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Company Comment	Healthcare	Sweden	20 August 2019
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Signs licence agreement with Biotheus Inc.

Alligator today announced that a licence agreement has been reached with Biotheus Inc. in which Biotheus is granted rights in Greater China to an antibody from ALLIGATOR-GOLD for the creation of up to three bi-specific molecules. The agreement includes an upfront of USD 1m (USD 0.5m upon signing and USD 0.5m after 6 months of scientific-technical evaluation). Under the agreement, Alligator is eligible to receive upfront, milestones and option fees up to a total of USD 142m.

Too early for impact on valuation, but adds USD 1m to our 2019-20 sales estimates

Alligator today announced that a licence agreement has been reached with Biotheus Inc. in which Biotheus is granted rights in Greater China (including Republic of China, Hong Kong, Taiwan, and Macau) for an antibody from ALLIGATOR-GOLD for the creation of up to three bi-specific molecules. The agreement includes an upfront payment of USD 1m where Alligator receives USD 0.5m upon signing and USD 0.5m after 6 months of scientific-technical evaluation. In addition, Alligator is eligible to receive upfront, milestones, and option fees up to a total of USD 142m (in which global option fees constitute USD 90m), plus royalties on future sales and share of sub-license revenue. While we add USD 1m to our 2019-20 sales estimates, we do not include any of the potential USD 142m as the asset included in the agreement is currently at a too early stage in our view.

Valuation: Too early for impact on our valuation range

Although we add USD 1m to our 2019-20 sales estimates, we do not include any of the potential USD 142m as the asset included in the agreement is currently at a too early stage in our view. We reiterate our valuation range of SEK 24-29 per share.

Estimate Revisions			
(SEKm)	2019E	2020E	2021E
Revenues			
Old	2	157	91
New	7	161	91
Change (%)	199	3	0
Adj. EBIT			
Old	(217)	(77)	(151)
New	(213)	(72)	(151)
Change (%)	2	6	0
Adj. EPS			
Old	(3.05)	(1.08)	(2.11)
New	(2.98)	(1.01)	(2.11)
Change (%)	2	6	0

Source: SEB

Key figures				
(SEKm)	2018	2019E	2020E	2021E
Revenues (m)	29	2	157	91
Adj. EBIT	(153)	(217)	(77)	(151)
PTP (m)	(150)	(217)	(77)	(151)
EPS	(2.10)	(3.05)	(1.08)	(2.11)
EPS (adjusted)	(2.10)	(3.05)	(1.08)	(2.11)
DPS	0.00	0.00	0.00	0.00
Revenue growth (%)	(50.6)	(91.5)	6,331.9	(42.1)
EPS growth (%)	n.a.	n.a.	n.a.	n.a.
Operating margin (%)	(536.8)	(8,937.9)	(49.3)	(166.2)
ROCE (%)	(28.2)	(60.5)	(36.3)	(153.1)
Net Debt/EBITDA (x)	2.8	1.1	2.9	0.3
PER (adjusted)	(10.5)	(3.9)	(10.9)	(5.6)
Dividend yield (%)	0.0	0.0	0.0	0.0
P/BV (x)	3.4	3.4	4.8	36.5
EV/EBIT (x)	(7.5)	(2.8)	(8.5)	(5.3)
EV/Sales (x)	40.48	253.29	4.18	8.80

Source: SEB

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