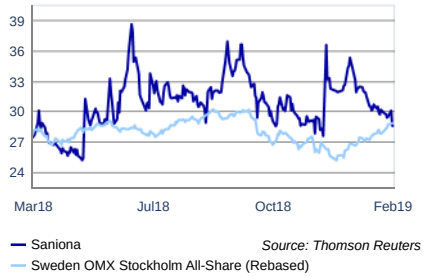
Saniona

Healthcare
Sweden

KEY DATA

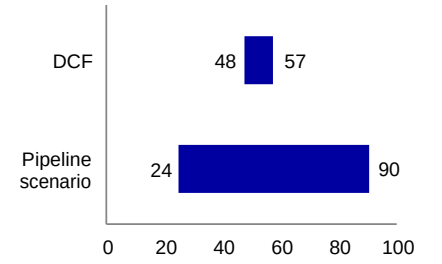
Stock country	Sweden
Bloomberg	SANION SS
Reuters	SANION.ST
Share price (close)	SEK 28.60
Free Float	73%
Market cap. (bn)	EUR 0.06/SEK 0.68
Website	https://saniona.com/
Next report date	29 May 2019

PERFORMANCE



Source: Thomson Reuters

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2019E	2020E	2021E
Sales	-28%	-16%	0%
EBIT (adj)	12%	-9%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Jesper Ilsøe
Analyst

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Director, Sector Coordinator

Tesomet data in H2 will be key to the case

Saniona's equity story remains unchanged after the Q4 report yesterday, in our view. The key value driver is still datapoints on the progress with Tesomet in orphan indications. However, we note that there may be a smaller gap in share price moving news flow, as the main pipeline events (clinical data and regulatory decisions) are slated to occur in H2 2019, with ph IIa data in Prader-Willi syndrome in Q3 2019, ph IIa data in hypothalamic obesity in Q4 2019 and an approval decision by the Mexican regulators on Tesofensine in obesity in late 2019.

Q4 and full-year 2018 results

Saniona's Q4 revenue came in at SEK 2.2m, in line with the result in recent quarters, while EBIT was SEK -34.3m, with Q4 costs primarily related to Tesomet – its key pipeline asset – and preclinical development costs for SAN711 and early-stage programmes. Full-year 2018 revenue came in at SEK ~55m and EBIT was -54.2m.

Equity story unchanged – pipeline to drive value

We do not envision Saniona's typical biotech revenue and EBIT profile changing dramatically in the next one to two years, at least not until potential product sales from Tesofensine and Tesomet (pending successful development and market approvals) kick in. Pipeline progress with Tesomet, Tesofensine, and other pipeline programmes are what should drive value for the company.

Key pipeline news to come in H2 2019

The next important updates related to Tesomet will be ph IIa data in Prader-Willi syndrome (extension study in adolescents with 0.25 mg dose) in Q3 2019 and ph IIa data in hypothalamic obesity in Q4 2019 – two key readouts. We also expect a regulatory filing (H1 2019) and approval decision in Mexico (Q4 2019) for Tesofensine in obesity. This could pave the way for a launch in Mexico in 2020.

Valuation

We leave our DCF-derived valuation range largely unchanged at SEK 48-57 per share (SEK 47-58 per share previously). We base our valuation solely on Tesofensine and Tesomet in PWS and obesity. Risks include pipeline failures, delays, regulatory hurdles, commercialisation hurdles and funding needs beyond 2020.

SUMMARY TABLE - KEY FIGURES

SEKm	2015	2016	2017	2018	2019E	2020E	2021E
Total revenue	14	75	21	55	27	57	73
EBITDA (adj)	-27	5	-57	-54	-68	-123	-22
EBIT (adj)	-28	4	-57	-54	-68	-123	-22
EBIT (adj) margin	-206.0%	5.5%	-276.4%	-98.8%	-251.9%	-213.8%	-29.8%
EPS (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EPS (adj) growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS (ord)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	n.a.	n.a.	n.a.	12.9	25.7	13.6	11.2
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/BV	n.a.	n.a.	n.a.	19.3	13.0	-103.4	-31.8
Dividend yield (ord)	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF Yield bef acq & disp	n.a.	n.a.	n.a.	-3.2%	-8.3%	-10.2%	-5.7%
Net debt	-47	-53	-22	-55	-63	-13	32
Net debt/EBITDA	1.7	-11.7	0.4	1.0	0.9	0.1	-1.5
ROIC after tax	n.m.	76.0%	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

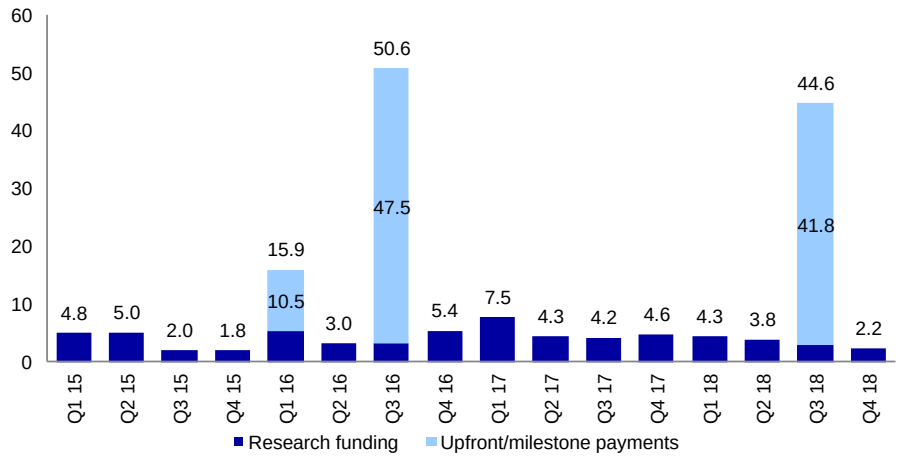
Q4 2018 highlights

Saniona's Q4 report contained limited updates, in our view. As the stock is trading on pipeline news rather than quarterly numbers, we consider it important that management remains positive on Tesomet's potential in orphan indications, with the next data being ph IIa data in Prader-Willi syndrome in Q3 2019 and ph IIa data in hypothalamic obesity in Q4 2019. We also expect a regulatory approval decision for Tesofensine (obesity) in Mexico by late 2019.

Few P&L surprises in Q4

Saniona's Q4 revenues were SEK 2.2m, reflecting research funding revenues from partners. The SEK 2,2m was millions below the revenue level from research funding in recent quarters (see chart below), but we do not consider this important, given the low levels and because the key value drivers in the company remain updates on pipeline projects, such as Tesofensine, Tesomet and others.

SANIONA REVENUE SPLIT PER QUARTER, SEKm



Source: Company data and Nordea estimates

Q4 EBIT was SEK -34.3m, with costs for the quarter primarily being developmental in relation to Tesomet – Saniona's key pipeline asset – followed by preclinical development costs for SAN711 and other early-stage programmes.

Based on the development of revenues and costs during 2018 as well as the pipeline activities expected to be expensed in 2019, we implement a few model changes. While the relative change may seem high, we note that numbers are relatively low; ie the changes have a limited impact on valuation.

- We lower revenues by SEK ~10m for 2019E and 2020E to reflect the lower research funding levels as well as lower milestone expectations (Medix milestones once approval has been obtained for Tesofensine in Mexico and Argentina). Both are inherently difficult to estimate but, as mentioned above, have a relatively limited impact on valuation in the end.
- We lower our R&D costs slightly for 2019E, but keep our R&D estimate for 2020E, which calls for a larger ramp in R&D costs due to investments in larger ph IIb/III studies for Tesomet and investments in its other pipeline programs.

ESTIMATE CHANGES

	New estimates						Estimate changes					
SEKm	**2018**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2018**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**
Total revenues	**55**	**27**	**57**	**73**	**120**	**353**	**-8%**	**-28%**	**-16%**	**0%**	**0%**	**0%**
Product sales and royalties	0	0	30	73	120	245	n.a.	n.a.	0%	0%	0%	0%
Tesofensine, obesity	0	0	30	73	120	172	n.a.	n.a.	0%	0%	0%	0%
Tesomet, PWS	0	0	0	0	0	48	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Tesomet, HO	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tesomet, obesity	0	0	0	0	0	25	n.a.	n.a.	n.a.	n.a.	n.a.	0%
NS2359, CNS	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other (milestones/PRV)	55	27	27	0	0	109	-8%	-28%	-28%	n.a.	n.a.	0%
Gross profit	**51**	**27**	**57**	**73**	**120**	**353**	**-14%**	**-28%**	**-16%**	**0%**	**0%**	**0%**
R&D costs	-70	-60	-140	-50	-50	-50	-5%	-25%	0%	0%	0%	0%
S&D costs	0	0	0	0	0	-50	n.a.	n.a.	n.a.	n.a.	n.a.	0%
Admin costs	-35	-35	-40	-45	-45	-45	0%	0%	0%	0%	0%	0%
EBIT	**-54**	**-68**	**-123**	**-22**	**25**	**208**	**9%**	**-12%**	**9%**	**0%**	**0%**	**0%**
PTP	-48	-68	-123	-22	25	208	-1%	-12%	10%	1%	-1%	0%
Net profit	-41	-53	-96	-17	20	162	8%	-12%	10%	1%	-1%	0%
Free cash flow	-24	-63	-81	-45	20	177						
Net cash	55	63	13	-32	-12	164						

Source: Company data and Nordea estimates

Pipeline triggers skewed towards H2 2019

Having reported positive ph III data for Tesofensine in obesity in December 2018, we now await regulatory filing and approval decision in Mexico. Saniona expects Medix to file in H1 2019, with a potential launch in 2020. Hence, an approval decision could be made in late 2019, likely in Q4.

The next important updates related to Tesomet will be ph IIa data in Prader-Willi syndrome (extension study in adolescents with 0.25 mg dose) as well as ph IIa data in hypothalamic obesity – two key readouts during 2019.

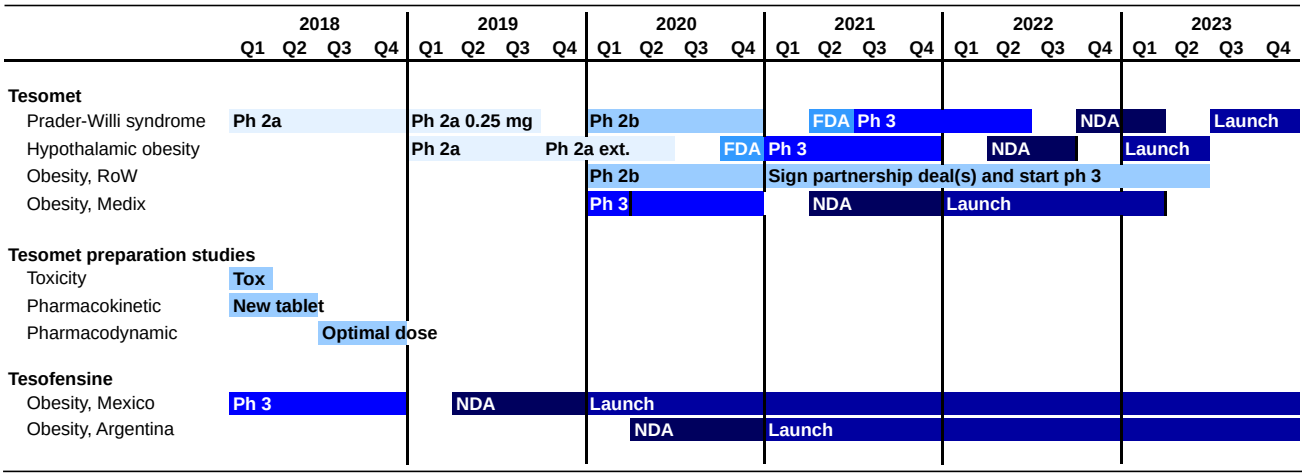
UPCOMING NEWS FLOW

Timeline	**Project**	**Event**	**Indication**	**Description**
Q3 2019	Tesomet	Ph 2a results	Prader-Willi syndrome	Results from ph 2a extension study in adolescents with 0.25 mg dose
Q4 2019	Tesofensine	Approval decision	Obesity	We expect a regulatory approval decision in Mexico by late-2019
Q4 2019	Tesomet	Ph 2a results	Hypothalamic obesity	Data for 24 weeks study (enrollment to start in Q1 2019)
H1 2020	Tesomet	Ph 2a results	Hypothalamic obesity	Data for 24 weeks extension study
H1 2020	Tesomet	Ph 2b study initated	Prader-Willi syndrome	We expect Saniona to start a ph 2b dose-finding study in PWS
2020/2021	Tesomet	Ph 2b study initated	Obesity	Saniona may start a ph 2b study in obesity
2019/2020	Pre-clinical	Deal	-	Potential for partnership deals on pre-clinical programmes
2019/2020	Pre-clinical	Deal	-	Potential for spin-outs on pre-clinical programmes
2019/2020	Pre-clinical	Milestones	-	Progress and potential milestones under existing collaborations
2019/2020	Tesomet	Deal	Metabolic diseases	Potential for partnership deals on Tesomet in metabolic diseases
Competitors				
H1 2019	Tesomet	Ph 3 data	Prader-Willi syndrome	Ph 3 topline data for DCCR by Soleno Therapeutics
H1 2020	Tesomet	Ph 3 data	Prader-Willi syndrome	Ph 3 topline data for Livoletide by Millendo Therapeutics

Source: Company data and Nordea estimates

We illustrate potential timelines for Tesomet and Tesofensine below. These timelines are obviously subject to board decisions and financial planning, and may change, depending on trial outcomes and how smoothly enrolment evolves in clinical trials, discussions with regulators, etc.

SANIONA'S TIMELINES FOR TESOMET AND TESOFENSINE



Source: Company data and Nordea

Saniona announced in June 2018 that it planned to initiate a ph IIa study in hypothalamic obesity (HO). This indication has several things in common with Prader-Willi syndrome, including clinical symptoms, clinical trial design and potential orphan drug designation. Both Prader-Willi syndrome and hypothalamic obesity are characterised by insatiable hunger (hyperphagia) and obesity, suggesting that patients should benefit from the same treatment as PWS patients.

We note that Abbott's sibutramine showed a significant decrease in BMI and body weight in patients with HO. Given that sibutramine inhibits serotonin and noradrenaline – similar to Tesofensine and Tesomet – Tesomet may have a potential in this indication. At present, we do not include explicit forecasts for Tesomet in HO in our valuation; hence, it remains as a potential upside.

Saniona's hypothalamic obesity study has now been posted on the US clinical trials database (https://clinicaltrials.gov/ct2/show/NCT03845075?term=tesofensine). According to the study details on the site, the trial is a double-blind, randomised, placebo-controlled, single-centre study followed by an open-label extension period. While the study is not yet recruiting patients, we would expect recruitment to start in the coming months. The study is divided into two steps:

- Part 1: 24 weeks of double-blind treatment, followed by
- Part 2: 24 weeks of open-label extension

Saniona is aiming to enrol around 25 patients (versus the ~10 patients in the PWS trial). These numbers may look low, but we note that this is not uncommon in a ph II study in an orphan indication.

HYPOTHALAMIC OBESITY AND PRADER-WILLI SYNDROME TRIAL DESIGN COMPARISON

Trial comparison	Hypothalamic obesity	Prader-Willi syndrome
N	25	9
Trial duration	24 weeks	12 weeks
Follow-up	24 weeks	12 weeks
Trial duration, including follow-up	48 weeks	24 weeks
Administration	Once daily	Once daily
Available doses in trial		
0.125 mg	No	Yes
0.25 mg	No	Yes
0.5 mg	Yes	Yes
Primary endpoint		
Percent and absolute change in body weight	No	Yes
Safety (treatment emerging AEs etc)	Yes	No
Secondary endpoints		
Change in satiety and appetite	Yes	Yes

Source: Company data, clinicaltrials.gov and Nordea

The primary endpoint in the HO ph IIa trial is safety as assessed by treatment-emergent adverse events, blood pressure (mmHg) and heart rate (b/min). However, the secondary endpoint in the trial – efficacy (measured as change in satiety and appetite) – will be the most important endpoint to look at, in our view.

Saniona: Revenue and P&L overview

REVENUE AND P&L OVERVIEW

SEKm	2017	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Total revenues	**21**	**55**	**27**	**57**	**73**	**120**	**353**	**388**	**542**	**589**	**617**	**649**	**661**	**710**
Growth	N.a.	165%	-51%	112%	28%	64%	194%	10%	40%	9%	5%	5%	2%	7%
Product sales and royalties	**0**	**0**	**0**	**30**	**73**	**120**	**245**	**388**	**542**	**589**	**617**	**649**	**661**	**710**
Tesofensine, obesity	0	0	0	30	73	120	172	229	290	245	197	148	106	97
Tesomet, Prader-Willi syndrome	0	0	0	0	0	0	48	107	171	230	271	313	359	407
Tesomet, Hypothalamic obesity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tesomet, obesity	0	0	0	0	0	0	25	52	81	113	149	187	196	206
NS2359, CNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (milestones/PRV)	21	55	27	27	0	0	109	0	0	0	0	0	0	0
Gross profit	17	51	27	57	73	120	353	386	540	587	614	645	658	706
Gross margin	84%	93%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%
R&D to revenue	191%	128%	222%	244%	68%	42%	14%	13%	9%	8%	8%	8%	8%	7%
In SEK	-40	-70	-60	-140	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50
S&D to revenue	0%	0%	0%	0%	0%	0%	14%	8%	6%	5%	5%	5%	5%	4%
In SEK	0	0	0	0	0	0	-50	-30	-30	-30	-30	-30	-30	-30
Admin & other costs to revenue	169%	64%	130%	70%	61%	37%	13%	12%	8%	8%	7%	7%	7%	6%
In SEK	-35	-35	-35	-40	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
EBIT	**-57**	**-54**	**-68**	**-123**	**-22**	**25**	**208**	**261**	**415**	**462**	**489**	**520**	**533**	**581**
EBIT margin	-276%	-99%	-252%	-214%	-30%	21%	59%	67%	77%	78%	79%	80%	81%	82%
PTP	-56	-48	-68	-123	-22	25	208	261	415	461	489	520	533	581
Net profit	-49	-41	-53	-96	-17	20	162	204	324	360	381	406	415	453
Free cash flow	**-58**	**-24**	**-63**	**-81**	**-45**	**20**	**177**	**207**	**337**	**366**	**386**	**411**	**416**	**457**
Net cash	22	55	63	13	-32	-12	164	371	709	1,074	1,460	1,871	2,288	2,745

Source: Company data and Nordea estimates

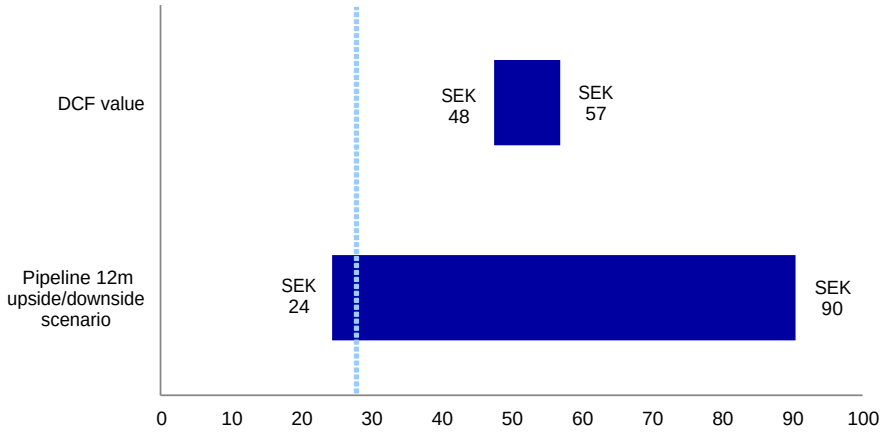
Valuation

We conduct a DCF valuation to fully capture the underlying fundamental equity value for Saniona. We favour a bottom-up net present value (NPV) model comprising probability-adjusted NPVs for each key pipeline project. Based on our underlying valuation assumptions, estimates and pipeline scenarios for key events occurring over the next 12 months, we value Saniona at SEK 48-57 per share.

We value Saniona at SEK 48-57 per share

We value Saniona based on a discounted cash flow (DCF) approach, as we do with all other pharma and biotech companies. Based on our underlying valuation assumptions, estimates and pipeline scenarios – detailed in the following sections – we value Saniona at SEK 48-57 per share, taking into account a WACC between 12.5% and 14.5% and downside and upside scenarios based on events that could drive the share over the coming 12 months.

VALUE PER SHARE, SEK



Source: Nordea estimates

SOTP valuation summary

Clinical achievements could have a significant impact on valuation in either direction

Our valuation model comprises probability-adjusted NPVs involving a DCF analysis to value each pipeline project individually. We adjust revenue and cash flow for the product candidates to reflect the probability we ascribe to each successfully reaching the commercial phase. This implies that clinical achievements could have a significant impact on valuation in either a positive or a negative direction, depending on the outcome. The model extends for 19 years (2019E-37E) to properly capture the full NPV value for pipeline projects, while also giving the company full credit for patents, which may extend well into the 2030s for some projects.

SANIONA: SOTP VALUATION – BASE CASE

Project	Indication	Peak sales (USDm)	Potential launch	NPV (SEKm)	Prob.	Adj. NPV (SEKm)	Adj. NPV per share	Adj. NPV share (%)
Tesofensine	Obesity	204	2020	675	90%	608	26	49%
Tesomet	Obesity	350	2023	927	40%	371	16	30%
Tesomet	Prader-Willi syndrome	362	2023	3,982	15%	597	25	48%
Priority Review Voucher	Prader-Willi syndrome	N.a.	2023	305	15%	46	2	4%
Tesomet	Hypothalamic obesity	155	N.a.	0	0%	0	0	0%
Tesomet	Type 2 diabetes	N.a.	N.a.	0	0%	0	0	0%
NS2359	Cocaine addiction	486	N.a.	0	0%	0	0	0%
Pre-clinical programs		N.a.	N.a.	0	0%	0	0	0%
Pipeline value				**5,890**		**1,622**	**68**	**131%**
Group costs not allocated to individual projects				-440	100%	-440	-19	-36%
Net cash/(debt)				55	100%	55	2	4%
SOTP valuation				**5,505**		**1,236**	**52**	**100%**

Source: Company data and Nordea estimates

With no marketed products, Saniona's cash flow is risky and the company is dependent on external financing

We apply a 13.5% discount rate (WACC) to our DCF value in the table above. To benchmark this level versus other biotech companies, it is ~2 pp higher than the WACC we use for Zealand Pharma (11.5%) and ~2.8 pp higher than the WACC we use for Bavarian Nordic (10.7%). We believe this seems fair, as we deem Saniona's risk profile to be higher, given that it has no marketed products with which to finance its operations at the current stage, unlike Bavarian Nordic (stockpiling smallpox vaccines for the US government). Zealand Pharma recently sold its GLP-1 royalty stream to Royalty Pharma, providing the company with approximately DKK 1.15bn in net cash by year-end 2018 while having two products in ph III; combined, this makes Saniona's cash flow riskier and more dependent on external financing than these two other biotech companies.

The sensitivity table below shows how a higher or lower WACC would impact our DCF value.

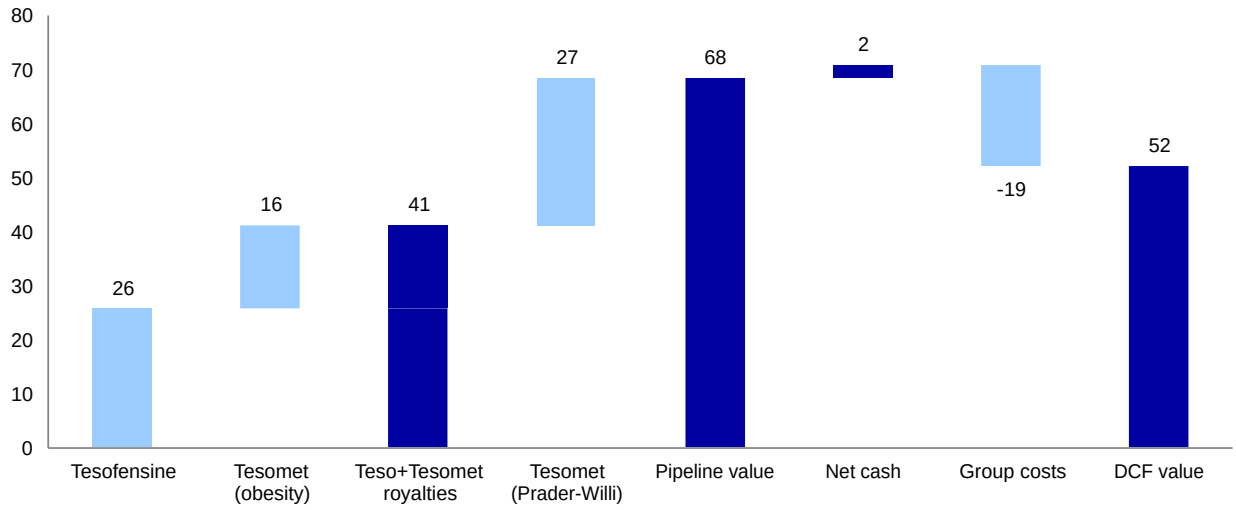
VALUE PER SHARE (SEK): WACC SENSITIVITY

	WACC				
	11.5%	12.5%	13.5%	14.5%	15.5%
Base case scenario	62	57	**52**	48	44

Source: Nordea estimates

Our sensitivity analysis suggests that applying a WACC in line with the one we use for Zealand Pharma (11.5%) could take our DCF-based value up to SEK 62 per share. This highlights the potential value creation we envisage for Saniona when its pipeline advances through clinical trials, derisking the company (in addition to the higher approval probabilities on pipeline projects).

SANIONA: SOTP VALUATION, SEK PER SHARE



Source: Company data and Nordea estimates

Tesomet's potential in orphan diseases is the biggest potential value driver, in our view...

Looking at the value split, Tesomet stands out as the key value driver in Saniona. Our analysis suggests that Tesomet in Prader-Willi syndrome (PWS) alone is worth SEK ~27 per share on a risk-adjusted basis (15% approval probability). We view Tesomet's potential in PWS and other orphan diseases (such as hypothalamic obesity) as the biggest catalyst for the stock, with the potential to take Saniona's market cap to entirely new levels.

...which in a blue-sky scenario, assuming positive ph III data and marketing approval, could boost our valuation towards SEK 250 per share based on our estimates

On our estimates, Saniona's market cap would, all else being equal, be boosted to SEK ~5.6bn or SEK ~250 per share if we were to fully include Tesomet in PWS in our model at 100% risk adjustment. This highlights the considerable upside to the share from positive news flow related to Tesomet in orphan diseases over the next few years. Note that we assign no value to Tesomet's potential use in hypothalamic obesity, type II diabetes, fatty liver disease (NASH) or binge eating, which remain free options in our model that could drive additional upside.

We ascribe SEK ~41 per share to combined Tesofensine and Tesomet royalties on obesity sales on a risk-adjusted basis.

We currently assign no value to early-stage pipeline projects for which we are yet to see efficacy data; thus, these constitute upside potential

We do not attach any value to Saniona's early-stage (ph I and preclinical) pipeline projects in our model or include projects for which we have yet to see ph II results (eg Tesomet in hypothalamic obesity or NS2359 for cocaine addiction) – in line with our general valuation approach we apply to pharma and biotech companies. We argue that a pre-clinical pipeline is favoured among investors and should drive positive news flow, which is important in a biotech stock. Nevertheless, it attracts very little value. We believe this is reasonable, as:

- Investors will generally have limited willingness to pay for preclinical early-stage pipeline projects, given the extremely high attrition rates at this stage.
- It is inherently difficult to put a fair value on projects for which no safety and efficacy data has been reported in humans yet.
- Even with potential considerable future revenue and value, the pipeline projects would have to be risk-adjusted so heavily that the NPV effect would end up being only marginally accretive.
- Overall, it often creates more noise than benefits to argue for a preclinical pipeline valuation.

However, we note that we do not assume increasing R&D spending for the early-stage projects in our model either. Normally, a significant rise in spending would be modelled once drugs move into the clinical phase and revenue and income start rising, but we do not assume this in our cost modelling.

Upside and downside scenarios

When addressing upside and downside to our base-case valuation, we look at events that could drive the share price over the next 12 months. Three key pipeline programmes are expected to either read out or have regulatory feedback over this period: 1) Tesofensine approval decision in obesity; 2) Tesomet ph IIa data in Prader-Willi syndrome in adolescents (at the 0.25 mg dose); and 3) Tesomet ph IIa data in hypothalamic obesity. These events could have a significant impact on valuation in either direction, depending on their outcome, as highlighted below.

UPSIDE POTENTIAL AND DOWNSIDE RISK TO SOTP VALUATION

Event	Upside	SEK per share	Downside	SEK per share
Tesomet ph IIa trial in PWS (adolescents)	Positive safety and efficacy	11	PWS is abandoned	-24
Tesomet ph IIa trial in hypothalamic obesity	Positive safety and efficacy	24	Fails	0
Tesofensine in obesity	Marketing approval in Mexico	3	Launch postponed three years	-4
Potential upside/downside to base case		**38**		**-28**
Potential valuation		**90**		**24**

Source: Company data and Nordea estimates

Factors to consider when investing in Saniona

The equity story in Saniona is mainly about Tesomet, the company's franchise molecule addressing high unmet medical needs in obesity and rare obesity-associated diseases. The company also has other high-potential projects in the pipeline to secure long-term growth, value and news flow. These are funded by partnerships and a funding agreement that goes until late 2020 – beyond important key pipeline catalysts. Potential product sales and royalties will tick in during the next two to five years, replacing that funding. Saniona's share price performance will be highly dependent on clinical pipeline updates on its ongoing trials (mainly Tesomet and Tesofensine), posing a high risk to investors but also potentially great rewards.

The Saniona equity story

Saniona is a Denmark-based small cap biotech company listed in Sweden. It has a broad pipeline, with one product recently having reported positive ph III top-line results in obesity (Tesofensine) and three products in ph II, including Tesomet, the company's franchise molecule and key value driver, which may be used to treat several rare diseases related to obesity. An investment in Saniona could provide exposure to attractive market opportunities in the orphan drug space and several catalysts in the pipeline. But it is for investors who are willing to take on the common biotech risks associated with small cap companies that have pipeline projects but no marketed products – and thus exposure to a stock that is heavily dependent on clinical development, regulatory risk and volatile trading volumes.

Factors to consider when investing in Saniona

We view the following to be key when considering an investment in Saniona

- Saniona's late-stage pipeline programmes address small, rare diseases, meaning the company could go all the way to the market on its own. But there are also larger indications, such as obesity, that Saniona could take to market in a partnership approach with selected pharmaceutical companies.
- The high unmet medical needs in rare diseases have resulted in increased regulatory focus, with regulators in the US and EU (FDA and EMA) having implemented several financial incentives to invest in drug development in this area, creating attractive market opportunities.
- Saniona's lead asset, Tesomet, has been shown in trials to reduce both body weight and hyperphagia (insatiable appetite), providing patients with a novel treatment option with potential not only in obesity but also in multiple, rare obesity-associated disorders.
- Tesofensine and Tesomet could be favourably positioned to address the high unmet medical needs in obesity treatment in Mexico, Argentina and other RoW markets.
- Saniona's early-stage pipeline should provide investors with positive news flow, deals, sustainable growth prospects and valuation optionality over the long term.
- Funding should be sufficient until late 2020 – beyond important key pipeline catalysts.

Key risk factors and potential investor concerns in the case

We see the main risks in Saniona being:
1) pipeline failures, especially relating to Tesomet, delays or regulatory hurdles;
2) partners' and Saniona's ability to commercialise Tesofensine and Tesomet successfully; and,
3) funding needs beyond 2020

- Clinical trials are risky, and despite promising results in earlier clinical studies, key projects (Tesofensine and Tesomet) may fail later-stage studies, be delayed in development or fail to gain approval from regulatory authorities.
- Medix and Saniona's ability to commercialise Tesofensine and Tesomet successfully, pending successful clinical development and regulatory approvals.
- Executing future out-licensing deals with Tesomet in metabolic diseases and with the early-stage pipeline.
- Funding should be sufficient until late 2020, but depending on clinical results and partnership agreements, the company may need additional liquidity to continue advancing its pipeline products and fund operations beyond 2020.

Tesomet – a franchise molecule treating obesity-associated disorders

Saniona's lead asset, Tesomet, is an oral fixed-dose combination product between Tesofensine and a beta blocker called Metoprolol. Tesomet is in ph IIa clinical development for two orphan diseases called Prader-Willi syndrome (PWS) and hypothalamic obesity.

Patients with PWS and hypothalamic obesity suffer from a constant, uncontrollable, extreme urge to eat (hyperphagia), which persists no matter how much they eat, leading to morbid obesity.

SANIONA'S LATE-STAGE PIPELINE

Project	Indication	Phase 1	Phase 2a	Phase 2b	Phase 3	Next steps	Timing
Tesofensine	Obesity					Filing and approval	2019
Tesomet	Obesity					Ph 2b initiation	2020
Tesomet	Prader-Willi Syndrome					Ph 2a results	Q3 2019
Tesomet	Hypothalamic obesity					Ph 2a results	Q4 2019

Source: Company data and Nordea

The drug is set to report ph IIa data in adolescents with Prader-Willi syndrome in Q3 2019. Saniona will also initiate a ph IIa study in hypothalamic obesity, with data expected in Q4 2019.

Tesomet addresses high unmet medical needs in orphan indications

We view Tesomet as addressing markets with high unmet medical needs in obesity and rare diseases associated with obesity

Tesomet could address two high unmet medical need areas: obesity and rare diseases associated with obesity. Tesomet and Tesofensine (the active ingredient in Tesomet) have generated compelling ph III data (December 2018) in obesity and ph IIa data in adult patients with PWS, showing that Tesomet has the potential to significantly reduce both body weight and – importantly – extreme and insatiable appetite in patients (hyperphagia).

Tesomet would present a novel drug launched in a market where no medication has proved effective in regulating hyperphagia in patients with PWS and hypothalamic obesity. There remains a high unmet medical need, as this is arguably the toughest challenge in treating patients with PWS and hypothalamic obesity.

Although prevalence estimates differ among studies, it is estimated that PWS afflicts 15,000-20,000 patients in the US and EU combined, while there are about 7,500-10,000 patients with hypothalamic obesity. This may not seem appealing from a commercial perspective, but the high unmet medical needs in rare diseases have increased regulatory focus worldwide, with both the FDA and EMA having implemented several financial incentives to invest in drug development for rare diseases. These include market exclusivity for seven to ten years, premium pricing, and the priority review voucher programme, among others.

The orphan drug space allows Saniona to fast-track through clinical studies to regulatory filings at a low investment, with potential for orphan drug designation, ensuring premium pricing and market exclusivity.

Tesomet: The biggest upside, the biggest risk

We view Tesomet as a major growth, earnings and valuation driver for Saniona in the coming years

We view Tesomet as a major growth, earnings and valuation driver for Saniona in the coming years. While Tesomet represents the largest upside to the case, it also represents by far the largest risk should it fail in clinical trials or fail to gain approval from regulators.

We provide our Tesomet forecasts below, split by indication. On a risk-adjusted basis, we forecast that the drug will generate up to SEK ~730m in revenue for Saniona. The main driver is its sales potential in orphan disorders.

TESOMET: FORECAST SUMMARY (RISK-ADJUSTED REVENUE)

SEKm	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E
Prader-Willi (15% risk-adj)	48	107	171	230	271	313	359	407	458	474	491	247	124	85	45
- Growth (y/y)	N.a.	122%	59%	35%	17%	16%	14%	13%	13%	4%	4%	-50%	-50%	-32%	-47%
Hypothalamic obesity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Growth (y/y)	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.
Total orphan disorders	48	107	171	230	271	313	359	407	458	474	491	247	124	85	45
- Growth (y/y)	N.a.	122%	59%	35%	17%	16%	14%	13%	13%	4%	4%	-50%	-50%	-32%	-47%
Obesity (40% risk-adj)	25	52	81	113	149	187	196	206	216	227	238	161	82	75	68
- Growth (y/y)	N.a.	110%	57%	40%	31%	26%	5%	5%	5%	5%	5%	-32%	-49%	-8%	-9%
Total Tesomet	**73**	**159**	**252**	**344**	**419**	**500**	**555**	**613**	**674**	**701**	**729**	**408**	**206**	**160**	**114**
- Growth (y/y)	N.a.	118%	58%	37%	22%	19%	11%	10%	10%	4%	4%	-44%	-49%	-22%	-29%
Share of total sales	30%	41%	46%	58%	68%	77%	84%	86%	88%	90%	91%	88%	82%	82%	83%
Share of total sales growth	59%	60%	60%	198%	270%	256%	422%	118%	118%	157%	158%	97%	95%	80%	79%

Source: Nordea estimates

At present, we do not include explicit forecasts for hypothalamic obesity in our valuation; this remains as potential upside to our valuation.

Early pipeline to generate positive news flow, deals and upside

Saniona's early-stage (ph I and preclinical) pipeline projects are developed in-house using its technology platform. The company is focused on developing Tesomet in orphan diseases, while it finances most other lead and preclinical assets through partnerships or research grants – a key strategy that ensures a low cash burn rate.

SANIONA'S EARLY-STAGE PIPELINE

Project	Indication	Pre-clinical Research	Pre-clinical Development	Phase 1	Phase 2a	Rights	Next steps
CAD-1883	Essential tremors					Cadent Therapeutics	Finish ph 2a
CAD-1883	Ataxia					Cadent Therapeutics	Finish ph 1
SAN711	Neuropathic pain and itching					Saniona	Move into ph 1
BI program	Schizophrenia					Boehringer Ingelheim	Move into ph 1
IK program	Inflammatory bowel disease					Saniona	Candidate selection
Kv7	Pain, epilepsy and UI					Saniona	Lead optimation
Nicotinic a6	Parkinson's disease					Saniona	Lead optimation

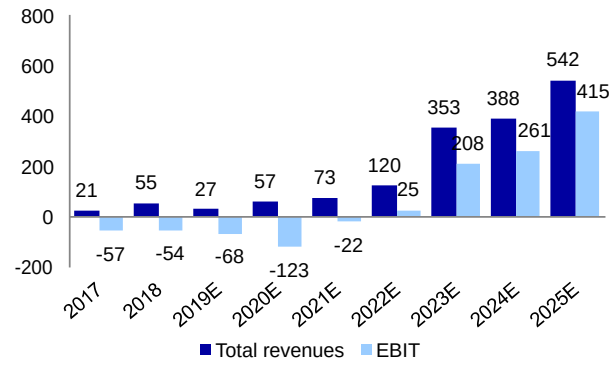
Source: Company data and Nordea

We do not attach any value to Saniona's early-stage pipeline in our valuation, but it offers valuation optionality and crystallises value as projects develop to the clinical stage or when entering potential partnerships deals, thus securing long-term growth and positive news flow.

Funded until late 2020 – beyond important key pipeline catalysts

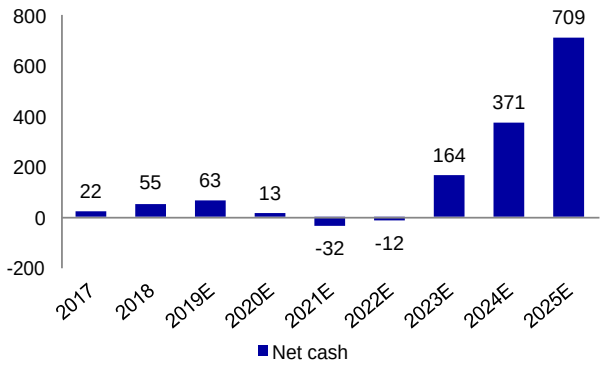
We expect funding to be sufficient to fund operations and cash burn until late 2020, thanks to net cash, partnership agreements and a convertible notes funding agreement. By that time, numerous late-stage clinical catalysts should provide potential opportunities to crystallise value, including Tesofensine marketing approval in Mexico and ph II readouts for Tesomet in Prader-Willi syndrome and hypothalamic obesity.

SANIONA: REVENUE AND EBIT FORECASTS, SEKm



Source: Company data and Nordea estimates

SANIONA: NET CASH FORECASTS, SEKm



Source: Company data and Nordea estimates

Our model assumes that Saniona turns profitable and cash flow positive in 2022/2023 thanks to Tesomet sales starting to kick in.

SANIONA: REVENUE AND P&L OVERVIEW

SEKm	2017	2018	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Total revenues	**21**	**55**	**27**	**57**	**73**	**120**	**353**	**388**	**542**	**589**	**617**	**649**	**661**	**710**
Growth	N.a.	165%	-51%	112%	28%	64%	194%	10%	40%	9%	5%	5%	2%	7%
Product sales and royalties	**0**	**0**	**0**	**30**	**73**	**120**	**245**	**388**	**542**	**589**	**617**	**649**	**661**	**710**
Tesofensine, obesity	0	0	0	30	73	120	172	229	290	245	197	148	106	97
Tesomet, Prader-Willi syndrome	0	0	0	0	0	0	48	107	171	230	271	313	359	407
Tesomet, Hypothalamic obesity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tesomet, obesity	0	0	0	0	0	0	25	52	81	113	149	187	196	206
NS2359, CNS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other (milestones/PRV)	21	55	27	27	0	0	109	0	0	0	0	0	0	0
Gross profit	17	51	27	57	73	120	353	386	540	587	614	645	658	706
Gross margin	84%	93%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	99%	99%
R&D to revenue	191%	128%	222%	244%	68%	42%	14%	13%	9%	8%	8%	8%	8%	7%
In SEK	-40	-70	-60	-140	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50
S&D to revenue	0%	0%	0%	0%	0%	0%	14%	8%	6%	5%	5%	5%	5%	4%
In SEK	0	0	0	0	0	0	-50	-30	-30	-30	-30	-30	-30	-30
Admin & other costs to revenue	169%	64%	130%	70%	61%	37%	13%	12%	8%	8%	7%	7%	7%	6%
In SEK	-35	-35	-35	-40	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
EBIT	**-57**	**-54**	**-68**	**-123**	**-22**	**25**	**208**	**261**	**415**	**462**	**489**	**520**	**533**	**581**
EBIT margin	-276%	-99%	-252%	-214%	-30%	21%	59%	67%	77%	78%	79%	80%	81%	82%
PTP	-56	-48	-68	-123	-22	25	208	261	415	461	489	520	533	581
Net profit	-49	-41	-53	-96	-17	20	162	204	324	360	381	406	415	453
Free cash flow	**-58**	**-24**	**-63**	**-81**	**-45**	**20**	**177**	**207**	**337**	**366**	**386**	**411**	**416**	**457**
Net cash	22	55	63	13	-32	-12	164	371	709	1,074	1,460	1,871	2,288	2,745

Source: Company data and Nordea estimates

We assume that the company will prioritise driving drugs through clinical development and towards the market over near-term profitability. In our view, this strategy seems prudent, as success with early-stage pipeline projects and subsequent advancement into ph II clinical studies will drive value for the company, as will pipeline progress with Tesomet in PWS and hypothalamic obesity.

Reported numbers and forecasts

INCOME STATEMENT

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Net revenue	**n.a.**	**n.a.**	**13**	**22**	**14**	**75**	**21**	**55**	**27**	**57**	**73**
Revenue growth	n.a.	n.a.	n.a.	63.0%	-37.2%	449.7%	-72.4%	165.2%	-50.8%	112.5%	27.6%
of which organic	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
of which FX	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0	0	-1	-7	-27	5	-57	-54	-68	-123	-22
Depreciation and impairments PPE	0	0	0	-1	-1	0	-1	-1	0	0	0
EBITA	0	0	-2	-8	-28	4	-57	-54	-68	-123	-22
Amortisation and impairments	0	0	0	0	0	0	0	0	0	0	0
EBIT	n.a.	n.a.	-2	-8	-28	4	-57	-54	-68	-123	-22
of which associates	0	0	0	0	0	0	0	0	0	0	0
Associates excluded from EBIT	0	0	0	0	0	0	0	0	0	0	0
Net financials	0	0	0	1	-1	1	1	0	0	0	0
Changes in value, net	0	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**0**	**0**	**-2**	**-8**	**-29**	**5**	**-56**	**-54**	**-68**	**-123**	**-22**
Reported taxes	0	0	0	2	6	-3	7	7	15	27	5
Net profit from continued operations	0	0	-1	-6	-23	2	-49	-47	-53	-96	-17
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0	0	0	0	0	0
Net profit to equity	0	0	-1	-6	-23	2	-49	-47	-53	-96	-17
EPS	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit margin in percent											
EBITDA	n.a.	n.a.	-9.1%	-34.5%	-200.4%	6.1%	-273.7%	-97.6%	-251.9%	-213.8%	-29.8%
EBITA	n.a.	n.a.	-12.5%	-38.0%	-206.0%	5.5%	-276.4%	-98.8%	-251.9%	-213.8%	-29.8%
EBIT	**n.a.**	**n.a.**	**-12.5%**	**-38.0%**	**-206.0%**	**5.5%**	**-276.4%**	**-98.8%**	**-251.9%**	**-213.8%**	**-29.8%**
Adjusted earnings											
EBITDA (adj)	0	0	-1	-7	-27	5	-57	-54	-68	-123	-22
EBITA (adj)	0	0	-2	-8	-28	4	-57	-54	-68	-123	-22
EBIT (adj)	0	0	-2	-8	-28	4	-57	-54	-68	-123	-22
EPS (adj)	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Adjusted profit margins in percent											
EBITDA (adj)	n.a.	n.a.	-9.1%	-34.5%	-200.4%	6.1%	-273.7%	-97.6%	-251.9%	-213.8%	-29.8%
EBITA (adj)	n.a.	n.a.	-12.5%	-38.0%	-206.0%	5.5%	-276.4%	-98.8%	-251.9%	-213.8%	-29.8%
EBIT (adj)	n.a.	n.a.	-12.5%	-38.0%	-206.0%	5.5%	-276.4%	-98.8%	-251.9%	-213.8%	-29.8%
Performance metrics											
CAGR last 5 years											
Net revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32.7%	4.5%	33.3%	-0.5%
EBITDA	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EPS	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DPS	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Average last 5 years											
Average EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-63.1%	-77.3%	n.m.	n.m.	n.m.
Average EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-61.1%	-75.6%	n.m.	n.m.	n.m.

VALUATION RATIOS - ADJUSTED EARNINGS

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/EBITDA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/EBITA (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/EBIT (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.

VALUATION RATIOS - REPORTED EARNINGS

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	12.86	25.71	13.55	11.24
EV/EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
EV/EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.
Dividend yield (ord.)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	0.0%	0.0%	0.0%
FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-3.2%	-8.3%	-10.2%	-5.7%
Payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

BALANCE SHEET

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
Intangible assets	0	0	0	0	0	0	0	0	0	0	0
of which R&D	0	0	0	0	0	0	0	0	0	0	0
of which other intangibles	0	0	0	0	0	0	0	0	0	0	0
of which goodwill	0	0	0	0	0	0	0	0	0	0	0
Tangible assets	0	0	1	1	1	1	1	2	2	2	2
Shares associates	0	0	0	0	0	0	0	7	7	7	7
Interest bearing assets	0	0	0	0	0	0	0	0	0	0	0
Deferred tax assets	0	0	0	0	0	0	0	0	0	0	0
Other non-IB non-current assets	0	0	0	0	0	0	0	0	0	0	0
Other non-current assets	0	0	1	1	1	1	6	4	0	0	0
Total non-current assets	0	0	2	2	2	3	8	12	8	8	8
Inventory	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	0	0	1	3	8	14	18	14	7	15	19
Other current assets	0	0	0	1	0	1	1	2	1	2	1
Cash and bank	0	0	1	10	47	53	22	55	63	13	-32
Total current assets	0	0	2	13	55	68	41	71	71	30	-13
Assets held for sale	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total assets	**0**	**0**	**4**	**15**	**58**	**71**	**48**	**83**	**80**	**38**	**-4**
Shareholders equity	0	0	-3	9	53	54	38	39	58	-8	-25
Of which preferred stocks	0	0	0	0	0	0	0	0	0	0	0
Of which equity part of hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0	0
Total Equity	0	0	-3	9	53	54	38	39	58	-8	-25
Deferred tax	0	0	0	0	0	0	0	0	0	0	0
Long term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term provisions	0	0	0	0	0	0	0	0	0	0	0
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0
Shareholder debt	0	0	0	0	0	0	0	0	0	0	0
Hybrid debt	0	0	0	0	0	0	0	0	0	0	0
Total non-current liabilities	0	0	0	0	0	0	0	0	0	0	0
Short-term provisions	0	0	0	0	0	2	0	0	0	0	0
Accounts payable	0	0	2	2	3	6	5	7	4	8	10
Other current liabilities	0	0	5	4	2	9	6	36	18	38	11
Short term interest bearing debt	0	0	0	0	0	0	0	0	0	0	0
Total current liabilities	0	0	7	7	5	17	11	44	21	46	21
Liabilities for assets held for sale	0	0	0	0	0	0	0	0	0	0	0
Total liabilities and equity	**0**	**0**	**4**	**15**	**58**	**71**	**48**	**83**	**80**	**38**	**-4**
Balance sheet and debt metrics											
Net debt	0	0	-1	-10	-47	-53	-22	-55	-63	-13	32
Working capital	0	0	-6	-3	4	0	8	-28	-14	-29	-1
Invested capital	0	0	-4	-1	6	3	15	-15	-5	-21	8
Capital employed	0	0	-3	9	53	54	38	39	58	-8	-25
ROE	n.m.	n.m.	86.9%	n.m.	-74.4%	4.1%	n.m.	n.m.	n.m.	n.m.	n.m.
ROIC	n.m.	n.m.	72.9%	n.m.	n.m.	76.0%	n.m.	n.m.	n.m.	n.m.	n.m.
ROCE	n.a.	n.a.	57.2%	-94.1%	-53.0%	7.7%	n.m.	n.m.	n.m.	n.m.	87.7%
Net debt/EBITDA	n.m.	n.m.	0.8	1.3	1.7	-11.7	0.4	1.0	0.9	0.1	-1.5
Interest coverage	n.a.	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Equity ratio	n.m.	n.m.	-73.0%	56.8%	91.8%	76.7%	77.8%	47.5%	73.1%	-20.1%	590.4%
Net gearing	n.m.	n.m.	31.5%	-110.4%	-88.8%	-98.2%	-59.3%	-138.6%	-109.0%	168.6%	-130.3%

Source: Company data and Nordea estimates

CASH FLOW STATEMENT

SEKm	2011	2012	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E
EBITDA (adj) for associates	**0**	**0**	**-1**	**-7**	**-27**	**5**	**-57**	**-54**	**-68**	**-123**	**-22**
Paid taxes	0	0	0	0	0	0	0	0	15	27	5
Net financials	0	0	0	0	0	0	0	0	0	0	0
Change in provisions	0	0	0	0	0	2	-2	0	0	0	0
Change in other LT non-IB	0	0	-1	0	-1	0	-5	2	4	0	0
Cash flow to/from associates	0	0	0	0	0	0	0	0	0	0	0
Dividends paid to minorities	0	0	0	0	0	0	0	0	0	0	0
Other adj to reconcile to cash flow	0	0	-5	0	1	-2	7	-1	0	0	0
Funds from operations (FFO)	**0**	**0**	**-7**	**-7**	**-27**	**5**	**-56**	**-52**	**-49**	**-96**	**-17**
Change in NWC	0	0	3	0	-2	3	-1	29	-14	15	-28
Cash flow from operations (CFO)	**0**	**0**	**-4**	**-8**	**-29**	**8**	**-57**	**-23**	**-63**	**-81**	**-45**
Capital expenditure	0	0	-2	-1	0	-1	-1	-1	0	0	0
Free cash flow before A&D	**0**	**0**	**-5**	**-9**	**-29**	**7**	**-58**	**-24**	**-63**	**-81**	**-45**
Proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0	0	0	0	0	0
Free cash flow	0	0	-5	-9	-29	7	-58	-24	-63	-81	-45
Dividends paid	0	0	n.a.	n.a.	n.a.	0	0	0	0	0	0
Equity issues / buybacks	0	0	0	18	67	0	33	41	72	30	0
Net change in debt	0	0	0	0	0	0	0	0	0	0	0
Other financing adjustments	0	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	6	0	0	0	-6	10	0	0	0
Change in cash	0	0	1	9	37	6	-31	32	9	-51	-45
Cash flow metrics											
Capex/D&A	n.m.	n.m.	n.m.	n.m.	31.7%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Capex/Sales	n.a.	n.a.	-12.2%	-3.7%	-1.8%	-1.1%	-3.4%	-2.0%	0.0%	0.0%	0.0%
Key information											
Share price year end (/current)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	32	29	29	29
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	760	758	790	790
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	706	694	777	823
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	0.0	21.9	23.8	26.5	27.6	27.6

Source: Company data and Nordea estimates

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