



## IDT Australia (IDT)

5 September 2024

### Advanced Therapies pillar hitting its straps

#### Our View

IDT previously disclosed unaudited FY24 revenue of \$13.5m. In the FY24 results out last week there was a modest upgrade in total revenue to \$14.0m (up 100% vs pcp) due to the inclusion of the \$0.5m R&D rebate as other income.

Operating expenses were 5% ahead of our forecasts, which sees us modestly increase our modelled operating costs going forward.

Management reiterated that it is encountering increasing interest from international pharma, particularly in the antibody drug conjugate (ADC) and mRNA drug manufacturing capabilities of its Advanced Therapies (AT) pillar.

With sales of \$4.6m in Q424 forming a new baseline, and contracts with a remaining value of at least \$4.4-\$6.4m to be delivered for Sanofi in FY25, IDT is well positioned to meet our FY25 sales revenue forecast of \$22.8m (up 73%).

With IDT delivering strong revenue growth and within sight of becoming operating cash flow positive, we retain our **Speculative Buy** recommendation.

#### Key Points

##### Advanced Therapies starting to deliver

The AT pillar generated \$1.4m of revenue in FY24 vs \$0.3m in FY23. We expect AT revenue to increase at least 4-fold in FY25. The bulk of the \$3-3.5m mRNA technology transfer project under the Sanofi master services agreement (MSA) remains to be delivered in H125. IDT has already secured a follow-on contract from Sanofi worth \$2.5-4m to manufacture an mRNA drug candidate for clinical trial use – we expect the drug candidate to be manufactured in H225.

##### ADC facility enhances offering

IDT is setting up Australia's first commercial ADC manufacturing facility under a \$3.8m project partly funded by a Victorian government grant. This facility will establish IDT as a leading manufacturer of ADC drug candidates for use in clinical trials and is already attracting interest from international pharma and biotech companies.

##### Proposals outstanding reinforce our growth expectations

IDT submitted \$39.8m of proposals to potential clients in FY24 and converted \$10.9m to binding contracts. A further \$24.7m of proposals are currently under client consideration, split relatively evenly across the Active Pharmaceutical (API), Specialty Oral and AT pillars.

##### Keep an eye on working capital

In FY24, revenue grew by \$7m and working capital increased by \$2m, mainly due to growth in receivables. Working capital growth may cause a lag as the company strives to become cash flow positive by the end of CY24. In addition, contract assets (work in progress) rose by \$1.7m to \$1.9m. While a large slice of this likely relates to the Sanofi tech transfer contract, which should largely unwind in H125, additional project work may see this figure remain around current levels over the course of FY25.

##### Strengthened balance sheet

IDT had \$0.5m cash plus a \$0.4m term deposit at 30 June 2024. The company has strengthened its balance sheet through a \$7m entitlement offer completed in July 2024. It also has a \$5m debt facility (drawn down to \$3.75m), backed by land and buildings valued at \$17.2m.

We forecast these funds to be sufficient to support operations until IDT becomes cash flow positive, including the completion of the ADC manufacturing facility.

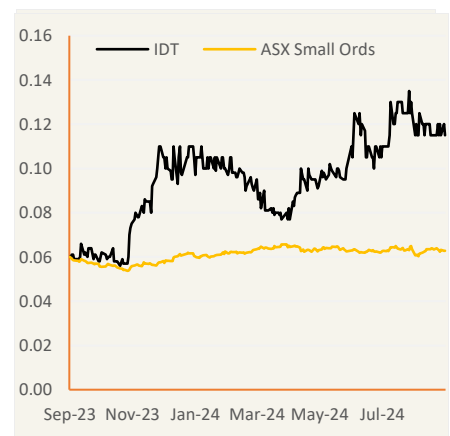
**Our conflicts of interests are disclosed on the last 2 pages of this report.**

### Speculative Buy

#### Summary (AUD)

Market Capitalisation	\$52M
Share price	\$0.115
52 week low	\$0.05
52 week high	\$0.145
Cash as at 30 June	\$0.5m

#### Share price graph (AUD)



#### Key Financials (AUDm)

	FY24A	FY25E	FY26E
Sales Revenue (\$m)	13.2	22.8	27.4
Total Revenue (\$m)	14.0	24.3	27.4
CoGS (\$m)	(5.8)	(7.5)	(8.8)
Other expenses (\$m)	(13.3)	(13.8)	(14.3)
EBITDA (\$m)	(5.1)	3.0	4.3
Reported NPAT (\$m)	(5.4)	1.8	2.9
NPAT Adj. (\$m)	(5.4)	1.8	2.9
EPS Adj. (c)	(1.6)	0.5	0.7
PE ratio (x)	n/a	24	17
DPS (c)	0.0	0.0	0.0
EV/Sales	2.3	1.3	1.2
EV/EBITDA (x)	n/a	10.8	7.5
ROE	n/a	17.5	11.0

IDT Australia - Summary of Forecasts

IDT \$0.115

PROFIT & LOSS SUMMARY (A\$m)

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
Sales revenue	6.9	13.2	22.8	27.4	32.0
Other income	0.1	0.5	1.5	0.0	0.0
<b>Total Revenue</b>	<b>7.0</b>	<b>14.0</b>	<b>24.3</b>	<b>27.4</b>	<b>32.0</b>
Growth (pcp)	-41.9%	99.4%	73.5%	12.6%	17.0%
CoGS	(3.2)	(5.8)	(7.5)	(8.8)	(9.6)
Other operating expenses	(12.6)	(13.3)	(13.8)	(14.3)	(15.1)
<b>EBITDA</b>	<b>(8.7)</b>	<b>(5.1)</b>	<b>3.0</b>	<b>4.3</b>	<b>7.3</b>
Dep'n/Amort'n	(1.0)	(0.9)	(1.1)	(1.4)	(1.4)
EBIT	(9.8)	(6.1)	1.8	2.9	5.9
Net Interest	0.0	(0.0)	0.0	0.0	0.0
Pre- Tax Profit	(9.8)	(6.1)	1.8	2.9	6.0
Tax Expense	1.3	0.7	0.0	0.0	0.0
<b>NPAT Adj.</b>	<b>(8.5)</b>	<b>(5.4)</b>	<b>1.8</b>	<b>2.9</b>	<b>6.0</b>
Growth (pcp)	n/a	n/a	n/a	60%	103%
Adjustments	0.0	0.0	0.0	0.0	0.0
NPAT Reported	(8.5)	(5.4)	1.8	2.9	6.0

PER SHARE DATA

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
<b>EPS (c) - Reported</b>	<b>(3.5)</b>	<b>(1.6)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.4</b>
Growth (pcp)	n/a	n/a	n/a	n/a	n/a
EPS (c) - Adjusted	(3.5)	(1.6)	0.5	0.7	1.4
Growth (pcp)	n/a	n/a	n/a	n/a	n/a
Dividend (c)	0.0	0.0	0.0	0.0	0.0
Franking	0.0	0.0	0.0	0.0	0.0
Gross CF per share (c)	(3.2)	(2.8)	0.2	0.7	1.4
NTA per share (c)	7.9	6.7	7.4	8.1	9.5

KEY RATIOS

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
Net Debt : Equity (%)	-15%	17%	7%	1%	-10%
Net Debt: EBITDA (x)	0.4	(0.8)	0.7	0.1	(0.6)
Current ratio (x)	2.4	1.3	3.1	3.3	3.9
ROE (%)	-33%	-23%	7%	9%	16%
ROIC (%)	n/a	n/a	4%	6%	12%
Dividend Payout Ratio (%)	n/a	n/a	n/a	n/a	n/a

VALUATION MULTIPLES

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
<b>PE Ratio (x)</b>	<b>n/a</b>	<b>n/a</b>	<b>24</b>	<b>16.8</b>	<b>8.3</b>
<b>Dividend Yield (%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
EV/Sales (x)	4.6	2.3	1.3	1.2	1.0
EV/EBITDA (x)	n/a	n/a	10.8	7.5	4.4
EV/EBIT (x)	n/a	n/a	17	11.0	5.4

CAPITAL RAISING ASSUMPTIONS

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
Shares Issued (m)	60.9	46.2	78.1	0.0	0.0
Issue Price (A\$)	0.065	0.065	0.09	0.00	0.00
Gross Cash Raised (A\$m)	4.0	3.0	7.0	0.0	0.0

BALANCE SHEET SUMMARY

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	4.4	0.5	2.3	4.0	8.6
Receivables	3.3	5.4	8.2	9.9	11.5
Inventories	1.4	1.7	2.7	3.3	3.8
Contract Assets (WIP)	0.2	1.9	1.9	1.9	1.9
Other	0.4	1.0	0.6	0.6	0.6
<b>Total Current Assets</b>	<b>9.7</b>	<b>10.4</b>	<b>15.7</b>	<b>19.6</b>	<b>26.5</b>
Inventories	0.0	0.0	0.0	0.0	0.0
Property Plant & Equip	18.5	21.0	25.6	25.4	25.3
Intangibles	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
<b>Total Non- Current Assets</b>	<b>18.5</b>	<b>21.0</b>	<b>25.6</b>	<b>25.4</b>	<b>25.3</b>
<b>TOTAL ASSETS</b>	<b>28.3</b>	<b>31.4</b>	<b>41.2</b>	<b>45.0</b>	<b>51.8</b>
Accounts Payable	1.9	2.3	4.1	4.9	5.8
Borrowings	0.7	4.5	0.0	0.0	0.0
Employee benefit obligations	0.5	0.7	0.7	0.7	0.7
Other	0.8	0.3	0.3	0.3	0.3
<b>Total Current Liab</b>	<b>4.0</b>	<b>7.8</b>	<b>5.1</b>	<b>5.9</b>	<b>6.8</b>
Borrowings	0.0	0.0	4.5	4.5	4.5
Provisions	0.2	0.2	0.2	0.2	0.2
Other	0.0	0.0	9.3	9.3	9.3
<b>Total Non- Current Liab</b>	<b>0.2</b>	<b>0.2</b>	<b>4.6</b>	<b>4.6</b>	<b>4.6</b>
<b>TOTAL LIABILITIES</b>	<b>4.1</b>	<b>7.9</b>	<b>9.8</b>	<b>10.6</b>	<b>11.4</b>
<b>TOTAL EQUITY</b>	<b>24.1</b>	<b>23.4</b>	<b>31.5</b>	<b>34.4</b>	<b>40.4</b>

CASH FLOW SUMMARY

Year end June	FY23A	FY24A	FY25E	FY26E	FY27E
<b>EBIT (excl Abs/Extr)</b>	<b>(9.8)</b>	<b>(6.1)</b>	<b>1.8</b>	<b>2.9</b>	<b>5.9</b>
Add: Dep'n & Amort'n	1.0	0.9	1.1	1.4	1.4
Change in Payables	0.6	0.4	1.8	0.8	0.8
Other non- cash items	0.2	(2.8)	0.0	(0.0)	0.0
Less: Tax paid	0.7	0.4	0.0	0.0	0.0
Net Interest	0.1	(0.1)	0.0	0.0	0.0
Change in Rec.	(0.5)	(2.0)	(2.8)	(1.6)	(1.7)
Change in Inv.	(0.3)	(0.3)	(1.1)	(0.5)	(0.6)
<b>Gross Cashflows</b>	<b>(7.9)</b>	<b>(9.6)</b>	<b>0.9</b>	<b>3.0</b>	<b>6.0</b>
Maintenance Capex	(0.5)	(0.7)	(0.7)	(0.8)	(0.8)
<b>Free Cashflows</b>	<b>(8.4)</b>	<b>(10.3)</b>	<b>0.2</b>	<b>2.2</b>	<b>5.2</b>
Share Issue Proceeds	3.8	3.0	6.6	0.0	0.0
Expansionary Capex	0.0	0.0	(5.0)	(0.5)	(0.5)
Other	(0.1)	3.3	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0	0.0
<b>Net Cashflows</b>	<b>(4.8)</b>	<b>(3.9)</b>	<b>1.8</b>	<b>1.7</b>	<b>4.7</b>
FX Effect on Cash	0.0	0.0	0.0	0.0	0.0

Our conflicts of interests are disclosed on the last 2 pages of this report.

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