

Buy

Results Analysis

Healthcare

Sweden

21 April 2023

Light at the end of the tunnel just came in view

The Institutional Investor Europe Survey 2023 is live until 5 May. The SEB Research team would be grateful if you could cast your vote at: <https://voting.institutionalinvestor.com/>

We cut our sales forecasts for 2023-24 due to the continued slow Idefirix launch, as well as in 2025-26 due to a likely later start of US sales than we previously expected. We also forecast higher costs in 2023. The combined effect is a cut to our NPV-based TP to SEK 240 (245) but note that our peak sales forecast remains essentially unchanged. Importantly, we believe we have better visibility in light of market access developments. Reiterate Buy.

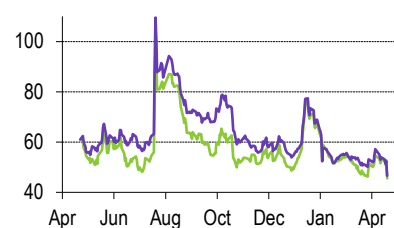
Key Data (2023E)

Price (SEK)	45.66
Target price (SEK)	240.00
- changed from (SEK)	245.00
Recommendation	Buy
Risk	High
Reuters	HNSA.ST
Bloomberg	HNSA.SS
Market cap (SEKm)	2,395
Market cap (USDm)	232
Market cap (EURm)	212
Net debt (SEKm)	(42)
Net debt (ex. IFRS-16 debt)	(64)
Shares fully dil. (m)	52.4
Avg daily turnover (SEKm)	16.3
Free float	82%

Estimate Revisions (%)

	2023E	2024E	2025E
Revenues	(19)	(15)	(36)
Adj. EBIT	(23)	(14)	(57)
Adj. EPS	(31)	(15)	(57)

Share Price (12M)



Absolute (green) / Relative to Sweden (purple).

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Q1 was disappointing, but the reaction creates an attractive entry point

With Q1 revenue -47% vs. SEB and four patients treated in the quarter, the result was clearly disappointing and the 29% higher SG&A costs y/y added to the negative sentiment. The market's reaction was therefore understandable, if perhaps overdone, in light of tangible market access and R&D progress.

No guidance visibility, but tangible market access progresses

With the pending EuroTransplant allocation reform, the UK coming online and progress in other markets, we see the light at the end of the tunnel.

Lots of data, prospect of sales growth in H2/23 set to reinvigorate the share

We cut estimates for 2023-24 given management's sales trajectory comments, leaving us 19% above consensus for 2023. Despite the clinical programme remaining on track vs. the previous timeline, the margin for error on timing of BLA submission for kidney transplantation is too thin for our forecast, so we now assume a late 2025 US launch, cutting our Idefirix sales forecasts for 2025-26. Because this merely shifts back the overall opportunity, rather than cutting it, our NPV-based valuation is only modestly negatively impacted. Between market access progress, data in AMR, positive risk/reward on partner Sarepta's FDA decision and GBS top line, the share is set to get interesting in mid-2023.

Financials (SEK)

Year end: Dec	2021	2022	2023E	2024E	2025E
Revenues (m)	34	155	248	525	2,902
Adj. EBIT	(547)	(587)	(629)	(694)	808
Pre-tax profit (m)	(548)	(608)	(714)	(743)	788
EPS	(12.3)	(13.6)	(13.6)	(12.1)	11.0
Adj. EPS	(12.3)	(13.6)	(13.6)	(12.1)	11.0
DPS	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	455.6	356.1	60.3	111.9	453.0
Adj. EBIT growth (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Adj. EPS growth (%)	n.m.	n.m.	n.m.	n.m.	n.m.
Adj. EBIT margin (%)	n.m.	n.m.	n.m.	n.m.	27.8
ROE (%)	(54.8)	(91.7)	n.m.	257.1	429.4
ROCE (%)	(50.3)	(51.3)	(59.3)	n.m.	91.8
PER (x)	n.m.	n.m.	n.m.	n.m.	4.2
Free cash flow yield (%)	(12.4)	(23.0)	(25.4)	(21.9)	24.8
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
P/BV (x)	5.21	4.52	(16.80)	(6.55)	4.12
EV/Sales (x)	174.35	21.40	13.73	6.72	0.78
EV/Adj. EBITDA (x)	(5.8)	(3.3)	(3.7)	(4.3)	2.7
EV/Adj. EBIT (x)	(5.8)	(3.3)	(3.7)	(4.3)	2.7
Operating cash flow/EV (%)	(15.3)	(26.1)	(25.6)	(20.5)	37.6
Net debt/EBITDA (x)	1.41	1.11	0.07	(0.18)	(1.41)

Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

Q1 review

Q1 deviation

(SEKm)	Actual	Q1/23		Deviation SEB		Deviation Cons.		Q1/22		Q4/22	
		SEB	Cons.	Abs	Rel	Abs	Rel	Actual	y/y	Actual	q/q
Revenue	24.2	45.3	27.0	-21.1	-47%	-2.8	-10%	30.3	-20%	30.8	-21%
EBIT	-182.3	-130.5	-161.0	-51.8	-40%	-21.3	-13%	-135.0	-35%	-144.1	-26%
EPS (SEK)	-3.92	-3.1	-2.8	-0.8	-27%	-1.1	-41%	-3.1	-26%	-3.2	-23%
P&L											
Revenue	24.2	45.3	27.0	-21.1	-47%	-2.8	-10%	30.3	-20%	30.8	-21%
Gross profit	14.5	40.8	18.5	-26.2	-64%	-3.9	-21%	19.0	-24%	26.2	-45%
SG&A	-103.3	-80.8	-84.6	-22.5	-28%	-18.7	-22%	-80.4	-29%	-82.0	-26%
R&D	-92.8	-90.4	-64.1	-2.4	-3%	-28.7	-45%	-70.9	-31%	-91.5	-1%
EBIT	-182.3	-130.5	-161.0	-51.8	-40%	-21.3	-13%	-135.0	-35%	-144.1	-26%
Net profit	205.4	-138.5	-123.5	343.9	248%	328.9	266%	-138.4	248%	-146.6	240%
EPS (SEK)	-3.92	-3.08	-2.78	-0.84	-27%	-1.14	-41%	-3.18	-23%	-3.18	-23%
Cash flow											
Cash & STI, end balance	1,286.8		1,455.0	n.a.	n.a.	168.2	-12%	0.0	n.a.	1,496.2	-14%
FCF	-207.5			n.a.	#VALUE!	n.a.	n.a.	-130.7	-59%	-120.5	-72%
Margin, %											
Gross profit	60.1	90.0	68.4		-29.9pp		-0.1pp	62.9	-2.8pp	85.3	-25.1pp
EBIT	-753.5	-288.2	-596.3		-465.3pp		-0.3pp	-445.9	-307.6pp	-468.5	-285.0pp
KPIs											
No. pts treated	4	16	7	-12	300%	-3	-43%	11	-64%	13	-70%

Source: SEB, Company collected consensus, company reports

Recently achieved milestones

Timing	Impact	Product	Event type	Region	Event
2023-H1		HNSA-5487	Clinical	Global	Clinical trial initiation
2023-H1		Idefirix	Clinical	Global	Anti-GBM ph3 initiation
2023-H1		Idefirix	Clinical	Global	GBS ph2 trial fully enrolled
2022-H2		NiceR	Regulatory	Global	NiceR: completion of toxicity studies

Source: SEB, company reports

Anticipated news flow

Timing	Impact	Product	Event type	Region	Event
2023-H1		Idefirix	Clinical	US	Imlifidase kidney transplant pivotal trial fully enrolled
2023-H2	High	Idefirix	Clinical	Global	AMR ph2 data readout
2023-H2		Idefirix	Clinical	US	Imlifidase kidney transplant pivotal trial randomization completed
2023-H2	High	Idefirix	Clinical	Global	GBS ph2 data readout
2023-H2		Idefirix	Clinical	US	5-year survival follow-up data in kidney transplantation
2023-xx		Idefirix	Clinical	Global	DMD clinical trial initiation as pre-treatment for SRP-9001 (Sarepta)
2024-xx	High	Idefirix	Clinical	US	12-mo follow-up completed in kidney transplant trial
2024-xx		Idefirix	Regulatory	US	Imlifidase BLA submission for kidney transplantation

Source: SEB, company reports

Estimates

Estimate revisions

(SEKm)	New				Old				Diff, %			
	Q2/23E	2023E	2024E	2025E	Q2/23E	2023E	2024E	2025E	Q2/23E	2023E	2024E	2025E
Revenue	61.1	247.7	524.7	2,901.9	84.9	306.8	618.4	4,566.6	-28.0	-19.3	-15.1	-36.5
EBIT	-154.4	-629.2	-693.5	808.1	-127.1	-510.4	-610.2	1,866.2	-21.5	-23.3	-13.7	-56.7
EPS (SEK)	-3.3	-13.6	-12.1	11.0	-3.0	-10.4	-10.5	25.8	-10.6	-30.8	-15.1	-57.3
Revenue												
Idefirix	24.3	167.8	438.9	2,761.8	48.1	227.1	532.7	4,426.9	-49.4	-26.1	-17.6	-37.6
Collaboration revenue	36.0	76.3	82.3	136.5	36.0	76.2	82.2	136.2	0.0	0.2	0.2	0.2
Other	0.8	3.5	3.5	3.5	0.8	3.5	3.5	3.5	0.0	0.0	0.0	0.0
Total	61.1	247.7	524.7	2,901.9	84.9	306.8	618.4	4566.6	-28.0	-19.3	-15.1	-36.5
EPS												
Revenue	61.1	247.7	524.7	2,901.9	84.9	306.8	618.4	4,566.6	-28.0	-19.3	-15.1	-36.5
COGS	-12.2	-42.0	-48.3	-303.8	-8.5	-25.0	-58.6	-487.0	-44.0	-68.0	17.6	37.6
Gross profit	48.9	205.7	476.5	2,598.1	76.4	281.8	559.8	4,079.6	-36.0	-27.0	-14.9	-36.3
SG&A	-104.7	-419.6	-635.0	-1,100.0	-101.0	-376.9	-635.0	-1,106.7	-3.6	-11.3	0.0	0.6
R&D	-98.6	-415.3	-535.0	-690.0	-102.5	-415.3	-535.0	-1,106.7	3.8	0.0	0.0	37.7
Other opex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.	n.a.	n.a.	n.a.
EBIT	-154.4	-629.2	-693.5	808.1	-127.1	-510.4	-610.2	1,866.2	-21.5	-23.3	-13.7	-56.7
Net income	-174.4	-713.8	-742.9	787.8	-135.1	-545.7	-645.5	1,845.9	-29.1	-30.8	-15.1	-57.3
EPS (SEK)	-3.3	-13.6	-12.1	11.0	-3.0	-10.4	-10.5	25.8	-10.6	-30.8	-15.1	-57.3
No. shares (m)												
Margins, %												
Gross margin	80.0	83.1	90.8	89.5	90.0	91.9	90.5	89.3	-10.0pp	-8.8pp	0.3pp	0.2pp
EBIT margin	-252.5	-254.0	-132.2	27.8	-149.7	-166.4	-98.7	40.9	-102.8pp	-87.6pp	-33.5pp	-13.0pp
Sales drivers, %												
Organic	124.4	54.7	111.8	453.0	215.7	94.1	101.6	638.5	-91.3pp	-39.4pp	10.2pp	-185.5pp
FX	7.2	5.6	0.1	0.0	5.9	4.4	0.0	0.0	1.3pp	1.2pp	0.1pp	0.0pp
Total	131.6	60.3	111.9	453.0	221.6	98.5	101.6	638.5	-90.0pp	-38.2pp	10.3pp	-185.5pp
KPIs												
No. pts treated	10	69	180	0	20	94	221	0	-50.0	-27.0	-18.6	n.a.

Source: SEB

Detailed quarterly estimates

(SEKm)	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23	Q2/23E	Q3/23E	Q4/23E	Q1/24E	Q2/24E	Q3/24E	Q4/24E
Revenue	9.0	4.5	4.9	15.4	30.3	26.4	67.1	30.8	24.2	61.1	55.5	106.8	104.2	153.7	152.9	114.0
EBIT	-103.7	-132.4	-148.2	-162.8	-135.0	-168.4	-139.5	-144.1	-182.3	-154.4	-157.3	-135.1	-152.6	-142.2	-154.6	-244.2
EPS (SEK)	-2.34	-2.98	-3.34	-3.67	-3.11	-3.83	-3.45	-3.18	-3.92	-3.32	-3.38	-2.99	-3.06	-2.86	-3.10	-4.32
Revenue																
Idefirix	6.0	0.0	0.0	9.0	24.2	19.5	22.7	20.3	14.3	24.3	48.7	80.5	97.4	116.9	146.1	78.6
Collaboration revenue	2.4	3.6	4.3	5.3	5.2	6.2	43.7	9.1	9.0	36.0	6.0	25.4	6.0	36.0	6.0	34.3
Contract revenue	0.5	0.9	0.6	1.1	0.8	0.8	0.7	1.3	0.9	0.8	0.8	1.0	0.8	0.8	0.8	1.1
Total	9.0	4.5	4.9	15.4	30.3	26.4	67.1	30.8	24.2	61.1	55.5	106.8	104.2	153.7	152.9	114.0
EPS																
Revenue	9.0	4.5	4.9	15.4	30.3	26.4	67.1	30.8	24.2	61.1	55.5	106.8	104.2	153.7	152.9	114.0
COGS	-1.7	-2.3	-7.7	-3.6	-11.2	-5.1	-17.6	-4.5	-9.6	-12.2	-8.3	-11.8	-10.4	-15.4	-15.3	-7.2
Gross profit	7.3	2.2	-2.8	11.8	19.0	21.3	49.5	26.2	14.5	48.9	47.2	95.1	93.8	138.3	137.6	106.8
SG&A	-60.1	-81.2	-82.8	-103.2	-80.4	-90.3	-83.5	-82.0	-103.3	-104.7	-97.4	-114.2	-124.7	-146.1	-153.4	-210.9
R&D	-47.4	-54.5	-60.6	-68.2	-70.9	-93.2	-90.4	-91.5	-92.8	-98.6	-107.1	-116.8	-121.7	-134.4	-138.8	-140.1
Other	-3.5	1.2	-2.0	-3.1	-2.8	-6.2	-15.1	3.2	-0.8	0.0	0.0	0.8	0.0	0.0	0.0	0.0
EBIT	-103.7	-132.4	-148.2	-162.8	-135.0	-168.4	-139.5	-144.1	-182.3	-154.4	-157.3	-135.1	-152.6	-142.2	-154.6	-244.2
Net financials	-0.3	-0.2	-0.2	-0.5	-3.4	-2.1	-14.0	-1.9	-22.7	-20.0	-20.0	-21.9	-8.0	-8.0	-8.0	-25.4
Pre-tax profit	-103.9	-132.6	-148.4	-163.2	-138.4	-170.6	-153.5	-146.0	-205.1	-174.4	-177.3	-157.0	-160.6	-150.2	-162.6	-269.5
Tax	0.0	0.0	0.0	-0.2	-0.1	0.0	-0.5	-0.6	-0.4	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Net profit	-103.9	-132.6	-148.4	-163.4	-138.4	-170.6	-154.0	-146.6	-205.4	-174.4	-177.3	-156.6	-160.6	-150.2	-162.6	-269.5
EPS (SEK)	-2.34	-2.98	-3.34	-3.67	-3.11	-3.83	-3.45	-3.18	-3.92	-3.32	-3.38	-2.99	-3.06	-2.86	-3.10	-4.32
Margins, %																
Gross margin	80.7	48.6	-56.4	76.5	62.9	80.8	73.7	85.3	60.1	80.0	85.0	89.0	90.0	90.0	90.0	93.7
EBIT margin	-1,152.3	-2,918.5	-2,995.3	-1,057.0	-445.9	-638.0	-207.9	-468.5	-753.7	-252.5	-283.5	-126.5	-146.5	-92.5	-101.1	-214.2
Sales drivers, %																
Organic	921.8	632.8	550.9	192.1	233.0	478.8	1,251.8	91.7	-27.0	124.4	-23.0	244.6	330.3	151.3	175.5	6.7
FX	-5.1	-4.8	-1.7	-1.3	3.5	3.3	4.2	8.1	6.9	7.2	5.8	2.6	0.3	0.0	0.0	0.0
Total	916.7	627.9	549.2	190.7	236.5	482.1	1,256.0	99.8	-20.1	131.6	-17.3	247.3	330.6	151.3	175.5	6.7
KPIs																
No. pts treated	2	0	0	5	11	7	8	8	4	10	20	35	40	48	60	32

Source: SEB, company reports

Detailed annual estimates											
(SEKm)	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E
Revenue	3.4	3.4	6.1	33.9	154.5	247.7	524.7	2,901.9	6,104.8	9,477.1	7,323.7
EBIT	-246.5	-359.7	-422.8	-547.0	-587.0	-629.2	-693.5	808.1	2,472.6	4,417.8	2,985.0
EPS (SEK)	-6.50	-9.01	-9.98	-12.33	-13.57	-13.61	-12.06	11.00	34.13	54.78	27.16
Revenue											
Idefirix	0.0	0.0	0.0	15.0	86.7	167.8	438.9	2,761.8	5,964.8	8,381.6	7,320.2
Collaboration revenue	0.0	0.0	2.6	15.7	64.3	76.3	82.3	136.5	136.5	1,092.1	0.0
Legacy sales	3.4	3.4	3.5	3.2	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Total	3.4	3.4	6.1	33.9	154.5	247.7	524.7	2,901.9	6,104.8	9,477.1	7,323.7
EPS											
Revenue	3.4	3.4	6.1	33.9	154.5	247.7	524.7	2,901.9	6,104.8	9,477.1	7,323.7
COGS	-0.9	-0.9	-1.0	-15.4	-38.5	-42.0	-48.3	-303.8	-656.1	-922.0	-805.2
Gross profit	2.4	2.5	5.1	18.5	116.0	205.7	476.5	2,598.1	5,448.7	8,555.2	6,518.5
SG&A	-90.4	-167.3	-203.0	-327.3	-336.2	-419.6	-635.0	-1,100.0	-1,488.1	-2,068.7	-1,766.7
R&D	-154.6	-192.9	-227.2	-230.8	-346.1	-415.3	-535.0	-690.0	-1,488.1	-2,068.7	-1,766.7
Other	-4.0	-1.9	2.3	-7.4	-20.8	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-246.5	-359.7	-422.8	-547.0	-587.0	-629.2	-693.5	808.1	2,472.6	4,417.8	2,985.0
Net financials	-1.5	0.1	1.9	-1.2	-21.4	-84.6	-49.4	-20.3	-0.3	-0.3	-0.3
Pre-tax profit	-248.0	-359.6	-420.9	-548.1	-608.4	-713.8	-742.9	787.8	2,472.3	4,417.5	2,984.8
Tax	0.0	-0.4	0.0	-0.2	-1.2	0.0	0.0	0.0	0.0	-449.2	-1,016.9
Net profit	-248.0	-360.0	-420.9	-548.3	-609.6	-713.8	-742.9	787.8	2,472.3	3,968.4	1,967.8
EPS (SEK)	-6.50	-9.01	-9.98	-12.33	-13.57	-13.61	-12.06	11.00	34.13	54.78	27.16
Margins, %											
Gross margin	72.7	74.3	83.5	54.5	75.1	83.1	90.8	89.5	89.3	90.3	89.0
EBIT margin	-7,340.6	-10,691.7	-6,980.0	-1,614.5	-379.9	-254.0	-132.2	27.8	40.5	46.6	40.8
Sales drivers, %											
Organic	-2.4	0.2	81.0	462.5	351.4	54.7	111.8	453.0	110.4	55.2	-22.7
FX	0.0	0.0	-0.9	-3.3	4.8	5.6	0.1	0.0	0.0	0.0	0.0
Total	-2.4	0.2	80.1	459.2	356.1	60.3	111.9	453.0	110.4	55.2	-22.7
KPIs											
No. pts treated	0	0	0	7	39	69	180				

Source: SEB, company reports

TP SEK 240 (245)

SOTP-rNPV

(SEK)	Peak sales, SEKm	P(approval)	Risk-adj. peak sales, SEKm	rNPV per share	De-risked
Kidney Tx (EU)	2,611	100%	2,611	47	47
Kidney Tx (US)	5,914	90%	5,323	96	106
Other Tx	4,491	0%	0	0	97
Acute AMR	5,976	10%	598	11	108
GBS	30,202	0%	0	0	673
anti-GBM	2,069	30%	621	11	37
Sarepta deal	4,325	26%	1,129	31	118
Continuing value				23	23
SOTP-rNPV	55,589		10,281	219	1,210
Time adj.				1.02	1.02
Net cash(+)/debt (-)				18	18
Equity value				242	1,256

Assumed number of shares after potential future dilution (for NPV p.s. calculation), m

72

Source: SEB

SEAM (SEB's ESG Assessment Methodology)

Hansa Biopharma

Country: Sweden Sector: Healthcare Enterprise value (yr end): SEK 9.4bn Target Equity Valuation (6-12m): SEK 15.8bn

ESG impact on NPV (as % of enterprise valuation)

Total impact over time	0
of which:	
- impact reflected in target enterprise valuation	0
- impact yet-to-be reflected in target enterprise valuation	0

ESG impact on NPV (as % of equity valuation)

Total impact over time	0
of which:	
- impact reflected in target equity valuation	0
- impact yet-to-be reflected in target equity valuation	0

In our view, ESG factors will be overall neutral to the company's financial value over time, with the impact constant during the next 10 years. The most material ESG factors (sub-issues) are its innovative therapies, that treat diseases with a high economic and societal burden. We believe that most of the key ESG factors could be manageable by the company. For those manageable factors, we believe that the company's current approach could be improved. This is as it relates to ESG issue management policies in the company. That said, Hansa is still a small startup, with hitherto limited resources, so we expect this to be better addressed in future. Our target price (6-12 m horizon) fully reflects the ESG impact. In our view, the company's revenues are not addressed by EU taxonomy technical assessment criteria. From a responsibility perspective, we believe that the company is managing current ESG issues to some extent. Sustainability overall ESG risk assessment for the company is high, while our ESG financial assessment suggests a neutral financial impact.

SEB ESG Financial Assessment ("SEFA")

0-3 yrs

4-10+ yrs

SEFA overall assessment (qualitative):

Grand total of impacts (% NPV/EV) 0

Hansa Biopharma (cont.)

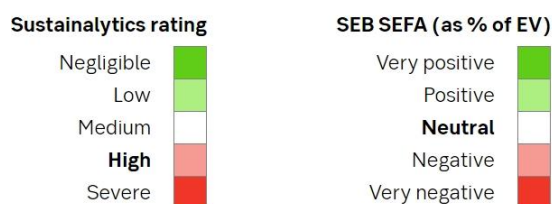
SEB ESG Responsibility Assessment ("SERA")

	0-3 yrs	4-10+ yrs
SERA overall assessment (qualitative):		
Key concern responsibility issues (SEB view)		
Ethical business Hansa Biopharma develops medicines to treat diseases with a high societal burden		
Other high profile issues/controversies but assessed to be of intermediate or low concern (SEB view)		
Ethical business Hansa working to limit initial Idefirix uptake to ensure apt development of Clinical Best Practice		<input type="checkbox"/>
Bribery and Corruption As of first product launch, ethical marketing incentive structures still being implemented.		
Political risk High and increasing economic burden of disease poses long-term challenge to payers		

Sustainalytics Assessment (note: 1st is lowest risk)

Overall risk High
 Percentile vs. companies in all industries 59
 Percentile vs. others in industry 20

The Sustainalytics ESG rating is an assessment of how well a company is managing its material ESG risks, while SEB's SEFA is a bottom up evaluation of the impact of most material ESG factors on the company's financial performance. Sustainalytics highlights a severe risk related to product governance, given "high exposure and below average management" of the issue. We see lower risk due to Hansa's lack of mid-term US exposure.



Sustainability governance information

Commitment to Paris Accord (e.g. approved science based targets)	No
CEO participation in Sustainability Committee	No
CEO remuneration linked to delivery of sustainability goals and reporting	TBA
Ultimate Responsible for Sustainability	CEO
Is Ultimate Responsible a member of the company's top management committee?	Yes

Last updated: 2021-02-04

Overview

Investment case

The development of the orphan drug Idefirix to enable kidney transplantation in certain patients has demonstrated promising results and resulted in EU approval in 2020. Further studies could lead to approval in the US, and Idefirix is being developed for other rare diseases. We estimate risk-adjusted sales in excess of SEK 4bn by 2025, with high margins. The company may be a potential takeover candidate, but as an independent entity, we estimate the market cap could become several times higher than today.

Company profile

Hansa Biopharma is a Swedish biopharma company founded in 2007 and based in Lund with c. 70 employees. It develops therapeutic enzymes that can modulate the immune system, with the potential to treat a variety of acute autoimmune diseases, as well as cancer. Its lead product Idefirix (imlifidase, a.k.a. IdeS), an enzyme that degrades antibodies of the IgG class, is being developed to prevent organ transplant rejection and to treat a variety of autoimmune disorders and cancer. Clinical phase I and II studies were positive and enabled Hansa to secure EMA conditional approval in 2020, but the FDA has demanded a randomised controlled study. The launch of Idefirix is now underway. Hansa also has a second generation IgG-degrading drug entering the clinic in 2023.

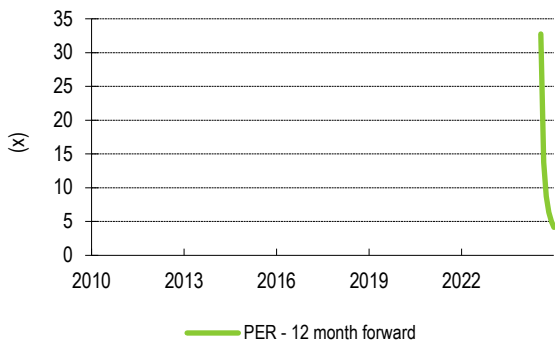
Valuation approach

Our valuation is based upon a sum-of-the-parts risk-adjusted net present value (SOTP-rNPV) of future cash flows for treatment of the several diseases targeted by Idefirix, and as a conditioning regimen for gene therapy.

Target price risks

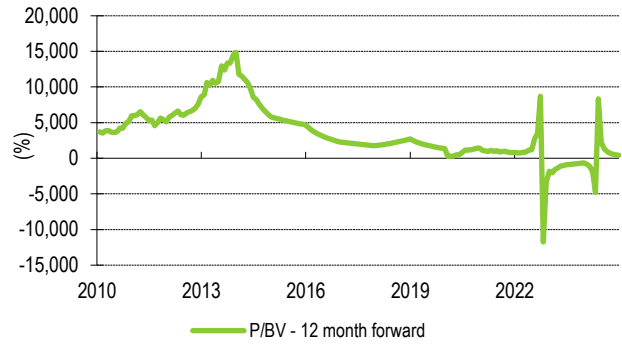
Results from clinical studies may disappoint and remove one or more therapeutic areas. Regulatory approvals by the FDA and EMA are also uncertain and, in most cases, depend upon the results of future trials. Development of competing technologies could disrupt sales potential. The price of a pharmaceutical depends on reimbursement and is at risk from negative price discussions.

PER - 12 month forward



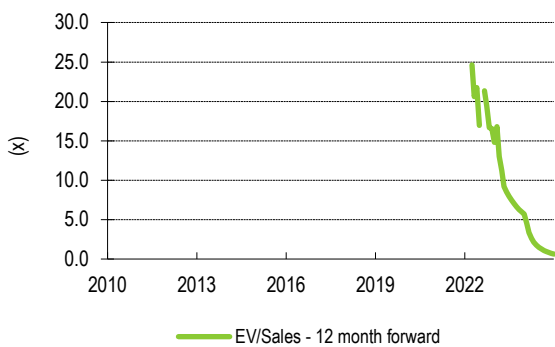
Source: SEB

P/BV - 12 month forward



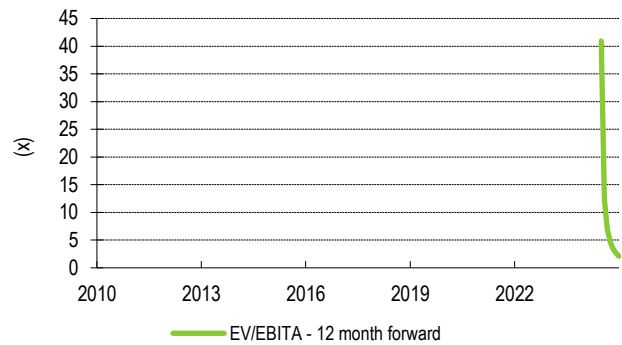
Source: SEB

EV/Sales - 12 month forward



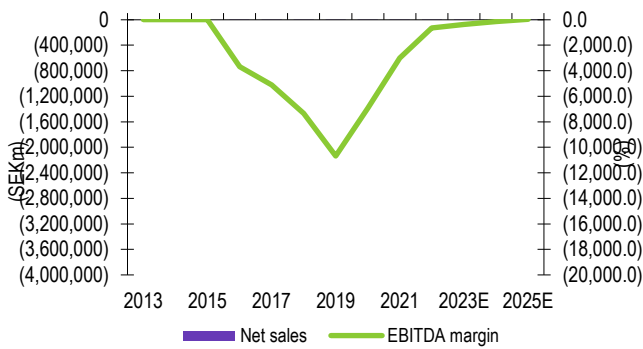
Source: SEB

EV/EBITA - 12 month forward



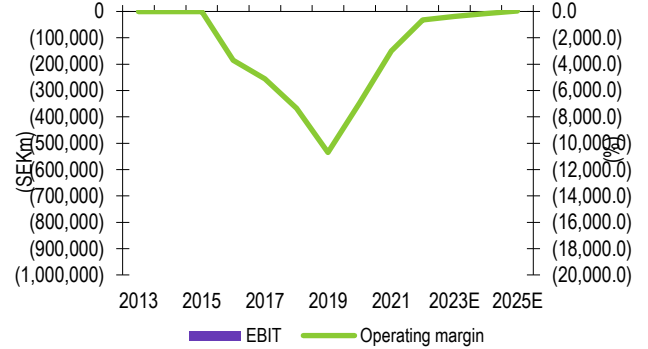
Source: SEB

Net sales & EBITDA margin



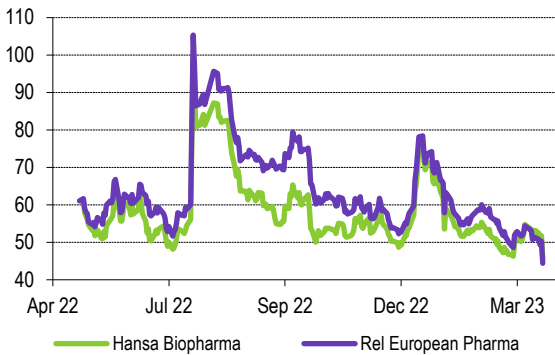
Source: SEB

EBIT & Operating margin



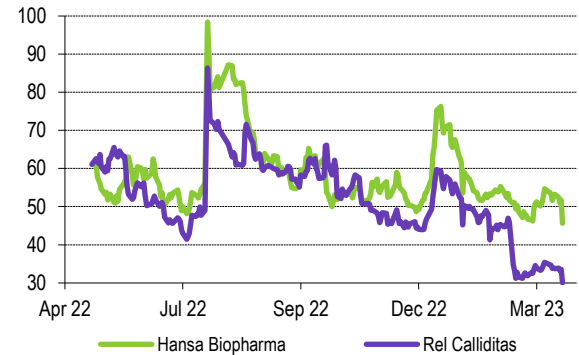
Source: SEB

Comparison with sector index - 1 year



Source: SIX

Comparison with Calliditas - 1 year



Source: SIX

Profit & loss statement - Hansa Biopharma													
(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net Sales	0	0	0	3	3	3	3	6	18	90	171	442	2,765
Other revenues	0	0	0	0	0	0	0	0	16	64	76	82	137
Total revenues	0	0	0	3	3	3	3	6	34	155	248	525	2,902
Total expenses	(15)	(20)	(76)	(114)	(180)	(250)	(363)	(429)	(581)	(742)	(877)	(1,218)	(2,094)
Profit before depreciation	(15)	(20)	(76)	(111)	(176)	(246)	(360)	(423)	(547)	(587)	(629)	(694)	808
Depreciation - Fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation - Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation of right-of-use assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating profit	(15)	(20)	(76)	(111)	(176)	(246)	(360)	(423)	(547)	(587)	(629)	(694)	808
Net interest expenses	0	(4)	(0)	(0)	(1)	0	0	0	0	0	0	0	0
Foreign exchange items	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	(2)	0	2	(1)	(21)	(85)	(49)	(20)
Value changes - Fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Reported pre-tax profit	(15)	(24)	(76)	(111)	(177)	(248)	(360)	(421)	(548)	(608)	(714)	(743)	788
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0
Total taxes	0	0	0	0	0	0	(0)	0	0	(1)	0	0	0
Reported profit after tax	(15)	(24)	(76)	(111)	(177)	(248)	(360)	(421)	(548)	(610)	(714)	(743)	788
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	(15)	(24)	(76)	(111)	(177)	(248)	(360)	(421)	(548)	(610)	(714)	(743)	788
Adjustments:													
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	0	0	0	0	0	0	0	0
Restructuring charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted profit after tax	(15)	(24)	(76)	(111)	(177)	(248)	(360)	(421)	(548)	(610)	(714)	(743)	788
Margins, tax & returns													
Operating margin	0.0	0.0	0.0	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	29.2
Pre-tax margin	0.0	0.0	0.0	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	28.5
Tax rate	0.0	0.0	0.0	0.0	0.1	0.0	(0.1)	0.0	0.0	(0.2)	0.0	0.0	0.0
ROE	(27.0)	(51.2)	(58.5)	(44.9)	(38.6)	(33.3)	(50.6)	(46.6)	(54.8)	(91.7)	n.m.	257.1	429.4
ROCE	(25.4)	(40.0)	(58.4)	(44.8)	(38.5)	(32.2)	(47.8)	(44.3)	(50.3)	(51.3)	(59.3)	n.m.	91.8
Growth rates y-o-y (%)													
Total revenues	n.a.	n.a.	n.a.	n.a.	14.4	(2.4)	0.2	81.3	455.6	356.1	60.3	111.9	453.0
Operating profit	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Pre-tax profit	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EPS (adjusted)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow													
(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net profit	(15)	(24)	(76)	(111)	(177)	(248)	(360)	(421)	(548)	(610)	(714)	(743)	788
Non-cash adjustments	(3)	1	12	4	14	15	15	47	59	81	(7)	(7)	(7)
Cash flow before work cap	(18)	(24)	(65)	(107)	(163)	(233)	(345)	(374)	(489)	(528)	(721)	(750)	781
Ch. in working capital / Other	3	0	7	12	13	29	10	81	3	24	118	140	35
Operating cash flow	(15)	(23)	(58)	(95)	(150)	(205)	(335)	(293)	(486)	(504)	(602)	(610)	816
Capital expenditures	(0)	(1)	(1)	(0)	(2)	(2)	(3)	(0)	(2)	(3)	(5)	(5)	(5)
Asset disposals	0	0	0	0	0	0	89	183	0	0	0	0	0
L/T financial investments	(4)	(0)	(1)	(43)	5	(385)	0	0	0	0	0	0	0
Acquisitions / adjustments	0	0	0	(3)	0	0	0	0	0	(8)	0	0	0
Free cash flow	(19)	(25)	(61)	(140)	(147)	(592)	(249)	(110)	(488)	(516)	(607)	(615)	811
Net loan proceeds	0	0	0	0	0	0	(4)	0	0	738	0	0	(300)
Dividend paid	0	0	0	0	0	0	0	0	0	0	0	0	0
Share issue	1	37	246	185	545	453	0	1,071	0	423	0	450	450
Other	0	(2)	(20)	(7)	(30)	(3)	(2)	(2)	0	(39)	0	0	0
Net change in cash	(19)	10	166	38	367	(142)	(256)	958	(488)	607	(607)	(165)	961
Adjustments													
C/flow bef chng in work cap	(18)	(24)	(65)	(107)	(163)	(233)	(345)	(374)	(489)	(528)	(721)	(750)	781
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash earnings	(18)	(24)	(65)	(107)	(163)	(233)	(345)	(374)	(489)	(528)	(721)	(750)	781
Per share information													
Cash earnings	(0.79)	(0.91)	(2.0)	(3.27)	(4.65)	(6.11)	(8.63)	(8.87)	(11.0)	(11.8)	(13.7)	(12.2)	10.9
Operating cash flow	(0.67)	(0.9)	(1.78)	(2.9)	(4.28)	(5.36)	(8.38)	(6.94)	(10.9)	(11.2)	(11.5)	(9.9)	11.4
Free cash flow	(0.87)	(0.95)	(1.87)	(4.29)	(4.2)	(15.5)	(6.23)	(2.62)	(11.0)	(11.5)	(11.6)	(10.0)	11.3
Investment cover													
Capex/sales (%)	0.0	0.0	0.0	0.0	70.0	70.5	80.2	4.8	13.2	3.5	2.9	1.1	0.2
Capex/depreciation (%)	0	0	0	0	0	0	0	0	0	0	0	0	0

Source for all data on this page: SEB

Balance sheet - Hansa Biopharma													
(SEKm)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Cash and liquid assets	1	10	176	254	616	858	601	1,378	889	1,496	889	724	1,685
Debtors	2	2	3	3	8	8	15	16	53	108	47	61	379
Inventories	0	0	0	0	0	0	0	0	0	1	3	12	114
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Current assets	3	12	178	257	624	866	616	1,393	942	1,605	939	797	2,177
Interest bearing fixed assets	8	4	7	15	19	40	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Capitalized development cost	0	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0	0	0	0	0	0
Other intangibles	40	37	36	37	34	33	33	31	29	37	37	37	37
Right-of-use lease assets	0	0	0	0	0	0	9	4	35	35	35	35	35
Fixed tangible assets	0	1	2	3	4	6	6	5	6	10	15	20	25
Other fixed assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	49	42	46	54	56	79	48	41	70	82	87	92	97
Total assets	51	54	224	311	680	945	664	1,434	1,013	1,686	1,026	888	2,274
Creditors	0	2	1	0	0	46	58	36	67	81	141	303	758
Other trade financing	0	2	10	17	33	0	0	0	0	0	0	0	0
S/T lease liabilities	0	0	0	0	0	0	5	4	7	7	7	7	7
S/T interest bearing debt	5	0	0	0	0	26	32	56	72	106	106	106	106
Other	0	1	1	8	11	0	0	17	25	25	25	25	25
Current liabilities	5	4	13	26	44	72	95	115	171	218	278	441	895
L/T interest bearing debt	0	0	0	1	1	1	0	0	0	705	705	705	405
L/T lease liabilities	0	0	0	0	0	0	5	1	28	22	15	8	1
Other long-term liabilities	0	0	0	0	0	0	0	14	0	65	65	65	65
Convertible debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	11	2	1	7	7	7	7	7
Other provisions	0	0	0	0	5	0	0	62	48	97	97	97	97
Deferred tax	0	0	0	1	1	1	1	0	0	0	0	0	0
Long term liabilities	0	0	0	1	6	13	7	78	84	897	890	883	576
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	46	50	212	284	631	860	563	1,242	758	571	(143)	(435)	802
Total liabilities and equity	51	54	224	311	680	945	664	1,434	1,013	1,686	1,026	888	2,274
Net debt (m)	(4)	(14)	(183)	(268)	(634)	(859)	(558)	(1,315)	(774)	(649)	(42)	123	(1,138)
Working capital (m)	2	(3)	(10)	(22)	(35)	(38)	(43)	(38)	(38)	3	(116)	(255)	(290)
Capital employed (m)	51	50	212	284	631	898	606	1,304	873	1,418	704	411	1,349
Net debt/equity (%)	(9)	(29)	(86)	(94)	(101)	(100)	(99)	(106)	(102)	(114)	30	(28)	(142)
Net debt/EBITDA (x)	0.3	0.7	2.4	2.4	3.6	3.5	1.6	3.1	1.4	1.1	0.1	(0.2)	(1.4)
Equity/total assets (%)	90	92	94	91	93	91	85	87	75	34	(14)	(49)	35
Interest cover	191.0	(4.6)	(1,175.0)	#####	(285.8)	0.0	4,732.5	0.0	0.0	0.0	0.0	0.0	0.0

Valuation													
(SEK)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
No of shares, fully dil. (y/e)	22.2	25.9	32.4	35.1	37.8	40.0	40.0	44.5	44.5	52.4	52.4	62.4	72.4
No of shares, fully dil. avg.	22.2	25.9	32.4	32.6	35.1	38.2	40.0	42.2	44.5	44.9	52.4	61.6	71.6
Share price, y/e	285.0	379.5	379.5	379.5	379.5	379.5	379.5	240.4	88.8	49.2	45.7	45.7	45.7
Share price, high	299.0	485.0						288.6	245.6	105.8	76.3		
Share price, low	175.0	265.0						59.3	80.6	47.2	45.7		
Share price, avg	232.0	335.8						180.1	136.0	61.9	55.7		
EPS (reported)	(0.66)	(0.94)	(2.36)	(3.41)	(5.04)	(6.50)	(9.01)	(10.0)	(12.3)	(13.6)	(13.6)	(12.1)	11.0
EPS (adjusted)	(0.66)	(0.94)	(2.36)	(3.41)	(5.04)	(6.50)	(9.01)	(10.0)	(12.3)	(13.6)	(13.6)	(12.1)	11.0
Cash earnings/share	(0.79)	(0.91)	(2.00)	(3.27)	(4.65)	(6.11)	(8.63)	(8.87)	(11.0)	(11.8)	(13.7)	(12.2)	10.9
Dividend/share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Enterprise value/share	285	379	374	372	363	358	366	211	71	37	45	48	30
Book value/share	2.1	1.9	6.5	8.1	16.7	22	14.1	28	17.0	10.9	(2.7)	(7.0)	11.1
Adjusted equity/share	2.1	1.9	6.5	8.1	16.7	22	14.1	28	17.0	10.9	(2.7)	(7.0)	11.1
PER (adjusted)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	4.2
CEM	(360.4)	(418.3)	(189.5)	(116.0)	(81.7)	(62.1)	(44.0)	(27.1)	(8.1)	(4.2)	(3.3)	(3.8)	4.2
Dividend yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	(427.9)	(488.4)	(158.7)	(117.3)	(77.9)	(58.0)	(40.7)	(22.2)	(5.8)	(3.3)	(3.7)	(4.3)	2.7
EV/EBITA	(427.9)	(488.4)	(158.7)	(117.3)	(77.9)	(58.0)	(40.7)	(22.2)	(5.8)	(3.3)	(3.7)	(4.3)	2.7
EV/EBIT	(427.9)	(488.4)	(158.7)	(117.3)	(77.9)	(58.0)	(40.7)	(22.2)	(5.8)	(3.3)	(3.7)	(4.3)	2.7
EV/Sales (x)	0.00	0.00	0.00	4,330.82	3,984.29	4,260.10	4,349.65	1,537.56	174.35	21.40	13.73	6.72	0.78
Price/Book value	138.67	197.58	58.15	46.89	22.75	17.64	26.99	8.61	5.21	4.52	(16.80)	(6.55)	4.12
Price/adjusted equity	138.67	197.58	58.15	46.89	22.75	17.64	26.99	8.61	5.21	4.52	(16.80)	(6.55)	4.12
Free cash flow/Market cap (%)	(0.2)	(0.2)	(0.5)	(0.8)	(1.1)	(1.4)	(2.2)	(2.9)	(12.4)	(23.0)	(25.4)	(21.9)	24.8
Operating cash flow/EV (%)	n.a.	n.a.	n.a.	(0.7)	(1.1)	(1.4)	(2.3)	(3.1)	(15.3)	(26.1)	(25.6)	(20.5)	37.6
EV/Capital employed (x)	0.0	0.0	0.0	45.9	21.7	15.9	24.1	7.2	3.6	1.4	3.3	7.2	1.6

Main shareholders				Management			Company information		
Name	(%)	Votes	Capital	Title	Name	Contact			
Redmile	12.1		11.6	COB	Ulf Wiinberg	Internet	www.hansabiopharma.com		
4th AP fund	4.9		4.8	CEO	Søren Tulstrup	Phone number	+46 46 16 56 70		
Nxt2b	4.8		4.7	CFO	Donato Spota				
Foreign owners (total)	29.4		28.4	IR	Klaus Sindahl				

Source for all data on this page: SEB

Target prices and risks

Target price definition and associated risks

Our target price is the analyst's assessment of what total return an investor should expect over the coming six to 12 months. The target is based on fundamental equity research and other factors at the analyst's discretion.

Our current target price of SEK 240 was set today (21 Apr 2023). The main risk to our target price on Hansa Biopharma is as follows. Results from clinical studies may disappoint and remove one or more therapeutic areas. Regulatory approvals by the FDA and EMA are also uncertain and, in most cases, depend upon the results of future trials. Development of competing technologies could disrupt sales potential. The price of a pharmaceutical depends on reimbursement and is at risk from negative price discussions.

Risk levels

The risk level is the analyst's view of the uncertainty in the earnings forecasts based on an assessment of the company's business model, operating risk as well as financial risk. We use two risk levels with the following explanations:

- **Normal risk:** All forecasts involve uncertainty and we view companies in this risk level to have normal forecast risks
- **High risk:** The earnings forecasts are more uncertain than for an average instrument due to business model, operating risk, financial risk or any other reason at the analyst's discretion. All instruments with shorter track record than 12 months as a listed company are by definition classified as high risk according to SEB.

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Methodology

Our target price is based on valuation approaches described in the Overview section of this report, unless our estimates are in the process of being updated. Final consideration as to any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties, and their inclusion in this report should not be regarded as a representation or warranty by or on behalf of the Group or any person or entity within the Group that they or their underlying assumptions and estimates will be met or realized. Different assumptions could result in materially different results. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities, such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

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A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Hansa Biopharma, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Hansa Biopharma as of 31 Mar 2023.

The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Hansa Biopharma and do(es) not have holdings in other instruments related to the company.

Current recommendation for Hansa Biopharma - Buy - was set on 7 Nov 2016. The dates of previous recommendation changes in relation to Hansa Biopharma can be found on our Research Online website.

SEB's standardised recommendation structure

	Consolidated distribution as per 31 Mar 2023 (%)	Clients to whom SEB has provided material investment services, last 12M (%)	Clients from whom SEB has received investment banking income, last 12M (%)
Buy	63.5	17.3	14.0
Hold	30.6	10.7	8.5
Sell	5.9	1.3	1.3

Buy	Attractive risk/reward - at least 10% upside to target price.
Hold	Fairly valued – the security / instrument is trading close to target price.
Sell	Unattractive risk/reward - security / instrument is trading above target price.
Unrated	Company not covered, or we are not allowed to have a recommendation for compliance reasons

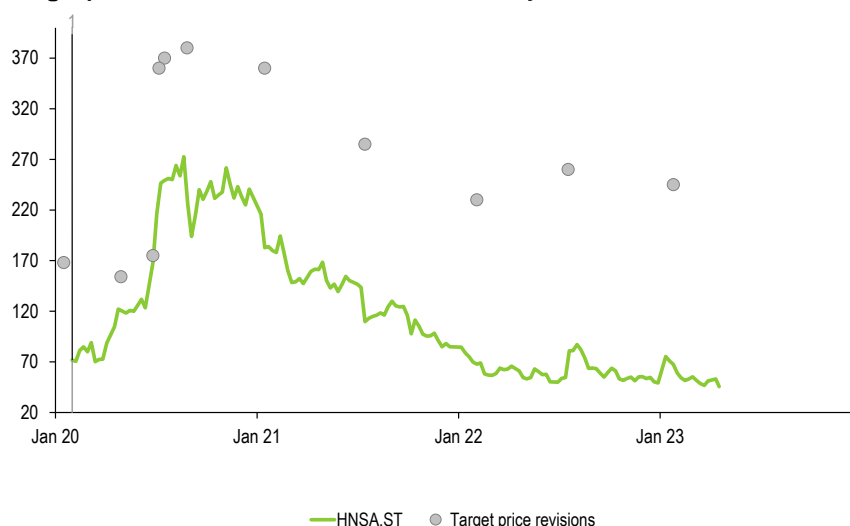
Source: SEB

Please note, in the chart to the right:

- 1=Buy
- 2=Hold
- 3=Sell

The grey spots mark the point where target prices have been changed. The price chart is not adjusted for dividends paid, whereas our recommendations are based on expected return including dividends

Target price and recommendation revision history



Source: Thomson Reuters / Millistream / SEB

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