

## Cantargia

Healthcare  
Sweden

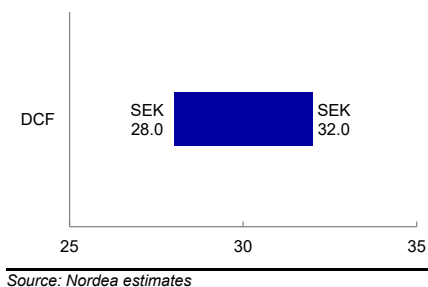
## KEY DATA

Stock country	Sweden
Bloomberg	CANTA.SS
Reuters	CANTA.ST
Share price (close)	SEK 14.40
Free Float	80%
Market cap. (bn)	EUR 0.14/SEK 1.44
Website	http://cantargia.com/
Next report date	

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	n.a.	-100%	0%
EBIT (adj)	-3%	-111%	0%

Source: Nordea estimates

## Nordea Markets - Analysts

Josefine Persson  
Analyst

## Upcoming triggers at ASCO

While the Q1 report offered few surprises, the Novartis subset analysis of CANOPY-1 was an important event as it confirmed Cantargia's approach to NSCLC is the right one. Following the report, we make some revisions to our estimates and push the launch of CAN04 in PDAC from 2025 to 2027 and now expect an NSCLC partnership agreement in 2024, instead of 2023. The nearest potential catalyst for Cantargia is the ASCO conference in early June. Following the report, we lower our DCF-based valuation range to SEK 28-32 (34-38) per share.

## Q1 was in line with expectations

Cantargia reported an operating loss of SEK 122m (14% worse than we estimated), compared to a loss of SEK 73m a year ago. Due to the expansion of clinical programmes, R&D costs totalled SEK 116m, an increase of 69% y/y.

## Novartis' CANOPY-1 data confirmed Cantargia's approach

During the quarter, Novartis released a subset analysis from the CANOPY-1 trial of Canakinumab. Although the Novartis study failed, it resulted in some useful data points for Cantargia, as it showed that the subgroup of patients with non-squamous NSCLC did better than those with squamous NSCLC. This is in line with Cantargia's findings in September 2021 and therefore supports Cantargia's decision to focus on this subgroup, which accounts for 80-90% of all NSCLC patients.

## We make some estimate changes and adjust timelines

While the partnership with PanCAN is beneficial in many aspects, it also delays the potential launch date of CAN04 in pancreatic cancer. According to the company, a commercial launch could now occur in 2027. Furthermore, we previously expected Cantargia to find an NSCLC partner in 2023, but we now foresee this might happen in 2024 as the company seems to have a stable cash position with SEK 443m in total available funds, bank loans and short-term investments.

## ASCO in June is an upcoming catalyst

The next important trigger for the stock is the American Society of Clinical Oncology (ASCO) congress in June, where Cantargia will present three posters, including clinical updates from the ph IIa CANFOUR trial in NSCLC, pancreatic cancer and efficacy data from the ph Ib CIRIFOUR.

## SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	0	0	0	0	0	0	220
EBITDA (adj)	-93	-112	-174	-370	-406	-76	201
EBIT (adj)	-93	-112	-174	-370	-406	-76	201
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.2%
EPS (adj, SEK)	-1.38	-1.52	-1.93	-3.66	-3.05	-0.57	1.58
EPS (adj) growth	-7.3%	-10.5%	-26.5%	-89.9%	16.6%	81.5%	379.2%
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.	5.1
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	9.1
P/BV	6.1	10.3	7.2	3.5	6.5	8.7	4.5
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	-11.1%	-7.6%	-2.4%	-21.0%	-22.6%	-3.9%	11.0%
Net debt	-167	-150	-903	-903	-210	-153	-312
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.6
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 28-32 (34-38), based on a WACC of 10-12%

Fair value sensitivity to changes in sales growth and EBIT margin

## SALES GROWTH VS EBIT MARGIN (SEK/SHARE)

		Sales growth change				
		-7.0pp	-3.5pp	+3.5pp	+7.0pp	
EBIT margin change	+6.0pp	29.1	29.7	30.4	31.2	32.2
	+3.0pp	28.9	29.5	30.1	30.9	31.8
		28.7	29.2	29.9	30.6	31.5
	-3.0pp	28.5	29.0	29.6	30.3	31.1
	-6.0pp	28.3	28.8	29.3	30.0	30.8

Source: Company data and Nordea estimates

Fair value sensitivity to changes in WACC and sales growth

## WACC VS SALES GROWTH (SEK/SHARE)

		WACC				
		9.5%	10.0%	10.5%	11.0%	11.5%
Sales growth change	+7.0pp	34.0	32.7	31.5	30.3	29.2
	+3.5pp	33.0	31.8	30.6	29.5	28.5
		32.1	31.0	29.9	28.8	27.9
	-3.5pp	31.4	30.3	29.2	28.2	27.3
	-7.0pp	30.7	29.7	28.7	27.7	26.8

Source: Company data and Nordea estimates

Fair value sensitivity to changes in WACC and EBIT margin

## WACC VS EBIT MARGIN (SEK/SHARE)

		WACC				
		9.5%	10.0%	10.5%	11.0%	11.5%
EBIT margin change	+6.0pp	32.7	31.5	30.4	29.3	28.3
	+3.0pp	32.4	31.2	30.1	29.1	28.1
		32.1	31.0	29.9	28.8	27.9
	-3.0pp	31.8	30.7	29.6	28.6	27.6
	-6.0pp	31.5	30.4	29.3	28.4	27.4

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<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>220</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	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
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	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
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	2	1	2	4	14	3	2
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>-17</b>	<b>-45</b>	<b>-60</b>	<b>-91</b>	<b>-111</b>	<b>-172</b>	<b>-367</b>	<b>-392</b>	<b>-73</b>	<b>203</b>
Reported taxes	0	0	0	0	0	0	0	0	86	16	-45
Net profit from continued operations	0	-17	-45	-60	-91	-111	-172	-367	-306	-57	158
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	-17	-45	-60	-91	-111	-172	-367	-306	-57	158
<b>EPS, SEK</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>-3.66</b>	<b>-3.05</b>	<b>-0.57</b>	<b>1.58</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.	91.2%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.2%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.2%

## Adjusted earnings

EBITDA (adj)	0	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
EBITA (adj)	0	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
EBIT (adj)	0	-17	-45	-60	-93	-112	-174	-370	-406	-76	201
EPS (adj, SEK)	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.93	-3.66	-3.05	-0.57	1.58

## 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.	91.2%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.2%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	91.2%

## 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.m.	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.	n.m.
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	9.1
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
P/E	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	9.1
EV/Sales	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.14
EV/EBITDA	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
EV/EBITA	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
EV/EBIT	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	5.6
Dividend yield (ord.)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.9%	-2.6%	-21.5%	-22.6%	-3.9%	11.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-2.4%	-21.0%	-22.6%	-3.9%	11.0%
Payout ratio	n.a.	0.0%	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	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	2	0	0	0	0	0	7	7	7	7	7
of which R&D	2	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	7	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	7	5	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	2	3	3	3	0	0	0	0	0	0
Total non-current assets	3	2	3	3	3	7	13	13	13	13	13
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	1	3	0	0	0	33
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	1	1	2	2	2	8	7	0	0	0	33
Cash and bank	17	25	35	270	167	150	903	903	210	153	312
Total current assets	17	25	37	271	168	159	913	903	210	153	378
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>926</b>	<b>916</b>	<b>223</b>	<b>166</b>	<b>390</b>
Shareholders equity	4	24	30	246	155	142	892	528	222	166	324
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	4	24	30	246	155	142	892	528	222	166	324
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	3	0	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	3	0	0	0	0
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	1	2	7	21	9	13	11	0	0	0	33
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	15	1	2	8	7	11	20	20	0	0	33
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	16	3	10	28	16	24	30	20	0	0	66
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>926</b>	<b>548</b>	<b>223</b>	<b>166</b>	<b>390</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-17	-25	-35	-270	-167	-150	-903	-903	-210	-153	-312
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	-15	-2	-7	-27	-15	-14	-21	-20	0	0	0
Invested capital	-13	-1	-5	-24	-12	-8	-8	-7	13	13	13
Capital employed	4	24	30	246	155	142	892	528	222	166	324
ROE	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-33.3%	-51.6%	-81.5%	-29.2%	64.6%
ROIC	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	0.0%	n.m.	n.m.	-43.4%	-45.4%	-74.5%	-33.3%	-51.6%	n.m.	-37.4%	82.8%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.6
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	20.4%	88.3%	75.6%	89.7%	90.4%	85.7%	96.4%	96.4%	100.0%	99.9%	83.1%
Net gearing	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-101.3%	-171.0%	-94.4%	-92.4%	-96.1%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-93</b>	<b>-112</b>	<b>-174</b>	<b>-370</b>	<b>-406</b>	<b>-76</b>	<b>201</b>
Paid taxes	0	0	0	0	0	0	0	0	86	16	-45
Net financials	0	0	0	0	0	1	-1	3	14	3	2
Change in provisions	0	0	0	0	0	0	3	-3	0	0	0
Change in other LT non-IB	0	-1	-1	0	0	3	0	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	1	-2	0	0	-3	8	4	0	0	0
<b>Funds from operations (FFO)</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>-306</b>	<b>-57</b>	<b>158</b>
Change in NWC	15	-13	5	19	-12	0	6	-21	-20	0	0
<b>Cash flow from operations (CFO)</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>-326</b>	<b>-57</b>	<b>158</b>
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow before A&amp;D</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>-326</b>	<b>-57</b>	<b>158</b>
Proceeds from sale of assets	0	0	0	0	0	3	0	0	0	0	0
Acquisitions	0	0	0	0	0	-7	-9	-9	0	0	0
Free cash flow	7	-30	-42	-41	-105	-115	-165	-397	-326	-57	158
Free cash flow bef A&D, lease adj	7	-30	-42	-41	-105	-111	-156	-388	-326	-57	158
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	10	45	56	304	0	98	919	0	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	30	0	0	0	-368	0	0
Other non-cash adjustments	-1	-7	-4	-28	-28	0	0	397	0	0	0
Change in cash	15	8	10	235	-103	-17	753	0	-693	-57	158
<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.	6	14	20	64	18	14	14	14
Market cap.	n.a.	n.a.	n.a.	300	940	1,467	6,412	1,850	1,443	1,443	1,443
Enterprise value	n.a.	n.a.	n.a.	31	773	1,317	5,509	946	1,233	1,290	1,131
Diluted no. of shares, year-end (m)	0.0	13.5	20.9	46.9	66.2	72.8	100.2	100.2	100.2	100.2	100.2

Source: Company data and Nordea estimates

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