

# ReNeuron Group

Year-end update

## Year-end update highlights transaction potential

ReNeuron's year-end update summarised its recent clinical progress in the human retinal progenitor cell (hRPC) programme in retinitis pigmentosa (RP), which has become the focus for investors, and a slight delay to its CTX programme for stroke disability. The announced £26.4m cash position was slightly higher than our prior YE19 forecast of £25.7m and will help ReNeuron's position in any further partnering discussions.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/17	0.9	(18.2)	(0.49)**	0.0	N/A	N/A
03/18	0.9	(21.0)	(55.66)	0.0	N/A	N/A
03/19e	0.0	(15.8)	(40.14)	0.0	N/A	N/A
03/20e	0.0	(14.4)	(35.38)	0.0	N/A	N/A

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

## hRPC moves to centre stage

The recent early but striking data on ReNeuron's hRPC product for treating RP has become the focus of investor attention. This is because the data reported so far are good, the study has a placebo-controlled element (with one of the patient's eyes untreated) and the results for all 12 of the patients in the Phase IIa study are expected to be reported in H219. We have not changed the timelines for the first regulatory approval for the hRPC product, which we had estimated to be in 2023, but the possibility exists that this timeline could accelerate if the data continue to prove compelling. In a similar way, the clinical trial results to date have raised the profile of this programme and, bearing in mind the cash-rich, innovative product-poor status of many big pharmaceutical and biotechnology companies, we would not be surprised to see another licensing transaction for the hRPC product.

## Minor delay on CTX but robust cash position

In its year-end update, ReNeuron announced a minor delay to its lead CTX programme for stroke disability with results from the PISCES III study now expected in H220, rather than H1. We have not changed our launch timing of 2023 for the CTX product. We had included relatively conservative assumptions in our model that could absorb a six-month delay and, in any event, approval is expected to require two pivotal studies. ReNeuron's update also noted the increase in business development activities and its £26.4m cash position – sufficient to support operations for at least the next year. This should enable ReNeuron to maintain a robust stance in any business development discussions that could include hRPC, CTX products, or the exosome drug delivery platform.

## Valuation: Minor changes prior to FY19 results in July

We have moved the recognition of the Fosun upfront payment, which we had previously estimated in FY19, to FY20. We have also trimmed FY19 R&D spend by c £7m to take into account the slower start of the CTX study. Our valuation has changed slightly due to these modifications and the revised FY19 cash balance from £199m or 630p per share to £193m or 610p per share.

Pharma &amp; biotech

20 May 2019

**Price** **302.5p**
**Market cap** **£96m**

\$1.31/£

Cash (£m) at 31 March 2019 26.39

Shares in issue 31.6m

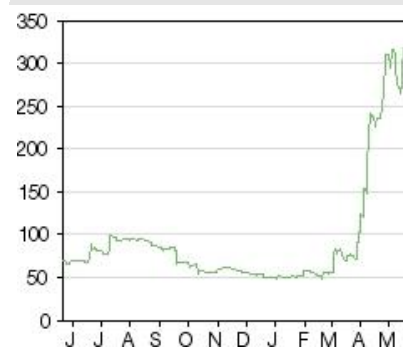
Free float 100%

Code RENE

Primary exchange LSE

Secondary exchange NA

### Share price performance



% 1m 3m 12m

Abs 31.5 487.4 341.6

Rel (local) 33.7 477.1 369.4

52-week high/low 325.00p 47.50p

### Business description

ReNeuron is a UK biotech company developing allogeneic cell therapies. The first pivotal Phase IIb trial for CTX neural stem cells for chronic stroke disability is underway. Human retinal progenitor cells are also being studied for RP (in Phase I/IIa).

### Next events

FY19 results 11 July 2019

Additional Phase I/IIa hRPC data H119

Phase I/IIa hRPC study results H219

Chronic stroke readout H220

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**Exhibit 1: Financial summary**

	£'000s	2017	2018	2019e	2020e
Year end 31 March		IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue		900	897	43	43
Cost of Sales		0	0	0	0
Gross Profit		900	897	43	43
R&D expenses		(16,648)	(16,657)	(15,356)	(16,123)
SG&A expenses		(4,139)	(4,616)	(4,078)	(4,485)
EBITDA		(19,814)	(20,222)	(17,337)	(14,393)
Operating Profit (before amort. and except.)		(19,887)	(20,376)	(17,482)	(14,566)
Intangible Amortisation		0	0	0	0
Exceptionals		0	0	0	0
Operating Profit		(19,887)	(20,376)	(17,482)	(14,566)
Other		0	0	0	0
Net Interest		1,722	(591)	1,693	130
Profit Before Tax (norm)		(18,165)	(20,967)	(15,789)	(14,436)
Profit Before Tax (FRS 3)		(18,165)	(20,967)	(15,789)	(14,436)
Tax		2,592	3,352	3,086	3,241
Profit After Tax (norm)		(15,573)	(17,615)	(12,702)	(11,195)
Profit After Tax (FRS 3)		(15,573)	(17,615)	(12,702)	(11,195)
Average Number of Shares Outstanding (m)		3,164.6	31.6	31.6	31.6
EPS - normalised (p)		(0.49)	(55.66)	(40.14)	(35.38)
EPS - FRS 3 (p)		(0.49)	(55.66)	(40.14)	(35.38)
Dividend per share (p)		0.0	0.0	0.0	0.0
<b>BALANCE SHEET</b>					
Fixed Assets		724	912	1,050	1,215
Intangible Assets		0	186	186	186
Tangible Assets		724	726	864	1,029
Other		0	0	0	0
Current Assets		58,136	41,706	30,337	20,127
Stocks		0	0	0	0
Debtors		1,060	1,285	1,285	1,285
Cash		53,061	37,411	25,965	15,601
Other		4,015	3,010	3,086	3,241
Current Liabilities		(5,703)	(5,949)	(5,949)	(5,949)
Creditors		(5,703)	(5,949)	(5,949)	(5,949)
Short term borrowings		0	0	0	0
Short term leases		0	0	0	0
Other		0	0	0	0
Long Term Liabilities		0	0	0	0
Long term borrowings		0	0	0	0
Long term leases		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		53,157	36,669	25,438	15,393
<b>CASH FLOW</b>					
Operating Cash Flow		(13,976)	(19,244)	(16,209)	(13,242)
Net Interest		520	383	1,693	130
Tax		1,340	4,357	3,352	3,086
Capex		(532)	(235)	(282)	(338)
Acquisitions/disposals		0	0	0	0
Financing		0	0	0	0
Dividends		0	0	0	0
Other		0	0	0	0
Net Cash Flow		(12,648)	(14,739)	(11,446)	(10,364)
Opening net debt/(cash)		(65,708)	(53,060)	(37,410)	(25,964)
HP finance leases initiated		0	0	0	0
Other		(0)	(911)	0	0
Closing net debt/(cash)		(53,060)	(37,410)	(25,964)	(15,600)

Source: ReNeuron, Edison Investment Research

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