

30 July 2015

## PHARMING

### 1H15 trading update

PHARMACEUTICALS & BIOTECHNOLOGY  
NETHERLANDS

CURRENT PRICE €0.34  
TARGET PRICE €0.50

**ACCUMULATE**  
RATING UPGRADED



Source: Thomson Reuters Datastream

Bloomberg PHARM.NA  
Reuters PHAR.AS  
www.pharming.com

Market Cap €136.4m  
Shares outst. 407.7m  
Volume (daily) €1,512,372  
Free float 100.0%

Next corporate event

Results 3Q15: 29 October 2015

(€m)	2014	2015E	2016E
Sales	21.3	8.3	15.5
REBITDA	2.9	-10.6	-6.2
Net earnings	-4.8	-11.6	-7.3
Adj. EPS (€)	-0.01	-0.03	-0.02
P/E (x)			
EV/REBITDA	54.0		
FCF Yield	-1.8%	-15.5%	-4.7%
Dividend yield			

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#### News:

In its 1H15 update, Pharming reported good 2Q15 US sales uptake from Ruconest, though did not provide a financial guidance for the full year. The net result strongly improved y/y due to non-cash elements which negatively impacted the 1H14 result.

The cash burn will continue given investments in Ruconest and other pipeline assets, though the cash position remains solid. Upgrade to €0.5/sh and Accumulate rating

#### Our View:

Revenues increased to €5.2m (1H14 €2.5m) as a result of increased product sales of €4.1m (of which €2.9m in 2Q15), versus €1.4m in 1H14. Ruconest US sales amounted to €3.0m, of which €2.4m in 2Q15 and in the EU amounted to €1.1m (€0.5m in Q2).

Gross profit increased to €2.9m (€2.1m for Q2) from €0.7m in 1H14 as a result of sales in the US and a gain on inventory impairments, reflecting the improving yields from sales in the US and direct commercialisation in the EU.

Increasing OPEX resulted in an operating decrease by €0.7m, to a loss of €6.1m (1H14 €5.4m loss). The increase is mostly a result of the (non-cash) share-based compensation.

Financial result improved by €15m to a gain of €2.6m due to a non-cash valuation in 1H14. As such, the net loss was €3.5m (vs €17.7m in 1H14).

On the balance sheet, inventories of Ruconest increased to €14.6m from €13.4m at YE14 in preparation of growing sales.

The cash position decreased during in 1H15 by €9.4 million to €25.0m, due to negative cash flows from operating activities. Earlier this month, the company obtained new funding of €15.6m in debt financing.

#### Outlook

Increasing sales of Ruconest in the US, Europe and other territories.

Continued significant investments in Ruconest purification

Investments in the continuing Phase II clinical trial for Prophylaxis of HAE; a 50/50 cost sharing project with the US partner. We expect results around YE15.

Investments in (early) development of new pipeline projects driven by the French Research Group and the new US New Product Development group.

#### Conclusion:

The good US sales uptake in 2Q is supportive for Ruconest long term sales potential and should bring comfort that Valeant is putting sufficient attention to the product, allowing up to upgrade to €0.5/sh and Accumulate rating (from €0.37 and Hold). However, more quarters are needed to see if the growth pace seen in 2Q is sustainable to adjust our peak sales forecasts as small windfalls or setbacks during one quarter can result in heavy fluctuation.