

QUIPT HOME MEDICAL CORP. (QUIPT-NASDAQ | QUIPT-TSXV)

Biotechnology

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Prelim. 4Q21 ~In-line | Reiterate Big Outlook: CYE22 RR Rev. \$180-190 mln, EBITDA \$38-43 mln

This morning, Quipt Home Medical (QUIPT-NASDAQ, OP2) provided several updates:

- **Preliminary 4Q21 results** announced, estimating **in-line revenue** of \$27.6-28.1 mln, and a **narrow miss on EBITDA** of \$5.3-5.6 mln;
- **Recent onslaught of acquisitions all on track** to close on schedule, and closed acquisitions are now mid-integration;
- **CYE22 run-rate guidance reiterated**;
- **4Q21 financials unable to be filed on time** (auditors unable to meet compressed Nasdaq 90-day timeline vs. TSX's 120-day), forcing a management cease trader order.

Accretive M&A Driving Top Line

During 2H21, QUIPT added \$17.5 mln in revenue by accretive M&A, and has the potential to close on an additional \$27 mln in revenue through closing two outstanding LOIs (using cash on hand and QUIPT's existing debt facility). In light of these recent acquisitions and in anticipation of organic + inorganic growth proceeding through 2022, QUIPT escalated its 2022CYE guidance on Nov. 16 and reiterated this outlook today:

- Revenue run-rate: \$180-190 mln
- Adj. EBITDA run-rate: \$38-43 mln

Our Take

To hit these revenue run-rate figures, we estimate QUIPT will need to close its outstanding LOIs, continue its impressive ~10% organic growth rate, and acquire ~\$30 mln in additional revenue during 2022. Given **QUIPT has laid a path to the addition of ~\$45 mln in revenue during 2H21 alone**, we have great **confidence in this company's capacity to continue in its execution of accretive M&A combined with solid organic growth**. Management indicates to us that within 2-3 years, this business should be doing **>\$250 mln in revenue**, which we believe **will make QUIPT a newly attractive name for some of our larger balance sheet clients**.

NB. We note that while QUIPT goes quiet on account of its MCTO, we expect the company will be unable to describe in full any new M&A it executes.

DECEMBER 16, 2021 | 11:38 AM EST
COMPANY BRIEF

Outperform 2

Suitability MA/ACC

MARKET DATA

Current Price (Dec-15-21)	\$5.58
Market Cap (mln)	\$226
Current Net Debt (mln)	\$2
Enterprise Value (mln)	\$223
Shares Outstanding (mln)	30.6
30-Day Avg. Daily Value (mln)	\$0.5
Dividend	\$0.00
Dividend Yield	0.0%
52-Week Range	\$4.40 - \$8.40

KEY FINANCIAL METRICS

	1Q	2Q	3Q	4Q
Revenue (mln) (\$, Dec FY)				
2020A	23	24	26	25
2021E	23 A	24 A	26 A	29
2022E	31	36	41	43
	2020A	2021E	2022E	
Revenue (mln) (\$, Dec FY)	98	102	151	
EV/Revenue	1.8x	1.7x	1.1x	
EBITDA (mln) (C\$, Dec FY)	21	22	33	
EV/EBITDA (Dec FY)	10.7x	10.2x	6.8x	

Source: Thomson One, Raymond James Ltd.

Quarterly figures may not add to full year due to rounding.

Reporting currency changed to USD (from CAD) during 2Q21

Preliminary 4Q21 Numbers

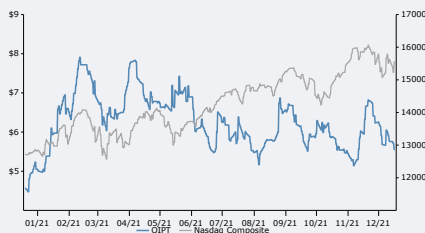
Revenue: \$27.6-28.1 mln roughly **in-line** with RJL's estimate of \$28.9 mln and consensus of \$27.9 mln | 3Q21: \$26.2

Adj. EBITDA: \$5.3-5.6 mln a **narrow miss** of RJL's estimate of \$6.0 mln and consensus of \$5.9 mln | 3Q21: \$5.7 mln (we added back \$400K from one-time capital market costs to reported \$5.3 mln)

Cash: \$34.6 mln | 3Q21: \$30.6 mln

COMPANY DESCRIPTION

Quipt Home Medical Corp. is a fast-growing provider of clinical respiratory equipment across 51 locations in 11 U.S. states. The company is a participating Medicare provider of durable medical equipment (DME), such as: i) nebulizers, oxygen concentrators, and CPAP and BiPAP units; ii) traditional and non-traditional respiratory DME and services; and, iii) non-invasive ventilation equipment, supplies, and services; overseeing the delivery of nearly 250,000 pieces of durable medical equipment (DME) annually.



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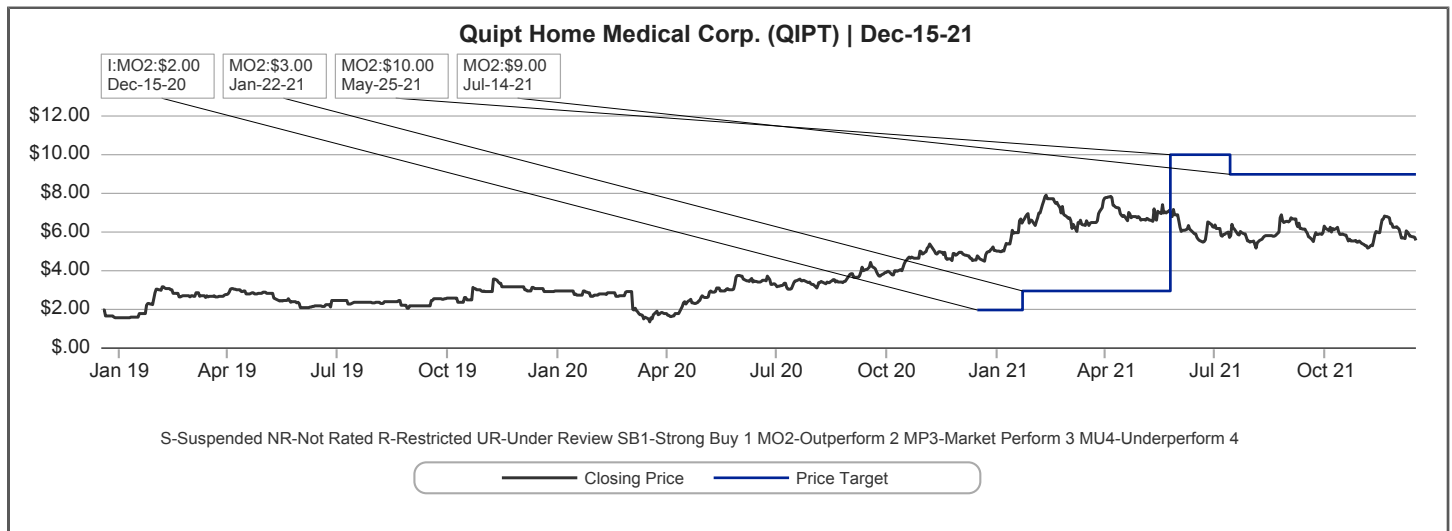
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Quipt Home Medical Corp.

We value Quipt Home Medical Corp. based on as a multiple of EV/EBITDA relative to comparable healthcare services companies.

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Company Specific Risk Factors

Quipt Home Medical Corp.

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