



## ERIK PENSER BANK

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# Diamyd Medical

## Cash chest refilled

### Rights issue completed

Diamyd has announced the final results of its rights issue. In total, some 32% of the offered units were subscribed to, providing the company with around SEK 78m before costs. Moreover, warrants now also available in the market could provide additional capital in the future. Given its current cash position and the rights issue, we consider Diamyd to be financed until the start of 2025.

### Expecting a fully recruited study during 2024

DIAGNODE-3 is running according to schedule, and clinicaltrials.gov says 12 clinics are now active in the US, three of which have started recruiting patients. We believe the timetable is unchanged, meaning the study should be fully recruited during 2024.

### New fair value following rights issue

In the wake of the rights issue and given certain estimate adjustments on the cost side, we have a new fair value of SEK 15–16 (18–20) per share.

Estimate changes				Forecast (SEK m)				Valuation and risk														
	24e	25e	26e		22/23	23/24e	24/25e	25/26e	Fair value	SEK15,0 - 16,0												
Total revenue	0,0%	0,0%	-	Total revenue	20	3	3	3	Share price	SEK7,00												
EBIT, adj.	-0,2%	-0,3%	-	Revenue growth	>100%	N.m.	0%	0%	Risk level	Hög												
EPS, adj.	9,4%	9,3%	-	EBITDA, adj.	-100	-147	-197	-207	<div style="background-color: #004a99; color: white; padding: 2px;">12-mth share price development</div>													
<div style="background-color: #004a99; color: white; padding: 2px;">Coming events</div>				EBIT, adj.	-105	-152	-202	-212														
				EPS, adj.	-1,1	-1,6	-2,1	-2,2														
Q1 - report	24 January 2024			EPS growth	21%	N.m.	N.m.	N.m.														
Q2 - report	27 March 2024			BV/share	2,0	1,1	1,1	1,5														
<div style="background-color: #004a99; color: white; padding: 2px;">Company details (SEKm)</div>				Dividend per share	0,0	0,0	0,0	0,0	<div style="background-color: #004a99; color: white; padding: 2px;">Conflicts of interest</div> <table border="1"> <thead> <tr> <th></th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Market maker</td> <td></td> <td>✓</td> </tr> <tr> <td>Certified adviser</td> <td></td> <td>✓</td> </tr> <tr> <td>Transactions, 12 mth</td> <td></td> <td>✓</td> </tr> </tbody> </table>			Yes	No	Market maker		✓	Certified adviser		✓	Transactions, 12 mth		✓
					Yes	No																
Market maker		✓																				
Certified adviser		✓																				
Transactions, 12 mth		✓																				
Number of shares	95m			EBIT margin	Neg.	Neg.	Neg.	Neg.														
Market capitalisation	662			ROE, adj.	Neg.	Neg.	Neg.	Neg.														
Net debt	-201			ROCE, adj.	Neg.	Neg.	Neg.	Neg.														
EV	461			EV/Sales	28,2x	153,8x	153,8x	153,8x														
Free float	90%			EV/EBITDA	Neg.	-3,1x	-2,3x	-2,2x														
Daily trading volume, average	119k			EV/EBIT	Neg.	-3,0x	-2,3x	-2,2x														
Bloomberg Ticker	DMYDB SS EQUITY			P/E, adj.	-6,3x	-4,3x	-3,3x	-3,1x														
<div style="background-color: #004a99; color: white; padding: 2px;">Analyst</div>				P/BV	3,6x	6,2x	6,4x	4,7x														
				FCF yield	-11%	-23%	-30%	-32%														
Ludvig Svensson				Net debt / EBITDA	1,3x	0,3x	0,2x	0,4x														
ludvig.svensson@penser.se																						

## Investment case

Diamyd is a late-stage biotech company. Its leading project, diabetes vaccine Diamyd, is currently undergoing a ph III study in type 1 diabetes. In a larger meta-study (patient base of 600+), Diamyd has shown a statistically significant and clinically relevant therapeutic effect (preservation of beta cell function) in a specific sub-group of newly diagnosed type 1 diabetes patients – those with the DR3-DQ2 gene. This gene is particularly common and constitutes 40–50% of all type 1 diabetes cases. It is this niche patient population that is included in the ph III study and, given potential market approval, this will be the commercial target group for the Diamyd vaccine.

While we see high risk in the project, we believe the Diamyd vaccine is a unique drug candidate that could, if launched, prove a blockbuster with annual sales exceeding USD 1bn globally.

### Company profile

Diamyd Medical works with drug development, diabetes being its main focus area. Currently, Diamyd has two drug projects in clinical development: 1) diabetes vaccine Diamyd, which aims to interrupt the body's attack on its own insulin production, and 2) Remygen, a GABA-based oral medicine intended to restore the body's own insulin production.

### Valuation

We use a risk-adjusted sum-of-the-parts (SOTP) valuation for Diamyd. Our fair value is SEK 15–16.

## DCF

Valuation output		WACC assumptions		Sensitivity analysis					
Sum of PV of FCF (explicit period)	1332	Risk-free nominal rate	2.5%	WACC	16%	17%	<b>18%</b>	19%	20%
PV of terminal value (perpetuity formula)	0	Market risk premium	5.5%	NPV	1894	1703	<b>1532</b>	1379	1240
<b>Enterprise value</b>	<b>1332</b>	Small cap premium	4.0%	NPV/share	20	18	<b>16</b>	15	13
Latest net debt, inc est. issue	-201	Extra risk premium	6.0%						
<b>Equity value</b>	<b>1532</b>	WACC	18.0%						
No. of shares outstanding (millions)	95.0								
<b>Equity value per share (SEK)</b>	<b>16</b>								
Implicit multiple		Terminal value assumptions							
	2023e								
EV/Sales	N.m.	Long-term growth rate	N.m.						
EV/EBITDA	N.m.	Long-term EBIT margin	N.m.						
EV/EBIT	N.m.	Depreciation (% of sales)	N.m.						
EV/NOPLAT	N.m.	Capex (% of sales)	N.m.						
P/E	N.m.	Working capital (% of sales)	N.m.						
ROIC/WACC	N.m.	Tax rate	N.m.						
Current share price	7.0								

Source: Company, EPB

## Income statement

	20/21	21/22	22/23	23/24e	24/25e
<b>Net sales</b>	0	0	1	1	1
Other operating income	0	2	19	2	2
<b>Total revenues</b>	0	3	20	3	3
<b>Gross profit</b>	0	3	20	3	3
Other Operating Expenses	-86	-121	-120	-150	-200
<b>EBITDA</b>	-85	-118	-100	-147	-197
<b>EBITDA, adjusted</b>	-85	-118	-100	-147	-197
<b>EBITA, adjusted</b>	-85	-118	-100	-147	-197
<b>EBIT</b>	-86	-123	-105	-152	-202
<b>EBIT, adjusted</b>	-86	-123	-105	-152	-202
Net Financial Items	146	15	0	0	0
<b>Profit before tax</b>	60	-108	-105	-152	-202
<b>Profit before tax, adjusted</b>	60	-108	-105	-152	-202
<b>Net income</b>	60	-108	-105	-152	-202
<b>Net income, adjusted</b>	60	-108	-105	-152	-202
Sales Growth	-	>100%	>100%	N.m.	0%
Gross Margin	>100%	>100%	>100%	>100%	>100%
EBIT Margin, Adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EPS, Adjusted	0,84	-1,40	-1,11	-1,60	-2,13
EPS Growth, Adjusted	-	N.m.	21%	N.m.	N.m.

Source: Diamyd Medical, EPB

## Cash flow statement

	20/21	21/22	22/23	23/24e	24/25e
EBIT	-86	-123	-105	-152	-202
Other Cash flow Items	1	4	6	6	6
Changes in working capital	-25	18	-1	1	1
<b>Cash flow from operating activities</b>	-110	-101	-100	-144	-195
Investments in Fixed Assets	-4	-35	-11	-7	-5
Other Cash flow from investments	137	-42	40	0	0
<b>Cash Flow From Investments</b>	133	-77	28	-7	-5
<b>Free cash flow</b>	23	-178	-72	-152	-200
New share issue / repurchase	57	142	71	73	200
<b>Cash flow from financing</b>	57	142	71	73	200
<b>Cash flow</b>	80	-35	-1	-79	0
<b>Net debt</b>	-139	-160	-128	-49	-49

Source: Diamyd Medical, EPB

## Balance sheet

	20/21	21/22	22/23	23/24e	24/25e
<b>ASSETS</b>					
Tangible fixed assets	6	46	52	54	54
Financial assets	33	18	13	13	13
<b>Total fixed assets</b>	<b>38</b>	<b>64</b>	<b>65</b>	<b>67</b>	<b>67</b>
Other current assets	24	13	13	18	18
Cash and cash equivalents	139	160	128	49	49
<b>Total current assets</b>	<b>163</b>	<b>173</b>	<b>141</b>	<b>67</b>	<b>67</b>
<b>TOTAL ASSETS</b>	<b>201</b>	<b>237</b>	<b>206</b>	<b>134</b>	<b>134</b>
<b>EQUITY AND LIABILITIES</b>					
Equity	189	214	185	106	104
<b>Total equity</b>	<b>189</b>	<b>214</b>	<b>185</b>	<b>106</b>	<b>104</b>
Other long-term liabilities	1	1	1	2	3
<b>Total long-term liabilities</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>
Accounts payable	6	10	5	10	10
Other current liabilities	6	12	15	16	17
<b>Total current liabilities</b>	<b>11</b>	<b>21</b>	<b>20</b>	<b>26</b>	<b>27</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>201</b>	<b>237</b>	<b>206</b>	<b>134</b>	<b>134</b>

Source: Diamyd Medical, EPB

## Growth and margins

	20/21	21/22	22/23	23/24e	24/25e
Revenue growth	-	>100%	>100%	N.m.	0%
EBITDA growth, adjusted	-	N.m.	15%	N.m.	N.m.
EBIT growth, adjusted	-	N.m.	14%	N.m.	N.m.
EPS growth, adjusted	-	N.m.	21%	N.m.	N.m.
Gross margin	>100%	>100%	>100%	>100%	>100%
EBITDA margin	Neg.	Neg.	Neg.	Neg.	Neg.
EBITDA margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
Profit margin, adjusted	>100%	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, EPB

## Return

	20/21	21/22	22/23	23/24e	24/25e
ROE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
ROCE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.
ROIC, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, EPB

## Capital efficiency

	20/21	21/22	22/23	23/24e	24/25e
Accounts receivable / total revenue	11%	10%	0%	-	-
Total short-term liabilities / total cost	13%	18%	17%	17%	14%
Working capital / total revenue	>100%	-310%	-33%	-267%	-300%
Capital turnover rate	0,0x	0,0x	0,1x	0,0x	0,0x

Source: Diamyd Medical, EPB

## Financial position

	20/21	21/22	22/23	23/24e	24/25e
Net debt	-139	-160	-128	-49	-49
Equity ratio	94%	91%	90%	79%	78%
Net debt / equity	-0,7x	-0,7x	-0,7x	-0,5x	-0,5x
Net debt / EBITDA	1,6x	1,4x	1,3x	0,3x	0,2x

Source: Diamyd Medical, EPB

## Per share data

	20/21	21/22	22/23	23/24e	24/25e
EPS	0,84	-1,40	-1,11	-1,60	-2,13
EPS, adjusted	0,84	-1,40	-1,11	-1,60	-2,13
FCF per share	0,32	-2,31	-0,76	-1,60	-2,11
Dividend per share	0,00	0,00	0,00	0,00	0,00
Book value per share	2,64	2,79	1,95	1,12	1,09
Number of shares, m	71,6	76,9	95,0	95,0	95,0
Number of shares after dilution, average	71,6	76,9	95,0	95,0	95,0

Source: Diamyd Medical, EPB

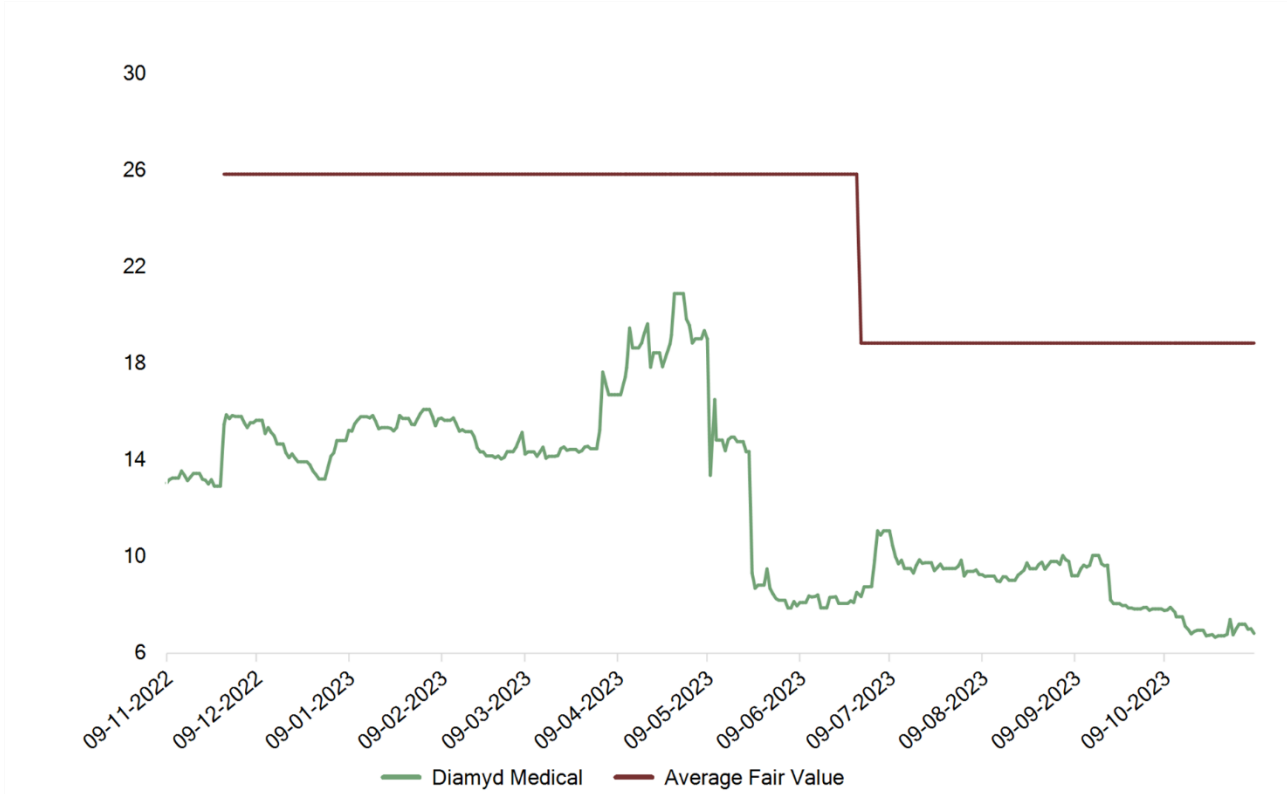
## Valuation

	20/21	21/22	22/23	23/24e	24/25e
P/E, adjusted	17,6x	Neg.	Neg.	Neg.	Neg.
P/BV	5,6x	4,8x	3,6x	6,2x	6,4x
P/FCF	46,5x	Neg.	Neg.	Neg.	Neg.
FCF-yield	2%	Neg.	Neg.	Neg.	Neg.
Dividend yield	0,0%	0,0%	0,0%	0,0%	0,0%
Payout ratio, adjusted	0,0%	0,0%	0,0%	0,0%	0,0%
EV/Sales	5 118,3x	372,1x	28,2x	153,8x	153,8x
EV/EBITDA, adjusted	Neg.	Neg.	Neg.	-3,1x	-2,3x
EV/EBIT, adjusted	Neg.	Neg.	Neg.	-3,0x	-2,3x
EV	2 273	962	552	461	461
Share price, year end	33,7	14,6	7,2	7,0	7,0

Source: Diamyd Medical, EPB

## Share price and average fair value

Diamyd MedicalDMYDB SS EQUITY



Source: EPB, IDC

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