

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

			2023	2024F	2025F	
Price [PLN]	5.0	P/E	77.1	62.6	20.5	<b>Analyst:</b> Anna Tobiasz anna.tobiasz@bdm.pl tel.: (+48) 666 073 972
MC [mln PLN]	365.4	EV/EBITDA	28.4	30.6	10.8	
		EV/EBIT	50.3	80.1	18.0	
		P/BV	3.3	3.1	2.7	

**Last recommendation BDM: BUY with target price 6.5 PLN/share (2024/05/10) [LINK](#)**

### Q1'24 results in line with our expectations

#### BCG segment

In Q1'24, segment sales increased +78% y/y to PLN 6.8m. Strong increases were recorded by both BCG 10 and Onko BCG vaccine. Domestic and international sales were spread 45:55. In Q1'23, domestic sales accounted for 53% of revenues. The change in this ratio in our opinion is due to the lack of a tender for the vaccine from the Ministry of Health, which postponed the delivery date for the domestic market. In May'24, the tender was launched and, according to the tender, the first delivery should take place in July'24.

#### Traditional segment

Sales of this segment declined in Q1'24, in line with our expectations. The main reason being a decline in Lakcidu sales (-75% y/y). However, we expected no deliveries of this product due to the absence of a new agreement with Polpharma, while revenues in this area amounted to PLN 0.5m. Sales of Distreptaza increased slightly more strongly than we had anticipated, which may be due to the activities of the new sales team. We would like to remind you that the company terminated the agreement with its national distributor Symphar, which means that in the coming months it will have to rebuild relationships with customers who worked with this partner. There was a slight decrease in sales of Gamma Anty D, which in our opinion is neutral in the perspective of future periods.

The gross margin on sales turned out to be slightly stronger than our forecasts (53.3% vs. 53.0% of the eye.) We were also positively surprised by selling and general and administrative expenses, which turned out to be ca. PLN 0.2m lower than anticipated. The operating result came in at PLN 0.2m, and EBITDA was PLN 1.8m, a considerable year-on-year decrease, but higher than our expectations. Net loss amounted to PLN -0.4m vs. our estimate of PLN -0.02m.

**BDM's comment:** Q1'24, despite the absence of a tender from Ministry of Health, was a very good period for the company in terms of sales, with a satisfactory gross margin on sales. A strong increase in SG&A costs contributed to the decline in results, which we expected when we made our forecasts, so we believe this is already factored into the market price. The net result was dragged down by higher finance costs, combined with a lack of finance income. This may be due to an increase in debt and too little cash (at the end of Q4'23 it amounted to PLN 2.2m) that the company could invest.

#### Q1'24 results [PLNm]

	Q1'23	Q1'24	y/y	Q1'24 BDM	div.
Sales	12.0	13.9	15.9%	13.8	1.0%
BCG 10 anti-tuberculosis vaccine	1.4	2.5	76.9%	2.5	0.2%
Onko BCG	2.4	4.3	78.9%	4.5	-3.8%
Distreptaza	4.8	5.5	16.0%	5.4	2.9%
Gamma Anty D	1.1	0.9	-16.6%	1.1	-15.1%
Lakcid	2.0	0.5	-75.0%	0.0	-
Other	0.3	0.2	-43.3%	0.3	-46.0%
Gross profit	6.0	7.4	22.8%	7.3	1.5%
EBIT	1.3	0.2	-81.1%	0.1	154.0%
EBITDA	2.9	1.8	-36.8%	1.8	0.7%
Net profit	0.7	-0.4	-	0.0	-
Gross margin	50.3%	53.3%		53.0%	
EBIT margin	10.9%	1.8%		0.7%	
EBITDA margin	24.0%	13.1%		13.1%	
Net margin	6.2%	-2.8%		-0.2%	

Source: BDM S.A., company



Dom Maklerski BDM S.A.

ANALYST COMMENT – SYNTHAVERSE

Q1'24 RESULTS

2024/05/22, 10:40 CEST

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**Explanations of terminology:**

EBIT - earnings before interest and tax

EBITDA – earnings before interest, taxes, depreciation, and amortization

Net debt – interest bearing debt minus cash and equivalents

WACC - weighted average cost of capital

CAGR - cumulative average annual growth

EPS - earnings per share

DPS - dividend per share

CEPS - net profit plus depreciation per share

EV – market capitalization plus interest bearing debt minus cash and equivalents

EV/S – market capitalization / sales

EV/EBITDA – EV / sales

P/EBIT – market capitalization / EBIT

MC/S – market capitalization / sales

P/E – market capitalization / net profit

P/BV – market capitalization / book value

P/CE - market capitalization / net profit plus depreciation

ROE – net profit / equity

ROA - net income / assets

Gross margin - gross profit on sales / sales

EBITDA margin – EBITDA / sales

EBIT margin – EBIT / sales

Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);

Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);

Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);

Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);

Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).

Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

**Ratings and price targets history:**

rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	6.5	Buy	6.7	10.05.2024*	08:30 CEST	4.81	87 427.54
Buy	6.7	---	---	13.09.2023*	11:30 CEST	5.2	66 571.93

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

**Distribution of BDM's recommendations in Q2'24\*:**

, distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

	number	%	number	%
Buy	7	54%	0	0%
Accumulate	3	23%	0	0%
Hold	3	23%	0	0%
Reduce	0	0%	0	0%
Sell	0	0%	0	0%

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

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The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

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