Stock Focus

Botanix Pharmaceuticals (BOT-ASX)

E&P

Sweat Sufferers Survey Supports Sofdra Sales Strategy

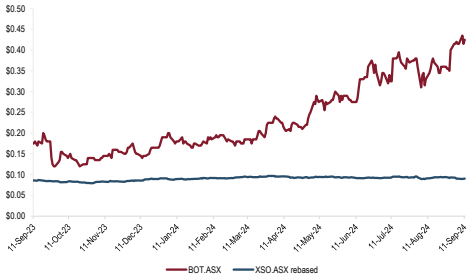
Recommendation: Speculative Buy

Last price	**0.43**
Valuation	**0.65**

TSR

Upside to valuation	53.5%
Dividend yield	0.0%
Expected total SH return	53.5%

BOT-ASX share price history
Source: E&P Research, IRESS



Trading Data

Last price	0.43
Valuation	0.65
12 month range	AUD0.08 - AUD0.44
Market cap ($m)	$724
Enterprise value ($m)	$645
Shares outstanding (m)	1,810.0
Free float (%)	100.0
12 month return (historical)	57.1%

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Hyperhidrosis Patient Survey

Botanix Pharmaceuticals (ASX:BOT) are preparing to launch their product, Sofdra (sofpironium bromide 15% gel), in the United States for the treatment of Primary Axillary Hyperhidrosis (PAS; excessive underarm sweating). We have previously written about the clinical and market opportunity and post-approval launch plans for this drug — refer to our prior notes here & here. In order to better understand the potential demand for Sofdra and the company's stated marketing strategy, we have commissioned a consumer survey of existing hyperhidrosis sufferers in the United States. In the current thought piece, we present results from this survey and discuss the implications of our findings for BOT.

Implications for BOT

The results of our survey are well aligned with the market insights articulated by BOT around: the significant unmet need in PAH; the willingness to try new products; tolerability levels for anticipated side effects; and the keen interest in telemedicine and monthly shipments. All of which support BOT's sales and marketing strategy.

Conversely, the percentage level of sweat reduction required to initiate and remain on a novel treatment was greater than that observed in pivotal clinical trials of Sofdra. However, our survey did not specify that BOT are aiming for a zero out-of-pocket cost for covered patients, which would of course influence people's willingness to play. Moreover, in a non-clinical trial setting it is unlikely that any formal quantification of sweat production would be assessed, and "clinically-significant" improvements, as achieved in clinical studies, would be a better leading indicator of persistency.

Overall, our survey results validate our original assumptions and pre-initiation clinical expert conversations. A limitation of our survey is that our sampled population is already familiar with PAH and are actively seeking treatment. Whilst this provides a useful insight into the initial "patient experience program" that BOT will commence later this quarter, it is not representative of the broader population who are less familiar with PAH.

Valuation

We make no changes to our valuation at this stage. Our price target remains at $0.65/share, and we retain our Speculative Buy recommendation. We await further company updates on the launch plans at the Commercial Day Webinar on the 17-Sept-2024.

Yr to Jun (AUD)	24A	25E	26E	27E
Revenue	2.1	35.6	104.6	201.1
EBITDA	(13.9)	2.7	45.0	145.6
EBIT	(14.0)	2.6	44.6	144.5
Adj. NPAT	(13.9)	3.7	34.4	109.8
Adj. PE (x)	(46.0)	209.6	22.3	7.0
Adj. EPS	(0.01)	0.00	0.02	0.06
Adj. EPS growth	16.6	(122.0)	838.5	218.8
Valuation (blended)				**0.65**

Source: E&P Research

Survey Creation and Response Profile

- The International Hyperhidrosis Society (IHhS) was engaged by E&P Research to conduct a survey of its members.
- Questions were constructed by IHhS in consultation with E&P Research to better understand consumer interest and attitudes towards Sofdra.
- Questions were designed to provide simple and clear responses.
- A combination of multiple choice and binary questions were posed, with opportunities to provide qualitative feedback.
- Sofdra was not specifically named in the survey, but the characteristics of the drug product were described.
- The survey was opened on the 22-May-2024 and closed on the 6-June-2024.
- As an incentive, 3 respondents were randomly selected to receive Bose headsets in appreciation for participation.

- 136 responses were obtained from a mail out to 370 IHhS members who have previously reported experiencing axillary hyperhidrosis, with a 100% completion rate. The mean time spent answering questions was ~3.5mins
- Whilst the survey was not designed to be statistical, the responses show clear signals for the majority of questions, and provide valuable insights into the attitudes of the sample population.
- Selected results from the survey are presented in the following pages.
- For more detailed results, please contact E&P Research.

Points of Discussion

Survey Construction and Limitations

- This was a survey of people already registered on the IHhS database. As such the sample population was inherently biased towards those who are familiar with hyperhidrosis (and motivated enough to respond to our survey), and is not representative of a broader population. In drawing conclusions to inform our understanding of BOT's market opportunity, this survey is more relevant to the "patient experience program (PEP)" which will be the first stage of the commercial launch. It is also provides insights into the ~3.7 M US patients who have previously sought treatment for hyperhidrosis. However, it is less relevant to the ~6.3 M people who according to prevalence data suffer from hyperhidrosis in the US but may not be fully aware of their clinical situation,
- We did not state a "price" for Sofdra, and it appears from the comments that respondents naturally jumped to the conclusion that there would be some out-of-pocket (OOP) expense. Our understanding is that the company are aiming to make Sofdra available to consumers with covered plans at zero OOP. We are awaiting further clarity around pricing at the company's market update scheduled for the 17-September-2024.
- It is important to note that the survey was not framed as a competition between Sofdra and Qbrexa (Journey Medical), as advice from the IHhS suggested that this is not how consumers will view the product. The more natural comparators with Sofdra are over-the-counter and prescription antiperspirant products and the survey was framed to reflect this.
- Our target was to reach a sample size of 80-100, and this was exceeded 136 responses received. The high response rate is attributed to the excellent relationship fostered by the IHhS with their clientele.

Key Insights

- There is a clear interest in trying new products with ~95% (129/136) of respondents indicating that they would be 'likely' or 'very likely' to try a new prescription topical gel with clinical evidence of efficacy superiority over current OTC products. Only 1.5% of respondents (2/136) were 'very unlikely' to try a new product. This reflects the significant unmet need for PAH sufferers and suggests that within the PEP there is likely to be a steep launch ramp gradient. This group of early adopters is expected to provide valuable insights that will allow the company to fine tune their sales and marketing strategy. The downside to the potential pull forward of patients is that sales rates may falter once the initial bolus has been saturated, before the broader patients are activated.
- Likewise, there was a clear signal with regard to side effect tolerance, with 75% (102/136) of respondents either a 'little' or 'not likely' to be impacted by a small potential for typical anticholinergic side effects. The side effect profile for Sofdra has already been described in our initiation report. Whilst, in our view, the retro-metabolic nature of sofpironium bromide may be overstated, the side effects are certainly expected to be less pronounced than oral anticholinergics and the surface irritation more tolerable than strong astringency antiperspirants. In the pivotal clinical trials of Sofdra, ~90% of patients completed the six-week treatment course, with only 14 individuals dropping out due to treatment emergent adverse events.
- Telemedicine and direct regular shipping was a popular option with ~50% of respondents stating that these options would influence their starting and continuing to use the product either 'a great deal' or 'a lot'. Only 12-15% of respondents were unmoved by these ease of access options. Interestingly these questions garnered the most engaged and comprehensive comment feedback with 69/136 respondents taking the time to write in comments related to telemedicine with 100% favourable sentiments (n.b. we have included a representative subset of these responses in the present report). Importantly, of the few uncommitted comments relating to regular automated shipping, most were related to the potential cost associated with this convenience — which may not actually be relevant to Sofdra, given the plan for zero OOP expense for covered patients.
- When choosing (top 3) between treatments, cost was the number one consideration (71%), followed by side effects (48%), Not having to visit the doctor in person (34%), recommendations from trusted individuals (including the IHhS; 30%), ease of use (29%), ease of access (28%) and ability to use at home (16%). Except for the trusted individual recommendations, the rest of these are all areas that BOT is focussed on as part of their go-to market strategy.
- Questions 7 & 8 dealt with the degree of sweat reduction required to initiate and remain on novel treatment. The responses (~55% and 62% respectively) were more than what has been quantitatively achieved by sofpironium bromide in pivotal clinical studies (CARDIGAN I and CARDIGAN II). In these studies gravimetric reductions of 130 mg and 146 mg in the active groups vs reductions

of 99 mg and 132 mg in the vehicle groups were noted. We have discussed the seemingly small separation and apparent 'vehicle effect' in detail in our initiation report. Here we note that in a real world scenario, it is highly unlikely that consumers will quantify their sweat production. Thus, the other co-primary endpoint in the CARDIGAN studies, which used a patient reported outcome scale (Hyperhidrosis Disease Severity Measure–Axillary; HDSM-Ax) to measure severity is a more useful tool to benchmark performance. On this measure, 50% and 64% of patients in the two studies reported a 2-point improvement (where a 1-point shift represents a clinically-significant change in PAH severity).

Other Considerations

- Some respondents noted that a dry-stick formulation would be preferable to a topical gel, given the feeling of wetness against the skin can be triggering. A dry formulation is compatible with metallic-based antiperspirants which create superficial plugs at the sweat gland entrance. However, sofpironium bromide is a pharmaceutical agent that acts antagonistically on muscarinic receptors in sweat glands within the lower dermis and hypodermis. As such it needs to be absorbed into the skin and is incompatible with a dry formulation.
- Environmental impacts are of increasing importance, particularly to the younger demographic who are a key segment of BOTs market. In this regard, the idea of a topical gel applied with an applicator is preferable to disposable cloth wipes.
- 'Social media comments' received zero votes as a reason for trying one product over another. It is noteworthy that a large part of BOTs strategy is based on social media enabled marketing. It is therefore important to contextualize this question correctly — where the framing was around choosing between similar products in a population that is already familiar with hyperhidrosis. Conversely, BOTs social media strategy is around activating and educating a broader population to the presence of Sofdra as a potential treatment for a poorly understood condition, and directing those people to medical professionals to help guide their treatment decision.
- PAH is typically co-localised with other sites of excessive sweating. Sofdra has FDA marketing approval with labelled indication for PAH only. However, it is conceivable that patients may decide to try the product in other problem areas. Whilst plantar (soles of the feet) may be feasible (e.g. under a pair of socks before bed), palmar (palms of hands) is not advised due to the potential unwitting cross absorption into other sensitive areas (e.g. rubbing mouth or eyes, touching children, etc). It is important that these safety and correct usage practices are instilled by telehealth providers. Similarly, not everyone with excessive sweating has hyperhidrosis. Generalised non-episodic or night sweating can be a sign of more serious medical conditions and, once again, it is important that medical telehealth providers prescribing Sofdra are able to correctly identify and channel patients accordingly. The initial patient survey currently being designed by BOT will help in identifying the people who are most likely to be eligible and benefit from Sofdra.

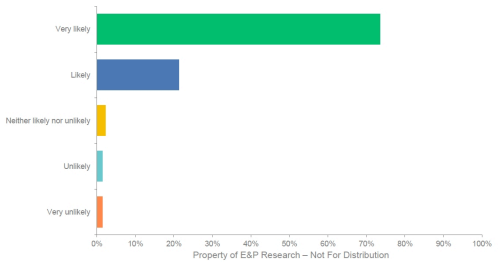
Overall Conclusion

- The results of our PAH survey support company assumptions for clinical and market pinch points and bode well for the early part of BOT's Sofdra launch in the PEP. The insights gleaned from this phase will help inform the broader US launch strategy for Sofdra.

Selected Survey Results

INTERNATIONAL HYPERHIDROSIS SOCIETY
Know Sweat
SweatHelp.org
Advocacy · Research · Awareness · Education

Q2: If a new prescription topical gel is clinically proven to be more effective in reducing underarm sweating than available over-the-counter (OTC) products, what is the likelihood that you would try it?



Q2

#	THOUGHTS TO ADD?
1	I've tried many that are OTC so why not one more. However, my concern is other health side effects, like peripheral sweating.
2	not sure
3	I would literally try anything that is clinically proven to be effective
4	It sounds like it could be messy as a gel, and as such might not be worth switching from my dry stick antiperspirant which works well enough for me.
5	I'm at the point, I will give almost anything a try!
6	Certain Dri has completely cleared my underarm sweat
7	OTC products are only semi-effective
8	As long as medical professionals are more aware of HH and the product works, I'll try it!
9	I tried and did not help and had bad side effects associated with them where I couldn't use them.
10	Depends on ingredients.
11	Side effects?
12	Im willing to try anything at this point
13	I would try anything to stop my sweating. My worst problem is my hands though not underarms.

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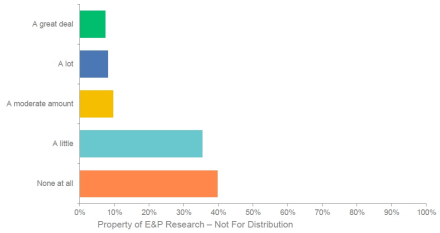
Q3: If this same prescription product--that is clinically proven to be more effective than the available OTC products for reducing underarm sweating--has a small potential for side effects like dry mouth, would that impact your likelihood to try it?

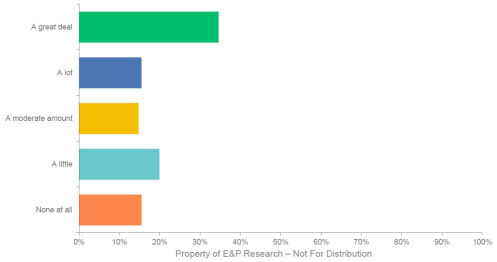


Q3

Answered: 136 Skipped: 0

#	THOUGHTS TO ADD?
1	May not be worth the trade off from just using my white dry stick antiperspirant.
2	a small price to pay
3	I've tried Oxybutynin and it causes dry mouth and drowsiness. I stopped using it even though it helped lessen my HH.
4	The side effects made me stop using them. Thank goodness for miradry
5	I need the strongest strength allowable
6	If the side effects are tolerable and not significant, I would still try it.
7	depends on severity

Q4: If this prescription product were available through telemedicine, and shipped directly to you, would that impact your likelihood to try it?



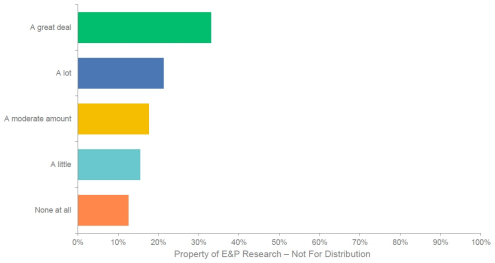
Q4

#	CAN YOU TELL US WHY?
1	i work from home and prefer to have things shipped to me especially if they can be done on a recurring/scheduled basis at my chosen frequency.
2	It depends on how often I have to be "seen" to get refills and the cost of the appointment and prescription (in network insurance and copays)
3	Telemedicine works well.
4	No more doctor visits
5	Deliveries are always a good thing.
6	No more public interaction for a prescription.
7	Convenience

21	Product shipped to my house is a perk.
22	No in-office doctor visits needed
23	Makes me want to try the product even more.
24	No in-office visit
25	Anything for convenience.
26	I wouldn't need to leave my house for the product,
27	Good deal.
28	Yay, mail!!!
29	Telemedicine is convenient.
30	This makes me want to try the medicine more.
31	I love telemedicine and receiving shipment is a bonus!!!
32	This makes me really want to try the product.
33	As long as I receive the medicine, I will be happy.
34	Convenient

58	Direct shipping is certainly convenient
59	It cant get easier that that. There's no excuse not to have it. You dont have to travel or go out of your way.
60	Beats an office visit where you're trying to convince someone that you need the treatment.
61	save me alot of headache
62	These options make obtaining the prescription product very convenient.
63	If it's easier and cheaper to get thru telemedice then I would be for it, especially for those that don't have medical insurance
64	Would be more convenient
65	That it's covered by health insurance or not too costly. Fixed income here
66	I do t use telemedicine services
67	so easy and convenient!
68	Removing barriers to get it like this would make me way more likely to try it!
69	I would love to try the product especially if it is through telemedicine.

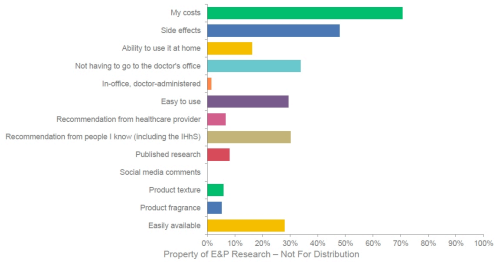
Q5: Imagine you tried the product and were satisfied with the results and your experience. If the refills are automatically shipped directly to you based on a schedule (monthly, for example), how much would that impact your likelihood of continuing to use it?



Q5

#	OPTIONAL COMMENTS?
1	Convenience is great but at what cost?
2	Great idea, makes perfect sense.
3	This would be an amazing perk!!!
4	Great, I wouldn't need to worry about contacting someone for refills.
5	Even better.
6	Great idea!
7	offer discounts on subscriptions
8	I only subscribe if it offers a substantial discount
9	I think that would be a great option so I didn't have to actively think about it, it would just show up.
10	would be convenient
11	Getting it shipped directly to me or going to a pharmacy are not big deal breakers for me
12	One less renewal to keep up with!
13	Convenience is a factor.
14	Refills automatically shipped? Sign me up!
15	I would not have to wait to contact dr directly to re-prescribe
16	This would be so helpful. Especially if I was to receive notification that my prescription was preparing to be shipped. AND, if I had the option to reschedule or hold my prescription delivery in the event I was away or had enough product on-hand at the time.
17	I prefer to be in control of my own refills when I need it.
18	Let's do it
19	That would be amazing!
20	Automatic refills are key, and I would try the product.

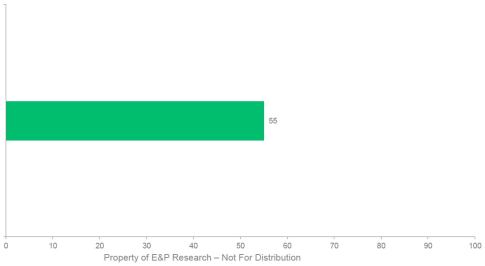
Q6: If given the choice between two treatments that had similar impact on reducing your underarm sweating, what are your top reasons you would try one product over another? You can choose up to 3!



Q6

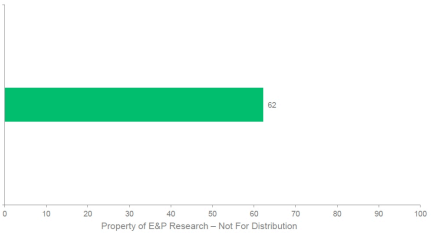
#	OTHER (OH! DO TELL!)
1	Environmental impact
2	Product attributes (eg., value, package volume vs amt needed, texture, scent, residue, reapplication)
3	Cost is the number on factor, I feel like anything new that comes out to treat this always is on the higher end side which is hard when the treatments don't work for all cases.
4	Doesn't sting underarm skin, even after shaving
5	Amount of time involved in treatment is important too
6	very concerned about side affects if nothing else, long and short term
7	I would prefer product/procedure that lasts a long time as opposed to daily application.
8	How long it lasts between treatments if it's an in-office treatment.

Q7: Putting aside all other considerations, what's the minimum amount a product needs to reduce your underarm sweating for you to strongly consider trying it?



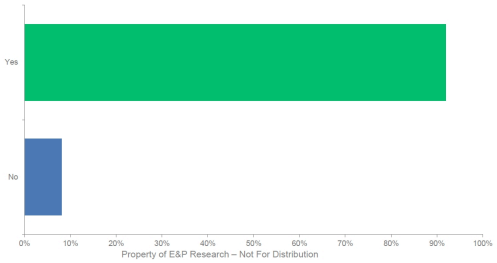
Q7

Q8: And, once you've tried it, how much does a product need to reduce your underarm sweating for you to continue to use it?



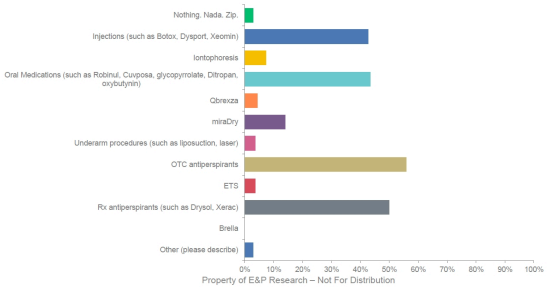
Q8

Q9: Have you ever talked to a healthcare professional about your underarm excessive sweating?



Q9

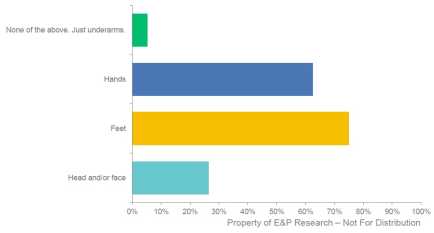
Q10: What, if anything, have you tried to manage your underarm sweating?



Q10

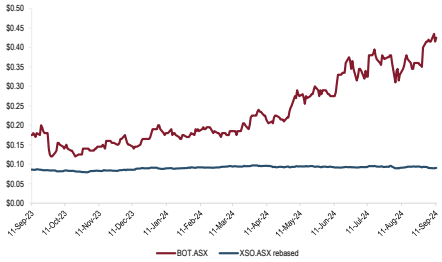
#	OTHER (PLEASE DESCRIBE)
1	No sweat deodorant
2	Masking with dark colors, frequency of clothing changes, etc.
3	I wish there was as much attention about treating hands/feet as there is for underarms. I need help with my hands a LOT MORE than my underarms.
4	Carpe

Q11: In addition to your underarm sweating, do you also experience excessive, uncontrollable sweating in any of these areas?



Q11

Botanix Pharmaceuticals, Speculative Buy, VALUATION 0.65



INVESTMENT THESIS

Botanix Pharmaceuticals (ASX:BOT) is a dermatology company based in Philadelphia and Phoenix, USA which is progressing its lead product, sofpironium bromide (SB), 15% gel (which will be sold as 'Sofdra', pending FDA approval) for the treatment of primary axillary hyperhidrosis (PAH; excessive underarm sweating) through US regulatory and marketing approval. Hyperhidrosis represents a sizeable clinical unmet need, affecting more than 1 in 20 people globally at varying degrees of severity, with PAH in roughly half of these cases.

SB is the first and only new chemical entity developed to treat primary axillary hyperhidrosis, and is positioned to be a leading first line and second line therapy for patients with this condition. Sofdra achieved statistical significance on all primary and secondary endpoints and was found to have a favourable safety profile in Phase 3 pivotal studies and in a 48-week long term safety study. The US FDA approved the NDA for Sofdra in June 2024 and launch is anticipated in Q3 24 CY.

NEAR TERM CATALYSTS

- US Launch
- Quarterly US sales figures
- Japanese Ecclock sales
- Impact of competition sales growth
- Further clinical safety and efficacy data

FINANCIAL SUMMARY

Botanix Pharmaceuticals			BOT-ASX						
As at:	12/09/2024		Recommendation:	Speculative Buy			Share Price:		0.43

Year end	Jun	2024A	2025E	2026E	2027E
INCOME STATEMENT					
Sales Revenue		0.6	35.6	104.6	201.1
Other operating revenue		1.5	0.0	0.0	0.0
Sales & service revenue		**2.1**	**35.6**	**104.6**	**201.1**
General/admin expenses		(4.3)	(3.5)	(3.7)	(3.8)
Employee expenses		(2.3)	(11.5)	(28.0)	(22.2)
R&D expenses		(1.8)	(3.0)	(3.6)	(4.2)
Other income/(expense)		(7.6)	(13.2)	(19.1)	(15.2)
EBITDA		**(13.9)**	**2.7**	**45.0**	**145.6**
EBIT		**(14.0)**	**2.6**	**44.6**	**144.5**
Net interest income/(expense)		0.1	1.5	1.3	1.9
Profit before tax		**(13.9)**	**4.1**	**45.9**	**146.4**
Tax		0.0	(0.5)	(11.5)	(36.6)
Underlying NPAT		**(13.9)**	**3.7**	**34.4**	**109.8**
Other post-tax items		0.1	0.0	0.0	0.0
Reported NPAT		**(13.9)**	**3.7**	**34.4**	**109.8**
Year end	**Jun**	**2024A**	**2025E**	**2026E**	**2027E**
EPS AND DIVIDENDS					
Weighted avg shares (m)		1,502	1,810	1,810	1,810
Weighted avg dil. shares (m)		1,502	1,810	1,810	1,810
Reported EPS (AUD $ps)		(0.01)	0.00	0.02	0.06
Adjusted EPS (AUD $ps)		(0.01)	0.00	0.02	0.06
Adj. EPS growth (%)		*16.6*	*(122.0)*	*838.5*	*218.8*
Year end	**Jun**	**2024A**	**2025E**	**2026E**	**2027E**
TRADING MULTIPLES AND RETURNS					
EV / sales		311.5	18.1	6.2	3.2
EV / EBITDA		(46.3)	243.3	14.3	4.4
EV / EBIT		(46.1)	249.1	14.5	4.5
Adj. PE		(46.0)	209.6	22.3	7.0
ROE		(21.2)	3.3	26.6	54.4
Year end	**Jun**	**2024A**	**2025E**	**2026E**	**2027E**
CAPITAL STRUCTURE AND LEVERAGE					
Net debt/(cash)		(79.3)	(65.9)	(75.8)	(160.8)
Net debt / equity (%)		(72.9)	(58.7)	(51.6)	(62.7)
Net debt / EBITDA (x)		5.7	(24.9)	(1.7)	(1.1)

Source: Company data, E&P estimates

Year end	Jun	2024A	2025E	2026E	2027E
CASH FLOW					
EBITDA		(13.9)	2.7	45.0	145.6
(Increase)/decrease in NWC		5.7	(11.2)	(17.3)	(15.9)
Net interest paid		0.1	1.5	1.3	1.9
Net tax paid		0.0	(0.5)	(11.5)	(36.6)
Operating cash flow		**(8.1)**	**(7.5)**	**17.5**	**95.0**
Capex		(0.1)	(0.9)	(2.6)	(5.0)
Net disposals/(acquisitions)		(17.9)	(5.0)	(5.0)	(5.0)
Investing cash flow		**(18.0)**	**(5.9)**	**(7.6)**	**(10.0)**
Share issues/(buybacks)		95.1	0.0	0.0	0.0
Lease payments		0.0	0.0	0.0	0.0
Financing cash flow		**95.1**	**0.0**	**0.0**	**0.0**
Net change in cash		**69.0**	**(13.4)**	**9.9**	**85.0**
Free cash flow		(8.0)	(6.6)	20.1	100.0
Year end	**Jun**	**2024A**	**2025E**	**2026E**	**2027E**
BALANCE SHEET					
Cash & cash equivalents		79.3	65.9	75.8	160.8
Trade & other receivables		0.8	1.3	3.4	6.2
Inventories		1.2	15.0	30.9	45.1
Other current assets		1.6	1.6	1.6	1.6
Total current assets		**82.9**	**83.8**	**111.7**	**213.7**
Property, plant & equipment		0.1	0.4	1.9	4.9
Goodwill		29.5	33.3	38.3	43.3
Other non-current assets		0.0	0.0	0.0	0.0
Total non-current assets		**29.6**	**33.7**	**40.2**	**48.3**
Total assets		**112.5**	**117.6**	**151.9**	**262.0**
Trade & other payables		3.6	5.5	6.2	7.3
Other current liabilities		0.1	0.1	0.1	0.1
Total current liabilities		**3.7**	**5.6**	**6.3**	**7.4**
Total liabilities		**3.7**	**5.6**	**6.3**	**7.4**
Ordinary share capital		188.3	188.3	188.3	188.3
Reserves & other equity		11.2	11.2	11.2	11.2
Retained profits		(90.8)	(87.1)	(52.7)	57.1
Total shareholder's equity		**108.7**	**112.4**	**146.8**	**256.6**
Total equity		**108.7**	**112.4**	**146.8**	**256.6**

RESEARCH RECOMMENDATION DEFINITIONS

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months.
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months.
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months.
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, e.g. Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc. Consequently, the stock is considered a high-risk investment which may be prone to high volatility in share price movements, have a greater risk of capital loss and/or the stock may have low liquidity.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or E&P policies in circumstances where E&P is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

Valuation	Composite of Rolling 12-month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2-year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1-year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1-year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12-month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2-year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

For stocks where Evans and Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

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