

Immunicum

Aiming to be ready to use in solid tumour combos

Q318 results

Pharma & biotech

9 November 2018

Price **SEK8.38**

Market cap **SEK427m**

\$/SEK 9.04; €/SEK 10.34

Net cash (SEKm) at end-Q3 (before proposed c SEK351m rights issues) 132.4

Shares in issue 51m

Free float 86.1%

Code IMMU

Primary exchange NASDAQ Stockholm

Secondary exchange NA

Share price performance



% 1m 3m 12m

Abs (29.9) 24.0 12.3

Rel (local) (26.3) 31.1 17.3

52-week high/low SEK12.3 SEK6.0

Business description

Immunicum is a clinical-stage immunoncology company based in Gothenburg, Sweden. The company is developing an allogeneic off-the-shelf dendritic cell immune activator or immune primer for use in combination with tyrosine kinase inhibitors and checkpoint inhibitors in potentially any solid tumour indications.

Next events

Multi-indication (ILIAD) Phase Ib/II study start H218

FY18 results February 2019

RCC Phase II (MERECA) study top-line results Q319

Multi-indication (ILIAD) interim data 2019

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Immunicum's Q318 results detailed progress on a number of levels including regulatory, scientific and financing. The clinical progress resulted in increased administrative and R&D spend in the last year, which was higher than our estimates, and reflected the number and earlier stage of Immunicum's clinical trials outlined in Q3 results relative to Q2. Gross cash at end Q3 was SEK133.2m, which will be bolstered by the recently announced c SEK351m (before expenses) rights issue inflows expected before year-end FY18.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/17	0.0	(80.3)	(3.1)	0.0	N/A	N/A
12/18e	0.0	(95.9)	(1.9)	0.0	N/A	N/A
12/19e	0.0	(266.8)	(2.9)	0.0	N/A	N/A
12/20e	0.0	(56.9)	(0.6)	0.0	N/A	N/A

Note: *PBT and EPS are as reported.

Q3 outflows increase ahead of studies and trials

Q318 results reflect Immunicum's accelerating development stage, to be funded by the proposed c SEK351m (before costs) capital raises expected to be completed in December. Overall operating cash outflows for the nine months to September were SEK100.8m (SEK16.7m in Q3), up from SEK59m a year ago. Q3 R&D and administrative costs of SEK17.2m and SEK6.1m respectively were higher than our estimates due to advanced preparations for the US Phase Ib/II (ILIAD), as well as the ongoing Phase II renal cell carcinoma (MERECA) studies. Net cash at end September 2018 was SEK132.4m (SEK43.6m in Q317 and SEK149.1m at end Q218). We estimate further operating cash outflow increases as both the ILIAD study and investment in manufacturing to commercial scale start. We note these are now phased in from Q3, earlier than we had previously anticipated.

Recent preclinical data add to confidence

Preclinical results presented at the European Society for Medical Oncology 2018 Congress demonstrated the synergistic anti-tumour activity of the combination of systemically administered checkpoint inhibitors (CPIs) or immune enhancers, and Immunicum's lead product – ilixadencel – administered intratumourally. These are important data as ilixadencel is about to start the Phase Ib/II ILIAD study in combination with systemic CPIs and demonstrating that immune priming with ilixadencel can overcome resistance to CPI monotherapy should ensure better responses with the combination in the three tumour types to be studied. Prolonged survival with the anti-CD137/4-1BB immune enhancers also potentially expands ilixadencel's options in combination therapies and partnerships.

Valuation: Updated for accelerated trial spend

Q3 results and updates on development prompt us to further update our valuation. We had already included the upcoming stock issues. We now allow for higher and earlier operating expenses than we had previously, which fine-tunes our valuation to SEK1.4bn or SEK15.1 per share, from SEK1.5bn or SEK16.4 per share.

Exhibit 1: Financial summary

	SEK'000s	2017	2018e	2019e	2020e	2021e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT						
Revenue		0	0	0	0	0
EBITDA		(80,629)	(95,804)	(266,846)	(56,904)	(59,571)
Operating expenses		(80,847)	(96,017)	(267,080)	(57,162)	(59,854)
Depreciation		(71)	(61)	(3)	(1)	(0)
Operating income		218	213	234	258	283
Reported operating profit		(80,700)	(95,865)	(266,849)	(56,905)	(59,571)
Net Interest		362	(15)	6	(13)	7
Profit before tax (reported)		(80,338)	(95,880)	(266,843)	(56,918)	(59,563)
Reported tax		0	0	0	0	0
Profit after tax (reported)		(80,338)	(95,880)	(266,843)	(56,918)	(59,563)
Minority interests		0	0	0	0	0
Net income (reported)		(80,338)	(95,880)	(266,843)	(56,918)	(59,563)
Basic average number of shares outstanding		25,959	49,444	92,258	92,258	92,258
EPS - basic reported (SEK)		(3.09)	(1.94)	(2.89)	(0.62)	(0.65)
BALANCE SHEET						
Non-current Assets		105,309	6	3	2	1
Property Plant and equipment, net		69	5	2	1	0
Other financial assets		1	1	1	1	1
Other non-current Assets		105,239	0	0	0	0
Current Assets		140,837	423,533	156,929	100,313	40,838
Cash and cash equivalents		128,883	416,881	150,093	93,285	33,606
Accounts receivable		0	3,675	3,859	4,052	4,254
Marketable securities and short-term investments		0	0	0	0	0
Prepaid expenses		8,454	2,977	2,977	2,977	2,977
Current Liabilities		55,740	15,214	15,449	15,750	15,838
Accounts payable		11,714	842	1,077	1,378	1,466
Accrued other liabilities		43,694	13,081	13,081	13,081	13,081
Other current liabilities		331	1,291	1,291	1,291	1,291
Non-Current Liabilities		850	850	850	850	850
Long term debt		850	850	850	850	850
Equity						
Total Shareholder's Equity		189,556	409,577	142,734	85,816	(30,666)
CASH FLOW						
Cash Flow from Operations						
EBIT (Operating profit)		(80,700)	(95,865)	(266,849)	(56,905)	(59,571)
Depreciation		71	62	3	1	0
Income Tax paid		0	0	0	0	0
Other Working Capital changes		34,455	(37,316)	51	108	(155)
Cash interest paid		(274)	(15)	(26)	(26)	0
Cash interest received		0	0	32	13	7
Net cash used in Operating activities		(46,447)	(133,140)	(266,788)	(56,809)	(59,678)
Cash Flow from Investing						
Purchase of fixed assets		0	0	0	0	0
Sale of Investments		10,162	0	0	0	0
Net cash used in investing activities		10,162	0	0	0	0
Cash Flow from Financing						
Change in Capital Stock		62,269	421,139	0	0	0
Net cash from Financing activities		62,269	421,139	0	0	0
Net Changes in Cash and Cash Equivalent		25,984	287,999	(266,788)	(56,809)	(59,678)
Cash and Cash Equivalents - Beginning		102,899	128,883	416,882	150,094	93,285
Cash and Cash Equivalents - End		128,883	416,882	150,094	93,285	33,607
Net cash/(debt)		128,033	416,031	149,243	92,434	32,756

Source: Company accounts, Edison Investment Research

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