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Basilea Pharmaceutica

Preliminary FY22 results

Revenue upside surprise for 2022

Pharma and biotech

Basilea has announced preliminary, unaudited revenue results for FY22, together with an operational update on its commercial and pipeline assets. Revenues related to the company's marketed products, Cresemba and Zevtera, were c CHF122m (FY21: CHF131m), exceeding the high end of management guidance by c 17%. Basilea also received revenue in the form of Biomedical Advanced Research and Development Authority reimbursements, proceeds from strategic oncology transactions and other revenue contributions, bringing total revenues for the period to c CHF148m (FY21: CHF148m), which exceed the high end of FY22 guidance by c 21%. In our view, the potential marketing approval of Zevtera in the US will be critical to drive revenue growth. We will update our estimates and valuation after the announcement of Basilea's full year-end results in February.

Year end	Revenue (CHFm)	PBT* (CHFm)	EPS* (CHFc)	DPS (CHFc)	P/E (x)	Yield (%)
12/20	127.6	(29.6)	(288.5)	0.0	N/A	N/A
12/21	148.1	(6.6)	(56.9)	0.0	N/A	N/A
12/22e	120.7	(14.6)	(123.2)	0.0	N/A	N/A
12/23e	131.3	9.0	66.0	0.0	0.76	N/A

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

In addition to the financial update, Basilea highlighted key operational milestones achieved during FY22. Positive results from the Phase III ERADICATE study, together with the Phase III TARGET study, have paved the way for the company to seek FDA approval for Zevtera in the US for three bacterial indications: *Staphylococcus aureus* bacteraemia, acute bacterial skin and skin structure infection and community-acquired bacterial pneumonia. After a positive pre-new drug application (NDA) meeting with the FDA in Q422, management now expects an NDA filing in the next two to three months. Management had previously anticipated an NDA to be submitted around year-end 2022; however, this slight delay should not significantly affect the launch of Zevtera and we believe a US launch date in late FY23 or early FY24 is feasible.

FY22 was significant for Basilea's oncology asset transactions, which were in line with the company's strategic focus on becoming a pure-play in anti-infectives. Notable deals included the out-licensing of kinase inhibitor BAL0891 to SillaJen and the sales of its poly(ADP-ribose) glycohydrolase inhibitor discovery programme to Nodus Oncology and preclinical CLK kinase inhibitors to Twentyeight-Seven Therapeutics. Basilea also returned the rights of derazantinib to Merck and retains the option to partner lisavanbulin in the future; however, no material costs related to oncology activities will be incurred in FY23.

Looking ahead, Basilea intends to bolster its pipeline in 2023, with management assessing preclinical and clinical in-licensing opportunities as well as progressing internal preclinical programmes towards the clinic. These include the 1-deoxy-D-xylulose 5-phosphate reductor isomerase inhibitor programme against multidrug-resistant Gram-negative bacteria, which is expected to reach a key preclinical decision point in FY23. Overall, Basilea has had a strong start to the year.

12 January 2023

Price	**CHF50.4**
Market cap	**CHF597m**
	$1.08/CHF
Estimated net debt (CHFm) at 31 December 2022	73.1
Shares in issue (excluding 1.15m treasury shares)	11.85m
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.

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