

Celyad

Progressing a broad clinical strategy

Placing announcement

Pharma & biotech

The placing has given Celyad a cash boost of €46.1m gross adding to the €34m on 31 December 2017. Celyad is designing a set of sophisticated clinical trials to expand understanding of its novel NKR CAR T-cell therapy. The THINK study, focused on AML and colorectal cancers, showed a near complete response (CR) in AML in Q417 plus two other AML responses and two colorectal stable disease cases. The highest THINK dose range should complete in H218. The SHRINK study, NKR CAR T-cells plus chemotherapy in metastatic colorectal cancer (mCRC), has dosed its first patient. The indicative value has been adjusted to €1040m, €85 per share.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/16	8.52	(20.00)	(2.09)	0.0	N/A	N/A
12/17	3.54	(26.80)	(2.79)	0.0	N/A	N/A
12/18e	0.00	(27.25)	(2.43)	0.0	N/A	N/A
12/19e	0.00	(28.50)	(2.38)	0.0	N/A	N/A

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

2017 accounts with increased 2018 cash

Celyad recognised €26.27m of one-off items in the 2017 accounts. There were non-cash write-offs and government loans on the C-Cure heart project (net €1.93m) and the buy-back of some of NKR technology royalty obligations potentially due to Dartmouth College and Celdara (€24.34m, of which €13.28m was cash). This reduced non-current liabilities by about €14m. There was a payment of €3.5m from Novartis for a non-exclusive licence to the allogeneic patent. Management state that the May placing proceeds, €46.1m gross, could fund Celyad through H2 2020.

Clinical validity and revised programme

In 2017, Celyad found an acute myeloid leukaemia (AML) patient given three doses of 1×10^9 NKR CAR T-cells had a near CR with markedly reduced blast counts and, importantly, a strong recovery in normal blood cell levels that enabled a stem cell transplant. The [case report](#) is published. Celyad is completing the higher 3×10^9 cell doses in the THINK study with preferential recruitment of AML and colorectal patients. Celyad is also evaluating combination therapies in the mCRC SHRINK trial with CYAD-01 in combination with FOLFOX chemotherapy. The LINK study, is testing direct tumour injection to avoid the need for cell migration to the cancer site. A trial in allogeneic NKR CAR therapy could start if there is THINK efficacy seen.

Valuation: Revised and diluted to €84 per share

The valuation (fully revised [30 October 2017](#)) is focused on AML at 25% probability and colorectal at 20%. The C-Cure €10m nominal value has now been removed. Cash flows have been adjusted in line with the 2017 annual report. This gives an adjusted indicative value of €1,040m (formerly €1,047m) given the weaker Euro US\$ rate. The number of shares and ADRs in issue has increased from 9.9m to 11.94m so the indicative value per share is now €85 (formerly €103). Value progression depends on CYAD-01 patient responses plus further deals and progression of the allogenic CAR opportunity, now a fashionable area.

30 May 2018

Price **€25.92**

Market cap **€309m**

\$1.18/€

Cash (€m) at 31 December 2017 34

Shares in issue (at 23 May 2018) 11.94m

Free float (Edison estimate) 67%

Code CYAD

Primary exchange Euronext Brussels

Secondary exchange NASDAQ

Share price performance



% 1m 3m 12m

Abs (13.5) (20.2) (32.4)

Rel (local) (10.0) (15.3) (30.0)

52-week high/low €54.1 €22.9

Business description

Celyad is developing an innovative natural killer receptor (NKR) CAR T-cell immune-oncology platform. Celyad has a leading position in CAR for AML and solid tumours and is exploring the use of NKR CAR with chemotherapy. It holds a key granted patent in allogeneic CAR technology.

Next events

Q218 update Q318

ASCO reports 1–5 June

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Exhibit 1: Financial summary

	€000s	2016	2017	2018e	2019e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		8,523	3,540	0	0
Cost of Sales		(53)	(515)	(500)	(500)
Gross Profit		8,470	3,025	(500)	(500)
EBITDA		(21,246)	(22,317)	(26,500)	(27,750)
Operating Profit (before amort. and except).		(22,006)	(23,283)	(27,500)	(28,750)
Intangible Amortisation		(756)	(748)	(750)	(750)
Other income and charges		0	(26,273)	0	0
Share-based payments		(2,847)	(2,569)	(2,600)	(2,600)
Operating Profit		(25,609)	(52,873)	(30,850)	(32,100)
Net Interest		1,997	(3,521)	250	250
Profit Before Tax (norm)		(20,009)	(26,804)	(27,250)	(28,500)
Profit Before Tax (FRS 3)		(23,612)	(56,394)	(30,600)	(31,850)
Tax		6	1	0	0
Profit After Tax (norm)		(20,003)	(26,803)	(27,250)	(28,500)
Profit After Tax (FRS 3)		(23,606)	(56,393)	(30,600)	(31,850)
Average Number of Shares Outstanding (m)		9.3	9.6	11.2	12.0
EPS - normalised (c)		(209)	(279)	(243)	(238)
EPS - (IFRS) (c)		(253)	(586)	(273)	(267)
Dividend per share (c)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		53,440	41,232	40,492	39,752
Intangible Assets		49,566	36,508	35,768	35,028
Tangible Assets		3,563	3,290	3,290	3,290
Investments		311	1,434	1,434	1,434
Current Assets		85,366	36,393	50,659	22,149
Stocks		0	0	0	0
Debtors		1,359	233	233	233
Cash (cash plus deposits)		82,587	33,905	48,171	19,661
Other		1,420	2,255	2,255	2,255
Current Liabilities		(11,275)	(7,944)	(7,944)	(7,944)
Creditors		(9,960)	(7,509)	(7,509)	(7,509)
Deferred revenue		0	0	0	0
Walloon loans and bank loan		(1,315)	(435)	(435)	(435)
Long Term Liabilities		(36,646)	(22,146)	(22,146)	(22,146)
Loans (non-current) Bank and Walloon		(7,866)	(1,870)	(1,870)	(1,870)
Other long term liabilities		(28,780)	(20,276)	(20,276)	(20,276)
Net Assets		90,885	47,535	61,061	31,811
CASH FLOW					
Operating Cash Flow		(26,695)	(46,027)	(26,514)	(27,471)
Net Interest		1,997	(3,521)	264	(29)
Tax		0	0	0	0
Capex		(1,782)	(858)	(1,010)	(1,010)
Acquisitions/disposals		(1,561)	0	0	0
Financing		0	625	46,140	0
Dividends		0	0	0	0
Other		3,109	1,099	(4,614)	0
Net Cash Flow		(24,932)	(48,682)	14,266	(28,510)
Opening net debt/(cash)		(96,131)	(73,406)	(31,600)	(45,866)
HP finance leases initiated		0	0	0	0
Loan and finance movements		2,207	6,876	(0)	0
Closing net debt/(cash)		(73,406)	(31,600)	(45,866)	(17,356)

Source: Edison Investment Research estimates, Celyad reports and announcements

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