

Cantargia

Healthcare
Sweden

KEY DATA

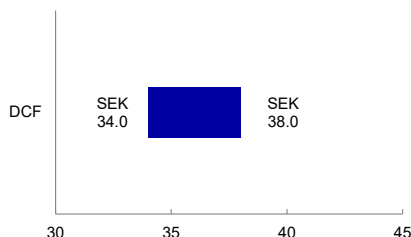
Stock country	Sweden
Bloomberg	CANTA SS
Reuters	CANTA.ST
Share price (close)	SEK 16.95
Free Float	80%
Market cap. (bn)	EUR 0.16/SEK 1.70
Website	http://cantargia.com/
Next report date	

PERFORMANCE



VALUATION APPROACH

Source: Nordea estimates



ESTIMATE CHANGES

Year	2022E	2023E	2024E
Sales	n.a.	-2%	-25%
EBIT (adj)	0%	-2%	-27%

Source: Nordea estimates

Nordea Markets - Analysts

Josefine Persson
Analyst

Supporting commercial value

We argue that Cantargia stands well-equipped for 2022, following a year of positive readouts and recently initiated studies. These studies and the contract signed with PanCAN both place the company in a good position to negotiate partnership agreements ahead. We make minor estimate revisions following the report and arrive at a DCF-based valuation range of SEK 34-38 (34-40) per share.

Q4 in line with expectations

Cantargia's operating loss totalled SEK 106m in Q4, compared to SEK -56.5m for the same period last year. R&D costs came in at SEK 101.8m, up 92% from last year, which is attributable to the lead candidate CAN04 and expansion into new clinical programmes.

Events validating the potential of CAN04

In January 2022, Cantargia's CAN04 was selected to be included in the Pancreatic cancer action network's (PanCan) Precision Promise phase 2/3. The platform is a collaboration with the FDA to produce a basis for the marketing approval of therapies in PDAC; it is conducted at the 15 leading clinical centres in the US. Cantargia will be responsible for costs related to its study arm, but PanCan will finance the control arm. Interim data from CANFOUR in pancreatic cancer was also presented with the Q4 report, showing 12.7 months overall survival, significantly better than 8.5 months with chemotherapy alone. We expect more in Q2. The quarter also showed some positive data from the late-stage preclinical project, CAN10.

Increasing activity from competitors

Along with Cantargia reporting new results supporting its lead candidate CAN04's commercial value, the company noted increased activity from competitors who are attempting to invalidate its patent portfolio. The company remains comfortable with its patent coverage and protections – it regards increased competition as validation of the interest surrounding IL1RAP as a molecular target, confirming its future potential.

A muted Q1 expected

While we expect Q1 to be a relatively uneventful quarter, we have higher expectations for Q2, when the company will likely present study readouts in connection with large international oncology conferences such as ASCO in early June. This could be a potential trigger for the share.

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	0	0	0	0	0	700	220
EBITDA (adj)	-93	-112	-174	-370	-392	681	200
EBIT (adj)	-93	-112	-174	-370	-392	681	200
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	n.m.	97.2%	91.2%
EPS (adj, SEK)	-1.38	-1.52	-1.93	-3.66	-2.95	5.33	1.65
EPS (adj) growth	-7.3%	-10.5%	-26.5%	-89.9%	19.4%	280.7%	-69.0%
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.	1.3	3.5
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
P/E (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	3.2	10.3
P/BV	6.1	10.3	7.2	3.5	7.3	2.2	1.8
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%	-18.6%	33.9%	7.3%
Net debt	-167	-150	-903	-903	-220	-796	-920
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	-1.2	-4.6
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 34-38 (34-40), 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	+6.0pp	35.0	35.6	36.2	37.0	38.0
	+3.0pp	34.8	35.3	36.0	36.7	37.6
		34.6	35.1	35.7	36.5	37.3
	-3.0pp	34.4	34.9	35.7	36.2	37.0
	-6.0pp	34.2	34.7	35.2	35.9	36.7

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	39.9	38.6	37.3	36.1	35.0
	+3.5pp	38.9	37.7	36.5	35.3	34.3
		38.1	36.9	35.7	34.7	33.7
	-3.5pp	37.3	36.2	35.1	34.1	33.1
	-7.0pp	36.7	35.6	34.6	33.6	32.7

Source: Company data and Nordea estimates

WACC VS EBIT MARGIN

		WACC				
		10.0%	10.5%	11.0%	11.5%	12.0%
EBIT margin change	+6.0pp	38.6	37.4	36.2	35.1	34.1
	+3.0pp	38.4	37.1	36.0	34.9	33.9
		38.1	36.9	35.7	34.7	33.7
	-3.0pp	37.8	36.6	35.5	34.4	33.4
	-6.0pp	37.5	36.3	35.2	34.2	33.2

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	0	0	0	0	0	0	0	0	0	700	220
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-68.6%
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	-392	681	200
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	-392	681	200
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	-17	-45	-60	-93	-112	-174	-370	-392	681	200
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	12
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
Pre-tax profit	0	-17	-45	-60	-91	-111	-172	-367	-379	684	212
Reported taxes	0	0	0	0	0	0	0	0	83	-150	-47
Net profit from continued operations	0	-17	-45	-60	-91	-111	-172	-367	-295	534	166
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	-295	534	166
EPS, SEK	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.93	-3.66	-2.95	5.33	1.65
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.	97.2%	91.2%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.2%	91.2%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.2%	91.2%

Adjusted earnings

EBITDA (adj)	0	-17	-45	-60	-93	-112	-174	-370	-392	681	200
EBITA (adj)	0	-17	-45	-60	-93	-112	-174	-370	-392	681	200
EBIT (adj)	0	-17	-45	-60	-93	-112	-174	-370	-392	681	200
EPS (adj, SEK)	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.93	-3.66	-2.95	5.33	1.65

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.	97.2%	91.2%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.2%	91.2%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	97.2%	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.	-52.4%	-6.0%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-52.4%	-6.0%

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.	3.2	10.3
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9

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.	3.2	10.3
EV/Sales	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.29	3.54
EV/EBITDA	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
EV/EBITA	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
EV/EBIT	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.3	3.9
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%	-18.6%	33.9%	7.3%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-2.4%	-21.0%	-18.6%	33.9%	7.3%
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	98	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	98	33
Cash and bank	17	25	35	270	167	150	903	903	220	796	920
Total current assets	17	25	37	271	168	159	913	903	220	992	985
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	20	27	40	274	171	166	926	916	233	1,005	998
Shareholders equity	4	24	30	246	155	142	892	528	233	767	932
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	233	767	932
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	119	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	119	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	238	66
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	20	27	40	274	171	166	926	548	233	1,005	998
Balance sheet and debt metrics											
Net debt	-17	-25	-35	-270	-167	-150	-903	-903	-220	-796	-920
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	-42	0
Invested capital	-13	-1	-5	-24	-12	-8	-8	-7	13	-29	13
Capital employed	4	24	30	246	155	142	892	528	233	767	932
ROE	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-33.3%	-51.6%	-77.6%	n.m.	19.5%
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%	-99.5%	n.m.	25.0%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.2	-4.6
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%	76.3%	93.4%
Net gearing	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-101.3%	-171.0%	-94.6%	-103.8%	-98.7%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
EBITDA (adj) for associates	0	-17	-45	-60	-93	-112	-174	-370	-392	681	200
Paid taxes	0	0	0	0	0	0	0	0	83	-150	-47
Net financials	0	0	0	0	0	1	-1	3	14	3	12
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
Funds from operations (FFO)	-8	-17	-47	-60	-93	-111	-163	-367	-295	534	166
Change in NWC	15	-13	5	19	-12	0	6	-21	-20	42	-42
Cash flow from operations (CFO)	7	-30	-42	-41	-105	-111	-156	-388	-315	576	124
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Free cash flow before A&D	7	-30	-42	-41	-105	-111	-156	-388	-315	576	124
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	-315	576	124
Free cash flow bef A&D, lease adj	7	-30	-42	-41	-105	-111	-156	-388	-315	576	124
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	-683	576	124
Cash flow metrics											
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.	0.0%	0.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	6	14	20	64	18	17	17	17
Market cap.	n.a.	n.a.	n.a.	300	940	1,467	6,412	1,850	1,698	1,698	1,698
Enterprise value	n.a.	n.a.	n.a.	31	773	1,317	5,509	946	1,478	902	779
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

Disclaimer and legal disclosures

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