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Diamyd Medical

An important summer awaits

Q3 – in line with our expectations

Diamyd's Q3 report was in line with our expectations and focus remains on patient recruitment to the DIAGNODE-3 study. The CEO stated in the report that nearly all clinics are now active and that the pace of screening has accelerated recently. The report provided no larger surprises from a financial viewpoint. The operating result landed at SEK-42.3m (-23.6m), while operating cash flow was SEK-36.8m (-24.0m).

Stable financial position

After the recently completed rights issue, Diamyd had just over SEK162m in cash and cash equivalents at the end of May. We still believe the company has sufficient cash to finance itself until mid-2026, should the outstanding warrants be subscribed to (around SEK125m). The TO3 programme, which is the next in line, has a subscription price of SEK11 per share for 2–30 September 2024. As interim data is anticipated before September, we expect the outcome of this will be crucial to whether TO3 is fully subscribed. With a positive outcome, it is especially likely the price would surpass SEK 11 and that Diamyd would receive the cash, while a negative outcome would likely mean the opposite.

Favourable conditions for upswing ahead of data

We make no estimate changes, while we adjust our fair value to SEK19–23 (20–22) following the Q3 report. We believe the bar is low for positive interim data, but we have not modelled any specific risk adjustments for this. A positive outcome would naturally increase the LoA for the project from the current 50%. The Diamyd share tends to be volatile before and in response to important news and we see favourable conditions for an upswing in the share price before the interim data (expected in the summer; we anticipate early August).

Change in estimates

	24e	25e	26e
Total revenues	0.0%	0.0%	0.0%
EBIT, adj.	0.0%	0.0%	0.0%
EPS, adj.	0.0%	0.0%	0.0%

Upcoming events

Q4 - report	9 October 2024

Company facts (SEKm)

Number of shares	100m
Market capitalisation	1,466
Net debt	-162
EV	1,304
Free float	90%
Daily trading volume, average	305k
Bloomberg Ticker	DMYDB SS EQUITY

Analyst

Ludvig Svensson

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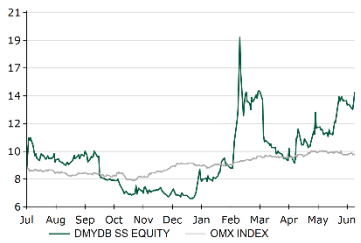
Forecasts (SEKm)

	22/23	23/24e	24/25e	25/26e
Total revenues	20	3	3	3
Revenue growth	N.m.	-	0%	0%
EBITDA, adj.	-100	-132	-162	-197
EBIT, adj.	-105	-134	-166	-202
EPS, adj.	-1.1	-1.3	-1.7	-2.0
EPS growth	25%	N.m.	N.m.	N.m.
BV/share	1.9	1.8	0.6	0.6
EBIT margin	Neg.	Neg.	Neg.	Neg.
ROE, adj.	Neg.	Neg.	Neg.	Neg.
ROCE, adj.	Neg.	Neg.	Neg.	Neg.
EV/Sales	903.3x	1303.9x	1303.9x	1303.9x
EV/EBITDA	Neg.	Neg.	Neg.	Neg.
EV/EBIT	Neg.	Neg.	Neg.	Neg.
P/E, adj.	Neg.	Neg.	Neg.	Neg.
P/BV	3.5x	8.3x	23.4x	23.9x
FCF yield	Neg.	Neg.	Neg.	Neg.
Net debt / EBITDA	N.m.	N.m.	N.m.	N.m.

Value and risk

Fair value	SEK 19.0 - 23.0
Share price	SEK 14.7
Risk level	High

Price Performance 12 months



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	Yes	No
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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 19–23.

DCF

Valuation output	
Sum of PV of FCF (explicit period)	2066
PV of terminal value (perpetuity formula)	0
Enterprise value	**2066**
Latest net debt, inc est. issue	-162
Equity value	**2228**
No. of shares outstanding (millions)	99.7
Equity value per share (SEK)	**22**

WACC assumptions	
Risk-free nominal rate	2.5%
Market risk premium	5.5%
Small cap premium	4.0%
Extra risk premium	6.0%
WACC	18.0%

Sensitivity analysis					
WACC	16%	17%	**18%**	19%	20%
NPV	2691	2448	**2228**	2029	1849
NPV/share	27	25	**22**	20	19

Implicit multiple	2024e
EV/Sales	N.m.
EV/EBITDA	N.m.
EV/EBIT	N.m.
EV/NOPLAT	N.m.
P/E	N.m.
ROIC/WACC	N.m.
Current share price	14.0

Terminal value assumptions	
Long-term growth rate	N.m.
Long-term EBIT margin	N.m.
Depreciation (% of sales)	N.m.
Capex (% of sales)	N.m.
Working capital (% of sales)	N.m.
Tax rate	N.m.

Source: Company, Penser Acess by Carnegie

Income statement

	20/21	21/22	22/23	23/24e	24/25e	25/26e
Net sales	**0**	**0**	**1**	**1**	**1**	**1**
Other operating income	0	2	19	2	2	2
Total revenues	**0**	**3**	**20**	**3**	**3**	**3**
Other operating expenses	-86	-121	-120	-135	-165	-200
EBITDA	**-85**	**-118**	**-100**	**-132**	**-162**	**-197**
EBITDA, adjusted	**-85**	**-118**	**-100**	**-132**	**-162**	**-197**
Depreciation	-1	-4	-5	-2	-4	-5
EBITA, adjusted	**-86**	**-123**	**-105**	**-134**	**-166**	**-202**
EBIT	**-86**	**-123**	**-105**	**-134**	**-166**	**-202**
EBIT, adjusted	**-86**	**-123**	**-105**	**-134**	**-166**	**-202**
Net financial items	146	15	0	1	1	1
Profit before tax	**60**	**-108**	**-105**	**-133**	**-165**	**-201**
Profit before tax, adjusted	**60**	**-108**	**-105**	**-133**	**-165**	**-201**
Net income	**60**	**-108**	**-105**	**-133**	**-165**	**-201**
Net income, adjusted	**60**	**-108**	**-105**	**-133**	**-165**	**-201**
Sales growth	*Neg.*	*482%*	*N.m.*	*Neg.*	*0%*	*0%*
Gross margin	*N.m.*	*N.m.*	*N.m.*	*N.m.*	*N.m.*	*N.m.*
EBIT margin, adjusted	*Neg.*	*Neg.*	*Neg.*	*Neg.*	*Neg.*	*Neg.*
EPS, adjusted	*0.84*	*-1.40*	*-1.05*	*-1.33*	*-1.65*	*-2.02*
EPS growth, adjusted	*N.m.*	*N.m.*	*25%*	*N.m.*	*N.m.*	*N.m.*

Source: Diamyd Medical, Penser by Carnegie

Cash flow statement

	20/21	21/22	22/23	23/24e	24/25e	25/26e
EBIT	-86	-123	-105	-134	-166	-202
Other cash flow items	1	4	6	3	5	6
Changes in working capital	-25	18	-1	1	1	0
Cash flow from operating activities	**-110**	**-101**	**-100**	**-129**	**-160**	**-196**
Investments in fixed assets	-4	-35	-11	-7	0	0
Other cash flows from investments	137	-42	40	0	0	0
Cash flow from investments	**133**	**-77**	**28**	**-7**	**0**	**0**
Free cash flow	**23**	**-178**	**-72**	**-137**	**-160**	**-196**
New share issue / repurchase	57	142	71	149	50	200
Cash flow from financing	**57**	**142**	**71**	**149**	**50**	**200**
Cash flow	**80**	**-35**	**-1**	**12**	**-110**	**4**
Net debt	**-139**	**-160**	**-128**	**-139**	**-30**	**-34**

Source: Diamyd Medical, Penser by Carnegie

Balance sheet

	20/21	21/22	22/23	23/24e	24/25e	25/26e
ASSETS						
Tangible fixed assets	6	46	52	57	53	48
Financial assets	33	18	13	13	13	13
Total fixed assets	**38**	**64**	**65**	**70**	**66**	**61**
Other current assets	24	13	13	18	18	18
Cash and cash equivalents	139	160	128	139	30	34
Total current assets	**163**	**173**	**141**	**157**	**48**	**52**
TOTAL ASSETS	**201**	**237**	**206**	**227**	**113**	**112**
EQUITY AND LIABILITIES						
Equity	189	214	185	178	63	61
Total equity	**189**	**214**	**185**	**178**	**63**	**61**
Other long-term liabilities	1	1	1	24	24	24
Total long-term liabilities	**1**	**1**	**1**	**24**	**24**	**24**
Accounts payable	6	10	5	10	10	10
Other current liabilities	6	12	15	16	17	17
Total current liabilities	**11**	**21**	**20**	**26**	**27**	**27**
TOTAL EQUITY AND LIABILITIES	**201**	**237**	**206**	**227**	**113**	**112**

Source: Diamyd Medical, Penser by Carnegie

Growth and margins

	20/21	21/22	22/23	23/24e	24/25e	25/26e
Revenue growth	Neg.	482%	N.m.	Neg.	0%	0%
EBITDA growth, adjusted	Neg.	Neg.	15%	Neg.	Neg.	Neg.
EBIT growth, adjusted	Neg.	Neg.	14%	Neg.	Neg.	Neg.
EPS growth, adjusted	N.m.	N.m.	25%	N.m.	N.m.	N.m.
Gross margin	N.m.	N.m.	N.m.	N.m.	N.m.	N.m.
EBITDA margin	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
EBITDA margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
EBIT margin, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
Profit margin, adjusted	N.m.	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, Penser by Carnegie

Return

	20/21	21/22	22/23	23/24e	24/25e	25/26e
ROE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
ROCE, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
ROIC, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.

Source: Diamyd Medical, Penser by Carnegie

Capital efficiency

	20/21	21/22	22/23	23/24e	24/25e	25/26e
Accounts receivable / total revenue	11%	10%	0%	-	-	-
Total short-term liabilities / total costs	13%	18%	17%	19%	16%	14%
Working capital / total revenue	>100%	-310%	-33%	-267%	-300%	-300%
Capital turnover rate	0.0x	0.0x	0.1x	0.0x	0.0x	0.0x

Source: Diamyd Medical, Penser by Carnegie

Financial position

	20/21	21/22	22/23	23/24e	24/25e	25/26e
Net debt	-139	-160	-128	-139	-30	-34
Equity ratio	94%	91%	90%	78%	55%	55%
Net debt / equity	-0.7x	-0.7x	-0.7x	-0.8x	-0.5x	-0.5x
Net debt / EBITDA	N.m.	N.m.	N.m.	N.m.	N.m.	N.m.

Source: Diamyd Medical, Penser by Carnegie

Per share data

	20/21	21/22	22/23	23/24e	24/25e	25/26e
EPS	0.84	-1.40	-1.05	-1.33	-1.65	-2.02
EPS, adjusted	0.84	-1.40	-1.05	-1.33	-1.65	-2.02
FCF per share	0.32	-2.31	-0.72	-1.37	-1.60	-1.96
Book value per share	2.64	2.79	1.86	1.78	0.63	0.61
Number of shares, m	71.6	76.9	99.7	99.7	99.7	99.7
Number of shares after dilution, average	71.6	76.9	99.7	99.7	99.7	99.7

Source: Diamyd Medical, Penser by Carnegie

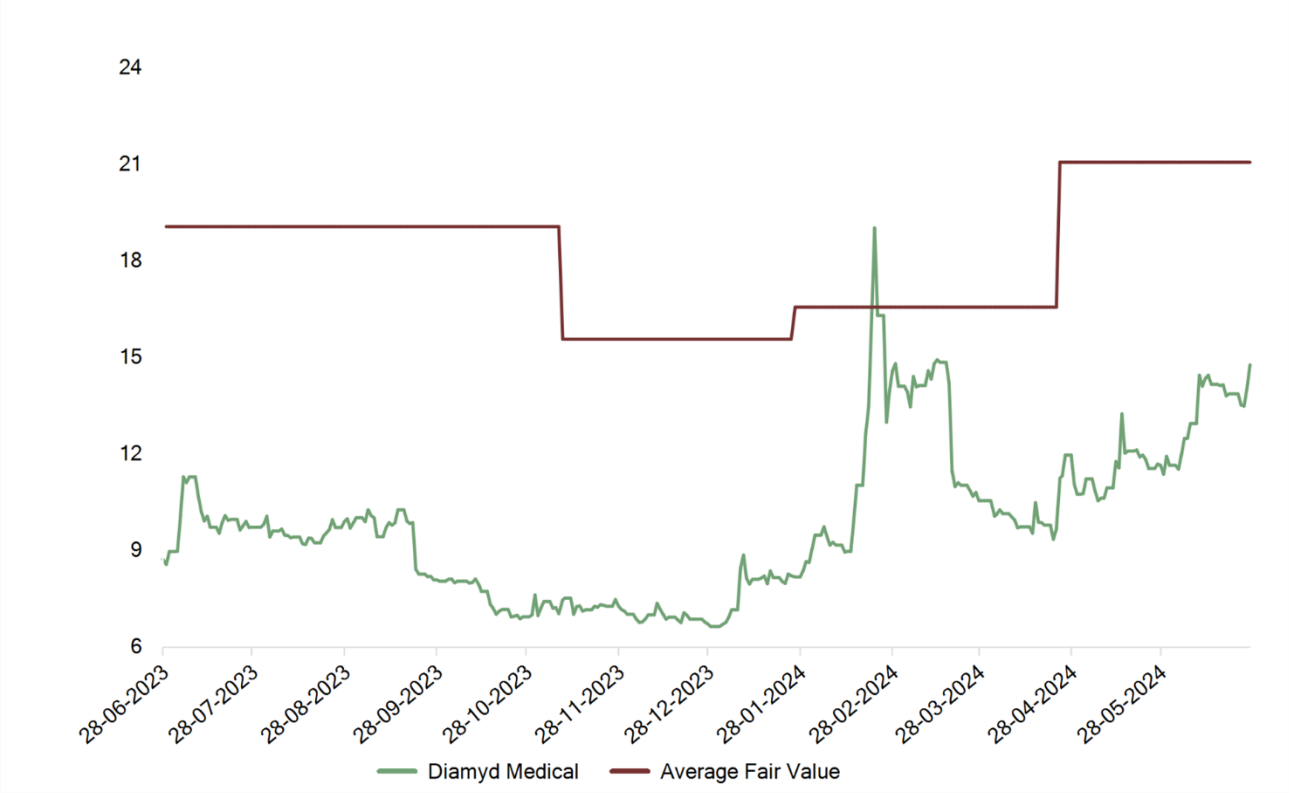
Valuation

	20/21	21/22	22/23	23/24e	24/25e	25/26e
P/E, adjusted	17.6x	Neg.	Neg.	Neg.	Neg.	Neg.
P/BV	5.6x	4.8x	3.5x	8.3x	23.4x	23.9x
P/FCF	46.5x	Neg.	Neg.	Neg.	Neg.	Neg.
FCF yield	2%	Neg.	Neg.	Neg.	Neg.	Neg.
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Payout ratio, adjusted	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	100x	100x	43.3x	100x	100x	100x
EV/EBITDA, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
EV/EBIT, adjusted	Neg.	Neg.	Neg.	Neg.	Neg.	Neg.
EV	2,273	962	849	1,304	1,304	1,304
Share price, year-end	14.8	13.4	6.6	14.7	14.7	14.7

Source: Diamyd Medical, Penser by Carnegie

Share price and average fair value chart

Diamyd Medical (DMYDB SS EQUITY)



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