



BBY Research - 26 August 14

# Regeneus Ltd

**RGS** A\$0.26 **TARGET PRICE** A\$0.70 ▼ **SPECULATIVE BUY** 0.0X

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**Regeneus Ltd is a regenerative medicine company that is commercialising cell-based therapies for treating conditions such as arthritis, in humans and animals.**

## Pipeline development gathering speed

Regenerative medicine company Regeneus Ltd's (RGS) FY14 results were broadly in line with our expectations, although share-based payments of A\$1.6M pushed reported NPAT to a loss of A\$7.5M vs our forecast of a loss of A\$6.8M. We expect revenue to grow by 30% to A\$2.6M in FY15, boosted by the commencement of commercial sales of its canine cancer vaccine in Australia in the current quarter and the launch of HiQCell stem cell therapy in Singapore in 4Q CY14. However the key value drivers for the stock are its off-the-shelf stem cell products and cancer vaccines for human and veterinary applications – all 4 products will be in clinical trials by the end of CY15. RGS recently raised A\$3M through a placement and is seeking to raise an additional A\$3M through a SPP, which will provide a funding runway through to 2016. We lower our risked DCF valuation and price target to A\$0.70/sh (prev (A\$0.77/sh) due to dilution from the capital raise, and retain our SPECULATIVE BUY recommendation.

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BBY Technical View - as at 26/08/2014

Short Term	Downtrend	Resistance	\$0.389
Long Term	Downtrend	Support	\$0.195

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\* We apply a consistent Discounted Dividend Model (DDM) valuation methodology across all stocks, allowing us to directly compare any one stock against another, thereby facilitating a stock ranking.

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