

Nestmedic S.A.



Fair Value: PLN 18.80

Update

Rating: n.a.

Since its stock market debut on 28 June 2017, Nestmedic has successfully tested its device in Kenia, signed a sales agreement with a Polish distributor of medical devices as well as four Letters-of-Intent with operators of medical facilities in Poland and a telemedical center in Germany. However, the LOIs comprise technical pilots, during which the partners will have the chance to test the PREGNABIT system before signing a full-fledged contract for using the device. Thus, other than previously expected in full-year 2017E NST will likely only generate neglectable sales.

The companies, with whom NST signed the LOIs, include Medcover, a Stockholm-listed provider of hospital, diagnostic and outpatient care with c. 900k patients mainly in Poland, Germany, Romania and the Ukraine; Polmed, a listed operator of 22 medical centers throughout Poland; and BlueMedica Group that operates 12 medical centers in Warsaw, Lodz and several smaller cities such as Elblag and Lubawka. Together with the distributor Oxford Pol, the market position of these companies will allow NST to gain a strong foothold in its home market. Outside Poland, we believe that the LOI with ZTM (service and consulting center for provider-independent telehealth solutions) is an important first step into the German market, where the company should be able to generate first revenues in H2/18E. Other markets, where NST is in advanced negotiations, are Denmark and the Netherlands. We expect that other countries (incl. the US) will contribute to results only from 2019E.

Due to the above we have adjusted our model, which results in a new FV of PLN 18.80 (previously: PLN 21.70). We now expect 2017E revenues of PLN 30k (previously: PLN 1.1m), while EBIT and net income will both likely reach PLN -4.4m (PLN -4m) due to costs associated with new management board members (Romuald Harwas - CFO, Barbara Zaleska - Business Development Manager) and sales people. As we expect a higher contribution from the distribution agreements in Poland and first international sales, revenues in 2018E should grow to PLN 3.4m (previously: PLN 6m). While EBIT and net income (both PLN -2.4m / prev. PLN -2.2m) will likely remain negative due to investments in sales and staff, we expect that NST will book first PLN 1.4m from the recently granted PLN 5m subsidy for further development of its PREGNABIT device. According to management, a change to the more liquid main market of the WSE is planned by June 2018E.

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Net sales	0.00	0.03	3.42	9.90	26.19	33.92
EBITDA	-0.95	-3.78	-1.58	1.47	9.65	12.75
EBIT	-0.98	-4.41	-2.45	0.51	8.67	11.76
Net income	-1.00	-4.39	-2.42	0.55	7.07	9.57
Diluted EPS	-0.19	-0.75	-0.41	0.09	1.21	1.64
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RoE	-120.03%	-123.84%	-58.43%	17.21%	100.74%	62.42%
Net gearing	-39.05%	-88.95%	-26.97%	-3.05%	-38.34%	-61.08%
EV/Sales	neg	neg	12.50x	4.32x	1.63x	1.26x
EV/EBITDA	neg	neg	neg	29.11x	4.43x	3.35x
P/E	neg	neg	neg	86.11x	6.72x	4.96x

Company profile

Nestmedic S.A. has developed a telehealth device for pregnant women, which allows the conduct and analysis of CTG (cardiotocographic) exams. For her product, CEO Patrycja Wizinska-Socha has already received several international awards, among others from MIT Technology Review. Nestmedic works together with well-known German research facility Fraunhofer Institut.

Website	www.pregnabit.com
Sector	Telemedicine
Country	Poland
ISIN	PLNSTMD00010
Reuters	NSTP.WA
Bloomberg	NST PW

Share information

Last price	8.15
Number of shares (m)	5.83
Market cap. (PLNm)	47.50
Market cap. (EURm)	11.06
52-weeks range	PLN 17.99 / PLN 8
Average volume	3,720

Performance

4-weeks	-15.10%
13-weeks	-18.91%
26-weeks	n.a
52-weeks	n.a
YTD	-47.28%

Shareholder structure

Patrycja Wizinska-Socha (Co-Founder, CEO)	23.16%
Leonarto Sp. z.o.o	12.16%
Nestmedic ESOP Sp. z.o.o*	8.58%
Anna Skotny (Co-Founder, Manag. Director)	5.15%
Free float	50.95%

* Incentive shares for key employees

Financial calendar

Q3/17 report	November 14, 2017
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Analyst

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Recent results

Revenues and Profitability

In H1/17, Nestmedic had no revenues, an EBIT of PLN -1.7m (H1/16: PLN -238k) and net income of PLN -1.6m (PLN -261k). The largest cost position were CoGS of PLN 1m (PLN 91k), which comprise external services e.g. of outsourcing partners. Other costs included Personnel expenses of PLN 504k (PLN 128k), Depreciation and Amortization of PLN 20k (PLN 0k) and Other operating expenses incl. travel costs of PLN 83k (PLN 18k).

in PLNm	H1/17	H1/16	change (%)
Net sales	0.00	0.00	n.a
EBITDA	-1.63	-0.24	585.7%
<i>EBITDA margin</i>	<i>n.a</i>	<i>n.a</i>	
EBIT	-1.65	-0.24	594.0%
<i>EBIT margin</i>	<i>n.a</i>	<i>n.a</i>	
Net income	-1.63	-0.26	526.0%
<i>Net margin</i>	<i>n.a</i>	<i>n.a</i>	

Source: Company information, East Value Research GmbH

Balance sheet and Cash flow

As of 30 June 2017, Nestmedic had equity of PLN 8.3m, which corresponded to a share of 96.8% in the balance sheet total. While there were fixed assets of only PLN 9k as the company outsources most of work, intangibles (software, patents, licenses) equaled PLN 124k. Working capital amounted to PLN 822k. At the end of H1/17, Nestmedic had no interest-bearing debt.

Between January and June 2017, Nestmedic generated an operating cash flow of PLN -2.2m, which resulted from the net loss and investments in working capital of PLN 613k. Cash flow from investing equaled PLN -280k, while cash flow from financing amounted to PLN 8.3m following the IPO. At the end of June 2017, Nestmedic had cash of PLN 6.5m. We believe that due to the new hires the company's current monthly cash burn amounts to PLN 450k-500k (previously: PLN 150k).

We would like to emphasize that due to its very low asset base Nestmedic has limited possibilities when it comes to debt/bond financing and thus is dependent on equity capital.

Financial forecasts

Revenues and Profitability

Since June 2017, Nestmedic has successfully tested its solution at a hospital in Kenia and signed a 3-months sales agreement with Oxfod Pol Sp. z.o.o (duration from 5 October 2017 to 5 January 2018E), a Polish distributor of medical devices for gynecologists, midwives and cardiologists, as well as LOIs with four providers of medical (Medicover, Polmed, BlueMedica Group in Poland) and telehealth services (Zentrum für Telemedizinische Forschung ZTM in Germany). However, other than previously expected the company will likely only show neglectable revenues in H2/17E as the partners, with whom it signed the LOIs, want to conduct technical pilots in order to test the PREGNABIT device before signing full-fledged agreements with the company. Because of this as well as additions to the management board (Romuald Harwas – ex Finance Director of listed provider of diagnostic services Synektik S.A.; Barbara Zaleska – ex Project Leader at Boston Consulting Group) and sales team, we now estimate full-year 2017E revenues at PLN 30k (previously: PLN 1.1m) as well as EBIT and net income of PLN -4.4m (PLN -4m).

Upon successful completion of the pilots, we believe that revenues will significantly ramp up in 2018E. However, due to a slower-than-expected start in Poland and market entry in other countries (we believe that apart from Germany Nestmedic is currently in advanced negotiations with distribution partners only in Denmark and the Netherlands) we now expect revenues of PLN 3.4m (previously: PLN 6m) next year. Despite much lower revenues, EBIT and net income (both PLN -2.4m vs. PLN -2.2m) should only be slightly weaker than previously expected as in 2018E Nestmedic will likely book PLN 1.4m from the 3-year PLN 5m subsidy from the National Center for Research and Development for the development of a more advanced version of the PREGNABIT device (press release from 28 September 2017). We still believe that the company will reach the break-even on operating level in 2019E.

The following shows our assumptions when it comes to market penetration in the respective markets. For simplicity, we have assumed that every doctor and midwife will buy one PREGNABIT device. However, it is possible that especially in the most developed markets such as US Nestmedic will sell to each client several devices in the future, which would additionally increase our estimates and valuation of the company.

Country	No of women	Gynecologists and obstetricians per 100k women	Midwives per 100k women	Gynecologists and obstetricians (total)	Midwives (total)	Nestmedic's total market
Poland	19,870,559	30.8	113.5	6,120	22,553	28,673
United States	164,304,770	26.8	7.0	44,034	11,578	55,612
United Kingdom	32,374,163	22.1	105.4	7,155	34,122	41,277
Canada	17,821,254	14.3	4.5	2,548	802	3,350
Australia	11,463,518	17.7	182.3	2,029	20,898	22,927
France	34,124,393	23.6	60.3	8,053	20,577	28,630
Italy	32,116,976	40.8	55.8	13,104	17,921	31,025
Spain	24,586,050	22.8	31.6	5,595	7,769	13,364
Israel	4,067,482	40.0	162.5	1,626	6,611	8,237
Germany	41,075,041	37.6	45.5	15,444	18,689	34,133
Denmark	2,846,735	18.6	150.8	529	4,294	4,823
Netherlands	17,084,719	15.4	31.1	2,631	5,313	7,944

Source: CIA World Fact Book, OECD, midwife.org, statista.com, East Value Research GmbH

	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Poland									
Market penetration rate	0.02%	2.40%	6.35%	10.55%	14.80%	19.100%	23.70%	28.60%	33.85%
Number of new customers	6	682	1,133	1,204	1,219	1,233	1,319	1,405	1,505
Total number of customers	6	688	1,821	3,025	4,244	5,477	6,796	8,201	9,706
United States									
Market penetration rate	0.00%	0.00%	0.20%	2.40%	5.10%	8.10%	11.20%	14.40%	17.85%
Number of new customers	0	0	111	1,223	1,502	1,668	1,324	1,780	1,919
Total number of customers	0	0	111	1,335	2,836	4,505	6,229	8,008	9,927
United Kingdom									
Market penetration rate	0.00%	0.00%	0.40%	1.50%	3.40%	6.10%	9.30%	13.00%	17.20%
Number of new customers	0	0	165	454	784	1,114	1,321	1,527	1,734
Total number of customers	0	0	165	619	1,403	2,518	3,839	5,366	7,100
Canada									
Market penetration rate	0.00%	0.00%	0.20%	2.40%	6.00%	11.50%	18.20%	26.15%	35.15%
Number of new customers	0	0	7	74	121	184	224	266	302
Total number of customers	0	0	7	80	201	385	610	876	1,178
Australia									
Market penetration rate	0.00%	0.00%	0.30%	0.75%	1.80%	3.60%	6.70%	10.45%	15.55%
Number of new customers	0	0	69	103	241	413	711	860	1,169
Total number of customers	0	0	69	172	413	825	1,536	2,396	3,565
France									
Market penetration rate	0.00%	0.00%	0.58%	2.80%	5.60%	9.10%	13.80%	19.70%	26.70%
Number of new customers	0	0	166	635	803	1,002	1,346	1,689	2,004
Total number of customers	0	0	166	801	1,603	2,605	3,951	5,640	7,644
Italy									
Market penetration rate	0.00%	0.00%	0.58%	2.80%	5.60%	9.10%	13.80%	19.40%	26.70%
Number of new customers	0	0	180	689	869	1,086	1,458	1,737	2,265
Total number of customers	0	0	180	869	1,737	2,823	4,281	6,019	8,284
Spain									
Market penetration rate	0.00%	0.00%	0.58%	2.90%	5.60%	9.10%	13.80%	19.40%	26.70%
Number of new customers	0	0	78	310	361	468	628	748	976
Total number of customers	0	0	78	388	748	1,216	1,844	2,593	3,568
Israel									
Market penetration rate	0.00%	0.00%	0.35%	1.80%	3.70%	6.10%	9.10%	13.50%	19.00%
Number of new customers	0	0	29	119	157	198	247	362	453
Total number of customers	0	0	29	148	305	502	750	1,112	1,565
Germany									
Market penetration rate	0.00%	0.05%	0.35%	1.80%	3.70%	6.10%	9.10%	13.50%	19.00%
Number of new customers	0	17	102	495	649	819	1,024	1,502	1,877
Total number of customers	0	17	119	614	1,263	2,082	3,106	4,608	6,485
Denmark									
Market penetration rate	0.00%	0.20%	0.60%	1.80%	3.70%	6.10%	9.10%	13.50%	19.00%
Number of new customers	0	10	19	58	92	116	145	212	265
Total number of customers	0	10	29	87	178	294	439	651	916
Netherlands									
Market penetration rate	0.00%	0.18%	0.60%	1.80%	3.70%	6.10%	9.10%	13.50%	19.00%
Number of new customers	0	14	33	95	151	191	238	350	437
Total number of customers	0	14	48	143	294	485	723	1,072	1,509
Total new clients	6	723	2,092	5,460	6,945	8,492	10,385	12,439	14,906
Total clients	6	729	2,821	8,281	15,226	23,718	34,103	46,542	61,448

Source: East Value Research GmbH

These are our assumptions regarding prices and gross margins:

- Average price/Target gross margin per PREGNABIT device sold: PLN 4,000 / 46.5%
- Average price/Target gross margin per Subscription sold: PLN 730 / 100%
- Share of doctors and midwives renewing the subscription every 18 months: 70%

	2017E	2018E	2019E	2020E	2021E
Pregnabit device	0.03	2.89	8.37	21.84	27.78
(% of sales)	84.6%	84.6%	84.5%	83.4%	81.9%
Gross margin	45.0%	45.3%	45.6%	45.9%	46.2%
Units	6	723	2,092	5,460	6,945
Average price per unit	4,000	4,000	4,000	4,000	4,000
Subscriptions (70% renewed every 18 months)	0.00	0.53	1.53	4.36	6.14
(% of sales)	15.4%	15.4%	15.5%	16.6%	18.1%
Gross margin	100.0%	100.0%	100.0%	100.0%	100.0%
Subscribers	6	723	2,096	5,966	8,413
Average price per subscription	730	730	730	730	730
Total revenues	0.03	3.42	9.90	26.19	33.92
(change y-o-y)	n.a	11359.3%	189.5%	164.7%	29.5%

Source: East Value Research GmbH

	2017E		2018E		2019E		2020E		2021E	
in PLNm	new	old	new	old	new	old	new	old	new	old
Net sales	0.03	1.08	3.42	6.00	9.90	14.85	26.19	25.72	33.92	34.22
EBITDA	-3.78	-3.42	-1.58	-1.34	1.47	3.24	9.65	9.16	12.75	14.17
<i>EBITDA margin</i>	-12682.2%	-316.7%	-46.2%	-22.3%	14.8%	21.8%	36.8%	35.6%	37.6%	41.4%
EBIT	-4.41	-4.04	-2.45	-2.21	0.51	2.28	8.67	8.18	11.76	13.17
<i>EBIT margin</i>	-14766.9%	-374.1%	-71.6%	-36.8%	5.2%	15.4%	33.1%	31.8%	34.7%	38.5%
Net income	-4.39	-4.02	-2.42	-2.18	0.55	2.32	7.07	6.67	9.57	10.72
<i>Net margin</i>	-14699.8%	-372.2%	-70.7%	-36.3%	5.6%	15.6%	27.0%	25.9%	28.2%	31.3%

Source: East Value Research GmbH

CAPEX and Working capital

In our model, we have assumed gross CAPEX of PLN 3.5m (previously: PLN 3.5m) in 2017E-2019E, which in our opinion will mainly increase intangibles as Nestmedic outsources production to third parties. We have forecast that working capital will grow by PLN 1.9m in 2017E-2019E, when the production will ramp up, and will amount to >21% of total sales in the long run (cash conversion cycle of 60 days). As Nestmedic also uses an external warehouse, there will be no inventories visible on its balance sheet.

Valuation

Due to the company's early-stage character we have decided to value Nestmedic by using a DCF approach only. This results in a fair value per share of PLN 18.80 (previously: PLN 21.70).

DCF model

in PLNm	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E			
Net sales	0.03	3.42	9.90	26.19	33.92	43.21	53.42	65.31	78.82			
(y-o-y change)	n.a	n.a	189.5%	164.7%	29.5%	27.4%	23.6%	22.3%	20.7%			
EBIT	-4.41	-2.45	0.51	8.67	11.76	17.21	22.23	28.34	34.11			
(operating margin)	n.a	-71.6%	5.2%	33.1%	34.7%	39.8%	41.6%	43.4%	43.3%			
NOPLAT	-4.41	-2.45	0.51	7.03	9.52	13.94	18.01	22.95	27.63			
+ Depreciation & amortisation	0.62	0.87	0.96	0.98	1.00	1.02	1.04	1.06	1.08			
= Net operating cash flow	-3.78	-1.58	1.47	8.00	10.52	14.96	19.05	24.01	28.71			
- Total investments (Capex and WC)	-0.82	-2.42	-2.19	-4.10	-2.32	-2.01	-3.06	-3.54	-5.81			
Capital expenditure	-0.90	-1.67	-0.96	-0.98	-1.00	-1.02	-1.04	-1.06	-1.08			
Working capital	0.08	-0.75	-1.23	-3.12	-1.32	-0.99	-2.02	-2.48	-4.72			
= Free cash flow (FCF)	-4.60	-4.00	-0.72	3.90	8.20	12.95	15.98	20.47	22.90			
PV of FCFs	-4.27	-3.23	-0.51	2.38	4.35	5.98	6.42	7.15	6.96			
PV of FCFs in explicit period	25.25											
PV of FCFs in terminal period	65.32											
Enterprise value (EV)	90.58											
+ Net cash / - net debt (31 December 2017)	4.76											
+ investments / - minorities	0.00											
Shareholder value	95.33											
Number of shares outstanding (m)	5.83											
						Terminal EBIT margin						
WACC	15.0%					40.3%	41.3%	42.3%	43.3%	44.3%	45.3%	46.3%
Cost of equity	15.0%	11.0%	31.01	31.60	32.19	32.78	33.36	33.95	34.54			
Pre-tax cost of debt	10.0%	12.0%	26.64	27.14	27.63	28.12	28.61	29.10	29.59			
Normal tax rate	19.0%	13.0%	23.14	23.55	23.97	24.38	24.79	25.21	25.62			
After-tax cost of debt	8.1%	14.0%	20.28	20.63	20.98	21.33	21.68	22.03	22.39			
Share of equity	100.0%	15.0%	17.90	18.20	18.50	18.80	19.11	19.41	19.71			
Share of debt	0.0%	16.0%	15.91	16.17	16.43	16.68	16.94	17.20	17.46			
Fair value per share in PLN (today)	16.36	17.0%	14.21	14.44	14.66	14.89	15.11	15.34	15.56			
Fair value per share in PLN (in 12 months)	18.80											

Source: East Value Research GmbH

Peer Group

The following list includes telehealth companies, which are listed in Poland, as well as international providers of telemedical solutions for electrocardiotocography.

Polish telehealth companies:

- (1) *Medicalgorithmics S.A.:* Medicalgorithmics (MDG), which is based in Warsaw/Poland, is a producer and supplier of innovative technologies in the area of distant cardio-diagnostics. The company focuses on distant monitoring and analysis of the heart based on a proprietary technology called PocketECG. Apart from cardiac telemetry, the system is also used in clinical trials on drugs relating to cardiac safety as well as research projects. Medicalgorithmics is listed on the Warsaw Stock Exchange. In fiscal-year 2016, it generated sales of PLN 127.9m and an EBIT margin of 36.4%. MDG's current market capitalization is PLN 700m.
- (2) *BRASTER S.A.:* BRASTER, which is based in Warsaw/Poland, has developed a telehealth device that allows non-invasive early-stage detection of breast cancer. In 2016, it generated sales of PLN 427k and an EBIT of PLN -14.7m. BRA's current market capitalization is PLN 71.5m.
- (3) *Telemedycyna Polska S.A.:* Telemedycyna Polska, which is headquartered in Katowice/Poland, is a Polish leader in the area of telesurveillance of cardiology patients. The company owns a Center for Monitoring of the Heart with experienced doctors from the area of non-invasive cardiology diagnostics. Telemedycyna Polska specializes in 24/7 cardiologic treatment and ECG exams online and by phone. In 2016, the company had revenues of PLN 5.4m and an EBIT margin of 0.5%. Telemedycyna's current market capitalization is PLN 11.1m.
- (4) *InfoSCAN S.A.:* InfoSCAN, which is based in Warsaw/Poland, has been active in the area of telemedicine since 2007. As the first one in Poland, the company provides description of breath problems during sleep. It works together with c. 30 clinics and doctors in Poland, which are already using its services in their daily work. Moreover, the company co-operates with leading scientific facilities in Poland e.g. Medical University in Warsaw, Marie-Curie University in Lublin, Military Technical Academy and Medical Institute. In 2016, InfoSCAN generated revenues of PLN 76k and an EBIT of PLN -1.4m. Infoscan's current market capitalization is PLN 29.4m.

Providers of CTG telehealth solutions:

- (1) *Comarch S.A.*: Comarch, which is based in Krakow/Poland, is a Polish IT company. The company, which in 2016 generated 49.7% of its total sales abroad, targets its software at small and large companies, Telecommunication, Healthcare, Banking and Public sectors. It also distributes telehealth solutions, among others a CTG device. In 2016, Comarch generated revenues of PLN 1.1bn and an EBIT margin of 10.5%. Currently, the company has a market cap of PLN 1.4bn.
- (2) *Koninklijke Philips NV*: Royal Philips, which is based in Amsterdam/Netherlands, is a world leader in health technology. In the area of telehealth services for pregnant women, the company, which in 2016 generated revenues of EUR 25.6bn, offers a mobile app called Philips Mobile Obstetrics Monitoring (MOM), which allows midwives to collect data such as weight, blood pressure and temperature from physical examinations and tests and upload it onto the central Mobile Obstetrical Monitoring server, where it can be remotely analyzed by obstetricians and gynecologists. Royal Philips has a current market capitalization of EUR 32.9bn.
- (3) *RxBox*: The RxBox device is offered in the Philippines to rural population with the objective to reduce child mortality and improve maternal health. It is a project of the Department of Science and Technology (DOST), the University of the Philippines Manila – National Telehealth Center (UP-NTHC), University of the Philippines Diliman – College of Engineering, DOST - Advanced Science and Technology Institute and the Department of Health (DOH). RxBox aims to provide geographically isolated and disadvantaged areas a medical device that can be used for diagnostic procedures as well as an Electronic Medical Record (EMR), which can be utilized for the storage and referral of clients' medical records. The device is composed of six medical sensors, which include a Cardiotocograph (CTG), Fetal Heart Rate Monitor, Electrocardiogram (ECG), Blood Pressure Monitor, Pulse Oxymeter, and a Temperature sensor.
- (4) *Advanced Maternity Innovations LLC*: Advanced Maternity Innovations (AMI), which is based in Houston/US, is a Life Science company that develops medical technologies with the objective to reduce the occurrence and costs of Premature Births. One of its products is Sense4Baby, a smart wireless device and cloud technology with FDA and CE approval that allows clinicians to perform cardiotocography for high-risk pregnancies from anywhere, anytime.

Profit and loss statement

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Revenues	0.00	0.03	3.42	9.90	26.19	33.92
Cost of goods sold	-0.58	-0.01	-1.58	-4.55	-11.81	-14.95
Gross profit	-0.57	0.02	1.84	5.35	14.38	18.98
Other operating income	0.08	0.35	1.40	1.40	1.05	0.10
Personnel expenses	-0.39	-0.60	-0.82	-0.86	-0.90	-0.95
Marketing expenses	0.00	-3.30	-3.70	-4.07	-4.48	-4.92
Other operating expenses	-0.06	-0.25	-0.30	-0.35	-0.40	-0.45
EBITDA	-0.95	-3.78	-1.58	1.47	9.65	12.75
Depreciation & amortisation	-0.03	-0.62	-0.87	-0.96	-0.98	-1.00
Operating income	-0.98	-4.41	-2.45	0.51	8.67	11.76
Net financial result	-0.02	0.02	0.03	0.04	0.05	0.06
EBT	-1.00	-4.39	-2.42	0.55	8.72	11.82
Income taxes	0.00	0.00	0.00	0.00	-1.66	-2.25
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Net income / loss	-1.00	-4.39	-2.42	0.55	7.07	9.57
Diluted EPS	-0.19	-0.75	-0.41	0.09	1.21	1.64
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Share in total sales						
Revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	n.a	-46.51 %	-46.26 %	-45.99 %	-45.11 %	-44.06 %
Gross profit	n.a	53.49 %	53.74 %	54.01 %	54.89 %	55.94 %
Other operating income	n.a	1173.03 %	41.06 %	14.19 %	4.02 %	0.29 %
Personnel expenses	n.a	-2010.90 %	-23.98 %	-8.70 %	-3.45 %	-2.80 %
Marketing expenses	n.a	-11059.96 %	-108.21 %	-41.12 %	-17.09 %	-14.52 %
Other operating expenses	n.a	-837.88 %	-8.77 %	-3.54 %	-1.53 %	-1.33 %
EBITDA	n.a	-12682.23 %	-46.17 %	14.84 %	36.84 %	37.59 %
Depreciation & amortisation	n.a	-2084.64 %	-25.44 %	-9.67 %	-3.73 %	-2.94 %
Operating income	n.a	-14766.86 %	-71.61 %	5.17 %	33.12 %	34.66 %
Net financial result	n.a	67.03 %	0.88 %	0.40 %	0.19 %	0.18 %
EBT	n.a	-14699.83 %	-70.73 %	5.57 %	33.31 %	34.83 %
Income taxes	n.a	0.00 %	0.00 %	0.00 %	-6.33 %	-6.62 %
Minorities	n.a	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	n.a	-14699.83 %	-70.73 %	5.57 %	26.98 %	28.22 %

* We believe that due to losses in the past Nestmedic will not pay any income taxes until 2020E

Balance Sheet

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Cash and equivalents	0.73	4.76	0.79	0.11	4.04	12.29
Financial assets	0.10	0.00	0.00	0.00	0.00	0.00
Inventories	0.14	0.00	0.00	0.00	0.00	0.00
Trade accounts and notes receivables	0.02	0.01	1.12	2.98	7.54	9.29
Other current assets	0.22	0.23	0.23	0.23	0.23	0.24
Current assets, total	1.21	5.00	2.14	3.32	11.81	21.82
Property, plant and equipment	0.00	0.20	0.20	0.20	0.20	0.20
Other intangible assets	0.12	0.20	1.00	1.01	1.01	1.02
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Other assets	0.66	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.00	0.00	0.00	0.00	0.00	0.00
Non-current assets, total	0.78	0.40	1.20	1.21	1.21	1.22
Total assets	2.00	5.40	3.34	4.53	13.02	23.03
Trade payables	0.07	0.00	0.37	1.00	2.43	2.87
Other short-term liabilities	0.04	0.04	0.04	0.05	0.05	0.05
Short-term financial debt	0.00	0.00	0.00	0.00	0.00	0.00
Pension provisions	0.00	0.00	0.00	0.00	0.00	0.00
Provisions	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities, total	0.11	0.05	0.41	1.04	2.47	2.91
Long-term financial debt	0.15	0.00	0.00	0.00	0.00	0.00
Deferred tax liabilities	0.00	0.00	0.00	0.00	0.00	0.00
Long-term liabilities, total	0.15	0.00	0.00	0.00	0.00	0.00
Total liabilities	0.26	0.05	0.41	1.04	2.47	2.91
Shareholders equity, total	1.73	5.35	2.93	3.48	10.55	20.12
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities and equity	2.00	5.40	3.34	4.53	13.02	23.03

Cash Flow Statement

in PLNm	2016	2017E	2018E	2019E	2020E	2021E
Net income / loss	-1.00	-4.39	-2.42	0.55	7.07	9.57
Depreciation & amortisation	0.03	0.62	0.87	0.96	0.98	1.00
Change of working capital	-0.28	0.08	-0.75	-1.23	-3.12	-1.32
Others	0.00	0.00	0.00	0.00	0.00	0.00
Net operating cash flow	-1.24	-3.68	-2.30	0.28	4.92	9.25
Cash flow from investing	-0.04	-0.90	-1.67	-0.96	-0.98	-1.00
Free cash flow	-1.29	-4.58	-3.97	-0.68	3.94	8.25
Cash flow from financing	1.40	8.61	0.00	0.00	0.00	0.00
Change of cash	0.11	4.03	-3.97	-0.68	3.94	8.25
Cash at the beginning of the period	0.61	0.73	4.76	0.79	0.11	4.04
Cash at the end of the period	0.73	4.76	0.79	0.11	4.04	12.29

Financial ratios

Fiscal year	2016	2017E	2018E	2019E	2020E	2021E
Profitability and balance sheet quality						
Gross margin	n.a	53.49%	53.74%	54.01%	54.89%	55.94%
EBITDA margin	n.a	-12682.23%	-46.17%	14.84%	36.84%	37.59%
EBIT margin	n.a	-14766.86%	-71.61%	5.17%	33.12%	34.66%
Net margin	n.a	-14699.83%	-70.73%	5.57%	26.98%	28.22%
Return on equity (ROE)	-120.03%	-123.84%	-58.43%	17.21%	100.74%	62.42%
Return on assets (ROA)	-49.13%	-81.65%	-73.23%	11.31%	53.88%	41.29%
Return on capital employed (ROCE)	-52.07%	-82.38%	-83.56%	14.70%	66.61%	47.33%
Economic Value Added (in PLN)	-1.26	-5.21	-2.89	-0.01	5.45	6.51
Net debt (in PLNm)	-0.68	-4.76	-0.79	-0.11	-4.04	-12.29
Net gearing	-39.05%	-88.95%	-26.97%	-3.05%	-38.34%	-61.08%
Equity ratio	86.84%	99.11%	87.64%	76.94%	81.00%	87.35%
Current ratio	10.77	104.46	5.19	3.18	4.77	7.49
Quick ratio	7.56	99.72	4.63	2.96	4.68	7.41
Net interest cover	-61.93	220.30	81.62	-12.79	-173.50	-195.95
Net debt/EBITDA	0.71	1.26	0.50	-0.07	-0.42	-0.96
Tangible BVPS	0.34	0.92	0.50	0.60	1.81	3.45
CAPEX/Sales	912.24%	3015.68%	48.84%	9.72%	3.75%	2.95%
Working capital/Sales	5600.44%	640.46%	27.49%	21.93%	20.21%	19.50%
Cash Conversion Cycle (in days)	1877	50	35	30	30	30
Trading multiples						
EV/Sales	8723.96	1432.68	12.50	4.32	1.63	1.26
EV/EBITDA	-44.93	-11.30	-27.08	29.11	4.43	3.35
EV/EBIT	-43.56	-9.70	-17.46	83.54	4.93	3.64
P/Tangible BVPS	24.25	8.88	16.21	13.64	4.50	2.36
P/E	-42.19	-10.83	-19.64	86.11	6.72	4.96
P/FCF	-36.84	-10.37	-11.97	-69.45	12.06	5.76

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