

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]	4.4	P/E	64.6	53.2	14.2	<b>Analyst:</b> Anna Tobiasz anna.tobiasz@bdm.pl tel.: (+48) 666 073 972
MC [mln PLN]	306.3	EV/EBITDA	24.6	21.1	10.6	
		EV/EBIT	43.4	37.4	20.4	
		P/BV	2.7	2.6	2.2	

**Last recommendation BDM: BUY with target price 6.1 PLN/share (2024/11/06) [LINK](#)**

### Increased operating costs negatively impact quarterly results

#### BCG segment

In Q3'24, Onko BCG sales increased in line with our expectations (+40.9% y/y). Revenues from sales of the vaccine were lower than expected, but we perceive this neutrally due to possible modifications to the delivery schedule of the order for the Ministry of Health. We do not see any risk of not fulfilling the contract within the specified timeframe.

#### Traditional segment

Distreptase sales increased +16.7% y/y to PLN 3.9m. This is below our expectations, but we appreciate the upward trend. As anticipated, Gamma Anti-D recorded a decline to PLN 0.7m and Lakcid had no sales. Revenues for the quarter were bolstered by other products at PLN 2.5m (0.9m on target).

The gross margin on sales was maintained at 63.1%, so the gross result on sales, in line with our forecasts, was PLN 8.5m. However, we were negatively surprised by operating expenses, mainly general and administrative expenses, which increased by +33% in Q3'24. We expect this to be the result of bringing the Research and Development Centre into use. In addition, the result from other activities amounted to PLN 0.2m against the expected PLN 1m. As a result of the increase in the aforementioned costs, EBIT amounted to PLN -30k. The slightly better-than-expected result on financing activities limited the loss, but at the net level it amounted to PLN -0.4m.

**BDM's comment:** We view Q3'24 results slightly negatively. We expected an improvement on Q3'23 and a net result below zero, but the increase in costs turned out to be higher than expected. In our view, this is mainly the aftermath of the capitalisation of costs of current operations related to the running of CBR and ONKO investment projects. Additionally, in line with our assumptions, we see an increase in debt resulting in higher finance costs. On the cash flow side, we view positively the acceleration of receivables collection, which increases cash flow from operations. In Q3'24, the company recorded a receipt of PLN 2.1m in government grants and, according to our estimates, this was already the last tranche of payments.

#### Q3'24 results [PLNm]

	Q3'23	Q3'24	y/y	Q3'24 BDM	div.	Q1-3'23	Q1-3'24	y/y
Sales	8.1	13.4	65.5%	13.2	1.2%	38.5	42.5	10.5%
BCG 10 anti-tuberculosis vaccine	0.3	2.9	1018.7%	4.0	-28.7%	5.2	8.0	52.3%
Onko BCG	2.4	3.4	40.9%	3.4	-1.5%	10.3	13.2	28.0%
Distreptaza	3.4	3.9	16.7%	4.1	-3.5%	15.7	15.5	-1.1%
Gamma Anty D	1.1	0.7	-36.2%	0.7	10.4%	3.2	2.5	-23.1%
Lakcid	0.0	0.0	-	0.0	-	2.0	0.5	-75.1%
Other	0.9	2.5	165.5%	0.9	165.5%	2.0	2.9	43.1%
Gross profit	5.1	8.5	65.3%	8.4	1.1%	22.3	25.3	13.4%
EBIT	-2.9	0.0	-	0.9	-	2.4	3.0	21.5%
EBITDA	-1.2	2.5	-	2.9	-15.2%	7.4	8.6	16.1%
Net profit	-2.4	-0.4	-	-0.1	-	0.9	0.6	-35.1%
Gross margin	63.1%	63.1%	-	63.1%	-	58.0%	59.5%	-
EBIT margin	-36.2%	-0.2%	-	6.7%	-	6.4%	7.0%	-
EBITDA margin	-14.2%	18.3%	-	21.8%	-	19.4%	20.3%	-
Net margin	-29.8%	-3.3%	-	-0.6%	-	2.3%	1.4%	-

Source: BDM S.A., company

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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.

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**Ratings and price targets history:**

	rating	price target	previous rating	previous target price	report date	report date (hour)	price	WIG
Buy	6.1	Accumulate	6.1	06.11.2024*	07:55 CET	4.30	80 271.30	
Accumulate	6.1	Buy	6.5	12.07.2024*	15:50 CEST	5.62	88 398.89	
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 Q4'24\*:**

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

	number	%	number	%
Buy	4	44%	0	0%
Accumulate	3	33%	0	0%
Hold	1	11%	0	0%
Reduce	1	11%	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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