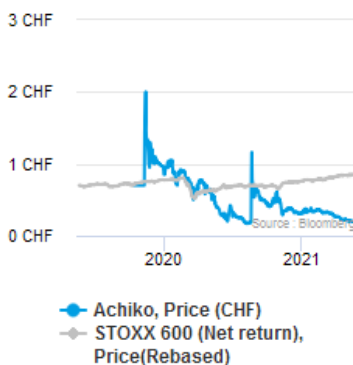


Opinion	<b>Buy</b>
Upside (%)	503
Price (CHF)	0.20
Target Price (CHF)	1.22
Bloomberg Code	ACHI SW
Market Cap (CHFM)	21.5
Enterprise Value (\$M)	22.5
Momentum	NEGATIVE
Fundamental Strength	0/10
Sustainability	6/10

**Analyst :** Amandeep Goyal

[EquitySales@baaderbank.de](mailto:EquitySales@baaderbank.de)

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200
New York	+1 212 935 5150



# Achiko

## All eyes on AptameX launch

### PROS

- Shifting focus towards the high-growth potential health-tech space; the Teman Sehat contact tracing app also offers other important features which could increase the stickiness of customers
- Cheapest and fastest, saliva-based COVID-19 test Gumnuts under development and, if approved, the high-margin test could be a game-changer
- Newly-appointed CEO (co-founder) has a successful exit track record; Achiko might be put on the blocks if Gumnuts becomes a success

### CONS

- Ad-hoc entry into the healthcare space post the outbreak of COVID-19 raises questions over the company's strategic vision; if Gumnuts fails, back up plans appear limited
- Competing with diagnostics heavyweights could be a herculean task
- The CEO is also the biggest shareholder and this could be a concern for free-float shareholders

KEY DATA	12/19A	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-12.1	-4.69	4.12	0.79	2.12
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-14.5	-5.22	3.07	0.34	-0.40
Adjusted EPS (\$)	-0.08	-0.12	0.05	0.29	0.11
Growth in EPS (%)	n/a	n/a	n/a	420	-62.6
Dividend (CHF)	0.00	0.00	0.00	0.00	0.00
Sales (\$M)	6.47	2.81	47.9	152	88.6
EBIT margin (%)	-93.2	ns	15.3	25.0	16.6
Attributable net profit (\$M)	-6.92	-14.1	5.81	30.3	11.3
ROE (after tax) (%)	-20,662	838	255	112	20.8
Gearing (%)	52.3		0.54	-14.2	-32.9

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**Achiko (Buy)**

Detailed financials at the end of this report

**Key Ratios**

		12/20A	12/21E	12/22E	12/23E
Adjusted P/E	x	-4.69	4.12	0.79	2.12
EV/EBITDA	x	-5.22	3.07	0.34	-0.40
P/Book	x	-14.5	2.79	0.53	0.38
Dividend yield	%	0.00	0.00	0.00	0.00
Free Cash Flow Yield	%	-8.41	13.4	40.7	79.6
ROE (after tax)	%	838	255	112	20.8
ROCE	%	354	74.2	77.9	31.3
Net debt/EBITDA	x	-0.14	-0.21	-0.30	-1.93

**Consolidated P&L**

		12/20A	12/21E	12/22E	12/23E
Sales	\$M	2.81	47.9	152	88.6
EBITDA	\$M	-11.6	7.33	38.0	15.7
Underlying operating profit	\$M	-11.8	7.31	37.9	14.7
Operating profit (EBIT)	\$M	-13.4	7.31	37.9	14.7
Net financial expenses	\$M	-0.03	-0.22	-0.97	-0.94
Pre-tax profit before exceptional items	\$M	-13.5	7.09	36.9	13.8
Corporate tax	\$M	0.16	-1.28	-6.64	-2.48
Attributable net profit	\$M	-14.1	5.81	30.3	11.3
Adjusted attributable net profit	\$M	-11.7	5.81	30.3	11.3

**Cashflow Statement**

		12/20A	12/21E	12/22E	12/23E
Total operating cash flows	\$M	-4.87	3.81	14.5	24.0
Capital expenditure	\$M	-0.04	-0.36	-3.79	-3.99
Total investment flows	\$M	0.06	-0.36	-3.79	-3.99
Dividends (parent company)	\$M				
New shareholders' equity	\$M	0.75	0.00	0.00	0.00
Total financial flows	\$M	4.82	7.52	-0.96	-0.93
Change in net debt position	\$M	-4.03	3.23	9.76	19.1
Free cash flow (pre div.)	\$M	-4.94	3.23	9.76	19.1

**Balance Sheet**

		12/20A	12/21E	12/22E	12/23E
Goodwill	\$M	0.00	0.00	0.00	0.00
Total intangible	\$M	0.00	0.00	0.00	0.00
Tangible fixed assets	\$M	0.04	0.39	4.06	7.04
WCR	\$M	-2.38	6.51	30.0	25.9
Total assets (net of short term liabilities)	\$M	-2.06	7.17	34.3	33.2
Ordinary shareholders' equity (group share)	\$M	-4.05	8.61	45.5	63.4
Provisions for pensions	\$M	0.24	0.04	0.07	0.10
Net debt / (cash)	\$M	1.66	-1.57	-11.3	-30.4
Total liabilities and shareholders' equity	\$M	-2.06	7.17	34.3	33.2

**Per Share Data**

		12/20A	12/21E	12/22E	12/23E
Adjusted EPS (bfr goodwill amort. & dil.)	\$	-0.12	0.05	0.29	0.11
Net dividend per share	CHF	0.00	0.00	0.00	0.00
Free cash flow per share	\$	-0.05	0.03	0.09	0.18
Book value per share	\$	-0.04	0.08	0.43	0.60
Number of diluted shares (average)	Mio	98.6	106	106	106

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## Businesses & Trends

### From fintech to health-tech

Established in 2018 as a fintech company, Achiko shifted its focus towards the health-tech space post the outbreak of COVID-19. It currently has two COVID management products in its portfolio – the Teman Sehat ecosystem platform (a mobile app), providing contact tracing and other multiple features (such as consumer payments and finance, games and entertainment), and AptameX (formerly project Gumnuts), a COVID test kit (under development).

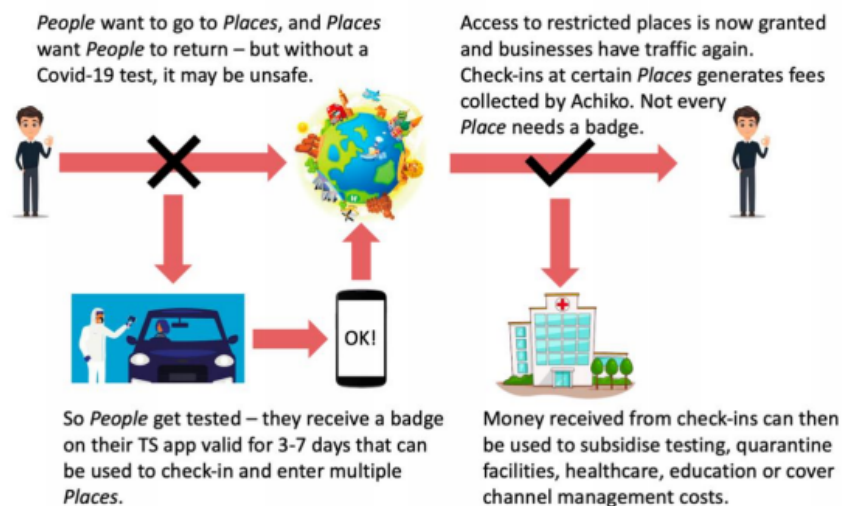
Note that, in FY19, this start-up generated revenue of \$6.5m from the fintech business with Indonesia being the biggest contributor (~92% of sales). The remainder of revenue was derived from Singapore (~6% of sales), and Hong Kong (~2% of sales).

### Teman Sehat – a COVID ‘Health Buddy’

Achiko’s Teman Sehat app provides contact tracing and COVID management services – through issuing passport or access certificates based on COVID test results – which allows for better management of COVID risk. Importantly, the company’s existing knowledge of the application programming interface/API platform (used in the fintech business) enabled it to develop a telehealth platform, Teman Sehat, within a short span of time.

### How does it work?

## TESTING ECONOMY



Source: Company Presentation

Virus transmission can only be reduced by checking the COVID status of all the individuals present on-site (rather than relying on temperature checks that miss asymptomatic patients). Given that this is a tedious task for business operators, a third-party, that can ensure safety and hassle-free economic operation, is a necessity. This is where Achiko comes in – it has developed a perfect solution for the high growth potential contact tracing app market (expected to grow at a CAGR of 35% to reach \$1.2bn in 2027). If the Teman Sehat app gains scale, it could play a critical role in breaking the chain of human-to-human transmission.

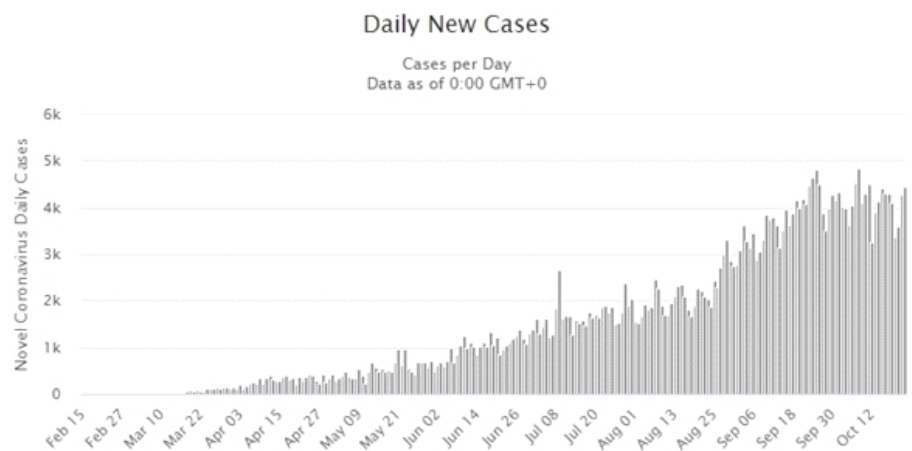
## Achiko (Buy)

In terms of revenue generation from this app, high-risk indoor venues (like malls and hotels) charge a variable entrance fee which is collected through Teman Sehat. The app then issues a voucher/coupon on every check-in to partly offset the entry fee and, when a person redeems a coupon/voucher, Achiko charges a percentage on the same. Thus, the Teman Sehat app also provides services such as marketing and a payment gateway, thereby generating additional income.

### *Successfully building an ecosystem in Indonesia*

Given that the Teman Sehat ecosystem could be a sustainable solution to revitalizing economic activity amidst the pandemic, the Pekanbaru City (Indonesia) government has already signed up with Achiko to safeguard several hospitals and health facilities within the city. The initial results were encouraging and the number of locations have now been extended to cover hotels, recreation parks and traditional markets in Pekanbaru. At the end of October 2020, the Teman Sehat app had >120,000 registered users and more than 800 locations are now on the Teman platform. Note that, in order to facilitate payments, Achiko has partnered with Indonesia's largest telecom player, Telkom Indonesia (>170m subscriber) and this could come in handy if Teman Sehat becomes mandatory in the country.

### **A much-needed solution for Indonesia, which is struggling to lower the COVID curve**



Source: Worldometer

### *Advantage over rivals*

A key differentiation that Achiko offers over other contact tracing apps is data privacy. Under Teman Sehat, an infected person receives a notification privately on the app, after which he/she has to quarantine and remain away from check-ins. In other contact tracing apps, the infected person has to quarantine, but the places he/she visited before getting infected are published, thereby hampering economic activity. Importantly, Achiko plans to combine its Teman Sehat app with an affordable and convenient COVID test kit (in clinical trials), which is where the vital AptameX technology comes into play.

### **AptameX could be a perfect test for a COVID-free ecosystem**

For Achiko's ecosystem to be successful, continuous mass screening needs to be conducted and integrated with the Teman Sehat app – this will provide real-time

alerts and inform authorities and people about hot spots. But the current gold standard for COVID-testing, Ribonucleic Acid (RNA) based molecular tests, as well as rapid antigen and antibody tests, are way too costly and inconvenient (nasal swab), making the overall process uneconomical.

To overcome these challenges, Achiko has entered into an exclusive licensing agreement with Spanish biotech, Regenacellx, which is developing a cheap alternative for COVID testing, AptameX (based on DNA aptamers technology; more details in the Worth Knowing section). Importantly, AptameX showcased promising results in initial trials (based on this a provisional patent has been filed in Australia) and if the same results can be replicated in large-scale trials (field trials are currently underway), the game-changing test is expected to hit the market in Q3 21.

#### *The fast evolving COVID testing market*

Given that mass testing is the only way to contain the spread of the virus, the World Health Organization (WHO) has asked nations around the globe to ramp up their diagnostic capacities. This has boosted the demand for COVID tests but at the same time led to a shortage of reagents and kits. Currently, PCR-based molecular testing (>67% share) is considered the gold standard for COVID testing – on the back of its high accuracy of results – and rapid and portable antigens tests are fast gaining traction. In terms of market players, all the industry heavyweights – like Roche, Thermo Fisher, Abbott, bioMerieux and Qiagen – operate in this field with a bouquet of molecular as well as antigen/antibody tests.

#### **Comparison of different COVID-19 testing technologies**

	PCR	Antigen	Gumnuts
<b>Quality of result</b>	Very high	Average	Average to high
<b>User friendly</b>	Nasal or Throat swab	Nasal or Throat swab or blood	Saliva
<b>Speed</b>	6 hours to 3 days	15-60 mins	5-15 mins
<b>Cost per test</b>	\$50-300	\$5-20	\$1

*Source: Company Presentation*

#### *AptameX has several advantages over the existing technologies*

The two most important differentiations that AptameX offers over other technologies are price and speed of results – the cost is less than \$1 and it provides results in 5 mins, which is relatively very cheap and faster than the existing diagnostic techniques. Moreover, according to management, AptameX can detect infection at a comparatively low CT score (Cycle Threshold; number of testing cycles required to detect infection) vs. the rapid tests, which should help in the early detection of infection. Another key advantage is user friendliness – AptameX rely on sourcing virus from saliva while other technologies use nose/mouth swabs which is a painful process. Also, the molecular-based tests are confined to specific machines and require trained technicians for the smooth running of the operation, which is not the case with AptameX (it is like a pregnancy kit). Note that while the current

**Achiko (Buy)**

testing approaches are constrained by reagents, which need a specific temperature and have a lower shelf life, AptameX has a shelf life of more than a year at room temperature. Thus, given that the Teman Sehat app requires a citizen to get tested 4-10 times a month, AptameX seems a perfect testing solution and they together could ensure smooth economic operations in the COVID infected world.

Strategically, Achiko is targeting Asian countries (started with Indonesia), where the population is huge, and the COVID curve is yet to flatten. This could translate into significant mass testing until herd immunity is achieved. Post COVID, there is a possibility that the DNA aptamer technology could be used to diagnose a wide range of other pathogens, including dengue, tuberculosis and influenza.

**Fintech takes a backseat**

Post the outbreak of COVID-19, Achiko's nascent fintech business – focussed on versatile payment services on a mobile-based app catering to telco vouchers, ATM payments, game cards, and vouchers – has taken a backseat. Nonetheless, the company aims to expand its fintech business in South-East Asia and India and also plans to align its existing app with other services (like consumer credit, loans, insurance, and chat services) once the dust settles (timelines still uncertain). For more details on the fintech business, refer to the Worth Knowing section.

**Key risks associated with the business**

If AptameX fails to receive regulatory approval, it could be a deal-breaker for Achiko. Remember that AptameX is being developed using a new technology (DNA aptamers, currently in clinical trials) and thus the risk of failure in late-stage clinical trials remains quite high. Also, if the DNA aptamers test is approved, industry heavyweights like Roche and Abbott (who already have molecular-based and antibody/antigen COVID-19 tests in the kitty) could be attracted to this technology and we believe that they may be able to replicate the test within a short timeframe (within six months). It should be remembered that competing against these bigwigs, who have a proven track record in the diagnostic space, is likely to be a herculean task.

Strategic risk also exists within the company. The company which was founded as a fintech firm in 2018 shifted its focus towards an unrelated industry, health-tech, post the outbreak of COVID-19 and, if this strategy also fails, a back-up plan needs to be worked out. The management team is also new (the on-boarding of the new CEO and CFO happened recently) and is yet to prove its mettle in terms of execution.

**Divisional Breakdown Of Revenues**

Sector	12/20A	12/21E	12/22E	12/23E	Change 21E/20		Change 22E/21E	
					\$M	of % total	\$M	of % total
<b>Total sales</b>	<b>2.81</b>	<b>47.9<sup>(1)</sup></b>	<b>152<sup>(1)</sup></b>	<b>88.6<sup>(2)</sup></b>	<b>45</b>	<b>100%</b>	<b>104</b>	<b>100%</b>
<b>Achikopay</b> Payment	2.81	0.00	0.00	0.00	-3	-6%	0	0%
<b>Teman Sehat</b> Application Software	0.00	26.5	51.5	38.7	27	59%	25	24%
<b>AptameX (formerly Gumnuts)</b> Med Tech	0.00	21.4	100	49.9	21	47%	79	76%
Other	0.00	0.00	0.00	0.00	0	0%	0	0%

1. Driven by the health-tech business, primarily via the launch of AptameX

2. Expected normalisation in COVID-19 testing

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# Achiko (Buy)

## Key Exposures

	Revenues	Costs	Equity
Dollar	100.0%	100.0%	100.0%
Emerging currencies	100.0%	100.0%	100.0%
Long-term global warming	0.0%	0.0%	0.0%

## Sales By Geography

Indonesia	77.0%
Singapore	22.6%
Hong Kong	0.4%

We address exposures (eg. how much of the turnover is exposed to the \$ ) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling

In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.



## Money Making

### **Achiko still in its early stages**

Achiko is in the initial stages of its business cycle and, given that the fintech business is yet to gain scale, the company has reported an operating loss every year since formation. The pain aggravated in FY 20 as the fintech business lost its charm (sales of \$2.8m in FY 20 vs. \$6.5m in FY 19) amidst the pandemic. As a consequence, at present the start-up is not generating any cash. Achiko's ability to raise funds (partly done) for its telehealth venture could thus play a pivotal role in a successful turnaround of the business.

### **Fintech — a low margin franchisee**

The fintech business generates revenue via its payment platform, earning commissions on sales made by its merchants to unbanked users. The average margin on transactions amounts to ~5% depending on the payment channel used — telco airtime & vouchers (3-8% margin), banks/ATMs (3-5% margin), and convenience stores (10% margin).

### **Strategic shift towards health-tech**

With growth opportunities in the fintech business halted (travel restrictions delayed the expansion of the business), the company proved nimble enough to capitalize on its existing fintech platform to create a telehealth platform, Teman Sehat. Moreover, it disposed of one of its fintech divisions for \$100k – EmpatKali Holdings (a buy now pay later business) – to finance the COVID-19 testing solution, AptameX.

### **Teman Sehat – a 20%-30% gross margin business**

In Teman Sehat's affiliated places, people can check-in freely at certain places, though they need to pay a nominal fee (CHF 0.05 per check) at airports and hospitals, etc. In exchange for the fee, a coupon or voucher is issued and when a person redeems the coupon, Achiko charges a percentage on the same. Of all the check-in fees collected by Achiko, 70%-80% is passed on to the government (which could be used for subsidising testing, quarantine facilities or other healthcare costs) and, given that the operating cost for the app is quite low, Teman Sehat generates a gross margin of 20%-30%.

### **AptameX — the potential cash cow**

Given that AptameX doesn't require specific machines (as is the case with molecular-based tests) or reagents (which are in short supply) to detect COVID, and DNA aptamers can be stored at room temperature, the cost of production of the test is quite low – \$0.25 per unit or \$0.10, if mass produced. Achiko plans to sell this test for less than \$1 (vs. \$50-200 for a RT/PCT test and \$5-25 for an antigen test) and, after accounting for the royalties payable to Regenacellx (5% on revenue of AptameX), the gross margin should be a healthy 70%-80%. Thus, AptameX (if approved) could generate significant cash flows for Achiko and at the same time bring down the overall public testing cost significantly. Considering that Achiko is relatively new to the diagnostic space and has limited cash in hand (\$86k as of H1 20), we expect it to rely on contract manufacturing and licensing deals to bring its test to the market.

### **Our assumptions in detail**

**Achiko (Buy)**

Assuming that the Teman Sehat app is downloaded by 9% of the smartphone users in Indonesia, Achiko should have a customer base of more than 9.5m (Indonesia's population: ~270m; smartphone penetration: ~70%). If a user pays a check-in fee of 0.05 on every visit (assuming two in a day and only 20% of check-ins are chargeable), the app could generate revenue of ~\$2-3m on a monthly basis. Subsequently, if these people take a AptameX test at least three times a month, this translates into monthly sales of ~\$18m (or ~\$7.5m after adjusting for 40% probability of success) from the COVID test.

With a gross margin of 40%-45% and operating expenditure of ~\$20m a year, the FY21 EBITDA margin should be ~15%. Thus, if AptameX proves successful and all our assumptions turn out to be true, Achiko's near-term cash-flow situation should ease (potentially operating cash positive in FY 21), thereby adding a safety cushion for the mid-term. All in all, Achiko's value lies in its high volume high margin business, AptameX.

**Divisional EBIT**

	12/20A	12/21E	12/22E	12/23E	Change 21E/20		Change 22E/21E	
					\$M	of % total	\$M	of % total
<b>Total</b>	<b>-11.8</b>	<b>7.31</b>	<b>37.9</b>	<b>14.7</b>	<b>19</b>	<b>100%</b>	<b>31</b>	<b>100%</b>
<b>Achikopay</b>	0.14	0.00	0.00	0.00	0	-1%	0	0%
<b>Teman Sehat</b>	-4.00	3.98	7.72	3.87	8	42%	4	12%
<b>AptameX (formerly Gumnuts)</b>	-7.18	5.34	35.1	12.5	13	66%	30	97%
<b>Other/cancellations</b>	-0.77	-2.01	-4.94	-1.63	-1	-6%	-3	-10%

**Divisional EBIT margin**

	12/20A	12/21E	12/22E	12/23E
<b>Total</b>	<b>-421%</b>	<b>15.3%</b>	<b>25.0%</b>	<b>16.6%</b>
<b>Achikopay</b>	5.00%			
<b>Teman Sehat</b>		15.0%	15.0%	10.0%
<b>AptameX (formerly Gumnuts)</b>		25.0%	35.0%	25.0%

# Achiko (Buy)

## Valuation

Given the cash-generative nature of the business, the DCF emerges as a suitable valuation metric for Achiko. We have factored in the successful ramp-up of Teman Sehat and the approval of AptameX (formerly project Gumnuts; 40% probability) and thus the revenue and EBITDA grow materially in the forecast years. Importantly, driven by the increasing contribution of high-margin AptameX in the total sales mix, Achiko's free cash flow should turn positive in FY21. In the out years, we assign 6% sales and 8% EBITDA growth, respectively, to factor in the usage of the DNA aptamer technology in the diagnosis of other therapeutic areas.

Under the NAV valuation, we value each segment with a different EV/Sales multiple, reflecting the different growth profiles and competitive positions for each business. The COVID diagnostic kit, AptameX, is valued at 5.5x — in-line with the long-term average of diagnostic peers. Although the kit has been delayed by two-three quarters, it is expected to witness strong growth, due to its low-price and administration convenience. The telehealth platform, Teman Sehat, is valued at 4.5x, almost in-line with peers, but the high multiple indicates the structural shift (favorable) towards telehealth amid the pandemic.

Given Achiko's complete shift to health-tech business we have taken AV's European MedTech and software players for our peer-based valuation.

## Valuation Summary

Benchmarks		Values (CHF)	Upside	Weight
DCF		1.35	566%	40%
NAV/SOTP per share		1.56	667%	40%
P/E	Peers	0.41	100%	5%
EV/Ebitda	Peers	0.41	100%	5%
P/Book	Peers	0.41	100%	5%
Dividend Yield	Peers	0.00	-100%	5%
<b>Target Price</b>		<b>1.22</b>	<b>503%</b>	



[Calculate your Target Price](#)

Edit and modify weightings to match your valuation principles

## Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	26.5	11.9	3.69	0.93
Achiko's ratios	1.44	0.87	0.96	0.00
Premium	0.00%	0.00%	0.00%	0.00%
<b>Default comparison based valuation (CHF)</b>	<b>0.41</b>	<b>0.41</b>	<b>0.41</b>	<b>0.00</b>
bioMerieux	26.1	14.2	3.79	0.55
Qiagen	24.0	13.0	3.25	0.00
Sage Group (the)	33.2	17.8	4.00	2.68
DiaSorin	27.9	16.2	5.67	0.85
Ubisoft Entertainment	25.9	5.49	3.55	0.00
CD Projekt	22.2	14.0	4.30	1.32
Software AG	25.5	13.7	1.81	2.25

## Achiko (Buy)



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## DCF Valuation Per Share

WACC	%	13.5	Avg net debt (cash) at book value	\$M	-6.45
PV of cashflow FY1-FY11	\$M	91.1	Provisions	\$M	0.04
FY11CF	\$M	25.4	Unrecognised actuarial losses (gains)	\$M	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	\$M	0.00
Sustainability "g"	%	2.00	Minorities interests (fair value)	\$M	0.00
Terminal value	\$M	221	Equity value	\$M	160
PV terminal value	\$M	62.4	Number of shares	Mio	106
<i>PV terminal value in % of total value</i>	%	40.6	<b>Implied equity value per share</b>	CHF	<b>1.35</b>
Total PV	\$M	153	Sustainability impact on DCF	%	0.00

## Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	500
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	8.50
Tax advantage of debt finance (normalised)	%	30.0	<b>Company beta (leveraged)</b>	x	<b>1.91</b>
Average debt maturity	Year	5	Company gearing at market value	%	-6.53
Sector asset beta	x	2.00 <sup>(3)</sup>	Company market gearing	%	-6.99
Debt beta	x	1.00	<b>Required return on geared equity</b>	%	<b>13.0</b>
Market capitalisation	\$M	24.0	Cost of debt	%	5.95
Net debt (cash) at book value	\$M	-1.57	<b>Cost of ungeared equity</b>	%	<b>13.5</b>
Net debt (cash) at market value	\$M	-1.57	WACC	%	13.5

3. Attributable to the risk associated with expected launch of group's COVID-19 testing kit

## DCF Calculation

		12/20A	12/21E	12/22E	12/23E	Growth	12/24E	12/31E
Sales	\$M	2.81	47.9	152	88.6	6.00%	93.9	141
EBITDA	\$M	-11.6	7.33	38.0	15.7	8.00%	17.0	29.1
<i>EBITDA Margin</i>	%	<i>-414</i>	<i>15.3</i>	<i>25.0</i>	<i>17.8</i>		<i>18.1</i>	<i>20.6</i>
Change in WCR	\$M	0.71	-8.89	-23.5	4.12	6.00%	4.37	6.57
Total operating cash flows (pre tax)	\$M	-5.03	5.09	21.2	26.5		21.4	35.7
Corporate tax	\$M	0.16	-1.28	-6.64	-2.48	6.00%	-2.63	-3.96
<b>Net tax shield</b>	<b>\$M</b>	<b>-0.01</b>	<b>-0.07</b>	<b>-0.29</b>	<b>-0.28</b>	<b>6.00%</b>	<b>-0.30</b>	<b>-0.45</b>
Capital expenditure	\$M	-0.04	-0.36	-3.79	-3.99	6.00%	-4.23	-6.36
<i>Capex/Sales</i>	%	<i>-1.41</i>	<i>-0.75</i>	<i>-2.50</i>	<i>-4.50</i>		<i>-4.50</i>	<i>-4.50</i>
Pre financing costs FCF (for DCF purposes)	\$M	-4.92	3.38	10.4	19.8		14.2	24.9
Various add backs (incl. R&D, etc.) for DCF purposes	\$M							
<b>Free cash flow adjusted</b>	<b>\$M</b>	<b>-4.92</b>	<b>3.38</b>	<b>10.4</b>	<b>19.8</b>		<b>14.2</b>	<b>24.9</b>
<b>Discounted free cash flows</b>	<b>\$M</b>	<b>-4.92</b>	<b>3.38</b>	<b>9.20</b>	<b>15.3</b>		<b>9.72</b>	<b>7.03</b>
Invested capital	\$	-2.34	6.90	34.0	32.9		34.9	52.4

## Achiko (Buy)

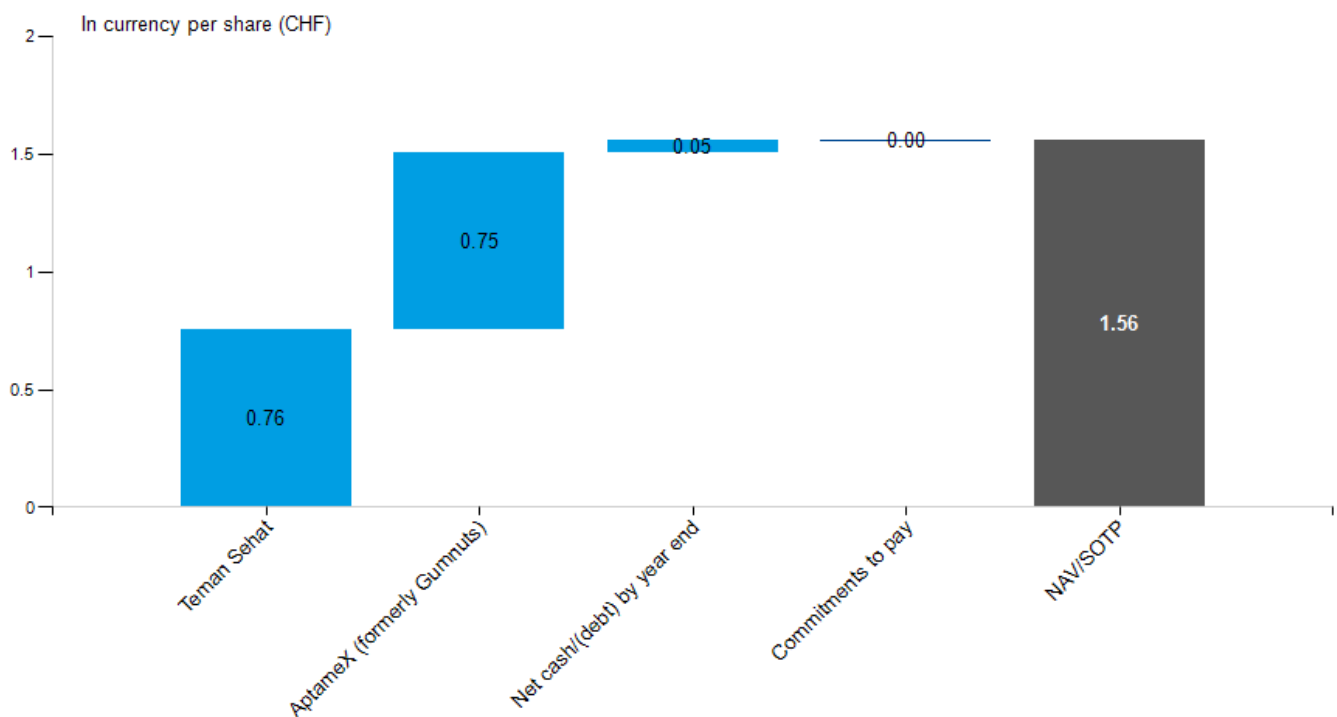


## NAV/SOTP fine tuning


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## NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (\$M)	Stake valuation (\$M)	In currency per share (CHF)	% of gross assets
<b>Teman Sehat</b>	100%	EV/Sales	4.5	89.5	89.5	0.76	50.4%
<b>AptameX (formerly G...</b>	100%	EV/Sales	5.5	88.1	88.1	0.75	49.6%
<b>Achikopay</b>	100%	EV/Sales	2	0.00	0.00	0.00	0.00%
Other					0.00	0.00	0.00%
<b>Total gross assets</b>					<b>178</b>	<b>1.50</b>	<b>100%</b>
Net cash/(debt) by year end					6.45	0.05	3.63%
Commitments to pay					-0.04	0.00	-0.02%
Commitments received							
NAV/SOTP					184	1.56	104%
<b>Number of shares net of treasury shares - year end (Mio)</b>					<b>106</b>		
NAV/SOTP per share, in account currency (\$)					1.73		
<b>NAV/SOTP per share, in quote currency (CHF)</b>					<b>1.56</b>		
<b>Current discount to NAV/SOTP (%)</b>					<b>87.0</b>		



**Achiko (Buy)****Debt**

The group has been scaling up its operations in the tele-health space via the issuance of equity, convertible notes and convertible subordinated loans (CSL). In FY 20, the group raised \$4.2m from two equity issuances, \$1.7m from Negma Group via a convertible note, and \$2.5m via a CSL from the US-based Yorkville Advisors. The group also entered into a \$2m share subscription for a media placement with PT Media Nusantara Citra; however, the share subscription didn't have an immediate cash impact.

Detailed financials at the end of this report

**Funding - Liquidity**

		12/20A	12/21E	12/22E	12/23E
EBITDA	\$M	-11.6	7.33	38.0	15.7
Funds from operations (FFO)	\$M	-5.54	12.5	37.0	19.0
<b>Ordinary shareholders' equity</b>	<b>\$M</b>	<b>-4.05</b>	<b>8.61</b>	<b>45.5</b>	<b>63.4</b>
Gross debt	\$M	2.26	10.0	10.0	10.0
+ Gross Cash	\$M	0.60	11.6	21.3	40.4
<b>= Net debt / (cash)</b>	<b>\$M</b>	<b>1.66</b>	<b>-1.57</b>	<b>-11.3</b>	<b>-30.4</b>
Gearing (at book value)	%		0.54	-14.2	-32.9
Adj. Net debt/EBITDA(R)	x	-0.14	-0.21	-0.30	-1.93
Adjusted Gross Debt/EBITDA(R)	x	-0.22	1.37	0.27	0.64
Adj. gross debt/(Adj. gross debt+Equity)	%	-161	53.8	18.1	13.7
Ebit cover	x	-369	32.6	39.3	15.8
FFO/Gross Debt	%	-222	124	368	188
FFO/Net debt	%	-334	-796	-327	-62.3
FCF/Adj. gross debt (%)	%	-197	32.2	97.0	189
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	-1.92	7.40	15.5	29.8
"Cash" FCF/ST debt	x	-2.16	1.61	4.88	9.55

# Achiko (Buy)

## Worth Knowing

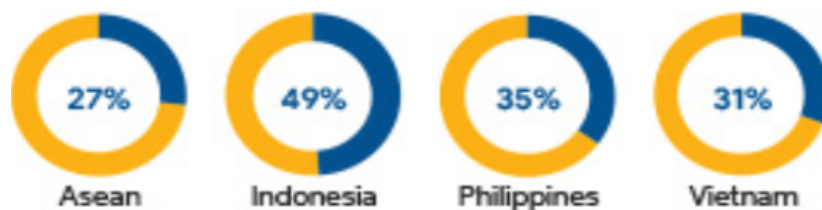
### The formation

Post its formation as a holding company in May 2018, Achiko acquired Mimopay which had run a payment services business in Indonesia since 2012. Note that Mimopay consisted of three entities – Gamespark Interactive, Globimedia Network and PT Progressivmedia. The company also acquired a Korean digital media company, Kryptonite Korea, in June 2018.

### About Mimopay

Mimopay (founded in 2012) is a leading provider of payment platform/service in Indonesia to people who don't have a bank account or credit card – a person could pay through a range of payment channels, such as telecom billing and game vouchers, at convenience stores and ATMs. Given that Mimopay was focused on a very niche market, the company gained strong expertise in servicing unbanked people that represent ~50% of Indonesia population. As is the case for many emerging countries, Indonesia has a solid internet (and smartphone) but low banking penetration.

### Population with Bank Accounts



To expand the geographic reach in one of the fastest growing digital-payment markets, Europe, the former CEO listed the company in Switzerland in Nov 2019. Just after listing, the company collaborated with Hypothekbank Lenzburg on the building of a digital financial services platform and partnered with a Swiss fintech firm, Sonect, to create digital ATMs in shops to ensure smooth operations in the region.

Furthermore, Achiko combined a social platform (chat) with a payment platform and had planned to launch a super app in 2020, to become the WeChat (China) or KakaoTalk (South Korea) for South-East Asia. However, the sudden emergence of COVID-19 disrupted most (if not all) businesses, making it hard (operational, financial, strategic reasons) for any company to launch a new business. The ubiquitous super-app remains one of Achiko's main ambitions but this has become secondary to tools it has set-up to adapt to the pandemic, Teman Sehat and Gumnuts (DNA aptamer technology).

### Partnership holds the key to expanding the fintech business

Achiko as a payment aggregator becomes the plan B for now. However, the company has already entered into partnership agreements with different players, with banks being at the forefront, which could help in the expansion of the fintech business at a later stage. Note that Achiko has collaborated with local banks (and local payment aggregators) to accelerate the integration of new projects and implement its technology (proprietary payment platform) quickly without waiting to obtain a licence. As evidenced in the scheme below, the bank shares its banking

licence whereas Achiko offers its digital financial services such as AchikoPay, digital wallet, Earlypay, etc.

### **Achiko banking license**



Source: Company filings

Earlypay, for instance, is a service proposed by Achiko. Possible salary advances are assessed based on payroll information. The service is free to the employer and the employee is charged a small administration fee. To offer this service, a partnership with a bank is mandatory and Achiko will share the flat fee with that bank (50% each).

### **Gaming could be another fintech driver**

Achiko has spent the last two years setting up the foundation to turn into a fintech and it will not give up its DNA that has long been about gaming (this does not come as a surprise as WeChat still generates 35% of its revenues through gaming). Mimopay's subsidiary, Gamespark, has enabled game publishers/developers to establish their presence in Indonesia by pre-loading games onto local handsets and third-party app distribution platforms. This subsidiary has helped game publishers with low marketing, PR or distribution capabilities to improve visibility for gamers (e.g. "via search optimising algorithms in order to place the games higher on the search result lists"). It obviously has synergies with Achiko as the greater the demand for merchant partners' games, the more transactions on Achiko.

### **Competition is too high**

The concept of an integrated application with e-payments at its core and coming with a whole area of digital services has been exploding recently in Asia. Thus the competition in this space remains very fierce. Achiko is one of the very first players willing to design a super-app (with a focus on financial services). It has set up the required tools (payment platforms) and partnerships (banks, telco, media, etc.) but there are many competitors in this area:

1/ GAFAs (especially Facebook) which aim to accompany unbanked people and offer e-wallets (Google pay, Apple pay, Amazon pay, etc.). Whatsapp will be also a major competitor in India.

2/ GAFAs Chinese counterparts, namely the BATX (Baidu, Alibaba, Tencent and Xiaomi). Alibaba and Tencent via WeChat and Alipay are the most direct competitors. While they have not been going after the SEA market, they have the capacity (capital and network) to leverage their platform throughout Asia.

3/ Local competition also exists with major fintechs such as the Singapore-based



# Achiko (Buy)

company, Grab. The latter has a \$14bn market capitalisation and has managed to grow as a super-app offering a multitude of digital services (Grabfood, Grabpay, Grabtaxi, etc.).

## DNA aptamer could be a ground-breaking technology

DNA aptamers are bio-molecules —oligonucleotides and peptides — that bind to specific targets and help to detect any viral infection markers, including viral genes, proteins, and antibodies. Moreover, by combining aptamer with a booster, it can differentiate between infected host cells from uninfected ones or active from inactive viral forms. Furthermore, DNA aptamer has inherent advantages in stability, facility of generation, and synthesis as compared to RNA-based tests — which have a major drawback of low stability and also can't identify whether the virus is activated or inactivate that could result in false-positive or negative. Although there are no DNA aptamer-based diagnostic tests in the market currently, many preclinical studies indicate that DNA aptamers could be the future.


Beyond the initial application of DNA aptamers in Gumnuts, Achiko is also working towards combining the DNA aptamer with a sensor and attaching it to a fan, which could raise an alarm on the detection of an airborne viral load. If successful, it could have help restaurants, sporting events and malls to detect COVID and secure people and premises.

## Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Steven Goh	15.3%	15.3%	0.00%
PT Media Nusantra Citra	11.2%	11.2%	0.00%
Swiss Merchant Group AG	7.81%	7.81%	7.81%
Kenneth Ting	6.14%	6.14%	0.00%
Simon Theobald and Melissa Humann	3.34%	3.34%	0.00%
<b>Apparent free float</b>			<b>64.1%</b>

## Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
<b>Governance</b>		
Independent directors rate	8/10	25%
Board geographic diversity	10/10	20%
Chairman vs. Executive split		5%
<b>Environment</b>		
CO <sup>2</sup> Emission	2/10	25%
Water withdrawal	2/10	10%
<b>Social</b>		
Wage dispersion trend	0/10	5%
Job satisfaction	0/10	5%
Internal communication	10/10	5%
<hr/>		
<b>Sustainability score</b>	<b>5.6/10</b>	100%

# Achiko (Buy)

## Governance & Management

Achiko's Board comprises four directors, while its management team has five people. The Board is chaired by Allen Wu who has diversified industry experience across the medical, pharmaceutical, cosmetic, mining, infrastructure, real estate, media, financial services, and tourism industries.

### Co-founder's successful exit history

Achiko's co-founder and biggest shareholder (~15% shares), Steven Goh, took the helm as CEO in July 2020 post the departure of Kenneth Ting (also a co-founder; holds a 6% stake currently). Note that Steven Goh has over 25 years of experience in which he has founded/co-founded several companies — 1/- Sanford, Australia's first online stockbroker; 2/- Migme, the world's first mobile social network; 3/- MintoPay, a mining and resources company; 4/- BellDirect, a stockbroking company, and 5/- RegneaCellxSI, a biotech company which is developing the AptameX technology. Interestingly, four of these five firms reached a customer base of >10m, and Goh has made a successful exit from these four companies. Given that Steven Goh has a successful exit history, we won't be surprised were Achiko to also be put on the blocks once AptameX becomes a success.

### Governance score

Company (Sector)



**5.4** (4.5)

Independent board

**Yes**









Parameters	Company	Sector	Score	Weight
Number of board members	4	9	10/10	5.0%
Board feminization	0	36	1/10	5.0%
Board domestic Density	0	64	10/10	10.0%
Average age of board's members	52	59	9/10	5.0%
Type of company : Small cap, controlled			4/10	10.0%
Independent directors rate	75	32	8/10	20.0%
One share, one vote			✓	10.0%
Chairman vs. Executive split			✓	0.0%
Chairman not ex executive			✓	5.0%
Full disclosure on mgt pay			✗	5.0%
Disclosure of performance anchor for bonus trigger			✗	5.0%
Compensation committee reporting to board of directors			✗	5.0%
Straightforward, clean by-laws			✗	15.0%
<b>Governance score</b>			<b>5.4/10</b>	<b>100.0%</b>

### Management

Name		Function	Birth date	Date in	Date out	Compensation, in k\$ (year)	
						Cash	Equity linked
Steven GOH	M	 CEO	1967	2020			
Rudiger PETRIKOWSKI	M	CFO		2020			
Christopher YOUNG	M	 COO	1963	2019	110	(2019)	
Chunhyok CHONG	M	CTO	1973	2018		(2019)	
Pierre NATHIE	M	Senior Executive		2020			

Baader Europe powered by AlphaValue

**Achiko (Buy)****Board of Directors**

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k\$ (year)	Value of holding, in k\$ (year)
Allen WU	M			President/Chairman of th...	1963	2019		16.0 (2019)	0.00 (2019)
John BING-TSUNG LIN	M			Member	1976	2018		32.9 (2019)	167 (2019)
Steven GOH	M			Member	1967	2019		0.00 (2019)	12,715 (2019)
Chris LAURENT	M			Member	1969	2018		30.6 (2019)	109 (2019)

## Achiko (Buy)

## Environment

## Environmental Score

Data sets evaluated as trends on rolling calendar, made sector relative
























Parameters	Score	Sector	Weight
Energy	1/10	5/10	25%
CO <sup>2</sup> Emission	2/10	5/10	30%
Waste	1/10	4/10	15%
Water withdrawal	2/10	5/10	30%

Company (Sector)

1.60 (4.89)

## Environmental metrics

## Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
Demant		4/10	424,368	21,681	n/a	n/a
Coloplast		9/10	584,424	11,100	248,709	15,097
Gn Store Nord		10/10	34,765	11,776	50,109	155
EssilorLuxottica		6/10	5,819,760	780,018	8,031,007	104,256
bioMerieux		5/10	810,000	69,000	992,000	9,500
Orpea		5/10	2,750,051	159,448	4,693,009	n/a
Korian		3/10	2,088,940	137,062	n/a	n/a
Bastide Le Confort Medical		2/10	n/a	10,400	n/a	n/a
Sartorius Stedim Biotech		2/10	317,624	34,813	n/a	4,821
Siemens Healthineers		2/10	n/a	n/a	n/a	n/a
Fresenius Medical Care		3/10	9,000,000	769,400	41,700,000	n/a
Fresenius		3/10	19,836,000	1,521,000	56,200,000	n/a
Carl Zeiss Meditec		2/10	1,976,400	n/a	n/a	19,684
Sartorius		3/10	470,336	44,138	432,971	5,880
DiaSorin		4/10	145,816	12,155	n/a	1,634
Royal Philips		8/10	2,141,000	49,000	890,000	26,400
Qiagen		8/10	310,169	29,348	474,335	1,155
Getinge		8/10	330,926	24,028	n/a	3,295
Elektro		6/10	17,885	1,576	n/a	n/a
Achiko		2/10	n/a	n/a	n/a	n/a
Alcon		5/10	n/a	356,258	3,793,000	46,648
Sonova Holding		8/10	431,910	32,119	139,707	2,179
Smith & Nephew		7/10	766,800	77,212	650,000	11,837

## Achiko (Buy)

## Social

Company (Sector)

6.2 (5.9)

## Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	10/10	20%
Average wage trend	10/10	35%
Share of added value taken up by staff cost	1/10	25%
Share of added value taken up by taxes	1/10	20%
Wage dispersion trend	0/10	0%
Pension bonus (0 or 1)	0	
<b>Quantitative score</b>	<b>6.0/10</b>	<b>100%</b>

## Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	5/10	35%
Pay	7/10	20%
Job satisfaction	0/10	10%
Internal communication	10/10	10%
<b>Qualitative score</b>	<b>6.7/10</b>	<b>100%</b>

AlphaValue analysts tick boxes on essential components of the social/HR corporate life. Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

## Qualitative score

Parameters	Yes  / No 	Weight
<b>Accidents at work</b>		<b>25%</b>
Set targets for work safety on all group sites?		10.0%
Are accidents at work declining?		15.0%
<b>Human resources development</b>		<b>35%</b>
Are competences required to meet medium term targets identified?		3.5%
Is there a medium term (2 to 5 years) recruitment plan?		3.5%
Is there a training strategy tuned to the company objectives?		3.5%
Are employees trained for tomorrow's objectives?		3.5%
Can all employees have access to training?		3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?		3.5%
Have key competences stayed?		3.5%
Are managers given managerial objectives?		3.5%
If yes, are managerial results a deciding factor when assessing compensation level?		3.5%
Is mobility encouraged between operating units of the group?		3.5%
<b>Pay</b>		<b>20%</b>
Is there a compensation committee?		6.0%
Is employees' performance combining group AND individual performance?		14.0%
<b>Job satisfaction</b>		<b>10%</b>
Is there a measure of job satisfaction?		3.3%
Can anyone participate ?		3.4%
Are there action plans to prop up employees' morale?		3.3%
<b>Internal communication</b>		<b>10%</b>
Are strategy and objectives made available to every employee?		10.0%
<b>Qualitative score</b>	<b>6.7/10</b>	<b>100.0%</b>

**Achiko (Buy)****Staff & Pension matters**

Achiko operates a defined benefit plan in accordance with Indonesia's policy. At the end of FY20, the group recorded a net pension liability of \$242.5k (FY19: \$24.6k; c.1% of the market capitalisation).

Detailed financials at the end of this report

**Summary Of Pension Risks**

		12/20A	12/21E	12/22E	12/23E
<b>Pension ratio</b>	%	<b>-0.11</b>	<b>0.41</b>	<b>0.15</b>	<b>0.16</b>
Ordinary shareholders' equity	\$M	-4.05	8.61	45.5	63.4
<b>Total benefits provisions</b>	<b>\$M</b>	<b>0.00</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>
<i>of which funded pensions</i>	<i>\$M</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which unfunded pensions</i>	<i>\$M</i>	<i>0.00</i>	<i>0.04</i>	<i>0.07</i>	<i>0.10</i>
<i>of which benefits / health care</i>	<i>\$M</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Unrecognised actuarial (gains)/losses	\$M	0.00	0.00	0.00	0.00

**Geographic Breakdown Of Pension Liabilities**

		12/20A	12/21E	12/22E	12/23E
US exposure	%				
UK exposure	%				
Euro exposure	%				
Nordic countries	%				
Switzerland	%				
Other	%	100	100	100	100
Total	%	100	100	100	100

## Recent updates

19/05/2021

### AptameX launch now set for Q3 21

<b>Change in EPS</b>	2021 : \$ 0.05 vs 0.10	-47.7%
	2022 : \$ 0.29 vs 0.22	+30.7%

A delay in the launch of Achiko's COVID-19 testing kit (i.e. AptameX) to Q3 21 (vs. Q2 21 expected earlier) sets our FY 21 sales estimate lower for AptameX, which in turn has a higher impact on our FY 21 EPS estimate, due to testing being a high-margin business. However, our sales/EPS for FY 22 sets higher on the back of the increase in probability (40% vs. 20% earlier) of the launch of the testing kit, as the group has secured a medical device distribution certificate in Indonesia, which should aid the eventual launch of AptameX.

<b>Change in NAV</b>	CHF 1.56 vs 1.96	-20.5%
----------------------	------------------	--------

Based on the expected delay in the launch of AptameX and simultaneous rise in competition due to the launch of several COVID-19 tests in Indonesia, we have lowered our EV/Sales multiple for the testing business to 5.5x (vs. 6.5x earlier). Moreover, given the group has completely moved away from the payments business, we have taken out the segment's contribution from the NAV. Therefore, our NAV sets lower by c.21%.

<b>Change in DCF</b>	CHF 1.35 vs 2.02	-32.9%
----------------------	------------------	--------

In the DCF, our FY 21 FCF sets lower due to the expected delay in the launch of the COVID-19 testing kit. For the out-years, given the expected normalisation in COVID-19 testing demand post FY 23 and lower earnings visibility from other avenues, we lower our out-year sales and EBITDA growth estimates to 6% (vs. 9% previously) and 8% (vs. 10% previously), respectively. Ergo, our DCF sets lower by c.33%.

10/05/2021

### After a weak FY20, focus shifts to AptameX launch

Earnings/sales releases

**Achiko's FY20 sales came in below our expectations, which, apart from the ongoing business transition, were also impacted by no sales contribution from the health-tech business. Moreover, operating expenses were also up due to impairments and share option expenses. Importantly, its COVID-19 testing kit has secured a medical device distribution certificate in Indonesia, which should help its eventual launch in Q3 21.**

#### Fact

Achiko reported FY20 sales of \$2.8m (vs. \$6.5m in FY 19), which were down c.57% on a yoy basis, as the group transitioned from a financial services provider to a health-tech services provider. In FY20, no sales from the new healthcare business were realised and, in fact, the majority of the sales from the fin-tech business was recognised in H1 20 itself (\$2.7m), when the group decided to alter



**Achiko (Buy)**

its strategy. Geographically, Indonesia accounted for the majority of sales (c.77% of the FY 20 sales), followed by Singapore (c.23% of sales).

Achiko's contact tracing app Teman Sehat touched a user base of 200k in December 2020 (launched in July 2020), and the group is expected to launch its COVID-19 testing kit AptameX (formerly Gumnuts) in Q3 21.

The group reported an operating loss of \$14m in FY20, which, apart from the ongoing business transition, was also impacted by a goodwill impairment on the payment services business (\$1.6m) and increased share option expenses (\$5.3m vs. \$1.9m in FY19).

In terms of financing, in 2020, the group secured total funding of \$8.4m via capital issues (\$4.2m), convertible notes (\$1.7m) and a convertible subordinated loan facility (\$2.5m), which supported the ongoing business transition and development on new products.

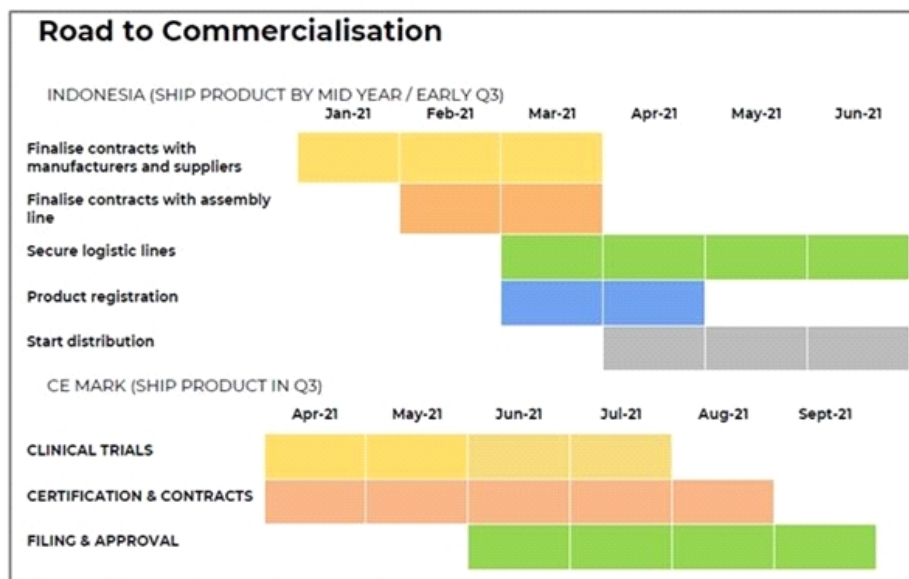
**Analysis****Subdued FY20 performance**

While a lower level of sales was expected, especially when the erstwhile payments business was severely impacted due to pandemic-induced disruptions, the group's decision to move away completely from the fin-tech business in H2 21, when the new business was expected to start contributing to sales 'only' in FY21 onwards seems slightly questionable, especially when there were no other revenue streams. Nevertheless, the business is expected to witness normalcy once AptameX comes on-board, and should also render support to its contact tracing app, i.e. Teman Sehat. Moreover, while operating expenses also came in above our estimates, due to one-offs such as impairments and share option expenses, these anomalies are also expected to iron-out once the business transition is completed.

**AptameX set for Q3 21 launch**

In April 2021, Achiko announced that its JV partner in AptameX, i.e. Indonesia Farma Medis, has secured a medical device distribution certificate for its COVID-19 diagnostics kit. This certificate would allow procurement, storage and distribution of the testing kit and is expected to help in the eventual production and sales of the kit in the Indonesian markets. According to the group, the kit is expected to hit the local markets in July 2021, with CE-marked countries launch planned for August-September 2021.

*AptameX's roll-out timelines*

**Achiko (Buy)**

Source: Achiko March 2021 Investor Presentation

While the group is late to the COVID-19 testing space and is also a comparatively smaller player when compared to industry heavyweights like Roche and Abbott, the group should find support from the slower / patchy vaccine roll-out globally, especially in emerging countries – only c.4% of the total Indonesian population was vaccinated as of 10 May 2021. Moreover, with the emergence of new contagious virus variants, an Indian-like worsening of the pandemic situation can't be ruled out in Indonesia, especially in the midst of the festival season (Eid ul-Fitr) in May 2021.

However, we remain cautious with respect to timing of the launch of the product, given that it has already been delayed by four-six months. Moreover, with local competitors gaining market share due to first mover's advantage, Achiko is expected to find it tough to move customers to its COVID-19 testing platform. For instance, the COVID-19 test (GeNose) developed by Gadjah Mada University, like Achiko's AptameX, is not only easy to administer (breath-based technology vs. saliva-based for AptameX) and falls in a similar price range (<\$3 vs. <\$2 for AptameX) but it has also been rolled out at various Indonesian airports (April 2021) and railway stations (February 2021) to check infections. Although, some controversies have emerged with respect to the accuracy of the test, but it has secured the backing of the Indonesian authorities. Moreover, a saliva-based COVID-19 has also been launched in Indonesia in March 2021 by Kalbe Farma, but at \$34/test it is far more expensive than GeNose and AptameX. Nevertheless, Achiko believes that demand for COVID-19 testing is here to say due to the worsening pandemic situation globally.

### Impact

Our model is under review and, given the weak FY20 results compared to our estimates, our estimates should reset downwards.

15/02/2021

**Gumnuts' roll-out eagerly awaited**

Latest

**Gumnuts' phase I trial results met WHO guidelines for COVID-19 testing, indicating a potential approval by Q2 20 – this translates into a delay of three to four months compared to earlier expectations. While Achiko has been actively working on the commercialisation of Gumnuts, the newbie still has to showcase its execution skills in the highly competitive COVID-19 testing space. Given the bumpy road ahead, we turn slightly cautious on the stock and wait for the roll-out of Gumnuts.**

**Fact**

Achiko has announced the results of the phase I trial of its nano-particulate DNA aptamer-based COVID-19 test, Gumnuts. It showcased sensitivity of 91% and specificity of 85%, meeting the WHO guidelines for a COVID-19 test. Based on these results, the company will apply for approval, which is expected by Q2 21.

Note:

- Sensitivity (or true positive rate) indicates a diagnostic test capability of correctly identifying patients who have the disease
- Specificity (or true negative rate) indicates a diagnostic test capability of correctly identifying patients who do not have the disease

**Analysis****Herd immunity might take some time**

The COVID-19 vaccination drive has begun and more than 100m doses in 59 countries have already been administered to date. Achiko's key market, Indonesia, is also catching up on the vaccination drive and its government is targeting to inoculate 1.5m health workers and 17.4m public officers by April 2021, followed by the other segments of the population by March 2022. However, given that two-thirds of Indonesia's population is spread over the world's largest archipelago, there will be logistic challenges, and these could intensify further due to the vaccine's cold storage requirements. In addition, the reluctance of majority of the Indonesian population to take the vaccine – due to religious sentiments (gelatin derived from pigs is used as a stabiliser in some vaccines and pork consumption is strictly forbidden to Muslims), though the court has granted a halal (permissible or lawful under Muslim rules) status – could further slow the implementation process. *Ergo*, we believe that herd immunity should be achieved by the end of 2022 (vs the government's target of Q1 22), indicating sustained demand for COVID-19 tests until then.

**Set the ball rolling with new JV**

Achiko and PT Indonesia Farma Medis (PIFM) have announced a 50:50 JV that will manufacture and assemble Gumnuts test kits for the Indonesian market. Moreover, PIFM would also be focusing on the distribution and marketing of the testing kits. Further, the JV has also entered into a contract/ memorandum of understanding (subject to the approval of Gumnuts) with PT Mitra Asa Pratama (a leading distributor of medical and diagnostic devices in Indonesia) and PT Pharos Indonesia (one of the largest pharmaceutical conglomerates with reach in

**Achiko (Buy)**

Indonesia and other South-East Asian countries), which will also help in the commercialisation of Gumnuts. Note that Achiko will receive a 10% licensing fee from the gross sales of JV.

**Late to the party**

Although a delay in achieving herd immunity is a positive for Achiko, we believe that the company is late in jumping on the COVID-19 testing bandwagon – delay in reporting the trial results for Gumnuts has pushed the launch of the product to Q2 21 vs. earlier expectations of Q1 21. In the meantime, Gadjah Mada University's GeNose rapid COVID-19 testing kit (priced at <\$3/test) has bagged an approval in Indonesia and this has given it an undisrupted run to gain market share. Achiko's management has an uphill task ahead and it now needs to work out a solid execution plan to make a name for its cheap COVID-19 test (Gumnuts is priced at <\$2) in the fiercely competitive market.

**Impact**

Given the delay in the launch of Gumnuts and increasing competition in the COVID-19 testing space in Indonesia, we turn cautious with our estimates.

**15/02/2021****Delay in the launch of Gumnuts****Change in EPS**

2020 : \$ -0.09 vs -0.09	ns
2021 : \$ 0.10 vs 0.11	-6.36%

A delay of three to four months of the key revenue generator, Gumnuts, would weigh on both the top line and the bottom line of FY21. Thus, our earnings forecasts move lower by 10%.

**Change in NAV**

CHF 1.96 vs 2.48	-21.1%
------------------	--------

Based on the rising competition in the COVID-19 diagnostic space and the delay in the launch of Gumnuts, we have marginally lowered the EV/Sales multiple to 6.5x (vs. 7x) for Achiko's testing kit. Moreover, with the start of the mass vaccination process, the appeal of the contact tracing app could fade away and thus we lower the EV/revenue of Teman Sehat to 4.5x (v.s 6x earlier). Ergo, NAV nudges lower by 21%.

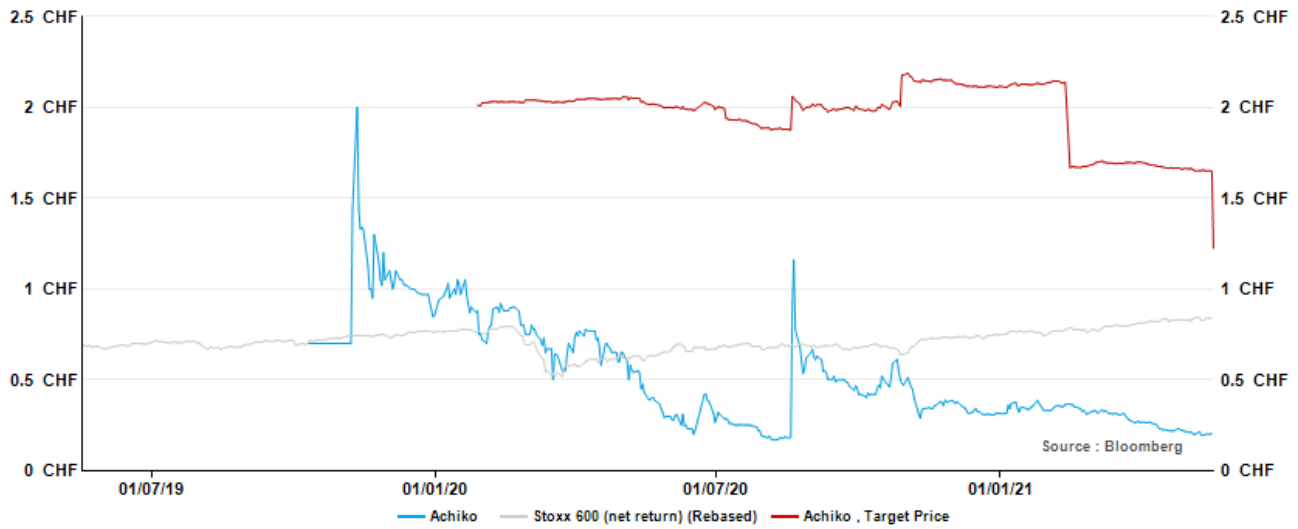
**Change in DCF**

CHF 2.02 vs 2.64	-23.8%
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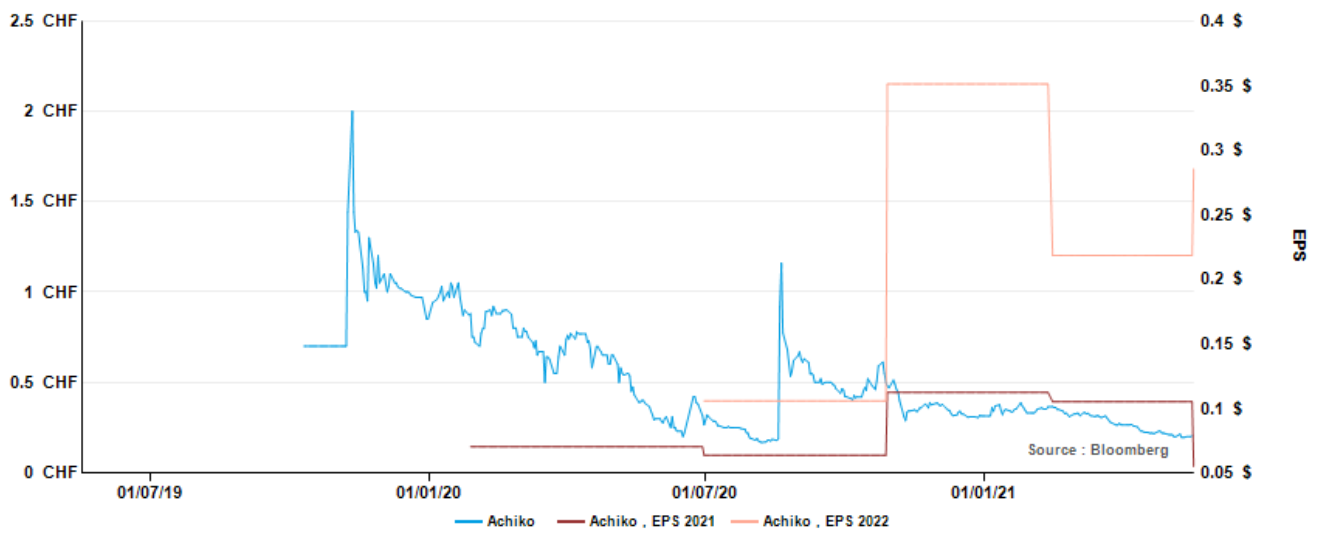
Given the delay in the potential launch of Gumnuts and heightening competition in the COVID-19 diagnostic space, we turn cautious with our estimates. Also, considering that herd immunity in Indonesia could become a reality by FY22, we trim our out-year sales and EBITDA growth forecasts as well. Ergo, DCF resets lower by 23%.

# Achiko (Buy)

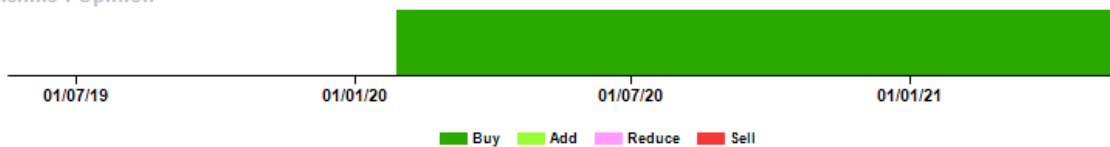
## Stock Price and Target Price



## Earnings Per Share & Opinion

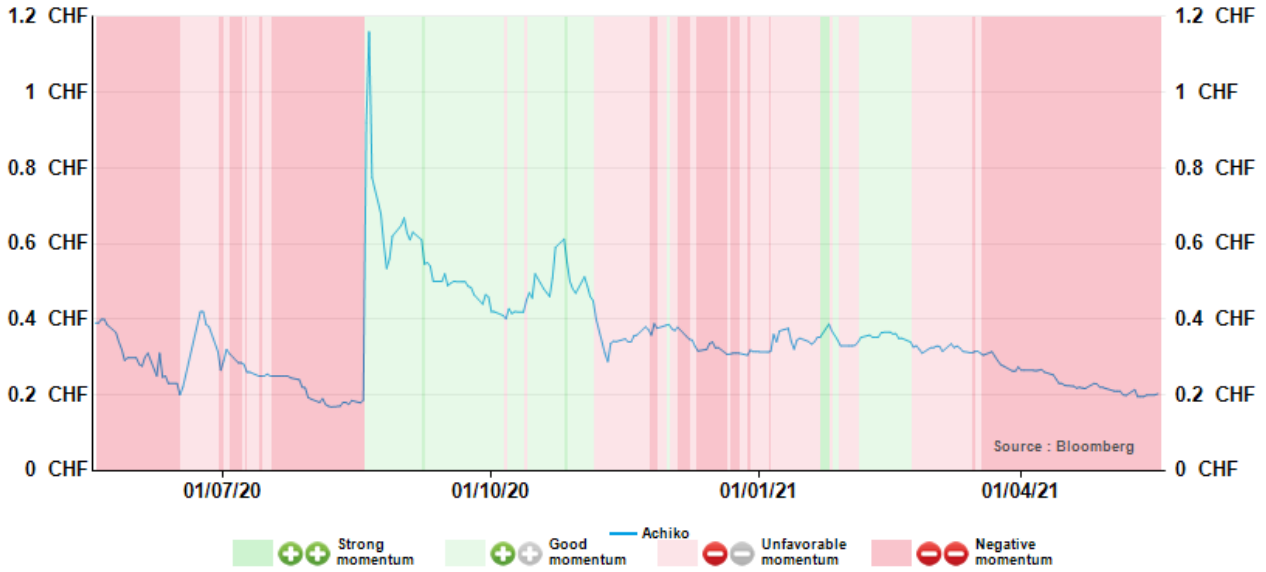


### Achiko : Opinion



# Achiko (Buy)

## Momentum

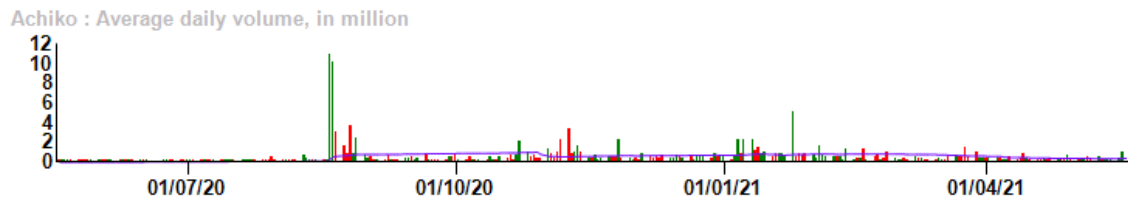
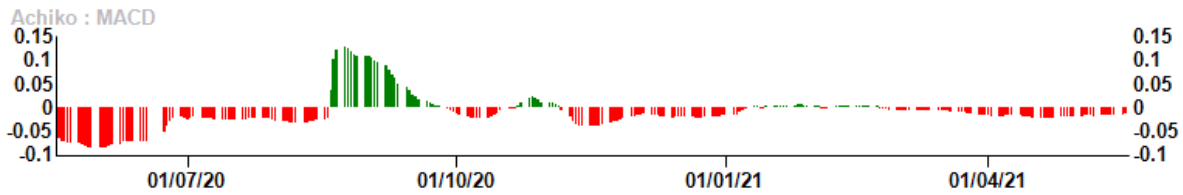
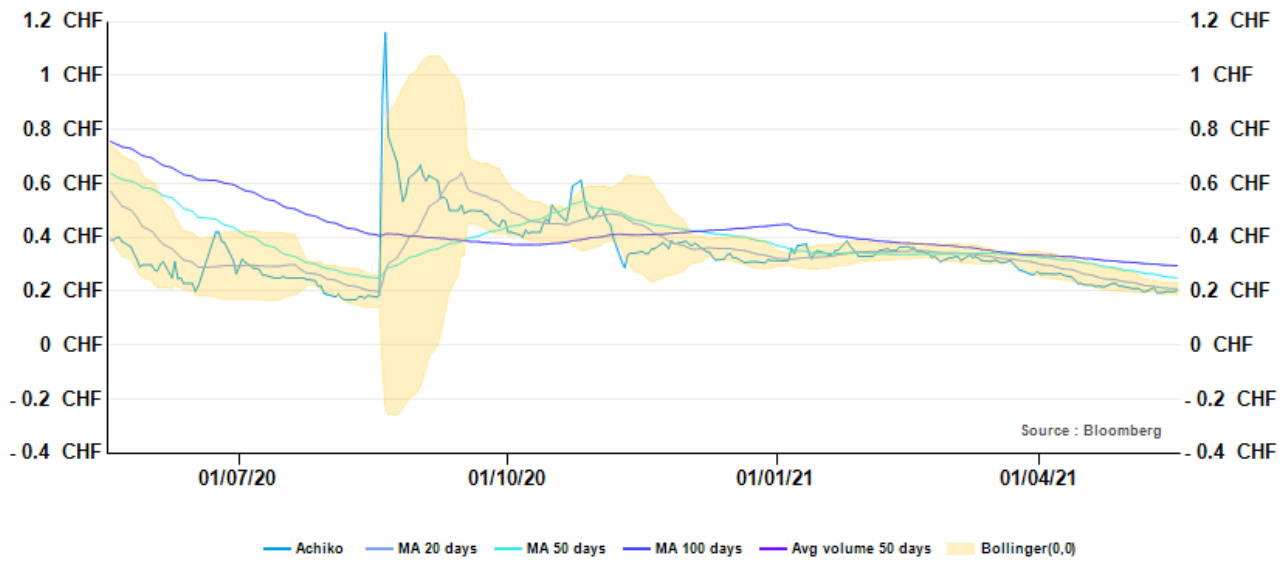


Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows. The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames. For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator. The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

- : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes
- : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes
- : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes
- : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

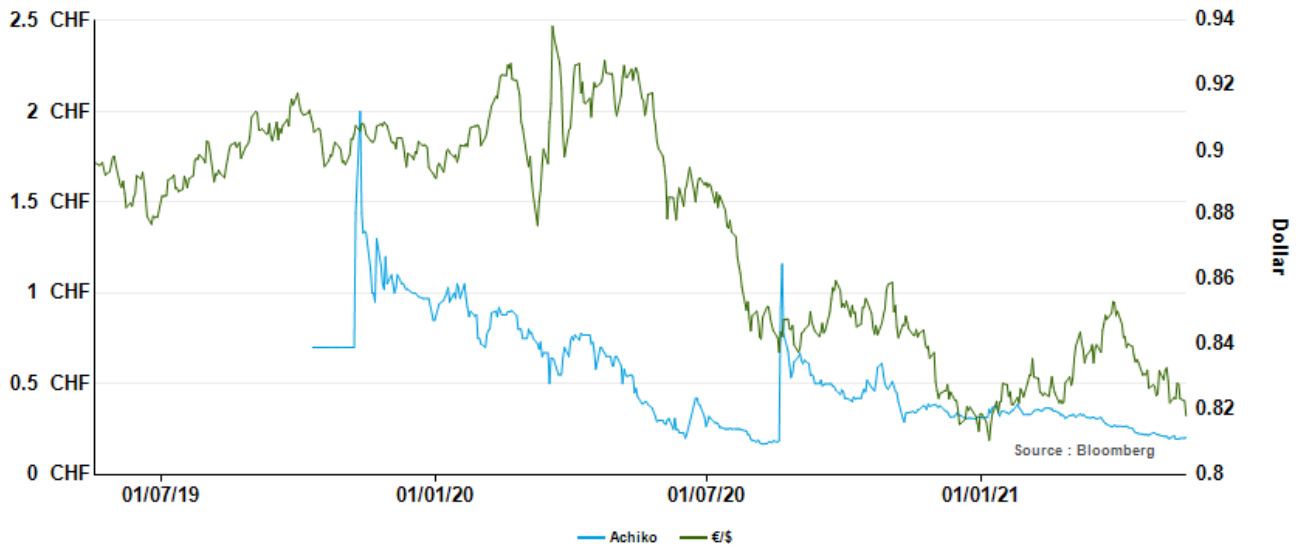
# Achiko (Buy)

## Moving Average MACD & Volume

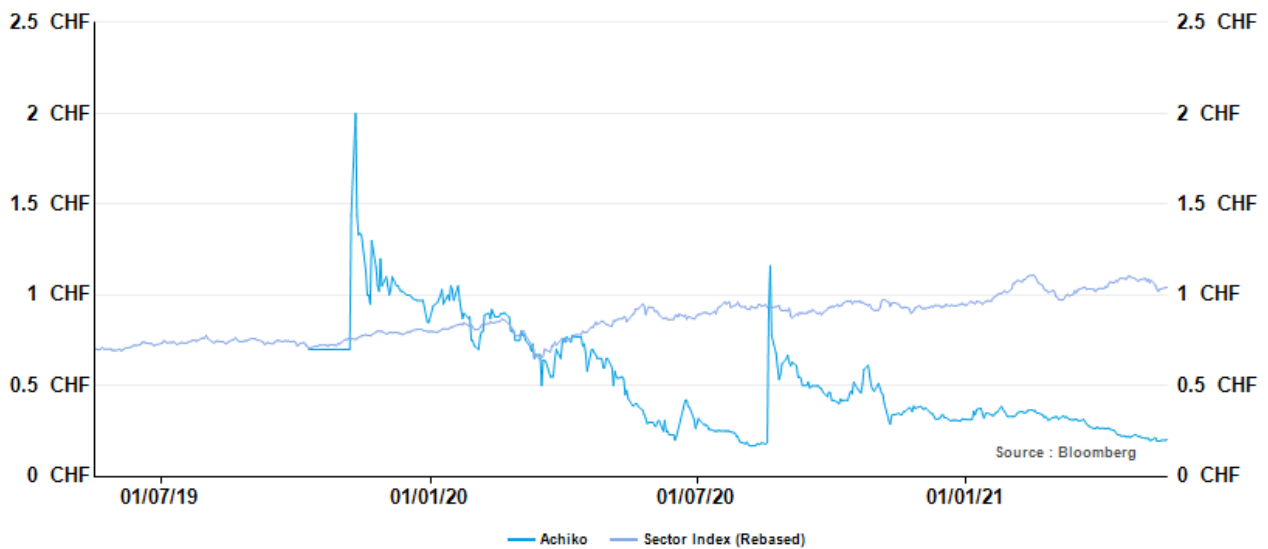


# Achiko (Buy)

## €/\$ sensitivity



## Sector Health





## Achiko (Buy)

## Detailed Financials

## Valuation Key Data

		12/20A	12/21E	12/22E	12/23E
Adjusted P/E	x	-4.69	4.12	0.79	2.12
Reported P/E	x	-4.18	4.13	0.79	2.12
EV/EBITDA(R)	x	-5.22	3.07	0.34	-0.40
P/Book	x	-14.5	2.79	0.53	0.38
Dividend yield	%	0.00	0.00	0.00	0.00
Free cash flow yield	%	-8.41	13.4	40.7	79.6
Average stock price	CHF	0.52	0.20	0.20	0.20

## Consolidated P&amp;L

		12/20A	12/21E	12/22E	12/23E
Sales	\$M	2.81	47.9 <sup>(1)</sup>	152 <sup>(1)</sup>	88.6 <sup>(2)</sup>
Sales growth	%	-56.6	1,606	217	-41.6
Sales per employee	\$th	61.0	833	2,199	1,117
Organic change in sales	%				
Purchases and external costs (incl. IT)	\$M				
R&D costs as % of sales	%	0.00	0.00	0.00	0.00
Staff costs	\$M	-2.14	-3.03	-4.17	-5.52
Operating lease payments	\$M				
Cost of sales/COGS (indicative)	\$M	-2.40	-27.6	-71.3	-45.9
EBITDA	\$M	-11.6	7.33	38.0	15.7
EBITDA(R)	\$M	-11.6	7.33	38.0	15.7
EBITDA(R) margin	%	-414	15.3 <sup>(4)</sup>	25.0 <sup>(4)</sup>	17.8 <sup>(5)</sup>
EBITDA(R) per employee	\$th	-252	127	551	198
Depreciation	\$M	-0.21	-0.02	-0.12	-1.02
Depreciations/Sales	%	7.32	0.04	0.08	1.15
Amortisation	\$M	0.00	0.00	0.00	0.00
Underlying operating profit	\$M	-11.8	7.31	37.9	14.7
Underlying operating margin	%	-421	15.3	25.0	16.6
Other income/expense (cash)	\$M				
Other inc./ exp. (non cash; incl. assets revaluation)	\$M				
Earnings from joint venture(s)	\$M				
Impairment charges/goodwill amortisation	\$M	-1.60	0.00	0.00	0.00
Operating profit (EBIT)	\$M	-13.4	7.31	37.9	14.7
Interest expenses	\$M	-0.03	-0.23	-1.00	-1.00
of which effectively paid cash interest expenses	\$M	0.03			
Financial income	\$M	0.00	0.00	0.03	0.06
Other financial income (expense)	\$M				
Net financial expenses	\$M	-0.03	-0.22	-0.97	-0.94
of which related to pensions	\$M	0.00	0.00	0.00	0.00
Pre-tax profit before exceptional items	\$M	-13.5	7.09	36.9	13.8
Exceptional items and other (before taxes)	\$M	-0.77	0.00	0.00	0.00
of which cash (cost) from exceptionals	\$M				
Current tax	\$M	0.16	-1.28	-6.64	-2.48
Impact of tax loss carry forward	\$M				
Deferred tax	\$M	0.00	0.00	0.00	0.00
Corporate tax	\$M	0.16	-1.28	-6.64	-2.48
Tax rate	%	1.36	18.0	18.0	18.0
Net margin	%	-474	12.1	19.9	12.8
Equity associates	\$M				
Actual dividends received from equity holdings	\$M				
Minority interests	\$M				
Actual dividends paid out to minorities	\$M				
Income from discontinued operations	\$M				

1. Driven by the health-tech business, primarily via the launch of AptameX
2. Expected normalisation in COVID-19 testing
4. Driven by the expected launch of the high-margin COVID-19 testing kit.
5. Margin decline due to expected normalisation in COVID-19 testing.

**Achiko (Buy)**

Attributable net profit	\$M	-14.1	5.81	30.3	11.3
Impairment charges/goodwill amortisation	\$M	1.60	0.00	0.00	0.00
Other adjustments	\$M	0.78	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>\$M</b>	<b>-11.7</b>	<b>5.81</b>	<b>30.3</b>	<b>11.3</b>
Interest expense savings	\$M				
<b>Fully diluted adjusted attr. net profit</b>	<b>\$M</b>	<b>-11.7</b>	<b>5.81</b>	<b>30.3</b>	<b>11.3</b>
<b>NOPAT</b>	<b>\$M</b>	<b>-8.27</b>	<b>5.12</b>	<b>26.5</b>	<b>10.3</b>

**Cashflow Statement**

		12/20A	12/21E	12/22E	12/23E
<b>EBITDA</b>	<b>\$M</b>	<b>-11.6</b>	<b>7.33</b>	<b>38.0</b>	<b>15.7</b>
<b>Change in WCR</b>	<b>\$M</b>	<b>0.71</b>	<b>-8.89</b>	<b>-23.5</b>	<b>4.12</b>
<i>of which (increases)/decr. in receivables</i>	<i>\$M</i>	<i>0.34</i>	<i>-7.82</i>	<i>-23.3</i>	<i>4.47</i>
<i>of which (increases)/decr. in inventories</i>	<i>\$M</i>		<i>-5.68</i>	<i>-12.9</i>	<i>2.19</i>
<i>of which increases/(decr.) in payables</i>	<i>\$M</i>	<i>-0.24</i>	<i>4.60</i>	<i>12.7</i>	<i>-2.53</i>
<i>of which increases/(decr.) in other curr. liab.</i>	<i>\$M</i>	<i>0.62</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Actual dividends received from equity holdings	\$M	0.00	0.00	0.00	0.00
Paid taxes	\$M	0.16	-1.28	-6.64	-2.48
Exceptional items	\$M	-0.77	0.00	0.00	0.00
Other operating cash flows	\$M	6.65	6.65	6.65	6.65
<b>Total operating cash flows</b>	<b>\$M</b>	<b>-4.87</b>	<b>3.81</b>	<b>14.5</b>	<b>24.0</b>
<b>Capital expenditure</b>	<b>\$M</b>	<b>-0.04</b>	<b>-0.36</b>	<b>-3.79</b>	<b>-3.99</b>
<i>Capex as a % of depreciation &amp; amort.</i>	<i>%</i>	<i>19.3</i>	<i>1,996</i>	<i>3,276</i>	<i>393</i>
<b>Net investments in shares</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Other investment flows	\$M	0.10	0.00	0.00	0.00
<b>Total investment flows</b>	<b>\$M</b>	<b>0.06</b>	<b>-0.36</b>	<b>-3.79</b>	<b>-3.99</b>
Net interest expense	\$M	-0.03	-0.22	-0.97	-0.94
<i>of which cash interest expense</i>	<i>\$M</i>	<i>0.03</i>	<i>-0.22</i>	<i>-0.96</i>	<i>-0.93</i>
<b>Dividends (parent company)</b>	<b>\$M</b>				
Dividends to minorities interests	\$M	0.00	0.00	0.00	0.00
<b>New shareholders' equity</b>	<b>\$M</b>	<b>0.75</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<i>of which (acquisition) release of treasury shares</i>	<i>\$M</i>				
(Increase)/decrease in net debt position	\$M	4.03	7.74	0.00	0.00
Other financial flows	\$M				
<b>Total financial flows</b>	<b>\$M</b>	<b>4.82</b>	<b>7.52</b>	<b>-0.96</b>	<b>-0.93</b>
Change in scope of consolidation, exchange rates & other	\$M	-0.01	0.00	0.00	0.00
Change in cash position	\$M	0.01	11.0	9.76	19.1
Change in net debt position	\$M	-4.03	3.23	9.76	19.1
<b>Free cash flow (pre div.)</b>	<b>\$M</b>	<b>-4.94</b>	<b>3.23</b>	<b>9.76</b>	<b>19.1</b>
<b>Operating cash flow (clean)</b>	<b>\$M</b>	<b>-4.09</b>	<b>3.81</b>	<b>14.5</b>	<b>24.0</b>
<b>Reinvestment rate (capex/tangible fixed assets)</b>	<b>%</b>	<b>53.3</b>	<b>82.9</b>	<b>89.7</b>	<b>48.5</b>

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**Achiko (Buy)****Balance Sheet**

		12/20A	12/21E	12/22E	12/23E
Goodwill	\$M	0.00	0.00	0.00	0.00
Other intangible assets	\$M	0.00	0.00	0.00	0.00
<b>Total intangible</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Tangible fixed assets	\$M	0.04	0.39	4.06	7.04
Financial fixed assets (part of group strategy)	\$M				
Other financial assets (investment purpose mainly)	\$M				
<b>WCR</b>	<b>\$M</b>	<b>-2.38</b>	<b>6.51</b>	<b>30.0</b>	<b>25.9</b>
<i>of which trade &amp; receivables (+)</i>	<i>\$M</i>	<i>0.05</i>	<i>7.87</i>	<i>31.2</i>	<i>26.7</i>
<i>of which inventories (+)</i>	<i>\$M</i>	<i>0.00</i>	<i>5.68</i>	<i>18.5</i>	<i>16.4</i>
<i>of which payables (+)</i>	<i>\$M</i>	<i>2.21</i>	<i>6.81</i>	<i>19.5</i>	<i>17.0</i>
<i>of which other current liabilities (+)</i>	<i>\$M</i>	<i>0.22</i>	<i>0.22</i>	<i>0.22</i>	<i>0.22</i>
Other current assets	\$M	0.27	0.27	0.27	0.27
<i>of which tax assets (+)</i>	<i>\$M</i>	<i>0.27</i>	<i>0.27</i>	<i>0.27</i>	<i>0.27</i>
<b>Total assets (net of short term liabilities)</b>	<b>\$M</b>	<b>-2.06</b>	<b>7.17</b>	<b>34.3</b>	<b>33.2</b>
<b>Ordinary shareholders' equity (group share)</b>	<b>\$M</b>	<b>-4.05</b>	<b>8.61</b>	<b>45.5</b>	<b>63.4</b>
Minority interests	\$M	0.00	0.00	0.00	0.00
<b>Provisions for pensions</b>	<b>\$M</b>	<b>0.24</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>
Other provisions for risks and liabilities	\$M				
Deferred tax liabilities	\$M				
Other liabilities	\$M	0.09	0.09	0.09	0.09
<b>Net debt / (cash)</b>	<b>\$M</b>	<b>1.66</b>	<b>-1.57</b>	<b>-11.3</b>	<b>-30.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$M</b>	<b>-2.06</b>	<b>7.17</b>	<b>34.3</b>	<b>33.2</b>
<b>Average net debt / (cash)</b>	<b>\$M</b>	<b>0.53</b>	<b>0.05</b>	<b>-6.45</b>	<b>-20.9</b>

**EV Calculations**

		12/20A	12/21E	12/22E	12/23E
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-5.22</b>	<b>3.07</b>	<b>0.34</b>	<b>-0.40</b>
<b>EV/EBIT (underlying profit)</b>	<b>x</b>	<b>-5.13</b>	<b>3.07</b>	<b>0.34</b>	<b>-0.43</b>
<b>EV/Sales</b>	<b>x</b>	<b>21.6</b>	<b>0.47</b>	<b>0.08</b>	<b>-0.07</b>
EV/Invested capital	x	-26.0	3.26	0.37	-0.19
Market cap	\$M	58.7	24.0	24.0	24.0
+ Provisions (including pensions)	\$M	0.24	0.04	0.07	0.10
+ Unrecognised actuarial losses/(gains)	\$M	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	\$M	1.66	-1.57	-11.3	-30.4
+ Right-of-use (from 2019)/Leases debt equivalent	\$M	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	\$M	0.00	0.00	0.00	0.00
+ Minority interests (fair value)	\$M	0.00	0.00	0.00	0.00
<b>= Enterprise Value</b>	<b>\$M</b>	<b>60.7</b>	<b>22.5</b>	<b>12.7</b>	<b>-6.33</b>

## Achiko (Buy)

## Per Share Data

		12/20A	12/21E	12/22E	12/23E
<b>Adjusted EPS (bfr goodwill amort. &amp; dil.)</b>	\$	<b>-0.12</b>	<b>0.05</b>	<b>0.29</b>	<b>0.11</b>
<i>Growth in EPS</i>	%	<i>n/a</i>	<i>n/a</i>	420	-62.6
Reported EPS	\$	-0.13	0.05	0.29	0.11
<b>Net dividend per share</b>	<b>CHF</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Free cash flow per share	\$	-0.05	0.03	0.09	0.18
Operating cash flow per share	\$	-0.04	0.04	0.14	0.23
Book value per share	\$	-0.04	0.08	0.43	0.60
<b>Number of ordinary shares</b>	<b>Mio</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>
Number of equivalent ordinary shares (year end)	Mio	106	106	106	106
Number of shares market cap.	Mio	106	106	106	106
Treasury stock (year end)	Mio	0.00	0.00	0.00	0.00
Number of shares net of treasury stock (year end)	Mio	106	106	106	106
<b>Number of common shares (average)</b>	<b>Mio</b>	<b>98.6</b>	<b>106</b>	<b>106</b>	<b>106</b>
Conversion of debt instruments into equity	Mio				
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio	0.00	0.00	0.00	0.00
Other commitments to issue new shares	Mio				
Increase in shares outstanding (average)	Mio	0.00	0.00	0.00	0.00
<b>Number of diluted shares (average)</b>	<b>Mio</b>	<b>98.6</b>	<b>106</b>	<b>106</b>	<b>106</b>
Goodwill per share (diluted)	\$	0.02	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	\$	-0.13	0.05	0.29	0.11
EPS before goodwill amortisation (non-diluted)	\$	-0.14	0.05	0.29	0.11
Actual payment	CHF				
	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Capital payout ratio (div +share buy back/net income)</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	

## Achiko (Buy)

## Funding - Liquidity

		12/20A	12/21E	12/22E	12/23E
EBITDA	\$M	-11.6	7.33	38.0	15.7
Funds from operations (FFO)	\$M	-5.54	12.5	37.0	19.0
<b>Ordinary shareholders' equity</b>	<b>\$M</b>	<b>-4.05</b>	<b>8.61</b>	<b>45.5</b>	<b>63.4</b>
Gross debt	\$M	2.26	10.0	10.0	10.0
o/w Less than 1 year - Gross debt	\$M	2.26	2.00	2.00	2.00
o/w 1 to 5 year - Gross debt	\$M	0.00	8.00	8.00	8.00
of which Y+2	\$M	0.00	2.00	2.00	2.00
of which Y+3	\$M	0.00	2.00	2.00	2.00
of which Y+4	\$M	0.00	2.00	2.00	2.00
of which Y+5	\$M	0.00	2.00	2.00	2.00
o/w Beyond 5 years - Gross debt	\$M	0.00	0.00	0.00	0.00
+ Gross Cash	\$M	0.60	11.6	21.3	40.4
<b>= Net debt / (cash)</b>	<b>\$M</b>	<b>1.66</b>	<b>-1.57</b>	<b>-11.3</b>	<b>-30.4</b>
Bank borrowings	\$M	0.00	10.0	10.0	10.0
Issued bonds	\$M	0.00	0.00	0.00	0.00
Financial leases liabilities	\$M	0.00	0.00	0.00	0.00
Mortgages	\$M	0.00	0.00	0.00	0.00
Other financing	\$M	2.26	0.00	0.00	0.00
of which commercial paper	\$M	0.00	0.00	0.00	0.00

Gearing (at book value)	%		0.54	-14.2	-32.9
Adj. Net debt/EBITDA(R)	x	-0.14	-0.21	-0.30	-1.93
Adjusted Gross Debt/EBITDA(R)	x	-0.22	1.37	0.27	0.64
Adj. gross debt/(Adj. gross debt+Equity)	%	-161	53.8	18.1	13.7
Ebit cover	x	-369	32.6	39.3	15.8
FFO/Gross Debt	%	-222	124	368	188
FFO/Net debt	%	-334	-796	-327	-62.3
FCF/Adj. gross debt (%)	%	-197	32.2	97.0	189
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	-1.92	7.40	15.5	29.8
"Cash" FCF/ST debt	x	-2.16	1.61	4.88	9.55

## ROE Analysis (Dupont's Breakdown)

		12/20A	12/21E	12/22E	12/23E
Tax burden (Net income/pretax pre excp income)	x	1.05	0.82	0.82	0.82
EBIT margin (EBIT/sales)	%	-478	15.3	25.0	16.6
Assets rotation (Sales/Avg assets)	%	-289	1,876	732	263
Financial leverage (Avg assets /Avg equity)	x	0.58	1.12	0.77	0.62
<b>ROE</b>	<b>%</b>	<b>838</b>	<b>255</b>	<b>112</b>	<b>20.8</b>
ROA	%	575	106	111	44.8

## Shareholder's Equity Review (Group Share)

		12/20A	12/21E	12/22E	12/23E
Y-1 shareholders' equity	\$M	-1.38	-4.05	8.61	45.5
+ Net profit of year	\$M	-14.1	5.81	30.3	11.3
- Dividends (parent cy)	\$M	0.00	0.00	0.00	0.00
+ Additions to equity	\$M	0.75	0.00	0.00	0.00
o/w reduction (addition) to treasury shares	\$M	0.00	0.00	0.00	0.00
- Unrecognised actuarial gains/(losses)	\$M	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	\$M	10.6	6.85	6.61	6.61
<b>= Year end shareholders' equity</b>	<b>\$M</b>	<b>-4.05</b>	<b>8.61</b>	<b>45.5</b>	<b>63.4</b>

## Achiko (Buy)

## Staffing Analytics

		12/20A	12/21E	12/22E	12/23E
Sales per staff	\$th	61.0	833	2,199	1,117
Staff costs per employee	\$th	-46.6	-52.6	-60.4	-69.6
Change in staff costs	%	49.4	41.1	37.8	32.4
Change in unit cost of staff	%	23.4	12.9	14.9	15.1
Staff costs/(EBITDA+Staff costs)	%	-22.6	29.2	9.89	26.0

Average workforce	unit	46.0	58.0	69.0	79.0
Europe	unit	6.00	6.00	6.00	6.00
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	29.0	29.0	29.0	29.0
Other key countries	unit	11.0	22.0	34.0	44.0
<b>Total staff costs</b>	<b>\$M</b>	<b>-2.14</b>	<b>-3.03</b>	<b>-4.17</b>	<b>-5.52</b>
Wages and salaries	\$M	-2.04	-2.93	-4.05	-5.36
of which social security contributions	\$M				
Equity linked payments	\$M				
Pension related costs	\$M	-0.06	-0.03	-0.03	-0.03
Benefits related payments	\$M	-0.04	-0.06	-0.09	-0.13

## Divisional Breakdown Of Revenues

		12/20A	12/21E	12/22E	12/23E
<b>Total sales</b>	<b>\$M</b>	<b>2.81</b>	<b>47.9<sup>(1)</sup></b>	<b>152<sup>(1)</sup></b>	<b>88.6<sup>(2)</sup></b>
Achikopay	\$M	2.81	0.00	0.00	0.00
Temam Sehat	\$M	0.00	26.5	51.5	38.7
AptameX (formerly Gumnuts)	\$M	0.00	21.4	100	49.9
Other	\$M	0.00	0.00	0.00	0.00

1. Driven by the health-tech business, primarily via the launch of AptameX

2. Expected normalisation in COVID-19 testing

## Divisional Breakdown Of Earnings

		12/20A	12/21E	12/22E	12/23E
<b>EBIT Analysis</b>					
Achikopay	\$M	0.14	0.00	0.00	0.00
Temam Sehat	\$M	-4.00	3.98	7.72	3.87
AptameX (formerly Gumnuts)	\$M	-7.18	5.34	35.1	12.5
Other/cancellations	\$M	-0.77	-2.01	-4.94	-1.63
<b>Total</b>	<b>\$M</b>	<b>-11.8</b>	<b>7.31</b>	<b>37.9</b>	<b>14.7</b>
EBIT margin	%	ns	15.3 <sup>(4)</sup>	25.0 <sup>(4)</sup>	16.6 <sup>(5)</sup>

4. Driven by the expected launch of the high-margin COVID-19 testing kit.

5. Margin decline due to expected normalisation in COVID-19 testing.

## Revenue Breakdown By Country

		12/20A	12/21E	12/22E	12/23E
Indonesia	%	77.0	77.0		
Singapore	%	22.6	22.6		
Hong Kong	%	0.36	0.36		
Other	%	0.00	0.00		

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## Achiko (Buy)

## ROCE

		12/20A	12/21E	12/22E	12/23E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	354	74.2	77.9	31.3
CFROIIC	%	211	46.8	28.7	58.1
Goodwill	\$M	0.00	0.00	0.00	0.00
Accumulated goodwill amortisation	\$M	0.00	0.00	0.00	0.00
All intangible assets	\$M	0.00	0.00	0.00	0.00
Accumulated intangible amortisation	\$M	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	\$M	0.00	0.00	0.00	0.00
Capitalised R&D	\$M	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	\$M	0.00	0.00	0.00	0.00
Other fixed assets	\$M	0.04	0.39	4.06	7.04
Accumulated depreciation	\$M	0.03	0.05	0.16	1.18
WCR	\$M	-2.38	6.51	30.0	25.9
Other assets	\$M	0.00	0.00	0.00	0.00
Unrecognised actuarial losses/(gains)	\$M	0.00	0.00	0.00	0.00
<b>Capital employed after deprec. (Invested capital)</b>	<b>\$M</b>	<b>-2.34</b>	<b>6.90</b>	<b>34.0</b>	<b>32.9</b>
Capital employed before depreciation	\$M	-2.31	6.94	34.2	34.1

## Divisional Breakdown Of Capital Employed

		12/20A	12/21E	12/22E	12/23E
Achikopay	\$M	-2.34	0.00	0.00	0.00
Temam Sehat	\$M	0.00	2.82	15.6	13.4
AptameX (formerly Gumnuts)	\$M	0.00	4.08	18.5	19.5
Other	\$M	0.00	0.00	0.00	0.00
<b>Total capital employed</b>	<b>\$M</b>	<b>-2.34</b>	<b>6.90</b>	<b>34.0</b>	<b>32.9</b>

## Achiko (Buy)

## Pension Risks

## Summary Of Pension Risks

		12/20A	12/21E	12/22E	12/23E
<b>Pension ratio</b>	%	<b>-0.11</b>	<b>0.41</b>	<b>0.15</b>	<b>0.16</b>
Ordinary shareholders' equity	\$M	-4.05	8.61	45.5	63.4
<b>Total benefits provisions</b>	<b>\$M</b>	<b>0.00</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>
<i>of which funded pensions</i>	<i>\$M</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>of which unfunded pensions</i>	<i>\$M</i>	<i>0.00</i>	<i>0.04</i>	<i>0.07</i>	<i>0.10</i>
<i>of which benefits / health care</i>	<i>\$M</i>		<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Unrecognised actuarial (gains)/losses	\$M	0.00	0.00	0.00	0.00
<i>Company discount rate</i>	%	<i>7.55</i>	<i>4.00</i>	<i>4.00</i>	<i>4.00</i>
Normalised recomputed discount rate	%		2.50		
<i>Company future salary increase</i>	%	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>	<i>10.0</i>
Normalised recomputed future salary increase	%		2.00		
<i>Company expected rate of return on plan assets</i>	%	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Normalised recomputed expd rate of return on plan assets	%		1.55		
<b>Funded : Impact of actuarial assumptions</b>	<b>\$M</b>		<b>0.00</b>		
<b>Unfunded : Impact of actuarial assumptions</b>	<b>\$M</b>		<b>0.00</b>		

## Geographic Breakdown Of Pension Liabilities

		12/20A	12/21E	12/22E	12/23E
US exposure	%				
UK exposure	%				
Euro exposure	%				
Nordic countries	%				
Switzerland	%				
Other	%	100	100	100	100
Total	%	100	100	100	100

## Balance Sheet Implications

		12/20A	12/21E	12/22E	12/23E
Funded status surplus / (deficit)	\$M	0.00	0.00	0.00	0.00
Unfunded status surplus / (deficit)	\$M	0.00	-0.04	-0.07	-0.10
Total surplus / (deficit)	\$M	0.00	-0.04	-0.07	-0.10
<b>Total unrecognised actuarial (gains)/losses</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Provision (B/S) on funded pension	\$M	0.00	0.00	0.00	0.00
Provision (B/S) on unfunded pension	\$M	0.00	0.04	0.07	0.10
Other benefits (health care) provision	\$M		0.00	0.00	0.00
<b>Total benefit provisions</b>	<b>\$M</b>	<b>0.00</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>

## P&amp;L Implications

		12/20A	12/21E	12/22E	12/23E
Funded obligations periodic costs	\$M	0.00	0.00	0.00	0.00
Unfunded obligations periodic costs	\$M	-0.03	-0.03	-0.03	-0.03
<b>Total periodic costs</b>	<b>\$M</b>	<b>-0.03</b>	<b>-0.03</b>	<b>-0.03</b>	<b>-0.03</b>
<i>of which incl. in labour costs</i>	<i>\$M</i>	<i>-0.02</i>	<i>-0.03</i>	<i>-0.03</i>	<i>-0.03</i>
<i>of which incl. in interest expenses</i>	<i>\$M</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>



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**Achiko (Buy)****Funded Obligations**

		12/20A	12/21E	12/22E	12/23E
<b>Balance beginning of period</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Current service cost	\$M		0.00	0.00	0.00
Interest expense	\$M		0.00	0.00	0.00
Employees' contributions	\$M				
Impact of change in actuarial assumptions	\$M		0.00	0.00	0.00
<i>of which impact of change in discount rate</i>	<i>\$M</i>		<i>0.00</i>		
<i>of which impact of change in salary increase</i>	<i>\$M</i>		<i>0.00</i>		
<b>Changes to scope of consolidation</b>	<b>\$M</b>				
Currency translation effects	\$M				
Pension payments	\$M				
Other	\$M				
<b>Year end obligation</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Plan Assets**

		12/20A	12/21E	12/22E	12/23E
<b>Value at beginning</b>	<b>\$M</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Company expected return on plan assets	\$M		0.00	0.00	0.00
Actuarial gain /(loss)	\$M		0.00	0.00	0.00
Employer's contribution	\$M	0.00	0.00	0.00	0.00
Employees' contributions	\$M	0.00	0.00	0.00	0.00
Changes to scope of consolidation	\$M				
Currency translation effects	\$M				
Pension payments	\$M	0.00	0.00	0.00	0.00
Other	\$M				
<b>Value end of period</b>	<b>\$M</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Actual and normalised future return on plan assets	\$M	0.00	0.00	0.00	0.00

**Unfunded Obligations**

		12/20A	12/21E	12/22E	12/23E
<b>Balance beginning of period</b>	<b>\$M</b>	<b>-0.03</b>	<b>0.00</b>	<b>0.04</b>	<b>0.07</b>
Current service cost	\$M	0.02	0.03	0.03	0.03
Interest expense	\$M	0.00	0.00	0.00	0.00
Employees' contributions	\$M	0.00			
Impact of change in actuarial assumptions	\$M	0.00	0.00	0.00	0.00
<i>of which Impact of change in discount rate</i>	<i>\$M</i>		<i>0.00</i>		
<i>of which Impact of change in salary increase</i>	<i>\$M</i>		<i>0.00</i>		
Changes to scope of consolidation	\$M	0.00			
Currency translation effects	\$M	0.01			
Pension payments	\$M	0.00			
Other	\$M	0.00			
<b>Year end obligation</b>	<b>\$M</b>	<b>0.00</b>	<b>0.04</b>	<b>0.07</b>	<b>0.10</b>

# Achiko (Buy)

## Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

There are different approaches and methodologies for determining and valuing stocks in research products, each provided by AlphaValue and Baader Helvea, as described below.

### AlphaValue Research

Recommendations are geared to a “value” approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ■	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ■	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no “neutral” recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

### Baader Helvea Research

#### Rating categories:

The following is an explanation of the ratings, if any, included in Baader Helvea research.

#### Interpretation matrix per risk category for each rating:

Expected total return based on forecast dividend and 12-month price targets.

Rating	Upside/downside to the target price
Buy	>20%
Add	5%-20%
Reduce	-10% to 5%
Sell	<-10%

#### Research ratings key:

There are four possible ratings: Buy, Add, Reduce or Sell.

#### Examples of certain ratings:

**Buy:** A company that the analyst(s) named in this report deem(s) higher risk with a forecast dividend yield of 5% and price appreciation potential of 16%, generating a forecast total return of 21% over 12 months.

**Reduce:** A company with a forecast dividend yield of 7% and price appreciation potential of -5%, generating a forecast total return of +2% over 12 months.

Baader Helvea uses three further categorizations for stocks in our coverage:

**Restricted:** A rating and/or financial forecast and/or target price is not disclosed due to compliance or other regulatory considerations such as blackout period or conflict of interest.

**Coverage in transition:** Due to changes in the research team, the disclosure of a stock's rating and/or target price and/or financial information are temporarily suspended. The stock remains in the research universe and disclosures of relevant information will be resumed in due course.

## Achiko (Buy)

**Not rated:** Suspension of coverage.

### **Valuation methodology**

Company valuations are based on the following general valuation methods: Multiple-based models, peer-group comparisons, discount models, break-up value approaches, asset-based valuation methods as well as economic profit based models. Furthermore, recommendations are also based on the economic profit approach. Valuation models (including the underlying assumptions) are dependent on macroeconomic factors such as interest rates, exchange rates and raw material prices, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies.

The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual companies or industries. Our analysts' recommendations and target prices are derived from the models we use and might therefore change as a result of the use or development of different models. Our analysts' investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected and therefore a rating may need to be revised upward or downward. Further information on the valuation methodology can be found under [http://www.baaderbank.de/valuation\\_methodology.html](http://www.baaderbank.de/valuation_methodology.html).

# Achiko (Buy)

## Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' intrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%

## AlphaValue Research Disclaimer

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