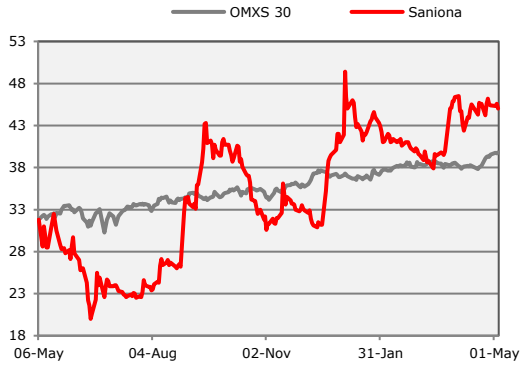
Summary

Saniona (Sanion.st)

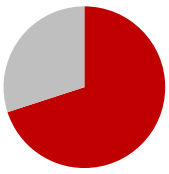
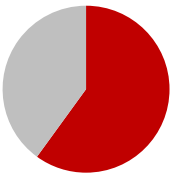
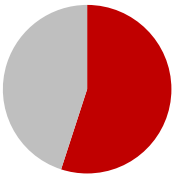
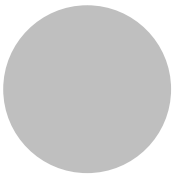
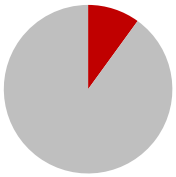
Tesomet in focus

- 2017 has started well for Saniona and significant progress has been made in the development of Tesomet. Most important of all was the positive outcome in the phase IIa trial, showing a promising safety profile for Tesomet with a reduction in heart rate, rather than an increase seen in patients treated with tesofensine.
- A new clinical trial in Prader-Willi syndrome (PWS) was recently initiated and is expected to last for about a year. We believe PWS is an attractive indication for pursuing development of Tesomet in terms of time to market, costs for clinical trials and market opportunities. We estimate peak sales potential for Tesomet in PWS of USD 240 million, with a possibility to be on the market in 2021.
- Adding the PWS indication to our Saniona model is the main reason for us raising our base case fair value to SEK 65 (60). We argue the market underestimate the importance for Tesomet of the positive outcome in the phase IIa clinical trial and the opportunity in PWS.

List:	First North Premier
Market Cap:	921 MSEK
Industry:	Biotech
CEO:	Jørgen Drejer
Chairman:	Claes Braestrup



Redeye Rating (0 – 10 points)

Management	Ownership	Profit outlook	Profitability	Financial strength
				
7.0 points	6.0 points	5.5 points	0.0 points	1.0 points

Key Financials

	2015	2016	2017E	2018E	2019E
Revenue, MSEK	14	75	47	33	172
Growth	*-37%*	*450%*	*-38%*	*-30%*	*423%*
EBITDA	-27	5	-15	-37	85
EBITDA margin	*-200%*	*6%*	*Neg*	*Neg*	*50%*
EBIT	-28	4	-15	-38	85
EBIT margin	*-206%*	*6%*	*Neg*	*Neg*	*50%*
Pre-tax earnings	-29	5	-17	-40	85
Net earnings	-23	2	-13	-35	66
Net margin	*-168%*	*3%*	*Neg*	*Neg*	*39%*
Dividend/Share	0.00	0.00	0.00	0.00	0.00
EPS adj.	Neg	0.11	-0.61	-1.58	3.18
P/E adj.	Neg	385.1	Neg	Neg	13.9
EV/S	21.3	10.7	18.8	27.9	4.9
EV/EBITDA	Neg	176.7	Neg	Neg	9.8

Share information	
Share price (SEK)	44.2
Number of shares (m)	20.8
Market Cap (MSEK)	921
Net debt (MSEK)	-53
Free float (%)	80 %
Daily turnover ('000)	72

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Redeye Rating: Background and definitions

The aim of a Redeye Rating is to help investors identify high-quality companies with attractive valuation.

Company Qualities

The aim of Company Qualities is to provide a well-structured and clear profile of a company's qualities (or operating risk) – its chances of surviving and its potential for achieving long-term stable profit growth.

We categorize a company's qualities on a ten-point scale based on five valuation keys; 1 – Management, 2 – Ownership, 3 – Profit Outlook, 4 – Profitability and 5 – Financial Strength.

Each valuation key is assessed based a number of quantitative and qualitative key factors that are weighted differently according to how important they are deemed to be. Each key factor is allocated a number of points based on its rating. The assessment of each valuation key is based on the total number of points for these individual factors. The rating scale ranges from 0 to +10 points.

The overall rating for each valuation key is indicated by the size of the bar shown in the chart. The relative size of the bars therefore reflects the rating distribution between the different valuation keys.

Management

Our Management rating represents an assessment of the ability of the board of directors and management to manage the company in the best interests of the shareholders. A good board and management can make a mediocre business concept profitable, while a poor board and management can even lead a strong company into crisis. The factors used to assess a company's management are: 1 – Execution, 2 – Capital allocation, 3 – Communication, 4 – Experience, 5 – Leadership and 6 – Integrity.

Ownership

Our Ownership rating represents an assessment of the ownership exercised for longer-term value creation. Owner commitment and expertise are key to a company's stability and the board's ability to take action. Companies with a dispersed ownership structure without a clear controlling shareholder have historically performed worse than the market index over time. The factors used to assess Ownership are: 1 – Ownership structure, 2 – Owner commitment, 3 – Institutional ownership, 4 – Abuse of power, 5 – Reputation, and 6 – Financial sustainability.

Profit Outlook

Our Profit Outlook rating represents an assessment of a company's potential to achieve long-term stable profit growth. Over the long-term, the share price roughly mirrors the company's earnings trend. A company that does not grow may be a good short-term investment, but is usually unwise in the long term. The factors used to assess Profit Outlook are: 1 – Business model, 2 – Sale potential, 3 – Market growth, 4 – Market position, and 5 – Competitiveness.

Profitability

Our Profitability rating represents an assessment of how effective a company has historically utilised its capital to generate profit. Companies cannot survive if they are not profitable. The assessment of how profitable a company has been is based on a number of key ratios and criteria over a period of up to the past five years: 1 – Return on total assets (ROA), 2 – Return on equity (ROE), 3 – Net profit margin, 4 – Free cash flow, and 5 – Operating profit margin or EBIT.

Financial Strength

Our Financial Strength rating represents an assessment of a company's ability to pay in the short and long term. The core of a company's financial strength is its balance sheet and cash flow. Even the greatest potential is of no benefit unless the balance sheet can cope with funding growth. The assessment of a company's financial strength is based on a number of key ratios and criteria: 1 – Times-interest-coverage ratio, 2 – Debt-to-equity ratio, 3 – Quick ratio, 4 – Current ratio, 5 – Sales turnover, 6 – Capital needs, 7 – Cyclicality, and 8 – Forthcoming binary events.

Good progress with Tesomet

This year has started with a positive news flow for Sanionas main clinical asset Tesomet/tesofensine. The most important news was the positive outcome of a phase IIa clinical trial, presented in January, which showed that Tesomet does not increase the heart rate in the same manner as tesofensine. Instead, Tesomet reduced the heart rate compared with baseline data. We believe this is an important improvement in the safety profile compared with tesofensine, which makes Tesomet a far more attractive asset and increases the likelihood of finding a partner.

With regard to exploring further opportunities with Tesomet, Saniona recently initiated a clinical phase IIa trial in the orphan indication Prader-Willi syndrome (PWS). We believe PWS is an attractive indication for pursuing development of Tesomet in terms of time to market, costs for clinical trials and market opportunities. We estimate peak sales potential for Tesomet in PWS of USD 240 million with a possible launch in 2021. Adding the PWS indication to our Sanoina model estimates is the main reason we are raising our base case valuation to SEK 65 (60). However, the risk in Saniona shares is still high, as shown by the wide range between our bear case (SEK 14) and bull case (SEK 135).

Tesomet background

To recap, Tesomet is a combination of tesofensine and metoprolol. Tesofensine has shown impressive data in previous clinical trials in reducing weight in obese patients, although at the expense of adverse effects such as increased heart rate and blood pressure. The hypothesis, supported by preclinical data and datamining from a previous clinical trial, is that the beta blocker metoprolol has the ability to neutralize these negative effects.

To confirm this in patients and to evaluate the effect of Tesomet in type 2 diabetes (T2D) patients, Saniona initiated a double-blind, placebo-controlled trial last year. Tesomet was evaluated at a fixed dose (0.5 mg of tesofensine plus 100 mg of metoprolol daily). The primary endpoint of this phase IIa trial was to examine whether Tesomet has no or only a marginal effect on heart rate. The secondary endpoint was to evaluate whether Tesomet reduced blood glucose levels, body weight and liver fat.

A total of 60 patients were enrolled for the trial, with 30 patients treated with Tesomet over 12 weeks and 30 patients given a placebo. The top line was positive, showing a statistically significant reduction in heart rate ($p=0.0038$) for patients treated with Tesomet compared with the placebo. The heart rate was reduced by an average of 4.3 beats per minute (bpm) over 24 hours in the Tesomet trial arm, compared with an average decrease of 0.2 bpm for patients on the placebo. In addition to the positive effect on heart rate, there was also a promising numerical reduction in systolic and diastolic blood pressure in the Tesomet arm, of the trial.

The secondary endpoints body weight and waist circumference, also showed statistically significant reductions compared with the placebo. Weight loss of 3.5 kg (3.5%) was shown in the Tesomet arm compared with weight reduction of only 0.3 kg (0.3%) in the placebo arm. This also translated to waist circumference with a positive outcome in the Tesomet arm with waist circumference being reduced by 2.3 cm, and no change in the placebo group. We were somewhat disappointed, however, that there was no statistically significant difference in glycemic endpoints. Nevertheless, there was a positive trend in the change in liver fat, with a numerical reduction compared with the placebo (p=0.0625). As the effect of Tesomet builds up rather slowly, the treatment duration probably needs to be extended by an extra couple of weeks to be able to show statistical significance in these endpoints.

Data from the phase IIa trial looks very promising as it provides support for a better safety profile. This, we believe, has been a significant obstacle in the search for a tesofensine partner. However, conducting another larger trial to show more robust efficacy data in T2D patients would be a major value step for Tesomet, and we believe this is the most likely scenario going forward. If this is the company's strategy, Saniona will most likely need additional financing.

Background to Prader-Willi syndrome

As mentioned, the next step in the development of Tesomet will see Saniona pursuing clinical development in the rare metabolic disease Prader-Willi syndrome (PWS). This is a genetic disorder that occurs in one in 10,000 to 30,000 births in Europe and the US. Children with PWS are born with weak muscles, severe feeding difficulties and poor weight gain in the first year of life. In later childhood, at around three to six years, the child develops a huge appetite, which often leads to obesity and T2D. PWS patients typically also have mild to moderate intellectual impairment and behavioural problems. The eating disorder (hyperphagia) is one of the factors, if not the main factor, that affects lives of patients with PWS. Controlling the hyperphagia is a chronic problem because of the risk of life-threating obesity. Patients with PWS have a shortened life expectancy, with the majority not living beyond their mid-forties.

Growth hormone therapy is the only drug approved for PWS, but it has no effect on the hyperphagia. As it is a rare disease, there is limited activity in developing new treatments. We have only identified a handful of companies active in this field with clinical projects that might address the hyperphagia problem. Alize Pharma (AZP-531) and Levo Therapeutics (FE992097) have the most advanced projects, and we believe preparations for phase III trials are ongoing for the treatment of hyperphagia, which is showing promising phase II data. Although the development of these drug candidates is ahead of Tesomet, we believe that even if they were successful in phase III trials there would still be room for several effective treatments for this disease, given the huge unmet medical need for PWS patients.

Why we believe in the potential within PWS

Tesofensine has shown impressive results in reducing weight in obese patients, reducing weight by 9.2% during a 24-week treatment in the TIPO-1 trial. The weight loss induced by tesofensine is driven by its triple mechanism of action, which includes a normalization of appetite, reduction in food cravings and an increase in fat utilization. Given the nature of hyperphagia in PWS, we believe Tesomet has a promising profile to become an effective treatment for these patients.

A phase IIa study was recently initiated and is expected to last for about a year. This exploratory double-blind placebo-controlled clinical trial will take place in the Czech Republic and Hungary and enrol up to 30 patients. The objectives of the trial are to examine the safety and tolerability, but also the efficacy and pharmacokinetics of Tesomet in PWS patients. Since patients with PWS usually do not need to reduce the blood pressure, a lower dose of metoprolol will be used. Enrolled patients will receive a fixed-dose treatment of Tesomet (0.5 mg of tesofensine plus 50 mg of metoprolol daily) or a placebo (3:2 randomization) for 12 weeks. The study is divided into two parts, with the first part involving enrolment and randomization of 10-15 adult PWS patients. If the safety profile looks good in these patients, the second part may enrol another 10-15 adolescent PWS patients. The primary endpoint of the trial is the change in body weight over the treatment period compared with the placebo. As secondary endpoints, eating behaviour, food cravings, body composition, lipids and other metabolic parameters will be evaluated.

Tesomet model assumptions in PWS

PWS is an orphan disease and Saniona plans to apply for orphan disease designation to both the EMA and FDA. If this is granted Orphan Drug Designation will provide important additional protection for Tesomet.

As mentioned above, there is a significant medical need in PWS and even if other drugs in development reach the market before Tesomet, we see a considerable opportunity within this indication. We estimate there to be about 30,000 patients in the US and European markets alone, growing by 0.5% per year. We estimate peak sales potential of USD 240 million for Tesomet in 2028, assuming a price of USD 30,000 a year and peak penetration of 25%.

From a regulatory perspective, we expect only limited clinical trials will be required, which makes this an opportunity for Saniona to develop Tesomet for the market by itself. We believe a positive outcome in the ongoing phase IIa trial could make it possible to advance to a pivotal clinical trial as early as the first few months of 2019. To better understand what such a trial might look like, we have used Zafgen's beloranib within PWS as a reference. Our understanding is that the aim of this trial was to enrol about 100 patients before it was terminated last year. A trial of this

size will most likely take about two years to conduct, from initiation of the clinical trial until top-line data is released. We have therefore modelled a possible market launch in 2021 if the clinical programme is successful.

As an orphan drug indication, we see PWS as an opportunity for higher pricing than the typical anti-obesity drug. In our model we use pricing of USD 30,000 per year. This is about 2.5 times higher than the most expensive anti-obesity drug, Saxenda (liraglutide) from Novo Nordisk. However, in the end the pricing will be dependent on competition and the strength of the clinical data.

We are not yet adding sales in T2D

Despite the positive outcome of the phase IIa trial in obese T2D patients, we would have liked to seen some more pronounced clinical effect in glycemic endpoints to add T2D to our model assumptions. However, the outcome boosted our confidence in the potential within obesity and this was why we increased the likelihood of approval to 30% (20), when the top-line data was released.

The US market is the most important market for sales of weight-loss drugs. But the market remains limited in value with estimated sales of almost USD 600 million last year, according to Datamonitor. The same source expects the market to grow to USD 1.2 billion in 2026, mainly driven by strong development for Saxenda, which is estimated to reach sales of USD 780 million in 2026. The reason why we believe Tesomet could match or even exceed Saxenda sales is Tesomet's more pronounced efficacy in terms of weight loss (TIPO-1). We think a better efficacy profile than the approved weight loss drugs is key to success, and we estimate peak sales potential of USD 1,000 million for Tesomet in 2028.

Product	% difference vs. placebo	Trial	Number of patients	Treatment length	Launch
Tesofensine	**-9.2% (0.5 mg)**	**TIPO-1**	**203**	**24 weeks**	**2022-**
Belviq (lorcaserin)	-3.1% (10 mg)	Bloom & Blossom	3,182 and 4,008	52 weeks	2012
Contrave (bupropion/naltrexone)	-5.2% (32 mg/360 mg)	Cor-II	1,496	56 weeks	2014
Saxenda (liraglutide)	-6.0% (3 mg)	Scale maintenance	422	56 weeks	2015
Qsymia (phentermine/topiramate)	-6,6% (7.5 mg)	Conquer	2,487	56 weeks	2012
Xenical (orlistat)	-3,0% (120 mg)	Xendos	3,305	1 year	1999

Source: Datamonitor, FDA, Neurosearch

The biggest obstacle, we believe, to attracting a partner is the extensive clinical trials that will be needed for registration in the US, as illustrated in the table above.

Progress was recently announced when the Mexican regulatory authority, Cofepris, approved partner Medix to conduct the phase III trial for tesofensine. This fully financed clinical trial will include up to 372 patients and will form the basis for achieving regulatory approval in Mexico. The clinical trial is estimated to run for about two years, making a market launch possible in 2020 if it is successful. The primary objective of this trial is to evaluate efficacy and safety in adult Mexican patients with obesity.

More than 70% of the Mexican population are overweight, and about 30% are obese (BMI>30). Obesity is consequently a major challenge for the Mexican government and it might therefore be less challenging from a regulatory perspective to get a new efficacious treatment approved. We estimate the likelihood of approval to be 50%. The Mexican anti-obesity drug market is worth around USD 250 million, and Medix is a leading player. We believe tesofensine can also become an important product in this market if approved, and estimate peak sales potential of USD 150 million in 2027.

Ataxion becomes Luc Therapeutics

At the beginning of March this year Ataxion (spin-out from Saniona) was merged into Luc Therapeutics, which specialises in psychiatric and neurological diseases. The new company will have three active development programmes, with the programme in depression being partnered with Novartis in 2015. In addition to the Novartis programme and the preclinical programme within ataxia, Luc Therapeutics will also conduct a research programme within schizophrenia. The research collaboration between Saniona and Ataxion is continuing amid the new set-up, but Biogen's buy option has been terminated. In connection with the transaction, Sanionas 14% shareholding in Ataxion was converted into a 7.1% stake in Luc Therapeutics. Saniona also holds the rights for royalties from a marketed product in the ataxia programme, which we estimate at 5%. We are not adjusting our assumptions for the ataxia programme. Although the termination of Biogen's buy option is negative, we believe the deal improves the likelihood of Saniona gaining some value from the shareholding in Ataxion. We have very little information on which to estimate the value of Sanionas shareholding in Luc Therapeutics. We have consequently only made a rough estimate that the company might be worth about USD 50 million.

Financial forecasts

Last year, Saniona turned a profit for the first time. We do not, however, believe this will be repeated in 2017, as we expect partner income to be lower this year. But we still expect Saniona will be able to generate considerable revenues from its partners. The most important 2017 income in our forecast is a risk-adjusted milestone estimated at SEK 36 million from Boehringer Ingelheim relating to a selection of candidate drugs. The biggest difference with the previous estimate in 2017 is that we no longer expect Saniona to reach a deal for Tesomet.

Saniona estimates	2015	2016	2017e	2018e
Revenue	13.6	74.9	46.8	32.9
Total Income	**13.6**	**74.9**	**46.8**	**32.9**
Raw materials and consumables	-2.1	-1.5	-1.9	-1.9
Other external costs	-23.9	-51.1	-40.2	-47.5
Personnel costs	-15.0	-17.8	-19.3	-20.7
Depreciation	-0.8	-0.4	-0.3	-0.3
Total costs	**-41.7**	**-70.8**	**-61.7**	**-70.4**
EBITDA	**-27.3**	**4.5**	**-14.6**	**-37.2**
EBIT	**-28.1**	**4.2**	**-14.9**	**-37.5**
Financial net	-1.2	0.8	-1.9	-2.8
Pre-tax profit	**-29.3**	**4.9**	**-16.8**	**-40.3**
Tax	6.3	-2.7	4.0	5.0
Net earnings	**-22.9**	**2.2**	**-12.8**	**-35.3**

We estimate that costs in 2017 will be slightly lower compared with 2016, as Saniona continues to invest in its preclinical programmes and clinical trial in PWS. Ours estimate does not see Saniona needing to raise further funds for financing its business in 2017, but it depends on partnering income and there is no room for a more aggressive investment strategy in its projects.

Valuation

We value Saniona using a probability-adjusted cash flow model in which each individual project is valued over its anticipated possibility to generate revenues (SOTP). The net present value is calculated based on a WACC of 15.4%. This results in a SOTP value of SEK 65 (60) per share in our base scenario, representing almost 50% upside to current share price levels.

Saniona – cash flow valuation						
Project	**Indication**	**Probability of success**	**Expected Royalty**	**Peak sales (USD mil.)**	**Possible launch**	**NPV (SEK mil.)***
Tesomet	Obesity/T2D	30%	16%	1,000	2022	553
Tesomet	Prader-Willi syndrome	20%	32%	240	2021	140
Tesofensine	Obesity	50%	12%	150	2020	92
NS2359	Cocaine addiction	12%	24%	500	2021	180
Boeringer-Ingelheim	Schizophrenia	9%	7%	1,300	2024	133
IK Programme	IBD	6%	16%	1,800	2024	99
Upsher-Smith	Neurological diseases	6%	5%	600	2025	40
Nic-a6	Parkinson's	4%	10%	1,000	2026	53
Ataxion	Ataxia	10%	5%	1,000	2024	20
AN363-backup	Neurophatic pain	4%	14%	1,200	2024	21
Technology value estimate (SEK mil.)						**1,330**
Net cash (MSEK)						53
Shareholding in Luc Therapeutics (7.1%)						31
Accumulated adm. costs (SEK mil.)						-58
Market value estimate (SEK mil.)						**1,357**
Number of shares, full dilution (million)						20.8
Share price estimate (SEK)						**65**

* NPV is based on a SEK/USD exchange rate of SEK 8.8 and a WACC of 15.4%

Saniona has an extensive pipeline. As the company has been successful in finding partners and collaborations, there is still credible backing to take these projects forward.

We would like to highlight that the lower value in the Boehringer Ingelheim programme compared with our last update is due to the upfront payment that is now included in the net cash position. We also have lower expectations for the IK programme, and raised the risk-adjustment to a likelihood of approval of 6%(8). We have done this to make our estimate for the programme slightly more conservative, as we have very limited insight on which to base these.

Relative valuation

To provide a sense of how the valuation of Saniona compares with similar companies, we have compiled a table below comparing the valuation of a number of listed Swedish biotech companies. The peer group in the table below consists of companies with clinical assets at the same stage as Saniona. It is primarily the technology value (EV) we use to create a view of the relative valuation of Saniona.

Peer group of swedish biotechs						
(SEK million)	**Market Cap**	**Net cash**	**Tech. value (EV)**	**Number of projects**	**Number of partners**	**Development stage**
Alligator Bioscience	2,313	640*	1,673	5	1	Phase I
Bioinvent	713	226**	487	3	6	Phase I/II
Hansa Medical	4,776	209*	4,567	3	0	Phase II/pivotal
Saniona	**921**	**53****	**868**	**9**	**4**	**Phase III**
Wilson Therapeutics	2,135	387**	1,748	1	0	Phase III

Source: Redeye Research, *as of the 31st of March, ** as of the 31st of December

Case analysis

Over the next two years, Saniona face several critical events in its projects, the outcome of which will have a major impact on the valuation and the shares. To illustrate the effects of these, we have sketched two scenarios concerning the primary drivers of the shares value: an optimistic bull case and a pessimistic bear case.

Our **bull case** makes assumptions about where Saniona might be in its projects two years from now in a reasonably positive scenario:

- The on-going Phase IIa trial for Tesomet in PWS is successful and provides the basis for continued development into a pivotal trial.
- Preparations for a pivotal trial for Tesomet in obesity are ongoing.
- A Medix Phase III study with tesofensine is ongoing.
- The ongoing Phase II trial for NS2359 shows promising results.
- The value of Luc Therapeutics increases to USD 75 million.
- The project with Boehringer Ingelheim progresses well and a Phase I trial begins.
- The collaboration with Upsher-Smith proceeds according to plan and an initial candidate drug is chosen.

Our fair value estimate in the bull case scenario amounts to **SEK 135**

Our **bear case** uses the following assumptions:

- Tesomet development is discontinued due to the negative outcome of a phase IIb trial and unsatisfactory results in the PWS trial.
- The setback for Tesomet causes a ripple effect and Medix stops the continued development of tesofensine.
- The Phase II trial for NS2359 does not show good enough results to justify continued development.
- AN346 is taken forward but is delayed and is not advanced to clinical trials.
- Boehringer Ingelheim continues to take the project forward and a drug candidate is chosen, but the project is not yet at a preclinical phase.
- The collaboration with Upsher-Smith is discontinued.

Our fair value estimate for the bear case amounts to **SEK 14**.

Income statement	2015	2016	2017E	2018E	2019E
Net sales	14	75	47	33	172
Total operating costs	-41	-70	-61	-70	-86
EBITDA	**-27**	**5**	**-15**	**-37**	**85**
Depreciation	-1	0	0	0	0
Amortization	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	**-28**	**4**	**-15**	**-38**	**85**
Share in profits	0	0	0	0	0
Net financial items	-1	1	-2	-2	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	**-29**	**5**	**-17**	**-40**	**85**
Tax	6	-3	4	5	-19
Net earnings	**-23**	**2**	**-13**	**-35**	**66**

Balance	2015	2016	2017E	2018E	2019E
Assets					
Current assets					
Cash in banks	47	53	39	6	84
Receivables	0	13	1	1	5
Inventories	0	0	0	0	0
Other current assets	2	2	2	2	2
Current assets	**49**	**68**	**42**	**9**	**91**
Fixed assets					
Tangible assets	1	1	2	3	3
Associated comp.	0	0	0	0	0
Investments	0	0	0	0	0
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	0	0	0	0	0
O non-current assets	2	2	2	2	2
Total fixed assets	**2**	**3**	**3**	**4**	**5**
Deferred tax assets	6	0	0	0	0
Total (assets)	**58**	**71**	**46**	**13**	**96**
Liabilities					
Current liabilities					
Short-term debt	0	2	0	0	0
Accounts payable	5	15	4	5	21
O current liabilities	0	0	0	0	0
Current liabilities	**5**	**17**	**4**	**5**	**21**
Long-term debt	0	0	0	0	0
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	0	0	0
Total Liabilities	**5**	**17**	**4**	**5**	**21**
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	53	54	41	9	75
Minority interest (BS)	0	0	0	0	0
Minority & equity	**53**	**54**	**41**	**9**	**75**
Total liab & SE	**58**	**71**	**46**	**13**	**96**

Free cash flow	2015	2016	2017E	2018E	2019E
Net sales	14	75	47	33	172
Total operating costs	-41	-70	-61	-70	-86
Depreciations total	-1	0	0	0	0
EBIT	**-28**	**4**	**-15**	**-38**	**85**
Taxes on EBIT	6	-1	4	5	-19
NOPLAT	**-22**	**3**	**-11**	**-33**	**66**
Depreciation	1	0	0	0	0
Gross cash flow	**-21**	**4**	**-11**	**-33**	**67**
Change in WC	-9	-2	1	1	12
Gross CAPEX	-1	-1	-1	-1	-1
Free cash flow	**-31**	**0**	**-11**	**-33**	**77**

Capital structure	2015	2016	2017E	2018E	2019E
Equity ratio	92%	77%	91%	65%	78%
Debt/equity ratio	0%	3%	0%	0%	0%
Net debt	-47	-52	-39	-6	-84
Capital employed	6	3	2	2	-9
Capital turnover rate	0.2	1.1	1.0	2.5	1.8

Growth	2015	2016	2017E	2018E	2019E
Sales growth	-37%	450%	-38%	-30%	423%
EPS growth (adj)	181%	-110%	-675%	157%	-302%

DCF valuation			
WACC (%)	15.4 %	**Fair value e. per share, SEK**	**65.0**
		Share price, SEK	44.2

Profitability	2015	2016	2017E	2018E	2019E
ROE	-74%	4%	-27%	-131%	159%
ROCE	-91%	8%	-31%	-150%	203%
ROIC	2422%	54%	-437%	-1338%	2842%
EBITDA margin	-200%	6%	-31%	-113%	50%
EBIT margin	-206%	6%	-32%	-114%	50%
Net margin	-168%	3%	-27%	-100%	39%

Data per share	2015	2016	2017E	2018E	2019E
EPS	-1.10	0.11	-0.61	-1.58	3.18
EPS adj	-1.10	0.11	-0.61	-1.58	3.18
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	-2.26	-2.48	-1.87	-0.30	-4.02
Total shares	20.84	20.84	20.84	20.84	20.84

Valuation	2015	2016	2017E	2018E	2019E
EV	290.6	802.8	882.1	914.9	837.5
P/E	-14.7	385.1	-72.2	-28.1	13.9
P/E diluted	-14.7	385.1	-72.2	-28.1	13.9
P/Sales	24.8	11.4	19.7	28.1	5.4
EV/Sales	21.3	10.7	18.8	27.9	4.9
EV/EBITDA	-10.6	176.7	-60.5	-24.6	9.8
EV/EBIT	-10.4	193.0	-59.2	-24.4	9.9
P/BV	6.4	15.8	22.2	106.5	12.3

Share performance		Growth/year	15/17e
1 month	2.3 %	Net sales	85.4 %
3 month	5.2 %	Operating profit adj	-27.2 %
12 month	39.0 %	EPS, just	-25.4 %
Since start of the year	7.8 %	Equity	-11.5 %

Shareholder structure %	Capital	Votes
Jørgen Drejer	11.4 %	11.4 %
Thomas Feldthus	9.0 %	9.0 %
Avanza Pension	5.9 %	5.9 %
Palle Christophersen	3.9 %	3.9 %
Claus Brästrup	3.5 %	3.5 %
Nordnet Pensionsförsäkring	3.1 %	3.1 %
Janus Schreiber Larsen	2.1 %	2.1 %
Jörgen Philip Kiär Ahring	1.9 %	1.9 %
Karin Sandager Nielsen	1.7 %	1.7 %
Jörgen Buus Lassen	1.3 %	1.3 %

Share information	
Reuters code	Sanion.st
List	First North Premier
Share price	44.2
Total shares, million	20.8
Market Cap, MSEK	921.2

Management & board	
CEO	Jørgen Drejer
CFO	Thomas Feldthus
Chairman	Claes Braestrup

Financial information	
Q1 report	May 23, 2017
Q2 report	August 23, 2017
Q3 report	November 15, 2017
FY 2017 Results	February 21, 2018

Analysts	Redeye AB
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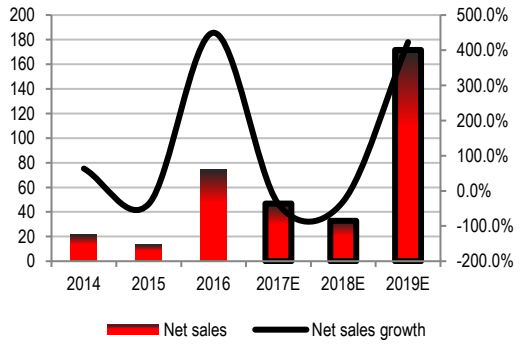
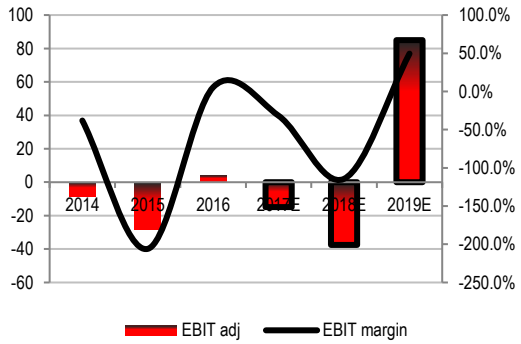
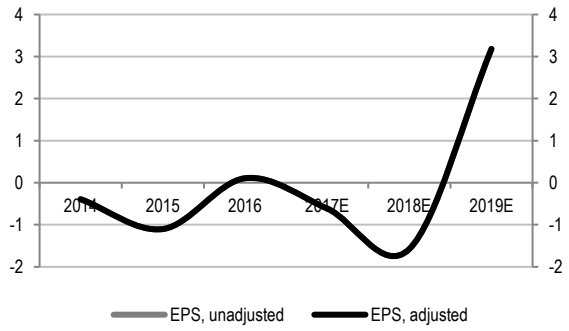
Revenue & Growth (%)



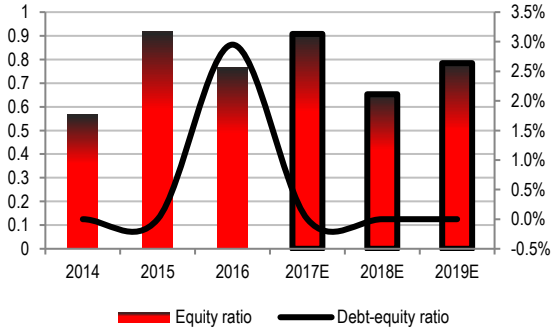
EBIT (adjusted) & Margin (%)



Earnings per share



Equity & debt-equity ratio (%)



Conflict of interests

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Company description

Saniona is a research and development company focused on drugs for diseases of the central nervous system, autoimmune diseases, metabolic diseases and treatment of pain. The company has a significant portfolio of potential drug candidates at pre-clinical and clinical stage. The research is focused on ion channels, which makes up a unique protein class that enables and controls the passage of charged ions across cell membranes. Saniona has ongoing collaboration agreements with Boehringer Ingelheim GmbH, Upsher-Smith Laboratories, Inc., Productos Medix, S.A de S.V and Saniona's Boston based spinout Ataxion Inc., which is financed by Atlas Venture Inc. and Biogen Inc. Saniona is based in Copenhagen, Denmark, where it has a research center of high international standard. Saniona is listed at Nasdaq First North Premier and has about 4,500 shareholders.

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Redeye Rating (2017-05-08)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	43	44	17	11	22
3,5p - 7,0p	71	62	98	34	43
0,0p - 3,0p	13	22	13	83	63
Company N	127	128	128	128	128

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