

AFT Pharmaceuticals

Poised for international market expansion

Commercial update

Pharma and biotech

5 March 2024

Price **NZ\$3.10**

Market cap **NZ\$325m**

NZ\$0.61/US\$

Net debt (NZ\$m) at 30 September 2023 30.6

Shares in issue 104.9m

Free float 25.9%

Code AFT

Primary exchange NZX

Secondary exchange ASX

AFT continues to focus on expanding its product portfolio and broadening its geographical footprint (including increased investments in its affiliates), which we expect to translate into stronger market traction and an increased top-line for AFT over the medium term. The company has updated the market on its international growth efforts, announcing new manufacturing agreements for Maxigesic Rapid and Crystaderm (ahead of their expected launches in the US and Chinese markets, respectively) and partnership expansion with Hikma (its US licensee of Maxigesic IV) to commercialise Combogesic IV in Saudi Arabia, Iraq and Jordan. Concurrently, AFT has made inroads into the UK market through the recent launch of Combogesic tablets and IV.

Year end	Revenue (NZ\$m)	PBT* (NZ\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
03/22	130.3	18.9	19.2	0.00	16.1	N/A
03/23	156.6	16.7	11.0	1.10	28.2	0.4
03/24e	187.5	22.3	15.5	1.55	20.0	0.5
03/25e	223.5	26.3	18.2	1.82	17.0	0.6

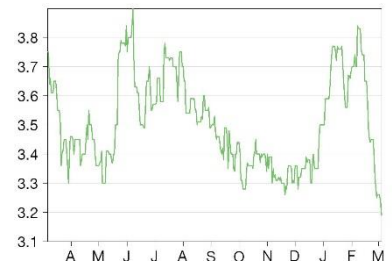
Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

AFT has secured a long-term (eight-year) supply agreement with Microsize (a US-based pharmaceutical manufacturer) to supply micronized active pharmaceutical ingredients (APIs), critical components in the formulation of its Maxigesic/Combogesic Rapid pain relief medicine. Management expects the partnership will enable AFT to secure sufficient supply to meet the demand for the Rapid tablets in several markets including the US and the EU. Maxigesic Rapid is a rapid-release version of AFT's flagship Maxigesic pain relief medicines (325mg of paracetamol and 97.5mg of ibuprofen) and is authorised for the treatment of mild-to-moderate acute pain (US patent protection until 2039). The drug received FDA approval in [March 2023](#), and is expected to launch in the US market in FY25 (12-month period ending March 2025), a milestone for the company, in our view.

AFT has also announced new manufacturing agreements with companies in Canada and Europe to expand its manufacturing capacity to support the China launch of [Crystaderm](#) later this calendar year. We note that this will be the first AFT product to be launched in China, a highly sought after OTC market, opening the door for further commercial launches and top-line traction. Additionally, management announced that its US partner Hikma has expanded its licensing agreement with AFT to commercialise Maxigesic/Combogesic IV in its domestic Middle East market (Saudi Arabia, Iraq and Jordan), further expanding the drug's market outreach. Furthermore, the company is working on launching its products into the UK, Canada, EU and US markets through its affiliates. First product launches are earmarked for 2024 in all these markets, and the UK affiliate has already kickstarted the process by making inroads into Boots (Combogesic tablets) and UK hospitals (Combogesic IV). AFT has also in-licensed a niche drug on the EU essential drug list, for which sales are expected to commence within 2024.

International expansion (particularly of the Maxigesic franchise) remains a key strategic priority for AFT. After launching [Maxigesic IV](#) in the US, the company is now planning Maxigesic Rapid's upcoming US launch. With a manufacturing partner secured, we now await finalisation of a distribution partner in the US.

Share price performance



Business description

AFT Pharmaceuticals is a specialty pharmaceutical company that operates primarily in Australasia but has product distribution agreements across the globe. The company's product portfolio includes prescription and over-the-counter drugs to treat a range of conditions and a proprietary nebuliser.

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