Saniona

Sector: Biotech

Hot (as summer!) in anticipated news flow

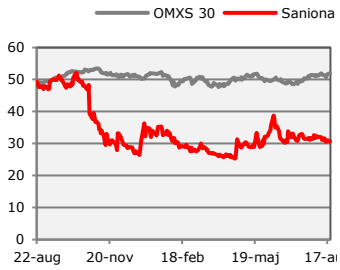
The main take away from this update should be that Saniona's next 12 months will be intense, with several potential catalysts for the stock. No less than five clinical study results are to be presented. In addition, new clinical trials are in plan to be initiated.

We have raised our Base case to SEK 78 (SEK 68), our Bear-Bull cases remain at SEK 25 and SEK 130 respectively. Our revised Base-case is due to continued, revised estimates in the orphan indication Prader-Willis Syndrome (PWS), an indication where Saniona plans to go-to-market with an own sales force. We have further acknowledged Saniona's improved cash position in our Base case. At current stock price levels, we don't find the market to appreciate the full potential of possible outcomes in Saniona's pipeline neither the company's strengthened finances.

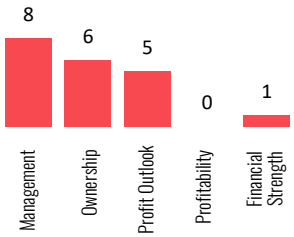
FAIR VALUE RANGE

BEAR	BASE	BULL
25,0	**78,0**	130,0

Sanion.st VERSUS OMXS30



REDEYE RATING



KEY STATS

Ticker	Sanion.st
Market	Small Cap
Share Price (SEK)	30,3
Market Cap (MSEK)	679
Net Debt 18E (MSEK)	24
Free Float	73 %
Avg. daily volume ('000)	1 500

KEY FINANCIALS (MSEK)	2016	2017	2018E	2019E	2020E	2021E
Net sales	75	21	56	28	38	72
EBIT	4	-57	-23	-54	-47	24
EBITDA	5	-57	-22	-54	-46	24
EPS (adj.)(SEK)	0,0	-2,5	-1,0	-2,4	-2,1	1,1
EV/Sales	-0,7	-1,1	12,2	26,1	20,9	10,6
EV/EBIT	-12,8	0,4	-30,3	-13,7	-16,8	31,8
EV/EBITDA	-11,7	0,4	-31,0	-13,8	-17,1	31,5
P/E	0,0	0,0	-30,0	-12,6	-14,6	28,4

Source: Redeye Research

ANALYSTS

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Before we go into the anticipated news flow, let's go back to basics – the ion channel platform represents the "Saniona of tomorrow"

Well deserved, the in-licensed clinical projects from Neurosearch (tesofensine/(Tesomet)[1], and NS2359) gain the highest attention at the moment in the Saniona investment case. They are subject to an intense news flow in near future. However, we argue that the Saniona of tomorrow will stem from the ion channel research platform. In that context, the recent years' advance of SAN711, CAD-1883, and the Schizophrenia project with BI is important and gives signal value and validation to the research platform.

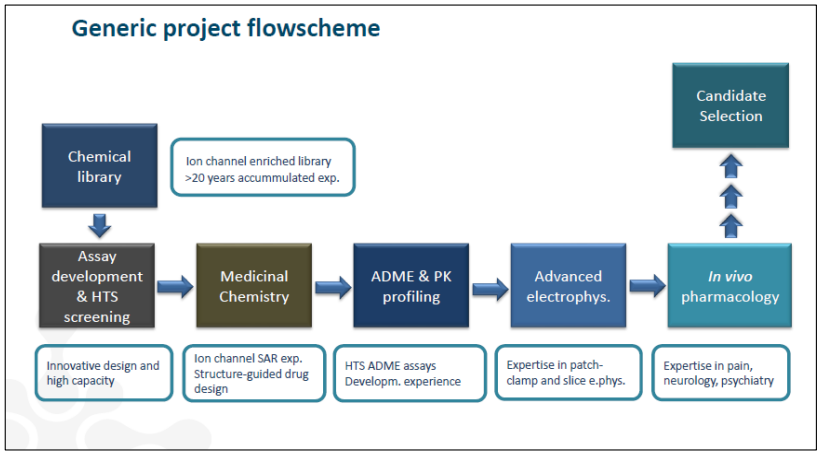
Ion channels are proteins in the cell membrane that control the passage of ions into and out of the cell. The passage of ions through the cell membrane creates a small electrical current that defines the activity of the cell. By stimulating or inhibiting ion channels in cells, it is possible to control a wide array of activities such as behavior, movement, pain, muscle contraction as well as relaxation among others. Thus, becoming an expert in ion channel drug development offers tremendous potential and diversity.

Ion channels constitute one of the main signaling molecules in the mapping of the human genome, only surpassed by G protein-coupled receptors, and protein kinases. Their members are largely divided into voltage-gated ion channels and ligand-gated ion channels. Voltage-gated ion channels are activated by electrical stimuli and are named after the ion that passes through the channel. Common voltage-gated ion channels are for instance Potassium channels (K^+), and Calcium channels (Ca^{2+}). Ligand-gated channels are membrane receptors to which neurotransmitters bind. Common receptors are for instance $GABA_A$ receptors and Nicotinic acetylcholine receptors.

Saniona's expertise in the field spans more than 20 years, being one of the pioneers in the technical development of High Throughput Screening (HTS) electrophysiology in the 90s. HTS and manual electrophysiology have allowed screening and characterization of entire collections of molecules (so called chemical libraries) and is today standard of use in ion channel drug research. Another significant event in the 90s, which is basis for Saniona's drug discovery programs was the mapping of the human genome; it paved the way for obtaining a detailed understanding of drug effects on a molecular level and for better understanding of the roles of specific ion channels in diseases via knock-out/knock-in of specific ion channel genes in animal models.

Although Saniona's advanced technology base allows them to conduct research activities in all ion channel types, the company has focused mainly on $GABA_A$ receptors, Potassium channels, and Nicotinic acetylcholine receptors. In the figure below, we have tried to define the flow-scheme for Saniona when selecting a candidate drug.

[1] Tesomet has been developed by Saniona. However, the active substance in Tesomet is tesofensine.



1. Chemical library - Saniona has an ion channel enriched, IP proprietary library of approximately 20.000 compounds. This library is the result of more than 20 years of research within ion channels. In addition, Saniona has access to a commercial library of approximately 100.000 compounds. Although Saniona gets most "hits" from the proprietary library, the commercial library can serve as inspiration for the Saniona chemists team to develop new compounds that can be patented.

2. Assay development & HTS screening - This is the screening step where every compound is tested to see in what way they can influence a specific target. As mentioned above, Saniona's focus is mainly in the target classes; $GABA_A$ receptor, Nicotinic acetylcholine receptors, and Potassium (K^+) channels.
3. Medicinal chemistry - This is a drug design step where the chemists seek to design improved compounds that are, for instance, more potent or less toxic.
4. ADME & PK profiling - In this step, pharmacokinetic profiling and analyzing is being conducted. As an example, a drug aimed at a CNS disorder must be able to cross the blood-brain barrier to execute its function.
5. Advanced electrophysiology - Saniona's team seek to validate the effects seen in the HTS-screening in this step. Electrophysiology is a method to measure the activity in the ion channel passage. Hence, more details on ion channel activity can be obtained.
6. In vivo pharmacology - Saniona's team perform tests on cells to see how the ion channel compound can influence the disease pattern. Chemical optimization and analogues are being created.

7. Candidate selection - Ultimately a candidate drug selection should be made. Any preclinical and clinical activities here-from is related to that specific drug candidate.

Source: Saniona, Redeye Research

One of the main advantages being target-driven rather than indication-driven is that the research expertise becomes much deeper, both from a pharmacology, biology and pathophysiology perspective. Ion channel drug research requires an interdisciplinary approach, and Saniona holds all the required competencies in-house. In our view, it is one of the main reasons why Saniona is such an attractive research partner. Another advantage being target-driven is that the research more often aims at modulating activities at the ion channel gating, as opposed to fully switch on (agonize) or switch off (antagonize) at the receptor level. By modulating, either by fully stimulating or inhibiting specific ion channels, it is possible to keep in control of specific activities that is the desired target without causing adverse events.

A while ago, we visited the Saniona research facility to gain further depth and knowledge about their research platform. We were encouraged by their dedicated team and expertise in ion channel drug development. Due to their interdisciplinary research platform, the company can run a broad pipeline in various indications in a cost-efficient manner. Several collaborations, initiated by the partner, have been established which has generated revenues all years since Saniona was founded. We think it is also worth highlighting that no matter what the outcome will be with NS2359 and tesofensine/(Tesomet), the attractiveness for the ion research pipeline will remain intact. In recent year, we have also seen the advancement of several preclinical programs, and we believe that the potential for developing drugs in the ion channel field is vast. It is not to be forgotten when assessing the Saniona investment case.

Financials

It is important to state that we see the cash position as strengthened, following the candidate drug selection from BI that triggered a milestone payment of roughly SEK 42 million in this quarter. The revenue increase compared to our last estimate is driven by this milestone since it was previously risk-adjusted. On the cost side, we have revised 'Other external costs' for 2018 to be more in line with the current run rate for this cost item.

In the figure provided below, 2018 is not risk-adjusted while 2019 and 2020 to some extent are.

Saniona: Income Statement						
(SEKm)	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
Net Sales	13.6	74.9	20.7	56.0	28.3	37.6
Other Income	0.0	0.0	0.0	1.4	0.0	0.0
Total Operating Income	**13.6**	**74.9**	**20.7**	**57.4**	**28.3**	**37.6**
Operating Expenses						
Raw Materials and Consumables	-2.1	-1.5	-3.3	-2.3	-2.4	-2.2
Other External Costs	-23.9	-51.1	-51.4	-54.0	-54.8	-55.7
Personnel costs	-15.0	-17.8	-22.7	-23.2	-24.8	-25.7
Depreciations and write-downs	-0.8	-0.4	-0.6	-0.5	-0.5	-0.6
Total Operating Expenses	**-41.7**	**-70.8**	**-77.9**	**-80.0**	**-82.4**	**-84.1**
Operating Profit	**-28.1**	**4.2**	**-57.2**	**-22.6**	**-54.1**	**-46.6**
Operating Profit %	**-2.1**	**0.1**	**-2.8**	**-0.4**	**-1.9**	**-1.2**
Net Financials	-1.2	0.8	0.9	0.0	0.0	0.0
Profit/Loss after Financial Items	**-29.3**	**4.9**	**-56.3**	**-22.6**	**-54.1**	**-46.6**
Tax		-2.7	7.1	0.0	0.0	0.0
Profit/Loss	**-29.3**	**2.2**	**-49.2**	**-22.6**	**-54.1**	**-46.6**

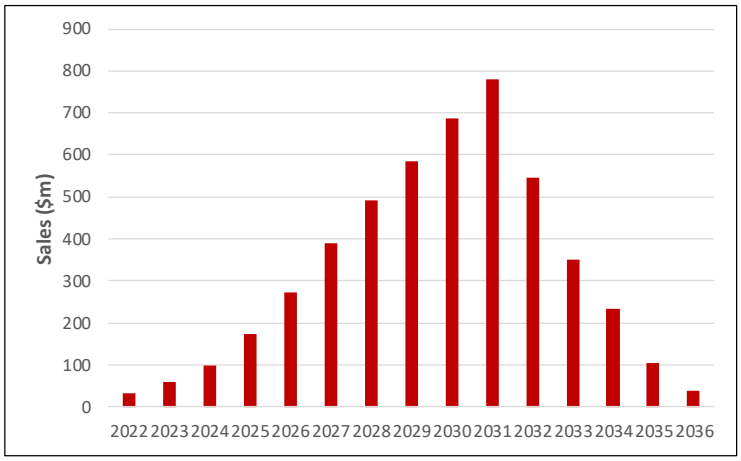
Source: Redeye Research

Valuation

We enter the part two of our revised estimates for the Tesomet program, where we currently see the biggest potential within eating disorders. As mentioned in previous update, we estimate that Tesomet could reach market by 2022 in the PWS indication. As Saniona intends to market Tesomet on its own in eating disorders without any previous experience, we have approached a conservative state on when top sales of USD 780 million is reached. As market exclusivity will expire, we expect a rather rapid sales erosion after top sales is reached.

As for margins, we have used a contribution margin (CM) of 97 - 98 percent of sales over the sales period. Costs related to CM include Cost of Goods Sold (COGS) and royalties paid to Boehringer Ingelheim. We have initially estimated Sales expenses (SG&A) of 15 - 20 percentage of sales. As sales and volume grows and the Saniona sales team become more experienced, we have used an average of 10 - 15 percent SG&A of sales after some years on the market. We hence calculate overall margin for this orphan disease to be in the span of 80 - 85 percent. For an orphan indication, our margin is in the higher end. For specific PWS, the margin could be regarded as quite conservative. As PWS and eating disorders can be approached via centers and specific clinics, sales efforts should be rather easily identified.

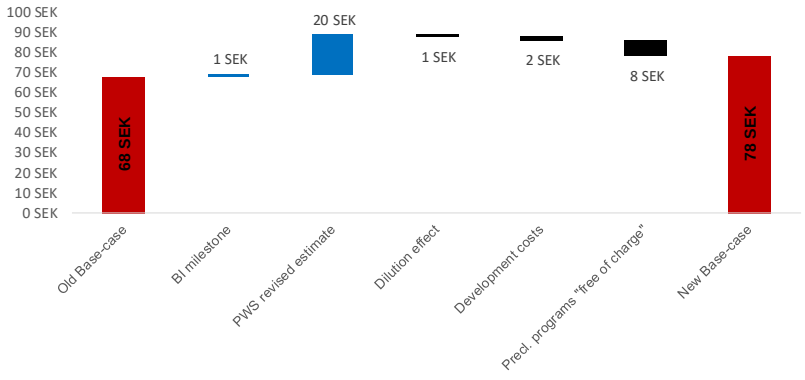
Saniona: estimated sales for Tesomet within PWS (US and Europé)



Source: Redeye Research

The other main contributor to our revised Base-case is the BI milestone. Negative contributors include a small dilution effect, revised development costs for 2018 and our somewhat more conservative inclusion of pipeline projects in our valuation.

Saniona: revised Bull-case



Source: Redeye research

The upside to our Base-case is approximately 160 percent yet taken a more conservative approach. We don't find the market to recognize the improved cash situation in recent months, neither the intense news flow in the next 12 months (refer to 'Catalysts' section for a more detailed description). Given the likely temperature rise in the pipeline portfolio, we haven't seen any such thing on the stock price and thus argue that it constitutes a catalyst itself.

Our Bear-Bull scenario (see below) modeling is based on future outcomes in the pipeline, the emphasis has been on Tesomet-PWS, NS2359, and tesofensine.

Valuation summary

Saniona: Sum-of-the-parts valuation

Project	Indication	Partner	Likelihood of Approval	Royalty rate*	Top Sales ($m)	Launch year	Net Present Value (SEKm)**	Per share (SEK)
Clinical programs								
Tesofensine	Obesity	Medix (Mx, Arg)	60%	14%	115	2020	173	8
Tesomet	Obesity/T2D	-	30%	18%	90	2023	38	2
Tesomet	PWS	-	24%	80%	780	2022	1 179	53
NS2359	Cocaine Addiction	University of Pennsylvania	12%	30%	500	2022	203	9
Cadent program	Ataxia	Cadent Therapeutics	12%	5%	1 130	2024	71	3
					Total value clinical pipeline		**1 665**	**74**
Preclinical pipeline - funded and/or CD selection								
BI program	Schizophrenia	Boehringer Ingelheim	9%	7%	1 350	2025	143	6
SAN711	Neuropathic Pain	-	5%	16%	1 250	2025	102	5
					Total value CD preclinical pipeline		**245**	**11**
Technology value							**1 910**	
Net cash position (p. 2018-12-31)							24	
Shared costs							-212	
Ownership Cadent Therapeutics							30	
Fair value							**1 752**	
Number of shares, full dilution (Mn)							22.4	
Per share value, SEK							**78**	
Preclinical pipeline - currently "free of charge"								
Kv7 program	Pain, epilepsy, and UI	-	8%	6%	610	2027	23	1
Nicotinic a6 program	Parkinson's Disease	-	4%	12%	910	2026	43	2
IK Program	IBD	-	5%	16%	1 800	2027	122	5
						Total value clinical pipeline	**187**	**8**
						Total value Saniona pipeline		**86**

* Tesomet - PWS to be referred as margin

** totals may not sum due to roundings

Source: Redeye Research

Bear Case 25,0 SEK

Phase II study in adolescents requires a longer dose-finding study to find the therapeutic window where it is both safe and have efficacy. In the worst-case scenario, the PWS program is at jeopardy (~ -50 SEK).

Interim-analysis of NS2359 does not support further clinical studies (- 9 SEK).

Results with tesofensine become subject of interpretation, primarily from a safety perspective as study reveals elevated heart rates. Authorities require additional data, and market launch gets postponed (- 4 SEK).

Base Case 78,0 SEK

In our Base-scenario, the positive contributors since our last update are mostly related to our continued, revised estimate in the PWS disorder, and the BI triggered milestone from CD selection.

The primary negative contributor is to a small extent attributed to the dilution effect, following the conversion of shares by N&G and updates on costs for 2018 and revised financials for 2018.

We include projects in Saniona's pipeline where we see a clear preclinical/clinical path going forward, supported by long-term-funding in place, and what we think the market is likely to consider in the investment case at the moment.

Bull Case 130,0 SEK

PWS phase II study in adolescents present top-line data. A phase IIb study is being conducted in 2020, following a dose-finding study. We raise our likelihood of approval accordingly (~ + 50 SEK).

Interim-analysis of the phase II trial for NS2359 against cocaine addiction reveal encouraging results, and the study continues to full read-out (+ 0 SEK is a yet possible scenario).

The phase III trial with tesofensine in Mexico meets its primary endpoint. NDA process is initiated, and we raise our likelihood of approval accordingly (+ 4 SEK).

Catalysts / News flow 0 - 12 months

Our 'Catalysts' section focuses on read-outs from the ongoing clinical trials. In addition to expected read-outs, we think clinical study initiations are likely to start in the SAN711 program (Ph I, Neuropathic Pain/Itching disorders), Tesomet (Ph II, Hypothalamic Obesity), and Tesomet (ph IIb, metabolic disorders excl. Europe and US).

Study results ph I (Tesomet)

Saniona is currently conducting a phase I study to optimize the dose ratio between tesofensine and metoprolol. Earlier preclinical toxicology studies with Tesomet as well as GMP production with the tablet has followed our timeline. We expect read-out being able to be presented in Q4'18.

IMPACT				
Downside		Upside		Time Frame
Potency	Likelihood	Potency	Likelihood	
Major	Extremely unlikely	Minor	Highly likely	Short

Study results ph I (CAD-1883, Cadent Therapeutics)

We expect read-out from the ongoing phase I in healthy volunteers being able to be presented in Q4'18. A successful phase I study will pave the way for a clinical trial in Ataxia patients.

IMPACT				
Downside		Upside		Time Frame
Potency	Likelihood	Potency	Likelihood	
Moderate	Unlikely	Moderate	Possible	Short

Study results ph II (Tesomet-PWS)

We expect read-out from the ongoing phase II in PWS patients (adolescents) being able to be presented in Q1'19.

IMPACT				
Downside		Upside		Time Frame
Potency	Likelihood	Potency	Likelihood	
Major	Unlikely	Moderate	Possible	Short

Interim-results ph II (NS2359)

We expect interim read-out from the ongoing phase II in patients with cocaine addiction being able to be presented in Q4'18.

IMPACT				
Downside		Upside		Time Frame
Potency	Likelihood	Potency	Likelihood	
Moderate	Possible	Moderate	Possible	Short

Study results ph III (tesofensine – Mx and Arg)

We expect read-out from the ongoing phase III in obese patients with being able to be presented in Q1'19.

IMPACT				
Downside		Upside		Time Frame
Potency	Likelihood	Potency	Likelihood	
Moderate	Unlikely	Moderate	Possible	Short

Investment Case

- A late-stage, broad pipeline with a target-driven research focus
- Run by an experienced management team that has demonstrated ability to execute deals
- Orphan focus in eating disorders represent the largest value potential
- A significant news flow in the coming 12 months, as outlined in our 'Catalysts' section.

Saniona is a late-stage, broad pipeline biotech company with a world-class research platform within ion channel drug development.

Saniona's management team has since the company's inception demonstrated their ability to enter into partnership deals and collaboration programs and thus running the company in a cost-efficient manner. The company has generated revenues every year since it was founded in 2011.

The investment case in Saniona is becoming increasingly oriented towards the Tesomet program and its orphan position within eating disorders. The Tesomet program has the potential to go-to-market with an own sales force in rare eating disorders, the potential reward vis á vis seeking licensing partners is incomparable.

The value drivers for the remaining 2018 and beginning of 2019 are substantial for the clinical pipeline. The most important events will be the read-outs from ongoing phase II and phase III trials with NS2359 (possible treatment for cocaine addiction), tesofensine (obesity - Mexico), and Tesomet (Prader-Willis Syndrome). Other clinical read-outs include phase I results from Tesomet to assess dose ratio and phase I results from the Cadent Therapeutics program. Please see our 'Catalysts' section for a more comprehensive timeline on coming news flow. As previously mentioned, we also see the improved financial position and the current stock price levels itself to be regarded when assessing the Saniona case.

Summary Redeye Rating

The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

Rating changes in the report: no changes.

Management: 8,0

The company has a knowledgeable and experienced management team, which rises above the average in the industry. CEO and CFO have settled important deals for Saniona; license deals, research partner deals, as well as spin-outs. Other advantages include substantial shareholding for management.

Ownership: 6,0

Saniona's management and board of directors have significant ownership in the company, which distinguishes the company positively in relation to many others in the industry. The absence of strong institutional owners can be identified as a challenge for management and the board.

Profit Outlook: 5,0

Following Saniona's priority to take Tesomet within eating disorders to the markets in EU and the US, the largest potential is now within eating disorders. In PWS, it represents an opportunity where Saniona could develop a go-to-market strategy with its own sales force at the same time as high top-sales can be achieved.

Profitability: 0,0

The company is still several years from achieving sustainable profitability. Like most other companies in this development phase, there is no consistent history of profitability, which drives up the rate of return required by investors.

Financial Strength: 1,0

Saniona entered Q3'18 with a cash position of approximately SEK 18.3 million (BI milestone payment will happen in Q3). So far into the year, Saniona has drawn five trances á SEK 6 million each from the convertibles agreement, of which SEK 23.5 million has been converted into shares. During 2017 and 2018, the funding situation has occasionally been somewhat challenging. The milestone payment of SEK 42 million, triggered by a candidate drug selection from Boerhringer Ingelheim, was an important event from a financial strength perspective.

INCOME STATEMENT	2016	2017	2018E	2019E	2020E
Net sales	75	21	56	28	38
Total operating costs	-70	-77	-78	-82	-84
EBITDA	5	-57	-22	-54	-46
Depreciation	0	-1	-1	-1	-1
Amortization	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	4	-57	-23	-54	-47
Share in profits	0	0	0	0	0
Net financial items	1	1	0	0	0
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	5	-56	-23	-54	-47
Tax	-3	0	0	0	0
Net earnings	2	-56	-23	-54	-47

BALANCE SHEET	2016	2017	2018E	2019E	2020E
Assets					
Current assets					
Cash in banks	53	22	24	8	2
Receivables	15	11	17	16	15
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Current assets	68	33	41	24	17
Fixed assets					
Tangible assets	1	1	1	3	2
Associated comp.	0	0	0	0	0
Investments	2	6	6	6	6
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	0	0	0	0	0
Total fixed assets	3	8	8	9	9
Deferred tax assets	0	7	7	7	7
Total (assets)	71	48	56	41	33
Liabilities					
Current liabilities					
Short-term debt	0	0	18	0	22
Accounts payable	17	11	11	11	11
O current liabilities	0	0	0	0	0
Current liabilities	17	11	29	11	33
Long-term debt	0	0	0	69	86
O long-term liabilities	0	0	0	0	0
Convertibles	0	0	12	0	0
Total Liabilities	17	11	41	80	119
Deferred tax liab	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	54	38	15	-39	-86
Minority interest (BS)	0	0	0	0	0
Minority & equity	54	38	15	-39	-86
Total liab & SE	71	48	56	41	33

FREE CASH FLOW	2016	2017	2018E	2019E	2020E
Net sales	75	21	56	28	38
Total operating costs	-70	-77	-78	-82	-84
Depreciations total	0	-1	-1	-1	-1
EBIT	4	-57	-23	-54	-47
Taxes on EBIT	0	0	0	0	0
NOPLAT	4	-57	-23	-54	-47
Depreciation	0	1	1	1	1
Gross cash flow	5	-57	-22	-54	-46
Change in WC	5	-2	-6	1	1
Gross CAPEX	-1	-6	0	-2	0
Free cash flow	9	-64	-28	-55	-45

CAPITAL STRUCTURE	2016	2017	2018E	2019E	2020E
Equity ratio	77%	78%	27%	-96%	-259%
Debt/equity ratio	0%	0%	200%	-177%	-126%
Net debt	-53	-22	6	61	106
Capital employed	1	15	21	22	20
Capital turnover rate	1,1	0,4	1,0	0,7	1,1

GROWTH	2016	2017	2018E	2019E	2020E
Sales growth	450%	-72%	171%	-49%	33%
EPS growth (adj)	0%	0%	-60%	139%	-14%

DCF VALUATION		CASH FLOW, MSEK	
WACC (%)	15,3 %	NPV FCF (2018-2020)	-104
		NPV FCF (2021-2027)	846
		NPV FCF (2028-)	981
		Non-operating assets	22
		Interest-bearing debt	0
		Fair value estimate MSEK	1746
Assumptions 2017-2023 (%)			
Average sales growth	38,5 %	Fair value e. per share, SEK	77,8
EBIT margin	-8,8 %	Share price, SEK	30,3

PROFITABILITY	2016	2017	2018E	2019E	2020E
ROE	4%	-123%	-86%	0%	0%
ROCE	8%	-124%	-55%	-144%	-178%
ROIC	70%	-5771%	-148%	-257%	-216%
EBITDA margin	6%	-274%	-39%	-189%	-122%
EBIT margin	6%	-276%	-40%	-191%	-124%
Net margin	3%	-272%	-40%	-191%	-124%

DATA PER SHARE	2016	2017	2018E	2019E	2020E
EPS	0,00	-2,51	-1,01	-2,41	-2,08
EPS adj	0,00	-2,51	-1,01	-2,41	-2,08
Dividend	0,00	0,00	0,00	0,00	0,00
Net debt	0,00	-0,99	0,27	2,70	4,72
Total shares	0,00	22,45	22,45	22,45	22,45

VALUATION	2016	2017	2018E	2019E	2020E
EV	-53,3	-22,3	685,1	739,6	784,9
P/E	0,0	0,0	-30,0	-12,6	-14,6
P/E diluted	0,0	0,0	-30,0	-12,6	-14,6
P/Sales	0,0	0,0	12,1	24,0	18,1
EV/Sales	-0,7	-1,1	12,2	26,1	20,9
EV/EBITDA	-11,7	0,4	-31,0	-13,8	-17,1
EV/EBIT	-12,8	0,4	-30,3	-13,7	-16,8
P/BV	0,0	0,0	45,2	-17,4	-7,9

SHARE PERFORMANCE		GROWTH/YEAR	15/17E
1 month	-3,7 %	Net sales	-13,6 %
3 month	-5,3 %	Operating profit adj	
12 month	-38,5 %	EPS, just	0,0 %
Since start of the year	-1,5 %	Equity	-47,4 %

SHAREHOLDER STRUCTURE %	CAPITAL	VOTES
Jørgen Drejer	10,8 %	10,8 %
Avanza Pension	5,6 %	5,6 %
Thomas Feldthus	5,4 %	5,4 %
Leif Andersson Consulting ApS	4,5 %	4,5 %
Palle Christophersen	3,7 %	3,7 %
Claus Brästrup	3,3 %	3,3 %
Nordnet Pensionsförsäkring	2,8 %	2,8 %
Nordea Liv & Pension	2,0 %	2,0 %
Christian Olofsson	1,9 %	1,9 %
ATS Finans AB	1,7 %	1,7 %

SHARE INFORMATION	
Reuters code	Sanion.st
List	Small Cap
Share price	30,3
Total shares, million	22,4
Market Cap, MSEK	679,0

MANAGEMENT & BOARD	
CEO	Jörgen Drejer
CFO	Thomas Feldthus
IR	
Chairman	J. Donald DeBethizy

FINANCIAL INFORMATION	
Q2 report	August 22, 2018
Q3 report	November 14, 2018
FY 2018 Results	February 21, 2019

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Redeye Rating and Background 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.

Redeye Equity Research team

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Disclaimer

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Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.
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Recommendation structure
Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

Redeye Rating (2018-08-23)

Rating	Management	Ownership	Profit outlook	Profitability	Financial Strength
7,5p - 10,0p	43	44	18	10	19
3,5p - 7,0p	77	70	104	33	46
0,0p - 3,0p	15	21	13	92	70
Company N	135	135	135	135	135

Duplication and distribution

CONFLICT OF INTERESTS

Anders Hedlund owns shares in the company Saniona: No

Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.