



Commissioned Research
29 October 2024

Lifecare ASA

Update on the Sanofi development agreement

News Flash

Fair value range:
NOK22.0–34.0

Share price:
NOK18.0

What is new?

Lifecare announced that it is submitting a phase-completion report to Sanofi today, marking the end of a specified development phase. The event triggers the release of a funding contribution, and the agreement continues in accordance with the development progress. The company expects to send in another phase-end report after completing the longevity study in dogs, which is targeted for Q1 (25).

Background on the Sanofi development agreement: In 2023, Lifecare entered into a development agreement with Sanofi, a pharmaceutical giant that has established a strong focus on diabetes care in recent years. Under the terms of this deal, Sanofi will contribute around EUR0.3m, tied to key development milestones, to help speed up Lifecare's work on miniaturising its Sencell sensor. Furthermore, the agreement also gives Sanofi the right of first refusal on Sencell's glucose monitoring technology and intellectual property. This right stays in effect until Lifecare receives CE marking for the Sencell, giving Sanofi the first opportunity to acquire the rights before any other interested parties.

What does it mean?

While the company does not disclose what specific development milestone triggered this phase-completion report, we are encouraged to see that the agreement with Sanofi is progressing, and that the companies are continuing to actively interact around the development of Sencell. To our knowledge, this development deal is currently the only interest Sanofi has in the diabetes monitoring market. While it is not yet a commercial deal, it still means that Sanofi has Sencell on its radar and, if upcoming studies show good outcomes, it is possible that Sanofi will choose to acquire the rights for the product.

What do we do?

Following the news, we reiterate our fair value range of SEK22–34 per share. We expect a slightly positive reaction in the share price in today's trading.

Research analysts:
Ludvig Svensson

		Key figures (NOK)				Share price -5Y			
		2023	2024e	2025e	2026e				
Sales (m)		0	1	7	14				
EBITDA (m)		-32	-53	-60	-66				
EBIT (m)		-35	-57	-65	-71				
EPS		-3.62	-4.36	-4.12	-4.50				
EPS adj.		-3.62	-4.36	-4.12	-4.50				
DPS		0.00	0.00	0.00	0.00				
Sales growth Y/Y		0%	+chg	844%	112%				
EPS adj. growth Y/Y		-chg	-chg	+chg	-chg				
EBIT margin		n.m.	n.m.	n.m.	-500.8%				
P/E adj.		n.m.	n.m.	n.m.	n.m.				
EV/EBIT		neg.	neg.	neg.	neg.				
EV/EBITA		neg.	neg.	neg.	neg.				
EV/EBITDA		neg.	neg.	neg.	neg.				
P/BV		2.8	3.9	2.6	7.8				
Dividend yield		0.0%	0.0%	0.0%	0.0%				
FCF yield		-13.5%	-19.7%	-25.2%	-27.3%				
Equity/Total Assets		76.9%	54.2%	61.7%	32.5%				
ROCE		-52.9%	-72.7%	-64.1%	-85.3%				
ROE adj.		-57.3%	-81.9%	-72.1%	-98.7%				
Net IB debt/EBITDA		1.4	1.5	1.8	0.4				
High/Low (12M)		NOK55.8/17.9							
Perf.		3M	6M	12M	YTD				
Abs.		-21.3	-44.8	-34.5	-63.3				
Rel.		-22.4	-50.9	-49.2	-74.2				

Source: Carnegie Research, FactSet, Millstream & company data

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