

# ASIT biotech

New year, renewed focus

ASIT has announced renewed focus on its most advanced product, gp-ASIT+ for grass pollen allergies, which coincides with some changes in senior management. The increased focus has been well received by shareholders and, while our model changes to reflect the reduced future spend on the early-stage products, the products' potential for cash flow generation remains as ASIT has also announced an emphasis on out-licensing and co-development for its earlier-stage products.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (c)	P/E (x)	Yield (%)
12/17	0.0	(12.0)	(0.94)	0.0	N/A	N/A
12/18e	0.0	(13.3)	(0.82)	0.0	N/A	N/A
12/19e	0.0	(15.5)	(0.88)	0.0	N/A	N/A
12/20e	0.0	(5.6)	(0.22)	0.0	N/A	N/A

Note: \*PBT and EPS are both as reported.

## Logical pipeline refocusing on gp-ASIT+

ASIT has reviewed the clinical plan, manufacturing and resource allocation for its core and most advanced product, gp-ASIT+ for grass pollen allergies in Phase III, and concluded that clinical development is better resourced and supported to conduct the pivotal study. This was also [our conclusion](#), having reviewed the changes ASIT had made to maximise the chances of clinical success in this second Phase III study. There will be increased allocation of regulatory and business development resources, which means that ASIT's earlier-stage programmes, in particular pnt-ASIT+ for peanut allergy, have been scheduled for partnering rather than continued internal development. There are a number of financial moving parts to this refocusing, some of which will net others off.

## Senior management reorganisation

After discussions with shareholders, ASIT's board has appointed Michel Baijot as CEO and Yves Désiront as interim CFO, and appointed Philippe Degeer to the board representing the Meusinvest group, a local investor supporting companies in Liège, Belgium. The refocusing of ASIT's resources to support the conduct of the Phase III study of gp-ASIT+, its future registration and commercialisation, and the emphasis on partnering ASIT's earlier products after the preclinical phase has been a result of these management changes.

## Valuation: Removing pnt-ASIT+ clinical costs

With the focus on the gp-ASIT+ Phase III programme, partnering the earlier-stage assets – hdm-ASIT+ for house dust mite allergies and pnt-ASIT+ – will eventually remove the future clinical development costs of those earlier-stage products from our model, although we continue to expect royalties once those products are marketed by ASIT's partners. While we expect more detail on these changes after the February board meeting and FY18 results, removing the pnt-ASIT+ clinical costs, updating for the higher share count and exchange rates leaves our risk-adjusted valuation unchanged at €118m or €6.3 per share.

Pipeline refocusing

Pharma & biotech

17 January 2019

**Price** €1.44

**Market cap** €27m

US\$/€0.88

Cash (€m) estimated at end-Dec 2018 taking into account bond conversion 10.2

Shares in issue (including dilution from bond conversion) 18.7m

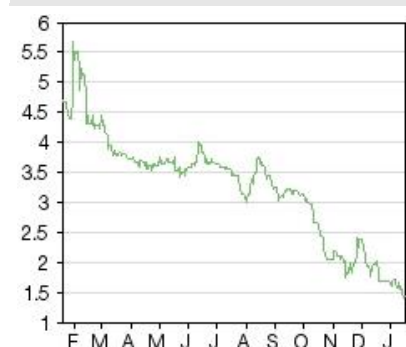
Free float 74.2%

Code ASIT

Primary exchange Euronext Brussels

Secondary exchange Euronext Paris

### Share price performance



% 1m 3m 12m

Abs (26.2) (45.2) (69.1)

Rel (local) (27.5) (43.4) (62.7)

52-week high/low €5.7 €1.4

### Business description

ASIT biotech is a clinical-stage company focused on the development of short-course therapies for allergies. ASIT's products are based on the proprietary ASIT+ technology platform, allowing the development of products containing highly purified allergen fragments in an adjuvant-free formulation, selected to be safe while maintaining the capacity to stimulate immune tolerance.

### Next events

Additional detail on pipeline refocusing February 2019

FY18 results April 2019

gp-ASIT+ Phase III results December 2019

### Analyst

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**Exhibit 1: Financial summary**

	EUR ('000)	2015	2016	2017	2018e	2019e	2020e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>							
Revenue		4	0	0	0	0	0
Cost of Sales		(3)	0	0	0	0	0
Gross Profit		1	0	0	0	0	0
General and Administrative Expenses		(947)	(1,822)	(1,676)	(2,547)	(2,522)	(2,497)
Research and Development Expenses		(6,691)	(12,123)	(10,903)	(11,500)	(13,940)	(3,980)
Other Operating Income		(3)	1,667	604	789	829	870
Reported operating profit		(7,640)	(12,278)	(11,975)	(13,258)	(15,633)	(5,606)
Net Interest		(75)	(60)	(9)	(40)	148	6
Profit before tax (as reported)		(7,715)	(12,338)	(11,984)	(13,298)	(15,485)	(5,600)
Reported tax		0	(1)	(2)	(1)	3	1,680
Profit after tax (reported)		(7,715)	(12,339)	(11,986)	(13,298)	(15,482)	(3,920)
Minority interests		0	0	0	0	0	0
Net income (reported)		(7,715)	(12,339)	(11,986)	(13,298)	(15,482)	(3,920)
Basic average number of shares outstanding ('m)		8,504	11,219	12,806	16,240	17,507	17,507
EPS - basic, as reported (EUR)		(0.91)	(1.10)	(0.94)	(0.82)	(0.88)	(0.22)
<b>BALANCE SHEET</b>							
Non Current Assets		506	1,770	1,837	2,008	2,126	2,027
Property Plant and equipment, net		494	736	691	693	811	712
Other intangible assets		0	0	0	0	0	0
Other Non Current Assets		12	1,034	1,146	1,315	1,315	1,315
Current Assets		4,968	13,785	2,448	10,941	2,561	13,099
Cash and cash equivalents		4,621	13,387	2,126	10,688	2,308	12,846
Accounts receivable		2	3	0	0	0	0
Inventories		11	0	0	0	0	0
Other current assets		334	395	322	253	253	253
Current Liabilities		6,332	2,004	2,654	4,196	4,216	2,775
Accounts payable		1,611	1,707	1,264	2,354	2,374	933
Short term debt and borrowings		4,232	12	34	38	38	38
Other current liabilities		489	285	1,356	1,804	1,804	1,804
Non Current Liabilities		0	419	432	446	446	7,446
Loans and borrowings		0	419	432	446	446	7,446
Other non-current liabilities		0	0	0	0	0	0
Equity		(858)	13,132	1,199	6,126	(2,157)	(4,277)
Common stock / Capital		11,625	17,506	9,989	13,125	13,125	13,125
Additional paid-in capital / Share premium		0	21,957	21,957	26,958	18,675	16,555
Other reserves and surplus		(12,483)	(24,229)	(28,645)	(33,957)	(33,957)	(33,957)
Other Equity		0	(2,102)	(2,102)	0	0	0
<b>CASH FLOW</b>							
Cash Flow from Operations							
Net income (loss)		(7,715)	(12,339)	(11,986)	(13,298)	(15,482)	(3,920)
Depreciation and Amortization		80	141	205	176	195	211
Interest income/expense		75	60	9	40	(148)	(6)
Stock-based compensation		18	0	54	0	0	0
Non Cash Adjustments		0	11	(492)	0	0	0
(Increase) decrease in inventories		3	0	0	0	0	0
(Increase) decrease in trade receivables		(819)	(62)	74	0	0	0
(Increase) decrease in other current assets		0	(1,016)	(112)	69	0	0
Increase (decrease) in trade payables		751	(492)	(586)	2,180	20	(1,441)
Net cash used in Operating activities		(7,606)	(13,697)	(12,834)	(10,833)	(15,415)	(5,157)
Cash Flow from Investing							
Purchases of fixed assets		(372)	(383)	(161)	(265)	(313)	(112)
Other Investing Activities		1	(6)	0	0	0	0
Net cash used in Investing activities		(371)	(389)	(161)	(265)	(313)	(112)
Cash Flow from Financing							
Change in Debt		4,130	0	0	0	0	7,000
Change in Capital Stock		0	22,199	0	16,900	7,200	1,800
Interest paid		(6)	(204)	(10)	(42)	(24)	(24)
Other Financing Activities		33	857	1,743	2	172	31
Net cash used in Financing activities		4,157	22,852	1,733	16,860	7,348	8,806
Net Changes in Cash and Cash Equivalent		(3,820)	8,766	(11,262)	5,761	(8,380)	3,538
Net cash (debt) at the beginning of the period		8,441	4,621	12,968	1,694	10,242	1,862
Net cash (debt) at the end of the period		4,621	12,968	1,694	10,242	1,862	5,400

Source: Company accounts, Edison Investment Research

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