

Destiny Pharma

Benevolent environment for AMR companies

Destiny has had two positive and supportive announcements. The UK government has announced a number of initiatives and strategies to significantly enhance the return on investment for companies like Destiny that are developing new drugs to combat antimicrobial resistance (AMR). In addition Destiny has been awarded a £1.6m UK-China AMR grant.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/16	0.0	(1.45)	(3.94)	0.0	N/A	N/A
12/17	0.0	(3.21)	(8.45)	0.0	N/A	N/A
12/18e	0.0	(7.32)	(14.28)	0.0	N/A	N/A
12/19e	0.5	(8.26)	(15.29)	0.0	N/A	N/A

Note: *PBT and EPS are as reported.

The UK government has released a five-year action plan and a 20-year vision to tackle AMR, which follows similar proposals from the FDA in June 2018. The UK proposals include financial incentives and additional investment for companies such as Destiny Pharma that are developing new antimicrobial drugs. Our [initiation report](#) noted that Destiny's lead product, XF-73, is active against Gram-positive and some Gram-negative bacteria that include all strains of methicillin-resistant *Staphylococcus aureus* tested. This puts Destiny on the front line in the fight against AMR and it should benefit from these initiatives.

The UK's new five-year AMR national action plan includes 'stimulating the development of new products' active against AMR bacteria. This is in addition to Lord O'Neil's 2016 AMR review, where the pay-or-play concept of a government-imposed antibiotic investment charge on the pharmaceutical sector but not on companies that invest in AMR drug development, was suggested. This thinking has been extended with the UK government's recent strategies targeting the low returns on investment on AMR drug development by a new assessment of the cost-effectiveness of antimicrobial agents and new payment models. Because antimicrobial agents such as XF-73 typically cure patients, cost effectiveness should be obvious.

Destiny has also announced a grant of up to £1.6m from the UK-China AMR grant fund set up by Innovate UK on the eradication of resistant bacteria by its XF-series drugs. Innovate UK administers a number of peer-reviewed grant award schemes.

UK government highlights AMR

Pharma & biotech

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Price 65.50p
Market cap £29m

Net cash (£m) at 30 June 2018	15.1
Shares in issue	43.6m
Free float	92.7%
Code	DEST
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

Destiny Pharma is dedicated to the discovery, development and commercialisation of new antimicrobial agents that have unique properties to improve outcomes for patients. Destiny's first product, XF-73, is about to start a US Phase IIb clinical study.

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