

Shield Therapeutics

Directorate change

Tim Watts succeeds Carl Sterritt as CEO

Shield Therapeutics (STX) has announced that founder Carl Sterritt has resigned from his role as CEO with mutual agreement from its main shareholders. Tim Watts has been appointed as CEO from his position of CFO (since August 2018). While the timing does come as a surprise, we do not expect any disruptions to the business strategy; successfully commercialising Feraccru through partners is key to STX realising its value. Importantly, the company reported an end-FY19 cash position of £4.1m and the post-period end upfront payment of \$11.4m from ASK Pharm received in January 2020 extends the cash runway into 2021. Our valuation of STX is unchanged at £344.7m or 294p/share.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/17	0.64	(18.42)	(15.2)	0.0	N/A	N/A
12/18	11.88	(5.15)	(1.5)	0.0	N/A	N/A
12/19e	2.92	(7.82)	(5.2)	0.0	N/A	N/A
12/20e	11.74	0.27	1.3	0.0	N/A	N/A

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

In July 2019, the FDA approved the product for the treatment of iron deficiency in patients with any underlying cause – the broadest possible label. The 2019 business and trading update highlighted a landmark year for Feraccru/Accrufer (oral ferric maltol) in Europe, with sales volumes growing 67% through commercialisation partner, Norgine. Momentum has continued into 2020 with an out-licensing deal with China-based Beijing Aosaikang Pharmaceutical (ASK Pharm) that covers China, Hong Kong, Macau and Taiwan. We expect a US partnering deal (2020) and associated upfront licensing payment to strengthen the balance sheet, further reducing the requirement for a capital increase. We note that Carl Sterritt will continue to actively support US partnering activities to ensure a smooth transition and remains a significant shareholder.

Pharma & biotech

22 April 2020

Price **105.5p**
Market cap **£124m**

£0.76/US\$; £0.91/€

Estimated net cash (£m) at 31 December 2020 8.5

Shares in issue 116.4m

Free float 29%

Code STX

Primary exchange AIM

Secondary exchange N/A

Share price performance



Business description

Shield Therapeutics is a commercial-stage pharmaceutical company. Its proprietary product, Feraccru, is approved by the EMA and FDA for the treatment of iron deficiency. Feraccru is marketed through partners Norgine, AOP Orphan and Ewopharma.

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