

Basilea Pharmaceutica

13th August 2024

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|---------------------|-----|
| Share Price (CHF) | 40 |
| CP Fair Value (CHF) | 105 |

| | |
|-------------------|-----|
| Market Cap (CHFm) | 527 |
| Cash (CHFm) | 69 |
| EV (CHFm) | 553 |

| | |
|---------|-------------|
| Country | Switzerland |
| Code | BSLN |
| Index | SIX |



Source: Calvine Partners Research

Momentum building in H1 2024

H1 2024 saw a strong performance from Basilea’s anti-fungal Cresemba (isavuconazole). Underlying growth was driven by solid royalty income growth of 16.6%, and although milestone payments in H1 may have lagged last year, the company is expecting a better H2 performance. Based on the H1 performance and expectations for continued strength, the company has increased guidance for FY'24. Cresemba is maturing in the US and European markets, but we note that the CHMP has recommended approval for the paediatric population, which will extend exclusivity until Q4 2027. H1 also benefited from receipt of a deferred tax payment, and the company has paid off the remainder of its senior secured loan.

Looking forward to H2

Attracting a suitable commercial partner for ceftobiprole in the US has been a protracted process. Still, we are encouraged by previous commentary suggesting increased interest following its broader label, which included the important *Staphylococcus aureus* bacteraemia indication and severe skin and community-acquired bacterial pneumonia. Given our expectation of peak sales approaching \$400m in the US, ceftobiprole is key to the extent that it should help bridge the gap between Cresemba's loss of exclusivity in the US and Europe and the launch of the novel broad-spectrum antifungal fosmanogepix. As a result, we believe that securing an appropriate commercial partner for ceftobiprole would remove an important uncertainty from the Basilea investment case. We note that in the release today, the company remains "...in negotiations with a number of potential partners" with respect to the US commercialisation of ceftobiprole.

Healthy pipeline prospects

A replenishment of the anti-infectives pipeline has characterised the recent past at Basilea. By far, the most important addition has been the novel antifungal fosmanogepix. It is highly selective and offers good oral bioavailability. It appears to have a broad spectrum of activity against various *Aspergillus* and *Candida*, including those resistant to the echinocandins. The importance of fosmanogepix as a novel antifungal has been reflected in FDA conferring Fast Track status for various invasive fungal infections, including invasive aspergillosis, candidiasis and mucormycosis. Basilea has confirmed that the Phase 3 programme should start shortly in invasive yeast infections. We believe the Phase 3 programme has already been significantly de-risked, and the clinical profile suggests a peak sales potential of circa \$1.2bn.

Following today's increase in sales and profit guidance, our forecasts are under review.

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