

Bioton – (Last valuation: 5.34 PLN/share as of 20.04.2023)**1Q23 results - high base a year ago, neutral**

Revenues in 1Q23 amounted to PLN 34.4 million (-31% y/y), EBITDA PLN 11.2 million (+29% y/y), EBITDA adjusted for the balance of other operating activities PLN 11.1 million (+38% y/y), net result PLN -0.1 million (vs. PLN -3.1 million in 1Q22). The main impact on the decrease in sales in 1Q2023 compared to 1Q2022 was lower sales of insulin on international markets (mainly China, Vietnam and Libya) and on the Polish market - in 1Q2022 there were additional sales related to the conflict situation in Ukraine in the amount of PLN 5.3 million. On the other hand, the company achieved an increase in sales of products in the area of oral anti-diabetic drugs and in the area of gastrology. The main influence on the percentage increase in gross sales margin was the change in the sales structure between Poland and foreign markets, as well as the receipt of PLN 5.2 million in aid in connection with the increase in electricity and natural gas prices. Operating cash flow in 1Q23 was +3.2 million PLN (vs. +3.6 million PLN a year ago), and CAPEX was 5.3 million PLN. Net debt at the end of 1Q23 amounted to PLN 71 million according to our estimates (vs. PLN 67 million at the end of 2022). No new information on the analog project in the report. Neutral.

Selected financial data (PLN m)	1Q22	2Q22	3Q22	4Q22	1Q23	r/r	1Q23F	2022	2023F	r/r
Sales revenues	50.0	48.1	57.5	77.6	34.4	-31%	36.0	233.2	226.3	-3%
Gross profit on sale	15.5	23.1	21.5	35.6	19.7	26%	18.0	95.8	93.1	-3%
margin	31%	48%	37%	46%	57%	84%	50%	41%	41%	0%
Selling costs	7.8	7.9	9.2	10.2	8.9	15%	9.0	35.1	36.5	4%
General administration costs	6.8	7.9	7.4	8.1	7.1	4%	7.5	30.3	31.5	4%
Research and development expenses	1.0	1.4	1.8	1.1	1.2	17%	1.0	5.3	5.3	0%
Balance of other operations	0.6	0.2	0.7	-5.3	0.1	-80%	1.0	-3.8	0.0	-100%
EBIT	0.5	5.9	3.9	10.9	2.6	377%	1.5	21.3	19.8	-7%
Adjusted EBIT*	-0.1	5.8	3.1	16.2	2.5			25.1	19.8	-21%
Balance of financing activities	-2.4	-4.6	-5.8	-3.6	-1.9		-3.0	-16.3	-5.8	-64%
Profit before tax	-1.8	1.4	-1.9	7.3	0.7		-1.5	5.0	14.0	183%
Income tax	1.3	-0.1	0.0	2.3	0.9		0.0	3.5	2.7	-24%
Net profit	-3.1	1.5	-1.9	5.0	-0.1		-1.5	1.4	11.4	700%
Depreciation and amortization	8.1	9.2	8.5	8.5	8.6	6%		34.4	35.1	2%
EBITDA	8.7	15.2	12.4	19.4	11.2	29%		55.7	54.9	-1%
Adjusted EBITDA*	8.0	15.0	11.6	24.8	11.1	38%		59.5	54.9	-8%

Źródło: Bioton (wyniki 1Q22-1Q23, 2021-2022), Noble Securities (prognoza 1Q23), *o saldo poz. dział. oper.

Revenues

Revenues in 1Q23 amounted to PLN 34.4 million (-31% y/y) due to declines in domestic and export insulin sales. The company notes that there were additional sales in 1Q22 related to the conflict situation in Ukraine in the amount of PLN 5.3 million. Sales of insulin in the main export market - China amounted to PLN 0.4 million vs. PLN 15.2 million in 1Q22, which we attribute to a large stocking of this market last year. On a positive note, we see an increase in sales in the area of other products - it amounted to PLN 8.6 million (+22% y/y).

Selected financial data (PLN m)	1Q22	2Q22	3Q22	4Q22	1Q23	r/r	2022	2023F	r/r
Total sales	50.0	48.1	57.5	77.6	34.4	-31%	233.2	226.3	-3%
Insulin	40.8	38.4	43.2	63.6	23.5	-42%	186.0	177.3	-5%
<i>Domestic</i>	<i>18.9</i>	<i>18.5</i>	<i>17.9</i>	<i>22.5</i>			<i>77.8</i>	<i>80.0</i>	<i>3%</i>
<i>Export</i>	<i>21.9</i>	<i>19.9</i>	<i>25.3</i>	<i>41.1</i>			<i>108.1</i>	<i>97.3</i>	<i>-10%</i>
Other goods, materials	7.0	5.8	9.6	5.0	8.6	22%	22.5	27.0	20%
Services	2.2	3.8	9.7	3.9	2.3	4%	15.8	22.0	39%

Source: Bioton (actual 1Q22-1Q23, 2022), Noble Securities (forecast 2023)

Operating profit and costs

Gross profit on sales in 1Q23 amounted to PLN 19.7 million (+26% y/y), and the margin increased from 31% to 57% due to a higher share of more profitable domestic sales and the receipt of PLN 5.2 million in public aid due to increases in electricity and natural gas prices. Selling, general and administrative expenses totaled PLN 16 million (vs. PLN 14.6 million in 1Q22, +9% y/y). EBITDA in 1Q23 was PLN 11.2 million (+29% y/y), EBITDA adjusted for the balance of other operating activities was PLN 11.1 million (+38% y/y), net income was PLN -0.1 million.

Last valuation: 5.34 PLN/share as of 20.04.2023. Price on the day of issue 3.54 PLN.

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FINAL REMARKS

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Company	Direction	Target price	Price at publication	Current price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
Aplisens	na	20,3	17,3	17,30	17%	21.04.2023	24M	Michał Sztabler
Bioton	na	5,3	3,5	3,84	39%	20.04.2023	24M	Krzysztof Radojewski
MCI Capital	na	36,1	19,5	20,80	74%	20.04.2023	24M	Krzysztof Radojewski
Amica	Accumulate	84,8	79,7	76,40	11%	24.03.2023	9M	Mateusz Chrzanowski
Dino Polska	Reduce	358,6	415,5	403,20	-11%	21.03.2023	9M	Dariusz Dadej
Eurocash	Buy	18,7	13,8	17,95	4%	21.03.2023	9M	Dariusz Dadej
Pepco Group	Accumulate	50,1	43,7	40,62	23%	20.02.2023	9M	Dariusz Dadej
LW Bogdanka	Buy	72,5	52,8	40,10	81%	27.01.2023	9M	Michał Sztabler
Molecure	Buy	20,8	14,7	22,90	-9%	05.01.2023	9M	Krzysztof Radojewski
Celon Pharma	Buy	30,9	15,1	14,00	121%	05.01.2023	9M	Krzysztof Radojewski
Captor Therapeutics	Buy	192,0	164,0	158,00	22%	05.01.2023	9M	Krzysztof Radojewski
Ryvu Therapeutics	Buy	85,4	54,6	56,30	52%	05.01.2023	9M	Krzysztof Radojewski
Forte	Hold	21,3	21,0	26,40	-19%	03.01.2023	9M	Dariusz Dadej
LW Bogdanka	Buy	51,5	38,2	40,10	28%	28.12.2022	9M	Michał Sztabler
Wielton	Hold	6,6	6,7	9,54	-31%	28.12.2022	9M	Michał Sztabler
TIM	na	37,9	28,2	49,20	-23%	12.12.2022	24M	Michał Sztabler
Aplisens	na	18,3	14,4	17,30	6%	06.12.2022	24M	Michał Sztabler
Apator	Reduce	12,9	15,0	15,70	-18%	06.12.2022	9M	Michał Sztabler
Sonel	na	10,2	9,7	10,80	-6%	06.12.2022	24M	Michał Sztabler
MO-BRUK	Buy	371,7	293,0	292,00	27%	26.10.2022	24M	Dariusz Dadej
LW Bogdanka	Hold	30,5	30,6	40,10	-24%	20.10.2022	9M	Michał Sztabler
Selvita	Accumulate	97,5	86,0	73,90	32%	20.10.2022	9M	Krzysztof Radojewski
Ailleron	na	17,5	12,0	20,50	-15%	17.10.2022	24M	Dariusz Dadej
MCI Capital	na	29,6	16,1	20,80	42%	07.10.2022	24M	Krzysztof Radojewski
Bioton	na	4,7	3,8	3,84	22%	06.09.2022	24M	Krzysztof Radojewski
Dino Polska	Reduce	286,8	351,5			10.08.2022	9M	Dariusz Dadej
Eurocash	Accumulate	13,0	12,1			10.08.2022	9M	Dariusz Dadej
Amica	Hold	69,7	71,4			05.08.2022	9M	Michał Sztabler
Wielton	Reduce	4,9	5,5			12.07.2022	9M	Michał Sztabler
Krynicky Recykling (4)	na	20,9	22,6			04.07.2022	24M	Dariusz Dadej
Captor Therapeutics	Buy	163,0	116,0			28.06.2022	9M	Krzysztof Radojewski
Celon Pharma	Buy	29,3	14,9			28.06.2022	9M	Krzysztof Radojewski
Molecure	Buy	21,7	13,2			28.06.2022	9M	Krzysztof Radojewski
Ryvu Therapeutics	Buy	51,8	23,5			28.06.2022	9M	Krzysztof Radojewski
CD Projekt	Suspended	na				24.06.2022	9M	Maciej Kietliński
Ten Square Games	Suspended	na	117,0			24.06.2022	9M	Maciej Kietliński
Apator	Reduce	12,2	14,8			06.06.2022	9M	Michał Sztabler
Aplisens	na	16,0	14,1			06.06.2022	24M	Michał Sztabler
Sonel	na	10,2	9,8			06.06.2022	24M	Michał Sztabler
TIM	na	54,3	31,4			06.06.2022	24M	Michał Sztabler
11 bit studios	Suspended	na	502,0			18.05.2022	9M	Maciej Kietliński
Forte	Accumulate	38,9	33,0			13.05.2022	9M	Dariusz Dadej
MCI Capital	na	33,1	19,0			02.05.2022	24M	Krzysztof Radojewski

(1) Date of publication is simultaneously date of first publication,

(2) recommendation is valid for a period of 9 months, unless it is previously updated,

(3) Job position: Krzysztof Radojewski – Deputy Head of Research and Advisory Department, Michał Sztabler – Equity Analyst, Dariusz Dadej - Equity Analyst, Maciej Kietliński - ended his work in NS on 06/30/2022, (4) Company delisted from the WSE on 12/09/2022.

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