

Genetic Analysis

INITIAL COMMENT

Key share data	
Sector	Healthcare Technology
Bloomberg	GEAN SS
Market Cap (NOKm)	46
Net debt (NOKm)	-32
EV (NOKm)	14
Net debt / equity	-55%
Issued shares (m)	24.9

Figures & Ratios (NOK)			
	2021	2022E	2023E
Revenues	7	16	50
EBITDA adj.	-24	-23	-6
EBIT adj.	-29	-28	-10
Pre-tax profit	-29	-28	-10
Net profit	-29	-28	-10
EPS rep. (NOK)	-1.43	-1.12	-0.33
EPS adj. (NOK)	-1.43	-1.12	-0.33
NIBD	-45	-13	-23
EV/Sales	16.2	3.0	0.8
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj)	neg.	neg.	neg.
P/E (adj)	neg.	neg.	neg.
P/B (excl. gw)	2.2	1.4	1.0
ROE	nm	nm	nm
ROCE	nm	nm	nm

not updated

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Results in line and FDA boosts microbiome market

Genetic Analysis reported its 3Q results this morning. Total revenues were in line with our estimates, and EBIT and Net earnings came in spot on our expectations. The FDA has recently recommended to approve a microbiome drug, this is an important stepping stone for the whole microbiome market and is an encouraging sign for microbiome diagnostics. Overall, this was rather a fair report, we are unlikely to significantly change our estimates in our review.

Financials broadly in line with estimates

3Q sales revenue came in at NOK 2.2m, lower than our expected NOK 5m. This was affected by a seasonal summer slowdown. However, the NOK 2.6m received from research work and grants largely mitigated this miss to total revenue of NOK 4.8m. This is a significant improvement YoY, but a slight dip compared to the last quarter. EBIT was spot on our estimates, at a reported NOK -6.7m, compared to our expected NOK -7m. A supportive signal is the continuing laboratory platform installation sales - YTD has reached NOK 1.2m, compared to the same period last year of NOK 0.5m. Platform installations are very important, as this is a precursor for reagent kit sales.

3Q/22 results NOKm	3Q/21	2Q/22	3Q/22 Reported	3Q/22e Norne	Deviation
Sales revenue	1.7	3.0	2.2	5.0	-56%
Other revenue	0.7	2.5	2.6	0.0	nm
EBITDA	-5.6	-4.8	-5.4	-5.8	-7%
EBIT	-6.8	-6.1	-6.7	-7.0	-4%
Net earnings	-6.8	-6.1	-6.7	-7.0	-4%
EPS rep.	-0.27	-0.24	-0.27	-0.28	-4%

Microbiome drug recommended to approve by the FDA

Recently the FDA Advisory Committee recommended approval of a microbiome-altering drug made by Rebiotix Inc, a company within Ferring Pharmaceuticals. The drug is a microbiota-based live biotherapeutic, with the potential to reduce the recurrence of C. difficile infection (CDI) after antibiotic treatment. The recommended approval is a big milestone for the whole microbiome industry. It will have a significant impact on more drugs coming into the market and diagnostics within this field.

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