

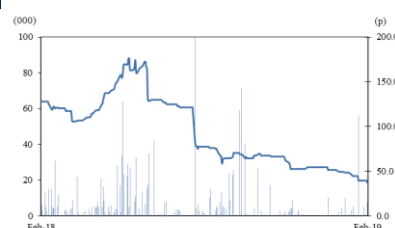
CORPORATE

Current price 37.0p

Sector Healthcare Equipment & Services

Code (FAB.L)

Listing AIM

SHARE PERFORMANCE


Source: Thomson Reuters, Allenby Capital

SHARE DATA

Market cap (£) £8.2m

Shares in issue (m) 22.091

52 weeks High Low

177 37

Financial year end March

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

Crescent Capital II LP 12.01%

Viridian Growth Fund LP 8.29%

Cannacord Genuity 6.35%

Amati Global Investors Ltd 6.07%

Jim Johnston 5.96%

Livingbridge VC LLP 5.52%

Source: Company Data, Allenby Capital

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FUSION ANTIBODIES (FAB.L)
Sales recovery in H2; but slippage into FY19

Fusion Antibodies, a specialised Contract Research Organisation (CRO) operating in the field of monoclonal antibody engineering and production, has provided an update on trading for the year ending 31 March 2019. Despite the H219 sales recovery and a building order book, several orders are expected to be closed post year end. As a result, FY19 revenues - of at least £2.1m - fall well below our expectations.

- Financials:** sales bounced back strongly in H219 after a disappointing H119, although with the timing of some larger orders expected to be finalised after the period end, this meant that FY19 revenues are expected to fall materially below our previous estimate of £2.7m. More encouragingly this suggests that second half reported sales at least doubled to £1.4m vs £0.7m in H119, showing that momentum is building back up post IPO despite the challenges on order timing, with H219 sales forecast to exceed all prior six-month periods.
- Order book reflects expanding business development capacity:** orders received in H219 to date have exceeded £1.9m (vs £1.2m and £0.8m in H119 and H218) and with a pipeline behind this showing that business development efforts are bearing fruit. However, over £1.1m of these orders are expected to be closed and therefore recognised, post year-end.
- Key hires are supportive of ongoing strategic aims:** adding to appointments made in business development and marketing which supported improving deal flow in H219, FAB is recruiting a Director of Business Development cell line development to maximise its investment in laboratory expansion and to meet the commercial potential in this field. Recruitment of a Director of Marketing is set to help fine tune the commercial strategy. The development and commercial roll out of the company's Rational Affinity Maturation Platform (RAMP™) is on track. We are encouraged by indications of interest from potential customers and with initial and potentially higher margin commercial revenues estimated in FY20.
- Conclusion:** despite a fall in year-on-year sales, with a minimum of £1.4m in recognised revenues in the period, a strong order book indicates that the ongoing demand trend is intact. The net cash position at an estimated £2m, is ahead of our forecast (£1.7m), and compares to £2.7m end September, suggesting prudent fiscal management. For now, we await further news on future trading prospects post year end and in the meantime suspend our FY19-21 forecasts pending firm guidance.

Year End: Mar 31

(£000's)	2017A	2018A	2019E	2020E	2021E
REVENUE	1,914.0	2,690.7			
REVENUE GROWTH	29%	41%			
ADJ EBITDA	288.5	132.0		Forecasts under review	
EBIT	126.5	(710.5)			
PBT	125.9	(711.4)			
NET CASH	285.7	4,413.6			

Source: Company; Allenby Capital

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RESEARCH RECOMMENDATION DISCLOSURE

Emma Ulker is the author of this research recommendation. Emma is employed by Equity Development as an Equity Analyst.

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Unless otherwise stated the share prices used in this publication are taken at the close of business for the day prior to the date of publication.

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