

15 July 2021

Commissioned research: Orexo – Sales came in better than expected

Marketing material commissioned by Orexo

Conference call details: 15.00 CET. Telephone no.: SE: +46 8 505 583 50, UK: +44 333 300 92 70, US: +1 646 722 49 04. The webcast will be available at: <https://tv.streamfabriken.com/orexo-q2-2021>

Orexo reported its Q2 numbers this morning with sales of SEK 142.8, 2.1% ahead of our expectations (SEK 139.9) and down 20% from last year (SEK 179.1m). EBITDA was -41.1 (38% more negative than we expected) and the reported opex was SEK -178m (-12% vs our estimates). Sales of Zubsolv came in at SEK 126m, a decline of 30% y/y and 4.5% below our forecast. The spending increase is attributable to improved R&D expenses related to OX124 and digital therapies. The financial outlook is unchanged. Deviation table below.

Promising social media marketing strategy

Orexo is slowly starting to gain traction in the digital therapy segment after a slow start since its launch. Revenue of SEK 0.3m was reported compared to last quarter of SEK 0.2m and this is due to a social media campaign in March, which however was restricted by new guidelines from a leading social media platform and the marketing was unable to progress during the spring. Due to the small improvement in DTx and decline in Zubsolv sales, we expect to lower our estimates following the report.

SUMMARY TABLE - KEY FIGURES

SEKm	2018	2019	2020	2021E	2022E	2023E
Total revenue	783	845	664	548	658	802
EBITDA (adj)	117	224	19	-104	43	88
EBIT (adj)	96	183	-20	-143	8	53
EBIT (adj) margin	12.2%	21.6%	-3.0%	-26.1%	1.2%	6.6%
EPS (adj, SEK)	3.92	4.82	-2.45	-3.62	0.21	1.31
EPS (adj) growth	485.5%	23.0%	-150.8%	-47.8%	105.8%	527.0%
DPS (ord, SEK)	0.00	0.00	0.00	0.00	0.00	0.00
EV/Sales	2.3	2.1	2.3	2.4	2.0	1.6
EV/EBIT (adj)	18.8	9.6	n.m.	n.m.	165.6	24.9
P/E (adj)	15.0	13.0	n.m.	n.m.	n.m.	30.5
P/BV	4.4	3.1	3.1	3.2	3.1	2.8
Dividend yield (ord)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield bef A&D, lease adj	11.7%	13.1%	-10.1%	-14.2%	-0.2%	3.0%
Net debt	-269	-473	-214	-31	-27	-60
Net debt/EBITDA	-2.3	-2.1	-11.4	n.m.	-0.6	-0.7
ROIC after tax	15.0%	29.1%	-2.9%	-19.5%	1.0%	6.3%

Source: Company data and Nordea estimates

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