

# ReNeuron Group

FY17 results

## Milestones expected as pipeline progresses

The highlight of FY17 was positive Phase II efficacy data from ReNeuron's PISCES II clinical trial. As this and its other clinical programmes in ophthalmology and its earlier stage exosome platform progress, ReNeuron is entering a period of potentially significant milestones over the next 12 to 18 months. We maintain our valuation of £291m, adjusting for FY17 cash and rolling the model forward, which is offset by moving out the clinical timeline for the Phase III pivotal trial in stroke, now expected to start in early 2018 (vs H217).

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/16	0.0	(12.8)	(0.44)	0.0	N/A	N/A
03/17	0.0	(18.2)	(0.49)	0.0	N/A	N/A
03/18e	0.0	(32.3)	(0.96)	0.0	N/A	N/A
03/19e	0.0	(34.5)	(1.03)	0.0	N/A	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

## Pivotal Phase III clinical trial planned early CY18

ReNeuron received positive feedback from its end-of-Phase II meeting with the FDA for its Phase III stroke trial design. Alongside this it received a recommendation from the FDA to apply for a special protocol assessment (SPA) for the Phase III study. This is particularly encouraging as it indicates that, provided the endpoints are met, FDA approval should follow. ReNeuron has indicated that it now plans to apply for an SPA alongside a Regenerative Medicine Advanced Therapy (RMAT) designation (which would enable more interaction with the FDA during development and the possibility of accelerated review and approval) and an IND submission by the end of CY17 with the intention of starting a Phase III trial in the US in early 2018.

## Ophthalmology pipeline also set to deliver newsflow

ReNeuron expanded its ophthalmology programme in FY17, following successful development of a cryopreserved formulation of its hRP cells, which was approved by the FDA for use in clinical trials. We expect efficacy data readouts in H218 from its Phase I/II trial in retinitis pigmentosa and Phase I data in H217. Alongside this, it is also expanding development of hRPCs into cone-rod dystrophy, with a Phase II trial application planned in H217.

## Valuation: Maintained at £291m

We maintain our valuation at £291m or 9p per share. We have rolled the model forward to H217 (CY) and now use FY17 reported cash of £53m. This is offset by moving out the clinical timeline as we now expect the pivotal trial to start in CY18 (vs H217). We currently forecast cash into early FY19, which should enable ReNeuron to execute on its expanding clinical trial programme. We include an illustrative loan of £10m in FY19 in our forecasts. ReNeuron has a number of key inflection points over the next 12 to 18 months, which we believe could offer upside to its current level.

### Pharma & biotech

6 July 2017

**Price** **1.83p**
**Market cap** **£58m**

\$1.28/£

Net cash (£m) at 31 March 2017 53

Shares in issue 3,164.6m

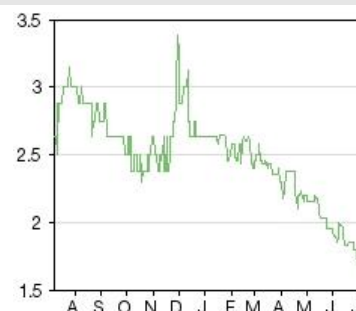
Free float 60.5%

Code RENE

Primary exchange AIM

Secondary exchange N/A

### Share price performance



%	1m	3m	12m
Abs	(1.4)	(22.3)	(30.5)
Rel (local)	0.7	(23.0)	(39.4)

52-week high/low	3.4p	1.7p
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### Business description

ReNeuron Group is a UK biotech company developing allogeneic cell therapies. CTX neural stem cells are in development for ischaemic stroke disability (Phase III planned) and human retinal progenitor cells (hRPCs) are being studied for retinitis pigmentosa (Phase I/II) and shortly in cone-rod dystrophy.

### Next events

IND filing with FDA for Phase III stroke trial	H217
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Initiation of Phase III stroke trial	H118
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hRPC safety data	H217
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12-month follow-up from PISCES II stroke trial	H217
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### Analyst

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**ReNeuron Group**  
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**Exhibit 1: Financial summary**

	£'000s	2013	2014	2015	2016	2017	2018e	2019e
Year end 31 March		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>								
Revenue		17	22	30	29	46	46	46
Cost of Sales		0	0	0	0	0	0	0
Gross Profit		17	22	30	29	46	46	46
R&D expenses		(4,786)	(5,829)	(7,250)	(10,272)	(16,648)	(29,300)	(30,766)
SG&A expenses		(2,319)	(2,824)	(3,693)	(4,015)	(4,139)	(4,346)	(4,781)
EBITDA		(6,966)	(7,857)	(10,269)	(13,632)	(19,717)	(32,602)	(33,998)
Operating Profit (before GW and except)		(7,088)	(7,969)	(10,394)	(13,724)	(19,887)	(32,746)	(34,646)
Intangible Amortisation		0	0	0	0	0	0	0
Exceptionals		0	0	0	0	0	0	0
Operating Profit		(7,088)	(7,969)	(10,394)	(13,724)	(19,887)	(32,746)	(34,646)
Other		0	0	0	0	0	0	0
Net Interest		29	149	91	878	1,722	398	107
Profit Before Tax (norm)		(7,059)	(7,820)	(10,303)	(12,846)	(18,165)	(32,348)	(34,540)
Profit Before Tax (FRS 3)		(7,059)	(7,820)	(10,303)	(12,846)	(18,165)	(32,348)	(34,540)
Tax		714	754	1,397	1,492	2,592	1,941	2,072
Profit After Tax (norm)		(6,345)	(7,066)	(8,906)	(11,354)	(15,573)	(30,408)	(32,467)
Profit After Tax (FRS 3)		(6,345)	(7,066)	(8,906)	(11,354)	(15,573)	(30,408)	(32,467)
Average Number of Shares Outstanding (m)		748.7	1,425.0	1,788.8	2,609.3	3,164.6	3,164.6	3,164.6
EPS - normalised (p)		(0.85)	(0.50)	(0.50)	(0.44)	(0.49)	(0.96)	(1.03)
EPS - FRS 3 (p)		(0.85)	(0.50)	(0.50)	(0.44)	(0.49)	(0.96)	(1.03)
Dividend per share (p)		0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET</b>								
Fixed Assets		1,620	1,772	2,033	6,963	724	3,239	5,783
Intangible Assets		1,272	1,272	1,591	1,591	0	0	0
Tangible Assets		213	225	161	361	724	3,239	5,783
Other		135	275	281	5,011	0	0	0
Current Assets		4,602	22,347	14,054	64,894	58,136	24,306	410
Stocks		0	0	0	0	0	0	0
Debtors		341	676	400	1,421	1,060	1,060	1,060
Cash		3,547	20,917	12,382	60,709	53,061	21,306	(2,722)
Other		714	754	1,272	2,764	4,015	1,941	2,072
Current Liabilities		(1,164)	(2,036)	(2,345)	(4,199)	(5,702)	(3,702)	(13,702)
Creditors		(539)	(1,234)	(1,150)	(3,700)	(5,701)	(3,701)	(3,701)
Short term borrowings		0	0	0	0	0	0	(10,000)
Short term leases		(1)	(1)	(1)	(1)	(1)	(1)	(1)
Other		(624)	(801)	(1,194)	(498)	0	0	0
Long Term Liabilities		(150)	(366)	(606)	0	(1)	(1)	(1)
Long term borrowings		0	0	0	0	0	0	0
Long term leases		0	(2)	(1)	0	(1)	(1)	(1)
Other long term liabilities		(150)	(364)	(605)	0	0	0	0
Net Assets		4,908	21,717	13,136	67,658	53,157	23,843	(7,509)
<b>CASH FLOW</b>								
Operating Cash Flow		(6,637)	(6,718)	(9,124)	(11,920)	(13,976)	(33,508)	(32,883)
Net Interest		(1)	0	0	0	0	0	0
Tax		616	714	879	0	1,340	4,015	1,941
Capex		(37)	(121)	(380)	(293)	(532)	(2,660)	(3,192)
Acquisitions/disposals		0	0	0	0	0	0	0
Financing		5,601	23,435	0	65,195	0	0	0
Dividends		0	0	0	0	0	0	0
Other		30	61	91	345	520	398	122
Net Cash Flow		(428)	17,371	(8,534)	53,327	(12,648)	(31,755)	(34,012)
Opening net debt/(cash)		(3,974)	(3,546)	(20,914)	(12,380)	(65,708)	(53,059)	(21,304)
HP finance leases initiated		0	(3)	0	1	(1)	0	0
Other		0	0	0	(0)	(0)	(0)	(0)
Closing net debt/(cash)		(3,546)	(20,914)	(12,380)	(65,708)	(53,059)	(21,304)	12,708

Source: ReNeuron Group accounts, Edison Investment Research

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