

Oxford Biomedica

Interim results

Pharma & biotech

Burgeoning bioprocessing revenues

Oxford BioMedica's (OXB's) interim results were broadly in line with our expectations for 2019. The decrease in H119 revenues to £32.1m (-9%) largely reflects the exceptional performance in the previous period, which was bolstered by strong licence income (H119: £13.3m vs H118: £19.9m) primarily from upfront payments with the Axovant and Bioverativ deals signed (£18.5m combined). Importantly, in H119 bioprocessing revenues grew 23% to £18.8m, which we expect was driven by the continued uptake of Novartis's CAR-T Kymriah. Typically, bioprocessing revenues are backend loaded so a stronger performance can be expected in the second half of the year. With OXB transitioning one of its GMP suites across to bioreactor processing in H119 and its new OxBox bioprocessing facility expected to be fully operational in Q220, we expect this growth to continue in the near term. We retain our valuation of £649m.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/17	37.6	(13.1)	(16.7)	0.0	N/A	N/A
12/18	66.8	0.3	4.3	0.0	148.8	N/A
12/19e	75.8	5.5	11.4	0.0	56.6	N/A
12/20e	88.6	12.5	19.9	0.0	32.2	N/A

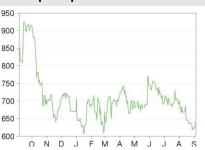
Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

An £11.5m development milestone was received from Axovant in April and was the biggest contributor of the £13.3m licence income reported in H119. The nature of OXB's licensing agreements means we anticipate some variability in licence income on an interim basis and believe performance is better reflected when annualised. New collaborations with Microsoft and Santen were signed in H119 and additional partnering discussions are ongoing, from which deals could be signed before year-end. Within the deal signed with Santen, which is developing gene therapies for undisclosed inherited retinal diseases, OXB has retained the option to co-fund and participate in development and commercialisation across the US and EU. Importantly, this highlights OXB's intention to evolve from its manufacturing roots into an autonomous global biotech company. In May, the £53.5m investment from Novo Holdings reaffirmed OXB's position as a global leader in commercial lentivirus development and manufacture. This has also enabled OXB to clear its debt overhang and given it the autonomy to grow its platform technology further.

5 September 2019

Price	640p
Market cap	£491m
	US\$:£0.79
Net cash* (£m) at 30 June 2019 (includes £8.2m lease liabilities under IFRS16)	17.9
Shares in issue	76.8m
Free float	69%
Code	OXB
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Oxford Biomedica's (OXB's) LentiVector technology underpins the company's strategy. OXB generates significant revenue from partners that use its technology, notably Novartis, Bioverativ, Orchard Therapeutics and Boehringer Ingelheim. It is implementing significant capacity upgrades to enable more partnering/out-licensing agreements.

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