

MPH Health Care AG

Germany / Healthcare
 Frankfurt
 Bloomberg: 93M1 GR
 ISIN: DE000A289V03

9M'24 KPIs

RATING**PRICE TARGET**

Return Potential
 Risk Rating

BUY**€ 108**

365.5%
 High

M1 STOCK UP, CRE SHARES DOWN

MPH reported good value uplift with nine month reporting. NAV rose some 20% during the first nine months of '24 and was up 39% Y/Y to €300m, while NAVPS moved in lockstep landing at €70.1. M1 Kliniken shares were up 50% during the January-to-September period spurred by the positive momentum of the thriving prejuvenation business. Meanwhile, CR Energy management expect 2024 results to be backloaded into H2 but noted that the Terrabau and Solartec holdings racked up €9.5m in profit during H1/24. CRE shares were down around 18% at the 9M juncture. M1 continues to open clinics (now: 63) on the way to its YE29 goal of 150 to 200 centres, and CRE's clean energy and quality, affordable housing businesses continue to flourish, despite another headwind year for the property markets. We stick to our Buy rating with an unchanged €108 TP.

Another smooth quarter at M1 Kliniken The thriving Beauty business remained the group mainspring in Q3 paving the way for good sales and earnings growth. The group topline eclipsed €257m at the nine month juncture (+9% Y/Y) and included €71m in Beauty segment sales (+33% Y/Y) plus Trade turnover of €186m (+2%). The injectables business notched a record EBIT margin of 28% in the July-to-September period on the €22.4m topline. M1 no longer breaks out the performances of its German and international clinic networks. But the strong margin performance fits with our assumption that the bigger stable of mature clinics can now better absorb roll-out costs traced to new centres, thereby keeping Beauty margins well north of the targeted 20% floor. Plus, M1's current expansion is focused on its home market, where business is cheaper to ramp up.

Staying the course The company now operates 63 treatment centres after opening 4 German clinics this year in Berlin, Regensburg, Bayreuth, and Zwickau, plus one abroad in Innsbruck, Austria. Aside from new clinics, M1 is also focused on boosting the . . .

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023	2024E	2025E
Operating rev. (€m)	3.4	13.5	30.7	34.5	81.0	42.7
Y/Y growth	-91.7%	294.6%	126.4%	12.4%	135.2%	-47.3%
EBIT (€m)	-71.0	-9.1	29.6	30.2	78.3	39.9
Pre-tax income (€m)	-71.5%	-9.2%	29.5%	29.8%	78.0%	39.6%
Net income (€m)	-70.4	-9.0	29.1	29.5	76.4	38.8
EPS (diluted) (€)	-16.44	-2.09	6.80	6.90	17.85	9.07
DPS (€)	0.00	0.00	0.00	1.20	1.20	1.20
NAV (€m)	201.3	192.3	221.4	251.0	322.2	355.9
NAVPS (€)	47.0%	44.9%	51.7%	58.6%	75.3%	83.1%
Liquid assets (€m)	4.2	4.4	3.8	5.1	5.5	12.1

RISKS

Regulatory changes in healthcare systems, homogenization of pharmaceutical prices within the EU, and prolonged macro economic downturns that limit private healthcare spend.

COMPANY PROFILE

MPH Health Care AG is a Berlin-based investment company focused on the purchase and further development of companies positioned chiefly in growth segments of the healthcare market. These primarily entail specialty pharmaceuticals for chronic diseases and lifestyle and beauty treatments. The company also holds a stake in a residential property developer.

MARKET DATA

As of 17 Dec 2024

Closing Price	€ 23.20
Shares outstanding	4.28m
Market Capitalisation	€ 99.32m
52-week Range	€ 15.80 / 34.60
Avg. Volume (12 Months)	3,285

Multiples	2023	2024E	2025E
P/E	3.6	1.4	2.8
EV/Sales	3.8	1.5	2.9
P/NAV	0.6	0.5	0.4
Div. Yield	5.2%	5.2%	5.2%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets	€ 7.30m
Current Assets	€ 9.10m
Financial Assets	€ 334.50m
Total Assets	€ 343.70m
Current Liabilities	€ 6.80m
Shareholders' Equity	€ 325.50m

SHAREHOLDERS

Magnum	60.0%
Baring Fund Managers	1.7%
KBC Asset Management SA	1.3%
Free Float	37.0%



. . . overall doctor hours—either through new specialists or added shifts—as part of its growth path. M1 management confirmed medium-term guide calling for 150 to 200 clinics and €200m to €300m in sales for its beauty business by 2029. The company also said it is still weighing strategic options for each business segment after drawing interest from several private equity outfits (see M1 note of 6 September 2024).

Table 1: M1 9M/24 KPIs vs prior year and FBe

EURm	Q3/24	Q3/24E	Variance	Q3/23	Variance	9M/24	9M/23	Variance
Revenue	89.5	84.0	7%	85.8	4%	257.2	236.6	9%
Beauty	22.4	20.0	12%	16.0	40%	71.0	53.2	33%
Trade	67.1	64.0	5%	69.8	-4%	186.2	183.4	2%
EBIT	7.6	7.0	9%	5.6	36%	22.1	12.9	71%
Beauty	6.2	5.4	15%	4.4	41%	16.3	12.5	30%
Margin	28%	27%	-	28%	-	23%	23%	-
Trade	1.4	1.6	-13%	1.2	17%	5.8	0.4	n.m
Margin	2%	3%	-	2%	-	3%	0%	-
Net income	4.4	4.2	5%	0.7	529%	14.3	4.1	249%
Margin	5%	5%	-	1%	-	6%	2%	-

Source: First Berlin Equity Research; M1 Kliniken AG

CR Energy stacking growth opportunities Six month reporting focused on operational updates of the core holdings, while CRE's financials took a backseat with earnings to be backloaded in H2/24. NAV was thus largely unchanged at €394m for the January-to-June period. Terrabau and Solartec racked up combined six month net earnings of €9.5m, but CRE brass expect this figure to climb in the back half of 2024 when the entire distribution is booked. Business momentum remained good in H1 despite another headwind year for the property sector, and now Terrabau wants to expand into social housing. For the time being, we expect CRE to refrain from non-cash portfolio revaluations and focus on cash distributions from its holdings.

Table 2: CRE 6M/24 results vs prior year and FBe

All figures in EUR '000	H1/24	H1/24E	Variance	H1/23	Variance
Investment revenue	0	0	-	53,373	-100.0%
EBITDA	-1,228	-1,132	-	52,631	-
Margin (%)	n.a.	n.a.	-	99%	-
Net income	-1,303	-1,349	-	52,021	-

Source: First Berlin Equity Research; CR Energy AG

CRE controls a value chain that enables it to harness synergies between clean energy, affordable home building, and financial solutions. The combined operations are currently seizing opportunities across various residential subsectors to tackle Germany's acute housing shortage at a time when most property developers are struggling. Now CRE has its sights set on Germany's beleaguered social housing sector. The Terrabau / Solartec duo has earned its chops in the affordable housing segment for years and can apply its well-tuned operations to the subsidised segment. CRE hinted that a pilot project will kick off soon. Solartec will handle energy solutions, while CR Opportunities (CRO) will serve as the financial mothership for the various projects. The latter is close to launching its maiden ELTIF (European Long Term Investment Fund).



NINE MONTH KEY PERFORMANCE INDICATORS

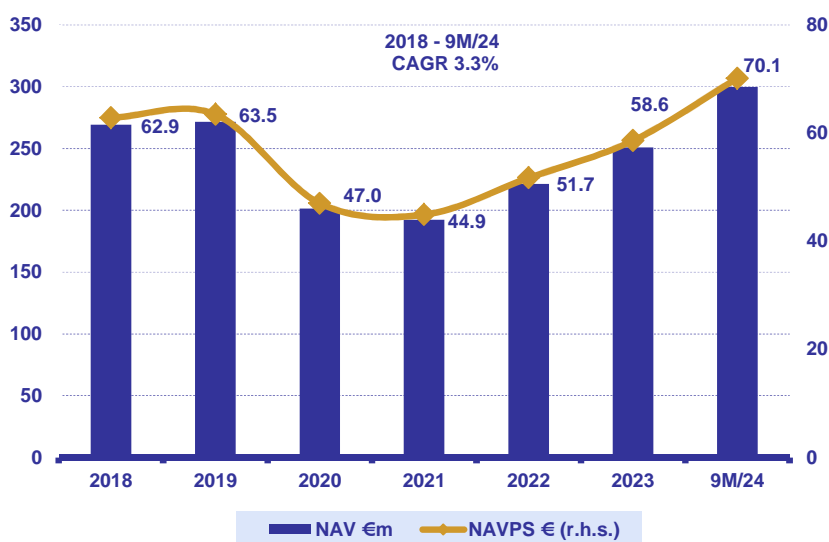
Table 3: Nine month KPIs

All figures in EURm	9M/24	9M/23	variance	2023	YTD
Operating income	56	-6	n.a.	30	n.m.
Net income	55	-6	n.a.	30	n.m.
NAV	300	216	39%	251	20%
NAVPS (€)	70.1	50.4	39%	58.6	20%

Source: First Berlin Equity Research; MPH Health Care AG

NAVPS up 39% Y/Y MPH's NAV tallied €300m (YE23: €251m) at the 9M juncture corresponding to NAVPS of €70.1. This performance owes to €55m in net income traced primarily to non-cash fair value write-ups of the listed participations. On a sequential basis, the KPIs continue to move in lockstep and were down 7.7%, due to recoils in both the M1 and CRE share prices in the July-to-September quarter. The equity ratio stood at 94.9% at the end of the period (YE22: 94.2%).

Figure 1: MPH net asset value developments



Source: First Berlin Equity Research; MPH Health Care AG



VALUATION MODEL

Buy rating and €108 target price confirmed We use sum-of-the-parts valuation methodology to value MPH. This approach is chiefly driven by the projected fair value of M1 Kliniken and CR Energy, which we have valued separately on a DCF and DDM basis (overleaf). Shareholdings reflect six month reporting.

Table 4: MPH sum-of-the-parts model

Unit	Shareholdings '000	SO '000	MPH stake %	Share price* €	Fair value per share ¹ €	Projected value €m
M1 Kliniken AG	11,975	19,643	61%	16.1	28.0	335
CR Energy AG	12,728	23,520	54%	4.9	12.0	153
Projected value of listed holdings						488

* Source: Bloomberg (Previous day's closing price)

	Unit	Value
Fair value of listed portfolio	€m	488
Non-listed investment (book value)	€m	25
Net debt / (cash) (2022)	€m	8
Present value of holding costs	€m	43
Total fair value	€m	462
MPH shares outstanding	m	4
Fair value per share	€	108

¹ First Berlin Equity Research covers CR Energy (Buy / PT: EUR12); M1 (Buy / PT: EUR28); CRE KPIs reflect new share count after the stock split

	Unit	New	Old	Variance
Fair value of listed portfolio	€m	488	488	0%
Non-listed investment (book value)	€m	25	25	0%
Net debt	€m	8	8	0%
Present value of holding costs	€m	43	43	0%
Total fair value	€m	462	462	0%
MPH shares outstanding	m	4	4	0%
Fair value per share	€	108	108	0%



Table 5: M1 Kliniken DCF

in EUR'000	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Sales	342,728	371,733	414,840	456,421	497,125	533,766	565,490	591,996
NOPLAT	17,828	19,338	22,839	28,976	34,760	41,213	46,856	51,910
(+) depreciation & amortisation	5,428	5,467	5,601	5,978	6,753	7,518	8,166	8,692
(=) Net operating cash flow	23,256	24,805	28,440	34,954	41,513	48,731	55,022	60,603
(-) Total investments (CapEx and WC)	-7,678	-8,882	-10,509	-10,741	-11,477	-11,773	-11,971	-11,907
(-) Capital expenditures	-5,349	-5,431	-5,638	-6,090	-6,949	-7,788	-8,495	-9,066
(-) Working capital	-2,329	-3,451	-4,871	-4,651	-4,528	-3,985	-3,476	-2,841
(=) Free cash flows (FCF)	15,578	15,923	17,931	24,213	30,036	36,958	43,051	48,696
PV of FCFs	15,526	14,430	14,775	18,143	20,464	22,896	24,252	24,944

All figures in EUR '000		Terminal EBIT margin							
		11.8%	12.3%	12.8%	13.3%	13.8%	14.3%	14.8%	
PV of FCFs in explicit period	290,384	7.0%	42.86	44.42	45.97	47.53	49.09	50.65	52.21
PV of FCFs in terminal period	233,884	8.0%	35.48	36.63	37.78	38.93	40.08	41.23	42.37
Enterprise value (EV)	524,268	9.0%	30.21	31.08	31.96	32.83	33.70	34.58	35.45
+ Net cash / - net debt	16,133	10.0%	26.26	26.94	27.62	28.29	28.97	29.65	30.33
+ Investments / minority interests	-2,746	11.0%	23.19	23.73	24.26	24.80	25.33	25.87	26.40
Shareholder value	537,655	12.0%	20.74	21.17	21.60	22.02	22.45	22.88	23.31
Fair value per share in EUR	28.00	13.0%	18.74	19.08	19.43	19.78	20.12	20.47	20.82

		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	10.5%	7.0%	40.69	42.59	44.83	47.53	50.83	54.96	60.29
Pre-tax cost of debt	7.0%	8.0%	34.51	35.77	37.23	38.93	40.94	43.35	46.30
Tax rate	25.0%	9.0%	29.84	30.71	31.70	32.83	34.13	35.65	37.45
After-tax cost of debt	5.3%	10.0%	26.20	26.82	27.51	28.29	29.18	30.19	31.36
Share of equity capital	90.0%	11.0%	23.29	23.74	24.24	24.80	25.42	26.12	26.91
Share of debt capital	10.0%	12.0%	20.91	21.25	21.62	22.02	22.47	22.97	23.53
WACC	10.0%	13.0%	18.94	19.20	19.47	19.78	20.11	20.47	20.88

*Please note our model runs through 2037 and we have only shown the abbreviated version for formatting purposes

Table 6: CR Energy discounted dividend model

	Unit	2024E	2025E	2026E	2027E	2028E	2029E	TV
EPS	€	0.6	1.0	3.1	5.5	5.9	6.5	7.8
Payout ratio	%	88	59	26	14	15	15	14
Dividend (DPS)	€	0.5	0.6	0.8	0.8	0.9	1.0	1.1
NPV	€	0.5	0.5	0.7	0.6	0.6	0.6	6.4
CAGR 2023 -2028	%	6.3						
Terminal growth rate	%	2.5						
Discount factor	%	9.9						
(+) NPV of dividends	€	5.6						
(+) Terminal value (TV)	€	6.4						
(+) Dividend paid (2023)	€	0.0						
(=) Fair value per share	€	12.0						

*Our model runs through 2034 and we have only shown the abbreviated version for formatting purposes

Cost of equity	9.9%	After-tax cost of debt	6.4%
Pre-tax cost of debt	6.5%	Share of equity capital	100.0%
Tax rate	2.0%	Share of debt capital	0.0%
WACC	9.9%		



INCOME STATEMENT

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
Fair value gains on financial assets	0	9,185	23,816	27,194	69,997	30,898
Income from participations	0	766	207	0	400	400
Investment income	3,385	3,561	6,605	7,237	10,604	11,405
Other operating income	48	35	37	26	27	29
Operating revenue	3,433	13,547	30,665	34,457	81,028	42,732
SG&A	-841	-923	-987	-1,142	-1,199	-1,259
Other OpEx	-417	-328	-20	0	-20	-21
Net loss from investments	-12,453	0	0	-990	0	0
Fair value loss on financial assets	-60,720	-21,350	-70	-2,097	-1,500	-1,500
EBITDA	-70,998	-9,055	29,587	30,228	78,309	39,952
Depreciation & amortisation	-17	-20	-25	-19	-42	-19
EBIT	-71,015	-9,075	29,562	30,209	78,267	39,933
Interest expense	-510	-194	-169	-576	-300	-300
Interest income	75	80	80	135	0	0
EBT	-71,450	-9,189	29,473	29,768	77,967	39,633
Income taxes	1,071	233	-358	-224	-1,559	-793
Net income / loss	-70,379	-8,956	29,115	29,544	76,408	38,840
EPS (in €)	-16.4	-2.1	6.8	6.9	17.8	9.1



BALANCE SHEET

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
Assets						
Current assets, total	4,318	4,453	3,960	7,096	7,655	14,476
Cash and equivalents	369	1,843	1,669	4,552	4,900	11,490
ST financial assets	3,865	2,599	2,148	543	554	565
Trade receivables	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Other ST assets	84	11	143	2,001	2,201	2,421
Non-current assets, total	206,390	193,543	233,032	259,256	325,260	352,162
Property, plant & equipment	43	41	22	8	15	18
Goodwill & other intangibles	0	0	0	0	0	0
Financial assets	206,346	193,502	233,010	259,249	325,246	352,144
Total assets	210,707	197,996	236,992	266,353	332,915	366,638
Shareholders' equity & debt						
Current liabilities, total	4,742	4,200	13,740	5,006	289	298
Trade payables	36	51	49	54	49	49
Provisions	74	101	87	139	143	147
Other ST financial liabilities	4,613	4,028	12,984	4,721	0	0
Other current liabilities	19	20	619	92	97	101
Long-term liabilities, total	4,703	1,490	1,831	10,380	10,390	10,401
Long-term debt	3,000	0	0	8,333	8,333	8,333
Deferred tax liabilities & others	1,703	1,490	1,831	2,047	2,057	2,068
Shareholders' equity	201,262	192,306	221,421	250,966	322,236	355,939
Minority interests	0	0	0	0	0	0
Total equity	201,262	192,306	221,421	250,966	322,236	355,939
Total consolidated equity and debt	210,707	197,996	236,992	266,353	332,915	366,638
NAV	201,262	192,306	221,421	250,966	322,236	355,939
NAVPS (€)	47.0	44.9	51.7	58.6	75.3	83.1



CASH FLOW STATEMENT

All figures in EUR '000	2020	2021	2022	2023	2024E	2025E
Net income	-70,379	-8,956	29,115	29,544	76,408	38,840
Depreciation and amortisation	17	20	25	19	42	19
Revaluation gains	60,720	12,165	-23,746	-25,097	-68,497	-29,398
Changes in working capital	-3,581	1,619	897	1,027	-197	-212
Other adjustments	12,453	-761	-207	989	0	0
Net financial result	510	195	170	206	300	300
Tax expense	-1,071	-233	359	224	1,559	793
Operating cash flow	-1,331	4,049	6,612	6,912	9,615	10,341
Investment income	-1,500	-5,173	-6,605	-7,170	-10,604	-11,405
Tax paid	41	38	-3	-1,759	-1,559	-793
Net operating cash flow	-2,790	-1,086	4	-2,017	-2,548	-1,856
Cash flow from investing	12,828	6,366	-8,956	5,405	13,055	13,883
Equity inflow , net	-4	0	0	0	0	0
Debt inflow , net	-11,000	-12	8,956	8,333	-4,721	0
Dividend paid to shareholders	0	0	0	0	-5,138	-5,138
Interest expense	-462	-194	-179	-591	-300	-300
Cash flow from financing	-11,466	-206	8,777	7,742	-10,159	-5,438
Liabilities due at beginning of the period	0	-3,600	0	-8,247	0	0
Net cash flows	-1,428	5,075	-174	2,883	348	6,590
Cash, start of the year	1,797	369	1,843	1,669	4,552	4,900
Cash, end of the year	369	1,843	1,669	4,552	4,900	11,490
Free cash flow (FCF)	10,038	5,280	-8,951	3,388	10,507	12,027
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	86.2%	-47.4%	n.m.	n.m.	210.1%	14.5%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

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The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	29 October 2012	€24.55	Buy	€55.00
2...30	↓	↓	↓	↓
31	8 May 2023	€15.55	Buy	€54.00
32	10 July 2023	€15.30	Buy	€59.00
33	18 October 2023	€14.60	Buy	€62.00
34	13 December 2023	€15.70	Buy	€62.00
35	10 May 2024	€24.80	Buy	€81.00
36	10 June 2024	€33.20	Buy	€81.00
37	12 June 2024	€33.00	Buy	€113.00
38	8 October 2024	€23.80	Buy	€108.00
39	Today	€23.20	Buy	€108.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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