

Basilea Pharmaceutica

Another year, another market beat

FY24 results

Basilea recorded another strong year in FY24, its third successive year of cash flow positivity and its strongest operating performance to date. Lead drug Cresemba continued to dominate performance on broad-based demand, contributing 85-90% of FY24 revenue of CHF208.5m, spearheading the guidance beat. Operating profit of CHF61.2m was up threefold over FY23's CHF19.2m, translating to operating cash flow of CHF74.4m and a healthy cash balance of CHF124.6m at end-FY24. With Cresemba sales expected to stay strong, additional contributions from Zevtera in the US (commercial launch expected by mid-2025) and BARDA and CARB-X reimbursements, FY25 should be another rewarding year. Management has guided for FY25 revenues of CHF220m and operating profit of c CHF62m. We will present our revised estimates and valuation in an upcoming outlook note but view the 6.9x P/E ratio as an attractive opportunity for investors.

Year end	Revenue (CHFm)	PBT (CHFm)	EPS (CHF)	DPS (CHF)	P/E (x)	Yield (%)
12/22	147.8	12.3	1.04	0.00	42.5	N/A
12/23	157.6	10.8	0.90	0.00	49.4	N/A
12/24	208.5	60.6	6.44	0.00	6.9	N/A

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

The key takeaway from Basilea's FY24 results is the strong progress recorded across its development pipeline. Revenue growth of 32.2% y-o-y beat guidance and was driven by strong in-market sales of Cresemba, which reached US\$533m in the 12-month period ending September 2024. This translated to CHF96.7m in Cresemba royalties, 22.6% y-o-y growth, which we believe is significant for a mature product and indicative of the increasing market share of the drug. Strong sales also resulted in CHF38.7m in Cresemba milestone payments and another CHF0.5m for Zevtera from the European partner, Advanz Pharma. The CHF3.6m (US\$4m) upfront payment for Zevtera from US licensing partner Innoviva Specialty Therapeutics has been recorded as deferred revenue by the company. Non-dilutive reimbursements by BARDA and CARB-X were other key milestones which, along with deferred tax assets of CHF17.3m, supported bottom-line expansion for the year (net income of CHF77.6m versus CHF10.8m in FY23).

We expect key catalysts in FY25 to be the US launch of Zevtera (by mid-2025) and initiation of the second Phase III study for fosmanogepix in invasive mould infections (in Q225). Management has guided a 5.5% increase in revenues to CHF220m, driven by a double-digit increase in royalties, sustained milestone and upfront payments (c CHF35m) and increased BARDA and CARB-X reimbursements (c CHF30m combined). With expected growth in R&D (CHF88m vs CHF77m in FY24), operating profits are guided to remain largely stable at CHF62m, although we anticipate net profitability to drop slightly, with management expecting to recognise income tax in FY25 against tax assets in FY24. With early-stage asset tonabacase discontinued following preclinical profiling, the medium-term R&D push will be on the antifungal BAL2062 and the LptA inhibitor antibiotic, BAL2420, which are expected to enter the clinic in 2026. R&D backing from BARDA and CARB-X provides early validation of ongoing R&D programmes, including fosmanogepix, in our opinion.

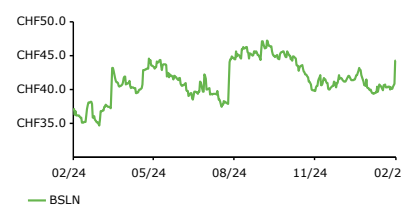
We are in the process of adjusting our estimates for the FY24 results, management guidance for FY25 and our assessment of the progress of the company's commercial and development portfolio.

Healthcare

19 February 2025

Price	CHF44.25
Market cap	CHF536m
	US\$1.11/CHF
Net cash/(debt) at 31 December 2024	CHF28.6m
Shares in issue	12.1m
Code	BSLN
Primary exchange	SWX
Secondary exchange	N/A

Share price performance



Business description

Basilea Pharmaceutica is focused on treating infectious diseases. Its marketed products are Cresemba (an antifungal) and Zevtera (an anti-MRSA broad-spectrum antibiotic). In late 2023, it expanded its clinical pipeline to include two antifungals, the Phase III novel broad-spectrum antifungal treatment fosmanogepix (first Phase III trial commenced in September 2024) and Phase II asset BAL2062, and one antibiotic, tonabacase (evaluation licence subsequently discontinued). In January 2024, Basilea acquired the preclinical LptA inhibitor antibiotics programme from Spexis and BAL2420 has been selected as the clinical candidate recently.

Analysts

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