

# Shield Therapeutics

## Greg Madison succeeds Tim Watts as CEO

Directorate change

Pharma & biotech

28 May 2021

**Price** **57p**

**Market cap** **£123m**

£0.72/US\$; £0.87/€

Reported net cash (£m) at 31 March 2021 28.2

Shares in issue 215.8m

Free float 54%

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. Outside of the United States Feraccru is marketed through partners Norgine, AOP Orphan and Ewopharma.

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Shield Therapeutics (STX) has announced the appointment of a new chief executive officer (CEO), [Greg Madison](#), with effect from 1 June 2021. Greg is a seasoned CEO with previous experience of the US iron deficiency market. Notably, he led the transformation of Keryx Biopharmaceuticals (2015–18) into a US commercial stage company focused on Auryxia (ferric citrate), an oral product for the treatment of iron deficiency anaemia and hyperphosphatemia. Given the primary focus for STX now is to establish and expand its US-based operations ahead of a Q221 launch of lead asset Accrufer (oral ferric maltol), the appointment of a US-based CEO makes sense in our view. [Our valuation of STX is unchanged](#) at £505.7m or 234p/share.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/19	0.7	(9.1)	(7.5)	0.0	N/A	N/A
12/20	10.4	(1.9)	(2.2)	0.0	N/A	N/A
12/21e	6.7	(22.3)	(11.1)	0.0	N/A	N/A
12/22e	27.1	(8.4)	(3.3)	0.0	N/A	N/A

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

Accrufer/Feraccru received FDA approval in 2019 with the broadest possible label for the treatment of iron deficiency in adults with or without anaemia (not restricted to any specific cause). A timely launch (and subsequent market access coverage) is critical, as the product could offer an improved value proposition to patients and payors versus existing oral treatments or the alternative, an IV treatment in the hospital setting. In May STX confirmed that it is [on track to launch](#) by end June.

STX is establishing and expanding its US commercial infrastructure to include 30 sales reps to support the product launch. Key to success is hiring the right personnel, and STX has identified four US-based individuals (including chief commercial officer, Brian Groch) with the relevant sales, medical liaison, supply chain and market access experience. Greg's extensive US commercialisation experience will be invaluable. We note STX's current CEO Tim Watts will continue to support the company and its US launch activities as an executive director until 30 September 2021 to ensure a smooth transition.

Commercialisation in the US could be transformational for STX, as the prescription market for iron replacement therapies is worth over \$1bn annually. STX reported an unaudited cash balance of £28.2m at 31 March 2021. Management expects this is sufficient to take it to the point at which it is cash flow positive, which it expects to reach on a monthly basis within 15–18 months after US launch.

We maintain our [peak sales forecasts](#) of \$256m in the US, €130m in Europe and \$126m in China. Commercialisation in Europe, Australia and New Zealand is in the hands of partner Norgine (FY20: £0.7m from royalties on sales). Meanwhile, partner ASK Pharm is leading development and commercialisation in China, Hong Kong, Macau and Taiwan (with potential launch in 2023).

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