

Transgene

Restructuring to focus on R&D

Business restructuring

Pharma & biotech

Transgene has announced restructuring plans to focus the business on research and development. This will result in closure of the pharmaceutical development and bio-manufacturing business (c €1.7m revenue in 2014) but should lead to long-term cost savings. We have placed our valuation and financials under review pending details on the likely impact of the restructuring and updated clinical development plans.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/13	15.7	(41.5)	(136.2)	0.0	N/A	N/A
12/14	11.8	(47.3)	(127.2)	0.0	N/A	N/A
12/15e	N/A	N/A	N/A	N/A	N/A	N/A

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

The restructuring aims to refocus Transgene's resources on its core business of research and development, to advance its clinical portfolio while preserving resources. Transgene plans to close its stand-alone pharmaceutical development and bio-manufacturing capabilities, affecting c 120 personnel (activities which will be outsourced in the future). Guidance on the financial impact of the restructuring has not been provided, although we would typically expect a near-term restructuring charge and longer-term cost savings. We have placed our financial forecasts under review.

Transgene did not announce any specific details on the development of its clinical pipeline and our valuation is under review until we have more information. In particular, we await information on TG4010, as this forms the bulk of our valuation. Namely, we look for clarity on the ongoing partnering discussions and the initiation of the Phase II combination trial with a checkpoint inhibitor. Further catalysts include the initiation of the Phase I/II trial with TG1050 and the partnering of TG3003. Transgene also announced intentions to increase collaborations at earlier stages of product development with academic institutions and hospitals as well as biopharmaceutical partners.

30 June 2015

Price €4.67

Market cap €180m

Net cash (€m) at 31 December 2014	13.7
Shares in issue	38.5m
Free float	43%
Code	TNG
Primary exchange	Paris
Other exchanges	N/A

Share price performance



Business description

Transgene is a French drug discovery and development company focused on the treatment of cancer and infectious diseases with immunotherapies. It has one product in Phase II development and two products about to enter Phase III.

Analysts

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