

## Kamada Ltd

(KMDA-NASDAQ)

***KMDA: Amendment and Extension of Kedrab® U.S. Distribution Agreement to Generate at Least \$180 Million Over First Four Years...***

Using a Price/Sales multiple of 4.0 applied to projected 2028 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 (12/07/23) **\$5.85**  
Valuation **\$13.00**

## OUTLOOK

On December 6, 2023, Kamada Ltd. (KMDA) announced the amendment and extension of the Kedrab® U.S. distribution agreement with Kedrion. The new eight-year agreement includes a provision that Kedrion will purchase minimum quantities of Kedrab during the first four years with revenues to Kamada of approximately \$180 million. The agreement includes the potential expansion of Kedrab distribution by Kedrion in territories outside the U.S. The companies will also collaborate to expand the distribution of Kedrion products by Kamada in Israel. We anticipate Kamada providing updated financial guidance for 2024 that will reflect the new Kedrion agreement in the beginning of 2024.

## SUMMARY DATA

52-Week High **\$5.85**  
52-Week Low **\$3.79**  
One-Year Return (%) **28.01**  
Beta **0.97**  
Average Daily Volume (sh) **132,792**

Shares Outstanding (mil) **45**  
Market Capitalization (\$mil) **\$262**  
Short Interest Ratio (days) **N/A**  
Institutional Ownership (%) **34**  
Insider Ownership (%) **36**

Annual Cash Dividend **\$0.00**  
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates  
Sales (%) **0.3**  
Earnings Per Share (%) **-27.6**  
Dividend (%) **N/A**

P/E using TTM EPS **23.4**  
P/E using 2023 Estimate **29.2**  
P/E using 2024 Estimate **21.7**

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

## ZACKS ESTIMATES

### Revenue

(in millions of \$)

|      | Q1<br>(Mar) | Q2<br>(Jun) | Q3<br>(Sep) | Q4<br>(Dec) | Year<br>(Dec) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2022 | 28 A        | 24 A        | 32 A        | 45 A        | 129 A         |
| 2023 | 31 A        | 37 A        | 38 A        | 37 E        | 143 E         |
| 2024 |             |             |             |             | 171 E         |
| 2025 |             |             |             |             | 200 E         |

### Earnings per Share

|      | Q1<br>(Mar) | Q2<br>(Jun) | Q3<br>(Sep) | Q4<br>(Dec) | Year<br>(Dec) |
|------|-------------|-------------|-------------|-------------|---------------|
| 2022 | -\$0.04 A   | -\$0.09 A   | \$0.01 A    | \$0.07 A    | -\$0.05 A     |
| 2023 | -\$0.04 A   | \$0.04 A    | \$0.07 A    | \$0.04 E    | \$0.12 E      |
| 2024 |             |             |             |             | \$0.24 E      |
| 2025 |             |             |             |             | \$0.43 E      |

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## WHAT'S NEW

### **Business Update**

On December 6, 2023, Kamada Ltd. (KMDA) announced the execution of a binding memorandum of understanding with Kedrion for an amendment and extension of the company's U.S. distribution agreement for Kedrab, a human rabies immune globulin indicated for the transient post-exposure prophylaxis of rabies infection. The eight-year agreement, which begins in January 2024, calls for minimum purchase quantities of Kedrab by Kedrion in the first four years of approximately \$180 million. The agreement also allows for the possible expansion of Kedrab distribution by Kedrion to territories outside of the U.S. Kamada and Kedrion will also work to expand distribution of Kedrion products by Kamada in Israel. Lastly, the agreement grants an option for a two-year extension to the length of the contract.

Kamada generated approximately \$16 million in revenues from the sale of Kedrab to Kedrion in 2022 and we expect a substantial increase in sales of Kedrab to Kedrion for 2023. The gross profitability of Kedrab for Kamada is currently >50% and that could increase in the years ahead. When asked about production capacity, management indicated that the company has sufficient capacity to meet any increased demand for Kedrab.

### **Conclusion**

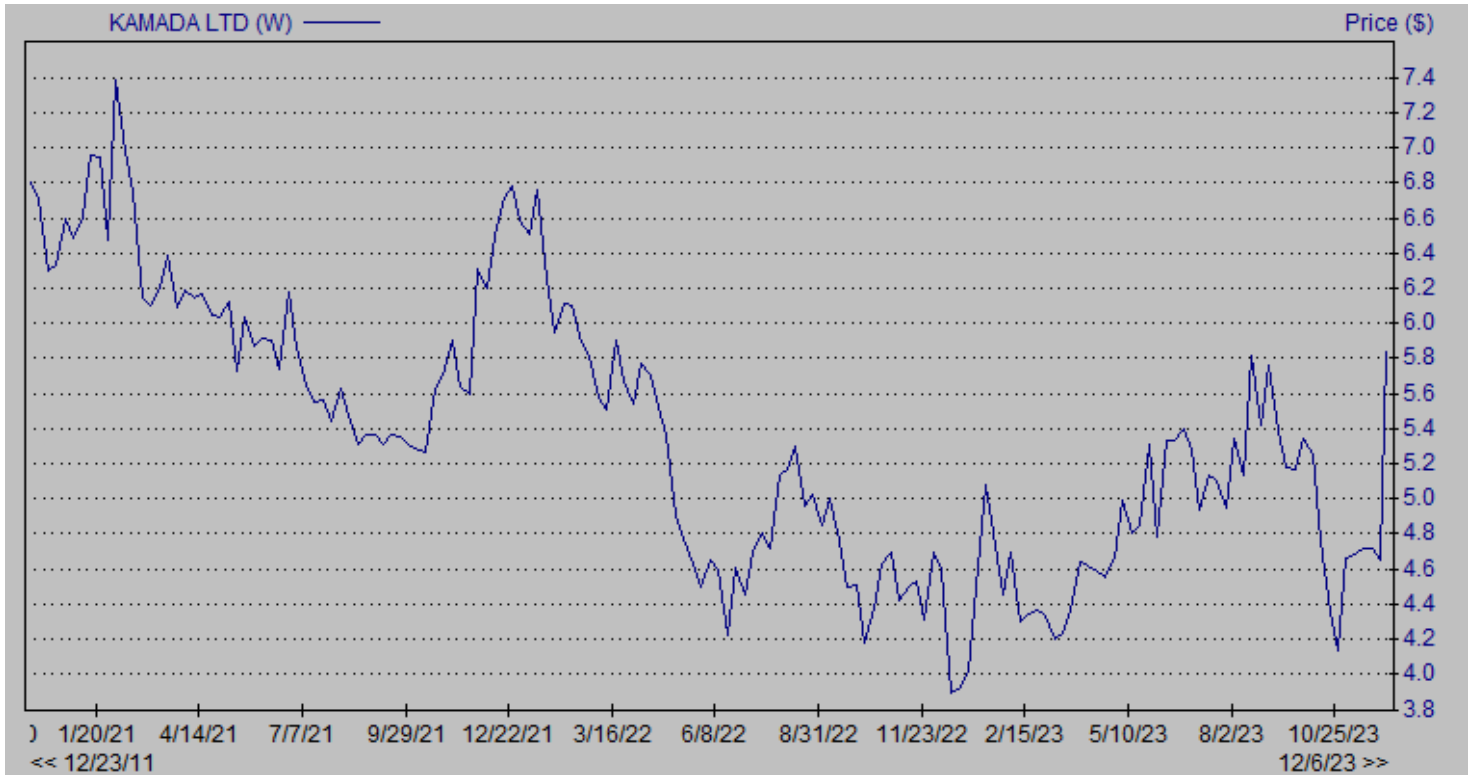
Kamada's management had indicated it was pursuing additional business development opportunities and the extended agreement with Kedrion represents a great move for the company as it looks to capitalize on the growing market share of Kedrab. We had previously forecast for Kedrab sales to increase in our model, however we have increased those projections further still to take into account the anticipated \$180 million generated during the first four years of the agreement. This has increased our valuation to \$13 per share.

## PROJECTED FINANCIALS

| Kamada Ltd.                            | 2022 E          | Q1 A            | Q2 A          | Q3 A          | Q4 E          | 2023 E         | 2024 E         | 2025 E         |
|--|-----------------|-----------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Revenue from proprietary products      | \$102.6         | \$24.1          | \$30.9        | \$31.4        | \$30.5        | \$116.9        | \$136.4        | \$160.1        |
| Revenue from distribution              | \$26.7          | \$6.6           | \$6.5         | \$6.5         | \$6.6         | \$26.3         | \$35.0         | \$40.0         |
| Other Income                           | \$0.0           | \$0.0           | \$0.0         | \$0.0         | \$0.0         | \$0.0          | \$0.0          | \$0.0          |
| <b>Total Revenues</b>                  | <b>\$129.3</b>  | <b>\$30.7</b>   | <b>\$37.4</b> | <b>\$37.9</b> | <b>\$37.1</b> | <b>\$143.2</b> | <b>\$171.4</b> | <b>\$200.1</b> |
| Cost of revenues, proprietary products | \$58.2          | \$13.2          | \$17.2        | \$17.4        | \$14.5        | \$62.4         | \$73.0         | \$85.0         |
| Cost of revenues, distribution         | \$24.4          | \$5.6           | \$5.8         | \$5.7         | \$7.0         | \$24.1         | \$30.0         | \$34.5         |
| <i>Gross Margin</i>                    | 36%             | 39%             | 39%           | 39%           | 43%           | 40%            | 40%            | 40%            |
| Research & Development                 | \$13.2          | \$3.2           | \$4.3         | \$3.2         | \$3.6         | \$14.3         | \$14.0         | \$14.5         |
| Selling and Marketing                  | \$15.3          | \$3.9           | \$3.9         | \$3.7         | \$4.8         | \$16.4         | \$19.0         | \$19.3         |
| General & Administrative               | \$12.8          | \$3.4           | \$3.5         | \$3.7         | \$3.3         | \$13.9         | \$13.3         | \$13.5         |
| Other (Income) Expense                 | \$0.9           | \$1.0           | \$0.1         | (\$0.2)       | \$0.2         | \$1.1          | \$1.3          | \$1.3          |
| <b>Operating Income</b>                | <b>\$4.5</b>    | <b>\$0.3</b>    | <b>\$2.6</b>  | <b>\$4.4</b>  | <b>\$4.2</b>  | <b>\$11.5</b>  | <b>\$20.8</b>  | <b>\$32.0</b>  |
| <i>Operating Margin</i>                | 3.5%            | 0.9%            | 7.0%          | 11.5%         | 11.3%         | 8.0%           | 12.1%          | 16.0%          |
| Non-Operating Expenses (Net)           | (\$6.8)         | (\$2.1)         | (\$0.7)       | (\$1.1)       | (\$1.7)       | (\$5.6)        | (\$7.0)        | (\$7.0)        |
| <b>Pre-Tax Income</b>                  | <b>(\$2.3)</b>  | <b>(\$1.8)</b>  | <b>\$1.9</b>  | <b>\$3.3</b>  | <b>\$2.5</b>  | <b>\$5.9</b>   | <b>\$13.8</b>  | <b>\$25.0</b>  |
| Income Taxes                           | \$0.1           | \$0.0           | \$0.1         | \$0.1         | \$0.0         | \$0.2          | \$0.1          | \$0.1          |
| <i>Tax Rate</i>                        | 0%              | 0%              | 0%            | 0%            | 0%            | 0%             | 0%             | 0%             |
| <b>Net Income</b>                      | <b>(\$2.3)</b>  | <b>(\$1.8)</b>  | <b>\$1.8</b>  | <b>\$3.2</b>  | <b>\$2.5</b>  | <b>\$5.7</b>   | <b>\$13.7</b>  | <b>\$24.9</b>  |
| <i>Net Margin</i>                      | -               | -               | -             | -             | -             | -              | -              | -              |
| <b>Reported EPS</b>                    | <b>(\$0.05)</b> | <b>(\$0.04)</b> | <b>\$0.04</b> | <b>\$0.07</b> | <b>\$0.04</b> | <b>\$0.12</b>  | <b>\$0.24</b>  | <b>\$0.43</b>  |
| <i>YOY Growth</i>                      | -               | -               | -             | -             | -             | -              | -              | -              |
| Basic Shares Outstanding               | 44.8            | 44.8            | 44.8          | 44.8          | 57.4          | 47.9           | 58.0           | 58.0           |

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

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