

Basilea Pharmaceutica

Prompt receipt of milestone payments for Cresemba

Milestone update

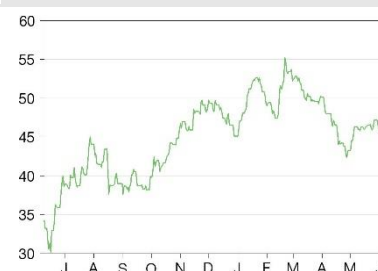
Pharma and biotech

9 June 2023

Price CHF45.3
Market cap CHF541m

Net debt (CHFm) at 31 December 2022 46.7
Shares in issue (excluding 1.15m treasury shares) 11.95m
Free float 90%
Code BSLN
Primary exchange SIX
Secondary exchange N/A

Share price performance



Business description

Basilea Pharmaceutica is focused on treating infectious diseases. Its marketed products are Cresemba (an antifungal) and Zevtera (an anti-MRSA broad-spectrum antibiotic). It plans to file for US approval for Zevtera in Q323.

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Basilea has [announced](#) receipt of two separate sales-related milestone payments totalling US\$26.25m (CHF23.7m) from licensing partner Pfizer. The milestones relate to sales in Europe (ex-Nordic countries), as well as in China and 16 countries in the Asia-Pacific region where Pfizer is the licensing partner. The payments were triggered by cumulative sales of its antifungal therapy Cresemba exceeding specific thresholds in the aforementioned regions, and we believe this indicates strong continued demand for the drug (13% global share and 34% in the US in best-in-class antifungals as of December 2022, according to IQVIA). As part of the agreement with Pfizer, Basilea is eligible to receive additional potential milestone payments of up to approximately CHF515m, as well as mid-teen royalties based on net sales. We will adjust our model to reflect receipt of these milestone payments slightly sooner than we expected, but overall, these have come within management guided milestones for 2023.

Year end	Revenue (CHFm)	PBT* (CHFm)	EPS* (CHFc)	DPS (CHFc)	P/E (x)	Yield (%)
12/21	148.1	(6.6)	(56.9)	0.0	N/A	N/A
12/22	147.8	12.3	104.1	0.0	43.5	N/A
12/23e	156.7	40.9	312.6	0.0	14.5	N/A
12/24e	180.7	62.0	473.4	0.0	9.6	N/A

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

As a reminder, Cresemba (or isavuconazole) is an intravenous and oral antifungal therapy used to treat life-threatening invasive mould infections. Cresemba holds US market exclusivity through to 2027, has been approved in 73 countries and is marketed in 67 countries, with orphan drug designation in the US, Europe and Australia. Cresemba continues to be important to Basilea, with sustained market appetite driving continued sales momentum. Royalty income from global Cresemba sales grew 22% y-o-y in FY22 to CHF65m with it reaching more than US\$373m in global sales in the 12 months to December 2022 (+15% y-o-y). The US remains a key market, contributing over 55% of Cresemba's in-market sales. However, we expect a material sales push for Cresemba to come from Japan and China in FY23 (which combined make up c 25% of the global market opportunity for Cresemba) following recent regulatory wins (launched in China and approved in Japan in 2022). We note that Basilea received a CHF20m sales-related milestone payment from US partner Astellas in January 2023 based on total US sales in 2022.

Beyond Cresemba, we see the upcoming new drug application (NDA) for Zevtera (antibiotic already launched in other countries) to the US FDA in Q323 as the next key milestone for Basilea. This regulatory decision is expected in Q224, and if successful, Zevtera may be launched by end-2024. The FDA has granted Qualified Infectious Disease Product designation to Zevtera, enabling a priority review following the filing of the NDA, and a 10-year market exclusivity period. Basilea hopes to sign a licensing partner prior to the regulatory decision, representing a potentially significant catalyst, in our view.

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