

Oxford Biomedica

Interim results

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 back-end 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.

Pharma & biotech

5 September 2019

Price **640p**
Market cap **£491m**

US\$:£0.79

 Net cash* (£m) at 30 June 2019 17.9
 (includes £8.2m lease liabilities under IFRS16)

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.

Analysts

Dr Daniel Wilkinson +44 (0)20 3077 5700

Dr Susie Jana +44 (0)20 3077 5734

Dr Sean Conroy +44 (0)20 3681 2534

healthcare@edisongroup.com
[Edison profile page](#)

Oxford Biomedica is a research client of Edison Investment Research Limited

General disclaimer and copyright

This report has been commissioned by Oxford Biomedica and prepared and issued by Edison, in consideration of a fee payable by Oxford Biomedica. Edison Investment Research standard fees are £49,500 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2019 Edison Investment Research Limited (Edison). All rights reserved FTSE International Limited ("FTSE") © FTSE 2019. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd who holds an Australian Financial Services Licence (Number: 427484). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

The Investment Research is a publication distributed in the United States by Edison Investment Research, Inc. Edison Investment Research, Inc. is registered as an investment adviser with the Securities and Exchange Commission. Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.