

Shield Therapeutics

New CFO to support US traction

Leadership update

Pharma and biotech

11 January 2024

Price **7.55p**

Market cap **£59m**

£0.79/US\$; £0.86/€

Proforma net cash (\$m) at 30 June 2023 14.0
(including \$6.1m fund-raise in September)

Shares in issue 782.1m

Free float 55%

Code STX

Primary exchange AIM

Secondary exchange N/A

Shield Therapeutics has appointed Santosh Shanbhag as chief financial officer (CFO) and member of the executive leadership team. Mr. Shanbhag was previously the CFO of Nasdaq-listed Akili, which he helped grow and take public. Before Akili, he held senior finance positions at Vertex Pharmaceuticals, where he worked on business and corporate development and helped secure reimbursement for novel drugs in key international markets. We expect Shield to leverage Mr. Shanbhag's US healthcare experience, which should support the company in optimising pricing and expand payor coverage for Accrufer.

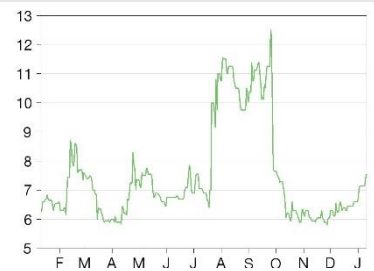
Year end	Revenue (\$m)	PBT* (\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/22	5.5	(31.2)	(13.6)	0.0	N/A	N/A
12/23e	22.9	(29.7)	(4.0)	0.0	N/A	N/A
12/24e	74.8	(15.2)	(2.0)	0.0	N/A	N/A

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

Santosh Shanbhag will start his tenure as Shield's CFO from 16 January 2024 replacing Hans-Peter Rudolf, who stepped down in October 2023. Mr. Shanbhag has over 20 years of experience in finance, business and corporate development with large-cap pharma companies such as Vertex as well as more niche players like Akili. We expect Shield to leverage Mr. Shanbhag's familiarity of the US healthcare landscape and capital markets to assist in scaling the business and to grow the Accrufer franchise as well as optimise pricing and secure wider payor coverage. As per Shield's latest update, a total of 123 million people, or c 50% of eligible lives, have payor coverage for Accrufer, which means a significant part of the market remains untapped. The net realisable price for the drug in Q323 was \$148 per prescription, translating to a gross-to-net discount of 70%, an improvement from the 75% previously but still higher than the target 50%.

Shield's management is targeting material US prescription growth in the coming years, including 100–130k prescriptions in FY23. In Q323, the company recorded 27,750 prescriptions, 76% sequential growth over Q2, benefiting from a full-strength sales team (training and recruitment plan completed by May 2023) in collaboration with commercial partner Viatris. The 9M23 prescription figure was 54,034, which requires c 46–76k prescriptions to be recoded on Q423, c 66–174% sequential growth over Q323, to meet the company's target. Given the recent pace of growth we believe this is achievable, although meeting the upper end of this target would require considerable traction. We maintain that Shield remains funded to 2025, by which time we estimate the business will break even. However, this would require Shield to meet its targeted prescription growth along with improving pricing dynamics, something we expect the new CFO to focus on.

Share price performance



Business description

Shield Therapeutics is a commercial-stage pharmaceutical company. Its proprietary product, Feraccru/Accrufer, is approved by the EMA and FDA for iron deficiency. Outside the US, Feraccru is marketed internationally through Shield and its commercial partners. Having first followed a self-commercialisation strategy in the US, Shield announced a co-commercialisation deal with Nasdaq-listed Viatris in December 2022.

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