



Executive Interview – Shield Therapeutics

Shield Therapeutics
Next step US Feraccru approval

Shield Therapeutics reported FY18 results in line with our expectations. Total revenue of £11.8m included the £11.8m upfront payment from European partner Norgine. Operating expenses were substantially reduced as Shield moved from a direct selling model to out-licensing deals for Feraccru commercialisation. Norgine will roll out Feraccru across additional European countries in 2020, subject to country-by-country reimbursement negotiations. In the US, we expect Feraccru approval in 2019 and that Shield will seek a marketing partner thereafter. The positive AEGIS-H2H data (non-inferiority to IV iron) announced recently should strengthen Feraccru's appeal. We value Shield at €177m (from €178m).

| Year end | Revenue (\$m) | PBT (\$m) | EPS (\$) | DPS (\$) | PE (x) | Yield (%) |
|----------|---------------|-----------|----------|----------|--------|-----------|
| 12/17 | 9.64 | (18.42) | (19.2) | 0.0 | N/A | N/A |
| 12/18 | 11.88 | 0.16 | 0.0 | 0.0 | N/A | N/A |
| 12/19e | 2.98 | (9.37) | (8.5) | 0.0 | N/A | N/A |
| 12/20e | 2.86 | (10.0) | (7.8) | 0.0 | N/A | N/A |

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

2019 US approval and marketing partner
Key inflections in 2019-20 include potential regulatory approval in the US (and a partnering deal), sales growth across Europe and the US, and potential China out-licensing of Feraccru (discussions with Chinese companies are underway). Partnering strategies enhance economic returns and de-risk the investment case. The AEGIS-H2H marketing study, comparing Feraccru (an oral iron treatment) to the market-leading IV iron (Ferroinject), has reported promising top-line data, demonstrating that Feraccru is a non-inferior treatment option for patients with iron deficiency anaemia compared to Ferroinject. We believe these data will increase clinical uptake, and positively affect pricing negotiations and reimbursement.

Financials: Cash runway into 2020
Shield reported a net loss of £1.8m in FY18 (FY17: £19.8m), benefiting from the £11m upfront licence payment from Norgine and a significant reduction in operating expenses following the restructuring of the company in 2018. The year-end cash position of £9.8m implies a cash runway into 2020. We forecast a 2019 cash burn of £5.1m and sustainable profitability from 2022. Shield is dependent in the near term on royalty and milestone income from partners. A US partnering deal in 2019 should enable an upfront licensing payment to extend cash runway further.

FY18 results
Pharma & biotech

3 April 2019


Price 76.5p
Market cap £89m
US\$67.7k, €63.8k, US\$40.8k


Net cash (£m) at 31 December 2018 9.8

Shares in issue 116.4m
Free float 28%

Code STX
Primary exchange AIM
Secondary exchange N/A

Share price performance





Valuation: £177m or 147p/share
Sean Conroy
 Analyst, Edison

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Shield Therapeutics is a UK-based, speciality pharmaceutical company with a primary focus on commercialising its drug Feraccru, which is approved in Europe for the treatment of iron deficiency, with or without anaemia. In this video, healthcare analyst Dr Sean Conroy provides an overview of Shield Therapeutics and outlines the company's strategy for the commercialisation of Feraccru. He finishes the video by detailing Edison's approach to valuing the company.

See latest research note [here](#).



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