EDISON

# Basilea Pharmaceutica

Interim results

## Momentum continues

Pharma & biotech

**Basilea reported good momentum in H121 in all parts of the business. While total revenues declined to CHF54.2m (reflecting the phasing out of deferred revenues booked), actual in-market sales of Cresemba (severe mould infections) and Cresemba related income increased. Management has thus upgraded FY21 guidance for revenue to CHF134–144m (vs CHF128–138m) and operating loss to CHF7–17m (vs prior expected loss of CHF13–23m). We expect an event-driven 18 months ahead, with multiple R&D-related inflection points for its oncology assets derazantinib and lisavanbulin (glioblastoma). Basilea plans to progress a potential first-in-class kinase inhibitor into the clinic in early 2022, taking the oncology R&D pipeline tally to three assets. We value Basilea at CHF1.26bn.**

| Year end | Revenue (CHFm) | PBT* (CHFm) | EPS* (CHF) | DPS (CHF) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/19 | 134.4 | (22.3) | (2.08) | 0.0 | N/A | N/A |
| 12/20 | 127.6 | (29.6) | (2.89) | 0.0 | N/A | N/A |
| 12/21e | 141.4 | (23.5) | (1.84) | 0.0 | N/A | N/A |
| 12/22e | 140.5 | (18.4) | (1.43) | 0.0 | N/A | N/A |

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

## Cresemba sales growth momentum continues

In the near term, Cresemba (isavuconazole) is the major revenue driver. Global in-market sales exceeded $266m in the 12 months to end March 2021, as the product benefits from multiple worldwide partnerships including Astellas in the United States and Pfizer in Europe. Zevtera's (ceftobiprole) fortunes rest on the outcome of the ongoing Phase III ERADICATE trial in bacteriemia. Top-line data due in H122 will inform the US NDA filing strategy and will be pivotal to partnering negotiations. We now forecast higher R&D costs in FY22, with potential for break-even in FY23, based on ongoing Cresemba sales growth and an out-licensing deal for derazantinib in 2022 with the assumption that a partner will fund registrational trials.

## Oncology portfolio catalysts ahead

Basilea is focusing on longer-term value creation, which is dependent on crystallising value from its mid-stage oncology pipeline consisting of in-licensed asset derazantinib (multiple solid tumour indications) and in-house developed product lisavanbulin (glioblastoma). The latter received FDA Orphan Drug Designation for the treatment of malignant glioma in July. While we forecast derazantinib's first route to market is in iCCA in 2023, multiple data readouts expected in 2021/22 from FIDES-02 (UC) and FIDES-03 (GC) will determine combination strategies and its potential differentiation from the competition.

## Valuation: rNPV of CHF1.26bn or CHF106 per share

Our revised valuation is CHF1.26bn or CHF106/share, versus CHF1.17bn or CHF99/share previously. For Cresemba we increase our near-term revenues reflecting higher than anticipated milestones from partners, and our peak sales forecasts remain unchanged for all assets. Our valuation is based on an NPV analysis for marketed products and a risk-adjusted NPV for the pipeline. We have rolled forward our model and reflect net debt of CHF65.0m at 30 June 2021.

**29 September 2021**

| | |
|---|---|
| **Price** | **CHF44.1** |
| **Market cap** | **CHF570m** |
| | $1.12/CHF |
| Net debt (CHFm) at 30 June 2021 | 65.0 |
| Shares in issue | 12.9m |
| Free float | 90% |
| Code | BSLN |
| Primary exchange | SIX |
| Secondary exchange | N/A |

### Share price performance


| % | 1m | 3m | 12m |
|---|---|---|---|
| Abs | (7.0) | (4.9) | (9.0) |
| Rel (local) | 0.7 | (0.6) | (18.3) |
| 52-week high/low | CHF61.0 | | CHF42.8 |

### Business description

Basilea Pharmaceutica is focused on oncology and infectious diseases. Its marketed products are Cresemba (an antifungal) and Zevtera (an anti-MRSA broad-spectrum antibiotic). Its oncology R&D pipeline includes two clinical-stage assets, derazantinib and lisavanbulin.

### Next events

| | |
|---|---|
| Derazantinib monotherapy & combination FIDES-02 interim data in urothelial cancer | H221 |
| Ceftobiprole Phase III ERADICATE top-line data for bacteraemia (SAB) | H122 |
| Derazantinib monotherapy FIDES-03 interim data in gastric cancer | H122 |

### Analysts


Dr Susie Jana +44 (0)20 3077 5700

Dr John Priestner +44 (0)20 3077 5700

healthcare@edisongroup.com

Edison profile page


***Basilea Pharmaceutica is a research client of Edison Investment Research Limited***

## 2021 momentum to continue across the business

The first half of 2021 has been marked by progress across all business areas; this includes the commercial progress of lead asset Cresemba (isavuconazole), broadening of the early-stage oncology pipeline and the strategic divestment of the China R&D subsidiary. In terms of financial highlights, the phasing out of deferred revenues booked (related to upfront and development/regulatory milestones on out-licenced assets from prior periods) means the top line now mainly reflects current period revenues (royalties on sales, milestones and product sales to partners).

The next 12–18 months will continue to be dominated by evolving Cresemba sales and importantly a slew of datapoints that are expected across the oncology portfolio and for Zevtera (ceftobiprole) in bacterial infections. Exhibit 1 highlights the key catalysts ahead in 2021 and 2022. We note that Zevtera's fortunes rest on the outcome of the ongoing US Phase III ERADICATE trial and, on the basis of positive results (expected in H122), its potential approval in the United States given this is the critical market for the asset. A potential US launch date of 2023 is feasible, with an initial focus on *Staphylococcus aureus bacteraemia* (SAB) and acute bacterial skin and skin structure infections (ABSSSI). We forecast $550m in peak sales, comprising US peak sales of $317m in 2027, predicated on securing a US commercialisation partner. A partnering deal in the United States is now likely in 2022 (vs 2021) as data from ERADICATE will be pivotal to negotiations.

**Exhibit 1: Key catalysts in 2021/22**

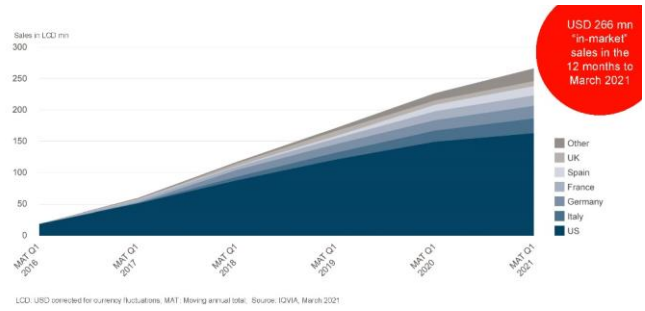
| | | H1 2021 | H2 2021 | H1 2022 | H2 2022 |
|---|---|---|---|---|---|
| Isavuconazole | | ✓ Complete patient enrolment in phase 3 study in Japan | File NDA in Japan | | |
| Ceftobiprole | | | Complete patient enrolment in SAB phase 3 study | Topline results from SAB phase 3 study | |
| Derazantinib | FIDES-01 (iCCA) | ✓ Topline results (FGFR2 gene fusions) | | | |
| | | ✓ Interim results (other FGFR2 genetic aberrations) | | Topline results (other FGFR2 genetic aberrations) | |
| | FIDES-02 (urothelial cancer) | | Interim results in monotherapy and combination therapy with atezolizumab in patients refractory to prior FGFR inhibitors | Interim results in monotherapy (400 mg/day) in 2nd-line FGFR-inhibitor naive patients and atezolizumab combination in 1st-line cisplatin-ineligible patients | |
| | FIDES-03 (gastric cancer) | | | Interim results in monotherapy (400 mg/day) and recommended phase 2 dose with ramucirumab/paclitaxel | Interim efficacy results in combination with ramucirumab/paclitaxel |
| Lisavanbulin | | | Interim results from phase 2 biomarker-driven glioblastoma study | Topline results from phase 2 biomarker-driven glioblastoma study | |
| | | | Recommended phase 2 dose in phase 1 study in newly-diagnosed glioblastoma in combination with radiotherapy | | |
| Novel kinase inhibitor (for cancer therapy) | | | File IND application | Initiate phase 1 study | |

Source: Basilea corporate presentation

## Cresemba ex-US is making an increasing contribution to growth

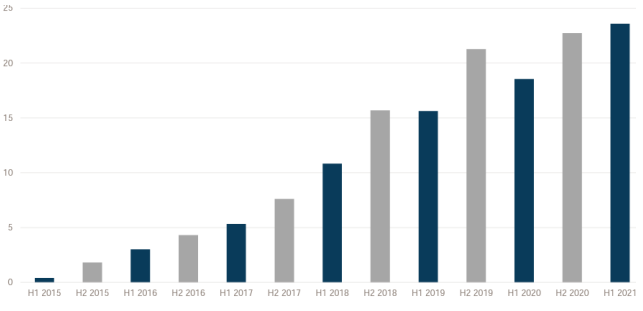
Cresemba sales have continued to grow, benefiting from international launches by partners in new markets and growth in existing markets. Cresemba is a broad-spectrum antifungal for the treatment of severe, life-threatening fungal infections. It is available in the United States and major European countries through regional partners including Astellas in the United States and Pfizer in most of Europe. In-market sales of Cresemba increased to $266m in the 12 months ending 31 March 2021 (+18% y-o-y vs the prior comparable period) and Basilea reported Cresemba royalty income of CHF23.6m in H121 (+27% y-o-y). Cresemba is currently available in 54 countries, with the aim of increasing to 60 by end 2021 and 70 by end 2022. Exhibit 2 highlights the increasing contribution from the key EU5/other markets. Further launches will aid growth in 2021 and beyond. Partner Asahi Kasei Pharma recently reported positive results from a Phase III clinical trial in deep-seated mycoses in Japanese patients. Asahi plans to file the NDA in Japan shortly for the treatment of deep-seated mycoses, including invasive aspergillosis, chronic pulmonary aspergillosis, mucormycosis and cryptococcosis. We note that global sales of many best-in-class antifungals are split c 25% US and c 75% rest of world (RoW), highlighting the importance of the opportunity outside the US for Cresemba.

**Exhibit 2: Cresemba in-market sales**




Source: Basilea corporate presentation

**Exhibit 3: Cresemba royalty revenue growth (CHFm)**




Source: Basilea corporate presentation

## Derazantinib data key to establishing differentiation

Multiple catalysts (Exhibit 1) including interim and top-line results from the entire FIDES clinical programme in intrahepatic cholangiocarcinoma (iCCA; bile duct cancer), urothelial cancer (UC) and gastric cancer (GC) are expected throughout 2021 and 2022. Collectively, these data will enable Basilea to define an optimal registration and commercialisation strategy. Our forecasts reflect first launch in iCCA, the most advanced indication, in 2023. However, given the constantly evolving and increasingly competitive landscape, Basilea may elect to build up a considerable data package ensuring derazantinib is truly differentiated to enable it to potentially take a larger market share. This could delay filing by one to two years but could ensure value optimisation from this unique fibroblast growth factor receptor (FGFR) inhibitor.

Derazantinib is an oral kinase inhibitor that targets FGFR1/2/3, VEGFR2 and CSF1R kinases. Deregulation of the fibroblast growth factor (FGF) signalling axis has been implicated in oncogenesis, tumour progression and resistance to anticancer therapy across many solid tumours. Among FGFR inhibitors, derazantinib's profile is unique as in addition to its ability to inhibit FGF receptor tyrosine kinase, it has activity against other receptor tyrosine kinases (it inhibits the colony stimulating factor 1 receptor, CSF1R, and inhibits vascular endothelial growth factor receptor 2, VEGFR2, the primary VEGFR involved in vascular growth and function). Thus, its potential synergy with checkpoint inhibitors (CPIs) and antiangiogenic agents is being examined; in combination with Roche's Tecentriq (atezolizumab) in UC and GC, and in combination with Eli Lilly's VEGFR antibody Cymraza (ramucirumab) and paclitaxel (chemotherapy) in GC.

### iCCA provides competitive clinical proof-of-concept

In September, Basilea presented updated data (early August cut-off) from the open-label Phase II FIDES-01 study highlighting further improvements in efficacy in iCCA patients with FGFR2 gene fusions (n=103, cohort 1) at ESMO 2021. The median progression-free survival (mPFS) of 8.0 months (vs 7.8 months previously) is in the upper range of peers in the FGFR inhibitor class and other efficacy outcomes are also encouraging (21.4% objective response rate, ORR, 75.7% disease control rate). Importantly, treatment-related adverse events were manageable and there was a particularly low incidence of events commonly observed for FGFR inhibitors as a class (nail toxicity, retinal events, hand-foot syndrome and stomatitis). These data establish a competitive clinical proof-of-concept as monotherapy with potential read across to other cancers where FGFR2 aberrations are implicated. Enrolment into cohort 2 (FGFR2 gene mutations or amplifications) is ongoing (top-line results expected in H122). This cohort remains important as it could provide differentiating data versus competitors.

### Combinations key to larger opportunities in urothelial and gastric cancer

With the competitive landscape evolving in UC and GC, Basilea is strategically exploring a higher dose of derazantinib (400mg per day) to maximise efficacy and differentiate it from existing

therapies. Derazantinib's favourable safety profile and good tolerability provide an improved value proposition versus competitors and could prove advantageous for use in rational combinations with other therapies. Interim results from FIDES-02 (UC) for the higher-dose monotherapy and combination with Tecentriq are expected in H122, while interim results from FIDES-03 (GC) for the higher-dose monotherapy and recommended Phase II dose of the combination with Cyramza and paclitaxel are expected in H122.

## Valuation

Our revised valuation is CHF1.26bn or CHF106/share, versus CHF1.17bn or CHF99/share previously. Our valuation is based on an net present value (NPV) analysis for marketed products and a risk-adjusted NPV for the pipeline. We have rolled forward our model and reflect net debt of CHF65.0m at 30 June 2021. The breakdown of our valuation is shown in Exhibit 4.

**Exhibit 4: Basilea rNPV valuation**

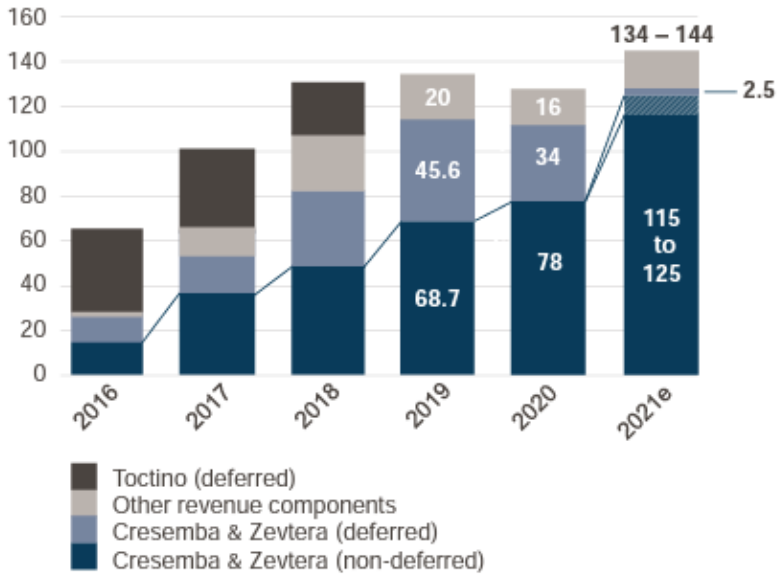
| Product | Indication | Launch | Peak sales (US$m) | NPV (CHFm) | Probability of success | rNPV (CHFm) | NPV/share (CHF/share) |
|---|---|---|---|---|---|---|---|
| Cresemba (isavuconazole) | Severe mould infections | 2015 (US); 2016 (EU); 2018 (RoW); 2022 Japan | 818 | 875.5 | 75–100%* | 829.2 | 69.8 |
| Zevtera/Mabelio (ceftobiprole) | Severe bacterial infections | 2015 (EU); 2018 (RoW); 2023 (US) | 550 | 247.0 | 75–100%** | 202.2 | 17.0 |
| Lisavanbulin | Glioblastoma | 2023 | 500 | 244.0 | 35% | 82.3 | 6.9 |
| Derazantinib | iCCA, urothelial cancer and gastric cancer | 2023 (iCCA); 2024 (urothelial); 2025 (gastric) | 934 | 415.3 | 50% | 207.6 | 17.5 |
| Net debt at 30 June 2021 | | | | (65.0) | 100% | (65.0) | (5.5) |
| **Valuation** | | | | **1,716.7** | | **1,256.3** | **105.8** |

Source: Edison Investment Research. Note: Treasury shares are not included in the per-share valuation. *100% probability of success for the US and EU, 75% for RoW and Japan. **100% probability of success for the EU, 75% probability for RoW and the US.

## H121 financial results

Basilea reported a decline of 22% in total revenues to CHF54.2m in H121 (H120: CHF69.3m), reflecting the phasing out of the deferred revenue component, which relates to prior upfront payments and milestones received across numerous assets. Importantly non-deferred revenues (which represent a mix of royalties on sales, product sales to partners and milestones mainly related to Cresemba) grew 26% to CHF46.1m (H120: CHF36.5m) reflecting a strong in-market sales performance. Exhibit 5 illustrates that management expects deferred revenues to be CHF2.5m in FY21 versus CHF33.8m in FY20. Management has upgraded its FY21 guidance for revenue to CHF134–144m (vs CHF128–138m) and an operating loss of CHF7–17m (vs the prior expected loss of CHF13–23m), mainly on the basis of increased confidence in Cresemba sales performance for the year.

**Exhibit 5: Evolution of reported revenues**




Source: Basilea corporate presentation

During FY21 Basilea will benefit from milestone payments from partners based on Cresemba sales, associated with meeting predetermined and undisclosed sales levels. Importantly the Cresemba and Zevtera non-deferred revenue lines include milestones as well as royalties on sales. Milestone payments are by nature volatile, and we expect lower milestones in FY22, but we expect an increase in royalties received on Cresemba sales. We also expect a decline in API sales to Pfizer, as it is expected to assume responsibility for API manufacturing in FY22. We forecast total revenues of CHF141.4m in FY21 and CHF140.5m in FY22. We expect R&D and SG&A expenses to remain relatively flat at CHF100.0m and CHF29.4m respectively, and forecast an operating loss of CHF15.3m in FY21. We now forecast a sustained operating loss of CHF11.1m in FY22 due to higher R&D expenses of CHF99.0m (vs CHF78.7m) to support the expanding clinical pipeline, with potential for break-even in 2023. In terms of when sustainable profitability (at operating profit level) can be achieved; the major swing factors to this are the timing (and amount) of milestones received, actual R&D expenses for the year and any potential in-licensing deals.

Basilea expects reported gross cash (including financial investments) of CHF165–170m at end 2021, slightly higher than prior guidance of CHF155–160m given at the FY20 results. This guidance excludes any potential impact from the repurchase of the outstanding convertible bond (maturity in 2022). We calculate net debt at 30 June 2021 of CHF65.0m based on CHF162.8m in cash and investments and CHF227.9m in unsecured convertible bonds.

## Exhibit 6: Financial summary

| Accounts US GAAP; year end 31 December; CHF000s | 2018 | 2019 | 2020 | 2021e | 2022e |
|---|---|---|---|---|---|
| **PROFIT & LOSS** | | | | | |
| Total revenues | 132,555 | 134,381 | 127,629 | 141,439 | 140,455 |
| Product revenues (Cresemba and Zevtera) | 105,900 | 114,461 | 112,032 | 126,091 | 134,142 |
| Cost of sales | (20,299) | (18,868) | (24,054) | (27,319) | (22,696) |
| Gross profit | 112,256 | 115,513 | 103,575 | 114,121 | 117,759 |
| Research and development expenses (net) | (104,942) | (102,662) | (97,410) | (100,000) | (99,000) |
| SG&A costs | (31,409) | (30,051) | (29,422) | (29,442) | (29,813) |
| Other income/(expense) | 0 | 0 | 0 | 0 | 0 |
| Exceptionals and adjustments | 0 | 0 | 15,035 | 0 | 0 |
| EBITDA (reported) | (22,243) | (15,561) | (7,032) | (13,819) | (9,447) |
| Reported operating income | (24,095) | (17,200) | (8,222) | (15,322) | (11,054) |
| Operating margin % | N/A | N/A | N/A | N/A | N/A |
| Finance income/(expense) | (7,065) | (5,182) | (6,445) | (8,307) | (7,497) |
| Exceptionals and adjustments | 0 | 0 | 0 | 0 | 0 |
| Profit before tax (reported) | (31,160) | (22,382) | (14,667) | (23,628) | (18,551) |
| Profit before tax (normalised) | (31,060) | (22,282) | (29,602) | (23,510) | (18,429) |
| Income tax expense (includes exceptional items) | (192) | (40) | (55) | 0 | 0 |
| Net income (reported) | (31,352) | (22,422) | (14,722) | (23,628) | (18,551) |
| Net income (normalised) | (31,252) | (22,322) | (29,657) | (23,510) | (18,429) |
| Basic average number of shares, m | 10.8 | 10.8 | 10.3 | 12.8 | 12.9 |
| Basic EPS (CHF c) | (289.3) | (208.5) | (143.2) | (185.0) | (143.5) |
| Adjusted EPS (CHF c) | (288.4) | (207.5) | (288.5) | (184.1) | (142.5) |
| Dividend per share (CHF c) | 0 | 0 | 0 | 0 | 0 |
| | | | | | |
| **BALANCE SHEET** | | | | | |
| Tangible assets | 6,424 | 5,162 | 2,627 | 3,242 | 3,757 |
| Intangible assets | 372 | 372 | 672 | 754 | 832 |
| Long-term investments | 0 | 30,000 | 0 | 0 | 0 |
| Other non-current assets | 217 | 1,073 | 2,967 | 2,967 | 2,967 |
| Total non-current assets | 7,013 | 36,607 | 6,266 | 6,963 | 7,556 |
| Cash and equivalents | 173,034 | 109,024 | 60,749 | 56,092 | 43,400 |
| Short-term investments | 50,000 | 20,000 | 101,023 | 101,023 | 101,023 |
| Inventories | 14,411 | 18,569 | 21,192 | 32,184 | 26,738 |
| Trade and other receivables | 3,757 | 6,242 | 8,710 | 11,625 | 11,544 |
| Other current assets | 33,536 | 31,025 | 31,854 | 31,854 | 31,854 |
| Total current assets | 274,738 | 184,860 | 223,528 | 232,778 | 214,559 |
| Long-term liabilities | 196,982 | 197,740 | 239,668 | 241,024 | 242,380 |
| Deferred revenue | 69,945 | 16,471 | 13,158 | 2,990 | 2,990 |
| Non-current operating lease liabilities | 0 | 548 | 896 | 896 | 896 |
| Other non-current liabilities | 14,827 | 24,174 | 27,957 | 27,957 | 27,957 |
| Total non-current liabilities | 281,754 | 238,933 | 281,679 | 272,867 | 274,223 |
| Accounts payable | 6,399 | 6,765 | 13,151 | 8,607 | 7,151 |
| Deferred revenue | 25,025 | 32,873 | 2,556 | 2,500 | 0 |
| Current operating lease liabilities | 0 | 352 | 1,752 | 1,752 | 1,752 |
| Other current liabilities | 35,260 | 35,504 | 32,702 | 32,702 | 32,702 |
| Total current liabilities | 66,684 | 75,494 | 50,161 | 45,561 | 41,605 |
| Net assets | (66,687) | (92,960) | (102,046) | (78,687) | (93,713) |
| | | | | | |
| **CASH FLOW STATEMENT** | | | | | |
| Reported net income | (31,352) | (22,422) | (14,722) | (23,628) | (18,551) |
| Depreciation and amortisation | 1,852 | 1,639 | 1,190 | 1,503 | 1,607 |
| Share based payments | 6,251 | 3,048 | 3,525 | 3,525 | 3,525 |
| Other adjustments | 758 | 758 | (13,365) | 1,356 | 1,356 |
| Movements in working capital | (56,719) | (46,859) | (30,762) | (28,675) | 1,570 |
| Cash from operations (CFO) | (79,210) | (63,836) | (54,134) | (45,919) | (10,492) |
| Capex | (419) | (294) | (1,823) | (2,000) | (2,000) |
| Short-term investments | 60,000 | 30,000 | (51,023) | 0 | 0 |
| Long-term investments | 0 | (30,000) | 0 | 0 | 0 |
| Other investing activities | (190) | (110) | 17,883 | (200) | (200) |
| Cash used in investing activities (CFIA) | 59,391 | (404) | (34,963) | (2,200) | (2,200) |
| Net proceeds from issue of shares | 0 | 0 | 0 | 43,463 | 0 |
| Movements in debt | 0 | 0 | 43,451 | 0 | 0 |
| Other financing activities | (5,986) | 1,309 | 1,616 | 0 | 0 |
| Cash from financing activities (CFF) | (5,986) | 1,309 | 45,067 | 43,463 | 0 |
| Cash and equivalents at beginning of period | 200,724 | 173,908 | 111,044 | 66,256 | 61,599 |
| Increase/(decrease) in cash and equivalents | (25,805) | (62,931) | (44,030) | (4,657) | (12,692) |
| Effect of FX on cash and equivalents | (1,011) | 67 | (758) | 0 | 0 |
| Cash and equivalents at end of period | 173,908 | 111,044 | 66,256 | 61,599 | 48,907 |
| Net (debt)/cash | 26,052 | (68,716) | (77,896) | (83,909) | (97,957) |

Source: company accounts, Edison Investment Research

## General disclaimer and copyright

This report has been commissioned by Basilea Pharmaceutica and prepared and issued by Edison, in consideration of a fee payable by Basilea Pharmaceutica. 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.



## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). 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

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.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia