

## Cantargia

Healthcare  
Sweden

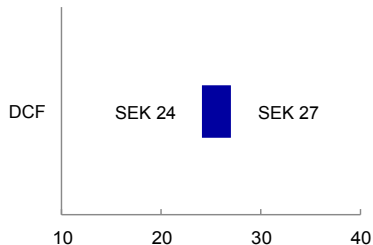
## KEY DATA

Stock country	Sweden
Bloomberg	CANTA SS
Reuters	CANTA.ST
Share price (close)	SEK 21.30
Free Float	78%
Market cap. (bn)	EUR 0.13/SEK 1.41
Website	http://cantargia.com/
Next report date	27 May 2020

## PERFORMANCE



## VALUATION APPROACH (SEK PER SHARE)



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	0%	0%	0%
EBIT (adj)	2%	0%	0%

Source: Nordea estimates

## Nordea Markets - Analysts

Klas Pyk  
Analyst

## The strong cash balance supports a steady path

The COVID-19 outbreak will likely cause some minor delays in Cantargia's ongoing clinical trials. The company's current assessment is that the recruitment to the CANFOUR study will be completed about one quarter later than previously planned, now expecting it in Q3-Q4 2020. Thanks to its strong cash balance, however, Cantargia's operations will, in our view, most certainly be financed even in a more drawn-out scenario, and the delays therefore imply little drama.

## COVID-19-imposed delays imply little drama

Cantargia continued on a steady path in Q1 2020 even though COVID-19 has caused minor delays to its ongoing clinical trials. The company now assesses that the recruitment of pancreatic cancer patients and lung cancer patients in CANFOUR will be completed in Q3 2020 and Q4 2020, respectively (the previous assessment was Q2 and Q3). Results are expected around three months after the recruitment has been finalised for both arms. The CAN10 project is also affected and the start of the phase I clinical trial has been postponed to early 2022 (previously late 2021). Cantargia reported an operating loss of SEK 39.9m in Q1, compared to SEK 23.7m in the same period last year, mainly driven by intensified research and development efforts. By the end of the quarter, Cantargia reported a cash balance of SEK 237m, which should finance operations until around mid 2022 and will most certainly cover the costs related to the COVID-19-imposed delays, in our view. As such, the COVID-19-imposed delays imply little drama.

## IND application approved by the FDA

In May, the FDA approved Cantargia's IND application to start a clinical trial with CAN04 and immunotherapy (Keytruda) in the US. The current assessment is that the study will start in Q3 2020, albeit contingent on the development of the ongoing pandemic. Up to 18 patients will be treated and the primary endpoint is safety.

## Base-case scenario includes a partnership deal by year end

In our base-case scenario, we assume that Cantargia will sign a partnership agreement by the end of 2020, provided that the CANFOUR results are positive. We, however, acknowledge the inherent uncertainty in regard to both terms and timing, particularly following the delays caused by the COVID-19 outbreak. We nonetheless maintain our value range of SEK 24-27 per share.

## SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	0	0	0	0	780	0	305
EBITDA (adj)	-45	-60	-93	-112	589	-160	237
EBIT (adj)	-45	-60	-93	-112	589	-160	237
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%
EPS (adj)	-2.14	-1.28	-1.38	-1.52	6.49	-1.57	2.77
EPS (adj) growth	-67.4%	39.9%	-7.3%	-10.5%	526.7%	-124.1%	276.6%
DPS (ord)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.m.	n.m.	n.m.	1.0	n.m.	2.2
EV/EBIT (adj)	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
P/E (adj)	n.a.	n.m.	n.m.	n.m.	3.3	n.m.	7.7
P/BV	n.a.	1.2	6.1	10.3	1.7	1.9	1.5
Dividend yield (ord)	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease	n.a.	-13.7%	-11.1%	-7.6%	30.1%	-7.2%	13.0%
Net debt	-35	-270	-167	-150	-1,144	-1,003	-1,254
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	-1.9	n.m.	-5.3
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

# Estimate revisions

## CANTARGIA: ESTIAMTE REVISIONS (SEKm)

	New estimates			Old estimates			Difference %		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Revenues	780	0	305	780	0	305	0%	0%	0%
EBIT	589	-160	237	579	-160	237	2%	0%	0%

Source: Company data and Nordea estimates

# Detailed estimates

## CANTARGIA: DETAILED ESTIMATES (SEKm)

	2019				2020				2018	2019	2020E	2021E	2022E
	Q1	Q2	Q3	Q4	Q1	Q2E	Q3E	Q4E					
<b>Income (incl. milestones)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>780</b>	<b>0.0</b>	<b>0.0</b>	<b>780.0</b>	<b>0.0</b>	<b>305.0</b>
Research and development costs	-20.6	-20.8	-23.2	-32.8	-36.1	-45.0	-47.5	-46.4	-51.7	-97.5	-175.0	-145.0	-53.0
Administrative costs	-2.8	-4.3	-2.6	-3.4	-3.4	-3.5	-3.5	-3.6	-15.8	-13.1	-14.0	-15.0	-15.0
Other operating expenses	-0.2	-0.1	-0.4	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-1.0	-1.6	0.0	0.0
<b>EBIT</b>	<b>-23.7</b>	<b>-25.2</b>	<b>-26.3</b>	<b>-36.4</b>	<b>-39.9</b>	<b>-48.9</b>	<b>-51.4</b>	<b>730</b>	<b>-93.3</b>	<b>-111.6</b>	<b>589.4</b>	<b>-159.9</b>	<b>237.0</b>
Net financials	0.1	0.2	0.3	0.2	0.0	0.5	0.6	0.5	2.1	0.8	1.6	17.2	15.0
<b>Net income</b>	<b>-23.5</b>	<b>-25.0</b>	<b>-26.0</b>	<b>-36.3</b>	<b>-40.0</b>	<b>-48.4</b>	<b>-50.8</b>	<b>730.2</b>	<b>-91.2</b>	<b>-110.8</b>	<b>591.0</b>	<b>-142.7</b>	<b>252.0</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<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>780</b>	<b>0</b>	<b>305</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	0	-17	-45	-60	-93	-112	589	-160	237
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	0	-17	-45	-60	-93	-112	589	-160	237
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	0	-17	-45	-60	-93	-112	589	-160	237
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	0	2	1	2	17	15
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>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-91</b>	<b>-111</b>	<b>591</b>	<b>-143</b>	<b>252</b>
Reported taxes	0	0	0	0	0	0	0	0	0	0	0
Net profit from continued operations	0	0	0	-17	-45	-60	-91	-111	591	-143	252
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	0	-17	-45	-60	-91	-111	591	-143	252
<b>EPS</b>	<b>n.a.</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>6.49</b>	<b>-1.57</b>	<b>2.77</b>
DPS	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.	75.6%	n.m.	77.7%
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%

## Adjusted earnings

EBITDA (adj)	0	0	0	-17	-45	-60	-93	-112	589	-160	237
EBITA (adj)	0	0	0	-17	-45	-60	-93	-112	589	-160	237
EBIT (adj)	0	0	0	-17	-45	-60	-93	-112	589	-160	237
EPS (adj)	n.a.	n.a.	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	6.49	-1.57	2.77

## Adjusted profit margins in percent

EBITDA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	75.6%	n.m.	77.7%

## 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.a.	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.	35.9%	21.1%	42.5%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	35.9%	21.1%	42.5%

## VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	3.3	n.m.	7.7
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9

## VALUATION RATIOS - REPORTED EARNINGS

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	3.3	n.m.	7.7
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.02	n.m.	2.24
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	1.3	n.m.	2.9
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-8.1%	30.1%	-7.2%	13.0%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	30.1%	-7.2%	13.0%
Payout ratio	n.a.	n.a.	n.a.	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	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	1	2	2	0	0	0	0	0	0	0	0
of which R&D	1	2	2	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	0	0	0	0	0	7	7	7	7
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	0	2	3	3	3	0	0	0	0
Total non-current assets	1	2	3	2	3	3	3	7	7	7	7
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0	1	12	12	12
Short-term leased assets	0	0	0	0	0	0	0	0	0	0	0
Other current assets	0	1	1	1	2	2	2	8	12	12	15
Cash and bank	3	1	17	25	35	270	167	150	1,144	1,003	1,254
Total current assets	3	2	17	25	37	271	168	159	1,167	1,027	1,282
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
<b>Total assets</b>	<b>4</b>	<b>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>1,174</b>	<b>1,034</b>	<b>1,289</b>
Shareholders equity	3	3	4	24	30	246	155	142	1,143	1,000	1,252
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	3	4	24	30	246	155	142	1,143	1,000	1,252
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	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	0	0	0	0	0
Short-term provisions	0	0	0	0	0	0	0	0	0	0	0
Accounts payable	0	1	1	2	7	21	9	13	16	17	18
Current lease debt	0	0	0	0	0	0	0	0	0	0	0
Other current liabilities	0	0	15	1	2	8	7	11	16	17	18
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	1	1	16	3	10	28	16	24	31	34	37
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>4</b>	<b>20</b>	<b>27</b>	<b>40</b>	<b>274</b>	<b>171</b>	<b>166</b>	<b>1,174</b>	<b>1,034</b>	<b>1,289</b>
<b>Balance sheet and debt metrics</b>											
Net debt	-3	-1	-17	-25	-35	-270	-167	-150	-1,144	-1,003	-1,254
of which lease debt	0	0	0	0	0	0	0	0	0	0	0
Working capital	0	0	-15	-2	-7	-27	-15	-14	-8	-10	-9
Invested capital	0	2	-13	-1	-5	-24	-12	-8	-1	-3	-2
Capital employed	3	3	4	24	30	246	155	142	1,143	1,000	1,252
ROE	0.0%	0.0%	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	92.0%	-13.3%	22.4%
ROIC	0.0%	0.0%	0.0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	0.0%	0.0%	0.0%	n.m.	n.m.	-43.4%	-45.4%	-74.5%	92.1%	-13.3%	22.4%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-1.9	n.m.	-5.3
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	81.5%	78.5%	20.4%	88.3%	75.6%	89.7%	90.4%	85.7%	97.3%	96.7%	97.2%
Net gearing	-86.2%	-47.8%	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-100.1%	-100.3%	-100.2%

Source: Company data and Nordea estimates

**CASH FLOW STATEMENT**

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA (adj) for associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-17</b>	<b>-45</b>	<b>-60</b>	<b>-93</b>	<b>-112</b>	<b>589</b>	<b>-160</b>	<b>237</b>
Paid taxes	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	0	0	0	0	1	2	17	15
Change in provisions	0	0	0	0	0	0	0	0	0	0	0
Change in other LT non-IB	0	0	0	-1	-1	0	0	3	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	0	-8	-8	1	-2	0	0	-3	0	0	0
<b>Funds from operations (FFO)</b>	<b>0</b>	<b>-8</b>	<b>-8</b>	<b>-17</b>	<b>-47</b>	<b>-60</b>	<b>-93</b>	<b>-111</b>	<b>591</b>	<b>-143</b>	<b>252</b>
Change in NWC	0	0	15	-13	5	19	-12	0	-7	2	-1
<b>Cash flow from operations (CFO)</b>	<b>0</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>584</b>	<b>-141</b>	<b>251</b>
Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
<b>Free cash flow before A&amp;D</b>	<b>0</b>	<b>-8</b>	<b>7</b>	<b>-30</b>	<b>-42</b>	<b>-41</b>	<b>-105</b>	<b>-111</b>	<b>584</b>	<b>-141</b>	<b>251</b>
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	-7	0	0	0
Free cash flow	0	-8	7	-30	-42	-41	-105	-118	584	-141	251
Free cash flow bef A&D, lease adj	0	-8	7	-30	-42	-41	-105	-111	584	-141	251
Dividends paid	0	0	0	0	0	0	0	0	0	0	0
Equity issues / buybacks	0	8	10	45	56	304	0	98	410	0	0
Net change in debt	0	0	0	0	0	0	0	-17	0	0	0
Other financing adjustments	0	0	0	0	0	0	30	0	0	0	0
Other non-cash adjustments	3	-1	-1	-7	-4	-28	-28	20	0	0	0
Change in cash	3	-1	15	8	10	235	-103	-17	994	-141	251
<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.	n.a.	6	14	20	21	21	21
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	300	940	1,467	1,938	1,938	1,938
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	31	773	1,317	795	935	684
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	13.5	20.9	46.9	66.2	72.8	91.0	91.0	91.0

Source: Company data and Nordea estimates

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Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
<b>Nordea Markets Division, Research</b> Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland  Tel: +358 9 1651 Fax: +358 9 165 59710  Reg.no. 2858394-9 Satamaradankatu 5 Helsinki	<b>Nordea Markets Division, Research</b> Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden  Tel: +46 8 614 7000 Fax: +46 8 534 911 60	<b>Nordea Markets Division, Research</b> Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark  Tel: +45 3333 3333 Fax: +45 3333 1520	<b>Nordea Markets Division, Research</b> Visiting address: Essendropsgate 7 N-0107 Oslo Norway  Tel: +47 2248 5000 Fax: +47 2256 8650