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DNB MARKETS

BERGENBIO

New data strengthen the case

Over the last few months, the company has presented several bits and pieces of information that, taken together, increase the potential for bemcentinib we believe. The data also indicate that bemcentinib can potentially be used in more melanoma patients than previously anticipated. Hence, we have updated our LOA for bemcentinib as well as our assumption of potential peak penetration of the melanoma market. As a result, we keep our BUY recommendation and have increased the target price to NOK67 (NOK32).

Q4 report a non-event as expected. The company reported a cNOK48m operating loss in the quarter, in line with our forecast. At the end of 2017, BerGenBio had a cNOK370m cash position on its balance sheet. That should be enough to take the company well into 2019 and thus beyond several of the important triggers we forecast over the coming 12–18 months.

Strong news flow in recent months. The company has reported clinical data supporting the development of bemcentinib in both AML/MDS and in melanoma and NSCLC. The individual trials still include relatively few patients so one must be cautious not to extrapolate the findings too much but we regard the data as positive signs of efficacy. The side-effect profile for bemcentinib continues to look favourable.

Several bemcentinib (formerly BGB324) related triggers in 2018. The company is set to have several important triggers related to bemcentinib during 2018. Around mid-2018 (most likely in connection with ASCO in June), there should be interim data coming for more or less all six phase II trials running. During the latter part of the year, we should also get final data from around four of the trials (AML/MDS and the NSCLC trials in combination with erlotinib and with Keytruda, as well as for the TNBC trial in combination with Keytruda). In addition, there will be news coming on the company's earlier pipeline (the AXL-antibody and the already partnered, AXL-ADC).

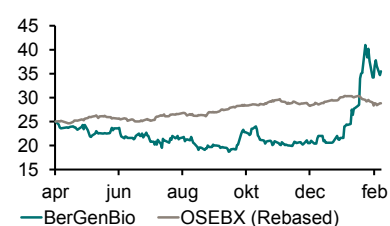
We reiterate our BUY but have lifted our target price to NOK67 (NOK32) on the news flow of recent months. Among others we believe the CDx development is important for the overall success of bemcentinib and the CDx development progress has led us to increase the LOA from 10% to 15%. We have also raised our forecast for the proportion of melanoma patients that could use bemcentinib from 10% to 25%.

Year-end Dec	2014	2015	2016	2017	2018e	2019e	2020e
Revenue (NOKm)	1	nm	nm	nm	nm	nm	415
EBITDA adj (NOKm)	-59	-73	-131	-184	-275	-270	173
EBIT adj (NOKm)	-59	-73	-132	-184	-276	-271	172
PTP (NOKm)	-58	-72	-130	-182	-274	-270	172
EPS rep (NOK)	-323.4	-1.95	-3.08	-4.01	-5.51	-5.43	3.45
EPS adj (NOK)	-323.4	-1.71	-3.08	-3.66	-5.51	-5.43	3.45
DPS (NOK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA margin adj (%)	nm	nm	nm	nm	nm	nm	41.7
EV/Sales adj (x)				nm	nm	nm	3.55
EV/EBITDA adj (x)				nm	nm	nm	8.5
EV/EBIT adj (x)				nm	nm	nm	8.6
P/E adj (x)				nm	nm	nm	10.3
P/Book (x)				2.69	23.13	16.60	6.35
ROE (%)	nm	nm	nm	nm	nm	nm	89.3
Dividend yield (%)	nm	nm	nm	0.0	0.0	0.0	0.0

Source: Company (historical figures), DNB Markets (estimates)

BUY
TP: NOK67.0

BGBIO versus OSEBX (12m)



Source: Factset

SUMMARY

Recommendation (prev.)	BUY (BUY)
Share price (NOK)	35.5
Target price (previous) (NOK)	67.0 (32.0)
Upside/downside potential (%)	89
Tickers	BGBIO NO, BGBIO.OL

CAPITAL STRUCTURE

No. of shares (m)	49.7
No. of shares fully dil. (m)	49.7
Market cap. (NOKm)	1,764
NIBD adj end-2018e (NOKm)	-97
Enterprise value adj (NOKm)	1,667
Net debt/EBITDA adj (x)	0.35

SHARE PRICE PERFORMANCE

Abs. 1/3/12m (%)	46/77/42
Rel. 1/3/12m (%)	51/78/28
High/Low 12m (NOK)	41/19
Free float (%)	58

Source: Company, DNB Markets (estimates)

NEXT EVENT

Q1 2018 report	15/05/2018
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ESTIMATE CHANGES (NOK)

Year-end Dec	2018e	2019e	2020e
EPS (old)	-6.05	-5.23	
EPS (new)	-5.51	-5.43	3.45
Change (%)	nm	nm	nm
Sales (old)	0.00	0.00	
Sales (new)	0.00	0.00	414.8
Change (%)	nm	nm	nm

Source: DNB Markets, Bloomberg

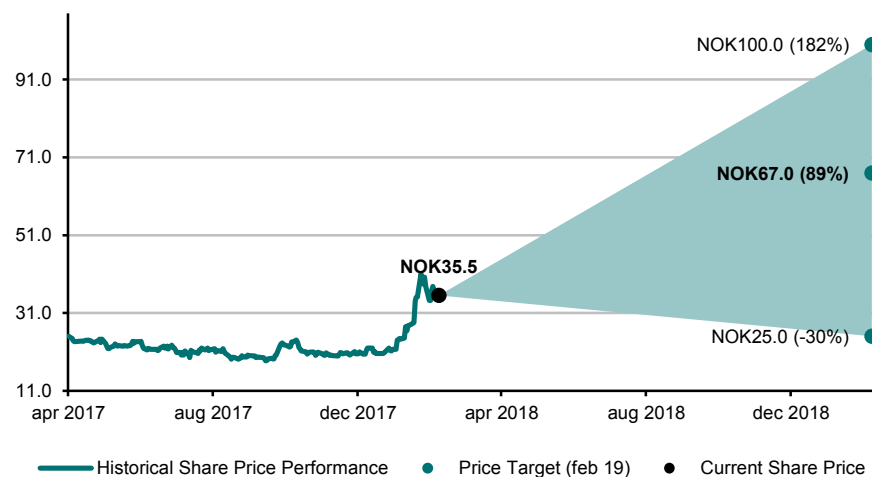
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Investment case overview

Share price performance, DNB Markets' target price, bear- and bull-case scenarios



Source: FactSet, DNB Markets

Downside risks to our investment case

■ As we still believe the most likely market route is to out-license bemcentinib, we use a lower royalty rate in our bear-case fair value than in our base-case scenario (15% versus 20%).

Source: DNB Markets

DNB Markets investment case and how we differ from consensus

- We estimate an LOA of c15% for the different indications for bemcentinib.
- We include only bemcentinib in the valuation and put zero value on the rest of the pipeline.
- Our key assumption is that the company out-licenses bemcentinib after completion of phase III instead of taking the product to market on its own.

Source: DNB Markets

Target price methodology

- We primarily use our probability adjusted SOTP DCF model to value BerGenBio. We use a WACC of 10% and all risk adjustment is handled in the LOA. We use an LOA of c15% for most of the projects in the pipeline. (Methodology unchanged.)
- In our bull-case fair value, we assume the company takes bemcentinib to the market on its own.
- In our bear-case fair value, we keep the timelines for the development of bemcentinib but assume lower market penetration for the drug in the end-market. We have factored in 4%-points lower market penetration in this scenario than in our base-case scenario.

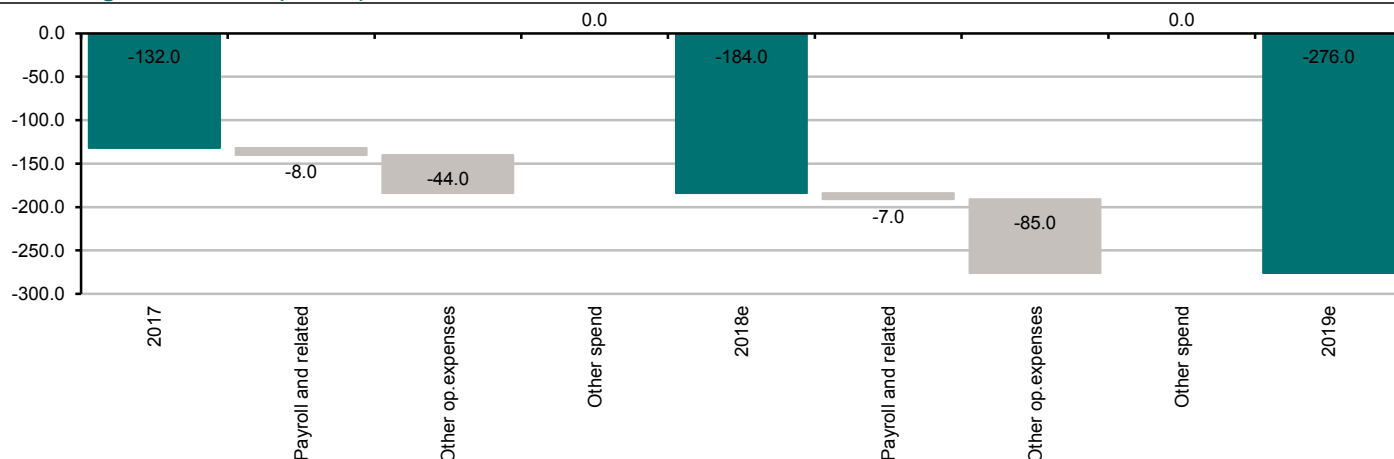
Source: DNB Markets

Upside risks to our investment case

- Our bull-case fair value results in a higher value but also greater risk.
- We base our forecasts on the same market penetration as in our base-case scenario except for the NSCLC market (in case the company builds a proprietary sales organisation).

Source: DNB Markets

EBIT bridge 2017–2019e (NOKm)



Source: DNB Markets (forecasts), company (historical data)

Q4 2017 outcome and deviations

BerGenBio reported Q4 earnings (loss) on 13 February. As with most biotech development companies, the actual individual quarter loss is usually less important to the stock market and this was the case in Q4 2017 as well. The company did not have any revenues (as expected) and the operating loss was very well in line with our forecast. At end-2017, the company had cNOK370m in cash at hand and this should, according to our forecasts be enough to last into 2019. In our model, we have factored in a cNOK300m rights issue in H2 2019. That is our assumption, however, dependent on any deal activity by the company.

Q4 outcome and deviation

Key highlights

(NOKm, except per share data)

	Q4 2017			Deviation (%)		Deviation (%)		Deviation, Abs
	Actual	DNB	Cons.	DNB	Cons.	DNB	Cons.	Actual
Sales	0	0	n.a.	n.m.	n.m.	0	n.m.	0
EBIT reported	-48	-48	n.a.	0%	n.m.	0	n.m.	-28
EBIT margin (%)	n.m.	n.m.	n.a.					n.m.
Net financial items	0	0	n.a.	132%	n.m.	-1	n.m.	0
Pre-tax profit	-48	-47	n.a.	-1%	n.m.	0	n.m.	-28
EPS	-0.96	-0.95	n.a.	-1%	n.m.	-0.01	n.m.	-0.61
Cash position end of quarter	370	370	n.a.	0%	n.m.	0.35	n.m.	162

Source: Company data (historical figures) and DNB Markets (estimates)

New data supporting bemcentinib (BGB324)

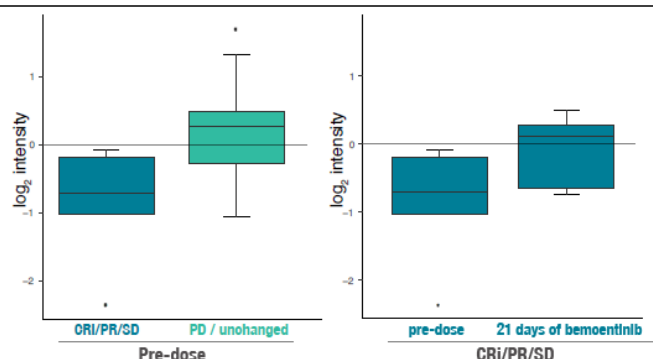
More important than the actual financial figures reported from BerGenBio is its current underlying clinical development. Over the last few months, the company has released several pieces of information that in our view are minor on a stand-alone basis but when taken together, these pieces of information paint a more positive picture of a company moving forward in the right direction.

Promising biomarker candidates have been identified

BerGenBio presented new data on therapy-related biomarkers in AML at the ASCO-SITC Clinical IO symposium on 25 January 2018. One of the two posters presented at the conference included summarised data from a statistical model showing how the two biomarker candidates BGBM001 and BGBM002 correlate with clinical benefit from treatment with bemcentinib as monotherapy. In conclusion, the analysis shows that the first biomarker, BGBM001, is down regulated prior to dosing in patients experiencing clinical benefit from treatment with bemcentinib where clinical benefit is defined as complete response with incomplete blood count recovery (CRi), partial response (PR), or stabilized disease (SD) > four months. Post-dosing, upregulation of BGBM001 is seen in responding patients upon treatment with bemcentinib. As for BGBM002, the biomarker is upregulated prior to dosing and BGBM002 then remains upregulated when in responsive patients treated with Bemcentinib. For both biomarkers, levels were measured before dosing and 21 days after treatment; the statistical study also included an assessment of additional factors that could potentially have impact on patients' response i.e. gender, age, type of cancer, ethnicity, pre-treatment history as well as mutation status. All samples included in the study were compared in several paired time-point comparisons as well as against non-responding patients. Data included in this statistical analysis were collected from the dose escalation part of BGBC003, a phase II trial in AML and MDS evaluating bemcentinib as monotherapy, and in combination with decitabine or azacitadine.

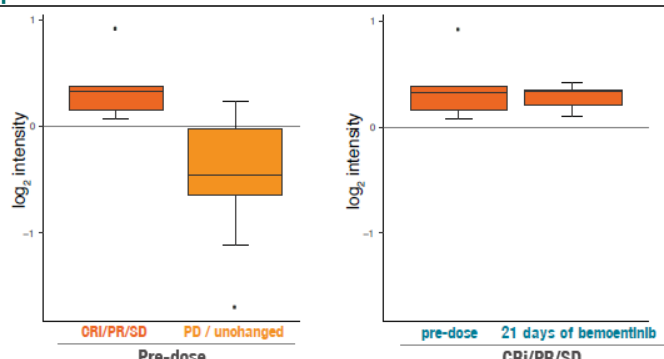
Identifying biomarkers is a crucial step in the development of companion diagnostics. BerGenBio is currently developing companion diagnostics for bemcentinib and we therefore believe that the recently presented data on BGBM001 and BGBM002 is a sign of progress and that the company is moving closer to its goal of establishing a companion diagnostics method that we believe can support the use of bemcentinib post-approval.

Levels of BGBM001 pre and post dose in responding patients



Source: Company

Levels of BGBM002 pre and post dose in responding patients



Source: Company

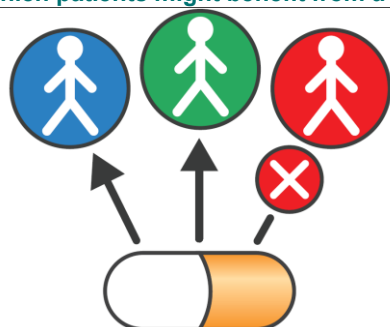
Background to cancer biomarkers

The National Cancer Institute defines a biomarker as “a biological molecule found in blood, or other body fluids, or tissues that is a sign of a normal or abnormal process, or of a condition or disease”. Biomarkers can be a great variety of molecules, including proteins, nucleic acids (e.g. microRNA or other non-coding RNA), antibodies, peptides, and even a collection of alterations, such as a certain gene expression, proteomic, or metabolic profiles.

Cancer biomarkers have a broad clinical application, and can be used to estimate the risk of developing the disease, screening for primary cancer, distinguishing a benign cancer from a malignant one, determining the prognosis, and monitoring the disease, by either detecting recurrence or determining the response or progression to a therapy. Furthermore, cancer biomarkers can be used in a predictive manner, i.e. to determine which patients are most likely to benefit from a specific treatment. This is also the European definition of a companion diagnostics (CDx): however, the FDA defines a CDx more broadly and includes the use of a CDx for prognostic purposes and monitoring response to a treatment.

Companion diagnostics

A CDx should establish which patients might benefit from a drug and which will not



Source: www.fda.gov

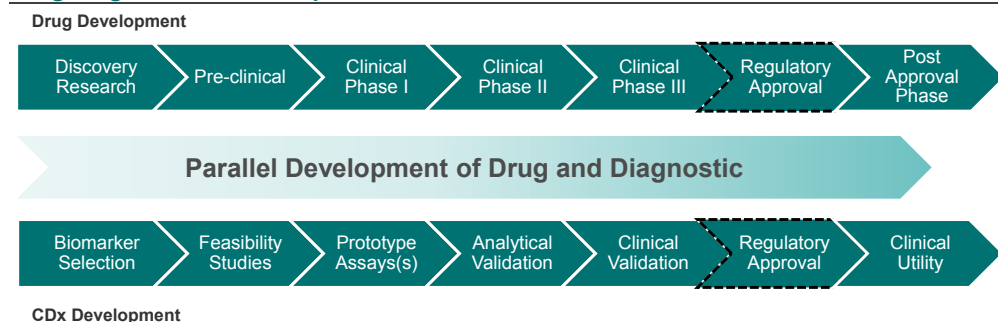
As knowledge of molecular tumour biology has increased considerably in recent decades, the development of targeted cancer therapies has been possible, which has led to the development of companion diagnostics (CDxs) for better selection of patients who are most likely to benefit from the treatment.

Furthermore, a CDx tied to a targeted drug can be used by drug developers to convince payers and regulators of cost-effectiveness, thereby facilitating approval and market access. However, it is not known what degree of value there is for payers in a CDx tied to a single pharmaceutical.

Before a CDx is clinically validated it must undergo analytic validation, i.e. studying how well the test measures what it claims to measure. In analytical validation, the sensitivity and specificity of the test is determined; in addition, other aspects of the assay performance are also extensively studied, including repeatability, reproducibility (in the same lab or in different

labs), stability of samples, and defining a cut-off value (the value that determines if a patient should be given the drug or not). If the CDx is developed in conjunction with a drug, the CDx is clinically validated in phase III of the drug development, where it has to prove to be safe and effective, i.e. if it is able to predict the treatment outcome in individual patients. Below is a model of how to develop a CDx in parallel with regular drug development.

Drug-diagnostic co-development model



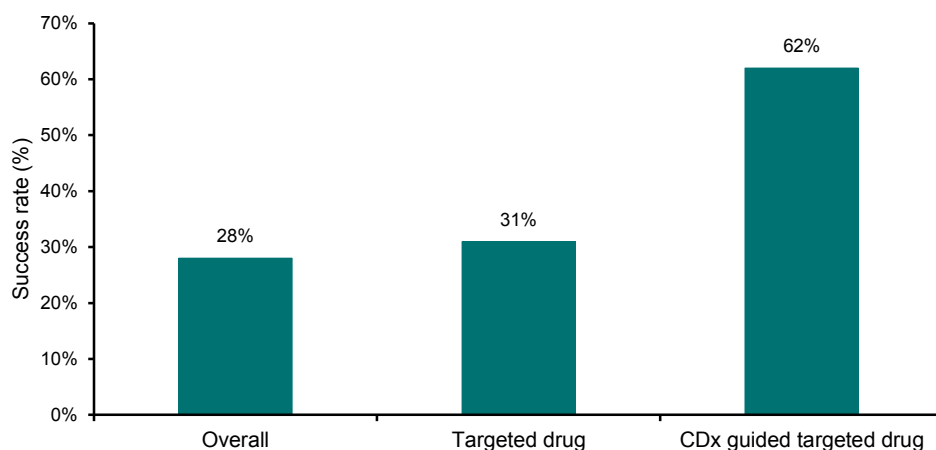
Adapted from: Olsen D. and Jorgensen JT. *Frontiers in Oncology* 4 (2014): 105

Several trial designs for phase III studies evaluating both the drug and CDx have been proposed. In a stratified trial design, both CDx+ and CDx- patients are randomised to either the new drug or the comparator; whereas in the enrichment trial design, only CDx+ patients are randomised to the new drug or the comparator. In a stratified trial, diagnostic metrics such as sensitivity, specificity, negative predictive value (NPV), and positive predictive value (PPV), can be evaluated; while in an enrichment trial only the PPV can be evaluated. The enrichment trial design is the most common one in a drug-diagnostic co-development. This trial design is justified if there is strong evidence of the drug being beneficial in the selected target group, and a clear advantage of this design is that it allows smaller number of patients being randomised than is needed in a stratified trial.

The enrichment trial design has historically been used in the clinical development of several targeted therapies, including the pivotal trials of trastuzumab (Herceptin), crizotinib, and pertuzumab.

Developing a targeted drug in parallel with a CDx can save the drug developer both time and money; in addition, it seems to improve the success rate of the drug. In an analysis based on 676 clinical trials in NSCLC during 1998–2012, the success rates of different types of NSCLC drugs in phase III were analysed. This shows that co-development of drugs with CDx clearly supported the success rate, boosting the success rate of a targeted drug from 31% to 62%.

Success rate of NSCLC drugs in phase III



Source: Adapted from: Olsen D. and Jorgensen JT. *Frontiers in Oncology* 4 (2014): 105

Besides analytical- and clinical validation, the CDx has to show clinical utility to convince payers to implement the test clinically. Clinical utility means a test's impact on patient care is described and the results of the analytical and clinical validation are put into a clinical context.

All in all, we believe that the progress made in the development of companion diagnostics for bemcentinib is clearly positive for the company and should in itself increase the likelihood for bemcentinib to actually reach the market in the end.

Favourable safety data from three studies combining bemcentinib and Keytruda

In October 2017, the company announced strong recruitment and encouraging safety profile of bemcentinib in combination with Keytruda in its sponsor-investigated melanoma study. Recently, the company presented a status update for the safety profile of this study and two other studies at ASCO-SITC in January. After reviewing the data, we confirm that the safety profile looks very favourable in the melanoma study. Of the six patients enrolled in the study, only one has (so far) experienced one mild adverse event (AE) in form of fatigue. Also the combination study (bemcentinib + Keytruda) in NSCLC looks promising. Of nine patients, only one experienced an AE. This AE was immune hepatitis and should be considered severe. However, immune hepatitis is a common side-effect of Keytruda, Merck has reported that 0.7% of all patients in another study on Keytruda developed immune hepatitis. Overall, the more serious AEs reported from all three combination studies were similar to that reported for Keytruda.

We see this as positive since many other combination therapies with PD-1 or PD-L1 inhibitors have failed due to safety concerns (e.g. Imfinizi in combination with Celgene's immunomodulatory agents), and the data also indicate that bemcentinib potentially can be used in combination with PD-1 inhibitors without causing additional safety concerns.

Initial efficacy data shows promising potential

Last month, BerGenBio presented that the first efficacy endpoint was met in BGBC004, a phase II clinical trial study of bemcentinib in combination with Erlotinib in patients with non-small cell lung cancer. The initial endpoints of the first stage of Arm B were exceeded and an overall disease control rate of 33% was reported in the nine patients who completed at least one cycle of treatment.

It should be mentioned that the data is still early stage in our opinion, but we consider the results positive. We also believe that the initial efficacy data from BGBC003 was positive. The data from BGBC003 was presented at this year's ASCO-SITC, where results showed that patients in the monotherapy arm in AML had distinct immunomodulatory effect as a result of selective AXL inhibition. Of the 35 patients who received bemcentinib as monotherapy, two experienced CRi, five achieved PR. Two CRi and five PRs in 35 patients translates to an overall response rate (ORR) of 19%; when comparing ORR of bemcentinib to other assets in development for R/R AML patients (see table below), bemcentinib stands out as a single agent therapy. We should mention that Ivosidenib (AG-120) also has showed promising data, yet this study targets a much narrower patient population with mutated IDH1. BerGenBio intends to present more data at an international cancer event later in 2018. We are awaiting results from the initial BGBC003 readout expected in H2 2018 with curiosity.

BGBC003: Clinical Trial data for R/R AML patient from ASH December 2017

Study	Intervention	ORR
BerGenBio 37 patients	BGB324 all comers, elderly R/R patients	19%
Pratz et al. 31 patients	TAK-659, investigational FLT-3 and SYK inhibitor	9%
Daver et al. 54 patients	FLX925. Dual FLT3 and CDK4/6	0%
Dawson et al. 46 patients	GSK525762. BET inhibitor	11%
DiNardo et al. 258 patients - selected for mIDH1 mutation	Ivosidenib (AG-120) mutant IDH1 (mIDH1) inhibitor	30%
Goldberg et al. 24 patients	Venetoclax + hypomethylating agent (HMA) or low-dose cytarabine (LDAC)	28%
Rausch et al. 27 patients	Venetoclax + HMA or LDAC	22%

Source: ASH 2017 abstract 2622. ASH 2017 abstract 1353. ASH 2017 abstract 1356. ASH 2017 abstract 1343. ASH 2017 abstract 725. ASH 1377

In combination with Docetaxel, Bemcentinib showed an ORR of 33% in BGBIL005. However, the data is based on only nine patients; we consider this a very small study compared to other combination studies with Docetaxel. For instance, as seen in the table below, one study enrolled 913 patients and another 859 patients. With such small sample size in BGBIL005, it is difficult for us to give a fair view on the efficacy of Bemcentinib in combination with Docetaxel compared to other Docetaxel combinations studies

BGBIL005: Results in recurrent NSCLC (chemo failure) with docetaxel

Study	Intervention	ORR
CheckMate 057: Borghaei et al. 582 patients randomised Pt chemo failures	Nivolumab vs Docetaxel	19% vs 12%
OAK trial: Marinis et al 859 patients randomised Pt chemo failures	Atezo vs Docetaxel	14% vs 14%
KEYNOTE 010 ≥ 1% PDL1	Pembro vs Docetaxel	19% vs 9%
BGBIL005	Bemcentinib + Docetaxel	33%
Levy et al. 95 patients randomised	Docetaxel + PX-866 (PI3K inhibitor) vs Docetaxel alone	6% vs 0%
Ramlaue et al. 913 patients randomised	Docetaxel + Aflibercept (anti-VEGF) vs Docetaxel alone	23% vs 9%

Source: Borghaei, NEJM (2015), Marinis ESMO 2017. Keytruda label. Levy, JTO 2014. Ramlaue JCO 2012

Several new AML-drugs hit the market in 2017

During 2017, four new market approvals have been granted by the FDA in numerous AML indications. We think that competition obviously has increased lately because before 2017, no new treatments had reached the market in AML for more than 30 years. Yet, based on BerGenBio’s new data, we still believe bemcentinib holds great potential in AML. Around 35–40% of patients with AML express high levels of Axl¹, and it has been observed that in patients with high levels of Axl mRNA, the progression-free and overall survival is worse than for patients with low levels of Axl. Studies have shown that Axl promotes tumourgenesis in AML patients by supporting growth and proliferation of cancer cells, as inhibiting Axl leads to inhibition of several pathways involved in growth and proliferation. In addition, up-regulation of Axl has been associated with drug resistance, as AML patients with upregulated Axl become refractory to doxorubicin/cytarabine multi-agent therapy². Furthermore, we highlight that bemcentinib is still the only selective Axl inhibitor in clinical development.

FDA approvals during 2017 indicated for AML

Name	Company	Indication	Target	Date of approval
MYLOTARG	Pfizer	AML	CD33+	1 September 2017
VYXEOS	Jazz	t-AML or AML-MRC	N.A.	3 August 2017
IDHIFA	Celgene	AML	IDH2 mutation	1 August 2017
RYDAPT	Novartis	AML	FLT3 mutation	28 April 2017

Source: FDA

A lot of events in the coming year

The company stated that there will be several interesting event over the coming 12–18 months. In the figure below we believe that the interim data estimated around mid-2018 (most likely in connection with ASCO) will be an important indication of what to expect by the end of the year when several of the ongoing phase II trials have their final data read-out.

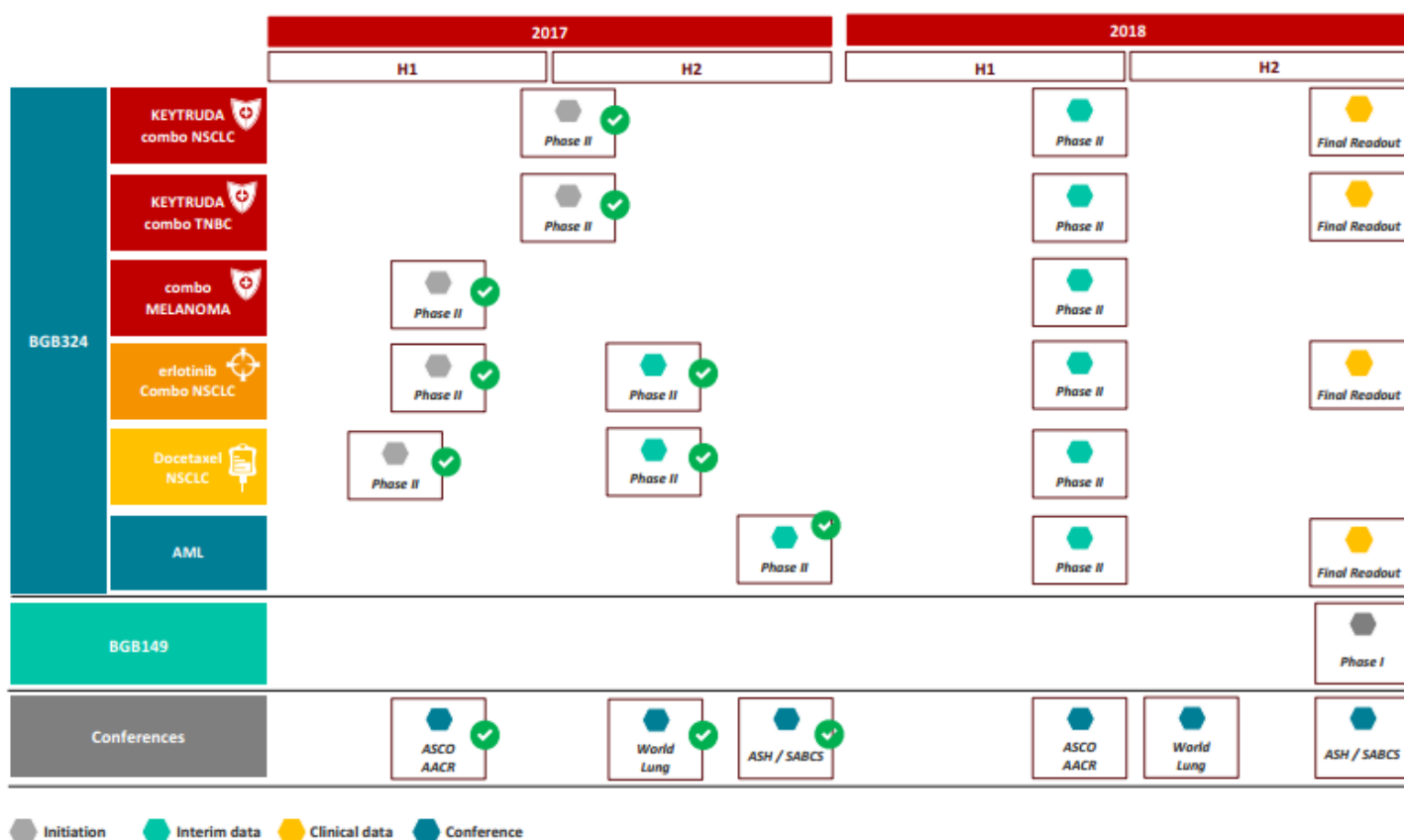
In addition, the company also mentioned that the development of its anti-ALX antibody (BGB149) is progressing as expected and the company will most likely initiate the First-in-Man phase I trial during the latter part of 2018.

What is not shown in the figure below is the development of the partnered AXL-ADC. The company mentioned that its partner (ADC Technologies) has had an abstract on the AXL-ADC accepted for the AACR meeting (14–18 April 2018). The abstract is set to be made public on AACR’s webpage no earlier than 4:30PM EDT on 14 March.

¹ Ben-Batalla I. et al. *Blood* 122.14 (2013): 2443–2452

² Pancez JD. et al. *International Journal of Cancer* 134.5 (2014): 1024–1033

Estimated events over the coming year



Source: Company data

All in all, we believe that there will be several important events related to the clinical development of bemcentinib and the earlier pipeline in BerGenBio in 2018.

Forecast adjustments

On the Q4 report but more importantly based on the information that has been presented over the last few months, we have updated our forecasts for BerGenBio. Taken separately, the information presented over the last few months might be seen as minor; however, we believe that when the pieces are added together, the data paint a picture that truly conveys that BerGenBio is moving in the right direction and that bemcentinib might become a very important addition to the treatment arsenal in a large number of cancer indications.

In our longer-term forecast, we have updated our assessment of the proportion of melanoma patients that bemcentinib might be used in from c10% to c25% of all patients. Furthermore, we have also increased our LOA for bemcentinib from 10% to 15% based on the clinical data presented but just as importantly, following the development progress of its CDx that in our view has taken several important steps forward since our last update. As we do all our sales forecasts in USD, we have also updated our USD/NOK assumptions.

In all, the changes mentioned above have triggered a clear revision of our target price for BerGenBio to NOK67 (NOK32).

Forecast changes – P&L

(NOKm)	New			Old			Change		
	2018e	2019e	2020e	2018e	2019e	2020e	2018e	2019e	2020e
Revenues	0	0	415	0	0		0	0	
Cost of sales	0	0	0	0	0		0	0	
Gross profit	0	0	415	0	0		0	0	
Operating expenses	-275	-270	-242	-302	-260		27	-10	
EBITDA	-275	-270	173	-302	-260		27	-10	
EBITDA adj	-275	-270	173	-302	-260		27	-10	
EBITDA margin (%)	nm	nm	41.7	high	high	nm	nm	nm	nm
Depreciation	-1	-1	-1	-1	-1		0	0	
EBITA	-276	-271	172	-303	-261		27	-10	
EBIT	-276	-271	172	-303	-261		27	-10	
EBIT adj	-276	-271	172	-303	-261		27	-10	
Net interest	2	1	0	2	1		0	0	
Net financial items	2	1	0	2	1		0	0	
PBT	-274	-270	172	-301	-260		27	-10	
Taxes	0	0	0	0	0		0	0	
Net profit	-274	-270	172	-301	-260		27	-10	
Adjustments to net profit	0	0	0	0	0		0	0	
Net profit adj	-274	-270	172	-301	-260		27	-10	
<i>Per share data (NOK)</i>									
EPS	-5.51	-5.43	3.45	-6.05	-5.23		0.54	-0.20	
EPS adj	-5.51	-5.43	3.45	-6.05	-5.23		0.54	-0.20	
DPS ordinary	0.00	0.00	0.00	0.00	0.00		0.00	0.00	
DPS extraordinary	0.00	0.00	0.00	0.00	0.00		0.00	0.00	
DPS	0.00	0.00	0.00	0.00	0.00		0.00	0.00	
<i>Other key metrics (%)</i>									
Revenue growth	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT adj growth	nm	nm	nm	58.5	-13.8	nm	nm	nm	nm
EPS adj growth	nm	nm	nm	60.0	-13.6	nm	nm	nm	nm
Avg. number of shares (m)	50	50	50	50	50		0	0	
Capex	-3	-5	-7	-3	-5		0	0	
OpFCF	-278	-275	166	-305	-265		27	-10	
Working capital	-24	-26	-28	-15	-17		-9	-9	
NIBD adj	-97	-126	-295	-52	-91		-45	-35	

Source: DNB Markets

Quarterly numbers

(NOKm)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018e	Q2 2018e	Q3 2018e	Q4 2018e	Q1 2019e
Revenues	0	0	0	0	0	0	0	0	0	0	0
Cost of sales	0	0	0	0	0	0	0	0	0	0	0
Gross profit	0	0	0	0	0	0	0	0	0	0	0
Operating expenses	-16	-28	-66	-34	-37	-47	-69	-69	-69	-69	-68
EBITDA	-16	-28	-66	-34	-37	-47	-69	-69	-69	-69	-68
Depreciation	0	0	0	0	0	0	0	0	0	0	0
EBITA	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
EBIT	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
Net interest	1	0	1	0	1	0	1	1	1	1	0
Net financial items	1	0	1	0	1	0	1	1	1	1	0
PBT	-15	-28	-65	-34	-35	-47	-69	-69	-69	-69	-68
Taxes	0	0	0	0	0	0	0	0	0	0	0
Net profit	-15	-28	-65	-34	-35	-47	-69	-69	-69	-69	-68
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0	0
Net profit adj	-15	-28	-65	-34	-35	-47	-69	-69	-69	-69	-68

Per share data (NOK)

Growth and margins (%)

Revenues, QOQ growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Revenues, YOY growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EPS adj, YOY growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBITDA adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Depreciation/revenues	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Adjustments to quarterly numbers

(NOKm)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018e	Q2 2018e	Q3 2018e	Q4 2018e	Q1 2019e
EBITDA	-16	-28	-66	-34	-37	-47	-69	-69	-69	-69	-68
EBITDA adj	-16	-28	-66	-34	-37	-47	-69	-69	-69	-69	-68
EBITA	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
EBITA adj	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
EBIT	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
EBIT adj	-16	-28	-66	-34	-37	-48	-69	-69	-69	-69	-68
Net profit	-15	-28	-65	-34	-35	-47	-69	-69	-69	-69	-68
Net profit adj	-15	-28	-65	-34	-35	-47	-69	-69	-69	-69	-68

Source: Company (historical figures), DNB Markets (estimates)

Annual P&L

(NOKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Revenues	4	5	0	1	0	0	0	0	0	415
Cost of sales	0	0	0	0	0	0	0	0	0	0
Gross profit	4	5	0	1	0	0	0	0	0	415
Operating expenses	-4	-6	-39	-59	-73	-131	-184	-275	-270	-242
EBITDA	-1	0	-39	-59	-73	-131	-184	-275	-270	173
Depreciation	0	-1	0	0	0	0	0	-1	-1	-1
EBITA	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
EBIT	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
Net interest	0	1	0	1	1	2	2	2	1	0
Net financial items	0	1	0	1	1	2	2	2	1	0
PBT	-1	0	-39	-58	-72	-130	-182	-274	-270	172
Taxes	0	0	0	0	0	0	0	0	0	0
Effective tax rate (%)	0	0	0	0	0	0	0	0	0	0
Net profit	-1	0	-39	-58	-72	-130	-182	-274	-270	172
Adjustments to net profit	0	0	0	0	0	0	0	0	0	0
Net profit adj	-1	0	-39	-58	-72	-130	-182	-274	-270	172
Avg. number of shares	0	0	0	0	37	42	45	50	50	50
<i>Per share data (NOK)</i>										
EPS			-411.8	-323.4	-1.95	-3.08	-4.01	-5.51	-5.43	3.45
EPS adj			-411.8	-323.4	-1.71	-3.08	-3.66	-5.51	-5.43	3.45
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Growth and margins (%)</i>										
Revenue growth	nm	40.2	nm	nm	nm	nm	nm	nm	nm	nm
EPS adj growth	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Gross margin	92.6	100.0	nm	100.0	nm	nm	nm	nm	nm	100.0
EBITDA margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	41.7
EBITDA adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	41.7
Depreciation/revenues	-5.7	-9.5	nm	-29.9	nm	nm	nm	nm	nm	-0.2
EBIT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	41.4
EBIT adj margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	41.4
PBT margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	41.4
Net profit margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Adjustments to annual P&L

(NOKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
EBITDA	-1	0	-39	-59	-73	-131	-184	-275	-270	173
EBITDA adj	-1	0	-39	-59	-73	-131	-184	-275	-270	173
EBITA	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
EBITA adj	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
EBIT	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
EBIT adj	-1	-1	-39	-59	-73	-132	-184	-276	-271	172
Net profit	-1	0	-39	-58	-72	-130	-182	-274	-270	172
Net profit adj	-1	0	-39	-58	-72	-130	-182	-274	-270	172
<i>Per share data (NOK)</i>										
EPS			-411.8	-323.4	-1.95	-3.08	-4.01	-5.51	-5.43	3.45
Recommended adjustment			0.00	0.00	0.24	0.00	0.34	0.00	0.00	0.00
EPS adj			-411.8	-323.4	-1.71	-3.08	-3.66	-5.51	-5.43	3.45

Source: Company (historical figures), DNB Markets (estimates)

Cash flow

(NOKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Net profit	-1	0	-39	-58	-72	-130	-182	-274	-270	172
Change in net working capital	0	0	0	0	0	0	0	0	0	0
Cash flow from operations (CFO)	-1	0	-39	-58	-72	-130	-182	-273	-269	173
Capital expenditure	-1	-27	0	0	0	0	0	-3	-5	-7
Acquisitions/Investments	0	0	0	0	0	0	0	0	0	0
Cash flow from investing (CFI)	-1	-27	0	0	0	0	0	-3	-5	-7
Free cash flow (FCF)	-2	-27	-39	-58	-72	-130	-182	-276	-274	166
Net change in debt	0	0	0	0	11	0	0	0	0	0
Other	44	-3	2	4	9	5	14	4	4	4
Cash flow from financing (CFF)	44	-3	39	172	20	218	391	4	304	4
Total cash flow (CFO+CFI+CFF)	42	-30	0	114	-52	88	209	-272	30	170
<i>FCFF calculation</i>										
Free cash flow	-2	-27	-39	-58	-72	-130	-182	-276	-274	166
Less: net interest	0	-1	0	-1	-1	-2	-2	-2	-1	0
Less: acquisitions	0	0	0	0	0	0	0	0	0	0
<i>Growth (%)</i>										
CFO	nm	161.1	-8387.1	-48.2	-24.9	-80.2	-40.5	-50.0	1.5	164.2
CFI	nm	-2955.4	98.2	100.0	nm	nm	-33.3	-782.4	-66.7	-40.0
FCF	nm	-1520.9	-45.6	-46.4	-24.9	-80.5	-40.4	-51.4	0.7	160.5
CFF	nm	-106.7	1436.6	336.5	-88.6	1015.2	79.6	-99.0	7500.0	-98.7
FCFF	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm

Source: Company (historical figures), DNB Markets (estimates)

Balance sheet

(NOKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
Assets	61	62	18	136	82	175	384	114	148	324
Inventories	0	0	0	0	0	0	0	0	0	0
Trade receivables	3	0	0	0	0	0	0	0	0	0
Other receivables	2	5	5	9	8	12	13	13	13	13
Current financial assets	0	0	0	0	0	0	0	0	0	0
Cash and cash equivalents	42	12	12	126	74	162	370	98	128	298
Current assets	47	17	17	136	82	174	384	112	142	312
Property, plant and equipment	0	0	1	1	0	0	1	3	7	13
Goodwill	0	0	0	0	0	0	0	0	0	0
Other intangible assets	14	44	0	0	0	0	0	0	0	0
Deffered tax assets	0	0	0	0	0	0	0	0	0	0
Non-current financial assets	0	0	0	0	0	0	0	0	0	0
Non-current assets	14	44	1	1	0	0	1	3	7	13
Total assets	61	62	18	136	82	175	384	114	148	324
Equity and liabilities	61	62	18	136	82	175	384	114	148	324
Total equity to the parent	58	58	12	122	65	153	350	76	106	278
Total equity	58	58	12	122	65	153	350	76	106	278
Trade payables	1	2	1	4	5	11	22	24	26	28
Other payables and accruals	0	0	0	0	1	0	0	0	0	0
Short-term debt	0	0	0	0	0	0	0	0	0	0
Total current liabilities	1	2	1	4	7	11	22	24	26	28
Long-term debt	0	0	0	0	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	1	2	5	3	4	5	6
Pension liabilities	0	0	2	4	4	0	0	1	2	3
Other non-current liabilities	2	2	2	4	5	6	9	9	9	9
Total non-current liabilities	2	2	4	10	11	11	12	14	16	18
Total liabilities	3	3	6	14	18	21	34	38	42	46
Total equity and liabilities	61	62	18	136	82	175	384	114	148	324
<i>Key metrics</i>										
Net interest bearing debt	-42	-12	-10	-122	-70	-162	-370	-97	-126	-295

Source: Company (historical figures), DNB Markets (estimates)

Valuation ratios

(NOKm)	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
<i>Enterprise value</i>										
Share price (NOK)							20.70	35.50	35.50	35.50
Number of shares (m)	0.00	0.00	0.09	0.18	42.18	42.18	49.74	49.74	49.74	49.74
Market capitalisation							1,030	1,766	1,766	1,766
Net interest bearing debt	-42	-12	-10	-122	-70	-162	-370	-97	-126	-295
Adjustments to NIBD	0	0	0	0	0	0	0	0	0	0
Net interest bearing debt adj	-42	-12	-10	-122	-70	-162	-370	-97	-126	-295
EV							659	1,668	1,639	1,471
EV adj							659	1,668	1,639	1,471
<i>Valuation</i>										
EPS			-411.8	-323.4	-1.95	-3.08	-4.01	-5.51	-5.43	3.45
EPS adj			-411.8	-323.4	-1.71	-3.08	-3.66	-5.51	-5.43	3.45
DPS ordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS extraordinary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P/E							-5.2	-6.4	-6.5	10.3
P/E adj							-5.7	-6.4	-6.5	10.3
P/B							2.69	23.13	16.60	6.35
Average ROE	-3.4%	-0.1%	-111.1%	-86.4%	-77.3%	-119.1%	-72.4%	-128.4%	-295.6%	89.3%
Earnings yield adj							-17.7%	-15.5%	-15.3%	9.7%
Dividend yield							0.0%	0.0%	0.0%	0.0%
EV/SALES										3.55
EV/SALES adj										3.55
EV/EBITDA							-3.6	-6.1	-6.1	8.5
EV/EBITDA adj							-3.6	-6.1	-6.1	8.5
EV/EBIT							-3.6	-6.0	-6.0	8.6
EV/EBIT adj							-3.6	-6.0	-6.0	8.6
EV/NOPLAT							-3.6	-6.0	-6.0	8.6
EV/OpFCF (taxed)							-3.6	-6.0	-6.0	8.9

Source: Company (historical figures), DNB Markets (estimates)

Key accounting ratios

	2011	2012	2013	2014	2015	2016	2017	2018e	2019e	2020e
<i>Profitability (%)</i>										
ROA	-3.3	-0.1	-98.2	-75.1	-66.0	-101.0	-65.2	-109.9	-205.6	72.7
<i>Return on invested capital (%)</i>										
Net PPE/revenues	0.0	6.2		83.6						3.0
Working capital/revenues	44.4	-31.8		-735.8						-6.6
<i>Cash flow ratios (%)</i>										
FCF/revenues	-42.6	-492.8		-9632.4						40.0
FCF/market capitalisation							-17.7	-15.6	-15.5	9.4
CFO/revenues	-19.6	8.6		-9632.4						41.7
CFO/market capitalisation							-17.7	-15.5	-15.2	9.8
CFO/capex	-85.3	1.7	-8013.3			-50820.4	-53533.5	-9100.0	-5380.0	2467.9
CFO/current liabilities	-62.2	26.9	-2861.9	-1309.1	-1093.6	-1210.8	-843.6	-1158.0	-1051.8	626.5
Cash conversion ratio	168.3	50693.0	101.0	99.7	99.8	100.0	100.1	100.7	101.5	96.5
Capex/revenues	23.0	501.4		0.0						1.7
Capex/depreciation	403.7	5265.0	445.0	0.0	0.0	123.2	176.2	300.0	500.0	700.0
OpFCF margin	-44.6	-510.1		-9806.9						40.0
Total payout ratio			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Leverage and solvency (x)</i>										
Interest cover	74.66	0.66	-58.06	-44.82	-41.59	-102.02	-67.29	nm	nm	nm
EBIT/interest payable	79.33	-6.41	-59.03	-46.65	-43.07	-104.42	-68.86			
EBITA adj/interest payable	79.33	-6.41	-59.03	-46.65	-43.07	-104.42	-68.86			
Cash coverage	11.06	0.50	-1999.95	56.23	88.82	74.17	122.34	137.50	270.00	
Net debt/EBITDA	49.85	25.32	0.26	2.08	0.96	1.23	2.02	0.35	0.47	-1.71
Total debt/total capital (BV)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LTD / (LTD + equity (MV))							0.00	0.00	0.00	0.00
<i>Cash conversion cycle</i>										
Inventory turnover days	0.0									
Receivables turnover days	475.5	354.3	nm	5566.6	nm	nm	nm	nm	nm	11.8
Credit period	1549.8	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cash conversion cycle	-1074.3									

Source: Company (historical figures), DNB Markets (estimates)

Important Information

Company: BerGenBio
 Coverage by Analyst: Patrik Ling
 Date: 13/02/2018

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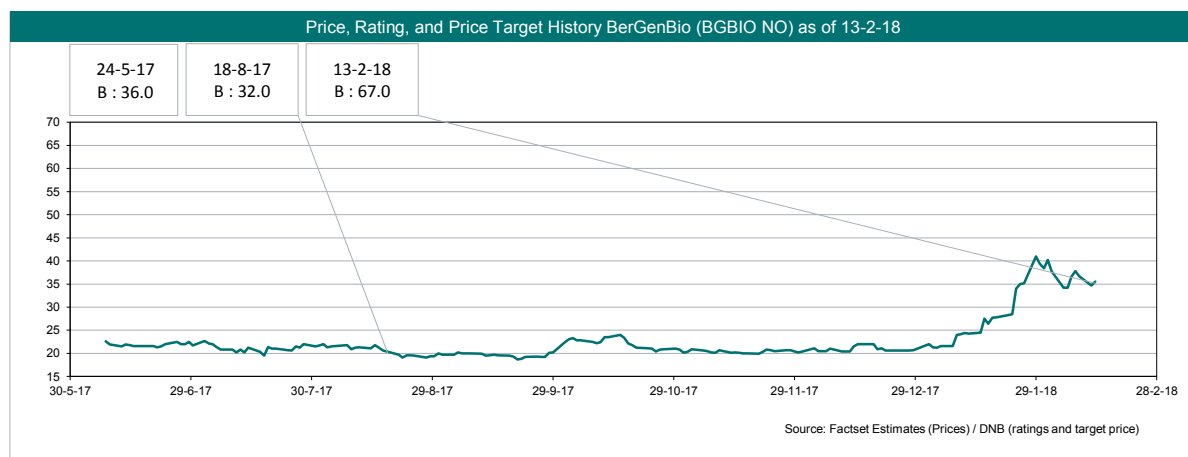
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*The analyst or any close associates. **Share positions include people involved in the production of credit and equity research, including people that could reasonably be expected to have access to it before distribution.

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% of total	53%	29%	14%	4%	
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