

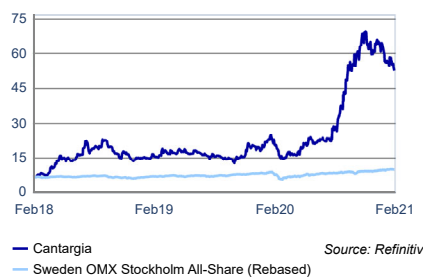
## Cantargia

Healthcare  
Sweden

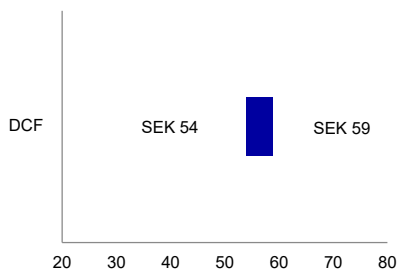
## KEY DATA

Stock country	Sweden
Bloomberg	CANTA SS
Reuters	CANTA.ST
Share price (close)	SEK 53.10
Free Float	80%
Market cap. (bn)	EUR 0.52/SEK 5.32
Website	http://cantargia.com/
Next report date	26 May 2021

## PERFORMANCE



## VALUATION APPROACH



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2021E	2022E	2023E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

## Nordea Markets - Analysts

Klas Pyk  
AnalystSten Gustafsson  
Senior Analyst

## Well equipped for a successful 2021

Cantargia stands well equipped for a successful 2021, in our view. The Q4 report offered few surprises and the promising interim results for CANFOUR provide a good outlook for further positive data generation. The strong cash balance also puts the company in a good position when negotiating potential commercial partnership agreements. We make no estimate revisions following the report but increase our DCF-based valuation range to SEK 54-59 (48-54) per share.

## Strong cash balance unlocks opportunities

Cantargia reported an operating loss of SEK 56.4m for Q4 2020, up from SEK 36.4m in the same period last year. The increased spending is fully attributable to higher research and development costs, driven by the CANFOUR study and the new combination study in the US. Investments in production development and costs for preclinical studies also contributed to the higher spending. Owing to the directed share issue of SEK 564m in December, however, Cantargia's cash balance and short-term investments improved to SEK 903.4m by the end of the quarter. In our view, the strong balance sheet unlocks opportunities for Cantargia to make further investments in its clinical programme and puts the company in a good position when negotiating potential commercial partnership agreements.

## Long-term data in H1 2021

Cantargia will continue to follow those patients who have started treatment in the CANFOUR study and the company intends to present long-term data in H1 2021. In addition to CANFOUR, Cantargia has started the treatment of patients in its US study and is also preparing to launch several new studies.

## We make no estimate revisions following the report

We make no estimate revisions following the report but increase our DCF-based fair valuation range to SEK 54-59 (48-54) per share. In our view, further data, results from Novartis's Canakinumab ph III trial and a potential commercial partnership agreement represent the main upcoming potential valuation triggers for the share.

## SUMMARY TABLE - KEY FIGURES

SEKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	0	0	0	0	2,850	0	130
EBITDA (adj)	-60	-93	-112	-174	2,645	-68	115
EBIT (adj)	-60	-93	-112	-174	2,645	-68	115
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%
EPS (adj, SEK)	-1.28	-1.38	-1.52	-1.93	20.63	-0.18	1.23
EPS (adj) growth	39.9%	-7.3%	-10.5%	-26.5%	1,171.4%	-100.9%	769.6%
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.	0.8	n.m.	17.4
EV/EBIT (adj)	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
P/E (adj)	n.m.	n.m.	n.m.	n.m.	2.6	n.m.	43.0
P/BV	1.2	6.1	10.3	7.2	1.8	1.8	1.7
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%	38.4%	-0.3%	2.5%
Net debt	-270	-167	-150	-903	-2,947	-2,928	-3,060
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	-1.1	n.m.	-26.7
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

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>2,850</b>	<b>0</b>	<b>130</b>
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-100.0%	n.m.
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	2,645	-68	115
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	2,645	-68	115
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	-17	-45	-60	-93	-112	-174	2,645	-68	115
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	6	44	44
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>2,651</b>	<b>-24</b>	<b>159</b>
Reported taxes	0	0	0	0	0	0	0	0	-583	5	-35
Net profit from continued operations	0	0	-17	-45	-60	-91	-111	-172	2,067	-18	124
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	2,067	-18	124
<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>20.63</b>	<b>-0.18</b>	<b>1.23</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.	92.8%	n.m.	88.4%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%

## Adjusted earnings

EBITDA (adj)	0	0	-17	-45	-60	-93	-112	-174	2,645	-68	115
EBITA (adj)	0	0	-17	-45	-60	-93	-112	-174	2,645	-68	115
EBIT (adj)	0	0	-17	-45	-60	-93	-112	-174	2,645	-68	115
EPS (adj, SEK)	n.a.	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.93	20.63	-0.18	1.23

## Adjusted profit margins in percent

EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.	88.4%

## 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.	77.4%	77.1%	80.8%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	77.4%	77.1%	80.8%

## 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.	2.6	n.m.	43.0
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7

## 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.	2.6	n.m.	43.0
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.83	n.m.	17.43
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	0.9	n.m.	19.7
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%	38.4%	-0.3%	2.5%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-2.4%	38.4%	-0.3%	2.5%
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	14	15	18
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	14	15	18
Cash and bank	1	17	25	35	270	167	150	903	2,947	2,928	3,060
Total current assets	2	17	25	37	271	168	159	913	2,975	2,958	3,096
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>2,988</b>	<b>2,971</b>	<b>3,109</b>
Shareholders equity	3	4	24	30	246	155	142	892	2,959	2,941	3,065
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	2,959	2,941	3,065
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	14	15	22
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	14	15	22
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	29	30	44
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>2,988</b>	<b>2,971</b>	<b>3,109</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-1	-17	-25	-35	-270	-167	-150	-903	-2,947	-2,928	-3,060
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	-8
Invested capital	2	-13	-1	-5	-24	-12	-8	-8	13	13	5
Capital employed	3	4	24	30	246	155	142	892	2,959	2,941	3,065
ROE	0.0%	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-33.3%	n.m.	-0.6%	4.1%
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%	n.m.	-0.8%	5.3%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.1	n.m.	-26.7
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%	99.0%	99.0%	98.6%
Net gearing	-47.8%	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-101.3%	-99.6%	-99.6%	-99.8%

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>2,645</b>	<b>-68</b>	<b>115</b>
Paid taxes	0	0	0	0	0	0	0	0	-583	5	-35
Net financials	0	0	0	0	0	0	1	-1	6	44	44
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>2,064</b>	<b>-18</b>	<b>124</b>
Change in NWC	0	15	-13	5	19	-12	0	6	-21	0	8
<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>2,043</b>	<b>-18</b>	<b>132</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>2,043</b>	<b>-18</b>	<b>132</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	2,043	-18	132
Free cash flow bef A&D, lease adj	-8	7	-30	-42	-41	-105	-111	-156	2,043	-18	132
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	2,044	-18	132
<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.	0.0%	0.0%	0.0%
<b>Key information</b>											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	6	14	20	64	53	53	53
Market cap.	n.a.	n.a.	n.a.	n.a.	300	940	1,467	6,412	5,320	5,320	5,320
Enterprise value	n.a.	n.a.	n.a.	n.a.	31	773	1,317	5,509	2,373	2,392	2,260
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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