

Avid Bioservices Inc

13:30 28 Jun 2019

Avid Bioservices' stock jumps after fiscal 4Q results beat Street, propelled by repeat business

Avid Bioservices Inc (NASDAQ:CDMO) stock climbed Friday a day after the biologics contract development and manufacturing company narrowed its fiscal fourth-quarter loss and handily trounced revenue expectations.

For the quarter ended April 2019, the Tustin, California-based posted a loss of \$0.02 per share on revenue of \$17.1 million. The consensus estimate was a loss of \$0.03 per share on revenue of \$15.5 million. Revenue grew 145.6% on a year-over-year basis.

Investors reacted to the better than expected earnings, sending Avid Bioservices stock up 33.7% to \$5.35 in afternoon trade.

READ: Avid Bioservices surpasses estimates on earnings and revenue, shares jump after-hours

The company said that revenue for the full fiscal year 2019 met guidance at \$53.6 million.

As of April 30, revenue backlog was approximately \$46 million, the majority of which is expected to be recognized in fiscal year 2020.

Avid Bioservices CEO Rick Hancock described fiscal 2019 as a fundamentally "transformative year" for Avid, as the team successfully achieved a number of critical goals.

"Most notably, we converted the losses and negative margins in fiscal 2018 into a sustainable position of financial strength," said Hancock. "Based on our current backlog as well as forecasts from our customers, we believe the company will achieve sustainable growth going forward. Avid is stronger today than it has been at any point in the past."

Winning repeat business

Hancock said five new clients signed in late fiscal 2018 contributing significantly to revenue diversification. The projects increased capacity utilization, which also drove a meaningful improvement in margins during the year.

"Of particular note is the new business we continue to win from existing customers," said Hancock. "While some of this business results from the expansion of current projects, many of these projects are completely new, requiring development and/or manufacture of a new molecule."

Hancock noted that these "repeat business wins are particularly valuable to Avid" as each offers the opportunity for later stage and commercial production.

"They generally onboard very efficiently and as a result are more profitable, and they provide strong testimonials as to

Price: US\$6.89

Market Cap: US\$369482000M

1 Year Share Price Graph



Share Information

Code: CDMO

Listing: NASDAQ

52 week High Low
\$8.40 \$3.39

Sector: Pharmaceuticals [T3]

Website: avidbio.com

Company Synopsis:

Avid Bioservices is a contract development and manufacturing organization (CDMO) focused on development and manufacturing of biopharmaceutical products derived from mammalian cell culture. The company provides process development, clinical and commercial manufacturing services for the biotechnology and biopharmaceutical industries.

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the quality of our work and product," said Hancock.

CFO Dan Hart said looking ahead, the company was encouraged by the forecasted increase in demand which it expected to strengthen the company's overall financial standing and position it for profitability.

Avid Bioservices has signed project expansion orders and new manufacturing projects related to new molecules with current clients during the fourth quarter of fiscal 2019 representing future revenue in the amount of \$19.7 million.

The company provides a range of process development, clinical, and commercial manufacturing services for the biotech and biopharmaceutical industries. It produces monoclonal antibodies and recombinant proteins.

--(Updates stock movement)--

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