EDISON

# SymBio Pharmaceuticals

Product approval

## Treakisym approvals should lead to sales uplift

Pharma & biotech

**SymBio recently obtained approvals for Treakisym in Japan in the additional indications of first-line low grade non-Hodgkin's lymphoma (NHL) and mantle cell lymphoma (MCL). This follows on from the Aug 2016 approval in chronic lymphocytic leukaemia. We believe these additional indications could nearly double current Treakisym sales (on track for c $40m in 2016) via partner Eisai, which to date have been mostly in relapsed or refractory (r/r) low grade NHL/MCL. These approvals represent an important step in SymBio's strategy to maximise Treakisym's potential.**

| Year end | Revenue (¥m) | PBT* (¥m) | EPS* (¥) | DPS (¥) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/14 | 1,955 | (1,116) | (36.39) | 0.0 | N/A | N/A |
| 12/15 | 1,933 | (2,640) | (81.61) | 0.0 | N/A | N/A |
| 12/16e | 1,951 | (2,733) | (84.51) | 0.0 | N/A | N/A |
| 12/17e | 2,290 | (3,326) | (102.80) | 0.0 | N/A | N/A |

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles. Note: our financial forecasts will be updated post the FY16 financial report during Q117.

To date, Treakisym sales in Japan have largely been in the c 4,700 patients with r/r low grade NHL/MCL, with around a 60% share, according to SymBio. With c 7,100 first-line low grade NHL/MCL patients and more treatment cycles per patient on average, this indication could materially expand Treakisym's potential. We expect a formal launch by partner Eisai during Q117. We estimate that SymBio earns an average net margin of 10-12% on top-line Treakisym sales. We believe the main risk to future Treakisym sales will be drug pricing dynamics in Japan, with an increasing focus on cancer. To date, Treakisym pricing has been stable and our forecasts assume continued stable pricing. The next price review will be in 2018.

In November 2016 SymBio enrolled the first patient in the Phase III trial of IONSYS (SyB P-1501) for the management of postoperative pain; this was in line with expected timelines and SymBio continues to target launch in 2019. Rigosertib IV, with partner Onconova, continues in the global Phase III INSPIRE trial in second-line higher-risk myelodysplastic syndromes (HR-MDS), to which SymBio has committed to contribute >20 patients; SymBio enrolled its first patient in July 2016. Provision of oral rigosertib by Onconova for the Phase I trial in Japan in first-line HR-MDS has been delayed, slowing trial progression. As well as incorporating its US subsidiary in May 2016, SymBio Pharma USA Inc, SymBio continues to evaluate numerous drug candidates to complement and build its pipeline.

**6 January 2017**

| | |
|---|---|
| **Price** | **¥254** |
| **Market cap** | **¥11,638m** |
| | ¥118/$ |
| Cash (¥m) at 30 September 2016 | 6,078 |
| Shares in issue | 45.82m |
| Free float | 77% |
| Code | 4582 |
| Primary exchange | Japan |
| Secondary exchange | OTC US |

### Share price performance


### Business description

SymBio Pharmaceuticals is a Japanese specialty pharma company with a focus on oncology, haematology and pain management. Treakisym was in-licensed from Astellas in 2005. Rigosertib was in-licensed from Onconova and IONSYS was in-licensed from The Medicines Company.

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