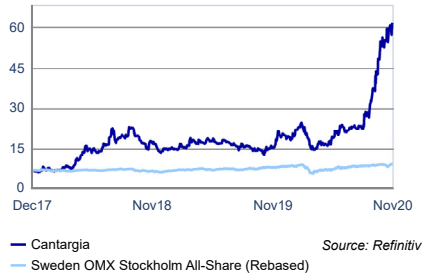
Cantargia

Healthcare
Sweden

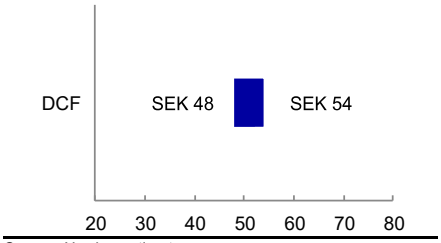
KEY DATA

Stock country	Sweden
Bloomberg	CANTA SS
Reuters	CANTA.ST
Share price (close)	SEK 62.10
Free Float	80%
Market cap. (bn)	EUR 0.55/SEK 5.65
Website	http://cantargia.com/
Next report date	25 Feb 2021

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	0%	0%	0%
EBIT (adj)	15%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts
Klas Pyk
Analyst

Planning for the next steps

The past few months have been very positive for Cantargia. Most encouraging, in our view, is the recently published and promising interim results for its ongoing phase IIa CANFOUR trial. In its Q3 report, Cantargia repeated the message that it is planning its next steps forward. We argue that these next steps –along with the full results from CANFOUR and the readouts from Novartis's canakinumab trials – represent the next key triggers for the share.

Sufficient data to plan for the next steps with CAN04

In recent months, Cantargia has presented promising interim data from its ongoing phase IIa CANFOUR trial. The data shows that the response rate in evaluable patients was meaningfully higher for the combination treatment with CAN04 when compared to the investigated chemotherapies alone. Even though the full readout has yet to be analysed and presented, the interim results are encouraging enough to plan for the next steps and upcoming studies. More details and the timeline will be provided when further progress has been made.

Strong cash balance

Cantargia maintained good cost control in Q3 2020. The operating loss totalled SEK 39.9m, compared to SEK 26.3m for Q3 2019 and SEK 37.7m in Q2 2020. Cash flow from operating activities was SEK -41.6m, down from SEK -38.3m in Q2 2020. We attribute the intensified R&D activities mainly to CAN04. Cantargia nevertheless maintains a strong cash balance (including short-term investments), SEK 417m at the end of Q3, which in our view provides plenty of room to complete the clinical programme and establish a good starting point in any potential partnership negotiation.

More news ahead

In addition to the full CANFOUR results and further details about the plans ahead, we argue that the results from Novartis's Canakinumab phase III trial (expected before the end of 2020) will also be one of the next main valuation triggers for the share. We leave our estimates largely intact following the Q3 report. Our DCF-based fair value range is SEK 48-54.

SUMMARY TABLE - KEY FIGURES

SEKm	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	0	0	0	0	0	2,850	0
EBITDA (adj)	-45	-60	-93	-112	-161	2,645	-68
EBIT (adj)	-45	-60	-93	-112	-161	2,645	-68
EBIT (adj) margin	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.
EPS (adj, SEK)	-2.14	-1.28	-1.38	-1.52	-1.75	22.72	-0.27
EPS (adj) growth	-67.4%	39.9%	-7.3%	-10.5%	-15.0%	1,397.9%	-101.2%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.m.	n.m.	n.m.	n.m.	1.1	n.m.
EV/EBIT (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
P/E (adj)	n.a.	n.m.	n.m.	n.m.	n.m.	2.7	n.m.
P/BV	n.a.	1.2	6.1	10.3	14.4	2.3	2.3
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%	-3.2%	36.6%	-0.4%
Net debt	-35	-270	-167	-150	-379	-2,446	-2,422
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	-0.9	n.m.
ROIC after tax	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

Factors to consider

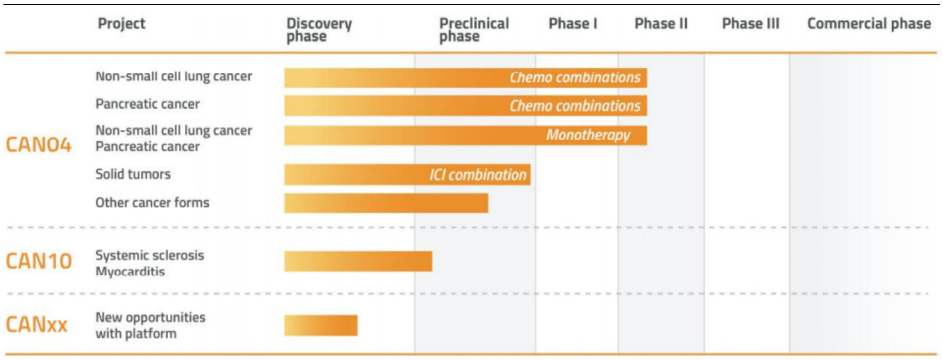
Cantargia is a biotech company active in the field of immuno-oncology, specialising in anti-body-based cancer treatment. Its antibody candidate CAN04 has a dual mechanism of action, as it fights cancer by activating the immune system and by blocking signals that lead to tumour growth. CAN04 is aimed for a combination treatment together with chemotherapy targeting non-small cell lung cancer (NSCLC) and pancreatic cancer (PDAC), with expected readout in the coming months. The ph II interim results, most recently updated in September and October 2020, however, have shown promising response rates, indicating the potential of the ongoing trial. Cantargia's approach has also been validated by a similar concept owned by Novartis, which will provide ph III data during Q4 2020.

Cantargia was founded in 2009, based on research from Lund University. The company's main project, CAN04, currently in ph IIa, is aimed for a combination treatment together with chemotherapy targeting non-small cell lung cancer (NSCLC) and pancreatic cancer (PDAC). Lung cancer is the form of cancer that causes the largest number of deaths and non-small cell lung cancer is the most common form of the disease. Pancreatic cancer is very hard to cure, and few effective treatments have so far been developed. In parallel with CAN04, Cantargia is developing CAN10, focusing on two serious autoimmune/inflammatory diseases, systemic sclerosis and myocarditis.

In ph IIa, CAN04 is being evaluated as monotherapy and in combination with chemotherapy. Cantargia plans to present the ph IIa results for CAN04 in the coming months.

Ph IIa results are expected in the coming months

CANTARGIA'S PROJECT PORTFOLIO



Source: Cantargia

Encouraging interim ph IIa results

Cantargia has presented positive interim data from the ongoing ph IIa trial on three occasions. In December 2019, it presented positive interim data from ten patients (seven with pancreatic cancer and three with metastatic non-small cell lung cancer) who had been evaluated. The interim data shows that four out of seven evaluated patients with metastatic pancreatic cancer (PDAC) demonstrated partial response to the treatment. This should be compared to the historical response rate of the investigated chemotherapies, which is 23% in PDAC, indicating that the response rate increases with the addition of CAN04. Three NSCLC patients were also evaluated, of whom one had a confirmed complete response and one a partial response.

CAN04: INTERIM PH IIA RESULTS, DECEMBER 2019

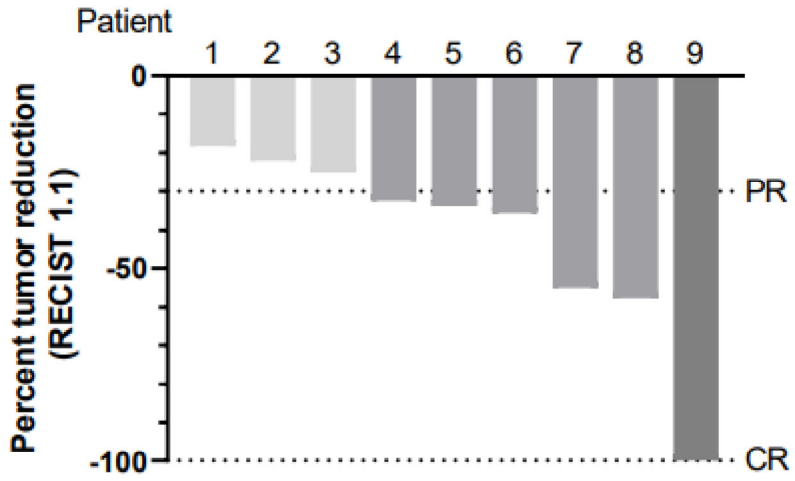
	Evaluable	Complete/Partial Response	Stable Disease	Progressive Disease
PDAC	7	4 (54%)	0	3 (43%)
- Historical, PDAC, %		23%	27%	20%
NSCLC	3	2 (67%)	1 (33%)	0
- Historical, NSCLC, %		22-28%	18%	40%

Source: Company data and Nordea

On 23 September 2020, Cantargia announced updated interim results for NSCLC. At the time, 13 patients had started the therapy, of which nine were evaluable. The data showed that tumour burden decreased in all nine evaluable patients, and in six of these patients, the decrease was large enough to be defined as a response (of which one had a complete response), corresponding to a response rate of 67%, compared to the historical response rates of the investigated chemotherapies of 22-28%, again indicating that response rates increase with the addition of CAN04.

Owing to the ongoing pandemic, recruitment to the NSCLC arm of the CANFOUR trial has been slower than expected and it will not proceed as initially planned. According to Cantargia, however, enough data has already been generated to advance the development of CAN04 in NSCLC.

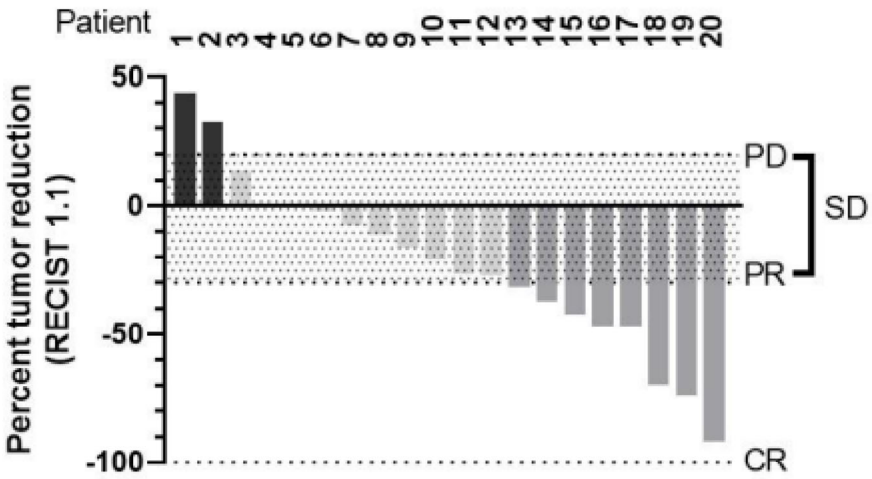
CAN04: INTERIM PH IIA RESULTS, NSCLC, SEPTEMBER 2020



Source: Cantargia

On 8 October 2020, Cantargia provided further interim data for PDAC. At the time, 31 patients had started the therapy, of which 20 were evaluable. Partial responses had been documented in eight of the evaluable patients, corresponding to a response rate of 40%, meaningfully higher than the 23% historical response rate for the investigated chemotherapies.

CAN04: INTERM PH IIA RESULTS, PDAC, OCTOBER 2020



Source: Company data and Nordea estimates

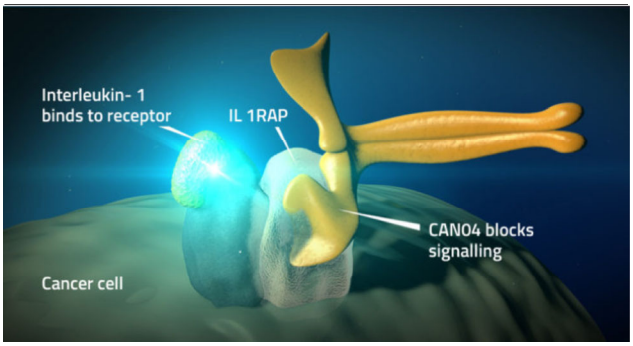
Cantargia's technology has been validated by Novartis

CAN04 targets the IL1RAP molecule and fights cancer through a dual mechanism of action: both by activating the immune system and simultaneously blocking signals that drive tumour growth. IL1RAP is expressed in tumours from several forms of cancer,

which means that the substance can potentially be used for treatment of additional indications to its current main targets, NSCLC and PDAC.

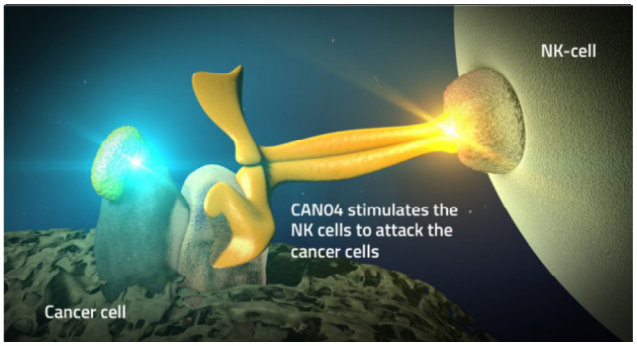
Cantargia's technology is based on the IL-1 system. IL-1, which appear in two forms, IL-1α and IL-1β, circulates in the blood and it plays an essential role in the body's immune defence by simulating the immune cells. IL-1 binds to receptors on the surface of the cells to produce other signalling substances. Some of the receptors are IL1RAP, which transmits signals that are important for tumour inflammation and progression. CAN04 is based on the concept of blocking the target molecule IL1RAP and thereby preventing both IL-1α and IL-1β from transmitting inflammatory signals that drive tumour growth. At the same time, CAN04 stimulates the body's immune system, which sends natural killer (NK) cells to attack the tumour.

CAN04: TWO MODES OF ACTION (1)



Source: Cantargia

CAN04: TWO MODES OF ACTION (2)



Source: Cantargia

A similar concept has been applied by Novartis through its Canakinumab. CAN04, however, differs from Canakinumab, as the latter is an antibody that binds one of the two ligands, IL-1β, while CAN04 binds the common signalling receptor, IL1RAP, and thus counteracts both ligands, implying a potentially broader mechanism of action.

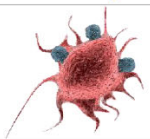
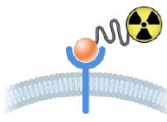
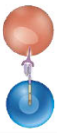
In 2017, Novartis announced primary data from its Canakinumab Anti-inflammatory Thrombosis Outcomes Study (CANTOS), one of the company's largest studies ever conducted, spanning six years and consisting of more than 10,000 enrolled patients. The study met its primary endpoints by showing that Canakinumab in combination with standard treatment reduces cardiovascular risk in patients with heart attack history and inflammatory atherosclerosis.

More intriguing from Cantargia's point of view, however, were the results from the pre-planned oncology safety analyses, which revealed a 77% reduction in cancer mortality and a 67% reduction in lung cancer incidence. According to Novartis, this was the first ph III trial confirming the preclinical hypothesis that inhibition of IL-1β reduces cancer incidence and mortality.

In response to the encouraging CANTOS results, Novartis initiated a number of ph III studies with Canakinumab in NSCLC, with expected readout in Q4 2020, which will provide further insights into targeting the IL-1 system for cancer treatment. In Novartis' Investor Oncology Pipeline Update presentation from June 2020, Canakinumab was a key element for the company's future growth.

CANAKINUMA: NOVARTIS' FOCUS AREAS FOR DRIVING FUTURE GROWTH

Four therapeutic modalities to drive future growth

	Targeted Therapies	Immunotherapies	Radioligand	Cell & Gene
				
Select pipeline assets and opportunities	**Kisqali®** in adjuvant BC **Alpelisib** in ▪ HER2+ advanced BC ▪ TNBC ▪ Head & neck ▪ Ovarian cancer ▪ PROS **Adakveo®** in sickle cell disease **Tabrecta™** in NSCLC, single agent and combinations **Jakavi®** in GvHD, and combinations (platform) in MF **Asciminib** in CML **LXH254** in RAS/RAF mutant melanomas and lung cancer **TNO155** in solid tumors	**Canakinumab** in ▪ adjuvant NSCLC ▪ 1st line NSCLC ▪ 2nd line NSCLC **Spartalizumab+Tafinlar®+ Mekinist®** in metastatic melanoma **Spartalizumab combinations** (platform) in metastatic melanoma **Spartalizumab+LAG525+ carboplatin** in TNBC **Spartalizumab+Tabrecta™** in NSCLC **MBG453** in MDS and AML **VPM087** in CRC and RCC **NIS793** in solid tumors	**Lutathera®** in 1st line grade 2/3 advanced GEP-NET **^{177}Lu-PSMA-617** in prostate cancer **^{177}Lu-PSMA-R2** in prostate cancer **^{177}Lu-NeoB** in multiple solid tumors **^{177}Lu-FF58** in glioblastoma	**Kymriah®** in ▪ r/r DLBCL after 1st relapse ▪ r/r follicular lymphoma ▪ r/r adult ALL ▪ combinations (pembrolizumab; ibrutinib) in r/r DLBCL ▪ pediatric NHL ▪ 1st line high risk pediatric and young adult ALL **YTB323** in ▪ r/r DLBCL ▪ r/r CLL combination with ibrutinib **PHE885** in r/r MM **Other targets:** BCMA&CD19, CD22&CD19, CD123, EGFRvIII

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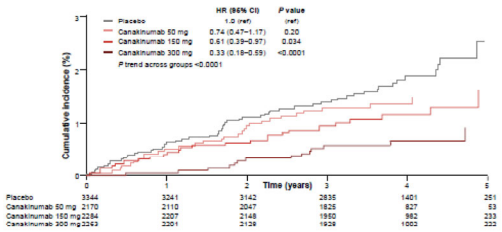
Source: Novartis

CANAKINUMAB: LUNG CANCER INCIDENCE

Lung cancer incidence

Dose-dependent effect, 67% relative risk reduction, P<0.0001 (canakinumab 300mg)

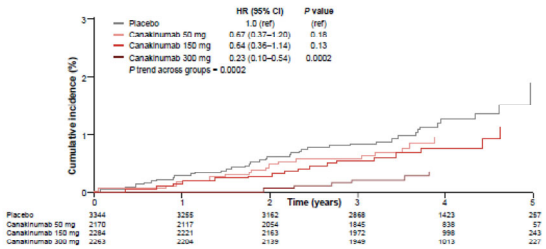


Source: Novartis

CANAKINUMAB: LUNG CANCER MORTALITY

Lung cancer mortality

Dose-dependent effect, 77% relative risk reduction, P=0.0002 (canakinumab 300mg)



Source: Novartis

CANAKINUMAB: PH III OVERVIEW

CANOPY: Three Phase 3 studies ongoing with canakinumab in NSCLC, first to read out in Q4 2020

CANakinumab **O**utcomes in **P**atients with NSCLC Stud**Y**

Indication	Patient population	Trial design	Status as of Jun 2020	Planned filing
Adjuvant NSCLC (CANOPY-A)	High-risk Stage II-III	Canakinumab vs. placebo (n=1500 with 1:1 randomization) after post-resection chemotherapy	~40% of patients enrolled	2023
1st line NSCLC (CANOPY-1)	Non-mutated, no prior treatment for metastatic disease or Stage III unresectable	Platinum doublet chemotherapy and pembrolizumab with or without canakinumab (n=600 with 1:1 randomization)	Enrollment completed; interim analysis expected in Q4 2020	2021
2nd line NSCLC (CANOPY-2)	Non-mutated with no more than 2 prior lines of metastatic treatment (PD-1 ± chemo)	Docetaxel with or without canakinumab (n=226 with 1:1 randomization)	Enrollment completed; final analysis expected in 2021	2021
Neoadjuvant NSCLC (CANOPY-N; Phase 2)	Stage IB - IIIA	Canakinumab, canakinumab+pembrolizumab or pembrolizumab (n=110 with 2:2:1 randomization)	First patient enrolled in Q4 2019; ~20% of patients enrolled	Not registrational study

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Source: Novartis

Estimates and valuation

Provided that the clinical programme is successful, we expect that CAN04 can be commercialised in 2024 at the earliest. We assume that Cantargia will enter into a partnership agreement to commercialise CAN04, which should include an upfront payment, royalties, and milestone payments. We estimate peak sales of SEK ~23,300m (USD ~2.6bn), which we risk-adjust by 18.5-35%, depending on indication, and derive a DCF-based fair valuation range of SEK 48-54 per share.

To estimate earnings potential, we use a royalty-based revenue model that assumes Cantargia can find a strategic partner. The design of such a partnership depends on numerous factors, such as market potential, competition, relative bargaining power, and stage of development.

Even though we acknowledge the underlying uncertainty over the timing and structure of a potential partnership agreement, we assume that Cantargia will enter into a partnership agreement in 2021, provided that the CANFOUR ph IIa results are successful. We assume that the partner will take responsibility for the pivotal trials and commercialisation of CAN04.

We only include NSCLC and PDAC in our forecasts and estimate that CAN04 can reach peak revenues of SEK ~23,300m (USD ~2.6bn), on which the partner will pay 15% royalties to Cantargia. Based on the likelihood of approval for similar indications, we risk-adjust the royalties by 35% for NSCLC and 18.5% for PDAC. We also assume that the partner will contribute upfront payments totalling SEK 2,850m and milestone payments of SEK 475m (risk-adjusted to SEK 130m).

REVENUE MODEL: CAN04 SUMMARY

	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total CAN04 sales, SEKm	-	-	-	-	3,512	5,294	7,801	11,653	16,996	19,578	21,093	22,202	23,321
Total royalties to Cantargia, SEKm	-	-	-	-	525	791	1,165	1,741	2,539	2,924	3,151	3,316	3,483
Total milestones, SEKm	-	2,850	-	475	-	-	-	-	-	-	-	-	-
- of which NSCLC, SEKm	-	1,500	-	250	-	-	-	-	-	-	-	-	-
- of which PDAC, SEKm	-	1,350	-	225	-	-	-	-	-	-	-	-	-
Total revenues, SEKm	**-**	**2,850**	**-**	**475**	**525**	**791**	**1,165**	**1,741**	**2,539**	**2,924**	**3,151**	**3,316**	**3,483**
Total royalties, risk-adjusted, SEKm	-	-	-	-	144	217	324	500	746	864	932	990	1,047
Total milestones, risk-adjusted, SEKm	-	2,850	-	130	-	-	-	-	-	-	-	-	-
Total revenues, risk-adjusted, SEKm	**-**	**2,850**	**-**	**130**	**144**	**217**	**324**	**500**	**746**	**864**	**932**	**990**	**1,047**

Source: Nordea estimates

REVENUE MODEL: CAN04, NSCLC

	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
US													
Patient volume	-	-	-	-	1,195	1,801	2,413	3,638	4,875	5,512	6,155	6,805	7,460
Price, USD	-	-	-	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total sales, USDm	-	-	-	-	84	126	169	255	341	386	431	476	522
Royalty rate, %	-	-	-	-	15%	15%	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, USDm	-	-	-	-	13	19	25	38	51	58	65	71	78
Europe													
Patient volume	-	-	-	-	2,470	3,724	4,990	7,522	10,079	11,396	12,725	14,068	15,423
Price, EUR	-	-	-	-	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total sales, EURm	-	-	-	-	111	168	225	338	454	513	573	633	694
Royalty rate, %	-	-	-	-	15%	15%	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, EURm	-	-	-	-	17	25	34	51	68	77	86	95	104
RoW													
Patient volume	-	-	-	-	-	-	1,800	4,544	11,014	13,905	14,044	14,185	14,327
Price, USD	-	-	-	-	-	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Total sales, USDm	-	-	-	-	-	-	63	159	385	487	492	496	501
Royalty rate, %	-	-	-	-	-	-	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, USDm	-	-	-	-	-	-	9	24	58	73	74	74	75
Total													
Royalties to Cantargia, SEKm	-	-	-	-	281	424	651	1,065	1,652	1,935	2,092	2,252	2,413
Risk adjustment, %	-	-	-	-	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%	35.2%
Total risk adjusted royalties, SEKm	-	-	-	-	99	149	229	375	581	681	736	792	849

Source: Nordea estimates

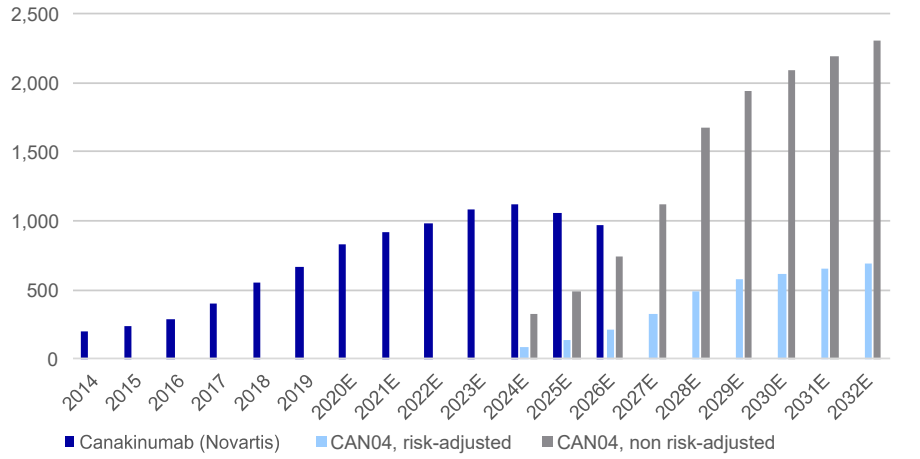
REVENUE MODEL, CAN04, PDAC

	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
US													
Patient volume	-	-	-	-	891	1,343	1,799	2,260	2,726	2,968	3,212	3,228	3,244
Price, USD	-	-	-	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total sales, USDm	-	-	-	-	62	94	126	158	191	208	225	226	227
Royalty rate, %	-	-	-	-	15%	15%	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, USDm	-	-	-	-	9	14	19	24	29	31	34	34	34
Europe													
Patient volume	-	-	-	-	2,322	3,500	4,690	5,892	7,106	7,737	8,374	8,416	8,458
Price, EUR	-	-	-	-	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Total sales, EURm	-	-	-	-	104	158	211	265	320	348	377	379	381
Royalty rate, %	-	-	-	-	15%	15%	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, EURm	-	-	-	-	16	24	32	40	48	52	57	57	57
RoW													
Patient volume	-	-	-	-	-	-	507	1,281	3,104	3,919	3,958	3,998	4,038
Price, USD	-	-	-	-	-	-	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Total sales, USDm	-	-	-	-	-	-	18	45	109	137	139	140	141
Royalty rate, %	-	-	-	-	-	-	15%	15%	15%	15%	15%	15%	15%
Royalties to Cantargia, USDm	-	-	-	-	-	-	3	7	16	21	21	21	21
Total													
Royalties to Cantargia, SEKm	-	-	-	-	243	367	515	676	886	990	1,058	1,064	1,071
Risk adjustment, %	-	-	-	-	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%
Total risk adjusted royalties, SEKm	-	-	-	-	45	68	95	125	164	184	196	197	199

Source: Nordea estimates

For reference, our sales forecasts can be compared to consensus (EvaluatePharma) sales forecasts for Canakinumab, which indicate risk-adjusted sales of more than USD 1bn. No consensus data for Canakinumab is provided beyond 2026E.

CANAKINUMAB VS CAN04, REVENUE FORECASTS (USDm)



Source: EvaluatePharma and Nordea estimates

By applying a WACC of 10-12% to our risk-adjusted revenues (including royalties, upfront payments and milestone payments), we derive a fair value range of SEK 48-54 per share. In our view, the next triggers are the upcoming ph IIa results for CANFOUR, expected in late 2020 or early 2021, and a potential partnership agreement. Prior to this, Novartis will likely publish its ph III results for Canakinumab, which will provide further insight into the potential in targeting the IL1-system for cancer treatment.

CANTARGIA: DETAILED ESTIMATES

	2019				2020								
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4E	2018	2019	2020E	2021E	2022E
Income (incl. milestones)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2,850**	**0.0**
Research and development costs	-20.6	-20.8	-23.2	-32.8	-36.1	-33.7	-35.7	-39.5	-51.7	-97.5	-145.0	-190.0	-53.0
Administrative costs	-2.8	-4.3	-2.6	-3.4	-3.4	-4.1	-3.5	-4.0	-15.8	-13.1	-15.0	-15.0	-15.0
Other operating expenses	-0.2	-0.1	-0.4	-0.3	-0.4	0.1	-0.4	-0.5	-0.5	-1.0	-1.2	0.0	0.0
EBIT	**-23.7**	**-25.2**	**-26.3**	**-36.4**	**-39.9**	**-37.7**	**-39.6**	**-44.0**	**-93.3**	**-111.6**	**-161.1**	**2,645.0**	**-67.9**
Net financials	0.1	0.2	0.3	0.2	0.0	0.6	0.6	0.6	2.1	0.8	1.8	5.7	36.7
Net income	**-23.5**	**-25.0**	**-26.0**	**-36.3**	**-40.0**	**-37.1**	**-39.0**	**-43.3**	**-91.2**	**-110.8**	**-159.3**	**2,067.5**	**-24.3**

Source: Company data and Nordea estimates

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Total revenue	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,850**	**0**
Revenue growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	-100.0%
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	-161	2,645	-68
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	-161	2,645	-68
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	0	0	0	-17	-45	-60	-93	-112	-161	2,645	-68
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	6	37
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**	**0**	**0**	**-17**	**-45**	**-60**	**-91**	**-111**	**-159**	**2,651**	**-31**
Reported taxes	0	0	0	0	0	0	0	0	0	-583	7
Net profit from continued operations	0	0	0	-17	-45	-60	-91	-111	-159	2,068	-24
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	-159	2,068	-24
EPS, SEK	**n.a.**	**n.a.**	**n.a.**	**-1.28**	**-2.14**	**-1.28**	**-1.38**	**-1.52**	**-1.75**	**22.72**	**-0.27**
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.	92.8%	n.m.
EBITA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.
EBIT	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.
Adjusted earnings											
EBITDA (adj)	0	0	0	-17	-45	-60	-93	-112	-161	2,645	-68
EBITA (adj)	0	0	0	-17	-45	-60	-93	-112	-161	2,645	-68
EBIT (adj)	0	0	0	-17	-45	-60	-93	-112	-161	2,645	-68
EPS (adj, SEK)	n.a.	n.a.	n.a.	-1.28	-2.14	-1.28	-1.38	-1.52	-1.75	22.72	-0.27
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.	92.8%	n.m.
EBITA (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.
EBIT (adj)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	92.8%	n.m.
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.	n.m.	77.9%	77.6%
Average EBITDA margin	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	77.9%	77.6%

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.	n.m.	2.7	n.m.
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.

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.	n.m.	2.7	n.m.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.12	n.m.
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	1.2	n.m.
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%	-3.2%	36.6%	-0.4%
FCF Yield bef A&D, lease adj	n.a.	n.a.	n.a.	n.a.	n.a.	-13.7%	-11.1%	-7.6%	-3.2%	36.6%	-0.4%
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	7	7	7
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	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	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	14	14	14
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	0	0	0	0	0	1	12	20	15
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	20	15
Cash and bank	3	1	17	25	35	270	167	150	379	2,446	2,422
Total current assets	3	2	17	25	37	271	168	159	403	2,486	2,452
Assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total assets	**4**	**4**	**20**	**27**	**40**	**274**	**171**	**166**	**417**	**2,500**	**2,466**
Shareholders equity	3	3	4	24	30	246	155	142	392	2,460	2,436
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	392	2,460	2,436
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	12	20	15
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	12	20	15
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	24	40	30
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**4**	**4**	**20**	**27**	**40**	**274**	**171**	**166**	**417**	**2,500**	**2,466**
Balance sheet and debt metrics											
Net debt	-3	-1	-17	-25	-35	-270	-167	-150	-379	-2,446	-2,422
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	0	0	0
Invested capital	0	2	-13	-1	-5	-24	-12	-8	14	14	14
Capital employed	3	3	4	24	30	246	155	142	392	2,460	2,436
ROE	0.0%	0.0%	0.0%	n.m.	n.m.	-43.6%	-45.4%	-74.5%	-59.6%	n.m.	-1.0%
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%	-59.6%	n.m.	-1.3%
Net debt/EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-0.9	n.m.
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%	94.2%	98.4%	98.8%
Net gearing	-86.2%	-47.8%	-406.6%	-103.1%	-116.0%	-109.6%	-107.6%	-105.4%	-96.5%	-99.4%	-99.4%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
EBITDA (adj) for associates	**0**	**0**	**0**	**-17**	**-45**	**-60**	**-93**	**-112**	**-161**	**2,645**	**-68**
Paid taxes	0	0	0	0	0	0	0	0	0	-583	7
Net financials	0	0	0	0	0	0	0	1	2	6	37
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
Funds from operations (FFO)	**0**	**-8**	**-8**	**-17**	**-47**	**-60**	**-93**	**-111**	**-159**	**2,068**	**-24**
Change in NWC	0	0	15	-13	5	19	-12	0	-14	0	0
Cash flow from operations (CFO)	**0**	**-8**	**7**	**-30**	**-42**	**-41**	**-105**	**-111**	**-174**	**2,068**	**-24**
Capital expenditure	0	0	0	0	0	0	0	0	-7	0	0
Free cash flow before A&D	**0**	**-8**	**7**	**-30**	**-42**	**-41**	**-105**	**-111**	**-181**	**2,068**	**-24**
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	-181	2,068	-24
Free cash flow bef A&D, lease adj	0	-8	7	-30	-42	-41	-105	-111	-181	2,068	-24
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	229	2,068	-24
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.	n.a.	n.a.	6	14	20	62	62	62
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	300	940	1,467	5,651	5,651	5,651
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	31	773	1,317	5,273	3,205	3,230
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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