

Celyad

Q3 update

Highly encouraging data on dose responses

Celyad has presented an update on its CYAD-01 solid cancer trials with haematological data due in early December. There are strong indications that optimal effects can be gained by use of high doses, possibly with Cy-Flu preconditioning, or by combining CYAD-01 with chemotherapy in solid cancer. An allogeneic colorectal trial will start in early 2019; an allogeneic product (CYAD-101) could have a major market in multiple cancer types. Our indicative value remains at €1,090m (€89/share) pending more data.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/16	8.52	(20.00)	(2.09)	0.0	N/A	N/A
12/17	3.54	(26.80)	(2.79)	0.0	N/A	N/A
12/18e	0.00	(27.25)	(2.43)	0.0	N/A	N/A
12/19e	0.00	(28.50)	(2.38)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Leading position in solid cancers and allogeneic cells

NKR CAR T-cell therapy targets “stressed” cancer cells. In early data (at SITC in November) CYAD-01 with prior FOLFOX (which stresses cells) in metastatic colorectal cancer (mCRC) gave one complete and two partial [pathological](#) responses at a 3×10^8 dose; the study continues. In stand-alone therapy, three patients who had peak CYAD-01 blood levels of over 7,000 cells/ml showed stable disease (SD). Initial data from a trial using Cy-Flu preconditioning indicates much higher peak dose cell levels; more data is due in mid-2019. By year-end 2018, the first mCRC patients will be enrolled in a trial with allogeneic cells (CYAD-101) following FOLFOX. Potentially, CYAD-101 offers a more affordable, rapid -response therapy for thousands of patients. Celyad holds key patents in allogeneic therapy (licensed by Novartis). A shRNA approach ([licensed from Horizon Discovery](#)) is in preclinical development. These developments give Celyad a leading position in solid cancers, an area other CAR therapies find hard to access ([see 2017 report](#)).

Haematological update in December at ASH

At the ASH meeting on December 3rd, Celyad will provide an update on its trials in Acute Myeloid Leukaemia (AML). This is likely to be the first indication, in our view, to be filed for regulatory approval. The [abstract](#) shows that 3/7 (42%) patients had some form of CR; one of these led to a stem cell transplant; first reported in November 2017. Two others had SD with blast reductions. An eighth patient should be reported. The variable responses indicate that multiple factors besides dose are likely to be involved. There were no Multiple Myeloma (0/3) or MDS (0/1) responses; these were all treated at low doses. AML patients are likely to benefit from Cy-Flu preconditioning and multiple courses of treatment.

Valuation: Nominal remains at €89 per share

The data to date indicates that Celyad is closing in on the optimal dose and administration regimen for CYAD-01 and CYAD-101. Our indicative value remains at €1,090m (€89 per share). September 30 cash was €55.9m.

Pharma & biotech

27 November 2018

Price €22.12

Market cap €264m

\$1.18/€

Cash (€m) at 30 September 2018 55.9

Shares in issue 11.94m

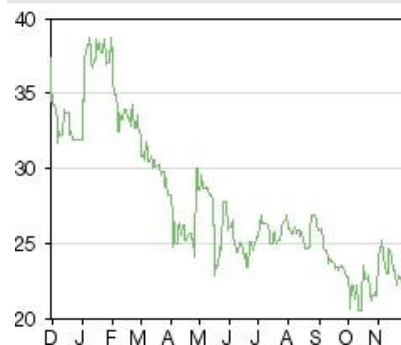
Free float (Edison estimate) 67%

Code CYAD

Primary exchange Euronext Brussels

Secondary exchange NASDAQ

Share price performance



% 1m 3m 12m

Abs 3.0 (14.8) (41.1)

Rel (local) 0.0 (6.7) (32.5)

52-week high/low €38.7 €20.5

Business description

Celyad is developing an innovative natural killer receptor (NKR) CAR T-cell immune-oncology platform. Celyad has a leading position in CAR for AML and solid tumours and is exploring the use of NKR CAR with chemotherapy. It holds a key granted patent in allogeneic CAR technology.

Next events

Q218 update Q318

THINK interim data Q418

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Exhibit 1: Financial summary

	€000s	2016	2017	2018e	2019e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		8,523	3,540	0	0
Cost of Sales		(53)	(515)	(500)	(500)
Gross Profit		8,470	3,025	(500)	(500)
EBITDA		(21,246)	(22,317)	(26,500)	(27,750)
Operating Profit (before amort. and except).		(22,006)	(23,283)	(27,500)	(28,750)
Intangible Amortisation		(756)	(748)	(750)	(750)
Other income and charges		0	(26,273)	0	0
Share-based payments		(2,847)	(2,569)	(2,600)	(2,600)
Operating Profit		(25,609)	(52,873)	(30,850)	(32,100)
Net Interest		1,997	(3,521)	250	250
Profit Before Tax (norm)		(20,009)	(26,804)	(27,250)	(28,500)
Profit Before Tax (FRS 3)		(23,612)	(56,394)	(30,600)	(31,850)
Tax		6	1	0	0
Profit After Tax (norm)		(20,003)	(26,803)	(27,250)	(28,500)
Profit After Tax (FRS 3)		(23,606)	(56,393)	(30,600)	(31,850)
Average Number of Shares Outstanding (m)		9.3	9.6	11.2	12.0
EPS - normalised (c)		(209)	(279)	(243)	(238)
EPS - (IFRS) (c)		(253)	(586)	(273)	(267)
Dividend per share (c)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		53,440	41,232	40,492	39,752
Intangible Assets		49,566	36,508	35,768	35,028
Tangible Assets		3,563	3,290	3,290	3,290
Investments		311	1,434	1,434	1,434
Current Assets		85,366	36,393	50,659	22,149
Stocks		0	0	0	0
Debtors		1,359	233	233	233
Cash (cash plus deposits)		82,587	33,905	48,171	19,661
Other		1,420	2,255	2,255	2,255
Current Liabilities		(11,275)	(7,944)	(7,944)	(7,944)
Creditors		(9,960)	(7,509)	(7,509)	(7,509)
Deferred revenue		0	0	0	0
Walloon loans and bank loan		(1,315)	(435)	(435)	(435)
Long Term Liabilities		(36,646)	(22,146)	(22,146)	(22,146)
Loans (non-current) Bank and Walloon		(7,866)	(1,870)	(1,870)	(1,870)
Other long term liabilities		(28,780)	(20,276)	(20,276)	(20,276)
Net Assets		90,885	47,535	61,061	31,811
CASH FLOW					
Operating Cash Flow		(26,695)	(46,027)	(26,514)	(27,471)
Net Interest		1,997	(3,521)	264	(29)
Tax		0	0	0	0
Capex		(1,782)	(858)	(1,010)	(1,010)
Acquisitions/disposals		(1,561)	0	0	0
Financing		0	625	46,140	0
Dividends		0	0	0	0
Other		3,109	1,099	(4,614)	0
Net Cash Flow		(24,932)	(48,682)	14,266	(28,510)
Opening net debt/(cash)		(96,131)	(73,406)	(31,600)	(45,866)
HP finance leases initiated		0	0	0	0
Loan and finance movements		2,207	6,876	(0)	0
Closing net debt/(cash)		(73,406)	(31,600)	(45,866)	(17,356)

Source: Edison Investment Research estimates, Celyad reports and announcements

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