

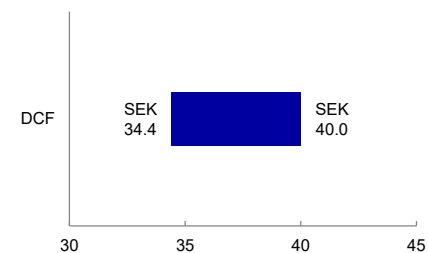
## KEY DATA

Stock country	Sweden
Bloomberg	CANTA.SS
Reuters	CANTA.ST
Share price (close)	SEK 15.68
Free Float	80%
Market cap. (bn)	EUR 0.16/SEK 1.57
Website	<a href="http://cantargia.com/">http://cantargia.com/</a>
Next report date	

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	n.a.	n.a.	-28%
EBIT (adj)	-7%	4%	-28%

Source: Nordea estimates

## Nordea Markets - Analysts

Josefine Persson  
Analyst

## Broadening the clinical programme

Cantargia's R&D costs exceeded expectations due to the expansion of the CAN04 clinical programmes. We raise our estimates for spending in Q4 and into 2022. The interim results from CANFOUR in NSCLC also identified a subgroup of patients that responded better to the treatment, potentially narrowing the estimated addressable patient group. We revise our DCF-based valuation range to SEK 34-40 (46-54) per share after the report.

## Investing in R&amp;D

Cantargia reported Q3 numbers that included an operating loss of SEK 104.7m, 19% short of our estimate (SEK -85m) but up 168% y/y. The spending increase is attributable to the expansion of clinical programmes, leading to R&D costs totalling SEK 100.8m.

## Better responding subgroup identified in NSCLC

The company presented updated interim results from its phase IIa study CANFOUR in NSCLC at the ESMO congress in September. Of the 27 patients eligible for evaluation, 48% showed a response that was significantly higher than observed in studies with the market-leading treatments (22-28% response rates). A key finding from the study was the identification of a subgroup with an impressive 75% response rate. More specifically, this subgroup included patients with a certain type of carcinoma called non-squamous NSCLC, which accounts for 70-80% of all NSCLC patients. While we argue the interim results should have a positive impact on CAN04's likelihood of approval, this news reduces the target addressable group of patients in NSCLC, which impacts our top-line estimates.

## Novartis miss on phase III with Canakinumab

In October, Novartis presented top-line results from its phase III study CANOPY-1, evaluating Canakinumab in NSCLC. The drug candidate did not meet its primary endpoints of overall survival and progression-free survival. Although the candidate is similar to Cantargia's, we once again highlight CAN04's broader mechanism of action. According to the company, this means one fewer strong competitor in the space, implying a better opportunity for CAN04 in NSCLC should it be approved.

## New clinical results likely in Q4

We expect Cantargia to announce new clinical data from CANFOUR and CIRIFOUR in Q4, along with more clarification on future development.

## SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	0	0	0	0	0	0	715
EBITDA (adj)	-60	-93	-112	-174	-367	-393	696
EBIT (adj)	-60	-93	-112	-174	-367	-393	696
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%
EPS (adj, SEK)	-1.28	-1.38	-1.52	-1.93	-3.63	-3.00	5.44
EPS (adj) growth	39.9%	-7.3%	-10.5%	-26.5%	-88.5%	17.3%	281.3%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2.9
P/BV	1.2	6.1	10.3	7.2	3.0	6.9	2.0
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-13.7%	-11.1%	-7.6%	-2.4%	-24.7%	-19.1%	37.4%
Net debt	-270	-167	-150	-903	-516	-215	-803
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.2
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

# Valuation

Based on our updated forecasts, we arrive at a new DCF-derived fair value range of SEK 34-40 (45-52), based on a WACC of 10-12%.

## SALES GROWTH VS EBIT MARGIN

		Sales growth change				
		-7.0pp	-3.5pp	+3.5pp	+7.0pp	
EBIT margin change	+7.0pp	35.9	36.8	37.8	38.9	40.3
	+3.5pp	35.6	36.5	37.4	38.5	39.8
		35.4	36.1	37.0	38.1	39.4
	-3.5pp	35.1	35.8	36.7	37.7	38.9
	-7.0pp	34.8	35.5	36.3	37.3	38.4

Source: Company data and Nordea estimates

## WACC VS SALES GROWTH

		WACC				
		10.0%	10.5%	11.0%	11.5%	12.0%
Sales growth change	+7.0pp	42.7	41.0	39.4	37.8	36.4
	+3.5pp	41.2	39.6	38.1	36.7	35.3
		40.0	38.5	37.0	35.7	34.4
	-3.5pp	38.9	37.5	36.1	34.9	33.7
	-7.0pp	38.0	36.6	35.4	34.1	33.0

Source: Company data and Nordea estimates

## WACC VS EBIT MARGIN

		WACC				
		10.0%	10.5%	11.0%	11.5%	12.0%
EBIT margin change	+7.0pp	40.8	39.2	37.8	36.4	35.1
	+3.5pp	40.4	38.8	37.4	36.0	34.7
		40.0	38.5	37.0	35.7	34.4
	-3.5pp	39.6	38.1	36.7	35.4	34.1
	-7.0pp	39.2	37.7	36.3	35.0	33.8

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>Total revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>715</b>
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
Depreciation and impairments PPE	0	0	0	0	0	0	0	0	0	0	0
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
EBITA	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	2	1	2	3	8	3
of which lease interest	0	0	0	0	0	0	0	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
<b>Pre-tax profit</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-91</b>	<b>-111</b>	<b>-172</b>	<b>-364</b>	<b>-386</b>	<b>699</b>
Reported taxes	0	0	0	0	0	0	0	0	0	85	-154
Net profit from continued operations	0	0	-17	-45	-60	-91	-111	-172	-364	-301	545
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	-17	-45	-60	-91	-111	-172	-364	-301	545
<b>EPS, SEK</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-1.28</b>	<b>-2.14</b>	<b>-1.28</b>	<b>-1.38</b>	<b>-1.52</b>	<b>-1.93</b>	<b>-3.63</b>	<b>-3.00</b>	<b>5.44</b>
DPS, SEK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

## Profit margin in percent

EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%

## Adjusted earnings

EBITDA (adj)	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
EBITA (adj)	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
EBIT (adj)	0	0	-17	-45	-60	-93	-112	-174	-367	-393	696
EPS (adj, SEK)	n.a.	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.93	-3.63	-3.00	5.44

## Adjusted profit margins in percent

EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.3%

## Performance metrics

CAGR last 5 years											
Net revenue	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-48.9%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-48.9%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2.9
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	2.9
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.07
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.1
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.9%	-2.6%	-24.7%	-19.1%	37.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-2.4%	-24.7%	-19.1%	37.4%
Payout ratio	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data and Nordea estimates

**BALANCE SHEET**

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	2	2	0	0	0	0	0	7	7	7	7
of which R&D	2	2	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	7	7	7	7
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	7	5	5	5	5
of which leased assets	0	0	0	0	0	0	0	0	0	0	0
Shares associates	0	0	0	0	0	0	0	0	0	0	0
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	2	3	3	3	0	0	0	0	0
Total non-current assets	2	3	2	3	3	3	7	13	13	13	13
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	1	3	0	0	100
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	1	1	1	2	2	2	8	7	0	0	100
Cash and bank	1	17	25	35	270	167	150	903	516	215	803
Total current assets	2	17	25	37	271	168	159	913	516	215	1,003
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>926</b>	<b>528</b>	<b>228</b>	<b>1,016</b>
Shareholders equity	3	4	24	30	246	155	142	892	528	227	773
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	3	4	24	30	246	155	142	892	528	227	773
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	3	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Non-current lease debt	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0	0	3	0	0	0
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	1	1	2	7	21	9	13	11	0	0	122
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	15	1	2	8	7	11	20	0	0	122
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	1	16	3	10	28	16	24	30	0	0	243
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>926</b>	<b>528</b>	<b>228</b>	<b>1,016</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-1	-17	-25	-35	-270	-167	-150	-903	-516	-215	-803
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	-15	-2	-7	-27	-15	-14	-21	0	0	-43
Invested capital	2	-13	-1	-5	-24	-12	-8	-8	13	13	-30
Capital employed	3	4	24	30	246	155	142	892	528	227	773
ROE	0.0%	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-33.3%	-51.2%	-79.6%	n.m.
ROIC	0.0%	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	0.0%	0.0%	n.m.	n.m.	-43.4%	-45.4%	-74.5%	-33.3%	-51.2%	n.m.	n.m.
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.2
Interest coverage	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	78.5%	20.4%	88.3%	75.6%	89.7%	90.4%	85.7%	96.4%	100.0%	100.0%	76.1%
Net gearing	-47.8%	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-101.3%	-97.6%	-94.5%	-103.9%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-93</b>	<b>-112</b>	<b>-174</b>	<b>-367</b>	<b>-393</b>	<b>696</b>
Paid taxes	0	0	0	0	0	0	0	0	0	85	-154
Net financials	0	0	0	0	0	0	1	-1	3	8	3
Change in provisions	0	0	0	0	0	0	0	3	-3	0	0
Change in other LT non-IB	0	0	-1	-1	0	0	3	0	0	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	-8	-8	1	-2	0	0	-3	8	0	0	0
<b>Funds from operations (FFO)</b>	<b>-8</b>	<b>-8</b>	<b>-17</b>	<b>-47</b>	<b>-60</b>	<b>-93</b>	<b>-111</b>	<b>-163</b>	<b>-367</b>	<b>-301</b>	<b>545</b>
Change in NWC	0	15	-13	5	19	-12	0	6	-21	0	43
<b>Cash flow from operations (CFO)</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>-156</b>	<b>-388</b>	<b>-301</b>	<b>588</b>
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow before A&amp;D</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>-156</b>	<b>-388</b>	<b>-301</b>	<b>588</b>
Proceeds from sale of assets	0	0	0	0	0	0	3	0	0	0	0
Acquisitions	0	0	0	0	0	0	-7	-9	0	0	0
Free cash flow	-8	7	-30	-42	-41	-105	-115	-165	-388	-301	588
Free cash flow bef A&D, lease adj	-8	7	-30	-42	-41	-105	-111	-156	-388	-301	588
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	8	10	45	56	304	0	98	919	0	0	0
Net change in debt	0	0	0	0	0	0	0	0	0	0	0
Other financing adjustments	0	0	0	0	0	30	0	0	0	0	0
Other non-cash adjustments	-1	-1	-7	-4	-28	-28	0	0	0	0	0
Change in cash	-1	15	8	10	235	-103	-17	753	-388	-301	588
<b>Cash flow metrics</b>											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	6	14	20	64	16	16	16
Market cap.	n.a.	n.a.	n.a.	n.a.	300	940	1,467	6,412	1,571	1,571	1,571
Enterprise value	n.a.	n.a.	n.a.	n.a.	31	773	1,317	5,509	1,055	1,356	768
Diluted no. of shares, year-end (m)	0.0	0.0	13.5	20.9	46.9	66.2	72.8	100.2	100.2	100.2	100.2

Source: Company data and Nordea estimates

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