

MagForce

Healthcare equipment
& services

7 November 2018

2019 a pivotal year

MagForce continues to implement its two-pillar strategy. A gross \$9.0m capital raise secured by subsidiary MagForce USA in August will enable financing of the pivotal US prostate cancer trial to completion. In Europe, expansion outside Germany has started and a NanoActivator will be installed in Poland by the end of the year. Of the €9.2m reported revenue and other operating income in H118, €24k relates to EU glioblastoma multiforme (GBM) treatments, while the remainder (€8.9m) was one-off, non-cash income relating to hidden reserves as a result of the MagForce USA shares transfer. Revenues are likely to pick up in 2019, following the roll-out of devices across Europe and a launch in the US (in late 2019).

NanoTherm US prostate cancer trial funding secured

In August 2018, a gross capital increase of \$9.0m from the issue of 866,666 new shares in MagForce USA (to a US investor) has secured funding for the pivotal US prostate cancer trial. MagForce expects the first 10 patients in the trial to be treated by year-end 2018 and thus preliminary data to be available early in 2019. Prostate cancer in the US presents a significant market opportunity. The company forecasts that NanoTherm could be launched for the commercial treatment of prostate cancer patients in the US by the end of 2019 (subject to FDA approval).

EU expansion and reimbursement required in GBM

Reported revenues of €24k for H118 reflect a drop-off in remunerated GBM treatments. This reflects both the change in revenue recognition and lower number of patients treated in Germany, stemming from a transition of foreign private to reimbursed treatments, and expansion progressing slower than anticipated. With the installation of NanoActivators in Poland and other European countries outside Germany we expect a sharp increase in treatment sales. Once reimbursement discussions in Germany are concluded, we expect a recovery in sales to follow.

Financials: H118 results

MagForce reported cash and cash equivalents at 30 June 2018 of €5.3m and net debt of €10.0m (H117: €0.4m); in January, the first €10.0m tranche of a €35.0m loan facility (with the EIB) was disbursed and will enable the continued expansion into territories beyond Germany. MagForce reported net profit of €4.1m in H118 (H117: €3.0m loss), largely attributed to the one-off, non-cash gain associated with the recognition of hidden reserves in MagForce USA.

Historical financials						
Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/14	0.0	(7.9)	(0.33)	0.0	N/A	N/A
12/15	2.6	(4.5)	(0.18)	0.0	N/A	N/A
12/16	0.5	(7.2)	(0.28)	0.0	N/A	N/A
12/17	0.8	(7.5)	(0.28)	0.0	N/A	N/A

Source: MagForce accounts. Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. Figures above do not include MagForce USA.

Price €6.20
Market cap €163m

Share price graph



Share details

Code	MF6
Listing	Deutsche Börse Scale
Shares in issue	26.3m
Net debt as of 30 June 2018	€10.0m

Business description

MagForce is a German firm with the first European approved, nanotechnology-based therapy to treat brain tumours. NanoTherm therapy consists of nanoparticle injection into the tumour, activated by an external magnetic field, producing heat and thermally destroying or sensitising the tumour.

Bull

- US prostate cancer market presents a huge commercial opportunity.
- Technology is clinically validated.
- CEO track record.

Bear

- Cross-border reimbursement is difficult in the EU.
- Approval in the US is needed before launch.
- Uptake of GBM treatments in the EU has been slow to date.

Analysts

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