

SIGA Technologies

Q122 results

Product and international expansion on track

SIGA has reported Q122 revenues of \$10.5m, up 119% y-o-y, driven by the first IV TPOXX deliveries to the US government. It also achieved key milestones in its product and international expansion strategies, including EMA approval for oral TPOXX, the first TPOXX contract in the Asia-Pacific (APAC) region, and a Canadian contract increased by \$5m. The PEP trials are making progress, with the active phase planned to complete in Q322, and the DOD announced its intent for a single-source contract for TPOXX. We raise our valuation to \$9.17 per share, up from our previous \$8.80.

Year end	Revenue (US\$m)	EBITDA* (US\$m)	PBT* (US\$m)	EPS* (c)	P/E (x)	Net cash** (US\$m)
12/20	125.0	88.6	81.5	80.97	0.1	117.9
12/21	133.7	89.7	89.1	90.61	0.1	103.1
12/22e	125.0	63.5	63.0	65.86	0.1	71.9
12/23e	121.3	60.5	60.0	66.16	0.1	94.9

Note: *EBITDA, PBT and EPS (diluted) are normalized, excluding exceptional items and other revenue and expenses. **Adjusted for special dividend in Q222e.

Q122: First IV TPOXX deliveries and special dividend

Boosted by the IV TPOXX deliveries (\$7m), SIGA reported Q122 revenues of \$10.5m, up 119% y-o-y. Notably, the TPOXX deliveries were the first sales of IV TPOXX under the 19c BARDA contract, indicating the progress of SIGA's product expansion beyond oral TPOXX. SIGA also [announced a special dividend of \\$0.45 per share](#) payable on 2 June 2022.

Celebrating key milestones in international expansion

As [we previously discussed](#), international expansion is a key part of SIGA's growth strategy. Management achieved several key milestones this quarter demonstrating significant progress on that front: [EMA approval for its oral TPOXX](#), the c \$3m contract for oral TPOXX in the APAC (the first for any country in that region) and an increase of \$5m in the oral TPOXX contract with the Public Health Agency of Canada to \$38m, with c \$13m planned for delivery in FY22.

PEP trial update and DOD single-source award

SIGA's PEP product expansion is making progress and management is targeting patient active-phase treatments to be complete for both trials by Q322. In September 2021, the US DOD disclosed that it intends to negotiate and award a [fixed-price sole-source contract to SIGA](#) for the procurement of TPOXX. Notably, the DOD highlighted PEP's tolerability and adverse event profile and that TPOXX was the only product that met its procurement requirements.

Valuation: \$666m (ex-dividend), or \$9.17 per share

We revise our SIGA valuation (ex-dividend) to \$666m or \$9.17 per basic share, up from \$648m (\$8.80 per basic share) previously. Our adjustment reflects the planned dividend, a higher cash balance and lower share count. Due to uncertain timing, our forecast uses a straight-line approach across FY22–24e for the \$300m in remaining options for the BARDA contract, and assumes \$103m delivered per year. We will continue to monitor the appropriations process of the government.

Pharma & biotech

9 May 2022

Price **\$7.17**
Market cap **\$520m**

Net cash (\$m) at 31 March 2022 153.3

Shares in issue (diluted) 72.6m

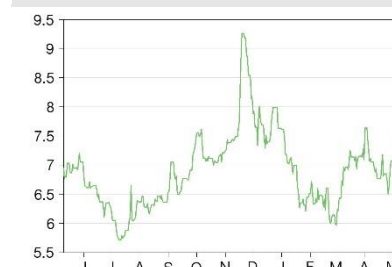
Free float 56%

Code SIGA

Primary exchange Nasdaq

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 6.1 18.3 2.2

Rel (local) 15.3 29.1 4.1

52-week high/low \$9.26 \$5.71

Business description

SIGA Technologies is a commercial-stage health security company focused on the treatment of smallpox and other orthopoxviruses. It has contracts with both the US and Canadian governments for TPOXX, its treatment for smallpox, and is looking to expand internationally.

Next events

IV TPOXX FDA approval Q222

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Exhibit 1: Financial summary

	\$000s	2020	2021	2022e	2023e	2024e
Year end 31 December		US GAAP	US GAAP	US GAAP	US GAAP	US GAAP
PROFIT & LOSS						
Revenue		124,959	133,670	125,034	121,337	122,422
Cost of Sales		(14,797)	(16,602)	(30,635)	(30,146)	(30,196)
Gross Profit		110,162	117,069	94,399	91,191	92,226
Research & Development		(10,939)	(9,942)	(10,042)	(10,142)	(10,243)
General & Administrative		(14,722)	(18,034)	(21,404)	(21,081)	(21,731)
EBITDA		88,579	89,716	63,475	60,490	60,774
Operating Profit (before amort. and excepts.)		84,501	89,093	62,953	59,968	60,251
Intangible Amortisation		-	-	-	-	-
Other		532	101	-	-	-
Exceptionals		(8,507)	118	-	-	-
Operating Profit		75,993	89,211	62,953	59,968	60,251
Net Interest		(3,017)	-	-	-	-
Other		-	-	-	-	-
Profit Before Tax (norm)		81,484	89,093	62,953	59,968	60,251
Profit Before Tax (reported)		72,977	89,211	62,953	59,968	60,251
Tax		(17,167)	(19,861)	(15,109)	(14,392)	(14,460)
Deferred tax		-	-	-	-	-
Profit After Tax (norm)		64,317	69,232	47,844	45,575	45,791
Profit After Tax (reported)		55,810	69,350	47,844	45,575	45,791
Average Number of Shares Outstanding (m)		79	75	72	68	64
EPS - normalized (\$), basic		0.81	0.92	0.67	0.67	0.72
EPS - normalised fully diluted (c)		80.97	90.61	65.86	66.16	70.30
EPS - reported (\$)		0.70	0.92	0.67	0.67	0.72
Dividend per share (\$)		-	-	0.45	-	-
Gross Margin (%)		88	88	75	75	75
EBITDA Margin (%)		71	67	51	50	50
Operating Margin (before GW and except.) (%)		68	67	50	49	49
BALANCE SHEET						
Fixed Assets		6,223	5,973	7,615	7,666	7,717
Intangible Assets		898	898	898	898	898
Tangible Assets		2,104	2,366	2,417	2,467	2,518
Other		3,221	2,709	4,301	4,301	4,301
Current Assets		143,608	208,753	181,055	201,559	223,087
Stocks		-	19,510	30,000	30,000	30,000
Debtors		3,340	83,650	76,955	74,459	75,119
Cash		117,890	103,139	71,867	94,866	115,735
Other		22,378	2,453	2,233	2,233	2,233
Current Liabilities		(10,484)	(30,488)	(7,241)	(6,432)	(6,432)
Creditors		(1,278)	(2,028)	(1,778)	(1,778)	(1,778)
Short term borrowings		-	-	-	-	-
Other		(9,205)	(28,460)	(5,462)	(4,653)	(4,653)
Long Term Liabilities		(9,555)	(9,924)	(9,569)	(9,569)	(9,569)
Long term borrowings		-	-	-	-	-
Other long term liabilities		(9,555)	(9,924)	(9,569)	(9,569)	(9,569)
Net Assets		129,793	174,314	171,860	193,224	214,803
Minority Interests		-	-	-	-	-
Shareholder equity		129,793	174,314	171,860	193,224	214,803
CASH FLOW						
Operating Cash Flow		71,519	11,495	27,660	49,050	46,919
Net Interest		-	-	-	-	-
Tax		-	-	-	-	-
Capex		(16)	(51)	(51)	(51)	(51)
Acquisitions/disposals		-	-	-	-	-
Financing		-	-	-	-	-
Dividends		-	-	(32,882)	-	-
Other (including share buybacks)		(114,600)	(26,195)	(26,000)	(26,000)	(26,000)
Net Cash Flow		(43,097)	(14,751)	(31,272)	23,000	20,869
Opening net debt/(cash)		(80,942)	(117,890)	(103,139)	(71,867)	(94,866)
HP finance leases initiated		-	-	-	-	-
Exchange rate movements		-	-	-	-	-
Other		80,045	0	(0)	0	-
Closing net debt/(cash)		(117,890)	(103,139)	(71,867)	(94,866)	(115,735)

Source: SIGA Technology accounts, Edison Investment Research

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