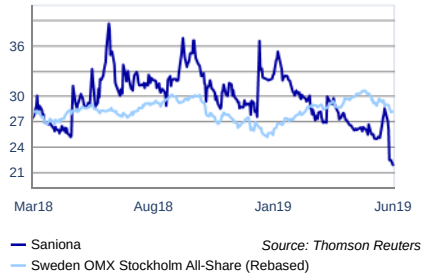
Saniona

Healthcare
Sweden

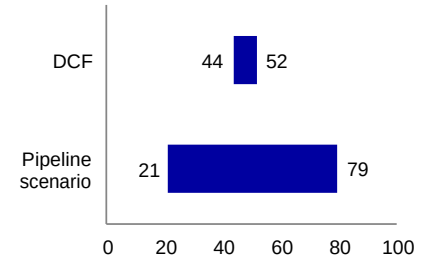
KEY DATA

Stock country	Sweden
Bloomberg	SANION SS
Reuters	SANION.ST
Share price (close)	SEK 21.90
Free Float	73%
Market cap. (bn)	EUR 0.06/SEK 0.63
Website	https://saniona.com/
Next report date	21 Aug 2019

PERFORMANCE



VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2019E	2020E	2021E
Sales	0%	0%	0%
EBIT (adj)	0%	0%	0%

Source: Nordea estimates

Nordea Markets - Analysts

Jesper Ilsøe
Analyst

Michael Novod
Director, Sector Coordinator

Funding in place – important H2 coming up

Saniona's Q1 update was largely as expected but overshadowed by the announced rights issue (SEK 64m net proceeds). The company continues to develop its pipeline projects and timelines remain on track for an important H2 2019, with Tesomet ph IIa data in Prader-Willi syndrome due in Q3 2019 and in hypothalamic obesity in Q4 2019 – projects that are key to the case and the share price development. We lower our DCF-derived valuation range to SEK 44-52 per share (SEK 48-57), owing to the announced rights issue.

Q1 numbers broadly as expected – rights issue the main event

Saniona's Q1 report was largely as expected, with revenue and costs following the same trends as seen in recent quarters. The main event was the rights issue announced on 28 May. The net proceeds are expected to amount to SEK 64m. This, in addition to Saniona's current cash position (SEK ~47m at end-Q1), should secure funding into 2020, beyond the pipeline value inflection points.

Key pipeline news ahead

The next important updates related to Tesomet will be ph IIa data in Prader-Willi syndrome (potentially available in Q3 2019) and ph IIa data in hypothalamic obesity (Q4 2019) – two key readouts. Saniona plans to start pivotal ph IIb/III studies in either PWS or HO (or both) in 2020. We also expect a regulatory filing and approval decision in Mexico for Tesofensine in obesity later this year, making a launch possible in Mexico in 2020.

Valuation range lowered to SEK 44-52 per share

We leave our estimates largely unchanged but lower our DCF-derived valuation range to SEK 44-52 per share (SEK 48-57 per share previously), due to the announced rights issue. We base our valuation only on Tesofensine and Tesomet in PWS and obesity. Risks include pipeline failures, delays, regulatory hurdles, commercialisation hurdles and funding needs in the coming years.

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	20.5	11.1	9.3
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	8.5	-29.3	-16.3
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%	-10.0%	-12.7%	-7.1%
Net debt	-47	-53	-22	-55	-79	1	46
Net debt/EBITDA	1.7	-11.7	0.4	1.0	1.2	0.0	-2.1
ROIC after tax	n.m.	76.0%	n.m.	n.m.	n.m.	n.m.	n.m.

Source: Company data and Nordea estimates

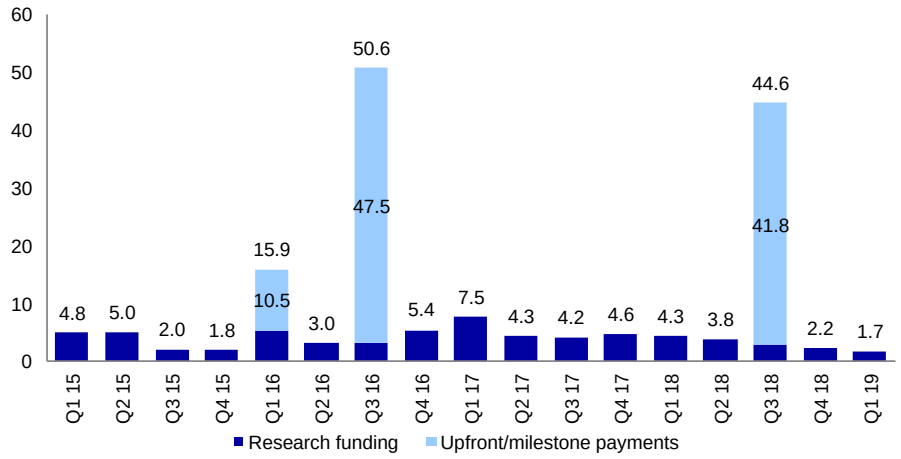
Q1 2019 highlights

Saniona's Q1 report was a non-event, in our view. The pipeline is on track, with the next expected releases 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 decision on Tesofensine (obesity) in Mexico by late 2019, but timing is dependent on when Saniona's partner (Medix) files the new drug application. We implement the announced rights issue in our model, assuming that it will be fully underwritten, securing SEK 64m in net proceeds to the company and guaranteeing funding into 2020, beyond the pipeline value inflection points.

Pipeline on track – rights issue the main talking point

Saniona's Q1 revenues were SEK 1.7m, reflecting research funding from the agreements with Boehringer Ingelheim. Research funding revenues have been declining in recent quarters (see chart below), but we do not consider this significant given the relatively low levels and that 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

Q1 EBIT was SEK -29.1m, with costs related primarily to the development of Tesomet – Saniona's key pipeline asset – followed by preclinical development costs for SAN711 and other early-stage programmes, such as the Kv7 program and the IK program.

Rights issue announced, securing financing needs into 2020

On 28 May, Saniona announced that it intends to implement a rights issue. The intention is to secure the company's financing requirement and replace potential future tranches under the convertible notes funding agreement with Nice & Green.

Given that Saniona is a biotech company with no marketed products, the pipeline projects have historically been funded through partnerships or research grants, while pipeline progress with Tesomet and selected early-stage programs (SAN711, IK and Kv7) has been funded through existing funds as well as with sources like Nice & Green.

Rights issue targets SEK 64m in net proceeds

The company will issue up to 4,349,540 in new shares at SEK 18 per share. This takes the gross proceeds to SEK ~78m, which amounts to SEK 64m on a net basis (deducting transaction costs). Saniona's cash position was SEK 46.9m at the end of Q1. Taking into account the SEK 64m in net proceeds, we estimate that funding should be sufficient into 2020.

The rights issue has already been underwritten by up to 85% by two external guarantors, and existing shareholders have preferential rights in the issue.

Estimates largely unchanged – but model updated for the rights issue

Following the Q1 report, we leave our P&L estimates unchanged. However, we now include the rights issue in our model.

Taking the requested conversion by Nice & Green into consideration (143,758 shares) as well as the outstanding convertibles in the agreement (SEK 10.5m, corresponding to around 505,000 shares at the current share price) while assuming that the rights issue will be fully underwritten, our model and current per share fair values in the valuation section is based on ~28.9 million shares.

ESTIMATE CHANGES

	New estimates						Estimate changes					
SEKm	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**
Total revenues	**27**	**57**	**73**	**120**	**353**	**388**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Product sales and royalties	0	30	73	120	245	388	n.a.	0%	0%	0%	0%	0%
Tesofensine, obesity	0	30	73	120	172	229	n.a.	0%	0%	0%	0%	0%
Tesomet, PWS	0	0	0	0	48	107	n.a.	n.a.	n.a.	n.a.	0%	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	25	52	n.a.	n.a.	n.a.	n.a.	0%	0%
NS2359, CNS	0	0	0	0	0	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other (milestones/PRV)	27	27	0	0	109	0	0%	0%	n.a.	n.a.	0%	n.a.
Gross profit	**27**	**57**	**73**	**120**	**353**	**386**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
R&D costs	-60	-140	-50	-50	-50	-50	0%	0%	0%	0%	0%	0%
S&D costs	0	0	0	0	-50	-30	n.a.	n.a.	n.a.	n.a.	0%	0%
Admin costs	-35	-40	-45	-45	-45	-45	0%	0%	0%	0%	0%	0%
EBIT	**-68**	**-123**	**-22**	**25**	**208**	**261**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
PTP	-68	-123	-22	25	208	261	0%	0%	0%	0%	0%	0%
Net profit	-53	-96	-17	20	162	204	0%	0%	0%	0%	0%	0%
Free cash flow	-63	-81	-45	20	177	207	0%	0%	0%	0%	0%	0%
Net cash	79	-1	-46	-26	150	357	25%	-109%	43%	114%	-9%	-4%

Source: Company data and Nordea estimates

Next triggers to come later this year

Having reported positive ph III data for Tesofensine in obesity in December 2018, we now await a regulatory filing and approval decision in Mexico. In its Q1 report, Saniona says that its partner (Medix) is on track to file a new drug application and that it remains confident about launching the product in 2020. Hence, an approval decision could be made in late 2019, but timing is obviously dependent on when Medix files the new drug application and how fast the Mexican regulatory authorities handle it.

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.

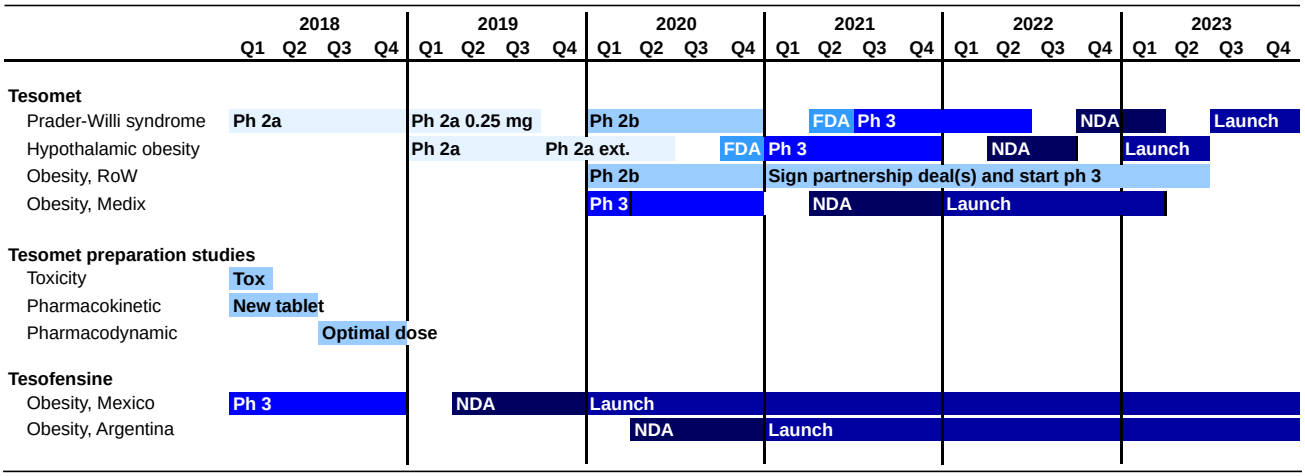
UPCOMING NEWS FLOW

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				
Late 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 2b/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: 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	79	-1	-46	-26	150	357	695	1,060	1,446	1,857	2,274	2,731

Source: Company data and Nordea estimates

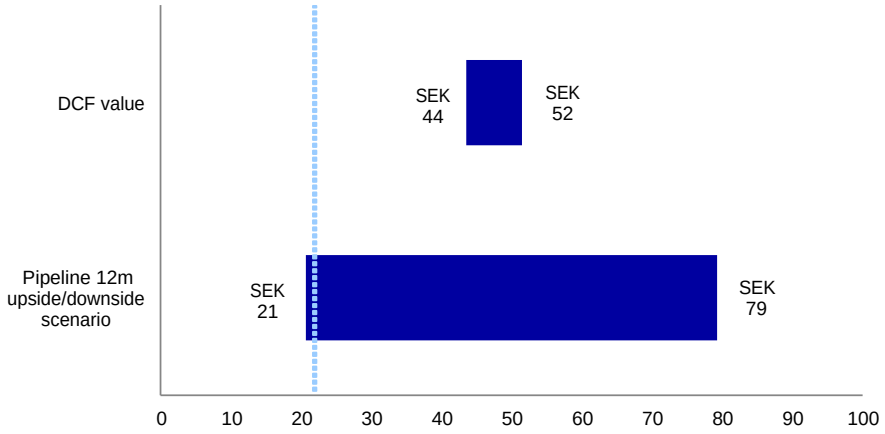
Valuation

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 44-52 per share.

We value Saniona at SEK 44-52 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 44-52 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	699	90%	630	22	46%
Tesomet	Obesity	350	2023	960	40%	384	13	28%
Tesomet	Prader-Willi syndrome	362	2023	4,125	15%	619	21	45%
Priority Review Voucher	Prader-Willi syndrome	N.a.	2023	316	15%	47	2	3%
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				**6,102**		**1,680**	**58**	**123%**
Group costs not allocated to individual projects				-365	100%	-365	-13	-27%
Net cash/(debt)				55	100%	55	2	4%
SOTP valuation				**5,791**		**1,369**	**47**	**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 1.26bn in net cash by end Q1 2019 while having two assets in ph III; combined, this makes Saniona's cash flow riskier and much 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.

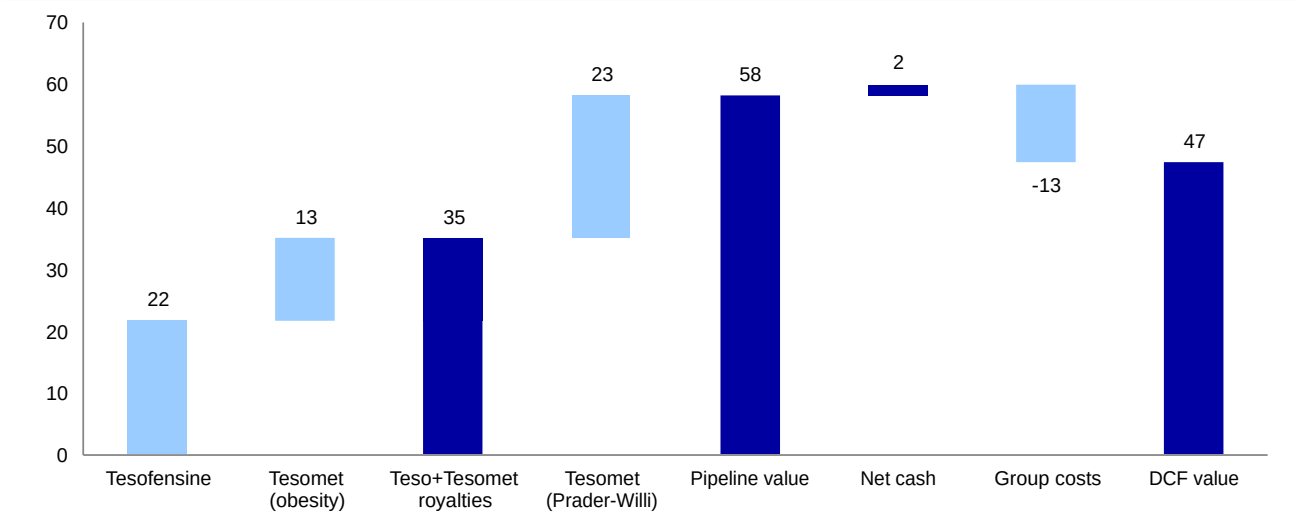
VALUE PER SHARE (SEK): WACC SENSITIVITY

	WACC				
	11.5%	12.5%	13.5%	14.5%	15.5%
Base case scenario	56	52	**47**	44	40

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 56 per share. This highlights the potential value creation we envisage for Saniona when its pipeline advances through clinical trials, de-risking the company (in addition to the higher approval probabilities on pipeline projects).

SANIONA: SOTP VALUATION, SEK PER SHARE



Source: Company data and Nordea estimates

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 Tesomet's potential use in other indications (hypothalamic obesity, type II diabetes, fatty liver disease or binge eating). Nor do we include early-stage (ph I and preclinical) pipeline projects for which we have yet to see ph II results; this is in line with the valuation approach we apply generally to pharma and biotech companies. We argue that a pre-clinical pipeline is looked upon favourably among investors and could drive positive news flow, which is important in a biotech stock. Nevertheless, it attracts very little value, which we believe 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	9	PWS is abandoned	-23
Tesomet ph IIa trial in hypothalamic obesity	Positive safety and efficacy	21	Fails	0
Tesofensine in obesity	Marketing approval in Mexico	2	Launch postponed three years	-4
Potential upside/downside to base case		**32**		**-27**
Potential valuation		**79**		**21**

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 into 2020 – beyond important key pipeline catalysts. Potential product sales and royalties will kick in during the next one to four years. 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 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 into 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, which can dilute shareholders and creates a funding/liquidity risk.

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	2019/2020
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 is also conducting a ph IIa proof-of-concept study in hypothalamic obesity, with data expected in Q4 2019.

The objective is to prepare Tesomet for pivotal ph IIb/III studies in either one or both indications and start pivotal studies in 2020.

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 relatively 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	Ph 2a results
CAD-1883	Ataxia					Cadent Therapeutics	Start ph 2a
NS2359	Cocaine Addiction					Saniona	Ph 2a results
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	Preclinical dev.
Kv7	Pain, epilepsy and UI					Saniona	Preclinical dev.
Nicotinic a6	Parkinson's disease					Saniona	Preclinical dev.

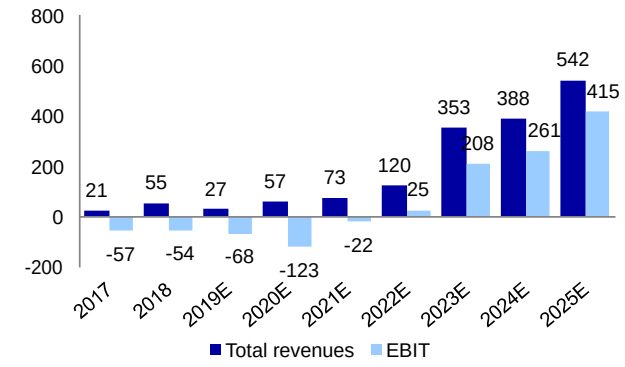
Source: Company data and Nordea

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 into 2020 – beyond important key pipeline catalysts

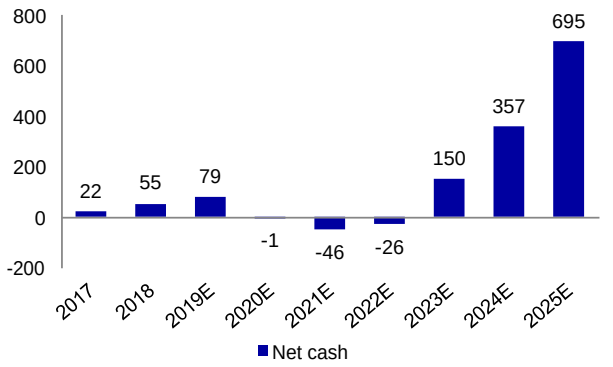
We expect funding to be sufficient to fund operations and cash burn into 2020, thanks to net cash, partnership agreements and a funding obtained from the rights issue and convertible notes funding agreement with Nice & Green. By that time, late-stage clinical catalysts should provide potential opportunities 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	79	-1	-46	-26	150	357	695	1,060	1,446	1,857	2,274	2,731

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
of which leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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
of which lease interest	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	20.52	11.06	9.29
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%	-10.0%	-12.7%	-7.1%
FCF yield, adjusted for leases	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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
of which leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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
Short-term leased assets	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	79	-1	-46
Total current assets	0	0	2	13	55	68	41	71	87	16	-27
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**	**96**	**24**	**-18**
Shareholders equity	0	0	-3	9	53	54	38	39	74	-22	-39
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	74	-22	-39
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
Non-current lease debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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
Current lease debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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**	**96**	**24**	**-18**
Balance sheet and debt metrics											
Net debt	0	0	-1	-10	-47	-53	-22	-55	-79	1	46
of which lease debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	74	-22	-39
ROE	n.m.	n.m.	86.9%	n.m.	-74.4%	4.1%	n.m.	n.m.	-93.7%	n.m.	56.9%
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.	-91.6%	n.m.	56.1%
Net debt/EBITDA	n.m.	n.m.	0.8	1.3	1.7	-11.7	0.4	1.0	1.2	0.0	-2.1
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%	77.6%	-90.4%	213.4%
Net gearing	n.m.	n.m.	31.5%	-110.4%	-88.8%	-98.2%	-59.3%	-138.6%	-107.1%	-5.1%	-119.4%

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
Free cash flow, adjusted for leases	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
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	88	0	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	25	-81	-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	22	22	22
Market cap.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	760	633	633	633
Enterprise value	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	706	554	634	680
Diluted no. of shares, year-end (m)	0.0	0.0	0.0	0.0	0.0	0.0	21.9	23.8	28.9	28.9	28.9

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report
This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their unit Nordea Markets.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report
This report has been prepared solely by Nordea Markets.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report
All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice
The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources
This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets ("External Information"), Nordea Markets has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability
Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information
The risk of investing in certain financial instruments, including those mentioned in this report , is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest
Readers of this document should note that Nordea Markets has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea Markets that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Distribution restrictions
The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US. This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 138 Market Street, #09-01 CapitaGreen, Singapore 048946.

This report may be distributed by Nordea Bank Luxembourg S.A., 562 rue de Neudorf, L-2015 Luxembourg which is subject to the supervision of the Commission de Surveillance du Secteur Financier.

This publication or report may be distributed by Nordea Bank Abp Singapore Branch, which is subject to the supervision of the European Central Bank, the Finnish Financial Supervisory Authority and the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Analyst Shareholding
Nordea Markets analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

Fair value sensitivity
We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. When applicable, we set a 12-month target price by applying an appropriate premium/discount and/or other relevant adjustment to our fair value to reflect the share price potential we see within the coming 12 months. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive.
It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. Dividend payouts are included in the target price. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material
This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Where applicable, recommendation changes are available at: https://research.nordea.com/compliance#equity-changes.

Market-making obligations and other significant financial interest
Nordea Markets has no market-making obligations in Saniona.

Investment banking transactions
In view of Nordea's position in its markets readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking services to the company/companies

Issuer Review
This report has not been reviewed by the Issuer prior to publication.

Completion Date
04 Jun 2019, 09:17 CET

Nordea Bank Abp

Nordea Markets Division, Research
Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg.no. 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea Markets Division, Research
Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea Markets Division, Research
Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea Markets Division, Research
Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650