

Blue Jet Healthcare (BLUEJET) - ADD

Result Update

Current Market Price (CMP) Rs. 383	Fair Value (FV) Rs. 410
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Rationale:

- Blue Jet posted a muted performance in Q3FY24, largely on expected lines.
- Sequential decline driven by weak performance across the base business.
- Contrast media to be the mainstay; scale-up in pharma intermediates critical.
- Blue Jet to offer a healthy 21% adjusted EPS CAGR over FY23-26E.
- Intermediate CDMO with twist; reiterate ADD with a SoTP-based FV of Rs410.

Q3FY24 Result Update

👍 Positives:

- Gross margins surprised positively at 57.5% (+70 bps qoq).
- Debt free balance sheet & internal accruals to support ongoing capex program.
- Tax rate stood at 19% in Q3FY24, which was lower than 23% in 9MFY24.
- We forecast 23% revenue CAGR over FY23-26E for Blue Jet.
- We forecast 21% adjusted EPS CAGR, over FY23-26E for Blue Jet

👎 Negatives:

- Key risks: Untested prowess in pharma intermediates, Product concentration risk, earnings volatility and, repercussions of the recent serious fire incidents.

(EPS – Earnings per Share; EBIDTA – Earnings before Interest, Depreciation, Tax & Amortization; CAGR – Compounded Annual Growth Rate; CDMO – Contract Development & Manufacturing Organisation; SoTP – Sum of the Part)

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For detailed report dated 12th Feb 2024. Note: CMP & valuation may differ due to difference in dates.



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Holding Period: 12 Months; Disclaimer: <http://bit.ly/2n5AxIE>