

Circassia Pharmaceuticals

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Circassia on track to achieve underlying profitability in 2020 after recent US approvals

- Speciality pharma focused on respiratory diseases
- Backed by star fund manager Neil Woodford
- Two big US approvals at end of March
- EBITDA positive by 2020 - analyst

What it does...

Circassia Pharmaceuticals PLC (LON:CIR) is a specialty pharma company focused on treating patients with respiratory diseases.

It currently markets two products: NIOX, which is used to help manage asthma, and Tudorza, a chronic obstructive pulmonary disease (COPD) treatment.

Circassia, which is backed by star fund manager Neil Woodford, recently added another COPD product to its portfolio after the Food and Drug Administration (FDA) approved its Duaklir inhaler for sale in the US.

Tudorza and Duaklir have both been in-licensed from FTSE 100 giant AstraZeneca PLC (LON:AZN).

It has several other asthma and COPD treatments in its pipeline, as well as AirNOvent - a portable system that uses electricity to make nitric oxide which is used to dilate blood vessels in the lungs.

How it's doing

The final week of a March was always going to be a big one for Circassia, with the FDA due to give its verdict on both Duaklir and a label extension for Tudorza. Both went in Circassia's favour.

Duaklir can now be sold into the US, one of the most important medical markets in the world.

The inhaler is a combination of the long-acting muscarinic antagonist (LAMA) acclidinium bromide and long-acting beta-agonist (LABA) formoterol fumarate.

It is the only twice-daily LAMA-LABA COPD treatment available in the States.

As for Tudorza, the label extension included extra cardiovascular safety data which its rivals aren't able to boast.

In theory, this means doctors might be more likely to prescribe it to patients with both COPD and a heart condition.

Progress is also being made with AirNOvent, with Circassia's partner recently completing a pre-submission meeting with regulators across the pond. Subject to approvals, the plan is to launch the product in the first half of 2020.

Price: 28.05p

Market Cap: £105.2M

1 Year Share Price Graph



Share Information

Code: CIR

Listing: LSE

52 week High Low
98.30p 25.00p

Sector: Pharma & Biotech

Website: www.circassia.com

Company Synopsis:

Circassia is a specialty pharmaceutical company focused on respiratory disease. Our growing commercial organization promotes our innovative asthma management products directly to specialist physicians in a number of key markets, and we market the chronic obstructive pulmonary disease (COPD) product Tudorza® in the United States.

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Full-year results are due in early May, but the half-year numbers back in September showed revenue of £28.4mIn, while underlying losses narrowed to £12.1mIn.

What the boss is saying

"We are delighted with the FDA approval of Duaklir, which we believe will provide a valuable treatment option for the significant number of patients with COPD in the United States," said chief executive Steve Harris.

"The addition of Duaklir to our portfolio further strengthens our range of marketed respiratory products.

"We look forward to launching it in the US in the coming months alongside our aclidinium monotherapy, Tudorza, as part of the significant LAMA / LABA market that is predicted to grow rapidly over the coming years."

What analysts are saying...

"US FDA approved both pending applications on Circassia's respiratory drugs Tudorza and Duaklir, for which it has commercial rights in the US under its collaboration with AstraZeneca," said analysts at Peel Hunt in a recent note.

"The details of the approval and funding of the associated milestones is fully consistent with Circassia's previous guidance, and supports the top-line forecasts in our model that should see Circassia achieve EBITDA positivity in 2020.

"The stock trades at less than a third of our conservative estimate of fair value, an irrationally big discount in view of this significant de-risking event."

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