

PBKM (FamiCord)

European leader in stem cell banking

Polski Bank Komórek Macierzystych (PBKM) continues its consolidation efforts in the cord blood banking services market in Europe. It operates 15 stem cell banks under the FamiCord brand, covering approximately 37% of the European market for newly acquired samples, seeing space for further growth in Western Europe. PBKM is present in 11 European countries, with partners in a further 13 regions. Recent steady growth (2015–19 revenue CAGR of 16%) has been fuelled by both organic development and M&A.

Continued inorganic expansion

PBKM recently acquired a 70% stake in a Turkish stem cell bank for €2.8m, took full control over German eticur for €2m and acquired 53% of shares in Italian Sorgente for €420k. These acquisitions should add a c 3% to PBKM's market share in Europe. The transactions were financed by last year's c €51m private placement taken up by AOC Health, now a majority shareholder (62.4% stake). PBKM seeks further M&A deals, with an acquisition value over c €70m on its priority list. PBKM is also involved in three R&D consortia clinical trials with a 10–38% share in IP rights, as well as the fully-owned ALSTEM project, which has started enrolment in a clinical trial. In Q120, the company signed a contract for the use of CAR-T technology in Europe, currently the most innovative therapy in blood cancer treatment. PBKM plans to spend c PLN15m on CAR-T development in 2020–24 (it is expecting additional funds from grants as part of public programmes).

COVID-19 pandemic impact on sales

PBKM's H120 adjusted net income was €1.4m (H119: €2.2m). Net revenue improved 8% y-o-y to €22m, driven mostly by M&A. The adjusted EBITDA margin of 13.7% declined 5pp y-o-y due to higher management costs (due to acquisitions), increased operational costs (affected by the pandemic), as well as increased headcount (for further expansion). Many of the off-line selling channels were closed due to COVID-19 and new contracts declined by 15–20% y-o-y at group level. Meanwhile, recurring subscription revenues were €5.8m (+6% y-o-y) in H120.

Valuation

PBKM does not provide any financial guidance for FY20 and there are no consensus estimates. Based on a last 12 months adjusted P/E ratio (47.9x) and adjusted EV/EBITDA (22.6x), it trades at 63% and 69% premiums to medical services peers. This may reflect expectations of continued rapid inorganic growth. Additionally, PBKM has a leading market position and high proportion of predictable cash flows in its subscription-based model.

Historical financials

Year end	Revenue (PLNm)	EBITDA (PLNm)	EPS (PLN)	DPS (PLN)	P/E (x)	Yield (%)
12/16	128.8	35.2	4.61	1.80	16.7	2.3
12/17	148.9	46.0	6.20	0.89	12.4	1.2
12/18	161.6	50.2	7.32	0.00	10.5	N/A
12/19	188.0	28.2	2.66	0.00	28.9	N/A

Source: PBKM, Refinitiv.

Pharma & biotech

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Price **PLN77.0**
Market cap **PLN708m**

H120 avg PLN4.4413/€; H119 avg PLN4.2880/€

Share price graph



Share details

Code **BKM**
Listing **Warsaw**
Shares in issue **9.2m**

Business description

Polski Bank Komórek Macierzystych (PBKM) operates a group of stem cell banks under the FamiCord Group brand. The company is the largest industry player in Europe, operating mainly in Poland, Germany, Spain, Turkey, Hungary and Portugal. With 500k stored biological samples, it is the largest European player. It develops stem cell therapy for the treatment of a number of diseases, including amyotrophic lateral sclerosis.

Bull

- Clear sector leader.
- Business model based on subscriptions securing stable cash flow generation.
- Ongoing R&D projects are a potential value kicker.

Bear

- The reduced client trust following the default of CryoSave may persist.
- Reduction of off-line selling and marketing channels due to COVID-19 pandemic.
- Rapid inorganic growth and integration costs affecting short-term profitability.

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