

# Share Review

## In Andrew's Portfolio: Sykepharma PLC [SKP.L] 23 May 2014 £2.51

Skyepharma PLC is a pharmaceutical company. The Company validates drug delivery technologies to develop oral and inhalation pharmaceutical products. The Company operates in United Kingdom, Rest of Europe, North America and Rest of world. The principal activities of the Company included the research and development, manufacture and sale of prescription pharmaceutical products. The Company is engaged in the development and manufacture of pharmaceutical products based on information used internally by management to assess the performance of, and allocate resources to the business. The Company's subsidiaries include Skyepharma Production SAS, Skyepharma (Jersey) Limited, Jago Holding AG, Jagotec AG, Skyepharma AG, Skyepharma Holding AG and Skyepharma Holding Inc.

### Company Facts

EPIC code SKP	Market cap: £114.4 Million	Sector Pharmaceuticals	Exchange LSE	Currency GB £ Sterling	Indices FTSE Tech MARK
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- Global company that is at the forefront of the Global Asthma and COPD market worth U.S.\$29.4bn\* per annum ( \* Datamonitor COPD report)
- Is developer of Flutiform, specifically designed as an asthma treatment . The drug combines ingredients from successful AstraZeneca and GlaxoSmithKline drugs. Sales growth £9.5m in Q4 2013.
- In response, the company's shares have leapt five-fold in the intervening twelve months as the company launched its product in Japan as well as in 15 European countries.
- The Skyepharma group receives revenues and royalties from 15 approved products. These collectively generated £45m in 2013, compared with £32m in 2012.
- The Group has significant long-term recurring revenue potential from seven recently approved or launched products.
- Skyepharma has an established track record of successful development of inhalation products from initial concept to commercial manufacture and supply
- launches in major markets of our key product, flutiform<sup>®</sup>, along with a number of approvals and a growth in sales of existing products. The approval of GSK's Relvar<sup>®</sup> Ellipta<sup>®</sup>/Breo<sup>®</sup> Ellipta<sup>®</sup> and Anoro<sup>™</sup> Ellipta<sup>™</sup>, which utilise one of Skyepharma's dry powder inhalation technologies licensed to GSK, gives the Group potential income of up to £9m per annum for the life of the patents
- Is a leading pharmaceutical company licensing with partners in supplying products to cater for patients with symptoms of Urinary, Parkinsons, Depression, Hypertension, Asthma, Angina, Actnic keratosis COPS
- Uses Product LiFe Cycle analysis in its strategic decision making
- With growing momentum from recent product launches and approvals, transactions will significantly reduce debt and enhance future earnings
- Skyepharma Board expects further substantial growth in revenues in 2014, including –€3m (£2.5m) received on launch of flutiform<sup>®</sup> in France plus potential milestone U.S.\$8m (£4.9m) related to sales of EXPAREL<sup>®</sup>
- Skyepharma has strategic alliances with its Partners including; Glaxosmithkline, Sanofi , Roche, Mundipharma, Sandoz, Chiesi, Kyorin, Janssen, Almirall, Teva, Shinogi \* CO Ltd
- Year on year share performance increase 445% [29 April 13 43.88p 29 April 2014 £2.39 ]

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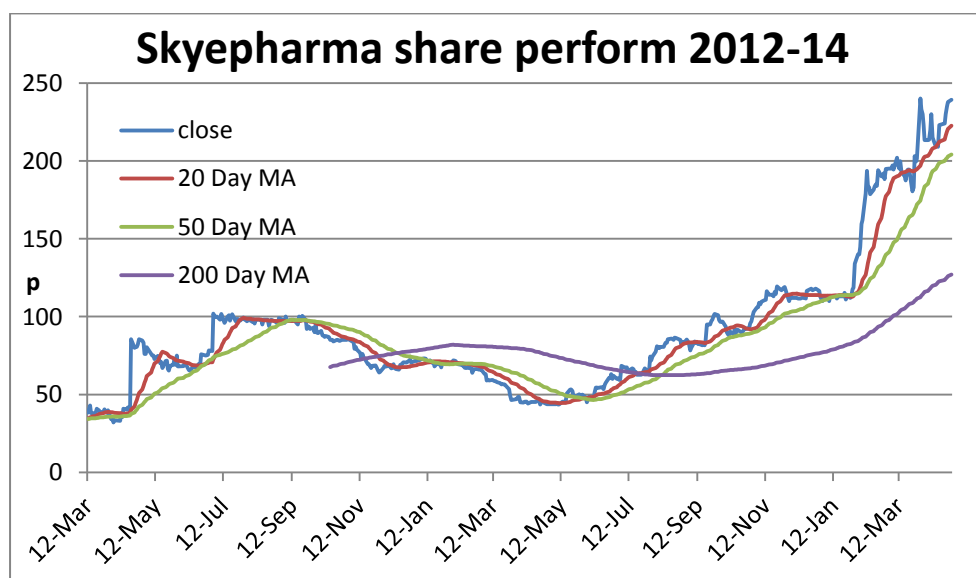
Skyepharma finished 2013 in the black as its inhalation product flutiform boosted revenues by 25%. Skyepharma launched its bellweather product 'flutiform' in 13 more countries including Italy and Japan. A tax credit of £1.8m allowed oral and inhalation drug group Skyepharma (SKP) to finish 2013 in the black. And even stripping out the tax credit, pre-tax losses were only £1m, compared with nearly 10 times that in 2012, after increased supply of its inhalation product flutiform boosted revenues by 25 per cent. Skyepharma raised 112m through a placing of 58.6m new shares, the proceeds of which to pay off £96m worth of bond debt. designed

## FUNDAMENTAL ANALYSIS

[Skyepharma Factsheet](#)   [Skyepharma presentation](#)   [Annual Report 2013](#)

From 2013 annual A/cs	2012 £m	2013 £m	Move%
Sales	49.9	62.6	25
Operating Profit	12.6	13.6	8
Profit before Tax	15.6	17.9	15.6
Net Finance Costs	12.1	14.6	21
Cash	16.4	16.5	1
Net Debt	80.7	84.2	4
EPS (Pence)	(14.9)	1.8	1607

**TECHNICAL ANALYSIS** - Moving Averages give a good indication of the vitality of the share in the long run. All Moving averages are on a steep incline with the Long term 200 rising like a dragon out of a fire! This is a perfect combination as price tracks above 20 day MA above 50 Day MA and 200 day MA. The sharp incline in all MA and price would seem to suggest momentum is evident. Since February the share price has spiked to highs and it looks like its climbing a mountain on the north face. As a phoenix share higher highs seem to have caught market momentum. *Please note past performance is no guide to the future.* Last month candlestick performance is indicative of a cup and handle formation with recently rising bullish candlesticks emphasizing the uptrend. The 31 March candlestick indicates to me that market participation is significant. With the doji candlestick on the 24 April and a bullish candlestick on 28 April could signify potential move to the upside. The significant impact and potential growth of Skyepharma's products could be indicative of underlying long term value. That together with the significant growth in the share price of 445% year on year, I decided to commit and purchased 1000 shares at £2.44 on 29 April. *Please note I do not endorse or use these products. This analysis is not advice but interpretation of potential market moves.* First Share Reviewed on 29 April 2014 £2.41. Current Price 23 May £2.51.



# Skyepharma Last month candlestick

