

Plus Therapeutics, Inc (PSTV)
Rating: Buy

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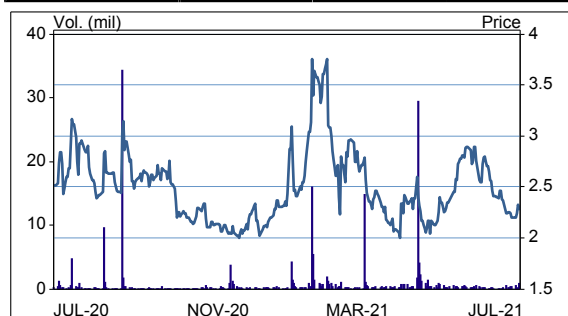
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Additional Cohort in ReSPECT Could Lead to Better Efficacy; Reiterate Buy

Stock Data		07/21/2021	
Price			\$2.32
Exchange		NASDAQ	
Price Target			\$7.00
52-Week High			\$5.42
52-Week Low			\$1.92
Enterprise Value (M)			\$13
Market Cap (M)			\$24
Public Market Float (M)			4.7
Shares Outstanding (M)			10.2
3 Month Avg Volume			975,055
Short Interest (M)			0.33
Balance Sheet Metrics			
Cash (M)			\$17.2
Total Debt (M)			\$6.6
Total Cash/Share			\$1.68
Book Value/Share			\$1.38
Revenue (\$M)			
Full Year - Dec	2020A	2021E	2022E
1Q	0.1	0.0A	0.0
2Q	0.2	0.0A	0.0
3Q	0.0	0.0	0.0
4Q	0.0	0.0	0.0
FY	0.3	0.0	0.0
EPS (\$) Diluted			
Full Year - Dec	2020A	2021E	2022E
1Q	(0.28)	(0.33)A	(0.24)
2Q	(0.45)	(0.25)A	(0.24)
3Q	(0.39)	(0.21)	(0.25)
4Q	(0.67)	(0.22)	(0.26)
FY	(1.86)	(0.98)	(0.99)

Financial update. Plus Therapeutics reported 2Q21 financial results and provided a corporate update on July 22. The company reported no revenues and a net loss of \$0.25 per share for the quarter, generally in line with consensus estimates of no revenues and net loss of \$0.36 per share. We update our model with the reported results. For 2021E, we project no revenues in the year and a net loss of \$0.98 per share. At the end of 2Q21, the company reported cash and cash equivalents of \$17.2M, which we believe is sufficient to fund operations into 2H22.

Eighth cohort enrolling in ReSPECT study. The company announced that the first patient has been treated in the 8th dose cohort of the Phase 1/2 ReSPECT study investigating RNL for the treatment of recurrent glioblastoma (rGBM). Recall, 21 patients have been treated in the first seven cohorts of the ReSPECT study so far with absorbed radiation doses of up to 740 Gray, and no treatment related dose-limiting toxicities have been observed. In this latest cohort, the company plans to increase the injected dose by 40% compared to cohort 7 with a volume of 12.3 ml and total radioactivity of 31.2 mCi. According to management, this volume is expected to allow the full coverage of virtually all GBM tumors up to 7 cm in size. Based on the available efficacy results so far, we believe that better coverage of the tumor volume is likely to lead to improved clinical outcomes, and therefore the higher injection volume used in cohort 8, if proven safe, could result in a higher likelihood of success in future studies. Currently, cohort 8 is expected to complete enrollment before the end of 2021, and the company plans to present updated results from the study in Q4. Finally, we note that the company continues to work with Piramal Pharma Solutions (PEL.NS; not rated) to manufacture GMP-grade RNL, which it expects to be ready in 2022 for the upcoming planned pivotal Phase 2 study.

Additional studies on track to start soon. Beyond rGBM, the company plans to initiate Phase 1 clinical studies in the two additional indications of leptomeningeal metastases (LMC) and pediatric brain cancers (PBC). According to management, the company has received positive feedback from the FDA during the pre-IND meetings and intends to file IND applications in the coming months. If approved, the LMC study is planned to start before the end of 2021 and the PBC study could start in early 2022. In our view, LMC in particular represents a significant opportunity for the company, as it is an aggressive condition that affects approximately 110,000 patients per year in the U.S. alone and has very poor outcomes with current treatment. Therefore, we believe positive results in the upcoming Phase 1 study could result in significant upside for the stock.



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Valuation. We maintain our Buy rating of PSTV and our 12-month price target of \$7.00 per share. We derive our price target based on a risk-adjusted net present value (rNPV) analysis of projected future royalty revenues from RNL, assuming an 14.1% discount rate and a 0% terminal growth rate. We derive an rNPV of \$175M for the product and add in net cash and cash equivalents of \$17M, to arrive at a 12-month price target of \$6.84 per share, which we round to \$7.

Risks: (1) clinical; (2) commercial; (3) pandemic; (4) partnership; (5) financial; and (6) intellectual property.

Income Statement

FY Dec 31

\$ ('000) Except Per Share Data	FY 2019A	1Q20A	2Q20A	3Q20A	4Q20A	FY 2020A	1Q21A	2Q21A	3Q21E	4Q21E	FY 2021E	FY 2022E
Total Sales	6,998	118	185	-	-	303	-	-	-	-	-	-
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-
Gross Income	6,998	118	185	-	-	303	-	-	-	-	-	-
Research and development expenses	5,365	941	1,108	336	1,096	3,481	1,127	1,106	1,161	1,277	4,672	5,781
Selling, general, and administrative expenses	5,290	1,618	1,429	1,060	2,299	6,406	1,352	1,469	1,322	1,335	5,478	5,643
Operating Income (Loss)	(3,657)	(2,441)	(2,352)	(1,396)	(3,395)	(9,584)	(2,479)	(2,575)	(2,483)	(2,613)	(10,150)	(11,424)
Interest income	55	36	9	2	3	50	4	4	60	48	116	(392)
Gain (Loss) before income tax provision	(3,283)	(1,087)	(1,839)	(1,728)	(3,587)	(8,241)	(2,720)	(2,800)	(2,563)	(2,692)	(10,775)	(12,208)
Income tax benefit (expense)	-	-	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	(11,441)	(1,087)	(1,839)	(1,728)	(3,587)	(8,241)	(2,720)	(2,800)	(2,563)	(2,692)	(10,775)	(12,208)
Basic EPS	(8.27)	(0.28)	(0.45)	(0.39)	(0.67)	(1.86)	(0.33)	(0.25)	(0.21)	(0.22)	(0.98)	(0.99)
Diluted EPS	(8.27)	(0.28)	(0.45)	(0.39)	(0.67)	(1.86)	(0.33)	(0.25)	(0.21)	(0.22)	(0.98)	(0.99)
Basic Shares Outstanding ('000)	1,384	3,881	4,053	4,402	5,375	4,428	8,268	11,297	12,148	12,208	10,980	12,358
Diluted Shares Outstanding ('000)	1,384	3,881	4,053	4,402	5,375	4,428	8,268	11,297	12,148	12,208	10,980	12,358

Source: Company reports and H.C. Wainwright estimates.

Income Statement

FY Dec 31

\$ ('000) Except Per Share Data	FY 2018A	FY 2019A	FY 2020A	FY 2021E	FY 2022E	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
Total Sales	6,654	6,998	303	-	-	-	-	-	6,928	34,794	71,534	100,779	127,038
Cost of goods sold	1,148	-	-	-	-	-	-	-	-	-	-	-	-
Gross Income	4,281	6,998	303	-	-	-	-	-	6,928	34,794	71,534	100,779	127,038
Research and development expenses	8,622	5,365	3,481	4,672	5,781	6,528	11,042	13,834	14,709	15,306	15,928	16,575	17,248
Selling, general, and administrative expenses	8,357	5,290	6,406	5,478	5,643	6,594	6,927	7,954	12,352	15,323	17,301	18,728	20,271
Operating Income (Loss)	(12,698)	(3,657)	(9,584)	(10,150)	(11,424)	(13,122)	(17,969)	(21,788)	(20,133)	4,165	38,305	65,477	89,519
Interest income	43	55	50	116	(392)	(202)	(31)	-	-	-	-	-	-
Gain (Loss) before income tax provision	(12,634)	(3,283)	(8,241)	(10,775)	(12,208)	(13,526)	(18,031)	(21,788)	(20,133)	4,165	38,305	65,477	89,519
Income tax benefit (expense)	-	-	-	-	-	-	-	-	-	-	-	-	(22)
Net Income (Loss)	(15,121)	(11,441)	(8,241)	(10,775)	(12,208)	(13,526)	(18,031)	(21,788)	(20,133)	4,165	38,305	65,477	89,497
Basic EPS	(1.74)	(8.27)	(1.86)	(0.98)	(0.99)	(0.79)	(0.96)	(1.11)	(0.94)	0.19	1.76	2.97	4.02
Diluted EPS	(1.74)	(8.27)	(1.86)	(0.98)	(0.99)	(0.79)	(0.96)	(1.11)	(0.94)	0.17	1.41	2.37	3.19
Basic Shares Outstanding ('000)	8,693	1,384	4,428	10,980	12,358	17,098	18,838	19,578	21,318	21,558	21,798	22,038	22,278
Diluted Shares Outstanding ('000)	8,693	1,384	4,428	10,980	12,358	17,098	18,838	19,578	21,318	24,217	27,236	27,636	28,036

Source: Company reports and H.C. Wainwright estimates.

Balance Sheet**FY Dec 31**

\$ ('000) Except Per Share Data	1Q20A	2Q20A	3Q20A	4Q20A	FY 2020A	1Q21A	2Q21A
Assets							
Cash and cash equivalents	16,061	9,266	7,626	8,346	8,346	14,447	17,161
Account and grant receivable	978	951	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-
Inventory	107	107	107	-	-	-	-
Other current assets	551	469	916	829	829	999	840
Total Current Assets	17,697	10,793	8,649	9,175	9,175	15,446	18,001
Property and equipment, net	2,096	2,014	1,943	1,820	1,820	1,825	1,738
Other assets	58	18	18	16	16	16	16
Goodwill	372	372	372	372	372	372	372
Total Assets	20,967	13,904	11,653	12,105	12,105	18,336	20,834
Liabilities & Shareholders' Equity							
Accounts payable and accrued liabilities	3,670	3,608	2,083	2,081	2,081	1,716	1,609
Operating lease liability	136	139	140	123	123	113	127
Term loan obligations, net	11,182	6,026	6,181	6,335	6,335	6,486	6,618
Total Current Liabilities	14,988	9,773	8,404	8,539	8,539	8,315	8,354
Deferred revenues	-	-	-	-	-	-	-
Non-current operating lease liability	624	589	545	528	528	503	530
Total Liabilities	20,882	10,604	9,032	9,074	9,074	8,823	8,889
Stockholders' equity:							
Common shares	4	4	5	7	7	10	12
Additional paid-in capital	426,438	431,492	432,540	436,535	436,535	445,734	450,964
Accumulated other comprehensive income	-	-	-	-	-	-	-
Accumulated deficit	(426,357)	(428,196)	(429,924)	(433,511)	(433,511)	(436,231)	(439,031)
Total Shareholders' Equity	85	3,300	2,621	3,031	3,031	9,513	11,945
Total Liabilities and Stockholders' Equity	20,967	13,904	11,653	12,105	12,105	18,336	20,834

Source: Company reports.

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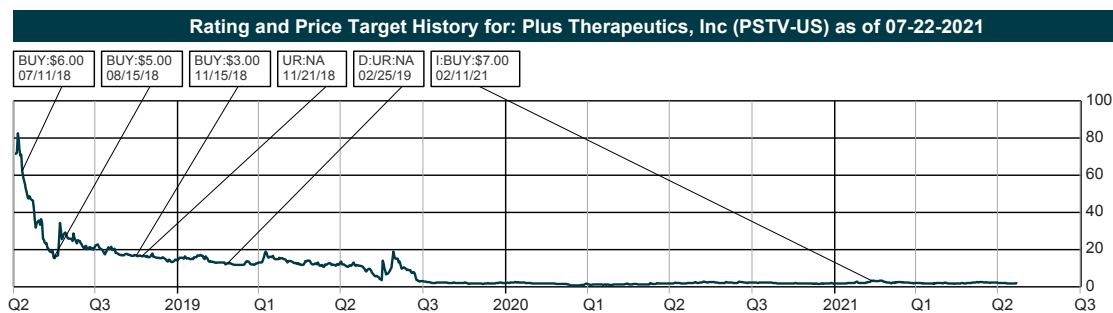
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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Distribution of Ratings Table as of July 22, 2021

Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	500	89.93%	193	38.60%
Neutral	51	9.17%	14	27.45%
Sell	1	0.18%	0	0.00%
Under Review	4	0.72%	1	25.00%

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