



Dom Maklerski BDM S.A.

BIOMAXIMA

ANALYTICAL REPORT - SUMMARY

We are maintaining our BUY rating on BIOMAXIMA shares lowering our target price to PLN 20.2/share. We are lowering our 2024 earnings forecasts due to a lack of major contracts that could improve earnings already in Q3'24. We expect the prolonged process of contracting new production capacity to affect the pace at which new contracts are signed, which is why we have also lowered our long-term assumptions.

In Q3'24, we expect revenue to be maintained at around PLN 11m, which has been the standard quarterly result since the pandemic. In our previous recommendation, we assumed that sales of Minimum Inhibitory Concentration (MIC) tests would take off towards the end of the quarter, which was expected to help the company win new attractive contracts and increase sales volume. Currently, there is no information on the launch of this division, so we assume that any orders of this range will build sales from 2025 onwards.

In our opinion, the prolonged process of contracting new production capacity will affect the company's profitability, as it already has to cover the costs of maintaining the new production facility at partial occupancy. The longer this situation lasts, the longer the company will be burdened with higher costs and forced to rely on bank financing.

We see opportunities for significant growth of the company and high growth rates of results in the following periods. However, this will involve the acquisition of new customers. The company maintains the assumption that it will generate between 45 to 75 million PLN in revenue surplus compared to 2023, or at least 91.8 million PLN. In our view, this is a very ambitious plan and we take an even more conservative approach to it than in our previous recommendation. We estimate that revenues will reach PLN 84.6m in 2026, and will not cross the announced mark until 2028. An opportunity to prove the forecasts is the launch of sales of MIC tests and products for which the company is waiting for patents to be granted.

BUY

(PREVIOUS: BUY)

TARGET PRICE 20.2 PLN

6 NOVEMBER 2024, 07:15 CET

Target price [PLN]	20.2
DCF valuation [PLN]	17.9
Peer valuation [PLN]	27.0
Price upside/downside	44.5%
Cost of capital	14.3%
Price [PLN]	14.0
Market cap [PLNm]	60.3
No. of shares [mn]	4.2
Max. price 6M [PLN]	19.7
Min. price 6M [PLN]	13.2
Rate of return 3M	-13.9%
Rate of return 6M	-0.4%
Rate of return 9M	-8.6%
Shareholders (% of votes):	
Shareholder agreement: Łukasz Urban, Andrzej Mikosz with TriCar Services LTD, Krzysztof Mikosz, Mariusz Nowak	28.9%
Others	71.1%

Anna Tobiasz, DI

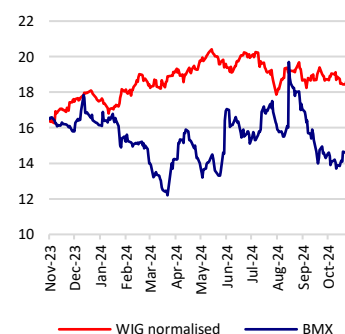
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Dom Maklerski BDM S.A.

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	2021	2022	2023	2024P	2025P	2026P
Revenues [PLNm]	79.1	143.9	46.8	52.4	74.7	84.6
EBIT [PLNm]	13.7	34.9	0.7	2.3	8.6	11.1
EBITDA [PLNm]	15.3	36.9	3.2	5.5	11.9	14.6
Net income [PLNm]	10.2	28.9	0.6	1.4	6.7	8.4
P/E	5.9	2.1	99.8	41.0	8.7	6.9
P/BV	2.1	1.2	1.2	1.2	1.1	0.9
EV/EBIT	5.5	1.4	96.0	31.1	8.0	5.6
EV/EBITDA	4.9	1.3	21.7	12.9	5.8	4.3
DPS	0.3	0.5	0.5	0.0	0.0	0.0
DY	1.8%	3.2%	3.6%	0.0%	0.0%	0.0%



Valuation summary

	Share	Valuation
DCF valuation	75%	17.9
Peer valuation	25%	27.0
Target price [PLN]		20.2

Source: BDM S.A.

DCF valuation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues [PLNm]	52.4	74.7	84.6	90.8	96.9	103.0	108.8	114.4	118.4	122.5
EBIT [PLNm]	2.3	8.6	11.1	12.5	14.1	15.4	16.6	17.7	17.9	18.3
Tax rate	21.8%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Tax on EBIT [PLNm]	0.5	1.6	2.1	2.4	2.7	2.9	3.2	3.4	3.4	3.5
NOPLAT [PLNm]	1.8	7.0	9.0	10.1	11.4	12.5	13.5	14.4	14.5	14.9
Amortization [PLNm]	3.3	3.3	3.5	3.0	2.8	2.7	2.6	2.4	2.2	2.2
CAPEX [PLNm]	-2.0	-2.2	-1.4	-1.3	-1.3	-1.2	-1.2	-0.9	-0.8	-0.8
Working capital movement [PLNm]	-2.8	-5.7	-3.0	-2.0	-2.0	-2.0	-1.9	-1.8	-1.3	-1.3
FCF [PLNm]	0.3	2.5	8.1	9.8	10.9	12.0	13.0	14.0	14.7	14.9
DFCF [PLNm]	0.3	2.1	6.2	6.6	6.4	6.2	5.9	5.5	5.1	4.5
Total DFCF [PLNm]	48.8									
Terminal value [PLNm]	124.1									
Discounted terminal value [PLNm]	37.5									
Enterprise value [PLNm]	86.4									
Net debt 2022 [PLNm]	11.4									
Equity value [PLNm]	75.0									
Number of shares [mn]	4.2									
Value per share [PLN]	17.9									

Terminal growth rate: 2.0%

WACC calculation

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Risk-free rate	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%	5.7%
Risk premium	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Beta	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Credit premium	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Cost of equity	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Contribution of equity	82.7%	85.9%	90.5%	94.6%	99.7%	99.8%	99.9%	100.0%	100.0%	100.0%
Cost of debt after tax	5.6%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
Contribution of debt	17.3%	14.1%	9.5%	5.4%	0.3%	0.2%	0.1%	0.0%	0.0%	0.0%
WACC	12.8%	13.1%	13.5%	13.8%	14.2%	14.2%	14.2%	14.2%	14.3%	14.3%

Source: BDM S.A.

Sensitivity analysis

Beta	Terminal growth rate				Risk premium	Terminal growth rate				Risk premium	Beta		
	0.8	1.0%	2.0%	3.0%		1.0%	2.0%	3.0%	0.8		0.9	1.0	
0.9	18,9	19,9	21,0	21,0	8.5%	18,8	19,8	20,9	8.5%	21,8	19,8	18,0	
1.0	15,6	16,2	16,9	16,9	10.5%	15,7	16,3	17,0	10.5%	18,2	16,3	14,7	

Source: BDM S.A.

Peer valuation

	P/E			EV/EBITDA			EV/EBIT		
	2024P	2025P	2026P	2024P	2025P	2026P	2024P	2025P	2026P
ABBOTT LABORATORIES	24.9	22.7	20.6	19.5	17.5	15.6	22.4	19.7	17.5
THERMO FISHER SCIENTIFIC INC	25.8	24.1	21.8	22.3	20.5	18.4	25.0	22.8	20.4
BIOMERIEUX	25.1	22.5	19.9	13.3	11.9	10.4	19.2	16.8	14.5
ROCHE HOLDING AG-GENUSSCHEIN	14.6	13.3	12.4	10.2	9.1	8.3	11.6	10.5	9.4
AGILENT TECHNOLOGIES INC	26.5	24.9	22.9	22.2	20.2	18.6	24.2	22.1	20.1
SIEMENS HEALTHINEERS AG	22.2	19.5	16.9	15.2	12.8	11.2	19.2	16.6	14.1
BECTON DICKINSON AND CO	18.0	16.4	15.0	14.6	12.8	10.9	16.9	14.4	12.8
QIAGEN N.V.	18.6	18.0	16.3	13.0	11.7	10.3	16.9	15.4	13.3
BIO-RAD LABORATORIES-A	35.4	31.8	28.8	20.9	18.4	16.3	28.9	24.4	21.4
QUEST DIAGNOSTICS INC	17.1	15.8	14.6	11.9	10.5	9.7	14.9	13.1	12.1
Median	23.6	21.0	18.4	14.9	12.8	11.0	19.2	16.7	14.3
BIOMAXIMA	41.0	8.7	6.9	12.9	5.8	4.3	31.1	8.0	5.6
Premium/discount	74%	-58%	-62%	-14%	-54%	-61%	62%	-52%	-61%
Valuation [PLN/share]	8.0	33.5	37.1	16.6	33.7	37.6	7.5	31.8	37.2
Year's contribution	33%	33%	33%	33%	33%	33%	33%	33%	33%
Average valuation [PLN/share]	26.2			29.3			25.5		
Multiple's contribution		33%			33%			33%	
Value per share [PLN]	27.0								

Source: BDM S.A., Bloomberg

Main risks: 1. risk of delaying new product launches; 2. risk of increased competition; 3. risk of material availability and broken supply chains; 4. risk of customer concentration; 5. risk of not being able to retain or attract new qualified staff; 6. risk of loss of ISO quality certificates; 7. risk of excluding the possibility of valorisation of the prices of products and goods offered by the company in public procurement contracts; 8. risk of cooperation with ROSCO Diagnostica A/S; 9. currency risk; 10. risk of downturn in the laboratory diagnostics market; 11. risk of reduction in laboratory diagnostics funding

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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	20.2	Buy	22.9	06.11.2024*	07:15 CET	13.95	80 271.30
Buy	22.9	Buy	22.9	12.07.2024*	17:15 CEST	15.30	88 693,82
Buy	22.9	Buy	26.4	05.06.2024*	08:55 CEST	14.55	84 978.57
Buy	26.4	Buy	38.7	15.09.2023*	08:55 CEST	19.20	67 199.88
Buy	38.7	---	---	25.04.2023	08:50 CEST	24.80	62 642.50

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

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.

The strengths and weaknesses of the valuation methods used in the report:

DCF – the most popular and the most effective of the valuation methods - it is based on the discounting of future cash flows generated by the company. The disadvantage is the high sensitivity to changes in the basic financial parameters forecast in the model (interest rates, exchange rates, profits, residual value).
 DDM – the method is based on discounting future cash flows from dividends. The advantage of the valuation is the inclusion of future financial results and cash flows from dividends. The main disadvantages are the high sensitivity to changes in the basic financial parameters forecasted in the model (capital cost, profits, residual value) and the risk of changing the dividend payment policy.
 Comparative – the method is based on current and forecasted market multipliers of companies from the industry or related industries, which better than DCF shows the current market situation. The main disadvantages are the difficulty in choosing the right companies for comparison, the risk of ineffective valuation of companies compared at a given moment, as well as high volatility (along with price fluctuations).

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	
numbers	%	numbers	%
Buy	3 43%	0	0%
Accumulate	2 29%	0	0%
Hold	1 14%	0	0%
Reduce	1 14%	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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The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.

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