

Paion

Acacia to sell ByFavo in US

Acacia Pharma will sell ByFavo (remimazolam) in the US after a deal with Cosmo (Paion's Switzerland-based US partner). Cosmo estimates 24.5m endoscopy procedures per year. Acacia may launch its first US product, BARHEMSYS, from mid-2020 but has limited US infrastructure and, as yet, no salesforce. We are updating our Paion valuation (formerly €317m).

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/17	5.8	(15.9)	(20.5)	0.0	N/A	N/A
12/18	2.8	(12.4)	(15.9)	0.0	N/A	N/A
12/19e	8.0	(11.1)	(14.2)	0.0	N/A	N/A
12/20e	N/A	N/A	N/A	N/A	N/A	N/A

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

The FDA's review of ByFavo will complete by 5 April 2020 (PDUFA) with, if favourable, a possible launch event at [ANESTHESIOLOGY 2020](#) on 3–7 October. Cosmo now works with partner marketing companies in which it takes strategic stakes. Acacia will pay, though Cosmo, an estimated 20% royalty to Paion on final sales. Acacia's lead product, BARHEMSYS, could be approved by 26 February 2020. Cosmo's cash will enable Acacia to set up a US sales operation. Key managers may start from summer 2020 with a salesforce of up to 60+ planned.

BARHEMSYS (a rescue therapy for nausea and vomiting) will be used by inpatient hospital recovery rooms and intensive care units. In contrast, in the US ByFavo is an outpatient procedural sedative targeted at midazolam (which does not need an anaesthetist) for use in endoscopy suites or ambulatory surgery clinics, of which many are private. Hence, direct sales synergies may be limited but having two products will give Acacia better salesforce economics. Cosmo estimates the ByFavo market at 24.5m procedures per year. Assuming 90% midazolam use and 80% market coverage, this is a 17.6m dose potential market. ByFavo will cost more than generic midazolam but with higher throughput to offset the extra cost. Paion has completed a deal in Asia with Hana Pharm (€1.5m) and may also gain 2020 milestones, assuming approvals in the US and Japan, estimated by us at up to €20m. Paion is transitioning into a commercial company so we have suspended our forecast and valuation whilst we update our model and expectations.

US sales channel

Pharma and biotech

14 January 2020

Price €2.19
Market cap €140m

Cash (€m) at 30 June 2019	19.2
Shares in issue	63.9m
Free float	75%
Code	PA8
Primary exchange	Frankfurt
Secondary exchange	Xetra

Share price performance



Business description

Paion develops the fast onset, short recovery sedation product ByFavo. This has a 5 April PDUFA date and is filed in the US, EU, South Korea and China. In the US, it is partnered with Cosmo and sub-licensed to Acacia. A general anaesthesia Phase III is ongoing.

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