

Nexstim

Licensing discussions with academic centre end

17 January 2020

- Nexstim has announced that the discussions with a leading California academic institution have not led to a wide-ranging collaboration. This had targeted the treatment of hospitalised patients with severe depression, who may have suicidal ideation; which is a different segment to the existing out-patient MDD (major depressive disorder) population that the NBT platform is approved for.
- The tie-up discussions stopped when the NIH (National Institutes for Health) offered to fully fund the unnamed academic centre's clinical and software development programmes.
- Nexstim's NBT platform remains particularly well suited to this application, as its built-in SmartFocus navigation provides highly accurate mapping. It is this rapid, reliable, and reproducible treatment that underpins the expected improved patient outcomes; with faster treatment times resulting in material cost advantages too.
- The value of this opportunity has been explored in our recent [Outlook](#) note. If this were to materialise, we conservatively estimate the addressable market as being worth \$213m. Plugging in these rough assumptions into our model yields an incremental NPV of €25m, with an rNPV of €10m and value per share of €0.19.
- Management is exploring ways to collaborate with the academic centre in other ways and these discussions are continuing.

Trinity Delta view: Nexstim has achieved a great deal in the past year and is gaining market traction with its NBT platform in MDD. The changed situation with the leading academic centre is disappointing but NBT's unique properties suggest a meaningful role is still likely. We have not included any contribution from this opportunity in our valuation and would only do so when the visibility is improved.

Our valuation was upgraded in our January Outlook to €31.4m, €0.50/share, up from €19.0m (€0.41/share), to reflect the progress that Nexstim has made. If certain value-inflection points are attained, we expect further increases in our valuation.

Price	€0.9
Market Cap	€5.4m
Primary exchange	Helsinki
Sector	Healthcare
Company Codes	NXTMH/NXTMS
Corporate client	Yes

Company description:

Nexstim is a targeted neuro-modulation company that has developed a proprietary navigated rTMS platform for use in diagnostics (NBS) and therapeutics (NBT). NBS is used in planning brain surgery while NBT is focused on depression and chronic pain. FDA approval for depression was given in 2017, and the focus is on its commercial roll out in the US, Europe and Asia.

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