5.0	1.9	5.0	4.6
1000Farmacie	EUR	4.0	14.6	4.0	4.1
Ignis Therapeutics	USD	4.2	1.2	4.2	3.9
Mahzi Therapeutics	USD	4.0	5.2	4.0	3.7
Freenome Holdings	USD	3.0	0.2	3.0	2.8
MicroOptx	USD	3.0	8.3	3.0	2.8
Polyneuron Pharmaceuticals	CHF	9.9	16.1	2.5	2.5
Vascular Dynamics	USD	12.5	9.1	2.7	2.5
C Ray Therapeutics	USD	2.0	1.6	2.0	1.8
Antiva Biosciences	USD	1.5	1.8	1.5	1.4
Others					3.6
<b>Total private companies</b>	<b>CHF mn</b>				<b>614.3</b>
CAGR	%				17.0
<b>12-month forward fair value</b>	<b>CHF mn</b>				<b>718.8</b>

Source: Company data, Baader Helvea Equity Research

## HBM Healthcare Investments

## EXPECTED CATALYSTS FOR 2022

- With a disclosed portfolio of 35 public companies, we estimate HBM will benefit from substantial news flow from its portfolio, which might help the stock move toward our TP of CHF 292.0 per share.

Important catalysts include clinical results, drug approvals and product launch

Company	Portfolio	% Total NAV	Catalyst type	Details
Arcutis	Public, ex-private	1.5%	US drug approval	Roflumilast cream (ARQ 151), Plaque psoriasis
Beigene	Public	0.9%	US drug approval	Brukina , CLL
TurningPoint Therapeutics	Public, ex-private	1.4%	US drug approval	Pre NDA meeting for Repotrectinib , ROS1+ NSCLC
YmAbs Therapeutics	Public, ex-private	3.6%	US drug approval	Omburtamab , neuroblastoma with CNS/leptomeningeal metastases
Arcutis	Public, ex-private	1.5%	Phase III	Roflumilast foam (ARQ 154), Seborrheic Dermatitis
Arcutis	Public, ex-private	1.5%	Phase III	Roflumilast cream (ARQ 151), Atopic Dermatitis
Argenx	Public	1.5%	Phase III	Vyvgart Efgartigimod ) , ADDRESS SC data, Pemphigus Vulgaris (PV)
Argenx	Public	1.5%	Phase III	Vyvgart Efgartigimod ) ADAPT SC data, MG
Beigene	Public	0.9%	Phase III	Tislelizumab , 1L HCC
Beigene	Public	0.9%	Phase III	Brukina , addtl phase III (ALPINE) trial (r/r CLL/SLL)
Biohaven Pharmaceuticals	Public	4.1%	Phase III	Troriluzole , S pinocerebellar ataxia (SCA)
Biohaven Pharmaceuticals	Public	4.1%	Phase III	Troriluzole , Obsessive compulsive disorder (OCD)
Blueprint Medicines	Public	0.8%	Phase III	Ayvakit , PIONEER data readout, indolent systemic mastocytosis
Pacira Biosciences	Public, ex-private	2.8%	Phase III	Exparel , data and NDA filing, sciatic and adductor canal nerve blocks
ALX Oncology	Public, ex-private	0.8%	Phase I/II	Evorpacept + Azacitidine , MDS
BioAtla	Public, ex-private	0.6%	Phase I/II	BA3011 (CAB AXL ADC), NSCLC
BioAtla	Public, ex-private	0.6%	Phase I/II	BA3011 (CAB AXL ADC), Soft tissue sarcomas & bone sarcoma
BioAtla	Public, ex-private	0.6%	Phase I/II	BA3021 (CAB ROR2 ADC), NSCLC & melanoma
BioInvent	Public	1.5%	Phase I/II	BI 1808, safety and prem efficacy data, solid tumors
BioInvent	Public	1.5%	Phase I/II	BT 001, safety and prem efficacy data, solid tumors
Harmony Biosciences	Public, ex-private	14.5%	Phase I/II	Pitolisant Wakix ) , Prader Willi Syndrome
Harmony Biosciences	Public, ex-private	14.5%	Phase I/II	Pitolisant Wakix ) , Myotonic dystrophy 1
InstilBio	Public, ex-private	0.9%	Phase I/II	ITIL 168, R/R advanced melanoma trial
IOBiotech	Public	1.0%	Phase I/II	IO102 IO103, Data readout for phase II basket trial (combined with PD 1 inhibitor)
Longboard Pharmaceuticals	Public, ex-private	0.8%	Phase I/II	LP352, DEEs and other refractory epilepsies
Mirati Therapeutics	Public	0.7%	Phase I/II	Adagrasib , KRYSTAL 1 piv trial data & brain mets data, 2L+NSCLC
TurningPoint Therapeutics	Public, ex-private	1.4%	Phase I/II	TPX 0046 SWORD 1, solid tumors ( RETFusion or mutation solid tumors)
TurningPoint Therapeutics	Public, ex-private	1.4%	Phase I/II	TPX 0131 FORGE 1, ALK+ NSCLC
Zymeworks	Public	0.9%	Phase I/II	ZW49, HER2 expressing cancers
Zymeworks	Public	0.9%	Phase I/II	Zanidatamab (ZW25), 1L HER2+ GEA
Zymeworks	Public	0.9%	Phase I/II	Zanidatamab (ZW25), 1L HER2+ mBc

Source: Company data, Baader Helvea Equity Research

## HBM Healthcare Investments

## CONSOLIDATED INCOME STATEMENT

		FY7/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23E	FY23/24E	FY24/25E	FY25/26E
Net result on investments	CHF mn	190.9	253.3	201.1	986.9	-43.3	170.0	246.7	278.6	308.4
Change in provision for deferred tax on capital gain and other taxes	CHF mn	0.0	0.0	-17.2	-7.6	-13.8	0.0	0.0	0.0	0.0
Dividend income	CHF mn	0.1	0.7	4.1	0.4	3.4	0.0	0.0	0.0	0.0
Net result from financial instruments	CHF mn	-33.9	0.1	55.6	-67.7	31.6	0.0	0.0	0.0	0.0
Net result from other financial assets	CHF mn	-6.5	9.4	-11.1	-0.8	-15.4	0.0	0.0	0.0	0.0
<b>Results from investment activities</b>	<b>CHF mn</b>	<b>150.6</b>	<b>263.4</b>	<b>232.5</b>	<b>911.3</b>	<b>-37.5</b>	<b>170.0</b>	<b>246.7</b>	<b>278.6</b>	<b>308.4</b>
Growth yoy	%	-15	75	-12	292	-104	-553	45	13	11
Management fee	CHF mn	-14.2	-17.3	-20.5	-26.3	-34.9	-27.3	-27.3	-27.3	-27.3
Performance fee	CHF mn	-15.9	-31.9	-24.7	-120.7	-1.7	-17.0	-24.7	-27.9	-30.8
Personnel expenses	CHF mn	-2.7	-3.8	-3.5	-10.3	-1.1	-1.0	-2.0	-3.0	-3.0
Other Operating expenses	CHF mn	-1.4	-1.5	-1.3	-1.1	0.0	0.0	0.0	0.0	0.0
<b>Operating costs</b>	<b>CHF mn</b>	<b>-34.3</b>	<b>-54.5</b>	<b>-50.0</b>	<b>-158.4</b>	<b>-37.7</b>	<b>-45.3</b>	<b>-53.9</b>	<b>-58.1</b>	<b>-61.1</b>
Growth yoy	%	-12	59	-8	217	-76	20	19	8	5
<b>EBITDA</b>	<b>CHF mn</b>	<b>116.2</b>	<b>208.9</b>	<b>182.6</b>	<b>752.9</b>	<b>-75.2</b>	<b>124.7</b>	<b>192.8</b>	<b>220.5</b>	<b>247.3</b>
Growth yoy	%	-15	80	-13	312	-110	-266	55	14	12
<b>EBIT</b>	<b>CHF mn</b>	<b>116.2</b>	<b>208.9</b>	<b>182.6</b>	<b>752.9</b>	<b>-75.2</b>	<b>124.7</b>	<b>192.8</b>	<b>220.5</b>	<b>247.3</b>
Growth yoy	%	-15	80	-13	312	-110	-266	55	14	14
<b>Finance costs</b>	<b>CHF mn</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-2.4</b>	<b>-2.5</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>	<b>-2.7</b>
Growth yoy	%	-6	-2	3	2	10	0	0	0	0
<b>EBT</b>	<b>CHF mn</b>	<b>113.8</b>	<b>206.6</b>	<b>180.1</b>	<b>750.4</b>	<b>-78.0</b>	<b>122.0</b>	<b>190.1</b>	<b>217.7</b>	<b>244.6</b>
Growth yoy	%	-15	81	-13	317	-110	-257	56	15	12
<b>Net result for the year</b>	<b>CHF mn</b>	<b>113.8</b>	<b>206.6</b>	<b>180.1</b>	<b>750.4</b>	<b>-78.0</b>	<b>122.0</b>	<b>190.1</b>	<b>217.7</b>	<b>244.6</b>
Growth yoy	%	-15	81	-13	317	-110	-257	56	15	12
Outstanding shares, time weighted	mn	6.9	6.9	6.9	6.9	7.0	7.0	7.0	7.0	7.0
<b>Basic EPS</b>	<b>CHF</b>	<b>16.4</b>	<b>30.0</b>	<b>26.1</b>	<b>108.3</b>	<b>-11.2</b>	<b>17.6</b>	<b>27.3</b>	<b>31.3</b>	<b>35.2</b>
<b>Composition of net assets</b>										
Private companies	CHF mn	288.4	409.6	550.4	446.2	614.3	614.3	645.1	677.3	718.8
Funds	CHF mn	125.6	132.6	156.0	216.6	175.9	175.9	175.9	175.9	175.9
Public companies	CHF mn	750.0	688.2	629.9	1,404.2	1,130.2	1,130.2	1,243.2	1,367.5	1,501.5
<b>Investments</b>	<b>CHF mn</b>	<b>1,163.9</b>	<b>1,230.4</b>	<b>1,336.3</b>	<b>2,067.0</b>	<b>1,920.5</b>	<b>1,920.5</b>	<b>2,064.2</b>	<b>2,220.8</b>	<b>2,396.2</b>
<b>Net results on investments</b>										
Private	CHF mn	82.1	80.5	93.6	106.6	128.8	0.0	30.7	32.3	41.5
Funds	CHF mn	3.2	3.7	9.2	48.8	-35.4	0.0	0.0	0.0	0.0
Public	CHF mn	105.5	169.1	98.3	831.5	-136.7	0.0	113.0	124.3	134.0
Net cash from selling securities	CHF mn	0.0	0.0	0.0	0.0	0.0	170.0	103.0	122.0	133.0
<b>Net gain/losses</b>	<b>CHF mn</b>	<b>190.9</b>	<b>253.3</b>	<b>201.1</b>	<b>986.9</b>	<b>-43.3</b>	<b>170.0</b>	<b>246.7</b>	<b>278.6</b>	<b>308.4</b>

Source: Company data, Baader Helvea Equity Research



## HBM Healthcare Investments

## CONSOLIDATED BALANCE SHEET

		FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23E	FY23/24E	FY24/25E	FY25/26E
Cash and cash equivalents	CHF mn	220.1	268.4	224.2	429.2	223.7	201.2	201.1	201.6	203.3
	CHF mn									
Net working capital	CHF mn	0.4	0.6	0.2	0.2	0.0	0.0	0.0	0.0	0.0
Financial assets	CHF mn	32.9	32.2	15.5	38.3	28.1	29.4	29.4	29.4	29.4
Investments	CHF mn	1,163.9	1,230.4	1,336.3	2,067.0	1,920.5	1,920.5	2,064.2	2,220.8	2,396.2
<b>Total assets</b>	<b>CHF mn</b>	<b>1,417.3</b>	<b>1,531.6</b>	<b>1,576.2</b>	<b>2,534.6</b>	<b>2,172.3</b>	<b>2,151.1</b>	<b>2,294.8</b>	<b>2,451.8</b>	<b>2,628.9</b>
Total current assets	CHF mn	223.6	269.2	229.2	429.3	225.2	201.3	201.2	201.7	203.3
Total non-current assets	CHF mn	1,193.6	1,262.4	1,347.0	2,105.2	1,947.0	1,920.5	2,064.2	2,220.8	2,396.2
Total liabilities	CHF mn	19.9	37.4	29.4	132.0	2.8	19.8	27.4	30.6	33.6
Debt	CHF mn	99.2	191.6	99.6	99.8	148.9	148.9	148.9	148.9	148.9
Other provisions	CHF mn	147.6	0.0	17.2	153.6	38.5	38.5	38.5	38.5	38.5
<b>Total Shareholder's equity</b>	<b>CHF mn</b>	<b>1,150.5</b>	<b>1,302.6</b>	<b>1,430.1</b>	<b>2,149.2</b>	<b>1,982.0</b>	<b>1,943.9</b>	<b>2,079.9</b>	<b>2,233.7</b>	<b>2,407.9</b>
<b>Total liabilities and shareholder's equity</b>	<b>CHF mn</b>	<b>1,417.3</b>	<b>1,531.6</b>	<b>1,576.2</b>	<b>2,534.6</b>	<b>2,172.3</b>	<b>2,151.1</b>	<b>2,294.8</b>	<b>2,451.8</b>	<b>2,628.9</b>
Total current liabilities	CHF mn	167.5	129.6	29.4	310.8	2.8	19.8	27.4	30.6	33.6
Total non-current liabilities	CHF mn	99.2	99.4	116.7	74.5	187.5	187.5	187.5	187.5	187.5
Shares outstanding	mn	6.9	6.9	6.9	7.0	6.9	6.9	6.9	6.9	6.9
<b>NAV per share</b>	<b>CHF</b>	<b>166.6</b>	<b>189.8</b>	<b>208.5</b>	<b>309.2</b>	<b>285.6</b>	<b>280.1</b>	<b>299.6</b>	<b>321.8</b>	<b>346.9</b>

Source: Company data, Baader Helvea Equity Research

## CASH FLOW STATEMENT

		FY17/18	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23E	FY23/24E	FY24/25E	FY25/26E
Management fee paid	CHF mn	-14.2	-17.3	-20.5	-26.3	-34.9	-27.3	-27.3	-27.3	-27.3
Performance fee for previous reporting period paid	CHF mn	-23.5	-17.0	-33.9	-26.3	-128.8	-120.7	-1.7	-17.0	-24.7
Expenses paid (personnel and other operating expenses)	CHF mn	-3.5	-2.8	-3.5	-2.8	-3.4	-1.0	-2.0	-3.0	-3.0
Future changes in NWC	CHF mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net cash from operating activities</b>	<b>CHF mn</b>	<b>-41.3</b>	<b>-37.1</b>	<b>-58.0</b>	<b>-55.4</b>	<b>-167.1</b>	<b>-148.9</b>	<b>-30.9</b>	<b>-47.3</b>	<b>-54.9</b>
Change in other financial assets	CHF mn	0.0	0.0	0.0	0.0	0.0	26.6	0.0	0.0	0.0
Interest and dividend payments received	CHF mn	0.1	0.7	4.1	0.4	3.4	0.0	0.0	0.0	0.0
Net sale/purchase of investments	CHF mn	105.1	176.8	95.8	222.7	97.4	170.0	103.0	122.0	133.0
Payments received from milestones	CHF mn	22.3	10.2	29.7	4.0	11.8	0.0	0.0	0.0	0.0
Net cash flow from financial instruments for currency hedging	CHF mn	-1.8	0.0	0.0	19.1	-4.0	0.0	0.0	0.0	0.0
Net cash flow from financial instruments for market hedging	CHF mn	-20.5	-48.4	-48.8	45.2	-95.7	0.0	0.0	0.0	0.0
Net change of other financial instruments	CHF mn	8.9	-4.1	7.6	1.7	0.9	0.0	0.0	0.0	0.0
<b>Net cash from investing activities</b>	<b>CHF mn</b>	<b>114.1</b>	<b>135.2</b>	<b>88.5</b>	<b>293.1</b>	<b>13.7</b>	<b>196.6</b>	<b>103.0</b>	<b>122.0</b>	<b>133.0</b>
Interest paid	CHF mn	-2.2	-2.2	-2.2	-2.3	-2.4	-2.7	-2.7	-2.7	-2.7
Redemption of financial liabilities	CHF mn	0.0	0.0	0.0	0.0	-50.0	0.0	0.0	0.0	0.0
Issuance of financial liabilities	CHF mn	0.0	0.0	0.0	0.0	98.9	0.0	0.0	0.0	0.0
Total cash distributions to shareholders	CHF mn	-40.8	-48.4	-51.8	-53.5	-87.0	-67.4	-69.4	-71.5	-73.7
Net change of treasury shares	CHF mn	-9.9	-6.1	-0.8	22.2	-2.2	0.0	0.0	0.0	0.0
<b>Net cash from financing activities</b>	<b>CHF mn</b>	<b>-52.9</b>	<b>-56.7</b>	<b>-54.9</b>	<b>-33.6</b>	<b>-42.7</b>	<b>-70.1</b>	<b>-72.2</b>	<b>-74.3</b>	<b>-76.4</b>
Currency translation differences	CHF mn	-9.9	6.9	-19.8	0.9	-9.4	0.0	0.0	0.0	0.0
<b>Net change of cash</b>	<b>CHF mn</b>	<b>10.1</b>	<b>48.3</b>	<b>-44.2</b>	<b>205.0</b>	<b>-205.5</b>	<b>-22.4</b>	<b>-0.1</b>	<b>0.5</b>	<b>1.7</b>

Source: Company data, Baader Helvea Equity Research

# Baader Helvea Equity Research

## COMPANY UPDATE

# BAADER

### Key data

#### HBM Healthcare Investments

Switzerland

#### Other financials

Reuters: HBMN.S Bloomberg: HBMN SE

#### Add

Price on 27-May-22 CHF 267.00

Target price **CHF 292.00**

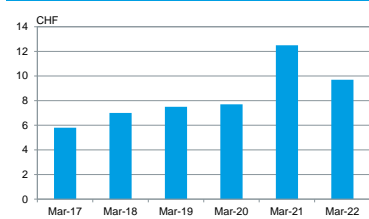
High/Low (12M) CHF 365.00/229.00

Market cap. CHF mn 1,856

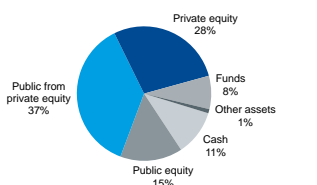
#### Company profile

HBM Healthcare Investments actively invests in the human medicine, biotechnology, medical technology and diagnostics sectors. The company holds and manages an international portfolio of companies (closed-end fund).

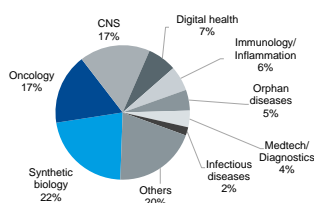
#### Capital distribution per share



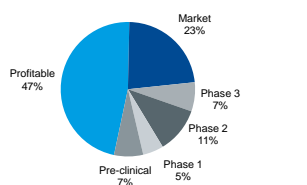
#### Allocation of assets (Mar-22)



#### Therapeutic areas (Mar-22)



#### Development stage (Mar-22)



Source: Company data, Refinitiv Datastream, Baader Helvea Equity Research

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FY 31 Mar.	2018/19	2019/20	2020/21	2021/22	2022/23E	2023/24E
<b>Share data</b>						
EPS reported (CHF)	29.97	26.08	108.30	-11.22	17.55	27.35
<b>EPS adjusted (CHF)</b>	<b>29.97</b>	<b>26.07</b>	<b>108.31</b>	<b>-11.22</b>	<b>17.55</b>	<b>27.35</b>
Dividend (CHF)	7.03	7.50	7.72	12.51	9.70	9.99
Book value (CHF)	189.00	206.99	310.18	285.15	279.66	299.22
Free cash flow (CHF)	14.24	4.41	34.30	-22.07	6.86	10.37
Avg. no. of shares (mn)	6.9	6.9	6.9	7.0	7.0	7.0
Market cap. (avg./current; CHF mn)	1,129.2	1,395.6	1,850.0	1,892.2	1,855.9	1,855.9
Enterprise value (CHF mn)	994.1	1,297.2	1,599.5	1,817.5	1,820.6	1,828.4
<b>Valuation</b>						
<b>P/E adj. (x)</b>	<b>5.5</b>	<b>7.7</b>	<b>2.5</b>	-	<b>15.2</b>	<b>9.8</b>
P/BV (x)	0.9	1.0	0.9	1.0	1.0	0.9
FCF/EV (%)	9.9	2.4	14.9	-8.4	2.6	3.9
FCF yield (%) (FCF/Mcap.)	8.7	2.2	12.8	-8.1	2.6	3.9
Dividend yield (%)	4.3	3.7	2.9	4.6	3.6	3.7
EV/Sales (x)	3.8	5.6	1.8	-48.5	10.7	7.4
EV/EBITDA adj. (x)	4.8	7.1	2.1	-24.2	14.6	9.5
EV/EBIT adj. (x)	4.8	7.1	2.1	-24.2	14.6	9.5
EV/CE (x)	0.8	1.0	0.8	0.9	0.9	0.9
ROCE/WACC adj. (x)	-	-	-	-	-	-
<b>Key company data</b>						
Sales growth (%)	75.0	-11.7	291.9	-104.1	-553.4	45.1
EBITDA adj. growth (%)	79.8	-12.6	312.4	-110.0	-265.8	54.6
EBITDA adj. margin (%)	79.3	78.5	82.6	200.7	73.4	78.1
<b>EBIT adj. margin (%)</b>	<b>79.3</b>	<b>78.5</b>	<b>82.6</b>	<b>200.7</b>	<b>73.4</b>	<b>78.1</b>
Net adj. margin (%)	78.4	77.5	82.3	207.9	71.8	77.0
Free cash flow margin (%)	37.2	13.1	26.1	409.0	28.1	29.2
Payout ratio (%)	23.4	28.8	7.1	-111.5	55.3	36.5
Gearing (%) (net debt/equity)	-10.4	-6.9	-11.7	-3.8	-1.8	-1.3
Net debt/EBITDA (x)	-0.6	-0.5	-0.3	1.0	-0.3	-0.1
Equity ratio (x) (equity/total assets)	85.0	90.7	84.8	91.2	90.4	90.6
Capital employed (CHF mn)	1,230.9	1,336.5	2,067.1	1,920.5	1,920.5	2,064.2
ROCE adj. (%)	17.0	13.7	36.4	-3.9	6.5	9.3
<b>Income statement (CHF mn)</b>						
Turnover	263.4	232.5	911.3	-37.5	170.0	246.7
EBITDA	208.9	182.6	752.9	-75.2	124.7	192.8
EBITDA adj.	208.9	182.6	752.9	-75.2	124.7	192.8
EBIT	208.9	182.6	752.9	-75.2	124.7	192.8
EBIT adj.	208.9	182.6	752.9	-75.2	124.7	192.8
EBT	206.6	180.1	750.4	-78.0	122.0	190.1
Net profit after minorities	206.6	180.1	750.4	-78.0	122.0	190.1
Net profit adj.	206.6	180.1	750.4	-78.0	122.0	190.1
<b>Balance sheet (CHF mn)</b>						
Non-current assets	1,262	1,347	2,105	1,947	1,920	2,064
thereof goodwill	-	-	-	-	-	-
Current assets	269	229	429	225	201	201
<b>Total assets</b>	<b>1,532</b>	<b>1,576</b>	<b>2,535</b>	<b>2,172</b>	<b>2,151</b>	<b>2,295</b>
Shareholders' equity	1,303	1,430	2,149	1,982	1,944	2,080
<b>Total equity and liabilities</b>	<b>1,532</b>	<b>1,576</b>	<b>2,535</b>	<b>2,172</b>	<b>2,151</b>	<b>2,295</b>
Net debt	-135	-98	-251	-75	-35	-28
<b>Cash flow (CHF mn)</b>						
Cash flow from operations	-37.1	-58.0	-55.4	-167.1	-148.9	-30.9
of which change in working capital	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investments	135.2	88.5	293.1	13.7	196.6	103.0
of which investment in fixed assets	-	-	-	-	-	-
<b>Free cash flow</b>	<b>98.1</b>	<b>30.5</b>	<b>237.7</b>	<b>-153.4</b>	<b>47.7</b>	<b>72.1</b>
Dividends paid	-48.4	-51.8	-53.5	-87.0	-67.4	-69.4
Cash flow from financing activities	-56.7	-54.9	-33.6	-42.7	-70.1	-72.2
<b>Change in cash position</b>	<b>48.3</b>	<b>-44.2</b>	<b>205.0</b>	<b>-205.5</b>	<b>-22.4</b>	<b>-0.1</b>

## HBM Healthcare Investments

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**Applicable Key Factors**

Company	Key
HBM Healthcare Investments	4, 5, 11

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst	
HBM Healthcare Investments	10-Feb-22	Buy	CHF	370.00	294.50	09-Feb-22	Leonildo Delgado, Ph.D.

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## HBM Healthcare Investments

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