

## BerGenBio

Focused on second-line NSCLC and AML

Update

12 February 2020

**2019 marked another year of strong clinical progress with bemcentinib. BerGenBio is firmly focused on its development in non-small cell lung cancer (NSCLC) and acute myeloid leukaemia (AML) in the second-line (2L) settings, with promising clinical results so far. In 2L NSCLC, the mPFS of 8.4 months seen in AXL+ patients in Cohort A of the ongoing Phase II combination study with pembrolizumab is 4x more than would be expected with pembrolizumab monotherapy. In AML, the FDA has granted fast track status for bemcentinib in the treatment of elderly 2L AML patients; initial data from the current study with low dose cytarabine (LDAC) is promising with responses of >12 months. A recent private placement, raising NOK219.9m, enables BerGenBio to complete current clinical trials and the Phase Ib study with monoclonal antibody tilvestamab (BGB149). We value BerGenBio at NOK3.54bn (NOK48.31/share).**

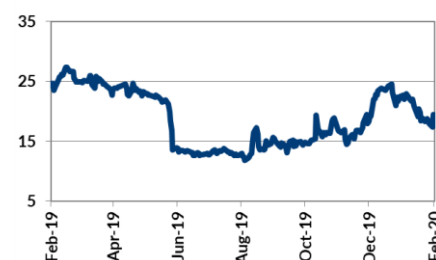
Year-end: December 31	2018	2019	2020E	2021E
Sales (NOKm)	2.3	8.9	0.0	0.0
Adj. PBT (NOKm)	(191.7)	(199.3)	(246.1)	(286.9)
Net Income (NOKm)	(191.7)	(199.3)	(246.1)	(286.9)
Adj. EPS (NOK)	(3.6)	(3.4)	(3.4)	(3.9)
Cash (NOKm)	360.4	253.6	227.5	51.5*
EBITDA (NOKm)	(194.3)	(203.6)	(243.8)	(286.2)

Source: Trinity Delta; Note: \*2021E cash includes a NOK100m capital raise. Adjusted numbers exclude exceptionals.

- Compelling data to date in NSCLC** The latest reported mPFS for AXL+ patients (using a proprietary composite AXL tumour score) from Cohort A (immunotherapy [IO]-naïve) of the ongoing Phase II NSCLC trial with pembrolizumab is 8.4 months. This compares to 1.9 months in the AXL- patients, and an expected mPFS with pembrolizumab alone for this patient group (considering PD-L1 expression) of c 2 months. The efficacy endpoint for the first stage (n=13) of Cohort B (IO relapsed) has been met with ≥1 response, so 16 more patients are being recruited. Detailed data from Cohorts B and C (IO/chemo relapsed) are expected from mid-2020.
- Waiting for more bemcentinib/LDAC data in AML** Data with bemcentinib in AML to date, combined with the significant medical need for new 2L therapeutic options led to FDA grant of fast track designation. The ORR with bemcentinib monotherapy from the current Phase II AML study is 22%. Initial data in combination with LDAC is promising with an ORR of 36% in 1L/2L patients and duration of response of >1 year. Data from the expanded 2L arm is due in H220.
- Deciding on the best routes to market** BerGenBio has various registration strategies it could pursue in 2L settings in NSCLC and AML with bemcentinib. BerGenBio will decide on the best route forward by the end of the year and they will be based on market size considerations, scientific advice, and the data being generated in the ongoing trials.
- Revised valuation of NOK48.31/share (NOK3.54bn or \$416m)** We have updated our valuation to account for the NOK291.9m private placement (12.2m new shares at NOK18.00) and FY19 results. We now value BerGenBio at NOK 3.54bn or NOK48.31/share, compared to NOK3.31bn or NOK54.20/share previously.

Price	NOK19.40
Market Cap	NOK1.29bn
Enterprise Value	NOK0.94bn
Shares in issue	66.6m
12 month range	NOK11.45-27.88
Free float	64.3%
Primary exchange	Oslo
Other exchanges	N/A
Sector	Healthcare
Company Code	BGBIO

Corporate client Yes



### Company description

BerGenBio is a clinical-stage, biopharmaceutical company based in Bergen, Norway and Oxford, UK. It is developing innovative therapies for aggressive cancers by way of inhibiting the AXL signalling pathway. The lead oncology compound, bemcentinib, is in multiple Phase II trials.

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**Exhibit 1: Summary of financials**

Year-end: Dec 31	NOKm	2017	2018	2019	2020E	2021E
<b>INCOME STATEMENT</b>						
Revenues		0.0	2.3	8.9	0.0	0.0
Cost of goods sold		0.0	0.0	0.0	0.0	0.0
<b>Gross Profit</b>		<b>0.0</b>	<b>2.3</b>	<b>8.9</b>	<b>0.0</b>	<b>0.0</b>
Personnel costs		(28.8)	(38.0)	(35.7)	(37.5)	(38.6)
Other expenses		(154.7)	(158.7)	(176.8)	(206.3)	(247.6)
Amortisation & depreciation		(0.2)	(0.2)	(0.8)	(0.8)	(0.8)
<b>Underlying operating profit</b>		<b>(183.7)</b>	<b>(194.5)</b>	<b>(204.4)</b>	<b>(244.6)</b>	<b>(287.0)</b>
Other revenue/expenses		0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>		<b>(183.5)</b>	<b>(194.3)</b>	<b>(203.6)</b>	<b>(243.8)</b>	<b>(286.2)</b>
<b>Operating Profit</b>		<b>(183.7)</b>	<b>(194.5)</b>	<b>(204.4)</b>	<b>(244.6)</b>	<b>(287.0)</b>
Interest income		4.2	4.9	11.5	0.7	2.3
Interest expense		(2.7)	(2.1)	(6.4)	(2.2)	(2.2)
Other financing costs/income		0.0	0.0	0.0	0.0	0.0
<b>Profit Before Taxes</b>		<b>(182.2)</b>	<b>(191.7)</b>	<b>(199.3)</b>	<b>(246.1)</b>	<b>(286.9)</b>
Adj. PBT		(182.2)	(191.7)	(199.3)	(246.1)	(286.9)
Current tax income		0.0	0.0	0.0	0.0	0.0
<b>Net Income</b>		<b>(182.2)</b>	<b>(191.7)</b>	<b>(199.3)</b>	<b>(246.1)</b>	<b>(286.9)</b>
<b>EPS (NOK)</b>		<b>(4.0)</b>	<b>(3.6)</b>	<b>(3.4)</b>	<b>(3.4)</b>	<b>(3.9)</b>
Adj. EPS (NOK)		(4.0)	(3.6)	(3.4)	(3.4)	(3.9)
<b>DPS (NOK)</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Average no. of shares (m)		45.5	53.3	58.0	71.8	73.3
<i>Gross margin</i>		N/A	100.0%	100.0%	N/A	N/A
<i>EBITDA margin</i>		N/A	N/A	N/A	N/A	N/A
<b>BALANCE SHEET</b>						
<b>Current assets</b>		<b>383.8</b>	<b>378.2</b>	<b>269.4</b>	<b>243.3</b>	<b>67.3</b>
Cash and cash equivalents		370.4	360.4	253.6	227.5	51.5
Short-term investments		0.0	0.0	0.0	0.0	0.0
Accounts receivable		0.0	0.0	0.0	0.0	0.0
Other current assets		13.4	17.8	15.8	15.8	15.8
<b>Non-current assets</b>		<b>0.6</b>	<b>0.6</b>	<b>1.0</b>	<b>0.2</b>	<b>(0.6)</b>
Property, plant & equipment		0.6	0.6	1.0	0.2	(0.6)
Other non-current assets		0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>		<b>(34.0)</b>	<b>(41.5)</b>	<b>(50.6)</b>	<b>(55.0)</b>	<b>(161.2)</b>
Short-term debt		0.0	0.0	0.0	0.0	(100.0)
Accounts payable		(21.6)	(23.9)	(26.7)	(31.1)	(37.3)
Other current liabilities		(12.4)	(17.6)	(23.9)	(23.9)	(23.9)
<b>Non-current liabilities</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Long-term debt		0.0	0.0	0.0	0.0	0.0
Other non-current liabilities		0.0	0.0	0.0	0.0	0.0
<b>Equity</b>		<b>350.4</b>	<b>337.3</b>	<b>219.8</b>	<b>188.6</b>	<b>(94.5)</b>
Share capital		5.0	5.5	6.1	217.2	217.2
Other		345.4	331.8	213.6	(28.6)	(311.6)
<b>CASH FLOW STATEMENTS</b>						
<b>Operating cash flow</b>		<b>(168.1)</b>	<b>(186.7)</b>	<b>(184.1)</b>	<b>(237.1)</b>	<b>(276.0)</b>
Profit before tax		(182.2)	(191.7)	(199.3)	(246.1)	(286.9)
Non-cash adjustments		0.7	3.6	2.0	4.0	2.4
Change in working capital		13.4	1.4	13.2	4.3	6.2
Interest paid		0.0	0.0	0.0	0.7	2.3
Taxes paid		0.0	0.0	0.0	0.0	0.0
<b>Investing cash flow</b>		<b>(0.3)</b>	<b>(0.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
CAPEX on tangible assets		(0.3)	(0.2)	0.0	0.0	0.0
Other investing cash flows		0.0	0.0	0.0	0.0	0.0
<b>Financing cash flow</b>		<b>377.0</b>	<b>177.0</b>	<b>77.3</b>	<b>211.1</b>	<b>100.0</b>
Proceeds from equity		377.0	177.0	77.9	211.1	0.0
Increase in loans		0.0	0.0	(0.6)	0.0	100.0
Dividends		0.0	0.0	0.0	0.0	0.0
Other financing cash flow		0.0	0.0	0.0	0.0	0.0
<b>Net increase in cash</b>		<b>208.5</b>	<b>(9.9)</b>	<b>(106.8)</b>	<b>(26.1)</b>	<b>(176.0)</b>
Exchange rate effects		0.0	0.0	0.0	0.0	0.0
Cash at start of year		161.8	370.4	360.4	253.6	227.5
<b>Cash at end of year</b>		<b>370.4</b>	<b>360.4</b>	<b>253.6</b>	<b>227.5</b>	<b>51.5</b>
<b>Net cash at end of year</b>		<b>370.4</b>	<b>360.4</b>	<b>253.6</b>	<b>227.5</b>	<b>(48.5)</b>

Source: Company, Trinity Delta Note: The short-term debt in FY21 is indicative of the company's funding requirement.

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