

ASIT biotech

All go on Phase III

On July 11 ASIT biotech raised €12m in commitments in a heavily oversubscribed convertible bond placement. In raising this additional capital, ASIT outlined the primary use of the proceeds which is to fund the Phase III study of its short-course grass pollen allergy immunotherapy (AIT) product gp-ASIT+. An update was provided on its earlier-stage products – house dust mite and peanut allergy AITs. We speculated on the latter in our initiation note and it is now confirmed.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/17	0	(12.0)	(0.9)	0.0	N/A	N/A
12/18e	0	(11.8)	(0.8)	0.0	N/A	N/A
12/19e	0	(12.2)	(0.7)	0.0	N/A	N/A
12/20e	10.4	(4.9)	(0.2)	0.0	N/A	N/A

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

Good news fund-raising

ASIT biotech's €12m convertible bond (CB) fund-raising was heavily over-subscribed and the committed capital will be paid in equal tranches over the next 20 months. Proceeds from the placement will fund the second confirmatory Phase III study for the company's grass pollen AIT, which is expected to start recruiting patients in Q418 and report in Q419. In addition, the funding allows the continued development of ASIT's second product – hdm-ASIT+ – the house dust mite AIT and the third product, which we had previously termed a food allergy AIT, and has now been announced as a peanut allergy AIT (pnt-AIST+).

A funded pipeline results in optionality

ASIT now has the financial resources to complete the second Phase III for gp-ASIT+ which we have assumed will be commercialised by ASIT in Europe. The fund-raising puts ASIT in a much stronger position in partnering negotiations on gp-ASIT+ and other products that the company is developing outside Europe. This includes the recently disclosed pnt-ASIT+ – a short-course AIT for peanut allergy. Peanut allergies are anaphylactic reactions that potentially fatal and often require emergency hospitalisation. A GlobalData study estimated the 2017 disease prevalence in the eight major markets of 6.9m patients, with 44% of patients in the US and EU5 markets.

Valuation updated for cash and pipeline progression

We have included the cash flows from the €12m CB offering in our model which will result in 20 equal cash tranches over the next 20 months. We have assumed that the initial cash inflows will be modest (€3m in H218) and that the dilution starts 19 months from the date of CB issue and ends in H120. The only other change we have made to our model is to update spot foreign exchange rates. Our risk-adjusted rNPV valuation has increased to €121.8m, or €7.4 per share from €119.6m or €7.3 per share.

Over-subscribed fund-raising

Pharma & biotech

16 July 2018

Price €3.55

Market cap €59m

£/€1.13

Net cash (€m) at end Q417, plus €13.9m share issue 15.6

Shares in issue 16.5m

Free float 53%

Code ASIT

Primary exchange Euronext Brussels

Secondary exchange Euronext Paris

Share price performance



% 1m 3m 12m

Abs (10.1) (3.5) (27.6)

Rel (local) (9.9) (1.4) (25.8)

52-week high/low €5.7 €3.2

Business description

ASIT biotech is a clinical-stage company focused on the development of short-course therapies for allergies. ASIT's products are based on the proprietary ASIT+ technology platform allowing the development of products containing highly purified allergen fragments in an adjuvant-free formulation, selected to be safe while maintaining the capacity to stimulate the immune system.

Next events

Start of confirmatory Phase III of gp-ASIT+ Q418

hdm-ASIT+ and peanut-ASIT+ updates 2018

H118 results 19 September 18

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Exhibit 1: Financial summary

	EUR ('000)	2015	2016	2017	2018e	2019e	2020e	2021e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue		4	0	0	0	0	10,351	14,916
Cost of Sales		(3)	0	0	0	0	0	0
Gross Profit		1	0	0	0	0	10,351	14,916
General and Administrative Expenses		(947)	(1,822)	(1,676)	(1,659)	(1,643)	(1,626)	(1,610)
Research and Development Expenses		(6,691)	(12,123)	(10,903)	(10,903)	(11,365)	(14,322)	(15,570)
Other Operating Income		(3)	1,667	604	634	666	699	734
Reported operating profit		(7,640)	(12,278)	(11,975)	(11,928)	(12,341)	(4,898)	(1,529)
Net Interest		(75)	(60)	(9)	104	107	37	7
Profit before tax (reported)		(7,715)	(12,338)	(11,984)	(11,824)	(12,235)	(4,861)	(1,523)
Reported tax		0	(1)	(2)	(2)	2	1,458	457
Profit after tax (reported)		(7,715)	(12,339)	(11,986)	(11,826)	(12,232)	(3,403)	(1,066)
Minority interests		0	0	0	0	0	0	0
Net income (reported)		(7,715)	(12,339)	(11,986)	(11,826)	(12,232)	(3,403)	(1,066)
Basic average number of shares outstanding		8,504	11,219	12,806	15,526	16,432	16,432	16,432
EPS - basic reported (EUR)		-0.91	-1.10	-0.94	-0.76	-0.74	-0.21	-0.06
Stock price		3.46	4.46	5.46	3.66	3.66	3.66	3.66
BALANCE SHEET								
Non Current Assets		506	1,770	1,837	1,886	1,931	1,825	1,684
Property Plant and equipment, net		494	736	691	740	785	679	538
Other intangible assets		0	0	0	0	0	0	0
Other Non Current Assets		12	1,034	1,146	1,146	1,146	1,146	1,146
Current Assets		4,968	13,785	2,448	8,037	3,024	1,951	1,205
Cash and cash equivalents		4,621	13,387	2,126	7,715	2,702	1,629	883
Accounts receivable		2	3	0	0	0	0	0
Inventories		11	0	0	0	0	0	0
Other current assets		334	395	322	322	322	322	322
Current Liabilities		6,332	2,004	2,654	3,218	3,282	3,707	3,884
Accounts payable		1,611	1,707	1,264	1,828	1,892	2,317	2,494
Short term debt and borrowings		4,232	12	34	34	34	34	34
Other current liabilities		489	285	1,356	1,356	1,356	1,356	1,356
Non Current Liabilities		0	419	432	432	432	432	432
Loans and borrowings		0	419	432	432	432	432	432
Other non-current liabilities		0	0	0	0	0	0	0
Equity		(858)	13,132	1,199	6,273	1,241	(362)	(1,428)
Common stock / Capital		11,625	17,506	9,989	13,615	13,615	13,615	13,615
Additional paid-in capital / Share premium		0	21,957	21,957	23,405	18,372	16,770	15,704
Other reserves and surplus		(12,483)	(24,229)	(28,645)	(28,645)	(28,645)	(28,645)	(28,645)
Other Equity		0	(2,102)	(2,102)	(2,102)	(2,102)	(2,102)	(2,102)
CASH FLOW								
Cash Flow from Operations								
Net income (loss)		(7,715)	(12,339)	(11,986)	(11,826)	(12,232)	(3,403)	(1,066)
Depreciation and Amortization		80	141	205	189	202	203	172
Interest income/expense		75	60	9	(104)	(107)	(37)	(7)
Stock-based compensation		18	0	54	0	0	0	0
Non Cash Adjustments		0	11	(492)	0	0	0	0
(Increase) decrease in inventories		3	0	0	0	0	0	0
(Increase) decrease in trade receivables		(819)	(62)	74	0	0	0	0
(Increase) decrease in other current assets		0	(1,016)	(112)	0	0	0	0
Increase (decrease) in trade payables		751	(492)	(586)	564	64	424	178
Net cash used in Operating activities		(7,606)	(13,697)	(12,834)	(11,177)	(12,073)	(2,812)	(722)
Cash Flow from Investing								
Purchases of fixed assets		(372)	(383)	(161)	(239)	(247)	(98)	(31)
Other Investing Activities		1	(6)	0	0	0	0	0
Net cash used in Investing activities		(371)	(389)	(161)	(239)	(247)	(98)	(31)
Cash Flow from Financing								
Change in Debt		4,130	0	0	0	0	0	0
Change in Capital Stock		0	22,199	0	16,900	7,200	1,800	0
Interest paid		(6)	(204)	(10)	(23)	(23)	(23)	(23)
Other Financing Activities		33	857	1,743	128	130	60	30
Net cash used in Financing activities		4,157	22,852	1,733	17,004	7,307	1,837	7
Net Changes in Cash and Cash Equivalent		(3,820)	8,766	(11,262)	5,589	(5,013)	(1,073)	(746)
Net cash (debt) at the beginning of the period		8,441	4,621	12,968	1,694	7,283	2,270	1,197
Net cash (debt) at the end of the period		4,621	12,968	1,694	7,283	2,270	1,197	451

Source: Company accounts, Edison Investment Research

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