hardman&co

Pharmaceuticals & Biotechnology

Source: Eikon Thomson Reuters

Market data	
EPIC/TKR	AGY
Price (p)	36.5
12m High (p)	36.5
12m Low (p)	19.5
Shares (m)	594.1
Mkt Cap (£m)	216.9
EV (£m)	198.1
Free Float*	37%
Market	AIM

**As defined by AIM Rule 26*

Description

AGY provides information to professionals related to prevention, diagnosis and treatment of allergic conditions with special focus on allergy vaccination. The emphasis is on treating the underlying cause and not just the symptoms.

Company information	
CEO	Manuel Llobet
CFO	Nick Wykeman
Chairman	Peter Jensen
	+44 1903 845 820
	www.allergytherapeutics.com

Key shareholders	
Directors	0.7%
Abbott Labs	40.5%
Southern Fox	21.4%
Odey	7.4%
Invesco	5.7%
Blackrock	5.1%

Diary	
Nov-17	AGM
4Q-17	Ph.II PQ Grass trial
2H'18	Ph.III PQBirch trial

Analysts	
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Allergy Therapeutics

Continuing to gain market share

AGY is a long-established specialist in the prevention, diagnosis and treatment of allergies. Pollinex Quattro continues to gain market share despite being available in the EU only on a 'Named Patient' basis. Investment in marketing over the last three years has been reflected in exceptional growth, with +10% CAGR in sales over the last five years compared to overall allergy vaccine market growth of +1%. In fiscal 2017, AGY gained another one-point market share to 13%. R&D investment in clinical trials for full approval as a biological in both Europe and the US are progressing with results due to be released in the second half of calendar 2018.

- **Strategy:** AGY is a fully integrated pharmaceutical company focused on the treatment of allergies. There are three parts to its strategy: continued development of its European business via investment or opportunistic acquisitions; the US PQ opportunity; and further development of its pipeline.

- **2017 results:** Publication of full details reinforced the strong performance indicted in the July trading statement. Underlying sales grew +15% to £64.1m (£48.5m), gross margins improved to 73.9% (71.0%), and product profitability rose +44% to £20.5m (£14.2m). R&D investment was lower at -£9.3m (-£16.2m).

- **Trial update:** The PQ Grass/MATA MPL safety study for a new higher dose has been completed, enabling the Phase II trial to start in the next quarter. The PQ Birch phase III field trial required for regulatory filings has started recruiting in Europe. Both trials are expected to report by the end of calendar2018.

- **Regulation:** Both the EU (via TAV) and US (via FDA) regulators are looking to instil more control in their respective markets with improved regulation. AGY is as well placed as anybody to reap the benefits of this, being one of the most advanced in terms of trials, which augurs well for future growth prospects.

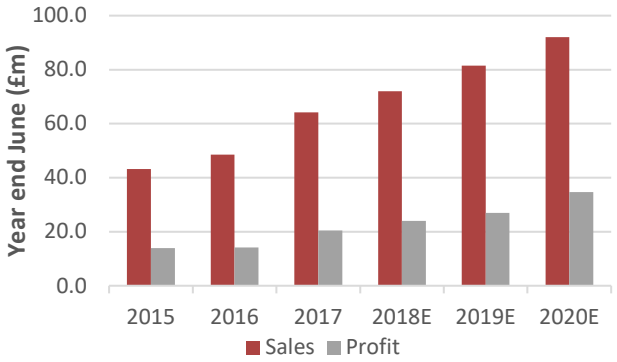
- **Investment summary:** AGY is going through an exciting period, with a clear vision, gaining market share from competitors, and leading the race to have its products fully approved and regulated as biologicals, first in Europe, then in the US, where the regulators are demanding change. Read-out from the EU Phase III PQ Birch trial in 2018 will provide a significant value inflexion point.

Financial summary and valuation

Year end June (£m)	2015	2016	2017	2018E	2019E	2020E
Sales	43.23	48.51	64.14	72.0	81.5	92.0
R&D investment	-3.12	-16.22	-9.30	-18.0	-16.0	-8.0
Underlying EBIT	2.91	-12.34	-2.89	-9.2	-5.4	8.6
Reported EBIT	1.41	-12.53	-2.60	-9.9	-6.1	7.9
Underlying PBT	2.84	-12.45	-2.97	-9.3	-5.5	8.5
Statutory PBT	0.65	-12.21	-2.67	-10.0	-6.2	7.8
Underlying EPS (p)	0.48	-2.36	-0.59	-1.5	-0.9	1.4
Statutory EPS (p)	0.02	-2.29	-0.42	-1.6	-1.0	1.2
Net (debt)/cash	20.14	20.04	18.80	8.6	4.8	17.0
Capital increases	20.08	10.97	0.03	0.3	0.3	0.3
P/E (x)	75.6	-15.5	-62.2	-23.9	-40.8	26.9
EV/sales (x)	4.6	4.1	3.1	2.8	2.4	2.2

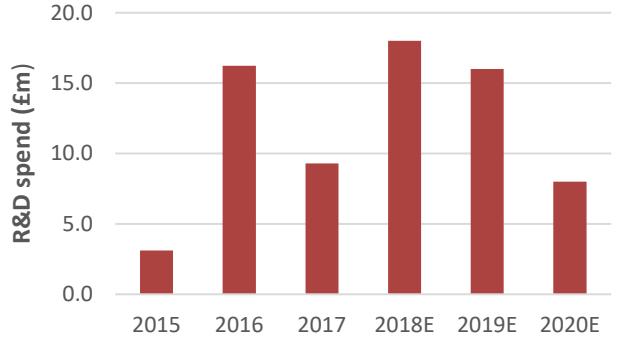
Source: Hardman & Co Life Sciences Research

Product analysis



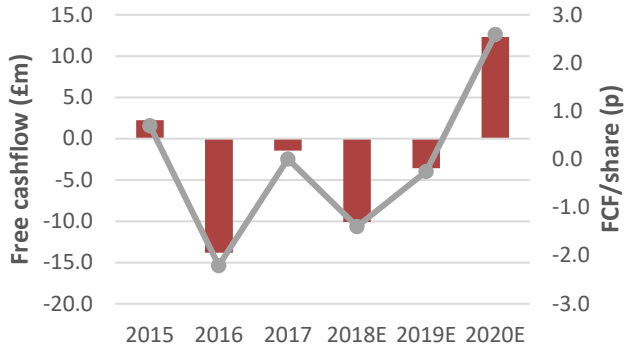
- AGY has a solid existing portfolio of products for allergy immunotherapy
- Products have shown consistent growth over the last five years even though their availability is limited
- After taking account of manufacturing, distribution and marketing costs, in-market products are profitable
- Product margins have risen consistently over the last five years, reaching 31.9% in fiscal 2017

R&D investment



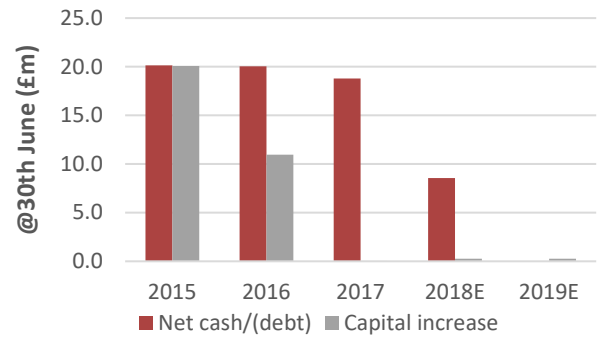
- Cumulative investment in R&D since 2000 has been £105m
- R&D investment is forecast to rise substantially to get Pollinex Quattro onto the market in the US and formally approved in Europe
- Three key trials for the US and Europe will cost ca.£35m over the next two years, but will pave the way to regulatory approvals in a changing market place

Free cashflow



- In each of the last four years, AGY has generated free cashflow from operations
- Considerable investment in R&D and marketing will result in two years' of cash burn
- Cash requirement towards the end of this decade will be dependent on commercialisation strategy in US
- In following the inorganic growth strategy, although acquisitions tend to be small, more cash could be required

Net cash



- £20m was raised in March 2015 largely to fund the key US trials
- Based on current forecasts, the net cash position reaches a neutral position at the end of fiscal 2019
- Should management decide to commercialise Pollinex Quattro in the US by itself, AGY will require working capital for investment in sales infrastructure

Source: Company data; Hardman & Co Research Life Sciences Research

FY 2017 results

Financial summary

- **Sales:** Underlying sales grew +15% to £64.14m (£48.51m). Given that the vast majority are denominated in Euros, there was a marked currency benefit at the reported level
- **Product profitability:** The rise in COGS, mostly in the UK in GBP, rose about the same amount as underlying sales growth; the increase in marketing was heavily influenced by sterling weakness. Reported product profitability rose +44%, but the underlying growth rate was nearer +10%
- **R&D:** Investment in R&D has moved from 2017 (-£9.1m) into fiscal 2018 (-£18.0 est) as a consequence of the change in timing of clinical trials
- **Underlying EBIT:** Largely as a result of the lower R&D spend, the operating loss for fiscal 2017 was reduced by 77% to -£2.9m (-12.3m)
- **Net cash/(debt):** This was already stated in the July trading statement to be £18.8m, comprising cash of £22.1m, less debt of -£3.3m

Operational summary

- **PQ Birch:** Recruitment is well advanced for the Phase III birch trial required for the European TAV regulatory submission. Results are due to be released in 2H calendar 2018
- **Grass MATA MPL:** A safety study using a new higher dose that was performed in Europe for the US market has been completed. This is expected to allow commencement imminently of the Phase II trial
- **Regulators:** Both the European (via the TAV) and US (via FDA and USP)[1] regulators are keen for better regulated markets for allergy vaccines. However, any push for greater control is limited by lack of formally approved products. The formal approval of Pollinex Quattro (PQ) and Grass MATA MPL as biologicals would leave AGY extremely well positioned to benefit
- **Acarovac MPL:** A Phase I trial using the short-course PQ technology platform for house dust mite allergy is underway in Spain

Actual vs expectations

Year to June (£m)	2016 actual	2017 actual	Change %	2017 forecast	Delta Δ
Sales	48.51	64.14	+15%	64.1	+0.0
COGS	-14.07	-16.77	+19%	-16.5	-0.2
Marketing	-20.22	-26.89	+16%	-26.5	-0.4
Product profitability	**14.22**	**20.48**	**+10%**	**21.1**	**-0.6**
Product margin	29.3%	31.9%		32.9%	-1.0pp
G&A	-10.33	-14.08	+36%	-14.2	+0.1
R&D	-16.22	-9.30	-43%	-9.4	+0.1
Underlying EBIT	**-12.34**	**-2.89**	**+77%**	**-2.5**	**-0.4**
Underlying EPS (p)	-2.36	-0.59	+75%	-0.6	-0.0
Net cash/(debt)	20.04	18.80		18.8	0.0

Source: Hardman & Co Life Sciences Research

[1] TAV = Therapy Allergen Ordinance regulatory framework; FDA = US Food & Drug Administration; USP = US Pharmacopeial Convention

Operational update

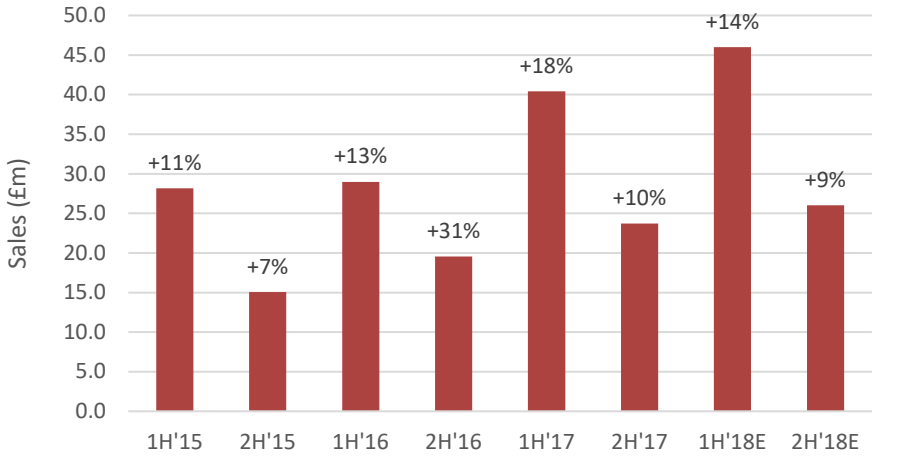
Product analysis

Market share gain

Market share gains in each of last three years

Over the last three years, the company has adopted a planned strategy to invest in commercial infrastructure and marketing in readiness for the formal approval of Polinex Quattro as a biological. The benefit of this investment was seen again in fiscal 2017 results, with a one percentage point gain in overall market share to 13%, and evidence of strong performances in most of the key European countries. Overall, underlying sales growth was +15% in flat markets. While some of the gain could be attributable to the woes of certain competitors, most of it was due simply to the better product offering from Allergy Therapeutics. The outperformance of AGY is demonstrated clearly, even in the seasonally weaker second half, when looking at sales on a half-year-by-half year basis.

Allergy Therapeutics – Half-year sales trend & CER growth rates



Source: Hardman & Co Life Sciences Research

In order to gain one percentage point market share, AGY needs to see underlying sales growth about 8-9% above its competitors. Prospects remain strong and, based on current forecasts, a further one point market share gain in 2018 looks very achievable.

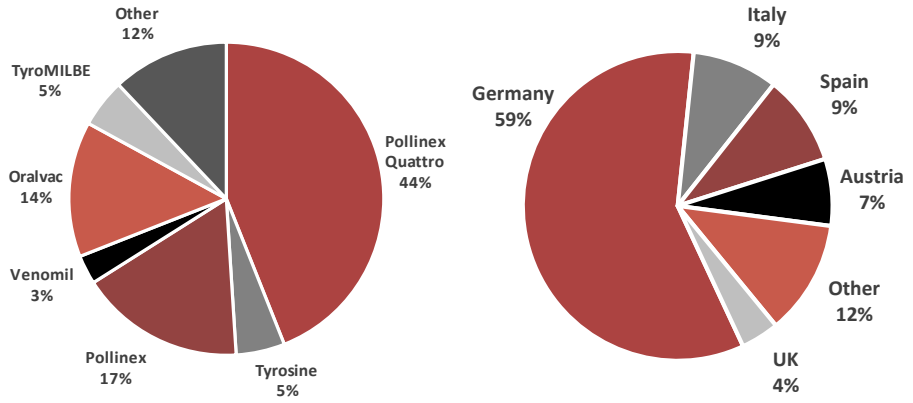
Geographical analysis

Germany remains most important territory…

…but several other European countries reported strong growth

Germany remains the group's strongest territory, representing 59% (59%) of fiscal 2017 sales, with growth of +17%. The importance of Spain to the group increased with the acquisition of Alerpharma back in 2015, and sales in this territory are now the second largest for the group hovering just under 10% of the total. Acarovac Plus was the main driver of growth. Above average growth rates were also reported in The Netherlands and Austria. The one modest disappointment was Italy, where growth was lower than the group average and the territory slipped back to become the third largest for the group.

Sales analysis



Source: Allergy Therapeutics; Hardman & Co Life Sciences Research

No material changes to underlying forecasts

Given the proximity of the FY 2017 outcome to forecasts, unsurprisingly our product sales and profits for fiscal years 2018 and 2019 remain largely unchanged, on a constant currency basis. Figures were updated both on the basis of underlying performance and for currency when AGY provided a trading update to the market regarding FY 2017 sales, in July 2017.

Geographical sales analysis

Year end June (£m)	2015	2016	2017	2018E	2019E	2020E
Germany (€m)	34.46	38.11	44.73	50.55	55.10	66.12
Italy (€m)	5.83	6.34	6.48	6.67	6.81	7.08
Spain (€m)	2.91	6.14	7.11	8.17	9.27	10.48
RoE (€m)	7.62	9.25	11.57	13.65	15.83	18.05
Total Euro	**50.83**	**59.85**	**69.90**	**79.04**	**87.01**	**101.73**
Euroland £m	40.02	44.73	59.69	67.50	74.30	86.87
UK	1.05	1.86	1.87	1.92	2.02	2.06
US	0.00	0.00	0.00	0.00	0.00	0.00
RoW	2.15	1.92	2.58	2.58	2.83	3.12
Group sales	**43.23**	**48.51**	**64.14**	**72.00**	**81.52**	**92.05**
Germany	12%	11%	17%	13%	9%	20%
Italy	6%	9%	2%	3%	2%	4%
Spain	14%	111%	16%	15%	14%	13%
Group	9%	16%	15%	12%	13%	13%

Source: Hardman & Co Life Sciences Research

Product analysis

PQ remains the key product…

Pollinex Quattro clearly remains the most important product within the group's portfolio. However, excellent performances from some of the other products, coupled with strong activity seen in Spain, meant that its sales contribution was reduced modestly from 45% in 2016 to 44% in 2017.

…but is by no means the only contributor

Product profitability

While the company is investing heavily in its R&D programme to get formal EU and US regulatory approval for its short-course subcutaneous immunotherapy (SCIT) products, it will be reporting losses at the pre-tax and earnings levels. Therefore, it is important to monitor the ongoing profit performance of the product portfolio.

AGY – product profitability						
Year end June (£m)	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
Sales	43.23	48.51	64.14	72.00	81.52	92.05
COGS	-12.18	-14.07	-16.77	-18.47	-20.58	-18.09
Gross profit	**31.05**	**34.44**	**47.37**	**53.53**	**60.94**	**73.96**
Gross margin	71.8%	71.0%	73.9%	74.4%	74.8%	80.4%
Marketing	-17.06	-20.22	-26.89	-29.54	-34.01	-39.33
Product profit	**13.99**	**14.22**	**20.48**	**24.00**	**26.93**	**34.64**
Product margin	32.4%	29.3%	31.9%	33.3%	33.0%	37.6%

Source: Hardman & Co Life Sciences Research

Underlying gross margins improved ...

There has been a significant improvement in the gross margin during 2017, which was due to a number of factors:

...boosted by currency...

- Investment in improving manufacturing efficiency at its plant in Worthing has been bearing fruit
- Full integration, improved efficiencies and growth at its Alerpharma operations in Spain
- Currency was also a factor. The majority of AGY's manufacturing costs are in the UK, whereas most of its sales are Euro denominated, which boosted sales on translation and gross margins

To 73.9% (71.0%)

In fiscal 2018, we expect the underlying gross margin to continue its upward trend.

Management had made clear to the market that it would continue to invest in marketing infrastructure in 2017 as it actively prepares the company in readiness for when Pollinex Quattro receives full regulatory approval. This investment has been highlighted in the P&L account, and also in the market share gains seen last year. Despite this investment, overall product profitability improved from 29.3% to 31.9% of sales, albeit with some attributable to weaker sterling. Further investment should be expected again in fiscal 2018.

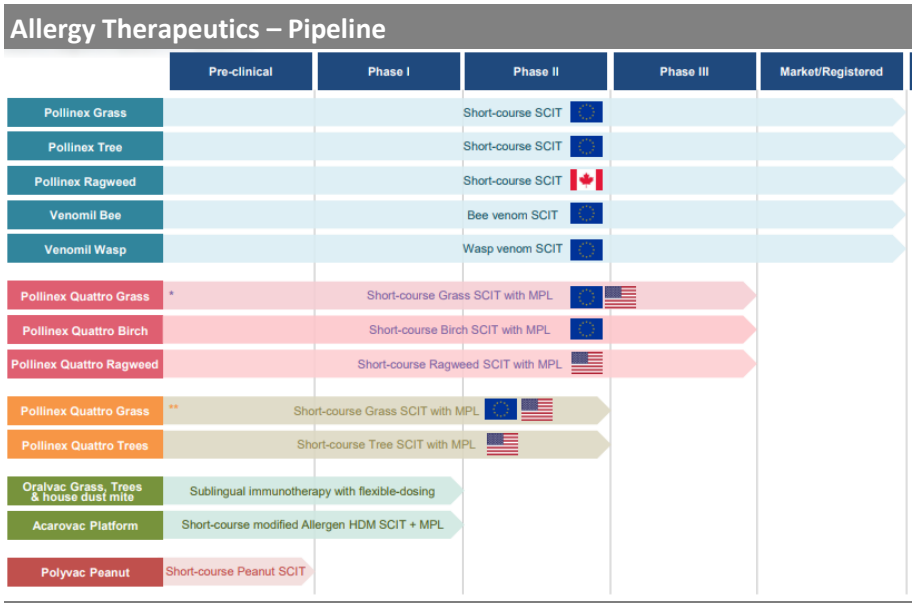
Pipeline update

Pollinex Quattro

Progress has been made in the clinical programmes designed to move the designation of key products in Europe from being available on a 'Named Patient' basis only to being fully approved as a biological. In the US, the focus is on taking advantage of changes in the regulatory environment that will benefit allergy vaccines that have formal approval as a biological and hence, a regulated product.

- For European markets, AGY received acceptance to start the key Phase III field study for PQ Birch – clinical trial PQBirch 301. Recruitment is well underway and readout of headline results is expected in 2H 2018
- The PQ Grass (EU) / Grass MATA MPL (US) product completed a safety dose ranging study designed to test a new higher dose of vaccine. The FDA has allowed the company to perform this trial in Europe because of the difficulty in identifying the optimal dose for use in the Phase III efficacy trials in a previous US study
- Following the safety/dosing study, PQ Grass/Grass MATA MPL recruitment for a Phase II study should start to recruit soon, with data readout in 2H 2018

On the basis that the Phase II PQ Grass/Grass MATA MPL trial is successful, the aim is to progress this product to the important Phase III efficacy field trials in 2019 following consultations with both the European (German) and US regulators.



Source: Allergy Therapeutics

Acarovac MPL

A Phase I trial with Acarovac for house dust mite using the short-course Pollinex Quattro platform in 32 patients has started in Spain. This study is expected to take about one year to complete. On the basis of a successful outcome, the aim is to perform two Phase III trials to satisfy regulatory requirements for both Europe and the US.

R&D spend

Given the timing of these trials, much of the R&D spend originally allocated for fiscal 2017 has moved into 2018, such that investment is expected to almost double to £18.0m (£9.3m) this financial year.

Regulatory landscape

There is considerable pressure to improve the regulatory framework for allergy vaccines in both Europe and the US. Such moves, coupled with AGY's programme of clinical trials, leave the company very well positioned to benefit from this drive towards (clinical) evidence based approved products.

Europe: Therapy Allergy Ordinance (TAV) process

Driven by the Paul Ehrlich Institute based on European legislation, the TAV process commenced in 2008 with the goal of having a number of fully regulated allergy vaccines. At the beginning of the process, documentation for an estimated 110 vaccines were submitted to the TAV for consideration, which included 10 from AGY. To date, a number of competitor products (estimated at ca.30%) have had applications withdrawn, although none of these are related to AGY's products.

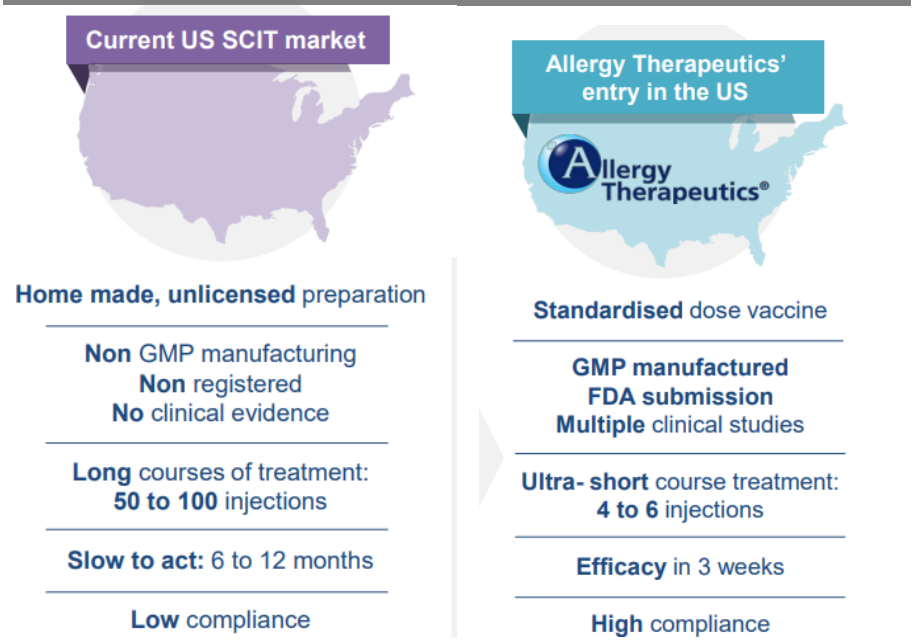
Once approved, AGY would be able to actively market its products to the specialist allergists and, more importantly, highlight the advantages of its short-course therapies, which it is unable to do for products only approved on a 'Named Patient' basis. Therefore, AGY is well positioned within this revised regulatory framework.

US: FDA/USP landscape

As highlighted earlier, there is a drive by both the FDA and the USP to introduce new regulations and move the US allergy vaccine market from its current 'unlicensed' position to one that is fully regulated, with approved biologicals based on clinical outcomes. The dilemma for the regulators is that there are currently no regulatory approved allergy vaccines.

Of all the companies in the field, our research suggests that Allergy Therapeutics is the most advanced company with ongoing clinical trials that are designed to satisfy the regulatory requirements. Even so, there is still a long way to go.

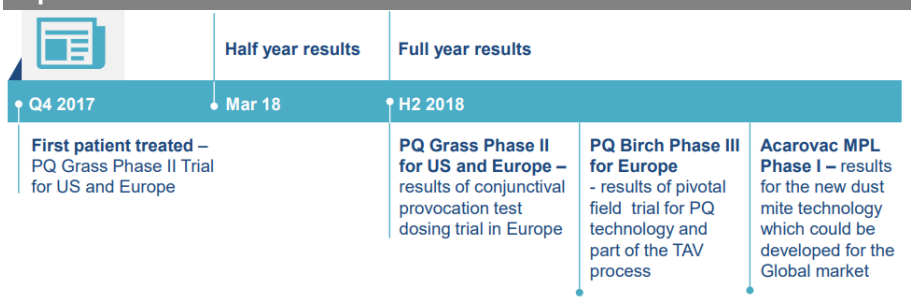
Changing US landscape



Source: Allergy Therapeutics; Hardman & Co Life Sciences Research

Newsflow

Expected newflow over next 12 months



Source: Allergy Therapeutics

Financial forecasts

Profit & Loss

- **Sales:** Underlying growth of +15% in 2017 is expected to be followed by low double digit growth in the next two years, driving further market share gains
- **R&D:** Investment in fiscal 2018 is expected to almost double to -£18.0m and this is likely to be more biased to the second half of the year
- **Forex:** All forecasts are based on constant currency to provide a picture of underlying performance as indicated in the following table

Profit & Loss account						
Year end June (£m)	**2015**	**2016**	**2017**	**2018E**	**2019E**	**2020E**
GBP:EUR	1.270	1.338	1.171	1.171	1.171	1.171
GBP:USD	1.576	1.484	1.281	1.281	1.281	1.281
Sales	**43.23**	**48.51**	**64.14**	**72.00**	**81.52**	**92.05**
COGS	-12.18	-14.07	-16.77	-18.47	-20.58	-18.09
Gross profit	**31.05**	**34.44**	**47.37**	**53.53**	**60.94**	**73.96**
Marketing	-17.06	-20.22	-26.89	-29.54	-34.01	-39.33
Product profit	**13.99**	**14.22**	**20.48**	**24.00**	**26.93**	**34.64**
Product margin	32.4%	29.3%	31.9%	33.3%	33.0%	37.6%
G&A	-8.03	-10.33	-14.08	-15.15	-16.34	-17.99
R&D	-3.12	-16.22	-9.30	-18.00	-16.00	-8.00
EBITDA	4.20	-10.68	-0.96	-7.22	-3.48	10.58
Depreciation	-1.01	-1.39	-1.94	-1.94	-1.94	-1.94
Other income	0.07	0.00	0.00	0.00	0.00	0.00
Underlying EBIT	**2.91**	**-12.34**	**-2.89**	**-9.15**	**-5.41**	**8.65**
Share based costs	-0.41	-0.33	-0.70	-0.70	-0.70	-0.70
Exceptional items	-1.10	0.14	1.00	0.00	0.00	0.00
Statutory EBIT	1.41	-12.53	-2.60	-9.86	-6.12	7.94
Net financials	-0.07	-0.11	-0.07	-0.13	-0.12	-0.11
Pre-tax profit	**2.84**	**-12.45**	**-2.97**	**-9.28**	**-5.54**	**8.54**
Exceptional items	-0.68	0.43	0.00	0.00	0.00	0.00
Reported pre-tax	0.65	-12.21	-2.67	-9.99	-6.24	7.83
Tax payable/credit	-0.55	-0.86	0.19	0.21	0.23	-0.47
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Underlying net income	**2.29**	**-13.46**	**-3.48**	**-9.08**	**-5.31**	**8.07**
Statutory net income	0.11	-13.07	-2.48	-9.78	-6.01	7.36
Ordinary shares:						
Period-end (m)	545.8	589.2	594.1	594.1	594.1	594.1
Weighted average (m)	475.2	570.3	592.2	594.1	594.1	594.1
Fully diluted (m)	498.2	589.2	615.1	622.0	627.0	635.0
Underlying Basic EPS (p)	**0.48**	**-2.36**	**-0.59**	**-1.53**	**-0.89**	**1.36**
Statutory Basic EPS (p)	0.02	-2.29	-0.42	-1.65	-1.01	1.24
U/l Fully-diluted EPS (p)	**0.46**	**-2.28**	**-0.57**	**-1.46**	**-0.85**	**1.27**
Stat. Fully-diluted EPS (p)	0.02	-2.22	-0.40	-1.57	-0.96	1.16
DPS (p)	0.00	0.00	0.00	0.00	0.00	0.00

Source: Hardman & Co Life Sciences Research

Balance sheet

- **Net cash/(debt):** At 30th June 2017, AGY had net cash of £18.8m, comprised of a cash balance of £21.1m less debt, mostly long-term, of -£3.3m. The debt is largely within AGY's Alerpharma subsidiary in Spain, providing a currency hedge
- **Seasonality:** There is a natural first half bias to performance due to the seasonality of allergy treatment, with more cash being generated in the first half of the year from operations (ex-R&D).
- **Seasonal overdraft:** The company maintains a seasonal loan facility, but with strong cash generation expected during 1H'18, this will probably not be utilised. Timing of payments for clinical trials will be important in fiscal 2018
- **R&D:** The accounting policy of AGY is to write-off R&D investment in the year in which the expense is incurred. Solely for the calculation of invested capital and NOPLAT, we add-back R&D and amortise it over eight years to enable a direct comparison of ROIC between all the companies under coverage

Balance sheet

@30th June (£m)	2015	2016	2017	2018E	2019E	2020E
Shareholders' funds	34.47	30.32	29.97	20.19	14.17	21.54
Cumulated goodwill	0.00	0.00	0.00	0.00	0.00	0.00
Total equity	34.47	30.32	29.97	20.19	14.17	21.54
Share capital	0.56	0.60	0.60	0.60	0.60	0.60
Reserves	33.91	29.73	29.36	19.58	13.57	20.93
Capitalised R&D	9.43	21.13	25.42	36.43	43.65	42.13
Minorities	0.00	0.00	0.00	0.00	0.00	0.00
Provisions/liabilities	0.21	1.44	0.70	0.70	0.70	0.70
Deferred tax	0.30	0.33	0.35	0.35	0.35	0.35
Long-term loans	1.55	3.07	2.94	2.94	2.94	2.94
Short-term debt	0.30	0.30	0.39	5.39	15.39	3.24
less: Cash	21.20	23.41	22.12	16.89	23.16	23.16
less: Deposits	0.78	0.00	0.00	0.00	0.00	0.00
less: Non-core invests.	3.16	4.05	4.59	4.59	4.59	4.59
Invested capital	**27.86**	**39.32**	**42.66**	**54.13**	**59.06**	**52.76**
Fixed assets	8.75	9.67	9.67	9.82	10.23	11.68
Intangible assets	2.02	2.08	2.07	1.79	1.51	1.23
Capitalised R&D	9.43	21.13	25.42	36.43	43.65	42.13
Goodwill	2.98	3.27	3.39	3.39	3.39	3.39
Inventories	6.75	7.69	7.48	7.90	8.95	10.10
Trade debtors	*2.84*	*4.68*	*4.19*	*4.70*	*6.83*	*9.54*
Other debtors	*2.22*	*1.84*	*3.67*	*3.67*	*3.67*	*3.67*
Tax liability/credit	*-0.59*	*-1.43*	*-1.43*	*-1.43*	*-1.43*	*-1.43*
Trade creditors	*-3.05*	*-3.11*	*-4.11*	*-4.62*	*-9.76*	*-18.34*
Other creditors	*-3.53*	*-6.51*	*-7.68*	*-7.52*	*-7.97*	*-9.22*
Debtors less creditors	-2.11	-4.53	-5.37	-5.20	-8.66	-15.78
Invested capital	**27.81**	**39.32**	**42.66**	**54.13**	**59.06**	**52.76**
Net cash/(debt)	**20.14**	**20.04**	**18.80**	**8.56**	**4.83**	**16.99**

Source: Hardman & Co Life Sciences Research

Cashflow

- **Cash neutral in 2017:** Because of the reduced R&D expenditure, AGY was cash neutral at the operational level in fiscal 2017. Much higher R&D spend in fiscal 2018 will offset cash generated from product sales
- **R&D investment:** Two important Phase II trials are currently underway, for which stage payments will be made in fiscal 2018. Forecasts are based solely on the planned clinical trial programme. In all likelihood, further clinical trials will be performed in fiscal 2020 which may require further capital
- **Net debt:** Consequently, AGY is forecast to have a cash burn of about £10m in fiscal 2018, dropping the net cash position to ca.£9m at the year end

Cashflow

Year end June (£m)	2015	2016	2017	2018E	2019E	2020E
Trading profit	2.91	-12.34	-2.89	-9.15	-5.41	8.65
Depreciation	1.01	1.39	1.66	1.66	1.66	1.66
Amortisation	0.28	0.28	0.28	0.28	0.28	0.28
Inventories	*-0.42*	*-0.59*	*0.33*	*-0.42*	*-1.05*	*-1.15*
Receivables	*-0.45*	*-0.37*	*1.00*	*-0.51*	*-6.83*	*-2.71*
Payables	*1.08*	*-0.50*	*0.82*	*0.50*	*9.76*	*8.58*
Change in working capital	0.21	-1.45	2.16	-0.43	1.89	4.71
Exceptionals/provisions	0.29	0.00	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Other	-0.98	-0.15	0.11	0.00	0.00	0.00
Company op cashflow	**3.72**	**-12.28**	**1.32**	**-7.65**	**-1.59**	**15.29**
Net interest	-0.24	-0.39	-0.18	-0.13	-0.12	-0.11
Tax payable/credit	-0.17	0.09	-1.10	-0.51	0.21	0.23
Operational cashflow	3.31	-12.57	0.03	-8.28	-1.51	15.41
Capital Expenditure	-1.09	-1.23	-1.50	-1.80	-2.07	-3.11
Capitalised R&D	0.00	0.00	0.00	0.00	0.00	0.00
Sale of fixed assets	0.00	0.00	0.00	0.00	0.00	0.00
Free cashflow	**2.22**	**-13.80**	**-1.47**	**-10.08**	**-3.58**	**12.31**
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
Acquisitions	-2.67	0.00	-0.23	-0.10	-0.10	-0.10
Disposals	0.00	0.00	0.00	0.00	0.00	0.00
Other investments	-0.28	-0.26	-0.26	-0.30	-0.30	-0.30
CF after investments	**-0.72**	**-14.06**	**-1.95**	**-10.48**	**-3.98**	**11.91**
Share repurchases	0.00	0.00	0.00	0.00	0.00	0.00
Share issues	20.08	10.97	0.03	0.25	0.25	0.25
Currency effect	-1.10	3.00	0.67	0.00	0.00	0.00
Borrowings acquired	-0.37	0.00	0.00	0.00	0.00	0.00
Change in net debt	**17.88**	**-0.10**	**-1.25**	**-10.23**	**-3.73**	**12.16**
Opening net cash	2.26	20.14	20.04	18.79	8.56	4.83
Closing net cash	**20.14**	**20.04**	**18.79**	**8.56**	**4.83**	**16.98**
Hardman FCF/share (p)	0.70	-2.20	0.01	-1.39	-0.25	2.59

Source: Hardman & Co Life Sciences Research

Changes to forecasts

Given that fiscal 2017 results were so close to forecasts, no material changes have been made to forecasts in this report.

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