

29 January 2014

Europe | Poland | Biotechnology

Update

BUY

PT: PLN 27.30

Overview

Industry:	Biotechnology
Country:	Poland
ISIN:	PLPHRMN00011
Reuters:	PHR.WA
Bloomberg:	PHR.PW
Website:	pharmena.com.pl

Last price:	16.91
	Max Min
Price 52 weeks:	19.39 6.98
Market cap (PLNm)	148.72
Number of shares (m)	8.80
Average volume (shares)	2,351

Shareholder structure

Grupa Pelion S.A.	45.90%
Jerzy Gębicki	9.61%
KIPF Sp. z o.o	6.91%
Konrad Palka	6.25%
Max Welt Holdings Ltd.	5.21%
Free float	26.12%

Performance

4 weeks	-5.71%
13 weeks	55.81%
26 weeks	83.13%
52 weeks	135.71%
YTD	-7.30%

Dividend

	PLN	in %
2009	0.05	0.27%
2010	0.01	0.06%
2011	0.05	0.27%
2012	0.10	0.59%

Analysts

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Pharmena S.A.

9M/13 results were a positive surprise

- In 2013, Pharmena successfully conducted studies on the bioavailability of the innovative 1-MNA drug against atherosclerosis and initiated tests on patients, which are supposed to confirm the effectiveness and lack of undesired side effects of it at higher doses. The studies, which are conducted in Canada by the subsidiary Cortia Corporation together with the renowned Montreal Heart Institute, are supposed to be completed by the end of the current year.
- We think that despite a strong share price appreciation the market is still not fully discounting the fair value of Pharmena. The market potential of the 1-MNA drug is enormous: in a situation, where all competitive drugs will lose patent protection in 2016 at the latest, the segment of dyslipidemia is valued at USD 42bn. In addition, the segment of non-steroid anti-inflammatory drugs, which is another area of application for the 1-MNA drug, may be worth even USD 10.6bn. For its substance, Pharmena has patent protection in Europe, North America and Asia until 2025-2026 (for oral use), which makes it very interesting for large pharma companies.
- For 9M/13, Pharmena reported consolidated revenues of PLN 10.8m (+63%). The significant growth y-o-y mainly resulted from marketing activities and new products. While the activity relating to the sale of dermocosmetics and the dietary supplement Dermena Complex was profitable on all levels, consolidated EBIT (PLN -0.6m) and net profit (PLN -1.7m), which accounts for the costs of research on the 1-MNA drug and dietary supplement, were negative. In 9M/13, the Group's net cash position increased by PLN 8.3m to PLN 11.5m, which resulted from a share issue worth PLN 12.8m net in June. We expect that after the permit has been granted for the distribution of the 1-MNA dietary supplement in Europe, Pharmena's consolidated results will gradually improve.
- Due to positive news relating to the research on the 1-MNA drug, lower WACC and higher forecasts after a solid 9M/13, we have increased our 12-months price target (70% SOTP, 30% peer group) from PLN 18.15 to PLN 27.30. As there is a failure risk in all biotech projects, we have accounted for a 20% discount in the valuation of the 1-MNA drug.

in PLNm	2010 (entity)	2011 (consol.)	2012 (consol.)	2013E (consol.)	2014E (consol.)	2015E (consol.)
Revenues	7.70	7.40	9.13	12.77	17.64	27.85
EBITDA	0.05	-2.29	-2.87	-1.51	-0.67	2.56
EBIT	-0.07	-2.41	-3.01	-1.66	-0.88	2.23
Net income	0.12	-2.90	-4.10	-1.55	-0.90	1.63
EPS	0.02	-0.46	-0.58	-0.18	-0.10	0.19
Tangible BVPS	2.54	1.06	1.08	2.09	1.89	1.97
RoE	0.77%	-23.74%	-46.93%	-10.78%	-4.78%	8.91%
EBIT margin	-0.87 %	-32.63 %	-33.00 %	-13.00 %	-5.00 %	8.00 %
P/E	854.76	neg	neg	neg	neg	90.97
P/Tangible BVPS	6.65	16.02	15.65	8.10	8.97	8.58
EV/EBITDA	2584.10	neg	neg	neg	neg	53.44

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1 Company profile

Pharmena S.A., which is a company that is active in the cosmetics and biotech industry, was founded in November 2002 by researchers from the Technical and Medical Universities in Lodz. The main area of activity of the Pharmena Group is the study and commercialization of innovative dermocosmetics, anti-atherosclerotic drugs as well as dietary supplements, which are based on the physiological and natural active substance 1-MNA. Pharmena S.A. has been listed on the NewConnect market since 2008 and currently employs 15 people (10 in sales, 5 in administration department).

2 SWOT Analysis

Strengths

- Pharmena S.A. is a leading Polish cosmetics and biotech company; as the only ones on the market all of Group's products comprise the 1-MNA substance and are protected by patents in Europe, North America and Asia until min. 2020
- Pharmena S.A. has strong shareholders comprising two strategic as well as financial investors
- Drug 1-MNA is very promising due to the fact that it is based on a physiological and natural substance and does not have side effects
- Pharmena S.A. co-operates with leading research centers in Poland and abroad
- Dermena is a leader on the Polish market for dermocosm. Hair Care in terms of the number of sold packages
- 65% of Pharmena's costs are variable
- Dermocosmetic products (currently 34) are sold in pharmacies and drugstores; Company co-operates with the largest drug distributors in Poland, meaning Neuca, Pelion as well as Farmacol
- No interest-bearing debt; at the end of September 2013 net gearing amounted to -59.7%

Opportunities

- The global market for dyslipidemia, which Pharmena targets with the drug 1-MNA, is worth USD 42bn; the market for non-steroid anti-inflammatory drugs, which is another area of application for the 1-MNA substance and for which the company already has patent protection in Europe, is worth USD 10bn according to BCC Research
- Worldwide expiration of patent protection for most of key therapies against dyslipidemia
- Market introduction of the anti-atherosclerotic drug 1-MNA or sale to one of the global pharma companies in 2015; similar drugs, which have been sold after completion of Phase II, were worth several hundred million dollars
- Market introduction of new dermocosmetics; sales based on license agreements in other European markets
- Market for dermocosmetics in Poland is worth PLN 967m, and in Europe USD 5bn; in 2006-2011, it grew in Poland by 16.2% y-o-y on average
- Diversification of distribution channels e.g. drugstores through the Rossmann chain since Q1/12; start of co-operation with additional customers
- Sales of dietary supplement 1-MNA from 2014; Pharmena's target is to gain a 12% market share (c. PLN 36m)

Weaknesses

- Pharmena S.A. is a small company and has limited financial capabilities
- The NewConnect segment, in which Pharmena is listed, is characterised by low liquidity
- As until 2010 Pharmena had co-shareholders at Cortria Corp. (Domain Associated, MVM Science), it will have to lower the value of the project by USD 100m if it commercializes or sells the drug 1-MNA to a strategic investor
- In 2012, 64% of Pharmena's sales stemmed from three distributors
- Pharmena does not directly control the manufacturing process of its products; moreover the Group outsources auditing, logistics and research on new products
- So far, Pharmena S.A. has generated almost all of its sales in Poland
- In 2009, Phase II of research on 1-MNA drug was completed without success
- The admission process for distribution of the 1-MNA dietary supplement in Europe was not completed in 2013 as planned

Threats

- Change of regulations
- Increasing competitive pressure
- Risks relating to disruptions of the production process
- Risks relating to registration of dietary supplement and the new 1-MNA drug; prolongation of registration or failure to receive a permit could very negatively affect Pharmena Group's results
- Loss of key employees
- Risks relating to protection of patents and intellectual property rights
- Risks relating to share issues and dilution of existing shareholders

3 Valuation

Our valuation of Pharmena S.A. is a weighted average of the Sum-of-the-Parts method (70%) – operations relating to dermocosmetics and dietary supplements as well as research project drug 1-MNA – and peer group (30%). Our 12-months price target for the Group's shares equals PLN 27.30 (SOTP PLN 30.64; peer group PLN 7.76), which implies an upside of 61.4% at present.

Dermocosmetics and diet supplements

Discounted Cash Flow Model (Basis 1/2014)

in PLNm	Phase 1								
	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Net sales	17.64	27.85	38.88	44.99	50.08	54.13	58.13	62.05	65.88
(y-o-y change)	38.1%	57.9%	39.6%	15.7%	11.3%	8.1%	7.4%	6.7%	6.2%
EBIT	-0.88	2.23	5.64	7.80	8.68	9.33	9.96	10.57	11.16
(EBIT margin)	-5.0%	8.0%	14.5%	17.3%	17.3%	17.2%	17.1%	17.0%	16.9%
NOPLAT	-0.71	1.80	4.57	6.32	7.03	7.56	8.07	8.56	9.04
+ Depreciation & amortisation	0.21	0.33	0.47	0.54	0.60	0.65	0.70	0.74	0.79
= Net operating cash flow	-0.50	2.14	5.03	6.86	7.64	8.21	8.77	9.31	9.83
- Total investments (Capex and WC)	-2.60	-5.35	-5.01	-3.18	-2.80	-2.44	-2.45	-2.39	-2.37
Capital expenditure	-0.70	-1.35	-0.68	-0.76	-0.78	-0.83	-0.86	-0.82	-0.84
Working capital	-1.90	-4.00	-4.33	-2.41	-2.02	-1.61	-1.59	-1.57	-1.53
= Free cash flow (FCF)	-3.11	-3.21	0.02	3.68	4.84	5.77	6.32	6.92	7.46
PV of FCFs	-2.73	-2.46	0.01	2.14	2.45	2.55	2.43	2.32	2.18
PV of FCFs in explicit period	8.88								
PV of FCFs in terminal period	20.92								
Enterprise value (EV)	29.80								
+ Net cash / - net debt	11.78								
Shareholder value	41.58								
Number of shares outstanding (m)	8.80								
WACC	14.8%								
Equity costs	14.8%								
Debt costs before tax	8.0%								
Effective tax rate	19.0%								
Debt costs after tax	6.5%								
Equity ratio	100.0%								
Debt ratio	0.0%								
Fair value per share in PLN (today)	4.73								
Fair value per share in PLN (in 12 months)	5.43								

Sensitivity Analysis		Terminal EBIT margin						
		13.9%	14.9%	15.9%	16.9%	17.9%	18.9%	19.9%
WACC	11.8%	6.75	7.05	7.35	7.65	7.95	8.25	8.55
	12.8%	6.00	6.25	6.50	6.75	7.00	7.25	7.50
	13.8%	5.39	5.60	5.81	6.02	6.23	6.44	6.65
	14.8%	4.90	5.07	5.25	5.43	5.60	5.78	5.96
	15.8%	4.48	4.63	4.78	4.94	5.09	5.24	5.39
	16.8%	4.13	4.26	4.39	4.52	4.65	4.78	4.91

Source: Dr. Kalliwoda Research GmbH

Research project drug 1-MNA

We have estimated the value of drug 1-MNA, which after positive bioavailability studies is currently in Phase II of research ("Proof-of-Concept"), with the NPV method. We have assumed that Pharmena S.A. will sell the associated rights to one of the large pharma companies in 2015, thus already after completing Phase II. We have determined the sale price by using comparable transactions and the probability of success according to data from IMAP/Industry Report 2011. We have calculated the present value by discounting the estimated value to today.

According to our valuation methodology, the drug 1-MNA project is currently worth PLN 25.91 per share. Compared to February 2013 (PLN 17.96), the value increased due to a lower discount rate and a weaker USD compared to PLN.

Seller	Acquirer	Phase of research	Transaction value (USDm)	Year
Portola	Novartis	II	575	2009
Portola	Merck	II	470	2009
Corthera	Novartis	after II	620	2009
Calixa	Cubist	II	402	2009
Mean average			516.75	

Fair value drug 1-MNA	
Fair value drug 1-MNA (USDm) after completion of Phase II	516.75
minus USD 100m for ex-shareholders of Cortria Corporation	416.75
Probability of completion of Phase II	0.4330
Discount rate (WACC = 14.8%)	1.9233
Value of drug 1-MNA (USDm) today	93.82
USD - PLN	3.0364
Value of drug 1-MNA (PLNm) today	284.89
Number of shares	8.80
Value of drug 1-MNA per share (PLN)	32.39
Value of drug 1-MNA per share (PLN) with 20% discount	25.91

Source: Probability according to IMAP/Industry Report 2011, Oanda.com, Dr. Kalliwoda Research

Peer Group Analysis

Our peer group comprises 7 biotech companies with a similar profile to Pharmena S.A. Due to the Company's low liquidity the price target only weights the peer group analysis by 30%.

Company	EV/Sales		EV/EBITDA		EV/EBIT		P/E		EBITDA margin	Net gearing	P/BVPS
	2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E	2012	Latest	Latest
Neptune Technol. & Bioress. Inc. (USD)	4.03	2.82	1174.27	8.73	n.a	18.72	n.a	n.a	-34.25%	-34.76%	3.41
Oculus Innovative Sciences Inc. (USD)	1.09	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-20.10%	-135.35%	14.56
Perrigo Company (USD)	4.78	4.48	15.46	13.95	16.56	15.07	24.12	22.17	24.05%	47.28%	8.50
Salix Pharmaceuticals Ltd. (USD)	3.85	3.19	9.19	7.21	9.56	7.25	16.36	13.05	32.13%	8.10%	8.94
BioCryst Pharmaceuticals Inc. (USD)	8.01	11.26	n.a	n.a	14.12	n.a	n.a	n.a	-119.81%	-369.24%	176.49
Geron Corp. (USD)	362.51	142.11	n.a	n.a	n.a	n.a	n.a	n.a	n.a	-107.00%	9.63
BioMarin Pharmaceuticals Inc. (USD)	14.11	11.46	n.a	n.a	n.a	n.a	n.a	n.a	-11.62%	-23.61%	7.65
Median	4.78	7.87	15.46	8.73	14.12	15.07	20.24	17.61	-15.86%	-34.76%	8.94
Pharmena S.A. (PLN)	9.10	5.76	n.a	62.64	n.a	72.03	n.a	90.97	-31.48%	-59.70%	7.74
Premium/Discount	90.22%	-26.78%	n.a	617.23%	n.a	377.83%	n.a	416.55%			
Fair value Pharmena S.A. (PLN)	7.76										

Source: Dr. Kalliwoda Research GmbH, Thomson Reuters Knowledge

Price target calculation

Valuation method	Fair value	Weight
Sum-of-the-Parts (DCF + NPV)	30.64	70%
Peer group	7.76	30%
Weighted average (present value)	23.78	
in 12 months (PV * (1+WACC))	27.30	

Source: Dr. Kalliwoda Research GmbH

4 9M/13 results and forecasts

In 9M/13, Pharmena's consolidated revenues grew by 63% y-o-y to PLN 10.8m, which resulted from marketing activities and new (dermocosmetics and dietary supplement Dermena Complex). The operating and net profit, which like revenues significantly improved y-o-y both on the entity and consolidated level, were mainly impacted by a lower share of administration costs y-o-y.

Since the beginning of 2013, Pharmena has successfully completed bioavailability studies, which specify how quick and to which degree a substance is absorbed into human circulation after a single application. The results of the studies have confirmed that higher doses of the 1-MNA substance can be applied safely and allowed Pharmena to estimate the size of the 1-MNA drug doses during the Phase II study. The first of min. 64 patients planned was brought into the Phase II study on 1-MNA drug in December 2013. We expect that it will be completed by the end of 2014. The objective is to determine an effective dose of the 1-MNA drug and to confirm the lack of undesired effects with people.

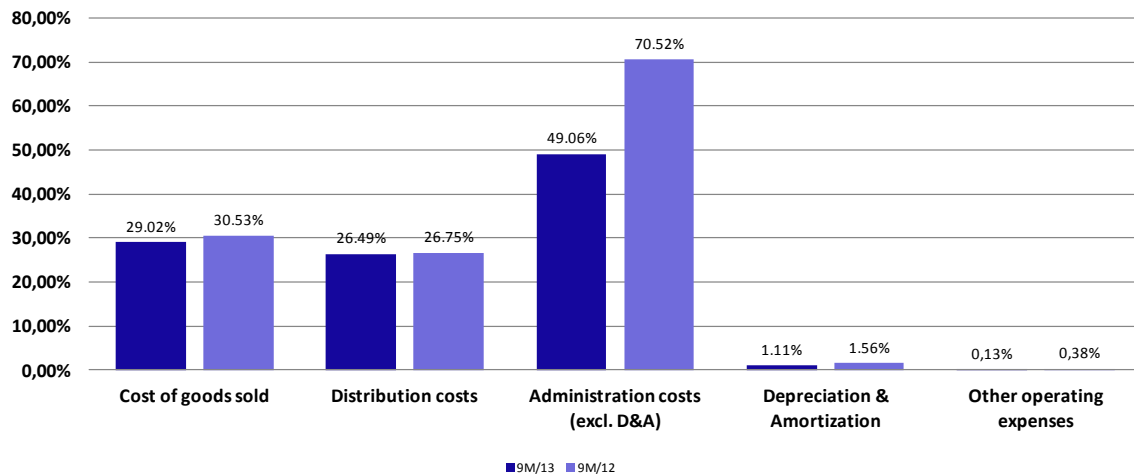
Below we present Pharmena's 9M/13 results as well as our new forecasts:

9M/13 results compared to previous year

9M/13 compared to the previous year			
in PLNm	9M/13	9M/12	change (%)
Consolidated revenues Pharmena Group	10.75	6.60	63.0%
Revenues (only Pharmena)	11.53	7.77	48.3%
EBITDA (consolid. Pharmena Group)	-0.49	-1.84	-73.4%
EBITDA margin	-4.6%	-28.0%	
EBITDA (only Pharmena)	2.87	1.53	87.1%
EBIT (consolid. Pharmena Group)	-0.61	-1.95	-68.7%
EBIT margin	-5.7%	-29.5%	
EBIT (only Pharmena)	2.76	1.43	92.3%
Net income (consolid. Pharmena Group)	-1.70	-2.70	-37.1%
Net margin	-15.8%	-40.9%	
Net income (only Pharmena)	2.06	1.07	93.0%

Source: Company information, Dr. Kalliwoda Research GmbH

Share in total sales 9M/13 vs. 9M/12



Source: Company information, Dr. Kalliwoda Research GmbH

Changes to our forecasts 2013E-2015E

Our forecasts 2013E-2015E

in PLNm	2013E		2014E		2015E	
	new	old	new	old	new	old
Consolidated revenues	12.77	12.03	17.64	18.74	27.85	26.33
<i>thereof: Dermocosmetics Hair Care</i>	60.1%	54.4%	49.2%	33.9%	33.9%	22.0%
<i>thereof: Dermocosmetics Skin Care</i>	19.4%	19.8%	15.7%	19.7%	10.9%	19.6%
<i>thereof: Dermena Complex</i>	7.8%	8.3%	11.3%	10.7%	14.4%	15.2%
<i>thereof: Dietary supplement 1-MNA</i>	0.0%	4.2%	14.2%	26.7%	34.5%	36.5%
<i>thereof: Others</i>	12.6%	13.4%	9.6%	9.0%	6.4%	6.8%
EBITDA (consolid. Pharmena Group)	-1.51	-9.70	-0.67	-2.85	2.56	2.48
EBITDA margin	-11.8%	-80.6%	-3.8%	-15.2%	9.2%	9.4%
EBITDA (only Pharmena)	3.85	2.65	4.05	3.16	4.55	3.37
EBIT (consolid. Pharmena Group)	-1.66	-9.87	-0.88	-3.11	2.23	2.11
EBIT margin	-13.0%	-82.0%	-5.0%	-16.6%	8.0%	8.0%
EBIT (only Pharmena)	3.60	2.50	3.90	3.00	4.20	3.20
Net income (consolid. Pharmena Group)	-1.55	-8.44	-0.90	-2.95	1.63	1.29
Net margin	-12.1%	-70.2%	-5.1%	-15.7%	5.9%	4.9%
Net income (only Pharmena)	2.66	2.40	3.25	2.85	3.45	2.95

Source: Dr. Kalliwoda Research GmbH

5 Profit and loss statement

Profit and loss statement - Pharmena						
in PLNm	Fiscal year					
	2010 (entity)	2011 (consol.)	2012* (consol.)	2013E (consol.)	2014E (consol.)	2015E (consol.)
Hair Care	5.21	5.72	5.68	7.68	8.68	9.44
Skin Care	1.56	1.79	1.81	2.48	2.76	3.04
Dietary supplement Dermena Complex	0.00	0.00	0.10	1.00	2.00	4.00
Dietary supplement 1-MNA	0.00	0.00	0.00	0.00	2.50	9.60
Other revenues	0.93	1.27	1.54	1.61	1.69	1.78
Net sales	7.70	7.40	9.13	12.77	17.64	27.85
Cost of goods sold	-2.58	-2.57	-2.84	-4.60	-6.33	-9.97
Gross profit	5.13	4.82	6.29	8.17	11.31	17.88
Other operating income	0.00	0.02	0.03	0.03	0.03	0.03
Distribution costs	-2.45	-2.37	-2.40	-3.38	-8.03	-9.94
Administration costs	-2.61	-4.74	-6.75	-6.27	-3.88	-5.29
Other operating expenses	-0.01	-0.03	-0.04	-0.05	-0.10	-0.11
EBITDA	0.05	-2.29	-2.87	-1.51	-0.67	2.56
Depreciation & Amortization	-0.12	-0.12	-0.14	-0.15	-0.21	-0.33
EBIT	-0.07	-2.41	-3.01	-1.66	-0.88	2.23
Net financial results	0.26	0.19	-0.18	-0.25	-0.23	-0.21
Write-down of negative goodwill	0.00	-0.52	-0.52	0.00	0.00	0.00
EBT	0.19	-2.74	-3.71	-1.91	-1.11	2.02
Income taxes	-0.07	-0.15	-0.39	0.36	0.21	-0.38
Net income / loss	0.12	-2.90	-4.10	-1.55	-0.90	1.63
EPS	0.02	-0.46	-0.58	-0.18	-0.10	0.19
DPS	0.01	0.05	0.10	0.10	0.10	0.10
Change y-o-y						
Net sales	n.a	-3.99%	23.43%	39.90%	38.08%	57.92%
Cost of goods sold	n.a	-0.18%	10.26%	62.03%	37.70%	57.48%
Gross profit	n.a	-5.91%	30.46%	29.93%	38.30%	58.17%
Other operating income	n.a	1381.76%	93.33%	-5.00%	5.00%	5.00%
Distribution costs	n.a	-3.51%	1.65%	40.80%	137.08%	23.91%
Administration costs	n.a	81.42%	42.60%	-7.11%	-38.13%	36.39%
Other operating expenses	n.a	124.66%	34.48%	36.14%	87.35%	14.53%
EBITDA	n.a	-4423.09%	25.45%	-47.56%	-55.53%	-482.34%
Depreciation & Amortization	n.a	2.52%	13.01%	10.27%	38.08%	57.92%
EBIT	n.a	3503.99%	24.81%	-44.89%	-46.89%	-352.68%
Net financial results	n.a	-27.54%	-198.39%	36.61%	-8.00%	-8.70%
EBT	n.a	-1546.48%	35.28%	-48.53%	-41.80%	-281.52%
Income taxes	n.a	131.92%	153.59%	-193.56%	-41.80%	-281.52%
Net income / loss	n.a	-2441.37%	41.53%	-62.26%	-41.80%	-281.52%
Share in total revenues						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-33.47 %	-34.80 %	-31.08 %	-36.00 %	-35.90 %	-35.80 %
Gross profit	66.53 %	65.20 %	68.92 %	64.00 %	64.10 %	64.20 %
Other operating income	0.01 %	0.20 %	0.32 %	0.22 %	0.16 %	0.11 %
Distribution costs	-31.81 %	-31.97 %	-26.33 %	-26.50 %	-45.50 %	-35.70 %
Administration costs	-33.88 %	-64.01 %	-73.95 %	-49.10 %	-22.00 %	-19.00 %
Other operating expenses	-0.17 %	-0.39 %	-0.43 %	-0.42 %	-0.56 %	-0.41 %
EBITDA	0.69 %	-30.97 %	-31.48 %	-11.80 %	-3.80 %	9.20 %
Depreciation & Amortization	-1.56 %	-1.66 %	-1.52 %	-1.20 %	-1.20 %	-1.20 %
EBIT	-0.87 %	-32.63 %	-33.00 %	-13.00 %	-5.00 %	8.00 %
Net financial results	3.33 %	2.51 %	-2.00 %	-1.96 %	-1.30 %	-0.75 %
EBT	2.46 %	-37.10 %	-40.66 %	-14.96 %	-6.30 %	7.25 %
Income taxes	-0.86 %	-2.07 %	-4.25 %	2.84 %	1.20 %	-1.38 %
Net income / loss	1.61 %	-39.16 %	-44.91 %	-12.12 %	-5.11 %	5.87 %

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6 Balance sheet

Balance sheet - Pharmena						
	Fiscal year					
	2010 (entity)	2011 (consol.)	2012* (consol.)	2013E (consol.)	2014E (consol.)	2015E (consol.)
in PLNm						
Assets						
Cash and cash equivalents	3.31	3.00	3.20	11.93	13.74	9.27
Inventories	1.35	1.10	1.40	2.27	3.12	4.91
Trade accounts and notes receivables	2.60	1.89	2.86	3.97	5.43	8.50
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	0.38	0.48	0.80	1.12	1.55	2.44
Current assets	7.64	6.47	8.26	19.28	23.84	25.12
Property, plant and equipment	0.15	0.15	0.16	0.16	0.17	0.17
Other intangible assets	0.67	0.63	0.78	1.41	1.89	2.90
Goodwill	0.00	1.89	1.38	1.38	1.38	1.38
Long-term financial assets	7.56	0.05	0.05	0.05	0.05	0.05
Other long-term assets	0.76	0.96	0.90	1.25	1.71	2.67
Deferred tax assets	0.04	0.05	0.07	0.00	0.00	0.00
Non-current assets	9.18	3.72	3.33	4.24	5.18	7.16
Total assets	16.82	10.19	11.59	23.52	29.02	32.29
Liabilities						
Trade payables	0.29	0.88	1.64	2.60	3.51	5.41
Other liabilities	0.37	0.57	0.73	1.03	1.42	2.24
Short-term financial debt	0.05	0.05	0.06	0.07	0.08	0.08
Pension provisions	0.00	0.03	0.03	0.04	0.06	0.09
Current liabilities	0.71	1.53	2.47	3.74	5.06	7.82
Long-term financial debt	0.08	0.06	0.04	0.04	6.00	5.75
Deferred tax liabilities	0.12	0.11	0.10	0.00	0.00	0.00
Long-term liabilities	0.20	0.17	0.14	0.04	6.00	5.75
Total liabilities	0.91	1.69	2.61	3.78	11.06	13.57
Shareholders equity	15.91	8.50	8.98	19.74	17.96	18.72
Total equity and liabilities	16.82	10.19	11.59	23.52	29.02	32.29

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7 Cash flow statement

Cash flow statement - Pharmena						
	Fiscal-year					
	2010 (entity)	2011 (consol.)	2012* (consol.)	2013E (consol.)	2014E (consol.)	2015E (consol.)
in PLNm						
Net income / loss	0.12	-2.90	-4.10	-1.55	-0.90	1.63
Depreciation & Amortization	0.12	0.12	0.14	0.15	0.21	0.33
Change of working capital	-1.07	0.51	-0.34	-1.39	-1.90	-4.00
Others	-0.25	0.56	0.25	-0.03	0.00	0.00
Net operating cash flow	-1.08	-1.71	-4.05	-2.81	-2.59	-2.03
Cash flow from investing	-3.97	-0.05	-0.22	-0.78	-0.70	-1.35
Free cash flow	-5.05	-1.76	-4.27	-3.60	-3.29	-3.38
Cash flow from financing	-0.40	-0.13	4.48	12.33	5.10	-1.09
Change of cash	-5.45	-1.89	0.20	8.73	1.81	-4.47
Cash at the beginning of the period	8.76	4.89	3.00	3.20	11.93	13.74
Cash at the end of the period	3.31	3.00	3.20	11.93	13.74	9.27

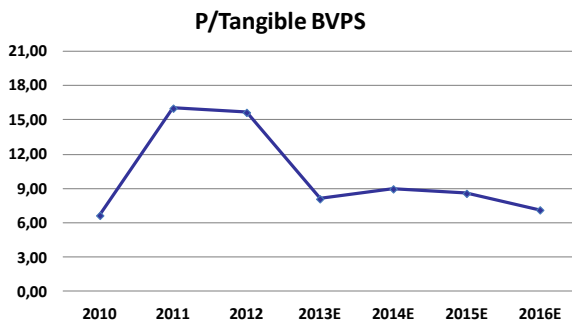
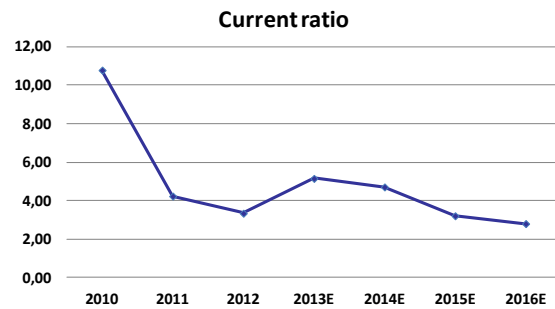
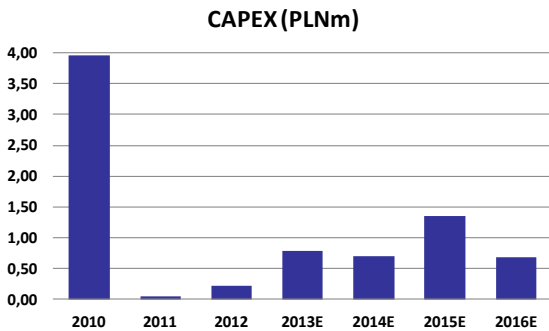
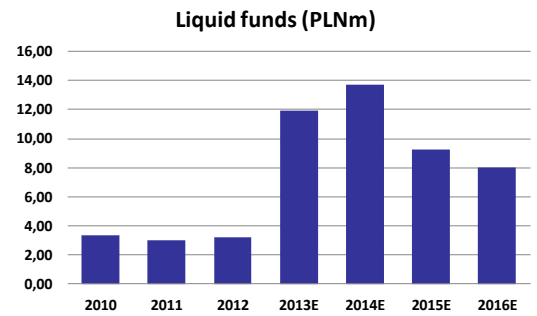
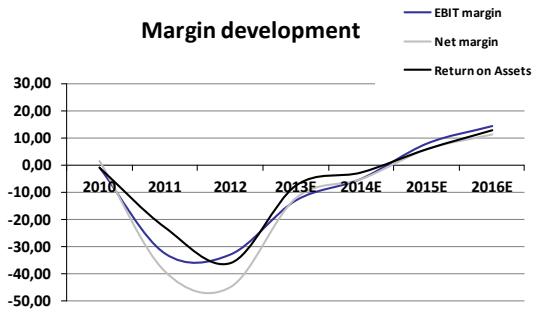
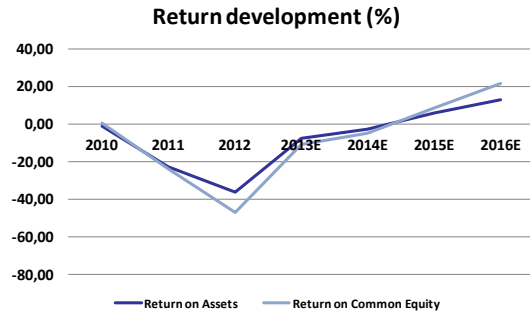
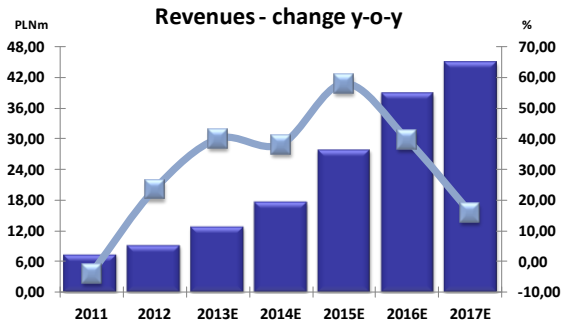
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8 Ratios

Fiscal year	2010	2011	2012	2013E	2014E	2015E	2016E	2017E
Gross margin	66.53%	65.20%	68.92%	64.00%	64.10%	64.20%	64.30%	64.40%
EBITDA margin	0.69%	-30.97%	-31.48%	-11.80%	-3.80%	9.20%	15.70%	18.54%
EBIT margin	-0.87%	-32.63%	-33.00%	-13.00%	-5.00%	8.00%	14.50%	17.34%
Net margin	1.61%	-39.16%	-44.91%	-12.12%	-5.11%	5.87%	11.35%	13.74%
Return on equity (ROE)	0.77%	-23.74%	-46.93%	-10.78%	-4.78%	8.91%	21.55%	24.86%
Return on assets (ROA)	-0.78%	-22.83%	-35.98%	-7.39%	-2.55%	6.02%	13.02%	15.24%
Return on capital employed (ROCE)	-0.27%	-29.43%	-36.48%	-6.80%	-2.98%	7.38%	16.46%	19.29%
Net debt (PLNm)	-3.18	-2.86	-3.06	-11.78	-7.61	-3.35	-2.32	-4.95
Net gearing	-19.98%	-33.68%	-34.12%	-59.67%	-42.36%	-17.89%	-10.43%	-17.99%
Equity ratio	94.57%	83.40%	77.48%	83.94%	61.90%	57.98%	57.85%	61.23%
Current ratio	10.79	4.24	3.35	5.16	4.71	3.21	2.81	2.94
Quick ratio	8.35	3.20	2.46	4.25	3.79	2.27	1.85	1.97
Net interest cover	0.26	12.98	-16.46	-6.64	-3.83	10.61	29.67	45.89
Net debt/EBITDA	-59.96	1.25	1.07	7.82	11.35	-1.31	-0.38	-0.59
Tangible BVPS	2.54	1.06	1.08	2.09	1.89	1.97	2.37	2.97
Capex/Sales	-1.69%	-26.61%	2.34%	-6.12%	-3.96%	-4.84%	-1.76%	-1.70%
Working capital/Sales	57.51%	40.31%	39.32%	38.95%	39.01%	39.06%	39.12%	39.16%
EV/Sales	17.77	18.51	15.00	10.72	7.76	4.92	3.52	3.04
EV/EBITDA	2584.10	-59.77	-47.65	-90.86	-204.32	53.44	22.44	16.42
EV/EBIT	-2044.49	-56.73	-45.45	-82.47	-155.29	61.46	24.29	17.55
P/Tangible BVPS	6.65	16.02	15.65	8.10	8.97	8.58	7.13	5.69
P/E	854.76	-36.51	-29.02	-96.10	-165.14	90.97	33.71	24.06
P/FCF	-29.46	-84.36	-34.80	-41.37	-45.17	-44.00	-1124.83	41.97

Source: Company information, Dr. Kalliwoda Research GmbH



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