

This report is prepared for the Warsaw Stock Exchange SA within the framework of the Analytical Coverage Support Pilot Program. This is a translation of the Polish analytical report.

# Voxel

26/2020/GPW (100) August 23, 2020

Analyst: Sylwia Jaśkiewicz, CFA

Sector: Health care  
 Fundamental rating: Buy (→)  
 Market relative: Overweight (→)  
 Price: PLN 44.80  
 12M EFV: PLN 50.4 (↑)

Market Cap: US\$ 126.6 m  
 Bloomberg code: VOX PW  
 Av. daily turnover: US\$ 0.08 m  
 12M range: PLN 26.00-44.80  
 Free float: 51%

## Recommended action

We uphold both our LT fundamental recommendation and ST relative rating for the Company at Buy and Overweight, respectively. Our 12M EFV adjusted for the dividend (the ex-dividend day at August 26, the dividend payment at Sept. 11) stands at PLN 50.4 per share.

The impact of the COVID-19 pandemic on the Company's financial performance is significant. For some time the only treatments to be carried out on an ongoing basis were the urgent ones. Currently the patients seem to remain wary and cautious about testing. As we mentioned before, 2Q net loss that followed yoy weaker 1Q20 results has not caught us unawares. When the pandemic is finally under control, we expect a deferred demand for medical procedures offered by the Company (CT and MRI scans) to surface. We may not witness extraordinary improvement in 2H20 though the Company counts for volumes reaching the level seen before the pandemic outbreak.

Still an increased demand for expanded services offered by Alteris materialized as induced by the COVID-19. The Group has launched testing for SARS-CoV-2 and Voxel acquired a 50% stake in a swab manufacturer Albireo Biomedical. We believe these moves may more than offset a deterioration of the current business results and expect good 2H20 financial results.

## 2Q20 financial results overview

The Company released its 2Q20 financial results on August 21, after the market close. Adjusted for one-offs 2Q20 net loss reached PLN 3.3 million vs our forecast of PLN 3.6 million and 2Q19 NI at PLN 5.5 million. A yoy deterioration was brought about by a declining number of diagnostic tests performed by Voxel and Scanix coupled with Vito-Med hospital ward closure from February to the end of July. In line with our expectations Alteris improved its financial performance over 2Q.

## Guide to adjusted profits

Results adjusted for (i) a gain on a purchase of Scanix, (ii) real estate disposal, and (iii) compensation.

## Key data

IFRS consolidated		2019	2020E	2021E	2022E
Sales	PLN m	211.7	263.7	315.7	273.8
EBITDA	PLN m	57.2	70.6	96.1	82.7
Adj EBITDA	PLN m	57.7	61.4	96.1	82.7
EBIT	PLN m	34.3	39.2	61.7	47.2
Adj EBIT	PLN m	34.8	30.0	61.7	47.2
Net income	PLN m	22.9	26.9	46.6	34.6
Adj NI	PLN m	24.2	20.0	46.6	34.6
EPS	PLN	2.18	2.56	4.44	3.29
EPS yoy chg	%	-2	17	73	-26
Adj EPS	PLN	2.31	1.91	4.44	3.29
Adj EPS yoy chg	%	8	-17	133	-26
Net debt	PLN m	106.4	112.3	83.2	73.4
P/E	x	20.5	17.5	10.1	13.6
Adj P/E	x	19.4	23.5	10.1	13.6
P/CE	x	10.3	8.1	5.8	6.7
Adj P/CE	x	10.0	9.1	5.8	6.7
EV/EBITDA	x	10.1	8.3	5.8	6.6
Adj EV/EBITDA	x	10.0	9.5	5.8	6.6
EV/EBIT	x	16.8	14.9	9.0	11.5
Adj EV/EBIT	x	16.6	19.4	9.0	11.5
DPS	PLN	0.99	0.91	1.13	1.95
Gross dividend yield	%	2.2	2.0	2.5	4.4
Number of shares (eop)	m	10.5	10.5	10.5	10.5

Source: Company, DM BOS SA estimates

## Stock performance



Source: Bloomberg

## Upcoming events

1. Release of 3Q20 financial results: November 23, 2020

Since Jan. 1 the Group has been consolidating 2 newly acquired entities: Rezonans Powiśle (RP) and Scanix, which also carry out diagnostic tests reimbursed by NFZ; RP signed 2 contracts with NFZ with regard to MRI scans, Scanix signed 4 NFZ contracts for CT and MRI tests. At the beginning of 3Q20 the Group was equipped with 24/19/7 MRI/CT/ PET-CT scanners, 4 SPECT scan machines and 1 Ultrasound Fusion–Guided Biopsy machine.

In January/February/March/April/May/June/July the parent company carried out 20,200 (+27% yoy)/20,300 (+34% yoy)/14,200 (-21% yoy)/8,500 (-57% yoy)/ 12,100 tests (-38% yoy)/16, 200 tests (-14% yoy)/18,000 tests (-13% yoy). The test volume reached 36,800 in 2Q vs 37,000 expected and 54,600 in 1Q20. The parent company's 2Q20 revenues stand at PLN 24.4 million (-27% yoy) vs our forecast at PLN 24 million. According to the Company's estimations, in 2Q20 it lost at least PLN 11 million on the revenues level due to the pandemic (PLN 14 million in 1H20).

2Q20 revenues of Scanix/RP/Exira/Vito-Med reached PLN 4 million/PLN 1 million/PLN 1 million/PLN 4 million, almost in line with our expectations (PLN 2 million/PLN 1 million/PLN 1 million/PLN 4 million). In 2Q20 Exira stopped for 3 weeks due to renovations which

resulted in a 21%/63% yoy drop in the number of carried out medical procedures/MRI scans. The hospital ward in Vito-Med was renovated as well albeit since June 1 the diagnostic facility for SARS-CoV-2 testing has started operating which added PLN 1.4 million to revenues in 2Q20.

Alteris's 2Q/1H20 revenues stood at PLN 21 million (+167% yoy) vs PLN 14 million expected by us/ PLN 29 million (+41% yoy); this stemmed from the projects related to diagnostic equipment supplies.

All in all, the Group's 2Q20 revenues reached PLN 53 million and exceeded our expectations at PLN 38 million. Given quite high fixed costs profitability deteriorated yoy; adj EBIT and net loss arrived at PLN -2.9 million and PLN -3.3 million, respectively vs our expectations of PLN -3.5 million and PLN -3.6 million. The Group booked a PLN 2 million/ PLN 0.1 million gain on the occasional purchase of Scanix/ fixed assets disposal.

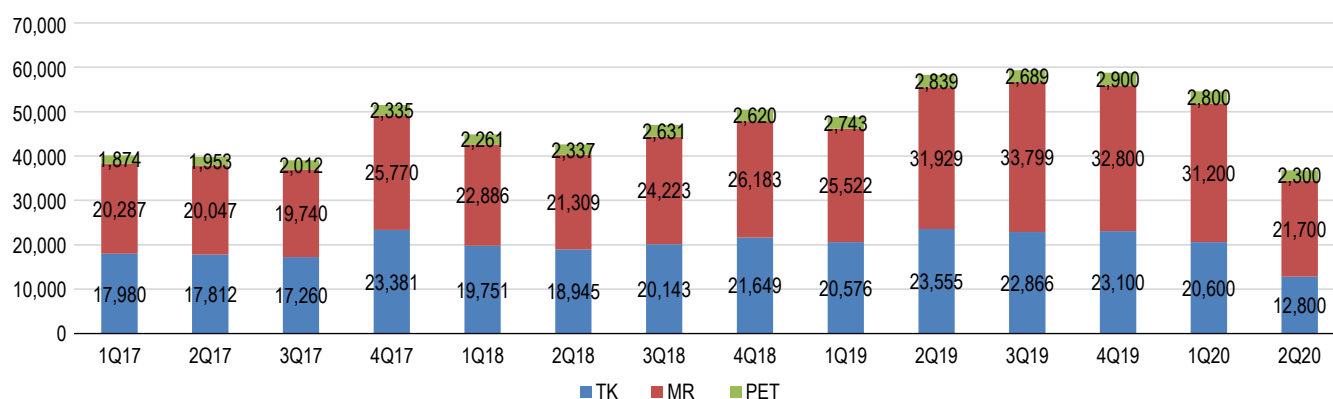
It looks like the realization of our forecasts after 1H20 is sluggish. The sales in July picked up, though they were still lower by 11% than in February and 13% lower yoy. The number of diagnostic tests in 2H20 remains under a big question mark though it will undoubtedly depend on the pandemic evolvement and possible restrictions.

Fig. 1. Voxel; 2Q20 financials' forecasts

IFRS consolidated (PLN m)					2Q20 vs				yoy chg			yoy chg	Realization of the FY figures in:			
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	2Q20E	forecasts		1H19	1H20		2Q19	2Q20	1H19	1H20
Sales	49.1	46.6	48.6	67.3	50.4	52.6	38.1	↑	13%	95.7	103.0	8%	22%	20%	45%	39%
Profit on sales	7.2	7.8	8.5	10.0	1.5	-3.4	-3.8	→	n.m.	15.0	-1.9	n.m.	23%	-12%	45%	-6%
Profit on sales margin	14.7%	16.8%	17.5%	14.9%	3.0%	-6.4%	-10.0%	-	-	15.7%	-1.8%	-	-	-	-	-
EBITDA	12.8	13.7	14.6	16.2	17.3	6.8	4.9	↑	-64%	26.5	24.2	-9%	24%	10%	46%	34%
EBITDA margin	26.1%	29.3%	30.0%	24.0%	34.4%	13.0%	12.8%	-	-	27.7%	23.5%	-	-	-	-	-
Adj EBITDA	12.8	13.7	14.6	16.7	10.2	4.7	4.9	→	-64%	26.5	14.9	-44%	24%	8%	46%	24%
Adj EBITDA margin	26.1%	29.3%	30.0%	24.8%	20.2%	9.0%	12.8%	-	-	27.7%	14.5%	-	-	-	-	-
EBIT	7.4	8.1	8.8	10.0	9.0	-0.8	-3.5	↑	n.m.	15.5	8.2	-47%	24%	-2%	45%	21%
EBIT margin	15.1%	17.4%	18.1%	14.8%	17.8%	-1.5%	-9.2%	-	-	16.2%	8.0%	-	-	-	-	-
Adj EBIT	7.4	8.1	8.8	10.5	1.9	-2.9	-3.5	→	n.m.	15.5	-1.0	n.m.	23%	-10%	45%	-3%
Adj EBIT margin	15.1%	17.4%	18.1%	15.6%	3.7%	-5.5%	-9.2%	-	-	16.2%	-1.0%	-	-	-	-	-
Pre-tax profit	6.2	6.9	7.6	7.8	7.4	-2.1	-4.6	↑	n.m.	13.0	5.3	-60%	24%	-6%	46%	15%
Pre-tax profit margin	12.5%	14.8%	15.6%	11.6%	14.7%	-4.1%	-12.1%	-	-	13.6%	5.1%	-	-	-	-	-
Net profit	5.0	5.5	6.0	6.5	3.6	-1.2	-3.6	↑	n.m.	10.5	2.4	-77%	24%	-5%	46%	9%
Net profit margin	10.1%	11.8%	12.4%	9.6%	7.2%	-2.4%	-9.5%	-	-	10.9%	2.3%	-	-	-	-	-
Adj NP	5.0	5.5	6.0	7.8	-1.1	-3.3	-3.6	→	n.m.	10.5	-4.5	n.m.	23%	-17%	43%	-22%
Adj NP margin	10.1%	11.8%	12.4%	11.5%	-2.2%	-6.4%	-9.5%	-	-	10.9%	-4.3%	-	-	-	-	-

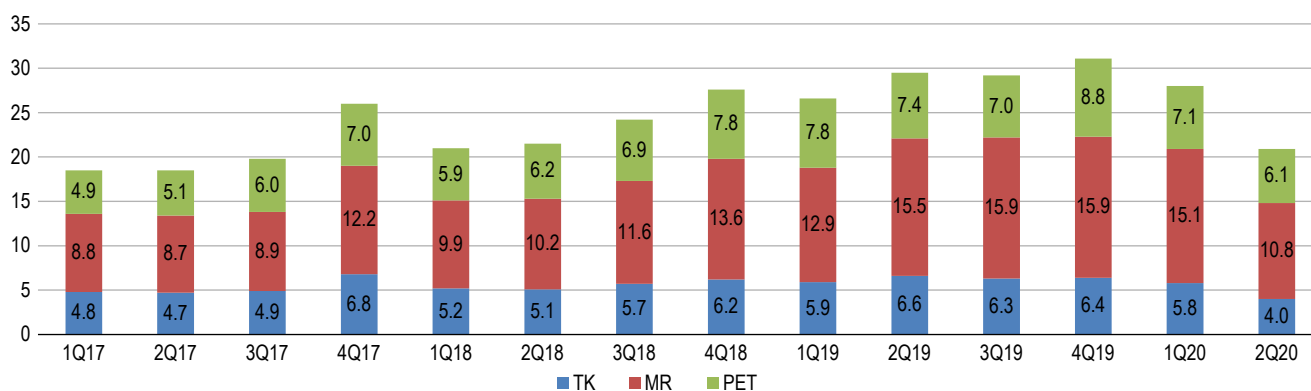
Source: Company, DM BOŚ SA estimates

Fig. 2. Voxel; Tests per quarter



Source: Company

Fig. 3. Voxel; Quarterly revenues from tests performed (PLN m)



Source: Company

The Group has started to offer SARS-CoV-2 diagnostic tests and entered the manufacturing of swabs acquiring a stake in Albireo Biomedical. These two moves should be of a considerable support for the Group’s 2H20 financial results.

### FY20 financial performance outlook

**SARS-CoV-2 diagnostic tests.** Voxel informed that in June/July/August (till Aug. 21) its subsidiary Vito-Med performed 5,089/14,814/18,000 COVID-19 RT-PCR tests and generated PLN 5.41 million revenues in June and July which implies an average test price at PLN 272.

With SARS-CoV-2 diagnostic tests to be performed by Vito-Med in August and September assumed at 21,300 and 36,000, respectively, we expect additional revenues in 3Q at PLN 20 million which implies PLN 10 million of additional EBIT provided EBIT profitability stands at 50%. Assuming the volume of SARS-CoV-2 diagnostic tests at 108,000 and 50% EBIT profitability, additional revenues/

EBIT in 4Q20 should reach PLN 29 million/ PLN 15 million.

Vito-Med informed it was able to carry out 1,500 tests daily which given the full capacity utilization may generate PLN 12 million revenues monthly. We consider this profitability as high given the Group doesn’t employ subcontractors and is able to achieve synergies within its internal structure. It is likely that our assumptions prove conservative.

In our financial model we assume the number of diagnostic tests performed by Vito-Med from January to June in 2021 at 30,000 and at 18,000 in the remaining months. This implies PLN 82 million/ PLN 41 million of additional revenues/EBIT in FY21. We do not assume any revenues of this origin in FY22 which means returning to normalized profits.

Nevertheless it should be remembered that the number of diagnostic facilities performing SARS-CoV-2 diagnostic tests has been growing, so has the

**Fig. 4. Voxel; Changes in DM BOŚ SA forecasts**

IFRS consolidated (PLN m)	2020E			2021E			2022E		
	current	previous	change	current	previous	change	current	previous	change
Sales	263.7	244.3	8%	315.7	265.9	19%	273.8	269.0	2%
EBITDA	70.6	67.0	5%	96.1	81.0	19%	82.7	81.6	1%
Adj EBITDA	61.4	59.9	2%	96.1	81.0	19%	82.7	81.6	1%
EBIT	39.2	33.6	17%	61.7	45.3	36%	47.2	43.8	8%
Adj EBIT	30.0	26.5	13%	61.7	45.3	36%	47.2	43.8	8%
NP	26.9	22.4	20%	46.6	32.7	43%	34.6	31.3	10%
Adj NP	20.0	17.7	13%	46.6	32.7	43%	34.6	31.3	10%
Net debt	112.3	116.1	-3%	83.2	84.9	-2%	73.4	69.5	6%

Source: DM BOŚ SA estimates

competition, and NFZ may cut the test price. On the other hand, the Company may expand testing capacities. These activities mitigate deterioration of the core business performance and have a positive impact on profits.

**Swabs.** We assume the revenues generated by manufacturing of swabs in Albireo Biomedical will arrive at PLN 0.5 million/PLN 1.5 million in 4Q20/FY21.

**Voxel, RP, Scanix.** We consider the currently lowered demand for CT and MRI scans as deferred, not lost. The limits for CT and MRI scans this year are based on the number of the scans performed in 2019 (high level) and the Company obtains advance payments from NFZ which secures its liquidity. MRI scanners are launched in Bośnia and Sochaczew, PET-CT scan machine is set to start in Warsaw in 3Q20 and in 4Q20 a new MRI scanner will be launched in Tarnów and Zabrze.

**Exira.** Given Exira's specificity the pandemic has a limited impact on its performance. Besides, funding of PET scans in hospitals changed which should help increase in the number of tests in the coming years. Exira's efficiency has expanded after the replacement of a source of radiation (in July Exira performed 60 Gamma knife surgeries vs 93 in 2Q20).

**Vito-Med.** Vito-Med's hospital operations have been restructured to focus on the treatment of

neurodegeneration diseases (Parkinson disease) as these are higher paid. We also expect gains on SARS-CoV-2 diagnostic tests. It is likely that part of these revenues will be booked by Alteris, but will undergo consolidation adjustments.

**Alteris.** The company experiences a high demand which is partly the pandemic induced.

**The Group.** We forecast the Group's FY20 revenues/adj EBIT/adj NI at PLN 264 million/PLN 30 million/PLN 20 million (forecast upgrade by 8%/13%/13%) and expect the financial performance improvement in FY21. Provided the pandemic is shut off next year, we expect FY22 results to deteriorate yoy. We would like to stress that our estimates are encumbered with high risk (both ways).

**Fig. 5. Voxel; Tests assumptions (sensitivity)**

	2020E		2021E		Full annual capacity utilisation (as of August 2020)
Number of tests	184,903	300,000			540,000
Price (PLN)	271.8	271.8			271.8
Sales (PLN m)	50.3	81.5			146.8
EBIT margin - base case scenario	50%	50%			50%
<b>EBIT (PLN m)</b>	<b>25.1</b>	<b>40.8</b>			<b>73.4</b>
EBIT margin	70%	70%			70%
EBIT (PLN m)	35.2	57.1			102.7
EBIT margin	30%	30%			30%
EBIT (PLN m)	15.1	24.5			44.0

Source: DM BOŚ SA

## Valuation

Update of our financial forecasts results in a 17% increase of our 12M EFV for the Company, being a 50%- 50% mix of DCF FCFF result and peer-relative valuation, to PLN 50.4 from PLN 43.0 per share. The DCF FCFF/peer relative valuation implies PLN 55/46 (previously PLN 48/38) per share.

Fig. 6. Voxel; DCF model

	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
<b>Cost of equity</b>								
Risk free	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Equity market premium	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
Unlevered beta	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Leveraged beta	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9
<b>Required rate of return</b>	<b>9.0%</b>	<b>8.9%</b>	<b>8.7%</b>	<b>8.5%</b>	<b>8.7%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>
<b>Cost of debt</b>								
Pre-tax cost of debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
<b>After-tax cost of debt</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>
<b>WACC</b>								
Equity share	80%	84%	84%	85%	86%	86%	86%	88%
Debt share	20%	16%	16%	15%	14%	14%	14%	12%
Cost of equity	9.0%	8.9%	8.7%	8.5%	8.7%	8.3%	8.3%	8.3%
After tax cost of debt	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
<b>WACC</b>	<b>7.8%</b>	<b>8.0%</b>	<b>7.8%</b>	<b>7.7%</b>	<b>7.9%</b>	<b>7.5%</b>	<b>7.6%</b>	<b>7.7%</b>
<b>Financial forecasts (PLN m)</b>								
Sales	315.7	273.8	285.5	297.6	308.6	320.1	331.9	344.3
EBIT	61.7	47.2	49.2	51.5	53.2	54.9	56.7	58.5
NOPLAT	50.0	38.2	39.8	41.7	43.1	44.5	46.0	47.4
Depreciation	34.3	35.6	37.1	38.4	40.0	41.8	43.5	45.5
PPE + intangibles	23.5	24.7	26.3	27.6	29.2	31.0	32.7	34.7
Right-of-use assets	10.8	10.8	10.8	10.8	10.8	10.8	10.8	10.8
NWC change	-7.4	4.7	-1.0	-1.1	-0.9	-0.9	-1.0	-1.0
Capex	-24.2	-25.8	-27.2	-28.9	-30.3	-32.1	-34.1	-36.0
Capital lease payments	-10.8	-10.8	-10.8	-10.8	-10.8	-10.8	-10.8	-10.8
<b>FCFF</b>	<b>41.9</b>	<b>41.8</b>	<b>37.9</b>	<b>39.3</b>	<b>41.0</b>	<b>42.4</b>	<b>43.6</b>	<b>45.1</b>

Source: DM BOŚ SA estimates

Fig. 7. Voxel; DCF Valuation (PLN m)

FCFF terminal growth	1.0%
WACC in residual period	7.7%
Residual value	682.4
PV of residual value	397.5
PV of FCFF	253.7
Minorities	4.0
<b>Enterprise value</b>	<b>647.3</b>
Net debt, excl. IFRS16	72.2
Equity value	575.1
Number of shares (million)	10.5
<b>12M forward equity value per share (PLN)</b>	<b>54.8</b>

Source: DM BOŚ SA estimates

Fig. 8. Voxel; Sensitivity to terminal growth rate and equity market premium (PLN m)

FCFF residual growth	Residual WACC				
	7.3%	7.5%	7.7%	7.9%	8.1%
0.0%	51.3	50.4	49.5	48.7	47.9
0.5%	54.0	52.9	51.9	51.0	50.1
1.0%	57.2	55.9	<b>54.8</b>	53.7	52.6
1.5%	60.9	59.4	58.0	56.7	55.5
2.0%	65.3	63.5	61.9	60.3	58.9

Source: DM BOŚ SA estimates

**Fig. 9. Voxel; Peer-relative comparison**

Company	P/E			EV/EBITDA			EV/EBIT		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Medica Group	24.8	16.8	13.8	14.5	10.3	8.0	n.a.	n.a.	n.a.
Integral Diagnostics	26.0	21.3	18.3	13.5	11.4	10.0	19.7	16.0	13.5
Centro De Imagem Diagnosticos	uj.	87.0	55.3	13.1	7.5	7.5	52.7	17.6	13.3
Medpace Holdings	33.0	27.6	22.8	25.4	19.7	16.1	25.2	19.1	17.7
BML	18.5	21.9	18.0	4.9	5.5	4.6	n.a.	n.a.	n.a.
Spire Healthcare Group	uj.	55.2	26.0	7.9	7.4	6.9	26.4	15.4	13.5
Laboratory Corporation of America	13.0	12.0	13.4	9.7	8.7	8.6	11.6	10.4	10.3
Cardinal Health	9.3	9.1	8.5	6.8	6.1	5.4	8.0	7.7	6.9
Amerisourcebergen	12.5	11.9	11.3	8.4	7.1	6.4	9.3	8.0	7.2
Alfresa	13.4	18.7	16.1	n.a.	6.4	5.2	n.a.	n.a.	n.a.
China National Accord Medi-B	14.7	12.9	11.6	6.4	5.6	5.3	6.9	5.4	5.9
Jointown Pharmaceuticals	14.6	12.3	10.4	9.1	n.a.	n.a.	10.6	n.a.	n.a.
Medipal Holdings	13.7	15.5	14.4	n.a.	4.3	3.6	n.a.	6.4	5.4
Mckesson	9.1	9.9	9.1	7.1	6.6	5.8	8.6	7.8	6.6
Bayer	11.7	8.3	7.4	9.6	7.1	6.0	19.3	10.3	8.4
<b>Median</b>	<b>13.7</b>	<b>15.5</b>	<b>13.8</b>	<b>9.1</b>	<b>7.1</b>	<b>6.2</b>	<b>11.6</b>	<b>10.3</b>	<b>8.4</b>
Voxel	17.5	10.1	13.6	8.3	5.8	6.6	14.9	9.0	11.5
Implied Voxel's price (PLN)	35.1	68.7	45.4	50.5	57.0	41.8	32.6	52.6	30.7
<b>Average implied Voxel's price (PLN)</b>	<b>46.1</b>								

Source: Bloomberg, DM BOŚ SA estimates

**Financial statements (IFRS consolidated)**
**Fig. 10. Voxel; Balance sheet**

(PLN m)	2017	2018	2019	2020E	2021E	2022E
<b>Fixed assets</b>	<b>172.7</b>	<b>206.0</b>	<b>260.7</b>	<b>310.7</b>	<b>311.5</b>	<b>312.5</b>
Tangible fixed assets	124.4	136.4	183.1	222.6	223.1	223.6
Intangible fixed assets	8.4	7.9	9.9	10.2	10.5	11.1
Goodwill	39.4	59.4	59.8	65.6	65.6	65.6
Financial, other fixed assets	0.5	2.4	7.9	12.2	12.2	12.2
<b>Current trade assets</b>	<b>66.4</b>	<b>76.3</b>	<b>77.2</b>	<b>84.9</b>	<b>115.2</b>	<b>95.5</b>
Inventory	4.8	6.3	7.3	9.5	10.4	9.2
Net trade receivables	31.5	42.8	46.2	51.8	62.0	53.8
Other receivables	2.5	5.4	0.2	0.2	0.3	0.3
ST investments	8.5	14.2	16.1	1.2	1.2	1.2
Cash	19.1	7.6	7.5	22.2	41.3	31.1
<b>Assets</b>	<b>239.1</b>	<b>282.3</b>	<b>337.9</b>	<b>395.6</b>	<b>426.6</b>	<b>408.1</b>
<b>Shareholders' funds</b>	<b>130.5</b>	<b>143.3</b>	<b>155.8</b>	<b>172.4</b>	<b>207.3</b>	<b>221.4</b>
<b>Liabilities</b>	<b>108.6</b>	<b>139.1</b>	<b>182.1</b>	<b>223.2</b>	<b>219.3</b>	<b>186.6</b>
<b>LT liabilities</b>	<b>51.1</b>	<b>84.8</b>	<b>116.5</b>	<b>127.5</b>	<b>123.5</b>	<b>97.1</b>
Interest bearing debt	11.1	19.2	25.2	37.5	37.5	37.5
Bonds	10.0	34.8	34.9	30.0	20.0	0.0
Leasing	1.7	1.9	28.4	30.2	30.2	30.2
Provisions, other	28.4	28.9	27.9	29.7	35.8	29.4
<b>ST liabilities</b>	<b>57.5</b>	<b>54.3</b>	<b>65.6</b>	<b>95.7</b>	<b>95.8</b>	<b>89.5</b>
Interest bearing debt	13.3	5.7	16.1	21.1	21.1	21.1
Bonds	10.2	0.8	0.8	5.8	5.8	5.8
Leasing	0.7	1.1	8.3	9.8	9.8	9.8
Provisions, other	9.6	22.4	9.4	18.5	14.8	13.3
Trading liabilities	23.7	24.3	31.0	40.5	44.2	39.5
<b>Shareholders equity and liabilities</b>	<b>239.1</b>	<b>282.3</b>	<b>337.9</b>	<b>395.6</b>	<b>426.6</b>	<b>408.1</b>
<b>Ratios:</b>						
Debt/Equity	0.4	0.4	0.7	0.8	0.6	0.5
Net WC / Total assets	0.1	0.1	0.1	0.1	0.1	0.1
Current ratio	1.2	1.4	1.2	0.9	1.2	1.1
Quick ratio	1.1	1.3	1.1	0.8	1.1	1.0
Sales / Total assets	0.7	0.7	0.7	0.7	0.8	0.7
Sales / Net WC	12.6	9.1	9.0	12.2	12.9	10.6
Inventory turnover (days)	17	17	16	15	16	18
Average receivable turnover (days)	69	80	77	68	66	77
Average accounts payable period (days)	73	72	65	63	70	77
Cash conversion cycle (days)	14	24	28	20	13	18
ROA	8.6%	9.0%	7.4%	7.3%	11.3%	8.3%
ROE	16.0%	17.1%	15.3%	16.4%	24.5%	16.1%

Source: Company, DM BOŚ SA estimates

**Fig. 11. Voxel; Income statement**

(PLN m)	2017	2018	2019	2020E	2021E	2022E
<b>Sales</b>	<b>152.2</b>	<b>170.4</b>	<b>211.7</b>	<b>263.7</b>	<b>315.7</b>	<b>273.8</b>
Costs of sales	-110.5	-122.1	-156.0	-206.9	-222.3	-198.6
<b>Gross profit on sales</b>	<b>41.7</b>	<b>48.3</b>	<b>55.7</b>	<b>56.8</b>	<b>93.4</b>	<b>75.2</b>
SG&A costs	-18.8	-19.1	-22.1	-27.9	-32.4	-28.1
<b>Profit on sales</b>	<b>22.9</b>	<b>29.3</b>	<b>33.6</b>	<b>28.9</b>	<b>61.0</b>	<b>47.1</b>
Result on other operating activities	3.0	1.7	0.7	10.3	0.7	0.1
<b>EBITDA</b>	<b>39.1</b>	<b>45.3</b>	<b>57.2</b>	<b>70.6</b>	<b>96.1</b>	<b>82.7</b>
<b>Adj. EBITDA</b>	<b>39.1</b>	<b>44.2</b>	<b>57.7</b>	<b>61.4</b>	<b>96.1</b>	<b>82.7</b>
<b>EBIT</b>	<b>25.8</b>	<b>31.0</b>	<b>34.3</b>	<b>39.2</b>	<b>61.7</b>	<b>47.2</b>
<b>Adj. EBIT</b>	<b>25.8</b>	<b>29.9</b>	<b>34.8</b>	<b>30.0</b>	<b>61.7</b>	<b>47.2</b>
Financial income	0.3	0.7	0.4	1.2	0.5	0.6
Financial costs	-2.8	-3.1	-6.3	-5.9	-6.1	-5.5
Profit from associates	0.0	0.5	0.0	0.5	1.5	0.5
<b>Pre-tax profit</b>	<b>23.3</b>	<b>29.1</b>	<b>28.5</b>	<b>35.0</b>	<b>57.6</b>	<b>42.8</b>
Income tax	-3.5	-5.7	-5.5	-8.8	-11.0	-8.1
Minorities	0.0	0.0	0.0	-0.7	0.1	0.1
<b>Net profit</b>	<b>19.8</b>	<b>23.4</b>	<b>22.9</b>	<b>26.9</b>	<b>46.6</b>	<b>34.6</b>
<b>Adj NP</b>	<b>19.8</b>	<b>22.4</b>	<b>24.2</b>	<b>20.0</b>	<b>46.6</b>	<b>34.6</b>
<b>Margins:</b>						
EBITDA	25.7%	26.6%	27.0%	26.8%	30.4%	30.2%
Adj EBITDA	25.7%	25.9%	27.3%	23.3%	30.4%	30.2%
EBIT	17.0%	18.2%	16.2%	14.9%	19.6%	17.2%
Adj EBIT	17.0%	17.5%	16.5%	11.4%	19.6%	17.2%
Pre-tax profit	15.3%	17.1%	13.4%	13.3%	18.3%	15.6%
NP	13.0%	13.7%	10.8%	10.2%	14.8%	12.6%
Adj NP	13.0%	13.1%	11.4%	7.6%	14.8%	12.6%
<b>Nominal growth:</b>						
Sales	26.1%	12.0%	24.2%	24.6%	19.7%	-13.3%
EBITDA	33.8%	15.8%	26.3%	23.4%	36.0%	-13.9%
Adj EBITDA	33.8%	12.9%	30.7%	6.4%	56.5%	-13.9%
EBIT	54.7%	20.0%	10.7%	14.2%	57.5%	-23.6%
Adj EBIT	54.7%	15.6%	16.6%	-13.9%	106.0%	-23.6%
Pre-tax profit	57.9%	24.7%	-2.3%	23.0%	64.7%	-25.7%
NP	80.0%	18.0%	-1.9%	17.2%	73.3%	-25.8%
Adj NP	80.0%	13.0%	8.3%	-17.4%	132.7%	-25.8%

Source: Company, DM BOŚ SA estimates

**Fig. 12. Voxel; Cash flow**

(PLN m)	2017	2018	2019	2020E	2021E	2022E
<b>Operating cash flow</b>	<b>35.3</b>	<b>30.3</b>	<b>49.2</b>	<b>63.0</b>	<b>81.6</b>	<b>71.8</b>
Pre-tax income	23.3	29.1	28.5	35.0	57.6	42.8
Depreciation	13.3	14.3	22.9	31.4	34.3	35.6
Change in working capital	-0.1	-11.3	0.5	1.6	-7.4	4.7
Other	-1.2	-1.9	-2.6	-5.1	-2.9	-11.3
<b>Net funds from investing activities</b>	<b>-6.8</b>	<b>-29.2</b>	<b>-42.3</b>	<b>-39.2</b>	<b>-23.7</b>	<b>-25.2</b>
Capital expenditures	-5.8	-29.2	-37.8	-39.4	-24.2	-25.8
Other	-1.0	0.0	-4.5	0.3	0.5	0.6
<b>Net funds from financial activities</b>	<b>-14.1</b>	<b>-12.5</b>	<b>-7.1</b>	<b>-9.1</b>	<b>-38.8</b>	<b>-56.8</b>
Income from shares issue	0.0	0.0	0.0	0.0	0.0	0.0
Net change in debt	-5.3	1.0	15.3	17.3	-10.0	-20.0
Dividends paid	-5.8	-10.5	-10.4	-9.6	-11.8	-20.5
Other	-2.9	-3.1	-12.0	-16.8	-17.0	-16.3
<b>Change in cash</b>	<b>14.4</b>	<b>-11.5</b>	<b>-0.1</b>	<b>14.7</b>	<b>19.1</b>	<b>-10.3</b>

Source: Company, DM BOŚ SA estimates



**Risk factors**

1. Declining public spending on healthcare (high exposure to NFZ)
2. Lowering funding limits for MRI and CT treatments
3. The decline in medical services pricing, in particular, CT, MRI, PET-CT treatments
4. Change in the State's policy regarding private medical contractors (e.g. renting hospital premises – the majority of the Company's services locations)
5. Changes in the Company's contracts with NFZ (the majority secured to 2023/2024)
6. Changes in legislation regarding the funding of hospitals/treatments
7. The decline in the society's affluence (FFS and commercial clients contribute up to 20% of Voxel's revenues)
8. New innovative methods of cancer diagnostics/treatment
9. Medical errors - reputational risk
10. Worse quality of diagnostic testing descriptions
11. Low and deteriorating availability of radiologists
12. Loss/low labor supply
13. Salary pressure (in particular of medical and IT staff)
14. Oversized investments
15. Lagging behind the technological progress in diagnostics

**Catalysts**

1. Aging society
2. The number of diagnostic imaging treatments below the standards in developed countries
3. High NHS funding limits for MRI and CT treatments, NHS shortening of time limit for payments
4. Change of PET funding in hospital treatments
5. Medical services pricing increase
6. Possible change in regulations with respect to indications for PET treatments (compliant with standards in developed countries)
7. Development of the market of private medical services
8. Improvement of the treatment mix (towards more advanced)
9. New medical services (such as micro-invasive treatments, fusion biopsy, radiofrequency liver ablation, TI, BI, BMN)
10. Development of a profitable segment of pharmaceutical research (clinical trials)
11. Organic growth, new centres (high barriers to entry)
12. Acquisitions – economies of scale
13. Cooperation with Warsaw University; new radio tracers
14. Consolidation of the sector; potential acquisition target
15. AI development and new algorithms for test descriptions
16. IT software development for cloud diagnostics
17. New business lines (COVID-19 tests, swabs)

## BASIC DEFINITIONS

**A/R turnover** (in days) =  $365/(\text{sales}/\text{average A/R})$   
**Inventory turnover** (in days) =  $365/(\text{COGS}/\text{average inventory})$   
**A/P turnover** (in days) =  $365/(\text{COGS}/\text{average A/P})$   
**Current ratio** =  $(\text{current assets} - \text{ST deferred assets})/\text{current liabilities}$   
**Quick ratio** =  $(\text{current assets} - \text{ST deferred assets} - \text{inventory})/\text{current liabilities}$   
**Interest coverage** =  $(\text{pre-tax profit before extraordinary items} + \text{interest payable})/\text{interest payable}$   
**Gross margin** =  $\text{gross profit on sales}/\text{sales}$   
**EBITDA margin** =  $\text{EBITDA}/\text{sales}$   
**EBIT margin** =  $\text{EBIT}/\text{sales}$   
**Pre-tax margin** =  $\text{pre-tax profit}/\text{sales}$   
**Net margin** =  $\text{net profit}/\text{sales}$   
**ROE** =  $\text{net profit}/\text{average equity}$   
**ROA** =  $(\text{net income} + \text{interest payable})/\text{average assets}$   
**EV** =  $\text{market capitalization} + \text{interest bearing debt} - \text{cash and equivalents}$   
**EPS** =  $\text{net profit}/\text{no. of shares outstanding}$   
**CE** =  $\text{net profit} + \text{depreciation}$   
**Dividend yield (gross)** =  $\text{pre-tax DPS}/\text{stock market price}$   
**Cash sales** =  $\text{accrual sales corrected for the change in A/R}$   
**Cash operating expenses** =  $\text{accrual operating expenses corrected for the changes in inventories and A/P, depreciation, cash taxes and changes in the deferred taxes}$

DM BOŠ S.A. generally values the covered non bank companies via two methods: comparative method and DCF method (discounted cash flows). The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the DCF method is its independence from the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation. Please note that we also resort to other valuation techniques (e.g. NAV-, DDM- or SOTP-based), should it prove appropriate in a given case.

## KEY TO INVESTMENT RANKINGS

This is a guide to expected price performance in absolute terms over the next 12 months:

**Buy** – fundamentally undervalued (upside to 12M EFV in excess of the cost of equity) + catalysts which should close the valuation gap identified;  
**Hold** – either (i) fairly priced, or (ii) fundamentally undervalued/overvalued but lacks catalysts which could close the valuation gap;  
**Sell** – fundamentally overvalued (12M EFV < current share price + 1-year cost of equity) + catalysts which should close the valuation gap identified.

This is a guide to expected relative price performance:

**Overweight** – expected to perform better than the benchmark (WIG) over the next quarter in relative terms  
**Neutral** – expected to perform in line with the benchmark (WIG) over the next quarter in relative terms  
**Underweight** – expected to perform worse than the benchmark (WIG) over the next quarter in relative terms

The recommendation tracker presents the performance of DM BOŠ S.A.'s recommendations. A recommendation expires on the day it is altered or on the day 12 months after its issuance, whichever comes first.

Relative performance compares the rate of return on a given recommended stock in the period of the recommendation's validity (i.e. from the date of issuance to the date of alteration or – in case of maintained recommendations – from the date of issuance to the current date) in a relation to the rate of return on the benchmark in this time period. The WIG index constitutes the benchmark. For recommendations that expire by an alteration or are maintained, the ending values used to calculate their absolute and relative performance are: the stock closing price on the day the recommendation expires/ is maintained and the closing value of the benchmark on that date. For recommendations that expire via a passage of time, the ending values used to calculate their absolute and relative performance are: the average of the stock closing prices for the day the recommendation elapses and four directly preceding sessions and the average of the benchmark's closing values for the day the recommendation expires and four directly preceding sessions.

### Distribution of DM BOŠ's current recommendations

	Buy	Hold	Sell	Suspended	Under revision
Numbers	32	36	8	9	0
Percentage	38%	42%	9%	11%	0%

### Distribution of DM BOŠ's current recommendations for the companies which DM BOŠ has supplied with material investment services within the last 12 months

	Buy	Hold	Sell	Suspended	Under revision
Numbers	4	7	1	2	0
Percentage	29%	50%	7%	14%	0%

### Distribution of DM BOŠ's current market relative recommended weightings

	Overweight	Neutral	Underweight	Suspended	Under revision
Numbers	28	34	14	9	0
Percentage	33%	40%	16%	11%	0%

### Distribution of DM BOŠ's current market relative recommended weightings for the companies which DM BOŠ has supplied with material investment services within the last 12 months

	Overweight	Neutral	Underweight	Suspended	Under revision
Numbers	4	6	2	2	0
Percentage	29%	43%	14%	14%	0%

## Banks

**Net Interest Margin (NIM)** =  $\text{net interest income}/\text{average assets}$   
**Non interest income** =  $\text{fees\&commissions} + \text{result on financial operations (trading gains)} + \text{FX gains}$   
**Interest Spread** =  $(\text{interest income}/\text{average interest earning assets})/(\text{interest cost}/\text{average interest bearing liabilities})$   
**Cost/Income** =  $(\text{general costs} + \text{depreciation})/(\text{profit on banking activity} + \text{other net operating income})$   
**ROE** =  $\text{net profit}/\text{average equity}$   
**ROA** =  $\text{net income}/\text{average assets}$   
**Non performing loans (NPL)** =  $\text{loans in 'basket 3' category}$   
**NPL coverage ratio** =  $\text{loan loss provisions}/\text{NPL}$   
**Net provision charge** =  $\text{provisions created} - \text{provisions released}$

DM BOŠ S.A. generally values the covered banks via two methods: comparative method and fundamental target fair P/E and target fair P/BV multiples method. The advantage of the former is the fact that it incorporates the current market assessment of the value of the company's peers. The weakness of the comparative method is the risk that the valuation benchmark may be mispriced. The advantage of the fundamental target fair P/E and target fair P/BV multiples method is its independence of the current market valuation of the comparable companies. The weakness of this method is its high sensitivity to undertaken assumptions, especially those related to the residual value calculation. Assumptions used in valuation can change, influencing thereby the level of the valuation. Among the most important assumptions are: GDP growth, forecasted level of inflation, changes in interest rates and currency prices, employment level and change in wages, demand on the analysed company products, raw material prices, competition, standing of the main customers and suppliers, legislation changes, etc. Changes in the environment of the analysed company are monitored by analysts involved in the preparation of the recommendation, estimated, incorporated in valuation and published in the recommendation whenever needed.

**LT fundamental recommendation tracker**

Analyst	Recommendation	Report date	Reiteration date	Distribution date	Expiry date	Performance	Relative performance	Price at issue/reiteration*	EFV (12 months)	
<b>Voxel</b>										
Sylwia Jaśkiewicz	Buy	21.07.2019	-	22.07.2019	25.06.2020	10%	32%	28.00	35.10	-
Sylwia Jaśkiewicz	-	-	30.07.2019	31.07.2019	-	-	-	29.60	35.10	→
Sylwia Jaśkiewicz	-	-	18.08.2019	19.08.2019	-	-	-	29.50	34.10	↓
Sylwia Jaśkiewicz	-	-	21.08.2019	22.08.2019	-	-	-	30.20	34.10	→
Sylwia Jaśkiewicz	-	-	01.09.2019	02.09.2019	-	-	-	30.90	34.10	→
Sylwia Jaśkiewicz	-	-	10.09.2019	11.09.2019	-	-	-	32.00	35.70	↑
Sylwia Jaśkiewicz	-	-	13.10.2019	14.10.2019	-	-	-	31.50	35.70	→
Sylwia Jaśkiewicz	-	-	24.10.2019	25.10.2019	-	-	-	31.00	35.70	→
Sylwia Jaśkiewicz	-	-	17.11.2019	18.11.2019	-	-	-	32.50	35.70	→
Sylwia Jaśkiewicz	-	-	25.11.2019	26.11.2019	-	-	-	34.00	35.70	→
Sylwia Jaśkiewicz	-	-	04.12.2019	05.12.2019	-	-	-	32.40	38.40	↑
Sylwia Jaśkiewicz	-	-	08.12.2019	09.12.2019	-	-	-	31.50	38.40	→
Sylwia Jaśkiewicz	-	-	09.01.2020	10.01.2020	-	-	-	32.70	38.40	→
Sylwia Jaśkiewicz	-	-	02.02.2020	03.02.2020	-	-	-	31.20	39.50	↑
Sylwia Jaśkiewicz	-	-	04.02.2020	05.02.2020	-	-	-	32.20	39.50	→
Sylwia Jaśkiewicz	-	-	06.02.2020	07.02.2020	-	-	-	32.30	39.50	→
Sylwia Jaśkiewicz	-	-	03.03.2020	04.03.2020	-	-	-	31.00	39.50	→
Sylwia Jaśkiewicz	-	-	30.03.2020	31.03.2020	-	-	-	26.50	39.50	→
Sylwia Jaśkiewicz	-	-	14.04.2020	15.04.2020	-	-	-	27.00	34.00	↓
Sylwia Jaśkiewicz	-	-	22.04.2020	23.04.2020	-	-	-	28.10	34.00	→
Sylwia Jaśkiewicz	-	-	19.05.2020	20.05.2020	-	-	-	27.30	34.00	→
Sylwia Jaśkiewicz	-	-	15.06.2020	16.06.2020	-	-	-	28.60	34.00	→
Sylwia Jaśkiewicz	Hold	25.06.2020	-	26.06.2020	29.07.2020	29%	26%	29.80	34.00	→
Sylwia Jaśkiewicz	-	-	13.07.2020	14.07.2020	-	-	-	30.60	34.00	→
Sylwia Jaśkiewicz	Buy	29.07.2020	-	30.07.2020	Not later than 29.07.2021	16%	17%	38.50	43.00	↑
Sylwia Jaśkiewicz	-	-	23.08.2020	24.08.2020	-	-	-	44.80	50.40	↑

\* prices at issue/reiteration are the closing prices at the report or reiteration date

**Market-relative recommendation tracker**

Analyst	Relative Recommendation	Report date	Reiteration date	Distribution date	Expiry date	Price at issue/reiteration*	Relative performance
<b>Voxel</b>							
Sylwia Jaśkiewicz	Overweight	21.07.2019	-	22.07.2019	25.06.2020	28.00	32%
Sylwia Jaśkiewicz	-	-	30.07.2019	31.07.2019	-	29.60	-
Sylwia Jaśkiewicz	-	-	18.08.2019	19.08.2019	-	29.50	-
Sylwia Jaśkiewicz	-	-	21.08.2019	22.08.2019	-	30.20	-
Sylwia Jaśkiewicz	-	-	01.09.2019	02.09.2019	-	30.90	-
Sylwia Jaśkiewicz	-	-	10.09.2019	11.09.2019	-	32.00	-
Sylwia Jaśkiewicz	-	-	13.10.2019	14.10.2019	-	31.50	-
Sylwia Jaśkiewicz	-	-	24.10.2019	25.10.2019	-	31.00	-
Sylwia Jaśkiewicz	-	-	17.11.2019	18.11.2019	-	32.50	-
Sylwia Jaśkiewicz	-	-	25.11.2019	26.11.2019	-	34.00	-
Sylwia Jaśkiewicz	-	-	04.12.2019	05.12.2019	-	32.40	-
Sylwia Jaśkiewicz	-	-	08.12.2019	09.12.2019	-	31.50	-
Sylwia Jaśkiewicz	-	-	09.01.2020	10.01.2020	-	32.70	-
Sylwia Jaśkiewicz	-	-	02.02.2020	03.02.2020	-	31.20	-
Sylwia Jaśkiewicz	-	-	04.02.2020	05.02.2020	-	32.20	-
Sylwia Jaśkiewicz	-	-	06.02.2020	07.02.2020	-	32.30	-
Sylwia Jaśkiewicz	-	-	03.03.2020	04.03.2020	-	31.00	-
Sylwia Jaśkiewicz	-	-	30.03.2020	31.03.2020	-	26.50	-
Sylwia Jaśkiewicz	-	-	14.04.2020	15.04.2020	-	27.00	-
Sylwia Jaśkiewicz	-	-	22.04.2020	23.04.2020	-	28.10	-
Sylwia Jaśkiewicz	-	-	19.05.2020	20.05.2020	-	27.30	-
Sylwia Jaśkiewicz	-	-	15.06.2020	16.06.2020	-	28.60	-
Sylwia Jaśkiewicz	Neutral	25.06.2020	-	26.06.2020	29.07.2020	29.80	26%
Sylwia Jaśkiewicz	-	-	13.07.2020	14.07.2020	-	30.60	-
Sylwia Jaśkiewicz	Overweight	29.07.2020	-	30.07.2020	Not later than 29.07.2021	38.50	17%
Sylwia Jaśkiewicz	-	-	23.08.2020	24.08.2020	-	44.80	-

\* prices at issue/reiteration are the closing prices at the report or reiteration date

This report has been prepared by Dom Maklerski Banku Ochrony Środowiska SA registered in Warsaw (hereinafter referred to as DM BOŚ SA) and commissioned by the Warsaw Stock Exchange SA (hereinafter referred to as WSE SA) pursuant to the agreement on the research report preparation between DM BOŚ SA and WSE SA within the framework of the Analytical Coverage Support Pilot Program described on the WSE SA website: <https://www.gpw.pl/gpwpa> (hereinafter referred to as the Agreement). DM BOŚ SA will receive a remuneration for the research report in accordance with the Agreement.

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