

SymBio Pharmaceuticals

Licence agreement for IONSYS terminated

The licence agreement between SymBio and The Medicines Company (MDCO) for the exclusive rights to develop the IONSYS (SyB P-1501) pain patch in Japan has terminated effective 30 November. SymBio is seeking damages of at least \$82m (¥9bn) arising from MDCO's repudiation of the licence agreement. The termination is in line with our expectations after MDCO voluntarily withdrew IONSYS from sale in the US market in June; any compensation payments received from MDCO would represent upside to our forecasts and valuation. Our forecasts and valuation (\$174m) are unchanged, as we have **already** removed all future costs and revenues for SyB P-1501 from our financial model.

Year end	Revenue (\$m)	PTP (\$m)	EPADR (\$)	DPADR (\$)	P/E (x)	Gross yield (%)
12/15	17.1	(23.3)	(0.72)	0.0	N/A	N/A
12/16	21.0	(20.5)	(0.52)	0.0	N/A	N/A
12/17e	31.9	(35.4)	(0.73)	0.0	N/A	N/A
12/18e	37.6	(17.7)	(0.35)	0.0	N/A	N/A

Note: Converted at ¥113/US\$.

Suspended SyB P-1501 Phase III to be terminated

SymBio in-licensed IONSYS (SyB P-1501) for the treatment of post-operative pain from MDCO in October 2015, and initiated a Phase III trial of SyB P-1501 in Japan in June 2016. SymBio suspended enrolment in the trial in April. In conjunction with the termination of the licence agreement, SymBio will terminate the development of SyB P-1501, a process that it expects to complete by 31 March 2018.

Rigosertib Phase III interim analysis expected Q417

Partner Onconova reported in **November** that it expects the interim analysis of the INSPIRE Phase III trial of rigosertib to be performed in Q417 or early 2018. The study is investigating iv rigosertib as a second-line therapy in 225 patients with high-risk myelodysplastic syndrome. The trial is expected to fully enroll in H118 and report top-line data in 2018. SymBio holds Japan and Korea rights and has contributed 33 of ~170 trial sites that were active as at 31 October 2017.

Strong Treakisym sales growth continues

Growth of Treakisym sales continues to be strong, driven by the approval of two new indications in 2016. In-market sales grew by 53%y-o-y in the first nine months of 2017, and net sales to partner Eisai grew by 68%. SymBio reported net sales growth of 72% to \$21.4m in Q317. Despite the sales growth, the net operating loss for Q317 has increased to \$31.0m from \$16.8m in Q316, due largely to higher spending on clinical trials and costs associated with in-licensing bendamustine HCl RTD and RI injection products. SymBio has maintained its 2017 financial guidance, which was revised upwards in September.

Valuation: rNPV of \$174m or \$3.6/ADR

Our risk-adjusted valuation is unchanged at \$174m or \$3.6/ADR. We estimate that net cash of \$40.7m at 30 September should be sufficient to fund operations into H218, by which point the Phase III clinical trial for rigosertib iv should be complete. We model \$5.5m of indicative debt in FY18.

Corporate update

Pharma & biotech

15 December 2017

Price* **US\$1.94**

Market cap **US\$95m**

*Underlying ¥ price converted at ¥113/US\$

ADR/Ord conversion ratio 1:1

Net cash (\$m) at end September 2017 41

ADRs in issue 49.0m

ADR Code SYMQY

ADR exchange OTC

Underlying exchange Tokyo

Depository BNY

Business description

SymBio Pharmaceuticals is a Japanese specialty pharma company with a focus on oncology and hematology. The Treakisym powder formulation was in-licensed from Astellas in 2005; liquid Treakisym was in-licensed from Eagle Pharmaceuticals in 2017. Rigosertib was in-licensed from Onconova.

Next events

Rigosertib iv Phase III interim analysis Q417

In-licensing activities TBD

Treakisym sales update Q118

Analysts

Dennis Hulme +61 (0)2 9258 1161

Maxim Jacobs +1 646 653 7027

healthcare@edisongroup.com

[Edison profile page](#)

SymBio Pharmaceuticals is a research client of Edison Investment Research Limited

Exhibit 1: Financial summary

Accounts: JPN GAAP, year-end: December, \$'000s	2013	2014	2015	2016	2017e	2018e
PROFIT & LOSS						
Total revenues	13,558	17,301	17,108	20,957	31,850	37,593
Cost of sales	(10,744)	(12,641)	(11,949)	(12,955)	(22,423)	(26,465)
Gross profit	2,814	4,661	5,159	8,002	9,428	11,127
SG&A (expenses)	(8,369)	(9,343)	(9,734)	(12,072)	(16,372)	(17,027)
R&D costs	(9,317)	(6,850)	(18,006)	(14,753)	(27,832)	(11,947)
Other income/(expense) included in adjusted	0	0	0	0	0	0
Other income/(expense) excluded from adjusted	0	0	0	0	0	0
Reported EBIT	(14,872)	(11,533)	(22,581)	(18,823)	(34,776)	(17,846)
Finance income/ (expense)	89	219	144	48	(619)	153
Other income/(expense) included in adjusted	0	(16)	19	65	0	0
Other income/(expense) excluded from adjusted	612	1,488	(841)	(1,728)	0	0
Reported PBT	(14,172)	(9,841)	(23,259)	(20,437)	(35,395)	(17,693)
Income tax expense	(34)	(34)	(34)	(34)	(34)	(34)
Reported net income	(14,206)	(9,875)	(23,293)	(20,471)	(35,429)	(17,726)
Average number of ADRs - basic (m)	23.2	30.8	32.4	39.3	48.6	50.7
Basic Earnings per ADR (US\$)	(0.61)	(0.32)	(0.72)	(0.52)	(0.73)	(0.35)
Adjusted EBITDA	(14,800)	(11,421)	(22,367)	(18,596)	(34,537)	(17,580)
Adjusted EBIT	(14,872)	(11,533)	(22,581)	(18,823)	(34,776)	(17,846)
Adjusted PBT	(14,172)	(9,826)	(23,278)	(20,503)	(35,395)	(17,693)
Adjusted Earnings per ADR (US\$)	(0.61)	(0.32)	(0.72)	(0.52)	(0.73)	(0.35)
Adjusted diluted Earnings per ADR (US\$)	(0.61)	(0.32)	(0.72)	(0.52)	(0.73)	(0.35)
BALANCE SHEET						
Property, plant and equipment	76	434	469	660	839	1,033
Goodwill	0	0	0	0	0	0
Intangible assets	69	585	460	372	307	260
Other non-current assets	324	430	465	680	680	680
Total non-current assets	469	1,449	1,394	1,711	1,826	1,973
Cash and equivalents	46,851	45,063	37,712	50,613	15,269	3,540
Inventories	1,107	2,164	1,177	2,413	3,072	2,900
Trade and other receivables	0	2,413	2,661	4,314	5,672	5,150
Other current assets	19,600	14,874	1,164	1,818	1,818	1,818
Total current assets	67,557	64,514	42,715	59,159	25,831	13,408
Non-current loans and borrowings	0	0	0	3,982	0	4,164
Trade and other payables	0	0	0	0	0	0
Other non-current liabilities	27	20	14	12	12	12
Total non-current liabilities	27	20	14	3,995	12	4,176
Trade and other payables	0	2,708	2,831	2,848	3,614	2,360
Current loans and borrowings	0	0	0	0	0	1,327
Other current liabilities	2,221	1,610	2,045	5,489	5,489	5,489
Total current liabilities	2,221	4,318	4,876	8,337	9,103	9,176
Equity attributable to company	65,779	61,625	39,220	48,539	18,543	2,029
Non-controlling interest	0	0	0	0	0	0
CASH FLOW STATEMENT						
Profit before tax	(14,172)	(9,841)	(23,259)	(20,437)	(35,395)	(17,693)
Depreciation and Amortization	72	112	215	227	239	266
Share based payments	589	838	911	1,212	1,212	1,212
Other adjustments	(236)	(1,830)	231	1,744	619	(153)
Movements in working capital	(1,123)	(688)	1,678	(111)	(1,251)	(560)
Net cash from operating activities (pre-tax)	(14,869)	(11,409)	(20,226)	(17,365)	(34,575)	(16,928)
Interest paid / received	59	238	156	53	(619)	153
Income taxes paid	(34)	(34)	(34)	(34)	(34)	(34)
Cash from operations (CFO)	(14,844)	(11,205)	(20,103)	(17,346)	(35,228)	(16,808)
Capex	0	(961)	(210)	(247)	(354)	(412)
Acquisitions & disposals net	0	0	0	0	0	0
Other investing activities	(11,790)	3,743	13,389	(141)	0	0
Cash used in investing activities (CFIA)	(11,790)	2,782	13,178	(388)	(354)	(412)
Net proceeds from issue of shares	35,907	4,818	(16)	28,550	4,220	0
Movements in debt	0	0	0	3,982	(3,982)	5,491
Other financing activities	(7)	(7)	(7)	(159)	0	0
Cash from financing activities (CFF)	35,900	4,812	(23)	32,373	238	5,491
Currency translation differences and other	62	1,823	(402)	(1,738)	0	0
Increase/(decrease) in cash and equivalents	9,328	(1,788)	(7,351)	12,902	(35,345)	(11,729)
Cash and equivalents at end of period	46,851	45,063	37,712	50,613	15,269	3,540
Net (debt) cash	46,851	45,063	37,712	46,631	15,269	(1,951)
Movement in net (debt) cash over period	9,328	(1,788)	(7,351)	8,919	(31,362)	(17,220)

Source: Edison Investment Research and Symbio Pharmaceuticals accounts. Note: Solely for the convenience of the reader the financial summary table has been converted at a rate of ¥113 to \$1. Symbio reports statutory accounts in Japanese yen. These translations should not be considered representations that any such amounts have been or could be converted into US dollars at the assumed conversion rate.

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Pty Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2017 Edison Investment Research Limited. All rights reserved. This report has been commissioned by SymBio Pharmaceuticals and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Investment Research Pty Ltd (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2017. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.