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Kamada Ltd

(KMDA-NASDAQ)

KMDA: Revenues Up 13% YoY; Adjusted EBITDA Up 51% YoY…

Using a Price/Sales multiple of 4.0 applied to projected 2029 revenues and a discount rate of 10%, KMDA is valued at $13.00. This model is highly dependent upon continued commercial success of the company's products and will be adjusted accordingly based on future results.

Current Price (08/19/24)	$5.54
Valuation	**$13.00**

OUTLOOK

On August 14, 2024, Kamada Ltd. (KMDA) announced financial results for the second quarter of 2024. Revenues for the second quarter of 2024 were $42.5 million, which was a 13% increase compared to the second quarter of 2023. Adjusted EBITDA was $9.1 million, which was a 51% increase from the second quarter of 2023. The company reiterated its full year revenue guidance to $158 million to $162 million and adjusted EBITDA of $28 million to $32 million. Patient enrollment continues in the pivotal Phase 3 InnovAATe clinical trial for inhaled Alpha-1 Antitrypsin. After filing an IND amendment with the FDA last quarter that included a revised Statistical Analysis Plan (SAP) and study protocol, the company is waiting to receive FDA feedback that may allow for the acceleration of the program.

SUMMARY DATA

52-Week High	**$6.42**
52-Week Low	**$4.14**
One-Year Return (%)	**-4.65**
Beta	**1.06**
Average Daily Volume (sh)	**45,127**
Shares Outstanding (mil)	**57**
Market Capitalization ($mil)	**$318**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**20**
Insider Ownership (%)	**36**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**2.5**
Earnings Per Share (%)	**-20.2**
Dividend (%)	**N/A**
P/E using TTM EPS	**20.5**
P/E using 2024 Estimate	**20.8**
P/E using 2025 Estimate	**17.3**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	31 A	37 A	38 A	36 A	143 A
2024	38 A	43 A	40 E	40 E	160 E
2025					175 E
2026					195 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$0.04 A	$0.04 A	$0.07 A	$0.09 A	$0.17 A
2024	$0.04 A	$0.08 A	$0.06 E	$0.02 E	$0.20 E
2025					$0.22 E
2026					$0.31 E

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WHAT'S NEW

Financial Update

On August 14, 2024, Kamada Ltd. (KMDA) announced financial results for the second quarter of 2024 and provided a business update. Kamada reported revenues of $42.5 million in the second quarter of 2024, compared to $37.4 million in the second quarter of 2023, a 13% increase. The increase was primarily due to increased sales of Cytogam due to increased demand for the product in the U.S. along with increased sales of Kedrab to Kedrion due to increased market share in the U.S. The revenues consisted of $39.1 million from proprietary products and $3.3 million from the distribution business. Gross profit and gross margins were $19.0 million and 45%, respectively, in the second quarter of 2024 compared to $14.4 million and 39%, respectively, in the second quarter of 2023.

Operating expenses for the second quarter of 2024, which includes research and development (R&D), sales and marketing (S&M), general and administrative (G&A), and other expenses totaled $13.3 million in the second quarter of 2024 compared to $11.8 million for the second quarter of 2023. Net income for the second quarter of 2024 was $4.4 million, or $0.08 per diluted share, compared to net income of $1.8 million, or $0.04 per share, in the second quarter of 2023. Adjusted EBITDA, as shown in the following table, was $9.1 million in the second quarter of 2024 compared to $6.0 million in the second quarter of 2023, which represented a 51% year-over-year increase.

Adjusted EBITDA
In millions

	2Q24	2Q23
Net Income	$4.426	$1.812
Taxes on Income	$0.063	$0.093
Financial expense (income), net	$1.151	$0.726
Depreciation and amortization expense	$3.229	$3.204
Non-cash share-based copmensation expenses	$0.235	$0.214
Adjusted EBITDA	$9.104	$6.049

Source: Kamada Ltd. / Zacks SCR

We are maintaining our estimated revenues for the full year of $160 million, which is at the mid-point of the company's reiterated revenue guidance of $158 million to $160 million, and adjusted EBITDA of $30 million, which is at the midpoint of the company's reiterated guidance of $28 million to $32 million.

Business Update

Update on Phase 3 InnovAATe Trial

Kamada initiated the Phase 3 InnovAATe trial of inhaled alpha-1 antitrypsin (AAT) in December 2019 (NCT04204252). It is a randomized, double blind, placebo controlled pivotal Phase 3 trial designed to assess the efficacy and safety of inhaled AAT in patients with AATD and moderate lung disease. Up to 250 patients will be randomized 1:1 to receive either 80 mg inhaled AAT or placebo daily for two years. The primary endpoint of the trial is lung function as measured by FEV1. Secondary endpoints include lung density changes as measured by CT densitometry, along with other parameters of disease severity such as pulmonary function, exacerbation rate, and six-minute walk test.

The FDA previously reconfirmed the overall study design and expressed a willingness to potentially accept a P value <0.1 alpha level in evaluate the trial's primary efficacy endpoint. Based on this, Kamada filed an IND amendment with a revised statistical analysis plan (SAP) and study protocol. We anticipate FDA feedback on this in the second half of 2024. If approved, this may allow for acceleration of the program.

Update on Plasma Collections Operation

Kamada acquired its first plasma collection center in March 2021 in Beaumont, TX and is currently collecting hyper-immune plasma for the company's Anti-D and Anti-R specialty IgG products. The company is currently working to open additional centers in the U.S. to collect both hyper-immune plasma as well as normal source plasma. A center in Houston, TX is set to open in the second half of 2024 and the company has signed a lease agreement for an additional location in San Antonio, TX to be opened in the first half of 2025. The average annual revenues of a mature collection center typically ranges from $8 million to $10 million.

Conclusion

Kamada continues to execute its business at a high level, and the reiterated revenue and adjusted EBITDA guidance for 2024 shows that the fundamentals are very strong. We look forward to an update from the company regarding the Phase 3 InnovAATe trial and whether the FDA will formally agree to the change in the statistical analysis plan and how that my impact timelines for that trial. With no changes to our model our valuation remains at $13 per share.

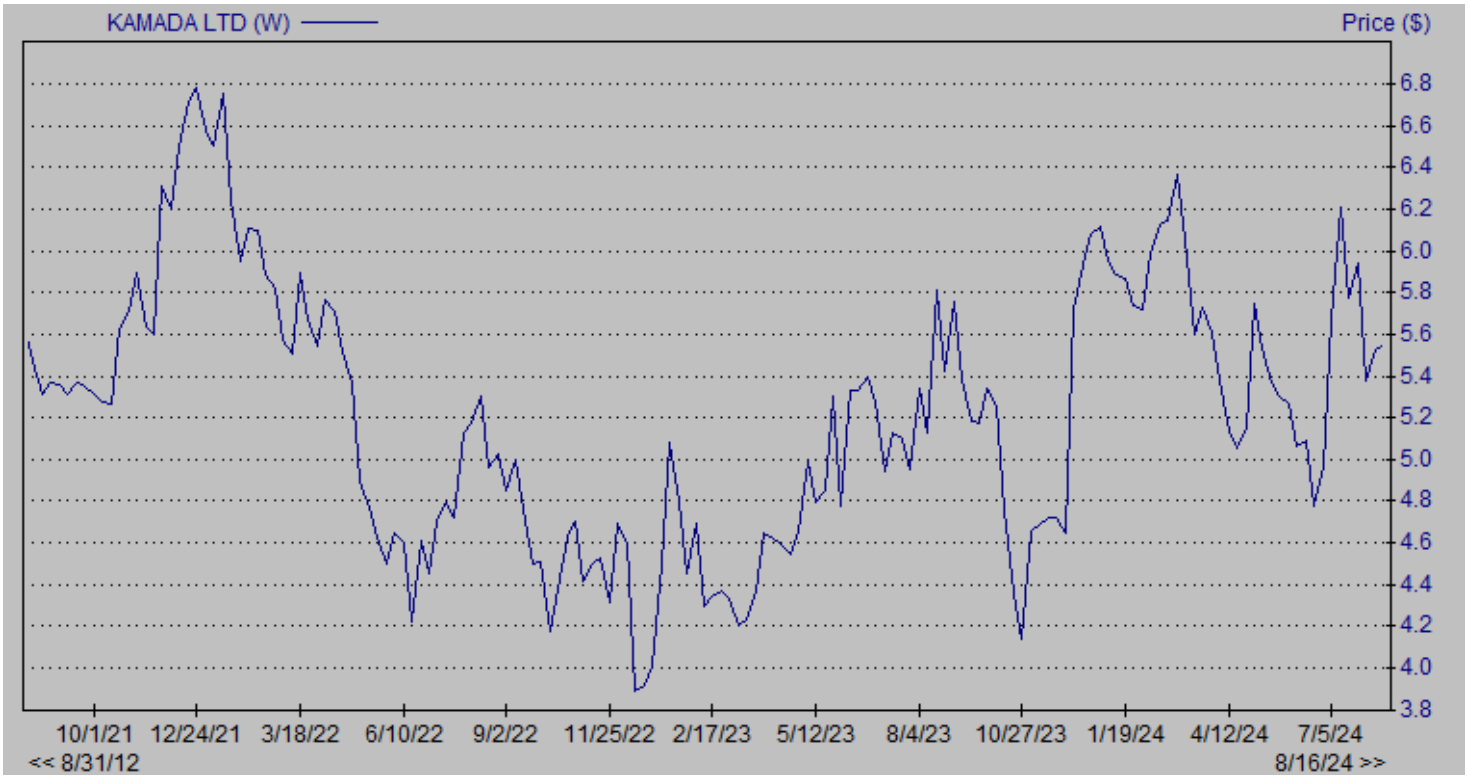
PROJECTED FINANCIALS

Kamada Ltd.	2023 A	Q1 A	Q2 A	Q3 E	Q4 E	2024 E	2025 E	2026 E
Revenue from proprietary products	$115.5	$33.8	$39.1	$36.5	$36.7	$146.1	$141.0	$158.0
Revenue from distribution	$27.1	$4.0	$3.3	$3.3	$3.3	$13.9	$34.0	$37.0
Other Income	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$142.5**	**$37.7**	**$42.5**	**$39.8**	**$40.0**	**$160.0**	**$175.0**	**$195.0**
Cost of revenues, proprietary products	$63.3	$17.6	$20.7	$19.5	$18.0	$75.8	$77.0	$87.0
Cost of revenues, distribution	$23.7	$3.4	$2.8	$2.8	$6.3	$15.3	$30.0	$32.5
Total cost of revenues	$87.0	$21.0	$23.5	$22.3	$24.3	$91.1	$107.0	$119.5
Proprietary Product Gross Margin	*45%*	*48%*	*47%*	*47%*	*51%*	*48%*	*45%*	*45%*
Distribution Gross Margin	*12%*	*15%*	*16%*	*15%*	*-91%*	*-10%*	*12%*	*12%*
Gross Margin	*39%*	*44%*	*45%*	*44%*	*39%*	*43%*	*39%*	*39%*
Research & Development	$13.9	$4.3	$4.8	$4.2	$4.3	$17.6	$17.0	$17.5
Selling and Marketing	$16.2	$4.6	$4.7	$4.8	$4.8	$19.0	$19.0	$19.3
General & Administrative	$14.4	$3.8	$3.8	$4.0	$4.0	$15.6	$16.3	$17.5
Other (Income) Expense	$0.9	$0.0	$0.0	$0.3	$0.3	$0.5	$1.0	$1.0
Operating Income	$10.1	$4.0	$5.6	$4.3	$2.4	$16.3	$14.7	$20.2
Operating Margin	*7.1%*	*10.7%*	*13.3%*	*10.7%*	*5.9%*	*10.2%*	*8.4%*	*10.4%*
Non-Operating Expenses (Net)	($1.6)	($1.6)	($1.2)	($1.0)	($1.0)	($4.8)	($1.8)	($2.0)
Pre-Tax Income	$8.4	$2.4	$4.5	$3.3	$1.4	$11.5	$12.9	$18.2
Income Taxes	$0.1	$0.1	$0.1	$0.1	$0.1	$0.3	$0.3	$0.3
Net Income	**$8.3**	**$2.4**	**$4.4**	**$3.2**	**$1.3**	**$11.2**	**$12.6**	**$17.9**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**$0.17**	**$0.04**	**$0.08**	**$0.06**	**$0.02**	**$0.20**	**$0.22**	**$0.31**
YOY Growth	-	-	-	-	-	-	-	-
Basic Shares Outstanding	47.9	57.5	57.5	57.5	57.5	57.5	58.0	58.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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