

INITIATION

Friday 13 December 2024

Buy

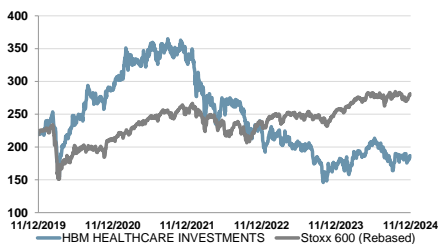
Initiation

Price (CHF) 186.40

Market cap. (CHFm) 1,297

Closing price at (11/12/2024)

Target Price (CHF) 231.00



Source : Factset

	12/22A	12/23A	12/24A
GAV (CHFm)	2,171	1,948	1,813
Net Fin. Debt Holding (C)	185	176	109
Loan to Value (%)	8.5	9.0	6.0
NAV (CHFm)	1,986	1,773	1,704
NAV p.s (CHF)	285.5	254.8	248.1
Discount to NAV (%)	-3.3	-16.0	-22.0
Dividend Yield(%)	5.2	4.0	4.0

CIC has signed a sponsored research contract with HBM Healthcare Investments AG in accordance with the Charter of Good Practice for Sponsored Research of May 2022. Analysis partially paid for by the issuer with restricted distribution.

Arnaud Cadart

Financial Analyst
+33 1 53 48 80 84
arnaud.cadart@cic.fr

HBM Healthcare Investments**Health and prosperity!**

It's a good time of year to wish each other health and prosperity. That's exactly what we're offering you with the initiation of coverage for HBM Healthcare Investments, a Swiss company that successfully invests in some of the most innovative companies in the healthcare sector: growth in NAV has outperformed the benchmark indices thanks to the quality and stability of its teams and an alignment of interests with shareholders. We initiate the stock with a Buy recommendation and a target price of CHF231.

Efficient exposure to Healthcare innovation

HBM Healthcare Investments (HBM HI) offers cost-effective access to a high-performance asset class and an international, diversified portfolio of high-growth, mainly unlisted healthcare companies, managed by expert teams. The company has been developing high-performance management in the healthcare sector, using a permanent-capital investor model that is competitive with private equity and passive management. It represents a high-performance, efficient diversification opportunity for private or collective generalist portfolios.

Well-built, diversified and liquid portfolio

The group's portfolio is well-constructed in sector terms, globally diversified and liquid, while its liabilities are, by nature, risk-free. Despite the structural strength of the Swiss franc, performance has been impressive: over the past 10 years, NAV growth has regularly outperformed the Nasdaq Biotechnology Index.

From each according to his ability, to each according to his needs

HBM HI, which manages CHF1.7bn in assets, has to a certain measure adopted the founding adage of communism: it balances cash requirements within its portfolio, taking dividends from well-established models and recycling them into companies in need of capital. This mitigates the risks of exposure to a volatile asset class.

Alignment of interests with shareholders

The investment teams are housed in a structure called HBM Partners, which is primarily remunerated on the basis of investment performances and HBM HI's stock market appreciation. The group has also introduced safeguards to prevent the expansion of its assets through debt or capital increases. The entire organisation is fully aligned.

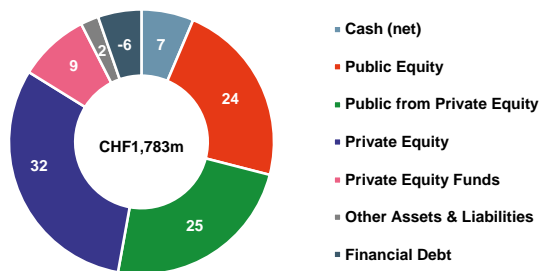
Valuation and recommendation

HBM HI has not been immune to the deepening discount on investment companies and holding companies. This has helped to find attractive entry points. Our 12-month target price, based on NAV, comes out at CHF231, with an upside potential of 26%. We initiate coverage of the stock with a Buy recommendation.

Table of contents

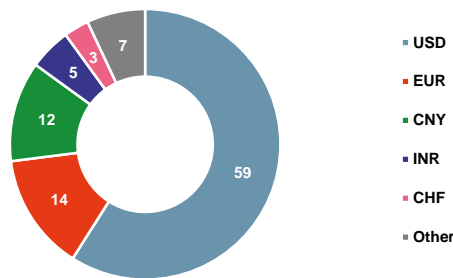
— AN EFFICIENT SOLUTION FOR EXPOSURE TO INNOVATION.....	4
A remarkable long-term track record	4
— WELL-BUILT, DIVERSIFIED AND LIQUID PORTFOLIO	9
An asset class exposed to megatrends	9
A well-positioned, balanced and well-diversified portfolio	11
A good performance	14
— TAKING ADVANTAGE OF AN ATTRACTIVE DISCOUNT.....	19
Methodology	19
A TP of CHF231, prompting us to initiate coverage at Buy	19
Peer comparison with BB Biotech	20
Catalysts and forthcoming events	20
What we like/dislike	20
— CONSOLIDATED KEY OPERATING METRICS & PERFORMANCE INDICATORS.....	21

Asset allocation, as at 30 September 2024 (%)



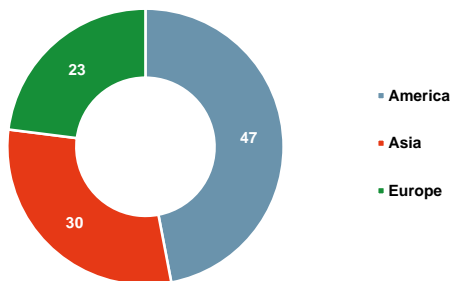
Sources: HBM Healthcare Investments, CIC Market Solutions

Portfolio by currency, as at 30 September 2024 (%)



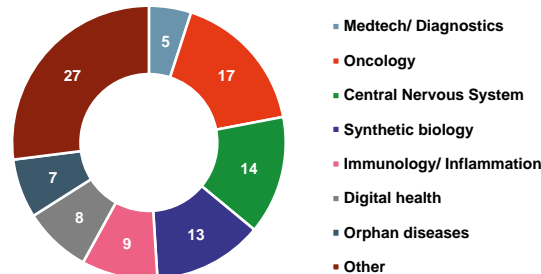
Sources: HBM Healthcare Investments, CIC Market Solutions

Portfolio by region, as at 30 September 2024 (%)



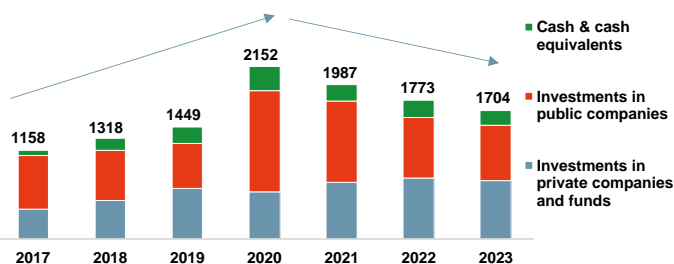
Sources: HBM Healthcare Investments, CIC Market Solutions

Portfolio by therapy area, as at 30 September 2024 (%)



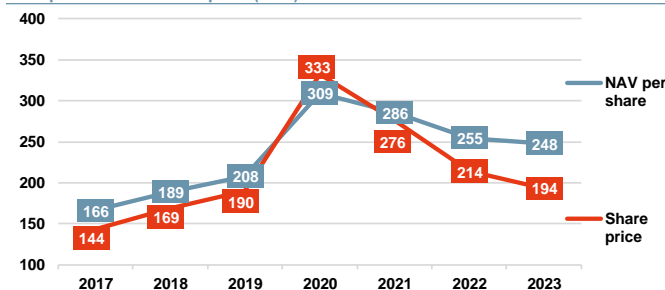
Sources: HBM Healthcare Investments, CIC Market Solutions

Net asset trend (CHFm)



Sources: HBM Healthcare Investments, CIC Market Solutions

NAV per share vs. share price (CHF)



Sources: HBM Healthcare Investments, CIC Market Solutions

Management

Hans Peter Hasler	Chairman
Andreas Wicki, Dr.	CEO
Erwin Troxler	CFO
Matthias Fehr, Dr.	Head of Private
Ivo Stajien, Dr.	Head of Public
Dominique Küttel, Dr.	Head of IR

Sources: HBM Healthcare Investments, CIC Market Solutions

Board of Directors

Number of members	5
o/w independent members	-
o/w women	2

Sources: HBM Healthcare Investments, CIC Market Solutions

Shareholder structure

	Capital (%)	Vot. rights (%)
Nogra Pharma Invest	15.81	15.81
Carnegie Fonder AB	1.06	1.06
Border to Coast Pensions Part Ltd.	0.99	0.99
Andreas Wicki, Dr.	0.78	0.78
Treasury shares	3.00	3.00
Free float	78.36	78.36

Sources: HBM Healthcare Investments, CIC Market Solutions

Insider trading activity

Corporate Officer	Date	Buy / Sell	No. of shares	Transaction price (CHF p.s)	Amount (CHF)
Management or Board Member	06/11/24	Buy	500	182	91,124
Board member	02/07/24	Buy	240	205	49,200
Management or Board Member	04/06/24	Sell	250	211	52,750
Board member	03/04/24	Buy	743	188	139,944
Board member	03/04/24	Buy	530	188	99,826
Board member	03/04/24	Buy	530	188	99,826

Sources: HBM Healthcare Investments, CIC Market Solutions

Company profile

As a venture capital company, HBM Healthcare Investments (HBM HI) is invested globally in some 40 mature emerging companies in the biotechnology/human medicine, diagnostics and medical technology sectors. The primary products of HBM HI's portfolio companies are either at an advanced stage of development or already available on the market. The company focuses on unquoted emerging companies, with two-thirds are invested in private companies that offer high value creation potential. This has enabled HBM HI to carve out a unique and distinctive market position. HBM HI has a broad shareholder base and is listed on the SIX Swiss Exchange.

Sources: FactSet, CIC Market Solutions



An efficient solution for exposure to innovation

HBM Healthcare Investments (HBM HI) offers cost-effective access to a high-performance asset class and an international, diversified portfolio of high-growth, mainly unlisted healthcare companies, managed by expert teams. It represents a high-performance, efficient diversification opportunity for generalist portfolios.

A remarkable long-term track record

Since 2001, HBM HI has been developing high-performance management in the healthcare sector, using a permanent-capital investor model that is competitive with private equity and passive management.

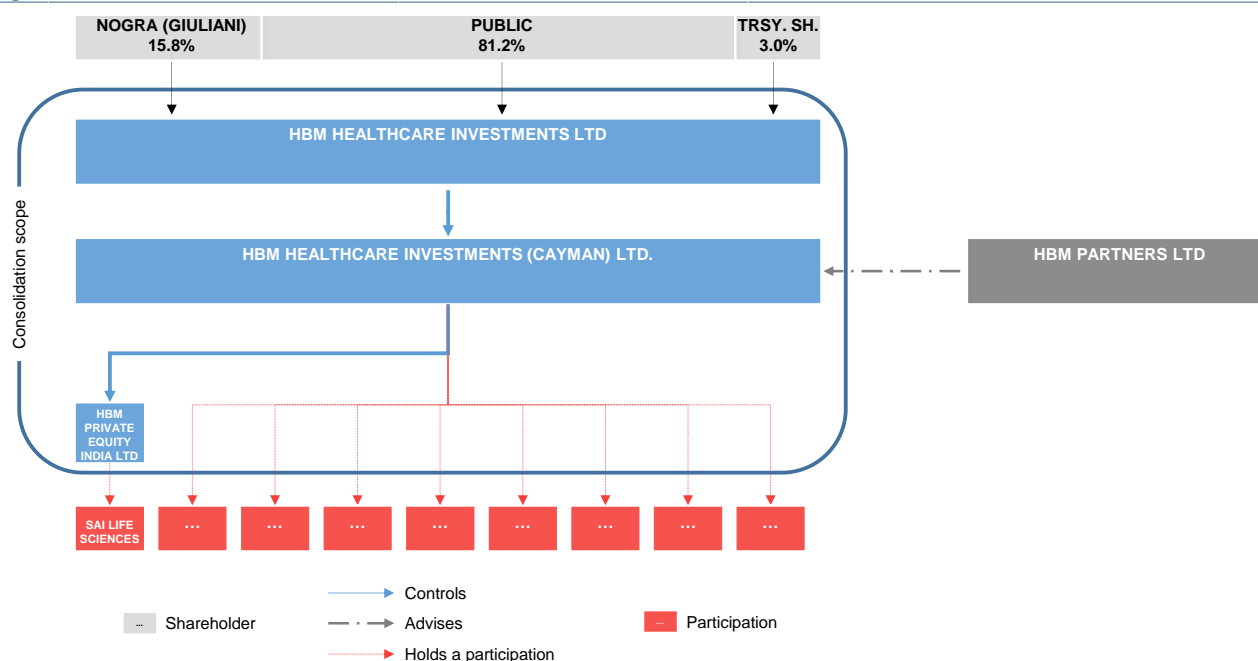
— A model established in 2001

Founded in Zug, Switzerland in 2001 as HBM Bioventures by former Roche CFO Henri B. Meier (hence the name), HBM HI is a Swiss permanent capital investment company focusing on disruptive technologies and services on a global scale in the healthcare sector. The company was created to act as a bridge between innovative companies that have already achieved scientific, regulatory and/or commercial milestones, by participating in their financing and governance to help them grow, and large pharmaceutical companies. The priority sectors for investment today are biotechnology, medical technology, diagnostics and digital health.

— Aligned interests

The HBM HI group comprises two main legal entities: HBM HI Ltd, the lead holding company incorporated under Swiss law and listed on the Zurich stock exchange and which owns 100% of HBM HI (Cayman) Ltd, which in turn holds all the company's investments.

Legal organisation chart of HBM Healthcare Investments



Sources: CIC Market Solutions, HBM Healthcare Investments, Six

The shareholding structure is fairly straightforward, which is rather rare for a Swiss company! The capital is made up of almost seven million single-class shares, each of which carries one voting and one dividend right.

Since it was founded, HBM HI has entrusted the management of its assets to HBM Partners Ltd, which is not included in its scope of consolidation. This type of structure is customary and enables HBM HI to benefit from holding company status and the tax advantages that go with it.

HBM Partners Ltd brings together the management teams and acts as advisor in identifying and evaluating investment opportunities, coordinating and conducting due diligence and contractual negotiations relating to investments, supporting portfolio companies, monitoring portfolio holdings and evaluating potential exit strategies. In addition to the management mandate granted by HBM HI, HBM Partners acts as an advisor and manager for other investment funds, including the Luxembourg UCITS HBM Global Biotechnology Fund.

HBM Partners receives a two-tier remuneration for its services:

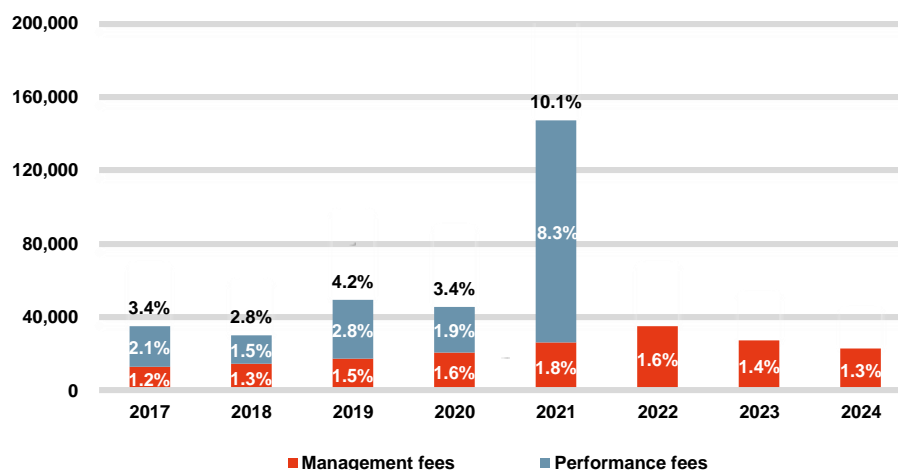
- a fixed component in the form of management fees based annually on 0.75% of HBM HI's gross asset value (GAV) plus 0.75% of its market capitalisation;
- a variable component in the form of performance fees: 15% of the growth in value achieved in excess of the Net Asset Value (NAV) per share, i.e. CHF298.07 for the 2025 financial year ending 31 March. The NAV floor is determined at the beginning of the financial year by reference to the high water mark, which is the maximum NAV recorded in the past, at the end of the financial year, with no time limit, adjusted for the dividend distribution.

Even though the investment teams are housed in an ad hoc structure outside the scope of consolidation, the structure of HBM Partners' remuneration depends primarily on the performance of the investments and the stock market's perception of HBM HI. The group has also introduced safeguards to prevent the expansion of its assets through external financing, debt or repeated capital increases.

The senior management team of Dr Andreas Wicki, Chief Executive Officer, and Erwin Troxler, Chief Financial Officer, hold the same positions within HBM Partners. However, the Boards of Directors of the two companies are independent. The presence of the Luxembourg investment vehicle Nogra, which holds a 15% stake in HBM HI, also ensures an alignment of interests with minority shareholders.

In FY 2023/2024, HBM HI paid management fees of CHF22.7m and no performance fees to HBM Partners. Over the last eight years, performance fees were strong until 2021. Some 55% of the fees paid have come from performance since 2017. Since 2021, the high water mark and the policy of non-dilution of capital have proved protective for the minority shareholder.

HBM HI - Management & performance fees paid to HBM Partners as a % of NAV at the beg. of the year



Sources: CIC Market Solutions, HBM Healthcare Investments

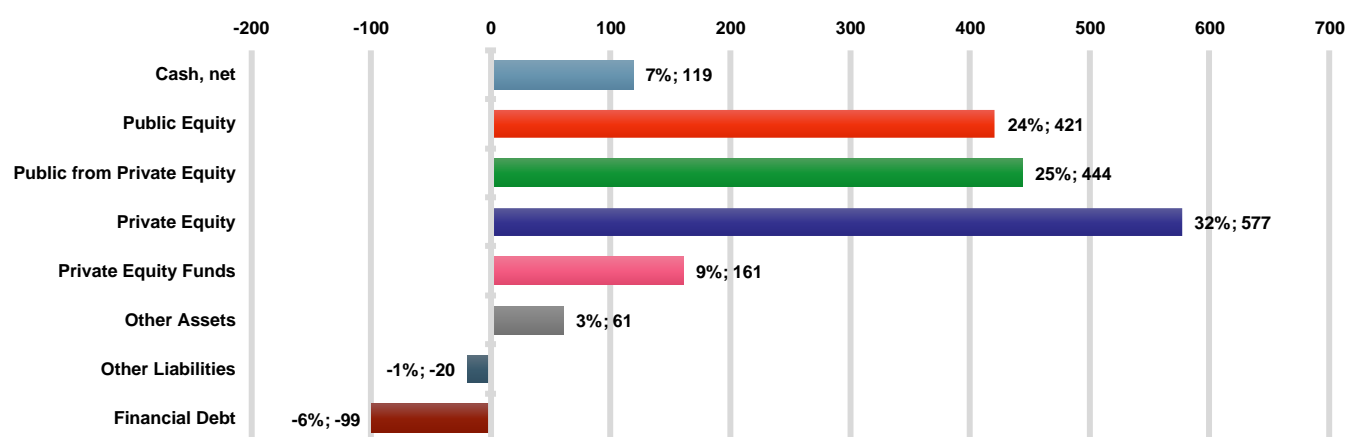
— ‘From each according to his ability, to each according to his needs’

At 30 September 2024, HBM HI had CHF1.7bn in invested capital, with a good balance between liquid assets (49%) and private assets (41%), and CHF119m in cash compared with CHF120m in debt, including CHF100m in financial debt. Its loan-to-value ratio is particularly compressed, at 6%.

It invests primarily in innovative structures that require regular capital injections, but it intends to mitigate its risk profile in several ways:

- One could argue that the group has taken up the founding adage of communism, of Louis Blanc and Karl Marx: ‘from each according to his ability, to each according to his needs’. HBM HI balances cash flow requirements within its portfolio, investing in well-established models that generate dividends (Swixx for example) which are recycled and used to finance companies in need of capital;
- It also manages the duration of its assets, which are potentially long in young innovative companies that need time to deliver value, by acquiring stakes in liquid listed companies;
- It limits its exposure to an asset to 10% of its net asset value (at acquisition cost);
- Finally, it is working to improve the overall liquidity of its portfolio and is considering listing some of its holdings or seeking tie-ups.

HBM HI - Asset allocation as at 30/09/2024 - CHFm & % GAV



Sources: HBM Healthcare Investments

This desire to contain portfolio risks is reflected in an original financial policy, particularly for a company investing in innovation: the group is targeting an annual dividend yield of 3 to 5%, representing a mid-range outlay of around CHF50m based on current market capitalisation.

This choice raises questions, as it limits the company's investment capacity at a time when competing private equity structures are constantly engaged in battles to raise funds. On the other hand, it may satisfy a private shareholder who wants to support the company over the long term while receiving a regular return.

— Expert teams who are in it for the long haul

HBM HI has stable management bodies and investment teams:

- The group is led by a five-member Board of Directors who are experts in healthcare and/or finance. Since 2009 it has been chaired by Hans Peter Hassler; another member is Mario Giuliani.
- The Executive Committee also comprises five people who joined the company between its foundation in 2001 and 2005: Dr Andreas Wicki as Chief Executive Officer, Erwin Troxler as Chief Financial Officer, Jean-Marc Lesieur as Director of the Cayman Islands structure, Dr Matthias Fehr as Director of the unlisted business and Dr Ivo Staijen as Director of the listed business.
- Mr Fehr and Mr Staijen oversee the respective work of the two investment teams, each comprising around ten people and managing listed and unlisted investments from Zug, New York and Hong Kong.

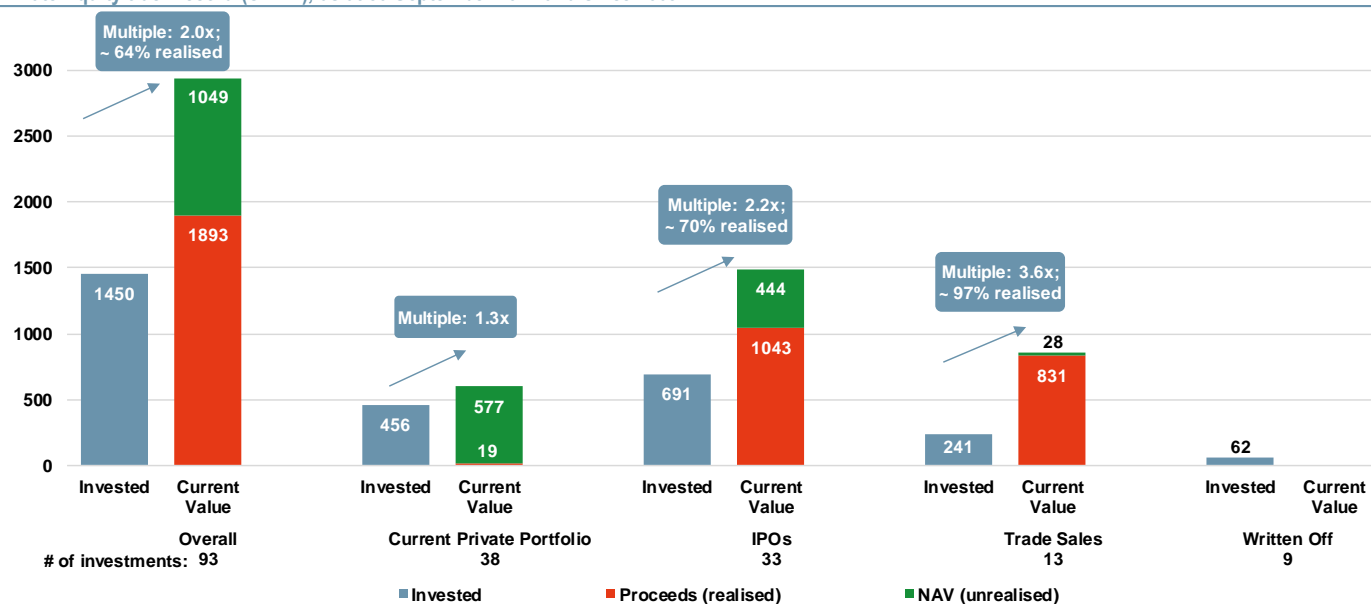
On average, the unlisted investment teams have been with the group for more than 11 years. They generally have a first-rate academic background in life sciences and experience in the pharmaceutical industry and/or private equity.

— A wealth of experience within the group

The group's unlisted investment team creates value by: 1) selecting high-quality companies; 2) giving them the human and financial resources they need to grow; 3) creating the conditions for a profitable exit; and 4) managing risks appropriately.

In the unlisted sector, the teams have made 93 investments since 2009: 33 have been floated on the stock market, 13 have been sold, and 38 remain in the portfolio. Only nine have been liquidated, for a total impairment limited to CHF62m, so the failure rate is relatively low.

Private Equity track record (CHFm), as at 30 September 2024 and since 2009



Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

By capitalising on its past, coordinating a worldwide network of experts, and building synergies between its various holdings, the group is able to identify the best opportunities and put them in the best possible position, supporting them through the scientific, regulatory, commercial, and financial stages.

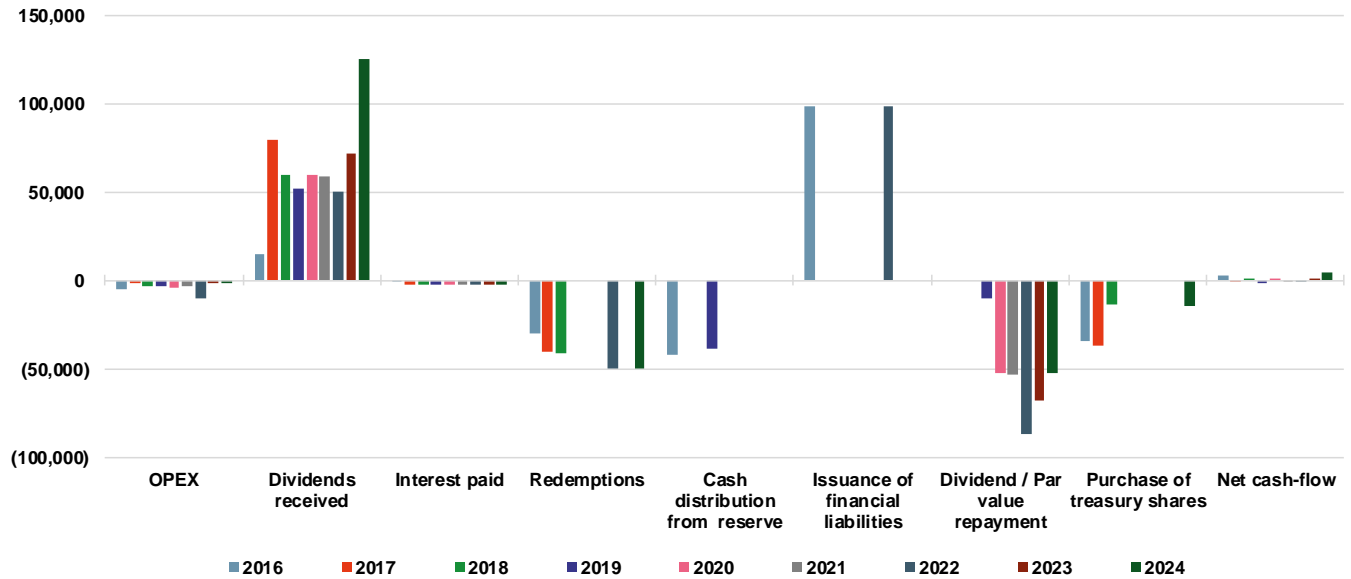
— Swiss Made

In Switzerland, "you can't catch diseases, you can only catch medicines", as French comic Coluche once said. Although Switzerland can't compete with the abundance of innovative companies on the US East Coast, the country remains one of the most fertile and attractive breeding grounds for the healthcare ecosystem, thanks to the excellence of its training, the drawing power of two of the biggest companies in the pharmaceutical sector, as well as the world leader in the manufacture of bio-medicines (Lonza), the stability of its institutional framework, and the quality of life for investment teams. The general Swiss infrastructure and the country's capacity for training and attracting talent are therefore a priori favourable factors for the performance of management and, ultimately, for HBM HI's share price.

— **A healthy dividend system**

The group finances its operating expenses and its return to shareholders through dividends from its holdings, without having to resort to external financing in the form of debt or capital increases, which is particularly healthy.

HBM Healthcare Investments - Dividend & cash balance (CHFm)



Sources: HBM Healthcare Investments

Well-built, diversified and liquid portfolio

The group's portfolio is well-balanced in terms of sector exposure, globally diversified and liquid, while its liabilities are, by nature, risk-free. The performance has been on target: over the past 10 years, NAV growth has clearly outstripped that of the Nasdaq Biotechnology Index.

An asset class exposed to megatrends

There is no doubt that innovation in the healthcare sector is a response to some of the major challenges facing our societies. HBM HI invests in a number of vectors that are resolutely in line with some of these megatrends, through scientific progress or disruptive business models.

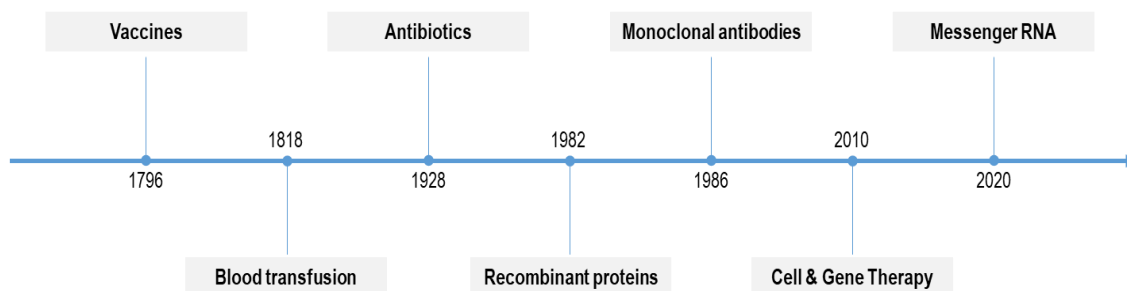
— The ramp-up of biotechnology

HBM HI invests in biotech companies, i.e., in a sector that has reached scientific maturity and offers therapeutic advances in many fields, from genetic sequencing to bioprinting.

The use of biological substances to develop medicines has accelerated considerably over the last forty years, with the advent of modern biotechnologies in the 1970s, some twenty years after the understanding of DNA and major advances in genetics. Moreover, while the market for these biomedicines accounts for almost 40% of the world's pharmacopoeia sales and represents the majority of commercial launches, it remains buoyant and brimming with opportunities. Monoclonal antibodies (mAbs), cell and gene therapies and messenger RNA vaccines are today's major vectors.

By having biomedicines produced, first by micro-organisms, then by specially developed cell lines, the industry has developed treatments with a high degree of specificity of action and optimised quality, making it possible to progressively free ourselves from human and animal biological raw materials.

Major innovations in biological medicine

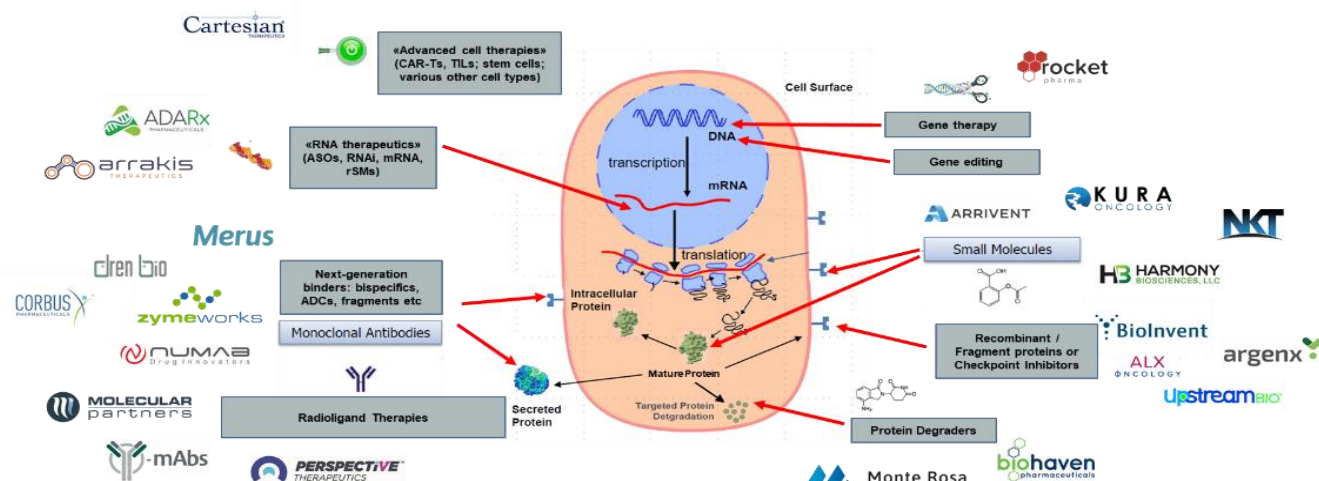


Source: CIC Market Solutions

— Biotechnology innovation comes from small structures

As shown in the diagram below, innovation in the biomedical sector has come from a swarm of biotech companies working in networks, whereas innovation in chemically synthesized drugs was more vertical and integrated into the big laboratories.

A proliferation of companies at the heart of biotechnological innovation



Note: Previous and current HBM portfolio companies
Graphic adapted from: Orbimed

Source: HBM Healthcare Investments

Biotech companies with major discoveries remain prime prey for the world's major pharmaceutical groups, which regularly need to renew their intellectual property portfolios. Between 2014 and 2023, M&A transactions in the pharma and biotech sectors totalled between \$100bn and \$500bn per year. The world's pharmaceutical industry is expected to see significant patent losses between now and the end of the decade, and the firepower of the world's top 15 pharmaceutical companies alone is approaching \$600bn.

HBM HI's ramp-up has clearly caught on to this megatrend, and biotech represented 53% of its portfolio at 30 September. The most significant biotech lines, representing over 4% of the portfolio, are:

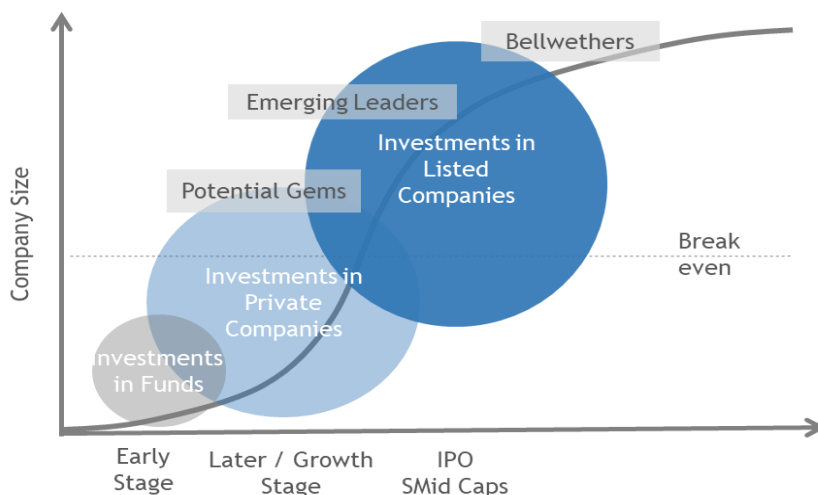
- Cathay Biotech, a Chinese company listed on the stock exchange in 2020, the world's leading supplier of long-chain biological diacids, "fatty acid" forms, with various grades and specifications for customers in various sectors, in addition to pharma. The 6% stake held by HBM HI is valued at CHF196m, representing 11.4% of gross assets, and is the company's first direct line of business.
- Harmony Biosciences, an investment valued at CHF73m to date, representing 4.1% of gross assets, and which develops and markets a treatment for narcolepsy.
- Neurelis, an investment valued at CHF48m to date, representing 2.7% of gross assets, and which develops and markets a treatment for epilepsy.

— Innovation goes global

New England and California are the cradles of modern biotechnology, but economic development and the rise of telecommunications have globalised academic research and innovation in the sector.

HBM HI's head office and most of its teams are based in Zug, but it also has experienced analysts, investment and support teams in New York and Hong Kong. These resources enable HBM HI to invest primarily in four major geographic hubs: North America, Europe, India and China.

Investment approach - between funds, private and listed Cc



Sources: HBM Healthcare Investments, CIC Market Solutions

The group claims to be able to invest directly in companies that have passed scientific and regulatory milestones and are close to marketing. It invests a maximum of 20% of its gross assets in funds (10% at 30 September) to seek out companies in the pre-clinical stage, particularly in India and China.

— Pharmaceutical groups are refocusing on strategic territories

Changing demographics offer opportunities around the world for pharmaceutical companies looking to focus on innovation and a direct commercial presence in the few largest strategic markets of North America, Western and Northern Europe, China and Japan.

HBM HI acquired a stake in Swixx BioPharma in 2017 to support the development of this specialist in comprehensive representation services for the pharmaceutical sector in Central and Eastern Europe, Eurasia, Latin America, the Middle East and North Africa. The company employs more than 1,300 people and expects revenues to exceed €1bn in 2024, with a double-digit EBITDA margin. An IPO in the near future is a possibility for the company, which is 25% owned by HBM HI, whose stake has been revalued for the second year running, by CHF11m in 2024 to CHF164m and then by CHF26m in H1 2025. Mérieux Equity Partners and Stags, Philippe Louis-Dreyfus' family office, are also shareholders in Swixx BioPharma.

A well-positioned, balanced and well-diversified portfolio

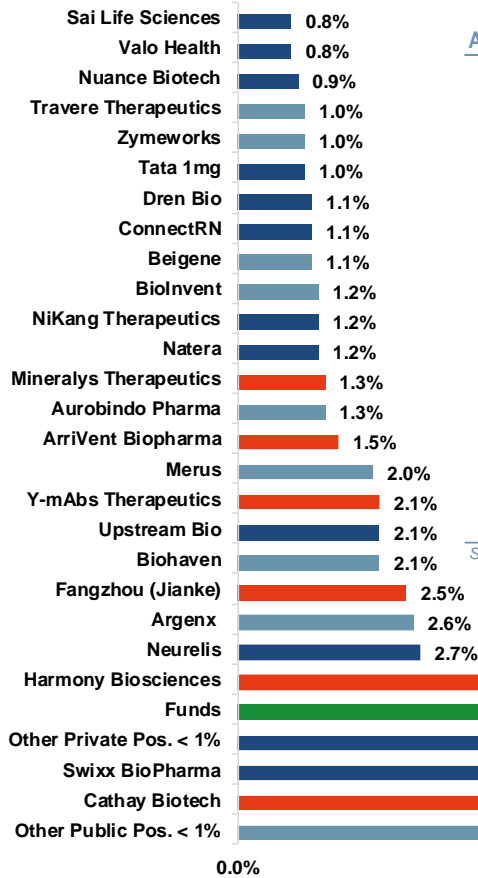
— Two major lines but a liquid portfolio

Valued at CHF1.7bn at 30 November, HBM HI's portfolio comprises about 100 holdings of which 80 are significant: 10 IPOs, 30 listed companies, 30 private companies, and 10 funds. 47% is invested in North America, 23% in Europe and 30% in Asia.

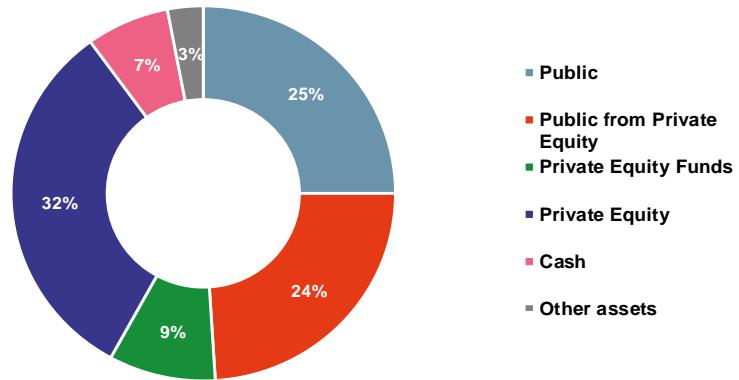
Two lines are very significant in the portfolio, each accounting for just over 11% of net value:

- The group sold part of its position in Cathay Biotech during FY2024 to 31 March, retaining a 6% stake. The share's retracement from its high points in 2021 is weighing on HBM HI's own stock market performance. The Chinese group's fundamentals remain good despite the difficulties in the biotechnology sector in China, which has been affected by the country's weaker economic growth, and the share price is tending to stabilise. The group has held a stake in the capital since 2006.
- As for Swixx BioPharma, a stock market flotation is conceivable by 2025 or 2026, and would allow the company to achieve a market valuation as well as opening up a window of liquidity. A drug retailer profile for big pharma in developing countries offers, on the face of it, a good compromise between visibility and growth.

Portfolio position (% of net assets)



Asset allocation as at 30 September 2024 (%)



Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

The group does not preclude holding a position representing up to 15% of its net assets, as was the case with Cathay Biotech in the past. It has permanent capital and only marginal debt (one 2027 bond with a nominal value of CHF100m). It would be able to raise debt of up to 20% of NAV. There is therefore no risk relating to the liabilities that would require the assets to be more or less liquid, with the exception of the group's commitment to pay an annual dividend of around CHF50m at the mid-point of the range.

Despite this leeway, the assets remain liquid, with 50% of the portfolio exposed to listed companies in which the group holds a maximum of 7.7% of the capital.

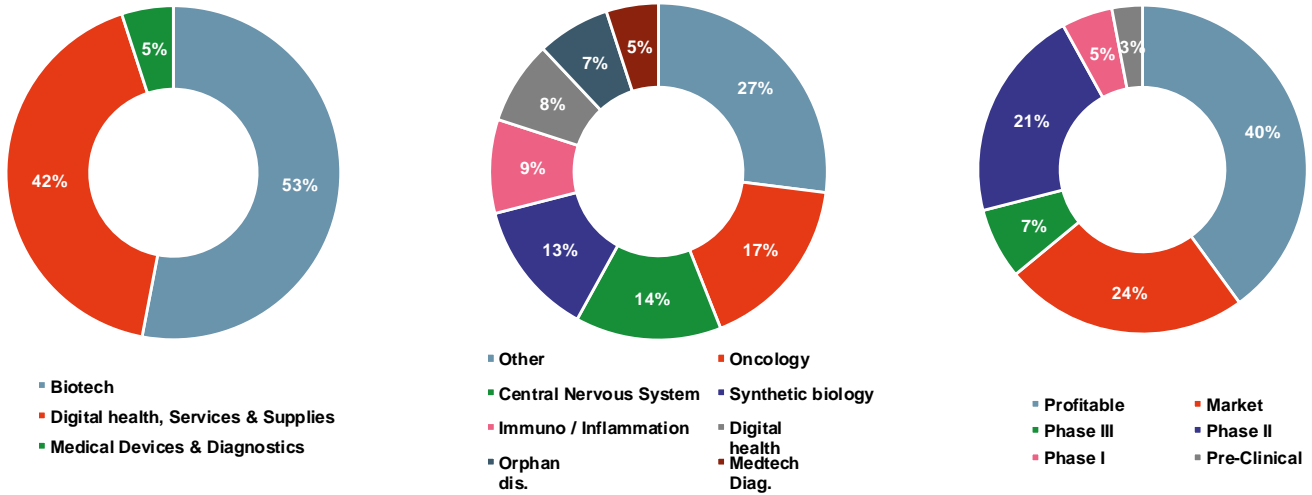
It is logical that the group has the largest stakes (between 1 and 7.4% of the capital) on the portfolio of assets (24% of assets) that the group helped float on the stock market.

In the portfolio of assets invested in listed securities (25% of assets), the vast majority of equity positions range from 0.1% to 2.5%, with the exception of Biolnvent (7.7%) and Vicore Pharma (9.1%) in Sweden and Dishman Carbogen (3.6%) in India. These three lines amount to CHF35m of exposure, or 2% of assets.

In its private equity portfolio, stakes are generally between 1% and 10%, with the exception of Swixx BioPharma (25% of the capital), ConnectRN (20%), River Renal (14%), Shape Memory Medical (17%), Farmalatam (43%) and 1000Farmacie (15%). These "big" assets account for total exposure of CHF238m, or 14%, largely concentrated around Swixx BioPharma.

— A well-diversified portfolio

Sectors, therapeutic areas and clinical trial phases of portfolio companies



Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

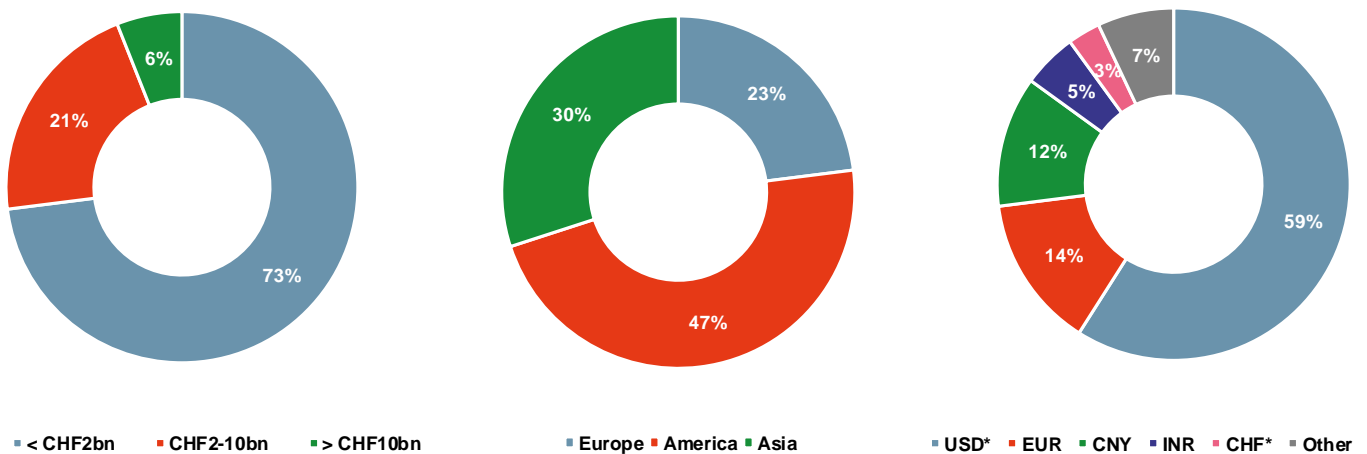
The portfolio is mostly exposed to biotechnologies (53%), ahead of a group made up of Digital Health and services (42%) in which Swixx BioPharma is included, and finally to Medtech and Diagnostics (5%).

With a weighting of 17%, oncology is the largest therapeutic category in the portfolio, in line with innovation in modern global medicine. Exposure to treatments for the central nervous system is significant (14%).

Finally, the group's portfolio is largely de-risked, with the equivalent of 64% of assets invested in companies at the marketing (24%) or even profitability (40%) stage. The proportion of investments in Phases 2 and 3 is also significant: 28%.

Only the type of capitalisation can be considered a risk factor, with 73% of the portfolio invested in companies individually worth less than CHF2bn. However, the group believes that its know-how gives it the edge in this attractive asset class of small and medium-sized structures, over a private equity world that is increasingly migrating towards large-scale transactions.

Portfolio breakdown by market capitalisation, region and currency (%)



* Net of foreign currency hedge (USD/CHF): About USD 40% and CHF 22% respectively.

Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

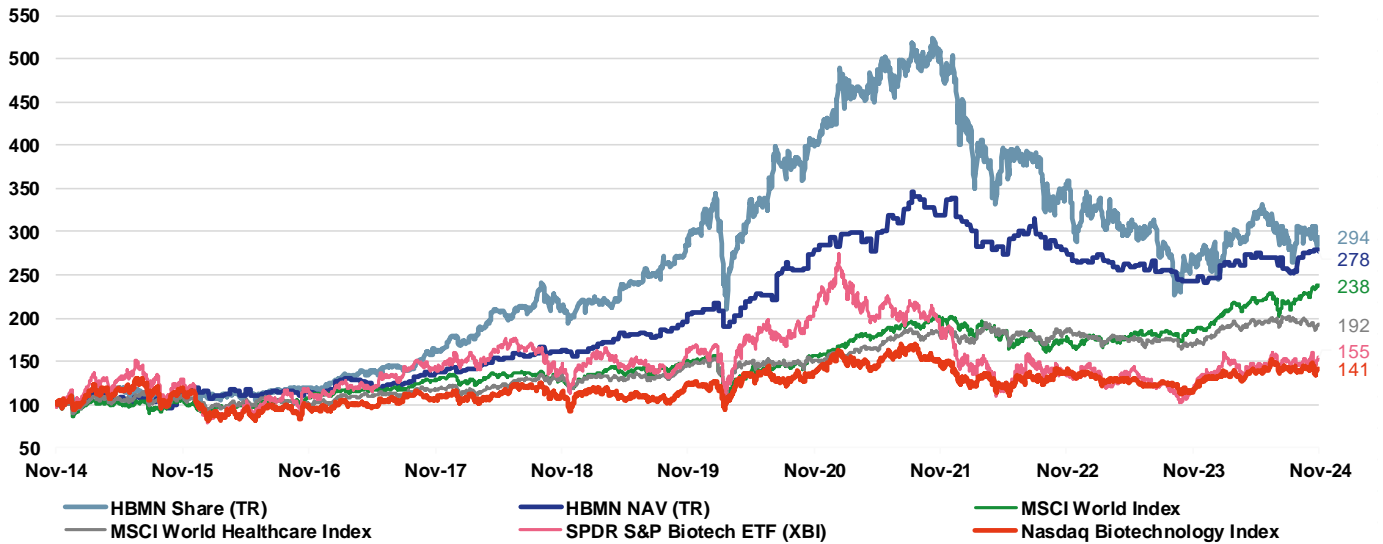
A good performance

The portfolio's positioning in a buoyant asset class, the quality of its management and the alignment of interests with investors have resulted in remarkable growth in NAV over the last 10 years, despite the sector correction observed since 2022.

— **11% IRR over 10 years for NAV and the share price**

Over the past 10 years, HBM HI's net asset value has risen by 178% and its share price by 194%, for respective IRRs of +10.7% and +11.4%, while the Nasdaq Biotechnology has risen by 41% in Swiss franc terms.

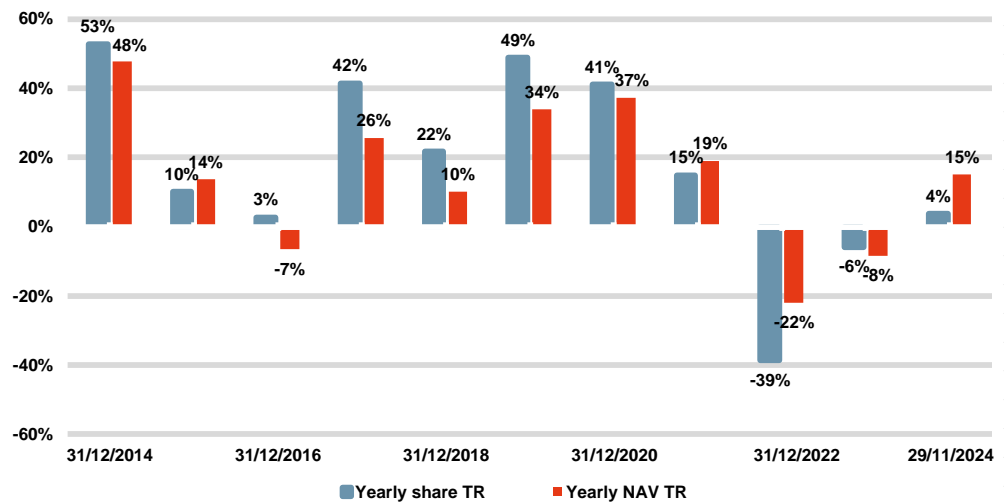
HBM Healthcare Investments - Share price performance, NAV vs Indices



Sources: CIC Market Solutions, HBM Healthcare Investments

Since 2014, the share price has seen two years of decline compared with nine years of growth. The years of monetary easing and real interest rate cuts have seen it record very strong performances, in line with the underlying assets.

HBM Healthcare Investments - Yearly performance (%)

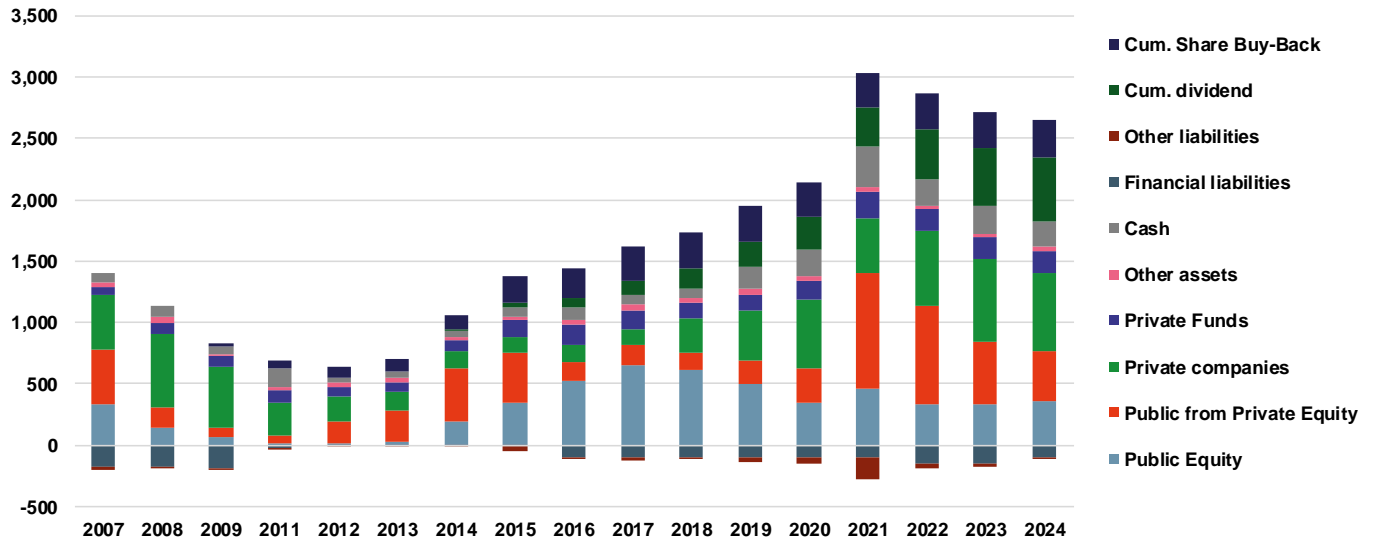


Sources: CIC Market Solutions, HBM Healthcare Investments

— **A fairly generous return to shareholders**

HBM HI was able to generate performance for shareholders in terms of long-term capital gains and the return of CHF830m via CHF520m in dividends and CHF310m in share buybacks.

Asset allocation trend, as at 31 March (%)

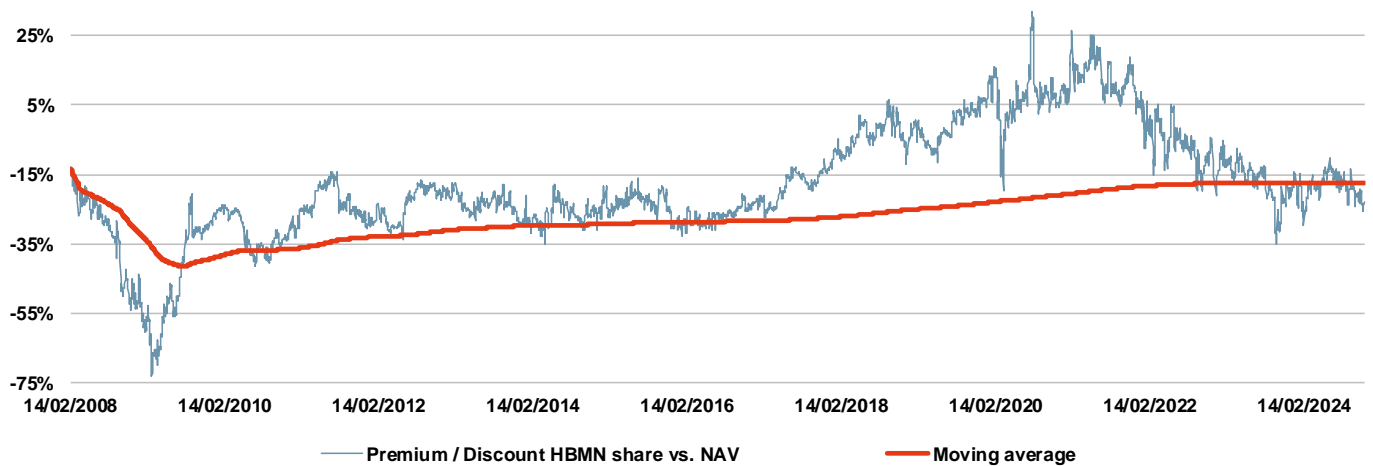


Source: HBM Healthcare Investments, HBM Partners, CIC Market Solutions.

— Trend in discount

The group communicates its NAV every 15 days. The history of the discount from share price to NAV has fluctuated over the last 15 years, from a 25% discount before 2014 to a 25% premium in 2020, in the phase of falling real interest rates and at the height of the Covid-19 crisis, before returning to the initial discount levels.

HBM Healthcare Investments - Premium (+) / Discount (-) of share price to NAV



Sources: CIC Market Solutions, HBM Healthcare Investments

— Listed direct investments

Portfolio of listed assets

#	Investment	Type	Ownership (%)	Number of shares	Fair value (CHF	Mkt value p.s.	Mkt value	Perf since last
			30/09/2024	held	'000)	(CHF)	of part.	closing
							(CHF '000)	
			30/09/2024	30/09/2024	30/09/2024	11/12/2024	11/12/2024	11/12/2024
1	Cathay Biotech	Public from private	6.1	35,621,436	204,023	5.42	193,136	(10,887)
2	Harmony Biosciences	Public from private	3.8	2,147,943	72,652	30.86	66,279	(6,373)
3	Fangzhou (Jianke)	Public from private	4.4	58,420,980	45,060	0.71	41,512	(3,548)
4	Y-mAbs Therapeutics	Public from private	7.4	3,297,800	36,670	9.17	30,248	(6,422)
5	ArriVentBiopharma	Public from private	4.0	1,344,459	26,717	25.85	34,750	8,033
6	Mineralys Therapeutics	Public from private	4.5	2,246,332	23,003	11.09	24,911	1,908
7	Alumis Therapeutics	Public from private	2.7	1,278,298	11,544	7.06	9,025	(2,519)
8	Monte Rosa Therapeutics	Public from private	2.3	1,407,040	6,306	8.16	11,488	5,182
9	Pacira BioSciences	Public from private	1.0	451,324	5,744	16.87	7,613	1,869
10	Other Publics from private	Public from private			12,103		12,103	0
11	Biohaven	Public	0.9	893,379	37,749	40.70	36,361	(1,388)
12	Merus	Public	1.3	855,199	36,129	40.19	34,373	(1,756)
13	Aurobindo Pharma	Public	0.3	1,604,630	23,651	12.97	20,815	(2,836)
14	Argenx(ADR)	Public	0.1	50,000	22,919	552.25	27,612	4,693
15	Argenx	Public	0.1	50,000	22,861	547.10	27,355	4,494
16	Natera	Public	0.2	200,000	21,470	153.76	30,751	9,281
17	Biolinvent	Public	7.7	5,075,000	20,379	3.55	17,994	(2,385)
18	Zymeworks	Public	2.4	1,697,217	18,011	12.47	21,161	3,150
19	TraverseTherapeutics	Public	2.0	1,500,000	17,745	17.12	25,674	7,929
20	Axsome Therapeutics	Public	0.4	166,053	12,619	87.96	14,606	1,987
21	Beigene HKD	Public	0.1	700,000	11,019	13.78	9,646	(1,373)
22	Beigene (ADR) USD	Public	0.1	50,000	9,492	175.93	8,796	(696)
23	Laurus Labs INR	Public	0.4	2,304,700	10,781	6.11	14,071	3,290
24	Rocket Pharmaceuticals USD	Public	0.7	676,320	10,563	12.00	8,116	(2,447)
25	Jubilant Pharmova INR	Public	0.6	871,416	10,119	12.75	11,106	987
26	Dishman Carbogen INR	Public	3.6	5,560,116	10,103	2.74	15,222	5,119
27	Polypeptide CHF	Public	0.9	300,000	9,150	28.10	8,430	(720)
28	Hutchmed China HKD	Public	0.3	2,575,000	9,020	3.01	7,746	(1,274)
29	Shenzhen Mindray CNY	Public	<0.1	240,000	8,472	31.00	7,440	(1,032)
30	Insmed USD	Public	0.1	134,000	8,272	66.59	8,923	651
31	Kura Oncology USD	Public	0.7	500,000	8,262	9.67	4,834	(3,428)
32	Abivax EUR	Public	1.1	700,000	6,696	7.69	5,386	(1,310)
33	Benitec Biopharma USD	Public	8.0	841,395	6,539	8.70	7,323	784
34	Solara Active Pharma Sciences INR	Public	2.2	784,958	6,241	8.38	6,580	339
35	Vicore Pharma SEK	Public	9.1	10,134,604	6,081	0.63	6,377	296
36	Cartesian Therapeutics USD	Public	1.7	412,364	5,621	19.44	8,016	2,395
37	Corbus Pharmaceuticals USD	Public	2.7	320,000	5,582	14.18	4,538	(1,044)
38	Other public	Public			45,492		45,492	0
	Total public				864,860		875,815	

Sources: HBM Healthcare Investments, CIC Market Solutions, Factset

Portfolio of listed assets

#	Investment	% of GAV	Last price (loc. curr.)	TP CSS (loc. curr.)	TP CSS source Bloomberg (BBG) or Factset (FCT)	Exchange rate	TP CSS (CHF)	Stake value @ CSS TP (CHF '000)	Potential Up(+)/down(-) side vs Mkt value
1	Cathay Biotech	12.0%	45	60	BBG (4)	0.1216	7	259,056	27.0%
2	Harmony Biosciences	4.1%	35	47	FCT	0.8837	42	89,418	23.1%
3	Fangzhou (Jianke)	2.6%	6	6	-	0.1135	1	40,451	-10.2%
4	Y-mAbs Therapeutics	1.9%	10	21	FCT	0.8837	18	60,931	66.2%
5	ArriVentBiopharma	2.2%	29	38	FCT	0.8837	34	45,541	70.5%
6	Mineralys Therapeutics	1.5%	13	33	FCT	0.8837	29	64,653	181.1%
7	Alumis Therapeutics	0.6%	8	30	FCT	0.8837	27	33,887	193.5%
8	Monte Rosa Therapeutics	0.7%	9	16	FCT	0.8837	14	19,686	212.2%
9	Pacira BioSciences	0.5%	19	18	FCT	0.8837	16	7,228	25.8%
10	Other Publics from private	0.7%						12,103	0.0%
11	Biohaven	2.3%	46	65	FCT	0.8837	57	51,109	35.4%
12	Merus	2.1%	45	87	FCT	0.8837	76	65,393	81.0%
13	Aurobindo Pharma	1.3%	1258	1,531	FCT	0.0104	16	25,609	8.3%
14	Argenx(ADR)	1.7%	625	669	FCT	0.8837	591	29,537	28.9%
15	Argenx	1.7%	590	631	FCT	0.9304	587	29,333	28.3%
16	Natera	1.9%	174	174	FCT	0.8837	154	30,761	43.3%
17	BioInvent	1.1%	44	55	FCT	0.0808	4	22,544	10.6%
18	Zymeworks	1.3%	14	18	FCT	0.8837	16	27,277	51.4%
19	TravereTherapeutics	1.6%	19	27	FCT	0.8837	24	36,318	104.7%
20	Axsome Therapeutics	0.9%	100	131	FCT	0.8837	116	19,286	52.8%
21	Beigene HKD	0.6%	123	171	FCT	0.1135	19	13,612	23.5%
22	Beigene (ADR) USD	0.5%	199	286	FCT	0.8837	253	12,651	33.3%
23	Laurus Labs INR	0.9%	583	422	FCT	0.0104	4	10,145	-5.9%
24	Rocket Pharmaceuticals USD	0.5%	14	48	FCT	0.8837	42	28,686	171.6%
25	Jubilant Pharmova INR	0.7%	1225	1,331	FCT	0.0104	14	12,095	19.5%
26	Dishman Carbogen INR	0.9%	260	260	-	0.0104	3	15,072	49.2%
27	Polypeptide CHF	0.5%	28	39	FCT	1.0000	39	11,671	27.6%
28	Hutchmed China HKD	0.5%	27	47	FCT	0.1135	5	13,667	51.5%
29	Shenzhen Mindray CNY	0.5%	260	351	FCT	0.1216	43	10,247	21.0%
30	Insmed USD	0.6%	75	90	FCT	0.8837	79	10,605	28.2%
31	Kura Oncology USD	0.3%	11	29	FCT	0.8837	25	12,624	52.8%
32	Abivax EUR	0.3%	8	30	FCT	0.9304	28	19,644	193.4%
33	Benitec Biopharma USD	0.5%	10	24	FCT	0.8837	21	17,844	172.9%
34	Solara Active Pharma Sciences INR	0.4%	814	566	FCT	0.0104	6	4,633	-25.8%
35	Vicore Pharma SEK	0.4%	8	40	FCT	0.0808	3	32,894	440.9%
36	Cartesian Therapeutics USD	0.5%	22	37	FCT	0.8837	33	13,628	142.4%
37	Corbus Pharmaceuticals USD	0.3%	16	57	FCT	0.8837	50	16,055	187.6%
38	Other public	2.8%						45,492	0.0%
	Total public	54.3%						1,271,387	45.2%

Sources: HBM Healthcare Investments, CIC Market Solutions, Factset

— Non-listed direct investments and Investments in funds

Portfolio of unlisted assets

#	Investment	Type	Ownership (%)		Fair value (CHF '000)		Mkt value of part. (CHF '000) 11/12/2024	% of invest GAV
			30/09/2024	30/09/2024	30/09/2024	30/09/2024		
39	Swixx BioPharma	Private	25.1	200,459	200,459	200,459	12.4%	
40	Neurelis	Private	10.3	47,545	47,545	47,545	2.9%	
41	Upstream Bio	Private	6.4	37,206	37,206	37,206	2.3%	
42	NiKang Therapeutics	Private	5.3	21,349	21,349	21,349	1.3%	
43	ConnectRN	Private	20.0	19,461	19,461	19,461	1.2%	
44	Dren Bio	Private	8.1	19,213	19,213	19,213	1.2%	
45	Tata 1mg	Private	4.0	18,079	18,079	18,079	1.1%	
46	Nuance Biotech	Private	3.7	15,789	15,789	15,789	1.0%	
47	Valo Health	Private	1.4	14,798	14,798	14,798	0.9%	
48	SAI Life Sciences	Private	5.4	13,561	13,561	13,561	0.8%	
49	River Renal	Private	14.0	13,530	13,530	13,530	0.8%	
50	OdysseyTherapeutics	Private	2.6	12,913	12,913	12,913	0.8%	
51	Cure Everlife Holdings	Private	6.8	11,964	11,964	11,964	0.7%	
52	Shape MemoryMedical	Private	16.7	11,816	11,816	11,816	0.7%	
53	Numab/Yellow Jersey Therapeutics	Private	7.8	11,063	11,063	11,063	0.7%	
54	Fore Biotherapeutics	Private	9.0	10,942	10,942	10,942	0.7%	
55	Aculys Pharma	Private	4.8	8,377	8,377	8,377	0.5%	
56	Genalyte (BaseHealth)	Private	3.6	8,202	8,202	8,202	0.5%	
57	C-RayTherapeutics	Private	4.0	7,645	7,645	7,645	0.5%	
58	Mahzi Therapeutics	Private	9.7	7,158	7,158	7,158	0.4%	
59	IgnisTherapeutics	Private	1.5	5,919	5,919	5,919	0.4%	
60	ArrakisTherapeutics	Private	4.6	5,919	5,919	5,919	0.4%	
61	BluejayTherapeutics	Private	1.8	5,919	5,919	5,919	0.4%	
62	Karius	Private	4.0	5,633	5,633	5,633	0.3%	
63	FogPharma	Private	1.4	4,805	4,805	4,805	0.3%	
64	Farmalatam	Private	42.6	4,017	4,017	4,017	0.2%	
65	1000Farmacie	Private	14.5	3,793	3,793	3,793	0.2%	
66	Neuron23	Private	2.2	3,659	3,659	3,659	0.2%	
67	ADARx Pharmaceuticals	Private	0.5	3,382	3,382	3,382	0.2%	
68	Other private	Private		22,633	22,633	22,633	1.4%	
	Total private			576,749	576,749	576,749	35.7%	

Sources: HBM Healthcare Investments, CIC Market Solutions

Portfolio of funds

#	Investment	Type	Ownership (%)		Fair value (CHF '000)		Mkt value of part. (CHF '000) 11/12/2024	% of invest GAV
			30/09/2024	30/09/2024	30/09/2024	30/09/2024		
69	HBM Genomics USD	Funds		36,330	36,330	36,330	2.3%	
70	120 Capital USD	Funds		20,866	20,866	20,866	1.3%	
71	MedFocus Fund II USD	Funds		18,807	18,807	18,807	1.2%	
72	Tata Capital Healthcare Fund II USD	Funds		14,337	14,337	14,337	0.9%	
73	C-Bridge Healthcare Fund V USD	Funds		13,004	13,004	13,004	0.8%	
74	C-Bridge Healthcare Fund IV USD	Funds		12,909	12,909	12,909	0.8%	
75	6 DimensionsCapital USD	Funds		9,569	9,569	9,569	0.6%	
76	HBM Genomics II USD	Funds		8,830	8,830	8,830	0.5%	
77	WuXi Healthcare Ventures II USD	Funds		8,623	8,623	8,623	0.5%	
78	LYZZ Capital Fund II USD	Funds		6,668	6,668	6,668	0.4%	
79	Tata Capital HBM Fund I USD	Funds		4,705	4,705	4,705	0.3%	
80	Other funds	Funds		6,862	6,862	6,862	0.4%	
	Total funds			161,510	161,510	161,510	10.0%	
	Total invested			1,603,119	1,614,074	1,614,074	100.0%	

Sources: HBM Healthcare Investments, CIC Market Solutions

Taking advantage of an attractive discount

HBM HI has not been immune to the increasing discount on investment companies and holding companies. This means that attractive entry points can be found again.

Methodology

We have used the Net Asset Value (NAV) method to set our 12-month target price for HBM Healthcare, based on the following factors:

- Listed investments are recognised at their market value, based on the last closing price;
- Non-listed investments, whether held directly or in investment funds, are recognised at the last balance sheet date, i.e. either 31 March, at the end of the financial year, or 30 September, at the end of the half-year. This valuation is based on the accounts available at 30 September.
- Cash positions and liabilities are also recognised at the last closing date;
- We apply a 15% discount to the NAV thus obtained, which we assume as the Intrinsic Value (IV). We apply this small target discount of 15%, which is very close to the average observed since the IPO, between phases of higher discount and premium, to take account of: 1) slight direct and indirect costs incurred on transactions; 2) limited synergies between investments; 3) the modest liquidity of HBM Healthcare Investments' shares, which trade daily at around CHF1m on their main market. Our target discount remains significantly lower than the discounts observed on the main European holding companies (Investor, Exor, GBL and Wendel are trading at discounts of 35 to 50% of their NAV, compared to 15 to 25% historically), given that the asset is difficult to replicate and that management has outperformed over a long period.
- The 12-month price target is determined by applying a capitalisation factor of 11% to the IV, which is the internal rate of return (IRR) recorded by the group on its investments over the last 15 years and which is similar to the cost of capital.

A TP of CHF231, prompting us to initiate coverage at Buy

Our NAV per share comes out at CHF231 as at 4 December 2024, based on the methodology described above, for an Intrinsic Value of CHF208 after application of a 15% discount. We therefore assume a 12-month target price of CHF231, with coupon, based on a cost of capital of 11%.

The upside potential of 26% on the price of CHF183 at 4 December prompts us to initiate coverage with a Buy recommendation on the stock.

Valuing listed investments at the median target price found on the Bloomberg or FactSet financial information platforms (+47% for the portfolio) would prompt us to adopt an uplift valuation of CHF258.

Closing prices as of 04/12/24	HBM HI 10/12/2024			CSS TP 10/12/2024			Comments / Assumptions
	CHFm	CHF p.s.	%GAV	CHFm	CHF p.s.	%GAV	
● Gross Asset Value	1,826	268.0	100.0	2,232	327.7	100.0	
➔ Listed Assets	865	127.0	47.4	1,271	186.7	57.0	Valued at Intrinsic Value
➔ Unlisted Assets	577	84.7	31.6	577	84.7	25.8	Valued at Fair Value on 30/09/2024
➔ Funds Assets	162	23.7	8.8	162	23.7	7.2	Valued at Fair Value on 30/09/2024
➔ Cash, cash equivalen	5	0.7	0.3	5	0.7	0.2	Valued at Fair Value on 30/09/2024
➔ Other Assets from the	218	32.0	11.9	218	32.0	9.8	Valued at Fair Value on 30/09/2024
● Liabilities	161	23.7	8.8	161	23.7	7.2	
➔ Loan to subsidiary	0	0.0	0.0	0	0.0	0.0	Valued at Fair Value on 30/09/2024
➔ Loan to parent	60	8.8	3.3	60	8.8	2.7	Valued at Fair Value on 30/09/2024
➔ Financial liabilities	99	14.6	5.4	99	14.6	4.5	Valued at Fair Value on 30/09/2024
➔ Other liabilities	2	0.3	0.1	2	0.3	0.1	Valued at Fair Value on 30/09/2024
Net Asset Value	1,664	244.4	91.2	2,071	304.0	92.8	NAV total uplift potential: +6% Target discount to NAV assumption: 15%
Market Value	1,246	183.0		1,246	183.0		T.P. @ 11% factor: CHF231 Ups.: +26% Consensus TP: CHF236 (+29%) / 1 analyst(s)
Discount to NAV	25%	25%		40%	40%		Last 20D AVG price: CHF182,9 AVG daily vol.: 6k shares / CHF1,1m
Basic No. of shares (m)	6.8						
Fully dil. No. of shares (m)	6.8						

Sources: CIC Market Solutions, HBM Healthcare Investments, FactSet

HBM HI: Sensitivity analysis of Fair Value to theoretical discount to NAV and listed assets uplift

Listed assets uplift (%)	Theoretical discount to NAV																
	0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	20.0%	22.5%	25.0%	27.5%	30.0%	32.5%	35.0%	37.5%	40.0%
-47%	205	200	195	190	184	179	174	169	164	159	154	149	143	138	133	128	123
-24%	238	232	226	220	214	208	202	196	190	185	179	173	167	161	155	149	143
0%	271	264	258	251	244	237	231	224	217	210	203	197	190	183	176	170	163
24%	304	297	289	282	274	266	259	251	243	236	228	221	213	205	198	190	183
47%	337	329	321	312	304	295	287	278	270	262	253	245	236	228	219	211	202

Source: CIC Market Solutions, HBM Healthcare Investments, FactSet

Peer comparison with BB Biotech

HBM HI is not the only Swiss company investing in the healthcare sector: BB Biotech (BBB), with a fairly similar market capitalisation (CHF2bn compared to CHF1.3bn), is present in the segment, albeit with a different investment strategy, since it aims to invest almost exclusively in around thirty listed companies, with particular attention paid to portfolio liquidity.

At 30 September 2024, BB Biotech held 31 positions, the largest of which was Argenx (in which HBM HI is also invested), accounting for 11.5% of the portfolio. BBB makes greater use of financial leverage to invest.

The dividend payout policies and benchmark indices are the same.

Over the long term (five to ten years), HBM HI's NAV growth is higher, while BBB's discount is smaller: for a long time, BBB was trading at a slight premium over NAV.

Catalysts and forthcoming events

The progress of work on a possible listing for Swixx BioPharma could crystallise value and boost the asset's liquidity.

A number of participants are due to announce major scientific and/or regulatory advances in the coming months for listed investments, such as Arrivent (2.2% of GAV) in phase Ib and phase III; Ymabs (1.9%) in phase I and Zymeworks (1.3%) in phase III and extension of indication, in oncology in each case.

What we like/dislike

In summary, we like the company's profile: the expertise of its teams in an attractive long-term asset class and the good diversification of the portfolio make it a high-performance vehicle that collective or private management funds should naturally consider as a dedicated investment vehicle.

HBM Healthcare Investments: What we like & dislike

What we like

- Strong investment track record
- Stable management & investment teams
- Permanent capital model
- Alignment of interests
- Accumulated knowledge and experience in healthcare and biotechnologies
- Long-term dividend distribution policy

What we dislike

- A structurally bullish CHF masks performance
- Asset class negatively exposed to rising real interest rates
- Patience before seeing Swixx BioPharma enter the stock market (2026?)
- Exposed to possible reforms in the US healthcare system
- Possible overhang from existing holders (Nogra)
- Stock with slightly tight liquidity

Source: CIC Market Solutions

Consolidated Key Operating Metrics & Performance Indicators

HBM Healthcare Investments: Profit & Loss account

(CHFm)	-	-	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
	-	-	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
Revenues	-	-	15.00	80.00	60.00	52.00	60.00	59.00	50.00	71.50	125.00
Change (%)	-	-	-	433.33	-25.00	-13.33	15.38	-1.67	-15.25	43.00	74.83
EBITDA - Adjusted	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-	-	-	-	-	-
EBITDA - Reported	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Depreciation & amortisation	-	-	-	-	-	-	-	-	-	-	-
Depreciation of rights-of-use assets	-	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITA - Reported	-	-	-	-	-	-	-	-	-	-	-
Change(%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
EBITA - Adjusted	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Depre. & amort. of intangible Assets	-	-	-	-	-	-	-	-	-	-	-
EBIT - Reported	-	-	-	-	-	-	-	-	-	-	-
Change(%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
EBIT - Adjusted	-	-	-	-	-	-	-	-	-	-	-
Change(%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Net Financial Interest	-	-	-	-	-	-	-	-	-	-	-
Other Non Recurrent Items	-	-	12.22	62.41	61.09	163.50	128.62	709.78	-123.78	-213.75	-122.02
EBT	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Corporate taxes	-	-	-	-	-	-	-	-	-	-	-
Corporate tax rate (%)	-	-	-	-	-	-	-	-	-	-	-
Net profit from consolidated companies	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Associates	-	-	-	-	-	-	-	-	-	-	-
Net Profit - Consolidated - Reported	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
Minorities	-	-	-	-	-	-	-	-	-	-	-
Net Profit - Group share - Reported	-	-	23.81	136.77	115.87	209.07	182.70	756.27	-78.03	-146.32	-1.08
Change (%)	-	-	-	474.53	-15.28	80.43	-12.61	313.95	-	-	-
Margin (%)	-	-	158.71	170.97	193.12	402.05	304.50	1,281.82	-156.06	-204.64	-0.87
Net Profit - Group share - Adjusted	-	-	-	-	-	-	-	-	-	-	-
Change (%)	-	-	-	-	-	-	-	-	-	-	-
Margin (%)	-	-	-	-	-	-	-	-	-	-	-
EPS - Reported	-	-	3.11	18.96	16.55	30.05	26.26	108.71	-11.22	-21.03	-0.16
Change (%)	-	-	-	509.65	-12.71	81.57	-12.61	313.98	-	-	-
EPS - Adjusted	-	-	-	-	-	-	-	-	-	-	-
Change(%)	-	-	-	-	-	-	-	-	-	-	-
Book Value per share	-	-	139.41	155.09	166.43	189.48	208.25	309.25	285.53	254.80	248.10
Change (%)	-	-	-	11.25	7.31	13.85	9.91	48.50	-7.67	-10.76	-2.63
Dividend per share	-	-	5.50	5.80	7.00	7.50	7.70	12.50	9.70	7.50	7.50
Change (%)	-	-	-	5.45	20.69	7.14	2.67	62.34	-22.40	-22.68	0.00
Dividend pay-out ratio(%)	-	-	-	-	-	-	-	-	-	-	-
Number of shares - Basic	-	-	7.423	7.066	6.957	6.957	6.957	6.957	6.957	6.957	6.868
Number of shares - Diluted	-	-	7.700	7.300	6.957	6.957	6.957	6.957	6.957	6.957	6.957

Sources: HBM Healthcare Investments, CIC Market Solutions.

HBM Healthcare Investments: Cash flow statement

(CHFm)	-	-	-	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
	-	-	-	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
EBITDA - Reported	-	-	-	-	-	-	-	-	-	-	-	-
Net Financial Interest	-	-	-	-	-	-	-	-	-	-	-	-
Corporate taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow from operations	-	-	-	-	-	-	-	-	-	-	-	-
Change in Working Capital	-	-	-	-	-	-	-	-	-	-	-	-
Operating cash flow (A)	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX - Net	-	-	-	-	-	-	-	-	-	-	-	-
Financial investments	-	-	-	-	-	-	-	-	-	-	-	-
Investing cash flow (B)	-	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	40.83	40.98	48.70	48.70	53.57	86.96	67.48	52.18	51.51
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-
Share Buy Backs	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of lease liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	-	-	-	-	-	-	-	-	-	-	-	-
Financing cash flow (C)	-	-	-	-	-	-	-	-	-	-	-	-
Change in net cash (debt)(A+B+C)	-	-	-	-	-	-	-	-	-	-	-	-

Sources: HBM Healthcare Investments, CIC Market Solutions.

HBM Healthcare Investments: Balance sheet

(CHFm)	-	-	-	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
	-	-	-	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
Capital Employed	-	-	-	-	-	-	-	-	-	-	-	-
o/w Fixed assets	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation	Invalid operation
o/w Working Capital	-	-	-	-	-	-	-	-	-	-	-	-
o/w Equity - Total	-	-	-	-	-	-	-	-	-	-	-	-
o/w Net financial debt (inc. Op. lease)	-	-	-	95.59	97.07	96.03	99.16	97.27	104.35	145.56	145.61	92.42
o/w Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Net financial debt (ex. Op. lease)	-	-	-	95.59	97.07	96.03	99.16	97.27	104.35	145.56	145.61	92.42

Sources: HBM Healthcare Investments, CIC Market Solutions.

HBM Healthcare Investments: Ratios

	-	-	-	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
	-	-	-	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
CAPEX / Revenues (%)	-	-	-	-	-	-	-	-	-	-	-	-
CAPEX / Depreciation & amort. (%)	-	-	-	-	-	-	-	-	-	-	-	-
Working capital / Revenues (%)	-	-	-	-	-	-	-	-	-	-	-	-
Net debt* / Total Equity (%)	-	-	-	-	-	-	-	-	-	-	-	-
NFD* / EBITDA adj. (x)	-	-	-	-	-	-	-	-	-	-	-	-
NFD* / (EBITDA-CAPEX) (x)	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA / Financial expense (x)	-	-	-	-	-	-	-	-	-	-	-	-
LT fin. debt (excl. leases)/Tot. fin. debt (%)	-	-	-	-	-	-	-	-	-	-	-	-
ROE (% , Adjusted NP/ Shareholders' Eq.)**	-	-	-	-	-	-	-	-	-	-	-	-
ROCE post-tax (% , Adjusted EBITA/CE)**	-	-	-	-	-	-	-	-	-	-	-	-
o/w EBIT / Sales (%)	-	-	-	-	-	-	-	-	-	-	-	-
o/w Sales / CE (x)	-	-	-	-	-	-	-	-	-	-	-	-
o/w corporate tax rate (%)	-	-	-	-	-	-	-	-	-	-	-	-

Sources: HBM Healthcare Investments, CIC Market Solutions, * including operating leases, ** one year average.

HBM Healthcare Investments: Enterprise Value and Market Capitalisation

	-	-	-	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A
	-	-	-	31/12/16	31/12/17	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24
EV / Sales (x)	-	-	-	-	-	-	-	-	-	-	-	-
EV / EBITDA (x)	-	-	-	-	-	-	-	-	-	-	-	-
EV / EBIT (x)	-	-	-	-	-	-	-	-	-	-	-	-
P / E (x)	-	-	-	-	-	-	-	-	-	-	-	-
P / B (x)	-	-	-	0.6	0.6	0.8	0.8	1.0	0.9	0.8	0.7	0.8
D / P (%)	-	-	-	7.1	6.2	5.5	4.9	3.6	4.3	4.1	4.1	4.0

Sources: HBM Healthcare Investments, CIC Market Solutions, FactSet (price data).

Clarifications on possible conflicts of interest

CIC has signed a sponsored research contract with HBM Healthcare Investments AG in accordance with the Charter of Good Practice for Sponsored Research of May 2022. Analysis partially paid for by the issuer with restricted distribution.

Has the analyst (or analysts) who prepared this report ever been employed by the issuer as manager or member of the board of directors?	No
Was this report submitted to the issuer prior to its publication?	Yes
If so, were the analysts' conclusions modified?	No

The full list of potential conflicts of interest is available [here](#)

Date	Recommendation	Target price	Price at change
12/12/2024	Buy	231.00	186.40

Sources : CIC Market Solutions, Factset (market data – closing prices)

The above table shows the history of CIC Market Solutions' changes in recommendation and target price during the twelve months prior to the publication of this report; the current analyst may or may not have covered this stock over the entire period.

Current analyst(s): Arnaud Cadart (since 13/12/2024)

Recommendation breakdown of stocks covered or distributed by CIC Market Solutions

	Stocks covered by CIC Market Solutions		Coverage with investment services	
Buy	65.3%	109	74.4%	58
Accumulate	0.0%	0	0.0%	0
Neutral	33.5%	56	24.4%	19
Reduce	0.0%	0	0.0%	0
Sell	1.2%	2	1.3%	1

Source: CIC Market Solutions

*The above table sets out the breakdown of recommendations for all stocks covered and distributed by CIC Market Solutions as at of the production date of this report. The figures in the column "Coverage with investment services" provide the breakdown for stocks for which CIC Market Solutions has supplied other investment services as per the definition given in the Article 6 paragraph 3 of Delegated regulation (EU) No. 2016/958.

The valuation and resulting investment recommendation are based on an analysis of publicly-available information at a given date, which is that indicated on the document consulted. Changes in the economic, competitive, regulatory and other environments and at the company analysed may lead to a change in this valuation and recommendation.

In accordance with the regulation, a list of all stock recommendations published in the last 12 months by CIC Market Solutions' equity research teams and by independent analysts whose research is distributed by CIC Market Solutions is available [here](#).

Production date: 13/12/2024 - 09:05

First distribution date: 13/12/2024 - 09:05

Valuation method and ESG Approach

CIC's recommendation system is absolute. It means that each stock is rated based on the total return, measured by the upside/downside potential (including dividend payments and share buybacks) over a **12-month horizon**.

The recommendation and target price fixed by an analyst on a given stock are correlated, but not entirely, as the analyst may include qualitative elements in the recommendation, such as market and earnings volatility, specific short-term news flow, M&A scenarios, or other subjective elements.

Meaning of each recommendation or rating:

Buy: the stock is expected to generate a total return of over 15% during the next 12 months;

Accumulate: the stock is expected to generate a total return of 5% to 15% during the next 12 months;

Neutral: the stock is expected to generate a total return of -5% to +5% during the next 12 months;

Reduce: the stock is expected to generate a total return of -5% to -15% during the next 12 months;

Sell: the stock is expected to generate a total return below -15% during the next 12 months;

Rating suspended: the rating is suspended due to a capital transaction (takeover bid, SPO, etc.) or a change of analyst;

Not rated: there is no rating for a stock when a company is being floated or prior to initiation of coverage.

Under the ESN framework, CIC favours three recommendations: Buy, Neutral and Sell.

CIC Market Solutions uses five valuation methods in its research:

DCF: The discounted cash flow method involves determining the present value of future cash flows. It uses a model based on estimates built around a number of different assumptions. We discount the sum of future cash flows using the weighted average cost of capital. This represents the company's cost of debt and the cost of equity, as estimated by the analyst, weighted in relation to the proportion of each in the company's funding.

Peer comparison: This method involves comparing the company's multiples to those of a sample of companies operating in the same field or having a similar profile (the "peers"). The average multiple of the sample is taken as a benchmark. The analyst may apply a premium or a discount depending on his or her view of the company (growth outlook, level of profitability, etc.)

Sum of the parts: This method involves carrying out separate valuations for each of the company's different businesses, on the basis of methods deemed appropriate for each business, and then adding them together.

NAV: The net asset value is used to estimate the fair market value of assets recognized on a company's balance sheet, on the basis of methods deemed appropriate for each of them.

Return to average: We may apply the method in which we determine the present value based on the expected return to average normative multiples x normative earnings (return to normal, mid-cycle), with respect to companies that we consider have strong visibility on their business and that are temporarily operating below their normative earnings capacity.

NB: For all the above methods, the shares are valued after carrying out a clean-up of liabilities (hybrid securities, provisions, off-balance sheet commitments, seasonality of activity, etc.).

CIC includes extra-financial analysis (ESG) in its valuations either through its forecasts, or through the risk premium in the case of DCF valuations, or through an absolute premium or discount, or according to the stock's quality relative to its competitors when we apply methods involving multiples.

ESG Approach



ISS ESG Corporate Rating Report gives an absolute ESG Rating and relative rankings among an industry classification defined by ISS. The absolute rating scale ranges from D- to A+ (best rating score) and has 12 possible outcomes. The Decile Rank provides insight into how companies perform compared to their peers. It indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 10 (worst-company's rating is in the tenth decile within its industry) to 1 (best-company's rating is in the first decile within its industry).

In ESG Corporate Rating Report, ISS publishes an "Opinion" giving a qualitative summary and explanation of the central rating results in three dimensions, based on ESG criteria, as defined hereafter:

- « Sustainability Opportunities »: Provides an assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- « Sustainability Risks »: Provides a summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its industry's key issues.
- « Governance Opinion »: Provides an overview of the company's governance structures and measures and the quality and efficacy of policies regarding its ethical business conduct.

ISS ratings and comments are rendered in the original language without any modifications by CIC Market Solutions and do not incur CIC Market Solutions' liability.

Global Research

François Duhon	Head of Global Research	+33 1 5348 8102	francois.duhon@cic.fr
----------------	-------------------------	-----------------	-----------------------

Equity Research

Alexandre Gérard, CFA	Head of Equity Research	+33 1 5348 8093	alexandre.gerard@cic.fr
Arnaud Cadart	Healthcare	+33 1 5348 8084	arnaud.cadart@cic.fr
Pierre Chédeville	Banks & Insurance	+33 1 5348 8097	pierre.chedeville@cic.fr
Emmanuel Chevalier	Media / Renewable energies / Small & Mid Caps	+33 1 5348 8072	emmanuel.chevalier@cic.fr
David Da Maia	Luxury Goods / Capital Goods	+33 1 5348 8936	david.damaia@cic.fr
Dominique Descours	Automobile & Parts	+33 1 5348 8112	dominique.descours@cic.fr
Christian Devismes	Consumer Goods / Retail / Travel & Leisure / Services	+33 1 5348 8085	christian.devismes@cic.fr
Hervé Drouet	Aerospace & Defence	+33 1 5348 2345	herve.drouet@cic.fr
Ebrahim Homani	Building Materials & Construction	+33 1 5348 8094	ebrahim.homani@cic.fr
Jean-Christophe Lefèvre-Moulenq	Building Materials & Construction	+33 1 5348 8065	jeanchristophe.lefevremoulenq@cic.fr
Eric Lemarié	Electricals / Construction / Infrastructure	+33 1 5348 6425	eric.lemarie@cic.fr
Arnaud Palliez	Energy / Utilities / Holding	+33 1 4181 7424	arnaud.palliez@cic.fr
Alexandre Plaud	Technology	+33 1 5348 8090	alexandre.plaud@cic.fr
Francis Prêtre	Food & Beverage / Capital Goods	+33 4 7560 2473	francis.pretre@cic.fr
Eric Ravary	Media / Telecoms	+33 1 5348 8071	eric.ravary@cic.fr
Jean-Luc Romain	Energy / Services / Chemicals	+33 1 5348 8066	jeanluc.romain@cic.fr
Virginie Royère, CFA	Food & Beverage	+33 1 5348 7652	virginie.royere@cic.fr

Economy & Strategy

François Duhon	Chief Economist and Strategist	+33 1 5348 8102	francois.duhon@cic.fr
Benoit Rodriguez	Head of Economic Research	+33 1 5348 8099	benoit.rodriguez@cic.fr
Eric Baron	Head of Financial Markets Research	+33 1 5348 8096	eric.baron@cic.fr
Emmanuelle Thollon-Pommerol	Credit Strategist	+33 1 5348 8043	emmanuelle.thollonpommerol@cic.fr
Marie Birg	Economist	+33 1 5348 7679	marie.birg@cic.fr
Gabriel Corbassière	Economist	+33 1 5348 2559	gabriel.corbassiere@cic.fr
Anne-Lise Cornen	Economist	+33 1 5348 8184	annelise.cornen@cic.fr
Adrien Régnier-Laurent	Economist	+33 1 5348 8042	adrien.regnierlaurent@cic.fr
Nicolas Bouthors, CFA	Financial Markets Strategist	+33 1 5348 6042	nicolas.bouthors@cic.fr
Maxime Garcia	Financial Markets Strategist	+33 1 5348 8101	maxime.garcia@cic.fr

Technical Analysis

Eva Bellin	Head of Technical Analysis	+33 1 5348 8100	eva.bellin@cic.fr
Fabrisa Tassin	Technical Analysis	+33 1 5348 6071	fabrisa.tassin@cic.fr

Sustainable Development Research

Françoise Etienne	Head of Sustainable Development Research	+33 1 5348 8113	francoise.etienne@cic.fr
Nicolas Haese	Head of Sustainable Development Research	+33 1 5348 2286	nicolas.haese@cic.fr
Eva Zarbo	Sustainable Development Analyst	+33 1 5348 8302	eva.zarbo@cic.fr

Equity Sales

Yves Monrique	Head of Equity Sales & Trading	+33 1 4016 2669	yves.monrique@cic.fr
Franck Binazet	Deputy Head of Equity Sales	+33 4 7865 2444	franck.binazet@cic.fr
Frédéric Ballassé	France	+33 1 4016 2617	frederic.ballasse@cic.fr
Frédéric Benizri	United Kingdom, Switzerland, France	+33 1 4596 5352	frederic.benizri@cic.fr
Ségolène Bergeron	France, Belgium	+33 1 4016 2621	segolene.bergeron@cic.fr
François Lannes	France, Luxembourg	+33 4 7865 2444	francois.lannes@cic.fr
Jean-Yves Niel	France	+33 4 7865 2445	jeanyves.niel@cic.fr
Simon Pin	France	+33 1 4016 2705	simon.pin@cic.fr
Benoît Rabant	France	+33 1 4016 2635	benoit.rabant@cic.fr
Alain Ridon	France	+33 1 4016 2697	alain.ridon@cic.fr
Fabien Ségal	France	+33 1 4016 2657	fabien.segal@cic.fr
Mikael Vasmant	United Kingdom, Italy	+33 1 4016 2700	mikael.vasmant@cic.fr
Judith Vrignon	Switzerland	+33 4 5075 9539	judith.vrignon@cic.fr
Carole Wallenborn	France, Germany	+33 1 4016 2691	carole.wallenborn@cic.fr
Sophie Zussy	France	+33 1 4016 2642	sophie.zussy@cic.fr
David Benichou	Unites States	+1 212 659 6250	david.benichou@cic.eu
Alex Englese	Unites States	+1 212 659 6250	alex.englese@cic.eu
Victor Gubian	Unites States	+1 212 659 6250	victor.gubian@cic.eu

Fixed Income Sales

Sonja Prieur	Head of Fixed income Sales	+33 1 4016 2611	sonja.prieur@cic.fr
Jean-Christophe Verlodt	Deputy Head of Fixed income Sales	+33 1 4016 2624	jeanchristophe.verlodt@cic.fr
Christophe Berger	France	+33 1 4016 2662	christophe.berger2@cic.fr
Patrick San Andres	France	+33 1 4016 2619	patrick.sanandres@cic.fr
Olivier Battiston	Europe	+33 1 4016 2647	olivier.battiston@cic.fr
Philippe Belan	Europe	+33 1 4016 2602	philippe.belan@cic.fr
Samuel Holderness	Europe	+33 1 4016 2693	samuel.holderness@cic.fr
Joelle Mamola	Europe	+33 1 4016 2605	joelle.mamola@cic.fr

Credit Desk Analysts

Martin Gicquiau, CFA	Credit Desk Analyst	+33 1 4181 7349	martin.gicquiau@cic.fr
Marc Gontran	Credit Desk Analyst	+33 1 5348 3786	marc.gontran@cic.fr
Stéphane Leandri, CFA	Credit Desk Analyst	+33 1 5348 8041	stephane.leandri@cic.fr



Members of ESN (European Securities Network LLP)



CIC (Crédit Industriel et Commercial)
 61 rue Taitbout
 75009 Paris
 France
 Phone: +33 1 53 48 81 93



Caixa-Banco de Investimento
 Avenida João XXI, 63
 1000-300 Lisboa
 Portugal
 Phone: +351 21 389 68 00



Banca Akros S.p.A.
 Viale Eginardo, 29
 20149 Milano
 Italy
 Phone: +39 02 43 444 389



GVC Gaesco Valores, SV, SA
 C/- Fortuny 17
 28010 Madrid
 Spain
 Phone: +34 91 436 7813

Disclaimer

CIC Market Solutions is a brand of CIC (Crédit Industriel et Commercial), a credit institution authorised by French prudential authority ACPR (Autorité de Contrôle Prudentiel et de Résolution) and an entity of Crédit Mutuel Alliance Fédérale. CIC is a member of the European Securities Network (ESN) and supervised by the ACPR and the French market regulator AMF (Autorité des Marchés Financiers).

CIC has implemented an organisation and procedures (or Chinese Wall) aimed at guaranteeing the independence of financial analysts and the primacy of clients' interests. In particular, financial analysts are expressly forbidden from trading financial instruments on their own behalf directly with issuers and on the sectors they follow.

Neither CIC nor its affiliates (or their directors and employees) can be held liable for the proper and complete transmission of this document or any delay in its receipt. Any unauthorised use, disclosure, reproduction or distribution of the present document is strictly forbidden.

The information and explanations in the present document are expressions of an opinion; they are given in good faith, but are subject to change without notice.

The views expressed in this research report accurately reflect the research analyst's personal views about the subject securities and issuers.

The valuation and resulting investment recommendation are based on an analysis of publicly-available information at a given date, which is that indicated on the document consulted. Changes in the political, economic, competitive, and regulatory environment, in particular, and at the company analysed may lead to a change in this valuation and recommendation without any obligation for CIC to update the present document or inform the recipients in this respect.

Unless otherwise specified in the research report, no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

The present document may not be reproduced in whole or in part or passed to third parties without permission. The present document has been prepared and published by CIC. The information herein was obtained from various sources.

CIC and its affiliates (and any director, officer or employee thereof) do not guarantee its accuracy or completeness, and neither CIC nor its affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions.

Neither the information contained in the present document nor any opinion expressed herein constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any kind of financial instrument. CIC and its affiliates (and their directors and employees) can provide investment or related services or seek mandates to provide investment or related services to companies or individuals or other entities mentioned in the present document.

The present document is prepared solely for the clients of CIC and its affiliates. It does not have regard to the specific investment objectives, financial situation or particular needs of any specific person who may receive it. Making an investment decision solely on the basis of this document is not advised. Investors should seek advice from external experts, notably financial, legal, tax advisers, accountants and other specialists, regarding the appropriateness of any investments with respect to their management objectives and constraints and should understand that opinions regarding future prospects may not be realised.

Investors should note that income from these securities may fluctuate and the price of the securities may rise or fall. Accordingly, investors may receive less than their original investment. Past performance is no guarantee of future results.

Foreign currency exchange rates may adversely affect the value, price or income of any security or financial instrument mentioned in the present document. Moreover, investors in securities such as American Depositary Receipts (ADR), whose value varies according to the currency of the underlying security, effectively assume currency risk.

In the event that the present document has been ordered by the issuer, this information is mentioned in the list of potential conflicts of interest.

This research is intended solely for internal use by the recipient, except with CIC's prior consent.

This document is destined for clients classified as "professional" or "eligible counterparties" as defined in Directive 2014/65/EU ("MiFID 2"). If a "retail" client within the meaning of said Directive were to gain possession of research containing an investment recommendation on or valuation of a security, they should not base their future investment decisions solely on the basis of the said document but should consult their own advisers.

CIC and M.M. Warburg & CO have entered into a cooperation agreement in the field of investment banking to extend the range of services offered to corporates and investors in Germany, France and in North America. This cooperation begins with investment research services, ECM and brokerage activities.

If you have received this document in error, please destroy it or notify us immediately at analyse-ms@cic.fr

For any additional information or a specific disclaimer, please consult the CIC Market Solutions website: www.cic-marketsolutions.eu

